

City of Huntington Beach Quarterly Treasurer's Report



Quarter Ending: March 31, 2018

Prepared by: Alisa Cutchen, CCMT, CPFIM, City Treasurer

Economic and Market Overview - At 3/31/18

- ❖ 12-month Inflation Rate (Core PCE Price Index): 1.6%
- ❖ Unemployment stable at 4.1%, lowest since 2000
- ❖ Federal Reserve raised interest rates: Fed Funds 1.50%-1.75%
- ❖ Equity Market Volatility – U.S. China Trade Relations

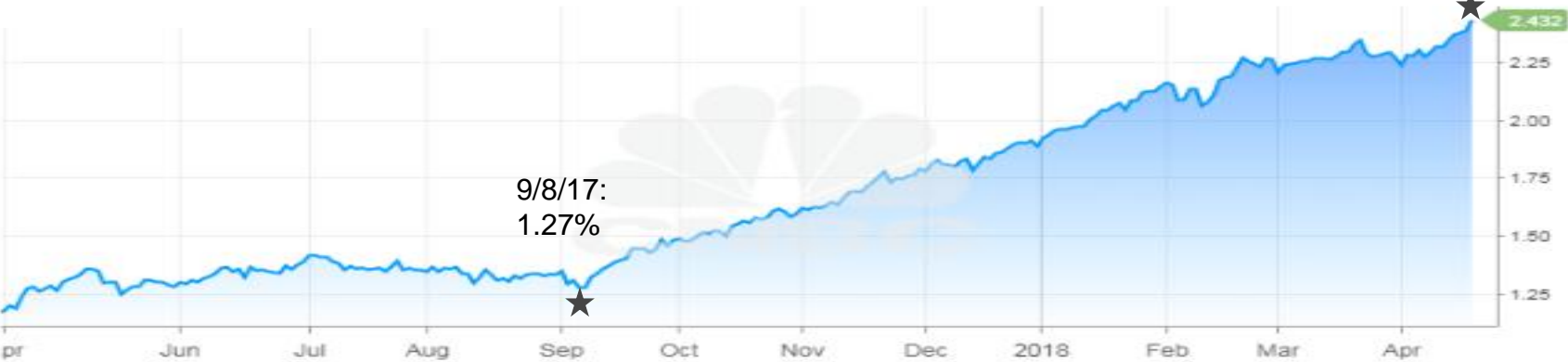
	<u>12/31/17</u>	<u>03/31/18</u>	<u>% Chg</u>
DJIA:	24,719	24,103	↓ 2.5%
S&P:	2,674	2,641	↓ 1.2%

Interest Rates – Rising 2-year Treasury

U.S. 2 Year Treasury (US2Y:U.S.)

↑ Rate increased by approx. 1.2% since September 2017

4/18/18:
2.43%



Portfolio Summary

As of 3/31/18

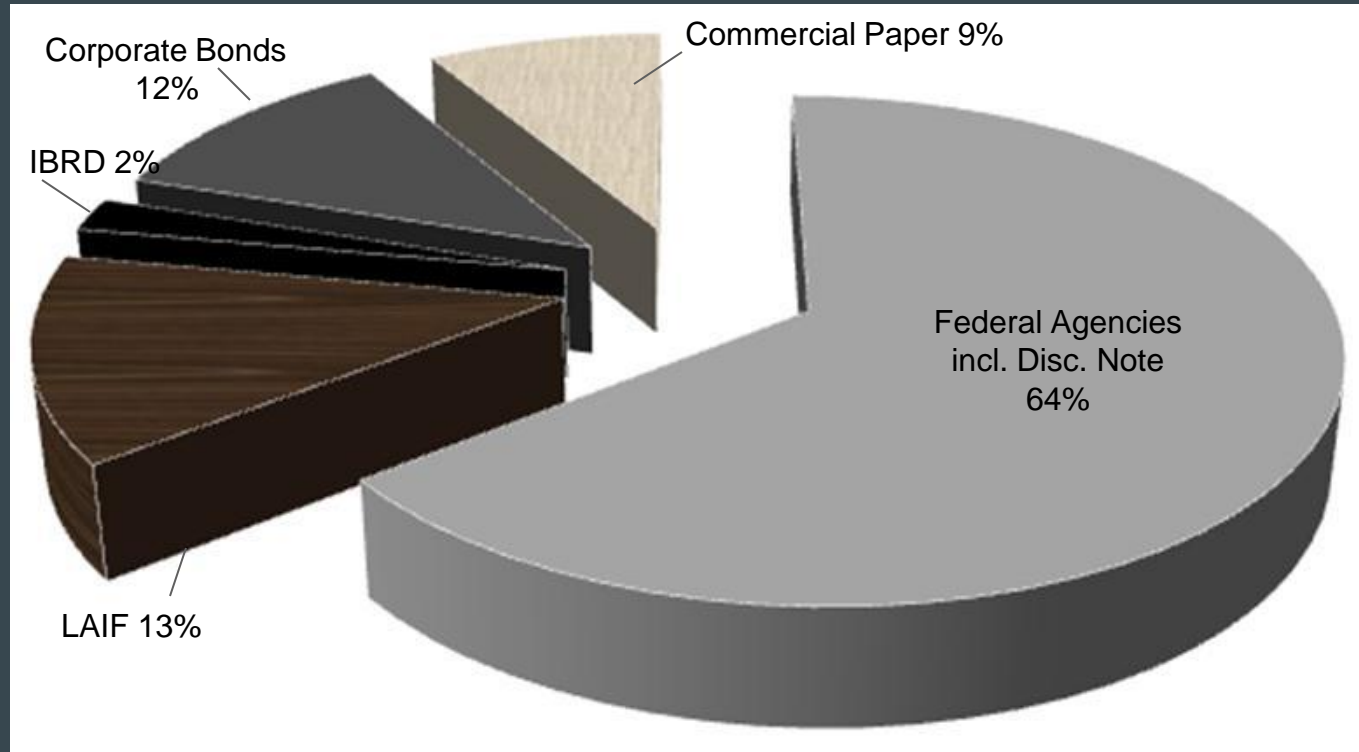
Investment Type / Market Value:

- Federal Agencies - \$145.7MM
- Corporate Bonds - \$25.8MM
- Commercial Paper - \$19.9MM
- LAIF - \$30.7MM
- IBRD - \$5.0MM

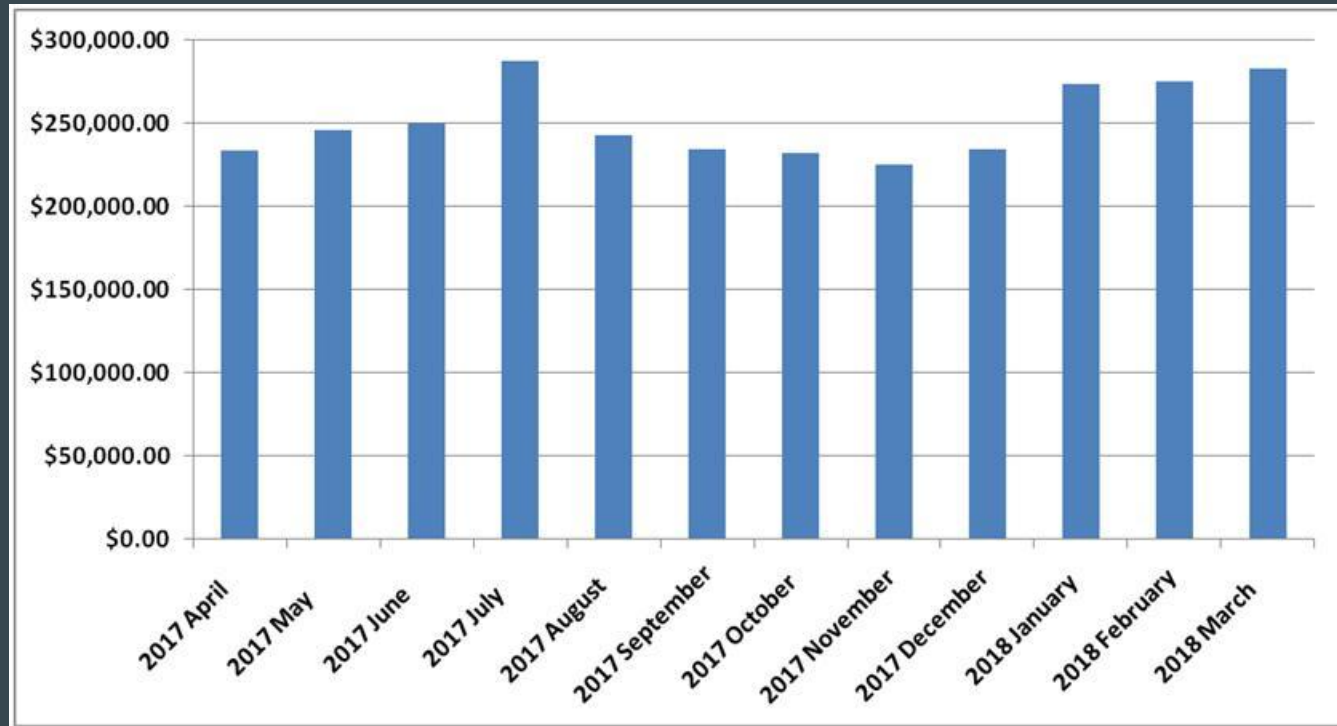
TOTAL PORTFOLIO: \$227.1MM

Investments by Type

As of March 31, 2018



Monthly Portfolio Earnings – April 2017 to March 2018



Recent Changes affecting Investment Portfolio

- ❖ Revised Fiscal Year ending June 30, 2018
- ❖ CalPERS UAL Prepayment of \$24.9 million due end of July, 2018 and each July thereafter
- ❖ \$ “set aside” for CalPERS payment invested to mature in July
- ❖ Recent Interest Rate increases
- ❖ Liquidity Projected above monthly \$20 million minimum goal for 2018

Portfolio Earnings - As of March 31, 2018

Current Year - Month

❑ March, 2018:	\$284,798	24% ↑
❑ vs. last year:	\$229,564	

Current Year - Fiscal YTD

❑ Through 3/31/18:	\$1,524,112	21% ↑
❑ vs. last year:	\$1,260,072	

Effective Rate of Return

❑ March, 2018:	1.50%
❑ Fiscal YTD:	1.46%

Solid Return & Liquidity:

- ❑ \$36.7 million in LAIF/Bank (Added liquidity)
- ❑ \$25 million for CalPERS UAL pmt in July

Compliance

Selected Investment Policy Requirements:

<u>Investment Type</u>	<u>Max. Maturity</u>	<u>Max. % of Portfolio</u>	<u>Ratings</u>
Federal Agencies	5 yrs	none	AAA/Aa
IBRD	5 yrs	10%	AAA/Aaa
Corporate Bonds	5 yrs	30%	A or above
Commercial Paper	270 days	25%	A-1/P-1
LAIF	n/a	\$65MM per account	n/a

The portfolio is in compliance with all relevant State regulations and the City's Investment Policy