





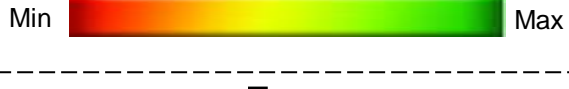






Trading Desk Commentary

The idea of a March rate hike by the FOMC was all but solidified in this past week's trading sessions. Participants and market makers cited hawkish fed speak backed by data that, on the surface, is likely to satisfy the governors' minimum requirements for a hike. Front end US benchmark term structures all softened 15-20bps, and 'industry standard' models were placing the probability of a hike at 94% (compared to 50% the week prior). Trump also announced (with very little detail) a major \$1T+ infrastructure investment plan along with big talk on corporate and individual tax cuts in his first joint address to Congress. France's imminent election continues to stay atop global headlines as any glimpse of a Le Pen victory sends a bid to quality, and street strategists believe these macro headwinds need more clarity and direction before rates can trend in either direction. Event risk continues to plague portfolios as another common theme as we progress through 2017.

Munis continue to outperform their taxable counterparts with front end muni ratios as low as the 70s. This disconnect will likely revert when municipals come off of their lows a little on a heavier expected new issuance calendar and a near term uptick in visible supply. The market saw a second consecutive week of muni fund outflows totaling just under \$350mm. Next week is shaping up to be a promising one with many deals in our mid-Atlantic footprint and several large State GO loans pricing that will set the trading tone for the week. A reminder that although the sample size is relatively small, historical data suggests the municipal asset class will perform well against a backdrop of rising rates, and given the aggressive tone the FOMC has adopted this could be the year where this theory will be tested again. 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	Maintain Conservative Maturity Positioning
Intermediate Taxable		0 YRS  12 YRS	Overweight to High Grade Corporates
Tactical Muni ETF			Slightly Shorter, Focus on Extension Risk
Core Plus ETF			Slightly Shorter, Slight Credit Overweight
Tactical Opportunity ETF			Slightly Shorter, Neutral Muni to Taxables

Market Overview

Muni Rates	Current Wk	Yld Change	Prior Wk	Muni to UST
2 Year	1.02	0.06	0.96	78%
5 Year	1.58	0.08	1.50	79%
10 Year	2.42	0.13	2.29	98%
30 Year	3.18	0.13	3.05	104%

UST Rates			
2 Year	1.31	0.16	1.14
5 Year	2.01	0.20	1.80
10 Year	2.48	0.17	2.31
30 Year	3.07	0.12	2.95

	Current Wk	Prior Wk
Weekly Municipal Supply (\$ Bln)		
Negotiated	\$7.48	\$2.86
Competitive	\$2.44	\$1.36
TOTAL	\$9.92	\$4.22

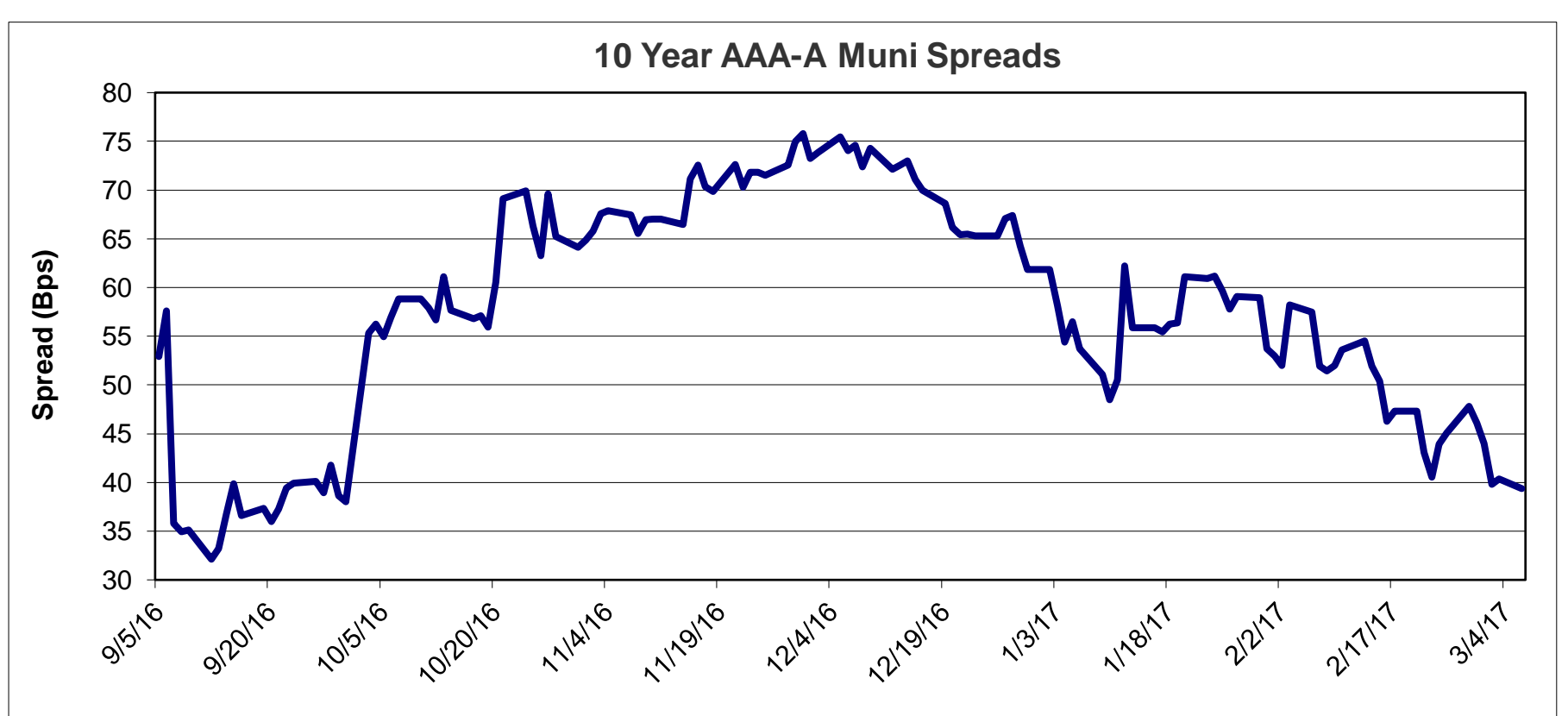
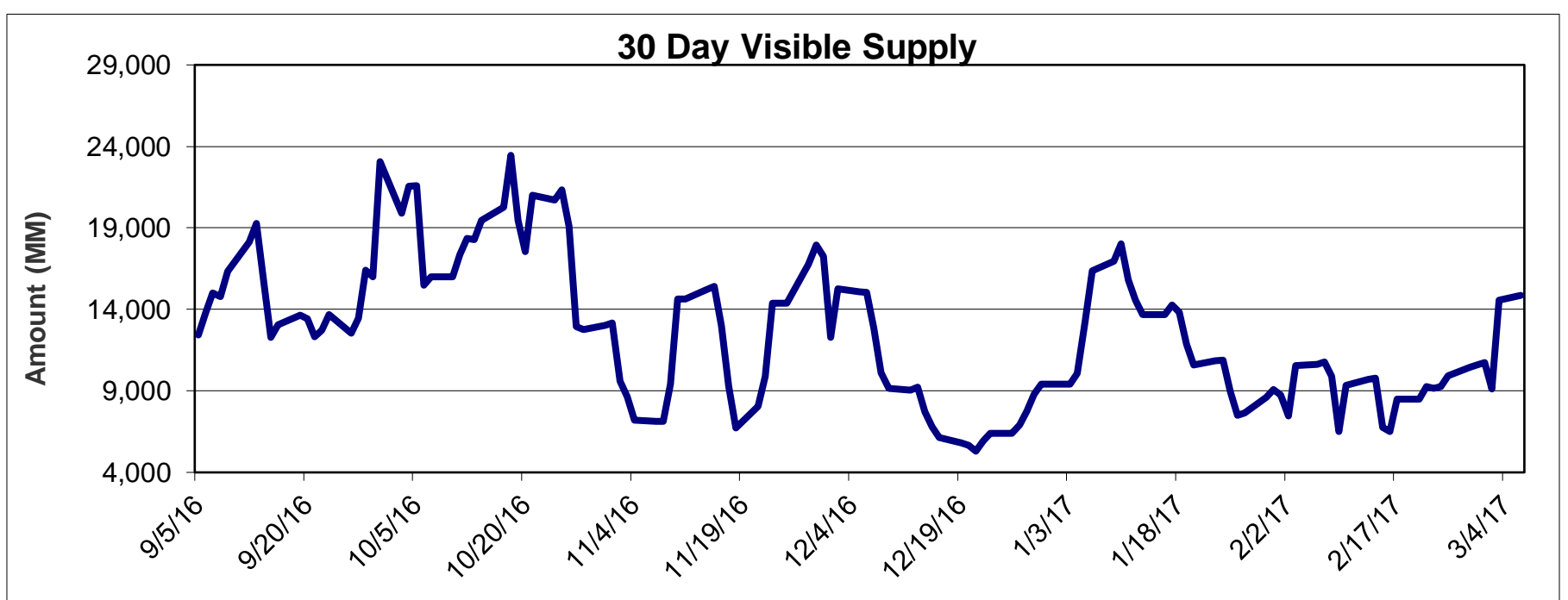
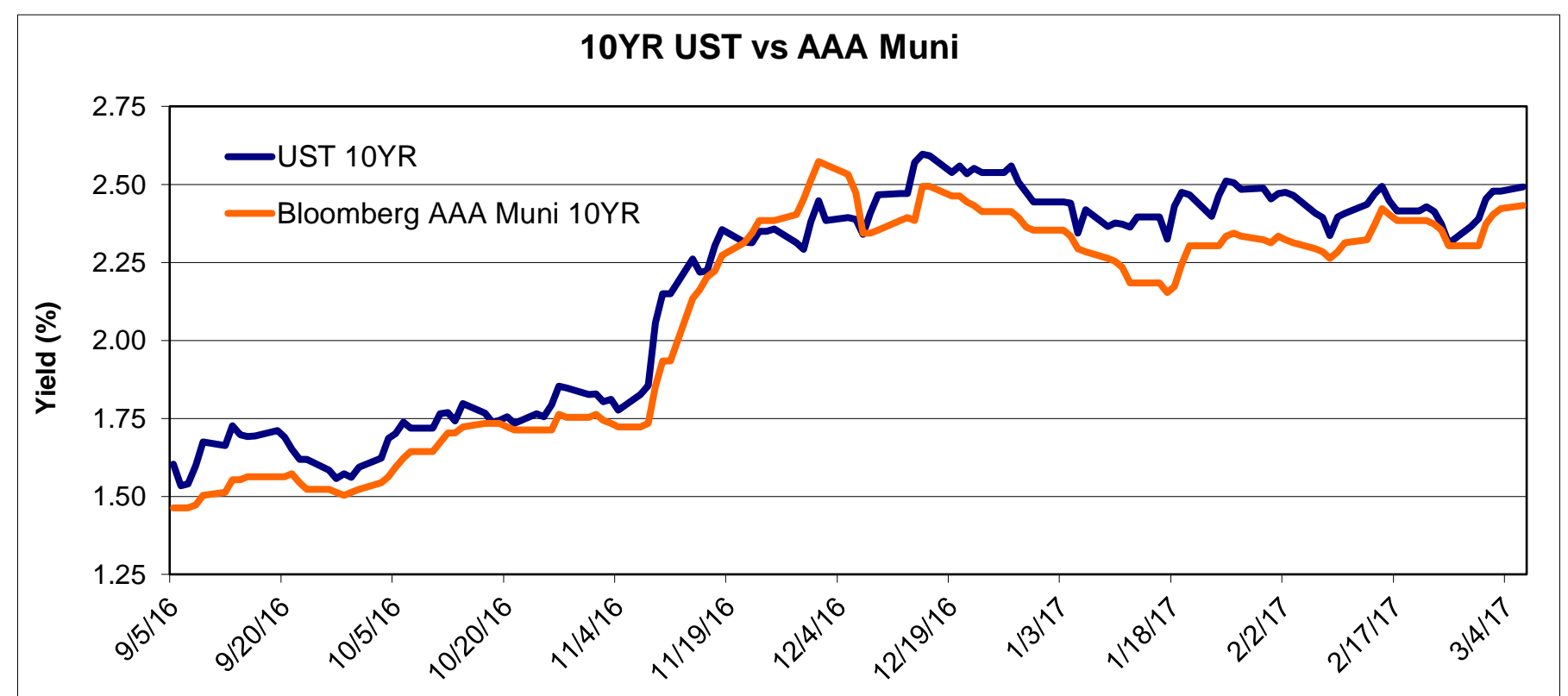
Municipal 30 Day Visible Supply (\$ Bln)	\$14.58	\$9.94
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Bloomberg Muni PICK Offerings (\$ Bln)	\$17.93	\$18.86
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Bond Buyer 20 Municipal G.O. Index	3.95%	3.92%
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Select Economic Releases

Date	Event	Period	Survey	Prior
3/6	Durable Goods Orders	Jan F	1.00%	1.80%
3/6	Factory Orders	Jan	1.00%	1.30%
3/7	Trade Balance	Jan	-\$48.5b	-\$44.3b
3/8	MBA Mortgage Applications	3-Mar	--	5.80%
3/8	ADP Employment Change	Feb	189k	246k
3/8	Wholesale Inventories MoM	Jan F	-0.10%	-0.10%
3/9	Initial Jobless Claims	4-Mar	238k	223k
3/9	Import Price Index MoM	Feb	0.10%	0.40%
3/10	Change in Nonfarm Payrolls	Feb	190k	227k
3/10	Unemployment Rate	Feb	4.70%	4.80%
3/10	Monthly Budget Statement	Feb	-\$170.0b	\$51.3b



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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