



Fixed Income Group A Division of RJ O'Brien

The Missile

www.fixedincomegroup.com

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(All times are CST)

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

United States Browse 15:38:24 01/07/19 - 01/24/19

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	01/07	09:00				Factory orders/durables data postponed by government shutdown					
22)	01/07	09:00				ISM Non-Manufacturing Index	Dec	59.0	--	60.7	--
23)	01/08	05:00				NFIB Small Business Optimism	Dec	103.0	--	104.8	104.8
24)	01/08	07:30				Trade Balance	Nov	-\$54.0b	--	-\$55.5b	--
25)	01/08	09:00				JOLTS Job Openings	Nov	--	--	7079	--
26)	01/08	14:00				Consumer Credit	Nov	\$16.000b	--	\$25.384b	--
27)	01/08-01/11					Advance Goods Trade Balance	Nov	-\$76.0b	--	-\$77.2b	-\$77.0b
28)	01/08-01/11					Wholesale Inventories MoM	Nov P	0.5%	--	0.8%	--
29)	01/08-01/11					Retail Inventories MoM	Nov	--	--	0.9%	0.8%
30)	01/08-01/11					New Home Sales	Nov	568k	--	544k	--
31)	01/08-01/11					New Home Sales MoM	Nov	4.5%	--	-8.9%	--
32)	01/08-01/11					Construction Spending MoM	Nov	0.2%	--	-0.1%	--
33)	01/08-01/11					Factory Orders	Nov	0.3%	--	-2.1%	--
34)	01/08-01/11					Factory Orders Ex Trans	Nov F	--	--	0.3%	--
35)	01/08-01/11					Durable Goods Orders	Nov F	--	--	0.8%	--
36)	01/08-01/11					Durables Ex Transportation	Nov F	--	--	-0.3%	--
37)	01/08-01/11					Cap Goods Orders Nondef Ex Air	Nov F	--	--	-0.6%	--
38)	01/08-01/11					Cap Goods Ship Nondef Ex Air	Nov F	--	--	-0.1%	--
39)	01/09	06:00				MBA Mortgage Applications	Jan 4	--	--	-8.5%	--

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 2019 Bloomberg Finance L.P.
SN 502240 CST GMT-6:00 H620-2661-2 04-Jan-2019 15:38:24

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Fed Speak Calendar (All times are CST)

Economic Calendars										
1) Calendars		2) Alerts		3) Export		4) Settings		United States		
Browse		15:40:25		01/07/19		- 01/31/19				
Central Banks		All Central Banks		View		Agenda		Weekly		
Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	01/07 11:40				Fed's Bostic Speaks to Rotary Club of Atlanta					
22)	01/09 07:20				Fed's Bostic Speaks in Chattanooga on Economic Outlook					
23)	01/09 08:00				Fed's Evans Speaks on Economy and Monetary Policy					
24)	01/09 10:30				Fed's Rosengren Speaks on the Economic Outlook					
25)	01/09 13:00				FOMC Meeting Minutes	Dec 19	--	--	--	--
26)	01/10 07:35				Fed's Barkin Speaks on Ensuring Long-Term Growth					
27)	01/10 11:00				Fed's Powell to Speak to The Economic Club of Washington					
28)	01/10 11:40				Fed's Bullard Speaks on Economy and Monetary Policy					
29)	01/10 12:00				Fed's Evans speaks at Economic Forecast Event					
30)	01/10 16:30				Fed's Clarida Speaks to Money Marketeers in New York					
31)	01/15 12:00				Fed's George Speaks on Economy and Monetary Policy Outlook					
32)	01/16 13:00				U.S. Federal Reserve Releases Beige Book					
33)	01/16 17:30				Fed's Kashkari Speaks on Panel About Financial Crisis					
34)	01/17 09:45				Fed's Quarles Speaks at Insurance Industry Forum					
35)	01/18 08:05				Fed's Williams Speaks on Economic Outlook and Monetary...					
36)	01/30 13:00				FOMC Rate Decision (Upper ...	Jan 30	2.50%	--	2.50%	--
37)	01/30 13:00				FOMC Rate Decision (Lower ...	Jan 30	2.25%	--	2.25%	--

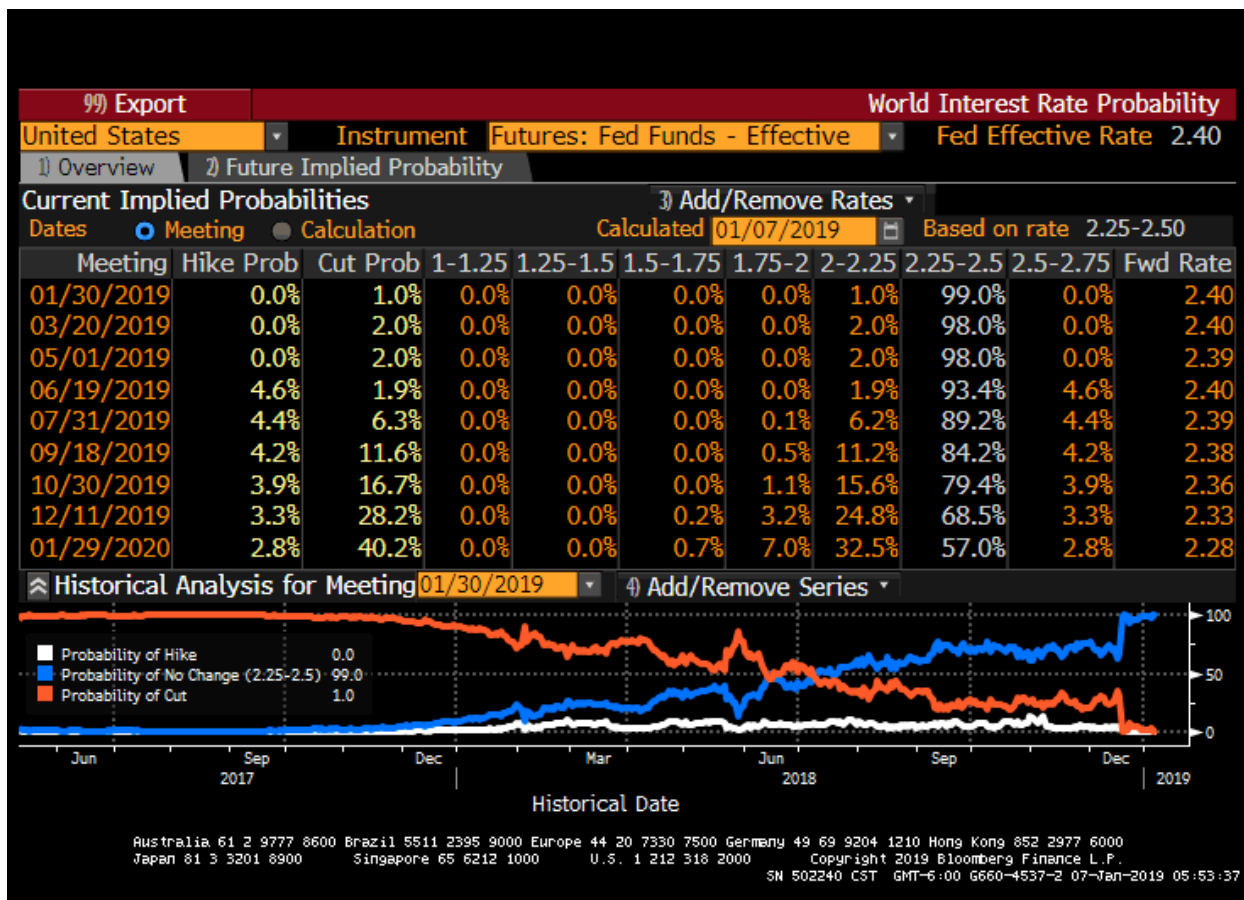
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Bill Auctions	Next Offer	Next	Date	CUSIP	\$	Prior	Prior	
	Announcement	Auction	Settles	Numbers	R	Bil	Auction	\$ Bln
Cash mgmt	TBA	TBA	TBA	TBA		TBA	02/13/2018	\$50
4-week	01/08/2019	01/10/2019	01/15/2019	TBA		TBA	01/03/2019	\$40
8-week	01/08/2019	01/10/2019	01/15/2019	TBA		TBA	01/03/2019	\$30
3-month	01/10/2019	01/07/2019	01/10/2019	912796RG6		\$39	12/31/2018	\$39
6-month	01/10/2019	01/07/2019	01/10/2019	912796RZ4		\$36	12/31/2018	\$36
1-year	01/24/2019	01/29/2019	01/31/2019	TBA		TBA	12/31/2018	\$26
Note Auctions								
2-year	01/24/2019	01/28/2019	01/31/2019	TBA		TBA	12/24/2018	\$40
3-year	01/30/2019	01/08/2019	01/15/2019	9128285V8		\$38	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	01/30/2019	01/09/2019	01/15/2019	9128285M8	R	\$24	12/12/2018	\$24
Bond Auctions								
30-year	01/30/2019	01/10/2019	01/15/2019	912810SE9	R	\$16	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>

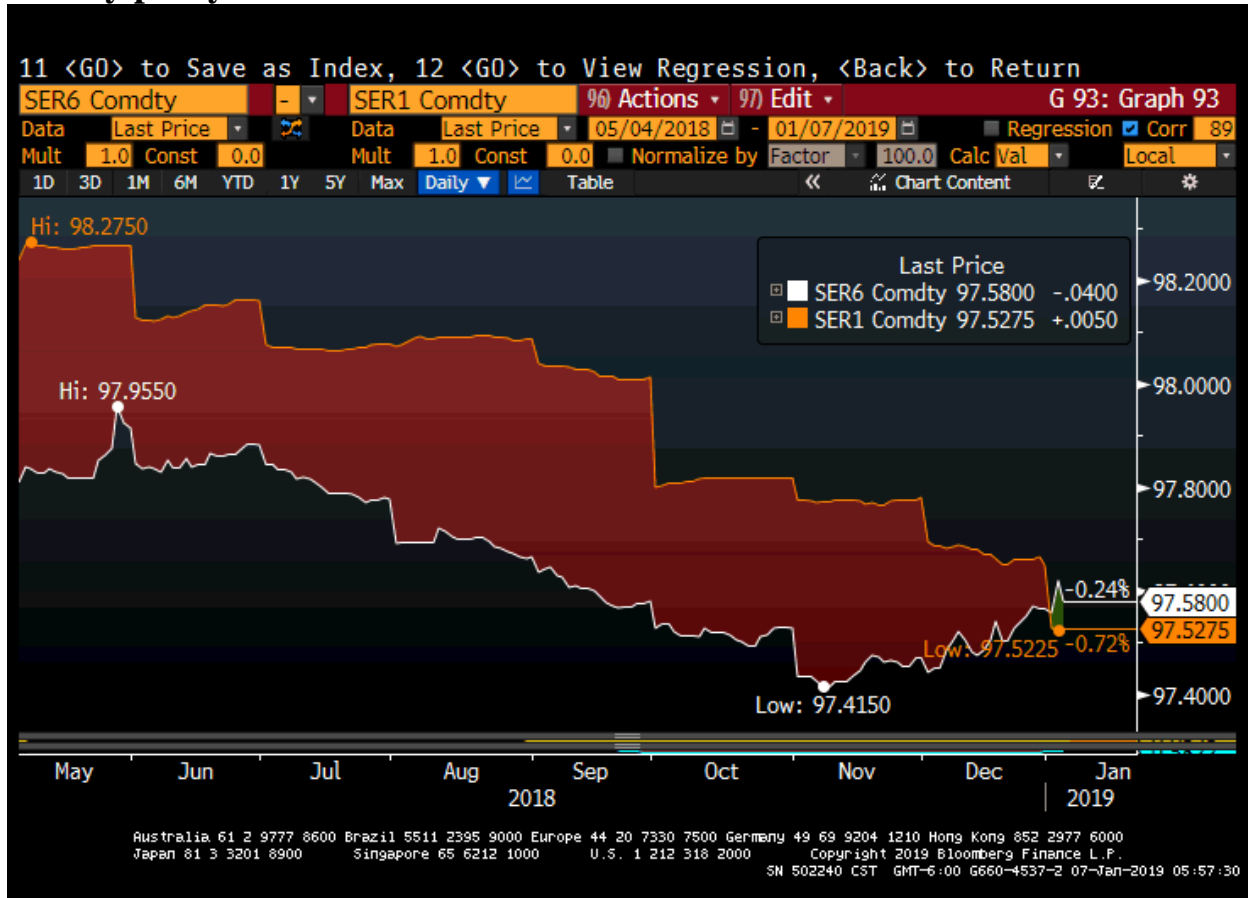


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Getting Granular

Fed watches 1-month bill v. 1-month bills 6 months forward.

Below is a chart of 1-month SOFR v. 1-month SOFR 6 months forward, an easy proxy in futures to follow.



When the short term forward spread turns negative, it indicates speculation on easier policy in the near future. Federal Reserve economists saidm, watching forward rates relative to those on current Treasury bills has served traders well in the past.

The Spread has inverted and bears watching.

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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
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 changes 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/fomcprojtabl20181219.pdf>

Libor Set

1-Month Libor Set	2.51113	-.00943	(97.48887)
3-Month Libor Set	2.79681	-.00707	(97.20319)
6-Month Libor Set	2.85575	-.00700	(97.14425)
1-Year Libor Set	2.99475	+.03037	(96.00525)

THEY SAID IT

(Funny how Congress continues to get paid?)

A series of deadlines over the next seven weeks will increase pressure on the Government to cut a deal to end a shutdown that could soon become the longest in history. Hundreds of thousands of workers at nine Cabinet departments and other agencies will soon start to miss paychecks, and the longer the standoff continues, the more consequences Trump and Congress will face -- including shuttered courts, filth piling up in National Parks, and delayed tax refunds.

<https://www.bloomberg.com/news/articles/2019-01-07/trump-faces-pressure-from-calendar-as-shutdown-stretches-on?srnd=premium>

Jan. 11: Missed Paychecks

Jan. 12: Record Shutdown

Jan. 21: Davos Man

Jan. 29: State of the Union

Late January and February: Tax Returns

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March 1: Debt Limit
All Year: Census

(When Robert Lighthizer shows up you know its on)

Chinese Vice Premier Liu He unexpectedly attended the first day of talks aimed at resolving the trade dispute between the world's two biggest economies, according to people familiar with the matter and a photo seen by Bloomberg.

<https://www.bloomberg.com/news/articles/2019-01-07/xi-s-top-trade-official-is-said-to-attend-beijing-u-s-talks?srnd=premium>

Liu is the top economic adviser to Chinese President Xi Jinping, who led previous negotiations in Washington that produced a deal that President Donald Trump then repudiated. China had previously said the talks would be led by a lower-ranking official from the Ministry of Commerce.

“I do think China’s economy warrants a little more aggressive easing than the government’s come through so far,” Hannah Anderson, global market strategist at J.P. Morgan Asset Management, told CNBC’s “Capital Connection” on Monday.

<https://www.cnbc.com/2019/01/07/china-economy-jpmorgan-on-pboc-rrr-cut-growth-stimulus.html>

But the suite of measures by the central bank so far is “not adding that much liquidity into the market in China,” Anderson noted, referring to the amount of funds available for spending and investment. “So, we should expect further easing ahead,” she added, without specifying the exact measures China would potentially take to stimulate its economy.

Anderson is not the only one with such views. Mark Williams, chief Asia economist at research firm Capital Economics, wrote in a note that China’s next possible “major step” is a cut to benchmark lending rates.

“We suspect the next major step that is not broadly anticipated will be a cut to benchmark lending rates,” Williams wrote last week.

“For all that though, no one should be expecting a rapid improvement in the economy ... Given the downward pressures the economy is facing, we’re expecting stimulus only to arrest the slowdown in growth, probably around the middle of the year, but not to drive a significant rebound,” he added.

China’s main intelligence agency, the shadowy Ministry of State Security, has found itself thrust into the global spotlight as political and trade tensions between the U.S. and China flare. Two of its alleged assets have been publicly named in a sweeping

U.S. [indictment](#) involving hacking on a global scale. After a top executive of [Huawei Technologies Co.](#) was arrested in Canada on a [U.S. extradition](#) request, it was MSS agents who abruptly detained two Canadians in China, sparking a [diplomatic feud](#). (Huawei itself has long [been suspected](#) of building telecommunications equipment that could give Chinese intelligence a back door to spy on U.S. networks, a charge it denies.) The ministry’s reach continues to grow as President Xi Jinping strengthens security laws, while limits on its power remain vague.

<https://www.bloomberg.com/news/articles/2019-01-03/how-china-s-spies-became-key-players->

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[in-the-trade-war-quicktake?srnd=premium](#)

1. What is the MSS?
2. Who runs it?
3. What does it get up to?
4. How's its reputation?
5. What's the win/loss record?
6. Does it work alone?

Goldman Sachs Group Inc. chopped back its near-term metals forecasts as China's economy has "decelerated notably," while balancing that outlook with a prediction mainland policy makers will respond by stoking expansion in the second half, aiding a revival in copper and aluminum.

<https://www.bloomberg.com/news/articles/2019-01-07/goldman-sounds-china-alarm-as-metals-outlook-cut-on-growth-fears>

The bank -- which had been [consistently bullish](#) on raw materials heading into 2019 -- now sees copper at \$6,100 a metric ton in three months and \$6,400 in six, down from earlier forecasts of \$6,500 and \$7,000, according to an emailed report received on Monday. The 12-month target was held at \$7,000.

Given the political importance of the growth target in China, "policy will need to ease in order to offset the weakness in many parts of the economy," analysts including Hui Shan said in the Jan. 4 note. Infrastructure investment growth is expected to accelerate to 10 percent in 2019 from 4 percent last year, and annualized quarterly GDP growth will increase, they said.

Chinese venture funding in U.S. startups crested to a record \$3 billion last year, according to New York economic research firm Rhodium Group, spurred by a rush of investors and tech companies scrambling to complete deals before a new regulatory regime was approved in August.

<https://www.reuters.com/article/us-venture-china-regulation-insight/chinese-tech-investors-flee-silicon-valley-as-trump-tightens-scrutiny-idUSKCN1P10CB>

Since then, Chinese venture funding in U.S. startups has slowed to a trickle, Reuters interviews with more than 35 industry players show.

U.S. President Donald Trump signed new legislation expanding the government's ability to block foreign investment in U.S. companies, regardless of the investor's country of origin. But Trump has been particularly vocal about stopping China from getting its hands on strategic U.S. technologies.

The new rules are still being finalized, but tech industry veterans said the fallout has been swift.

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To deliver an electric vehicle that's cheaper, safer and capable of traveling 500 miles on a single charge, the auto industry needs a breakthrough in battery technology. Easier said than done.

<https://www.bloomberg.com/news/articles/2019-01-06/before-the-electric-car-takes-over-someone-needs-to-reinvent-the-battery>

Scientists in Japan, China and the U.S. are among those struggling to crack the code of how to significantly boost the amount of energy a battery cell can store and bring an EV's driving range into line with a full tank of gas. That quest has zeroed in on solid-state technology, an overhaul of a battery's internal architecture to use solid materials instead of flammable liquids to enable charging and discharging. The technology promises major improvements on existing lithium-ion packs, which automakers say are hitting the limits of their storage capabilities and may never hold enough power for long-distance models.

“We don't see another way to get there without solid-state technology,” said Ted Miller, Detroit-based senior manager of energy storage strategy and research at Ford Motor Co., which has studied various technologies aimed at delivering a more powerful EV battery. “What I can't predict right now is who is going to commercialize it.”

Prototypes currently have battery life that's too short for a vehicle and suffer from poor conductivity, uncompetitive costs and a sometimes violent swelling and shrinking of materials when charged or discharged. When scientists solve one problem, that typically exacerbates another, said Yasuo Ishiguro, managing director of Japan's Consortium for Lithium Ion Battery Technology and Evaluation Center, or LIBTEC. The group of more than 25 companies—including Toyota, Panasonic Corp. and Nissan Motor Co.—is backed by about \$90 million in government funding to speed up progress.

Currently, the best prototype with solid-state batteries is only powerful enough to propel a one-person vehicle across a Toyota Motor Corp. parking lot near Japan's Mount Fuji. Car companies such as Daimler AG and Fisker Inc. are working on the task, as are a [Chinese lithium giant](#), the French oil company Total SA, and spinoffs from the Massachusetts Institute of Technology and Stanford University. Fisker may conduct vehicle tests as early as this year, while Toyota and Daimler timelines extend into the 2020s.

A U.S. guided-missile destroyer sailed near disputed islands in the South China Sea in what China called a “provocation” as U.S. officials joined talks in Beijing during a truce in a bitter trade war.

<https://www.reuters.com/article/us-usa-trade-china-southchinasea/u-s-navy-ship-sails-in-disputed-south-china-sea-amid-trade-talks-with-beijing-idUSKCN1P10DS>

The USS McCampbell carried out a “freedom of navigation” operation, sailing within 12 nautical miles of the Paracel Island chain, “to challenge excessive maritime claims”, Pacific Fleet spokeswoman Rachel McMarr said in an emailed statement.

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EQUITIES

The S&P is **-3** and the NASDAQ is **-21**.

Earnings:

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

On Bloomberg type in ACDR <GO>

UK/EUROPE

In the UK the FTSE closed -0.57%.

In the UK, the 2s/10s swap curve is flatter by 0.4 bps at 29.3 with yields lower.

BOE Rate +0.75%. (No change).

Next meeting 02/07/19

On the European Continent

The CAC Index closed -0.61%.

The DAX Index closed -0.56%.

In the EU the 2s/10s swap curve is steeper by 0.7 bps at 95.0 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 +2.81%.

The NIKKEI closed +2.44%.

In Japan, the 2s/10s swap curve is steeper by 0.6 bps at 15.9 with yields mixed.

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

Next meeting 01/23/19

China:

The Hang Seng closed +0.82%.

The Shanghai Composite closed +0.72%.

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: 97-25.75 is the pivot. Above the pivot you should be long, below short.
Support is at 97-25.75^ and 97-17.75**.

Resistance is at 97-33.50**.

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

** 2-STD Deviations from the pivot point.

3-Month Libor Set 2.80388 +.00888 (97.19112)

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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Ultra 10 year Note (UXYH9): 129-04.0 is the pivot point.

Above you should be long, below short.

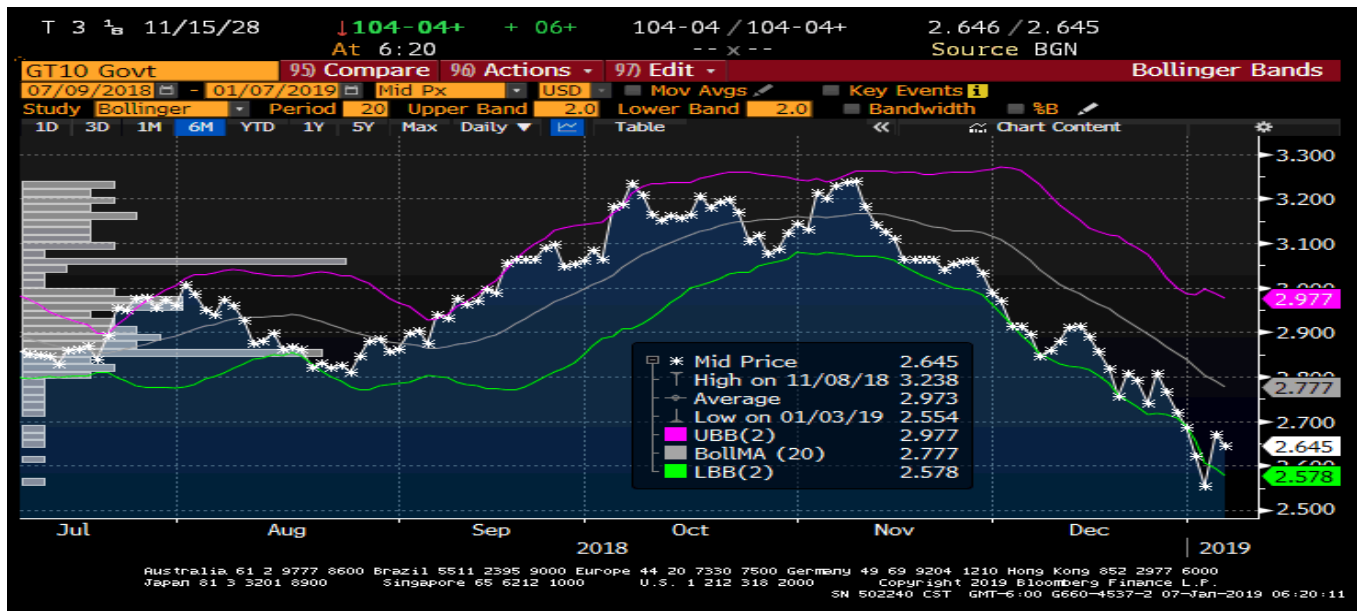
Support is at **129-04.0^** and **127-01.00****

Resistance is at **131-07.50****

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

** 2-STD Deviations from the pivot point

Current trend has you long from 124-30.50 (11/12/18).

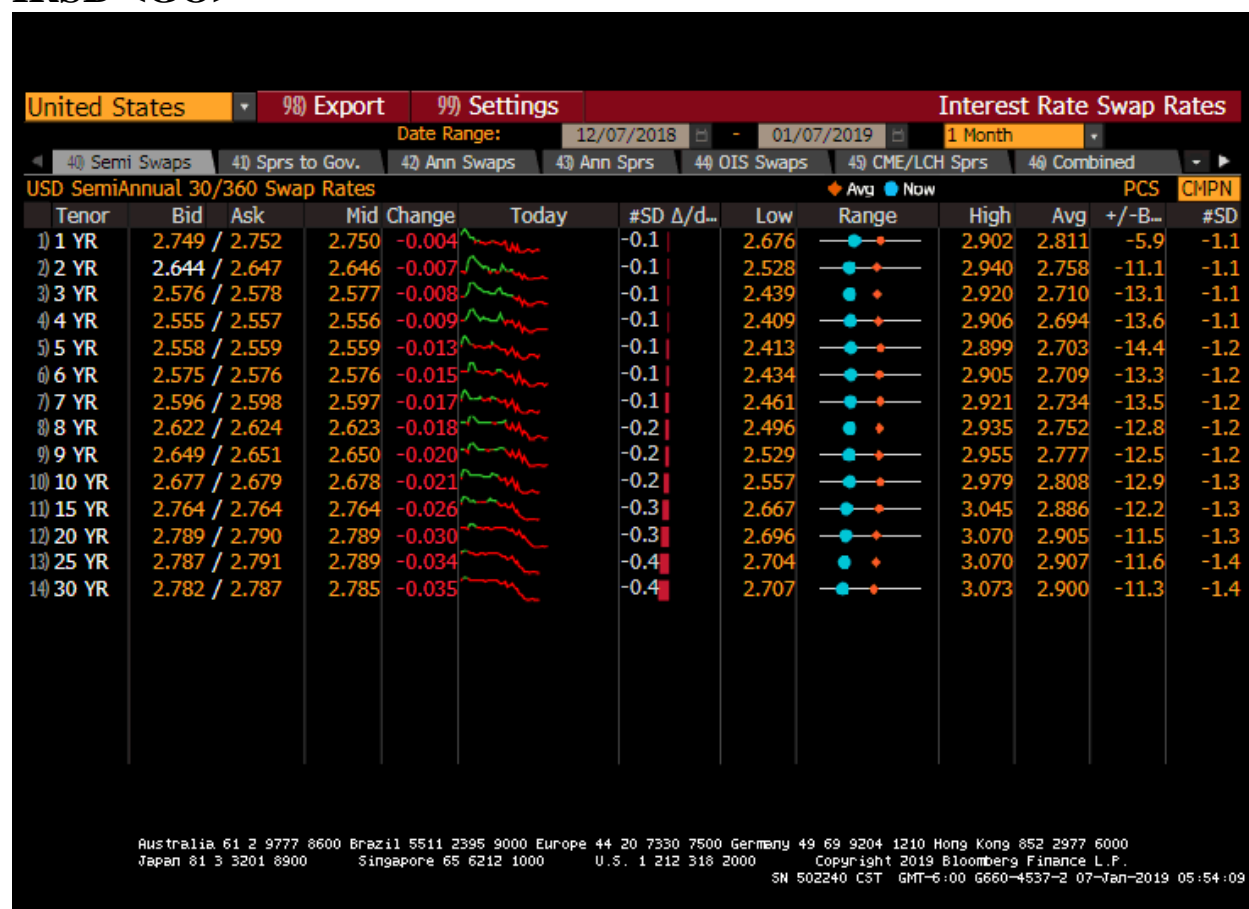


YTD (per contract)

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

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US-SWAPS IRSB <GO>



The Option Lab

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

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

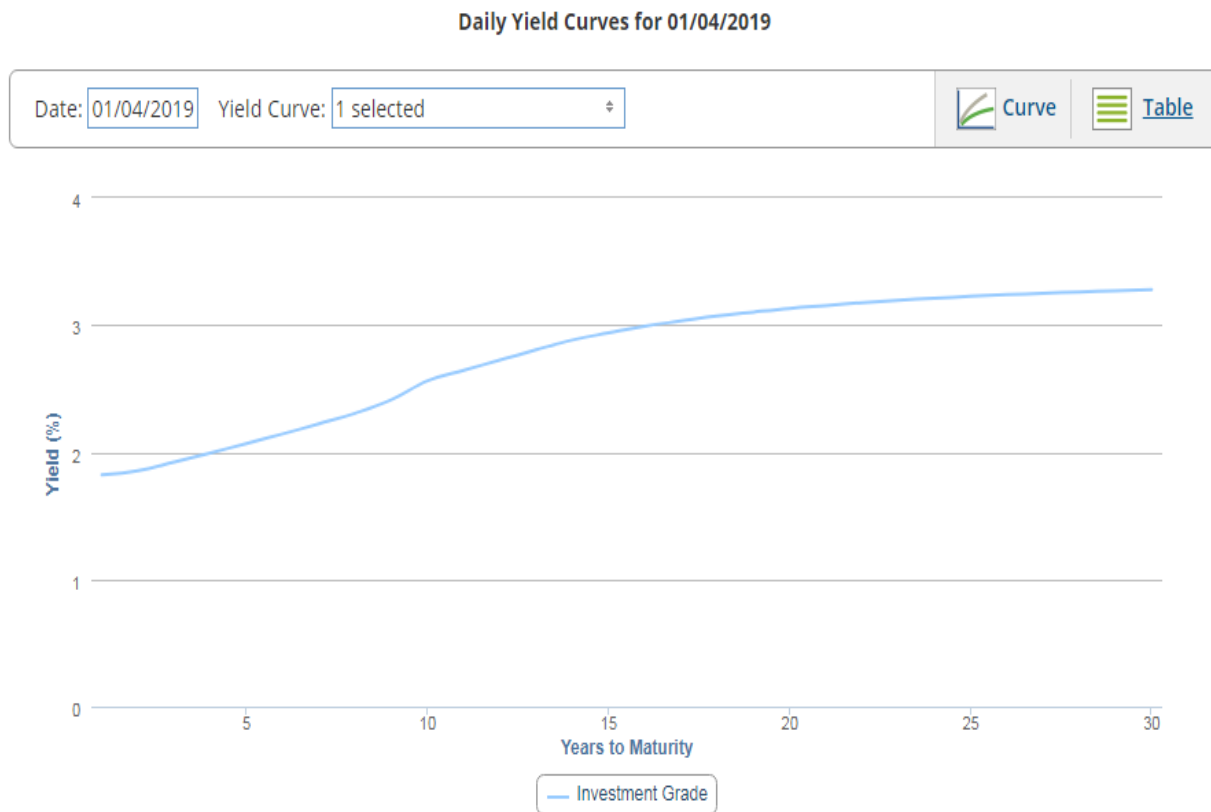
Option Book 2016 YTD realized: **+\$43.75** per contract.

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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.ashx>

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The Fundamentals

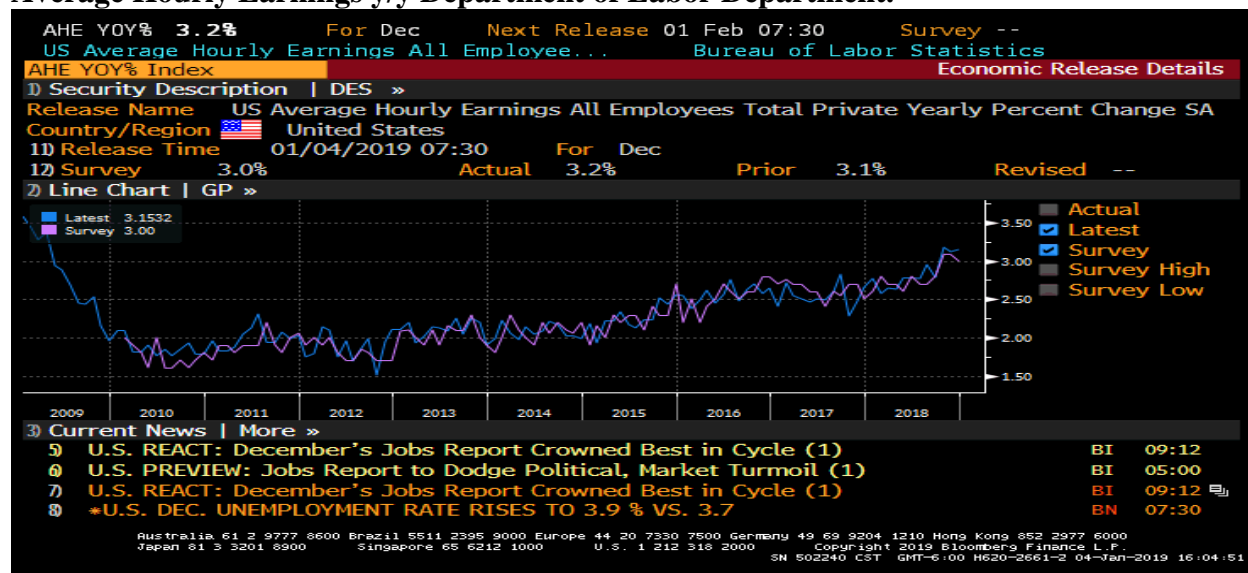
LABOR

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.

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

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.	4 Jan 2019	1,075	-8	28 Dec 2018	+151	5 Jan 2018
Canada	4 Jan 2019	76	+6	28 Dec 2018	-98	5 Jan 2018
International	Nov 2018	991	-26	Oct 2018	+49	Nov 2017

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

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

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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 2017¹		
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 this week, total U.S. weekly rail traffic was 567,252 carloads and intermodal units, up 4.2 percent compared with the same week last year.

Total carloads for the week ending December 22 were 277,111 carloads, up 3.1 percent compared with the same week in 2017, while U.S. weekly intermodal volume was 290,141 containers and trailers, up 5.3 percent compared to 2017.

Six of the 10 carload commodity groups posted an increase compared with the same week in 2017. They included coal, up 4,039 carloads, to 93,964; petroleum and petroleum products, up 2,019 carloads, to 13,401; and chemicals, up 1,908 carloads, to 35,032. Commodity groups that posted decreases compared with the same week in 2017 included metallic ores and metals, down 1,194 carloads, to 24,385; nonmetallic minerals, down 257 carloads, to 32,826; and farm products excl. grain, and food, down 74 carloads, to 16,391.

For the first 51 weeks of 2018, U.S. railroads reported cumulative volume of 13,430,308 carloads, up 1.7 percent from the same point last year; and 14,271,506 intermodal units, up 5.5 percent from last year.

Total combined U.S. traffic for the first 51 weeks of 2018 was 27,701,814 carloads and intermodal units, an increase of 3.6 percent compared to last year.

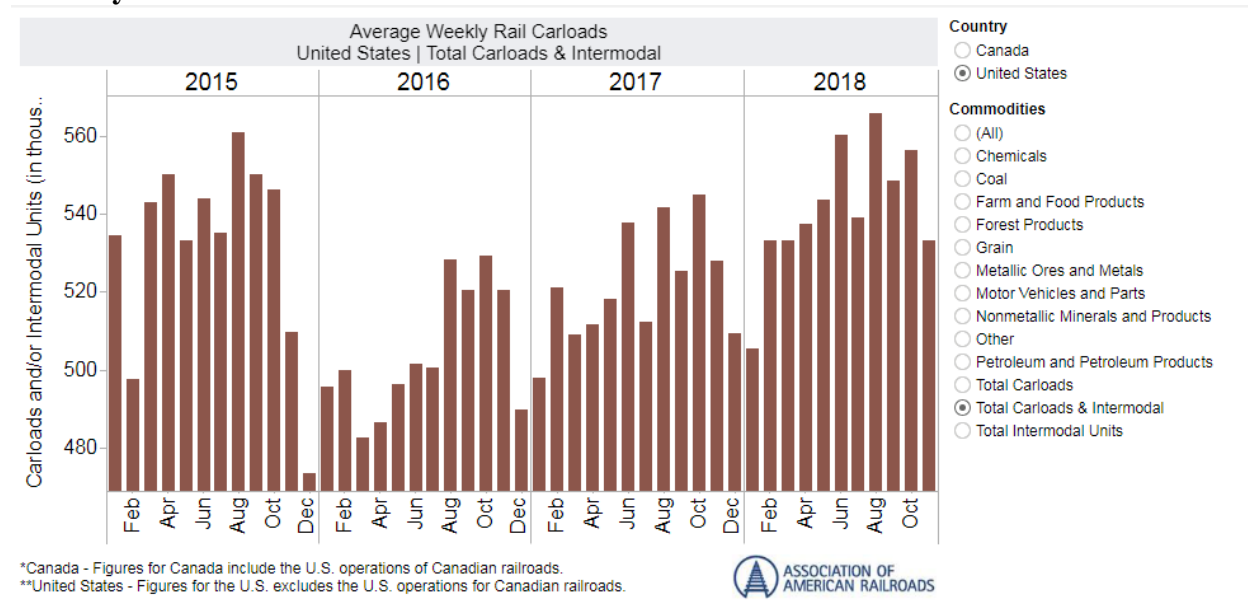
North American rail volume for the week ending December 22, 2018, on 12 reporting U.S., Canadian and Mexican railroads totaled 385,992 carloads, up 2.9 percent compared with the same week last year, and 379,667 intermodal units, up 4.8 percent compared with last year. Total combined weekly rail traffic in North America was 765,659 carloads and intermodal units, up 3.9 percent. North American rail volume for the first 51 weeks of 2018 was 37,424,031 carloads and intermodal units, up 3.4 percent compared with 2017.

Canadian railroads reported 87,956 carloads for the week, up 4.8 percent, and 71,747 intermodal units, up 4.4 percent compared with the same week in 2017. For the first 51 weeks of 2018, Canadian railroads reported cumulative rail traffic volume of 7,738,993 carloads, containers and trailers, up 3.8 percent.

Mexican railroads reported 20,925 carloads for the week, down 6.2 percent compared with the same week last year, and 17,779 intermodal units, down 0.8 percent. Cumulative volume on Mexican railroads for the first 51 weeks of 2018 was 1,983,224 carloads and intermodal containers and trailers.

<https://www.aar.org/news/rail-traffic-for-august-and-the-week-ending-december-22-2018/>

Monthly Rail Traffic Charts



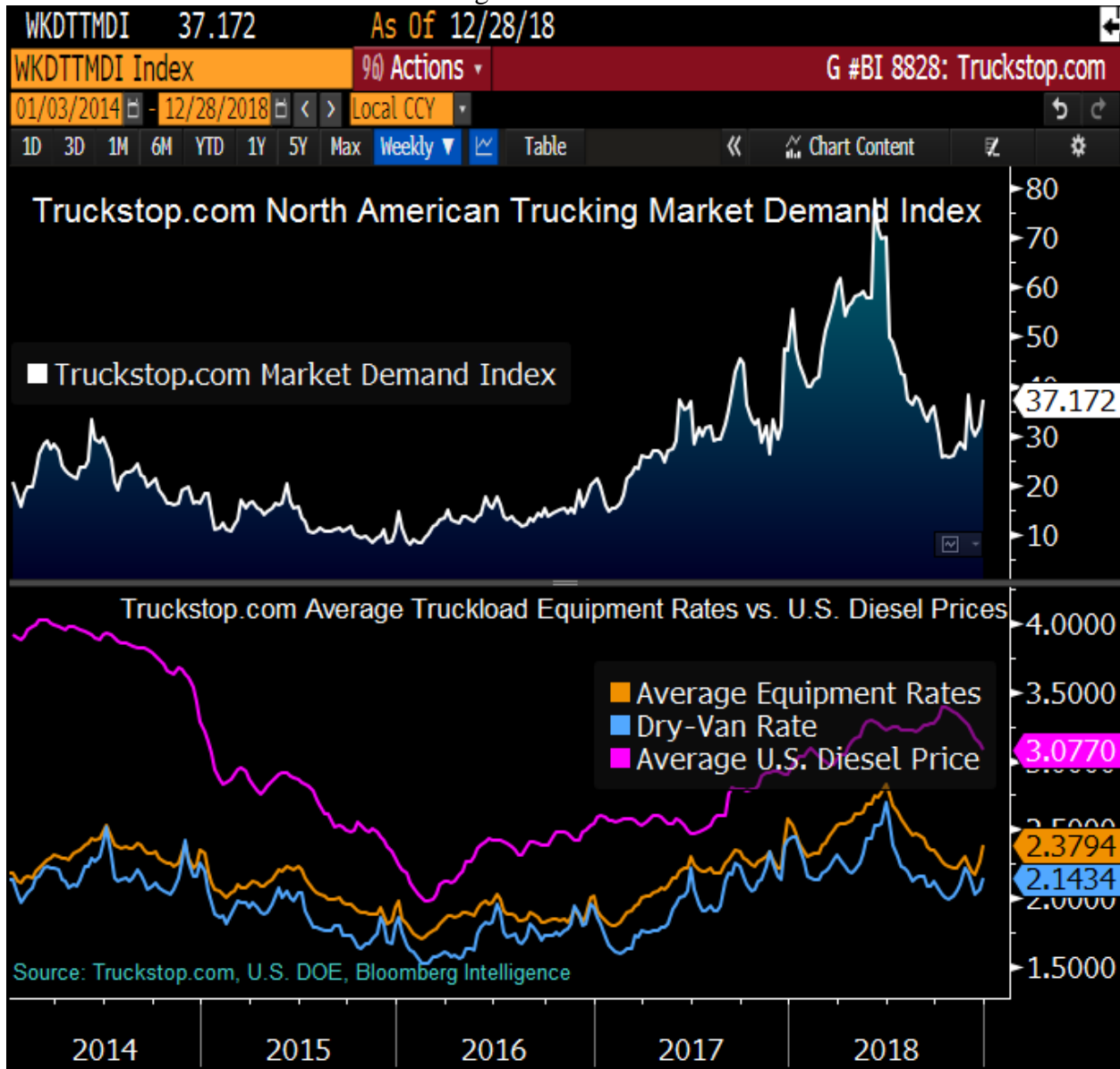
<https://www.aar.org/data-center/rail-traffic-data/>

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**Trailer Truck Demand
(Bloomberg Intelligence) – 12/31/18**

North American spot-trucking relative demand jumped 53% on average in 2018, based on Truckstop.com's Market Demand Index. The impact of electronic logging devices, low unemployment and economic growth created a tight market. Capacity tightened as a 29% increase in loads overshadowed a 17% decline in truck availability. Spot rates excluding fuel surcharges rose 13% on average to \$2.02 a mile. Further rate increases in 2019 will be limited to mid-single digits, in our view, amid more challenging comparables. There are a number of factors at play that will limit driver availability, putting upward pressure on rates. Companies Impacted: USA Truck, Knight-Swift, J.B. Hunt and Werner operate mostly in the contract market, with varying spot exposure. Brokers such as C.H. Robinson and XPO are also exposed to the spot market.

Lee A Klaskow at lklaskow1@bloomberg.net



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GDP

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 *2.63% as of 12/18/18

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

Atlanta Fed GDPNow...Q4 2018: 2.57% ...January 3, 2018

The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the fourth quarter of 2018 is **2.6 percent** on January 3, down from 2.7 percent on December 21. The nowcasts of fourth-quarter real consumer spending growth and fourth-quarter real private fixed investment growth decreased from 3.7 percent and 2.7 percent, respectively, to 3.6 percent and 2.4 percent, respectively, after this morning's Manufacturing ISM Report On Business from the Institute for Supply Management.

*The next GDPNow update is **Tuesday, January 8**. 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%...January 4, 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 left the nowcast for both quarters broadly unchanged. Positive surprises from employment data roughly offset negative surprises from the ISM manufacturing survey.

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

St. Louis Fed Real GDP Nowcast... Q4 2018:2.60%...January 4, 2018

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

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MANUFACTURING AT A GLANCE
DECEMBER 2018

Index	Series Index Dec	Series Index Nov	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	54.1	59.3	-5.2	Growing	Slower	28
New Orders	51.1	62.1	-11.0	Growing	Slower	36
Production	54.3	60.6	-6.3	Growing	Slower	28
Employment	56.2	58.4	-2.2	Growing	Slower	27
Supplier Deliveries	57.5	62.5	-5.0	Slowing	Slower	27
Inventories	51.2	52.9	-1.7	Growing	Slower	12
Customers' Inventories	41.7	41.5	+0.2	Too Low	Slower	27
Prices	54.9	60.7	-5.8	Increasing	Slower	34
Backlog of Orders	50.0	56.4	-6.4	Unchanged	Slower	1
New Export Orders	52.8	52.2	+0.6	Growing	Faster	34
Imports	52.7	53.6	-0.9	Growing	Slower	23
OVERALL ECONOMY				Growing	Slower	116
Manufacturing Sector				Growing	Slower	28

Average for 12 months - 58.8

High - 61.3

Low - 54.1

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

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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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