

Weekly Economic Recap

September 2017 - Week 1

As of September 1, 2017

By DoubleLine Research



The Week in Review:

- Consumer Confidence rose in August to 122.9 from 120.0 the month prior. August's reading falls just shy of the post-election high of 124.9 set in March.
- Second Quarter U.S. Gross Domestic Product (GDP) growth was revised to 3.0% quarter-over-quarter (QoQ) from its initial 2.6% QoQ. In year-over-year (YoY) terms, the pace of growth accelerated up to 2.2% from 2.0% prior and 1.8%.
- Low inflation continues in the U.S. as the U.S. Personal Consumption Expenditure (PCE) Index remained unchanged at 1.4% YoY while the U.S. Core PCE Index, which excludes food and energy, fell to 1.4% YoY from 1.5% YoY the month prior.
- U.S. Personal Savings as % of Disposable Personal Income, also known as the Household Savings rate, continues to decline, falling to 3.5% in July from 3.6% in June and 3.8% in May.
- U.S. Non-farm Payrolls rose 156k in August from 189k in July while the unemployment rate rose 0.1% to 4.4% for the same period.
- The Institute of Supply Management (ISM) Manufacturing Index rose 58.8 in August, its highest level since April 2011, and the highest August reading since 1987.

Chart of the Week

- U.S. Personal Savings as % of Disposable Personal Income, also known as the Household Savings rate, fell to 3.5% in July from 3.6% in June and 3.8% in May.

Returns

Equities	1 Week	QTD	YTD	1-Year	3-Year
S&P 500	1.47%	2.63%	12.21%	16.52%	9.59%
Dow Jones	0.88%	3.53%	13.21%	22.38%	11.48%
Nasdaq	2.73%	5.02%	20.52%	24.63%	13.41%
Russell 2000	2.61%	0.00%	4.99%	15.52%	7.83%
MSCI ACWI	0.77%	3.29%	15.49%	17.57%	6.19%

Fixed Income

Fixed Income	1 Week	QTD	YTD	1-Year	3-Year
Bloomberg					
Barclays Agg	0.25%	1.33%	3.63%	0.51%	2.63%
U.S. Credit	0.30%	1.57%	5.31%	1.94%	3.45%
High Yield	0.33%	1.07%	6.05%	8.68%	4.76%
Muni	0.13%	1.58%	5.20%	0.99%	3.39%

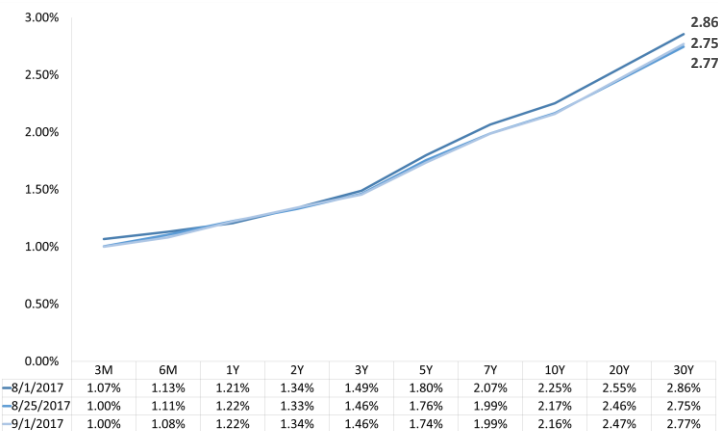
Levels

Currencies	9/1/2017	12/30/2016	9/1/2016
USD/JPY	110.27	116.96	103.23
EUR/USD	1.19	1.05	1.12
GBP/USD	1.30	1.23	1.33
USD/CAD	1.24	1.34	1.31

Commodities

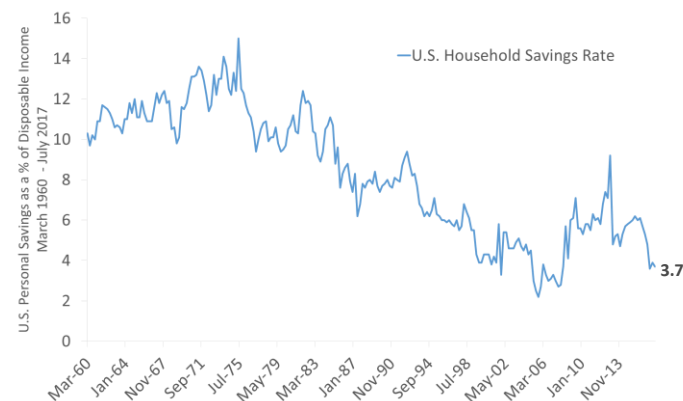
Commodities	9/1/2017	12/30/2016	9/1/2016
BBG Index	84.98	87.51	82.10
Gold	1,325.68	1,147.50	1,313.89
Silver	17.71	15.93	18.89
Crude	47.34	53.72	43.16

U.S. Treasury Yield Curve As of September 1, 2017



Source: DoubleLine, Bloomberg

Chart of the Week: Household Savings Decline As of July 31, 2017



Source: National Association of Realtors, 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 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.

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.

Gross Domestic Product (GDP) - The market value of all final goods and services produced within a country in a given period. GDP is considered an indicator or metric of a country's standard of living.

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.

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.

U.S. Personal Consumption Expenditure (PCE) Index - PCE deflators (or personal consumption expenditure deflators) track overall price changes for goods and services purchased by consumers. Deflators are calculated by dividing the appropriate nominal series by the corresponding real series and multiplying by 100. Core PCE Index excludes food and energy prices.

U.S. Non-farm Payroll - Nonfarm payroll is a term used in the U.S. to refer to any job with the exception of farm work, unincorporated self-employment, and employment by private households, the military and intelligence agencies. Proprietors are also excluded.

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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