

Title:

Understanding The Money Market

Word Count:

353

Summary:

The money market is one of the safest financial markets available. It is commonly used by large corporations, financial institutions and governments to secure their money resources for a short period of time. They are often compared to the bond. They are secure investments that are specialized. The main difference, though, in a bond and a money market is that the money market is usually for a very short period of time, usually under a year. You may hear them referred to as ca...

Keywords:

Money markets

Article Body:

The money market is one of the safest financial markets available. It is commonly used by large corporations, financial institutions and governments to secure their money resources for a short period of time. They are often compared to the bond. They are secure investments that are specialized. The main difference, though, in a bond and a money market is that the money market is usually for a very short period of time, usually under a year. You may hear them referred to as cash investments because of this short turn around.

In the most basic of form, the money market is a borrowing of money by a government institution or other large corporations. They are very liquid and are very safe. In fact, when your next bull market falls off, this may be where you plan to put your money. But, with this safety also comes a lower return, as it rightly should.

You can also compare the money market to the stock market. Because the process is virtually the same, you can see how these two elements can be compared. But, the largest difference in them is that the money market is dealing with much larger funds. While in the stock market the individual investor is able to get into the game rather easily, the money market is dealing with such a large amount of money that it is much too high for most. Also, it is a dealer market in which companies and governments buy and sell within their own accounts and at their own risk.

If this all sounds too good to not get into, the best way for the individual to get into the money market is to look into money market mutual funds. These funds pool together money from several sources so that they can compete for the money market shares. You can also look into treasury bills as a way of getting into it. The money market is a complex place and you can learn quite a bit more about it, how it works and why it works and see how well you can get into it!