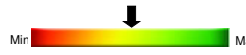

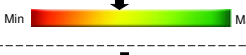




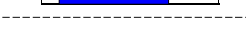
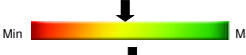

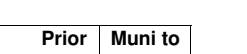


Trading Desk Commentary

Nonfarm payrolls greatly surprised financial markets on Friday with a larger than expected addition of 271K jobs vs. 185k survey. After already sliding wider following a (perceived) hawkish statement and an on-the-screws ADP print, rates sharply sold off after the NFP print, led by the front end. The two-year note hit levels not seen since May of 2010. Behind the screens it almost felt as if there was a delayed repricing of the books due to the large nature of the surprise and dramatic back-up in rates that ensued. The ever-popular implied probabilities, based on the Fed Funds futures, jumped dramatically to ~70% that a first hike will come at the December FOMC meeting. This number was 50/50 post-fed and a measly 30% not two days before that. Although this has likely put pressure on the Fed to actually make a move, one can't help but wonder, given the dramatic revisions that have taken place in these numbers over the last six months, if the market isn't pricing in that scenario. We will still see one more NFP jobs print before the meeting and myriad other data that could potentially swing this the other way, or at least shift the odds back to even. As with the last couple of meetings, a case can be made for and against a hike, but, more importantly, looking beyond this first hike into what the economic landscape will be for the next few years as policy is "normalized" is key.

A far different story in rate movement has been transpiring in the tax-exempt market. Dealers have been stubborn to cut inventories in line with their taxable counterparts, so trading volume has been light as munis continue their outperformance. The official read on muni cuts on Friday was anywhere from 4-7bp across the curve, but, sifting through inventories and monitoring trades, that may have been a tad aggressive. It is likely that traders are thinking the move is a bit overdone, and, given the updated supply forecast (much less than expected for 4Q), there is no rush to cut and/or move bonds. As expected, this has led to solid performance from munis on a comparable basis but on the flip side has destroyed muni to treasury ratios, making them the least attractive they have been in some spots in years. On the credit front, the Puerto Rico saga continues with the GDB announcing Friday that they may fail to comply with their reserve requirements by the end of 2015, escalating this already disastrous issue. On Thursday Padilla's administration submitted a bill that would allow the restructuring of the PREPA debt and restore the peace of mind that comes with reliable power and stable rates for the island's citizens. As a reminder, even though the firm has no direct exposure to the island given the massive scale of this entity, any legal decisions could set precedents and have a lasting impact on US municipal finance.

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	Slightly Shorter Positioning Given Volatility
Intermediate Muni		0 YRS  17 YRS	Neutral Positioning Given Global Weakness
Intermediate Taxable		0 YRS  12 YRS	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	0.67	0.13	0.54	76%
5 Year	1.29	0.12	1.17	75%
10 Year	2.16	0.12	2.04	93%
30 Year	3.17	0.10	3.07	103%

UST Rates	Current Wk	Yld Change	Prior Wk
2 Year	0.89	0.16	0.72
5 Year	1.73	0.21	1.52
10 Year	2.33	0.18	2.14
30 Year	3.09	0.16	2.92

	Current Wk	Prior Wk
Weekly Municipal Supply (\$ Bln)		
Negotiated	\$4.23	\$4.30
Competitive	\$1.80	\$1.50
TOTAL	\$6.03	\$5.80

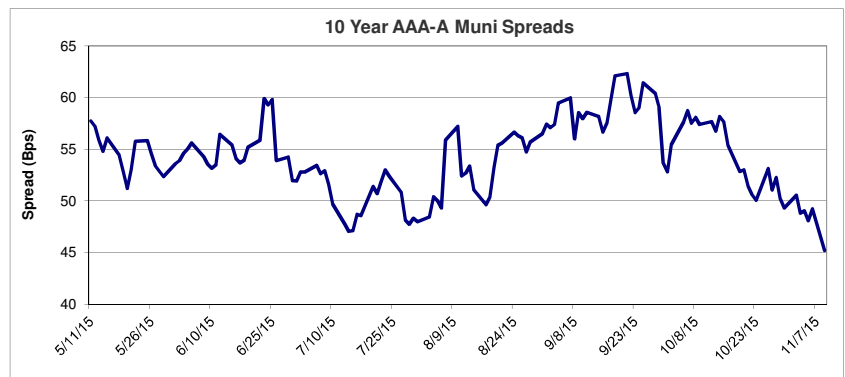
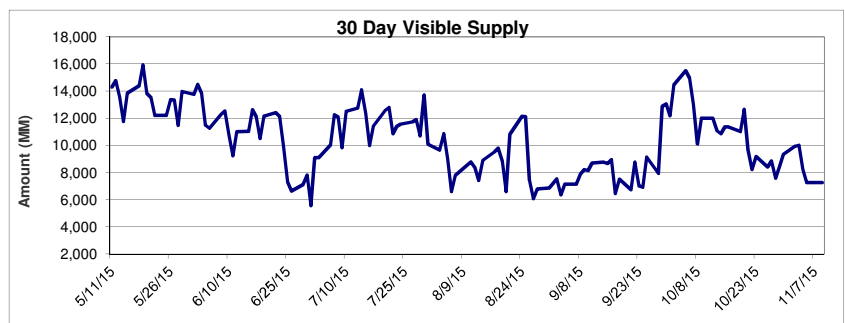
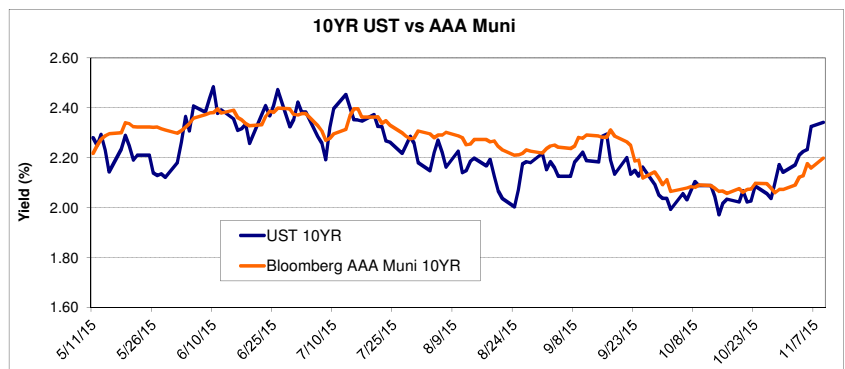
Municipal 30 Day Visible Supply (\$ Bln)	\$7.27	\$9.32
---	---------------	---------------

Bloomberg Muni PICK Offerings (\$ Bln)	\$13.39	\$14.58
---	----------------	----------------

Bond Buyer 20 Municipal G.O. Index	3.66%	3.66%
---	--------------	--------------

Select Economic Releases

Date	Event	Period	Survey	Prior
11/10	Import Price Index MoM	Oct	-0.10%	-0.10%
11/10	Wholesale Inventories MoM	Sep	0.10%	0.10%
11/11	MBA Mortgage Applications	6-Nov	--	-0.80%
11/12	Initial Jobless Claims	7-Nov	270k	276k
11/12	Continuing Claims	31-Oct	2155k	2163k
11/12	Monthly Budget Statement	Oct	-\$130.0b	--
11/13	Retail Sales Advance MoM	Oct	0.30%	0.10%
11/13	PPI Final Demand MoM	Oct	0.20%	-0.50%
11/13	PPI Final Demand YoY	Oct	-1.20%	-1.10%
11/13	PPI Ex Food and Energy MoM	Oct	0.10%	-0.30%
11/13	U. of Mich. Sentiment	Nov P	91.50	90.00



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.

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product made reference to directly or indirectly in this piece, will be profitable, equal any corresponding indicated historical performance level(s), or be suitable for your portfolio. Due to various factors, including changing market conditions, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion of information contained in this piece serves as the receipt of, or as a substitute for, personalized advice from Caprin Asset Management. To the extent that a reader has any questions regarding the applicability to their situation of any specific issue discussed above, they are encouraged to consult with the professional advisor of their choosing. A copy of our current written disclosure statement discussing our advisory services and fees is available for review upon request.