

Top Headline: Trump Plans Restrictions on China

President Trump has revealed plans to limit Chinese investment in U.S. technology and to block technology exports to China. The former is rumored to be a block on firms with at least 25% Chinese ownership from buying companies that invest in “industrially significant technology.” The latter is being deemed “enhanced export controls” which would prevent certain technology from being exported to China. Similar to Trump’s existing trade restrictions these proposals are being put forth on national security grounds. Industry groups are worried about the impact of an export ban, as it could significantly limit demand for U.S. technological goods. The plan is still very fluid at this point, though it seems as if some form of investment restriction on Chinese firms is likely. Additionally, if implemented it could face legal challenge.

Other News

Turkish President Recep Tayyip Erdogan reaffirmed his control on the country’s government Sunday, winning 52.5% of the Presidential vote while also seeing his party maintain its majority in Parliament. Erdogan has come under fire internationally because of changes he has made to the executive branch over his 15-year run as President. He has run the nation under a state of emergency since a failed coup in 2016, and since then has undertaken radical changes to the country’s constitution expanding his power over the Parliament and the judiciary. Additionally, the country’s currency has nosedived after he increased pressure on the country’s central bank to keep interest rates low.

On Tap This Week

This week is highlighted by consumer spending data for May.

Past Week’s Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
T 6/19/18	Housing Starts	May	1286K r↓	1320K	1350K	Starts climb while permits fall back
T 6/19/18	Building Permits♦	May	1364K	1350K	1301K	
W 6/20/18	Existing Home Sales	May	5.45M r↓	5.50M	5.43M	Existing home sales largely unchanged from April
Th 6/21/18	Initial Jobless Claims♦	June 16	221K r↑	220K	218K	Claims remain near all-time low levels

Actual < Expected Actual > Expected ♦Leading Indicator

Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	25090	24581	-2.03%	2.60%
S&P 500	2779.7	2754.9	-0.89%	4.21%
USD*	94.79	94.52	-0.28%	5.19%
10-Year Treasury*	2.92%	2.89%	-0.03%	0.07%

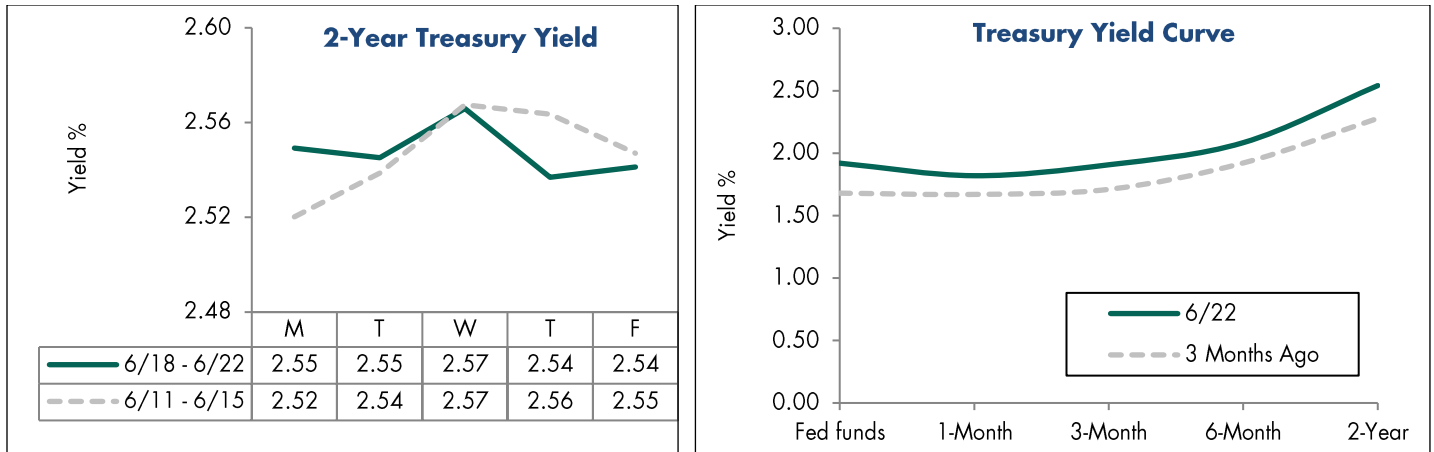
*ICE U.S. Dollar Index Spot Price

*Absolute change in yield over specified period

Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
M 6/25/18	New Home Sales	May	662K	665K
T 6/26/18	Consumer Confidence	Jun	128.0	128.1
Th 6/28/18	GDP	Q1 3 rd	2.2%	2.2%
Th 6/28/18	GDP Deflator	Q1 3 rd	1.9%	1.9%
F 6/29/18	Personal Income	May	0.3%	0.4%
F 6/29/18	Consumer Spending	May	0.6%	0.4%
F 6/29/18	U. of Mich. Consumer Sentiment	Jun	99.3	99.0

Yield Curve Highlights



Detailed Economic Releases

6/19/2018	Prev.	Exp.	Act.
Housing Starts	1286K r↑	1320K	1350K
Building Permits	1364K r↑	1350K	1301K

Housing starts came in well above expectations for the month of April, shooting up by 5.0%. Single-family starts were above trend, and the volatile multi-family component rose by 7.5%. Building permits, a leading indicator for housing market activity, were lower than expected for the month, coming in at a 1301K annualized pace. Multi-family permits posted a sharp decline, and single-family permits were also down from the month before.

Summary: Report sends mixed signals as housing starts recover but building permits fall off a bit.

6/20/2018	Prev.	Exp.	Act.
Existing Home Sales	5.45M r↓	5.50M	5.43M

Existing home sales decreased 0.4% to a 5.46 million annualized pace in May. The supply of houses on the market saw an increase to 1.85 million homes. Relative to the pace of sales that leaves the available stock at just 4.1 months, amongst the lowest on record. Prices rose 2.7% to a median of \$264,800, a trend which is likely to accelerate if housing supply remains tight. Year-over-year, existing home sales are down 3.0%, while the inventory of homes is down by 6.1%.

Summary: Existing home sales remained relatively steady in May, even as prices continue to rise.

6/21/2018	Prev.	Exp.	Act.
Initial Jobless Claims	221K r↓	220K	218K

First time claims for jobless benefits decreased by 3,000 in the week ending on June 16th to 221,000. The four-week average of initial claims, which smooths volatility inherent in the weekly number, was down slightly to 221,000. Continuing claims for unemployment benefits, in lagging data for the week of June 9th, rose to 1.72 million. The insured unemployment rate, which tends to track the overall jobless rate, held at 1.2%.

Summary: Initial claims remain near all-time low.

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[®] money market fund research; CounterpartyIQ[®] 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
info@capitaladvisors.com