



# ECONOMIC OUTLOOK & PORTFOLIO REVIEW

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Scott McIntyre, CFA | Managing Director  
[Scott.McIntyre@HilltopSecurities.com](mailto:Scott.McIntyre@HilltopSecurities.com)

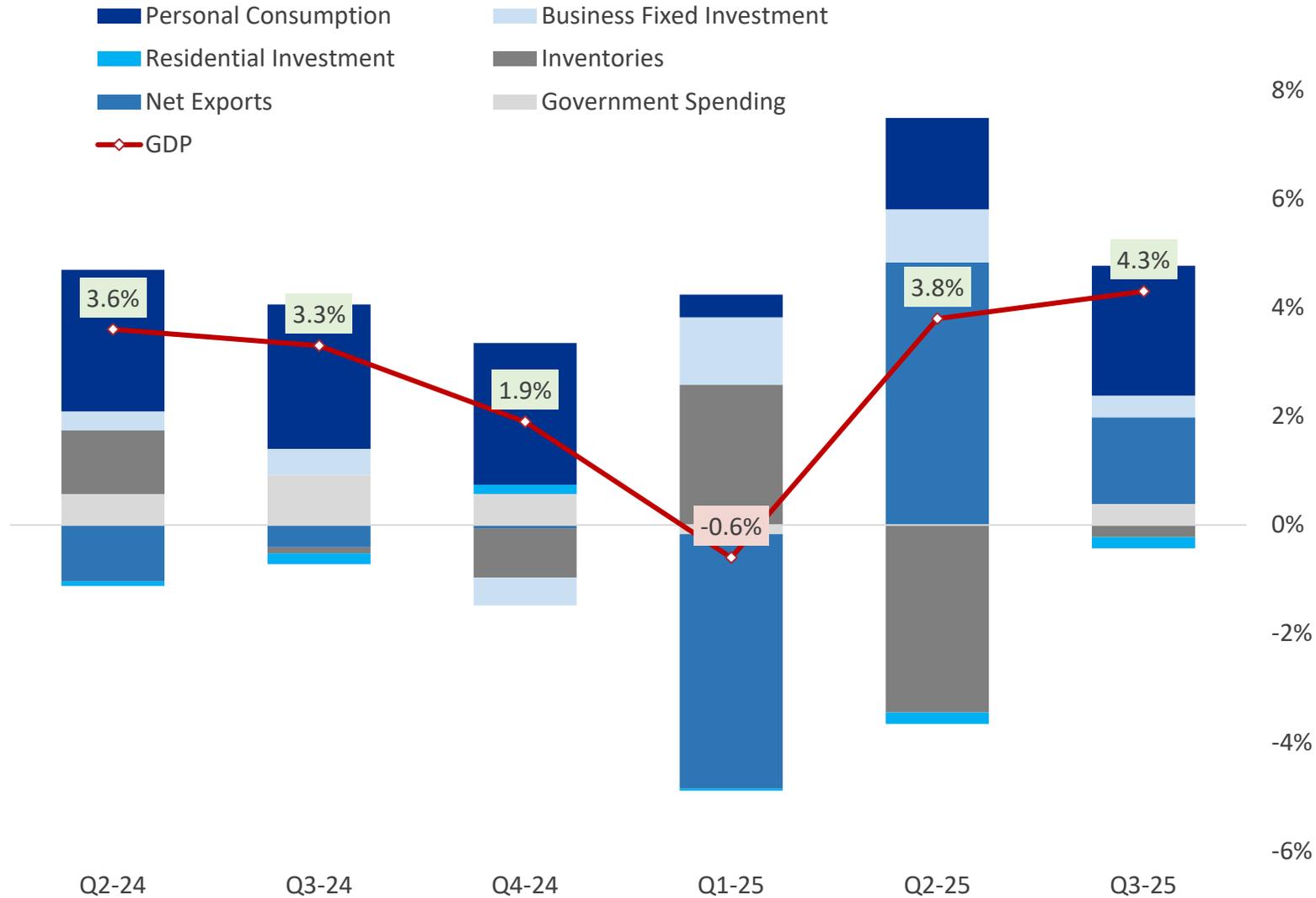
Greg Warner, CTP | Managing Director  
[Greg.Warner@HilltopSecurities.com](mailto:Greg.Warner@HilltopSecurities.com)

## EVENTS DRIVING THE MARKET

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- The FOMC meets *tomorrow* ...we expect the committee will pause until March or April.
- The Supreme Court has failed (so far) to render a verdict on the constitutionality of the reciprocal tariffs.
- The economy continues to exceed expectations, driven by A.I. and the ever-resilient consumer.
- *But growth is not producing jobs.*
- Inflationary pressure is noisy, uneven and *above Fed target*, but should not prohibit rate cuts.
- *Fed issues*: DOJ launches criminal probe of Chairman Powell, and Powell pushes back; Supreme Court hears arguments on whether Trump has the authority to fire Fed Governor Lisa Cook; decision on new Fed Chairman is delayed.
- Another government shutdown next week? *Probably not.*

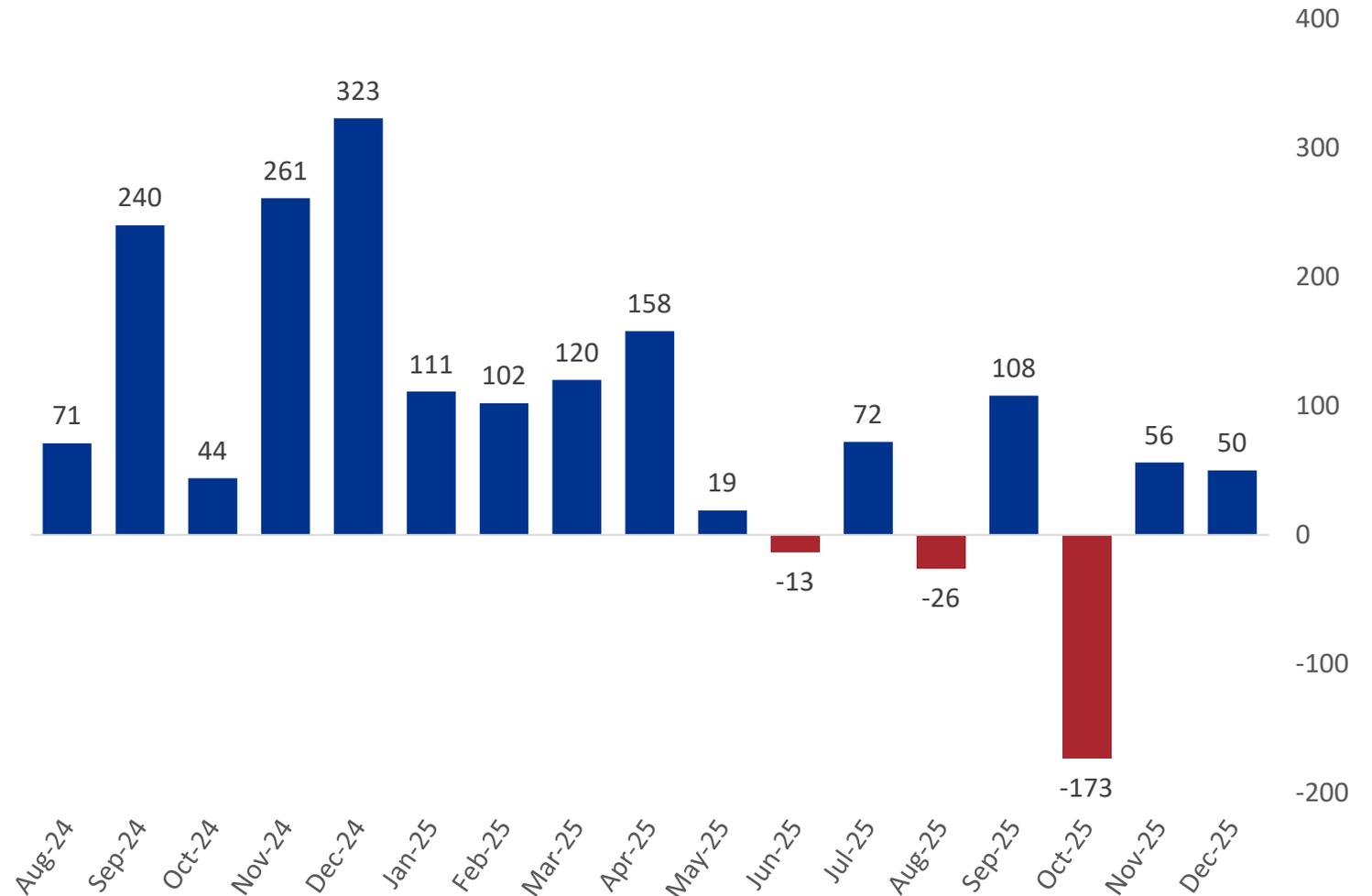
# OVERALL ECONOMY GROSS DOMESTIC PRODUCT (Quarter-over-Quarter annualized percent change)



Source: Bureau of Economic Analysis

## EMPLOYMENT NON-FARM PAYROLLS TOTAL CHANGE (In Thousands)

- Company payrolls were down an average of -22k for the fourth quarter. October payrolls were revised to show a net loss of -173k jobs, although most of this represented previously announced DOGE cuts.
- Manufacturing payroll growth has been negative for *eight consecutive months*.
- For the year, it was *the smallest payroll gain logged since the pandemic*. The question is - *how many jobs are needed, given the significant advances in technology in 2025?* In theory, labor demand has decreased, so there should be fewer hires.

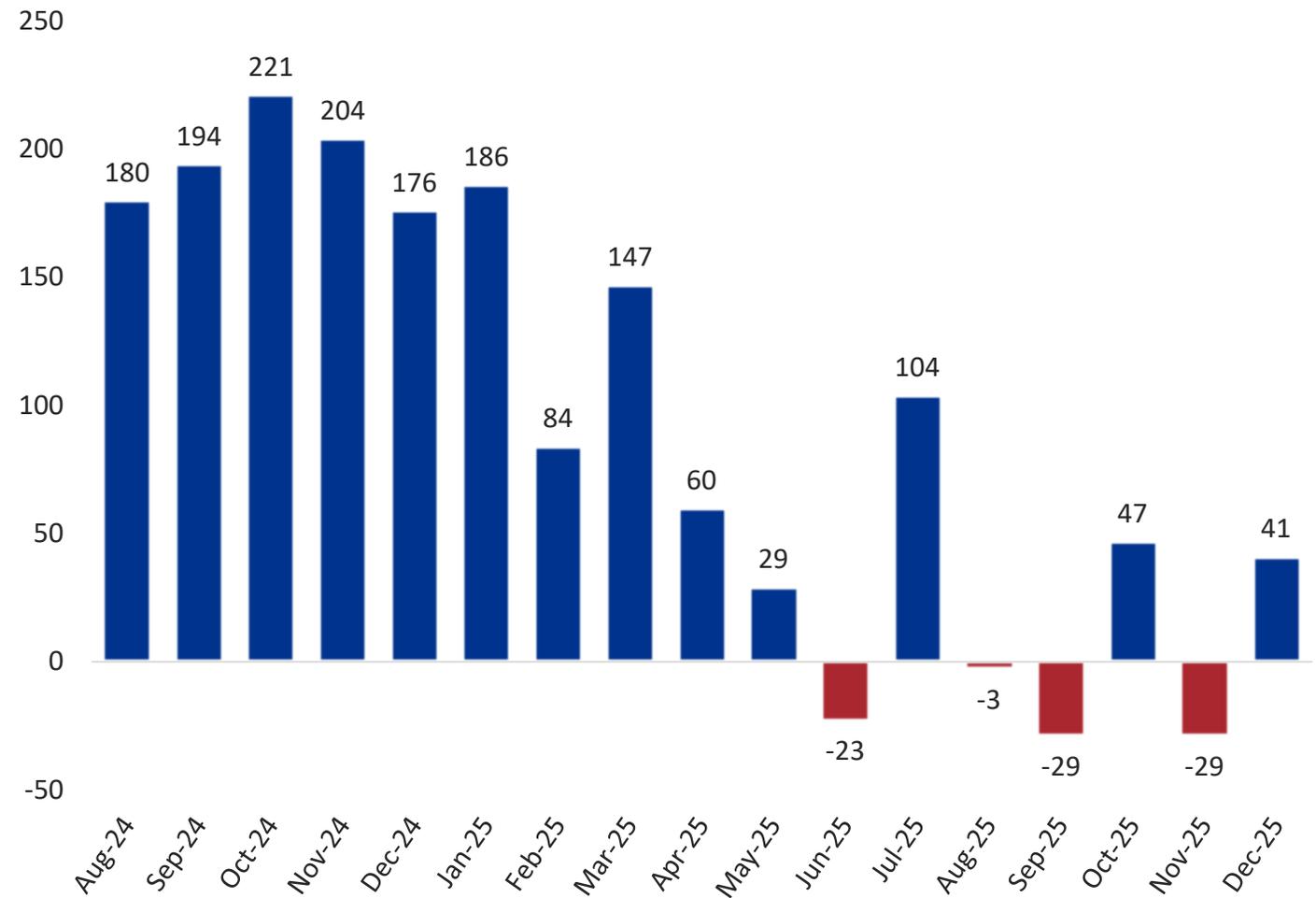


Source: Bureau of Labor Statistics



## EMPLOYMENT ADP PAYROLLS TOTAL CHANGE (In Thousands)

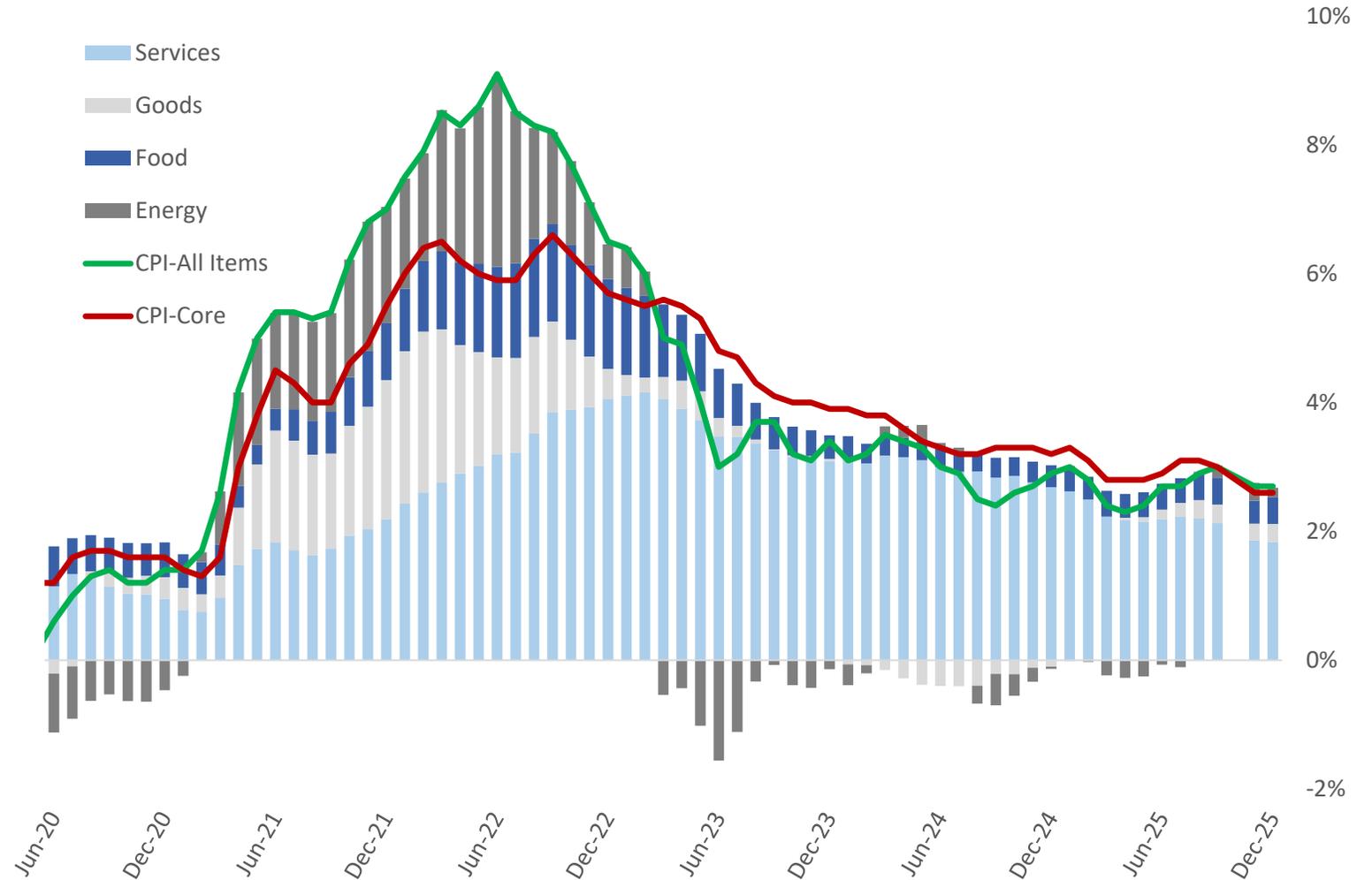
- The slowdown is even more pronounced in the ADP payroll numbers, showing contraction in four of the past seven months.
- The outplacement firm Challenger, Gray & Christmas reported U.S. companies announced the most layoffs in any October since 2003 and triple the amount from a year ago.



Source: Automatic Data Processing



- A lower rate of inflation does not mean lower prices. Overall, prices are still rising. They're just rising at a slower rate.
- The 43-day government shutdown and related BLS closure distorted CPI. *There was no October price data and only partial November.*
- On a year-over-year basis in December, core CPI was +2.6%, *matching the lowest since April 2021.*



Source: Bureau of Labor Statistics

# BOND YIELDS – 2 YEAR TREASURY NOTE YIELD



Source: Bloomberg



## CURRENT INVESTMENT OPTIONS

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### U.S. Treasuries

○ 6-month	<del>3.78%</del>	<del>3.82%</del>	<del>3.68%</del>	3.63%
○ 12-month	<del>3.55%</del>	<del>3.69%</del>	<del>3.59%</del>	3.52%
○ 24-month	<del>3.47%</del>	<del>3.60%</del>	<del>3.56%</del>	3.60%
○ 36-month	<del>3.46%</del>	<del>3.61%</del>	<del>3.58%</del>	3.67%

### Overnight Investment Pools (1/22/26)

○ Fl. Prime	<del>4.29%</del>	<del>4.17%</del>	<del>4.11%</del>	3.91%
○ Fl. Trust	<del>4.25%</del>	<del>4.07%</del>	<del>4.08%</del>	3.73%
○ Fl. Class	<del>4.22%</del>	<del>4.05%</del>	<del>3.97%</del>	3.78%
○ Fl. Safe	<del>4.18%</del>	<del>4.02%</del>	<del>3.95%</del>	3.72%
○ Fl. STAR	<del>4.15%</del>	<del>4.01%</del>	<del>3.93%</del>	3.71%

### Florida QPD Savings

- Multiple banks at 2.00% to 4.00%

## NOTES AND RECOMMENDATIONS

### ■ Upcoming Maturities:

- Feb 25 - \$10.9 mm PALM @ 5.20%.
- Mar 13 - \$10 mm FHLB @ 4.34%

### ■ Recent Transactions

- \$10 mm Treasury to July 2027 @ 3.53% ~~3.58% est.~~
- \$10 mm Treasury to June 2028 @ 3.55% ~~3.56% est.~~
- \$10 mm Synovus Bank CD to Dec 2027 @ 3.62%
- \$10 mm Synovus Bank CD to Dec 2028 @ 3.65%
- \$40 mm City National Bank CD to June 2027 @ 3.65%
- \$10 mm PALM term to July 2026 @ 3.88%.
- \$20 mm PALM term to July 2026 @ 3.83%.
- \$10 mm PALM term to Aug 2026 @ 3.88%.
- \$10 mm PALM term to Nov 2026 @ 3.80%

### ■ Recommended Purchases

- \$10 mm Treasury/agency to July 2027 @ 3.58% est.
- \$10 mm Treasury/agency to Aug 2027 @ 3.59% est.
- \$15 mm Treasury/agency to May 2028 @ 3.63% est.
- \$20 mm Treasury/agency to June 2028 @ 3.62% est.
- \$15 mm Treasury/agency to July 2028 @ 3.63% est.

*Expenses to be paid from **Florida Prime***

*Motion to implement recommendations of our financial advisor based on the report submitted today and recommend the Clerk implement said Board recommendations.*

# PORTFOLIO SNAPSHOT (DECEMBER 31, 2025...PROJECTED JAN)

	December 31 Portfolio			Proposed Invest / (Divest)	Projected Jan Portfolio		
	Allocation	Current %	Policy Limit Deviation		Allocation	Proposed %	Policy Limit Deviation
<b>Cash Equivalents</b>							
Bank QPD Funds	62,732,304	6.2%	-93.8%	-	62,732,304	6.2%	-93.8%
Florida Prime	193,023,277	19.2%	-10.8%	(70,000,000)	123,023,277	12.2%	-17.8%
Other Cash Pools	23,609,504	2.3%	-24.6%	-	23,609,504	2.3%	-24.6%
<b>Total Liquid Funds</b>	279,365,085	27.8%		(70,000,000)	209,365,085	20.8%	
<b>Investments</b>							
Treasuries	322,657,100	32.1%	-67.9%	70,000,000	392,657,100	39.0%	-61.0%
Agencies	155,272,093	15.4%	-64.6%	-	155,272,093	15.4%	-64.6%
MBS	743,497	0.1%	-29.9%	-	743,497	0.1%	-29.9%
Fixed Term Pool (PALM)	131,752,885	13.1%	-24.6%	-	131,752,885	13.1%	-24.6%
Repos	-	0.0%	0.0%	-	-	0.0%	0.0%
Munis	-	0.0%	-20.0%	-	-	0.0%	-20.0%
Corporates	-	0.0%	-10.0%	-	-	0.0%	-10.0%
Commercial Paper	-	0.0%	-20.0%	-	-	0.0%	-20.0%
CDs	115,834,281	11.5%	-13.5%	-	115,834,281	11.5%	-13.5%
<b>Total Investments</b>	726,259,856	72.2%		70,000,000	796,259,856	79.2%	
<b>Total Portfolio</b>	1,005,624,941	100.0%			1,005,624,941	100.0%	

Avg Portfolio Maturity in days (as of 12/31) **347**

(Projected January...) **390**

## Portfolio by Maturity

	Current		Proposed *	
	Portfolio %	WA Yield	Portfolio %	WA Yield
Less than 90 days	29.9%	3.98%	25.0%	4.00%
3 - 12 months	30.9%	4.21%	28.8%	4.20%
Beyond 12 months	39.2%	3.99%	46.2%	3.93%
<b>Total</b>	100.0%	4.06%	100.0%	4.03%

\* Proposed portfolio %.

## Portfolio Stats **12/31/25**

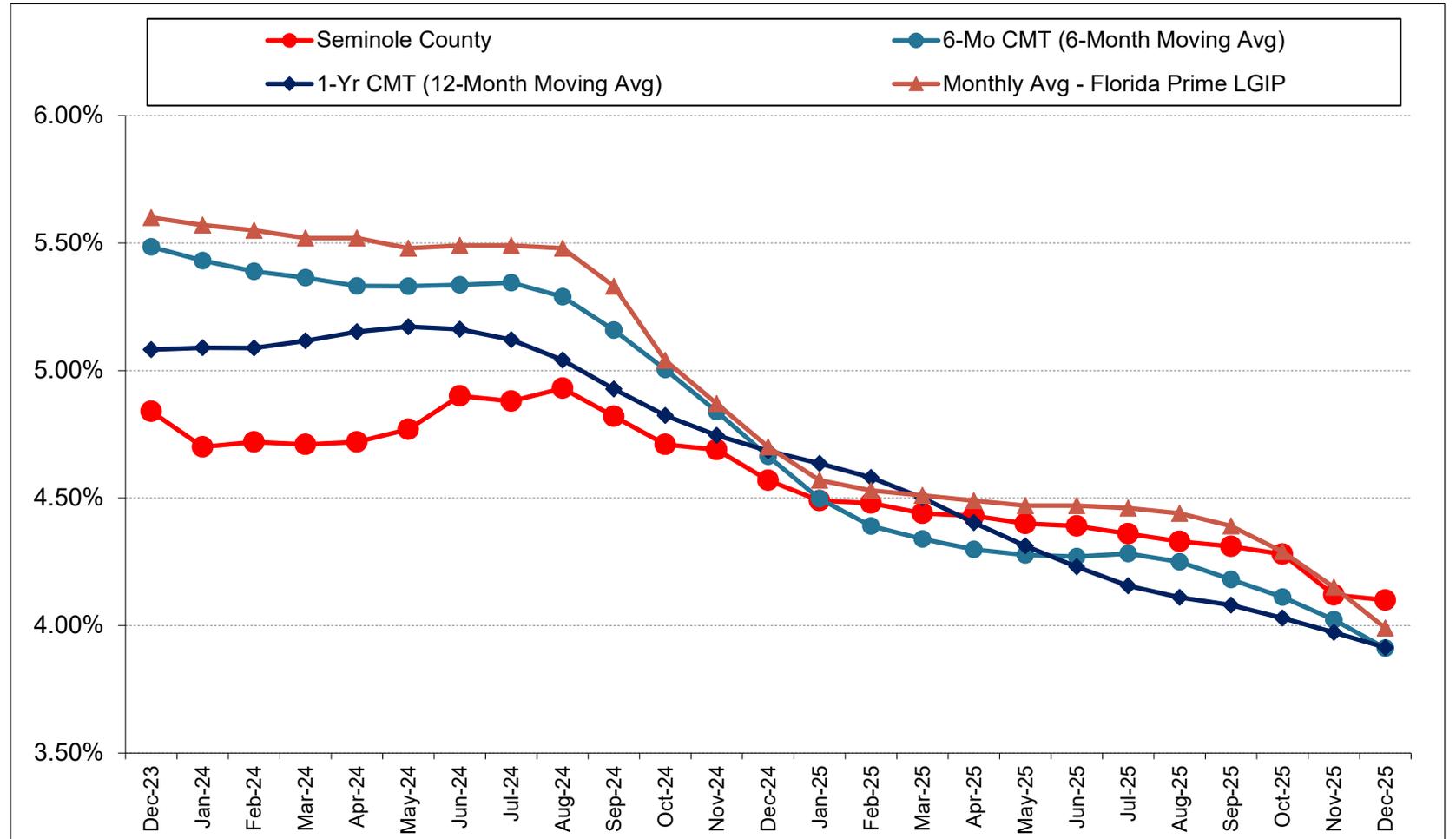
- Avg. maturity: 347 days
- Avg. yield: 4.06%
- Fixed/Floating: 72% / 28%
- <90 days \$300 mm

## Portfolio Stats **1/31/26**

- Avg. maturity: 390 days
- Avg. yield: 4.03%
- Fixed/Floating: 79% / 21%
- <90 days \$251 mm

# BENCHMARK COMPARISON 12/31/2025

Seminole County	6-Mo CMT (6-Month Moving Avg)	1-Yr CMT (12-Month Moving Avg)	Monthly Avg - Florida Prime LGIP
Dec-23	4.84%	5.08%	5.60%
Jan-24	4.70%	5.09%	5.57%
Feb-24	4.72%	5.09%	5.55%
Mar-24	4.71%	5.12%	5.52%
Apr-24	4.72%	5.15%	5.52%
May-24	4.77%	5.17%	5.48%
Jun-24	4.90%	5.16%	5.49%
Jul-24	4.88%	5.12%	5.49%
Aug-24	4.93%	5.04%	5.48%
Sep-24	4.82%	4.93%	5.33%
Oct-24	4.71%	4.82%	5.04%
Nov-24	4.69%	4.75%	4.87%
Dec-24	4.57%	4.69%	4.70%
Jan-25	4.49%	4.64%	4.57%
Feb-25	4.48%	4.58%	4.53%
Mar-25	4.44%	4.50%	4.51%
Apr-25	4.43%	4.40%	4.49%
May-25	4.40%	4.31%	4.47%
Jun-25	4.39%	4.23%	4.47%
Jul-25	4.36%	4.16%	4.46%
Aug-25	4.33%	4.11%	4.44%
Sep-25	4.31%	4.08%	4.39%
Oct-25	4.28%	4.03%	4.29%
Nov-25	4.12%	3.97%	4.15%
Dec-25	4.06%	3.91%	3.99%



## CONTACTS

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Scott McIntyre, CFA | Managing Director  
[Scott.McIntyre@HilltopSecurities.com](mailto:Scott.McIntyre@HilltopSecurities.com)

Greg Warner, CTP | Managing Director  
[Greg.Warner@HilltopSecurities.com](mailto:Greg.Warner@HilltopSecurities.com)

Matt Harris, CFA | Senior Portfolio Advisor  
[Matt.Harris@HilltopSecurities.com](mailto:Matt.Harris@HilltopSecurities.com)

Dan Grant | Portfolio Manager  
[Dan.Grant@HilltopSecurities.com](mailto:Dan.Grant@HilltopSecurities.com)

Andrea Cash | Portfolio Manager  
[Andrea.Cash@HilltopSecurities.com](mailto:Andrea.Cash@HilltopSecurities.com)

2700 Via Fortuna, Suite 410  
Austin, Texas 78746  
512.481.2009  
[HilltopSecurities.com](http://HilltopSecurities.com)

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