

The Morning Email: Treasuries

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Want something added?

Let me know: jgoulding@ghco.com

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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	99.2125	100.3150	107.1000	111.0200	9/15/2006
CPI Low	99.1325	100.1800	106.2900	110.1300	9/15/2006

*Adjusted for New Issue

Prices are recorded from econ release to 2pm CDT

Source: Reuters

		Quotes as of 5:29:10 CDT						
		32 nds						
		ls	net	high	low	open	Volume	SYM NAME
@ZB.1		109.290	(0.07)	110.010	109.290	110.010	95	30y Futures
@ZN.1		106.300	(0.05)	107.025	106.295	107.025	4,755	10y Futures
@ZF.1		104.225	(0.03)	104.240	104.225	104.240	503	5y Futures
@ZT.1		0.000	0.00	0.000	0.000	0.000	442	2y Futures
		ls	net	high	low	open	Volume	SYM NAME
@?bus30c		93.075	(0.125)	93.120	93.080	93.120	109.0	30y
@?bus10c		100.145	(0.060)	100.170	100.145	100.170	1,474.0	10y
@?bus5c		99.105	(0.033)	99.123	99.108	99.113	1,326.0	5y
@?bus2c		99.315	(0.010)	100.003	99.318	99.318	1,324.0	2y
		ls	net	high	low	open	Volume	SYM NAME
@?bus30cy		4.937	0.03	4.937	4.929	4.929	109	30y Yield
@?bus10cy		4.816	0.02	4.816	4.806	4.806	1,474	10y Yield
@?bus5cy		4.777	0.02	4.777	4.766	4.773	1,326	5y Yield
@?bus2cy		4.878	0.02	4.878	4.869	4.878	1,324	2y Yield
		ls	net	high	low	open	Volume	SYM NAME
XE@GBL.1		117.00	(0.50)	117.16	116.95	117.16	455,145	BUND
XE@GBM.1		109.39	(0.27)	109.46	109.35	109.44	253,450	BOBL
XE@GBS.1		103.80	(0.07)	103.82	103.78	103.82	219,510	SCHTZ
GB@R.1		109.26	(0.44)	109.43	109.22	109.35	31,877	GILT
		ls	net	high	low	open	Volume	SYM NAME
@ES.1		1333.50	1.25	1335.00	1330.75	1331.50	18,222	MINI SP
@YM.1		11672.00	12.00	11681.00	11647.00	11650.00	989	\$5 DOW
&DJI		11560.77	33.38	0.00	0.00	0.00	0	DJIA
XE@DX.1		5990.50	9.50	5999.50	5968.50	5992.50	30,881	DAX
XE@FESX.1		3837.00	9.00	3843.00	3825.00	3835.00	128,533	EU STOXX
XE@FSTX.1		3527.00	10.00	3531.00	3519.00	3520.00	175	DJ STOXX
		ls	net	high	low	open	Volume	SYM NAME
@CL.1		63.67	0.34	63.80	63.20	63.49	2,772	OIL
@HO.1		1.718	0.02	1.720	1.703	1.709	251	HEAT OIL
@NG.1		4.854	(0.13)	5.040	4.854	4.927	358	NAT GAS
@HU.1		1.578	0.00	1.640	1.575	1.640	183	UNL GAS
		ls	net	high	low	open	Volume	SYM NAME
@ZG.1		588.80	5.00	590.70	586.20	588.70	4,301	GOLD
@SI.1		1104.50	17.00	1110.00	1085.50	1088.00	752	SLVR
		ls	net	high	low	open	Volume	SYM NAME
\$\$EURUSD		1.2659	(0.0002)	1.2684	1.2628	1.2642	<NA>	EURO/USD
\$\$USDJPY		118.07	0.54	118.24	116.90	116.90	<NA>	USD/YEN

Source: Reuters

Overnight



[EURO GOVT-Bunds tumble on rate fears after ECB comments](#)

LONDON, Sept 18 (Reuters) - Euro zone government bond futures shed more than half a point early on Monday as market players were worried about rising rates following a slew of hawkish comments from European Central Bank policymakers.

[UK gilts, short stg follow Bunds down on hawkish ECB](#)

LONDON, Sept 18 (Reuters) - British gilts and short sterling rate futures fell sharply in early trade on Monday, tracking Bunds, which plunged nearly half a point after hawkish comments from European Central Bank policymakers.

[US rate futures confident of steady Fed after CPI](#)

CHICAGO, Sept 15 (Reuters) - U.S. short-term interest rate futures on Friday continued to signal no change in rates from the Federal Reserve at next week's policy meeting after consumer prices for August rose roughly as expected.

[Markets digesting G7, seeking clues on Fed rates](#)

LONDON, Sept 18 (Reuters) - The U.S. current account deficit and Asian currency rates are likely to be the main focus for investors this week, along with the tone of the Federal Reserve's statement after its Sept. 20 meeting.

[Treasures slip as rally on inflation data fizzles](#)

NEW YORK, Sept 15 (Reuters) - U.S. Treasury debt prices slipped on Friday as an early rally, sparked by news of subdued inflation, ran out of steam.

[ECB policymakers' recent rate comments](#)

Sept 18 (Reuters) - The European Central Bank held its key interest rate at 3 percent at the end of August but signalled it is set to raise rates again in October against a backdrop of steady growth and increased inflation risks.

[ECB's Liebscher says inflation risks rising](#)

FRANKFURT, Sept 18 (Reuters) - Inflation dangers in the euro zone are rising, European Central Bank Governing Council member Klaus Liebscher was quoted as saying on Monday.

Sources: Reuters, MNI, Dow Jones

Yield Curve Spreads & Flys, DV01s, CFs

M Duration

30y	15.66
10y	7.76
5y	4.26
3y	2.67
2y	1.90
ZB	9.42
ZN	5.73
ZF	3.69
ZT	1.67

DV01s (32nds)

30y	4.69
10y	2.50
5y	1.38
3y	0.86
2y	0.59
ZB	3.38
ZN	1.99
ZF	1.25
ZT	1.10

DV01s (\$s)

30y	\$1,467
10y	\$783
5y	\$430
3y	\$267
2y	\$184
ZB	\$106
ZN	\$62
ZF	\$39
ZT	\$34

Yield Curve Spreads

2/3	-7.90
3/5	-2.40
2/5	-10.30
5/10	3.70
2/10	-6.60
10/30	12.20
5/30	15.90
2/30	5.60

Fly's

2/3/5	-5.50
2/5/10	-14.00
2/10/30	-18.80
5/10/30	-8.50

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		1.703	4.709	3.083
ZN	0.587		1.583	1.810
ZF	0.371	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, Shatz

US Treasuries v US Financial Futures Hedge Ratios

	2y	3y	5y	10y	30y
ZB	1.74	2.53	4.26	7.40	13.87
ZN	2.96	4.31	7.26	12.61	23.62
ZF	4.68	6.82	11.49	19.96	37.40
ZT	5.36	7.79	13.14	22.82	42.76

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	2.453	4.261	7.984
3y	0.687		1.685	2.928	5.486
5y	0.427	0.621		1.818	3.407
10y	0.235	0.342	0.576		1.874
30y	0.125	0.182	0.307	0.534	

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

	Cpn	Mty	32nds	Yield
2y	4.875	8/31/2008	100.0075	4.859
3y	4.875	8/15/2009	100.0775	4.783
5y	4.625	8/31/2011	99.1375	4.755
10y	4.875	8/15/2016	100.1950	4.795
30y	4.500	2/15/2036	93.1700	4.918

GHCO

	CF Basis*	Basis		32nds
5y	0.909	12.7539	ZF	104.265
10y	2.628	72.8535	ZN	106.305
30y	5.678	182.6750	ZB	110.15

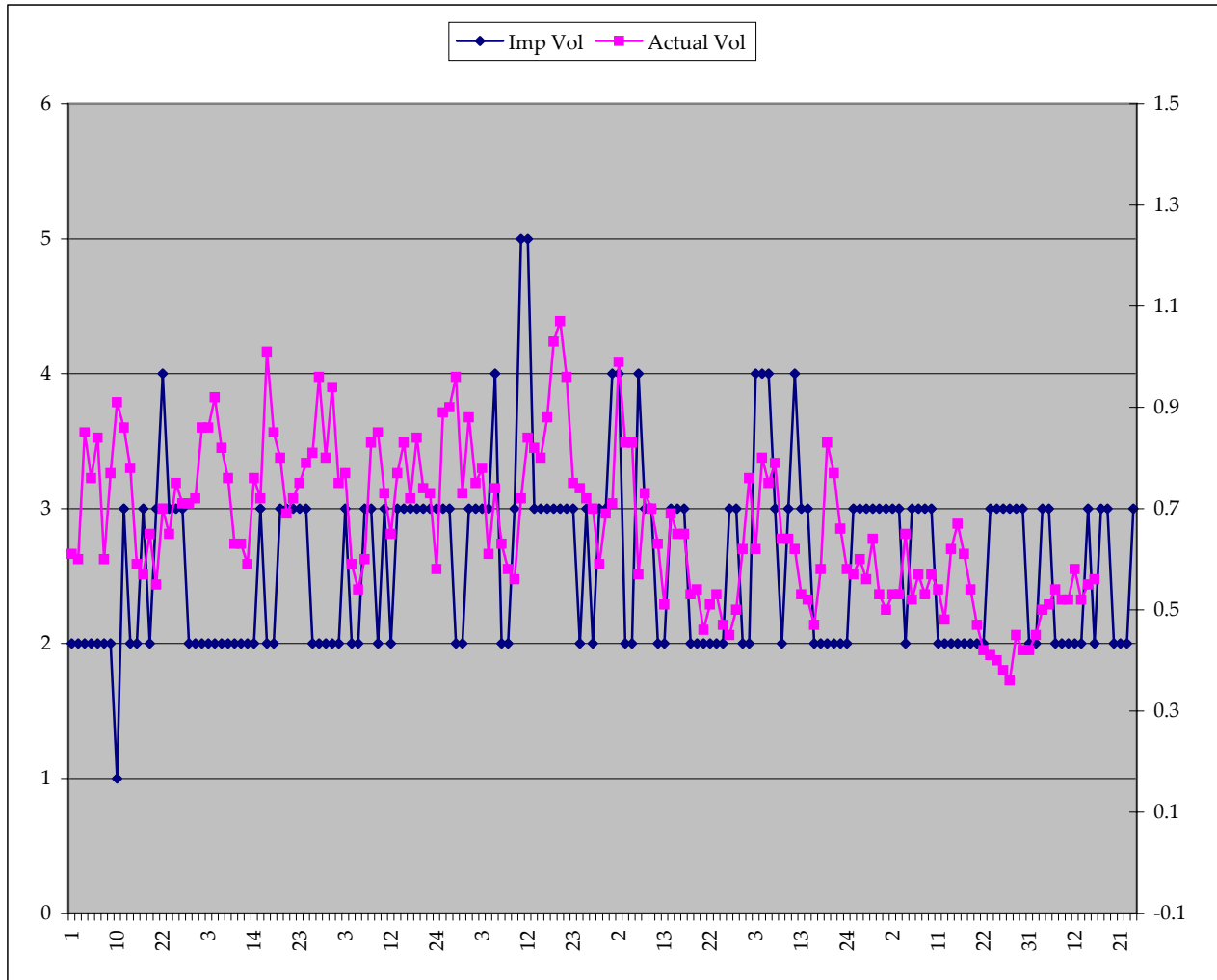
Curve Spreads bps

2/3	-0.076
3/5	-0.028
2/5	-0.104
5/10	0.040
2/10	-0.064
10/30	0.123
5/30	0.163
2/30	0.059

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	9/18/2007	9/19/2007	9/20/2007
1900-2200	0000-0300	2000-2300	2	2	2
2200-0100	0300-0600	2300-0200	3	2	2
0100-0400	0600-0900	0200-0500	2	2	2
0400-0700	0900-1200	0500-0800	2	1	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	1	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

