12/19/2006 5:24

The Morning Email: Treasuries

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Rotate Me

Want something added?
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Important Econ Releases, Highs & Lows

	5y*	10y*	ZNH7**	ZBH7**	Date
Non-farm High	100.0635	100.0900	109.0400	114.0500	12/8/2006
Non-farm Low	98.2825	99.6500	108.1850	113.0700	12/8/2006
FOMC High	100.0775	98.2950	109.0400	114.0100	12/12/2006
FOMC Low	100.0000	98.1650	108.2450	113.1400	12/12/2006
PPI High	99.2850	99.0600	108.2050	113.1900	11/14/2006
PPI Low	99.2050	98.2350	108.0800	112.3100	11/14/2006
CPI High	100.0425	100.3000	109.0000	113.2400	12/15/2006
CPI Low	99.2000	100.0400	108.0850	112.1700	12/15/2006

*Adjusted for New Issue

**Adjusted for Roll

Prices are recorded from econ release to 2pm CDT

Quotes

	32 nds						
	ls	net	high	low	open	Volume	SYM NAME
TUAH7	102.092	1.2	102.105	102.080	102.085	8,222	2y Futures
FVAH7	105.245	3.0	105.260	105.205	105.215	28,614	5y Futures
TYAH7	108.165	4.5	108.190	108.115	108.125	97,690	10y Futures
USAH7	112.290	6	113.010	112.210	112.250	26,952	30y Futures
	ls	net	high	low	open	Volume	SYM NAME
BUS02P	99.275	0.7	99.282	99.262	99.265	na	2y
BUS05P	99.260	2.2	99.280	99.230	99.230	na	5y
BUS10P	100.135	3.5	100.165	100.085	100.090	na	10y
BUS30P	96.275	4	97.000	96.190	96.200	na	30y
	ls	net	high	low	open	Volume	SYM NAME
BUS02Y	4.697	(1.20)	4.731	4.68	4.731	na	2y Yield
BUS05Y	4.541	(1.60)	4.568	4.525	4.568	na	5y Yield
BUS10Y	4.569	(1.40)	4.595	4.555	4.585	na	10y Yield
BUS30Y	4.697	(0.70)	4.719	4.683	4.711	na	30y Yield

Source: CQG

Yesterday

12/18 13:58 US **MBS**: Very light flows today and one trader said liquidity is really starting to dry up now.
12/18 15:03 **US Swaps**: Swap spreads finished the session wider across the board, despite better receiver support early in the session,
12/18 15:07 **Eurodlr Futures:** Eurodlr futures settled lower in the front to intermediate sector on lighter volume, the curve flattening again.
12/18 15:10 US **Tsy Futures**: At the session close, Tsy futures finished marginally higher to steady in the front end.
12/18 15:15 US **TSYS**/RECAP: Tsys market clung to range Mon… fast money, managed money selling 10s, then improved amid better swap receiving and Fed $748M cpn pass in 2022-2030 Tsys. There also were real money corporate-tied sellers on March Tsy 10Y notes, who may also have bought 2Ys. **[Source – MNI]**

Overnight

12/19 04:22 USTs: Treasuries are trading higher across the curve Tuesday, helped by Asian name buying as a safe-haven against potential fall out from the imposition of capital controls in Thailand. Yields initially inched lower across the curve in Tokyo trade, helped in part by the stronger JGB market. Japanese real money were buyers of the 10-year note, with leveraged players seen as buyers of the 5-year. However, they soon moved higher on the flight to quality demand. London trade saw Treasuries maintain their bid, with light buying seen in all maturities from real money and leveraged accounts. However, volumes slowed ahead of the U.S. data due later in the day. **[Source – MNI]**

Today

Econ Releases

Date	ET	Release	For	Briefing.com	Consensus	Prior
Dec 19	08:30	Housing Starts	Nov	1550K	1550K	1486K
Dec 19	08:30	Building Permits	Nov	1540K	1535K	1553K
Dec 19	08:30	PPI	Nov	1.2%	0.5%	-1.6%
Dec 19	08:30	Core PPI	Nov	0.2%	0.2%	-0.9%
Dec 20	10:30	Crude Inventories	12/15	NA	NA	-4295K
Dec 21	08:30	Chain Deflator-Final	Q3	1.8%	1.8%	1.8%
Dec 21	08:30	GDP-Final	Q3	2.2%	2.2%	2.2%
Dec 21	08:30	Initial Claims	12/16	315K	NA	304K
Dec 21	10:00	Leading Indicators	Nov	0.0%	0.0%	0.2%
Dec 21	12:00	Philadelphia Fed	Dec	3.0	6.0	5.1
Dec 22	08:30	Durable Orders	Nov	1.0%	1.2%	-8.2%
Dec 22	08:30	Personal Income	Nov	0.4%	0.4%	0.4%
Dec 22	08:30	Personal Spending	Nov	0.7%	0.3%	0.2%
Dec 22	10:00	Mich Sentiment-Rev.	Dec	90.2	90.7	90.2

[Source: DailyFX.com]

Upcoming Speakers/Events
(Chi/NY/London Times)

JPY: Dec 19 - BoJ Interest Rate Announcement and Release of Monthly Report
JPY: Dec 19, 00:30/01:30/06:30 - BoJ's Fukui gives Press Conference after rate announcement.
USD: Dec 19 at 12:00/1:00/18:00 - Fed's Lacker speaks on economy in Texas.
EUR: Dec 20 at 02:00/03:00/08:00 - ECB President Trichet Speaks in European Parliament.
GBP: Dec 20, 03:30/04:30/09:30 - BoE Release Minutes from Prior (7th Dec) Meeting Get Minutes
EUR: Dec 21 at 07:30/08:30/13:30 - ECB Press Conference after Council meeting- Get Statement + Q&A
USD: Dec 21 at 12:30/13:30/18:30 - Fed's Lacker speaks on economic outlook in North Carolina
JPY: Dec 22 - BoJ Release minutes from prior (16th Nov) meeting Get Minutes.
[Source: MNI, todayfx.com]

[Other Sources: FXStreet.com, Briefing.com, MNI, Reuters, Dow Jones, Bloomberg, icap

Yield Curve Spreads & Flys, DV01s, CFs

M Duration

30y	15.68
10y	7.85
5y	4.38
3y	2.68
2y	1.84
ZB	9.89
ZN	5.89
ZF	3.95
ZT	1.89

DV01s (32nds)

30y	4.94
10y	2.53
5y	1.40
3y	0.86
2y	0.59
ZB	3.65
ZN	2.05
ZF	1.34
ZT	1.24

DV01s ($s)

30y	$1,543
10y	$792
5y	$438
3y	$268
2y	$184
ZB	$114
ZN	$64
ZF	$42
ZT	$39

Yield Curve Spreads

2/3	-10.20
3/5	-5.40
2/5	-15.60
5/10	2.80
2/10	-12.80
10/30	12.80
5/30	15.60
2/30	0.00

Fly's

2/3/5	-4.80
2/5/10	-18.40
2/10/30	-25.60
5/10/30	-10.00

CFs

ZB	0.7956
ZN	0.9105
ZF	0.9397
ZT	0.9754

*CF OTR Basis = Conversion Factor On-the-Run Basis
(Cash price - (Futures price* OTR CF))= CF OTR Basis

MDuration & DV01s for Futures are based on
proxy issue (CTD)

MDuration = Modified Macaulay Duration

Hedge Ratios: US Financial Futures / Eurex Bund, Bobl, Schatz,

US Financial Futures / Eurex Bond Hedge Ratios
Short Number of Contracts

	ZB	ZN	ZF	ZT
Bund (H)	1.000	1.800	2.800	3.000
Bobl (H)	0.550	0.970	1.500	1.600
Shatz (H)	0.200	0.400	0.600	0.660

Number of contracts LONG

Eurex Hedge Ratio's source: Bloomberg

US Financial Futures Hedge Ratios

	ZB	ZN	ZF	ZT
ZB		0.562	0.367	0.341
ZN	1.779		0.654	0.606
ZF	2.721	1.530		1.078
ZT	0.661	1.176	1.798	

Month Codes:

H=Mch M=Jun

U=Sep Z=Dec

Hedge Ratios: US Treasury Cash / Eurex Bund, Bobl, Schatz

US Treasuries v US Financial Futures Hedge Ratios

	2y	3y	5y	10y	30y
ZB	1.61	2.35	3.84	6.94	13.54
ZN	2.87	4.18	6.84	12.35	24.08
ZF	4.39	6.40	10.46	18.90	36.84
ZT	4.73	6.90	11.27	20.37	39.71

US Treasuries v Eurex Bonds Hedge Ratios

	2y	3y	5y	10y	30y
Bund (H)	1.7	2.4	3.9	7.0	13.1
Bobl (H)	3.1	4.7	7.3	13.5	25.2
Shatz (H)	7.1	10.4	16.7	30.0	56.1

Eurex Hedge Ratio's source: Bloomberg

Eurex Hedge Ratios

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)		1.900	4.600
Bobl (H)	0.530		2.500
Shatz (H)	0.220	0.400	

Eurex Hedge Ratio's source: Bloomberg

Month Codes:

H=Mch M=Jun

U=Sep Z=Dec

Hedge Ratios: US Cash Treasuries / Eurodollar

US Treasuries v US Treasuries

	2y	3y	5y	10y	30y
2y		1.458	2.384	4.309	8.400
3y	0.686		1.635	2.954	5.760
5y	0.419	0.612		1.807	3.523
10y	0.232	0.338	0.553		1.949
30y	0.119	0.174	0.284	0.513	

Commitment of Traders (COT)

Current Positions

	Small Spec			Large Spec			Commercials (Hedgers)			
	Long	Short	Net	Long	Short	Net	Long	Short	Net	
ZF	298,195	275,123	23,072	198,145	290,989	(92,844)	957,207	887,435	69,772	**ZF**
ZN	367,439	422,412	(54,973)	626,081	276,195	349,886	1,533,545	1,828,458	(294,913)	**ZN**
ZB	185,822	186,764	(942)	173,598	188,821	(15,223)	571,856	555,691	16,165	**ZB**

WoW Position Change**

	Sml Spec	Lrg Spec	Comm	
	Net	Net	Net	**As of**
ZF	**(13,034)**	**(79,253)**	**92,286**	**12/12/2006**
ZN	**15,682**	**24,313**	**(39,996)**	
ZB	**(5,508)**	**7,258**	**(1,749)**	

**WoW = Week over week

Closes2pm

2 PM CDT Closes: US Treasuries, US Financial Futures, YC Spreads, Basis

	Cpn	Mty	32nds	Yield
2y	4.625	11/30/08	99.2650	4.717
3y	4.625	11/15/09	100.0050	4.618
5y	4.500	11/30/11	99.2325	4.562
10y	4.625	11/15/16	100.090	4.589
30y	4.500	2/15/36	96.22	4.711

GHCO

	CF Basis*	Basis
5y	0.34	13.654
10y	1.66	50.931
30y	6.90	222.988

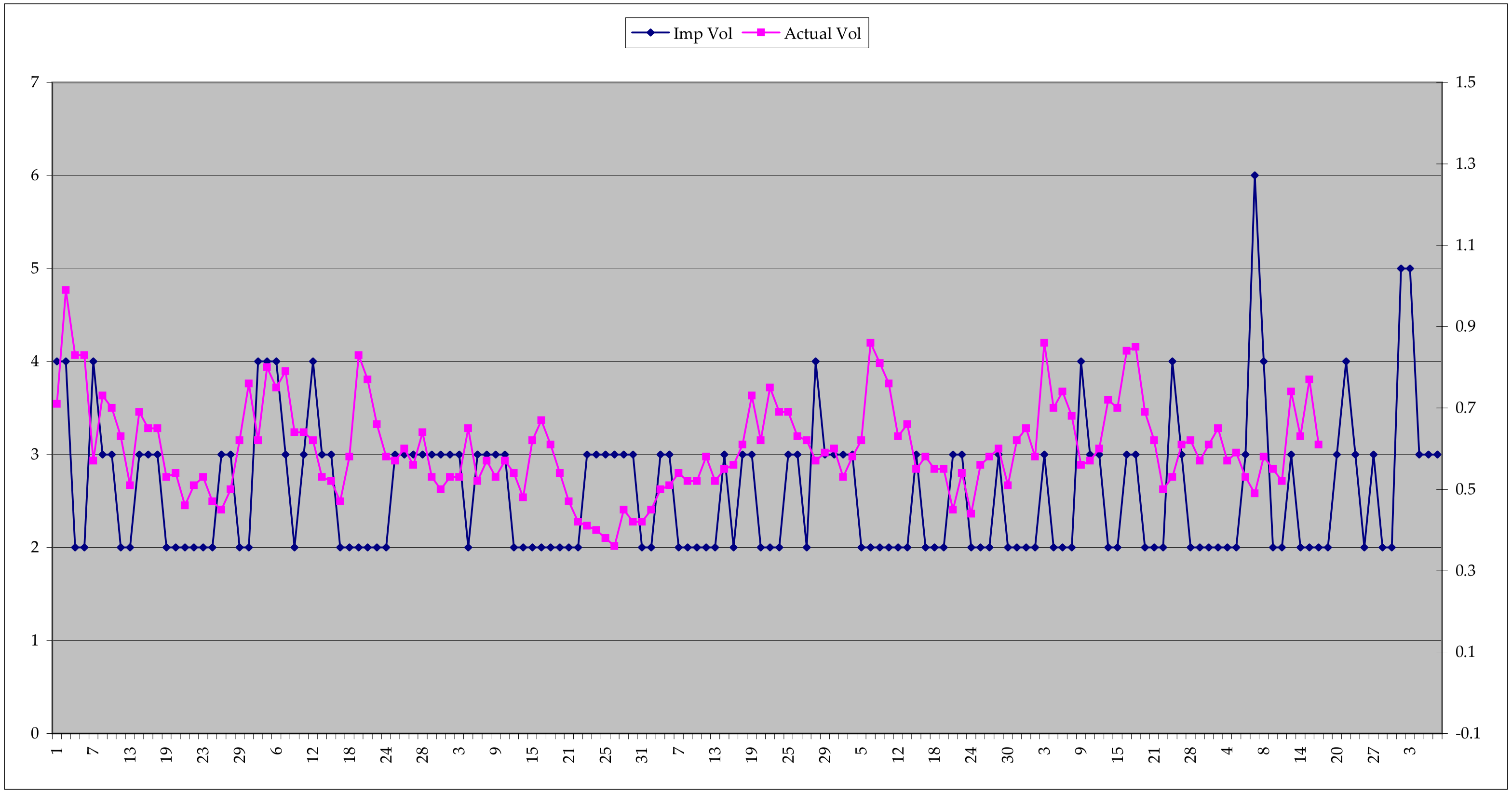
	32nds
ZF	105.2150
ZN	108.1250
ZB	112.24

Curve Spreads bps	
2/3	(0.099)
3/5	(0.056)
2/5	(0.155)
5/10	0.027
2/10	(0.128)
10/30	0.122
5/30	0.149
2/30	(0.006)

CF = Conversion Factor

Cash - (Futures * CF)

Implied Volatility (Daily)



Begins Jun 1, 2006. No weekends

Scale is 1-9 (left axis)
1,2 = very slow
3 = moderate
4,5 = volatile
6-9 = very volatile

Implied Volatility on left axis.
Actual Volatility on right axis.
Actual Vol based on 3 day MA
of the 30yr T-Bond Futures.

Implied Volatility (3-Hour)

CDT Time	UT Time	EDT Time	12/17/2006	12/18/2006	12/19/2006
1900-2200	0000-0300	2000-2300	2	2	2
2200-0100	0300-0600	2300-0200	2	2	2
0100-0400	0600-0900	0200-0500	1	2	2
0400-0700	0900-1200	0500-0800	1	1	2
0700-1000	1200-1500	0800-1100	1	2	2
1000-1300	1500-1800	1100-1400	1	0	1
1300-1600	1800-2100	1400-1700	1	0	1
1600-1900	2100-0000	1700-2000	1	1	2

Shaded boxes denote market hours 4am to 4pm CDT

Scale is 1-9
1,2 = very slow
3 = moderate
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