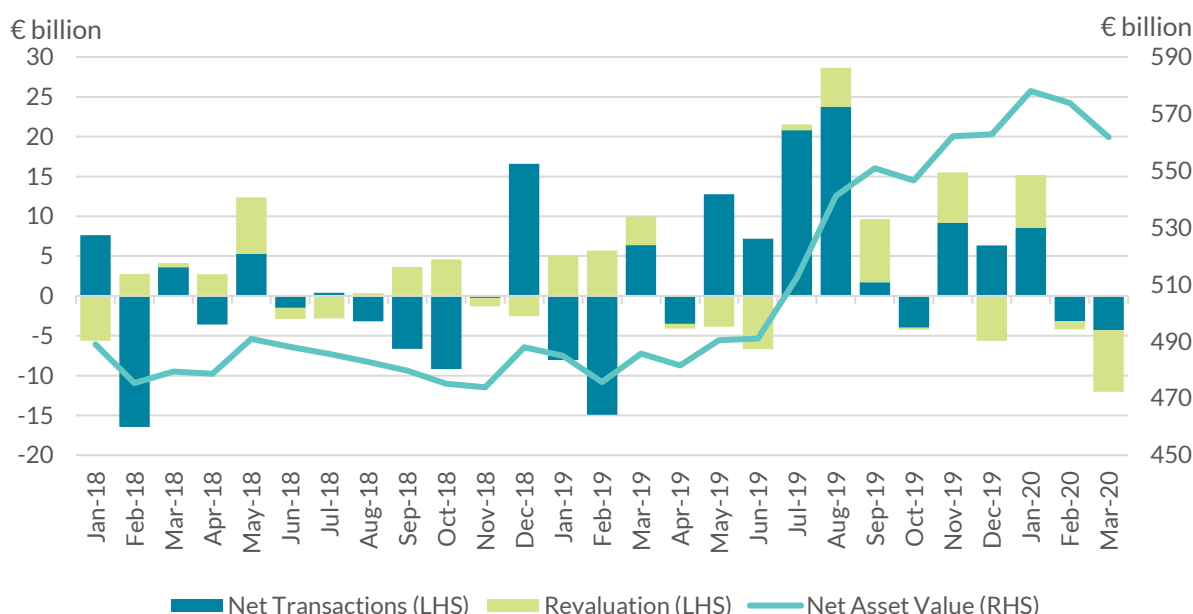




March represents the first month in which the data are impacted by the COVID-19 crisis, with the first known case in Ireland confirmed in late-February and the subsequent containment actions from mid-March. A number of data series already show effects of the reduction in economic activity in March; however it may take time for other series to be impacted.

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

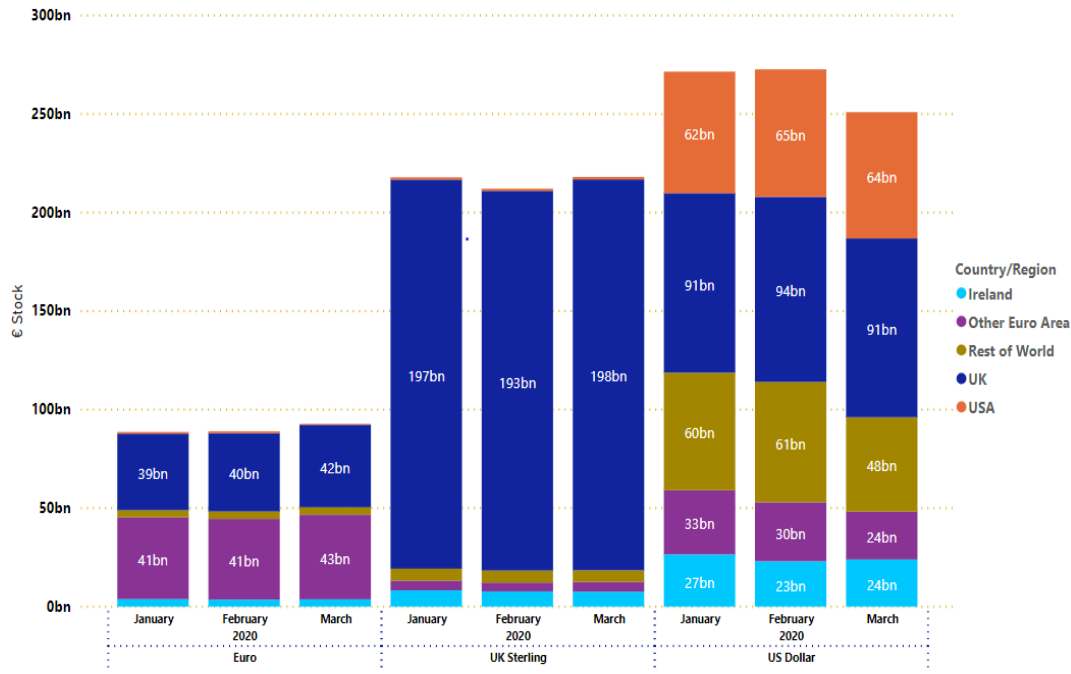


Source: Central Bank of Ireland, Money Market Fund Statistics

- The net asset value of MMFs declined by €12 billion to €562 billion in March, with sterling weakness driving a significant revaluation.
- Net investor outflows of €4.3 billion in March masked significantly different trends across currencies with US dollar funds having substantial outflows of €21.9 billion, offset by inflows of €13.8 billion and €3.8 billion into sterling and euro MMFs respectively.
- Within March, there was substantial volatility in all fund types, with outflows in euro and sterling MMFs earlier in March being reversed by month-end.
- Across currencies, MMFs increased holdings of very short term instruments in March.
- Funding to banks and other corporates by Irish-resident MMFs declined by €35 billion and €4 billion respectively.



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



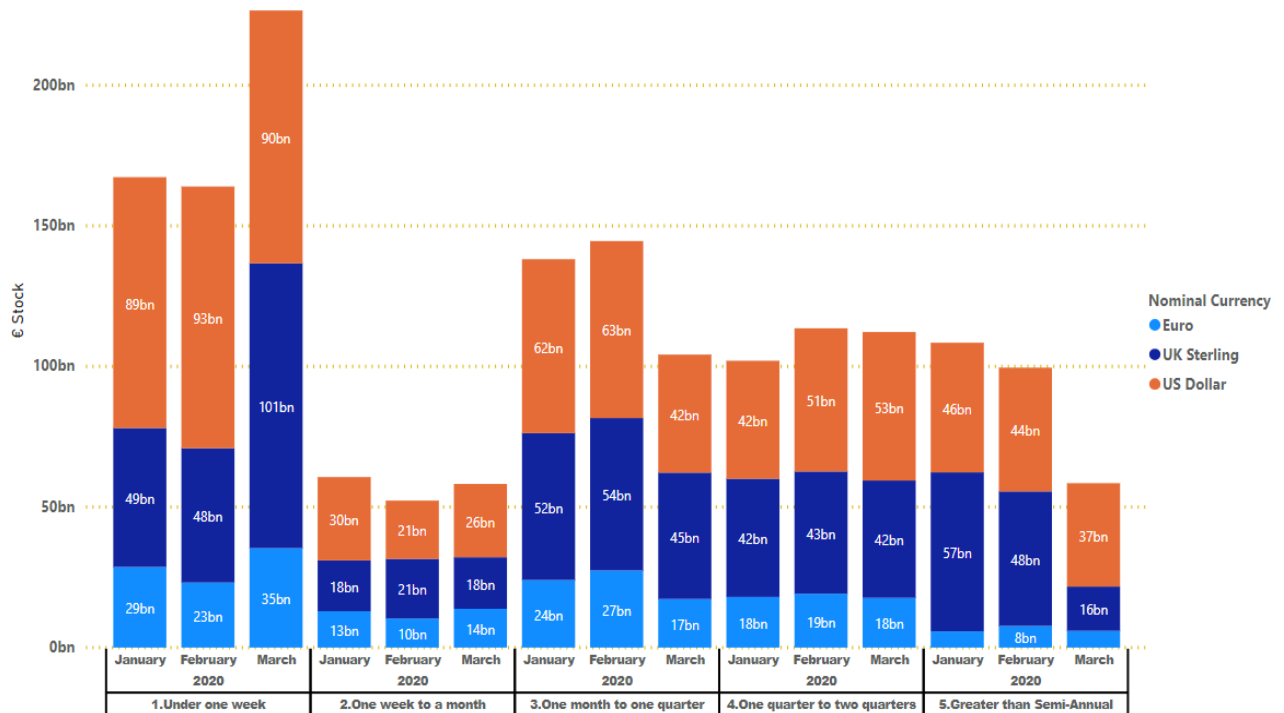
Source: Central Bank of Ireland, Money Market Fund Statistics

NB: Irish holdings predominantly reflect Irish-resident funds owning shares/units in other funds.

- US dollar MMFs saw substantial net outflows of €21.9 billion in March, driven by investors across most countries, with euro area and rest of world investors withdrawing the largest funds. Chinese residents' holdings declined by €4.5 billion.
- Investors also withdrew sizeable amounts from euro and sterling MMFs in mid-March. These flows more than returned to MMFs by month-end resulting in inflows of €13.8 billion and €3.8 billion into Sterling and euro MMFs respectively over the full month.



Chart 3. Total assets held by MMFs by residual maturity



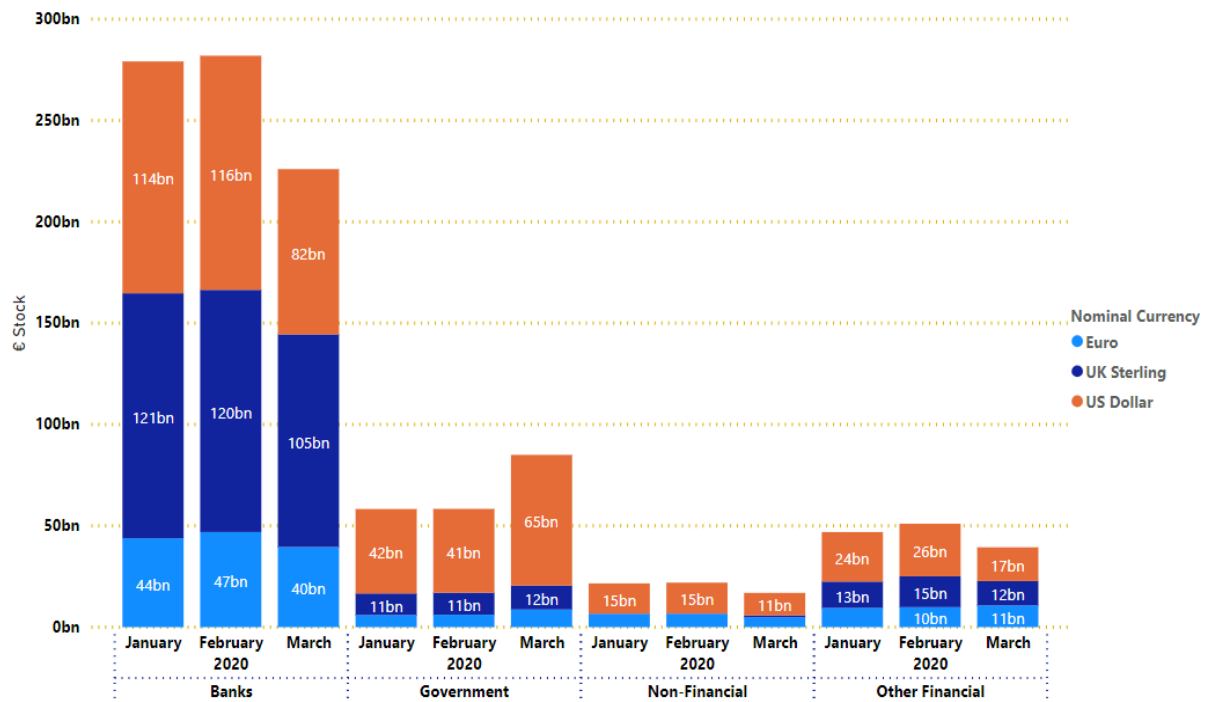
Source: Central Bank of Ireland, Money Market Fund Statistics

- MMFs raised significant amounts of assets maturing within one week¹ in March, mostly by allowing debt securities to mature and retaining the proceeds.
- In US dollar MMFs, these were used to fund the heightened redemption activity; this can be seen in declining holdings of debt but stable holdings of cash.
- The relatively sharp increase in very short term instrument in sterling MMF may reflect risk averse behaviour by managers given the volatile markets and redemption patterns.

¹ One-week holdings consist largely of bank deposits, certificates of deposit and very short-term debt.



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



Source: Central Bank of Ireland, Money Market Fund Statistics

- In terms of MMFs providing funding to banks², a sharp decline in holdings of bank debt securities was partly offset by an increase in bank deposits in March. Nonetheless, MMF funding of banks declined by €35 billion in March overall.
- Bank funding by US dollar MMFs fell twice as fast in March, by 29 per cent, compared to euro or sterling MMFs.
- Reflecting a risk move to safe-havens, there was an increase in holdings of government debt, in particular US Treasury instruments. This same trend was not as evident in euro and sterling MMFs.
- MMF holdings of non-financial corporate debt³ are much lower than bank holdings; they also declined in March.

² 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.

³ Non-financial corporations often issue through financial intermediaries. Adding the ‘other financial intermediary’ 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](#).

For queries contact: Central Bank, Press Office at media@centralbank.ie or (01) 224 606

