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Largest Muni ETF Absorbs Massive Trading Amid a Drought in New-Issuance.

- **One investor traded \$135 million worth of iShares MUB fund**
- **August seen as biggest month of 2018 for muni bond investors**

The summer months are heating up trading for the largest exchange-traded fund tracking municipal bonds.

Trading volume has been soaring for the almost \$10 billion iShares National Muni Bond ETF, or MUB, on Monday, with 2.7 million shares changing hands as of 3:40 p.m. That's almost 10 times its 20-day average volume for this time of day and the most since June 13. The surge seems to be fueled by one massive trade shortly before noon, when an investor moved about 1.2 million shares worth \$135 million.

Investors tend to clamor for municipal bonds in the summer months, when there is a high amount of redemption activity. There have been "huge" redemptions lately, according to Patrick Luby, municipal strategist at CreditSights, and August will be the biggest month of the year. About \$31 billion in bonds will mature or be called in the next 30 days, roughly \$22.6 billion less than the amount of bonds scheduled to sell.

ETF trading activity also may be picking up as investors seek exposure to the \$3.8 trillion muni market amid a drought in new-issuance. Sales are down about 14 percent this year, making the bonds difficult to source individually. Funds offer a convenient solution.

"Supply is down and investors who want to maintain their allocations may have a hard time finding well-structured bonds in the muni market," Luby said. "So using the most liquid muni ETFs can be a good placeholder to maintain exposure."

Bloomberg Markets

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July 30, 2018, 12:55 PM PDT

— *With assistance by Kenneth Sexton, Kent Odina, and Tom Lagerman*