



# Clark County Treasurer Investment Pool Monthly Report

December 2021

## Key Performance Indicators

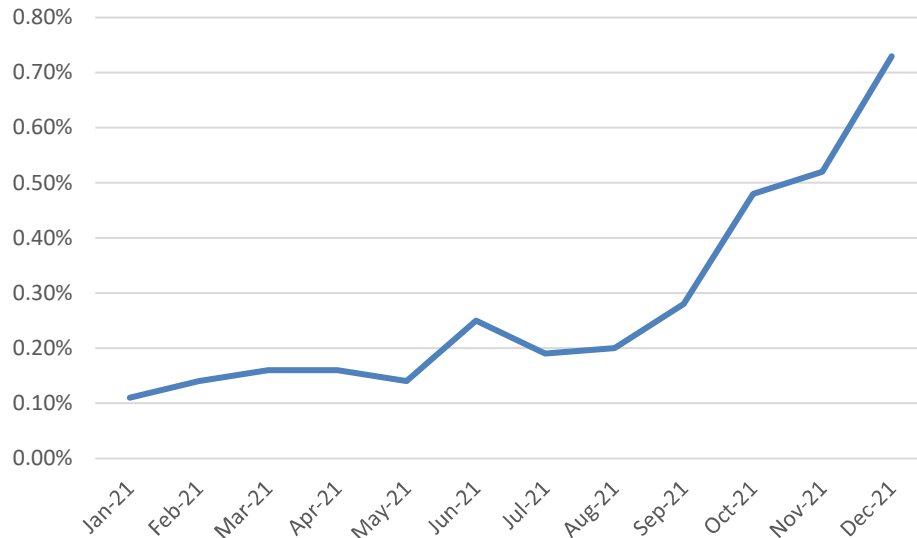
|                                 | <u>Dec. 2021</u> | <u>Dec. 2020</u> |
|---------------------------------|------------------|------------------|
| County's Book Value Yield       | 0.59%            | 1.00%            |
| State LGIP's Book Value Yield   | 0.09%            | 0.16%            |
| County's Total Market Return    | -0.36%           | 2.11%            |
| Benchmark's Total Market Return | 0.03%            | 1.73%            |
| County's Effective Duration     | 1.34 yrs.        | 1.08 yrs.        |
| Benchmark's Duration            | 0.94 yrs.        | 0.92 yrs.        |
| Average Maturity                | 1.47 yrs.        | 1.33 yrs.        |
| Net Asset Value (N.A.V.)        | \$0.998246       | \$1.008861       |
| County's Book Value             | \$1,080.7 mm     | \$1,134.9 mm     |

### Current Market Yields

|                        |       |       |
|------------------------|-------|-------|
| Fed Funds Rate (upper) | 0.25% | 0.25% |
| 2-year Treasury Note   | 0.73% | 0.13% |

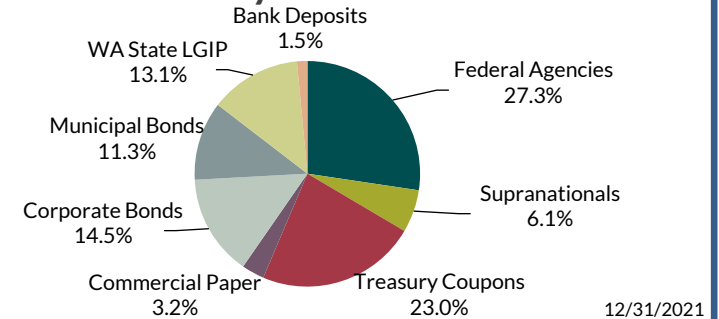
- The Fed took a notable hawkish tone at its December FOMC meeting and press conference, as inflation continues to rise, and the labor market continues to tighten. As anticipated, the Fed doubled the rate at which they are reducing their asset purchases to finish by March 2022. They indicated they don't plan to raise rates until those asset purchases are done. Currently, the market is pricing in four rate hikes in 2022 with the first to occur in March.
- December's job report was just as perplexing as November's. Nonfarm payrolls only added 199k jobs, but the household survey showed an increase of 651k jobs and the unemployment rate dropped sharply from 4.2% to 3.9% which is lower than the Fed long-run target. The 3.6 million jobs still missing from pre-pandemic levels does not seem tied to a lack of demand for workers but rather supply. We have 11 million job openings and less than 6.5 million unemployed, surveys from small business showed hiring workers became the single biggest challenge of 2021. As a result, wages have been driven up 6.1% higher in the fourth quarter compared to the third quarter.
- Both Manufacturing and Services ISM indices dropped in December (Services from its record high) to 59 and 62 respectively, with the main reason being shorter delivery times. This is good news and would give us hope that the worst of the supply chain bottlenecks may be behind us. But the current surge in Covid cases from Omicron will likely have an impact in January's economic data.

## 2-Year Treasury Yields:



As inflation continues to rise and the Fed turns more hawkish, short-term yields continued to climb, especially in the fourth quarter of 2021. Two-year yields hit their record low at the start of 2021 (0.09% on February 5) and closed out the year at 0.73%.

## Clark County Investment Pool



## Portfolio Summary

|                                | Book Value          | Eff Dur     | Bench Dur   | Benchmark                  |
|--------------------------------|---------------------|-------------|-------------|----------------------------|
| Clark County Core Invest. Fund | \$923.4 mm          | 1.56        | 1.47        | ICE BAML 0-3 yr. UST       |
| Clark County Liquidity Fund    | \$157.3 mm          | 0.01        | 0.09        | ICE BAML 3 mon. UST        |
| <b>TOTAL PORTFOLIO</b>         | <b>\$1,080.7 mm</b> | <b>1.34</b> | <b>0.94</b> | <b>ICE BAML 1-year UST</b> |