



**OREGON
STATE
TREASURY**



Inside the Vault

Local Government Edition

Credit Market Review

The broader fixed income market (as measured by the Bloomberg U.S. Aggregate Bond Index) declined modestly in the first quarter of 2026 with a return of -0.05%. The quarter was characterized by elevated geopolitical risk and accelerating AI-driven disruption across the software sector and its incumbent business models. The period was shaped by a series of international developments, including the capture and indictment of Nicolás Maduro, escalating diplomatic tensions between the U.S. and European NATO allies over Greenland, and a U.S.-Israeli military operation against Iran.

Amid these conditions, equity markets declined, with the S&P 500 posting negative returns for the quarter, while fixed-income credit spreads generally widened. Meanwhile, the U.S. Treasury (UST) yield curve bear-flattened as the front-end yields repriced expectations for rate cuts, driven by sharp increases in oil and natural gas prices that reignited inflation concerns. U.S. investment-grade credit spreads widened 10 basis points, ending the quarter at 83 basis points. Developed market equities declined 3.6% as U.S. large cap weakness and valuation compression outweighed strength in Japan and Europe.

Periods of elevated volatility tied to the Iran war reinforced risk off sentiment and pressured global equity multiples. Total nonfarm payrolls declined by 92,000 jobs in February, a sharp reversal from January's downwardly revised gain of 126,000, previously reported as 130,000. The unemployment rate remained unchanged from December 2025 at 4.4%. Inflation data were mixed with headline Consumer Price Index (CPI) easing to 2.4% year-over-year (YoY) from

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Interest Rates

Average Annualized Yield	
March	4.00%
Interest Rates	
March 1–31	4.00%

(Continued from page 1)

2.7% in December, while core Personal Consumption Expenditures (PCE), which is targeted by the Federal Reserve and excludes food and energy, rose to 3.1% YoY from 2.8% in December.

The Federal Open Market Committee (FOMC) left the target range for its policy rate unchanged at 3.50% to 3.75% at its January and March meetings as inflation reaccelerated and the labor market sent mixed signals. Core PCE inflation was revised sharply higher, with the vast majority of Fed officials now projecting either zero or one additional rate cut in 2026, marking a shift from prior expectations of multiple reductions. The median forecast in the Summary of Economic Projections (SEP) showed one rate cut in each of 2026 and 2027, alongside higher inflation. Fed Chair Powell was relatively hawkish in his assessment, noting that uncertainty stemming from the Middle East conflict creates risks to both sides of the Fed’s dual mandate and that the committee would need to see “progress on inflation” to cut rates again this year.

Oregon Short Term Fund

The OSTF’s paid rate has remained at 4.00% since February 12. Should you have questions, contact members of the Fixed Income Team at 503.431.7900.

Public Funds Qualified Depositories

- ▲ 1st Security Bank
- ▲ Baker Boyer Bank
- ▲ Bank of America
- ▲ Bank of Eastern Oregon
- ▲ Bank of the Pacific
- ▲ Banner Bank
- ▲ Beneficial State Bank
- ▲ BMO Bank
- ▲ Central Willamette Credit Union
- ▲ Chase Bank
- ▲ Citizens Bank
- ▲ Clackamas County Bank
- ▲ Columbia Bank
- ▲ Commerce Bank of Oregon (Zions Bancorporation)
- ▲ Evergreen Federal Bank
- ▲ First Community Credit Union
- ▲ First Federal
- ▲ First Interstate Bank
- ▲ Heritage Bank
- ▲ InRoads Credit Union
- ▲ KeyBank
- ▲ Maps Credit Union
- ▲ Mechanics Bank
- ▲ Northwest Bank
- ▲ Old West Federal Credit Union
- ▲ OnPoint Community Credit Union
- ▲ Oregon Coast Bank
- ▲ Oregon Community Credit Union
- ▲ Oregon Pacific Bank
- ▲ Oregon State Credit Union
- ▲ Pacific West Bank
- ▲ Peak Credit Union
- ▲ People's Bank
- ▲ Rivermark Community Credit Union
- ▲ Riverview Community Bank
- ▲ Rogue Credit Union
- ▲ Sage Credit Union
- ▲ STCU
- ▲ Summit Bank
- ▲ Unitus Community Credit Union
- ▲ U.S. Bank
- ▲ WaFd Bank
- ▲ Washington Trust Bank
- ▲ Wauna Credit Union
- ▲ Wells Fargo Bank
- ▲ Willamette Valley Bank

Public Funds Reminder

All public funds in Oregon must be deposited in compliance with the requirements of [ORS chapter 295](#). Public officials may deposit public funds up to the amount insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA)—currently \$250,000—in any insured financial institution with a head office or branch located in Oregon. Public funds balances that exceed those insurance limits, however, must be held at a depository qualified under Treasury’s Public Funds Collateralization Program (PFCP).

Through the PFCP, depositories pledge collateral to secure any public funds deposits that exceed insurance amounts, providing additional protection for public funds in the event of a depository loss or failure. ORS chapter 295 specifies the value of the collateral—as well as the types of collateral that are acceptable—and creates a shared liability structure for participating depositories, minimizing (though not eliminating) the risk of loss of such funds.

[OAR 170-040-0050](#) requires public entities to annually verify their contact information as well as the list of all banks and credit unions where the entities’ funds are deposited. Treasury recently sent verification requests to entities that have previously provided this information. *A response to Treasury’s request is required by May 8. If your entity has not yet responded, please do so as soon as possible to remain in compliance with state law.*

Additional information regarding PFCP can be found at www.oregon.gov/pfcp. For further information, contact PFCP staff at 503.378.3400 or public.funds@ost.state.or.us.

LGIP: Go Green with Electronic Statements

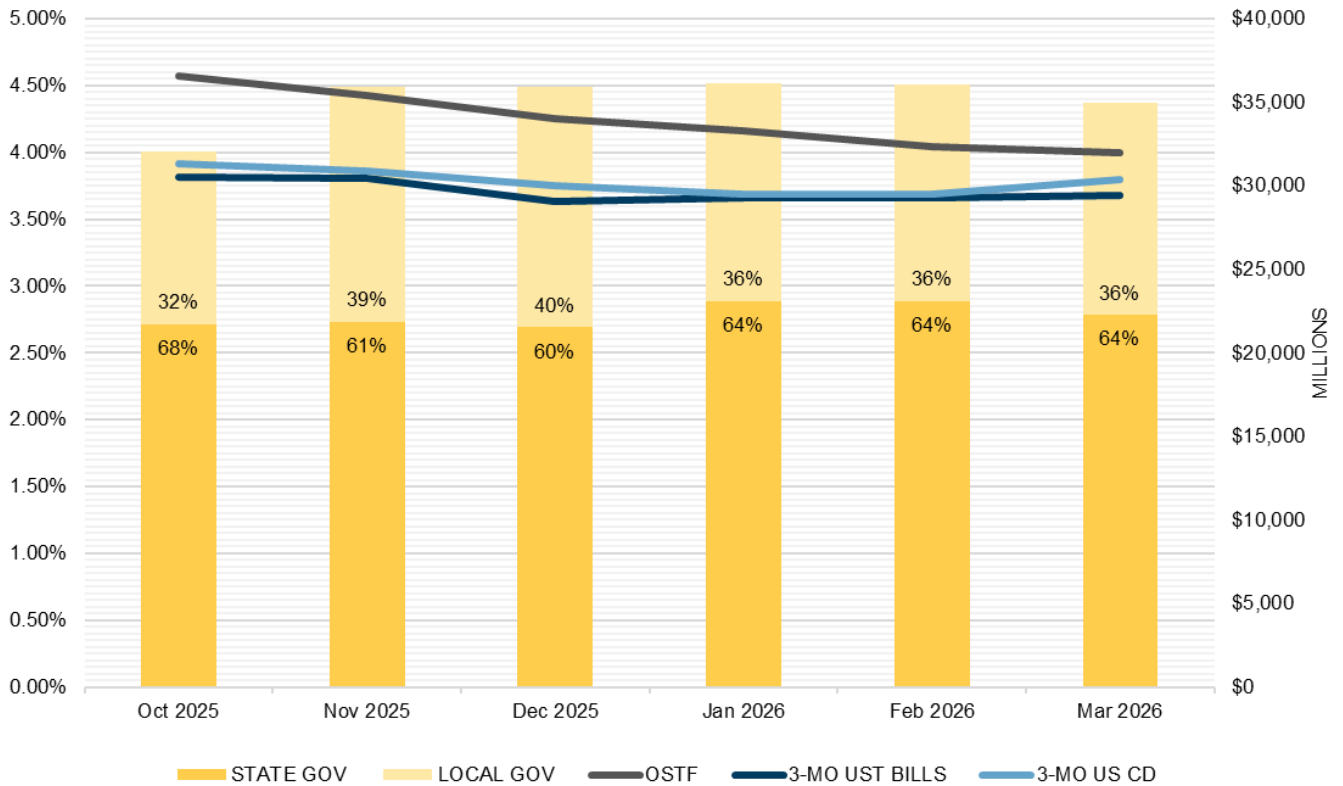
With the use of Connect, it is easier than ever to receive and view pool account statements electronically. Follow these steps to go paperless and start receiving electronic statements:

1. Log in to Connect*
2. Click on your initials in the top-right corner
3. Select Profile
4. Select Notification Preferences
5. Click Statement Delivery Preferences to open a drop-down menu
6. Select Electronic Statements within the drop-down menu
7. Click Update Preferences

*Connect access can be established by using an [LGIP Contact Registration](#) form.



Oregon Short Term Fund Analysis



	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Feb 2026	Mar 2026
TOTAL OSTF AVG DOLLARS INVESTED (MM)	32,077	35,893	35,929	36,128	36,062	34,955
STATE GOV PORTION (MM)	21,715	21,876	21,532	23,110	23,092	22,277
LOCAL GOV PORTION (MM)	10,362	14,017	14,397	13,018	12,970	12,678
OSTF ANNUAL YIELD (ACT/ACT)	4.57	4.43	4.25	4.16	4.04	4.00
3-MO UST BILLS (BOND EQ YLD)	3.816	3.803	3.633	3.660	3.661	3.677
3-MO US CD (ACT/360)*	3.92	3.86	3.75	3.69	3.69	3.80

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

	3/31/2026	1 Month	3 Months	12 Months		3/31/2026	1 Month	3 Months	12 Months
7-Day Agency Discount Note**	3.54	3.49	3.48	4.11	Bloomberg Barclays 1-3 Year Corporate YTW*	4.36	3.89	3.96	4.48
30-Day Agency Note Discount**	3.57	3.54	3.52	4.16	Bloomberg Barclays 1-3 Year Corporate OAS*	0.61	0.51	0.51	0.58
90-Day Agency Note Discount**	3.58	3.55	3.51	4.13	Bloomberg Barclays 1-3 Year Corporate Modified Duration*	1.85	1.80	1.77	1.86
180-Day Agency Note Discount**	3.55	3.49	3.44	4.00					
360-Day Agency Note Discount**	3.54	3.29	3.25	3.75	7-Day Muni VRDN Yield**	2.42	1.88	2.36	2.87
					O/N GGC Repo Yield**	3.73	3.71	3.89	4.52
30-Day Treasury Bill**	3.62	3.62	3.51	4.21					
60-Day Treasury Bill**	3.63	3.62	3.54	4.22	Secured Overnight Funding Rate (SOFR)**	3.68	3.68	3.87	4.41
90-Day Treasury Bill**	3.63	3.60	3.55	4.21					
6-Month Treasury Yield**	3.70	3.62	3.61	4.23	US 10 Year Inflation Break-Even**	2.31	2.26	2.25	2.37
1-Year Treasury Yield**	3.66	3.48	3.48	4.03					
2-Year Treasury Yield**	3.80	3.38	3.48	3.89	1-Day CP (A1/P1)**	3.67	3.64	3.68	4.28
3-Year Treasury Yield**	3.82	3.38	3.54	3.88	7-Day CP (A1/P1)**	3.67	3.64	3.66	4.30
					30-Day CP (A1/P1)**	3.72	3.67	3.67	4.33
1-Month SOFR**	3.66	3.67	3.69	4.32					
3-Month SOFR**	3.68	3.67	3.65	4.29	30-Day CD (A1/P1)**	3.71	3.66	3.71	4.35
6-Month SOFR**	3.70	3.62	3.57	4.19	90-Day CD (A1/P1)**	3.89	3.75	3.78	4.37
12-Month SOFR**	3.73	3.47	3.42	4.01	6-Month CD (A1/P1)**	3.96	3.76	3.78	4.33
					1-Year CD (A1/P1)**	4.00	3.72	3.77	4.23

Sources: *Bloomberg Index Services, **Bloomberg

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oregon.gov/lgip

PFMAM Client Services

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csgmww@pfmam.com

- ▲ Connect Access
- ▲ Transactions
- ▲ Reporting
- ▲ Account/User Maintenance
- ▲ Eligibility

Treasury

800.452.0345
lgip@ost.state.or.us

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

Oregon Short Term Fund Staff

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Public Funds Collateralization Program

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OREGON STATE TREASURY

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