



Fixed Income Group A Division of RJ O'Brien

The Missile

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(All times are CST)

9 <GO> to Save as Default

1) Calendars 2) Alerts 3) Export 4) Settings Economic Calendars

United States Browse 05:52:03 12/31/18 - 01/20/19

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	12/31	09:30				Dallas Fed Manf. Activity	Dec	15.0	--	17.6	--
22)	01/02	08:45				Markit US Manufacturing PMI	Dec F	53.9	--	53.9	--
23)	01/02-01/11					Advance Goods Trade Balance	Nov	-\$76.0b	--	-\$77.2b	-\$77.0b
24)	01/02-01/11					Wholesale Inventories MoM	Nov P	0.5%	--	0.8%	--
25)	01/02-01/11					New Home Sales	Nov	568k	--	544k	--
26)	01/02-01/11					New Home Sales MoM	Nov	4.4%	--	-8.9%	--
27)	01/02-01/11					Retail Inventories MoM	Nov	--	--	0.9%	0.8%
28)	01/03	06:00				MBA Mortgage Applications	Dec 28	--	--	--	--
29)	01/03	06:30				Challenger Job Cuts YoY	Dec	--	--	51.5%	--
30)	01/03	07:15				ADP Employment Change	Dec	180k	--	179k	--
31)	01/03	07:30				Initial Jobless Claims	Dec 29	220k	--	216k	--
32)	01/03	07:30				Continuing Claims	Dec 22	--	--	1701k	--
33)	01/03	08:45				Bloomberg Consumer Comfort	Dec 30	--	--	59.4	--
34)	01/03	09:00				Construction Spending MoM	Nov	0.3%	--	-0.1%	--
35)	01/03	09:00				ISM Manufacturing	Dec	57.8	--	59.3	--
36)	01/03	09:00				ISM Employment	Dec	--	--	58.4	--
37)	01/03	09:00				ISM Prices Paid	Dec	57.8	--	60.7	--
38)	01/03	09:00				ISM New Orders	Dec	--	--	62.1	--
39)	01/03					Wards Total Vehicle Sales	Dec	17.23m	--	17.40m	--

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2018 Bloomberg Finance L.P.
SN 502340 CST GMT-6:00 G946-5687-1 31-Dec-2018 05:52:03

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Fed Speak Calendar
(All times are CST)

1) Calendars										2) Alerts		3) Export		4) Settings		Economic Calendars			
United States				Browse		06:04:04		12/21/18		-		01/31/19							
Central Banks				All Central Banks				View				Agenda		Weekly					
Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised									
21)	01/04	09:15			Fed Chair Powell plus Bernanke and Yellen interviewed at AEA														
22)	01/04	09:15			Fed's Bostic Speaks at AEA in Atlanta														
23)	01/05	07:00			Fed's Williams Discusses Monetary Policy Frameworks at AEA														
24)	01/05	09:15			Fed's Bostic Speaks on Future of Traditional Banking at AEA														
25)	01/05	11:30			Fed's Daly Speaks at AEA Meeting in Atlanta														
26)	01/07	11:40			Fed's Bostic Speaks to Rotary Club of Atlanta														
27)	01/09	07:20			Fed's Bostic Speaks in Chattanooga on Economic Outlook														
28)	01/09	10:30			Fed's Rosengren Speaks on the Economic Outlook														
29)	01/09	13:00			FOMC Meeting Minutes	Dec 19	--	--	--	--									
30)	01/15	12:00			Fed's George Speaks on Economy and Monetary Policy Outlook														
31)	01/16	17:30			Fed's Kashkari Speaks on Panel About Financial Crisis														
32)	01/30	13:00			FOMC Rate Decision (Upper ...	Jan 30	2.50%	--	2.50%	--									
33)	01/30	13:00			FOMC Rate Decision (Lower ...	Jan 30	2.25%	--	2.25%	--									

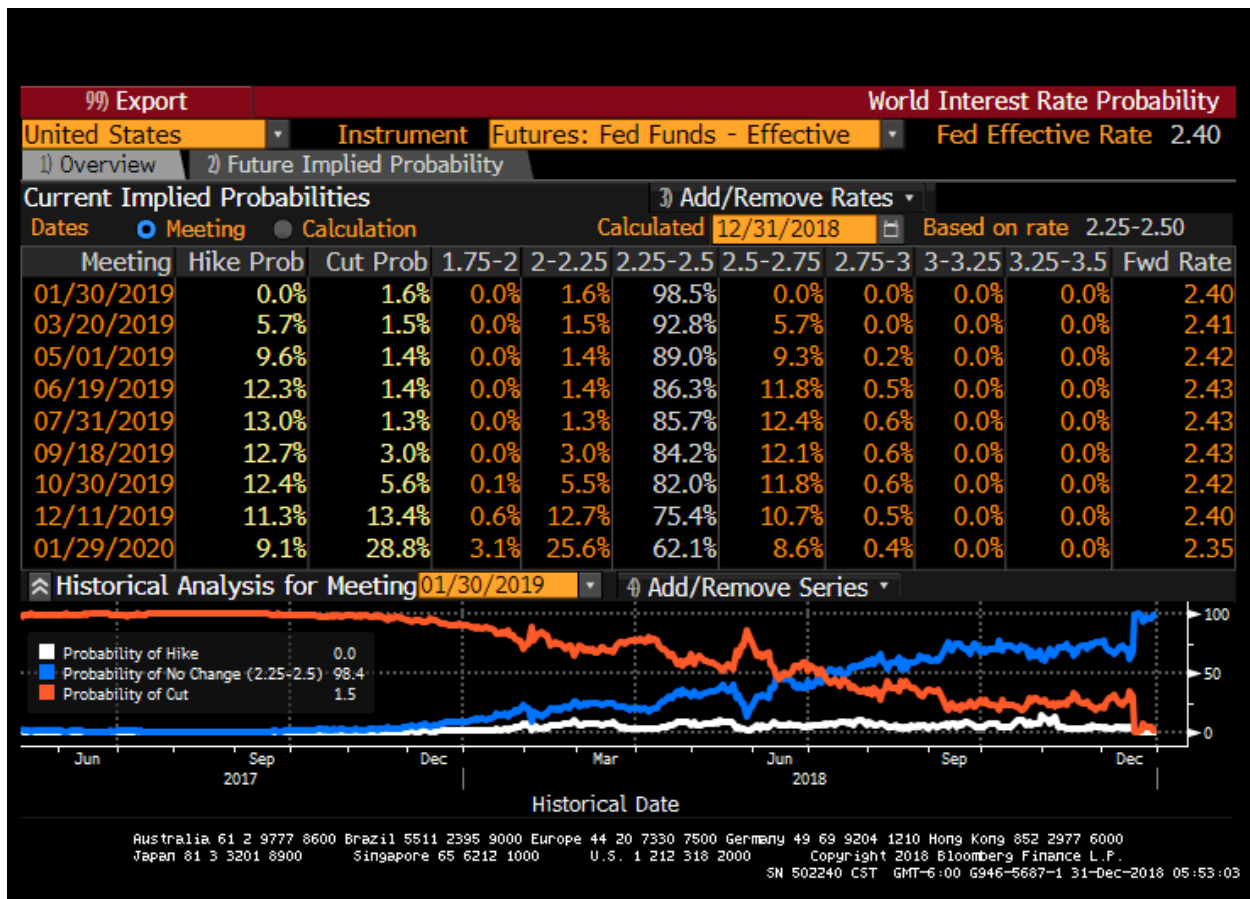
NI TRE <go>

	Next Offer	Next	Date	CUSIP	\$	Prior	Prior
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bil	Auction
Cash mgmt	TBA	TBA	TBA	TBA	TBA	02/13/2018	\$50
4-week	12/31/2018	01/03/2019	01/08/2019	TBA	TBA	12/27/2018	\$40
8-week	12/31/2018	01/03/2019	01/08/2019	TBA	TBA	12/27/2018	\$30
3-month	01/03/2019	12/31/2018	01/03/2019	912796RD3		12/24/2018	\$39
6-month	01/03/2019	12/31/2018	01/03/2019	912796RW1		12/24/2018	\$36
1-year	01/24/2019	12/31/2018	01/03/2019	912796RT8		12/04/2018	\$26
Note Auctions							
2-year	01/24/2019	01/28/2019	01/31/2019	TBA	TBA	12/24/2018	\$40
3-year	01/03/2019	01/08/2019	01/15/2019	TBA	TBA	12/11/2018	\$38
5-year	01/24/2019	01/28/2019	01/31/2019	TBA	TBA	12/26/2018	\$41
7-year	01/24/2019	01/29/2019	01/31/2019	TBA	TBA	12/27/2018	\$32
10-year	01/03/2019	01/09/2019	01/15/2019	TBA	R	12/12/2018	\$24
Bond Auctions							
30-year	01/03/2019	01/10/2019	01/15/2019	TBA	R	12/13/2018	\$16

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TIPS Auctions								
5-yr TIPS	04/11/2019	04/18/2019	04/30/2019	TBA	R	TBA	12/20/2018	\$14
10-yr TIPS	01/10/2019	01/17/2019	01/31/2019	TBA		TBA	11/21/2018	\$11
30-yr TIPS	02/07/2019	02/14/2019	02/28/2019	TBA		TBA	10/18/2018	\$5
Floating Rate Note								
2-year FRN	01/24/2019	01/29/2019	01/31/2019	TBA	R	TBA	12/26/2018	\$18
Buyback Operation								
Buyback	TBA	TBA	TBA	TBA		TBA	11/14/2018	\$.025

Current Implied Probability of Fed Rate Movement (Futures) WIRP FFE US <go>



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Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents under their individual assessments of projected appropriate monetary policy, December 2018
Advance release of table 1 of the Summary of Economic Projections to be released with the FOMC minutes

Variable	Median ¹					Central tendency ²					Range ³				
	2018	2019	2020	2021	Longer run	2018	2019	2020	2021	Longer run	2018	2019	2020	2021	Longer run
Change in real GDP	3.0	2.3	2.0	1.8	1.9	3.0-3.1	2.3-2.5	1.8-2.0	1.5-2.0	1.8-2.0	3.0-3.1	2.0-2.7	1.5-2.2	1.4-2.1	1.7-2.2
September projection	3.1	2.5	2.0	1.8	1.8	3.0-3.2	2.4-2.7	1.8-2.1	1.6-2.0	1.8-2.0	2.9-3.2	2.1-2.8	1.7-2.4	1.5-2.1	1.7-2.1
Unemployment rate	3.7	3.5	3.6	3.8	4.4	3.7	3.5-3.7	3.5-3.8	3.6-3.9	4.2-4.5	3.7	3.4-4.0	3.4-4.3	3.4-4.2	4.0-4.6
September projection	3.7	3.5	3.5	3.7	4.5	3.7	3.4-3.6	3.4-3.8	3.5-4.0	4.3-4.6	3.7-3.8	3.4-3.8	3.3-4.0	3.4-4.2	4.0-4.6
PCE inflation	1.9	1.9	2.1	2.1	2.0	1.8-1.9	1.8-2.1	2.0-2.1	2.0-2.1	2.0	1.8-1.9	1.8-2.2	2.0-2.2	2.0-2.3	2.0
September projection	2.1	2.0	2.1	2.1	2.0	2.0-2.1	2.0-2.1	2.1-2.2	2.0-2.2	2.0	1.9-2.2	2.0-2.3	2.0-2.2	2.0-2.3	2.0
Core PCE inflation ⁴	1.9	2.0	2.0	2.0		1.8-1.9	2.0-2.1	2.0-2.1	2.0-2.1		1.8-1.9	1.9-2.2	2.0-2.2	2.0-2.3	
September projection	2.0	2.1	2.1	2.1		1.9-2.0	2.0-2.1	2.1-2.2	2.0-2.2		1.9-2.0	2.0-2.3	2.0-2.2	2.0-2.3	
Memo: Projected appropriate policy path															
Federal funds rate	2.4	2.9	3.1	3.1	2.8	2.4	2.6-3.1	2.9-3.4	2.6-3.1	2.5-3.0	2.1-2.4	2.4-3.1	2.4-3.6	2.4-3.6	2.5-3.5
September projection	2.4	3.1	3.4	3.4	3.0	2.1-2.4	2.9-3.4	3.1-3.6	2.9-3.6	2.8-3.0	2.1-2.4	2.1-3.6	2.1-3.9	2.1-4.1	2.5-3.5

NOTE: Projections of change in real gross domestic product (GDP) and projections for both measures of inflation are percent changes from the fourth quarter of the previous year to the fourth quarter of the year indicated. PCE inflation and core PCE inflation are the percentage rates of change in, respectively, the price index for personal consumption expenditures (PCE) and the price index for PCE excluding food and energy. Projections for the unemployment rate are for the average civilian unemployment rate in the fourth quarter of the year indicated. Each participant's projections are based on his or her assessment of appropriate monetary policy. Longer-run projections represent each participant's assessment of the rate to which each variable would be expected to converge under appropriate monetary policy and in the absence of further shocks to the economy. The projections for the federal funds rate are the value of the midpoint of the projected appropriate target range for the federal funds rate or the projected appropriate target level for the federal funds rate at the end of the specified calendar year or over the longer run. The September projections were made in conjunction with the meeting of the Federal Open Market Committee on September 25-26, 2018. One participant did not submit longer-run projections for the change in real GDP, the unemployment rate, or the federal funds rate in conjunction with the September 25-26, 2018, meeting, and one participant did not submit such projections in conjunction with the December 18-19, 2018, meeting.

1. For each period, the median is the middle projection when the projections are arranged from lowest to highest. When the number of projections is even, the median is the average of the two middle projections.
2. The central tendency excludes the three highest and three lowest projections for each variable in each year.
3. The range for a variable in a given year includes all participants' projections, from lowest to highest, for that variable in that year.
4. Longer-run projections for core PCE inflation are not collected.

<http://www.federalreserve.gov/monetarypolicy/files/fomeproitabl20181219.pdf>

Libor Set

1-Month Libor Set	2.50269	-.01719	(97.49731)
3-Month Libor Set	2.80763	+.01063	(97.19237)
6-Month Libor Set	2.87563	+.00250	(97.12437)
1-Year Libor Set	3.00544	-.00769	(96.99456)

THEY SAID IT

"The slowdown will continue into the next year," said Larry Hu, a Hong Kong-based economist at Macquarie Securities Ltd. "The weak PMI could result in more government stimulus to shore up the economy."

<https://www.bloomberg.com/news/articles/2018-12-31/china-slowdown-continues-with-factory-gauge-down-to-2016-level?srnd=premium-asia>

The manufacturing purchasing managers index dropped to 49.4 in December, the weakest since early 2016 and below the 50 level that denotes contraction. [Measures](#) of new orders and new export orders slipped -- a bearish signal for future demand -- while readings for input and output prices weakened.

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There was some good news as the non-manufacturing PMI rose to 53.8 from 53.4. That suggests recent stimulus efforts may already be starting to have some effect.

"Services is increasingly a bigger part of the economy, so that holding up is a counter to the weaker manufacturing, but to maintain the pace of growth, more stimulus will be needed," said Patrick Bennett, head of macro strategy for Asia at Canadian Imperial Bank of Commerce in Hong Kong.

A U.S. government delegation will travel to Beijing in the week of Jan. 7 to hold trade talks with Chinese officials, two people familiar with the matter said.

Deputy U.S. Trade Representative Jeffrey Gerrish will lead the Trump administration's team, which will also include Treasury Under Secretary for International Affairs David Malpass, according to the people, who spoke on the condition of anonymity. Neither the USTR nor Treasury responded to requests for comment.

<https://www.bloomberg.com/news/articles/2018-12-26/u-s-team-said-to-travel-to-china-for-trade-talks-in-early-jan-jq5ns3wy?srnd=premium-asia>

Chinese Ministry of Commerce spokesman Gao Feng confirmed that the two sides planned to sit down for talks next month, although he didn't provide a date for the meeting during his regular briefing in Beijing on Thursday

As funds do their usual start-of-year rebalancing, "a lot of money is going to be moved around," he said.

"You have nothing that is tangible from the government, and it's all hearsay, so it's more explosive," Georgy said.

More grain volatility is on the way as a lack of U.S. federal data sends the market hunting for crop information to trade on.

<https://www.bloomberg.com/news/articles/2018-12-31/get-ready-for-explosive-grain-market-as-shutdown-quiets-usda?srnd=premium-asia>

That's according to Steve Georgy, the president of agriculture broker and advisor Allendale Inc. A partial government shutdown means most key reports -- including figures on export sales -- released by the U.S. Department of Agriculture have been halted. Given the thin holiday trading, last week the dearth of information sent investors to the sidelines, he said.

American farmers, already hit by low commodity prices and China's punitive trade tariffs, are poised to endure further pain in 2019 now that a major Pacific trade deal has come into effect.

<https://www.cnbc.com/2018/12/31/cptpp-american-farmers-set-for-pain-as-pacific-trade-deal-kicks-in.html>

The [Comprehensive and Progressive Agreement for Trans-Pacific Pacific Partnership](#), or CPTPP, was ratified by seven of its member countries on Sunday. Now that the massive free trade pact is a reality for [Australia](#), [Canada](#), [Japan](#), [Mexico](#), [New Zealand](#), [Singapore](#) and [Vietnam](#), the remaining four members — [Brunei](#), [Chile](#), [Malaysia](#) and [Peru](#) — are soon expected to follow suit.

The milestone agreement, a refurbished version of the Trans-Pacific Partnership, will slash tariffs among the 11 nations that cover 14 percent of global growth, making their exports cheaper in

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each other's markets. Around 90 percent of planned tariff cuts will be immediately take place, HSBC said in a note on Sunday, adding that businesses will benefit from reduced administrative costs thanks to other benefits such as pre-arrival customs clearance.

"I've never seen such nervousness in the U.S. business community as I see now," Steve Okun, senior advisor at McLarty Associates, an international trade consultancy, told CNBC last week, referring to developments such as the CPTPP. There is a sense that "the world is moving forward without us," he said.

U.S. companies have sent home over half a trillion dollars of cash they held overseas in 2018 to take advantage of tax changes, but data suggest the pace is slowing, potentially removing a key source of support for Wall Street.

<https://www.reuters.com/article/us-us-repatriation-companies/u-s-companies-repatriate-over-half-a-trillion-dollars-in-2018-but-pace-slows-idUSKCN1OU0ME?il=0>

Dollar repatriation in the July-September period fell to \$93 billion, around half of second-quarter volumes and less than a third of the \$300 billion or so sent home from January to March, U.S. current account data shows.

"We still have some differences but I will tell you that the president is thinking long and hard about Syria - how to withdraw our forces but at the same time achieve our national security interests," Graham said.

<https://www.cnn.com/2018/12/31/lindsey-graham-suggests-trump-will-slow-down-us-withdrawal-from-syria.html>

Asked if Trump had agreed to any slowing down of the troop withdrawal, Graham said: "I think the president's very committed to making sure that when we leave Syria, that ISIS is completely defeated."

He said Trump's trip to Iraq last week was an eye-opener and he understood the need to "finish the job" with Islamic State, also known as ISIS.

"I think the president has come up with a plan with his generals that makes sense to me," Graham said.

"This issue has a lot of complications," Adel Abdul Mahdi told reporters, referring to U.S. President Donald Trump's surprise announcement this month that he will withdraw U.S. forces from Iraq's neighbor.

<https://www.reuters.com/article/us-mideast-crisis-iraq-syria/iraq-hints-at-bigger-role-in-syria-after-u-s-withdrawal-idUSKCN1OT0K5>

"If any negative development takes place in Syria it will affect us. We have a 600 km (400 mile) border with Syria and Daesh (Islamic State) is there," Abdul Mahdi said.

The premier said the Iraqi delegation had visited Damascus to "gain the initiative, not just deal with the consequences" of any future Islamic State (IS) activity emboldened by the U.S. withdrawal. Iraqi news websites said the visit took place on Saturday.

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Iraqi warplanes hit a meeting of Islamic State leaders near Deir al-Zor in Syria on Monday, destroying the building they were gathered in, the military said in a statement, without giving further details about the militants targeted.

<https://www.reuters.com/article/us-mideast-crisis-iraq-syria/iraqi-warplanes-strike-islamic-state-leaders-in-syria-military-idUSKCN1OU0MP?il=0>

The statement said F-16 fighter jets carried out the raid around al-Sousa village in eastern Syria, as “30 leaders from Daesh (Islamic State) gangs” met in the building.

Tough negotiations lie ahead over a new pact between [China](#) and Southeast Asian nations aimed at easing tensions in the South China Sea, as [Vietnam](#) pushes for provisions likely to prove unpalatable to Beijing, documents reviewed by Reuters suggest.

<https://www.cnbc.com/2018/12/31/tough-south-china-sea-talks-ahead-as-vietnam-seeks-to-curb-sino-power.html?forYou=true>

Hanoi wants the pact to outlaw many of the actions China has carried out across the hotly disputed waterway in recent years, including artificial island building, blockades and offensive weaponry such as missile deployments, according to a negotiating draft of the ASEAN Code of Conduct (COC) seen by Reuters.

A survey of 32 economists and analysts forecasts the North Sea Brent crude oil benchmark LCOc1 will average \$69.13 per barrel in 2019, more than \$5 lower than last month’s projection.

<https://www.reuters.com/article/us-oil-prices/oversupply-faltering-growth-to-weigh-on-oil-prices-in-2019-reuters-poll-idUSKCN1OU0HY>

Crude oil prices look likely to trade below \$70 per barrel in 2019 as surplus production, much of it from the United States, and slowing economic growth undermine OPEC-led efforts to shore up the market, a Reuters poll showed on Monday.

(Hoyer probably wishes he said it differently. Not “in this instance” but always)

“In this instance, the integrity of our democratic process outweighs concerns about the seat being vacant at the start of the new Congress,” Hoyer said in a statement, citing “the now well-documented election fraud that took place” in the contest.

A combination of court rulings and changes to state law left the top vote-getter in an initial tally, Republican Mark Harris, seemingly no closer to taking office.

A leading Democrat in the U.S. House of Representatives, Steny Hoyer, said his party would object to seating Harris when it takes control in the new Congress that convenes on Jan. 3.

<https://www.reuters.com/article/us-usa-election-north-carolina/north-carolina-seat-in-u-s-congress-likely-to-stay-vacant-as-fraud-controversy-intensifies-idUSKCN1OR1KE>

partisan fight over a North Carolina congressional contest under investigation for election fraud intensified on Friday after legal developments reshaped a state elections board.

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EQUITIES

The S&P is +21 and the NASDAQ is +45.

Earnings:

www.moneycentral.msn.com/investor/market/earncalendar

On Bloomberg type in ACDR <GO>

UK/EUROPE

In the UK the FTSE closed -0.12%.

In the UK, the 2s/10s swap curve is flatter by 0.2 bps at 27.3 with yields mixed

BOE Rate +0.75%. (No change).

Next meeting 02/07/19

On the European Continent

The CAC Index closed +0.91%.

The DAX Index closed +1.71%.

In the EU the 2s/10s swap curve is unchanged at 98.6 with yields mixed.

ECB Main Refinancing Operations Rate +0.00% (No change).

Deposit Facility Rate -.40%

Next meeting 01/24/19

Japan:

The TOPIX closed -0.50%.

The NIKKEI closed -0.31%.

In Japan, the 2s/10s swap curve is flatter by 0.1 BP at 16.9 with yields mixed.

BOJ Policy Balance Rate -0.10% (No change).

Next meeting 01/23/19

China:

The Hang Seng closed +1.34%.

The Shanghai Composite closed +0.44%.

PBOC

Deposit Rate: 1.50%

Lending Rate: 4.35%

7-Day Repo Rate: 2.5959%

Reserve Requirement Ratio: 14.50%

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THE TREND

EDH9: 97-22.5 is the pivot. Above the pivot you should be long, below short.
Support is at 97-22.50^ and 97-12.50**.

Resistance is at 97-32.50**.

^Pivot Point is a simple 20-day moving average.

** 2-STD Deviations from the pivot point.

3-Month Libor Set 2.80763 +.01063 (97.19237)

Current trend has you long from 97-15.0 (12/06/18).



YTD (per contract)

2018 +36.5 ticks (+\$912.50)

2017 +33.0 ticks (+\$825.00)

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10yr/UXYZ8: 127-14.50 is the pivot point.

Above you should be long, below short.

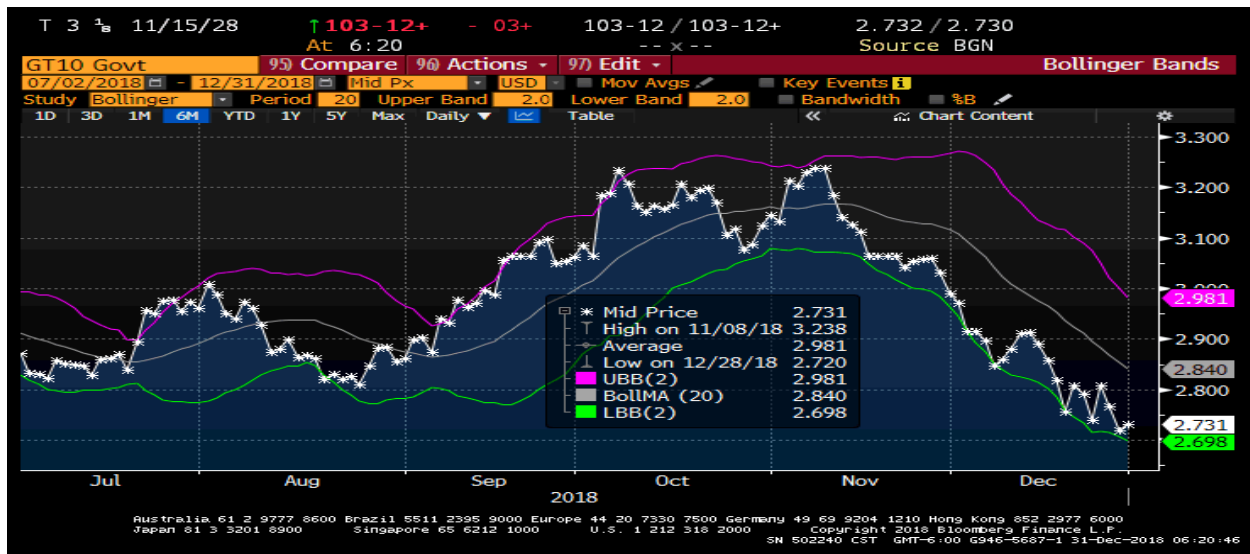
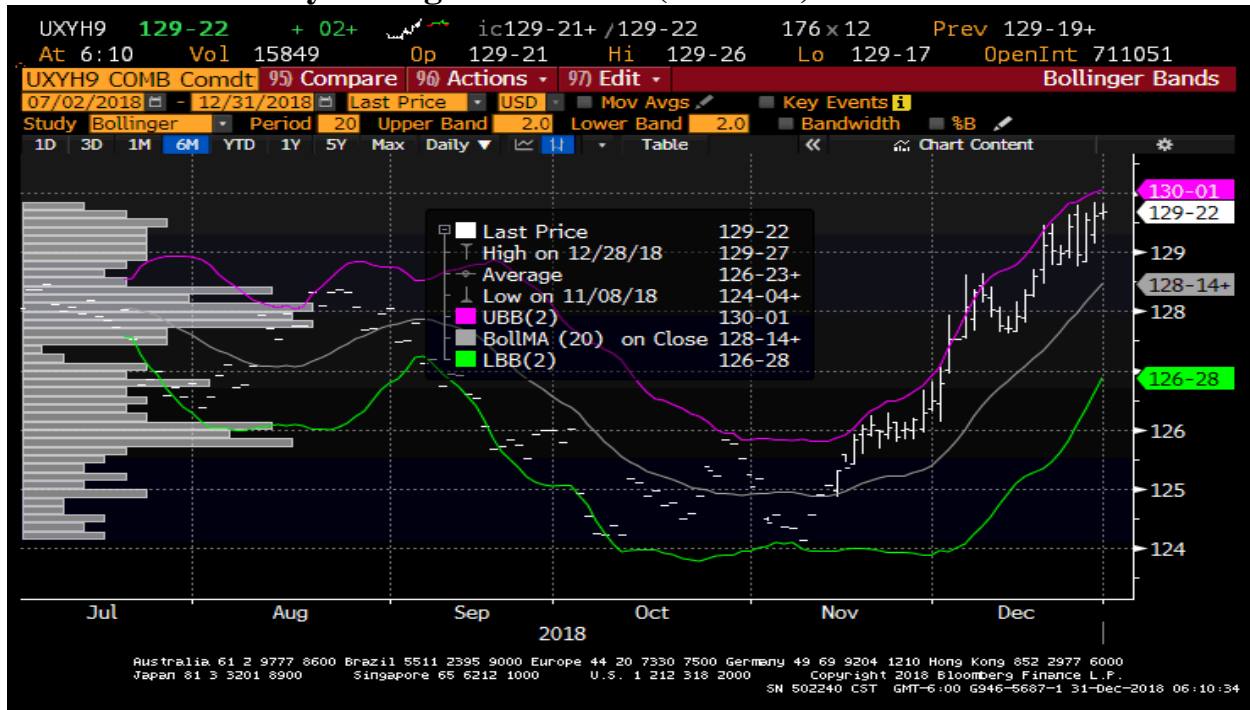
Support is at **127-14.50^** and **126-28.00****

Resistance is at **130-21.1****

^Pivot Point is a simple 20-day moving average.

** 2-STD Deviations from the pivot point

Current trend has you long from 124-30 (11/12/18).



YTD (per contract)

(2018) +185.0 futures ticks (\$31.25 per tick) or +\$5781.13

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US-SWAPS IRSB <GO>

United States		98 Export		99 Settings		Interest Rate Swap Rates							
Date Range:		12/01/2018		-		12/31/2018		1 Month					
40 Semi Swaps		40 Sprs to Gov.		42 Ann Swaps		43 Ann Sprs		44 OIS Swaps		45 CME/LCH Sprs		46 Combined	
Tenor	Bid	Ask	Mid	Change	Today	#SD	Δ/d...	Low	Range	High	Avg	+/-B...	#SD
1) 1 YR	2.765 / 2.767	2.767	2.767	0.007		0.1		2.750		2.939	2.845	-7.8	-1.6
2) 2 YR	2.680 / 2.684	2.682	2.682	0.013		0.1		2.667		3.024	2.829	-14.5	-1.5
3) 3 YR	2.622 / 2.625	2.624	2.624	0.013		0.1		2.606		3.035	2.794	-16.8	-1.5
4) 4 YR	2.610 / 2.613	2.611	2.611	0.012		0.1		2.589		3.032	2.781	-16.8	-1.5
5) 5 YR	2.618 / 2.621	2.619	2.619	0.012		0.1		2.602		3.032	2.787	-16.6	-1.6
6) 6 YR	2.638 / 2.643	2.640	2.640	0.013		0.1		2.622		3.038	2.791	-14.8	-1.5
7) 7 YR	2.666 / 2.670	2.668	2.668	0.014		0.1		2.643		3.050	2.807	-13.7	-1.5
8) 8 YR	2.696 / 2.698	2.697	2.697	0.016		0.2		2.674		3.065	2.827	-12.9	-1.4
9) 9 YR	2.725 / 2.728	2.727	2.727	0.015		0.2		2.703		3.083	2.849	-12.1	-1.4
10) 10 YR	2.752 / 2.757	2.755	2.755	0.014		0.2		2.731		3.103	2.874	-11.7	-1.4
11) 15 YR	2.835 / 2.838	2.836	2.836	0.010		0.1		2.819		3.173	2.950	-11.2	-1.4
12) 20 YR	2.859 / 2.863	2.861	2.861	0.008		0.1		2.841		3.195	2.966	-10.4	-1.3
13) 25 YR	2.858 / 2.860	2.858	2.858	0.002		0.0		2.838		3.199	2.964	-10.4	-1.3
14) 30 YR	2.852 / 2.855	2.853	2.853	0.003		0.0		2.829		3.202	2.956	-10.1	-1.3

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2018 Bloomberg Finance L.P.
SN 502340 CST GMT-6:00 6946-5687-1 31-Dec-2018 06:21:26

The Option Lab

Trade Log:

2. Bought the TY Week-2 120.00 put (at the money).

Paid 8/64ths (\$125) per contract (3/9/2018).

The 120-00.00 strike price on the option equates to a TY yield of ~2.895%.

On March 9, the put was sold at 7/64ths for a \$15.63 loss.

1. Bought the Short Feb. 97.75/97.625/97.50 put fly.

Paid 2.0 ticks (\$50) per contract (12/07/17).

Short Feb. has an underlying contract of EDH9 but expires Feb. 16, 2018.

On February 2, the put fly was sold at 1.25 ticks for a \$31.25 win.

Option Book 2018 YTD realized: +\$15.62 per contract.

Option Book 2017 YTD realized: -\$228.13 per contract.

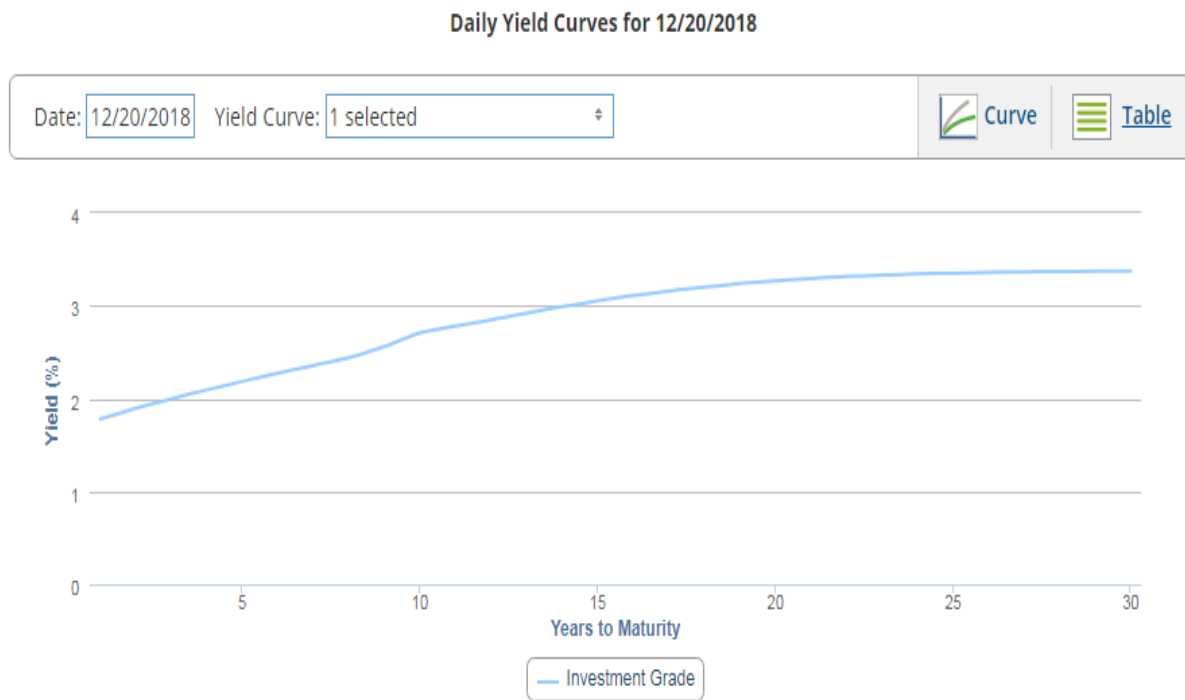
Option Book 2016 YTD realized: +\$43.75 per contract.

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Muni IG Curve

The MBIS Municipal Benchmark Curve is a tax-exempt investment grade yield curve that is valued directly against pre- and post-trade market data provided by the MSRB.

<https://emma.msrb.org/ToolsAndResources/MBISYieldCurve?daily=True>



<http://www.msrb.org/~media/Files/EMMA/MBIS-Yield-Curve-Methodology.aspx>

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The Fundamentals

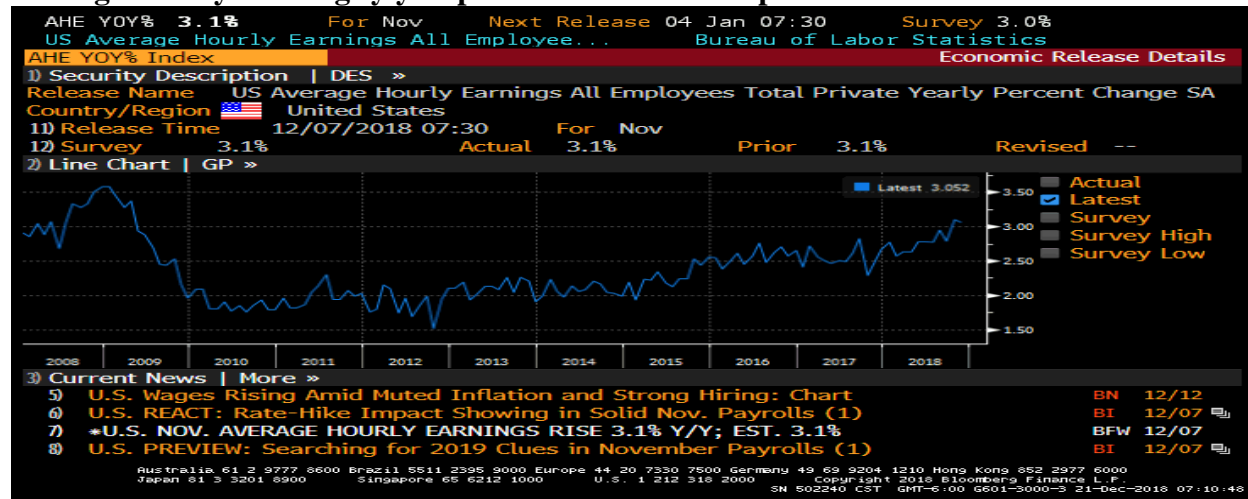
LABOR

Bureau of Labor and Statistics

<http://www.bls.gov/news.release/>

CPI, ECI, Employment situation PPI, CPI, Productivity and Costs, Real Earnings and US import/exports.

Average Hourly Earnings y/y Department of Labor Department.



St. Louis Fed Agriculture Finance Monitor 3rd quarter 2018

This quarter's survey assessed the economic and financial conditions in the District's agricultural industry in the third quarter of 2018. For the nineteenth consecutive quarter, a majority of agricultural bankers in the Eighth Federal Reserve District reported that farm income had declined compared with a year earlier. Bankers also reported that farm household spending and capital expenditures remained below year-earlier levels in the third quarter. Moreover, the number of bankers reporting third-quarter declines in these key indicators was larger than three months earlier. A slightly larger percentage of respondents reported that they expect farm income and expenditures to decline again in the fourth quarter relative to a year earlier. Values of quality farmland and rangeland or pastureland rose modestly in the third quarter from a year earlier, as did cash rents. Interest rates on three of the six fixed- and variable-rate loan categories rose slightly in the third quarter. There were three special questions in this quarter's survey. In the first question, which asked bankers to choose their highest concern, a little more than three-quarters of respondents reported that continued low commodity prices is their largest concern. The second special question asked agricultural bankers about loan repayment problems over the second half of 2018. Nearly three-quarters of bankers responded that they expect operating lines of credit to have the largest repayment problems. Finally, the third special question asked bankers whether soybean producers in their area will delay selling all or part of this year's or next year's crops in response to the sharp decline in soybean prices. A little more than half of bankers responded in the affirmative, while a little less than half of bankers reported their belief that there will be no change in farmers' marketing plans for this year's soybean crop.

<https://research.stlouisfed.org/publications/regional/ag-finance/2018/05/10/2018-first-quarter/>

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How do Farm Incomes Compare to the average population

<https://www.ers.usda.gov/faqs/#Q4>

Charge-off Delinquency Rates on Loans and Leases at Commercial Banks

<https://www.federalreserve.gov/releases/chargeoff/delallsa.htm>

BAKER HUGHES RIG COUNT

Area	Last Count	Count	Change from Prior Count	Date of Prior Count	Change from Last Year	Date of Last Year's Count
U.S.	21 Dec 2018	1,080	+9	14 Dec 2018	+149	22 Dec 2017
Canada	21 Dec 2018	131	-43	14 Dec 2018	-79	22 Dec 2017
International	Nov 2018	991	-26	Oct 2018	+49	Nov 2017

<http://phx.corporate-ir.net/phoenix.zhtml?c=79687&p=iro-l-rigcountsoverview>

EV Outlook 2018

Executive summary:

Sales of new electric cars worldwide surpassed 1 million units in 2017 – a record volume. This represents a growth in new electric car sales of 54% compared with 2016. Electric cars accounted for 39% of new car sales in Norway in 2017 – the world's most advanced market of electric cars in terms of sales share. 2 Iceland and Sweden, the next two most successful markets, achieved 11.7% and 6.3% electric car sales share, respectively, in 2017. 3 More than half of global sales of electric cars were in the People's Republic of China (hereafter, "China"), where electric cars had a market share of 2.2% in 2017. Electric cars sold in the Chinese market more than doubled the amount delivered in the United States, the second-largest electric car market globally. Electrification of other transport modes is also developing quickly, especially for two-wheelers and buses. In 2017, sales of electric buses were about 100 000 and sales of two-wheelers are estimated at 30 million; for both modes, the vast majority was in China.

<https://www.iea.org/gevo2018/>

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What is U.S. electricity generation by energy source?

In 2017, about 4,015 billion kilowatthours (kWh) (or 4.01 trillion kWh) of electricity were generated at utility-scale facilities in the United States.¹ About 63% of this electricity generation was from fossil fuels (coal, natural gas, petroleum, and other gases). About 20% was from nuclear energy, and about 17% was from renewable energy sources. The U.S. Energy Information Administration estimates that an additional 24 billion kWh of electricity generation was from small-scale solar photovoltaic systems in 2017.²

U.S. electricity generation by source, amount, and share of total in 2017 ¹		
Energy source	Billion kWh	Share of total
Total - all sources	4,015	
Fossil fuels (total)	2,495	62.7%
Natural gas	1,273	31.7%
Coal	1,208	30.1%
Petroleum (total)	21	0.5%
Petroleum liquids	13	0.3%
Petroleum coke	9	0.2%
Other gases	14	0.4%
Nuclear	805	20.0%
Renewables (total)	687	17.1%
Hydropower	300	7.5%
Wind	254	6.3%
Biomass (total)	64	1.6%
Wood	43	1.1%
Landfill gas	11	0.3%
Municipal solid waste (biogenic)	7	0.2%
Other biomass waste	3	0.1%
Solar (total)	53	1.3%
Photovoltaic	50	1.2%
Solar thermal	3	0.1%
Geothermal	16	0.4%
Pumped storage hydropower ³	-6	-0.2%
Other sources	13	0.3%

Renewable Fuels Association <http://www.ethanolrfa.org/>

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TRANSPORTS

Association of American Railroads Rail Traffic Report.

For the first 50 weeks of 2018, U.S. railroads reported cumulative volume of 13,153,197 carloads, up 1.7 percent from the same point last year; and 13,981,365 intermodal units, up 5.5 percent from last year. Total combined U.S. traffic for the first 50 weeks of 2018 was 27,134,562 carloads and intermodal units, an increase of 3.6 percent compared to last year.

For this week, total U.S. weekly rail traffic was 568,941 carloads and intermodal units, up 3.9 percent compared with the same week last year.

Total carloads for the week ending December 15 were 267,534 carloads, up 1.4 percent compared with the same week in 2017, while U.S. weekly intermodal volume was 301,407 containers and trailers, up 6.2 percent compared to 2017.

Five of the 10 carload commodity groups posted an increase compared with the same week in 2017. They included coal, up 3,262 carloads, to 91,218; petroleum and petroleum products, up 2,897 carloads, to 13,551; and metallic ores and metals, up 820 carloads, to 23,929. Commodity groups that posted decreases compared with the same week in 2017 included nonmetallic minerals, down 2,078 carloads, to 30,549; grain, down 1,030 carloads, to 22,550; and motor vehicles and parts, down 340 carloads, to 17,304.

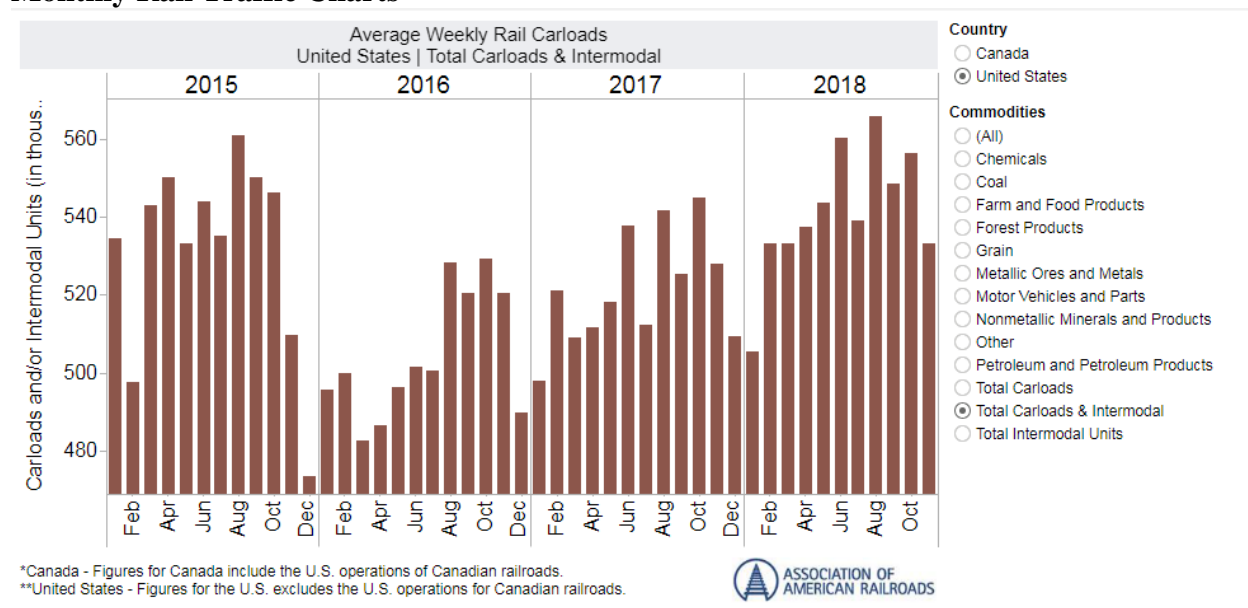
North American rail volume for the week ending December 15, 2018, on 12 reporting U.S., Canadian and Mexican railroads totaled 373,285 carloads, up 1.6 percent compared with the same week last year, and 393,598 intermodal units, up 6.2 percent compared with last year. Total combined weekly rail traffic in North America was 766,883 carloads and intermodal units, up 3.9 percent. North American rail volume for the first 50 weeks of 2018 was 36,655,329 carloads and intermodal units, up 3.3 percent compared with 2017.

Canadian railroads reported 84,550 carloads for the week, up 3.4 percent, and 72,894 intermodal units, up 5.2 percent compared with the same week in 2017. For the first 50 weeks of 2018, Canadian railroads reported cumulative rail traffic volume of 7,579,290 carloads, containers and trailers, up 3.8 percent.

Mexican railroads reported 21,201 carloads for the week, down 2.3 percent compared with the same week last year, and 19,297 intermodal units, up 10.5 percent. Cumulative volume on Mexican railroads for the first 50 weeks of 2018 was 1,941,477 carloads and intermodal containers and trailers.

<https://www.aar.org/news/rail-traffic-for-august-and-the-week-ending-december-15-2018/>

Monthly Rail Traffic Charts



<https://www.aar.org/data-center/rail-traffic-data/>

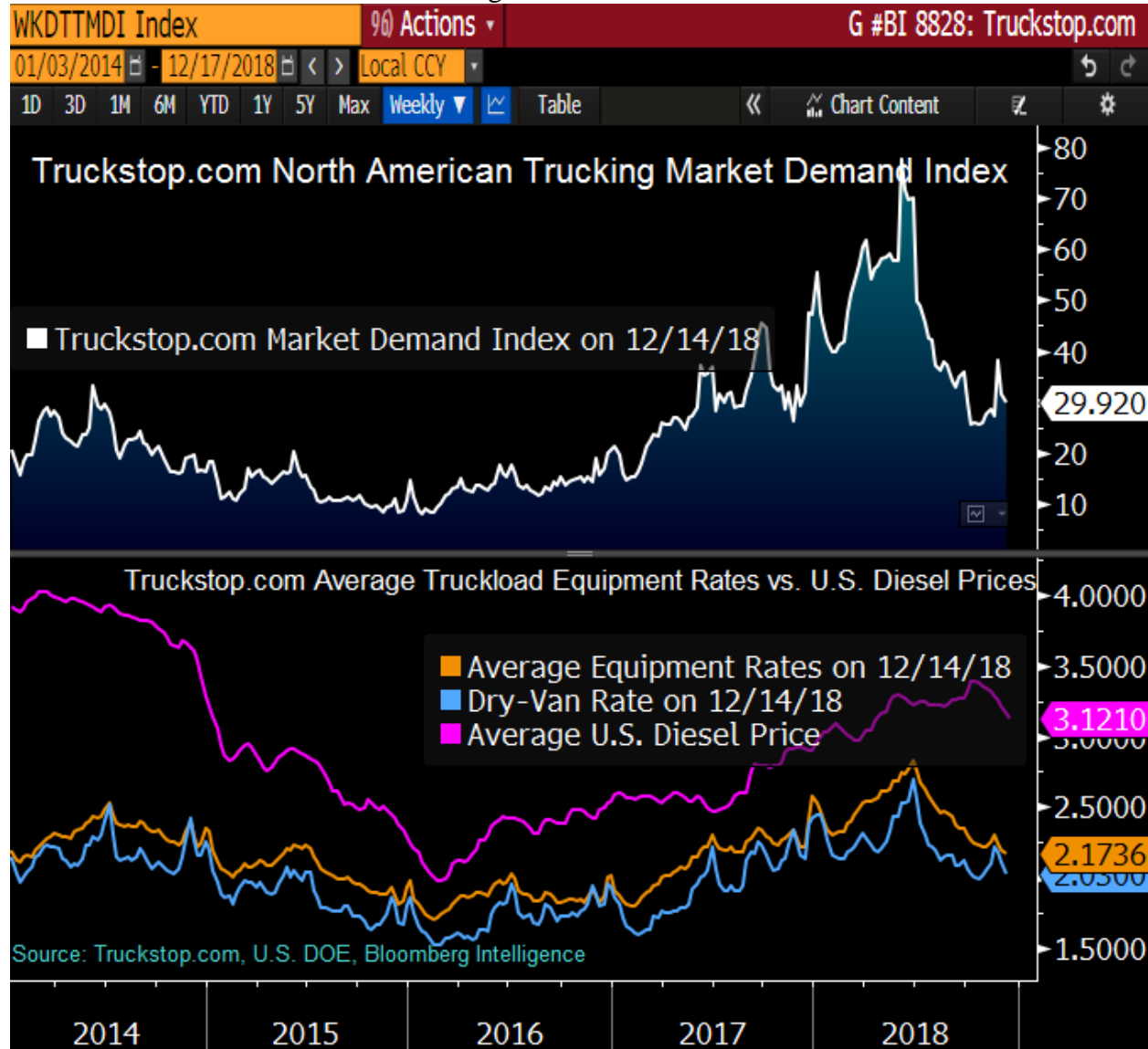
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Trailer Truck Demand (Bloomberg Intelligence) – 12/17/18

North American spot-trucking demand fell 5.2% sequentially to 29.9 in the week ended Dec. 14, based on Truckstop.com's Market Demand Index. Capacity loosened as the 6.1% decline in available loads outpaced the 1% drop in available trucks. A severe winter storm that dumped upwards of 20 inches of snow on some areas of the Southeast wasn't enough to lift spot rates, excluding fuel surcharges, which decreased 0.8% in the week. Rates remain down 4.2% in 4Q, lapping tough comparisons from last year's soft deadline for ELD implementation. We expect limited driver availability can spark mid-single-digit increases in 2019.

Companies Impacted: USA Truck, Knight-Swift, J.B. Hunt, Werner and other publicly traded carriers operate mostly in the contract market, with varying spot exposure.

Lee A Klaskow at lklaskow1@bloomberg.net



GDP

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U.S. Department of Commerce, Bureau of economic analysis

<http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>

GDP, Personal Income, Outlays, Consumer Spending, Corporate Profits and Fixed Assets



GDP-4Q is running at *2.71% as of 12/18/18

***simple average of the three regionals.**

Atlanta Fed GDPNow...Q4 2018: 2.7% ...December 21, 2018

The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the fourth quarter of 2018 is **2.7 percent** on December 21, down from 2.9 percent on December 18. The nowcast of fourth-quarter real personal consumption expenditures growth decreased from 4.1 percent to 3.7 percent after this morning's personal income and outlays release from the U.S. Bureau of Economic Analysis.

*The next GDPNow update is **Thursday, January 3**. Please see the "Release Dates" tab below for a full list of upcoming releases.*

<https://www.frbatlanta.org/cqer/research/gdpnow.aspx>

New York Fed Nowcast...Q4 2018: 2.5%...December 21, 2018

The New York Fed Staff Nowcast stands at 2.5% for 2018:Q4 and 2.1% for 2019:Q1.

News from this week's data releases increased the nowcast for 2018:Q4 by 0.1 percentage point and decreased the nowcast for 2019:Q1 by 0.3 percentage point.

For 2018:Q4, positive surprises from housing data accounted for most of the increase, while for 2019:Q1, negative surprises from survey data were only partially offset by positive surprises from housing data.

<https://www.newyorkfed.org/research/policy/nowcast>

St. Louis Fed Real GDP Nowcast... Q4 2018:2.92%...December 21, 2018

<https://fred.stlouisfed.org/series/GDPNOW>

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MANUFACTURING AT A GLANCE
NOVEMBER 2018

Index	Series Index Nov	Series Index Oct	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	59.3	57.7	+1.6	Growing	Faster	27
New Orders	62.1	57.4	+4.7	Growing	Faster	35
Production	60.6	59.9	+0.7	Growing	Faster	27
Employment	58.4	56.8	+1.6	Growing	Faster	26
Supplier Deliveries	62.5	63.8	-1.3	Slowing	Slower	26
Inventories	52.9	50.7	+2.2	Growing	Faster	11
Customers' Inventories	41.5	43.3	-1.8	Too Low	Faster	26
Prices	60.7	71.6	-10.9	Increasing	Slower	33
Backlog of Orders	56.4	55.8	+0.6	Growing	Faster	22
New Export Orders	52.2	52.2	0.0	Growing	Same	33
Imports	53.6	54.3	-0.7	Growing	Slower	22
OVERALL ECONOMY				Growing	Faster	115
Manufacturing Sector				Growing	Faster	27

Average for 12 months - 59.2

High - 61.3

Low - 57.3

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<https://www.instituteforsupplymanagement.org/ISMReport/MfgROB.cfm?SSO=1>

US Census Bureau (Manufacturers' Shipments, Inventories and Orders).

<http://www.census.gov/manufacturing/m3/>

Our Nation in numbers

The Constitution gives us four missions...

1. Establish Justice and Ensure Domestic Tranquility.
2. Provide for the Common Defense.
3. Promote the General welfare.
4. Secure the Blessings of Liberty to Ourselves and Our Posterity.

www.usafacts.org

US Foreign Assistance

<http://foreignassistance.gov/>

How much aid do we give around the world?

<https://explorer.usaid.gov>

CBOT Non-Commercial Net Total – Futures Only

<http://www.cmegroup.com/trading/interest-rates/cftc-tff/main.html>

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