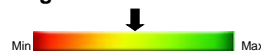

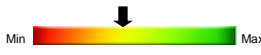
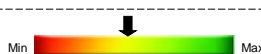



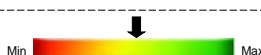
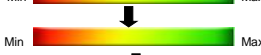


Trading Desk Commentary

Prices of U.S. Treasuries continued to move higher this week as expectations for a 2015 rate increase slowly diminish. Yields on the benchmark 10-yr Treasury closed at 1.97% on Wednesday; it had not settled below the 2% threshold since April of this year. A lackluster retail sales number and declining wholesale prices are putting continued pressure on the Fed's ability to raise interest rates this year - and pressure on the economy as a whole. Current fed fund futures show that an October hike is all but off the table and that a December hike only has an approximate 30% probability. The Atlanta Fed revised down its already paltry 3rd quarter GDP estimate to 0.9% from 1%. This was an important announcement since the Atlanta Fed's GDP estimates have been very close to actual results in each quarter so far this year. It provides further evidence of doubt in the growth prospects of the third quarter. Abroad, Chinese imports missed estimates, falling 17% year-over-year in September, and in the U.K. the inflation rate turned negative in September, only the second time that has happened since 1960. The sluggish global growth outlook continues to boost the prospect of loose monetary policy and a prolonged environment of low interest rates. Next week the housing market will take center stage as we get September housing starts, building permits and existing home sales. Let's see if the current, slow upward trend in the housing market can continue and help bring some sort of confidence in economic growth here at home.

Muni prices followed a similar trend last week but lagged Treasuries. Last week's issuance was fairly subdued with the highlight being the \$1 billion loan for Long Island Power Authority (Aaa/AAA). The transaction was well received due to its high credit rating and the fact that it is a different name for New York bond buyers. Next week's calendar is approximately \$8 billion, which is on the lighter side of what is typical for mid-October. The weekly supply is highlighted by \$970 million California State General Obligation transaction, which is sure to gain lots of interest for investors both in and out of the state of California. On the credit front, there have been many news headlines suggesting that the U.S. is contemplating a bailout of Puerto Rico. The bailout would come in the form of a "Superbond" which the U.S. Treasury or other government agency would issue whereby the proceeds would take out existing Puerto Rico bonds at a discount - so current Puerto Rico bondholders would still be subject to a haircut on their holdings. There was initial confusion that these Superbonds would be backed by the U.S. government, but as more information was released, it was made clear that this structure would not have a government guarantee and would only be used as a way for Puerto Rico to access markets in a somewhat orderly fashion. We should also note that the Superbond structure would still need to get congressional approval, which is unlikely in the near future with debt ceiling talks beginning to take the political stage. Until next week.

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 Volatility
Intermediate Muni			Neutral Positioning Given Global Weakness
Intermediate Taxable			Neutral Positioning Given Global Weakness
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	0.55	0.00	0.55	90%
5 Year	1.20	-0.03	1.23	89%
10 Year	2.02	-0.03	2.05	99%
30 Year	3.07	-0.03	3.10	107%

UST Rates	Current Wk	Yld Change	Prior Wk
2 Year	0.61	-0.03	0.64
5 Year	1.35	-0.05	1.40
10 Year	2.03	-0.05	2.09
30 Year	2.88	-0.04	2.92

	Current Wk	Prior Wk
Weekly Municipal Supply (\$ Bln)		
Negotiated	\$4.79	\$3.57
Competitive	\$2.48	\$2.47
TOTAL	\$7.27	\$6.04

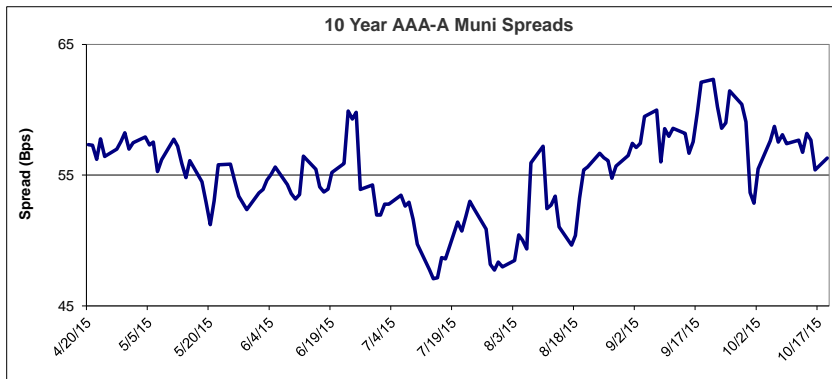
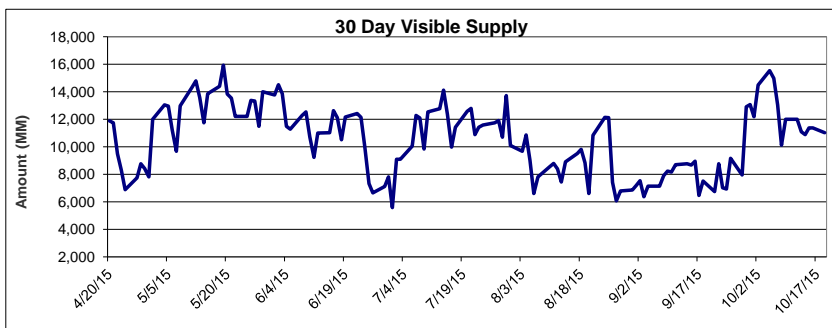
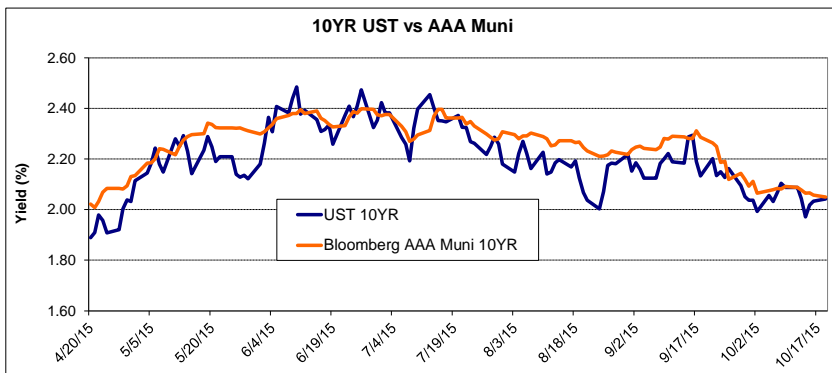
Municipal 30 Day Visible Supply (\$ Bln)	\$11.37	\$12.00
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Bloomberg Muni PICK Offerings (\$ Bln)	\$12.43	\$13.05
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Bond Buyer 20 Municipal G.O. Index	3.68%	3.68%
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Select Economic Releases

Date	Event	Period	Survey	Prior
10/20	Housing Starts	Sep	1142k	1126k
10/20	Building Permits	Sep	1170k	1170k
10/21	MBA Mortgage Applications	16-Oct	--	-27.60%
10/22	Initial Jobless Claims	17-Oct	265k	255k
10/22	Existing Home Sales	Sep	5.39m	5.31m
10/22	Leading Index	Sep	0.00%	0.10%
10/22	FHFA House Price Index MoM	Aug	0.50%	0.60%
10/22	Continuing Claims	10-Oct	2190k	2158k
10/22	Bloomberg Consumer Comfort	18-Oct	--	45.20
10/22	Chicago Fed Nat Activity Index	Sep	-0.20	-0.41
10/22	Existing Home Sales MoM	Sep	1.40%	-4.80%



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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