



• Well, last week's news out of Greece proved to be a head fake, as talks stalled over the weekend and Tsipras' party has called for a referendum, an effective vote by the people to stay in the Eurozone or leave. The move was coupled with the freezing of bank assets and transfers in Greece (60 euros is the current max ATM withdrawal) and a flight to quality in international bond markets--the 10-year Treasury and German bund yields were both lower by 15 bps overnight (2.36% and 0.79% YTM as of 8 am this morning, respectively). The ECB did not expand liquidity provisions after three increases in the preceding weeks. While negotiations continue, many investors see the likelihood of a 'Grexit' at more than even odds ahead of the July 5th vote, which leaves a minimum of an entire week of constrained banking. Equities have also taken the opportunity to sell off, however the biggest move has come from the Shanghai index for unrelated reasons, now in a bear market, having fallen 20% in just three weeks. The international turmoil comes at a time when the US seemed to be improving, as GDP was revised up to -0.2% QoQ annualized in the first quarter, core durable goods orders rose 0.5% MoM, and existing and new home sales both bested consensus estimates.

• Along with NFP on Thursday, ADP reports Wednesday and projects 215k new private payrolls for June. The average hourly earnings in the NFP report are expected to have risen 0.2% MoM (+2.3% YoY). Construction spending and factory orders are diverging at the moment, with 0.5% expansion of the former predicted along with -0.3% likely from the latter when reports come out later this week. The ISM Manufacturing index should rise by a point to 53 or better. Chicago PMI should rise back into expansionary mode with a reading above 50, the consumer confidence reading is expected to rise, and jobless claims should remain near twenty year lows week over week.

• Existing home sales rose 5.1% in May to 5.35MM, while new home sales advanced 2.2% to 546,000 units sold. Despite the contracting GDP, corporate profits in Q1 did rise 9% YoY after the even worse weather in Q1 of 2014. Markit's preliminary June flash PMIs for both manufacturing and services fell and missed consensus, however neither reading suggests contraction. Personal income and spending in May both rose from the prior report, advancing 0.5% and 0.9% MoM, respectively, with significant auto and retail spending. The inflation component in the report remained soft at +0.1% MoM and +1.2% YoY at the core level. Jobless claims fell slightly to 271k net new, pushing the 4-week average to nearly that level at 274k, and it sets the stage for June payrolls to beat economists' forecasts for 230k new jobs in June. Despite a holiday shortened week (early 2 pm close Thursday and no trading Friday), the jobs report and the ensuing fanfare come on Thursday, and the unemployment rate is expected to fall one tenth to 5.4%. Amid a particularly soft week in the bond market, Treasury's 2-, 5-, and 7-year auctions were met with only moderate interest, pushing bid-to-covers near YTD lows, but the 7-year maturity was easily the best.

Index Rates	Last	Week Ago	Month Ago	Year Ago
1-month LIBOR	0.19%	0.19%	0.19%	0.15%
3-month LIBOR	0.28%	0.28%	0.29%	0.23%
6-month LIBOR	0.45%	0.44%	0.43%	0.33%
12-month LIBOR	0.78%	0.77%	0.76%	0.55%
Fed Funds Target	0.25%	0.25%	0.25%	0.25%
Prime Rate	3.25%	3.25%	3.25%	3.25%
SIFMA Muni Swap Index	Call	0.08%	0.10%	0.06%

Taxable Swap Rates	Last	Week Ago	Month Ago	Year Ago
2-yr LIBOR Swap	Call	0.85%	0.85%	0.57%
3-yr LIBOR Swap	Call	1.17%	1.17%	0.98%
5-yr LIBOR Swap	Call	1.66%	1.62%	1.67%
7-yr LIBOR Swap	Call	1.99%	1.90%	2.13%
10-yr LIBOR Swap	Call	2.27%	2.16%	2.56%

All else equal, amortizing swaps and caps will have lower rates and costs, respectively. Please call for specific structure pricing requests.

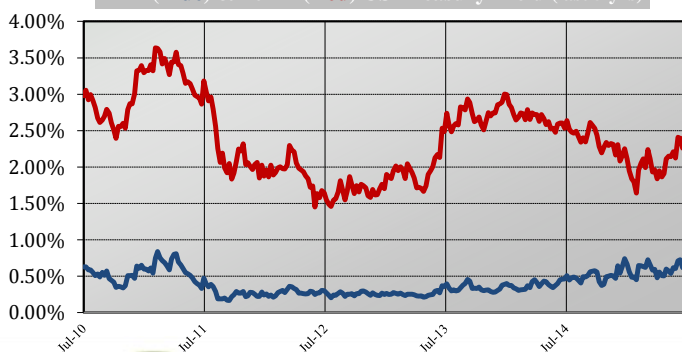
Agency Rate Caps (in bps)	LIBOR = 3%	LIBOR = 4%	LIBOR = 5%	LIBOR = 6%
3-yr LIBOR Cap	32	14	8	10
4-yr LIBOR Cap	82	47	21	25
5-yr LIBOR Cap	156	78	40	44
7-yr LIBOR Cap	346	208	105	99

Treasury Rates	Last	Week Ago	Month Ago	Year Ago
2-yr Treasury	0.71%	0.62%	0.61%	0.47%
3-yr Treasury	1.09%	0.99%	0.98%	0.88%
5-yr Treasury	1.76%	1.57%	1.52%	1.65%
7-yr Treasury	2.20%	1.99%	1.89%	2.13%
10-yr Treasury	2.47%	2.26%	2.14%	2.53%
30-yr Treasury	3.24%	3.05%	2.90%	3.36%
2s-10s Spread	1.76%	1.64%	1.53%	2.06%

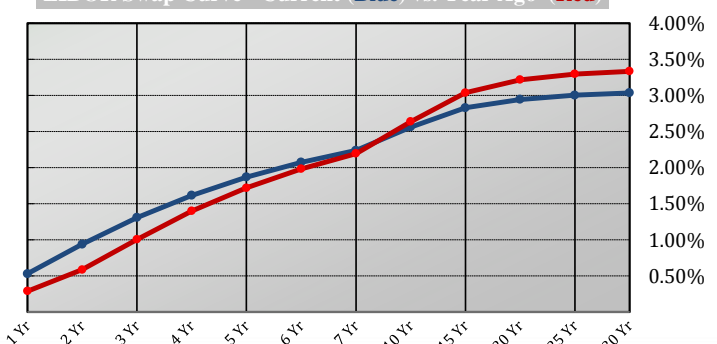
Tax-Exempt Swap Rates	Last	Week Ago	Month Ago	Year Ago
2-yr SIFMA Swap	Call	0.40%	0.41%	0.34%
3-yr SIFMA Swap	Call	0.66%	0.65%	0.63%
5-yr SIFMA Swap	Call	1.12%	1.09%	1.25%
7-yr SIFMA Swap	Call	1.45%	1.40%	1.70%
10-yr SIFMA Swap	Call	1.77%	1.69%	2.14%

Fwd Implied 3mL Rate	Last	Conventions
Dec. 15	0.58%	Source: Bloomberg. LIBOR swaps use 1-month LIBOR, monthly payments, act/360 for both legs. SIFMA swaps reset weekly and pay monthly, act/act. For % of LIBOR swaps, multiply the % used by the taxable swap rate. No amortization.
Dec. 16	1.46%	
Dec. 17	2.17%	
Dec. 18	2.67%	

2 Yr (Blue) & 10 Yr (Red) US Treasury Yield (last 5 yrs)



LIBOR Swap Curve - Current (Blue) vs. Year Ago (Red)



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