



# Clark County Treasurer Investment Pool Monthly Report

July 2022

## Key Performance Indicators

	July 2022	July 2021
County's Book Value Yield	1.12%	0.60%
State LGIP's Book Value Yield	1.63%	0.18%
County's Total Market Return	-2.26%	0.24%
Benchmark's Total Market Return	-2.07%	0.23%
County's Effective Duration	1.16 yrs.	1.12 yrs.
Benchmark's Duration	1.34 yrs.	0.96 yrs.
Average Maturity	1.23 yrs.	1.42 yrs.
Net Asset Value (NAV)	\$0.978490	\$1.004903
County's Book Value	\$1,194.0 mm	\$1,161.5 mm

### Current Market Yields

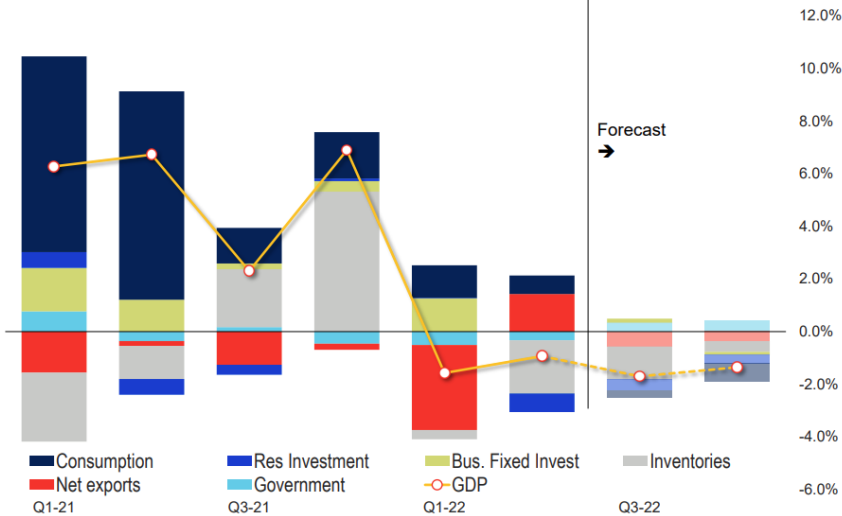
	July 2022	July 2021
Fed Funds Rate (upper)	2.50%	0.25%
2-year Treasury Note	2.88%	0.19%

- The Fed hiked rates by 75 basis points (bps) at its July meeting for the second time placing the federal funds rate between 2.25-2.50%. Again, the June's CPI acceleration surprised to the upside justifying the Fed's aggressive pace. Markets expect the fed funds rate to reach 3.5% by year-end unless inflation continues to surprise to the upside.
- The interest rate curve inverted during the month with the 10-yr yield decreasing 36 bps from 3.01% to 2.65% while the 2-yr yield only decreasing 7 bps from 2.95% to 2.88%. This is the largest negative spread between the 2-yr and the 10-yr since the 2000-2001 downturn and it is a signal that the markets are pricing in a recession.
- Believing the Fed will be successful at stopping inflation, risk assets performed strongly during the month. The S&P 500 posted a monthly gain for the first time since March, rising 9.2%, its best month since 2020.
- The July's job report gave us the lowest unemployment rate since May 1969, 3.46%. That is a 53-yr low! The current employment growth is not sustainable and cannot last amid the Fed's aggressive tightening. Initial Jobless Claims, which is a more real-time measure of employment, has already started to pick up and is back to November 2021's level as well as Continuing Jobless Claims which is back to April's level.

## GDP growth negative two quarters in a row:

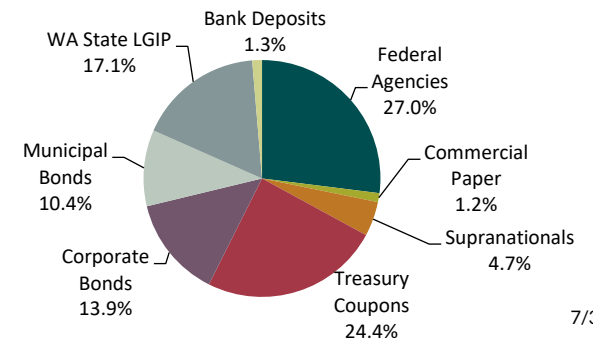
### Real GDP Growth

Qtr/Qtr% Annualized with Sector Contributions



Q1 GDP was -1.6% and the first estimate of Q2 was -0.9%. Two negative GDP quarters is the general definition of a recession. Since the early 1980's, the National Bureau of Economic Research (NBER) is who declares a recession and they wait to see four things: falling production (negative GDP), falling real income, real sales falling, and falling employment. All but falling employment have been met.

## Clark County Investment Pool



## Portfolio Summary

	Book Value	Eff Dur	Bench Dur	Benchmark
Clark County Core Invest. Fund	\$974.5 mm	1.43	1.65	ICE BAML 0-3 yr./3-5 yr UST (90%/10% Blend)
Clark County Liquidity Fund	\$219.5 mm	0.01	0.09	ICE BAML 1 mon. UST
<b>TOTAL PORTFOLIO</b>	<b>\$1,194.0 mm</b>	<b>1.16</b>	<b>1.34</b>	<b>ICE BAML UST 1 mon./0-3 yr./3-5 yr. (20%/72%/8% Blend)</b>