

Top Headline: Fed Signals Rate Rise

Minutes from the FOMC's October meeting revealed that the committee sees it likely that they will raise short-term interest rates "in the near term" because of the strengthening economy. This language only further reinforced market expectations that another 0.25% rate hike in December is now all but guaranteed. However, the minutes also revealed growing concern from some members about persistently low inflation. Most officials continued to believe that inflation will rise as the labor market continues to tighten, but others expressed opinions that low inflation was more permanently entrenched.

Looking forward, San Francisco Fed President John Williams stated that the "possibility of one (more rate hike) this year, and maybe three next year, seems like a good starting point." However, with the upcoming changes at the Fed it remains to be seen how likely this occurrence will be.

Other News

Janet Yellen announced that she will be stepping down from the Federal Reserve Board this past Monday. A statement released by the Fed announced that her resignation would be effective immediately upon the swearing in of her successor (Jerome Powell) as Chairman of the Board. Powell is expected to face a relatively simple nomination process, which means that Yellen could potentially leave before the end of her current term in February. Ms. Yellen's departure marks the biggest loss yet for the Fed, which is undergoing a huge overhaul in leadership personnel. Yellen has held various positions within the Federal Reserve system for well over a decade, and prior to that served for two years as the Chairwoman of the CEA under then-President Clinton. There is no word on who President Trump will nominate to fill her seat on the Board.

On Tap This Week

This week is highlighted by GDP and consumer spending data.

Past Week's Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
T 11/21/17	Existing Home Sales	Oct	5.37M r↓	5.44M	5.48M	Sales rebound during the month; down 0.9% y-o-y
W 11/22/17	Durable Goods Orders	Oct	2.2%	0.4%	-1.2%	
W 11/22/17	Orders Less Transportation	Oct	1.1% r↑	0.5%	0.4%	Core capital goods orders up 8% y-o-y
W 11/22/17	Initial Jobless Claims♦	Nov 18	252K r↑	240K	239K	Claims fall back in line with moving average
W 11/22/17	U. Michigan Consumer Sentiment	Nov	97.8	98.1	98.5	Sentiment levels remain relatively high

Actual < Expected

Actual > Expected

♦Leading Indicator

Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	23358	23558	0.86%	8.15%
S&P 500	2578.9	2602.4	0.91%	6.70%
USD*	93.68	92.78	-0.94%	-0.53%
10-Year Treasury*	2.35%	2.34%	-0.01%	0.15%

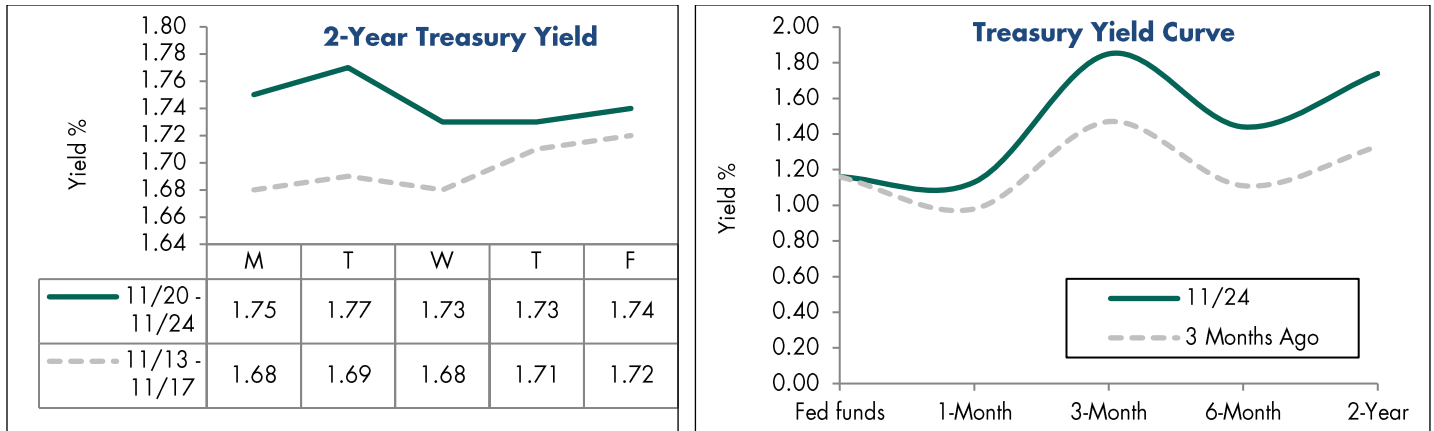
*ICE U.S. Dollar Index Spot Price

*Absolute change in yield over specified period

Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
M 11/27/17	New Home Sales	Oct	667K	627K
T 11/28/17	Consumer Confidence	Nov	125.9	124.0
W 11/29/17	GDP	Q3 2 nd	3.0%	3.2%
W 11/29/17	GDP Deflator	Q3 2 nd	1.3%	1.3%
W 11/29/17	Fed Beige Book	Nov	N/A	N/A
Th 11/30/17	Initial Jobless Claims♦	Nov 25	239K	240K
Th 11/30/17	Personal Income	Oct	0.4%	0.3%
Th 11/30/17	Consumer Spending	Oct	1.0%	0.2
F 12/1/17	ISM Manufacturing Index	Nov	58.7	58.3

Yield Curve Highlights



Detailed Economic Releases

11/21/2017	Prev.	Exp.	Act.
Existing Home Sales	5.37M r↓	5.37M	5.48M

Existing home sales increased 2.0% to a 5.48 million annualized pace in October. Growth was centered in the Northeast and West regions, each rising by above 2%. Prices actually declined during the month, with the median home price down 0.2% to \$247,000, and the supply of homes contracted 3.2% to 1.8 million. Over the past year, existing home sales have fallen 0.9%

Summary: Existing home sales continued their rebound from the summer, but are down over the past year.

11/22/2017	Prev.	Exp.	Act.
Durable Goods Orders	2.2%	0.4%	-1.2%
Orders Less Transportation	1.1% r↑	0.5%	0.4%

Durable goods orders decreased by 1.2% in September, following an unrevised 2.2% gain in the prior month. Much of this decline can be attributed to civilian aircraft orders, which fell by 33% during the month. Orders Ex-transportation managed a 0.4% increase in October, just below the 0.5% estimate for the month. Core capital goods orders fell by 0.5%, but shipments of such goods rose by 0.4%.

Summary: Core capital goods orders fell for the month, but are up over 8% year-over-year.

11/22/2017	Prev.	Exp.	Act.
Initial Jobless Claims	252K r↑	240K	239K

First time claims for jobless benefits decreased by 13,000 to 239,000 in the week ended November 18th. The four-week average of initial claims, which smooths volatility inherent in the weekly number, rose to 239,750 from 238,500. Continuing claims for unemployment benefits fell to 1.90 million in the week ended November 11th. The insured unemployment rate, which tends to track the overall jobless rate, rose back to 1.4%.

Summary: Initial jobless claims fell back towards the four-week moving average.

11/22/2017	Prev.	Exp.	Act.
U. Michigan Consumer Sentiment	100.7	98.1	98.5

The University of Michigan's Consumer Survey index of consumer sentiment fell from 100.7 to 98.5 in November. Expectations of future conditions declined from 116.5 in October to 113.5 in November, and the index of current conditions came in at 88.9. Inflation expectations were soft, with five-year expectations coming in at 2.5% and one-year expectations down by 0.1%.

Summary: Consumer sentiment remains elevated and inflation expectations remain low.

About Us

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