



# Clark County Treasurer Investment Pool Monthly Report

September 2023

## Key Performance Indicators

	Sept. 2023	Sept. 2022
County's Book Value Yield	2.90%	1.36%
State LGIP's Book Value Yield	5.39%	2.55%
County's Total Market Return	3.66%	-3.26%
Benchmark's Total Market Return	3.28%	-3.11%
County's Effective Duration	1.12 yrs.	1.19 yrs.
Benchmark's Duration	1.32 yrs.	1.32 yrs.
Average Maturity	1.29 yrs.	1.32 yrs.
Net Asset Value (NAV)	\$0.975328	\$0.962515
County's Book Value	\$1,023.3 mm	\$1,063.5 mm

### Current Market Yields

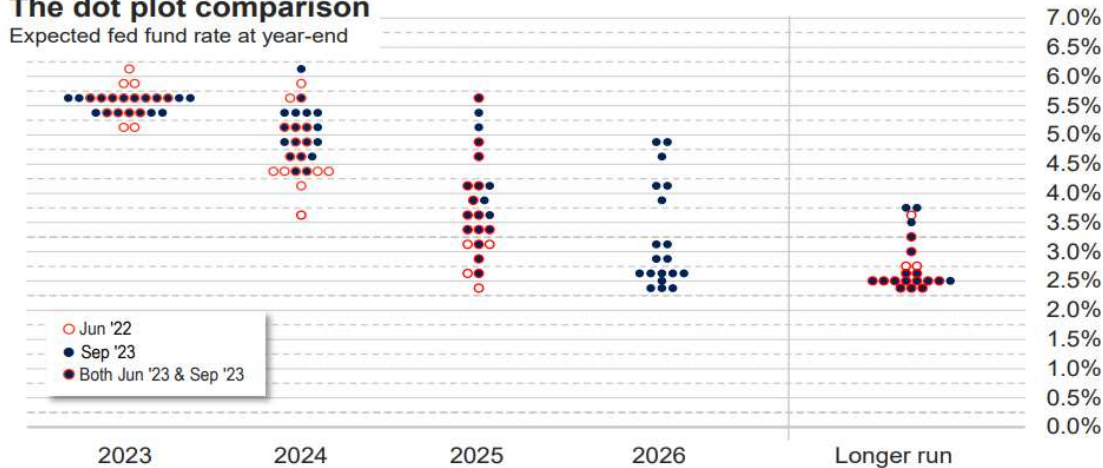
	Sept. 2023	Sept. 2022
Fed Funds Rate (upper)	5.50%	3.25%
2-year Treasury Note	5.05%	4.28%

- "Higher for longer" took center stage in September, causing longer-term yields to rise to their highest level since 2007. The 5-year yield increased 36 basis points (bps) to 4.61% and the 10-year yield increased 46 bps to 4.57%.
- The Fed Funds Rate was left unchanged at the FOMC's September meeting. A new Summary of Economic Projections (SEP) was released showing one additional rate hike expected by year-end, increased 2023 and 2024 GDP growth expectations, and slightly lower inflation expectations.
- The employment report for September was very solid. Nonfarm payrolls rose 366k, almost twice the amount expected, along with 119k in positive revisions to July and August. This brought the 3-month average to 266k which is well above the 100k-150k needed to breakeven. The unemployment rate remained at 3.8% and the labor participation rate remained at 62.8%. Prime Age Male Participation jumped to 89.6%, the highest level in 13 years. Average hourly wages increased 0.2% or 4.2% year-over-year, a tenth less than August.
- The economy continues to grow despite monetary policy being restrictive. Perhaps this economy can handle 5% yields or perhaps the fall out of these high yields is still ahead. The Fed is willing to be cautious going forward but will need to see the recent inflation progress continue before considering rate cuts.

## Fed Funds Rate – Higher for Longer

### The dot plot comparison

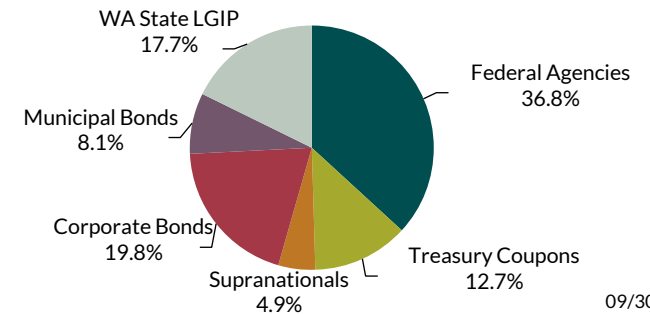
Expected fed fund rate at year-end



Note: Each dot represents the expectations of one FOMC member. One member did not submit projections for the longer run. Source: Federal Reserve Board of Governors

The median dots shifted upwards between June and September forecasts, reflecting the “higher for longer” messaging from the Fed. 12 out of 19 FOMC members believe there is one more rate hike needed before year-end. However, the biggest take away was the revision in number of cuts needed next year, reduced from a median of 4 to just 2.

## Clark County Investment Pool



## Portfolio Summary

	Book Value	Eff Dur	Bench Dur	Benchmark
Clark County Core Invest. Fund	\$838.9 mm	1.42	1.59	ICE BAML 0-3 yr./3-5 yr UST (90%/10% Blend)
Clark County Liquidity Fund	\$184.4 mm	0.01	0.08	ICE BAML 1 mon. UST
<b>TOTAL PORTFOLIO</b>	<b>\$1,023.3 mm</b>	<b>1.12</b>	<b>1.32</b>	<b>ICE BAML UST 1 mon./0-3 yr./3-5 yr. (20%/72%/8% Blend)</b>