

ONLINE POOL ACCOUNT STATEMENTS

Local governments ready to make the move to online statement access may contact us via e-mail at ost.banking@ost.state.or.us. An Oregon State Treasury (OST) customer service representative will work with local governments to set up access to our online statement software.

The online statement software was designed by OST to enable users to view, save, and print daily and/or monthly OST pool account statements at their convenience – 24 hours a day, 7 days a week. Statements are updated each afternoon for access to same day information. Three years' of historical data is also available online.

Local governments currently accessing online pool account statements should use our ost.banking@ost.state.or.us e-mail address for requesting password resets, adding or removing users, or submitting questions related to online statements.

CORPORATE MARKET COMMENTARY

Despite a relatively significant decline in treasury rates during the last two weeks of February due to turmoil in the Middle East and North Africa (MENA), UST rates were higher for the month of February at every significant maturity on the UST curve except for the 30-year tenor. Positive economic data in the first half of February generated a relatively sharp rise in rates which fomented several other market concerns, e.g., Would the Federal Reserve continue with its massive amount of UST buying (Who/What would fill the void)?; When would inflation appear? Then the MENA turmoil became bigger news in the second half of February and rates declined as the market assessed the potential impacts. For the month, rates increased the most in the shorter end of the curve as the attached chart shows. Shorter maturity rates tend to be affected the most when the market changes its opinion on Federal Reserve policy. Stronger economic signals sparked discussion about continuance of the Federal Reserve's quantitative easing policy and the timing of a potential increase in its Federal Funds rate.

Rates	2/28/11	Change					Credit	2/28/11	Change						
		MTD	QTD	YTD	90 Day	TTM			MTD	QTD	YTD	90 Day	TTM		
3-Month LIBOR**	0.31	0.01	0.01	0.01	0.01	0.0	0.1	US IG Corporate*	OAS	139	(11)	(17)	(17)	(32)	(34)
3-Month Tsy**	0.14	(0.01)	0.02	0.02	0.02	(0.0)	0.0		YTW	3.96%	-2 BP	-6 BP	-6 BP	17 BP	-51 BP
6-Month Tsy**	0.17	0.00	(0.02)	(0.02)	(0.0)	(0.0)		Industrial*	OAS	122	(6)	(12)	(12)	(22)	(19)
									YTW	3.90%	2 BP	-3 BP	-3 BP	26 BP	-34 BP
2-Year Tsy**	0.68	0.12	0.09	0.09	0.2	(0.1)		Utility*	OAS	136	(6)	(11)	(11)	(24)	(21)
3-Year Tsy**	1.17	0.21	0.18	0.18	0.5	(0.2)			YTW	4.29%	0 BP	0 BP	0 BP	26 BP	-39 BP
5-Year Tsy**	2.14	0.20	0.13	0.13	0.7	(0.2)		Financial*	OAS	166	(18)	(25)	(25)	(49)	(60)
7-Year Tsy**	2.84	0.13	0.14	0.14	0.7	(0.2)			YTW	4.29%	0 BP	0 BP	0 BP	26 BP	-39 BP
10-Year Tsy**	3.43	0.06	0.13	0.13	0.6	(0.2)		Sovereign*	OAS	140	(7)	(12)	(12)	(19)	(7)
30-Year Tsy**	4.50	(0.07)	0.17	0.17	0.4	(0.1)			YTW	4.09%	-2 BP	-1 BP	-1 BP	29 BP	-24 BP
								Corporate AAA*	OAS	31	(4)	(3)	(3)	(8)	(2)
2s/5s Curve (bp)**	1.46	0.08	0.04	0.04	0.4	(0.0)			YTW	2.01%	10 BP	7 BP	7 BP	35 BP	-8 BP
5s/7s Curve (bp)**	0.70	(0.07)	0.00	0.00	0.0	(0.1)		Corporate AA*	OAS	100	(9)	(8)	(8)	(20)	(11)
7s/10s Curve (bp)*	0.59	(0.07)	(0.00)	(0.00)	(0.1)	0.0			YTW	3.35%	1 BP	2 BP	2 BP	25 BP	-23 BP
10s/30s Curve (bp)	1.07	(0.13)	0.03	0.03	(0.2)	0.1		Corporate A*	OAS	132	(12)	(18)	(18)	(34)	(33)
2s/10s Curve (bp)*	2.75	(0.06)	0.05	0.05	0.4	(0.1)			YTW	3.87%	-3 BP	-7 BP	-7 BP	14 BP	-52 BP
2s/30s Curve (bp)*	3.82	(0.19)	0.08	0.08	0.2	0.1		Corporate Baa*	OAS	174	(9)	(18)	(18)	(30)	(31)
									YTW	4.54%	-1 BP	-7 BP	-7 BP	22 BP	-44 BP

* Source: Barclays Family of Indices

** Source: Bloomberg

OAS= Option Adjusted Spread to Treasuries

OREGON SHORT-TERM FUND BOARD MEETING

The next Oregon Short-Term Fund (OSTF) Board meeting is scheduled for Thursday, April 7th at 10:00 a.m. The location for this meeting will be the offices of Orrick, Herrington & Sutcliffe, LLP, at 1120 NW Couch Street, Suite 200, Portland, Oregon. Investment policies needing to be reviewed should be sent to Oregon State Treasury at least four weeks prior to the meeting date.

For a list of all scheduled OSTF Board meeting dates for 2011, as well as other OSTF related information, please view our website at: <http://www.ost.state.or.us/About/OSTF>. If you have any questions, please contact Heidi Rawe at (503) 373-1029.



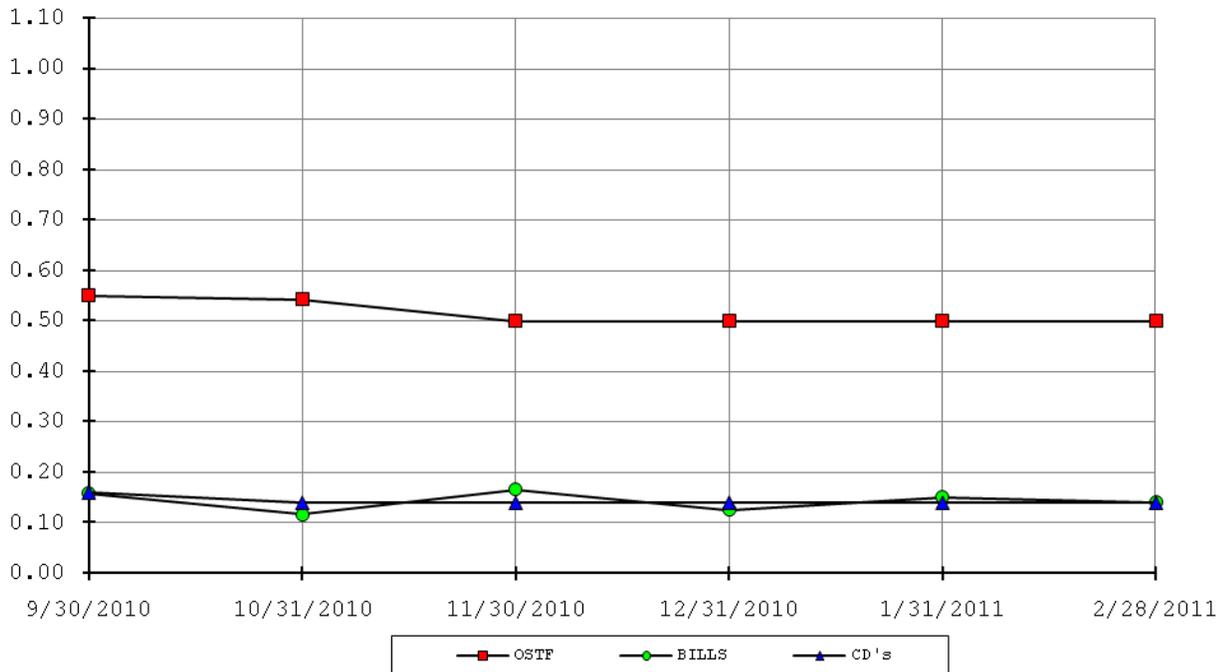
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Website: <http://www.ost.state.or.us/divisions/finance/LocalGovernment/Index.htm>

Local Government News List: <http://listsmart.osl.state.or.us/mailman/listinfo/local-gov-news>

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OREGON SHORT-TERM FUND ANALYSIS



Oregon Short-Term Fund Analysis as of February 28, 2011

	9/30/2010	10/31/2010	11/30/2010	12/31/2010	1/31/2011	2/28/2011
LGIP AV DOLLARS INVESTED (MM)	4,107	3,810	5,383	5,667	5,425	5,244
STATE AGENCY AV DOLLARS INVESTED (MM)	5,906	5,965	5,833	5,466	5,647	5,412
TOTAL OSTF AV DOLLARS INVESTED (MM)	10,013	9,775	11,217	11,133	11,072	10,656
OST ANNUAL YIELD (ACT/ACT)	0.55	0.54	0.50	0.50	0.50	0.50
3-MO UST BILLS (BONDEQ YLD)	0.16	0.12	0.17	0.13	0.15	0.14
3-MO JUMBO CDS (ACT/360)	0.16	0.14	0.14	0.14	0.14	0.14

NOTE: The OST ANNUAL YIELD represents the average annualized yield paid to accountholders during the month. Since interest accrues to accounts on a daily basis and the rate paid changes during the month, this average rate is not the exact rate earned by each account.

3-MO UST BILLS yield is the yield for the Treasury Bill Issue maturing closest to 3 months from monthend. 3-MO JUMBO CDS is the highest posted rate received by the Treasury from Oregon banks as of monthend. Consequently, whereas the yield on UST Bills should normally be lower than CD rates, the fact that the quotes are up to a week different in time may result in an apparent reversal of this situation.

This material is available in alternative format and media upon request.