

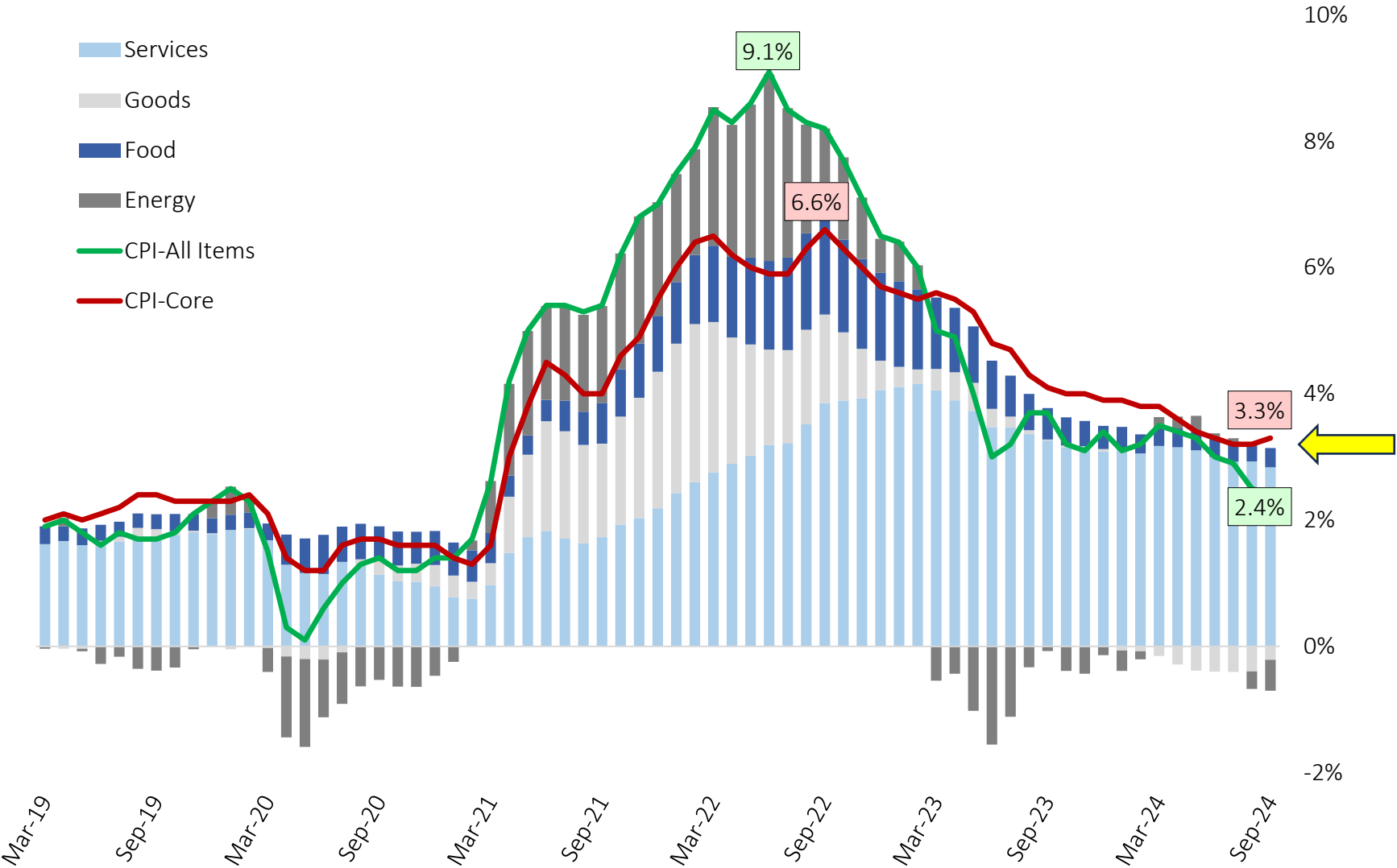


Economic Outlook and Portfolio Strategy

October 22, 2024

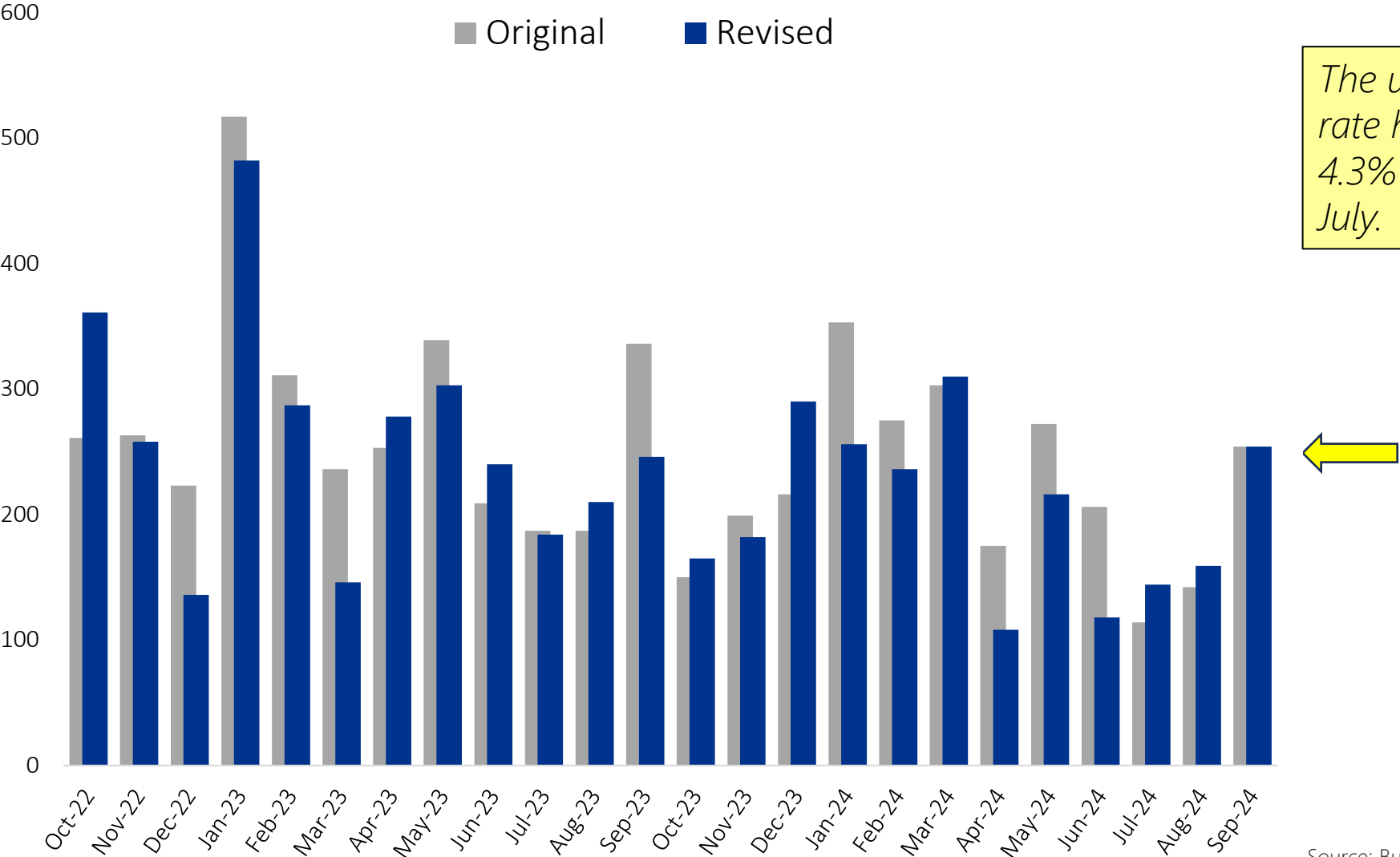
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- Treasury yields reached 24-month lows *last month* but have been gradually climbing on labor market resilience, an improved (short-term) economic outlook and lingering pockets of inflation.
- The Fed meets again in two weeks. We expect a 25 bp rate cut. However, expectations for more aggressive cuts going forward will depend on the data*and the election results.*



The three-month, annualized core rate rose from +1.6% to +2.1% last month.

Source: Bureau of Labor Statistics



The unemployment rate has fallen from 4.3% to 4.1% since July.



Source: Bureau of Labor Statistics

	Q3 24	Q4 24	Q1 25	Q2 25	Q3 25	Q4 25	Q1 26	Q2 26	Q3 26	Q4 26
Economy										
Real GDP Q-Q% SAAR	2.00	1.40	1.60	1.90	2.00	2.00	2.10			
Unemployment Rate	4.30	4.40	4.40	4.40	4.40	4.40	4.30			
Headline CPI (Y-O-Y)	2.60	2.50	2.20	2.10	2.20	2.30	2.30			
Core PCE (Y-O-Y)	2.60	2.60	2.30	2.10	2.20	2.20	2.10			
Fed Funds (Upper Bound) Current = 5.50										
Sept Survey Median	n/a	4.50	4.00	3.75	3.50	3.25	3.25	3.00	3.00	3.00
August Survey Median	n/a	4.75	4.25	4.00	3.75	3.50	3.50	3.25	3.25	3.25
Change in Medians	n/a	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
Treasury Yields 9/27/2024										
Average US 2-Year	3.59	n/a	3.55	3.42	3.31	3.26	3.20	3.14	3.13	3.14
Average US 5-Year	3.53	n/a	3.54	3.49	3.45	3.45	3.44	3.44	3.44	3.46
Average US 10-Year	3.77	n/a	3.73	3.69	3.68	3.70	3.68	3.63	3.64	3.64
Average US 30-Year	4.11	n/a	4.02	3.99	3.98	4.01	4.02	4.01	4.02	4.03

The US economy will expand 2.6% in 2024, 1.8% in 2025, and 2.0% in 2026 according to a survey by Bloomberg News.

- Survey of 75 economists conducted from Sept. 20 to Sept. 25
- Chance of a recession happening over the next 12 months is 30% versus prior survey 31.5%, according to 43 respondents
- Q3 2024 GDP forecast at +2.0% q/q annualized versus prior survey +1.7%
- Q4 2024 GDP forecast at +1.4% q/q annualized versus prior survey +1.5%
- 2024 CPI forecast unchanged at +2.9% y/y versus prior survey
- 2025 CPI forecast at +2.2% y/y versus prior survey +2.3%
- Fed funds rate upper-bound at 4.75% at Nov. 7 meeting, current rate is 5.00%

■ U.S. Treasuries

○ 6-month	5.18%	4.88%	4.47%	4.45%
○ 12-month	4.87%	4.36%	3.98%	4.19%
○ 24-month	4.50%	3.90%	3.64%	3.96%
○ 36-month	4.27%	3.72%	3.52%	3.87%

■ Florida QPD Savings

○ Multiple banks at <u>2.60%</u> to 5.50% <u>5.00%</u>

Overnight Investment Pools (10/15/24)

○ Fl. Prime	5.46%	5.29%	5.04%
○ Fl. Trust	5.41%	5.38%	5.02%
○ Fl. Class	5.36%	5.32%	4.98%
○ Fl. Safe	5.30%	5.21%	4.98%
○ Fl. PALM	5.36%	5.35%	4.99%
○ Fl. STAR	5.31%	5.01%	4.90%

■ Upcoming Maturities:

- Nov 12 FL Palm \$10.3 mm @ 5.40%
- Nov 18 FFCB \$13 mm @ 4.55%
- Dec 13 FHLB \$10 mm @ 4.55%
- Dec 16 FL Palm \$21.7 mm @ 5.00%
- Dec 30 FHLMC \$20 mm @ 4.52%

■ Recent Investments:

\$10 mm FFCB June 2027 @ 3.48% (est. 3.54%)
\$10 mm Treasury July 2027 @ 3.45% (est. 3.53%)
\$10 mm FNMA (disc call) Sept 2027 @ 3.55% (est. 3.52%)
\$10.4 PALM (roll) Sept 2025 @ 3.96%
\$10 mm PALM (roll) Oct 2025 @ 4.38%

■ Recommended Purchases

Drain period. No recommended purchases this month.

Monthly expenses to be paid from balances in Florida Prime pool.

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

Preliminary Portfolio Snapshot (September ...projected Oct 31, 2024)

	September 30 Portfolio			Proposed Invest / (Divest)	Projected Oct Portfolio		
	Allocation	Current %	Policy Limit Deviation		Allocation	Proposed %	Policy Limit Deviation
Cash Equivalents							
Bank QPD Funds	59,446,557	7.3%	-92.7%	-	59,446,557	7.3%	-92.7%
Florida Prime	81,213,741	10.0%	-20.0%	21,248,200	102,461,941	12.7%	-17.3%
Other Cash Pools	18,580,554	2.3%	-20.2%	-	18,580,554	2.3%	-22.8%
Total Liquid Funds	159,240,852	19.7%		21,248,200	180,489,052	22.3%	
Investments							
Treasuries	45,530,910	5.6%	-94.4%	-	45,530,910	5.6%	-94.4%
Agencies	409,070,900	50.6%	-29.4%	-	409,070,900	50.6%	-29.4%
MBS	1,040,842	0.1%	-29.9%	-	1,040,842	0.1%	-29.9%
Fixed Term Pool (PALM)	141,824,661	17.5%	-20.2%	(21,248,200)	120,576,461	14.9%	-22.8%
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	52,509,969	6.5%	-18.5%	-	52,509,969	6.5%	-18.5%
Total Investments	649,977,282	80.3%		(21,248,200)	628,729,082	77.7%	
Total Portfolio	809,218,134	100.0%			809,218,134	100.0%	
Avg Portfolio Maturity in days (as of 9/30)	302				(Projected Oct...)	308	

Portfolio by Maturity

	Current	
	Portfolio %	WA Yield
Less than 90 days	32.9%	5.08%
3 - 12 months	34.2%	4.86%
Beyond 12 months	32.9%	4.51%
Total	100.0%	4.82%

	Proposed *	
	Portfolio %	WA Yield
Less than 90 days	33.5%	4.90%
3 - 12 months	39.2%	4.80%
Beyond 12 months	27.4%	4.51%
Total	100.0%	4.75%

* Proposed portfolio %.

Portfolio Stats 9/30/24

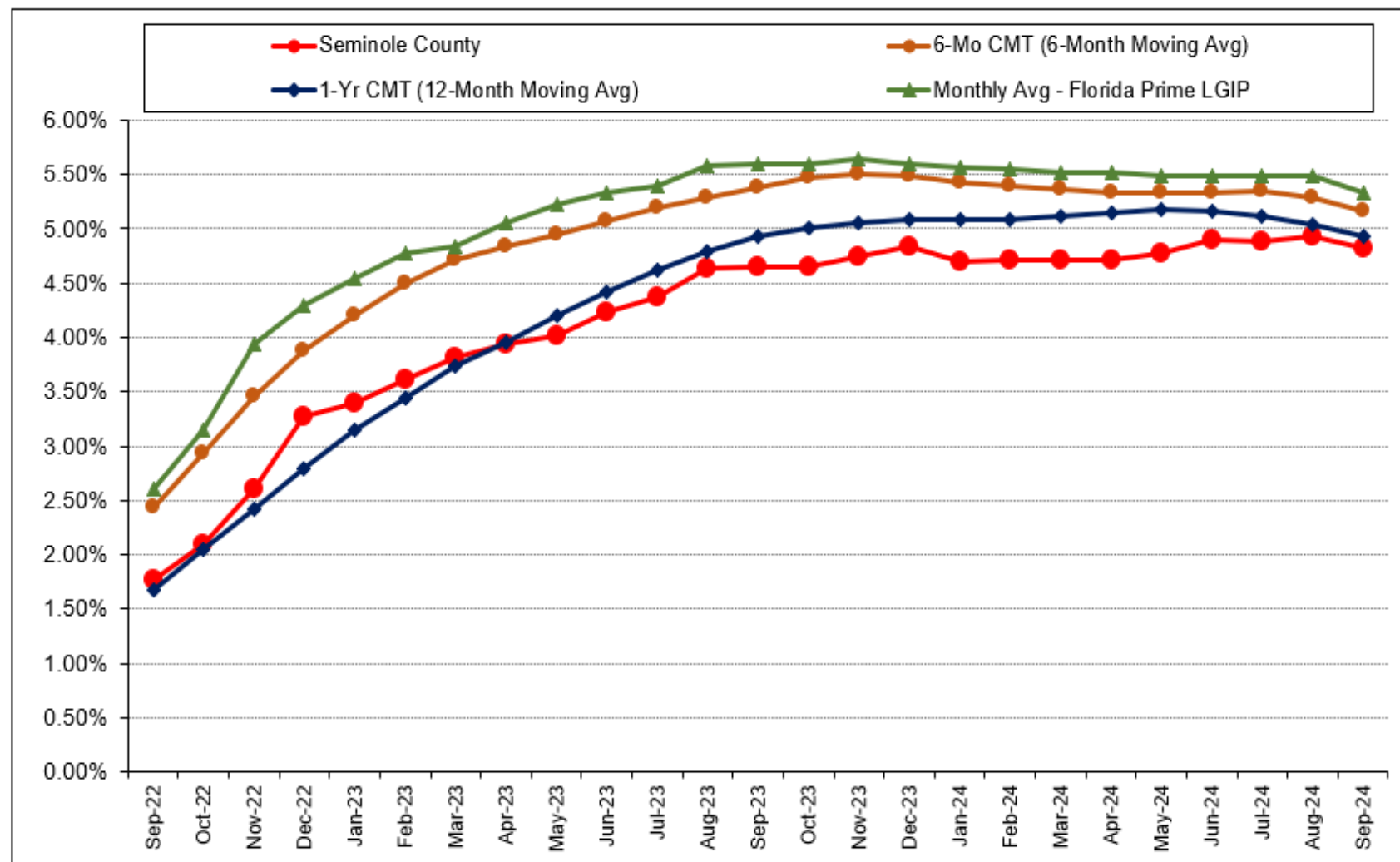
- Avg. maturity: 302 days
- Avg. yield: 4.82%
- Fixed/Floating: 80% / 20%
- <90 days \$266 mm

Estimated Portfolio 10/31/24

- Avg. maturity: 308 days
- Avg. yield: 4.81%
- Fixed/Floating: 77% / 23%
- <90 days \$299 mm

Benchmark Comparison 9/30/2024

	Seminole County	6-Mo CMT (6-Month Moving Avg)	1-Yr CMT (12-Month Moving Avg)	Monthly Avg - Florida Prime LGIP
Sep-22	1.77%	2.43%	1.68%	2.61%
Oct-22	2.10%	2.93%	2.05%	3.15%
Nov-22	2.61%	3.45%	2.42%	3.94%
Dec-22	3.27%	3.87%	2.79%	4.30%
Jan-23	3.40%	4.20%	3.15%	4.55%
Feb-23	3.62%	4.50%	3.45%	4.77%
Mar-23	3.82%	4.72%	3.73%	4.84%
Apr-23	3.94%	4.84%	3.96%	5.06%
May-23	4.01%	4.95%	4.21%	5.23%
Jun-23	4.23%	5.07%	4.42%	5.33%
Jul-23	4.37%	5.20%	4.62%	5.39%
Aug-23	4.63%	5.29%	4.80%	5.58%
Sep-23	4.65%	5.38%	4.93%	5.59%
Oct-23	4.65%	5.47%	5.01%	5.60%
Nov-23	4.75%	5.50%	5.06%	5.64%
Dec-23	4.84%	5.49%	5.08%	5.60%
Jan-24	4.70%	5.43%	5.09%	5.57%
Feb-24	4.72%	5.39%	5.09%	5.55%
Mar-24	4.71%	5.36%	5.12%	5.52%
Apr-24	4.72%	5.33%	5.15%	5.52%
May-24	4.77%	5.33%	5.17%	5.48%
Jun-24	4.90%	5.34%	5.16%	5.49%
Jul-24	4.88%	5.34%	5.12%	5.49%
Aug-24	4.93%	5.29%	5.04%	5.48%
Sep-24	4.82%	5.16%	4.93%	5.33%



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