



Fixed Income Group A Division of RJ O'Brien

The Missile

www.fixedincomegroup.com

ECO <go>
(All times are CST)

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

United States Browse 15:05:05 04/14/18 - 04/20/18

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	04/16	07:30				Empire Manufacturing	Apr	18.6	--	22.5	--
22)	04/16	07:30				Retail Sales Advance MoM	Mar	0.4%	--	-0.1%	--
23)	04/16	07:30				Retail Sales Ex Auto MoM	Mar	0.2%	--	0.2%	--
24)	04/16	07:30				Retail Sales Ex Auto and Gas	Mar	0.4%	--	0.3%	--
25)	04/16	07:30				Retail Sales Control Group	Mar	0.3%	--	0.1%	--
26)	04/16	09:00				Business Inventories	Feb	0.6%	--	0.6%	--
27)	04/16	09:00				NAHB Housing Market Index	Apr	70	--	70	--
28)	04/16	15:00				Total Net TIC Flows	Feb	--	--	\$119.7b	--
29)	04/16	15:00				Net Long-term TIC Flows	Feb	--	--	\$62.1b	--
30)	04/17	07:30				Housing Starts	Mar	1268k	--	1236k	--
31)	04/17	07:30				Housing Starts MoM	Mar	2.6%	--	-7.0%	--
32)	04/17	07:30				Building Permits	Mar	1330k	--	1298k	1321k
33)	04/17	07:30				Building Permits MoM	Mar	0.7%	--	-5.7%	-4.1%
34)	04/17	08:15				Industrial Production MoM	Mar	0.4%	--	1.1%	0.9%
35)	04/17	08:15				Manufacturing (SIC) Production	Mar	0.1%	--	1.2%	--
36)	04/17	08:15				Capacity Utilization	Mar	77.9%	--	78.1%	77.7%
37)	04/18	06:00				MBA Mortgage Applications	Apr 13	--	--	-1.9%	--
38)	04/18	07:30				Fed's Dudley Has Opening Remarks at Community Bank Conference					
39)	04/18	13:00				U.S. Federal Reserve Releases Beige Book					

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 2018 Bloomberg Finance L.P.
SN 502240 CDT GMT-6:00 H142-2140-3 13-Apr-2018 15:05:05

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Fed Speak Calendar
 (All times are CST)

Calendars				Alerts		Export		Settings		Economic Calendars	
United States				Browse		15:07:44		04/16/18		04/30/18	
Central Banks				All Central Banks		View		Agenda		Weekly	
	Date	Time	A	M	R	Event					
21)	04/16	11:00				Fed's Kaplan Speaks at International Economic Forum					
22)	04/16	11:00				Fed's Kashkari Discusses Too Big to Fail in Washington					
23)	04/16	12:15				Fed's Bostic Speaks on the Economy and Rural Market Trends					
24)	04/17	08:15				Fed's Williams Speaks on Economic Outlook at Event in Madrid					
25)	04/17	09:00				Fed's Quarles to Testify Before House Financial Services panel					
26)	04/17	10:00				Fed's Harker Speaks on the Economics of Equitable Education					
27)	04/17	12:10				Fed's Evans Discusses Economic Outlook					
28)	04/17	16:40				Fed's Bostic to Speak on Economy at Bloomberg Event in Atlanta					
29)	04/18	13:00				U.S. Federal Reserve Releases Beige Book					
30)	04/18	14:15				Fed's Dudley Speaks on Economic Outlook					
31)	04/18	15:15				Fed's Quarles Speaks in Washington					
32)	04/19	07:00				Fed's Brainard Speaks on Regulatory Reform					
33)	04/19	08:30				Fed's Quarles Testifies on Supervision Before Senate Panel					
34)	04/19	17:45				Fed's Mester Speaks on Economic Outlook and Policy					
35)	04/20	08:40				Fed's Evans Speaks on the Economy and Monetary Policy					

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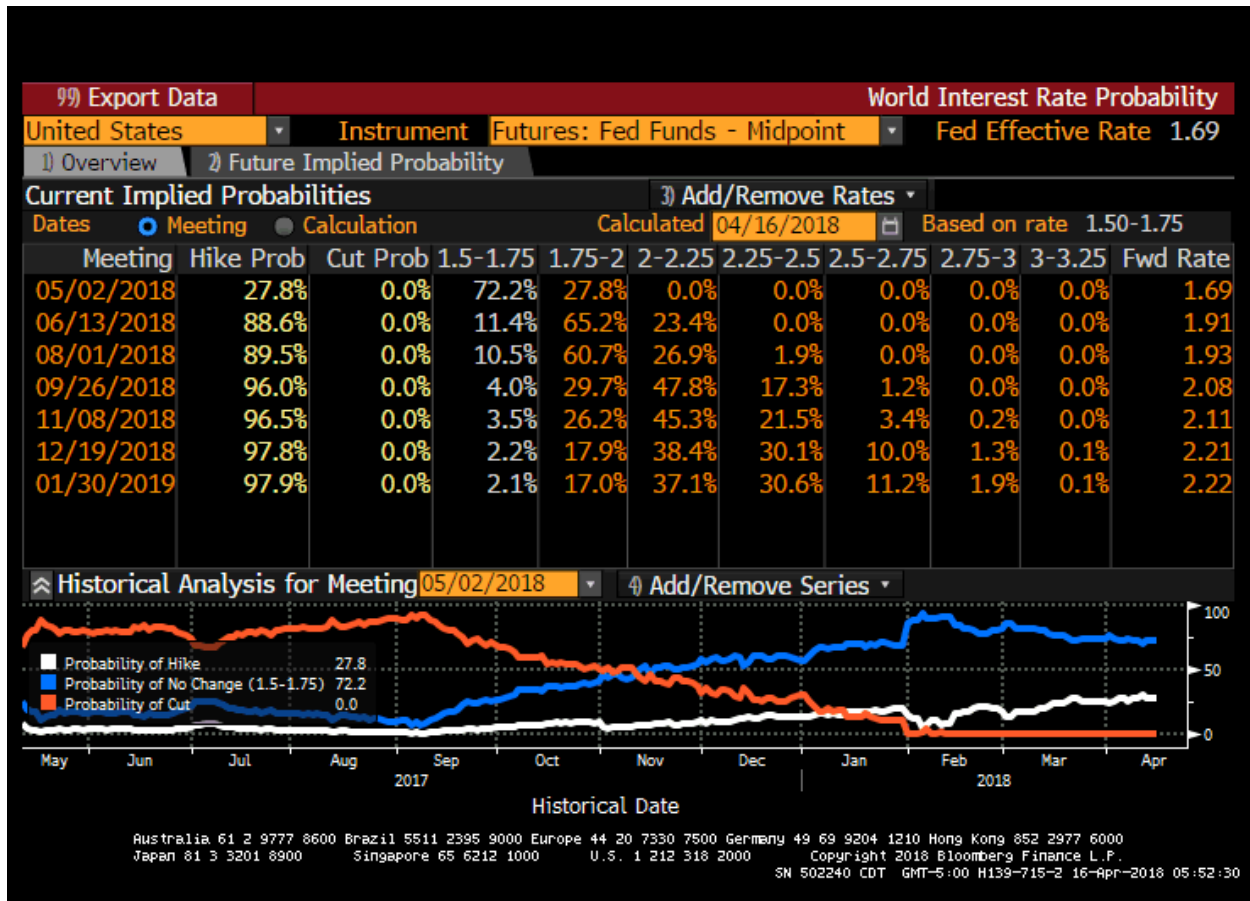
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				News: News Story			
4) Previous 3) Next 66) Send 98) Actions ▾				04/12/2018 12:59:19 [BN] Translate to...			
	Next Offer	Next	Date	CUSIP	\$	Prior	Prior
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bil	Auction
Cash mgmt	TBA	TBA	TBA	TBA	TBA	02/13/2018	\$50
4-week	04/16/2018	04/17/2018	04/19/2018	TBA	TBA	04/10/2018	\$45
3-month	04/19/2018	04/16/2018	04/19/2018	912796MK2	\$48	04/09/2018	\$48
6-month	04/19/2018	04/16/2018	04/19/2018	912796QD4	\$42	04/09/2018	\$42
1-year	04/19/2018	04/24/2018	04/26/2018	TBA	TBA	03/27/2018	\$24
Note Auctions							
2-year	04/19/2018	04/24/2018	04/30/2018	TBA	TBA	03/26/2018	\$30
3-year	05/02/2018	05/08/2018	05/15/2018	TBA	TBA	04/10/2018	\$30
5-year	04/19/2018	04/25/2018	04/30/2018	TBA	TBA	03/27/2018	\$35
7-year	04/19/2018	04/26/2018	04/30/2018	TBA	TBA	03/28/2018	\$29
10-year	05/02/2018	05/09/2018	05/15/2018	TBA	TBA	04/11/2018	\$21
Bond Auctions							
30-year	05/02/2018	05/10/2018	05/15/2018	TBA	TBA	04/12/2018	\$13

TIPS Auctions							
5-yr TIPS	04/12/2018	04/19/2018	04/30/2018	TBA	TBA	12/21/2017	\$14
10-yr TIPS	05/10/2018	05/17/2018	05/31/2018	TBA	R	TBA	03/22/2018
30-yr TIPS	06/14/2018	06/21/2018	06/29/2018	TBA	R	TBA	02/15/2018
Floating Rate Note							
2-year FRN	04/19/2018	03/28/2018	04/02/2018	9128283T5	R	\$15	02/21/2018
Buyback Operation							
Buyback	TBA	TBA	TBA	TBA	TBA	11/15/2017	\$.025

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Implied Probability of Fed Rate Movement (Futures)



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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, March 2018
Advance release of table 1 of the Summary of Economic Projections to be released with the FOMC minutes

Variable	Median ¹				Central tendency ²				Range ³			
	2018	2019	2020	Longer run	2018	2019	2020	Longer run	2018	2019	2020	Longer run
Change in real GDP	2.7	2.4	2.0	1.8	2.6-3.0	2.2-2.6	1.8-2.1	1.8-2.0	2.5-3.0	2.0-2.8	1.5-2.3	1.7-2.2
December projection	2.5	2.1	2.0	1.8	2.2-2.6	1.9-2.3	1.7-2.0	1.8-1.9	2.2-2.8	1.7-2.4	1.1-2.2	1.7-2.2
Unemployment rate	3.8	3.6	3.6	4.5	3.6-3.8	3.4-3.7	3.5-3.8	4.3-4.7	3.6-4.0	3.3-4.2	3.3-4.4	4.2-4.8
December projection	3.9	3.9	4.0	4.6	3.7-4.0	3.6-4.0	3.6-4.2	4.4-4.7	3.6-4.0	3.5-4.2	3.5-4.5	4.3-5.0
PCE inflation	1.9	2.0	2.1	2.0	1.8-2.0	2.0-2.2	2.1-2.2	2.0	1.8-2.1	1.9-2.3	2.0-2.3	2.0
December projection	1.9	2.0	2.0	2.0	1.7-1.9	2.0	2.0-2.1	2.0	1.7-2.1	1.8-2.3	1.9-2.2	2.0
Core PCE inflation ⁴	1.9	2.1	2.1		1.8-2.0	2.0-2.2	2.1-2.2		1.8-2.1	1.9-2.3	2.0-2.3	
December projection	1.9	2.0	2.0		1.7-1.9	2.0	2.0-2.1		1.7-2.0	1.8-2.3	1.9-2.3	
Memo: Projected appropriate policy path												
Federal funds rate	2.1	2.9	3.4	2.9	2.1-2.4	2.8-3.4	3.1-3.6	2.8-3.0	1.6-2.6	1.6-3.9	1.6-4.9	2.3-3.5
December projection	2.1	2.7	3.1	2.8	1.9-2.4	2.4-3.1	2.6-3.1	2.8-3.0	1.1-2.6	1.4-3.6	1.4-4.1	2.3-3.0

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 December projections were made in conjunction with the meeting of the Federal Open Market Committee on December 12-13, 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 December 12-13, 2017, meeting, and one participant did not submit such projections in conjunction with the March 20-21, 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/fomcprojtab120180321.pdf>

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Libor Set

1-Month Libor Set	1.89426	-.00124	(98.10574)
3-Month Libor Set	2.35509	+.00228	(98.64491)
6-Month Libor Set	2.50313	+.01313	(97.49687)
1-Year Libor Set	2.74406	+.01312	(97.25594)

THEY SAID IT

Hours after more than 100 cruise missiles slammed into Syria, a confident President Bashar al-Assad, dressed in a dark suit and tie, strode through the gates of his palace. “The aggression will only increase Syria’s determination,” [Assad said](#) in his first comments after the strike.

<https://www.bloomberg.com/news/articles/2018-04-15/how-105-missiles-show-assad-s-future-is-safe>

While the attack by the U.S., Britain and France destroyed military positions and research facilities linked to chemical weapons, [it did little](#) to degrade Assad’s capacity to wage war, or target the fighters from Russia, Iran and Hezbollah supporting him.

It’s business as usual for the former ophthalmologist, whose family has ruled Syria for half a century. He’s presided over a war that’s killed about 500,000 people and forced millions from their homes. And he’s free to keep strolling through his presidential palace.

The action has underlined that the NATO powers won’t tolerate the use of chemical weapons. But it also telegraphed to Assad that his position is safe and pretty much anything else goes. As U.K. Prime Minister Theresa May said: The attack “was not about regime change.”

Friday’s barrage included the first combat deployment of Lockheed Martin’s stealthy new air-launched cruise missile, produced as part of a \$4.6 billion defense program. The weapon has a low radar cross-section that makes it difficult to detect and is designed to penetrate as far as 200 miles (322 km) into enemy territory, Tony Capaccio [reports](#).

UN Ambassador Nikki Haley, speaking Sunday on CBS’s “Face the Nation,” said U.S. Treasury Secretary Steven Mnuchin [will announce](#) new sanctions against Russia Monday that “go directly to any sort of companies that were dealing with equipment” related to Syrian leader Bashar al-Assad and his chemical weapons.

<https://www.bloomberg.com/news/articles/2018-04-16/ruble-slides-as-russia-awaits-fresh-u-s-sanctions-over-syria>

While the new penalties are unlikely to target the biggest Russian companies, the financial market “will remain extremely nervous and volatile,” analysts at Societe Generale SA’s Russian unit said in a research note.

Egyptian billionaire Naguib Sawiris said he's not opposed to recent military strikes on [Syria](#), because "it's important to tell people that you cannot support a dictator that is gassing people and get away with it."

<https://www.cnbc.com/2018/04/16/syria-strikes-egyptian-billionaire-naguib-sawiris-not-opposed.html>

"All in all, I am for this strike," he said.

Sawiris made the comments on Monday after President [Donald Trump](#) over the weekend

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ordered "[precision missile strikes](#)" against the Syrian government in retaliation for a chemical attack against its citizens. France and Great Britain took part in the attacks as well.

"I'm not one of the people opposing the strike because ... if you say it's a red line and then do nothing like President Obama, then all that you do there is give people the green light to go and do stuff," Sawiris told CNBC's Hadley Gamble in Abu Dhabi.

Russian President Vladimir Putin on Sunday warned that further attacks on Syria [would bring chaos to international order](#).

Russia is a "new superpower" that the world much reckon with, Sawiris said. But he added that he doesn't fear retaliatory actions by Putin.

"I'm not worried about retaliation unless everybody wants to go even more crazy than it already is," he said.

"We've really begun to see an assault on the CLO architecture in the last couple of months," said Peter Van Gelderen, managing director and co-head of structured credit at Guggenheim Investments. "Depending on the manager, there are varying degrees of the assault."

<https://www.bloomberg.com/news/articles/2018-04-16/-assault-by-biggest-loan-buyers-could-spell-trouble-in-downturn>

The buyers, known as collateralized loan obligations, are beginning to erode protections in their funds that, for example, prevent them from purchasing too many smaller loans that can be hard to sell later on, according to market participants. The CLOs are dialing down these limitations to boost profits for the money managers that put the complicated structures together.

The shifts mean that investments designed to be relatively safe, namely highly-rated bonds sold by CLOs and backed by loans, could end up being riskier than they appear. That has some echoes with structured securities sold during last decade's housing bubble, which often ended up being [stuffed](#) with mortgages that were weaker than investors had expected, even if CLOs are still seen as being far safer than last decade's collateralized debt obligations.

Last week, federal agencies rolled out plans for overhauling some of the most significant constraints imposed on banks after the 2008 financial crisis: capital requirements that are meant to make lenders better equipped to withstand losses, stress tests that assess firms' ability to survive another economic calamity and restrictions on leverage.

On [April 10](#), the [Federal Reserve](#) proposed making the stress tests less stressful, while tying capital demands much more closely to how banks perform in the annual exams. On [April 11](#), the Fed and Office of the Comptroller of the Currency [proposed](#) easing limits on how much banks can rely on borrowed money by tweaking the leverage ratio rule, which is meant to prevent lenders from getting dangerously overextended.

<https://www.bloomberg.com/news/articles/2018-04-16/if-fed-moves-unlock-billions-at-banks-here-s-who-might-win-most>

"There is not revolutionary change here," said Michael Alix, a partner at PricewaterhouseCoopers and a former official at the Federal Reserve Bank of New York. "The Fed is saying capital levels are about right, and stress testing is here to stay."

[Bank of New York Mellon Corp.](#) and State Street Corp. could take the top prize. The custody banks, which are known for safeguarding assets rather than lending out money, could have their capital demands reduced by as much as a third. They are also poised to get further breaks in their leverage limits should Senate legislation revamping bank rules reach Trump's desk.

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The Fed's new approach to more closely align capital with the stress tests should be good news for regional banks like SunTrust Banks Inc. and [PNC Financial Services Group Inc.](#) Such lenders would still be subject to the exams, but would benefit from slightly easier tests and also lower capital minimums.

The Fed and OCC proposal to limit bank leverage is broadly good for the eight banking giants it affects, including JPMorgan, Goldman Sachs Group Inc. and Citigroup Inc. But how much capital it unshackles depends on a complicated array of factors.

Initially, the Fed estimates that the firms' bank holding companies would have a negligible \$400 million of newly freed capital to pay out to shareholders or to buy back stock. Still, that figure is dwarfed by the \$121 billion in excess capital the Fed says its proposal might trigger at the companies' chief banking subsidiaries.

On the other adjustment -- the Fed's revision of stress tests and risk-based capital -- the agency estimated that it would cut the total cushion that the industry has to maintain by \$30 billion. However, the regulator said capital demands for the biggest banks might actually rise by as much as \$50 billion. Goldman Sachs analysts have a rosier outlook, projecting in a report last week that easing stress-test assumptions could free up more than \$50 billion in capital.

While the changes have been long-anticipated, they keep in place the oversight established after the crisis. The Fed's stress tests, the hundreds of Dodd-Frank Act regulations implemented by federal agencies and the bulk of capital restrictions hatched at the Basel Committee on Banking Supervision are cemented in place.

"As of the fourth quarter, real S&P 500 earnings were still below their 2015, if you correct for inflation. So, it's not like we are in this spectacular market," Shiller said this week on CNBC's ["Trading Nation."](#)

<https://www.cnbc.com/2018/04/14/solid-earnings-may-not-prevent-another-correction-robert-shiller.html>

However, he warned: "Obviously, a solid earnings season is good news for the market. But it's not something that we should bank on."

"What will take us lower? That is always the question people have. What triggers corrections," he asked. "Typically, there really isn't any really big news except news of the correction."

For now, he cites President Donald Trump's business-friendly stance, and his flair for connecting with some people, as a positive for stocks.

"We never had a President this capable of inspiring people," noted Shiller.

Despite Shiller's take on Trump, he sees [volatility](#) continuing to tick higher under his leadership.

"There is still risk in the market," Shiller said. "The United States is the most expensive market in the world."

A U.S bankruptcy judge Thursday approved 44 uncontested bids for Toys R Us and Babies R Us leases across the country in the first round of dispositions for the 735 stores to be closed by the toy retailer.

<https://www.costar.com/News/Article/Former-Toys-R-Us-Landlords-Investors-Tussle-in-Opening-Round-of-Bidding-Over-Bankrupt-Retailers-Store-Leases/199982?rpt=1>

Following an auction two weeks ago, at the New York City offices of law firm Kirkland & Ellis, LLP, Wayne, NJ-based Toys R Us, Inc. picked 50 winning bids for less than one-third of the 157 Toys R Us and Babies R Us locations ranging from 20,000 to 70,000 square feet offered for sale last month by bankruptcy disposition specialist A&G Realty Partners.

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The 50 bids for Toys R Us owned assets and leases ranged from less than \$5,000 for a closed store site in West Hartford, CT, to a top bid of \$15.7 million for a 44,281-square-foot Toys R Us and Babies R Us store in Emeryville, CA in the San Francisco Bay Area. New Jersey based Benderson Development beat out a dozen rival bids for the property.

At a hearing Thursday afternoon, U.S. Bankruptcy Judge Keith Phillips approved the sale of 44 of the bids. He also postponed consideration of several other leases until a hearing later this month to consider objections by various parties, including the owner of the Toys R Us store in Paramus, NJ, who is opposing furniture seller Raymour & Flanigan's winning bid to take over the lease.

Shoe and apparel wholesaler Nine West Holdings Inc.'s Chapter 11 bankruptcy reorganization filing this week focused the retail spotlight on the outlet center segment of the commercial real estate industry. Despite the bad news that Nine West is closing all 70 of its stores, the good news is that leasing demand for outlet store space has been outpacing availabilities.

<https://www.costar.com/News/Article/Outlet-Center-Leasing-Appears-Strong-Enough-to-Withstand-Nine-West-Closures/199998?rpt=1>

Privately held Nine West's filing seeks to restructure about \$1.6 billion in debt, much of it racked up when private equity firm Sycamore Partners Management acquired the company and affiliated brands in the 2014 for \$2.2 billion.

While 80 percent of Nine West's sales come from wholesale operations, it also operates 70 brick-and-mortar retail stores - all of which it has now closed and is asking the court to cancel the leases on those locations. Sixty-seven of those locations were in outlet centers.

The store closures hit two publicly traded retail landlords hardest. Simon Property Group (NYSE:[SPG](#)) will lose 35 stores. Simon owns and operates a portfolio of 91 centers through Simon Premium Outlets.

Tanger Factory Outlet Centers (NYSE:[SKT](#)) will see 19 stores closed out of its portfolio of 44 upscale outlet shopping centers.

A high-stakes showdown at the U.S. Supreme Court on Tuesday will determine whether states can force out-of-state online retailers to collect sales taxes in a fight between South Dakota and e-commerce businesses.

<https://www.reuters.com/article/us-usa-court-taxes-preview/south-dakota-e-commerce-sale-tax-fight-reaches-u-s-supreme-court-idUSKBN1HM0G1?il=0>

South Dakota is asking the nine justices to overturn a 1992 Supreme Court precedent that states cannot require retailers to collect state sales taxes on purchases unless the businesses have a “physical presence” in the state.

The state, appealing a lower court decision that favored Wayfair Inc ([W.N](#)), Overstock.com Inc ([OSTK.O](#)) and Newegg Inc, is being supported by President Donald Trump’s administration. A ruling favoring South Dakota could help small brick-and-mortar retailers compete with online rivals while funneling up to \$18 billion into the coffers of the affected states, according to a 2017 federal report.

Amazon, which is not involved in the Supreme Court case, collects sales taxes on direct purchases on its site but does not collect taxes for items sold on its platform by third-party vendors, constituting around half of total sales.

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EQUITIES

The S&P is **+16** and the NASDAQ is **+40**.

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 -0.47%.

In the UK, the swap curve is steeper with yields higher.

BOE Rate +0.50%. (No change)

Next meeting 05/10/18

On the European Continent

The CAC Index closed -0.13%.

The DAX Index closed -0.02%.

On the Continent, the swap curve is steeper with yields higher.

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

Deposit Facility Rate -.40%

Next meeting 04/26/18

ASIA

Japan:

The TOPIX closed +0.40%.

The NIKKEI closed +0.26%.

In Japan, the swap curve is slightly steeper with yields a little higher.

BOJ Policy Balance Rate -0.10% (No change)

Next meeting 04/27/18

China:

The Hang Seng closed -1.60%.

The Shanghai Composite closed -1.53%.

PBOC

Deposit Rate: 1.50%

Lending Rate: 4.35%

7-Day Repo Rate: 2.7603%

Reserve Requirement Ratio: 17.00%

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THE TREND

EDM8: 97-67.5 is the pivot. Below the pivot, you should be short, above long. Support is at 97-62.0**.

Resistance is at 97-67.5^ and 97-735**.

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

** 2-STD Deviations from the pivot point.

Current trend has you short from 97-66.5 (4/11/18).



YTD (per contract)

2018 +34.5 ticks (+\$862.50)

2017 +33.0 ticks (+\$825.00)

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10yr/TYM8: 120-21.0 is the pivot point. Above you should be long, below short.

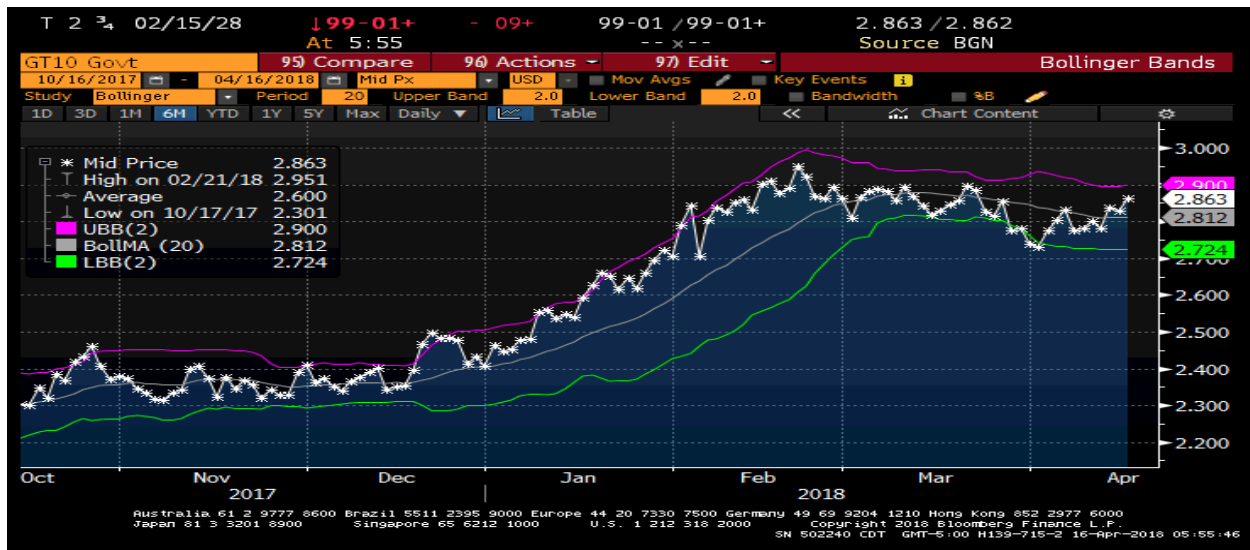
Support is at 120-00.0**

Resistance is at 120-21.0^ and 121-10.5**

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

** 2-STD Deviations from the pivot point

Current Trend has you short TYM8 from 120-19.0 (4/12/18).



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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.

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US-SWAPS IRSB <GO>

United States		98 Export		99 Settings		Interest Rate Swap Rates							
						Date Range:		03/16/2018 - 04/16/2018		1 Month			
40 Semi Swap		41 Sprs to Gov		42 Ann Swaps		43 Ann Sprs		44 OIS Swaps		49 CME/LCH Spr		48 Combined	
Tenor	Bid	Ask	Mid	Change	Today	#SD	Δ/da	Low	Range	High	Avg +/-BPS	PCS	CMPN
1) 1 YR	2,521 / 2,523		2,522	0.013		0.4	2,375	2,523	2,523	2,438	8.5	2.5	
2) 2 YR	2,699 / 2,703		2,701	0.028		0.8	2,523	2,703	2,703	2,610	9.3	2.6	
3) 3 YR	2,780 / 2,781		2,781	0.027		0.7	2,601	2,781	2,797	2,697	8.4	2.1	
4) 4 YR	2,819 / 2,819		2,819	0.030		0.7	2,643	2,819	2,858	2,740	8.0	1.8	
5) 5 YR	2,838 / 2,839		2,838	0.030		0.7	2,669	2,838	2,890	2,765	7.4	1.7	
6) 6 YR	2,851 / 2,853		2,852	0.032		0.7	2,687	2,852	2,913	2,782	7.0	1.5	
7) 7 YR	2,860 / 2,865		2,862	0.033		0.7	2,703	2,862	2,932	2,797	6.7	1.4	
8) 8 YR	2,873 / 2,874		2,874	0.034		0.7	2,718	2,874	2,949	2,813	6.1	1.3	
9) 9 YR	2,886 / 2,886		2,886	0.034		0.7	2,735	2,886	2,966	2,829	5.7	1.2	
10) 10 YR	2,897 / 2,900		2,899	0.034		0.7	2,750	2,899	2,981	2,846	5.4	1.1	
11) 15 YR	2,946 / 2,948		2,947	0.037		0.8	2,804	2,947	3,033	2,904	4.3	0.9	
12) 20 YR	2,963 / 2,967		2,964	0.038		0.8	2,823	2,964	3,047	2,920	4.6	0.9	
13) 25 YR	2,954 / 2,954		2,954	0.036		0.8	2,815	2,954	3,143	2,915	3.9	0.8	
14) 30 YR	2,934 / 2,937		2,935	0.037		0.8	2,798	2,935	3,017	2,895	4.2	0.9	

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 2018 Bloomberg Finance L.P.
 SN 502240 CDT GMT-5:00 H139-715-2 16-Apr-2018 05:53:03

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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.

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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 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.

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

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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.	13 April 2018	1,008	+5	6 April 2018	+161	13 April 2017
Canada	13 April 2018	102	-9	6 April 2018	-16	13 April 2017
International	March 2018	972	-7	February 2018	+29	March 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 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%

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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.

For this week, total U.S. weekly rail traffic was 524,905 carloads and intermodal units, up 3.8 percent compared with the same week last year.

Total carloads for the week ending April 7 were 261,898 carloads, up 4.6 percent compared with the same week in 2017, while U.S. weekly intermodal volume was 263,007 containers and trailers, up 3.1 percent compared to 2017.

Five of the 10 carload commodity groups posted an increase compared with the same week in 2017. They included coal, up 6,497 carloads, to 81,476; metallic ores and metals, up 2,427 carloads, to 23,401; and chemicals, up 2,138 carloads, to 33,694. Commodity groups that posted decreases compared with the same week in 2017 included motor vehicles and parts, down 759 carloads, to 17,103; nonmetallic minerals, down 587 carloads, to 35,567; and miscellaneous carloads, down 331 carloads, to 9,087.

For the first 14 weeks of 2018, U.S. railroads reported cumulative volume of 3,558,097 carloads, up 0.1 percent from the same point last year; and 3,759,388 intermodal units, up 5.3 percent from last year. Total combined U.S. traffic for the first 14 weeks of 2018 was 7,317,485 carloads and intermodal units, an increase of 2.7 percent compared to last year.

North American rail volume for the week ending April 7, 2018, on 12 reporting U.S., Canadian and Mexican railroads totaled 365,482 carloads, up 4.3 percent compared with the same week last year, and 349,005 intermodal units, up 4.2 percent compared with last year. Total combined weekly rail traffic in North America was 714,487 carloads and intermodal units, up 4.3 percent. North American rail volume for the first 14 weeks of 2018 was 9,864,299 carloads and intermodal units, up 2.5 percent compared with 2017.

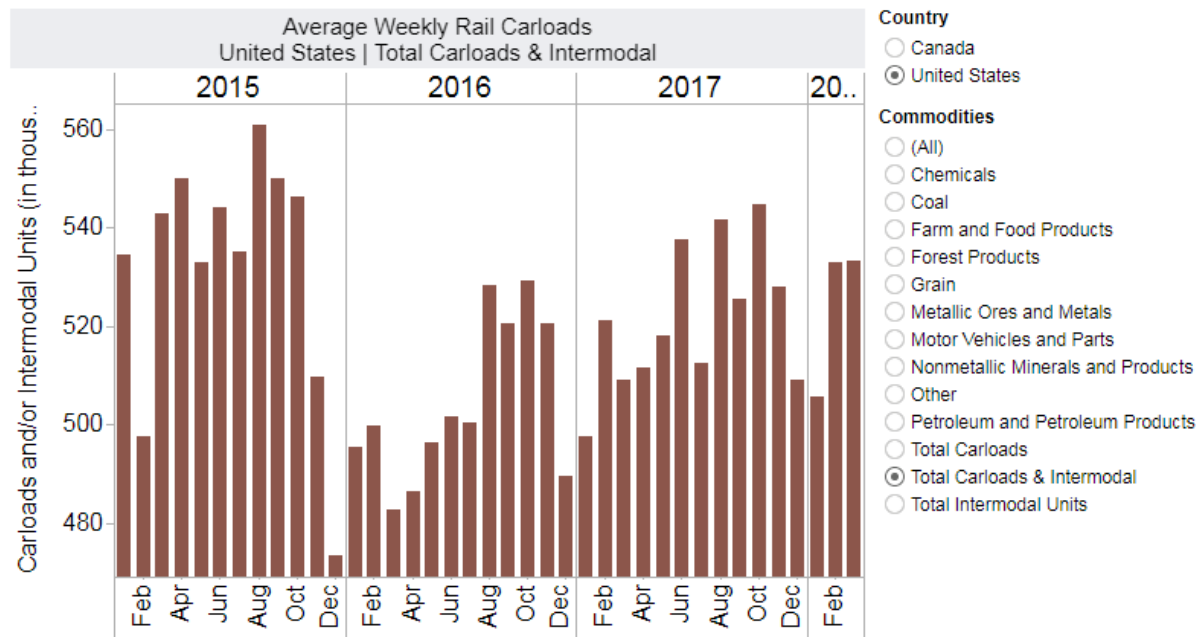
Canadian railroads reported 83,042 carloads for the week, up 6.5 percent, and 69,295 intermodal units, up 10.7 percent compared with the same week in 2017. For the first 14 weeks of 2018, Canadian railroads reported cumulative rail traffic volume of 2,016,093 carloads, containers and trailers, up 3 percent.

Mexican railroads reported 20,542 carloads for the week, down 6.3 percent compared with the same week last year, and 16,703 intermodal units, down 2.9 percent. Cumulative volume on Mexican railroads for the first 14 weeks of 2018 was 530,721 carloads and intermodal containers and trailers, down 1.9 percent from the same point last year.

<https://www.aar.org/news/rail-traffic-for-the-week-ending-april-7-2018/>

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Monthly Rail Traffic Charts



*Canada - Figures for Canada include the U.S. operations of Canadian railroads.

**United States - Figures for the U.S. exclude the U.S. operations for Canadian



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

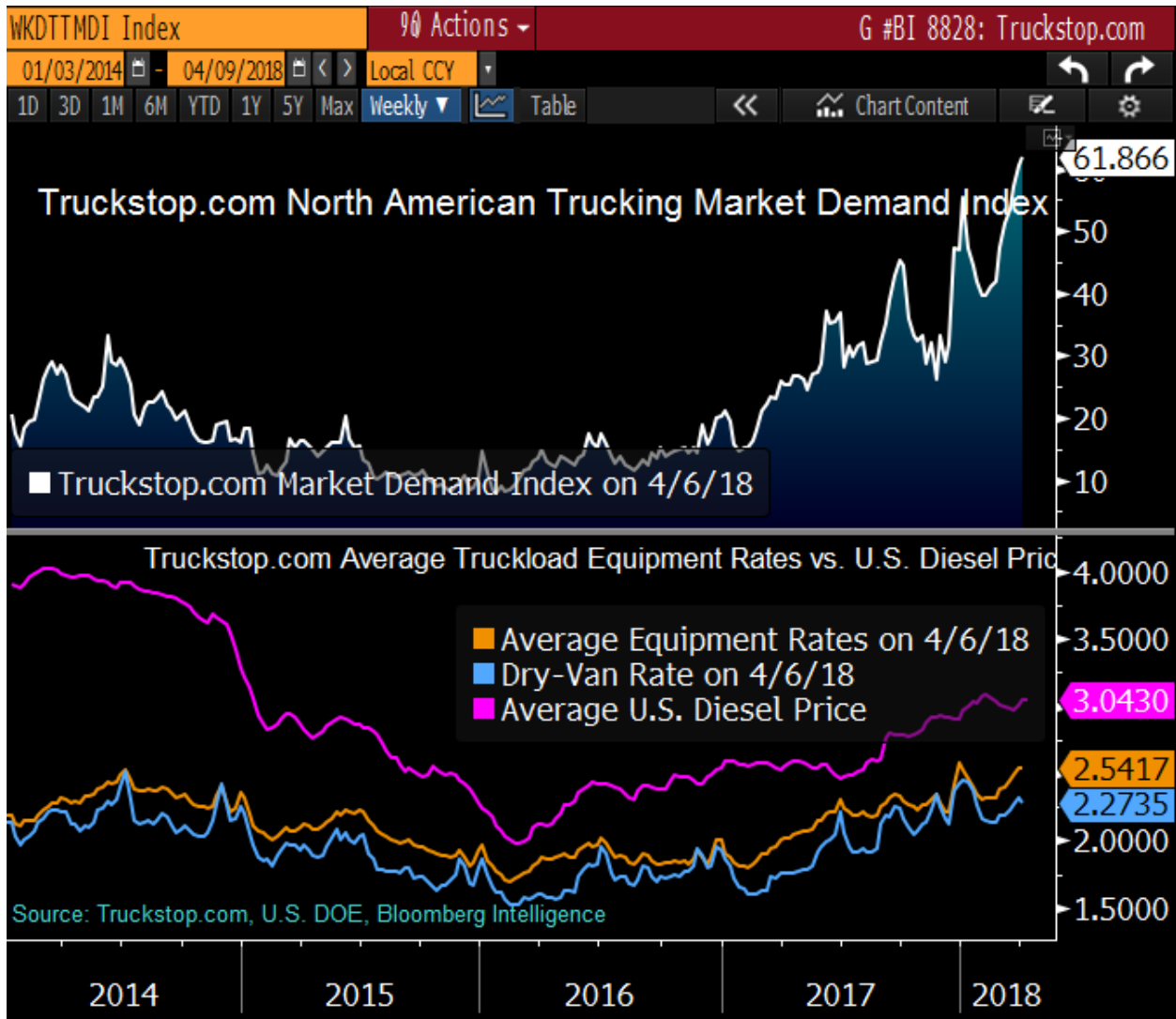
Trailer Truck Demand

(Bloomberg Intelligence) – 04/09/18 Truckstop.com Market Demand Index, Average Rates (Bloomberg Intelligence) --Relative North American spot-trucking demand rose 2.4% sequentially to a new high of 61.9 in the week ended April 6, based on Truckstop.com's Market Demand Index. Capacity tightened for the eighth straight week as the 4% increase in available loads outpaced the 1.6% gain in available trucks. Average spot rates, excluding fuel surcharges, rose for the ninth consecutive week (0.7%) and are up 27% this year. Capacity pressures could help truckload carriers with spot market exposure surpass 1Q earnings expectations. Companies Impacted: USA Truck, Knight-Swift, Werner, J.B. Hunt, Schneider, Marten and other publicly traded 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:

Lee A Klaskow at lklaskow1@bloomberg.net

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GDP

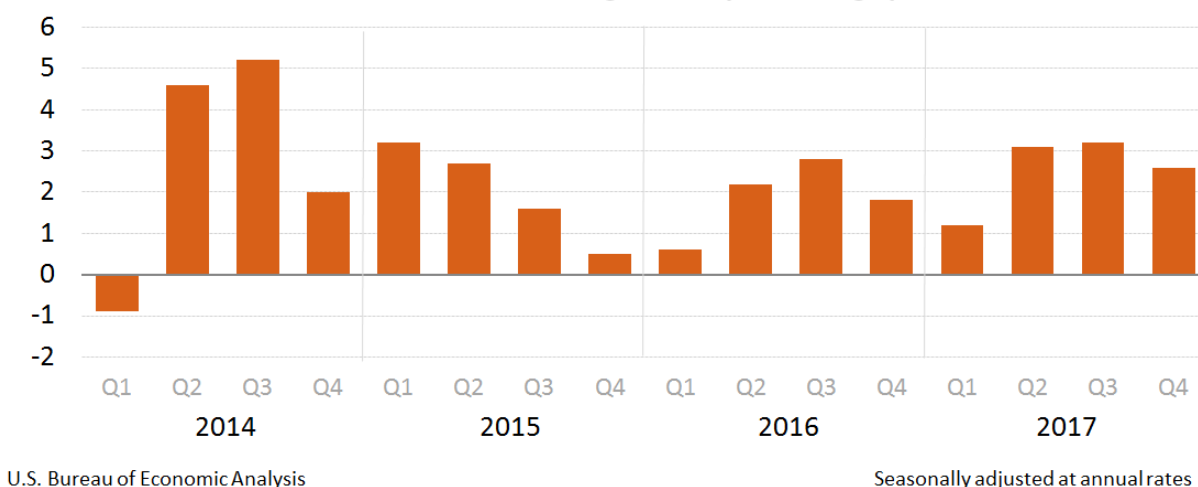
U.S. Department of Commerce, Bureau of economic analysis

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

GDP, Personal Income, Outlays, Consumer Spending, Corporate Profits and Fixed Assets

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Real GDP: Percent change from preceding quarter



GDP-1Q is running at *2.27% as of 4/13/18 v. *2.22% on 4/10/18

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

Atlanta Fed GDPNow...Latest forecast Q1 2018: 2.0% —April 10, 2018

The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the first quarter of 2018 is **2.0 percent** on April 10, down from 2.3 percent on April 5. After the employment report from the U.S. Bureau of Labor Statistics on April 6, the nowcast of first-quarter real consumer spending growth fell from 1.3 percent to 1.1 percent and the nowcast of first-quarter real private fixed investment growth fell from 5.3 percent to 4.5 percent. The model's estimate of the dynamic factor for March—normalized to have mean 0 and standard deviation 1 and used to forecast the yet-to-be released monthly GDP source data—declined from 1.43 to 0.25 after the employment report.

The next GDPNow update is **Monday, April 16**. 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...Q1 2018: 2.8%...April 13, 2018

The New York Fed Staff Nowcast stands at 2.8% for 2018:Q1 and 2.9% for 2018:Q2.

This week's data releases left the nowcast for both quarters broadly unchanged.

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

St. Louis Fed Real GDP Nowcast... Q1 2017: 1.97%...April 13, 2018

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

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MANUFACTURING AT A GLANCE

MARCH 2018

Index	Series Index Mar	Series Index Feb	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	59.3	60.8	-1.5	Growing	Slower	19
New Orders	61.9	64.2	-2.3	Growing	Slower	27
Production	61.0	62.0	-1.0	Growing	Slower	19
Employment	57.3	59.7	-2.4	Growing	Slower	18
Supplier Deliveries	60.6	61.1	-0.5	Slowing	Slower	18
Inventories	55.5	56.7	-1.2	Growing	Slower	3
Customers' Inventories	42.0	43.7	-1.7	Too Low	Faster	18
Prices	78.1	74.2	+3.9	Increasing	Faster	25
Backlog of Orders	59.8	59.8	0.0	Growing	Same	14
New Export Orders	58.7	62.8	-4.1	Growing	Slower	25
Imports	59.7	60.5	-0.8	Growing	Slower	14
OVERALL ECONOMY				Growing	Slower	107
Manufacturing Sector				Growing	Slower	19

Average for 12 months - 58.2

High - 60.8

Low - 55.3

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

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US Census Bureau (Manufacturers' Shipments, Inventories and Orders).

<http://www.census.gov/manufacturing/m3/>

Our Nation in numbers

The Constitution gives us four missions...

- 1. Establish Justice and Ensure Domestic Tranquility.**
- 2. Provide for the Common Defense.**
- 3. Promote the General welfare.**
- 4. Secure the Blessings of Liberty to Ourselves and Our Posterity.**

www.usafacts.org

US Foreign Assistance

<http://foreignassistance.gov/>

CBOT Non-Commercial Net Total – Futures Only

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

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