



Louisiana Asset Management Pool, Inc.

## TheNEWS

### An Exciting Year for LAMP: Let's Recap!

We are one month into 2018 and experiencing steady growth from the prior year. Let's look at the economic factors that impacted LAMP yield and recap the successful year that 2017 was for the program.

#### Top Economic Drivers of Increased Yield in 2017

##### 1. Three Federal Open Market Committee (FOMC) Rate Hikes

The Federal Funds target rate was raised three times (March, June, and December), starting the year at 0.50% - 0.75% and ending at 1.25% - 1.50%. The FOMC's December dot plot indicated three potential rate hikes for 2018 based on the strength of the labor market and optimism that inflation will rise over the medium term.

##### 2. Over Two Million Jobs Added in 2017

The unemployment rate dipped from 4.8% to 4.1% over the course of 2017. Non-farm payrolls added just over two million jobs in 2017, falling short of 2016's growth but proving to be more than enough to put downward pressure on the unemployment rate and further tighten the labor market.

##### 3. Stronger Economic Growth

The U.S. economy grew approximately 2.5% percent in 2017. Optimism regarding synchronized global growth and the impact of the Tax Cuts & Jobs Act have the markets optimistic that the U.S. economy can continue to grow at a healthy pace in 2018.

##### 4. Positive Consumer Sentiment

Strength in the housing market, a tightening labor market, and record high stock prices have lifted consumer sentiment. With roughly two-thirds of the GDP derived from consumer spending, a healthy consumer has led to a healthy economy.

##### 5. Low Market Volatility

With the FOMC striving for maximum transparency, the stock and bond markets remained remarkably calm over the course of 2017. Stability in the financial markets have made the FOMC's job a bit easier (for now).

While growth in the economy has certainly made things exciting, the LAMP program also experienced steady growth in 2017. Safety, performance, and growth in Participation highlight the successful year.

#### What's Next?

As we ramp up for another successful year, LAMP anticipates additional rate increases, fund growth, and continued success, largely in part to the continued participation of the many program participants throughout the state. LAMP continues to keep the safety of your investments the top priority and positions the program as a smart investment choice in a rising rate environment.

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## The **ECONOMY**

### January Data Bullish; Potentially Too Much of a Good Thing

The continued strength in the U.S. macroeconomy triggered some unexpected volatility in the equity market during the first week of February. Paradoxically, several days of market weakness were attributed to the fear that an accelerating economy would trigger more restrictive action from the Fed and its new Chairman Jerome Powell. It should be noted, however, that recent history suggests market volatility is to be expected with the appointment of a new Fed Chair.

The view that the macroeconomy is enjoying a period of robust growth is supported by January's economic reports; however, the bullish sentiment was slightly tempered by subsequent reports. For many market participants, the sell-off in stocks may have been welcomed as it signaled that sobriety is returning to an equities market that has reached historic highs, both in absolute and relative terms.

On the positive side, January's early economic readings were quite bullish. The Purchasing Managers' Index (PMI), which is regarded as a forward indicator of GDP, continued its upward climb with the service industry expanding the most in a decade. In addition, the labor market continues to tighten and wages appear to be accelerating. The lack of wage inflation has allowed the Fed to have patience in raising its benchmark rate. However, the current trend may compel the Fed to pick up its pace.

As the month continued, there were modest offsets to the highly constructive data. Existing home sales and new home construction both showed meaningful, albeit modest, negative changes. Initial jobless claims exceeded estimates, but the unemployment rate remained unchanged (which may be explained by an increasing workforce participation rate). Headline retail sales also fell slightly short of expectations and were halved from December. Consumer sentiment declined month-over-month to 94.4 from 95.9 respectively.

Going forward, investors will remain focused on the number of Fed rate increases in 2018. As it stands, the biggest variable seems to be the rate of inflation in the economy.

### Treasury Yields

MATURITY	2/5/18	1/5/18	CHANGE
3 Month	1.476%	1.394%	0.082%
6 Month	1.615%	1.576%	0.039%
1 Year	1.832%	1.793%	0.039%
2 Year	2.024%	1.960%	0.064%
3 Year	2.182%	2.060%	0.122%
5 Year	2.437%	2.289%	0.148%
10 Year	2.706%	2.476%	0.229%
30 Year	3.006%	2.811%	0.196%

Source: Bloomberg

### Agency Yields

MATURITY	2/5/18	1/5/18	CHANGE
3 Month	1.446%	1.408%	0.038%
6 Month	1.557%	1.485%	0.092%
1 Year	1.746%	1.643%	0.103%
2 Year	2.098%	2.022%	0.076%
3 Year	2.261%	2.144%	0.117%
5 Year	2.521%	2.348%	0.173%

Source: Bloomberg

### Commercial Paper Yields (A-1/P-1)

MATURITY	2/5/18	1/5/18	CHANGE
1 Month	1.620%	1.520%	0.100%
3 Month	1.770%	1.670%	0.100%
6 Month	1.950%	1.840%	0.110%
9 Month	2.120%	1.970%	0.150%

Source: Bloomberg

### Current Economic Releases

DATA	PERIOD	VALUE
GDP QoQ	Q4 '17	2.60%
US Unemployment	Jan '18	4.10%
ISM Manufacturing	Jan '18	59.10
PPI YoY	Dec '17	3.30%
CPI YoY	Dec '17	2.10%
Fed Funds Target	Feb 07 '18	1.25% - 1.50%

Source: Bloomberg

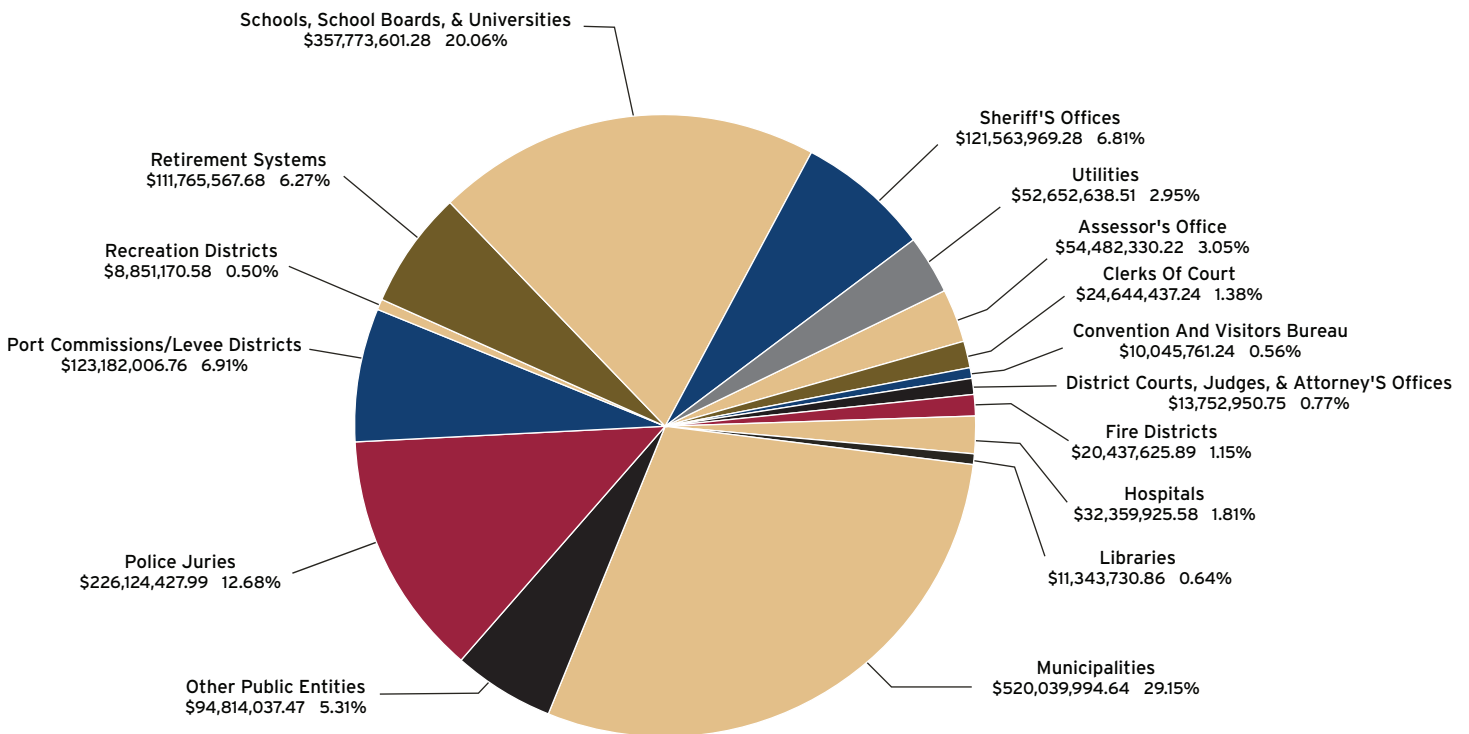
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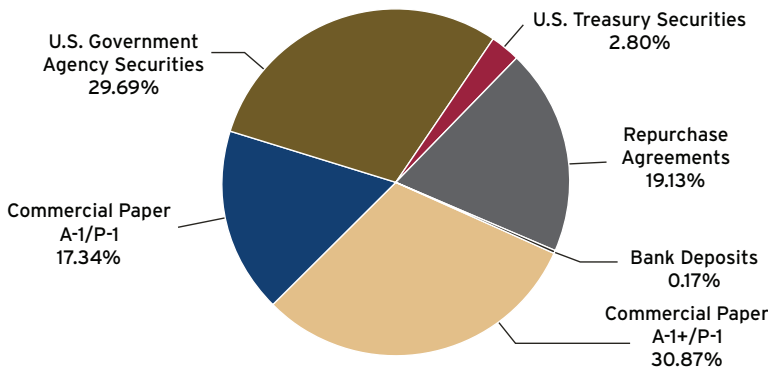
# The **FUND**

## Fund Highlights as of January 31, 2018 (Unaudited)

### Participant Breakdown



### Portfolio Breakdown



Month	Avg Yields**	Month Ending Net Assets
Nov-17	1.12%	\$1,453,472,555
Dec-17	1.23%	\$1,483,041,455
Jan-18	1.36%	\$1,783,703,328

\*\* Average monthly yield

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