

Bond Case Briefs

Municipal Finance Law Since 1971

Investors Sour on Muni Funds.

Expectations for rising interest rates spur outflows; returns have fallen

Investors pulled \$1.4 billion from municipal bond funds in the week ended last Wednesday, the biggest weekly outflow since the early days of the pandemic, according to Refinitiv Lipper.

Municipal bond yields, which rise as prices fall, climbed last week after the Federal Reserve signaled it would begin steadily raising interest rates in mid-March, reducing the appeal of outstanding debt. Yields on the highest-rated state and local bonds jumped to 1.55% Monday from 1.34% last Tuesday, according to Refinitiv MMD.

Returns on the S&P Municipal Bond Index have fallen to minus 2.33% this year through Jan. 28, counting price changes and interest payments, the lowest year-to-date returns in at least 16 years.

[Continue reading.](#)

The Wall Street Journal

By Heather Gillers

Updated Jan. 31, 2022 4:58 pm ET

Copyright © 2024 Bond Case Briefs | bondcasebriefs.com