



## The Missile

[www.fixedincomegroup.com](http://www.fixedincomegroup.com)

Goldman Sachs yesterday quickly downgraded its 2022 GDP forecast after Senator Manchin on Sunday rejected President Biden's' Build Back Better bill, which would have provided some fiscal stimulus to the economy next year.

Goldman downgraded its quarterly GDP forecasts to +2.0% from +3.0% for Q1, 3% from 3.5% in Q2, and +2.75% from +3.0% for Q3.

Goldman's economists said, "We recently put the probability of a modified version of the BBB legislation passing at slightly better than even but, in light of Manchin's comments, the odds have clearly declined and we will remove the assumption from our forecast." Goldman added, "there is still a good chance" that Congress will pass a smaller set of fiscal proposals dealing with manufacturing incentives and supply chain issues.

Goldman also said there is a reduced chance that the FOMC will begin to raise interest rates as soon as March 2022 if Congress does not adopt more fiscal stimulus with the BBB bill.

However, the BBB bill is not completely dead. Mr. Manchin on Monday outlined some of his demands for the bill, which included the time-consuming process of the bill going through the Senate committee review process. If there is any chance of the bill passing, the timing is likely to be February or March.

The White House on Monday said it will continue to push the BBB bill and will continue to negotiate with Senator Manchin. It remains to be seen whether there is any version of the BBB bill that can receive support from every one of the 50 Democratic Senators. Mr. Manchin says he wants a deal, but he is far apart from the other 49 Democratic Senators. Mr. Manchin also wants tax hikes on corporations that are opposed by Arizona Senator Sinema.

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Meanwhile, Senate Majority Leader Schumer told Democratic Senators on Monday that he will put a \$1.75 trillion BBB bill to a floor vote in early 2022 "so that every member of this body has the opportunity to make their position known on the Senate floor, not just on television." He added, "We are going to vote on a revised version of the House-passed Build Back Better Act -- and we will keep voting on it until we get something done."

Global stock markets showed weakness on Monday as the omicron Covid variant sweeps the globe and prompts new restrictions that will undercut global economic growth. The 7-day average of new U.S. Covid infections on Saturday rose to a 3-month high of 127,005.

The omicron variant now accounts for 73% of new U.S. Covid cases, up from just 3% a week earlier, according to the CDC. The omicron variant has taken over at a shockingly fast pace, providing evidence of its high transmissibility. The U.S. appears to be headed for a deluge of new cases, which is likely to lead to some new restrictions and a strain on the U.S. health care system.

In the space of just the month since the variant became widely known, omicron has been found in 75 countries and 39 U.S. states. Global restrictions are increasing with the Netherlands going into lockdown, Israel banning travel from the U.S. and Canada, and France closing to the UK.

President Biden today will give a speech outlining how the U.S. government will respond to the pandemic's coming surge. Mr. Biden's spokeswoman said, "This is not a speech about locking the country down. This is a speech outlining and being direct and clear with the American people about the benefit of being vaccinated, the steps we're going to take to increase access and to increase testing and the risks posed to unvaccinated individuals."

On the brighter side, the U.S. vaccination rate continues to climb slowly. Current vaccines appear to provide at least some protection against the omicron variant and may lessen the severity of a breakthrough infection. Bloomberg reports that 61.4% of the total U.S. population has now been fully vaccinated, and 18.1% have received a booster shot. In the past week, the U.S. has administered a daily average of 1.6 million doses.

The consensus is for today's Q3 current account deficit to widen to a 15-year high of -\$205.0 billion from Q2's -\$190.3 billion. The U.S. current account deficit has soared since the pandemic began because imports have been much stronger than exports. U.S. imports have been strong due to the massive amount of fiscal and monetary stimulus that has been injected into the U.S. economy. By contrast, weak overseas growth has undercut U.S. exports.

20-year T-note auction -- The Treasury today will sell \$20 billion of 20-year T-bonds in the first of two re-openings of the 2% 20-year bond of November 2041 that the Treasury first sold last month. The benchmark 20-year T-bond yield yesterday closed little changed at 1.89%.

The 12-auction averages for the 20-year T-bond are as follows: 2.34 bid cover ratio, \$3 million of non-competitive bids, 6.8 bp tail to the median yield, 94.2 bp tail to the low yield, and 54% taken at the high yield. The 20-year is moderately below average in popularity among foreign investors and central

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banks. Indirect bidders, a proxy for foreign buyers have taken an average of 60.1% of the last twelve 20-year bond auctions, moderately below the median of 63.5% for all recent Treasury coupon auctions.

### Coal Miners Urge Manchin to Rethink Opposition to Spending Bill

<https://www.bloomberg.com/news/articles/2021-12-20/coal-miners-urge-manchin-to-rethink-opposition-to-spending-bill?srnd=premium&sref=k5DuN3at>

Hmm. Let the misinformation begin?

### Europe Hits China's Wind Industry with Anti-Dumping Duties

<https://www.bloomberg.com/news/articles/2021-12-20/europe-hits-china-s-wind-industry-with-anti-dumping-duties?sref=k5DuN3at>

The European Commission found that Chinese firms had dumped about 300 million euros (\$337 million) a year worth of towers at below-market prices, hurting European producers, it said in a Dec. 16 statement.

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Economic Releases All Economic Releases View Agenda Weekly

Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	12/21 07:30	▲	🔔	📊	Current Account Balance	3Q	-\$205.0b	--	-\$190.3	--
22)	12/22 06:00	▲	🔔	📊	MBA Mortgage Applications	Dec 17	--	--	-4.0%	--
23)	12/22 07:30	▲	🔔	📊	Chicago Fed Nat Activity Index	Nov	0.40	--	0.76	--
24)	12/22 07:30	▲	🔔	📊	GDP Annualized QoQ	3Q T	2.1%	--	2.1%	--
25)	12/22 07:30	▲	🔔	📊	Personal Consumption	3Q T	1.7%	--	1.7%	--
26)	12/22 07:30	▲	🔔	📊	GDP Price Index	3Q T	5.9%	--	5.9%	--
27)	12/22 07:30	▲	🔔	📊	Core PCE QoQ	3Q T	4.5%	--	4.5%	--
28)	12/22 09:00	▲	🔔	📊	Conf. Board Consumer Confide...	Dec	111.0	--	109.5	--
29)	12/22 09:00	▲	🔔	📊	Conf. Board Expectations	Dec	--	--	87.6	--
30)	12/22 09:00	▲	🔔	📊	Conf. Board Present Situation	Dec	--	--	142.5	--
31)	12/22 09:00	▲	🔔	📊	Existing Home Sales	Nov	6.53m	--	6.34m	--
32)	12/22 09:00	▲	🔔	📊	Existing Home Sales MoM	Nov	3.0%	--	0.8%	--
33)	12/23 07:30	▲	🔔	📊	Initial Jobless Claims	Dec 18	205k	--	206k	--
34)	12/23 07:30	▲	🔔	📊	Continuing Claims	Dec 11	1835k	--	1845k	--
35)	12/23 07:30	▲	🔔	📊	Personal Income	Nov	0.4%	--	0.5%	--
36)	12/23 07:30	▲	🔔	📊	Personal Spending	Nov	0.6%	--	1.3%	--
37)	12/23 07:30	▲	🔔	📊	Real Personal Spending	Nov	0.2%	--	0.7%	--
38)	12/23 07:30	▲	🔔	📊	PCE Deflator MoM	Nov	0.6%	--	0.6%	--
39)	12/23 07:30	▲	🔔	📊	PCE Deflator YoY	Nov	5.7%	--	5.0%	--
40)	12/23 07:30	▲	🔔	📊	PCE Core Deflator MoM	Nov	0.4%	--	0.4%	--
41)	12/23 07:30	▲	🔔	📊	PCE Core Deflator YoY	Nov	4.5%	--	4.1%	--
42)	12/23 07:30	▲	🔔	📊	Durable Goods Orders	Nov P	1.8%	--	-0.4%	--
43)	12/23 07:30	▲	🔔	📊	Durables Ex Transportation	Nov P	0.6%	--	0.5%	--
44)	12/23 07:30	▲	🔔	📊	Cap Goods Orders Nondef Ex Air	Nov P	0.7%	--	0.7%	--

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## Fed Speak

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	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	01/05	13:00		🔔	📊	FOMC Meeting Minutes	Dec 15	--	--	--	--
22)	01/07	11:15				BOE's Catherine Mann speaks on U.S. economy					
23)	01/11	08:30				Fed's George Discusses the Economic and Policy Outlook					
24)	01/12	13:00				U.S. Federal Reserve Releases Beige Book					
25)	01/25	08:30				FOMC Begins Two-Day Meeting					
26)	01/26	13:00		🔔	📊	FOMC Rate Decision (Lower Bou...	Jan 26	0.00%	--	0.00%	--
27)	01/26	13:00	🔊	🔔	📊	FOMC Rate Decision (Upper Bou...	Jan 26	0.25%	--	0.25%	--
28)	01/26	13:00				FOMC Concludes Two-Day Meeting					
29)	01/26	13:30				Fed Chair Powell Holds Press Conference Following FOMC Meeting					
30)	02/16	13:00		🔔	📊	FOMC Meeting Minutes	Jan 26	--	--	--	--
31)	03/02	13:00				U.S. Federal Reserve Releases Beige Book					
32)	03/16	13:00	🔊	🔔	📊	FOMC Rate Decision (Upper Bou...	Mar 16	0.25%	--	--	--
33)	03/16	13:00		🔔	📊	FOMC Rate Decision (Lower Bou...	Mar 16	0.00%	--	--	--
34)	03/17	13:00				FOMC Concludes Two-Day Meeting					
35)	03/17	13:30				Fed Chair Holds Press Conference Following FOMC Meeting					
36)	04/06	13:00		🔔	📊	FOMC Meeting Minutes	Mar 16	--	--	--	--
37)	04/20	13:00				U.S. Federal Reserve Releases Beige Book					

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**US Treasury Auction Schedule  
On Bloomberg:  
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12/20/2021 14:51:02 [BN]

	Next Offer	Next	Date	CUSIP		\$	Prior	Prior
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bl	Auction	\$ Bln
4-week	12/21/2021	12/23/2021	12/28/2021	912796Q85		TBA	12/16/2021	\$30
8-week	12/21/2021	12/23/2021	12/28/2021	912796R92		TBA	12/16/2021	\$25
3-month	12/23/2021	12/27/2021	12/30/2021	912796N39		TBA	12/20/2021	\$60
6-month	12/23/2021	12/27/2021	12/30/2021	912796R50		TBA	12/20/2021	\$51
1-year	12/23/2021	12/28/2021	12/30/2021	912796R27		TBA	11/30/2021	\$34
<b>Note Auctions</b>								
2-year	12/23/2021	12/27/2021	12/31/2021	91282CDR9		TBA	11/22/2021	\$58
3-year	01/06/2022	01/11/2022	01/18/2022	TBA		TBA	12/07/2021	\$54
5-year	12/23/2021	12/28/2021	12/31/2021	91282CDQ1		TBA	11/22/2021	\$59
7-year	12/23/2021	12/29/2021	12/31/2021	91282CDP3		TBA	11/23/2021	\$59
10-year	01/06/2022	01/12/2022	01/18/2022	TBA	R	TBA	12/08/2021	\$36
<b>Bond Auctions</b>								
20-year	01/13/2022	12/21/2021	12/31/2021	912810TC2	R	\$20	11/17/2021	\$23
30-year	01/06/2022	01/13/2022	01/18/2022	TBA	R	TBA	12/09/2021	\$22
<b>TIPS Auctions</b>								
5-yr TIPS	04/14/2022	12/22/2021	12/31/2021	91282CDC2	R	\$17	10/21/2021	\$19
10-yr TIPS	01/13/2022	01/20/2022	01/31/2022	TBA		TBA	11/18/2021	\$14
30-yr TIPS	02/10/2022	02/17/2022	02/28/2022	TBA		TBA	08/19/2021	\$8
<b>Floating Rate Note</b>								
2-year FRN	12/23/2021	12/29/2021	12/31/2021	91282CDE8	R	TBA	11/23/2021	\$24
<b>Buyback Operation</b>								
Buyback	TBA	TBA	TBA	TBA		TBA	11/14/2018	\$.025

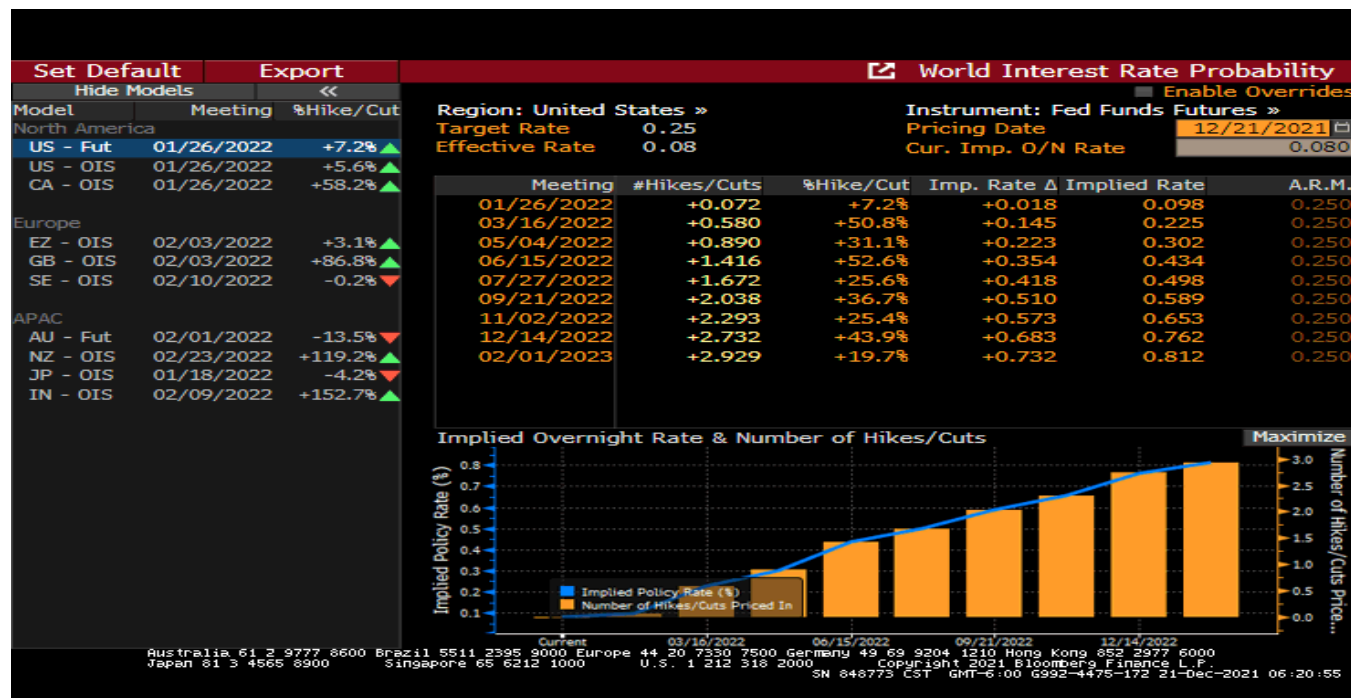
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# Current Implied Probability of Fed Rate Movement (Futures) On Bloomberg: WIRP <go>



For release at 2:00 p.m., EST, December 15, 2021

**Table 1. Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents, under their individual assumptions of projected appropriate monetary policy, December 2021**

Variable	Median <sup>1</sup>					Central Tendency <sup>2</sup>					Range <sup>3</sup>				
	2021	2022	2023	2024	Longer run	2021	2022	2023	2024	Longer run	2021	2022	2023	2024	Longer run
Change in real GDP	5.5	4.0	2.2	2.0	1.8	5.5	3.6-4.5	2.0-2.5	1.8-2.0	1.8-2.0	5.3-5.8	3.2-4.6	1.8-2.8	1.7-2.3	1.6-2.2
September projection	5.9	3.8	2.5	2.0	1.8	5.8-6.0	3.4-4.5	2.2-2.5	2.0-2.2	1.8-2.0	5.5-6.3	3.1-4.9	1.8-3.0	1.8-2.5	1.6-2.2
Unemployment rate	4.3	3.5	3.5	3.5	4.0	4.2-4.3	3.4-3.7	3.2-3.6	3.2-3.7	3.8-4.2	4.0-4.4	3.0-4.0	2.8-4.0	3.1-4.0	3.5-4.3
September projection	4.8	3.8	3.5	3.5	4.0	4.6-4.8	3.6-4.0	3.3-3.7	3.3-3.6	3.8-4.3	4.5-5.1	3.0-4.0	2.8-4.0	3.0-4.0	3.5-4.5
PCE inflation	5.3	2.6	2.3	2.1	2.0	5.3-5.4	2.2-3.0	2.1-2.5	2.0-2.2	2.0	5.3-5.5	2.0-3.2	2.0-2.5	2.0-2.2	2.0
September projection	4.2	2.2	2.2	2.1	2.0	4.0-4.3	2.0-2.5	2.0-2.3	2.0-2.2	2.0	3.4-4.4	1.7-3.0	1.9-2.4	2.0-2.3	2.0
Core PCE inflation <sup>4</sup>	4.4	2.7	2.3	2.1		4.4	2.5-3.0	2.1-2.4	2.0-2.2		4.4-4.5	2.4-3.2	2.0-2.5	2.0-2.3	
September projection	3.7	2.3	2.2	2.1		3.6-3.8	2.0-2.5	2.0-2.3	2.0-2.2		3.5-4.2	1.9-2.8	2.0-2.3	2.0-2.4	
Memo: Projected appropriate policy path															
Federal funds rate	0.1	0.9	1.6	2.1	2.5	0.1	0.6-0.9	1.4-1.9	1.9-2.9	2.3-2.5	0.1	0.4-1.1	1.1-2.1	1.9-3.1	2.0-3.0
September projection	0.1	0.3	1.0	1.8	2.5	0.1	0.1-0.4	0.4-1.1	0.9-2.1	2.3-2.5	0.1	0.1-0.6	0.1-1.6	0.6-2.6	2.0-3.0

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 21-22, 2021. 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 21-22, 2021, meeting, and one participant did not submit such projections in conjunction with the December 14-15, 2021, 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.

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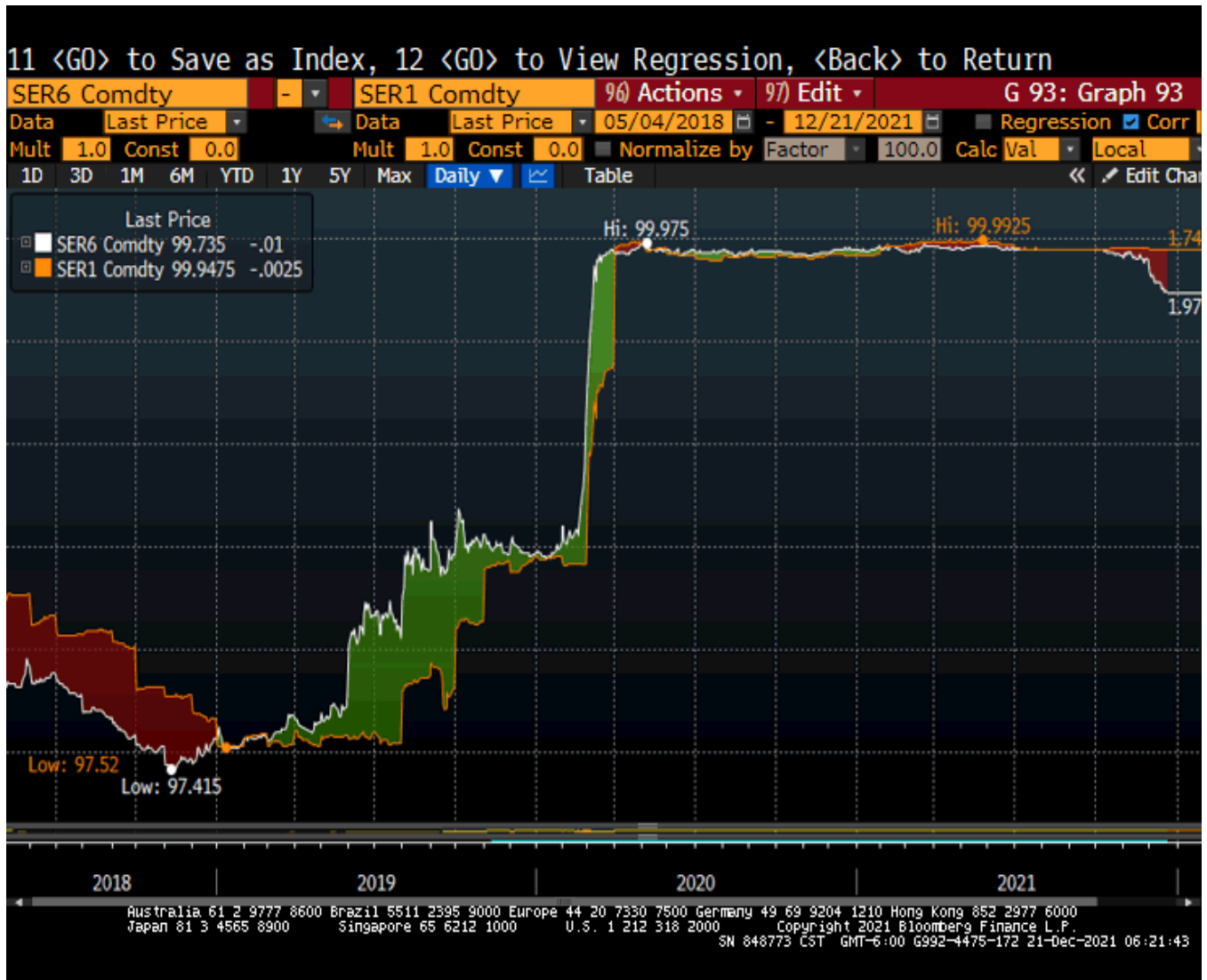
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<http://www.federalreserve.gov/monetarypolicy/files/fomcproptabl20211215.pdf>

## 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 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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### Select STIR Settles

	Date	Settles		Change
AMERIBOR	12/20/21			
1 Month		0.10094		0.00468
3 Month		0.11473		-0.00025
6 Month		0.18653		-0.00357
12 Month		0.06355		-0.30982
LIBOR	12/21/21			
1 Month		0.10425		0.00075
3 Month		0.21600		0.00175
6 Month		0.32550		0.00887
12 Month		0.54300		0.01112
BSBY INDEX	12/21/21			
1 Month		0.07233		-0.00686
3 Month		0.18759		0.00018
6 Month		0.28299		0.00215
12 Month		0.44610		0.00296
SOFR RATES	12/21/21			
1 Month		0.04980		0.00336
3 Month		0.05310		0.00524
6 Month		0.07812		0.00585
12 Month		0.33779		0.00612

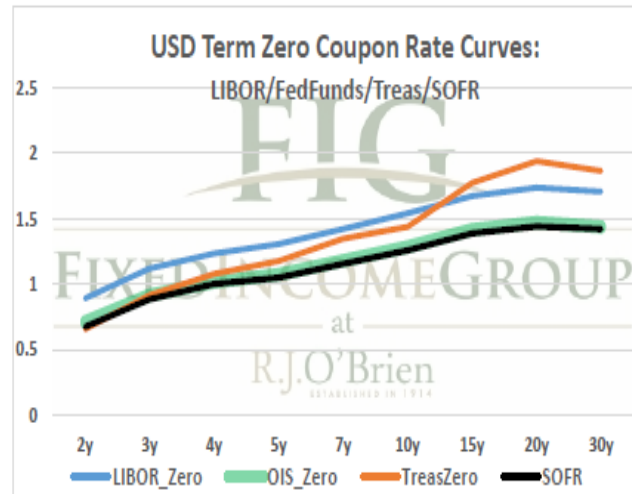
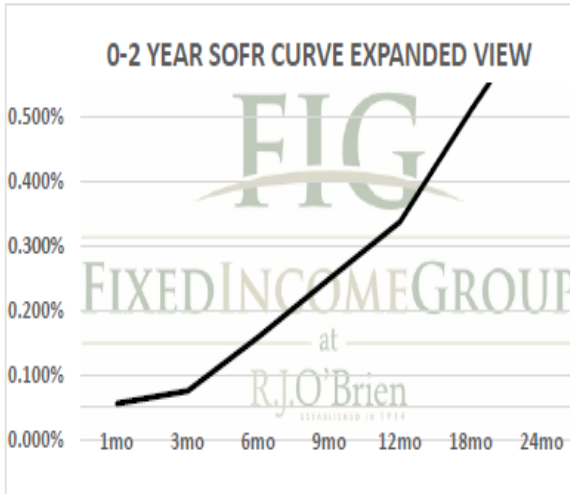
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# THE STIR CURVE: Distributed by The Fixed Income Group at RJ O'Brien

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 a few 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.



\*\* Futures indicative prices supplied for analytics purposes only. Rates are not intended as a real-time offer to buy or sell.

Term SOFR from 1-day Returns							
0.05620%	0.07578%	0.15937%	0.24929%	0.33779%	0.51034%	0.67399%	0.90282%
1.00004839	1.000189448	1.000805722	1.0018974	1.003424779	1.007754347	1.013666923	1.027485795
1mo	3mo	6mo	9mo	12mo	18mo	24mo	36mo
12/21/2021	12/21/2021	12/21/2021	12/21/2021	12/21/2021	12/21/2021	12/21/2021	12/21/2021
1/20/2022	3/20/2022	6/20/2022	9/20/2022	12/20/2022	6/20/2023	12/20/2023	12/20/2024
31	90	182	274	365	547	730	1096
AMERIBOR 30T Term Curve							
0.11802%	0.11473%	0.18653%	0.27704%	0.36335%	0.53631%	0.70119%	0.93543%
1.00008806	1.000286832	1.000942993	1.00210855	1.003683998	1.008148966	1.014218516	1.028478626
1mo	3mo	6mo	9mo	12mo	18mo	24mo	36mo
12/21/2021	12/21/2021	12/21/2021	12/21/2021	12/21/2021	12/21/2021	12/21/2021	12/21/2021
1/21/2022	3/21/2022	6/21/2022	9/21/2022	12/21/2022	6/21/2023	12/21/2023	12/21/2024
31	90	182	274	365	547	730	1096

12/21/2021 6:24

ct

For more information on the Libor replacement, contact: Rocco Chierici: 312-373-5439 SVP the Fixed Income Group at RJO  
Corrine Baynes: 800-367-3349 VP the Fixed Income Group at RJO

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.

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

## IRSB <GO>

### Treasury 2s/10s



United States										
Interest Rate Swap Rates										
Date Range: 11/21/2021 - 12/21/2021										
40 Semi Swaps 41 Sprs to Gov. 42 FF Swaps 43 SOFR Swap Sprd 44 SOFR Swaps 45 SOFR/FF Basis										
USD SemiAnnual 30/360 Swap Rates										
Tenor	Bid	Ask	Mid	Change	Today	#SD	Δ/d..	Low	Range	High
1) 1 YR	0.508	0.512	0.510	0.014		0.3		0.305		0.512
2) 2 YR	0.888	0.892	0.890	0.021		0.4		0.674		0.912
3) 3 YR	1.114	1.118	1.116	0.018		0.4		0.947		1.200
4) 4 YR	1.228	1.232	1.230	0.019		0.3		1.097		1.412
5) 5 YR	1.296	1.301	1.299	0.021		0.3		1.191		1.492
6) 6 YR	1.355	1.360	1.357	0.022		0.3		1.262		1.560
7) 7 YR	1.408	1.412	1.410	0.024		0.3		1.310		1.632
8) 8 YR	1.450	1.454	1.452	0.025		0.3		1.348		1.672
9) 9 YR	1.486	1.490	1.488	0.027		0.3		1.379		1.712
10) 10 YR	1.521	1.524	1.523	0.028		0.4		1.410		1.740
11) 15 YR	1.651	1.654	1.652	0.028		0.4		1.516		1.852
12) 20 YR	1.712	1.718	1.715	0.029		0.4		1.557		1.900
13) 25 YR	1.709	1.715	1.712	0.028		0.4		1.545		1.892
14) 30 YR	1.693	1.699	1.696	0.028		0.4		1.521		1.872

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## EQUITIES

The S&P is **+43** and the NASDAQ is **+180**.

Earnings:

[www.moneycentral.msn.com/investor/market/earncalendar](http://www.moneycentral.msn.com/investor/market/earncalendar)

**On Bloomberg type in ACDR <GO>**

UK

**In the UK the FTSE closed +0.97%.**

**BOE Rate +0.25%. (.15 increase).**

**Next meeting 01/14/22**

EU

**The CAC Index closed +0.94%.**

**The DAX Index closed +1.08%.**

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

**Deposit Facility Rate -.50%**

**Next meeting 02/03/22**

Japan

**The TOPIX closed +1.18%.**

**The NIKKEI closed +1.47%.**

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

**Next meeting 01/18/22**

China:

**The Hang Seng closed +1.00%.**

**The Shanghai Composite closed +0.88%.**

PBOC

**Deposit Rate: 1.50%**

**Lending Rate: 4.35%**

**7-Day Repo Rate: 2.3329%**

**Reserve Requirement Ratio: 11.50%**

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## THE TREND

EDH2: **99-68.75** is the pivot. Above the pivot you should be long, below short.

Resistance is at **99-68.75**<sup>^</sup> and **99-74.5**\*\*

Support is at **99-63**\*\*

<sup>^</sup>Pivot Point is a simple 20-day moving average.

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

Current position is short from 99-83.5 (10/12/21). Pivot has been crossed but I have elected to remain short for now.



### YTD (per contract)

**2021 -1.75 (-\$43.75)**

**2020 +152 ticks (+\$3,800.00)**

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**Ultra 10-year Note (UXYH2): 146-18.5 is the pivot point.**

Above the pivot you should be long, below short.

Resistance is at **148-21\*\***

Support is at **146-18.5** and **144-16\*\***

Pivot Point is a simple 20-day moving average.

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

**Position that had me short from 145-06 has rolled over, resulting in a 2-tick loss and a new long in UXYH2 from 145-05 (11/26/21).**



### YTD (per contract)

**(2021) +352 futures ticks (\$31.25 per tick) or \$11,000.00.**

**(2020) +428.50 futures ticks (\$31.25 per tick) or +\$12,093.75**

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

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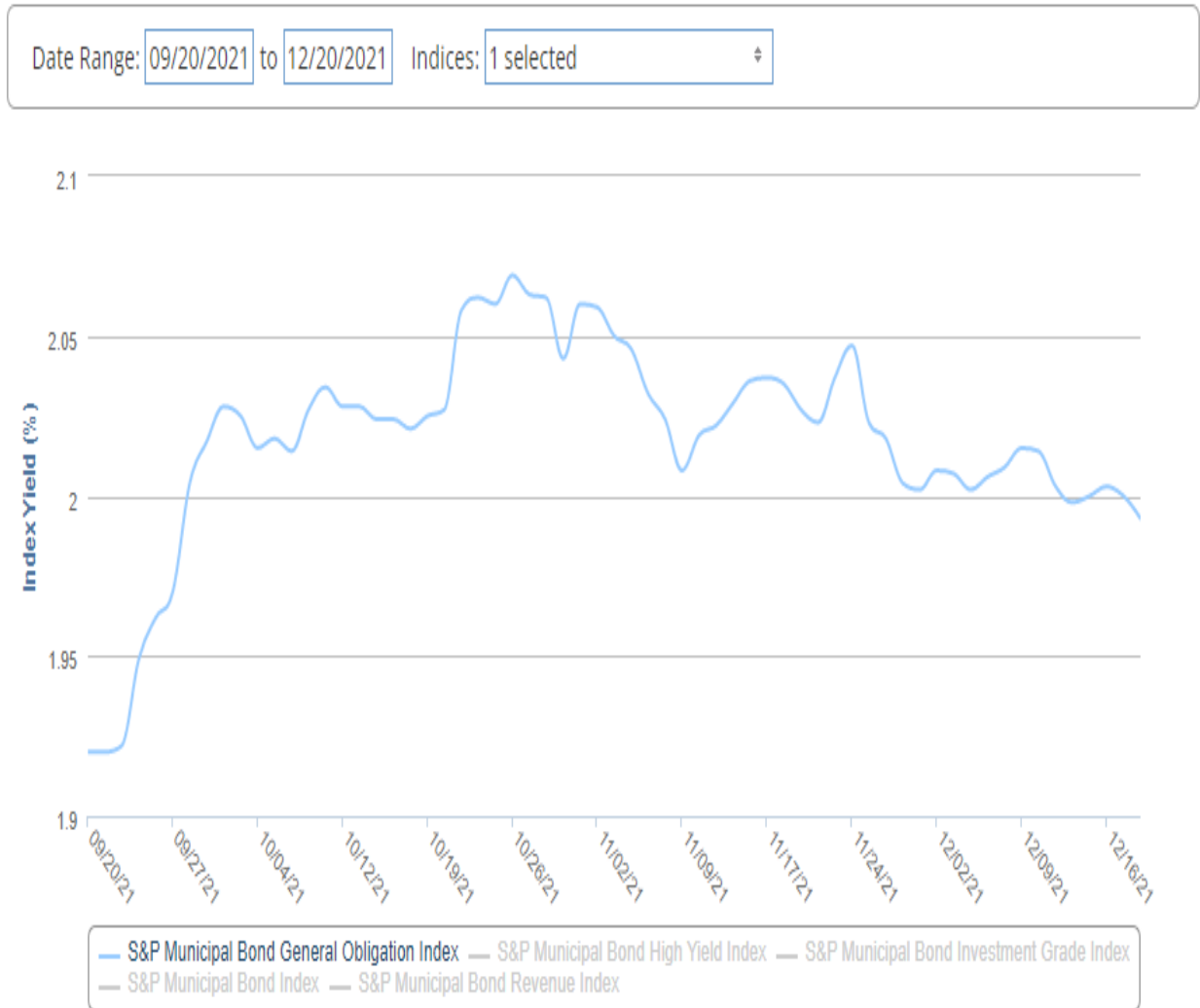
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## Muni IG Curve

The S&P Municipal Bond Index and its sub-indices are market value-weighted and based on bonds that are tax-exempt but may be subject to alternative minimum tax (AMT). Data are available for 12/02/2009 through 09/20/2021.

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

### Historical Index Data



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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

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

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

## **KC Federal Reserve Agricultural Finance Update**

DECEMBER 1, 2021 |

Agricultural lending at commercial banks continued to decline but showed some signs of stabilizing in the third quarter. According to Call Report data, farm debt decreased at the slowest pace in 2 years. Non-real estate debt declined at a substantially slower rate than recent quarters and farm real estate loans increased slightly for the first time since mid-2019. Performance on agricultural loans also continued to improve rapidly, leading to a five-year low in delinquency rates. With support from stronger loan performance and lower interest expense, profitability for farm lenders remained near historic highs.

Prospects for farm income in 2021 remained strong heading into year-end alongside continued strength in agricultural commodity markets. Elevated commodity prices have boosted revenues for producers and supported a [swift improvement in agricultural credit conditions and a surge in farmland values](#). At the same time however, input costs have risen considerably in recent months, which is likely to increase credit needs and weigh on profit margins going forward. <https://www.kansascityfed.org/agriculture/agfinance-updates/limited-demand-for-farm-loans-but-strong-profits-for-ag-banks/>

## **How do Farm Incomes Compare to the average population**

<https://www.ers.usda.gov/faqs/#Q1>

## **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](https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_es1b)

## **Biofuels International**

<https://biofuels-news.com/home/>

## **Renewable Fuels Association**

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

## **How Many Electric Vehicles are on the Road in America**

<https://usafacts.org/articles/how-many-electric-cars-in-united-states/>

## **How do Fuel Cell Electric Vehicles Work Using Hydrogen**

<https://afdc.energy.gov/vehicles/how-do-fuel-cell-electric-cars-work>

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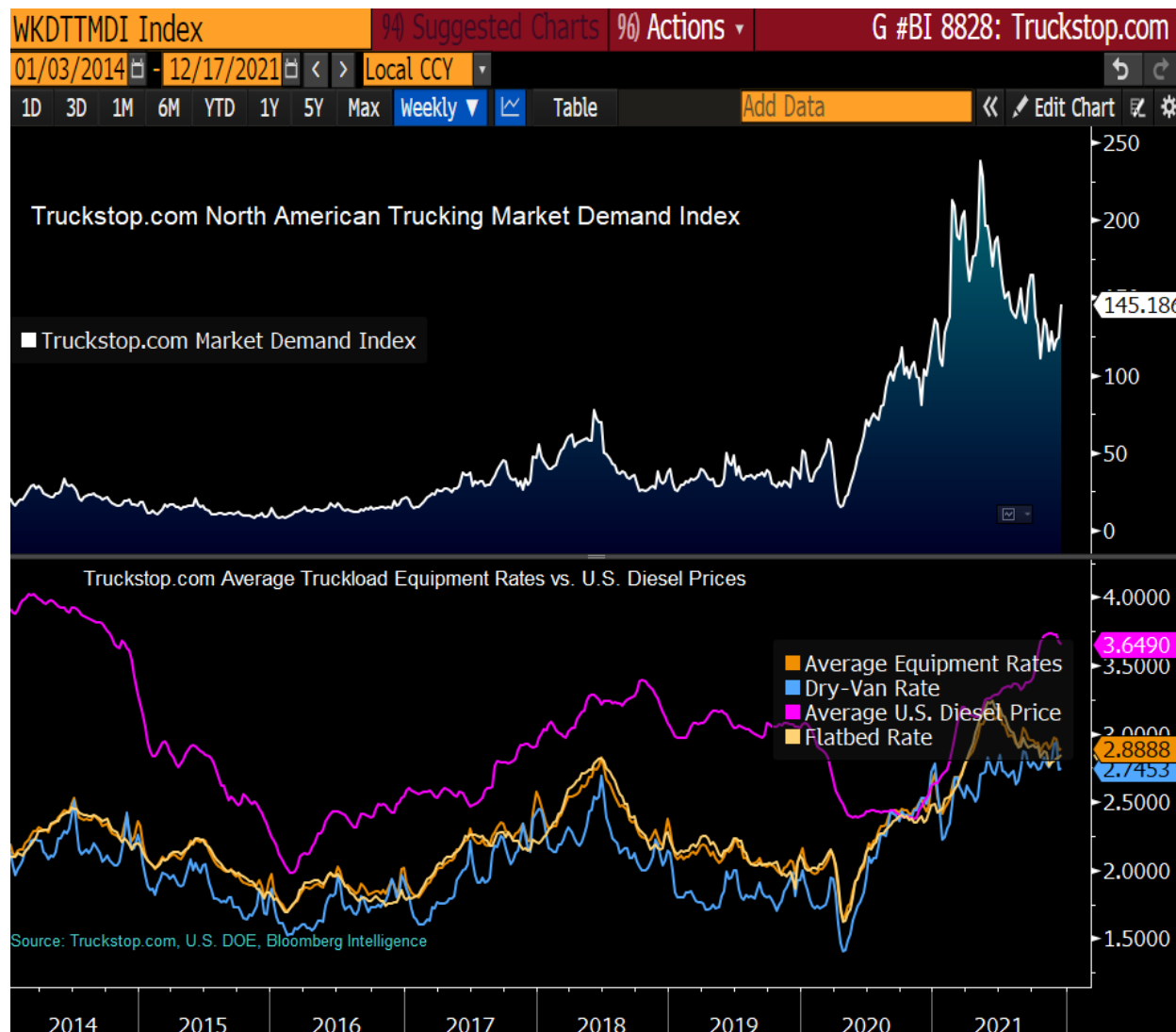
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## Trailer Truck Demand 12/20/21

The North American spot-trucking market tightened significantly as relative demand jumped 17% sequentially in the week ended Dec. 17, based on Truckstop.com's Market Demand Index (MDI). The move was driven by a 13% reduction in available trucks, which we attribute to drivers parking rigs ahead of Christmas and increased precaution over the recent surge in Covid-19 cases associated with the omicron variant. We believe typical end-of-year volatility in the trucking market could be exacerbated by supply-chain disruptions created by the pandemic. Tighter conditions only pushed up truckload spot rates excluding fuel surcharges by 0.9% in the week. Rates are 32% higher on average in 2022.

USA Truck, Knight-Swift, J.B. Hunt and Werner operate mostly in the contract market, with varying spot exposure.



## Rail Traffic

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For this week, total U.S. weekly rail traffic was 527,406 carloads and intermodal units, down 2.8 percent compared with the same week last year.

Total carloads for the week ending December 4 were 255,044 carloads, up 3.9 percent compared with the same week in 2020, while U.S. weekly intermodal volume was 272,362 containers and trailers, down 8.4 percent compared to 2020.

Seven of the 10 carload commodity groups posted an increase compared with the same week in 2020. They included nonmetallic minerals, up 4,198 carloads, to 32,916; coal, up 3,284 carloads, to 68,736; and metallic ores and metals, up 2,621 carloads, to 22,526. Commodity groups that posted decreases compared with the same week in 2020 were motor vehicles and parts, down 1,696 carloads, to 14,751; petroleum and petroleum products, down 1,018 carloads, to 10,714; and miscellaneous carloads, down 903 carloads, to 10,428.

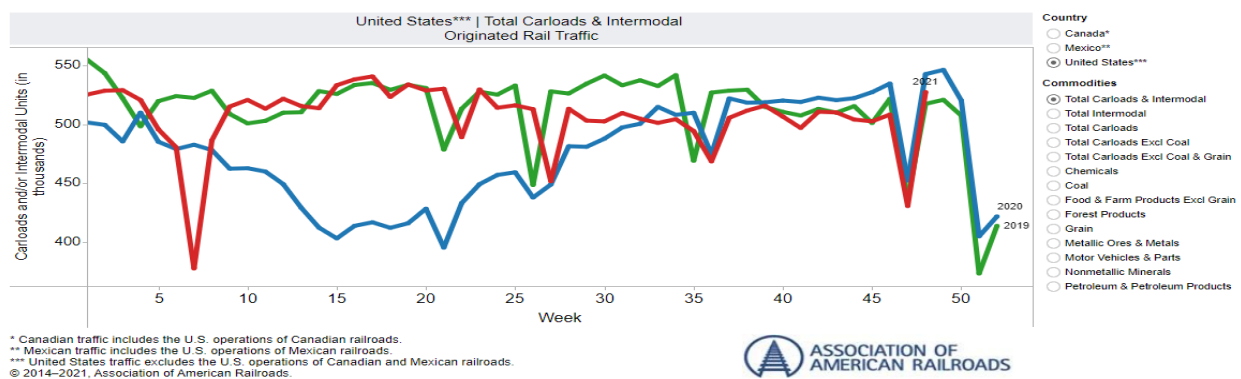
For the first 48 weeks of 2021, U.S. railroads reported cumulative volume of 11,129,483 carloads, up 6.9 percent from the same point last year; and 13,190,024 intermodal units, up 6 percent from last year. Total combined U.S. traffic for the first 48 weeks of 2021 was 24,319,507 carloads and intermodal units, an increase of 6.4 percent compared to last year.

North American rail volume for the week ending December 4, 2021, on 12 reporting U.S., Canadian and Mexican railroads totaled 346,727 carloads, down 0.6 percent compared with the same week last year, and 344,311 intermodal units, down 10.8 percent compared with last year. Total combined weekly rail traffic in North America was 691,038 carloads and intermodal units, down 6 percent. North American rail volume for the first 48 weeks of 2021 was 33,112,479 carloads and intermodal units, up 5.3 percent compared with 2020.

Canadian railroads reported 70,735 carloads for the week, down 16 percent, and 56,913 intermodal units, down 24.3 percent compared with the same week in 2020. For the first 48 weeks of 2021, Canadian railroads reported cumulative rail traffic volume of 7,044,531 carloads, containers and trailers, up 1.6 percent.

Mexican railroads reported 20,948 carloads for the week, up 8.3 percent compared with the same week last year, and 15,036 intermodal units, up 9.1 percent. Cumulative volume on Mexican railroads for the first 48 weeks of 2021 was 1,748,441 carloads and intermodal containers and trailers, up 4.3 percent from the same point last year.

<https://www.aar.org/news/rail-traffic-for-the-week-ending-december-11-2021/>



## GDP

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

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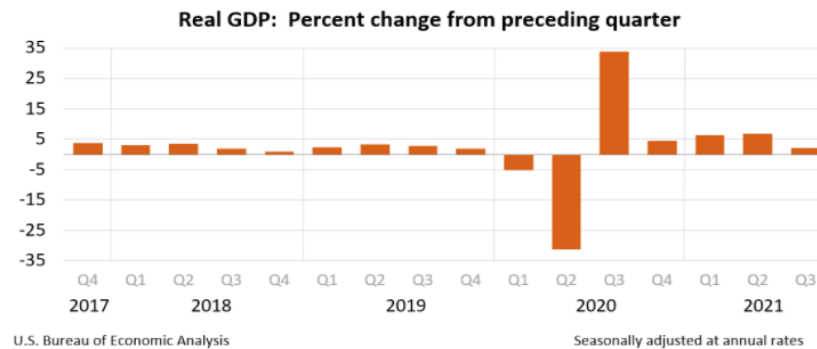
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## Gross Domestic Product, Third Quarter 2021 (Advance Estimate)

Real gross domestic product (GDP) increased at an annual rate of 2.0 percent in the third quarter of 2021 (table 1), according to the "advance" estimate released by the Bureau of Economic Analysis. In the second quarter, real GDP increased 6.7 percent.

The GDP estimate released today is based on source data that are incomplete or subject to further revision by the source agency (see "Source Data for the Advance Estimate" on page 3). The "second" estimate for the third quarter, based on more complete data, will be released on November 24, 2021.



The increase in real GDP in the third quarter reflected increases in private inventory investment, personal consumption expenditures (PCE), state and local government spending, and nonresidential fixed investment that were partly offset by decreases in residential fixed investment, federal government spending, and exports. Imports, which are a subtraction in the calculation of GDP, increased (table 2).

**As of 12/16/21 4Q GDP is running at +\*7.18%**

\* simple average of the Atlanta and St. Louis regionals reporting 2nd quarter GDP estimates.

**Atlanta Fed Real GDP Nowcast... 4Q 2021: +7.2% as of December 16, 2021**

The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the fourth quarter of 2021 is **7.2 percent** on December 16, up from 7.0 percent on December 15. After this morning's releases from the US Census Bureau and the Federal Reserve Board of Governors, an increase in the nowcast of fourth quarter real gross private domestic investment growth from 11.5 percent to 13.6 percent was slightly offset by a decrease in the nowcast of fourth quarter real personal consumption expenditures growth from 5.9 percent to 5.7 percent.

*The next GDPNow update is **Thursday, December 23**. 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... 4Q 2021: +7.16% as of December 15, 2021**

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

## Manufacturing at a Glance

November 2021

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Index	Series Index Nov	Series Index Oct	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
Manufacturing PMI®	61.1	60.8	+0.3	Growing	Faster	18
New Orders	61.5	59.8	+1.7	Growing	Faster	18
Production	61.5	59.3	+2.2	Growing	Faster	18
Employment	53.3	52.0	+1.3	Growing	Faster	3
Supplier Deliveries	72.2	75.6	-3.4	Slowing	Slower	69
Inventories	56.8	57.0	-0.2	Growing	Slower	4
Customers' Inventories	25.1	31.7	-6.6	Too Low	Faster	62
Prices	82.4	85.7	-3.3	Increasing	Slower	18
Backlog of Orders	61.9	63.6	-1.7	Growing	Slower	17
New Export Orders	54.0	54.6	-0.6	Growing	Slower	17
Imports	52.6	49.1	+3.5	Growing	From Contracting	1
OVERALL ECONOMY				Growing	Faster	18
Manufacturing Sector				Growing	Faster	18

Manufacturing ISM® *Report On Business*® data is seasonally adjusted for the New Orders, Production, Employment and Inventories indexes.  
\*Number of months moving in current direction.

#### THE LAST 12 MONTHS

Month	Manufacturing PMI®	Month	Manufacturing PMI®
Nov 2021	61.1	May 2021	61.2
Oct 2021	60.8	Apr 2021	60.7
Sep 2021	61.1	Mar 2021	64.7
Aug 2021	59.9	Feb 2021	60.8
Jul 2021	59.5	Jan 2021	58.7
Jun 2021	60.6	Dec 2020	60.5

Average for 12 months - 60.8  
High - 64.7  
Low - 58.7

<https://www.ismworld.org/supply-management-news-and-reports/reports/ism-report-on-business/pmi/november/>

#### **US Census Bureau (Manufacturers' Shipments, Inventories and Orders).**

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

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## Ranking of Countries by Military might.

[www.military.com](http://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](http://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>

## How Natural Resources have performed over the last 10 years

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Key	View:
10.06% <small>Au</small>	19.19% <small>Pd</small>	26.23% <small>Pd</small>	11.35% <small>Pd</small>	-2.50% <small>Pb</small>	103.67% <small>Pd</small>	56.25% <small>Pd</small>	18.59% <small>Pd</small>	54.21% <small>Pd</small>	47.89% <small>Ag</small>	Aluminum <small>Al</small>	Best Performer
8.15% <small>Pb</small>	15.19% <small>Pb</small>	7.19% <small>Pb</small>	6.91% <small>Ni</small>	-9.63% <small>Pb</small>	60.59% <small>Zn</small>	32.39% <small>Al</small>	17.86% <small>Pd</small>	34.46% <small>Pd</small>	26.02% <small>Cu</small>	Coal <small>Pb</small>	Worst Performer
5.76% <small>Zn</small>	12.16% <small>Zn</small>	1.70% <small>Pd</small>	3.91% <small>Zn</small>	-10.42% <small>Au</small>	59.35% <small>Pd</small>	31.19% <small>Pd</small>	6.91% <small>Pd</small>	31.55% <small>Ni</small>	25.86% <small>Pd</small>	Copper <small>Cu</small>	Least Volatile
2.78% <small>Pd</small>	12.11% <small>Pd</small>	0.17% <small>Zn</small>	3.80% <small>Al</small>	-10.72% <small>Pb</small>	45.03% <small>Pd</small>	30.49% <small>Cu</small>	-0.44% <small>Pd</small>	21.48% <small>Pt</small>	25.12% <small>Au</small>	Corn <small>Pd</small>	Most Volatile
-9.94% <small>Ag</small>	9.87% <small>Pt</small>	-1.00% <small>Pb</small>	-1.72% <small>Au</small>	-11.75% <small>Ag</small>	20.96% <small>Pd</small>	30.49% <small>Zn</small>	-1.58% <small>Au</small>	18.31% <small>Au</small>	24.82% <small>Pd</small>	Gas <small>Pd</small>	Base Metals
-17.82% <small>Pd</small>	8.98% <small>Ag</small>	-5.44% <small>Pb</small>	-2.24% <small>Pd</small>	-17.79% <small>Al</small>	17.37% <small>Cu</small>	27.51% <small>Ni</small>	-8.53% <small>Ag</small>	15.21% <small>Ag</small>	19.73% <small>Zn</small>	Gold <small>Au</small>	Precious Metals
-18.27% <small>Pd</small>	8.00% <small>Pd</small>	-6.72% <small>Cu</small>	-5.52% <small>Pd</small>	-19.11% <small>Pd</small>	14.86% <small>Ag</small>	24.27% <small>Pb</small>	-14.49% <small>Pt</small>	11.03% <small>Pd</small>	18.66% <small>Ni</small>	Lead <small>Pb</small>	Grains
-18.95% <small>Al</small>	7.52% <small>Pd</small>	-11.03% <small>Pt</small>	-11.79% <small>Pt</small>	-20.31% <small>Pd</small>	13.58% <small>Al</small>	13.09% <small>Au</small>	-16.54% <small>Ni</small>	3.40% <small>Pd</small>	15.99% <small>Pd</small>	Nickel <small>Ni</small>	Energy-Related
-20.86% <small>Pt</small>	7.14% <small>Au</small>	-14.02% <small>Al</small>	-14.00% <small>Cu</small>	-26.07% <small>Pt</small>	13.49% <small>Ni</small>	12.47% <small>Pd</small>	-17.43% <small>Al</small>	3.36% <small>Cu</small>	14.63% <small>Pd</small>	Oil <small>Pb</small>	Gold and Oil
-21.35% <small>Cu</small>	4.18% <small>Cu</small>	-18.63% <small>Ni</small>	-15.51% <small>Pb</small>	-26.10% <small>Cu</small>	11.27% <small>Pb</small>	6.42% <small>Ag</small>	-17.46% <small>Cu</small>	-4.38% <small>Al</small>	10.92% <small>Pt</small>	Palladium <small>Pd</small>	Gold and Silver
-21.55% <small>Pb</small>	2.33% <small>Al</small>	-22.20% <small>Pd</small>	-16.00% <small>Pb</small>	-26.50% <small>Zn</small>	8.56% <small>Au</small>	4.66% <small>Pd</small>	-19.23% <small>Pb</small>	-4.66% <small>Pb</small>	10.80% <small>Al</small>	Platinum <small>Pt</small>	Reset
-24.22% <small>Ni</small>	-7.09% <small>Pd</small>	-28.04% <small>Au</small>	-19.34% <small>Ag</small>	-29.43% <small>Pd</small>	1.16% <small>Pt</small>	2.99% <small>Pt</small>	-22.16% <small>Pd</small>	-9.49% <small>Zn</small>	3.25% <small>Pb</small>	Silver <small>Ag</small>	
-25.24% <small>Zn</small>	-9.22% <small>Ni</small>	-35.84% <small>Ag</small>	-31.21% <small>Pd</small>	-30.47% <small>Pd</small>	-1.88% <small>Pd</small>	-0.36% <small>Pd</small>	-24.54% <small>Zn</small>	-18.02% <small>Pd</small>	-1.29% <small>Pd</small>	Wheat <small>Pd</small>	
-32.15% <small>Pd</small>	-16.78% <small>Pd</small>	-39.56% <small>Pd</small>	-45.58% <small>Pd</small>	-41.75% <small>Ni</small>	-13.19% <small>Pd</small>	-20.70% <small>Pd</small>	-24.84% <small>Pd</small>	-25.54% <small>Pd</small>	-20.54% <small>Pd</small>	Zinc <small>Zn</small>	

<https://www.usfunds.com/interactive/the-periodic-table-of-commodity-returns-2020/#.XDjAAlxKiUk>

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