The Morning Email: Treasuries

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Want something added?
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Disclaimer:

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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

Quotes/Volume

Source: Reuters

Quotes as of 5:47:51 CDT

32 nds

	ls	net	high	low	open	Volume	SYM NAME
@ZB.1	110.100	0.09	110.100	110.000	110.010	477	30y Futures
@ZN.1	107.075	0.05	107.080	107.015	107.040	1,749	10y Futures
@ZF.1	104.300	0.03	104.305	104.265	104.270	1,046	5y Futures
@ZT.1	101.305	0.01	101.308	101.303	101.308	387	2y Futures
	ls	net	high	low	open	Volume	SYM NAME
@?bus30c	93.175	0.095	93.175	93.035	93.075	413.0	30y
@?bus10c	100.270	0.060	100.270	100.185	100.200	4,084.0	10y
@?bus5c	99.205	0.035	99.205	99.158	99.165	1,852.0	5y
@?bus2c	100.048	0.013	100.048	100.033	100.033	2,087.0	2y
	ls	net	high	low	open	Volume	SYM NAME
@?bus30cy	4.917	(0.02)	4.947	4.917	4.938	413	30y Yield
@?bus10cy	4.767	(0.02)	4.801	4.767	4.795	4,084	10y Yield
@?bus5cy	4.707	(0.03)	4.741	4.707	4.735	1,852	5y Yield
@?bus2cy	4.794	(0.02)	4.819	4.794	4.819	2,087	2y Yield
	ls	net	high	low	open	Volume	SYM NAME
XE@GBL.1	117.31	0.16	117.37	117.10	117.15	561,280	BUND
XE@GBM.1	109.69	0.05	109.75	109.59	109.63	256,750	BOBL
XE@GBS.1	103.93	0.00	103.96	103.90	103.91	249,945	SCHTZ
GB@R.1	110.01	0.19	110.09	109.78	109.80	36,764	GILT
	ls	net	high	low	open	Volume	SYM NAME
@ES.1	1297.75	1.50	1299.75	1295.75	1296.25	11,208	MINI SP
@YM.1	11359.00	7.00	11377.00	11350.00	11358.00	2,447	$5 DOW
&DJI	11331.44	(74.76)	0.00	0.00	0.00	0	DJIA
XE@DX.1	5797.50	20.00	5816.50	5781.50	5798.00	46,137	DAX
XE@FESX.1	3753.00	12.00	3765.00	3746.00	3756.00	230,186	EU STOXX
XE@FSTX.1	3470.00	8.00	3483.00	3470.00	3474.00	480	DJ STOXX
	ls	net	high	low	open	Volume	SYM NAME
@CL.1	67.22	(0.10)	67.25	66.69	67.20	4,980	OIL
@HO.1	1.891	0.00	1.891	1.877	1.887	340	HEAT OIL
@NG.1	5.705	(0.01)	5.735	5.670	5.730	146	NAT GAS
@HU.1	1.647	0.01	1.647	1.632	1.645	124	UNL GAS
@ZG.1	620.80	(4.50)	626.70	618.40	625.80	5,055	GOLD
@SI.1	1240.00	(29.50)	1280.00	1236.50	1272.00	1,325	SLVR
$$EURUSD	1.2711	(0.0019)	1.2740	1.2698	1.2731	<NA>	EURO/USD
$$USDJPY	116.38	0.00	116.53	116.11	116.39	<NA>	USD/YEN

Source: Reuters

Overnight

Bunds edge up in range trade, eye c.bank comments
LONDON, Sept 8 (Reuters) - Euro zone government bonds edged higher on Friday in light chart-driven buying, but the market settled into a narrow range as investors awaited fresh trading direction from policy-makers.

JGB futures fall, but make up ground after Fukui
TOKYO, Sept 8 (Reuters) - Japanese government bond (JGB) futures fell on Friday but recovered most of their early losses after Bank of Japan Governor Toshihiko Fukui failed to give a clear cut signal that interest rates would rise before the end of the year.

U.S. Treasuries firm, eye Fed Pianalto's speech
LONDON, Sept 8 (Reuters) - U.S. Treasuries firmed in Europe on Friday as some investors bought to square positions ahead of retail sales and inflation data next week which will provide further indications of the health of the U.S. economy.

JGB investors want more 20-yr re-offers in H2-MOF
TOKYO, Sept 8 (Reuters) - Investors have told the Ministry of Finance they want more re-offers of 20-year Japanese government bonds in the second half of the business year, the MOF said on Friday, reflecting a similar desire expressed by primary dealers.

N. Rock sets terms on 4.7 bln stg UK RMBS -source
LONDON, Sept 8 (Reuters) - British lender Northern Rock has set price guidance on a 4.7494 billion pound ($8.90 billion) equivalent UK residential mortgage-backed security (RMBS), sources close to the deal said on Friday.

Sources: Reuters, MNI, Dow Jones

Yield Curve Spreads & Flys, DV01s, CFs

M Duration

30y	15.70
10y	7.78
5y	4.28
3y	2.69
2y	1.89
ZB	9.46
ZN	5.75
ZF	3.71
ZT	1.69

DV01s (32nds)

30y	4.72
10y	2.52
5y	1.39
3y	0.86
2y	0.59
ZB	3.40
ZN	2.00
ZF	1.26
ZT	1.11

DV01s ($s)

30y	$1,474
10y	$788
5y	$434
3y	$270
2y	$186
ZB	$106
ZN	$62
ZF	$40
ZT	$35

Yield Curve Spreads

2/3	-7.10
3/5	-1.60
2/5	-8.70
5/10	6.00
2/10	-2.70
10/30	15.00
5/30	21.00
2/30	12.30

Fly's

2/3/5	-5.50
2/5/10	-14.70
2/10/30	-17.70
5/10/30	-9.00

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 (Z)	1.000	1.800	2.700	2.900	Number of contracts LONG
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

US Financial Futures Hedge Ratios

	ZB	ZN	ZF	ZT
ZB		1.702	4.695	3.059
ZN	0.587		1.581	1.797
ZF	0.372	0.633		1.137
ZT	0.327	1.113	1.759	

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	4.27	7.41	13.86
ZN	2.98	4.32	7.26	12.61	23.59
ZF	4.71	6.84	11.48	19.93	37.30
ZT	5.35	7.77	13.05	22.66	42.40

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		1.452	2.439	4.234	7.923
3y	0.689		1.679	2.915	5.456
5y	0.429	0.623		1.817	3.400
10y	0.236	0.343	0.576		1.871
30y	0.126	0.183	0.308	0.534	

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

	Cpn	Mty	32nds	Yield
2y	4.875	8/31/2008	100.0350	4.811
3y	4.875	8/15/2009	100.1050	4.753
5y	4.625	8/31/2011	99.1650	4.735
10y	4.875	8/15/2016	110.1200	4.791
30y	4.500	2/15/2036	93.0800	4.937

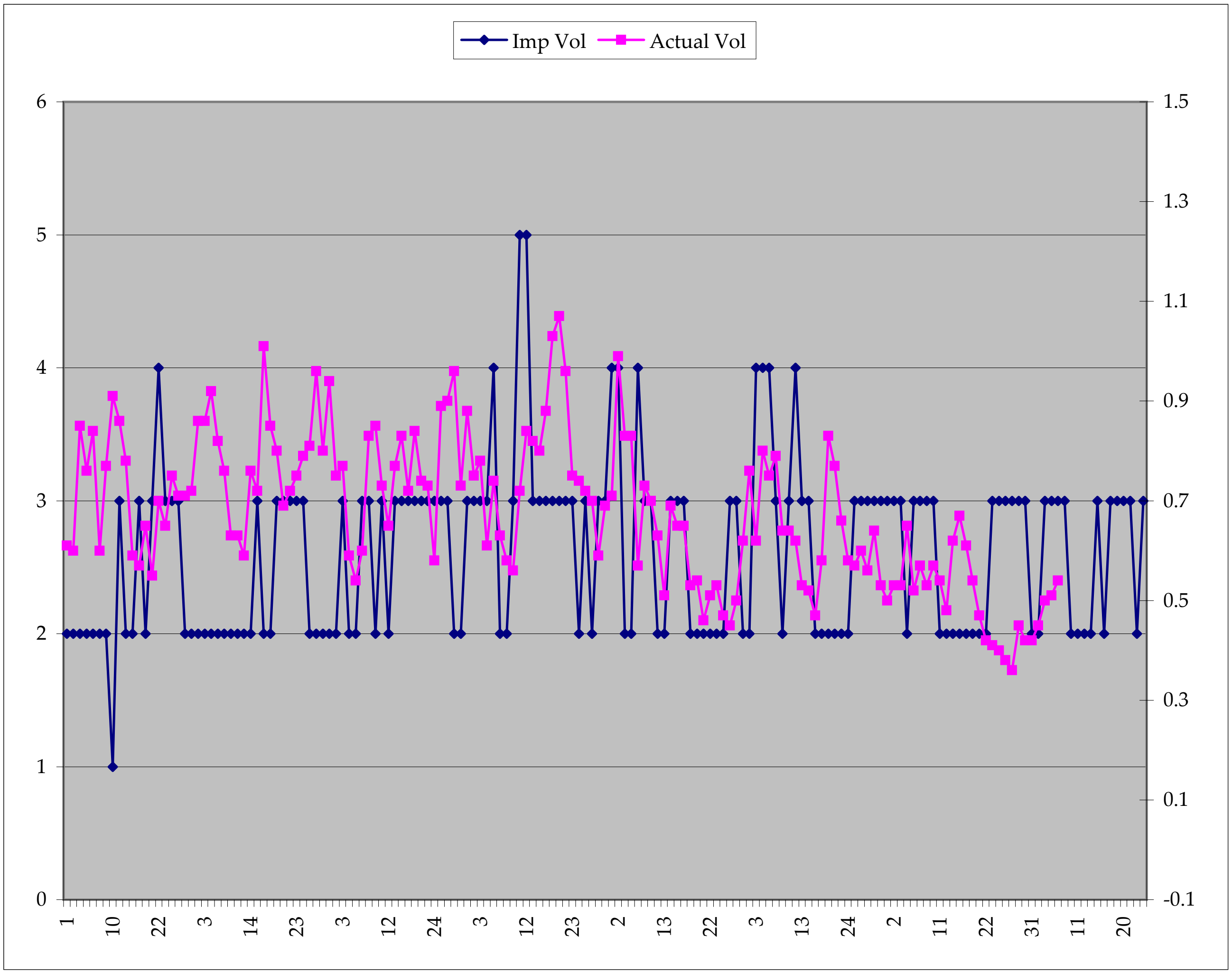
	CF Basis*	GHCO Basis		32nds
5y	0.913	13.1421	ZF	104.290
10y	11.911	72.0147	ZN	107.005
30y	13.555	176.0600	ZB	100.12

	Curve Spreads bps
2/3	-0.058
3/5	-0.018
2/5	-0.076
5/10	0.056
2/10	-0.020
10/30	0.146
5/30	0.202
2/30	0.126

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	9/7/2007	9/8/2007	9/9/2007
1900-2200	0000-0300	2000-2300	1	1	1
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	1	1	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