



Fixed Income Group A Division of RJ O'Brien

## The Missile

[www.fixedincomegroup.com](http://www.fixedincomegroup.com)

WECO <go>  
(All times are CST)

9 <GO> to Save as Default

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

United States Browse 15:40:57 01/10/19 - 01/29/19

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	01/10	07:30	*			Initial Jobless Claims	Jan 5	226k	--	231k	--
22)	01/10	07:30				Continuing Claims	Dec 29	1740k	--	1740k	--
23)	01/10	07:45				Bloomberg Jan. United States Economic Survey					
24)	01/10	08:45	*			Bloomberg Consumer Comfort	Jan 6	--	--	59.6	--
25)	01/10	09:00				Wholesale inventories/sales data postponed by govt shutdown					
26)	01/11	07:30	*			CPI MoM	Dec	-0.1%	--	0.0%	--
27)	01/11	07:30				CPI Ex Food and Energy MoM	Dec	0.2%	--	0.2%	--
28)	01/11	07:30	*			CPI YoY	Dec	1.9%	--	2.2%	--
29)	01/11	07:30				CPI Ex Food and Energy YoY	Dec	2.2%	--	2.2%	--
30)	01/11	07:30				CPI Core Index SA	Dec	259.987	--	259.481	--
31)	01/11	07:30				CPI Index NSA	Dec	251.083	--	252.038	--
32)	01/11	07:30				Real Avg Weekly Earnings YoY	Dec	--	--	0.5%	0.6%
33)	01/11	07:30				Real Avg Hourly Earning YoY	Dec	--	--	0.8%	--
34)	01/11	13:00				Treasury monthly budget statement postponed by govt shutdown					
35)	01/11-01/18		*			Wholesale Inventories MoM	Nov P	0.5%	--	0.8%	--
36)	01/11-01/18					Advance Goods Trade Balance	Nov	-\$76.1b	--	-\$77.2b	-\$77.0b
37)	01/11-01/18					Retail Inventories MoM	Nov	--	--	0.9%	0.8%
38)	01/11-01/18		*			New Home Sales	Nov	566k	--	544k	--
39)	01/11-01/18					New Home Sales MoM	Nov	4.0%	--	-8.9%	--

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 G404-2520-2 09-Jan-2019 15:40:57

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**Fed Speak Calendar**  
(All times are CST)

Economic Calendars										
1) Calendars		2) Alerts		3) Export		4) Settings		United States		
Browse		06:03:35		01/10/19		-		01/31/19		
Central Banks		All Central Banks		View		Agenda		Weekly		
Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	01/10	07:35			Fed's Barkin Speaks on Ensuring Long-Term Growth					
22)	01/10	11:00			Fed's Powell to Speak to The Economic Club of Washington					
23)	01/10	11:40			Fed's Bullard Speaks on Economy and Monetary Policy					
24)	01/10	12:00			Fed's Evans speaks at Economic Forecast Event					
25)	01/10	12:20			Fed's Kashkari Speaks on Immigration and Growth					
26)	01/10	16:30			Fed's Clarida Speaks to Money Marketeers in New York					
27)	01/15	10:30			Fed's Kashkari Speaks on Regional Economy in Minnesota					
28)	01/15	12:00			Fed's George Speaks on Economy and Monetary Policy Outlook					
29)	01/15	12:00			Fed's Kaplan Speaks in Plano, Texas					
30)	01/16	13:00			U.S. Federal Reserve Releases Beige Book					
31)	01/16	17:30			Fed's Kashkari Speaks on Panel About Financial Crisis					
32)	01/16	17:30			Fed's Kashkari Speaks About 10h Anniversary of Crisis					
33)	01/17	09:45			Fed's Quarles Speaks at Insurance Industry Forum					
34)	01/18	08:05			Fed's Williams Speaks on Economic Outlook and Monetary...					
35)	01/18	10:00			Fed's Harker Speaks Symposium on Prosperity					
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%	--

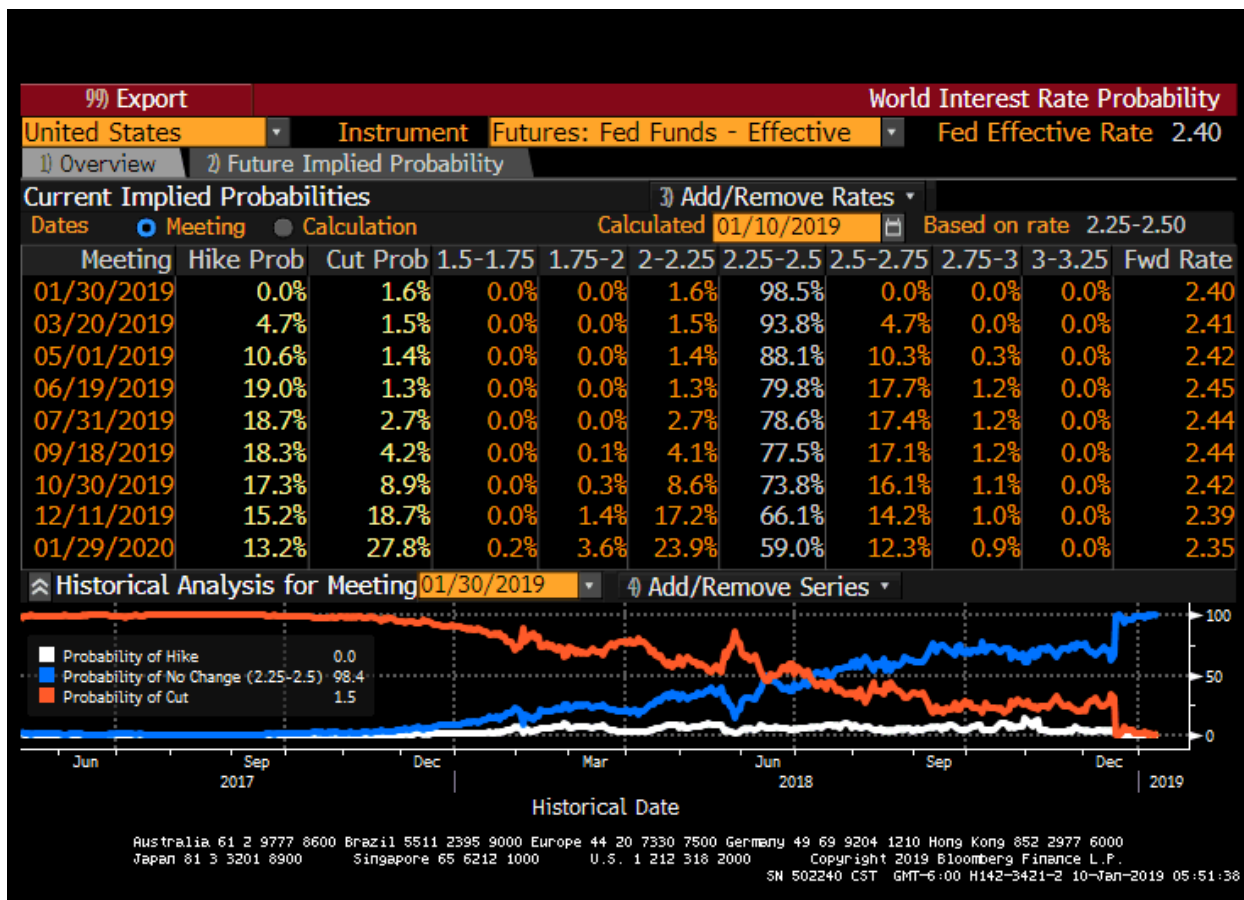
**NI TRE <go>**

	Next Offer	Next	Date	CUSIP	\$	Prior	Prior
<b>Bill Auctions</b>	Announcement	Auction	Settles	Numbers	R	Bil	Auction
<b>Cash mgmt</b>	TBA	TBA	TBA	TBA		TBA	02/13/2018
4-week	01/15/2019	01/10/2019	01/15/2019	912796UN7		\$40	01/03/2019
8-week	01/15/2019	01/10/2019	01/15/2019	912796US6		\$30	01/03/2019
3-month	01/10/2019	01/14/2019	01/17/2019	912796RH4		TBA	01/07/2019
6-month	01/10/2019	01/14/2019	01/17/2019	912796QR3		TBA	01/07/2019
1-year	01/24/2019	01/29/2019	01/31/2019	TBA		TBA	12/31/2018
<b>Note Auctions</b>							
2-year	01/24/2019	01/28/2019	01/31/2019	TBA		TBA	12/24/2018
3-year	01/30/2019	02/05/2019	02/15/2019	TBA		TBA	01/08/2019
5-year	01/24/2019	01/28/2019	01/31/2019	TBA		TBA	12/26/2018
7-year	01/24/2019	01/29/2019	01/31/2019	TBA		TBA	12/27/2018
10-year	01/30/2019	02/06/2019	02/15/2019	TBA	R	TBA	01/09/2019
<b>Bond Auctions</b>							
30-year	01/30/2019	01/10/2019	01/15/2019	912810SE9	R	\$16	12/13/2018

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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>

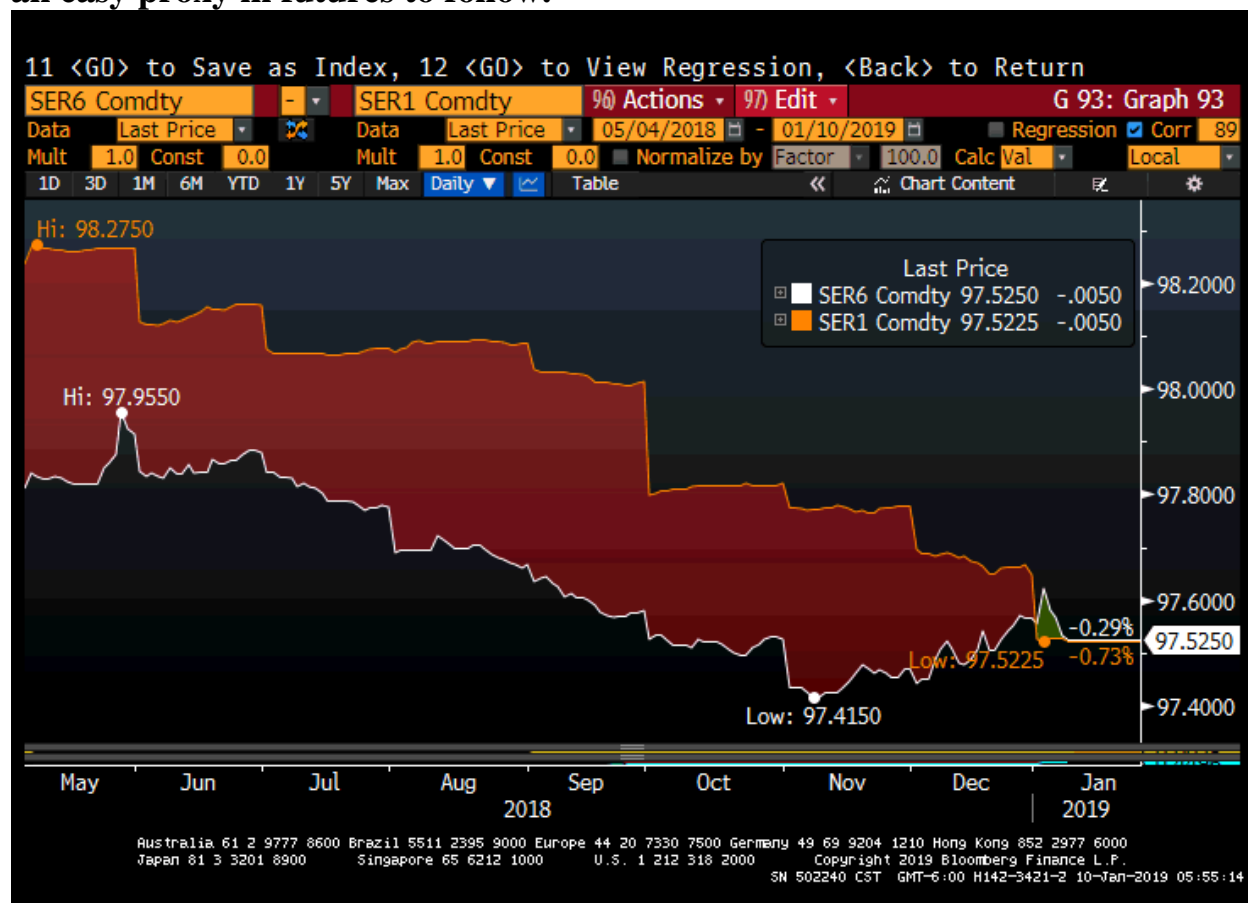


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## Getting Granular

**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 <sup>1</sup>					Central tendency <sup>2</sup>					Range <sup>3</sup>				
	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 <sup>4</sup>	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/fomcprojtabl20181219.pdf>

## Libor Set

<b>1-Month Libor Set</b>	<b>2.51419</b>	<b>-.00456</b>	<b>(97.48581)</b>
<b>3-Month Libor Set</b>	<b>2.79694</b>	<b>-.00194</b>	<b>(97.20306)</b>
<b>6-Month Libor Set</b>	<b>2.86044</b>	<b>-.00931</b>	<b>(97.13956)</b>
<b>1-Year Libor Set</b>	<b>3.01900</b>	<b>-.02000</b>	<b>(96.98100)</b>

## THEY SAID IT

**“We are looking to make a step-change in the performance of the business,” Steven Armstrong, Ford’s head of Europe, said Thursday in an interview. “There’ll be significant impact across the region. We will be looking at all options,” including potential plant closures.**

<https://www.bloomberg.com/news/articles/2019-01-10/ford-to-cut-thousands-of-jobs-in-europe-eyes-plant-closures?srnd=premium>

Ford Motor Co. will shed thousands of jobs at its European operations as part of a bid to return the business to profitability with a broad restructuring that could include shuttering factories.

The carmaker has struggled with an aging model lineup and a contracting market in the U.K., Ford’s biggest in Europe, which is in store for further disruption from Brexit. The manufacturer -- employing some 54,000 workers across the region mainly in Germany, the U.K. and Spain -- plans to cull less profitable models from its lineup and review its joint venture in Russia. In the U.S., it’s already dropping several sedans.

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**Theresa May is looking at a Brexit “Plan B” amid clear signs Parliament will reject her Brexit deal; opposition Labour Party leader Jeremy Corbyn is calling for a general election to end the impasse.**

<https://www.bloomberg.com/news/articles/2019-01-10/clark-warns-of-mounting-alarm-among-investors-brexit-update?srnd=premium>

The implications of May’s defeat in the Commons on Wednesday are becoming clearer. The issue focuses on what May will do next if -- as expected -- she loses the crucial Parliamentary vote on ratifying her Brexit deal next Tuesday.

According to a government official, the prime minister will need to put forward a new motion for debate in Parliament setting out the next steps within three days of losing Tuesday’s vote -- so by Jan. 21.

In theory, this motion on what happens next would not need to be voted on any time soon, but in reality May is likely to call a vote on it in the Commons within a week, the official said.

**“China’s economic downturn and commodity price falls have led to and will lead to downturns in global economic growth and commodity prices,” said Nomura’s chief China economist Lu Ting, who sees a 0.1 percent drop in Chinese producer prices this year.**

<https://www.bloomberg.com/news/articles/2019-01-10/china-s-rekindled-deflation-fears-add-to-global-growth-concerns>

Economists now see the threat of deflation in the manufacturing nation after producer price inflation slowed sharply in December, to the [slowest pace](#) since 2016. Nomura Holdings Inc. said "the nightmare of PPI deflation is imminent," China International Capital Corp. said "deflation pressures are on the rise," and Haitong Securities Co. projected the turning point could come as early as this month.

**The People’s Bank of China is expected to continue to cut the amount of cash that banks must hold as reserves further in 2019 while keeping interbank borrowing costs largely steady even amid tightening U.S. Federal Reserve policy, according to a survey.**

<https://www.bloomberg.com/news/articles/2019-01-10/pboc-seen-cutting-reserve-ratio-further-curbing-borrowing-costs>

As part of efforts to shore up the slowing economy, the central bank will cut the required reserve ratio by another 150 basis points, in addition to the 100 basis point cut announced last week, according to a survey of 18 bond traders and analysts conducted between Dec. 24 and Jan. 9.

The PBOC will also likely tweak the cost of interbank lending slightly lower for the first time since 2015, taking the rate on 7-day reverse repurchase agreements to 2.45 percent by the end of 2019 from the current 2.55 percent, according to the median estimate in the survey.

The rate will be cut by 5 basis points in the second quarter and another 5 basis points in the third quarter, participants said.

The easing measures altogether will drive gains in government bonds, with the 10-year sovereign yield dropping to as low as 2.8 percent this year, compared with about 3.1 percent now, the survey showed.

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**China is borrowing billions of dollars each year from the World Bank, despite its position as the world's second-largest economy, according to a study released Thursday.**

**The Center for Global Development found that the World Bank's International Bank for Reconstruction and Development loaned China an average of \$2 billion a year, totaling more than \$7.8 billion, since the country surpassed the bank's income threshold for lending in 2016.**

<https://www.cnbc.com/2019/01/09/china-no-longer-a-poor-nation-still-borrows-billions-from-world-bank.html>

The IBRD lends to middle-income and creditworthy low-income countries. It uses resources from those loans to help boost poorer countries. But tension has developed as China is lending billions of dollars of its own to developing countries under opaque terms as part of its "Belt and Road" initiative to build infrastructure.

Some lawmakers want China reined in. "We must end the World Bank's lending to China, especially at a time when Beijing itself is saddling developing countries with predatory debt on unfair terms. Growing the Chinese economy is not the World Bank's job," said Brad Sherman, D-Calif., a member of the House Financial Services and Foreign Affairs committees.

**Not a single bank failed last year, a rare occurrence that highlights the strength of the U.S. banking system.**

<https://www.cnbc.com/2019/01/09/for-the-first-time-since-2006-not-a-single-us-bank-failed-last-year.html>

In fact, 2018 was only the third year since the Federal Deposit Insurance Corporation was founded in 1933 that a calendar year passed without a bank failure, according to the Calculated Risk [blog](#).

Thanks to the U.S. economic expansion, corporate tax overhaul and post-financial crisis rules that bolstered safety, banks have been thriving. The six biggest U.S. lenders were on track to generate more than \$100 billion in profit, an all-time record, according to Bloomberg.

But the smallest and most vulnerable institutions – those most likely to fail – seem to be benefiting as well. Just eight banks [failed](#) in 2017, and all were acquired by larger lenders.

**Russia has slapped down Japanese assertions that a deal is in the offing to resolve a decades-old territorial dispute, accusing Tokyo of distorting agreements struck with Moscow to break the deadlock.**

<https://www.reuters.com/article/us-russia-japan-islands/russia-says-japan-distorting-prospects-for-peace-deal-on-islands-idUSKCN1P40LO?il=0>

Japanese Prime Minister Shinzo Abe is making a push for a treaty with Russia over islands captured by Soviet troops in the last days of World War Two. He is due to hold talks with Russian President Vladimir Putin this month, but Moscow has shown no willingness to cede control over the islands.

A Russian lawmaker on Thursday put forward a bill that would make it illegal for parliament to authorize any part of the territory being handed over by Russia.

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## EQUITIES

The S&P is **-15** and the NASDAQ is **-42**.

Earnings:

[www.moneycentral.msn.com/investor/market/earncalendar](http://www.moneycentral.msn.com/investor/market/earncalendar)

**On Bloomberg type in ACDR <GO>**

## UK/EUROPE

**In the UK the FTSE closed -0.18%.**

In the UK, the 2s/10s swap curve is flatter by 1.9 bps at 29 with yields mixed.

**BOE Rate +0.75%. (No change).**

**Next meeting 02/07/19**

## On the European Continent

**The CAC Index closed -0.82%.**

**The DAX Index closed -0.40%.**

In the EU the 2s/10s swap curve is flatter by 1.4 bps at 95.7 with yields lower.

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

**Deposit Facility Rate -.40%**

**Next meeting 01/24/19**

## Japan:

**The TOPIX closed -0.85%.**

**The NIKKEI closed -1.29%.**

In Japan, the 2s/10s swap curve is flatter by 1.5 bps at 17.0 with yields lower.

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

**Next meeting 01/23/19**

## China:

**The Hang Seng closed +0.22%.**

**The Shanghai Composite closed -0.36%.**

## 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: 97-27.00 is the pivot. Above the pivot you should be long, below short.  
Support is at 97-27.00^ and 97-20.00\*\*.

Resistance is at 97-34.0\*\*.

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

\*\* 2-STD Deviations from the pivot point.

**3-Month Libor Set      2.79694      -.00194      (97.20306)**

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): 129-11.5 is the pivot point.**

Above you should be long, below short.

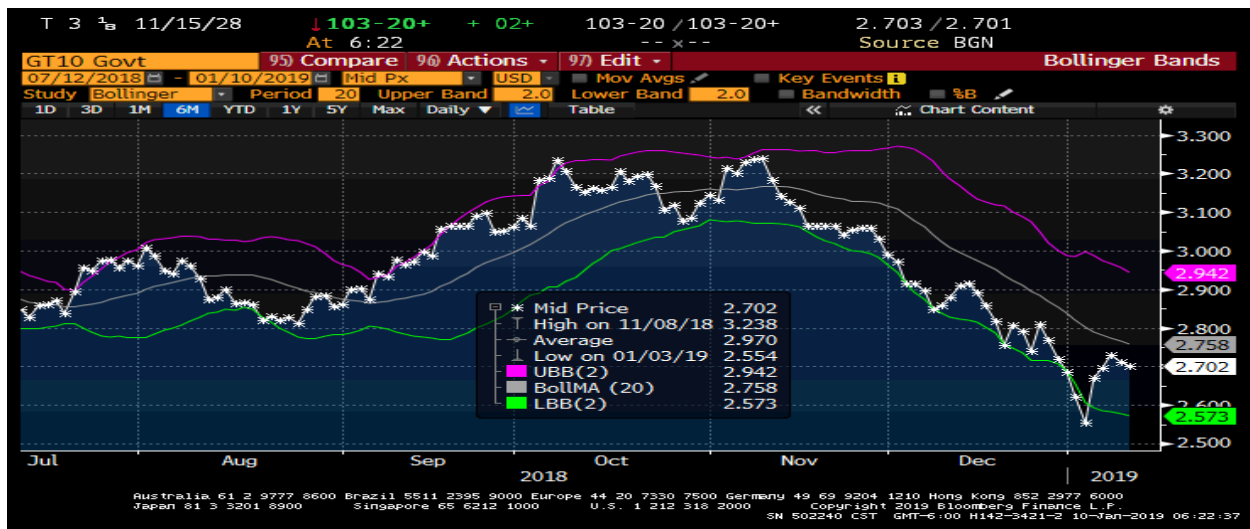
Support is at **129-11.5^** and **127-13.0\*\***

Resistance is at **131-09.5\*\***

^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)**

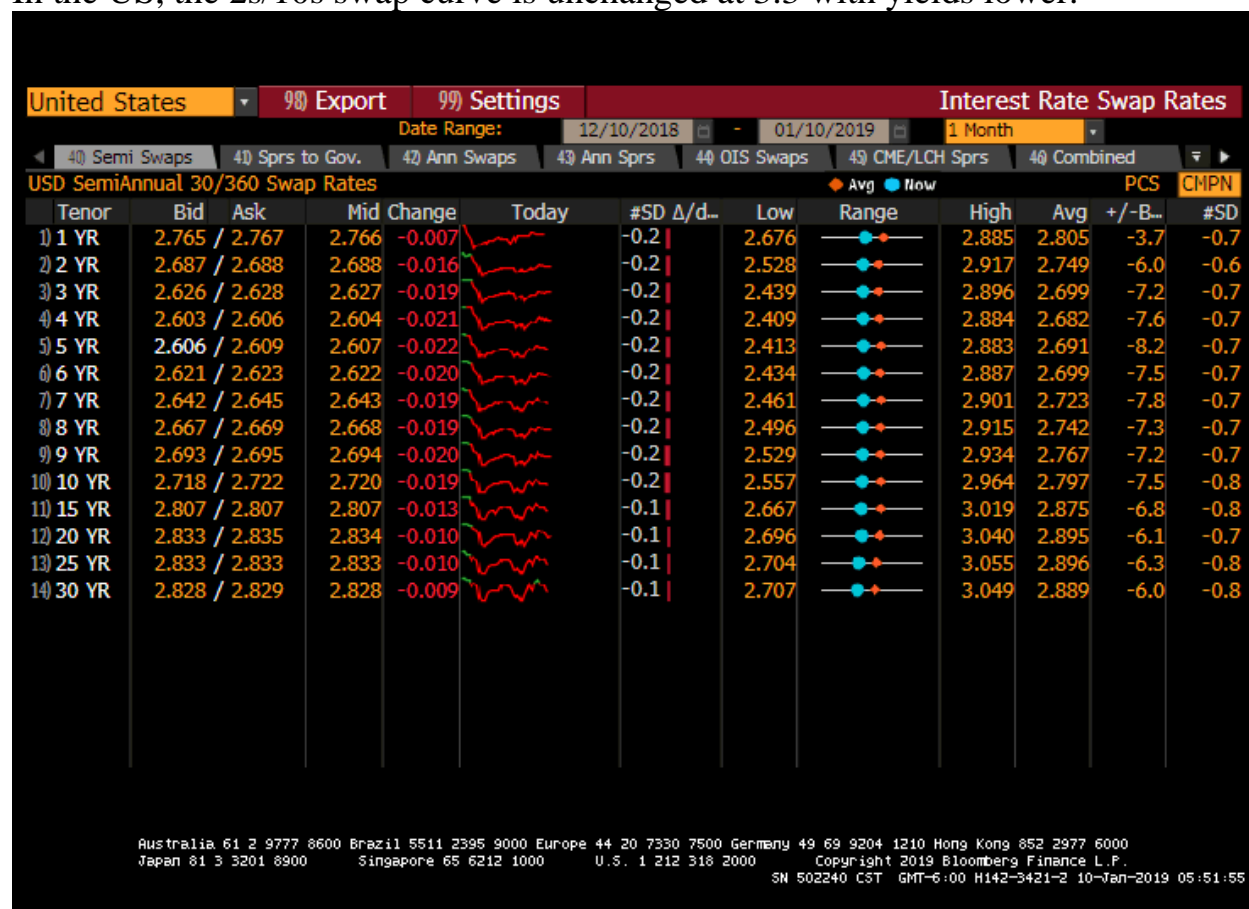
**(2019) +0 futures ticks (\$31.25 per tick) or +\$0**

**(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 unchanged at 3.3 with yields lower.



## 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

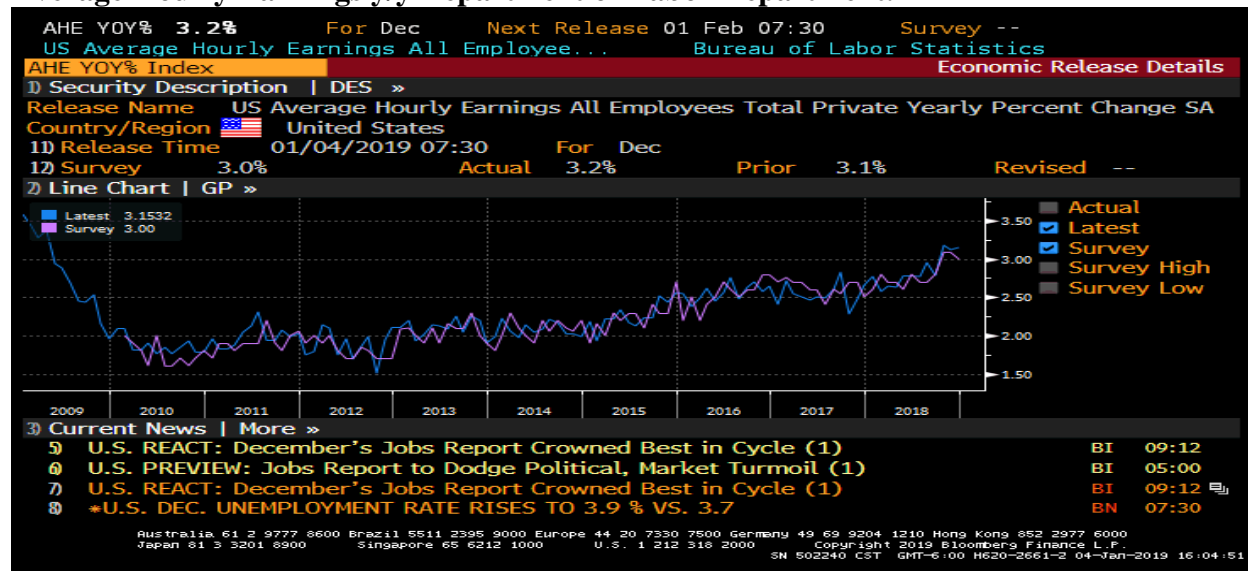
## LABOR

### 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.<sup>1</sup> 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.<sup>2</sup>

U.S. electricity generation by source, amount, and share of total in 2017 <sup>1</sup>		
Energy source	Billion kWh	Share of total
<b>Total - all sources</b>	4,015	
<b>Fossil fuels (total)</b>	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%
<b>Nuclear</b>	805	20.0%
<b>Renewables (total)</b>	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 <sup>3</sup>	-6	-0.2%
<b>Other sources</b>	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 436,103 carloads and intermodal units, up 4.8 percent compared with the same week last year.

Total carloads for the week ending January 5 were 221,759 carloads, up 6.2 percent compared with the same week in 2018, while U.S. weekly intermodal volume was 214,344 containers and trailers, up 3.4 percent compared to 2018.

Eight of the 10 carload commodity groups posted an increase compared with the same week in 2018. They included nonmetallic minerals, up 3,791 carloads, to 25,665; metallic ores and metals, up 2,619 carloads, to 21,738; and petroleum and petroleum products, up 2,413 carloads, to 12,057. Commodity groups that posted decreases compared with the same week in 2018 were motor vehicles and parts, down 1,261 carloads, to 9,213; and miscellaneous carloads, down 294 carloads, to 7,251.

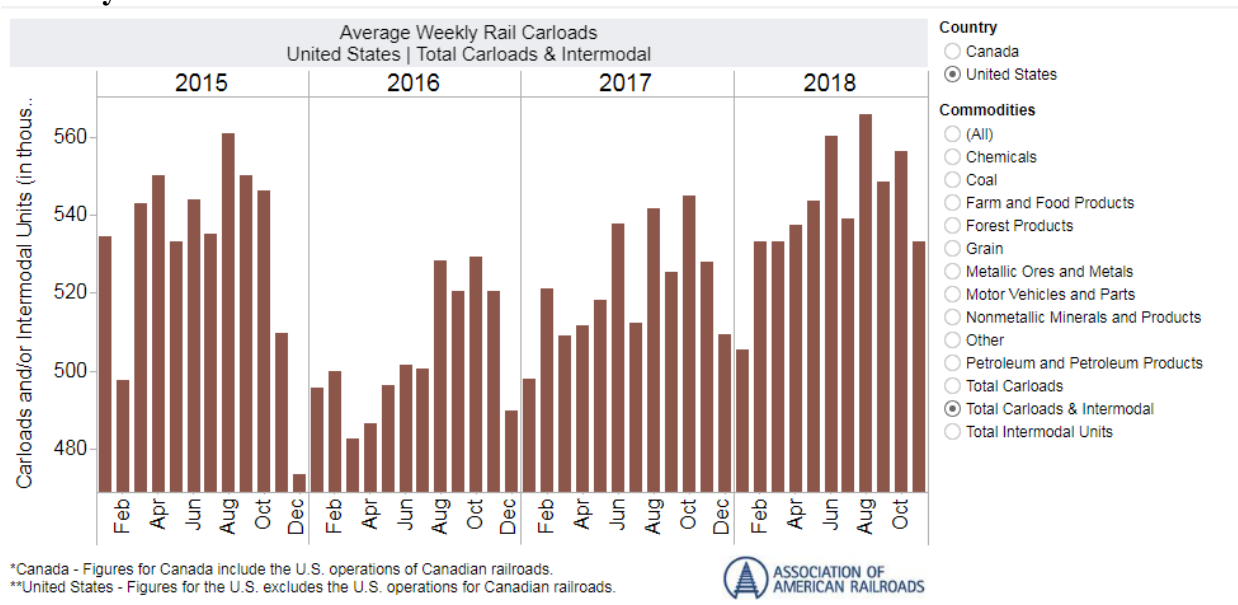
North American rail volume for the week ending January 5, 2019, on 12 reporting U.S., Canadian and Mexican railroads totaled 313,358 carloads, up 7.5 percent compared with the same week last year, and 282,090 intermodal units, up 3.2 percent compared with last year. Total combined weekly rail traffic in North America was 595,448 carloads and intermodal units, up 5.4 percent.

Canadian railroads reported 76,698 carloads for the week, up 14.5 percent, and 54,166 intermodal units, up 3.3 percent compared with the same week in 2018. For the first week of 2019, Canadian railroads reported cumulative rail traffic volume of 130,864 carloads, containers and trailers, up 9.6 percent.

Mexican railroads reported 14,901 carloads for the week, down 5.8 percent compared with the same week last year, and 13,580 intermodal units, down 1.4 percent. Cumulative volume on Mexican railroads for the first week of 2019 was 28,481 carloads and intermodal containers and trailers, down 3.8 percent from the same point last year.

<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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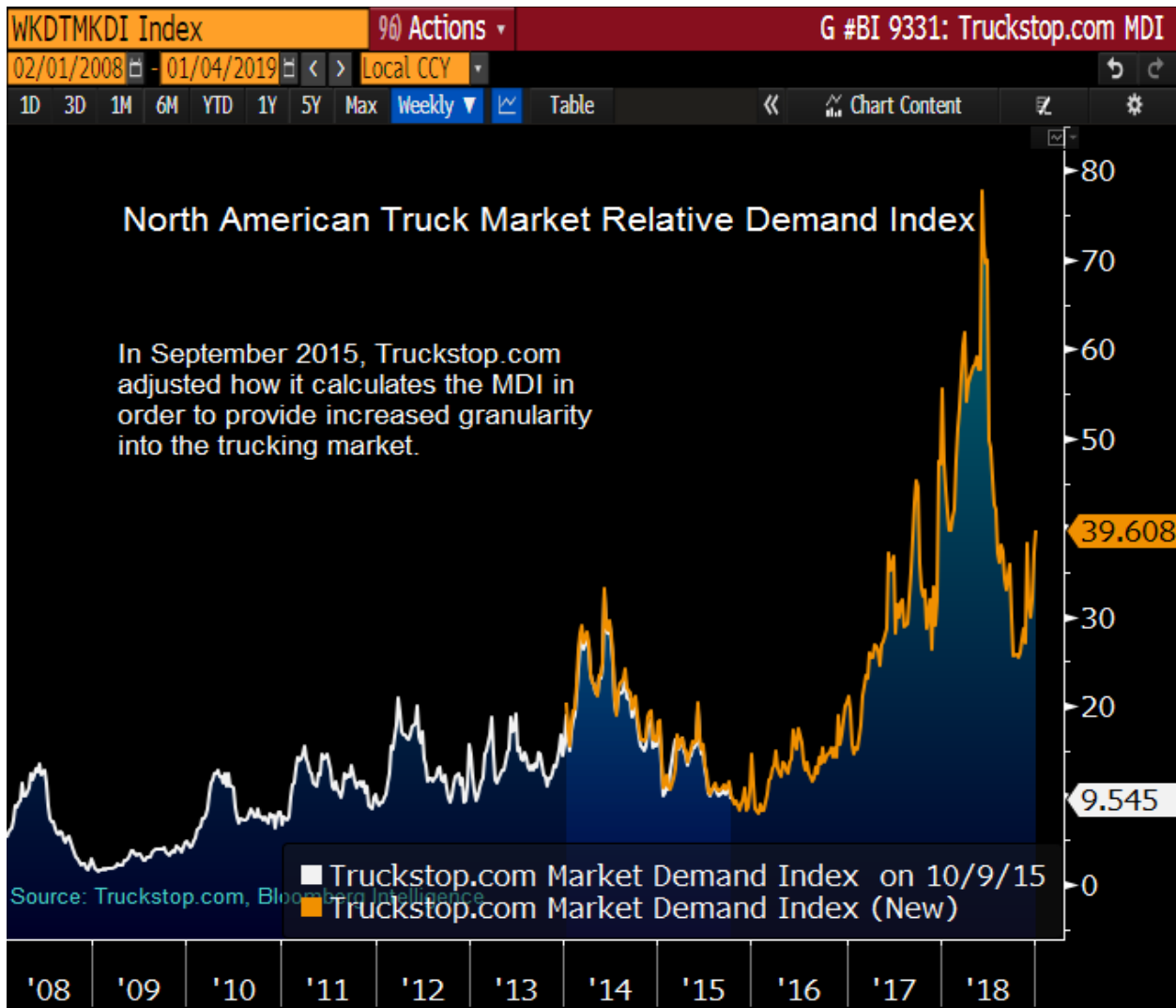


## Trailer Truck Demand (Bloomberg Intelligence) – 01/07/19

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



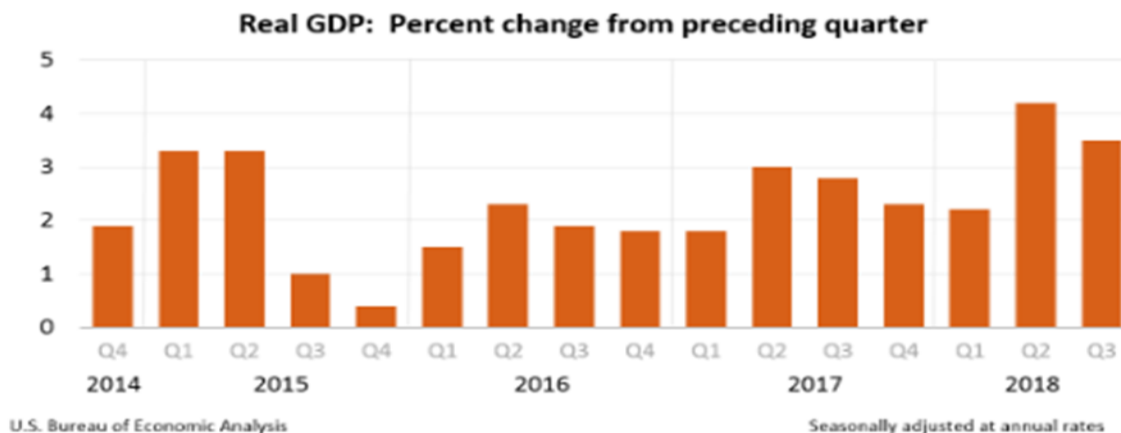
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## GDP

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 \*2.7% 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
<b>OVERALL ECONOMY</b>				Growing	Slower	116
<b>Manufacturing Sector</b>				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](http://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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