



Clark County Treasurer Investment Pool Monthly Report

January 2020

Key Performance Indicators

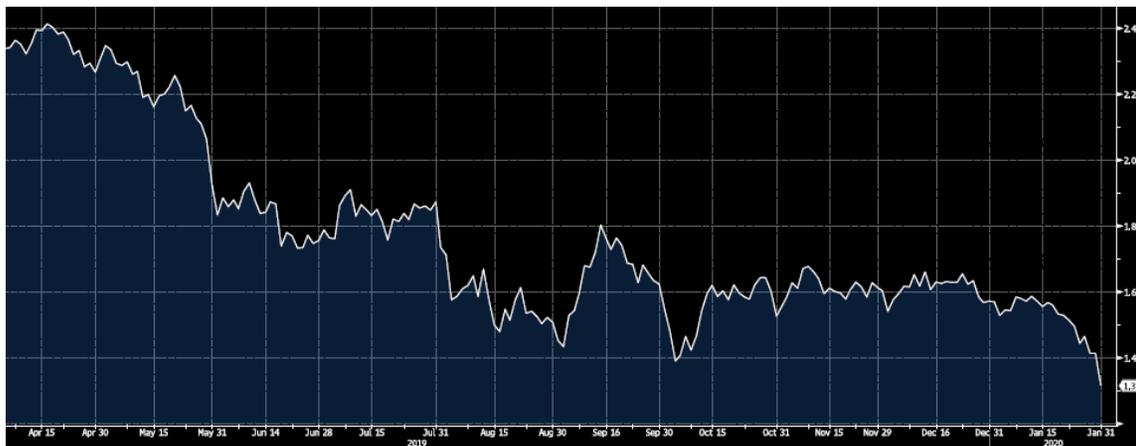
	Jan. 2020	Jan. 2019
County's Book Value Yield	1.95%	2.44%
State LGIP's Book Value Yield	1.73%	2.50%
County's Total Market Return	3.09%	2.13%
Benchmark's Total Market Return	2.89%	2.13%
County's Effective Duration	1.10 yrs.	0.59 yrs.
Benchmark's Duration	0.95 yrs.	0.77 yrs.
Average Maturity	1.40 yrs.	0.66 yrs.
Net Asset Value (N.A.V.)	\$1,005,753	\$1,000,335
County's Book Value	\$1,032.6 mm	\$910.1 mm

Current Market Yields

Fed Funds Rate (upper)	1.75%	2.50%
2-year Treasury Note	1.31%	2.46%

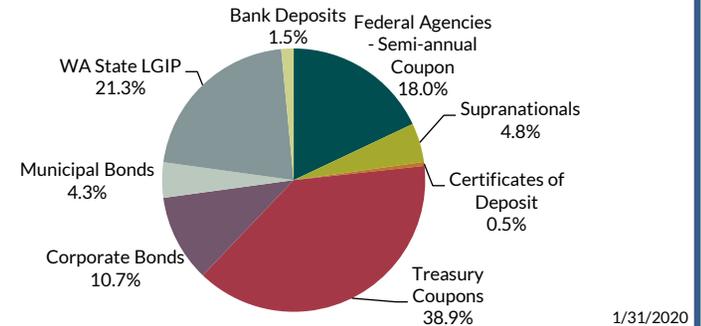
- Just as treasury yields were leveling off, slowing their decent, we have the coronavirus outbreak in China rattling the markets, sending yields sharply lower. The 2-year Treasury declined 26 basis points during the month while the 10-year dropped 41 basis points. Our recently normalized yield curve re-inverted for the second time this cycle. The fed fund futures market is now pricing in two rate cuts over the course of the next twelve months with a rate cut priced into the July 2020 meeting, even though the Fed indicated that they are on hold at their January meeting.
- The labor market remains very tight. The unemployment rate ticked up a tenth to 3.6% in January, due to the labor participation rate ticking up two tenths to 63.4%. 225k nonfarm payrolls were added during the month when 165k expected, and average hourly earnings increased 3.1% year over year when 3.0% was expected.
- Fourth quarter GDP came in slightly above expectations at 2.1%. Personal consumption disappointed, but was offset by an unusual 8.7% decline in imports which acts as a boost to GDP.
- The coronavirus outbreak continues to dominate headlines as the global economic impact of the virus (though unknown at this point) is bound to be substantial. Being an election year, we believe the Fed would like to hold rates steady as to not interfere, but their hand may be forced to ease due to global events.

2-year Treasury Yield:



From October through mid-January the 2-year treasury yield leveled off to around 1.60%. Once the coronavirus began to dominate headlines we experienced a flight to safety (U.S. Treasuries), causing yields across the curve to sharply decline. Longer maturity yields declined more than short term yields causing the yield curve to invert again. The last time the yield curve inverted in May of 2019, it did not un-invert until the Fed cut rates three times. Where interest rates go from here will largely be tied to the coronavirus' global economic impact, but given commentary out of the Fed and the low inflation data and current pricing in the market, the bias to the policy rate is lower rather than higher.

Clark County Investment Pool Asset Allocation



Portfolio Summary

	Book Value	Eff Dur	Bench Dur	Benchmark
Clark County Core Invest. Fund	\$787.0 mm	1.41	1.44	ICE BAML 0-3 yr. UST
Clark County Liquidity Fund	\$245.6 mm	0.05	0.08	ICE BAML 3 mon. UST
TOTAL PORTFOLIO	\$1,032.6 mm	1.10	0.95	ICE BAML 1 year UST