



Florida Government Finance Officers Association Palm Beach Chapter

Greg Pagans, Vice President

March 5, 2019



Member of FINRA & SIPC; MSRB Registered.

About Multi-Bank Securities, Inc.

- Headquartered in Southfield, MI
- Fort Lauderdale, FL, office since 1996
- Member of FINRA and SIPC; MSRB registered
 - Member since 1988 (CRD #22098)
 - Institutional fixed-income focus
- More than 5,000 institutional accounts
- Approved underwriter of U.S. agency securities
 - Fannie Mae
 - Freddie Mac
 - Farmer Mac
 - Federal Home Loan Banks
 - Federal Farm Credit Banks
- Major underwriter of certificates of deposit (CDs)



Disclaimer

- Multi-Bank Securities, Inc. (MBS)
 - Broker-dealer, **not** an investment advisor
 - Offers **no** regulatory/audit advice
- Greg Pagans, Vice President
 - Institutional fixed-income focus
 - FINRA-registered representative
 - Series 6, 7, 24, 50 and 63
 - CRD #1585380

Federal Reserve Board of Governors

Recent chairmen and active executive officers:

- Paul A. Volcker Aug. 6, 1979 - Aug. 11, 1987
- Alan Greenspan Aug. 11, 1987 - Jan. 31, 2006
- Ben S. Bernanke Feb. 1, 2006 - Jan. 31, 2014
- Janet L. Yellen Feb. 3, 2014 - Feb. 3, 2018
- Jerome H. Powell Feb. 5, 2018 - Present

Fed Funds Rate Since 1980



Accessed March 4, 2019



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U-3 Unemployment Rate

- **U-3: U.S. unemployment rate total in labor force**
- Tracks the number of unemployed persons as a percentage of the labor force
 - Labor force: Total number of employed *plus* unemployed
- Figures generally come from a household labor force survey

U-3 Unemployment Rate History



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U-6 Unemployment Rate

- **U-6: Unemployed, margin and part-time as a percentage of the labor force**
- Includes:
 - **Total** unemployed
 - All persons marginally attached to the labor force
 - Those who are currently neither working nor looking for work, but indicate that they want and are available for a job and have looked for work sometime in the past 12 months
 - Total employed part-time for economic reasons
 - Those who want and are available for full-time work, but have had to settle for a part-time schedule
- Measured as a percentage of the civilian labor force

[emphases added]

U-6 Unemployment Rate History

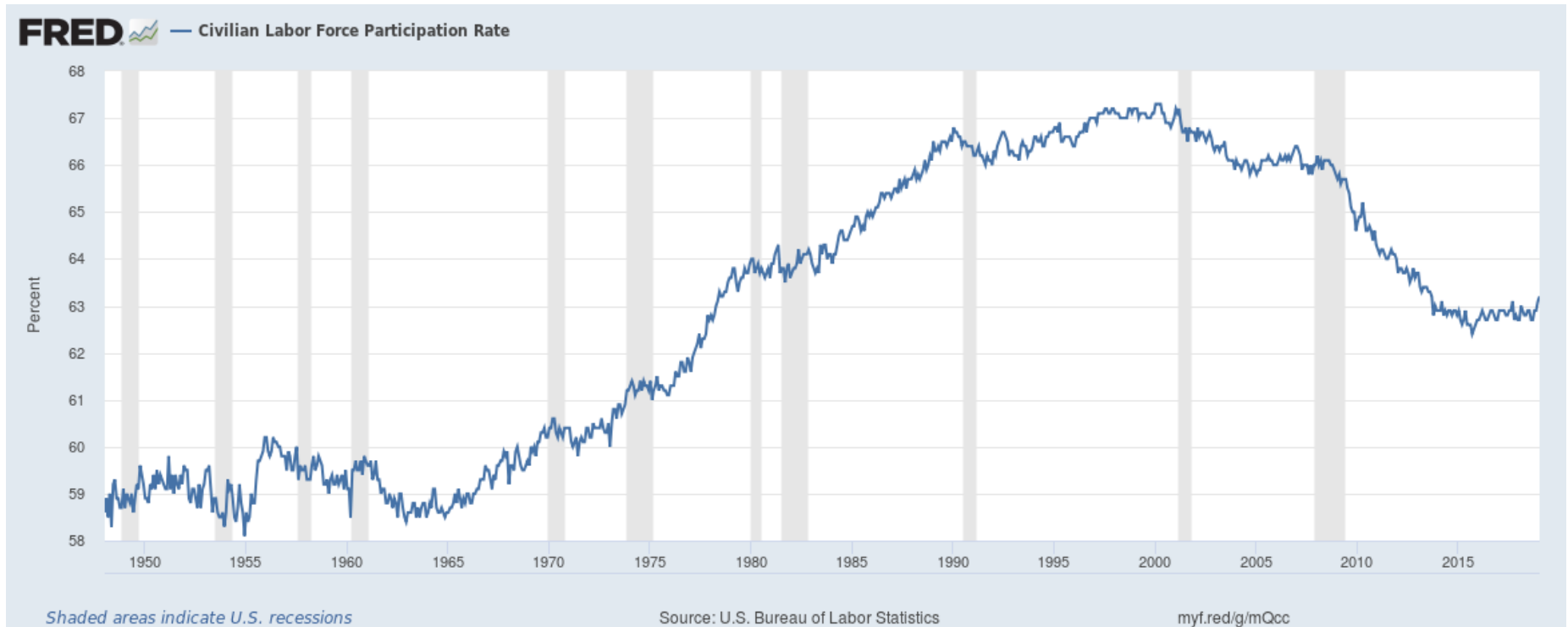


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Labor Force Participation Rate Since 1948



Updated Feb. 28, 2019



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U.S. Treasury 30-Year Bond Yield Since 1980



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U.S. Treasury 10-Year Bond Yield Since 1980



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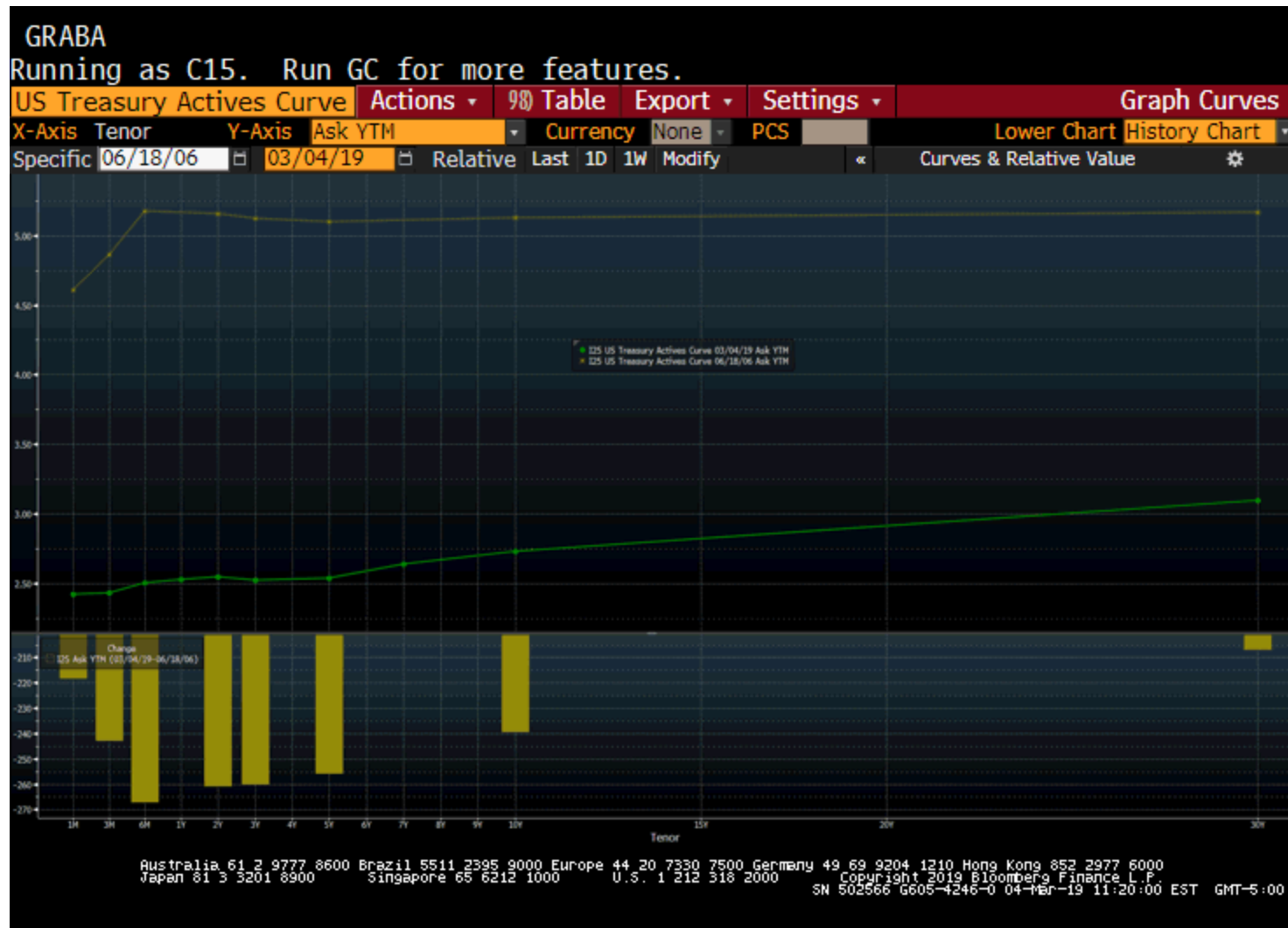


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Yield Curve

- A curve on a graph in which the yield of the fixed-interest securities is plotted against the length of time they have to run to maturity
- U.S. Treasury definition: Treasury yield curve rates
 - Commonly referred to as “constant maturity Treasury” rates (CMTs)
 - Yields are interpolated by the Treasury from the daily yield curve
 - This curve, which relates the yield on a security to its time to maturity, is based on the closing market bid yields on actively traded Treasury securities in the over-the-counter market
 - These market yields are calculated from composites of quotations obtained by the Federal Reserve Bank of New York
 - Yield values are read from the yield curve at fixed maturities:
 - 1, 3 and 6 months
 - 1, 2, 3, 5, 7, 10, 20 and 30 years
 - This method provides a yield for a 10-year maturity, for example, even if no outstanding security has exactly 10 years remaining to maturity

U.S. Treasury Yield Curve 2006 and Present

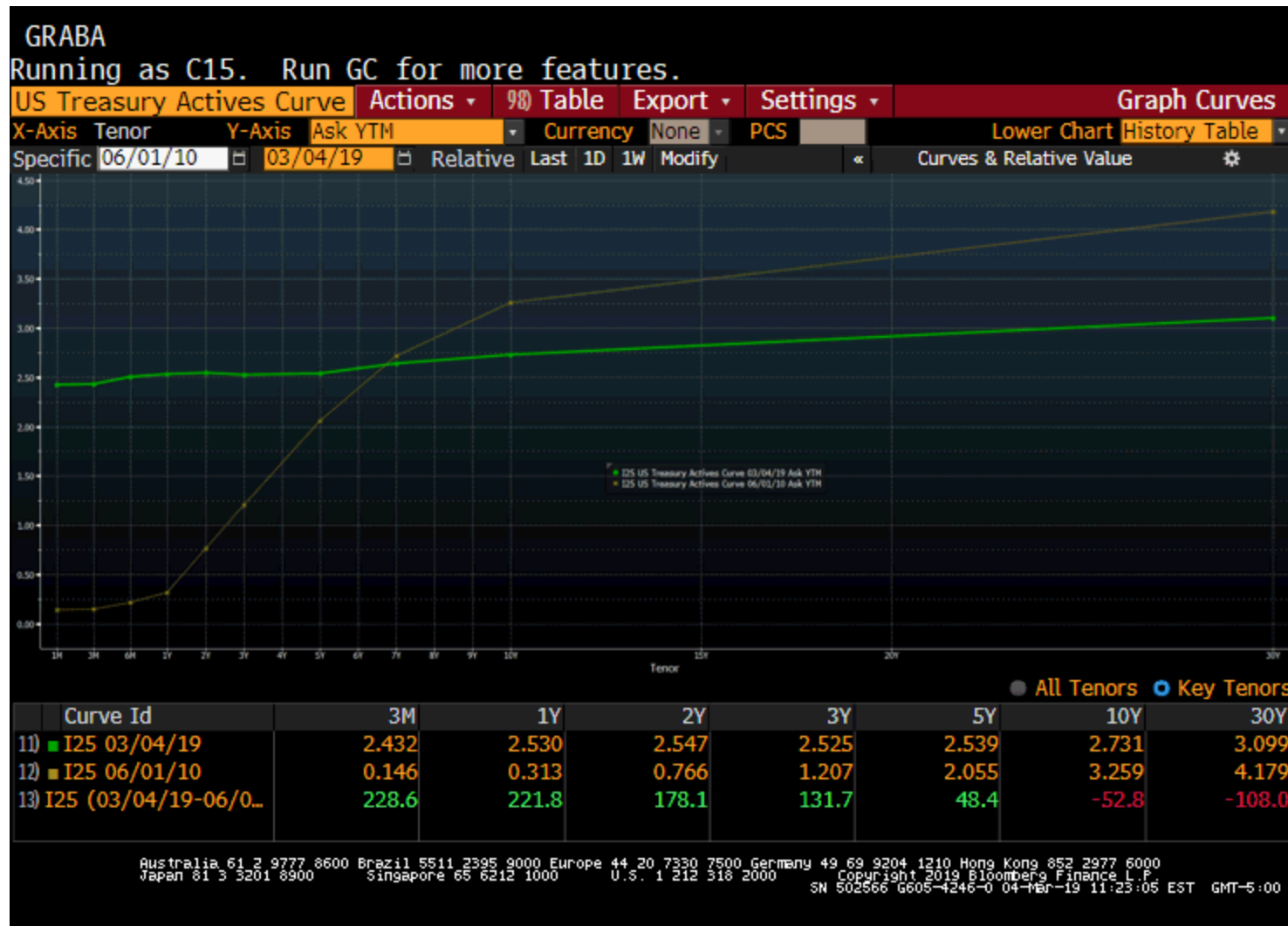


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U.S. Treasury Yield Curve 2010 and Present



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Change in U.S. Treasury Yields Since 2013



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Change in U.S. Treasury Yields Since 2016

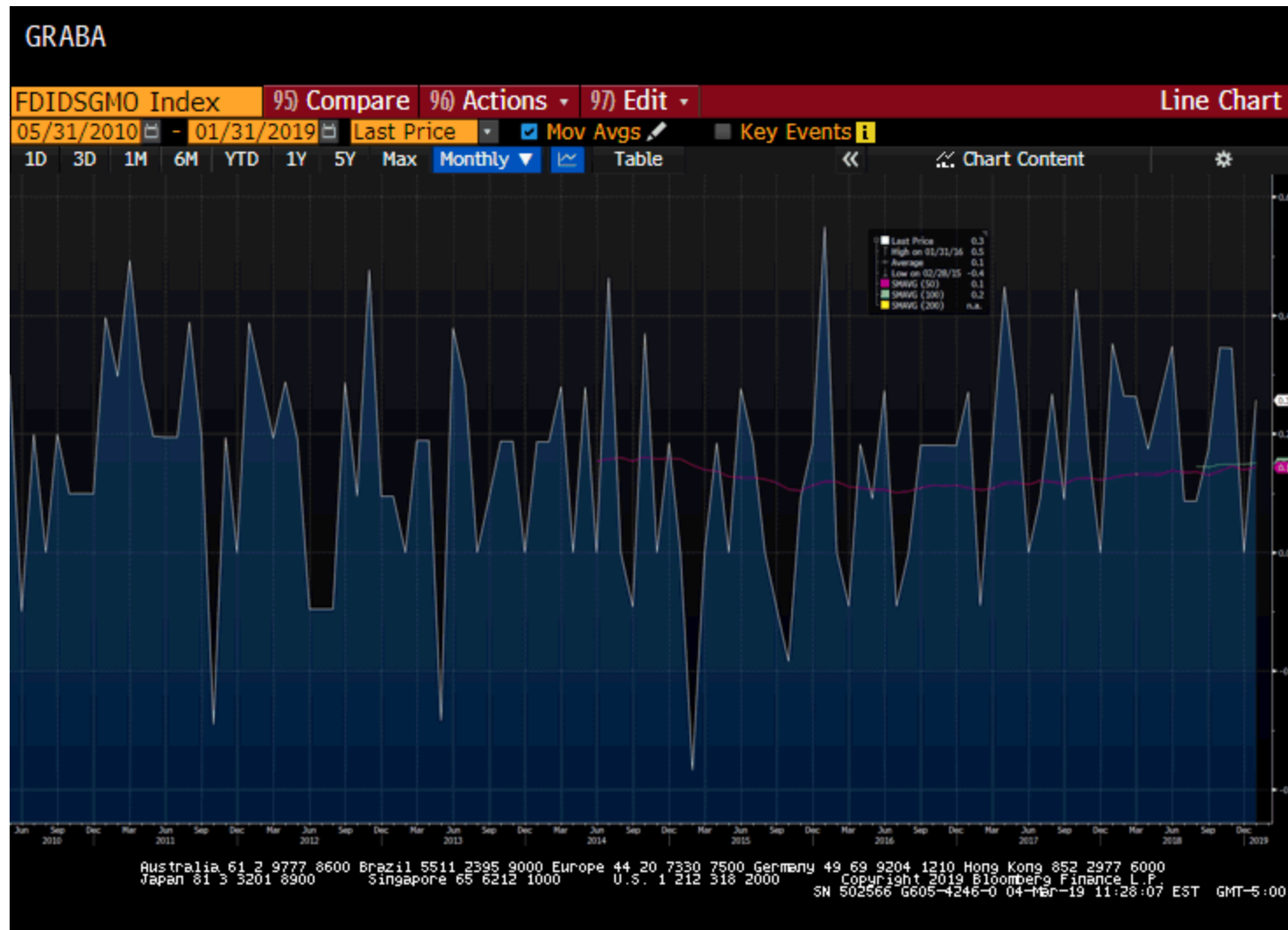


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Producer Price Index (PPI) Since 2010

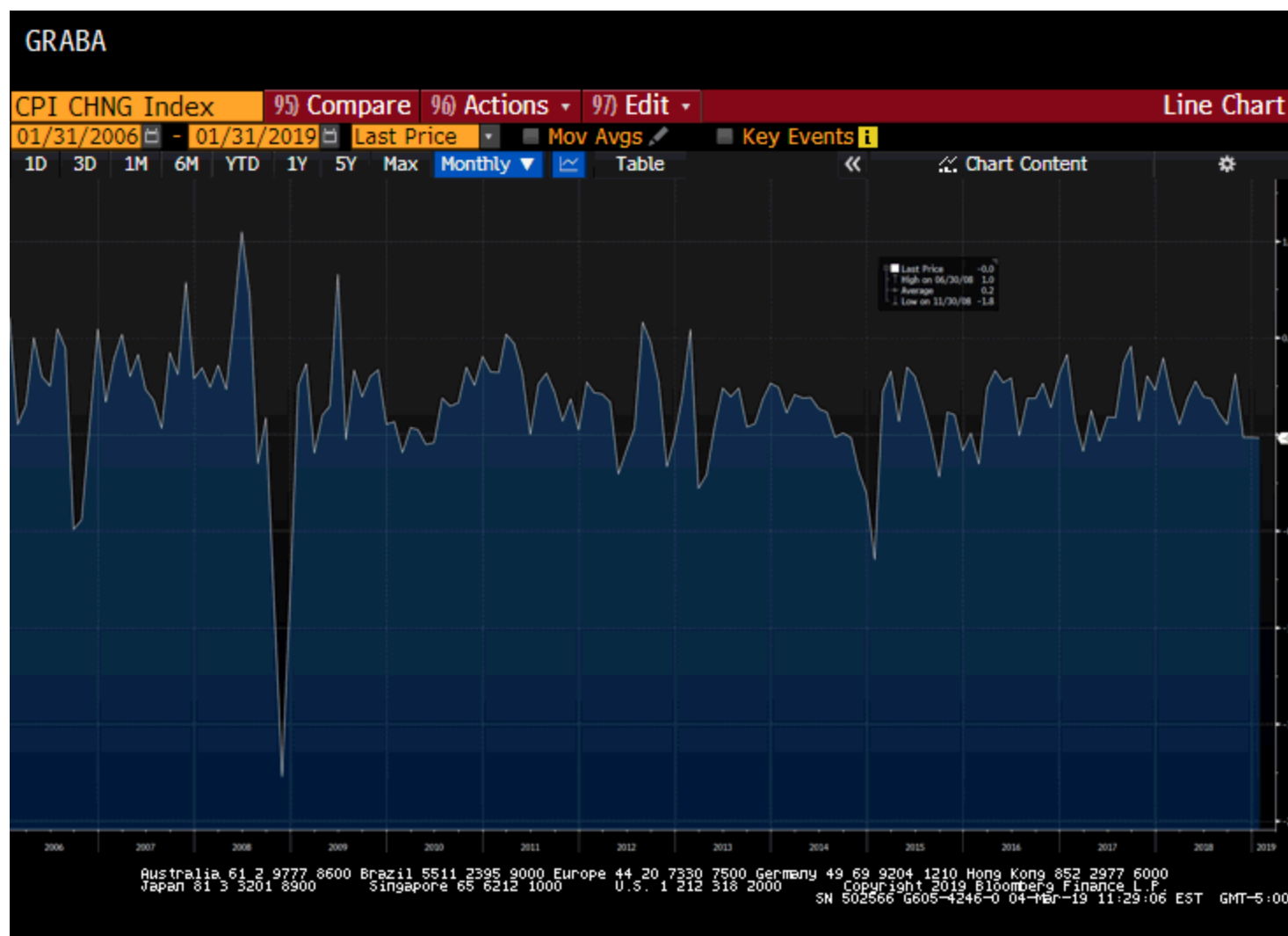


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Consumer Price Index (CPI) MoM Since 2006



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Consumer Price Index (CPI) YoY Since 2006



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U.S. Treasury 10-Year Yields Since 2013



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U.S. Treasury 5-Year Yields Since 2013



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U.S. Treasury 3-Year Yields Since 2013



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World Interest Rates 10-Year Maturities

GRABA

Regional Export Settings World Bond Markets

91 Bonds 92 Spreads 93 Curves

Maturity 10 Year Data Range 3 Months

Region	RMI	Security	Price	Chg	Yld	Chg	Yld	Low	Range	High	3M Chg
1) Americas											
10) United States		T 2 5/8 02/29	99-03+	+ 07	2.728	-2.5		2.553	●	2.914	-18.6
11) Canada		CAN2 06/01/28	100.729	+0.171	1.913	-2.0		1.822	●	2.167	-25.4
12) Brazil (USD)		BRAZIL 12 3/4	158.367	+0.000	5.212	+0.0		4.811	●	5.572	-1.3
13) Argentina (USD)		ARGENT5 7/8 28	76.223	-0.749	9.981	+15.4		8.898	●	10.865	-21.9
14) Mexico (USD)		MEX4 1/2 04/29	100.535	-0.073	4.434	+0.9		4.370	●	4.544	-33.3
2) EMEA											
20) United Kingdom		UKT1 5/8 10/28	103.190	+0.194	1.272	-2.1		1.148	●	1.348	-4
21) France		FRTR 0 3/4 28	101.835	+0.192	0.556	-2.0		.513	●	.731	-10.6
22) Germany		DBR0 1/4 02/29	100.923	+0.245	0.156	-2.5		.085	●	.281	-10.3
23) Italy		BTP52.8 12/28	100.781	+0.020	2.726	-0.2		2.585	●	3.196	-42.4
24) Spain		SPGB1.4 07/28	102.074	+0.238	1.165	-2.7		1.133	●	1.508	-31.5
25) Portugal		PGB1.95 06/29	104.658	+0.211	1.459	-2.2		1.426	●	1.814	-34.3
26) Sweden		SGB0 3/4 11/29	102.216	+0.196	0.536	-1.9		.288	●	.555	+7.5
27) Netherlands		NETHER0 3/4 28	104.561	+0.224	0.256	-2.4		.192	●	.427	-13.8
28) Switzerland		SWISS 0 06/29	103.044	+0.063	-0.291	-0.6		-.361	●	-.198	-8.0
29) Greece		GGB3 3/4 01/28	100.786	-0.216	3.644	+2.9		3.616	●	4.366	-55.1
3) Asia/Pacific											
30) Japan		JGB 0.1 12/28	101.077c	-0.096	-0.010	+0.9		-.051	●	.061	-7.1
31) Australia		ACGB 3 1/4 29	109.598c	-0.375	2.188	+3.9		2.052	●	2.527	-33.9
32) New Zealand		NZGB 3 04/29	107.372c	-0.195	2.184	+2.0		2.084	●	2.503	-31.9
33) South Korea		KTB2 3/8 12/28	103.923c	-0.307	1.993	+3.5					
34) China		CGB3 1/4 11/28	100.464c	-0.090	3.194	+1.1		3.062	●	3.378	-12.1

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World Interest Rates 5-Year Maturities

GRABA

Regional Export Settings World Bond Markets

91 Bonds 92 Spreads 93 Curves

Maturity 5 Year Data Range 3 Months

Region	RMI	Security	Price	Chg	Yld	Chg	Yld	Low	Range	High	3M Chg
1) Americas											
10 United States		T 2 ³ / ₈ 02/24	99-08	+ 03	2.536	-2.0		2.358	◆ Avg. ● Now	2.787	-25.1
11 Canada		CAN2 ³ / ₄ 03/24	102.228	+0.108	1.781	-2.3		1.747	● ◆	2.132	-35.1
12 Brazil (USD)		BRAZIL8 ⁷ / ₈ 24	123.737	+0.009	3.727	-0.4		3.587	● ◆	4.328	-59.7
13 Argentina (USD)		ARGENT4 ⁵ / ₈ 23	83.436	-0.738	9.903	+26.4		8.316	● ◆	11.230	+21.0
14 Mexico (USD)		MEX4 10/02/23	101.175	-0.007	3.718	+0.2		3.672	● ◆	4.307	-58.9
2) EMEA											
20 United Kingdom		UKT1 04/22/24	100.117	+0.097	0.976	-2.0		.790	◆ ●	1.011	+11.0
21 France		FRTR 0 03/24	100.294	+0.069	-0.058	-1.4		-.100	● ◆	.049	-5.0
22 Germany		OBL0 04/05/24	101.506	+0.078	-0.294	-1.5		-.400	● ◆	-.258	+1.3
23 Italy		BTPS 2.45 23	103.490	+0.001	1.660	-0.1		1.513	● ◆	2.264	-47.6
24 Spain		SPGB 0.35 23	100.717	+0.069	0.186	-1.6		.142	● ◆	.440	-25.4
25 Portugal		PGB5.65 02/24	126.348	+0.137	0.280	-2.7		.259	● ◆	.577	-28.7
26 Sweden		SGB1 ¹ / ₂ 11/23	107.362	+0.043	-0.068	-1.0		-.175	● ◆	-.012	-1.9
27 Netherlands		NETHER1 ³ / ₄ 23	108.974	+0.054	-0.292	-1.3		-.374	● ◆	-.230	-.3
28 Switzerland		SWISS 1 ¹ / ₄ 24	110.064	+0.067	-0.625	-1.3		-.689	● ◆	-.564	-2.0
29 Greece		GGB3.45 04/24	103.125	-0.090	2.782	+1.9		2.763	● ◆	3.341	-36.0
3) Asia/Pacific											
30 Japan		JGB 0.1 12/23	101.239c	-0.025	-0.157	+0.5		-.197	● ◆	-.117	-4.0
31 Australia		ACGB 2 ³ / ₄ 24	104.677c	-0.122	1.791	+2.4		1.671	● ◆	2.144	-35.3
32 New Zealand		NZGB 2 ³ / ₄ 25	105.368c	-0.101	1.818	+1.7		1.747	● ◆	2.024	-14.9
33 South Korea		KTB2 ¹ / ₄ 09/23	102.656c	-0.090	1.887	+2.2		1.829	● ◆	1.969	-8.2
34 China		CGB3.29 10/23	101.198c		3.006			2.857	● ◆	3.069	-6.3

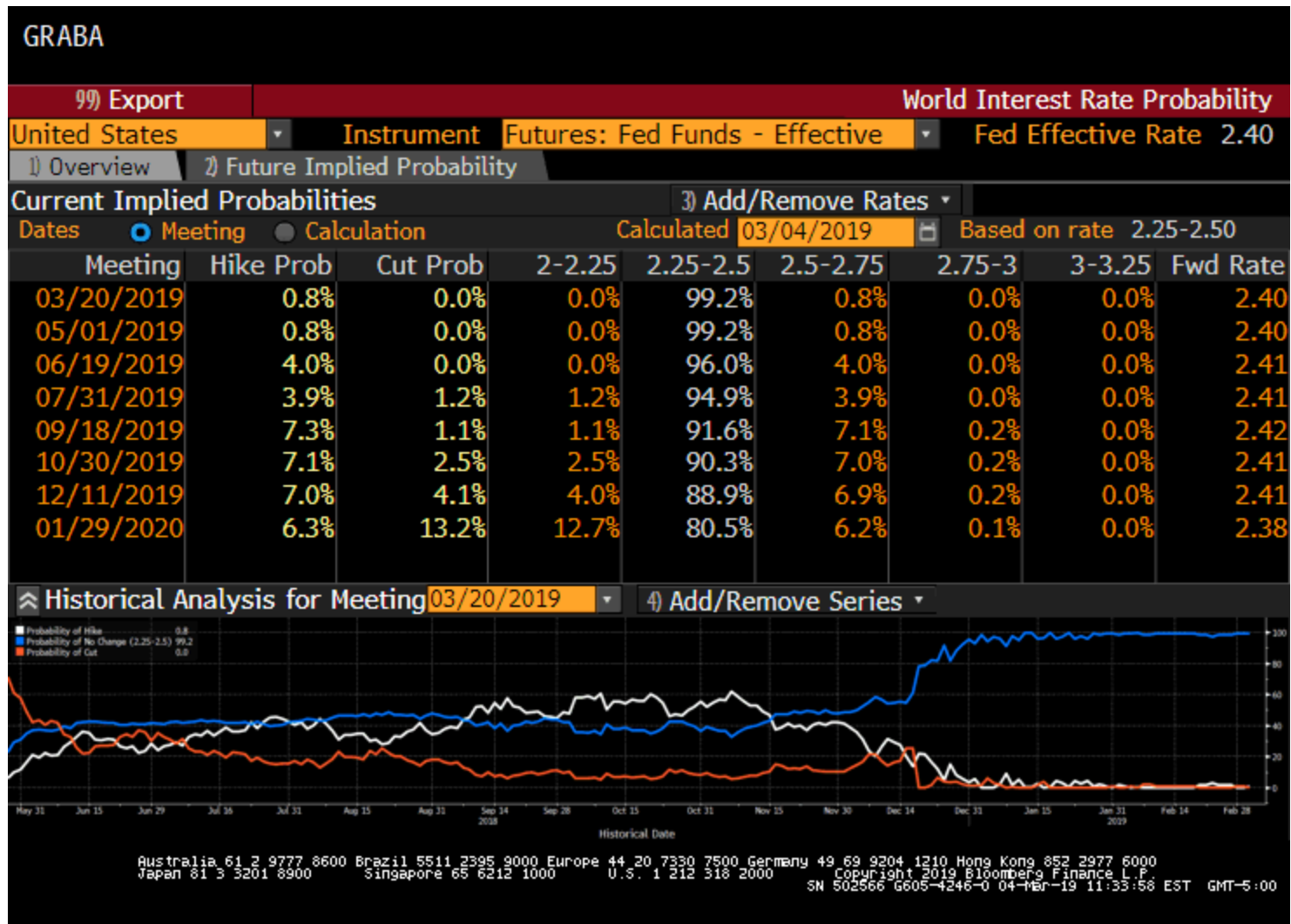
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Fed Funds Futures Overview

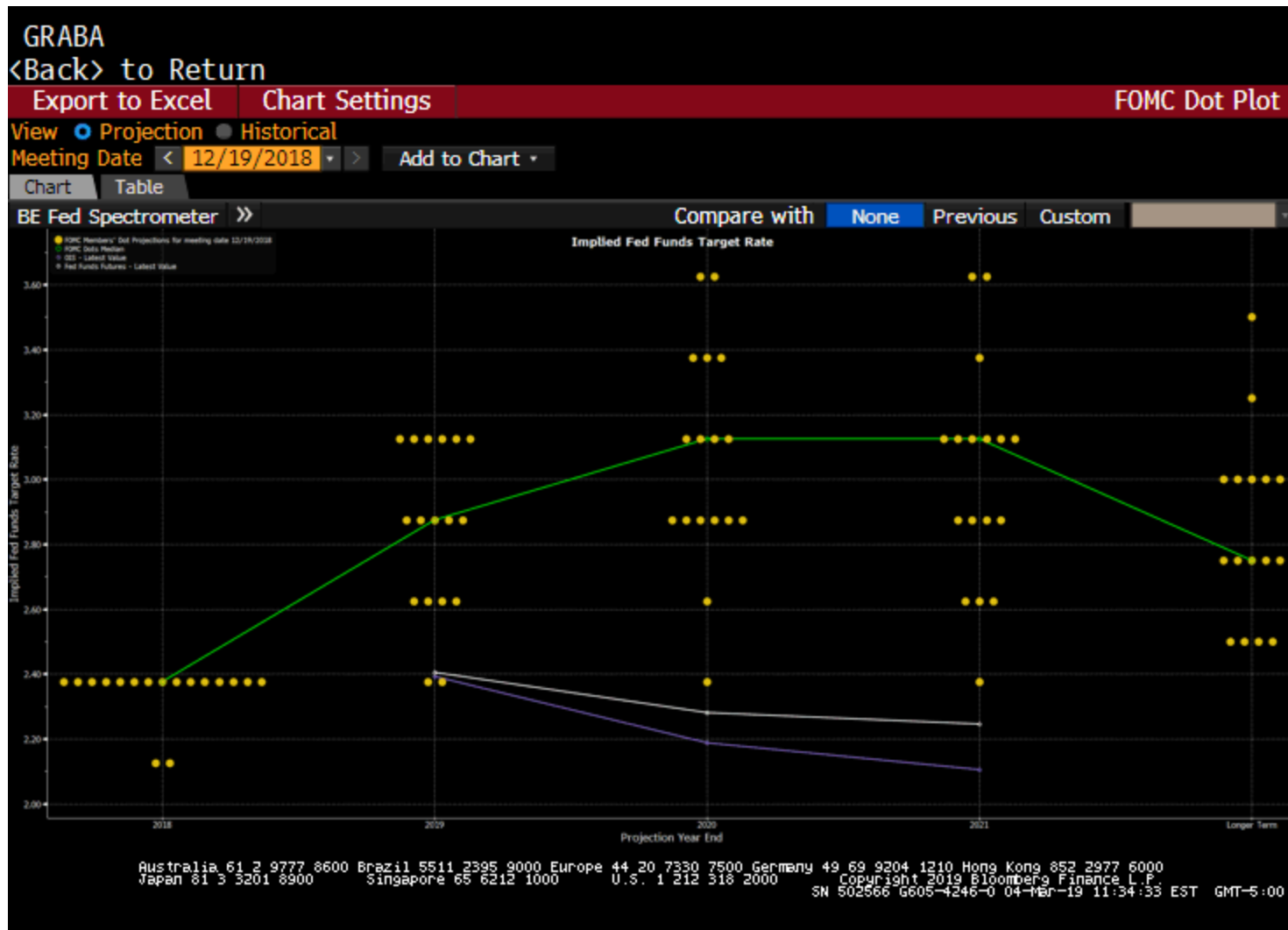


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FOMC Dot Plot



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2018 FOMC Calendar

GRABA

FOMC Activities

Calendar 2018

	Announcement Date	Time	Rate (%)	For	Against	Policy Concern
1)	January 31	14:00	1.25 - 1.50	9	0	Roughly Balanced
2)	March 21	14:00	1.50 - 1.75	8	0	Roughly Balanced
3)	May 2	14:00	1.50 - 1.75	8	0	Roughly Balanced
4)	June 13	14:00	1.75 - 2.00	8	0	Roughly Balanced
5)	August 1	14:00	1.75 - 2.00	8	0	Roughly Balanced
6)	September 26	14:00	2.00 - 2.25	9	0	Roughly Balanced
7)	November 8	14:00	2.00 - 2.25	9	0	Roughly Balanced
8)	December 19	14:00	2.25 - 2.50	10	0	Roughly Balanced

Related Information

- 21) [US Treasuries Daily Yield Curve | GC](#) »
- 22) [FOMC Statements and Minutes | FOMS](#) »
- 23) [Federal Reserve Website](#)
- 24) [Fed Speech Calendar | ECO](#) »
- 25) [Historical Rates and Bias | NSN](#) »
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- 29) [Fed Fund Implied Probability | WIRP](#) »
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- 31) [FOMC Dot Plot | DOTS](#) »
- 32) [Bloomberg Fed Spectrometer | NSN](#) »
- 50) [News Headlines | CN](#) »

- 51) [U.S. INSIGHT: GDP Data Quirk to Contribute to Fed Patience](#) BI 08:12
- 52) [U.S. REACT: GDP Whistles Past Graveyard Amid Inventory Glut \(1\)](#) BI 02/28
- 53) [U.S. PREVIEW: Consumers Still to Rule 4Q GDP Despite Slump \(1\)](#) BI 02/28
- 54) [U.S. REACT: Powell to Congress - Economy Strong, Fed Independent](#) BI 02/26

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2019 FOMC Calendar

GRABA

FOMC Activities

Calendar 2019

	Announcement Date	Time	Rate (%)	For	Against	Policy Concern
1)	January 30	14:00	2.25 - 2.50	10	0	--
2)	March 20	14:00	--	--	--	--
3)	May 1	14:00	--	--	--	--
4)	June 19	14:00	--	--	--	--
5)	July 31	14:00	--	--	--	--
6)	September 18	14:00	--	--	--	--
7)	October 30	14:00	--	--	--	--
8)	December 11	14:00	--	--	--	--

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What This Means to You

- Monitor cash flows – stay invested
 - Follow credit quality/Florida Statutes 218.415 Local government investment policies (2):
 - INVESTMENT OBJECTIVES.—[...] Investment objectives shall include **safety** of capital, **liquidity** of funds, and investment **income**, *in that order*.
 - Ladder/stagger maturities and call risk
 - Consistent action, adherence to policy works all scenarios well: flat, rising, falling interest rates

[emphases added]

Resources

Wall Street Journal Online U.S. Treasury Yields

http://online.wsj.com/mdc/public/page/mdc_bonds.html?refresh=on

U.S. Department of the Treasury

<http://www.treasury.gov/Pages/default.aspx>

Securities Industry & Financial Markets Association (SIFMA)

<http://www.investinginbonds.com/>

Board of Governors of the Federal Reserve System

<http://www.federalreserve.gov/>

News and Market Information

Real Clear Markets (*news aggregator*)

<http://www.realclearmarkets.com/>

Business Insider (*news aggregator*)

<http://www.businessinsider.com/>

ZeroHedge (*news aggregator*)

<http://www.zerohedge.com/>

Thank You

For additional information,
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Questions?

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