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U.S. Bond Funds See Higher Outflow in the Week to Dec. 1 - Lipper

(Reuters) - U.S. bond funds witnessed a surge in outflows in the week to Dec. 1 on rising prospects that the U.S. Federal Reserve will ramp up the pace of unwinding its bond purchases and will lift rates as soon as mid-2022. According to Refinitiv Lipper data, investors sold U.S. bond funds worth a net \$2.16 billion, compared with their net selling of \$245 million in the previous week.

Despite concerns over the Omicron coronavirus variant, the two-year U.S. Treasury yield jumped 7 basis points on Wednesday after the Fed chief said that in December the Fed will discuss whether to end their bond purchases a few months earlier than expected.

U.S. taxable bond funds witnessed net selling of \$3.03 billion, that was the largest weekly outflow since early-April 2020. However, municipal bond funds attracted inflows of \$1.14 billion.

U.S. short/intermediate investment-grade funds and loan participation funds witnessed outflows of \$1.84 billion and \$304 million respectively, while weekly inflows into U.S. inflation protected funds also dropped to a four-month low of \$169 million.

However, U.S. equity funds drew \$7.56 billion in net buying, their largest inflow in five weeks. Large cap funds pulled in \$13.09 billion after two straight weeks of net selling, although investors sold small- and mid-cap equity funds worth \$1.96 billion and \$104 million respectively. U.S. growth funds attracted \$621 million in net purchases after four straight weeks of outflows. However, value funds saw net selling of \$2.22 billion, the biggest in six weeks.

Technology funds lured inflows for a third straight week worth \$2.39 billion, although financials and industrials posted outflows of \$1.51 billion and \$481 million respectively.

Meanwhile, U.S. money market funds secured a net \$29.27 billion in net purchases, the biggest inflow in five weeks.

By Reuters

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(Reporting by Gaurav Dogra and Patturaja Murugaboopathy in Bengaluru; Editing by Shailesh Kuber)