



# MARTIN COUNTY, FLORIDA INVESTMENT PORTFOLIO REPORT May 2022



## INVESTMENT RECAP

**Summary of May's Investments:** The County's core portfolio, made up of excess funds not needed during the annual operating cycle, consists of \$161.5 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 May 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 +390k May, while -22k jobs were subtracted through revisions to previous months, leaving total payrolls roughly -800k short of pre-pandemic levels. The unemployment rate held steady at 3.6% for the third consecutive month, just north of a fifty-year low. The only reason it didn't fall was that 300k Americans rejoined the labor force. In percentage terms, the participation rate is still about 1% below the level from February 2020.
- **INFLATION:** The overall consumer price index (CPI) climbed +1.0% in May, well above the +0.7% median forecast and more than tripling the April increase. On a year-over-year basis, overall CPI rose from +8.2% to +8.6%, the highest since 1981. In May, energy resumed its ascent, led by a +4.1% increase at the pump. On a year-over-year basis, gasoline is up an alarming +48.7%.
- **ISM SURVEYS:** The ISM Manufacturing index unexpectedly advanced from 55.4 to 56.1 in May as new orders and output growth quickened, suggesting underlying demand remains solid. The ISM Non-Manufacturing Index (service sector) moderated from 57.1 to 55.9 in May, the softest pace in over a year.
- **CONSUMER SPENDING:** Headline retail sales were negative for the first time this year, down -0.3% in May, despite the fact that gas station receipts were up +4.0% (due to higher pump prices ...not additional gas purchases). Car sales dropped, which weighed heavy on the downside. The retail sales "control group," a proxy for the consumption portion of the quarterly GDP calculation, was flat in May, while the April control group number was revised sharply lower from +1.0% to +0.5%.

## NEWS and EVENTS

- At the June FOMC meeting the committee announced a 75 bp rate hike; *it's been 28 years since they hiked in an increment that big*, and the committee is apparently prepared to continue moving in these larger increments going forward. The financial markets rallied on the news but gave it all up (and more) over the following two days.
- The updated Fed dot plot showed the year-end median overnight funds target had risen sharply from 1.9% to 3.4%. Committee member forecasts for 2022 were clustered in a tight range between 3.25% and 3.75%. In 2023, the median rises to 3.75% before gradually falling in 2024 and 2025 as rate cuts enter the picture.
- Gas prices rose above \$5 per gallon on a national average in mid-June. Just over two years ago, during the early days of the COVID lockdown, gas prices in 13 states dropped below \$1.
- Mortgage rates are fast approaching 6%, with the Freddie Mac 30-year fixed rate loan averaging 5.87% in mid-June, up from 3.11% when the year began. Existing home sales fell for the fourth straight month in May and are now selling at the lowest pace in nearly two years.

## PORTFOLIO SUMMARY

	12/31/2021	1/31/2022	2/28/2022	3/31/2022	4/30/2022	5/31/2022
Book Value	\$451,850,909	\$480,117,706	\$470,052,891	\$447,143,845	\$420,826,531	\$403,148,281
Market Value	\$451,609,718	\$479,428,049	\$469,133,256	\$445,481,536	\$418,810,495	\$401,505,862
Market Value%	99.95%	99.86%	99.80%	99.63%	99.52%	99.59%
Weighted Average Maturity - Days	119 days	112 days	116 days	122 days	130 days	136 days
Weighted Average Yield	0.222%	0.221%	0.245%	0.347%	0.505%	0.759%
Earned Income	\$78,235	\$85,991	\$82,858	\$120,705	\$110,544	\$252,762
Earned Income-Fiscal Year-to-Date	\$213,892	\$299,883	\$382,741	\$503,446	\$613,990	\$866,752
Change in Market Value *	(\$221,965)	(\$545,924)	(\$308,726)	(\$861,878)	(\$419,346)	\$365,813
Income Net of Change in Mkt Val	-\$143,730	-\$459,934	-\$225,867	-\$741,173	-\$308,802	\$618,575

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

Martin County Clerk of the Circuit Court and Comptroller - Carolyn Timmann - Cash & Investment Management

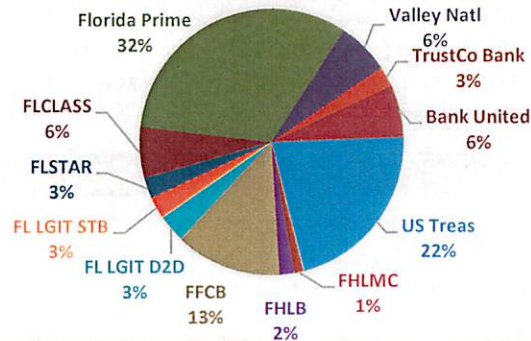




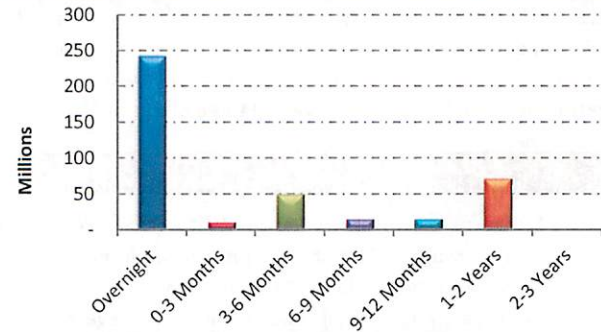
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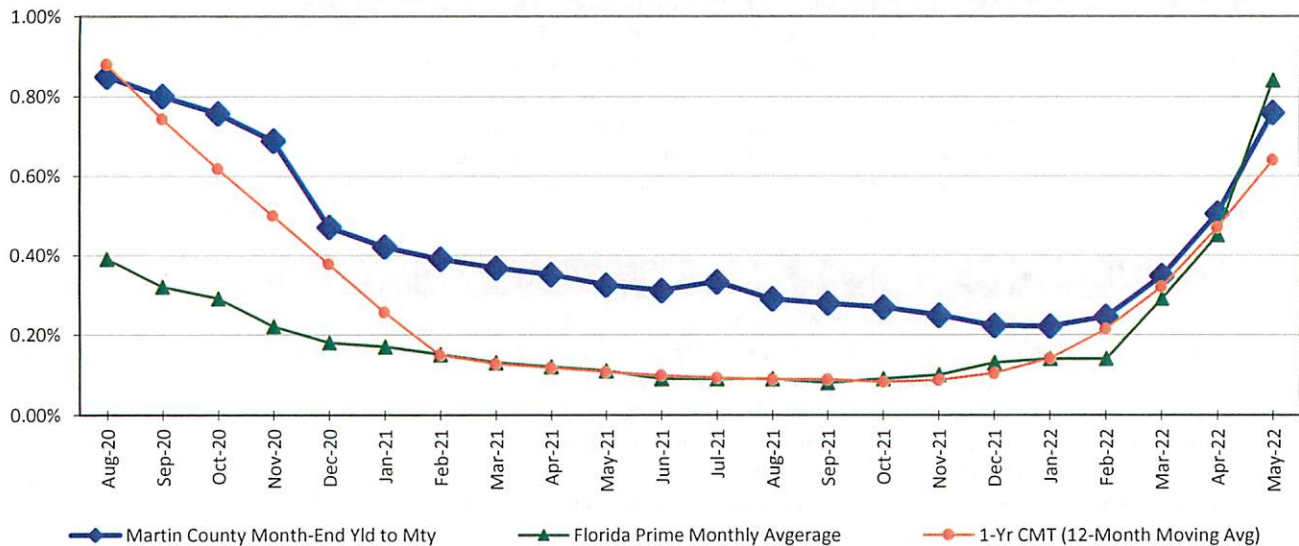
## Portfolio Composition by Issuer



## 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	\$403,148,281	\$403,148,281	\$403,148,281	\$403,148,281	\$403,148,281	\$403,148,281
Market Value	\$402,311,080	\$401,908,471	\$401,505,862	\$401,103,253	\$400,700,644	\$399,895,425
Unrealized Gain/(Loss)	-\$837,201	-\$1,239,810	-\$1,642,419	-\$2,045,029	-\$2,447,638	-\$3,252,856
Market Price	99.79%	99.69%	99.59%	99.49%	99.39%	99.19%
Book Yield	0.472%	0.615%	0.759%	0.902%	1.045%	1.332%
Duration	0.401	0.401	0.401	0.401	0.401	0.401

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 1.25 as of 5/31/22.