

Video Transcript - HSBC Global Asset Management

Investment Outlook 2020: The age of uncertainty

Global Liquidity Outlook

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2019 certainly started off with a surprise or pivot for the money markets, with the Federal Open Market Committee move to a rate-cutting bias in January from their own and the market's expectation of further increases in the Federal Funds Rate in 2019.

The pivot in January was driven by the FOMC view that insurance interest rate cuts were required to counter the impact of political uncertainty through trade tensions and geopolitical risks, feeding through to a slowdown in growth and investment. This decision was simplified by the continuation of a benign core inflation environment.

As 2019 progressed, monetary policy easing to counter the slowdown in global economic growth spread to other major economies.

Beyond monetary policy driving change in the money markets, 2019 saw the culmination in Europe of money market fund regulatory changes that were implemented early in the year. The implementation went smoothly across the industry, which was positive for investors in European-domiciled money market funds. And, indeed, assets under management in triple-A rated short-term money market funds have grown in 2019. A vote of confidence in the regulation and the continued value that money market funds bring to investors.

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