Texas Water Development Board

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Phone (512) 463-7847, Fax (512) 475-2053

TO: Board Members

THROUGH: Jeff Walker, Executive Administrator

FROM: Investment Officers

DATE: February 9, 2017

SUBJECT: Quarterly Investment Report for the period Sept. 1 – Nov. 30, 2016

Please find attached the quarterly investment report for the period ending November 30, 2016. This report has been prepared and submitted in accordance with the Public Funds Investment Act (PFIA) and the Texas Water Development Board (TWDB) Investment Policy and Strategies.

This report provides a snapshot of the portfolio at the end of the period, shows the diversification in security types, shows totals by investment fund type (including average yield and weighted average maturity), identifies significant changes from the beginning of the period to the end of the period in each investment fund type, and provides a year-to-date summary of each fund type. We have also included the Federal Reserve Bank's (FED) National Economic Outlook and Texas Economic Indicators for this period. Highlights from the FED report include:

The big FED news this quarter is the steep rise in government yields since the November election. This rise in yields has been seen in our portfolio by a decrease in the fair market value, particularly on the SWIRFT investments which are largely discount notes or zero coupon bonds. An increase in market yields means lower market prices for these types of investments. The SWIRFT investments are the investments held at BNY Mellon that were purchased with the intent to hold until their maturity, which corresponds to debt service dates on the SWIRFT bonds issued. These investments do not include the SWIFT funds which are managed and reported separately by the Texas Treasury Safekeeping Trust Company or the SWIFT cash which is part of the Treasury Pool. TWDB's decrease in the fair market value of our portfolio resulted in an unrealized loss as of Nov. 30, 2016. However, because we hold all investments to maturity, these changes do not result in any actual losses of principal to TWDB. An actual loss would result only if we sold the investment.

Our Mission

To provide leadership, information, education, and support for planning, financial assistance, and outreach for the conservation and responsible development of water for Texas

Board Members

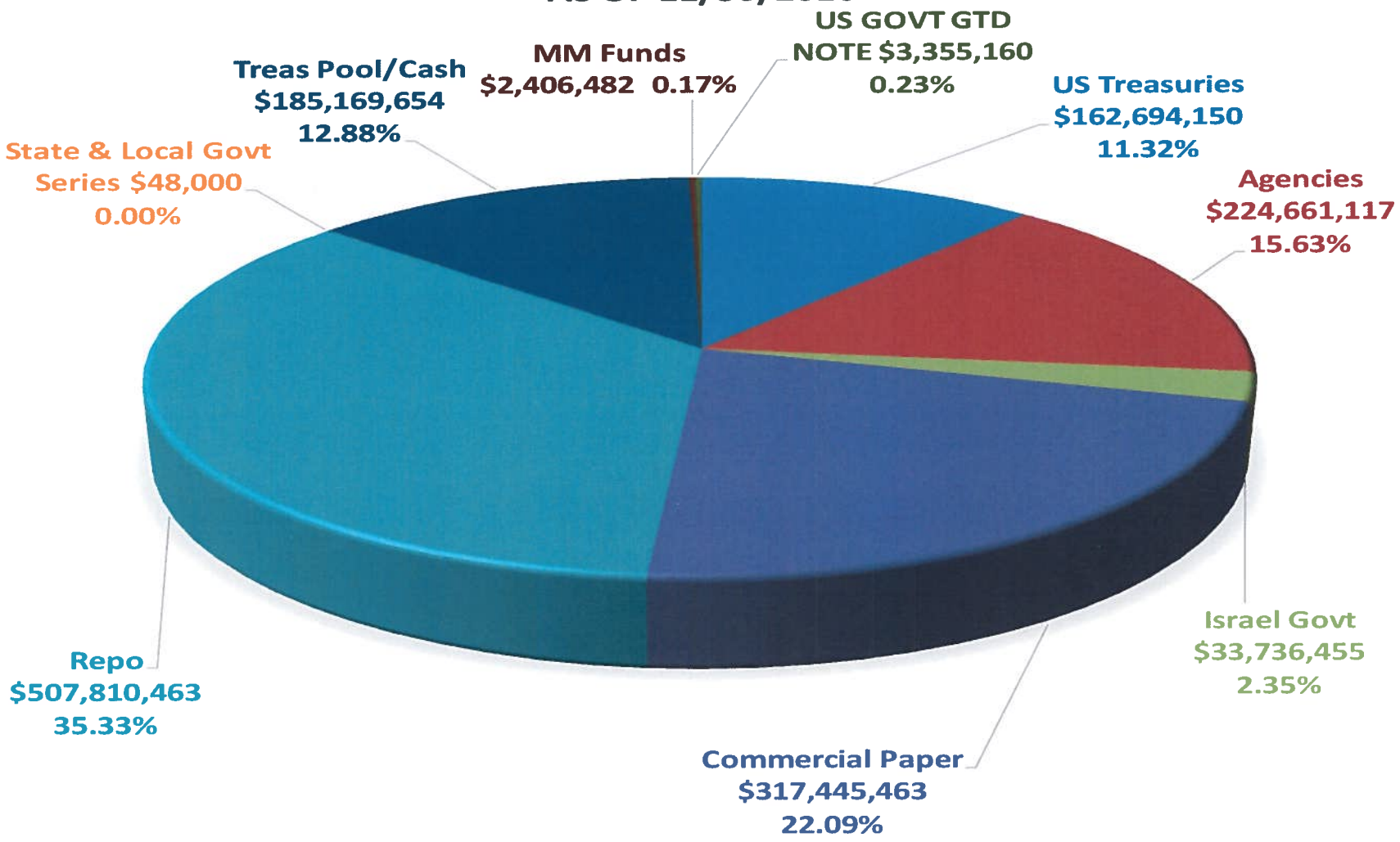
Bech Bruun, Chairman | Kathleen Jackson, Board Member | Peter Lake, Board Member

Jeff Walker, Executive Administrator

The investment portfolio for the TWDB for this period is in compliance with the Public Funds Investment Act and the TWDB Investment Policy and Strategies.

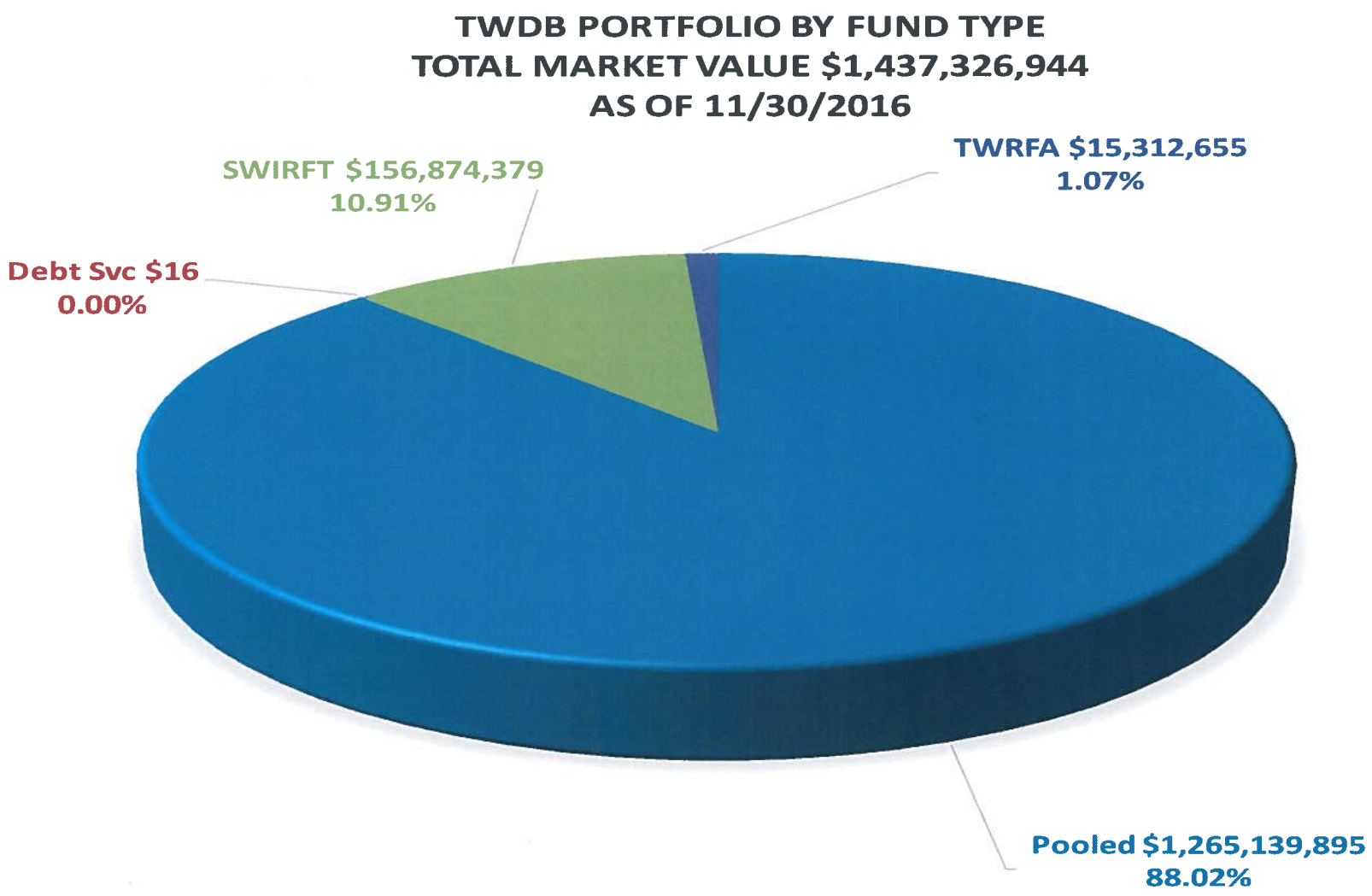
Rebecca Trevino, Chief Financial Officer	Amanda Lavin, Development Fund Manager
LeeRoy Lopez, Director of Accounting	Elaine S. Wilson, Revenue Team Lead

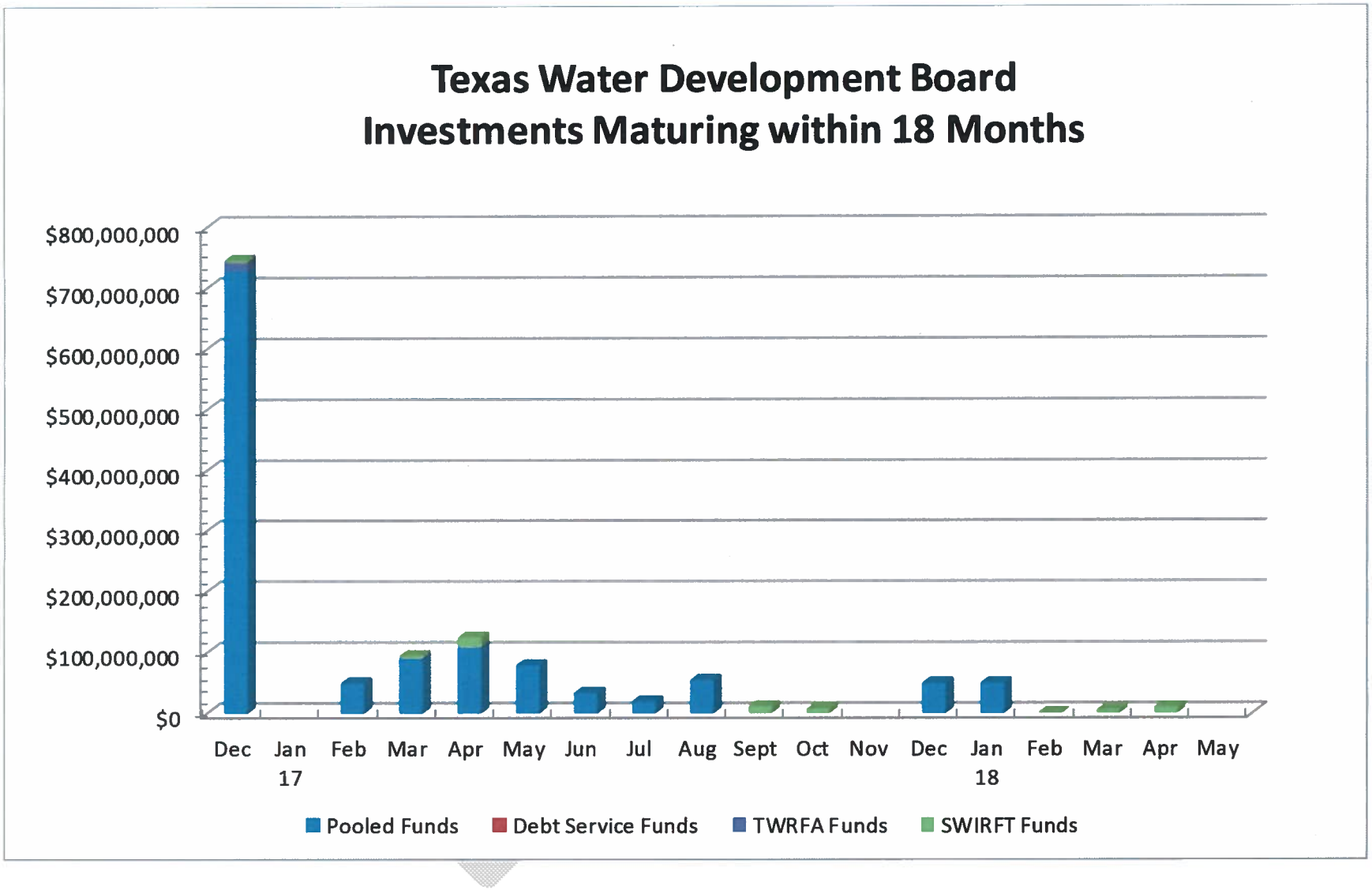
TWDB PORTFOLIO BY SECURITY TYPE
TOTAL MARKET VALUE $1,437,326,944
AS OF 11/30/2016

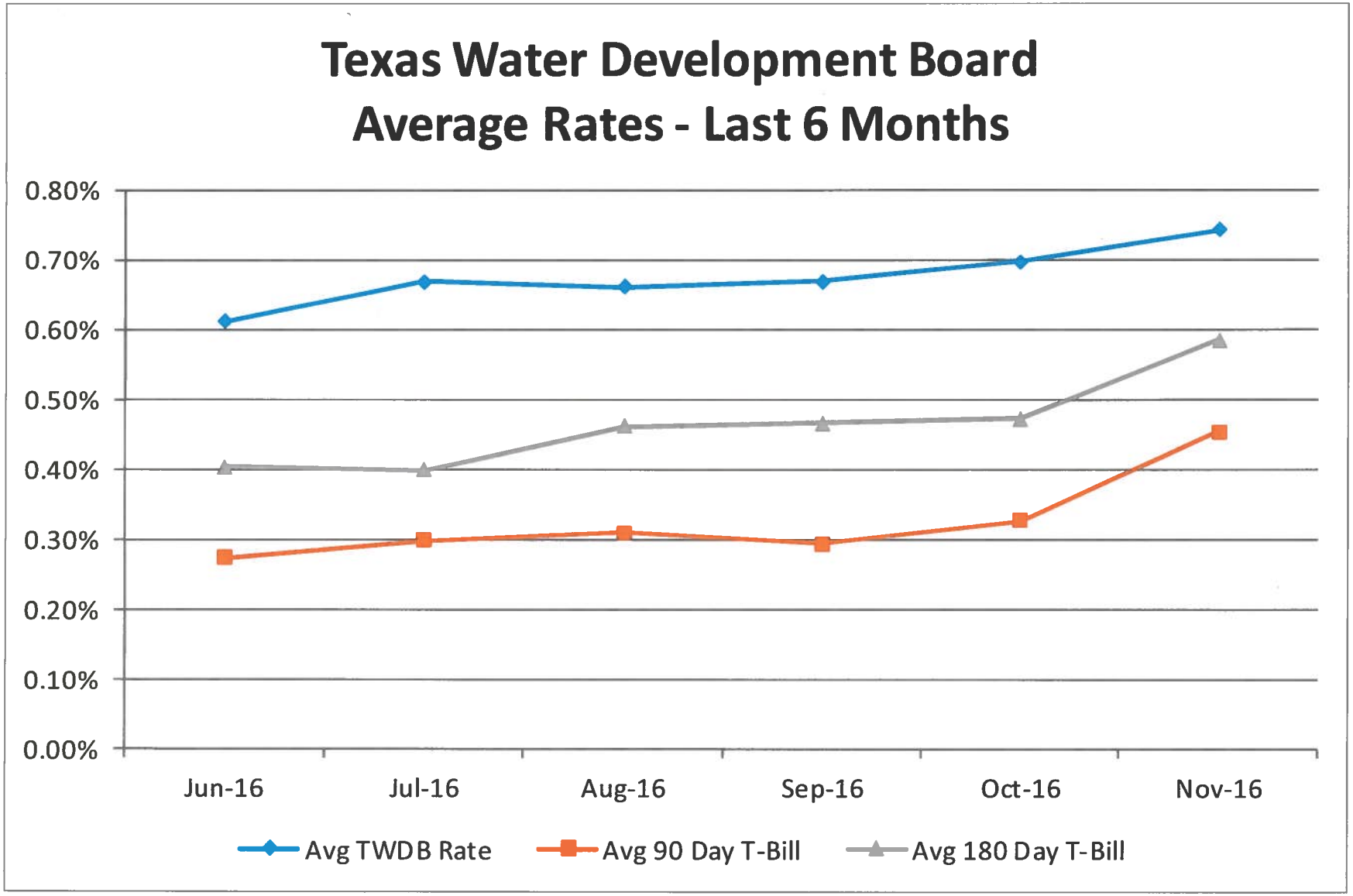


Compliant with PFIA Requirements

Totals may not sum due to rounding


TWDB PORTFOLIO BY FUND TYPE
TOTAL MARKET VALUE $1,437,326,944
AS OF 11/30/2016
SWIRFT $156,874,379
10.91%
TWRFA $15,312,655
1.07%
Debt Svc $16
0.00%
Pooled $1,265,139,895
88.02%


Texas Water Development Board
Investments Maturing within 18 Months
$800,000,000
$700,000,000
$600,000,000
$500,000,000
$400,000,000
$300,000,000
$200,000,000
$100,000,000
$0
Dec
Jan 17
Feb
Mar
Apr
May
Jun
Jul
Aug
Sept
Oct
Nov
Dec
Jan 18
Feb
Mar
Apr
May
Pooled Funds
Debt Service Funds
TWRFA Funds
SWIRFT Funds


Texas Water Development Board
Average Rates - Last 6 Months
0.80%
0.70%
0.60%
0.50%
0.40%
0.30%
0.20%
0.10%
0.00%
Jun-16
Jul-16
Aug-16
Sep-16
Oct-16
Nov-16
Avg TWDB Rate
Avg 90 Day T-Bill
Avg 180 Day T-Bill

Texas Water Development Board
Portfolio Summary
As of November 30, 2016

Texas Water Development Board

	Par Value	Book Value	Market Value	Portfolio Percentage
Treasury Pool/Cash	$185,169,654	$185,169,654	$185,169,654	12.86%
Money Market Funds	$2,406,482	$2,406,482	$2,406,482	0.17%
Commercial Paper	$319,000,000	$317,447,963	$317,445,463	22.05%
Israel US Govt Gtd Bonds	$33,698,000	$34,442,935	$33,736,455	2.39%
Repurchase Agreements	$507,810,463	$507,810,463	$507,810,463	35.28%
US Treasury Bills/Notes	$162,904,000	$162,732,638	$162,694,150	11.30%
US Agency Discounts/Bonds	$231,042,000	$225,979,884	$224,661,117	15.70%
State and Local Govt Series (SLGS)	$48,000	$48,000	$48,000	0.00%
US Govt Aid Bonds	$3,450,000	$3,457,895	$3,355,160	0.24%
Portfolio Totals	**$1,445,528,600**	**$1,439,495,915**	**$1,437,326,944**	**100.00%**

	Par Value	Book Value	Market Value	Qtrly Avg Yield	Weighted Avg Maturity (WAM) in Days	Earnings for Period
Treasury Funds	$184,979,969	$184,979,969	$184,979,969	0.899%	1.00	$535,543
Trust Co. Funds (CWSRF/DWSRF)	$1,081,846,809	$1,080,083,632	$1,080,159,926	0.577%	98.00	$1,465,521
Pooled Funds	$1,266,826,777	$1,265,063,600	$1,265,139,895	0.638%	83.82	$2,001,065
Debt Service Funds	$16	$16	$16	0.000%	0.00	$0
SWIRFT Funds	$163,389,152	$159,119,644	$156,874,379	1.493%	1,257.46	$419,647
TWRFA Funds	$15,312,655	$15,312,655	$15,312,655	0.273%	7.00	$12,124
Portfolio Totals	**$1,445,528,600**	**$1,439,495,915**	**$1,437,326,944**	**0.7027%**	**211.09**	**$2,432,835**

Net Interest Earnings for the Period**	$2,432,835
Unrealized Gains/(Losses) at end of Period	-$2,168,971

**Interest earnings net of fees paid for Investment Services

Compliant with PFIA Requirements

Totals may not sum due to rounding

Texas Water Development Board
Portfolio Summary of Changes by Fund
As of November 30, 2016

	Par Value	Book Value	Market Value
Pooled Funds			
Beginning Balance 8/31/16	$1,151,556,646	$1,150,707,226	$1,150,829,286
Period Changes	$115,270,131	$114,356,374	$114,310,609
Ending Balance 11/30/16	**$1,266,826,777**	**$1,265,063,600**	**$1,265,139,895**
Debt Service Funds			
Beginning Balance 8/31/16	$0	$0	$0
Period Changes	$16	$16	$16
Ending Balance 11/30/16	**$16**	**$16**	**$16**
SWIRFT Funds			
Beginning Balance 8/31/16	$104,098,234	$102,421,924	$103,293,001
Period Changes	$59,290,918	$56,697,720	$53,581,377
Ending Balance 11/30/16	**$163,389,152**	**$159,119,644**	**$156,874,379**
TWRFA Funds			
Beginning Balance 8/31/16	$18,141,791	$18,141,791	$18,141,791
Period Changes	($2,829,136)	($2,829,136)	($2,829,136)
Ending Balance 11/30/16	**$15,312,655**	**$15,312,655**	**$15,312,655**
Totals	**$1,445,528,600**	**$1,439,495,915**	**$1,437,326,944**

Texas Water Development Board
Portfolio Summary of Changes by Fund
As of November 30, 2016

Texas Water Development Board

Summary of Significant Changes this Period:

Pooled Funds

Loan Repayments	Qtr	$97,378,252
Loan Prepayments	Qtr	$17,389,713
WDF Debt Service/Redemptions	Qtr	($20,168,035)
Federal Draws	Qtr	$81,410,873
Loan Closings/Disbursements	Qtr	($68,040,713)
GR Match for DWSRF, Rider 5	Sep	$2,336,171
Pooled Funds		***$110,306,261***

SWIRFT Funds

SWIRFT Repayments	Qtr	$7,029,283
SWIRFT Debt Service	Oct	($26,247,055)
SWIRFT Bond Proceeds	Oct	$773,277,816
SWIRFT Loan Closings	Oct	($698,050,000)
SWIRFT Funds		***$56,010,045***

TWRFA Funds

Reimbursement to GR	Nov	($2,834,658)
Loan Repayments	Qtr	$0
TWRFA Funds		***($2,834,658)***

Texas Water Development Board
Portfolio Listing by Maturity Date
As of November 30, 2016

Texas Water Development Board

Fund Type	Security Description	Security Type	Cusip	Maturity Date	Par Value	Total Book Value	Total Market Value
POOLED	Treas Pool/Cash	Treas Pool/Cash	Cash Pool	12/01/2016	$184,979,969.25	$184,979,969.25	$184,979,969.25
DEBT SVC	Treas Pool/Cash	Treas Pool/Cash	Cash Pool	12/01/2016	$15.77	$15.77	$15.77
SWIRFT	Cash	Treas Pool/Cash	Cash Pool	12/01/2016	$189,669.47	$189,669.47	$189,669.47
POOLED	GREENWICH REPO	Repo	RPTWDB01	12/01/2016	$417,000,000.00	$417,000,000.00	$417,000,000.00
POOLED	GREENWICH REPO	Repo	RPTWDB01	12/01/2016	$75,545,808.00	$75,545,808.00	$75,545,808.00
TWRFA	TRUST REPO POOL	Repo	RPTWDB01	12/01/2016	$15,264,654.71	$15,264,654.71	$15,264,654.71
SWIRFT	GOLDMAN SACHS FUND	MM Funds	X9USDGLD4	12/01/2016	$2,406,482.41	$2,406,482.41	$2,406,482.41
POOLED	JP MORGAN SECURITY CP	Commercial Paper	46640PM9	12/09/2016	$20,000,000.00	$19,995,644.44	$19,995,644.44
POOLED	FHLB DISC NOTE	Agencies	313384ZC	12/30/2016	$30,301,000.00	$30,290,504.07	$30,296,454.85
POOLED	US TREAS BILL	US Treasuries	912796KJ	02/23/2017	$50,000,000.00	$49,947,966.66	$49,946,500.00
POOLED	CIESCO LLC	Commercial Paper	17177LQ2	03/02/2017	$25,000,000.00	$24,922,270.83	$24,922,270.83
SWIRFT	ISRAEL ST U S GOVT NOTE	Israel Govt	465139DD2	03/15/2017	$3,426,000.00	$3,420,119.10	$3,421,306.38
POOLED	BEDFORD ROW FUNDING	Commercial Paper	07644AQP	03/23/2017	$20,000,000.00	$19,936,533.33	$19,936,533.33
POOLED	TORONTO DOMINION	Commercial Paper	89116EQQ	03/24/2017	$25,000,000.00	$24,923,097.22	$24,923,097.22
POOLED	BEDFORD ROW FUNDING	Commercial Paper	07644AQX	03/31/2017	$21,000,000.00	$20,927,900.00	$20,927,900.00
POOLED	US TREAS BILL	US Treasuries	912796KQ	04/06/2017	$50,000,000.00	$49,923,874.88	$49,910,500.00
POOLED	CIESCO LLC	Commercial Paper	17177LR7	04/07/2017	$20,000,000.00	$19,929,444.45	$19,929,444.45
POOLED	US TREAS BILL	US Treasuries	912796KS	04/13/2017	$40,000,000.00	$39,927,515.00	$39,923,200.00
SWIRFT	US TREAS NOTE	US Treasuries	912828C73	04/15/2017	$999,000.00	$1,000,326.80	$1,000,278.72
SWIRFT	US TREAS NOTE	US Treasuries	912828C73	04/15/2017	$217,000.00	$217,273.90	$217,277.76
SWIRFT	RESOLUTION FDG CORP	Agencies	76116ECG3	04/15/2017	$2,005,000.00	$2,000,342.30	$1,999,927.35
SWIRFT	US TREAS NOTE	US Treasuries	912828C73	04/15/2017	$11,810,000.00	$11,825,113.51	$11,825,116.80
POOLED	JP MORGAN SECURITY CP	Commercial Paper	46640PS5	05/05/2017	$31,000,000.00	$30,861,188.89	$30,861,188.89
POOLED	ONTARIO TEACHER FI	Commercial Paper	68325KSA	05/10/2017	$20,000,000.00	$19,888,888.89	$19,888,888.89
POOLED	CHEVRON CORP	Commercial Paper	16677JSF	05/15/2017	$28,000,000.00	$27,879,366.67	$27,879,366.67
POOLED	CHEVRON CORP	Commercial Paper	16677JTD	06/13/2017	$25,000,000.00	$24,867,972.22	$24,867,972.22
POOLED	BEDFORD ROW FUNDING	Commercial Paper	07644ATK	06/19/2017	$9,000,000.00	$8,935,000.00	$8,932,500.00
POOLED	BANK OF NOVIA SCOTIA	Commercial Paper	06417JU3	07/03/2017	$20,000,000.00	$19,847,822.23	$19,847,822.23
POOLED	TOYOTA MOTOR CO	Commercial Paper	89233GVB	08/11/2017	$30,000,000.00	$29,747,000.00	$29,747,000.00
POOLED	TOYOTA MOTOR CO	Commercial Paper	89233GVF	08/15/2017	$25,000,000.00	$24,785,833.33	$24,785,833.33
SWIRFT	FHLMC NOTE	Agencies	3137EADL0	09/29/2017	$11,558,000.00	$11,590,280.81	$11,572,563.08
SWIRFT	US TREAS NOTE	US Treasuries	912828F54	10/15/2017	$27,000.00	$27,046.89	$27,005.40
SWIRFT	US TREAS NOTE	US Treasuries	912828F54	10/15/2017	$6,906,000.00	$6,917,290.46	$6,907,381.20
POOLED	FHLB NOTE	Agencies	3130A8JA	12/15/2017	$50,000,000.00	$50,000,000.00	$50,028,500.00

Texas Water Development Board
Portfolio Listing by Maturity Date
As of November 30, 2016

Texas Water Development Board

Fund Type	Security Description	Security Type	Cusip	Maturity Date	Par Value	Total Book Value	Total Market Value
POOLED	FHLB NOTE	Agencies	3130A8PJ	01/08/2018	$50,000,000.00	$50,000,000.00	$50,063,500.00
SWIRFT	ISRAEL ST U S GOVT DISC	Israel Govt	465138QP3	02/15/2018	$15,000.00	$14,838.96	$14,802.15
SWIRFT	ISRAEL ST U S GOVT DISC	Israel Govt	465139MG5	02/15/2018	$1,310,000.00	$1,295,935.88	$1,292,786.60
SWIRFT	FHLMC NOTE	Agencies	3134A3Z25	03/15/2018	$414,000.00	$409,223.02	$407,181.42
SWIRFT	FNMA NOTE	Agencies	3135G0J61	03/28/2018	$4,668,000.00	$4,671,988.90	$4,660,811.28
SWIRFT	US TREAS NOTE	US Treasuries	912828K25	04/15/2018	$2,378,000.00	$2,376,332.34	$2,369,462.98
SWIRFT	US TREAS NOTE	US Treasuries	912828K25	04/15/2018	$198,000.00	$197,808.64	$197,289.18
SWIRFT	FNMA NOTE	Agencies	3135G0YM9	04/15/2018	$6,888,000.00	$7,007,535.50	$6,976,786.32
SWIRFT	US TREAS NOTE	US Treasuries	912828RH5	09/30/2018	$27,000.00	$27,212.86	$27,124.47
SWIRFT	FHLB NOTE	Agencies	313382U35	10/15/2018	$11,270,000.00	$11,270,000.00	$11,248,474.30
SWIRFT	ISRAEL ST U S GOVT DISC	Israel Govt	465139DH3	03/15/2019	$1,846,000.00	$1,797,713.17	$1,784,565.12
SWIRFT	FHLMC NOTE	Agencies	3137EACA5	03/27/2019	$1,796,000.00	$1,910,863.73	$1,897,994.84
SWIRFT	US TREAS NOTE	US Treasuries	912828C65	03/31/2019	$161,000.00	$163,157.25	$162,534.33
SWIRFT	US TREAS NOTE	US Treasuries	912828F39	09/30/2019	$6,000.00	$6,087.56	$6,065.16
SWIRFT	RESOLUTION FDG CORP	Agencies	76116FAA5	10/15/2019	$10,287,000.00	$9,855,507.25	$9,845,173.35
SWIRFT	RESOLUTION FDG CORP	Agencies	76116FAA5	10/15/2019	$4,517,000.00	$4,375,535.96	$4,322,994.85
SWIRFT	FHLMC NOTE	Agencies	3134A1MY3	02/01/2020	$485,000.00	$462,600.02	$454,328.60
SWIRFT	FHLB NOTE	Agencies	3130A5P86	03/30/2020	$2,095,000.00	$2,139,124.08	$2,107,695.70
SWIRFT	US TREAS NOTE	US Treasuries	912828J84	03/31/2020	$163,000.00	$163,369.87	$162,261.61
SWIRFT	FNMA NOTE	Agencies	3136G0N49	04/15/2020	$1,294,000.00	$1,296,147.37	$1,285,343.14
SWIRFT	US TREAS NOTE	US Treasuries	912828VZ0	09/30/2020	$12,000.00	$12,261.74	$12,152.76
SWIRFT	RESOLUTION FDG CORP	Agencies	76116FAE7	10/15/2020	$9,819,000.00	$9,168,670.84	$9,127,938.78
SWIRFT	RESOLUTION FDG CORP	Agencies	76116EGU8	10/15/2020	$226,000.00	$215,019.27	$211,495.32
SWIRFT	RESOLUTION FDG CORP	Agencies	76116FAE7	10/15/2020	$3,591,000.00	$3,416,523.05	$3,338,265.42
SWIRFT	FHLMC NOTE	Agencies	3134A4MW1	01/15/2021	$125,000.00	$116,039.54	$113,327.50
SWIRFT	RESOLUTION FDG CORP	Agencies	76116EFX3	01/15/2021	$198,000.00	$183,735.92	$182,255.04
SWIRFT	RESOLUTION FDG CORP	Agencies	76116FAG2	01/15/2021	$1,185,000.00	$1,100,741.32	$1,091,681.25
SWIRFT	RESOLUTION FDG CORP	Agencies	76116FAG2	01/15/2021	$1,706,000.00	$1,614,592.41	$1,571,652.50
SWIRFT	ISRAEL ST U S GOVT NOTE	Israel Govt	465139MN0	02/15/2021	$10,000.00	$9,454.17	$9,124.40
SWIRFT	RESOLUTION FDG CORP	Agencies	76116EGV6	04/15/2021	$160,000.00	$152,341.83	$146,462.40
SWIRFT	RESOLUTION FDG CORP	Agencies	76116EGV6	04/15/2021	$230,000.00	$216,951.77	$210,539.70
TWRFA	STATE & LOCAL GOVT SERIES	State & Local Govt Series	SL001067	07/10/2021	$22,000.00	$22,000.00	$22,000.00
SWIRFT	TUNISIA GOVT AID BONDS	US GOVT GTD NOTE	066716AJ0	08/05/2021	$3,450,000.00	$3,457,894.91	$3,355,159.50
SWIRFT	ISRAEL ST U S GOVT NOTE	Israel Govt	465139DN0	09/15/2021	$9,008,000.00	$8,268,602.53	$8,056,484.96
SWIRFT	RESOLUTION FDG CORP	Agencies	76116EGW4	10/15/2021	$240,000.00	$224,445.67	$213,240.00
SWIRFT	RESOLUTION FDG CORP	Agencies	76116EFZ8	01/15/2022	$138,000.00	$128,027.21	$122,739.96

Texas Water Development Board
Portfolio Listing by Maturity Date
As of November 30, 2016

Texas Water Development Board

Fund Type	Security Description	Security Type	Cusip	Maturity Date	Par Value	Total Book Value	Total Market Value
SWIRFT	ISRAEL ST U S GOVT NOTE	Israel Govt	465139MQ3	02/15/2022	$658,000.00	$595,510.65	$580,540.24
SWIRFT	ISRAEL ST U S GOVT NOTE	Israel Govt	465139RC9	02/15/2022	$412,000.00	$373,673.62	$363,046.16
SWIRFT	ISRAEL ST U S GOVT NOTE	Israel Govt	465139GJ6	02/15/2022	$2,200,000.00	$2,038,639.42	$1,938,860.00
SWIRFT	ISRAEL ST U S GOVT NOTE	Israel Govt	465139BT9	03/15/2022	$145,000.00	$131,025.86	$127,745.00
SWIRFT	FHLMC NOTE	Agencies	3134A32A3	03/15/2022	$1,381,000.00	$1,278,078.25	$1,233,315.86
SWIRFT	RESOLUTION FDG CORP	Agencies	76116EGX2	04/15/2022	$150,000.00	$140,365.73	$133,645.50
SWIRFT	RESOLUTION FDG CORP	Agencies	76116EGX2	04/15/2022	$770,000.00	$711,366.95	$686,046.90
TWRFA	STATE & LOCAL GOVT SERIES	State & Local Govt Series	SL001065	07/10/2022	$26,000.00	$26,000.00	$26,000.00
SWIRFT	ISRAEL ST U S GOVT NOTE	Israel Govt	465139BU6	09/15/2022	$2,433,000.00	$2,165,524.37	$2,098,146.21
SWIRFT	RESOLUTION FDG CORP	Agencies	76116EGY0	10/15/2022	$5,869,000.00	$5,206,204.02	$5,155,857.81
SWIRFT	RESOLUTION FDG CORP	Agencies	76116EGY0	10/15/2022	$3,090,000.00	$2,823,877.51	$2,714,534.10
SWIRFT	ISRAEL ST U S GOVT NOTE	Israel Govt	465139ET6	02/15/2023	$1,657,000.00	$1,502,779.52	$1,411,300.04
SWIRFT	FHLMC NOTE	Agencies	3134A32C9	03/15/2023	$441,000.00	$383,430.85	$372,353.94
SWIRFT	FHLMC NOTE	Agencies	3134A4BX1	03/15/2023	$379,000.00	$329,524.47	$320,289.11
SWIRFT	RESOLUTION FDG CORP FED	Agencies	76116EGZ7	04/15/2023	$128,000.00	$113,593.04	$109,359.36
SWIRFT	RESOLUTION FDG CORP FED	Agencies	76116EGZ7	04/15/2023	$184,000.00	$166,447.49	$157,204.08
SWIRFT	ISRAEL ST U S GOVT NOTE	Israel Govt	46513EFF4	09/18/2023	$8,004,000.00	$9,624,356.68	$9,562,538.88
SWIRFT	ISRAEL ST U S GOVT NOTE	Israel Govt	46513EFF4	09/18/2023	$2,574,000.00	$3,204,760.94	$3,075,209.28
SWIRFT	FHLMC NOTE	Agencies	3134A4BZ6	03/15/2024	$541,000.00	$474,452.14	$451,183.18
SWIRFT	RESOLUTION FDG CORP FED	Agencies	76116EHB9	04/15/2024	$96,000.00	$79,967.28	$80,096.64
SWIRFT	FHLMC NOTE	Agencies	3134A4CA0	09/15/2024	$847,000.00	$733,887.09	$692,295.45
SWIRFT	FNMA NOTE	Agencies	31364DPD2	09/23/2024	$1,149,000.00	$995,153.77	$939,778.59
SWIRFT	FNMA NOTE	Agencies	31364DPE0	03/23/2025	$1,190,000.00	$1,008,725.20	$948,501.40
SWIRFT	FNMA NOTE	Agencies	31364DKF2	04/08/2025	$69,000.00	$55,549.27	$54,051.84
SWIRFT	FNMA NOTE	Agencies	31364DKG0	10/08/2025	$1,311,000.00	$1,092,691.38	$1,023,497.70
SWIRFT	FNMA NOTE	Agencies	31364DPG5	03/23/2026	$2,000.00	$1,540.06	$1,532.82
SWIRFT	FNMA NOTE	Agencies	31364DPG5	03/23/2026	$1,873,000.00	$1,537,961.50	$1,435,485.93
SWIRFT	FNMA NOTE	Agencies	31364DKJ4	10/28/2026	$615,000.00	$496,814.77	$461,858.85
SWIRFT	FHLMC NOTE	Agencies	3134A4CF9	03/15/2027	$2,307,000.00	$1,831,225.67	$1,696,752.36
SWIRFT	FNMA NOTE	Agencies	31364DPJ9	03/23/2027	$5,000.00	$3,675.42	$3,518.70
SWIRFT	RESOLUTION FDG CORP	Agencies	76116EHH6	04/15/2027	$260,000.00	$205,994.50	$192,496.20
SWIRFT	FHLMC NOTE	Agencies	3134A3D29	08/15/2027	$1,384,000.00	$1,083,764.68	$1,001,324.00
SWIRFT	FNMA NOTE	Agencies	31364DPK6	09/23/2027	$610,000.00	$476,522.02	$439,907.60
SWIRFT	FNMA NOTE	Agencies	31364DKL9	10/08/2027	$1,190,000.00	$928,726.66	$855,395.80
SWIRFT	RESOLUTION FDG CORP	Agencies	76116EHK9	04/15/2028	$5,000.00	$3,602.76	$3,505.85
		Total Investments			**$1,445,528,599.61**	**$1,439,495,914.57**	**$1,437,326,943.92**

Compliant with PFIA Requirements

Totals may not sum due to rounding

Texas Water Development Board
Portfolio by Fund Types YTD
As of November 30, 2016

Texas Water Development Board

FY 2017

Fund Types	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Debt Service Funds									
Securities	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash/Money Market Funds	$10,600	$11,262	$11,313	$11,321	$39,319	$0	$15	$16	$16
Total	$10,600	$11,262	$11,313	$11,321	$39,319	$0	$15	$16	$16
Pooled Funds									
Securities	$911,126,288	$937,128,608	$1,072,387,589	$1,085,970,224	$988,468,474	$996,721,875	$1,007,810,801	$1,024,588,525	$1,080,159,926
Cash/Money Market Funds	$168,159,645	$226,476,855	$239,362,292	$200,512,462	$153,826,112	$154,107,411	$158,701,355	$197,819,837	$184,979,969
Total	$1,079,285,933	$1,163,605,463	$1,311,749,881	$1,286,482,686	$1,142,294,586	$1,150,829,286	$1,166,512,156	$1,222,408,362	$1,265,139,895
TWRFA Funds									
Securities	$48,000	$48,000	$48,000	$48,000	$48,000	$48,000	$48,000	$48,000	$48,000
Cash/Money Market Funds	$21,935,156	$21,941,437	$21,947,947	$21,950,697	$18,080,118	$18,093,791	$18,096,979	$18,100,282	$15,264,655
Total	$21,983,156	$21,989,437	$21,995,947	$21,998,697	$18,128,118	$18,141,791	$18,144,979	$18,148,282	$15,312,655
SWIRFT Funds									
Securities	$98,566,207	$98,449,294	$98,364,810	$98,120,121	$98,156,406	$99,053,767	$99,218,489	$156,611,426	$154,278,227
Cash/Money Market Funds	$16,657,042	$521,837	$878,464	$2,410,479	$2,423,304	$4,239,234	$10,627,503	$646,080,056	$2,596,152
Total	$115,223,249	$98,971,131	$99,243,274	$100,530,600	$100,579,710	$103,293,001	$109,845,992	$802,691,482	$156,874,379
PORTFOLIO TOTALS	$1,216,502,939	$1,284,577,293	$1,433,000,414	$1,409,023,303	$1,261,041,733	$1,272,264,078	$1,294,503,143	$2,043,248,142	$1,437,326,944

DALLASFED Economic Update

National

Strong Growth and Higher Inflation Mark End of 2016

December 16, 2016

U.S. economic indicators released in November and December have been mostly positive. Real gross domestic product (GDP) growth accelerated in the third quarter to its fastest pace in two years, while the unemployment rate fell to its lowest level since 2007. Core measures of personal consumption expenditures (PCE) inflation have edged up toward the Federal Reserve's target rate of 2 percent. Bond yields rose sharply following the presidential election. Professional forecasts point to moderate growth in fourth quarter 2016.

Government Yields Rise After Election

Between the conclusion of the November Federal Open Market Committee meeting (Nov. 2) and the eve of the U.S. presidential election (Nov. 7), there was little change in key interest rates such as the three-month T-bill and 10-year Treasury bond. But since then, there has been a steepening of the yield curve, with the long-term Treasury rate rising more than 50 basis points relative to the three-month T-bill rate as of Dec. 12 *(Chart 1)*. Stock prices have also risen sharply since the election, with the S&P 500 and Dow Jones indexes up 3 to 5 percent. The jump in both bond yields and stocks likely reflects changes in perceptions of future federal government policies, including potential tax cuts, infrastructure spending and deregulation.

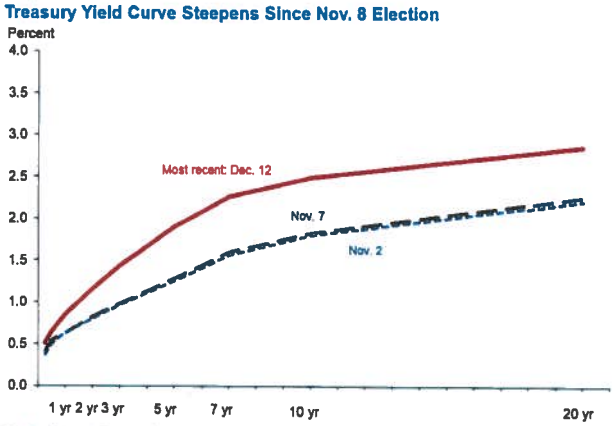
Consumption, Output Indicators Trend Upward

Real GDP grew 3.2 percent in the third quarter, an upward revision from the 2.9 percent initial estimate. Net exports made an unusually large contribution due to a sharp rise in soybean exports that was attributable to poor weather in Latin America *(Chart 2)*. The Institute for Supply Management nonmanufacturing and manufacturing indexes have both moved up over the past few months. The nonmanufacturing index rose 2.4 points from October to 57.2 in November, and the manufacturing index climbed 1.3 points to 53.2. These levels are consistent with GDP growth near or above 2 percent when averaged over the third and fourth quarters.

Consumption has also expanded at a solid pace, with nominal PCE growing 4.2 percent year over year as of October *(Chart 3)*. Retail sales in November were slightly disappointing, registering only 0.1 percent growth. However, stronger numbers in October and September suggest that consumer spending levels are still healthy. The University of Michigan's Consumer Sentiment Index reached 93.8 after the election, the highest reading since May and an increase of 6.6 points from October's reading.

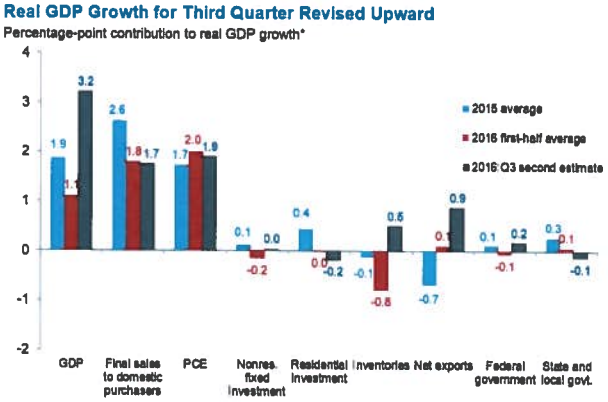
Growth in investment-related indicators was sluggish by

Chart 1
Treasury Yield Curve Steepens Since Nov. 8 Election



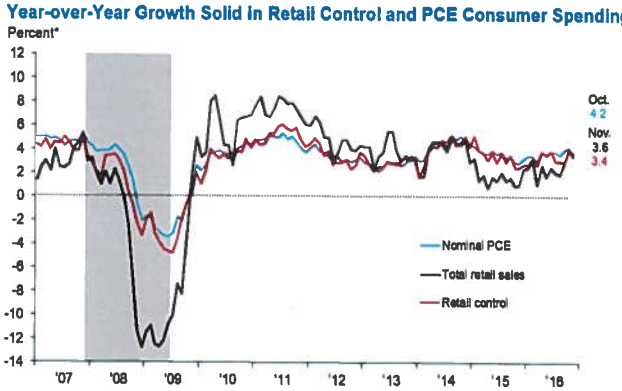
SOURCE: Federal Reserve Board.

Chart 2
Real GDP Growth for Third Quarter Revised Upward



*Seasonally adjusted, annualized rate.
SOURCE: Bureau of Economic Analysis.

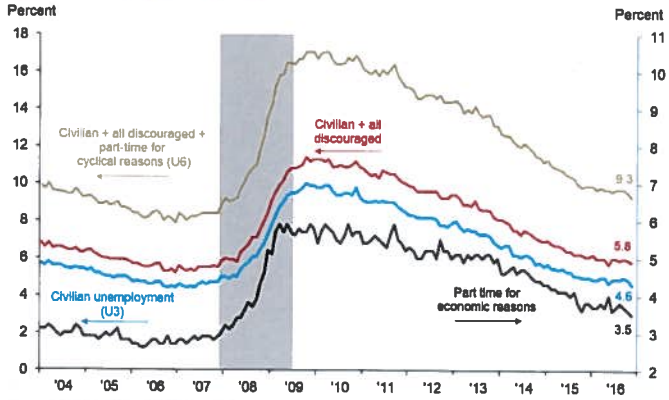
Chart 3
Year-over-Year Growth Solid in Retail Control and PCE Consumer Spending



*12-month percent change.
NOTES: The shaded area indicates recession. Retail control excludes auto, gas station and building material sales, and feeds into the personal consumption expenditures (PCE) calculation.
SOURCES: Bureau of Economic Analysis; Census Bureau; National Bureau of Economic Research.

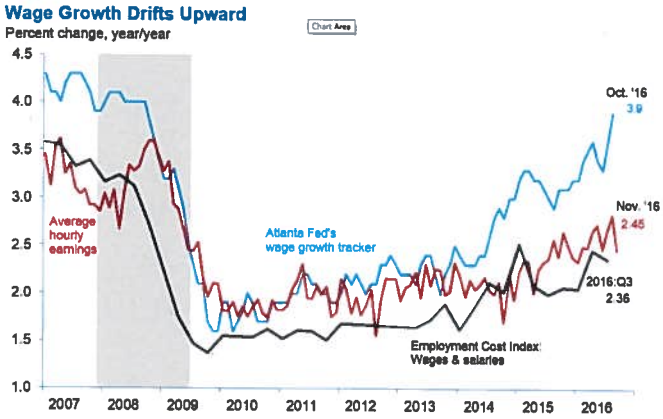
comparison. Nonresidential fixed investment contributed zero to real GDP growth. However, a positive sign for the future was a strong increase of 6.6 percent in nominal before-tax corporate profits in the third quarter following a decline of 0.6 percent in the second quarter. Durable-goods orders rose 4.8 percent in October, buoyed by a 12 percent rise in transportation equipment. This stronger-than-expected rise in orders suggests that the slump in business investment may be ending.

Chart 4
Labor Slack Falls in November



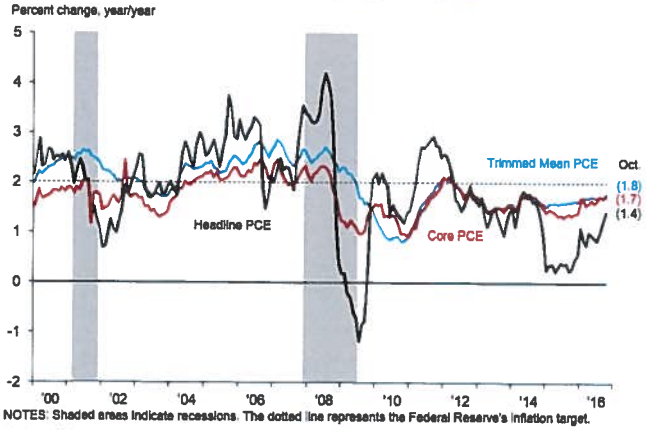
NOTE: The shaded area indicates recession.
SOURCES: Bureau of Labor Statistics; National Bureau of Economic Research.

Chart 5
Wage Growth Drifts Upward



NOTE: The shaded area indicates recession.
SOURCES: Bureau of Labor Statistics; Federal Reserve Bank of Atlanta; National Bureau of Economic Research.

Chart 6
Core and Trimmed Mean Inflation Heading for 2 Percent



NOTES: Shaded areas indicate recessions. The dotted line represents the Federal Reserve's inflation target.
SOURCES: Bureau of Labor Statistics; Bureau of Economic Analysis; Federal Reserve Bank of Dallas.

Labor Market Remains Strong

The headline unemployment rate fell 0.3 percentage points in November to 4.6 percent, accompanied by a 178,000 rise in nonfarm payroll jobs. At a more granular level, the industries with the strongest employment growth included professional services (63,000 jobs), health services (35,000) and leisure and hospitality (29,000). Industries with job losses included manufacturing (4,000) and retail trade (8,000). Oil and gas extraction payrolls rose by 1,100, suggesting that energy activity may have stabilized.

Chart 4 shows the headline plus alternative unemployment rates over time. U6 unemployment—the broadest measure, which includes total unemployed, underemployed and discouraged workers—fell 0.2 percentage points to 9.3 percent in November. U6 unemployment fell slightly less than headline unemployment (U3) because the labor force participation rate dipped 0.1 percentage points to 62.7 percent.

Wage growth has picked up in recent years, with different indicators exhibiting varying degrees of improvement *(Chart 5)*. The Federal Reserve Bank of Atlanta's Wage Growth Tracker exhibited the strongest year-over-year growth of 3.9 percent in October. The reason this measure is much stronger than the Bureau of Labor Statistics (BLS) average hourly earnings growth is that the Atlanta Fed tracks wage growth for those who stay employed (although not necessarily at the same job), while the BLS includes the reemployed and new entrants. The gap between the two suggests that the reemployed and new entrants are receiving lower wages than those of the existing workforce. The BLS' Employment Cost Index aims to measure wage growth while excluding the effect of changes in worker characteristics, controlling for employment shifts between industries and occupations. This explains why its growth has been lower than wage growth for the actual population of workers during the recovery.

Inflation on Track to Reach Fed Target

PCE inflation rates moved toward the Federal Reserve's 2 percent target inflation rate. Core PCE (which excludes food and energy) and Trimmed Mean PCE (the Dallas Fed's alternative measure of core inflation) reached 1.7 percent and 1.8 percent, respectively, on a year-over-year basis in October *(Chart 6)*. Headline PCE rose to 1.4 percent. According to the Survey of Professional Forecasters, core PCE inflation is expected to be 1.6 percent in the fourth quarter—unchanged from the previous survey—and reach 2 percent in 2018.

—Daniel Chapman

About the Author

Chapman is a research assistant in the Research Department at the Federal Reserve Bank of Dallas.

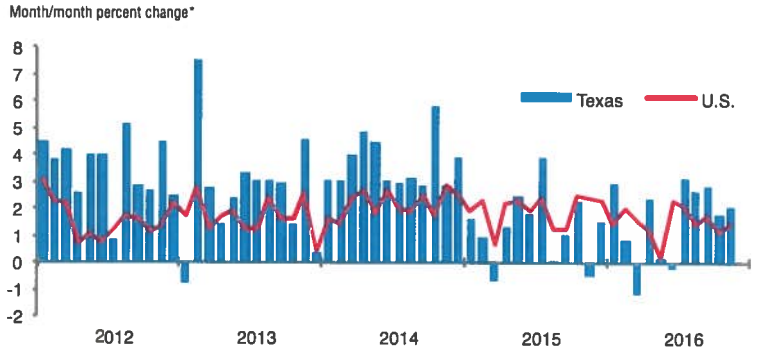
Texas Economic Indicators

DALLASFED

FEDERAL RESERVE BANK OF DALLAS • DECEMBER 19, 2016

Summary The Texas economy expanded in November. Employment growth accelerated, and unemployment ticked down. Both the Texas Leading Index and the Texas Business-Cycle Index indicated a return to moderate economic growth. The energy sector saw mixed conditions, exports were flat, and the housing market expanded.

Employment



*Seasonally adjusted, annualized rate.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; adjustments by the Dallas Fed.

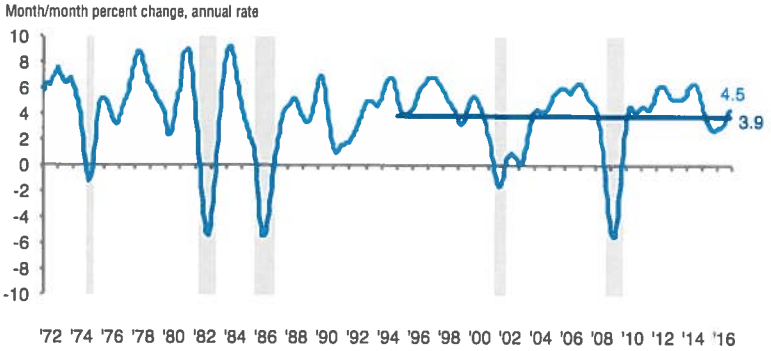
- Texas employment grew 2.1 percent annualized in November, outpacing the nation's 1.5 percent growth rate.
- Of the major metros, Dallas expanded at the fastest pace at 4.3 percent (annualized), and others saw moderate growth.
- The Texas and U.S. unemployment rates both dropped to 4.6 percent.
- The Dallas Fed's Texas Employment Forecast for 2016 (December over December) increased in November to 1.6 percent job growth.

Texas Leading Index

NOTE: Data are seasonally adjusted.
SOURCE: Dallas Fed.

- The Texas Leading Index, a composite of eight indicators that tend to change direction before the overall economy does, increased in October. The one-month net change was 0.65 percent, and the three-month net change was 0.13 percent.

Texas Business-Cycle Index



NOTES: Horizontal line is average from January 1995 to present. Shaded areas indicate Texas recessions.
SOURCE: Dallas Fed.

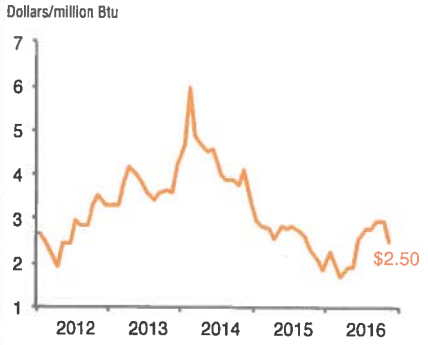
- The Dallas Fed's Texas Business-Cycle Index, which helps gauge the current state of the Texas economy, indicates that the economy is now expanding at a faster pace than its long-term average.
- The index grew at a 4.5 percent annualized pace in November and is 3.3 percent above year-ago levels.

Crude Oil Prices

SOURCE: U.S. Energy Information Administration.

▶The price of crude oil contracted 8.2 percent in November, reaching $45.71. It is still 7.7 percent above year-ago levels.

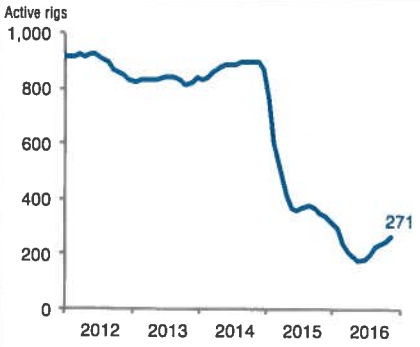
Natural Gas Prices



SOURCE: *Wall Street Journal.*

▶Natural gas prices dropped 15.3 percent in November. They fell to $2.50, but remained 20.2 percent above year-ago levels.

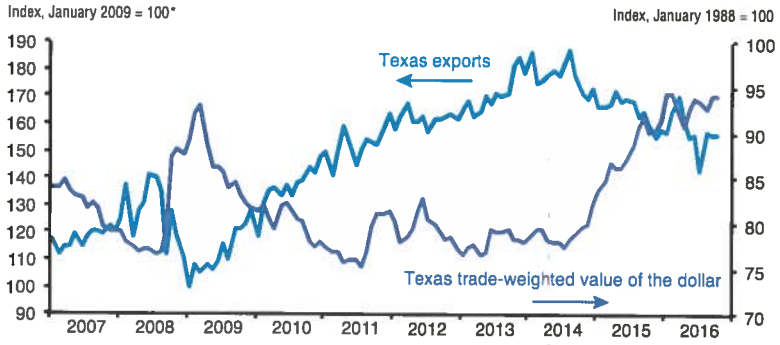
Texas Rig Count



SOURCE: Baker Hughes.

▶Despite the decline in prices, 21 new rigs were added in November, bringing the active rig count to 271. This is still 20.1 percent below year-ago levels.

Exports



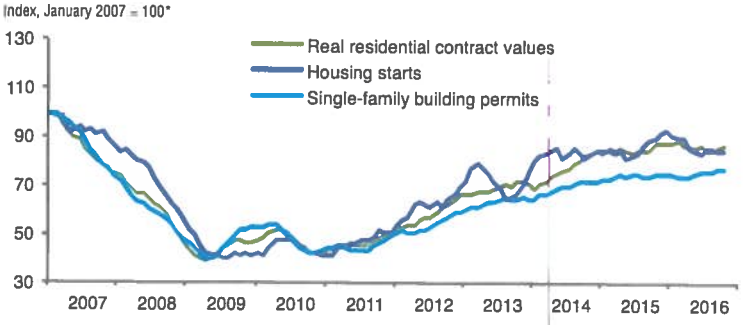
*Seasonally adjusted, real dollars.
SOURCES: Census Bureau; WISERTrade; Dallas Fed.

▶Texas exports remained unchanged in October, while U.S. exports ticked down 3.0 percent.

▶Texas exports continue to be hampered by low oil prices, weak global demand and a strong dollar.

▶The Texas trade-weighted value of the dollar dipped slightly in October but was up from year-ago levels and far above its July 2011 record low.

Housing



*Seasonally adjusted, five-month moving average.
SOURCES: Bank of Tokyo-Mitsubishi UFJ; F.W. Dodge; Census Bureau.

▶In October, indicators of the Texas housing market suggested expansion.

▶Texas single-family building permits expanded 2.0 percent, while the five-month moving average was flat.

▶The value of Texas residential construction contracts increased 13.8 percent, and the five-month moving average increased 1.9 percent.

▶Housing starts ticked up 10.4 percent in October, though the five-month moving average dropped 1.0 percent.

▶Existing-home sales expanded 1.6 percent in Texas, with the largest growth seen in San Antonio at 8.8 percent in October. Inventories remained tight at 3.7 months of supply.

NOTE: Data may not match previously published numbers due to revisions.

Questions can be addressed to Stephanie Gullo at stephanie.gullo@dal.frb.org.