

## Top Headline: Public Impeachment Hearings Begin

The first public impeachment hearings were held last week, with Bill Taylor, acting ambassador to Ukraine, George Kent, a senior State Department official, and Marie Yovanovitch, former ambassador to Ukraine, called to testify. Testimony from Bill Taylor included new information provided by an aide who was present for a call between Gordon Sondland, ambassador to the EU and the President, during which the President inquired about the “investigations”. When the aide asked Sondland what Trump thought of Ukraine, Sondland stated that the President cared more about the investigations. Eight more witnesses will be called this week.

## Other News

Economic data from the second, third and fourth largest economies in the world reflected slowing growth. China showed weakness in industrial output, household consumption and fixed-asset investment. Japan’s economy grew at the slowest rate in a year, with the outlook uncertain given a recently implemented sales tax expected to weaken consumer spending and a decrease in demand from China among other factors. Germany just barely avoided a recession in the third quarter, with GDP up by an adjusted 0.1% on the quarter. This follows a 0.2% decline in the second quarter. All in all, the data across these countries suggests a slow world-wide expansion.

## On Tap This Week

Housing starts data will be released this week in addition to data on existing home sales.

## Past Week’s Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
W 11/13	CPI	Oct	0.0%	0.3%	0.4%	Soft results provided evidence for the reasoning behind stimulus this year
W 11/13	Core CPI	Oct	0.1%	0.2%	0.2%	
Th 11/14	Initial Jobless Claims ♦	11/9	211K	215K	225K	Claims moved up slightly but could be revised down
Th 11/14	PPI	Oct	-0.3%	0.3%	0.4%	Prices were flat mostly, though some strength was seen in trade services
Th 11/14	Core PPI	Oct	-0.3%	0.2%	0.3%	
F 11/15	Retail Sales	Oct	-0.3%	0.2%	0.3%	Sales were weak despite being above expectations
F 11/15	Industrial Production	Oct	-0.3% r↑	-0.4%	-0.8%	Indicators were down largely due to the GM strike, though the manufacturing sector has been weakening for months
F 11/15	Business Inventories	Sep	0.1% r↓	0.1%	-0.2%	Inventory stores are decreasing, thanks to decreasing demand for U.S. goods

Actual < Expected

Actual > Expected

♦ Leading Indicator

## Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	27681	28005	1.17%	8.19%
S&P 500	3093	3120	0.89%	8.02%
USD*	98.4	98.0	-0.36%	-0.15%
10-Year Treasury*	1.94%	1.83%	-0.11%	0.28%

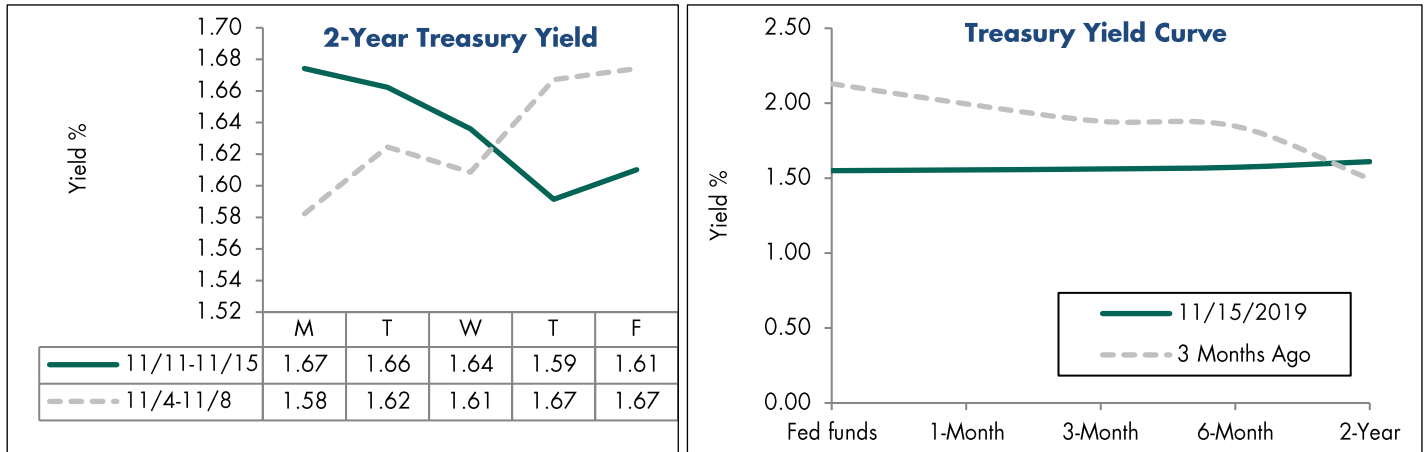
\*ICE U.S. Dollar Index Spot Price

\*Absolute change in yield over specified period

## Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
T 11/19	Housing Starts ♦	Oct	1.256M	1.320M
T 11/19	Housing Permits ♦	Oct	1.387M	1.383M
Th 11/21	Initial Jobless Claims ♦	11/16	225K	218K
Th 11/21	Existing Home Sales	Oct	5.380M	5.490M
F 11/22	Consumer Sentiment ♦	Nov	95.7	95.7

## Yield Curve Highlights



## Detailed Economic Releases

11/13/2019	Prev.	Exp.	Act.
CPI	0.0%	0.3%	0.4%
Core CPI	0.1%	0.2%	0.2%

Despite a headline gain of 0.4%, core CPI only grew by 0.2%, warranting the need for recent stimulus. Excluding energy and food, prices were up 2.3% on the year, though overall, growth on the year is up only slightly at 1.8%. Energy prices have been volatile, up 2.7% on the month, with food holding less weight on the reading. Making up core prices, apparel was down 1.8% on the month, new vehicles were down 0.2% on the month, and airline fares were down 0.4% on the month. Computers and wireless services were down on the month, with all aforementioned indicators down on the year. Housing rent was up 0.1% on the month and 3.7% on the year, while housing for homeowners was up 0.2% on the month and 3.3% on the year. Related services in medical costs were also up 0.9% on the month, up 5.1% on the year, while health insurance was up 2.2% on the month, and more significantly, 20.1% on the year.

**Summary: Prices were mixed but leaning towards soft, with the PCE indicator, gauged by a slightly different calculation also running 0.5 points lower than this reading.**

11/14/2019	Prev.	Exp.	Act.
Initial Jobless Claims	211K	215K	225K

Initial claims rose by 14K to 225K for the week of 11/9, though the data includes estimates from California and Pennsylvania. Even in the case that data is not revised downward, this week's level is only 10K above expectations. Continuing claims were low at 1.683M, with the four-week average flat at 1.688M.

**Summary: Claims jumped slightly, though the week's report is based on estimates from two large states.**

11/14/2019	Prev.	Exp.	Act.
PPI	-0.3%	0.3%	0.4%
Core PPI	-0.3%	0.2%	0.3%

Producer prices were up 0.4% on the month, bringing growth on the year to 1.1%. Meanwhile, the core indicator rose by 0.3%, with this rate up 1.6% on the year compared to last month's 2.0% rate. Trade services tracking costs at retailers and wholesales were up 0.8% on the month. Excluding trade services from the core rate, however, producer prices were up only 0.1% on the month.

**Summary: Trade services accounted for much of the gain in the report, with the indicator flat but still within the range of the Fed's target of 2.0%.**

11/15/2019	Prev.	Exp.	Act.
Retail Sales	-0.3%	0.2%	0.3%

Sales were above expectations at 0.3% growth, though excluding autos, the indicator was slightly weaker at 0.2%. Control group sales, the components of the indicator contributing to GDP, were below expectations but still up by 0.3%. Sales related to motor vehicles and gas stations were up 0.5% and 1.1%, respectively. Excluding these two components, retail sales were up only 0.1% on the month. Sales related to clothing stores, furniture stores, sporting goods, electronics and appliances, and restaurant sales were all down on the month. Sales at nonstore retailers, however, increased by 0.9%, indicating strength in e-commerce ahead of the holiday season.

**Summary: Weak reports such as this, in particular surrounding the holidays, could provide more fuel for the argument that the economy is in need of stimulus.**

11/15/2019	Prev.	Exp.	Act.
Industrial Production	-0.3% r↑	-0.4%	-0.8%

Two consecutive months of contractions can largely be attributed to the GM strike, with this month's reading significantly lower than expected at -0.8%. Motor vehicle production was down 7.1% and 5.5% in October and September, respectively, though this was also down by 1.2% in August prior to the strike. Manufacturing output fell by 0.6% and 0.5% in the last two months, respectively. Further weakening the report is that production of business equipment was also down 0.6% on the month, with this also on the back of a 1.1% decline in the previous month. Consumer goods were also down by 0.8%, as were supplies for the construction sector, down by 0.4%. Mining was also down 0.7%, though it is up 2.7% on the year, comparing positively to the 1.5% year-on-year rate for manufacturing. Utilities output was down 4.0% on the month, likely reflecting weather effects and lower manufacturing volumes.

**Summary: Vehicle production should reverse now that the GM strike is over. However, this sector was weak prior to the strike, due to lagging export demand. Further reflecting this is capacity utilization which was down 0.8% to 76.7%.**

11/15/2019	Prev.	Exp.	Act.
Business Inventories	-0.1% r↓	0.1%	-0.2%

Inventories are down 0.2% on the month, following last month's decline of 0.1%. The decline reflects easing in the business outlook, and is in line with underlying sales with the ratio unchanged at 1.4. On the year, inventories are up 3.8%, though this is the lowest it has been since March of 2018. Manufacturing inventories were up by 2.6% which is also the lowest reading since August of 2017.

**Summary: Declining inventories can be explained in part by slowing foreign demand for U.S. goods.**

## About Us

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