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Muni Demand Keeps Sliding as Rate Uncertainty Shakes Confidence.

- **Week ending April 5 saw $92 million of fund withdrawals**
- **Munis posted their worst performance since 1980 in 2022**

Investors have been pulling money out of municipal bond funds even though the asset class delivered strong returns in March.

Muni funds have seen eight straight weeks of withdrawals, with $92 million of outflows for the week ending April 5, according to Refinitiv Lipper US Fund Flows data. The exodus is unusual because retail investors tend to flee when returns are weak, but munis delivered a 2.2% return last month — the strongest performance for the month of March since 2008, according to data compiled by Bloomberg.

Portfolio managers say interest-rate uncertainty and banking turmoil have some investors on the sidelines. The Federal Reserve has been aggressively raising rates this past year to curb inflation, but recent bank failures may lead the central bank to pump the brakes on rate hikes to stabilize the financial system.

Continue reading.

Bloomberg Markets

By Nic Querolo and Skylar Woodhouse

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