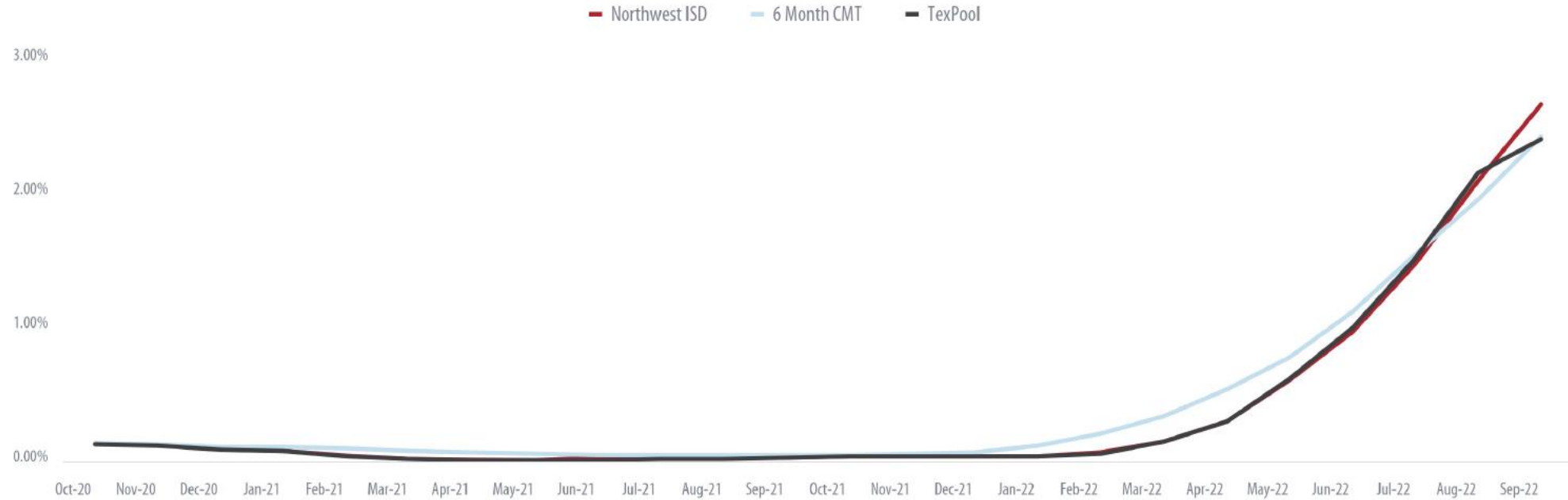


Investment Report

Northwest ISD

November 14, 2022

Benchmark Comparison

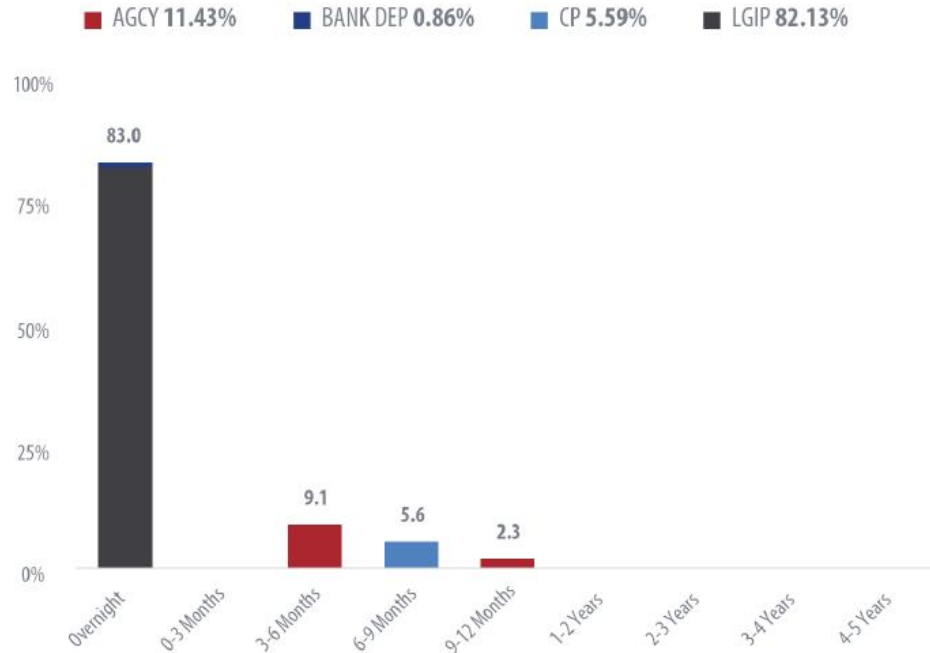


Yield Overview

	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
Northwest ISD	0.13	0.12	0.09	0.08	0.04	0.02	0.01	0.01	0.03	0.03	0.03	0.03	0.04	0.04	0.04	0.04	0.07	0.15	0.30	0.61	0.97	1.48	2.10	2.67
6 Month CMT	0.14	0.13	0.11	0.11	0.10	0.08	0.07	0.06	0.05	0.05	0.05	0.05	0.05	0.06	0.07	0.12	0.21	0.34	0.54	0.78	1.12	1.55	1.96	2.43
TexPool	0.13	0.12	0.09	0.08	0.04	0.02	0.01	0.01	0.01	0.02	0.02	0.03	0.04	0.04	0.04	0.04	0.06	0.15	0.30	0.62	1.00	1.52	2.16	2.41

Portfolio Overview

Maturity Distribution by Security Type



Top Ten Holdings

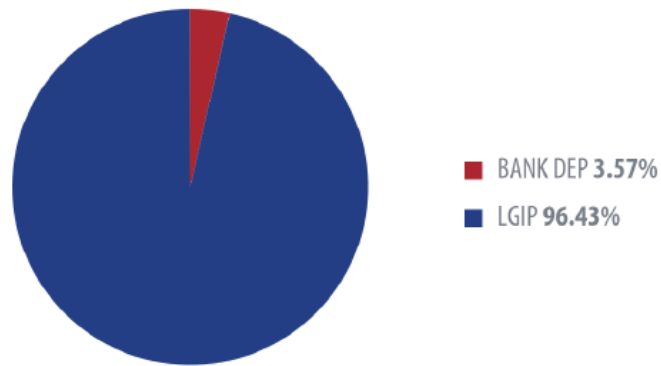
Issuer	Allocation
TEXPOOL	82.13%
Federal Home Loan Banks	11.43%
Royal Bank of Canada	3.35%
Toyota Motor Credit Corporation	2.24%
WF	0.86%

Maturity Distribution by Security Type

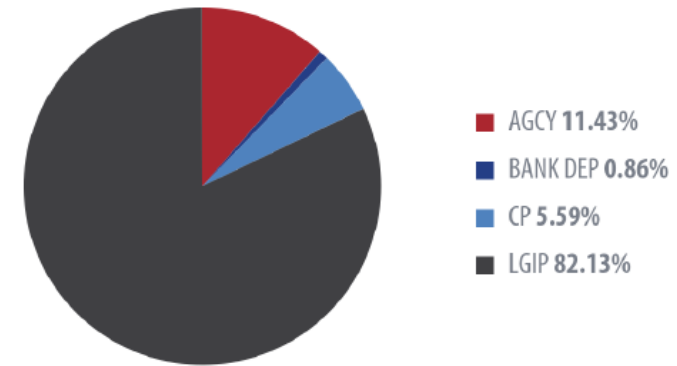
Security Type	Overnight	0-3 Months	3-6 Months	6-9 Months	9-12 Months	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Portfolio Total
AGCY	–	–	39,479,923.47	–	9,995,954.05	–	–	–	–	49,475,877.52
BANK DEP	3,714,924.79	–	–	–	–	–	–	–	–	3,714,924.79
CP	–	–	–	24,194,804.17	–	–	–	–	–	24,194,804.17
LGIP	355,604,477.33	–	–	–	–	–	–	–	–	355,604,477.33
Total	359,319,402.12	–	39,479,923.47	24,194,804.17	9,995,954.05	–	–	–	–	432,990,083.81

Asset Allocation

Asset Allocation by Security Type as of
30-Jun-2022



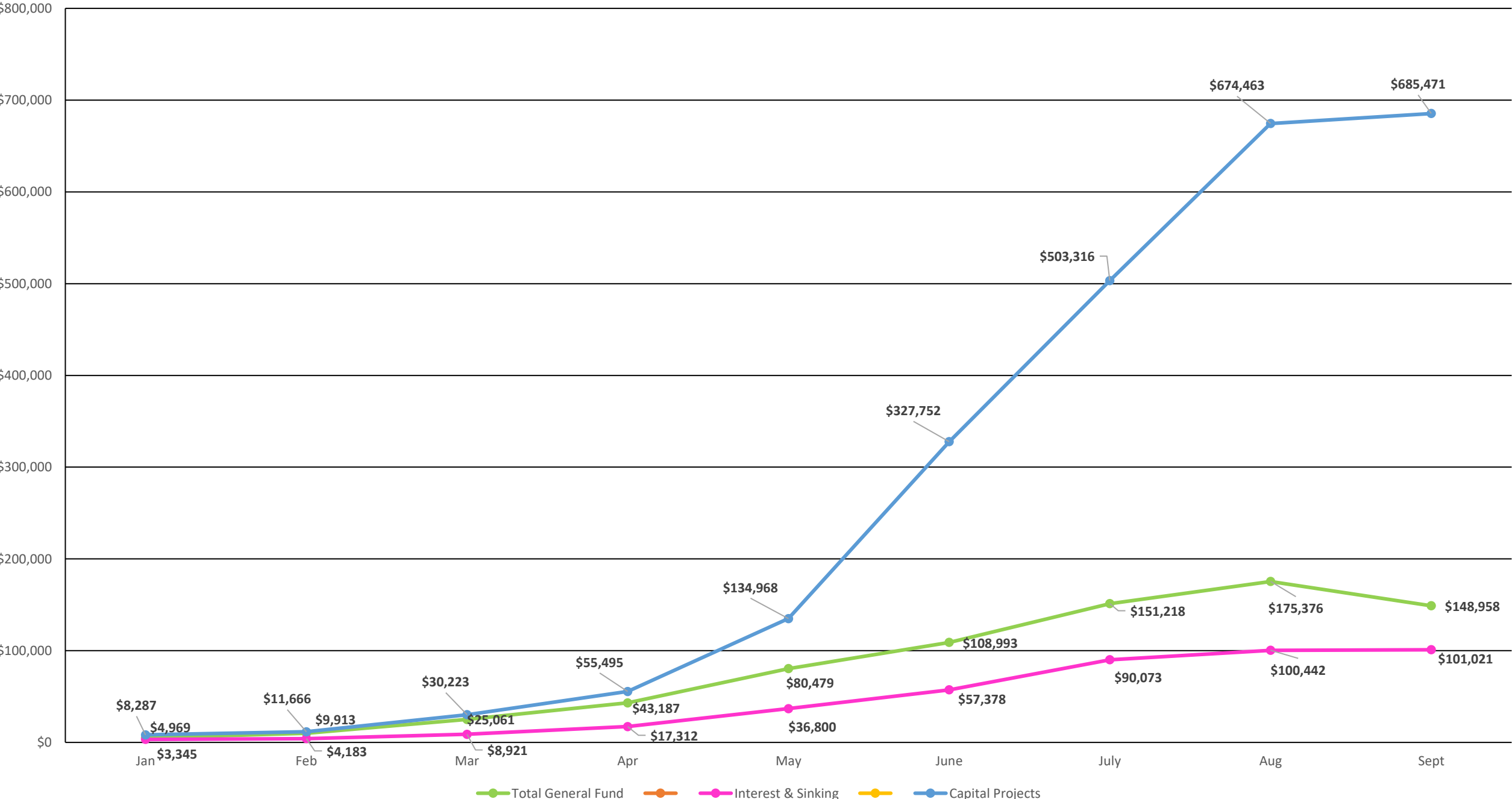
Asset Allocation by Security Type as of
30-Sep-2022



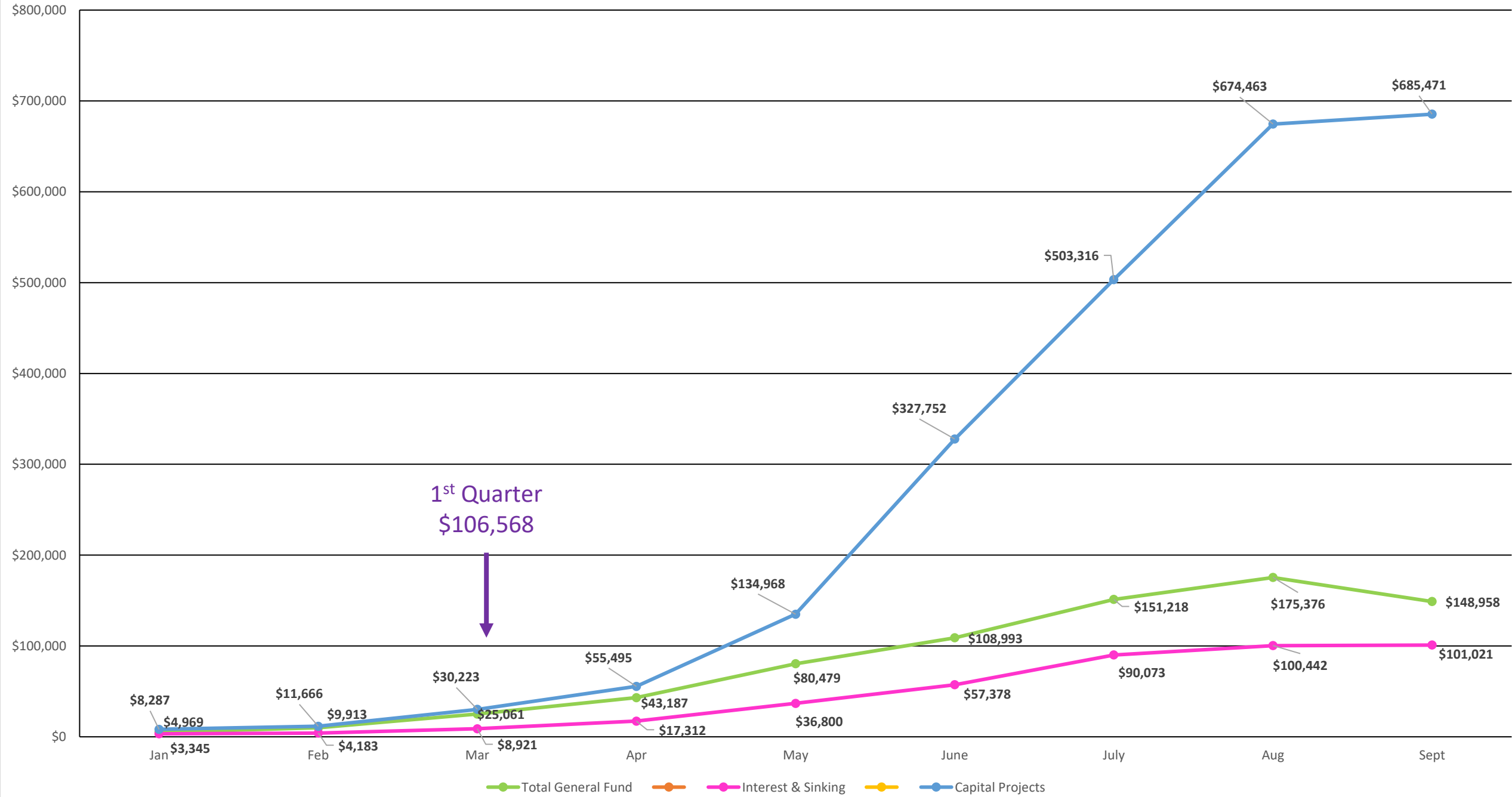
Book Value Basis Security Distribution

Security Type	Prior Balance 30-Jun-22	Prior Allocation 30-Jun-22	Change in Allocation	Current Balance 30-Sep-22	Current Allocation 30-Sep-22	Yield to Maturity
AGCY	0.00	0.00%	11.43%	49,475,877.52	11.43%	3.807%
BANK DEP	21,505,967.85	3.57%	(2.71%)	3,714,924.79	0.86%	0.400%
CP	0.00	0.00%	5.59%	24,194,804.17	5.59%	4.547%
LGIP	580,673,821.44	96.43%	(14.30%)	355,604,477.33	82.13%	2.413%
Portfolio Total	602,179,789.29	100.00%		432,990,083.81	100.00%	2.674%

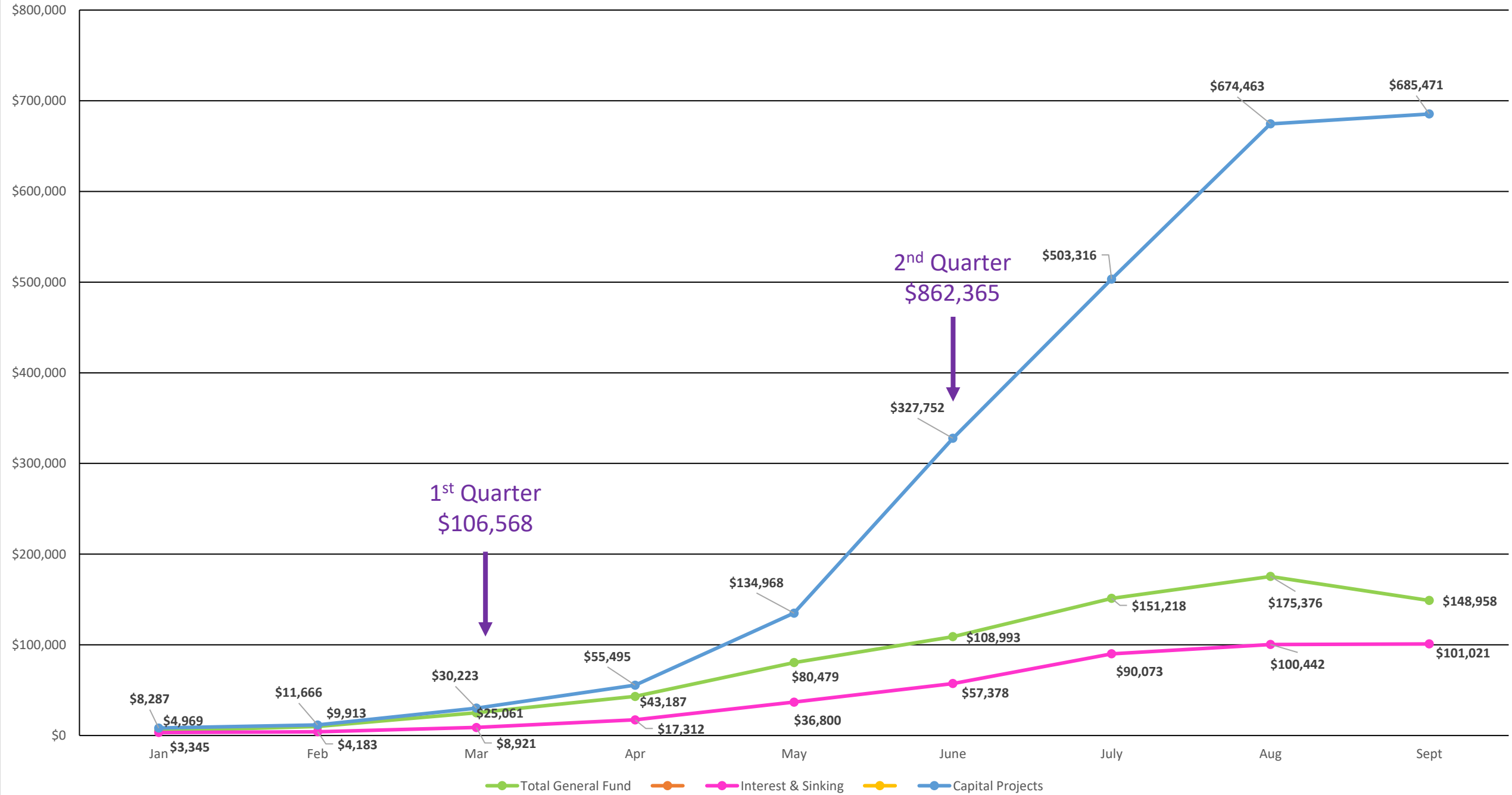
Monthly Interest Earned By Fund



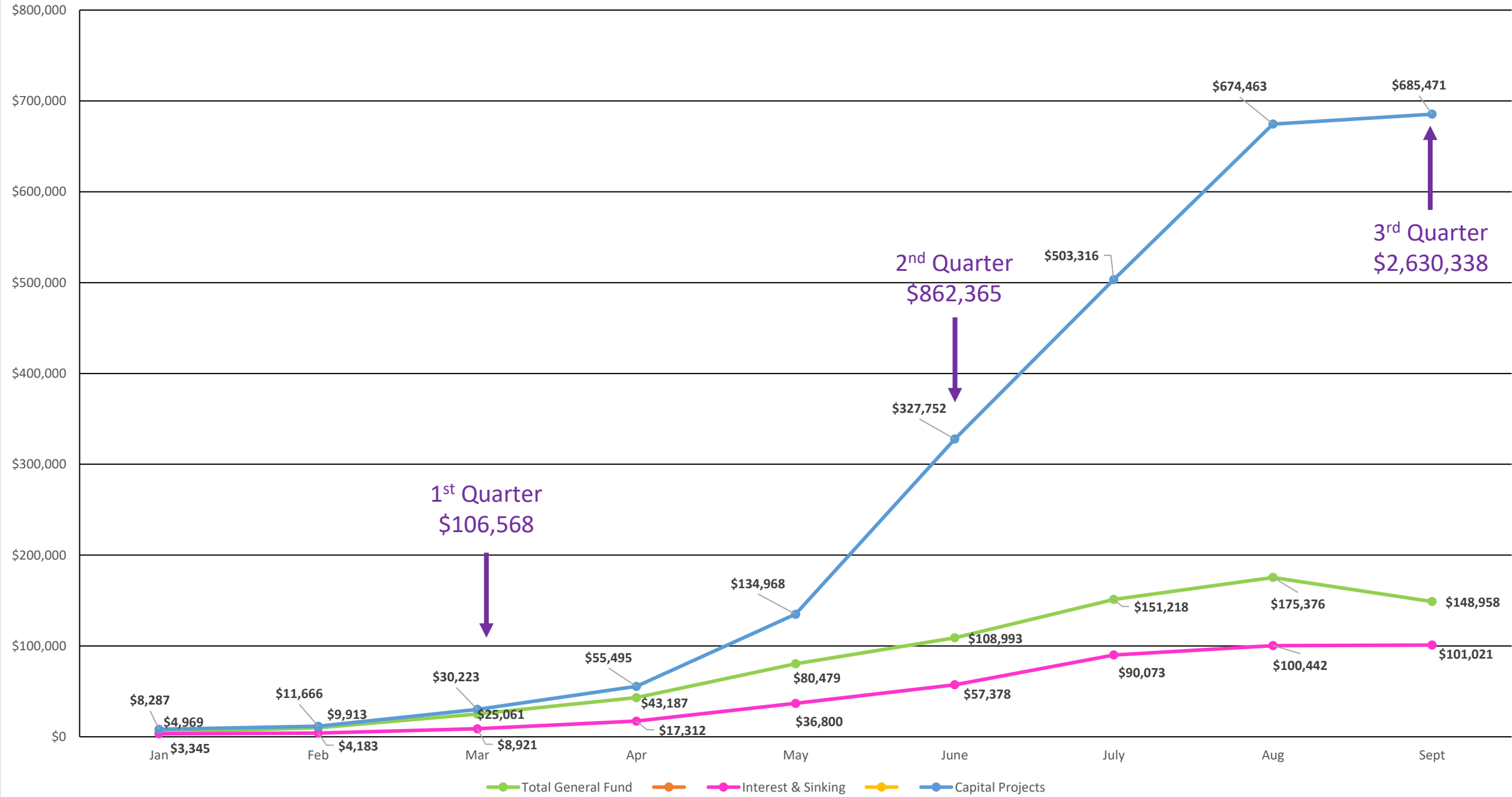
Monthly Interest Earned By Fund



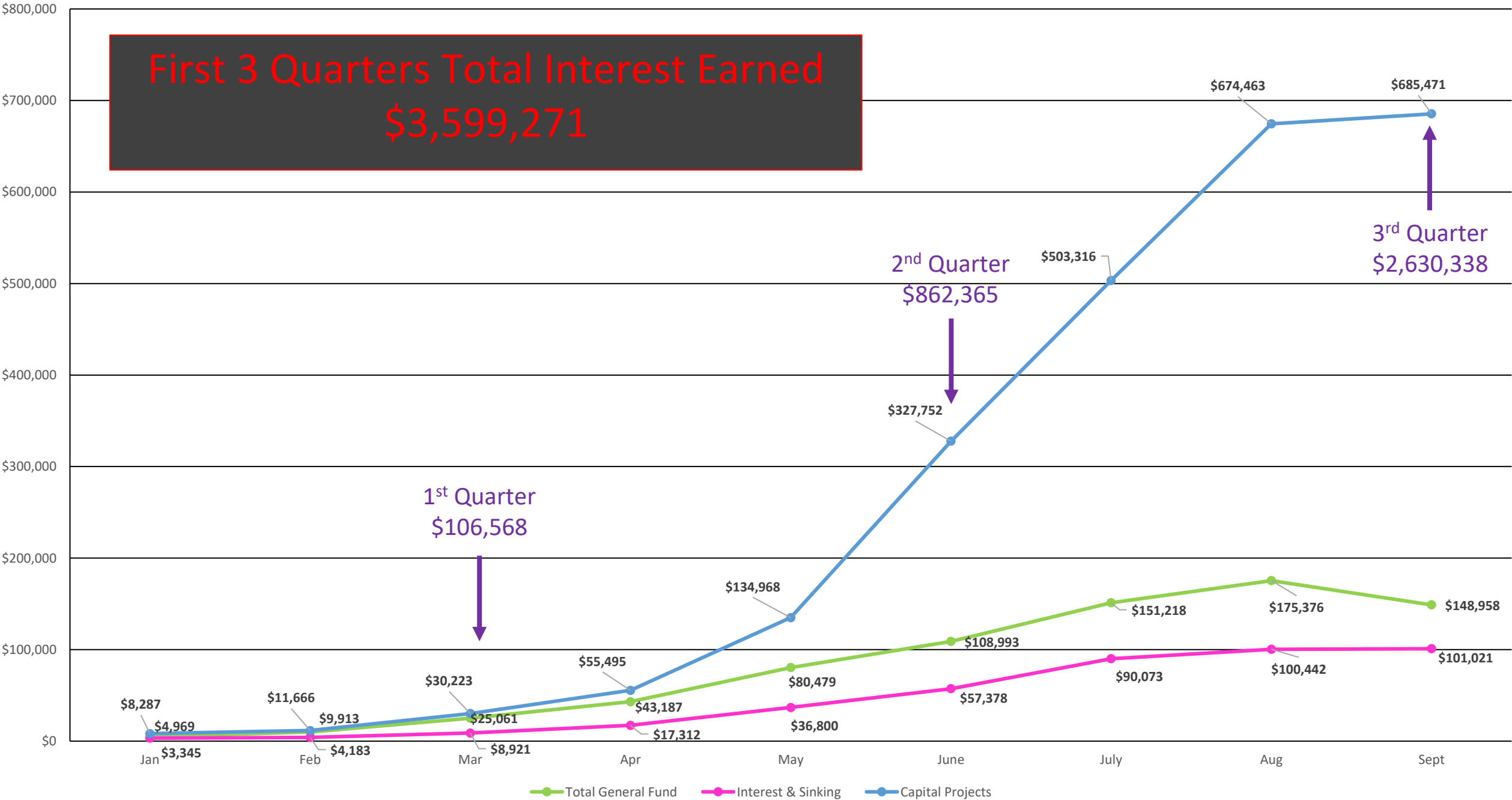
Monthly Interest Earned By Fund



Monthly Interest Earned By Fund



Monthly Interest Earned By Fund



Fund Overview

July

September

Fund Name	Prior Book Value	Prior Market Value	Changes to Market Value	Current Book Value	Current Market Value	Net Income	Days to Final Mty	YTM	YTW
Activity Account	172,546.02	172,546.02	883.43	173,429.45	173,429.45	883.43	1	2.413%	2.413%
Capital Project	395,056,029.14	395,056,029.14	(72,024,924.17)	323,025,364.14	323,031,104.97	1,863,249.83	13	2.509%	2.509%
Capital Project AFB	414,519.66	414,519.66	2,122.26	416,641.92	416,641.92	2,122.26	1	2.413%	2.413%
General Operating Fund	131,551,481.55	131,551,481.55	(72,166,228.60)	59,391,767.00	59,385,252.95	469,416.81	104	3.080%	3.080%
Interest & Sinking	69,785,224.07	69,785,224.07	(22,854,415.03)	46,921,042.51	46,930,809.04	291,535.52	110	3.448%	3.448%
Payroll Fund	5,199,988.85	5,199,988.85	(2,138,150.06)	3,061,838.79	3,061,838.79	3,130.46	1	0.400%	0.400%
Total	\$478,429,801	602,179,789.29	(169,180,712.17)	432,990,083.81	432,999,077.12	2,630,338.31	36	2.674%	2.674%

April Book Value

\$123,749,988

(\$169,180,712)

2nd Quarter Income = \$862,365

3rd Quarter Income = \$2,630,338.31

Economic Review
Prepared for
Northwest ISD

November 14, 2022

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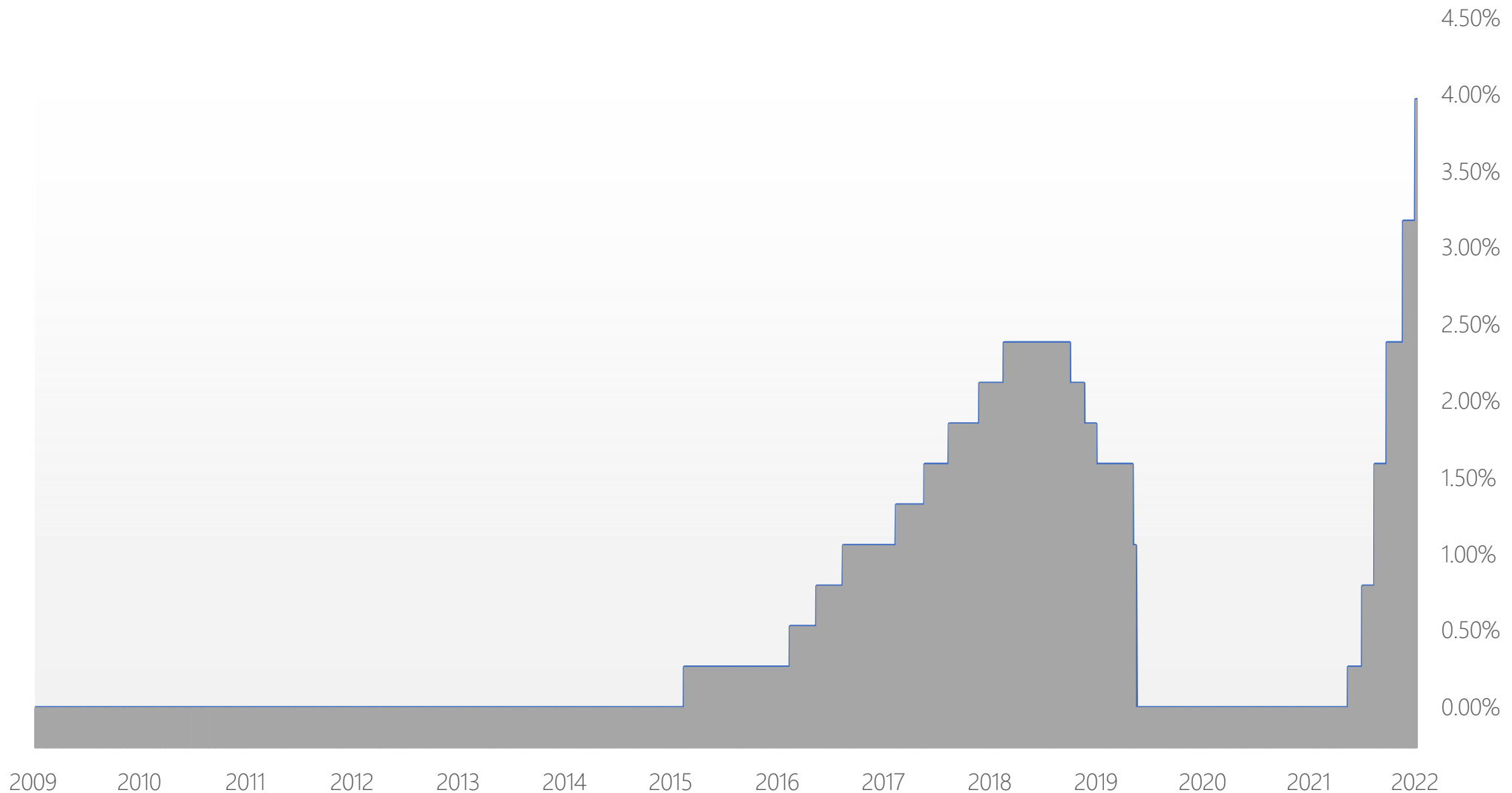
- **INFLATION REMAINS HIGH**

Overall CPI climbed to +8.2% year-over-year in September. The annual rate peaked at +9.1% in June and has declined at a frustratingly slow pace. However, there are indications of more significant slowing in the coming months.

- **FED EXPECTED TO CONTINUE AGGRESSIVELY HIKING THE OVERNIGHT FUNDS TARGET**
FOMC is projected to hike 50-75 bps in mid-December.
- **U.S. RECESSION *POSSIBLE* NEXT YEAR / GLOBAL RECESSION *LIKELY***

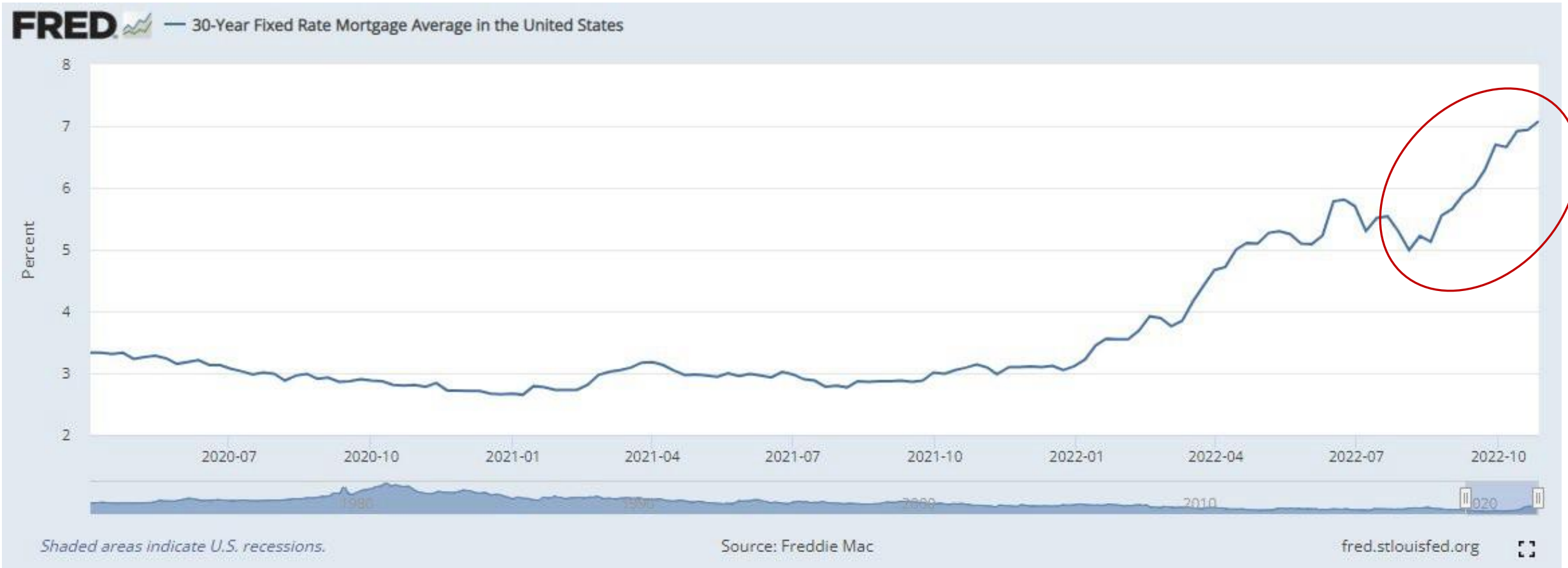
- The Fed has two mandates:
 - 1) Maximize employment ✓
 - 2) Achieve stable prices (keeping inflation low) ✗
- In order to reduce inflation, increase supply or decrease demand
- Decreased demand for goods and services = weaker economic growth
- The Fed tries to slow GDP by raising interest rates (tightening monetary policy)
- Too much tightening could result in *recession*

The Overnight Funds Target (Upper Band)



Source: Federal Reserve

Housing – Mortgage rates soar



Housing – Sales plummet

US Existing Home Sales

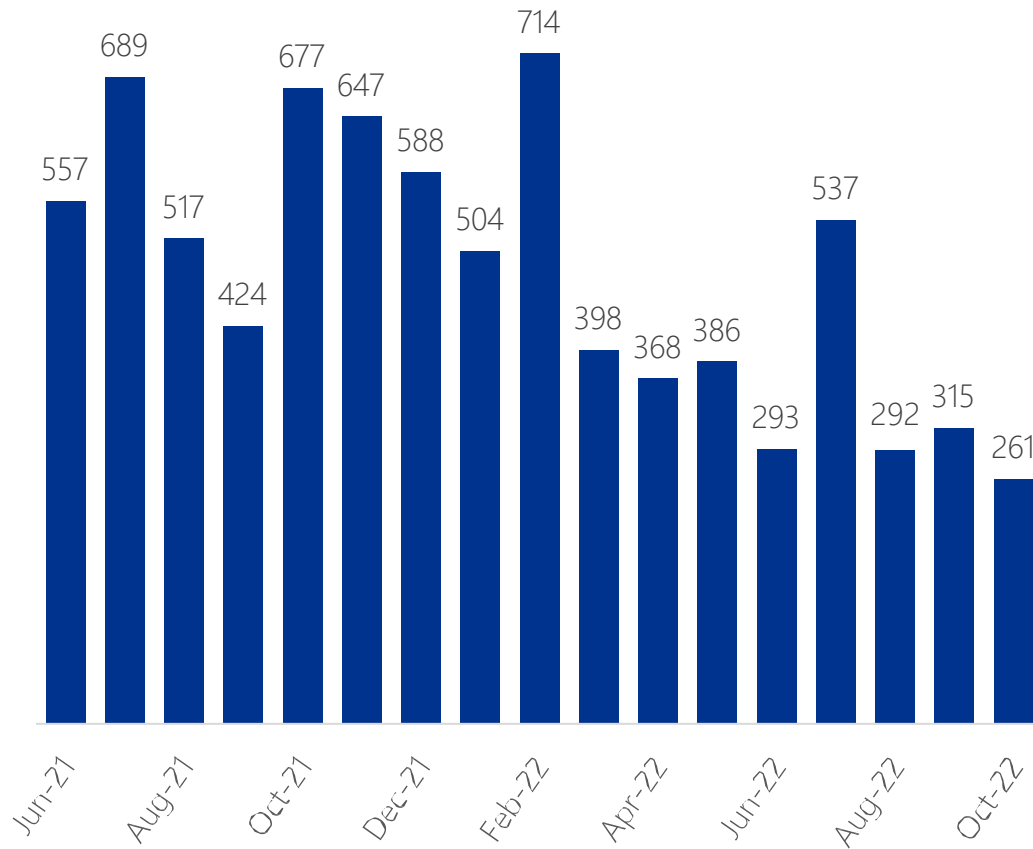
(Seasonally adjusted annual rate, millions)



Source: National Association of Realtors

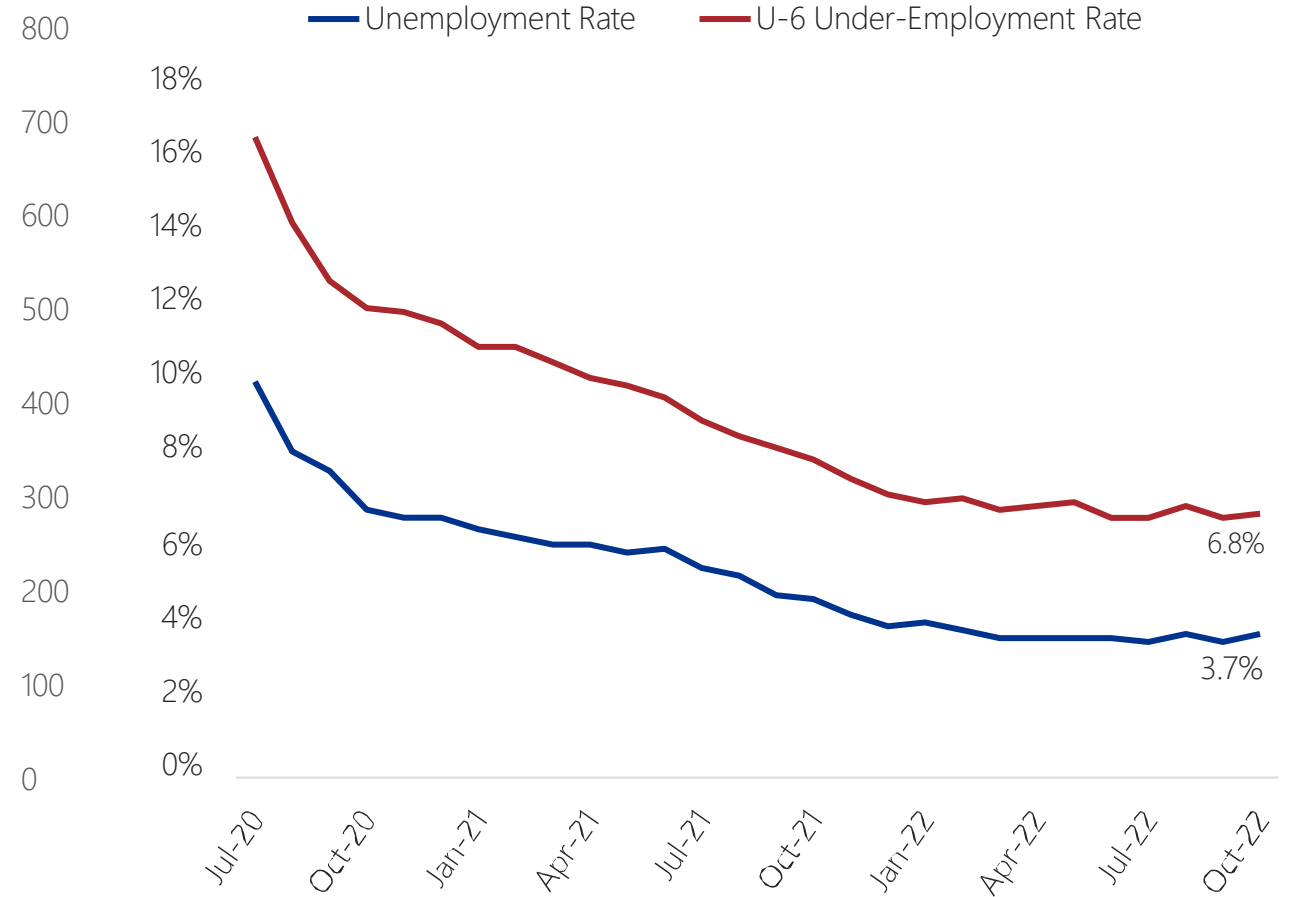
Employment

Non-Farm Payrolls Total Change (in thousands)



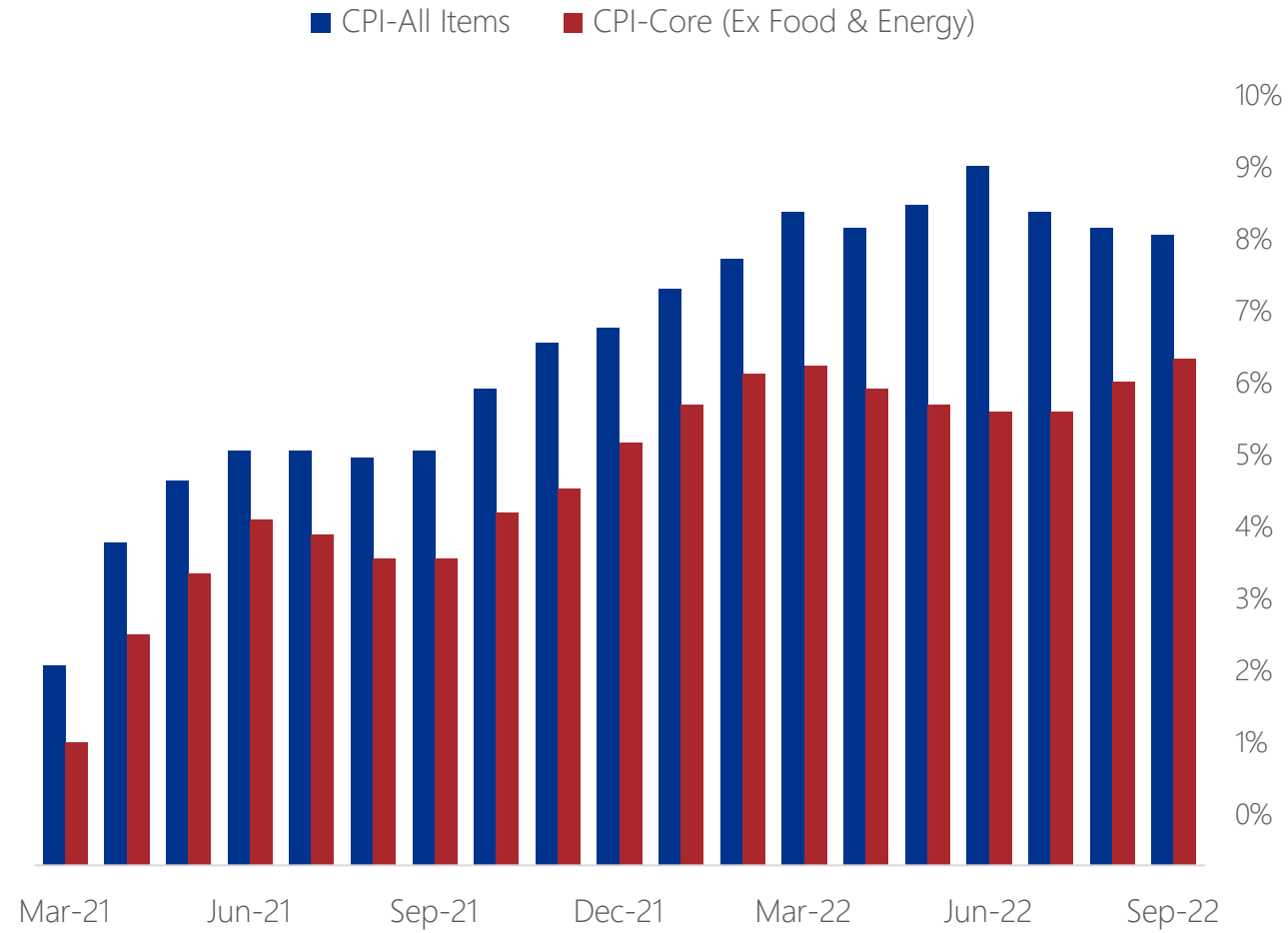
Source: Bureau of Labor Statistics

Unemployment Rate



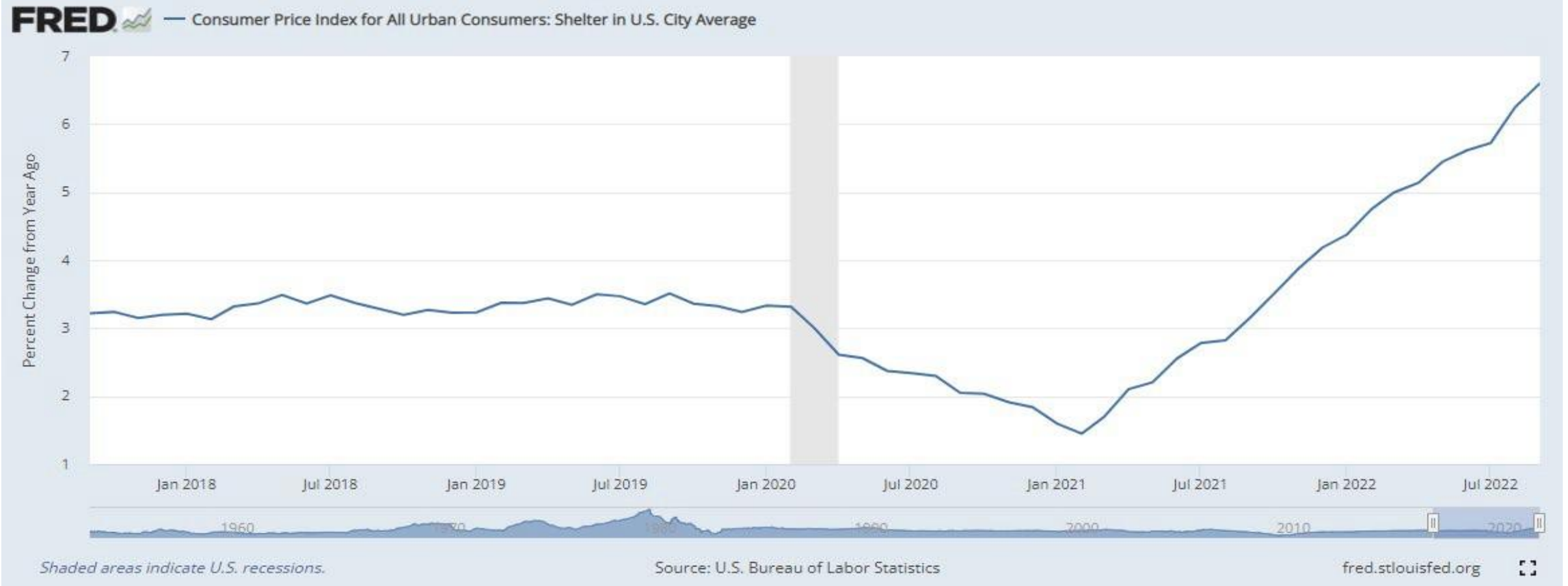
Source: Bureau of Labor Statistics

Consumer Price Index (Year-over-Year Percent Change)



Source: Bureau of Labor Statistics

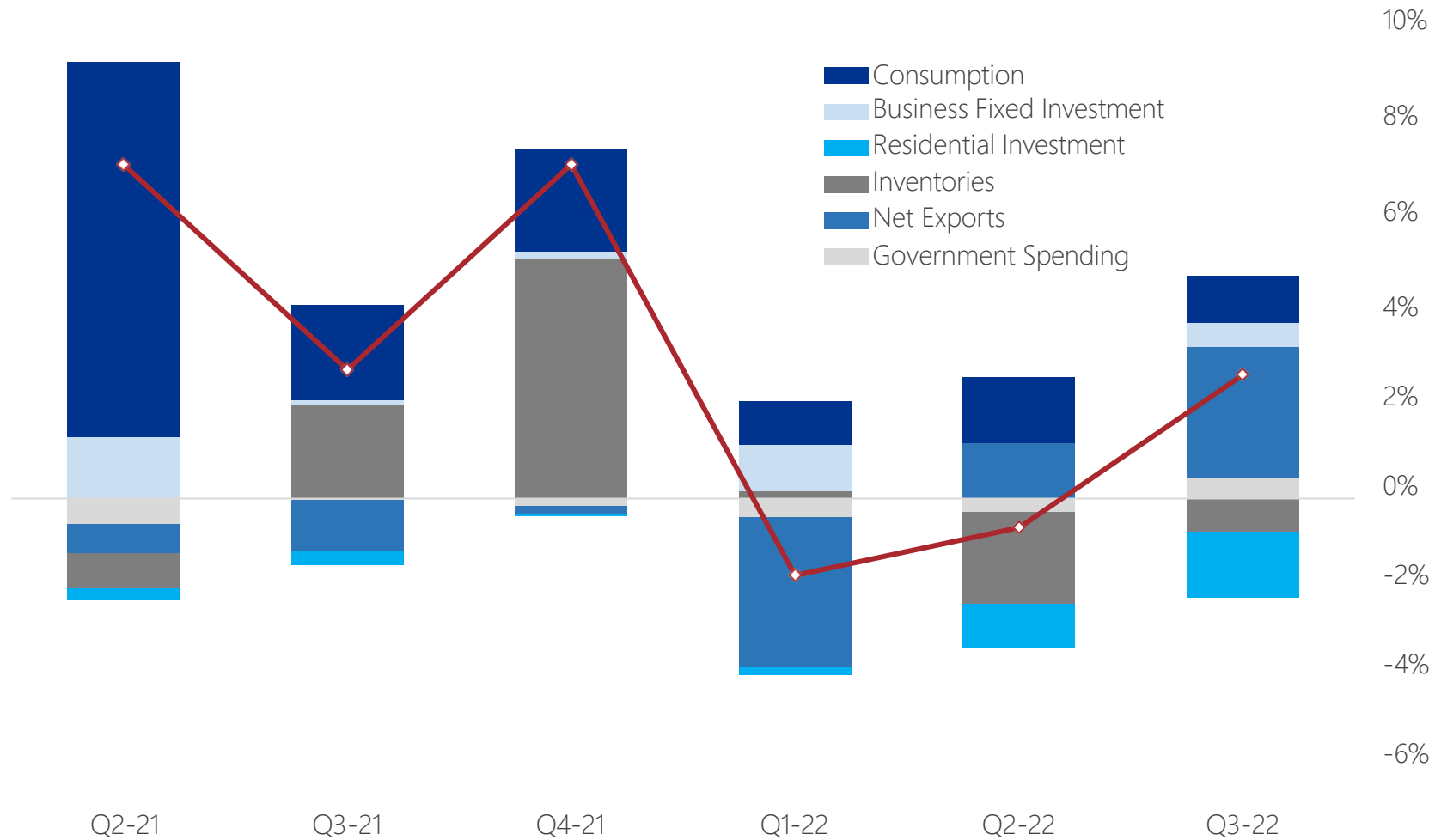
Inflation – Shelter Cost



Source: U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: Shelter in U.S. City Average [CUSR0000SAH1], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/CUSR0000SAH1>, November 7, 2022.

Gross Domestic Product

(Quarter-over-Quarter Annualized Percent Change)



Source: Bureau of Economic Analysis

Bond Yields – 1-Year Treasury Bill



Source: Bloomberg

How Bad Has This Year Been? *(through quarter end)*

- NASDAQ down -34%
- S&P 500 Index down -21%
- U.S. Bond Aggregate Index down -15%
- ICE / BAML 0-3 Year Treasury Index -3%
- 2-Yr Treasury note purchased one year ago -4%
- Bitcoin down -57%
- Gold down -8%

Interest Rates						
Date	Fed Funds	6 mo. T-bill	12 mo. T-bill	2 yr. T-note	5 yr. T-note	10 yr. T-note
11/8/2021	0.00%-0.25%	0.06%	0.14%	0.44%	1.11%	1.49%
1/01/2022	0.00%-0.25%	0.17%	0.38%	0.73%	1.26%	1.51%
9/30/2022	2.25%-2.50%	3.90%	3.93%	4.28%	4.09%	3.83%
11/8/2022	3.00%-3.75%	4.60%	4.74%	4.67%	4.31%	4.13%

Source: Bloomberg



The 2-year Treasury-note yield has climbed significantly above the 10-year Treasury. This “inverted curve” is a classic recession signal.

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