

Top Headline: China To Draft New Hong Kong Security Law

China announced it will draft a new security law for Hong Kong, with the aim being to stem pro-democracy protests. The outline suggests the new laws would significantly limit the territory's autonomy by overriding Hong Kong's system of self-governance. The U.S. has condemned the announcement and is considering sanctions on Chinese officials and institutions once Beijing's plans are fleshed out. The move threatens to strain relations further between the U.S. and China as they work to keep their previously negotiated trade deal intact.

Other News

Spending on hotels, restaurants, airlines and more appears to be increasing, though from a very low level. Despite being down almost 90% on the year, the number of people passing through TSA security screening checkpoints on May 24th increased to 267,451 from 87,534 on April 14th. Despite such signs of recovery, the economic outlook remains uncertain, as factors supporting activity including emergency spending from Congress, a fall in daily reported COVID-19 cases and reopening could all be temporary.

On Tap This Week

Personal Income and Consumer Spending numbers for April will be released this week.

Past Week's Releases

	Date	Indicator	Period	Prev.	Exp.	Act.	Comment
T	5/19	Housing Starts ♦	Apr	1.28M r↑	908K	891K	Starts and permits were down reflecting the impact of COVID-19
T	5/19	Housing Permits ♦	Apr	1.4M r↑	1.4M	1.07M	
W	5/20	EIA Petroleum Status	5/15	-0.7M	N/A	-5.0M	Inventories fall but remain 10% above the five-year average
W	5/20	FOMC Minutes	4/29	N/A	N/A	N/A	The Fed remains committed to applying its full range of support to the U.S. economy
Th	5/21	Initial Jobless Claims ♦	5/16	2.69M r↓	2.40M	2.44M	Claims continued to rise, with advance uninsured unemployment numbers reaching above 20M
Th	5/21	Existing Home Sales	Apr	5.27M	4.30M	4.33M	Despite a 17.8% drop on the month, home prices remain high
F	5/22	Baker-Hughes Rig Count	5/22	339	N/A	318	Active rigs continued to decline

Actual < Expected

Actual > Expected

♦Leading Indicator

Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	23685.4	24465.2	3.29%	-15.62%
S&P 500	2863.7	2955.5	3.20%	-11.45%
USD*	100.40	99.86	-0.54%	0.61%
10-Year Treasury*	0.64%	0.66%	0.02%	-0.81%

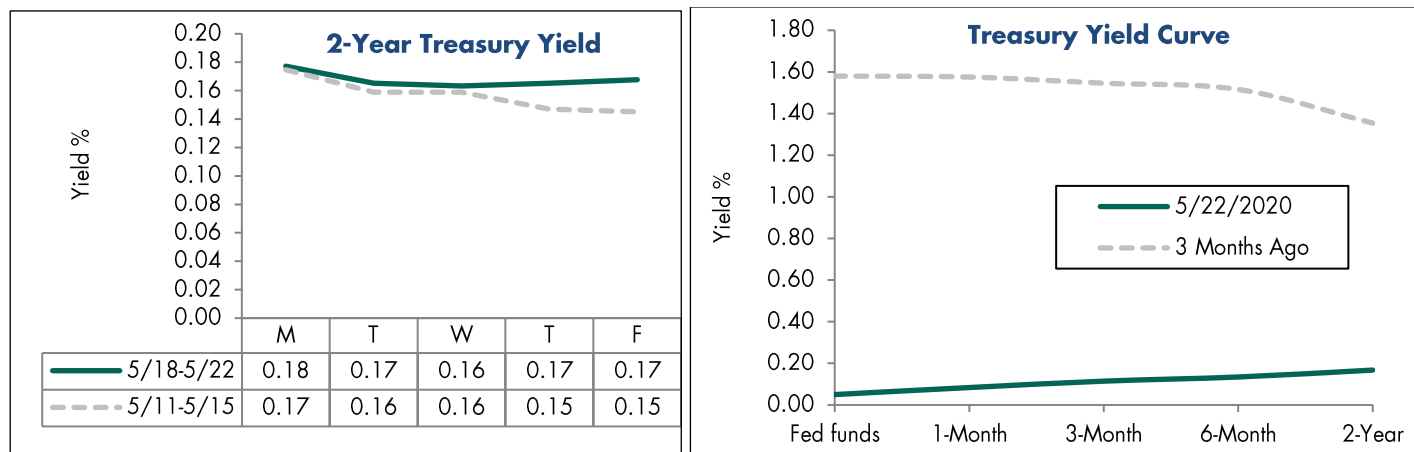
*ICE U.S. Dollar Index Spot Price

*Absolute change in yield over specified period

Upcoming Releases

	Date	Indicator	Period	Prev.	Exp.
T	5/26	Consumer Confidence ♦	May	86.9	87.0
T	5/26	New Home Sales	Apr	627K	480K
Th	5/28	Durable Goods Orders	Apr	-14.4%	-20.0%
Th	5/28	GDP	Q1(p)	-4.8%	-4.8%
Th	5/28	Initial Jobless Claims ♦	5/23	2.44M	2.10M
Th	5/28	EIA Petroleum Status	5/22	-5.0M	N/A
F	5/29	International Trade in Goods	Apr	\$-64.4B r↓	\$-65.0B
F	5/29	Personal Income	Apr	-2.0%	-6.5%
F	5/29	Consumer Spending	Apr	-7.5%	-13.0%
F	5/29	Consumer Sentiment ♦	May(f)	73.7	74.0
F	5/29	Baker-Hughes Rig Count	5/29	318	N/A

Yield Curve Highlights



Detailed Economic Releases

5/19/2020	Prev.	Exp.	Act.
Housing Starts	1.28M r↑	908K	891K
Housing Permits	1.4M r↑	1.4M	1.1M

Housing starts and permits fell on the month from March's upwardly revised numbers. Starts were down 30.2% on the month, with single-family housing starts of 650K and down 25.4% on the month, and multi-family starts of 234K. Permits were down 20.8% on the month, with single-family authorizations of 669K and down 24.3% on the month. Multi-family permits were at 373K in April. Housing completions of 1.18M were down 8.1% on the month and 11.8% on the year.

Summary: Housing starts and permits were down, likely as a result of an inability or change of plans to move out of current housing.

5/20/2020	Prev.	Exp.	Act.
EIA Petroleum Status	-0.7M	N/A	-5.0M

Commercial crude inventories fell by 5.0M barrels on the week to 526.5M barrels, now 10% above the five-year average for this time of year. Total gasoline, finished gasoline, distillate fuel, propane and total commercial petroleum inventories all increased on the week. Total products supplied over the last month averaged 16.1M barrels per day, down by 19.0% on the year. Over the past four weeks, motor gasoline product supplied averaged 6.7M barrels per day, down 29.1% on the year, distillate fuel product supplied averaged 3.4M barrels per day, down by 13.8% on the year, and jet fuel product supplied was down 66.9% on the year.

Summary: Inventories continued to decrease as activity picks back up across the country.

5/20/2020	Prev.	Exp.	Act.
FOMC Minutes	N/A	N/A	N/A

Minutes released from the April 28-29 meeting reflected the Fed's intention to use its full range of tools to support the U.S. economy through this crisis, and to meet its goals of maximum employment and price stability. The Fed remarked that the health crisis will weigh on economic activity, employment and inflation in the near term and also poses risks to the economic outlook over the medium term. Given this, the Fed decided to maintain its position on the federal funds rate in a range between 0.00-0.25%. The Fed expects this rate to remain unchanged until it is certain the economy is on track to improving and meeting its maximum employment and price stability targets. As has been noted, the Fed will continue to purchase Treasury securities and agency residential and commercial mortgage-backed securities in whatever amount is needed to ensure smooth market functioning. The Open Market Desk will also continue to offer large-scale overnight and term repurchase agreement operations.

Summary: Minutes reflected the late April meeting decision to maintain rates in the 0.00-0.25% range and continue to purchase Treasury securities and agency residential and commercial mortgage-backed securities.

5/21/2020	Prev.	Exp.	Act.
Initial Jobless Claims	2.69M r↓	2.40M	2.44M

Initial jobless claims fell slightly from last week's downwardly revised number of 2.69M to 2.44M. The four-week moving average of 3.04M was down by just over 500K on the week. The advance insured unemployment rate was 17.2% for the week ending May 9th, up 1.7% on the week. The advance number for insured unemployment during the same week was 25.07M, up by 2.53M on the week. The four-week moving average of 22.0M was up on the week.

Summary: Jobless claims continued to rise, albeit at a slower rate.

5/21/2020	Prev.	Exp.	Act.
Existing Home Sales	5.27M	4.30M	4.33M

Existing home sales continued to fall for the second consecutive month, with completed sales down by 17.8% on the month and 17.2% on the year. This marks the largest month-over-month drop since July 2010. The median price was up 7.4% on the year at \$286,800, with prices increasing in every region. Total inventory was 1.47M units, down 1.3% on the month and 19.7% on the year. Unsold inventory sits at a 4.1-month supply given the current sales pace, up from 3.4 months in March. Single-family home sales of 3.94M were down 16.9% on the month, with a median price of \$288,700 up 7.3% on the year. Meanwhile, existing condominium sales of 390K were down 26.4% on the month. The numbers reflect an apparent preference for single-family homes, with this trend possibly continuing as remote work requiring more space becomes more prevalent moving forward. Low interest rates will remain for some time and should be a draw for interested home-buyers to continue searching.

Summary: Home sales fell by the largest month-on-month drop since 2010, though pressure remains high on average home prices.

5/22/2020	Prev.	Exp.	Act.
Baker-Hughes Rig Count	339	N/A	318

The North America active rig count continued to fall the week ended the 22nd, from 339 to 318. The count fell by 21, compared to the prior two weeks' falls of 35 and 34, indicating a slower pace of decline. Of the drop, 13 of those rigs were turned off in the Permian Basin.

Summary: Active rigs continued to decline, though at a slower pace.

About Us

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