The Morning Email: Treasuries

Table of Contents

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

Disclaimer:
All information within this newsletter is meant for internal use at Goldenberg, Hehmeyer & Co. only.
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.

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

Important Econ Releases Highs & Lows

	5y*	10y*	ZN	ZB	Date
Non-farm High	99.2450	101.0550	107.1400	111.0800	9/1/2006
Non-farm Low	99.1725	100.2700	107.0250	110.2200	9/1/2006
FOMC High	99.0350	99.2950	0.0000	0.0000	8/8/2006
FOMC Low	98.3050	99.1750	0.0000	0.0000	8/8/2006
PPI High	98.3100	99.2200	0.0000	0.0000	8/15/2006
PPI Low	98.2050	99.0600	0.0000	0.0000	8/15/2006
CPI High	99.0850	100.0350	0.0000	0.0000	8/16/2006
CPI Low	98.2800	99.1900	0.0000	0.0000	8/16/2006

*Adjusted for New Issue

Prices are recorded from econ release to 2pm CDT

Quotes/Volume

Source: Reuters

Quotes as of 5:52:36 CDT

32 nds

	ls	net	high	low	open	Volume	SYM NAME
@ZB.1	110.220	0.00	110.270	110.190	110.200	6,569	30y Futures
@ZN.1	107.120	(0.02)	107.160	107.105	107.135	18,770	10y Futures
@ZF.1	105.000	(0.01)	105.015	104.310	105.015	5,219	5y Futures
@ZT.1	102.000	(0.01)	102.010	101.318	102.010	4,115	2y Futures
	ls	net	high	low	open	Volume	SYM NAME
@?bus30c	94.050	0.005	94.055	94.015	94.055	193.0	30y
@?bus10c	101.035	(0.010)	101.050	101.015	101.050	2,633.0	10y
@?bus5c	99.225	0.003	99.230	99.215	99.228	6,539.0	5y
@?bus2c	100.053	(0.003)	100.060	100.053	100.060	1,970.0	2y
	ls	net	high	low	open	Volume	SYM NAME
@?bus30cy	4.876	(0.00)	4.883	4.875	4.875	193	30y Yield
@?bus10cy	4.733	0.00	4.741	4.728	4.728	2,633	10y Yield
@?bus5cy	4.691	(0.00)	4.699	4.689	4.691	6,539	5y Yield
@?bus2cy	4.783	0.00	4.787	4.775	4.775	1,970	2y Yield
	ls	net	high	low	open	Volume	SYM NAME
XE@GBL.1	118.26	(0.01)	118.32	118.18	118.31	484,506	BUND
XE@GBM.1	110.42	(0.03)	110.45	110.38	110.42	236,658	BOBL
XE@GBS.1	104.20	(0.03)	104.22	104.19	104.20	346,505	SCHTZ
GB@R.1	110.20	(0.18)	110.36	110.16	110.35	13,769	GILT
	ls	net	high	low	open	Volume	SYM NAME
@ES.1	1306.75	1.25	1307.25	1304.75	1305.00	14,250	MINI SP
@YM.1	11406.00	15.00	11409.00	11392.00	11397.00	642	$5 DOW
&DJI	11381.15	(1.76)	0.00	0.00	0.00	0	DJIA
XE@DX.1	5886.00	25.00	5893.00	5863.50	5876.00	27,524	DAX
XE@FESX.1	3826.00	16.00	3830.00	3813.00	3823.00	121,677	EU STOXX
XE@FSTX.1	3539.00	15.00	3539.00	3527.00	3531.00	331	DJ STOXX
	ls	net	high	low	open	Volume	SYM NAME
@CL.1	70.51	0.25	70.66	70.04	70.29	2,823	OIL
@HO.1	2.010	(0.00)	2.015	2.005	2.015	202	HEAT OIL
@NG.1	5.940	(0.11)	5.950	5.835	5.890	671	NAT GAS
@HU.1	1.785	0.00	1.791	1.785	1.791	105	UNL GAS
@ZG.1	631.40	(2.30)	635.90	631.20	634.50	2,912	GOLD
@SI.1	1293.00	(10.00)	1308.00	1292.50	1302.00	1,277	SLVR
$$EURUSD	1.2815	0.0005	1.2824	1.2797	1.2809	<NA>	EURO/USD
$$USDJPY	117.34	(0.03)	117.46	117.11	117.38	<NA>	USD/YEN

Source: Reuters

Overnight

EURO GOVT-Bunds edge lower after OECD rate comments
LONDON, Sept 5 (Reuters) - Euro zone government bond futures edged lower on Tuesday after the Organisation for Economic Cooperation and Development warned of the potential for higher interest rates in the world's biggest economy.

More ECB rate hikes make sense, says OECD's Cotis
PARIS, Sept 5 (Reuters) - Further ECB interest rate rises by year-end are justified now that it is clear that economic growth in the euro zone picked up sufficiently over the first half of 2006, OECD Chief Economist Jean-Philippe Cotis told Reuters.

Germany to issue 3.5 bln euros linker bonds-Leads
LONDON, Sept 5 (Reuters) - Germany will issue 3.5 billion euros of inflation-proof government bonds in the near future, lead managers said on Tuesday.

UK gilts, short stg slip, service PMI, supply eyed
LONDON, Sept 5 (Reuters) - British gilt and short sterling rate futures slipped in early trade on Tuesday, largely in line with Bunds after U.S. Treasuries fell in Asia.

S&P says another Asian financial crisis unlikely
HONG KONG, Sept 5 (Reuters) - Asian states are better placed to withstand the pressures that led to the 1997/98 Asian financial crisis, Standard & Poor's said on Tuesday, but rising government and corporate debt, mainly in domestic currencies, are a concern.

Euro credit investors go shorter again -Citi poll
LONDON, Sept 5 (Reuters) - Traditional institutional investors scaled back their holdings of European corporate bonds in August, reversing two months of covering short positions, according to a Citigroup survey.

Sources: Reuters, MNI, Dow Jones

Yield Curve Spreads & Flys, DV01s, CFs

M Duration

30y	15.76
10y	7.80
5y	4.30
3y	2.70
2y	1.90
ZB	9.48
ZN	5.77
ZF	3.72
ZT	1.70

DV01s (32nds)

30y	4.76
10y	2.53
5y	1.39
3y	0.87
2y	0.60
ZB	3.42
ZN	2.01
ZF	1.27
ZT	1.12

DV01s ($s)

30y	$1,488
10y	$791
5y	$435
3y	$272
2y	$187
ZB	$107
ZN	$63
ZF	$40
ZT	$35

Yield Curve Spreads

2/3	-8.00
3/5	-1.50
2/5	-9.50
5/10	4.10
2/10	-5.40
10/30	14.30
5/30	18.40
2/30	8.90

Fly's

2/3/5	-6.50
2/5/10	-13.60
2/10/30	-19.70
5/10/30	-10.20

CFs

OTR*

ZB	0.7943
ZN	0.9178
ZF	0.9421
ZT	0.9799

*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 = Modifed Macauly Duration

Hedge Ratios: US Financial Futures / Eurex Bund, Bobl, Schatz,

MAKE SURE YOU ARE LOOKING AT THE RIGHT TRADING MONTH!

US Financial Futures / Eurex Bond Hedge Ratios

Short Number of Contracts

	ZB	ZN	ZF	ZT
Bund (U)	1.000	1.800	2.800	3.100
Bobl (U)	0.560	0.950	1.470	1.572
Shatz (U)	0.220	0.370	0.580	0.635

Number of contracts LONG

Eurex Hedge Ratio's source: Bloomberg

US Financial Futures Hedge Ratios

	ZB	ZN	ZF	ZT
ZB		1.705	4.724	3.051
ZN	0.586		1.580	1.789
ZF	0.371	0.633		1.132
ZT	0.328	1.118	1.766	

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	1.75	2.54	4.13	7.40	13.93
ZN	2.98	4.33	7.04	12.62	23.75
ZF	4.71	6.85	11.13	19.94	37.52
ZT	5.33	7.75	12.60	22.58	42.49

US Treasuries v Eurex Bonds Hedge Ratios

	2y	3y	5y	10y	30y
Bund (U)	1.7	2.4	3.9	7.0	13.0
Bobl (U)	3.1	4.6	7.4	13.0	24.4
Shatz (U)	7.0	10.2	16.4	29.5	55.1

Eurex Hedge Ratio's source: Bloomberg

Eurex Hedge Ratios

	Bund (U)	Bobl (U)	Shatz (U)
Bund (U)		1.880	4.800
Bobl (U)	0.532		2.484
Shatz (U)	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		1.454	2.362	4.233	7.965
3y	0.688		1.625	2.912	5.479
5y	0.429	0.624		1.818	3.420
10y	0.236	0.343	0.558		1.882
30y	0.126	0.183	0.297	0.531	

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

	Cpn	Mty	32nds	Yield
2y	4.875	8/31/2008	100.0675	4.756
3y	4.875	8/15/2009	100.1625	4.688
5y	4.625	8/31/2011	99.2450	4.678
10y	4.875	8/15/2016	101.0550	4.722
30y	4.500	2/15/2036	94.0650	4.873

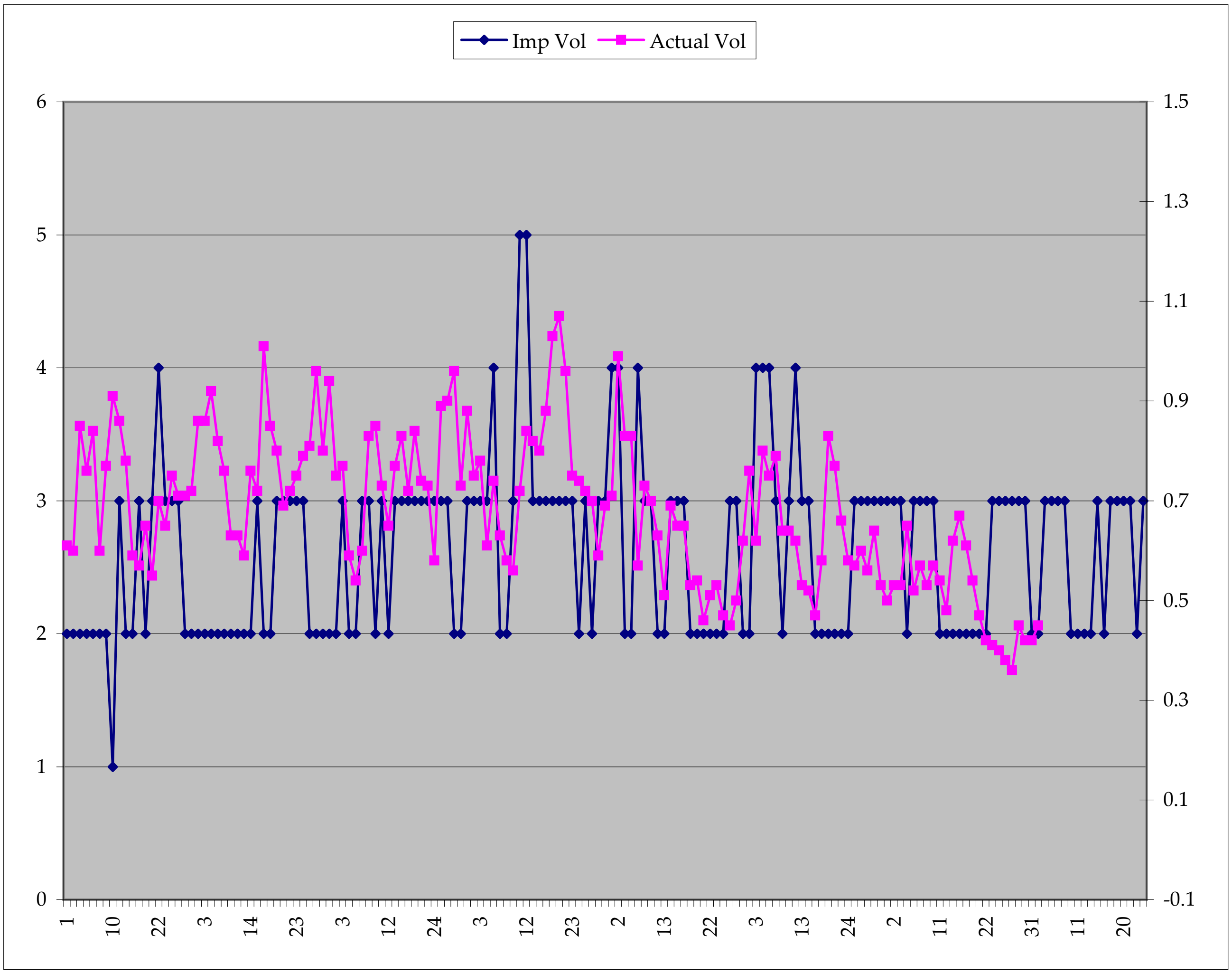
	CF Basis*	GHCO Basis		32nds
5y	0.273	13.1122	ZF	105.055
10y	2.726	77.0625	ZN	107.135
30y	5.866	187.4800	ZB	111.04

	Curve Spreads bps
2/3	-0.068
3/5	-0.010
2/5	-0.078
5/10	0.044
2/10	-0.034
10/30	0.151
5/30	0.195
2/30	0.117

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	8/29/2007	8/30/2007	8/31/2007
1900-2200	0000-0300	2000-2300	3	2	1
2200-0100	0300-0600	2300-0200	3	2	2
0100-0400	0600-0900	0200-0500	3	2	2
0400-0700	0900-1200	0500-0800	2	2	1
0700-1000	1200-1500	0800-1100	2	1	1
1000-1300	1500-1800	1100-1400	2	1	1
1300-1600	1800-2100	1400-1700	2	2	1
1600-1900	2100-0000	1700-2000	1	2	1

Shaded boxes denote maket hours 4am to 4pm CDT

Scale = 1-9
where
1,2 = very slow
3 = moderate
4,5 = volatile
6-9 = very volatilte