# Clark County Treasurer Investment Pool Monthly Report

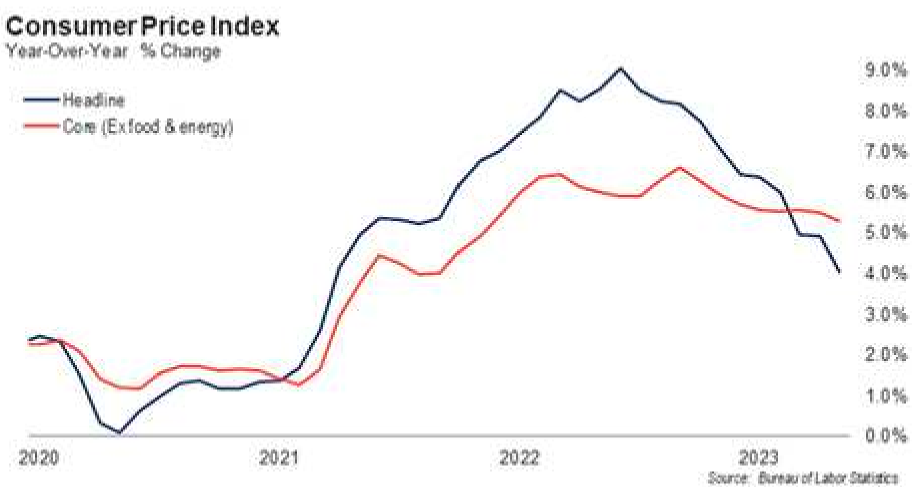
**May 2023**

## Key Performance Indicators

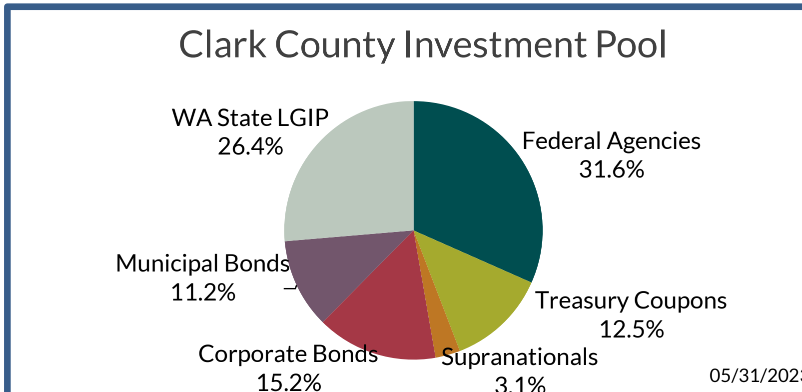
| | May 2023 | May 2022 |
|---|---|---|
| County's Book Value Yield | 2.84% | 0.70% |
| State LGIP's Book Value Yield | 5.15% | 0.70% |
| County's Total Market Return | 1.29% | -2.08% |
| Benchmark's Total Market Return | 1.21% | -1.98% |
| County's Effective Duration | 0.89 yrs. | 1.18 yrs. |
| Benchmark's Duration | 1.36 yrs. | 1.42 yrs. |
| Average Maturity | 1.08 yrs. | 1.25 yrs. |
| Net Asset Value (NAV) | $0.976899 | $0.981816 |
| County's Book Value | $1,157.3 mm | $1,242.9 mm |
| **Current Market Yields** | | |
| Fed Funds Rate (upper) | 5.25% | 1.00% |
| 2-year Treasury Note | 4.41% | 2.56% |

- The Federal Reserve concluded their most recent policy setting meeting on May 3 where they raised rates by 25 basis points, this moved the federal funds target range to 5.00%-5.25%. Noteworthy in the policy statement was the language change from, "the committee anticipates that some additional policy firming may be appropriate" to "in determining the extent to which additional policy firming may be appropriate," leading markets to expect a pause in the rate hiking cycle at the upcoming June meeting.
- Interest rates rose in May as markets put the banking crisis behind them looking ahead to the looming debt ceiling crisis. The 2-yr yield rose by 40 basis points (bps) while the 10-yr yield increased by 22 bps.
- Headline job growth was impressive coming in at 339k jobs added in May, blowing past the 195k gain expected. Details from the household survey showed some softness, yet the 14-month steak of better-than-expected payroll gains is hard to overshadow. The unemployment rate ticked up from 3.4% to 3.7%, the highest level since October 2022, and average hourly earnings rose 0.3% month-over-month, slipping to 4.3% from 4.4% year-over-year. Labor participation remained at 62.6% for the third month in a row. The JOLTS report also surprised to the upside with over 10 million job openings.
- The enduring strength of the labor market continues to push the long-anticipated recession down the road. Consumers have yet to step off the gas, as evidenced by April's 0.5% increase in real consumer spending, which tied the second-largest monthly rise over this past year.

## Core Inflation Moves Sideways




The CPI rose 0.1% headline and 0.4% core, as expected, in May. The year-on-year CPI, at 4.0%, was a tenth lower than expected, while the core, at 5.3%, was a tenth higher. Since March, Core CPI monthly increases have been accelerating, which is not encouraging. Markets are expecting the Fed to pause rate hikes in June, but a pause would be despite the data not because of the data, and further tightening is expected to resume in July.




## Portfolio Summary

| | Book Value | Eff Dur | Bench Dur | Benchmark |
|---|---|---|---|---|
| Clark County Core Invest. Fund | $723.3 mm | 1.35 | 1.59 | ICE BAML 0-3 yr./3-5 yr UST (90%/10% Blend) |
| Clark County Liquidity Fund | $434.0 mm | 0.01 | 0.08 | ICE BAML 1 mon. UST |
| **TOTAL PORTFOLIO** | **$1,157.3 mm** | **0.89** | **1.36** | **ICE BAML UST 1 mon./0-3 yr./3-5 yr. (20%/72%/8% Blend)** |