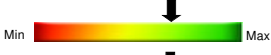



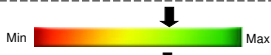

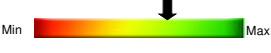

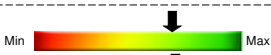




Trading Desk Commentary

The US Treasury market enjoyed relatively muted volatility through Wednesday but news of a Ukrainian agreement Thursday released some of the pressure that had built up in recent trading sessions. Several events fueled activity in government debt, but the net effect amounted to only a modest move higher to yields (from a 2.62% Monday to 2.65% through Wednesday evening). The situation in Ukraine early in the week generated demand in haven assets. Ukraine, in its most overt military action during recent tensions, sent in troops on Tuesday to retake an airport that was under the control of pro-Russia activists in the eastern portion of the country. Putin responded that the country was on the verge of civil war and that the probability of a larger scale conflict had increased. Meanwhile, US economic releases showed a few signs of life, supporting the notion that the Fed was on track with tapering as planned. The unchanged Fed outlook provided a counterweight to the Ukraine-driven rally. Then, somewhere in between, was Yellen's speech at the Economic Club of New York. Her language did not provide many surprises, especially in regards to the Fed's rate policy. The Fed remains committed to low rates until inflation and unemployment have shown significant and lasting improvement. The 3-5 year portion of the curve continues to react most sensitively to Fed comments and the evolving outlook. Elsewhere along the curve showed negligible reaction to Yellen's new comments. Then today, after a six-hour meeting in Geneva, Ukraine and Russia agreed to make progress to squash their escalating conflict. Both sides agreed to avoid any more military action as peace is restored. This piece of news sent US Treasuries bounding higher as trader unwound their safety trades. Even so, our current rate outlook remains the same. We are still trapped within the channels that have been in place since February. We are sitting in the middle of that range even after today's sell-off; the range in total only amounts to roughly 25 basis points in the 10Yr UST. In the near-term, we believe it will take more than today's news from Geneva to push yields out of the trading range in one direction or another. Our expectation for continued sideways momentum is consistent with our neutral duration profile.

As is typical of this week, activity in the Municipal market began to wind down by Wednesday afternoon in anticipation of the observance of Good Friday. Desks felt particularly thin-staffed today, with Muni offerings coming across our Bloomberg terminals at a snail's pace relative to a normal day. Evals in the Muni space benefited from the limited transactions and sub-\$3bln issuance this week. Supply continues to serve as the main challenge for traders in tax-exempts. The Bond Buyer 30-day visible supply has nudged up close to \$9bln, the largest total we have seen in a month (when the huge Puerto Rico and California GO deals inflated the metric). Demand is plenty robust to handle this amount of issuance, which is a welcome sight for participants who have been tirelessly seeking out the paper they so sorely need. The Muni outperformance tightened Muni-to-Treasury ratios significantly in the first 10 years of the curve. This leaves little cushion for tax-exempts versus US Treasury moves going forward. Next week, we are expecting roughly \$6bln in new supply, with a \$750mln (A3/A-) State of Illinois general obligation loan leading the way. The deal should offer a fair amount of spread versus the AAA benchmark scale, though not as much as it would have at the beginning of the year. Credit spreads are at extremely tight levels as low supply coupled with healthy demand has forced buyers to pay up for yieldier sectors. Buyers are willing to take on the credit risk that a name like Illinois offers if it means getting invested and picking up some incremental yield. Speaking of credit risk, Detroit's bankruptcies proceedings took an interesting (and positive) turn. The most recent proposal from the city would pay holders of the defaulted unlimited GO debt 74 cents on the dollar, a vast improvement from the original proposal of 15 cents (the same that was offered to holders of the limited obligation debt). Unlimited GO is a sacred title, and it should be treated as such. Detroit made the wise revision and is demonstrating the significance of the phrase 'full faith and credit.' We hope everyone enjoys their long weekend and a much deserved break with friends and family.

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	Prefer Corporates and Taxable Munis
Intermediate Muni		0 YRS  17 YRS	Prefer Hlth, Hsg, Pwr to G.O.'s for Yield
Intermediate Taxable		0 YRS  12 YRS	Prefer Corporates and Taxable Munis
Tactical Muni ETF			Slight Overweight to CA
Core Plus ETF			Slight Overweight to Corporates
Tactical Opportunity ETF			Slight Overweight Munis to Taxables

Market Overview

Muni Rates	Current Wk	Yld Change	Prior Wk	Muni to UST
2 Year	0.35	-0.04	0.39	90%
5 Year	1.15	-0.04	1.19	66%
10 Year	2.27	-0.06	2.33	84%
30 Year	3.50	0.00	3.50	100%

UST Rates	Current Wk	Yld Change	Prior Wk
2 Year	0.39	0.04	0.35
5 Year	1.73	0.17	1.56
10 Year	2.71	0.10	2.61
30 Year	3.51	0.04	3.47

	Current Wk	Prior Wk
Weekly Municipal Supply (\$ Bln)		
Negotiated	\$4.56	\$1.27
Competitive	\$1.63	\$1.22
TOTAL	\$6.19	\$2.49

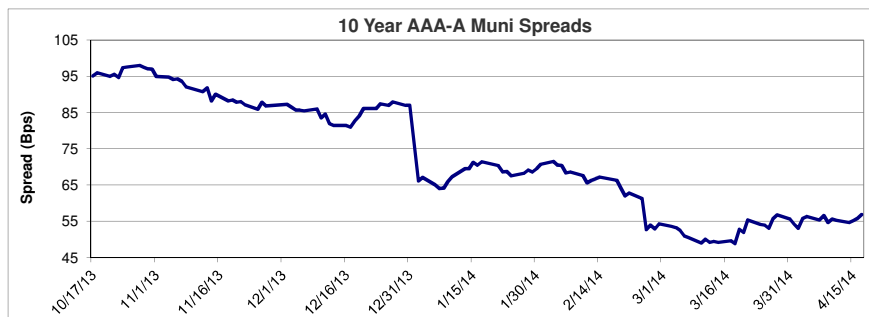
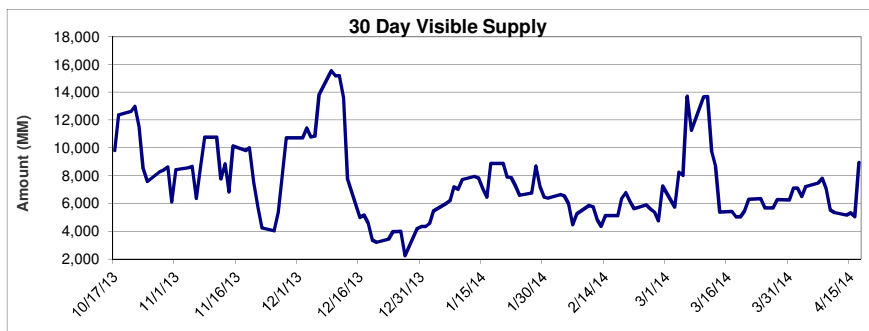
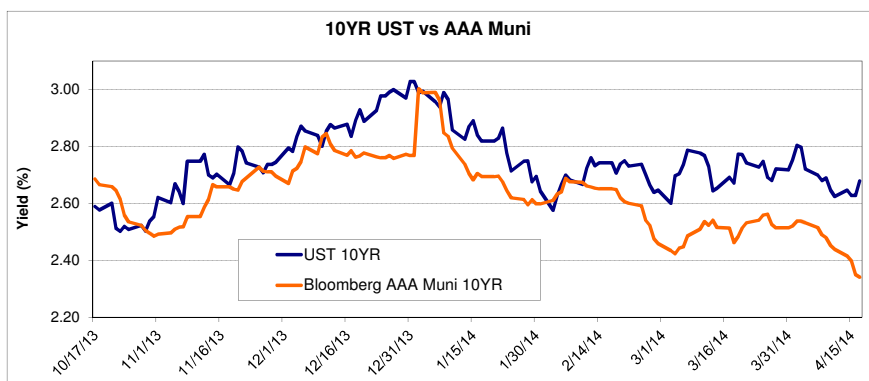
Municipal 30 Day Visible Supply (\$ Bln)	\$8.95	\$5.36
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Bloomberg Muni PICK Offerings (\$ Bln)	\$13.30	\$11.70
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Bond Buyer 20 Municipal G.O. Index	4.32%	4.32%
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Select Economic Releases

Date	Event	Period	Survey	Prior
4/21	Leading Index	Mar	0.70%	0.50%
4/22	Existing Home Sales	Mar	4.55M	4.60M
4/23	MBA Mortgage Applications	18-Apr	--	4.30%
4/23	Markit US Manufacturing PMI	Apr P	56	55.5
4/23	New Home Sales	Mar	450K	440K
4/24	Initial Jobless Claims	19-Apr	--	304K
4/24	Durable Goods Orders	Mar	1.90%	2.20%
4/25	Univ. of Michigan Confidence	Apr F	83.00	82.60



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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