10/16/2006 5:47

The Morning Email: Treasuries

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Want something added?
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Important Econ Releases Highs & Lows

	5y*	10y*	ZN	ZB	Date
Non-farm High	100.0200	102.1200	108.2050	113.0000	10/6/2006
Non-farm Low	99.1050	101.1100	107.1850	111.1500	10/6/2006
FOMC High	99.0750	101.0975	107.1900	111.1000	9/20/2006
FOMC Low	99.0350	101.0100	107.1000	111.1000	9/20/2006
PPI High	99.0600	101.0350	107.1300	111.0500	9/18/2006
PPI Low	98.2800	100.1900	106.2800	110.1300	9/18/2006
CPI High	99.0350	100.3150	107.1000	111.0200	9/15/2006
CPI Low	98.2750	100.1800	106.2900	110.1300	9/15/2006

*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	101.290	0.50	101.292	101.287	101.287	5,680	2y Futures
FVAZ6	104.240	0.50	104.250	104.230	104.235	27,036	5y Futures
TYAZ6	106.290	1.00	106.300	106.275	106.285	53,610	10y Futures
USAZ6	110.140	2	110.150	110.090	110.110	13,385	30y Futures
	ls	net	high	low	open	Volume	SYM NAME
BUS02P	99.175	(0.2)	99.180	99.177	99.177	na	2y
BUS05P	98.270	0.2	98.275	98.265	98.265	na	5y
BUS10P	100.185	0.0	100.195	100.170	100.170	na	10y
BUS30P	93.120	2	93.140	93.100	93.100	na	30y
	ls	net	high	low	open	Volume	SYM NAME
BUS02Y	4.865	0.80	4.882	4.844	4.882	na	2y Yield
BUS05Y	4.761	0.40	4.773	4.757	4.773	na	5y Yield
BUS10Y	4.796	0.00	4.81	4.792	4.808	na	10y Yield
BUS30Y	4.928	(0.10)	4.942	4.923	4.938	na	30y Yield

Source: CQG

Overnight

GLOBAL MARKETS-Stocks test highs, yen gains on Russian buying - *at Reuters* - 1 hour, 5 minutes ago
European shares tested five-year highs on Monday, brushing off firmer oil prices, higher bond yields and a disappointing start to the third-quarter earnings season from Dutch electronics giant Philips .

JGB yields near 2-mth highs on Treasuries, Fukui - *at Reuters* - Mon 2:28 am ET
The yield on the benchmark 10-year Japanese government bond neared a two-month high on Monday, pressured by U.S. Treasury losses and comments by Bank of Japan Governor Toshihiko Fukui, who said late last week that the possibility of a rate rise this year could not be ruled out.

Treasuries steady in Asia, eyes on Fed officials - *at Reuters* - Sun 11:43 pm ET
U.S. Treasuries were steady in Asian trading on Monday, with 10-year yields stuck near three-week highs ahead of speeches by several Federal Reserve officials.

JGBs fall as Treasuries, Fukui trigger selling - *at Reuters* - Sun 10:58 pm ET
The yield on the benchmark 10-year Japanese government bond hit a near two-month high on Monday, pressured by U.S. Treasury losses and comments by Bank of Japan Governor Toshihiko Fukui, who said late last week that the possibility of a rate rise this year could not be ruled out.

Sources: Reuters, MNI, Dow Jones, Bloomberg, Yahoo!

Yield Curve Spreads & Flys, DV01s, CFs

M Duration

30y	15.59
10y	7.68
5y	4.38
3y	2.59
2y	2.03
ZB	9.99
ZN	5.80
ZF	3.90
ZT	1.84

DV01s (32nds)

30y	4.70
10y	2.49
5y	1.39
3y	0.83
2y	0.59
ZB	3.57
ZN	2.00
ZF	1.31
ZT	1.20

DV01s ($s)

30y	$1,468
10y	$779
5y	$434
3y	$260
2y	$184
ZB	$112
ZN	$62
ZF	$41
ZT	$38

Yield Curve Spreads

2/3	-6.70
3/5	-3.70
2/5	-10.40
5/10	3.50
2/10	-6.90
10/30	13.20
5/30	16.70
2/30	6.30

Fly's

2/3/5	-3.00
2/5/10	-13.90
2/10/30	-20.10
5/10/30	-9.70

CFs

OTR*

ZB	0.7943
ZN	0.9178
ZF	0.9387
ZT	0.9774

*OTR = On the Run

*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		1.787	2.719	2.970
ZN	0.559		1.521	1.662
ZF	0.368	0.657		1.106
ZT	0.673	1.204	1.831	

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	1.65	2.33	3.89	6.98	13.15
ZN	2.94	4.16	6.95	12.48	23.50
ZF	4.47	6.33	10.57	18.98	35.75
ZT	4.89	6.91	11.54	20.73	39.06

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		1.415	2.362	4.242	7.992
3y	0.707		1.669	2.998	5.648
5y	0.423	0.599		1.796	3.384
10y	0.236	0.334	0.557		1.884
30y	0.125	0.177	0.296	0.531	

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	29,192	10/3/2006	(179,890)	10/25/2005	45,278	7/11/2006	(284,813)	8/9/2005	459,733	8/9/2005	(66,981)	10/3/2006
ZN	(27,856)	8/29/2006	(274,045)	3/21/2006	537,763	10/3/2006	(117,947)	10/25/2005	292,853	10/25/2005	(476,446)	10/3/2006
ZB	(3,728)	10/3/2006	(92,110)	4/25/2006	44,491	8/23/2005	(172,009)	5/2/2006	255,085	5/2/2006	(6,409)	8/30/2005

	Current Positions									
	Small Spec			Large Spec			Commercials (Hedgers)			
	Long	Short	Net	Long	Short	Net	Long	Short	Net	
ZF	284,406	298,976	(14,570)	231,964	190,273	41,691	983,167	1,010,288	(27,121)	ZF
ZN	373,188	451,200	(78,012)	745,189	249,455	495,734	1,490,357	1,908,079	(417,722)	ZN
ZB	176,997	181,570	(4,573)	113,783	158,951	(45,168)	538,696	488,956	49,740	ZB

	WoW** Position Change			
	Sml Spec	Lrg Spec	Comm	
	Net	Net	Net	
ZF	(43,762)	3,902	39,860	9/19/2006
ZN	(16,695)	(42,029)	58,724	
ZB	(845)	(20,632)	21,476	

*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	39721	99.1775	4.865
3y	4.875	40040	100.0600	4.801
5y	4.625	40816	98.2850	4.753
10y	4.875	42597	100.170	4.805
30y	4.500	49720	93.08	4.938

	CF Basis*	GHCO Basis
5y	0.44	18.447
10y	2.63	73.112
30y	5.63	177.650

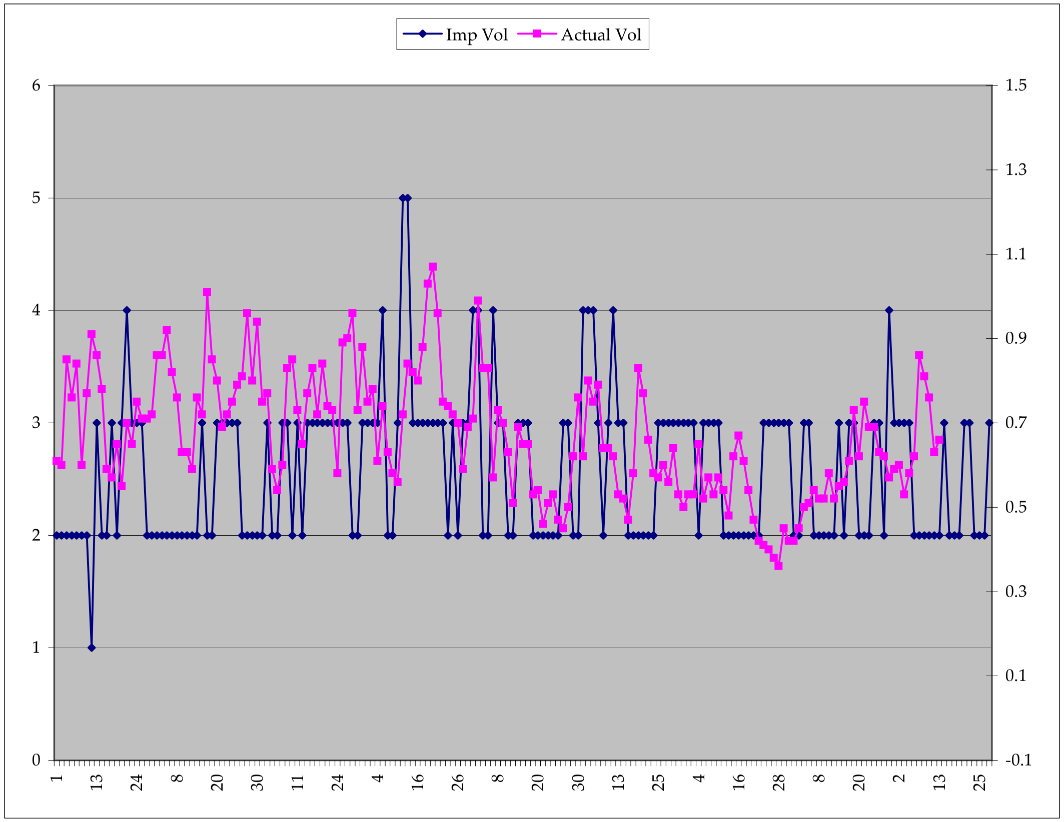
	32nds
ZF	104.2350
ZN	106.2750
ZB	110.10

Curve Spreads bps	
2/3	(0.064)
3/5	(0.048)
2/5	(0.112)
5/10	0.052
2/10	(0.060)
10/30	0.133
5/30	0.185
2/30	0.073

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	10/16/2007	10/17/2007	10/18/2007
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	1	1	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	2	2	2

Shaded boxes denote market hours 4am to 4pm CDT

Scale is 1-9
1,2 = very slow
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