

EURO AREA MONEY MARKET FUND STATISTICS

EXPLANATORY NOTES

Coverage of institutions and legal basis

These statistics present the assets and liabilities of money market funds (MMF) resident in the euro area which belong to the sub-sector “Other monetary financial institutions” (MFIs) in the European System of Accounts (ESA 95). The statistics are reported by the MMFs to the national central banks (NCBs) in accordance with Regulation ECB/2001/13 concerning the consolidated balance sheet of the monetary financial institutions sector¹, as amended. MMFs are defined as collective investment undertakings of which the units are close substitutes for bank deposits in terms of liquidity. Furthermore, these funds primarily invest in money market instruments with a residual maturity up to one year, and/or in bank deposits. The NCBs send the nationally aggregated statistics to the ECB, which derives aggregate results for the euro area.

The reporting population comprises MMFs resident in the euro area, including the MMFs managed from outside the euro area. Conversely, the statistics do not cover MMFs established in offshore locations outside the euro area, even if the management companies of these MMFs are resident in the euro area.

The list of individual MMFs forming the reporting population is available on the ECB website, together with the other institutions which are part of the MFI sector.²

MMFs as part of the MFI sector and the monetary aggregate M3

From a monetary analysis perspective MMFs are part of the money-issuing sector, and therefore the shares/units issued by MMFs are part of the aggregated and consolidated balance sheet of the MFI sector, and contribute to the broad monetary aggregate M3. The reason for this is the close substitutability between MMF shares/units and bank deposits, in terms of their liquidity and capital certainty.

Monthly statistical data regarding the shares/units issued by the MMFs are published by the ECB as a contribution to the MFI sector’s balance sheet. Statistical data for

¹ http://www.ecb.europa.eu/ecb/legal/pdf/l_33320011217en00010046.pdf. Published in the Official Journal of the European Union: OJ L 333, 17.12.2001, p.1 ff.

² <http://www.ecb.europa.eu/stats/money/mfi/general/html/index.en.html>

money market funds shares/units included in the publication of the monthly MFI balance sheet statistics are consistent with the data presented in the monthly and quarterly press release on investment and money market funds. However, for the purpose of the consolidated MFI balance sheet and M3, the MMF shares/units issued are presented net of any holdings by the MFI sector. By contrast, data are shown without consolidation in the statistical press release on investment funds and money market funds. The amounts held by the euro area money holding sector, i.e. the amounts that contribute to M3, are shown separately in the monthly press release.

Frequency and timeliness

The issuance of MMF shares/units is available at a monthly frequency. The breakdown of assets and liabilities is published at a quarterly frequency.

With the exception of the MMF shares/units issued, all quarterly MMF statistics are published with a time lag of around one and a half months after the end of the reference period. MMF shares/units are released together with the monthly press release on monetary developments.

Outstanding amounts and transactions

In addition to *outstanding amounts*, i.e. the value of the assets and liabilities at the end of the reference period, the data present *transactions* during the period. Transactions refer to the net acquisition of a given type of asset during the period, or the net incurrence of a given type of liability. In the case of MMF shares/units issued, the transactions provide an approximation of the MMFs' net sales of shares to investors during the reference period.

The changes in outstanding amounts between two periods can be due to transactions, price revaluations, exchange rate changes in the case of instruments denominated in currencies other than the euro³, or statistical reclassifications.

Transactions data are available for all items in the quarterly and monthly data.

Balance sheet asset and liability categories

All balance sheet positions and transactions are shown on an aggregated basis, i.e. positions between MMFs are not netted out.

The assets side represents the investment portfolio of MMFs. Five categories are presented.

³ The adjustment for the effects of exchange rate variations is also applied to the transactions of MMF shares/units issued to non-residents. These adjustments are calculated on the basis of the total amount outstanding of non-euro denominated assets at the end of every period; the impact of adjustments is more significant for periods of high exchange rate volatility between the euro and other major currencies.

- *Deposits and loan claims* include all deposits the MMFs have placed in other institutions, in particular in banks. This category includes any loans that the MMFs may have granted.
- *Securities other than shares* include MMFs' holdings of all negotiable debt securities, such as government and corporate bonds, treasury and local authority bills, commercial paper and certificates of deposit.
- *Shares and other equity* include MMFs' holdings of all shares and other equity, with the exception of MMF shares/units (included separately in the next asset category).
- *MMF shares/units* include MMFs' holdings of shares/units issued by other MMFs.
- *Remaining (or "other") assets* is a residual category and includes all assets which are not classified in one of the other categories listed above. In particular, interest accrued, but not yet paid, on the deposits and loan claims, as well as financial derivatives with a positive market value are included in this category.

On the liabilities side, three categories are presented.

- *MMF shares/units issued* include the shares or units the MMFs have issued. This item indicates the net assets of the MMFs and represents the value of the investors' holdings. This is by far the most important item on the liability side of the MMF balance sheet.
- *Loans and deposits received* include any funds the MMFs may have received in the form of deposits or loans.
- *Remaining (or "other") liabilities* is a residual category and includes any liabilities which are not included in the two other liability categories. Interest accrued, but not yet paid, on the loans and deposits received, and financial derivatives with a negative market value are included in this category.

Further breakdowns of assets and liabilities

At a quarterly frequency a number of asset and liability items presented in the previous section are further broken down.

The *geographical breakdown* indicates the residency of the counterpart of the MMFs in a given asset or liability item. The breakdown consists of a split into euro area and non-euro area counterparts.

On the assets side, all items except remaining assets include the geographical breakdown. For example, holdings of securities are broken down according to the geographical location of the issuer of the security.

On the liabilities side, the breakdown of MMF shares/units issued shows the residency of the holders of the shares/units, i.e. the residency of the investors in the MMFs. The available breakdown allows a distinction to be made between euro area and non-euro area resident holders of the shares/units.

The *sectoral breakdown* indicates the economic sector of the counterpart. The available sectors consist of MFIs (which also include MMFs), general government, other financial institutions, insurance corporations and pension funds, non-financial corporations and households. This breakdown is available for securities other than shares as well as for loans. On the liabilities side, a limited sectoral breakdown (singling out holdings of shares/units by the money holding sector) is available at a monthly frequency.

The *maturity breakdown* refers to the original maturity of securities other than shares held by the MMFs. The three maturity bands for securities issued by MFIs are: up to one year, over one year and up to two years, and over two years. For securities issued by other euro area residents, two maturity bands are distinguished: up to one year and over one year.

The *currency breakdown* indicates the currency in which the securities other than shares are denominated, and consists of a split into euro / other currencies. This breakdown is available for securities issued by euro area MFIs, general government and other resident sectors.

The table below summarises the data that are available on a monthly (M) and quarterly (Q) basis.

Table: Summary of available data

	Further breakdowns				
	Total	Geographical	Sectoral	Maturity	Currency
Assets					
Loans	Q	Q	Q		
Securities other than shares	Q	Q	Q	Q	Q
Shares and other equity	Q	Q	Q		
MMF share/units	Q	Q			
Remaining assets	Q				
Liabilities					
MMF shares/units	Q and M	Q and M	M ¹⁾		
Deposits	Q	Q			
Remaining liabilities	Q				

¹⁾ Sectoral breakdown only available for amounts held by euro area residents, excluding the MFI sector.

Dissemination of money market fund statistics

Statistics on MMFs are released together with the monthly release by the ECB of investment fund statistics. It consists of a press release and the update of the statistics on the ECB website⁴, including the Statistical Data Warehouse. Data on MMF shares/units issued are also published in the ECB's Monthly Bulletin, Table 2.1.

⁴ <http://www.ecb.europa.eu/stats/money/aggregates/bsheets/html/index.en.html>

Furthermore, information on money market funds shares/units is included in the monthly ECB press release on monetary developments and the related data dissemination. In addition to the euro area aggregates, this includes the national data on the total issuance of MMF shares/units.