



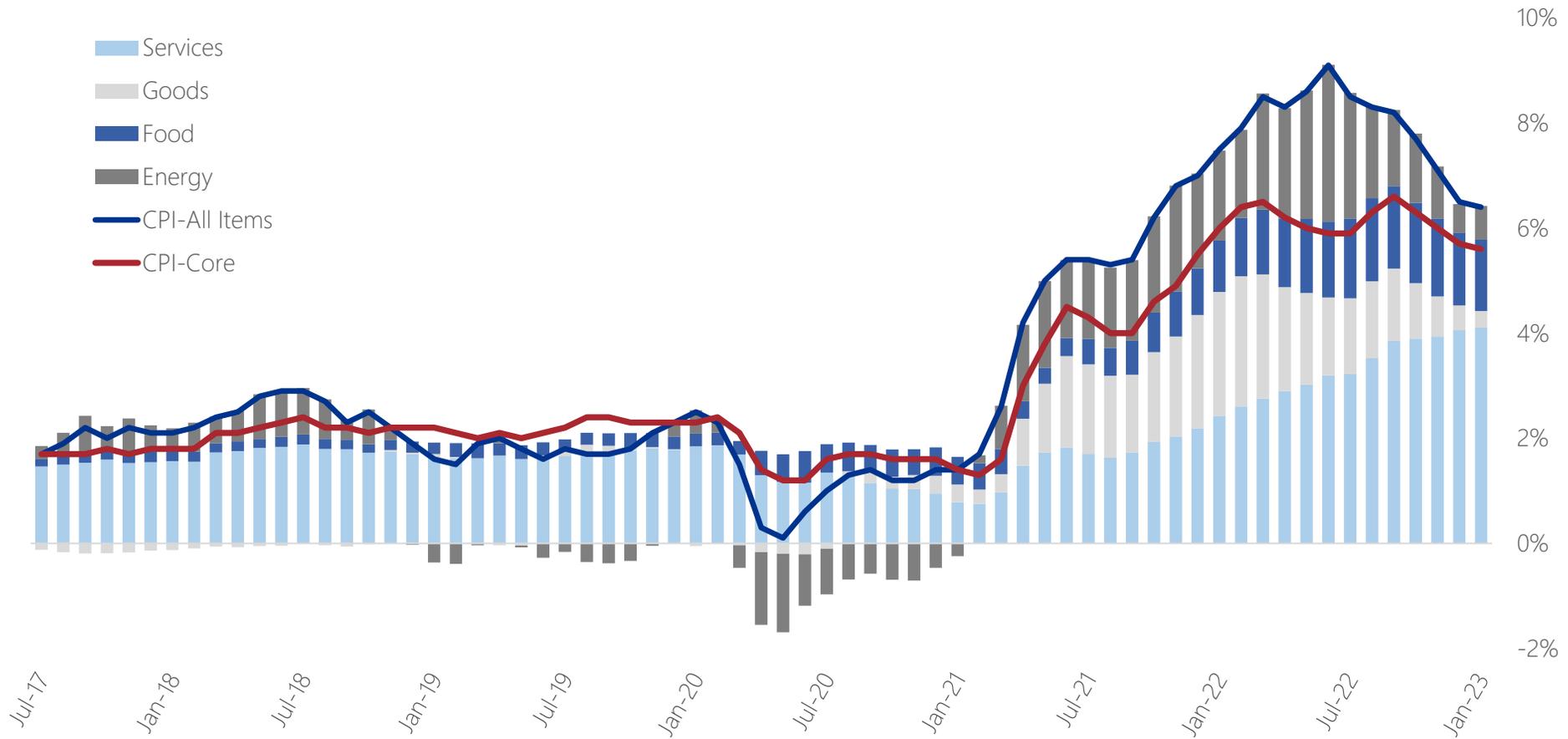
# Economic Outlook and Portfolio Strategy

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- **Unexpected Bank Collapse Sparks Panic and Challenges Fed Resolve**  
Silicon Valley Bank (SVB) suddenly *breaks*, as mass withdrawals force liquidation of underwater Treasury portfolio.
- **Fed Hikes Anyway**  
Last Wednesday, Fed officials raised the overnight target by another quarter point but opened the door to a pause.
- **Bond Yields Plunge; Volatility Rises Sharply**  
The bond market is signaling a 50% chance of one more 25 bp hike on May 3<sup>rd</sup>, with multiple rate cuts beginning in July. However, Fed officials intend to hold the overnight rate above 5% until inflation is squashed, which they expect won't be until 2024.
- **Inflation is Decelerating, but Pace of Decline has Slowed**  
Overall inflation for February in at +0.4% for the month and +6.0% year-over-year after the annual rate peaked at +9.1% last June. It's still 17 straight months with headline inflation at or above +6.0%...

## Consumer Price Index (Year-over-Year % Change)



Source: Bureau of Labor Statistics

# 2-Year Treasury Intraday Yields from (March 1 to March 22)



Source: Bloomberg

# Implied Fed Funds Rate – (3/2/2023 and 3/22/2023)

3/2/2023

3/22/2023

Region: United States » Instrument: Fed Funds Futures »

Target Rate 4.75 Pricing Date 03/02/2023

Effective Rate 4.57 Cur. Imp. O/N Rate 4.574

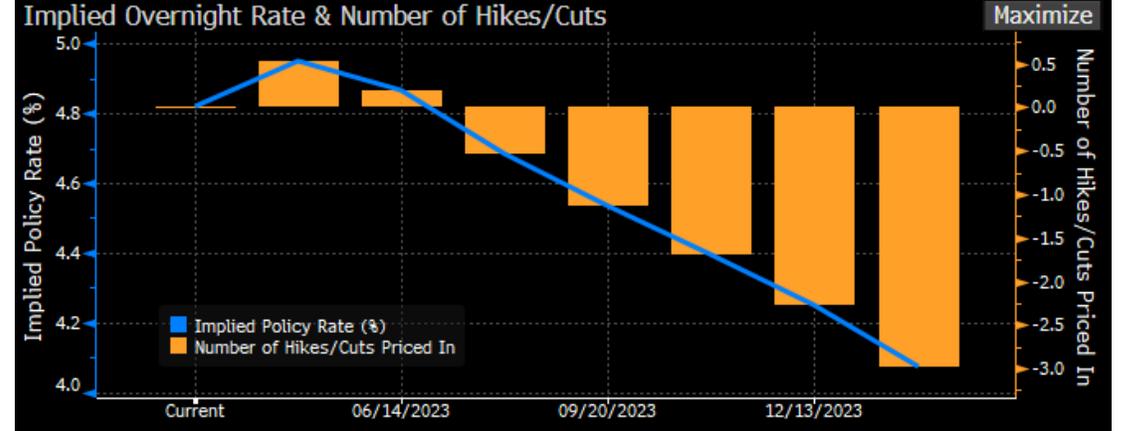
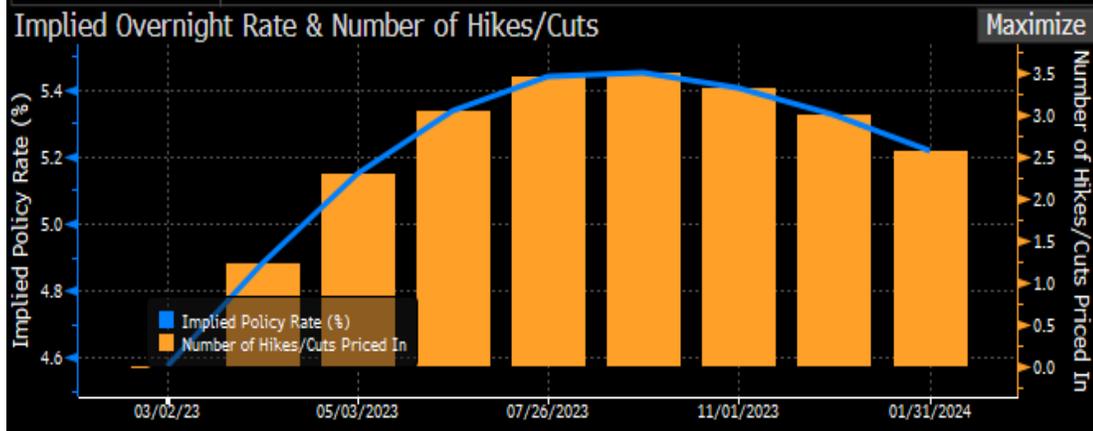
Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
03/22/2023	+1.233	+123.3%	+0.308	4.883	0.250
05/03/2023	+2.296	+106.3%	+0.574	5.148	0.250
06/14/2023	+3.033	+73.7%	+0.758	5.333	0.250
07/26/2023	+3.443	+41.0%	+0.861	5.435	0.250
09/20/2023	+3.498	+5.5%	+0.874	5.449	0.250
11/01/2023	+3.307	-19.1%	+0.827	5.401	0.250
12/13/2023	+3.000	-30.7%	+0.750	5.324	0.250
01/31/2024	+2.563	-43.7%	+0.641	5.215	0.250

Region: United States » Instrument: Fed Funds Futures »

Target Rate 5.00 Pricing Date 03/22/2023

Effective Rate 4.58 Cur. Imp. O/N Rate 4.818

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
05/03/2023	+0.531	+53.1%	+0.133	4.950	0.250
06/14/2023	+0.197	-33.5%	+0.049	4.867	0.250
07/26/2023	-0.530	-72.7%	-0.132	4.685	0.250
09/20/2023	-1.130	-60.0%	-0.283	4.535	0.250
11/01/2023	-1.699	-56.9%	-0.425	4.393	0.250
12/13/2023	-2.272	-57.3%	-0.568	4.249	0.250
01/31/2024	-2.980	-70.8%	-0.745	4.073	0.250



Source: Bloomberg

- U.S. Treasuries

○ 6-month	<del>4.81%</del>	<del>5.09%</del>	4.78%
○ 12-month	<del>4.66%</del>	<del>5.04%</del>	4.41%
○ 24-month	<del>4.15%</del>	<del>4.80%</del>	3.92%
○ 36-month	<del>3.80%</del>	<del>4.53%</del>	3.71%

- Florida QPD Savings

- Multiple banks at 0.75% to 5.00%

- Overnight Investment Pools

○ Fl. Prime	4.77%
○ Fl. Trust	4.58%
○ Fl. Class	4.76%
○ Fl. Safe	4.71%
○ Fl. PALM	4.74%
○ Fl. STAR	4.57%

## ■ Upcoming Maturities:

- 3/31/23 \$20 mm T-note @ 1.56%
- 4/05/23 \$20 mm FL PALM @ 2.12%
- 4/30/23 \$10 mm T-note @ 0.45%
- 5/13/23 \$10 mm FL PALM @ 5.14%
- 5/31/23 \$8 mm FHLB @ 4.66%
- 5/31/23 \$20 mm T-note @ 1.71%

## ■ Recommended Purchases \*

- \$20 mm FL PALM roll-over @ 4.90%

\* *Extreme market volatility may present an opportunity. Otherwise, maturing note proceeds in March will add to liquidity balance.*

## ■ *Recent Investments:*

- \$15 mm FHLB 5/15/25 @ ~~5.15%~~ 5.05%

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

*Monthly expenses to be paid from maturing securities and Florida Prime pool balance*

# Portfolio Snapshot (February 28 ...projected March 31)

	February 28 Portfolio			Proposed Invest / (Divest)	Projected March Portfolio		
	Allocation	Current %	Policy Limit Deviation		Allocation	Proposed %	Policy Limit Deviation
<b>Cash Equivalents</b>							
Bank QPD Funds	107,104,805	12.2%	-87.8%	-	107,104,805	12.2%	-87.8%
Florida Prime	29,356,191	3.4%	-26.6%	5,000,000	34,356,191	3.9%	-26.1%
Other Cash Pools	18,024,820	2.1%	-22.0%	-	18,024,820	2.1%	-22.0%
<b>Total Liquid Funds</b>	154,485,816	17.6%		5,000,000	159,485,816	18.2%	
<b>Investments</b>							
Treasuries	314,408,748	35.9%	-64.1%	(20,000,000)	294,408,748	33.6%	-66.4%
Agencies	265,662,970	30.3%	-49.7%	15,000,000	280,662,970	32.1%	-47.9%
MBS	1,331,955	0.2%	-29.8%	-	1,331,955	0.2%	-29.8%
Fixed Term Pool (PALM)	139,808,873	16.0%	-22.0%	-	139,808,873	16.0%	-22.0%
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	-	0.0%	-25.0%	-	-	0.0%	-25.0%
<b>Total Investments</b>	721,212,546	82.4%		(5,000,000)	716,212,546	81.8%	
<b>Total Portfolio</b>	875,698,362	100.0%			875,698,362	100.0%	

Avg Portfolio Maturity in days (as of 2/28) **296**

(Projected Mar...) **309**

## Portfolio by Maturity

	Current	
	Portfolio %	WA Yield
Less than 90 days	27.7%	3.81%
3 - 12 months	36.2%	3.14%
Beyond 12 months	36.1%	3.96%
<b>Total</b>	100.0%	3.62%

	Proposed *	
	Portfolio %	WA Yield
Less than 90 days	36.7%	3.72%
3 - 12 months	28.3%	3.44%
Beyond 12 months	35.0%	4.00%
<b>Total</b>	100.0%	3.74%

\* Proposed portfolio %.

## Portfolio Stats 2/28/23

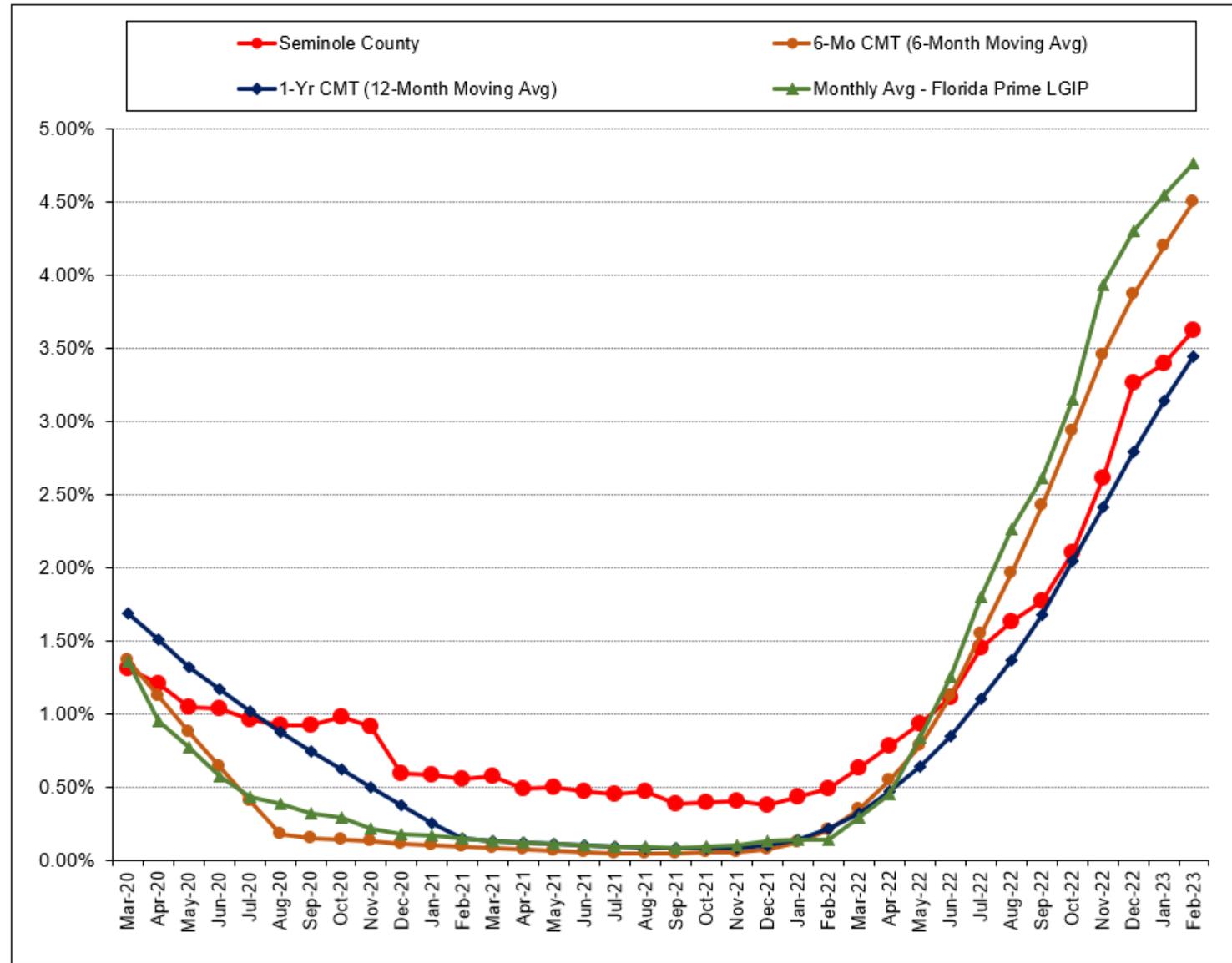
- Avg. maturity: 296 days
- Avg. yield: 3.62%
- Fixed/Floating: 82% / 18%
- <90 days \$243 mm

## Estimated Portfolio 3/31/23

- Avg. maturity: 292 days
- Avg. yield: 3.74%
- Fixed/Floating: 82% / 18%
- <90 days \$301 mm

# Benchmark Comparison 2/28/2023

Seminole County	6-Mo CMT (6-Month Moving Avg)	1-Yr CMT (12-Month Moving Avg)	Monthly Avg - Florida Prime LGIP
Mar-20	1.31%	1.37%	1.69%
Apr-20	1.21%	1.12%	1.51%
May-20	1.05%	0.88%	1.32%
Jun-20	1.04%	0.64%	1.17%
Jul-20	0.96%	0.40%	1.02%
Aug-20	0.92%	0.18%	0.88%
Sep-20	0.92%	0.15%	0.74%
Oct-20	0.98%	0.14%	0.62%
Nov-20	0.91%	0.13%	0.50%
Dec-20	0.59%	0.12%	0.38%
Jan-21	0.58%	0.11%	0.26%
Feb-21	0.56%	0.10%	0.15%
Mar-21	0.57%	0.09%	0.13%
Apr-21	0.49%	0.07%	0.12%
May-21	0.50%	0.06%	0.11%
Jun-21	0.47%	0.05%	0.10%
Jul-21	0.45%	0.05%	0.09%
Aug-21	0.47%	0.05%	0.09%
Sep-21	0.39%	0.05%	0.09%
Oct-21	0.40%	0.05%	0.08%
Nov-21	0.40%	0.06%	0.09%
Dec-21	0.38%	0.07%	0.10%
Jan-22	0.43%	0.12%	0.14%
Feb-22	0.49%	0.21%	0.21%
Mar-22	0.63%	0.35%	0.32%
Apr-22	0.78%	0.54%	0.47%
May-22	0.93%	0.78%	0.64%
Jun-22	1.11%	1.12%	0.85%
Jul-22	1.45%	1.55%	1.10%
Aug-22	1.63%	1.96%	1.37%
Sep-22	1.77%	2.43%	1.68%
Oct-22	2.10%	2.93%	2.05%
Nov-22	2.61%	3.45%	2.42%
Dec-22	3.27%	3.87%	2.79%
Jan-23	3.40%	4.20%	3.15%
Feb-23	3.62%	4.50%	3.45%



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