

Source: Central Bank of Ireland, Money Market Fund Statistics

- The net asset value of money market funds (MMFs) resident in Ireland increased by €59.9bn to €550.8bn in Q3 2019. This reflects investor inflows of €46.3bn, the largest quarterly investor inflows on record, along with a net positive revaluation effect of €13.6bn;
- Debt security holdings of MMFs increased by €60.1bn to €397.8bn in Q3 2019, driven mainly by increases in holdings of US government securities (€14.0bn) and Euro Area banks (€13.6bn);
- The average maturity of debt held by MMFs increased in the quarter, with a movement into holdings with maturity greater than three months.

Net Asset Value

The net asset value of money market funds resident in Ireland amounted to €550.8bn at end-September 2019, an increase of €59.9bn over the quarter. This increase was driven by net investor inflows of €46.3bn, bolstered by net positive revaluations of €13.6bn.

Debt Securities

Total debt securities held by MMFs amounted to €397.8bn at end-September 2019, an increase of €60.1bn from €337.7bn at end-June 2019. This increase was primarily driven by a €20.0bn (34 per cent) rise in holdings of US issuances, and a rise of €16.0bn (26 per cent) in holdings of UK issuances (Table 1).

Table 1: Debt Securities Assets – Selected Issuer Countries

| Country | € billion | Percentage change in Q3 |
|----------------|-----------|-------------------------|
| Euro Area | 133 | 15 |
| France | 54 | 3 |
| Germany | 28 | 28 |
| Netherlands | 22 | 44 |
| United States | 80 | 34 |
| United Kingdom | 78 | 26 |
| Canada | 30 | 15 |
| Sweden | 14 | 11 |
| Japan | 13 | -9 |
| Australia | 12 | -6 |

Holdings of debt issued by euro area institutions experienced an increase of

€16.9bn, rising from €116.1bn to €133. This was mainly due to increases in holdings of German (€6.3bn) and Dutch (€6.7bn) debt securities.

Across all sectors, inflows were largest in US government issued debt securities (€14.0bn). This was followed by euro area bank issuances (€13.6bn) and UK bank issuances (€8.5bn). The only sectors to see a significant fall in holdings of their debt issuances in Q3 were euro area social security funds (€1.5bn) and US other financial intermediaries (€1.3bn).

MMF holdings of US dollar denominated debt securities increased by €31.6bn in the quarter. This was primarily driven by a rise in holdings of US Government debt (€15.0bn). Sterling denominated holdings rose by €20.7bn, with the largest increases seen in issuances from the UK government (€5.7bn), French banks (€2.7bn) and German banks (€2.6bn). Euro denominated debt securities increased by €7.8bn, mainly in issuances from UK banks (€4.7bn).

Residual Maturity

There was a lengthening in the average maturity of debt held by MMFs in Q3 2019. Holdings of debt securities with a residual maturity greater than 3 months rose by €50.6bn, while holdings of shorter term debt rose by only €9.5bn (Table 2).

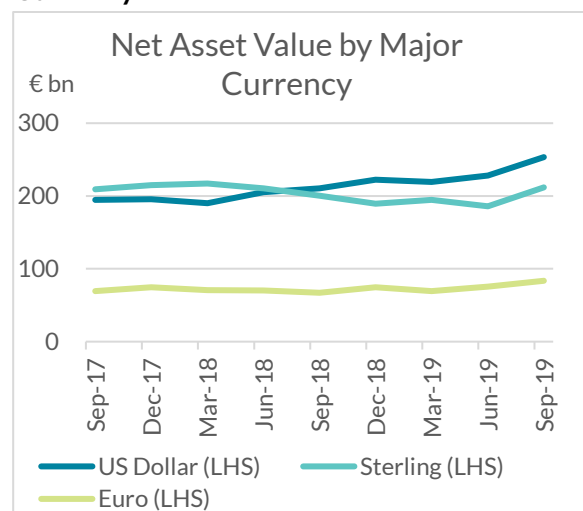
Table 2: Debt Securities Assets – Residual Maturity Buckets

| € billion | Jun-19 | Sep-19 |
|----------------------|--------|--------|
| Less than 1 month | 103 | 107 |
| 1 to 3 months | 101 | 107 |
| 3 to 6 months | 88 | 121 |
| 6 months to 1 year | 42 | 58 |
| 1 year up to 2 years | 3 | 3 |
| Over 2 years | 0 | 1 |

Negative yielding debt

Almost all Euro denominated debt (95% or €64.1bn) is negative yielding, a situation that has been remarkably stable over the past two years. This contrasts with Sterling and US dollar denominated debt, which is almost entirely positive yielding.

Chart 2: NAV – Closing Position by Currency



Investor Flows

Net investor inflows to MMFs amounted to €46.3bn in Q3 2019. Sterling denominated funds saw the largest net issuance of their equity over the quarter with €23.3bn, followed by US Dollar denominated funds with net issuances of €14.6bn. Euro denominated funds experienced an increase in subscriptions of €8.3bn during the quarter, with redemptions of €4.3bn in September outweighed by issuances in July and August.

The MMF publication tables are published [here](#).

Further information

Money Market Funds statistics are collected on the basis of monthly security-by-security reporting. The reporting population is comprised of money market funds resident and authorised by the Central Bank in Ireland. The reporting form

and notes on compilation are also available on the website [here](#).

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