

The Morning Email: Treasuries

Rotate Me

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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	100.1375	99.0600	108.1850	113.1900	11/14/2006
PPI Low	100.0600	98.2350	108.0600	112.3100	11/14/2006
CPI High	100.1050	100.1700	108.1450	113.1200	11/16/2006
CPI Low	99.2425	99.2000	107.2050	112.0300	11/16/2006

*Adjusted for New Issue

Prices are recorded from econ release to 2pm CDT

Quotes

		32 nds						
Is	net	high	low	open	Volume	SYM NAME		
TUAZ6	(0.70)	102.037	102.025	102.037	9,264	2y Futures		
FVAZ6	(2.00)	105.195	105.165	105.185	42,393	5y Futures		
TYAZ6	(3.50)	108.160	108.120	108.150	84,420	10y Futures		
USAZ6	(5)	113.160	113.090	113.140	26,463	30y Futures		
T. US: B045P1011								
Is	net	high	low	open	Volume	SYM NAME		
BUS02P	(0.2)	100.080	100.072	100.077	na	2y		
BUS10P	(1.5)	100.107	100.075	100.092	na	5y		
BUS30P	(2.0)	100.195	100.160	100.180	na	10y		
BUS30P	(4)	97.305	97.225	97.275	na	30y		
Is	net	high	low	open	Volume	SYM NAME		
BUS02Y	0.90	4.757	4.718	4.744	na	2y Yield		
BUS05Y	1.40	4.571	4.547	4.563	na	5y Yield		
BUS10Y	1.00	4.566	4.542	4.554	na	10y Yield		
BUS30Y	0.90	4.646	4.625	4.634	na	30y Yield		

Source: CQG

Yesterday

1:09 pm - Treasuries Drift Off into Weekend: The market was modestly bid through the shortened session only to see some of that come off toward the end. The dollar drubbing & lack of follow-through to early equity selling ran its course by mid-morning & bonds found little reason to add to gains. Instead, whoever was left at their desks were **taking profits & squaring up positions while looking ahead to next week** where data will likely determine near-term direction as prices remain tied close to their upper ranges [**Source: Yahoo!**]

Overnight

- [Most Asian Markets Advance](#)
6:04 am - AP
- [Japanese Stocks Rise on Gains in Banks](#)
5:58 am - AP
- [Dollar Recovers Against Yen](#)
5:41 am - AP
- [Wall Street stock index future point to flat open](#)
5:18 am - Reuters

TOKYO, Nov 27 (Reuters) - U.S. Treasuries were flat to slightly weaker on Monday, holding most of the gains they made late last week before a bevy of U.S. economic data that should provide more clues about the Federal Reserve's next move on interest rates. December 10-year Treasury futures dipped 2.5/32 to 108-13.5/32.

[Source - Market Watch, Reuters]

Today

Date	ET	Release	For	Briefing.com	Consensus	Prior
Nov 28	08:30	Durable Orders	Oct	-6.0%	-4.5%	8.3%
Nov 28	10:00	Consumer Confidence	Nov	105.0	106.5	105.4
Nov 28	10:00	Existing Home Sales	Oct	6.15M	6.20M	6.18M
Nov 29	08:30	GDP-Prel.	Q3	1.8%	1.8%	1.6%
Nov 29	08:30	Chain Deflator-Prel.	Q3	1.8%	1.8%	1.8%
Nov 29	10:00	New Home Sales	Oct	1010K	1045K	1075K
Nov 29	10:30	Crude Inventories	11/24	NA	NA	5161K
Nov 29	14:00	Fed's Beige Book				
Nov 30	08:30	Initial Claims	11/25	310K	NA	321K
Nov 30	08:30	Personal Income	Oct	0.5%	0.5%	0.5%
Nov 30	08:30	Personal Spending	Oct	0.1%	0.1%	0.1%
Nov 30	10:00	Chicago PMI	Nov	56.0	54.5	53.5
Nov 30	10:00	Help-Wanted Index	Oct	30	31	30
Dec 01	00:00	Auto Sales	Nov	5.3M	5.2M	5.1M
Dec 01	00:00	Truck Sales	Nov	7.5M	7.3M	7.2M
Dec 01	10:00	Construction Spending	Oct	-0.3%	-0.2%	-0.3%
Dec 01	10:00	ISM Index	Nov	52.5	52.0	51.2

[Sources: DailyFX.com]

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

Yield Curve Spreads & Flies, DV01s, CFs

M Duration

30y	15.76
10y	7.91
5y	4.35
3y	2.74
2y	1.81
ZB	9.96
ZN	5.70
ZF	3.79
ZT	1.73

DV01s (32nds)

30y	5.00
10y	2.55
5y	1.40
3y	0.88
2y	0.58
ZB	3.67
ZN	2.00
ZF	1.29
ZT	1.14

DV01s (\$s)

30y	\$1,561
10y	\$796
5y	\$438
3y	\$274
2y	\$182
ZB	\$115
ZN	\$63
ZF	\$40
ZT	\$36

Yield Curve Spreads

2/3	-11.60
3/5	-5.90
2/5	-17.50
5/10	-0.30
2/10	-17.80
10/30	7.90
5/30	7.60
2/30	-9.90

Fly's

2/3/5	-5.70
2/5/10	-17.20
2/10/30	-25.70
5/10/30	-8.20

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

Number
of
contracts
LONG

Eurex Hedge Ratio's source: Bloomberg

US Financial Futures Hedge Ratios

	ZB	ZN	ZF	ZT
ZB		1.832	2.836	3.224
ZN	0.546		1.548	1.760
ZF	0.353	0.646		1.152
ZT	0.620	1.137	1.759	

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	1.59	2.39	3.82	6.94	13.60
ZN	2.91	4.37	7.00	12.72	24.93
ZF	4.50	6.76	10.83	19.68	38.59
ZT	4.89	7.69	12.32	22.37	43.87

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

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		1.574	2.520	4.578	8.976	
3y	0.665		1.602	2.909	5.704	
5y	0.415	0.624		1.816	3.561	
10y	0.229	0.344	0.551		1.961	
30y	0.117	0.175	0.281	0.510		

Commitment of Traders (COT)

Current Positions									
Small Spec			Large Spec			Commercials (Hedgers)			Net
Long	Short	Net	Long	Short	Net	Long	Short	Net	
0	302,725	302,501	224	191,818	222,999	(31,181)	985,020	30,956	0
0	371,511	430,612	(59,101)	682,120	289,773	392,347	1,908,698	(333,247)	0
0	190,726	183,280	7,446	132,305	163,970	(31,665)	579,125	24,219	0

WoW** Position Change				As of
Sml Spec		Lrg Spec		Comm
Net	Net	Net	Net	Net
0	9,406	18,948	(28,355)	11/14/2006
0	5,322	6,620	(11,942)	
0	9,586	20,378	(29,964)	

**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	100.0825	4.732
3y	4.625	11/15/09	100.0150	4.607
5y	4.625	10/31/11	100.1050	4.549
10y	4.625	11/15/16	100.195	4.548
30y	4.500	2/15/36	97.31	4.628

GHCO

CF Basis* Basis	32nds
5y 0.91 14.845	ZF 105.1950
10y 2.91 96.436	ZN 108.1600
30y 7.36 248.650	ZB 113.14

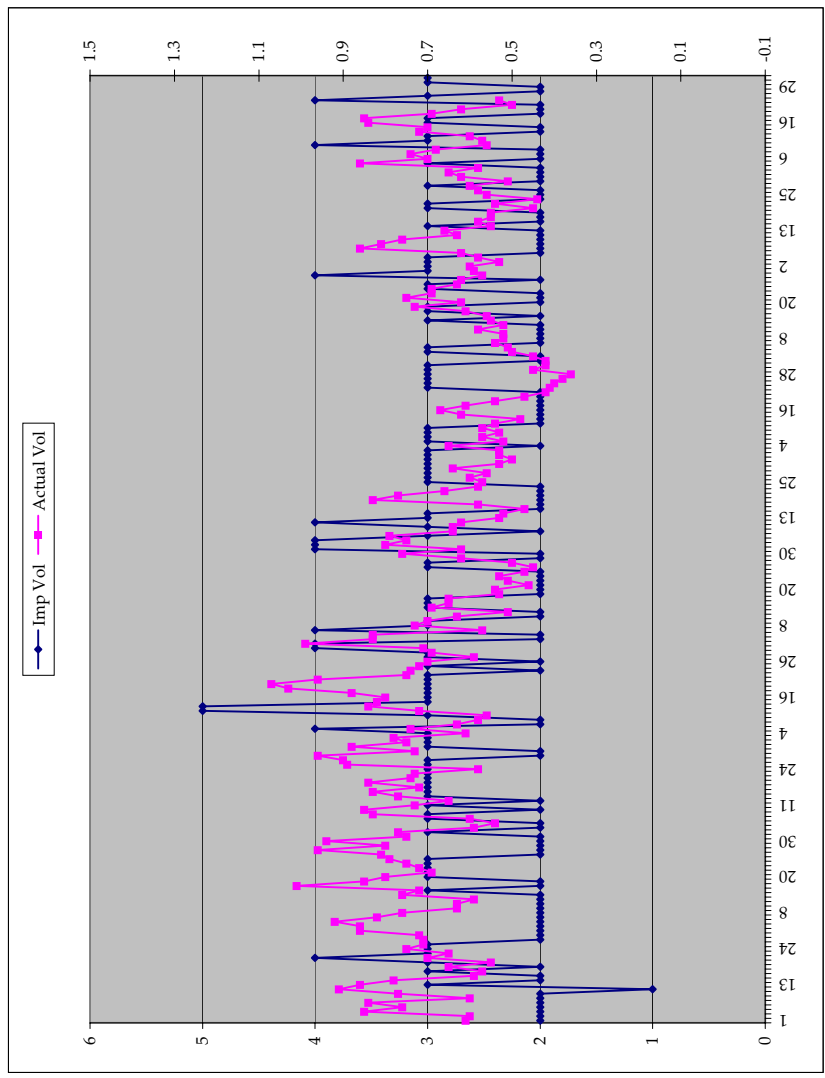
Curve Spreads bps

2/3	(0.125)
3/5	(0.058)
2/5	(0.183)
5/10	(0.001)
2/10	(0.184)
10/30	0.080
5/30	0.079
2/30	(0.104)

Closes were marked at 12 noon CDT
On Fri, Nov 24

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	11/27/2006	11/28/2006	11/29/2006
1900-2200	0000-0300	2000-2300	2	2	1
2200-0100	0300-0600	2300-0200	2	2	1
0100-0400	0600-0900	0200-0500	2	2	1
0400-0700	0900-1200	0500-0800	1	1	1
0700-1000	1200-1500	0800-1100	2	2	1
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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