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Muni Funds Lose Most Cash Since 2022 With Fed Delaying Cuts.

- **Investors pull $1.5 billion from muni funds in last week**
- **This week's outflow 'unlikely to be a one-off': Barclays**

Investors yanked money from municipal bond funds at the fastest clip in more than a year as they sold assets to pay income taxes and tried to protect returns amid signals that the Federal Reserve will keep rates higher for longer.

Municipal bond funds saw an outflow of $1.5 billion during the week ended Wednesday, according to LSEG Lipper Global Fund Flows data, the largest retreat since December 2022. The exodus broke eight consecutive weeks of inflows, spurring debate about whether this week would start an outflow cycle.

Tax season is one reason for the selling given investors often dump tax-exempt municipal holdings to pay what they owe around the April 15 filing deadline, said Kathleen McNamara, senior municipal strategist at UBS Global Wealth Management. The other factor is volatile and rising Treasury yields that have pushed "skittish" retail investors to the sidelines, she said.

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Bloomberg Markets

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April 19, 2024

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