Committee: Council

Date: 7 February 2024

Wards: All

Subject: Mid-year Treasury Management Performance Report for 2023/24 as at 30 September 2023

Lead officer: Roger Kershaw - Director of Finance and Digital

Lead member: Councillor Billy Christie – Cabinet Member for Finance and Corporate Services

Contact officer: Nemashe Sivayogan- Head of Treasury and Pensions

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Recommendations:

A. That Council note the update on Treasury Management performance for the half year to 30 September 2023

B. That Council delegates authority to the Executive Director of Finance and Digital (S151 officer) to make short term treasury investment decisions not otherwise currently authorised by the Council's Treasury Management Strategy based on current market conditions/interest rates movements and funds availability to maximise the investment returns.

C. That Council notes that the Annual Treasury Management Strategy for FY2024/25 will be presented to the Council in March 2024.

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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1. This report provides an update on Treasury Management performance for the half year to 30 September 2023. The last performance update report was presented to the Cabinet on the 18 July and covered the full year to 31 March 2023 and this report was presented to Cabinet in November 2023.

1.2. Since the beginning of the Covid-19 out break and continued lock downs the Council took a precautionary move and held most of its cash in liquid form. Cash was placed in money market funds which gave us instant liquidity and security.

1.3. The BOE base interest has continued to rise during the period resulting in rising interest rate/return on fixed deposits and other cash investments. The current investment strategy has limitations on the amount and duration of our deposits together with approved counter parties.

1.4. There have been significant developments in the first half of the year. £38m of long-term Public Works Loan Board (PWLB) debt was settled early on the 6th April 2023 (funded by CHAS sales proceeds) with the remaining £13.7m balance naturally maturing at the end of the financial year, 31st March 2024. In addition we allocated £87.035m of the proceeds from the sale of CHAS to long-term government bonds in June 2023. Another long-term loan, this time a LOBO loan held with Bayerische Landes Bank was settled early on the 28th September 2023 as both options were exercised, Bayerische wished to increase the rate from 4.9% to 6.5% and Merton exercised their right to redeem (in accordance with our practice). These events have significantly reduced the council's debt portfolio and therefore debt interest commitment. In the case of Bayerische the LOBO originally had a maturity of 28th March 2062. In redeeming the LOBO early we have secured a saving of £9.55m in cash interest payments.

2 DETAILS

2.1. The Council's Treasury Management Strategy and Prudential Indicators were set out in Section 1, A to the Business Plan Report 2023-2027 presented to the Council on 1st March 2023. They follow the requirements of the CIPFA Treasury Management Code of Practice and incorporate a debt management strategy that reflects the Council's potential need to borrow to finance its capital expenditure plans.

2.2. In addition, the Council follows the Ministry for Housing, the Department for Levelling Up, Housing and Communities (DLUHC), revised guidance on local authority investments of March 2018 that requires the Council to approve an investment strategy before the start of each financial year. The Guidance stipulated that the Council monitors the Treasury management activity undertaken.

2.3 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially before considering optimising investment return.

2.4 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer-term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

2.5 Accordingly, treasury management is defined as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2.6 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- A review of the Treasury Management Strategy Statement
- An economic update for the first half of the 2023/2024 financial year;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2023/24;
- A review of compliance with Treasury and Prudential Limits for 2023/24.

2.7 The Council approved the 2023/24 Treasury Management Strategy (TMS) at its meeting on 1st March 2023. The Council's stated investment strategy is to prudently manage an investment policy achieving first of all, security (protecting the capital sum from loss), liquidity (keeping money readily available for expenditure when needed), and to consider what yield can be obtained consistent with those priorities.

2.8 The total cash and deposit balance as at the end of 30 September 2023 (excluding bonds) was £209m. 2023/24 forecasted total interest income receivable is £11.790m against a budget of £6.321m. Rates continued to rise dramatically over the past year - the BoE decided to increase rates 14 consecutive times. This combined with the extra cash proceeds from the sale of CHAS has seen a big increase in interest income against the budget.

2.9 The Council's gross debt was £65.7m (after the redemption of the previously mentioned PWLB and LOBO early settlements) at 30 September 2023 and the average rate of interest is 6.69%. Based on the council capital programme the council will make new long-term borrowings if needed.

2.10 The Council's stated borrowing strategy is to finance long term borrowing from cash balances to the extent that reserves allow in addition to external borrowing.

2.11 Monthly Treasury meetings are held to discuss issues and to review the performance of the investments. Part of these meetings is to establish a position on whether the Council will go to the market to seek external borrowing or to continue funding its financial obligations through internal cash balances.

2.12 So far this year the decision has been not to borrow externally. This is mainly due to the fact the Council at this time does not need to borrow for any significant capital projects. PWLB rates have been steadily increasing and the cost of carry will be a factor in making the decision. The decision not to borrow has been further influenced by the available cash balance and the expected future capital expenditure. This decision is reviewed every month as part of the monthly treasury meeting

2.13 We are pleased to report that all treasury management activity undertaken between 1 April 2023 and 30 September 2023 period complied with the approved strategy, the CIPFA Code of Practice, and the relevant legislative provisions.

2.14 The key drivers for an effective treasury strategy are security, liquidity and yield management. A robust cash flow forecast is in place and is continuously reviewed to take account of the funding requirements both operational and major programme financing. This will better inform the borrowing and investment decisions providing an opportunity to review the budgeted investment income level.

Treasury Management Performance

2.15 The investment balance (excluding long-term bonds) held as at the 30 September 2023 stood at £209 million and the average rate of return on these investments was 4.95%. The forecast full year interest receivable income is £11.790m set against a budget of £6.321m.

2.16 The table overleaf shows the interest income forecast as at 30th September 2023 for CHAS and NON-CHAS deposits.

Counterparty	Investment value	Investment d	Maturity date	Rate	2023-24
Aviva investor sterling liquidity (30 Sept 2	106,690.40			4.51	
Standard Chartered Bank	7,000,000.00	04/04/2023	04/10/2023	4.65	163,195.89
Lloyds Bank Corporate Markets	7,000,000.00	04/04/2023	04/10/2023	4.87	170,916.99
Close Brothers - 03/05/24	15,000,000.00	04/05/2023	03/05/2024	5.20	711,616.44
Close Brothers - 22/05/24	15,000,000.00	22/05/2023	22/05/2024	5.20	673,150.68
Lloyds Bank Corporate Markets - 07/12/2	10,000,000.00	07/06/2023	07/12/2023	5.04	252,690.41
GB00B128DP45	1,035,000.00	07/06/2023	07/12/2046	4.25	35,913.08
GB00B128DP45	30,000,000.00	07/06/2023	07/12/2046	4.25	1,040,958.90
GB00BL6C7720	15,000,000.00	07/06/2023	29/01/2027	4.13	505,171.23
GB00B39R3707	25,000,000.00	09/06/2023	07/12/2049	4.25	861,643.84
GB00B39R3707	1,000,000.00	09/06/2023	07/12/2049	4.25	34,465.75
GB00B16NNR78	15,000,000.00	09/06/2023	07/12/2027	4.25	516,986.30
DMADF	25,000,000.00	27/03/2023	03/04/2023	4.05	5,547.95
DMADF	21,818,863.26	13/03/2023	12/04/2023	3.92	28,119.43
ATS Goldman Sachs	7,817,572.67	25/08/2023	23/02/2024	5.82	226,868.10
Lloyds Bank Corporate Markets	7,000,000.00	04/10/2023	28/03/2024	5.64	190,369.32
Goldman Sachs	7,000,000.00	04/10/2023	28/03/2024	5.56	187,669.04
CHAS MMF income end of 30 Sept 2023					1,071,713.72
Expected income from CHAS sale proceeds					**6,676,997.08**
National Westminster Bank	5,000,000.00	09/05/2023	09/11/2023	4.70	118,465.75
National Westminster Bank	5,000,000.00	11/11/2022	10/11/2023	4.30	131,356.16
STANDARD CHARTERED	5,000,000.00	24/05/2023	24/11/2023	5.19	130,816.44
Close Brothers Bank	5,000,000.00	29/03/2023	29/12/2023	4.60	171,397.26
Goldman Sachs	10,000,000.00	06/07/2023	08/01/2024	5.94	302,695.89
Santander Fixed Deposits	10,000,000.00	06/07/2023	08/01/2024	5.79	295,052.05
National Westminster Bank	5,000,000.00	20/01/2023	22/01/2024	4.45	180,438.36
National Westminster Bank	5,000,000.00	26/01/2023	26/01/2024	4.45	182,267.12
NATIONWIDE B.S	5,000,000.00	10/05/2023	12/02/2024	4.54	172,893.15
Goldman Sachs	5,000,000.00	01/08/2023	01/02/2024	5.79	145,939.73
Natwest	5,000,000.00	04/08/2023	07/05/2024	5.84	221,600.00
Standard Chartered Bank	5,000,000.00	24/08/2023	23/02/2024	5.80	145,397.26
ATS Goldman Sachs	4,247,295.98	25/08/2023	23/02/2024	5.82	123,257.69
Close Brothers Bank	5,000,000.00	28/09/2023	28/03/2024	5.60	139,616.44
2022-23 Deposits Matured in2023-24					
NAT	5,000,000.00	07/11/2022	09/05/2023	3.80	95,260.27
N&AN	5,000,000.00	10/11/2022	10/05/2023	3.15	78,102.74
STAND	5,000,000.00	24/11/2022	24/05/2023	4.02	99,673.97
Goldman Sachs	5,000,000.00	01/02/2023	01/08/2023	4.10	68,436.99
Natwest	5,000,000.00	04/11/2022	04/08/2023	4.10	70,767.12
Standard Chartered Bank	5,000,000.00	24/02/2023	24/08/2023	4.39	87,198.63
Goldman Sachs	5,000,000.00	28/02/2023	29/08/2023	4.40	90,410.96
Close Brothers Bank	5,000,000.00	28/03/2023	28/09/2023	4.50	110,958.90
					973,846.57
Income from Non-CHAS Deposits					**3,435,039.88**
CCLA forecasted					408,501.24
NON-CHAS MMF					1,269,480.45
interest on current account balance					238.54
					1,678,220.23
					11,790,257.18

2.17 The table overleaf sets out the key performance indicators of our treasury management activities and the position as at 30 September 2023. Each indicator has been RAG rated for ease of reference.

Indicator Description	Agreed Performance or target	Status at 30 September 2023	RAG Status
Borrowing Limits for the years 2023/24			
Authorised Limit	£241m	£235m	
Operational Limit	£206m	£200m	
Security: average credit rating			
Portfolio average credit rating	A-	A-	
Compliance with CLG Non-specified investments Limits			
Total investments in Money Markets Fund (MMF)* increased to £100m at Sept 2021 Council meeting	£100m	£50m	
Total of other Pooled Funds	£10m	£10m	
Budgeted Investment Return			
Return on Investments	2.00%	4.95%	
Liquidity: cash available			
Total cash available without borrowing	£10m	£54m	
Total cash available including borrowing (cash + under borrowing)	£20m	£72m	
Deposit Interest rate exposure			
Fixed rate exposures	No limit	£55m	
Variable rate exposures	£100m	0	
Maturity structure of borrowing			
Under 12 months	0% - 20%	0.1%	
1 to 2 years	0% - 20%	18%	
2 to 5 Years	0% - 40%	10%	
Five years and within 10 years	0% - 20%	1%	
10 to 20 years	0% - 30%	11%	
20 to 30 years	0% - 50%	19%	
30 to 40 years	0% - 70%	41%	
Principal sums invested for periods longer than 365 days			
Investments longer than 365 but less than 2 years	£0m	£0m	

3.0 Risk Management and Creditworthiness Policy

3.1 This Council applies the creditworthiness service provided by Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

3.2 This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

	Colour (and long term rating where applicable)	Money Limit	Time Limit
Banks	yellow	£25m	5yrs
Banks	purple	£25m	2 yrs
Banks	orange	£25m	1 yr
Banks – part nationalised	blue	£25m	1 yr
Banks	red	£10m	6 mths
Banks	green	£5m	100 days
Banks	No colour	Not to be used	
Other institutions limit	-	£5m	1yrs
Government (DMADF)		unlimited	6 months
Local authorities	Yellow	£35m	5yrs
	Fund rating	Money Limit	Time Limit
Money market funds (maximum 5 Funds, £20m per Fund)	AAA	£100m	Instant
Ultra-Short Dated Bond funds with a credit score of 1.25	Dark pink / AAA	£25m	Instant
Ultra-Short Dated Bond funds with a credit score of 1.5	Light pink / AAA	£10m	Instant

4. CAPITAL PRUDENTIAL INDICATORS 2023/24-2026/27

4.1 The Council is required to calculate various indicators for the next three years. The aim of prudential indicators is to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The prudential indicators are calculated for the Medium Term Financial Strategy (MTFS) period and are linked to the CIPFA Prudential Code and TM Code of Practice. The indicators relate to capital expenditure, external debt and treasury management.

4.2 The Council will monitor performance against the indicators and prepare indicators based on the Statement of Accounts (SoA) at year end. Actuals are calculated from the SoAs with estimates based on the Capital programme.

Capital Expenditure

4.3 The Council's capital expenditure plans are fundamental to its treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to provide Council members an overview and confirm the impact of capital expenditure plans.

4.4 This indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle as reported in the MTFS. Environment and Regeneration figures include projects relating to Public Health programmes however these are fully funded and have no impact on the council's net financing need for the year or borrowing requirement

Please find below the capital expenditure forecast (as at September 2023).

Capital Forecast	2022/23 Actual £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000
Finance and Digital	3,654	8,007	6,525	1,280	7,536
ASC, Integrated Care & Public Health	0	0	0	0	0
Children, Lifelong Learning & Families	8,268	6,326	16,114	3,479	3,400
Environment, Civic Pride & Climate	7,626	14,374	11,369	15,655	12,970
Innovation & Change	0	45	0	0	0
Housing & Sustainable Development	3,817	12,228	18,086	20,682	17,445
Total	23,365	40,981	52,094	41,096	41,351

4.5 The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

4.6 The table below shows how the capital expenditure plans are being financed by revenue or capital resources. A shortfall of resources means a borrowing need. The capital programme expenditure figures used in calculating the financing costs have been adjusted for slippage in the programme as at September 2023.

Capital Expenditure	2022/23 Actual £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000
Capital Budget*	23,365	40,981	52,094	41,096	41,351
Slippage	0	0	0	0	0
Total Capital Expenditure	23,365	40,981	52,094	41,096	41,351
Financed by:					
Capital Receipts	5,797	900	900	500	500
Capital Grants & Contributions	13,736	23,856	30,310	17,679	16,741
Capital Reserves	0	0	0	0	0
Revenue Provisions	833	1,387	1,608	230	95
Other Financing Sources	0	0	0	0	0
Net financing need for the year (a)	2,999	14,838	19,276	22,687	24,015

5.0 ECONOMIC UPDATE ALTERNATIVE OPTIONS

- The first half of 2023/24 saw:

- Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
- Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
- A 0.5% m/m decline in real GDP in July, mainly due to more strikes.
- CPI inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7.
- Core CPI inflation declining to 6.2% in August from 7.1% in April and May, a then 31 years high.
- A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose to 7.8% in August, excluding bonuses).

- The 0.5% m/m fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.
- The fall in the composite Purchasing Managers Index from 48.6 in August to 46.8 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0.2% q/q rise in real GDP in the period April to June, being followed by a contraction of up to 1% in the second half of 2023.
- The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.
- As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of- living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.
- The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.
- But the cooling in labour market conditions still has not fed through to an easing in wage growth. While the monthly rate of earnings growth eased sharply from an upwardly revised +2.2% in June to -0.9% in July, a lot of that was due to the one-off bonus payments for NHS staff in June not being repeated in July. The headline 3myy rate rose from 8.4% (revised up from 8.2%) to 8.5%, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular private sector wage growth eased a touch in July, from 8.2% 3myy in June to 8.1% 3myy, it is still well above the Bank of England's prediction for it to fall to 6.9% in September.

- CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.2%. That reverses all the rise since March and means the gap between the UK and elsewhere has shrunk (US core inflation is 4.4% and in the Euro-zone it is 5.3%). Core goods inflation fell from 5.9% to 5.2% and the further easing in core goods producer price inflation, from 2.2% in July to a 29-month low of 1.5% in August, suggests it will eventually fall close to zero. But the really positive development was the fall in services inflation from 7.4% to 6.8%. That also reverses most of the rise since March and takes it below the forecast of 7.2% the Bank of England published in early August.
- In its latest monetary policy meeting on 20 September, the Bank of England left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have convinced the Bank of England that it has already raised rates far enough. The minutes show the decision was "finely balanced". Five MPC members (Bailey, Broadbent, Dhingra, Pill and Ramsden) voted for no change and the other four (Cunliffe, Greene, Haskel and Mann) voted for a 25bps hike.
- Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. The statement did not say that rates have peaked and once again said if there was evidence of more persistent inflation pressures "further tightening in policy would be required". Governor Bailey stated, "we'll be watching closely to see if further increases are needed". The Bank also retained the hawkish guidance that rates will stay "sufficiently restrictive for sufficiently long".
- This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates at the next meeting on 2nd November, or even pause in November and raise rates in December.
- The yield on 10-year Gilts fell from a peak of 4.74% on 17th August to 4.44% on 29th September, mainly on the back of investors revising down their interest rate expectations. But even after their recent pullback, the rise in Gilt yields has exceeded the rise in most other Developed Market government yields since the start of the year. Looking forward, once inflation falls back, Gilt yields are set to reduce further. A (mild) recession over the next couple of quarters will support this outlook if it helps to loosen the labour market (higher unemployment/lower wage increases).
- The pound weakened from its cycle high of $1.30 in the middle of July to $1.21 in late September. In the first half of the year, the pound bounced back strongly from the Truss debacle last autumn. That rebound was in large part driven by the substantial shift up in UK interest rate expectations. However, over the past couple of months, interest rate expectations have dropped sharply as inflation started to come down, growth faltered, and the Bank of England called an end to its hiking cycle.
- The FTSE 100 has gained more than 2% since the end of August, from around 7,440 on 31st August to 7,608 on 29th September. The rebound has been

primarily driven by higher energy prices which boosted the valuations of energy companies. The FTSE 100's relatively high concentration of energy companies helps to explain why UK equities outperformed both US and Euro-zone equities in September. Nonetheless, as recently as 21st April the FTSE 100 stood at 7,914.

Interest Rate Forecasts

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

The latest forecast on 25th September sets out a view that short, medium and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy.

Our PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1st November 2012.

Link Group Interest Rate View	25.09.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

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