

### Top Headline: NAFTA Talks Hit Key Point

This past week Canadian and Mexican officials began laying out proposals aimed at keeping the U.S. from backing out of talks on NAFTA reforms. This comes as President Trump has softened his stance on the trade framework in the past few weeks, saying that he was willing to be “a little more flexible.” This round of talks takes place in Montreal and is focused on agriculture and energy policies. In addition, Mexican negotiators have stated a willingness to work with the Trump administration on automobile manufacturing issues. However, the situation remains relatively tense, with Canada having outstanding complaints to the WTO regarding recently implemented U.S. tariffs on imported lumber.

### Other News

Senate lawmakers are set to vote on a continuing resolution to end the government shutdown today, three days after it began. Republicans have proposed a bill that would re-open the government for the next three weeks, however many Democrats have said that they will not vote in favor of the bill until they receive assurances from GOP leadership that DACA recipients will be protected from deportation and extended a path to potential citizenship. As such, sufficient Democratic support for the resolution is far from assured.

### On Tap This Week

This week is highlighted by the release of GDP data.

### Past Week's Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
W 1/17/18	Industrial Production	Dec	-0.1% r↓	0.4%	0.9%	Manufacturing production rises just 2.4% in 2017
W 1/17/18	Capacity Utilization	Dec	77.2% r↑	77.3%	77.9%	
Th 1/18/18	Housing Starts	Dec	1229K r↑	1280K	1192K	Starts fall, but permits hold at high level
Th 1/18/18	Building Permits	Dec	1303K r↑	1300K	1302K	
Th 1/18/18	Initial Jobless Claims♦	Jan 13 <sup>th</sup>	261K	250K	220K	Claims hit new four-decade low

Actual < Expected

Actual > Expected

♦Leading Indicator

### Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	25803	26072	1.04%	12.56%
S&P 500	2786.2	2810.3	0.86%	9.69%
USD*	90.97	90.57	-0.44%	-2.89%
10-Year Treasury*	2.55%	2.66%	0.11%	0.34%

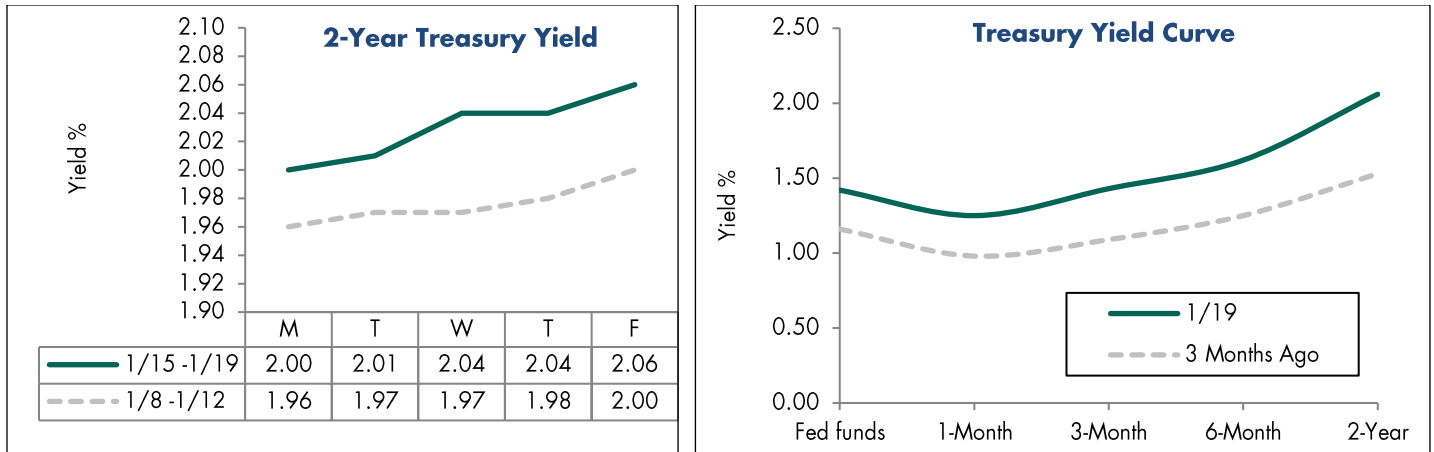
\*ICE U.S. Dollar Index Spot Price

\*Absolute change in yield over specified period

### Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
W 1/24/18	Existing Home Sales	Dec	5.81M	5.70M
Th 1/25/18	Initial Jobless Claims♦	Jan 20 <sup>th</sup>	220K	235K
Th 1/25/18	New Home Sales	Dec	733K	675K
F 1/26/18	Durable Goods Orders	Dec	1.3%	0.9%
F 1/26/18	Orders Less Transportation	Dec	-0.1%	0.6%
F 1/26/18	GDP	Q4 1 <sup>st</sup>	3.2%	3.0%
F 1/26/18	GDP Deflator	Q4 1 <sup>st</sup>	2.1%	2.3%

## Yield Curve Highlights



## Detailed Economic Releases

1/17/2018	Prev.	Exp.	Act.
Industrial Production	-0.1% r↓	0.4%	0.9%
Capacity Utilization	77.2% r↑	77.3%	77.9%

Industrial production rose by 0.9% in December following a downwardly revised 0.1% decline in the previous month. Mining production surged by 1.6% during the month, and rose an impressive 11.5% year-over-year. On the other hand, manufacturing production rose by just 0.1% during the month, and 2.4% year-over-year. On a more granular level, vehicle production rose 2.0% and hi-tech manufacturing rose 0.4%. Capacity utilization jumped during the month, from 77.2% to 77.9%.

**Summary: Manufacturing production posts minimal gain in spite of higher vehicle production.**

1/18/2018	Prev.	Exp.	Act.
Housing Starts	1299K r↑	1280K	1192K
Building Permits	1303K r↑	1300K	1302K

Housing starts came in well below expectations for the month of December, falling by 8.2%. Single-family starts dropped to an 836,000 annualized pace, more than offsetting multi-family starts a more than 1% gain in multi-family starts. Permits, on the other hand, were in line with expectations for the month, coming in at a 1302K annualized pace. Multi-family permits declined for the month, while single-family permits rose 1.4%.

**Summary: High level of permit approvals suggest that starts will pick back up after a poor December.**

1/18/2018	Prev.	Exp.	Act.
Initial Jobless Claims	261K	250K	220K

First time claims for jobless benefits were unchanged at 220,000 in the week ended January 13<sup>th</sup>. The four-week average of initial claims, which smooths volatility inherent in the weekly number, fell to 244,500 from 250,750. Continuing claims for unemployment benefits increased to 1.95 million in the week ended January 13<sup>th</sup>. The insured unemployment rate, which tends to track the overall jobless rate, held steady at 1.4%.

**Summary: Initial jobless claims hit four-decade low.**

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## About Us

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Headquartered in metropolitan Boston, Capital Advisors Group maintains multiple U.S. regional offices.

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