



# MARTIN COUNTY, FLORIDA INVESTMENT PORTFOLIO REPORT February 2020



## INVESTMENT RECAP

**Summary of February Investments:** The County's core portfolio, made up of excess funds not needed during the annual operating cycle, consists of \$120 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 February 2022. One \$5 million purchase was made in February, reinvesting the proceeds from a maturity. 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 added a revised +273k new jobs in January, well above the expected +165k forecast, while +37k jobs were added to the previous month's count. The headline unemployment rate ticked up slightly from the 50-year low of 3.5% to 3.6%.
- **INFLATION:** The headline consumer price index (CPI) signaled benign price pressure in January with a +0.1% advance in overall CPI and a +0.2% core increase. On a year-over-year basis, headline CPI climbed from +2.3% to +2.5%. The Fed favorite core-PCE (Personal Consumption Expenditures) rose +0.1% in January with the year-over-year rate holding at +1.6%.
- **FACTORY SECTOR:** The January ISM manufacturing index rose from a 10½ year low of 47.8 to 51.2. After five consecutive months below 50, indicating contraction, the index managed to unexpectedly get back into expansionary territory.
- **SERVICE SECTOR:** The ISM non-manufacturing index rose from 54.9 to 55.5 in January, the third consecutive uptick, after trending downward for most of 2019.
- **CONSUMER SPENDING:** Headline retail sales increased by +0.3% in January, matching the median forecast in Bloomberg's survey as well as December and January's +0.3% gains.
- **ECO GROWTH:** Fourth quarter GDP growth was unrevised at +2.1%. Personal consumption was revised down a tenth of a percentage point to 1.7% in the fourth quarter, a three-quarter low.

## NEWS and EVENTS

- The coronavirus remained the dominant news story and the extent of its negative economic impact was becoming more apparent. In mid-February, the number of confirmed cases in China had grown from 6,000 at the beginning of the month to over 60,000, with nearly 1,600 fatalities.
- The Dow Jones Industrial Average reached an all-time high on February 12th while the S&P 500 and NASDAQ hit their peaks a week later on February 19th, shrugging off the coronavirus headlines, largely because the virus hadn't yet made its way to the U.S. By February 28th, the Dow had shed roughly 3800 points as the reality of a looming global recession set in and CDC officials began warning of a strong chance of an extremely serious outbreak here in the U.S.
- As the panic grew through the month, Treasury yields fell more than 30 basis points, as investors piled into the safe haven of U.S. Treasuries.

## PORTFOLIO SUMMARY

	9/30/2019	10/31/2019	11/30/2019	12/31/2019	1/31/2020	2/29/2020
Book Value	\$255,805,297	\$245,334,008	\$268,872,797	\$374,599,759	\$396,307,974	\$394,046,496
Market Value	\$256,304,800	\$245,912,350	\$269,317,701	\$375,039,162	\$396,871,546	\$394,991,056
Market Value%	100.20%	100.24%	100.17%	100.12%	100.14%	100.24%
Weighted Average Maturity - Days	121 days	129 days	140 days	119 days	113 days	114 days
Weighted Average Yield	2.392%	2.266%	2.090%	1.969%	1.925%	1.880%
Earned Income	\$535,964	\$479,406	\$431,251	\$582,871	\$641,782	\$583,646
Earned Income-Fiscal Year-to-Date	\$6,941,969	\$479,406	\$910,657	\$1,493,528	\$2,135,310	\$2,718,956
Change in Market Value *	(\$31,461)	\$152,525	(\$98,168)	\$29,393	\$207,724	\$461,196
Income Net of Change in Mkt Val	\$504,504	\$631,931	\$333,083	\$612,264	\$849,506	\$1,044,842

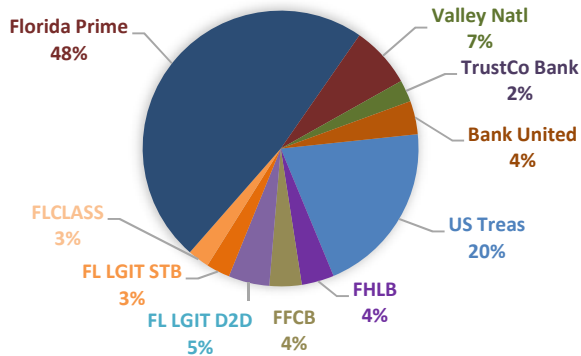
\* Change in market value is net of additions/withdrawals and represents unrealized gains and losses in the portfolio.



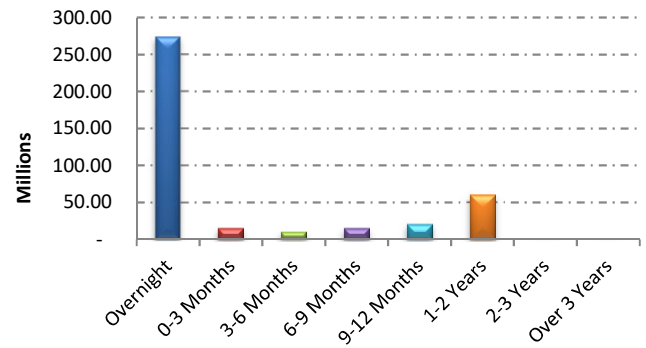
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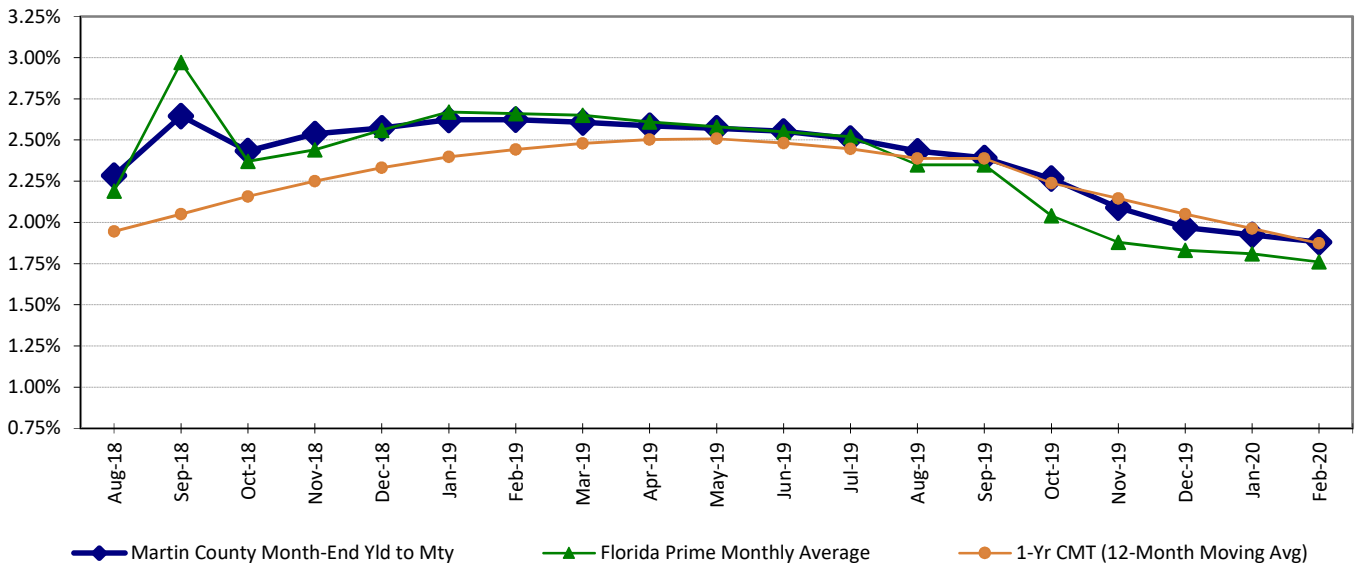
## Portfolio Composition by Issuer



## 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	\$394,046,496	\$394,046,496	\$394,046,496	\$394,046,496	\$394,046,496	\$394,046,496
Market Value	\$395,774,781	\$395,382,919	\$394,991,056	\$394,599,194	\$394,207,331	\$393,423,606
Unrealized Gain/(Loss)	\$1,728,285	\$1,336,422	\$944,560	\$552,697	\$160,835	-\$622,890
Market Price	100.44%	100.34%	100.24%	100.14%	100.04%	99.84%
Book Yield	1.557%	1.718%	1.880%	2.042%	2.203%	2.527%
Duration	0.397	0.397	0.397	0.397	0.397	0.397

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 1.89 as of 2/29/20.