

US Flow of Funds: Mad Dash for Cash In 2020

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thinking outside the box

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S&P 500

Figure 1.

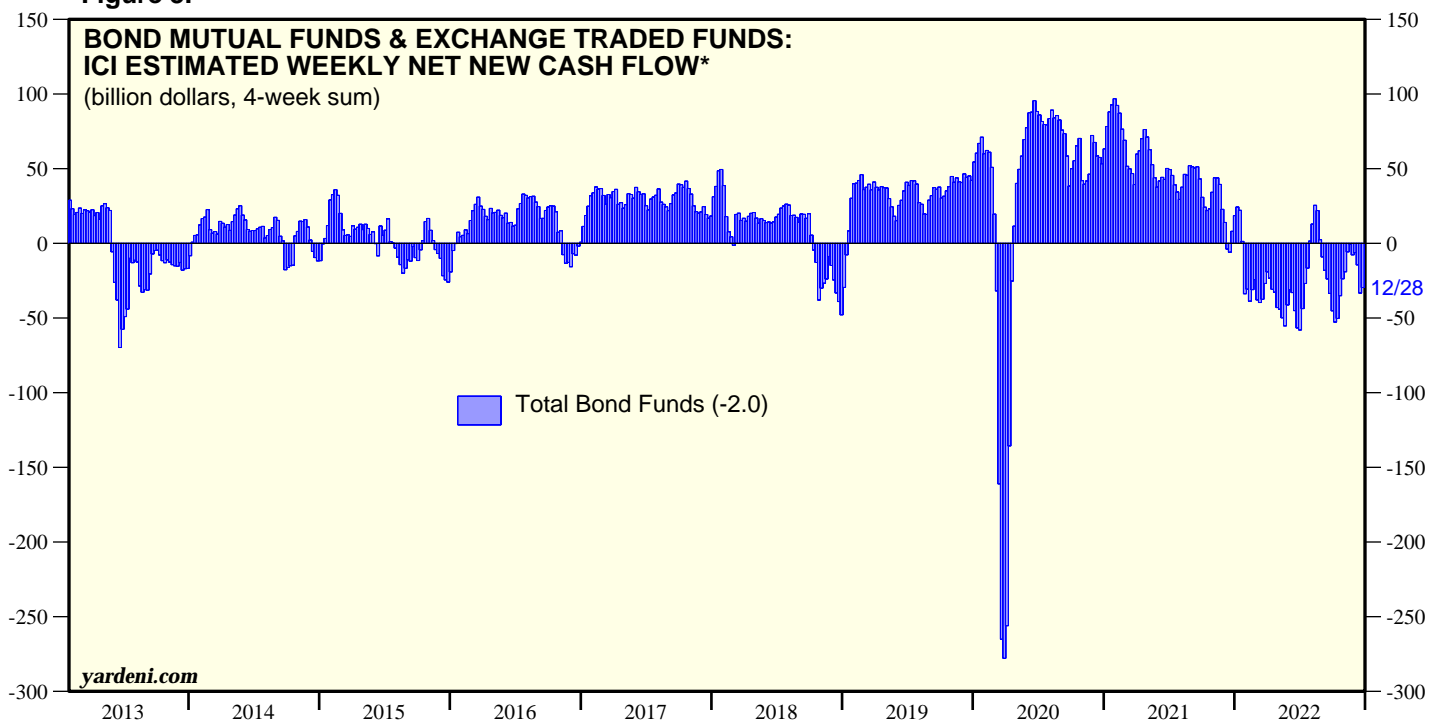


Figure 2.



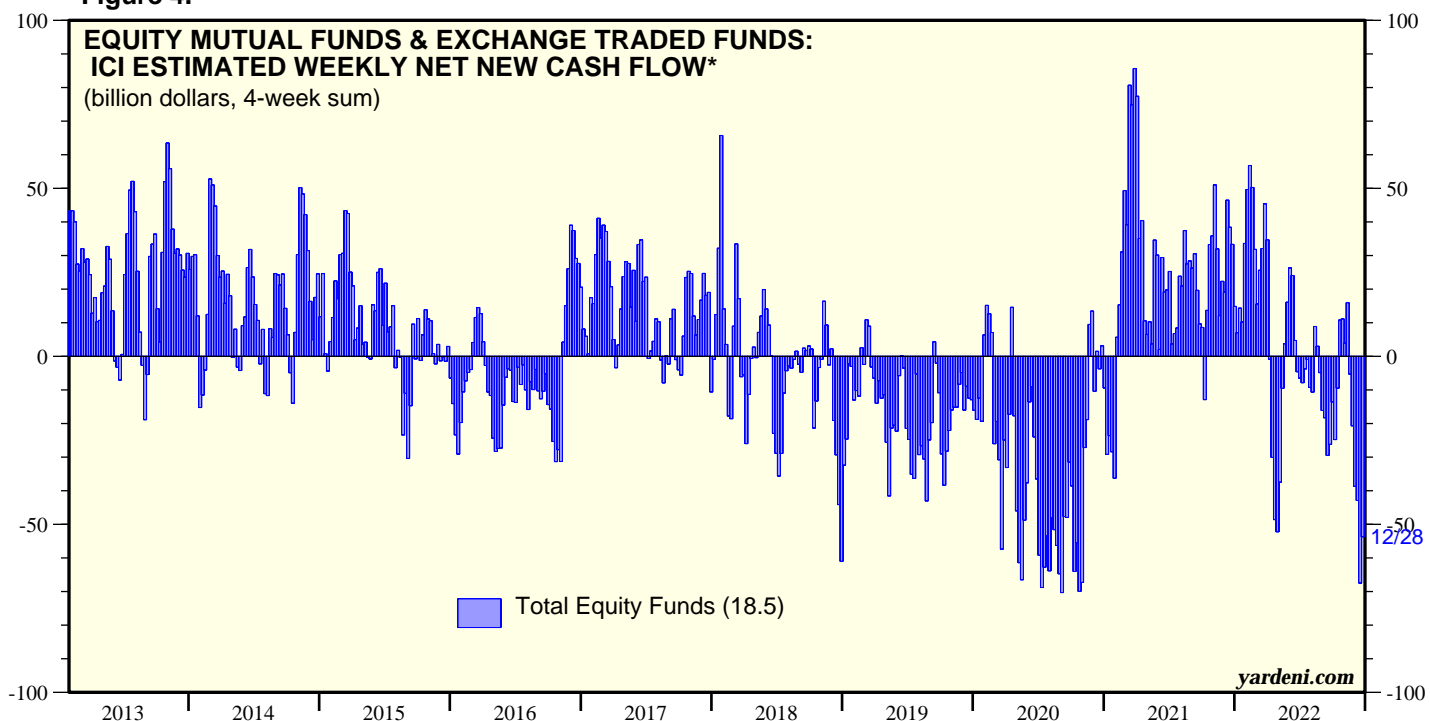
Net Cash Flow

Figure 3.



* ICI's weekly cash flows are estimated while actual net new cash flows are collected on a monthly basis.
Source: Investment Company Institute.

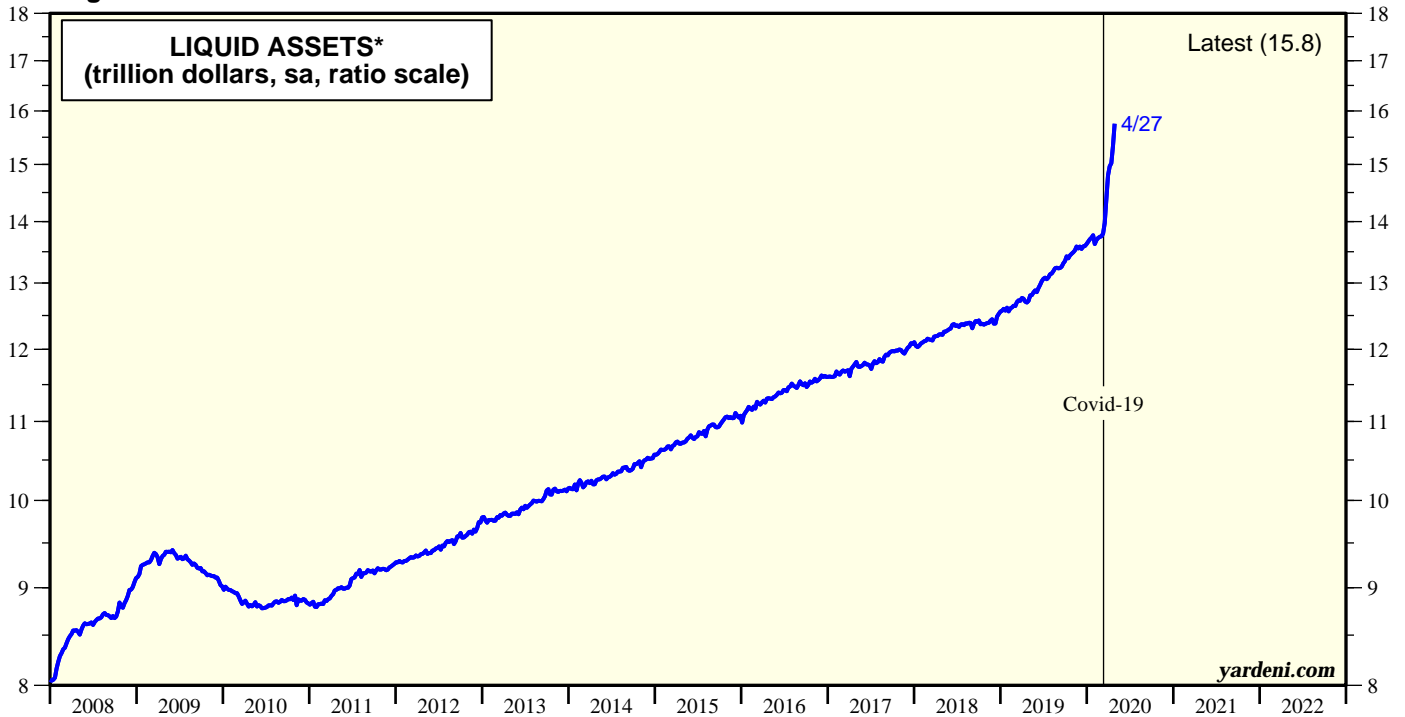
Figure 4.



* ICI's weekly cash flows are estimated while actual net new cash flows are collected on a monthly basis.
Source: Investment Company Institute.

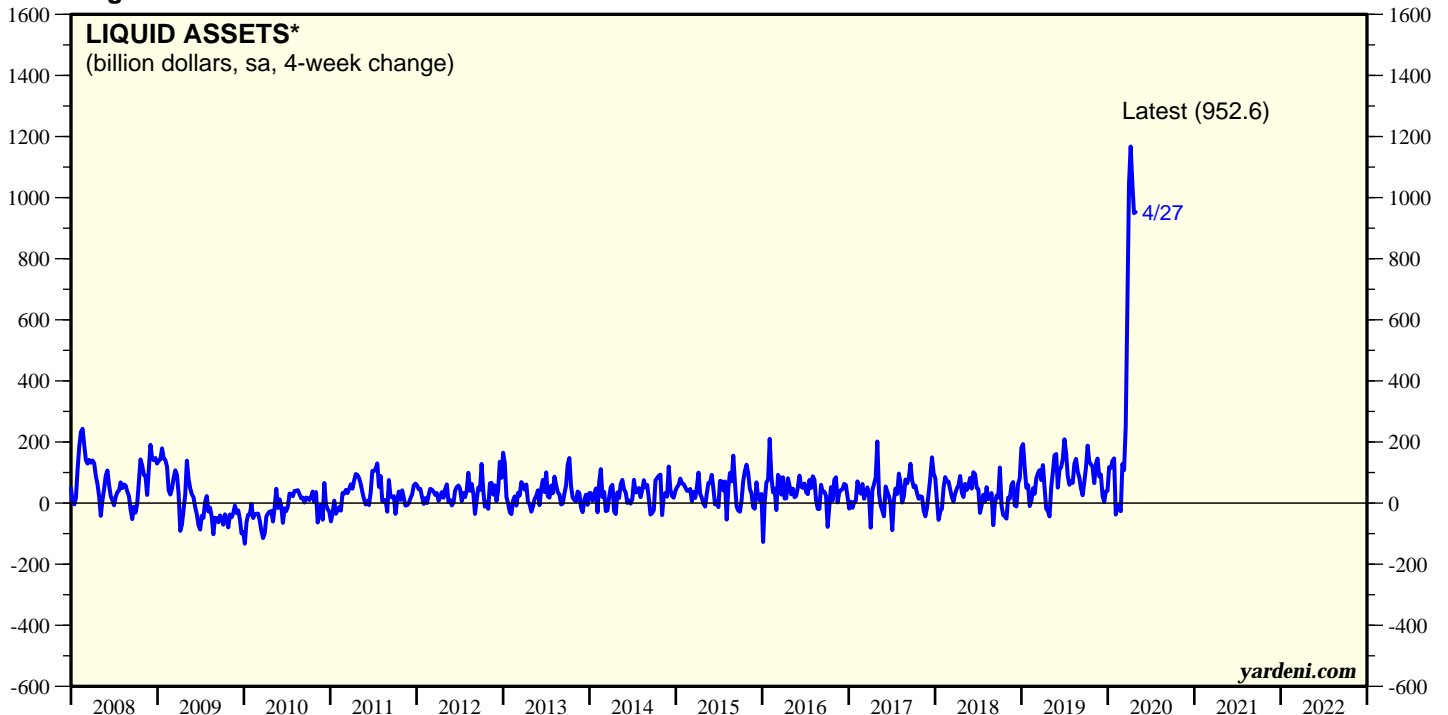
Liquid Assets

Figure 5.



* Total savings deposits (including money market deposit accounts), small time deposits, and total money market mutual funds held by individuals & institutions.
Source: Federal Reserve Board.

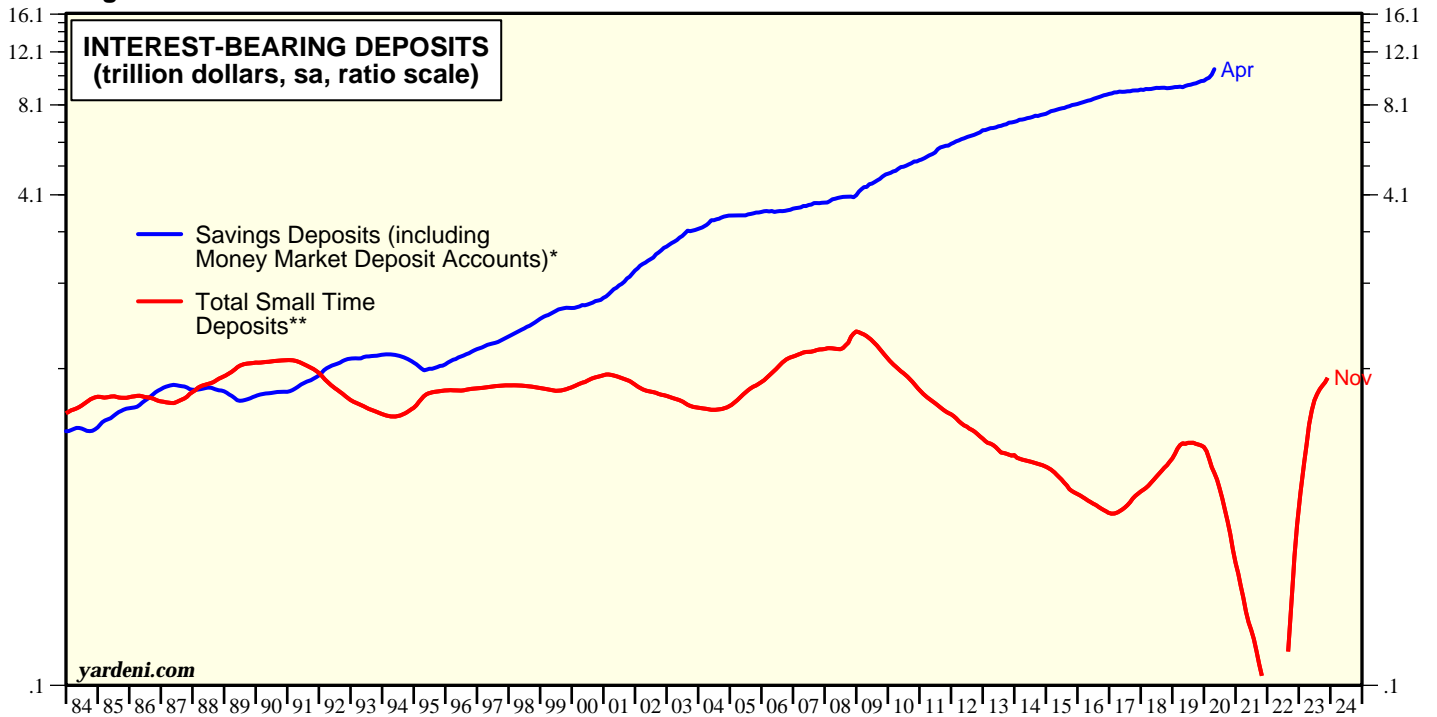
Figure 6.



* Total savings deposits (including money market deposit accounts), small time deposits, and total money market mutual funds held by individuals & institutions.
Source: Board of Governors of the Federal Reserve System.

Liquid Assets

Figure 7.

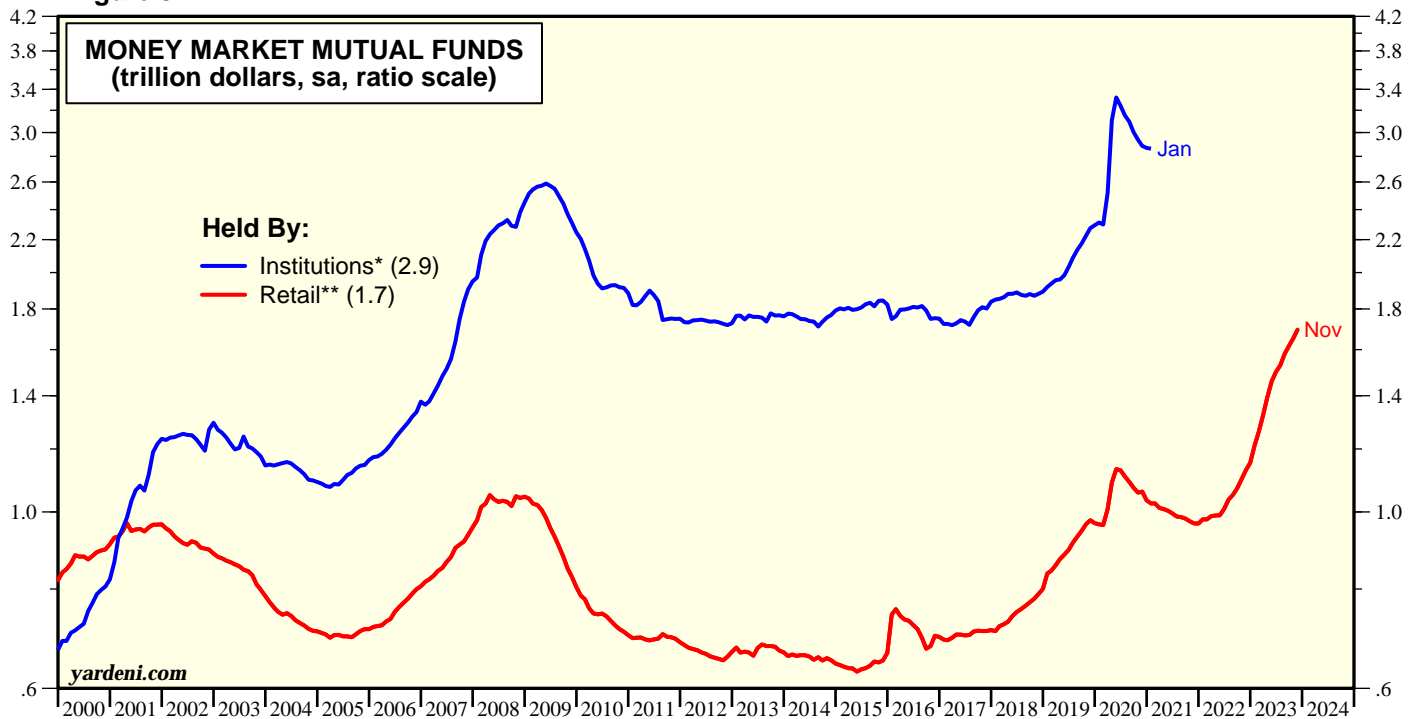


* Included in M2.

** Included in M2. IRA and Keogh account balances are excluded.

Source: Board of Governors of the Federal Reserve System.

Figure 8.



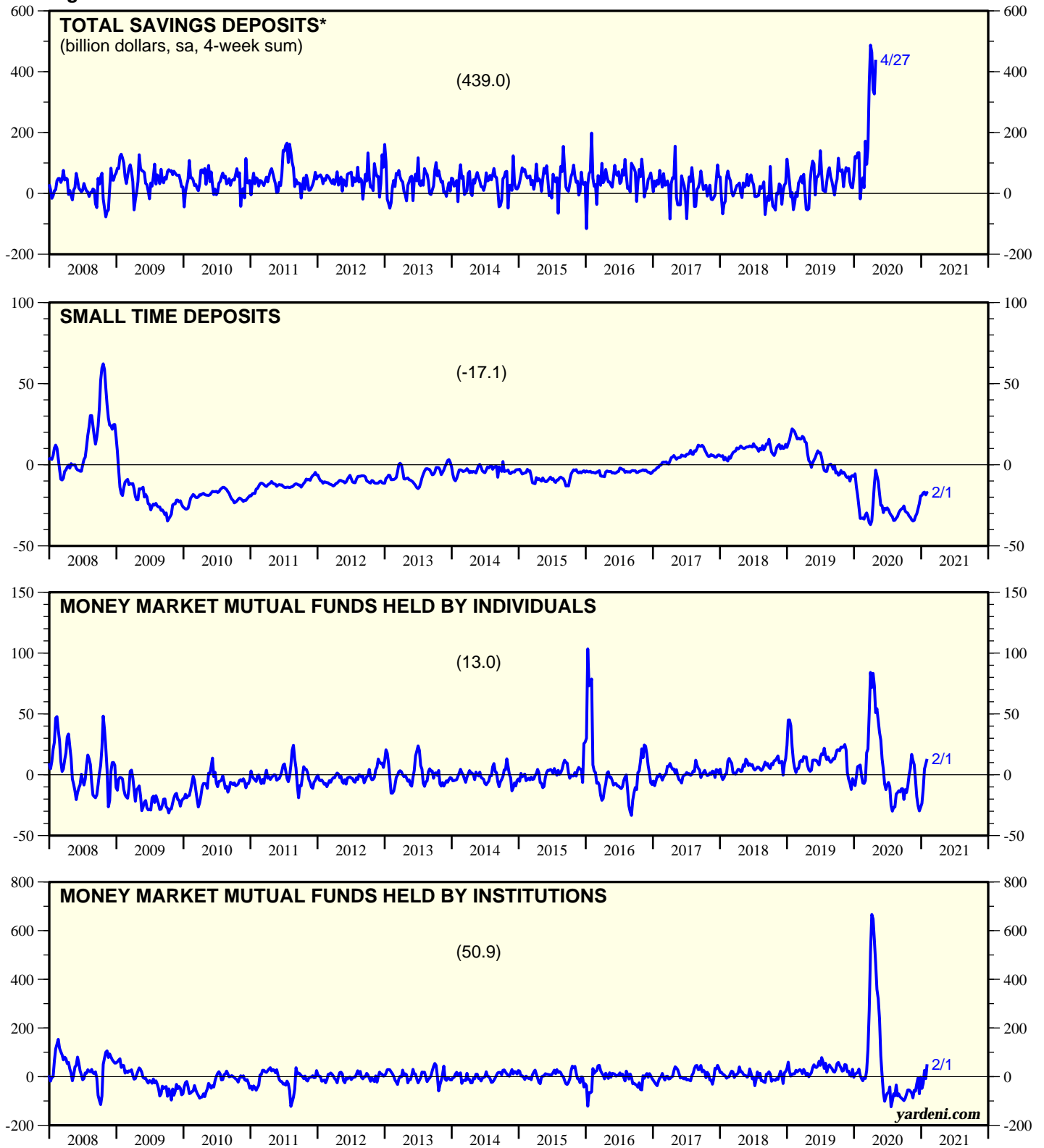
* Included in M2M, but not in M1 or M2.

** Included in M2. IRA and Keogh account balances are excluded.

Source: Federal Reserve Board.

Liquid Assets

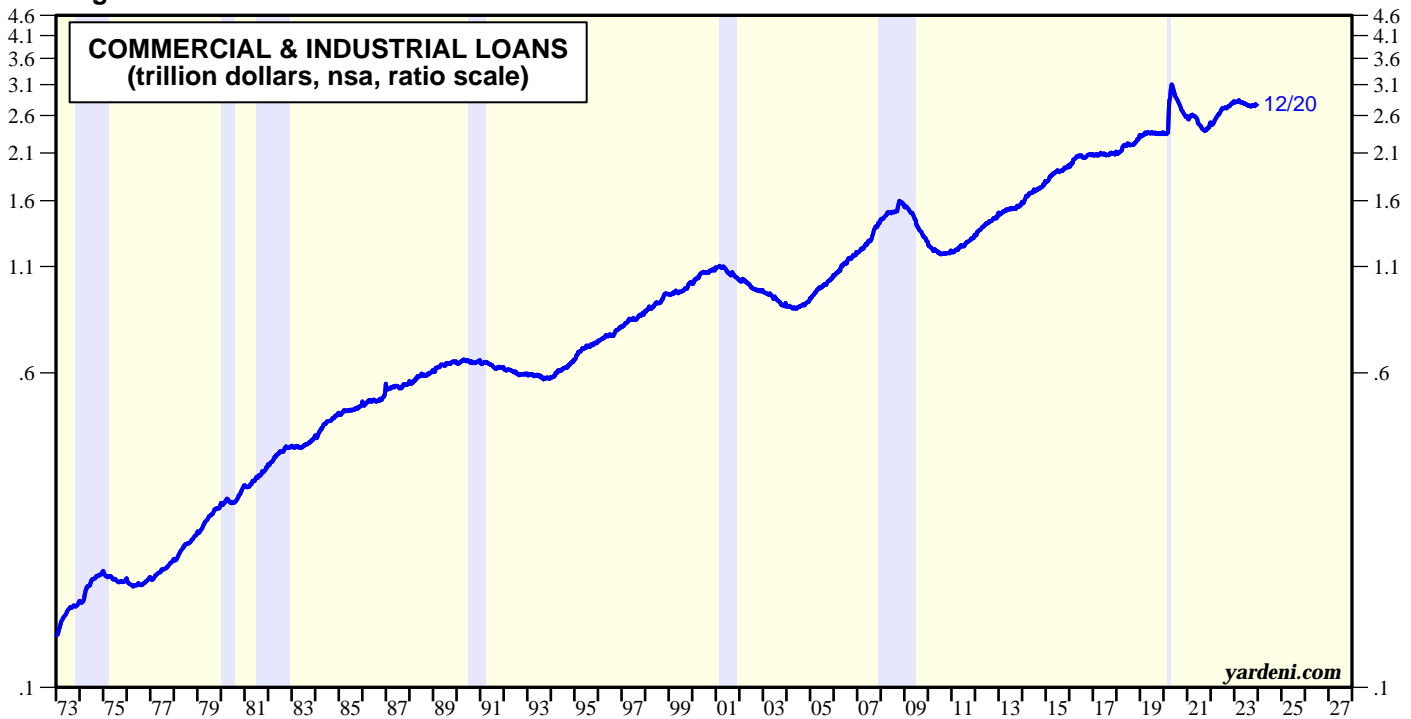
Figure 9.



* Total savings deposits (including money market deposit accounts).
Source: Board of Governors of the Federal Reserve System.

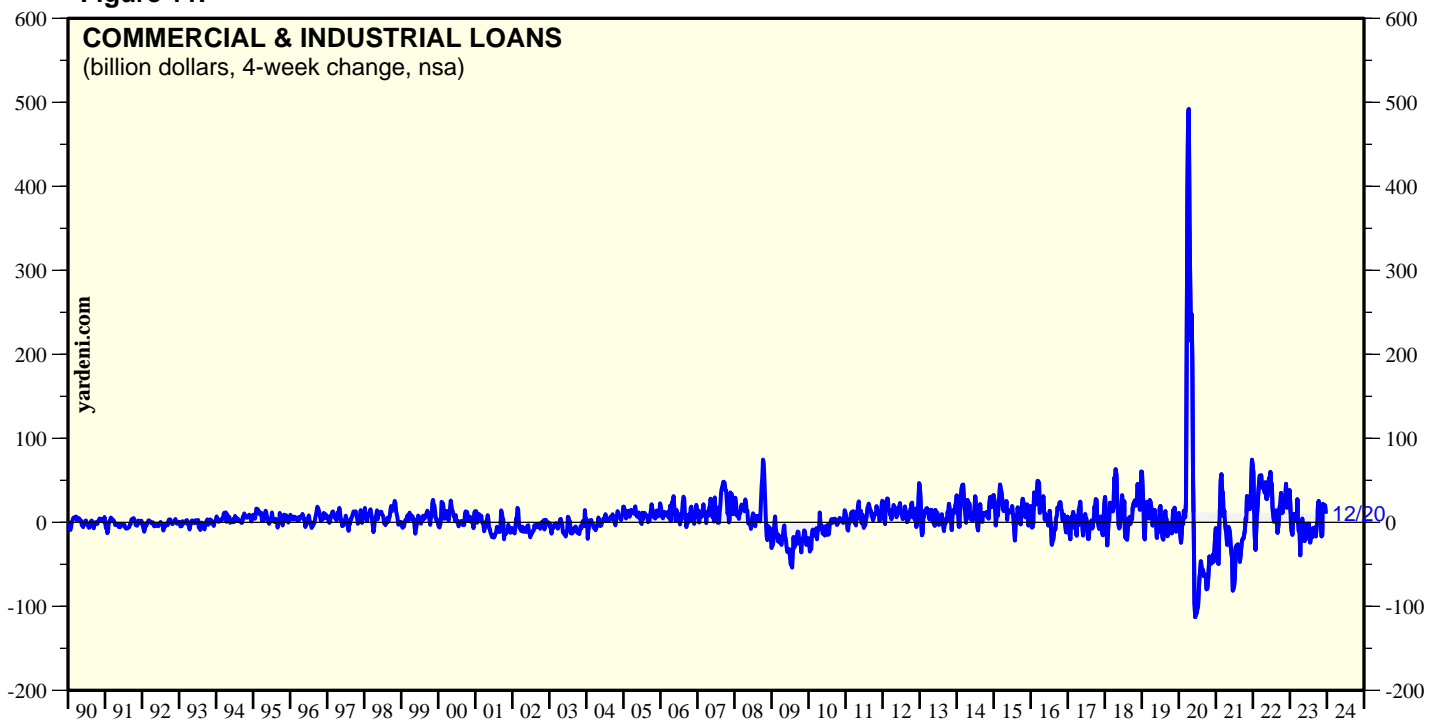
C&I Loans

Figure 10.



Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: Federal Reserve Board.

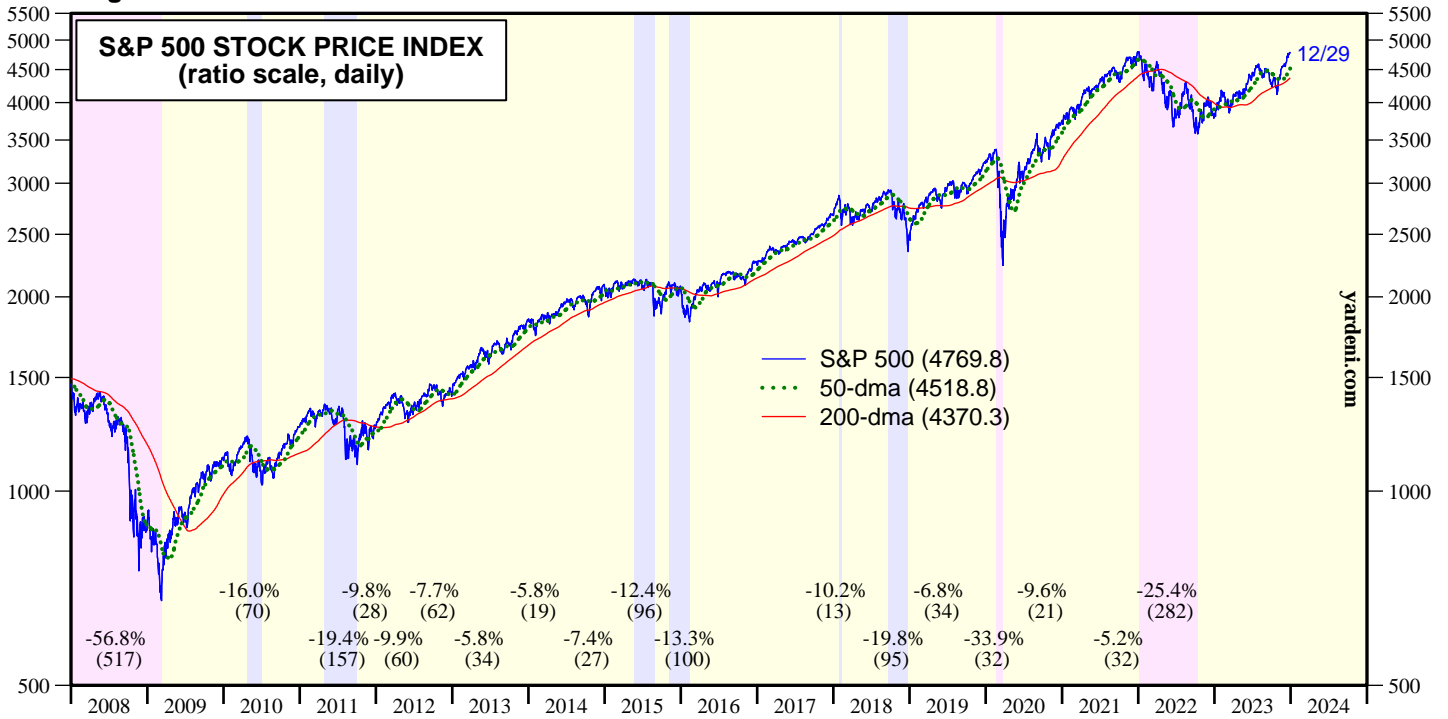
Figure 11.



Source: Federal Reserve Board.

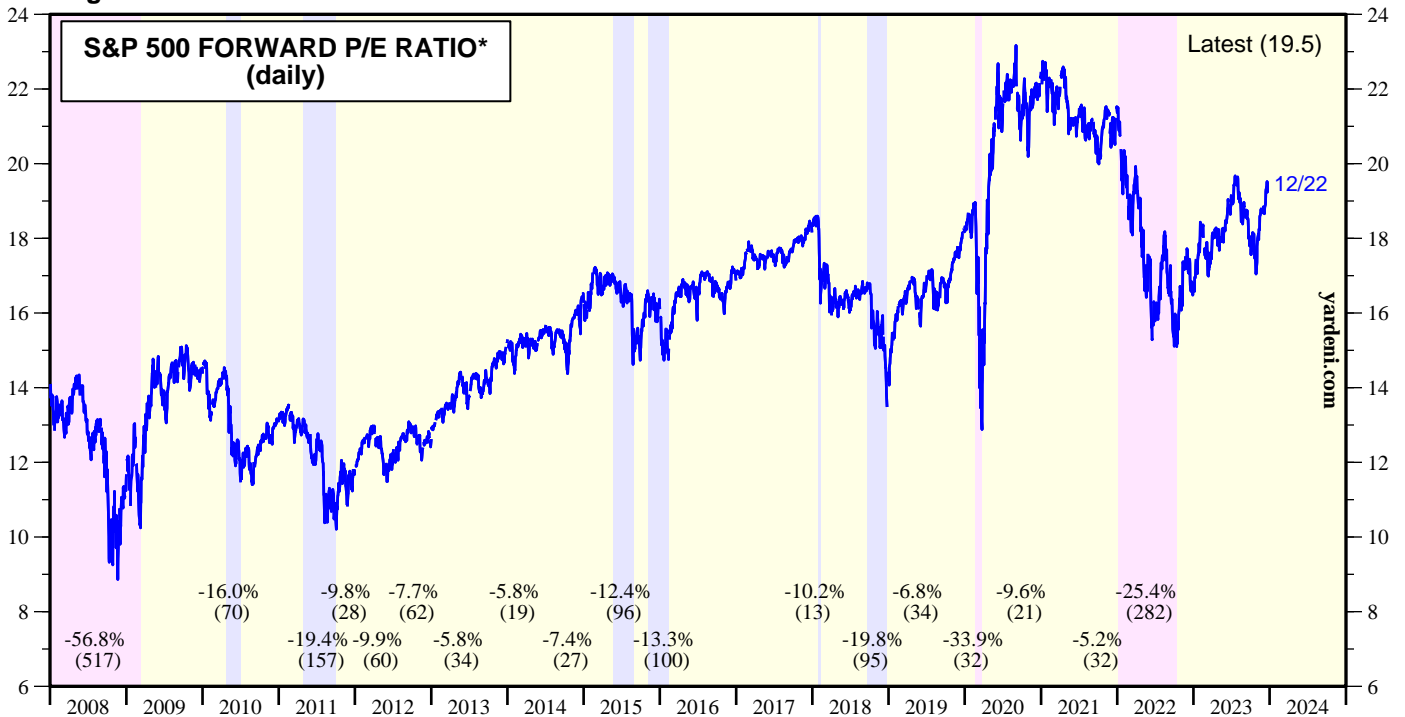
S&P 500

Figure 12.



Note: Corrections are declines of 10% or more, but less than 20%, while minor ones are 5%-10% (all in blue shades). Bear markets are declines of 20% or more (in red shades). Number of calendar days in parentheses.
 Source: Standard & Poor's.

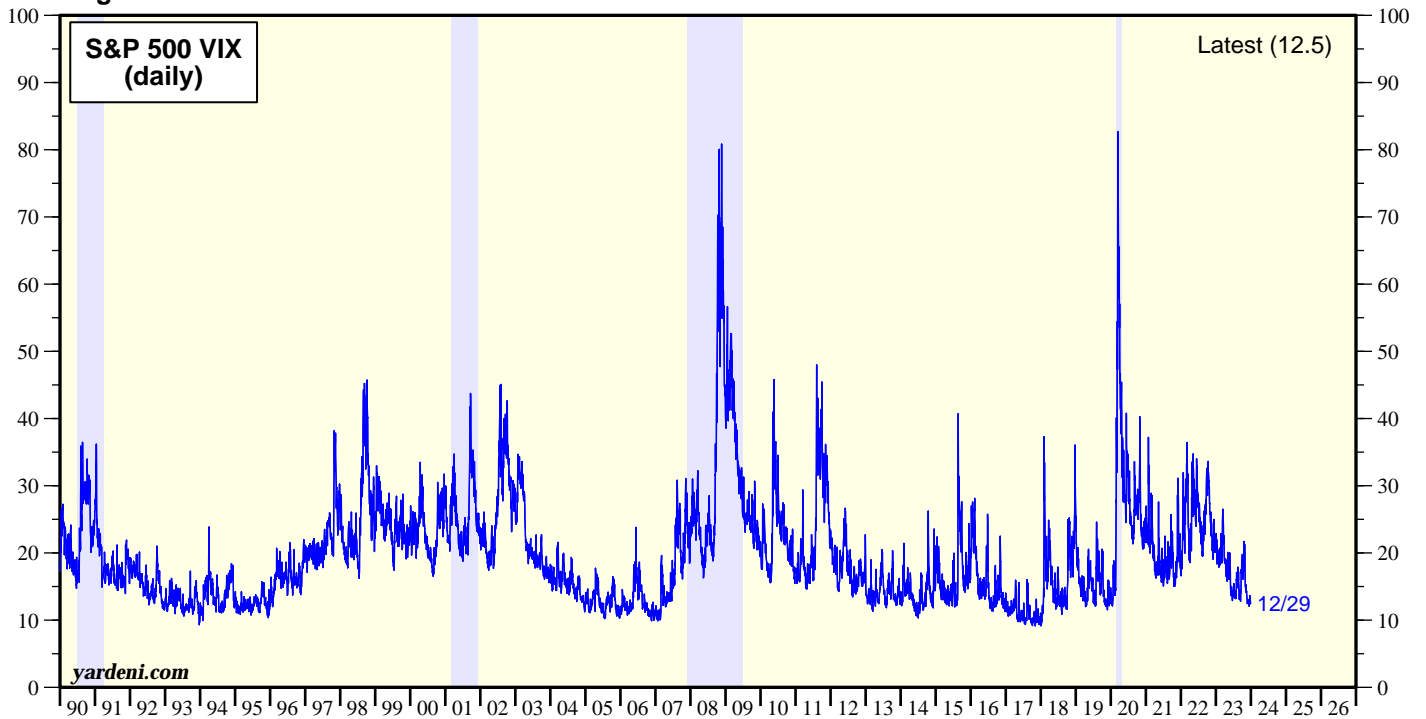
Figure 13.



* Time-weighted average of consensus S&P 500 operating earnings estimates for current year and next year.
 Note: Numbers above time line show corrections (declines of 10% or more in the S&P 500) and minor selloffs (declines of 5%-10%). Bear markets are declines of 20% or more. Number of calendar days in parentheses
 Source: Standard & Poor's.

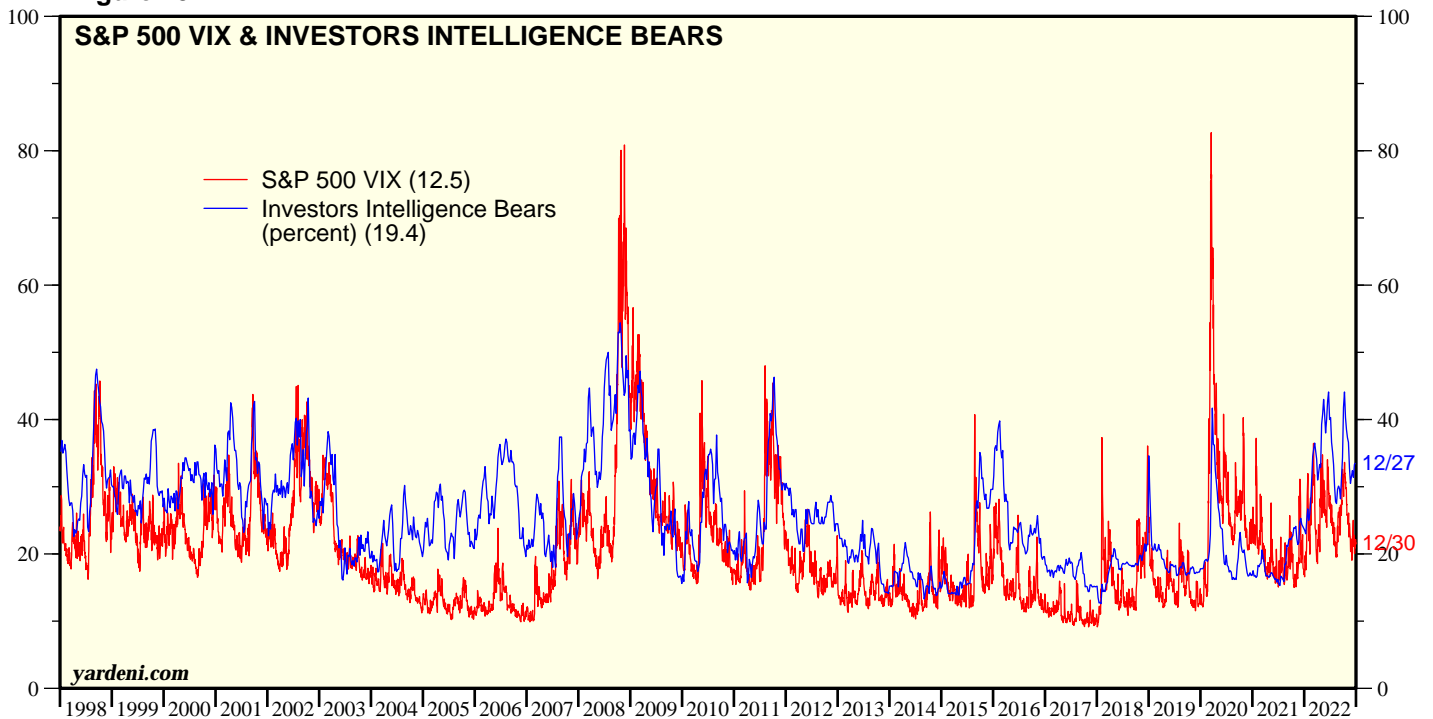
S&P 500 Volatility

Figure 14.



Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: Chicago Board Options Exchange.

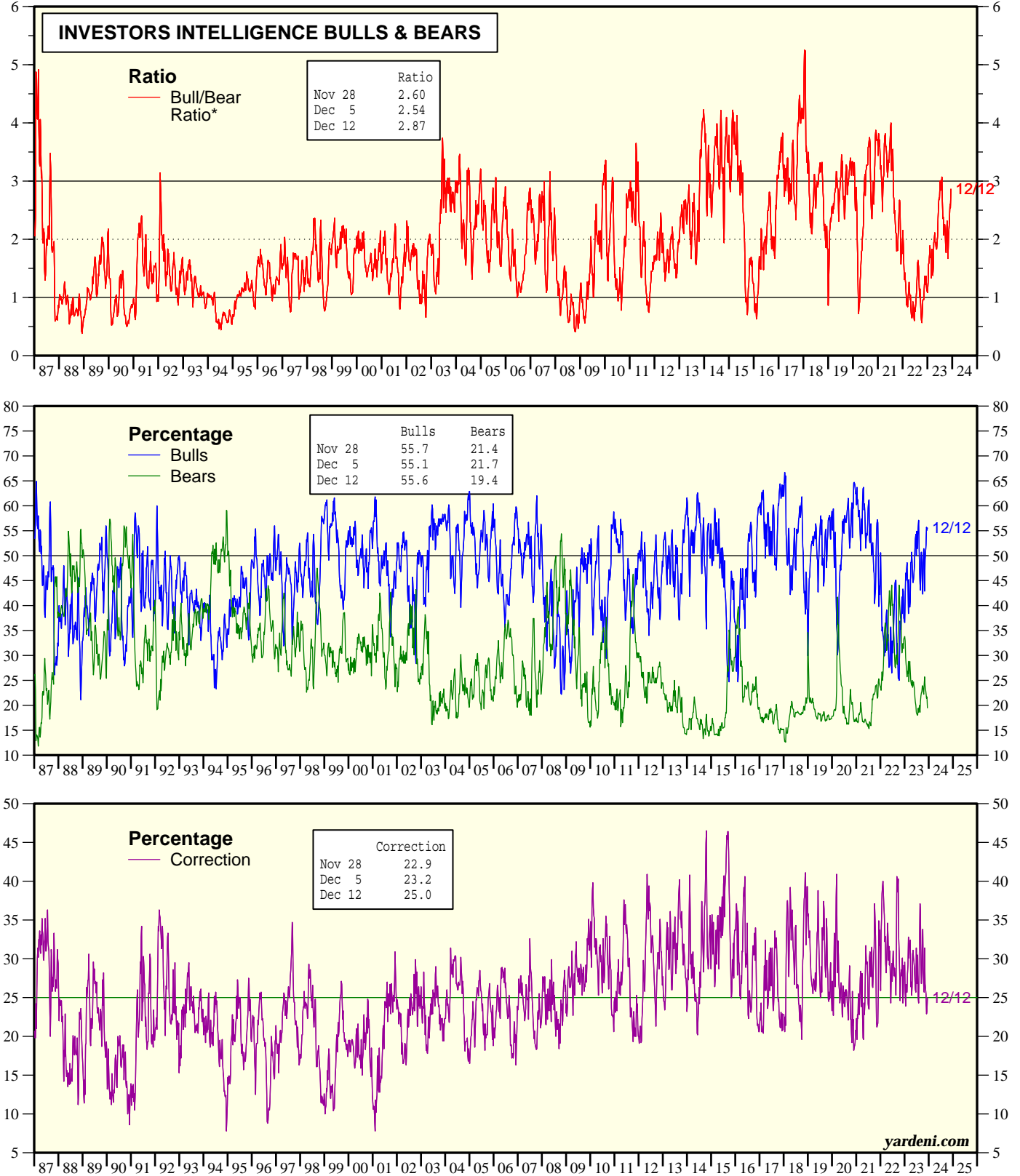
Figure 15.



Source: Investors Intelligence and Chicago Board Options Exchange.

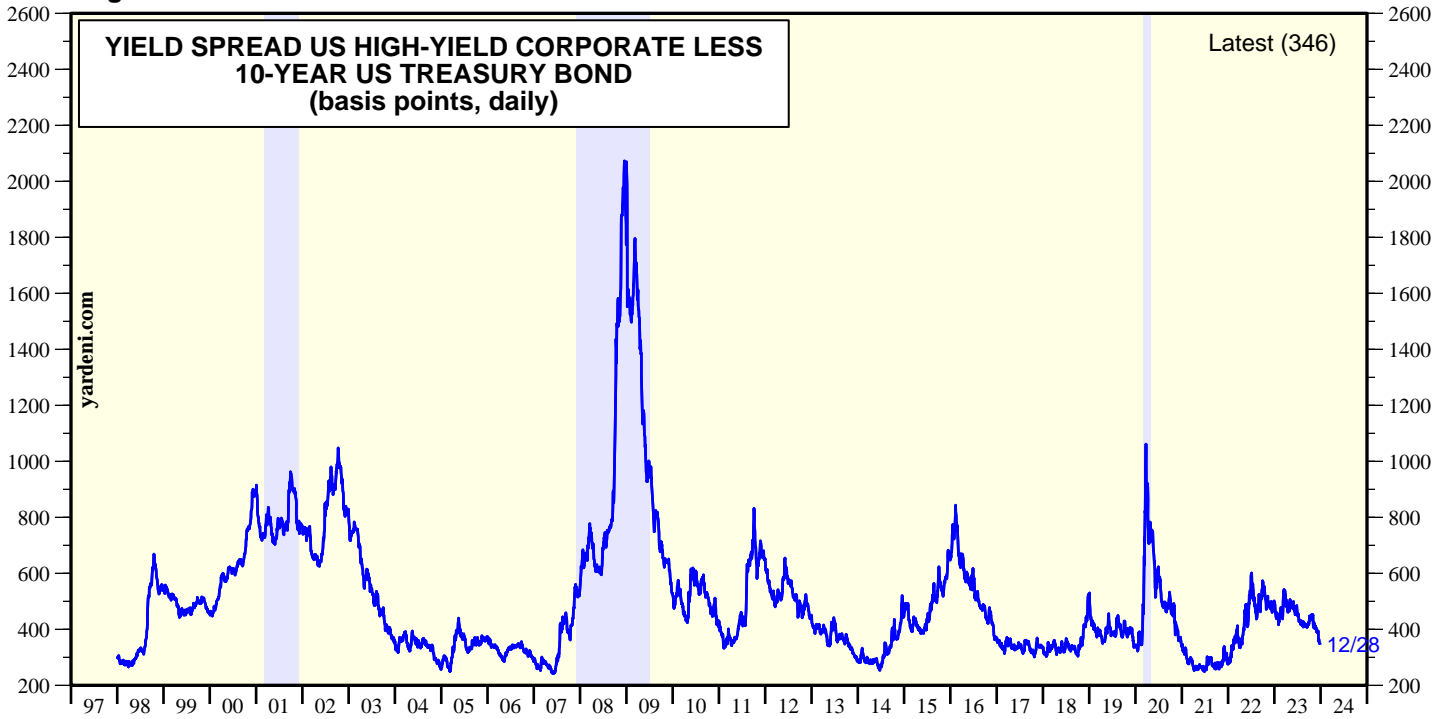
Sentiment

Figure 16.



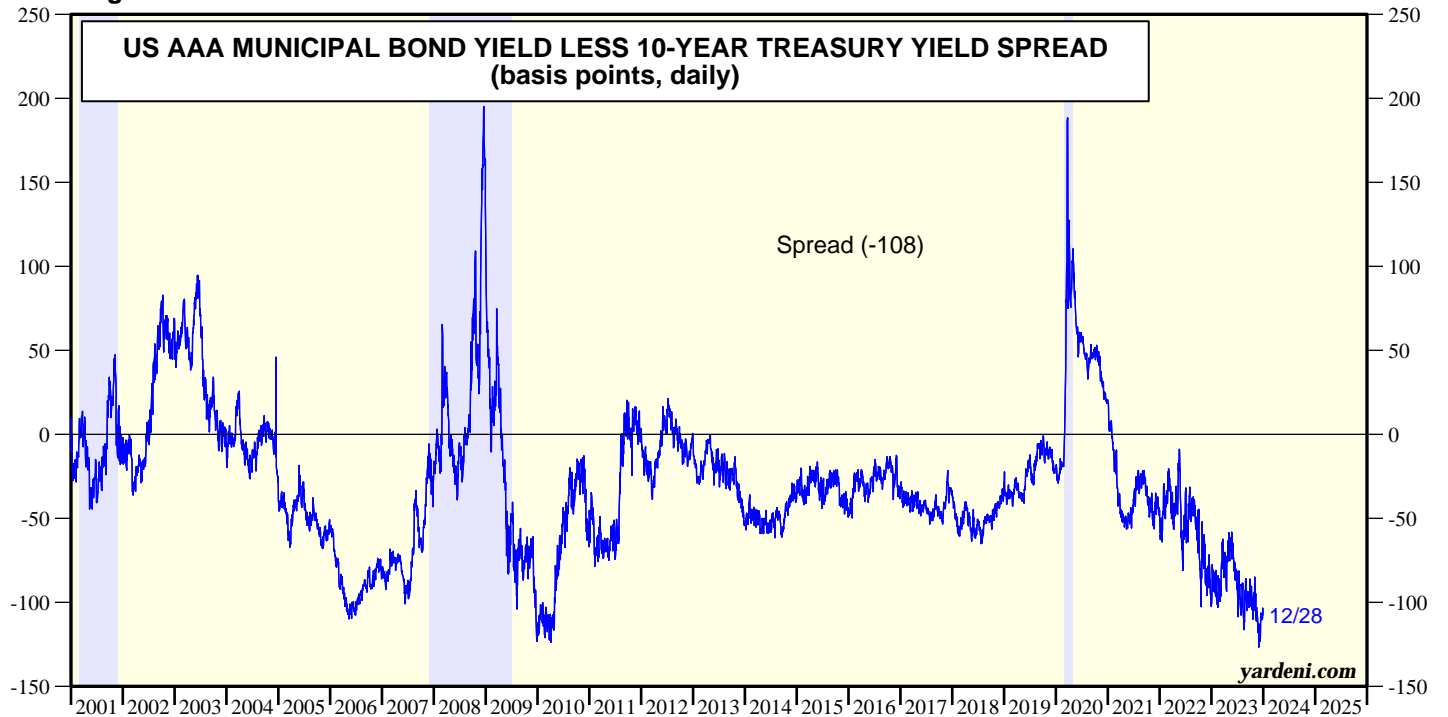
Credit Spreads

Figure 17.



Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: Bank of America Merrill Lynch and Federal Reserve Board.

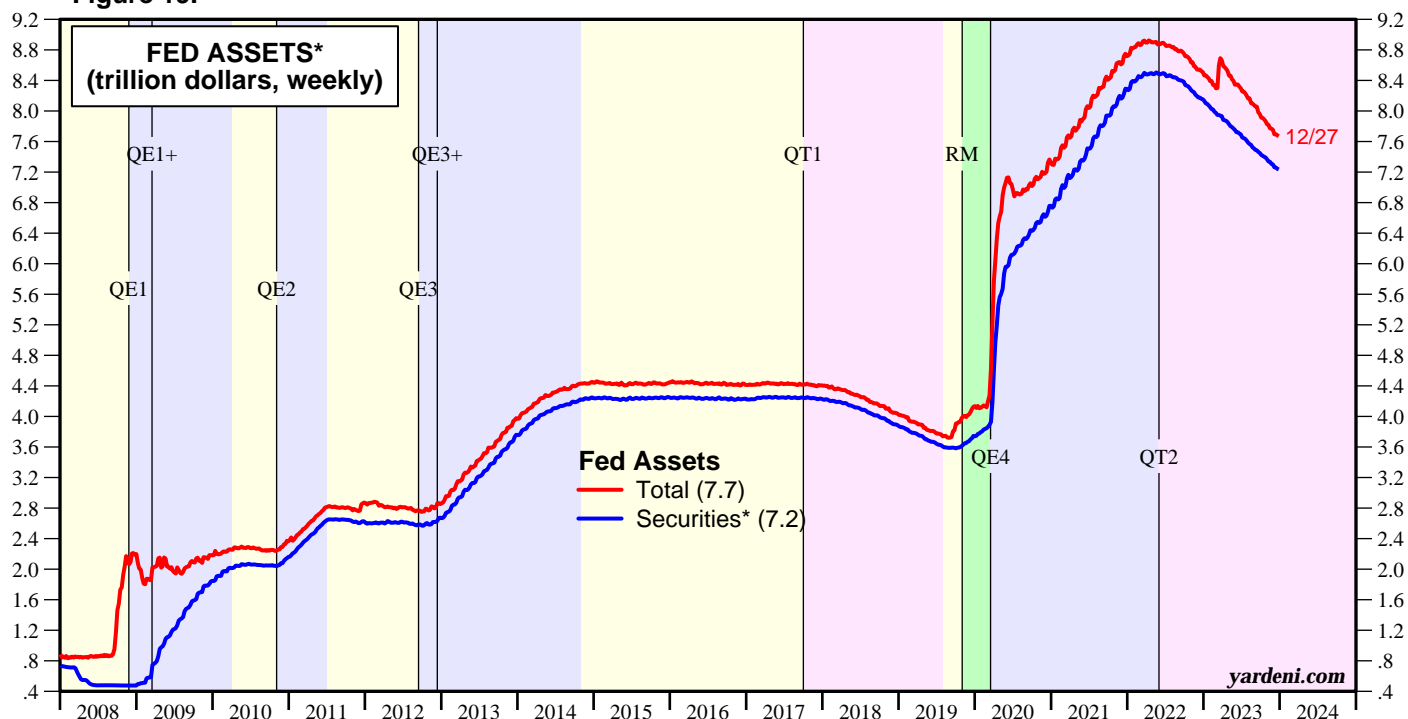
Figure 18.



Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: Merrill Lynch and Board of Governors of the Federal Reserve System.

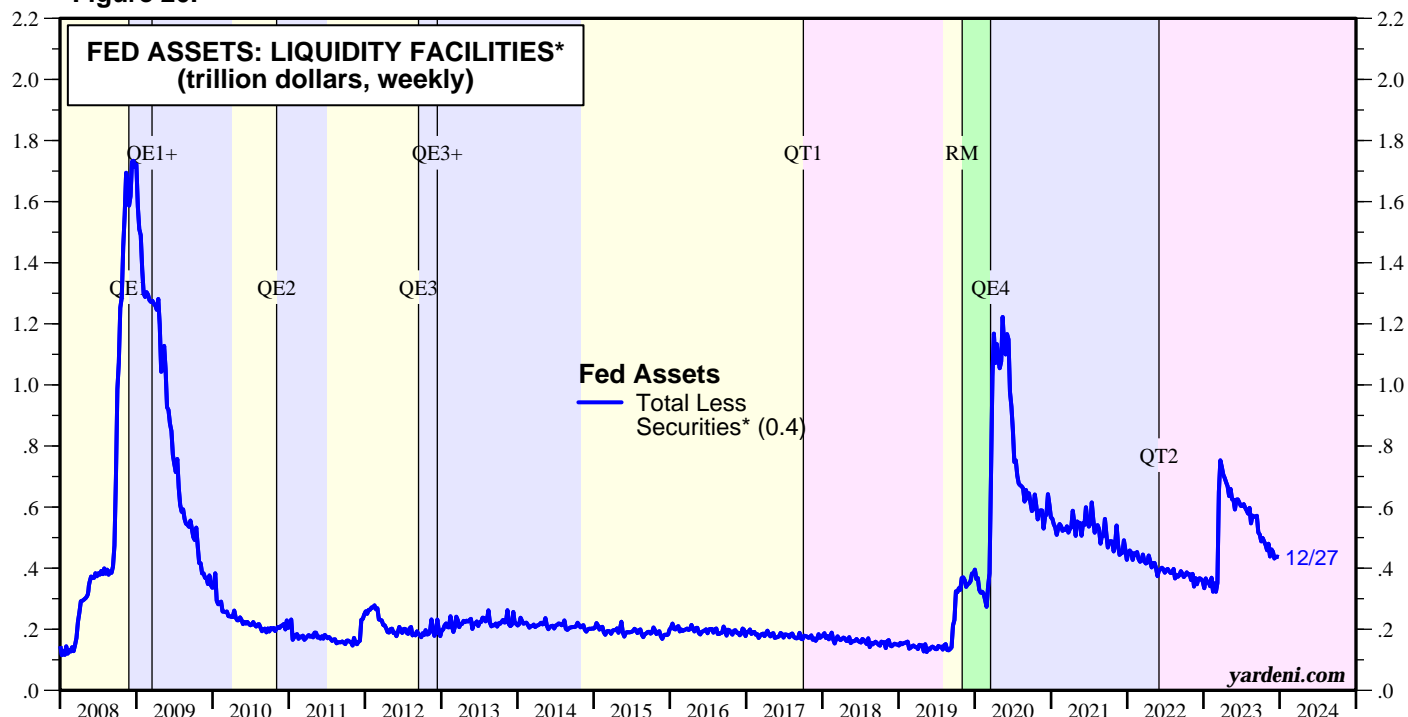
Fed

Figure 19.



* Averages of daily figures for weeks ending Wednesday. Securities held by Fed include US Treasuries, Agency debt, and mortgage-backed securities. Note: QE1 (11/25/08-3/31/10) = \$1.24tn in mortgage securities; expanded (3/16/09-3/31/10) = \$300bn in Treasuries. QE2 (11/3/10-6/30/11) = \$600bn in Treasuries. QE3 (9/13/12-10/29/14) = \$40bn/month in mortgage securities (open ended); expanded (12/12/12-10/1/14) = \$45bn/month in Treasuries. QT1 (10/1/17-7/31/19) = balance sheet pared by \$675bn. RM (11/1/19-3/15/20) = reserve management, \$60bn/month in Treasury bills. QE4 (3/16/20-infinity). QT2 = balance sheet pared by \$95 billion per month. Source: Federal Reserve Board and US Treasury Department.

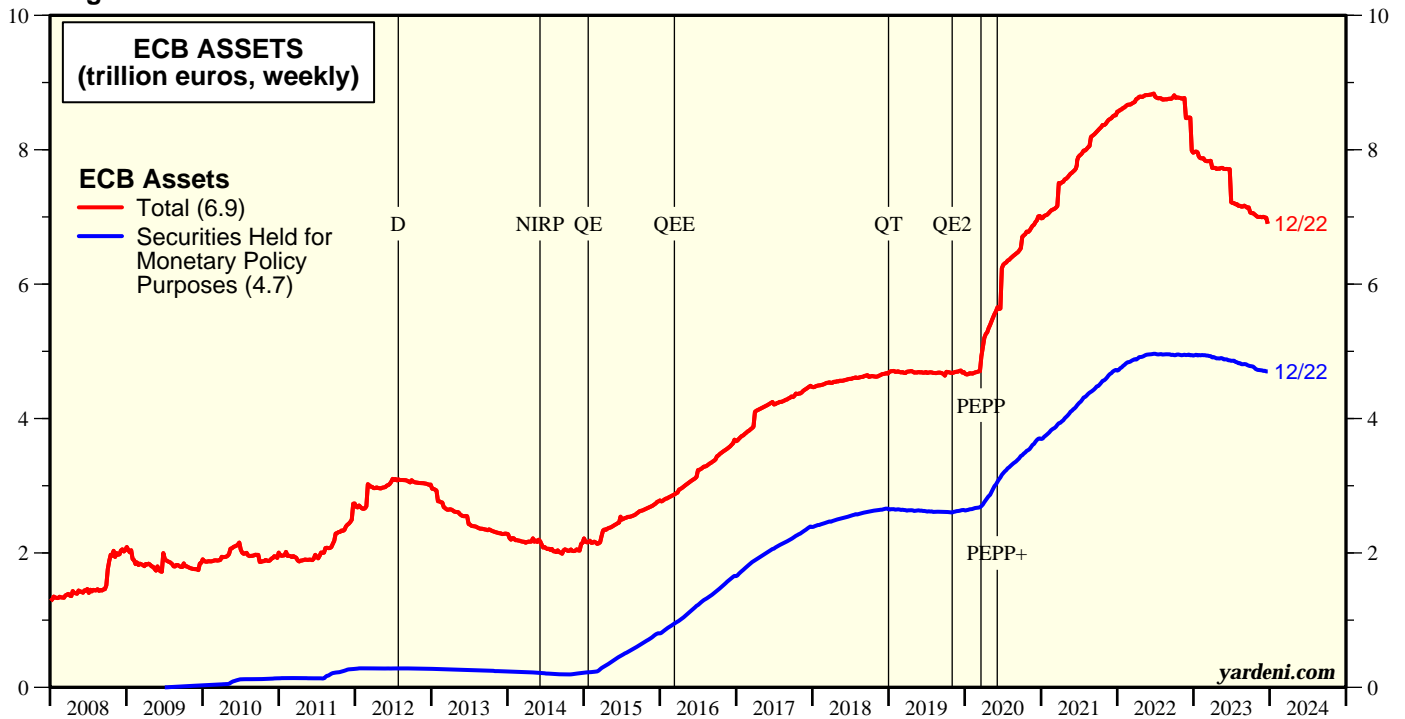
Figure 20.



* Averages of daily figures for weeks ending Wednesday. Securities held by Fed include US Treasuries, Agency debt, and mortgage-backed securities. Note: QE1 (11/25/08-3/31/10) = \$1.24tn in mortgage securities; expanded (3/16/09-3/31/10) = \$300bn in Treasuries. QE2 (11/3/10-6/30/11) = \$600bn in Treasuries. QE3 (9/13/12-10/29/14) = \$40bn/month in mortgage securities (open ended); expanded (12/12/12-10/1/14) = \$45bn/month in Treasuries. QT1 (10/1/17-7/31/19) = balance sheet pared by \$675bn. RM (11/1/19-3/15/20) = reserve management, \$60bn/month in Treasury bills. QE4 (3/16/20-infinity). QT2 = balance sheet pared by \$95 billion per month. Source: Federal Reserve Board and US Treasury Department.

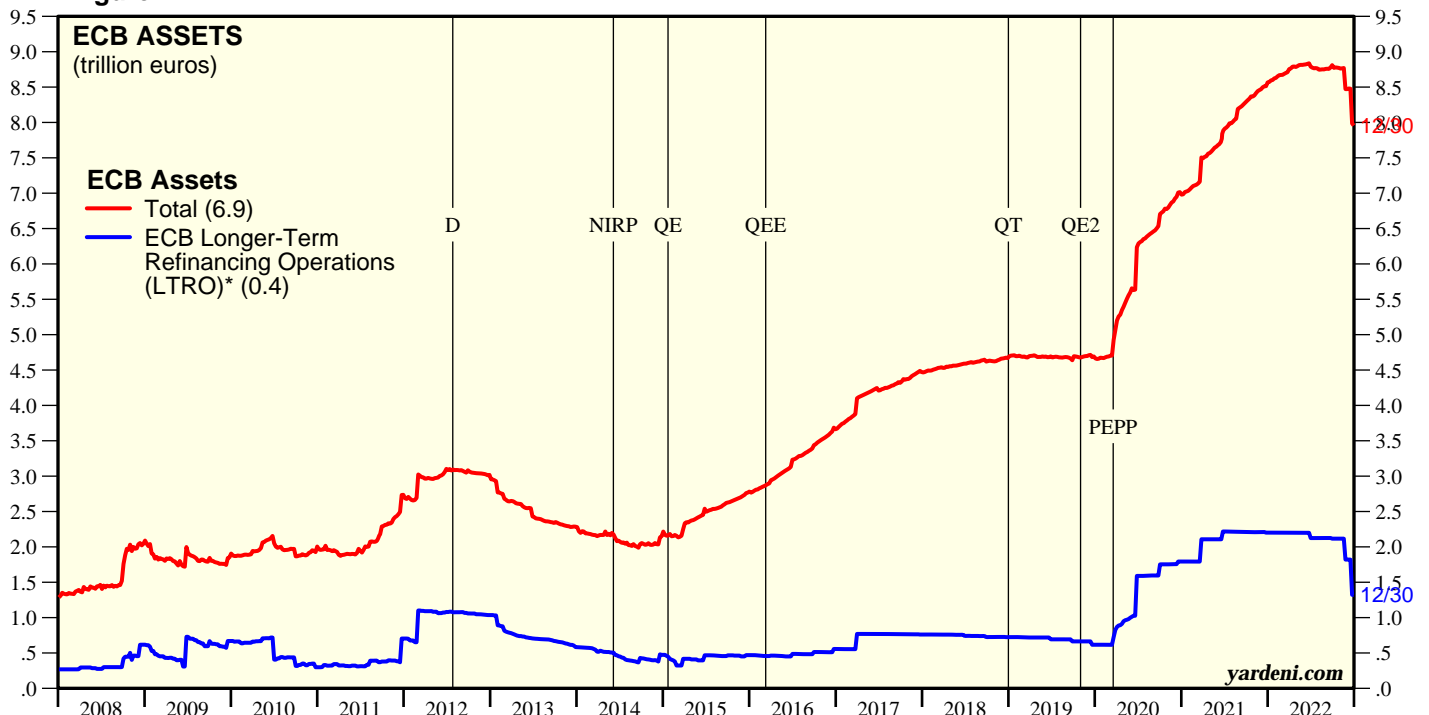
ECB

Figure 21.



D = ECB President Mario Draghi pledged to do "whatever it takes" to defend the euro (7/26/12). NIRP = negative interest-rate policy (6/5/2014). QE (1/22/15). QEE = expansion and extension of QE (3/10/16, corporate bond purchases started 6/1/16). QT (12/31/18). QE2 (11/1/19). PEPP (3/18/20) 750 billion euros open-ended asset purchases. PEPP+ (6/4/20) expanded by 600 billion euros.
 Source: European Central Bank.

Figure 22.

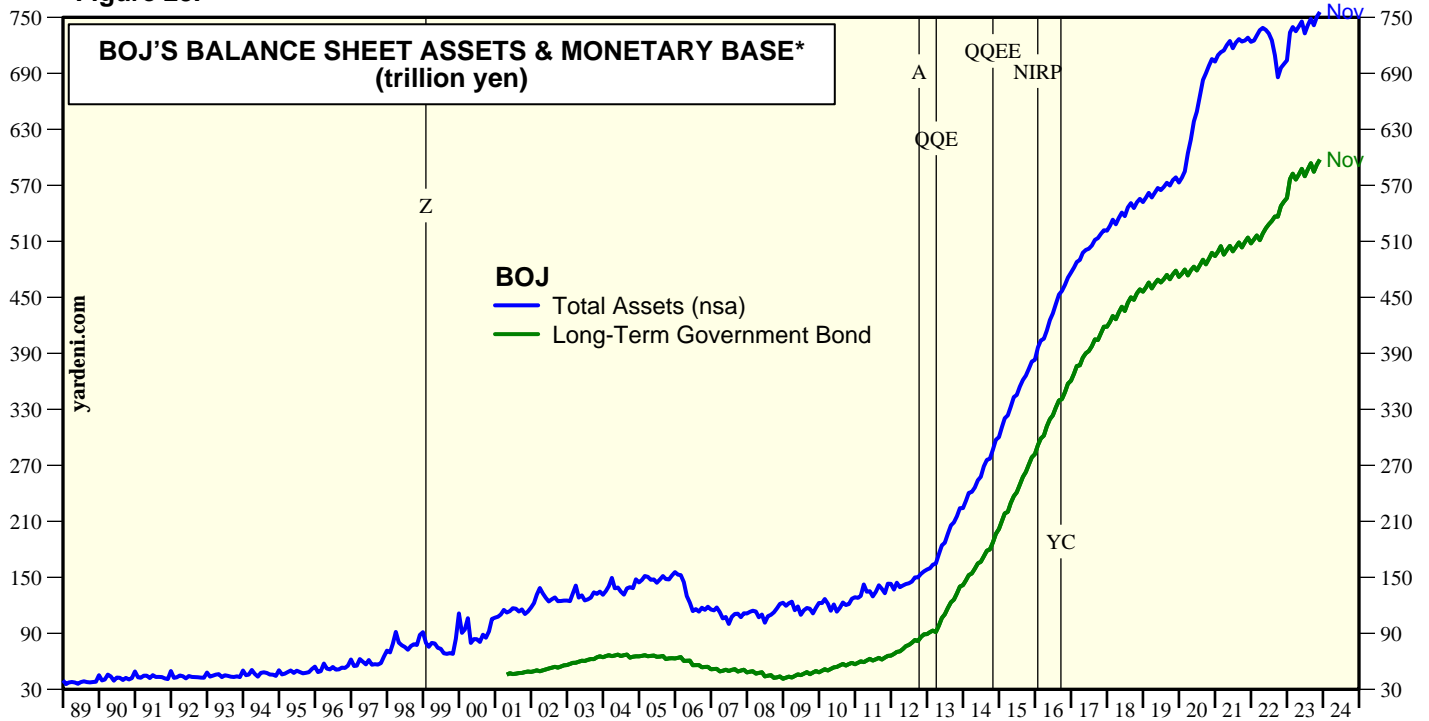


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* LTROs provide an injection of low interest rate funding to eurozone banks with sovereign debt as collateral on the loans. The loans are offered monthly and are typically repaid in three months, six months, or one year.
 Source: European Central Bank.

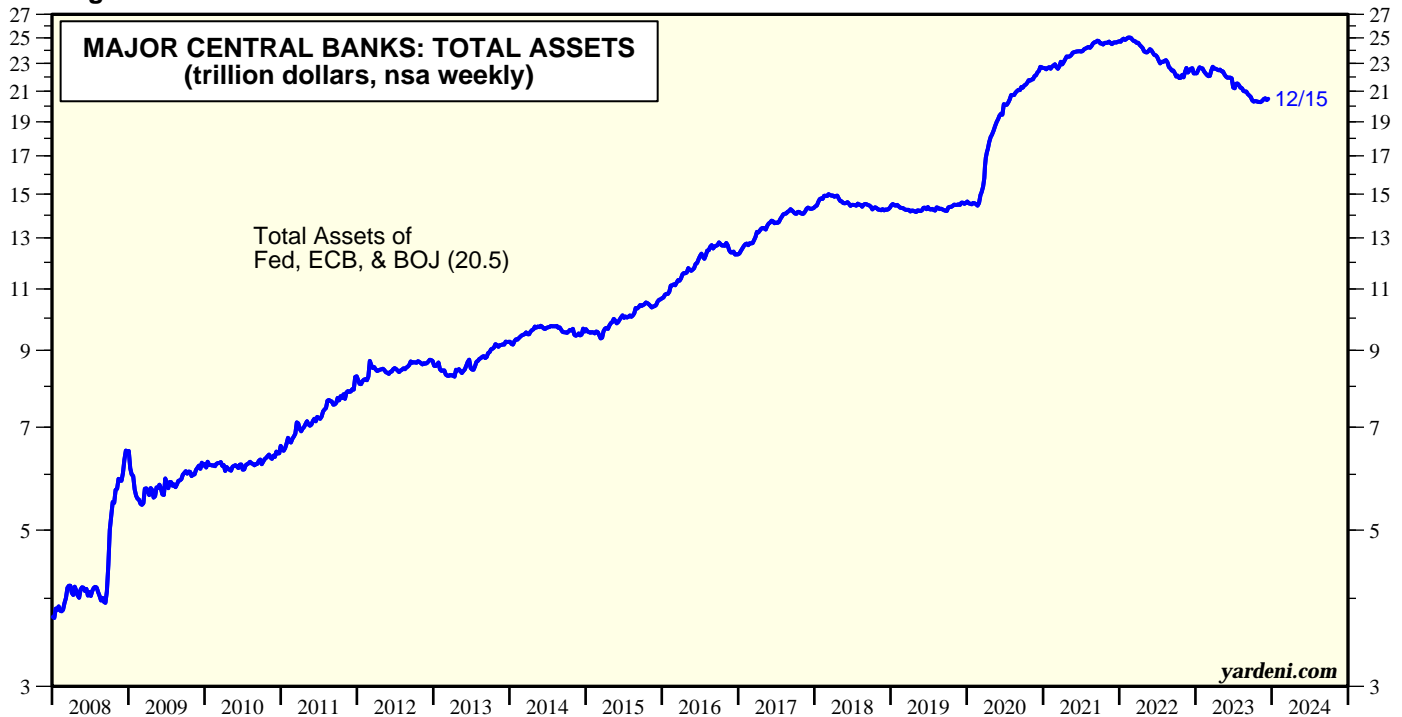
BOJ

Figure 23.



* Adjusted for change in reserve requirements.
 Note: Z (2/12/99) = Zero interest rate policy. A = (10/12/12) = Markets start to anticipate Abenomics. QQE (4/4/13) = Quantitative and Qualitative Easing. QQEE (10/31/14) = expanded and extended version of QQE. NIRP = (1/29/16) = Negative interest rate policy. YC (9/21/16) = Yield curve targeting.
 Source: Bank of Japan.

Figure 24.



Source: Haver Analytics.

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