

# Weekly Economic Recap

## April 2017 - Week 1

As of April 7, 2017

By DoubleLine Research



### The Week in Review:

- The U.S. Trade Balance narrowed in February to -\$43.6 billion from -\$48.2 billion in January, primarily due to a significant 1.80% drop in imports.
- U.S. Durable Goods Orders advanced 1.80% in February after a revised 2.30% gain in January, while U.S. Durable Goods, excluding transportation, rose 0.50% in February after a downward revision to 0.00% in January.
- MBA Mortgage Applications fell 1.60% last week following a decrease of 0.80% the week prior. The 30-year Fixed-Rate Mortgage (FRM) contract gained 1 basis points (bps) to 4.34% while the 15-year FRM contract remained at 3.57%.
- Initial Jobless Claims dropped 25k to 234k last week, while Continuing Claims fell 24k to 2,028k. Both signal continued improvement in labor market conditions.
- The U.S. added 98k new jobs in March and saw its unemployment rate fall to 4.50%, the lowest level since September 2007.

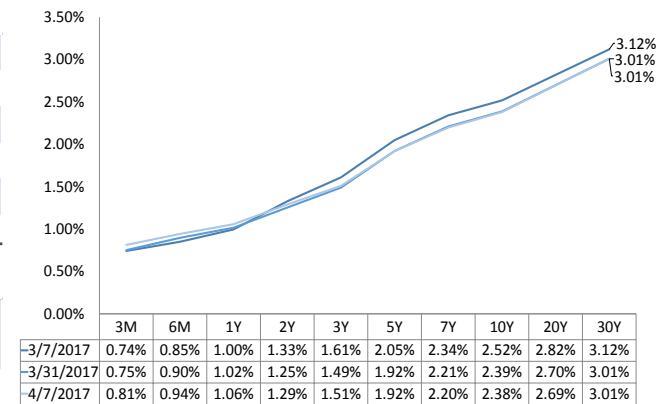
### Chart of the Week

- After a six month run of increases, the Institute of Supply Management (ISM) Manufacturing Index dropped slightly to 57.2 from 57.7 prior. Although still consistent with a positive outlook, the Non-Manufacturing ISM suffered a sharp decline to 55.2 in March from 57.6 prior.

Returns					
	1 Week	QTD	YTD	1-Year	3-Year
<b>Equities</b>					
S&P 500	-0.24%	-0.24%	5.81%	17.83%	10.79%
Dow Jones	0.02%	0.02%	5.21%	20.84%	11.08%
Nasdaq	-0.55%	-0.55%	9.53%	22.78%	14.41%
Russell 2000	-1.53%	-1.53%	0.90%	26.66%	7.80%
MSCI ACWI	-0.22%	-0.22%	6.81%	17.44%	5.82%
<b>Fixed Income</b>					
Bloomberg					
Barclays Agg	0.32%	0.32%	1.14%	0.28%	2.68%
U.S. Credit	0.35%	0.35%	1.65%	2.58%	3.49%
High Yield	0.27%	0.27%	2.98%	16.50%	4.57%
Muni	0.32%	0.32%	1.90%	-0.11%	3.57%

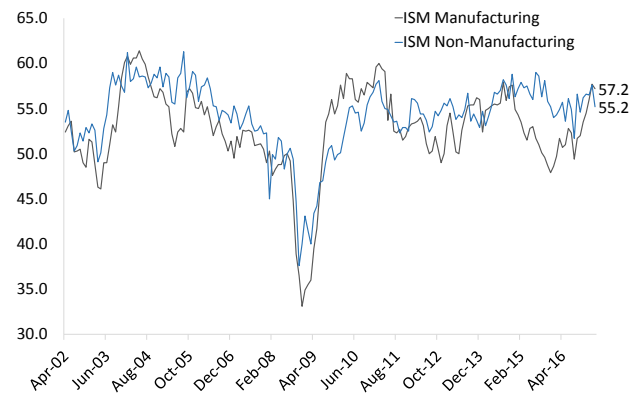
Levels			
	4/7/2017	12/30/2016	4/7/2016
<b>Currencies</b>			
USD/JPY	111.10	116.96	108.21
EUR/USD	1.06	1.05	1.14
GBP/USD	1.24	1.23	1.41
USD/CAD	1.34	1.34	1.31
<b>Commodities</b>			
BBG Index	85.84	87.51	77.45
Gold	1255.36	1147.50	1240.45
Silver	18.02	15.93	15.22
Crude	52.23	53.72	37.26

U.S. Treasury Yield Curve  
As of April 7, 2017



Source: DoubleLine, Bloomberg

Chart of the Week:  
ISM Manufacturing & Non-Manufacturing Index  
As of March 31, 2017



Source: ISM, Bloomberg

## Important Information Regarding This Report

DoubleLine has no obligation to provide revised assessments in the event of changed circumstances. While we have gathered this information from sources believed to be reliable, DoubleLine cannot guarantee the accuracy of the information provided. DoubleLine assumes no duty to update this information, which is not a complete discussion of all economic factors reviewed by DoubleLine. DoubleLine reserves the right to change its investment perspective and outlook without notice as market conditions dictate or as additional information becomes available.

Certain data discussed in this report is publicly available only on a time delayed basis. DoubleLine strives to analyze data as it becomes available, but makes no representation that all data is reviewed contemporaneously to its release.

Ratings shown for various indices reflect the average for the indices. Such ratings and indices are created independently of DoubleLine and are subject to change without notice.

*An investment cannot be made in an index.*

Sources: Bloomberg Financial Services, Bloomberg News, Conference Board, Department of Labor, Department of Commerce, Mortgage Bankers Association, Redbook Research, U.S. Census Bureau, Institute of Supply Management, Federal Reserve, Bureau of Labor Statistics.

### Definitions:

**Bloomberg Barclays U.S. Aggregate Index** - The Barclays Capital U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the US investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

**Bloomberg Barclays U.S. Credit Index** - The US Credit component of the U.S. Government/Credit Index. This index consists of publically-issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered. The US Credit Index is the same as the former US Corporate Investment Grade Index.

**Bloomberg Barclays U.S. High Yield Index** - An index that covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issuer from countries designated as emerging markets (e.g. Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeros, step-up coupon structures, 144-As and pay-in-kind (PIK, as of October 1, 2009) are also included.

**Bloomberg Barclays Municipal Bond Index** - An index that is representative of the broad market for investment grade, tax-exempt bonds with a maturity of at least one year.

**Bloomberg Commodity Index (BBG)** - An index calculated on an excess return basis that reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification. Roll period typically occurs from 6th-10th business day based on the roll schedule.

**Consumer Price Index** - A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living.

**Bureau of Economic Analysis** - A division of the U.S. federal government's Department of Commerce that is responsible for the analysis and reporting of economic data used to confirm and predict economic trends and business cycles. Reports from the Bureau of Economic Analysis are the foundation upon which many economic policy decisions are made by government, and many investment decisions are made in the private sector by companies and individual investors.

**Dow Jones Industrial Average** - A price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq.

**Durable Good Orders** - An economic indicator released monthly by the Bureau of Census that reflects new orders placed with domestic manufacturers for delivery of factory hard goods (durable goods) in the near term or future.

**Initial Jobless Claims** - A measure of the number of jobless claims filed by individuals seeking to receive state jobless benefits. This number is watched closely by financial analysts because it provides insight into the direction of the economy. Higher initial claims correlate with a weakening economy.

**ISM Non-Manufacturing Index** - An index made up of data from 400 non-manufacturing firms collected by the Institute of Supply Management (ISM).

**ISM Manufacturing Index** - An index made up of data from 300 manufacturing firms collected by the Institute of Supply Management (ISM). It indicates the economic health of the manufacturing sector.

**Morgan Stanley Capital International All Country World Index (MSCI ACWI)** - A market-capitalization-weighted index designed to provide a broad measure of stock performance throughout the world, including both developed and emerging markets.

**MBA Mortgage Applications** - Measures the change in the number of new applications for mortgages backed by the Mortgage Bankers Association during the reported week. Mortgage applications include both refinancing and home purchasing.

**NASDAQ** - A stock market index of the common stocks and similar securities (e.g. ADRs, tracking stocks, limited partnership interests) listed on the NASDAQ stock market with over 3,000 components. This index is highly followed in the U.S. as an indicator of the performance of stocks of technology companies and growth companies. Since both U.S. and non-U.S. companies are listed on the NASDAQ stock market, the index is not exclusively a U.S. index.

**Russell 2000 Index** - A subset of the Russell 3000 Index representing approximately 10% of the total market capitalization and measuring the performance of the small-cap segment of the U.S. equity universe.

**S&P 500 Index** - A stock market index designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

**S&P CoreLogic Case-Shiller 20-City Home Price NSA Index** - seeks to measure the value of residential real estate in 20 major U.S. metropolitan areas: Atlanta, Boston, Charlotte, Chicago, Cleveland, Dallas, Denver, Detroit, Las Vegas, Los Angeles, Miami, Minneapolis, New York, Phoenix, Portland, San Diego, San Francisco, Seattle, Tampa and Washington, D.C.

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