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The AMF publishes a study on the volatility of French money market funds

In order to mark the entry into force of European regulation on money-market funds, the AMF carried out a historical analysis of the volatility of French money market funds, both standard funds and short-term funds, whose net asset value varies depending on their market value.

The analysis was conducted by studying the distribution of volatility of the value per unit for all the French money-market funds (over the period 2006-2017), then by distinguishing the units of short-term funds from standard funds (over the period 2011-2017). This study thus covers periods of market stress (2008-2009 and 2011-2012), with a particular focus on the period following the implementation the Guidelines of the former Committee of European Securities Regulators (CESR - 2011), imposing, for the first time, constraints on the maximum maturity of assets in the portfolio, the weighted average life (WAL), and weighted average maturity (WAM).

The analysis shows that daily volatility on an annualised basis for French money market funds is low overall. Taking into account the size of the funds, it is less than 7 basis points (bps) since 2010 and it remained below 20 bps at the height of the crisis in 2008 for 95% of funds assets under management. Moreover, their volatility is close to that of EONIA, with volatility spreads of less than 4 bps over the period 2011-2017 for 85% of the funds.

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📄 Study of the Volatility of French Money Market Funds

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