

The Morning Email: Treasuries

Rotate Me

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Want something added?

Let me know: jgoulding@ghco.com

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All information has been recorded to the best of my ability. This material is based upon information that I consider reliable, but I do not represent that it is accurate or complete.

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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	99.2575	99.0600	108.1650	112.2800	12/19/2006
PPI Low	99.1775	98.2350	108.0200	112.0700	12/19/2006
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					
TUAH7	102.070	6.7	#VALUE!	#VALUE!	#VALUE!	0					2y Futures
FVAH7	105.170	0.0	#VALUE!	#VALUE!	#VALUE!	0					5y Futures
TYAH7	108.045	(1.0)	#VALUE!	#VALUE!	#VALUE!	0					10y Futures
USAH7	112.070	1	#VALUE!	#VALUE!	#VALUE!	0					30y Futures
BUS02P											
	99.257	(0.7)	99.272	99.270	99.270	na					2y
BUS05P	99.195	0.7	99.212	99.195	99.195	na					5y
BUS10P	100.045	3.5	100.045	100.025	100.025	na					10y
BUS30P	96.015	4	96.030	96.000	96.000	na					30y
BUS02Y											
	4.701	(1.30)	4.727	4.688	4.727	na					2y Yield
BUS05Y	4.573	(1.60)	4.596	4.571	4.596	na					5y Yield
BUS10Y	4.603	(1.70)	4.618	4.494	4.498	na					10y Yield
BUS30Y	4.746	(1.40)	4.763	4.743	4.763	na					30y Yield

Source: CQG

Yesterday

[Source - MNI]

Overnight

12/26 02:27 JGB: Japanese government bond prices closed the day higher in the wake of the release of data showing that inflation last month was tame, which reduced the chances of the Bank of Japan increasing interest rates next month, dealers said. The yield on the benchmark 10-year bond closed at 1.565%, down from 1.580% at the close yesterday.

12/26 01:56 FOREX: The US dollar inched higher through a subdued Boxing Day session in Asia, despite some mildly positive Japan data although the dollar initially failed to better the highs seen in pre-Christmas trade in New York Friday. But by late Asian trade, dollar-yen was at Y118.97, hovering at the top of a Y118.72-Y119.00 range while euro-dollar was near the low end of its \$1.3121 to \$1.3143 band, at \$1.3126.

[Source - MNI]

Today

Econ Releases

Date	ET	Release	For	Briefing.com	Consensus	Prior
Dec 27	10:00	New Home Sales	Nov	1020K	1015K	100.4K
Dec 27	10:30	Crude Inventories	12/22	NA	NA	-632.3K
Dec 28	08:30	Initial Claims	12/23	315K	323K	315K
Dec 28	10:00	Consumer Confidence	Dec	102.5	101.8	102.9
Dec 28	10:00	Existing Home Sales	Nov	6.20M	6.15M	6.24M
Dec 29	10:00	Chicago PMI	Dec	52.0	51.0	49.9
Dec 29	10:00	Help-Wanted Index	Nov	30	30	30

[Source: DailyFX.com]

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

[Source: MNI, todayfx.com]

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

Yield Curve Spreads & Flies, DV01s, CFs

M Duration

30y	15.60
10y	7.82
5y	4.36
3y	2.66
2y	1.82
ZB	9.87
ZN	5.87
ZF	3.93
ZT	1.87

DV01s (32nds)

30y	4.88
10y	2.52
5y	1.39
3y	0.85
2y	0.58
ZB	3.63
ZN	2.04
ZF	1.33
ZT	1.23

DV01s (\$s)

30y	\$1,524
10y	\$788
5y	\$436
3y	\$266
2y	\$182
ZB	\$114
ZN	\$64
ZF	\$42
ZT	\$38

Yield Curve Spreads

2/3	-8.00
3/5	-4.80
2/5	-12.80
5/10	3.00
2/10	-9.80
10/30	14.30
5/30	17.30
2/30	4.50

Fly's

2/3/5	-3.20
2/5/10	-15.80
2/10/30	-24.10
5/10/30	-11.30

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	Number of contracts LONG
Bobl (H)	0.550	0.970	1.500	1.600	
Schatz (H)	0.200	0.400	0.600	0.660	

Eurex Hedge Ratio's source: Bloomberg

US Financial Futures Hedge Ratios

	ZB	ZN	ZF	ZT
ZB		0.562	0.367	0.339
ZN	1.779		0.653	0.603
ZF	2.724	1.531		1.083
ZT	0.657	1.169	1.789	

Month Codes:

H=Mch M=Jun
U=Sep Z=Dec

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

US Treasuries v US Financial Futures Hedge Ratios

	2y	3y	5y	10y	30y
ZB	1.60	2.34	3.84	6.94	13.43
ZN	2.85	4.16	6.82	12.34	23.88
ZF	4.36	6.38	10.45	18.90	36.57
ZT	4.73	6.90	11.32	20.46	39.60

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		1.461	2.395	4.331	8.381
3y	0.684		1.639	2.964	5.737
5y	0.418	0.610		1.809	3.500
10y	0.231	0.337	0.553		1.935
30y	0.119	0.174	0.286	0.517	

Commitment of Traders (COT)

	Current Positions									
	Small Spec			Large Spec			Commercials (Hedgers)			Net
	Long	Short	Net	Long	Short	Net	Long	Short	Net	
ZF	264,216	270,590	(6,374)	178,688	264,004	(85,316)	970,667	878,978	91,689	ZF
ZN	306,265	393,967	(87,702)	590,207	294,707	295,500	1,644,638	1,852,435	(207,797)	ZN
ZB	164,170	171,170	(7,000)	126,076	185,512	(59,436)	591,695	525,258	66,437	ZB

	WoW** Position Change				As of 12/19/2006	
	Sml Spec		Lrg Spec			Comm
	Net	Net	Net	Net		
ZF	(29,446)	7,528	21,917	87,116		
ZN	(32,729)	(54,386)	87,116	50,272		
ZB	(6,058)	(44,213)	50,272			

**WoW = Week over week

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	99.3100	4.635
5y	4.500	11/30/11	99.1900	4.592
10y	4.625	11/15/16	100.005	4.622
30y	4.500	2/15/36	95.29	4.762

GHCO

CF Basis*	Basis	32nds
5y	0.34	14.103
10y	1.65	49.715
30y	5.97	212.296
		ZF
		ZN
		ZB

Curve Spreads bps

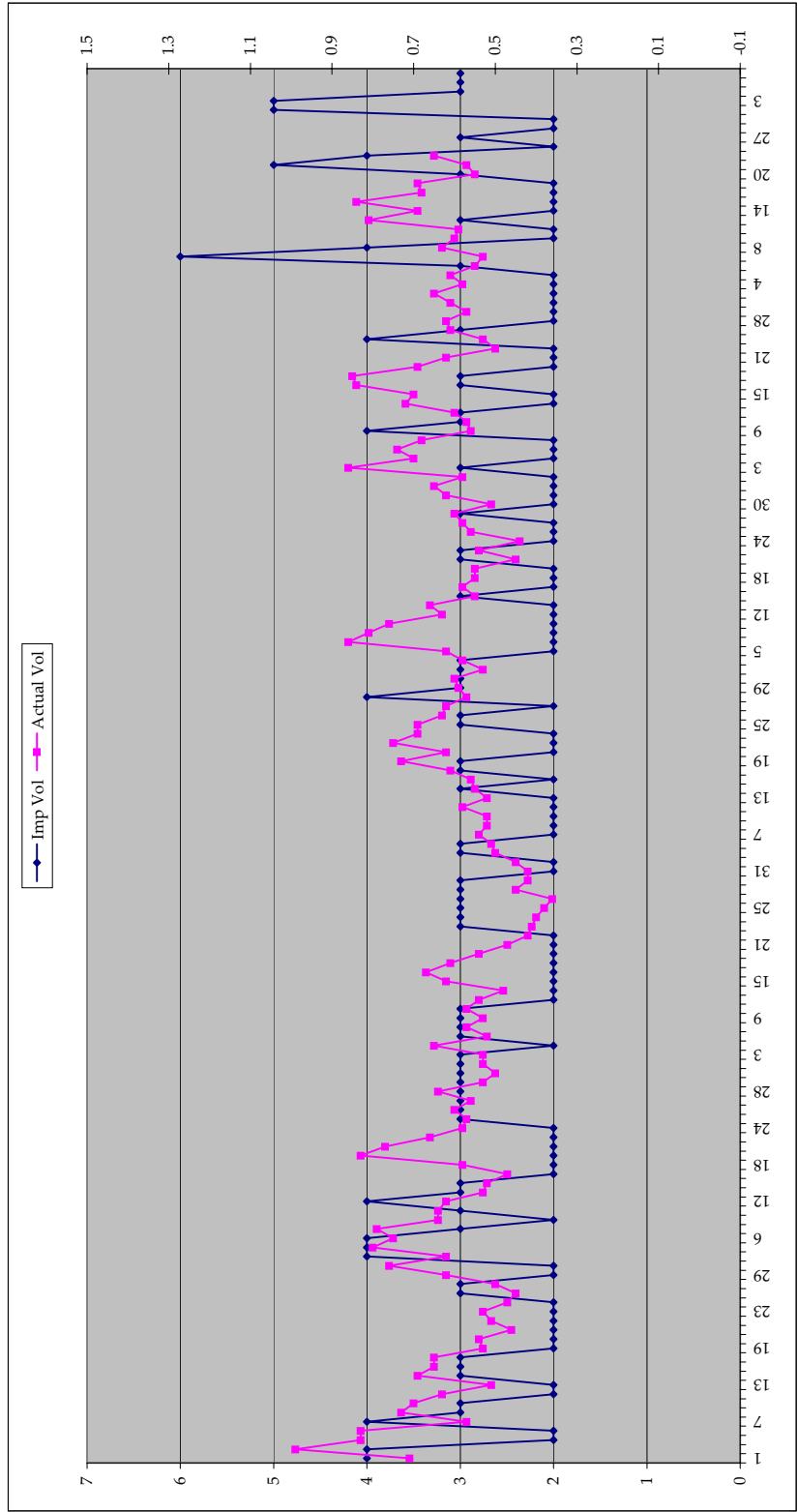
2/3	(0.082)
3/5	(0.043)
2/5	(0.125)
5/10	0.030
2/10	(0.095)
10/30	0.140
5/30	0.170
2/30	0.045

CF = Conversion Factor
Cash - (Futures * CF)

12/26/2006 5:50

Fig 9

Implied Volatility (Daily)



Imp Vol Actual Vol

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	12/26/2006	12/27/2006	12/28/2006
1900-2200	0000-0300	2000-2300	2	2	2
2200-0100	0300-0600	2300-0200	2	3	2
0100-0400	0600-0900	0200-0500	2	3	2
0400-0700	0900-1200	0500-0800	1	4	1
0700-1000	1200-1500	0800-1100	2	2	2
1000-1300	1500-1800	1100-1400	1	2	1
1300-1600	1800-2100	1400-1700	1	2	1
1600-1900	2100-0000	1700-2000	1	2	1

Shaded boxes denote market hours 4am to 4pm CDT

Scale is 1-9
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