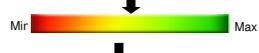
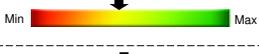
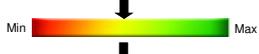
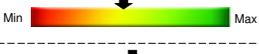
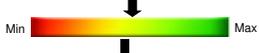


Trading Desk Commentary

There were enough positive economic releases early in the week to move rates higher, but, for the most part, treasuries were range bound while waiting for direction from Friday's nonfarm payroll report. Nonfarm payrolls increased by 242k in February vs. an expected 195k, and January's paltry 151k print was revised up by 21k to 172k. The initial sell-off quickly reversed as the market digested the decrease in hourly earnings. Average hourly earnings fell 0.1% pushing the YoY number back down to 2.2% from 2.5% last month, suppressing inflation expectations once again. It also suggests that as impressive as the job increases have been recently, the types of jobs being created are in question. A good number appear to be more part-time, retail-industry oriented which tend to be seasonal and lower paying. These jobs typically do not support big-ticket purchases such as homes or cars, which drive economic growth higher. As the bond market seesawed from sell-off to rally, the sell-off eventually prevailed as equity markets continued to rally around the world. The notion of more stimulus in China continued to prop up Asian equity markets, the Nikkei and Hang Seng indexes ended the week up 6% and 5%, respectively. Emerging markets continued a week-long rally, perhaps piggybacking on the sudden global optimism and a recent rebound in commodity prices. A measure of emerging market stocks, the MSCI Emerging Markets Index (MSCIEF) rose again on Friday capping off a gain of approximately 5% for the week. The index benefited from news out of Brazil that President Dilma Rousseff could be tied to an ongoing corruption probe involving Brazil's ex-president Luiz Inacio Lula da Silva. Any indictment could lead to a change in leadership that many blame for the country's current deep economic recession. Also supporting the optimism is the week-long rally in the price of oil. Oil has rallied to just under \$36/barrel, a year-to-date high. We will see next week if the rally has legs as the ECB is expected to announce additional QE measures at their meeting on March 10, however doubts remain as to the effectiveness of the tools Draghi has left to use. All the excitement from the week moved the probability of the next interest rate hike sooner in the year. As of last week, the first meeting with over a 50% chance of an increase fell in December, as of this writing, the September meeting now holds a greater than 50% chance.

As treasury rates sold-off over the course of the week, muni's followed suit. The market digested the heaviest week of primary supply this year, however many of the transactions were cheapened during re-pricing periods. The heavy supply coincided with a week of light fund inflows that was partially responsible for the concessions. These concessions trickled down into the secondary market where bids-sides were considerably cheaper across all sectors and rating categories. Munis may remain under considerable pressure next week as the calendar continues to remain elevated, relative to what we have seen so far this year. Approximately \$9 billion will come to market, headlined by a \$2 billion California State General Obligation transaction and a \$1.2 billion loan for the Empire State Development Corporation. On the credit front, S&P announced that it may cut the AA- rating of the Commonwealth of Pennsylvania as it has failed to pass a FY 2016 budget, putting further pressure on its structural budget gap which reflects unfavorably on the state's management. Also, Fitch has placed Alaska's AAA GO rating on negative watch due to uncertainty concerning drawdowns in reserve funds used to offset declines in oil-related revenues. S&P downgraded the state to AA+ back in January. We continue to monitor the impact subdued oil prices are having on oil dependent states such as Alaska, Wyoming, Texas, and North Dakota and what downstream pressure their local governments remain subject to.

Caprin Strategy Summary

Name	Target Duration Position	Target Maturity Range	Highlights
Short Maturity Muni		0 YRS - 5 YRS	Prefer Hlth, Hsg, Pwr to G.O.'s for Yield
Low Duration Taxable		0 YRS - 5 YRS	Slightly Shorter Positioning Given Volatility
Intermediate Muni		0 YRS - 17 YRS	Neutral Positioning Given Global Weakness
Intermediate Taxable		0 YRS - 12 YRS	Neutral Positioning Given Global Weakness
Tactical Muni ETF			Neutral Duration, Overweight to CA
Core Plus ETF			Neutral Duration, Overweight to Treasuries
Tactical Opportunity ETF			Neutral Duration, Neutral Munis to Taxables

Market Overview

Muni Rates	Current Wk	Yld Change	Prior Wk	Muni to UST
2 Year	0.61	0.07	0.54	71%
5 Year	1.08	0.15	0.93	79%
10 Year	1.90	0.14	1.76	102%
30 Year	2.90	0.10	2.80	108%

UST Rates			
2 Year	0.86	0.07	0.79
5 Year	1.37	0.13	1.24
10 Year	1.87	0.11	1.76
30 Year	2.69	0.06	2.63

	Current Wk	Prior Wk
Weekly Municipal Supply (\$ Bln)		
Negotiated	\$7.14	\$8.90
Competitive	\$1.30	\$1.30
TOTAL	\$8.44	\$10.20

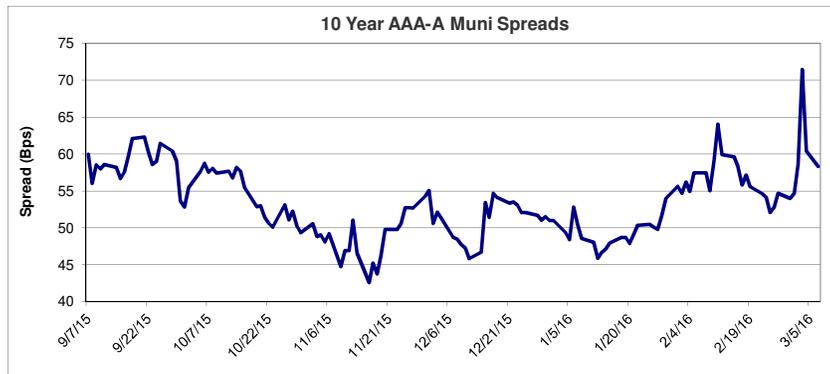
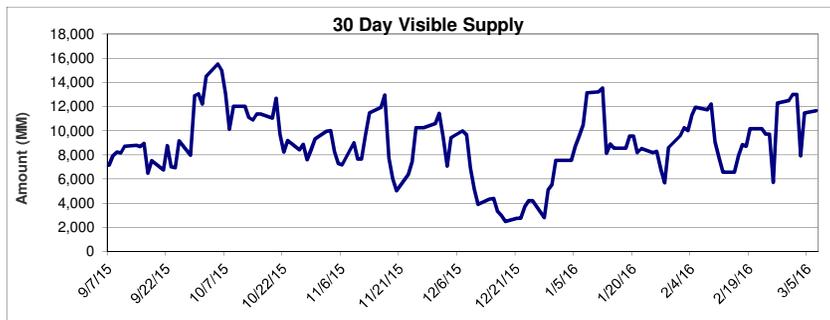
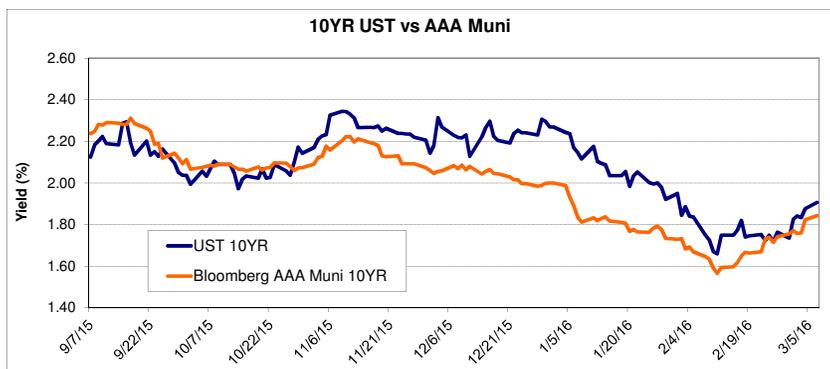
Municipal 30 Day Visible Supply (\$ Bln)	\$11.47	\$12.27
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Bloomberg Muni PICK Offerings (\$ Bln)	\$13.74	\$13.71
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Bond Buyer 20 Municipal G.O. Index	3.34%	3.34%
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Select Economic Releases

Date	Event	Period	Survey	Prior
3/7	Consumer Credit	Jan	\$17.00b	\$21.27b
3/8	NFIB Small Business Optimism	Feb	94	93.9
3/9	MBA Mortgage Applications	4-Mar	--	-4.80%
3/9	Wholesale Inventories MoM	Jan	-0.20%	-0.10%
3/10	Initial Jobless Claims	5-Mar	275k	278k
3/10	Monthly Budget Statement	Feb	-\$200.0b	-\$192.4b
3/10	Continuing Claims	27-Feb	2252k	2257k
3/10	Bloomberg Consumer Comfort	6-Mar	--	43.60
3/10	Household Change in Net Worth	4Q	--	-\$1232b
3/11	Import Price Index MoM	Feb	-0.70%	-1.10%
3/11	Import Price Index YoY	Feb	-6.50%	-6.20%



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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