

Good research paper on should firms invest in money market securities

[Business](#), [Company](#)



Firms should diversify their investments by investing in Money Market securities. Many firms have a duty to earn money for their stakeholders; therefore management of these firms should always be seeking to create more income and also a safe place to keep their money. When the economy is on the rise, Money Market securities may not be the best investment. This may be due to the fact that the return is low. However, when the economy is destabilizing money market securities may be a safe haven. As stated before, money market securities are considered to have a lower risk than stocks and bonds and therefore may still return on an investment or be kept for saving at the companies surplus. Additionally, the money market securities often generate a low return for investors even in a down market, which can quite attractive, especially when compared to savings accounts. Liquidating on a short notice is not an issue with money market securities. Since they are liquid, these securities can be taken out with a return. This can save cash strapped firms if a lifeline is needed, which is possible in a down market. This leads to money market securities being compared to a savings account, since they are about as reliable. However, the downside is that securities are not FDIC insured. Therefore, installing some money into money market securities would be a safe bet for firms.

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