The Morning Email: Treasuries

Table of Contents

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

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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

9/15/2006 5:30	Quotes/Volume	Pg 1

Source: Reuters

Quotes as of 5:30:44 CDT

32 nds

	ls	net	high	low	open	Volume	SYM NAME
@ZB.1	0.000	0.00	0.000	0.000	0.000	250	30y Futures
@ZN.1	107.035	(0.01)	107.040	107.030	107.040	722	10y Futures
@ZF.1	104.275	0.01	104.275	104.265	104.270	4,016	5y Futures
@ZT.1	0.000	0.00	0.000	0.000	0.000	1	2y Futures
	ls	net	high	low	open	Volume	SYM NAME
@?bus30c	93.175	(0.010)	93.200	93.160	93.200	291.0	30y
@?bus10c	100.205	(0.005)	100.220	100.195	100.205	1,928.0	10y
@?bus5c	99.155	(0.003)	99.165	99.148	99.165	2,231.0	5y
@?bus2c	100.020	0.000	100.023	100.018	100.023	2,681.0	2y
	ls	net	high	low	open	Volume	SYM NAME
@?bus30cy	4.916	0.00	4.92	4.912	4.912	291	30y Yield
@?bus10cy	4.79	0.00	4.796	4.786	4.792	1,928	10y Yield
@?bus5cy	4.741	0.00	4.748	4.735	4.735	2,231	5y Yield
@?bus2cy	4.835	(0.00)	4.844	4.835	4.835	2,681	2y Yield
	ls	net	high	low	open	Volume	SYM NAME
XE@GBL.1	117.17	(0.16)	117.19	117.07	117.12	288,731	BUND
XE@GBM.1	109.51	(0.08)	109.53	109.45	109.50	151,675	BOBL
XE@GBS.1	103.84	(0.02)	103.85	103.81	103.83	167,022	SCHTZ
GB@R.1	109.52	(0.21)	109.60	109.49	109.54	13,230	GILT
	ls	net	high	low	open	Volume	SYM NAME
@ES.1	1328.75	(0.75)	1330.00	1328.25	1329.25	19,786	MINI SP
@YM.1	11623.00	(4.00)	11631.00	11621.00	11626.00	841	$5 DOW
&DJI	11527.39	(15.93)	0.00	0.00	0.00	0	DJIA
XE@DX.1	5917.50	8.00	5930.50	5911.00	5919.50	30,298	DAX
XE@FESX.1	3808.00	9.00	3812.00	3800.00	3808.00	331,709	EU STOXX
XE@FSTX.1	3510.00	(4.00)	3519.00	3507.00	3517.00	2,660	DJ STOXX
	ls	net	high	low	open	Volume	SYM NAME
@CL.1	63.19	(0.03)	63.48	63.00	63.45	2,598	OIL
@HO.1	1.716	0.00	1.723	1.711	1.711	320	HEAT OIL
@NG.1	4.965	0.07	5.000	4.860	4.916	279	NAT GAS
@HU.1	1.558	0.01	1.560	1.556	1.560	177	UNL GAS
@ZG.1	583.90	(2.20)	585.50	578.80	582.30	6,409	GOLD
@SI.1	1084.00	(11.00)	1094.00	1074.50	1094.00	1,336	SLVR
$$EURUSD	1.2692	(0.0029)	1.2735	1.2684	1.2722	<NA>	EURO/USD
$$USDJPY	117.57	0.00	117.76	117.38	117.56	<NA>	USD/YEN

Source: Reuters

Overnight

Bund futures fall after Treasuries retreat

LONDON, Sept 15 (Reuters) - Euro zone government bond futures shed a fifth of a point on Friday in sympathy with falls in U.S. Treasury prices in New York the previous session on worries about inflation risks and risks of further rate hikes.

JGBs mixed, market subdued in pre-holiday trade

TOKYO, Sept 15 (Reuters) - Japanese government bonds (JGBs) inched up on Friday, but trading was light as investors avoided taking on big positions ahead of a holiday weekend, while a fall in the Nikkei share average supported bond prices.

UK gilts, short stg fall ahead of U.S. CPI data

LONDON, Sept 15 (Reuters) - UK gilt and short sterling futures fell on Friday, tracking losses in U.S. Treasuries and Bunds, ahead of U.S. inflation data which dealers say may indicate more rate rises in the world's biggest economy.

U.S. Treasuries steady in Asia, focus on CPI

TOKYO, Sept 15 (Reuters) - U.S. Treasuries were steady on Friday ahead of inflation data that may provide clues on whether or not the Federal Reserve is done raising interest rates.

France to offer 4.5-5 bln euros BTANs at auction

PARIS, Sept 15 (Reuters) - France is to offer 4.5 billion euros ($5.7 billion) to 5.0 billion euros ($6.4 billion) of Treasury notes (BTANs) at its next scheduled auction on Thursday, the Treasury said on Friday.

ECB to accept short-term paper in credit ops

FRANKFURT, Sept 15 (Reuters) - The European Central Bank has agreed to accept short-term European paper as collateral in its credit operations, it said on Friday.

Japan MOF says to cut 15-year floating JGBs in H2

TOKYO, Sept 15 (Reuters) - The Ministry of Finance said on Friday it will continue to re-offer 100 billion yen ($851 million) of 20-year Japanese government bonds each month from October to March and skip a 15-year floating-rate bond auction slated for either January or March 2007.

Sources: Reuters, MNI, Dow Jones

Yield Curve Spreads & Flys, DV01s, CFs

M Duration

30y	15.68
10y	7.76
5y	4.26
3y	2.67
2y	1.90
ZB	9.43
ZN	5.73
ZF	3.69
ZT	1.67

DV01s (32nds)

30y	4.72
10y	2.51
5y	1.38
3y	0.86
2y	0.59
ZB	3.40
ZN	1.99
ZF	1.26
ZT	1.10

DV01s ($s)

30y	$1,474
10y	$785
5y	$431
3y	$268
2y	$184
ZB	$106
ZN	$62
ZF	$39
ZT	$34

Yield Curve Spreads

2/3	-7.40
3/5	-2.30
2/5	-9.70
5/10	4.90
2/10	-4.80
10/30	12.50
5/30	17.40
2/30	7.70

Fly's

2/3/5	-5.10
2/5/10	-14.60
2/10/30	-17.30
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 = 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
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		1.705	4.722	3.086
ZN	0.586		1.583	1.810
ZF	0.370	0.632		1.143
ZT	0.324	1.105	1.750	

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	2.53	4.26	7.40	13.89
ZN	2.96	4.31	7.26	12.61	23.69
ZF	4.69	6.82	11.49	19.97	37.51
ZT	5.36	7.79	13.13	22.82	42.87

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		1.455	2.452	4.262	8.005
3y	0.687		1.685	2.929	5.501
5y	0.427	0.621		1.819	3.416
10y	0.235	0.341	0.575		1.878
30y	0.125	0.182	0.306	0.532	

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

	Cpn	Mty	32nds	Yield
2y	4.875	8/31/2008	100.0225	4.832
3y	4.875	8/15/2009	100.0975	4.760
5y	4.625	8/31/2011	99.1625	4.737
10y	4.875	8/15/2016	100.2100	4.789
30y	4.500	2/15/2036	93.1700	4.918

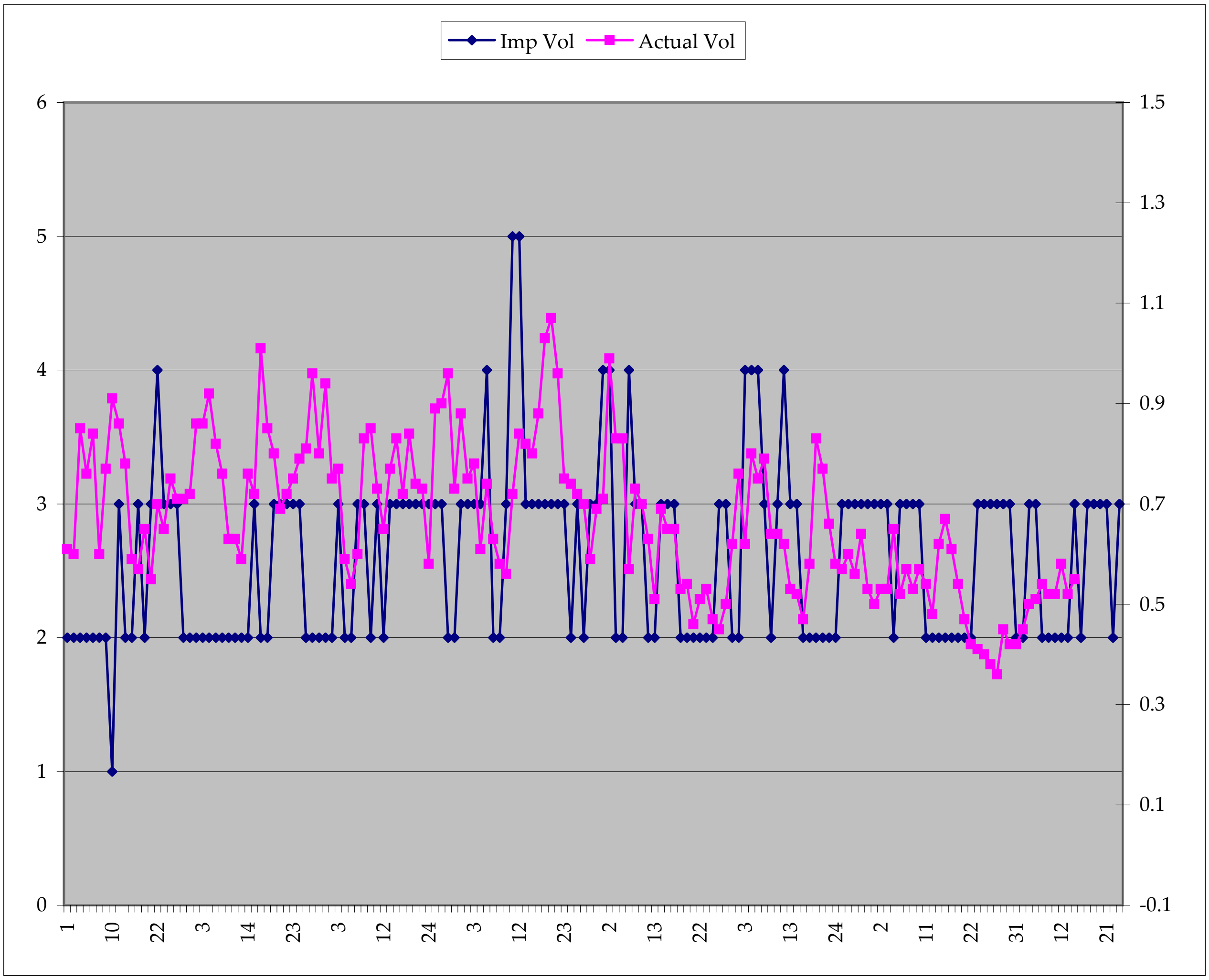
	CF Basis*	GHCO Basis		32nds
5y	0.911	12.8921	ZF	104.290
10y	2.001	72.5147	ZN	107.005
30y	5.662	181.0850	ZB	110.17

	Curve Spreads bps
2/3	-0.072
3/5	-0.023
2/5	-0.095
5/10	0.052
2/10	-0.043
10/30	0.129
5/30	0.181
2/30	0.086

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