

# Weekly Economic Recap

## December 2017 - Week 3

As of December 15, 2017

By DoubleLine



### The Week in Review:

- The National Federation of Independent Business (NFIB) Small Business Optimism Index, increased to its second-highest reading in history in November, rising to 107.5 from 103.8 a month earlier.
- The Consumer Price Index (CPI) rose to 2.2% year-over-year (YoY) in November, from 2.0% a month earlier. Core CPI, which excludes food and energy components, fell to 1.7% YoY from 1.8% a month prior.
- Retail Sales rose to their highest level since May 2012, reaching 5.8% YoY in November after rising 4.9% a month earlier.
- Jobless Claims fell 225k the week ending December 9<sup>th</sup>, from 236k the week prior. Continuing Claims dropped 1.886 million from 1.908 million the week ending December 2<sup>nd</sup>.

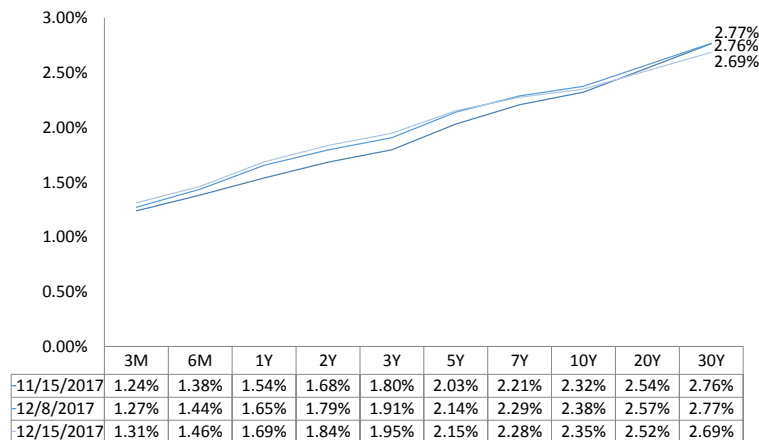
### Chart of the Week

- The Producer Price Index (PPI), which measures wholesale inflation, rose to 3.1% YoY in November, its highest level since January 2012. The rise was mostly attributed to an increase in energy prices, which explains why the Core PPI, which excludes food and energy, remained steady at 2.4% YoY.

Returns					
Equities	1 Week	QTD	YTD	1-Year	3-Year
S&P 500	0.94%	6.66%	21.85%	20.68%	12.70%
Dow Jones	1.34%	10.65%	27.75%	27.19%	15.65%
Nasdaq	1.43%	7.05%	30.30%	28.60%	16.08%
Russell 2000	0.60%	2.89%	14.14%	13.47%	11.84%
MSCI ACWI	0.31%	4.20%	22.70%	22.69%	10.58%
Fixed Income	1 Week	QTD	YTD	1-Year	3-Year
Bloomberg					
Barclays Agg	0.31%	0.50%	3.66%	4.71%	2.29%
U.S. Credit	0.45%	1.06%	6.19%	7.52%	3.71%
High Yield	0.05%	0.27%	7.29%	7.87%	7.03%
Muni	-0.11%	0.68%	5.37%	6.32%	2.96%

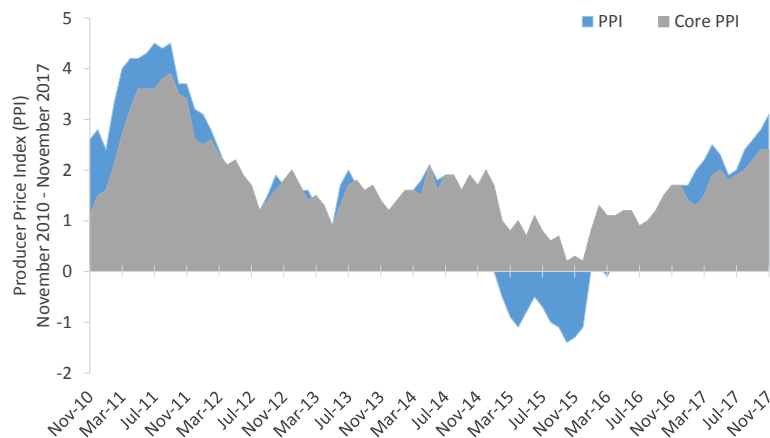
Levels			
Currencies	12/15/2017	12/30/2016	12/15/2016
USD/JPY	112.61	116.96	118.18
EUR/USD	1.18	1.05	1.04
GBP/USD	1.33	1.23	1.24
USD/CAD	1.29	1.34	1.33
Commodities	12/15/2017	12/30/2016	12/15/2016
BBG Index	84.05	87.51	86.84
Gold	1,255.79	1,147.50	1,128.50
Silver	16.06	15.93	15.97
Crude	57.32	53.72	50.90

### U.S. Treasury Yield Curve As of December 15, 2017



Source: DoubleLine, Bloomberg

### Chart of the Week: Energy Pushes Producer Prices Higher As of November 30, 2017



Source: Bureau of Labor Statistics, Bloomberg

### Important Information Regarding This Report

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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, 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.

**Consumer Price Index (CPI)** - 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. Core CPI excludes Food and Energy components.

**Continuing Claims** - Refers to unemployed workers that qualify for benefits under unemployment insurance.

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

**Jobless Claims** - The number of people who are filing or have filed to receive unemployment insurance benefits.

**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.

**National Federation of Independent Business (NFIB) Small Business Optimism Index** - The small business optimism index is compiled from a survey that is conducted each month by the National Federation of Independent Business (NFIB) of its members.

**Producer Price Index (PPI)** - The program measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services.

**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.

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