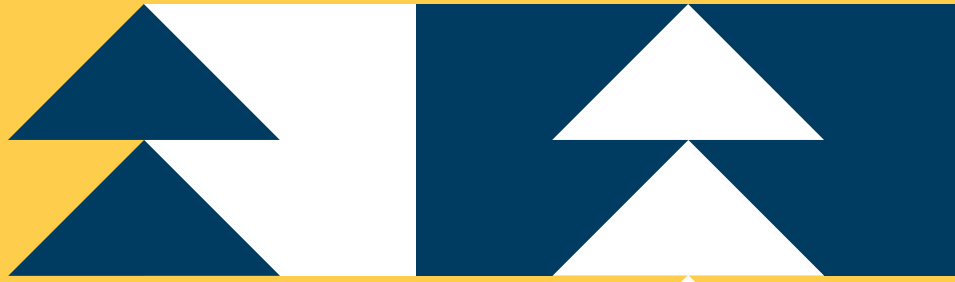




**OREGON  
STATE  
TREASURY**



# Inside the Vault

**Local Government Edition**

## Market Update

Interest rates experienced a continuous upward trajectory, primarily driven by robust economic data, the relaxation of the Bank of Japan's yield curve control measures, and the downgrade of the U.S. credit rating by Fitch. In response to prevailing economic conditions, the Federal Reserve—having previously paused—decided to raise rates by an additional 25 basis points in July. The U.S. Treasury also announced an increase in auctions for bonds spanning various durations, which led to a pronounced steepening of the yield curve in the market.

During July, the U.S.'s annualized gross domestic product surpassed expectations, reaching 2.4%. Employment data and consumer spending data also outperformed market forecasts, bolstering the belief in a “soft landing” scenario for the U.S. economy. Despite Fitch's downgrade of the U.S. credit rating, the market largely disregarded the impact as investors appeared unfazed by the loss of Fitch's AAA rating. This response can be attributed to the recognition that the U.S. remains the world's largest and most diverse economy, benefiting from the flexibility granted by its reserve currency status. Nevertheless, Fitch's concerns about the nation's unbalanced budget and significant deficits are noted.

As Japan adopted a more lenient stance regarding its yield curve control, global yields escalated. Notably, given that Japan's 10-year rates had been near zero, even the slightest hint of rate increases can exert a significant influence on global flows. For instance, if domestic Japanese banks opt to invest in domestic bonds due to their comparatively attractive yields, demand for international bonds could diminish.

## Oregon Short Term Fund

On July 25, the OSTF's paid rate was raised to 4.30%. The OSTF

*(Continued on page 2)*

## Upcoming Holiday

The pool will be closed on Monday, September 4, for Labor Day. Connect will be available but the system will not allow transactions to settle on the holiday.

## Interest Rates

Average Annualized Yield

July 4.1065%

Interest Rates

July 1–24 4.05%

July 25–31 4.30%

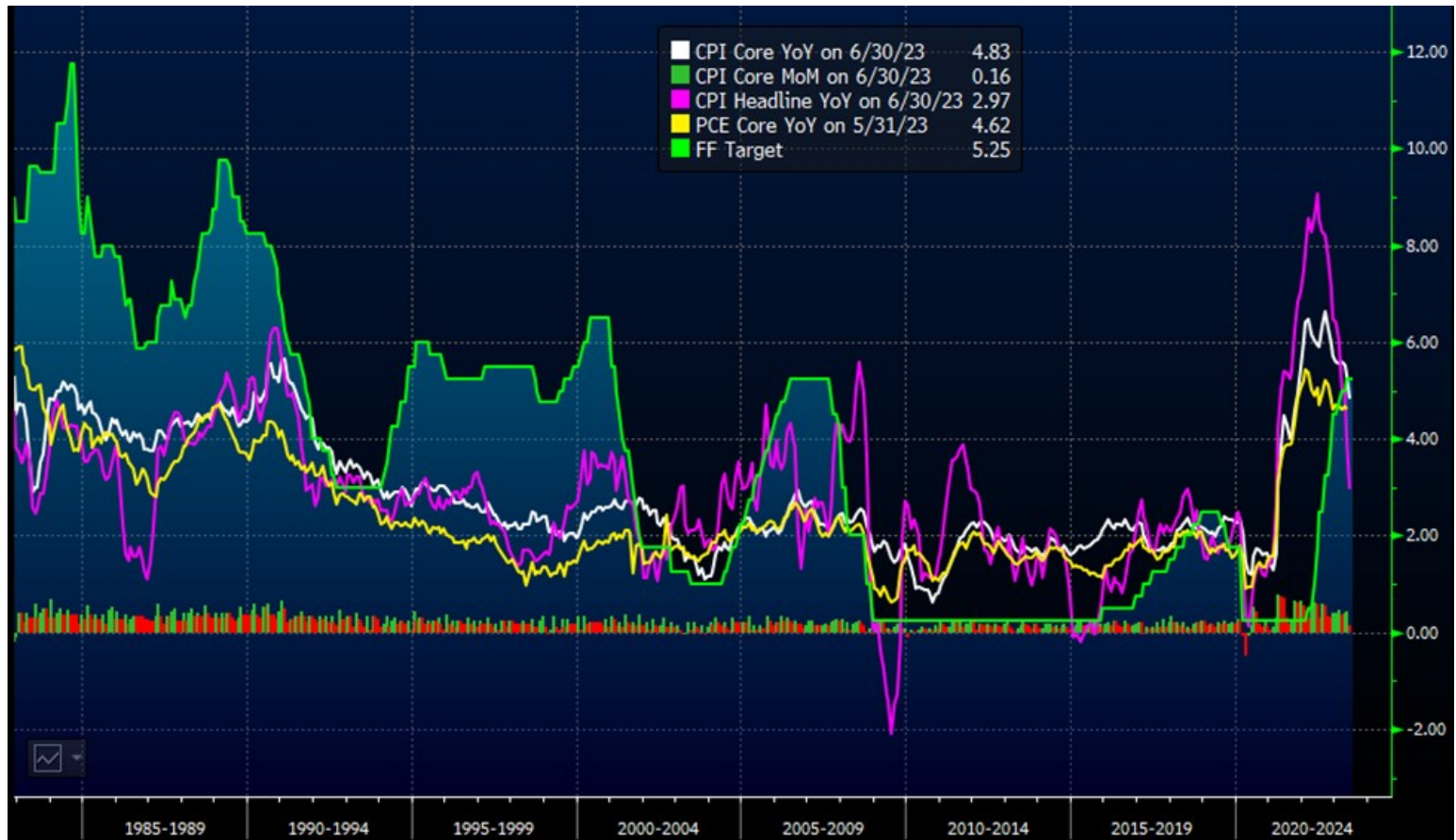
(Continued from page 1)

continues to include floaters as a core allocation, aiding in maintaining pace with the trend in short-term rates. As the tightening cycle approaches its conclusion, staff plans to extend the average maturity and secure higher rates for the fund. Should you have questions, contact members of the Fixed Income Team at 503.431.7900.

### Impact on Markets

	7/1/2023	8/1/2023	Delta	Highlights
S&P 500	4,450	4,577	+2.80%	Intraday low: 4,385 on 7/6
30-Year Treasury	3.8620	4.0950	+23.3 bps	Intraday low: 3.808 on 7/3
10-Year Treasury	3.8370	4.0230	+18.6 bps	Intraday low: 3.729 on 7/18
2-Year Treasury	4.8950	4.9020	+0.7 bps	Intraday low: 4.605 on 7/13
3-Month Bills	5.2840	5.3800	+9.6 bps	Intraday low: 5.283 on 7/5

### Consumer Price Inflation



## Oregon Short Term Fund Board

The Oregon Short Term Fund Board advises the Oregon Investment Council and Treasury investment staff on the management of the Local Government Investment Pool and funds deposited in the OSTF. The board also assists local governments in the development of investment policies concerning funds invested outside of the OSTF. The board meets quarterly and is composed of the State Treasurer or designee, three public members appointed by the State Treasurer, and three local government members appointed by the Governor. Board members serve a four-year term without compensation.

The current board members are Douglas E. Goe (Chair), Michael Kaplan, Michelle Morrison, Brian Nava, Sharon Wojda, Bryan Wolf, and Deanne Woodring.

Visit [Treasury's website](#) to learn more about the board and to view meeting agendas and minutes.



## E-mail Safety Best Practices

The leading cause of cyberattacks and data breaches around the world is employee error. Many of these errors occur in response to tactics used by hackers to manipulate people into providing access or supplying information via e-mail.

Below are some e-mail safety best practices that can help educate your staff on how to respond to or handle suspicious e-mails:

- ▶ **Never open e-mails from someone you do not know or that you are not expecting.** If the e-mail is unexpected or seems fishy, it likely is. Delete the e-mail and report it to your IT department.
- ▶ **Never open an attachment or click on a link in an e-mail from someone you do not know or that you are not expecting.** Attachments and suspicious links sent via phishing e-mails often contain viruses or ransomware, which can provide unauthorized access to protected information.
- ▶ **Avoid sending confidential information through e-mail.** Sensitive information such as passwords, bank account numbers, and social security numbers are prime targets for hackers and should never be sent via e-mail.
- ▶ **Always remember to properly log out of your e-mail when not in use.** This is a quick and easy way to help protect your account from unwanted trespassers.
- ▶ **Use multi-factor authentication when possible.** Multi-factor authentication provides an additional layer of security by requiring a second form of verification when signing into your e-mail account.





## LGIP: Your Customer Support Team

PFMAM Client Services is available by phone to answer questions, perform account maintenance, and process transactions. Support is available from 7:00 a.m. to 4:00 p.m. Pacific, Monday through Friday, at 855.OST.LGIP.



**Jeremy King** is a Key Account Manager in PFMAM’s Client Services Group. Jeremy serves as a client advocate providing a “high-touch, high-value” experience, whatever the client’s additional needs may be. Additionally, his responsibilities are to coordinate the efforts of the customer service team in

everyday functions. These functions include interacting daily with Oregon participants, serving their needs, answering any questions they may have, on-boarding new relationships, maintaining existing relationships, and client administration. Jeremy graduated from Pennsylvania State University, and he spends his free time at the beach, enjoys kayaking, and is involved in pet rescue and fostering.

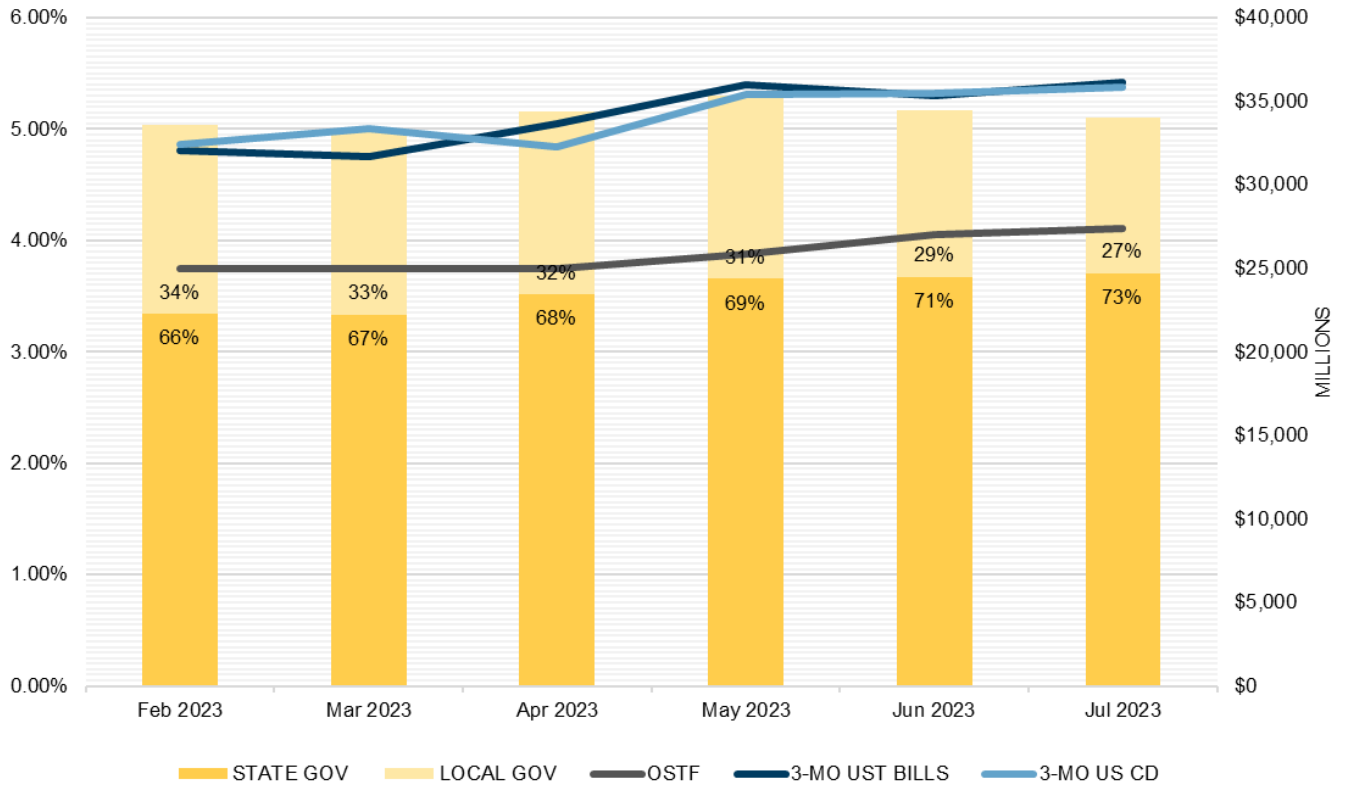
**Rachael Miller** is a Client Consultant in PFMAM’s Client Services Group. Rachael focuses on providing superior client service by answering client requests regarding account activity, updating personnel and account specific information, and training new colleagues. She has formed and maintained positive relationships with clients, making their experience working with PFMAM a positive one. Rachael is a graduate of Millersville University and enjoys spending time with her family and friends, running, cooking, and traveling.



**DeWayne Fields** is a Client Service Representative in PFMAM’s Client Services Group. DeWayne is committed to providing exceptional client service through clear communication, accuracy, and understanding. By creating and maintaining effective relationships with clients, he can

recognize and assist customer needs, answer questions in a timely manner, and provide proactive follow up.

# Oregon Short Term Fund Analysis



	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023
TOTAL OSTF AVG DOLLARS INVESTED (MM)	33,603	33,356	34,418	35,349	34,465	34,006
STATE GOV PORTION (MM)	22,282	22,223	23,443	24,380	24,492	24,701
LOCAL GOV PORTION (MM)	11,321	11,133	10,975	10,969	9,973	9,305
OSTF ANNUAL YIELD (ACT/ACT)	3.75	3.75	3.75	3.88	4.05	4.11
3-MO UST BILLS (BOND EQ YLD)	4.812	4.749	5.046	5.403	5.298	5.416
3-MO US CD (ACT/360)*	4.86	5.01	4.84	5.31	5.32	5.38

NOTE: The OSTF ANNUAL YIELD represents the average annualized yield paid to participants 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.

## Market Data Table

	7/31/2023	1 Month	3 Months	12 Months		7/31/2023	1 Month	3 Months	12 Months
7-Day Agency Discount Note**	5.20	4.90	4.56	1.81	Bloomberg Barclays 1-3 Year Corporate YTW*	5.50	5.59	4.96	3.61
30-Day Agency Discount Note**	5.19	5.05	4.65	2.16	Bloomberg Barclays 1-3 Year Corporate OAS*	0.62	0.72	0.92	0.80
90-Day Agency Discount Note**	5.30	5.15	4.87	2.52	Bloomberg Barclays 1-3 Year Corporate Modified Duration*	1.85	1.86	1.87	1.95
180-Day Agency Discount Note**	5.29	5.21	4.89	2.89	7-Day Muni VRDN Yield**	3.98	4.01	3.86	1.33
360-Day Agency Discount Note**	5.12	4.87	4.82	2.74	O/N GGC Repo Yield**	5.37	5.17	4.81	2.32
30-Day Treasury Bill**	5.22	5.02	4.03	2.09	Secured Overnight Funding Rate (SOFR)**	5.31	5.09	4.81	2.27
60-Day Treasury Bill**	5.24	5.16	4.79	2.17	US 10 Year Inflation Break-Even**	2.37	2.23	2.21	2.55
90-Day Treasury Bill**	5.28	5.22	4.95	2.36	1-Day CP (A1/P1)**	5.22	5.01	4.79	1.54
6-Month Treasury Yield**	5.47	5.43	5.02	2.86	7-Day CP (A1/P1)**	5.29	5.02	4.83	2.30
1-Year Treasury Yield**	5.39	5.42	4.76	2.94	30-Day CP (A1/P1)**	5.34	5.12	4.98	2.35
2-Year Treasury Yield**	4.88	4.90	4.01	2.89	30-Day CD (A1/P1)**	5.41	5.20	5.09	2.33
3-Year Treasury Yield**	4.53	4.53	3.72	2.81	90-Day CD (A1/P1)**	5.56	5.44	5.28	2.73
1-Month LIBOR**	5.43	5.22	5.06	2.36	6-Month CD (A1/P1)**	5.76	5.35	5.38	3.32
3-Month LIBOR**	5.63	5.55	5.30	2.79	1-Year CD (A1/P1)**	5.77	6.19	5.35	2.95
6-Month LIBOR**	5.86	5.76	5.41	3.33					
12-Month LIBOR**	6.04	6.04	5.37	3.71					

Sources: \*Bloomberg Index Services, \*\*Bloomberg

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- ▲ Reporting
- ▲ Account/User Maintenance
- ▲ Eligibility

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- ▲ Statutory Requirements
- ▲ Service Provider Issues
- ▲ General Program Inquiries

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**Public Funds Collateralization Program**

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