

	Current Wk	Prior Wk
<b>Weekly Municipal Supply</b> (\$ Bln)		
Negotiated	\$5.79	\$7.23
Competitive	\$1.99	\$1.53
<b>TOTAL</b>	<b>\$7.78</b>	<b>\$8.76</b>

<b>Municipal 30 Day Visible Supply</b> (\$ Bln)	<b>\$11.51</b>	<b>\$10.68</b>
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<b>Bloomberg Municipal PICK Offerings Par Value</b> (\$ Bln)	<b>\$9.84</b>	<b>\$11.78</b>
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<b>Municipal Placement Ratio</b> (New Issues)	<b>90.60%</b>	<b>94.40%</b>
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<b>Bond Buyer 20 Municipal G.O. Index</b>	<b>4.02%</b>	<b>4.12%</b>
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UST Treasury Supply		Current Auction	Prior Auction
Day	Maturity	Amount (\$ Bln)	Amount (\$Bln)
Wed	10 Year	24	21
Thurs	30 Year	16	13
<b>TOTAL</b>		<b>40</b>	<b>34</b>

Select Economic Releases				
Date	Event	Period	Survey	Prior
11/7	Consumer Credit	SEP	\$5.200B	-\$9.501B
11/8	JOLT's Job Openings	SEP	--	3056
11/9	MBA Mortgage Applications	4-Nov	--	0.20%
11/9	Wholesale Inventories	SEP	0.50%	0.40%
11/10	Import Price Index (MoM)	OCT	0.10%	0.30%
11/10	Import Price Index (YoY)	OCT	12.30%	13.40%
11/10	Trade Balance	SEP	-\$46.2B	-\$45.6B
11/10	Initial Jobless Claims	5-Nov	400K	--
11/10	Continuing Claims	29-Oct	3680K	--
11/10	Monthly Budget Statement	OCT	-\$105.0B	-\$140.4B
11/11	U. of Michigan Confidence	NOV P	61.50	60.90

## Trading Desk Commentary

Greek and EU activity remained at the forefront of investors' minds for yet another week as Greece threatened to drag its feet and inhibit the optimism gained by European finance ministers late last week with the announcement of an approved bailout plan. Greek Prime Minister George Papandreou announced Monday his intention to put the EU's bailout package to a referendum vote, shaking confidence in both Papandreou's ability to guide Greece out of its current state of disarray and the EU's ability to prevent a messy Greek default. Between Papandreou's surprise announcement Monday and close-of-business Tuesday, the Dow Jones fell almost 600pts as equity investors fled the markets in favor of safer asset classes. UST's experienced sharp gains due to the renewed demand for safer havens – 30-year UST yields fell 37 basis points and actually closed below 3.00% on Tuesday evening. By Friday, the Greek PM had cancelled the referendum and some anxieties had eased; however, an approaching confidence vote that will decide if Papandreou will remain Greece's head will weigh heavily on market activity. Though few support Greece's management of the debt crisis, the threat of a political party change or Greece leaving the Eurozone altogether has left participants apprehensive about the coming weeks in the global markets. The week was a sobering reminder of the complexity of Europe's predicament and the challenging road still ahead.

Municipals benefited directly from the recent flight to quality yet again. The 10-year AAA MMD spot finished the week 16bps stronger than its starting point despite entering the week with a daunting volume of supply. Munis had roughly \$9bln in new supply to contend with, one of the highest weekly calendars in 2011, and with over \$11bln on the 30-day visible calendar, it appears there is no end in sight to the robust issuance. As we have noted before, the tremendous scope of Europe's problems and the implications each potential scenario have on global economics render supply numbers and Muni technical analysis much less relevant than in past environments. We expect volatility across all markets to remain at an elevated level until investors see measurable progress in the Eurozone and feel that catastrophe has been averted. However, the volatility over the medium-term should present fixed income participants the opportunity to get cash to work at some of the most attractive yields since mid-Summer.

This coming week, supply remains healthy (\$7.8bln) but lower than we have seen over the past month. A more manageable supply level bodes well for Muni's tone in the coming days but with only four trading days (Veteran's Day), underwriters will need to hustle to distribute supply in the narrower time frame. A wide variety of quality and sectors comprise the week's new deals. Some of the largest deals: \$600mln (Aa1/AAA) NY TFA; \$333mln (Aa1/AA+) MA Wtr; \$400mln (Aa1/AA+) St of NC Ltd Oblig; \$400mln (Aa3/A+) Chicago IL GO; \$100mln (Aa3/A+) Univ of Pitt Hosp. Those demanding quality or yieldier sectors should have plenty of both to keep busy.

Rates	Current	Yld	Prior	Muni to Treasury Ratio
	Wk	Change	Wk	
<b>Muni's</b>				
2 Year	0.42	-0.04	0.46	191%
5 Year	1.19	-0.10	1.29	135%
10 Year	2.30	-0.16	2.46	113%
30 Year	3.71	-0.09	3.80	120%
<b>UST</b>				
2 Year	0.22	-0.07	0.29	
5 Year	0.88	-0.25	1.13	
10 Year	2.04	-0.27	2.31	
30 Year	3.09	-0.28	3.37	

## Explanation of Key Measures :

**Weekly Municipal Supply** - The total dollar volume of municipal securities expected to be offered during the upcoming week, broken down by deal type. This helps gauge near term supply and momentum along with the 30 day visible figure.

**30 Day Visible Supply** - The total dollar volume of municipal securities expected to be offered over the next 30 days. The visible supply, which is compiled and published by The Bond Buyer, indicates the near-term activity in the municipal market.

**Bloomberg PICK Offerings** - The total dollar amount of offerings listed on Bloomberg's dealer offerings system. The figure helps gauge secondary supply in the market.

**Placement Ratio** - The amount of bonds sold by underwriting syndicates each week as a percentage of the amount issued that week by issuers selling \$1,000,000 par value or more of securities. The ratio published by The Bond Buyer, helps gauge the demand for municipal bonds in the marketplace.

**Bond Buyer 20 G.O. Index** - Index published weekly representing the average yield of 20 G.O. bonds with 20 year maturities, rated AA2 by Moody's

**Sources:** Weekly municipal supply figures, and municipal rates are produced by Thompson Reuter (Municipal Market Data). 30 day visible figures, and the placement ratio are obtained through The Muni Center, and produced by The Bond Buyer. The 20 G.O. index yield is obtained through Bloomberg, and produced by The Bond Buyer. Pick offerings par value, UST supply, economic releases, and UST rates are obtained through Bloomberg Professional Service. Information obtained from these sources is believed to be reliable but is not guaranteed.

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