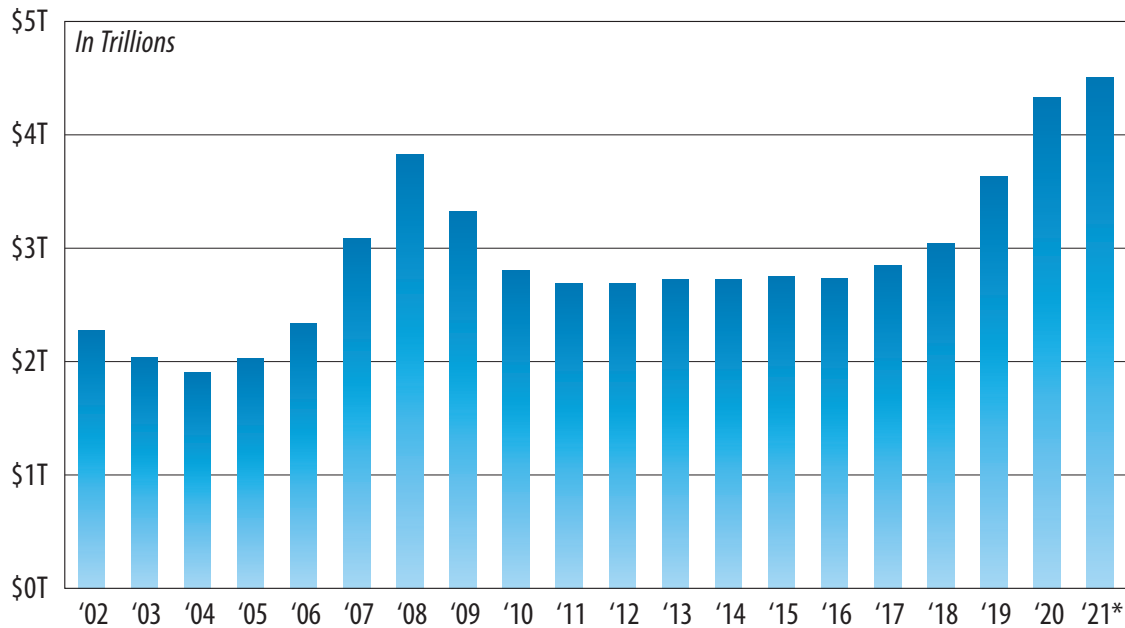


Money Market Fund Assets Remain Elevated

ICI All Money Market Funds (Total Net Assets)



Source: Investment Company Institute (ICI). Year-end data points. *2021 total as of 8/11/21.

View from the Observation Deck

1. U.S. money market fund (MMF) assets totaled \$4.51 trillion on 8/11/20, up from \$4.33 trillion at the close of 2020, according to data from the Investment Company Institute (ICI).
2. The all-time high for total MMF assets is \$4.79 trillion, set on 5/20/20.
3. As indicated in the chart above, MMF assets can rise, in some cases dramatically, leading up to and during shocks to the economy and securities markets. Some might characterize it as taking a risk-off posture. This includes the 2008-2009 financial crisis as well as the 2000 to present COVID-19 global pandemic, which was largely unforeseen prior to its onset in Q1'20.
4. MMFs reported net inflows totaling \$654.29 billion in 2007 and \$637.70 billion in 2008, according to the ICI. Net inflows totaled \$552.69 billion in 2019 and \$690.78 billion in 2020. From 2002-2020, net inflows to MMFs averaged \$77.37 billion per year.
5. While the net inflows for the two periods just cited are similar in scope, the climate for interest rates were vastly different. The federal funds target rate (upper bound), a proxy for short-term rates, was as high as 5.25% in 2007, compared to 2.50% in 2019, according to data from the Federal Reserve. In both cases, however, it was eventually cut to 0.25%, where it stands today.
6. We will continue to monitor cash flows to see how investors respond to the Fed's actions moving forward.

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

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