



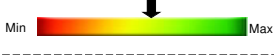








## Trading Desk Commentary

- Bond market participants were very passive to start the week with low volumes all around the fixed space. With markets still digesting the fed announcement, a rare lack of participation in the 5yr and 7yr auctions, and quarter end approaching, markets overall felt slow and heavy.
- Economic data released left markets largely unchanged. New homes sales rose unpredictably 7.8%, Durable Goods missed expectations by a wide margin (-1.4% vs. expected increase of 0.2%), CPI hit its expected 0.2% reading, and an uninspiring Q4 GDP revision made for a week of choppy trading. The 10-year rose 3 bps and the long bond was up 4 bps.
- Geopolitical events stole some headlines this week as a Saudi Arabia-led syndicate of countries began strategic bombing missions in Yemen. Oil climbed to a three week high (\$51.43) midweek before reversing course on Friday and finishing the week at \$48.87. Friday's price reversal may suggest that hostility in the Middle East may do little to offset the still-massive oil supply.
- Yellen delivered remarks late day Friday at a monetary policy conference echoing last week's Fed statement, reiterating that the Fed is giving "serious consideration" to a rate hike later this year but lackluster inflation and wage growth data are very much a concern. Both equity and bond markets seemed unaffected to close out the weekend.

## MUNIS

- Weaker US Treasury backdrop put muni ratios under pressure all week. New issues overall traded weaker with price cuts and hanging balances. Secondary activity was anemic to start the week and did not make much of a recovery into Friday's close.
- An interesting note, despite a heavy muni market, two of the larger deals, Golden State Tobacco California (~\$1.7B) and the North East School District TX (~\$390M) both received slight bumps and healthy subscription. Muni fund flows also saw an increase of \$582M for the week.
- With the continued increase in new issue volume over this time last year, we still see strength and value in the primary market and will continue to participate in deals as we see fit.

## Caprin Strategy Summary

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

## Market Overview

Muni Rates	Current Wk	Yld Change	Prior Wk	Muni to UST
2 Year	0.49	0.00	0.49	83%
5 Year	1.24	0.03	1.21	87%
10 Year	1.96	0.02	1.94	100%
30 Year	2.80	0.04	2.76	110%

UST Rates	Current Wk	Yld Change	Prior Wk
2 Year	0.59	0.01	0.58
5 Year	1.43	0.02	1.41
10 Year	1.96	0.04	1.92
30 Year	2.54	0.04	2.50

	Current Wk	Prior Wk
<b>Weekly Municipal Supply (\$ Bln)</b>		
Negotiated	\$6.05	\$6.33
Competitive	\$0.93	\$2.48
<b>TOTAL</b>	<b>\$6.98</b>	<b>\$8.81</b>

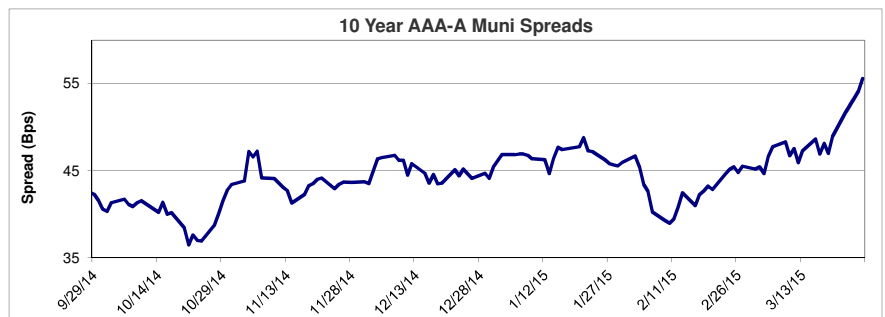
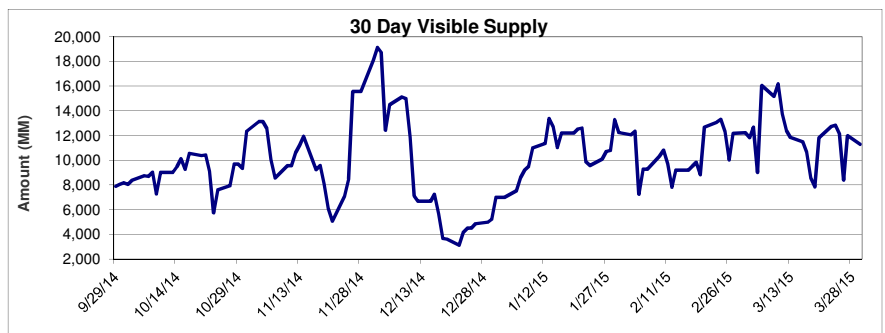
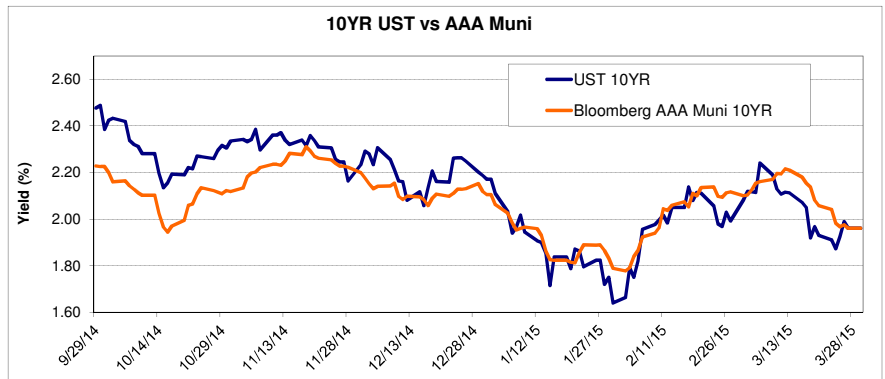
<b>Municipal 30 Day Visible Supply (\$ Bln)</b>	<b>\$11.99</b>	<b>\$11.83</b>
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<b>Bloomberg Muni PICK Offerings (\$ Bln)</b>	<b>\$4.66</b>	<b>\$13.65</b>
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<b>Bond Buyer 20 Municipal G.O. Index</b>	<b>3.52%</b>	<b>3.52%</b>
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## Select Economic Releases

Date	Event	Period	Survey	Prior
3/31	Consumer Confidence Index	Mar	96.40	96.40
4/1	MBA Mortgage Applications	27-Mar	--	9.50%
4/1	ADP Employment Change	Mar	225K	212K
4/1	Markit US Manufacturing PMI	Mar F	55.30	55.30
4/1	ISM Manufacturing	Mar	52.50	52.90
4/2	Initial Jobless Claims	28-Mar	285K	282K
4/2	Trade Balance	Feb	-\$41.3B	-\$41.8B
4/2	Factory Orders	Feb	-0.40%	-0.20%
4/3	Change in Nonfarm Payrolls	Mar	245K	295K
4/3	Unemployment Rate	Mar	5.50%	5.50%



**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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