

City of Peoria



For the Quarter Ended

June 30, 2016

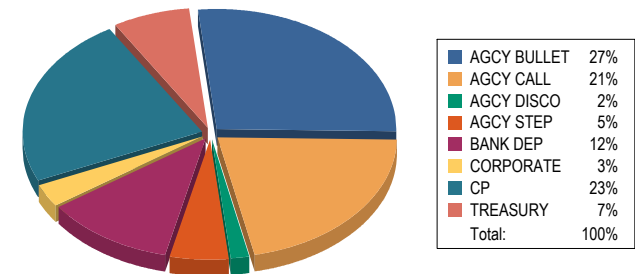
Account Summary

Allocation by Security Type

Beginning Values as of 03/31/16

Ending Values as of 06/30/16

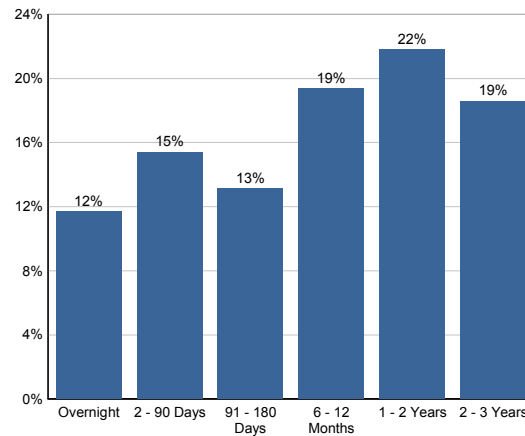
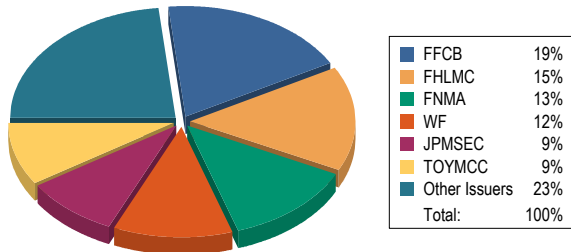
Par Value	322,371,040.25	330,066,390.04
Market Value	322,974,703.75	330,629,663.84
Book Value	322,576,286.78	330,088,768.46
Unrealized Gain/(Loss)	398,416.97	540,895.38
Market Value %	100.12%	100.16%
Weighted Avg. YTW	0.807%	0.803%
Weighted Avg. YTM	0.877%	0.859%



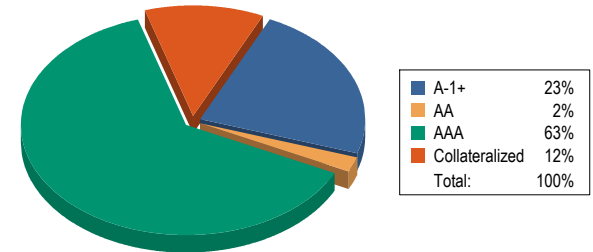
Allocation by Issuer

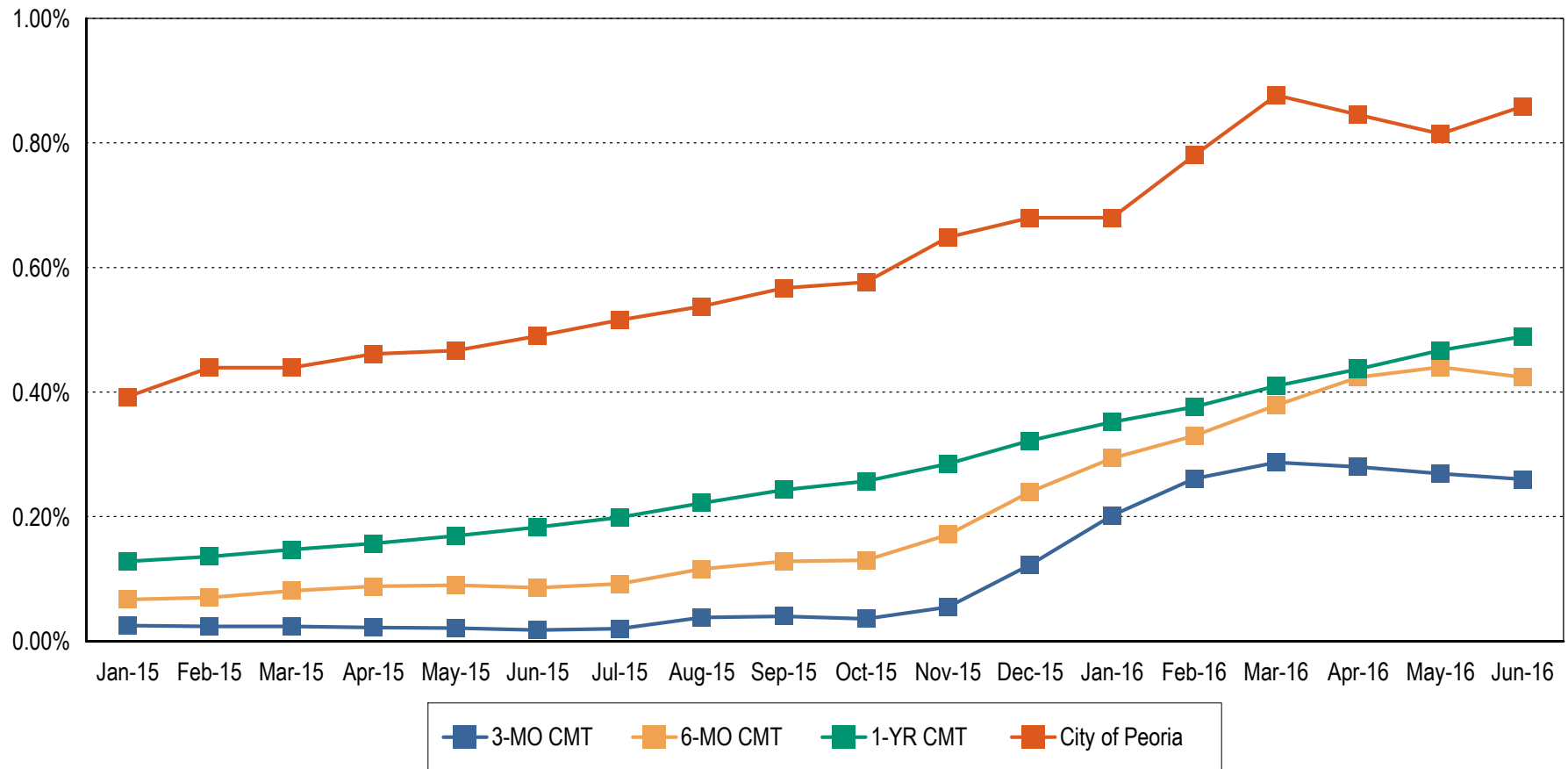
Maturity Distribution %

Credit Quality



Weighted Average Days to Maturity: 401





Note 1: CMT stands for Constant Maturity Treasury. This data is published in Federal Reserve Statistical Release H.15 and represents an average of all actively traded Treasury securities having that time remaining until maturity. This is a standard industry benchmark for Treasury securities. The CMT benchmarks are moving averages. The 3-month CMT is the daily average for the previous 3 months, the 6-month CMT is the daily average for the previous 6 months, and the 1-year and 2-year CMT's are the daily averages for the previous 12-months.

Investment Type Allocation:	Book Value	Percent	Policy Maximum	Pass / Fail?
Money Market Funds	38,641,390.04	11.7%	35.00%	Pass
Agencies	182,554,105.93	55.3%	80.00%	Pass
Commercial Paper	75,785,246.73	23.0%	35.00%	Pass
U.S. Treasury	23,101,760.96	7.0%	80.00%	Pass
Corporates	10,006,264.80	3.0%	35.00%	Pass
	330,088,768.46	100.00%		

Issuer Allocation:	Book Value	Percent	Policy Maximum	Pass / Fail?
Fannie Mae	41,586,768.22	12.6%	40.00%	Pass
Freddie Mac	50,626,751.61	15.3%	40.00%	Pass
FHLB	18,005,639.06	5.5%	40.00%	Pass
Federal Farm Credit	61,502,012.37	18.6%	40.00%	Pass
U.S. Treasury	23,101,760.96	7.0%	80.00%	Pass
Private Export Funding Corp	10,832,934.67	3.3%	40.00%	Pass
Wells Fargo MM	38,494,626.51	11.7%	35.00%	Pass
GE Capital Corp	-	0.0%	10.00%	Pass
J.P.Morgan Sec	30,927,146.68	9.4%	10.00%	Pass
Nestle Finance Intl Ltd	14,989,000.05	4.5%	10.00%	Pass
Toyota Mtr Cr	29,869,100.00	9.1%	10.00%	Pass
Apple Inc	-	0.0%	5.00%	Pass
Chevron Corp	8,005,367.36	2.4%	5.00%	Pass
Exxon Mobil	2,000,897.44	0.6%	5.00%	Pass
Wal-Mart Stores Inc.	-	0.0%	5.00%	Pass
Wells Fargo & Co	-	0.0%	5.00%	Pass
	329,942,004.93	100.00%		

Investment Income for the Period From 4/1/2016 through 6/30/2016:	
Interest Income	664,308.91
Realized Gains/Losses	-
Net Investment Income	664,308.91

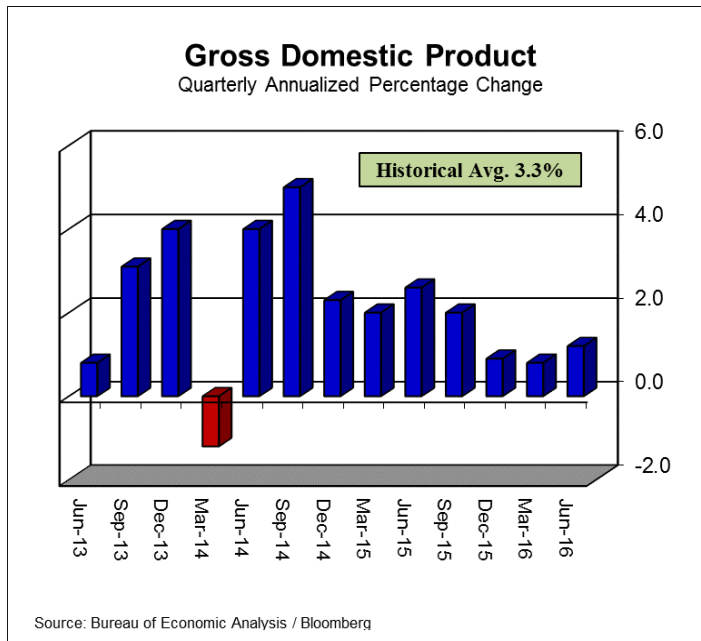
Maturity Breakdown:	Book Value	Percent	Policy Maximum	Pass / Fail?
Less Than 90 Days	89,594,023.39	27.1%	No Limit	
90 to 180 Days	43,317,350.11	13.1%	No Limit	
181 to 365 Days	63,963,647.73	19.4%	No Limit	
1 to 2 Years	71,879,687.63	21.8%	No Limit	
2 to 3 Years	61,334,059.60	18.6%	No Limit	
More Than 3 Years	-	0.0%	20.00%	Pass
	330,088,768.46	100.00%		

Other Policy Tests:	Pass / Fail?
Policy requires at least 35% of portfolio to mature in less than one year. Current Portfolio Maturing in Less Than One Year = 59.6%	Pass
Policy sets a maximum weighted average maturity of 3 years (1095 days). Current Portfolio Weighted Average Maturity = 401	Pass

National Economic Trends

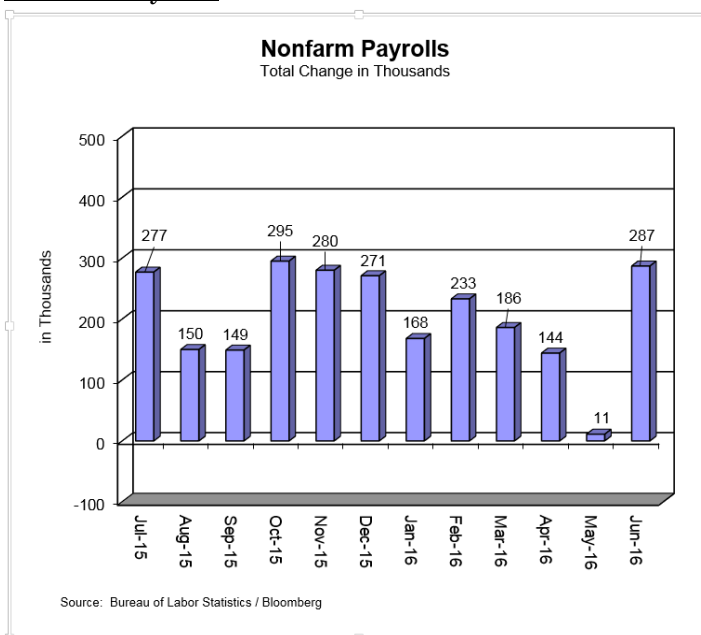
Period ending June 30, 2016

Gross Domestic Product (GDP)



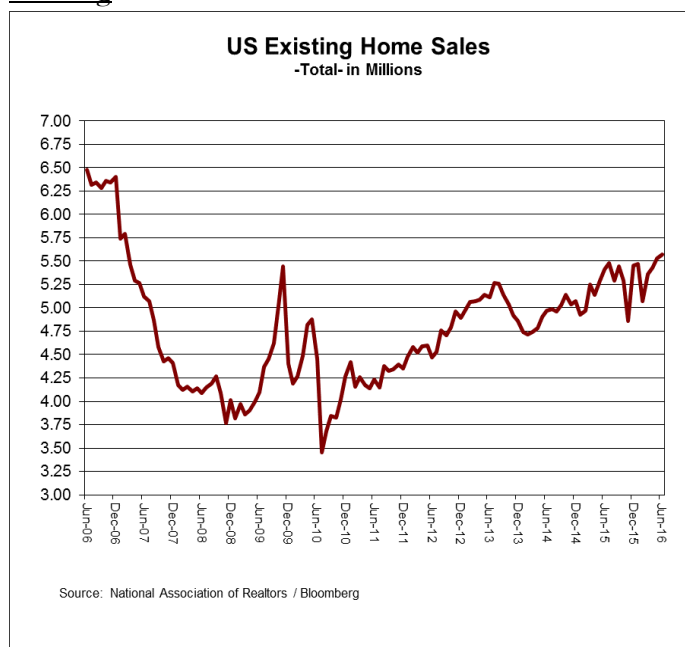
The initial measure of U.S. second quarter GDP was a disappointment, increasing at just a +1.2% annualized growth rate, *less than half of the median forecast*. The consumer spending contribution to GDP was very solid, but business spending, government spending, residential spending (housing) and in particular, *unexpectedly slow inventory accumulation* were a drag on growth. On a positive note, the negative inventory contribution will likely reverse itself in future quarters as lean inventories rebuild. The first quarter of 2016 was revised downward from a +1.1% annualized pace to just +0.8%. As a result, economic growth so far in 2016 appears to have slowed significantly. *The annual pace for the first six months of the year is now around +1.0%, well below the +2.1% annual growth rate during the seven-year recovery cycle and a long way from the +3.3% average since WWII.*

Nonfarm Payrolls



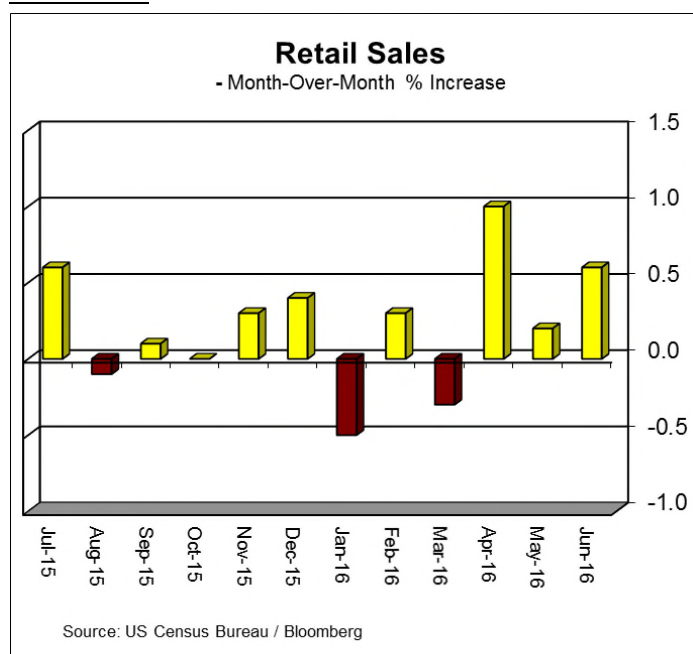
The labor market has been wildly uneven in recent months, further complicating Fed efforts to tighten monetary policy. Nonfarm payrolls rose by just +11k in May, before surging +287k in June. The average for the second quarter was a mediocre +147k. By contrast, job growth averaged +229k per month in 2015. The unemployment rate dropped to an 8½-year low of +4.7% in May as huge numbers of American workers exited the labor force, before rising to +4.9% in June after the labor force numbers reversed. The most recent JOLT (job openings and labor turnover) survey showed a record 5.8 million job openings in April and the fewest number of unemployed workers competing for open jobs in 15 years. Although the JOLT numbers retreated in May, the number of posted openings indicated solid demand by U.S. companies. *Quality of jobs continues to be an issue.*

Housing



Housing starts rose +4.8% in June to a 1,189k annual pace, while building permits increased by +1.5% to an annual pace of 1,153k. Building permits were actually down a fraction from the previous quarter, while housing starts were slightly higher. Despite mortgage lending rates approaching new record lows, the housing market may be losing some of its upward momentum. Existing home sales rose +1.1% in June to an annualized pace of 5.57 mm units. It was the fourth straight month that a post-recession high had been reached. New homes sales rose +3.5% in June to an annual rate of 592k, the highest since February 2008. However, a spokesman for the National Association of Realtors said June would likely be high for the year due to tight supply and rising prices. The median existing home price was up 4.8% year-over-year in June to \$247,700, while the average price for a new home rose to a record \$320,000.

Retail Sales



Headline consumer spending rebounded nicely in the second quarter. Since consumer spending accounts for roughly 2/3rds of U.S. economic growth, the increased spending indicates improved GDP. April retail sales rose +1.2%, well above the +0.8% forecasted growth and a sharp rebound from the -0.3% drop recorded in March. The retail sales “control group,” (used to calculate GDP), increased by +0.9% in April, far exceeding the +0.4% median forecast. May sales weren’t nearly as impressive, but were still positive with a +0.2% gain. The control group rose by a solid +0.5%. June sales rose by +0.6% with the control group rising +0.5%. Annualized retail sales were up +5.9% in Q2 compared to -0.2% in Q1. Household wealth reached a record high of \$88.1 trillion in the first quarter, due primarily to rising residential real estate values. Seven years ago, at the recession low point, household net worth was \$55 trillion.