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As perceived tensions in Ukraine eased somewhat this week, risk markets developed a positive tone and saw equity indices move back into all-time high territory. Treasury yields came under pressure and gradually marched higher as investors not only felt more comfortable with the Eastern European situation, but perhaps began to believe that Friday's Payroll data may indicate that the jobs market is beginning to thaw out – despite the subzero temperatures and ice storms still plaguing the East Coast. Back-to-back weak Nonfarm Payroll prints in December and January had many investors wondering whether job growth and overall economic health in the U.S had plateaued. Recent housing and manufacturing data showed softer tendencies that could not be neatly explained by the harsh winter weather, so the better than anticipated release of 175K jobs provided a welcome sigh of relief. Yields moved quickly higher, with the 10YR UST trading at approximately 2.79% as of this writing. As we have said before, one number does not make a trend, and we continue to believe rates will remain relatively range bound in the near-term. However, as the Federal Reserve continues to be particularly data dependent, a number such as this will help them justify further reductions in their asset purchases.

The Municipal market started the week still taking much of its direction from US Treasuries. Light supply and limited trading activity prevented Munis from taking on much life of their own. In the coming weeks, it look like the US Treasury and Muni dynamic may be about to change. The Bond Buyer's 30-day visible number has now jumped over the \$13bln mark. This week marks the first time in 2014 that this stat has moved into the double-digit range. We have frequently mentioned the strained supply picture in our weekly piece all year. Its effect on traders' ability to locate bonds and reveal reliable price discovery in the tax-exempt space has been significant. Demand for traditional Muni supply has overwhelmed what little new issuance we see come to market. Muni outflows turned to inflows early this year and created another weak source of notable Muni bond demand. As we approach Tax Day, investors may become more cognizant of their tax situation and the more punitive tax bills that they could be facing in the coming years. This makes the Muni tax benefit that much more attractive. Munis' tax status is likely to continue to come under fire as legislators look for ways to increase revenue as budget battles continue, but any real changes to the tax code appear excessively unlikely in 2014. The bottom line: more cash in seeking out Muni bonds than are readily available. But how much is demand outstripping supply? That is a bit harder to quantify but we do know that in the coming weeks, Muni appetite will receive its most strenuous test so far this year. Dealers will bring \$11bln in new Muni supply next week alone. The deals are somewhat concentrated in a \$3bln (Ba2/BB+/BB) Commonwealth of Puerto Rico general obligation loan and \$1.6bln (A1/A/A) State of California general obligation deal. Four other deals from issuers based in New York, Texas, and Illinois make up two-thirds of next week's supply calendar. The quick spike in supply coupled with some bond weakness to finish the week has participants a little concerned about how well these deals will be received. For the first time in 2014, it is probably fair to say that supply is a concern. US Treasury stability next week would go a long way to entice buyers. It also helps that many of the largest deals will offer a fair amount of yield over MMD's AAA benchmark. Especially Puerto Rico, but that is best viewed as its own unique animal right now, given its stark credit deterioration over the past few weeks. We will be combing through the various new deals and see if anything catches our eye. We still believe over the near-term, rates should remain somewhat range-bound. If the crowded primary market forces some issuers to bring their loans at 'cheap' levels, we would still view this as a good time to get cash to work.

Caprin Strategy Summary

Name	Target Duration Position	Target Maturity Range	Highlights
Short Maturity Muni	Min  Max	0 YRS  5 YRS	Prefer Hlth, Hsg, Pwr to G.O.'s for Yield
Low Duration Taxable	Min  Max	0 YRS  5 YRS	Prefer Corporates and Taxable Munis
Intermediate Muni	Min  Max	0 YRS  17 YRS	Prefer Hlth, Hsg, Pwr to G.O.'s for Yield
Intermediate Taxable	Min  Max	0 YRS  12 YRS	Prefer Corporates and Taxable Munis
Tactical Muni ETF	Min  Max		Slight Overweight to CA
Core Plus ETF	Min  Max		Slight Overweight to Corporates
Tactical Opportunity ETF	Min  Max		Overweight Taxables to Munis

Market Overview

Muni Rates	Current Wk	Yld Change	Prior Wk	Muni to UST
2 Year	0.25	-0.01	0.26	69%
5 Year	1.08	0.08	1.00	66%
10 Year	2.52	0.12	2.40	90%
30 Year	3.84	0.12	3.72	103%

UST Rates	Current Wk	Yld Change	Prior Wk
2 Year	0.36	0.04	0.32
5 Year	1.63	0.13	1.50
10 Year	2.79	0.14	2.65
30 Year	3.72	0.14	3.58

	Current Wk	Prior Wk
Weekly Municipal Supply (\$ Bln)		
Negotiated	\$8.87	\$3.67
Competitive	\$0.93	\$1.29
TOTAL	\$9.80	\$4.96

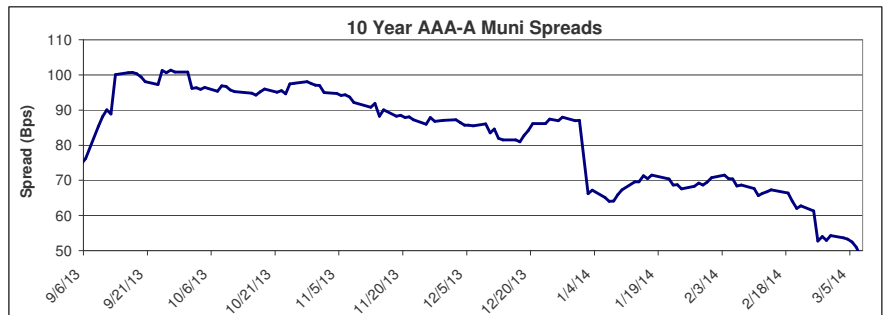
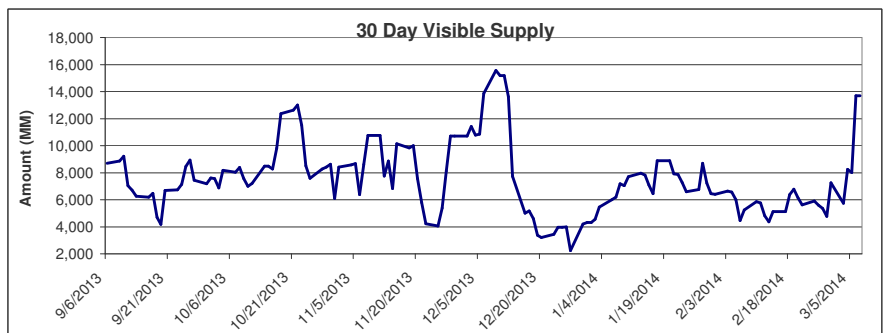
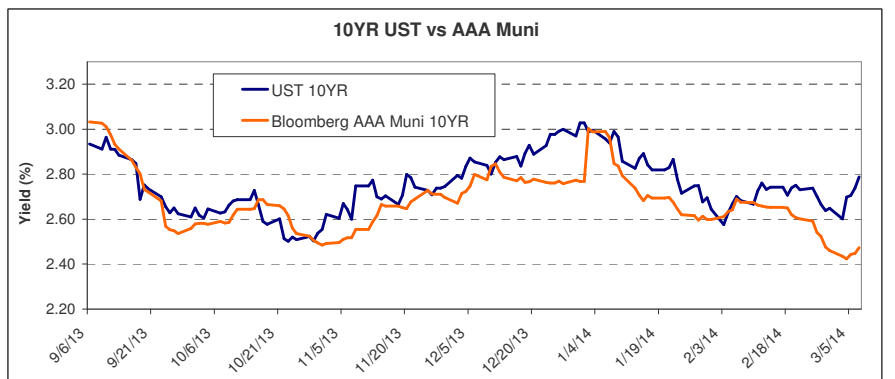
Municipal 30 Day Visible Supply (\$ Bln)	\$13.70	\$7.26
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Bloomberg Muni PICK Offerings (\$ Bln)	\$14.63	\$12.34
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Bond Buyer 20 Municipal G.O. Index	4.41%	4.38%
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Select Economic Releases

Date	Event	Period	Survey	Prior
3/12	MBA Mortgage Applications	7-Mar	--	9.40%
3/13	Initial Jobless Claims	8-Mar	330K	323K
3/13	Retail Sales Advance MoM	Feb	0.20%	-0.40%
3/13	Retail Sales Ex Auto MoM	Feb	0.10%	0.00%
3/14	PPI Final Demand MoM	Feb	0.20%	0.20%
3/14	Univ. of Michigan Confidence	Mar P	82.00	81.60



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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