

Top Headline: Trade Updates

The U.S. instituted tariffs of 10% on \$200 billion worth of additional Chinese imports. China responded by implementing tariffs on \$60 billion worth of U.S. exports. Previous rounds of tariffs primarily focused on intermediate goods, whereas this round is likely to affect some consumer products. Trade talks were cancelled following the new tariffs, and the U.S. has threatened tariffs on an additional \$267 billion worth of Chinese imports.

On Monday morning the White House and Canada agreed to terms that would allow Canada to join the NAFTA 2.0 deal along with the U.S. and Mexico. Key to their entry into the deal was some last-minute concessions from Canada on protections for their dairy industry, a notable sticking point for the White House.

Past Week's Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
T 9/25	Consumer Confidence	Sep	133.4	131.7	138.4	Confidence outweighed negative reports regarding future earnings expectations.
W 9/26	New Home Sales	Aug	627K	630K	629K	New home sales fell while the supply of new homes rose.
Th 9/27	Durable Goods Orders	Aug	-1.7%	1.9%	4.5%	Orders rose because of increased demand for civilian aircraft.
Th 9/27	GDP	Q2	4.2%	4.2%	4.2%	GDP remained constant at a healthy 4.2%.
Th 9/27	Jobless Claims	9/22	201K	210K	214K	Low levels suggest the impact of Hurricane Florence will not be long-run.
F 9/28	Consumer Sentiment	Sep	100.8	100.8	100.1	Consumer sentiment was healthy and supported by increases in the lower-income households.

Actual < Expected

Actual > Expected

◆ Leading Indicator

Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	26743	26458	-1.07%	9.01%
S&P 500	2929.7	2914.0	-0.54%	7.20%
USD*	94.22	95.13	0.97%	0.70%
10-Year Treasury*	3.06%	3.06%	0.00%	0.20%

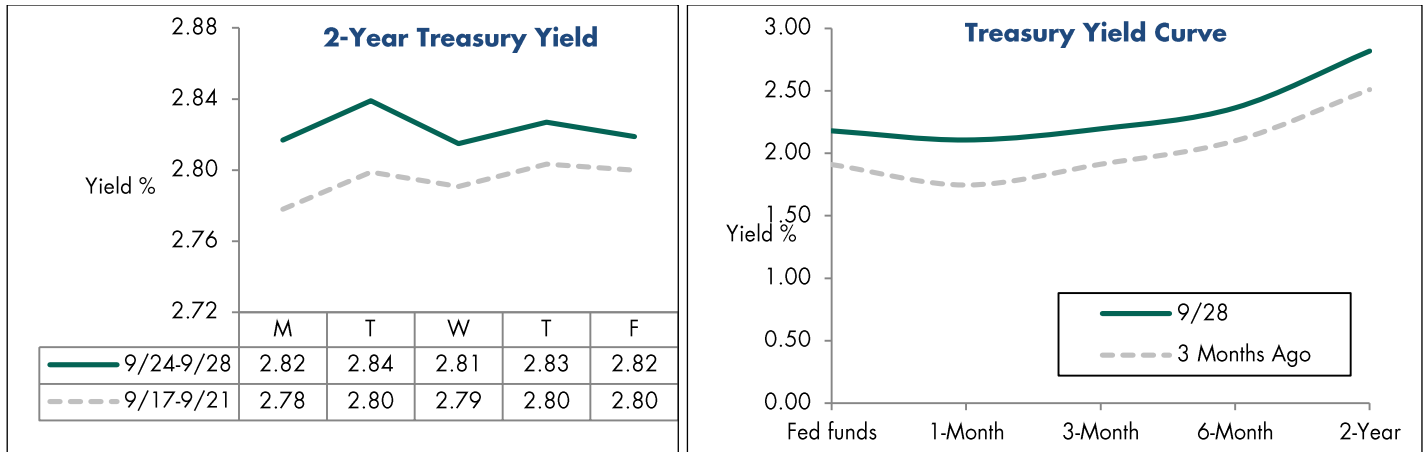
*ICE U.S. Dollar Index Spot Price

*Absolute change in yield over specified period

Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
M 10/1	ISM Mfg Index	Sep	61.3	60.0
M 10/1	Construction Spending	Aug	0.1%	0.4%
W 10/3	ISM Non-Mfg Index	Sep	58.5	58.0
Th 10/4	Jobless Claims	Sep 29	214K	215K
F 10/5	International Trade	Aug	\$-50.1B	\$-53.6B
F 10/5	Consumer Credit	Aug	\$16.6B	\$15.0B

Yield Curve Highlights



Detailed Economic Releases

9/25/2018	Prev.	Exp.	Act.
Consumer Confidence	133.4	131.7	138.4

Consumer confidence far surpassed the previous month's report coming in at 138.4, the highest level seen in 18 years. Despite this, the amount of people who believe jobs are hard to get rose by 1.1% to 13.2%. This was slightly offset by a 3.4% increase in the amount of people who believe jobs are easy to get. In addition to this, the amount of people who expected their income to increase over the next six months fell by 2.8%, and the amount of people who expected their income to fall over the same period fell by 0.4%. Stock market sentiment was also up, and 68.2% of people expected an increase in interest rates.

Summary: Though the consumer confidence report is not as strong as it may seem, it does reflect an overall strong economy.

9/26/2018	Prev.	Exp.	Act.
New Home Sales	627K	630K	629K

New home sales topped the previous month's sales but fell below expectations of 630K at 629K. These results follow significant downward revisions on the two previous months, with June down from 638K to 618K and July down from 627K to 608K. The supply of new homes for sale increased to 318K for the month. In terms of new home sales, the West, Midwest, and northeast experienced increases on the month of 9.1%, 2.7%, and 48% respectively, while the south experienced a decrease of 1.5%.

Summary: The housing sector remains mixed and is expected to negatively affect overall economic growth.

9/27/2018	Prev.	Exp.	Act.
Durable Goods Order	-1.7%	2.2%	4.5%

August's durable goods order increased significantly in part due to increased demand for civilian aircraft. Excluding aircraft and transportation equipment, durable goods order increased by only 0.1%, which would lead to a result lower than expectations. Core capital goods orders fell by 0.5% for the month, though this is following a strong number in the previous months. Additionally, total unfilled orders saw a 0.9% increase, potentially due to effects of tariffs and pre-buying in the aircraft and metals industries.

Summary: Though this report is mixed, it ultimately reflects a strong manufacturing industry which will impact the overall strength of the economy.

9/27/2018	Prev.	Exp.	Act.
GDP	4.2%	4.3%	4.2%

GDP growth was in line with the previous month's result of 4.2%, slightly below expectations of 4.3%. This was supported by a 0.2% increase in nonresidential fixed investment growth to 8.7%, and an upward revision in government spending. Residential investment growth was revised down by 0.3% to 1.4%. Inventories fell following a decline in the second quarter, and net exports remained positive.

Summary: GDP remained strong and was supported by unchanged month-on-month indicators of annualized growth at 4.2% and consumer spending at 3.8%.

9/27/2018	Prev.	Exp.	Act.
Jobless Claims	201K	215K	214K

Jobless claims increased month-on-month but fell slightly below expectations at 214K. The four-week average is mostly unchanged at 206,250. Claims were up from 8,000 to 10,209 in North Carolina and from 1,900 to 3,362 in South Carolina because of Hurricane Florence. Continuing claims increased slightly for the week, but the four-week average fell to a new 46-year low.

Summary: Jobless claims remain low and suggest that Hurricane Florence may be less impactful on September reports than previously expected.

9/28/2018	Prev.	Exp.	Act.
Consumer Sentiment	100.8	100.8	100.1

Consumer sentiment fell slightly on the month from 100.8 to 100.1 and was slightly below expectations. Lower inflation expectations and expected increases in spending power have supported income optimism across all groups to the highest it has been since 2004. Low inflation expectations may be good for consumers but may be a cause of concern for the Federal Reserve if expectations continue to fall. Current conditions and expectations improved month-on-month.

Summary: Consumer sentiment remained healthy, supported by lower income households, suggesting the economic expansion has now reached all populations.

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