



Clark County Treasurer Investment Pool Monthly Report

July 2021

Key Performance Indicators

	July 2021	July 2020
County's Book Value Yield	0.60%	1.34%
State LGIP's Book Value Yield	0.18%	0.31%
County's Total Market Return	0.24%	3.03%
Benchmark's Total Market Return	0.23%	2.73%
County's Effective Duration	1.12 yrs.	0.80 yrs.
Benchmark's Duration	0.96 yrs.	0.95 yrs.
Average Maturity	1.42 yrs.	1.18 yrs.
Net Asset Value (N.A.V.)	\$1,004,903	\$1,013,143
County's Book Value	\$1,161.5 mm	\$1,019.2 mm

Current Market Yields

Fed Funds Rate (upper)	0.25%	0.25%
2-year Treasury Note	0.19%	0.11%

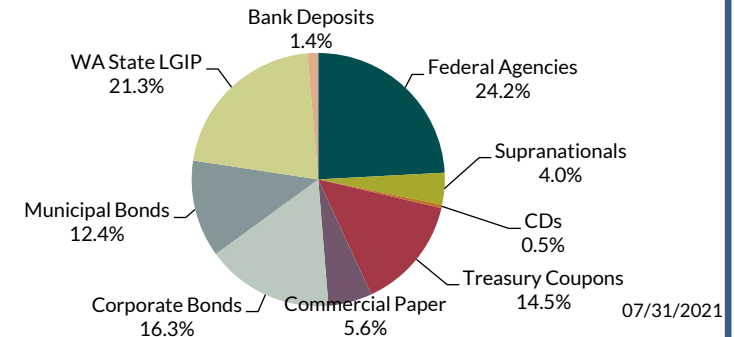
- Treasury yields maintained their downward trend in July. The 2-yr. yield declined 7 basis points from 0.25% to 0.18%, the 5-yr. by 20 basis points while the 10-yr. yield ended the month 25 basis points lower.
- Inflation was high in July and should remain high on a year-over-year basis for the rest of the year and into the start of next year. For now, the upside pressure continues to come from a narrow set of categories related to the ongoing microchip shortage and the reopening of the economy. July's hourly earnings increased 0.40% for a year-over-year increase of 4.00%. This is significant and important to watch as well as signs of rebounding rent prices to see if the inflation narrative turns from transitory to something more lasting.
- July jobs report was strong across the board; 943k non-farm payrolls were added plus 199k in positive revisions. Total jobs still lost since pre-pandemic levels went from 6.8 to 5.7 million. Biggest area of improvement was in leisure and hospitality adding back 380k jobs. Unemployment rate went down to 5.4% even with the labor force increasing 261k.
- July's manufacturing activity ticked down. Companies and suppliers continue to struggle to meet increasing demand. Some reasons cited were near record-long lead time for raw materials, shortages of critical basic materials and parts, rising commodity prices, difficulties in filling open positions, and worker absenteeism.

Auto Inventories – Beyond record low



The chip shortage continues to wreak havoc on the auto industry. Auto inventories are well beyond record lows and are driving up the prices of not only new cars but used cars and auto rentals as well. Current lead time for microchips is now at 20.2 weeks. This is an example of what the Fed is calling transitory inflation. The problem is that the shortage is taking longer than anticipated to iron itself out and the question becomes when does transitory turn persistent?

Clark County Investment Pool



Portfolio Summary

	Book Value	Eff Dur	Bench Dur	Benchmark
Clark County Core Invest. Fund	\$893.5 mm	1.44	1.48	ICE BAML 0-3 yr. UST
Clark County Liquidity Fund	\$268.0 mm	0.01	0.08	ICE BAML 3 mon. UST
TOTAL PORTFOLIO	\$1,161.5 mm	1.12	0.96	ICE BAML 1-year UST