

Session

Forecasting the Future: What's in Store for Public Fund Investors

John Payne

Deputy Treasurer,
Clark County, Washington

Mark Vitner

Managing Director & Senior Economist
Wells Fargo Securities, LLC

Michael Chriszt

Assistant Vice President, Research Department
Federal Reserve Bank of Atlanta

Bob Eichem

Director of Finance / Acting Executive Director of Administrative Services
City of Boulder, Colorado

- I. Introduction
- II. Discussion of the national economy performance
- III. Discussion on the regional level economy performance
 - A. Focus on southeastern US
 - B. Southeast region's economic performance has improved, the region continues to lag behind the nation
 - C. Construction at historical low levels
 - D. Labor market indicators also remain impaired as the region has not participated in significant job creation.
 - E. Financial services industry remains under stress
 - F. The region's longer-term outlook is quite positive
 - G. Focus on Canada
 - H. Canada entered the global financial crisis and recession in better shape than most other countries.
 - I. Canada has benefitted more recently by the increase in demand for raw materials.
- IV. What will be covered
 - A. How to make sense out of all of this data.
 - B. What does it mean for the portfolio?
 - C. How to get the message across to your community, policy makers, senior management, and departments in lay terms.
- V. Making sense of the economic data
 - A. When you work among experts
 - B. Local government finance – people of many hats. Focus today on our treasury hat and the use of economic data.
 - i) Interest rates, cash flows, debt management
 - ii) How many copies of *Investing Public Funds* have you worn out?
 - iii) Prepare a formal investment outlook (p. 238 IPF)
- VI. What does it mean to my entity's portfolio?
 - A. Interest rates are going higher and expect them to continue to do so within the next year. However, we do not know when they will start upward.
 - B. Still a great amount of uncertainty in the financial markets - are we at the tipping point?
 - C. Rates move up fast: unrealized losses and stuck with low rates
- VII. Getting the message across
 - A. Document the basis of your projections.
 - B. Provides openness and transparency in determining direction taken for investments.

- C. You may be wrong but you had a plan
- VIII. Examples of putting it to use
- A. Headwinds and tailwinds
 - B. Signs of an economic spring
 - C. The story of a fire training center