












## Trading Desk Commentary

To no surprise of market participants, the FOMC raised their Fed Funds target bands by 25bps to 0.75%-1.00%. The announcement and testimony was generally perceived dovish due to the lack of conviction in the statement language behind projections of US growth activity. Due to the market seemingly being caught off guard, the rate rally can be attributed to the unwind of participant hedging the potential of a more defined and quicker rate hike path. We have been watching closely for hints of the eventual unwinding of the fed's balance sheet but yet again were let down by the statement and prepared remarks. There has been speculation that the 1% fed funds level was a possibility with regard to balance sheet reduction, so it is our opinion that, with another rate hike or two on the table for 2017, we could see some talk and potential action on that front. We remain focused on more clarity from the Trump administration and Washington regarding further plans to spur economic growth (i.e. solidified tax plan proposal, infrastructure, etc).

Municipals underperformed treasuries across the curve with the 30Y tenor providing the only relief and outperforming by 1bp. Municipal exchange traded fund products continue to lag after some outflows to start the year. Ratios have loosened a little with the front end in the low 80s vs the 70s we saw the past few weeks. Lipper reported a minor inflow of \$9M, and municipal ETFs registered \$31M of inflows. We expect those numbers to increase slightly in the near term; munis are attractive in both the 5Y and 10Y space from a relative value perspective. Muni supply is light in our footprint this week so we expect to focus on finding value in the secondary. 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	1.08	0.03	1.05	82%
5 Year	1.66	0.01	1.65	82%
10 Year	2.38	-0.09	2.47	95%
30 Year	3.16	-0.08	3.24	102%

UST Rates			
2 Year	1.31	-0.04	1.35
5 Year	2.02	-0.08	2.10
10 Year	2.50	-0.07	2.57
30 Year	3.11	-0.08	3.19

	Current Wk	Prior Wk
<b>Weekly Municipal Supply (\$ Bln)</b>		
Negotiated	\$2.81	\$3.04
Competitive	\$1.54	\$1.66
<b>TOTAL</b>	<b>\$4.35</b>	<b>\$4.70</b>

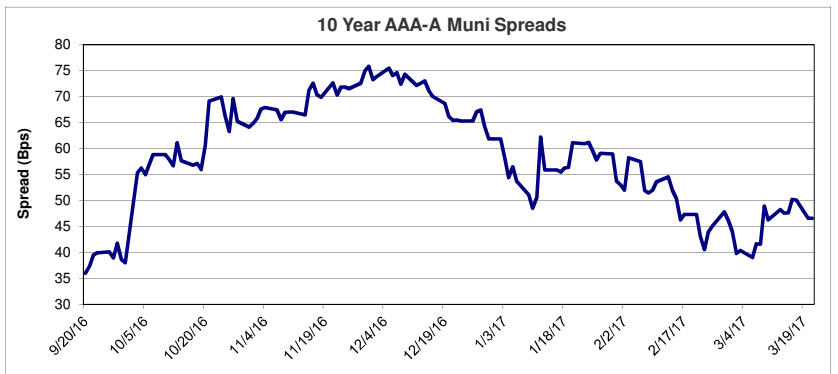
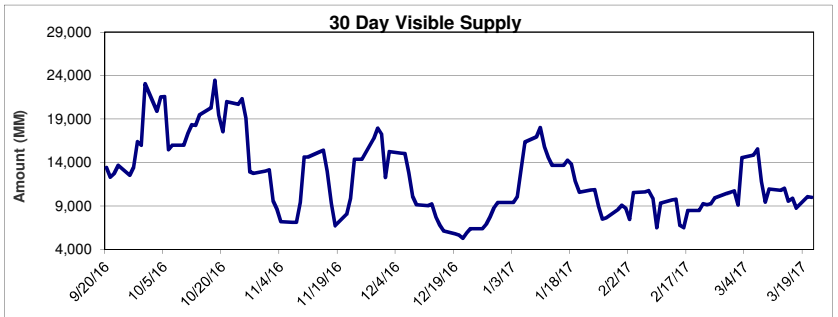
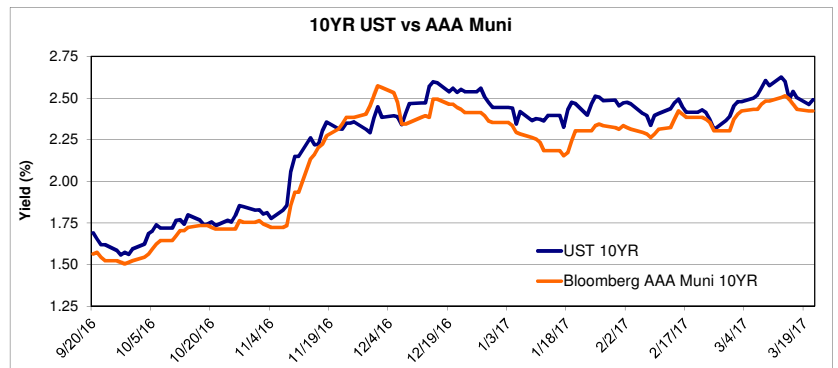
<b>Municipal 30 Day Visible Supply (\$ Bln)</b>	<b>\$8.75</b>	<b>\$10.96</b>
-------------------------------------------------	---------------	----------------

<b>Bloomberg Muni PICK Offerings (\$ Bln)</b>	<b>\$19.30</b>	<b>\$19.73</b>
-----------------------------------------------	----------------	----------------

<b>Bond Buyer 20 Municipal G.O. Index</b>	<b>4.02%</b>	<b>4.02%</b>
-------------------------------------------	--------------	--------------

### Select Economic Releases

Date	Event	Period	Survey	Prior
3/21	Current Account Balance	4Q	-\$129.0b	-\$113.0b
3/22	MBA Mortgage Applications	17-Mar	--	3.10%
3/22	Existing Home Sales	Feb	5.55m	5.69m
3/22	FHFA House Price Index MoM	Jan	0.40%	0.40%
3/23	Initial Jobless Claims	18-Mar	240k	241k
3/23	New Home Sales	Feb	564k	555k
3/23	Bloomberg Consumer Comfort	19-Mar	--	51
3/23	Continuing Claims	11-Mar	2040k	2030k
3/24	Durable Goods Orders	Feb P	1.40%	2.00%
3/24	Markit US Manufacturing PMI	Mar P	54.8	54.2
3/24	Durables Ex Transportation	Feb P	0.60%	0.00%



**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.

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product made reference to directly or indirectly in this piece, will be profitable, equal any corresponding indicated historical performance level(s), or be suitable for your portfolio. Due to various factors, including changing market conditions, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion of information contained in this piece serves as the receipt of, or as a substitute for, personalized advice from Caprin Asset Management. To the extent that a reader has any questions regarding the applicability to their situation of any specific issue discussed above, they are encouraged to consult with the professional advisor of their choosing. A copy of our current written disclosure statement discussing our advisory services and fees is available for review upon request.