



Louisiana Asset Management Pool, Inc.

## TheECONOMY

### Animal Spirits Rising

At present, uncertainty seems to be the only consistent theme for economic and market prognosticators. Will the Fed continue its recent trend and lower rates for the third time this year? When will the current economic expansion, currently the longest in U.S. history, come to an end? Although the data remains fairly strong, business operators and investors are increasingly skittish due to fear of negative surprises, unexpected government actions, and Presidential tweets. Sentiment is trumping fundamentals (pun intended).

One example is the recent Institute for Supply Management (ISM) Purchasing Managers' Index (PMI) report that posted a reading of 49.1 for August. If the measure is 50 or above, the manufacturing sector is said to be in expansion with below 50 suggesting contraction. This is the first reading below 50 under the current administration, and it was announced two days after a pronounced escalation of the U.S.-China trade war. The reading contributed to a 1.1% decline on the Dow Jones Industrial that day.

Within this climate, negative sentiment is turning fear into reality. According to the University of Michigan's August survey of consumer sentiment, which fell to its lowest level since fall of 2016, 33% of respondents mentioned that the U.S.-China trade war and tariffs are negatively impacting their views. Whether this is perception or reality is irrelevant; consumer spending drives approximately 70% growth in GDP so any concern will eventually be felt throughout the economy.

Despite uncertainty in the economy, the Fed will remain data-dependent and focus on its dual mandates of full employment and stable prices. Unemployment is currently at 3.7%, the lowest level since December of 1969. Inflation (as measured by core PCE) grew 1.6% year-over-year, well below the Fed's 2% target. Under the scope of offsetting data, the recent announcement of a second 25-basis point cut in the Fed Funds Rate shows the desire of the FOMC to continue to provide support to the U.S. economy. The real question lies in if these and future actions can offset the increasingly dour sentiment that will eventually flow into the data thereby turning perception into reality.

### Treasury Yields

MATURITY	9/9/19	8/9/19	CHANGE
3 Month	1.880%	1.986%	-0.106%
6 Month	1.867%	1.945%	-0.078%
1 -Year	1.760%	1.786%	-0.026%
2 -Year	1.593%	1.647%	-0.054%
3 -Year	1.533%	1.591%	-0.058%
5 -Year	1.499%	1.579%	-0.081%
10 -Year	1.644%	1.745%	-0.101%
30 -Year	2.128%	2.259%	-0.131%

Source: Bloomberg

### Agency Yields

MATURITY	9/9/19	8/9/19	CHANGE
3 Month	2.010%	2.022%	-0.012%
6 Month	2.009%	2.030%	-0.021%
1 -Year	1.931%	1.975%	-0.044%
2 -Year	1.639%	1.677%	-0.038%
3 -Year	1.574%	1.627%	-0.053%
5 -Year	1.569%	1.656%	-0.087%

Source: Bloomberg

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

MATURITY	9/9/19	8/9/19	CHANGE
1 Month	2.100%	2.150%	-0.050%
3 Month	2.100%	2.150%	-0.050%
6 Month	2.040%	2.090%	-0.050%
9 Month	1.950%	2.010%	-0.060%

Source: Bloomberg

### Current Economic Releases

DATA	PERIOD	VALUE
GDP QoQ	Q2 '19	2.00%
US Unemployment	Aug '19	3.70%
ISM Manufacturing	Aug '19	49.10
PPI YoY	Jul '19	0.80%
CPI YoY	Jul '19	1.80%
Fed Funds Target	Sept 19, 2019	1.75% - 2.00%

Source: Bloomberg

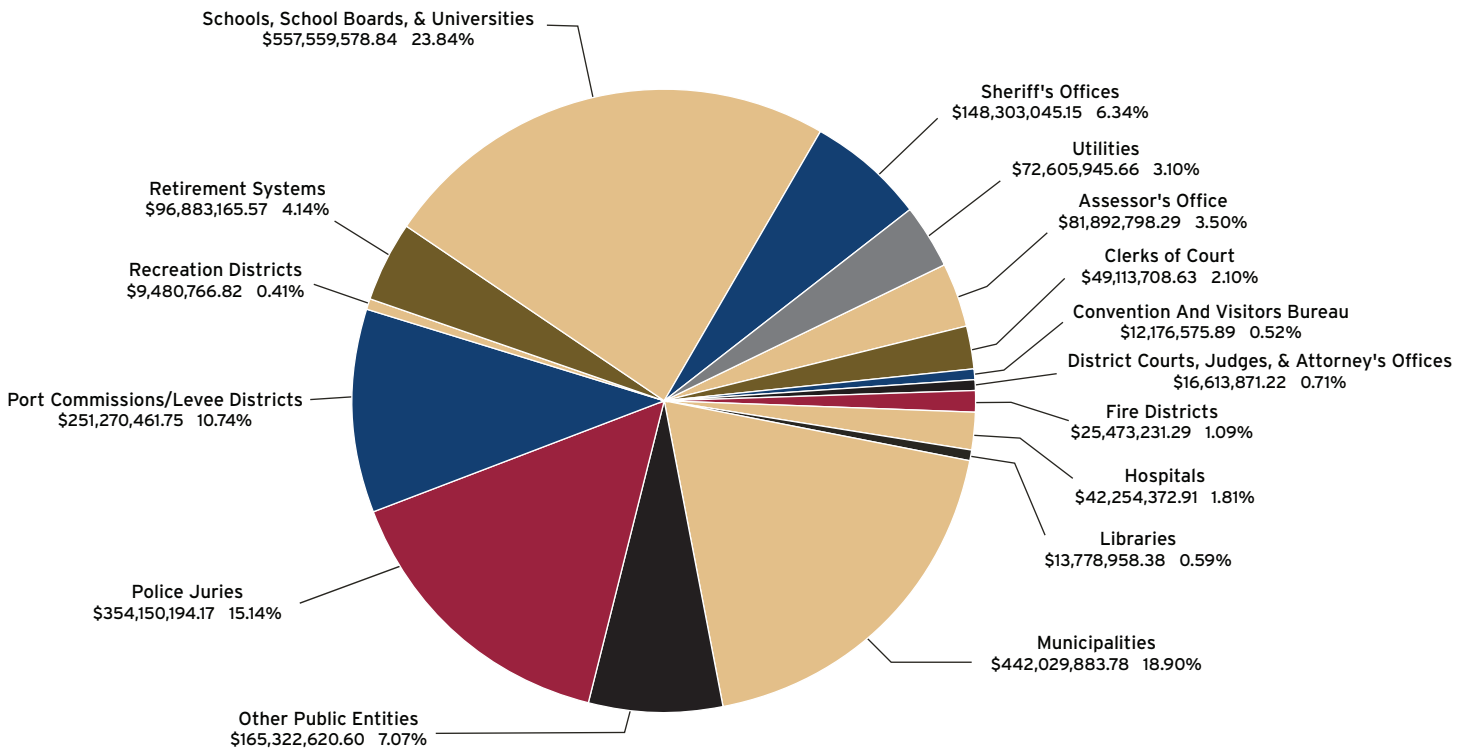
Data unaudited. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives 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 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.



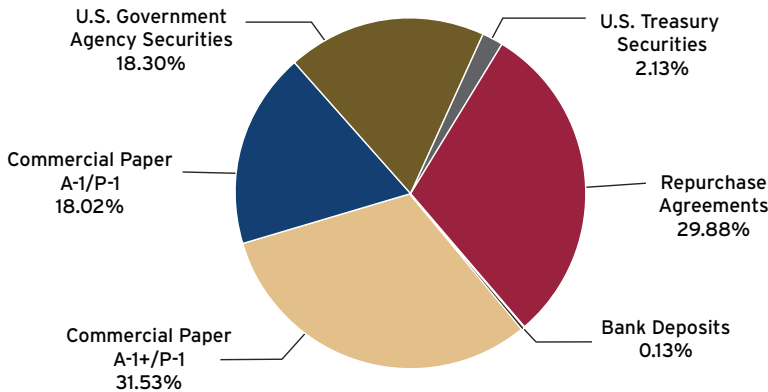
# The **FUND**

## Fund Highlights as of August 31, 2019 (Unaudited)

### Participant Breakdown



### Portfolio Breakdown



Month	Avg Monthly Yields	Month Ending Net Assets
Jun-19	2.42%	\$2,291,745,126
Jul-19	2.39%	\$2,317,482,196
Aug-19	2.20%	\$2,334,427,180

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.**