



# Monthly Investment Report

## Economic Update February 29, 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 March, 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 start of the year, interest rates have risen, mainly driven by positive economic data and expectations of delayed rate cuts. The Federal Reserve remains committed to keeping rates "higher for longer", and rate cut expectations of market participants are starting to reflect this.
- Late December: Federal Reserve officials expect to lower rates by 75 basis points in 2024, following a mixed jobs report. This pace of cuts is much sharper than what was indicated in their December meeting. The shift in policy suggests a departure from the previous stance of "higher for longer" to "higher for now".
- Mid-January: Markets continue to wrestle with the Fed's plans for 2024, pricing in up to eight 25 basis point cuts. The odds of a March rate cut stand at roughly 80%.
- Late January: The discrepancy in market expectations vs Fed projections began to reconcile following a series of "hawkish" (higher interest rates) remarks from Fed officials, reaffirming the need for policy to remain restrictive until inflation shows clear signs of declining. This was reinforced by a series of economic data releases indicating stronger-than-expected performance from the US economy.
- By late February, market sentiment changed significantly, now aligning with the Fed's initial projections for 2024. Some market participants are even beginning to speculate that there might not be any rate cuts at all in 2024. Odds of a March rate cut stand at roughly 0%.
- Initial jobless claims increased from +202k to +215k during the week ending February 17th, 2024. While this disappointed, the latest move up undid only a portion of the drop in filings reported over the prior few weeks, and through the ups and downs in the weekly filings, filings generally have been low lately. Overall, this is indicative of continuing labor market strength.
- Elsewhere in the report, continuing claims increased from 1.860mn to 1.905mn during the week ending February 17th. While this latest weekly print was on the high end of the range of figures reported in recent years, it still looked low in a broader historical context.

### Cash and Investment Balances

Core Investment	Balance	30 - Day Yield	Trailing 12-Month Return	Weighted Average Maturity to Reset (Days)
Cash – Bank of America*	\$ 10,615,865.48	2.59%		1
Florida Prime (SBA)	\$ 710,290,386.62	5.55%	5.31%	43
FLGIT - Short-Term Bond Fund	\$ 520.20	4.47%	5.12%	706
FLGIT - Day to Day Fund	\$ 271,818,745.36	5.48%	5.21%	20
FL-FIT Cash Pool	\$ 527,869,329.50	5.51%	5.32%	65
FL-FIT Cash Pool - Utilities Revenue Improvement Bonds, Series 2023	\$ 4,437.02	5.51%	5.32%	65
FL-FIT Choice - Utilities Revenue Improvement Bonds, Series 2023**	\$ 29,738,015.61	5.73%		32
DBIA LT Managed Portfolio**	\$ 323,083,529.39	5.31%		335
DBIA CP Ladder Managed Portfolio**	\$ 404,639,607.41	5.20%		215
<b>Total</b>		<b>Weighted Average</b>	<b>Weighted Average</b>	<b>Weighted Average</b>
<b>TOTAL</b>	<b>\$ 2,278,060,436.59</b>	<b>5.42%</b>	<b>5.30%</b>	<b>118</b>

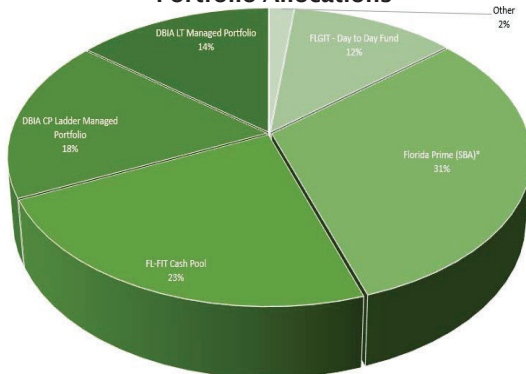
\*Cash balances (Bank of America) not included in the Trailing 12-Month Return and Weighted Average Maturity to Reset (Days) weighted average.

\*\*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.

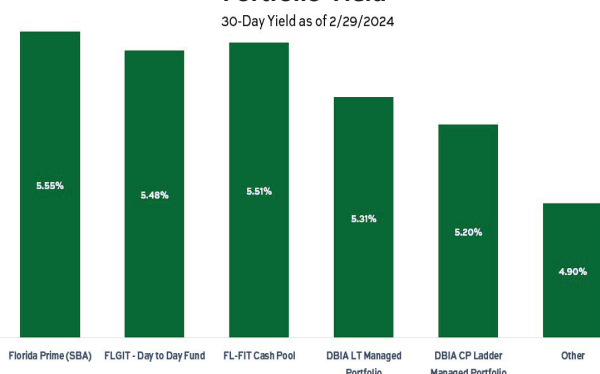
Trailing 12-Month Return rate is not included/used in the weighted average calculation for DBIA LT Managed Portfolio and US Bank.

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



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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