

Weekly Economic Recap

May 2018 - Week 3

As of May 18, 2018

By DoubleLine



The Week in Review:

- Retail sales gained 4.7% year-over-year (YoY) in April.
- Homebuilders sentiment rose for the first time since December to 70 in May from a revised 68 in April.
- Housing starts fell 3.7% in April from the month before. However, remains 10.5% higher than this time last year. The monthly decline was caused by an 11.3% fall in multi-family starts. Single-family starts rose 0.1%.
- The Conference Board Leading Economic Indicator Index® (LEI), meant to give a sense of the future state of the economy, rose 0.4% in April, matching its revised 0.4% gain in March and taking the YoY level to 6.4%.

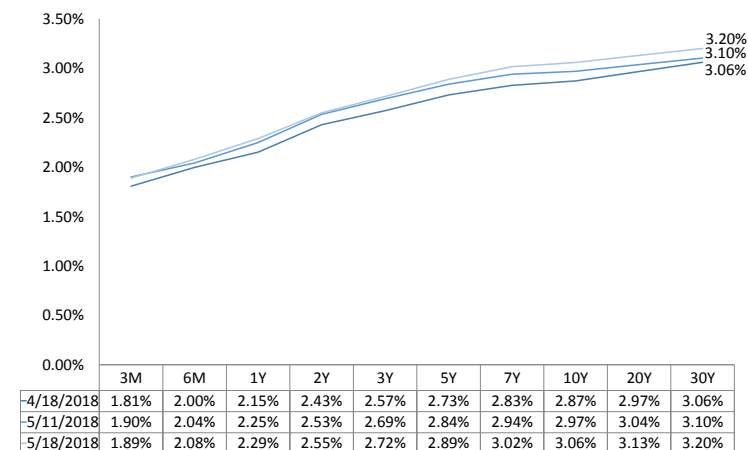
Chart of the Week

- China, the largest holder of U.S. Treasuries, increased their holdings by \$11 billion to a five-month high of \$1.19 trillion in March. Japan, the second largest foreign creditor, decreased their holding by \$16 billion to \$1.04 trillion in March, their lowest level since October 2011.

Returns					
Equities	1 Week	QTD	YTD	1-Year	3-Year
S&P 500	-0.47%	3.03%	2.24%	16.94%	10.69%
Dow Jones	-0.36%	2.92%	0.89%	22.37%	13.33%
Nasdaq	-0.60%	4.30%	7.00%	22.79%	14.54%
Russell 2000	1.27%	6.49%	6.41%	21.06%	10.47%
MSCI ACWI	-0.37%	2.72%	1.86%	16.11%	8.05%
Fixed Income	1 Week	QTD	YTD	1-Year	3-Year
Bloomberg					
Barclays Agg	-0.68%	-1.50%	-2.94%	-1.55%	1.06%
U.S. Credit	-0.81%	-1.82%	-3.91%	-0.98%	2.11%
High Yield	-0.14%	0.71%	-0.15%	3.07%	4.95%
Muni	-0.39%	-0.07%	-1.18%	0.93%	2.61%

Levels			
Currencies	5/18/2018	12/29/2017	5/18/2017
USD/JPY	110.77	112.69	111.49
EUR/USD	1.18	1.20	1.11
GBP/USD	1.35	1.35	1.29
USD/CAD	1.29	1.26	1.36
Commodities	5/18/2018	12/29/2017	5/18/2017
BBG Index	90.41	88.17	83.42
Gold	1,292.30	1,302.80	1,247.07
Silver	16.43	16.94	16.59
Crude	71.33	60.42	49.35

U.S. Treasury Yield Curve As of May 18, 2018



Source: DoubleLine, Bloomberg

Chart of the Week: China's U.S. Debt Holdings Rise while Japan's Fall As of March 31, 2018



Source: U.S. Treasury, 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.

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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 directly 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 for 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.

Conference Board Leading Economic Indicator Index® (LEI) - The composite economic indexes are the key elements in an analytic system designed to signal peaks and troughs in the business cycle. The leading, coincident, and lagging economic indexes are essentially composite averages of several individual leading, coincident, or lagging indicators. They are constructed to summarize and reveal common turning point patterns in economic data in a clearer and more convincing manner than any individual component – primarily because they smooth out some of the volatility of individual components.

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.

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.

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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