

Weekly Economic Recap

September 2017 - Week 4

As of September 22, 2017

By DoubleLine



The Week in Review:

- Housing Starts fell 0.8% to 1.18 million in August. The number of single-family home starts increased 1.6% to 851k units, while multi-family starts dropped 6.5% to 329k.
- Existing Home Sales fell 1.7% to 5.35 million units in August, the lowest level in a year. The South and West posted declines of 5.7% and 4.8%, respectively, while the Northeast and Midwest reported increase of 10.8% and 2.4%.
- The Mortgage Bankers Association (MBA) Mortgage Applications Index declined 9.7% last week, giving back most of the 9.9% increase the week prior. The 30-year Fixed-Rate Mortgage (FRM) rose 1 basis point (bps) to 4.04% while the rate on the 15-year FRM contract increased 5 bps to 3.35%.

Chart of the Week

- The Conference Board Leading Economic Index® (LEI), meant to give a sense of the future state of the economy, increased 0.4% month-over-month (MoM) in August. It stands at 4.4% year-over-year (YoY), its highest level since June 2015, and well above the negative levels you would see approaching a recession.

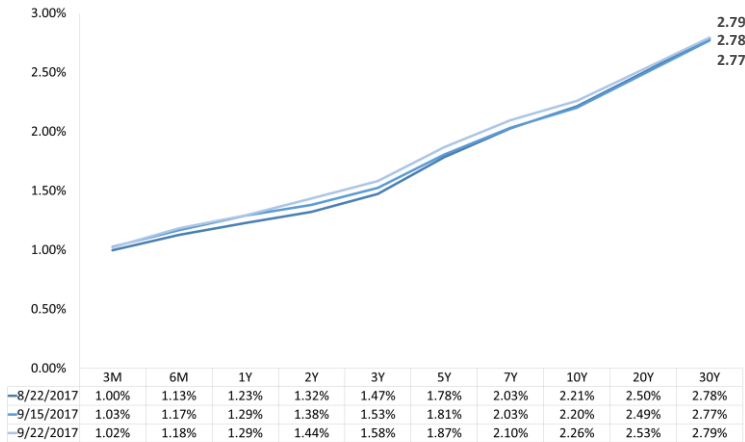
Equities	Returns				
	1 Week	QTD	YTD	1-Year	3-Year
S&P 500	0.11%	3.76%	13.45%	17.34%	10.15%
Dow Jones	0.36%	5.32%	15.17%	24.57%	11.96%
Nasdaq	-0.33%	4.92%	20.41%	21.84%	13.84%
Russell 2000	1.39%	2.80%	7.93%	16.43%	10.24%
MSCI ACWI	0.20%	5.04%	17.45%	17.98%	7.33%

Fixed Income	Returns				
	1 Week	QTD	YTD	1-Year	3-Year
Bloomberg					
Barclays Agg	-0.23%	0.86%	3.15%	0.23%	2.76%
U.S. Credit	-0.15%	1.21%	4.94%	1.99%	3.79%
High Yield	0.22%	1.68%	6.70%	9.07%	5.31%
Muni	-0.19%	1.35%	4.97%	1.27%	3.39%

Currencies	Levels		
	9/22/2017	12/30/2016	9/22/2016
USD/JPY	112.07	116.96	100.76
EUR/USD	1.19	1.05	1.12
GBP/USD	1.35	1.23	1.31
USD/CAD	1.23	1.34	1.30

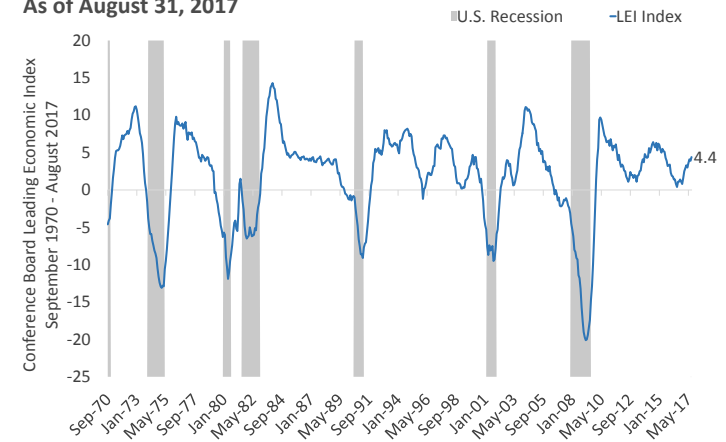
Commodities	Levels		
	9/22/2017	12/30/2016	9/22/2016
BBG Index	84.86	87.51	85.51
Gold	1,297.17	1,147.50	1,337.07
Silver	16.99	15.93	19.87
Crude	50.63	53.72	46.32

U.S. Treasury Yield Curve As of September 22, 2017



Source: DoubleLine, Bloomberg

Chart of the Week: Leading Economic Indicator Ticks Up Higher As of August 31, 2017



Source: Conference Board, 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.

Conference Board Leading Economic 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.

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

Existing Home Sales - Total existing home sales include single-family homes, townhomes, condominiums and co-ops. All sales are based on closings from Multiple Listing Services. Foreclosed homes are only counted in the inventory if the bank is working with a realtor. Foreclosed homes that sell via auction (or other closings outside of the Multiple Listing Services) are not included.

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.

Housing Starts - Housing (or building) starts track the number of new housing units (or buildings) that have been started during the reference period.

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.