



# Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street  
Chicago, IL 60611

## Legislation Text

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### **TRANSMITTAL LETTER FOR BOARD MEETING OF MARCH 15, 2018**

#### COMMITTEE ON FINANCE

Mr. David St. Pierre, Executive Director

Report on the investment interest income during January 2018

Dear Sir:

Attached is a report of cash investment interest income received by the District for the month of January 2018 and a comparison of income for the same period in 2017.

The District's inventory of investments at January 31, 2018, consisted of 149 items having a total par value of \$650,995,381.60, an average annual yield of 1.507%, and total interest income to maturity of approximately \$11.2 million. Inventory figures at the same date in 2017 were of 165 items having a total par value of \$656,744,607.86, an average annual yield of 0.906%, and total interest income to maturity of approximately \$13.3 million.

#### Interest Forecast for 2018:

On December 13, 2017, the Federal Reserve raised the target range for the federal funds rate to 1.25% to 1.50%. This decision was based on a moderately positive economic outlook that considered a marked improvement in labor market conditions and confidence that inflation will rise to its 2% objective over the medium term. The timing and size of future adjustments to the target range will be determined based upon realized and expected economic conditions relative to the Fed's objectives of maximum employment and 2 percent inflation. It expects that economic conditions will evolve in a manner that will warrant further gradual increases in the federal funds rate; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run.

The District has invested its longer-term holdings in callable government agency securities and municipal bonds, which will provide a significant portion of the interest income earned in 2018. These investments pay interest twice per year; therefore, the months of January and July will provide a majority of the interest income for the year. Income earned in other months will be minimal and would relate to short-term investments maturing throughout the year to meet the operating and capital needs of the District.

Respectfully Submitted, Mary Ann Boyle, Treasurer, MAB:st

Attachment