CITY OF DESOTO

SOARING FOR EXCELLENCE

QUARTERLY INVESTMENT REPORT

For the Quarter Ended

June 30, 2019

Prepared by

Valley View Consulting, L.L.C.

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

Interim City Manager	Managing Director of Financial Services
Interim Deputy City Manager	Assistant Director of Finance

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

Quarter End Results by Investment Category:

	March 31, 2019		June 30, 2019		
Asset Type	**Book Value**	**Market Value**	**Book Value**	**Market Value**	**Ave. Yield**
DDA	$ 500,000	$ 500,000	$ 500,000	$ 500,000	0.00%
MMA/NOW	40,309,959	40,309,959	39,626,294	39,626,294	2.07%
Pools	10,498,242	10,498,242	24,532,275	24,532,275	2.50%
CDs/Securities	30,543,687	30,543,687	28,375,773	28,375,773	2.86%
Totals	**$ 81,851,888**	**$ 81,851,888**	**$ 93,034,341**	**$ 93,034,341**	

Average Yield - Current Quarter *(1)*

Total Portfolio	2.41%
Rolling Three Month Treasury	2.36%
Rolling Six Month Treasury	2.43%

Fiscal Year-to-Date Average Yield *(2)*

Total Portfolio	2.28%
Rolling Three Month Treasury	2.39%
Rolling Six Month Treasury	2.44%
TexPool	2.36%

Interest Earnings

Quarterly Interest Income	$ 480,065	Approximate
Year-to-date Interest Income	$ 1,295,956	Approximate

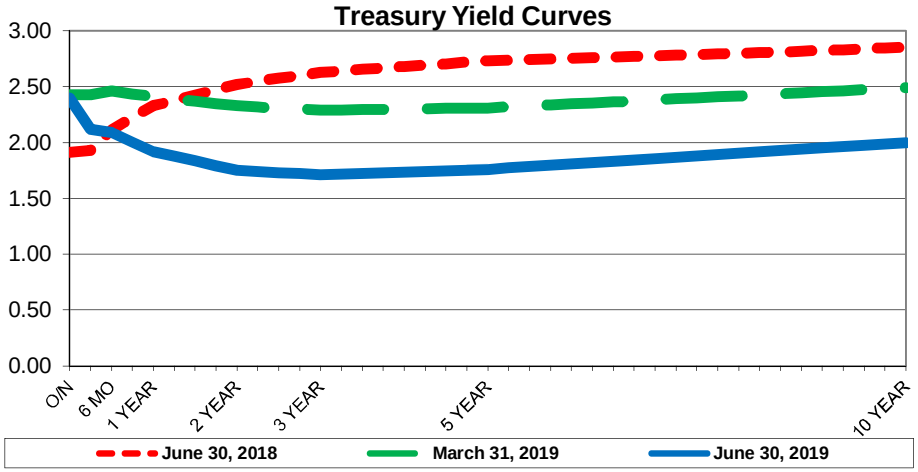
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

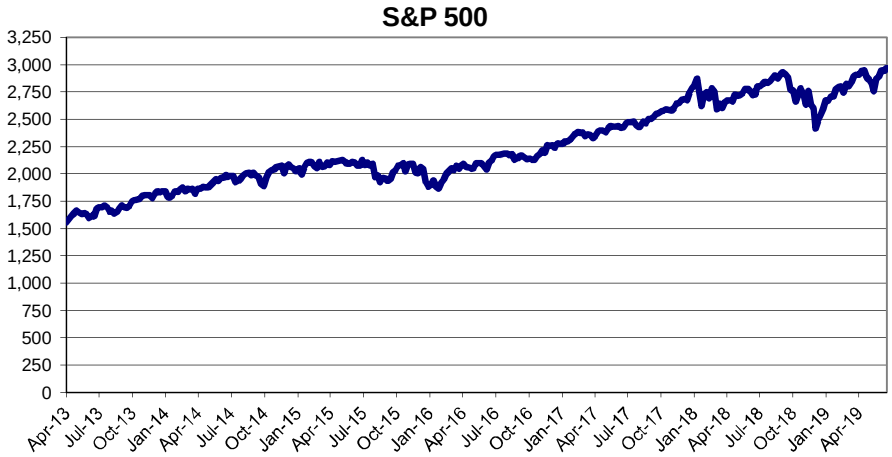
(2) Fiscal Year-to-Date Average Yields calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

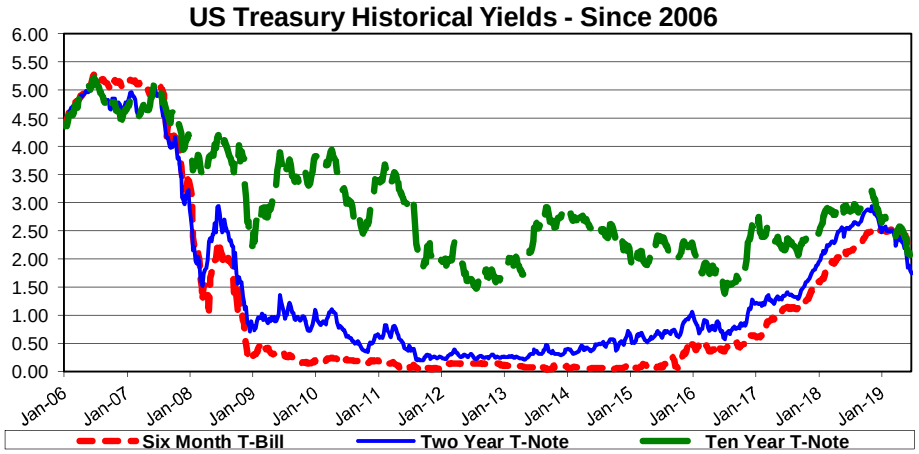
Economic Overview

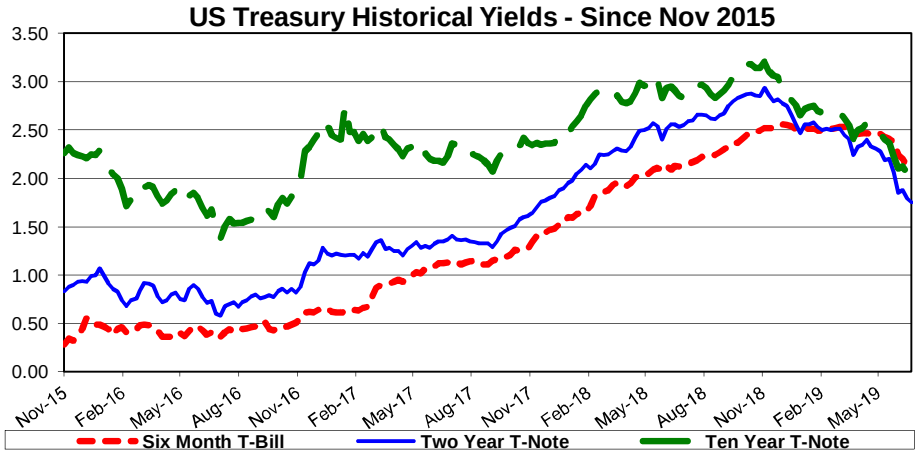
6/30/2019

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range 2.25% - 2.50% (Effective Fed Funds are trading +/-2.40%). The Futures Market projects multiple decreases beginning later this summer. Gradual FRB portfolio reduction continues by limiting reinvestment of maturing holdings, but that strategy will end this summer. May Non Farm Payroll only generated 75,000 new jobs, lowering the three month rolling average to 151k. Crude oil bounced up and down this spring around +/-$60. The Stock Markets reached new highs. Overall economic activity, including housing, remains mostly favorable but mixed. The inverted Yield Curve continues towards lower yields.









Investment Holdings

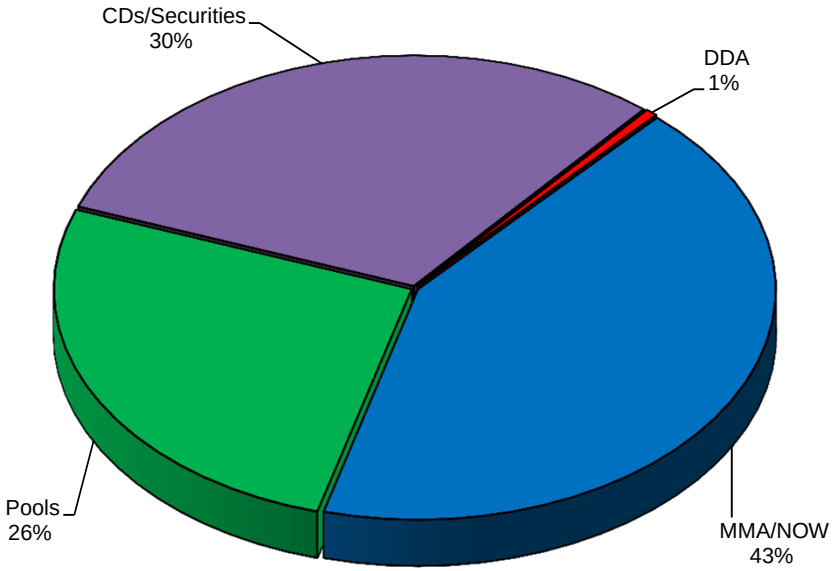
June 30, 2019

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Wells Fargo DDA		0.00%	07/01/19	06/30/19	$ 500,000	$ 500,000	1	$ 500,000	1	0.00%
Wells Fargo MMA		1.11%	07/01/19	06/30/19	13,952,731	13,952,731	1	13,952,731	1	1.11%
BTH Bank MMA		2.57%	07/01/19	06/30/19	245,511	245,511	1	245,511	1	2.57%
BTH Bank ICS		2.57%	07/01/19	06/30/19	1,836,761	1,836,761	1	1,836,761	1	2.57%
Southside Bank MMA		2.53%	07/01/19	06/30/19	3,664,988	3,664,988	1	3,664,988	1	2.53%
NexBank MMA		2.66%	07/01/19	06/30/19	30,669	30,669	1	30,669	1	2.66%
NexBank MMA/ICS		2.63%	07/01/19	06/30/19	13,772,129	13,772,129	1	13,772,129	1	2.63%
Green Bank MMA		2.56%	07/01/19	06/30/19	6,123,504	6,123,504	1	6,123,504	1	2.56%
Texas CLASS	AAAm	2.50%	07/01/19	06/30/19	24,459,756	24,459,756	1	24,459,756	1	2.50%
TexPool	AAAm	2.38%	07/01/19	06/30/19	72,518	72,518	1	72,518	1	2.38%
Landmark Bank CDARS		2.63%	08/29/19	02/28/19	2,017,804	2,017,804	100.00	2,017,804	60	2.66%
Texas Security Bank CD		2.80%	09/14/19	09/14/18	1,900,000	1,900,000	100.00	1,900,000	76	2.80%
East West Bank CD		2.85%	12/06/19	12/06/18	2,500,000	2,500,000	100.00	2,500,000	159	2.89%
LegacyTexas Bank CD		2.78%	12/23/19	06/22/18	1,233,788	1,233,788	100.00	1,233,788	176	2.82%
BTH Bank CD		2.77%	02/15/20	08/15/18	2,046,623	2,046,623	100.00	2,046,623	230	2.81%
Southside Bank CD		2.68%	02/26/20	02/26/19	2,264,703	2,264,703	100.00	2,264,703	241	2.71%
Landmark Bank CD		2.89%	03/24/20	09/24/18	1,021,772	1,021,772	100.00	1,021,772	268	2.92%
Allegience Bank CD		2.25%	03/26/20	06/26/19	750,000	750,000	100.00	750,000	270	2.26%
LegacyTexas Bank CD		2.86%	05/15/20	08/15/18	1,024,077	1,024,077	100.00	1,024,077	320	2.90%
LegacyTexas Bank CD		2.95%	06/05/20	12/05/18	2,283,300	2,283,300	100.00	2,283,300	341	2.99%
LegacyTexas Bank CD		2.92%	06/22/20	06/22/18	1,235,513	1,235,513	100.00	1,235,513	358	2.96%
Allegience Bank CD		2.25%	06/26/20	06/26/19	1,000,000	1,000,000	100.00	1,000,000	362	2.27%
LegacyTexas Bank CD		2.95%	08/14/20	08/15/18	2,049,687	2,049,687	100.00	2,049,687	411	2.99%
Texas Security Bank CD		3.10%	09/25/20	09/25/18	2,500,000	2,500,000	100.00	2,500,000	453	3.10%
LegacyTexas Bank CD		3.05%	12/04/20	12/05/18	2,030,610	2,030,610	100.00	2,030,610	523	3.09%
Allegience Bank CD		2.84%	02/28/21	02/28/19	2,517,896	2,517,896	100.00	2,517,896	609	2.87%
					$ 93,034,341	**$ 93,034,341**		**$ 93,034,341**	**96**	**2.41%**
									(1)	**(2)**

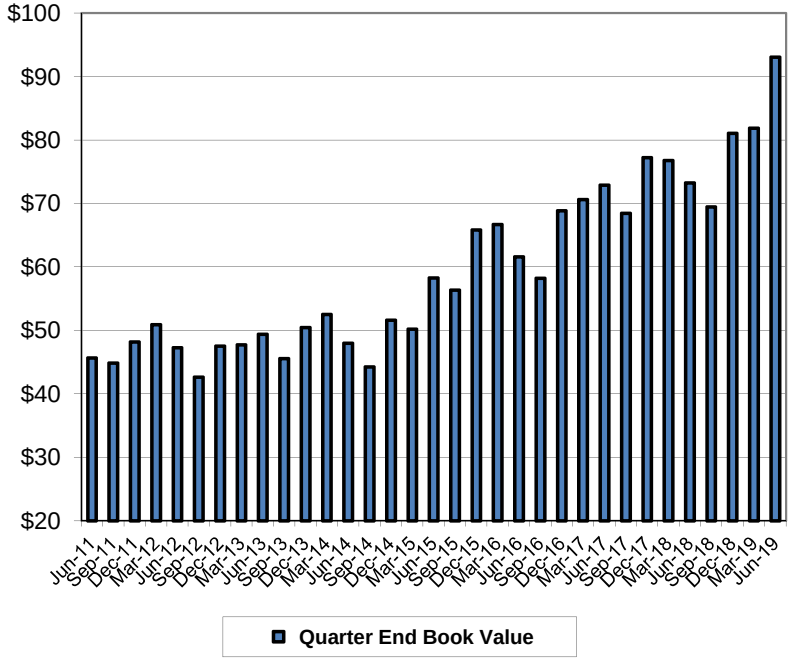
(1) Weighted average life - For purposes of calculating weighted average life, bank accounts, pools and money market funds are assumed to have an one day maturity.

(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 bank accounts, pools and money market funds.

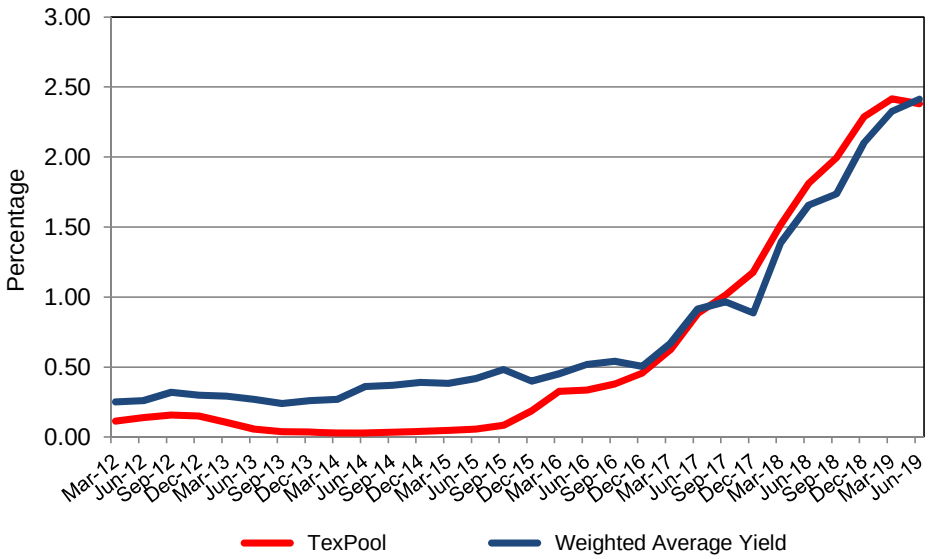
Portfolio Composition



Total Portfolio (Millions)



Total Portfolio Performance



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2019 Par Value	March 31, 2019 Book Value	Purchases/ Adjustments	Sales/Adjust/ Call/Maturity	June 30, 2019 Par Value	June 30, 2019 Book Value
Wells Fargo DDA	0.00%	07/01/19	$ 500,000	$ 500,000	$ –	$ –	$ 500,000	$ 500,000
Wells Fargo MMA	1.11%	07/01/19	19,768,557	19,768,557	–	(5,815,826)	13,952,731	13,952,731
BTH Bank MMA	2.57%	07/01/19	245,533	245,533	–	(21)	245,511	245,511
BTH Bank ICS	2.57%	07/01/19	1,823,333	1,823,333	13,428	–	1,836,761	1,836,761
Southside Bank MMA	2.53%	07/01/19	4,638,997	4,638,997	–	(974,009)	3,664,988	3,664,988
NexBank MMA	2.66%	07/01/19	30,468	30,468	202	–	30,669	30,669
NexBank MMA/ICS	2.63%	07/01/19	7,718,614	7,718,614	6,053,514	–	13,772,129	13,772,129
Green Bank MMA	2.56%	07/01/19	6,084,458	6,084,458	39,047	–	6,123,504	6,123,504
Texas CLASS	2.50%	07/01/19	10,426,157	10,426,157	14,033,599	–	24,459,756	24,459,756
TexPool	2.38%	07/01/19	72,085	72,085	433	–	72,518	72,518
WallisBank CD	2.49%	05/15/19	1,012,571	1,012,571	–	(1,012,571)	–	–
LegacyTexas Bank CD	2.58%	06/21/19	1,019,463	1,019,463	–	(1,019,463)	–	–
Landmark Bank CD	2.60%	06/24/19	2,025,869	2,025,869	–	(2,025,869)	–	–
Landmark Bank CDARS	2.63%	08/29/19	2,004,617	2,004,617	13,187	–	2,017,804	2,017,804
Texas Security Bank CD	2.80%	09/14/19	1,900,000	1,900,000	–	–	1,900,000	1,900,000
East West Bank CD	2.85%	12/06/19	2,500,000	2,500,000	–	–	2,500,000	2,500,000
LegacyTexas Bank CD	2.78%	12/23/19	1,225,183	1,225,183	8,605	–	1,233,788	1,233,788
BTH Bank CD	2.77%	02/15/20	2,032,400	2,032,400	14,223	–	2,046,623	2,046,623
Southside Bank CD	2.68%	02/26/20	2,250,000	2,250,000	14,703	–	2,264,703	2,264,703
Landmark Bank CD	2.89%	03/24/20	1,014,383	1,014,383	7,389	–	1,021,772	1,021,772
Allegience Bank CD	2.25%	03/26/20	–	–	750,000	–	750,000	750,000
LegacyTexas Bank CD	2.86%	05/15/20	1,016,730	1,016,730	7,347	–	1,024,077	1,024,077
LegacyTexas Bank CD	2.95%	06/05/20	2,266,406	2,266,406	16,894	–	2,283,300	2,283,300
LegacyTexas Bank CD	2.92%	06/22/20	1,226,464	1,226,464	9,049	–	1,235,513	1,235,513
Allegience Bank CD	2.25%	06/26/20	–	–	1,000,000	–	1,000,000	1,000,000
LegacyTexas Bank CD	2.95%	08/14/20	2,034,521	2,034,521	15,165	–	2,049,687	2,049,687
Texas Security Bank CD	3.10%	09/25/20	2,500,000	2,500,000	–	–	2,500,000	2,500,000
LegacyTexas Bank CD	3.05%	12/04/20	2,015,079	2,015,079	15,531	–	2,030,610	2,030,610
Allegience Bank CD	2.84%	02/28/21	2,500,000	2,500,000	17,896	–	2,517,896	2,517,896
TOTAL			**$ 81,851,888**	**81,851,888**	**22,030,213**	**(10,847,760)**	**93,034,341**	**93,034,341**

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2019 Par Value	March 31, 2019 Market Value	Qtr to Qtr Change	June 30, 2019 Par Value	June 30, 2019 Market Value
Wells Fargo DDA	0.00%	07/01/19	$ 500,000	$ 500,000	$ –	$ 500,000	$ 500,000
Wells Fargo MMA	1.11%	07/01/19	19,768,557	19,768,557	(5,815,826)	13,952,731	13,952,731
BTH Bank MMA	2.57%	07/01/19	245,533	245,533	(21)	245,511	245,511
BTH Bank ICS	2.57%	07/01/19	1,823,333	1,823,333	13,428	1,836,761	1,836,761
Southside Bank MMA	2.53%	07/01/19	4,638,997	4,638,997	(974,009)	3,664,988	3,664,988
NexBank MMA	2.66%	07/01/19	30,468	30,468	202	30,669	30,669
NexBank MMA/ICS	2.63%	07/01/19	7,718,614	7,718,614	6,053,514	13,772,129	13,772,129
Green Bank MMA	2.56%	07/01/19	6,084,458	6,084,458	39,047	6,123,504	6,123,504
Texas CLASS	2.50%	07/01/19	10,426,157	10,426,157	14,033,599	24,459,756	24,459,756
TexPool	2.38%	07/01/19	72,085	72,085	433	72,518	72,518
WallisBank CD	2.49%	05/15/19	1,012,571	1,012,571	(1,012,571)	–	–
LegacyTexas Bank CD	2.58%	06/21/19	1,019,463	1,019,463	(1,019,463)	–	–
Landmark Bank CD	2.60%	06/24/19	2,025,869	2,025,869	(2,025,869)	–	–
Landmark Bank CDARS	2.63%	08/29/19	2,004,617	2,004,617	13,187	2,017,804	2,017,804
Texas Security Bank CD	2.80%	09/14/19	1,900,000	1,900,000		1,900,000	1,900,000
East West Bank CD	2.85%	12/06/19	2,500,000	2,500,000		2,500,000	2,500,000
LegacyTexas Bank CD	2.78%	12/23/19	1,225,183	1,225,183	8,605	1,233,788	1,233,788
BTH Bank CD	2.77%	02/15/20	2,032,400	2,032,400	14,223	2,046,623	2,046,623
Southside Bank CD	2.68%	02/26/20	2,250,000	2,250,000	14,703	2,264,703	2,264,703
Landmark Bank CD	2.89%	03/24/20	1,014,383	1,014,383	7,389	1,021,772	1,021,772
Allegience Bank CD	2.25%	03/26/20	–	–	750,000	750,000	750,000
LegacyTexas Bank CD	2.86%	05/15/20	1,016,730	1,016,730	7,347	1,024,077	1,024,077
LegacyTexas Bank CD	2.95%	06/05/20	2,266,406	2,266,406	16,894	2,283,300	2,283,300
LegacyTexas Bank CD	2.92%	06/22/20	1,226,464	1,226,464	9,049	1,235,513	1,235,513
Allegience Bank CD	2.25%	06/26/20	–	–	1,000,000	1,000,000	1,000,000
LegacyTexas Bank CD	2.95%	08/14/20	2,034,521	2,034,521	15,165	2,049,687	2,049,687
Texas Security Bank CD	3.10%	09/25/20	2,500,000	2,500,000		2,500,000	2,500,000
LegacyTexas Bank CD	3.05%	12/04/20	2,015,079	2,015,079	15,531	2,030,610	2,030,610
Allegience Bank CD	2.84%	02/28/21	2,500,000	2,500,000	17,896	2,517,896	2,517,896
TOTAL			**$ 81,851,888**	**$ 81,851,888**	**$ 11,182,453**	**$ 93,034,341**	**$ 93,034,341**

Fund Allocation - Book & Market Value
June 30, 2019

	Maturity	Total	Concentration Fund	Capital Projects	Health Facilities Corporation	Industrial Development Authority
Wells Fargo DDA		$ 500,000	$ 500,000	$ –	$ –	$ –
Wells Fargo MMA		13,952,731	13,952,731	–	–	–
BTH Bank MMA		245,511	245,511	–	–	–
BTH Bank ICS		1,836,761	1,836,761	–	–	–
Southside Bank MMA		3,664,988	3,121,559	543,429	–	–
NexBank MMA		30,669	30,669	–	–	–
NexBank MMA/ICS		13,772,129	13,772,129	–	–	–
Green Bank MMA		6,123,504	6,123,504	–	–	–
Texas CLASS		24,459,756	165,365	24,294,391	–	–
TexPool		72,518	28,155	8,390	13,661	22,313
Landmark Bank CDARS	08/29/19	2,017,804	2,017,804	–	–	–
Texas Security Bank CD	09/14/19	1,900,000	1,900,000	–	–	–
East West Bank CD	12/06/19	2,500,000	2,500,000	–	–	–
LegacyTexas Bank CD	12/23/19	1,233,788	1,233,788	–	–	–
BTH Bank CD	02/15/20	2,046,623	2,046,623	–	–	–
Southside Bank CD	02/26/20	2,264,703	2,264,703	–	–	–
Landmark Bank CD	03/24/20	1,021,772	1,021,772	–	–	–
Allegience Bank CD	03/24/20	750,000	750,000	–	–	–
LegacyTexas Bank CD	05/15/20	1,024,077	1,024,077	–	–	–
LegacyTexas Bank CD	06/05/20	2,283,300	2,283,300	–	–	–
LegacyTexas Bank CD	06/22/20	1,235,513	1,235,513	–	–	–
Allegience Bank CD	06/22/20	1,000,000	1,000,000	–	–	–
LegacyTexas Bank CD	08/14/20	2,049,687	2,049,687	–	–	–
Texas Security Bank CD	09/25/20	2,500,000	2,500,000	–	–	–
LegacyTexas Bank CD	12/04/20	2,030,610	2,030,610	–	–	–
Allegience Bank CD	02/28/21	2,517,896	2,517,896	–	–	–
Total		**$ 93,034,341**	**$ 68,152,159**	**$ 24,846,209**	**$ 13,661**	**$ 22,313**

Fund Allocation - Book & Market Value
March 31, 2019

	Maturity	Total	Concentration Fund	Capital Projects	Health Facilities Corporation	Industrial Development Authority
Wells Fargo DDA		$ 500,000	$ 500,000	$ –	$ –	$ –
Wells Fargo MMA		19,768,557	19,768,557	–	–	–
BTH Bank MMA		245,533	245,533	–	–	–
BTH Bank ICS		1,823,333	1,823,333	–	–	–
Southside Bank MMA		4,638,997	4,099,012	539,985	–	–
NexBank MMA		30,468	30,468	–	–	–
NexBank MMA/ICS		7,718,614	7,718,614	–	–	–
Green Bank MMA		6,084,458	6,084,458	–	–	–
Texas CLASS		10,426,157	164,318	10,261,839	–	–
TexPool		72,085	27,987	8,339	13,579	22,179
WallisBank CD	05/15/19	1,012,571	1,012,571	–	–	–
LegacyTexas Bank CD	06/21/19	1,019,463	1,019,463	–	–	–
Landmark Bank CD	06/24/19	2,025,869	2,025,869	–	–	–
Landmark Bank CDARS	08/29/19	2,004,617	2,004,617	–	–	–
Texas Security Bank CD	09/14/19	1,900,000	1,900,000	–	–	–
East West Bank CD	12/06/19	2,500,000	2,500,000	–	–	–
LegacyTexas Bank CD	12/23/19	1,225,183	1,225,183	–	–	–
BTH Bank CD	02/15/20	2,032,400	2,032,400	–	–	–
Southside Bank CD	02/26/20	2,250,000	2,250,000	–	–	–
Landmark Bank CD	03/24/20	1,014,383	1,014,383	–	–	–
LegacyTexas Bank CD	05/15/20	1,016,730	1,016,730	–	–	–
LegacyTexas Bank CD	06/05/20	2,266,406	2,266,406	–	–	–
LegacyTexas Bank CD	06/22/20	1,226,464	1,226,464	–	–	–
LegacyTexas Bank CD	08/14/20	2,034,521	2,034,521	–	–	–
Texas Security Bank CD	09/25/20	2,500,000	2,500,000	–	–	–
LegacyTexas Bank CD	12/04/20	2,015,079	2,015,079	–	–	–
Allegience Bank CD	02/28/21	2,500,000	2,500,000	–	–	–
Total		**$ 81,851,888**	**$ 71,005,967**	**$ 10,810,163**	**$ 13,579**	**$ 22,179**

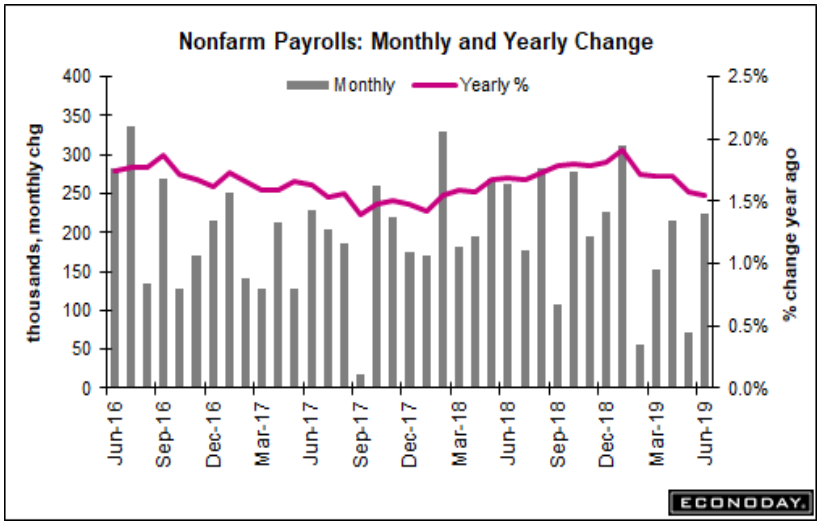
Valley View Consulting, L.L.C.

Market Outlook

July 5, 2019

The market improved according to reports issued during June, but the yield curve has remained inverted (where short-term rates are higher than long-term rates) between overnight and twelve years. Housing, production, consumption, and employment posted mostly favorable results, but the deterioration of the global markets is still weighing on the market psyche. Although there were positives, the market continues to place a high probability of a rate cut by the Federal Open Market Committee (FOMC) as early as July 31. Following the release of the June Employment report this morning, yields improved but remained lower than where they were at the end of May.

The June Non-Farm Payroll report added a surprisingly robust 224,000 jobs (the market was expecting +165,000). The report decreased the previous two months' results by a net of 11,000 jobs. April was revised to +216,000 jobs from the previously reported +224,000 and May was revised to +72,000 from the previous report of +75,000 jobs. The three-month average new jobs rose to +171,000 per month (the previous three-month average was +151,000 per month). The major sectors reported the following results: Health Care (+35,000), Professional/Business (+51,000), and Construction (+21,000). The Retail sector had another negative month and fell 6,000 which is the fifth consecutive month of declines. Government added 33,000 jobs. The private sector gained 191,000 jobs compared with +83,000 jobs in May. The current Labor Participation Rate, a measure of the percentage of eligible workers that hold jobs, rose to 62.9% from 62.8%. The Unemployment Rate rose slightly to 3.7% from the May level of 3.6%. The U6 rate (or the under-employed rate – those that are either over-qualified for their job or working fewer hours than they desire) rose to 7.2% from May's 7.1%. Average Hourly Earnings (AHE) rose 0.2% in June after a rise of 0.2% in May. Year-over-year AHE remained at +3.1% and remains above the 3.0% level where inflationary forces generally begin to increase.



Reports from the Housing Sector were encouraging as buyers appear to be taking advantage of the lower mortgage rates. Existing Home Sales rose 2.5% in May after a flat April. Year-over-year, Existing Home Sales are down 1.1%. The number of units for sale rose to 4.3 months from 4.2 months' supply in April, still below the normal balance point of 6-months. The median home price for Existing Homes rose year-over-year by 4.8%. New Home Sales had a weak report and fell 0.8% in May after falling 6.9% in April. Median new home prices fell 8.1% during the month and are 2.7% higher than last year. It appears that builders are discounting prices to encourage sales. Supply of New Homes rose to 6.4 months from the April level of 5.9 months. Builders indicated that they were moderately less optimistic about future appetite. The S&P Case Shiller report of home prices in the 20 metropolitan areas reported a 0.8% increase in home values during April, and the Federal Housing Finance Agency (FHFA), the entity that analyzes all domestic home prices, reported a rise of 0.4%. Year-over-year the FHFA report was +2.5%. Housing Starts and Permits were mixed during May, with most of the strength in multi-family building rather than single family. Single family building has remained weak during 2019. Construction Spending fell 0.8% in May after rising 0.4% in April. Construction of both public and private projects has been weaker.

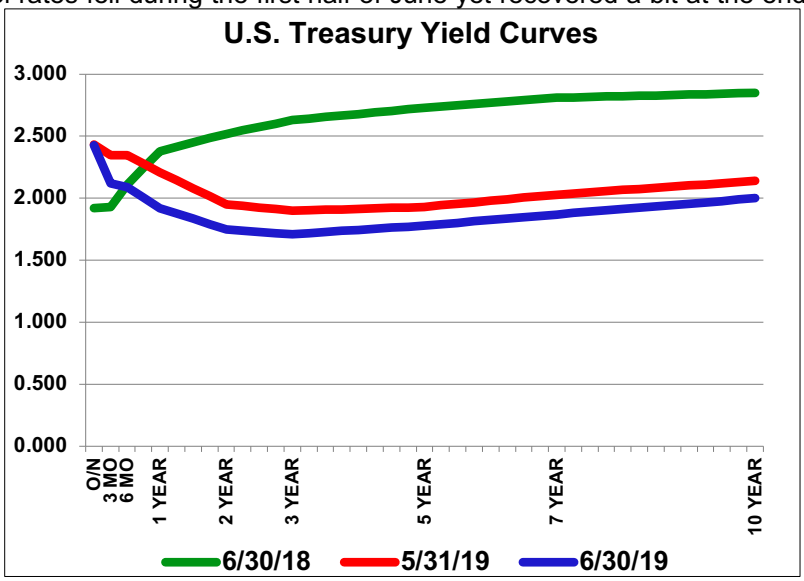
The Production reports were more positive this month. The final revision to the report for Gross Domestic Product (GDP) for the first quarter of 2019 showed an increase of 3.1% following the fourth quarter result

of +2.2%. This is seen as a very strong report considering that the first quarter of most years are generally weaker than fourth quarter results. Corporate profits for the first quarter rose 2.3% following a 1.6% increase during the fourth quarter. Business Inventories rose 0.5% in April after a flat March. Sales fell 0.2% raising the inventory-to-sales ratio to 1.39% from March's 1.38%. Durable Goods Orders fell 1.3% in May after a decline of 2.8% in April. Although the headline number was down, drops in automobiles and aircraft were offset by a healthy increase in orders for core capital goods. Factory Orders dropped 0.7% in May after falling 1.2% in April. Industrial Production rose 0.4% in May after falling 0.4% in April. Purchasing Managers' expectations were mixed. The Purchasing Managers Index (PMI) for manufacturing was slightly higher than in May but the Institute for Supply Management (ISM) was lower in May. Conversely, the PMI for the service sector was lower in May while the ISM for the services sector was higher in May. The Producer Price Index (PPI) rose 0.1% in May after a rise of 0.2% in April. Year-over-year, PPI net of food and energy remained at +2.4%. The Consumer Price Index (CPI) rose 0.1% in May after rising 0.3% in April. Year-over-year CPI net of food and energy remained at +2.0%.

On the consumption front, May Retail Sales rose 0.5% following a rise of 0.3% in April (revised from the previously reported decline of 0.2%). Consumers' attitudes as measured by the Consumer Confidence and Consumer Sentiment indices declined. Core Personal Consumption Expenditure Index (PCE), one of the inflation indicators that the FOMC pays close attention to rose 0.2% in May after a rising 0.2% in April and remained at 1.6% year-over-year. The FOMC is targeting 2.0% year-over-year for this indicator.

The FOMC met on June 18th and 19th. Upon adjournment, their announcement was deemed to be less optimistic towards economic growth. Market observers noted the removal of the word "patience" to describe the FOMC's attitide to lowering rates and the insertion of "uncertainties" when describing their outlook of market conditions. The Committee is closely monitoring the lack of inflation in the market and lowered the assessment of economic activity to a "moderate" pace from "solid" at their last meeting. Although the strong Employment Report may allay some of the FOMC's concerns, as this goes to print, the market is placing a 97.5% probability of a 25 basis-point decrease on July 31 and a 70% probability of an additional 25 basis-point decrease at their September meeting.

Government Security Investment Pool rates fell during the first half of June yet recovered a bit at the end of the month. This may be somewhat attributable to quarter-end adjustments. The rates ranged between 2.35% and 2.42% during June (range was 2.37% to 2.47% in May) with month-end rates at 2.43%. After closing May at 2.21%, the 1-year Treasury closed much lower in June at 1.92% (at publication the rate is 1.98%). The 2-year Treasury closed June at 1.75%, 20 basis-points lower than May's close of 1.95% (the 2-year rate at publication is 1.87%). It is interesting to note the dramatic change in the slope of the yield curve between June 2018 and June 2019. CD rates have continued to slide during June with the 2-year +/- 1.90% at month-end (May rates were +/-2.40%). Some banks have been reluctant to offer for maturities longer than one year as their concerns about the interest rate environment are rising. We are assisting our clients to analyze all offers to determine how to allocate maturities given the uncertainties in the market.



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