

# IPAIT BULLETIN

JUL 2018

## FUNDAMENTALS SHOULD WIN THE DAY BUT RHETORIC HAS THE MINUTE

Financial market volatility still remains in play as the markets continue to decipher the long term effects of tax stimulus, trade concerns and related rhetoric, and possible wage pressures. However, the economy is showing strong resilience.

Consumer activity, which represents approximately two-thirds of the U.S. Gross Domestic Product (GDP), has displayed confidence and strength in this economy. Consumer spending and home buying have remained strong, and the housing supply remains tight. However, consumer saving is a relatively low rate of 3 percent, which suggests people are spending their income. Labor markets are strong with approximately 3.8 percent unemployment, and we are starting to see the potential foundation for wage growth. First quarter corporate earnings were up nearly 25 percent and revenues were up 8 percent, which is high relative to an average earnings increase of 6 percent for the period of 2010-2018 .

The Federal Reserve (Fed) raised rates again in June and is continued to be expected to do so one to two more times in 2018. These moves are pushing up short term interest rates while longer term rates have been more sluggish to move

higher. The difference between short term and long term rates has narrowed to levels not seen in nearly a decade and is driving more investors to shorter-term securities. We believe this flattening of the yield curve is likely to slow in the coming quarters. Market participants are closely watching for signs that the Federal Reserve may raise rates at a different pace than anticipated due to changes in the economy or inflation.

While China is the largest overall trading partner and garners the most news attention, Canada and Mexico are both nearly as large and receive more U.S. exports. For this reason, discussions around NAFTA are impactful to U.S. markets. Canada's retaliatory tariffs were effective July 1 and Mexico is discussing adding duties to pork. Meanwhile, China is expected to impose a new 25 percent tax on soybeans in July. The overall magnitude of the tariffs announced is very small relative to the overall U.S. economy. The potential risk is that further retaliatory tariffs and other barriers to commerce may be put into place which may have far wider implications.

There are several risks to the economy, including trade concerns, unexpected inflation, diminishing global growth, and yield curve flattening. While risks abound as always, we remain optimistic for the economy for the remainder of the year.

Submitted by Miles Capital, Investment Advisor to IPAIT Diversified Fund

Market commentary presented herein reflects our opinion as of the date of this material, is subject to change without notice, and is provided for information purposes only.

## INVESTMENT YIELD SUMMARY

(7-Day Average)  
AS OF 7/5/18  
1.68%

For current rates, a 12-month history of our daily rates, or investment assistance, please visit our website or call us toll free. The above daily rate is calculated based on a 365-day annualized factor.

Past performance does not guarantee future results.

# 2018 3<sup>RD</sup> QUARTER UPCOMING EVENTS & ABOUT IPAIT

## EVENTS

Aug. 22-24 – ISAC Annual Conference

Sept. 12-14 – ILC Annual Conference

## HOLIDAYS

Fund closed to transactions and participant inquiries:

Monday, September 3 – Labor Day

Monday, October 8 – Columbus Day

## ABOUT IPAIT

IPAIT was established in 1987. IPAIT's unique, internet-based proprietary reporting system offers real-time account inquiry, and transaction capabilities via the internet. Participants may invest, withdraw funds, check balances and transaction history, and make vendor payments with this service. There is also toll-free phone access to experienced administrators who can personally assist you with any IPAIT-related inquiry.

There is no limit on the number of individual accounts, no minimum balance requirement, and no limits on the number of transactions per month. Please contact us today to learn more about the additional benefits IPAIT has to offer you.

## CONTACT



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## GO GREEN—INVEST WITH IPAIT

In today's society, going green is the new norm. By now, most folks have that tinge of guilt when simply throwing something in the trash that could've gone in recycling; most can relate to this feeling. However, you might ask, why is this subject being brought up in an IPAIT newsletter? We want to help you avoid that exact guilt through a couple of different ways that we also promote going green.

### GOING GREEN—TRADITIONAL

As referenced above, when one thinks of going green, it typically refers to saving the planet by recycling its resources. Believe it or not, IPAIT can help. Many public entities purchase local Iowa bank certificates of deposit for investment. Those that do this know there is a paper trail with the purchase and maturity. Not only is there a major paper shuffle, but that paperwork needs to be processed and sent on. The net effect is another task to deal with, along with more paper stacked on your desk, which if it looks anything like mine, it doesn't need more paper.

Buying a CD through IPAIT can help solve this since there really isn't any paperwork involved. If one decides to buy a CD, the process is fairly simple and goes like this: for protection, IPAIT verifies the purchase via a phone call or email. The administrator then follows-up with an email confirmation regarding the terms of the purchase. Once the investment settles, the purchaser can see it in their online account. No paper and no hassle. In fact, I wouldn't be surprised if most are starting to feel greener while reading this.

### GOING GREEN—MONETARILY

Our goal is to not only do our part in saving the planet, but also to help your organization "see" green by maximizing your cash and reserves returns. "How can IPAIT help us do that?" you may ask. We have a dedicated team that has relationships with over 300 banks in the state of Iowa, knowing which banks are looking for public fund deposits. Those relationships yield many possible options for your funds. We typically offer very competitive market rates for Iowa CDs. Will we always offer the highest rate? No, but having us as an option can, in essence, multiply your options.

So, when you are thinking about investing in a CD, think IPAIT and go green; save yourself the paperwork shuffle and attain the highest rate possible.

**DAN ZOMERMAAND**

Marketing Consultant | PMA Financial Network, Inc., IPAIT Fund Marketer