

# Global Money Market Fund Flows Dashboard: 3Q21

## Global Assets Stable Despite Modest Product-Level Fluctuations

Fitch Ratings estimates that total global money market fund (MMF) assets under management (AUM) remained stable at USD7.6 trillion at end-September 2021, with individual regions also experiencing limited change from quarter to quarter. Divergent growth rates are more prominent at the sub-sector level, particularly the fund-type level in the US and the currency level in Europe.

**US Prime Assets Continue Falling:** Total AUM in US prime MMFs dropped by 4% in 3Q21, leading to an overall 14% reduction in total assets for the fund type in the first three quarters of the year. Nevertheless, net inflows to government MMFs (USD35 billion) throughout 3Q21 more than offset the net outflows from prime (USD19 billion) and tax-free (USD5 billion) MMFs. Government, prime and tax-free MMFs represented 88%, 10% and 2% of US MMF AUM, respectively, at end-3Q21.

**Varied Growth by Currency in Europe:** European MMFs' AUM remained at EUR1.4 trillion at end-September 2021. When measured in base currency, US dollar- and UK pound-denominated MMFs' total assets fell during 3Q21 by USD17 billion (-3%) and GBP5 billion (-2%), respectively. In contrast, euro MMFs rose by EUR13 billion (2%) in the same period, offsetting most of the decrease in the other two major currencies.

**Chinese Asset Quarterly Growth Stay Low:** Chinese MMFs grew marginally in 3Q21, by just under 2%. Nevertheless, total Chinese money fund assets reached a new peak of CNY9.8 trillion at end-August, before dropping to CNY9.4 trillion at end-September.

### What to Watch

**Interest Rate Shock:** Fitch would expect limited direct impact on MMFs' mark to market net asset values in an interest rate shock scenario (see [U.S. Corporate Bond Shock - Risks and Mitigants](#)), as investments reset to new rates quickly given short durations. Nevertheless, larger outflows may be triggered by underlying investors, such as bond mutual funds, which could be reluctant to sell securities into declining markets, but may be willing to redeem their holdings in MMFs.

For example, fixed-income mutual funds with longer durations may face increased redemption requests if a rate rise scenario triggered material market value losses. Investors may redeploy their investments from bond mutual funds into safe haven assets, such as government MMFs, in reaction to market volatility, countering these effects. Modest flows are immaterial to ratings but large or sustained outflows can put pressure on fund liquidity metrics and, in severe cases, ratings.



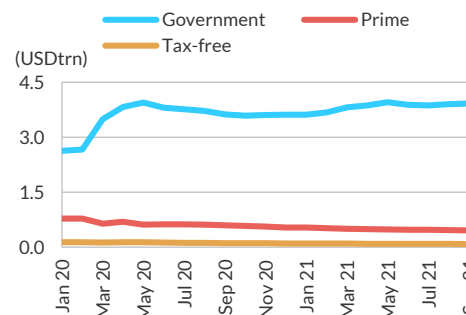
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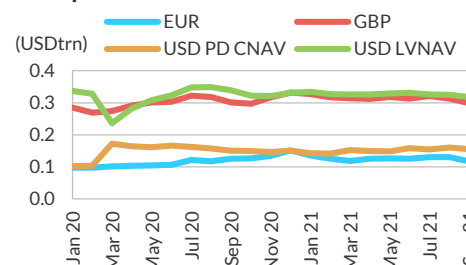
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#### US Onshore MMF Total AUM



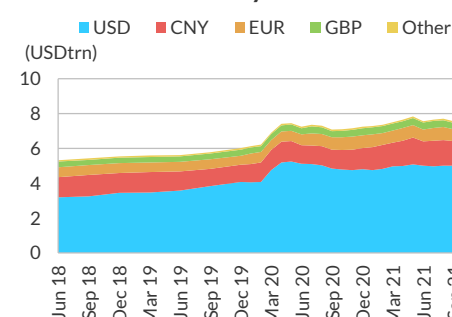
Source: Fitch Ratings, iMoneyNet

#### European Short-Term MMF AUM



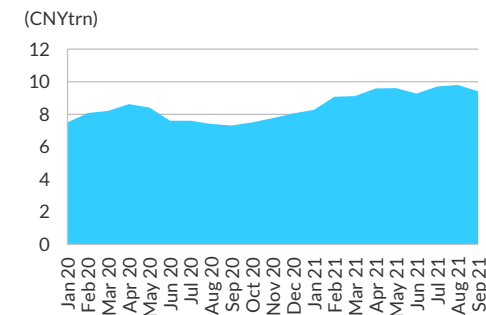
Note: Low Volatility Net Asset Value (LVNAV) and Public Debt Constant Net Asset Value (PD CNAV) funds only

#### Global MMF AUM by Currencies



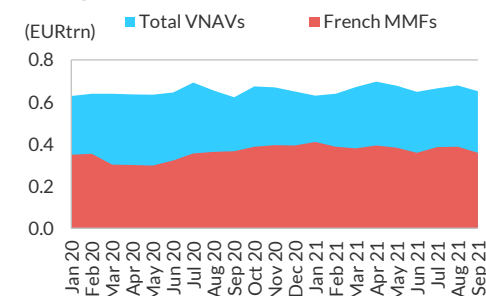
Source: Fitch Ratings, Lipper, iMoneyNet, AMAC

#### Chinese MMF Total AUM



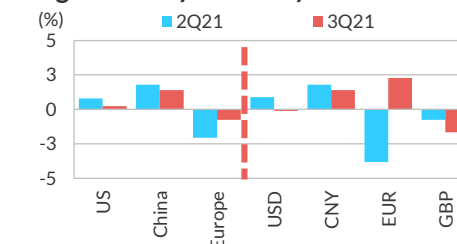
Source: Fitch Ratings, AMAC

#### European VNAV MMF AUM



Note: Estimated amounts  
Source: Fitch Ratings, Lipper, iMoneyNet, BdF

#### Total Assets: Quarterly Growth by Region and by Currency



Note: Quarterly growth based on sums in base currencies; euro used for European MMFs  
Source: Fitch Ratings, Lipper, AMAC, iMoneyNet

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