



Louisiana Asset Management Pool, Inc.

## TheECONOMY

### Cautious Optimism for a New Year

Every new year is a natural time to reflect on the events of the past 12 months and look forward to the opportunities of the year ahead. After nearly two full years of pandemic-related turmoil, 2022 begins amidst a backdrop of cautious optimism and growing hopes that the darkest days of the pandemic have passed. In 2021, the United States made great progress towards recovery and reopening even with an uneven healing process beset by recurrent outbreaks of the virus. The turn of the year brings with it a more hopeful outlook as continued vaccine progress, new therapeutic treatments, and a broadening of population immunity gain traction against what appears to be a less virulent Omicron variant.

While the brightening public health outlook is encouraging, uncertainties remain, and the still-developing economic recovery will likely face tighter financial conditions in 2022. The Federal Reserve is poised to begin unwinding its easy monetary policies this year while the resulting higher interest rates and tighter monetary conditions risk reawakening volatility in richly valued equity and fixed-income markets. Minutes from the Federal Reserve's December meeting confirmed the Fed's more hawkish policy stance that now includes a more aggressive trajectory for rate increases as well as a sooner-than-anticipated start to balance sheet runoff. Pricing in the Federal Funds Futures market now reflects an 82% implied probability of a March 2022 rate hike as well as expectations for 3.5 rate increases over the course of the calendar year.

Incoming economic data remains consistent with the more hawkish outlook for monetary policy in 2022. The Consumer Price Index (CPI) rose 7.0% on a year-over-year basis through December, marking its fastest annual pace since 1982 and underscoring the growing pressure on the Fed to raise interest rates. Similarly, the December jobs report showed the unemployment rate falling to 3.9% despite a somewhat disappointing nonfarm payroll gain of 199k that was counterbalanced by upward revisions to the prior two months. Overall, the outlook for labor markets in 2022 remains constructive as demand for workers remains robust and wages appear biased to the upside as businesses compete for scarce labor resources.

### Treasury Yields

MATURITY	01/12/22	12/9/21	CHANGE
3 Month	0.118%	0.065%	0.053%
6 Month	0.272%	0.119%	0.153%
1 -Year	0.432%	0.262%	0.170%
2 -Year	0.895%	0.688%	0.207%
3 -Year	1.210%	1.016%	0.194%
5 -Year	1.493%	1.268%	0.225%
10 -Year	1.722%	1.499%	0.223%
30 -Year	2.059%	1.876%	0.183%

Source: Bloomberg

### Agency Yields

MATURITY	01/10/22	12/9/21	CHANGE
3 Month	0.074%	0.077%	-0.003%
6 Month	0.118%	0.100%	0.018%
1 -Year	0.224%	0.161%	0.063%
2 -Year	0.947%	0.736%	0.211%
3 -Year	1.223%	1.024%	0.199%
5 -Year	1.519%	1.315%	0.204%

Source: Bloomberg

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

MATURITY	01/10/22	12/9/21	CHANGE
1 Month	0.100%	0.060%	0.040%
3 Month	0.190%	0.190%	0.000%
6 Month	0.340%	0.270%	0.070%
9 Month	0.480%	0.370%	0.110%

Source: Bloomberg

### Current Economic Releases

DATA	PERIOD	VALUE
GDP QoQ	Q3 '21	2.30%
US Unemployment	Dec '21	3.90%
ISM Manufacturing	Dec '21	58.70
PPI YoY	Dec '21	9.70%
CPI YoY	Dec '21	7.00%
Fed Funds Target	Jan 12, 2022	0.00% - 0.25%

Source: Bloomberg

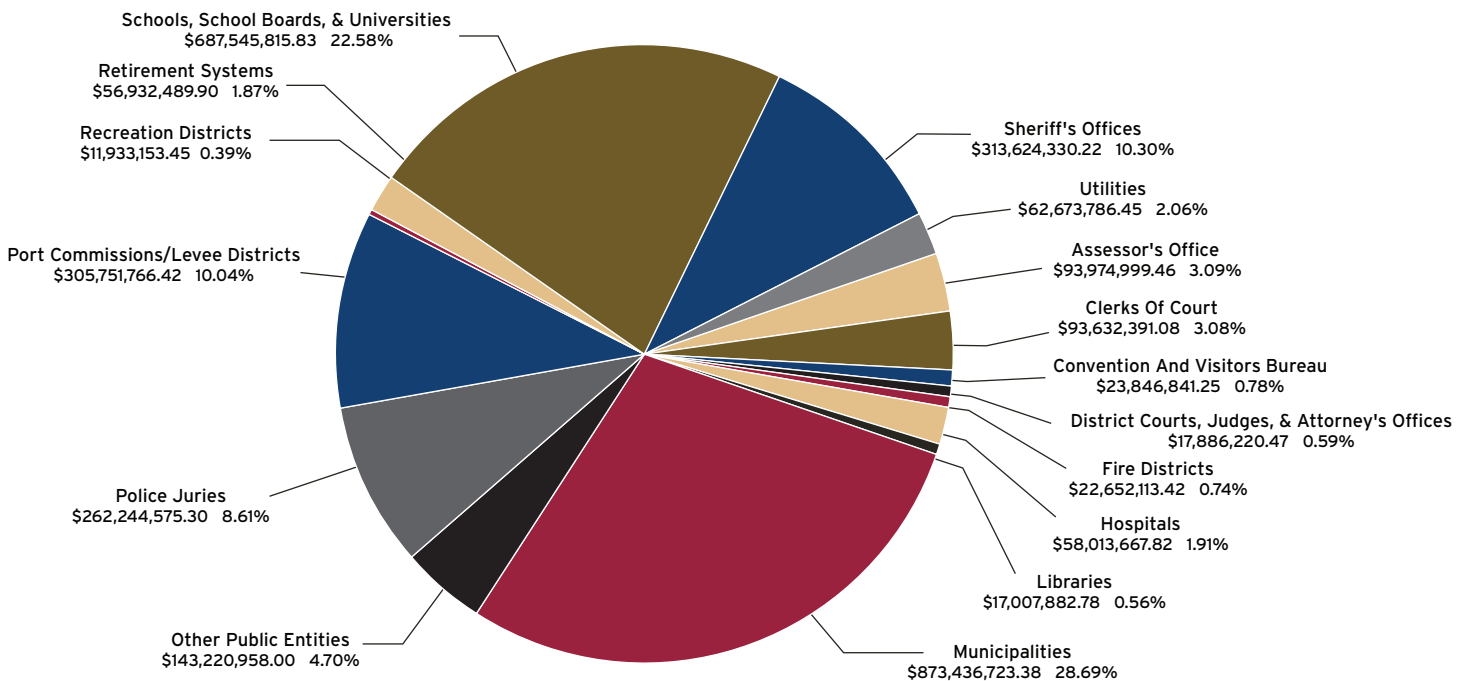
Data unaudited. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives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



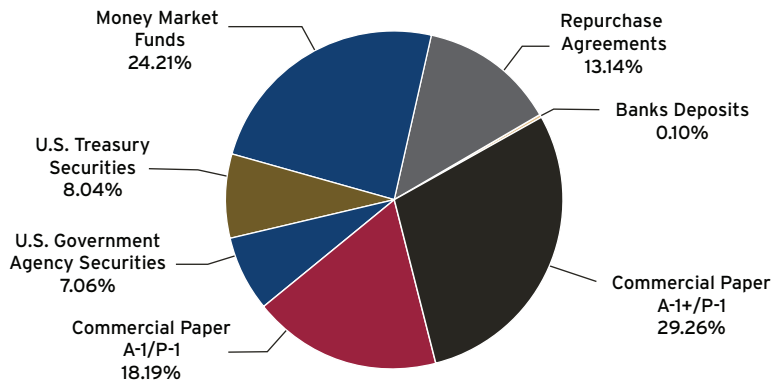
## The **FUND**

### Fund Highlights as of December 31, 2021 (Unaudited)

#### Participant Breakdown



#### Portfolio Breakdown



Month	Avg Monthly Yields	Month Ending Net Assets
Oct-21	0.04%	\$3,117,877,816
Nov-21	0.05%	\$2,963,928,812
Dec-21	0.05%	\$3,044,359,999

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.**