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Inflows into U.S. Bond Funds Dwarf Equity Purchases in 2021 -Lipper

Dec 10 (Reuters) – U.S. bond funds have attracted record inflows this year, despite worries about inflation and expectations the Federal Reserve could roll back its pandemic-era stimulus measures earlier.

According to Refinitiv Lipper data, U.S. bond funds attracted a net \$612 billion in the first eleven months of this year, already surpassing the record inflow of \$486.18 billion recorded in 2019.

Meanwhile, U.S. equity funds saw net inflows of \$248.81 billion after two years of outflows.

The higher inflows into U.S. bond funds, despite a rally in equities, highlights an investor preference for safety and stable returns during the second year of the COVID-19 pandemic.

The Lipper data showed U.S. equity funds have delivered a return of 16.4% on average so far this year, compared with 0.8% for bond funds.

U.S. taxable bond funds drew a record \$465.89 billion in net buying while municipal bond funds secured purchases of \$96.5 billion.

U.S. short/intermediate investment-grade funds saw inflows of \$242.22 billion, a 12% increase over the first 11 months of 2020, U.S. general domestic taxable fixed income funds received \$113.35 billion, a three-fold increase, while inflation protected funds attracted a record \$70.77 billion.

Among equity sector funds, financials are on track for their first annual inflows in four years, totalling \$23.91 billion to the end of November, while investors purchased tech funds worth \$22.22 billion.

Meanwhile, U.S. money market funds are set for a fifth consecutive year of inflows with net inflows of \$266.36 billion so far.

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Dec. 10, 2021