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	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

9/14/2006 5:23			Quotes/Volume				Pg 1

Source: Reuters

Quotes as of 5:23:17 CDT

32 nds

	ls	net	high	low	open	Volume	SYM NAME
@ZB.1	110.150	0.03	110.150	110.120	110.130	718	30y Futures
@ZN.1	107.105	0.01	107.110	107.095	107.105	2,031	10y Futures
@ZF.1	104.315	0.01	104.315	104.315	104.315	764	5y Futures
@ZT.1	0.000	0.00	0.000	0.000	0.000	13	2y Futures
	ls	**net**	**high**	**low**	**open**	**Volume**	**SYM NAME**
@?bus30c	93.310	0.030	94.000	93.275	93.295	257.0	30y
@?bus10c	100.290	0.010	100.295	100.265	100.285	2,486.0	10y
@?bus5c	99.215	0.003	99.218	99.203	99.215	6,321.0	5y
@?bus2c	100.043	(0.003)	100.043	100.040	100.043	942.0	2y
	ls	**net**	**high**	**low**	**open**	**Volume**	**SYM NAME**
@?bus30cy	4.887	(0.01)	4.896	4.886	4.892	257	30y Yield
@?bus10cy	4.757	(0.00)	4.769	4.757	4.761	2,486	10y Yield
@?bus5cy	4.698	(0.00)	4.708	4.698	4.699	6,321	5y Yield
@?bus2cy	4.802	0.00	4.806	4.802	4.802	942	2y Yield
	ls	**net**	**high**	**low**	**open**	**Volume**	**SYM NAME**
XE@GBL.1	117.26	(0.01)	117.33	117.19	117.28	245,224	BUND
XE@GBM.1	109.55	(0.05)	109.62	109.52	109.59	163,040	BOBL
XE@GBS.1	103.83	(0.04)	103.87	103.83	103.85	170,152	SCHTZ
GB@R.1	109.64	(0.11)	109.79	109.49	109.76	22,571	GILT
	ls	**net**	**high**	**low**	**open**	**Volume**	**SYM NAME**
@ES.1	1329.50	12.00	1331.00	1328.00	1329.00	20,427	MINI SP
@YM.1	11626.00	(2.00)	11638.00	11615.00	11625.00	1,499	$5 DOW
&DJI	11543.32	45.23	0.00	0.00	0.00	0	DJIA
XE@DX.1	5923.00	19.50	5936.50	5907.50	5912.00	62,893	DAX
XE@FESX.1	3814.00	10.00	3826.00	3807.00	3810.00	310,509	EU STOXX
XE@FSTX.1	3542.00	22.00	3543.00	3520.00	3531.00	5,694	DJ STOXX
	ls	**net**	**high**	**low**	**open**	**Volume**	**SYM NAME**
@CL.1	64.24	0.27	64.65	64.17	64.27	3,221	OIL
@HO.1	1.751	0.01	1.765	1.748	1.752	353	HEAT OIL
@NG.1	5.390	(0.06)	5.430	5.375	5.420	102	NAT GAS
@HU.1	1.565	0.01	1.575	1.564	1.569	234	UNL GAS
@ZG.1	600.50	4.40	601.00	593.40	597.20	5,734	GOLD
@SI.1	1143.00	23.00	1145.50	1112.00	1123.00	1,247	SLVR
$$EURUSD	1.2703	0.0012	1.2707	1.2676	1.2692	<NA>	EURO/USD
$$USDJPY	117.67	0.04	117.76	117.37	117.65	<NA>	USD/YEN

Source: Reuters

Overnight

EURO GOVT-Bunds up, market affected by Eurex glitch
LONDON, Sept 14 (Reuters) - Euro zone government bonds eked out gains early on Thursday, but traded within a narrow range as dealers bided their time ahead of new Italian supply and closely-watched U.S. retail sales data.

UK gilts, short stg futures fall after sales data
LONDON, Sept 14 (Reuters) - UK short sterling futures and gilt contracts fell on Thursday after robust retail sales figures added to expectations of a further interest rate rise later in the year.

U.S. Treasuries steady in Asia before retail sales
TOKYO, Sept 14 (Reuters) - U.S. Treasuries were little changed in Asia on Thursday as investors awaited data on retail sales for clues on the strength of the economy ahead of the Federal Reserve's policy meeting next week.

EURO CORP-CDS on water firms widen on AWG approach
LONDON, Sept 14 (Reuters) - The credit protection cost of three British water utilities rose on Thursday after AWG Plc said it had received a preliminary approach that could lead to an offer for the firm [nL14723246].

JGBs slip in subdued trade, focus on 15-yr auction
TOKYO, Sept 14 (Reuters) - Japanese government bond (JGB) prices inched lower in quiet trading on Thursday due to light profit taking on gains made late in the previous session.

Sources: Reuters, MNI, Dow Jones

Yield Curve Spreads & Flys, DV01s, CFs

M Duration

30y	15.72
10y	7.77
5y	4.27
3y	2.68
2y	1.91
ZB	9.45
ZN	5.74
ZF	3.70
ZT	1.68

DV01s (32nds)

30y	4.75
10y	2.52
5y	1.39
3y	0.86
2y	#NUM!
ZB	3.41
ZN	2.00
ZF	1.26
ZT	1.11

DV01s ($s)

30y	$1,484
10y	$788
5y	$433
3y	$269
2y	#NUM!
ZB	$107
ZN	$62
ZF	$39
ZT	$35

Yield Curve Spreads

2/3	-7.60
3/5	-2.70
2/5	-10.30
5/10	6.00
2/10	-4.30
10/30	12.90
5/30	18.90
2/30	8.60

Fly's

2/3/5	-4.90
2/5/10	-16.30
2/10/30	-17.20
5/10/30	-6.90

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,

<u>MAKE SURE YOU ARE LOOKING AT THE RIGHT TRADING MONTH!</u>

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

Number of contracts LONG

Eurex Hedge Ratio's source: Bloomberg

US Financial Futures Hedge Ratios

	ZB	ZN	ZF	ZT
ZB		1.706	4.736	3.084
ZN	0.586		1.584	1.807
ZF	0.370	0.631		1.141
ZT	0.324	1.107	1.753	

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	1.74	2.52	4.25	7.39	13.92
ZN	2.96	4.31	7.25	12.61	23.76
ZF	4.69	6.82	11.49	19.97	37.62
ZT	5.35	7.79	13.11	22.79	42.93

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		1.454	2.448	4.257	8.018
3y	0.688		1.684	2.927	5.514
5y	0.427	0.622		1.819	3.427
10y	0.235	0.342	0.575		1.884
30y	0.125	0.181	0.305	0.531	

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

	Cpn	Mty	32nds	Yield
2y	4.875	8/31/2008	100.0425	4.797
3y	4.875	8/15/2009	100.1275	4.726
5y	4.625	8/31/2011	99.2175	4.698
10y	4.875	8/15/2016	100.2700	4.764
30y	4.500	2/15/2036	93.2600	4.899

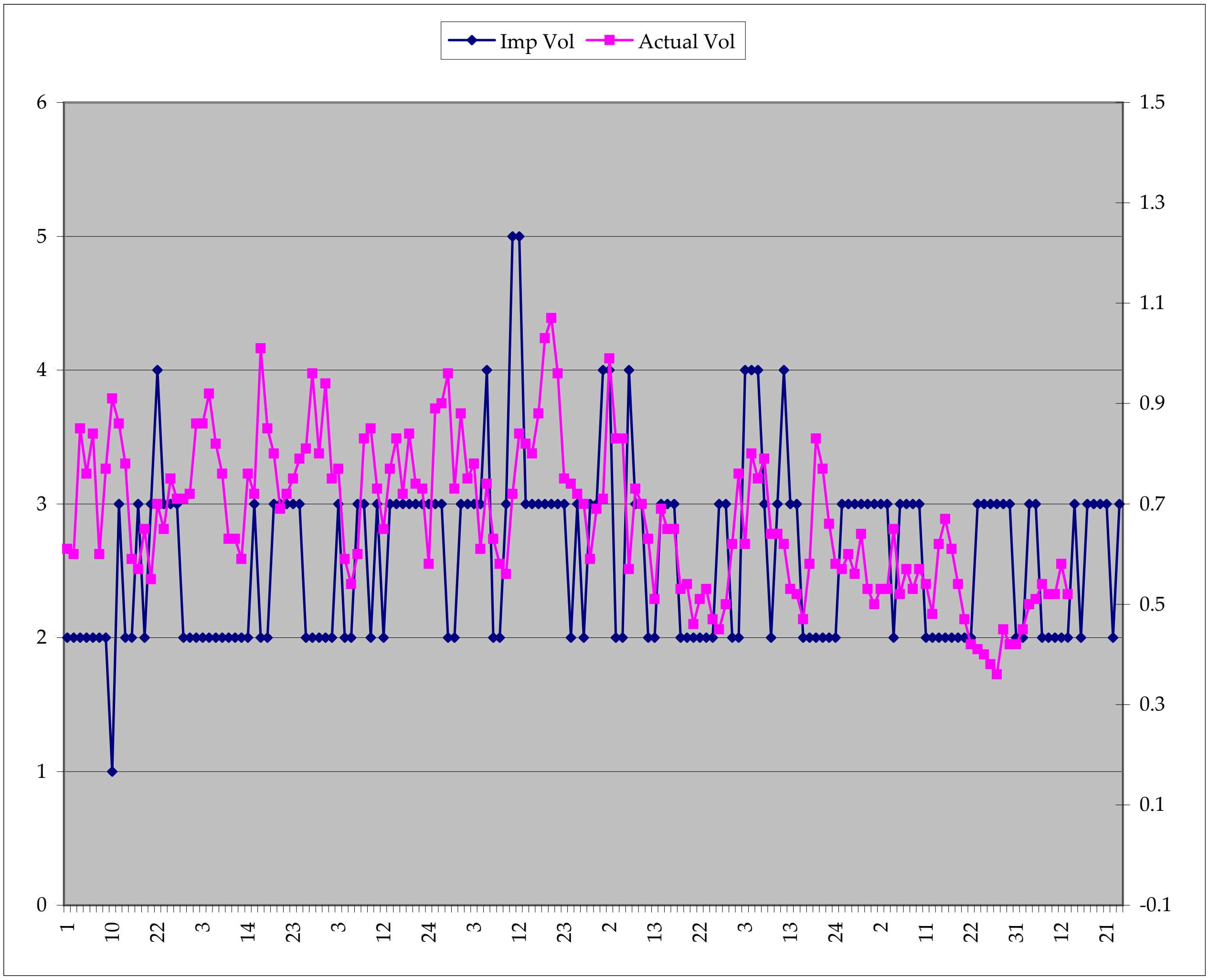
	CF Basis*	GHCO Basis		32nds
5y	0.283	14.1410	ZF	105.015
10y	2.001	72.5386	ZN	107.070
30y	5.680	182.9300	ZB	110.26

	Curve Spreads bps
2/3	-0.071
3/5	-0.028
2/5	-0.099
5/10	0.066
2/10	-0.033
10/30	0.135
5/30	0.201
2/30	0.102

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	9/13/2007	9/14/2007	9/15/2007
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 maket hours 4am to 4pm CDT

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