11/3/2006 5:27

The Morning Email: Treasuries

Table of Contents

Rotate Me

Want something added?
Let me know: jgoulding@ghco.com

Jim Goulding, GHCO, Treas-Arb, Chicago, jgoulding@ghco.com

Important Econ Releases Highs & Lows

	5y*	10y*	ZN	ZB	Date
Non-farm High	100.2000	102.1200	108.2050	113.0000	10/6/2006
Non-farm Low	99.2800	101.1100	107.1850	111.1500	10/6/2006
FOMC High	99.1600	100.2800	107.0550	110.2700	10/25/2006
FOMC Low	99.0800	100.1500	106.2550	110.0500	10/25/2006
PPI High	99.2350	101.0450	17.1400	111.0600	10/17/2006
PPI Low	99.1400	100.2200	106.3150	110.1500	10/17/2006
CPI High	99.1850	100.3000	107.0750	110.3100	10/18/2006
CPI Low	99.1150	100.1950	106.2950	110.1400	10/18/2006

*Adjusted for New Issue

Prices are recorded from econ release to 2pm CDT

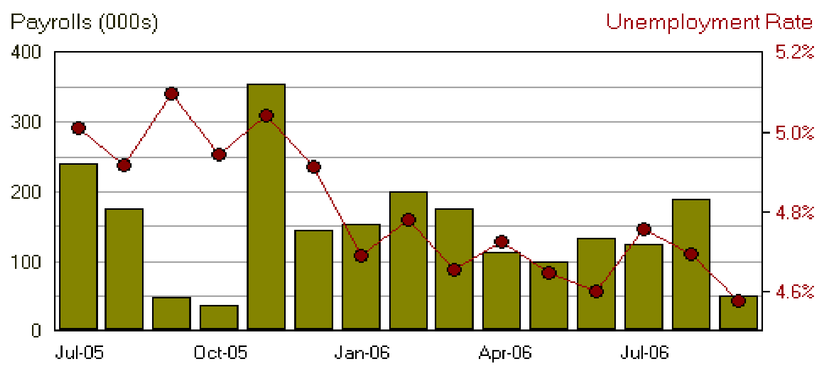
Quotes

	32 nds						
	ls	net	high	low	open	Volume	SYM NAME
TUAZ6	102.075	(0.20)	102.085	102.075	102.077	11,563	2y Futures
FVAZ6	105.205	(0.50)	105.225	105.205	105.205	19,368	5y Futures
TYAZ6	108.095	0.00	108.130	108.095	108.095	50,658	10y Futures
USAZ6	112.270	0	112.300	112.250	112.260	9,778	30y Futures
	ls	net	high	low	open	Volume	SYM NAME
BUS02P	100.120	(0.2)	100.127	100.120	100.125	na	2y
T.US.B045P1011	100.105	0.2	100.127	100.105	100.112	na	5y
BUS10P	102.055	0.5	102.085	102.055	102.060	na	10y
BUS30P	96.190	0	96.235	96.190	96.230	na	30y
	ls	net	high	low	open	Volume	SYM NAME
BUS02Y	4.670	(0.10)	4.687	4.654	4.683	na	2y Yield
BUS05Y	4.547	0.00	4.556	4.535	4.556	na	5y Yield
BUS10Y	4.594	0.00	4.6	4.58	4.598	na	10y Yield
BUS30Y	4.712	(0.30)	4.717	4.702	4.717	na	30y Yield

Source: CQG

Unemployment

- **Briefing.com Forecast:** 135K payrolls, 4.7% unemployment rate, 0.4% hourly earnings, 33.8 hour workweek.
- **Market Consensus:** 125K payrolls, 4.6% unemployment rate, 0.3% hourly earnings, 33.8 hour workweek.



Updated: 06-Oct-06
BRIEFING.COM

Yield Curve Spreads & Flys, DV01s, CFs

M Duration

30y	15.80
10y	7.66
5y	4.41
3y	2.54
2y	1.87
ZB	10.01
ZN	5.76
ZF	3.85
ZT	1.79

DV01s (32nds)

30y	4.93
10y	2.53
5y	1.44
3y	0.82
2y	0.60
ZB	3.67
ZN	2.02
ZF	1.31
ZT	1.18

DV01s ($s)

30y	$1,542
10y	$791
5y	$450
3y	$256
2y	$188
ZB	$115
ZN	$63
ZF	$41
ZT	$37

Yield Curve Spreads

2/3	-7.10
3/5	-5.20
2/5	-12.30
5/10	4.70
2/10	-7.60
10/30	11.80
5/30	16.50
2/30	4.20

Fly's

2/3/5	-1.90
2/5/10	-17.00
2/10/30	-19.40
5/10/30	-7.10

CFs

ZB	0.7943
ZN	0.9178
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	2.900
Bobl (Z)	0.530	0.940	1.400	1.500
Shatz (Z)	0.230	0.410	0.620	0.680

Eurex Hedge Ratio's source: Bloomberg

Number of contracts LONG

US Financial Futures Hedge Ratios

	ZB	ZN	ZF	ZT
ZB		1.819	2.793	3.117
ZN	0.550		1.536	1.714
ZF	0.358	0.651		1.130
ZT	0.642	1.167	1.792	

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	1.64	2.24	3.93	6.90	13.46
ZN	2.98	4.07	7.15	12.56	24.48
ZF	4.58	6.25	10.98	19.29	37.60
ZT	4.89	6.97	12.26	21.52	41.95

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)	0.532		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		1.426	2.508	4.404	8.585
3y	0.733		1.759	3.088	6.020
5y	0.417	0.569		1.756	3.423
10y	0.237	0.324	0.570		1.950
30y	0.122	0.166	0.292	0.513	

Commitment of Traders (COT)

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

	Current Positions									
	Small Spec			Large Spec			Commercials (Hedgers)			
	Long	Short	Net	Long	Short	Net	Long	Short	Net	
ZF	249,962	283,905	(33,943)	162,014	188,621	(26,607)	1,066,819	1,006,270	60,549	ZF
ZN	317,106	424,667	(107,561)	750,450	335,684	414,766	1,731,622	2,038,825	(307,203)	ZN
ZB	154,908	184,274	(29,366)	72,362	162,814	(90,452)	580,124	460,306	119,818	ZB

	WoW** Position Change			
	Sml Spec	Lrg Spec	Comm	
	Net	Net	Net	As of 10/24/2006
ZF	(31,927)	(30,535)	62,461	
ZN	(15,176)	(30,321)	45,499	
ZB	(7,929)	(34,058)	41,986	

*Minimum and Maximum Positions
go back to 07/05/2005
**WoW = Week over week

Closes2pm

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

	Cpn	Mty	32nds	Yield
2y	4.875	10/30/08	100.1250	4.667
3y	4.875	8/15/09	100.2250	4.600
5y	4.625	10/31/11	100.1100	4.547
10y	4.875	8/15/16	102.060	4.589
30y	4.500	2/15/36	96.19	4.715

	CF Basis*	GHCO Basis
5y	0.90	13.926
10y	2.85	83.360
30y	7.02	221.050

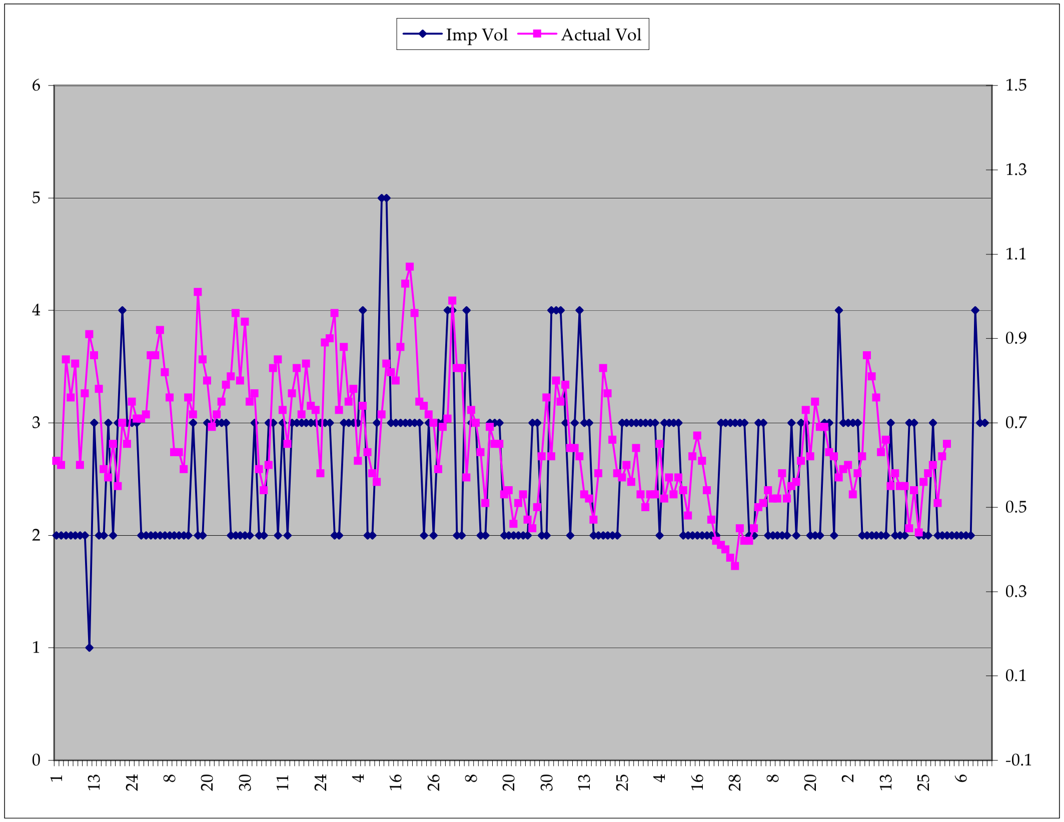
	32nds
ZF	105.2100
ZN	108.1000
ZB	112.26

Curve Spreads bps	
2/3	(0.067)
3/5	(0.053)
2/5	(0.120)
5/10	0.042
2/10	(0.078)
10/30	0.126
5/30	0.168
2/30	0.048

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	11/1/2007	11/2/2007	11/3/2007
1900-2200	0000-0300	2000-2300	1	1	2
2200-0100	0300-0600	2300-0200	1	1	2
0100-0400	0600-0900	0200-0500	1	1	2
0400-0700	0900-1200	0500-0800	1	1	1
0700-1000	1200-1500	0800-1100	1	1	1
1000-1300	1500-1800	1100-1400	0	0	1
1300-1600	1800-2100	1400-1700	0	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
4,5 = volatile
6-9 = very volatile