

## Top Headline: Black Lives Matter Protests Sweep the Country

News coverage was dominated by Black Lives Matter protests at the end of last week and through the weekend, following the death of George Floyd in police custody in Minneapolis, Minnesota one week ago. All in all, the National Guard deployed roughly 5,000 personnel across 15 states to support local police enforcement in containing the protests, as more than 4,400 people were arrested across the country over the weekend. Aside from social implications, rioting and looting has impacted storefronts that were scheduled to reopen as early as this week, and mass gatherings with minimal social distancing are cause for concern that another spike in coronavirus cases could result.

## Other News

April Consumer spending fell by a historic 13.6%, the largest drop since records began to be kept in 1959. The drop came despite a 10.5% increase in personal income, reflecting payments through federal support programs, including the one-time household stimulus payments of \$1,200. The personal saving rate was up to 33.0%.

## On Tap This Week

The May employment report will be released this Friday.

## Past Week's Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
T 5/26	Consumer Confidence ♦	May	85.7 r↓	87.0	86.6	Strength in the expectations index outweighed a decline in present situation
T 5/26	New Home Sales	Apr	619K r↓	480K	623K	Sales rose on the month, but remained noticeably lower on the year
Th 5/28	Durable Goods Orders	Apr	-16.6% r↓	-20.0%	-17.2%	Transportation led declines
Th 5/28	GDP	Q1 (p)	-4.8%	-4.8%	-5.0%	Downward revision to private inventory investment was responsible for the decline
Th 5/28	Initial Jobless Claims ♦	5/23	2.45M r↑	2.10M	2.12M	Initial claims continued at a slower pace while continuing claims fell
Th 5/28	EIA Petroleum Status	5/22	-5.0M	N/A	7.9M	Gasoline was the only product whose inventory declined
F 5/29	Personal Income	Apr	-2.0%	-6.5%	10.5%	Despite gains in disposable personal income, consumer spending fell
F 5/29	Consumer Spending	Apr	-7.5%	-13.0%	-13.6%	
F 5/29	Consumer Sentiment ♦	May(f)	73.7	74.0	72.3	A decline in expectations outweighed strength in the current economic conditions component
F 5/29	Baker-Hughes Rig Count	5/29	318	N/A	301	14 of 15 oil rigs to go offline were seen in the Permian Basin.

Actual < Expected

Actual > Expected

♦ Leading Indicator

## Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	24465.2	25383.1	3.75%	-0.10%
S&P 500	2955.5	3044.3	3.01%	3.05%
USD*	99.86	98.34	-1.52%	0.22%
10-Year Treasury*	0.66%	0.65%	-0.01%	-0.50%

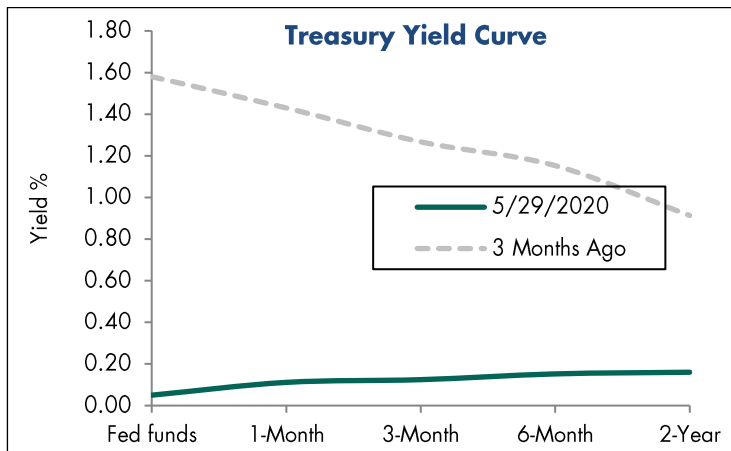
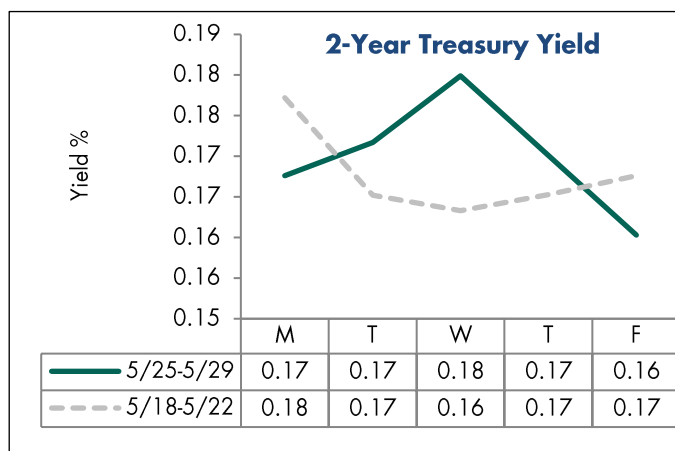
\*ICE U.S. Dollar Index Spot Price

\*Absolute change in yield over specified period

## Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
M 6/1	ISM Mfg Index	May	41.5	43.8
M 6/1	Construction Spending	Apr	0.9%	-7.0%
W 6/3	ISM Non-Mfg Index	May	41.8	44.5
W 6/3	EIA Petroleum Status	5/29	7.9M	N/A
Th 6/4	International Trade	Apr	\$-44.4B	\$-49.2B
Th 6/4	Initial Jobless Claims	5/30	2.12M	1.80M
F 6/5	Nonfarm Payrolls	May	-20.5M	-8.0M
F 6/5	Unemployment Rate	May	14.7%	19.6%
F 6/5	Baker-Hughes Rig Count	6/5	301	N/A
F 6/5	Consumer Credit	Apr	\$-12.1B	\$-17.5B

## Yield Curve Highlights



## Detailed Economic Releases

5/26/2020	Prev.	Exp.	Act.
Consumer Confidence	85.7 r↓	87.0	86.6

The consumer confidence index was up from 85.7 in April to 86.6 in May. The gain stemmed from an improvement in the expectations index from 94.3 to 96.9, offsetting a decline in the present situation index from 73.0 to 71.1. The rapid decline in the confidence index came to a halt this month, but not before the present situation index fell by almost 100 points. The gain in the expectations component likely stemmed from reopening of the economy, though respondents continue to worry about their financial prospects. The percent of respondents claiming jobs are plentiful fell from 18.8% to 17.4%, while those claiming jobs are hard to get fell from 34.5% to 27.8%.

**Summary: Short-term expectations saw improvement, despite uncertainty.**

5/26/2020	Prev.	Exp.	Act.
New Home Sales	619K r↓	480K	623K

New home sales were far above expectations and slightly improved on the month, at a seasonally adjusted annual rate of 623K. This number reflects a 0.6% increase since March, but still a 6.2% decline on the year. The median sale price was \$309,900, and the inventory of 325K represented a supply of 6.3 months at the current sales rate.

**Summary: Sales rose on the month, likely in part due to low mortgage rates.**

5/28/2020	Prev.	Exp.	Act.
Durable Goods Orders	-16.6% r↓	-20.0%	-17.2%

New orders were down by \$35.4B or 17.2% on the month to \$170.0B. This follows a 16.6% drop in March. Excluding transportation, orders were down by 7.4%, and excluding defense, orders fell by 16.2%. Transportation equipment led the drop, down \$23.9B or 47.3% to \$26.6B. Shipments were down by 17.7%, with transportation leading the decline. Unfilled orders were down by 1.6%, with transportation also leading the decline here. Similarly, inventories were up by 0.2%, with transportation responsible for the increase.

**Summary: Durable goods orders were down for the third time in the last four months, with transportation leading the fall in all declining components.**

5/28/2020	Prev.	Exp.	Act.
GDP	-4.8%	-4.8%	-5.0%

According to the second estimate of first quarter GDP, GDP fell by 5.0%. This compares to an increase of 2.1% in the fourth quarter of 2019. Compared to the advance estimate issued last month, the new data reflects a downward revision to private inventory investment only partly offset by upward revisions to personal consumption expenditures and nonresidential fixed investment.

**Summary: The advance estimate was updated in the second estimate to a drop of 5.0% in growth for the quarter, reflecting a downward revision to private inventory investment.**

5/28/2020	Prev.	Exp.	Act.
Initial Jobless Claims	2.45M r↑	2.10M	2.12M

Initial claims were down on the week from last week's upwardly revised number of 2.45M to 2.12M. The advance seasonally adjusted insured unemployment rate of 14.5% was down 2.6% on the week, with the number down by 3.9M to 21.1M. The four-week moving average of 22.7M was up by roughly 760K on the week.

**Summary: Initial claims continued to rise, though at a slower pace, while continuing claims actually came down.**

5/28/2020	Prev.	Exp.	Act.
EIA Petroleum Status	-5.0M	N/A	7.9M

Commercial crude oil inventories in the U.S. increased by 7.9M on the week, after previously decreasing by 5.0M. At 534.4M barrels, U.S. crude oil inventories are roughly 13% above the five-year average for this time of year. Total motor gasoline inventories fell by 0.7M barrels, while finished gasoline, distillate fuel, propane, and total commercial petroleum inventories all rose. Total products supplied over the last four-week period averaged roughly 16.2M barrels per day, down 20.1% on the year.

**Summary: Commercial crude oil inventories rose by 7.9M after falling the previous week by 5.0M, though gasoline inventories was the only product who saw inventory decline.**

5/29/2020	Prev.	Exp.	Act.
Personal Income	-2.0%	-6.5%	10.5%
Consumer Spending	-7.5%	-13.0%	-13.6%

Income increased by \$1.97TN, or 10.5% and disposable personal income rose by \$2.13TN, or 12.9% in April, while personal consumption expenditures fell by \$1.89TN or 13.6%. The increase in personal income largely reflects the increase in distributed government social benefits through federal economic recovery programs. Meanwhile, the largest decreases in consumer spending on goods were on food and beverages and on services on health care and food services and accommodations. Finally, personal outlays fell by \$1.91TN, while personal savings of \$6.15TN reflected a personal saving rate of 33.0%.

**Summary: Despite an increase in personal income and even more so in disposable personal income which can be attributed to support through the federal economic recovery programs, consumer spending fell by 13.6%.**

5/29/2020	Prev.	Exp.	Act.
Consumer Sentiment	73.7	74.0	72.3

Consumer sentiment fell slightly on the month landing below expectations. The index of consumer expectations was responsible for the decline, falling from 70.1 to 65.9, despite gains in the current economic conditions component, from 74.3 to 82.3. All in all, the index has been largely unchanged over the last two months, with the final May reading just slightly above the April reading.

***Summary: Sentiment has remained mostly flat, with consumer expectations pulling the index down slightly this month.***

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5/29/2020	Prev.	Exp.	Act.
Baker-Hughes Rig Count	318	N/A	301

Active oil and gas rigs in the U.S. continued to fall, from 318 to 301, with the majority of the fall seen in oil rigs. Of the 15 oil rigs to go offline, 14 of those shut-offs were seen in the Permian Basin. Since the beginning of February, active oil rigs have declined from 676 to 222, with the fall in the Permian from 405 to 148. As can be seen by week-on-week comparison, falls continue though at a slower pace.

***Summary: Decline in oil rigs is largely attributable to the Permian Basin, and continues albeit at a slower rate.***

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## About Us

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