



Monthly Newsletter: August 2021

ANNOUNCEMENTS

We welcome the following entities who joined TexPool in July 2021:

TexPool

Harris County MUD 540

TexPool Prime

Carrollton Farmers Branch ISD

Upcoming Events

September 1–3, 2021

TAC Legislative Conference

Fairmount Austin Hotel, Austin, Texas

September 13–16, 2021

CTAT Annual Conference

The Bevy a Doubletree by Hilton, Boerne, Texas

September 24–26, 2021

TASA/TASB Annual Conference

Dallas, Texas

TexPool Advisory Board Members

David Garcia	Jerry Dale
Patrick Krishock	David Landeros
Belinda Weaver	Sharon Matthews
Deborah Lauder milk	Vivian Wood

Overseen by the State of Texas Comptroller of Public Accounts Glenn Hegar

Operated under the supervision of the Texas Treasury Safekeeping Trust Company

Economic and Market Commentary: Looking like a trillion bucks

August 1, 2021

If you hear a new or even a shocking word enough times, it usually loses its impact. But “trillion” never seems to get there. Despite the numerous trillion-dollar federal stimulus packages this year, it remains a tremendous amount of money in nearly everyone’s mind.

So, it’s no small thing that use of the Federal Reserve’s Reverse Repo Program (RRP) has lately approached the \$1 trillion mark. It was below \$100 billion as recently as April. In March, the Fed increased the counterparty limit for from \$30 billion to \$80 billion and then in June raised the rate to 5 basis points. Usage has steadily grown since then, and it’s been a valuable outlet for the money markets, which are still facing heavy demand.

Fed Chair Jerome Powell mentioned in his comments after the Federal Open Market Committee (FOMC) meeting last month that policymakers have been discussing tapering—the winding down of their massive asset purchase program. The meeting did not include a Summary of Economic Projections, but not surprisingly, Powell also sang the same refrain on inflation. Policymakers won’t budge until inflation is elevated for many months, and they are betting prices will pull back. We think they are stickier. While the National Bureau of Economic Research just dated the Covid-19 recession as lasting

(continued page 6)

Performance as of July 31, 2021

	TexPool	TexPool Prime
Current Invested Balance	\$23,445,086,784	\$10,083,961,853
Weighted Average Maturity**	31 Days	53 Days
Weighted Average Life**	96 Days	62 Days
Net Asset Value	1.00010	1.00004
Total Number of Participants	2,659	446
Management Fee on Invested Balance	0.0450%	0.0550%
Interest Distributed	\$378,074.65	\$570,293.07
Management Fee Collected	\$902,720	\$424,355
Standard & Poor’s Current Rating	AAAm	AAAm

Month Averages

Average Invested Balance	\$23,619,562,762.87	\$10,254,281,405.61
Average Monthly Rate*	0.02%	0.07%
Average Weighted Average Maturity**	32	50
Average Weighted Average Life**	95	60

*This average monthly rate for TexPool Prime for each date may reflect a waiver of some portion or all of each of the management fees.

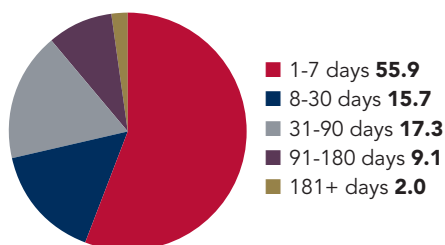
**See page 2 for definitions.

Past performance is no guarantee of future results.



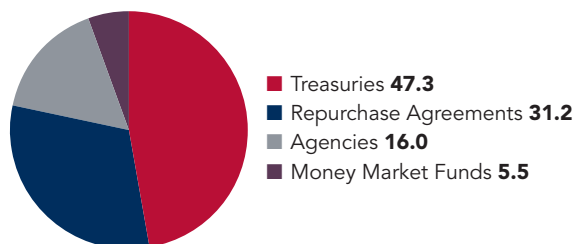
Portfolio by Maturity (%)

As of July 31, 2021



Portfolio by Type of Investment (%)

As of July 31, 2021



Portfolio Asset Summary as of July 31, 2021

	Book Value	Market Value
Uninvested Balance	\$308.32	\$308.32
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	5,818,457.35	5,818,457.35
Interest and Management Fees Payable	-378,073.29	-378,073.29
Payable for Investments Purchased	-100,000,438.92	-100,000,438.92
Accrued Expenses & Taxes	-57,809.80	-57,809.80
Repurchase Agreements	7,340,634,882.00	7,340,634,882.00
Mutual Fund Investments	1,295,074,000.00	1,295,074,000.00
Government Securities	3,660,665,049.00	3,662,711,514.64
U.S. Treasury Bills	9,204,624,962.60	9,204,592,356.17
U.S. Treasury Notes	2,038,705,446.70	2,038,983,534.42
Total	\$23,445,086,783.96	\$23,447,378,730.88

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by Federated Investment Counseling and the assets are safe kept in a separate custodial account at State Street Bank in the name of TexPool. The only source of payment to the Participants is the assets of TexPool. There is no secondary source of payment for the pool such as insurance or State guarantee. Should you require a copy of the portfolio, please contact TexPool Participant Services.

Participant Summary

	Number of Participants	Balance
School District	599	\$6,419,843,571.41
Higher Education	60	\$1,387,566,463.60
County	194	\$2,902,193,733.94
Health Care	90	\$1,275,434,255.66
Utility District	850	\$3,593,145,037.16
City	484	\$6,475,648,065.22
Emergency Districts	98	\$306,778,538.12
Economic Development Districts	83	\$128,269,959.88
Other	201	\$956,191,590.33

**Definition of Weighted Average Maturity and Weighted Average Life

WAM is the mean average of the periods of time remaining until the securities held in TexPool (a) are scheduled to be repaid, (b) would be repaid upon a demand by TexPool, or (c) are scheduled to have their interest rate readjusted to reflect current market rates. Securities with adjustable rates payable upon demand are treated as maturing on the earlier of the two dates set forth in (b) and (c) if their scheduled maturity is 397 days or less; and the later of the two dates set forth in (b) and (c) if their scheduled maturity is more than 397 days. The mean is weighted based on the percentage of the amortized cost of the portfolio invested in each period.

WAL is calculated in the same manner as WAM, but is based solely on the periods of time remaining until the securities held in TexPool (a) are scheduled to be repaid or (b) would be repaid upon a demand by TexPool, without reference to when interest rates of securities within TexPool are scheduled to be readjusted.



Daily Summary

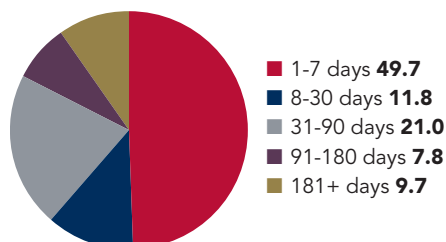
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
7/1	0.0167%	0.000000457	\$23,785,859,398.80	1.00010	31	95
7/2	0.0170%	0.000000465	\$23,612,609,398.14	1.00010	32	96
7/3	0.0170%	0.000000465	\$23,612,609,398.14	1.00010	32	96
7/4	0.0170%	0.000000465	\$23,612,609,398.14	1.00010	32	96
7/5	0.0170%	0.000000465	\$23,612,609,398.14	1.00010	32	96
7/6	0.0185%	0.000000507	\$23,509,608,692.20	1.00010	29	93
7/7	0.0178%	0.000000489	\$23,546,168,235.91	1.00010	29	92
7/8	0.0170%	0.000000466	\$23,486,348,293.27	1.00011	28	92
7/9	0.0191%	0.000000523	\$23,421,379,452.09	1.00010	33	94
7/10	0.0191%	0.000000523	\$23,421,379,452.09	1.00010	33	94
7/11	0.0191%	0.000000523	\$23,421,379,452.09	1.00010	33	94
7/12	0.0186%	0.000000510	\$23,626,223,349.63	1.00010	31	93
7/13	0.0189%	0.000000517	\$23,584,392,188.01	1.00010	35	97
7/14	0.0190%	0.000000521	\$23,373,427,538.14	1.00010	36	98
7/15	0.0191%	0.000000522	\$23,381,013,757.33	1.00010	36	99
7/16	0.0195%	0.000000533	\$23,383,344,548.94	1.00010	37	99
7/17	0.0195%	0.000000533	\$23,383,344,548.94	1.00010	37	99
7/18	0.0195%	0.000000533	\$23,383,344,548.94	1.00010	37	99
7/19	0.0206%	0.000000564	\$23,370,085,370.81	1.00010	34	97
7/20	0.0201%	0.000000552	\$23,444,630,693.94	1.00009	34	95
7/21	0.0199%	0.000000545	\$23,703,275,916.37	1.00010	34	96
7/22	0.0197%	0.000000541	\$23,827,579,846.22	1.00010	33	95
7/23	0.0194%	0.000000531	\$24,148,997,272.63	1.00010	32	92
7/24	0.0194%	0.000000531	\$24,148,997,272.63	1.00010	32	92
7/25	0.0194%	0.000000531	\$24,148,997,272.63	1.00010	32	92
7/26	0.0194%	0.000000532	\$24,081,541,737.17	1.00010	31	91
7/27	0.0195%	0.000000535	\$23,961,023,581.23	1.00010	31	91
7/28	0.0197%	0.000000540	\$23,684,035,714.84	1.00010	30	95
7/29	0.0196%	0.000000538	\$23,639,456,353.70	1.00010	30	95
7/30	0.0197%	0.000000541	\$23,445,086,783.96	1.00010	31	96
7/31	0.0197%	0.000000541	\$23,445,086,783.96	1.00010	31	96
Average:	0.0189%	0.000000517	\$23,619,562,762.87	1.00010	32	95



TEXPOOL Prime

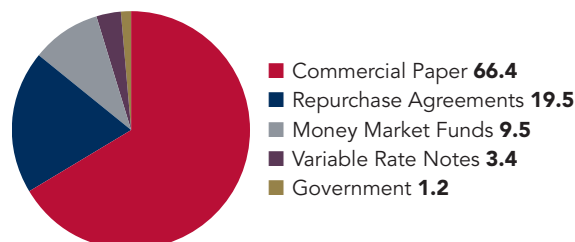
Portfolio by Maturity (%)

As of July 31, 2021



Portfolio by Type of Investment (%)

As of July 31, 2021



Portfolio Asset Summary as of July 31, 2021

	Book Value	Market Value
Uninvested Balance	-\$59.49	-\$59.49
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	138,257.07	138,257.07
Interest and Management Fees Payable	-570,283.06	-570,283.06
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-26,739.76	-26,739.76
Repurchase Agreements	1,966,597,000.00	1,966,597,000.00
Commercial Paper	6,698,181,205.72	6,698,671,988.44
Bank Instruments	0.00	0.00
Mutual Fund Investments	962,126,026.36	961,892,067.75
Government Securities	117,516,446.62	117,513,669.95
Variable Rate Notes	340,000,000.00	340,107,000.00
Total	\$10,083,961,853.46	\$10,084,322,900.90

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by Federated Investment Counseling and the assets are safe kept in a separate custodial account at State Street Bank in the name of TexPool Prime. The assets of TexPool Prime are the only source of payments to the Participants. There is no secondary source of payment for the pool such as insurance or State guarantee. Should you require a copy of the portfolio, please contact TexPool Participant Services

Participant Summary

	Number of Participants	Balance
School District	129	\$2,979,209,695.70
Higher Education	19	\$550,309,617.89
County	47	\$683,644,405.80
Health Care	18	\$266,717,669.28
Utility District	49	\$415,638,206.25
City	90	\$2,399,554,378.50
Emergency Districts	21	\$36,880,632.53
Economic Development Districts	15	\$20,955,657.24
Other	58	\$2,731,054,071.77



TEXPOOL Prime

Daily Summary

Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Prime Invested Balance	NAV	WAM Days	WAL Days
7/1	0.0691%	0.000001892	\$10,158,323,172.52	1.00004	45	57
7/2	0.0700%	0.000001919	\$10,131,763,672.59	1.00004	47	59
7/3	0.0700%	0.000001919	\$10,131,763,672.59	1.00004	47	59
7/4	0.0700%	0.000001919	\$10,131,763,672.59	1.00004	47	59
7/5	0.0700%	0.000001919	\$10,131,763,672.59	1.00004	47	59
7/6	0.0684%	0.000001875	\$10,214,652,280.34	1.00004	44	55
7/7	0.0709%	0.000001942	\$10,242,844,872.12	1.00005	47	59
7/8	0.0732%	0.000002005	\$10,306,573,582.17	1.00005	48	58
7/9	0.0678%	0.000001858	\$10,278,572,570.23	1.00004	48	58
7/10	0.0678%	0.000001858	\$10,278,572,570.23	1.00004	48	58
7/11	0.0678%	0.000001858	\$10,278,572,570.23	1.00004	48	58
7/12	0.0677%	0.000001856	\$10,333,108,564.17	1.00004	46	56
7/13	0.0657%	0.000001801	\$10,306,166,027.79	1.00004	47	58
7/14	0.0651%	0.000001783	\$10,286,143,218.45	1.00004	49	59
7/15	0.0645%	0.000001766	\$10,370,476,953.50	1.00004	48	58
7/16	0.0645%	0.000001766	\$10,362,267,820.90	1.00004	51	60
7/17	0.0645%	0.000001766	\$10,362,267,820.90	1.00004	51	60
7/18	0.0645%	0.000001766	\$10,362,267,820.90	1.00004	51	60
7/19	0.0623%	0.000001707	\$10,310,486,669.01	1.00004	49	59
7/20	0.0634%	0.000001738	\$10,277,217,088.26	1.00004	50	59
7/21	0.0631%	0.000001728	\$10,247,030,893.13	1.00004	52	62
7/22	0.0627%	0.000001718	\$10,283,395,616.01	1.00004	53	63
7/23	0.0627%	0.000001717	\$10,204,984,222.70	1.00004	54	64
7/24	0.0627%	0.000001717	\$10,204,984,222.70	1.00004	54	64
7/25	0.0627%	0.000001717	\$10,204,984,222.70	1.00004	54	64
7/26	0.0616%	0.000001688	\$10,235,104,852.55	1.00004	52	61
7/27	0.0627%	0.000001719	\$10,400,550,093.02	1.00004	52	61
7/28	0.0552%	0.000001512	\$10,429,494,620.90	1.00004	51	60
7/29	0.0639%	0.000001750	\$10,248,702,831.08	1.00004	52	61
7/30	0.0630%	0.000001726	\$10,083,961,853.46	1.00004	53	62
7/31	0.0630%	0.000001726	\$10,083,961,853.46	1.00004	53	62
Average:	0.0655%	0.000001795	\$10,254,281,405.61	1.00004	50	60



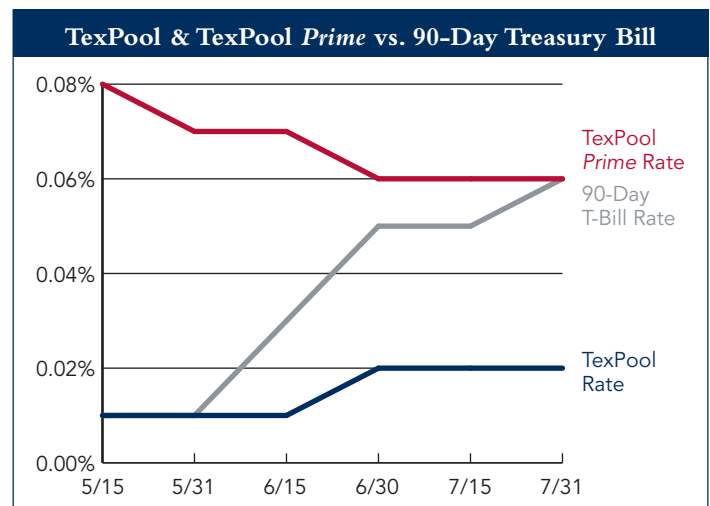
Participant Services
1001 Texas Ave. Suite 1150
Houston, TX 77002

only from late February to early April 2020, it's the aftermath that matters. The Fed needs to keep its head up.

In the meantime, the biggest issue for cash managers remains the recent decline in Treasury bill issuance and the low supply of Treasury bills, a combination that continues to hold down yields. The decline in issuance is tied to the reinstatement of the federal debt limit on Aug. 1, and we expect constrained issuance until Congress takes action to raise the limit. The Treasury should have enough cash and other measures to meet the basic funding needs of the government into the fall. We fully anticipate that lawmakers will eventually either raise the limit or suspend it again. Expect political theater, but nothing serious.

The other trillion-dollar issue hanging around is the infrastructure deal. The senate finally voted to take up the bill. But everyone—particularly in state and local governments—is still playing the waiting game for the details.

At the end of July, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 0.05%, 0.05%, 0.06% and 0.07%, respectively; the 1-, 3-, 6- and 12-month London interbank offered rates (Libor) were 0.09%, 0.13%, 0.16% and 0.24%, respectively; and the weighted average maturities (WAMs) of TexPool and TexPool Prime were 31 and 53 days, respectively.



90-Day Treasury Bill is a short-term debt instrument backed by the national government. These are used to collect immediate cash to meet outstanding obligations.

Any private investor can invest in a Treasury bill. The 90-Day Treasury Bill is a weighted average rate of the weekly auctions of 90-Day Treasury Bills.

Past performance is no guarantee of future results.