












Trading Desk Commentary

After Treasuries rallied following last weeks' poor Nonfarm payrolls number, the market reversed course this week and sold off. Yields ended the week at their pre-Nonfarm payroll levels. Lost in Good Friday's economic release was a higher hourly earnings read. This, coupled with a surprising smaller than expected Initial Jobless Claims number on Thursday, helped drive the sell-off. The surprise of the week came with the lack of interest in Thursday's 30-year auction that caused selling pressure; however, firmer footing was found on Friday. There were no market moving economic numbers this week, but the Fed minutes released Wednesday showed a divide amongst the committee with respect to future rate hikes. Behind the scenes, the Euro fell this week to a 1.06. Falling European interest rates, driven by Quantitative Easing, has forced more and more investors into the dollar. This will continue to put pressure on Treasury yields. The mixed bag of economic data and fluctuating rates this week continue to support our view that long-term rates will remain suppressed in the near-term. Value continues to be found in slightly longer than benchmark duration positioning.

Aside from the moderate bumps that hit the belly of the muni scale Monday after last week's sharp UST rally, it was a good week in muniland. Market action continues to be dominated by heavy new issuance making munis less susceptible to treasury volatility. Along with consensus, we continue strategically to pickup valuable offerings in the secondary, but most of our focus remains on the primary market. An interesting note this week: with deals that are coming tight to scale having larger than average hanging balances and deals coming wider showing large oversubscription, it is easy to see that the current supply environment allows buyers to be very selective in the seemingly never-ending search for yield. Visible supply persists around the \$12bln number, so we are expecting a continuance of these same patterns throughout the coming weeks with perhaps a slight uptick in yields next week as most traditional pre-tax selling is winding down. Outperformance out long on the muni curve caused the 10Y and 30Y ratios to widen slightly to 101% and 112%, respectively. We have a \$8bln+ new issuance calendar next week, including a \$650M NY TFA, and we will be eager to see how dealers continue to price these deals in this tireless supply environment.

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		Overweight to CA
Core Plus ETF	Min  Max		Slight Overweight to Corporates
Tactical Opportunity ETF	Min  Max		Neutral Munis to Taxables

Market Overview

Muni Rates	Current Wk	Yld Change	Prior Wk	Muni to UST
2 Year	0.51	0.00	0.51	93%
5 Year	1.22	-0.01	1.23	88%
10 Year	1.97	0.04	1.93	102%
30 Year	2.84	0.04	2.80	110%

UST Rates	Current Wk	Prior Wk
2 Year	0.55	0.47
5 Year	1.39	1.25
10 Year	1.94	1.84
30 Year	2.58	2.48

	Current Wk	Prior Wk
Weekly Municipal Supply (\$ Bln)		
Negotiated	\$6.28	\$4.79
Competitive	\$1.97	\$1.93
TOTAL	\$8.25	\$6.72

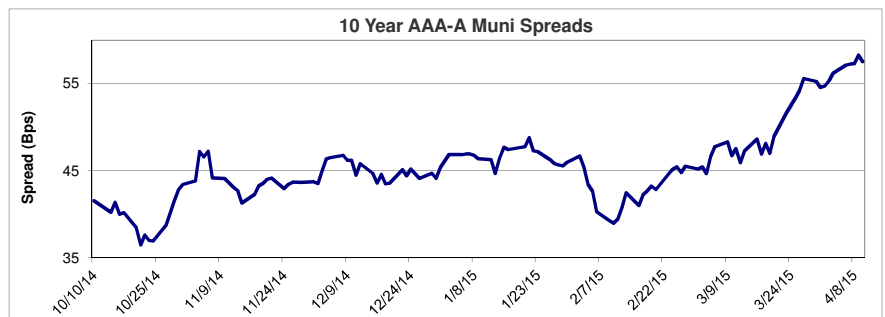
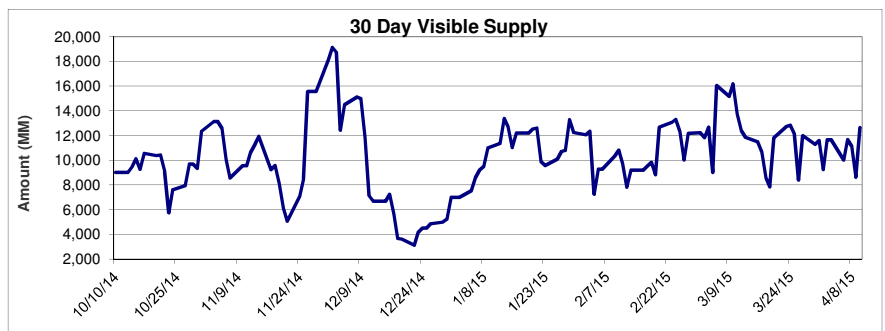
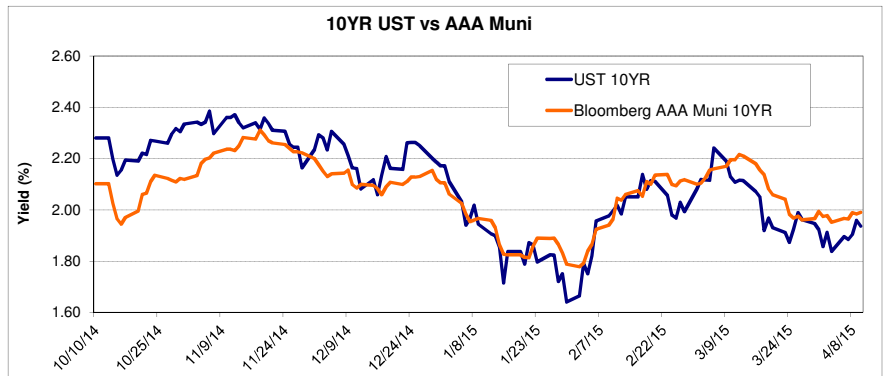
Municipal 30 Day Visible Supply (\$ Bln)	\$12.63	\$11.65
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Bloomberg Muni PICK Offerings (\$ Bln)	\$14.00	\$3.69
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Bond Buyer 20 Municipal G.O. Index	3.49%	3.49%
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Select Economic Releases

Date	Event	Period	Survey	Prior
4/14	Retail Sales Advance MoM	Mar	1.00%	-0.60%
4/14	PPI Final Demand MoM	Mar	0.20%	-0.50%
4/15	MBA Mortgage Applications	10-Apr	--	0.40%
4/15	Empire Manufacturing	Apr	7.30	6.90
4/15	Industrial Production MoM	Mar	-0.30%	0.10%
4/16	Initial Jobless Claims	11-Apr	280K	281K
4/16	Housing Starts	Mar	1040K	897K
4/16	Philadelphia Fed Bus. Outlook	Apr	6.30	5.00
4/17	CPI MoM	Mar	0.30%	0.20%
4/17	U. of Mich. Sentiment	Apr P	94.00	93.00
4/17	Leading Index	Mar	0.30%	0.20%



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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