

Top Headline: Current Account Deficit Narrows

The Commerce Department announced on Wednesday that the U.S. trade deficit fell from \$121.71 billion in the first quarter to \$101.46 billion in the second quarter, which was below the Wall Street Journal's expectations of \$103.2 billion. The deficit decline can be attributed to export growth driven by purchases of industrial supplies and materials as well as energy products and soybeans. Increases in services such as management consulting and financial services also reduced the deficit.

Other News

The S&P and Dow Jones Industrial Average finished at record highs on Thursday. Tariff concerns have mostly been brushed off, while positive corporate earnings and a strong U.S. economy drove the recent gains. The strong U.S. economy was supported this week by jobless claims reported at their lowest level since 1969.

On Tap This Week

The Federal Reserve will meet this Wednesday and is expected to increase the benchmark interest rate from its current range of 1.75%-2.00% to 2.00%-2.25%. This comes in response to low levels of unemployment, strong U.S. growth, and solid levels of inflation.

Past Week's Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
W 9/19	Housing Starts	Aug	1.168M	1.240M	1.282M	Highlighted by increased starts but also by decreasing permits.
W 9/19	Housing Permits	Aug	1.311M	1.320M	1.229M	
Th 9/20	Jobless Claims	9/15	204K	210K	201K	All indicators remain at historic lows.
Th 9/20	Existing Home Sales	Aug	5.340M	5.360M	5.340M	Existing sales were unchanged on the month, following four months of slowing.

Actual < Expected Actual > Expected ♦ Leading Indicator

Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	26155	26743	2.25%	8.80%
S&P 500	2905.0	2929.7	0.85%	6.34%
USD*	94.93	94.22	-0.74%	-0.32%
10-Year Treasury*	3.00%	3.06%	0.06%	0.12%

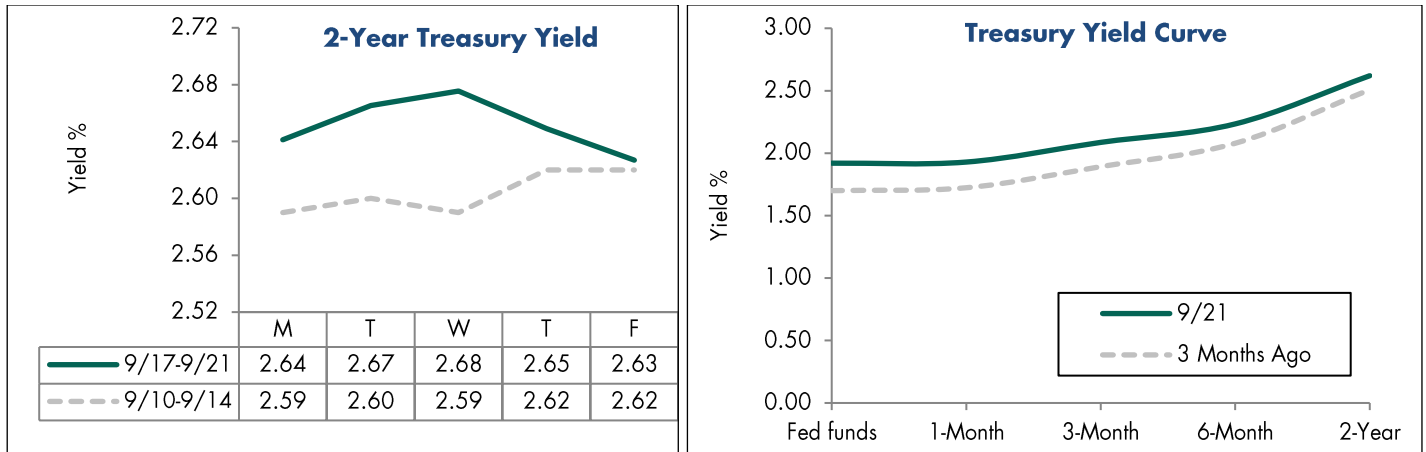
*ICE U.S. Dollar Index Spot Price

*Absolute change in yield over specified period

Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
T 9/25	Consumer Confidence	Sep	133.4	131.7
W 9/26	New Home Sales	Aug	627K	630K
Th 9/27	Durable Goods Orders	Aug	-1.7%	1.9%
Th 9/27	GDP	Q2	4.2%	4.2%
Th 9/27	Jobless Claims	9/22	201K	210K
F 9/28	Consumer Sentiment	Sep	100.8	100.8

Yield Curve Highlights



Detailed Economic Releases

9/19/2018	Prev.	Exp.	Act.
Housing Starts	1.168M	1.240M	1.282M
Housing Permits	1.311M	1.315M	1.229M

Starts increased by 9.2% month-on-month to 1.282 million for August. Multi-family units increased by 29% year-on-year to 409,000, and single-family homes increased by 1.9% year-on-year, though this was slightly lower than the year-ago growth rate. While starts increased, permits fell by 5.7% to 1.229 million. Multi-family units and single-family units fell by 17.7% and 6.1%, respectively.

Summary: Increased starts are a positive indicator, though a significant decline in permits reflects soft demand for housing and limited resources.

9/20/2018	Prev.	Exp.	Act.
Jobless Claims	204K	210K	201K

All indicators reached historic lows this week. Initial jobless claims fell by 3,000 to 201K which was far below expectations of 210K, while the four-week average fell to 205,750. Both initial jobless claims and the four-week average are at 50-year lows. Continuing claims and the four-week average for the week of September 8th were also at 46-year lows. Additionally, comparing the September and August employment reports shows that the headline level decreased by 9,000 and the four-week average decreased by 8,000.

Summary: All indicators suggest growth in payroll and indicate a lower September unemployment rate.

9/20/2018	Prev.	Exp.	Act.
Existing Home Sales	5.340M	5.360M	5.340M

Existing home sales came in slightly below expectations for the fifth month in a row, though the flat report is better than the slowing seen in the four previous months. Single-family homes and condos were unchanged month-on-month, while year-on-year sales fell by 1.5% overall due to a decrease of 1% in single-family homes and a decrease of 4.8% in condo sales. Meanwhile, supply has stood at 4.3 months at the current rate of sales for three consecutive months. The median price offered by sellers was down by 1.7% to \$264,000. Sales were particularly bad in the West which showed a decline of 5.9% compared to an increase of 7.6% in the Northeast.

Summary: Despite the economy's strong performance, the housing sector is not heavily involved, reflected by either unchanging or slowing sales in this report.

About Us

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

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