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SALEM, OREGON 97301

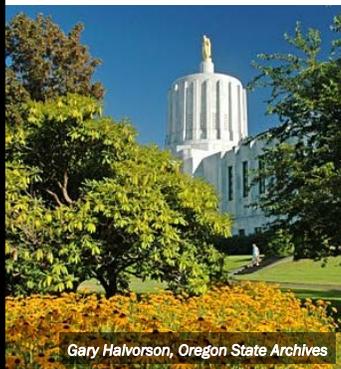
# Local Government

## News Report

MAY 2016

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Gary Halvorson, Oregon State Archives

### BANK HOLIDAY

**Memorial Day  
May 30**

Treasury Closed  
Banks/Credit Unions Closed

See article for more information

## CREDIT MARKET REVIEW

April was a relatively calm month as stocks treaded water with the S&P 500 advancing 0.39 percent while the Barclays U.S. Corporate High Yield index advanced 3.92 percent on the month, leaving the high-yield barometer up a strong 7.40 percent year-to-date. Commodity prices rebounded strongly during the month as the S&P GSCI commodity surged 10.14 percent, led by oil which ended the month up 17.3 percent as measured by the S&P GSCI Brent Crude Index. A portion of the strong commodity rally can be explained by the recent decline in the value of the U.S. dollar, which also provided some much needed relief for many emerging market economies that were facing capital outflows, declining currency values, and dented export demand—all of which made

it increasingly costly to service U.S. dollar-denominated debt and enact localized fiscal policy aimed to offset weak global growth. The trade weighted dollar, or DXY, gained 9.25 percent in 2015. The DXY ended April down 5.63 percent on the year.

Economic data continued to disappoint in April, led by a weak reading on the first release of first quarter GDP, which indicated that the economy grew at an annualized rate of 0.7 percent. Despite continued job gains, wage growth, and savings at the gas pump, retail sales have failed to lead the way toward higher growth. The March retail sales release indicates a decline of 0.3 percent from the

*(Continued on page 2)*

## UPCOMING BANK HOLIDAY

Because of the Memorial Day holiday, the Oregon State Treasury, Federal Reserve, and Oregon banks and credit unions will be closed on Monday, May 30. ACH transfers called-in prior to 1:00 p.m. on Friday, May 27, will settle at your bank on Tuesday, May 31. ACH transfers called-in between 1:00 p.m. on Friday, May 27, and 1:00 p.m. on Tuesday, May 31, will settle at your bank on Wednesday, June 1. In addition, local government account statements will not be produced for May 30 due to the closures.



### INTEREST RATES

The average annualized yield for April was  
**0.75 percent**

The rate for April was as follows:

April 1–30  
**0.75 percent**

## CREDIT MARKET REVIEW

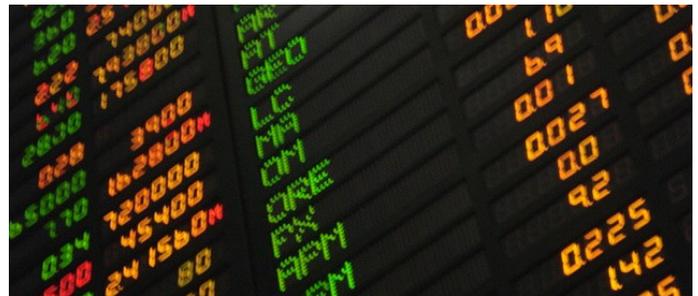
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prior month, though retail sales grew 0.1 percent month-over-month when excluding purchases of automobiles and gasoline. Inflation, as measured by the Consumer Price Index (CPI) released on April 14, showed price gains of a mere 0.9 percent year-over-year. Excluding the volatile food and energy components, CPI grew at an annualized pace of 2.2 percent largely due to the rebound in energy prices since mid-February.

The April U.S. jobs report was released on May 5. The report was weaker than expected with headline jobs coming in at 160,000 for April and prior months being revised 7,000 lower. The median economist projection, according to Bloomberg, was for job growth of 200,000. Wage growth picked up, with April's report

showing a 2.5 percent annualized increase. The labor force participation rate dipped lower from 63.0 percent to 62.8 percent.

Money market rates were largely unchanged during the month of April. Front-end U.S. Treasury yields moved marginally higher in April while credit spreads improved. The Barclays 1-3 Year Corporate index (tracked below) returned 0.35 percent on the month, which leaves the year-to-date total return at 1.49 percent.



## ANNUAL ONLINE USER VALIDATION

It is time once again to complete Annual Online User Validation. Reports will be distributed later this month to all local governments that currently access their pool account statements online. The reports will be sent by e-mail to designated Password Administrators and will contain a listing of local government users set up to access online statements.

Local governments are asked to review the reports and respond to Treasury regarding their accuracy. We strongly encourage local governments to review those individuals who have not accessed our systems within the last six months to determine whether access is still necessary. If changes are needed, users easily can be deregistered using Treasury's [C-26 Registration/Deregistration form](#). As a reminder, local

governments are required to submit a C-26 form whenever there is a change in a user's setup with online statements. The form should be submitted by a Password Administrator via e-mail to [ost.banking@ost.state.or.us](mailto:ost.banking@ost.state.or.us).

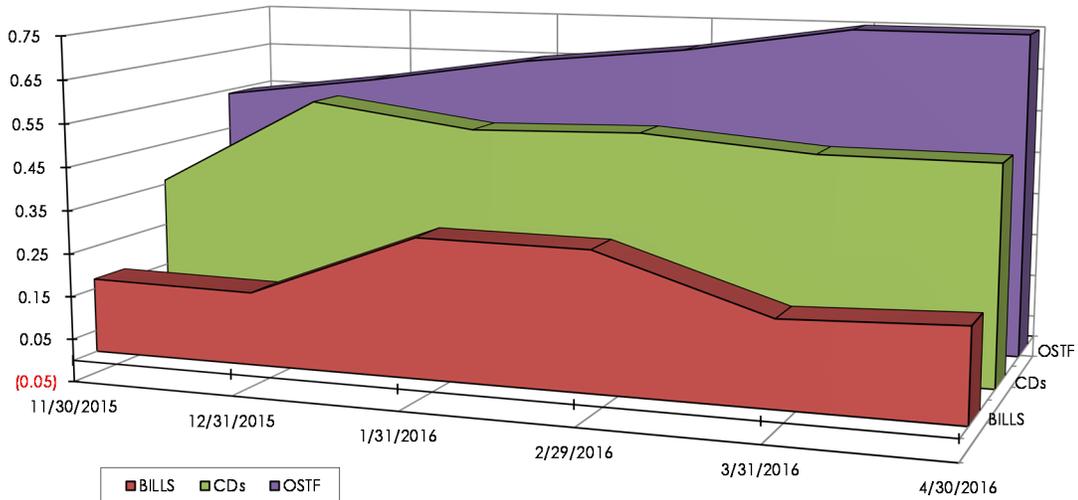
Treasury also would like to remind users that user IDs and passwords for Treasury applications must not be shared. A process is in place for resetting passwords and for registration/deregistration of individual users. If you have questions regarding this process, please work with your local government Password Administrator.

Protecting the security and integrity of our banking and cash management systems is a task that is shared by all users.

Treasury thanks you for your diligence in this effort.



## OREGON SHORT TERM FUND ANALYSIS AS OF 4-30-16



	11/30/2015	12/31/2015	1/31/2016	2/29/2016	3/31/2016	4/30/2016
LGIP AV DOLLARS INVESTED (MM)	7,424	7,798	7,419	7,409	7,225	7,124
STATE AGENCY AV DOLLARS INVESTED (MM)	8,128	7,701	8,316	7,852	7,649	7,783
TOTAL OSTF AV DOLLARS INVESTED (MM)	15,552	15,499	15,735	15,261	14,873	14,907
OST ANNUAL YIELD (ACT/ACT)	0.54	0.59	0.65	0.69	0.75	0.75
3-MO UST BILLS (BOND EQ YLD)	0.17	0.17	0.32	0.32	0.20	0.21
3-MO US CD (ACT/360)*	0.36	0.57	0.52	0.53	0.50	0.50

NOTE: The OST ANNUAL YIELD represents the average annualized yield paid to account holders 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 US CD rates are obtained from Bloomberg and represent a composite of broker dealer quotes on highly rated (A1+/P1/F1+ from Standard & Poor's Ratings Services, Moody's Investors Service and Fitch Ratings respectively) bank certificates of deposit and are quoted on a CD equivalent yield basis.

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

## MARKET DATA TABLE

	4/30/2016	1 Month	3 Months	12 Months		4/30/2016	1 Month	3 Months	12 Months
7-Day Agency Discount Note**	0.22	0.16	0.24	0.04	Barclays 1-3 Year Corporate YTW*	1.61	1.73	1.95	1.32
30-Day Agency Nt Disc**	0.26	0.20	0.28	0.05	Barclays 1-3 Year Corporate OAS*	0.77	0.88	1.05	0.65
90-Day Agency Nt Disc**	0.31	0.30	0.34	0.07	Barclays 1-3 Year Corporate Modified Duration*	1.95	1.95	1.91	1.99
180-Day Agency Nt Disc**	0.34	0.36	0.41	0.10					
360-Day Agency Nt Disc**	0.57	0.55	0.52	0.25	7-Day Muni VRDN Yield**	0.41	0.40	0.01	0.11
					O/N GGC Repo Yield**	0.36	0.24	0.29	0.25
30-Day Treasury Bill**	0.10	0.17	0.20	0.02					
60-Day Treasury Bill**	0.15	0.15	0.26	0.01	US 1 Year Inflation Break-Even**	1.44	2.10	0.84	1.41
90-Day Treasury Bill**	0.20	0.21	0.30	0.00	US 2 Year Inflation Break-Even**	1.51	1.67	0.64	1.54
6-Month Treasury Yield**	0.38	0.38	0.43	0.04	US 3 Year Inflation Break-Even**	1.52	1.52	0.97	1.59
1-Year Treasury Yield**	0.55	0.58	0.45	0.23					
2-Year Treasury Yield**	0.784	0.72	0.78	0.57	1-Day CP (A1/P1)**	0.40	0.48	0.36	0.13
3-Year Treasury Yield**	0.94	0.85	0.97	0.90	7-Day CP (A1/P1)**	0.43	0.49	0.38	0.13
					30-Day CP (A1/P1)**	0.49	0.54	0.45	0.15
1-Month LIBOR**	0.44	0.44	0.43	0.18					
3-Month LIBOR**	0.64	0.63	0.61	0.28	30-Day CD (A1/P1)**	0.44	0.44	0.41	0.17
6-Month LIBOR**	0.90	0.90	0.86	0.41	90-Day CD (A1/P1)**	0.60	0.60	0.58	0.24
12-Month LIBOR**	1.23	1.21	1.14	0.71	6-Month CD (A1/P1)**	0.86	0.87	0.83	0.35
Sources: *Barclays, **Bloomberg, ***JP Morgan					1-Year CD (A1/P1)**	1.12	1.13	1.04	0.60

## CMIRP CORNER

*The Cash Management Improvement & Renewal Program (CMIRP) is a continuous improvement program focused on the renewal, replacement, and refinement of processes and technology supporting Treasury cash management services.*

Treasury is working to launch a procurement effort to select a service vendor for the LGIP Business Systems Renewal (BSR). Treasury will work with the LGIP BSR Stakeholder Workgroup throughout the selection process. If you have questions or comments about the LGIP BSR effort, please contact project staff at [cmirp@ost.state.or.us](mailto:cmirp@ost.state.or.us).

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### Website

[www.oregon.gov/treasury/  
Divisions/Finance/LocalGov/  
Pages/default.aspx](http://www.oregon.gov/treasury/Divisions/Finance/LocalGov/Pages/default.aspx)

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### Local Government News List

[listsmart.osl.state.or.us/  
mailman/listinfo/local-gov-news](http://listsmart.osl.state.or.us/mailman/listinfo/local-gov-news)

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