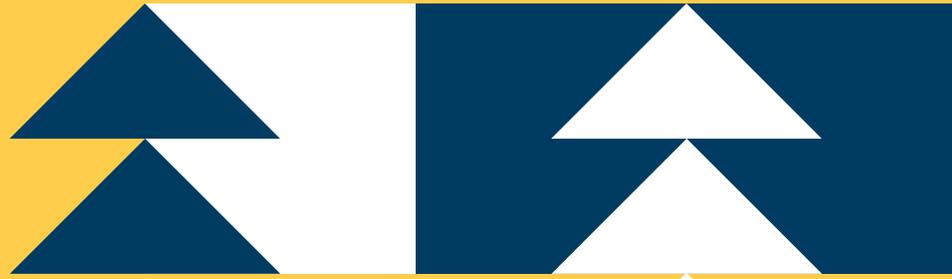




**OREGON
STATE
TREASURY**



Inside the Vault

Local Government Edition

National Cybersecurity Awareness Month

Protecting your customers' cardholder, bank account, or other sensitive information is a continuous, ongoing process—not a single event or action.

Recognizing the importance of cybersecurity awareness, the United States Department of Homeland Security has designated October as National Cybersecurity Awareness Month—an annual campaign to raise awareness about cybersecurity.

2019 marks the 16th year of this important effort, which emphasizes that cybersecurity is a shared responsibility and that we all must work together to improve our nation's cybersecurity. Following that theme, this month's newsletter includes a few items related to security practices that will help you and your organization "Connect with Confidence." More information about National Cybersecurity Awareness Month is available at www.dhs.gov/national-cyber-security-awareness-month.



OCTOBER 2019
National Cybersecurity
Awareness Month
#BeCyberSmart

Upcoming Holidays

The pool will be closed on Monday, October 14, for Columbus Day and on Monday, November 11, for Veterans Day. EON will be available but the system will not allow transactions to settle on the holidays.

Interest Rates

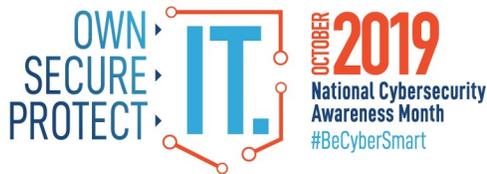
Average Annualized Yield	
August	2.6387%
September	2.5650%

Interest Rates	
Aug. 1–8	2.75%
Aug. 9–Sept. 23	2.60%
Sept. 24–Sept. 30	2.45%



CONNECT WITH CONFIDENCE

HELPFUL HINTS TO KEEP YOU CYBER SAFE



OWN IT.

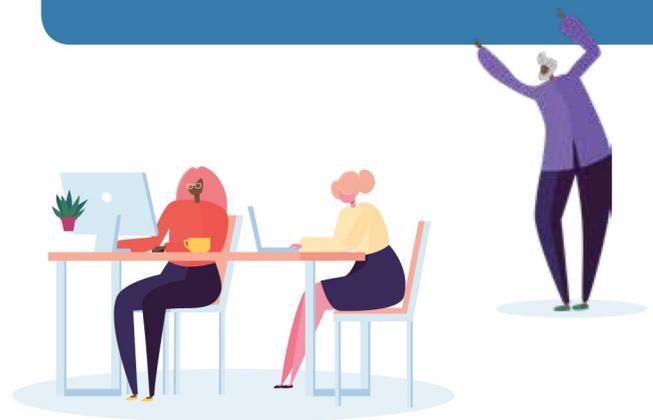
- Only use sites that begin with https:// when shopping or banking online.
- Understand the personal information you knowingly (or unknowingly) put on social media.
- Don't respond or click on links from people or organizations you don't recognize.
- Never share your personal information if you're unsure who's asking.

SECURE IT.

- Apply multi-factor authentication to your accounts ASAP!
- Always lock your personal or work laptop or mobile device when unattended in a public place.
- Use the longest password possible and be creative.
- Check your app permissions frequently.

PROTECT IT.

- Look for the "green lock" icon when online, it signifies a secure connection.
- Use your personal hotspot in public places, they're more secure than free WIFI.
- Make sure you're using the latest security software, web browser, and operating system.
- Secure your WIFI network and digital devices by changing the factory set password and username.



For more information about connecting with confidence visit: <https://niccs.us-cert.gov/national-cybersecurity-awareness-month-2019>



Credit Market Review

Most of us never thought we would find ourselves following British politics as closely as we now do; but, in the seemingly never-ending Brexit drama, market participants are stuck tracking the progress—d or lack thereof. This new-found hobby leads us to begin this article with a quote attributed to the British politician Joseph Chamberlin from a speech made in 1898:

“I think that you will all agree that we are living in most interesting times. I never remember myself a time in which our history was so full, in which day by day brought us new objects of interest, and, let me say also, new objects for anxiety.”

Markets are indeed living in interesting times as we are grappling with cooling global growth, a deepening trade conflict between the United States and China, and geopolitical events from Hong Kong to the Middle East. Add to this the proliferation of negative interest rates and extreme monetary policy that has created a \$14 trillion stock of negative yielding bonds. As if these issues were not enough, markets continue to face the uncertainty around Brexit, the buildup to the 2020 U.S. presidential election, and the ever-rapid news/Twitter stream we are all glued to. But wait, there is more! An odd confluence of events in mid-September led to a dislocation in money markets that led to the first intervention into markets by the Federal Reserve since the end of the global financial crisis. These are interesting times indeed. And to echo the late British statesman, we find many of these to be objects for anxiety.

The trade conflict has led to a notable slowdown in global trade volumes and manufacturing activity. In the United States, the weakness in trade and manufacturing has thus far been offset by a strong U.S. consumer that is underpinned by a solid domestic labor market. The real question we face today is whether this soft-patch is another slow period within the record-long expansion we have enjoyed since the global financial crisis or if this is the end of the cycle. While we are wrapped up in the aforementioned risks and topics of the day, the answer to the question around the current cycle and slowdown is the most important theme the market faces today.

(Continued on page 4)

LGIP: Go Green with Electronic Statements

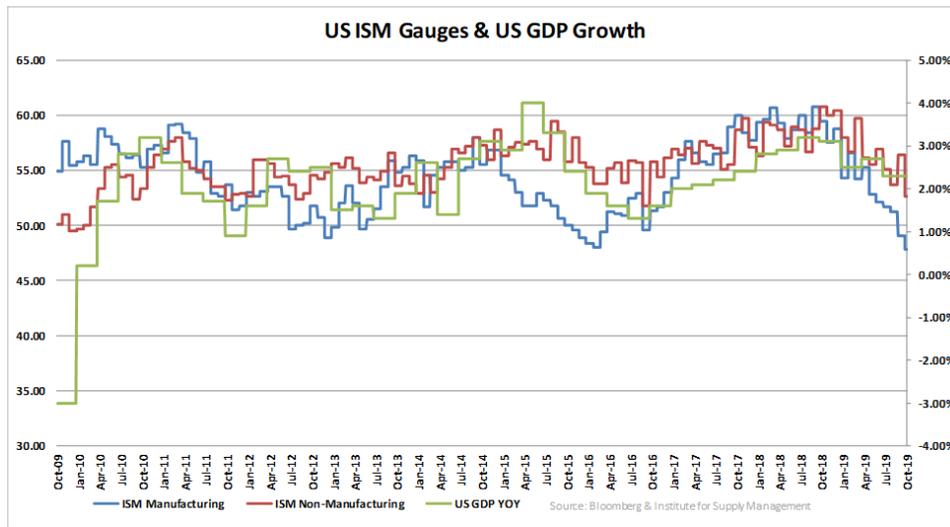
With the use of EON, it is easier than ever to receive and view pool account statements electronically. Follow these simple steps to go paperless and starting receiving electronic statements:

- ❶ Log in to EON*
- ❷ Select Tools/Forms from the top menu
- ❸ Select Statement Delivery Options
- ❹ Check the box for “Yes, send me an email notification when my statement is ready to be viewed online” (*optional*)
- ❺ Click the button Request Electronic Statement Service

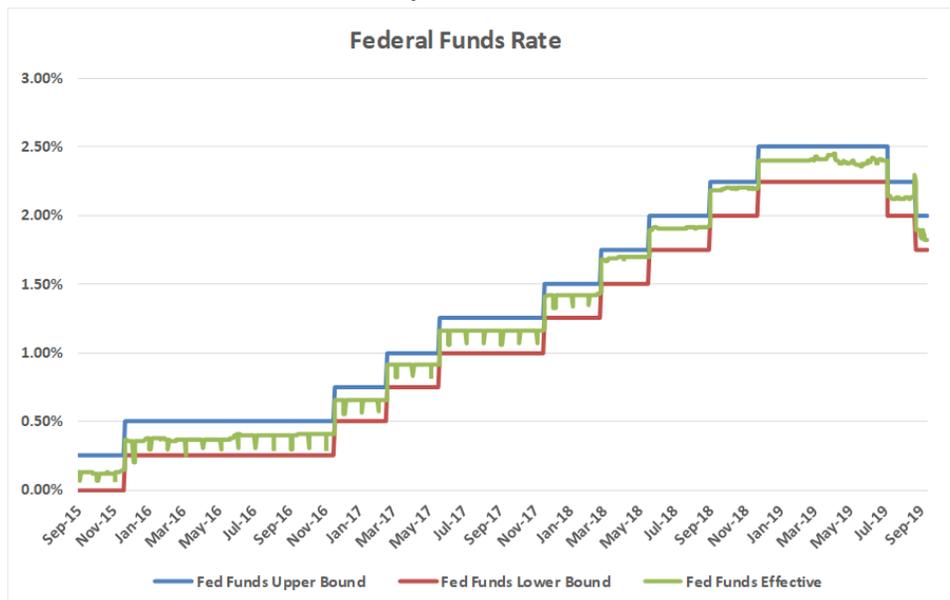
**EON access can be established by using an [LGIP Contact Registration](#) form with the EON User Information section completed.*



To help us answer this question, we look toward the popular Institute of Supply Management (ISM) survey results that shed light on activity in the manufacturing and non-manufacturing sectors. Markets had largely shrugged off weakness in the manufacturing sector as a “known known” that meets expectations given the dynamics around the trade war and global slowdown. Recent weakness in the non-manufacturing sector gave markets pause as we had come to rely on the U.S. consumer keeping the economy afloat. This was the dynamic that played out in late 2015 and early 2016. In 2015 and 2016, the economy suffered a commodity price decline and a Chinese currency devaluation led to a slowdown in business investment and manufacturing. However, the U.S. consumer and services sector remained strong and kept the overall economy in growth mode, albeit slow growth. All eyes will be on continued reads of consumer spending, wage growth, and sentiment. With the weakness we see in the goods side of the economy, we have little room to absorb a slowdown in the services sector.

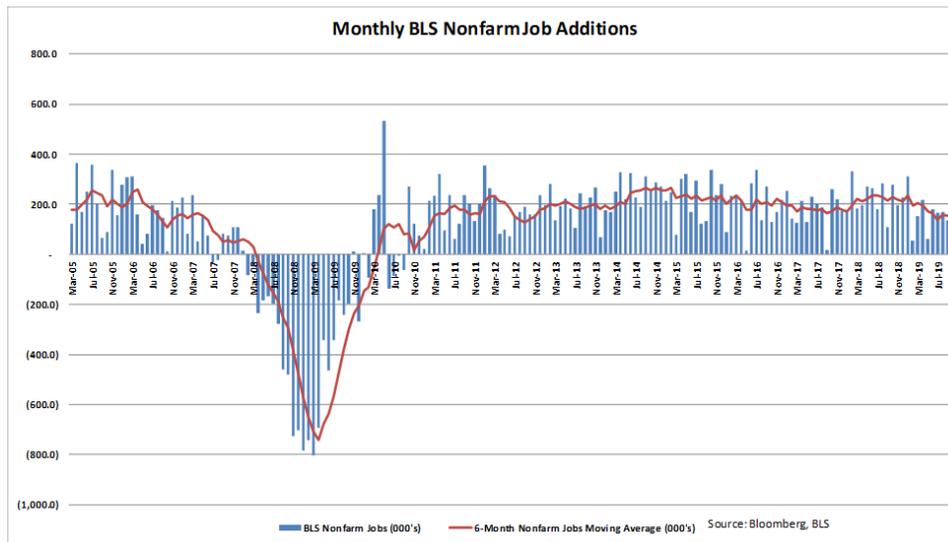


In response to the economic weakness, and out of desire to keep market levels afloat, the Fed rode to the rescue by easing monetary policy at each of the Federal Open Market Committee’s last two meetings. As of this writing, markets are pricing in an additional 0.25% reduction in the Federal Funds rate at the conclusion of the committee’s October meeting and even odds on a fourth cut this year at the end of the committee’s December meeting. The answer to the question around the current soft patch will also answer the question of whether the Fed is on a mild rate-cutting campaign or in a full-blown rate cutting cycle that may bring rates back to the low levels seen after the crisis recovery.



(Continued on page 5)

The U.S. labor market continues to chug along and underpin consumer spending. The jobs market added 470,000 nonfarm jobs in the third quarter. As noted in the chart below, the pace of job gains has slowed in recent months. The slowdown was expected given the very low unemployment rate, which indicates limited remaining labor supply on the sidelines. The main issue around the labor market is less about where we have been but rather where we are headed. While the labor market can be described as solid, there are a handful of early warning signs the market is beginning to focus on. First is the recent slowdown in wage growth. Given the low unemployment rate, now at 3.5%, economic models and popular thought agree that wage growth should be marching higher given supply and demand mechanics. Second, we are focused on monitoring average hours worked. Thus far, the average work week has remained stable. Typically, businesses begin trimming hours before trimming headcount. We look to future reports and revisions or prior reports to monitor this critical gauge at this point in the cycle.



Front-end interest rates continue to move lower as the Fed cuts interest rates and economic data continues to come in softer than expectations. Despite the challenging backdrop, corporate credit spreads have continued to perform well as market technicals take over in the form of strong demand and limited issuance thus far in 2019. Simply put, the front-end fixed income market in the United States remains the highest-yielding market in the developed world. Until that changes, expect strong demand. We also would like to note the change in the table below as we added the Secured Overnight Funding Rate (SOFR) into the mix. The SOFR is slated to replace LIBOR here in the United States. Reach out to Oregon Short Term Fund (OSTF) staff if you would like to understand SOFR and its role in the OSTF.



Stop.Think.Connect

Homeland Security has a number of resources available to the public regarding cyber security. One of those resources is the Stop.Think.Connect campaign, which is a continuous national public awareness campaign aimed at increasing the understanding of cyber threats and empowering the American public to be safer and more secure online. Cybersecurity is a shared responsibility. We each have to do our part to keep the Internet safe. When we all take simple steps to be safer online, it makes using the Internet a more secure experience for everyone.

This October, and every day, follow these simple online safety tips:

- ▲ **Enable stronger authentication.** Always enable stronger authentication for an extra layer of security beyond the password that is available on most major email, social media and financial accounts. Stronger authentication (*e.g.*, multi-factor authentication that can use a one-time code texted to a mobile device) helps verify that a user has authorized access to an online account.
- ▲ **Make your passwords long and strong.** Use complex passwords with a combination of numbers, symbols, and letters. Use unique passwords for different accounts. Change your passwords regularly, especially if you believe they have been compromised. For more information about securing accounts and devices, visit www.staysafeonline.org.
- ▲ **Keep a clean machine.** Update the security software, operating system, and web browser on all of your Internet-connected devices. Keeping your security software up to date will prevent attackers from taking advantage of known vulnerabilities.
- ▲ **When in doubt, throw it out.** Links in email and online posts are often the way cyber criminals compromise your computer. If it looks suspicious (even if you know the source), delete it.
- ▲ **Share with care.** Limit the amount of personal information you share online and use privacy settings to avoid sharing information widely.
- ▲ **Secure your Wi-Fi network.** Your home's wireless router is the primary entrance for cybercriminals to access all of your connected devices. Secure your Wi-Fi network, and your digital devices, by changing the factory-set default password and username.

Learn more about the Stop.Think.Connect campaign at www.dhs.gov/stopthinkconnect.

Tips for keeping your personal information safe, your family protected, and our national security intact.



Stop hackers from accessing your accounts — set secure passwords.
Stop sharing too much information — keep your personal information personal.
Stop — trust your gut. If something doesn't feel right, *stop what you are doing*.



Think about the information you want to share before you share it.
Think how your online actions can affect your offline life.
Think before you act — don't automatically click on links.



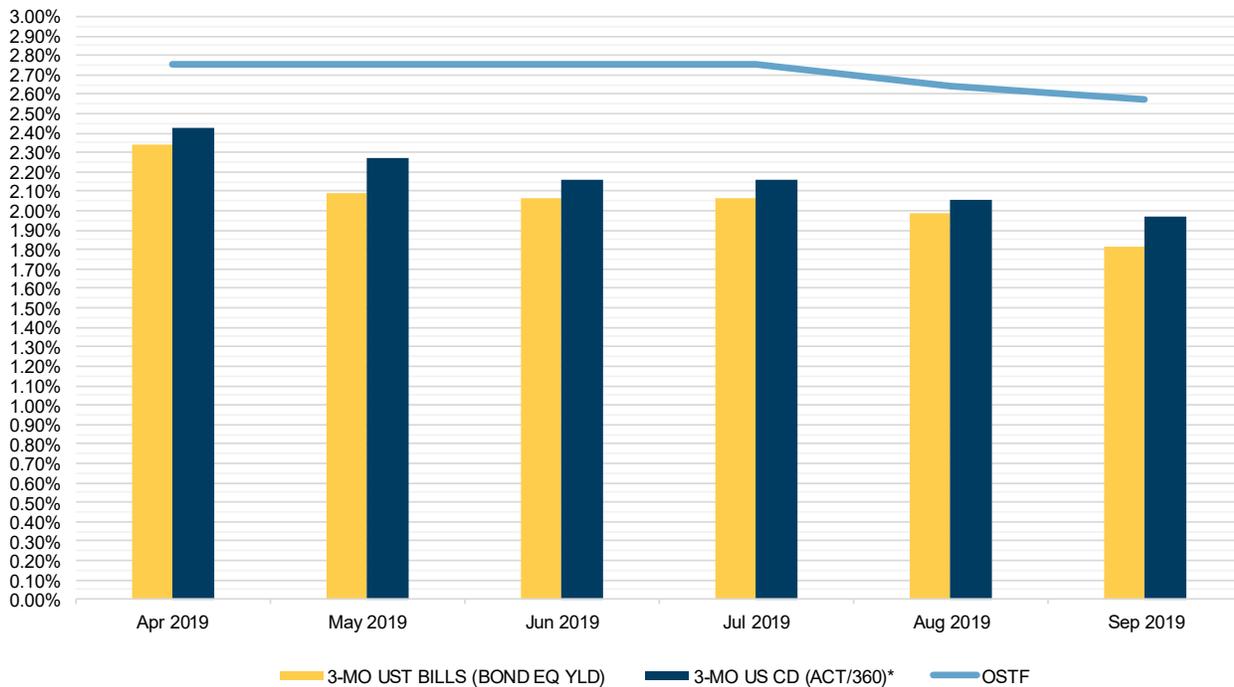
Connect over secure networks.
Connect with people you know.
Connect with care and be on the lookout for potential threats.



STOP | THINK | CONNECT™

Securing one citizen, one family,
 one Nation against cyber threats.

www.dhs.gov/stopthinkconnect



	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019
TOTAL OSTF AVG DOLLARS INVESTED (MM)	21,131	21,783	20,852	20,480	20,294	20,660
STATE GOV PORTION (MM)	12,229	12,782	13,024	12,995	12,573	12,960
LOCAL GOV PORTION (MM)	8,902	9,001	7,828	7,485	7,721	7,700
OSTF ANNUAL YIELD (ACT/ACT)	2.75	2.75	2.75	2.75	2.64	2.57
3-MO UST BILLS (BOND EQ YLD)	2.34	2.09	2.07	2.07	1.98	1.82
3-MO US CD (ACT/360)*	2.43	2.27	2.16	2.16	2.06	1.97

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

	9/30/2019	1 Month	3 Months	12 Months		9/30/2019	1 Month	3 Months	12 Months
7-Day Agency Discount Note**	1.74	1.98	2.10	2.00	Bloomberg Barclays 1-3 Year Corporate YTW*	2.11	2.07	2.31	3.23
30-Day Agy Nt Disc**	1.80	1.98	2.12	2.13	Bloomberg Barclays 1-3 Year Corporate OAS*	0.50	0.58	0.59	0.49
90-Day Agy Nt Disc**	1.83	1.87	2.03	2.16	Bloomberg Barclays 1-3 Year Corporate Modified Duration*	1.85	1.86	1.88	1.93
180-Day Agy Nt Disc**	1.79	1.67	1.91	2.29	7-Day Muni VRDN Yield**	1.58	1.35	1.90	1.56
360-Day Agy Nt Disc**	1.78	1.70	1.92	2.29	O/N GGC Repo Yield**	1.83	2.11	2.43	2.35
30-Day Treasury Bill**	1.75	2.05	2.09	2.04	Secured Overnight Funding Rate (SOFR)**	2.35	2.16	2.50	2.25
60-Day Treasury Bill**	1.73	1.96	2.05	2.10	US 10 Year Inflation Break-Even**	1.52	1.54	1.70	2.14
90-Day Treasury Bill**	1.75	1.91	2.05	2.17	1-Day CP (A1/P1)**	1.90	2.06	2.35	2.14
6-Month Treasury Yield**	1.82	1.87	2.10	2.37	7-Day CP (A1/P1)**	1.92	2.08	2.36	2.17
1-Year Treasury Yield**	1.76	1.77	1.93	2.57	30-Day CP (A1/P1)**	1.97	2.09	2.37	2.27
2-Year Treasury Yield**	1.62	1.51	1.76	2.82	30-Day CD (A1/P1)**	2.02	2.13	2.42	2.23
3-Year Treasury Yield**	1.56	1.43	1.71	2.88	90-Day CD (A1/P1)**	2.08	2.10	2.34	2.37
1-Month LIBOR**	2.02	2.09	2.40	2.26	6-Month CD (A1/P1)**	2.08	2.03	2.23	2.59
3-Month LIBOR**	2.09	2.14	2.32	2.40	1-Year CD (A1/P1)**	1.99	1.89	2.20	2.82
6-Month LIBOR**	2.06	2.04	2.20	2.60					
12-Month LIBOR**	2.03	1.97	2.18	2.92					

Sources: *Bloomberg Index Services, **Bloomberg

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cswestregion@pfm.com

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

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- ▲ Service Provider Issues
- ▲ General Program Inquiries

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