Clark County Treasurer Investment Pool Monthly Report

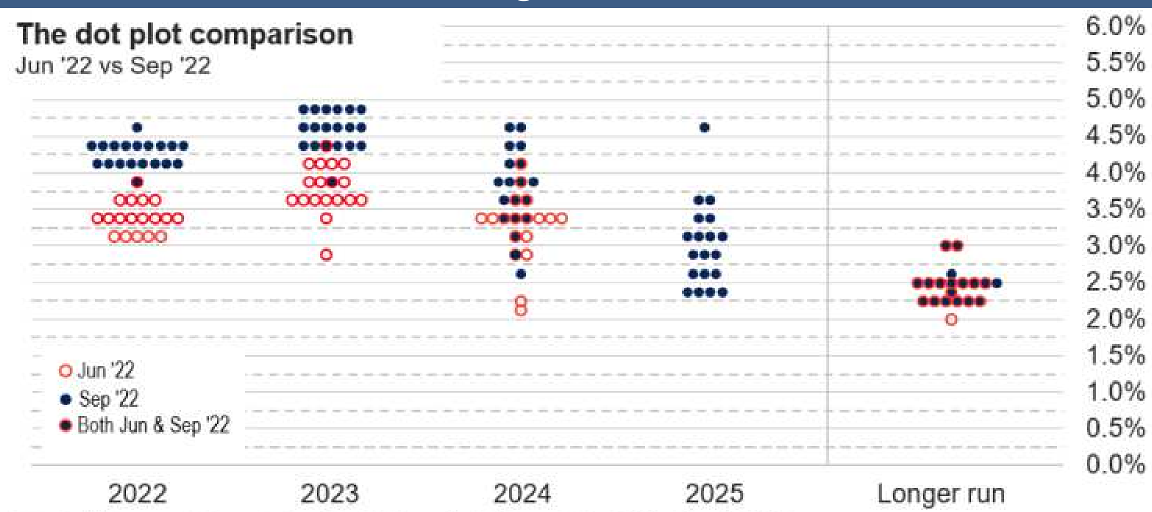
September 2022

Key Performance Indicators

	Sept. 2022	Sept. 2021
County's Book Value Yield	1.36%	0.58%
State LGIP's Book Value Yield	2.55%	0.09%
County's Total Market Return	-3.26%	0.20%
Benchmark's Total Market Return	-3.11%	0.25%
County's Effective Duration	1.19 yrs.	1.14 yrs.
Benchmark's Duration	1.32 yrs.	0.94 yrs.
Average Maturity	1.32 yrs.	1.41 yrs.
Net Asset Value (NAV)	$0.962515	$1.003532
County's Book Value	$1,063.5 mm	$1,090.4 mm
Current Market Yields		
Fed Funds Rate (upper)	3.25%	0.25%
2-year Treasury Note	4.28%	0.28%

- Interest rates moved substantially higher in September as the market reacted to August's stubbornly high inflation data. Not to anyone's surprise, the Fed hiked the federal funds rates another 75 basis points (bps) at its September meeting. Marking the third outsized increase and 300 bps total year-to-date. The Fed continues to send the markets a very specific message, more tightening is still needed to reinstate price stability.
- The 2-yr yield increased 78 bps from 3.50% at the end of August to 4.28% by the end of September, and the 10-yr yield increased 63 bps from 3.20% to 3.83%. The 10-yr flew past its mid-June peak of 3.48% and now mortgage rates are over 6.5%.
- The economy continues to tread water but for how much longer. Consumers have been dipping into their savings for the past 18 months with the latest Personal Saving Rate data revised down from 5.0% to 3.5%. This is near the same level as prior to the Great Recession in 2008.
- The September's job report continued to prove that the job market is still too tight. Nonfarm payrolls added 263k when 255k was expected. A tenth of August's gain in the Labor Participation Rate was reversed causing in the unemployment rate to drop back down to 3.5%. The payroll growth was broad based and, needless to say, is not a welcome sign to a Fed that is trying to restore balance to supply and demand.

Fed Funds Rate *Forecast* Shows Higher Rates to Come

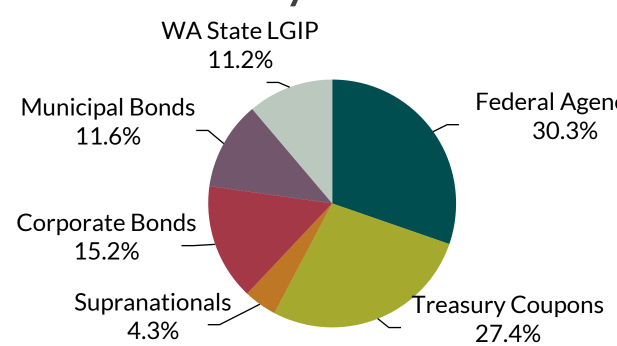


Note: Each dot represents the expectations of one FOMC member. Median projection is 3.4% at the end of 2022, 3.8% at the end of 2023 and 3.4% at teh end of 2024. The longer run median is 2.5%. One member did not submit projections for the longer run.

Source: Federal Reserve Board of Governors

At the June Federal Open Market Committee (FOMC) meeting, the Fed was forecasting the Fed Funds Rate to be at 3.5% by year-end. The market did not fully price in this forecast until mid-August. At the September meeting, the Fed's new forecast puts the Fed Funds Rate at 4.5% by year-end. The market priced this increase in almost immediately. Question is, will the Fed keep increasing its forecast?

Clark County Investment Pool



9/30/2022

Portfolio Summary

	Book Value	Eff Dur	Bench Dur	Benchmark
Clark County Core Invest. Fund	$921.1 mm	1.38	1.61	ICE BAML 0-3 yr./3-5 yr UST (90%/10% Blend)
Clark County Liquidity Fund	$142.4 mm	0.01	0.08	ICE BAML 1 mon. UST
TOTAL PORTFOLIO	**$1,063.5 mm**	**1.19**	**1.32**	**ICE BAML UST 1 mon./0-3 yr./3-5 yr. (20%/72%/8% Blend)**