



Fixed Income Group A Division of RJ O'Brien

The Missile

www.fixedincomegroup.com

ECO <go>
(All times are CST)

9 <GO> to Save as Default

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

United States Browse 13:17:56 08/12/17 - 08/16/17

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	08/15	07:30	+	0	▲	Import Price Index MoM	Jul	0.0%	--	-0.2%	--
22)	08/15	07:30	+	0	▲	Import Price Index ex Petroleum	Jul	--	--	0.1%	--
23)	08/15	07:30	+	0	▲	Import Price Index YoY	Jul	--	--	1.5%	--
24)	08/15	07:30	+	0	▲	Export Price Index MoM	Jul	--	--	-0.2%	--
25)	08/15	07:30	+	0	▲	Export Price Index YoY	Jul	--	--	0.6%	--
26)	08/15	07:30	+	0	▲	Empire Manufacturing	Aug	10.0	--	9.8	--
27)	08/15	07:30	+	0	▲	Retail Sales Advance MoM	Jul	0.4%	--	-0.2%	--
28)	08/15	07:30	+	0	▲	Retail Sales Ex Auto MoM	Jul	0.4%	--	-0.2%	--
29)	08/15	07:30	+	0	▲	Retail Sales Ex Auto and Gas	Jul	--	--	-0.1%	--
30)	08/15	07:30	+	0	▲	Retail Sales Control Group	Jul	0.4%	--	-0.1%	--
31)	08/15	09:00	+	0	▲	NAHB Housing Market Index	Aug	--	--	64	--
32)	08/15	09:00	+	0	▲	Business Inventories	Jun	0.4%	--	0.3%	--
33)	08/15	15:00	+	0	▲	Total Net TIC Flows	Jun	--	--	\$57.3b	--
34)	08/15	15:00	+	0	▲	Net Long-term TIC Flows	Jun	--	--	\$91.9b	--
35)	08/16	06:00	+	0	▲	MBA Mortgage Applications	Aug 11	--	--	--	--
36)	08/16	07:30	+	0	▲	Housing Starts	Jul	1224k	--	1215k	--
37)	08/16	07:30	+	0	▲	Housing Starts MoM	Jul	0.7%	--	8.3%	--
38)	08/16	07:30	+	0	▲	Building Permits	Jul	1245k	--	1254k	1275k
39)	08/16	07:30	+	0	▲	Building Permits MoM	Jul	-2.4%	--	7.4%	9.2%

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 2017 Bloomberg Finance L.P.
SN 502240 CDT GMT-5:00 6946-796-3 08-Aug-2017 13:17:57

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Fed Speak Calendar (All times are CST)

1) Calendars ▾		2) Alerts		3) Export ▾		4) Settings ▾		Economic Calendars			
United States		Browse		13:24:42		08/12/17		- 09/30/17			
Central Banks		All Central Banks						View		Agenda Weekly	
	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	08/16	13:00				FOMC Meeting Minutes	Jul 26	--	--	--	--
22)	08/17	12:00				Fed's Kaplan Speaks in Lubbock, Texas					
23)	08/18	09:15				Fed's Kaplan Speaks in Dallas					
24)	08/24-08/26					Kansas City Fed hosts annual Jackson Hole Policy Symposium					
25)	09/06	13:00				U.S. Federal Reserve Releases Beige Book					
26)	09/20	13:00				FOMC Rate Decision (Upper Bo...	Sep 20	1.25%	--	1.25%	--
27)	09/20	13:00				FOMC Rate Decision (Lower Bo...	Sep 20	1.00%	--	1.00%	--
28)	09/26	08:30				Fed's Mester Moderates Session NABE					
29)	09/26	11:00				Fed Chair Janet Yellen Delivers Keynote at NABE Conference					
30)	09/26	11:30				Fed's Bostic Speaks to the Atlanta Press Club					

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4) Previous		3) Next		66) Send		98) Actions ▾		News: News Story			
08/11/2017 05:51:48 [BN]								Translate to...			
	Next Offer	Next	Date	CUSIP	\$	Prior	Prior				
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bil	Auction	\$ Bln			
Cash mgmt	TBA	TBA	TBA	TBA		TBA	TBA	\$20			
4-week	08/14/2017	08/15/2017	08/17/2017	TBA		TBA	08/08/2017	\$45			
3-month	08/17/2017	08/14/2017	08/17/2017	912796MC0		\$39	08/07/2017	\$39			
6-month	08/17/2017	08/14/2017	08/17/2017	912796NS4		\$33	08/07/2017	\$33			
1-year	09/07/2017	08/15/2017	08/17/2017	912796NQ8		\$20	07/18/2017	\$20			
Note Auctions											
2-year	08/24/2017	08/28/2017	08/31/2017	TBA		TBA	07/25/2017	\$26			
3-year	09/07/2017	09/11/2017	09/15/2017	TBA		TBA	08/08/2017	\$24			
5-year	08/24/2017	08/28/2017	08/31/2017	TBA		TBA	07/26/2017	\$34			
7-year	08/24/2017	08/29/2017	08/31/2017	TBA		TBA	07/27/2017	\$28			
10-year	09/07/2017	09/12/2017	09/15/2017	TBA		TBA	08/09/2017	\$23			
Bond Auctions											
30-year	09/07/2017	09/13/2017	09/15/2017	TBA	R	TBA	08/10/2017	\$15			
TIPS Auctions											
5-yr TIPS	08/17/2017	08/24/2017	08/31/2017	TBA	R	TBA	04/20/2017	\$16			
10-yr TIPS	09/14/2017	09/21/2017	09/29/2017	TBA	R	TBA	07/20/2017	\$13			
30-yr TIPS	10/12/2017	10/19/2017	10/31/2017	TBA	R	TBA	06/22/2017	\$5			
Floating Rate Note											
2-year FRN	08/17/2017	08/23/2017	08/25/2017	TBA	R	TBA	07/26/2017	\$17			
Buyback Operation											
Buyback	TBA	TBA	TBA	TBA		TBA	04/19/2017	\$.025			

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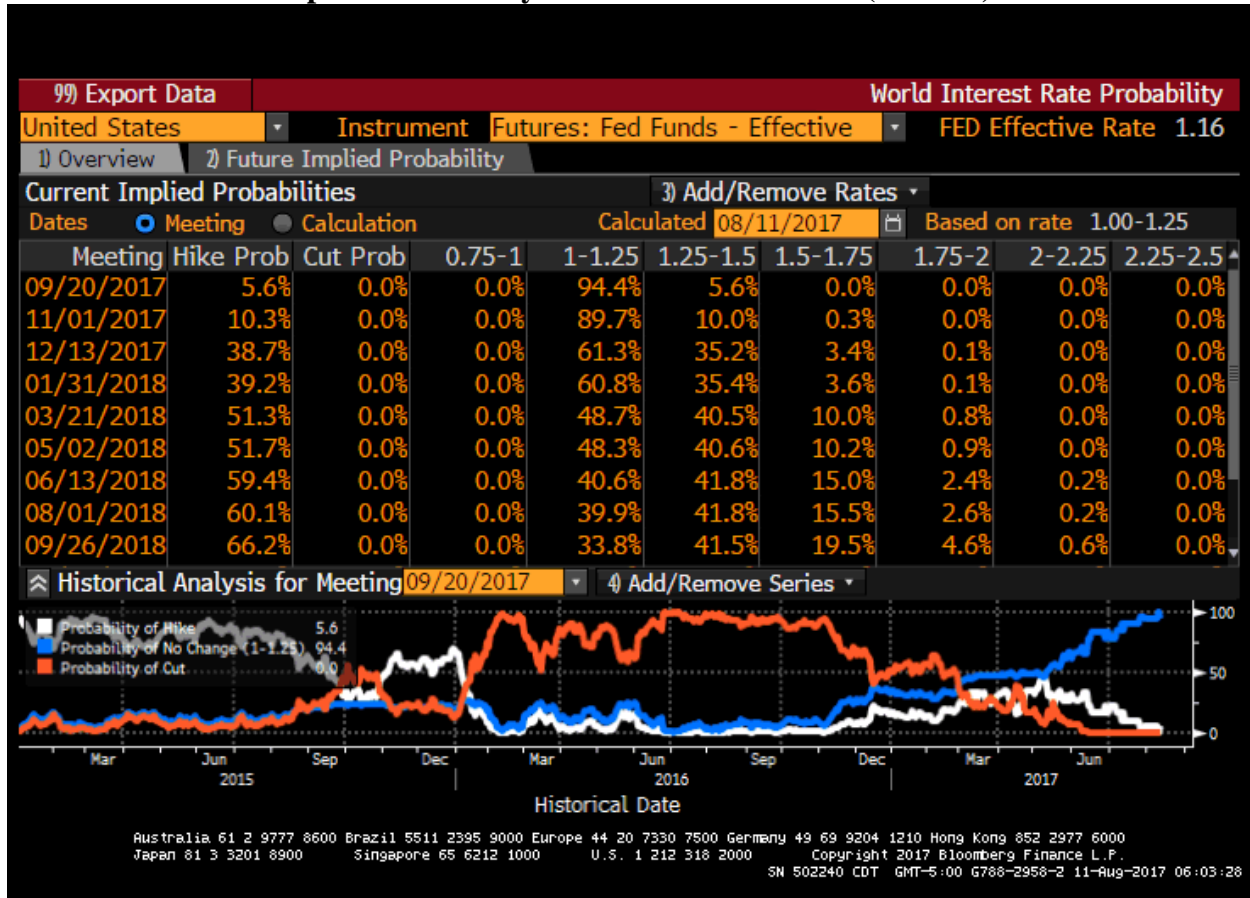
1-Month Libor Set	1.22067	+.00000	(98.77933)
3-Month Libor Set	1.31500	-.00222	(98.68500)
6-Month Libor Set	1.45583	+.00030	(98.54417)
1-Year Libor Set	1.72456	+.00166	(98.27544)

Federal Reserve Target Fed Fund Rate Projections (Median)				
Year Ending	2017	2018	2019	Longer
Rate	1.40	2.10	3.00	3.00

Median Federal Reserve Projections

<http://www.federalreserve.gov/monetarypolicy/files/fomcproitabl20170614.pdf>

Implied Probability of Fed Rate Movement (Futures)



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THEY SAID IT

Trump is ramping up pressure on North Korea, cautioning Kim's regime against following through on threats to fire missiles near Guam and vowing "fire and fury" if he keeps provoking the U.S. On Thursday, the president doubled down on the rhetoric, saying Kim "should be very nervous" and suggesting the earlier warning didn't go far enough.

<https://www.bloomberg.com/news/articles/2017-08-11/australia-vows-to-back-u-s-as-asia-sizes-up-north-korea-fight>

Prime Minister Malcolm Turnbull said Australia would back the U.S. if North Korea attacked, while China called on both countries to avoid taking the "old road" of taking turns to escalate tensions. Japan, meanwhile, moved missile interceptors into place after North Korea threatened to fire rockets at Guam, the Nikkei newspaper reported.

The Chinese state-controlled Global Times said in an [editorial](#) published on Thursday night that Beijing should stay neutral if North Korea provoked the U.S. into war. It also said that China would intervene if the U.S. and South Korea sought to attack North Korea and topple his regime.

"China will also strengthen coordination with Russia, and to push forward the mutual strategic goal of anti-nuclear and anti-war," the editorial said. "We need to make other parties believe, these two powers will not sit around and do nothing when the escalation of tensions in the Korean Peninsula threaten China and Russia's national security."

With the window closing fast for the U.S. to stop Kim Jong Un from obtaining a nuclear-tipped intercontinental ballistic missile, North Korea watchers are starting to analyze President Donald Trump's military options. He warned on Tuesday that North Korea would be met with "fire and fury" if it continues to make threats. After the United Nations agreed to its most stringent sanctions yet on Kim's regime, North Korea repeated its stance that its nuclear weapons program is necessary to deter a U.S. invasion. For Trump and the U.S., there are no easy choices.

<https://www.bloomberg.com/news/articles/2017-08-09/what-u-s-north-korea-hostilities-might-look-like-quicktake-q-a>

1. Can't the U.S. try a surgical strike?
2. Why might Kim go nuclear?
3. Is regime change an option?
4. Does that mean all-out war is the best U.S. option?
5. How might North Korea retaliate?
6. What would be the economic toll if war broke out?
7. What options remain on the table?

"There is a lot of building going on, and while no one is saying that we need another luxury apartment building in many of America's cities, we desperately need more housing," according to Mark Hickey, real estate consultant for CoStar Portfolio Strategy.

Current supply and demand trends in the U.S. multifamily and single-family markets are sending some confounding signals to investors.

On the one hand, U.S. apartment construction has reached a post-recession peak, driven by demand for high-end luxury properties in the largest CBDs. On the other hand, both multifamily and single-family housing stock remain well below long-term averages that are not nearly enough to house the millions of millennials now entering their 30s and starting families -- not to

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mention the empty nest baby boomers who are increasingly opting for smaller, more conveniently located quarters in downtown apartment rentals.

Multifamily construction has been increasing steadily since 2011 and construction levels are now at a rate not seen in 30 years. Yet, due the dramatic decline in single-family construction since the sub-prime mortgage collapse and recession of 2007, new households are forming at greater levels than U.S. housing can support, resulting in a strong supply and demand imbalance.

<http://www.costar.com/News/Article/Midyear-Multifamily-Update-Too-Much-Apartment-Construction-or-Not-Enough-/193258>

Home ownership rates are finally increasing again and single-family construction is slowly getting back on track, helping to let some of the steam out of apartment demand. That said, renters continue to lease apartments at a strong clip.

After several rocky quarters for apartment net absorption amid rapidly rising rental rates in many markets, renters filled a net 73,000 units in the U.S. during the second quarter -- the strongest quarterly total since 2014 and near an all-time peak -- as the national apartment vacancy rate again fell below 6% to 5.9%, according to CoStar data.

"The downtown cranes may give the appearance of a housing supply glut, but in fact, U.S. household formation has outpaced construction by more than 3 million housing units," said John Affleck, CoStar director of analytics, during the company's recent Midyear 2017 Multifamily Review and Forecast.

While homeownership remains the largest risk for the multifamily sector, and is particularly pronounced among affluent renters who have the means to choose between renting or buying a home, increasingly it's downsizing baby boomers, not millennials, who are now driving apartment demand growth that sparked the current development wave a few years ago.

"It turns out that the older baby boomers are emerging as the real 'renters by choice,' " Affleck said. "We've reached a point in the cycle where the rental rolls have added more 55-64 year olds than age 25 and up."

"The sector used to be more of a niche play but now an allocation to CRE debt is more frequently becoming part of institutional investors' fundamental line-up of income strategies," notes Jack Gay, TH Real Estate's global head of debt.

<http://www.costar.com/News/Article/Once-a-Niche-Play-Real-Estate-Debt-Becoming-Institutional-Investor-Superfood/193193>

In the first half of 2017, TH Real Estate, an affiliate of asset manager Nuveen, reported that it had closed and committed 43 transactions in its commercial debt portfolio totaling \$3.8 billion. The real estate debt investments span the industrial, office, retail and multifamily/student housing sectors in the U.S. and U.K.

"For real estate investors, private debt is an increasingly inviting strategy given the current environment which is marked by low returns from fixed-income investments, high prices for equity investments that may appear risky and political uncertainty in many regions," he added.

"With real estate equity markets currently experiencing pockets of volatility, elevated valuations, in a 'lower for longer' interest rate environment, many investors are prioritizing income ahead of capital returns," Gay said. "For these reasons, we view commercial real estate debt as the investment industry's 'superfood.' "

"There's no doubt about the growing interest on the part of investors in real estate debt," confirmed Greg MacKinnon, director of research for the Pension Real Estate Association in Hartford, CT. "While there are multiple reasons behind this a key factor has been higher prices

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for equity positions for investment-grade property. This has put investors in somewhat of a quandary."

Concerns over the risk associated with higher prices have investors looking for other investment options offering attractive returns without increasing their risk exposure, MacKinnon noted.

"Our surveys have seen a gradual rise in the percent of investors increasing their allocation to debt since 2014," said MacKinnon, who notes that a pullback in lending by banks and diminished CMBS levels have resulted in a shortage of available debt funding in some areas.

[J.C. Penney](https://www.cnbc.com/2017/08/11/jc-penney-q2-earnings-2017.html) on Friday turned in a mixed report for the second quarter, saying that although the retail environment remains challenged, it sees signs of hope in the second half of the year.

But with earnings and same-store sales falling short of Wall Street estimates, Penney's shares were selling off before the market's open, recently down more than 14 percent.

<https://www.cnbc.com/2017/08/11/jc-penney-q2-earnings-2017.html>

Here's what the company reported vs what Wall Street was expecting:

- Earnings per share: a loss of 9 cents, adjusted, compared to an expected loss of 5 cents, according to analysts surveyed by Thomson Reuters.
- Revenue: \$2.96 billion, compared to a forecast for \$2.84 billion, Thomson Reuters said.
- Same-store sales: a 1.3 percent decline, compared to an expected decline of 1.2 percent, according to Thomson Reuters.

The White House plans to release a brief document in early- to mid-September outlining a framework for overhauling the U.S. tax code, according to three sources familiar with the matter.

<https://www.cnbc.com/2017/08/11/white-house-plans-to-release-tax-reform-framework-in-september-sources.html>

But the framework would come from the "Big Six" congressional and administration leaders on tax reform, the same group that released a joint statement on taxes in July, after months of closed-door talks.

It was unclear whether all of the Big Six members have agreed on the release. But two sources said the White House has told business representatives and lobbyists in recent days to expect a tax reform framework next month.

Slowing economic growth in [China](#) is spurring its top leadership to expand the country's influence beyond its shores — a development that was most recently on display at an annual forum of the Association of Southeast Asian Nations.

<https://www.cnbc.com/2017/08/10/chinas-economic-problems-are-exactly-why-its-global-influence-is-expanding.html>

To maintain a certain degree of economic growth — targeted around 6.5 percent in 2017 — China needs to find new markets, and help keep massive state-owned enterprises afloat, Nadege Rolland, senior project director of political and security affairs at the National Bureau of Asian Research, said at a recent forum hosted by the Center for Strategic and International Studies.

The SOEs, many of which are involved in the industrial sector, are burdened with over-capacity and debt after years of turbo-charged growth in China that is now decelerating. "One Belt, One Road," observers say, will help to mitigate the impact of the economic shift. Kunal Ghosh, emerging market portfolio manager at Allianz Global Investors told CNBC that the initiative is a "fantastic way of getting someone to pay for your debt and use your surplus capacity."

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EQUITIES

The S&P is **-5** and the NASDAQ is **-18**.

Particulars for companies to make money (**low interest rates, positive growth and some wage inflation**) remain in place. I am dollar cost averaging into a mix of equities.

Currently 65% Equities, 20% Bonds and 15% Money Markets.

Earnings:

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

On Bloomberg type in ACDR <GO>

UK/EUROPE

In the UK the FTSE closed -1.22%.

In the UK, yields are lower with the yield curve flatter.

BOE Rate +0.25%.

Next meeting 09/14/17

On the European Continent

The CAC Index closed -1.13%.

The DAX Index closed -0.29%.

On the Continent, yields are mixed with the yield curve slightly flatter.

ECB Main Refinancing Operations Rate +0.00%

Deposit Facility Rate -.40%

Next meeting 09/07/17

ASIA

Japan:

The TOPIX closed -0.04%.

The NIKKEI closed -0.05%.

In Japan yields are mixed with the yield curve largely unchanged.

BOJ Basic Loan rate 0.30%

Next meeting 09/21/17

China:

The Hang Seng closed -2.04%.

The Shanghai Composite closed -1.63%.

PBOC

Deposit Rate: 1.50%

Lending Rate: 4.35%

Reserve Requirement Ratio: 17.00%

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THE TREND

EDU7: 98-66.5 is the pivot. Below the pivot you should be short, above long. Support is at 98-66.5* and 98-68.5**.

Resistance is at 98-65.0*.

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

** 2-STD Deviations from the pivot point.

Trend that had you long from 98.59 (5/2/17) has rolled over but, I have elected to over-ride all sell signals and remain long.



YTD -0.5 futures ticks (\$25 per tick) or -\$12.50 per 1 contract traded.

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10yr/TYU7: 126-03.5 is the pivot point. Above you should be long, below short.

Support is at 126-03.5, 125-19.0**

Resistance is at 126-20.5**

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

** 2-STD Deviations from the pivot point

Current trend has you long from 125-21.0 (7/26/17).



YTD (2017) +50.5 futures ticks (\$31.25 per tick) or +1,703.13 per 1 contract traded.

YTD (2016) +377.5 futures ticks (\$31.25 per tick) or +\$11,796.88 per 1 contract traded.

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US-SWAPS IRSB <GO>

United States		98 Export		99 Settings		Interest Rate Swap Rates							
						Date Range:		07/11/2017 - 08/11/2017		1 Month			
40 Semi Swaps		41 Sprs to Gov.		42 Ann Swaps		43 Ann Sprs		44 OIS Swaps		45 CME/LCH Sprs		46 Combined	
USD SemiAnnual 30/360 Swap Rates													
Tenor	Bid	Ask	Mid	Change	Today	#SD	Δ/da	Low	Range	High	Avg	+/-BPS	#SD
1) 1 YR	1.458 / 1.462	1.460	-0.001			0.0	1.425	1.483	1.459	0.3	0.3		
2) 2 YR	1.580 / 1.582	1.582	-0.004			-0.3	1.568	1.652	1.601	-1.9	-1.5		
3) 3 YR	1.679 / 1.683	1.680	-0.008			-0.4	1.672	1.799	1.716	-3.3	-1.7		
4) 4 YR	1.760 / 1.769	1.765	-0.007			-0.3	1.724	1.919	1.815	-4.6	-1.7		
5) 5 YR	1.842 / 1.847	1.845	-0.015			-0.5	1.830	2.029	1.905	-5.9	-1.8		
6) 6 YR	1.921 / 1.924	1.922	-0.014			-0.4	1.910	2.113	1.987	-6.3	-1.9		
7) 7 YR	1.989 / 1.994	1.992	-0.005			-0.1	1.982	2.188	2.062	-6.8	-1.9		
8) 8 YR	2.054 / 2.054	2.054	-0.015			-0.4	2.044	2.271	2.129	-7.5	-2.0		
9) 9 YR	2.109 / 2.112	2.110	-0.003			-0.1	2.100	2.310	2.186	-7.4	-1.9		
10) 10 YR	2.156 / 2.159	2.158	-0.005			-0.1	2.149	2.366	2.238	-7.8	-2.0		
11) 15 YR	2.326 / 2.330	2.328	-0.001			0.0	2.319	2.528	2.409	-7.9	-2.0		
12) 20 YR	2.407 / 2.410	2.409	-0.013			-0.3	2.399	2.601	2.491	-8.0	-2.1		
13) 25 YR	2.442 / 2.443	2.443	0.001			0.0	2.433	2.612	2.522	-7.9	-2.0		
14) 30 YR	2.454 / 2.456	2.455	0.000			0.0	2.446	2.619	2.534	-7.8	-2.0		

Executable quotes for Fixed Income Electronic Trading are in white tenors.

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 2017 Bloomberg Finance L.P.
 SN 502240 CDT GMT-5:00 6788-2958-2 11-Aug-2017 06:08:55

The Option Lab

Option Book 2017 YTD realized: -\$228.13 per 1 contract.
Option Book 2016 YTD realized: +\$43.75 per 1 contract.

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The Fundamentals

LABOR

Bureau of Labor and Statistics

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

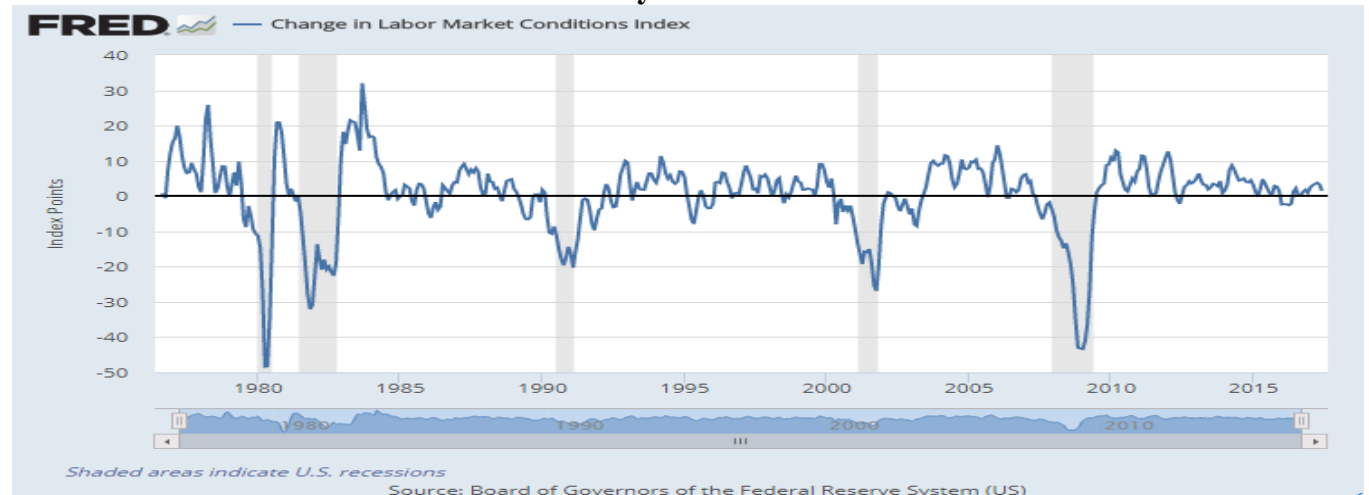
CPI, ECI, Employment situation PPI, CPI, Productivity and Costs, Real Earnings and US import/exports.

Labor Department (Weekly Unemployment Claims).

http://www.doleta.gov/ETA_News_Releases/

St. Louis Fed Labor Market Conditions Index

June 2017: +1.5 Index Points from +2.3 in May 2017.



<https://research.stlouisfed.org/fred2/series/FRBLMCI>

St. Louis Fed Agriculture Finance Monitor 2ndt quarter 2017

According to the latest survey of agricultural bankers in the Eighth Federal Reserve District, farm income during the second quarter of 2017 declined relative to the second quarter of last year. Respondents have consistently reported lower year-over-year levels of income since the fourth quarter of 2013. This period correlates with an extended period of declining prices for commodities. Both survey results and comments from bankers indicate the long-term effect has had a negative impact on the financial condition of their borrowers. For the second-quarter 2017 survey, the impact of lower income shows up in lower household spending and lower capital spending compared with the same quarter a year ago. Furthermore, a majority of respondents feel these trends will continue into the third quarter of 2017, with lower income and spending relative to the same period last year. Values for quality farmland and levels of cash rents for farmland also declined over the past year

<https://files.stlouisfed.org/files/htdocs/publications/ag-finance/2017-08-10/2017-first-quarter.pdf>

How do Farm Incomes Compare to the average population

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

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ENERGY

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.	04 August 2017	954	-4	28 July 2017	+490	05 August 2016
Canada	04 August 2017	217	-3	28 July 2017	+95	05 August 2016
International	June 2017	960	+3	May 2017	+33	June 2016

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

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

In 2016, about 4.08 trillion kilowatt hours (kWh) of electricity¹ were generated at utility-scale facilities in the United States.² About 65% of this electricity generation was from fossil fuels (coal, natural gas, petroleum, and other gases), about 20% was from nuclear energy, and about 15% was from renewable energy sources. The U.S. Energy Information Administration (EIA) estimates that an additional 19 billion kWh (or about 0.02 trillion kWh) of electricity generation was from small-scale solar photovoltaic systems in 2016.³

Major energy sources and percent shares of U.S. electricity generation at utility-scale facilities in 2016¹

Natural gas = 33.8%

Coal = 30.4%

Nuclear = 19.7%

Renewables (total) = 14.9%

Hydropower = 6.5%

Wind = 5.6%

Biomass = 1.5%

Solar = 0.9%

Geothermal = 0.4%

Petroleum = 0.6%

Other gases = 0.3%

Other nonrenewable sources = 0.3%

Pumped storage hydroelectricity = -0.2%⁴

<https://www.eia.gov/tools/faqs/faq.php?id=427&t=3>

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Renewable Fuels Association

<http://www.ethanolrfa.org/>

TRANSPORTS

Association of American Railroads Rail Traffic Report.

For the first 31 weeks of 2017, U.S. railroads reported cumulative volume of 7,991,891 carloads, up 5.3 percent from the same point last year; and 8,232,650 intermodal units, up 3.2 percent from last year. Total combined U.S. traffic for the first 31 weeks of 2017 was 16,224,541 carloads and intermodal units, an increase of 4.2 percent compared to last year.

North American rail volume for the week ending August 5, 2017, on 13 reporting U.S., Canadian and Mexican railroads totaled 363,386 carloads, up 2.9 percent compared with the same week last year, and 362,096 intermodal units, up 8.4 percent compared with last year. Total combined weekly rail traffic in North America was 725,482 carloads and intermodal units, up 5.6 percent. North American rail volume for the first 31 weeks of 2017 was 21,483,408 carloads and intermodal units, up 5.4 percent compared with 2016.

Canadian railroads reported 76,274 carloads for the week, up 8.3 percent, and 69,263 intermodal units, up 15.6 percent compared with the same week in 2016. For the first 31 weeks of 2017, Canadian railroads reported cumulative rail traffic volume of 4,422,925 carloads, containers and trailers, up 11.5 percent.

Mexican railroads reported 13,913 carloads for the week, down 5 percent compared with the same week last year, and 11,210 intermodal units, up 7.9 percent. Cumulative volume on Mexican railroads for the first 31 weeks of 2017 was 835,942 carloads and intermodal containers and trailers, down 0.3 percent from the same point last year.

<https://www.aar.org/newsandevents/Press-Releases/Pages/2017-08-09-railtraffic.aspx>

Weekly Rail Traffic Report and Charts.

For this week, total U.S. weekly rail traffic was 554,822 carloads and intermodal units, up 4.3 percent compared with the same week last year.

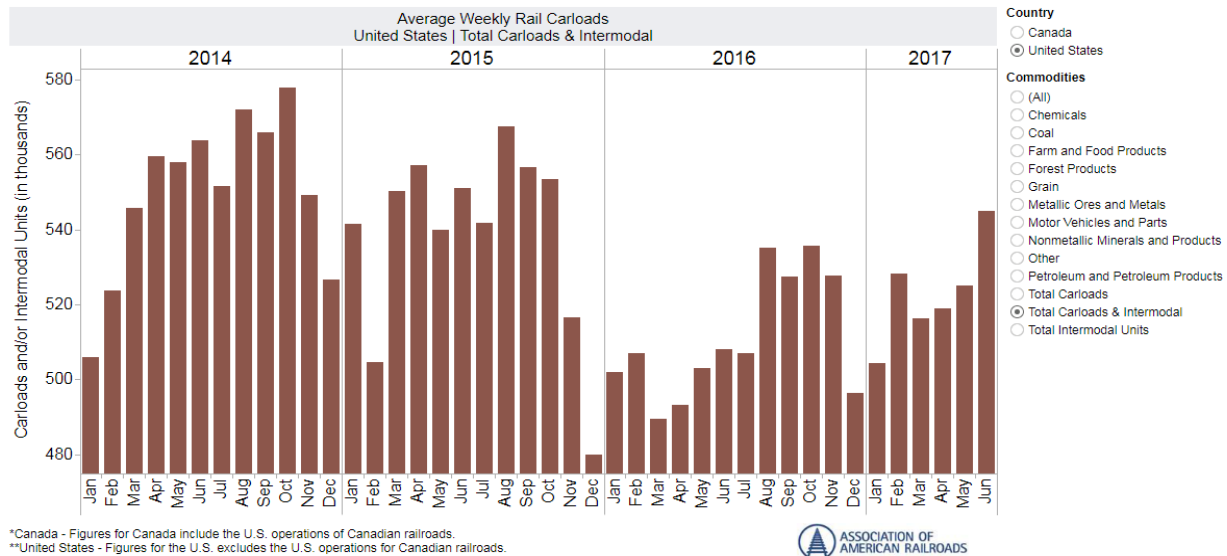
Total carloads for the week ending August 5 were 273,199 carloads, up 1.9 percent compared with the same week in 2016, while U.S. weekly intermodal volume was 281,623 containers and trailers, up 6.8 percent compared to 2016.

Six of the 10 carload commodity groups posted an increase compared with the same week in 2016. They included nonmetallic minerals, up 3,559 to 40,264 carloads; coal, up 3,073 to 92,517 carloads; and chemicals, up 1,993 to 32,621 carloads. Commodity groups that posted decreases compared with the same week in 2016 included grain, down 3,279 to 20,846 carloads; motor vehicles and parts, down 1,161 to 15,609 carloads; and petroleum and petroleum products, down 1,112 to 9,386 carloads.

<https://www.aar.org/newsandevents/Freight-Rail-Traffic/Documents/2017-08-09-railtraffic.pdf>

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Monthly Rail Traffic Charts



<https://www.aar.org/Pages/Freight-Rail-Traffic-Data.aspx>

Trailer Truck Demand (Bloomberg Intelligence) – 08/07/17

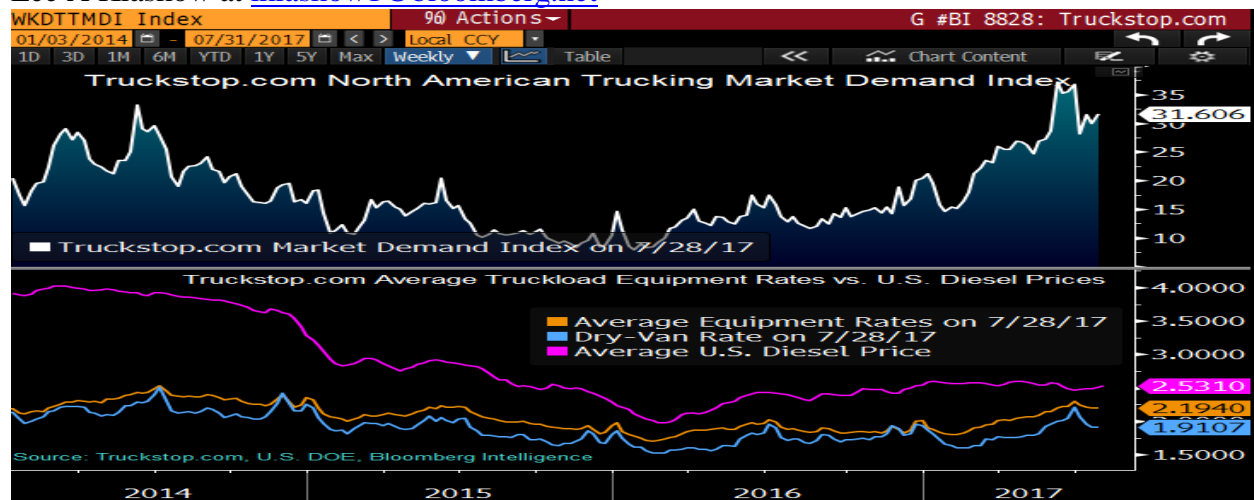
Truckstop.com Market Demand Index, Average Rates

(Bloomberg Intelligence) -- Relative North American spot trucking demand rose 1.2% sequentially to 32 in the week ended Aug. 4, as measured by Truckstop.com's Market Demand Index. Capacity tightened as the decline in available trucks (1.5%) outpaced the fall in available loads (down 0.2%). Average spot rates ticked higher for the first time in five weeks, led by gains in temperature-controlled (up 4.4%) and dry-van (1.5% higher). Rates were supported by higher fuel surcharges (up 1.6%) that rose for the fifth straight week.

The Market Demand Index has climbed 102% on average vs. last year. Total rates have increased 10%, driven by 30% higher fuel surcharges. USA Truck and Knight are the truckload carriers most exposed to the spot market. Swift, Werner, J.B. Hunt and Marten have little exposure.

To contact the analyst for this research:

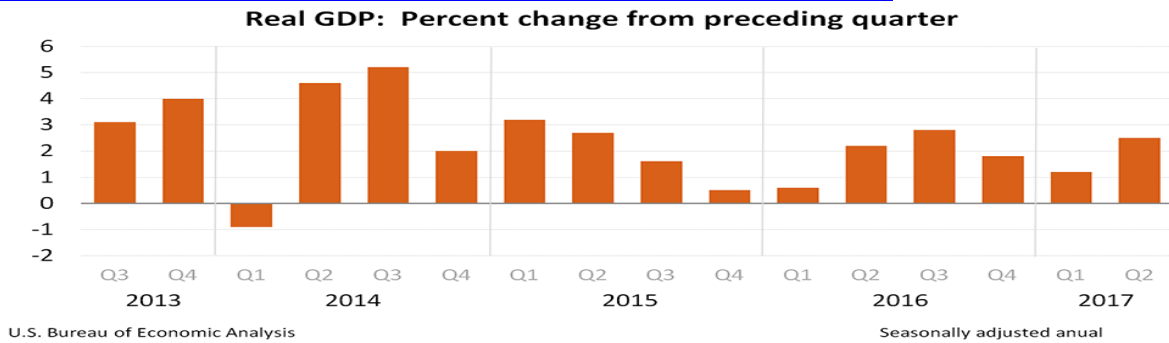
Lee A Klaskow at klaskowl@bloomberg.net



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

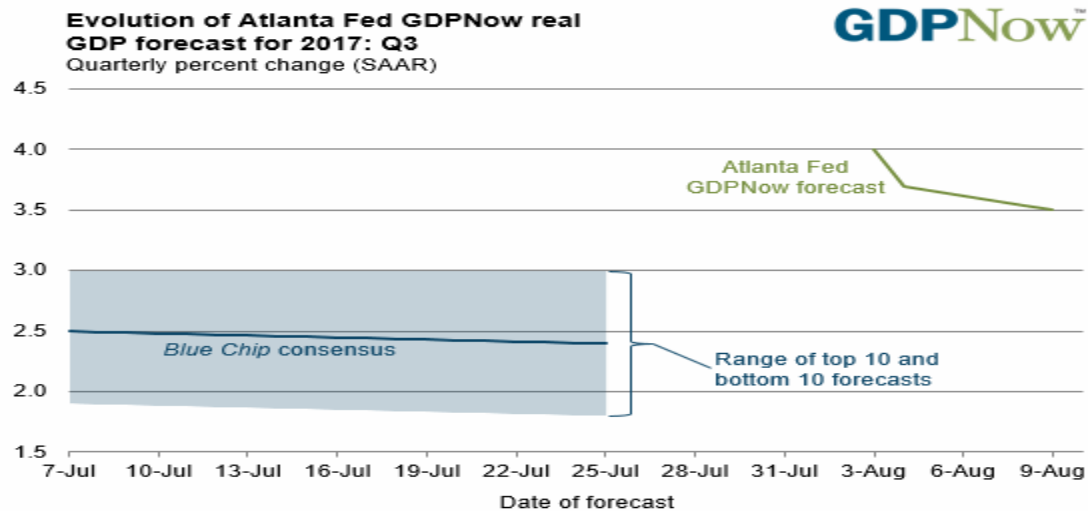
<http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>



GDP (3Q running around 3.02% as of August 9)

Atlanta Fed GDPNowcast Latest forecast...August 9, 2017

The GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2017 is **3.5 percent** on August 9, down from 3.7 percent on August 4. The forecast of the contribution of inventory investment to third-quarter real GDP growth declined from 1.11 percentage points to 0.99 percentage points after this morning's wholesale trade report from the U.S. Census Bureau.



<https://www.frbatlanta.org/cqer/research/gdpnow.aspx?panel=1>

New York Fed Nowcast...Q3 stands at 2.0%...August 4, 2017

https://www.newyorkfed.org/medialibrary/media/research/policy/nowcast/nowcast_2017_0804.pdf?la=en

St. Louis Fed Real GDP Nowcast... Q3 2017: 3.5488%...August 9, 2017

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

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MANUFACTURING AT A GLANCE**July 2017**

Index	Series Index Jul	Series Index Jun	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	56.3	57.8	-1.5	Growing	Slower	11
New Orders	60.4	63.5	-3.1	Growing	Slower	11
Production	60.6	62.4	-1.8	Growing	Slower	11
Employment	55.2	57.2	-2.0	Growing	Slower	10
Supplier Deliveries	55.4	57.0	-1.6	Slowing	Slower	15
Inventories	50.0	49.0	+1.0	Unchanged	From Contracting	1
Customers' Inventories	49.0	50.5	-1.5	Too Low	From Too High	1
Prices	62.0	55.0	+7.0	Increasing	Faster	17
Backlog of Orders	55.0	57.0	-2.0	Growing	Slower	6
New Export Orders	57.5	59.5	-2.0	Growing	Slower	17
Imports	56.0	54.0	+2.0	Growing	Faster	6
OVERALL ECONOMY				Growing	Slower	98
Manufacturing Sector				Growing	Slower	11

THE LAST 12 MONTHS

Month	PMI®		Month	PMI®
Jul 2017	56.3		Jan 2017	56.0
Jun 2017	57.8		Dec 2016	54.5
May 2017	54.9		Nov 2016	53.5
Apr 2017	54.8		Oct 2016	52.0
Mar 2017	57.2		Sep 2016	51.7
Feb 2017	57.7		Aug 2016	49.4
Average for 2017 – 56.4 PMI®				
Average for 12 months – 54.7 PMI®				
High – 57.8				
Low – 49.4				

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<https://www.instituteforsupplymangement.org/ismreport/mfgrob.cfm>

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/>

CBOT Non-Commercial Net Total – Futures Only

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

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