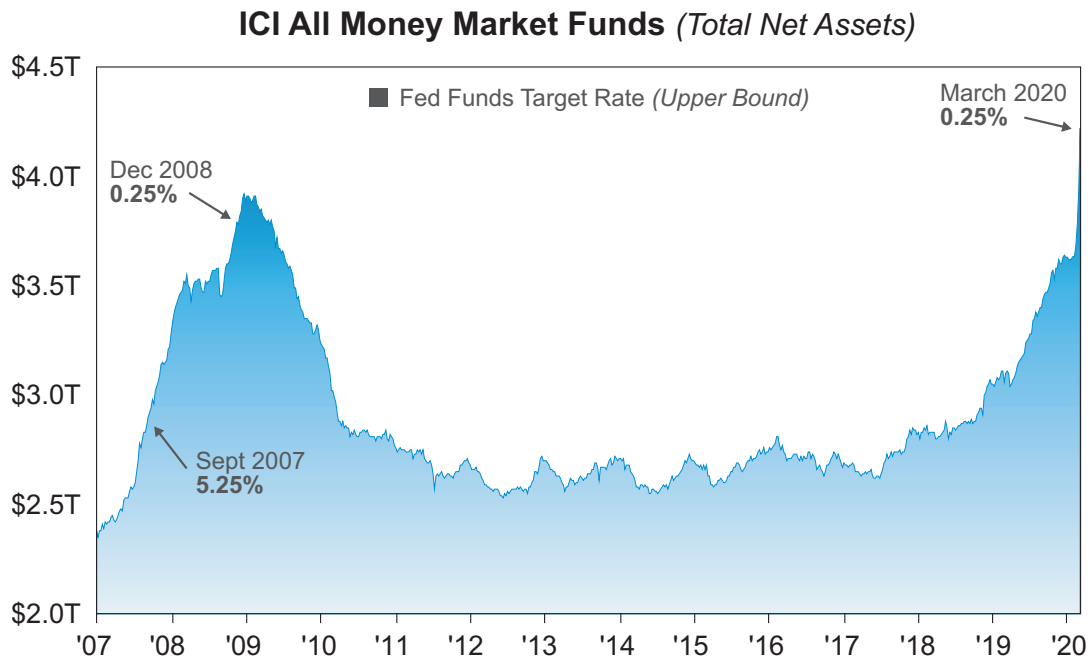


# Money Market Fund Assets Are Surging



Source: Investment Company Institute (ICI). Weekly data points from 1/24/07 - 4/1/20.

## View from the Observation Deck

1. Money market fund assets totaled \$4.22 trillion for the week ended 3/25/20. It was the first time total assets topped the \$4 trillion mark, according to ICI data.
2. Historically, the closest it had come to that level was on 1/14/09, when total money market fund assets reached \$3.91 trillion, according to ICI data.
3. We use the federal funds target rate (upper bound) in the chart as a proxy for short-term interest rates, such as those offered by taxable money market funds and other savings vehicles.
4. Since the mid-point of 2019, the Federal Reserve ("Fed") has slashed the federal funds target rate (upper bound) from 2.50% to 0.25%, or decline of 225 basis points, according to data from the Fed. That is exactly where the rate (0.25%) stood in December 2008.
5. Despite the paltry payout on money market funds, the capital keeps pouring in. EPFR Global reported that its fund flow data indicates that U.S. money market funds took in \$676.87 billion in Q1'20, an all-time high for a single quarter, according to Reuters. EPFR noted that stock and bond mutual funds reported net outflows totaling \$28.47 billion and \$33.89 billion over the same period.
6. Inflows to money market funds have been so robust that one large asset manager recently closed three of its funds to new investors.
7. We will continue to monitor cash flows to see how investors respond to the Fed's actions.

*This chart is for illustrative purposes only and not indicative of any actual investment.*

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