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Manatee County

## Monthly Investment Report

### Economic Update July 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 August, inflation continues to flatline, but economic data is going for a mixed skew to more of a negative skew.
- 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 had risen, primarily driven by positive economic data and expectations of delayed rate cuts. However, in the last few weeks, the yield curve has shifted lower dramatically, driven by softer economic data in jobless claims, ISM manufacturing, nonfarm payrolls, and the unemployment rate.
- On July 31st, 2024, Federal Reserve policymakers opted to keep rates unchanged, maintaining the target rate at 5.25%-5.50%. Per the Labor Department, the U.S. economy added just 114,000 jobs in July, and the unemployment rate moved up to 4.3%, giving the Fed some ammunition to justify a rate cut at its September meeting.
- While the Federal Reserve dot plot shows an expectation of just 1 rate cut by year end, market participants are now pricing in close to 5 rate cuts by year end.
- Market sentiment has experienced a significant shift in rate cut expectations. In January, investors were pricing in over five 25-basis point cuts. Then consensus shifted to two rate cuts after strong economic data persisted. Now the consensus has shifted back to approximately 5 rate cuts as economic data is starting to noticeably weaken.
- Initial jobless claims have ticked up, coming in at 249k for the week ending July 27th, up 14k from the prior week's level of 235k. Initial jobless claims have remained low for quite some time now, but the trend is clearly up since the beginning of the year.
- Continuing claims continue to make new multi-year highs, coming in at 1,877k, up 33k from the prior week's revised level. Continuing claims are starting to move out of their discernible range from August 2023 to June 2024.

### Cash and Investment Balances

Core Investment	Balance	30 - Day Yield	Average Trailing 12 - Month Yield	Weighted Average Maturity to Reset (Days)
Cash – Bank of America*	\$ 10,729,736.11	2.59%	N/A	1
Florida Prime (SBA)	\$ 516,315,974.32	5.49%	5.45%	45
FLGIT - Short-Term Bond Fund	\$ 533.23	4.59%	4.28%	641
FLGIT - Day to Day Fund	\$ 278,071,185.81	5.42%	5.42%	20
FL-FIT Cash Pool	\$ 540,102,153.62	5.52%	5.50%	123
FL-FIT Cash Pool - Utilities Revenue Improvement Bonds, Series 2023	\$ 30,433,448.23	5.52%	5.50%	123
DBIA LT Managed Portfolio**	\$ 327,536,588.05	5.06%	N/A	354
DBIA CP Ladder Managed Portfolio**	\$ 411,852,570.77	4.58%	N/A	236
	<b>Total</b>	<b>Weighted Average</b>	<b>Weighted Average</b>	<b>Weighted Average</b>
<b>TOTAL</b>	<b>\$ 2,115,042,190.14</b>	<b>5.23%</b>	<b>5.46%</b>	<b>148</b>

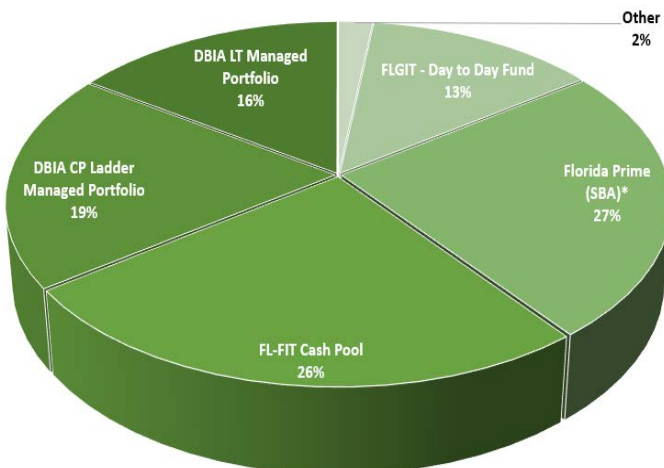
Note: FLGIT - Short-Term Bond Fund is stated as Trailing 12-month Return *not* Average Trailing 12-Month Yield.

\*Cash balances (Bank of America) not included in the Average Trailing 12-Month Yield 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 Average Trailing 12-Month Yield rate is not included/used in the weighted average calculation for DBIA Managed Portfolios.

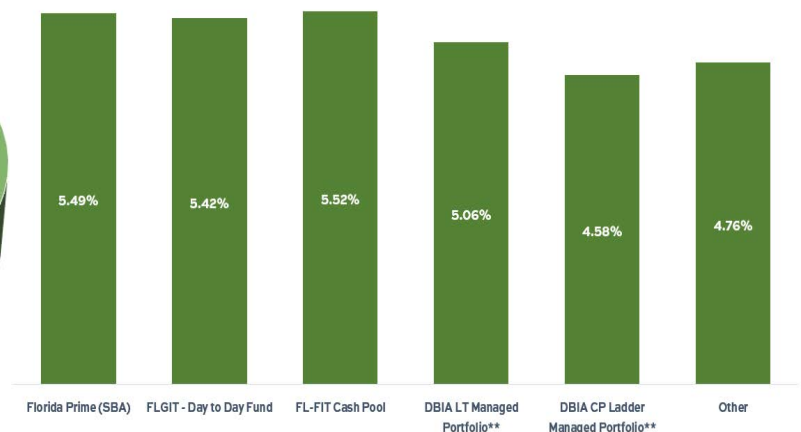
The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Pools may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

### Portfolio Allocations



### Portfolio Yield

30-Day Yield as of 7/31/2024



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

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