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Muni Funds Draw \$714 Million, Largest Inflow Since January.

Investors added the most money to municipal-bond mutual funds since January in the past week as state and local government bond yields fell to the lowest level in five months.

Individuals poured \$714 million into muni funds in the week through Wednesday, Lipper US Fund Flows data show, marking the second inflow in three weeks. Those funds investing in the longest-dated debt fared the best, capturing \$685 million of the cash, as the Federal Reserve continued its almost decade-long policy of keeping borrowing costs close to zero.

Benchmark 10-year munis yield 2.09 percent, close to the lowest level since April, data compiled by Bloomberg show. That's pushed the return on state and local debt to 1.9 percent this year, better than the 1.6 percent gain for Treasuries and 0.1 percent for investment-grade corporate securities, Bank of America Merrill Lynch data show.

In the four weeks through Sept. 16, the day before the Federal Open Market Committee released its policy statement leaving its benchmark rate unchanged, individuals withdrew \$1.4 billion from muni mutual funds, Lipper data show.

Bloomberg

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