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U.S. Muni Bond Market Rises to \$3.853 trillion in Second Quarter: Fed

NEW YORK (Reuters) – The size of the U.S. municipal bond market inched up to \$3.853 trillion in the second quarter, from \$3.851 trillion the quarter before, the Federal Reserve said in a report released on Thursday.

Households, or retail investors, held \$1.625 trillion of debt sold by states, cities, schools and other muni issuers in the latest quarter, down from \$1.631 trillion in the first quarter, the Fed report said.

Property and casualty insurance companies took on \$16.7 billion of munis in the second quarter, a rise from \$14.1 billion in the previous quarter. Life insurance companies bought \$4.6 billion, compared with \$7.7 billion the prior quarter.

Exchange-traded funds bought \$7.9 billion of muni funds compared with \$2.8 billion in the first quarter.

Meanwhile, U.S. mutual funds' buying of municipal bonds dropped to \$20.5 billion in the second quarter from \$64.9 billion the first quarter.

U.S. banks continued to offload muni bonds in the second quarter. The financial institutions shed \$40.3 billion, after selling \$55.7 billion the previous quarter.

by Laila Kearney

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