



INVESTMENT UPDATE

2018 Fall Conference

November 13, 2018

Presented by

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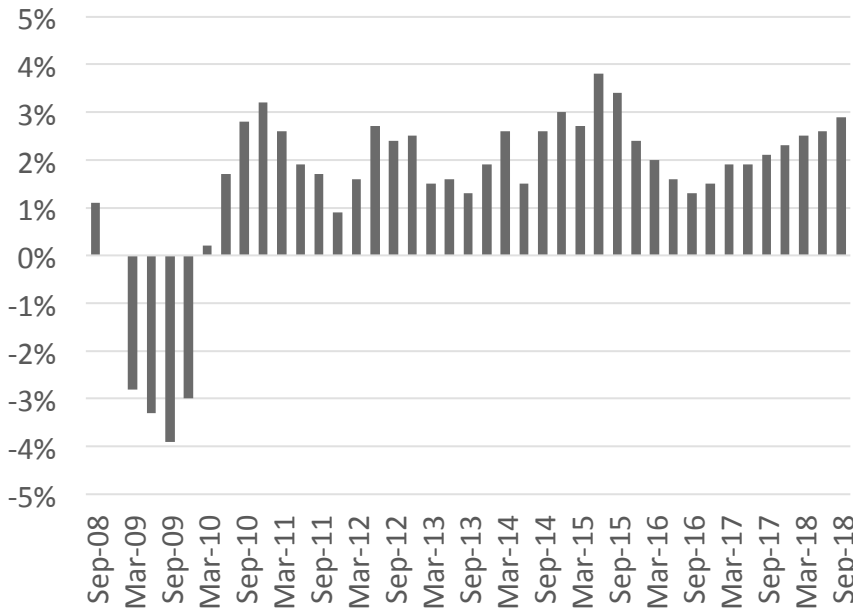


Economic Outlook

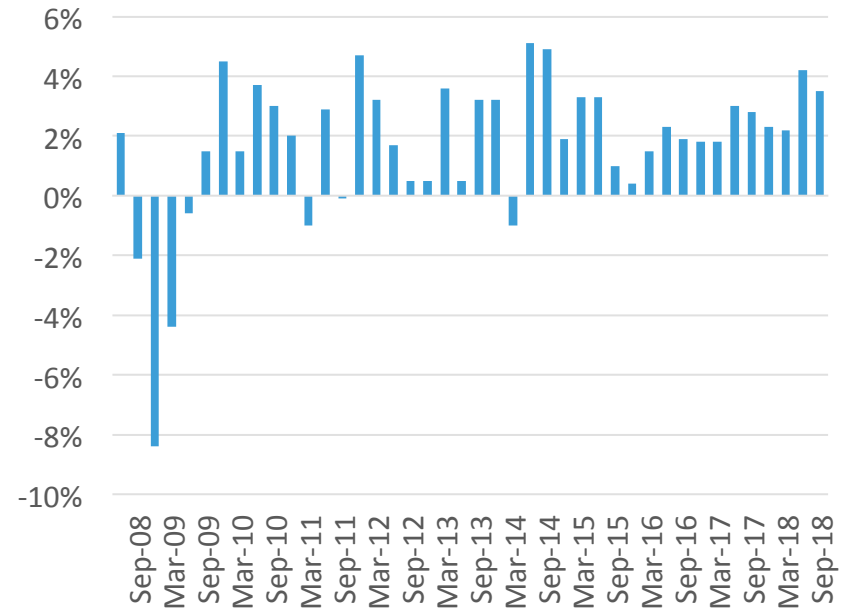
US GROWTH

Real Gross Domestic Product

Gross Domestic Product (YoY)



Gross Domestic Product (QoQ)



Gross Domestic Product Projections	2018	2019	2020	2021	Longer Run
Federal Reserve Median Projection (YoY)	3.10%	2.50%	2.00%	1.80%	1.80%
Bloomberg Economist Survey (YoY)	2.90%	2.50%	1.90%	N/A	N/A

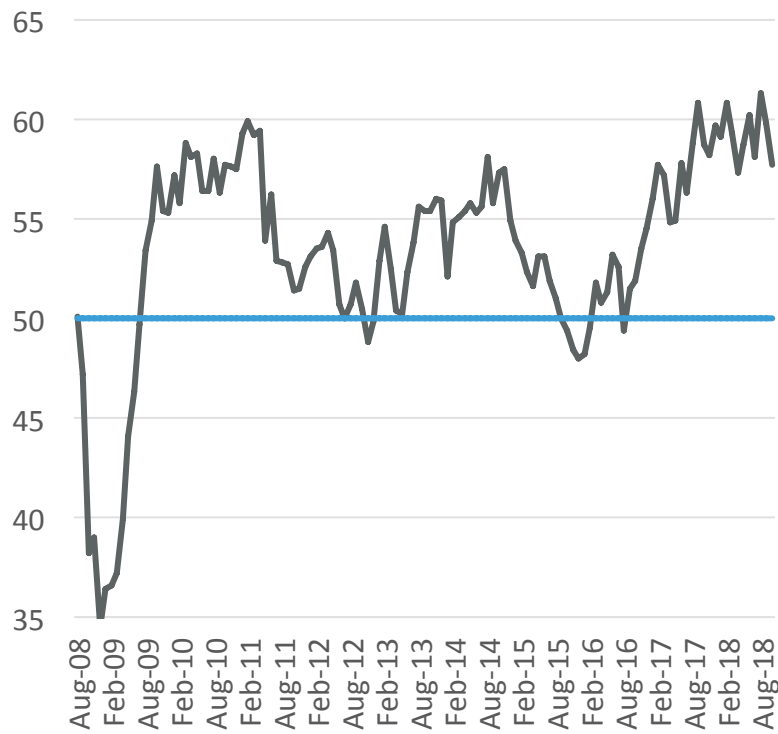
	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Bloomberg Economist Survey (QoQ)	3.10%	3.10%	2.70%	2.50%	2.30%

Source: Bloomberg

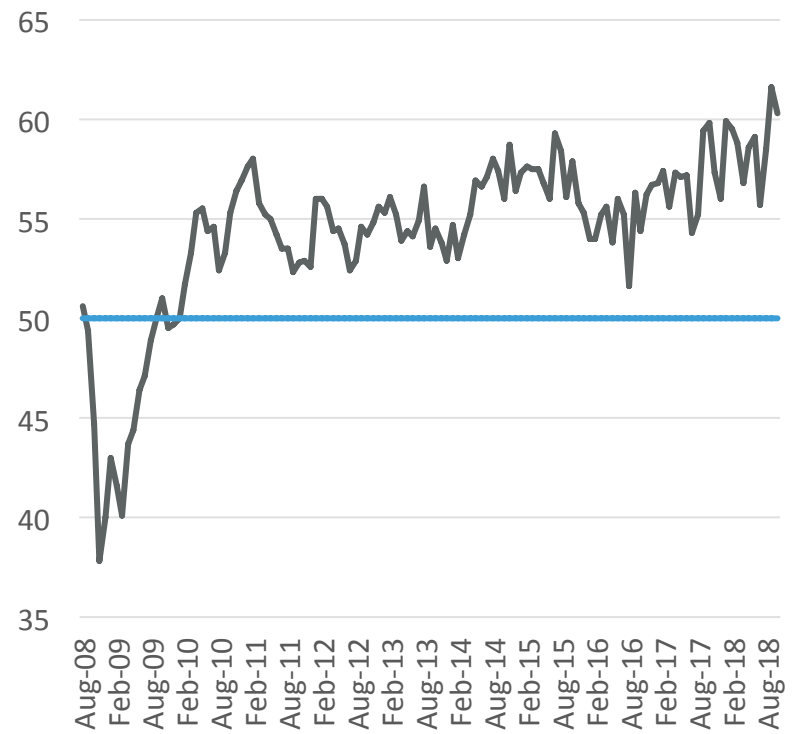
US GROWTH

ISM – Institute for Supply Management

ISM Manufacturing Index



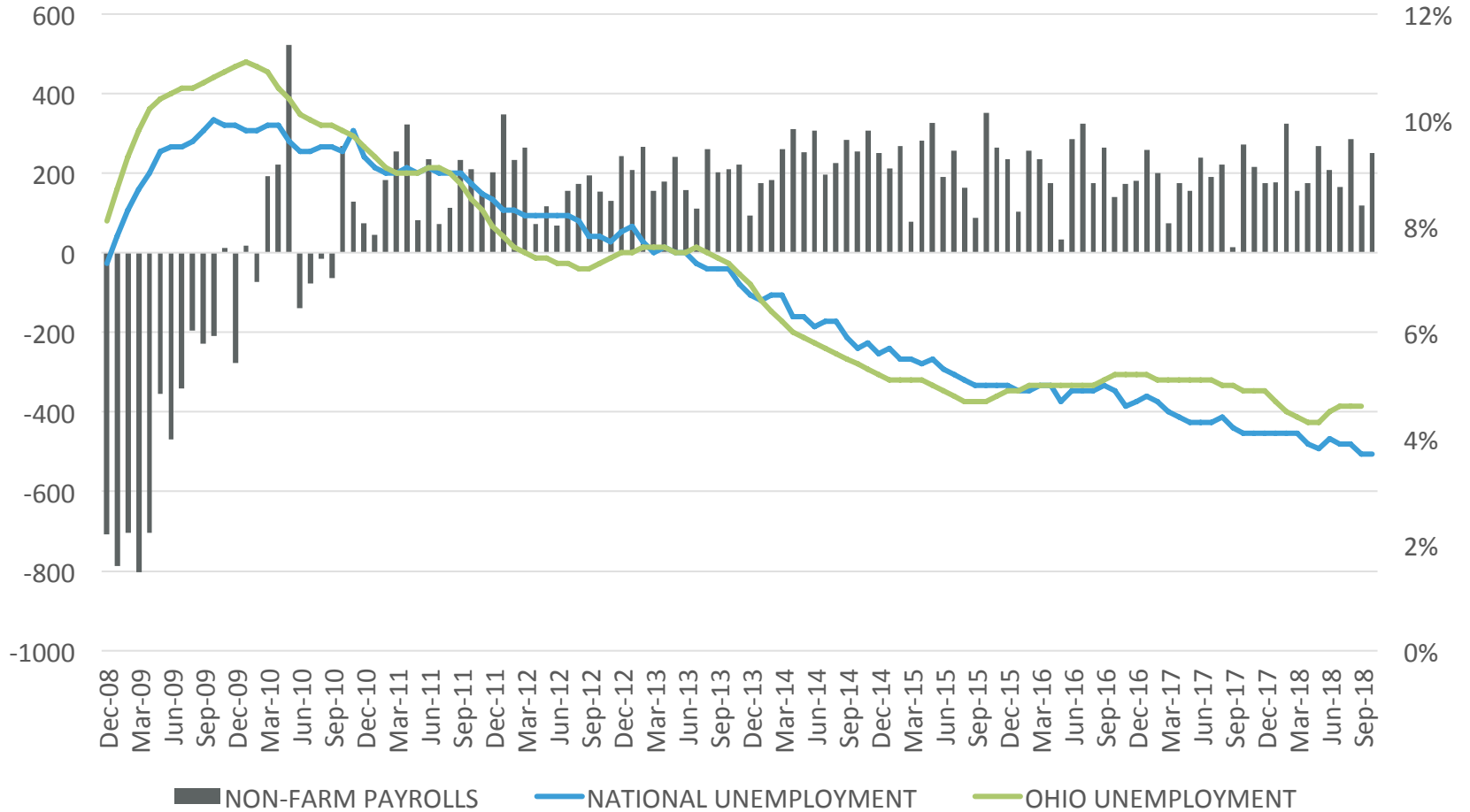
ISM Non-Manufacturing Index



Source: Bloomberg

US GROWTH

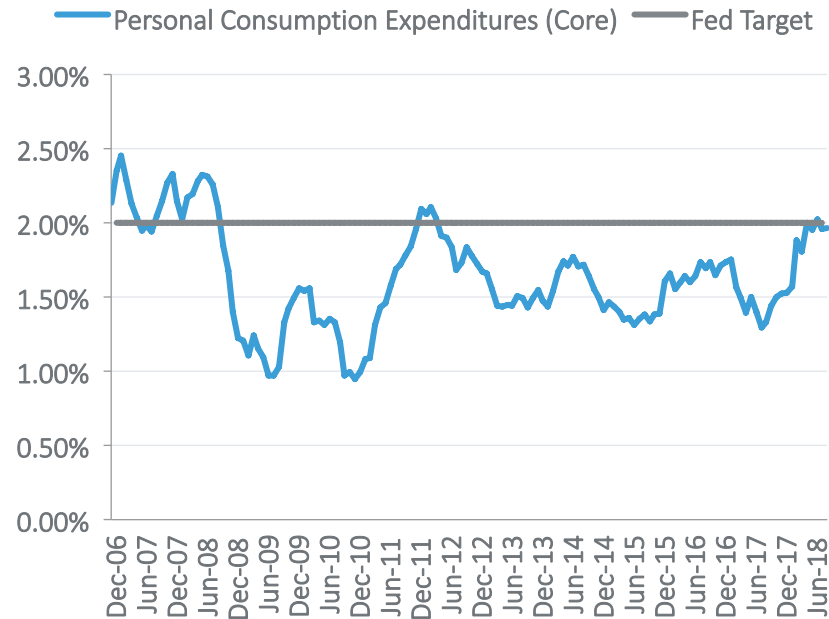
US & Ohio Labor Markets



Sources: Bloomberg, Bureau of Labor Statistics, FRED

INFLATION

PCE and Market Inflation Expectations



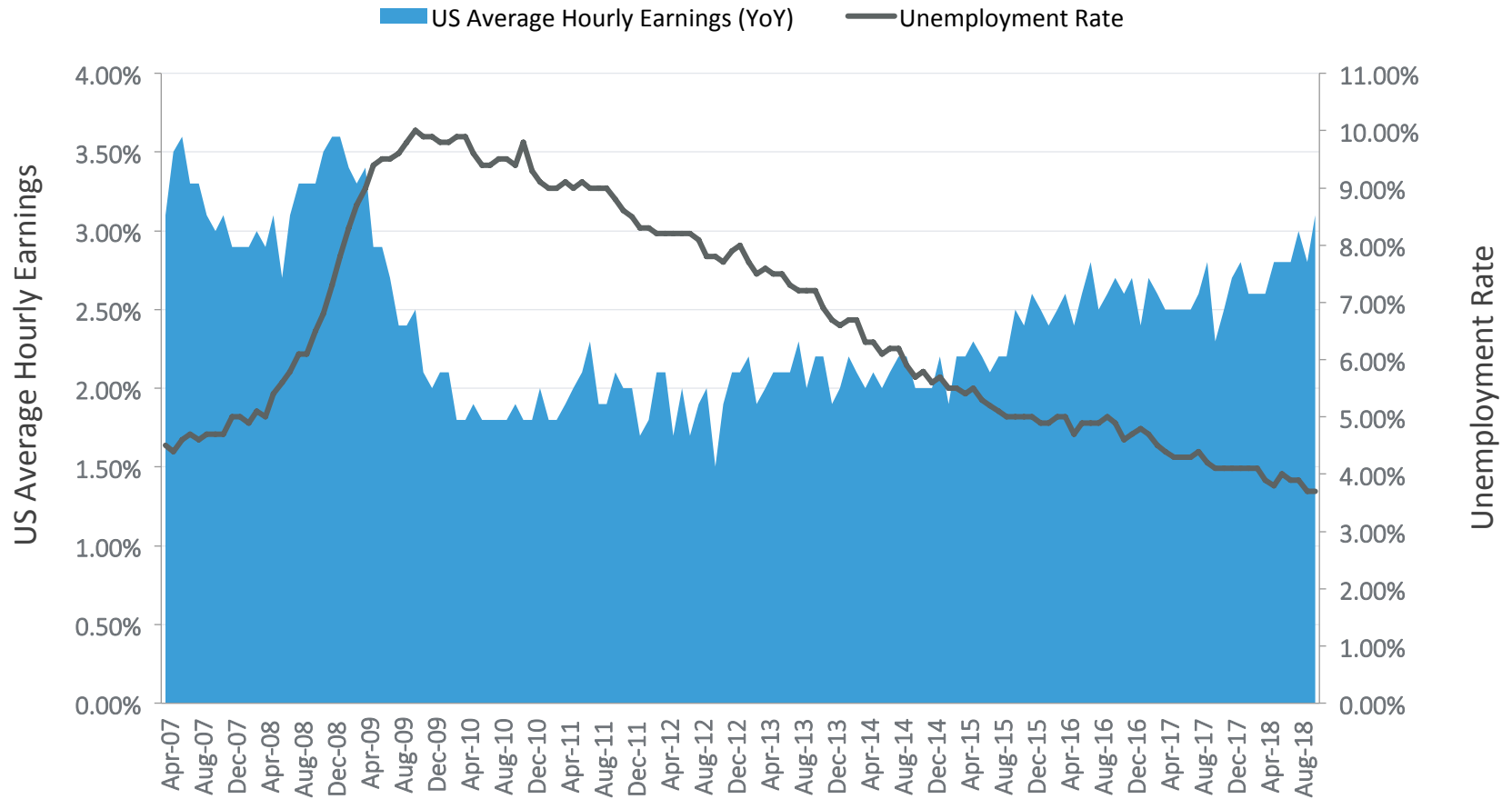
Inflation Projections	2018	2019	2020	2021	Longer Run
Federal Reserve Median Projection (YoY)	2.10%	2.00%	2.10%	N/A	N/A
Bloomberg Economist Survey (YoY)	1.90%	2.10%	2.20%	N/A	N/A

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Bloomberg Economist Survey (QoQ)	2.00%	2.10%	2.10%	2.20%	2.20%

Source: Bloomberg

INFLATION

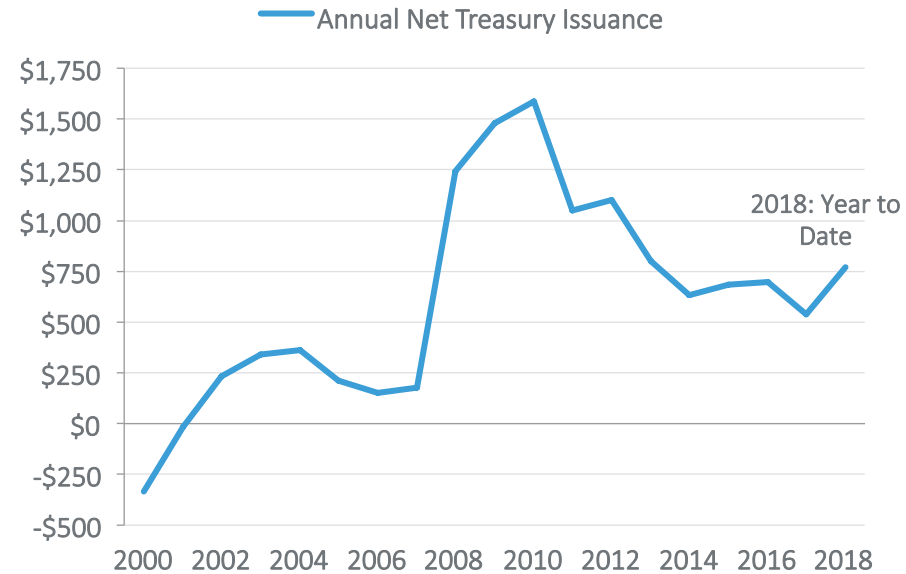
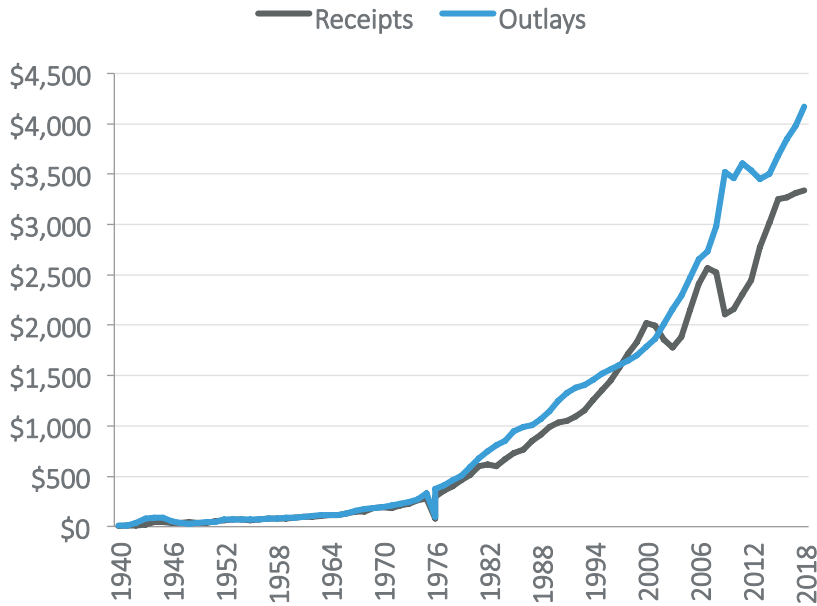
US Average Hourly Earnings



Source: Bloomberg

US FEDERAL BUDGET

Federal Budget & Treasury Issuance



Federal Budget Projections	2018 Estimate	2019 Estimate	2020 Estimate	2021 Estimate	2022 Estimate	2023 Estimate
Receipts	\$3,340	\$3,422	\$3,609	\$3,838	\$4,089	\$4,386
Outlays	\$4,173	\$4,407	\$4,596	\$4,754	\$4,997	\$5,165
Deficit/Surplus	-\$833	-\$984	-\$987	-\$916	-\$908	-\$779

Source: Office of Management and Budget

FOMC STATEMENT HIGHLIGHTS

September 26, 2018



● FOR THE THIRD TIME THIS YEAR; THE COMMITTEE VOTED TO RAISE THE FED FUNDS TARGET RANGE TO 2.00% -2.25%

● THE DECISION TO RAISE AT THE SEPTEMBER MEETING WAS A UNANIMOUS DECISION IN FAVOR OF THE RATE HIKE

● INFLATION REMAINS NEAR 2 PERCENT WHILE LONGER-TERM INFLATION EXPECTATIONS ARE LITTLE CHANGED

● “CONSISTENT WITH ITS STATUTORY MANDATE, THE COMMITTEE SEEKS TO FOSTER MAXIMUM EMPLOYMENT AND PRICE STABILITY”

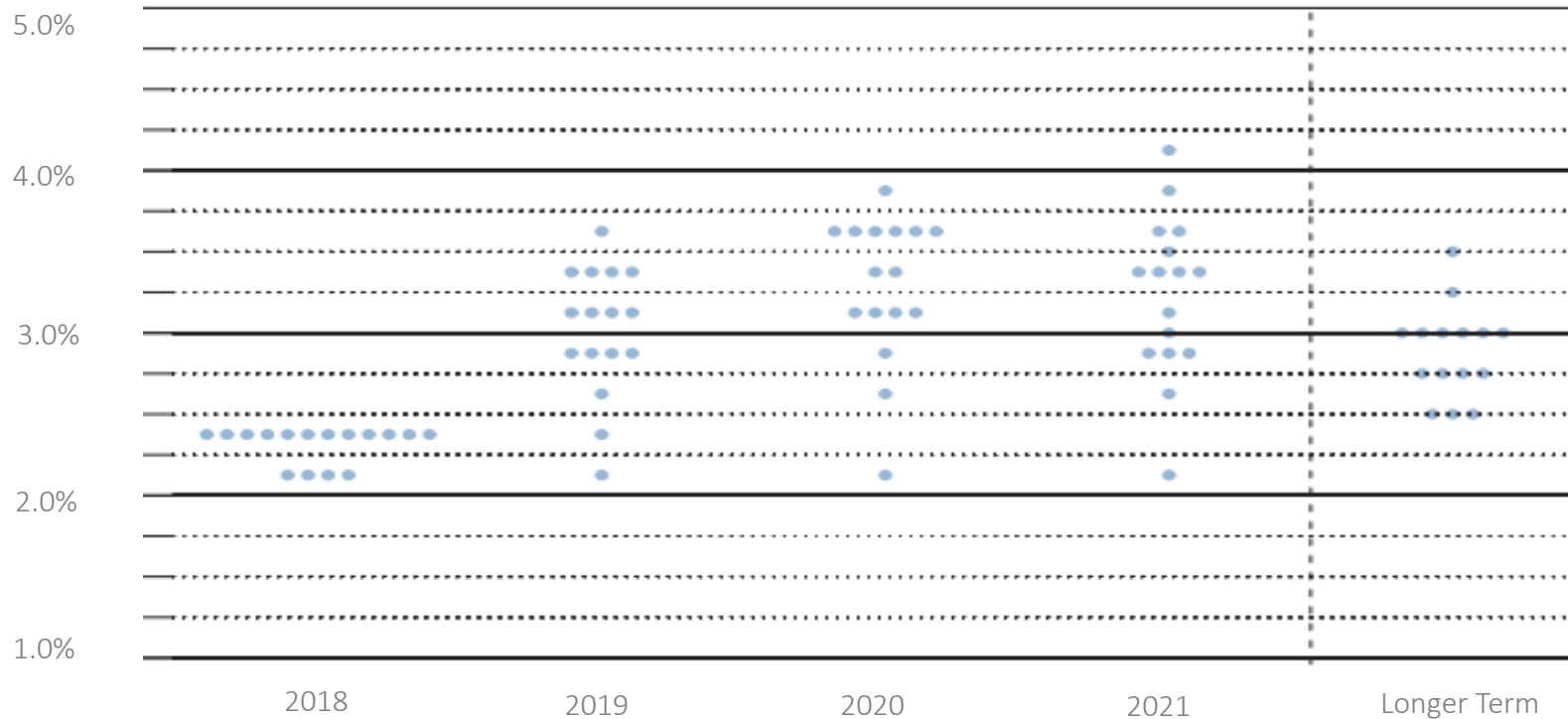
● EFFECTIVE OCTOBER, THE MONTHLY PACE OF SHRINKING THE BALANCE SHEET WILL INCREASE TO \$50 BILLION FROM THE CURRENT PACE OF \$40 BILLION

● “GRADUAL INCREASES IN THE TARGET RANGE FOR THE FEDERAL FUNDS RATE WILL BE CONSISTENT WITH SUSTAINED EXPANSION OF ECONOMIC ACTIVITY AND STRONG LABOR MARKET CONDITIONS”

Source: Federal Reserve

FEDERAL RESERVE POLICY

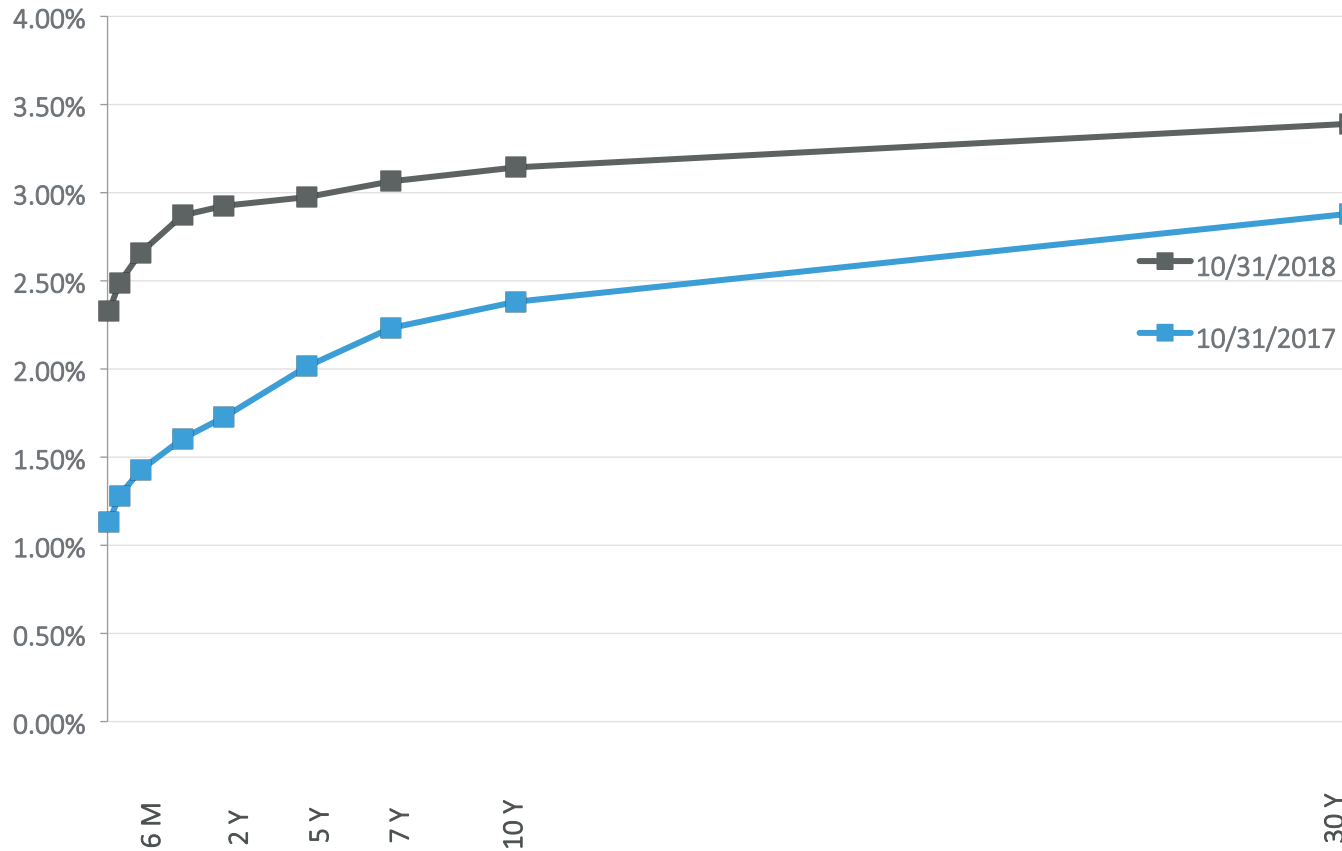
“Dot Plot” from September Meeting



Federal Reserve Policy Projections	2018 Estimate	2019 Estimate	2020 Estimate	2021 Estimate	Longer Term
FOMC Median Dots	2.38%	3.13%	3.38%	3.38%	3.00%
Federal Funds Futures	2.39%	2.94%	2.96%	N/A	N/A
Overnight Interest Rate Swaps	2.35%	2.83%	2.77%	2.66%	N/A

Source: Federal Reserve

YIELD CURVE COMPARISON

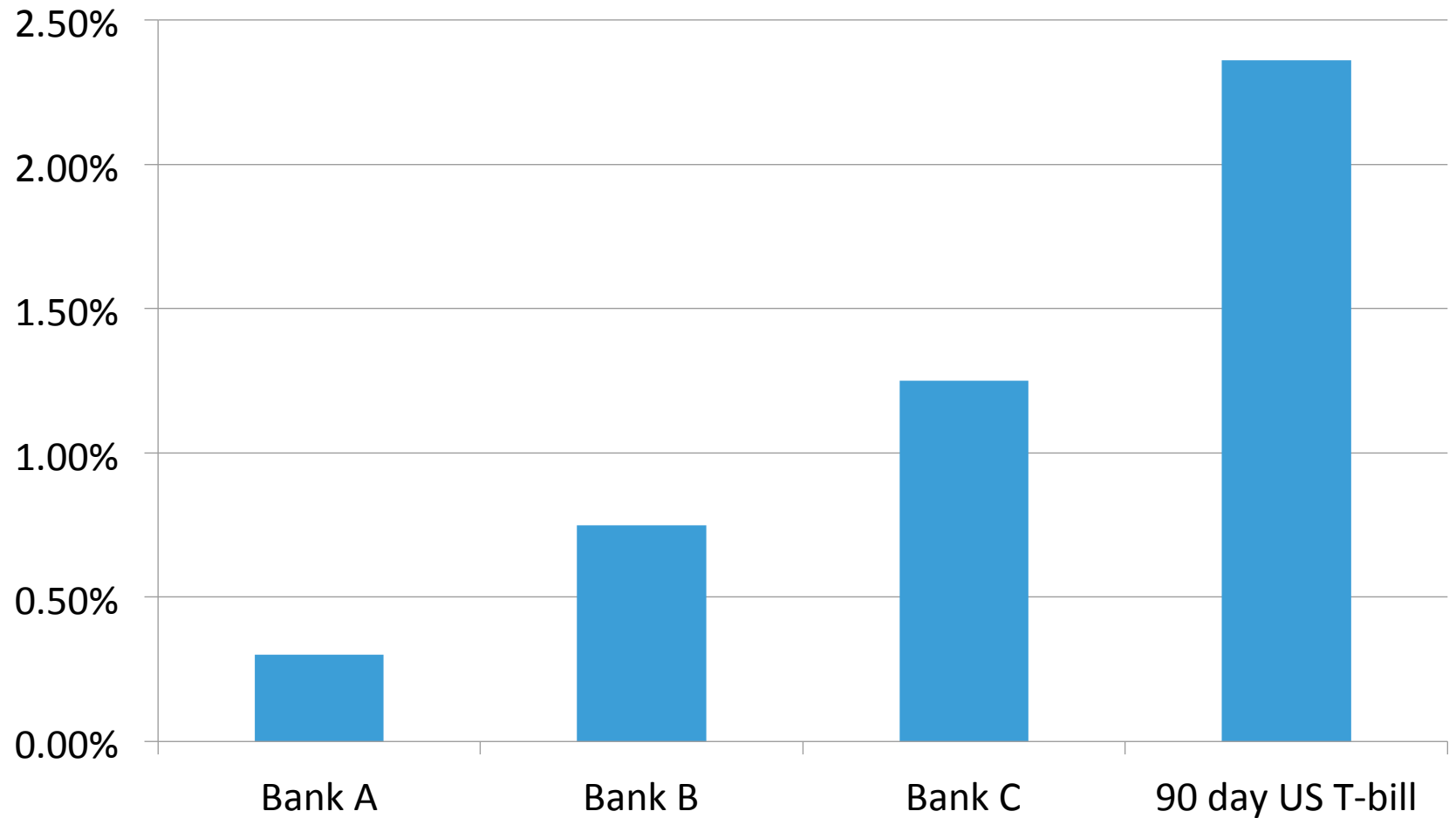


	10/31/2018	10/31/2017
3M	2.33%	1.13%
6M	2.49%	1.28%
1Y	2.66%	1.43%
2Y	2.87%	1.60%
3Y	2.93%	1.73%
5Y	2.98%	2.02%
7Y	3.06%	2.23%
10Y	3.14%	2.38%
30Y	3.39%	2.88%

Source: Bloomberg

Earnings Credit Rates

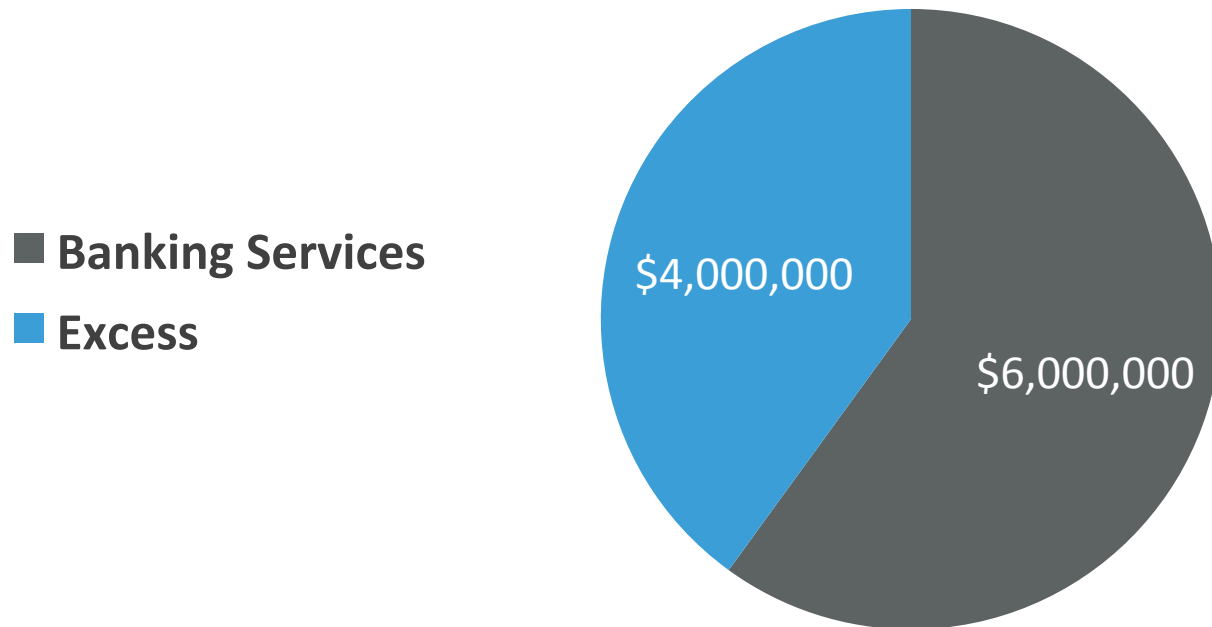
EARNINGS CREDIT RATES



BANK A – EARNINGS CREDIT RATE 0.30%

County Depositor

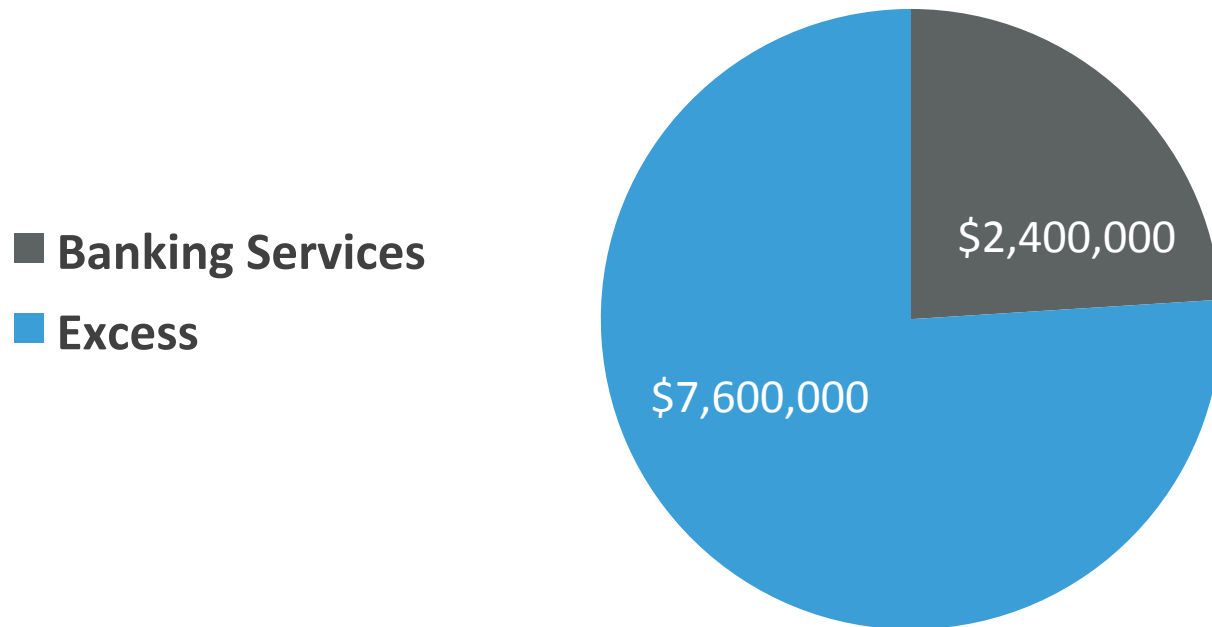
Cost of Banking Services per month	\$1,500.00
Bank Balance	\$10,000,000



BANK B – EARNINGS CREDIT RATE 0.75%

County Depositor

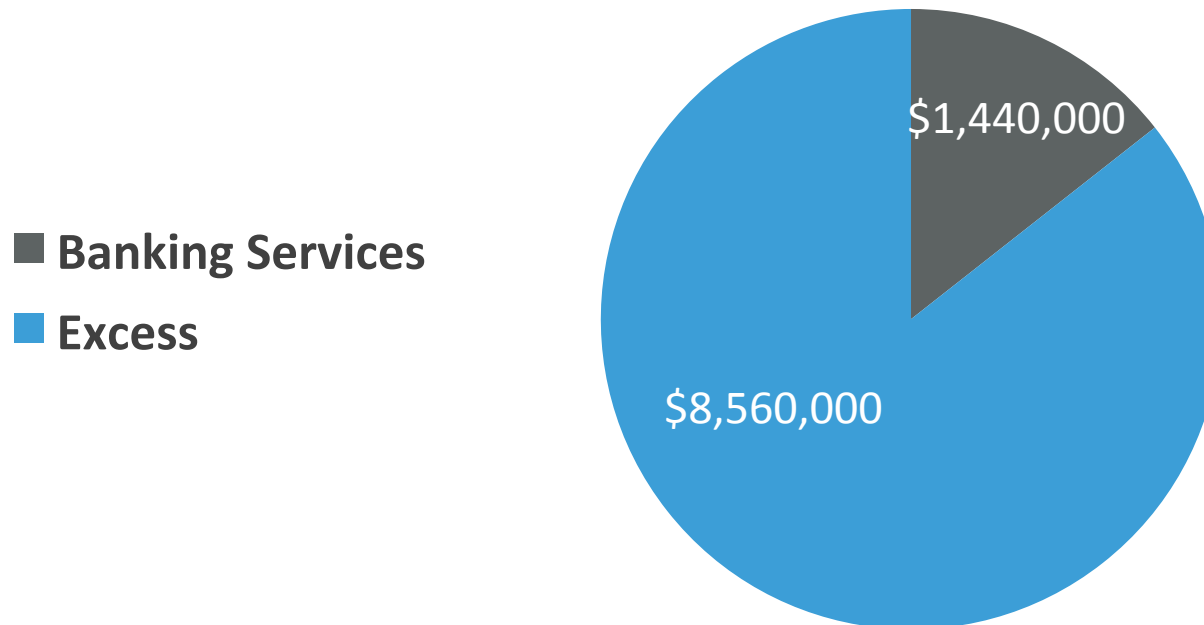
Cost of Banking Services per month	\$1,500.00
Bank Balance	\$10,000,000



BANK C – EARNINGS CREDIT RATE 1.25%

County Depositor

Cost of Banking Services per month	\$1,500.00
Bank Balance	\$10,000,000



BENEFITS OF INVESTING EXCESS BALANCE

	Bank A	Bank B	Bank C
Earnings Credit Rate	0.30%	0.75%	1.25%
Balance to Cover Banking Services	\$6,000,000	\$2,400,000	\$1,440,000
Excess Balance	\$4,000,000	\$7,600,000	\$8,560,000
Additional Interest Income at 2.75%	\$110,000	\$209,000	\$235,400

Ohio Revised Code

RECENT CHANGES TO ORC 135.35

Munis

HB 251
Effective 8/1/18

Increased maximum
maturity to 10 years
from 5 years

Corporates

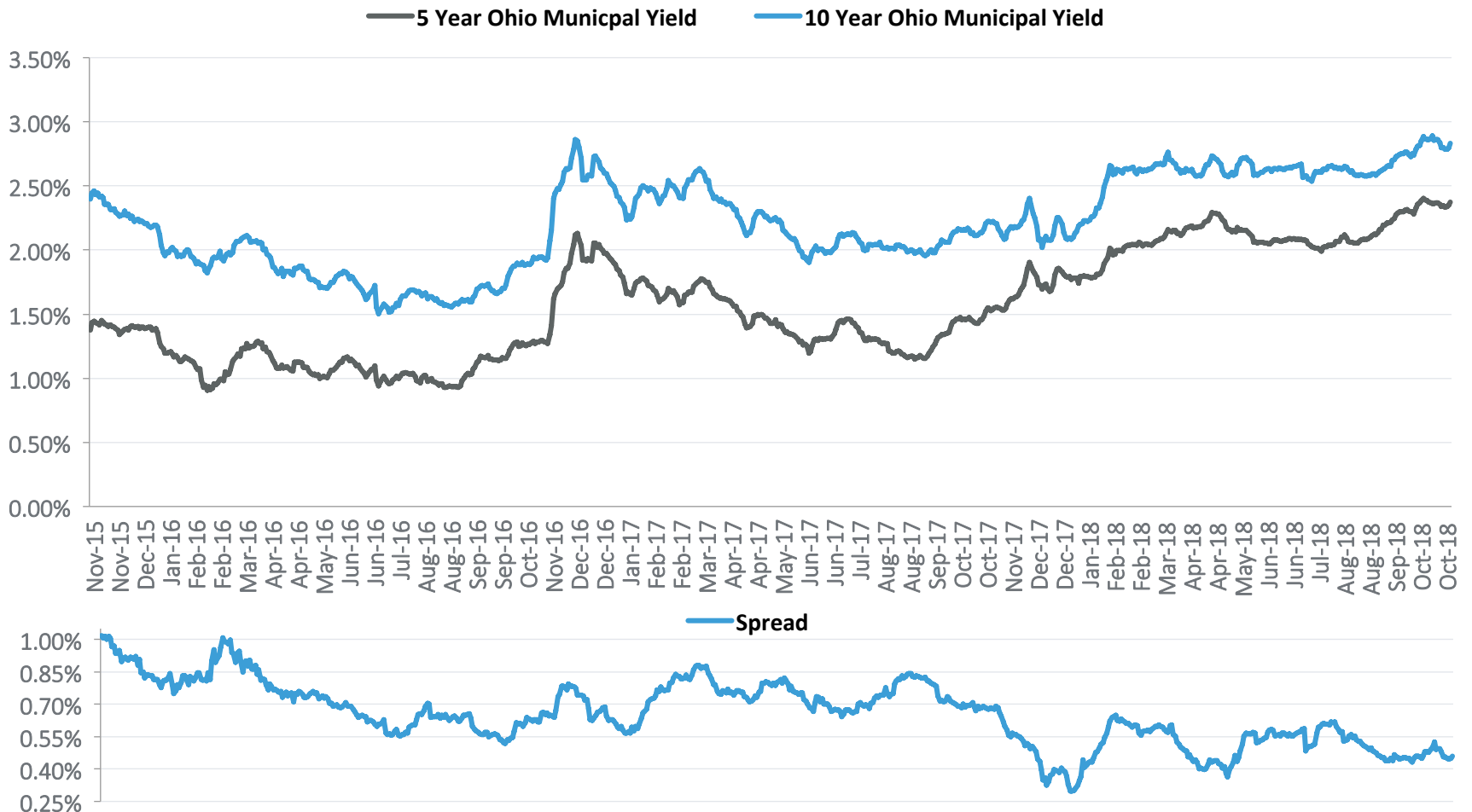
SB 163
Effective 9/28/18

Increased maximum
maturity to 3 years
from 2 years

Expanded minimum
credit rating to A/A
from AA/Aa

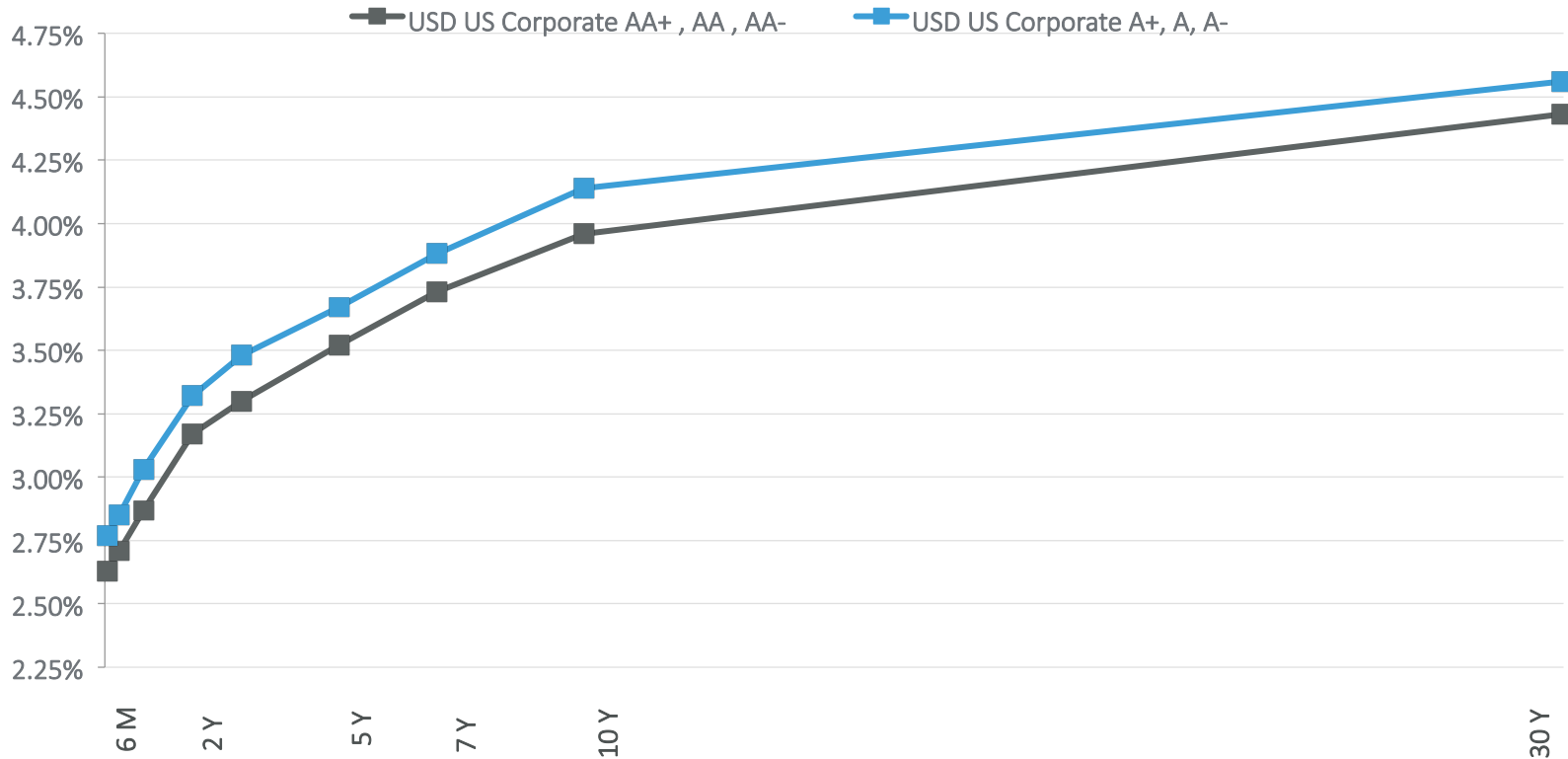
OHIO MUNICIPAL YIELD CURVE

Historical 10 Year Yield vs 5 Year Yield



Source: Bloomberg

US CORPORATE YIELD CURVES



	3 Month	6 Month	1 Year	2 Year	3 Year	5 Year	7 Year	10 Year	30 Year
USD US Corporate AA+, AA, AA-	2.63%	2.71%	2.87%	3.17%	3.30%	3.52%	3.73%	3.96%	4.43%
USD US Corporate A+, A, A-	2.77%	2.85%	3.03%	3.32%	3.48%	3.67%	3.88%	4.14%	4.56%

Source: Bloomberg

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