



Fixed Income Group A Division of RJ O'Brien

The Missile

www.fixedincomegroup.com

ECO <go>ok
(All times are CST)

9 <G0> to Save as Default

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

United States Browse 13:45:13 09/14/18 - 09/20/18

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	09/14	07:30				Retail Sales Advance MoM	Aug	0.4%	--	0.5%	--
22)	09/14	07:30				Retail Sales Ex Auto MoM	Aug	0.5%	--	0.6%	--
23)	09/14	07:30				Retail Sales Ex Auto and Gas	Aug	0.5%	--	0.6%	--
24)	09/14	07:30				Retail Sales Control Group	Aug	0.4%	--	0.5%	--
25)	09/14	07:30				Import Price Index MoM	Aug	-0.2%	--	0.0%	--
26)	09/14	07:30				Import Price Index ex Petroleu	Aug	-0.2%	--	-0.1%	--
27)	09/14	07:30				Import Price Index YoY	Aug	4.1%	--	4.8%	--
28)	09/14	07:30				Export Price Index MoM	Aug	0.0%	--	-0.5%	--
29)	09/14	07:30				Export Price Index YoY	Aug	--	--	4.3%	--
30)	09/14	08:15				Industrial Production MoM	Aug	0.3%	--	0.1%	--
31)	09/14	08:15				Capacity Utilization	Aug	78.2%	--	78.1%	--
32)	09/14	08:15				Manufacturing (SIC) Production	Aug	0.3%	--	0.3%	--
33)	09/14	09:00				Business Inventories	Jul	0.6%	--	0.1%	--
34)	09/14	09:00				U. of Mich. Sentiment	Sep P	96.6	--	96.2	--
35)	09/14	09:00				U. of Mich. Current Conditions	Sep P	--	--	110.3	--
36)	09/14	09:00				U. of Mich. Expectations	Sep P	--	--	87.1	--
37)	09/14	09:00				U. of Mich. 1 Yr Inflation	Sep P	--	--	3.0%	--
38)	09/14	09:00				U. of Mich. 5-10 Yr Inflation	Sep P	--	--	2.6%	--
39)	09/17	07:30				Empire Manufacturing	Sep	23.0	--	25.6	--

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2018 Bloomberg Finance L.P.
SN 502240 CDT GMT-6:00 H620-5333-2 13-Sep-2018 13:45:13

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

Fed Speak Calendar (All times are CST)

1) Calendars ▾		2) Alerts		3) Export ▾		4) Settings ▾		Economic Calendars			
	United States	Browse		13:53:29		09/14/18		-		09/30/18	
Central Banks		All Central Banks				View		Agenda		Weekly	
	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	09/14	08:00				Fed Evans Speaks in Fort Wayne, Indiana					
22)	09/14	09:00				Fed's Rosengren Speaks at Brookings Conference					
23)	09/26	13:00				FOMC Rate Decision (Upper Bou...	Sep 26	2.25%	--	2.00%	--
24)	09/26	13:00				FOMC Rate Decision (Lower Bou...	Sep 26	2.00%	--	1.75%	--
25)	09/26	13:30				Fed's Powell Holds Press Conference Following FOMC Decision					
26)	09/27	11:30				Fed's Kaplan Speaks at Forum for Minority Banking					
27)	09/28	07:30				Fed's Barkin Speaks at Forum for Minorities in Banking					
28)	09/28	15:45				Fed's Williams Speaks in New York at Money Markets Conference					

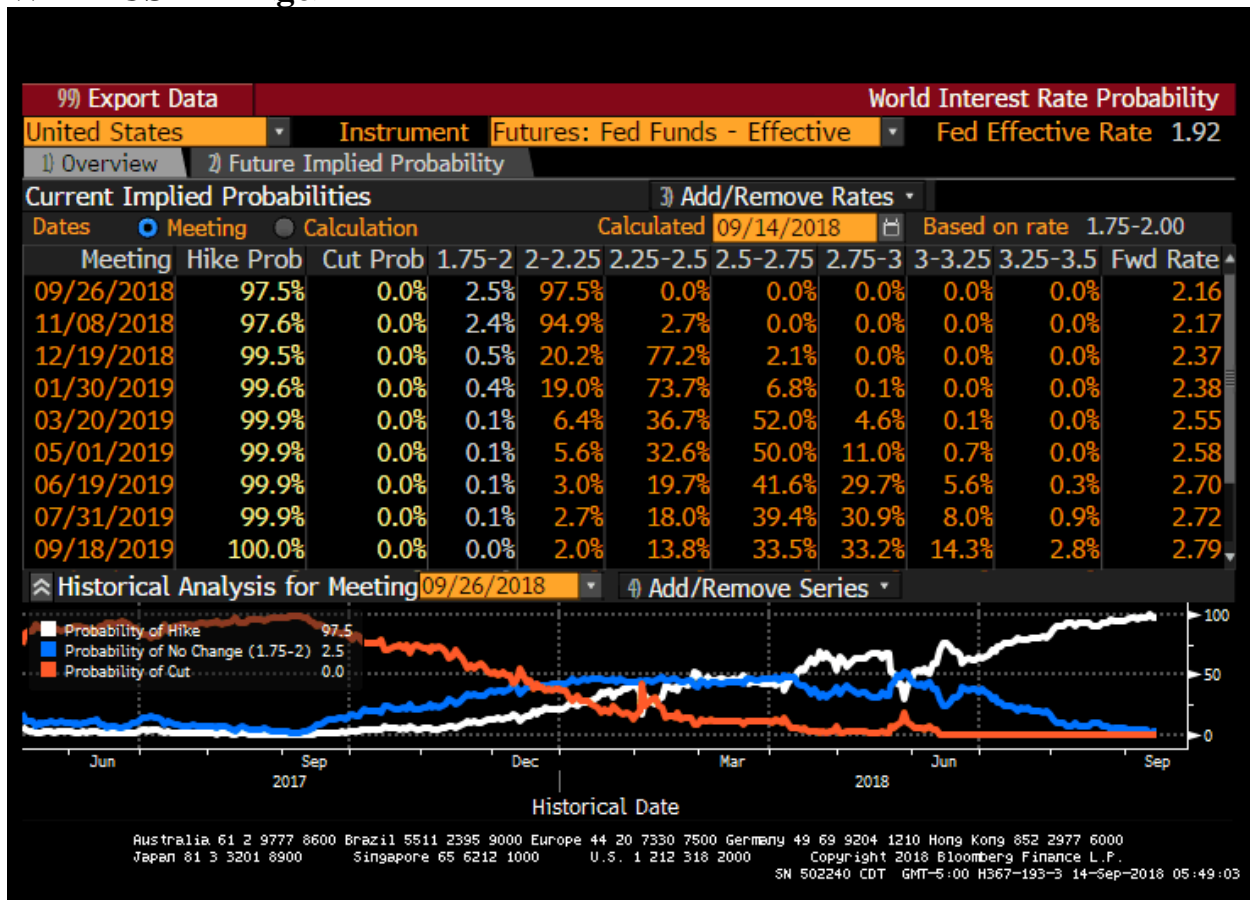
NI TRE <go>

	Next Offer	Next	Date	CUSIP	\$	Prior	Prior	
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bil	Auction	
Cash mgmt	TBA	TBA	TBA	TBA	TBA	02/13/2018	\$50	
4-week	09/17/2018	09/18/2018	09/20/2018	TBA	TBA	09/11/2018	\$45	
8-week	10/15/2018	10/16/2018	10/18/2018	TBA	TBA	n/a	n/a	
3-month	09/20/2018	09/17/2018	09/20/2018	912796QP7	\$48	09/10/2018	\$48	
6-month	09/20/2018	09/17/2018	09/20/2018	912796RC5	\$42	09/10/2018	\$42	
1-year	10/04/2018	10/09/2018	10/11/2018	TBA	TBA	09/11/2018	\$26	
Note Auctions								
2-year	09/20/2018	09/24/2018	10/01/2018	TBA	TBA	08/27/2018	\$36	
3-year	10/04/2018	10/10/2018	10/15/2018	TBA	TBA	09/11/2018	\$35	
5-year	09/20/2018	09/25/2018	10/01/2018	TBA	TBA	08/28/2018	\$37	
7-year	09/20/2018	09/27/2018	10/01/2018	TBA	TBA	08/29/2018	\$31	
10-year	10/04/2018	10/10/2018	10/15/2018	TBA	R	TBA	09/12/2018	\$23
Bond Auctions								
30-year	10/04/2018	10/11/2018	10/15/2018	TBA	R	TBA	09/13/2018	\$15

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

TIPS Auctions								
5-yr TIPS	12/13/2018	12/20/2018	12/31/2018	TBA	R	TBA	08/23/2018	\$14
10-yr TIPS	09/13/2018	09/20/2018	09/28/2018	TBA	R	TBA	07/19/2018	\$13
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	09/20/2018	09/25/2018	09/28/2018	TBA	R	TBA	08/29/2018	\$18
Buyback Operation								
Buyback	TBA	TBA	TBA	TBA	TBA	TBA	11/15/2017	\$.025

Current Implied Probability of Fed Rate Movement (Futures) WIRP US FFE <go>



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

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/fomeproitabl20180613.pdf>

Libor Set

1-Month Libor Set	2.16469	+.00625	(97.83531)
3-Month Libor Set	2.33713	+.00300	(97.66287)
6-Month Libor Set	2.56875	+.00162	(97.43125)
1-Year Libor Set	2.88019	+.00675	(97.11981)

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

THEY SAID IT

(GOOD COP, BAD CAP)

The day after financial markets around the world cheered the apparent good news that Treasury Secretary Steven Mnuchin was inviting his Chinese counterparts to sit down for further high-level negotiations, President Donald Trump undermined that very idea.

<https://www.bloomberg.com/news/articles/2018-09-13/talking-won-t-end-trump-s-growing-china-trade-war-any-time-soon?srnd=premium>

“We are under no pressure to make a deal with China, they are under pressure to make a deal with us,” Trump said on Twitter on Thursday. “Our markets are surging, theirs are collapsing. We will soon be taking in Billions in Tariffs & making products at home. If we meet, we meet?” The move marked just the latest instance of Trump undercutting one of his senior China deal-makers in public and illustrates why Beijing has become increasingly frustrated with its interactions with the U.S. administration. It also comes as Trump has repeatedly signaled his desire to continue raising pressure on Beijing and is considering the details of new tariffs on \$200 billion in Chinese imports or even more.

After last year’s Mar-a-Lago summit with Chinese President Xi Jinping, Commerce Secretary Wilbur Ross was given the task of negotiating a 100-day deal with China intended to be the first building block in a bigger deal.

Ross and his team, however, were quickly criticized for being too obsequious to the Chinese, especially after he hailed a reheated series of commitments by Beijing as a "Herculean" victory for the president. Since then, the commitments Ross has brought home to Trump have repeatedly been rejected by the president.

Likewise, just days after hosting Liu He, Xi’s top economic emissary, in the Oval Office in May, Trump made a very public U-turn by declaring that he would be proceeding with tariffs despite Mnuchin’s declaration that the trade war was “on hold.”

“They are certainly open to overtures because they would like to bring this trade dispute to some kind of resolution. But I don’t think they are going to give anything to Mnuchin,” said Eswar Prasad, a former China division chief at the International Monetary Fund who now teaches at Cornell University and is close to policymakers in Beijing.

“They don’t know if any deal they make with Mnuchin can stick,” Prasad said. “Mnuchin is being seen as one voice of reason but a voice of reason without any clout.”

Derek Scissors, a China expert at the American Enterprise Institute, is blunter: “The Chinese have been very explicit that they don’t think Mnuchin can deliver a deal,” he said.

Edward Alden, a trade expert at the Council on Foreign Relations, likened the emerging pattern on China to the Nafta negotiations with Mexico and Canada, which are nearing an end after a year of intense negotiations that have been accompanied by repeated threats from Trump.

Likewise, every carrot to Beijing is accompanied by a tweeted stick.

“I think we are finally moving into the serious stage in which there is going to be the serious negotiation that we haven’t had yet,” Alden said.

The pressure is clearly building on Trump to cut a deal, according to David Dollar, who was the U.S. Treasury’s man in Beijing during the Obama administration and is now at the Brookings Institution.

“This is the big cloud on the horizon right now” for the U.S. economy and financial markets, Dollar said.

The Chinese may look at the Mnuchin invitation and think Trump “is starting to blink. But I don’t think that is true,” said Dollar.

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

Mexico and the United States will reach an agreement that "will be fair to both parties," Michael Milken, chairman of think tank the Milken Institute, said on Thursday.

<https://www.cnbc.com/2018/09/13/us-mexico-trade-deal-will-be-fair-to-both-parties-michael-milken.html>

Milken, who was speaking to CNBC's Oriel Morrison at the 2018 Milken Institute Asia Summit in [Singapore](#), said: "[Mexico](#) is extremely important to the United States, the United States to Mexico. And therefore, all the words, all the rhetoric for the last year and a half, will be put to bed."

Negotiations on a deal between the U.S and Canada are still ongoing, and Mexico has said it is keen on Canada joining the agreement to make it trilateral. But it would be ready to pursue a bilateral agreement with the U.S. if talks between Ottawa and Washington do not work out, Mexican Economy Minister Ildefonso Guajardo said on Wednesday.

The most recent [Job Openings and Labor Turnover Survey \(JOLTS\)](#) from the [Bureau of Labor Statistics \(BLS\)](#) reports that from June to July, the number of unfilled jobs rose by 117,000, to 6.94 million, confirming the tightness of the current labor market.

<https://www.cnbc.com/2018/09/13/workers-are-quitting-their-jobs-in-order-to-get-raises.html>

At the same time, however, the number of workers voluntarily leaving their jobs rose to 3.58 million — that's [2.4 percent](#) of the entire U.S. workforce. [Bloomberg](#) reports that the last time this many workers quit their jobs was 2001.

These 3.58 million workers are likely making a smart move, says [Andrew Chamberlain](#), chief economist at job site Glassdoor. "We're seeing high worker confidence in their ability to strike out and find a better job opportunity elsewhere," says Chamberlain. "For many, it's a smart move, as there's a clear advantage to increasing your earning potential by switching jobs."

According to [Brian Kropp](#), vice president at research firm [Gartner](#), the average increase in compensation for a worker who quits their old job for a new one is about 15 percent. "You're never going to get that 15 percent [increase] by staying at your current job," he tells [CNBC Make It](#). "That's just not going to happen."

"One of the big things that happened during the global financial crisis is that organizations pulled out all sorts of layers middle management, which actually makes it harder to get promoted," says Kropp. "Simply put, there are fewer opportunities to get promoted."

And it's not just antsy Millennials who are packing up their cubicles. Some of the biggest increases in quit rates are among older, more experienced, workers.

"Younger employees have always quit at a higher rate. That was true when Gen Xers were in their 20s. That was true when Boomers were in their 20s. That's just a fact," explains Kropp.

"What's interesting, is that we are now seeing employees who are more established in their careers also quitting at higher rates."

[Sears Holdings](#) on Thursday reported the smallest decline in quarterly same-store sales in more than three years, but its losses widened, as the embattled department store chain continues to trim its fleet of stores and aims to get back to profitability.

<https://www.cnbc.com/2018/09/13/sears-earnings-q2-2018.html>

Sears, faced with mounting liabilities, continues to be in a race to sell off assets, cut costs and reduce debt, in a fight to keep the business afloat. Although same-store sales declines slowed during the latest period, they remain steep, illustrating the iconic retailer hasn't won shoppers back. Heading into the holiday season, Sears' options remain limited.

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

Sales at Sears and Kmart stores open for at least 12 months were down 3.9 percent during the second quarter, compared with a decline of 11.9 percent in the prior period. The 3.9 percent drop included a same-store sales decline of 3.7 percent at Kmart stores and a 4 percent decline at Sears stores. The company also said it saw positive comparable sales growth of 3 percent in July and 2.5 percent in August.

Venezuelan workers who earned a pittance are now earning a slightly larger pittance, thanks to a big increase in the minimum wage. What they may not have are jobs.

<https://www.bloomberg.com/news/articles/2018-09-14/after-getting-3-000-wage-hike-workers-are-fired-in-venezuela?srnd=premium>

Starting this week, 7 million employees are guaranteed 1,800 bolivars a month -- worth about \$20 at the black-market rate. President Nicolas Maduro intended the mandate as political boost, but it's having the opposite effect as companies, already hit by Venezuela's [epic economic contraction](#), tell workers they can't afford to keep them.

While there have been many similar moves in the past, never has one been so disruptive, arriving amid hyperinflation, depression and [devaluation](#). Some employers are restructuring costs, rejiggering pay scales and negotiating settlements with workers. Others are simply dismissing people. Much of the action happens secretly as companies try to avoid punishment by [the government, which has been jailing those](#) it believes are flouting the rules.

Indian refiners will cut their monthly crude loadings from Iran for September and October by nearly half from earlier this year as New Delhi works to win waivers on the oil export sanctions Washington plans to reimpose on Tehran in November.

<https://www.reuters.com/article/us-india-iran-oil-exclusive/exclusive-indias-iran-oil-purchases-to-fade-ahead-of-u-s-sanctions-idUSKCN1LU0UW>

India's loadings from Iran for this month and next will drop to less than 12 million barrels each, after purchases over April-August had been boosted in anticipation of the reductions.

The United States is renewing sanctions on Iran after withdrawing from a nuclear deal forged in 2015 between Tehran and world powers. Washington reimposed some of the financial sanctions from Aug. 6, while those affecting Iran's petroleum sector will come into force from Nov. 4.

Russian warships held drills in the Bering Sea which separates Russia from Alaska, part of Moscow's biggest military maneuvers since the fall of the Soviet Union, footage aired by the Ministry of Defence showed on Friday.

<https://www.reuters.com/article/us-russia-wargames/russian-warships-hold-drills-in-bering-sea-in-huge-military-exercise-idUSKCN1LU1K6?il=0>

The Vostok-2018 (East-2018) drills, which run until Sept. 17, are taking place in Siberia and in waters off Russia's eastern coast, involving 300,000 troops, over 1,000 military aircraft and two naval fleets.

President Vladimir Putin discussed the situation in Syria's rebel-held Idlib with members of Russia's Security Council on Friday, the RIA news agency cited the Kremlin as saying.

<https://www.reuters.com/article/us-mideast-crisis-syria-kremlin/putin-discusses-syrias-idlib-with-russias-security-council-ria-idUSKCN1LU1JY?il=0>

Putin told the Security Council he was concerned by militant activity in the last major rebel-held stronghold in Syria, Kremlin spokesman Dmitry Peskov was cited as saying.

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

EQUITIES

The S&P is +3 and the NASDAQ is +22.

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 +0.24%.

In the UK, the 2s/10s swap curve is steeper with yields higher.

BOE Rate +0.50%. (No change).

Next meeting 11/01/18

On the European Continent

The CAC Index closed +0.29%.

The DAX Index closed +0.23%.

On the Continent, the 2s/10s swap curve is steeper with yields higher.

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

Deposit Facility Rate -.40%

Next meeting 10/25/18

Japan:

The TOPIX closed +1.09%.

The NIKKEI closed +1.20%.

In Japan, the 2s/10s swap curve is steeper with yields higher.

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

Next meeting 09/19/18

China:

The Hang Seng closed +1.01%.

The Shanghai Composite closed -0.18%.

PBOC

Deposit Rate: 1.50%

Lending Rate: 4.35%

7-Day Repo Rate: 2.7603%

Reserve Requirement Ratio: 17.00%

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

THE TREND

EDZ8: 97-38.00 is the pivot. Below the pivot, you should be short, above long.
Support is at 97-33.50^.

Resistance is at 97-38.00** and 97-42.0**.

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

** 2-STD Deviations from the pivot point.

Current trend would have you long 97-36.0 (9/07/18). I have elected to remain flat.



YTD (per contract)

2018 +36.5 ticks (+\$912.50)

2017 +33.0 ticks (+\$825.00)

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

10yr/UXYZ8: 127-21.0 is the pivot point. Above you should be long, below short.

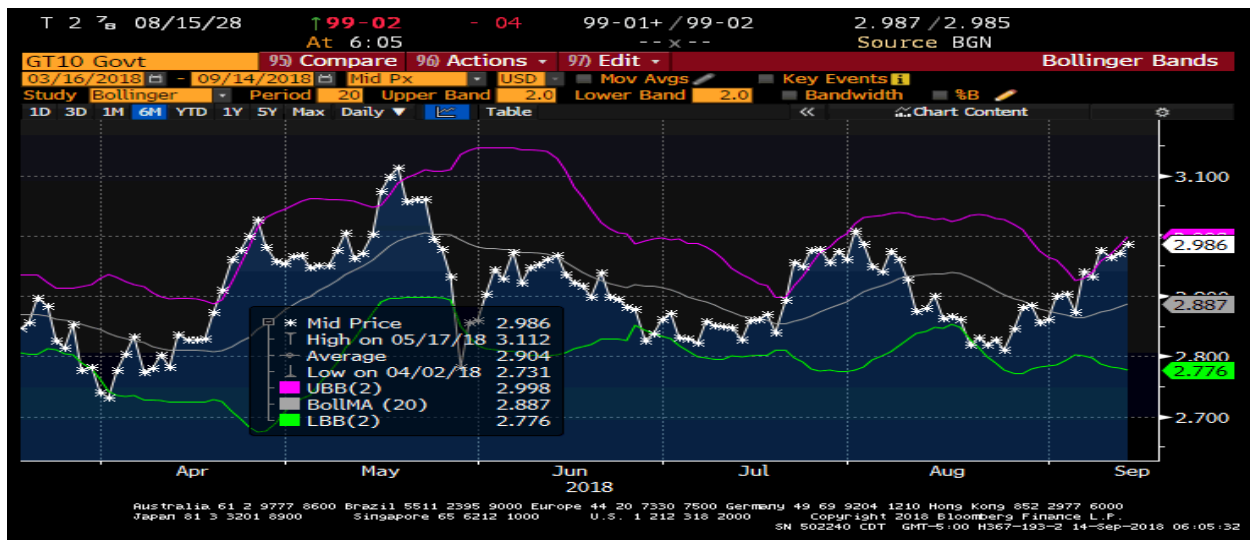
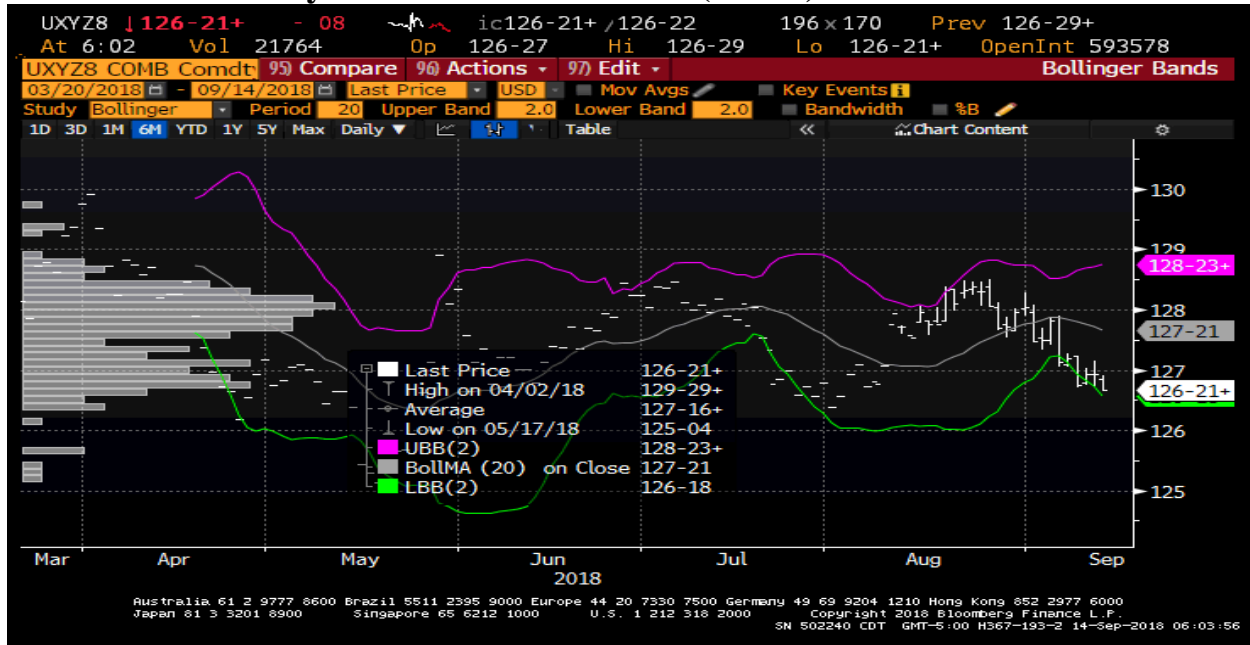
Support is at 126-18.5^*

Resistance is at 127-21.0 and 128-23.5

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

**** 2-STD Deviations from the pivot point**

Current trend has you short from 127-23.0 (9/4/18).



YTD (per contract)

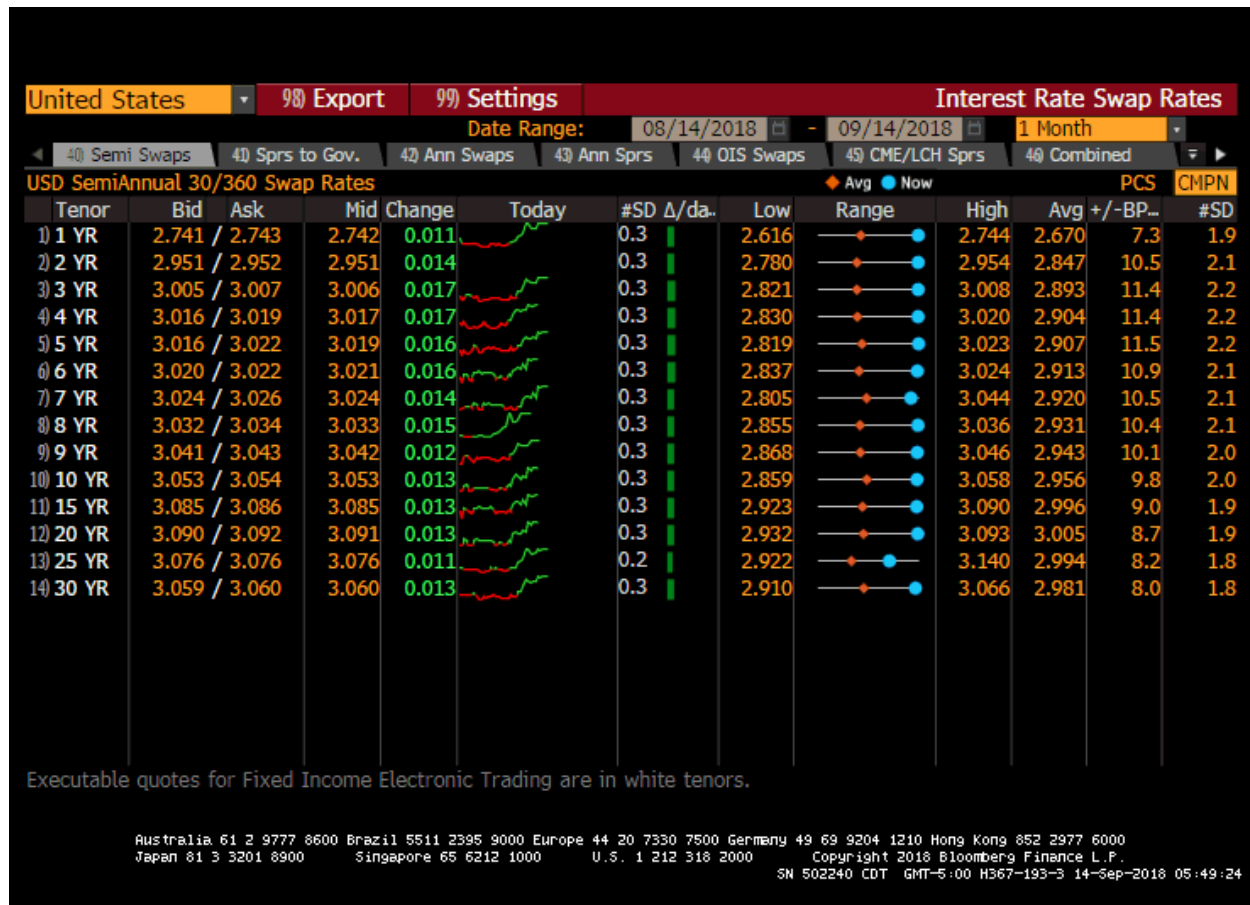
(2018) +108.0 futures ticks (\$31.25 per tick) or +\$3,375.00.

(2017) +93.0 futures ticks (\$31.25 per tick) or +\$2,906.25.

(2016) +377.5 futures ticks (\$31.25 per tick) or +\$11,796.88.

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

US-SWAPS IRSB <GO>



The Option Lab

Trade Log:

2. Bought the TY Week-2 120.00 put (at the money).

Paid 8/64ths (\$125) per contract (3/9/2018).

The 120-00.00 strike price on the option equates to a TY yield of ~2.895%.

On March 9, the put was sold at 7/64ths for a \$15.63 loss.

1. Bought 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.

On February 2, the put fly was sold at 1.25 ticks for a \$31.25 win.

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.

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

The Fundamentals

LABOR

Bureau of Labor and Statistics

<http://www.bls.gov/news.release/>

CPI, ECI, Employment situation PPI, CPI, Productivity and Costs, Real Earnings and US import/exports.

Average Hourly Earnings y/y Department of Labor Department.



St. Louis Fed Agriculture Finance Monitor 2nd quarter 2018

The results of this quarter's survey reflect agricultural finance conditions in the Eighth Federal Reserve District during the second quarter of 2018. **For the eighteenth consecutive quarter bankers who responded to the survey on net reported a decline in farm income when compared with the same period a year ago.** Similar to the previous survey, the results of this survey reflect some expectations of improving levels for farm income for the next quarter. While a majority of bankers still expect income to decline next quarter when compared with the third quarter of last year, slightly fewer bankers report that assessment. Bankers reported a similar assessment and outlook for capital spending. Responses about household spending also indicate a decline in that category when compared with responses a year ago. Bankers have reported lower comparative income levels since the fourth quarter of 2013, reaching a low point in the second quarter of 2016. This period correlates with an extended period of depressed prices for commodities. Survey responses indicate that the value of quality farm land fell during the second quarter of 2018 compared with a year ago but that cash rents for that property slightly improved. In contrast, the value for rangeland or pastureland rose during the second quarter while cash rents for that property fell. Responses to bank-related activities indicated that loan demand and available funds increased during the second quarter of 2018 as compared with a year ago. The

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

rate of loan repayment slowed during the second quarter of 2018 on a comparative basis as reported by a majority of bankers. Both fixed and variable interest rates on all categories of loans rose during the quarter, relative to the previous quarter. This quarter's survey asked two special questions. Results of the first question indicate that a significant majority of respondents feel that the University of Missouri's projections that farm income will fall in 2018 by about 6.5 percent is about right. The second question asked about the impact lenders expected the new tax law will have on borrowers: Over 71 percent felt it would be either somewhat positive or significantly positive, while only 29 percent felt there would be either no effect or a somewhat negative effect.

<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>

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

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

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.	7 September 2018	1,048	+0	31 August 2018	+104	8 September 2017
Canada	7 September 2018	204	-24	31 August 2018	+2	8 September 2017
International	July 2018	997	+38	June 2018	+38	July 2017

<http://phx.corporate-ir.net/phoenix.zhtml?c=79687&p=iro-l-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

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

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/>

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

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

was from small-scale solar photovoltaic systems in 2017.²

U.S. electricity generation by source, amount, and share of total in 2017¹		
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/>

TRANSPORTS

Association of American Railroads Rail Traffic Report.

For this week, total U.S. weekly rail traffic was 502,208 carloads and intermodal units, up 4.1 percent compared with the same week last year.

Total carloads for the week ending September 8 were 253,293 carloads, up 2.6 percent compared with the same week in 2017, while U.S. weekly intermodal volume was 248,915 containers and trailers, up 5.8 percent compared to 2017.

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

Nine of the 10 carload commodity groups posted an increase compared with the same week in 2017. They included petroleum and petroleum products, up 3,724 carloads, to 11,649; grain, up 2,657 carloads, to 20,019; and nonmetallic minerals, up 2,419 carloads, to 35,209. One commodity group posted a decrease compared with the same week in 2017: coal, down 6,877 carloads, to 85,466.

For the first 36 weeks of 2018, U.S. railroads reported cumulative volume of 9,435,026 carloads, up 1.9 percent from the same point last year; and 9,953,534 intermodal units, up 6 percent from last year. Total combined U.S. traffic for the first 36 weeks of 2018 was 19,388,560 carloads and intermodal units, an increase of 4 percent compared to last year.

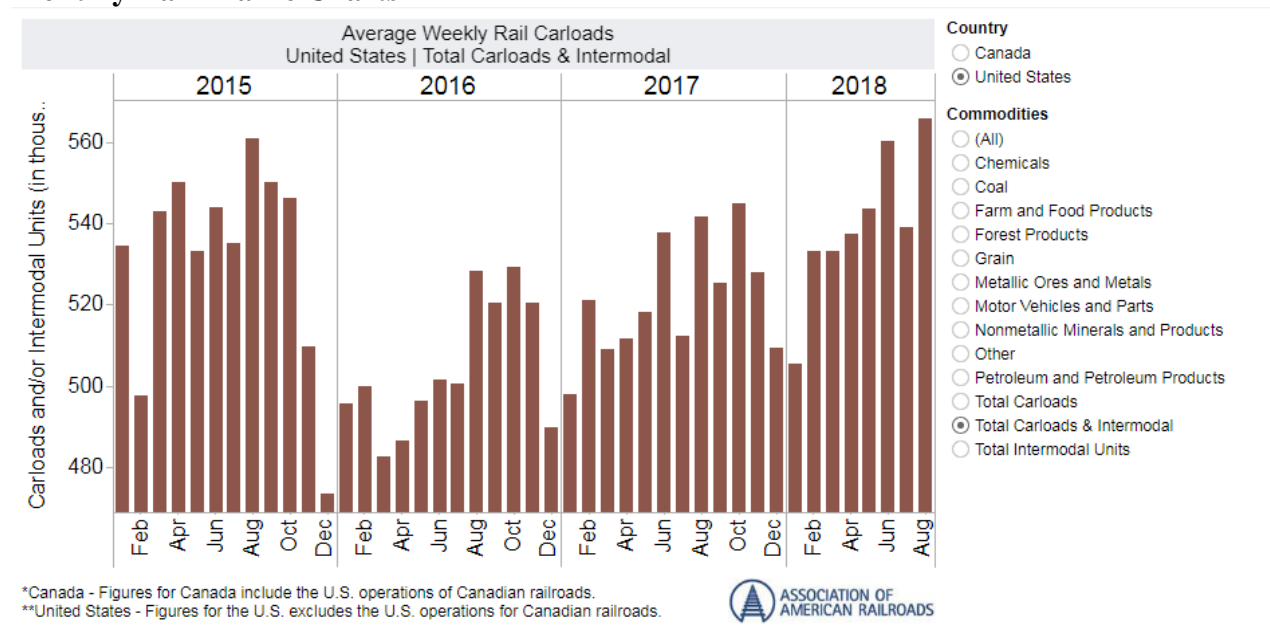
North American rail volume for the week ending September 8, 2018, on 12 reporting U.S., Canadian and Mexican railroads totaled 356,999 carloads, up 2.6 percent compared with the same week last year, and 333,839 intermodal units, up 6.5 percent compared with last year. Total combined weekly rail traffic in North America was 690,838 carloads and intermodal units, up 4.4 percent. North American rail volume for the first 36 weeks of 2018 was 26,143,393 carloads and intermodal units, up 3.6 percent compared with 2017.

Canadian railroads reported 82,541 carloads for the week, up 3.9 percent, and 65,354 intermodal units, up 4.1 percent compared with the same week in 2017. For the first 36 weeks of 2018, Canadian railroads reported cumulative rail traffic volume of 5,363,611 carloads, containers and trailers, up 3.9 percent.

Mexican railroads reported 21,165 carloads for the week, down 2 percent compared with the same week last year, and 19,570 intermodal units, up 27.2 percent. Cumulative volume on Mexican railroads for the first 36 weeks of 2018 was 1,391,222 carloads and intermodal containers and trailers.

<https://www.aar.org/news/rail-traffic-for-august-and-the-week-ending-september-8-2018/>

Monthly Rail Traffic Charts



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

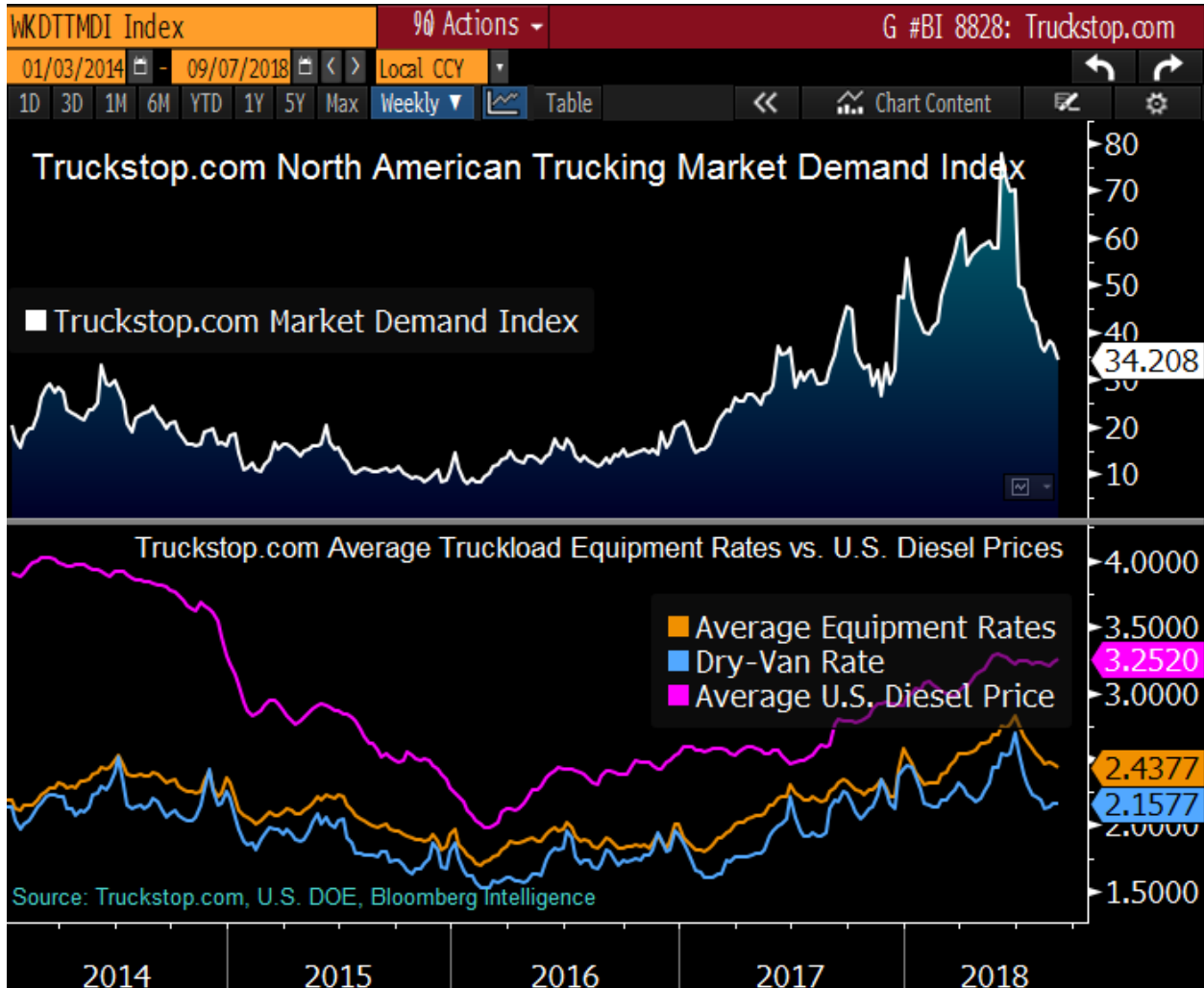
Trailer Truck Demand (Bloomberg Intelligence) – 09/10/18

Relative North American spot-trucking demand declined 8.3% sequentially to 34.2 in the week ended Sept. 7, based on Truckstop.com's Market Demand Index. Capacity remains historically tight, even as it loosened for the ninth time in the past 10 weeks from seasonal highs. Spot rates (up 4.3% from 2017) are lapping tough comparisons from demand spikes following Hurricane Harvey. Hurricane Florence, which could make landfall on the Southeastern U.S. as early as Friday, may spark upward rate pressure in the coming weeks.

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

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 pricing can be a leading indicator of contractual pricing, which many carriers expect to rise in the high-single digits to mid-teens in 2018.

Lee A Klaskow at lklaskow1@bloomberg.net



GDP

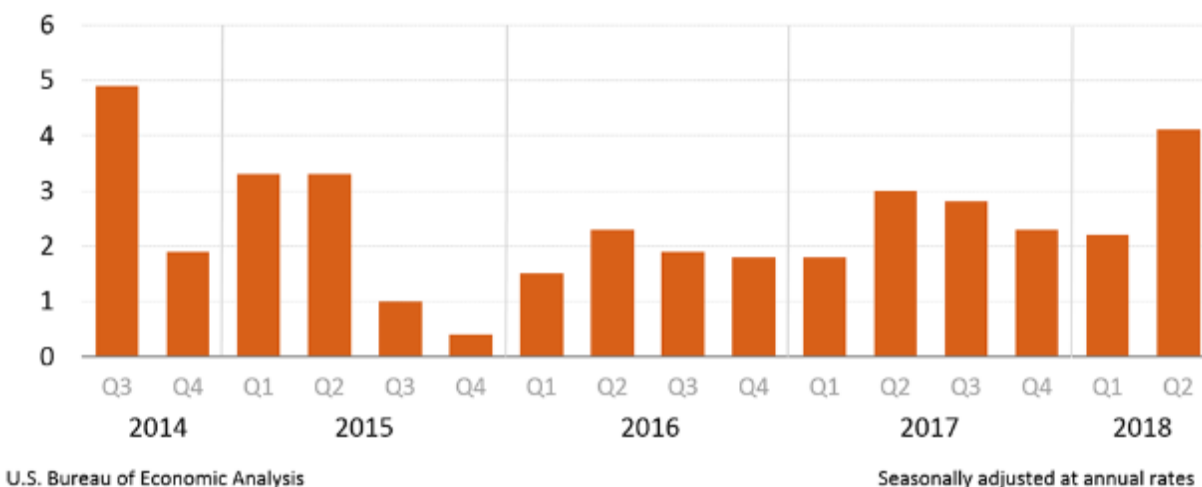
U.S. Department of Commerce, Bureau of economic analysis

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

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

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

Real GDP: Percent change from preceding quarter



GDP-2Q is running at *3.19% as of 09/11/18 v. *3.65% on 09/05/18
***simple average of the three regionals.**

Atlanta Fed GDPNow...Q3 2018: 3.6% ...September 11, 2018

The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2018 is **3.8 percent** on September 11, down from 4.4 percent on September 5. After last Friday morning's employment report from the U.S. Bureau of Labor Statistics, the nowcasts of third-quarter real consumer spending growth and third-quarter real gross private domestic investment growth decreased from 3.3 percent and 15.9 percent, respectively, to 3.0 percent and 14.0 percent, respectively. The model's estimate of the dynamic factor for August—normalized to have mean 0 and standard deviation 1 and used to forecast the yet-to-be released monthly GDP source data—declined from 1.11 to 0.41 after Friday's employment report.

The next GDPNow update is Friday, September 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...Q3 2018: 2.2%...September 7, 2018

The New York Fed Staff Nowcast stands at 2.2% for 2018:Q3 and 2.8% for 2018:Q4.

News from this week's data releases increased the nowcast for 2018:Q3 by 0.2 percentage point and increased the nowcast for 2018:Q4 by 0.8 percentage point.

Positive surprises from the ISM manufacturing survey drove the increase.

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

St. Louis Fed Real GDP Nowcast... Q3 2018: 3.78 %...September 11, 2018

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

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

MANUFACTURING AT A GLANCE
AUGUST 2018

Index	Series Index Aug	Series Index Jul	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	61.3	58.1	+3.2	Growing	Faster	24
New Orders	65.1	60.2	+4.9	Growing	Faster	32
Production	63.3	58.5	+4.8	Growing	Faster	24
Employment	58.5	56.5	+2.0	Growing	Faster	23
Supplier Deliveries	64.5	62.1	+2.4	Slowing	Faster	23
Inventories	55.4	53.3	+2.1	Growing	Faster	8
Customers' Inventories	41.0	39.4	+1.6	Too Low	Faster	23
Prices	72.1	73.2	-1.1	Increasing	Slower	30
Backlog of Orders	57.5	54.7	+2.8	Growing	Faster	19
New Export Orders	55.2	55.3	-0.1	Growing	Slower	30
Imports	53.9	54.7	-0.8	Growing	Slower	19
OVERALL ECONOMY				Growing	Faster	112
Manufacturing Sector				Growing	Faster	24

Average for 12 months - 59.3

High - 61.3

Low - 57.3

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

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

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>

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

The Fixed Income Group at R.J. O'Brien

John Coleman
312-373-5190
800-367-3349
© 312-515-3067

johncoleman@bloomberg.net

Rob Powell
312-373-5197
800-367-3349
© 312-560-7112

robpowell@bloomberg.net

Jeff Bauman
312-286-0491
jeffbau@bloomberg.net

Rich Goldblatt
312-373-5450
800-367-3650
© 312-515-6019
futuristic@bloomberg.net

Rocco Chierici
312-373-5439
800-367-3650
© 312-515-3069
rocco1@bloomberg.net

Brian Rachwalski
312-373-5191
800-367-3349
© 312-515-3066

brachwalski@bloomberg.net

Dan Sobolewski
312-373-5191
800-367-3349
© 312-505-6364

dsobolewski@bloomberg.net

Evan Vollman
312-373-5452
800-367-3650
evollman@bloomberg.net

Corrine Abele
312-373-4847
800-367-3349
cabele@rjobrien.com

Matthew Surwillo
312-373-4958
800-367-3349
msurwillo@rjobrien.com

DISCLAIMER

This material has been prepared by a sales or trading employee or agent of R.J. O'Brien and is, or is in the nature of, a solicitation. This material is not a research report prepared by R.J. O'Brien's Research Department. By accepting this communication, you agree that you are an experienced user of the futures markets, capable of making independent trading decisions, and agree that you are not, and will not, rely solely on this communication in making trading decisions.

DISTRIBUTION IN SOME JURISDICTIONS MAY BE PROHIBITED OR RESTRICTED BY LAW. PERSONS IN POSSESSION OF THIS COMMUNICATION INDIRECTLY SHOULD INFORM THEMSELVES ABOUT AND OBSERVE ANY SUCH PROHIBITION OR RESTRICTIONS. TO THE EXTENT THAT YOU HAVE RECEIVED THIS COMMUNICATION INDIRECTLY AND SOLICITATIONS ARE PROHIBITED IN YOUR JURISDICTION WITHOUT REGISTRATION, THE MARKET COMMENTARY IN THIS COMMUNICATION SHOULD NOT BE CONSIDERED A SOLICITATION.

The risk of loss in trading futures and/or options is substantial and each investor and/or trader must consider whether this is a suitable investment. Past performance, whether actual or indicated by simulated historical tests of strategies, is not indicative of future results. Trading advice is based on information taken from trades and statistical services and other sources that R.J. O'Brien believes are reliable. We do not guarantee that such information is accurate or complete and it should not be relied upon as such. Trading advice reflects our good faith judgment at a specific time and is subject to change without notice. There is no guarantee that the advice we give will result in profitable trades.

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