

July 17, 2024

The Brookings Institution

The Hutchins Center on Fiscal and Monetary Policy

13th Annual Municipal Finance Conference

Discussion: Flow-Induced Trading: Evidence from the Daily Trading of Municipal Bond Mutual Funds

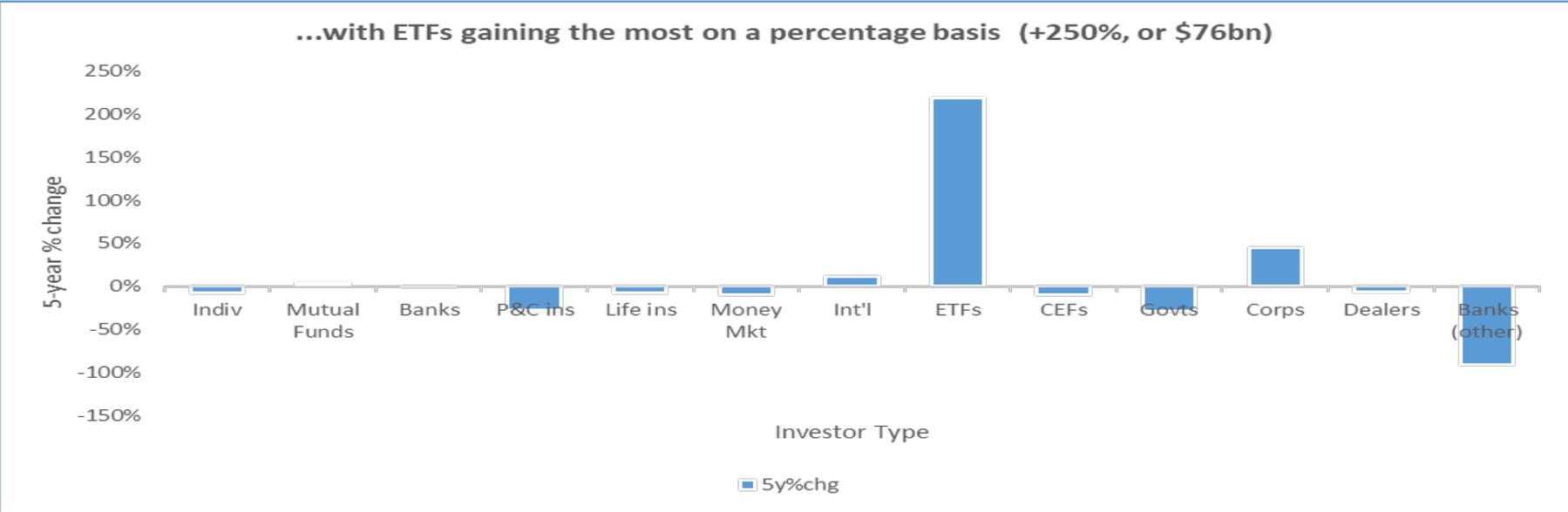
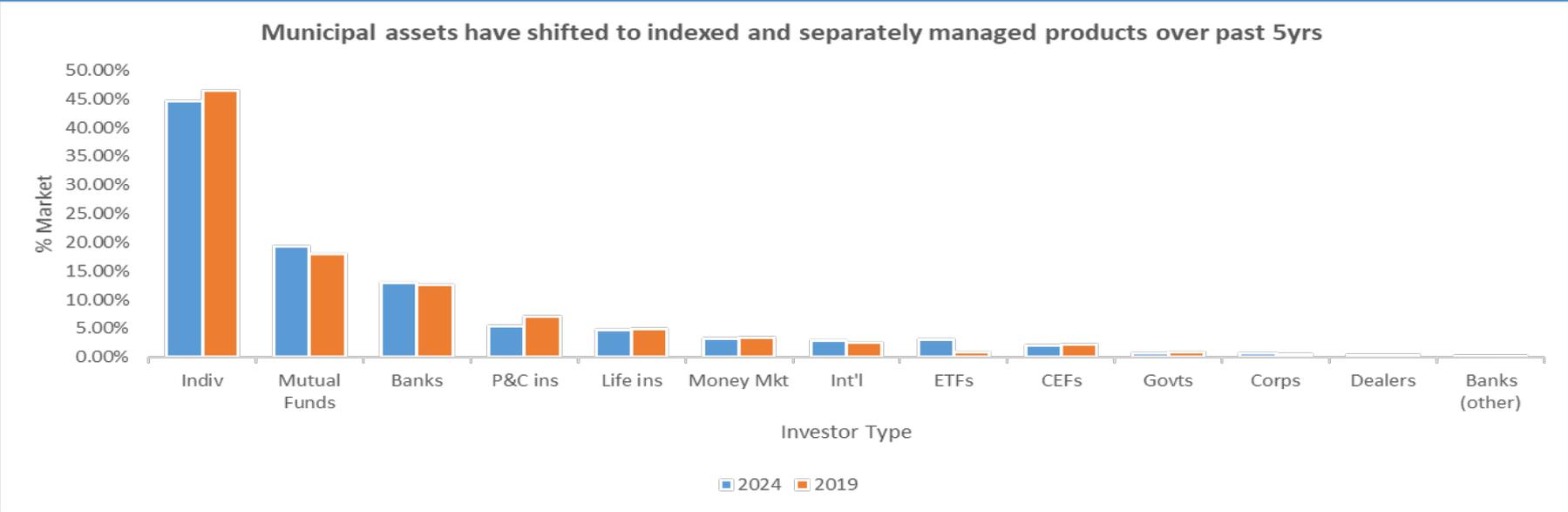
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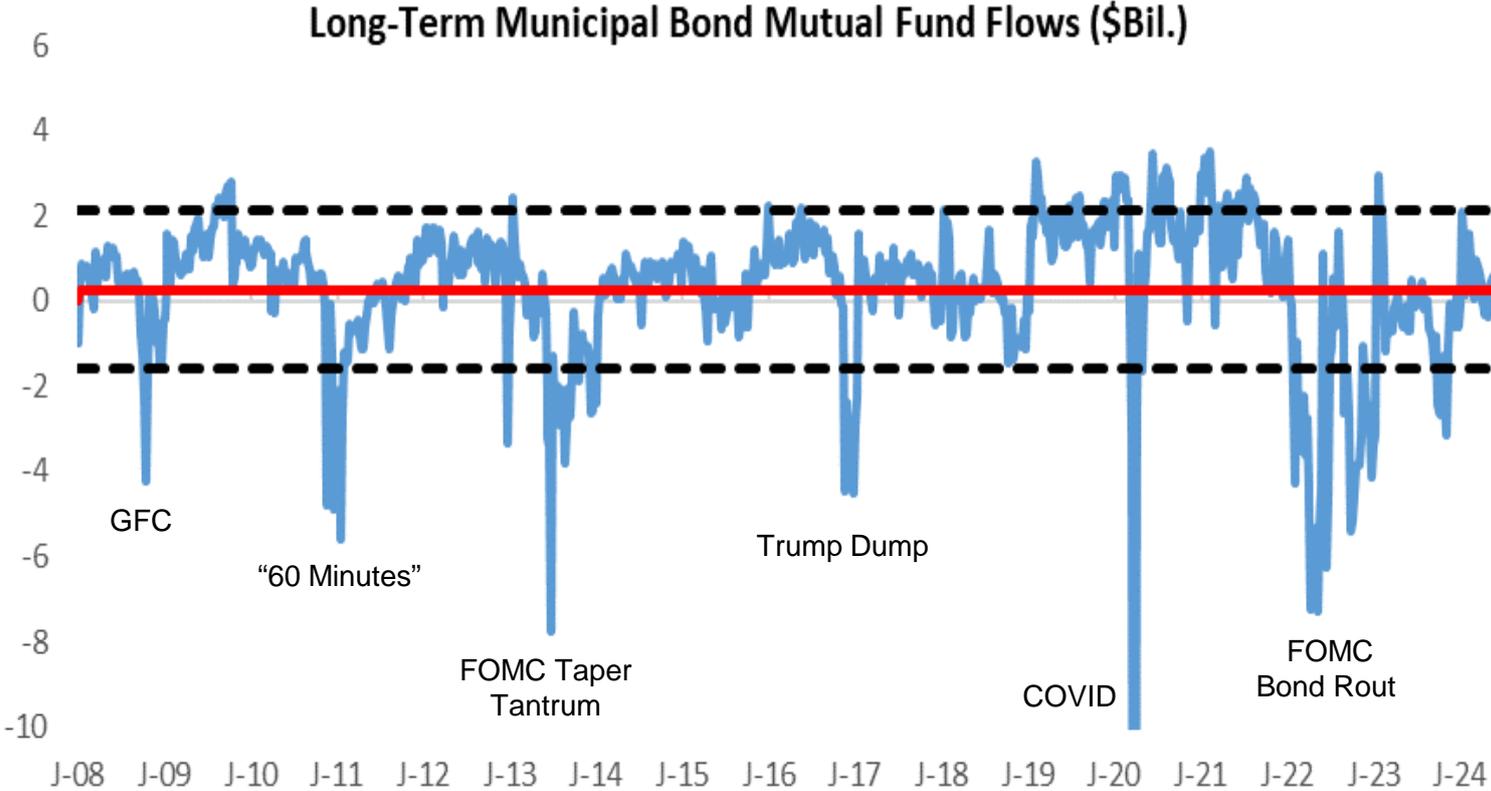
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Municipal Bond Ownership Trends



Municipal Bond Mutual Fund Flows 2008-2024



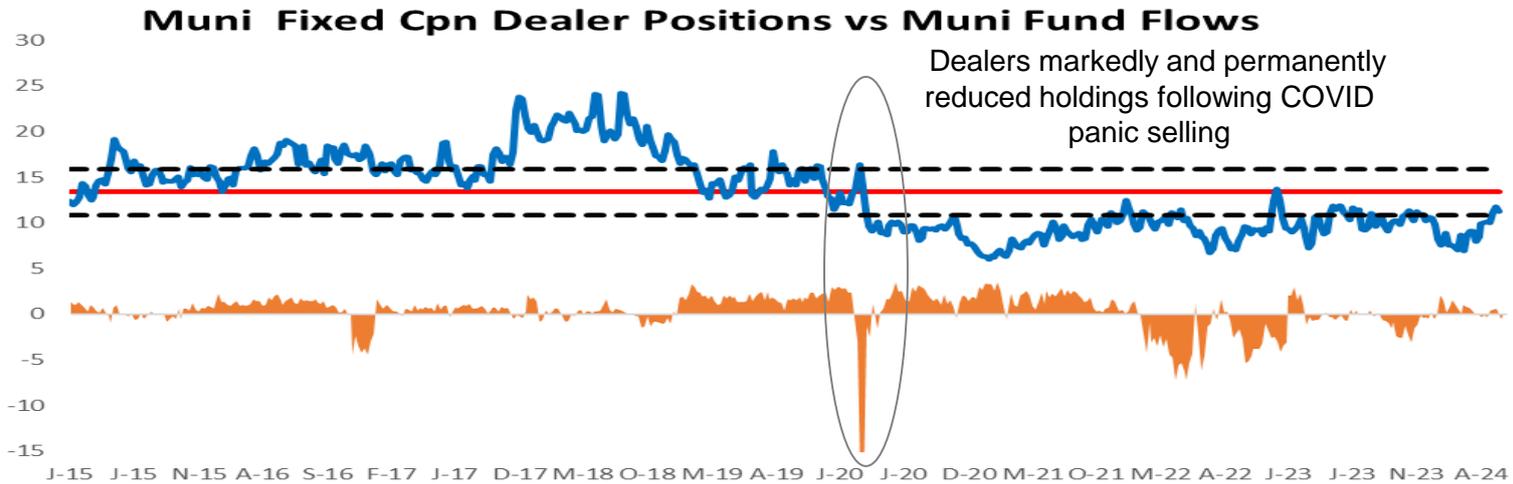
Source: Inv. Co. Inst.

— Fund Flows — Avg - - - +1SD - - - -1SD



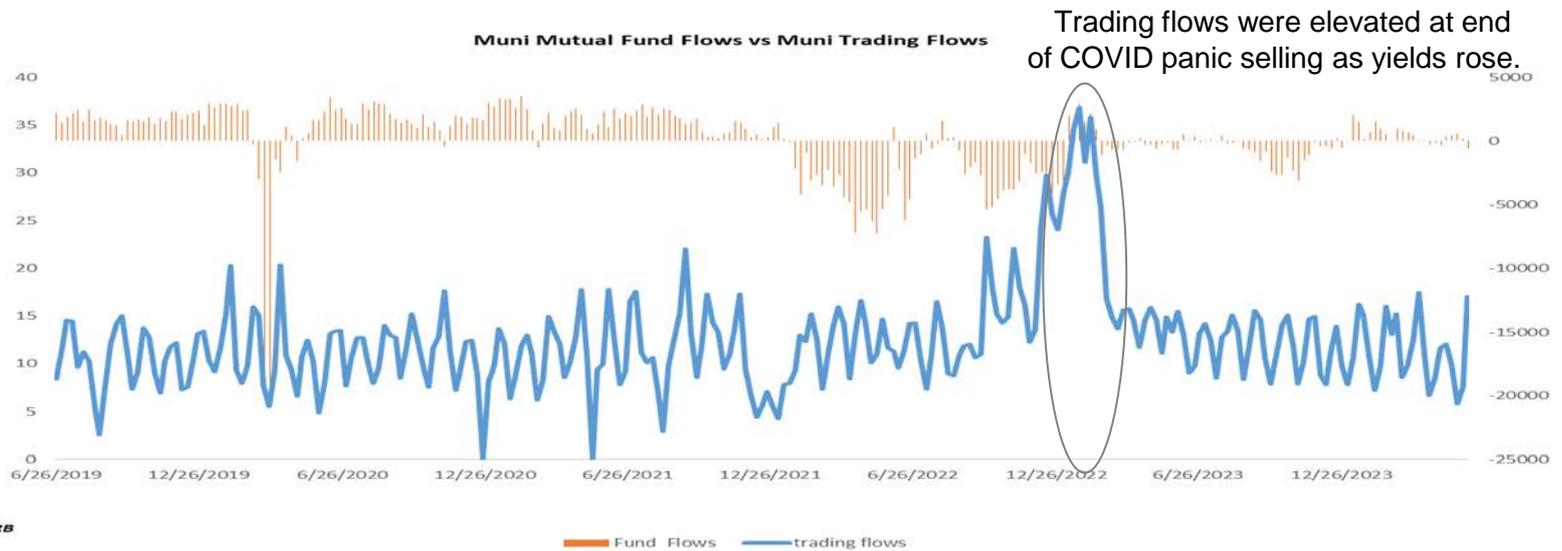
Source: Bloomberg and Thomson Reuters

Muni Trading Influences: (Reduced) Dealer Liquidity, Fund (Out) Flows,



Source: NY Fed

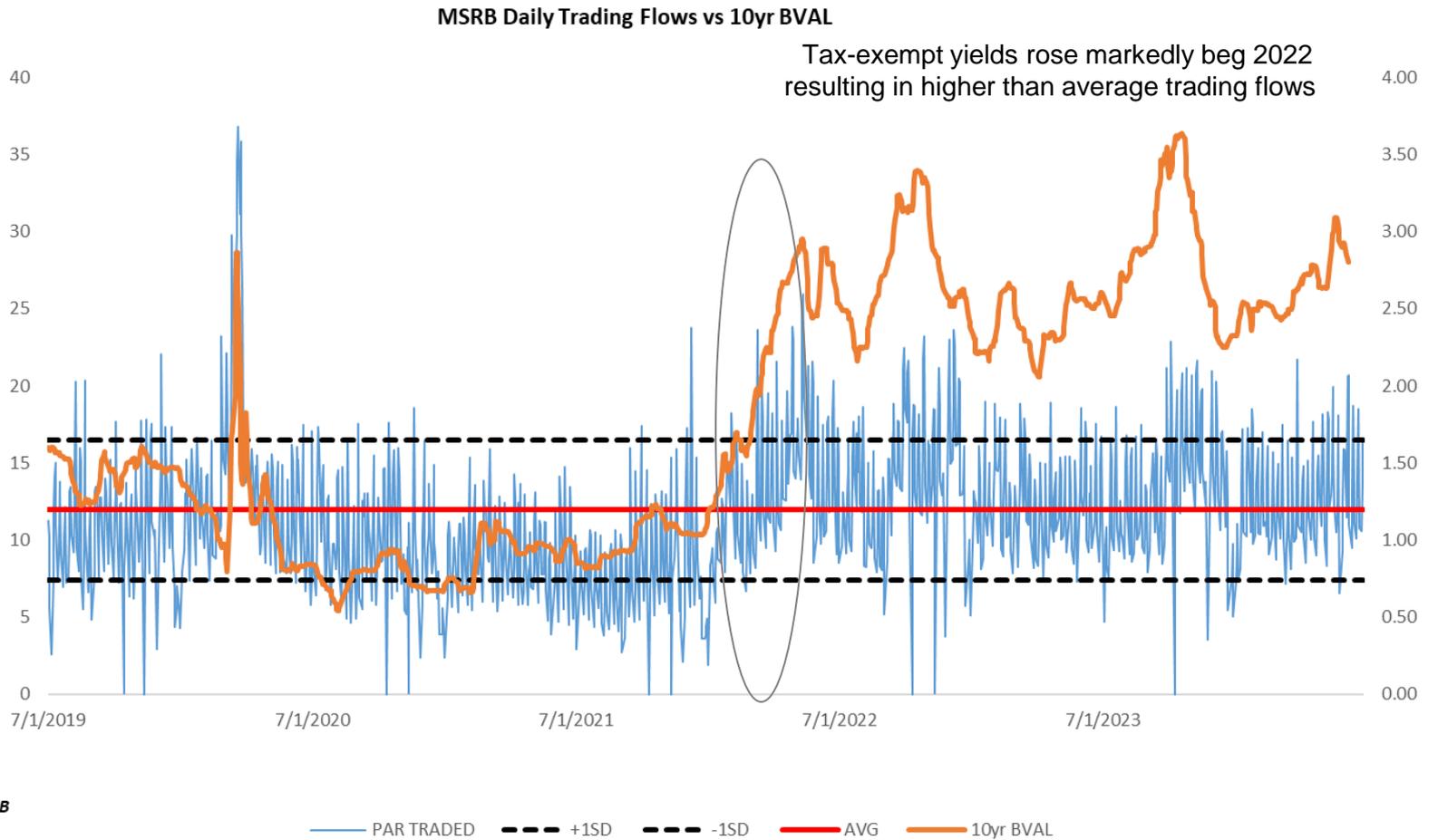
Legend: Fund Flows (orange area), Avg (red line), Inventory (blue line), -1SD (dashed black line), +1SD (dashed black line)



Source: MSRB

Legend: Fund Flows (orange area), trading flows (blue line)

Muni Trading Influences: Higher Yields

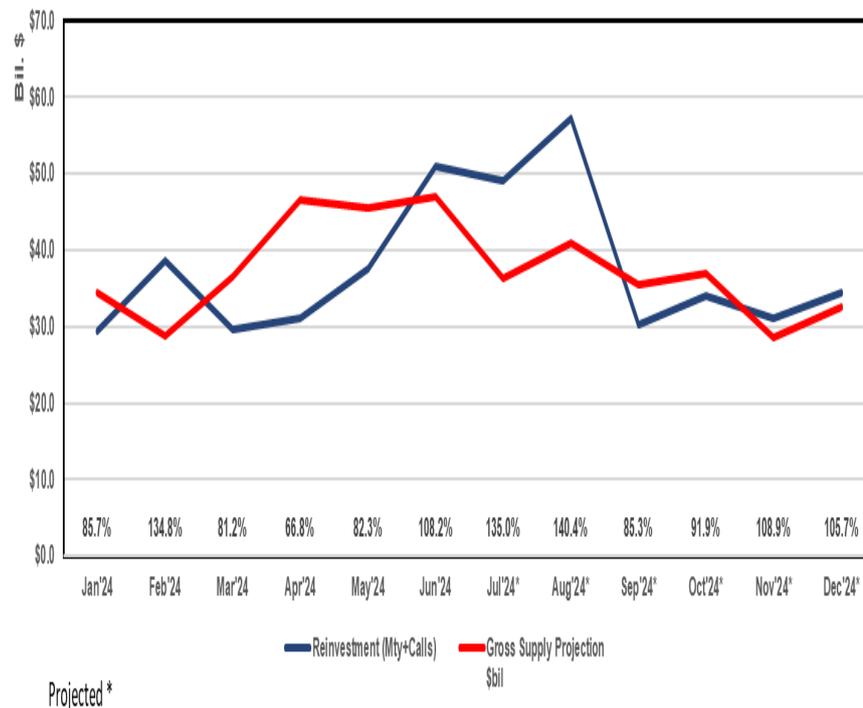


Muni Trading Influences: New Issue and Reinvestment

2024 Supply Projection			
REVISED 6/3/2024			
Gross Supply - Tax Status			
	Total	% YoY	% Tot
Tax-Exempt	\$ 414	21%	92%
Taxable	\$ 36	-5%	8%
Total	\$ 450	18%	100%
Gross Supply - Type			
	Total	% YoY	% Tot
New Money	\$ 389	25%	86%
(Taxable)	\$ 20	-31%	4%
(Tax-Exempt)	\$ 369	30%	82%
Refunding	\$ 61	-10%	14%
(Taxable Curr + Adv)	\$ 16	83%	3%
(Tax-Exempt Curr)	\$ 45	-24%	10%
Total	\$ 450	18%	100%
Net Supply			
	Total	% YoY	
Gross Supply	\$ 450	18%	
Mty + Curr Calls	\$ (454)	40%	
Total Net	\$ (4)	-107%	
Avg / Mo	\$ (0)	-107%	

Source: Ramirez & Co.

Municipal Market Cashflow Forecast - 2024



Projected *

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