

### Top Headline: China Implements Tariffs

China implemented a set of tariffs it had previously announced on imported goods from the U.S. The move comes in retaliation to announced tariffs by the Trump administration on steel and aluminum. Penalties imposed by the Chinese government vary, ranging from a 25% duty on pork to a 15% charge on fruit and 120 other commodities. China's Finance Ministry also renewed criticism of the Trump administration, but suggested that its response was limited and that it did not want tensions to escalate further. They did not comment on the Trump administration's accusations that Chinese companies steal U.S. intellectual property.

### Other News

Spotify is set to go public on the New York Stock Exchange this week, in what is expected to be the biggest IPO of the year so far. The listing is noteworthy for the valuation, which could potentially be north of \$20 billion, as well as for the structure of the offering. The company eschewed the traditional underwriting process, and instead is doing its own direct listing. It warned that this may lead to more volatile trading initially, but that it is an ultimately fairer and cost-effective way to go public.

### On Tap This Week

This week is highlighted by employment data for March.

### Past Week's Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
T 3/27/18	Consumer Confidence	Mar	130.0	131.0	127.7	Consumer confidence remains elevated
W 3/28/18	GDP	Q4 3 <sup>rd</sup>	2.5%	2.7%	2.9%	GDP growth revised up on back of stronger consumer spending data
W 3/28/18	GDP Deflator	Q4 3 <sup>rd</sup>	2.3%	2.3%	2.3%	
Th 3/29/18	Initial Jobless Claims♦	Mar 24	227K	228K	215K	Jobless claims fall to new low
Th 3/29/18	U. Michigan Consumer Sentiment	Mar	102.0	102.0	101.4	Current conditions component hits record high

Actual < Expected

Actual > Expected

♦Leading Indicator

### Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	23533	24103	2.42%	-2.49%
S&P 500	2588.3	2640.9	2.03%	-1.22%
USD*	89.50	89.97	0.80%	-2.14%
10-Year Treasury*	2.81%	2.74%	-0.07%	0.34%

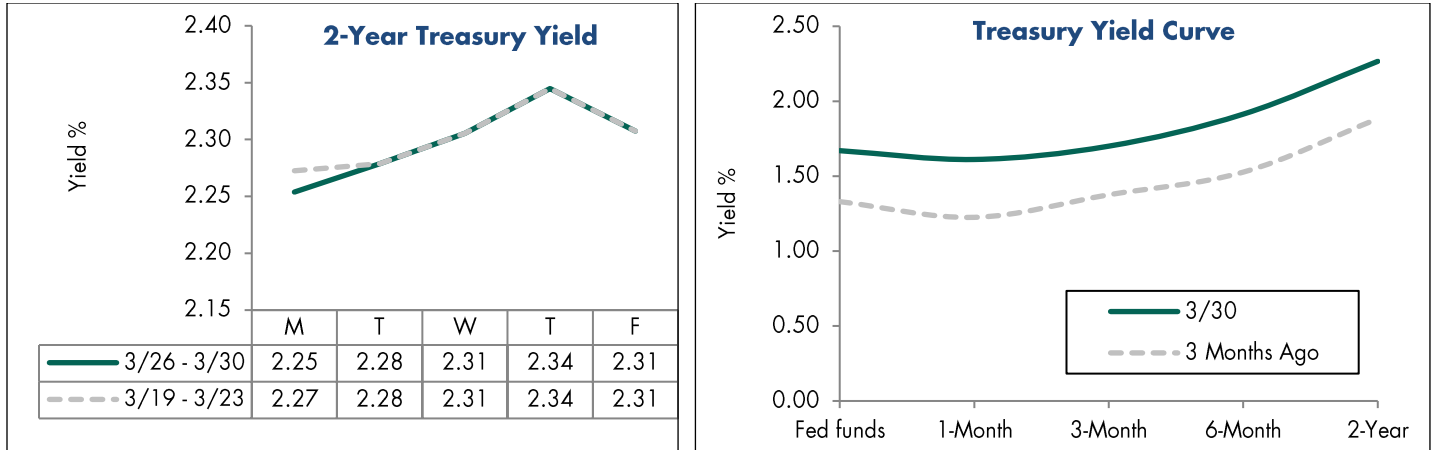
\*ICE U.S. Dollar Index Spot Price

\*Absolute change in yield over specified period

### Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
M 4/2/18	ISM Manufacturing Index	Mar	55.7	55.7
W 4/4/18	ISM Non-Manufacturing Index	Mar	59.5	59.0
Th 4/5/18	Trade Deficit	Feb	\$56.6B	\$56.8B
Th 4/5/18	Initial Jobless Claims♦	Mar 31	215K	225K
F 4/6/18	Nonfarm Payrolls	Mar	313K	187K
F 4/6/18	Unemployment Rate	Mar	4.1%	4.0%

## Yield Curve Highlights



## Detailed Economic Releases

3/27/2018	Prev.	Exp.	Act.
Consumer Confidence	130 r↓	131.0	127.7

Consumer confidence eased back slightly in March to 127.7 but remains very strong. Assessment of current labor market conditions indicates that only 14.9 percent say jobs are hard to get. These are firm expectations that suggest another favorable monthly employment report. This report is less upbeat than prior months but remains near the top end of its historical range.

**Summary: Consumer confidence eased back slightly in March but labor market conditions remain strong.**

3/28/2018	Prev.	Exp.	Act.
GDP	2.5%	2.7%	2.9%
GDP Deflator	2.3%	2.3%	2.3%

Fourth quarter GDP was revised 4 tenths higher in the third estimate to a 2.9% annualized rate. Consumer spending rose by 2 tenths to a 4% rate, where spending on services was revised 2 tenths higher to 2.3% and nondurable spending was revised 5 tenths higher to 4.8%. During the quarter, spending on durables was revised 1 tenth lower to a still strong 13.7%. Contribution from consumer spending to the fourth quarter's total growth rate was 2.8 percentage points. Nonresidential fixed investment was upgraded 2 tenths to 6.8% and residential investment was revised 2 tenths lower to 12.8%. A detractor from the headline GDP number was a drag from net exports revised fractionally higher to minus 1.2%, along with a slowing in inventory growth.

**Summary: Fourth quarter GDP was very solid and understated given the strength of consumer spending.**

3/29/2018	Prev.	Exp.	Act.
Initial Jobless Claims	227K	228K	215K

First time claims for jobless benefits fell 12,000 in the week of March 24 to a record low 215,000, the lowest level in 45 years. The four-week average of initial claims, which smooths volatility inherent in the weekly number, was down slightly to 224,500. Continuing claims for unemployment benefits, in lagging data for the week of March 17, rose 35,000. The insured unemployment rate, which tends to track the overall jobless rate, held at 1.3%.

**Summary: Initial jobless claims are resting at a record low of 215,000.**

3/29/2018	Prev.	Exp.	Act.
U. Michigan Consumer Sentiment	102.0	102.0	101.4

The University of Michigan's Consumer Survey index of consumer sentiment fell from 102.0 to 101.4 in March. Expectations for future conditions declined from 90.0 in February to 88.8 in March, and the index of current conditions jumped 6.3 points to 121.2. Inflation expectations were soft, with five-year expectations coming in at 2.5% and one-year expectations inching up slightly.

**Summary: Consumer sentiment remains well elevated.**

## About Us

Capital Advisors Group, Inc. is an independent SEC-registered investment advisor specializing in institutional cash investments, risk management, and debt finance consulting. Our clients range from venture capital-funded startups and emerging growth companies to Fortune 100 companies.

Drawing upon more than a quarter of a century of experience through varied interest rate cycles, the firm has built its reputation upon deep, research-driven investment strategies and solutions for its clientele.

Capital Advisors Group manages customized separately managed accounts (SMAs) that seek to protect principal and maximize risk-adjusted returns within the context of each client's investment guidelines and specific liquidity needs. Capital Advisors Group also provides FundIQ<sup>®</sup> money market fund research; CounterpartyIQ<sup>®</sup> aggregation and credit analysis of counterparty exposures; risk assessment on short-term fixed income securities and portfolios; and independent debt finance consulting services.

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

**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](http://www.capitaladvisors.com)  
[info@capitaladvisors.com](mailto:info@capitaladvisors.com)