

Weekly Economic Recap

January 2018 - Week 3

As of January 19, 2018

By DoubleLine



The Week in Review:

- The Mortgage Bankers Associations (MBA) Mortgage Applications Index rose 4.1% this week, after a prior increase of 8.3% the week prior. The 30-year Fixed-Rate Mortgage (FRM) rose 10 basis points (bps) to 4.33% while the 15-year FRM contract rose 11 bps to 3.77%.
- The National Association of Home Builders (NAHB) Housing Market Index, measuring the sentiment of U.S. Homebuilders, fell from an 18-year high of 74 down to 72 in January.
- Housing Starts for December fell 8.2% month-over-month (MoM) and 6.0% year-over-year (YoY). Single-family housing starts rose 3.5% YoY however Multi-family Starts significantly fell 22.6% YoY. The shift in growth from Multi-family homes to Single-family homes may suggest a rotation from renting into home ownership.

Chart of the Week

- Initial Jobless Claims fell 41k to 220k last week, its lowest level since 1973. Continuing Claims rose 76k to 1.952 million the week ending January 6th but are also hovering around levels not seen since 1973.

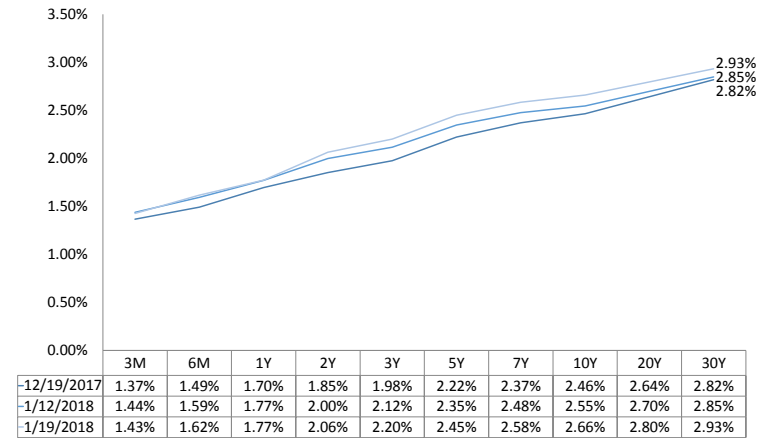
Equities	Returns				
	1 Week	QTD	YTD	1-Year	3-Year
S&P 500	0.88%	5.20%	5.20%	26.63%	13.95%
Dow Jones	1.08%	5.56%	5.56%	35.30%	17.02%
Nasdaq	1.04%	6.30%	6.30%	33.95%	17.96%
Russell 2000	0.36%	4.07%	4.07%	20.26%	12.23%
MSCI ACWI	0.66%	4.67%	4.67%	28.24%	12.13%

Fixed Income	Returns				
	1 Week	QTD	YTD	1-Year	3-Year
Bloomberg					
Barclays Agg	-0.29%	-0.78%	-0.78%	2.73%	1.51%
U.S. Credit	-0.30%	-0.72%	-0.72%	5.25%	2.81%
High Yield	-0.03%	0.66%	0.66%	7.00%	6.59%
Muni	0.11%	-0.34%	-0.34%	4.15%	2.37%

Currencies	Levels		
	1/19/2018	12/29/2017	1/19/2017
USD/JPY	110.77	112.69	114.86
EUR/USD	1.22	1.20	1.07
GBP/USD	1.39	1.35	1.23
USD/CAD	1.25	1.26	1.33

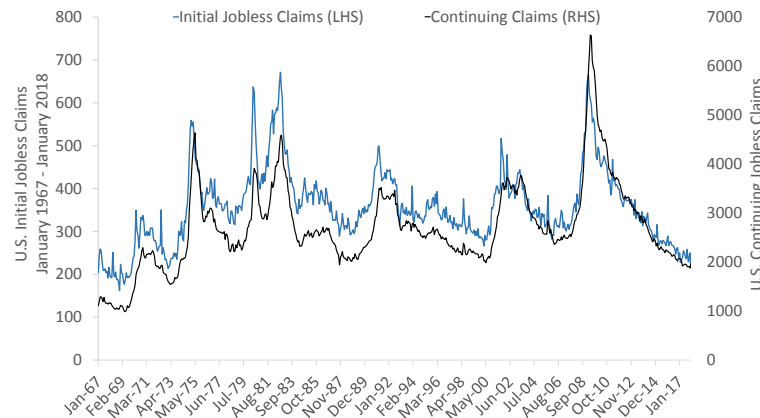
Commodities	Levels		
	1/19/2018	12/29/2017	1/19/2017
Bloomberg			
BBG Index	88.54	88.17	88.16
Gold	1,331.84	1,302.80	1,204.85
Silver	17.02	16.94	17.02
Crude	63.59	60.42	51.37

U.S. Treasury Yield Curve As of January 19, 2018



Source: DoubleLine, Bloomberg

Chart of the Week: Jobless Claims Lowest Since 1973 As of January 12, 2018



Source: Federal Reserve, 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.

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 publicly-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 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.

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

National Association of Home Builders (NAHB) Housing Market Index - Is based on a monthly survey of NAHB members designed to take the pulse of the single-family housing market. The survey asks respondents to rate market conditions for the sale of new homes at the present time and in the next six months as well as the traffic of prospective buyers of new homes. A reading above 50 indicates more builders view conditions as good than poor.

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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