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Yesterday's ADP Employment release suggested that today's Nonfarm Payroll and Unemployment data could offer some pre-4th of July fireworks. The ADP release showed that new job creation in June finished well above expectations (281k versus 205k expected). ADP and NFP have diverged in recent months but ADP's positive surprise yesterday matched well with the NFP results this morning. According to the NFP print, the US added 288k new jobs in June versus 215k expected. That's a healthy jump and one that US Treasuries took quick notice of in the hour following the announcement. The 10 Year US Treasury yield rose close to 2.69%, its highest point (lowest price) in two months. Simultaneously, the Unemployment Rate dropped to 6.1% from 6.3%, now at its lowest point since 2008. Equities ate the news up. The Dow today closed above 17,000 for the first time in history. Sure, the underlying strength of the new jobs numbers can be called into question (i.e. the quality of the jobs that are being created), but it is a strong number, nevertheless. On the other hand, the notable jobs data was accompanied by a few releases that weren't as hot. Continuing Claims were higher than expected and the Labor Participation Rate remained stagnant. Once the dust settled from the initial NFP release, US Treasuries pared the majority of their losses. For every positive signal there seems to be an equally troubling one, or a quick dig into positive numbers reveals a murkier conclusion. While we would not call today's jobs number a 'game changer,' it is still one of the most inspiring releases of the year. The employment gains suggest an improving economy, and do so more closely to 'real-time' than, say, GDP. The announcement of Q1's finalized GDP at negative 2.9% referred to activity from three-to-six months prior. That is an eternity in this evolving environment. Better jobs data support the notion that the US could see a nice rebound in Q2 stats. But, we believe those calling for more than 4% annualized GDP in Q2 are probably going to be disappointed. Q2 GDP will almost certainly look much better, but there are a plethora of problems still weighing on the recovery that give us doubts about a 4.0%-type print.

Tax-exempts were stuck in 'sleepy' mode this week. Only \$2bln in new debt found its way to the market. New issuance was met unanimously with a warm reception. For example, the \$75min (Aa2/AA-) Colorado Adventist Health revenue deal was 4-6x's oversubscribed. Buyers involved saw their orders cut significantly back to help spread bonds around – a common theme this year in the primary market. Only \$3.5bln is expected next week, a tiny number by any standard even with the disruption caused by the Independence Day break. Buyers will have no problem digesting that total. Muni performance will once again look to US Treasuries for guidance while activity remains light. Since reporting bureaus accelerated new data before the July 4th holiday, next week will not offer much of a glimpse under the hood. This could help stabilize US Treasuries after this week's sell-off. The wild card remains the Middle East and ISIS's ongoing move through Iraq and Syria. Further escalation could erase this week's losses in short order. We hope everyone enjoys a relaxing July 4th weekend among friends and family.

Caprin Strategy Summary

Name	Target Duration Position	Target Maturity Range	Highlights
Short Maturity Muni	Min  Max	0 YRS  5 YRS	Prefer Hlth, Hsg, Pwr to G.O.'s for Yield
Low Duration Taxable	Min  Max	0 YRS  5 YRS	Prefer Corporates and Taxable Munis
Intermediate Muni	Min  Max	0 YRS  17 YRS	Prefer Hlth, Hsg, Pwr to G.O.'s for Yield
Intermediate Taxable	Min  Max	0 YRS  12 YRS	Prefer Corporates and Taxable Munis
Tactical Muni ETF	Min  Max		Overweight to CA
Core Plus ETF	Min  Max		Slight Overweight to Corporates
Tactical Opportunity ETF	Min  Max		Slight Overweight Munis to Taxables

Market Overview

Muni Rates	Current Wk	Yld Change	Prior Wk	Muni to UST
2 Year	0.31	0.03	0.28	62%
5 Year	1.27	0.07	1.20	73%
10 Year	2.35	0.09	2.26	89%
30 Year	3.37	0.09	3.28	97%
UST Rates				
2 Year	0.50	0.04	0.46	
5 Year	1.73	0.10	1.63	
10 Year	2.63	0.10	2.53	
30 Year	3.46	0.10	3.36	

	Current Wk	Prior Wk
Weekly Municipal Supply (\$ Bln)		
Negotiated	\$2.66	\$1.32
Competitive	\$0.86	\$0.68
TOTAL	\$3.52	\$2.00

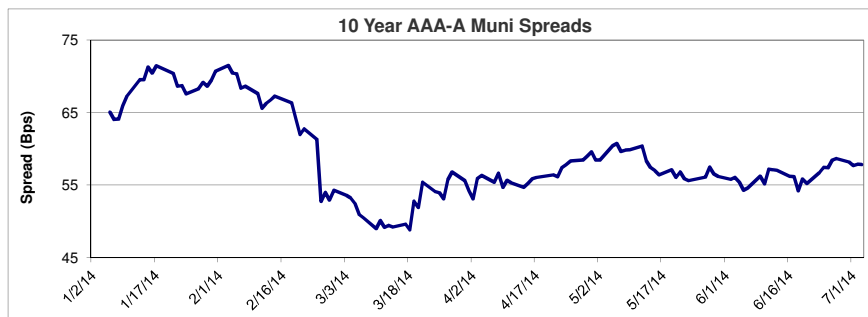
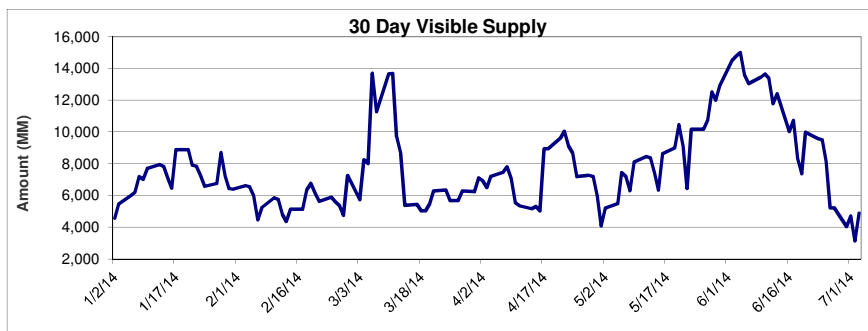
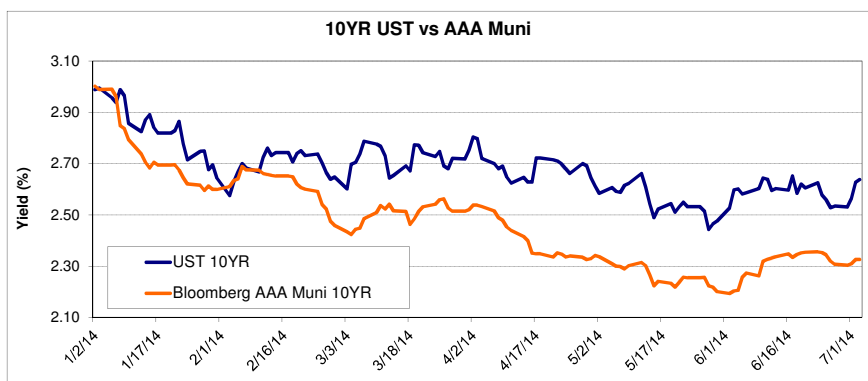
Municipal 30 Day Visible Supply (\$ Bln)	\$4.88	\$5.20
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Bloomberg Muni PICK Offerings (\$ Bln)	\$12.10	\$11.30
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Bond Buyer 20 Municipal G.O. Index	4.29%	4.36%
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Select Economic Releases

Date	Event	Period	Survey	Prior
7/9	MBA Mortgage Applications	4-Jul	--	-0.20%
7/10	Initial Jobless Claims	5-Jul	--	315K
7/10	Continuing Claims	28-Jun	--	2579K
7/10	Wholesale Inventories MoM	May	0.60%	1.10%
7/11	Monthly Budget Statement	Jun	\$75.5B	--



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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