

# Your MMDT Quarterly Update

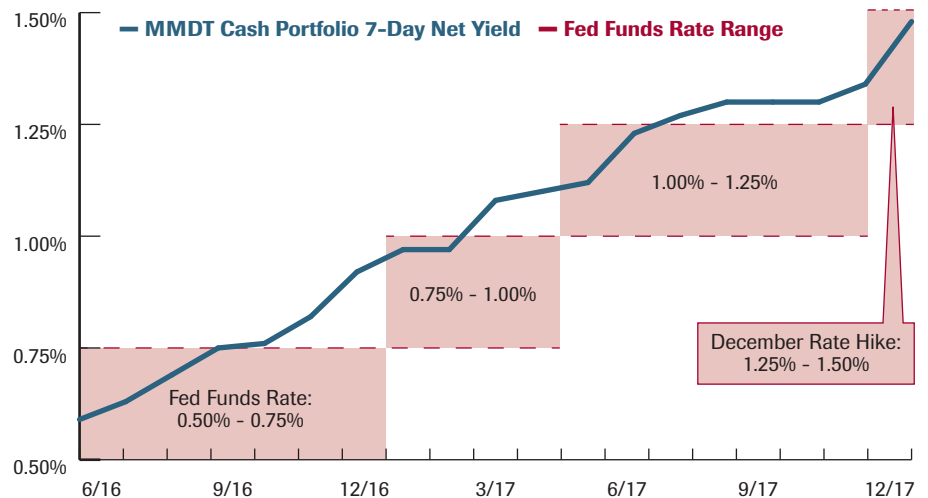
Winter 2018

## A Chance to Capitalize on the Rate Increase

The announcement that the Federal Reserve increased the target range of the fed funds rate by 0.25% has sparked another rise in yield for the Massachusetts Municipal Depository Trust Cash Portfolio with the 7 day net yield climbing to 1.42% as of December 18th.

As rates rise, MMDT Portfolio Manager Paige Wilhelm seeks to invest in securities with the highest yields possible consistent with stability of principal and daily liquidity. As shown above, the yield of the Cash Portfolio has risen in response to recent Fed hikes, enhancing participants' working capital.

For more information on how you can seek to take advantage of a rising-rate environment and invest in the MMDT Cash Portfolio call (617) 335-0770.



Performance quoted represents past performance, which is no guarantee of future results. Investment return will vary. The value of an investment when redeemed, may be worth more or less than the original cost.

Sources: Federated Investors, Bloomberg; Chart end date is 12/31/17

7-day net yield as of 12/31/17 is 1.48%. Past performance is no guarantee of future results

## Fed Watch: Another December, another hike

December 13, 2017

For the third December in a row, and amid virtual certainty for policy action, the Federal Reserve voted to raise the fed funds target range by 25 basis points at today's Federal Open Market Committee (FOMC) meeting.

This time feels different, though. This time the Fed is no longer moving in spite of the surrounding data, but because of it. And unlike with previous actions, this time the market is a believer in the Fed in the magnitude of future policy moves.

The recent and expected strong economic performance kept the Fed's dot plot projections on track for three additional policy moves in 2018 and two in 2019 and nudged up its projections for 2020 to reflect an additional rate hike.

During the course of what was her final press conference, Yellen acknowledged that most of her colleagues factored in potential fiscal stimulus from a tax package into their outlooks. She also spent some time on labor-market conditions, noting that the language in the Fed's statement had changed to indicate that allowing the labor market to overheat would jeopardize the expansion.

There were two dissenters from today's action, Minneapolis Fed President Neel Kashkari and Chicago Fed President Charles Evans, both definitely on the dovish side but rotating off of the FOMC after today's meeting. And once the calendar flips, the faces on the Fed for 2018 will eventually look different.

## Fed Rate Watch

Upcoming Fed meetings:

January	30-31
March	20-21
May	1-2
June	12-13
Jul/Aug	31-1
September	25-26
November	7-8
December	18-19

## Outlook:

Anticipating 3 Rate Hikes in 2018

## Your Federated MMDT Representatives

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Wayne is responsible for managing the MMDT Participant Services team from the High Street office.

## Comparing the MMDT Cash Pool and Bank Deposits

MMDT CASH POOL	BANK DEPOSITS
Offers participation in a diversified portfolio of high-quality money market instruments.	Bank deposits can consist of saving accounts, checking accounts, and money market accounts, for depositing and withdrawing money.
Money is invested in securities that are meticulously selected and managed by Federated Investors, whom The Commonwealth designated as the investment manager in 2012.	Money deposited represents a liability on the balance sheet of a bank, while loans & other credit represent assets.
While not insured by the FDIC, the portfolio is stress tested daily to ensure safety against a variety of shocks.	Insurance from FDIC protects deposits up to \$250,000.
Return can adjust to changes in the market. Seeks to obtain the highest possible level of current income consistent with preservation of capital and liquidity.	Return is fixed until the bank declares a new rate.
Investors' money is combined with the rest of the pool and represents proportionate ownership of the securities. A list of which can be found on the MMDT public website.	Commercial banks manage deposit accounts, such as checking and savings accounts, for individuals and businesses. They make loans to the public using the money held on deposit.

## Are you taking advantage of all of the features available from MMDT?

- No fee wire/ACH transactions
- Future date trading
- Vendor payments
- Internal MMDT participant to participant transfers
- Dual authorization trading
- Unlimited number of transactions
- Online tutorials

## Upcoming Events

We look forward to meeting with MMDT participants at these events:

- Jan 19-20, 2018, Hynes Convention Center and Sheraton Boston Hotel, Boston 39th MMA Annual Meeting and Trade Show
- Feb 4-7, 2018, Mohegan Sun Convention Center, CT 2018 New England NAHRO Mid-Winter Conference & Exhibition

Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices.

Investments in the Cash Portfolio and Short Term Bond Portfolio are not deposits of a bank and are neither insured nor guaranteed by the Commonwealth of Massachusetts or the U.S. government, the Federal Deposit Insurance Corporation (FDIC) or any other government agency. The Portfolios' yields will vary from day to day based on changes in interest rates and market changes. Although the Cash Portfolio seeks to preserve the value of your investment at \$1.00 per unit, it is possible to lose money by investing in the Portfolio.

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