



Fixed Income Group A Division of RJ O'Brien

The Missile

www.fixedincomegroup.com

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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 14:52:42 01/09/19 - 01/28/19

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	01/09	06:00	*			MBA Mortgage Applications	Jan 4	--	--	-8.5%	--
22)	01/09	13:00				FOMC Meeting Minutes	Dec 19	--	--	--	--
23)	01/10	07:30	*			Initial Jobless Claims	Jan 5	226k	--	231k	--
24)	01/10	07:30				Continuing Claims	Dec 29	1740k	--	1740k	--
25)	01/10	07:45				Bloomberg Jan. United States Economic Survey					
26)	01/10	08:45	*			Bloomberg Consumer Comfort	Jan 6	--	--	59.6	--
27)	01/10	09:00	*			Wholesale Inventories MoM	Nov F	0.5%	--	--	--
28)	01/10	09:00				Wholesale Trade Sales MoM	Nov	--	--	-0.2%	--
29)	01/10-01/18					Advance Goods Trade Balance	Nov	-\$76.1b	--	-\$77.2b	-\$77.0b
30)	01/10-01/18		*			Wholesale Inventories MoM	Nov P	0.5%	--	0.8%	--
31)	01/10-01/18					Retail Inventories MoM	Nov	--	--	0.9%	0.8%
32)	01/10-01/18		*			New Home Sales	Nov	566k	--	544k	--
33)	01/10-01/18					New Home Sales MoM	Nov	4.0%	--	-8.9%	--
34)	01/10-01/18		*			Construction Spending MoM	Nov	0.2%	--	-0.1%	--
35)	01/10-01/18		*			Factory Orders	Nov	0.3%	--	-2.1%	--
36)	01/10-01/18					Factory Orders Ex Trans	Nov F	--	--	0.3%	--
37)	01/10-01/18		*			Durable Goods Orders	Nov F	--	--	0.8%	--
38)	01/10-01/18					Durables Ex Transportation	Nov F	--	--	-0.3%	--
39)	01/10-01/18		*			Cap Goods Orders Nondef Ex Air	Nov F	--	--	-0.6%	--

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 H141-4225-2 08-Jan-2019 14:52:42

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Fed Speak Calendar (All times are CST)

Economic Calendars										
1) Calendars		2) Alerts		3) Export		4) Settings		United States		
United States		Browse		15:29:20		01/08/19		- 01/18/19		
Central Banks			All Central Banks			View Agenda Weekly				
Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	01/09 07:20				Fed's Bostic Speaks in Chattanooga on Economic Outlook					
22)	01/09 08:00				Fed's Evans Speaks on Economy and Monetary Policy					
23)	01/09 10:30				Fed's Rosengren Speaks on the Economic Outlook					
24)	01/09 13:00				FOMC Meeting Minutes	Dec 19	--	--	--	--
25)	01/10 07:35				Fed's Barkin Speaks on Ensuring Long-Term Growth					
26)	01/10 11:00				Fed's Powell to Speak to The Economic Club of Washington					
27)	01/10 11:40				Fed's Bullard Speaks on Economy and Monetary Policy					
28)	01/10 12:00				Fed's Evans speaks at Economic Forecast Event					
29)	01/10 12:20				Fed's Kashkari Speaks on Immigration and Growth					
30)	01/10 16:30				Fed's Clarida Speaks to Money Marketeers in New York					
31)	01/15 10:30				Fed's Kashkari Speaks on Regional Economy in Minnesota					
32)	01/15 12:00				Fed's George Speaks on Economy and Monetary Policy Outlook					
33)	01/15 12:00				Fed's Kaplan Speaks in Plano, Texas					
34)	01/16 13:00				U.S. Federal Reserve Releases Beige Book					
35)	01/16 17:30				Fed's Kashkari Speaks on Panel About Financial Crisis					
36)	01/16 17:30				Fed's Kashkari Speaks About 10h Anniversary of Crisis					
37)	01/17 09:45				Fed's Quarles Speaks at Insurance Industry Forum					
38)	01/18 08:05				Fed's Williams Speaks on Economic Outlook and Monetary...					
39)	01/18 10:00				Fed's Harker Speaks Symposium on Prosperity					

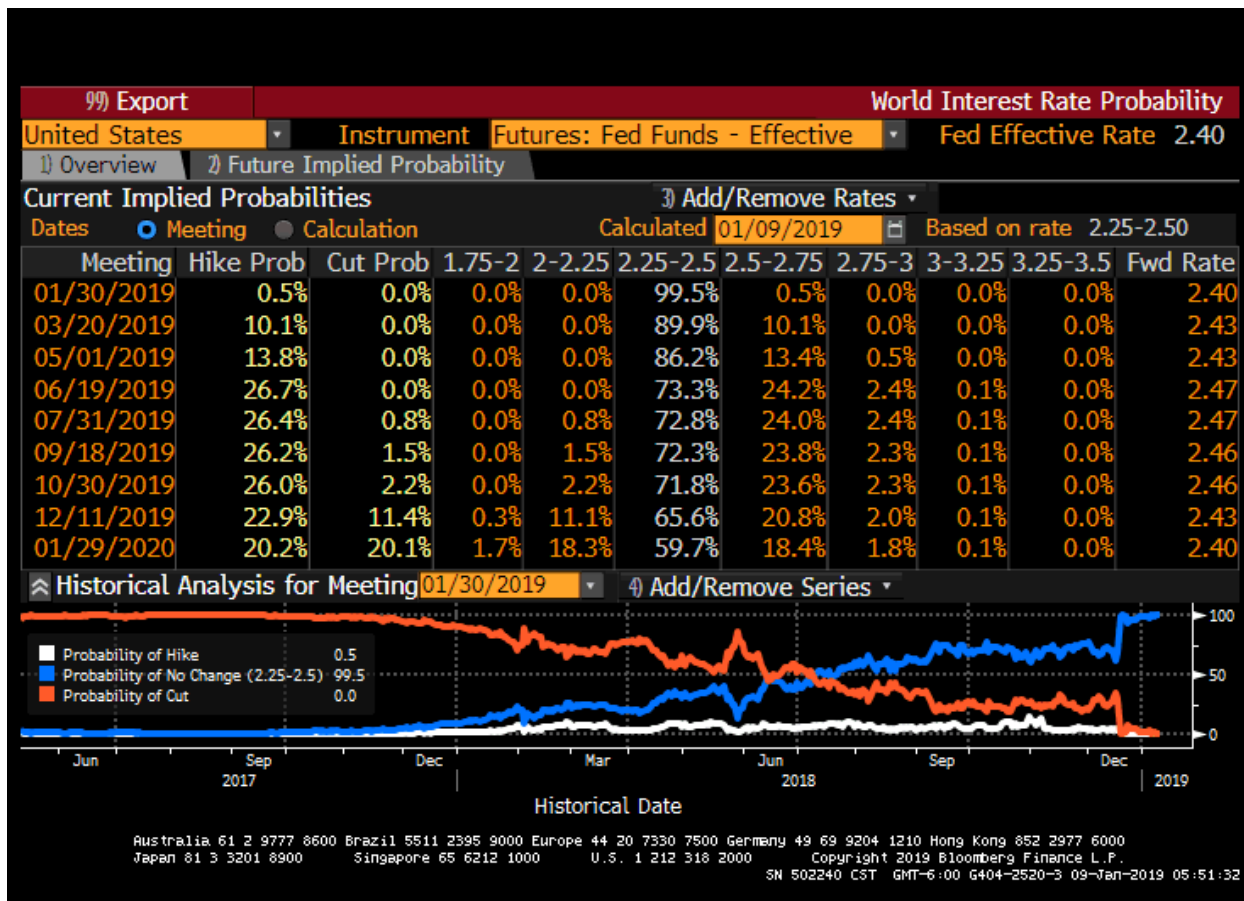
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News: News Story									
4) Previous		3) Next		66) Send		98) Actions		99) Translate	
01/07/2019 15:42:19 [BN]									
	Next Offer	Next	Date	CUSIP	\$	Prior	Prior*		
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bil	Auction	\$	Bln
Cash mgmt	TBA	TBA	TBA	TBA		TBA	02/13/2018		\$50
4-week	01/08/2019	01/10/2019	01/15/2019	912796UN7		TBA	01/03/2019		\$40
8-week	01/08/2019	01/10/2019	01/15/2019	912796US6		TBA	01/03/2019		\$30
3-month	01/10/2019	01/14/2019	01/17/2019	912796RH4		TBA	01/07/2019		\$39
6-month	01/10/2019	01/14/2019	01/17/2019	912796QR3		TBA	01/07/2019		\$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>

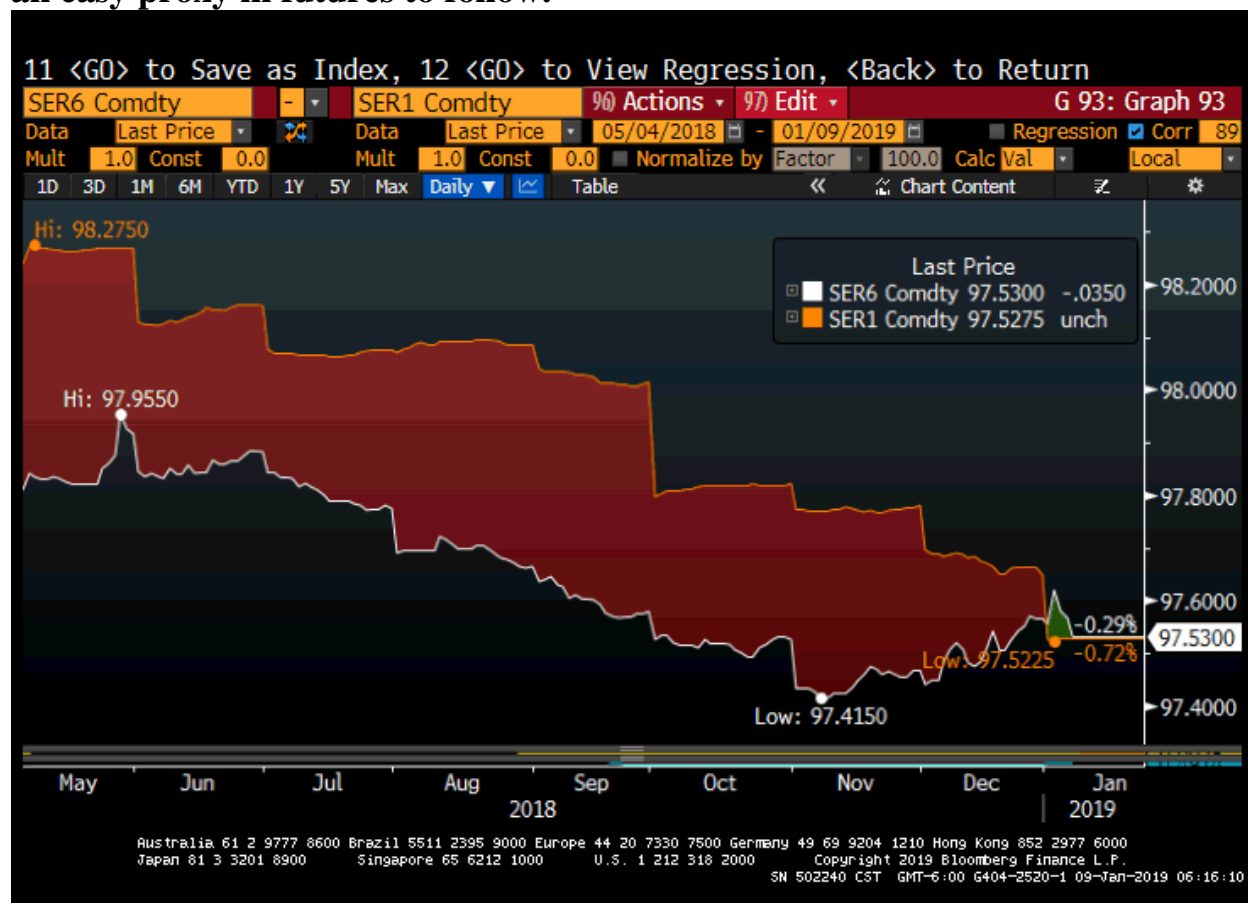


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Getting Granular

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	2.51875	+.00325	(97.48125)
3-Month Libor Set	2.79888	+.01638	(97.20112)
6-Month Libor Set	2.86975	+.01719	(97.13025)
1-Year Libor Set	3.03900	+.02287	(96.96100)

THEY SAID IT

Ted McKinney, U.S. Under Secretary of Agriculture for Trade and Foreign Agricultural Affairs, said the U.S. trade delegation would return to the United States later on Wednesday after a “good few days”.

<https://www.reuters.com/article/us-usa-trade-china/u-s-china-trade-talks-conclude-as-hopes-of-a-deal-build-idUSKCN1P300T>

The talks were extended into an unscheduled third day, showing both sides were “serious”, China’s Foreign Ministry said.

Chinese and U.S. teams ended trade talks in Beijing on Wednesday that lasted longer than expected and officials said details will be released soon, raising hopes an all-out trade war that could badly disrupt the global economy can be avoided.

“China will stick to the main theme of structural deleveraging, properly tackle local governments’ debt risks, and continue to clean up overcapacity, debts and zombie firms,” Yi said in the [interview with state-run Xinhua News](#). Financial risks which were exposed

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have been tackled in an orderly manner, the overall leverage ratio remains stable and financial risks are generally contained, he said.

“We are going to accurately control overall liquidity,” Yi said in the interview. “While avoiding overly rapid liquidity contraction which would shake the real economy, we should as well stay away from the flood-like stimulus which would hamper structural deleveraging.”

<https://www.bloomberg.com/news/articles/2019-01-09/pboc-to-start-new-medium-term-lending-tool-in-january-yi-says>

The Chinese central bank will start lending money to banks under a new policy instrument in late January, the governor announced in an interview, promising that China will avoid both massive stimulus and a fast credit contraction.

The targeted Medium Term Lending Facility, which lends cash for up to three years, was announced in December and will encourage banks to lend to small and private companies which are facing credit shortages due to a government debt crackdown. China is trying to balance funneling more cash to the real economy without hampering its campaign to clean up excess debt and financial risk.

“The sanctions do put pressure on the country and the people,” Khamenei said, according to a transcript on his website of a speech in Tehran to commemorate an event from the 1979 revolution.

<https://www.reuters.com/article/us-iran-politics-khamenei/unprecedented-u-s-sanctions-are-pressuring-iran-khamenei-idUSKCN1P30ZA>

“The Americans happily say that these sanctions are unprecedented in history. Yes, they’re unprecedented. And the defeat that the Americans will face will be unprecedented, God willing,” he added.

Apple Inc, which slashed its quarterly sales forecast last week, has reduced planned production for its three new iPhone models by about 10 percent for the January-March quarter, the Nikkei Asian Review reported on Wednesday.

<https://www.reuters.com/article/us-apple-iphone/apple-cuts-current-quarter-production-plan-for-new-iphones-by-10-percent-nikkei-idUSKCN1P304H>

That rare forecast cut exposed weakening iPhone demand in China, the world’s biggest smartphone market, where a slowing economy has also been buffeted by a trade war with the United States.

Many analysts and consumers have said the new iPhones are overpriced.

Overall planned production volume of both old and new iPhones is likely to be cut to a range of 40 million to 43 million units for January-March period, from an earlier projection of 47 million to 48 million units, the Nikkei reported, citing one source familiar with the situation.

Apple did not respond to a Reuters request for comment.

The report comes after chip suppliers Samsung Electronics Co Ltd and Skyworks Solutions Inc. flagged weak first-quarter chip demand for smartphones.

Samsung surprised the market on Tuesday with an estimated 29 percent drop in quarterly profit, blaming weak chip demand in a rare commentary issued to “ease confusion” among investors already fretting about a global tech slowdown.

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Legislation reaffirming U.S. support for allies in the Middle East, including a measure to punish Americans who boycott Israel, fell victim on Tuesday to a domestic political dispute that has resulted in a partial federal government shutdown.

<https://www.reuters.com/article/us-usa-israel-senate/first-bill-of-new-u-s-congress-on-middle-east-policy-stalls-in-senate-idUSKCN1P300H>

The U.S. Senate voted 56 to 44, falling short of the 60 votes needed to advance the “Strengthening America’s Security in the Middle East Act.”

The Middle East legislation included provisions supported by both Republicans and Democrats to impose new sanctions on Syria and guarantee security assistance to Israel and Jordan. However, the act also includes a provision that would let state and local governments punish Americans for boycotting Israel, which opponents, including many Democrats, see as an impingement of free speech.

Some Republicans accused Democrats of supporting the Boycott, Divestment and Sanctions (BDS) movement targeting Israel over its treatment of the Palestinians, which they see as anti-Semitic. Democrats in turn accused Republicans of trying to use the BDS measure to divide moderate and liberal Democrats.

The U.S. Supreme Court on Tuesday rejected a request by a foreign government-owned company over its bid to avoid paying penalties if it does not comply with a subpoena issued by a grand jury in a sealed case possibly linked to Special Counsel Robert Mueller’s probe into Russia’s role in the 2016 presidential election.

<https://www.reuters.com/article/us-usa-court-grandjury/u-s-supreme-court-rejects-mystery-firm-possibly-linked-to-russia-probe-idUSKCN1P226V>

The court in a brief order turned away a request filed by the company, which is facing a daily fine of \$50,000 imposed by a U.S. federal judge in Washington for refusing to comply with a subpoena issued in an investigation. The name of the country and the company and details of the investigation were not publicly disclosed.

“We’ve seen record high auction sizes, so decade-low bid-to-cover makes sense,” said Ian Lyngen, head of U.S. interest-rate strategy at BMO Capital Markets. “I would expect, mechanically, for bid-to-cover ratios to come down, just because there’s not endless, insatiable demand out there for Treasuries.”

<https://www.bloomberg.com/news/articles/2019-01-09/bond-market-warning-seen-in-weakest-treasuries-demand-since-08?srnd=premium>

The Treasury has boosted its auctions for four straight quarters, surpassing levels last seen in 2009. What’s more, the U.S. has grown more reliant on the public to finance its deficit as the Federal Reserve scales back its purchases of Treasuries to shrink its \$4 trillion of crisis-era bond holdings.

The weakness “doesn’t matter until it suddenly does,” says Torsten Slok, Deutsche Bank’s chief international economist. “A declining bid-to-cover ratio increases the vulnerability and probability that investors suddenly will begin to think that a falling bid-to-cover ratio is important. Put differently, all fiscal crises begin with a declining bid-to-cover ratio.”

Lyngen says he’s on the lookout for so-called tails for signs of stress at auctions. A tail occurs when the auction yield is higher than the prevailing market rate for the securities at the time bids

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close. And a larger tail indicates that bond investors are demanding a bigger concession for the offering.

“Nobody has come forward with a proposal that could secure a majority in the present circumstances. The blunt reality is that such a proposal does not exist,” the People’s Vote campaign group said in the report Wednesday.

“We believe the only credible way forwards for MPs (Members of Parliament) will be to hand the decision back to the people.”

<https://www.cnn.com/2019/01/09/brexit-referendum-pro-eu-campaigners-set-out-roadmap-for-fresh-vote.html>

An all-important parliamentary vote on the draft withdrawal agreement is due to be held on Tuesday next week.

Westminster must decide whether to accept May’s plans for a structured exit and relatively close economic ties or reject it and spawn uncertainty over the country’s next steps.

In 2017, 39,773 people in the U.S. were killed by gun violence, the highest tally in decades. Yet guns remain widely available to people prohibited from having them via the Internet or at unregulated gun shows.

<https://www.bloomberg.com/opinion/articles/2019-01-08/gun-politics-universal-background-checks-get-a-welcome-push?srnd=premium>

The new legislation would require unlicensed sellers to meet buyers at a federally licensed gun dealer, which would run a background check on the purchaser. The bill would include exceptions for family, law enforcement, hunting and emergency self-defense.

The British energy company has discovered 1 billion barrels of crude at an existing oilfield in the Gulf of Mexico. BP also announced two new offshore oil discoveries and a major new investment in a nearby field.

<https://www.cnn.com/2019/01/08/bp-just-discovered-a-billion-barrels-of-oil-in-gulf-of-mexico.html>

BP made the massive 1 billion-barrel discovery at its Thunder Horse field off the tip of Louisiana.

Executives are crediting their investment in advanced seismic technology and data processing for speeding up the company’s ability to confirm the discoveries at Atlantis and Thunder Horse. BP says it once would have taken a year to analyze the Thunder Horse data, but it now takes just weeks.

Just northeast of Thunder Horse, BP also announced new discoveries at fields near its Na Kika platform.

BP says it plans to develop reservoirs at its Manuel prospect, where Shell holds a 50 percent stake. Producers also found oil at the Nearly Headless Nick prospect near Na Kika, where BP has a 20.25 percent working interest.

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EQUITIES

The S&P is **+9** and the NASDAQ is **+19**.

Earnings:

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

On Bloomberg type in ACDR <GO>

UK/EUROPE

In the UK the FTSE closed +1.05%.

In the UK, the 2s/10s swap curve is steeper by 1.7 bps at 30.9 with yields higher.

BOE Rate +0.75%. (No change).

Next meeting 02/07/19

On the European Continent

The CAC Index closed +1.18%.

The DAX Index closed +1.08%.

In the EU the 2s/10s swap curve is steeper by 0.7 bps at 97.1 with yields higher.

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

Deposit Facility Rate -.40%

Next meeting 01/24/19

Japan:

The TOPIX closed +1.10%.

The NIKKEI closed +1.10%.

In Japan, the 2s/10s swap curve is steeper by 0.1 bps at 18.5 with yields higher.

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

Next meeting 01/23/19

China:

The Hang Seng closed +2.27%.

The Shanghai Composite closed +0.71%.

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: 97-26.50 is the pivot. Above the pivot you should be long, below short.
Support is at 97-26.50^ and 97-18.75**.

Resistance is at 97-34.00**.

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

** 2-STD Deviations from the pivot point.

3-Month Libor Set 2.79888 +.01638 (97.20112)

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): 129-08.0 is the pivot point.

Above you should be long, below short.

Support is at **129-08.0^** and **127-08.0****

Resistance is at **131-08.0****

^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)

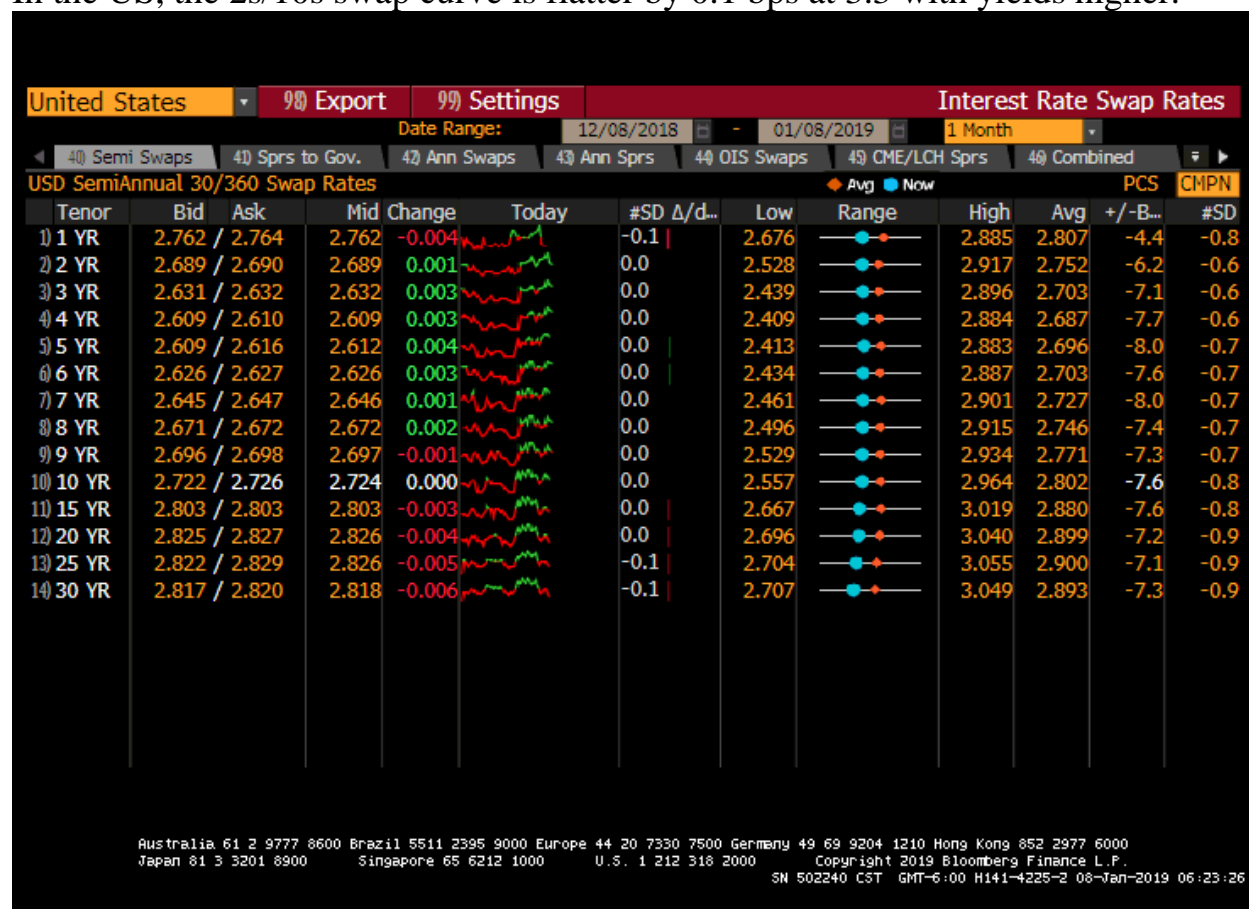
(2019) +0 futures ticks (\$31.25 per tick) or +\$0

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

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US-SWAPS IRSB <GO>

In the US, the 2s/10s swap curve is flatter by 0.1 bps at 3.3 with yields higher.



The Option Lab

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

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

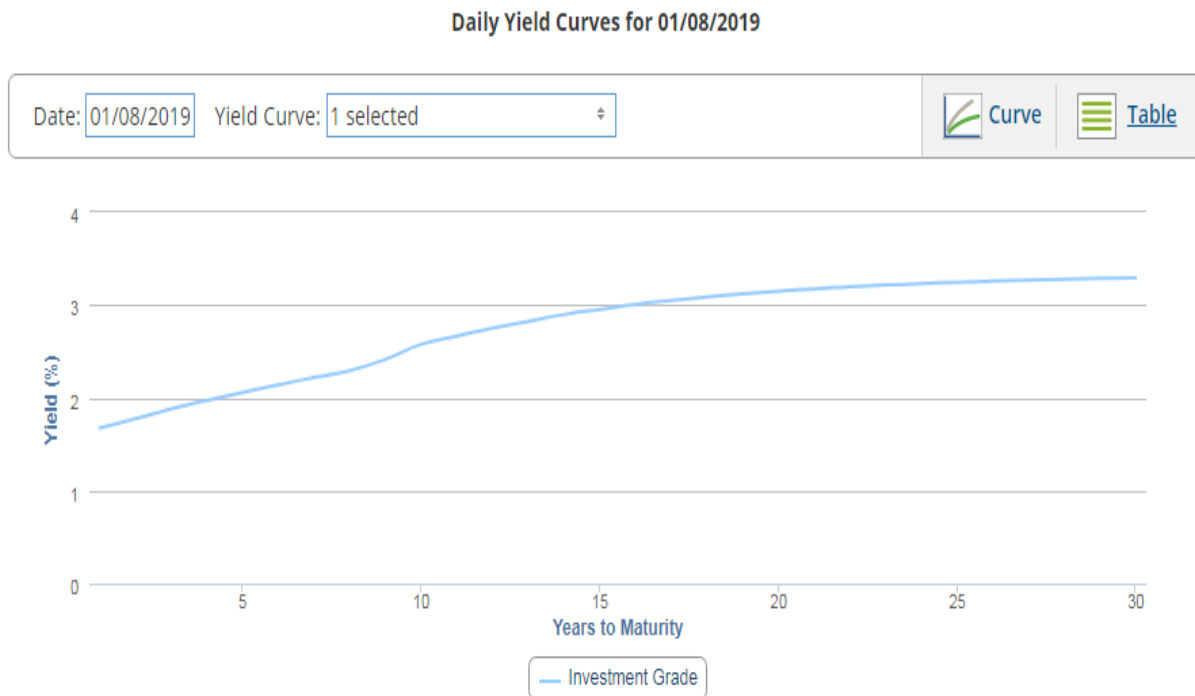
Option Book 2016 YTD realized: **+\$43.75** per contract.

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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

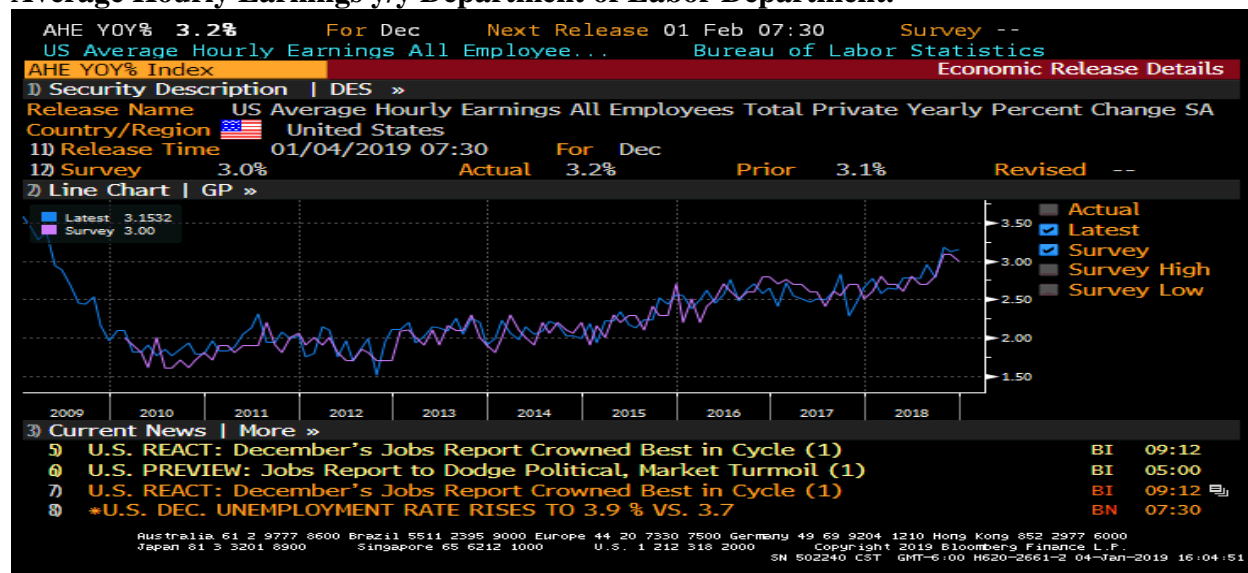
LABOR

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/>

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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 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.

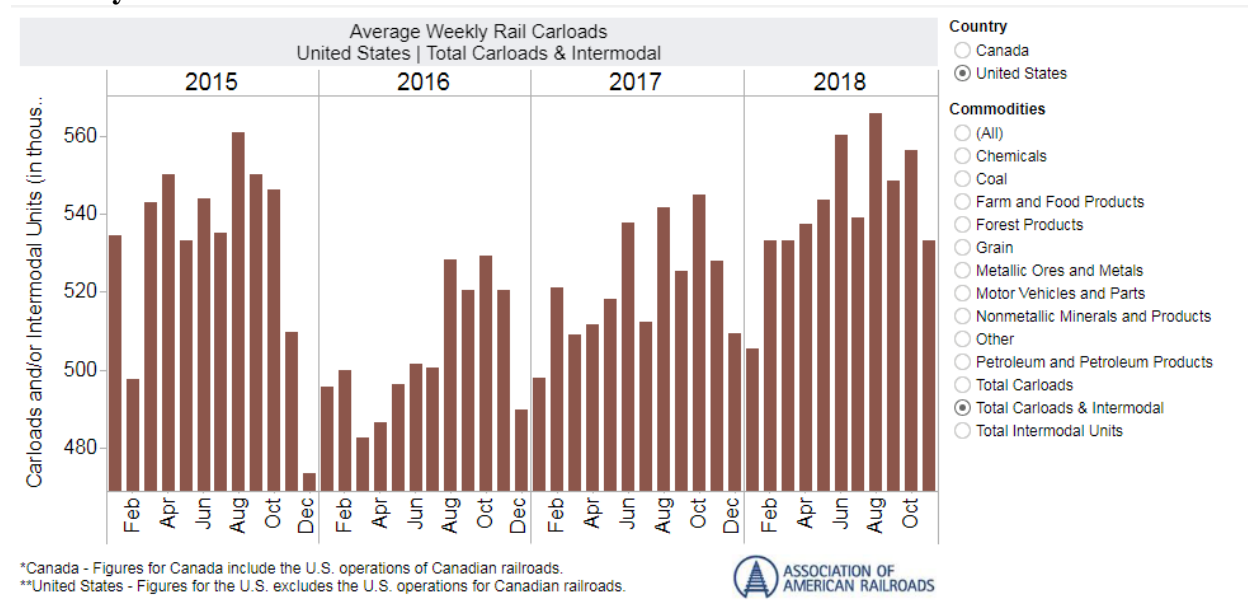
North American rail volume for the week ending December 22, 2018, on 12 reporting U.S., Canadian and Mexican railroads totaled 385,992 carloads, up 2.9 percent compared with the same week last year, and 379,667 intermodal units, up 4.8 percent compared with last year. Total combined weekly rail traffic 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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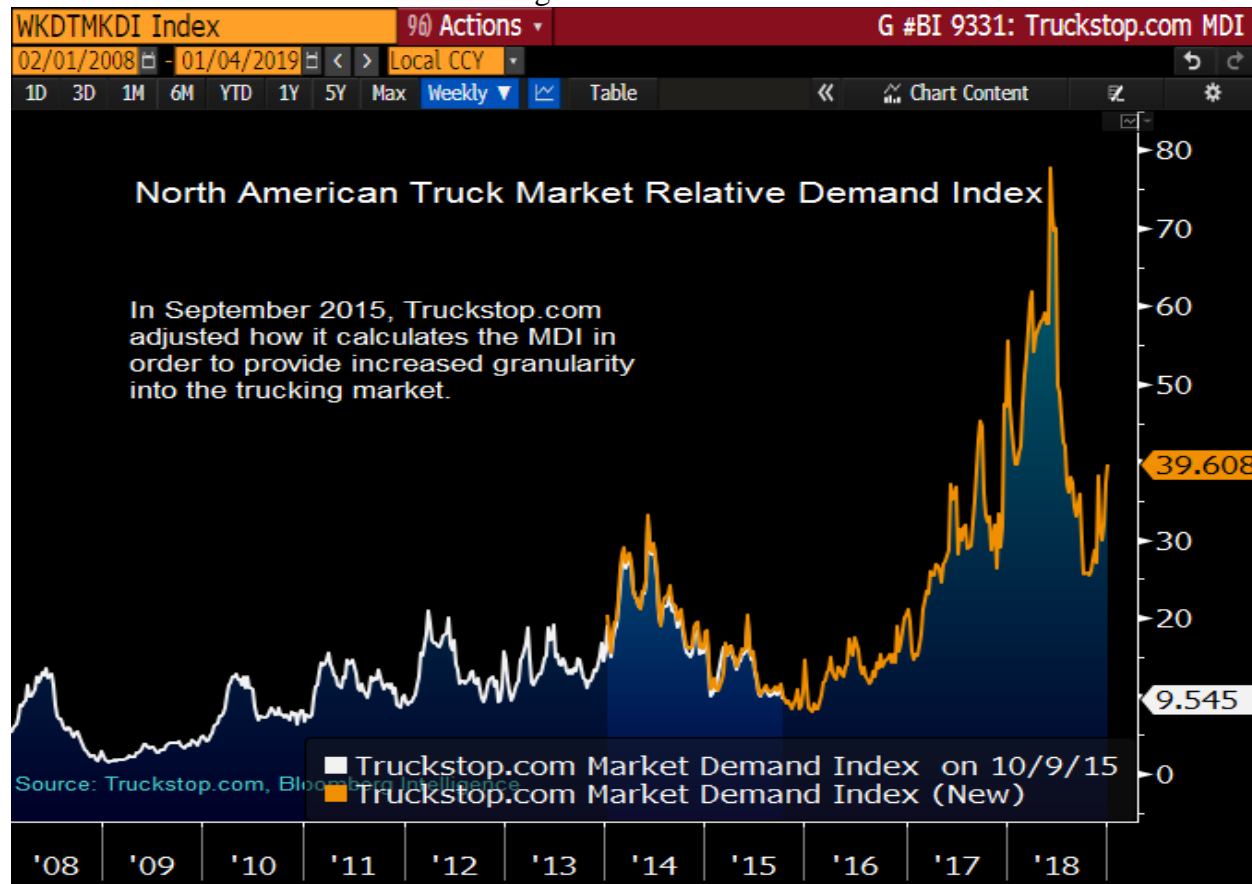
Trailer Truck Demand

(Bloomberg Intelligence) – 01/07/19

Truckstop.com's Market Demand Index, which gauges relative supply and demand for the spot truckload market, declined by 15% on average in 4Q. The index faced tough comparisons from a number of factors including hurricane-related demand spikes and the implementation of electronic logging devices in 2017. Despite the drop, the market remains tight by historical standards and will continue to face supply-side constraints from limited driver availability in 2019.

Public truckload carriers tend to operate in the contractual market with limited exposure to transactional business. These fleets have varying degrees of exposure to the spot market, which is measured by Truckstop.com's index. The spot market tends to be a leading indicator for contract rates.

Lee A Klaskow at lklaskow1@bloomberg.net



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

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GDP-4Q is running at *2.7% as of 01/08/19
***simple average of the three regionals.**

Atlanta Fed GDPNow...Q4 2018: 2.8% ...January 8, 2018

The current GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the fourth quarter of 2018 is 2.8 percent, up from 2.6 percent on January 3. The nowcasts of fourth-quarter real consumer spending growth and fourth-quarter real private fixed investment growth increased from 3.6 percent and 2.4 percent, respectively, to 3.8 percent and 2.8 percent, respectively, after the employment situation release by the U.S. Bureau of Labor Statistics on Friday, January 4.

<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 2018:2.79%...January 8, 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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