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U.S. Muni Bond Market Inches Up to $3.851 trln in 4th Quarter - Fed.

NEW YORK, March 8 (Reuters) – The U.S. municipal bond market inched up to $3.851 trillion in the fourth quarter of 2017 from $3.809 trillion the previous quarter, according to a quarterly report from the Federal Reserve released on Thursday.

Households, or retail investors, held $1.570 trillion of debt sold by states, cities, schools and other muni issuers in the latest quarter, slipping from $1.573 trillion in the third quarter, the Fed report said.

U.S. banks' muni bond buying spiked after dwindling the previous three quarters. Financial institutions added $37.4 billion in the fourth quarter, compared with $8.6 billion in the third quarter.

Property and casualty insurance companies took on $7 billion of munis in the fourth quarter after adding $3.4 billion in the third quarter. Life insurance companies picked up $5.1 billion of the bonds.

U.S. mutual funds bought $25.3 billion of munis in the fourth quarter, down from $40.7 the previous quarter, while exchange traded funds added $7.6 billion, up from $4.8 billion.

Foreign holdings of munis rose to $104.6 billion.

(Reporting by Laila Kearney in New York Editing by Matthew Lewis)

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