

### The Week in Review

- Consumer credit rose by \$24.53 billion during November and is now up 6.3% year-over-year (YoY). Revolving debt, largely credit cards, rose by \$11.02 billion. Non-revolving credit, which largely includes car and student loans, rose \$13.51 billion.
- Inflation as measured by the Producer Price Index (PPI) Final Demand rose 0.3% during December and is up 1.6% YoY. Core PPI, which excludes food and energy, was also up 1.6% YoY during December.
- Mortgage rates fell for the second consecutive week with the 30-year Fixed-Rate Mortgage (FRM) contract declining 7 basis points (bps) to 4.32%. The rate on the 15-year FRM contract increased 8 bps at 3.56%.

### Chart of the Week

- Small business optimism jumped to the highest level since 2004 as measured by the NFIB Small Business Optimism Index. The Index recorded a reading of 105.8. An index value of 100 represents the base level of activity in 1986.

Equities	Returns				
	1 Week	QTD	YTD	1-Year	3-Year
S&P 500	-0.27%	1.48%	1.48%	22.76%	9.96%
Dow Jones	-0.39%	0.68%	0.68%	26.46%	9.63%
Nasdaq	0.96%	3.57%	3.57%	24.83%	12.10%
Russell 2000	0.36%	1.13%	1.13%	37.87%	7.60%
MSCI ACWI	0.21%	2.11%	2.11%	19.34%	4.82%

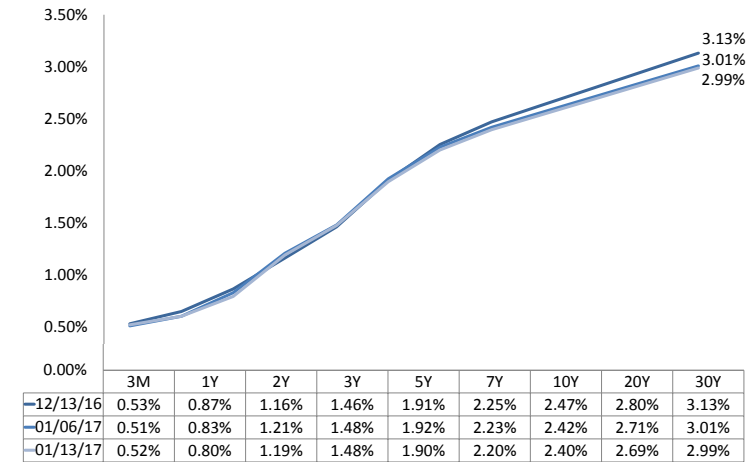
  

Fixed Income	Returns				
	1 Week	QTD	YTD	1-Year	3-Year
Bloomberg Barclays Agg	0.31%	0.49%	0.49%	2.20%	2.88%
U.S. Credit	0.33%	0.65%	0.65%	5.51%	3.90%
High Yield	0.13%	1.10%	1.10%	19.83%	4.77%
Muni	0.67%	1.19%	1.19%	0.62%	4.13%

Currencies	Levels		
	1/13/2017	12/31/2016	1/13/2016
USD/JPY	114.49	116.96	117.68
EUR/USD	1.06	1.05	1.09
GBP/USD	1.09	1.09	1.08
USD/CAD	1.31	1.34	1.43

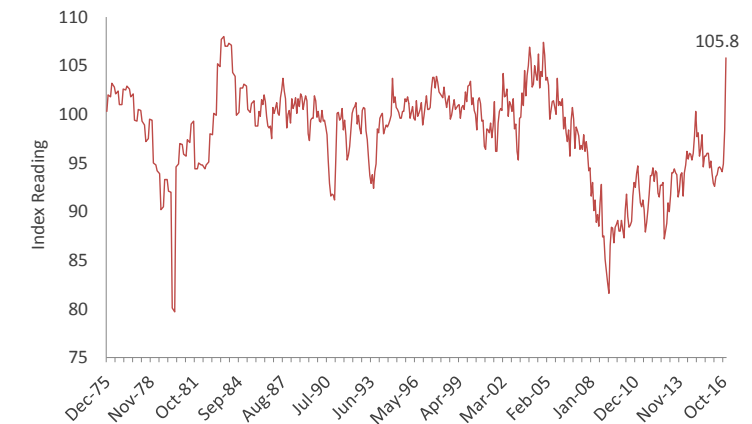
Commodities	Levels		
	1/13/2017	12/31/2016	1/13/2016
BBG Index	88.54	87.51	74.63
Gold	1,197.34	1,147.50	1,093.59
Silver	16.82	15.93	14.16
Crude	52.37	53.72	30.48

### U.S. Treasury Yield Curve As of January 13, 2017



Source: DoubleLine, Bloomberg

### Chart of the Week: NFIB Small Business Optimism Index As of December 31, 2016



Source: Bloomberg, National Federation of Independent Business



# Important Information

## 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.

### 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 (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.

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

**Institute for Supply Management (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.

**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.

**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. The index is a composite of 10 seasonally adjusted components based on the following questions: plans to increase employment, plans to make capital outlays, plans to increase inventories, expect economy to improve, expect real sales higher, current inventory, current job openings, expected credit conditions, now a good time to expand, and earnings trend.

**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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