

### Top Headline: Q1 GDP Better Than Expected

First quarter GDP growth came in better than expected, with the economy expanding by an estimated 2.3% annualized rate. Robust business investment levels, along with higher government spending and positive net exports, helped overcome a drop-off in consumer spending growth. This positive result comes after years of poor first quarter growth numbers, which have led some economists to question whether there are unaccounted for seasonality effects in the data. As such, it likely bolsters the Trump administration's odds of hitting its 3% growth target this calendar year. Nevertheless, not all the data was positive. Final sales to domestic purchasers, which excludes inventory effects and net exports, rose by just 1.6% due to the weak levels of consumer demand.

### Other News

A pair of noteworthy corporate mergers were announced this weekend. The first was T-Mobile's buyout of Sprint for \$26 billion. This comes after numerous rounds of talks over a merger and would leave the U.S. wireless market dominated by just three major players. In the second, Wal-Mart announced it was merging its U.K. based operation Asda with existing grocery market chain Sainsbury. The deal values Asda at less than what Wal-Mart purchased it at two decades ago, but allows the company to eventually exit a largely unprofitable business. Both deals are subject to regulatory approval.

### On Tap This Week

This week is highlighted by the FOMC's May meeting, at which it is not expected to raise interest rates.

### Past Week's Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
M 4/23/18	Existing Home Sales	Mar	5.54M	5.51M	5.60M	Existing home sales post solid results in March
T 4/24/18	New Home Sales	Mar	667K r↑	630K	694K	New home sales maintain robust pace
T 4/24/18	Consumer Confidence	Apr	127.0 r↓	126.1	128.7	Confidence remains elevated
Th 4/25/18	Initial Jobless Claims♦	Apr 21	233K r↑	230K	209K	Initial claims fall to lowest level since 1969
F 4/26/18	GDP	Q1 1 <sup>st</sup>	2.9%	2.0%	2.3%	GDP growth bolstered by higher levels of business investment, government spending
F 4/26/18	GDP Deflator	Q1 1 <sup>st</sup>	2.3%	2.4%	2.0%	
F 4/26/18	Consumer Sentiment	Apr	101.4	98.0	98.8	Sentiment falls from fourteen-year high

Actual < Expected

Actual > Expected

♦ Leading Indicator

### Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	24463	24311	-0.62%	-8.66%
S&P 500	2670.1	2669.9	-0.01%	-7.06%
USD*	90.32	91.54	1.36%	2.78%
10-Year Treasury*	2.96%	2.96%	0.00%	0.30%

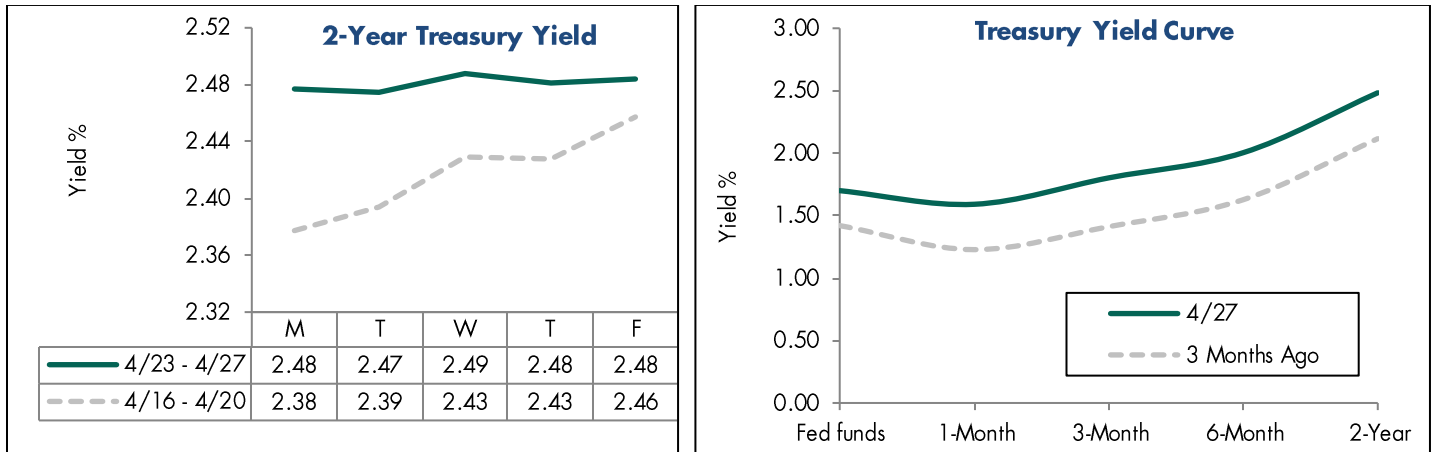
\*ICE U.S. Dollar Index Spot Price

\*Absolute change in yield over specified period

### Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
M 4/30/18	Personal Income	Mar	0.4%	0.4%
M 4/30/18	Consumer Spending	Mar	0.2%	0.4%
T 5/1/18	ISM Manufacturing	Apr	59.3	58.5
W 5/2/18	FOMC Meeting	Apr	1.50%-1.75%	1.50%-1.75%
Th 5/3/18	Nonfarm Productivity	Q1 1 <sup>st</sup>	0.0%	1.0%
Th 5/3/18	Unit Labor Costs	Q1 1 <sup>st</sup>	2.5%	3.0%
Th 5/3/18	Trade Deficit	Mar	\$57.6B	\$50.0B

## Yield Curve Highlights



## Detailed Economic Releases

4/23/2018	Prev.	Exp.	Act.
Existing Home Sales	5.54M	5.51M	5.60M

Existing home sales increased 1.1% to a 5.60 million annualized pace in March. The supply of houses on the market saw an increase to 1.67 million homes. Relative to the pace of sales that leaves the available stock at just 3.6 months, amongst the lowest on record. Prices rose 3.9% to a median of \$250,400, a trend which is likely to accelerate if housing supply remains so tight. Year-over-year, existing home sales are down 1.2%, while the inventory of homes is down by 7.2%.

**Summary: Existing home sales posted solid growth numbers in March.**

4/24/2018	Prev.	Exp.	Act.
New Home Sales	667K r↑	630K	694K

New single-family home sales came in well below expectations at 694K in March. Sales improved by nearly 30% in the large West region, while the much smaller Northeast region experienced a sharp decline. The aggregate stock of new homes for sale was unchanged, but fell from 5.4 to 5.2 months' supply at the current rate of sales. Prices rose by 3.5% to a median of \$337,200 and were up a solid 4.8% year-over-year.

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

4/24/2018	Prev.	Exp.	Act.
Consumer Confidence	127.0 r↓	126.1	128.7

Consumer confidence rose to 128.7 in April, near the top end of its historic range. Assessment of current conditions increased from 158.1 to 159.6, and expectations for the next six months rose by nearly two points to 108.1. The share of respondents saying jobs are hard to get fell by a further 0.5% to 15.2%, and the share of those expecting more job openings over the next six months rose to 19.5%.

**Summary: Consumer confidence remains at the top end of its historic range.**

4/26/2018	Prev.	Exp.	Act.
Initial Jobless Claims	233K r↑	230K	209K

First time claims for jobless benefits fell 24,000 in the week of April 21<sup>st</sup> to 209,000. The four-week average of initial claims, which smooths volatility inherent in the weekly number, was down slightly to 229,250. Continuing claims for unemployment benefits, in lagging data for the week of April 14<sup>th</sup>, fell to 1.84 million. The insured unemployment rate, which tends to track the overall jobless rate, held at 1.3%.

**Summary: Initial jobless claims hit lowest level since 1969.**

4/27/2018	Prev.	Exp.	Act.
GDP	2.9%	2.0%	2.3%
GDP Deflator	2.3%	2.4%	2.0%

First quarter GDP posted better than expected results in the first quarter, as the economy expanded by an annualized rate of 2.3%. Robust expansion in gross domestic private investment contributed 1.19% to growth during the quarter, in part masking a relatively weak quarter for consumer spending (which rose by just 1.1%). Nonresidential investment in structures was particularly strong, rising by more than 10% during the first quarter. A rise in government spending at both the local and federal level also helped buoy activity during the quarter, and net exports added 0.20% to the headline number. Final sales to domestic purchasers, which exclude net exports and inventory build-ups, rose by just 1.6% during the quarter. Inflation also came in somewhat below expectations, leaving nominal GDP growth for the quarter at 4.3%.

**Summary: Initial estimates of first quarter GDP growth indicate that robust business investment compensated for relatively lackluster consumer spending growth.**

4/27/2018	Prev.	Exp.	Act.
U. Michigan Consumer Sentiment	101.4	98.0	98.8

The University of Michigan's Consumer Survey index of consumer sentiment decreased to 98.8 in April. Expectations for future conditions declined from 88.8 to 88.4, and the index of current conditions slumped from 121.2 to 114.9. Inflation expectations were soft, with five-year expectations coming in at 2.5% and one-year expectations inching down slightly.

**Summary: Consumer sentiment fell back slightly from fourteen-year high.**

## About Us

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