

# Weekly Economic Recap

## December 2017 - Week 4

As of December 22, 2017

By DoubleLine



### The Week in Review:

- The National Association of Home Builders (NAHB) Housing Sentiment Index rose to 74 in December from 68 in October, well above pre-crisis highs and near levels not seen since July of 1999.
- Housing Starts increased 3.3% in November to 1.297 million, their highest level this year, while building permits for new homes fell 1.4%.
- Existing Home Sales surged 5.6% to 5.81 million units in November. Regionally, increases in home sales were concentrated in the South (8.3%) and the Midwest (8.4%). The West was down 2.3%, and the Northeast increased 6.7%.
- The U.S. Conference Board Leading Economic Index® (LEI) rose to 5.5 year-over-year (YoY) in November from 5.2 in October, pushing the likelihood of a recession further away. The biggest positive contributor to the index was ISM new orders.

### Chart of the Week

- New Home Sales remain in high demand as sales surged 17.5% month-over-month (MoM) in November to 733k, a level not seen since before the last recession, and its fastest monthly rise since 1992.

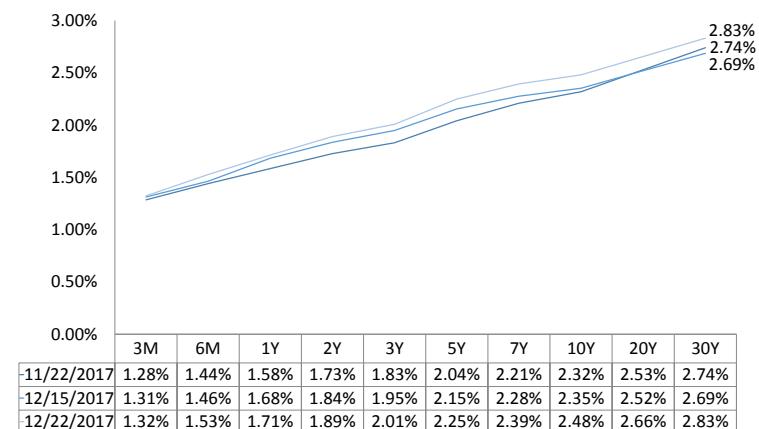
Equities	Returns				
	1 Week	QTD	YTD	1-Year	3-Year
S&P 500	0.30%	6.99%	22.23%	21.07%	11.18%
Dow Jones	0.42%	11.11%	28.28%	27.28%	14.11%
Nasdaq	0.35%	7.42%	30.76%	29.26%	14.76%
Russell 2000	0.84%	3.76%	15.11%	14.73%	10.20%
MSCI ACWI	0.84%	5.39%	24.11%	24.09%	9.52%

Fixed Income	Returns				
	1 Week	QTD	YTD	1-Year	3-Year
Bloomberg					
Barclays Agg	-0.58%	-0.10%	3.04%	3.78%	2.10%
U.S. Credit	-0.69%	0.41%	5.51%	6.33%	3.44%
High Yield	-0.01%	0.25%	7.27%	7.60%	6.38%
Muni	-0.46%	0.18%	4.85%	5.37%	2.85%

Currencies	Levels		
	12/22/2017	12/30/2016	12/22/2016
USD/JPY	113.30	116.96	117.54
EUR/USD	1.19	1.05	1.04
GBP/USD	1.34	1.23	1.23
USD/CAD	1.27	1.34	1.35

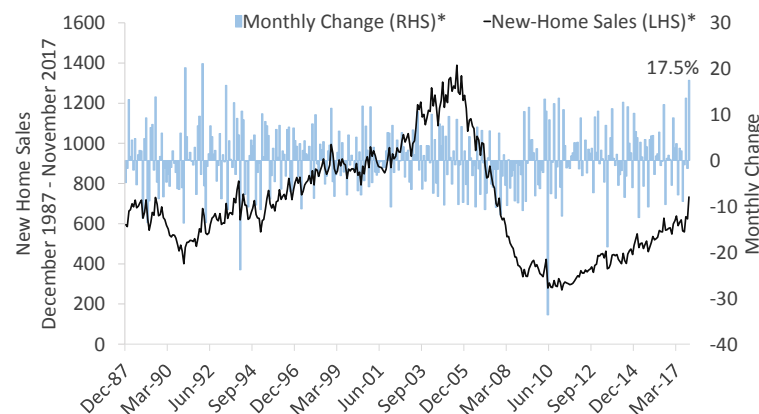
Commodities	Levels		
	12/22/2017	12/30/2016	12/22/2016
BBG Index			
BBG Index	85.75	87.51	86.33
Gold	1,274.83	1,147.50	1,128.38
Silver	16.37	15.93	15.79
Crude	58.32	53.72	52.95

### U.S. Treasury Yield Curve As of December 22, 2017



Source: DoubleLine, Bloomberg

### Chart of the Week: New Homes in High Demand As of November 30, 2017



Source: The Conference Board, Bloomberg  
\*RHS: Right Hand Side; LHS: Left Hand Side

### 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.

**Existing Home Sales** - Measures sales and prices of existing single-family.

**Housing Starts** - The number of new houses begun during a particular period, used as an indicator of economic conditions.

**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 Association of Home Builders (NAHB) Housing Sentiment Index** - Is based on a monthly survey of NAHB members designed to take the pulse of the single-family housing market.

**New Homes Sales** - Data on the number of new single-family houses sold and for sale.

**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.

**U.S. Conference Board Leading Economic Index® (LEI)** - Leading indicators include economic variables that tend to move before changes in the overall economy. These indicators give a sense of the future state of an economy.

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