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Largest Muni ETF at Highest Premium With Fund Outflows Slowing: Bloomberg.

The biggest exchange-traded fund tracking the \$3.7 trillion U.S. municipal-bond market is selling at the highest premium to the value of its assets since May.

The \$3.1 billion iShares National AMT-Free Muni Bond ETF, known as MUB, sold at 0.28 percent more than the worth of its holdings as of Jan. 10, the highest since May, data compiled by Bloomberg show. For the first time since May, the fund sold at a premium for two straight days.

The ETF traded at \$105.50 per share at about 11 a.m. in New York today, the highest since July, Bloomberg data show. Since May, it sold either at a discount or at the value of its holdings every day except for two trading sessions.

Investors are returning to the ETF and local bonds, driving yields down from a three-month high set in December, said Bart Mosley, co-president of Trident Municipal Research in New York. Benchmark 10-year munis yield 2.76 percent, down from 3.05 percent on Dec. 11, Bloomberg data show. The five-year average is about 2.6 percent.

“They’re looking at the municipal market with fresh eyes and realizing that these rates have adjusted,” Mosley said. “And they’re quite acceptable from a historical perspective.”

MUB, created in 2007, is an exchange-traded fund. ETFs are similar to mutual funds that track indexes of equities, bonds or commodities. Yet they can be bought and sold during the trading day and their prices may rise or fall more than the value of the assets they hold.

Investors pulled about \$19 million from U.S. muni mutual funds last week, the least since withdrawals began in May, according to Lipper US Fund Flows data.

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