



# Local Government

## News Report

APRIL 2013

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### HOLIDAYS AND CLOSURES

No Holidays or Closures for the month of April.

## QUALIFIED PUBLIC FUND DEPOSITORIES TO INCLUDE CREDIT UNIONS

The Oregon State Treasury's list of qualified depositories for public funds gained ten new members on April 1st. With the official launch of the Public Funds Collateralization Program for Credit Unions, local governments can now deposit amounts in excess of \$250,000 with Advantis Credit Union, MAPS Credit Union, Northwest Community Credit Union, Old West Federal Credit Union, OnPoint Community Credit Union, Oregon Community Credit Union, OSU Federal Credit Union, Pacific Crest Federal Credit Union, Unitus Community Credit Union, and Wauna Federal Credit Union.

While your local credit union may not be listed above, they may already be planning to join the program now that it is up and running. You can watch Treasury's [list of qualified depositories](#) for new additions in the coming months.

As always, please remember to give the Public Funds program a call at 503-378-3400 or e-mail [public.funds@ost.state.or.us](mailto:public.funds@ost.state.or.us) to let us know when you add or change depositories. Per Oregon Revised Statute 295.006(3), local governments are required to report this information to Treasury within three business days.

### INTEREST RATES

The average annualized yield for March was:  
**0.54 percent**

The rate for March was as follows:  
March 1st - 31st  
**0.54 percent**

## CREDIT MARKET REVIEW

US stocks continued their rise in March while long Treasury bonds sold off early in the month and caught a bid later in the month to end March largely unchanged. Investors continue to look for signals that the Fed will end its bond buying days and usher in a more normalized yield curve. That moment felt like it arrived early in March before economic data and language from Fed members reminded participants that the economy may need more healing before the Fed takes their foot off the gas pedal.

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## CREDIT MARKET REVIEW

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Europe again made its way into the headlines as Cyprus undertook a controversial bank bailout that involved depositor money. Global markets as a whole appeared to view the case as isolated and too small to impact the broader economy and global financial system.

Economic data in March was mixed. Housing continued in its uptrend although not as strong as previous months with new home sales declining 4.6 percent month-over-month while the S&P/Case-Shiller 20-City Home Price Index reported an 8.08 percent year-over-year increase in home prices nationwide. The third release of Q4 GDP was released in late March indicating the economy grew at 0.4 percent. March payrolls spooked the markets with the economy adding 88k nonfarm jobs, far less than the Bloomberg reported median economist expectation of 190k. The headline unemployment rate came in at 7.6 percent, lower than the prior month reading of 7.7 percent largely as a result of a decline in the labor force participation rate. January was revised from 119k to 148k nonfarm jobs while February was revised from 236k to 268k nonfarm jobs. One month does not make a trend; we will look to future months to see if job growth remains on track.

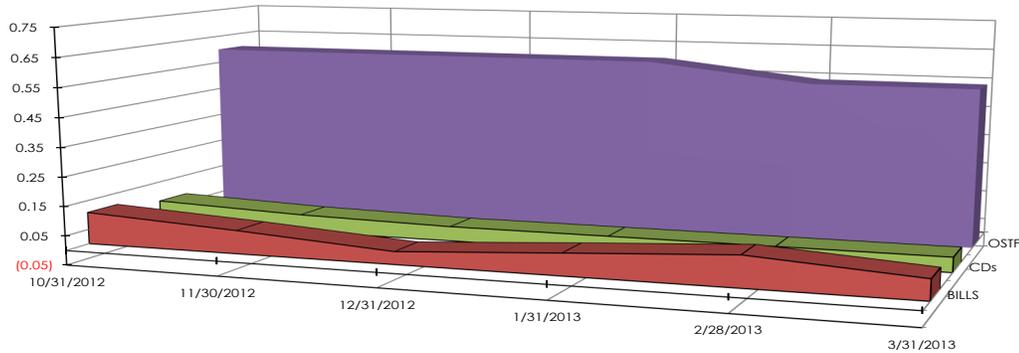
Short rates remained low throughout March. Reduced US Treasury Bill supply during tax season led to a lowering of rates across government products. Short corporate spreads remained largely unchanged. Inflation break-evens remain at near term highs.



## MARKET DATA TABLE

	3/31/13	1 Month	3 Months	12 Months		3/31/13	1 Month	3 Months	12 Months
7-Day Agency Discount Note**	0.04	0.06	0.01	0.03	Barclays 1-3 Year Corporate YTW*	0.95	0.95	0.97	1.36
30-Day Agy Nt Disc**	0.06	0.06	0.03	0.05	Barclays 1-3 Year Corporate OAS*	0.68	0.69	0.70	0.99
90-Day Agy Nt Disc**	0.09	0.09	0.09	0.09	Barclays 1-3 Year Corporate Modified Duration*	1.98	2.01	1.93	1.95
180-Day Agy Nt Disc**	0.11	0.11	0.13	0.14					
360-Day Agy Nt Disc**	0.16	0.16	0.12	0.18	JPM 1-3 Year Floating Rate Note Index Yield***	1.21	1.21	1.21	1.60
					JPM 1-3 Year Floating Rate Note Index Discount Margin***	72.55	72.55	72.55	121.94
30-Day Treasury Bill**	0.03	0.06	0.01	0.02					
60-Day Treasury Bill**	0.05	0.08	0.01	0.05	7-Day Muni VRDN Yield**	0.12	0.11	0.13	0.19
90-Day Treasury Bill**	0.06	0.10	0.03	0.07					
6-Month Treasury Yield**	0.10	0.12	0.09	0.13	O/N GGC Repo Yield**	0.20	0.16	0.19	0.15
1-Year Treasury Yield**	0.12	0.15	0.14	0.17	O/N GGC Reverse Repo Yield**	0.33	0.24	0.25	0.25
2-Year Treasury Yield**	0.24	0.24	0.25	0.33					
3-Year Treasury Yield**	0.35	0.34	0.35	0.50	1-Day CP (A1/P1)**	0.15	0.15	0.16	0.17
					7-Day CP (A1/P1)**	0.16	0.15	0.17	0.21
1-Month LIBOR**	0.20	0.20	0.21	0.24	30-Day CP (A1/P1)**	0.18	0.17	0.20	0.35
3-Month LIBOR**	0.28	0.28	0.31	0.47					
6-Month LIBOR**	0.44	0.46	0.51	0.73	30-Day CD (A1/P1)**	0.18	0.17	0.19	0.22
12-Month LIBOR**	0.73	0.75	0.84	1.05	90-Day CD (A1/P1)**	0.23	0.22	0.27	0.45
					6-Month CD (A1/P1)**	0.34	0.32	0.43	0.77
US 1 Year Inflation Break-Even**	2.34	2.40	1.27	2.18	1-Year CD (A1/P1)**	0.68	0.52	0.54	1.13
US 2 Year Inflation Break-Even**	2.28	2.22	1.66	2.05					
US 3 Year Inflation Break-Even**	2.32	2.25	1.87	1.99	Sources: *Barclays, **Bloomberg, ***JP Morgan				

## OREGON SHORT TERM FUND ANALYSIS AS OF 3-31-13



	10/31/2012	11/30/2012	12/31/2012	1/31/2013	2/28/2013	3/31/2013
LGIP AV DOLLARS INVESTED (MM)	4,389	6,223	6,599	6,250	6,192	6,108
STATE AGENCY AV DOLLARS INVESTED (MM)	5,691	5,595	5,812	6,351	6,222	6,037
TOTAL OSTF AV DOLLARS INVESTED (MM)	10,080	11,818	12,411	12,601	12,414	12,145
OST ANNUAL YIELD (ACT/ACT)	0.60	0.60	0.60	0.60	0.54	0.54
3-MO UST BILLS (BOND EQ YLD)	0.11	0.08	0.04	0.07	0.10	0.07
3-MO JUMBO CDS (ACT/360)	0.08	0.06	0.05	0.05	0.05	0.05

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 month end. 3-MO JUMBO CDS is the highest posted rate received by the Treasury from Oregon banks as of month end. Consequently, while 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.

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