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 | 6) Browse | 13:13:13 | 03/13/18 - 03/19/18

Economic Releases | All Economic Releases | View: Agenda / Weekly

	Date Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	03/13 05:00				NFIB Small Business Optimism	Feb	107.1	--	106.9	--
22)	03/13 07:30				CPI MoM	Feb	0.2%	--	0.5%	--
23)	03/13 07:30				CPI Ex Food and Energy MoM	Feb	0.2%	--	0.3%	--
24)	03/13 07:30				CPI YoY	Feb	2.2%	--	2.1%	--
25)	03/13 07:30				CPI Ex Food and Energy YoY	Feb	1.8%	--	1.8%	--
26)	03/13 07:30				CPI Index NSA	Feb	248.936	--	247.867	--
27)	03/13 07:30				CPI Core Index SA	Feb	255.800	--	255.287	--
28)	03/13 07:30				Real Avg Weekly Earnings YoY	Feb	--	--	0.4%	0.6%
29)	03/13 07:30				Real Avg Hourly Earning YoY	Feb	--	--	0.8%	0.7%
30)	03/14 06:00				MBA Mortgage Applications	Mar 9	--	--	0.3%	--
31)	03/14 07:30				Retail Sales Advance MoM	Feb	0.3%	--	-0.3%	--
32)	03/14 07:30				Retail Sales Ex Auto MoM	Feb	0.4%	--	0.0%	--
33)	03/14 07:30				Retail Sales Ex Auto and Gas	Feb	0.4%	--	-0.2%	--
34)	03/14 07:30				Retail Sales Control Group	Feb	0.4%	--	0.0%	--
35)	03/14 07:30				PPI Final Demand MoM	Feb	0.1%	--	0.4%	--
36)	03/14 07:30				PPI Ex Food and Energy MoM	Feb	0.2%	--	0.4%	--
37)	03/14 07:30				PPI Ex Food, Energy, Trade MoM	Feb	0.2%	--	0.4%	--
38)	03/14 07:30				PPI Final Demand YoY	Feb	2.8%	--	2.7%	--
39)	03/14 07:30				PPI Ex Food and Energy YoY	Feb	2.6%	--	2.2%	--

Fed Speak Calendar
(All times are CST)

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

United States | 6) Browse | 15:11:02 | 03/12/18 - 04/18/18

Central Banks | All Central Banks | View Agenda Weekly

	Date Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	03/19 08:00				Fed's Bostic Speaks on Community Reinvestment Act					
22)	03/21 13:00				FOMC Rate Decision (Upper Bou...	Mar 21	1.75%	--	1.50%	--
23)	03/21 13:00				FOMC Rate Decision (Lower Bou...	Mar 21	1.50%	--	1.25%	--
24)	03/23 07:10				Fed's Bostic Speaks on the Economic Outlook					
25)	03/23 09:30				Fed's Kashkari Speaks in Moderated Q&A					
26)	03/29 12:00				Fed's Harker Speaks on the Economic Outlook					
27)	04/11 13:00				FOMC Meeting Minutes	Mar 21	--	--	--	--
28)	04/18 13:00				U.S. Federal Reserve Releases Beige Book					

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Bill Auctions	Next Offer Announcement	Next Auction	Date Settles	CUSIP Numbers	R	$ Bil	Prior Auction	Prior $ Bln
Cash mgmt	TBA	TBA	TBA	TBA		TBA	02/13/2018	$50
4-week	03/19/2018	03/13/2018	03/15/2018	912796PA1		$65	03/06/2018	$65
3-month	03/15/2018	03/19/2018	03/22/2018	912796MF3		TBA	03/12/2018	$51
6-month	03/15/2018	03/19/2018	03/22/2018	912796PZ6		TBA	03/12/2018	$45
1-year	03/22/2018	03/27/2018	03/29/2018	TBA		TBA	02/27/2018	$22
Note Auctions								
2-year	03/22/2018	03/26/2018	04/02/2018	TBA		TBA	02/20/2018	$28
3-year	04/05/2018	04/10/2018	04/16/2018	TBA		TBA	03/12/2018	$28
5-year	03/22/2018	03/27/2018	04/02/2018	TBA		TBA	02/21/2018	$35
7-year	03/22/2018	03/28/2018	04/02/2018	TBA		TBA	02/22/2018	$29
10-year	04/05/2018	04/11/2018	04/16/2018	TBA	R	TBA	03/12/2018	$21
Bond Auctions								
30-year	04/05/2018	03/13/2018	04/16/2018	912810SA7	R	$13	02/08/2018	$16

TIPS Auctions								
5-yr TIPS	04/12/2018	04/19/2018	04/30/2018	TBA		TBA	12/21/2017	$14
10-yr TIPS	03/15/2018	03/22/2018	03/29/2018	TBA	R	TBA	01/18/2018	$13
30-yr TIPS	06/14/2018	06/21/2018	06/29/2018	TBA	R	TBA	02/15/2018	$7
Floating Rate Note								
2-year FRN	03/22/2018	03/28/2018	04/02/2018	TBA	R	TBA	02/21/2018	$15
Buyback Operation								
Buyback	TBA	TBA	TBA	TBA		TBA	11/15/2017	$.025

Implied Probability of Fed Rate Movement (Futures)

99) Export Data — World Interest Rate Probability

United States | Instrument: Futures: Fed Funds - Midpoint | Fed Effective Rate 1.42

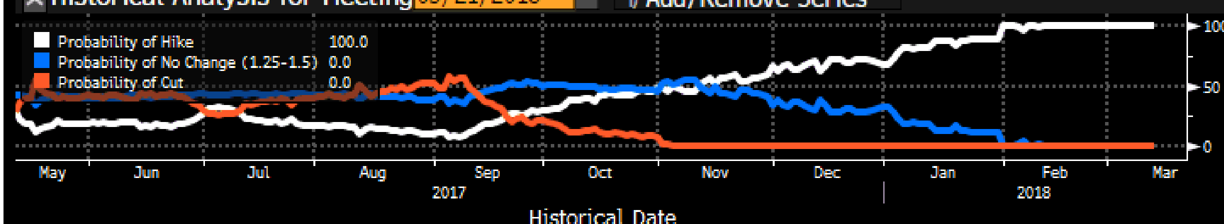
1) Overview | 2) Future Implied Probability

Current Implied Probabilities — 3) Add/Remove Rates

Dates: Meeting / Calculation — Calculated 03/13/2018 — Based on rate 1.25-1.50

Meeting	Hike Prob	Cut Prob	1.5-1.75	1.75-2	2-2.25	2.25-2.5	2.5-2.75	2.75-3	3-3.25
03/21/2018	100.0%	0.0%	84.0%	16.0%	0.0%	0.0%	0.0%	0.0%	0.0%
05/02/2018	100.0%	0.0%	80.4%	18.9%	0.7%	0.0%	0.0%	0.0%	0.0%
06/13/2018	100.0%	0.0%	21.1%	64.2%	14.1%	0.5%	0.0%	0.0%	0.0%
08/01/2018	100.0%	0.0%	18.9%	59.8%	19.3%	1.9%	0.1%	0.0%	0.0%
09/26/2018	100.0%	0.0%	8.0%	36.2%	42.7%	11.9%	1.1%	0.0%	0.0%
11/08/2018	100.0%	0.0%	6.9%	32.4%	41.8%	16.1%	2.6%	0.2%	0.0%
12/19/2018	100.0%	0.0%	4.1%	22.1%	38.0%	26.5%	8.1%	1.2%	0.1%
01/30/2019	100.0%	0.0%	3.8%	20.7%	36.7%	27.4%	9.5%	1.7%	0.2%

Historical Analysis for Meeting 03/21/2018 — 4) Add/Remove Series



Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents under their individual assessments of projected appropriate monetary policy, December 2017

Advance release of table 1 of the Summary of Economic Projections to be released with the FOMC minutes

Percent

Variable	Median[1]					Central tendency[2]					Range[3]				
	2017	2018	2019	2020	Longer run	2017	2018	2019	2020	Longer run	2017	2018	2019	2020	Longer run
Change in real GDP	2.5	2.5	2.1	2.0	1.8	2.4–2.5	2.2–2.6	1.9–2.3	1.7–2.0	1.8–1.9	2.4–2.6	2.2–2.8	1.7–2.4	1.1–2.2	1.7–2.2
September projection	2.4	2.1	2.0	1.8	1.8	2.2–2.5	2.0–2.3	1.7–2.1	1.6–2.0	1.8–2.0	2.2–2.7	1.7–2.6	1.4–2.3	1.4–2.0	1.5–2.2
Unemployment rate	4.1	3.9	3.9	4.0	4.6	4.1	3.7–4.0	3.6–4.0	3.6–4.2	4.4–4.7	4.1	3.6–4.0	3.5–4.2	3.5–4.5	4.3–5.0
September projection	4.3	4.1	4.1	4.2	4.6	4.2–4.3	4.0–4.2	3.9–4.4	4.0–4.5	4.5–4.8	4.2–4.5	3.9–4.5	3.8–4.5	3.8–4.8	4.4–5.0
PCE inflation	1.7	1.9	2.0	2.0	2.0	1.6–1.7	1.7–1.9	2.0	2.0–2.1	2.0	1.5–1.7	1.7–2.1	1.8–2.3	1.9–2.2	2.0
September projection	1.6	1.9	2.0	2.0	2.0	1.5–1.6	1.8–2.0	2.0	2.0–2.1	2.0	1.5–1.7	1.7–2.0	1.8–2.2	1.9–2.2	2.0
Core PCE inflation[4]	1.5	1.9	2.0	2.0		1.5	1.7–1.9	2.0	2.0–2.1		1.4–1.5	1.7–2.0	1.8–2.3	1.9–2.3	
September projection	1.5	1.9	2.0	2.0		1.5–1.6	1.8–2.0	2.0	2.0–2.1		1.4–1.7	1.7–2.0	1.8–2.2	1.9–2.2	
Memo: Projected appropriate policy path															
Federal funds rate	1.4	2.1	2.7	3.1	2.8	1.4	1.9–2.4	2.4–3.1	2.6–3.1	2.8–3.0	1.1–1.4	1.1–2.6	1.4–3.6	1.4–4.1	2.3–3.0
September projection	1.4	2.1	2.7	2.9	2.8	1.1–1.4	1.9–2.4	2.4–3.1	2.5–3.5	2.5–3.0	1.1–1.6	1.1–2.6	1.1–3.4	1.1–3.9	2.3–3.5

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 19–20, 2017. 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 19–20, 2017, meeting, and one participant did not submit such projections in conjunction with the December 12–13, 2017, 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/fomcprojtabl20171213.pdf

Libor Set

1-Month Libor Set	**1.77660**	**+.01165**	**(98.22340)**
3-Month Libor Set	**2.12450**	**+.01762**	**(98.87550)**
6-Month Libor Set	**2.30425**	**+.01750**	**(97.69585)**
1-Year Libor Set	**2.57763**	**+.01500**	**(97.42237)**

THEY SAID IT

Four of the Federal Reserve's 12 districts saw a marked increase in steel prices, due in part to a decline in foreign competition. Price growth for lumber and other building materials picked up due to an uptick in construction activity, according to the Fed's latest Beige Book survey released Wednesday. A combination of stronger demand, supply constraints and higher materials prices increased non-labor costs, especially in construction, manufacturing and transportation.

http://www.costar.com/News/Article/REITs-Construction-Industry-React-to-Tariffs-Warn-Rising-Construction-Costs-Could-Cancel-Projects/198879?rpt=1

"[U.S.] steel producers reported raising selling prices because of a decline in market share for foreign steel and expectations about potential outcomes of pending trade cases," the Fed said. "Manufacturers further down the supply chain reported sizeable increases in the price of steel that they purchased."

Ken Simonson, chief economist of the Associated General Contractors (AGC), said the tariffs could be "damaging to the construction industry in multiple ways."

"Steel is nearly ubiquitous in construction," Simonson said. "Aluminum is used in all types of buildings for window frames and curtain walls, siding and other architectural elements. The price of both imported and domestic metals is likely to rise immediately. That will reduce or eliminate any profit for contractors who have already signed a fixed-price contract for a project, but who have not yet bought metal products."

The increases in materials will cause bidder to hike prices for future projects, causing governments and other public owners of property, who generally on fixed budgets, to reduce the number or scope of projects put out to bid such as schools, highways, bridges or other infrastructure. Some private projects will be shelved or canceled, as construction cost increases make them uneconomic, Simonson said.

Simonson said price increase notices continue to hit contractors' inboxes, noting that he saw an announcement from the American Buildings Co. South division of Nucor Buildings Group of a 7% price increase on pre-engineered metal buildings effective March 20.

According to an estimate this week by Trade Partnership Worldwide, an international trade and economic consulting firm, the plan would increase U.S. iron and steel, aluminum and other non-ferrous metals employment by about 33,450 jobs. The tariffs would eliminate 179,334 jobs throughout the rest of the economy for a net loss of nearly 146,000 jobs, including more than 28,000 construction positions.

The tariffs "threatens to drastically increase the prices of many building materials specified by architects," said Carl Elefante, president of the American Institute of Architects (AIA).

"Structural metal beams, window frames, mechanical systems and exterior cladding are largely derived from these important metals," Elefante said. “Inflating the cost of materials will limit the range of options they can use while adhering to budgetary constraints for a building."

Elefante added that the administration’s proposed $1.7 trillion infrastructure program will not

achieve the same value if critical materials become more expensive," and the potential for a trade war puts other building materials and products at risk.
"Any move that increases building costs will jeopardize domestic design and the construction industry, which is responsible for billions in U.S. gross domestic product, economic growth and job creation," Elefante said.

U.S. President Donald Trump's unprecedented move to block Broadcom Ltd.'s hostile takeover bid for Qualcomm Inc. reflects growing concern about China's rising economic prowess. At the heart of that decision to scupper what would've been the largest technology acquisition in history is Huawei Technologies Co., the world's third-largest maker of smartphones and, by some reckonings, the biggest producer of telecommunications equipment. Trump was acting on the recommendations of the Committee on Foreign Investment in the U.S., which vets deals for national security risks. The agency suggested that the deal could curtail U.S. investments in chip and wireless technologies, handing leadership to a relatively opaque Chinese company that's funneling billions into developing next-generation wireless systems.

1. What is Huawei?

The Chinese company has in three decades grown from an electronics reseller into one of the world's most important communications companies, with leading positions in telecoms gear, smartphones, cloud computing and cybersecurity. With 2017 sales of about 600 billion yuan ($95 billion), Huawei generates more revenue than Home Depot or Boeing -- and twice as much as Broadcom and Qualcomm combined.

2. What role did Huawei have in the Broadcom/Qualcomm deal?

None. Huawei -- never an aggressive acquirer -- had no direct role in the deal negotiations. But it loomed over the talks because of its growing influence.

3. So why the worry about Huawei?

CFIUS is concerned that Broadcom would cut back on R&D funding at Qualcomm, strengthening Huawei at a time when rivals from Ericsson to Nokia are grappling with weak telecoms spending. That theoretically gives Chinese companies such as Huawei and closest rival ZTE Corp. the upper hand in steering the direction of wireless communications development, thereby -- so the argument goes -- jeopardizing U.S. national security. CFIUS's concerns over the deal are said also to stem from Broadcom's ties to Huawei, which was blacklisted in 2012 along with ZTE when the U.S. House Intelligence Committee cited security risks posed by the companies.

4. What's the link between Broadcom and Huawei?

Huawei uses Broadcom's chips in networking products such as switches that direct data traffic between connected computers. Qualcomm also works with Huawei. The two said on Feb. 21 they completed testing on technology that advances faster 5G mobile services. Under one envisioned scenario, wireless carriers may be forced to turn to Huawei or other Chinese companies for cutting-edge telecoms gear. That's unacceptable for a U.S. government that, concerned about the security of Huawei's gear, has already blocked the sale of the Chinese company's smartphones on American carriers' networks.

5. Are there broader implications for Chinese companies?

The president's order is the latest sign of Trump's tough stance on foreign takeovers of U.S. technology, and dovetails with a broader move to contain China on trade and deal-making. Government officials and industry executives have long harbored suspicions that the closely held Huawei works primarily for Chinese government interests, especially as it sells increasing amounts of critical telecoms infrastructure to Europe, Africa and the Middle East.

6. What exactly is Huawei's connection with Beijing?
Founded in 1987 by Ren Zhengfei, a former People's Liberation Army engineer, Huawei has always enjoyed favorable treatment from a government that -- like the U.S. -- remains wary of employing too much foreign technology for vital communications. In a report released by the U.S. Permanent Select Committee on Intelligence report in 2012, Huawei and ZTE were tagged as potential threats to security interests. The report questioned Huawei's ties with the Communist Party and -- after multiple interviews including a sit-down with Ren himself -- it concluded that Huawei failed to properly explain that relationship. Huawei has repeatedly denied those accusations and says it's owned by Ren and its own employees. Chinese government policies enacted in the past year seen as favoring local providers have only intensified suspicion. It remains unclear what support -- financial or political -- Huawei gets from Beijing, if any. In recent years, the company has begun releasing results, spent more on marketing and engaged foreign media in an effort to boost transparency.
7. Will Trump's move give the U.S. a lead in 5G?
Nothing's for certain. Along with ZTE, Huawei began ploughing billions of dollars into the field from 2009 and is now among China's top filers of patents both internationally and domestically, covering everything from data transmission to network security. Huawei, which may own a 10th of essential patents on 5G, is angling for full-scale commercialization of 5G networks by 2020. Its rise coincided with the decline of competitors like Ericsson and Nokia, often undercut by Huawei and ZTE even as global telecoms rollouts slowed. Huawei is now not just the leading provider in the world's largest telecommunications equipment, but also a dominant player across the planet. In a direct threat to Qualcomm, Huawei's now designing its own chips. The Chinese company's Kirin series mobile processors, made via subsidiary HiSilicon, compete with the Qualcomm Snapdragon chip employed extensive by Samsung Electronics Co. and other global smartphone names.

CNBC personality Larry Kudlow has emerged, as President Donald Trump's favorite to replace Gary Cohn, the outgoing director of the White House National Economic Council, two people familiar with the matter said.
https://www.bloomberg.com/news/articles/2018-03-12/larry-kudlow-said-to-emerge-as-trump-favorite-to-replace-cohn
Other people whose names have been mentioned as part of the search include White House trade adviser Peter Navarro, Deputy Director for Economic Policy Shahira Knight, Budget Director Mick Mulvaney and Stephen Moore, chief economist at the conservative Heritage Foundation.
White House aides like Kudlow because he's viewed as team player who would support the president's vision, and would arrive on the job with substantial Wall Street credibility.
Still, Kudlow has also clashed with Trump in the past. Earlier this month, he wrote a column for CNBC describing the president's tariffs as "a regressive tax on low-income families."
"Trump should also examine the historical record on tariffs, because they have almost never worked as intended and almost always deliver an unhappy ending," Kudlow wrote in the March 3 column, which also included praise for other parts of the president's economic agenda. Kudlow has strongly backed the tax overhaul that Trump signed at the end of last year.

HIGHLIGHTS OF SMALL-BUSINESS OPTIMISM (FEBRUARY)

- **Index rose 0.7 points to 107.6 (est. 107.1), highest since 1983**
- **32% said now was a good time to expand businesses, unchanged from previous month's record high**
- **Net 43% expect business conditions to improve**

Almost all of the 10 index components, including inventory plans and sales expectations, increased or held steady in February, propelling the gauge to its second-highest level since the survey began in 1973. Amid tax cuts and deregulation enacted by the Trump administration, businesses cited improved profit trends at the best level since 1987.

The No. 1 issue for companies, though, continued to be finding skilled labor, with 34 percent of respondents reporting job openings they couldn't fill, led by the construction and manufacturing industries. About 15 percent said they're using temporary workers, the highest level since November 2016.

Other Details:

66 percent of firms reported making capital outlays, the highest reading since 2004.

Net 8 percent of owners reported higher sales in past three months, up 3 percentage points.

Those reporting inventory increases rose to a net 7 percent, strongest since January 2000; net 4 percent plan to add to inventory, up 1 point from prior month.

As U.S. secretary of transportation, Elaine Chao oversees America's roads, bridges, and rail networks. Not surprisingly, then, she has some trouble explaining her boss's opposition to the single most important infrastructure project in America.

The Gateway project is a plan to build two new train tunnels from New Jersey into Manhattan. "The president is concerned about the viability of this project and the fact that New York and New Jersey have no skin in the game," she told a congressional hearing last week. "They need to step up and bear their fair share."

https://www.bloomberg.com/view/articles/2018-03-12/gateway-project-could-fuel-growth-if-only-trump-would-let-it

The current tunnels, 108 years old, carry 200,000 Amtrak and New Jersey Transit passengers into and out of Manhattan on a typical weekday. As outlined in Businessweek, the major cities served by Amtrak's northeast corridor (from Washington to Boston) account for nearly one-fifth of the nation's GDP. Closing one or both of the tunnels would have a devastating impact on the region's economy. Taxpayers, too, would take a hit: High-speed Acela riders, most of whom are traveling for business, generate $600 million in annual revenue for Amtrak, which helps subsidize service in the rest of the country. If revenues decline, service elsewhere would have to be cut -- or paid for with higher federal spending.

If, on the other hand, the new tunnels are built and the old ones properly repaired, capacity into and out of Manhattan would double -- a boon to a region's economy.

Anthony Milewski was among the first investors to realize that if electric-vehicle sales take off the way automakers expect, the world is going to need a lot more cobalt—an essential ingredient in lithium-ion batteries.
https://www.bloomberg.com/news/articles/2018-03-13/this-commodity-cowboy-is-hoarding-the-world-s-cobalt-supply
But the market for cobalt isn't very big, and there aren't many easy ways for investors to bet on prices. The metal is a minor byproduct of copper and nickel mining, and only a few places produce meaningful quantities. More than half the world's supply comes from the Democratic Republic of Congo, an impoverished country in central Africa mired in corruption scandals and political unrest.
So, in 2015, backed by a Russian billionaire, Milewski started buying metal from mining companies and putting it in warehouses. At the time, it was cheap because most industrial commodities were stuck in long slumps. Today, the company Milewski runs, Cobalt 27 Capital Corp., holds almost 3,000 metric tons, the largest private stockpile on the planet. (Only China has more.) Prices have since surged almost four-fold, making the inventory worth about $250 million.
Milewski raised C$200 million ($126 million) from investors this month, and he is keen to get more cobalt. However, the metal has gotten harder to find, especially with manufacturers like Tesla Inc. and Apple Inc. trying to secure their own supplies by signing long-term deals with miners. Cobalt traded on the London Metal Exchange has gone from $21,750 a ton in February 2016 to a record $84,250 on March 8.
"If you tried to go out and buy 3,000 tons of cobalt today in the spot market, you'd need a telescope to see the price," Milewski, 37, says from his office in Zug, Switzerland, where he also is a managing director for Pala Investments Ltd. The company is controlled by Vladimir Iorich, who made his fortune in Russian coal and steel. "The market's gotten so tight."
Still, Milewski remains bullish, and he's looking for different ways to double-down on cobalt.
Governments from China to California are pushing for more electric vehicles to help reduce climate-altering emissions. By 2040, more than half of global auto sales will be electric vehicles, compared with 1 percent last year, when sales surged above 1 million, according to Bloomberg New Energy Finance. That means more demand for batteries and materials used to make them, including cobalt cathodes that help move electrons more efficiently without overheating. Half of cobalt demand is from battery makers.
While smartphones use about eight grams of refined cobalt, the battery for an electric vehicle requires over 1,000 times that.

The Russian military has threatened action against the U.S. if it strikes Syria's capital city of Damascus, according to multiple news reports.
https://www.cnbc.com/2018/03/13/russia-military-threatens-action-against-the-us-in-syria.html
The threat, by Chief of Russia's General Staff Valery Gerasimov, was widely reported

by Russia media sites such as state news agency RIA and Tass. It said Gerasimov said Russia had "reliable information" about militants preparing to falsify a government chemical attack against civilians.

He continued by saying the U.S. would then use this attack to accuse Syrian government troops of using chemical weapons. He added that the U.S. would then plan to launch a missile strike on government districts in Damascus.

"In several districts of Eastern Ghouta, a crowd was assembled with women, children and old people, brought from other regions, who were to represent the victims of the chemical incident, " Gerasimov said, according to RIA.

Gerasimov said Russia would respond to a U.S. strike on Syria if the lives of Russian servicemen were threatened, targeting any missiles and launchers involved.

"In case there is a threat to the lives of our military, the Russian Armed Force will take retaliatory measures both over the missiles and carriers that will use them," he said.

It is a kind of customer interaction that happens often these days, said Hogen, who has run his store in Pierre, South Dakota's downtown historic district since 1983.

People come in to look at a product, ask a question or two, then leave, presumably to search for it more cheaply online. Retailers even have a name for the practice:"showrooming." "It's just a gut feeling that she's not buying it from me," he said.

https://www.reuters.com/article/us-usa-court-taxes/south-dakota-urges-supreme-court-to-click-buy-on-internet-sales-tax-idUSKCN1GP1DI?il=0

One reason customers shop elsewhere, Hogen says, is that even when he can compete on price, he has to charge sales tax, which ups the ultimate price of his merchandise.

The mixer, for example, normally has a $399.99 price tag in Hogen's store, on top of which he has to charge $26 in state and local sales taxes. Some online retailers sell the mixer at the same price or lower, with no sales tax and free shipping.

That sales tax differential is at the core of a case that will come before the U.S. Supreme Court on April 17, and the stakes are high not only for store-keepers like Hogen, but also for online retailers, for state governments and for bargain-hunting consumers.

The case stems from a South Dakota law passed in 2016 by legislators at the state capitol building a few blocks from Hogen's store that requires out-of-state online retailers to collect state sales taxes.

The state enacted the law knowing it would be challenged, due to a 1992 Supreme Court ruling in the case of Quill Corp v. North Dakota, which held that states cannot require retailers to collect sales taxes unless they have a"physical presence" in the state.

Passing a law certain to draw fire was"the nuclear option," said Republican state Senator Deb Peters, a prominent supporter of the measure, but legislators considered it necessary as internet sales continue to rise.

The state will argue that the legal precedent dates back to the days of catalog sales and is no longer relevant in the internet age.

EQUITIES

The S&P is **+7** and the NASDAQ is **+9.**
Particulars for companies to make money **(low interest rates, growth and some wage inflation)** remain in place.
I am dollar cost averaging into a mix of equities.
Currently 70% Equities, 20% Bonds and 10% Money Markets.
Earnings:
www.moneycentral.msn.com/investor/market/earncalendar
On Bloomberg type in ACDR <GO>

UK/EUROPE

In the UK the FTSE closed +0.04%.
In the UK, the swap curve is flatter with yields mixed.
BOE Rate +0.50%. (No change)
Next meeting 03/22/18

On the European Continent
The CAC Index closed +0.44%.
The DAX Index closed +0.16%.
On the Continent, the swap curve is flatter with yields lower.
ECB Main Refinancing Operations Rate +0.00% (No change)
Deposit Facility Rate -.40%
Next meeting 04/26/18

ASIA

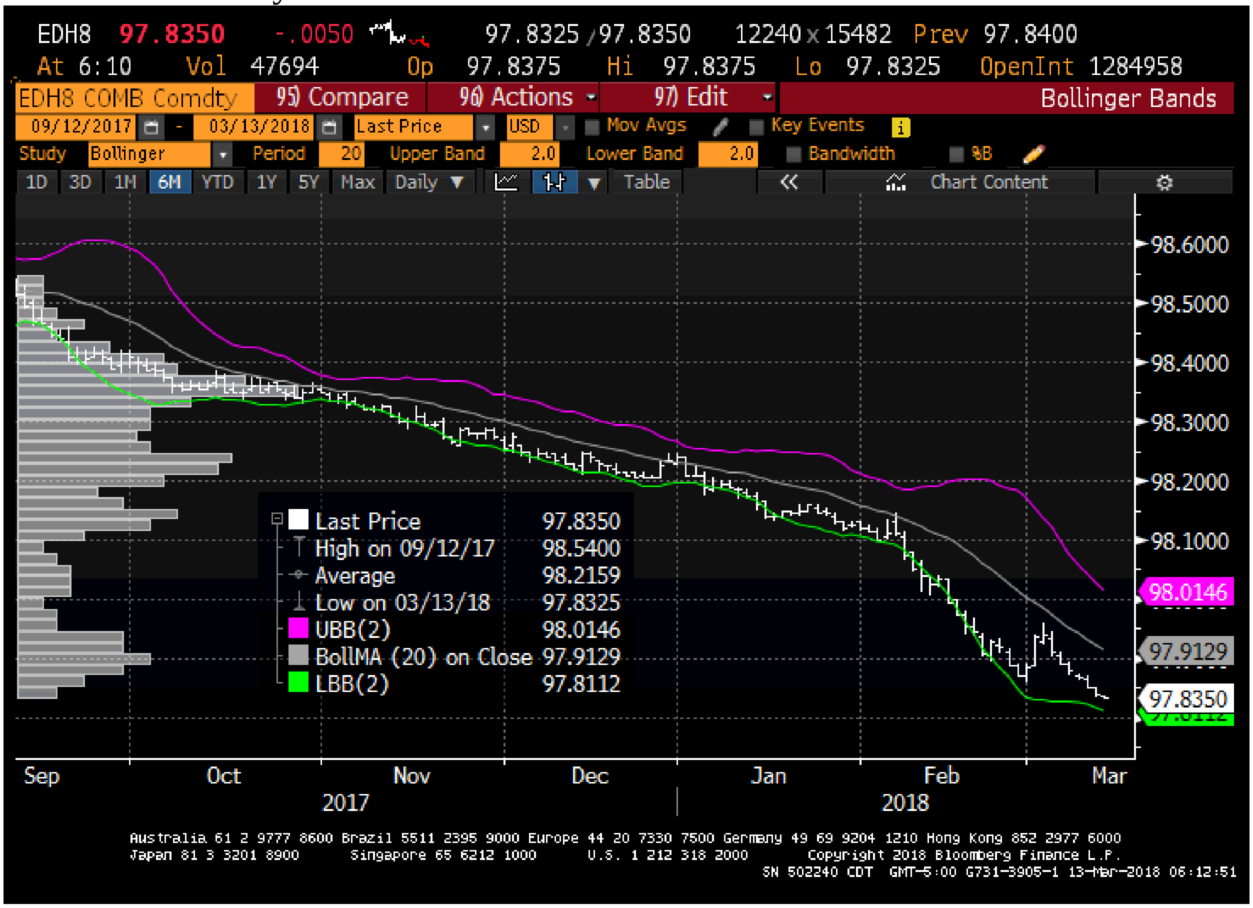
Japan:
The TOPIX closed +0.56%.
The NIKKEI closed +0.66%.
In Japan, the swap curve is steeper with yields higher.
BOJ Policy Balance Rate -0.10% (No change)
Next meeting 04/27/18

China:
The Hang Seng closed +0.02%.
The Shanghai Composite closed -0.49%.
PBOC
Deposit Rate: 1.50%
Lending Rate: 4.35%
7-Day Repo Rate: 2.8343%
Reserve Requirement Ratio: 17.00%

THE TREND

EDH8: 97-91.25 is the pivot. Below the pivot, you should be short, above long.
Support is at 97-81.00**.
Resistance is at 97-91.25^ and 98-01.50**.
^Pivot Point is a simple 20-day moving average.
** 2-STD Deviations from the pivot point.

Current trend has you short from 98-22.5.



YTD (per contract)
2018 -2.0 ticks (-$50.00)
2017 +33.0 ticks (+$825.00)

This information is not to be construed as an offer to sell or a solicitation or an offer to buy the commodities herein named. The factual information of this report has been obtained from sources believed to be reliable, but is not necessarily all-inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by R.J O'Brien & Associates. The risk of trading futures and options can be substantial. Each investor must consider whether this is a suitable investment. Past performance is not indicative of future results.

10yr/TYM8: **120-02.0** is the pivot point. Above you should be long, below short.
Support is at **119-19.0****
Resistance is at **120-02.0^** and **120-16.5****
^Pivot Point is a simple 20-day moving average.
** 2-STD Deviations from the pivot point

No position on in TY. Will remain flat until a more defined trend appears.

YTD (per contract)
(2018) +52.0 futures ticks ($31.25 per tick) or +$1.625.00.
(2017) +93.0 futures ticks ($31.25 per tick) or +$2,906.25.
(2016) +377.5 futures ticks ($31.25 per tick) or +$11,796.88.

US-SWAPS
IRSB <GO>

United States | 98) Export | 99) Settings | Interest Rate Swap Rates

Date Range: 02/13/2018 - 03/13/2018 | 1 Month

40) Semi Swaps | 41) Sprs to Gov. | 42) Ann Swaps | 43) Ann Sprs | 44) OIS Swaps | 45) CME/LCH Sprs

USD SemiAnnual 30/360 Swap Rates — Avg / Now — PCS CMPN

Tenor	Bid	Ask	Mid	Change	Today	#SD Δ/day	Low	Range	High	Avg	+/-BPS	#SD
1) 1 YR	2.370	2.372	2.371	0.011		0.2	2.139		2.372	2.287	8.5	1.7
2) 2 YR	2.587	2.592	2.589	0.011		0.2	2.343		2.592	2.508	8.4	1.7
3) 3 YR	2.700	2.703	2.701	0.012		0.3	2.472		2.706	2.632	7.0	1.5
4) 4 YR	2.758	2.762	2.760	0.010		0.2	2.555		2.771	2.704	5.8	1.4
5) 5 YR	2.795	2.799	2.797	0.010		0.3	2.613		2.842	2.750	4.9	1.3
6) 6 YR	2.826	2.828	2.827	0.011		0.3	2.667		2.865	2.788	4.1	1.1
7) 7 YR	2.852	2.853	2.852	0.012		0.4	2.713		2.908	2.820	3.3	1.0
8) 8 YR	2.873	2.877	2.875	0.011		0.3	2.753		2.932	2.849	2.8	0.8
9) 9 YR	2.895	2.898	2.896	0.012		0.4	2.777		2.960	2.875	2.4	0.7
10) 10 YR	2.918	2.920	2.918	0.013		0.4	2.801		2.998	2.898	2.2	0.7
11) 15 YR	2.989	2.991	2.990	0.014		0.4	2.876		3.063	2.974	1.8	0.5
12) 20 YR	3.013	3.016	3.015	0.015		0.5	2.901		3.088	2.999	1.8	0.5
13) 25 YR	3.009	3.010	3.009	0.015		0.5	2.785		3.254	2.994	1.6	0.5
14) 30 YR	2.994	2.997	2.995	0.016		0.5	2.884		3.071	2.980	1.7	0.5

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

The Option Lab

Trade Log:
2. Long the TY Week-2 120.00 put (at the money) from 8/64ths (3/9/2018).
1/64th = $15.625
8/64ths = $125 per contract purchased.
120-00.00 strike price on the option equates to a TY yield of ~2.895%.
TY Week-2 in March expire today (3/9/18). Sold option back out at 7/64ths for a $15.63 loss.

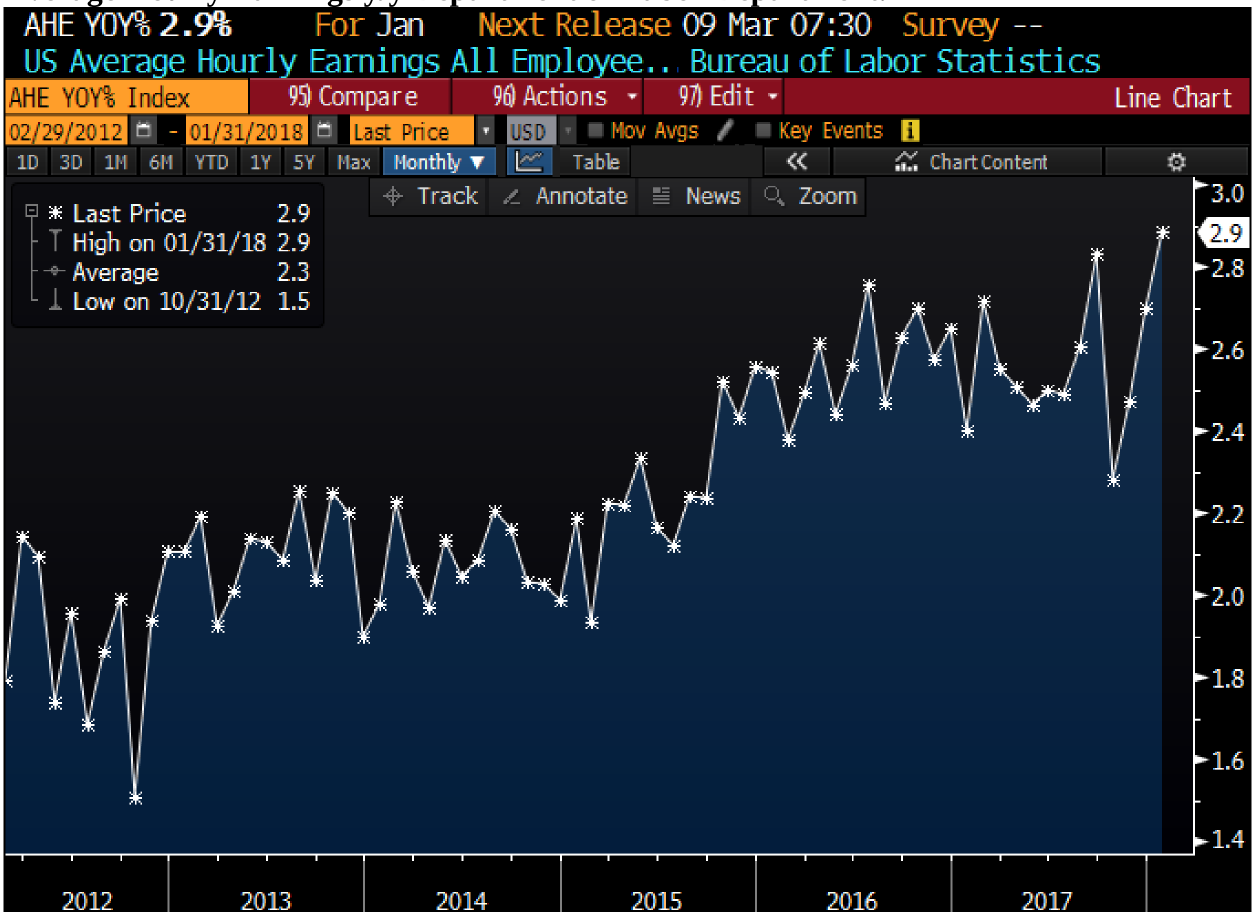
1. Long the Short Feb. 97.75/97.625/97.50 put fly. Paid 2.0 ticks ($50) per contract (12/07/17).
Short Feb. has an underlying contract of EDH9 but expires Feb. 16, 2018.
The put fly was sold on 2/7/18 for a 1.25 tick ($31.25) winner.

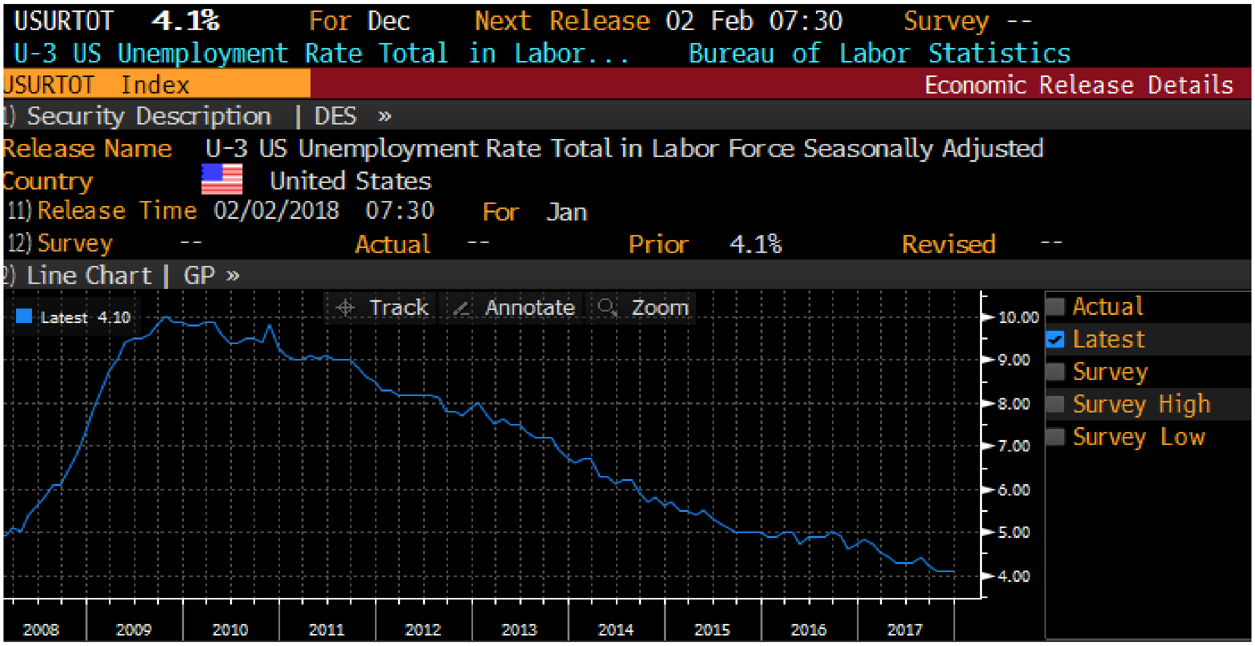
Option Book 2018 YTD realized: +$15.62 per contract.
Option Book 2017 YTD realized: -$228.13 per contract.
Option Book 2016 YTD realized: +$43.75 per contract.

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 4th quarter 2017

A majority of agricultural bankers in the Eighth Federal Reserve District reported that farm income declined during the fourth quarter of 2017 compared with a year earlier. This finding is consistent with the past several surveys. Although bankers were modestly more optimistic about the near-term prospects for farm income, they still expect income in the first quarter of 2018 to fall below year-earlier levels.

Actual and expected farm household spending and capital expenditures also remain below year-earlier levels. Quality farmland and ranch and pastureland values posted solid increases in the fourth quarter from a year earlier. Quality farmland values rose 5 percent in the fourth quarter, while ranchland and pastureland values surged nearly 15 percent. Cash rents for both land categories also increased in the fourth quarter from a year earlier.

Compared with three months earlier, a slightly larger percentage of bankers reported that the demand for bank loans increased in the fourth quarter relative to a year earlier. Some further strengthening in loan demand is expected in the first quarter of 2018. Proportionately more bankers reported an erosion in loan repayment rates between the third and fourth quarters of 2017. Except for interest rates on loans secured by farm real estate, rates on most fixed- and variable-rate loan products were little changed in the fourth quarter compared with the previous quarter.

There were three special questions in this quarter's survey. The first two questions asked bankers about the health of the rural economy in their area. A majority of bankers reported that the economy in their area could be characterized as poor to fair at the end of 2017. About three-quarters of bankers expect no change in local economic conditions in 2018. The final question asked bankers about their expectation for the return on farmland in 2018. Nearly all bankers believe that farmland returns in 2018 will be greater than 0 percent but less than 5 percent.

https://research.stlouisfed.org/publications/regional/ag-finance/2018/02/08/2017-fourth-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

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.	9 March 2018	984	+3	2 March 2018	+216	10 March 2017
Canada	9 March 2018	273	-29	2 March 2018	-42	10 March 2017
International	February 2018	979	+19	January 2018	+38	February 2017

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 electricity[1] 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 2016[1]
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

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

TRANSPORTS

Association of American Railroads Rail Traffic Report.
The Association of American Railroads (AAR) today reported U.S. rail traffic for the week ending March 3, 2018, as well as volumes for February 2018.
U.S. railroads originated 1,028,141 carloads in February 2018, down 0.3 percent, or 2,753 carloads, from February 2017. U.S. railroads also originated 1,104,001 containers and trailers in February 2018, up 6.9 percent, or 70,970 units, from the same month last year. Combined U.S. carload and intermodal originations in February 2018 were 2,132,142, up 3.3 percent, or 68,217 carloads and intermodal units from February 2017.
In February 2018, nine of the 20 carload commodity categories tracked by the AAR each month saw carload gains compared with February 2017. These included: crushed stone, sand & gravel, up 6,329 carloads or 7.5 percent; chemicals, up 4,286 carloads or 3.4 percent; and metallic ores, up 2,510 carloads or 19.4 percent. Commodities that saw declines in February 2018 from February 2017 included: coal, down 5,801 carloads or 1.7 percent; grain, down 4,712 carloads or 5.3 percent; and motor vehicles & parts, down 3,283 carloads or 4.5 percent.
“Rail carloads in February, like in many other recent months, were held back by declines in coal, grain, and motor vehicles," said AAR Senior Vice President John T. Gray. “Declines in those categories are unfortunate, but they don't reflect general weakness in the economy. Excluding them, carloads were up a reasonably solid 2.1% in February. Moreover, February 2018 was the best month ever for carloads of chemicals and the second-best month ever for intermodal. While these are good signs for the broader economy going forward, they are potentially compromised by the uncertainty created by recent developments in trade policy."
Excluding coal, carloads were up 3,048 carloads, or 0.4 percent, in February 2018 from February 2017. Excluding coal and grain, carloads were up 7,760 carloads, or 1.3 percent.
Total U.S. carload traffic for the first two months of 2018 was 2,245,546 carloads, down 2 percent, or 45,184 carloads, from the same period last year; and 2,414,142 intermodal units, up 5 percent, or 115,153 containers and trailers, from last year.
Total combined U.S. traffic for the first nine weeks of 2018 was 4,659,688 carloads and intermodal units, an increase of 1.5 percent compared to last year.

Week Ending March 3, 2018

Total U.S. weekly rail traffic was 544,194 carloads and intermodal units, up 5.8 percent compared with the same week last year.
Total carloads for the week ending March 3 were 264,659 carloads, up 1.3 percent compared with the same week in 2017, while U.S. weekly intermodal volume was 279,535 containers and trailers, up 10.4 percent compared to 2017.
Six of the 10 carload commodity groups posted an increase compared with the same week in 2017. They included chemicals, up 1,941 carloads, to 33,983; miscellaneous carloads, up 1,142 carloads, to 11,766; and nonmetallic minerals, up 899 carloads, to 34,680. Commodity groups that posted decreases compared with the same week in 2017 included grain, down 797 carloads, to 23,198; forest products, down 481 carloads, to 9,813; and motor vehicles and parts, down 239 carloads, to 18,368.

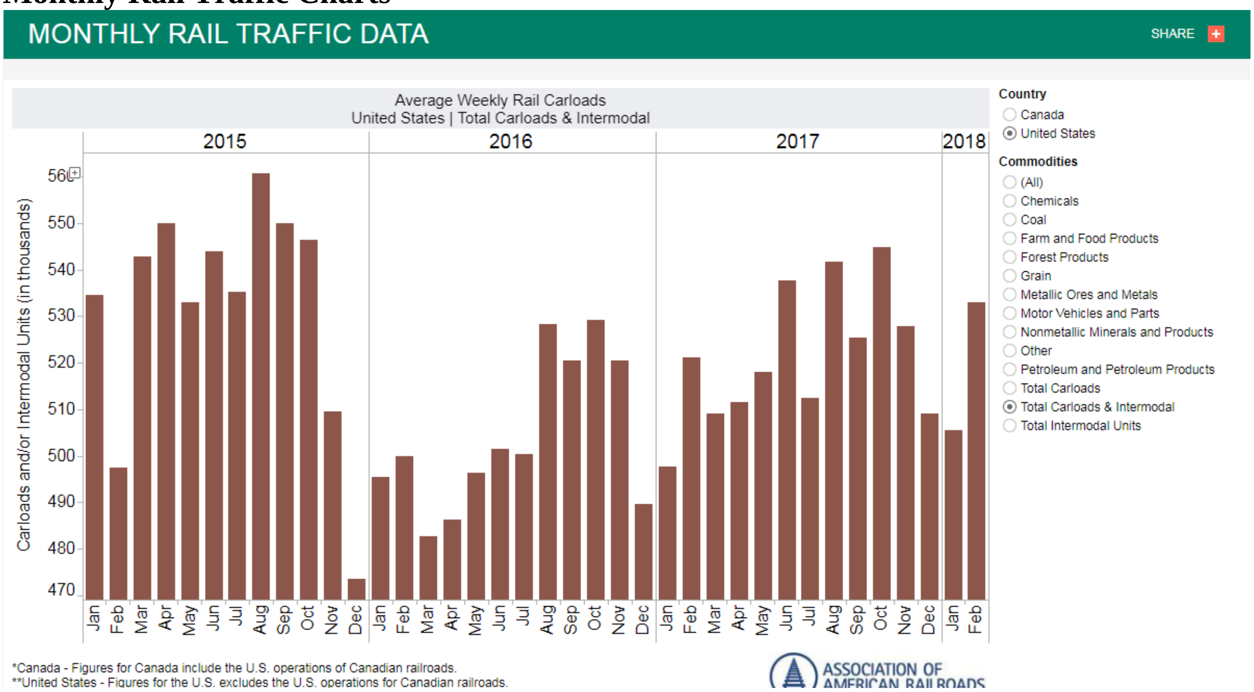
North American rail volume for the week ending March 3, 2018, on 12 reporting U.S., Canadian and Mexican railroads totaled 366,104 carloads, up 0.9 percent compared with the same week last year, and 368,540 intermodal units, up 10.7 percent compared with last year. Total combined weekly rail traffic in North America was 734,644 carloads and intermodal units, up 5.6 percent. North American rail volume for the first nine weeks of 2018 was 6,263,524 carloads and intermodal units, up 1.2 percent compared with 2017.

Canadian railroads reported 79,469 carloads for the week, down 1.2 percent, and 70,595 intermodal units, up 16.4 percent compared with the same week in 2017. For the first nine weeks of 2018, Canadian railroads reported cumulative rail traffic volume of 1,261,814 carloads, containers and trailers, up 0.7 percent.

Mexican railroads reported 21,976 carloads for the week, up 4.7 percent compared with the same week last year, and 18,410 intermodal units, down 2.8 percent. Cumulative volume on Mexican railroads for the first nine weeks of 2018 was 342,022 carloads and intermodal containers and trailers, down 0.9 percent from the same point last year.

https://www.aar.org/newsandevents/Press-Releases/Pages/2018-02-28-railtraffic.aspx

Monthly Rail Traffic Charts



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

Trailer Truck Demand
(Bloomberg Intelligence) – 03/12/18

Truckstop.com Market Demand Index, Average Rates

(Bloomberg Intelligence) --Relative North American spot-trucking demand rose 7.8% sequentially to 51.1 in the week ended March 9, based on Truckstop.com's Market Demand Index, as another winter storm ripped through the Northeast. Capacity tightened as the 4.4% increase in available loads was in sharp contrast to the 3.2% decline in available trucks. Average spot rates, excluding fuel surcharges, rose for the fifth straight week (up 1%) to $2.04 a mile. Another Nor'easter this week could further boost rates amid regulatory capacity constraints. Companies Impacted: USA Truck, Knight-Swift, Werner, J.B. Hunt, Schneider, Marten and other public carriers operate mostly in the contract market with varying spot exposure. Spot can be a leading indicator of contractual pricing. Some carriers are raising spot exposure to take advantage of higher rates.

To contact the analyst for this research:
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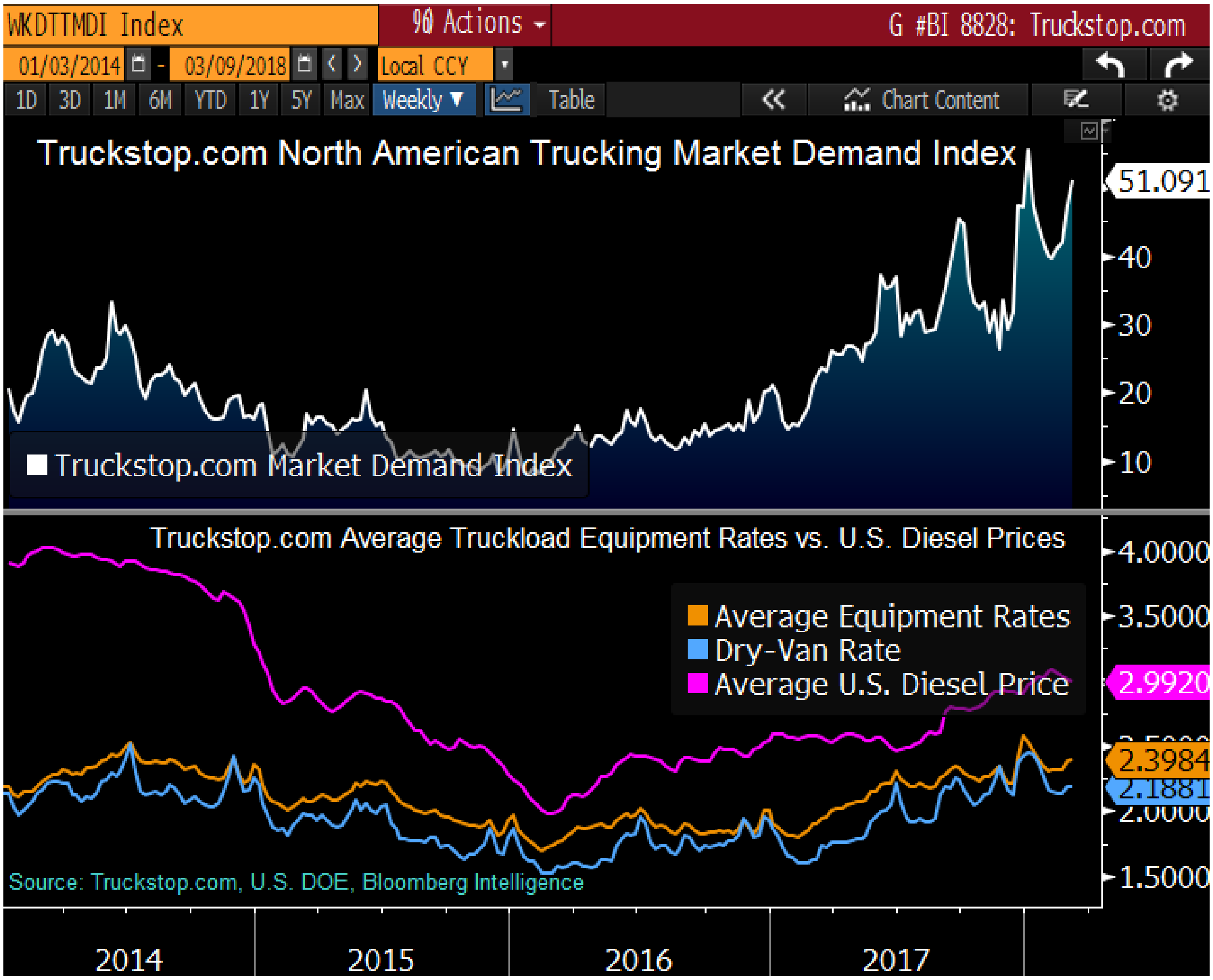
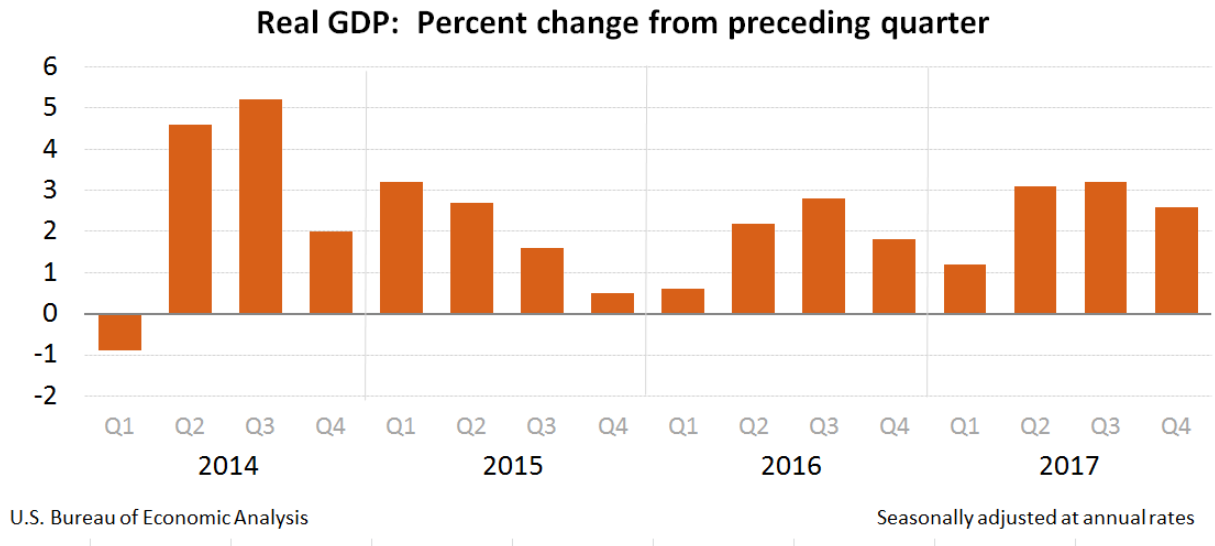


GDP

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-1Q is running at *2.59% as of 3/9/18 v. *2.87% on 3/7/18
***simple average of the three regionals.**

Atlanta Fed GDPNow…Latest forecast Q1: 2.5% — March 9, 2018
The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the first quarter of 2018 is **2.5 percent** on March 9, down from 2.8 percent on March 7. The nowcast of first-quarter real consumer spending growth fell from 2.5 percent to 2.2 percent and the nowcast of first-quarter real private fixed investment growth fell from 3.4 percent to 2.4 percent after this morning's employment report from the U.S. Bureau of Labor Statistics. The model's estimate of the dynamic factor for February—normalized to have mean 0 and standard deviation 1 and used to forecast the yet-to-be released monthly GDP source data—declined from 1.62 to 0.96 after the employment report.
The next GDPNow update is Wednesday, March 14. Please see the "Release Dates" tab below for a full list of upcoming releases.
https://www.frbatlanta.org/cqer/research/gdpnow.aspx

New York Fed Nowcast...Q4 2017: 2.8%...March 9, 2018
The New York Fed Staff Nowcast stands at 2.8% for 2018:Q1 and 3.0% for 2018:Q2.
News from this week's data releases decreased the nowcast for 2018:Q1 by 0.2 percentage point and decreased the nowcast for 2018:Q2 by 0.1 percentage point.
A negative surprise from exports data accounted for most of the decrease.
https://www.newyorkfed.org/research/policy/nowcast

St. Louis Fed Real GDP Nowcast… Q1 2017: 2.47%…March 9, 2018
https://fred.stlouisfed.org/series/GDPNOW

MANUFACTURING AT A GLANCE
February 2018

Index	Series Index Feb	Series Index Jan	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	60.8	59.1	+1.7	Growing	Faster	18
New Orders	64.2	65.4	-1.2	Growing	Slower	26
Production	62.0	64.5	-2.5	Growing	Slower	18
Employment	59.7	54.2	+5.5	Growing	Faster	17
Supplier Deliveries	61.1	59.1	+2.0	Slowing	Faster	17
Inventories	56.7	52.3	+4.4	Growing	Faster	2
Customers' Inventories	43.7	45.6	-1.9	Too Low	Faster	17
Prices	74.2	72.7	+1.5	Increasing	Faster	24
Backlog of Orders	59.8	56.2	+3.6	Growing	Faster	13
New Export Orders	62.8	59.8	+3.0	Growing	Faster	24
Imports	60.5	58.4	+2.1	Growing	Faster	13
OVERALL ECONOMY				Growing	Faster	106
Manufacturing Sector				Growing	Faster	18

Average for 12 months - 58.0

High - 60.8

Low - 55.3

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

US Census Bureau (Manufacturers' Shipments, Inventories and Orders).
http://www.census.gov/manufacturing/m3/

Our Nation in numbers

The Constitution gives us four missions…
1. Establish Justice and Ensure Domestic Tranquility.
2. Provide for the Common Defense.
3. Promote the General welfare.
4. Secure the Blessings of Liberty to Ourselves and Our Posterity.
www.usafacts.org

US Foreign Assistance
http://foreignassistance.gov/

CBOT Non-Commercial Net Total – Futures Only
http://www.cmegroup.com/trading/interest-rates/cftc-tff/main.html

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