



Louisiana Asset Management Pool, Inc.

TheNEWS

Understanding Commercial Paper

The commercial paper (CP) market has evolved over time, originating as a short-term funding mechanism for large, non-financial corporations and has since developed into a systematically important financing segment of the global economy. CP has provided a way for issuers to efficiently manage current account cash flows such as operating expenses, inventories, and receivables, and the global economy as a whole has benefitted from the maturation of the CP market. From ensuring employees are paid in a timely manner to supporting international trade, CP financing provides a valuable source of funding that keeps costs down and aids the economy in reaching its full potential.

What is Commercial Paper?

Commercial paper can be a low-cost alternative to a traditional bank credit line. In many cases, it is cheaper for corporations to rely on CP as opposed to accessing and drawing on their bank's line of credit, allowing established corporations with high credit ratings a cheaper funding source. Either way, CP can enter the marketplace through a broker while direct CP issuers, often financial or banking companies, are able to access the market without using an intermediary.

Put simply, CP is akin to a credit card designed for large, financially stable companies. Sometimes, these companies have cash needs and sometimes they do not. Going to the CP marketplace provides an efficient way to

borrow money on a short-term basis with the understanding that it will be repaid with interest in the future.

Why Does Commercial Paper Matter?

Commercial paper makes a difference to the corporations that fund their flow of goods and services and payrolls on a weekly, monthly, and/or quarterly basis. It also benefits short-term investors by providing a safe, liquid alternative with enhanced returns. When you add up the benefits, CP is clearly good for the economy as it facilitates growth by bridging short-term capital needs.

While the CP market ebbs and flows, it can often be strained by market volatility, money fund activity, or traditional investor appetites for product. Over time and in the wake of the financial crisis, the volume of outstanding CP has steadily fallen and is often refinanced daily, adding to the burden of those intermediaries that play the vital role in facilitating our free market economy.

Like any investment, there are risks; but when CP is properly utilized and evaluated, a sound credit process, like the one at LAMP, can eliminate much of the risk. For more on commercial paper, including an introduction to asset-backed commercial paper, and our thoughts on the vital role it plays in the economy, please [click here](#) to download the Public Trust Advisors, LLC white paper, "Commercial Paper Demystified."

The information presented should not be used in making any investment decisions and is not a recommendation to buy, sell, implement, or change any securities or investment strategy, function, or process. Any financial and/or investment decision should be made only after considerable research, consideration, and involvement with an experienced professional engaged for the specific purpose. All comments and discussion presented are purely based on opinion and assumptions, not fact. These assumptions may or may not be correct based on foreseen and unforeseen events.



The **ECONOMY**

P is for Patience, Not Panic

Fourth quarter GDP growth was revised downward from 2.60% to 2.20%, yet persistently tight labor market conditions continue to exhibit the U.S. economy's resilience in the face of slowing global growth and geopolitical uncertainties. The unemployment rate remains low at 3.80%, consistent with the downward drift in initial jobless claims that reported its lowest level since 1969 in the week ended March 30, 2019.

The markets continue to keep a close eye on developments pertaining to trade negotiations and Brexit. President Trump recently addressed the public, asserting his confidence that a trade deal with China will be finalized within the next four to six weeks. Meanwhile, the minute hand of Big Ben continues to count down on the U.K. as Parliament continues to fail in finding a path forward for Brexit, elevating the risk of a no-deal exit and a general election. While the Eurozone economy has been slowing for several months, recent retail sales figures support solid fundamentals suggesting a 2019 Eurozone recession is far from imminent.

With respect to monetary policy, the FOMC voted unanimously on March 20, 2019, to hold the Federal Funds Target Rate steady at 2.25% to 2.50%. Chairman Powell reiterated January's dovish language that the Fed will remain "patient" amid "global economic financial developments and muted inflation pressures." Fed Funds Futures imply markets are priced for a bit more than one cut in 2019; however, FOMC members remain distant from suggesting that a rate cut will be necessary by the close of this year.

Treasury yields continue to grind tighter as Fed officials reiterated their commitment to patience. Inversion of the yield curve may be the only recessionary signal of concern at present. March marked the first time since 2007 that yields on ten-year Treasury notes fell below those of three-month T-bills. Curve inversion would likely need to be sustained for some duration before the Fed shifts its stance on the current trajectory of monetary policy.

Treasury Yields

MATURITY	4/4/19	3/6/19	CHANGE
3-Month	2.378%	2.451%	-0.073%
6-Month	2.446%	2.522%	-0.076%
1-Year	2.400%	2.530%	-0.130%
2-Year	2.337%	2.516%	-0.179%
3-Year	2.292%	2.494%	-0.202%
5-Year	2.320%	2.499%	-0.179%
10-Year	2.515%	2.693%	-0.178%
30-Year	2.920%	3.071%	-0.151%

Source: Bloomberg

Agency Yields

MATURITY	4/4/19	3/6/19	CHANGE
3-Month	2.391%	2.402%	-0.011%
6-Month	2.444%	2.486%	-0.042%
1-Year	2.467%	2.541%	-0.074%
2-Year	2.381%	2.538%	-0.157%
3-Year	2.351%	2.536%	-0.185%
5-Year	2.407%	2.611%	-0.204%

Source: Bloomberg

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

MATURITY	4/4/19	3/6/19	CHANGE
1-Month	2.490%	2.420%	0.070%
3-Month	2.560%	2.550%	0.010%
6-Month	2.600%	2.610%	-0.010%
9-Month	2.610%	2.690%	-0.080%

Source: Bloomberg

Current Economic Releases

DATA	PERIOD	VALUE
GDP QoQ	Q4 '18	2.20%
US Unemployment	Mar '19	3.80%
ISM Manufacturing	Mar '19	55.30
PPI YoY	Feb '19	0.50%
CPI YoY	Feb '19	1.50%
Fed Funds Target	Apr 5, 2019	2.25% - 2.50%

Source: Bloomberg

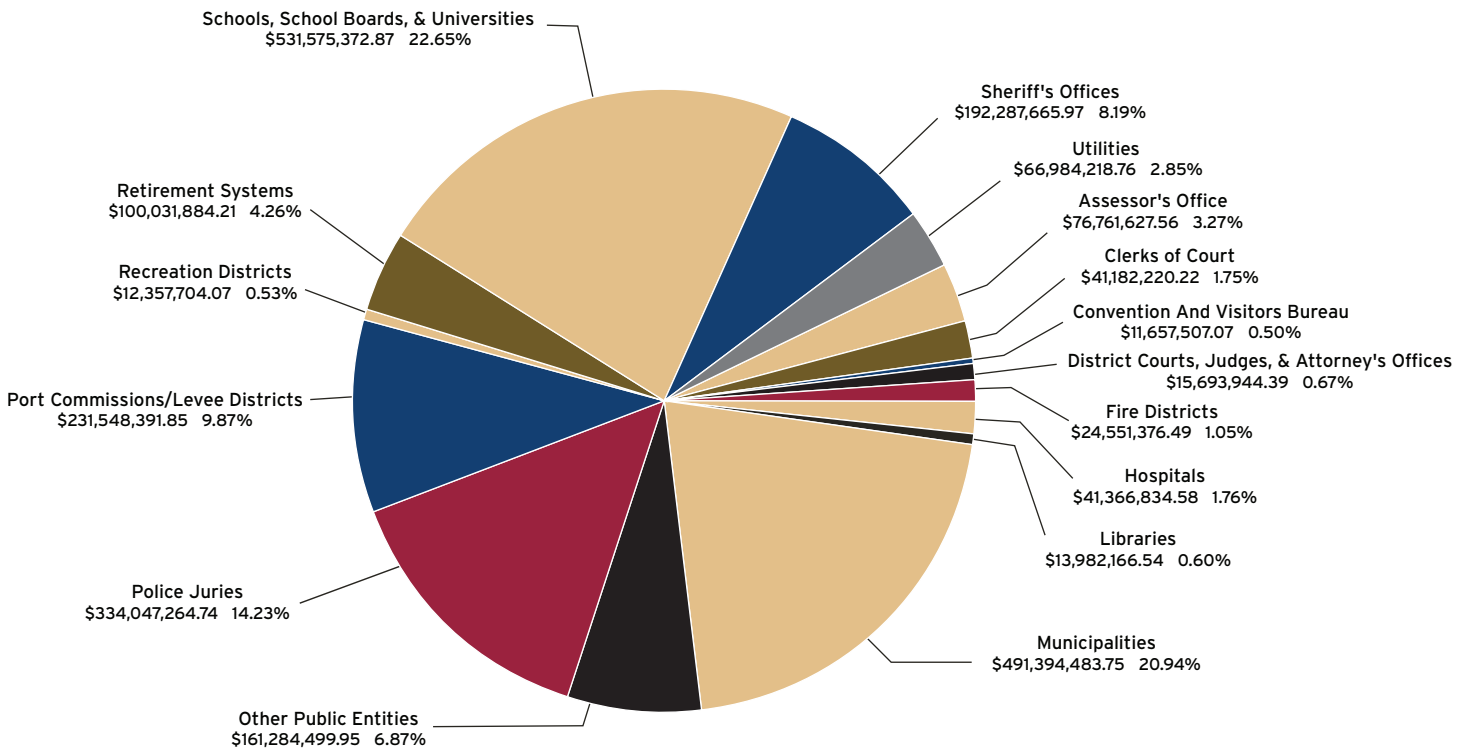
Data unaudited. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. All comments and discussions presented are purely based on opinion and assumptions, not fact. These assumptions may or may not be correct based on foreseen and unforeseen events. The information presented should not be used in making any investment decisions. This material is not a recommendation to buy, sell, implement, or change any securities or investment strategy, function, or process. Any financial and/or investment decision should be made only after considerable research, consideration, and involvement with an experienced professional engaged for the specific purpose. Past performance is not an indication of future performance. Any financial and/or investment decision may incur losses.



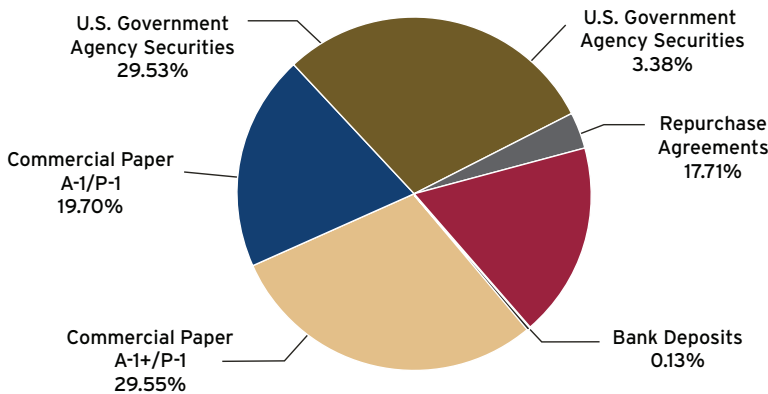
The **FUND**

Fund Highlights as of March 31, 2019 (Unaudited)

Participant Breakdown



Portfolio Breakdown



Month	Avg Monthly Yields	Month Ending Net Assets
Jan-19	2.45%	\$2,231,074,874
Feb-19	2.48%	\$2,327,770,953
Mar-19	2.48%	\$2,345,040,110

Data may not equal 100% due to rounding. Performance results are shown net of all fees and expenses and reflect the reinvestment of dividends and other earnings. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. Data Unaudited. All comments and discussion presented are purely based on opinion and assumptions, not fact. These assumptions may or may not be correct based on foreseen and unforeseen events. The information above is not a recommendation to buy, sell, implement, or change any securities or investment strategy, function, or process. Any financial and/or investment decision should be made only after considerable research, consideration, and involvement with an experienced professional engaged for the specific purpose. **Past performance is not an indication of future performance. Any financial and/or investment decision may incur losses.**