



# Monthly Newsletter: March 2024

## ANNOUNCEMENTS

**We welcome the following entities who joined TexPool in February 2024:**

### TexPool

- Lower Valley Water District
- Wylie ISD
- Donahoe Creek Watershed Authority
- Williamson County MUD 51
- Fort Bend County ESD No 4
- Cross Plains ISD
- Gholson ISD

### TexPool Prime

- Lower Valley Water District
- Wylie ISD
- Donahoe Creek Watershed Authority
- Williamson County MUD 51
- Fort Bend County ESD No 4
- Cross Plains ISD
- Gholson ISD
- City of Wolforth

### Upcoming Events

April 14, 2024  
**Government Finance Officers Association of Texas (GFOAT) Spring Conference**  
 Round Rock, TX

April 15, 2024  
**Texas Association of County Auditors (TACA) Institute - V.G. Young**  
 College Station, TX

April 15, 2024  
**Annual County Treasurers' Spring Education Seminar**  
 San Marcos, TX

### TexPool Advisory Board Members

- |                    |                 |
|--------------------|-----------------|
| Patrick Krishock   | David Landeros  |
| Belinda Weaver     | Sharon Matthews |
| Deborah Laudermilk | David Garcia    |
| Valarie Van Vlack  | Dina Edgar      |

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: Markets heed data, not Fed Speak

March 1, 2024

Federal Reserve Chair Jerome Powell has been talking himself hoarse lately. Ever since he failed to push back against the market's overly ebullient expectations for rate cuts following the December policy meeting, he has told anyone who'd listen the Fed isn't ready to declare victory over inflation. His press conference in January and a 60 Minutes interview didn't do the trick; neither has sending forth nearly every Federal Open Market Committee (FOMC) member to shout this message from street corners.

In an appropriate twist for the data-dependent Fed, it was a series of economic reports that stemmed the tide. Robust gross domestic product and employment figures, sticky wage, consumer and producer inflation, and respectable manufacturing and housing numbers did what the policymakers could not. In late December, futures contracts predicted upward of seven quarter-point cuts in 2024. Following the bump in the month-over-month core Personal Consumption Expenditures (PCE) index in January, they have priced in essentially three—in line with Fed projections. That's why we—and really everyone—anticipates no rate action at the mid-March or early May policy-setting meetings and expect the first ease to come in June or July.

Market participants will surely raise their fists to the Fed again, and it is understandable. Powell and company were so behind the ball when they first tightened rates long after inflation had exploded. But the shift in sentiment, along with the pause itself, has benefited

*(continued page 6)*

### Performance as of February 29, 2024

	TexPool	TexPool Prime
Current Invested Balance	\$37,033,288,509	\$15,479,199,740
Weighted Average Maturity**	36 Days	43 Days
Weighted Average Life**	87 Days	69 Days
Net Asset Value	0.99997	1.00009
Total Number of Participants	2,843	561
Management Fee on Invested Balance	0.0450%	0.0550%
Interest Distributed	\$158,599,801.01	\$68,087,156.00
Management Fee Collected	\$1,249,565.93	\$622,206.56
Standard & Poor's Current Rating	AAAm	AAAm

### Month Averages

Average Invested Balance	\$37,519,368,191	\$15,572,299,243
Average Monthly Rate*	5.33%	5.50%
Average Weighted Average Maturity**	34	42
Average Weighted Average Life**	87	70

\*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.

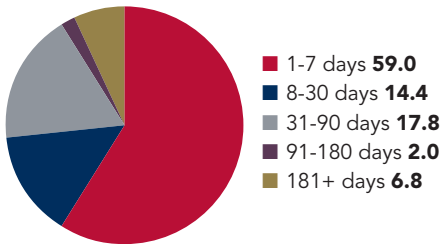
\*\*See page 2 for definitions.

Past performance is no guarantee of future results.



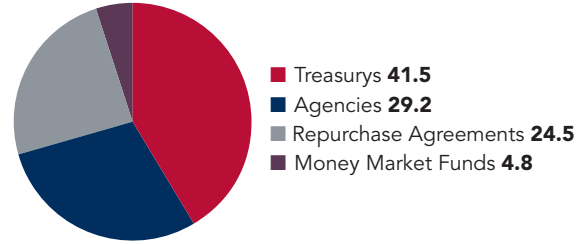
## Portfolio by Maturity (%)

As of February 29, 2024



## Portfolio by Type of Investment (%)

As of February 29, 2024



### Portfolio Asset Summary as of February 29, 2024

	Book Value	Market Value
Uninvested Balance	\$279.35	\$279.35
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	111,133,288.22	111,133,288.22
Interest and Management Fees Payable	-158,601,502.15	-158,601,502.15
Payable for Investments Purchased	-2,041,718,395.85	-2,041,718,395.85
Accrued Expenses & Taxes	-41,327.97	-41,327.97
Repurchase Agreements	9,580,291,000.00	9,580,291,000.00
Mutual Fund Investments	1,867,085,200.00	1,867,085,200.00
Government Securities	11,441,497,260.46	11,441,132,198.07
US Treasury Bills	14,488,964,820.68	14,487,603,665.42
US Treasury Notes	1,744,678,450.64	1,745,506,779.80
<b>Total</b>	<b>\$37,033,289,073.38</b>	<b>\$37,032,391,184.89</b>

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	625	\$12,458,592,116.21
Higher Education	60	\$1,652,797,020.22
County	198	\$4,501,194,870.07
Healthcare	93	\$2,299,728,551.21
Utility District	927	\$5,493,511,732.21
City	504	\$8,757,349,982.13
Emergency Districts	107	\$453,854,665.32
Economic Development Districts	90	\$193,459,061.75
Other	239	\$1,211,529,098.26

#### \*\*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

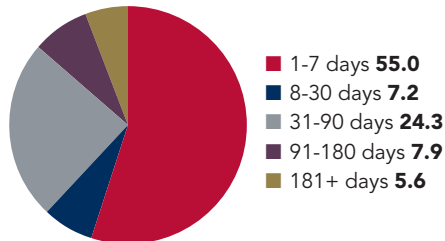
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
2/1	5.3322%	0.000146089	\$36,671,069,323.27	1.00000	30	81
2/2	5.3341%	0.000146141	\$36,944,834,864.30	1.00001	32	83
2/3	5.3341%	0.000146141	\$36,944,834,864.30	1.00001	32	83
2/4	5.3341%	0.000146141	\$36,944,834,864.30	1.00001	32	83
2/5	5.3289%	0.000145998	\$37,447,636,201.48	1.00003	30	82
2/6	5.3281%	0.000145974	\$37,660,246,711.29	1.00003	31	85
2/7	5.3279%	0.000145971	\$37,892,897,584.34	1.00005	32	85
2/8	5.3286%	0.000145988	\$38,317,148,227.83	1.00003	33	84
2/9	5.3245%	0.000145878	\$38,744,100,971.34	1.00004	35	87
2/10	5.3245%	0.000145878	\$38,744,100,971.34	1.00004	35	87
2/11	5.3245%	0.000145878	\$38,744,100,971.34	1.00004	35	87
2/12	5.3096%	0.000145468	\$38,481,969,149.70	1.00005	32	85
2/13	5.3276%	0.000145962	\$38,298,172,699.89	1.00001	34	89
2/14	5.3280%	0.000145972	\$37,435,810,407.51	1.00004	35	90
2/15	5.3255%	0.000145903	\$37,451,508,430.27	1.00002	34	90
2/16	5.3387%	0.000146267	\$37,548,493,053.95	0.99996	36	91
2/17	5.3387%	0.000146267	\$37,548,493,053.95	0.99996	36	91
2/18	5.3387%	0.000146267	\$37,548,493,053.95	0.99996	36	91
2/19	5.3387%	0.000146267	\$37,548,493,053.95	0.99996	36	91
2/20	5.2993%	0.000145185	\$37,455,136,916.74	1.00002	34	88
2/21	5.3082%	0.000145431	\$37,458,145,662.80	0.99999	33	88
2/22	5.3056%	0.000145360	\$37,301,868,922.23	0.99994	35	88
2/23	5.3174%	0.000145681	\$37,037,506,784.26	0.99998	36	88
2/24	5.3174%	0.000145681	\$37,037,506,784.26	0.99998	36	88
2/25	5.3174%	0.000145681	\$37,037,506,784.26	0.99998	36	88
2/26	5.3204%	0.000145765	\$36,888,877,742.76	0.99996	34	87
2/27	5.3243%	0.000145871	\$36,948,997,236.30	0.99997	36	90
2/28	5.3246%	0.000145879	\$36,945,603,736.73	0.99998	36	89
2/29	5.3252%	0.000145897	\$37,033,288,509.05	0.99997	36	87
<b>Average:</b>	<b>5.3251%</b>	<b>0.000145892</b>	<b>\$37,519,368,190.95</b>	<b>1.00000</b>	<b>34</b>	<b>87</b>



## TEXPOOL Prime

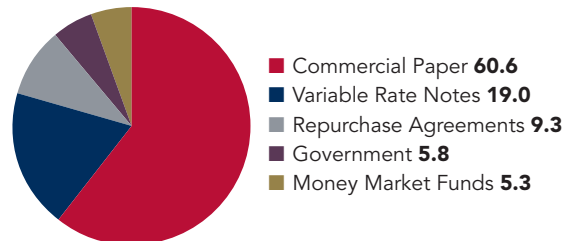
### Portfolio by Maturity (%)

As of February 29, 2024



### Portfolio by Type of Investment (%)

As of February 29, 2024



### Portfolio Asset Summary as of February 29, 2024

	Book Value	Market Value
Uninvested Balance	\$804.15	\$804.15
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	17,266,590.25	17,266,590.25
Interest and Management Fees Payable	-68,087,182.62	-68,087,182.62
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-21,010.37	-21,010.37
Repurchase Agreements	1,445,331,000.00	1,445,331,000.00
Commercial Paper	10,713,743,597.25	10,714,364,321.39
Mutual Fund Investments	830,153,483.22	830,109,043.66
Government Securities	895,812,458.00	895,798,041.50
Variable Rate Notes	1,645,000,000.00	1,645,943,101.15
<b>Total</b>	<b>\$15,479,199,739.88</b>	<b>\$15,480,704,709.11</b>

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	157	\$5,406,389,644.74
Higher Education	19	\$966,590,016.32
County	51	\$1,294,791,744.56
Healthcare	21	\$599,515,348.19
Utility District	69	\$479,965,369.69
City	111	\$3,145,747,203.61
Emergency Districts	28	\$102,194,854.03
Economic Development Districts	20	\$55,096,019.53
Other	86	\$3,428,750,139.20



## TEXPOOL *Prime*

### Daily Summary

Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool <i>Prime</i> Invested Balance	NAV	WAM Days	WAL Days
2/1	5.5146%	0.000151085	\$15,083,394,600.46	1.00030	34	65
2/2	5.5180%	0.000151177	\$15,242,872,149.95	1.00007	39	68
2/3	5.5180%	0.000151177	\$15,242,872,149.95	1.00007	39	68
2/4	5.5180%	0.000151177	\$15,242,872,149.95	1.00007	39	68
2/5	5.5084%	0.000150916	\$15,436,744,582.59	1.00022	39	68
2/6	5.5070%	0.000150877	\$15,577,937,325.93	1.00021	38	67
2/7	5.5049%	0.000150820	\$15,605,320,771.42	1.00021	40	69
2/8	5.4999%	0.000150681	\$16,246,590,468.03	1.00019	39	65
2/9	5.5032%	0.000150772	\$15,973,842,739.43	1.00000	40	66
2/10	5.5032%	0.000150772	\$15,973,842,739.43	1.00000	40	66
2/11	5.5032%	0.000150772	\$15,973,842,739.43	1.00000	40	66
2/12	5.5042%	0.000150801	\$15,845,042,631.31	1.00020	41	68
2/13	5.5069%	0.000150875	\$15,669,245,153.02	1.00016	42	70
2/14	5.5102%	0.000150965	\$15,426,060,714.10	1.00015	43	71
2/15	5.4995%	0.000150670	\$15,639,371,894.62	1.00016	43	72
2/16	5.4984%	0.000150640	\$15,629,225,533.73	0.99986	46	74
2/17	5.4984%	0.000150640	\$15,629,225,533.73	0.99986	46	74
2/18	5.4984%	0.000150640	\$15,629,225,533.73	0.99986	46	74
2/19	5.4984%	0.000150640	\$15,629,225,533.73	0.99986	46	74
2/20	5.5039%	0.000150791	\$15,554,830,224.19	1.00013	44	71
2/21	5.4963%	0.000150584	\$15,576,199,736.70	1.00014	43	70
2/22	5.4972%	0.000150609	\$15,553,367,590.51	1.00013	46	73
2/23	5.4983%	0.000150638	\$15,444,996,215.88	0.99991	47	74
2/24	5.4983%	0.000150638	\$15,444,996,215.88	0.99991	47	74
2/25	5.4983%	0.000150638	\$15,444,996,215.88	0.99991	47	74
2/26	5.5020%	0.000150739	\$15,500,422,377.66	1.00010	44	71
2/27	5.5011%	0.000150715	\$15,472,603,179.93	1.00009	44	70
2/28	5.5023%	0.000150748	\$15,428,311,598.78	1.00009	44	70
2/29	5.5011%	0.000150714	\$15,479,199,739.88	1.00009	43	69
<b>Average:</b>	<b>5.5038%</b>	<b>0.000150790</b>	<b>\$15,572,299,242.75</b>	<b>1.00007</b>	<b>42</b>	<b>70</b>

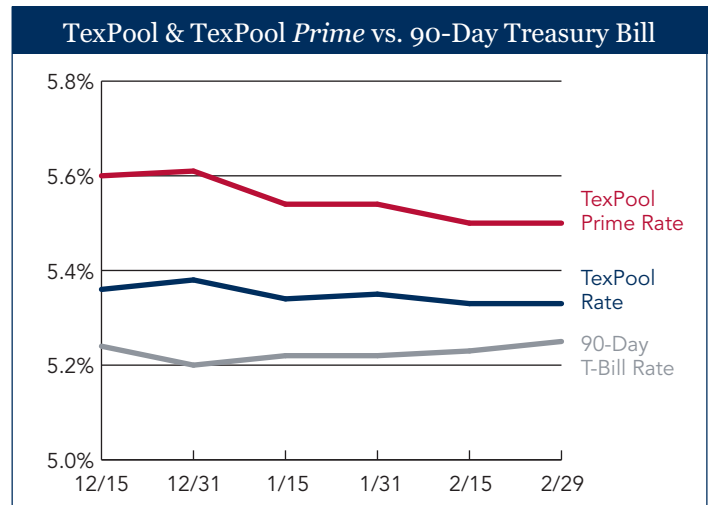


Participant Services  
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cash managers and investors. Across the liquidity industry, elevated yields and extended average maturities have created better relative value in our humble opinion.

This means the street can worry about something else, and the Fed's balance sheet fits that bill. The pace and ramifications of quantitative easing also should not spark concern. It's been so long since it's been a focus, my guess is more than a few have forgotten the exact numbers (\$95 billion in government securities, split between \$60 billion in Treasuries and \$35 billion in agency mortgage back securities) rolling off each month. The balance sheet had ballooned to \$8.9 trillion but sits at around \$7.6 trillion now. The point of contention is that it will shrink too far, lowering reserves and reducing market liquidity. In the back of the policymakers' collective mind is to avoid a spike in overnight rates like what occurred in September 2019. This should not happen. Not only is the balance sheet much larger now, but also banks hold more reserves to ensure liquidity. Short of a revolt in the bond market, the taper should continue smoothly with a target of between \$6 and \$7 trillion and end in 2025. But this depends on how well the Fed communicates the process, starting in the upcoming FOMC meeting—and if the markets listen.

At the end of the month, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 5.40%, 5.40%, 5.33% and 5.00%, 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.*