



Local Government

News Report

MAY 2013

INSIDE THIS ISSUE

- Annual Online User Validation
- Credit Market Review
- Market Data Table
- OSTF Analysis



HOLIDAYS AND CLOSURES

Memorial Day
May 27th
(Oregon State Treasury
and Banks
closed)

ANNUAL ONLINE USER VALIDATION

Yet another year has gone by. It's once again time to complete Annual Online User Validation. Reports will be e-mailed out later this month to all local governments that currently access their pool account statements online. The validation e-mail will be directed to those designated as Password Administrators and will contain a listing of all users within that local government that are currently setup to access online statements.

Local governments are asked to review the validation report and respond back to Treasury regarding its accuracy. In addition, we strongly encourage local governments to review those individuals that have not accessed our systems within the last six months and determine whether access is still necessary. If changes are needed, users can be easily deregistered with the OST C-26 Registration/Deregistration form. As a reminder, all local governments are required to send Treasury a C-26 form when they have any turnover for a user setup with online

statements. The form should be sent by one of your Password Administrators via e-mail to ost.banking@ost.state.or.us.

Along with the validation, we are taking this opportunity to remind all users that User IDs and Passwords for Treasury applications should not be shared. A process is in place for resetting passwords and for registration/deregistration of individual users. If you have questions regarding this process, please work with your local government Password Administrator. Protecting the security and integrity of our banking and cash management systems is a task that must be shared by all users. Treasury thanks you for your diligence in this effort.

CREDIT MARKET REVIEW

US stocks continued their rise toward all-time highs in April while Treasury yields ended the month lower across the curve.

Economic data in April provided a bit of relief to investors. The month started out on bad footing with disappointing ISM readings, soft durable goods orders and weak inflation data. The first release of Q1 GDP was reported in late April indicating the economy grew at an annual rate of 2.5 percent, below the Bloomberg median estimate of 3.0 percent.

INTEREST RATES

The average annualized yield for April was:

0.54 percent

The rate for April was as follows:

April 1st - 30th

0.54 percent

continued on page 2

CREDIT MARKET REVIEW

continued on from page 1

Personal consumption came in at 3.0 percent for the first quarter, ahead of the Bloomberg reported median economist expectation of 2.5 percent. Housing continued in its uptrend with new home sales increasing 1.5 percent month-over-month, while the S&P/Case-Shiller 20-City Home Price Index reported a 9.32 percent year-over-year increase in the price of homes nationwide.

April payrolls came in above expectations with the economy adding 165k of nonfarm jobs, more than the Bloomberg reported median economist expectation of 140k. The headline unemployment rate came in at 7.5 percent, lower than the prior month reading of 7.6 percent, with the labor force participation rate remaining unchanged. The report also provided strong upward revisions as February was revised from 268k to 332k nonfarm jobs while March was revised from 88k to 138k nonfarm jobs.

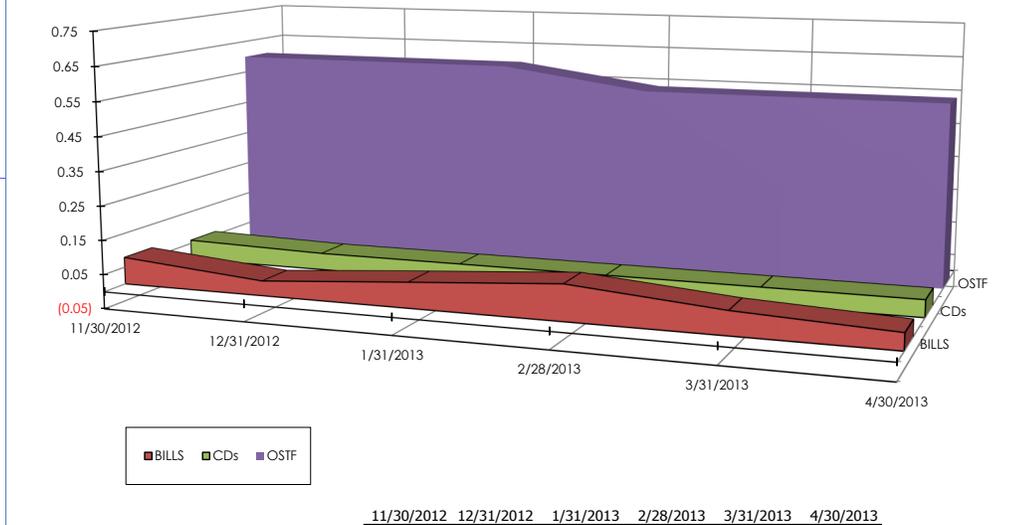
Short rates ended the month at lower levels. US Treasury bill supply continued to decline as the US Treasury received increased tax revenues and the Government-Sponsored Enterprises (GSE) posted strong results. Short corporate spreads tightened in April with the Barclays 1-3 Year Corporate index ending the month 5 basis points tighter. Inflation break-evens reversed course during the month on the back of weaker than expected inflation data. Rates in the Municipal Variable Rate Demand Note (VRDN) market spent the month higher due to seasonality effects related to tax season.



MARKET DATA TABLE

	4/30/13	1 Month	3 Months	12 Months		4/30/13	1 Month	3 Months	12 Months
7-Day Agency Discount Note**	0.03	0.04	0.04	0.06	Barclays 1-3 Year Corporate YTW*	0.86	0.95	0.99	1.35
30-Day Agy Nt Disc**	0.04	0.06	0.05	0.09	Barclays 1-3 Year Corporate OAS*	0.63	0.68	0.68	1.06
90-Day Agy Nt Disc**	0.06	0.09	0.07	0.11	Barclays 1-3 Year Corporate Modified Duration*	2.00	1.98	1.96	1.95
180-Day Agy Nt Disc**	0.08	0.11	0.09	0.13					
360-Day Agy Nt Disc**	0.13	0.16	0.15	0.19	JPM 1-3 Year Floating Rate Note Index Yield***	0.65	0.71	0.72	1.73
					JPM 1-3 Year Floating Rate Note Index Discount Margin***	37.22	41.69	44.11	125.35
30-Day Treasury Bill**	0.02	0.03	0.04	0.05					
60-Day Treasury Bill**	0.03	0.05	0.04	0.07	7-Day Muni VRDN Yield**	0.22	0.12	0.10	0.25
90-Day Treasury Bill**	0.04	0.06	0.06	0.09					
6-Month Treasury Yield**	0.08	0.10	0.10	0.14	O/N GGC Repo Yield**	0.17	0.20	0.09	0.10
1-Year Treasury Yield**	0.10	0.12	0.14	0.17	O/N GGC Reverse Repo Yield**	0.22	0.33	0.15	0.18
2-Year Treasury Yield**	0.21	0.24	0.28	0.26					
3-Year Treasury Yield**	0.31	0.35	0.42	0.38	1-Day CP (A1/P1)**	0.13	0.15	0.14	0.19
					7-Day CP (A1/P1)**	0.14	0.16	0.15	0.22
1-Month LIBOR**	0.20	0.20	0.20	0.24	30-Day CP (A1/P1)**	0.18	0.18	0.19	0.31
3-Month LIBOR**	0.27	0.28	0.30	0.47					
6-Month LIBOR**	0.43	0.44	0.48	0.73	30-Day CD (A1/P1)**	0.18	0.18	0.18	0.20
12-Month LIBOR**	0.70	0.73	0.80	1.05	90-Day CD (A1/P1)**	0.23	0.23	0.25	0.40
					6-Month CD (A1/P1)**	0.34	0.34	0.37	0.76
US 1 Year Inflation Break-Even**	1.00	2.34	1.89	1.63	1-Year CD (A1/P1)**	0.47	0.68	0.62	1.13
US 2 Year Inflation Break-Even**	1.53	2.28	2.10	1.77					
US 3 Year Inflation Break-Even**	1.77	2.32	2.15	1.83	Sources: *Barclays, **Bloomberg, ***JP Morgan				

OREGON SHORT TERM FUND ANALYSIS AS OF 4-30-13



	11/30/2012	12/31/2012	1/31/2013	2/28/2013	3/31/2013	4/30/2013
LGIP AV DOLLARS INVESTED (MM)	6,223	6,599	6,250	6,192	6,108	5,995
STATE AGENCY AV DOLLARS INVESTED (MM)	5,595	5,812	6,351	6,222	6,037	6,435
TOTAL OSTF AV DOLLARS INVESTED (MM)	11,818	12,411	12,601	12,414	12,145	12,430
OST ANNUAL YIELD (ACT/ACT)	0.60	0.60	0.60	0.54	0.54	0.54
3-MO UST BILLS (BOND EQ YLD)	0.08	0.04	0.07	0.10	0.07	0.05
3-MO JUMBO CDS (ACT/360)	0.06	0.05	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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