



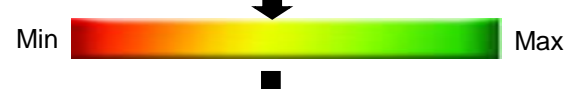
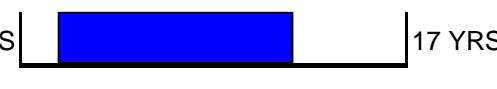
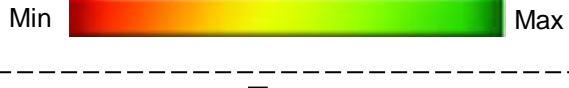






Trading Desk Commentary

US rates have started the year on firmer ground after the tumultuous backup that ensued post-election and into the close of 2016. The release of the Federal Reserve minutes last week (hawkish tone widely expected from market participants) and ADP jobs number on Wednesday were both a little softer than expected, which helped solidify the rally. The NFP jobs number was released Friday, and net revisions was slightly stronger than expected but largely a non-event for rate direction. With China (Yuan valuation mechanics), oil price volatility and seasonally firmer rates all back in play, 2017 is off to what is expected to be an interesting and certainly volatile trading year.

Over in municipals trading volume is about average, but bonds have been well bid and put away at tighter levels. This is likely due to the absence of primary market issuance that will likely ramp up into the end of January. Lipper continues to report municipal fund outflows, with this week's number printing a negative \$911M. Municipal ETFs are showing a bit of a dislocation with regard to their NAV tracking, but we expect this to wash out in the near term as flows 'normalize' and rates find their footing. On a yearly forecast supply note, strategists and analysts are not expecting as big of a year as we had in 2016, putting expected issuance at about \$370B vs \$450B this past year. Welcome back, and we look forward to what 2017 has in store for the markets.

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	Maintain Conservative Maturity Positioning
Intermediate Taxable		0 YRS  12 YRS	Overweight to High Grade Corporates
Tactical Muni ETF			Slightly Shorter, Focus on Extension Risk
Core Plus ETF			Slightly Shorter, Slight Credit Overweight
Tactical Opportunity ETF			Slightly Shorter, Neutral Muni to Taxables

Market Overview

Muni Rates	Current Wk	Yld Change	Prior Wk	Muni to UST
2 Year	1.17	0.03	1.14	97%
5 Year	1.68	-0.06	1.74	87%
10 Year	2.23	-0.08	2.31	92%
30 Year	2.98	-0.14	3.12	99%

UST Rates

2 Year	1.21	0.08	1.13
5 Year	1.92	0.03	1.89
10 Year	2.42	-0.05	2.47
30 Year	3.01	-0.14	3.15

	Current Wk	Prior Wk
Weekly Municipal Supply (\$ Bln)		
Negotiated	\$5.66	\$3.09
Competitive	\$2.04	\$0.75
TOTAL	\$7.70	\$3.84

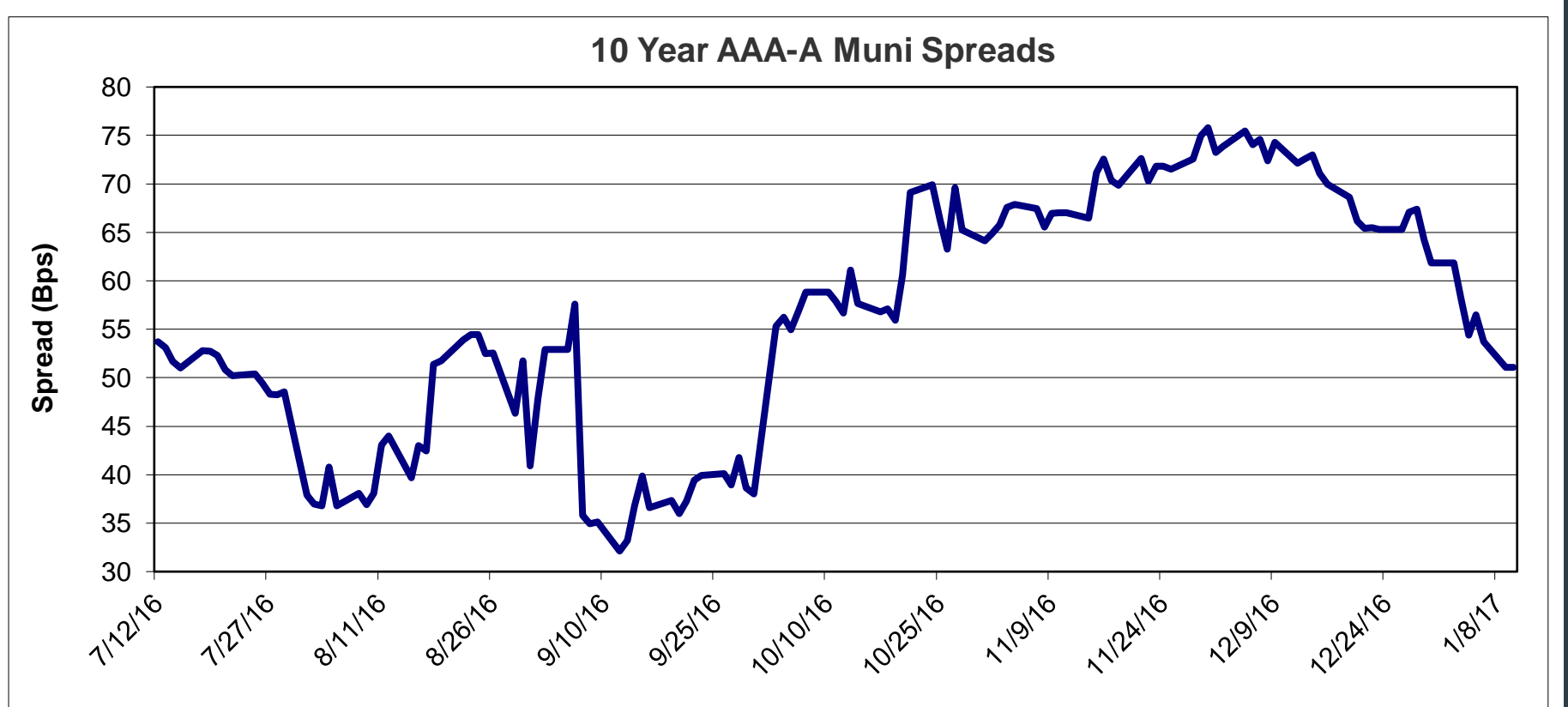
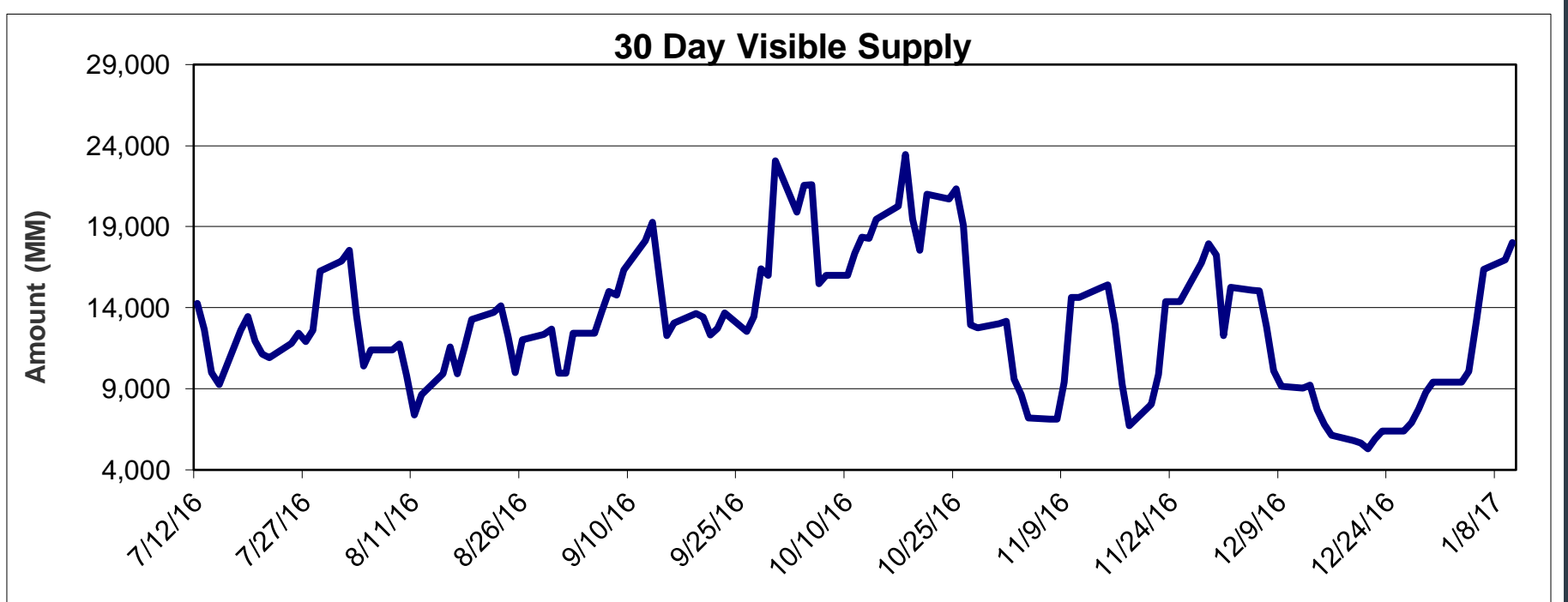
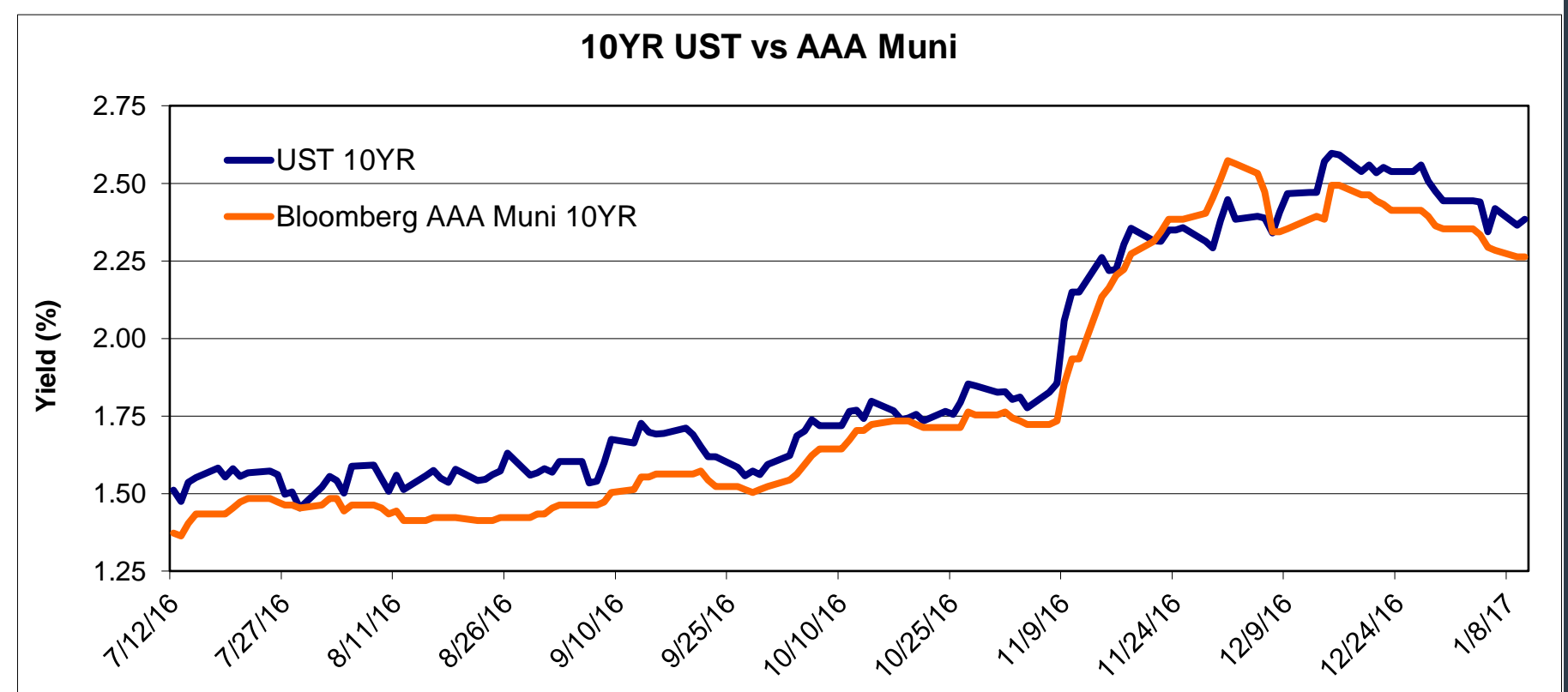
Municipal 30 Day Visible Supply (\$ Bln)	\$16.38	\$9.16
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Bloomberg Muni PICK Offerings (\$ Bln)	\$15.62	\$15.97
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Bond Buyer 20 Municipal G.O. Index	3.78%	3.78%
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Select Economic Releases

Date	Event	Period	Survey	Prior
1/10	Wholesale Inventories MoM	Nov F	0.90%	0.90%
1/11	MBA Mortgage Applications	6-Jan	--	0.10%
1/12	Initial Jobless Claims	7-Jan	255k	235k
1/12	Import Price Index MoM	Dec	0.70%	-0.30%
1/12	Monthly Budget Statement	Dec	-\$25.6b	-\$136.7b
1/12	Continuing Claims	31-Dec	2084k	2112k
1/13	U. of Mich. Sentiment	Jan P	98.5	98.2
1/13	Retail Sales Advance MoM	Dec	0.70%	0.10%
1/13	PPI Final Demand MoM	Dec	0.30%	0.40%
1/13	PPI Final Demand YoY	Dec	1.60%	1.30%
1/13	PPI Ex Food and Energy MoM	Dec	0.10%	0.40%



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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