

## The Morning Email: Treasuries

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Want something added?

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**Important Econ Releases, Highs & Lows**

	Economic Releases				Date
	5y*	10y*	ZNM7**	ZBM7**	
Non-farm High	100.0550	100.2600	108.2550	113.0500	3/9/2007
Non-farm Low	99.2350	100.0600	108.0700	112.0700	3/9/2007
FOMC High	100.1350	100.2900	109.0200	113.0300	3/22/2007
FOMC Low	99.3050	100.0850	108.1000	112.0600	3/22/2007
PPI High	100.0800	100.2600	108.2900	113.0100	3/15/2007
PPI Low	100.0350	100.1850	108.2200	112.2000	3/15/2007
CPI High	100.0650	100.2250	108.2650	112.2900	3/16/2007
CPI Low	99.3150	100.1300	108.1650	112.1400	3/16/2007

\*Adjusted for New Issue

\*\*Adjusted for Roll

Prices are recorded from econ release to 2pm CDT

ZBH/ZBM Rolled at -2 tics

ZNH/ZNM Rolled at +.5 tics

	Auctions			
	2 y	5y	10y	30y
Auction Price	99.311	99.270	100.257	99.007
Auction Yield Stop	4.514	4.535	4.523	4.812
Auction Date	3/28/2007	3/29/2007	3/13/2007 re	2/8/2007

All prices are in 32nds

re = reopen

## Quotes

	32 nds						
	ls	net	high	low	open	Volume	SYM NAME
TUAM7	102.130	(1.5)	102.142	102.127	102.140	9,398	2y Futures
FVAM7	105.235	(2.0)	105.265	105.230	105.260	34,431	5y Futures
TYAM7	108.020	(2.5)	108.060	108.015	108.055	92,303	10y Futures
USAM7	111.060	(4)	111.120	111.050	111.110	24,092	30y Futures
	ls	net	high	low	open	Volume	SYM NAME
BUS02P	99.260	(1.0)	99.272	99.260	99.267	na	2y
BUS05P	99.250	(2.5)	99.275	99.250	99.267	na	5y
BUS10P	99.240	(3.5)	99.275	99.240	99.265	na	10y
BUS30P	98.135	(6)	98.210	98.135	98.200	na	30y
	ls	net	high	low	open	Volume	SYM NAME
BUS02Y	4.596	1.70	4.609	4.525	4.604	na	2y Yield
BUS05Y	4.546	1.40	4.551	4.528	4.544	na	5y Yield
BUS10Y	4.654	1.40	4.66	4.624	4.65	na	10y Yield
BUS30Y	4.849	1.70	4.852	4.833	4.84	na	30y Yield

Source: CQG

News Recap from**Yesterday**

04/02 15:01 US TSYS/RECAP: Tsys mkt passed quiet Mon, ended mainly higher vs. 3pm Fri, with volume diminishing as some leave early for the start of the Passover holiday. German Bunds pressured Tsys earlier, as did Poole said Fed can't be perceived as accepting too-high inflation later said US economic outlook "relatively symmetrical" though said recession odds between Greenspan's 33% and a more normal 10%-15% odds. Midday, Tsys mixed amid muted flow after overnight strength on JGB gain, weak Nikkei, mixed Tankan, lingering UK-Iran safe-haven bid. Tsys firmed earlier with March mfg ISM lower at 50.9 (vs. 52.3 in Feb.) but prices paid at 65.5 (vs. 59), Conf Bd online jobs ads 1.64 in Mar (vs. 1.69 Feb.) Different foreign central banks active, said to buy 2Y, 3Y, 5Y and 10Ys. There was good fast money and buy-and-hold accounts buying long end, foreign bid in intermediates, also black-box buyers in 5Ys and 10s. There also was spec buying in 10-yr cash.

04/02 15:01 US EuroDlr/Swaps: Spds finished session marginally wider across curve, Tsy ylds mostly lower. Supportive of wider intermediate spreads, sources reported some payer interest late, a NY dealer sold 1,000 Gold packs (Jun11-Mar12) at +0.5 after sellers of Blues (Jun10-Mar11) around midsession. Earlier, sources reported some ongoing front end steepener interest followed by light two-way in the front end.

**Overnight**

04/03 03:25 USTs: Traders reported subdued market overnight in USTs, with some light Asian bank buying of bonds via options market.

04/03 04:02 UST FLOWS: Traders report light flows, and say they are mostly swap related in the front end of the curve, with 2-way flow in 2-year swap.

Today*Econ Releases & Speakers from MNI*

Date	ET	Data thru		Prior Report	Forecast
03-Apr	---	Mar-07	Domestic Vehicle Sales	12.7 mn	---
03-Apr	0745	31-Mar	ICSC-UBS Store Sales	+0.2% w/w, +4.6%	---
03-Apr	0855	31-Mar	Redbook Average	+0.7% thru wk 4	---
03-Apr	1000	Feb-07	NAR Pending Home Sales	108.7	---
03-Apr	1700	01-Apr	ABC/Wash Post Cons Conf Index		

DATE	GMT/EDT	EVENT
03-Apr	1300/0900	New York Fed to release regional employment forecast for 2007, in New York.

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

M Duration	
30y	15.66
10y	7.80
5y	4.42
3y	2.64
2y	1.88
ZB	9.85
ZN	5.89
ZF	3.93
ZT	1.86

DV01s (32nds)	
30y	4.97
10y	2.51
5y	1.41
3y	0.85
2y	0.60
ZB	3.54
ZN	2.04
ZF	1.33
ZT	1.22

DV01s (\$s)	
30y	\$1,552
10y	\$783
5y	\$441
3y	\$265
2y	\$188
ZB	\$111
ZN	\$64
ZF	\$42
ZT	\$38

## Yield Curve Spreads

2/3	-5.00
3/5	0.00
2/5	-5.00
5/10	10.80
2/10	5.80
10/30	19.50
5/30	30.30
2/30	25.30

## Fly's

2/3/5	-5.00
2/5/10	-15.80
2/10/30	-13.70
5/10/30	-8.70

ZB	0.8281
ZN	0.9015
ZF	0.9387
ZT	0.9753

\*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,

**US Financial Futures / Eurex Bond Hedge Ratios**  
**Short Number of Contracts**

	ZB	ZN	ZF	ZT
Bund (H)	1.000	1.800	2.700	2.600
Bobl (H)	0.530	0.930	1.400	1.300
Schatz (H)	0.210	0.400	0.550	0.530

Eurex Hedge Ratio's source: Bloomberg

**US Financial Futures Hedge Ratios**

	ZB	ZN	ZF	ZT
ZB		1.730	2.651	2.903
ZN	0.578		1.532	1.678
ZF	0.377	0.653		0.913
ZT	0.000	0.000	0.000	

**Month Codes:**

H=Mch      M=Jun

U=Sep      Z=Dec

## Hedge Ratios: US Financial Futures / Eurex Bund, Bobl, Schatz,

## US Treasuries v US Financial Futures Hedge Ratios

	2y	3y	5y	10y	30y
ZB	1.70	2.40	3.99	7.08	14.04
ZN	2.94	4.15	6.91	12.26	24.29
ZF	4.50	6.36	10.59	18.78	37.22
ZT	4.93	6.97	11.59	20.56	40.76

## US Treasuries v Eurex Bonds Hedge Ratios

	2y	3y	5y	10y	30y
Bund (H)	1.6	2.4	3.9	6.9	13.8
Bobl (H)	3.0	4.4	7.2	12.9	25.7
Schatz (H)	7.1	10.5	17.2	30.8	61.3

Eurex Hedge Ratio's source: Bloomberg

## Eurex Hedge Ratios

	Bund (H)	Bobl (H)	Schatz (H)
Bund (H)		0.000	0.000
Bobl (H)	0.000		0.000
Schatz (H)	0.000	0.000	

Eurex Hedge Ratio's source: Bloomberg

Month Codes:

H=Mch M=Jun

U=Sep Z=Dec

## Hedge Ratios: US Treasury Cash

US Treasuries v US Treasuries					
	2y	3y	5y	10y	30y
2y		1.413	2.323	4.169	8.263
3y	0.708		1.644	2.951	5.849
5y	0.426	0.601		1.774	3.516
10y	0.240	0.339	0.557		1.982
30y	0.121	0.171	0.281	0.505	

## Commitment of Traders (COT)

Current Positions										
	Small Spec			Large Spec			Commercials (Hedgers)			
	Long	Short	Net	Long	Short	Net	Long	Short	Net	
ZF	269,732	245,786	23,946	195,818	373,481	(177,663)	1,108,608	954,890	153,718	ZF
ZN	304,464	377,472	(73,008)	746,923	284,264	462,659	1,590,715	1,980,367	(389,652)	ZN
ZB	137,531	181,833	(44,302)	90,240	182,244	(92,004)	661,879	525,573	136,306	ZB

WoW* Position Change				As of
	Sml Spec	Lrg Spec	Comm	
	Net	Net	Net	
ZF	9,286	(37,049)	27,764	3/30/2007
ZN	(38,839)	(9,689)	48,528	
ZB	(27,284)	(28,086)	55,371	

\*\*WoW = Week over week

	Cpn	Mty	32nds	Yield
2y	4.500	3/31/09	99.2725	4.579
3y	4.750	2/15/10	100.1850	4.531
5y	4.500	3/31/12	99.2725	4.533
10y	4.625	2/15/17	99.275	4.642
30y	4.750	2/15/37	98.21	4.835

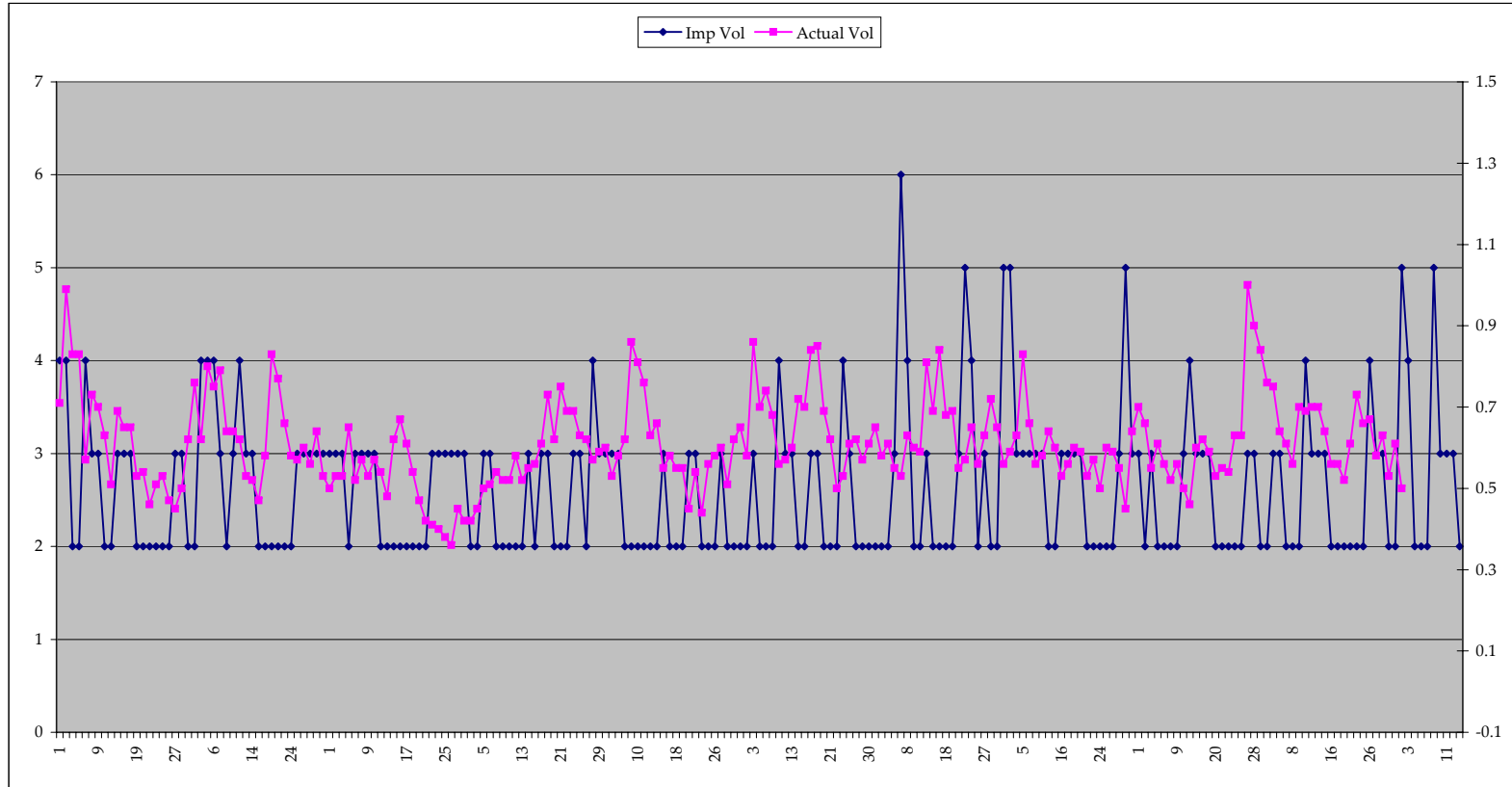
	CF Basis*	GHCO Basis		32nds
5y	0.45	0.015	ZF	105.2550
10y	1.71	44.260	ZN	108.0500
30y	6.12	322.277	ZB	111.11

Curve Spreads bps

2/3	(0.048)
3/5	0.002
2/5	(0.046)
5/10	0.109
2/10	0.063
10/30	0.193
5/30	0.302
2/30	0.256

CF = Conversion Factor  
 Cash - (Futures \* CF)

### Implied Volatility (Daily)



Begins Jun 1, 2006. 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  
of the 30yr T-Bond Futures.

**Implied Volatility (3-Hour)****NO VOL UPDATES until next week; March 19th**

CDT Time	UT Time	EDT Time	4/3/2007	4/4/2007	1/0/1900
1900-2200	0000-0300	2000-2300	4	2	0
2200-0100	0300-0600	2300-0200	3	2	0
0100-0400	0600-0900	0200-0500	2	2	0
0400-0700	0900-1200	0500-0800	2	1	0
0700-1000	1200-1500	0800-1100	2	1	0
1000-1300	1500-1800	1100-1400	2	1	0
1300-1600	1800-2100	1400-1700	2	1	0
1600-1900	2100-0000	1700-2000	3	2	0

Shaded boxes denote market hours 4am to 4pm CDT

Scale is 1-9  
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