
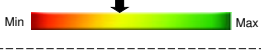




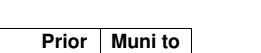


## Trading Desk Commentary

Treasury yields continued their march to record lows as global markets have been inundated with stunted growth projections from all aspects. FOMC minutes showed a mixed view among governors citing positive steps in the economic health of the US but noting the importance of what is happening beyond our borders. Even with a surprise to the upside jobs number, like the one that hit the tape Friday (287K vs 180K survey), the likelihood of further Fed tightening this year has been all but dismissed citing the difficult nature of intentionally increasing rates into a softening global growth backdrop. Expect Fed governor rhetoric to remain reasonably hawkish keeping front end yields insulated from falling dramatically further as the curve continues on its flattening trajectory. It is likely the longer end of the curve will continue to outperform the front-end as event risk around the Brexit is passed around amongst market participants.

Municipal issuance remained light on the week seeing muni yields continue in a similar flattening trajectory as their taxable counterparts. The 5YR portion of the muni curve remained firm and well bid last week with its Muni to Treasury (%) ratio hovering in the 80s, as opposed to the 90s in the 2YR, 10YR and 30YR. For the first time in almost a year Lipper reported outflows from Municipal funds with long-end funds bearing the brunt. After a small break of about a week, likely due to event risk and seasonality, the Bond Buyer 30 day visible supply ticked back up to its yearly average of almost \$12B. Specialty state deals in our footprint continue to be sparse and in high demand causing massive oversubscription and bumps when they hit the market. We encourage everyone through these times of uncertainty to manage risk prudently and always keep individual performance objectives at the forefront of the decision making process.

## 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, Neutral Munis to Taxables

## Market Overview

Muni Rates	Current Wk	Yld Change	Prior Wk	Muni to UST
2 Year	0.59	0.00	0.59	98%
5 Year	0.86	-0.01	0.87	91%
10 Year	1.33	0.03	1.30	98%
30 Year	1.96	0.02	1.94	93%

UST Rates			
2 Year	0.61	0.02	0.59
5 Year	0.95	-0.05	0.99
10 Year	1.36	-0.09	1.44
30 Year	2.10	-0.13	2.23

	Current Wk	Prior Wk
<b>Weekly Municipal Supply (\$ Bln)</b>		
Negotiated	\$6.37	\$0.76
Competitive	\$2.09	\$0.74
<b>TOTAL</b>	<b>\$8.46</b>	<b>\$1.50</b>

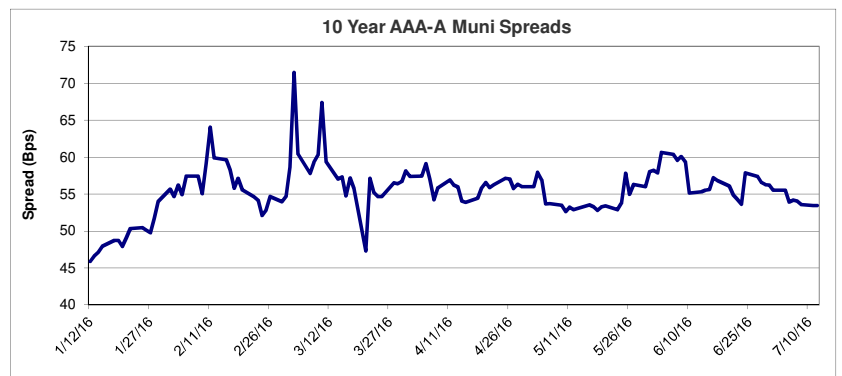
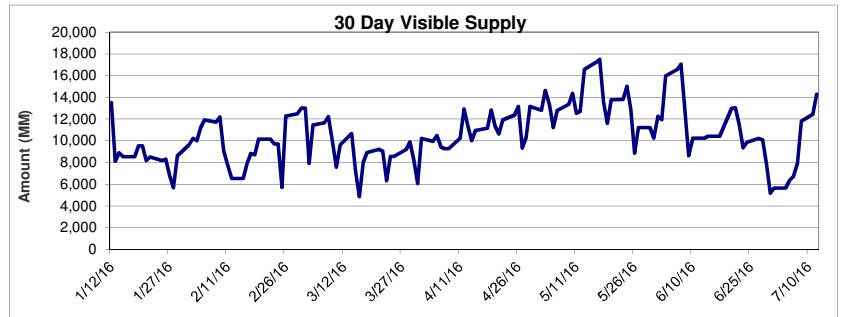
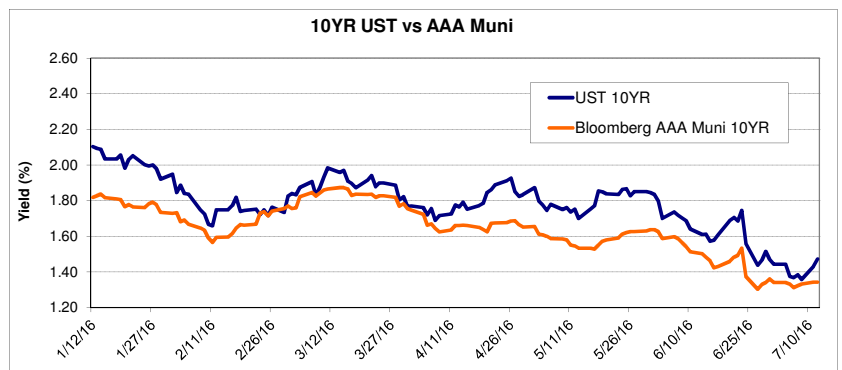
<b>Municipal 30 Day Visible Supply (\$ Bln)</b>	<b>\$11.77</b>	<b>\$5.65</b>
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<b>Bloomberg Muni PICK Offerings (\$ Bln)</b>	<b>\$14.85</b>	<b>\$12.21</b>
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<b>Bond Buyer 20 Municipal G.O. Index</b>	<b>2.80%</b>	<b>3.18%</b>
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### Select Economic Releases

Date	Event	Period	Survey	Prior
7/12	Wholesale Inventories MoM	May	0.20%	0.60%
7/13	MBA Mortgage Applications	8-Jul	--	14.20%
7/13	Import Price Index MoM	Jun	0.50%	1.40%
7/14	Initial Jobless Claims	9-Jul	265k	254k
7/14	PPI Final Demand MoM	Jun	0.30%	0.40%
7/15	CPI MoM	Jun	0.30%	0.20%
7/15	U. of Mich. Sentiment	Jul P	93.3	93.5
7/15	Retail Sales Advance MoM	Jun	0.10%	0.50%
7/15	Industrial Production MoM	Jun	0.30%	-0.40%
7/15	Empire Manufacturing	Jul	5	6.01
7/15	CPI Ex Food and Energy MoM	Jun	0.20%	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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