



IOWA PUBLIC AGENCY  
INVESTMENT TRUST

# IPAIT BULLETIN

FEBRUARY 2017

## U.S. ECONOMY CONTINUES TO STRENGTHEN AS INVESTORS AWAIT FISCAL POLICY DECISIONS

Economic data continued to trend positively during the quarter while markets focused on the U.S. presidential elections. In the weeks leading up to the election, volatility crept close to post-Brexit levels but subsequently fell to the lowest levels of the year after the results were in. After the initial reaction, investors began to position portfolios for fiscal policy that the consensus anticipates being growth-oriented and inflationary. These expectations, in conjunction with strong third quarter corporate earnings, drove equity markets to record highs and have led to higher interest rates.

The Fed met twice during the quarter and voted to raise the Federal Funds rate by 0.25 percent at the December meeting. The Summary of Economic Projections released with the December Fed minutes revealed that expectations for intermediate term GDP growth and inflation remained steady quarter-over-quarter, while unemployment is expected to fall modestly. As outlined in the "dot plot", which depicts the Fed's expectations of future Fed Funds rates, the anticipated pace of additional rate hikes has

increased with the board now anticipating three hikes in 2017, up from two in the September projection.

The U.S. consumer continues to have an optimistic outlook on the economy with confidence reaching the highest level since 2001 on lower unemployment and robust equity gains. The jobs market continued to tighten. The unemployment rate dropped to 4.6 percent putting upward pressure on incomes and leading to continued growth in personal consumption. Measures of strength within manufacturing and services sectors have also followed suit and are at levels which reflect an economy that is expanding. The Case-Shiller National Housing Index reached an all-time high in October, a 5.6 percent increase over the prior year, however higher interest rates have begun to modestly affect the housing market with building permits, new starts and mortgage applications down month-over-month.

U.S. GDP growth rate for the third quarter finished at 3.5 percent, a modest increase from the second quarter. As the consumer remains strong and corporate results indicate that the earnings recession has begun to turn, expectations for future GDP growth are positive. Consistent with this data and our longer-term view, we continue to believe we will see a fairly stable GDP growth rate of 2 to 2.5 percent in the coming quarters. While not robust, U.S. growth continues to be favorable compared to most developed countries.

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## INVESTMENT YIELD SUMMARY

(7-Day Average)  
AS OF 01/24/17  
**0.277%**

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.*

Fund Inquiries: T (800) 872-4024 | [www.IPAIT.org](http://www.IPAIT.org)

Fixed Term Automated (FTA) Quotes: T (800) 872-4024 | F (866) 260-0246 | [fixedrate@miles-capital.com](mailto:fixedrate@miles-capital.com)

# EXCELLENT CLIENT SERVICE

At IPAIT our goal is to provide excellent client service. We believe client service comes in the form of our people and our systems. During 2016, we worked on the redesign of the IPASonline system and rolled it out to IPAIT participants in early November. We appreciate your cooperation as you become accustomed to the new look and navigation. We hope you enjoy the new features and continue to value the repeated features.

As important as systems are in our service delivery, providing easy transaction entry, statement retrieval, and historical activity viewing to name a few; it is the people that we believe make our client service excellent. Our service team is led by Anita Tracy who has been working with IPAIT since 1995. Many of you have talked to Anita for multiple years and sometimes multiple times per month. Every so often we are able to get her to the IPAIT booth at your conferences so you can put a face with the voice. You could say that delivering excellent client service is in Anita's blood. She will go above and beyond to make your experience with IPAIT easy, productive, and pleasant. If you have ever worked with Anita, you already know that.

Something you may not know about her is that she used to be adventurous and often went rock climbing in Colorado prior to having children. Her two sons, a freshman and senior in high school, along with her husband and two dogs keep her busy outside the office. She enjoys cooking and entertaining along with sports at all levels.

We appreciate your continued support of the IPAIT program and are always open to your feedback as we strive to continuously improve IPAIT.

Please contact your IPAIT representative at (800) 872-4024 for any assistance in this review.

## EVENTS

### February 7-8

IAMU Business & Financial Conference

### March 9-10

ISAC Spring School of Instruction

### March 23-24

IAMU Broadband Conference

## HOLIDAYS

Fund closed to transactions and participant inquiries.

### Monday, January 2

New Years Day

### Monday, January 16

MLK

### Monday, February 20

Presidents' Day

## IPAIT'S SPONSORING ASSOCIATIONS

Iowa Association of Municipal Utilities  
1735 NE 70th Avenue  
Ankeny, IA 50021-9353  
[www.iamu.org](http://www.iamu.org)



**Iowa Association  
of Municipal Utilities**

Iowa League of Cities  
500 SW 7th Street, Suite 101  
Des Moines, IA 50309  
[www.iowaleague.org](http://www.iowaleague.org)



Iowa State Association of Counties  
5500 Westown Parkway, Suite 190  
West Des Moines, IA 50266  
[www.iowacounties.org](http://www.iowacounties.org)



## IPAIT DISCLOSURES

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.

An investment in the Fund is not insured or guaranteed by the FDIC or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00/share, it is possible to lose money by investing in the Fund. This newsletter must be accompanied by the Information Statement prior to investing. The Information Statement is available at [www.IPAIT.org](http://www.IPAIT.org).

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.

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