

Top Headline: Bilateral Trade Actions

The Trump administration went ahead with plans to announce tariffs on a wide range of Chinese goods this past week. The move sent global markets into a spiral, with the Dow Jones and S&P 500 both falling more than 5%, respectively. It also drew ire from the Chinese government, which announced small retaliatory measures, as well as domestic export industries. It's been since reported that the White House is quietly negotiating with the Chinese government to address longstanding issues with regards to U.S. access to Chinese markets. Talks are aimed at preserving "the overall stability of economic and trade relations" according to Chinese economic czar Liu He.

Other News

News reports suggest that the New York Fed is set hire San Francisco Fed President John Williams as its next head following the upcoming retirement of William Dudley. The move would put Williams in charge of the most important regional bank in the Federal Reserve system and give him an influential leadership position on the FOMC. Williams was previously considered for Fed vice chairman, but President Trump is likely to nominate Columbia University economist Richard Clarida for the role.

On Tap This Week

This week is highlighted by consumer confidence data for March, as well as the second revision to fourth quarter GDP.

Past Week's Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
W 3/21/18	Existing Home Sales	Feb	5.38M	5.42M	5.54M	Sales recover after dismal January
W 3/21/18	FOMC Meeting	Mar	1.25% - 1.50%	1.50% - 1.75%	1.50% - 1.75%	Powell raises rates at first meeting, signals more to come this year
Th 3/22/18	Initial Jobless Claims♦	Mar 17	226K	225K	229K	Claims remain at very low levels
F 3/23/18	Durable Goods Orders	Feb	-3.5% r↑	1.7%	3.1%	Core capital goods orders rise nearly 2% in February, 8% year-over-year
F 3/23/18	Orders Less Transportation	Feb	-0.2% r↑	0.6%	1.2%	
F 3/23/18	New Home Sales	Feb	622K r↑	620K	618K	Prices up by 10% over the past year

Actual < Expected

Actual > Expected

♦Leading Indicator

Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	24947	23533	-5.67%	-4.93%
S&P 500	2752.0	2588.3	-5.95%	-3.54%
USD*	90.23	89.50	-0.82%	-4.13%
10-Year Treasury*	2.84%	2.81%	-0.03%	0.33%

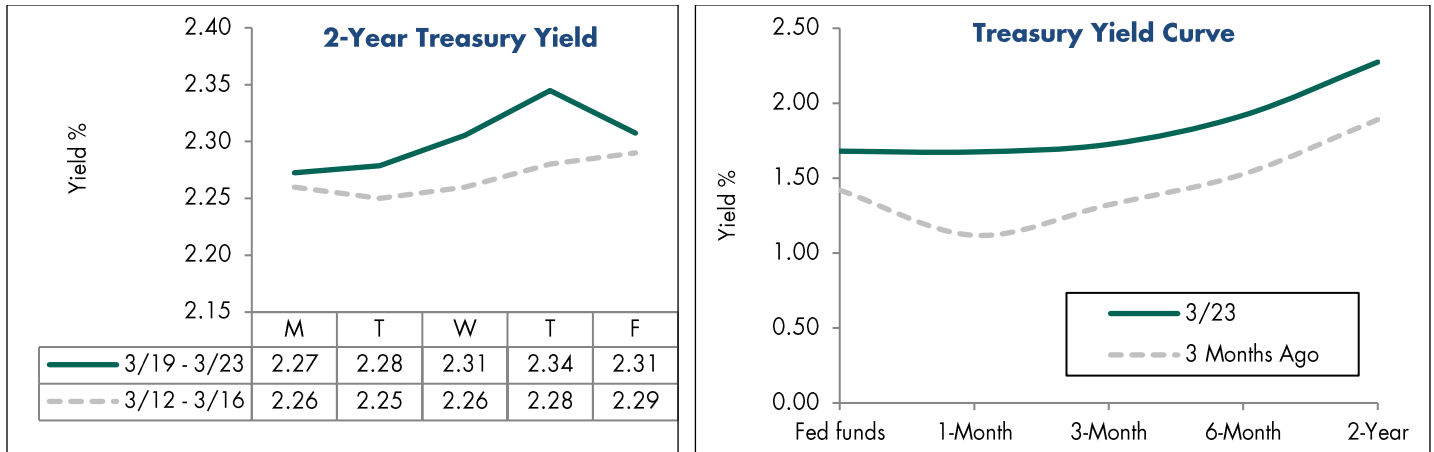
*ICE U.S. Dollar Index Spot Price

*Absolute change in yield over specified period

Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
T 3/27/18	Consumer Confidence	Mar	130.8	131.0
W 3/28/18	GDP	Q4 3 rd	2.5%	2.7%
W 3/28/18	GDP Deflator	Q4 3 rd	2.3%	2.3%
Th 3/29/18	Initial Jobless Claims♦	Mar 24	229K	228K
Th 3/29/18	U. Michigan Consumer Sentiment	Mar	102.0	102.0

Yield Curve Highlights



Detailed Economic Releases

3/21/2018	Prev.	Exp.	Act.
Existing Home Sales	5.38M	5.42M	5.54M

Existing home sales increased 3.0%, to a 5.54 million annualized pace in February. The supply of houses on the market saw an increase to 1.59 million homes. Relative to the pace of sales that leaves the available stock at just 3.4 months, amongst the lowest on record. Prices rose to a median of \$241,000, a trend which is likely to accelerate if housing supply remains so tight. Year-over-year, existing home sales are down 1.1%, while the inventory of homes is down by almost 10%.

Summary: Existing home sales rebounded from a poor January.

3/21/2018	Prev.	Exp.	Act.
FOMC Meeting Decision	1.25%-1.50%	1.50%-1.75%	1.50%-1.75%

Information received since the Federal Open Market Committee met in January indicates that the labor market has continued to strengthen and that economic activity has been rising at a moderate rate. Job gains have been strong in recent months, and the unemployment rate has stayed low. Recent data suggest that growth rates of household spending and business fixed investment have moderated from their strong fourth-quarter readings. On a 12-month basis, both overall inflation and inflation for items other than food and energy have continued to run below 2 percent. Market-based measures of inflation compensation have increased in recent months but remain low; survey-based measures of longer-term inflation expectations are little changed, on balance.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The economic outlook has strengthened in recent months. The Committee expects that, with further gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace in the medium term and labor market conditions will remain strong. Inflation on a 12-month basis is expected to move up in coming months and to stabilize around the Committee's 2 percent objective over the medium term. Near-term risks to the economic outlook appear roughly balanced, but the Committee is monitoring inflation developments closely.

In view of realized and expected labor market conditions and inflation, the Committee decided to raise the target range for the federal funds rate to 1-1/2 to 1-3/4 percent. The stance of monetary policy remains accommodative, thereby supporting strong labor market conditions and a sustained return to 2 percent inflation.

In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee will assess realized and expected economic conditions relative to its objectives of maximum employment and 2 percent inflation. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments. The Committee will carefully monitor actual and expected inflation developments relative to its symmetric inflation goal. The Committee expects that economic conditions will evolve in a manner that will warrant further gradual increases in the federal funds rate; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run. However, the actual path of the federal funds rate will depend on the economic outlook as informed by incoming data.

Voting for the FOMC monetary policy action were Jerome H. Powell, Chairman; William C. Dudley, Vice Chairman; Thomas I. Barkin; Raphael W. Bostic; Lael Brainard; Loretta J. Mester; Randal K. Quarles; and John C. Williams.

Source: FOMC <https://www.federalreserve.gov/monetarypolicy/fomccalendars.htm>

3/22/2018	Prev.	Exp.	Act.
Initial Jobless Claims	226K	225K	229K

First time claims for jobless benefits rose to 229,000 in the week ended March 17th. The four-week average of initial claims, which smooths volatility inherent in the weekly number, rose to 223,750 from 221,500. Continuing claims for unemployment benefits decreased to 1.83 million in the week ended March 10th. The insured unemployment rate, which tends to track the overall jobless rate, held at 1.3%.

Summary: Initial jobless claims remain below 230K.

3/22/2018	Prev.	Exp.	Act.
Durable Goods Orders	-3.5% r↑	1.7%	3.1%
Orders Less Transportation	-0.2% r↑	0.6%	1.2%

Durable goods orders increased by 3.7% in January, following an upwardly revised 3.5% decline in the prior month. Much of this decrease can be attributed to civilian aircraft orders, which rose by 26% during the month. Orders Ex-transportation managed a 1.2% rise in January, well below above estimates. Core capital goods orders increased by an even greater 1.8%, and shipments of such goods jumped by 1.4%.

Summary: Core capital goods orders rebounded during February, and are up 8% year-over-year.

3/23/2018	Prev.	Exp.	Act.
New Home Sales	622K r↑	620K	618K

New single-family home sales came in just below expectations at 618K in February. Sales improved by nearly 20% in the small Northeast region, along with a more modest decline in the much larger Southern region. The stock of new homes actually rose by 2.0% to 5.91 months at current rate of sales. Prices rose by 0.6% to a median of \$326,800 and were up a solid 9.7% year-over-year.

Summary: The pace of new home sales maintained its current elevated level.

About Us

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