Clark County Treasurer Investment Pool Monthly Report

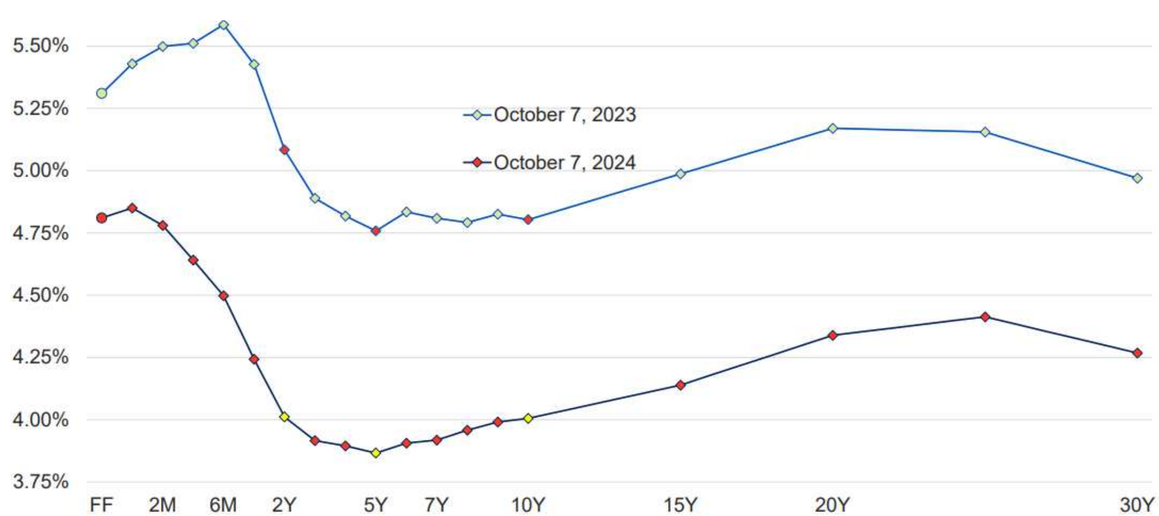
September 2024

Key Performance Indicators

	Sept. 2024	Sept. 2023
County's Book Value Yield	3.88%	2.90%
State LGIP's Book Value Yield	5.23%	5.39%
County's Total Market Return	6.37%	3.66%
Benchmark's Total Market Return	6.36%	3.28%
County's Effective Duration	1.05 yrs.	1.12 yrs.
Benchmark's Duration	1.34 yrs.	1.32 yrs.
Average Maturity	1.30 yrs.	1.29 yrs.
Net Asset Value (NAV)	$1.004248	$0.975328
County's Book Value	$1,023.8 mm	$1,023.3 mm
Current Market Yields		
Fed Funds Rate (upper)	5.00%	5.50%
2-year Treasury Note	3.64%	5.05%

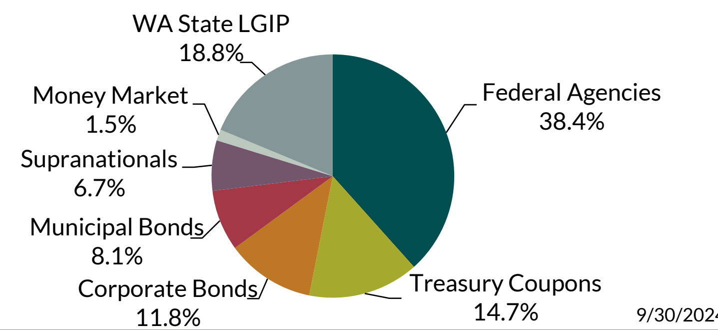
- After 11 hikes and 13 months on the sidelines, the Fed kicked off a series of cuts at its September meeting starting with a 50-basis point (bp) cut right out of the gate. The new Summary of Economic Projections (SEP) forecasts an additional 50 bps worth of cuts before year-end and total of 150 bps before end of 2025.
- Yields continued their descent in September marking the fifth consecutive month of declining rates as both inflation and job growth continue to cool. The 2/10 yield curve finally reverted after more than two years of inversion! The 2-yr treasury yield dropped 28 bps ending the month at 3.64% while the 10-yr treasury dropped 12 bps finishing at 3.78%. Equities rallied yet again with both the S&P 500 and Dow Jones Industrial Average hitting more record highs along the way.
- Core PCE inflation was low in August (released in Sept.) and in Q3 overall, but residual seasonality has kept the annual rate flat in the quarter at 2.7%. The small monthly increases in core PCE are an encouraging sign for the Fed, but core stuck at 2.7% since May is not yet consistent with inflation definitively moving to 2% and makes it premature for The Committee to declare victory on inflation.
- The September's employment report (released early Oct.) was stronger than expected and bond yields spiked in reaction. Nonfarm payrolls rose 254k, about a 100k more than expected and the biggest increase since the 310k rise in March. The net revision to the prior two months was up 72k, marking the first time since last spring there was no sizable downward revision. Unemployment rate ticked down to 4.1%.

The Treasury Curve is Starting to Normalize



The current treasury curve is about 75-100 bps lower than last year and has started to normalize. As the Fed cuts its Fed Funds Rate, the front-end of the yield curve will continue to drop giving us a normal sloping yield curve once the Fed Funds Rate is near neutral. Neutral is when the Fed's monetary policy is neither restrictive nor accommodative. Based on the latest forecast from the Fed, neutral is believed to be around 2.75-3.25%.

Clark County Investment Pool



Portfolio Summary

	Book Value	Eff Dur	Bench Dur	Benchmark
Clark County Core Invest. Fund	$816.3 mm	1.31	1.63	ICE BAML 0-3 yr./3-5 yr. UST (90%/10% Blend)
Clark County Liquidity Fund	$207.5 mm	0.01	0.09	ICE BAML 1 mon. UST
TOTAL PORTFOLIO	**$1,023.8 mm**	**1.05**	**1.34**	**ICE BAML UST 1 mon./0-3 yr./3-5 yr. (20%/72%/8% Blend)**