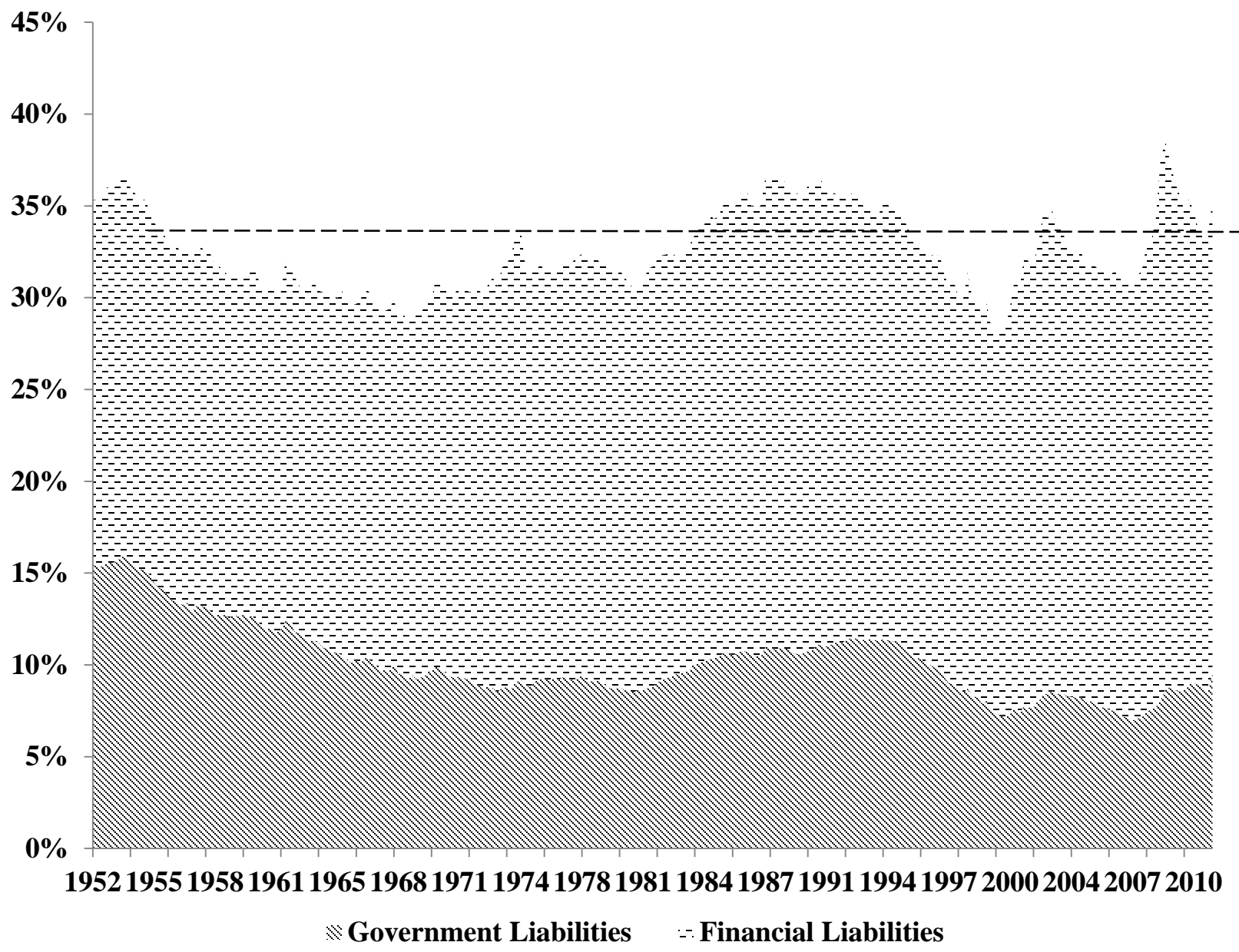


# Money Markets

Gary Gorton  
Yale and NBER

# Two Points

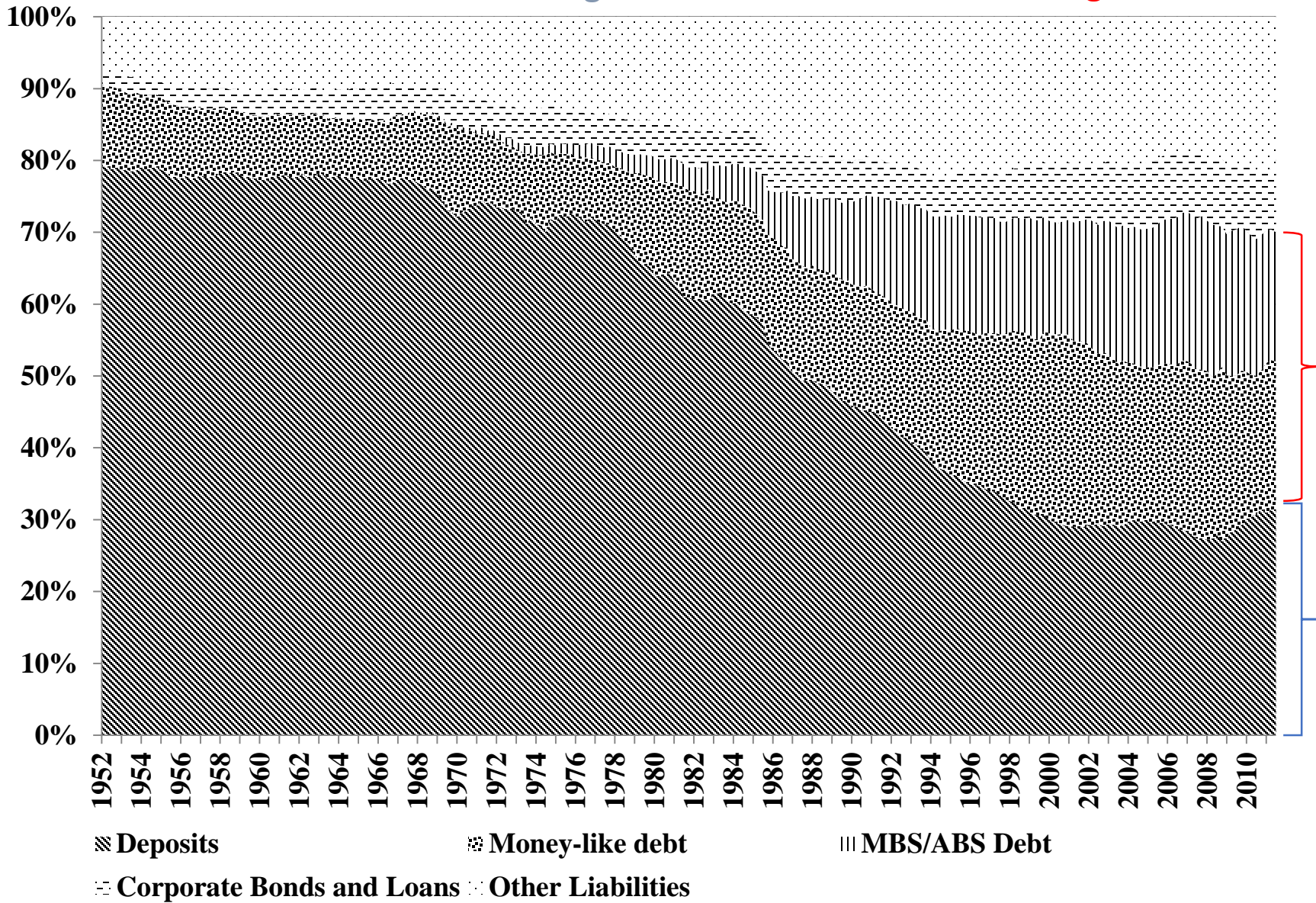
- Money markets are important.
- Unintended consequences and transformation of the financial system.



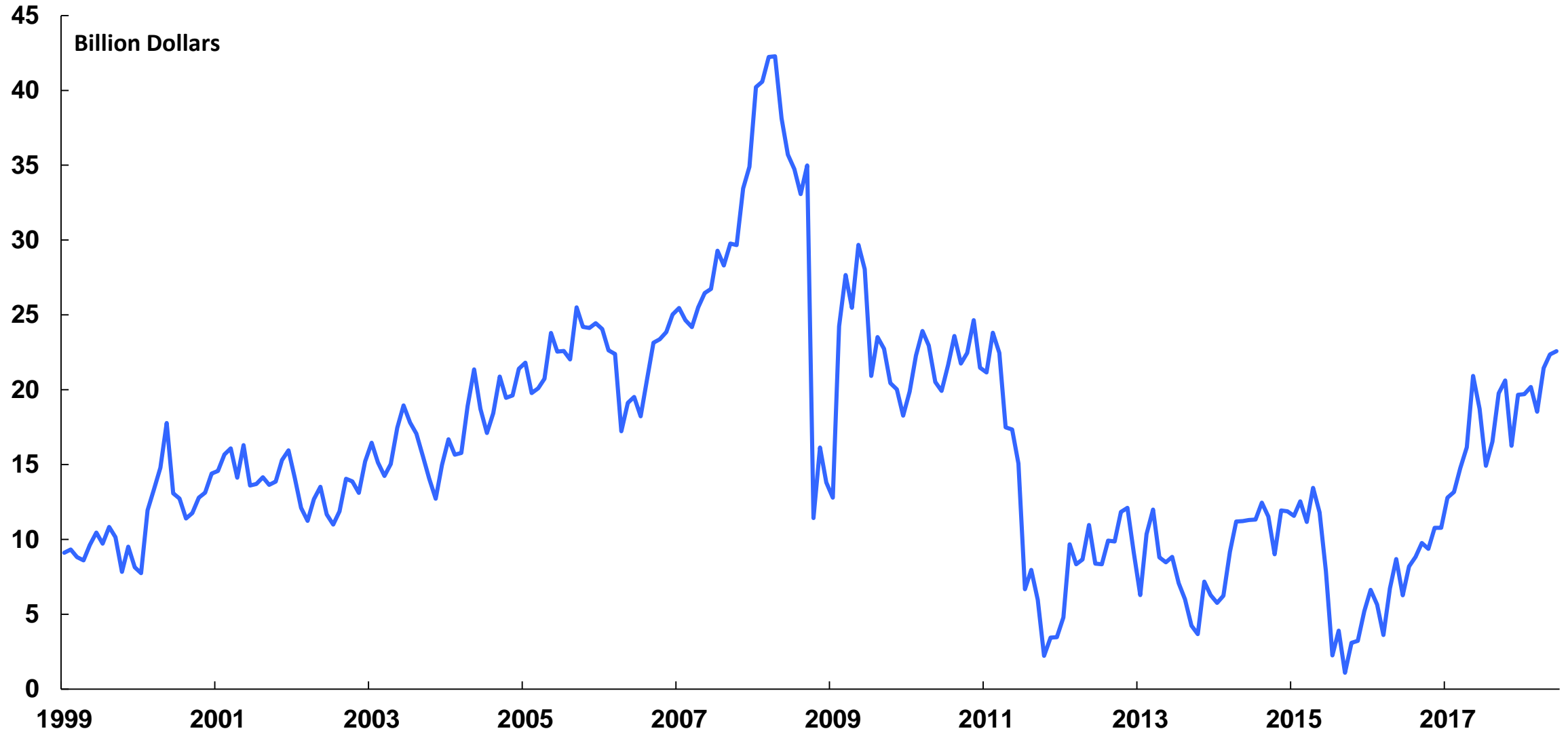
▨ Government Liabilities    ▩ Financial Liabilities

Blue=traditional banking

Red=Shadow banking



# FHLB Overnight Discount Note Outstanding

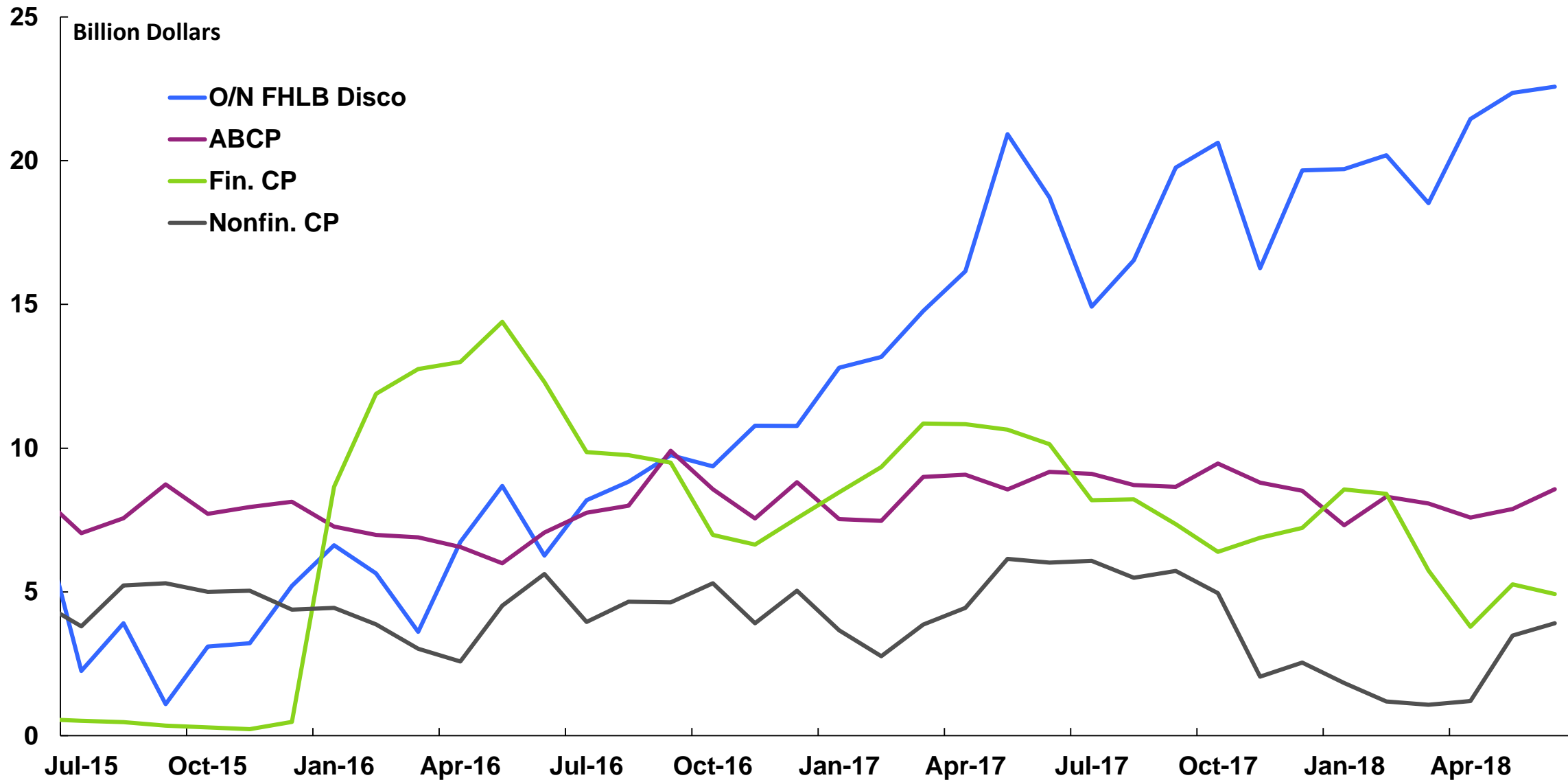


Note: Series is average daily outstanding by month.  
Source: FHLB Office of Finance.

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.