

# Weekly Economic Recap

## February 2018 - Week 2

As of February 9, 2018

By DoubleLine



### The Week in Review:

- The Institute of Supply Management (ISM) Non-Manufacturing Index, which accounts for the services industry, rebounded to 59.9 in January after posting two consecutive down months.
- The U.S. Trade Balance widened its deficit by 5.3% to 53.1 billion in December from 50.4 billion the month prior. The widening was due to a 2.5% increase in imports compared to a 1.8% increase in exports. On a year-over-year (YoY) basis, exports rose 7.3% while imports advanced 9.5%.
- Initial Jobless Claims fell 9k to 221k last week and are hovering near 45 year lows. Continuing Claims declined 33k to 1.92 million the week ending January 27<sup>th</sup>.

### Chart of the Week

- The Mortgage Bankers Association (MBA) Mortgage Applications Index rose 0.7% last week, after falling 2.6% the week prior. The 30-year Fixed-Rate Mortgage (FRM) rose 9 basis points (bps) to 4.5%, its highest level since April 2014, while the 15-year FRM contract rose 7 bps to 3.9%, its highest level since April 2011.

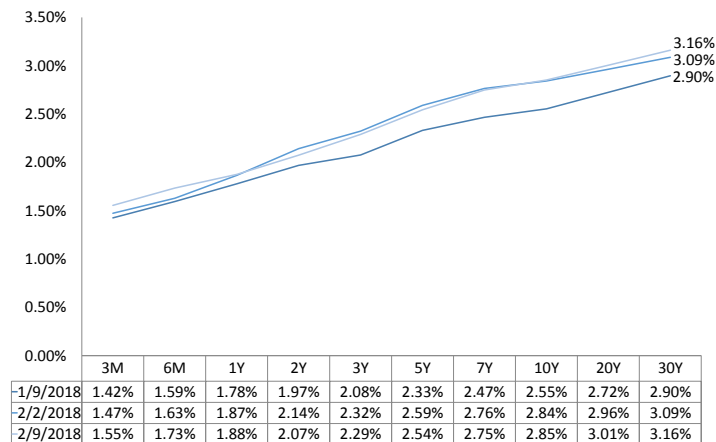
Equities	Returns				
	1 Week	QTD	YTD	1-Year	3-Year
S&P 500	-5.10%	-1.84%	-1.84%	15.77%	10.85%
Dow Jones	-5.08%	-1.90%	-1.90%	22.79%	13.74%
Nasdaq	-5.01%	-0.32%	-0.32%	21.67%	14.71%
Russell 2000	-4.47%	-3.67%	-3.67%	8.62%	8.81%
MSCI ACWI	-2.84%	-2.23%	-2.23%	16.93%	8.37%

Fixed Income	Returns				
	1 Week	QTD	YTD	1-Year	3-Year
Bloomberg					
Barclays Agg	-0.10%	-1.92%	-1.92%	1.04%	1.22%
U.S. Credit	-0.52%	-2.20%	-2.20%	3.08%	2.35%
High Yield	-1.47%	-1.27%	-1.27%	4.12%	5.32%
Muni	0.20%	-1.40%	-1.40%	2.92%	2.13%

Currencies	Levels		
	2/9/2018	12/29/2017	2/9/2017
USD/JPY	108.80	112.69	113.25
EUR/USD	1.23	1.20	1.07
GBP/USD	1.38	1.35	1.25
USD/CAD	1.26	1.26	1.31

Commodities	Levels		
	2/9/2018	12/29/2017	2/9/2017
BBG Index			
Gold	85.64	88.17	88.53
Silver	1,316.65	1,302.80	1,228.36
Crude	16.37	16.94	17.65
	59.20	60.42	53.00

### U.S. Treasury Yield Curve As of February 9, 2018



Source: DoubleLine, Bloomberg

### Chart of the Week: Mortgage Rates Trending Higher As of February 2, 2018



Source: Mortgage Bankers Association, 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.

**Continuing Jobless 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.

**Fixed-Rate Mortgage (FRM)** - A fixed-rate mortgage is a mortgage that has a fixed interest rate for the entire term of the loan. The distinguishing factor of a fixed-rate mortgage is that the interest rate over every time period of the mortgage is known at the time the mortgage is originated.

**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.

**Initial Jobless Claims** - A measure of the number of jobless claims filed by individuals seeking to receive state jobless benefits.

**Mortgage Bankers Association (MBA) Mortgage Applications Index** - 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.

**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.

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