

## 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](mailto: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](mailto: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 5:30:10					CDT	
		32 nds						
	ls	net	high	low	open	Volume	SYM NAME	
@ZB.1	0.000	0.00	0.000	0.000	0.000	48	30y Futures	
@ZN.1	106.280	(0.03)	106.300	106.280	106.300	678	10y Futures	
@ZF.1	104.215	(0.02)	104.225	104.215	104.225	671	5y Futures	
@ZT.1	101.265	(0.00)	101.265	101.263	101.263	9	2y Futures	
	ls	net	high	low	open	Volume	SYM NAME	
@?bus30c	93.085	(0.050)	93.140	93.075	93.110	444.0	30y	
@?bus10c	100.130	(0.030)	100.160	100.120	100.155	2,502.0	10y	
@?bus5c	99.095	(0.018)	99.110	99.093	99.105	2,019.0	5y	
@?bus2c	99.313	(0.005)	99.318	99.310	99.315	1,743.0	2y	
	ls	net	high	low	open	Volume	SYM NAME	
@?bus30cy	4.935	0.01	4.938	4.925	4.931	444	30y Yield	
@?bus10cy	4.822	0.01	4.826	4.81	4.812	2,502	10y Yield	
@?bus5cy	4.784	0.01	4.788	4.775	4.779	2,019	5y Yield	
@?bus2cy	4.886	0.01	4.89	4.878	4.882	1,743	2y Yield	
	ls	net	high	low	open	Volume	SYM NAME	
XE@GBL.1	116.94	0.00	117.23	116.94	117.03	667,697	BUND	
XE@GBM.1	109.36	0.02	109.51	109.32	109.36	304,465	BOBL	
XE@GBS.1	103.79	0.02	103.84	103.76	103.77	415,025	SCHTZ	
GB@R.1	108.99	(0.09)	109.29	108.96	109.09	45,939	GILT	
	ls	net	high	low	open	Volume	SYM NAME	
@ES.1	1329.00	(5.25)	1334.00	1327.50	1333.75	43,713	MINI SP	
@YM.1	11615.00	(34.00)	11643.00	11602.00	11640.00	2,371	\$5 DOW	
&DJI	11555.00	(5.77)	0.00	0.00	0.00	0	DJIA	
XE@DX.1	5930.00	(45.50)	5979.00	5918.00	5966.00	67,999	DAX	
XE@FESX.1	3792.00	(34.00)	3830.00	3786.00	3823.00	348,920	EU STOXX	
XE@FSTX.1	3495.00	(22.00)	3524.00	3495.00	3518.00	1,133	DJ STOXX	
	ls	net	high	low	open	Volume	SYM NAME	
@CL.1	63.65	(0.15)	64.12	63.51	63.85	1,458	OIL	
@HO.1	1.727	0.00	1.738	1.723	1.728	390	HEAT OIL	
@NG.1	5.097	0.16	5.120	5.023	5.035	137	NAT GAS	
@HU.1	1.580	(0.00)	1.588	1.580	1.588	123	UNL GAS	
	ls	net	high	low	open	Volume	SYM NAME	
@ZG.1	587.90	(4.90)	595.70	587.20	594.90	4,762	GOLD	
@SI.1	1107.00	(22.00)	1132.00	1105.50	1130.00	1,308	SLVR	
\$\$EURUSD	1.2660	(0.0040)	1.2726	1.2651	1.2701	<NA>	EURO/USD	
\$\$USDJPY	117.50	(0.44)	118.10	117.51	117.92	<NA>	USD/YEN	

Source: Reuters

## Overnight



### [Euro govt bonds up, short covering after Monday sell-off](#)

LONDON, Sept 19 (Reuters) - Euro zone government bond futures were higher on short covering on Tuesday after selling off in the previous session in the wake of a barrage of hawkish comments from European Central Bank officials.

### [JGBs slide on Treasuries drop, Fed meeting eyed](#)

TOKYO, Sept 19 (Reuters) - Japanese government bonds slid on Tuesday following a drop in U.S. Treasuries, with investors cautious about taking big bets before a 20-year debt auction and the Federal Reserve's policy meeting both later in the week.

### [UK gilts, short stg steady ahead of auction](#)

LONDON, Sept 19 (Reuters) - British gilt futures opened steady on Tuesday, ahead of an index-linked gilt auction and after suffering heavy losses in the previous session.

### [BOJ rate hike unlikely this year-Reuters/Jiji poll](#)

TOKYO, Sept 19 (Reuters) - Only about a quarter of analysts and traders in the Japanese financial markets expect the Bank of Japan to raise interest rates again this year, while nearly three quarters expect rates to be hiked by next March, a poll by Reuters and Jiji Press news agency showed on Tuesday.

### [U.S. Treasuries sit tight before Fed meeting](#)

TOKYO, Sept 19 (Reuters) - U.S. Treasury prices barely moved in Asia on Tuesday ahead of a Federal Reserve meeting that many in the market expected would offer

Sources: Reuters, MNI, Dow Jones

## Yield Curve Spreads &amp; Flys, DV01s, CFs

## M Duration

30y	15.66
10y	7.75
5y	4.26
3y	2.67
2y	1.89
ZB	9.42
ZN	5.73
ZF	3.68
ZT	1.66

## DV01s (32nds)

30y	4.70
10y	2.50
5y	1.38
3y	0.85
2y	0.59
ZB	3.38
ZN	1.98
ZF	1.25
ZT	1.10

## DV01s (\$s)

30y	\$1,467
10y	\$782
5y	\$430
3y	\$267
2y	\$183
ZB	\$106
ZN	\$62
ZF	\$39
ZT	\$34

## Yield Curve Spreads

2/3	-7.70
3/5	-2.30
2/5	-10.00
5/10	3.60
2/10	-6.40
10/30	11.40
5/30	15.00
2/30	5.00

## Fly's

2/3/5	-5.40
2/5/10	-13.60
2/10/30	-17.80
5/10/30	-7.80

## 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	
Bund (Z)	1.000	1.800	2.700	2.900	Number of contracts LONG
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	4.716	3.085
ZN	0.587		1.584	1.811
ZF	0.371	0.632		1.144
ZT	0.324	1.104	1.748	

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	13.89
ZN	2.96	4.30	7.26	12.61	23.66
ZF	4.68	6.82	11.49	19.97	37.46
ZT	5.36	7.80	13.15	22.84	42.85

## 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		1.456	2.454	4.264	8.000
3y	0.687		1.686	2.929	5.495
5y	0.427	0.621		1.819	3.412
10y	0.235	0.341	0.576		1.876
30y	0.125	0.182	0.307	0.533	



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

	Cpn	Mty	32nds	Yield
2y	4.875	8/31/2008	99.3175	4.876
3y	4.875	8/15/2009	100.0650	4.798
5y	4.625	8/31/2011	99.1125	4.773
10y	4.875	8/15/2016	100.1600	4.809
30y	4.500	2/15/2036	93.1250	4.928

## GHCO

	CF Basis*	Basis		32nds
5y	0.908	12.6156	ZF	104.240
10y	2.625	72.5714	ZN	106.270
30y	5.681	182.9450	ZB	110.09

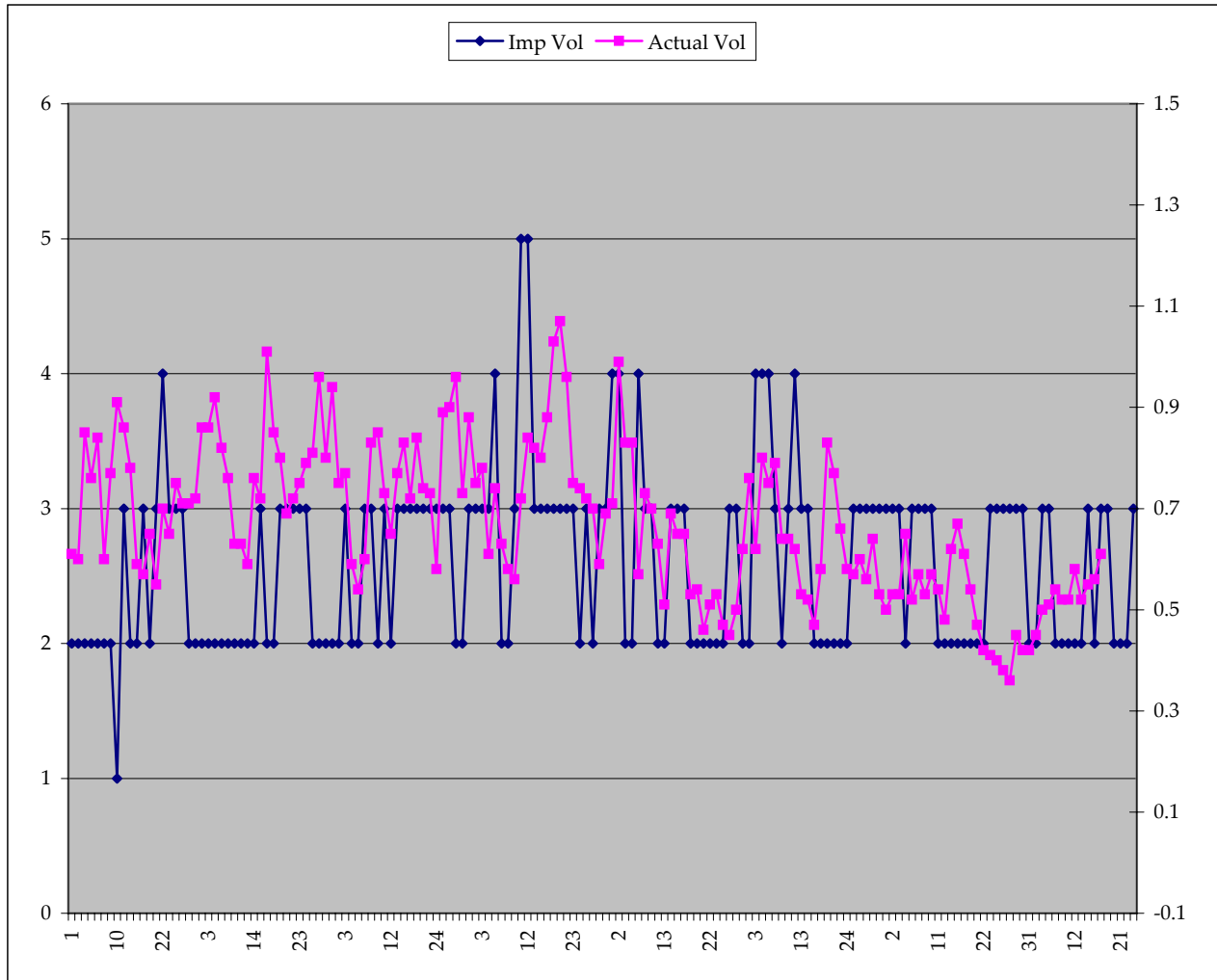
## Curve Spreads bps

2/3	-0.078
3/5	-0.025
2/5	-0.103
5/10	0.036
2/10	-0.067
10/30	0.119
5/30	0.155
2/30	0.052

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





