



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 11:51:40 06/29/18 - 07/05/18

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	06/29	07:30				Personal Income	May	0.4%	--	0.3%	--
22)	06/29	07:30				Personal Spending	May	0.4%	--	0.6%	--
23)	06/29	07:30				Real Personal Spending	May	0.2%	--	0.4%	--
24)	06/29	07:30				PCE Deflator MoM	May	0.2%	--	0.2%	--
25)	06/29	07:30				PCE Deflator YoY	May	2.2%	--	2.0%	--
26)	06/29	07:30				PCE Core MoM	May	0.2%	--	0.2%	--
27)	06/29	07:30				PCE Core YoY	May	1.9%	--	1.8%	--
28)	06/29	08:45				Chicago Purchasing Manager	Jun	60.0	--	62.7	--
29)	06/29	09:00				U. of Mich. Sentiment	Jun F	99.0	--	99.3	--
30)	06/29	09:00				U. of Mich. Current Conditions	Jun F	--	--	117.9	--
31)	06/29	09:00				U. of Mich. Expectations	Jun F	--	--	87.4	--
32)	06/29	09:00				U. of Mich. 1 Yr Inflation	Jun F	--	--	2.9%	--
33)	06/29	09:00				U. of Mich. 5-10 Yr Inflation	Jun F	--	--	2.6%	--
34)	07/02	08:45				Markit US Manufacturing PMI	Jun F	--	--	54.6	--
35)	07/02	09:00				Construction Spending MoM	May	0.4%	--	1.8%	--
36)	07/02	09:00				ISM Manufacturing	Jun	58.1	--	58.7	--
37)	07/02	09:00				ISM Employment	Jun	--	--	56.3	--
38)	07/02	09:00				ISM Prices Paid	Jun	--	--	79.5	--
39)	07/02	09:00				ISM New Orders	Jun	--	--	63.7	--

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 G602-58-2 28-Jun-2018 11:51:40

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Fed Speak Calendar (All times are CST)

Calendars		Alerts		Export		Settings		Economic Calendars			
United States		Browse		11:59:15		06/29/18		- 08/31/18			
Central Banks		All Central Banks						View		Agenda Weekly	
Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised	
21)	07/05 13:00			FOMC Meeting Minutes	Jun 13	--	--	--	--	
22)	07/12 07:30				Fed's Kashkari Speaks on Panel Discussing Immigration						
23)	07/13 11:30				Fed's Bostic Holds Town Hall Chat in Northern Virginia						
24)	07/18 13:00				U.S. Federal Reserve Releases Beige Book						
25)	08/01 13:00			...	FOMC Rate Decision (Upper Bou...	Aug 1	2.00%	--	2.00%	--	
26)	08/01 13:00			FOMC Rate Decision (Lower Bo...	Aug 1	1.75%	--	1.75%	--	
27)	08/22 13:00			FOMC Meeting Minutes	Aug 1	--	--	--	--	

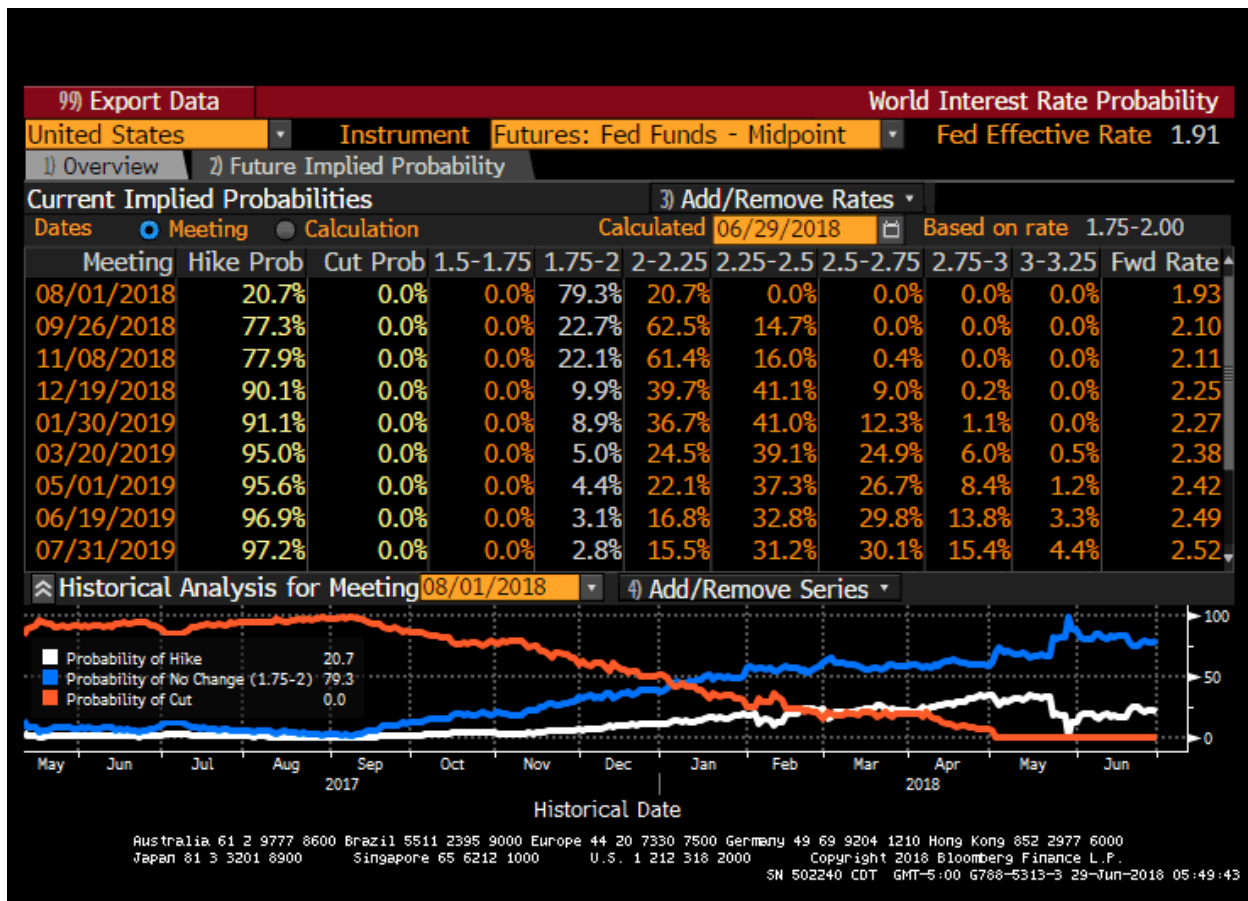
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	Next Offer	Next	Date	CUSIP	\$	Prior	Prior	
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bil	Auction	\$ Bln
Cash mgmt	TBA	TBA	TBA	TBA		TBA	02/13/2018	\$50
4-week	06/28/2018	07/02/2018	07/05/2018	TBA		TBA	06/26/2018	\$35
3-month	06/28/2018	07/02/2018	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	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	2.09025	-.00188	(97.90975)
3-Month Libor Set	2.33575	-.00163	(97.66425)
6-Month Libor Set	2.50125	+.00000	(97.49875)
1-Year Libor Set	2.76406	+.00093	(97.23594)

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THEY SAID IT

“I’m not anxious about a policy-induced crisis on the currency but the signals really are quite confusing,” veteran global economist George Magnus said. Though the People’s Bank of China has repeatedly set the yuan’s reference rate against the dollar this week at stronger levels than analysts and traders had anticipated, other metrics show little sign of action to stem the sharp drop.

<https://www.bloomberg.com/news/articles/2018-06-29/yuan-s-set-for-7-as-slide-evokes-china-2015-turmoil-magnus-says>

The currency’s decline will only deepen as monetary policy on the mainland diverges from that of the Federal Reserve, Magnus said in a telephone interview this week. As for what’s going on right now -- the steepest drop for the yuan since the devaluation almost three years ago, and a bear market in stocks -- it reminds him of the 2015-16 selloff, and it’s hard to tell how officials will respond, he said.

“This is a double-edged sword and this is why it becomes uncertain or problematic for investors,” said Magnus, who served as chief international economist at major banks from the 1980s and is now a China Centre associate at the University of Oxford. “We’ve been here before, the situation is very similar to 2015-2016 when the exchange rate was under pressure” and the PBOC had to spend foreign-exchange reserves to prop it up, he said.

“My worry is that this 20 percent correction in stocks is no reason why you shouldn’t have half as much again,” said Magnus, who correctly said in July 2015 that Chinese stocks would slump further, and then [accurately called](#) the end of the rout in January 2016. “Not that there’s no floor, but we haven’t reached a bottom if the trade situation continues to deteriorate.”

The United States formally ended seven decades of military presence in South Korea's capital Friday with a ceremony to mark the opening of a new headquarters farther from North Korean artillery range.

<https://www.bloomberg.com/news/articles/2018-06-29/us-ends-70-years-of-military-presence-in-s-korean-capital>

The command's move to Camp Humphreys, about 70 kilometers (45 miles) south of Seoul, comes amid a fledgling detente on the Korean Peninsula, though the relocation was planned long before that. Most troops have already transferred to the new location, and the U.S. says the remaining ones will move by the end of this year.

Located in the western port city of Pyeongtaek and close to a U.S. air field, the new 3,510-acre (1,420-hectare) command cost \$11 billion to build and is the largest overseas U.S. base. South Korea has paid about 90 percent of the cost.

The U.S. military had been headquartered in Seoul's central Yongsan neighborhood since American troops first arrived at the end of World War II. The Yongsan Garrison was a symbol of the U.S.-South Korea alliance but its occupation of prime real estate was also a long-running source of friction.

European leaders have hashed out a [deal on migration](#) that should satisfy the Italian government's hardline approach and stave off a potential collapse of Angela Merkel's coalition in Germany.

The decision, announced Friday morning, was greeted positively by non-governmental groups focused on migration, including the UN's International Organization of Migration, which said it was "very pleased at the solidarity and consensus" that emerged overnight.

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<https://www.cnbc.com/2018/06/29/european-union-leaders-reach-migration-deal-after-marathon-overnight-m.html>

The agreement vowed to crack down aggressively on those involved in trafficking operations in Libya and elsewhere, while increasing support for the Libyan coastguard and boosting funds for affected communities. This will likely include regions like Sicily and remote Italian islands such as Lampedusa that have been frontline destinations for many migrant entries into Europe.

The text included a line that vessels operating in the Mediterranean Sea must "not obstruct operations of the Libyan Coastguard." On a recent visit to the Libyan capital Tripoli, Salvini repeated his long-held view that NGO vessels — responsible for rescuing hundreds of thousands of floundering migrants in recent years — provided a figurative but illegal "bridge" to Europe, and should cede patrols in North African coastal waters to local enforcement authorities.

Elsewhere in the Mediterranean basin, greater numbers of migrants have been arriving in Spain from Morocco. Both those countries would receive ramped-up support under the terms of this deal, a move that will please Spain's new socialist leader Pedro Sanchez.

Many officials have highlighted the EU's agreement with Turkey on migration as a success story that could be replicated elsewhere, but the Council was at pains to include in the final text an insistence that Turkish authorities must completely halt migrant crossings into Greece, and prevent any new migrant routes — by sea or by land — from appearing.

In terms of the "pull factors" that European politicians see as incentivizing economic migrants — as opposed to asylum seekers, who will still be afforded all legal protections due to them — this new plan calls for the establishment of processing centers in non-EU countries.

Search and rescue vessels that pluck migrants from the seas would theoretically ensure their passengers disembark at these locations, where authorities could then assess each new arrival's status.

Those that do successfully make it to European territory would be handled through a shared effort by those member states who are willing to accept them. This should provide an opportunity for countries like Germany to make bilateral agreements on resettlement quotas, but could also become a focus of future divisions.

For about a decade starting roughly 15 years ago, big banks helped investors exploit an interpretation of the tax code that seemed to allow two parties to claim ownership of shares and -- crucially -- the right to a refund of withholding taxes paid on dividends.

<https://www.bloomberg.com/news/articles/2018-06-29/employees-at-dozens-of-leading-banks-said-to-face-german-probe>

Investigators are looking at the role of dozens of banks, brokerages, accounting companies, and law firms in the deals, and the cases involve hundreds of individuals, said the people, who declined to be identified because they're not authorized to discuss the probe. The investigations include transactions handled by lenders including [Barclays](#), Goldman Sachs Group, Bank of America Corp., Macquarie, and [BNP Paribas](#), and initial indictments are likely as soon as this year, the people said.

The probe, which has been underway for about a half-decade, is picking up speed as several witnesses have agreed to cooperate. The Cologne team is working in parallel with prosecutors in Munich and Frankfurt, who last month charged six people, including former investment bankers at UniCredit SpA's HVB unit in London. The Cologne investigators are focused on bankers in London because the tax office for non-residents is located in nearby Bonn.

The Cologne probe led to raids in 14 countries in 2014, and investigators have reviewed thousands of emails, voice mails and Bloomberg chat sessions used by traders. Their

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breakthrough came about last year when a handful of traders and advisers agreed to cooperate, giving details of how the deals were set up. This summer, the Bonn Regional Court is set to rule on whether the prosecutors can offer leniency to four key witnesses who are cooperating. Scores of banks across Europe and U.S. participated on some level--doing the deals themselves, arranging them for clients by acting as custodians, issuing tax certificates, or financing transactions in the practice, which has come to be known as "Cum-Ex"--a Latin phrase that means "with-without," a reference to the vanishing dividend payments in the trades. The practice is believed to have cost German taxpayers more than 10 billion euros (\$11.6 billion). The transactions involved short sales just before dividend time. Companies withheld taxes on dividends and custodian banks issued certificates that shareholders could redeem at the tax office in the event of an overpayment. In the short sales, the buyer's bank also issued a certificate that could be redeemed for a full refund. Prosecutors say that in some instances, several parties may have been issued tax-refund certificates, multiplying the damage.

A SpaceX rocket that flew just two months ago with a NASA satellite roared back into action Friday, launching fresh space supplies for the International Space Station. The used Falcon rocket blasted off before dawn, hauling nearly 6,000 pounds (2,700 kilograms) of cargo, including the first robot with artificial intelligence bound for space, genetically identical mice, or mousetronauts, and super-caffeinated coffee for the crew of the International Space Station.

<https://www.cnn.com/2018/06/29/spacex-launches-an-ai-robot-mousetronauts-and-strong-coffee-for-.html>

This marked SpaceX's fastest reflight of a booster. The same first-stage booster launched the planet-hunting Tess satellite in April. The capsule, meanwhile, flew in 2016.

Aiming to lower launch costs by reusing rockets, SpaceX did not retrieve the booster for another flight and, instead, ditched it in the Atlantic. The company is switching to a new and improved line of boosters.

The Dragon will deliver 20 brown female mice, half of them genetically identical from one strain or family, and the other half identical from another family. Northwestern University researchers want to study the bacteria in the animals' guts and compare them to their identical sisters on the ground. They did the same with Scott and Mark Kelly, NASA's former identical twin astronauts, during Scott's yearlong space station mission a few years ago.

Sixty packets of Death Wish Coffee from New York state also are going up. A former astronaut helped arrange the java delivery for the space station's Serena Aunon-Chancellor, a coffee lover. And then there's the A.I. robot Cimon, pronounced Simon, intended for German astronaut Alexander Gerst. Slightly bigger than a basketball, the round, 3D-printed German Space Agency robot will assist Gerst with science experiments. [IBM](#) provided the A.I. brain. Cimon will remain indefinitely on the orbiting lab, continually getting updated via IBM's Cloud.

Cimon stands for Crew Interactive Mobile Companion. The name also refers to the genius doctor in the science fiction tale "Captain Future."

The U.S. Justice Department on Thursday announced charges against 601 people including doctors for taking part in health-care frauds that resulted in over \$2 billion in losses and contributed to the nation's opioid epidemic in some cases.

<https://www.cnn.com/2018/06/29/justice-department-charges-601-people-including-doctors-in-opioid-ab.html>

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The arrests came in dozens of unrelated prosecutions the Justice Department announced together as part of an annual health-care fraud takedown.

The hundreds of suspects charged included 162 doctors and other suspects charged for their roles in prescribing and distributing addictive opioid painkillers.

Though many of the cases also involved a variety of schemes to fraudulently bill government health-care programs, officials sought in the latest crackdown to emphasize their efforts to combat the nation's opioid epidemic.

Mexico's three leading presidential candidates have not declared a single peso in direct private financial contributions to their election campaigns, federal records show, raising concerns from corruption watchdogs about the potential influence of dark money in a pivotal contest.

<https://www.reuters.com/article/us-mexico-election-financing/anti-corruption-watchdogs-wonder-who-is-funding-mexicos-presidential-candidates-idUSKBN1JP0GG>

Candidates from Mexico's three main political parties said they have relied almost exclusively on money from their parties, which is overwhelmingly public, to bankroll their campaigns, a total of more than 634 million pesos (\$32.1 million).

That is according to the most recent declarations they have filed with the National Electoral Institute, known as INE.

Mexicans head to the polls on July 1 to elect their next president in what has been a highly anticipated and hard-fought contest. According to the candidates' filings, not one of the country's nearly 90 million registered voters made a monetary contribution directly to their campaigns, and just 70 people have given a total of around 1.4 million pesos (\$70,897) of in-kind goods or services.

Republican Trey Gowdy angrily demanded Rosenstein wrap up the investigation.

“If you have evidence of any wrongdoing by any member of the Trump campaign, present it to the damn grand jury,” he said. “If you have evidence that this president acted inappropriately, present it to the American people ... Whatever you got, finish it the hell up.”

The Mueller investigation already has led to charges against Trump's former campaign chairman, his former national security adviser and several other people.

<https://www.reuters.com/article/us-usa-congress-fbi/house-republicans-shout-down-rosenstein-in-tense-hearing-idUSKBN1JO29M>

U.S. House Republican allies of President Donald Trump shouted and attacked Deputy Attorney General Rod Rosenstein on Thursday, alleging he was improperly withholding documents related to the FBI's investigation of Trump's 2016 campaign.

The tense congressional hearing came as Republicans brought to the House floor a non-binding resolution that scolded the Justice Department for not turning over more records, a move that is widely seen as a possible precursor to holding Rosenstein in contempt of Congress. The resolution passed along party lines, 226-183.

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EQUITIES

The S&P is **+8** and the NASDAQ is **+30**.

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 +0.71%.

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

BOE Rate +0.50%. (No change).

Next meeting 06/21/18

On the European Continent

The CAC Index closed +1.16%.

The DAX Index closed +0.95%.

On the Continent, the swap curve is flatter 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 +0.23%.

The NIKKEI closed +0.15%.

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

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

Next meeting 06/15/18

China:

The Hang Seng closed +1.61%.

The Shanghai Composite closed +2.17%.

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: 97-53.0 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: 119-23.0 is the pivot point. Above you should be long, below short.

Support is at **119-02.5** and **119-23.0**^*

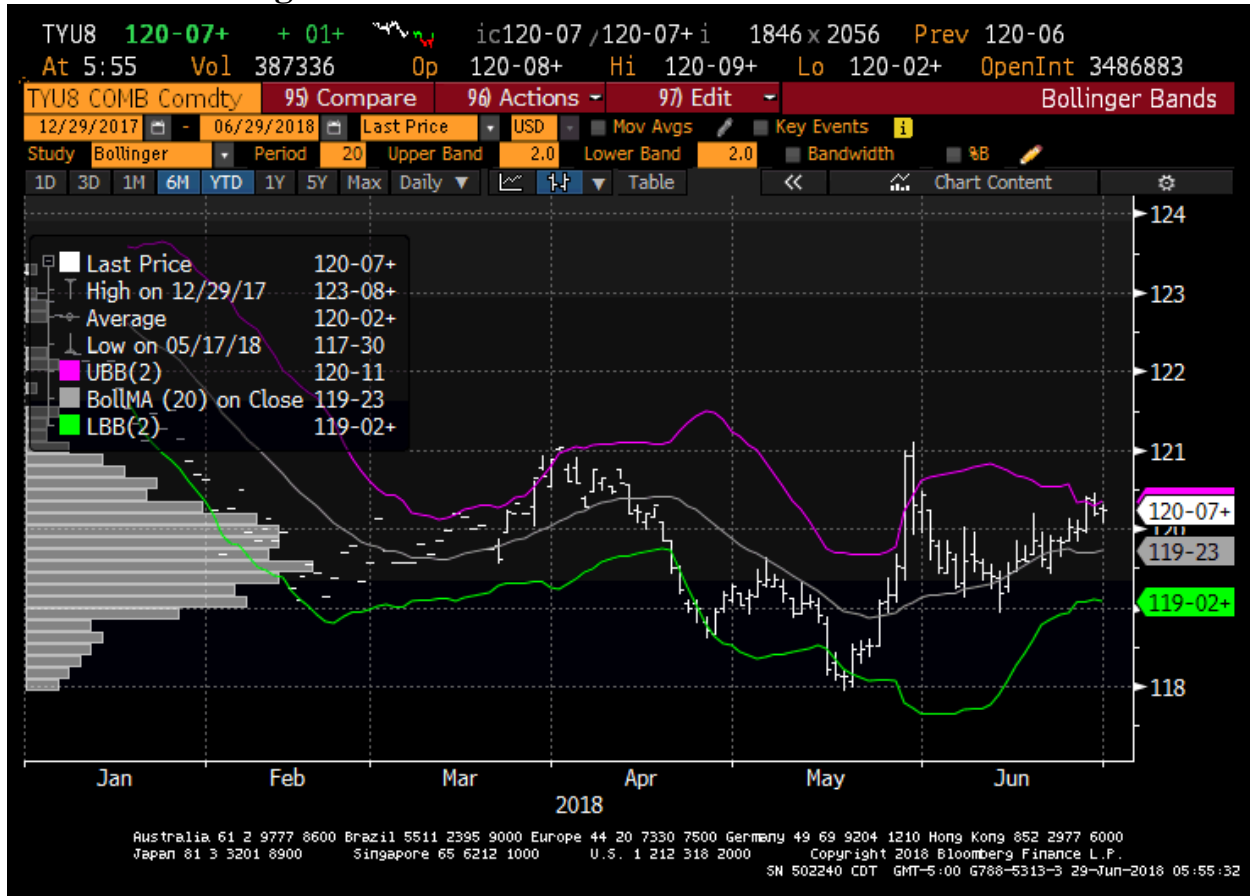
Resistance is at **120-11.0**

**^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)

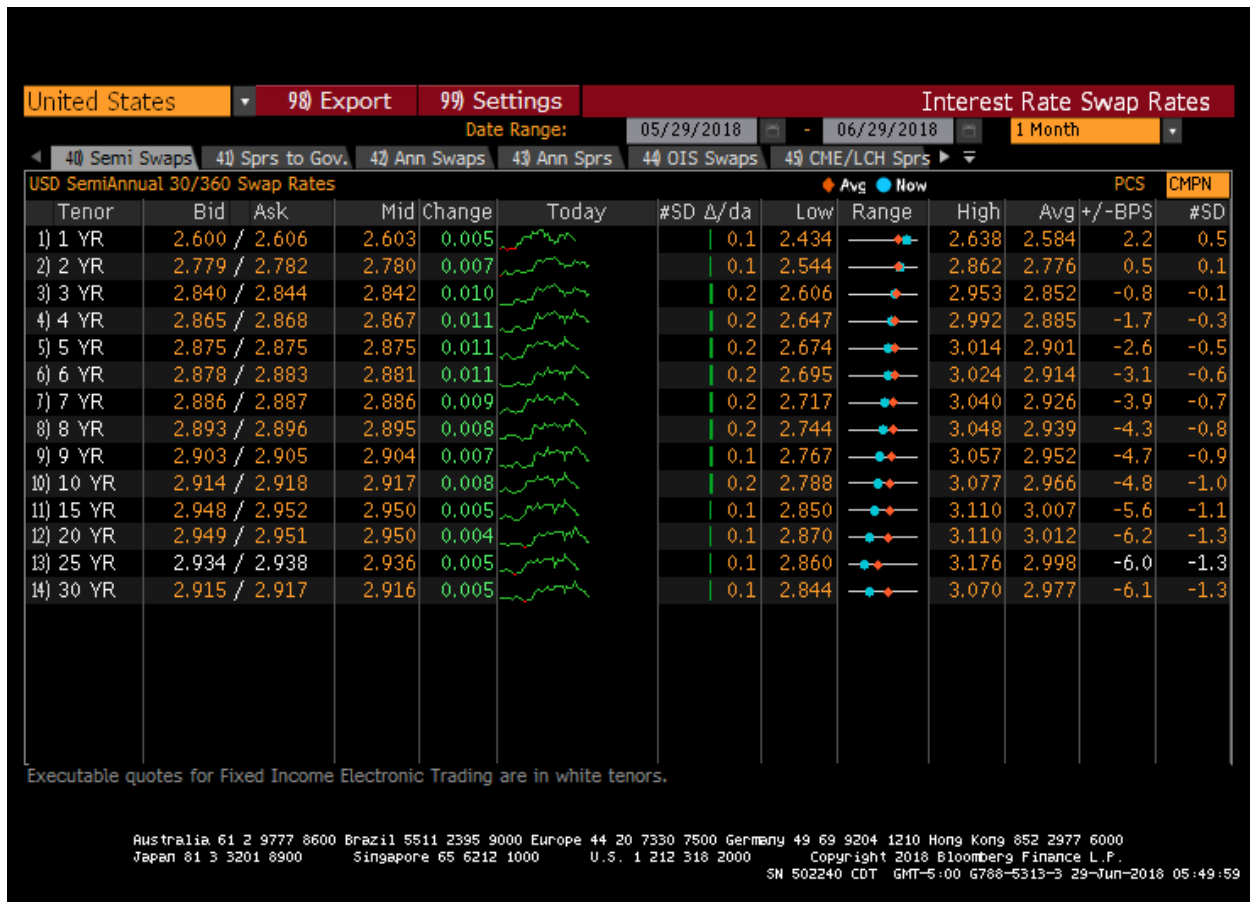
(2018) +106.0 futures ticks (\$31.25 per tick) or +\$3,312.50.

(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.

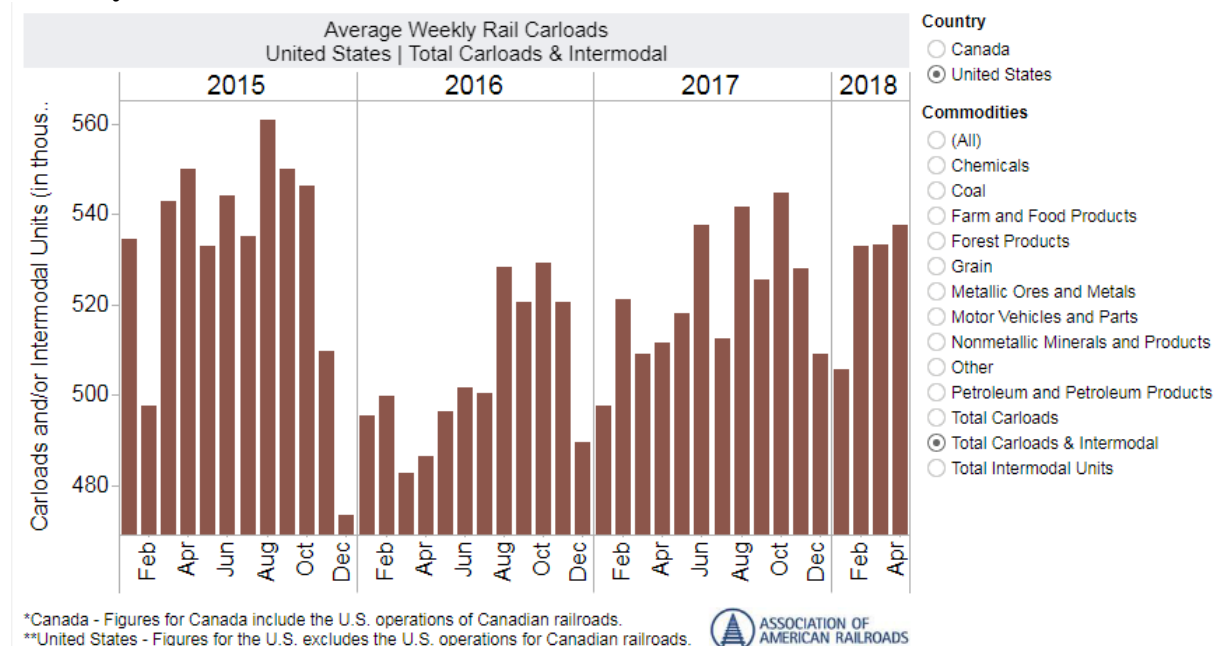
North American rail volume for the week ending June 23, 2018, on 12 reporting U.S., Canadian and Mexican railroads totaled 373,229 carloads, up 2.8 percent compared with the same week last year, and 376,161 intermodal units, up 3.9 percent compared with last year. Total combined weekly rail traffic in 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

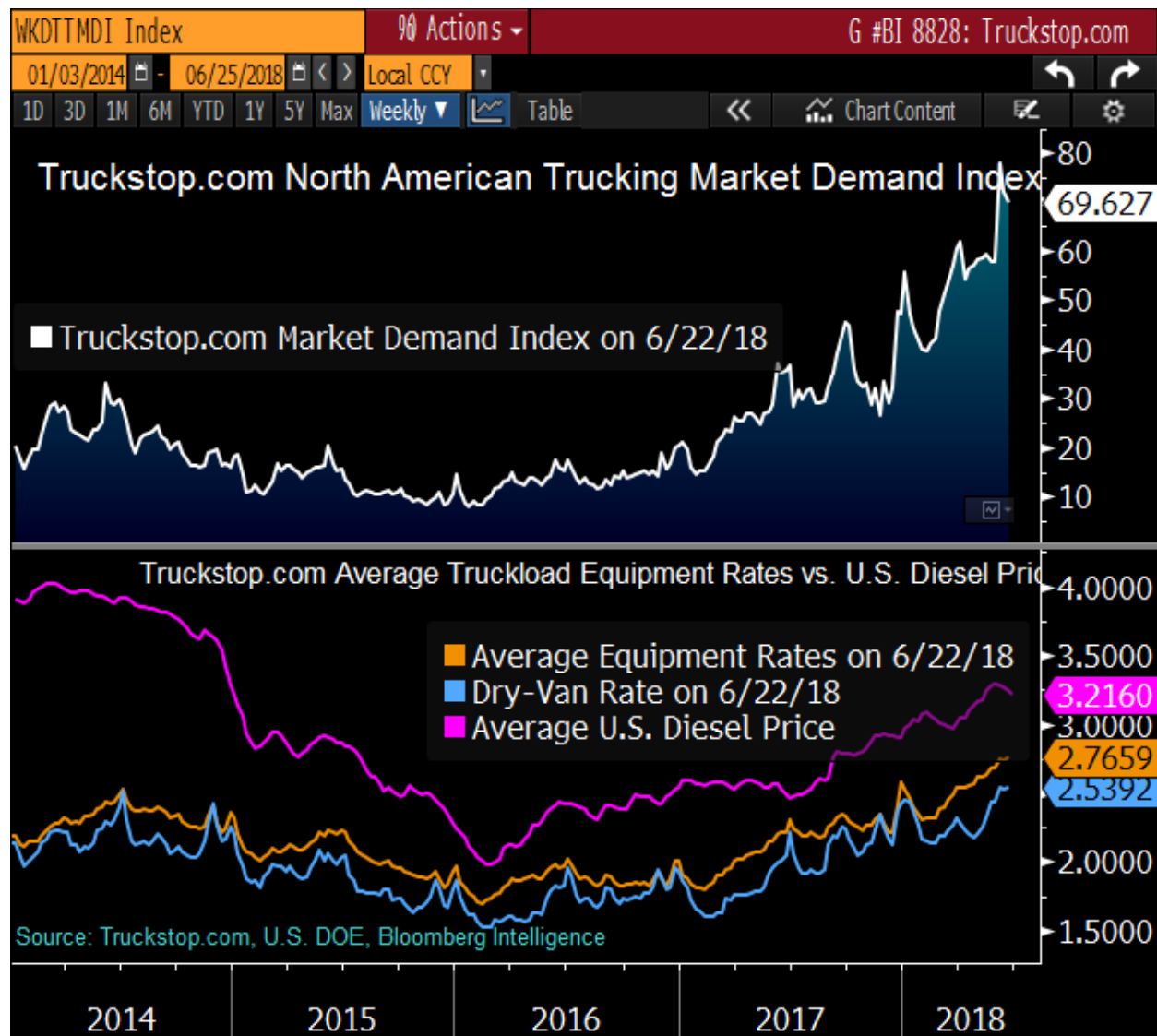
(Bloomberg Intelligence) – 06/25/18

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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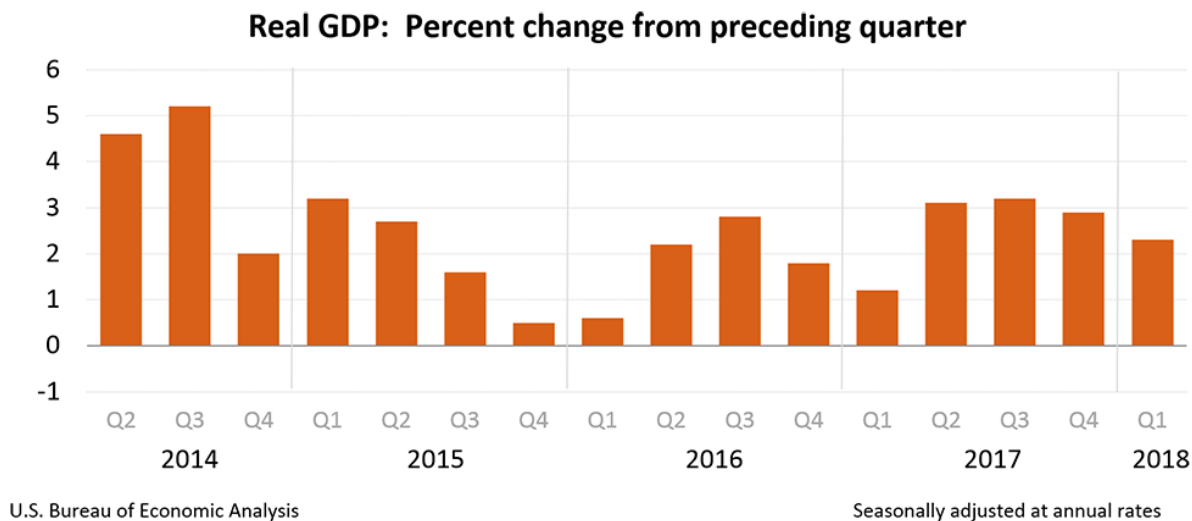
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GDP

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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