

Document 0004

[20004001]

Yields on money-market mutual funds continued to slide , amid signs that portfolio managers expect further declines in interest rates .

[20004002]

The average seven-day compound yield of the 400 taxable funds tracked by IBC 's Money Fund Report eased a fraction of a percentage point to 8.45 % from 8.47 % for the week ended Tuesday .

[20004004]

Average maturity of the funds ' investments lengthened by a day to 41 days , the longest since early August , according to Donoghue 's .

[20004005]

Longer maturities are thought to indicate declining interest rates because they permit portfolio managers to retain relatively higher rates for a longer period .

[20004006]

Shorter maturities are considered a sign of rising rates because portfolio managers can capture higher rates sooner .

[20004007]

The average maturity for funds open only to institutions , considered by some to be a stronger indicator because those managers watch the market closely , reached a high point for the year - 33 days .

[20004008]

Nevertheless , said Brenda Malizia Negus , editor of Money Fund Report , yields " may blip up again before they blip down " because of recent rises in short-term interest rates .

[20004009]

The yield on six-month Treasury bills sold at Monday 's auction , for example , rose to 8.04 % from 7.90 % .

[20004010]

Despite recent declines in yields , investors continue to pour cash into money funds .

[20004011]

Assets of the 400 taxable funds grew by \$ 1.5 billion during the latest week , to \$ 352.7 billion .

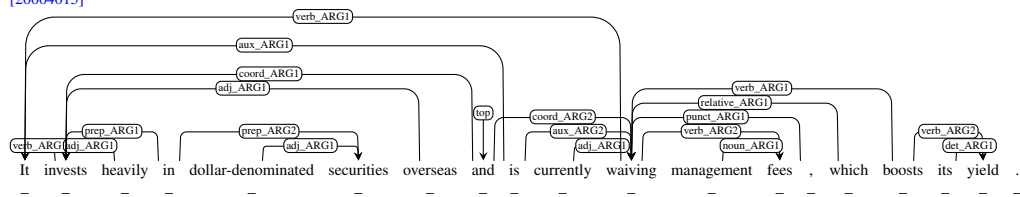
[20004012]

Typically , money-fund yields beat comparable short-term investments because portfolio managers can vary maturities and go after the highest rates .

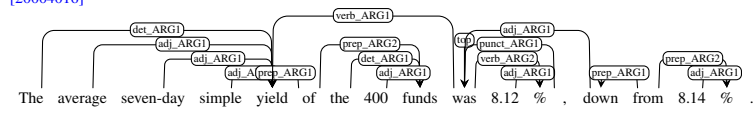
[20004014]

Dreyfus World-Wide Dollar , the top-yielding fund , had a seven-day compound yield of 9.37 % during the latest week , down from 9.45 % a week earlier .

[20004015]



[20004016]



[20004017]

