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Muni-Bond Funds Break Redemption Streak.

Market Had $103 Million Inflow as Investors Saw Value in Beaten-Down Bonds.

Investors put a net $103 million into municipal-bond funds in the latest week, breaking a 33-week redemption streak that has weighed heavily on the market, Lipper said Thursday.

Redemptions surged in 2013 as investors first reacted to rising interest rates, and later to credit worries caused by Detroit's record municipal bankruptcy and speculation that Puerto Rico's debt would be restructured. The Lipper data include exchange-traded funds.

Municipal bonds declined 2.55% last year making it the market's worst performance since 1994, according to the Barclays Municipal Bond Index.

The fund flow data "is positive for the market considering it's the first inflow numbers we've seen in half a year," said Chris Mauro, a muni strategist at RBC Capital Markets.

The muni market has started to improve this year as fund outflows eased and fund managers saw value in bonds dragged down by the widespread selloff. Ten-year municipal-bond yields this week declined to as low as 91.29% of Treasurys, the lowest ratio since May 24, according to Thomson Reuters Municipal Market Data. The ratio was 91.90% on Thursday.

However, fixed-income funds are facing tough competition for investor cash from equity funds, which drew $5 billion in new cash in the latest week, Mr. Mauro said.

By AL YOON

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