



The Missile

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On Bloomberg:
WECO <go>
 (All times are CST)

9 <GO> to Save as Default										
1) Calendars ▾ 2) Alerts 3) Export ▾ 4) Settings ▾								Economic Calendars		
🇺🇸 United States		Browse		13:39:28		05/29/20		- 06/17/20		
Economic Releases ▾ All Economic Releases ▾ View Agenda Weekly 🔍										
	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior Revised
21)	05/29	07:30				Advance Goods Trade Balance	Apr	-\$65.0b	--	-\$64.2b -\$64.4b
22)	05/29	07:30	←			Wholesale Inventories MoM	Apr P	-0.7%	--	-0.8% --
23)	05/29	07:30				Retail Inventories MoM	Apr	-0.8%	--	0.9% --
24)	05/29	07:30	←			Personal Income	Apr	-6.0%	--	-2.0% --
25)	05/29	07:30	←			Personal Spending	Apr	-12.7%	--	-7.5% --
26)	05/29	07:30	←			Real Personal Spending	Apr	-12.9%	--	-7.3% --
27)	05/29	07:30				PCE Deflator MoM	Apr	-0.6%	--	-0.3% --
28)	05/29	07:30				PCE Deflator YoY	Apr	0.5%	--	1.3% --
29)	05/29	07:30				PCE Core Deflator MoM	Apr	-0.3%	--	-0.1% --
30)	05/29	07:30				PCE Core Deflator YoY	Apr	1.1%	--	1.7% --
31)	05/29	08:45	←			MNI Chicago PMI	May	40.0	--	35.4 --
32)	05/29	09:00	←			U. of Mich. Sentiment	May F	74.0	--	73.7 --
33)	05/29	09:00				U. of Mich. Current Conditions	May F	84.0	--	83.0 --
34)	05/29	09:00				U. of Mich. Expectations	May F	68.4	--	67.7 --
35)	05/29	09:00				U. of Mich. 1 Yr Inflation	May F	--	--	3.0% --
36)	05/29	09:00				U. of Mich. 5-10 Yr Inflation	May F	--	--	2.6% --
37)	06/01	08:45	←			Markit US Manufacturing PMI	May F	--	--	39.8 --
38)	06/01	09:00	←			Construction Spending MoM	Apr	-6.5%	--	0.9% --
39)	06/01	09:00	←			ISM Manufacturing	May	43.5	--	41.5 --

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Fed Speak Calendar
 (All times are CST)
 On Bloomberg: Fed <go>

Economic Calendars										
1) Calendars ▾		2) Alerts		3) Export ▾		4) Settings ▾				
United States		Browse		14:08:30		05/29/20		08/31/20		
Central Banks		All Central Banks				View <input checked="" type="radio"/> Agenda <input type="radio"/> Weekly <input type="radio"/>				
Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	05/29 10:00				Fed Chair Powell Takes Part in a Moderated Virtual Discussion					
22)	06/10 13:00				FOMC Rate Decision (Upper Bou...	Jun 10	0.25%	--	0.25%	--
23)	06/10 13:00				FOMC Rate Decision (Lower Bou...	Jun 10	0.00%	--	0.00%	--
24)	06/10 13:30				Powell Holds Post-FOMC Meeting Press Conference					
25)	06/24 11:30				Fed's Evans Takes Part in Virtual Discussion on Economy					
26)	07/01 13:00				FOMC Meeting Minutes	Jun 10	--	--	--	--
27)	07/15 13:00				U.S. Federal Reserve Releases Beige Book					
28)	07/29 13:00				FOMC Rate Decision (Upper Bou...	Jul 29	0.25%	--	--	--
29)	07/29 13:00				FOMC Rate Decision (Lower Bou...	Jul 29	0.00%	--	--	--
30)	07/29 13:30				Powell Holds Post-FOMC Meeting Press Conference					
31)	08/19 13:00				FOMC Meeting Minutes	Jul 29	--	--	--	--

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**US Treasury Auction Schedule
On Bloomberg:
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Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bil	Auction	\$ Bln
Cash mgmt. 119-day	TBA	06/02/2020	06/04/2020	9127962J7		\$40	05/28/2020	
Cash mgmt. 42-day	TBA	06/02/2020	06/04/2020	912796SZ3		\$65		
4-week	06/02/2020	06/04/2020	06/09/2020	TBA		TBA	05/28/2020	\$80
8-week	06/02/2020	06/04/2020	06/09/2020	TBA		TBA	05/28/2020	\$70
3-month	06/04/2020	06/01/2020	06/04/2020	912796XH7		\$63	05/26/2020	\$63
6-month	06/04/2020	06/01/2020	06/04/2020	912796TU3		\$54	05/26/2020	\$54
1-year	06/11/2020	06/16/2020	06/18/2020	TBA		TBA	05/19/2020	\$31
Note Auctions								
2-year	06/18/2020	06/23/2020	06/30/2020	TBA		TBA	05/26/2020	\$44
3-year	06/04/2020	06/08/2020	06/15/2020	TBA		TBA	05/11/2020	\$42
5-year	06/18/2020	06/24/2020	06/30/2020	TBA		TBA	05/27/2020	\$45
7-year	06/18/2020	06/25/2020	06/30/2020	TBA		TBA	05/28/2020	\$38
10-year	06/04/2020	06/09/2020	06/15/2020	TBA	R	TBA	05/12/2020	\$32
Bond Auctions								
20-year	06/11/2020	06/17/2020	06/30/2020	TBA		TBA	05/20/2020	n/a
30-year	06/04/2020	06/11/2020	06/15/2020	TBA	R	TBA	05/13/2020	\$22

TIPS Auctions								
5-yr TIPS	06/11/2020	06/18/2020	06/30/2020	TBA	R	TBA	04/23/2020	\$17
10-yr TIPS	07/16/2020	05/21/2020	05/29/2020	912828Z37	R	\$12	03/19/2020	\$12
30-yr TIPS	08/13/2020	08/20/2020	08/31/2020	TBA	R	TBA	02/20/2020	\$8
Floating Rate Note								
2-year FRN	05/21/2020	05/27/2020	05/29/2020	912828ZK9	R	TBA	04/28/2020	\$24
Buyback Operation								
Buyback	TBA	TBA	TBA	TBA		TBA	11/14/2018	\$.025

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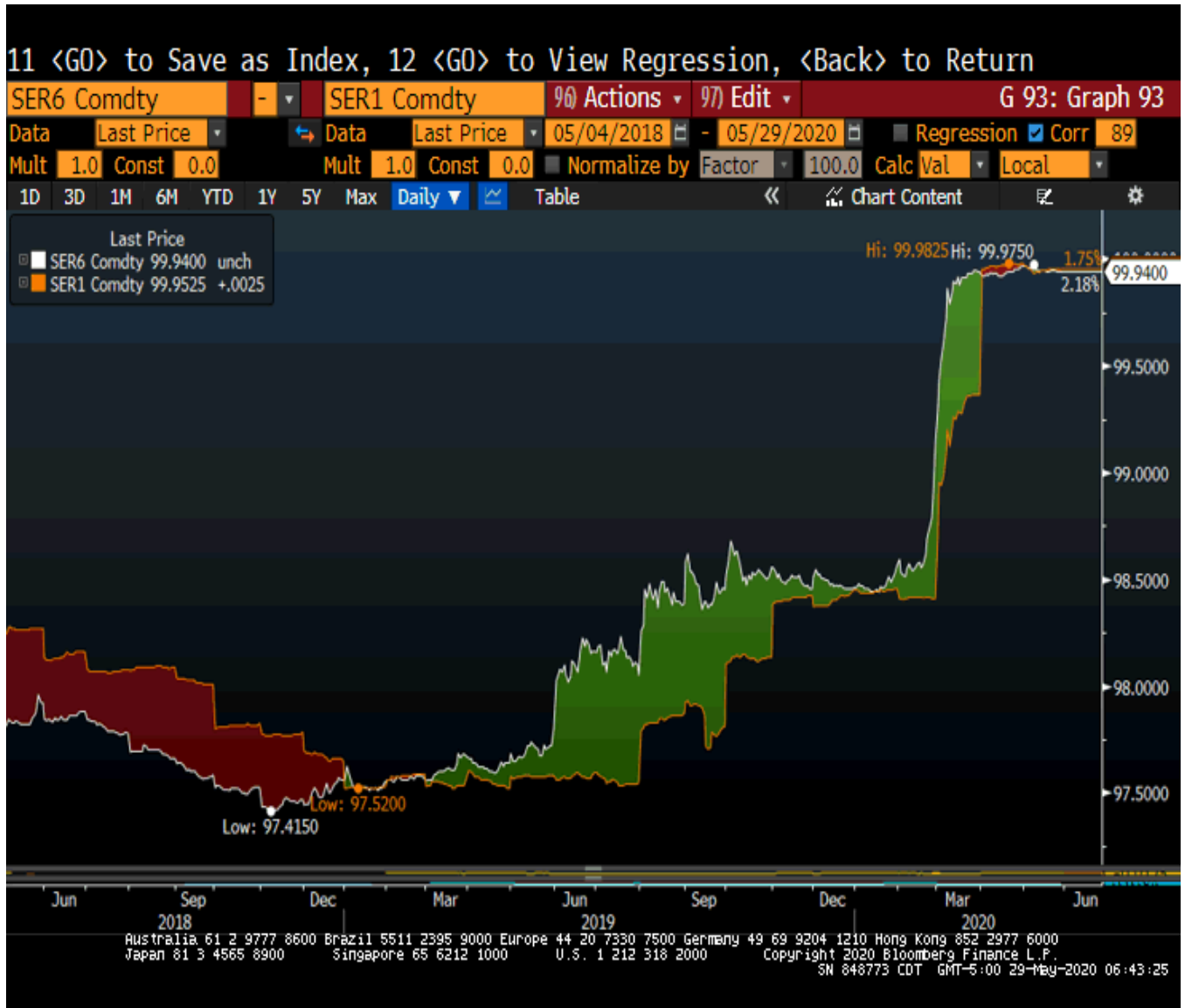
**Current Implied Probability of Fed Rate Movement (Futures)
On Bloomberg:
WIRP <go>**



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Getting Granular

**The Fed watches 1-month bills v. 1-month bills 6-months forward.
Below is a chart of 1-month SOFR v. 1-month SOFR 6-months forward,
a poor man's proxy in futures.**



**Federal Reserve economists said, watching forward rates relative to those on current Treasury bills has served traders well in the past.
When the short term forward spread inverts, it indicates easier Fed policy in the near future.**

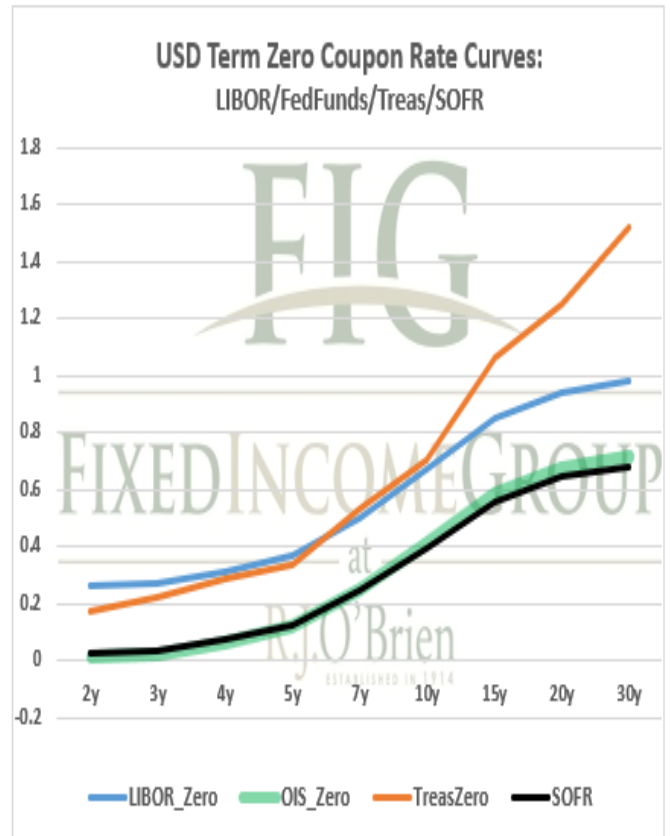
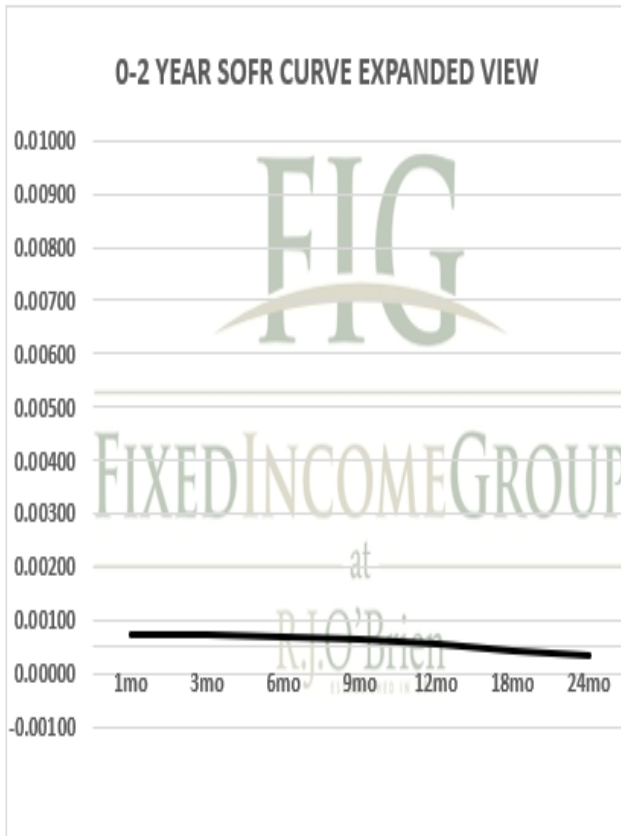
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The SOFR Curve

Making the change from LIBOR to a new reference rate is not an insignificant exercise. It will take planning and changes to processes and systems. Sonia and SOFR appear likely to offer two options for users: compounded, setting in arrears (currently used in OIS markets) or a term rate setting in advance like LIBOR. You have questions, we have answers.



For more information on the Libor replacement contact:

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SVP the Fixed Income Group at RJO
312-373-5439

Corrine Baynes
VP the Fixed Income Group at RJO
800-367-3349

5/29/2020 6:23 ct

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5/29/2020 6:25

Term SOFR from 1-day Returns						
0.07352%	0.07443%	0.06974%	0.06469%	0.05666%	0.04086%	0.03425%
1.00006331	1.00019021	1.0003565	1.00049413	1.000574	1.000623044	1.000695
1mo	3mo	6mo	9mo	12mo	18mo	24mo
5/29/2020	5/29/2020	5/29/2020	5/29/2020	5/29/2020	5/29/2020	5/29/2020
6/28/2020	8/28/2020	11/28/2020	2/27/2021	5/28/2021	11/28/2021	5/28/2022
31	92	184	275	365	549	730
Term SOFR+Credit from 1-day Returns						
0.86077%	0.86661%	0.86407%	0.86013%	0.85314%	0.83908%	0.83417%
1.00074122	1.00221467	1.0044164	1.00657044	1.00865	1.01279603	1.016915
1mo	3mo	6mo	9mo	12mo	18mo	24mo
5/29/2020	5/29/2020	5/29/2020	5/29/2020	5/29/2020	5/29/2020	5/29/2020
6/28/2020	8/28/2020	11/28/2020	2/27/2021	5/28/2021	11/28/2021	5/28/2022
31	92	184	275	365	549	730

SOFR

1-Month 0.07352

3-Month 0.07443

6-Month 0.06974

1-Year 0.05666

ICE-SETTLED LIBOR 05/28/2020

1-Month Libor Set 0.18250 +.00987 (99.81750)

3-Month Libor Set 0.34400 -.00600 (99.65600)

6-Month Libor Set 0.50975 -.00525 (99.49025)

1-Year Libor Set 0.67350 -.00338 (99.32650)

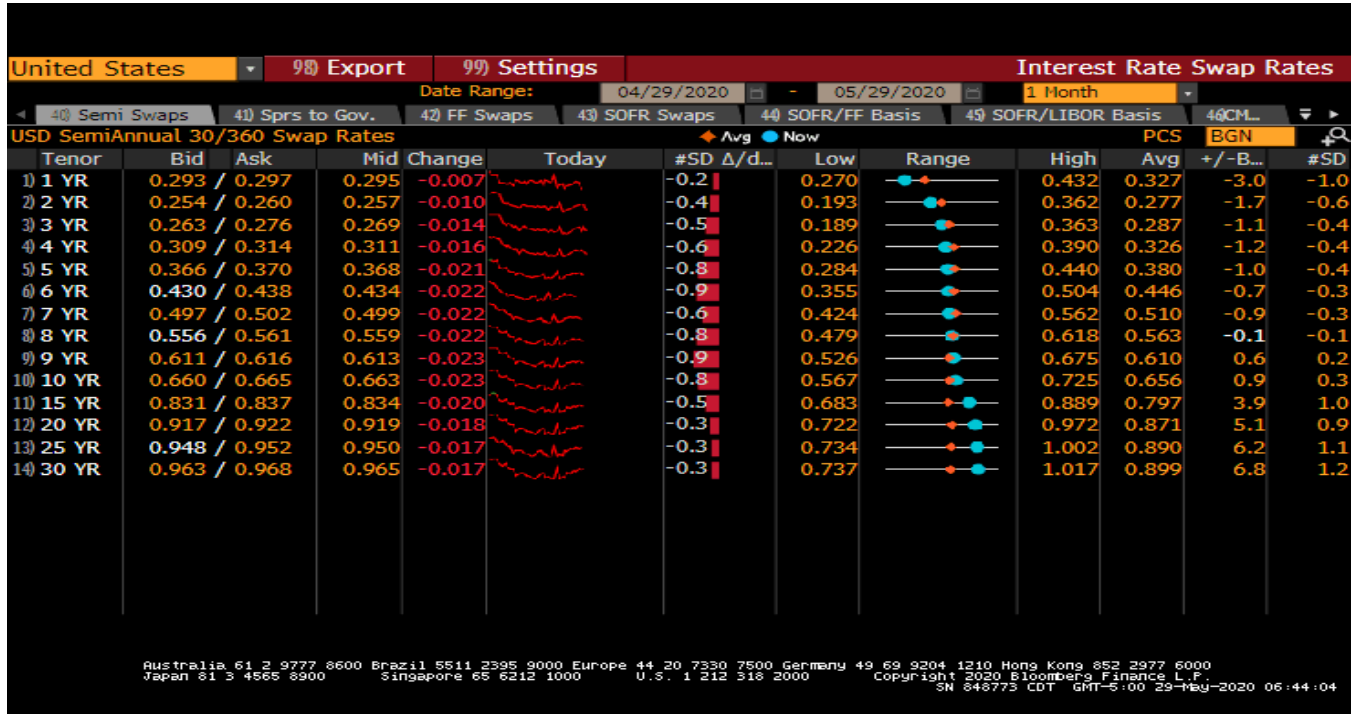
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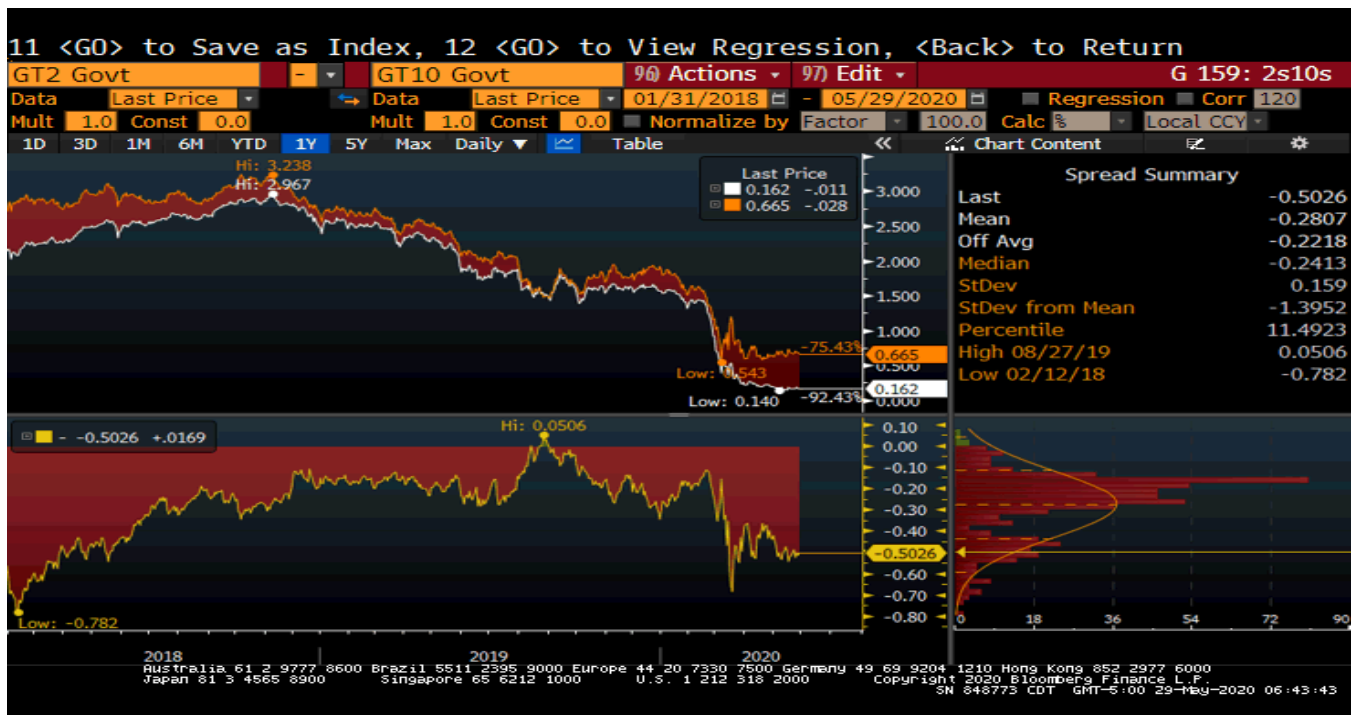
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US-SWAP curve and Treasury 2s/10s chart

IRSB <GO>



Treasury 2s/10s



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THEY SAID IT:

President Trump yesterday said he will give a press conference today on China. Mr. Trump will presumably announce sanctions against China as punishment for China's new national security law for Hong Kong. China's parliament approved that legislation yesterday, although it will take a matter of months before the legislation becomes final.

The State Department on Wednesday determined that Hong Kong no longer has enough autonomy to warrant its special trade status. The State Department's determination, however, was only advisory and had no immediate impact other than to open the door for Mr. Trump to decide on penalties, if any.

On the lighter end of sanctions, Mr. Trump could just limit visas and place sanctions on some Communist Party officials involved in implementing the new security law. On the heavier end, the U.S. could fully retract Hong Kong's special trade status, impose tariffs on imports from Hong Kong, and restrict dual-use technology exports to Hong Kong.

China's Foreign Ministry spokesman on Wednesday warned the U.S. against interfering in Chinese affairs. He said, "If anyone insists on harming China's interests, China is determined to take all necessary countermeasures. The national security law for Hong Kong is purely China's internal affair that allows no foreign interference."

The markets are waiting to see if China will retaliate against the U.S. for what it sees as interference in its internal affairs. The list of actions by the U.S. against China in the past few weeks has grown long enough that China, who fears of looking weak, are likely to retaliate in some form or fashion. China has said it may name U.S. companies to its "unreliable entities" list, which would mean investigations and likely restrictions on the sales by those companies in China.

U.S. companies with exposure to Chinese retaliation include companies such as Apple, Starbucks, Nike, Boeing, and chipmakers like Intel, Qualcomm, TI and others. China could also encourage Chinese consumer boycotts against U.S. products.

The markets are also watching to see if China allows the yuan to depreciate to soften the blow from any new U.S. tariffs or sanctions. The Chinese yuan on Wednesday fell sharply to a new 9-month low but then recovered somewhat on Thursday after the PBOC announced a stronger-than-expected currency fix, suggesting that the Chinese government does not want to see any fast depreciation of the yuan. Chinese authorities must be careful not to let a decline in the yuan get out of control since Chinese investors and businesses could panic and engage in heavy capital flight, which in turn would hurt the Chinese stock market.

White House advisor Kudlow on Thursday said that China will be held accountable for its moves on Hong Kong. He said, "If need be, Hong Kong may now have to be treated the same way China is treated."

Mr. Kudlow also said that the US/China phase-one trade deal "does continue to go on for the moment and we may be making progress there." Mr. Kudlow seemed to suggest that the phase-one trade deal is

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not in jeopardy, at least not from the U.S. side. However, the US/China trade situation could deteriorate quickly if the U.S. slaps tariffs on Hong Kong to match the tariffs on the China mainland. China could respond by canceling the phase-one trade deal and its promise to buy \$200 billion of extra U.S. goods during 2020-21.

The consensus is for today's April PCE deflator to fall sharply to +0.5% y/y from March's +1.3% y/y, undercut by the plunge in oil prices during April. However, the core PCE deflator is also expected to drop sharply to +1.1% y/y from March's +1.7%. A drop in the core deflator to +1.1% would leave inflation at about half of the Fed's inflation target of +2.0%. The plunge in the U.S. economy of about -10% in the first half of 2020 has put heavy downward pressure on the price of all sorts of goods and services.

The Fed has already pulled out all the stops on its monetary policy to try to support the economy and prevent a deflationary spiral. Still, the Fed is likely to face a long period of low inflation that requires interest rates to remain near zero. Europe's core CPI inflation rate has averaged only +1.0% over the past five years, far below the ECB's inflation target of just under +2.0%. Japan's core CPI inflation rate has averaged only +0.3% over the last five years and fell to the deflationary level of -0.1% y/y in April.

The consensus is for today's final-May University of Michigan U.S. consumer sentiment index to be revised slightly higher by +0.3 points to 74.0, which would leave the index up by +2.2 points from April instead of the preliminary report of +1.9 points. May's small improvement in U.S. consumer sentiment is a step in the right direction. However, the expected overall +2.2-point increase in April sentiment is a drop in the bucket compared with the overall -29.2-point plunge in the index seen in March-April.

U.S. consumers are undoubtedly relieved that the U.S. economy is starting to open back up. However, whole sectors of the U.S. economy will remain mostly closed and there will still be many people who are unemployed for months. Any major improvement in consumer sentiment is likely to be months away.

Why Kids Should Go Straight Back to School

(Interesting. I don't know if I agree but I agree with the fears of the damage being done.)

<https://www.bloomberg.com/opinion/articles/2020-05-29/coronavirus-why-it-s-time-to-start-reopening-schools?srd=premium&sref=k5DuN3at>

Costly Electric Vehicles Confront a Harsh Coronavirus Reality

(I have one word. Hydrogen. Now discuss it amongst yourselves.)

<https://www.bloomberg.com/news/articles/2020-05-26/can-vw-s-and-tesla-s-electric-vehicle-goals-survive-coronavirus?srd=premium&sref=k5DuN3at>

We thought too big, Renault says as it axes 15,000 jobs in cost-cutting reboot

<https://www.reuters.com/article/us-renault-france-strategy/we-thought-too-big-renault-says-as-it-axes-15000-jobs-in-cost-cutting-reboot-idUSKBN2350K0>

Oil is on track for its best month ever?

<https://www.cnbc.com/2020/05/29/oil-is-on-track-for-its-best-month-ever.html>

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EQUITIES

The S&P is **-6** and the NASDAQ is **+25**.

Earnings:

www.moneycentral.msn.com/investor/market/earncalendar

On Bloomberg type in ACDR <GO>

UK

In the UK the FTSE closed -1.03%.

BOE Rate +0.10%. (No change).

Next meeting 06/18/20

EU

The CAC Index closed -0.36%.

The DAX Index closed -0.80%.

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

Deposit Facility Rate -.50%

Next meeting 06/04/20

Japan

The TOPIX closed -0.87%.

The NIKKEI closed -0.18%.

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

Next meeting 06/16/20

China:

The Hang Seng closed -0.74%.

The Shanghai Composite closed +0.22%.

PBOC

Deposit Rate: 1.50%

Lending Rate: 4.35%

7-Day Repo Rate: 1.2475%

Reserve Requirement Ratio: 12.50%

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THE TREND

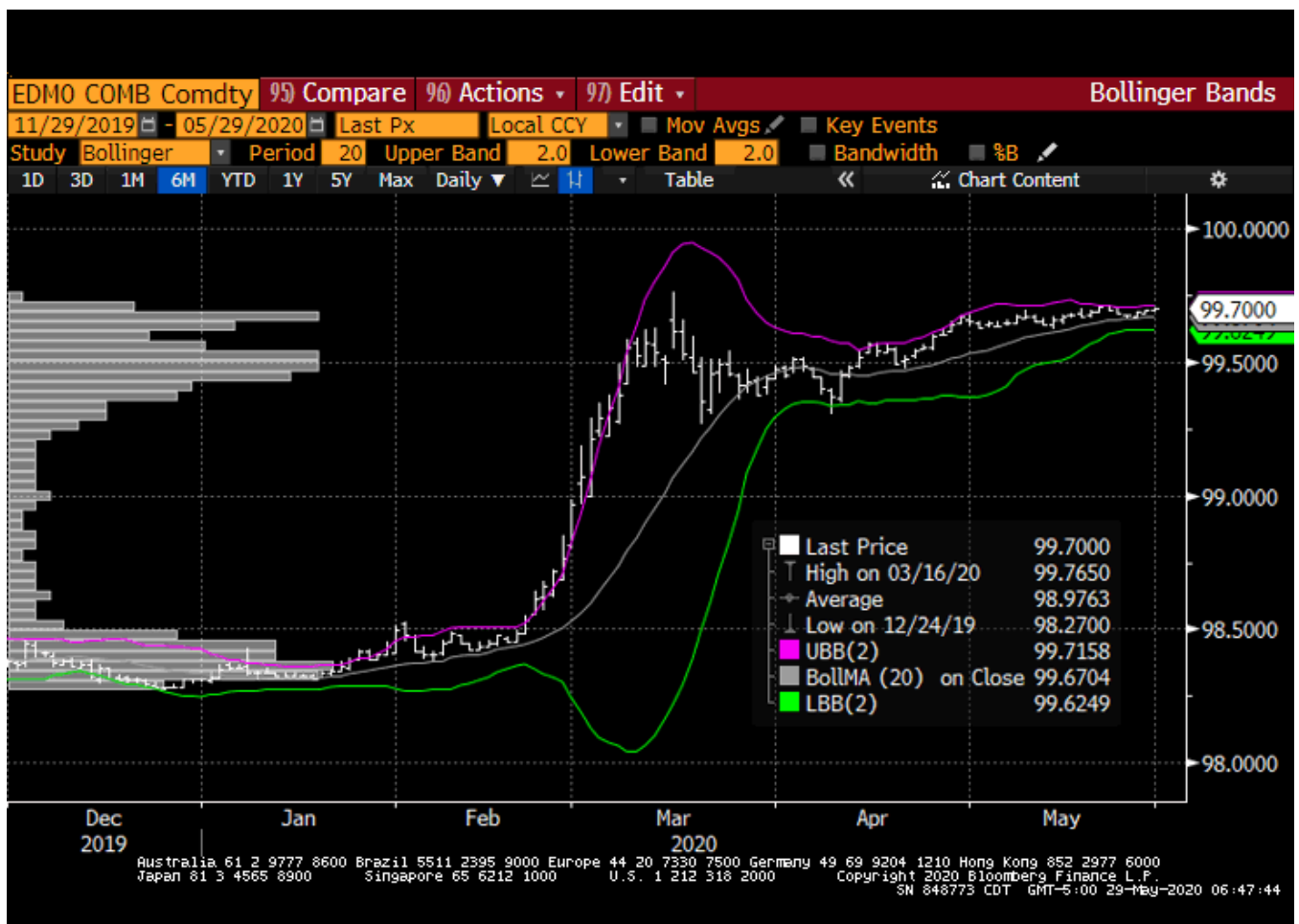
EDM0: **99-67** is the pivot. Above the pivot you should be long, below short.

Support is at **99-67** and **99-62.5****

Resistance is at **99-71.5****

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

The short position from 99-45 on (04/06/20) has rolled over but, I have decided to remain short the contract. I took my lumps and covered my short, resulting in a loss of 14 ticks and a long position from 99.59 (04/24/20).



YTD (per contract)

2019 +1134 ticks (+\$3,350.00)

2018 +36.5 ticks (+\$912.50)

2017 +33.0 ticks (+\$825.00)

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Ultra 10-year Note (UXYM0): 156-17.5 is the pivot point.

Above the pivot you should be long, below short.

Support is at **156-17.5^** and **155-21****

Resistance is at **157-14****

0|pivot Point is a simple 20-day moving average.

** 2-STD Deviations from the pivot point

Trend that had you short from 156-17.5 (5/26/20) has rolled over, resulting in a 2-tick loss (\$62.50) and a long position from 156-19.5 (5/29/20).



YTD (per contract)

(2020) +269.5 futures ticks (\$31.25 per tick) or +\$8,421.88

(2019) +351.5 futures ticks (\$31.25 per tick) or +\$10,984.38

(2018) +185.0 futures ticks (\$31.25 per tick) or +\$5,781.13

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Table 1. Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents, under their individual assumptions of projected appropriate monetary policy, December 2019
Advance release of table 1 of the Summary of Economic Projections to be released with the FOMC minutes

Variable	Percent														
	Median ¹					Central Tendency ²					Range ³				
	2019	2020	2021	2022	Longer run	2019	2020	2021	2022	Longer run	2019	2020	2021	2022	Longer run
Change in real GDP	2.2	2.0	1.9	1.8	1.9	2.1-2.2	2.0-2.2	1.8-2.0	1.8-2.0	1.8-2.0	2.1-2.3	1.8-2.3	1.7-2.2	1.5-2.2	1.7-2.2
September projection	2.2	2.0	1.9	1.8	1.9	2.1-2.3	1.8-2.1	1.8-2.0	1.7-2.0	1.8-2.0	2.1-2.4	1.7-2.3	1.7-2.1	1.6-2.1	1.7-2.1
Unemployment rate	3.6	3.5	3.6	3.7	4.1	3.5-3.6	3.5-3.7	3.5-3.9	3.5-4.0	3.9-4.3	3.5-3.6	3.3-3.8	3.3-4.0	3.3-4.1	3.5-4.5
September projection	3.7	3.7	3.8	3.9	4.2	3.6-3.7	3.6-3.8	3.6-3.9	3.7-4.0	4.0-4.3	3.5-3.8	3.3-4.0	3.3-4.1	3.3-4.2	3.6-4.5
PCE inflation	1.5	1.9	2.0	2.0	2.0	1.4-1.5	1.8-1.9	2.0-2.1	2.0-2.2	2.0	1.4-1.7	1.7-2.1	1.8-2.3	1.8-2.2	2.0
September projection	1.5	1.9	2.0	2.0	2.0	1.5-1.6	1.8-2.0	2.0	2.0-2.2	2.0	1.4-1.7	1.7-2.1	1.8-2.3	1.8-2.2	2.0
Core PCE inflation ⁴	1.6	1.9	2.0	2.0		1.6-1.7	1.9-2.0	2.0-2.1	2.0-2.2		1.6-1.8	1.7-2.1	1.8-2.3	1.8-2.2	
September projection	1.8	1.9	2.0	2.0		1.7-1.8	1.9-2.0	2.0	2.0-2.2		1.6-1.8	1.7-2.1	1.8-2.3	1.8-2.2	
Memo: Projected appropriate policy path															
Federal funds rate	1.6	1.6	1.9	2.1	2.5	1.6	1.6-1.9	1.6-2.1	1.9-2.6	2.4-2.8	1.6	1.6-1.9	1.6-2.4	1.6-2.9	2.0-3.3
September projection	1.9	1.9	2.1	2.4	2.5	1.6-2.1	1.6-2.1	1.6-2.4	1.9-2.6	2.5-2.8	1.6-2.1	1.6-2.4	1.6-2.6	1.6-2.9	2.0-3.3

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 September projections were made in conjunction with the meeting of the Federal Open Market Committee on September 17-18, 2019. 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 September 17-18, 2019, meeting, and one participant did not submit such projections in conjunction with the December 10-11, 2019, 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.

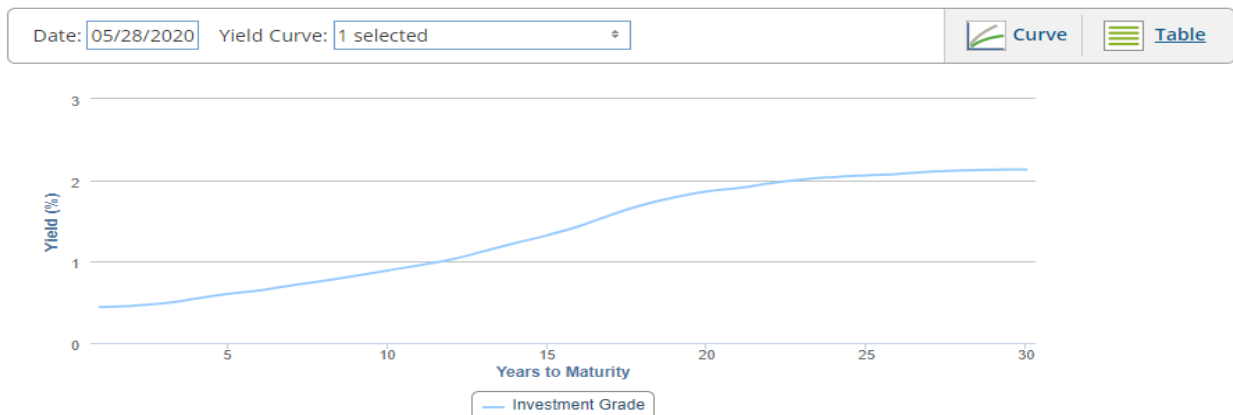
<http://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20191211.pdf>

Muni IG Curve

The MBIS Municipal Benchmark Curve is a tax-exempt investment grade yield curve that is valued directly against pre- and post-trade market data provided by the MSRB.

<https://emma.msrb.org/ToolsAndResources/MBISYieldCurve?daily=True>

Daily Yield Curves for 05/28/2020



<http://www.msrb.org/~media/Files/EMMA/MBIS-Yield-Curve-Methodology.ashx>

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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.



Bureau of Labor Statistics

<https://www.bls.gov/web/empsit/cesnaicsrev.htm>

Nonfarm Payroll Employment: Revisions between over-the-month estimates, 1979-present

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KC Federal Reserve Agricultural Finance Databook

Farm income in the Tenth District weakened alongside a steep drop in agricultural commodity prices that began in March. The pace of decline in income was noticeably faster in the first quarter than in the previous quarter amid intensifying concerns related to COVID-19 (Chart 1). Spending by farm borrowers also weakened slightly, but less abruptly than farm income. Corn and cattle comprise a large share of total revenues in the region and as the survey began in March, prices of both had decreased about 15 percent since January. Even after the first quarter survey, the declines continued through early May, putting added downward pressure on revenues for producers.

<https://www.kansascityfed.org/research/indicatorsdata/agcreditsurvey/articles/2020/5-13-2020/agriculture-tenth-district-feels-initial-effects-of-pandemic>

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 Overview and Summary Count

<https://bakerhughesrigcount.gcs-web.com/rig-count-overview?c=79687&p=irol-rigcountsoverview>

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

https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_es1b

Renewable Fuels Association

<http://www.ethanolrfa.org/>

Rail Traffic

For this week, total U.S. weekly rail traffic was 428,715 carloads and intermodal units, down 19.2 percent compared with the same week last year.

Total carloads for the week ending May 23 were 190,639 carloads, down 27.5 percent compared with the same week in 2019, while U.S. weekly intermodal volume was 238,076 containers and trailers, down 11.2 percent compared to 2019.

None of the 10 carload commodity groups posted an increase compared with the same week in 2019. Commodity groups that posted decreases compared with the same week in 2019 included coal, down 32,660 carloads, to 46,863; motor vehicles and parts, down 12,171 carloads, to 4,874; and metallic ores and metals, down 8,733 carloads, to 14,805.

“Of the 20 carload categories we track, 15 had modestly higher loadings last week than the week before, led by motor vehicles and grain. Meanwhile, intermodal originations were higher last week than in any of the previous 11 weeks. While we can’t yet say whether rail traffic and, by extension, the economy, have turned a corner, these are all encouraging signs,” said AAR Senior Vice President John T. Gray. “As areas across the country begin to reopen over the next several weeks, perhaps we can start looking for light at the end of what has become a rather long tunnel. Whatever the outcome, railroads will do their part to get us out of the tunnel safely and reliably.”

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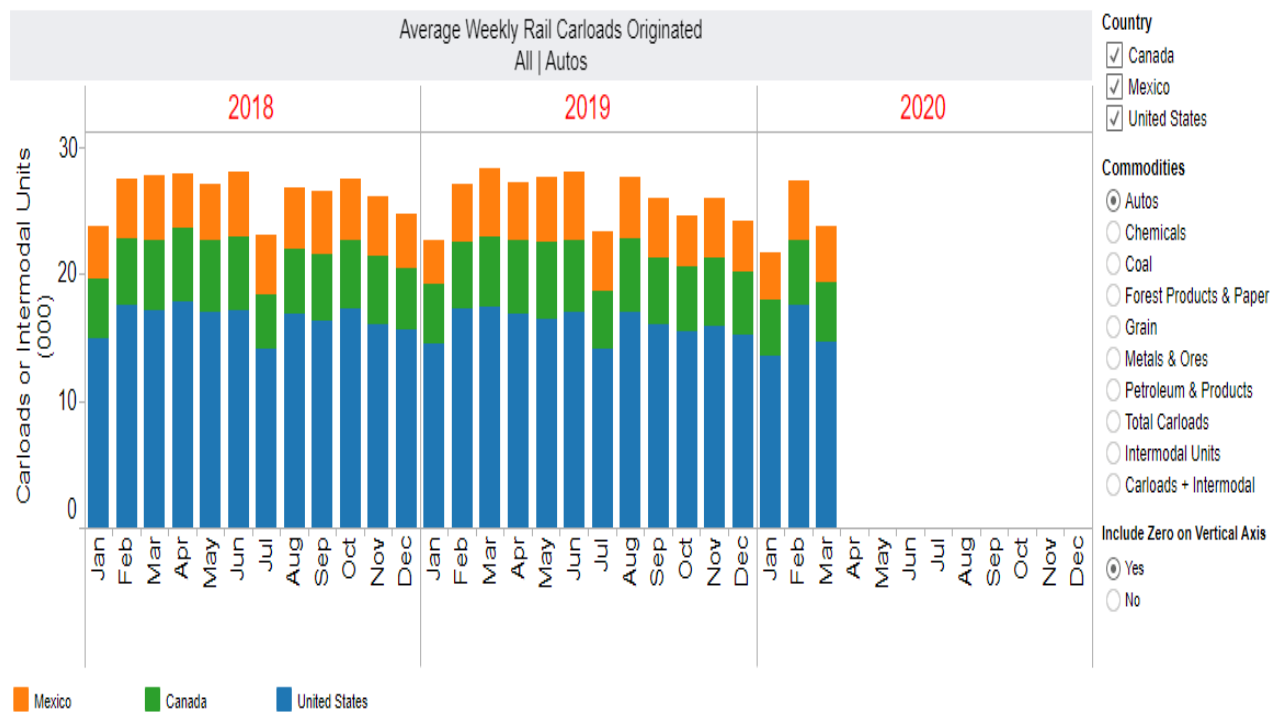
For the first 21 weeks of 2020, U.S. railroads reported cumulative volume of 4,533,784 carloads, down 14.3 percent from the same point last year; and 4,970,889 intermodal units, down 11.3 percent from last year. Total combined U.S. traffic for the first 21 weeks of 2020 was 9,504,673 carloads and intermodal units, a decrease of 12.8 percent compared to last year.

North American rail volume for the week ending May 23, 2020, on 12 reporting U.S., Canadian and Mexican railroads totaled 272,100 carloads, down 26.2 percent compared with the same week last year, and 313,831 intermodal units, down 10.8 percent compared with last year. Total combined weekly rail traffic in North America was 585,931 carloads and intermodal units, down 18.7 percent. North American rail volume for the first 21 weeks of 2020 was 13,140,443 carloads and intermodal units, down 11.4 percent compared with 2019.

Canadian railroads reported 65,535 carloads for the week, down 22.5 percent, and 61,901 intermodal units, down 5.8 percent compared with the same week in 2019. For the first 21 weeks of 2020, Canadian railroads reported cumulative rail traffic volume of 2,927,865 carloads, containers and trailers, down 7.1 percent.

Mexican railroads reported 15,926 carloads for the week, down 26 percent compared with the same week last year, and 13,854 intermodal units, down 23.2 percent. Cumulative volume on Mexican railroads for the first 21 weeks of 2020 was 707,905 carloads and intermodal containers and trailers, down 8.7 percent from the same point last year.

<https://www.aar.org/news/weekly-rail-traffic-for-the-week-ending-may-23-2020/>



The U.S. operations of Canadian railroads are included in Canada, and the U.S. operations of Mexican railroads are included in Mexico; both are excluded from the U.S. Data for Mexican railroads prior to July 2017, when GMXT completed its acquisition of FEC, are not comparable. © 2014-2020, Association of American Railroads.



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

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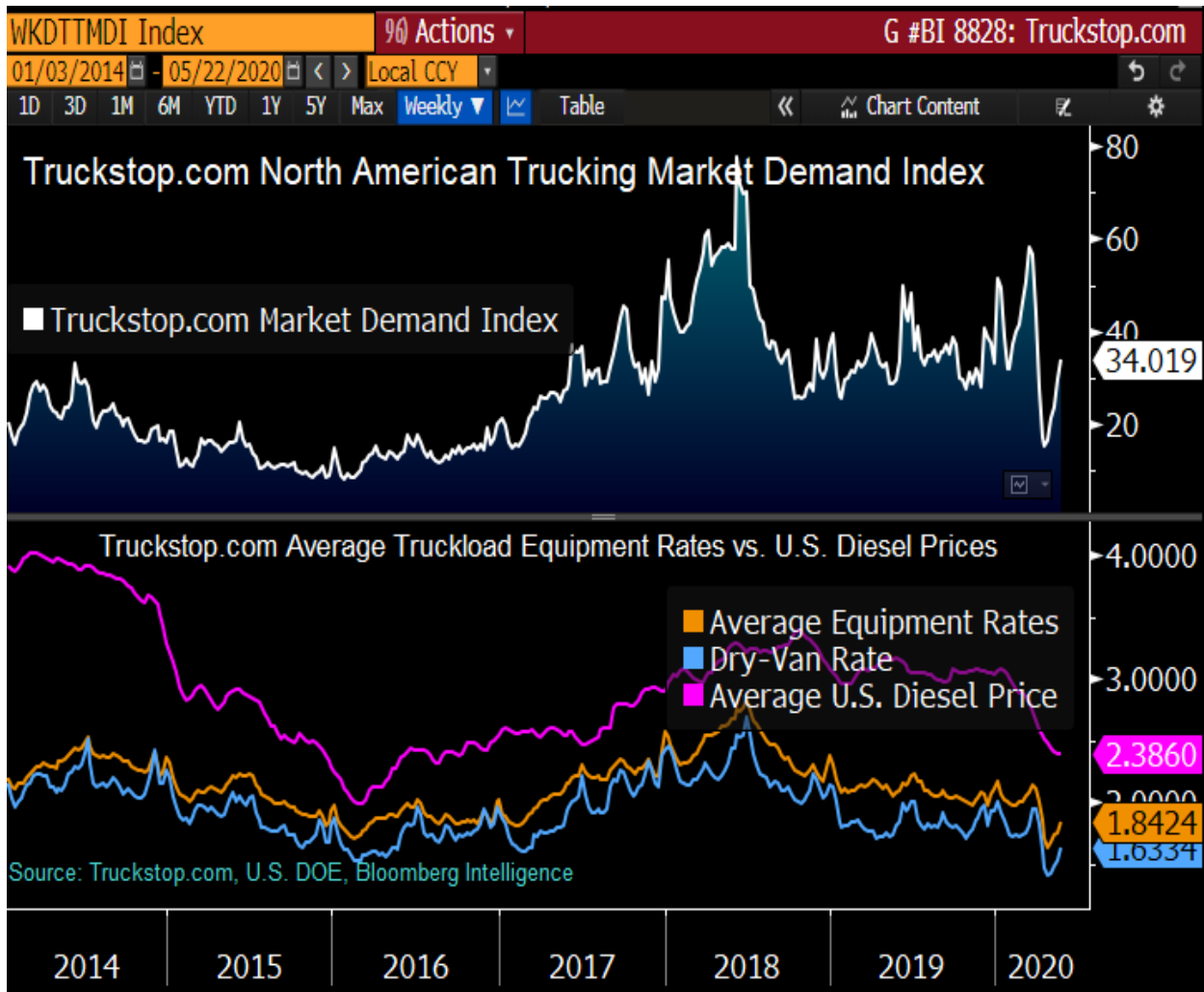
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Trailer Truck Demand 5/26/20

North American spot-trucking relative demand rose 15% sequentially in the week ended May 22, based on Truckstop.com's Market Demand Index, rising for the fifth straight week as freight activity rebounds from depressed levels. A gradual easing of lockdown measures has helped rates, excluding fuel surcharges, improve sequentially since bottoming in late April (up 16%), yet 2Q pricing remains at the lowest levels from data spanning back to 2014. Reefer rates (down 4.7% in 2Q) remain the best-performing among all equipment types, aided by demand for perishables and easier comparisons from a delayed spring peak season in 2019.

USA Truck, Knight-Swift, J.B. Hunt and Werner operate mostly in the contract market, with varying spot exposure. Brokers such as C.H. Robinson and XPO are also exposed to the spot market.



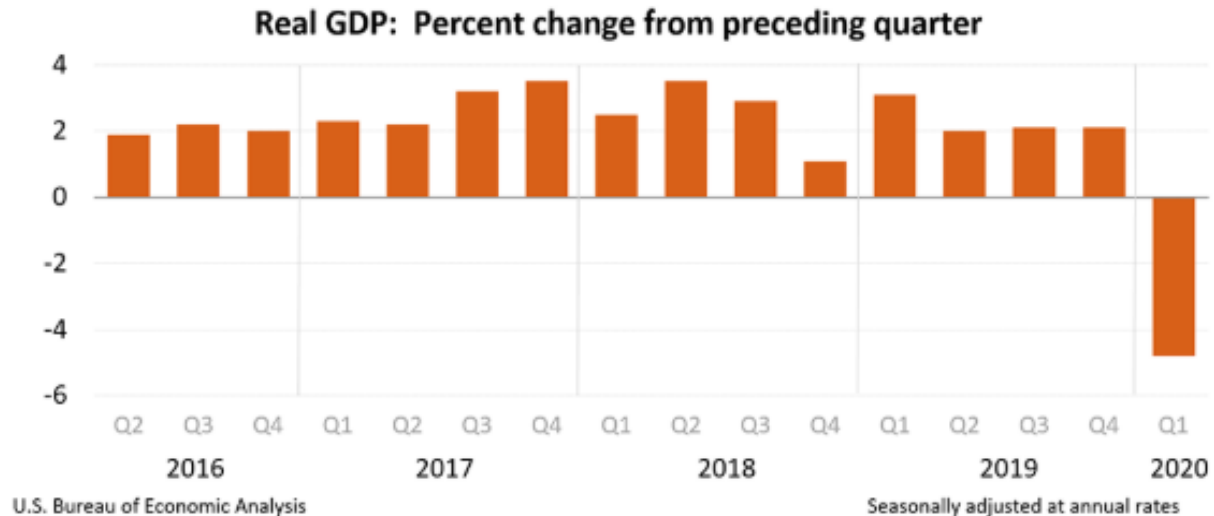
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GDP

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



As of 05/28/20 2Q GDP is running at ***-37.10%** v. ***-38.30%** on 05/19/20.

***average of the 3 regionals reporting 2nd quarter GDP estimates.**

Atlanta Fed Real GDP Nowcast... Q2 2020: **-40.4%** as of May 28, 2020

The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the second quarter of 2020 is **-40.4 percent** on May 28, up from -41.9 percent on May 19. After recent housing market releases from the National Association of Realtors and the U.S. Census Bureau and this morning's advance durable manufacturing report from the U.S. Census Bureau, the nowcast of second-quarter real gross private domestic investment growth increased from -66.0 percent to -60.2 percent.

*The next GDPNow update is **Friday, May 29**. Please see the "Release Dates" tab below for a list of upcoming releases.*

<https://www.frbatlanta.org/cqer/research/gdpnow>

St. Louis Fed Real GDP Nowcast... Q2 2020: **-40.39%** as of May 28, 2020

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

NY Fed GDP Nowcast...Q2 2020: **-30.5%** as of May 22, 2020

News from this week's data releases increased the nowcast for 2020: Q2 by 0.6 percentage point. Housing data were less negative than the model's expectations, accounting for most of the nowcast increase.

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

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MANUFACTURING AT A GLANCE

APRIL 2020

Index	Series Index Apr	Series Index Mar	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	41.5	49.1	-7.6	Contracting	Faster	2
New Orders	27.1	42.2	-15.1	Contracting	Faster	3
Production	27.5	47.7	-20.2	Contracting	Faster	2
Employment	27.5	43.8	-16.3	Contracting	Faster	9
Supplier Deliveries	76.0	65.0	+11.0	Slowing	Faster	6
Inventories	49.7	46.9	+2.8	Contracting	Slower	11
Customers' Inventories	48.8	43.4	+5.4	Too Low	Slower	43
Prices	35.3	37.4	-2.1	Decreasing	Faster	3
Backlog of Orders	37.8	45.9	-8.1	Contracting	Faster	2
New Export Orders	35.3	46.6	-11.3	Contracting	Faster	2
Imports	42.7	42.1	+0.6	Contracting	Slower	3
OVERALL ECONOMY				Contracting	From Growing	1
Manufacturing Sector				Contracting	Faster	2

Average for 12 months - 49.0

High - 52.3

Low - 41.5

<https://www.instituteforsupplymanagement.org/ISMReport>

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[US Census Bureau \(Manufacturers' Shipments, Inventories and Orders\).](http://www.census.gov/manufacturing/m3/)

<http://www.census.gov/manufacturing/m3/>

Ranking of Countries by Military might.

www.military.com

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/>

How much aid do we give around the world?

<https://explorer.usaid.gov>

CBOT Non-Commercial Net Total – Futures Only

<http://www.cmegroup.com/trading/interest-rates/cftc-tff/main.html>

The Periodic Table of Commodity Returns 2019

Explore how natural resources have performed over the last 10 years on the interactive chart below.

Click a commodity to see its trend or the sidebar to reveal the historical pattern of your choice.

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Key	View:
96.60% Pd	10.06% Au	19.19% Au	26.23% Au	11.35% Pd	-2.50% Pb	103.67% Zn	56.25% Pd	18.59% Pd	54.21% Pd	Aluminum Al	Best Performer
83.21% Ag	8.15% Ni	15.19% Pb	7.19% Ni	6.91% Ni	-9.63% Au	60.59% Zn	32.39% Al	17.86% Au	34.46% Ni	Coal Co	Worst Performer
51.75% Au	5.76% Ni	12.16% Zn	1.70% Pd	3.91% Zn	-10.42% Au	59.35% Zn	31.19% Al	6.91% Au	31.55% Ni	Copper Cu	Least Volatile
46.68% Au	2.78% Au	12.11% Au	0.17% Zn	3.80% Al	-10.72% Au	45.03% Ni	30.49% Cu	-0.44% Au	21.48% Pt	Corn Co	Most Volatile
33.90% Ni	-9.94% Ag	9.87% Pt	-1.00% Ni	-1.72% Au	-11.75% Ag	20.96% Pd	30.49% Zn	-1.58% Au	18.31% Au	Gas G	Base Metals
31.44% Cu	-17.82% Au	8.98% Ag	-5.44% Pb	-2.24% Au	-17.79% Al	17.37% Cu	27.51% Ni	-8.53% Ag	15.21% Ag	Gold Au	Precious Metals
31.39% Pd	-18.27% Pd	8.00% Au	-6.72% Cu	-5.52% Au	-19.11% Al	14.86% Ag	24.27% Pb	-14.49% Pt	11.03% Ag	Lead Pb	Grains
29.52% Au	-18.95% Al	7.52% Pd	-11.03% Pt	-11.79% Pt	-20.31% Au	13.58% Al	13.09% Au	-16.54% Ni	3.40% Au	Nickel Ni	Energy-Related
20.79% Pt	-20.86% Pt	7.14% Au	-14.02% Al	-14.00% Cu	-26.07% Pt	13.49% Ni	12.47% Ni	-17.43% Al	3.36% Cu	Oil O	Gold and Oil
15.15% Ni	-21.36% Cu	4.18% Cu	-18.63% Ni	-15.51% Ni	-26.10% Cu	11.27% Pb	6.42% Ag	-17.46% Cu	-4.38% Al	Palladium Pd	Gold and Silver
12.01% Al	-21.55% Pb	2.33% Al	-22.20% Au	-16.00% Pb	-26.50% Zn	8.56% Au	4.66% Au	-19.23% Pb	-4.66% Pb	Platinum Pt	Reset
6.72% Pb	-24.22% Ni	-7.09% Au	-28.04% Au	-19.34% Ag	-29.43% Pd	1.16% Pt	2.99% Pt	-22.16% Pd	-9.49% Zn	Silver Ag	
-3.36% Zn	-25.24% Zn	-9.22% Ni	-35.84% Ag	-31.21% Ag	-30.47% Ni	-1.88% Au	-0.36% Au	-24.54% Zn	-18.02% Zn	Wheat W	
-20.94% Au	-32.15% Au	-16.78% Pd	-39.56% Au	-45.58% Ni	-41.75% Ni	-13.19% Au	-20.70% Au	-24.84% Ni	-25.54% Au	Zinc Zn	

<http://www.usfunds.com/interactive/the-periodic-table-of-commodity-returns-2019/#.XDjAAIxKiUk>

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