Clark County Treasurer Investment Pool Monthly Report

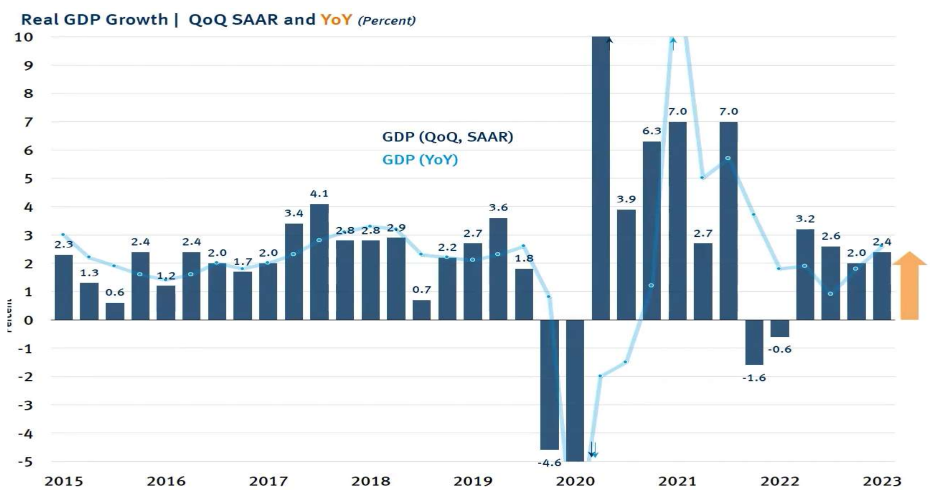
July 2023

Key Performance Indicators

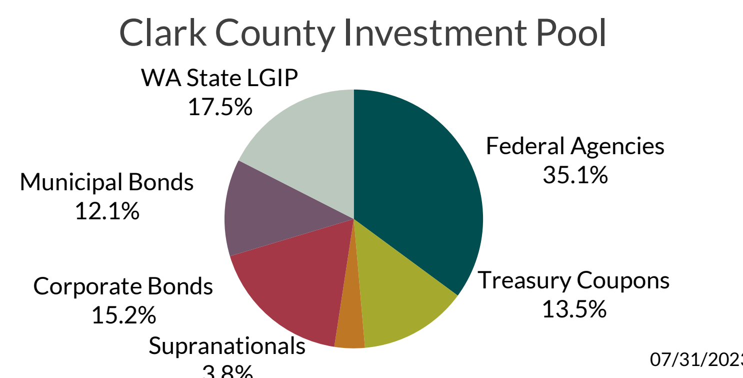
	July 2023	July 2022
County's Book Value Yield	2.52%	1.12%
State LGIP's Book Value Yield	5.24%	1.63%
County's Total Market Return	1.99%	-2.26%
Benchmark's Total Market Return	1.52%	-2.07%
County's Effective Duration	1.09 yrs.	1.16 yrs.
Benchmark's Duration	1.32 yrs.	1.34 yrs.
Average Maturity	1.23 yrs.	1.23 yrs.
Net Asset Value (NAV)	$0.975677	$0.978490
County's Book Value	$1,071.7 mm	$1,194.0 mm
Current Market Yields		
Fed Funds Rate (upper)	5.50%	2.50%
2-year Treasury Note	4.88%	2.88%

- As anticipated, the Federal Reserve hiked another 25 basis points (bps) in July and the Fed Funds rate is now 5.25-5.50%, the highest rate since 2001. Monetary policy seems to be cooling inflation, but economic growth was stronger than expected.
- Growth Domestic Product (GDP) rose 2.4% in the preliminary Q2 report, following a 2.0% gain in the first quarter and marking the strongest quarterly pace since Q4 2022 suggesting the economy gained momentum from the start of the year. Q2 growth estimates were expected to rise 1.8%. According to the Atlanta Fed, third-quarter GDP growth stands to be even stronger, the preliminary estimate suggests a potential rise of 3.5% in Q3. This is based on trend analysis and no actual data.
- Back in March 2023, the 2-year Treasury peaked to 5% then dropped following the banking crisis. It was expected that interest rates would level off, but in June and July rates picked back up and the 2-year ended July at 4.88%.
- The employment report for July was mixed. Nonfarm payrolls rose 187k, weaker than the consensus of 200k and June and May were revised down 24k and 25k. But the unemployment rate dropped back to 3.5% and average hourly earnings were stronger than expected, rising 0.4% in July. The combination of tight labor supply and waning labor demand has slowed job growth to a more typical rate consistent with moderate economic expansion as seen in pre-pandemic years.

Economy Expands 2.4% in Q2



GDP rose 2.4% in the second quarter, beating expectations. Strength was across the board, especially for consumer and business investments. Manufacturing contributed 0.40% to GDP, the biggest contribution from manufacturing structures investment in more than four decades. Growth is slowing, but so is inflation, and at a faster pace than economist expected which bodes well for the Fed's possibility of a 'soft landing'.



Portfolio Summary

	Book Value	Eff Dur	Bench Dur	Benchmark
Clark County Core Invest. Fund	$883.8 mm	1.33	1.59	ICE BAML 0-3 yr./3-5 yr UST (90%/10% Blend)
Clark County Liquidity Fund	$187.9 mm	0.01	0.08	ICE BAML 1 mon. UST
TOTAL PORTFOLIO	**$1,071.7 mm**	**1.09**	**1.32**	**ICE BAML UST 1 mon./0-3 yr./3-5 yr. (20%/72%/8% Blend)**