



HOW IS MARKET VOLATILITY IMPACTING MONEY MARKET SECURITIES?

June 2, 2020

In times of unprecedented market volatility, providing market transparency is critical. Our new DTCC Money Market Kinetics *Weekly Snapshot*, derived from the DTCC Money Market Kinetics product, offers insights into the 3.1 trillion dollar money markets.

DTCC is publishing weekly reports to provide insights into the volatility of the money markets. [The data comes from our DTCC Money Market Kinetics service.](#)

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MARKET HIGHLIGHTS

Current market volatility is impacting the short-term lending market.

- Liquidity in Corporate Commercial Paper (CP) and Institutional Certificates of Deposit (CD) has decreased precipitously since mid-March
- In March 2020, the Federal Reserve responded by creating a new funding facility to ensure liquidity and free up short-term lending.

DATA INSIGHTS

Settlement activity was lower than the prior week for all product types, which was partially a result of the shorter business week. Month-end amounts for May show fixed-rate products at about 90% of their prior 12-month averages, while variable-rate products were 45% for CDs and 36% for CP. *May 2020 is the first month since January 2020 where both variable-rate settlement product types had larger settlement amounts than the prior month.

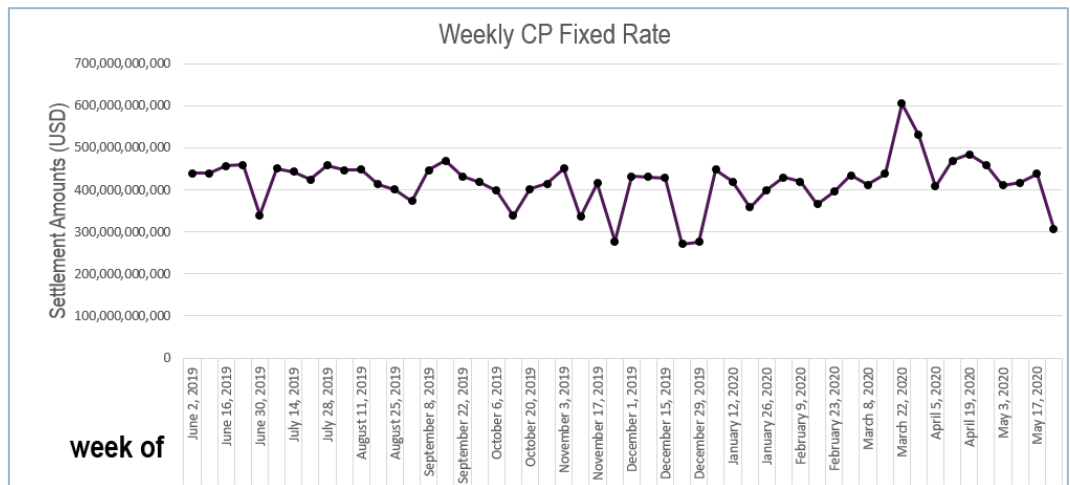
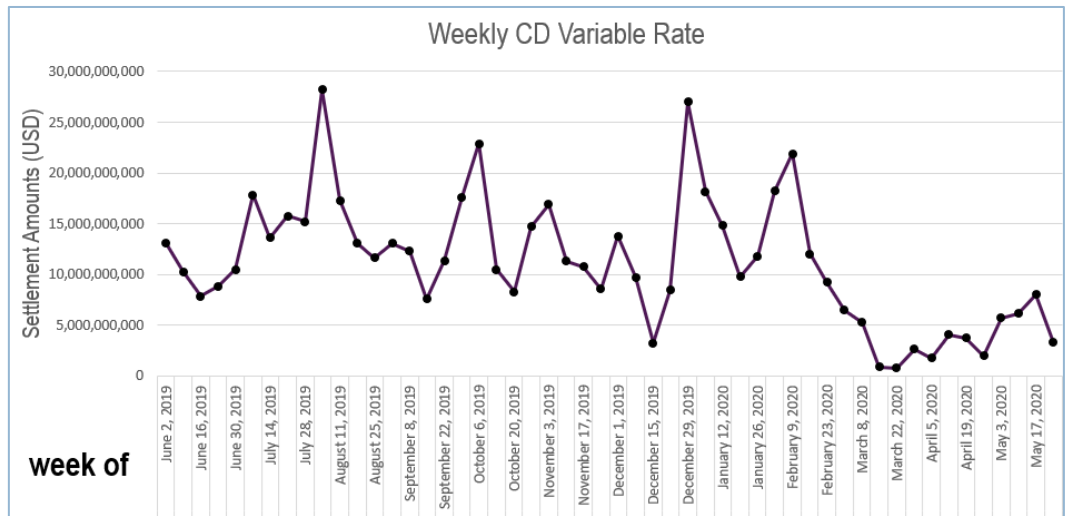
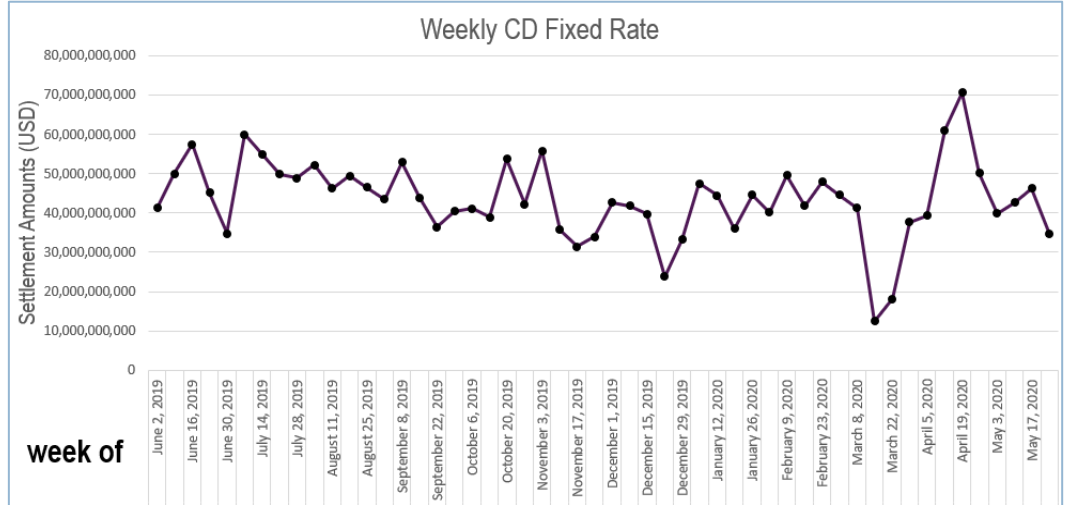
- For the week of May 26-May 30:
 - Fixed-rate CD settlements decreased from \$46 billion the prior week to \$34 billion, which is below the prior 52-week average of \$43 billion.
 - Variable-rate CD settlements decreased from \$8 billion the prior week to \$3 billion. The amount remains significantly lower than the prior 52 weeks, which averaged \$11 billion per week.
 - Fixed-rate CP settlements decreased from \$437 billion to \$307 billion, which was lower than the prior year weekly average of \$417 billion.
 - Variable-rate CP settlements decreased from \$2.5 billion the prior week to \$2.2 billion. By comparison the 52-week average is \$6.4 billion.
- *For the Month of May 2020
 - Month-end amounts vs. prior 12-month averages:
 - Fixed-rate CD: \$171 Billion v. \$189 Billion
 - Variable-rate CD: \$23 Billion v. \$51 Billion
 - Fixed-rate CP: \$1.7 Trillion v. \$1.8 Trillion
 - Variable-rate CP: \$10.8 Billion v. \$30 Billion

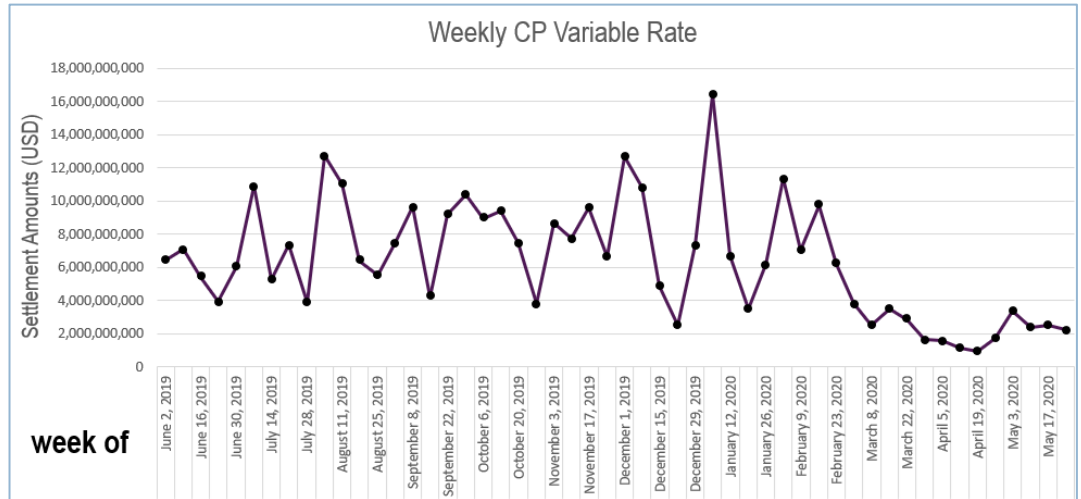
**METHODOLOGY ENHANCEMENT: Starting with this week's publication, we have adjusted the monthly methodology to align to exact calendar dates, as opposed to rounding partial weeks at the month-end, which had been the method in prior weeks. The historic monthly charts in this week's version have been adjusted to reflect this methodology. We plan to use this improved method going forward.*



WEEKLY CHARTS

Note: Dates displayed in weekly charts represent the first day of the week summarized; the values displayed are for the entire week of activity.



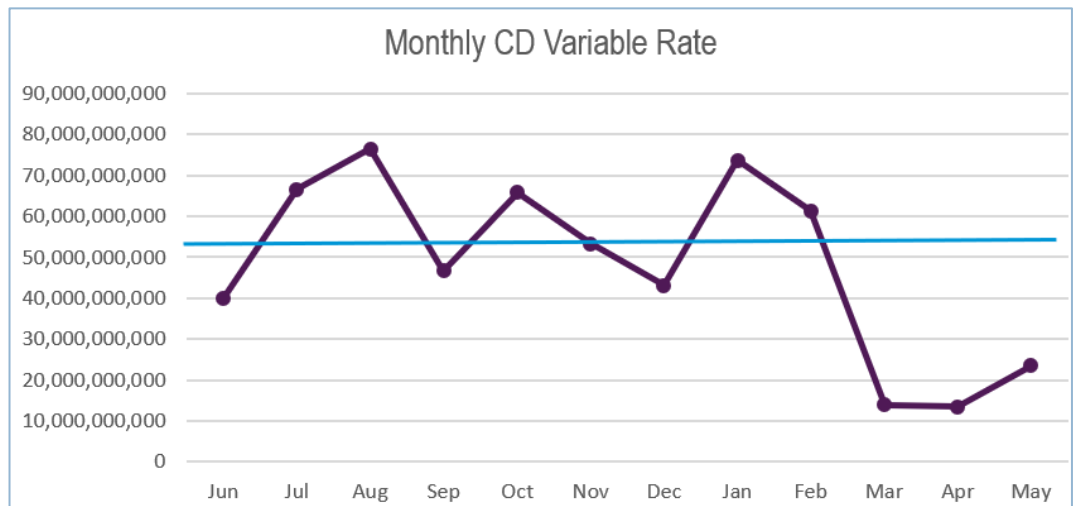
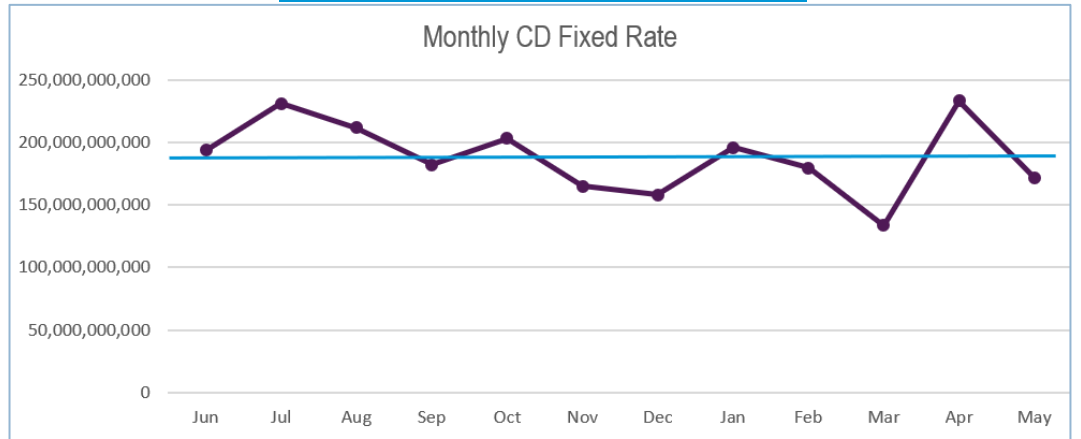


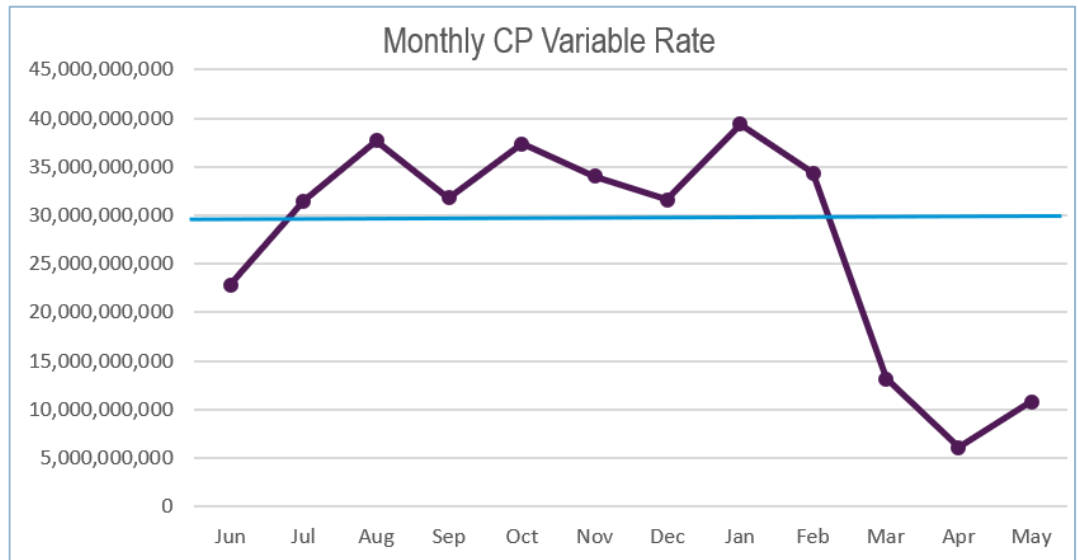
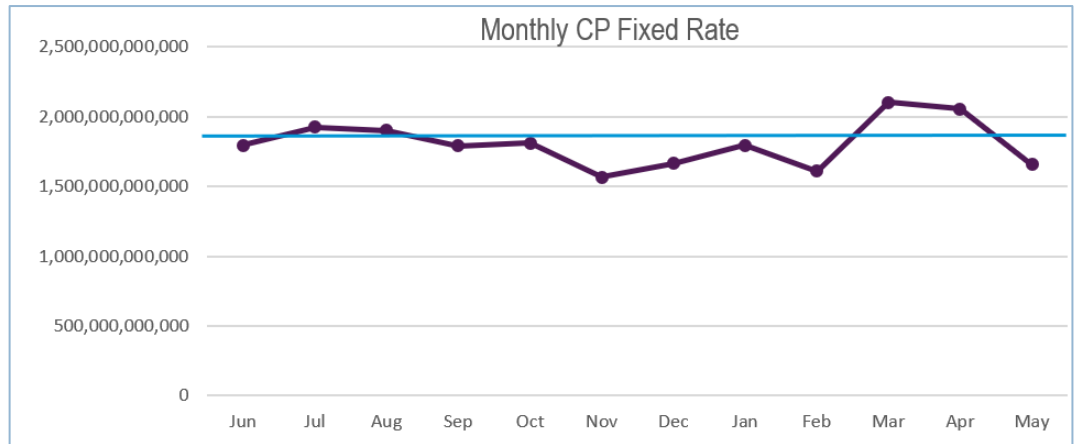
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MONTHLY CHARTS

Legend:

- Monthly Settlement Amounts
- 12 Month Average Settlement Amounts





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