

The Morning Email: Treasuries

Table of Contents

Pg 1	Quotes/Volume	
Pg 2	News Snapshot	
Pg 3	Yield Curve Spreads & Flys, DV01s, CFs	
Pg 4	Hedge Ratios: US Financial Futures / Eurex Bund, Bobl, Schatz,	
Pg 5	Hedge Ratios: US Treasury Cash / Eurex Bund, Bobl, Schatz	
Pg 6	Hedge Ratios: US Cash Treasuries / Eurodollar	
Pg 7		
Pg8	2 PM CDT Closes: US Treasuries, US Financial Futures, YC Spreads, Basis	
Pg 9	Implied Volatility (Daily)	
Pg 10	Implied Volatility (3-Hour)	
Pg 11		
Pg 12		
Pg A	Important Econ Releases Highs & Lows	← New

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	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

Source: Reuters

		Quotes as of 5:27:58 CDT						
		32 nds						
	ls	net	high	low	open	Volume	SYM NAME	
@ZB.1	109.230	(0.07)	109.280	109.220	109.270	177	30y Futures	
@ZN.1	106.285	(0.06)	107.025	106.285	107.020	3,807	10y Futures	
@ZF.1	104.250	(0.02)	104.270	104.250	104.270	393	5y Futures	
@ZT.1	101.288	(0.01)	101.288	101.288	101.288	50	2y Futures	
	ls	net	high	low	open	Volume	SYM NAME	
@?bus30c	92.300	(0.070)	93.015	92.280	93.000	364.0	30y	
@?bus10c	100.135	(0.050)	100.190	100.130	100.175	2,613.0	10y	
@?bus5c	99.133	(0.033)	99.165	99.130	99.165	2,984.0	5y	
@?bus2c	100.015	(0.010)	100.028	100.015	100.028	3,728.0	2y	
	ls	net	high	low	open	Volume	SYM NAME	
@?bus30cy	4.957	0.01	4.963	4.951	4.954	364	30y Yield	
@?bus10cy	4.821	0.02	4.823	4.799	4.805	2,613	10y Yield	
@?bus5cy	4.759	0.02	4.76	4.735	4.735	2,984	5y Yield	
@?bus2cy	4.849	0.02	4.849	4.828	4.828	3,728	2y Yield	
	ls	net	high	low	open	Volume	SYM NAME	
XE@GBL.1	116.90	(0.32)	117.19	116.87	117.15	637,575	BUND	
XE@GBM.1	109.43	(0.14)	109.56	109.40	109.54	386,662	BOBL	
XE@GBS.1	103.81	(0.06)	103.86	103.80	103.85	385,768	SCHTZ	
GB@R.1	109.49	(0.27)	109.73	109.48	109.60	41,522	GILT	
	ls	net	high	low	open	Volume	SYM NAME	
@ES.1	1298.00	(2.50)	1301.00	1296.75	1300.50	6,315	MINI SP	
@YM.1	11388.00	(7.00)	11410.00	11372.00	11397.00	790	\$5 DOW	
&DJI	11396.84	4.73	0.00	0.00	0.00	0	DJIA	
XE@DX.1	5807.50	7.00	5822.50	5776.00	5815.50	70,039	DAX	
XE@FESX.1	3751.00	5.00	3758.00	3728.00	3753.00	593,342	EU STOXX	
XE@FSTX.1	3469.00	13.00	3471.00	3444.00	3462.00	5,317	DJ STOXX	
	ls	net	high	low	open	Volume	SYM NAME	
@CL.1	65.92	0.31	66.44	65.43	65.59	4,611	OIL	
@HO.1	1.823	0.02	1.837	1.805	1.809	585	HEAT OIL	
@NG.1	5.675	0.01	5.740	5.585	5.615	302	NAT GAS	
@HU.1	1.613	0.02	1.623	1.600	1.604	248	UNL GAS	
	ls	net	high	low	open	Volume	SYM NAME	
@ZG.1	602.80	5.60	606.50	591.60	598.00	8,429	GOLD	
@SI.1	1146.50	22.50	1152.00	1119.50	1128.00	1,570	SLVR	
	ls	net	high	low	open	Volume	SYM NAME	
\$\$EURUSD	1.2708	0.0008	1.2729	1.2693	1.2701	<NA>	EURO/USD	
\$\$USDJPY	117.56	(0.10)	117.72	117.41	117.63	<NA>	USD/YEN	

Source: Reuters

Overnight



[Bund futures slip after data, down with Treasuries](#)

LONDON, Sept 12 (Reuters) - Euro zone government bond futures opened lower on Tuesday after stronger-than-expected German wholesale prices were released and U.S. Treasuries suffered losses on worries that energy prices were receding.

[Italy to sell \\$2 bln 10-year bond -lead](#)

LONDON, Sept 12 (Reuters) - Italy is to sell a \$2 billion 10-year government bond to yield in the area of 50 basis points over the benchmark 10-year U.S. Treasury note, said a lead manager involved with the syndicated sale on Tuesday.

[JGBs fall on profit-taking, 5-year auction weighs](#)

TOKYO, Sept 12 (Reuters) - Japanese government bond prices slipped on Tuesday as investors locked in profits on a rally spurred by surprisingly weak capital spending data the previous day.

[U.S. Treasuries tread water in Asia, eye supply](#)

TOKYO, Sept 12 (Reuters) - U.S. Treasuries were little changed in Asia on Tuesday as investors looked to digest an auction of benchmark 10-year notes and a slew of new corporate bonds while awaiting a batch of key data later in the week.

[Aussie bonds dragged lower, weak survey some help](#)

SYDNEY, Sept 12 (Reuters) - Australian bond futures were dragged lower with U.S. debt on Tuesday, but losses were limited after a business survey showed last month's rise in interest rates was tempering activity.

[US agency debt in-line with swaps ahead of supply](#)

NEW YORK, Sept 11 (Reuters) - Debt of companies including Fannie Mae and Freddie Mac held ground versus interest rate swaps on Monday as prospects for reduced supply for the rest of the year offset prospects for \$8 billion in sales this week.

[US mortgage bonds tighten as buyers buoy market](#)

NEW YORK, Sept 11 (Reuters) - Yield spreads on U.S. mortgage-backed securities were slightly tighter versus comparable Treasuries on Monday in lackluster trade as moderate demand offset scant supply from originators.

Sources: Reuters, MNI, Dow Jones

Yield Curve Spreads & Flys, DV01s, CFs

M Duration	
30y	15.65
10y	7.77
5y	4.28
3y	2.68
2y	1.88
ZB	9.43
ZN	5.74
ZF	3.70
ZT	1.68

DV01s (32nds)	
30y	4.67
10y	2.51
5y	1.38
3y	0.86
2y	0.59
ZB	3.38
ZN	1.99
ZF	1.26
ZT	1.11

DV01s (\$s)	
30y	\$1,460
10y	\$783
5y	\$432
3y	\$269
2y	\$185
ZB	\$106
ZN	\$62
ZF	\$39
ZT	\$35

Yield Curve Spreads

2/3	-6.50
3/5	-2.50
2/5	-9.00
5/10	6.20
2/10	-2.80
10/30	13.80
5/30	20.00
2/30	11.00

Fly's

2/3/5	-4.00
2/5/10	-15.20
2/10/30	-16.60
5/10/30	-7.60

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 = Modified Macaulay 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 (Z)	1.000	1.800	2.700	2.900	
Bobl (Z)	0.530	0.940	1.400	1.500	
Schatz (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		1.697	4.669	3.050
ZN	0.589		1.580	1.797
ZF	0.373	0.633		1.137
ZT	0.328	1.113	1.759	

H=Mch

M=Jun

U=Sep

Z=Dec

Hedge Ratios: US Treasury Cash / Eurex Bund, Bobl, Shatz

US Treasuries v US Financial Futures Hedge Ratios

	2y	3y	5y	10y	30y
ZB	1.75	2.55	4.28	7.42	13.83
ZN	2.98	4.33	7.27	12.59	23.47
ZF	4.71	6.83	11.49	19.89	37.09
ZT	5.35	7.77	13.06	22.63	42.18

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	2.440	4.227	7.880
3y	0.689		1.681	2.911	5.427
5y	0.429	0.623		1.814	3.381
10y	0.237	0.344	0.577		1.864
30y	0.127	0.184	0.310	0.536	

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

	Cpn	Mty	32nds	Yield
2y	4.875	8/31/2008	100.0475	4.789
3y	4.875	8/15/2009	100.1275	4.727
5y	4.625	8/31/2011	99.2100	4.703
10y	4.875	8/15/2016	100.2650	4.766
30y	4.500	2/15/2036	93.1850	4.526

GHCO

	CF Basis*	Basis		32nds
5y	0.285	14.3357	ZF	105.005
10y	2.005	72.9580	ZN	107.060
30y	13.604	0.0000	ZB	100.19

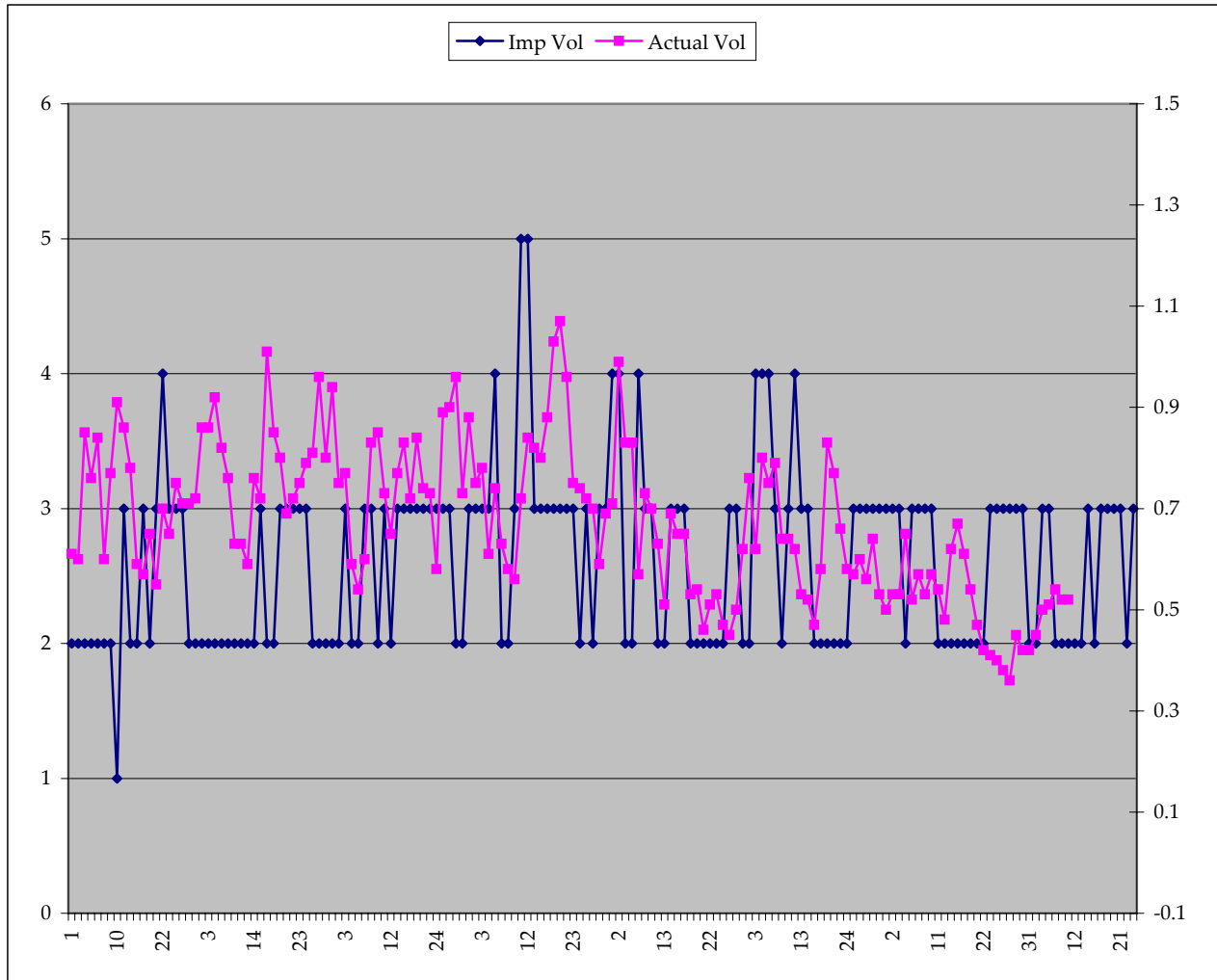
Curve Spreads bps

2/3	-0.062
3/5	-0.024
2/5	-0.086
5/10	0.063
2/10	-0.023
10/30	-0.240
5/30	-0.177
2/30	-0.263

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	9/11/2007	9/12/2007	9/13/2007
1900-2200	0000-0300	2000-2300	2	2	2
2200-0100	0300-0600	2300-0200	3	3	2
0100-0400	0600-0900	0200-0500	2	2	2
0400-0700	0900-1200	0500-0800	2	2	1
0700-1000	1200-1500	0800-1100	2	2	1
1000-1300	1500-1800	1100-1400	2	2	1
1300-1600	1800-2100	1400-1700	2	2	1
1600-1900	2100-0000	1700-2000	2	2	2

Shaded boxes denote market hours 4am to 4pm CDT

Scale = 1-9

where

1,2 = very slow

3 = moderate

4,5 = volatile

6-9 = very volatile

