

# **Bond Case Briefs**

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## **U.S. Municipal Bond Market Grows to \$3.652 trln in 4th Quarter.**

(Reuters) - The U.S. municipal bond market grew to \$3.652 trillion during the fourth quarter, Federal Reserve data released Thursday showed.

The fourth-quarter increase followed a decline to \$3.631 trillion in the third quarter, according to the central bank's quarterly report.

Retail buyers shed a total of \$31.9 billion of municipal bonds, marking the 16th consecutive quarter of declines in bonds held by households, the biggest buyers in the municipal bond market.

The size of the municipal bond market peaked in the fourth quarter of 2010 at \$3.77 trillion, as municipalities rushed to sell Build America Bonds, which carried special tax credits. Low interest rates have kept cities, counties and states hungry to borrow and refinance, and the market has held steady at around \$3.7 trillion.

Institutional investors ramped up their buying, as banks picked up \$41.1 billion municipal bonds in the fourth quarter, up from the prior quarter's \$34.5 billion.

Mutual funds gained \$60.8 billion in the fourth quarter, compared with \$51.1 billion in the third quarter, the Federal Reserve said. Property casualty-insurance companies shed \$200 million and life-insurance companies picked up \$5.1 billion in municipal bonds.

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(Reporting by Elvina Nawaguna; Editing by Andrea Ricci)