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U.S. Muni Bond Market Edges Up to $3.837 trln in Q2 - Fed

NEW YORK, Sept 21 (Reuters) – The U.S. municipal bond market edged up to $3.837 trillion in the second quarter of 2017 after shrinking slightly during the previous quarter, according to a quarterly report from the Federal Reserve released on Thursday.

U.S. banks' muni bond buying continued to dwindle. Financial institutions added just $10.2 billion in the second quarter, compared to $27.3 billion in the first quarter and $52.9 billion in the fourth quarter of 2016.

Foreign holdings of munis rose to $98.6 billion, an all-time high, after having fallen the previous quarter for the first time in five years.

Households, or retail investors, held $1.627 billion, down slightly from $1.646 billion in the previous quarter, the data showed.

Property and casualty insurance companies added $5.8 billion of munis in the second quarter after having shed $8.4 billion in the first quarter. Life insurance companies picked up $4.2 billion of the bonds.

U.S. mutual funds bought $48.5 billion of munis while exchange traded funds added $5.8 billion.

(Reporting by Hilary Russ; Editing by Chizu Nomiyama)

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