
Municipal-Bond Funds Draw Flood of Cash as Market Extends Gains.

- **Funds got a $1.68B inflow last week, most since January**
- **Eleven straight weeks of inflows follows positive return**

Bondholders are no longer seeing losses from their investments in state and local-government debt — and they're pouring money back into the market.

Mutual funds that focus on municipal bonds picked up $1.68 billion in the week through July 18, the biggest influx of cash since the end of January, according to the Investment Company Institute. It was and the eleventh straight weekly gain.

Strong demand comes as the market recovers from losses in January that left it in the red for much of the year. Municipal bonds have since swung to a 0.04 percent gain, a relatively strong showing given the 1.47 percent loss for Treasuries and 2.79 percent drop for corporate debt, according to Bloomberg Barclays indexes.

"Solid returns of the muni market over all relative to other fixed income sectors is what's drawing in the interest," said Michael Pietronico, chief executive officer of Miller Tabak Asset Management in New York, which manages $1.2 billion of municipal debt.

He said there's also "a lot of uncertainties in regards to tariffs and trade issues globally that is driving money into defensive sectors, particularly munis."

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