



SARASOTA COUNTY, FLORIDA MONTHLY INVESTMENT REPORT

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October 2024

Summary of Investment Strategy: The FOMC cut rates by 25 bps at their most recent meeting, a decision unchanged because of the election results. The Fed will remain on the policy path it was already on prior to the election outcome. Since they were already on a path to cut rates twice more, they will more than likely stick to that path. Any deviation from the dots is more likely to occur next year. A negative storm-affected employment report is more of a blind spot than anything else. It is like a month without an employment release, meaning the Fed is almost certain to stick to their course and ignore the negatively impacted storm-related jobs data. Current investable U.S. Treasury yields range from 4.16% to 4.54%. October investment portfolio activity consisted of \$15.7 million in return of mortgage principal, \$68.0 million in redemptions and calls, and \$24.6 million in purchases with an average yield of 5.26% and 2.92yr effective duration.

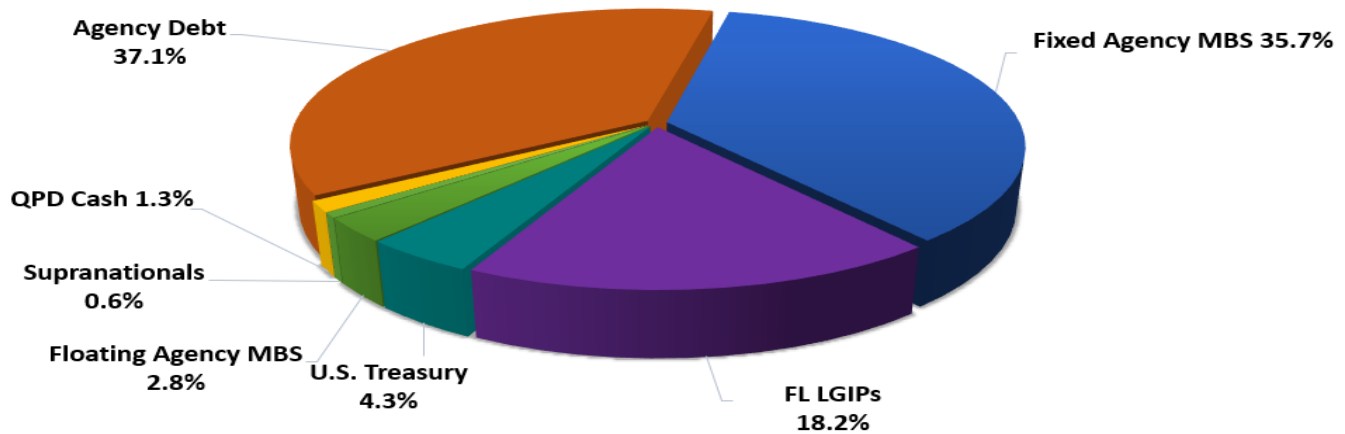
KEY ECONOMIC INDICATORS

- ISM Manufacturing came in at 47.2 in September, below expectations of 47.5 and matching prior month's value of 47.2.
- Non-Farm Payrolls increased by 254k in September which was above expectations of 150k. August's figure was revised lower to 78k from the previously reported 142k.
- Average hourly earnings were up 4.0% YoY in September – above expectations of 3.8% and higher than last month's YoY increase of 3.9%.
- Producer prices ex-food and energy, YOY rose 2.8% in September; above expectations of 2.6% and higher than prior month's revised 2.6%.
- Retail sales ex auto and gas increased by 0.7% in September; higher than expectations of 0.3% and higher than prior month's revised 0.3%.

NEWS and EVENTS

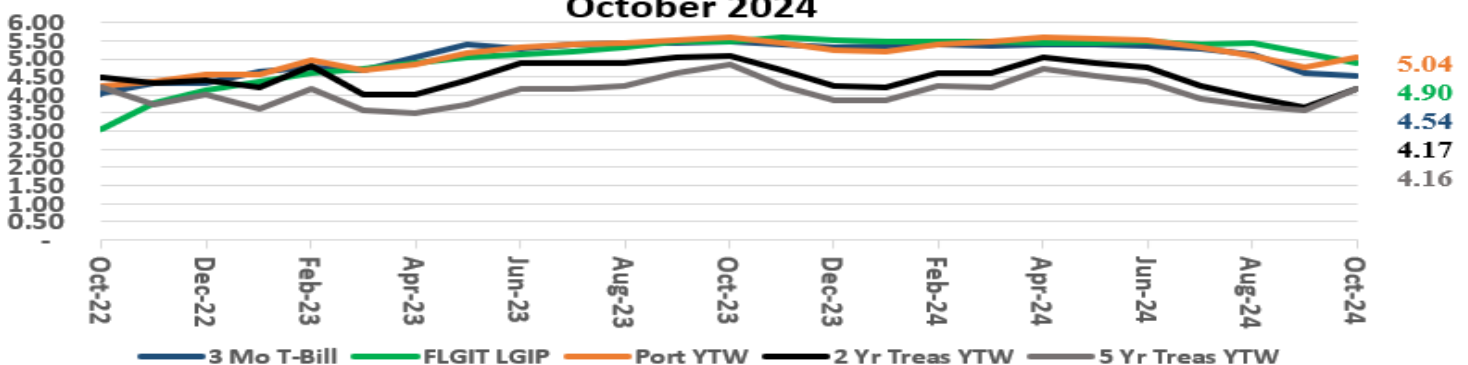
- U.S. inflation eased to a new three-year low but is cooling more slowly than expected, new data showed in what is the last reading of the consumer-price index before Election Day.
- The U.S. is increasingly pulling ahead of the world's advanced economies, with a surge of investment paying off in higher productivity and wages, the IMF reported.
- Consumer sentiment in the U.S. this month improved at the steepest pace in more than three years, as confidence grew in the economy and personal incomes.
- The U.S. economy continued its recent strong stretch this summer as hefty consumer and government spending helped lift GDP by 2.8% annual rate in the third quarter.

PORTFOLIO COMPOSITION



YIELD COMPARISON

Portfolio YTW vs Eligible Investments YTW
October 2024





PORTFOLIO STATISTICS

	May	June	July	August	September	October
Portfolio at Cost Plus Cash	\$ 1,813,853,224	\$ 1,800,751,451	\$ 1,780,668,217	\$ 1,755,065,842	\$ 1,639,689,387	\$ 1,599,587,480
Yield to Worst with cash	5.54%	5.52%	5.30%	5.06%	4.75%	5.04%
Yield to Worst without cash	5.59%	5.55%	5.29%	5.00%	4.70%	5.08%
Interest Received (Cash Basis)	\$ 6,167,019	\$ 7,688,766	\$ 6,032,399	\$ 6,577,990	\$ 6,696,621	\$ 5,329,614
Interest Received Fiscal Year to Date						\$ 5,329,614

SHOCK ANALYSIS

The portfolio shock analysis is a proactive risk management tool, utilized to evaluate how Sarasota County's current portfolio would react to certain defined interest rate scenarios. This tool enables us to monitor the county's interest rate risk exposure to ensure it is aligned with the requirements of the investment policy. The table below presents the base scenario on how the portfolio is performing in the current interest rate environment.

	Down 50 Basis Points	Down 25 Basis Points	Base	Up 25 Basis Points	Up 50 Basis Points
Book Value plus cash	\$1,599,587,480	\$1,599,587,480	\$1,599,587,480	\$1,599,587,480	\$1,599,587,480
Market Value	\$1,587,801,277	\$1,582,455,947	\$1,576,800,669	\$1,570,870,894	\$1,564,790,662
Change in Market Value	\$11,000,608	\$5,655,278	\$0	(\$5,929,774)	(\$12,010,007)
Gain/(loss) BV unrealized	(\$11,786,203)	(\$17,131,534)	(\$22,786,812)	(\$28,716,586)	(\$34,796,819)
Market price	\$99.12	\$98.79	\$98.45	\$98.08	\$97.71
Yield to Worst	4.50	4.77	5.04	5.29	5.53
WAL	1.57	1.65	1.75	1.86	1.98
Effective Duration	1.32	1.38	1.45	1.52	1.59

CASH FLOW FORECAST

The cash flow forecast chart is a graphical representation of the annual projected cash flows of the County's investment portfolio resulting from expected investment maturities, calls and mortgage prepayments. Policy guidelines allow for adjustable mortgages that have longer maturities since the coupon changes based on interest rate movements. This management tool is utilized to evaluate portfolio liquidity, to make sure there is sufficient cash on hand to meet day-to-day expenses, and optimize reinvestment of excess funds.

