

Weekly Economic Recap

March 2017 - Week 2

As of March 10, 2017

By DoubleLine Research



The Week in Review:

- The U.S. Balance of trade deficit increased 9.6% from December, widening to \$48.5 billion during January, the largest deficit since March 2012.
- MBA Mortgage Applications rose 3.3% last week following an increase of 5.8% the week prior. Both the 30-year Fixed-Rate Mortgage (FRM) and the 15-year FRM contracts gained 6 basis points (bps) to 4.36% and 3.57%, respectively.
- Total Nonfarm Payrolls increased by 235,000 during February, down slightly from a revised 238,000 in January. The Unemployment Rate declined slightly to 4.7%.
- According to data released for February by the Bureau of Labor Statistics (BLS), Average Hourly Earnings rose 2.8% year-over-year (YoY), from a revised 2.6% YoY in January.

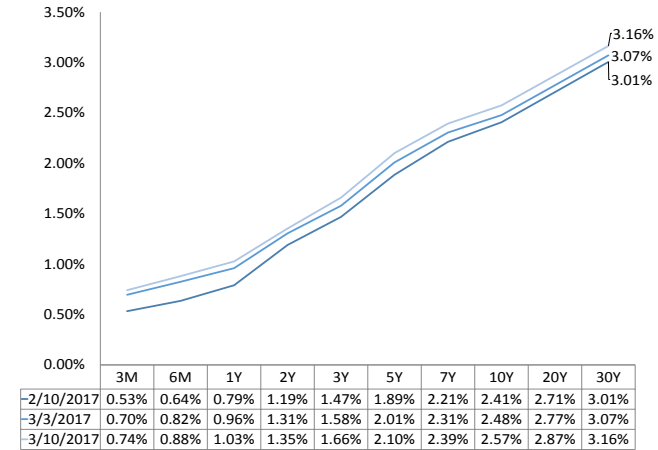
Chart of the Week

- Consumer Credit rose by \$8.79 billion during January, it's smallest gain since July 2012. Revolving debt, which largely includes credit cards, declined \$3.79 billion, the most since December 2012. Non-revolving credit, which largely includes car and student loans, rose \$12.59 billion.

| | Returns | | | | |
|---------------------|---------|-------|-------|--------|--------|
| | 1 Week | QTD | YTD | 1-Year | 3-Year |
| Equities | | | | | |
| S&P 500 | 0.66% | 6.79% | 6.79% | 22.07% | 11.19% |
| Dow Jones | 0.94% | 6.81% | 6.81% | 27.24% | 11.86% |
| Nasdaq | 0.46% | 9.29% | 9.29% | 26.37% | 12.57% |
| Russell 2000 | 0.01% | 2.89% | 2.89% | 31.45% | 7.31% |
| MSCI ACWI | 0.36% | 6.26% | 6.26% | 19.19% | 6.03% |
| Fixed Income | | | | | |
| Bloomberg | | | | | |
| Barclays Agg | -0.88% | 0.17% | 0.17% | 0.90% | 2.34% |
| U.S. Credit | -0.81% | 0.74% | 0.74% | 4.95% | 3.29% |
| High Yield | 0.42% | 3.16% | 3.16% | 19.90% | 4.81% |
| Muni | -0.42% | 0.86% | 0.86% | 0.09% | 3.27% |

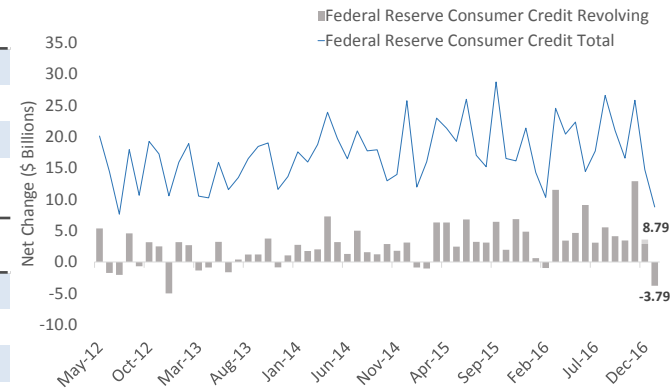
| | Levels | | |
|--------------------|-----------|------------|-----------|
| | 3/10/2017 | 12/31/2016 | 3/10/2016 |
| Currencies | | | |
| USD/JPY | 114.00 | 116.96 | 113.69 |
| EUR/USD | 1.06 | 1.05 | 1.10 |
| GBP/USD | 1.09 | 1.09 | 1.08 |
| USD/CAD | 1.34 | 1.34 | 1.34 |
| Commodities | | | |
| BBG Index | 87.19 | 87.51 | 76.87 |
| Gold | 1,234.76 | 1,147.50 | 1,264.25 |
| Silver | 17.97 | 15.93 | 15.23 |
| Crude | 53.22 | 53.72 | 34.57 |

U.S. Treasury Yield Curve As of March 10, 2017



Source: DoubleLine, Bloomberg

Chart of the Week: Federal Reserve Consumer Credit As of February 28, 2017



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, 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 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 - 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.

MBA Mortgage Applications - 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.

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 Realtors (NAR) - A national organization of real estate brokers, created to promote the real estate profession and foster professional behavior in its members.

Personal Consumption Expenditures (PCE) - A component of GDP that measures expenditures by households and includes durable and non-durable goods and services.

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.

Seasonally Adjusted Annual Rate (SAAR) - A rate adjustment used for economic or business data, such as sales numbers or employment figures, that attempts to remove seasonal variations in the data.

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.

S&P CoreLogic Case-Shiller 20-City Home Price NSA Index - seeks to measure the value of residential real estate in 20 major U.S. metropolitan areas: Atlanta, Boston, Charlotte, Chicago, Cleveland, Dallas, Denver, Detroit, Las Vegas, Los Angeles, Miami, Minneapolis, New York, Phoenix, Portland, San Diego, San Francisco, Seattle, Tampa and Washington, D.C.

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