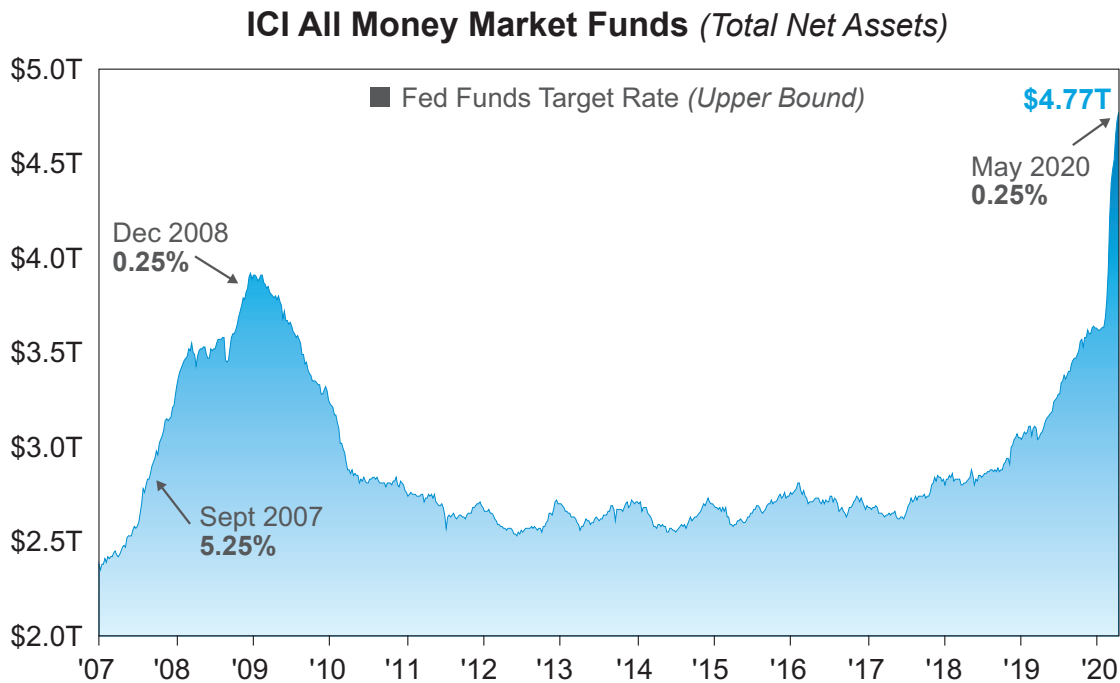


# Money Market Fund Assets Still Trending Higher



Source: Investment Company Institute (ICI). Weekly data points from 1/24/07 - 5/6/20.

## View from the Observation Deck

1. U.S. money market fund assets totaled a record \$4.77 trillion for the week ended 5/6/20, up from \$3.63 trillion at the start of 2020, according to data from the ICI.
2. 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.
3. 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.
4. The Fed's balance sheet assets stood at \$6.72 trillion on 5/6/20, up from \$4.17 trillion at the start of 2020, according to Bloomberg. The Fed has been aggressive in funneling stimulus into the economy via the purchase of various debt securities in the secondary market to help mitigate the fallout from the coronavirus (COVID-19).
5. Inflows to money market funds have been so robust that two large asset managers recently closed some funds to new investors, according to Bloomberg. It notes there is speculation that some companies may at some point move to waive management fees in order to "preserve some sort of positive return for clients."
6. 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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