



## MARTIN COUNTY, FLORIDA INVESTMENT PORTFOLIO REPORT April 2022



### INVESTMENT RECAP

**Summary of April's Investments:** The County's core portfolio, made up of excess funds not needed during the annual operating cycle, consists of \$129.5 million invested in a diversified mix of U.S. Treasuries and government agency securities as well as certificates of deposit with a local qualified public depository. These investments were laddered out with maturities of \$5-7 million per month through April 2024. The cyclical portion, made up of ad valorem tax proceeds that are used during the annual operating cycle, are primarily held in the local government investment pools, but we have invested three blocks of \$10 million each with maturities in August, September, and October 2022.

### KEY ECONOMIC INDICATORS

- **EMPLOYMENT:** Nonfarm payrolls rose by +431k jobs in March, while upward revisions increased the January/February counts by an additional +95k. Although March payroll gains were slightly below forecast, the revisions more than made up the difference. The headline unemployment rate was 3.6% in March, now just a fraction above the 52-year low.
- **INFLATION:** The headline consumer price index was up +1.2% in March, exactly matching the median forecast, while core CPI rose +0.3%, below the expected +0.5%. On a year-over-year basis, overall CPI was increasing at a 43-year high of +8.5%, while core CPI is now rising at a +6.5% pace, the highest in 40 years. As of March, the Fed's preferred measure, core Personal Consumption Expenditures (PCE), was increasing at a +5.2% year-over-year pace.
- **ISM SURVEYS:** The ISM Manufacturing Index dipped from 58.6 to 57.1. Factory managers seem to be having an easier time finding workers and remain fairly optimistic despite the recent decline. The ISM Non-Manufacturing Index (service sector) rose from 56.5 to 58.3, the first increase since November.
- **CONSUMER SPENDING:** Headline retail sales climbed a seasonally-adjusted +0.5% in March, just below the +0.6% median forecast. The majority of the increase was due to a huge +8.9% jump in gas station sales, which in turn were driven by higher pump prices. If gas station receipts are excluded, retail sales were actually down -0.3% in March. The retail sales "control group," a proxy for the consumption portion of the quarterly GDP calculation, fell -0.1%.
- **GDP:** The initial estimate of first quarter GDP arrived with a negative headline as the U.S. economy contracted by -1.4%, a sharp decline from the prior quarter's +6.9% advance. A headline like that might normally set off recession alarm bells and talk of rate cuts. However, the negative print was largely due to the U.S. trade deficit widening significantly.

### NEWS and EVENTS

- Minutes from the Fed's March FOMC meeting had some surprisingly detailed discussions on allowing maturities from their \$9 trillion balance sheet to run-off at a maximum of \$95 billion a month. The minutes imply they might be prepared to announce this formally at the May meeting and begin immediately after that.
- The NASDAQ plunged a staggering -13% in April. The worst showing since the early months of the 2008 financial crisis dragged the tech-heavy index down -21% for the year. The broad market S&P 500 shed -8.8% in April and -13.3 for the year, marking its worst start in 83 years, while the large cap Dow Jones lost -4.9% for the month and is down -9.2% since the year began.
- The Russia-Ukraine conflict continues to be a wildcard for financial markets without any resolution in sight.
- China is struggling to contain its worst Covid outbreak in Shanghai. The city of 25+ million has been in lockdown for a month and cases in Beijing are on the rise, sparking fear that Beijing will be the next city to join Shanghai in lockdown.

### PORTFOLIO SUMMARY

|                                   | 11/30/2021    | 12/31/2021    | 1/31/2022     | 2/28/2022     | 3/31/2022     | 4/30/2022     |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Book Value                        | \$334,832,415 | \$451,850,909 | \$480,117,706 | \$470,052,891 | \$447,143,845 | \$420,826,531 |
| Market Value                      | \$334,754,656 | \$451,609,718 | \$479,428,049 | \$469,133,256 | \$445,481,536 | \$418,810,495 |
| Market Value%                     | 99.98%        | 99.95%        | 99.86%        | 99.80%        | 99.63%        | 99.52%        |
| Weighted Average Maturity - Days  | 149 days      | 119 days      | 112 days      | 116 days      | 122 days      | 130 days      |
| Weighted Average Yield            | 0.248%        | 0.222%        | 0.221%        | 0.245%        | 0.347%        | 0.505%        |
| Earned Income                     | \$66,419      | \$78,235      | \$85,991      | \$82,858      | \$120,705     | \$110,544     |
| Earned Income-Fiscal Year-to-Date | \$135,657     | \$213,892     | \$299,883     | \$382,741     | \$503,446     | \$613,990     |
| Change in Market Value *          | (\$79,818)    | (\$221,965)   | (\$545,924)   | (\$308,726)   | (\$861,878)   | (\$419,346)   |
| Income Net of Change in Mkt Val   | -\$13,399     | -\$143,730    | -\$459,934    | -\$225,867    | -\$741,173    | -\$308,802    |

\* Change in market value is net of additions/withdrawals and represents unrealized gains and losses in the portfolio.

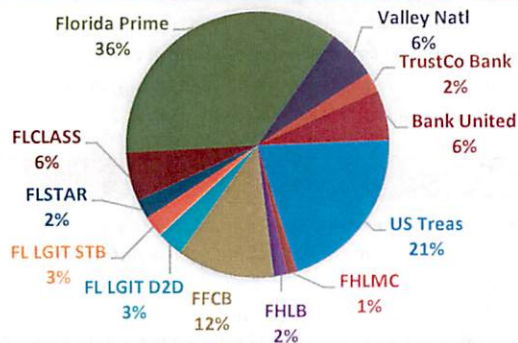




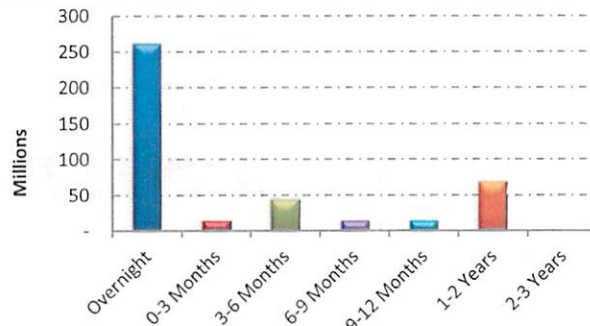
# MARTIN COUNTY, FLORIDA INVESTMENT PORTFOLIO REPORT April 2022



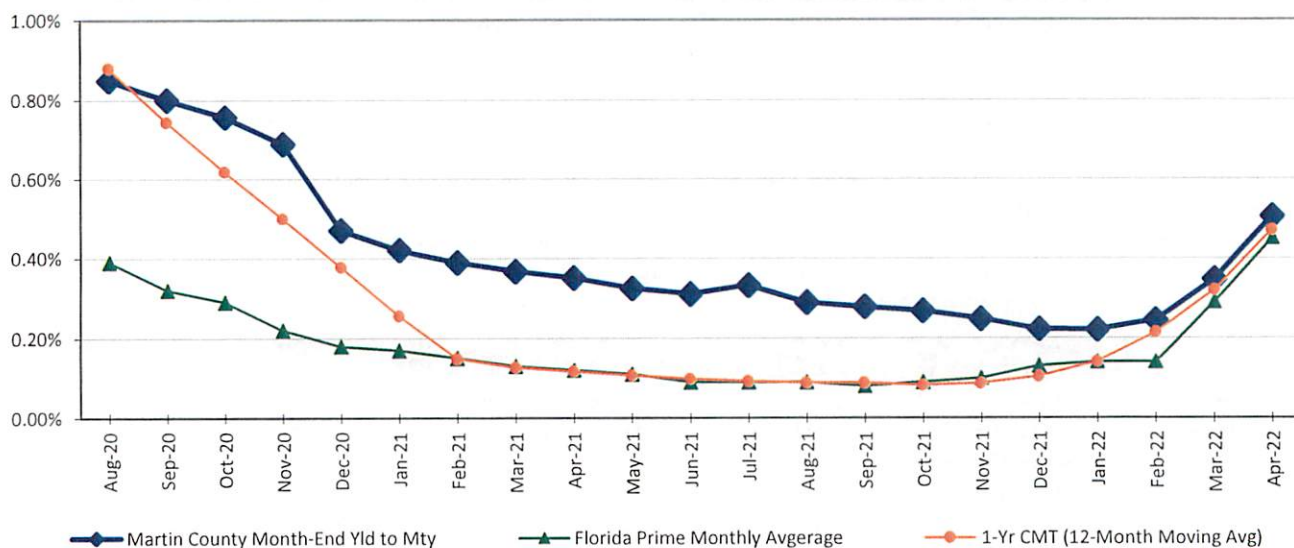
## Portfolio Composition by Issuer



## Portfolio Composition by Maturity



## YIELD COMPARISONS



## SHOCK ANALYSIS

|                        | Down<br>50 Basis Points | Down<br>25 Basis Points | Base          | Up<br>25 Basis Points | Up<br>50 Basis Points | Up<br>100 Basis Points |
|------------------------|-------------------------|-------------------------|---------------|-----------------------|-----------------------|------------------------|
| Book Value             | \$420,826,531           | \$420,826,531           | \$420,826,531 | \$420,826,531         | \$420,826,531         | \$420,826,531          |
| Market Value           | \$419,613,961           | \$419,212,228           | \$418,810,495 | \$418,408,761         | \$418,007,028         | \$417,203,562          |
| Unrealized Gain/(Loss) | -\$1,212,570            | -\$1,614,303            | -\$2,016,036  | -\$2,417,769          | -\$2,819,502          | -\$3,622,969           |
| Market Price           | 99.71%                  | 99.62%                  | 99.52%        | 99.43%                | 99.33%                | 99.14%                 |
| Book Yield             | 0.208%                  | 0.356%                  | 0.505%        | 0.654%                | 0.803%                | 1.101%                 |
| Duration               | 0.384                   | 0.384                   | 0.384         | 0.384                 | 0.384                 | 0.384                  |

The portfolio shock analysis is intended as a risk management tool and should not be considered a definitive assessment of market value. The analysis assumes an instantaneous parallel shift in interest rates. Cash equivalent holdings such as bank deposits, Florida Prime, and FL LGIT Day to Day are assumed to have a duration of zero and their yields are assumed to shift immediately. The FL LGIT Short Term Bond Fund duration is taken from the FL LGIT web-site and was 1.22 as of 4/30/22.