



# Clark County Treasurer Investment Pool Monthly Report

February 2020

## Key Performance Indicators

	Feb. 2020	Feb. 2019
County's Book Value Yield	1.95%	2.53%
State LGIP's Book Value Yield	1.68%	2.49%
County's Total Market Return	3.37%	2.24%
Benchmark's Total Market Return	3.17%	2.25%
County's Effective Duration	1.10 yrs.	0.65 yrs.
Benchmark's Duration	0.95 yrs.	0.77 yrs.
Average Maturity	1.47 yrs.	0.90 yrs.
Net Asset Value (N.A.V.)	\$1.009038	\$1.000414
County's Book Value	\$980.7 mm	\$886.0 mm

## Current Market Yields

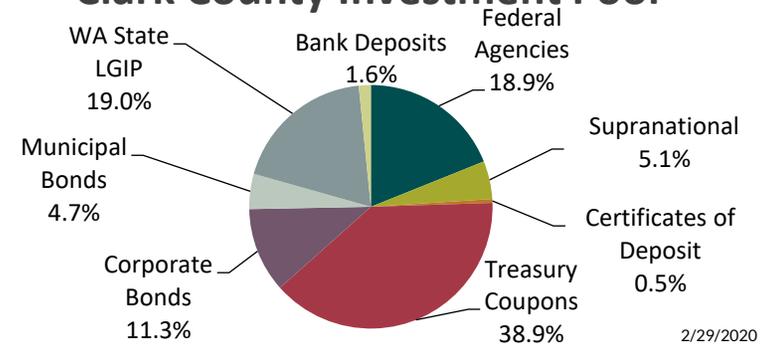
Fed Funds Rate (upper)	1.75%	2.50%
2-year Treasury Note	0.91%	2.51%

- The Clark County Investment Pool earnings rate remained stable during the month of February despite the disruptions to the market, which were mainly due to the corona virus outbreak. Interest rates across the curve took a steep decline towards the end of the month, and while we expect this decline to impact the County pool the drop will be gradual due to investment strategies in place.
- The final week of February was volatile as markets pushed the 10-year and 30-year Treasury yields to all-time lows. The continued spread of the Coronavirus sent fear through the market and nothing was safe as stocks, corporate bonds and commodities were for sale as investors sought the safety of US government bonds. The threat of the virus has caused an increase in concern over the impact on global supply chains, travel and transport, and consumer confidence
- Domestic economic data continued to show a stable economy growing at a moderate pace. The labor market added 225,000 jobs in January and unemployment claims continue at historically low levels. Retail sales came in weak while housing starts were strong as winter weather was unseasonably warm this year.
- The economic and policy outlook due to the virus is still unknown, but investors are still increasingly concerned over the impact on a global level. There are discussions if there will be a "mid-cycle correction" and return to zero interest rates in America.



By the end of February the 2-year treasury yield dropped off to around .91%. The decline in long-term yields was due in large part to fears about the potential impact of the coronavirus on global growth, causing yields across the curve to sharply decline. In January we experienced another inverted yield curve. The last time the yield curve inverted in May of 2019, it did not un-invert until the Fed cut rates three times. Markets are pricing in four rate cuts in the coming twelve months, including at least a 25-basis point (0.25%) cut at their upcoming March 18th meeting. While viruses do not react to rate cuts, the Fed cannot sit idle on the sidelines and be seen as doing nothing.

## Clark County Investment Pool



## Portfolio Summary

	Book Value	Eff Dur	Bench Dur	Benchmark
Clark County Core Invest. Fund	\$778.3 mm	1.38	1.46	ICE BAML 0-3 yr. UST
Clark County Liquidity Fund	\$202.4 mm	0.05	0.08	ICE BAML 3 mon. UST
<b>TOTAL PORTFOLIO</b>	<b>980.7 mm</b>	<b>1.10</b>	<b>0.95</b>	<b>ICE BAML 1 year UST</b>