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Monthly Investment Report

Economic Update January 31, 2024

- 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. As of early February, it appears inflation is headed lower, but economic growth continues to surprise to the upside.
- Longer-term rates not only reflect current economics but need to factor in additional uncertainty surrounding geopolitical events, inflation, employment, consumer spending, and concerns that the US government will continue to borrow money, thereby adding to an already large fiscal deficit.
- Since the turn of the year, markets have pulled down long-term rates in anticipation of rate cuts in 2024 (see next slide). 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 are in consensus that it will be appropriate to maintain a restrictive stance "for some time," while acknowledging they were probably at the peak rate and would begin cutting sometime in 2024, so long as there is sustained inflation near 2%.
- Markets are still pricing in more cuts than the central bank itself. As of early February, markets are expecting roughly 5 quarter-point rate cuts this year (approximately 125 basis points), while the Fed's median projection is for three (-75 basis points in total). Back in January, markets were convinced that cuts would begin in March, but this conviction is waning as US economic data continues to show surprising strength, causing the Fed to pause.
- 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 (+353k, expected +185k). The December figure was also revised up from +216k to +333k . The continued strength in the labor market deviates from the Fed's desire for a looser labor market, 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 fan fill with our existing population…

From the US Bureau of Labor Statistics:

- Total nonfarm payroll employment rose by 353,000 in January, and the unemployment rate remained at 3.7 percent. Job gains occurred in professional and business services, health care, retail trade, and social assistance. Employment declined in the mining, quarrying, and oil and gas extraction industry.

Cash and Investment Balances

Core Investment		Balance	30 - Day Yield	Trailing 12-Month Return	Weighted Average Maturity to Reset (Days)
Cash – Bank of America*	$	10,594,417.59	2.59%		1
Florida Prime (SBA)	$	972,533,534.39	5.57%	5.40%	41
FLGIT - Short-Term Bond Fund	$	521.33	4.61%	5.21%	668
FLGIT - Day to Day Fund	$	270,641,385.78	5.51%	5.18%	35
FL-FIT Cash Pool	$	525,570,144.07	5.52%	5.26%	64
FL-FIT Cash Pool - Utilities Revenue Improvement Bonds, Series	$	4,417.69	5.52%	5.26%	64
FL-FIT Choice - Utilities Revenue Improvement Bonds, Series 2023**	$	29,606,075.61	5.73%		61
DBIA LT Managed Portfolio**	$	322,852,236.04	5.02%		291
DBIA CP Ladder Managed Portfolio**	$	154,528,165.51	5.34%		114
		Total	Weighted Average	Weighted Average	Weighted Average
TOTAL	**$**	**2,286,330,898.01**	**5.45%**	**5.32%**	**86**

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

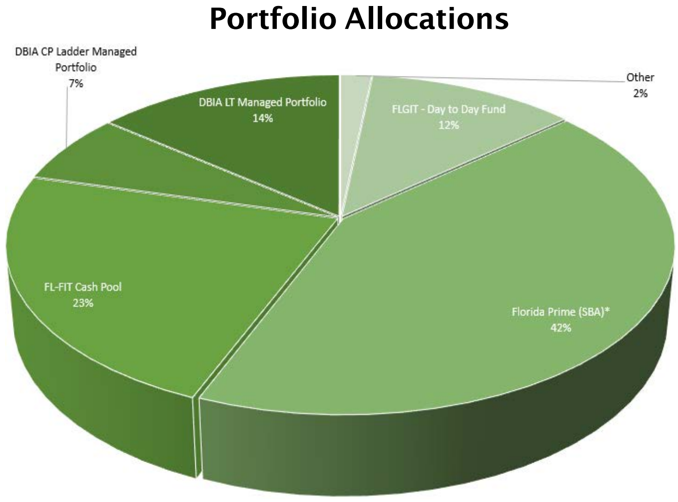
**US Bank account ending in 010 is listed as DBIA LT Managed Portfolio (Inception Date: 3/21/2023). US Bank account ending in 000 is listed as DBIA CP Ladder Managed Portfolio (Inception Date: 8/10/2023). The balances listed are the account Book Value and the Trailing 12-Month Return rate is not included/used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

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

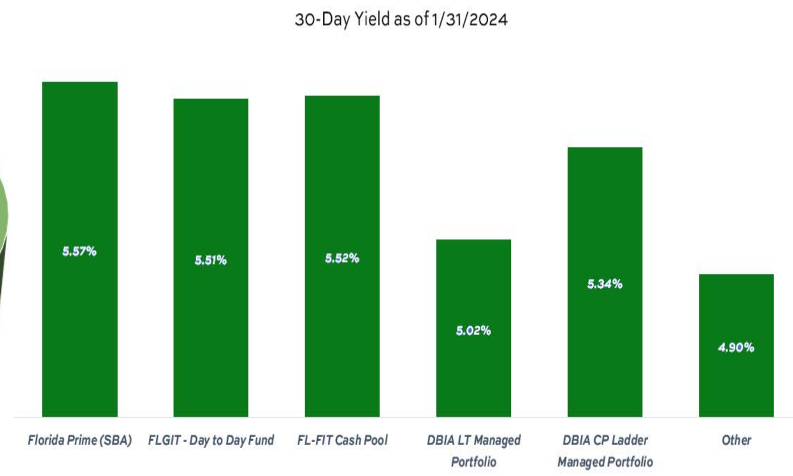
Note: Data in Gray for "Weighted Average Maturity to Reset (Days)" is from December 2023 as January 2024 is not yet available.

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



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.