Money Markets

Gary Gorton
Yale and NBER
Two Points

• Money markets are important.

• Unintended consequences and transformation of the financial system.
FHLB Overnight Discount Note Outstanding

Note: Series is average daily outstanding by month.

Source: FHLB Office of Finance.

Ross, “Migrating Safe Asset Production”
AA Short-Term Paper Outstanding (Ross, “Migrating Safe Asset Production”)

Monthly average

Source: Federal Reserve, FHLB Office of Finance. All commercial paper series are AA with less than 4 days maturity, and FHLB discount notes are all overnight.