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MONEY MARKET

Annotation. The nature of the money market, discussed in detail its structure, types of money and its functions were analyzed.

Анотація. Проаналізовано сутність грошового ринку, детально розглянуто його структуру, типи грошей та їх функції.

Аннотация. Проанализированы сущность денежного рынка, детально рассмотрены его структура, типы денег и их функции.

Key words: money, money market, income, account, cash.

In economics, money market is a subsection of the fixed income market. Money market specializes in short-term debt securities. Money market investments are also called cash investments because of their short maturity. Money market is a dealer market, which means that firms buy and sell securities in their own accounts, at their own risk. The aim of our article is to study the global money markets and money as a kind of goods [1, p. 4].

All of us know what word "money" means. But not everyone knows why money is used. Where the free exchange of goods and services is unknown, money is not wanted. Money is a commodity which economic function is to facilitate the interchange of goods and services. It does not satisfy those authors who are interested rather in the accumulation of material than in the increase of knowledge [2, p. 642]. Many investigators imagine that insufficient attention is devoted to the remarkable part played by money in economic life if it is merely credited and becomes a medium of exchange. They do not think that due has been paid to the significance of money until they have enumerated half a dozen of other "functions", there could be a more important function than that of the common medium of exchange. So, the money market is a market in which cash requirements of market participants, who are long cash, are met with the requirements of those that are short cash [3, p. 307]. This is identical to any financial market. The distinguishing factor of money market is that it provides only short-term cash requirements. The market will always, without fail, be required because the needs of long cash and short cash market participants are never completely synchronized [2, p. 401]. There are many participants of the market and they are different, a large number of them is both borrowers and lenders at the same time. The money market is traditionally defined as the market of financial assets that has original maturities of one year or less. It is the market for short-term debt instruments. Financial assets traded in this market include such instruments as treasury bills, commercial paper, some medium-term notes, bankers' acceptances, and federal agency discount paper, most certificates of deposit, repurchase agreements, floating-rate agreements and federal funds. The scope of the money market has expanded in recent years to include

average lives [2, p. 42]. These securities, along with the derivative contracts associated with them, are the objects of this article. Money market mutual funds are mutual funds investing in money market instruments. There are three types of money market funds:

- 1) common money market funds, which invest in wide variety of short-term debt products;
- 2) government short-term funds, which invest only in treasury bills or the US government agencies;
- 3) short-term municipal funds [3, p. 356].

Money market securities are of short-term. By "short term" we usually understand an original maturity of one year or less. The most common money market securities are Treasury bills, commercial paper, and negotiable certificates of deposit and bankers acceptances. Money market securities are backed solely by the issuer's ability to pay. With money market securities, there is no collateral; that is, no item of value (such as real estate) is designated by the issuer to ensure repayment. The investor relies primarily on the reputation and repayment history of the issuer expecting that he or she will be repaid [3, p. 307]. The United States has a central monetary authority known as the Federal Reserve System. The Federal Reserve System (often referred to as the "Fed") acts as the US central bank, much like the Bank of England and the Bank of France are central banks in their respective countries. The role of the central bank is to carry out monetary policy that serves the best interests of the country's economic well-being [3, p. 298].

Money market is a market where the cash requirements of market participants who are long cash are met with the requirements of those who are short cash. The money market is traditionally defined as the market for financial assets that have original maturities of a year or less. It is the market of short-term debt instruments [3, p. 341]. One of the main differences between money market and the stock market is that most money market securities are traded in very high denominations. This limits access for the individual investor. Furthermore, the money market is a dealer market, which means that firms buy and sell securities in their own accounts, at their own risk, in comparison with the stock market where a broker receives commission to act as an agent, while the investor takes the risk of holding the stock.

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