The Morning Email: Treasuries

Table of Contents

Want something added?
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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	106.2000	109.1900	8/8/2006
FOMC Low	98.3050	99.1750	106.0900	108.2800	8/8/2006
PPI High	98.3100	99.2200	106.1250	108.2900	8/15/2006
PPI Low	98.2050	99.0600	105.2850	108.0400	8/15/2006
CPI High	99.0850	100.0350	106.2500	109.1400	8/16/2006
CPI Low	98.2800	99.1900	106.0950	108.2500	8/16/2006

*Adjusted for New Issue

Prices are recorded from econ release to 2pm CDT

9/6/2006 5:38	Quotes/Volume	Pg 1

Source: Reuters

Quotes as of 5:38:23 CDT

32 nds

	ls	net	high	low	open	Volume	SYM NAME
@ZB.1	109.290	(0.07)	110.060	109.280	110.030	2,196	30y Futures
@ZN.1	107.000	(0.06)	107.065	106.315	107.050	13,992	10y Futures
@ZF.1	104.265	(0.04)	104.305	104.250	104.285	3,476	5y Futures
@ZT.1	101.303	(0.02)	101.318	101.300	101.318	1,832	2y Futures
	ls	net	high	low	open	Volume	SYM NAME
@?bus30c	93.005	(0.095)	93.125	93.000	93.100	327.0	30y
@?bus10c	100.170	(0.065)	100.240	100.165	100.225	3,656.0	10y
@?bus5c	99.138	(0.033)	99.183	99.135	99.175	1,420.0	5y
@?bus2c	100.035	(0.013)	100.050	100.033	100.048	3,757.0	2y
	ls	net	high	low	open	Volume	SYM NAME
@?bus30cy	4.952	0.02	4.954	4.928	4.933	327	30y Yield
@?bus10cy	4.807	0.03	4.809	4.779	4.785	3,656	10y Yield
@?bus5cy	4.753	0.02	4.757	4.723	4.728	1,420	5y Yield
@?bus2cy	4.816	0.02	4.82	4.791	4.795	3,757	2y Yield
	ls	net	high	low	open	Volume	SYM NAME
XE@GBL.1	117.72	(0.29)	118.05	117.70	117.97	772,823	BUND
XE@GBM.1	110.02	(0.23)	110.25	110.00	110.21	380,132	BOBL
XE@GBS.1	104.05	(0.09)	104.13	104.04	104.12	439,229	SCHTZ
GB@R.1	109.84	(0.08)	110.01	109.81	109.98	36,534	GILT
	ls	net	high	low	open	Volume	SYM NAME
@ES.1	1312.00	(2.50)	1314.25	1311.50	1314.25	18,457	MINI SP
@YM.1	11459.00	(19.00)	11474.00	11457.00	11474.00	1,047	$5 DOW
&DJI	11469.28	5.13	0.00	0.00	0.00	0	DJIA
XE@DX.1	5878.50	(6.50)	5898.50	5865.00	5896.00	34,335	DAX
XE@FESX.1	3809.00	(9.00)	3825.00	3805.00	3822.00	171,174	EU STOXX
XE@FSTX.1	3526.00	(10.00)	3540.00	3524.00	3539.00	378	DJ STOXX
	ls	net	high	low	open	Volume	SYM NAME
@CL.1	67.93	(0.67)	68.82	67.83	68.65	3,731	OIL
@HO.1	1.927	(0.01)	1.943	1.927	1.943	400	HEAT OIL
@NG.1	5.930	(0.11)	5.990	5.915	5.989	307	NAT GAS
@HU.1	1.645	(0.00)	1.666	1.645	1.666	195	UNL GAS
@ZG.1	644.80	(2.20)	648.50	643.10	647.20	4,559	GOLD
@SI.1	1314.50	0.50	1319.50	1305.00	1314.50	1,148	SLVR
$$EURUSD	1.2813	0.0000	1.2834	1.2809	1.2816	<NA>	EURO/USD
$$USDJPY	116.38	0.30	116.46	115.99	116.05	<NA>	USD/YEN

Source: Reuters

Overnight

Euribor and Bund futures hit by ECB's Weber
LONDON, Sept 6 (Reuters) - Interest rate and bond futures extended losses on Wednesday after an ECB Governing Council member said the bank could take stronger action on rates if upward risks to the euro zone price outlook are realised.

Germany sets guidance on linker bond -banker
LONDON, Sept 6 (Reuters) - Germany has set the breakeven inflation rate on 3.5 billion euros ($4.50 billion) of inflation-linked bonds it plans to sell at 205.5 to 206.5 basis points, a banker familiar with the sale said on Wednesday.

UK gilts, short stg inch higher as U.S. Tsys steady
LONDON, Sept 6 (Reuters) - British gilt and short sterling rate futures opened firmer on Wednesday, marginally outperforming Bunds and taking their cues from Treasuries in Asia overnight, which steadied ahead of a slew of key data.

EU ups euro zone 2006 GDP growth, inflation f'cast
BRUSSELS, Sept 6 (Reuters) - Economic growth in the euro zone will accelerate to 2.5 percent this year, the fastest rate since 2000, the European Commission said on Wednesday, raising its previous projection and forecasting higher inflation.

EURO CORP-Volvo shunned as hedge fund weighs in
LONDON, Sept 6 (Reuters) - The cost of default protection on European auto maker Volvo rose early on Wednesday amid speculation a hedge fund stake in the company could be the first step toward a leveraged bid or asset disposal.

JGBs inch up on Nikkei losses, Fukui awaited
TOKYO, Sept 6 (Reuters) - Japanese government bond (JGB) futures inched up on Wednesday, prodded by a slide in domestic stock prices ahead of eagerly awaited comments by Bank of Japan Governor Toshihiko Fukui later in the week.

US Treasuries little changed in Asia ahead of data
TOKYO, Sept 6 (Reuters) - U.S. Treasuries prices steadied in Asia on Wednesday as investors awaited wage inflation data and a Federal Reserve report on the economy that could give clues about the impact of a slowdown in the housing market.

Sources: Reuters, MNI, Dow Jones

Yield Curve Spreads & Flys, DV01s, CFs

M Duration

30y	15.67
10y	7.79
5y	4.29
3y	2.70
2y	1.90
ZB	9.45
ZN	5.76
ZF	3.72
ZT	1.70

DV01s (32nds)

30y	4.68
10y	2.51
5y	1.39
3y	0.87
2y	0.60
ZB	3.39
ZN	2.00
ZF	1.27
ZT	1.12

DV01s ($s)

30y	$1,463
10y	$785
5y	$433
3y	$271
2y	$187
ZB	$106
ZN	$62
ZF	$40
ZT	$35

Yield Curve Spreads

2/3	-6.00
3/5	-0.10
2/5	-6.10
5/10	5.20
2/10	-0.90
10/30	14.60
5/30	19.80
2/30	13.70

Fly's

2/3/5	-5.90
2/5/10	-11.30
2/10/30	-15.50
5/10/30	-9.40

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	Number of contracts LONG
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	

Eurex Hedge Ratio's source: Bloomberg

US Financial Futures Hedge Ratios

	ZB	ZN	ZF	ZT
ZB		1.697	4.656	3.029
ZN	0.589		1.577	1.785
ZF	0.374	0.634		1.132
ZT	0.330	1.120	1.767	

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	1.77	2.56	4.28	7.42	13.82
ZN	3.00	4.34	7.27	12.59	23.45
ZF	4.73	6.85	11.47	19.86	36.99
ZT	5.35	7.75	12.98	22.47	41.85

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		1.449	2.427	4.201	7.825
3y	0.690		1.674	2.899	5.398
5y	0.431	0.625		1.812	3.374
10y	0.238	0.345	0.578		1.862
30y	0.128	0.185	0.310	0.537	

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

	Cpn	Mty	32nds	Yield
2y	4.875	8/31/2008	100.0475	4.756
3y	4.875	8/15/2009	100.1250	4.688
5y	4.625	8/31/2011	99.1800	4.678
10y	4.875	8/15/2016	100.2400	4.722
30y	4.500	2/15/2036	93.1000	4.873

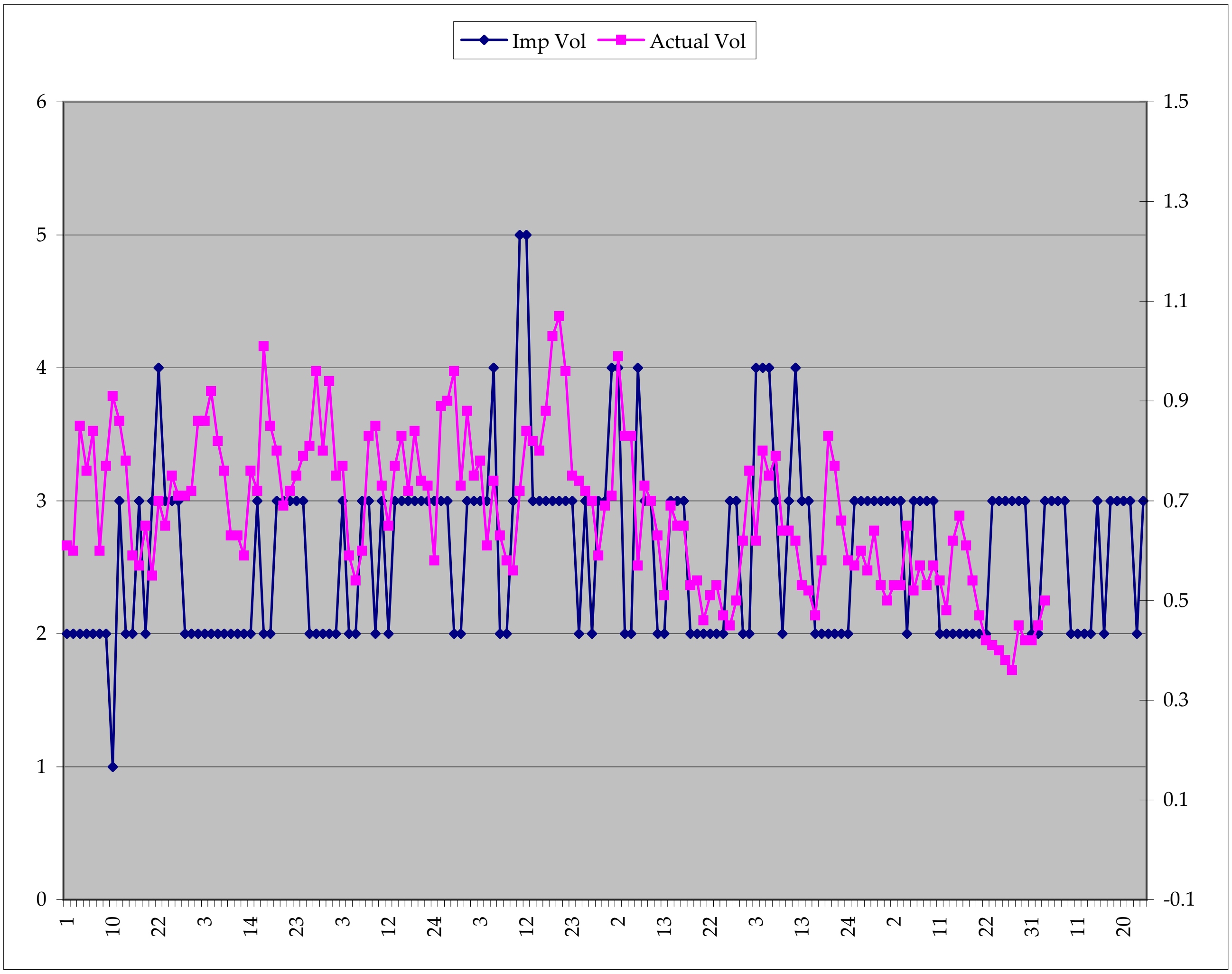
	CF Basis*	GHCO Basis		32nds
5y	0.905	13.1122	ZF	104.315
10y	2.003	77.0625	ZN	107.035
30y	5.608	187.4800	ZB	110.15

	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