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U.S. Muni Bond Market Slips to $3.843 trln in First Quarter - Fed

NEW YORK, June 7 (Reuters) – The U.S. municipal bond market dipped to $3.843 trillion in the first quarter of 2018 from $3.863 trillion the previous quarter, according to a report from the Federal Reserve released on Thursday.

Households, or retail investors, held $1.640 trillion of debt sold by states, cities, schools and other muni issuers in the latest quarter, falling slightly from $1.641 trillion in the fourth quarter of 2017, the Fed report said.

U.S. banks' muni bond buying dropped. Financial institutions shed $56.7 billion in the first quarter, compared with adding $37.5 billion in the fourth quarter.

Property and casualty insurance companies took on $13.6 billion of munis in the first quarter after relinquishing $2.0 billion in the fourth quarter. Life insurance companies picked up $7.5 billion of the bonds compared to $6.4 billion the last quarter.

U.S. mutual funds bought $53.8 billion of munis in the first quarter, a sharp increase from $29.5 the previous quarter, while exchange traded funds were down $2.8 billion from $7.5 billion.

(Reporting by Laila Kearney Editing by Bill Berkrot)

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