

Top Headline: Government Shutdown Looms

Congressional lawmakers are wary over the possibility of another government shutdown following Donald Trump's comment on his desire to stop immigration from "shithole countries." The remark drew scorn from both sides of the aisle, and isolated Democrats just as Republican leadership attempts to negotiate over spending, immigration, and infrastructure were beginning to move forward. It now appears that the most likely solution is another short-term funding bill, which would potentially push out the deadline to mid-February. Such a measure could draw the ire of defense hawks, but would be more likely appease Democrats, as well as the more libertarian wing of the Republican party.

Other News

French Finance Minister Bruno Le Maire became the most recent European official to call for reforms of the EU in order to better deal with future crisis. Specifically, Le Maire advocated that a "first phase", which would include a banking union, capital markets union and fiscal consolidation, should be set in motion by the start of next year. The Eurozone released plans for a banking union back in 2014, however limited progress has since been made on the issue of how to deal with troubled banks (notably Italian ones).

On Tap This Week

This week is highlighted by the release of the Fed's Beige Book.

Past Week's Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
M 1/8/18	Consumer Credit	Nov	\$20.5B	\$18.0B	\$28.0B	Consumer credit rises by seventeen-year high
T 1/9/18	Job Openings	Nov	5.93M r↓	6.04M	5.88M	JOLTS points to still elevated level of job openings
Th 1/11/18	Initial Jobless Claims♦	Jan 6 th	250K	245K	261K	Continuing jobless claims hit four-decade low
Th 1/11/18	PPI	Dec	0.4%	0.2%	-0.1%	Producer prices decline during the month
Th 1/11/18	Core PPI	Dec	0.4%	0.2%	-0.1%	
F 1/12/18	CPI	Dec	0.4%	0.1%	0.1%	Core CPI up 1.8% year-over-year
F 1/12/18	Core CPI	Dec	0.1%	0.2%	0.3%	
F 1/12/18	Retail Sales	Dec	0.9% r↑	0.5%	0.4%	Retail sales rise 5.4% in 2017
F 1/12/18	Sales Less Autos	Dec	1.3% r↑	0.4%	0.4%	

Actual < Expected

Actual > Expected

♦Leading Indicator

Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	25296	25803	2.01%	12.97%
S&P 500	2743.3	2786.2	1.57%	9.22%
USD*	91.95	90.97	-1.06%	-2.24%
10-Year Treasury*	2.48%	2.55%	-0.07%	0.23%

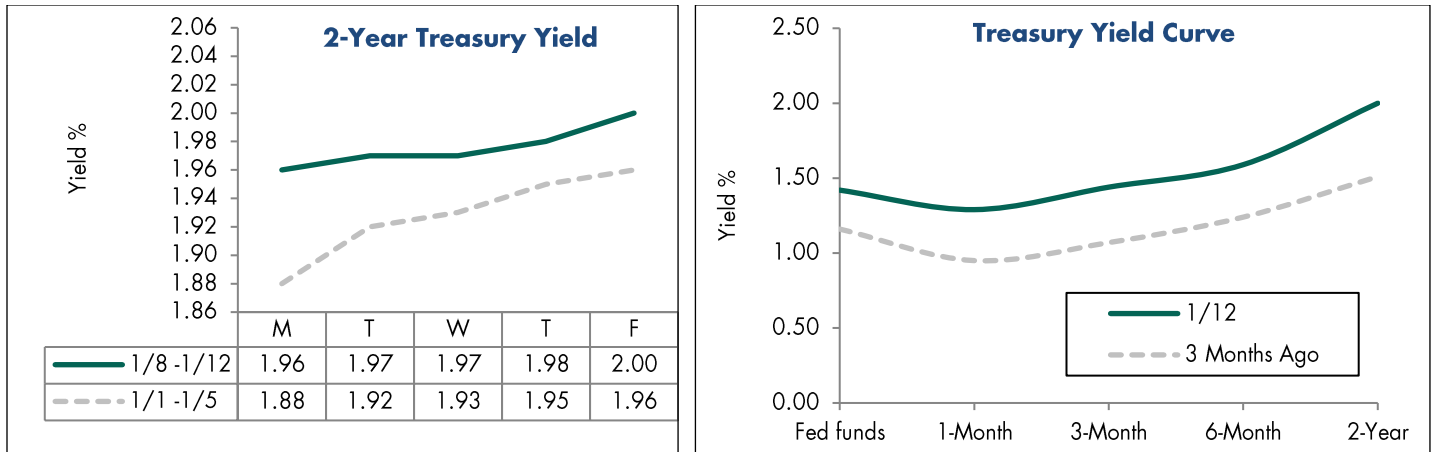
*ICE U.S. Dollar Index Spot Price

*Absolute change in yield over specified period

Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
W 1/17/18	Industrial Production	Dec	0.2%	0.5%
W 1/17/18	Capacity Utilization	Dec	77.1%	77.4%
W 1/17/18	Fed Beige Book	Jan	N/A	N/A
Th 1/18/18	Housing Starts	Dec	1297K	1275K
Th 1/18/18	Building Permits	Dec	1298K	1295K
Th 1/18/18	Initial Jobless Claims♦	Jan 13 th	261K	250K

Yield Curve Highlights



Detailed Economic Releases

1/8/2018	Prev.	Exp.	Act.
Consumer Credit	\$20.5B	\$18.0B	\$28.0B

Consumer credit rose a higher-than-expected \$28.0 billion in November, a seventeen-year high rate of growth. The component for revolving credit rose \$11.2 billion which will renew talk of slackening credit standards among lenders. In addition, non-revolving credit rose by an outsized \$16.8 billion.

Summary: Consumer credit grew by a seventeen-year high in November including a sharp rise in revolving credit.

1/9/2018	Prev.	Exp.	Act.
Job Openings	6.93M r↓	6.04M	5.88M

November's JOLTS report revealed that job openings declined during the month to a still very abundant 5.88 million. Hires and separations were also little changed during the month at 5.6 and 5.2 million, respectively. Within the separations component, both the quits and layoffs rates were largely unchanged at 2.2% and 1.1%.

Summary: The JOLTS report signaled a further tightening of the labor market in November.

1/11/2018	Prev.	Exp.	Act.
Initial Jobless Claims	250K r↑	245K	261K

First time claims for jobless benefits were unchanged at 261,000 in the week ended January 6th. The four-week average of initial claims, which smooths volatility inherent in the weekly number, rose to 250,750 from 241,750. Continuing claims for unemployment benefits decreased to 1.87 million in the week ended December 30th. The insured unemployment rate, which tends to track the overall jobless rate, fell back to 1.3%.

Summary: Continuing claims hit four-decade low.

1/11/2018	Prev.	Exp.	Act.
PPI	0.4%	0.2%	-0.1%
Core PPI	0.3%	0.2%	-0.1%

December's producer price comes against the grain of recent months. PPI less food & energy finished at -0.1%, while the headline price index also fell by 0.1%. As a result of the weak monthly data, year-over-year headline PPI fell from 3.1% to 2.6%, core PPI dropped from 2.4% to 2.3%, and PPI less food, energy, & trade services decreased to 2.3%.

Summary: Monthly PPI numbers suggest a weakening in supply-side price pressures.

1/12/2018	Prev.	Exp.	Act.
CPI	0.4%	0.1%	0.1%
Core CPI	0.1%	0.2%	0.3%

Consumer prices increased by 0.1% in December after rising by 0.4% the month before. Excluding food and energy price effects, the data is slightly more positive with core prices rising by 0.3% following a 0.1% increase in the prior month. Housing costs, which are generally a major inflation driver, rose by a slightly elevated 0.4% and medical care costs jumped 0.3%. Year-over-year headline CPI fell from 2.2% to 2.1%, while core CPI increased marginally from 1.7% to 1.8%.

Summary: Core inflation move back towards headline inflation in December as gas prices declined but costs of shelter increased.

1/12/2018	Prev.	Exp.	Act.
Advance Retail Sales	0.9% r↑	0.5%	0.4%
Sales Less Autos	1.3% r↑	0.4%	0.4%

Retail sales rose by 0.4% in December following an upwardly revised 0.9% increase in the previous month. Sales of automobiles actually were flat for the month leaving sales less autos with an equivalent 0.4% increase. This includes a 1.2% surge in sales at non-store retailers, and a 1.2% jump in building materials sales. Core sales (sales less autos and gas) also rose by 0.4%, in line with expectations for the month.

Summary: Retail sales rose again in December and increased by 5.4% in 2017.

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Matthew Paniati
Research Analyst



Capital Advisors Group, Inc.
29 Crafts Street, Suite 270, Newton, MA
02458
Tel: 617.630.8100 ~ Fax:
617.630.0023
www.capitaladvisors.com
info@capitaladvisors.com