

Top Headline: Saudis Acknowledge Killing of Khashoggi

On Friday, Saudi Arabia acknowledged the death of journalist Jamal Khashoggi and claimed it was due to a physical altercation gone wrong in the Saudi consulate in Istanbul. Despite the acknowledgment of his death, inconsistencies in the account have led to scrutiny of the incident as well as of the Crown Prince's involvement. J.P. Morgan CEO James Dimon, and Secretary of the Treasury Steven Mnuchin are two of many influential leaders who have pulled out of the Future Investment Initiative conference held in Riyadh in response to the scandal.

Other News

Statistics released Friday showed that China's third quarter growth level was at 6.5%, the slowest reported since the first quarter of 2009. While China's leadership attempts to assuage investors and maintain market confidence, the trade war with the U.S. has continued to escalate. The two countries are expected to meet at the Group of 20 leaders' meeting in November with hopes of de-escalating tensions.

On Tap This Week

On Friday the Commerce Department will release GDP Data which economists surveyed by the WSJ expect to be at a 3.4% growth level.

Past Week's Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
M 10/15	Retail Sales	Sep	0.1%	0.6%	0.1%	Despite coming in below expectations, retail sales remain at a healthy year-on-year rate of 4.9%
M 10/15	Sales Less Autos & Gas	Sep	0.2%	0.4%	0.0%	
T 10/16	Industrial Production	Sep	0.4%	0.2%	0.3%	Growth in manufacturing supported strong industrial production
T 10/16	Capacity Utilization	Sep	78.1%	78.2%	78.1%	
W 10/17	Housing Starts	Sep	1.28M	1.21M	1.20M	Starts and permits were weak in areas unaffected by hurricane weather
W 10/17	Housing Permits	Sep	1.23M	1.27M	1.40M	
Th 10/18	Jobless Claims	10/13	214K	210K	210K	Numbers fell, unaffected by hurricane weather
F 10/19	Existing Home Sales	Sep	5.340M	5.290M	5.150M	Sales were below expectations for the fifth straight report

Actual < Expected

Actual > Expected

◆ Leading Indicator

Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	25340	25444	0.41%	1.54%
S&P 500	2767.1	2767.8	0.02%	-1.22%
USD*	95.22	95.71	0.68%	1.31%
10-Year Treasury*	3.16%	3.19%	0.03%	0.30%

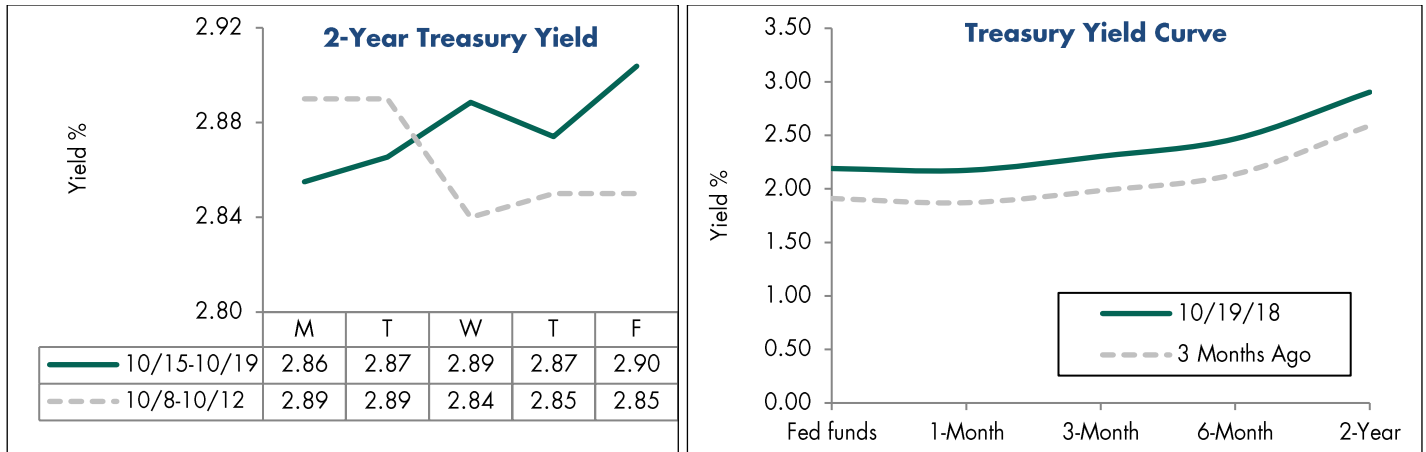
*ICE U.S. Dollar Index Spot Price

*Absolute change in yield over specified period

Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
W 10/24	New Home Sales	Sep	629K	625K
Th 10/25	Durable Goods Orders	Sep	4.5%	-1.4%
Th 10/25	Jobless Claims	10/20	210K	212K
F 10/26	GDP	Q3	4.2%	3.3%
F 10/26	GDP Deflator	Q3	3.0%	2.0%
F 10/26	Consumer Sentiment	Oct	99.0	99.0

Yield Curve Highlights



Detailed Economic Releases

10/15/2018	Prev.	Exp.	Act.
Retail Sales	0.1%	0.6%	0.1%
Less Auto & Gas	0.2%	0.4%	0.0%

Retail sales growth came in far below expectations of 0.6% at 0.1%. While auto sales rose significantly, possibly in the wake of Hurricane Florence, gasoline and restaurant sales dropped. Controlling for these factors as well as building materials, control group sales increased by 0.5%, meeting the upper end of expectations for the indicator. Overall, building materials were flat, while health & personal care stores and department stores decreased, and non-store retailers and furniture stores increased.

Summary: The report is mixed, but the year-on-year control sales was unchanged at a healthy 4.9% reflecting overall strength.

10/16/2018	Prev.	Exp.	Act.
Industrial Production	0.4%	0.2%	0.3%
Capacity Utilization	78.1%	78.2%	78.1%

Industrial production growth was above expectations at 0.3%, manufacturing was at an expected 0.2%, and mining rose 0.5% to support a year-on-year increase of 13.4%. Manufacturing, which accounts for 75% of all industrial production, rose year-on-year by 3.5%, but was around 6.0% when the rate of inflation was added in. Motor vehicles, hi-tech, materials, business equipment, and consumer goods all increased for the month, while nonindustrial supplies decreased. Capacity utilization was unchanged at 78.1%.

Summary: Year-on-year growth for industrial production is at a strong 5.1%, supported by growth in vehicles, hi-tech and business equipment.

10/17/2018	Prev.	Exp.	Act.
Housing Starts	1.268Mr	1.216M	1.201M
Housing Permits	1.249Mr	1.272M	1.241M

Housing starts came in below expectations due to weak completions, down 4.1% to a 1.162M rate which is the lowest since last November. Hurricane Florence impacted the South, pushing down starts by 13.7%, while the Midwest, unaffected by Hurricane Florence also experienced a 14.0% decrease in starts month-on-month. Building permits fell by 0.6% on the month because of a 7.6% in multi-family permits that was not completely offset by a 2.9% increase in single-family permits.

Summary: Residential investment posted another weak quarter with indicators that should be unaffected by weather coming in below expectations.

10/18/2018	Prev.	Exp.	Act.
Jobless Claims	215K	215K	210K

Jobless claims fell below expectations despite possible hurricane effects, with the four-week average moving up by 2,000 to 211,750. Four-week average comparisons show only a slight increase of 5,750, pointing to a healthy labor market. Initial claims decreased in Florida and the Carolinas, despite recently having been hit by Hurricane Michael and Hurricane Florence. Continuing claims were also down 13,000 to 1.640 million, with a four-week average at 1.653 million.

Summary: Hurricane effects had little impact on jobless claims for the month, with numbers continuing to come in at record lows.

10/19/2018	Prev.	Exp.	Act.
Existing Home Sales	5.340M	5.300M	5.150M

Sales on previously constructed homes fell below expectations for the fifth consecutive report at 5.150M, and down from August's 5.340M. Resales of single-family homes and condos also came in below expectations. The pace of existing home sales is now at its lowest level since November 2015.

Summary: Sales fell below expectations for the fifth consecutive report.

About Us

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