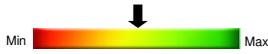
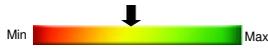
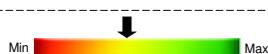


Trading Desk Commentary

US Markets closed Friday a bit stronger after a much needed week of relatively lower volatility. What is historically a slow week was muted further by the highly anticipated FOMC meeting scheduled for September 16th-17th. Investors are taking a conservative approach as the rhetoric and analyses are wildly speculative and inconclusive. As of Friday, markets are not convinced September is the month given fed funds futures implied probabilities and a firmness on the front end of the UST curve. There seems to be a disconnect amongst strategists and traders with the former insisting the economy is up to "par" and having met FOMC expectations while the latter exhibits less conviction. Surprisingly the 10Y note was this week's inflection point for the mild treasury curve flattening, whereas the past few months it has been the 5Y and 7Y tenors. IG corporate issuance returned this week after almost a two week dry spell, and, due to attractive relative value yields and room on balance sheets to take on bonds, strategists believe demand will be healthy. IG credit default swap spreads have tightened mildly since the late August volatility and may potentially be range bound given new issuance supply/demand economics. The US economic calendar is dominated next week by Retail Sales (Mon) and CPI (Tues) leading into the meeting announcement 9/17.

Another summer/holiday week has come and gone in the tax exempt market with continued light issuance and trading top to bottom. The Bond Buyer visible supply index printed \$8.7B, which marks two weeks since the reading was last above \$10B. We expect the new issue calendar to ramp up again slightly after the Labor Day holiday and persist if the FOMC gives explicit direction come Thursday. Of mention was a reported continued outflow of funds from municipal mutual funds last week. Although it was about a fifth of what was reported last week, given the historically lower volatility, we expect this trend to change as market chaos sends some looking for "safer" places to park funds. On the credit front, Puerto Rico continues to push forward in debt restructuring talks, with the latest news proclaiming the GO and COFINA (sales tax) debt were potentially the first pieces to be examined. A five member panel, consisting of members representing multiple parties with various interests, resides over the talks as they attempt to stay out of court as long as possible. Chicago's mayor announced an increase in taxes that nets the city an additional \$500M as they attempt to battle their pension obligations, which caused spreads to tighten slightly in those names. Deals of note next week are the \$750M NY TFA loan scheduled for Wednesday and the TX Transportation Commission loan scheduled for Thursday. In our local footprint, North Carolina is finally on the calendar with a \$50M Onslow, NC LOB deal scheduled for Tuesday, and we will be watching. As we head into a week that will surely be filled with speculation and hearsay, we encourage all to focus on the fundamentals and manage risk prudently. Feel free to reach out to us with any inquiries as we will likely be bolted to the desk in preparation for the forecasted spectacle.

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			Slightly Shorter Positioning Given Volatilti
Intermediate Muni			Slightly Shorter Positioning Given Volatilti
Intermediate Taxable			Slightly Shorter Positioning Given Volatilti
Tactical Muni ETF			Neutral Duration, Overweight to CA
Core Plus ETF			Neutral Duration, Overweight to Treasuries
Tactical Opportunity ETF			Neutral Duration, Overweight Munis

Market Overview

Muni Rates	Current Wk	Yld Change	Prior Wk	Muni to UST
2 Year	0.61	0.00	0.61	86%
5 Year	1.42	0.05	1.37	94%
10 Year	2.23	0.05	2.18	102%
30 Year	3.20	0.09	3.11	108%

UST Rates	Current Wk	Prior Wk
2 Year	0.71	0.71
5 Year	1.51	1.47
10 Year	2.19	2.12
30 Year	2.95	2.88

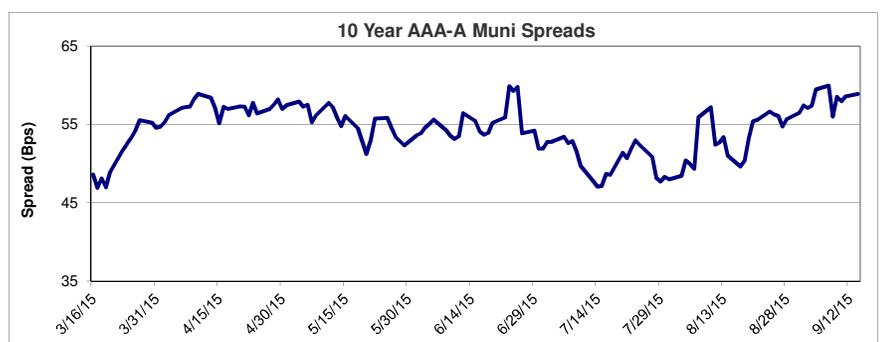
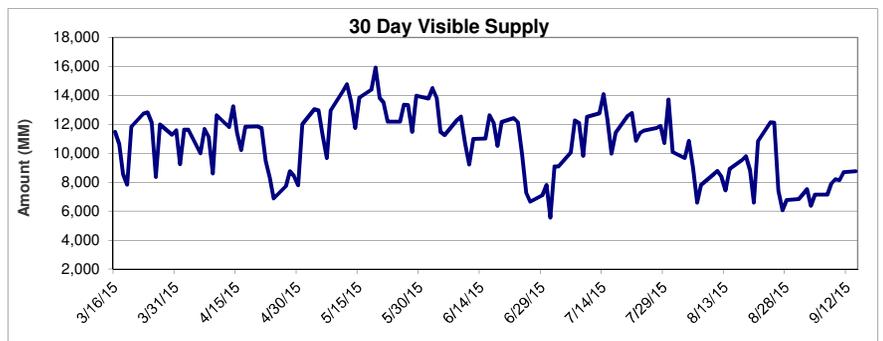
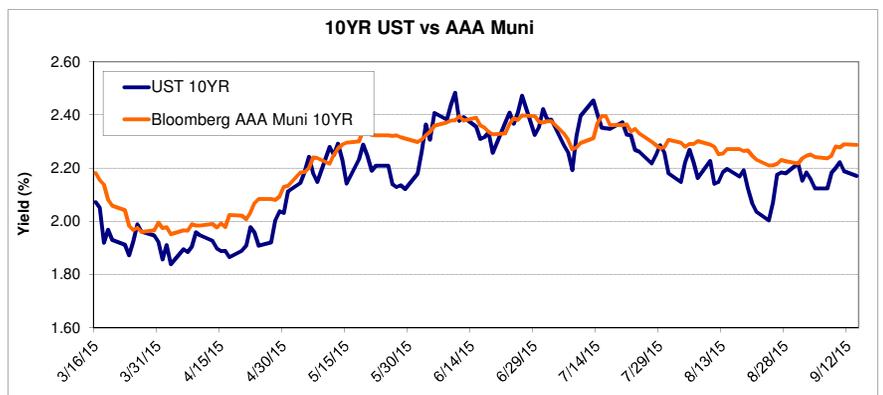
	Current Wk	Prior Wk
Weekly Municipal Supply (\$ Bln)		
Negotiated	\$3.17	\$2.91
Competitive	\$1.00	\$0.52
TOTAL	\$4.17	\$3.43

Municipal 30 Day Visible Supply (\$ Bln)	\$8.70	\$7.15
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Bloomberg Muni PICK Offerings (\$ Bln)	\$14.78	\$3.32
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Bond Buyer 20 Municipal G.O. Index	3.82%	3.82%
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Date	Event	Period	Survey	Prior
9/15	Retail Sales Advance MoM	Aug	0.30%	0.60%
9/15	Empire Manufacturing	Sep	-0.5	-14.92
9/15	Industrial Production MoM	Aug	-0.20%	0.60%
9/16	MBA Mortgage Applications	11-Sep	--	-6.20%
9/16	CPI MoM	Aug	-0.10%	0.10%
9/16	CPI Ex Food and Energy MoM	Aug	0.10%	0.10%
9/17	Initial Jobless Claims	12-Sep	275K	275K
9/17	Housing Starts	Aug	1160K	1206K
9/17	Philadelphia Fed Business Outlook	Sep	5.90	8.30
9/17	FOMC Rate Decision (Upper Bound)	17-Sep	0.38%	0.25%



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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