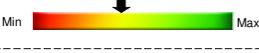


Trading Desk Commentary

With all that's going on in the world currently, markets were largely dismissive last week - both stocks and bonds ended the week about where they started. It seems that the possibility of a major military event stemming from geopolitical tensions in North Korea and Russia, among other nations, are being viewed as remote. The potential market moving Presidential election in France was finalized over the weekend with centrist candidate Emmanuel Macron and far-right party leader Marine Le Pen advancing to a final runoff to be held on May 7. The results were in-line with market expectations, but that didn't stop traders from going into risk-on mode. European stocks and the Euro climbed higher on the news. U.S. futures pointed to a 1% to 2% higher opening as of this writing. Treasuries bore the brunt of the risk-on rally overnight Sunday as yields edged higher across the curve. The 10-yr and 30-yr spots led declines, decreasing by roughly a half-point and a point, respectively. We would not be surprised if this risk-on rally fades over the next week or so. Again, the election results were largely in line with what the market expected; perhaps the rally is a short-term relief trade on the basis of pollsters finally getting one right. Or perhaps it's the headlines that suggest Macron will easily defeat Le Pen behind the backing of the other centralist candidates. As we learned firsthand last November, pollsters and the headlines aside, the winner will be determined by the voters. There is no doubt Macron has the advantage with the backing from the other centralist candidates he defeated, however if right-leaning Le Pen can convince proponents of left-leaning candidate Jean-Luc Melenchon to join the Euroskeptic movement, the results could be a lot closer than many expect. Should Le Pen pull the upset on May 7th, the ensuing reversal trade to risk-off could be a volatile one.

Muni's slightly outperformed treasuries by 1 to 3 basis points across the curve last week. After massive inflows of more than a \$1 billion the previous week, last week saw volume decline with roughly \$290 million still entering the space. Visible supply has remained in the \$14 billion range for the past week, indicating primary issuance should increase heading into the summer months although it is not elevated enough where we think the supply would cause problems for the secondary market. This week issuance is robust at more than \$12 billion, however roughly 30% of the issuance will be taxable, headlined by \$3.9 billion for Kaiser Permanente Health in California. News out of the White House last week indicated that comprehensive tax reform would be released this week or "soon" thereafter. There are also whispers that Republicans are close to taking another crack at repealing and replacing the ACA in the next week or two or "soon" thereafter. We will continue to monitor both situations closely and will update our readers in next week's piece should material reform be introduced to the public.

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	0.95	-0.01	0.96	80%
5 Year	1.37	-0.04	1.41	77%
10 Year	2.05	-0.02	2.07	91%
30 Year	2.90	-0.01	2.91	100%

UST Rates			
2 Year	1.18	-0.03	1.21
5 Year	1.77	0.00	1.77
10 Year	2.25	0.01	2.24
30 Year	2.91	0.02	2.89

	Current Wk	Prior Wk
Weekly Municipal Supply (\$ Bln)		
Negotiated	\$8.40	\$3.99
Competitive	\$1.70	\$1.27
TOTAL	\$10.10	\$5.26

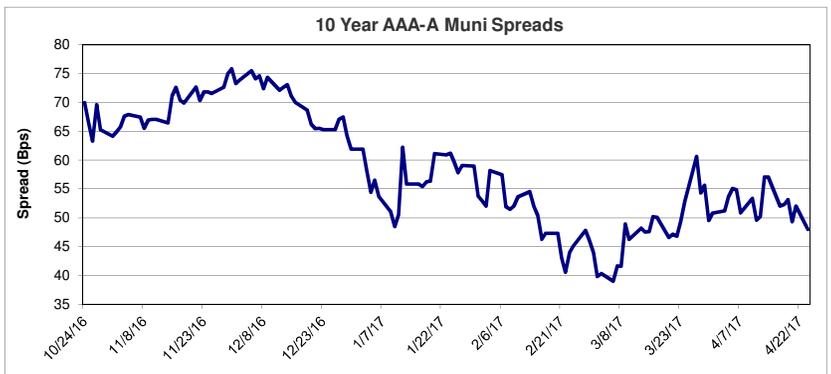
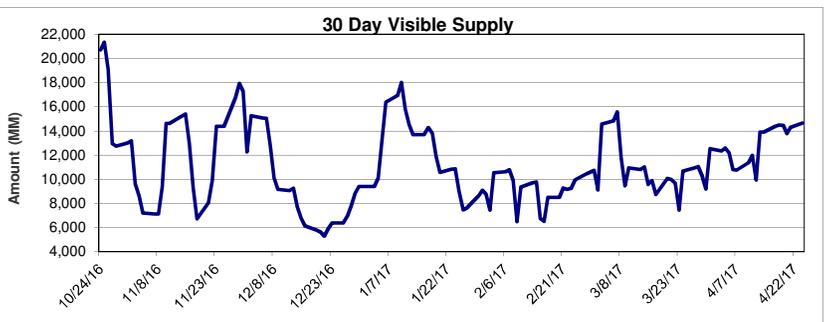
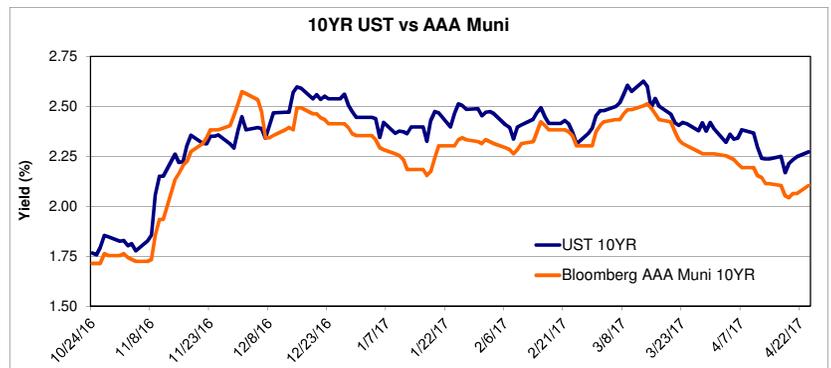
Municipal 30 Day Visible Supply (\$ Bln)	\$14.30	\$13.92
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Bloomberg Muni PICK Offerings (\$ Bln)	\$16.05	\$19.65
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Bond Buyer 20 Municipal G.O. Index	3.71%	3.77%
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Select Economic Releases

Date	Event	Period	Survey	Prior
4/25	Conf. Board Consumer Confidence	Apr	122.5	125.6
4/25	New Home Sales	Mar	584k	592k
4/26	MBA Mortgage Applications	21-Apr	--	-1.80%
4/27	Initial Jobless Claims	22-Apr	245k	244k
4/27	Durable Goods Orders	Mar P	1.30%	1.80%
4/27	Wholesale Inventories MoM	Mar P	0.20%	0.40%
4/27	Pending Home Sales MoM	Mar	-1.00%	5.50%
4/28	GDP Annualized QoQ	1Q A	1.00%	2.10%
4/28	U. of Mich. Sentiment	Apr F	98	98
4/28	Chicago Purchasing Manager	Apr	56.3	57.7
4/28	GDP Price Index	1Q A	2.00%	2.10%



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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