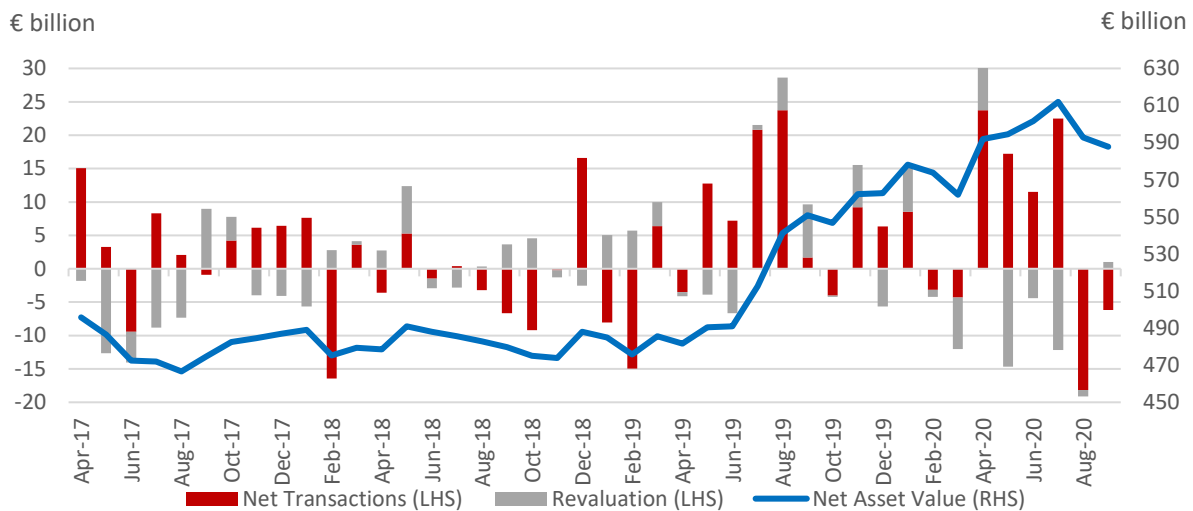




### Chart 1: Net asset value of MMFs, by investor flows and revaluations

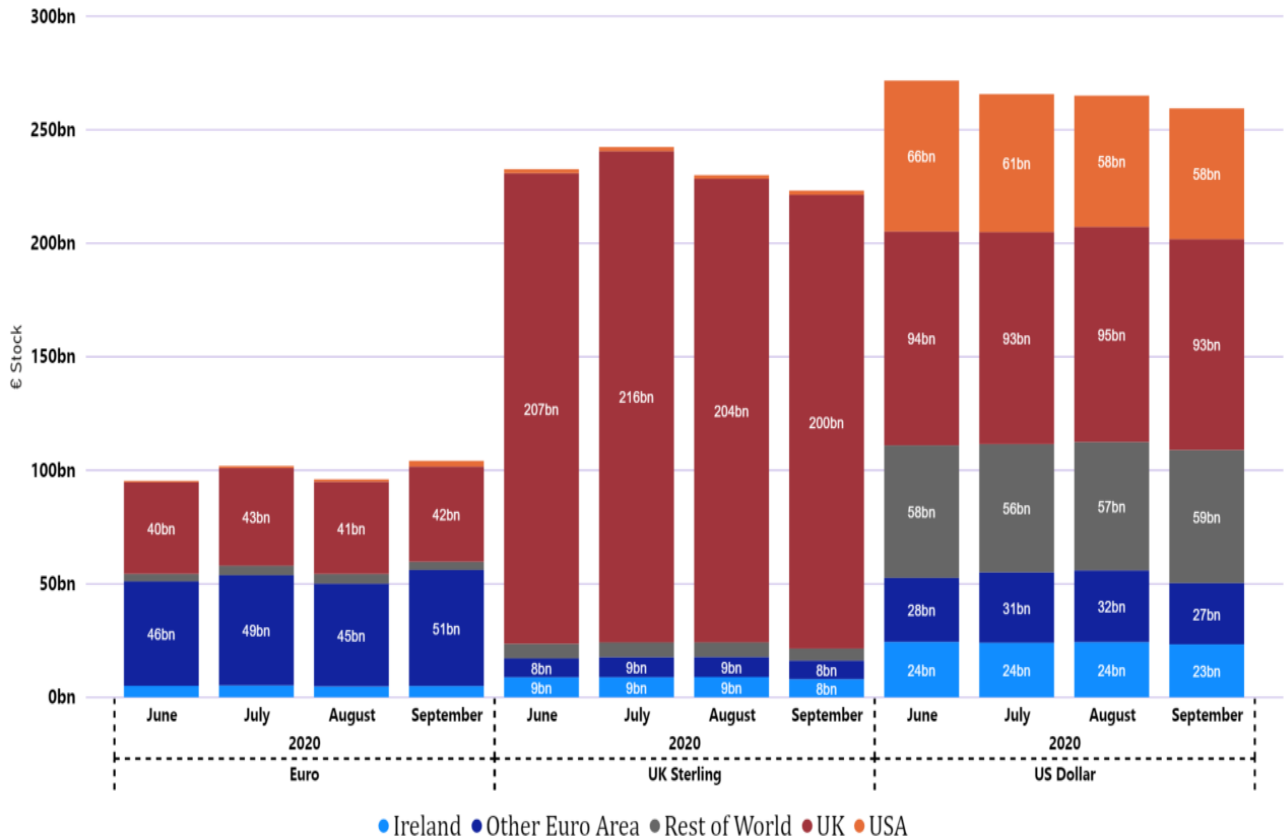


Source: Central Bank of Ireland, Money Market Fund Statistics

- The net asset value of MMFs decreased by €14.0 billion to €587.7 billion in the third quarter of 2020, following strong growth of €39.9 billion in the previous quarter.
- Net investor outflows were €0.7 billion in Q3. Net outflows of €9.5 billion from sterling MMFs were offset by net inflows of €9.0 billion into euro MMFs.
- USD exchange rate depreciation in July drove a €12.1 billion negative revaluation in US dollar MMFs during the quarter. US dollar MMFs remain the largest currency component within the Irish-resident MMF industry, however, at €259.5 billion.



**Chart 2: Net asset value of MMFs by currency of MMF and country of investor**



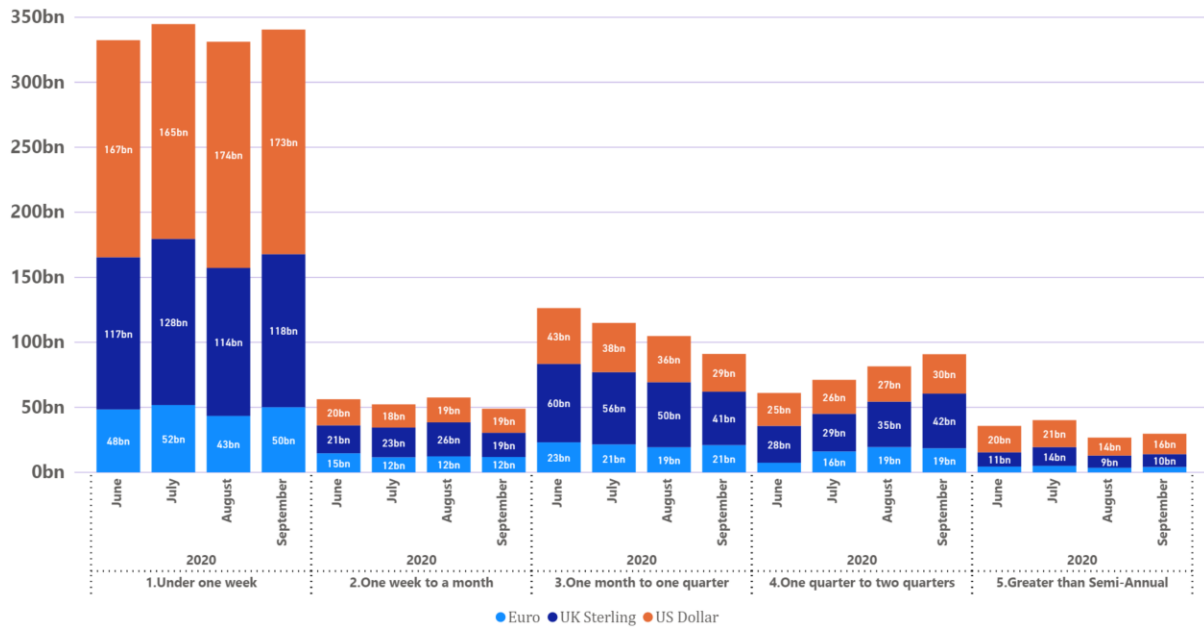
Source: Central Bank of Ireland, Money Market Fund Statistics

NB: Irish holdings predominantly reflect Irish-resident funds owning shares/units in other funds. Chart excludes small amounts of other currencies

- US dollar MMFs saw a substantial decline in the holdings of US-resident investors in Q3 2020 from €66.4 billion to €53.5 billion, only partly accounted for by exchange rate weakness. Investors outside of the US, euro area and UK saw net investor inflows, however, of €1.2 billion.
- Sterling MMFs, predominantly held by UK-resident investors, saw investor outflows of €9.5 billion and almost no exchange rate effect.
- Euro MMFs saw inflows of €8.8 billion over the quarter driven mainly by euro area investors.



**Chart 3: Total assets held by MMFs by residual maturity**

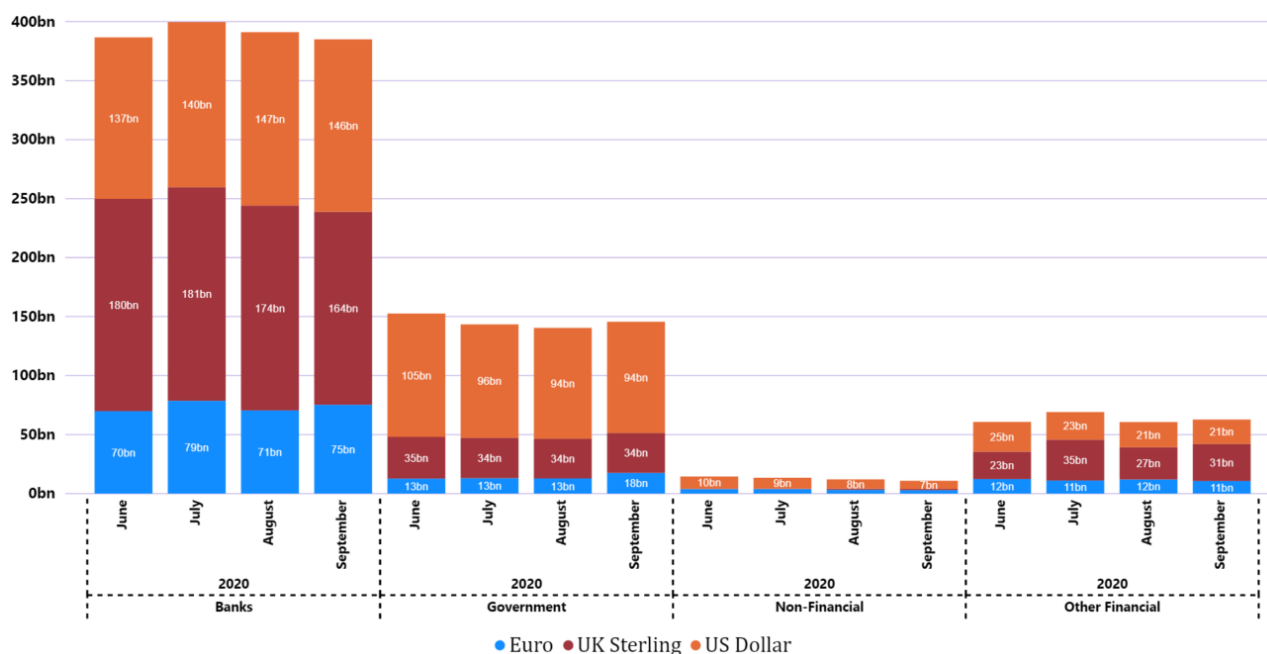


Note: Under one week includes government debt up to 170 days as per regulation for one week liquidity.  
Source: Central Bank of Ireland, Money Market Fund Statistics

- MMFs further increased large ratios of assets maturing within one week in the third quarter, particularly in US dollar MMFs.
- There was a significant rotation into securities maturing between three and six months and out of securities maturing between one week and three months.
- Investment in securities maturing beyond six months remains low, however, amid relatively flat yield curves and ongoing caution among MMF portfolio managers following financial market turmoil in March.



**Chart 4: MMF funding of banks, governments and non-financial corporations**



Source: Central Bank of Ireland, Money Market Fund Statistics

- MMF funding to banks<sup>1</sup> decreased by €1.6 billion in Q3 2020, driven by a sharp decline in sterling MMF holdings, of €16.3 billion. Euro and US dollar MMFs increased their bank holdings by €5.4 billion and €9.3 billion respectively, with US dollar MMFs also reducing their government debt holdings.
- Holdings of non-financial corporate debt<sup>2</sup> was broadly flat at the end of September compared to end-June. Sterling MMF holdings increased however, reflecting some portfolio reallocation from bank debt. US dollar holdings saw both net sales and exchange rate weakness.

<sup>1</sup> MMFs fund banks by depositing money in banks, buying certificates of deposits issued by banks, undertaking short-term lending through reverse repurchase agreements (securities financing) and, principally, by buying debt securities issued by banks.

<sup>2</sup> As non-financial corporations often issue through financial intermediaries, adding the other financial sector to non-financial holdings provides a better indicator of these holdings.



### Further information

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

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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