



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 13:38:09 06/13/18 - 06/19/18

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	06/13	06:00				MBA Mortgage Applications	Jun 8	--	--	4.1%	--
22)	06/13	07:30				PPI Final Demand MoM	May	0.3%	--	0.1%	--
23)	06/13	07:30				PPI Ex Food and Energy MoM	May	0.2%	--	0.2%	--
24)	06/13	07:30				PPI Ex Food, Energy, Trade MoM	May	0.2%	--	0.1%	--
25)	06/13	07:30				PPI Final Demand YoY	May	2.8%	--	2.6%	--
26)	06/13	07:30				PPI Ex Food and Energy YoY	May	2.3%	--	2.3%	--
27)	06/13	07:30				PPI Ex Food, Energy, Trade YoY	May	--	--	2.5%	--
28)	06/13	13:00				FOMC Rate Decision (Upper Bou	Jun 13	2.00%	--	1.75%	--
29)	06/13	13:00				FOMC Rate Decision (Lower Bou	Jun 13	1.75%	--	1.50%	--
30)	06/14	07:30				Retail Sales Advance MoM	May	0.4%	--	0.3%	0.2%
31)	06/14	07:30				Retail Sales Ex Auto MoM	May	0.5%	--	0.3%	--
32)	06/14	07:30				Retail Sales Ex Auto and Gas	May	0.4%	--	0.3%	--
33)	06/14	07:30				Retail Sales Control Group	May	0.4%	--	0.4%	0.5%
34)	06/14	07:30				Import Price Index MoM	May	0.5%	--	0.3%	--
35)	06/14	07:30				Import Price Index ex Petroleu	May	0.2%	--	0.1%	--
36)	06/14	07:30				Import Price Index YoY	May	3.9%	--	3.3%	--
37)	06/14	07:30				Export Price Index MoM	May	0.3%	--	0.6%	--
38)	06/14	07:30				Export Price Index YoY	May	--	--	3.8%	--
39)	06/14	07:30				Initial Jobless Claims	Jun 9	223k	--	222k	--

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 H145-1242-2 12-Jun-2018 13:38:09

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Fed Speak Calendar (All times are CST)

Calendars		Alerts		Export		Settings		Economic Calendars			
United States		Browse		05:48:04		06/04/18		- 06/30/18			
Central Banks		All Central Banks				View		Agenda		Weekly	
	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	06/13	13:00				FOMC Rate Decision (Upper Bou...	Jun 13	2.00%	--	1.75%	--
22)	06/13	13:00				FOMC Rate Decision (Lower Bo...	Jun 13	1.75%	--	1.50%	--
23)	06/13	13:30				Fed's Powell Holds Press Conference Following FOMC Decision					
24)	06/19	06:00				ECB's Lane and St. Louis Fed Bullard speak in Sintra, Portugal					
25)	06/20	08:30				Draghi, Lowe and Powell speak in Sintra, Portugal					

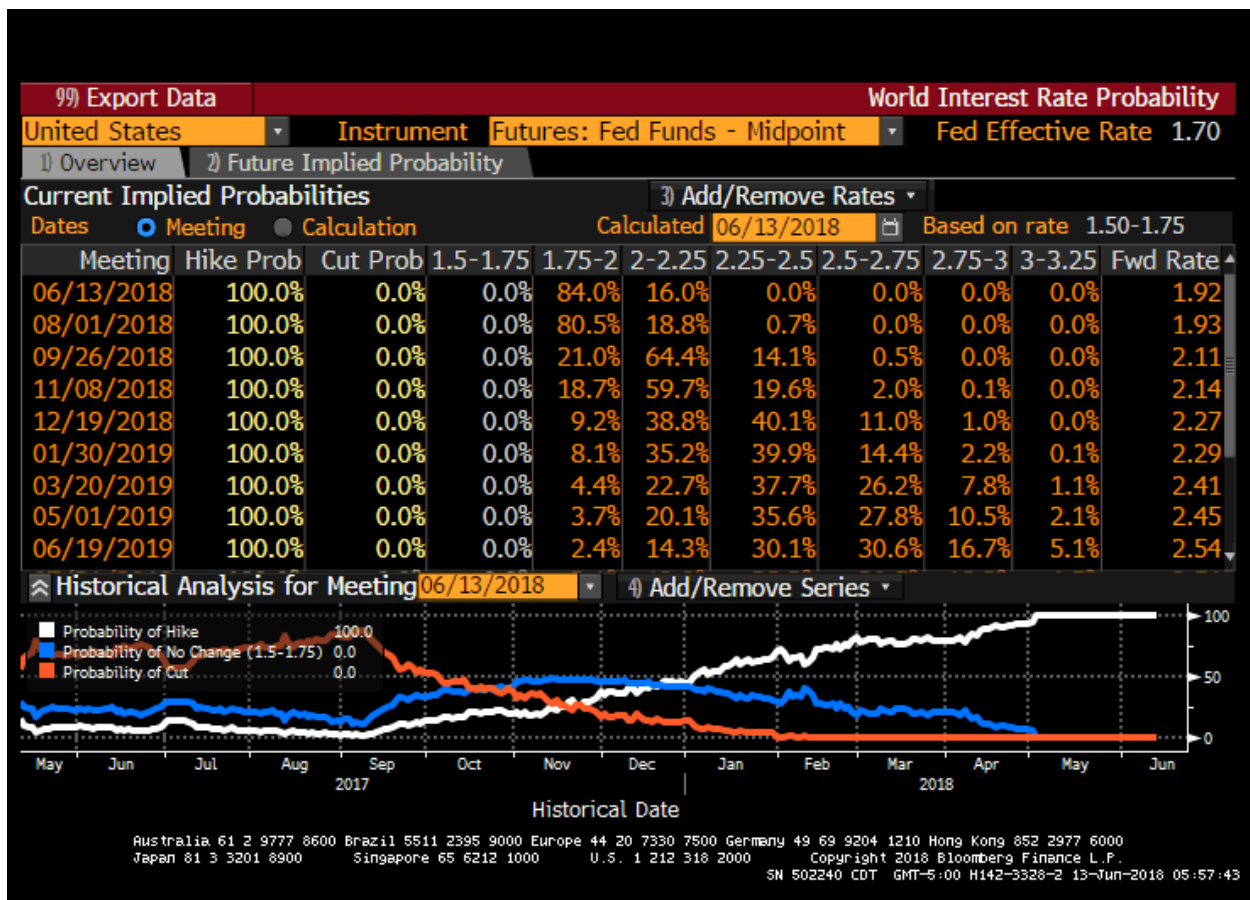
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	Next Offer	Next	Date	CUSIP	\$	Prior	Prior
Bill Auctions	Announcement	Auction	Settles	Numbers	R Bil	Auction	\$ Bln
Cash mgmt	TBA	TBA	TBA	TBA	TBA	02/13/2018	\$50
4-week	06/18/2018	06/19/2018	06/14/2018	912796PQ6	TBA	06/05/2018	\$35
3-month	06/14/2018	06/18/2018	06/21/2018	912796PZ6	TBA	06/11/2018	\$48
6-month	06/14/2018	06/18/2018	06/21/2018	912796QP7	TBA	06/11/2018	\$42
1-year	06/14/2018	06/19/2018	06/21/2018	912796QM4	TBA	05/22/2018	\$26
Note Auctions							
2-year	06/21/2018	06/26/2018	07/02/2018	TBA	TBA	05/22/2018	\$33
3-year	07/05/2018	07/10/2018	06/15/2018	TBA	TBA	06/11/2018	\$32
5-year	06/21/2018	06/27/2018	07/02/2018	TBA	TBA	05/23/2018	\$36
7-year	06/21/2018	06/28/2018	07/02/2018	TBA	TBA	05/24/2018	\$30
10-year	07/05/2018	07/11/2018	06/15/2018	TBA	R TBA	06/11/2018	\$22
Bond Auctions							
30-year	07/05/2018	07/12/2018	06/15/2018	912810SC3	R TBA	05/10/2018	\$14

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TIPS Auctions								
5-yr TIPS	08/16/2018	08/23/2018	08/31/2018	TBA	R	TBA	04/19/2018	\$16
10-yr TIPS	07/12/2018	07/19/2018	07/31/2018	TBA		TBA	05/17/2018	\$11
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	06/21/2018	06/27/2018	06/29/2018	TBA	R	TBA	05/23/2018	\$16
Buyback Operation								
Buyback	TBA	TBA	TBA	TBA		TBA	11/15/2017	\$.025

Current 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

Percent												
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/fomeprojtabl20180321.pdf>

Libor Set

1-Month Libor Set	2.07325	+.01600	(97.92675)
3-Month Libor Set	2.34063	+.00500	(97.65937)
6-Month Libor Set	2.50013	+.00138	(97.49987)
1-Year Libor Set	2.76638	+.00169	(97.23362)

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THEY SAID IT

The Fed is expected to announce a quarter-point interest rate hike when it wraps up its June meeting Wednesday afternoon, but that rate hike is widely anticipated and there are a few other things that could stir up markets more.

<https://www.cnbc.com/2018/06/12/the-fed-is-hiking-rates-wednesday-but-heres-what-else-you-need-to-know.html>

"They don't need much of a change at all for the headline to say four instead of three," said Michael Schumacher, director of rates at Wells Fargo. "The headline will be screaming and say the Fed looks for more aggressive tightening, but in reality if you look at the numbers, it wouldn't be that much different."

The Fed releases its so-called dot plot, a chart with anonymous Fed officials' forecasts on interest rate expectations. The chart currently shows three rate hikes for this year, but it's a very close call based on the positioning of the dots, so any slight move could add an interest rate hike in December. That would be a clear message from the Fed that it is going to be more aggressive. The Fed is likely to bump up its forecast for GDP growth from its current median forecast of 2.7 percent for 2018. Economists currently see second-quarter growth running well ahead of 3 percent. The Fed could leave its outlook for [unemployment about where it is](#), at 3.8 percent for 2018, which is where it was in the month of May.

The Fed could also slightly move its forecast for inflation, which is currently seeing a slight tailwind. The Fed's current forecast expects PCE core inflation at 1.9 percent for this year, and while PCE has been under 2 percent, CPI is running above the Fed target of 2 percent.

A news wire story that Powell is thinking of holding press briefings after every meeting roused markets Tuesday and sent the dollar higher. Marc Chandler, head of foreign exchange strategy at Brown Brothers Harriman, says the market viewed that Dow Jones report as hawkish and as suggesting there is more scope for further rate hikes if Powell needs to meet the press more often.

"If we get a full-blown trade war with China and tariffs on cars, we're in a recession in 2019," says Grant Thornton chief economist Diane Swonk. "With inflation, that's a bad combination for the Fed."

Economists are also listening for any mention by Powell of [emerging markets and whether he expects contagion](#) there or a crisis in Europe, started by Italy.

Economists expect to see the Fed increase its fed funds target range by 25 basis points, to a range of 1.75 to 2 percent. But it could do so by [pushing up the interest on excess reserves by 0.20 percent](#).

That's because the funds rate has risen to the top of its range and the Fed would like to keep it more in the middle. The interest on excess reserves, or IOER, is the interest that the Fed pays banks to keep cash at the central bank.

Specifically, the benchmark is at 1.7 percent, just 0.05 points away from the IOER. The interest rate on excess reserves has historically been a guide for the funds rate and is usually a bit above the Fed's benchmark. But Fed officials were recently concerned the funds rate is rising more quickly than expected, causing a tightening in money markets, according to the minutes from its last meeting.

A solution suggested at the meeting was that the Fed raise the rate paid on reserves by 0.2 percent, while it hikes the funds rate 0.25 percent. This could hold back the funds rate from getting too close to the target ceiling.

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"We believe the 25bp hike in the target range will be implemented by increasing the IOER rate by 20bp, thereby encouraging the effective fed funds rate to trade closer to the middle of the 1.75-2.00% range," wrote J.P. Morgan chief U.S. economist Michael Feroli.

Today, the Permian basin in Texas and New Mexico is the nation's biggest shale oil producing region. But in just a few years, drillers could be pumping enough Permian crude to outmatch every nation in the world except Russia and Saudi Arabia.

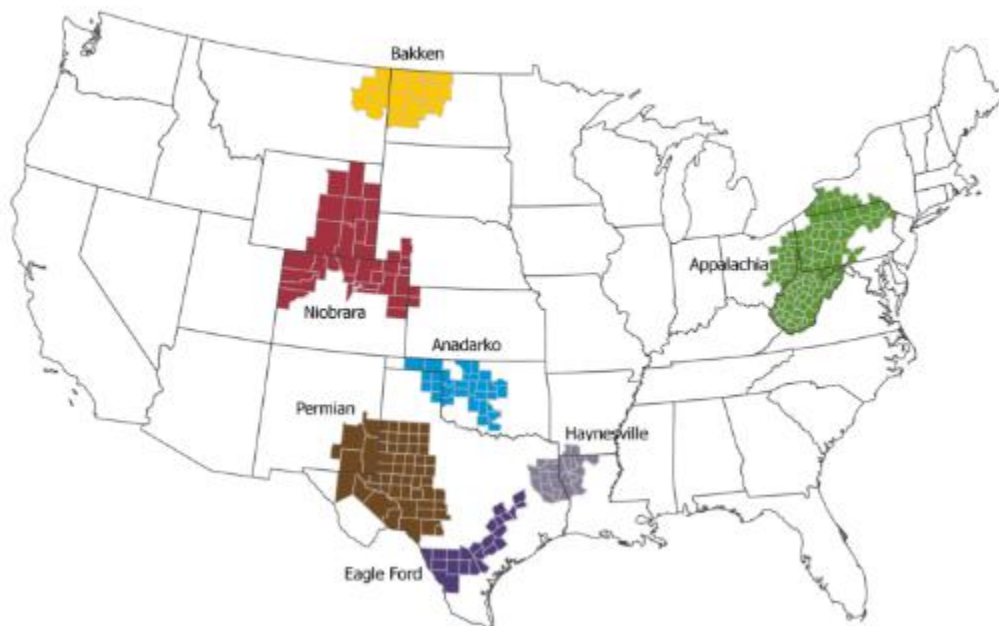
<https://www.cnbc.com/2018/06/13/permian-will-soon-pump-enough-oil-to-be-opecs-2nd-biggest-producer.html>

Output from the region is forecast to more than double between 2017 and 2023, jumping to 5.4 million barrels a day, according to a new estimate from IHS Markit.

That would help the United States graduate from an emerging player in export markets to an established power. IHS thinks the United States could be shipping 4 million bpd to foreign customers, up from 1.1 million bpd last year.

The Permian is one of the nation's shale regions, where drillers use advanced methods to unlock oil and natural gas from rock formations. They pummel the shale rock with water, sand and chemicals — a process known as hydraulic fracturing — and recover oil and gas through horizontal wells.

U.S. shale oil and gas regions, source: Energy Information Administration



At current levels around 3.2 million bpd, the Permian is already pumping more than producer nations like Kuwait, Nigeria and Mexico. If the IHS forecast pans out, the Permian would also leapfrog today's output from Canada, China and Iraq.

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“Trade surpluses are still calculated in a pretty old-fashioned way, based only on goods,” Merkel told a business conference of her Christian Democratic Union party on Tuesday evening. “But if you include services in the trade balance, the U.S. has big surplus with Europe.”

<https://www.bloomberg.com/news/articles/2018-06-12/merkel-calls-out-trump-citing-u-s-services-surplus-with-europe>

Merkel didn't expand on her trade claim, which doesn't match [U.S. data](#). According to the Census Bureau, the European Union had a \$101 billion trade surplus in goods and services with the U.S. last year and a \$30.3 billion surplus in the first quarter of 2018.

Merkel indicated she lobbied Trump to refrain from slapping tariffs on U.S. vehicle imports from Europe, a measure that threatens to hit German carmakers the hardest. She said she proposed a study of the car industry's "strategic importance" on both sides of the Atlantic, followed by talks with the goal of avoiding unilateral measures.

Trump said on Twitter in March that if the EU drops its "horrific barriers & tariffs on U.S. products going in, we will likewise drop ours," but that he would otherwise "tax cars."

U.S. House Speaker [Paul Ryan](#) will advance two competing immigration bills to the full House of Representatives next week in an attempt to resolve a deep split within the Republican Party on legislation to protect illegal "Dreamer" immigrants from deportation.

<https://www.cnbc.com/2018/06/12/us-house-republicans-fail-to-reach-immigration-bill-deal-talks-continue.html>

A spokeswoman for Ryan said in a statement that debate on the bills is intended to "resolve the border security and immigration issues" that have been roiling House Republicans for several weeks.

But details of the contents of those bills were not immediately available.

North America will host the 2026 World Cup after FIFA voters overwhelmingly opted for the financial and logistical certainty of a United States-led bid over a risky Moroccan proposal for the first 48-team tournament.

<https://www.cnbc.com/2018/06/13/fifa-votes-to-play-2026-world-cup-in-north-america-over-moroccan-bid.html>

The soccer showpiece will return to the [U.S.](#) for the first time since 1994 after gaining 134 votes, while Morocco got 65 at the FIFA Congress in Moscow on Wednesday.

The vote by football federations was public, in contrast to the secrecy surrounding the ballot by FIFA's elected board members for the 2018 and 2022 hosts, Russia and Qatar, in 2010.

The U.S. proposed staging 60 out of the 80 games in 2026, when 16 teams will be added to the finals, leaving [Canada](#) and [Mexico](#) with 10 fixtures each.

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EQUITIES

The S&P is +5 and the NASDAQ is +23.

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 -0.26%.

In the UK, the swap curve is flatter with yields lower.

BOE Rate +0.50%. (No change).

Next meeting 06/21/18

On the European Continent

The CAC Index closed -0.18%.

The DAX Index closed +0.06%.

On the Continent, the swap curve is slightly steeper with yields mixed.

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

Deposit Facility Rate -.40%

Next meeting 06/14/18

ASIA

Japan:

The TOPIX closed +0.33%.

The NIKKEI closed +0.33%.

In Japan, the swap curve is slightly steeper with yields mixed.

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

Next meeting 06/15/18

China:

The Hang Seng closed +0.13%.

The Shanghai Composite closed +0.89%.

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

EDU8: 97-54.0 is the pivot. Below the pivot, you should be short, above long. Support is at 97-47.5**.

Resistance is at 97-54.0^ and 97-60.5**.

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

** 2-STD Deviations from the pivot point.

Current trend has you short from 97-53.5 (6/1/18).



YTD (per contract)

2018 +38.0 ticks (+\$950.00)

2017 +33.0 ticks (+\$825.00)

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10yr/TYU8: 119-11.0 is the pivot point. Above you should be long, below short.

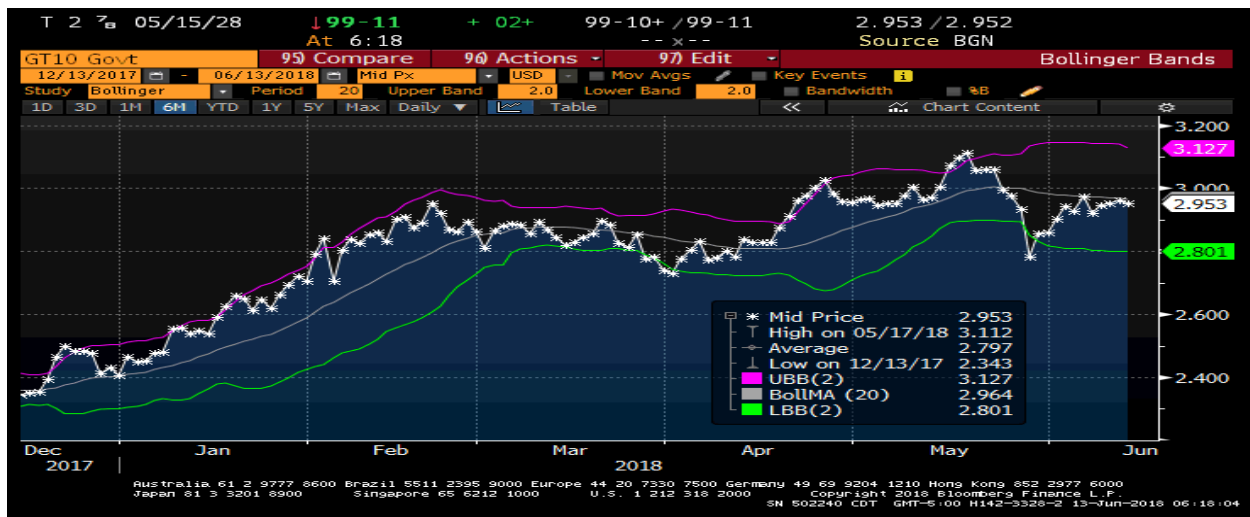
Support is at **117-29.0***

Resistance is at **119-11.0^** and **120-25.5**

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

** 2-STD Deviations from the pivot point

Current trend has you long from 118-31.0 (5/23/18)



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YTD (per contract)

(2018) +98.0 futures ticks (\$31.25 per tick) or +\$3,062.25.

(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:		05/13/2018		-		06/13/2018		1 Month					
40 Semi Swaps		41 Sprs to Gov.		42 Ann Swaps		43 Ann Sprs		44 OIS Swaps		45 CME/LCH Sprs			
Tenor	Bid	Ask	Mid	Change	Today	#SD	Δ/da	Low	Range	High	Avg +/-BPS	PCS	CMPN
1) 1 YR	2.610 / 2.613		2.611	0.010			0.3	2.434		2.613	2.558	5.5	1.5
2) 2 YR	2.814 / 2.817		2.816	0.006			0.1	2.544		2.832	2.759	5.8	1.0
3) 3 YR	2.898 / 2.899		2.899	0.003			0.0	2.606		2.952	2.852	4.7	0.7
4) 4 YR	2.934 / 2.935		2.935	0.001			0.0	2.647		3.015	2.899	3.6	0.5
5) 5 YR	2.951 / 2.953		2.952	0.000			0.0	2.674		3.055	2.926	2.7	0.4
6) 6 YR	2.964 / 2.968		2.966	-0.001			0.0	2.695		3.081	2.948	2.0	0.3
7) 7 YR	2.977 / 2.979		2.978	-0.003			0.0	2.717		3.612	2.965	1.4	0.2
8) 8 YR	2.989 / 2.990		2.989	-0.007			-0.1	2.744		3.122	2.982	0.8	0.1
9) 9 YR	3.002 / 3.002		3.001	-0.007			-0.1	2.767		3.140	3.000	0.3	0.0
10) 10 YR	3.016 / 3.016		3.016	-0.008			-0.1	2.788		3.182	3.016	0.0	0.0
11) 15 YR	3.054 / 3.057		3.056	-0.011			-0.2	2.850		3.205	3.062	-0.5	-0.1
12) 20 YR	3.061 / 3.061		3.059	-0.014			-0.2	2.870		3.214	3.071	-1.0	-0.1
13) 25 YR	3.047 / 3.047		3.047	-0.010			-0.1	2.835		3.201	3.057	-1.0	-0.1
14) 30 YR	3.024 / 3.025		3.024	-0.011			-0.2	2.844		3.178	3.036	-1.1	-0.2

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 502340 CDT GMT-5:00 H142-3328-2 13-Jun-2018 06:01:35

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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.



Charge-off Delinquency Rates on Loans and Leases at Commercial Banks

<https://www.federalreserve.gov/releases/chargeoff/delallsa.htm>

St. Louis Fed Agriculture Finance Monitor 1st quarter 2018

For the seventeenth consecutive quarter, agricultural bankers in the Eighth Federal Reserve District, on net, reported that farm income had declined compared with a year earlier. This quarter's survey assesses agricultural finance conditions during the first quarter of 2018. Bankers also reported that farm household spending and capital expenditures remained below year-earlier levels in the first quarter. Compared with the previous survey, slightly more bankers were more optimistic about the prospects for farm income, household income, and capital expenditures over the next three months. Quality farmland values fell slightly in the first quarter from a year earlier, as did cash rents on quality farmland. By contrast, ranchland or pastureland values rose sharply in the first quarter, as did cash rents on this type of land. Judging from the expectations for several farm-related metrics reported last quarter, respondents generally believe that economic conditions in the farm economy in the first quarter of 2018 were modestly better than anticipated three months earlier. Interest rates on four of the six fixed- and variable-rate loan categories rose slightly in the first quarter. There were three special questions in this quarter's survey. Results from the first question indicated that nearly all bankers made loans to row crop farmers, while roughly three-quarters made loans to farmers with cattle operations. The second and third special

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questions looked at off-farm income for farmers. Nearly four of five bankers reported that half or less of the farmers they lend to have full- or part-time off-farm jobs. A similar percentage indicated that half or less of the farmers they lend to would have difficulty servicing their farm-related debt without off-farm income.

<https://research.stlouisfed.org/publications/regional/ag-finance/2018/05/10/2018-first-quarter/>

How do Farm Incomes Compare to the average population

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

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.	8 June 2018	1,062	+2	1 June 2018	+135	9 June 2017
Canada	8 June 2018	112	+13	1 June 2018	-20	9 June 2017
International	May 2018	967	-11	April 2018	+10	May 2017

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

EV Outlook 2018

Executive summary:

Sales of new electric cars worldwide surpassed 1 million units in 2017 – a record volume. This represents a growth in new electric car sales of 54% compared with 2016. Electric cars accounted for 39% of new car sales in Norway in 2017 – the world’s most advanced market of electric cars in terms of sales share. 2 Iceland and Sweden, the next two most successful markets, achieved 11.7% and 6.3% electric car sales share, respectively, in 2017. 3 More than half of global sales of electric cars were in the People’s Republic of China (hereafter, “China”), where electric cars had a market share of 2.2% in 2017. Electric cars sold in the Chinese market more than doubled the amount delivered in the United States, the second-largest electric car market globally. Electrification of other transport modes is also developing quickly, especially for two-wheelers and buses. In 2017, sales of electric buses were about 100 000 and sales of two-wheelers are estimated at 30 million; for both modes, the vast majority was in China.

<https://www.iea.org/gevo2018/>

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

In 2017, about 4,015 billion kilowatthours (kWh) (or 4.01 trillion kWh) of electricity were generated at utility-scale facilities in the United States.¹ About 63% of this electricity generation was from fossil fuels (coal, natural gas, petroleum, and other gases). About 20% was from nuclear energy, and about 17% was from renewable energy sources. The U.S. Energy Information Administration estimates that an additional 24 billion kWh of electricity generation was from small-scale solar photovoltaic systems in 2017.²

U.S. electricity generation by source, amount, and share of total in 2017 ¹		
Energy source	Billion kWh	Share of total
Total - all sources	4,015	
Fossil fuels (total)	2,495	62.7%
Natural gas	1,273	31.7%
Coal	1,208	30.1%
Petroleum (total)	21	0.5%
Petroleum liquids	13	0.3%
Petroleum coke	9	0.2%
Other gases	14	0.4%
Nuclear	805	20.0%
Renewables (total)	687	17.1%
Hydropower	300	7.5%
Wind	254	6.3%
Biomass (total)	64	1.6%
Wood	43	1.1%
Landfill gas	11	0.3%
Municipal solid waste (biogenic)	7	0.2%
Other biomass waste	3	0.1%
Solar (total)	53	1.3%
Photovoltaic	50	1.2%
Solar thermal	3	0.1%
Geothermal	16	0.4%
Pumped storage hydropower ³	-6	-0.2%
Other sources	13	0.3%

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

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TRANSPORTS

Association of American Railroads Rail Traffic Report.

U.S. railroads originated 1,319,420 carloads in May 2018, up 3.2 percent, or 41,078 carloads, from May 2017. U.S. railroads also originated 1,398,203 containers and trailers in May 2018, up 6.6 percent, or 86,010 units, from the same month last year. Combined U.S. carload and intermodal originations in May 2018 were 2,717,623, up 4.9 percent, or 127,088 carloads and intermodal units from May 2017.

In May 2018, 15 of the 20 carload commodity categories tracked by the AAR each month saw carload gains compared with May 2017. These included: crushed stone, sand & gravel, up 16,811 carloads or 13.7 percent; chemicals, up 9,368 carloads or 6.1 percent; and coal, up 6,707 carloads or 1.7 percent. Commodities that saw declines in May 2018 from May 2017 included: nonmetallic minerals, down 4,187 carloads or 17 percent; metallic ores, down 2,254 carloads or 6.6 percent; and all other carloads, down 2,076 carloads or 6.9 percent.

“In May, U.S. rail carloads were higher in 15 of the 20 carload commodity categories the AAR tracks, including nearly all of the major ones,” said AAR Senior Vice President of Policy and Economics John T. Gray. “In addition, intermodal volume in May was the second highest for any month in history. Right now, the economy is clicking, and railroads are both beneficiaries and enablers of that. One potential cloud on the horizon, though, involves trade. Freight railroads are essential to the flow of goods and rely on sensible trade policy. We’re hopeful that federal policymakers will recognize that an unnecessary trade war would do far more harm than good.” Excluding coal, carloads were up 34,371 carloads, or 3.9 percent, in May 2018 from May 2017. Excluding coal and grain, carloads were up 31,198 carloads, or 4.1 percent.

Total U.S. carload traffic for the first five months of 2018 was 5,666,645 carloads, up 1.2 percent, or 66,071 carloads, from the same period last year; and 5,993,584 intermodal units, up 6 percent, or 336,944 containers and trailers, from last year.

Total combined U.S. traffic for the first 22 weeks of 2018 was 11,660,229 carloads and intermodal units, an increase of 3.6 percent compared to last year.

Week Ending June 2, 2018

Total U.S. weekly rail traffic was 509,740 carloads and intermodal units, up 3.2 percent compared with the same week last year, which also included the Memorial Day holiday.

Total carloads for the week ending June 2 were 252,162 carloads, up 0.2 percent compared with the same week in 2017, while U.S. weekly intermodal volume was 257,578 containers and trailers, up 6.3 percent compared to 2017.

Eight of the 10-carload commodity groups posted an increase compared with the same week in 2017. They included nonmetallic minerals, up 1,690 carloads, to 36,410; petroleum and petroleum products, up 1,629 carloads, to 10,810; and chemicals, up 1,392 carloads, to 31,129. Commodity groups that posted decreases compared with the same week in 2017 were coal, down 6,380 carloads, to 76,242; and grain, down 332 carloads, to 22,537.

North American rail volume for the week ending June 2, 2018, on 12 reporting U.S., Canadian and Mexican railroads totaled 352,936 carloads, up 1.5 percent compared with the same week last year, and 339,482 intermodal units, up 3.2 percent compared with last year. Total combined weekly rail traffic in North America was 692,418 carloads and intermodal units, up 2.3 percent. North American rail volume for the first 22 weeks of 2018 was 15,720,523 carloads and intermodal units, up 3.2 percent compared with 2017.

Canadian railroads reported 79,929 carloads for the week, up 6.4 percent, and 65,817 intermodal units, down 2.2 percent compared with the same week in 2017. For the first 22 weeks of 2018,

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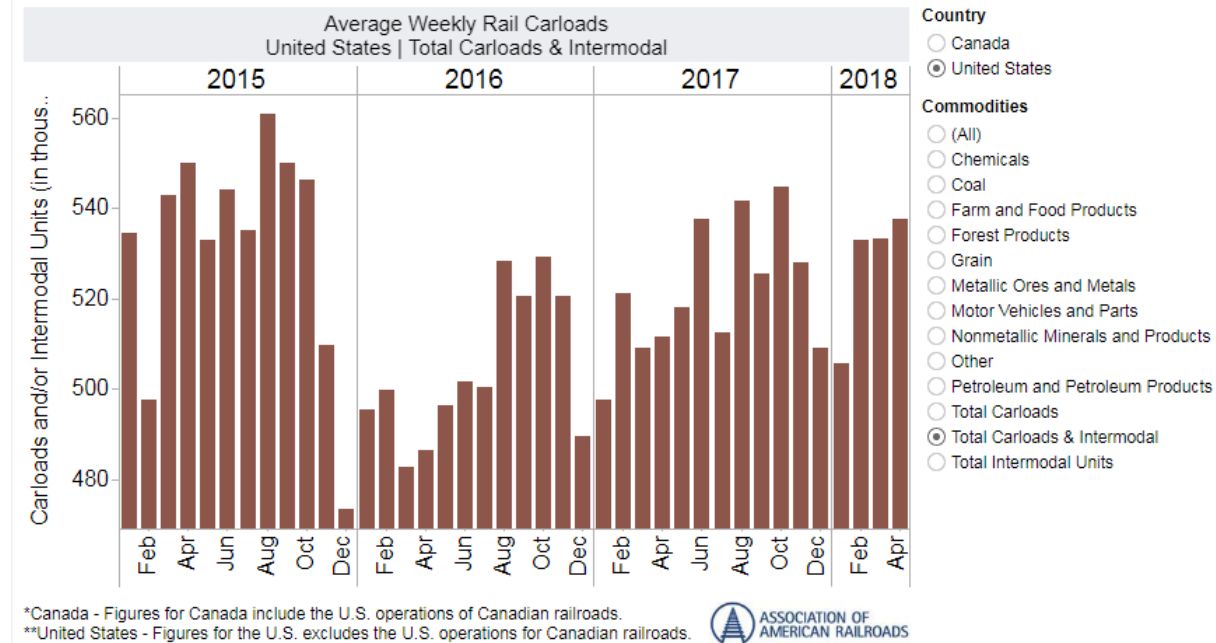
Canadian railroads reported cumulative rail traffic volume of 3,227,394 carloads, containers and trailers, up 3.4 percent.

Mexican railroads reported 20,845 carloads for the week and 16,087 intermodal units.

Cumulative volume on Mexican railroads for the first 22 weeks of 2018 was 832,900 carloads and intermodal containers and trailers.

<https://www.aar.org/news/rail-traffic-for-the-week-ending-june-2-2018/>

Monthly Rail Traffic Charts



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

Trailer Truck Demand (Bloomberg Intelligence) – 06/11/18

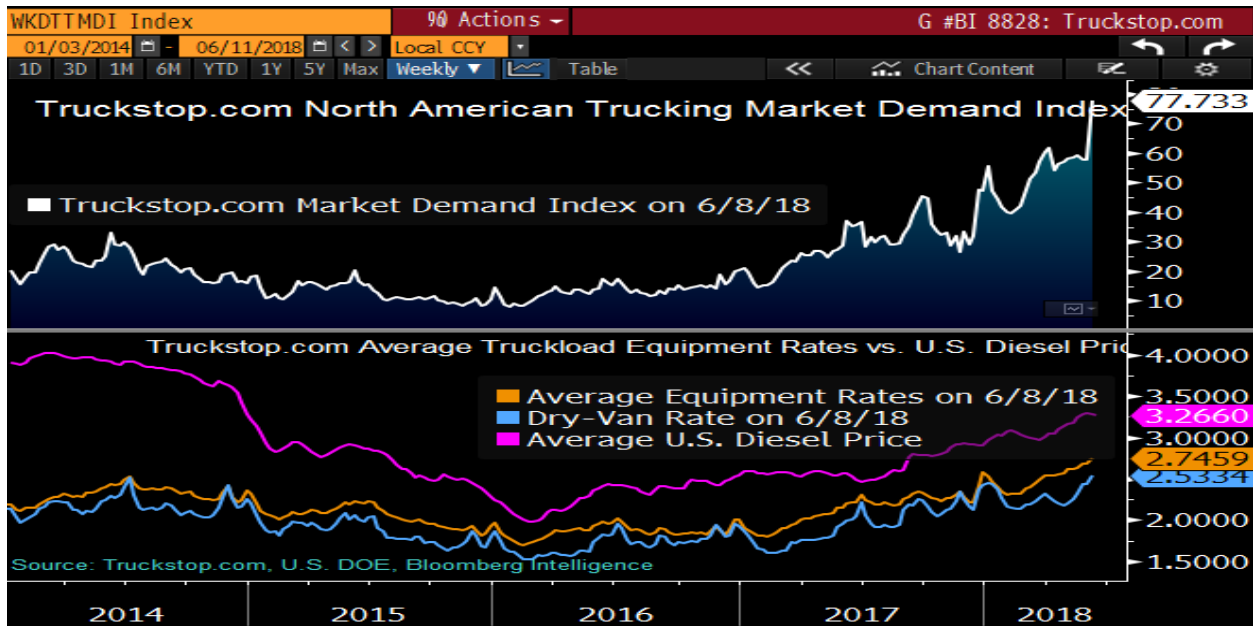
Relative North American spot-trucking demand soared 35% sequentially to 77.3 in the week ended June 8, based on Truckstop.com's Market Demand Index. The surge was due to annual roadcheck inspections June 5-7 across North America. The checks organized by CVSA targeted hours of service, which remain a prime focus after the April 1 hard enforcement deadline for electronic logging devices. Tighter capacity drove spot rates, excluding fuel surcharges, 2.8% higher, in what remains the strongest pricing environment in recent history.

Companies Impacted: USA Truck, Knight-Swift, J.B. Hunt, Werner 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:

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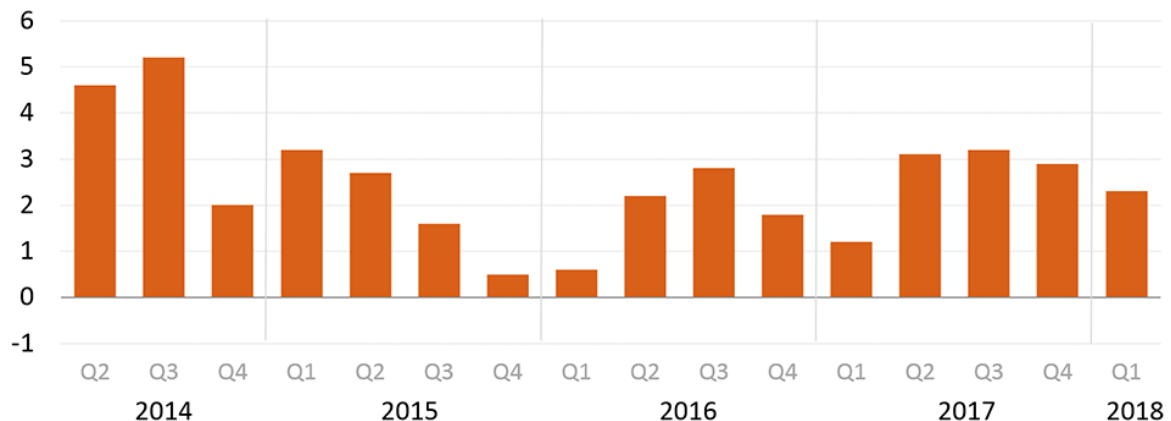
GDP

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

Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted at annual rates

GDP-2Q is running at *4.08% as of 6/8/18 v. *4.10% as of 6/6/18

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

Atlanta Fed GDPNow...Q2 2018: 4.6 % —June 8, 2018

The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the second quarter of 2018 is **4.6 percent** on June 8, up from 4.5 percent on June 6. After this morning's wholesale trade release from the U.S. Census Bureau, the nowcast of the contribution of inventory investment to second-quarter real GDP growth increased from 0.99 percentage points to 1.06 percentage points.

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*The next GDPNow update is **Thursday, June 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...Q2 2018: 3.1%...June 8, 2018

The New York Fed Staff Nowcast stands at 3.1% for 2018:Q2 and 2.9% for 2018:Q3.

News from this week's data releases decreased the nowcast for 2018:Q2 by 0.2 percentage point and decreased the nowcast for 2018:Q3 by 0.1 percentage point.

Negative surprises from lower than expected exports and imports data accounted for the decrease.

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

St. Louis Fed Real GDP Nowcast... Q2 2018: 4.55%...June 8, 2018

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

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MANUFACTURING AT A GLANCE
MAY 2018

Index	Series Index May	Series Index Apr	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	58.7	57.3	+1.4	Growing	Faster	21
New Orders	63.7	61.2	+2.5	Growing	Faster	29
Production	61.5	57.2	+4.3	Growing	Faster	21
Employment	56.3	54.2	+2.1	Growing	Faster	20
Supplier Deliveries	62.0	61.1	+0.9	Slowing	Faster	20
Inventories	50.2	52.9	-2.7	Growing	Slower	5
Customers' Inventories	39.6	44.3	-4.7	Too Low	Faster	20
Prices	79.5	79.3	+0.2	Increasing	Faster	27
Backlog of Orders	63.5	62.0	+1.5	Growing	Faster	16
New Export Orders	55.6	57.7	-2.1	Growing	Slower	27
Imports	54.1	57.8	-3.7	Growing	Slower	16
OVERALL ECONOMY				Growing	Faster	109
Manufacturing Sector				Growing	Faster	21

Average for 12 months - 58.7

High - 60.8

Low - 56.5

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<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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