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Investors Are Wary of Covid. But Their New Top Risk Is Inflation.

By [Nicholas Jasinski](#) March 19, 2021 7:45 pm ET

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Professional investors have a new No. 1 fear. In a survey of fund managers, inflation topped Covid-19 as the biggest threat to the bull market.

Some 220 respondents with a combined \$630 billion in assets under management took part in the BofA Securities survey. Less than 15% had the vaccine rollout as their top risk, down by about half from BofA's February survey. In March, higher inflation was the most-cited risk, at 37%. An all-time high 93% of respondents expect higher inflation over the coming year. Some 91% see the

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But higher bond yields mean higher borrowing costs, which could hinder the recovery and weigh on corporate earnings. Plus, a higher discount rate produces a lower present value for assets like stocks. And when Treasuries produce enough yield, there's greater competition for stocks.