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# Lake County Investment Strategy Update

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**MEEDER**  
PUBLIC FUNDS



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# ECONOMIC UPDATE

# FIGEY Outlook and Commentary



## OVERALL ECONOMIC PERSPECTIVE

UNFAVORABLE      NEUTRAL      FAVORABLE

Fed Policy



Some consider the current Fed Funds rate in the restrictive category even after the Fed lowered the rate. The Fed Funds futures market is pricing in about three more 25 basis point cuts in 2024, the Federal Reserve is projecting only two more 25 basis point cuts this year.

Inflation



The Fed's preferred inflation gauge, Core PCE YoY, has dropped from its cycle high of 5.6% to 2.7%. The Fed is expecting this inflation metric to decline to 2.2% in 2025, getting close to their 2% target rate.

Growth (GDP)



GDP had another stellar quarter (Q2 2024), growing by 3%. The Atlanta Fed's GDPNowcast is projecting a 3.1% rate for Q3 2024. Additionally, the Fed is expecting the GDP YoY rate for 2025 to be 2.0%.

Employment



Nonfarm payrolls have slowed in recent months, but unemployment rate remains historically low. The Federal Reserve projects the unemployment rate will rise slightly from its current 4.2% to 4.4% in 2025.

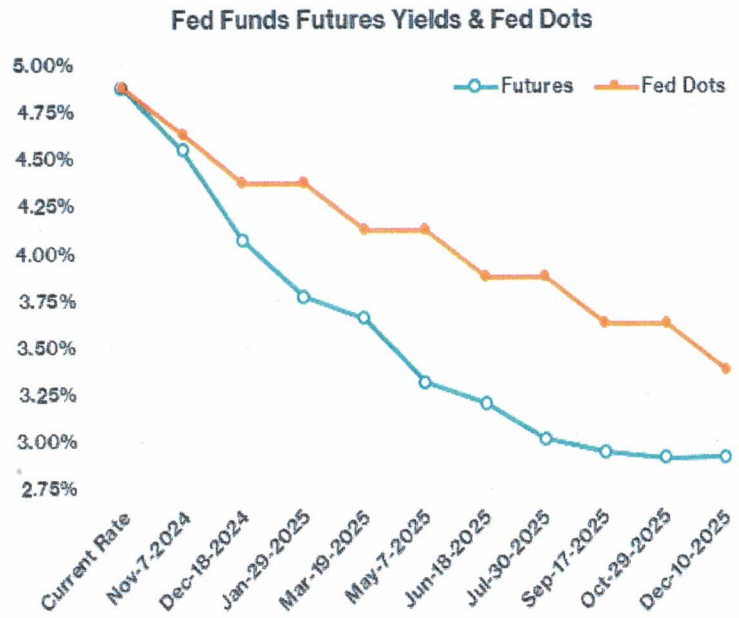
Yields



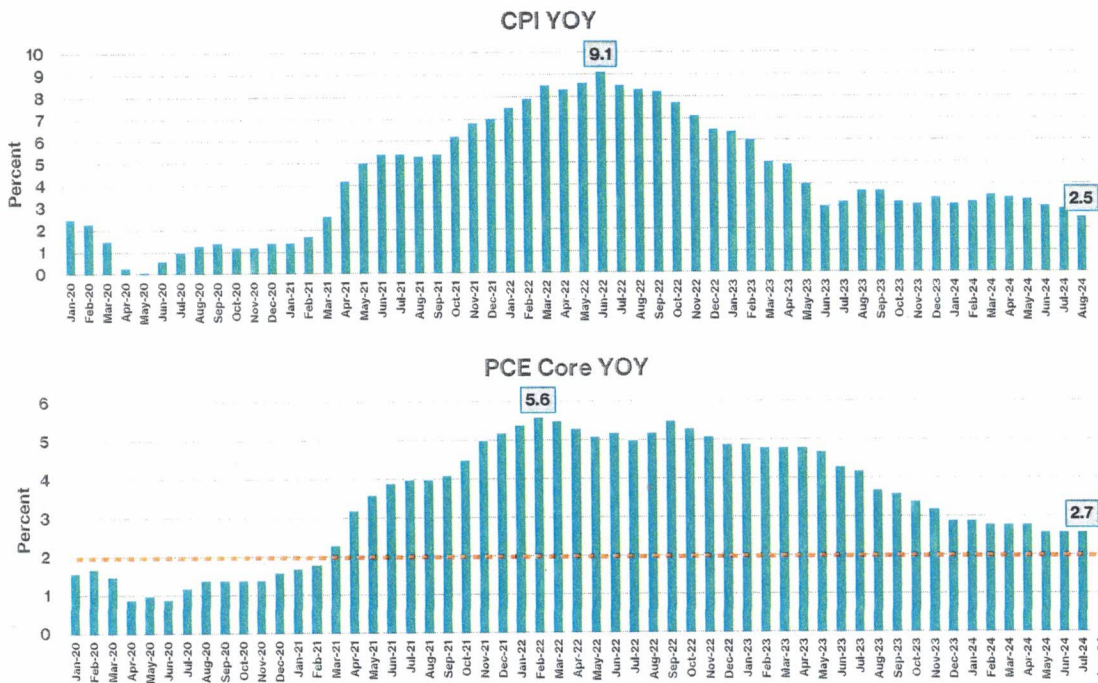
The 2-year Treasury yield has dropped about 160 basis points from its cycle high (Oct 2023), but is still approximately 160 basis points above its average of the past 20 years.

## Fed Funds

FOMC Meeting Dates	Futures Implied Rate	Change from Current	Approx. 25 BP Cuts from Today	Fed Dots
Current Rate	4.88%			4.88%
Nov-7-2024	4.55%	(0.33%)	(1.3)	4.63%
Dec-18-2024	4.07%	(0.81%)	(3.2)	4.38%
Jan-29-2025	3.77%	(1.11%)	(4.4)	4.38%
Mar-19-2025	3.66%	(1.22%)	(4.9)	4.13%
May-7-2025	3.32%	(1.56%)	(6.2)	4.13%
Jun-18-2025	3.21%	(1.67%)	(6.7)	3.88%
Jul-30-2025	3.02%	(1.86%)	(7.4)	3.88%
Sep-17-2025	2.94%	(1.93%)	(7.7)	3.63%
Oct-29-2025	2.91%	(1.96%)	(7.8)	3.63%
Dec-10-2025	2.92%	(1.96%)	(7.8)	3.38%



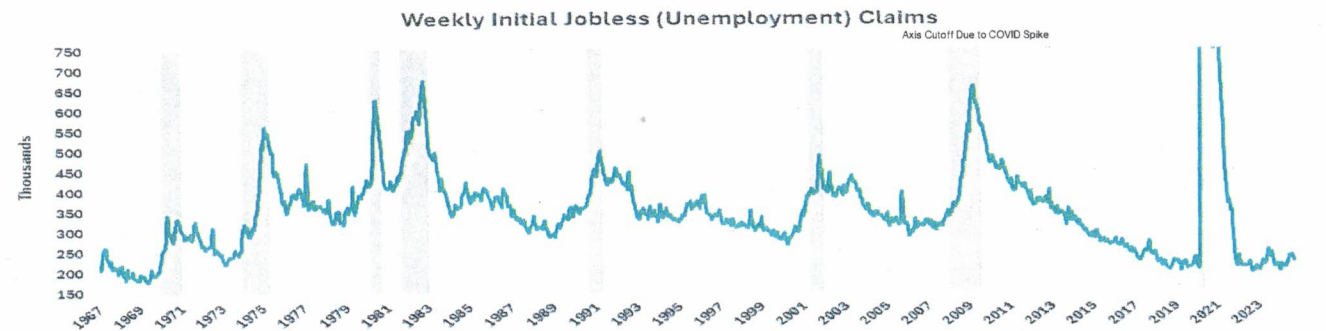
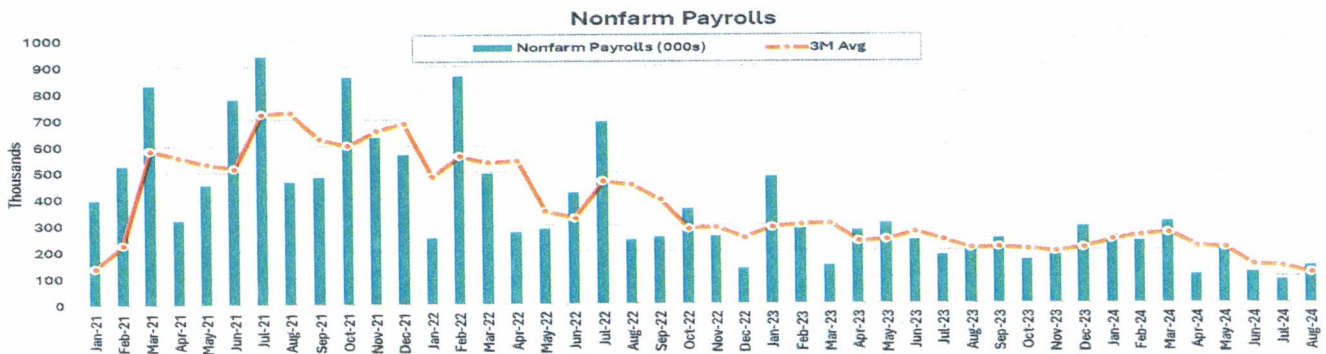
# Inflation



SOURCE: BLOOMBERG, BUREAU OF LABOR STATISTICS, BUREAU OF ECONOMIC ANALYSIS

- The year-over-year Consumer Price Index data peaked in June 2022 in conjunction with the massive stimulus provided by Uncle Sam, supply chain challenges, and many commodities increasing due to the Russia/Ukraine war.
- CPI YoY topped at 9.1% in June 2022 and has declined to 2.5%.
- Personal Consumption Expenditure (PCE) Core (excluding food and energy) is the Fed's preferred inflation gauge.
- PCE YoY percent change has also declined materially since 2022 but remains above the Fed 2% target.

# Employment

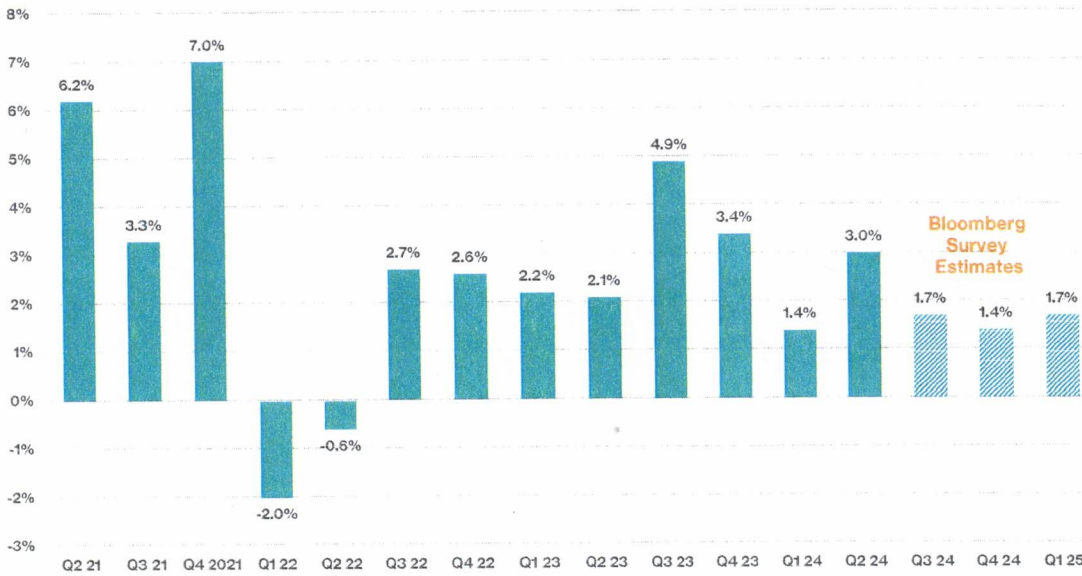


SOURCE: BLOOMBERG, BUREAU OF ECONOMIC ANALYSIS

# Growth



Real GDP QoQ



- U.S. Gross Domestic Product (GDP) slowed the first half of 2024 from its above average pace in the second half of 2023.
- Economists and strategists surveyed by Bloomberg expect GDP to slow below trend during 2024, with lower than 2% growth for the next few quarters.
- GDP year-over-year growth is projected by Bloomberg's survey of economists to be 1.6% for the full year of 2024.

SOURCE: BLOOMBERG, BUREAU OF ECONOMIC ANALYSIS

## Yields



2 Year and 5 Year Treasury Yields Past 20 Years



SOURCE: BLOOMBERG

- Intermediate-term U.S. Treasury rates were near their highest levels since 2007.
- These rates most likely have peaked for this cycle due to economic growth slowing, unemployment increasing, and the rate of change of inflation moderating.
- With fixed income investors not seeing these higher yields for the past 17 years, we believe locking in these intermediate-term rates is a prudent strategy.





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# PORTFOLIO REVIEW

## Current Portfolio

Lake County portfolio as of 9/30/2024

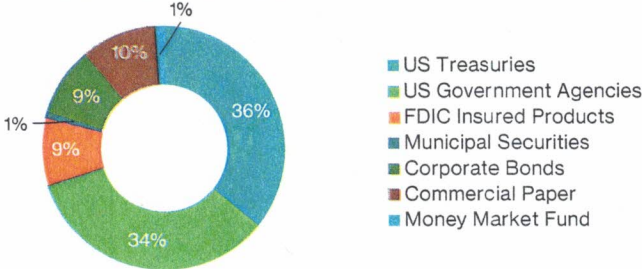
### Your Portfolio

Cash	\$303,645,796
Securities	\$278,191,598
<b>Total Portfolio</b>	<b>\$581,837,394</b>

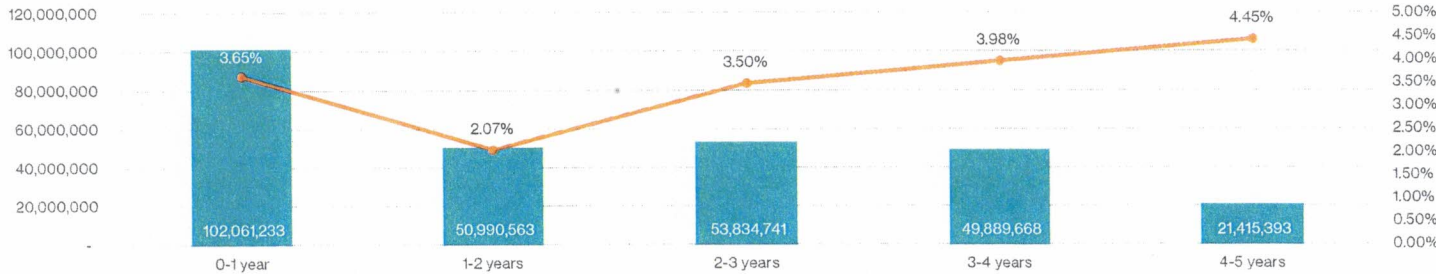
### Your Securities

Weighted Average Maturity	2.09 years
Weighted Average Yield	3.45%

### Your Asset Allocation



### Your Maturity Distribution



YIELD AND INTEREST INCOME INFORMATION IS ANNUALIZED. ALL YIELD INFORMATION IS SHOWN GROSS OF ANY ADVISORY AND CUSTODY FEES AND IS BASED ON YIELD TO MATURITY AT COST. PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE RESULTS.