



# MARTIN COUNTY, FLORIDA INVESTMENT PORTFOLIO REPORT November 2019



## INVESTMENT RECAP

**Summary of November Investments:** The County's core portfolio, made up of excess funds not needed during the annual operating cycle, consists of \$110 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 are laddered out with maturities of \$5 million per month through August 2021 and one callable agency with a final maturity in October 2021. Three \$5 million purchases were made in November, including one reinvestment of a maturity and two new investments that grew the core portfolio from \$100 to \$110 million. The cyclical portion, made up of ad valorem tax proceeds that are used during the annual operating cycle, are primarily held in overnight liquid investments including Florida Prime and the Florida Local Government Investment Trust. In recent months, these funds have offered higher yields than direct short-term investments.

## KEY ECONOMIC INDICATORS

- **EMPLOYMENT:** Nonfarm payrolls rose +128k in October, well above the +85k median forecast. Prior month revisions brought September payrolls up from +136k to +180k, while the August count was boosted from +168k to +219k. The unemployment rate climbed from +3.5% to 3.6% due to a rise in the labor force participation rate.
- **INFLATION:** Core CPI, which excludes food and energy prices, rose a modest +0.2% in October following a +0.1% gain in September. The year-over-year core rate fell slightly from an 11 year high of +2.4%, to +2.3%. The Fed's preferred measure and real target, core PCE, remained unchanged in September pulling the year-over-year rate down to +1.7%.
- **FACTORY SECTOR:** The ISM manufacturing index ticked up slightly from 47.8 to 48.3 in October, the third consecutive month in contractionary territory below 50. Nine of the 10 components feeding into the composite were below 50 with only new export orders above that at 50.4, a rebound from 41 in September.
- **SERVICE SECTOR:** The ISM non-manufacturing index modestly rebounded from 52.6, the lowest in three years, to 54.7. The new orders index rose from 53.7 to 55.6, while the employment index rose from 50.4 to 53.7. Although the services sector continues to hold up better than the manufacturing sector, the downward trend is clear, despite month to month volatility.
- **CONSUMER SPENDING:** Headline retail sales increased +0.3% in October slightly beating the +0.2% forecast but only offsetting September's -0.3% decline. Year-over-year sales are down to +3.1% versus +4.1% in September and +4.4% in August.
- **ECO GROWTH:** Third quarter GDP, originally reported at +1.9%, was revised upward to +2.1%.

## NEWS and EVENTS

- Equity markets rallied in early November on news of good progress on phase one of a trade agreement with China. Reports that phase one would cancel pending tariffs and roll-back existing tariffs were cheered, sending the major stock indexes to record highs.
- Subsequent stories cast some doubt on the trade agreement, as did Congress's passage of a bill supporting the Hong Kong protestors, which China views as an infringement on their sovereignty.
- The U.S. House of Representatives opened an impeachment inquiry. Although the chances of the President being removed from office are nil, the inquiry dominated the attention of the press for much of the month. The impact on financial markets and the economy has been and should continue to be negligible.
- The Federal Reserve held the overnight fed funds target steady at the FOMC's October 30th meeting and Chair Powell later declared that monetary policy was "in a good place." All signs indicate the Fed will be on hold for some time.
- November's optimistic view on trade was ratified in early December when the U.S. announced a phase one deal with China had been reached.

## PORTFOLIO SUMMARY

	6/30/2019	7/31/2019	8/31/2019	9/30/2019	10/31/2019	11/30/2019
Book Value	\$311,396,398	\$291,521,311	\$286,179,774	\$255,805,297	\$245,334,008	\$268,872,797
Market Value	\$311,992,764	\$291,999,363	\$286,758,377	\$256,304,800	\$245,912,350	\$269,317,701
Market Value%	100.19%	100.16%	100.20%	100.20%	100.24%	100.17%
Weighted Average Maturity - Days	96 days	110 days	99 days	121 days	129 days	140 days
Weighted Average Yield	2.553%	2.509%	2.432%	2.392%	2.266%	2.090%
Earned Income	\$640,962	\$638,048	\$589,489	\$535,964	\$479,406	\$431,251
Earned Income-Fiscal Year-to-Date	\$5,178,467	\$5,816,515	\$6,406,004	\$6,941,969	\$479,406	\$910,657
Change in Market Value *	\$262,267	(\$42,313)	\$259,771	(\$31,461)	\$152,525	(\$98,168)
Income Net of Change in Mkt Val	\$903,229	\$595,735	\$849,260	\$504,504	\$631,931	\$333,083

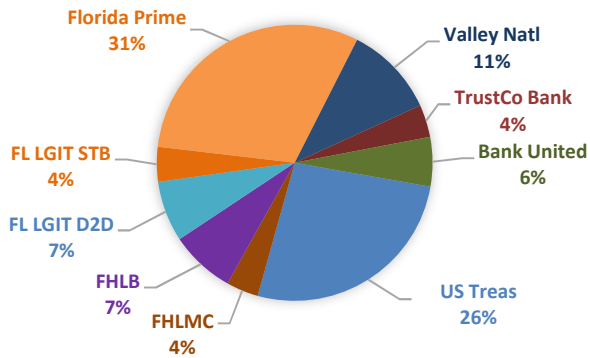
\* Change in market value is net of additions/withdrawals and represents unrealized gains and losses in the portfolio.



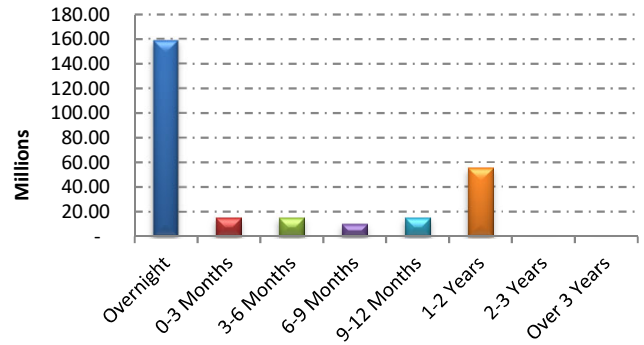
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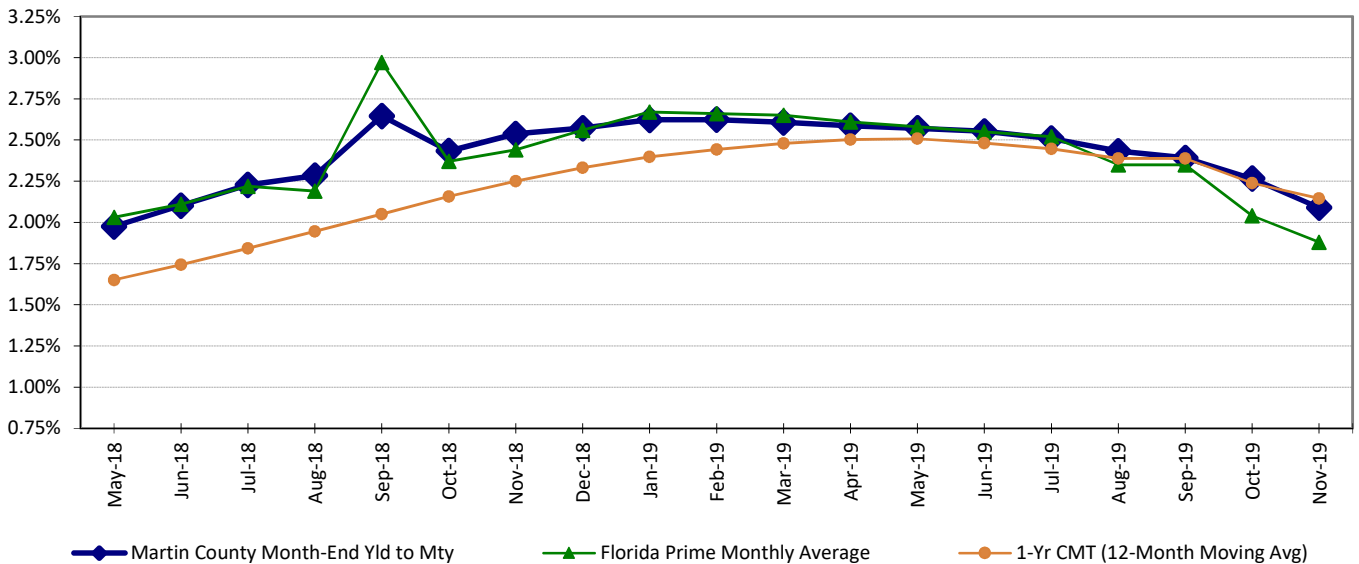
## Portfolio Composition by Issuer



## 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	\$268,872,797	\$268,872,797	\$268,872,797	\$268,872,797	\$268,872,797	\$268,872,797
Market Value	\$270,002,731	\$269,660,216	\$269,317,701	\$268,975,186	\$268,632,671	\$267,947,640
Unrealized Gain/(Loss)	\$1,129,934	\$787,419	\$444,904	\$102,389	-\$240,126	-\$925,157
Market Price	100.42%	100.29%	100.17%	100.04%	99.91%	99.66%
Book Yield	1.830%	1.960%	2.090%	2.221%	2.351%	2.611%
Duration	0.509	0.509	0.509	0.509	0.509	0.509

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 1.88 as of 11/30/19.