

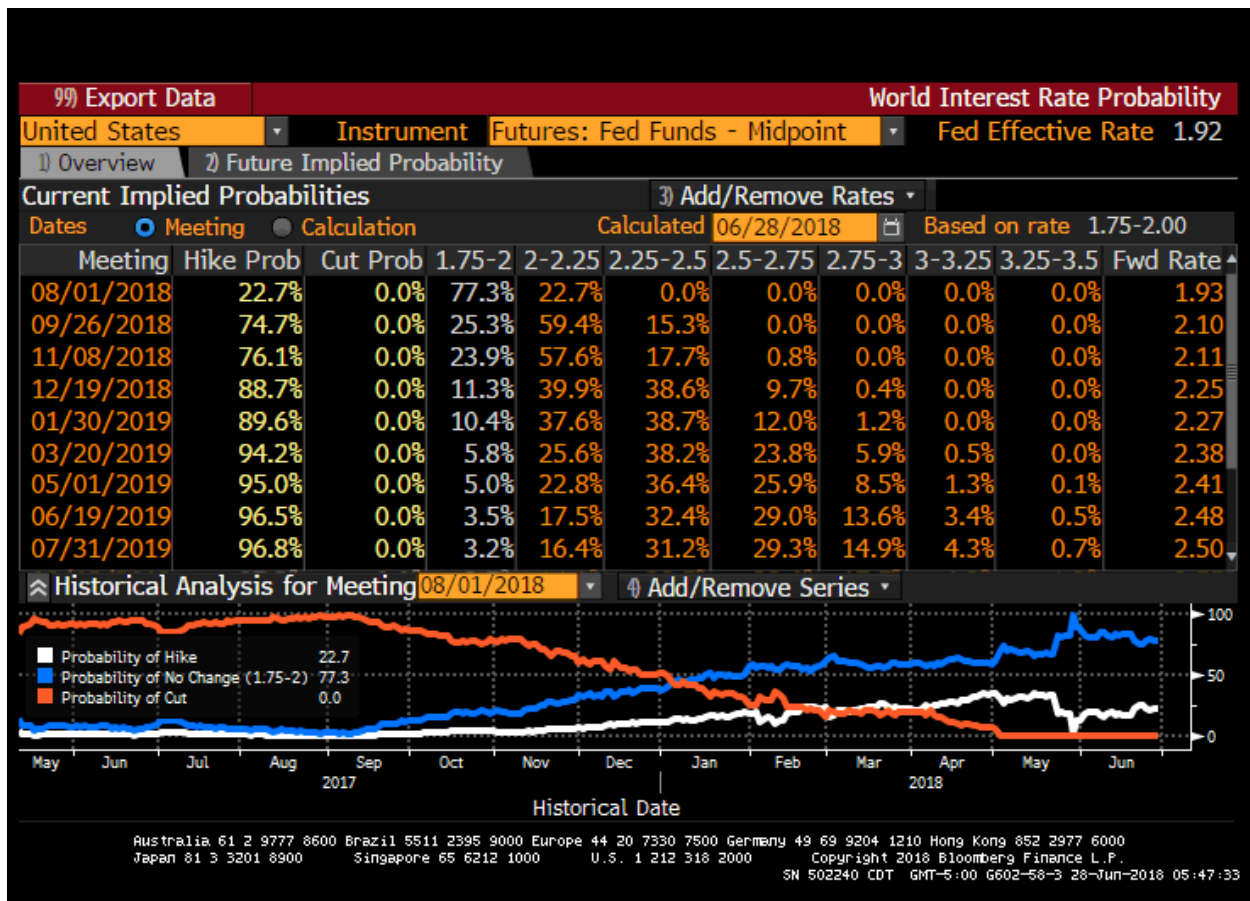


Fixed Income Group A Division of RJ O'Brien

The Missile

www.fixedincomegroup.com

ECO <go>
(All times are CST)



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Fed Speak Calendar
(All times are CST)

Calendars		Alerts		Export		Settings		Economic Calendars			
United States		Browse		14:31:39		06/28/18		- 07/31/18			
Central Banks		All Central Banks				View		Agenda		Weekly	
Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised	
21)	06/28 09:45				Fed's Bullard Speaks on U.S. Economy and Monetary Policy						
22)	06/28 11:00				Fed's Bostic to Meet With Fed Up Coalition in Atlanta						
23)	06/28				Fed Releases Part 2 of Annual Bank Stress Tests						
24)	07/05 13:00				FOMC Meeting Minutes	Jun 13	--	--	--	--	
25)	07/12 07:30				Fed's Kashkari Speaks on Panel Discussing Immigration						
26)	07/13 11:30				Fed's Bostic Holds Town Hall Chat in Northern Virginia						
27)	07/18 13:00				U.S. Federal Reserve Releases Beige Book						

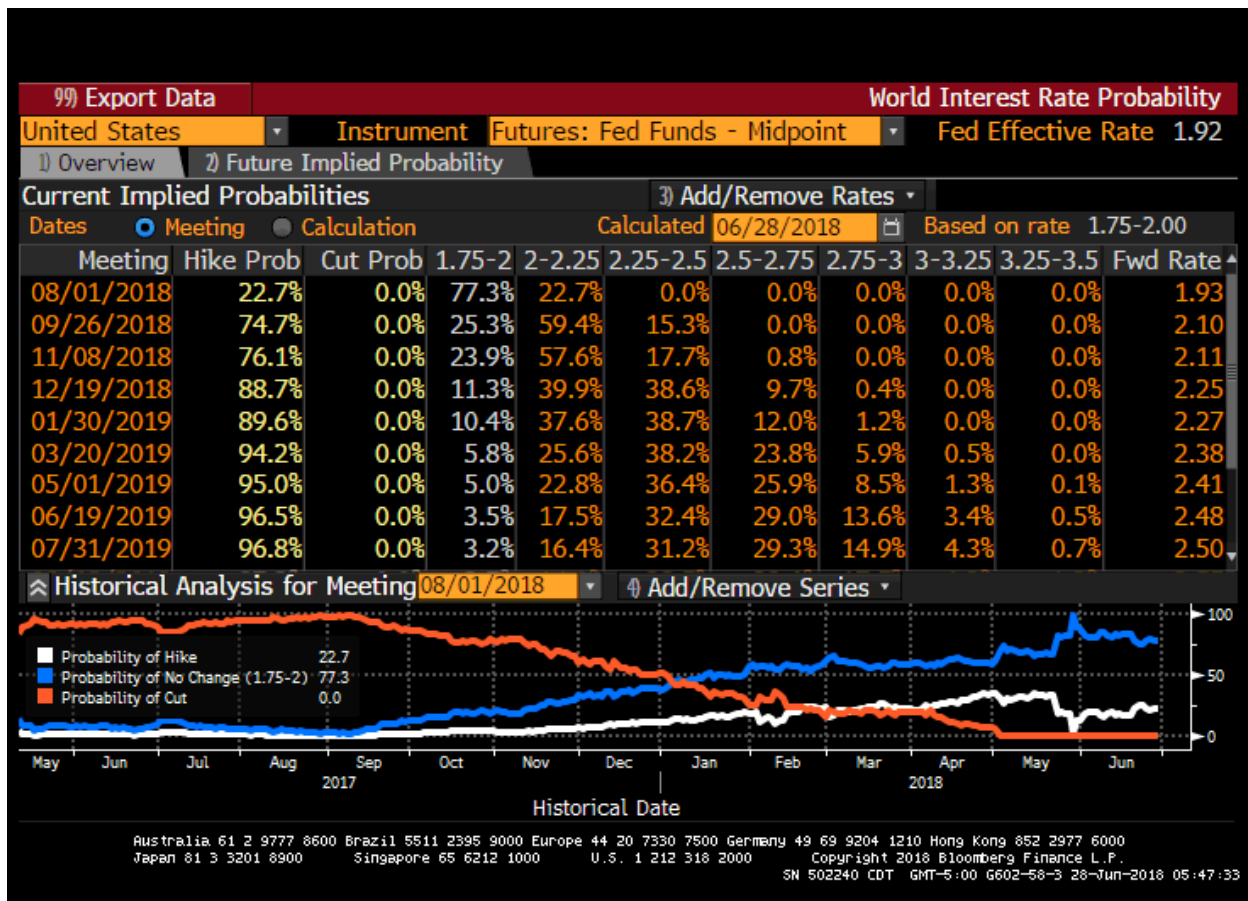
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	Next Offer	Next	Date	CUSIP	\$	Prior	Prior	
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bl	Auction	
Cash mgmt	TBA	TBA	TBA	TBA	TBA	02/13/2018	\$50	
4-week	06/28/2018	07/02/2018	07/05/2018	TBA	TBA	06/26/2018	\$35	
3-month	06/28/2018	07/02/2018	07/05/2018	912796QB8	TBA	06/25/2018	\$48	
6-month	06/28/2018	07/02/2018	07/05/2018	912796PK9	TBA	06/25/2018	\$42	
1-year	07/12/2018	07/17/2018	07/19/2018	TBA	TBA	06/19/2018	\$26	
Note Auctions								
2-year	07/19/2018	07/24/2018	07/31/2018	TBA	TBA	06/26/2018	\$34	
3-year	07/05/2018	07/10/2018	06/15/2018	TBA	TBA	06/11/2018	\$32	
5-year	07/19/2018	07/25/2018	07/31/2018	TBA	TBA	06/27/2018	\$36	
7-year	07/19/2018	06/28/2018	07/02/2018	912828XZ8	\$30	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	TBA	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	10/11/2018	10/18/2018	10/31/2018	TBA	R	TBA	06/21/2018	\$5
Floating Rate Note								
2-year FRN	07/19/2018	06/27/2018	06/29/2018	9128284K3	R	\$16	05/23/2018	\$16
Buyback Operation								
Buyback	TBA	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, June 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	2.8	2.4	2.0	1.8	2.7-3.0	2.2-2.6	1.8-2.0	1.8-2.0	2.5-3.0	2.1-2.7	1.5-2.2	1.7-2.1
March projection	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
Unemployment rate	3.6	3.5	3.5	4.5	3.6-3.7	3.4-3.5	3.4-3.7	4.3-4.6	3.5-3.8	3.3-3.8	3.3-4.0	4.1-4.7
March projection	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
PCE inflation	2.1	2.1	2.1	2.0	2.0-2.1	2.0-2.2	2.1-2.2	2.0	2.0-2.2	1.9-2.3	2.0-2.3	2.0
March projection	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
Core PCE inflation ⁴	2.0	2.1	2.1		1.9-2.0	2.0-2.2	2.1-2.2		1.9-2.1	2.0-2.3	2.0-2.3	
March projection	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	
Memo: Projected appropriate policy path												
Federal funds rate	2.4	3.1	3.4	2.9	2.1-2.4	2.9-3.4	3.1-3.6	2.8-3.0	1.9-2.6	1.9-3.6	1.9-4.1	2.3-3.5
March projection	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

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 March projections were made in conjunction with the meeting of the Federal Open Market Committee on March 20-21, 2018. One participant did not submit longer-run projections for the change in real GDP, the unemployment rate, or the federal funds rate in conjunction with the March 20-21, 2018, meeting, and one participant did not submit such projections in conjunction with the June 12-13, 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/fomcprojtabl20180613.pdf>

Libor Set

1-Month Libor Set	2.09213	-0.00137	(97.90787)
3-Month Libor Set	2.33738	+0.00300	(97.66262)
6-Month Libor Set	2.50125	+0.00062	(97.49875)
1-Year Libor Set	2.76313	+0.00032	(97.23687)

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THEY SAID IT

China is slowing approvals for offshore bonds and considering whether to ban short-dated issuance in dollars, according to people familiar with the matter, moves that would reduce financing options for the debt-laden developers that sit at the center of the nation's economy.

<https://www.bloomberg.com/news/articles/2018-06-28/china-takes-new-steps-to-curb-builders-access-to-foreign-debt>

The National Development & Reform Commission is weighing a ban on the sale of dollar bonds with tenors of less than one year, said the people, who asked not to be named because they're not authorized to speak publicly. The regulator is already restricting offshore issuance quotas for Chinese companies, people said.

The new measures threaten to further constrain cash-strapped property developers even as concerns about China's financial risks ripple across markets. And it's not just funding problems that are plaguing the industry: this week, the housing ministry [escalated](#) a crackdown on property speculation, while the nation's policy banks tightened approvals on new lending for shanty-town redevelopment projects.

Selling bonds that mature in 364 days had become a popular financing tactic because it didn't require pre-approval from the NDRC. The regulator has publicly signaled that it's wary of the offshore issuance boom, saying in a Wednesday [statement](#) that developers are only allowed to use proceeds to refinance existing debt, that some companies are borrowing amounts that are out of proportion with their profits, and that many don't have foreign-currency revenues to protect themselves against the yuan's slide.

"Our stance is steadfast and clear-cut when it comes to China's sovereignty and territorial integrity," Xi said, [according](#) to the official Xinhua News Agency. "We cannot lose one inch of territory passed down by our ancestors. Meanwhile, we want nothing from others."

<https://www.bloomberg.com/news/articles/2018-06-28/xi-warns-mattis-china-won-t-surrender-one-inch-of-territory>

Xi made his remarks while meeting Mattis on Wednesday in Beijing, the first such visit by a U.S. defense chief in more than four years. The comments appeared to be a reference to U.S. complaints about Chinese military deployments in the disputed South China Sea and a push by American lawmakers to [expand ties](#) with the democratically run island of Taiwan, which Beijing considers a province.

Xi can't afford to look weak after the ruling Communist Party repealed presidential term limits in March, and he's pledged to go blow for blow on trade. He has warned against efforts to widen divisions with Taiwan and in April [presided](#) over China's largest-ever naval review in a display of its growing military reach.

The Chinese president's comments were printed on the influential [front page](#) of the party's flagship People's Daily newspaper. Videos [broadcast](#) on Chinese state media showed Mattis studiously taking notes as Xi spoke.

"The recent decision to suspend the Freedom Guardian exercise creates increased opportunity for our diplomats to negotiate, increasing prospects for a peaceful solution on the Korean peninsula," Mattis said, standing alongside his South Korean counterpart.

<https://www.cnbc.com/2018/06/28/mattisassures-south-korea-on-us-troops-says-commitment-ironclad.html>

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U.S. Defense Secretary Jim Mattis on Thursday assured South Korea of an "ironclad" commitment to its security, including keeping current U.S. troop levels, even as diplomats seek an agreement with North Korea on denuclearization. Mattis, during a brief visit to Seoul, also defended President Donald Trump's decision this month to halt "war games" with South Korea, which led to the suspension of the upcoming Freedom Guardian exercise.

Australian lawmakers overwhelmingly passed bills to crack down on foreign interference, with Prime Minister Malcolm Turnbull saying they're needed to stop reported meddling by China and other nations in the nation's government, media and universities.

The legislation [toughens penalties for espionage](#) and requires people or organizations acting in the interest of overseas powers to [register and disclose their ties](#). It was passed with 39 votes in favor with 12 against. A similar bill was introduced in the U.S. Congress that would mandate a report on Chinese attempts to influence American politics, and other Western nations may soon follow with their own regulatory measures.

<https://www.bloomberg.com/news/articles/2018-06-28/australia-passes-anti-foreign-meddling-laws-in-message-to-china>

The laws risk exacerbating diplomatic tensions between China and Australia, which have soured this year after Turnbull cited reports that organizations affiliated with Beijing had attempted to influence national affairs as a catalyst for the bills. As the most China-dependent developed economy, Australia potentially has a lot to lose should relations deteriorate further: Exporters have already said the strained ties were behind delayed shipments into the ports of its [biggest trading partner](#).

"Europe faces many challenges, but that of migration could become the make-or-break one for the EU," Merkel said during a passionate address to the German parliament.

<https://www.cnbc.com/2018/06/28/europes-migration-crisis-is-make-or-break-for-the-eugermanys-mer.html>

"Either we manage it, so others in Africa believe that we are guided by values and believe in multilateralism, not unilateralism, or nobody will believe any longer in the system of values that has made us strong... That is why it is so important," she added.

By Sunday, Merkel is hoping to come away from the Belgian capital with a breakthrough over the bloc's three-year migrant crisis. In doing so, it could help to defuse the simmering political turmoil that continues to threaten her coalition government back home.

Merkel became the nominal architect of migration policy back in 2015 when she decided to allow over 1 million migrants into the country as a necessary step to help its European neighbors. This open-door policy has since been fervently criticized by an increasing number of domestic lawmakers, including many within her own ranks.

"Migration is certainly one of the biggest issues for the European Union and member states have not found any real structural long-term solution of how to manage the question," Leopold Traugott, policy analyst at Open Europe, told CNBC's "Squawk Box" on Thursday.

Merkel's coalition partner, Bavaria's Christian Social Union (CSU), has given her until the end of the EU summit to [alleviate the perceived burden of immigration](#) on Germany. Europe's largest economy has taken in around 1.6 million migrants since 2014.

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Syria's chief opposition negotiator Nasr al-Hariri on Thursday decried "U.S. silence" over a Syrian government offensive in southwest Syria, where Washington agreed a "de-escalation" zone last year with Jordan and Damascus' ally Russia.

<https://www.reuters.com/article/us-mideast-crisis-syria-opposition/syrian-opposition-negotiator-decries-u-s-silence-over-offensive-idUSKBN1JO1K9?il=0>

Speaking in Riyadh, he said that only a "malicious deal" could explain the lack of a U.S. response over the government's Russia-backed campaign in the southwest, after Washington used military force against attacks on allies elsewhere in Syria.

The hot favorite to win Mexico's presidency, Andres Manuel Lopez Obrador, vowed to root out corruption and pacify the gang-ravaged country with a sweeping anti-establishment speech to a stadium full of supporters at his campaign finale.

<https://www.reuters.com/article/us-mexico-election/leftist-vows-to-cleanse-mexico-of-corruption-with-victory-beckoning-idUSKBN1JO0GE>

A trenchant critic of the ruling elite, Lopez Obrador would become Mexico's first left-leaning leader for decades if elected on Sunday, breaking the stranglehold of the ruling Institutional Revolutionary Party (PRI) and its conservative rivals.

Final polls show the former Mexico City mayor with a lead of more than 20 percent over his presidential opponents, PRI candidate Jose Antonio Meade and the second-placed Ricard Anaya of the center-right National Action Party (PAN).

The U.S. House of Representatives rejected a "compromise" immigration bill on Wednesday, as expected, that would have addressed the crisis of families being separated at the U.S.-Mexico border.

<https://www.reuters.com/article/us-usa-immigration/u-s-house-rejects-compromise-bill-on-border-family-separations-idUSKBN1JN1WH>

By a 301-121 vote, the Republican-controlled House rejected a bill that addressed family separations but also gave long-term protections to young "Dreamer" immigrants brought to the country years ago illegally as children, and provided funding for President Donald Trump's proposed U.S.-Mexico border wall.

The House could vote next month on a narrower measure that is being developed and would focus specifically on the family separations issue, although prospects for its passage are uncertain.

The U.S. Supreme Court on Wednesday dealt a big blow to organized labor, ruling that non-members cannot be forced in certain states to pay fees to unions representing public employees such as teachers and police, shutting off a key union revenue source.

<https://www.reuters.com/article/us-usa-court-unions/supreme-court-delivers-blow-to-organized-labor-in-fees-dispute-idUSKBN1JN0H2>

The 5-4 ruling overturned a 1977 Supreme Court precedent that had permitted these so-called agency fees, which have been collected from millions of workers who opt not to join unions in lieu of union dues to fund non-political activities such as collective bargaining. The court's conservative justices were in the majority, with the liberal justices dissenting.

Forcing non-members to pay these fees to unions whose views they may oppose violates their rights to free speech and free association under the U.S. Constitution's First Amendment, the court said in the ruling authored by Justice Samuel Alito.

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EQUITIES

The S&P is +5 and the NASDAQ is +28.

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 +0.02%.

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 -0.36%.

The DAX Index closed -0.71%.

On the Continent, the swap curve is 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 -0.26%.

The NIKKEI closed -0.01%.

In Japan, the swap curve is undulating between flatter and steeper with yields mixed.

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

Next meeting 06/15/18

China:

The Hang Seng closed +0.50%.

The Shanghai Composite closed -0.93%.

PBOC

Deposit Rate: 1.50%

Lending Rate: 4.35%

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7-Day Repo Rate: 2.7603%
Reserve Requirement Ratio: 17.00%

THE TREND

EDU8: 97-53.0 is the pivot. Below the pivot, you should be short, above long.
 Support is at 97-50.5** and 97.53.0^.
 Resistance is at 97-55.5**.

^Pivot Point is a simple 20-day moving average.
 ** 2-STD Deviations from the pivot point.

Trend has rolled over, resulting in a 1.5 tick loss. New trend would have you long but, I have elected to go flat. (6/26/18).



YTD (per contract)
2018 +36.5 ticks (+\$912.50)
2017 +33.0 ticks (+\$825.00)

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10yr/TYU8: 119-22.5 is the pivot point. Above you should be long, below short.

Support is at 119-02.5 and 119-22.5^*

Resistance is at 120-11.0

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

** 2-STD Deviations from the pivot point

Current trend has you long from 119-25.0 (6/22/18). I have elected to go flat and wait for a clearer trend.



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YTD (per contract)

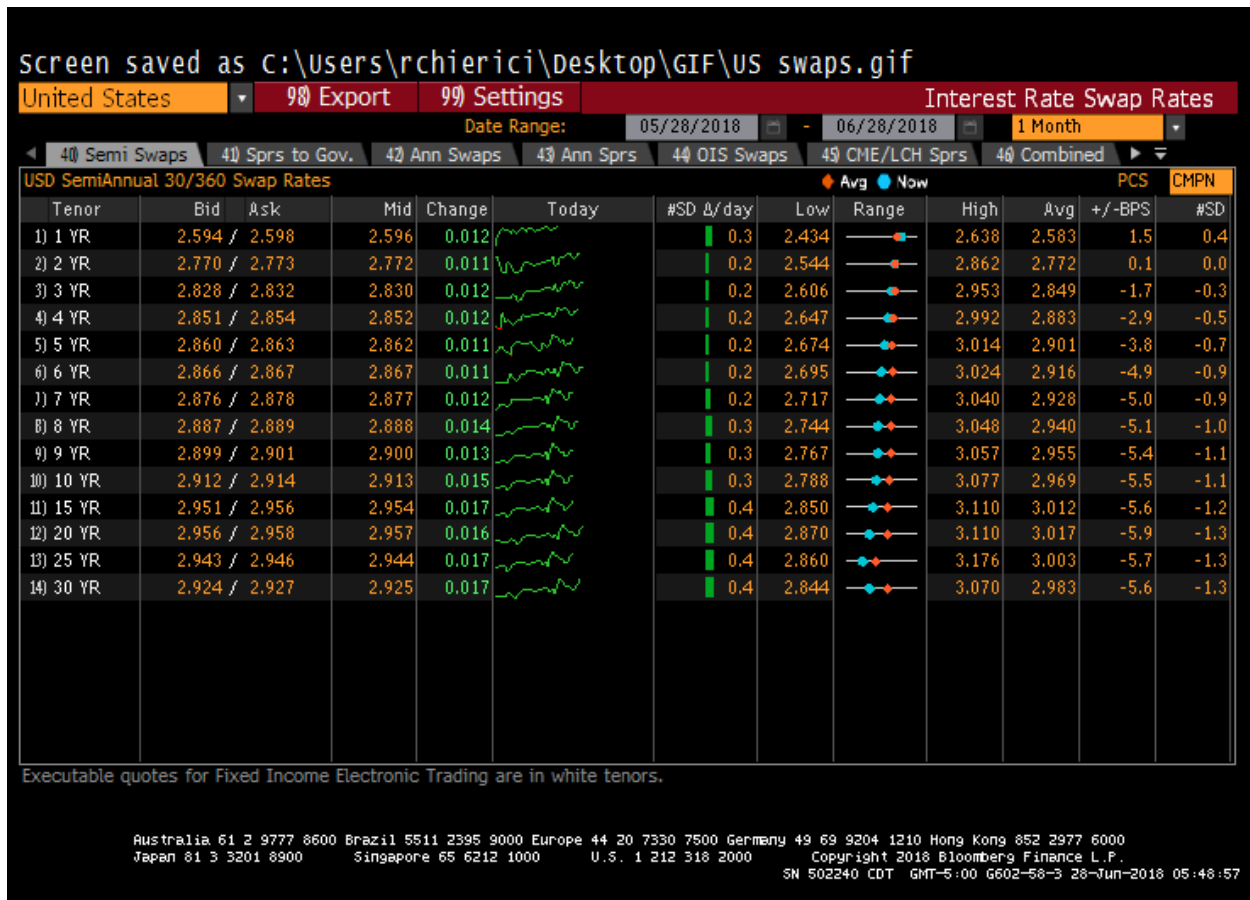
(2018) +106.0 futures ticks (\$31.25 per tick) or +\$3,312.50.

(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>



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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.	22 June 2018	1,052	-7	15 June 2018	+111	23 June 2017
Canada	22 June 2018	160	+21	15 June 2018	-10	23 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.

For the first 25 weeks of 2018, U.S. railroads reported cumulative volume of 6,476,498 carloads, up 1.3 percent from the same point last year; and 6,860,230 intermodal units, up 5.9 percent from last year. Total combined U.S. traffic for the first 25 weeks of 2018 was 13,336,728 carloads and intermodal units, an increase of 3.6 percent compared to last year.

For this week, total U.S. weekly rail traffic was 557,340 carloads and intermodal units, up 3.7 percent compared with the same week last year.

Total carloads for the week ending June 23 were 268,464 carloads, up 2.5 percent compared with the same week in 2017, while U.S. weekly intermodal volume was 288,876 containers and trailers, up 4.9 percent compared to 2017.

Nine of the 10-carload commodity groups posted an increase compared with the same week in 2017.

They included metallic ores and metals, up 2,297 carloads, to 24,786; grain, up 2,237 carloads, to 24,104; and chemicals, up 2,059 carloads, to 32,422. One commodity group posted a decrease compared with the same week in 2017: coal, down 3,103 carloads, to 83,006.

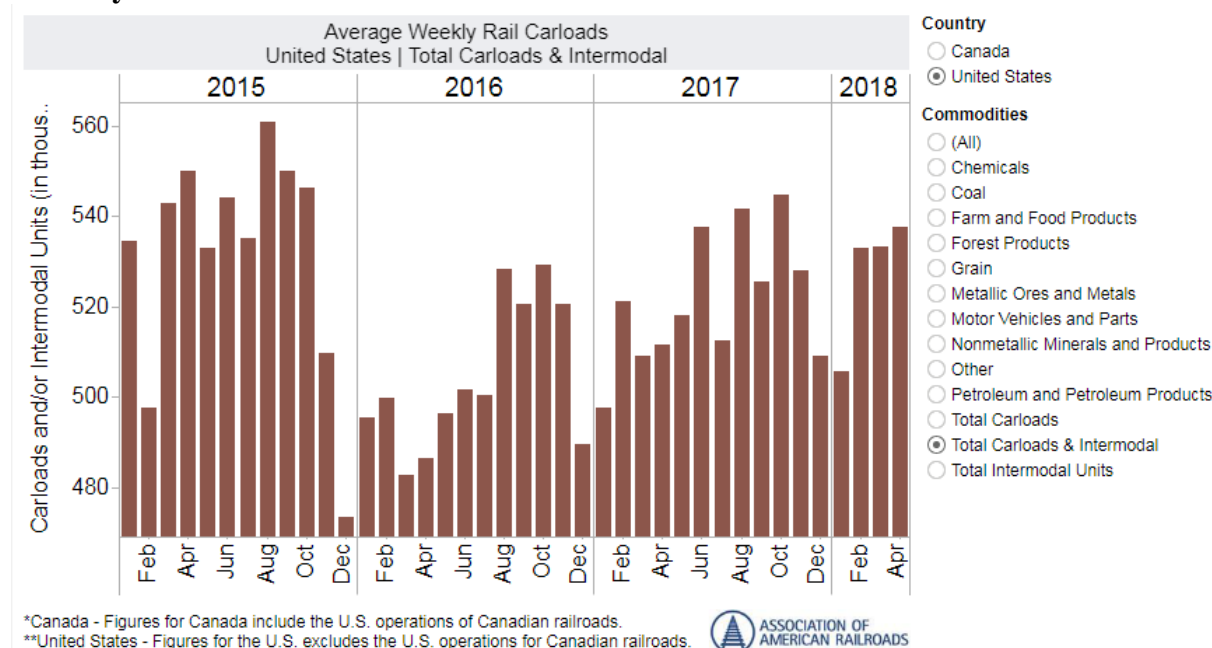
North American rail volume for the week ending June 23, 2018, on 12 reporting U.S., Canadian and Mexican railroads totaled 373,229 carloads, up 2.8 percent compared with the same week last year, and 376,161 intermodal units, up 3.9 percent compared with last year. Total combined weekly rail traffic in North America was 749,390 carloads and intermodal units, up 3.3 percent. North American rail volume for the first 25 weeks of 2018 was 17,975,309 carloads and intermodal units, up 3.2 percent compared with 2017.

Canadian railroads reported 83,301 carloads for the week, up 6.5 percent, and 69,868 intermodal units, up 4.1 percent compared with the same week in 2017. For the first 25 weeks of 2018, Canadian railroads reported cumulative rail traffic volume of 3,686,302 carloads, containers and trailers, up 3.5 percent.

Mexican railroads reported 21,464 carloads for the week and 17,417 intermodal units. Cumulative volume on Mexican railroads for the first 25 weeks of 2018 was 952,279 carloads and intermodal containers and trailers.

<https://www.aar.org/news/rail-traffic-for-the-week-ending-june-23-2018/>

Monthly Rail Traffic Charts



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

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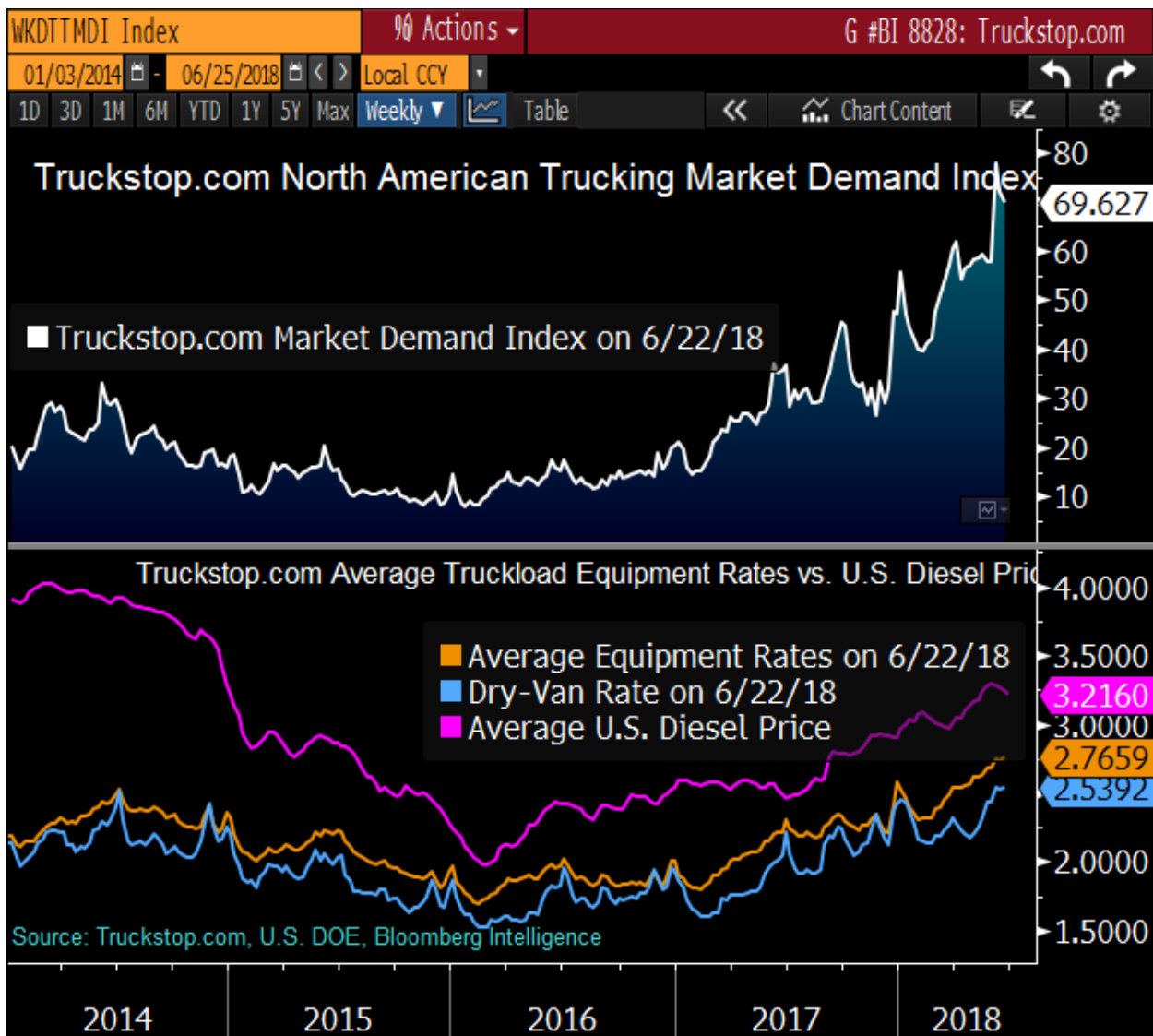
Trailer Truck Demand
(Bloomberg Intelligence) – 06/25/18

Relative North American spot-trucking demand retreated 3% sequentially to 69.6 in the week ended June 22, based on Truckstop.com's Market Demand Index. For the second straight week, the index gave back some of the 35% surge from the annual road check inspections on June 5-7 across North America, when many drivers park their trucks. The MDI has climbed about 127% on average in 2018, which indicates very tight market capacity relative to last year. This has driven rates, excluding fuel surcharges, up 26% this year.

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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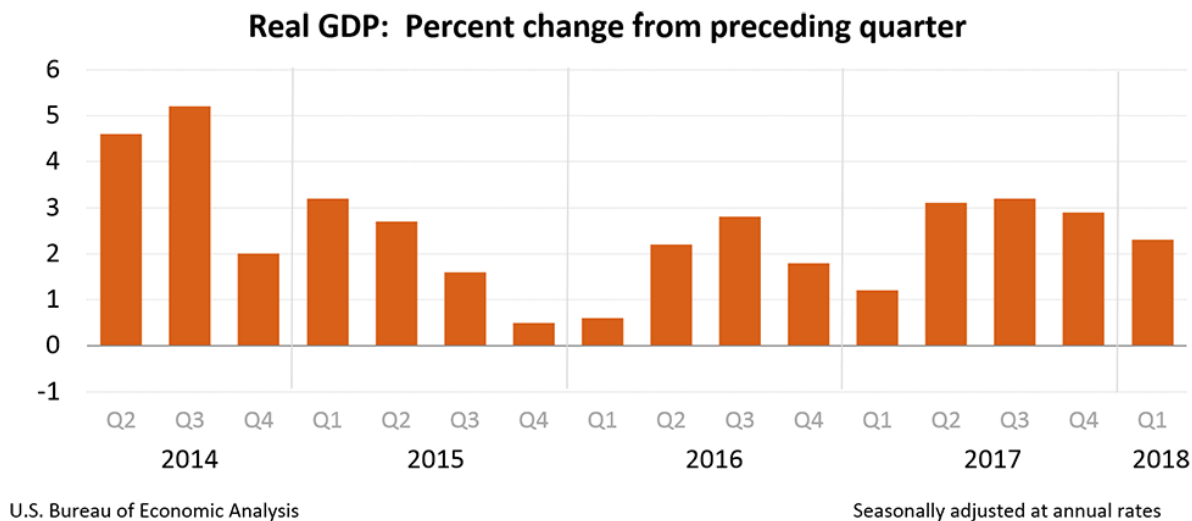
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GDP

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-2Q is running at *3.61% as of 6/27/18 v. *3.68% as of 6/22/18
***simple average of the three regionals.**

Atlanta Fed GDPNow...Q2 2018: 4.5 % —June 27, 2018

The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the second quarter of 2018 is **4.5 percent** on June 27, down from 4.7 percent on June 19. The nowcast of real residential investment growth declined from 2.9 percent to 0.6 percent after the existing-home sales release from the National Association of Realtors on Wednesday, June 20, and the U.S. Census Bureau's releases on new-home sales and costs on Monday, June 25. After this morning's advance releases on durable manufacturing, inventories, and international trade in goods from the Census Bureau, the nowcasts of the contributions of inventory investment and net exports to second-quarter real GDP growth changed from 0.87 percentage points and 0.39 percentage points, respectively, to 0.46 percentage points and 0.66 percentage points, respectively.

*The next GDPNow update is **Friday, June 29**. 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: 2.9%...June 22, 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: 3.44%...June 22, 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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