

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.

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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	99.2350	101.0350	107.1300	111.0500	9/18/2006
PPI Low	99.1350	100.1900	106.2800	110.1300	9/18/2006
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 5:27:26 CDT							
32 nds							
	ls	net	high	low	open	Volume	SYM NAME
@ZB.1	110.240	0.01	110.240	110.240	110.240	4	30y Futures
@ZN.1	107.170	0.01	107.170	107.110	107.155	848	10y Futures
@ZF.1	0.000	0.00	0.000	0.000	0.000	4	5y Futures
@ZT.1	0.000	0.00	0.000	0.000	0.000	0	2y Futures
	ls	net	high	low	open	Volume	SYM NAME
@?bus30c	94.110	(0.015)	94.125	94.095	94.120	502.0	30y
@?bus10c	101.025	0.000	101.040	101.015	101.025	2,679.0	10y
@?bus5c	99.223	(0.003)	99.240	99.220	99.225	1,177.0	5y
@?bus2c	100.040	(0.003)	100.045	100.038	100.045	1,062.0	2y
	ls	net	high	low	open	Volume	SYM NAME
@?bus30cy	4.863	0.00	4.866	4.86	4.861	502	30y Yield
@?bus10cy	4.737	0.00	4.741	4.731	4.737	2,679	10y Yield
@?bus5cy	4.694	0.00	4.696	4.682	4.692	1,177	5y Yield
@?bus2cy	4.805	0.00	4.809	4.797	4.797	1,062	2y Yield
	ls	net	high	low	open	Volume	SYM NAME
XE@GBL.1	117.50	0.12	117.52	117.39	117.47	330,780	BUND
XE@GBM.1	109.65	0.07	109.66	109.60	109.65	174,338	BOBL
XE@GBS.1	103.89	0.02	103.90	103.87	103.90	237,372	SCHTZ
GB@R.1	109.38	0.08	109.41	109.19	109.31	30,352	GILT
	ls	net	high	low	open	Volume	SYM NAME
@ES.1	1333.50	3.00	1334.25	1329.50	1330.75	34,382	MINI SP
@YM.1	11653.00	28.00	11660.00	11622.00	11631.00	2,225	\$5 DOW
&DJI	11540.91	(14.09)	0.00	0.00	0.00	0	DJIA
XE@DX.1	5961.00	39.00	5965.00	5919.00	5923.50	46,379	DAX
XE@FESX.1	3818.00	22.00	3821.00	3788.00	3794.00	238,124	EU STOXX
XE@FSTX.1	3510.00	13.00	3510.00	3488.00	3490.00	321	DJ STOXX
	ls	net	high	low	open	Volume	SYM NAME
@CL.1	61.10	(0.56)	61.83	60.75	61.70	1,737	OIL
@HO.1	1.685	(0.01)	1.698	1.673	1.696	254	HEAT OIL
@NG.1	4.840	(0.17)	5.100	4.820	5.090	819	NAT GAS
@HU.1	1.496	(0.01)	1.511	1.492	1.503	220	UNL GAS
@ZG.1	579.70	(3.90)	582.60	578.70	579.70	5,274	GOLD
@SI.1	1091.00	(3.50)	1094.50	1083.00	1094.50	897	SLVR
\$\$EURUSD	1.2671	(0.0005)	1.2689	1.2665	1.2675	<NA>	EURO/USD
\$\$USDJPY	117.31	(0.43)	117.75	116.98	117.73	<NA>	USD/YEN

Source: Reuters

Overnight



[Bund jumps briefly on Treasuries, political risk](#)

LONDON, Sept 20 (Reuters) - The December Bund future jumped on Wednesday, tracking overnight U.S. Treasury gains made on the back of weak data and global political unrest, but investors were cautious before a Federal Reserve monetary policy meeting.

[JGBs jump as U.S. Treasuries surge, Nikkei falls](#)

TOKYO, Sept 20 (Reuters) - Japanese government bonds surged on Wednesday as investor sentiment improved with a jump in U.S. Treasuries and weakness in the Tokyo stock market.

[US Treasuries flat in Asia, Fed verdict up next](#)

TOKYO, Sept 20 (Reuters) - U.S. Treasuries barely budged in Asian trade on Wednesday as investors looked ahead to the Federal Reserve's policy meeting later in the day and a widely expected decision to hold rates steady for a second straight time.

[Aeon to issue Japan's first 50-year corporate bonds](#)

TOKYO, Sept 20 (Reuters) - Aeon Co. Ltd., a major Japanese supermarket chain, said on Wednesday it will issue 50-year subordinated callable bonds this month worth 31 billion yen (\$264.1 million).

[Thai dollar bonds slump, broad market steady](#)

HONG KONG, Sept 20 (Reuters) - Thailand's dollar bonds and credit default swaps slumped on Wednesday after the Thai armed forces seized power without firing a shot and dismissed Prime Minister Thaksin Shinawatra's government.

[Aussie bonds surge on thoughts of Fed peak, safety](#)

SYDNEY, Sept 20 (Reuters) - Australian bond futures shot higher on Wednesday, propelled by speculation U.S. interest rates had peaked combined with safe-haven flows following a military coup in Thailand.

[US agency debt edges past Treasuries in rally](#)

NEW YORK, Sept 19 (Reuters) - Debt of companies such as Fannie Mae and Freddie Mac outpaced Treasuries slightly on Tuesday as rising expectations of steady or lower Federal Reserve interest rates reduced its risk premium.

Sources: Reuters, MNI, Dow Jones

Yield Curve Spreads & Flys, DV01s, CFs

M Duration

30y	15.74
10y	7.76
5y	4.26
3y	2.66
2y	1.89
ZB	9.44
ZN	5.73
ZF	3.68
ZT	1.66

DV01s (32nds)

30y	4.77
10y	2.52
5y	1.38
3y	0.86
2y	0.59
ZB	3.42
ZN	2.00
ZF	1.26
ZT	1.10

DV01s (\$s)

30y	\$1,492
10y	\$788
5y	\$432
3y	\$268
2y	\$183
ZB	\$107
ZN	\$62
ZF	\$39
ZT	\$34

Yield Curve Spreads

2/3	-8.60
3/5	-2.50
2/5	-11.10
5/10	4.30
2/10	-6.80
10/30	12.60
5/30	16.90
2/30	5.80

Fly's

2/3/5	-6.10
2/5/10	-15.40
2/10/30	-19.40
5/10/30	-8.30

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		1.710	4.778	3.116
ZN	0.585		1.587	1.822
ZF	0.368	0.630		1.148
ZT	0.321	1.098	1.743	

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	1.72	2.51	4.23	7.39	13.98
ZN	2.94	4.29	7.24	12.63	23.91
ZF	4.67	6.80	11.49	20.05	37.95
ZT	5.36	7.81	13.19	23.01	43.55

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		1.458	2.462	4.295	8.128
3y	0.686		1.689	2.947	5.577
5y	0.425	0.619		1.825	3.455
10y	0.233	0.339	0.573		1.893
30y	0.123	0.179	0.303	0.528	

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

	Cpn	Mty	32nds	Yield
2y	4.875	8/31/2008	100.0425	4.796
3y	4.875	8/15/2009	100.1350	4.716
5y	4.625	8/31/2011	99.2275	4.691
10y	4.875	8/15/2016	101.0300	4.732
30y	4.500	2/15/2036	94.1300	4.859

GHCO

	CF Basis*	Basis		32nds
5y	0.283	14.1925	ZF	105.025
10y	2.711	75.4819	ZN	107.125
30y	5.939	194.7750	ZB	111.03

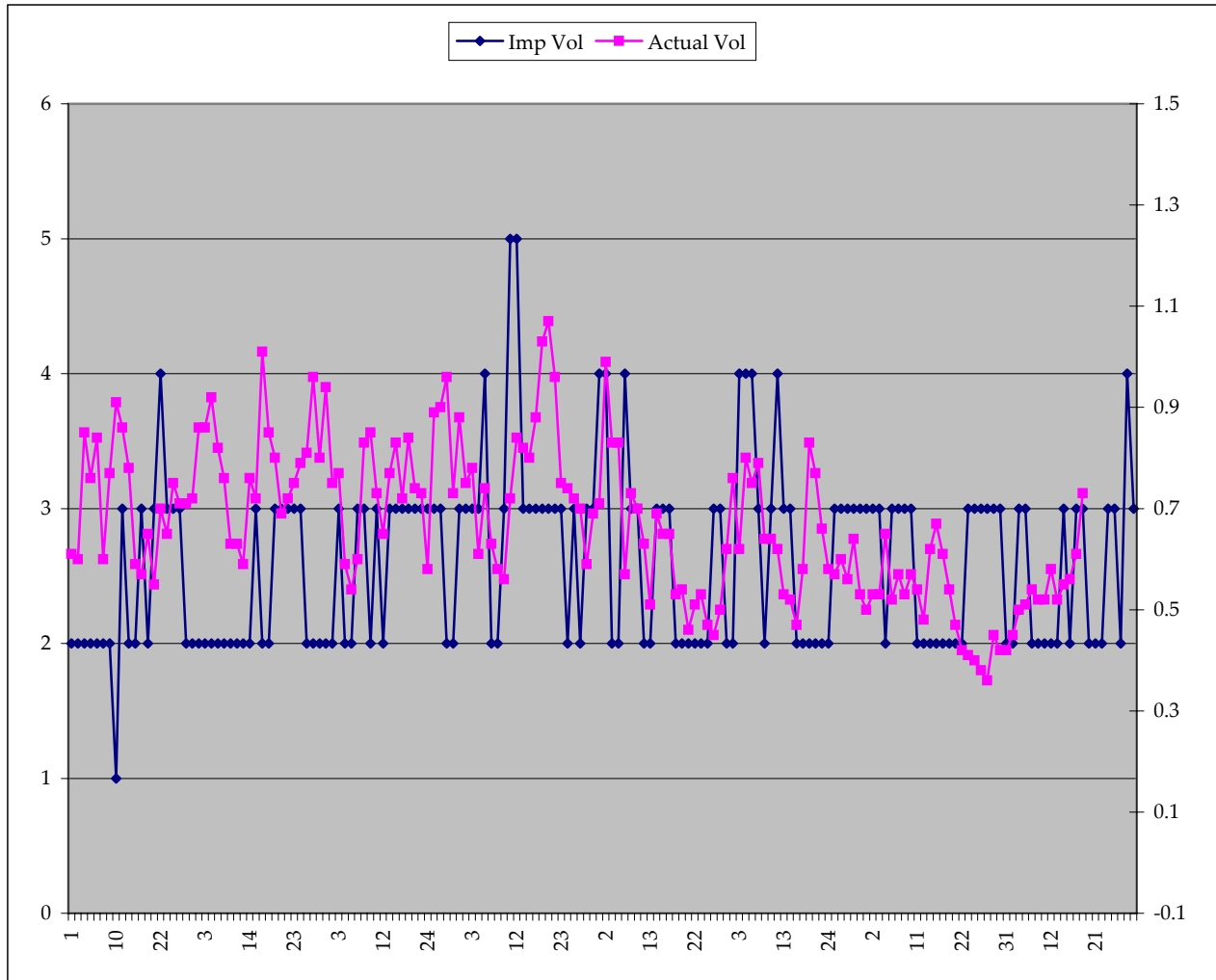
Curve Spreads bps

2/3	-0.080
3/5	-0.025
2/5	-0.105
5/10	0.041
2/10	-0.064
10/30	0.127
5/30	0.168
2/30	0.063

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

