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U.S. Fund Investors Pull Most Cash from Bonds since February -ICI

NEW YORK, Oct 17 (Reuters) - U.S. fund investors dumped bonds during a market rout in the latest week, at the fastest pace since February, Investment Company Institute (ICI) data showed on Wednesday.

More than \$7.1 billion dropped out of U.S.-based bond mutual funds and exchange-traded funds (ETFs) during the seven days ended Oct. 10 as a debt market selloff pushed yields to seven-year highs. Nearly \$1.7 billion flowed out of municipal bonds alone, the most cash pulled since the end of 2016.

The week's withdrawals were the largest for bond funds since early February, a rout sparked by similar inflation and rate concerns.

Overall, bond funds have been a popular bet this year, taking in nearly \$133 billion, according to the research service Lipper, as investors took advantage of higher yields but were skittish that economic growth could peak with the Federal Reserve raising U.S. interest rates to head off inflation.

Within stocks, fund investors shifted money abroad for a second straight week as the S&P 500 benchmark sagged 4 percent. Domestic equity fund withdrawals totaled \$3 billion, while their counterparts invested abroad gathered \$502 million despite the market swings.

The following table shows estimated ICI flows for mutual funds and ETFs (all figures in millions of dollars):

| | 10/10 | 10/3 | 9/26 | 9/19 | 9/12/2018 |
|-----------|---------|--------|--------|--------|-----------|
| Equity | -2,542 | -4,282 | -1,182 | 10,193 | -3,371 |
| Domestic | -3,044 | -4,806 | 930 | 10,544 | -3,829 |
| World | 502 | 524 | -2,112 | -351 | 458 |
| Hybrid | -1,812 | -2,099 | -1,768 | -1,299 | -1,673 |
| Bond | -7,137 | 6,497 | 1,697 | 4,348 | 7,190 |
| Taxable | -5,484 | 6,499 | 2,083 | 4,231 | 7,160 |
| Municipal | -1,653 | -2 | -385 | 116 | 30 |
| Commodity | 138 | -188 | 253 | -91 | -57 |
| Total | -11,353 | -72 | -1,000 | 13,151 | 2,089 |

(Reporting by Trevor Hunnicutt; Editing by David Gregorio)