



NOVEMBER 13, 2024

# INVESTMENTS - MEASURE WHAT MATTERS



MEEDER

# Today's Presenters



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# Today's Panelists



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**Lindsay Webb**  
Lucas County Treasurer



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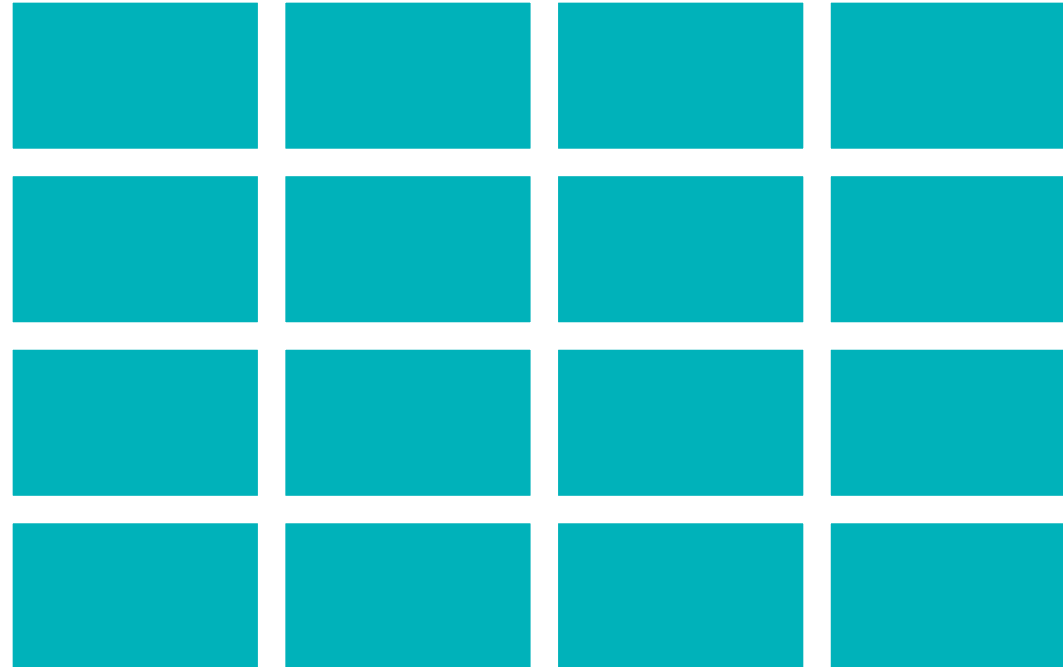
**Dave Wolters**  
Mercer County Treasurer



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**Michael Zuren**  
Lake County Treasurer

How  
many  
squares  
do you  
see?



**16** single squares

**1** large square

**4** outside squares

**5** inside squares

**4** 3x3 squares

**30** squares

We all see  
the same thing,  
but arrive at a  
different  
Conclusion.








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# Current Market Conditions

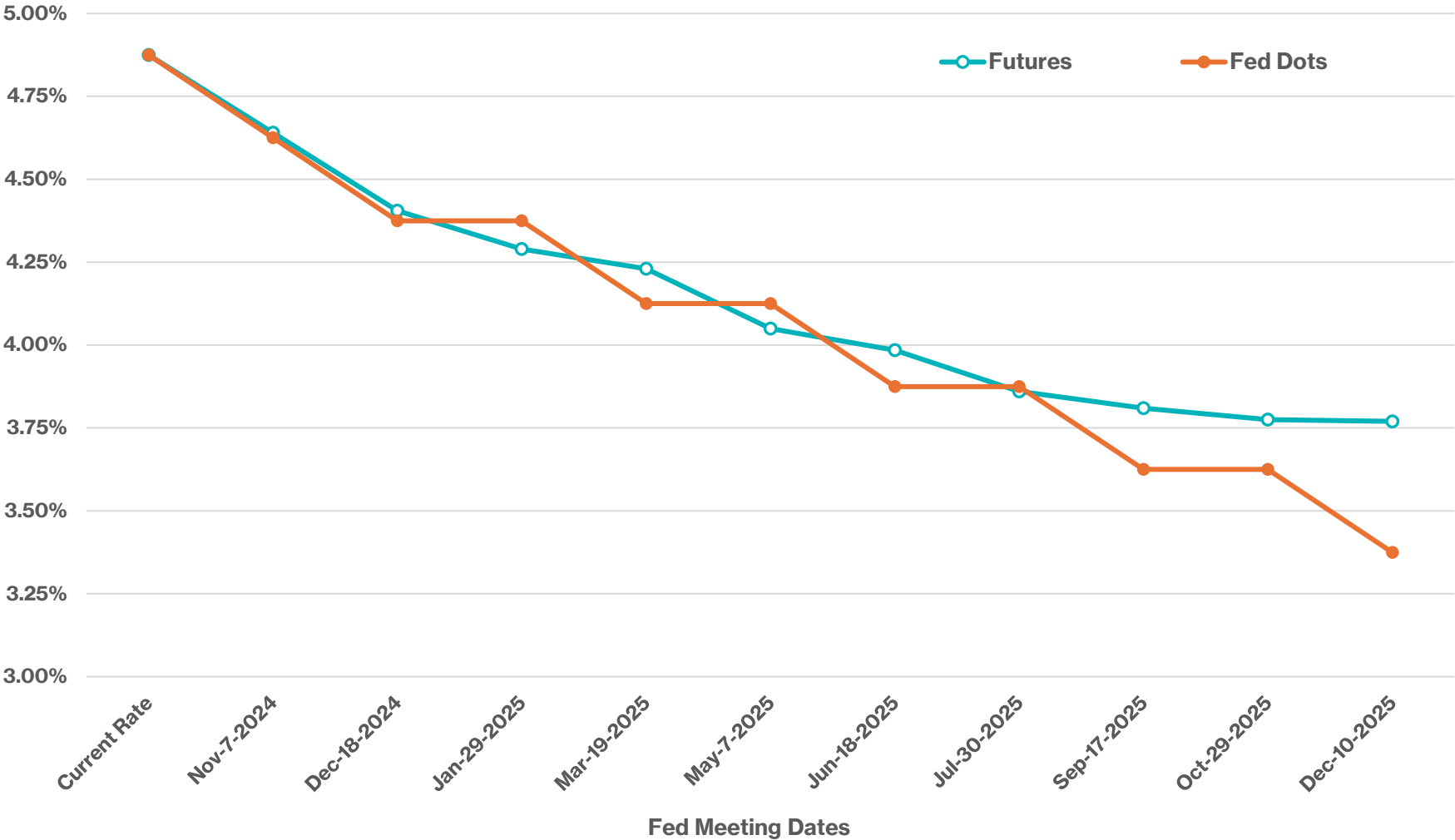
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# FIGEY Outlook and Commentary

	Metric	Analysis
	<b>Fed Funds Rate</b>	As the Federal Reserve attempts to navigate a “soft landing,” both the Fed Funds futures market and the FOMC dot plot are pricing in one more 25 basis point (0.25%) cut in December 2024 and additional cuts next year.
	<b>Inflation</b>	The Fed's preferred inflation gauge, Core PCE YoY, has dropped from its cycle high of 5.6% to 2.7%. The Fed is expecting this inflation metric to decline to 2.2% in 2025, getting close to their 2% target rate.
	<b>Growth</b>	GDP had another stellar quarter (Q3 2024), growing by 2.8% . Additionally, the Fed is expecting the GDP YoY rate for 2025 to be 2.0%.
	<b>Employment</b>	Nonfarm payrolls slowed materially in October due to hurricane and strike impacts. The unemployment rate remains historically low. The Federal Reserve projects the unemployment rate will rise slightly from its current 4.1% to 4.4% in 2025.
	<b>Yields</b>	The 2-year Treasury yield has dropped about 100 basis points from its cycle high (Oct 2023) but is still approximately 230 basis points above its average of the past 20 years.

# Fed Funds Rate

Fed Funds Futures Yields & Fed Dots



- The Federal Reserve executed the first lowering of the Fed Funds rate since 2020 at the September 18<sup>th</sup> meeting.
- The Fed expects to cut the Fed Funds rate by .50% or 50 basis points by the end of 2024 and then by another 1.00% by the end of 2025.

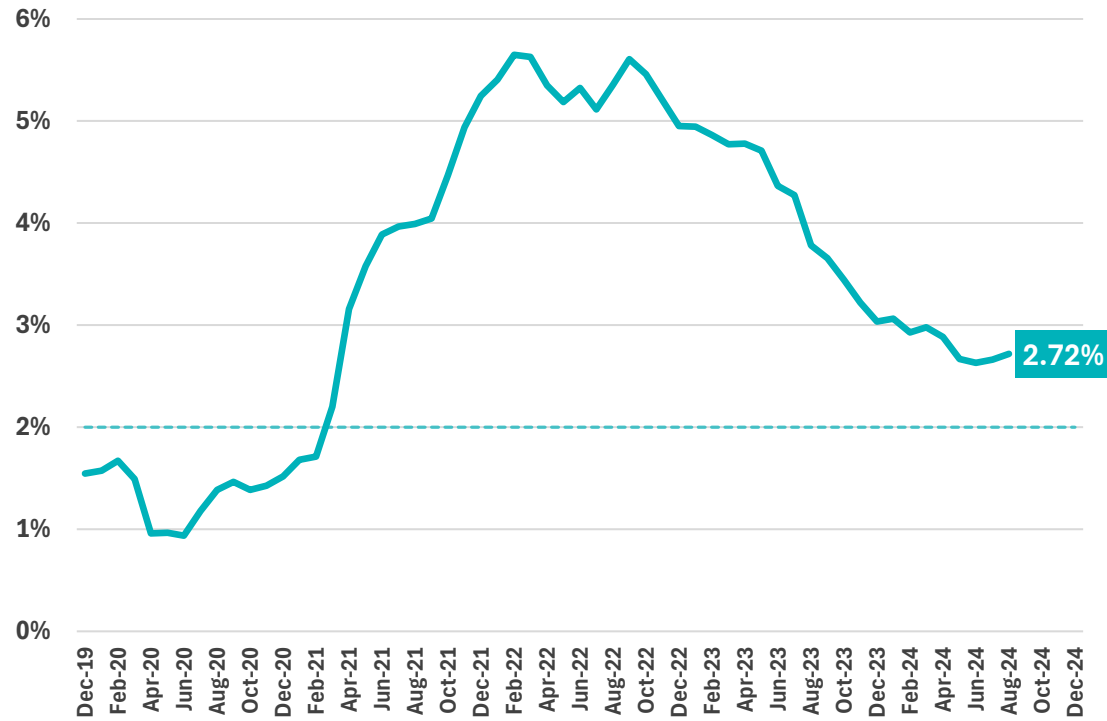
SOURCE: BLOOMBERG AS OF 11/7/24



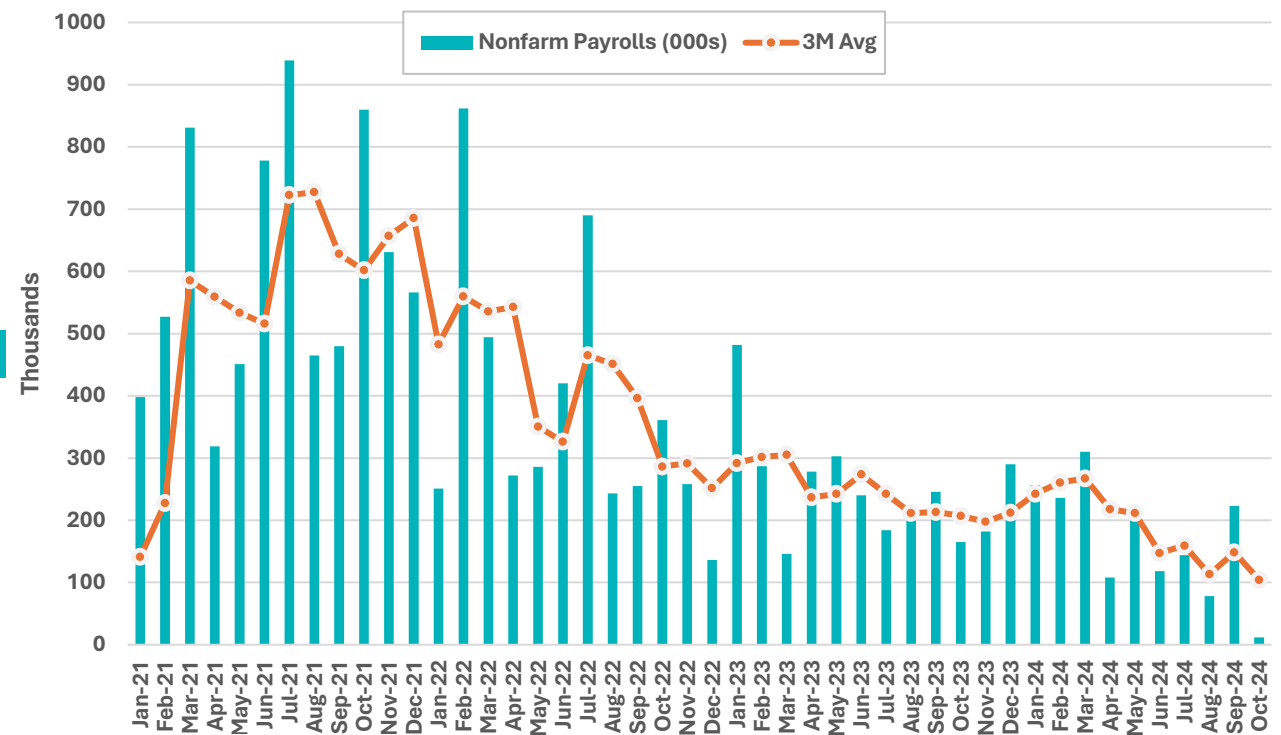
# Inflation and Employment

“Balance of Risks to our Two Mandates Has Changed” - Powell

Core PCE YoY



Nonfarm Payrolls



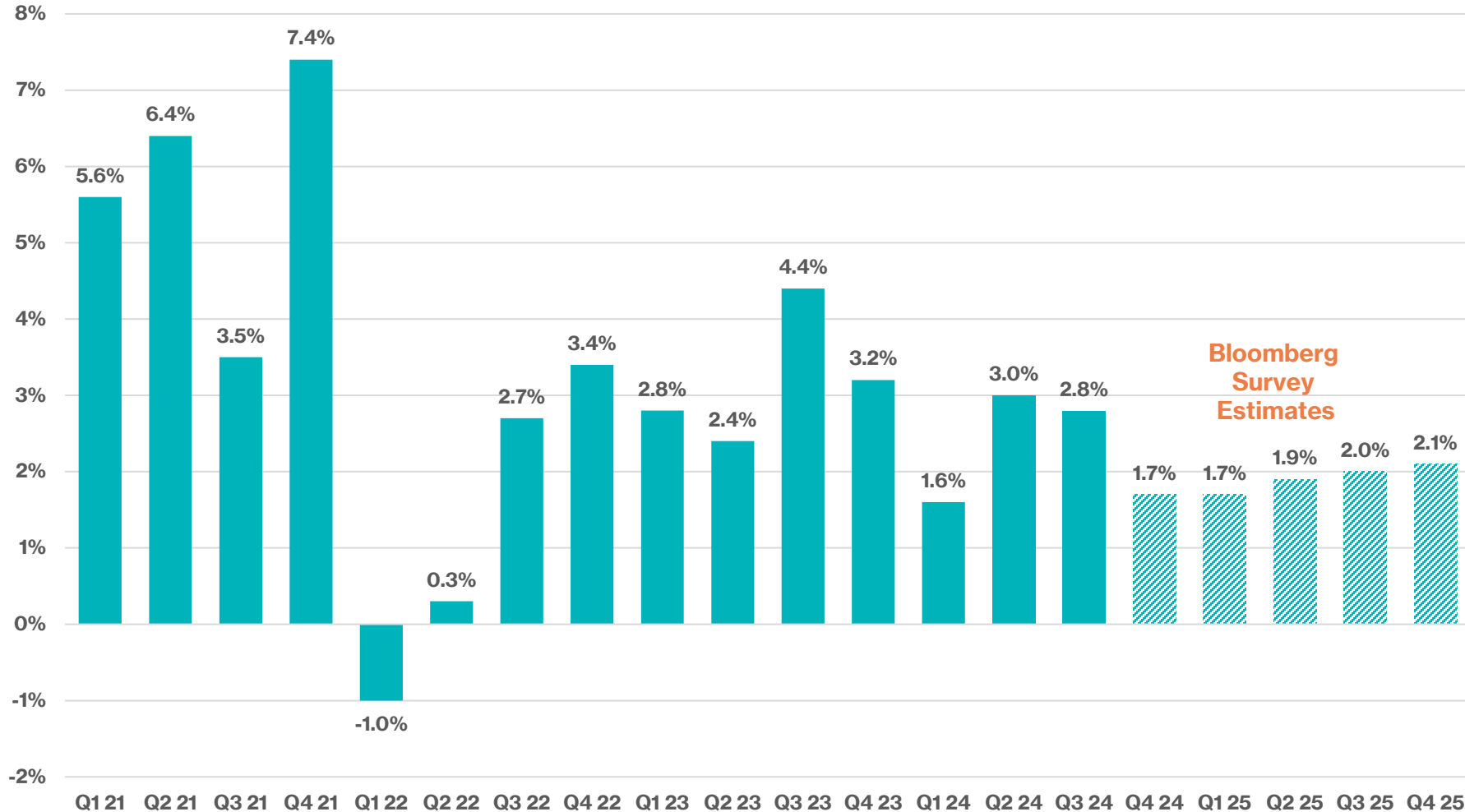
SOURCE: BLOOMBERG, BUREAU OF LABOR STATISTICS,  
BUREAU OF ECONOMIC ANALYSIS



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# Growth

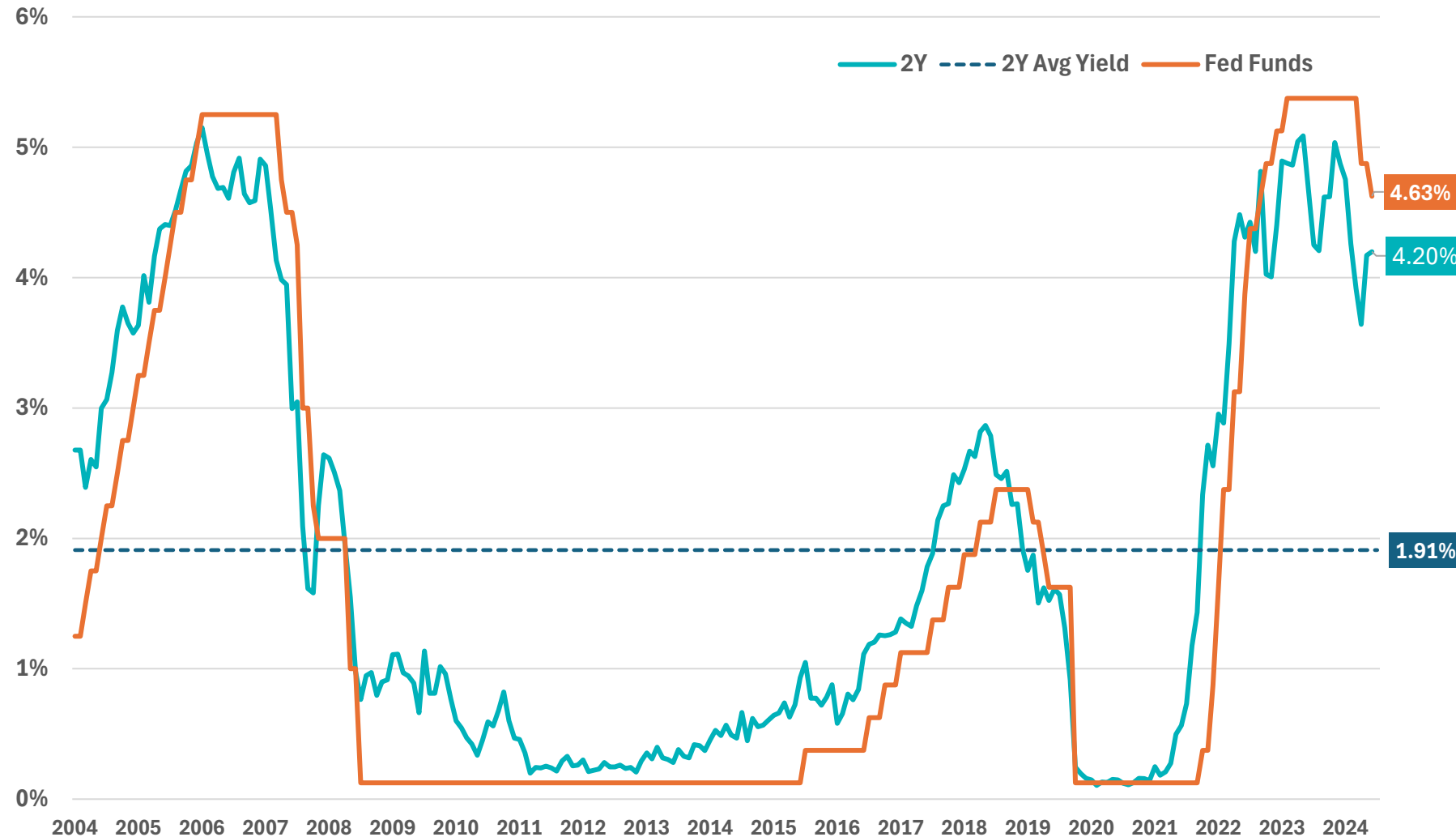
## Real GDP QoQ



- For the past few years, economists surveyed by Bloomberg have been underestimating U.S. economic growth.
- During mid-2023, this survey showed Gross Domestic Product (GDP) would be less than 1 percent for 2024.
- High levels of federal spending and spending from higher-income households have helped keep 2024's GDP at an elevated level.
- These economists are currently expecting sub-2 percent GDP for 2025. Hopefully, that is underestimating next year's economic growth as well.

# Yields

### Fed Funds and 2 Year Treasury Yields Past 20 Years



- Intermediate-term interest rates peaked in October of 2023, with the 2-year Treasury hitting a cycle high of 5.22%.
- Even though interest rates have declined with lower inflation, they are still materially higher than the average the past 20 years.
- We expect the short-term rates (one year and in) to continue their recent decline with future Fed rate cuts on the horizon.
- Intermediate-term rates may pause their decline as market participants evaluate the balance between economic growth and inflation.



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# Local Investment Options – Impacting Your Community

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# Primary Objectives of Investment Programs

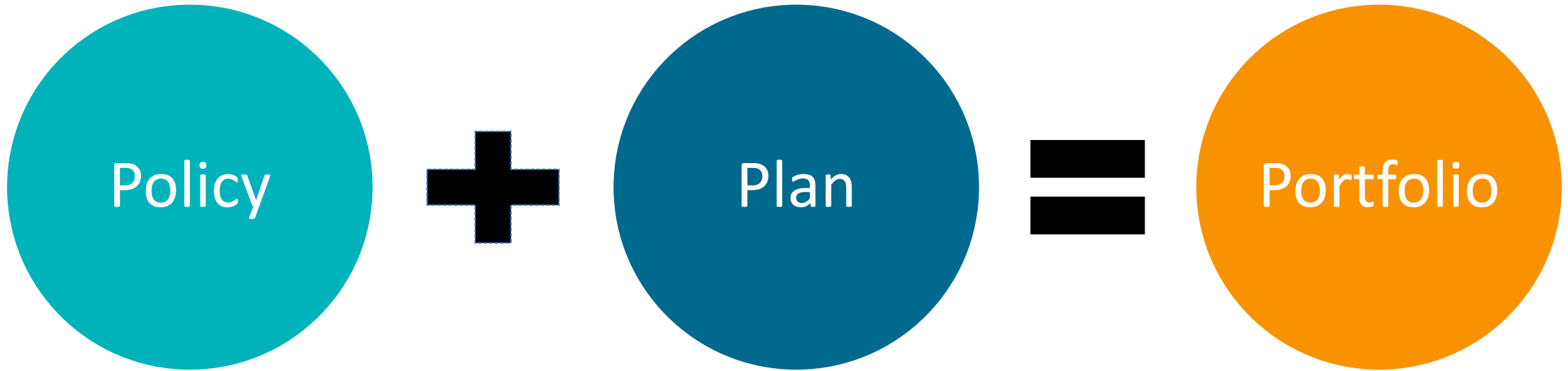
1 Safety of principal

2 Sufficient liquidity

3 Market rate of investment income



# Investment Policy versus Investment Plan



## RULE BOOK

- Legal
- Words
- General
- Static

## PLAY BOOK

- Suitable
- Portfolio
- Specific
- Dynamic



**M E E D E R**  
PUBLIC FUNDS

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# Managing Cash Flows

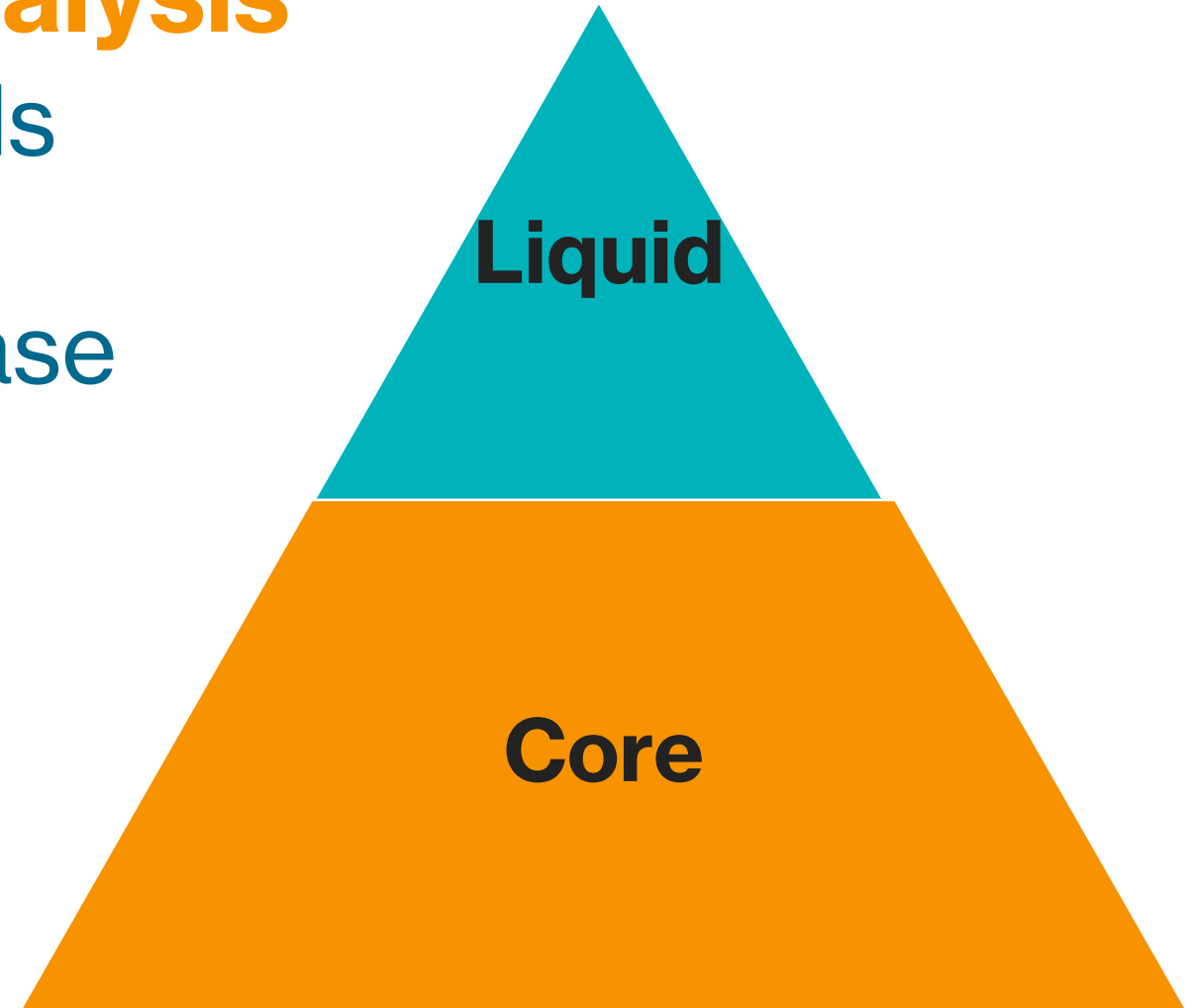
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# “Right Sizing” Your Portfolio through Cash Flow Analysis

Manage cashflow needs

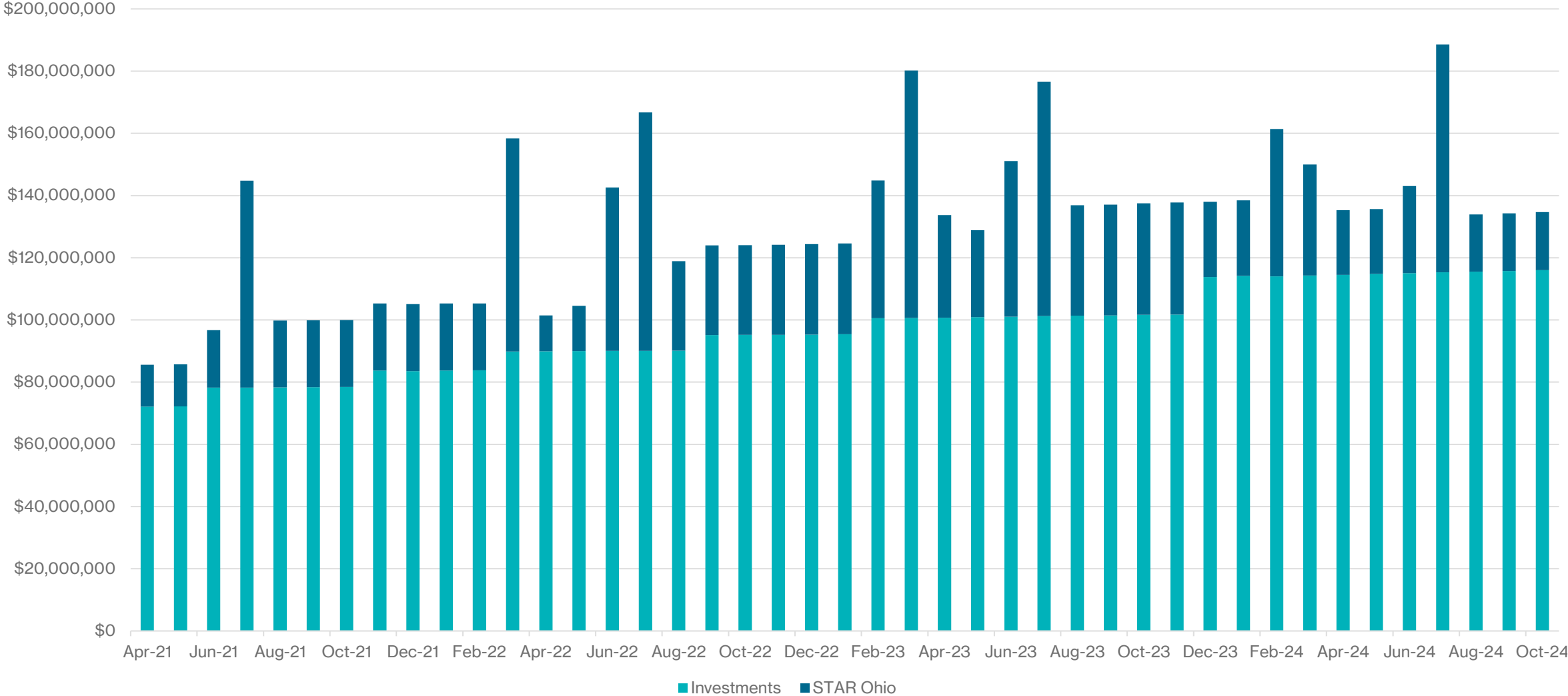
*and*

Build core investment base





# Cash Flow Analysis





**M E E D E R**  
PUBLIC FUNDS

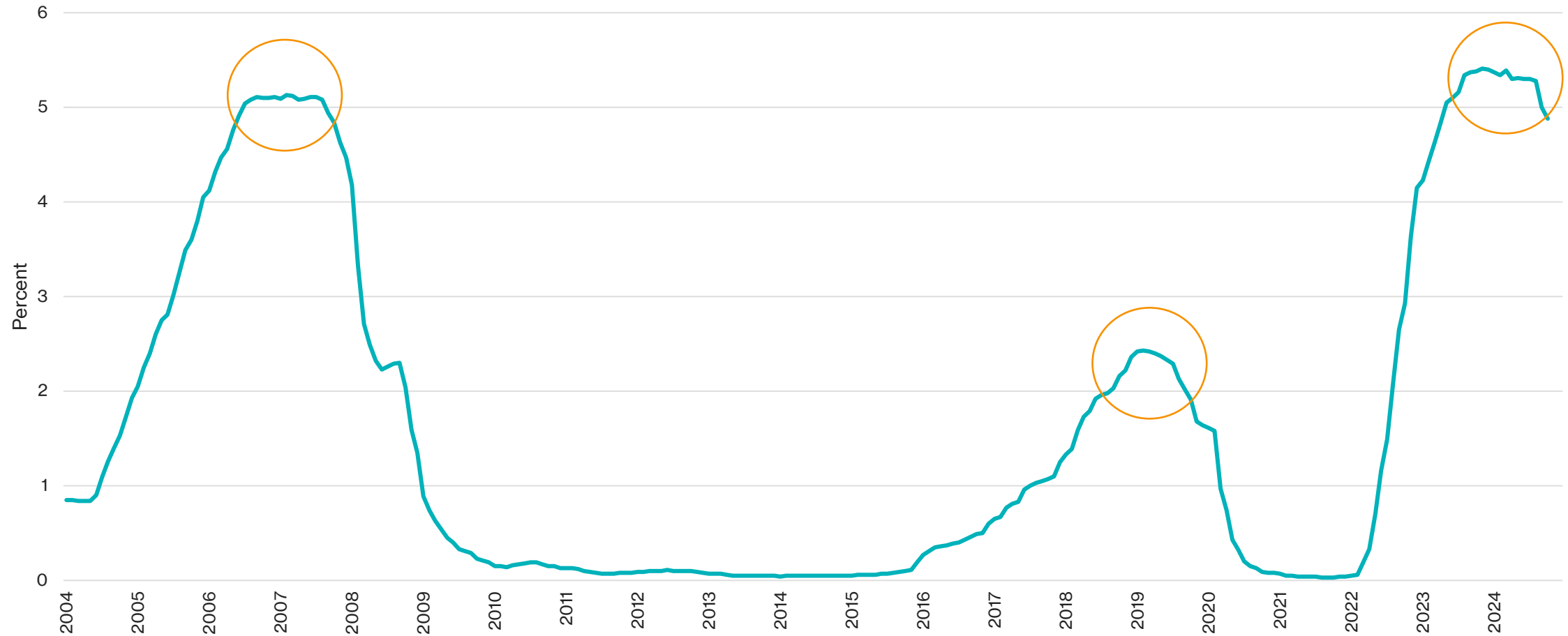
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# Long-Term Income Outlook

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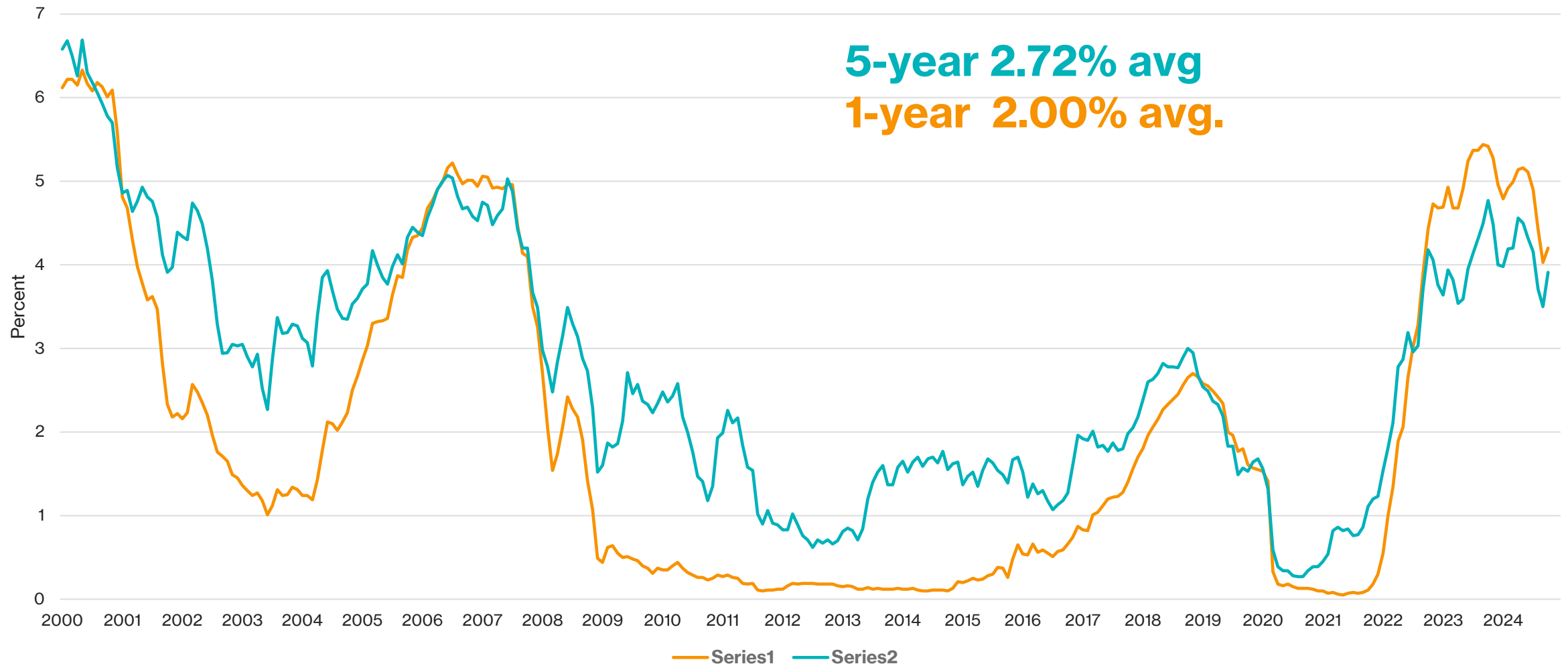
# Opportunity to Create Longer-Term Certainty

### Average LGIP 7-Day Yield



AS OF 7/31/2024 SOURCE BLOOMBERG. Average LGIP represented by LGIP7D Net Index.

# 1-year Treasury versus 5-year Treasury



SOURCE: BLOOMBERG



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# Communicating Investment Performance

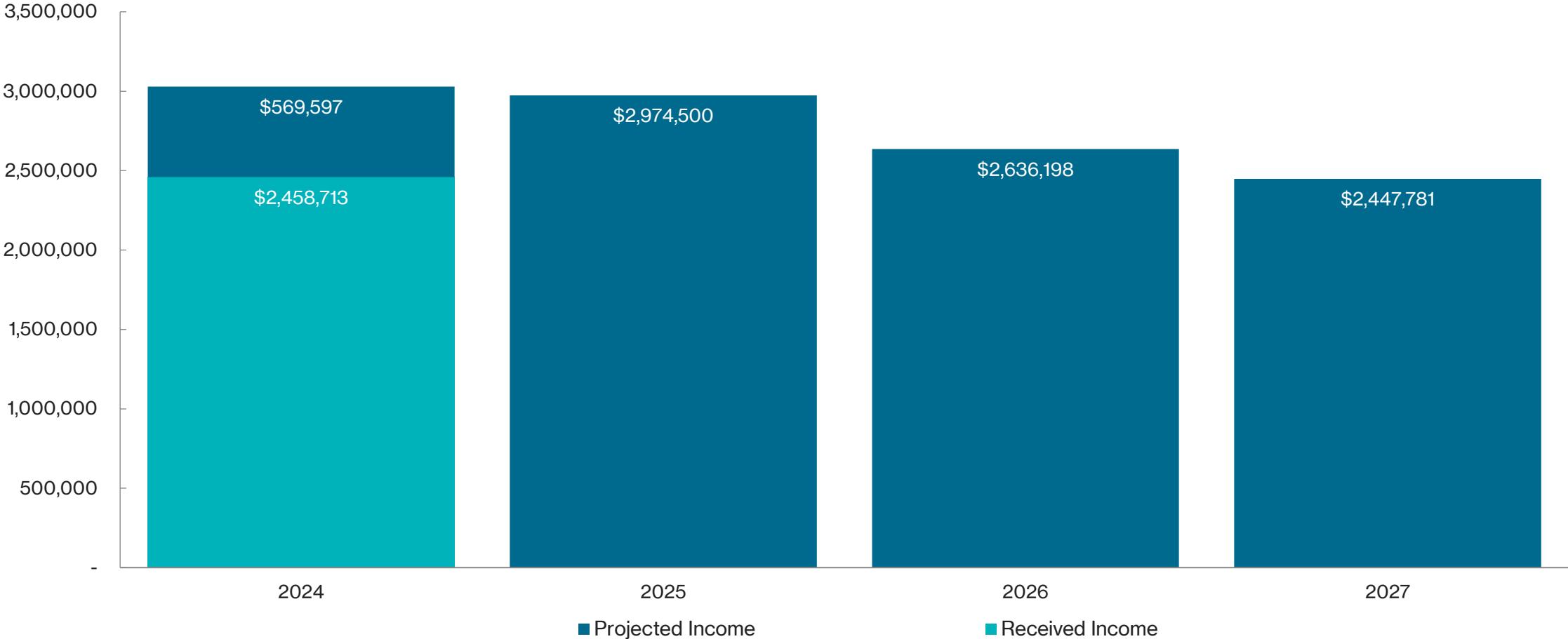
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# Reporting to Your Governing Body



# Projected Annual Interest Income

## INVESTMENT INCOME PROJECTIONS



INTEREST INCOME REFLECTS INCOME RECEIVED ON SECURITIES HELD IN THE CUSTODY ACCOUNT AND DOES NOT INCLUDE INCOME RECEIVED ON CLIENT MANAGED ASSETS.



## Budget Stability of Investment Income



## Sleep Adjusted Returns

# The Investment Portfolio

The only place in local government where revenue can be generated without assessing taxes or fees





# Q & A

# Disclosures



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