

Top Headline: Third Quarter GDP Upwardly Revised

The first revision to third quarter GDP was released on Wednesday, up 2.1% from the initial estimate of 1.9%. Growth was in part due to strength in non-residential fixed investment and higher inventory levels, with consumer spending still responsible for most of the growth in the indicator. Outside of this, residential investment posted unexpected strength following consistent declines, government spending was up despite being below expectations, and net exports were a negative for the report.

Other News

President Trump signed a bill supporting Hong Kong protesters on Wednesday, potentially further complicating the completion of a trade deal between the U.S. and China. The bill reaffirms a policy act from 1992 and orders an assessment of political developments there. China was against the bill's signing and threatened unspecified consequences.

On Tap This Week

The week is highlighted by manufacturing data released Monday and Wednesday, as well as the November jobs report to be released Friday.

Past Week's Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
T 11/26	New Home Sales	Oct	738K r↑	705K	733K	The reading remains positive, though weather is expected to be a factor in the indicator in coming months
T 11/26	Consumer Confidence ♦	Nov	126.1 r↑	127.0	125.5	Confidence fell below expectations and on the month
W 11/27	Durable Goods Orders	Oct	-1.4% r↓	-0.9%	0.6%	Orders and ex-transportation orders were up and flat on the month
W 11/27	GDP	Q3	1.9%	1.9%	2.1%	Higher inventory and non-residential fixed investment accounted for the increase in the first revision to Q3 GDP
W 11/27	Initial Jobless Claims ♦	11/23	228K r↑	221K	213K	Initial and continuing claims fell
W 11/27	Personal Income	Oct	0.3%	0.3%	0.0%	Spending rose despite no change in personal income levels
W 11/27	Consumer Spending	Oct	0.2%	0.3%	0.3%	

Actual < Expected

Actual > Expected

♦ Leading Indicator

Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	27876	28051	0.63%	6.24%
S&P 500	3110	3141	0.99%	7.33%
USD*	98.3	98.3	0.00%	-0.65%
10-Year Treasury*	1.77%	1.78%	0.01%	0.28%

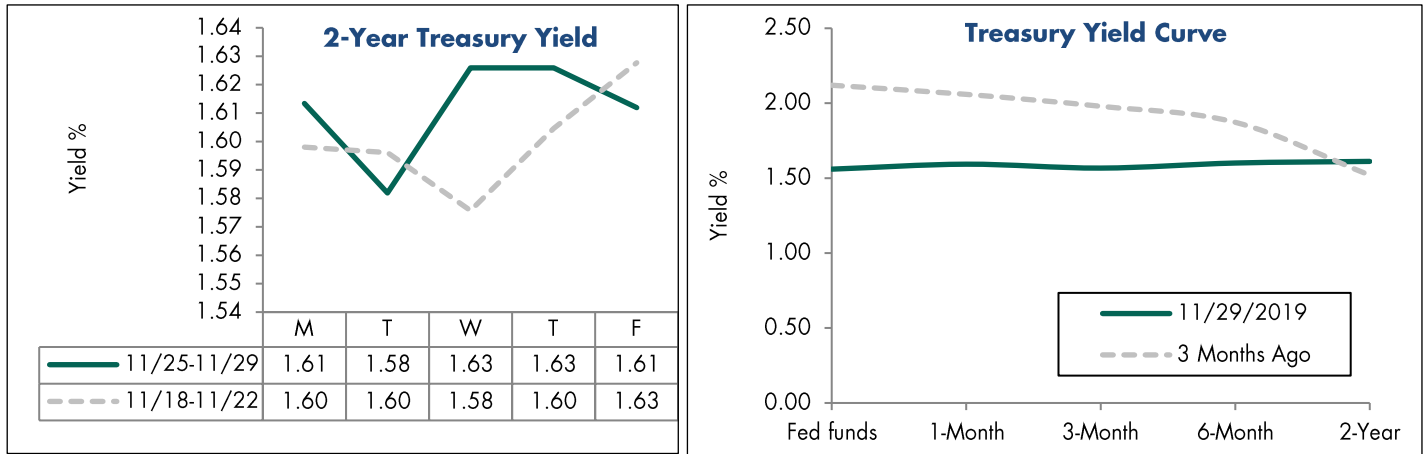
*ICE U.S. Dollar Index Spot Price

*Absolute change in yield over specified period

Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
M 12/2	ISM Mfg Index	Nov	48.3	49.2
M 12/2	Construction Spending	Oct	0.5%	0.4%
W 12/4	ISM Non-Mfg Index	Nov	54.7	54.5
Th 12/5	International Trade	Oct	\$52.5B	\$48.6B
Th 12/5	Initial Jobless Claims ♦	11/30	213K	215K
F 12/6	Nonfarm Payrolls	Nov	128K	188K
F 12/6	Unemployment Rate	Nov	3.6%	3.6%
F 12/6	Consumer Sentiment ♦	Dec	96.8	97.0

Yield Curve Highlights



Detailed Economic Releases

11/26/2019	Prev.	Exp.	Act.
New Home Sales	738K r↑	707K	733K

New home sales were down 0.7% from last month’s upwardly revised reading of 738K to 733K, though it reflected a 31.6% increase from last year’s estimate of 557K. This marks the first time since 2007 that the annual pace of single-family home sales stayed above 700K for three consecutive months. The median sales price was \$316,700, with an estimated supply of 5.3 months given the current rate of sales. Sales were up in the West and Midwest, but down in the Northeast and South.

Summary: Though sales were down slightly on the month, the trend remains positive in part thanks to lower mortgage rates

11/26/2019	Prev.	Exp.	Act.
Consumer Confidence	126.1 r↑	126.6	125.5

Confidence fell for the fourth consecutive month in November, below expectations that predicted an increase. The current conditions component fell from 173.5 to 166.9. The proportion of respondents believing that conditions are good improved from 39.7% to 40.2%, though those believing conditions are bad also increased from 11.0% to 13.8%. Fewer respondents said jobs are plentiful while more said employment is harder to find.

Summary: The indicator fell, seeing a significant drop in the current conditions component.

11/27/2019	Prev.	Exp.	Act.
Durable Goods Orders	-1.4% r↓	0.9%	0.6%

Orders for October improved unexpectedly on the month, up 0.6% despite the previous month's 1.4% decrease and expectations of a 0.8% decrease. Despite a 1.9% fall in orders for motor vehicles in parts due to the strike at GE, jumps of 10.7% and 18.1% in orders for commercial aircraft and parts and defense aircraft and parts, respectively, resulted in a 0.7% overall increase in orders for transportation equipment. Excluding transportation, orders rose by 0.6%, up on the month by 0.2% though 0.1% short of expectations. Growth here was due to strength in fabricated metal products, machinery, and computers and related products. Finally, orders for non-defense capital goods excluding aircraft was up significantly by 1.2% on the month.

Summary: The headline number was up on the month largely thanks to strength in commercial and defense aircraft spending, though ex-transportation numbers were also unchanged from September's growth rate of 0.6%.

11/27/2019	Prev.	Exp.	Act.
GDP	1.9%	1.9%	2.1%

The first revision to third quarter GDP growth found that the economy expanded at an annualized rate of 2.1%, compared to the initial estimate of 1.9%. The upward revision can be attributed to higher inventory levels and increased nonresidential fixed investment. Real consumer spending remained the strongest point of the report, up an unchanged 2.9%. Residential investment also posted a 5.1% gain after contracting in each of the previous 6 quarters. Government spending was an additional positive, though only up 1.6% compared to an initial estimate of 2.0%. Net exports were a negative for the report despite a slight increase in gross exports, pulling down GDP by 11 basis points.

Summary: Third quarter GDP was revised up from the previous estimate on the back of greater inventory and business investment. Consumer spending remains the main driver of the economy, with an uptick in government spending also boosting growth in the short-term.

11/27/2019	Prev.	Exp.	Act.
Initial Jobless Claims	228K r↑	221K	213K

Initial claims were down by 15K from last month's upwardly revised number of 228K. The number fell below expectations, with no states estimated for the week. The four-week average for initial claims fell by 1.5K to 219,750. The report also indicates that the number of people receiving benefits following a week of initial aid decreased by 57K to 1.64M, with this four-week average also down by 13K to 1.68M.

Summary: Initial and continuing claims fell, with four-week averages also down.

11/27/2019	Prev.	Exp.	Act.
Personal Income	0.3%	0.3%	0.0%
Consumer Spending	0.2%	0.3%	0.3%

Personal income was flat for the month, in spite of a 0.4% increase in the wages and salaries component of the report. In spite of this, consumer spending continues to rise, up 0.3% on the month as consumers dipped into their savings to bolster their consumption. Measures of inflation continue to be tepid, with headline and core PCE indices rising by just 0.2% and 0.1%, respectively, for the month. On a year over year basis, headline PCE inflation is running at 1.3% and core PCE inflation is 1.6%

Summary: Core inflation remains well below the Fed's 2% target, giving it little reason to shift course on rates even as financial conditions improve. Additionally, consumer spending remains relatively healthy.

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