



City of Texarkana, Texas



QUARTERLY INVESTMENT REPORT

For the Quarter Ended
March 31, 2024

Prepared by

Valley View Consulting, L.L.C.

The investment portfolio of the City of Texarkana, TX is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.

Kristin Peoples

CFO/Finance Director (City)

Jodie Lee

Assistant CFO (City)

Michael

Director of Finance (Water Utilities Department)

C. Shell

5-9-2024

Assistant Finance Director (Water Utilities Department)

Disclaimer: These reports were compiled using information provided by the City. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment advisor fees.

Summary

City Funds

Asset Type	December 31, 2023		March 31, 2024		
	Book Value	Market Value	Book Value	Market Value	Ave. Yield
DDA/MMA	\$ 85,670,873	\$ 85,670,873	\$ 81,715,686	\$ 81,715,686	4.63%
CDs/Securities	7,337,541	7,337,541	7,222,867	7,222,867	5.35%
Totals	\$ 93,008,414	\$ 93,008,414	\$ 88,938,553	\$ 88,938,553	4.69%
Total Portfolio Average - Quarter					4.69%
Fiscal Year-to-Date Average Yield (2)					4.61%
Quarterly Interest Income					\$ 1,032,251
Year-to-date Interest Income					\$ 2,035,727

Water Utility

Asset Type	December 31, 2023		March 31, 2024		
	Book Value	Market Value	Book Value	Market Value	Ave. Yield
DDA/MMA	\$ 22,574,898	\$ 22,574,898	\$ 21,843,672	\$ 21,843,672	4.60%
CDs/Securities	19,751,235	19,751,235	20,011,920	20,011,920	5.50%
Totals	\$ 42,326,133	\$ 42,326,133	\$ 41,855,592	\$ 41,855,592	5.03%
Total Portfolio Average - Quarter					5.03%
Fiscal Year-to-Date Average Yield (2)					5.00%
Quarterly Interest Income					\$ 533,040
Year-to-date Interest Income					\$ 953,360

	<u>QTR</u>	<u>YTD</u>
Rolling Three Month Treasury	5.46%	Rolling Three Month Treasury 5.49%
Rolling Six Month Treasury	5.37%	Rolling Six Month Treasury 5.43%
TexPool	5.32%	TexPool 5.34%

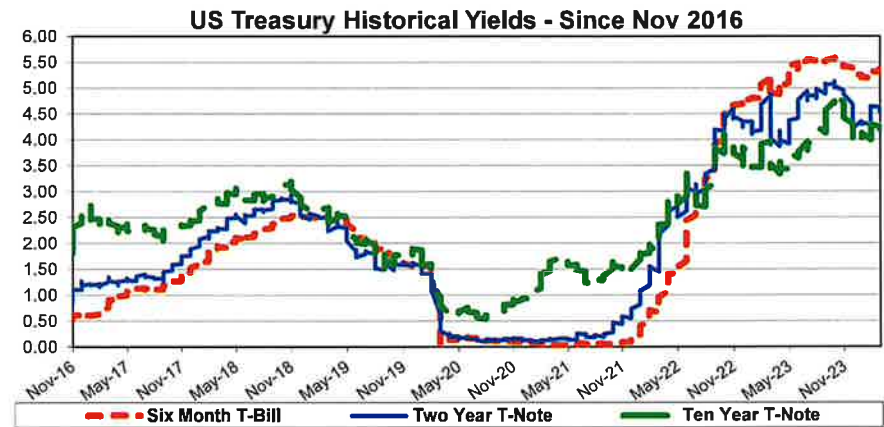
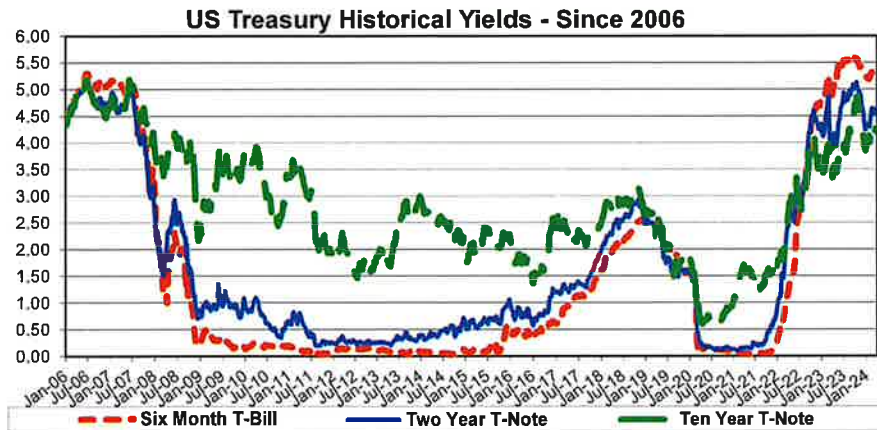
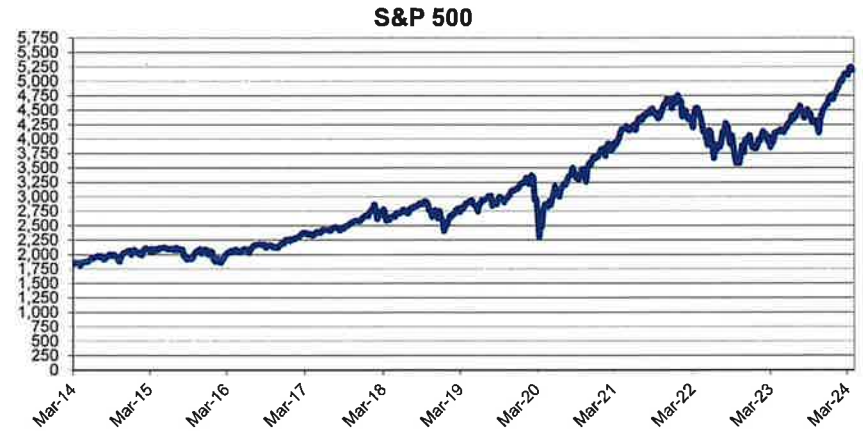
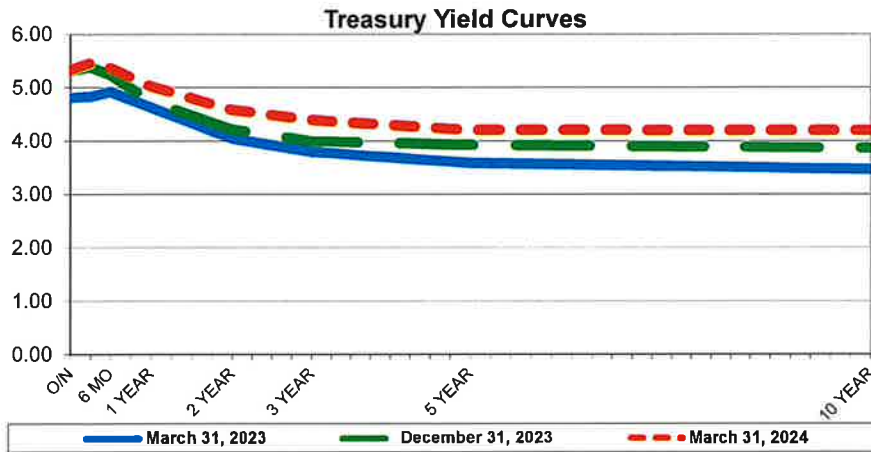
(1) **Current Quarter Weighted Average Yield** - calculated using quarter-end report yields and adjusted book values, does not reflect a total return analysis, realized or unrealized gains/losses or account for advisory fees. The yield for the reporting month is used for bank, pool, and money market balances.

(2) **Fiscal Year-to-Date Weighted Average Yields** calculated using quarter-end report yields and adjusted book values. Does not reflect a total return analysis or account for advisory fees.

Economic Overview

3/31/2024

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range 5.25% - 5.50% (Effective Fed Funds are trading +/-5.33%). All expectations are for reduced future rates, but any actions will be meeting-by-meeting and "data-dependent." Fourth Quarter 2023 GDP recorded a stronger than expected 3.4%. The S&P 500 Stock Index reached another new high closing over 5,200. The yield curve remains inverted but longer yields rose slightly. Crude Oil traded over \$87 per barrel. Inflation stubbornly remained above the FOMC 2% target (Core PCE +/-2.8% and Core CPI +/-3.8%). Reduced global economic outlooks and ongoing/expanding military conflicts continue increasing uncertainty.



Investment Holdings

March 31, 2024

City Funds

Description	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Farmer's Bank & Trust MMA	3.04%	04/01/24	03/31/24	\$ 29,896,185	\$ 29,896,185	1.00	\$ 29,896,185	1	3.04%
Southside Bank MMA	5.50%	04/01/24	03/31/24	6,837	6,837	1.00	6,837	1	5.50%
NexBank MMA	5.72%	04/01/24	03/31/24	37	37	1.00	37	1	5.72%
NexBank IntraFi MMA	5.55%	04/01/24	03/31/24	51,812,627	51,812,627	1.00	51,812,627	1	5.55%
East West Bank CD	5.78%	04/22/24	10/20/23	2,394,378	2,394,378	100.00	2,394,378	22	5.95%
Farmers B&T CD	4.93%	01/26/25	01/26/24	2,318,677	2,318,677	100.00	2,318,677	301	5.05%
Farmers B&T CD	4.93%	02/09/25	02/09/24	2,509,812	2,509,812	100.00	2,509,812	315	5.05%
Total City Funds				\$ 88,938,553	\$ 88,938,553		\$ 88,938,553	18	4.69%

Water Utility

Description	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Farmer's Bank & Trust MMA	3.04%	04/01/24	03/31/24	\$ 8,244,031	\$ 8,244,031	1.00	\$ 8,244,031	1	3.04%
NexBank IntraFi MMA	5.55%	04/01/24	03/31/24	13,599,641	13,599,641	1.00	13,599,641	1	5.55%
Farmer's B&T CD	1.20%	05/10/24	05/10/22	400,000	400,000	100.00	400,000	40	1.20%
Farmer's B&T CD	1.20%	05/16/24	05/16/22	294,415	294,415	100.00	294,415	46	1.20%
East West Bank CD	5.50%	06/12/24	03/12/24	19,317,506	19,317,506	100.00	19,317,506	73	5.65%
Total Water Utility				\$ 41,855,592	\$ 41,855,592		\$ 41,855,592	35	5.03%

Combined Portfolio

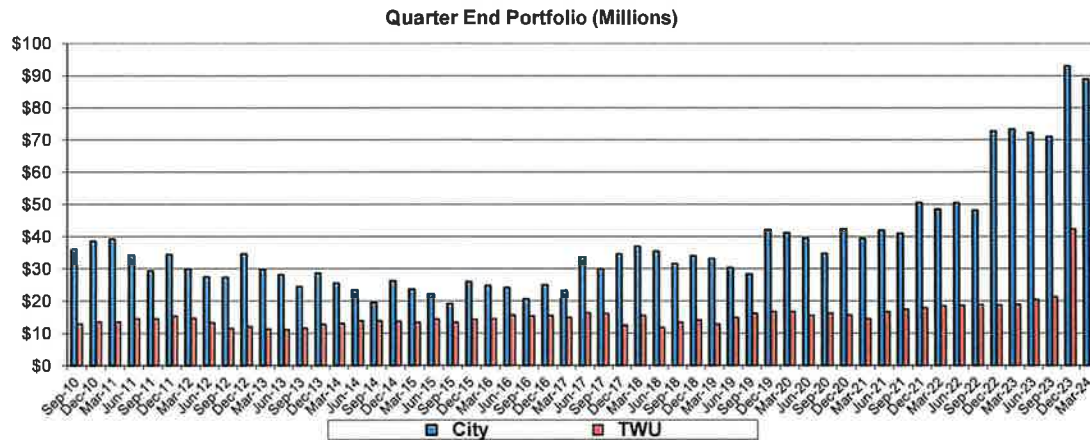
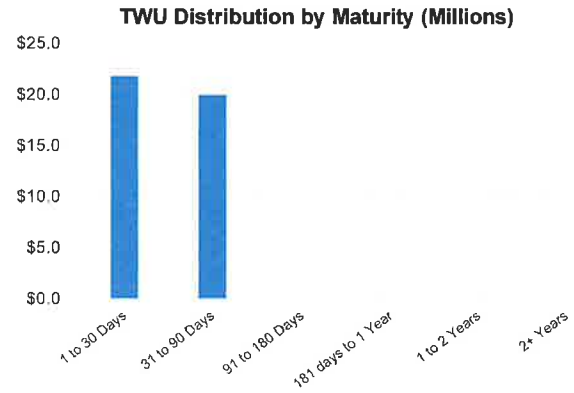
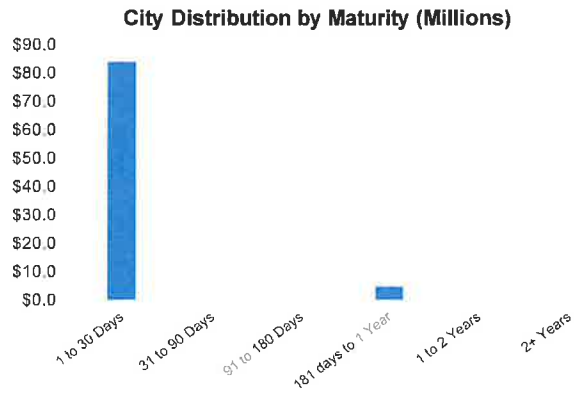
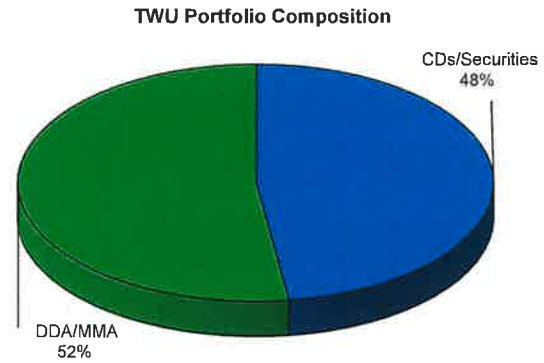
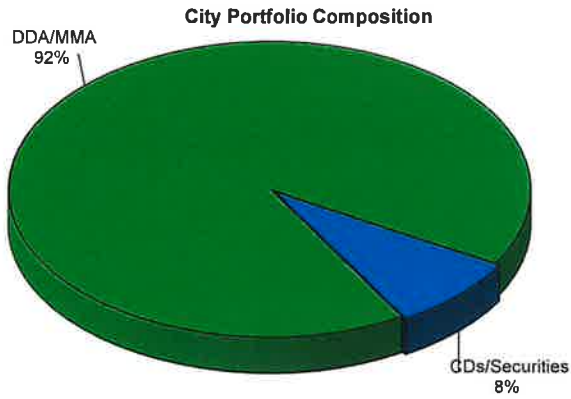
Combined Portfolio				\$ 130,794,145	\$ 130,794,145		\$ 130,794,145	24	4.80%
								(1)	(2)

(1) **Weighted average life** - For purposes of calculating weighted average life, cash equivalent investments are assumed to have a one day maturity.

(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for cash equivalent investments.

Book & Market Value Comparison

Issuer/Description	Yield	Maturity Date	Book Value 12/31/23	Increases	Decreases	Book Value 03/31/24	Market Value 12/31/23	Change in Market Value	Market Value 03/31/24
Farmer's Bank & Trust MMA	3.04%	04/01/24	\$ 47,992,332	\$ -	\$ (9,852,117)	\$ 38,140,215	\$ 47,992,332	\$ (9,852,117)	\$ 38,140,215
Southside Bank MMA	5.50%	04/01/24	6,746	91	-	6,837	6,746	91	6,837
NexBank MMA	5.72%	04/01/24	38	-	(1)	37	38	(1)	37
NexBank IntraFi MMA	5.55%	04/01/24	60,246,654	5,165,614	-	65,412,268	60,246,654	5,165,614	65,412,268
East West Bank CD	5.24%	01/22/24	2,419,162	-	(2,419,162)	-	2,419,162	(2,419,162)	-
East West Bank CD	5.89%	02/07/24	2,558,256	-	(2,558,256)	-	2,558,256	(2,558,256)	-
East West Bank CD	5.60%	03/12/24	19,056,820	-	(19,056,820)	-	19,056,820	(19,056,820)	-
East West Bank CD	1.20%	05/10/24	2,360,124	34,254	-	2,394,378	2,360,124	34,254	2,394,378
Farmer's B&T CD	1.20%	05/10/24	400,000	-	-	400,000	400,000	-	400,000
Farmer's B&T CD	1.20%	05/16/24	294,415	-	-	294,415	294,415	-	294,415
East West Bank CD	5.65%	06/12/24	-	19,317,506	-	19,317,506	-	19,317,506	19,317,506
Farmers B&T CD	5.05%	01/26/25	-	2,318,677	-	2,318,677	-	2,318,677	2,318,677
Farmers B&T CD	5.05%	02/09/25	-	2,509,812	-	2,509,812	-	2,509,812	2,509,812
TOTAL / AVERAGE	4.80%		\$ 135,334,547	\$ 29,345,954	\$ (33,886,356)	\$ 130,794,145	\$ 135,334,547	\$ (4,540,402)	\$ 130,794,145



**City Fund Allocation
March 31, 2024
Book & Market Value**

Fund #	Fund Name	Total	Farmer's B&T	Southside	NexBank MMA	NexBank ICS	5.78% East West	4.93% Farmer's	4.93% Farmer's
			MMA	Bank MMA			Bank CD: 10/20/23 - 04/22/24	B&T CD: 01/26/24 - 01/26/25	B&T CD: 02/09/24 - 02/09/25
101	GENERAL FUND - Pooled Cash	\$ 34,571,596	\$ 12,151,266	\$ 4,923	\$ 15	\$ 15,192,526	\$ 2,394,378	\$ 2,318,677	\$ 2,509,812
101	GENERAL FUND	2,555	2,555	-	-	-	-	-	-
102	NARCOTICS DIVISION OPERATIONS	189,337	189,337	-	-	-	-	-	-
103	PERSONNEL POLICY	1,417,131	946,579	783	-	469,769	-	-	-
104	WORKER'S COMP	286,513	286,513	-	-	-	-	-	-
107	COURT SECURITY FUND	516,119	516,119	-	-	-	-	-	-
108	TUTD PAYROLL ACCOUNT	260,994	260,994	-	-	-	-	-	-
109	GENERAL PROPERTY & LIAB	27,194	27,194	-	-	-	-	-	-
111	POLICE EVIDENCE ESCROW FUND	1,812	1,812	-	-	-	-	-	-
113	ENERGY CONSERVATION REV. LOAN	38,145	38,145	-	-	-	-	-	-
114	COURT TECHNOLOGY FUND	13,901	13,901	-	-	-	-	-	-
115	TECHNOLOGY FUND	570,248	570,248	-	-	-	-	-	-
116	TIRZ #1	2,262,178	1,148,174	-	-	1,114,004	-	-	-
117	DONATION FUND	12,703	12,703	-	-	-	-	-	-
118	TIRZ #2	96,290	96,290	-	-	-	-	-	-
120	MAJOR MAINTENANCE FUND	989,507	737,441	-	-	252,066	-	-	-
121	Fire Dept Training Fund	85,709	85,709	-	-	-	-	-	-
200	PEROT ENHANCEMENT FUND	149,465	149,465	-	-	-	-	-	-
209	HOME PROGRAM	75,888	75,888	-	-	-	-	-	-
211	THEATRE FUND	215,509	215,509	-	-	-	-	-	-
212	HOTEL/MOTEL TAX FD	1,334,719	830,587	-	1	504,132	-	-	-
213	PEROT THEATRE BLDG MAINT	554,803	110,551	-	-	444,252	-	-	-
215	HOUSING FUND	28,082	26,429	224	-	1,429	-	-	-
216	POLICE ENTERPRISE TRAINING	11,448	11,448	-	-	-	-	-	-
217	LAW ENFORCEMENT BLOCK GRANT	397	397	-	-	-	-	-	-
218	CDBG 108 LOAN FUND	320	320	-	-	-	-	-	-
219	LAW ENFORCEMENT PROGRAM	93,944	93,944	-	-	-	-	-	-
222	TIFMAS FUND	219,442	219,442	-	-	-	-	-	-
223	ECONOMIC DEVELOPMENT	2,270,545	897,095	795	1	1,372,653	-	-	-
228	BUILDING MAINTENANCE	179,550	179,550	-	-	-	-	-	-
229	PUBLIC SAFETY RADIO FUND	288,750	288,750	-	-	-	-	-	-
230	ROTARY SPLASH PARK FUND	6	6	-	-	-	-	-	-
233	NRDA Fund	164,910	164,910	-	-	-	-	-	-
235	FARMERS MARKET FUND	618	618	-	-	-	-	-	-
237	JAG COVID- 19 GRANT FUND	6	6	-	-	-	-	-	-
240	TCA Grant Fund	97,365	97,365	-	-	-	-	-	-
243	TACF Grant	1,500	1,500	-	-	-	-	-	-
246	Union Station	410,502	208,849	-	-	201,653	-	-	-
247	SECO Grant Fund	28,255	28,255	-	-	-	-	-	-
301	INTEREST & SINKING	1,408,733	1,408,733	-	-	-	-	-	-
423	2017 BOND FUND	1,559,136	619,594	-	18	939,524	-	-	-
424	2019 TIRZ BOND FUND	771,234	771,234	-	-	-	-	-	-
425	2022 BOND FUND	16,309,025	1,424,042	-	-	14,884,983	-	-	-
426	2023 Bond Fund	15,073,515	1,748,791	-	-	13,324,724	-	-	-
501	HEALTH FUND	1,121,995	500,990	112	-	620,893	-	-	-
502	PUBLIC LIBRARY	50,586	50,586	-	-	-	-	-	-
601	DRUG ESCROW	88,757	88,757	-	-	-	-	-	-
605	FEDERAL ASSET FORFEITURE	135,344	135,344	-	-	-	-	-	-
702	BENEFIT PAYMENT	1,658,004	1,326,890	1	-	331,114	-	-	-
703	FLEET SERVICES	9,588	9,588	-	-	-	-	-	-
704	CAPITAL REPLACEMENT	3,108,067	949,160	-	2	2,158,904	-	-	-
810	MEMBER CITY WATER REVENUE	176,610	176,610	-	-	-	-	-	-
TOTAL		\$ 88,938,553	\$ 29,896,185	\$ 6,837	\$ 37	\$ 51,812,627	\$ 2,394,378	\$ 2,318,677	\$ 2,509,812

**City Fund Allocation
December 31, 2023
Book & Market Value**

Fund #	Fund Name	Total	Farmer's B&T	Southside	NexBank MMA	NexBank ICS	5.11% East West	5.72% East West	5.78% East West
			MMA	Bank MMA			Bank CD: 04/20/23 - 01/22/24	Bank CD: 08/07/23 - 02/07/24	Bank CD: 10/20/23 - 04/22/24
101	GENERAL FUND - Pooled Cash	\$ 32,146,267	\$ 12,842,885	\$ 4,857	\$ 16	\$ 11,960,968	\$ 2,419,162	\$ 2,558,256	\$ 2,360,124
101	GENERAL FUND	2,533	2,533	-	-	-	-	-	-
102	NARCOTICS DIVISION OPERATIONS	220,851	220,851	-	-	-	-	-	-
103	PERSONNEL POLICY	1,506,327	1,041,846	772	1	463,708	-	-	-
104	WORKER'S COMP	274,596	274,596	-	-	-	-	-	-
107	COURT SECURITY FUND	506,974	506,974	-	-	-	-	-	-
108	TUTD PAYROLL ACCOUNT	258,770	258,770	-	-	-	-	-	-
109	GENERAL PROPERTY & LIAB	26,962	26,962	-	-	-	-	-	-
111	POLICE EVIDENCE ESCROW FUND	1,812	1,812	-	-	-	-	-	-
113	ENERGY CONSERVATION REV. LOAN	37,862	37,862	-	-	-	-	-	-
114	COURT TECHNOLOGY FUND	8,921	8,921	-	-	-	-	-	-
115	TECHNOLOGY FUND	647,630	647,630	-	-	-	-	-	-
116	TIRZ #1	3,145,634	2,047,044	-	-	1,098,590	-	-	-
117	DONATION FUND	16,897	16,897	-	-	-	-	-	-
118	TIRZ #2	202,792	202,792	-	-	-	-	-	-
120	MAJOR MAINTENANCE FUND	1,122,302	1,122,302	-	-	-	-	-	-
121	Fire Dept Training Fund	85,284	85,284	-	-	-	-	-	-
200	PEROT ENHANCEMENT FUND	148,191	148,191	-	-	-	-	-	-
204	HCD FUND	42,650	42,650	-	-	-	-	-	-
209	HOME PROGRAM	75,296	75,296	-	-	-	-	-	-
211	THEATRE FUND	297,594	297,594	-	-	-	-	-	-
212	HOTEL/MOTEL TAX FD	1,166,989	1,166,989	-	-	-	-	-	-
213	PEROT THEATRE BLDG MAINT	558,781	120,261	-	1	438,520	-	-	-
215	HOUSING FUND	27,835	26,204	221	-	1,411	-	-	-
216	POLICE ENTERPRISE TRAINING	11,191	11,191	-	-	-	-	-	-
217	LAW ENFORCEMENT BLOCK GRANT	16,731	16,731	-	-	-	-	-	-
218	CDBG 108 LOAN FUND	318	318	-	-	-	-	-	-
219	LAW ENFORCEMENT PROGRAM	86,655	86,655	-	-	-	-	-	-
222	TIFMAS FUND	66,613	66,613	-	-	-	-	-	-
223	ECONOMIC DEVELOPMENT	2,181,082	825,353	785	2	1,354,942	-	-	-
228	BUILDING MAINTENANCE	256,267	256,267	-	-	-	-	-	-
229	PUBLIC SAFETY RADIO FUND	267,128	267,128	-	-	-	-	-	-
230	ROTARY SPLASH PARK FUND	6	6	-	-	-	-	-	-
235	FARMERS MARKET FUND	298	298	-	-	-	-	-	-
237	JAG COVID- 19 GRANT FUND	6	6	-	-	-	-	-	-
240	TCA Grant Fund	46,365	46,365	-	-	-	-	-	-
243	TACF Grant	1,500	1,500	-	-	-	-	-	-
246	Union Station	406,433	406,433	-	-	-	-	-	-
301	INTEREST & SINKING	5,738,286	5,738,286	-	-	-	-	-	-
423	2017 BOND FUND	2,045,849	423,376	-	17	1,622,455	-	-	-
424	2019 TIRZ BOND FUND	825,751	825,751	-	-	-	-	-	-
425	2022 BOND FUND	16,786,455	2,107,428	-	-	14,679,027	-	-	-
426	2023 Bond Fund	14,865,834	1,725,477	-	-	13,140,357	-	-	-
501	HEALTH FUND	1,100,750	985,386	110	-	115,254	-	-	-
502	PUBLIC LIBRARY	35,085	35,085	-	-	-	-	-	-
601	DRUG ESCROW	88,757	88,757	-	-	-	-	-	-
605	FEDERAL ASSET FORFEITURE	134,337	134,337	-	-	-	-	-	-
702	BENEFIT PAYMENT	1,836,928	1,510,394	1	-	326,533	-	-	-
703	FLEET SERVICES	9,549	9,549	-	-	-	-	-	-
704	CAPITAL REPLACEMENT	3,604,802	1,971,380	-	2	1,633,420	-	-	-
810	MEMBER CITY WATER REVENUE	57,117	57,117	-	-	-	-	-	-
TOTAL		\$ 93,008,414	\$ 38,828,904	\$ 6,746	\$ 38	\$ 46,835,185	\$ 2,419,162	\$ 2,558,256	\$ 2,360,124

**Water Fund Allocation
Book & Market Value
March 31, 2024**

Fund Name	Total	Farmer's B&T MMA	NexBank IntraFi MMA	1.20% Farmer's	1.20% Farmer's	5.50% East
				B&T CD: 05/10/22 - 05/10/24	B&T CD: 05/16/22 - 05/16/24	West Bank CD: 03/12/24 - 06/12/24
Revenue	\$ 260,511	\$ 260,511	\$ -	\$ -	\$ -	\$ -
Technology	901,797	494,849	406,948	-	-	-
2013 Bond	93,693	93,693	-	-	-	-
LTWSC Capital Improvement	385,015	385,015	-	-	-	-
Texas Capital Improvement	1,378,382	1,378,382	-	-	-	-
Texas Corps of Engineers Cost*	14,147,806	660,698	13,192,693	-	294,415	-
Texas Compost	155,103	155,103	-	-	-	-
Texas Customer Deposit	985,005	381,662	-	400,000	-	203,342
Equipment Acquisition	744,525	744,525	-	-	-	-
Texas Infrastructure	378,114	378,114	-	-	-	-
Texas Personnel Policy	243,284	141,613	-	-	-	101,671
Texas Reserve	757,506	45,808	-	-	-	711,698
WWTP Depreciation	257,693	257,693	-	-	-	-
Texas Waggoner Creek CIP	643,641	643,641	-	-	-	-
2023 Bond Construction	20,425,283	2,124,488	-	-	-	18,300,795
2023 Bond Fund	98,236	98,236	-	-	-	-
	\$ 41,855,592	\$ 8,244,031	\$ 13,599,641	\$ 400,000	\$ 294,415	\$ 19,317,506

*All funds in this account are dedicated for payment to the Corps of Engineers for water rights and related costs for implementation of the Ultimate Rule Curve of Lake Wright

**Water Fund Allocation
Book & Market Value
December 31, 2023**

Fund Name	Total	Farmer's B&T MMA	NexBank IntraFi MMA	5.45% East West Bank CD: 12/12/23- 03/12/24	1.20% Farmer's B&T CD: 05/10/22 - 05/10/24	1.20% Farmer's B&T CD: 05/16/22 - 05/16/24
Revenue	\$ 623,663	\$ 623,663	\$ -	\$ -	\$ -	\$ -
Technology	893,054	491,736	401,317	-	-	-
2013 Bond	79,889	79,889	-	-	-	-
LTWSC Capital Improvement	821,493	821,493	-	-	-	-
Texas Capital Improvement	1,312,679	1,312,679	-	-	-	-
Texas Corps of Engineers Cost*	13,794,210	489,643	13,010,152	-	-	294,415
Texas Compost	119,429	119,429	-	-	-	-
Texas Customer Deposit	957,674	357,076	-	200,598	400,000	-
Equipment Acquisition	550,904	550,904	-	-	-	-
Texas Infrastructure	826,793	826,793	-	-	-	-
Texas Personnel Policy	240,523	140,224	-	100,299	-	-
Texas Reserve	754,442	52,348	-	702,093	-	-
WWTP Depreciation	153,483	153,483	-	-	-	-
Texas Waggoner Creek CIP	816,081	816,081	-	-	-	-
2023 Bond Construction	20,154,745	2,100,916	-	18,053,830	-	-
2023 Bond Fund	227,071	227,071	-	-	-	-
	\$ 42,326,133	\$ 9,163,428	\$ 13,411,470	\$ 19,056,820	\$ 400,000	\$ 294,415

*All funds in this account are dedicated for payment to the Corps of Engineers for water rights and related costs for implementation of the Ultimate Rule Curve of Lake Wright

**Collateral Position
March 31, 2024**

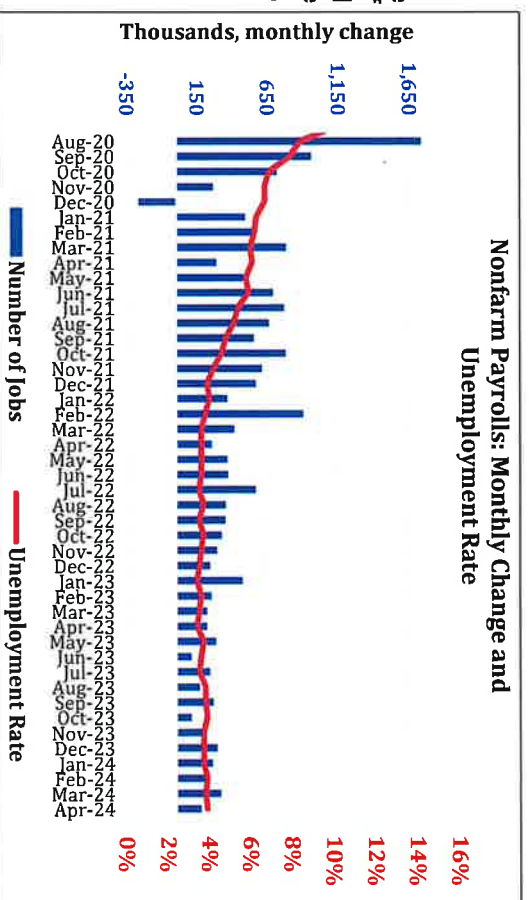
	CITY				TWU		
	Farmers B&T	Southside Bank	NexBank	East West Bank	NexBank	Farmer's B&T	East West Bank
Collateral Value	\$ 48,000,000	\$ -	\$ -	\$ 2,199,000	\$ -	\$ 34,150,000	\$ 19,423,000
+ FDIC Insurance (1)	250,000	250,000	52,062,627	250,000	13,849,641	250,000	250,000
Total Enhancement	\$ 48,250,000	\$ 250,000	\$ 52,062,627	\$ 2,449,000	\$ 13,849,641	\$ 34,400,000	\$ 19,673,000
Total Deposits	\$ 34,724,674	\$ 6,837	\$ 51,812,664	\$ 2,394,378	\$ 13,599,641	\$ 8,938,445	\$ 19,317,506
Excess Coverage	\$ 13,525,326	\$ 243,163	\$ 249,963	\$ 54,622	\$ 250,000	\$ 25,461,555	\$ 355,494
Percentage Coverage	139%	3656%	100%	102%	102%	385%	102%
Collateral Type:							
Treasuries							
Agency Bullets							
Agency Callable							
Agency LOC	\$ 48,000,000			\$ 2,199,000		\$ 34,150,000	\$ 19,423,000
Munis							

(1) Includes Certificate of Deposit Account Registry Service and Insured Cash Sweep balances less than \$250,000 per institution.

Market Outlook

May 3, 2024

The Federal Open Market Committee (FOMC) again left the Fed Funds Rate target range unchanged at 5.25% to 5.50% as higher than expected inflation data dampened the Committee's confidence that we are moving sustainably toward their 2% goal. Potential homebuyers continue to struggle faced with inadequate supply and high mortgage rates. First quarter GDP showed slower growth than prior quarter with an advance estimate of +1.6%. Retail Sales again exceeded market expectations with robust consumer spending in March.



The April Employment report added 175,000 jobs, well below market expectations of 243,000. The previous two months were adjusted with a net decrease of 22,000 jobs. March was revised up to +315,000 from the +303,000 previously reported, and February was revised down to +236,000 from the previously reported +270,000 jobs. The three-month average decreased to +242,000 per month (the previous three-month average was +276,000 per month). Health/Education (+95,000) and Transportation/Warehousing (+21,800) saw the most notable gains for the month. Retail (+20,100) continued its upward trend, while Construction (+9,000), Government (+8,000), Manufacturing (+8,000), and Leisure/Hospitality (+5,000) saw modest increases. Mining (-100) and Professional/Business (-4,000) both experienced slight declines. The April Labor Participation Rate, a measure of the percentage of eligible workers that hold jobs, remained unchanged at 62.7%, still below its pre-pandemic level of 63.4%. The Unemployment Rate ticked up to 3.9% from 3.8% in March, surprising market expectations that anticipated no change. The U6 rate (or the under-employed rate – those that are either over-qualified for their job or working fewer hours than they desire) edged up to 7.4% from March's 7.3%. Average Hourly Earnings (AHE) for April increased 0.2%, below market forecasts of a 0.3% rise. This brought AHE year-over-year to 3.9% from prior month's 4.1%. Job openings declined by 325,000 to 8.49 million jobs, the lowest level since February 2021 and below market expectations of 8.69 million jobs. The number of unemployed people increased by 63,000 in April to 6.49 million.

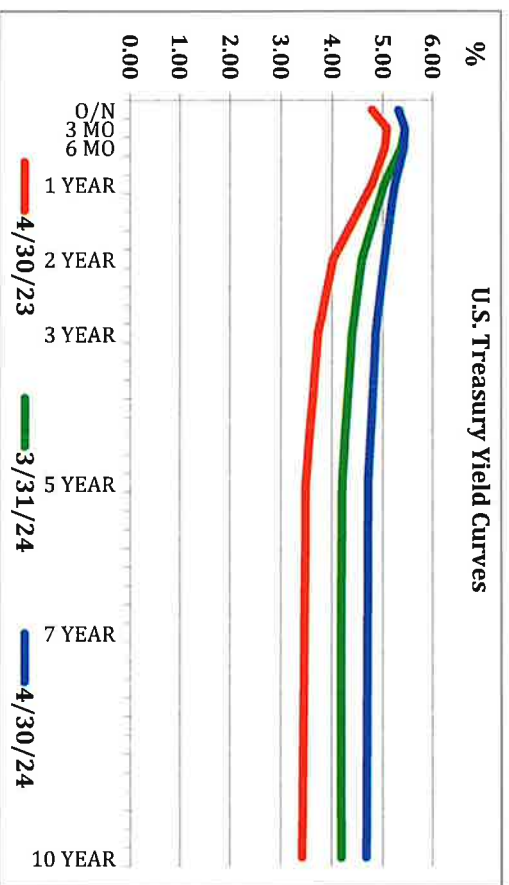
Existing Home Sales dropped 4.3% in March while interest rates made no significant moves to draw in buyers. The median existing-home sales price is up 4.8% from one year ago at \$383,500, the ninth consecutive month of year-over-year increases. Inventories of Existing Homes for sale increased 4.7% from February, with the supply at 3.2 months at the current sales pace. New Home Sales soared 8.8% in March to the highest level in six months, rebounding from a negatively revised 5.1% decline in February. The supply of New Homes for sale decreased to 8.3 months in March from February's 8.4 months and remains above the 6-month supply expected in a balanced market. The median sales price of new homes was \$430,700 for the month. The average 30-year mortgage rate at the end of April rose to 7.17% from 6.79% at the end of March. The S&P Case Shiller report of home prices in 20 metropolitan areas reported a 0.9% increase in home values during February, surpassing market expectations of a 0.6% rise. The Federal Housing Finance Agency (FHFA), the entity that analyzes all domestic home prices, showed a 1.2% increase in February, the most since April 2022. Year-over-year Case Shiller is up 7.3% (versus 6.6% from January), and the FHFA index is up 7.0% (compared to 6.5% in January). Pending Home Sales in March rose 3.4%, well above market expectations of 0.3% growth, bringing year-over-year pending home sales to 0.1%. Housing Starts plummeted 14.7% in March, the biggest decline since April 2020. Building Permits decreased 3.7% in March, and Construction Spending declined 0.2% for the month, missing market expectations of a 0.3% rise.

The advance estimate for 2024 Q1 GDP showed +1.6% growth, below market forecasts of +2.5%, with a drop in goods consumption. Industrial Production rose 0.4% in March, in line with market expectations, following a positively revised 0.4% gain the previous month. Durable Goods Orders climbed 2.6% for the month, exceeding market expectations of a 2.5% increase. Excluding transportation, durable goods orders increased 0.2% during

March. Factory Orders met market expectations, increasing 1.6% in March following a 1.2% increase in February. Excluding transportation, Factory Orders rose 0.5%. Business inventories grew 0.4% in February while the market anticipated a 0.3% increase. As an inflation impact measurement, the Producer Price Index (PPI) advanced 0.2% in March, the smallest increase in three months, and below market forecasts of a 0.3% rise. PPI is up 2.1% from this time last year compared to 1.6% in February. The Consumer Price Index (CPI) rose 0.4% in March, with the price of shelter and gasoline contributing to over half of the increase. Year-over-year, CPI accelerated to 3.5% in March from 3.2% the prior month. Core CPI, or the results after food and energy numbers are excluded (due to price volatility), increased 0.4% in March, the same as the previous two months, and year-over-year remained unchanged at 3.8%. The Purchasing Managers Index dropped to 49.2% in April, well below market expectations, and slipping back into contractionary territory following the first expansion in sixteen months in March. New orders slowed and the price index climbed amid rising costs of oil, aluminum, steel, and plastics.

Personal Consumption's advance estimate for the first quarter of 2024 saw 2.5% growth. Retail Sales soared 0.7% in March, greatly exceeding market expectations of a 0.3% increase. Prior month was also positively revised from 0.6% to 0.9% demonstrating the robustness of consumer spending. Year-over-year retail sales were up 4%. Excluding vehicle and gas purchases, sales increased 1.0% in March, the most in fourteen months. Consumers' attitudes as measured by both the Consumer Sentiment report (-2.2 points) and the Consumer Confidence report (-6.1 points) reflected concerns about the economy's trajectory with the upcoming election. Consumer inflation expectations in the next year rose to 3.2% from 2.9% in March. Personal Consumption Expenditures (PCE) matched that of February and increased 0.3% in March, in line with market expectations, bringing the year-over-year to 2.7% from 2.5% the prior month. The Core PCE Index measuring consumption net of food and energy, and one of the indicators watched closely by the FOMC, remained unchanged at 2.8% year-over-year in March despite market expectations for a decline to 2.6%. This exceeded the FOMC's target inflation rate of 2.0% for the thirty-sixth consecutive month. Month-over-month the Personal Income component of the PCE series indicated that incomes rose 0.5% in March, matching market expectations, and Personal Spending increased by 0.8% for the month, the same pace as February.

The FOMC held their meeting April 30th and May 1st and voted to keep the Fed Funds Rate target rate unchanged at 5.25% to 5.50%. The Committee reiterated they will need greater confidence the economy is moving on a sustainable path toward their 2% inflation goal before they will cut rates. The unexpected increases in inflation readings from March did not help build that confidence and instead shifted the focus back to maintaining current monetary policy for a longer-than-expected period of time. Chair Powell stated the Committee has not seen persuasive evidence that a rate hike would be necessary, and he still believes the current rate will be sufficiently restrictive over time. The FOMC will hold their next meeting June 11th and 12th where they are expected to maintain the current Fed Funds target range. They will also provide their updated Summary of Economic Projections. The market is currently favoring September 2024 for the first 25-basis point rate cut.



Disclaimer: This material, based on data believed to be reliable, but not independently verified, is not intended to constitute an offer, solicitation or recommendation regarding any securities transaction or a guarantee of market conditions and is for informational purposes only. For use by the intended recipient only.