

Top Headline: Potential for More Tariffs

New outlets have reported that the Trump administration is putting together another package of import tariffs, this time aimed directly at China. The reports follow President Trump's announcement that he wants China to develop a plan that reduces its trade goods surplus with the U.S. by \$100 billion. The measures being proposed include tariffs on an estimated \$30 billion of various Chinese imports, along with restrictions on financial flows from China, and limits on academic visas given to Chinese students. The administration is also considering filing a case with the WTO alleging that China has committed violations of international trade rules.

Other News

Newly appointed Fed Chair Jerome Powell heads his first FOMC meeting this week, one at which the committee looks set to raise interest rates by 0.25%. Powell is expected to emphasize continuity with the path laid out by his predecessor Janet Yellen, however he will also be taking into account the fears of those who worry that the Fed may fall behind the curve. Despite relatively low inflation, there is now rising consensus within the Fed over the need to at the very least maintain the current pace of rate hikes, if not speed them up.

On Tap This Week

This week is highlighted by Jerome Powell's first meeting as Fed chair.

Past Week's Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
T 3/13/18	CPI	Feb	0.5%	0.2%	0.2%	Year-over-year headline and core CPI at 2.2% and 1.8%, respectively,
T 3/13/18	Core CPI	Feb	0.3%	0.2%	0.2%	
W 3/14/18	PPI	Feb	0.4%	0.2%	0.2%	Core PPI jumps from 2.2% to 2.5% year-over-year
W 3/14/18	Core PPI	Feb	0.4%	0.2%	0.2%	
W 3/14/18	Retail Sales	Feb	-0.1% r↑	0.3%	-0.1%	Retail sales disappoint again
W 3/14/18	Sales Less Autos	Feb	0.1% r↑	0.4%	0.2%	
Th 3/15/18	Initial Jobless Claims♦	Mar 10	230K r↓	229K	226K	Jobless claims remain at very low levels
F 3/16/18	Industrial Production	Feb	-0.3% r↓	0.4%	1.1%	Manufacturing production surges in February
F 3/16/18	Capacity Utilization	Feb	-0.2% r↓	0.4%	1.2%	

Actual < Expected

Actual > Expected

♦Leading Indicator

Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	25336	24947	-1.54%	1.20%
S&P 500	2786.6	2752.0	-1.24%	2.85%
USD*	90.09	90.23	0.16%	-3.94%
10-Year Treasury*	2.89%	2.84%	-0.05%	0.50%

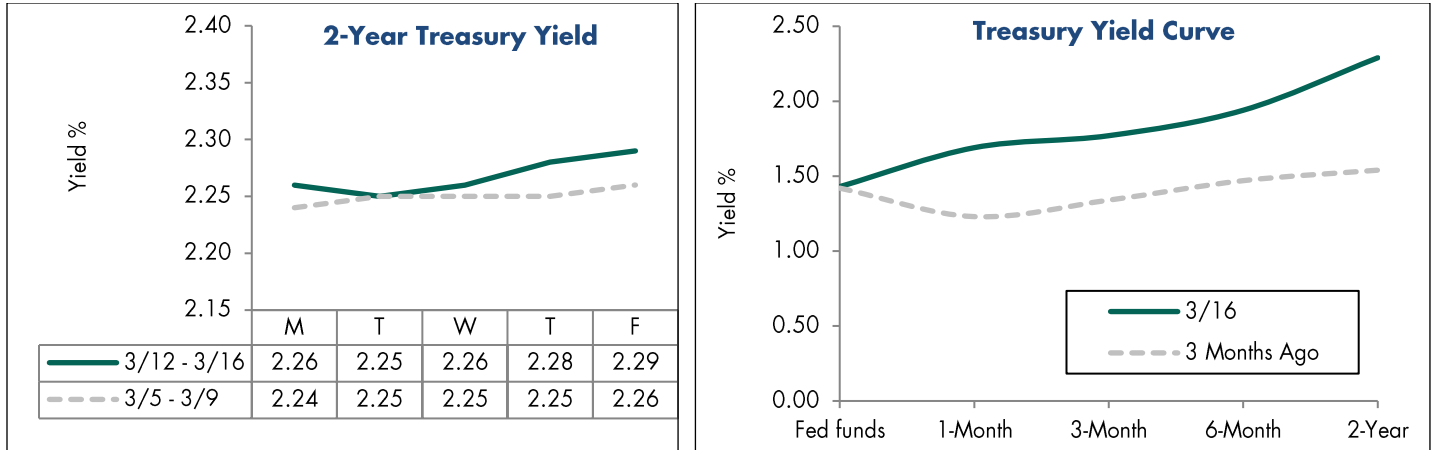
*ICE U.S. Dollar Index Spot Price

*Absolute change in yield over specified period

Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
W 3/21/18	Existing Home Sales	Feb	5.38M	5.40M
W 3/21/18	FOMC Meeting	Mar	1.25%-1.50%	1.50%-1.75%
Th 3/22/18	Initial Jobless Claims♦	Mar 17	226K	225K
F 3/23/18	Durable Goods Orders	Feb	-3.6%	1.6%
F 3/23/18	Orders Less Transportation	Feb	-0.3%	0.5%
F 3/23/18	New Home Sales	Feb	593K	624K

Yield Curve Highlights



Detailed Economic Releases

3/13/2018	Prev.	Exp.	Act.
CPI	0.5%	0.2%	0.2%
Core CPI	0.3%	0.2%	0.2%

Consumer prices increased by 0.2% in February after rising by 0.5% the month before. New vehicle prices fell by 0.5% for the month and used car prices declined by 0.3%. Excluding food and energy price effects, the data was similar with core prices rising by 0.2% following a 0.3% increase in the prior month. Apparel and housing prices showed strength while communication services and medical care prices were flat. Year-over-year headline CPI and core CPI came in at 2.2% and 1.8%, respectively.

Summary: Despite speculation of a coming rise in inflation, consumer price pressures remain relatively muted.

3/14/2018	Prev.	Exp.	Act.
Advance Retail Sales	-0.1% r ↑	0.3%	-0.1%
Sales Less Autos	0.1% r ↑	0.4%	0.2%

Retail sales fell by 0.1% in February after an upwardly revised 0.1% drop in the prior month. High employment and historically high consumer confidence levels have not translated to stronger retail sales. Motor vehicle and furniture sales were weak, with the latter falling by 0.8% for the month and the former by 0.9%, the fourth straight month of declines for auto sales. Sales less autos showed slight improvement with 0.2% growth, but were still below expectations for a 0.4% jump. Usual areas of strength, most notably online sales, grew by 1.0% in February following January's post holiday season decline, while sales of building materials also jumped by 1.9% following a weak January.

Summary: Retail sales were revised up for January but remained negative in February. Decreases in auto sales were a driving factor.

3/14/2018	Prev.	Exp.	Act.
PPI	0.4%	0.2%	0.2%
Core PPI	0.4%	0.2%	0.2%

January's producer price index came in line with expectations for the month. PPI less food & energy finished at 0.2% while the headline price index also rose by 0.2%. Following the decent monthly results, year-over-year headline PPI rose from 2.7% to 2.8%, core PPI jumped from 2.2% to 2.5%, and PPI less food, energy, & trade services rose to 2.7%.

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

2/15/2018	Prev.	Exp.	Act.
Advance Retail Sales	0.0% r↓	0.3%	-0.3%
Sales Less Autos	0.0% r↓	0.3%	0.0%

Retail sales fell by 0.3% in January after remaining unchanged in the previous month. Motor vehicle sales dropped by a very sharp 1.3%, and building materials were negatively impacted by severe weather during the month. Sales less autos were unchanged for the month. Usual areas of strength, most notably online sales, were essentially flat or down for the month as well. The one positive sector was clothing and apparel sales which rose by 1.2%.

Summary: Retail sales were revised down in December and were negative in January.

3/15/2018	Prev.	Exp.	Act.
Initial Jobless Claims	230K r↑	229K	226K

First time claims for jobless benefits fell to 226,000 in the week ended March 10th. The four-week average of initial claims, which smooths volatility inherent in the weekly number, fell to 221,500 from 222,500. Continuing claims for unemployment benefits decreased to 1.89 million in the week ended March 3rd. The insured unemployment rate, which tends to track the overall jobless rate, held at 1.3%.

Summary: Initial jobless claims fall back below 230K.

3/16/2018	Prev.	Exp.	Act.
Industrial Production	-0.3% r↓	0.4%	1.1%
Capacity Utilization	77.4% r↓	77.7%	78.1%

Industrial production rose by 1.1% in February following a downwardly revised 0.3% decline in the previous month. Mining production increased by 4.3% while utility output contracted by 4.7%. Manufacturing production surged by 1.2% during the month, bolstered by strong demand for business equipment and construction supplies. Capacity utilization saw a significant rise as well, surging from 77.4% to 78.1%.

Summary: Manufacturing production surges in February after disappointing results in the first month of the year.

About Us

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