



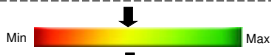

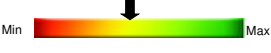

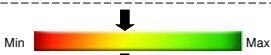
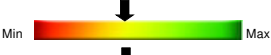
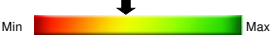


Trading Desk Commentary

Final prints on the UST curve showed a mild steepener for the week as the market's focus shifted back to Yellen and the US. Economic data hit the wires relatively mixed with a weaker retail sales but a stronger PPI number on Tuesday. Greek default/exit from the Euro fears were calmed early in the week as Tsipras and the Greek parliament passed austerity measures agreed upon with its creditors. After less frantic headlines out of Europe and a subsequent, sharp sell-off Monday, volume across the fixed space fizzled out, and rates grinded tighter past 5 years into the end of the week. China reported Q2 GDP better than expected at 7%, and, although this was a near term positive, participants are worried about a global growth slowdown led by the Chinese economy. Yellen is sticking to the 2015 story to begin fed policy tightening, but rate action looked like it was calling her bluff. Looking forward, we expect the remaining summer sessions to be volatile and all eyes to be back on US economic data leading the path of rates.

The muni market dismissed more negative Puerto Rico headlines and placed a calendar of deals headlined by Cal University System and the City of Chicago. Last week Puerto Rico's Public Finance Corporation failed to appropriate funds for an August 1, 2015 debt service payment, making an official default that much closer. It also heightens the potential for default from the island and its other issuing entities. Puerto Rico bonds traded cheaper after the headlines, but the rest of the market seemed to shrug off the news, feeling a default (or multiple defaults) in Puerto Rico would be contained and not severely impact the broader market. Our attention turned to the primary market, where the City of Chicago placed its tax-exempt portion of its deal at very wide spreads (+250) over the AAA MMD index on the long end. The large Cal University System transaction was easily placed, and a \$163 million loan for Lifebridge Health (MD) was 6x oversubscribed and placed with bumps to its scale. We also followed the Virginia Public School Authority's transaction closely. That deal priced with very tight spreads to the AAA MMD Index as it was a special obligation of Prince William County (Aaa/AAA). Because of the larger calendar with diverse credits, the secondary market was muted. Bids wanted were minimal, and dealers continued to sit on larger balances instead of taking concessions to move bonds. Next week we will sift through another ~ \$9 billion in primary issuance highlighted by a \$1.1 billion loan for NY Dorms and \$688 million Honolulu Wastewater transaction.

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			Slightly Shorter Positioning Given Volatility
Intermediate Muni			Slightly Shorter Positioning Given Volatility
Intermediate Taxable			Slightly Shorter Positioning Given Volatility
Tactical Muni ETF			Slightly Short, Overweight to CA
Core Plus ETF			Slightly Short, Overweight to Treasuries
Tactical Opportunity ETF			Slightly Short, 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	90%
5 Year	1.30	-0.02	1.32	73%
10 Year	2.29	-0.03	2.32	98%
30 Year	3.25	-0.06	3.31	106%

UST Rates	Current Wk	Yld Change	Prior Wk
2 Year	0.69	0.06	0.63
5 Year	1.79	0.14	1.65
10 Year	2.34	-0.05	2.39
30 Year	3.07	-0.12	3.19

	Current Wk	Prior Wk
Weekly Municipal Supply (\$ Bln)		
Negotiated	\$7.30	\$5.58
Competitive	\$1.49	\$1.55
TOTAL	\$8.79	\$7.13

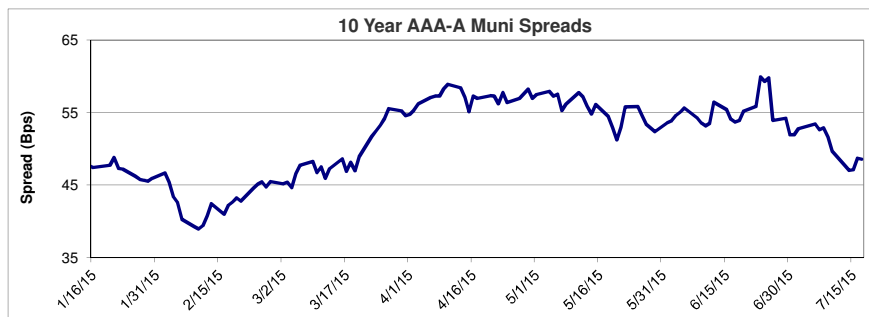
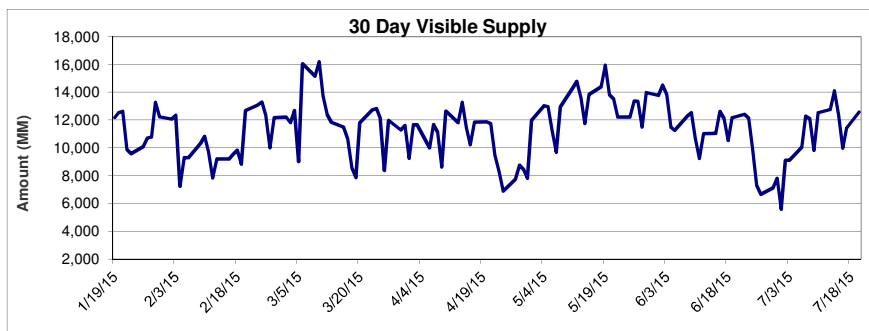
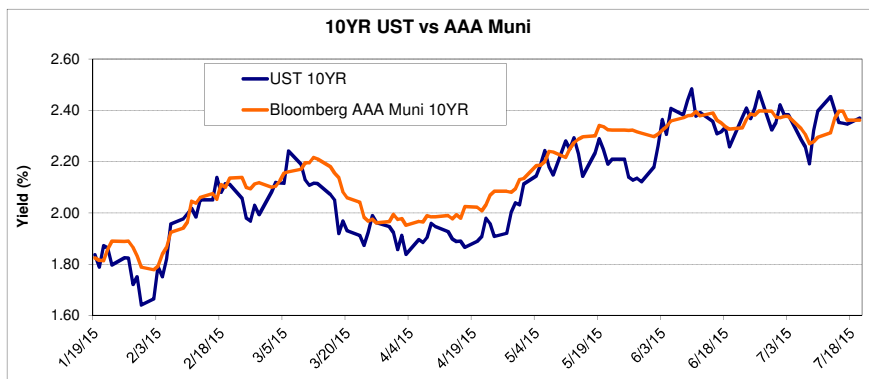
Municipal 30 Day Visible Supply (\$ Bln)	\$11.43	\$12.52
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Bloomberg Muni PICK Offerings (\$ Bln)	\$12.85	\$11.53
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Bond Buyer 20 Municipal G.O. Index	3.76%	3.76%
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Select Economic Releases

Date	Event	Period	Survey	Prior
7/22	MBA Mortgage Applications	17-Jul	--	-1.90%
7/22	FHFA House Price Index MoM	May	0.40%	0.30%
7/22	Existing Home Sales	Jun	5.40M	5.35M
7/23	Initial Jobless Claims	18-Jul	278K	281K
7/23	Leading Index	Jun	0.10%	0.70%
7/24	Markit US Manufacturing PMI	Jul P	53.70	53.60
7/24	New Home Sales	Jun	541K	546K



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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