

VIDEO

January 31, 2014

Focus on Funds: New Insights into Money Market Fund Transparency and Liquidity

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The January 31, 2014, issue of *Focus on Funds* explains ICI's new data project. For the first time, data from SEC Form N-MFP filings will be summarized and publicly available in a new monthly press release from ICI.

Video Transcript

Stephanie Ortvals-Tibbs, Director, ICI Media Relations: Welcome to *Focus on Funds*, the Investment Company Institute's weekly round-up of industry news, ICI activities, and research findings.

ICI is now offering a new monthly press release and report that analyzes the data on taxable money market fund portfolios, based on money market fund filings with the U.S. Securities and Exchange Commission.

ICI's reports include data on daily and weekly liquidity, and the maturity of portfolio holdings.

They also show the type of securities held and who issued them.

The release is rich with data, and often will include economic analysis to add more perspective.

Chris Plantier, ICI Senior Economist: Our analysis of the data for December indicates that money funds' holdings of repurchase agreements, or repos, with European banks fell significantly compared to November. Both government and prime money market funds saw reductions in repo holdings.

However, this decline should prove temporary.

Typically, European and U.S. banks often choose not to borrow as much via repos at the

end of the year, so money market funds were simply responding to the reduced supply of repos at the end of December.

That same month, money funds did significantly increase their holdings of repos with one entity in particular, the Federal Reserve.

Money funds lent the Federal Reserve at least \$135 billion overnight at the end of the month.

This increased money market fund lending to the Fed in December reflects a technical liquidity operation and also is temporary.

Stephanie Ortals-Tibbs: The new data release, posted on ICI's website, sheds light on how the SEC's 2010 money market fund reforms have made these funds more transparent and resilient.

It's also a useful metric for portfolio managers interested in benchmarking their portfolios versus industry averages.

That's this week in funds. See you next week.

Additional Resources

- [Data: Money Market Fund Holdings, December 2013](#)
- [ICI Viewpoints: ICI's New Data Release: Further Enhancing the Transparency of Money Market Funds](#)
- [Money Market Fund Resource Center](#)

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