



**SUMMIT HILL SCHOOL DISTRICT #161**  
*Quarterly Economic & Investment Update*  
October 2017

The summer months of June and September are always the busiest when it comes to investment activity. Will County property tax bills, typically due the first week of both June and September, provide the district with approximately 80-85% of revenues for the year. Similar to years past, the district's net overall cash flow position continues to signal a need for investments with shorter durations, with the ability to mix in longer term investments (12 – 18 months) when appropriate. As of September 30, 2017, Certificates of Deposit totaling approximately \$1.5 Million have been carved out for investments in the longer term range. At the same time, exposure to overnight money market investments have been reduced compared to previous years due to the availability of fixed term investments in the 1 – 3 month range that have provided a slight pickup in yield. As of September 30, 2017, the aggregate weighted average duration in the investment portfolio stands at approximately 142 days, with an overall yield-to-maturity of approximately 1.09% (Please see the attached Performance Report for further details.)

The Federal Reserve has increased the Federal Funds Target Rate two times in calendar year 2017, with 0.25% increases occurring in both March and June. The rate now stands at a level of 1.00 – 1.25%. According to trading in Federal Funds Futures Contracts (a gauge of the movement of the Fed Target Rate) there is an 80%+ probability of an additional rate increase of 0.25% in December of 2017 or January of 2018. After that, the picture gets much murkier. The market is signaling a chance of 1 maybe 2 additional 0.25% increases by the end of calendar year 2018. Stay tuned.

Please see the attached "Prudent Man Advisors Market Outlook" for a more in-depth look into recent economic trends.

Over the next quarter, PMA will update the district's Cash Flow and Investment Plan to incorporate the latest 5Cast projections and the Fiscal Year 2018 budget. Please feel free to contact me with any questions or comments.

Thank you,

**Charles L. Czachor**  
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