

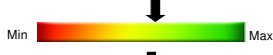

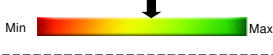

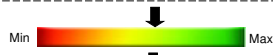

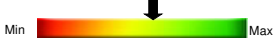

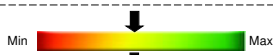

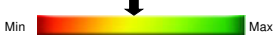
Trading Desk Commentary

A shortened Memorial Day week has come and gone, and it was a slow grind lower for Treasuries. The major news of the week came on Friday with the release of revised Q1 2015 GDP. The number was revised down from 0.2% to a paltry -0.7% (vs. an expected -0.9%). Residual seasonality and transitory factors are believed to have caused the soft number to be revised lower. Last year, Q1 GDP was a remarkably soft -2.1%, a print that was also blamed on weather and seasonality as most of the east coast battled brutal ice storms. GDP for Q2 of 2014 bounced back in a big way, coming in at 4.6%. We believe that a similar bounce back this year will be difficult to realize. So far Q2 numbers have been mixed and not promising, thus we expect that any kind of GDP bounce back will be much smaller and lackluster, comparatively speaking.

Market participants, anticipating the downward revision, brushed off the official release and turned their attention back to Fed posturing and debating whether economic releases so far this year are enough to warrant a rate hike this calendar year. Rates ground lower throughout the week based on strong participation in Treasury auctions, contained inflation expectations, and mixed economic data. 10's ended the week down 9 bps, while the long bond ticked down 10 bps, both to their lowest levels in over 3 weeks. Our attention this coming week will be on increased urgency in Greek bailout negotiations which may force a flight to quality into U.S. Treasuries and May employment numbers which will be released on Friday, surveys point to 220k jobs having been created.

Another week is now in the books of heavy new issuance in muniland with most deals being put away with ease. The highly anticipated combined Chicago GO loan received significant oversubscription and bumps to its scale to many investor's surprise after its recent downgrade to a junk credit. Munis generally lagged USTs again with the intermediate portion of the curve showcasing the underperformance. Ratios continue to be favorable to munis in the latter parts of the curve with as much as 20-25bps spread between the long bond and A and AA long munis. The market digested another week of outflows that totaled in excess of \$200 million, which more than doubled what we saw last week. Next week's is fairly light, currently showing about \$6+ billion. Market participants are eager to see if buyers turn to the secondary market considering the lighter calendar and the beginning of June, which is a seasonally large maturity month. Visible supply still remains strong at just under \$14B with no signs of slowing through what are historically "quieter" months in the muni market. With markets trading on eggshells given the looming fed action, traders are staying close to the desks so as not to miss any morsel of information that could lead to dramatic market action. Until next week.

Caprin Strategy Summary

Name	Target Duration Position	Target Maturity Range	Highlights
Short Maturity Muni			Prefer Hlth, Hsg, Pwr to G.O.'s for Yield
Low Duration Taxable			Prefer Corporates and Taxable Munis
Intermediate Muni			Prefer Hlth, Hsg, Pwr to G.O.'s for Yield
Intermediate Taxable			Prefer Corporates and Taxable Munis
Tactical Muni ETF			Overweight to CA
Core Plus ETF			Slight Overweight to Corporates
Tactical Opportunity ETF			Neutral Munis to Taxables

Market Overview

Muni Rates	Current Wk	Yld Change	Prior Wk	Muni to UST
2 Year	0.62	0.00	0.62	103%
5 Year	1.41	-0.04	1.45	95%
10 Year	2.19	-0.11	2.30	103%
30 Year	3.16	-0.12	3.28	110%

UST Rates	Current Wk	Yld Change	Prior Wk
2 Year	0.60	-0.01	0.61
5 Year	1.48	-0.08	1.56
10 Year	2.12	-0.09	2.21
30 Year	2.88	-0.10	2.98

	Current Wk	Prior Wk
Weekly Municipal Supply (\$ Bln)		
Negotiated	\$5.23	\$3.38
Competitive	\$1.45	\$2.11
TOTAL	\$6.68	\$5.49

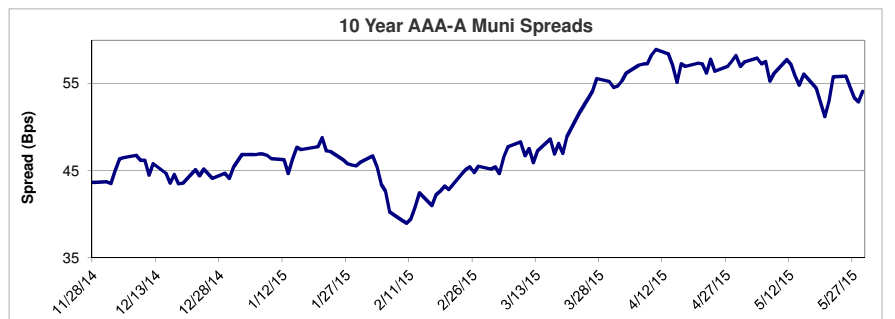
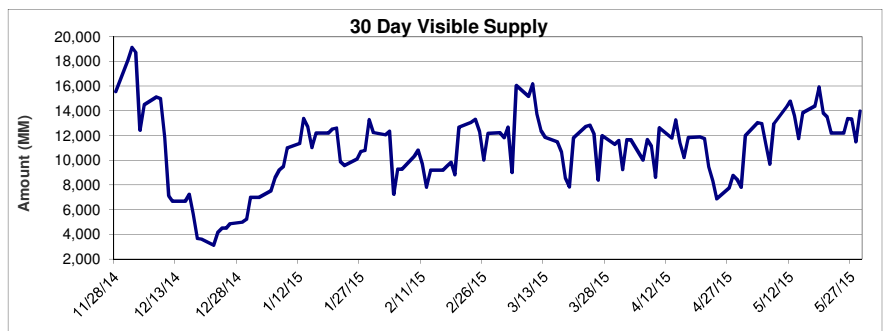
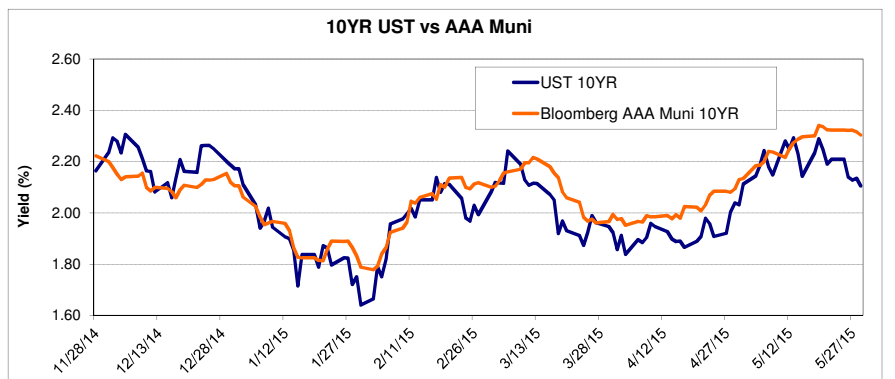
Municipal 30 Day Visible Supply (\$ Bln)	\$13.98	\$12.20
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Bloomberg Muni PICK Offerings (\$ Bln)	\$3.92	\$11.91
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Bond Buyer 20 Municipal G.O. Index	3.73%	3.81%
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Select Economic Releases

Date	Event	Period	Survey	Prior
6/1	Personal Income	Apr	0.30%	0.00%
6/1	Personal Spending	Apr	0.20%	0.40%
6/1	Markit US Manufacturing PMI	May F	53.80	53.80
6/1	ISM Manufacturing	May	52.00	51.50
6/1	Construction Spending MoM	Apr	0.80%	-0.60%
6/2	Factory Orders	Apr	-0.10%	2.10%
6/3	MBA Mortgage Applications	29-May	--	-1.60%
6/3	ADP Employment Change	May	198K	169K
6/3	Trade Balance	Apr	-\$44.0B	-\$51.4B
6/4	Initial Jobless Claims	30-May	278K	282K
6/5	Change in Nonfarm Payrolls	May	225K	223K



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.

AAA-A Muni Spreads - The difference in yield, as expressed in basis points (.01%), between the Bloomberg BVAL AAA 10 Year Benchmark Muni Index and the BVAL A Revenue 10 Year Muni Index.

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 are obtained through The MuniCenter, 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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