












Trading Desk Commentary

With a full economic calendar this past week continuing to paint a picture of moderately soft US growth, it is apparent markets are still highly attuned to the price of Oil. Friday's Doha summit, where leaders from the largest global oil producers met to discuss a possible supply freeze, ended without an agreement. It is expected that this will weaken the price of crude at least initially and basically giving back a lot of the rally over the last eight weeks. Treasuries remained stable most of the week with a minor tone softer as equities posted solid performance setting several new highs for 2016. The type of range bound trading investors have seen in rates the last few weeks will likely persist until markets sense a sustainable change in global growth trajectory or digest more information from Chair Yellen and her confidantes. As easing measures continue to be pumped into developed economies in both Europe and Asia while sovereign debt yield is anchored near zero, and negative in some spots, the case for significantly higher intermediate and long term rates in the near term is difficult to make.

The municipal market saga forges ahead unabated as fund flows finished their 28th consecutive week of net positive inflows, and investor demand shows no signs of subsiding. The primary market is largely driving rate movement in the space, and many new issue deals are still seeing healthy oversubscription and bumps to their initial scales. Even as 30 day visible supply continues to stay consistently around \$10B+, we don't anticipate this to last as we head into the historically sluggish summer season. These are signals that not only are munis likely to perform well in a rising rate environment should the fed continue along that path, but technical factors are supporting an outperformance case for the sector moving into the second and third quarters. The legislation drafts hitting the wires regarding possible aid for Puerto Rico continue to dominate muni credit headlines as no concrete agreement has been set forth. Democrats and republicans are still in gridlock on the two major issues of how much control a restructuring board would have over the island's finances and, given various proposed degrees of severity, what effect the potential debt reorganization would have. Even with the return of baseball season, we are expecting the rally caps to stay away as rates should trade range-bound until further direction is digested. Until next week.

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 | 0.64 | -0.01 | 0.65 | 87% |
| 5 Year | 0.98 | 0.01 | 0.97 | 81% |
| 10 Year | 1.60 | 0.01 | 1.59 | 91% |
| 30 Year | 2.54 | 0.00 | 2.54 | 99% |

| UST Rates | | |
|-----------|------|------|
| 2 Year | 0.73 | 0.04 |
| 5 Year | 1.21 | 0.06 |
| 10 Year | 1.75 | 0.04 |
| 30 Year | 2.56 | 0.01 |

| | Current Wk | Prior Wk |
|---|---------------|---------------|
| Weekly Municipal Supply (\$ Bln) | | |
| Negotiated | \$2.80 | \$3.97 |
| Competitive | \$4.00 | \$1.76 |
| TOTAL | \$6.80 | \$5.73 |

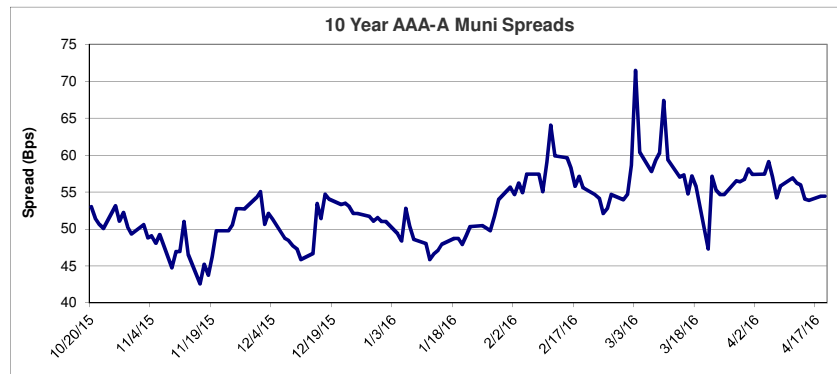
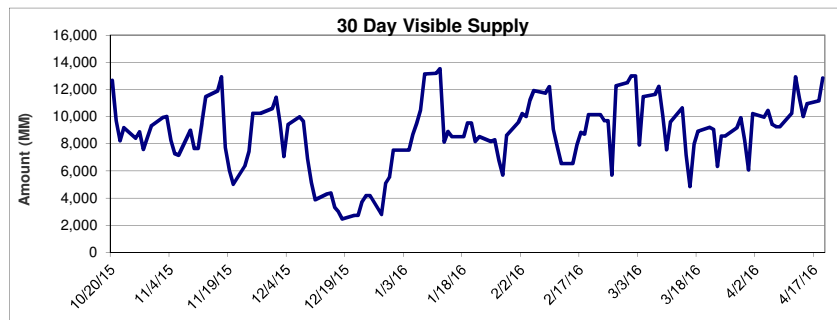
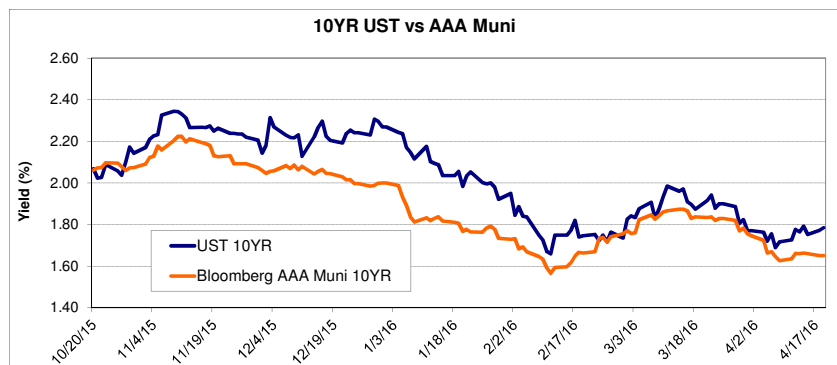
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|---|----------------|---------------|
| Municipal 30 Day Visible Supply (\$ Bln) | \$10.95 | \$9.27 |
|---|----------------|---------------|

| | | |
|---|----------------|----------------|
| Bloomberg Muni PICK Offerings (\$ Bln) | \$15.99 | \$15.32 |
|---|----------------|----------------|

| | | |
|---|--------------|--------------|
| Bond Buyer 20 Municipal G.O. Index | 3.30% | 3.28% |
|---|--------------|--------------|

Select Economic Releases

| Date | Event | Period | Survey | Prior |
|------|-----------------------------------|--------|--------|--------|
| 4/19 | Housing Starts | Mar | 1166k | 1178k |
| 4/20 | MBA Mortgage Applications | 15-Apr | -- | 10.00% |
| 4/20 | Existing Home Sales | Mar | 5.28m | 5.08m |
| 4/21 | Initial Jobless Claims | 16-Apr | 265k | 253k |
| 4/21 | Leading Index | Mar | 0.40% | 0.10% |
| 4/21 | Philadelphia Fed Business Outlook | Apr | 9 | 12.4 |
| 4/21 | FHFA House Price Index MoM | Feb | 0.40% | 0.50% |
| 4/21 | Continuing Claims | 9-Apr | 2171k | 2171k |
| 4/21 | Bloomberg Consumer Comfort | 17-Apr | -- | 43.6 |
| 4/21 | Chicago Fed Nat Activity Index | Mar | -0.15 | -0.29 |
| 4/22 | Markit US Manufacturing PMI | Apr P | 52 | 51.5 |



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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