



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

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TRANSMITTAL LETTER FOR BOARD MEETING OF NOVEMBER 5, 2020

COMMITTEE ON FINANCE

Mr. Brian A. Perkovich, Executive Director

Report on the investment interest income during September 2020

Dear Sir:

Attached is a report of cash investment interest income received by the District for the month of September 2020 and a comparison of income for the same period in 2019.

The District's inventory of investments at September 30, 2020, consisted of 224 items having a total par value of \$766,739,794.01, an average annual yield of 0.548%, and total interest income to maturity of approximately \$7.6 million. Inventory figures at the same date in 2019 were of 264 items having a total par value of \$849,226,145.55, an average annual yield of 2.131%, and total interest income to maturity of approximately \$8.6 million.

Interest Forecast for 2020:

On March 23, 2020, the Federal Reserve decided to decrease the target range for the federal funds rate to 0.00% to 0.25%. This decision was based upon the increased risk to economic activity posed by the Corona Virus. The Fed stated that after their March 3, 2020 decrease to the federal funds rate to 1.00% to 1.25%, they needed to take further action. The Fed decreased the rate on March 23, 2020 to support the flow of credit to households and businesses by addressing strains in the markets for Treasury securities and mortgaged-backed securities. The Federal Reserve does not take this decrease lightly, as these rates have not been seen since the 2008 financial crisis. However, it is necessary to continue to promote and maintain a healthy economy during this time.

Respectfully Submitted, Mary Ann Boyle, Treasurer, MAB

Attachment

