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Richest Americans Flee Treasuries With Holdings at 17-Year Low.

America's super-rich hold fewer U.S. government and municipal securities than they've done for almost two decades, according to recent data from the Federal Reserve.

The top 1% of households by income held \$887 billion of those assets as of June, the smallest amount in 17 years and down from a peak of \$1.5 trillion a decade ago.

Americans lower down the income ladder have been trimming their holdings too. Public and municipal debt held by the bottom 99% of households peaked at about \$3 trillion in June 2019, and is down by almost \$400 billion since then.

High-earners traditionally tended to buy municipal bonds to take advantage of tax exemptions on the interest income.

But with rates on Treasuries and munis near historic lows, it's likely that they "searched for higher yields elsewhere, whether via equities, high-yield or investment-grade debt, private credit, non-fungible tokens, crypto, etc.," said Peter Boockvar, chief investment officer for Bleakley Advisory Group.

Benchmark 10-year Treasuries are currently trading around 1.55%. That's up from the all-time trough they hit last year, but still just a fraction of the long-run average. Meanwhile, inflation has been above 5% for months.

"Higher-income households are likely well aware that they are receiving negative real returns on U.S. government and municipal securities," said Chris Ahrens, a strategist at Stifel Nicolaus & Co.

The top 20% of households held 74.2% of U.S. government and municipal securities, the lowest share in records dating back to 1989, according to the Fed.

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