



Fixed Income Group A Division of RJ O'Brien

The Missile

www.fixedincomegroup.com

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(All times are CST)

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

United States Browse 15:45:01 10/12/18 - 10/18/18

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	10/12	07:30				Import Price Index MoM	Sep	0.2%	--	-0.6%	--
22)	10/12	07:30				Import Price Index ex Petroleu	Sep	-0.1%	--	-0.2%	--
23)	10/12	07:30				Import Price Index YoY	Sep	3.1%	--	3.7%	--
24)	10/12	07:30				Export Price Index MoM	Sep	0.2%	--	-0.1%	--
25)	10/12	07:30				Export Price Index YoY	Sep	2.9%	--	3.6%	--
26)	10/12	09:00				U. of Mich. Sentiment	Oct P	100.5	--	100.1	--
27)	10/12	09:00				U. of Mich. Current Conditions	Oct P	--	--	115.2	--
28)	10/12	09:00				U. of Mich. Expectations	Oct P	--	--	90.5	--
29)	10/12	09:00				U. of Mich. 1 Yr Inflation	Oct P	--	--	2.7%	--
30)	10/12	09:00				U. of Mich. 5-10 Yr Inflation	Oct P	--	--	2.5%	--
31)	10/12-10/18					Monthly Budget Statement	Sep	\$75.0b	--	\$7.9b	--
32)	10/15	07:30				Empire Manufacturing	Oct	20.5	--	19.0	--
33)	10/15	07:30				Retail Sales Advance MoM	Sep	0.7%	--	0.1%	--
34)	10/15	07:30				Retail Sales Ex Auto MoM	Sep	0.4%	--	0.3%	--
35)	10/15	07:30				Retail Sales Ex Auto and Gas	Sep	0.4%	--	0.2%	--
36)	10/15	07:30				Retail Sales Control Group	Sep	0.4%	--	0.1%	--
37)	10/15	09:00				Business Inventories	Aug	0.5%	--	0.6%	--
38)	10/16	08:15				Industrial Production MoM	Sep	0.3%	--	0.4%	--
39)	10/16	08:15				Capacity Utilization	Sep	78.2%	--	78.1%	--

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 H620-4452-3 11-Oct-2018 15:45:01

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Fed Speak Calendar

(All times are CST)

1) Calendars		2) Alerts		3) Export		4) Settings		Economic Calendars			
United States		Browse		16:10:46		10/11/18		- 11/30/18			
Central Banks		All Central Banks		View		Agenda		Weekly			
	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	10/12	08:30				Fed's Evans Takes Part in Moderated Discussion on Economy					
22)	10/12	11:30				Fed's Bostic Discusses Recruitment, Economics & Public Policy					
23)	10/12	21:30				Fed's Quarles Speaks at IIF Event in Bali					
24)	10/17	13:00				FOMC Meeting Minutes	Sep 26	--	--	--	--
25)	10/18	08:05				Fed's Bullard Speaks to Economic Club of Memphis					
26)	10/19	08:00				Fed's Kaplan Speaks in New York					
27)	10/19	11:00				Fed's Bostic Speaks on Economic Outlook					
28)	10/20	11:00				Fed's Bostic Speaks in Atlanta					
29)	10/24	12:00				Atlanta Fed's Bostic Speaks at Energy Summit in Baton Rouge					
30)	10/24	13:00				U.S. Federal Reserve Releases Beige Book					
31)	11/08	13:00				FOMC Rate Decision (Upper B...	Nov 8	2.25%	--	2.25%	--
32)	11/08	13:00				FOMC Rate Decision (Lower B...	Nov 8	2.00%	--	2.00%	--
33)	11/14	17:05				Fed's Powell to Discuss Economy at Dallas Fed Event					
34)	11/29	13:00				FOMC Meeting Minutes	Nov 8	--	--	--	--

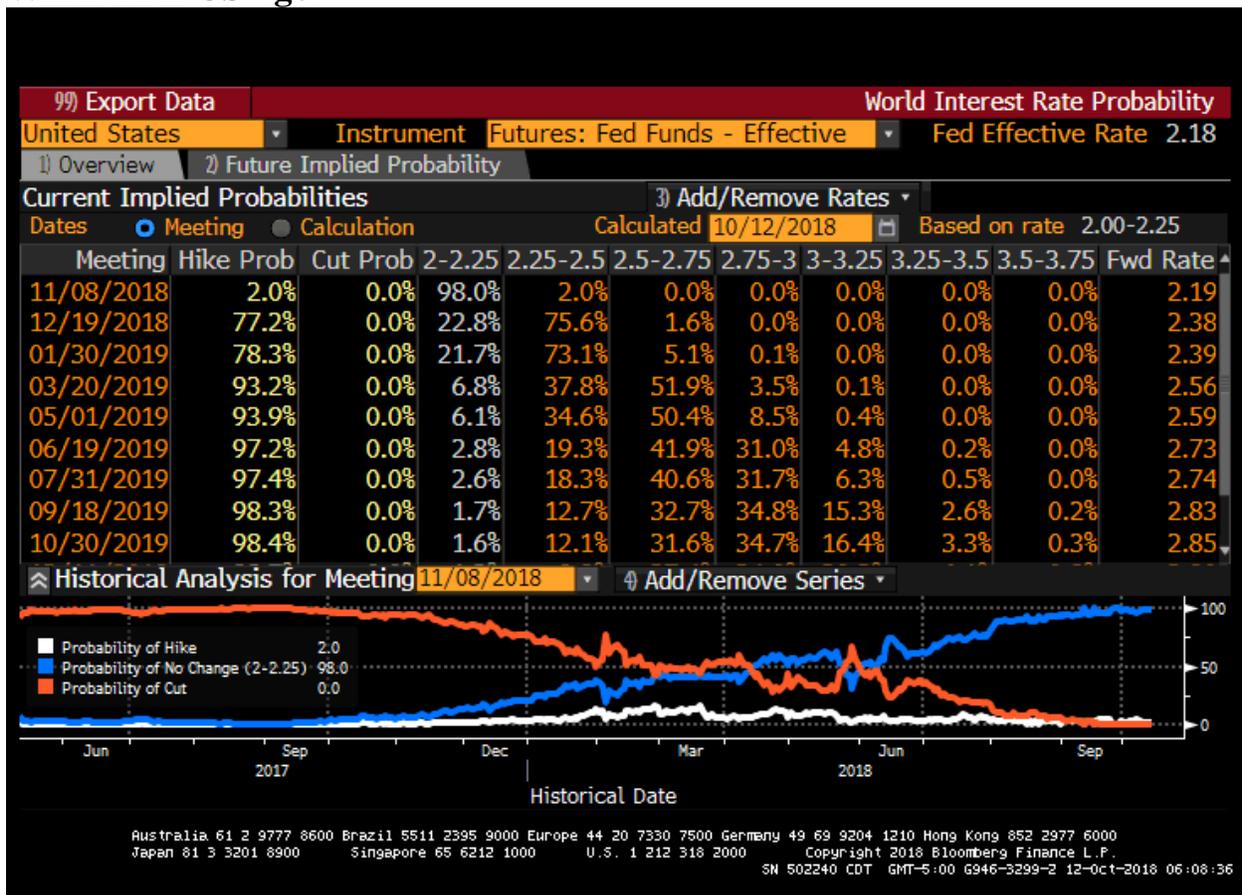
NI TRE <go>

	Next Offer	Next	Date	CUSIP	\$	Prior	Prior
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bl	Auction
							\$ Bln
Cash mgmt	TBA	TBA	TBA	TBA	TBA	02/13/2018	\$50
4-week	10/15/2018	10/16/2018	10/18/2018	TBA	TBA	10/09/2018	\$40
8-week	10/15/2018	10/16/2018	10/18/2018	TBA	TBA	n/a	n/a
3-month	10/11/2018	10/15/2018	10/18/2018	912796QT9	TBA	10/09/2018	\$48
6-month	10/11/2018	10/15/2018	10/18/2018	912796RH4	TBA	10/09/2018	\$42
1-year	11/01/2018	11/06/2018	11/08/2018	TBA	TBA	10/09/2018	\$26
Note Auctions							
2-year	10/18/2018	10/23/2018	10/31/2018	TBA	TBA	09/24/2018	\$37
3-year	10/31/2018	11/05/2018	11/15/2018	TBA	TBA	10/10/2018	\$36
5-year	10/18/2018	10/24/2018	10/31/2018	TBA	TBA	09/25/2018	\$38
7-year	10/18/2018	10/25/2018	10/31/2018	TBA	TBA	09/27/2018	\$31
10-year	10/31/2018	11/06/2018	11/15/2018	TBA	R	TBA	10/10/2018
Bond Auctions							
30-year	10/31/2018	10/11/2018	10/15/2018	912810SD1	R	\$15	09/13/2018

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TIPS Auctions								
5-yr TIPS	12/13/2018	12/20/2018	12/31/2018	TBA	R	TBA	08/23/2018	\$14
10-yr TIPS	11/15/2018	11/21/2018	11/30/2018	TBA	R	TBA	09/20/2018	\$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	10/18/2018	10/24/2018	10/31/2018	TBA	R	TBA	09/25/2018	\$17
Buyback Operation								
Buyback	TBA	TBA	TBA	TBA	TBA	TBA	11/15/2017	\$.025

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



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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, September 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	2021	Longer run	2018	2019	2020	2021	Longer run	2018	2019	2020	2021	Longer run
Change in real GDP	3.1	2.5	2.0	1.8	1.8	3.0-3.2	2.4-2.7	1.8-2.1	1.6-2.0	1.8-2.0	2.9-3.2	2.1-2.8	1.7-2.4	1.5-2.1	1.7-2.1
June projection	2.8	2.4	2.0	n.a.	1.8	2.7-3.0	2.2-2.6	1.8-2.0	n.a.	1.8-2.0	2.5-3.0	2.1-2.7	1.5-2.2	n.a.	1.7-2.1
Unemployment rate	3.7	3.5	3.5	3.7	4.5	3.7	3.4-3.6	3.4-3.8	3.5-4.0	4.3-4.6	3.7-3.8	3.4-3.8	3.3-4.0	3.4-4.2	4.0-4.6
June projection	3.6	3.5	3.5	n.a.	4.5	3.6-3.7	3.4-3.5	3.4-3.7	n.a.	4.3-4.6	3.5-3.8	3.3-3.8	3.3-4.0	n.a.	4.1-4.7
PCE inflation	2.1	2.0	2.1	2.1	2.0	2.0-2.1	2.0-2.1	2.1-2.2	2.0-2.2	2.0	1.9-2.2	2.0-2.3	2.0-2.2	2.0-2.3	2.0
June projection	2.1	2.1	2.1	n.a.	2.0	2.0-2.1	2.0-2.2	2.1-2.2	n.a.	2.0	2.0-2.2	1.9-2.3	2.0-2.3	n.a.	2.0
Core PCE inflation ⁴	2.0	2.1	2.1	2.1		1.9-2.0	2.0-2.1	2.1-2.2	2.0-2.2		1.9-2.0	2.0-2.3	2.0-2.2	2.0-2.3	
June projection	2.0	2.1	2.1	n.a.		1.9-2.0	2.0-2.2	2.1-2.2	n.a.		1.9-2.1	2.0-2.3	2.0-2.3	n.a.	
Memo: Projected appropriate policy path															
Federal funds rate	2.4	3.1	3.4	3.4	3.0	2.1-2.4	2.9-3.4	3.1-3.6	2.9-3.6	2.8-3.0	2.1-2.4	2.1-3.6	2.1-3.9	2.1-4.1	2.5-3.5
June projection	2.4	3.1	3.4	n.a.	2.9	2.1-2.4	2.9-3.4	3.1-3.6	n.a.	2.8-3.0	1.9-2.6	1.9-3.6	1.9-4.1	n.a.	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 June projections were made in conjunction with the meeting of the Federal Open Market Committee on June 12-13, 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 June 12-13, 2018, meeting, and one participant did not submit such projections in conjunction with the September 25-26, 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/fomeprojtabl20180926.pdf>

Libor Set

1-Month Libor Set	2.27975	+.00025	(97.72025)
3-Month Libor Set	2.43644	+.00013	(97.56356)
6-Month Libor Set	2.65213	+.01688	(97.34787)
1-Year Libor Set	2.96338	+.00963	(97.03662)

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THEY SAID IT

“The big picture is the Chinese exports have so far held up well in the face of escalating trade tensions and cooling global growth, most likely thanks to the competitiveness boost provided by a weaker renminbi,” said Julian Evans-Pritchard, senior China economist at Capital Economics.

“With global growth likely to cool further in the coming quarters and US tariffs set to become more punishing, the recent resilience of exports is unlikely to be sustained.” China’s vast export engine unexpectedly kicked into higher gear in September, producing a record trade surplus with the United States that could exacerbate the already-heated dispute between Beijing and Washington.

<https://www.reuters.com/article/us-china-economy-trade/china-september-exports-surge-creating-record-surplus-with-u-s-despite-tariffs-idUSKCN1MM080>

September exports rose 14.5 percent from a year earlier, the fastest pace since February, the customs data showed. That was well above August’s 9.8 percent and a Reuters poll forecast of 8.9 percent.

But the robust numbers reported on Friday by China’s customs agency - the last ones from China before U.S. congressional elections on Nov. 6 - could prompt a reaction from U.S. President Donald Trump.

A major U.S. telecommunications company discovered manipulated hardware from Super Micro Computer Inc. in its network and removed it in August, fresh evidence of tampering in China of critical technology components bound for the U.S., according to a security expert working for the telecom company.

<https://www.bloomberg.com/news/articles/2018-10-09/new-evidence-of-hacked-supermicro-hardware-found-in-u-s-telecom>

The more recent manipulation is different from the one described in the Bloomberg Businessweek report last week, but it shares key characteristics: They’re both designed to give attackers invisible access to data on a computer network in which the server is installed; and the alterations were found to have been made at the factory as the motherboard was being produced by a Supermicro subcontractor in China.

The yuan is “broadly in line” with China’s economic fundamentals, a senior IMF official said, days before the U.S. Treasury Department is scheduled to release a closely watched report on currency manipulation.

<https://www.bloomberg.com/news/articles/2018-10-12/imf-says-yuan-is-fairly-valued-as-u-s-compiles-currency-review?srnd=premium>

China’s currency has fallen more than 6 percent this year against the dollar, prompting speculation it may fall through the key level of 7 per dollar. The decline has attracted the notice of the U.S., which is locked in a tit-for-tat tariff dispute with Beijing. In an interview Thursday, Treasury Secretary Steven Mnuchin said the U.S. wants to make sure the depreciation isn’t a “competitive devaluation.”

The five nations in the world's leading intelligence-sharing network have been exchanging classified information on China's foreign activities with other like-minded countries since the start of the year, seven officials in four capitals said.

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<https://www.cnbc.com/2018/10/12/five-eyes-intelligence-alliance-builds-coalition-to-counter-china.html>

The increased cooperation by the Five Eyes alliance — grouping Australia, Britain, Canada, New Zealand and the United States — with countries such as Germany and Japan is a sign of a broadening international front against Chinese influence operations and investments.

Some of the officials, who spoke on condition of anonymity because of the sensitivity of the talks, said the enhanced cooperation amounted to an informal expansion of the Five Eyes group on the specific issue of foreign interference.

"If they decide they don't want to hold them, there are other buyers," Mnuchin told CNBC's Geoff Cutmore. "And, obviously, that would be very costly for them to do."

<https://www.cnbc.com/2018/10/12/treasury-secretary-mnuchin-china-selling-us-treasurys-in-retaliation-over-trade-would-be-costly.html>

Treasury Secretary [Steven Mnuchin](#) isn't worried about [China](#) selling its stockpile of U.S. Treasuries in retaliation over trade, saying on Friday there's plenty of demand for U.S. government bonds.

Top White House economic advisor [Larry Kudlow](#) told CNBC on Thursday the White House [was working](#) on a meeting between President [Donald Trump](#) and Chinese President [Xi Jinping](#) at next month's G-20 summit in Argentina.

In a step toward wooing more overseas investors, [China's](#) main publisher of bond market data and London-based IHS Markit announced Friday new indexes that claim to offer more transparency into the world's third-largest fixed income market.

<https://www.cnbc.com/2018/10/12/china-cracks-open-its-bond-market-further-to-foreigners.html>

ChinaBond, a subsidiary of state-owned China Central Depository and Clearing, is the main source of pricing data on mainland Chinese bonds. IHS Markit is behind the widely followed [iShares iBoxx High Yield Corporate Bond ETF \(HYG\)](#), PMI reports on economic growth, short interest data and other market-related publications.

“Lately it feels like the relations among the major economies are becoming more and more like “Game of Thrones,”” Widodo said in a speech peppered with references to the HBO series about dynasties and kingdoms battling for power.

<https://www.reuters.com/article/us-imf-worldbank-plenary/winter-is-coming-indonesia-warns-world-finance-leaders-over-trade-war-idUSKCN1MM0AY>

Indonesian President Joko Widodo didn't mention the United States or China, the world's two largest economies, but it was clear who he was talking about in an address to the plenary session of the International Monetary Fund and World Bank meetings on the island of Bali.

“Are we so busy fighting with each other and competing against each other that we fail to notice the things which are increasingly threatening, all of us alike, rich and poor, large and small,” he said.

Poorer and populous emerging market countries like his are among the most vulnerable to the fallout from the ongoing U.S.-Sino tariff war, and rising U.S. interest rates that are drawing investors away and driving down currencies.

“All these troubles in the world economy, are enough to make us feel like saying: ‘**Winter is Coming**’,” Widodo said, using a phrase that characters in the popular fantasy series constantly repeat to refer to spectral dangers that could destroy them all.

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Oil markets look “adequately supplied for now” after a big production increase in the last six months, but the industry is coming under strain, the West’s energy watchdog said on Friday.

<https://www.reuters.com/article/us-oil-iea/world-oil-market-adequately-supplied-for-now-iea-idUSKCN1MM0TW>

The International Energy Agency said in its monthly report that the world’s spare oil production capacity was down to 2 percent of global demand, with further falls likely.

“This strain could be with us for some time and it will likely be accompanied by higher prices, however much we regret them and their potential negative impact on the global economy,” the Paris-based organization said.

“There has very definitely been a change of gear over the last 10 days,” Hammond told reporters on the sidelines of the [International Monetary Fund](#) meetings in Bali, Indonesia. “There is clearly a commitment to try to find a way forward.”

<https://www.bloomberg.com/news/articles/2018-10-12/u-k-s-hammond-hails-change-of-gear-in-brexit-negotiations?srnd=premium>

Brexit negotiators have stepped up the pace of talks in recent days, U.K. Chancellor of the Exchequer Philip Hammond said Friday, signaling the two sides are closing in on a deal.

Though the key issue of how to keep the Irish border open after Brexit must still be resolved, Hammond sounded optimistic that an agreement will be reached on the U.K.’s divorce from the bloc before time runs out.

“I don’t see why Europe should always bow down to Washington,” said Naumkin, a top Russian aide on Syria policy. “If Europe thinks we can get rid of Assad and some moderate opposition forces will come to power, they’re living in fantasy land. Radicals will take over that will slit people’s throats.”

<https://www.bloomberg.com/news/articles/2018-10-12/russia-presses-europe-to-break-with-trump-and-help-rebuild-syria>

Russia is urging Germany and France to [break ranks](#) with their American ally and help rebuild Syria so that refugees can go home, a senior adviser to the Russian government said.

There’s little prospect of a deal with the U.S., which is now vowing to keep troops in Syria until Iran withdraws, Vitaly Naumkin said in an interview. Russia is instead focused on efforts to organize a Syria summit in Turkey with German Chancellor Angela Merkel and French President Emmanuel Macron. The plan is being held up by European demands for a transition away from Bashar al-Assad’s rule.

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EQUITIES

The S&P is **+28** and the NASDAQ is **+116**.

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 +0.79%.

In the UK, the 2s/10s swap curve is flatter with yields lower.

BOE Rate +0.50%. (No change).

Next meeting 11/01/18

On the European Continent

The CAC Index closed +0.61%.

The DAX Index closed +0.55%.

On the Continent, the 2s/10s swap curve is largely unchanged with yields mixed.

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

Deposit Facility Rate -.40%

Next meeting 10/25/18

Japan:

The TOPIX closed +0.03%.

The NIKKEI closed +0.46%.

In Japan, the 2s/10s swap curve is flatter with yields lower.

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

Next meeting 10/31/18

China:

The Hang Seng closed +2.12%.

The Shanghai Composite closed +0.91%.

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

EDZ8: 97-33.50 is the pivot. Below the pivot, you should be short, above long. Support is at 97-31.50**.

Resistance is at 97-33.50^ and 97-36.00**.

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

** 2-STD Deviations from the pivot point.

Current trend would have you short from 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)

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10yr/UXYZ8: 125-12.5 is the pivot point. Above you should be long, below short.
Support is at 123-31.0**

Resistance is at 125-12.5^ and 126-25.0**

^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.

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US-SWAPS IRSB <GO>

United States		98 Export		99 Settings		Interest Rate Swap Rates							
Date Range:		09/12/2018		10/12/2018		1 Month							
40 Semi Swaps		40 Sprs to Gov.		40 Ann Swaps		40 Ann Sprs		40 OIS Swaps		40 CME/LCH Sprs		40 Combined	
USD SemiAnnual 30/360 Swap Rates													
Tenor	Bid	Ask	Mid	Change	Today	#SD	Δ/d...	Low	Range	High	Avg	+/-B...	#SD
1) 1 YR	2.830 / 2.831	2.830	0.005			0.2		2.723		2.843	2.785	4.5	1.4
2) 2 YR	3.049 / 3.051	3.050	0.009			0.2		2.916		3.090	3.002	4.9	1.2
3) 3 YR	3.118 / 3.119	3.118	0.013			0.3		2.963		3.170	3.067	5.2	1.0
4) 4 YR	3.137 / 3.139	3.137	0.013			0.2		2.972		3.198	3.086	5.2	1.0
5) 5 YR	3.145 / 3.147	3.146	0.013			0.2		2.971		3.212	3.094	5.3	1.0
6) 6 YR	3.156 / 3.158	3.157	0.012			0.2		2.975		3.228	3.103	5.6	0.9
7) 7 YR	3.168 / 3.171	3.170	0.013			0.2		2.980		3.253	3.113	5.8	0.9
8) 8 YR	3.183 / 3.185	3.184	0.015			0.2		2.989		3.265	3.126	6.0	0.9
9) 9 YR	3.198 / 3.198	3.197	0.013			0.2		3.000		3.284	3.139	5.9	0.9
10) 10 YR	3.213 / 3.214	3.213	0.014			0.2		3.011		3.302	3.152	6.2	0.9
11) 15 YR	3.258 / 3.258	3.258	0.014			0.2		3.046		3.349	3.190	6.8	0.9
12) 20 YR	3.265 / 3.267	3.266	0.014			0.2		3.052		3.358	3.196	7.0	0.9
13) 25 YR	3.254 / 3.255	3.253	0.013			0.2		3.038		3.349	3.184	7.1	0.9
14) 30 YR	3.239 / 3.239	3.238	0.011			0.1		3.023		3.332	3.167	7.2	0.9

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2018 Bloomberg Finance L.P.
 SN 502340 CDT GMT-5:00 6946-3299-2 12-Oct-2018 06:08:57

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.

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The Fundamentals

LABOR

Bureau of Labor and Statistics

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

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

Average Hourly Earnings y/y Department of Labor Department.



St. Louis Fed Agriculture Finance Monitor 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 farmland 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

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available funds increased during the second quarter of 2018 as compared with a year ago. The 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.	5 Oct 2018	1,052	-2	28 Sept 2018	+116	6 Oct 2017
Canada	5 Oct 2018	182	+4	28 Sept 2018	-27	6 Oct 2017
International	Sept 2018	1,004	-4	Aug 2018	+73	Sept 2017

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

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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/>

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.

Total carloads for the week ending October 6 were 269,634 carloads, up 0.7 percent compared with the same week in 2017, while U.S. weekly intermodal volume was 284,604 containers and trailers, up 1.8 percent compared to 2017.

Six of the 10 carload commodity groups posted an increase compared with the same week in 2017. They included petroleum and petroleum products, up 2,579 carloads, to 12,545; coal, up 1,250 carloads, to 88,939; and metallic ores and metals, up 880 carloads, to 22,121. Commodity groups that posted decreases compared with the same week in 2017 included grain, down 1,918 carloads, to 22,641; nonmetallic minerals, down 1,557 carloads, to 37,581; and miscellaneous carloads, down 154 carloads, to 9,860.

For the first 40 weeks of 2018, U.S. railroads reported cumulative volume of 10,518,193 carloads, up 2 percent from the same point last year; and 11,116,608 intermodal units, up 5.9 percent from last year. Total combined U.S. traffic for the first 40 weeks of 2018 was 21,634,801 carloads and intermodal units, an increase of 3.9 percent compared to last year.

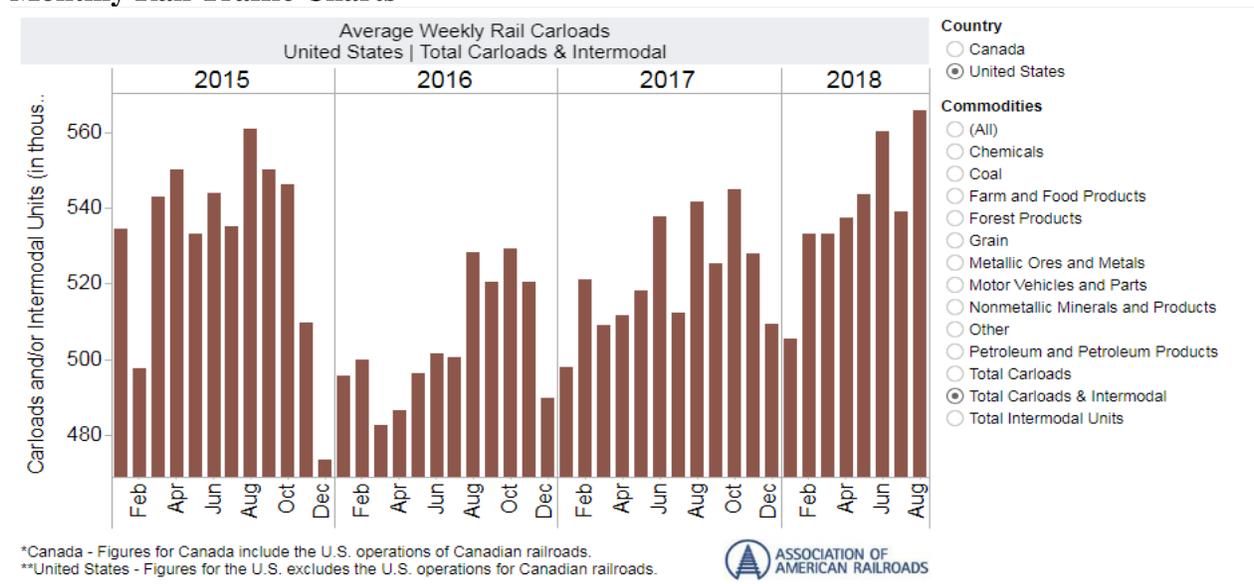
North American rail volume for the week ending October 6, 2018, on 12 reporting U.S., Canadian and Mexican railroads totaled 375,239 carloads, up 1.2 percent compared with the same week last year, and 375,166 intermodal units, up 0.8 percent compared with last year. Total combined weekly rail traffic in North America was 750,405 carloads and intermodal units, up 1 percent. North American rail volume for the first 40 weeks of 2018 was 29,182,005 carloads and intermodal units, up 3.6 percent compared with 2017.

Canadian railroads reported 85,997 carloads for the week, up 4 percent, and 70,135 intermodal units, down 2.3 percent compared with the same week in 2017. For the first 40 weeks of 2018, Canadian railroads reported cumulative rail traffic volume of 6,000,438 carloads, containers and trailers, up 3.7 percent.

Mexican railroads reported 19,608 carloads for the week, down 3.2 percent compared with the same week last year, and 20,427 intermodal units, down 1 percent. Cumulative volume on Mexican railroads for the first 40 weeks of 2018 was 1,546,766 carloads and intermodal containers and trailers.

<https://www.aar.org/news/rail-traffic-for-august-and-the-week-ending-october-6-2018/>

Monthly Rail Traffic Charts



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

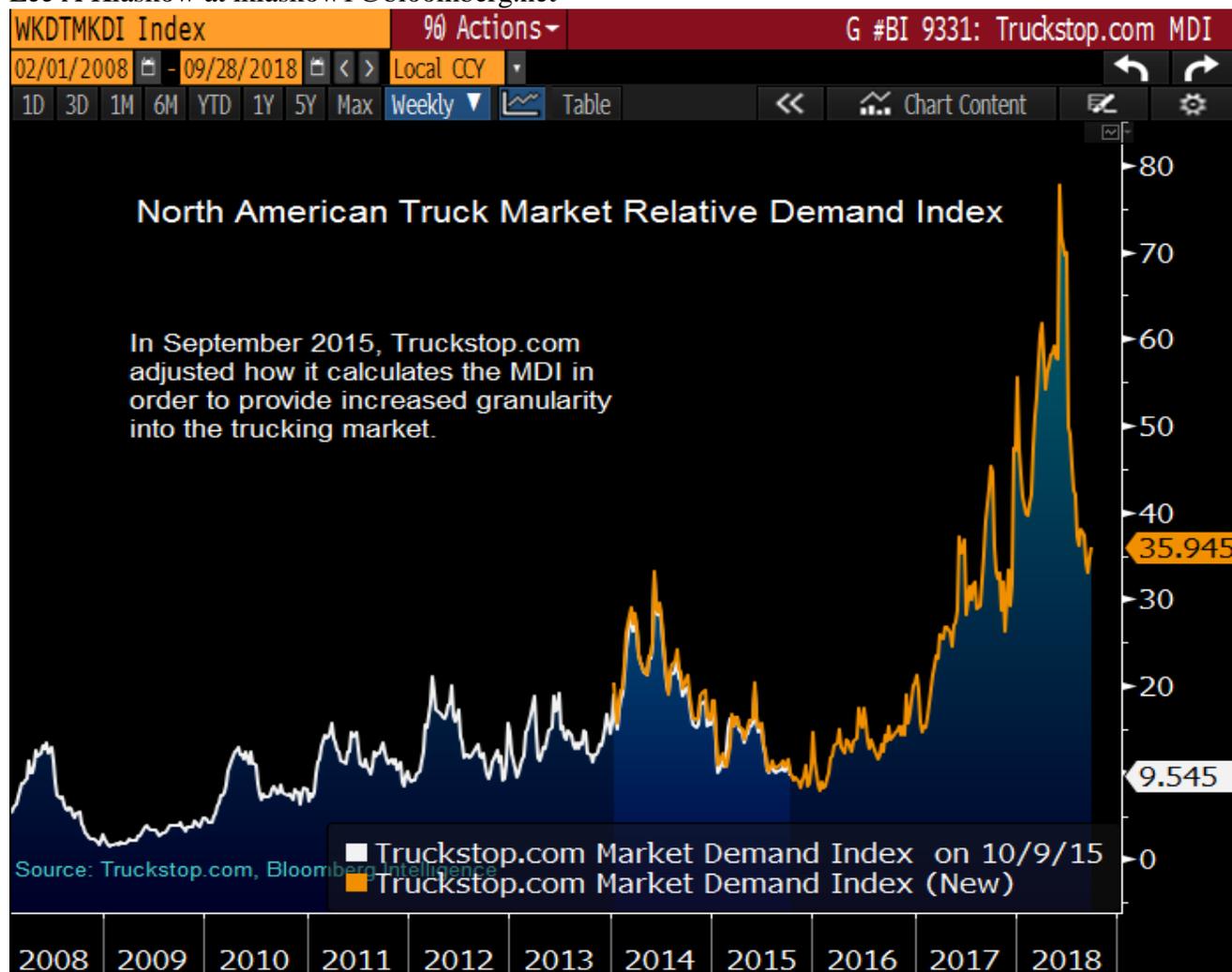
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**Trailer Truck Demand
(Bloomberg Intelligence) – 10/03/18**

Truckstop.com's Market Demand Index, which gauges relative supply and demand for the spot truckload market, normalized from a 125% gain in 1H from 2017, to 39.6 on average in 3Q, a 19% increase from the prior year. The index spiked at the beginning of April when regulators began enforcing the ELD mandate and reached a new high at the beginning of June, due to annual roadcheck inspections that increased the number of parked trucks. Despite the decline, the market remains historically tight and continues to face supply-side constraints.

Public truckload carriers tend to operate in the contractual market with limited exposure to transactional business. These fleets have varying degrees of exposure to the spot market, which is measured by Truckstop.com's index. The spot market tends to be a leading indicator for contract rates.

Lee A Klaskow at lklaskow1@bloomberg.net



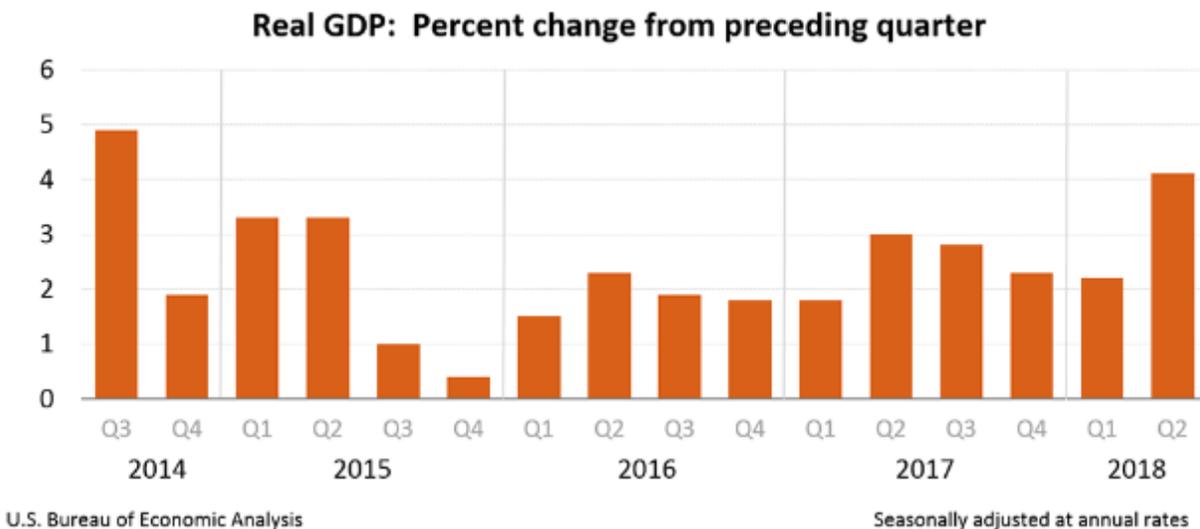
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GDP

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

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

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



GDP-2Q is running at *3.57% as of 10/10/18 v. *3.49% on 10/05/18

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

Atlanta Fed GDPNow...Q3 2018: 4.2% ...October 10, 2018

The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2018 is **4.2 percent** on October 10, up from 4.1 percent on October 5. After this morning's wholesale trade report from the U.S. Census Bureau and this morning's Producer Price Index release from the U.S. Bureau of Labor Statistics, the nowcast of the contribution of inventory investment to third-quarter real GDP growth increased from 2.09 percentage points to 2.20 percentage points.

The next GDPNow update is Monday, October 15. 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: 2.3%...October 5, 2018

The New York Fed Staff Nowcast stands at 2.3% for 2018:Q3 and 2.8% for 2018:Q4.

News from this week's data releases decreased the nowcast for 2018:Q3 by 0.2 percentage point and decreased the nowcast for 2018:Q4 by 0.1 percentage point.

A negative surprise from exports data and negative impacts from parameter revisions accounted for most of the decrease. Positive news from the ISM surveys partially offset the decrease for 2018:Q4.

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

St. Louis Fed Real GDP Nowcast... Q3 2018: 4.20%...October 10, 2018

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

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MANUFACTURING AT A GLANCE
SEPTEMBER 2018

Index	Series Index Sep	Series Index Aug	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	59.8	61.3	-1.5	Growing	Slower	25
New Orders	61.8	65.1	-3.3	Growing	Slower	33
Production	63.9	63.3	+0.6	Growing	Faster	25
Employment	58.8	58.5	+0.3	Growing	Faster	24
Supplier Deliveries	61.1	64.5	-3.4	Slowing	Slower	24
Inventories	53.3	55.4	-2.1	Growing	Slower	9
Customers' Inventories	40.5	41.0	-0.5	Too Low	Faster	24
Prices	66.9	72.1	-5.2	Increasing	Slower	31
Backlog of Orders	55.7	57.5	-1.8	Growing	Slower	20
New Export Orders	56.0	55.2	+0.8	Growing	Faster	31
Imports	54.5	53.9	+0.6	Growing	Faster	20
OVERALL ECONOMY				Growing	Slower	113
Manufacturing Sector				Growing	Slower	25

Average for 12 months - 59.2

High - 61.3

Low - 57.3

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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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