

# Weekly Trading Desk Update

WEEK OF JULY 3RD - 7TH

## Trading Desk Commentary

### MACRO:

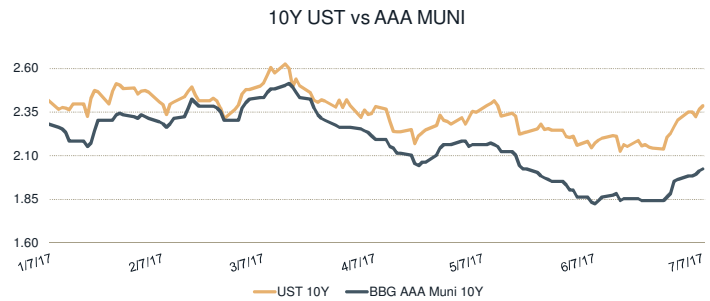
- US Treasuries were softer on the holiday week as the theme of expected tightening from global central banks continued to drive the market. The yield on the US 10Y was higher by approximately 6 bps as 2's to 10's continued to steepen, ending the week at +98 bps. This compares to only +79 bps, a near 5 year low, on this curve trade just weeks ago.
- While the June jobs report was stronger than expected (222k v. 178k), an unexpected uptick in unemployment, as participation increased, and weaker than anticipated wage growth did little to inspire the market. Wage growth has now slowed to annualized rate of 2.5% after peaking out in December at 2.9%.
- The minutes from the June Federal Reserve meeting showed little uniformity among Governors as to the timing of balance sheet reduction. Some expressed concerns about starting too early, likely as they want more data on the current trend of softening inflation.

### MUNI MARKET:

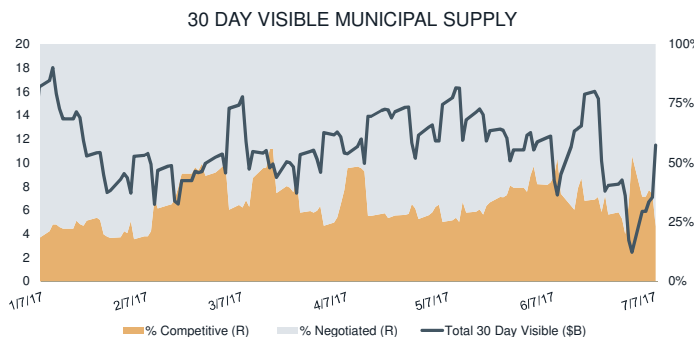
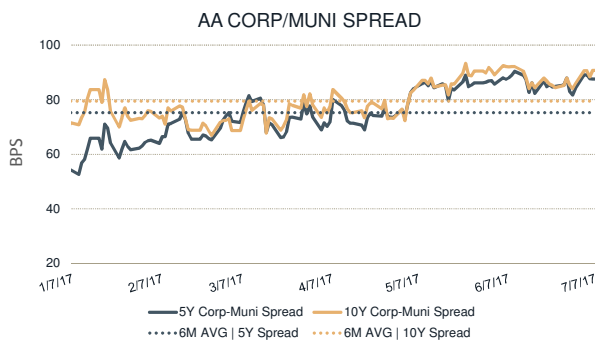
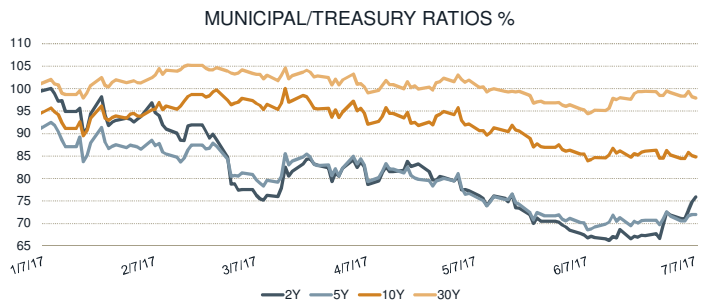
- US Treasuries were softer on the holiday week as the theme of expected tightening from global central banks continued to drive the market. The yield on the US 10Y was higher by approximately 6 bps as 2's to 10's continued to steepen, ending the week at +98 bps. This compares to only +79 bps, a near 5 year low, on this curve trade just weeks ago.
- While the June jobs report was stronger than expected (222k v. 178k), an unexpected uptick in unemployment, as participation increased, and weaker than anticipated wage growth did little to inspire the market. Wage growth has now slowed to annualized rate of 2.5% after peaking out in December at 2.9%.
- The minutes from the June Federal Reserve meeting showed little uniformity among Governors as to the timing of balance sheet reduction. Some expressed concerns about starting too early, likely as they want more data on the current trend of softening inflation.

## MARKET OVERVIEW

		6/30/17	7/7/17	Δ bps	1M Trend
Muni	2Y	0.99	1.06	7	
	5Y	1.35	1.40	5	
	10Y	1.96	2.02	6	
	30Y	2.81	2.87	6	
UST	2Y	1.38	1.40	2	
	5Y	1.89	1.95	6	
	10Y	2.30	2.39	8	
	30Y	2.83	2.93	10	



		6/8/17	7/7/17	1M Trend
MUNI/UST Ratios	2Y	67%	76%	
	5Y	69%	72%	
	10Y	84%	85%	
	30Y	95%	98%	



## EXPLANATION

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. Competitive and Negotiated are broken out as a percentage of total supply.

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.

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: 30 day visible figures are obtained through Bloomberg, 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.