



# MARTIN COUNTY, FLORIDA INVESTMENT PORTFOLIO REPORT March 2022



## INVESTMENT RECAP

**Summary of March's Investments:** The County's core portfolio, made up of excess funds not needed during the annual operating cycle, consists of \$127.5 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 from November 2023 through March 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 +678k in February, the biggest single month increase since July, while revisions to December and January added another +92k. The headline unemployment rate fell from 4.0% to 3.8%, fast approaching the five-decade pre-pandemic low of 3.5%.
- **INFLATION:** Headline CPI (+7.9% YOY) and core CPI (+6.4% YOY) both hit new 40-year highs in February, but we all know that March numbers will be much higher and the promise that YOY inflationary pressure will have retreated significantly by summer is off the table. As of January, 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 increased to 58.6 from 57.6 in January. ISM's new orders measure advanced nearly four points to a five-month high of 61.7 following Covid-19 related softness in January. The ISM Non-Manufacturing Index (service sector) is still experiencing lingering effects from the January halt in activity caused by the rapid omicron spread. February's reading was down to 56.5 from 59.9 in January.
- **CONSUMER SPENDING:** Headline retail sales rose by +0.3% in February, just below the +0.4% median forecast. The January increase in headline sales was recalculated from +3.8% to +4.9%. The retail sales "control group," a proxy for the consumption portion of the quarterly GDP calculation, fell -1.2% in February.

## NEWS and EVENTS

- At the mid-March FOMC meeting, the Fed raised rates by 25 bps, as expected. They also gave use a new dot plot, which showed six rate hikes expected over the remainder of this year.
- Chairman Powell rattled markets with hawkish comments implying the Fed may hike more aggressively than initially anticipated. St. Louis Fed President James Bullard doubled down on those remarks, suggesting a series of 50 bps hike was appropriate and pointing to 1994 as illustrative of the path he believed the Fed should follow. In 1994, the Fed hiked 300 basis points and it was the worst year in bond market history.
- The conflict between Russia and Ukraine continued throughout March. President Biden announced a ban on Russian oil, natural gas, and coal, which pushed oil prices higher. There is growing concern that the war will cause a global food shortage as Russia and Ukraine are major exporters of wheat, corn, and sunflower oil.
- China is still dealing with the virus and locked down 17 million Shenzhen citizens for at least a week; public transportation and non-essential services have been halted. Apparently, other regions of China, including parts of Hong Kong and Shanghai are also dealing with a rise in COVID cases. This raises more supply chain concerns.

## PORTFOLIO SUMMARY

	10/31/2021	11/30/2021	12/31/2021	1/31/2022	2/28/2022	3/31/2022
Book Value	\$305,593,929	\$334,832,415	\$451,850,909	\$480,117,706	\$470,052,891	\$447,143,845
Market Value	\$305,559,399	\$334,754,656	\$451,609,718	\$479,428,049	\$469,133,256	\$445,481,536
Market Value%	99.99%	99.98%	99.95%	99.86%	99.80%	99.63%
Weighted Average Maturity - Days	145 days	149 days	119 days	112 days	116 days	122 days
Weighted Average Yield	0.268%	0.248%	0.222%	0.221%	0.245%	0.347%
Earned Income	\$69,238	\$66,419	\$78,235	\$85,991	\$82,858	\$120,705
Earned Income-Fiscal Year-to-Date	\$69,238	\$135,657	\$213,892	\$299,883	\$382,741	\$503,446
Change in Market Value *	(\$208,043)	(\$79,818)	(\$221,965)	(\$545,924)	(\$308,726)	(\$861,878)
Income Net of Change in Mkt Val	-\$138,805	-\$13,399	-\$143,730	-\$459,934	-\$225,867	-\$741,173

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

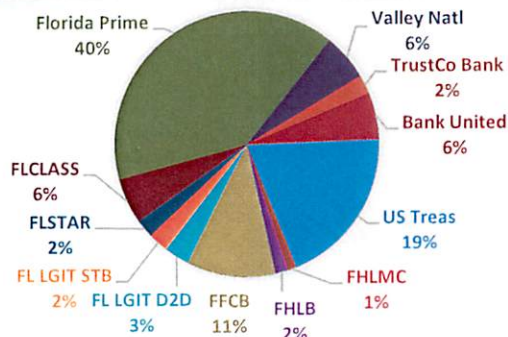




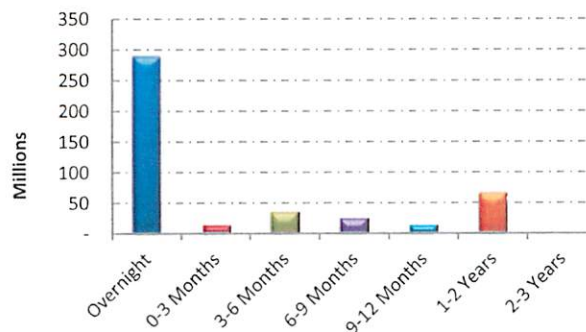
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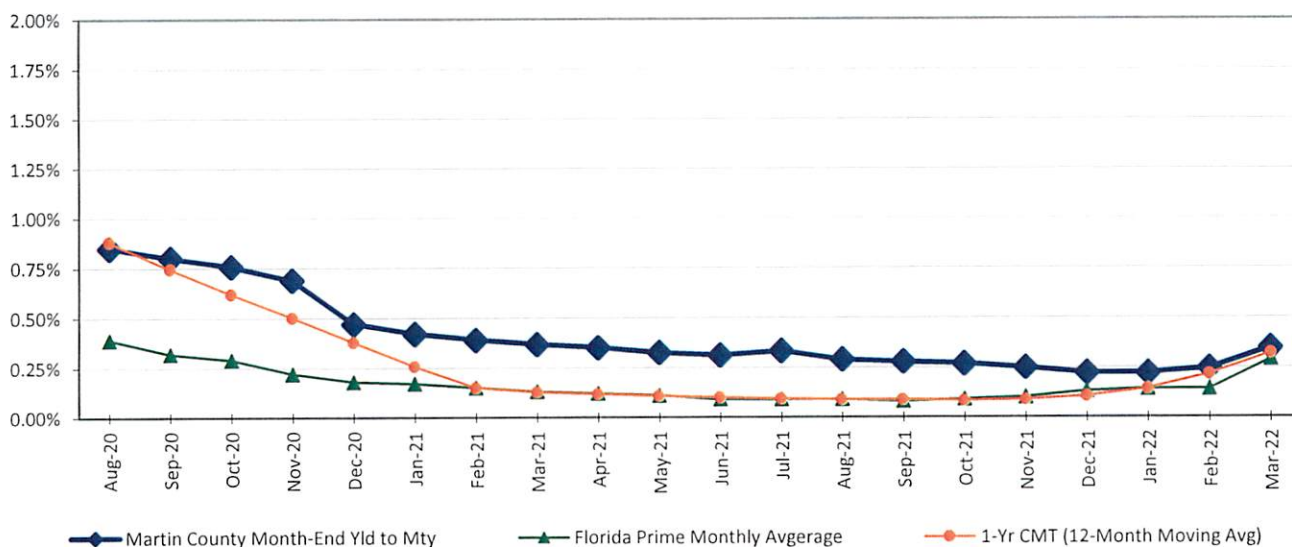
## Portfolio Composition by Issuer



## Portfolio Composition by Maturity



## YIELD COMPARISONS



## SHOCK ANALYSIS

	Down 50 Basis Points	Down 25 Basis Points	Base	Up 25 Basis Points	Up 50 Basis Points	Up 100 Basis Points
Book Value	\$447,143,845	\$447,143,845	\$447,143,845	\$447,143,845	\$447,143,845	\$447,143,845
Market Value	\$446,284,274	\$445,882,905	\$445,481,536	\$445,080,167	\$444,678,798	\$443,876,060
Unrealized Gain/(Loss)	-\$859,570	-\$1,260,939	-\$1,662,309	-\$2,063,678	-\$2,465,047	-\$3,267,785
Market Price	99.81%	99.72%	99.63%	99.54%	99.45%	99.27%
Book Yield	0.064%	0.206%	0.347%	0.489%	0.631%	0.914%
Duration	0.360	0.360	0.360	0.360	0.360	0.360

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 1.27 as of 3/31/22.