Top Headline: Trump Declares National Emergency

President Trump declared a national emergency after signing a bipartisan spending bill to keep the government open on Friday. The bill allocated $1.38 billion for 55 miles of border, far below President Trump's request for $5.7 billion. The President now plans to draw $6.7 billion from military and other sources to fund the wall, bypassing approval from Congress. As of Monday, 16 states have sued President Trump, beginning a legal battle that could last through the 2020 election.

Other News

Three weeks after Juan Guaido, the head of the country's national assembly, declared himself interim president of Venezuela, Mr. Maduro is still in power. Despite the U.S. backing of Guaido and Mr. Maduro's extreme unpopularity in the country, the military has not yet flipped. U.S. imposed sanctions on the state-owned oil giant, which attempt to redirect proceeds of sales to Guaido, have been in place for a few weeks.

On Tap This Week

Minutes from the FOMC's most recent policy meeting will be released on Wednesday of this week.

Past Week's Releases

Date		Indicator	Period	Prev.	Exp.	Act.	Comment
W	2/13	CPI	Jan	0.0% r↑	0.1%	0.0%	Prices remain flat, pulled down by energy prices for the third consecutive month
W	2/13	Core CPI	Jan	0.2%	0.2%	0.2%	
Th	2/14	Initial Jobless Claims ♦	2/9	235K r↑	225K	239K	Levels recovered slightly from effects of claims by Federal workers
Th	2/14	PPI	Jan	-0.1% r↑	0.2%	-0.1%	Headline rates were subdued by energy and food prices
Th	2/14	Core PPI	Jan	0.0% r↑	N/A	0.3%	
F	2/15	Industrial Production	Jan	0.1% r↓	0.2%	-0.6%	Production and manufacturing fell on the month
F	2/15	Capacity Utilization	Jan	78.8% r↑	78.8%	78.2%	
F	2/15	Consumer Sentiment ♦	Feb	91.2	92.5	95.5	General expectations improved, though inflation expectations fell

Actual < Expected Actual > Expected ♦Leading Indicator

Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	25106	25883	3.09%	1.85%
S&P 500	2707.9	2775.6	2.50%	1.44%
USD*	96.63	96.90	0.28%	0.46%
10-Year Treasury+	2.63%	2.66%	0.29%	-0.40%

*ICE U.S. Dollar Index Spot Price
+Absolute change in yield over specified period

Upcoming Releases

Date		Indicator	Period	Prev.	Exp.
W	2/20	FOMC Minutes	1/30	N/A	N/A
Th	2/21	Initial Jobless Claims ♦	2/16	239K	230K
Th	2/21	Existing Home Sales	Jan	4.990M	5.00M

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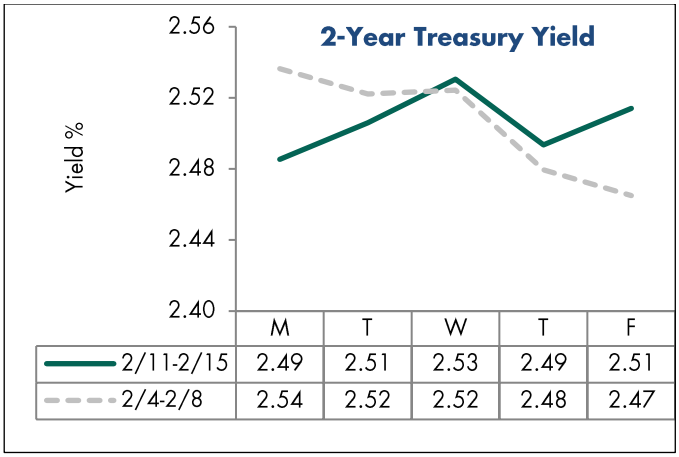
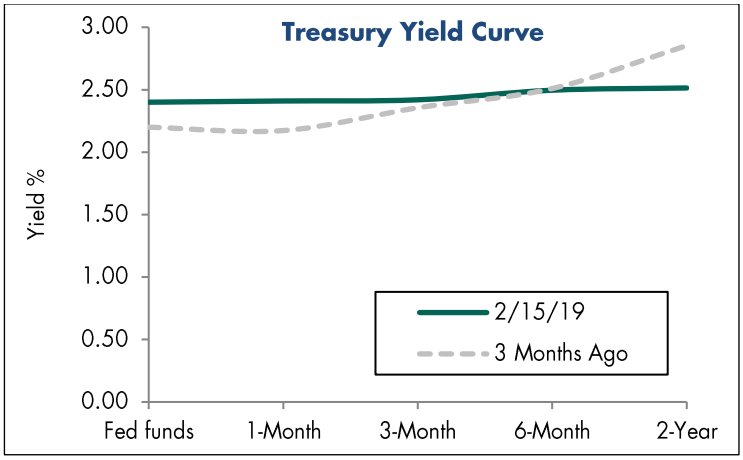
Yield Curve Highlights



	M	T	W	T	F
2/11-2/15	2.49	2.51	2.53	2.49	2.51
2/4-2/8	2.54	2.52	2.52	2.48	2.47



Detailed Economic Releases

2/13/2019	Prev.	Exp.	Act.
CPI	0.0% r↑	0.1%	0.0%
Core CPI	0.2%	0.2%	0.2%

For the third month in a row, headline CPI was 0.0% and for the fifth month in a row, core CPI held at 0.2%. While the headline rate can be seen moving lower, the year-on-year core rate is flat at 2.2%. Energy declined for a third month with the year-on-year rate down 4.8%, and transportation costs fell 1.3% month-on-month. Meanwhile, consumer prices increased slightly, with food and Medicare costs up 0.2%, new vehicle prices up 0.2%, and education up 0.3%.

Summary: Despite a strong economy and labor market, prices have been flat and continue to be pulled down by low energy prices, allowing the Fed not to take rate action.

2/14/2019	Prev.	Exp.	Act.
Initial Jobless Claims	235K r↑	225K	239K

Initial jobless claims rose above last week's claims by 4K, while the four-week average rose by 6.75K for the third week in a row. The four-week average was 10K above the month-ago average. Effects from the government shutdown seem to be subsiding, with claims filed by Federal civilian employees down by more than 1K in this report and down by 5.5K in the previous report.

Summary: Levels rose slightly but remain at historic lows.

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2/14/2019	Prev.	Exp.	Act.
PPI	-0.1% r↑	0.2%	-0.1%
Core PPI	0.0% r↑	0.2%	0.3%

The headline rate was subdued partially due to a 3.8% drop in energy prices for the month, following drops of 4.3% and 5.1% in the previous two months. Food was also in part to blame, down 1.7% in January due to price drops for fruits and vegetables. However, the core rate was up by 0.3%, with autos and construction up. Service prices were only up by 0.3%, though trade services which track prices at wholesale and retail levels was up 0.8%.

Summary: Headline rates were subdued due to low energy and food prices, but core rates showed moderate growth and will continue to be watched for signs of inflationary pressure.

2/15/2019	Prev.	Exp.	Act.
Industrial Production	0.1% r↓	0.1%	-0.6%
Capacity Utilization	78.8% r↑	78.8%	78.2%

Production fell below the lower end of the consensus range to -0.6%. Manufacturing production specifically fell by 0.9% due to volatility in vehicle production and business equipment. Mining was down on the month, but has outperformed all other sectors on the year, with a growth rate of 2.9% excluding price effects.

Summary: Despite slower growth in the report, the average of the previous two months still points to positive activity in the industrial sector.

2/15/2019	Prev.	Exp.	Act.
Consumer Sentiment	91.2	93.0	95.5

The reopening of the government helped to improve consumer sentiment from last month's reading which was the lowest seen since July 2017. The rebound stems from a 6.3-point increase in the expectations component as well as a 1-point increase in the current conditions component. Inflation expectations fell by 0.2% to 2.5% for the year-ahead reading, and by 0.3% to 2.3% for the five-year outlook.

Summary: Despite low inflation expectations, the consumer sentiment report is positive overall.

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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.

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