

MONTHLY FINANCIAL REPORT

PERFORMANCE SUMMARY

June 2017

	Current Month	Year to Date	Chart
GENERAL FUND			
Total Revenues as a % of Budget Compared to Prior Year	N/A	POSITIVE	A
Total Expenditures as a % Budget Compared to Prior Year	N/A	POSITIVE	B
Property Tax Collection Analysis	NEGATIVE	NEGATIVE	C
Sales Tax Collection Analysis	POSITIVE	POSITIVE	D
Expenditure Analysis	NEUTRAL	POSITIVE	E
ENTERPRISE FUND			
Water Billing Analysis	NEUTRAL	POSITIVE	F
Sewer Billing Analysis	POSITIVE	POSITIVE	G
Expense Analysis	NEGATIVE	NEGATIVE	H
HOTEL OCCUPANCY TAX REVENUE			
Hotel Tax Revenue Analysis (most recent quarter)	N/A	N/A	I
Hotel Tax Revenue Analysis (quarterly comparison for year)	N/A	N/A	J
SEDC			
Sales Tax Collection Analysis	POSITIVE	POSITIVE	J
Expenditure Analysis	POSITIVE	POSITIVE	K
CRIME DISTRICT			
Sales Tax Collection Analysis	POSITIVE	POSITIVE	L
Expenditure Analysis	POSITIVE	POSITIVE	M
INVESTMENTS			
Investment Report	N/A	N/A	N

PERFORMANCE INDICATORS:

POSITIVE
NEGATIVE
NEUTRAL

Positive = Positive variance as compared to seasonal trend.

Negative = Negative variance as compared to seasonal trend.

Neutral = Variance is less than 1%

GENERAL FUND



CHART A

TOTAL REVENUE THROUGH JUNE 2017

	Budget	YTD Revenue	% of Budget Collected	Prior YTD % of Total Collected
Ad Valorem Taxes	4,531,199	4,431,304	97.80%	98.81%
Penalties & Interest	39,000	38,192	97.93%	73.56%
Sales Tax	1,661,792	1,415,717	85.19%	73.85%
Franchise Tax	725,000	580,029	80.00%	74.61%
Other Tax	133,500	79,652	59.66%	41.82%
License & Permits	220,000	289,015	131.37%	63.85%
Charges for Services	60,500	44,301	73.22%	59.86%
DOT Fines	75,000	81,100	108.13%	73.03%
Other Municipal Court Fees	379,100	348,398	91.90%	73.32%
Interest Income	21,622	28,309	130.93%	68.83%
Intergovernmental	382,184	319,804	83.68%	68.66%
Other Revenue	46,800	36,194	77.34%	84.55%
Transfers from Enterprise Fund	1,774,820	1,325,490	74.68%	75.00%
Payment for Services-EDC	<u>200,000</u>	<u>150,000</u>	<u>75.00%</u>	<u>75.00%</u>
Total Revenues	10,250,517	9,167,505	89.43%	83.63%

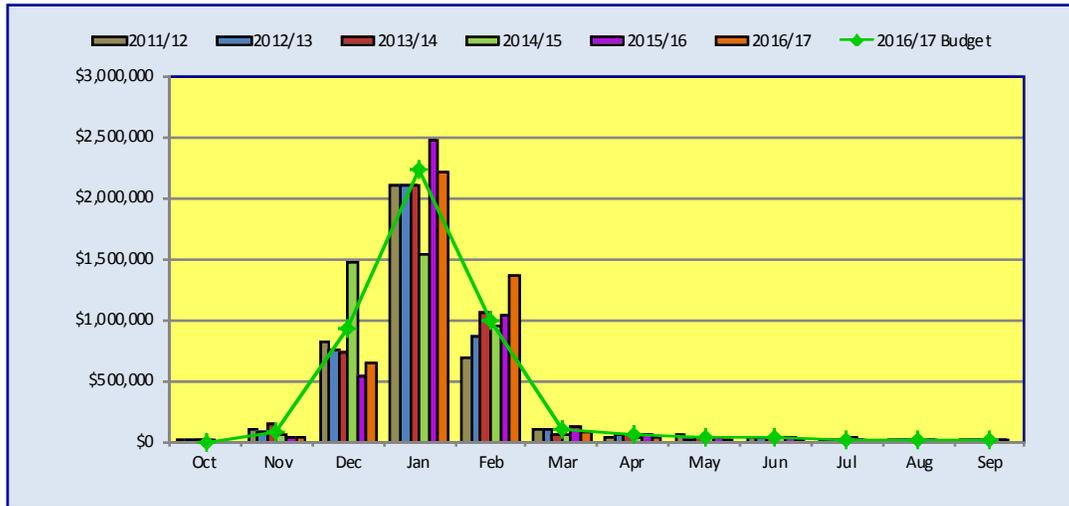
CHART B

TOTAL EXPENDITURES THROUGH JUNE 2017

	Budget	YTD Expenditures	% of Budget Expended	Prior YTD % of Total Expended
Personnel	7,073,330	5,022,565	71.01%	75.09%
Supplies	299,850	131,902	43.99%	64.71%
Services	2,617,012	1,926,170	73.60%	73.04%
Capital	<u>260,013</u>	<u>107,465</u>	<u>41.33%</u>	<u>57.70%</u>
Total Expenditures	10,250,205	7,188,101	70.13%	73.28%

CHART C

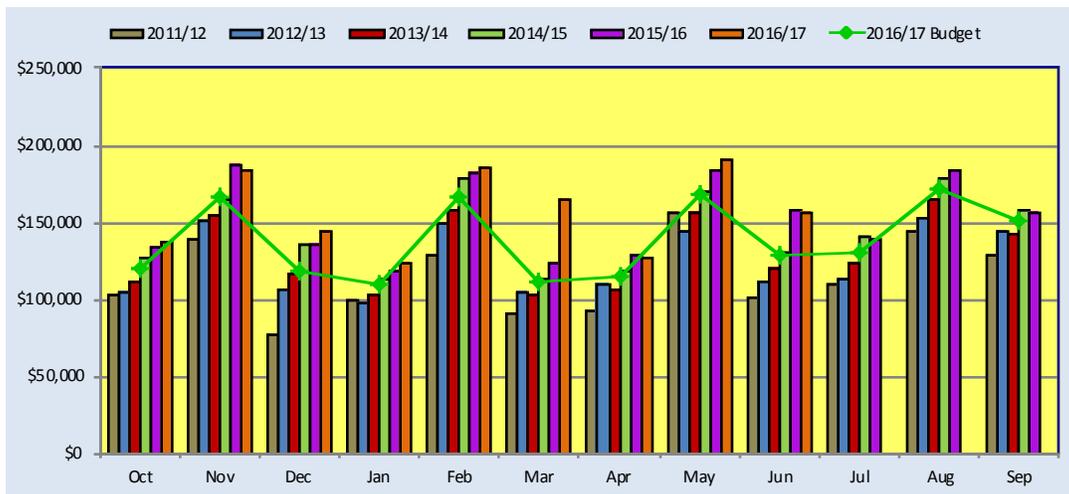
PROPERTY TAX ANALYSIS



Budget is divided into months based on the monthly percentages of the last 5 years' collections.
 2014/15 December collections were higher than the trend but were offset by lower collections in January

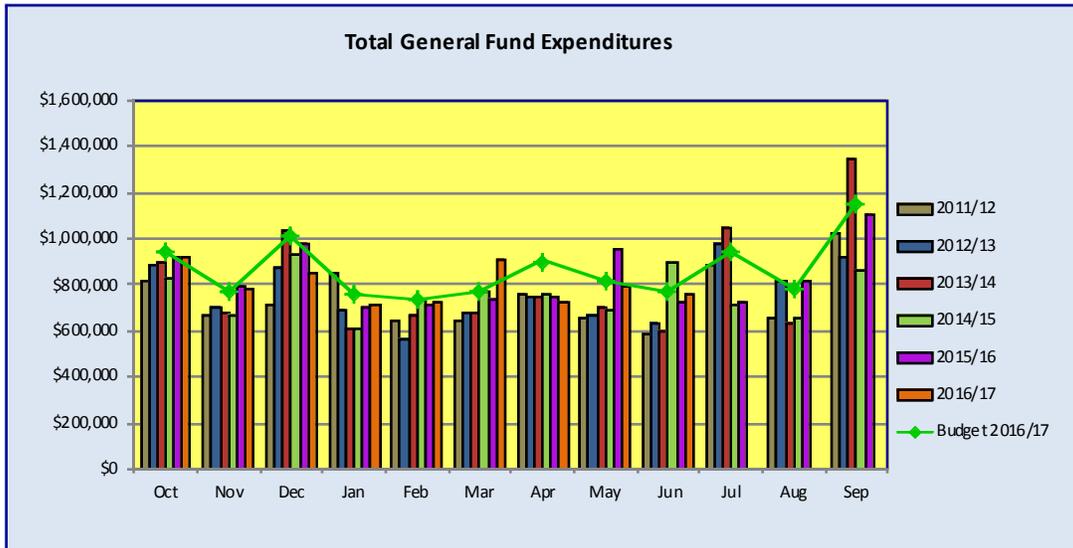
CHART D

SALES TAX ANALYSIS



2013/14 Budget is divided into months based on the monthly percentages of the last 5 years' activity of sales tax revenue.

EXPENDITURE ANALYSIS



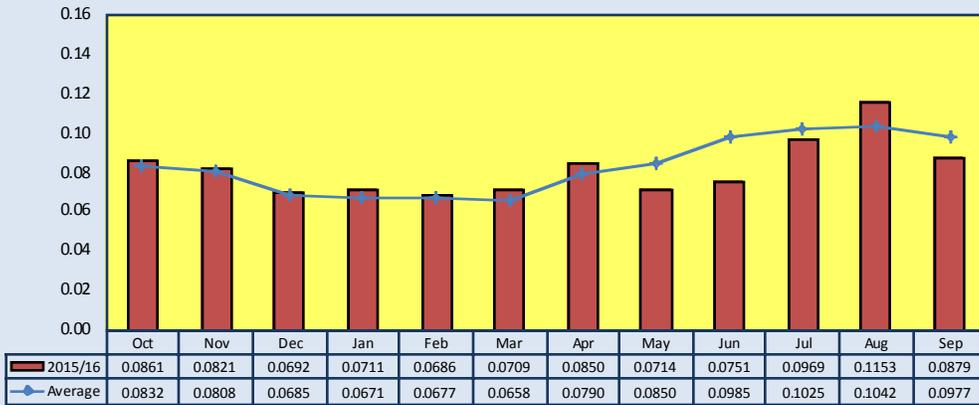
High expenditures in September 2010 are due to city hall A/C replacement.
High expenditures in September 2014 are due to Seascapc road construction



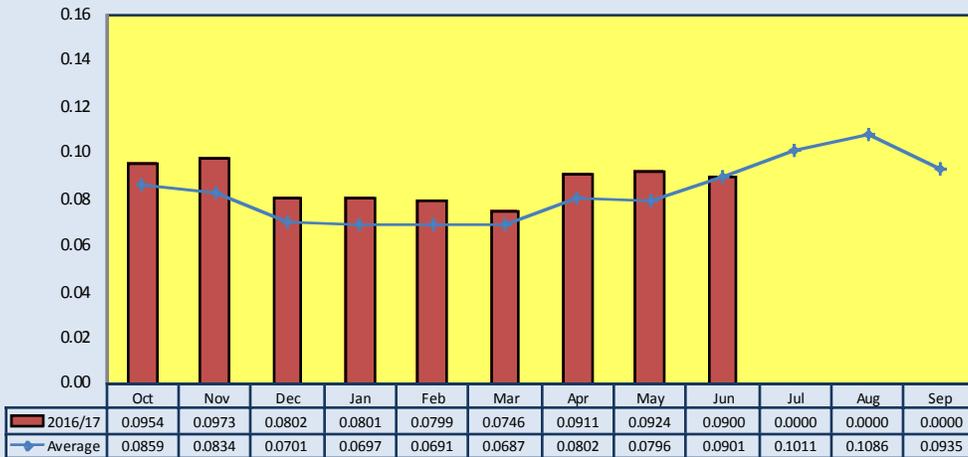
CHART F

WATER BILLING ANALYSIS

Average Percent of Water Billings by Month vs.
2015/16 Percent of Budgeted Billings

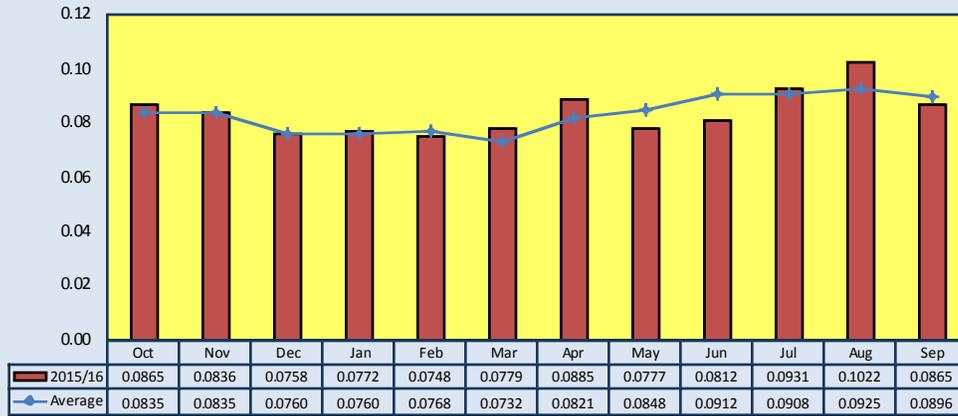


Average Percent of Water Billings by Month vs.
2016/17 Percent of Budgeted Billings

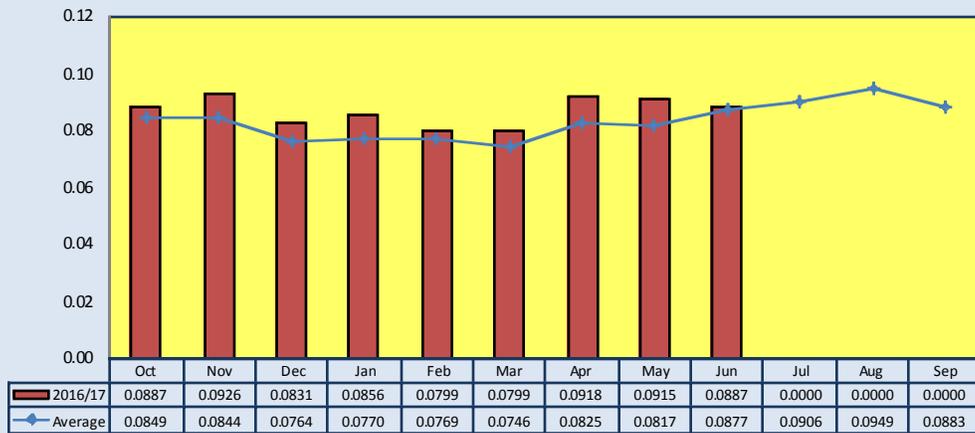


WASTEWATER BILLING ANALYSIS

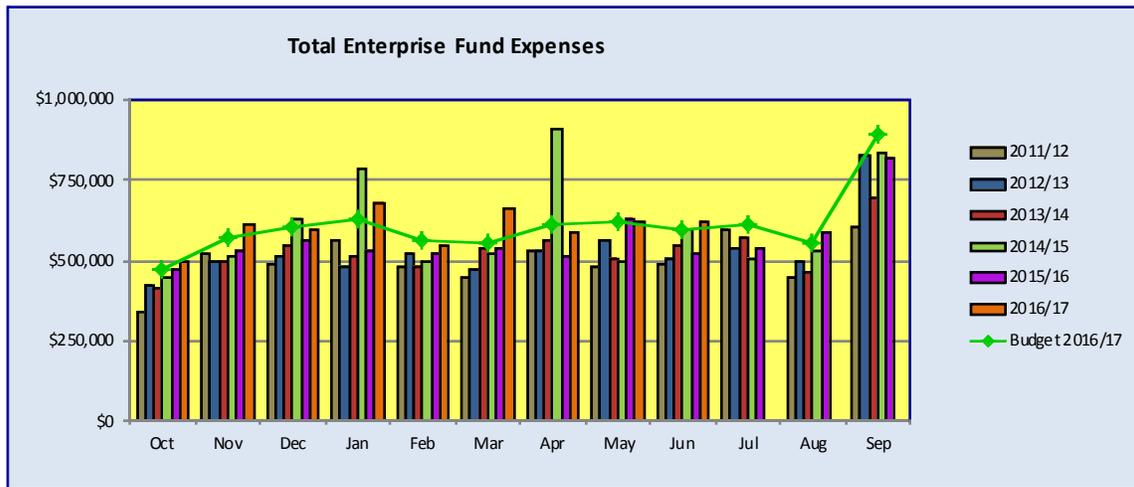
Average Percent of Wastewater Billings by Month vs. 2015/16 Percent of Budgeted Billings



Average Percent of Wastewater Billings by Month vs. 2016/17 Percent of Budgeted Billings



EXPENDITURE ANALYSIS



Sept 2013 and Nov 2013 EXCLUDE property acquisition

December 2014 & January 2015 expenses much higher than budgeted due to Lakeside lift station repairs

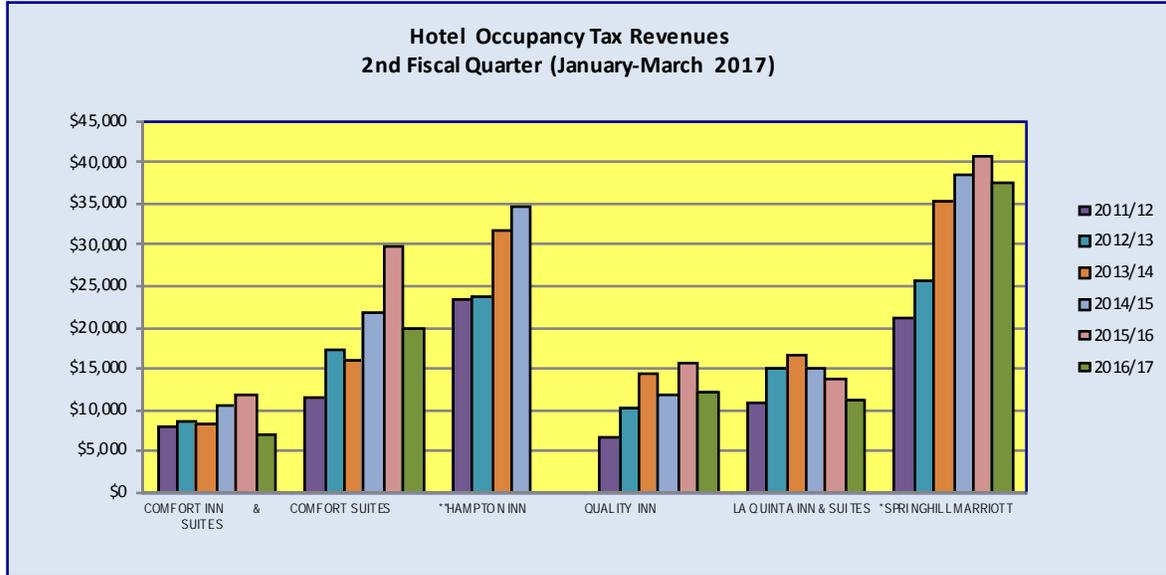
April 2015 expenses due to wastewater treatment plant upgrades

HOTEL TAX FUND



HOTEL TAX REVENUE ANALYSIS

CHART I

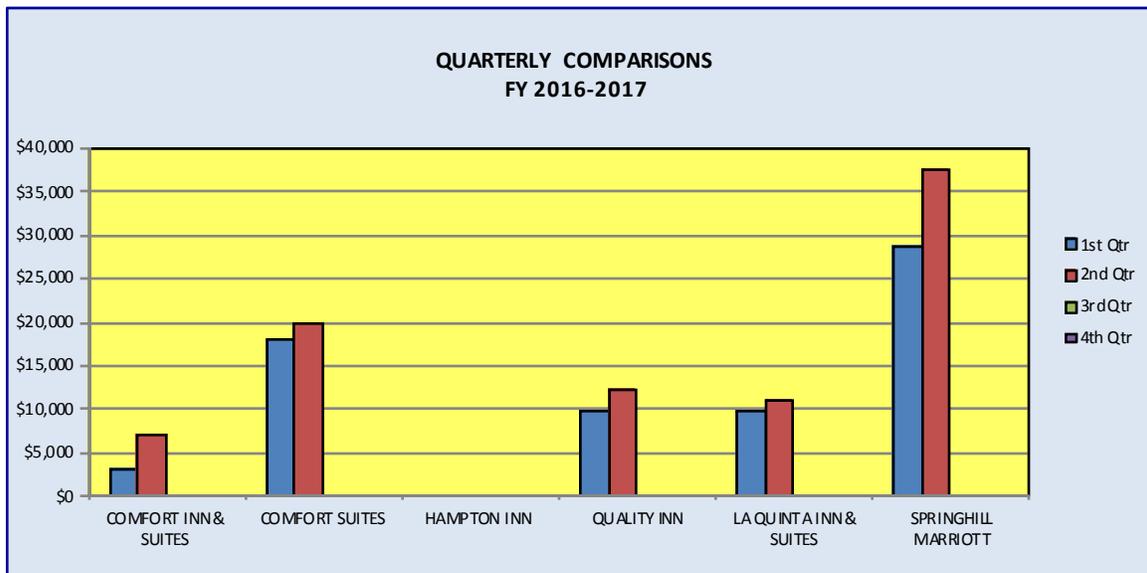


*Springhill Marriott opened last quarter 2010

** Hampton Inn closed 3rd quarter 2015 due to fire

HOTEL TAX REVENUE

CHART J



** Hampton Inn closed 3rd quarter 2015 due to fire

SEABROOK EDC



CHART K

SALES TAX REVENUE ANALYSIS

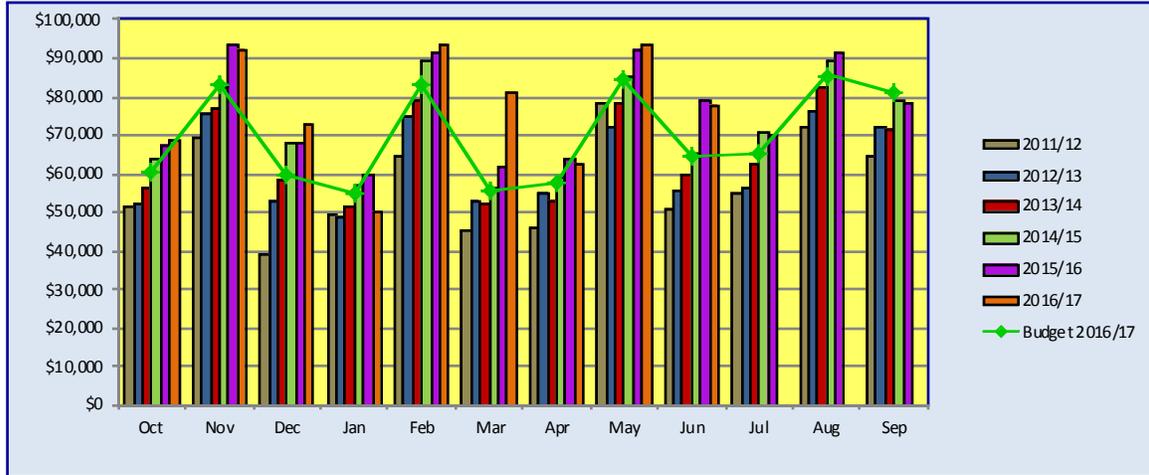
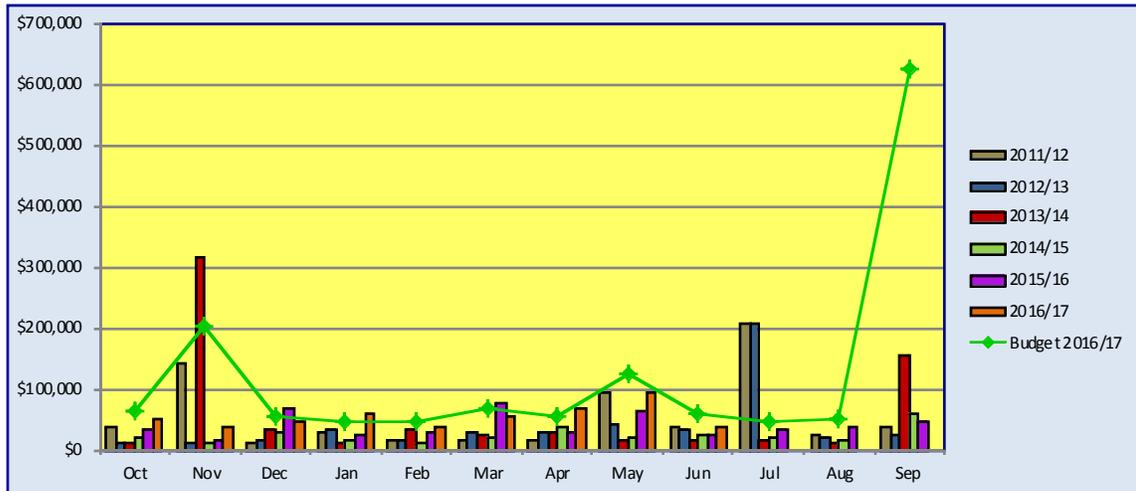


CHART L

EXPENDITURE ANALYSIS



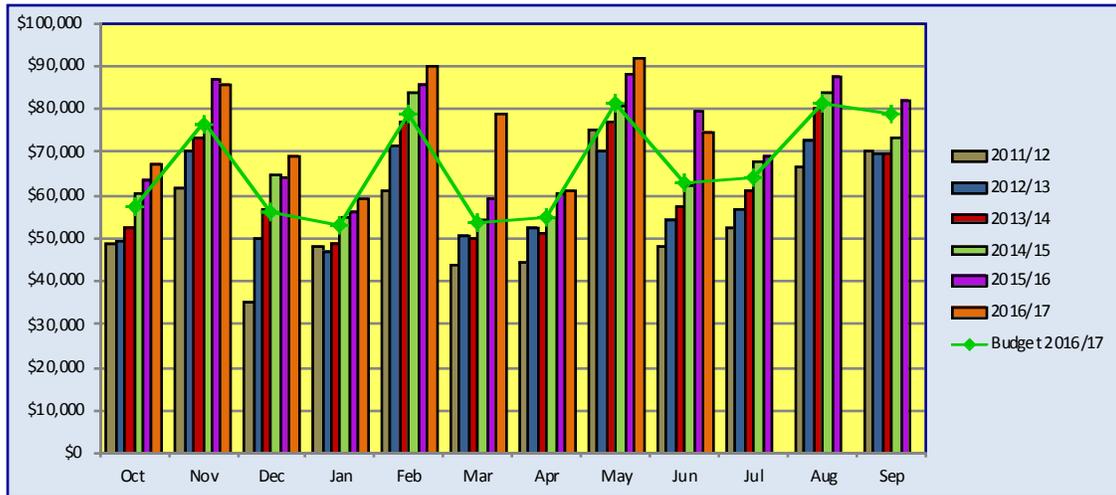
2015/16 September budget reflects appropriations for incentives and Business relocation off HWY 146
 High exp in Nov 2011 was due to Gateway sign. High exp Nov 2014 was for the waterfront project July expenditures prior to 2013/14 included debt service payments.

CRIME DISTRICT



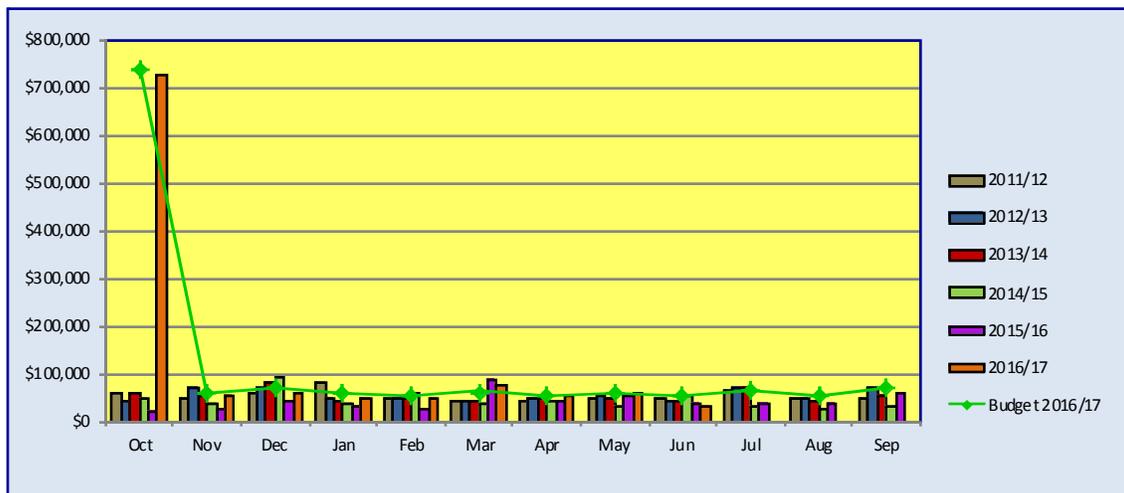
SALES TAX REVENUE ANALYSIS

CHART M



EXPENDITURE ANALYSIS

CHART N



Large December expenditures included vehicles. March 2016 includes reallocation of personnel expense.
 Large October expenditure includes initial payment to PSVERF.

INVESTMENTS



CHART O

MONTHLY INVESTMENT REPORT

TEXPOOL REPORT

MONTH OF JUNE 2017
0.7689%

	BEGINNING BALANCE	TRANSFER IN/(OUT)	INT EARNED (Posted Apr)	ENDING BALANCE	PURPOSE OF FUND
GENERAL FUND - UNRESTRICTED	7,233,561.17	(546,785.36)	6,232.30	6,693,008.11	Working capital
GENERAL FUND - RESTRICTED	1,600,000.00	0.00	incl in above	1,600,000.00	
ENTERPRISE FUND - UNRESTRIC	2,566,835.41	55,940.94	1,978.60	2,624,754.95	Working capital
ENTERPRISE FUND - RESTRICTE	300,000.00	0.00	incl in above	300,000.00	Customer liability
CAPITAL IMPACT FEES	2,577,981.52	0.00	1,868.25	2,579,849.77	Water & sewer lines extensions & expansions
PARK FEES	66,141.49	0.00	47.93	66,189.42	Reserved for acquisition & development of park land
SEIZURE	33,688.66	0.00	24.41	33,713.07	Solely to purchase equipment for Law Enforcement
CHILD SAFETY PROGRAMS	32,354.45	0.00	23.45	32,377.90	Reserved for Child Safety/School Zones
FEDERAL SEIZURE	15,113.60	0.00	10.95	15,124.55	Criminal Investigation - Federal Funds
HOTEL/MOTEL FUND	1,251,821.48	(55,000.00)	905.75	1,197,727.23	Restricted for promotion of tourism
DEBT SERVICE FUND	3,359,691.84	(97,934.31)	2,425.95	3,264,183.48	Restricted for General fund reserves & yearly debt service
CAPITAL PROJECT BONDS	6,841,116.85	(80,000.00)	4,955.61	6,766,072.46	2016A CO WW Plant, Clarifier & Todville 2016 Sewer
WTR/SWR BONDS	1,953,034.82	(105,000.00)	1,412.60	1,849,447.42	Funds transferred from Bond Mkt Acct to allow liquidity
IT BONDS	57,919.10	0.00	41.97	57,961.07	Fiber Optics
PD & GF BONDS	1,042,395.77	(785,000.00)	532.18	257,927.95	Public Wokrks Facility
PD & GF BONDS (GEN FUND Reser	779,361.53	0.00	564.80	779,926.33	Public Wokrks Facility funds provided by GF Reserve
FIRE BONDS	25,327.36	0.00	18.35	25,345.71	Fire Engine
LAKESIDE DRIVE CERT DEP	134.63	0.00	0.10	134.73	
CAROTHERS	76,921.40	0.00	55.74	76,977.14	Carother Facility & Park
ANIMAL	752.53	0.00	0.55	753.08	Animal Shelter Needs - Donation
CRIME DISTRICT	482,011.83	7,914.10	338.28	490,264.21	Funds transferred from Bond Mkt Acct to allow liquidity
SEDC II - RESTRICTED FOR BONI	0.00	0.00	incl in above	0.00	SEDC II - Reserve for revenue bond debt service
SEDC II - RESTRICT FOR EMERG	180,000.00	0.00	incl in above	180,000.00	Emergency Reserve
STEP FUND	13,405.44	0.00	9.71	13,415.15	
PUBLIC SAFETY	199,816.80	0.00	144.81	199,961.61	Public Safety Needs
MUNI COURT - SECURITY FUND	27,019.52	0.00	19.58	27,039.10	Funds from fines to be used for security
COURT - TIME PAYMENT FEES	15,045.06	0.00	10.90	15,055.96	Funds from fines to be used to improve court
MUNI COURT - TECHNOLOGY FUNI	16,248.51	0.00	11.78	16,260.29	Fund court on technology
PUBLIC SAFETY VERF	581,182.82	12,749.42	430.42	594,362.66	Public Safety Vehicle Equipment Replacement
PEG Fund	94,507.89	0.00	68.49	94,576.38	Public Education and Government Access
STABILIZATION FUND	807,266.46	0.00	585.02	807,851.48	Highway 146 Project
WATER RATE STABILIZATION	70,185.89	0.00	50.86	70,236.75	
TOTAL TEXPOOL FUND	35,589,049.61	(1,548,311.57)	25,304.79	\$34,066,042.83	

The investment portfolio of the City of Seabrook is in compliance with the investment strategies expressed in the City's Investment Policy and relevant provisions of Chapter 2256 of the Local Government Code.

Michael Gibbys

Finance Director



Monthly Newsletter: July 2017

ANNOUNCEMENTS

We welcome the following entities who joined TexPool in June 2017:

TexPool
 Williamson County ESD 2
 Texas Municipal League Intergovernmental Risk Pool
 Rankin Road West MUD
 Clay Road MUD
 West Central Texas Municipal Water District

TexPool Prime
 Texas Municipal League Intergovernmental Risk Pool
 Rankin Road West MUD
 City of Austin
 Clay Road MUD
 Victoria County Junior College District

Upcoming Events

Jul 09, 2017 - Jul 11, 2017
 TASSCUBO Summer Conference
 San Antonio

Aug 23, 2017 - Aug 25
 TAC Legislative Conference
 Austin

Sep 11, 2017 - Sep 14, 2017
 69th Annual County Treasurers' of Texas Annual Conference
 Dallas/Addison

Oct 03, 2017 - Oct 06, 2017
 TML Conference
 Houston

TexPool Advisory Board Members

Jose Elizondo, Jr.	Vivian Wood
Georgia Sanchez	Jerry Dale
Patrick Krishock	Sharon Matthews
Michele Tuttle	David Landeros

Overseen by the State of Texas Comptroller of Public Accounts Glenn Hegar.

Operated under the supervision of the Texas Treasury Safekeeping Trust Company

Economic and Market Commentary: The quickening pace of rate hikes

July 1, 2017

After years of the same ultra-low rate of zero to 25 basis points, the three hikes the Federal Reserve (Fed) has made in the last six months seems like a stock car race. The conversation about monetary policy isn't whether more rate increases are coming, but how many and how fast.

We see the Fed continuing down the rate normalization track. June's 25 basis-point increase of the target fed funds rate range to 1-1.25%—the third such increase since mid-December 2016—had been priced into the markets. What was a bit of surprise was the specificity of the balance sheet reduction plan the Fed announced with the policy statement after the June Federal Open Market Committee meeting, which likely was done to appease the bond market and avoid a repeat of 2013's taper tantrum. The Fed said it will start removing \$6 billion of Treasury bills and \$4 billion of mortgage-backed securities (MBS) off its balance sheet each month, gradually raising the amount to \$30 billion of Treasuries and \$20 billion of MBS—\$50 billion total—over a six-month period. It didn't say when it will initiate the plan, but we wouldn't be surprised to see it come in the third quarter of this year, before the likely additional rate increase.

(continued page 6)

Performance as of June 30, 2017

	TexPool	TexPool Prime
Current Invested Balance	\$17,629,314,686.85	\$4,091,205,021.24
Weighted Average Maturity**	38 Days	37 Days
Weighted Average Life**	103 Days	58 Days
Net Asset Value	0.99999	1.00005
Total Number of Participants	2,422	269
Management Fee on Invested Balance	0.0473%	0.0638%
Interest Distributed	\$12,700,921.17	\$3,760,819.00
Management Fee Collected	\$664,101.73	\$175,167.96
Standard & Poor's Current Rating	AAAm	AAAm
Month Averages		
Average Invested Balance	\$17,537,248,240.03	\$4,023,646,472.32
Average Monthly Rate*	0.8817%	1.1371%
Average Weighted Average Maturity**	41	56
Average Weighted Average Life**	105	269

*This average monthly rate for TexPool Prime for each date may reflect a waiver of some portion or all of each of the management fees.

**See page 2 for definitions.

Past performance is no guarantee of future results.

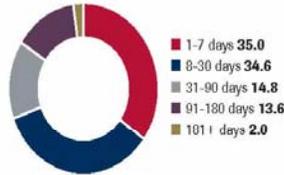
TexPool Participant Services
 1001 Texas Avenue, Suite 1400 · Houston, TX 77002
 Phone: 1-866-TEXPOOL (839-7665) · Fax: 1-866-839-3291 · TexPool.com

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 Serviced by **Federated**
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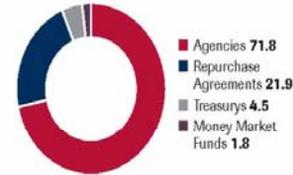
Portfolio by Maturity (%)

As of June 30, 2017



Portfolio by Type of Investment (%)

As of June 30, 2017



Portfolio Asset Summary as of June 30, 2017

	Book Value	Market Value
Uninvested Balance	\$6,058.89	\$6,058.89
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	6,272,158.74	6,272,158.74
Interest and Management Fees Payable	-12,700,934.31	-12,700,934.31
Payable for Investments Purchased	-250,000,000.00	-250,000,000.00
Accrued Expenses & Taxes	-22,256.34	-22,256.34
Repurchase Agreements	3,920,070,000.00	3,920,070,000.00
Mutual Fund Investments	315,022,103.88	315,022,103.88
Government Securities	12,837,594,557.05	12,837,705,884.44
U.S. Treasury Inflation Protected Securities	0.00	0.00
US Treasury Bills	174,456,843.75	174,418,475.00
US Treasury Notes	638,616,155.19	638,324,750.00
Total	17,629,314,686.85	17,629,096,240.20

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by Federated Investment Counseling and the assets are safe kept in a separate custodial account at State Street Bank in the name of TexPool. The only source of payment to the Participants is the assets of TexPool. There is no secondary source of payment for the pool such as insurance or State guarantee. Should you require a copy of the portfolio, please contact TexPool Participant Services.

Participant Summary

	Number of Participants	Balance
School District	582	\$5,456,986,244.60
Higher Education	57	\$1,314,460,191.65
Healthcare	81	\$632,016,322.98
Utility District	764	\$2,629,205,708.85
City	456	\$4,168,980,196.16
County	185	\$1,723,164,006.79
Other	297	\$1,704,095,417.17

****Definition of Weighted Average Maturity and Weighted Average Life**

WAM is the mean average of the periods of time remaining until the securities held in TexPool (a) are scheduled to be repaid, (b) would be repaid upon a demand by TexPool, or (c) are scheduled to have their interest rate readjusted to reflect current market rates. Securities with adjustable rates payable upon demand are treated as maturing on the earlier of the two dates set forth in (b) and (c) if their scheduled maturity is 397 days or less; and the later of the two dates set forth in (b) and (c) if their scheduled maturity is more than 397 days. The mean is weighted based on the percentage of the amortized cost of the portfolio invested in each period.

WAL is calculated in the same manner as WAM, but is based solely on the periods of time remaining until the securities held in TexPool (a) are scheduled to be repaid or (b) would be repaid upon a demand by TexPool, without reference to when interest rates of securities within TexPool are scheduled to be readjusted.

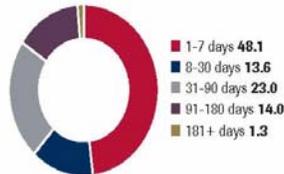


Daily Summary						
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
6/1	0.8105%	0.000022206	\$17,612,313,586.02	1.00003	42	105
6/2	0.8059%	0.000022079	\$17,508,050,093.63	1.00004	42	108
6/3	0.8059%	0.000022079	\$17,508,050,093.63	1.00004	42	108
6/4	0.8059%	0.000022079	\$17,508,050,093.63	1.00004	42	108
6/5	0.8075%	0.000022122	\$17,451,903,008.33	1.00004	40	105
6/6	0.8083%	0.000022144	\$17,430,864,200.38	1.00004	39	105
6/7	0.8289%	0.000022710	\$17,446,763,508.82	1.00003	40	105
6/8	0.8367%	0.000022923	\$17,429,623,151.80	1.00003	42	105
6/9	0.8417%	0.000023060	\$17,559,559,205.34	1.00002	42	107
6/10	0.8417%	0.000023060	\$17,559,559,205.34	1.00002	42	107
6/11	0.8417%	0.000023060	\$17,559,559,205.34	1.00002	42	107
6/12	0.8322%	0.000022801	\$17,550,928,114.00	1.00002	41	105
6/13	0.8334%	0.000022834	\$17,664,355,013.30	1.00001	41	104
6/14	0.8474%	0.000023216	\$17,469,717,626.80	1.00000	41	105
6/15	0.9089%	0.000024902	\$17,412,993,336.53	0.99999	40	103
6/16	0.9220%	0.000025261	\$17,340,043,683.13	1.00000	43	107
6/17	0.9220%	0.000025261	\$17,340,043,683.13	1.00000	43	107
6/18	0.9220%	0.000025261	\$17,340,043,683.13	1.00000	43	107
6/19	0.9289%	0.000025448	\$17,359,524,648.85	0.99999	40	104
6/20	0.9275%	0.000025410	\$17,301,038,286.41	0.99999	40	106
6/21	0.9279%	0.000025421	\$17,453,628,338.40	0.99999	40	105
6/22	0.9279%	0.000025422	\$17,482,563,681.52	0.99999	39	101
6/23	0.9300%	0.000025480	\$17,809,821,677.13	0.99999	39	102
6/24	0.9300%	0.000025480	\$17,809,821,677.13	0.99999	39	102
6/25	0.9300%	0.000025480	\$17,809,821,677.13	0.99999	39	102
6/26	0.9468%	0.000025939	\$17,814,455,832.30	1.00000	39	102
6/27	0.9389%	0.000025724	\$17,845,567,451.85	0.99997	39	102
6/28	0.9392%	0.000025732	\$17,602,429,308.84	0.99997	39	102
6/29	0.9450%	0.000025891	\$17,507,038,542.27	0.99997	38	103
6/30	0.9566%	0.000026207	\$17,629,314,686.85	0.99999	38	103
Average:	0.8817%	0.000024156	\$17,537,248,240.03	1.00001	41	105

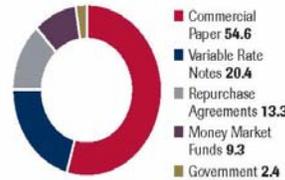


TEXPOOL PRIME

Portfolio by Maturity (%)
As of June 30, 2017



Portfolio by Type of Investment (%)
As of June 30, 2017



Portfolio Asset Summary as of June 30, 2017

	Book Value	Market Value
Uninvested Balance	\$3,195.45	\$3,195.45
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	1,302,148.85	1,302,148.85
Interest and Management Fees Payable	-3,760,828.02	-3,760,828.02
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-5,959.97	-5,959.97
Repurchase Agreements	544,852,000.00	544,852,000.00
Mutual Fund Investments	2,231,558,339.97	2,231,534,338.03
Government Securities	0.00	0.00
U.S. Treasury Inflation Protected Securities	382,099,596.43	382,129,013.10
US Treasury Bills	99,992,554.01	99,928,420.00
US Treasury Notes	835,163,974.52	835,420,923.00
Total	4,091,205,021.24	4,091,403,250.44

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by Federated Investment Counseling and the assets are safe kept in a separate custodial account at State Street Bank in the name of TexPool Prime. The assets of TexPool Prime are the only source of payments to the Participants. There is no secondary source of payment for the pool such as insurance or State guarantee. Should you require a copy of the portfolio, please contact TexPool Participant Services

Participant Summary

	Number of Participants	Balance
School District	97	\$1,964,072,423.94
Higher Education	13	\$186,973,535.60
Healthcare	11	\$268,470,279.80
Utility District	20	\$242,599,080.26
City	55	\$515,990,624.39
County	30	\$383,476,230.04
Other	43	\$529,306,004.81



TEXPOOL PRIME

Daily Summary

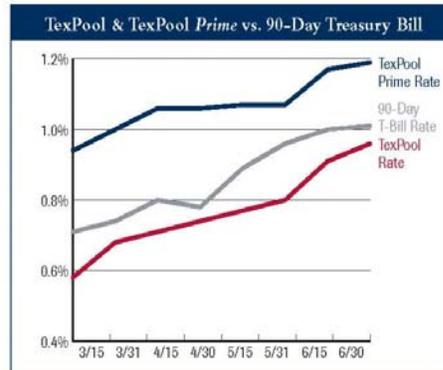
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Prime Invested Balance	NAV	WAM Days	WAL Days
6/1	1.0800%	0.000029588	\$3,995,385,094.91	1.00021	36	56
6/2	1.0850%	0.000029725	\$3,998,685,569.06	1.00019	38	58
6/3	1.0850%	0.000029725	\$3,998,685,569.06	1.00019	38	58
6/4	1.0850%	0.000029725	\$3,998,685,569.06	1.00019	38	58
6/5	1.0830%	0.000029697	\$3,994,528,901.67	1.00022	39	57
6/6	1.0945%	0.000029986	\$3,992,920,286.71	1.00021	39	58
6/7	1.0945%	0.000029985	\$3,999,691,612.41	1.00021	39	57
6/8	1.1018%	0.000030185	\$3,987,604,415.22	1.00021	39	57
6/9	1.0924%	0.000029930	\$4,031,528,039.59	1.00016	39	57
6/10	1.0924%	0.000029930	\$4,031,528,039.59	1.00016	39	57
6/11	1.0924%	0.000029930	\$4,031,528,039.59	1.00016	39	57
6/12	1.1014%	0.000030174	\$4,054,322,727.67	1.00019	38	55
6/13	1.1086%	0.000030372	\$4,014,685,581.61	1.00018	38	57
6/14	1.1196%	0.000030673	\$3,932,689,743.76	1.00017	40	59
6/15	1.1685%	0.000032015	\$3,961,945,966.18	1.00013	39	58
6/16	1.1732%	0.000032142	\$3,978,082,972.93	1.00004	39	58
6/17	1.1732%	0.000032142	\$3,978,082,972.93	1.00004	39	58
6/18	1.1732%	0.000032142	\$3,978,082,972.93	1.00004	39	58
6/19	1.1854%	0.000032477	\$3,973,516,327.61	1.00008	36	55
6/20	1.1762%	0.000032226	\$3,966,496,783.85	1.00007	36	55
6/21	1.1680%	0.000032000	\$4,110,833,636.73	1.00007	35	54
6/22	1.1718%	0.000032105	\$4,086,989,812.40	1.00006	35	53
6/23	1.1757%	0.000032211	\$4,035,491,506.77	1.00002	36	56
6/24	1.1757%	0.000032211	\$4,035,491,506.77	1.00002	36	56
6/25	1.1757%	0.000032211	\$4,035,491,506.77	1.00002	36	56
6/26	1.1697%	0.000032047	\$4,147,177,640.68	1.00006	32	52
6/27	1.1791%	0.000032303	\$4,088,594,700.58	1.00007	34	55
6/28	1.1669%	0.000031970	\$4,060,823,947.95	1.00006	34	55
6/29	1.1779%	0.000032270	\$4,118,607,703.51	1.00005	33	54
6/30	1.1860%	0.000032494	\$4,091,205,021.24	1.00005	37	58
Average:	1.1371%	0.000031153	\$4,023,646,472.32	1.00012	37	56



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One point the Fed has made clear in the last few weeks is that, despite headline and core inflation gauges that have rolled over and economic data that has reflected some softening, it is moving ahead with policy normalization. New York Fed President William Dudley, vice chair of the policy-setting Federal Open Market Committee, last week said he sees no signs the Fed's actions have harmed the economy. The reality is a 2% target funds rate is considered neutral and we are nowhere near that. Actually, in our opinion, describing the Fed's actions as "tightening" when rates are still historically very low is a misnomer. It is better characterized as the central bank being less accommodative.

One plus to the balance sheet reduction plan is the bulk of reissuance in the marketplace likely will come in the form of Treasury bills. That's the path of least resistance for the Fed, in part because there is so much government supply—capacity, if you will. This should have a favorable, i.e., upward impact, on short-term yields, which is where we are focused.



90-Day Treasury Bill is a short-term debt instrument backed by the national government. These are used to collect immediate cash to meet outstanding obligations.

Any private investor can invest in a Treasury bill. The 90-Day Treasury Bill is a weighted average rate of the weekly auctions of 90-Day Treasury Bills.

Past performance is no guarantee of future results.