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Big Inflows for U.S. Money Market Funds on Talk of Recession.

April 1 (Reuters) – U.S. money market funds lured big inflows in the week to March 30 as investors flocked to safer assets due to concerns that the Federal Reserve's aggressive stance to tackle inflation could send the economy into a recession.

U.S. investors purchased money market funds of $30.88 billion in their first weekly net buying since March 2, Refinitiv Lipper data showed.

The widely tracked U.S. 2-year/10-year Treasury inverted on Tuesday for the first time since September 2019 as the Fed signalled a willingness to go hard and fast on tightening to curb inflation.

The 10-year yields falling beneath 2-year rates is widely seen as a harbinger of economic recession.

As investor caution crept in, U.S. equity funds faced outflows worth worth $1.58 billion during the week, compared with inflows of $13.89 billion in the previous week.

U.S. investors offloaded value funds worth $5.63 billion in their biggest weekly net selling since mid-Oct., while growth funds also faced withdrawals of $557 million.

Among U.S. sector funds, tech and industrials received $345 and $224 million respectively in inflows, while real estate funds lost $256 million in outflows.

Meanwhile, investors sold U.S. bond funds for a 12th straight week as they pulled out a net $3.86 billion, compared with withdrawals of $1.16 billion in the preceding week.

Investors exited U.S. municipal bond funds worth $2.24 billion in a seventh straight week of net selling. Taxable bond funds also witnessed outflows, amounting to $1.71 billion after an inflow in the previous week.

U.S. short/intermediate investment-grade funds saw outflows surging to a three-week high of $3.74 billion.

Meanwhile, U.S. high yield bond funds received $1.04 billion in their first weekly net buying in four weeks. Loan participation, and inflation-linked funds also lured inflows of $1.18 billion and $815 million respectively.

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