Muni Money Funds Have Revival After $100 Billion in Outflows.

- **Muni money market fund assets up by $7 billion in 2018**
- **Assets grown to $138 billion as of Feb. 7 from $131 billion**

If 2017 was the year the municipal money market funds stopped bleeding assets, 2018 is the year they've started growing again.

Tax-exempt money market fund assets have increased by almost $7 billion since the beginning of the year, seven times as much as all of last year, according to Investment Company Institute data.

"With rates rising there's just been a better bid for floating rate products," said Matt Fabian, a partner at Municipal Market Analytics. "It's a reasonable place for investors to park cash."

Yields on municipal securities that reset weekly rose to 1.71 percent at the end of December, the highest since October 2008, after the Federal Reserve raised interest rates for the third time in 2017.

Since then, yields have dropped to 0.98 percent, a sign of customer demand, Fabian said.

Tax-exempt money market funds are growing again after tepid growth in 2017 and the hemorrhaging of more than $100 billion in the first 10 months of 2016, a reaction to U.S. Securities and Exchange Commission rules aimed at reducing the risk of runs on the pools.

The rules required municipal money market funds to adopt floating net-asset values and imposed liquidity fees and redemption suspensions under certain conditions.

"You had the double whammy of zero yields and regulatory changes," said Peter Crane, president of Westborough, Massachusetts-based Crane Data LLC

Municipal money market fund assets have grown to $138.1 billion as of Feb. 7 from $131.2 billion on Dec. 27, ICI said.

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By Martin Z Braun

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