

The Morning Email: Treasuries

Rotate Me

Table of Contents

Pg A	Important Econ Releases Highs & Lows
Pg 1	Quotes
Pg 2	News Snapshot
Pg 3	Yield Curve Spreads & Flies, DV01s, CFs
Pg 4	Hedge Ratios: US Financial Futures / Eurex Bund, Bobl, Schatz,
Pg 5	Hedge Ratios: US Treasury Cash / Eurex Bund, Bobl, Schatz
Pg 6	Hedge Ratios: US Cash Treasuries / Eurodollar
Pg 7	Commitment of Traders (COT)
Pg 8	2 PM CDT Closes: US Treasuries, US Financial Futures, YC Spreads, Basis
Pg 9	Implied Volatility (Daily)
Pg 10	Implied Volatility (3-Hour)

Want something added?

Let me know: jgoulding@ghco.com

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Important Econ Releases Highs & Lows

	5y*	10y*	ZN	ZB	Date
Non-farm High	100.0075	100.0900	108.1600	113.0000	11/3/2006
Non-farm Low	99.2175	99.6500	107.1250	111.1300	11/3/2006
FOMC High	99.1600	98.2950	107.0550	110.2700	10/25/2006
FOMC Low	99.0800	98.1650	106.2550	110.0500	10/25/2006
PPI High	99.2350	99.0600	17.1400	111.0600	10/17/2006
PPI Low	99.1400	98.2350	106.3150	110.1500	10/17/2006
CPI High	99.1850	98.3150	107.0750	110.3100	10/18/2006
CPI Low	99.1150	98.2100	106.2950	110.1400	10/18/2006

*Adjusted for New Issue

Prices are recorded from econ release to 2pm CDT

Quotes

		32 nds								
	ls	net	high	low	open	Volume				
TUAZ6	102.012	(1.20)	102.015	102.002	102.015	15,930			2y Futures	
FVAZ6	105.125	(2.00)	105.140	105.100	105.135	44,504			5y Futures	
TYAZ6	108.020	(2.50)	108.035	107.300	108.030	112,993			10y Futures	
USAZ6	112.220	(4)	112.250	112.160	112.230	29,074			30y Futures	
T. US: B045P1011										
BUS02P	100.055	(0.5)	100.057	100.047	100.055	na			2y	
BUS10P	#VALUE!	(1.5)	100.032	99.317	100.025	na			5y	
BUS30P	96.200	(2.0)	100.035	99.300	100.020	na			10y	
		(2)	96.220	96.125	96.200	na			30y	
T. US: B045P1011										
BUS02Y	4.777	1.30	4.806	4.751	4.768	na			2y Yield	
BUS05Y	4.607	0.90	4.628	4.585	4.594	na			5y Yield	
BUS10Y	4.615	0.60	4.637	4.601	4.605	na			10y Yield	
BUS30Y	4.711	0.60	4.73	4.7	4.703	na			30y Yield	

Source: CQG

Yesterday

TREASURYS: U.S. Treasury prices remained under modest pressure Monday afternoon, as selling from investors setting up ahead of key inflation reports later in the week - as well as selling related to corporate bond issuance - dominated flows.

Source: Yahoo! , Briefing.com, DJ News Wire, icap

Overnight

[04:56 EST 11/14]
 USTs: Treasuries are trading lower across the curve Tuesday, weighed down by the falling JGB market and the impressive Japanese economic data. However, traders note light buying across the curve at the lows offering support. Prices were higher in early Tokyo trade, helped by dip-buying from Asian real money names and West Coast funds. However, prices soon gave up ground as the Japanese growth data, showing GDP rose an annualized 2.0%, weighed on global bond markets. The weakness seeped into the London market, with the front of the curve leading the way lower, helping the curve continue to flatten. Real money names were outright sellers of the belly of the curve, although leveraged names were buyers against selling two and three-year paper. Japanese accounts were again outright sellers of the long end of the curve. Bunds were trading modestly lower against U.S. 10-year T-notes, down just 0.5 bps on the day at 93 bps. The 2-yr note was 1+32 lower, trading at 100 5/32, to yield 4.78% and the 10-year note was 3/32 lower at 100 1/32 (4.62%).

Source: Yahoo! , Briefing.com, MNI

Other Sources: Reuters, Dow Jones, Bloomberg,

Today

US: US data **calendar** for Tuesday November14 (time in GMT/EST),
 1245/0745 11-Nov ICSC-JBS Store Sales Last +1.0%/w, +2.3%/y
 1330/0830 Oct-06 Producer Price Index Last -1.3% Fcast -0.6%
 1330/0830 Oct-06 PPI ex food & energy Last +0.6% Fcast +0.2%
 1330/0830 Oct-06 Retail & Food Sales Last -0.4% Fcast -0.4%
 1330/0830 Oct-06 Retail & Food ex Motor Vehicle Last -0.5% Fcast -0.3%
 1355/0855 11-Nov Redbook Average Last +0.3% thru wk 1
 1500/1000 Nov-06 IBD/TIPP Econ Optimism Index Last 52.4
 1500/1000 Sep-06 Business Inventories Last +0.6% Fcast +0.6%
 2200/1700 12-Nov ABC/Wash Post Cons Conf Index

Yield Curve Spreads & Flies, DV01s, CFs

M Duration

30y	15.80
10y	7.94
5y	4.38
3y	2.77
2y	1.84
ZB	9.98
ZN	5.73
ZF	3.82
ZT	1.76

DV01s (32nds)

30y	4.94
10y	#NUM!
5y	1.40
3y	0.89
2y	0.59
ZB	3.65
ZN	2.00
ZF	1.30
ZT	1.15

DV01s (\$s)

30y	\$1,545
10y	#NUM!
5y	\$439
3y	\$277
2y	\$185
ZB	\$114
ZN	\$63
ZF	\$41
ZT	\$36

Yield Curve Spreads

2/3	-11.50
3/5	-5.50
2/5	-17.00
5/10	0.80
2/10	-16.20
10/30	9.60
5/30	10.40
2/30	-6.60

Fly's

2/3/5	-6.00
2/5/10	-17.80
2/10/30	-25.80
5/10/30	-8.80

CFs

ZB	0.795
ZN	0.8995
ZF	0.9430
ZT	0.9528

*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 (Z)	1.000	1.800	2.700	3.000
Bobl (Z)	0.530	0.920	1.400	1.500
Schatz (Z)	0.200	0.370	0.570	0.630

Eurex Hedge Ratio's source: Bloomberg

US Financial Futures Hedge Ratios

	ZB	ZN	ZF	ZT
ZB		1.824	2.807	3.168
ZN	0.548		1.539	1.737
ZF	0.356	0.650		1.138
ZT	0.631	1.152	1.772	

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

Number
of
contracts
LONG

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

US Treasuries v US Financial Futures Hedge Ratios

	2y	3y	5y	10y	30y
ZB	1.62	2.42	3.85	#NUM!	13.53
ZN	2.96	4.42	7.01	#NUM!	24.68
ZF	4.55	6.81	10.79	#NUM!	37.98
ZT	4.89	7.68	12.18	#NUM!	42.86

US Treasuries v Eurex Bonds Hedge Ratios

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

Eurex Hedge Ratio's source: Bloomberg

Eurex Hedge Ratios

	Bund (Z)	Bobl (Z)	Shatz (Z)
Bund (Z)		1.880	4.800
Bobl (Z)	0.520		2.484
Shatz (Z)	0.214	0.403	

Eurex Hedge Ratio's source: Bloomberg

Hedge Ratios: US Cash Treasuries / Eurodollar

US Treasuries v US Treasuries						
	2y	3y	5y	10y	30y	
2y		1.571	2.492	#NUM!	8.769	
3y	0.669		1.586	#NUM!	5.580	
5y	0.422	0.630		#NUM!	3.518	
10y	#NUM!	#NUM!	#NUM!		#NUM!	
30y	0.120	0.179	0.284	#NUM!		

Commitment of Traders (COT)

Maximum and Minimum Positions*											
Small Spec			Large Spec			Commercials					
Max	Date	Min	Date	Min	Date	Max	Date	Min	Date	Max	Date
ZF											
ZN											
ZB											

Current Positions											
Small Spec			Large Spec			Commercials (Hedgers)					
Long	Short	Net	Long	Short	Net	Long	Short	Net	Long	Short	Net
ZF	270,393	303,355	(32,962)	190,761	193,146	(2,385)	1,007,441	972,095	35,346		ZF
ZN	340,634	436,820	(96,186)	735,890	336,086	399,804	1,588,691	1,892,309	(303,618)		ZN
ZB	165,981	196,432	(30,451)	114,578	146,062	(31,484)	578,587	516,652	61,935		ZB

WoW** Position Change			
Sml Spec	Lrg Spec	Comm	As of
Net	Net	Net	10/31/2006
ZF	981	24,222	(25,203)
ZN	11,375	(14,962)	3,585
ZB	(1,085)	58,968	(57,883)

*Minimum and Maximum Positions go back to 07/05/2005

**WoW = Week over week

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

	Cpn	Mty	32nds	Yield
2y	4.875	10/30/08	100.0650	4.764
3y	4.625	11/15/09	99.3000	4.647
5y	4.625	10/31/11	100.0450	4.593
10y	4.625	11/15/16	100.050	4.605
30y	4.500	2/15/36	96.25	4.704

GHCO

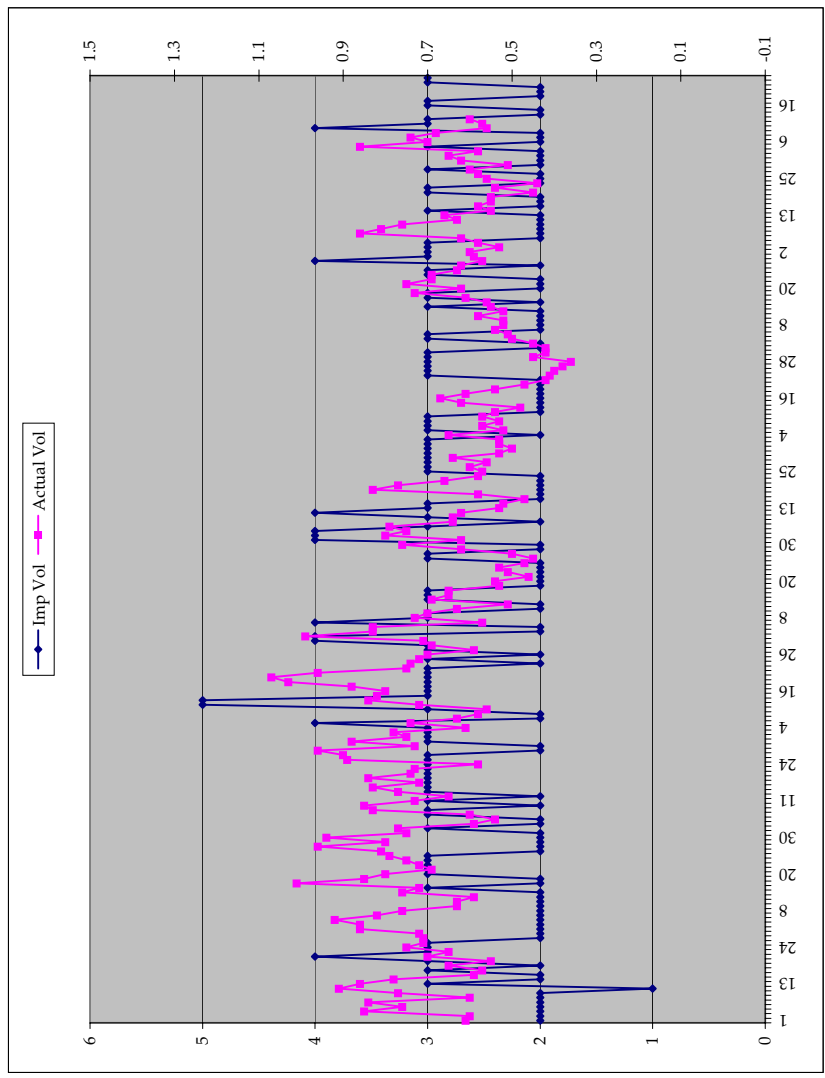
CF Basis* Basis	32nds
5y 0.89	ZF 105.1500
10y 2.86	ZN 108.0500
30y 7.00	ZB 112.26

Curve Spreads bps

2/3	(0.117)
3/5	(0.054)
2/5	(0.171)
5/10	0.012
2/10	(0.159)
10/30	0.099
5/30	0.111
2/30	(0.060)

CF = Conversion Factor
Cash - (Futures * CF)

Implied Volatility (Daily)



Begins Feb 1. 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.

Implied Volatility (3-Hour)

CDT Time	UT Time	EDT Time	11/13/2006	11/14/2006	11/15/2006
1900-2200	0000-0300	2000-2300	2	2	2
2200-0100	0300-0600	2300-0200	2	2	2
0100-0400	0600-0900	0200-0500	2	2	2
0400-0700	0900-1200	0500-0800	1	1	1
0700-1000	1200-1500	0800-1100	2	2	2
1000-1300	1500-1800	1100-1400	1	1	1
1300-1600	1800-2100	1400-1700	1	1	1
1600-1900	2100-0000	1700-2000	1	1	1

Shaded boxes denote market hours 4am to 4pm CDT

Scale is 1-9
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