

Weekly Economic Recap

December 2017 - Week 1

As of December 1, 2017

By DoubleLine



The Week in Review:

- New Home Sales spiked 6.2% in October to 685k. The regional breakdown has the Northeast jumping 30.2% and the Midwest at 17.9%. The West and the South saw more modest increases of 6.4% and 1.3%, respectively.
- Third Quarter Real Gross Domestic Product (GDP) growth was revised upward from its original 3.0% quarter-over-quarter (QoQ) to 3.3% QoQ this month.
- The Institute of Supply Management (ISM) Manufacturing Index dropped slightly to 58.2 from 58.7 in November, the lowest reading in fourth months.
- Home prices, as measured by the S&P CoreLogic Case-Shiller Index, increased 6.2% year-over-year (YoY) from 5.8% a month prior.

Chart of the Week

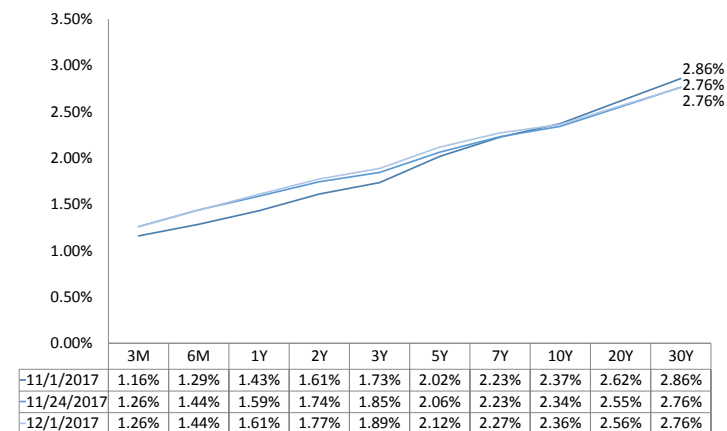
- Heading into the holiday shopping season, Consumer Confidence increased to 129.5 in November from 126.2 the month prior. Consumers have not been this confident since November 2000.

| Returns | | | | | |
|--------------|--------|--------|--------|--------|--------|
| Equities | 1 Week | QTD | YTD | 1-Year | 3-Year |
| S&P 500 | 1.60% | 5.26% | 20.25% | 23.05% | 11.07% |
| Dow Jones | 3.00% | 8.69% | 25.49% | 29.34% | 13.71% |
| Nasdaq | -0.58% | 5.64% | 28.59% | 31.94% | 14.58% |
| Russell 2000 | 1.21% | 3.28% | 14.57% | 18.54% | 11.55% |
| MSCI ACWI | 0.46% | 4.13% | 22.63% | 25.62% | 8.88% |
| Fixed Income | 1 Week | QTD | YTD | 1-Year | 3-Year |
| Bloomberg | | | | | |
| Barclays Agg | -0.31% | -0.07% | 3.07% | 3.61% | 2.15% |
| U.S. Credit | -0.29% | 0.25% | 5.34% | 6.40% | 3.44% |
| High Yield | 0.13% | 0.17% | 7.18% | 9.17% | 5.97% |
| Muni | -0.39% | -0.29% | 4.36% | 6.00% | 2.75% |

| Levels | | | |
|-------------|-----------|------------|-----------|
| Currencies | 12/1/2017 | 12/30/2016 | 12/1/2016 |
| USD/JPY | 112.16 | 116.96 | 114.10 |
| EUR/USD | 1.19 | 1.05 | 1.07 |
| GBP/USD | 1.35 | 1.23 | 1.26 |
| USD/CAD | 1.27 | 1.34 | 1.33 |
| Commodities | 12/1/2017 | 12/30/2016 | 12/1/2016 |
| BBG Index | 86.48 | 87.51 | 86.92 |
| Gold | 1,280.01 | 1,147.50 | 1,171.69 |
| Silver | 16.45 | 15.93 | 16.52 |
| Crude | 58.34 | 53.72 | 51.06 |

U.S. Treasury Yield Curve

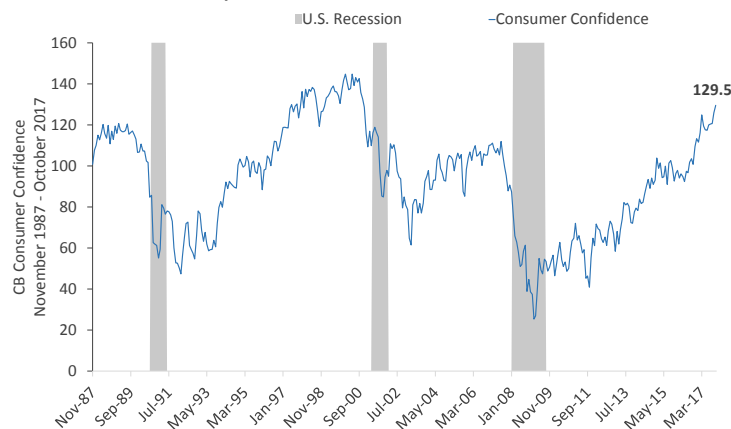
As of December 1, 2017



Source: DoubleLine, Bloomberg

Chart of the Week: Consumers Gearing Up for the Holidays

As of November 30, 2017



Source: The Conference Board, 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.

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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, The 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 U.S. 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 U.S. 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 U.S. Credit Index is the same as the former U.S. 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.

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

Gross Domestic Product (GDP) - The market value of all final goods and services produced within a country in a given period. GDP is considered an indicator or metric of a country's standard of living.

Institute of Supply Management (ISM) Manufacturing Index - The index is based on surveys of more than 300 manufacturing firms by the Institute of Supply Management. The ISM Manufacturing Index monitors employment, production, inventories, new orders and supplier deliveries. The ISM Non-Manufacturing Index accounts for the services industry.

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.

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 Index - The S&P/Case-Shiller Composite of 20 Home Price Index is a value-weighted average of the 20 metro area indices.

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