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Muni Funds Lose Most Cash in Five Weeks Amid Puerto Rico Default.

Individuals pulled \$308 million from muni funds in the week through Wednesday, Lipper US Fund Flows data show. That's the largest withdrawal since the period through July 1, during which Puerto Rico Governor Alejandro Garcia Padilla said the U.S. commonwealth can't afford to pay its debts.

High-yield muni funds, which are the most likely to hold Puerto Rico securities, saw about \$58 million of outflows, the most in four weeks. Investors yanked \$208 million from funds holding long-term obligations. Despite the withdrawal, muni prices were little changed this week, according to Bloomberg benchmark indexes.

Puerto Rico said Aug. 3 that it paid just \$628,000 of the \$58 million due on securities sold by its Public Finance Corp. The struggling commonwealth is seeking to restructure its \$72 billion of debt, which is widely held because the interest is exempt from federal, state and local income taxes nationwide.

Bloomberg

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