Clark County Treasurer Investment Pool Monthly Report

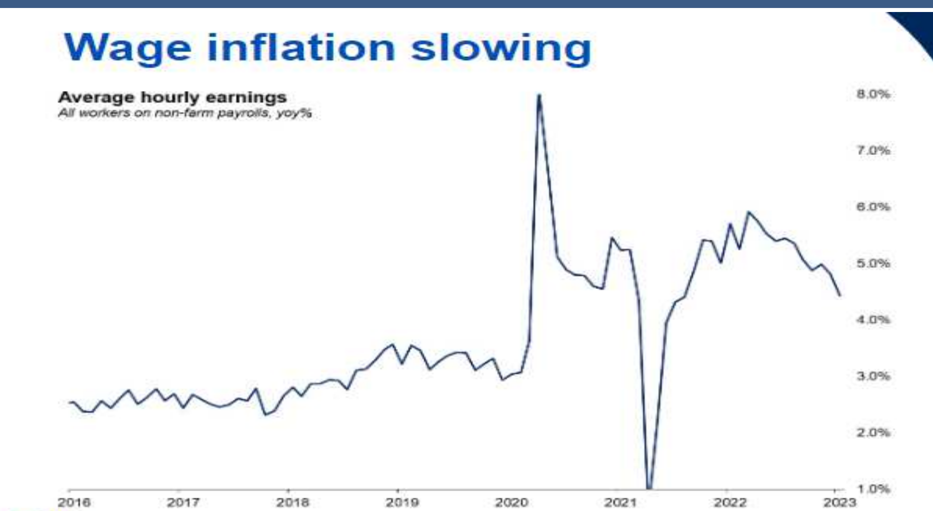
January 2023

Key Performance Indicators

	Jan. 2023	Jan. 2022
County's Book Value Yield	1.66%	0.57%
State LGIP's Book Value Yield	4.39%	0.09%
County's Total Market Return	-0.87%	-0.91%
Benchmark's Total Market Return	-0.96%	-0.44%
County's Effective Duration	1.28 yrs.	1.36 yrs.
Benchmark's Duration	1.41 yrs.	1.33 yrs.
Average Maturity	1.25 yrs.	1.41 yrs.
Net Asset Value (NAV)	$0.971410	$0.992468
County's Book Value	$1,023.4 mm	$1,057.4 mm
Current Market Yields		
Fed Funds Rate (upper)	4.50%	0.25%
2-year Treasury Note	4.21%	1.18%

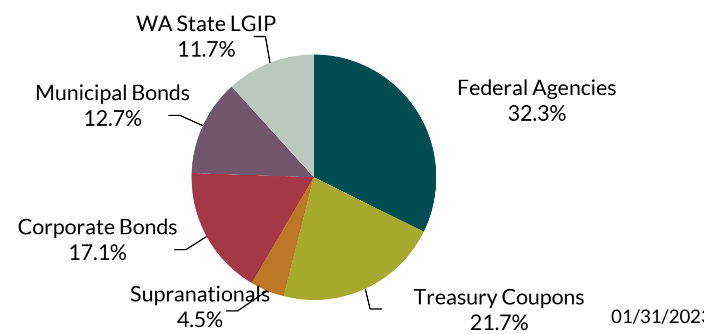
- January rates remain elevated and taming inflation continues to be the focus for the Fed's restrictive monetary policy. The Fed anticipates ongoing increases as necessary to return inflation to 2 percent over time. While inflation has eased somewhat it remains elevated.
- The unemployment rate dropped to 3.4% in January, a new record low since 1969. Despite 450 basis points in rate hikes, the labor market remains tight. Labor force participation rates increased to 62.4% and the prime-age participation rate is up 82.7% - very close to pre-pandemic levels. There are more people participating in the labor force, particularly 25–54-year-olds.
- In December the ISM indices for manufacturing and services both declined, services dropped below 50, one of the largest monthly declines on record. This activity indicated the economy was weakening, however in January the services sector went right back up to 55.2. Weather was the contributing factor for the December decline; airfare, travel, hotel, and restaurants were cancelled due to weather. The January bounce back in services, combined with the labor data put a dent in the markets view that activity is slowing enough to allow the Fed to pause interest rate hikes.
- The US hit the debt ceiling in January and raising the debt ceiling has become a political hot point. Treasury should be able to use tax inflows to keep things functioning into at least June. If Congress fails to raise the $31.4T debt ceiling, there could be sizeable, negative consequences for the U.S. economy.

Wage Inflation:



Wage inflation is slowing and has come down to about 4.5% but is still too high. Wage inflation has had the biggest impact on services, excluding energy and shelter. The fastest job growth has been in the lowest paying industries. These industries have added more workers than higher paying companies, and while these jobs do not pay as much, retailers such as Walmart have raised wages up to 17%. A concern for the Fed is these higher wages will be passed on to consumers through increased prices.

Clark County Investment Pool



Portfolio Summary

	Book Value	Eff Dur	Bench Dur	Benchmark
Clark County Core Invest. Fund	$903.5 mm	1.28	1.59	ICE BAML 0-3 yr./3-5 yr UST (90%/10% Blend)
Clark County Liquidity Fund	$119.9 mm	0.01	0.07	ICE BAML 1 mon. UST
TOTAL PORTFOLIO	**$1,023.4 mm**	**1.28**	**1.41**	**ICE BAML UST 1 mon./0-3 yr./3-5 yr. (20%/72%/8% Blend)**