NORTHERN INSTITUTIONAL FUNDS

PRIME OBLIGATIONS PORTFOLIO (NPAXX)

As of 03/31/19

FUND COMMENTARY

After a tumultuous end to 2018, risk assets rebounded to have their strongest first quarter in a decade. Bond yields, especially on the front end of the yield curve, continued to grind lower, despite the rally in stock markets. While economic data was modestly disappointing during the quarter, a dovish pivot by the Federal Open Market Committee (FOMC) was the biggest driver of price action across global markets. The FOMC's communications throughout the quarter reiterated a patient approach to future changes in monetary policy, and a projection for zero hikes throughout the remainder of 2019 – a significant shift from their projections in December of 2018. The market remained more pessimistic than the FOMC and is pricing in a meaningful likelihood of rate cuts in 2019. We'll continue to monitor market pricing closely and selectively add high quality credits and duration to remain long to our peer group, while maintaining a strong liquidity profile to accommodate any unexpected outflows.

View investment terms definitions

NORTHERN INSTITUTIONAL FUNDS®

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