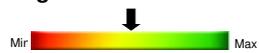


Trading Desk Commentary

The U.S. economy failed to rebound in the second quarter. Friday's GDP report which showed the economy expanded by 1.2% was far below the Bloomberg consensus estimate of 2.5%, Q1 was also revised down to 0.8% from 1.1%. The print supports a low growth cycle that is becoming all-to-familiar. GDP has now averaged less than 1% over the past three quarters. The report's sole bright spot was household consumption, which posted a 4.2% gain, the most since Q4 2014. The consumer has been shouldering the load for several quarters now but we believe they will have a difficult time leading the charge in a consistent manner going forward. Something else (i.e. business fixed investment) must step up and provide growth in order for the economy to expand at a more robust pace. But, with global growth headwinds abound and an uncertain election season right around the corner, we see the prospects of a strong turnaround in economic growth to be dim. In other news, the Fed met last week and as expected left benchmark rates unchanged. There was no press conference after the meeting, nor were there any updates to the dot plots. However, the hawks will point to the statement made claiming "risks to the U.S. economy have diminished". Markets for the most part collectively yawned. Treasuries did catch a rally post-GDP on Friday afternoon. The 10-yr was stronger by a half point, settling in around 1.45% as of 4:30pm Friday afternoon, while the long bond was stronger by a point, trading around 2.18% during the same time. We think markets will stay in a tight trading range with downward pressure on yields should we get a weak Nonfarm payroll print on Friday. Conversely, a stronger than expected Nonfarm number report would have limited upside yield potential.

The municipal primary market will come alive this week after two weeks of light issuance and will provide some reprieve from a stale secondary market. Over \$12 billion will price this week across all sectors, highlighted by an \$855 million general obligation transaction for the City of New York and a \$740 million loan for the Miami-Dade Airport. Demand has and is expected to remain robust. Lipper reported its 43rd consecutive week of inflows into municipal funds last week and we expect another week of inflows to occur this week. In credit news, Puerto Rico faces another round of debt service payments on August 1. The island and its various issuing authorities owe \$350 million in principal and interest on bonds issued from its Sales Tax Financing Corp, Government Development Bank, and Aqueduct and Sewer Authority, among others. This default comes on the heels of the \$1 billion in missed debt service payments due back on July 1.

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	0.52	-0.07	0.59	79%
5 Year	0.85	-0.03	0.88	83%
10 Year	1.42	-0.03	1.45	98%
30 Year	2.13	-0.02	2.15	98%

UST Rates			
2 Year	0.66	-0.05	0.70
5 Year	1.02	-0.09	1.12
10 Year	1.45	-0.11	1.57
30 Year	2.18	-0.10	2.28

	Current Wk	Prior Wk
Weekly Municipal Supply (\$ Bln)		
Negotiated	\$7.73	\$4.95
Competitive	\$2.75	\$0.91
TOTAL	\$10.48	\$5.86

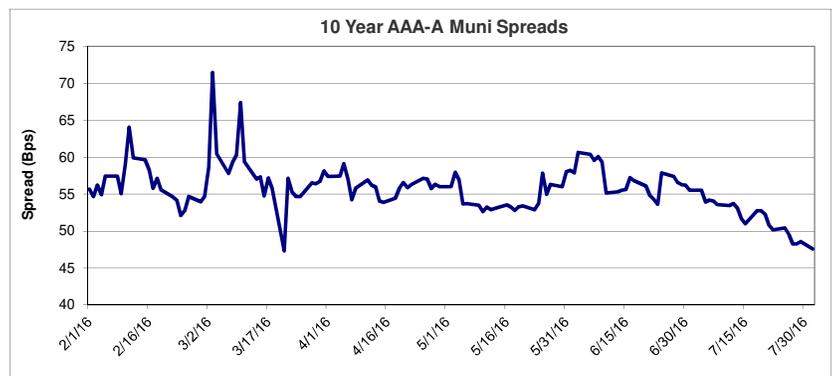
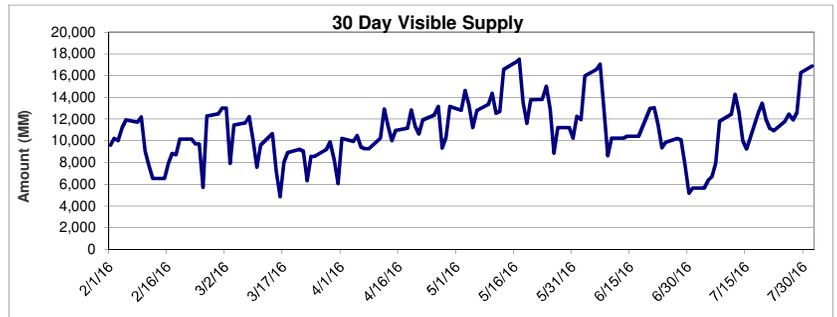
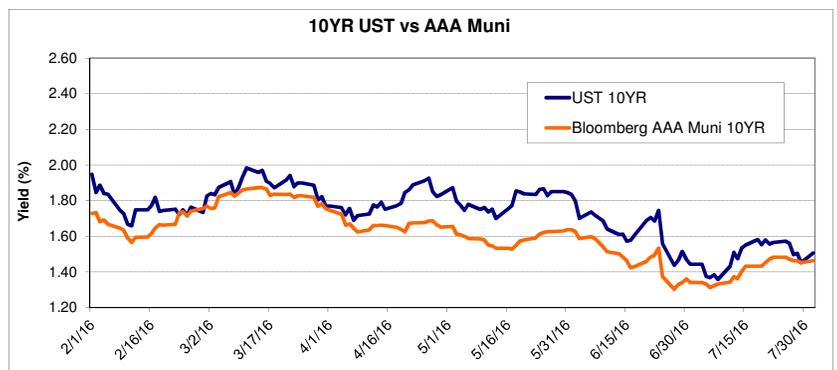
Municipal 30 Day Visible Supply (\$ Bln)	\$16.25	\$10.94
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Bloomberg Muni PICK Offerings (\$ Bln)	\$12.86	\$13.41
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Bond Buyer 20 Municipal G.O. Index	2.85%	2.87%
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Select Economic Releases

Date	Event	Period	Survey	Prior
8/1	ISM Manufacturing	Jul	53	53.2
8/1	Markit US Manufacturing PMI	Jul F	52.9	52.9
8/2	Personal Spending	Jun	0.30%	0.40%
8/2	Personal Income	Jun	0.30%	0.20%
8/3	MBA Mortgage Applications	29-Jul	--	-11.20%
8/4	Initial Jobless Claims	30-Jul	265k	266k
8/4	Durable Goods Orders	Jun F	-4.00%	-4.00%
8/4	Factory Orders	Jun	-1.80%	-1.00%
8/5	Change in Nonfarm Payrolls	Jul	180k	287k
8/5	Unemployment Rate	Jul	4.80%	4.90%
8/5	Trade Balance	Jun	-\$43.0b	-\$41.1b



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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