

## Top Headline: Year in Equities

Stocks enjoyed a banner year in 2019, with major indices across the globe rising in spite of continued political and trade related uncertainties. As of Friday, the S&P 500 was up nearly 30% on the year, the best result in more than two decades. Tech stocks have seen even better returns, with the Nasdaq up by 35% over the same period. European stocks posted similarly positive results, buoyed by the continuation of negative interest rate policy by the ECB. Most analysts expect more modest returns for equities in 2020, with long run average returns on the S&P 500 being closer to 8%.

## Other News

Despite the strong year for the broader stock market, IPOs disappointed in 2019. Companies that went public raised \$62.33 billion over the course of the year, nearly 40% less than the near record levels that were expected. Tech IPOs proved to be especially disappointing, with the long-awaited listings of Uber and Lyft proving to be especially underwhelming. Additionally, WeWork's failed IPO illustrated that the demands for Silicon Valley companies going public have undergone a dramatic shift.

## On Tap This Week

This week sees the release of consumer confidence data for December, as well as minutes from the most recent FOMC meeting.

## Past Week's Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
M 12/23	Durable Goods Orders	Nov	0.2% r↓	1.5%	-2.0%	Headline number pulled down by aircraft orders
M 12/23	Core Goods Orders	Nov	1.1% r↓	0.0%	0.1%	
M 12/23	New Home Sales	Nov	710K r↓	735K	719K	Sales up nearly 20% y-o-y
Th 12/26	Initial Jobless Claims♦	12/21	235K r↑	223K	222K	Claims remain at low levels

Actual < Expected     
 Actual > Expected     
 ♦Leading Indicator

## Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	28455	28645	0.67%	6.80%
S&P 500	3221.2	3240.0	0.58%	9.39%
USD*	97.69	96.92	-0.79%	-2.21%
10-Year Treasury <sup>+</sup>	1.92%	1.88%	-0.04%	0.20%

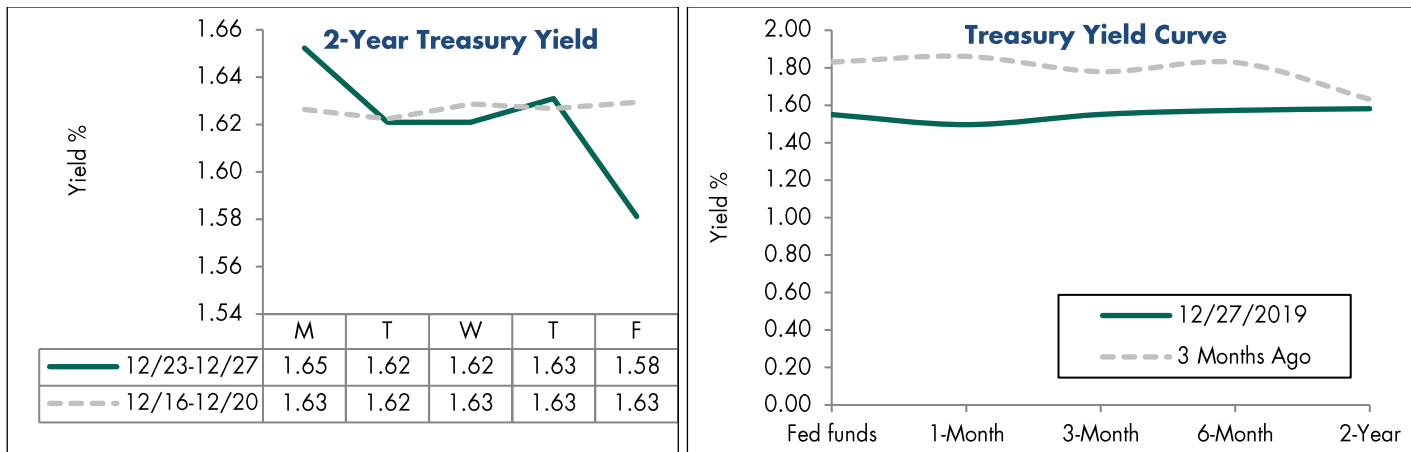
\*ICE U.S. Dollar Index Spot Price

<sup>+</sup>Absolute change in yield over specified period

## Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
T 12/31	Consumer Confidence	Dec	125.5	128.5
Th 1/2	Initial Jobless Claims	12/28	222K	220K
F 1/3	Construction Spending	Nov	-0.8%	0.4%
F 1/3	ISM Manufacturing	Dec	48.1	49.0
F 1/3	FOMC Minutes	Dec	N/A	N/A

## Yield Curve Highlights



## Detailed Economic Releases

12/23/2019	Prev.	Exp.	Act.
Durable Goods Orders	0.2% r↓	1.5%	-2.0%
Core Goods Orders	1.1% r↓	0.0%	0.1%

Orders for durable goods fell by 2.0%, especially disappointing considering expectations that orders would rise by 1.5% following the end of the GM strike. Headline orders were dragged down by a large decline in military aircraft orders as well as issues with the grounding of Boeing's 737 Max. Stripping out transportation effects, orders for core goods were more positive, posting a marginal gain of 0.1%.

**Summary: The eye-catching headline number paints the report in an overly negative light. Aircraft orders are notoriously volatile, and are currently being impacted by idiosyncratic issues with Boeing. Core goods orders suggest that underlying capex spending was relatively unchanged.**

12/23/2019	Prev.	Exp.	Act.
New Home Sales	710K r↓	735K	719K

New home sales were up by 1.3% in November from October's downwardly revised number to a total of 719K. This number was below expectations but is in line with the broader recovery in the housing market, which has seen sales rise by nearly 20% over the past year. Median sales price for new homes was \$330,800 and supply expanded slightly, from 5.3 to 5.4 months at the current pace of sales.

**Summary: New home sales came in below expectations for the month, but have posted robust gains over the past year.**

12/26/2019	Prev.	Exp.	Act.
Initial Jobless Claims	235K r↑	223K	222K

Initial claims fell by 13K to 222K during the week of December 21<sup>st</sup>. Despite the week-over-week decline the four-week moving average of initial claims rose from 225.75K to 228K. The insured unemployment rate for the week of December 14<sup>th</sup> was 1.2%, unchanged from the week prior.

**Summary: Claims remain consistent with further tightening of the labor market.**

---

## 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<sup>®</sup> money market fund research; CounterpartyIQ<sup>®</sup> aggregation and credit analysis of counterparty exposures; risk assessment on short-term fixed income securities and portfolios; and independent debt finance consulting services.

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

**Katja Dunlap**  
Research Analyst

**Matthew Paniati**  
Research Analyst



Capital Advisors Group, Inc.  
29 Crafts Street, Suite 270  
Newton, MA 02458  
Tel: 617.630.8100  
Fax: 617.630.0023  
[www.capitaladvisors.com](http://www.capitaladvisors.com)  
[info@capitaladvisors.com](mailto:info@capitaladvisors.com)