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Manatee County

## Monthly Investment Report

### Economic Update December 31, 2023

- When will the Fed begin cutting rates, and by how much? Is inflation headed back to the target level of 2%, or is there some work still to be done? These are the two major questions to be answered in 2024.
- Longer-term rates not only reflect current economics but need to factor in additional uncertainty surrounding geopolitical events, inflation, employment and consumer spending, and even concerns that the US government will continue to borrow money, thereby adding to an already large fiscal deficit.
- However, in recent weeks markets have pulled down long-term rates in anticipation of rate cuts in 2024. The Federal Reserve remains committed to keeping rates "higher for longer", which remains at odds with the prevailing consensus from market participants.
- Federal Reserve policymakers agreed last month that it would be appropriate to maintain a restrictive stance "for some time," while acknowledging they were probably at the peak rate and would begin cutting in 2024.
- Markets are still pricing in 5-6 rate cuts this year (-125 or -150 basis points), while the Fed's median projection is for three (-75 basis points in total). Furthermore, markets see a ~50% change of the first rate cut in March, while the Fed itself sees the first cut later in the year, likely in September.
- That said, officials "reaffirmed that it would be appropriate for policy to remain at a restrictive stance for some time until inflation was clearly moving down sustainably."
- A tweak to the Fed's post-meeting statement also highlighted a shift in tone, with officials noting they will monitor a range of data and developments to see if "any" additional policy firming is appropriate.
- Last month's job report surprised to the upside, yet again. The continued strength in the labor market deviates from the Fed's desire for a looser situation, which would help wage pressures subside.
- The US economy is roughly 70% driven by consumption, so consumers must have earnings to support trade in both goods and services..
- Economists estimate that the U.S. economy needs to add 100,000 new jobs per month to maintain employment levels. In effect, we are creating more jobs than we can fill with our existing population...
- From the US Bureau of Labor Statistics: Total nonfarm payroll employment increased by 216,000 in December, and the unemployment rate was unchanged at 3.7 percent. Employment continued to trend up in government, health care, social assistance, and construction, while transportation and warehousing lost jobs.

### Cash and Investment Balances

| Core Investment  | Balance                          | 30 - Day Yield          | Trailing 12-Month Return | Weighted Average Maturity to Reset (Days) |
|--|----------------------------------|-------------------------|--------------------------|---|
| Cash – Bank of America*  | \$ 10,571,540.04                 | 2.59%                   |                          | 1   |
| Florida Prime (SBA)  | \$ 955,827,885.80                | 5.60%                   | 5.40%                    | 41  |
| FLGIT - Short-Term Bond Fund                                       | \$ 518.50                        | 4.61%                   | 5.21%                    | 668                                       |
| FLGIT - Day to Day Fund  | \$ 269,390,909.55                | 5.51%                   | 5.18%                    | 35  |
| FL-FIT Cash Pool   | \$ 523,118,285.42                | 5.57%                   | 5.30%                    | 70  |
| FL-FIT Cash Pool - Utilities Revenue Improvement Bonds, Series     | \$ 4,397.08                      | 5.57%                   | 5.30%                    | 70  |
| FL-FIT Choice - Utilities Revenue Improvement Bonds, Series 2023** | \$ 29,465,036.30                 | 5.73%                   |                          | 92  |
| DBIA LT Managed Portfolio**  | \$ 321,979,290.75                | 4.97%                   |                          | 323                                       |
| DBIA CP Ladder Managed Portfolio**                                 | \$ 153,790,772.02                | 5.36%                   |                          | 92  |
|  | <b>Total</b>                     | <b>Weighted Average</b> | <b>Weighted Average</b>  | <b>Weighted Average</b>                   |
|  | <b>TOTAL \$ 2,264,148,635.46</b> | <b>5.46%</b>            | <b>5.34%</b>             | <b>91</b>                                 |

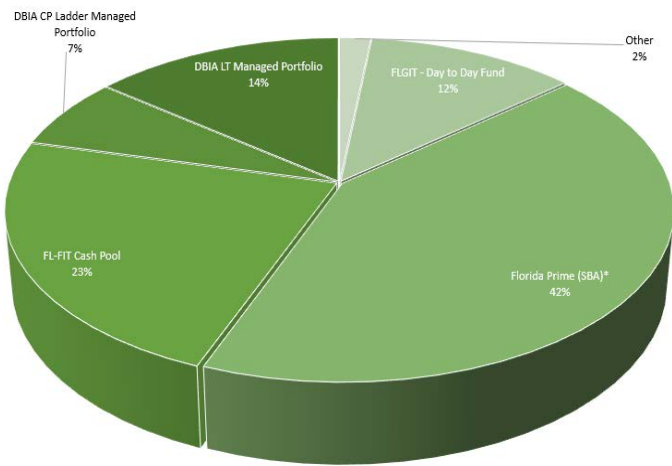
\*Cash balances (Bank of America) not included in the Trailing 12-Month Return and Weighted Average Maturity to Reset (Days) weighted average.

\*\*US Bank account ending in 010 is listed as DBIA LT Managed Portfolio (Inception Date: 3/21/2023). US Bank account ending in 000 is listed as DBIA CP Ladder Managed Portfolio (Inception Date: 8/10/2023). The balances listed are the account Book Value and the Trailing 12-Month Return rate is not included/used in the weighted average calculation for DBIA Managed Portfolios, and FL-FIT Choice.

Note: Trailing 12-Month Return rate is not included/used in the weighted average calculation for DBIA LT Managed Portfolio and US Bank.

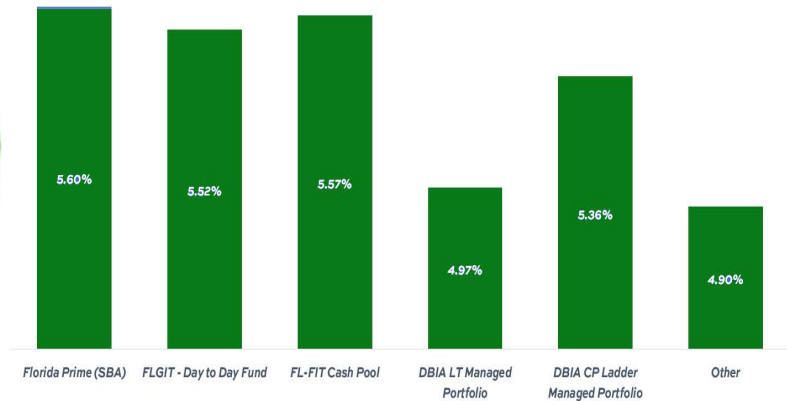
The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Pools may be lower or higher than the performance quoted.

### Portfolio Allocations



### Portfolio Yield

30-Day Yield as of 12/31/2023



Other: Cash - Bank of America, FL-FIT Cash Pool - Utilities Revenue Improvement Bonds Series 2023, FL-FIT Choice - Utilities Revenue Improvement Bonds Series 2023, and FLGIT - Short-Term Bond Fund.

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