4/4/2007 5:36

The Morning Email: Treasuries

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Want something added?
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Important Econ Releases, Highs & Lows

	Economic Releases				
	5y*	**10y***	**ZNM7****	**ZBM7****	**Date**
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	03/13/2007 re	2/8/2007

All prices are in 32nds

re = reopen

Quotes

	32 nds						
	ls	net	high	low	open	Volume	SYM NAME
TUAM7	102.120	0.0	102.130	102.110	102.115	10,336	2y Futures
FVAM7	105.230	1.0	105.245	105.200	105.210	36,762	5y Futures
TYAM7	108.020	2.0	108.040	107.300	107.310	101,262	10y Futures
USAM7	111.090	3	111.120	111.030	111.060	17,405	30y Futures
	ls	net	high	low	open	Volume	SYM NAME
BUS02P	99.252	0.2	99.257	99.245	99.245	na	2y
BUS05P	99.240	1.2	99.255	99.222	99.232	na	5y
BUS10P	99.235	2.0	99.260	99.200	99.220	na	10y
BUS30P	98.170	3	98.220	98.125	98.135	na	30y
	ls	net	high	low	open	Volume	SYM NAME
BUS02Y	4.609	(0.80)	4.646	4.596	4.638	na	2y Yield
BUS05Y	4.555	(0.70)	4.576	4.543	4.571	na	5y Yield
BUS10Y	4.656	(0.80)	4.676	4.646	4.672	na	10y Yield
BUS30Y	4.841	(0.60)	4.855	4.831	4.851	na	30y Yield

Source: CQG

News Recap from MarketNews International

Yesterday

0 04/03 15:05 **US TSYS/RECAP**: Tsys ebbed in rangebound trading in holiday-shortened wk with all awaiting 8:30am ET Fri March jobs. Afternoon saw some foreign long end buying, after morning decline on 0.7% NAR Feb pending home sales, German Bund pressure, 2-way flow in Tsys and curve, foreign selling in Tsys. There was better short end buying and 2-way flows in 3s, buy-and-hold type bid for intermediates, and bargain-hunting at low, though leveraged accounts sold front end. Earlier, funds did duration shedding and was large real money selling in June Tsys bonds at opening, tied to US fund shortening duration. Hedge funds may be selling crude oil (amid thoughts UK/Iran standoff cd be fixed diplomatically in few days), perhaps jumping into US stocks. Eurodlr 2Y, 3Y proxies earlier had light swap-tied paying pressure, also better short end buying with 2-way flow in 3Ys. Funds rolled into higher 10Y call strikes. Looking at Wed, there is 8:15 am ET is March ADP national private employment report (which had been +57K in Feb. private payrolls).

Overnight

04/04 05:51 **UST FLOWS**: US Treasuries continue to squeeze higher in London session, with Japanese real money accounts reportedly buying 5s and European bank receiving 3-year swaps. In cross border flows, US Treasuries are underperforming against Bunds, with the 10-year yield spread 1 bps wider at +63 bps.

04/04 05:01 **BONDS**: Traders attribute the squeeze in bond markets on Wednesday morning on back of a newspaper report suggesting that the United States is planning to attack Iran's nuclear reactors and other nuclear facilities by the end of April, according to the Kuwait-based daily Arab Times, citing anonymous sources in Washington. This has shaken some stale short positions out, and comes after report last week that the US investors in Bahrain have been advised to pack up business operations and leave.

Today

Econ Releases & Speakers from MNI

Date	ET	Data thru		Prior Report	Forecast
04-Apr	0600	Mar-07	Hudson Employment Index	107.1	---
04-Apr	0700	30-Mar	MBA Mortgage Application Index	-0.2% to 671.0	---
04-Apr	0730	Mar-07	Challenger Layoffs	84,014	---
04-Apr	0815	Mar-07	ADP Natl Employment Report	+57,000	---
04-Apr	1000	Feb-07	Factory Orders	-5.6%	---
04-Apr	1000	Mar-07	ISM Non-Mfg Index	54.3	---
04-Apr	1030	30-Mar	EIA Crude Oil Stocks	-0.9 mn to 328.4 mn bbls	

DATE	GMT/EDT	EVENT
04-Apr	n/a	Peterson Institute for International Economics to hold global economic prospects conference, in Washington.
04-Apr	1630/1230	Dallas Federal Reserve Bank President Richard Fisher to speak about current U.S. economic trends, in Austin, Texas. Audience Q&A expected

Fisher is a NON-voter and is considered a moderate/hawk

Yield Curve Spreads & Flys, DV01s, CFs

	M Duration		DV01s (32nds)		DV01s ($s)
30y	15.67	30y	4.97	30y	$1,554
10y	7.80	10y	2.50	10y	$783
5y	4.42	5y	1.41	5y	$441
3y	2.64	3y	0.85	3y	$265
2y	1.88	2y	0.60	2y	$188
ZB	9.85	ZB	3.54	ZB	$111
ZN	5.88	ZN	2.04	ZN	$64
ZF	3.93	ZF	1.33	ZF	$42
ZT	1.88	ZT	1.23	ZT	$38

	Yield Curve Spreads		Fly's		
2/3	-5.40	2/3/5	-5.40	ZB	0.8281
3/5	0.00	2/5/10	-15.50	ZN	0.9015
2/5	-5.40	2/10/30	-13.80	ZF	0.9387
5/10	10.10	5/10/30	-8.40	ZT	0.9753
2/10	4.70				
10/30	18.50				
5/30	28.60				
2/30	23.20				

*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
Shatz (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		1.736	2.657	2.879
ZN	0.576		1.531	1.658
ZF	0.376	0.653		0.923
ZT	0.347	0.603	0.923	

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	1.69	2.39	3.98	7.07	14.04
ZN	2.94	4.16	6.92	12.27	24.37
ZF	4.50	6.36	10.59	18.79	37.30
ZT	4.88	6.89	11.47	20.35	40.41

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
Shatz (H)	7.1	10.5	17.2	30.8	61.3

Eurex Hedge Ratio's source: Bloomberg

Eurex Hedge Ratios

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)		0.000	0.000
Bobl (H)	0.000		0.000
Shatz (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	2.324	4.174	8.287
3y	0.708		1.645	2.954	5.864
5y	0.425	0.601		1.775	3.524
10y	0.240	0.339	0.557		1.986
30y	0.121	0.171	0.280	0.504	

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			
	Sml Spec	Lrg Spec	Comm	
	Net	Net	Net	As of
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

Closes2pm

	Cpn	Mty	32nds	Yield
2y	4.500	3/31/09	99.2500	4.616
3y	4.750	2/15/10	100.1600	4.560
5y	4.500	3/31/12	99.2325	4.562
10y	4.625	2/15/17	99.220	4.664
30y	4.750	2/15/37	98.16	4.846

	CF Basis*	GHCO Basis
5y	0.45	-0.210
10y	1.71	43..312
30y	6.11	320.755

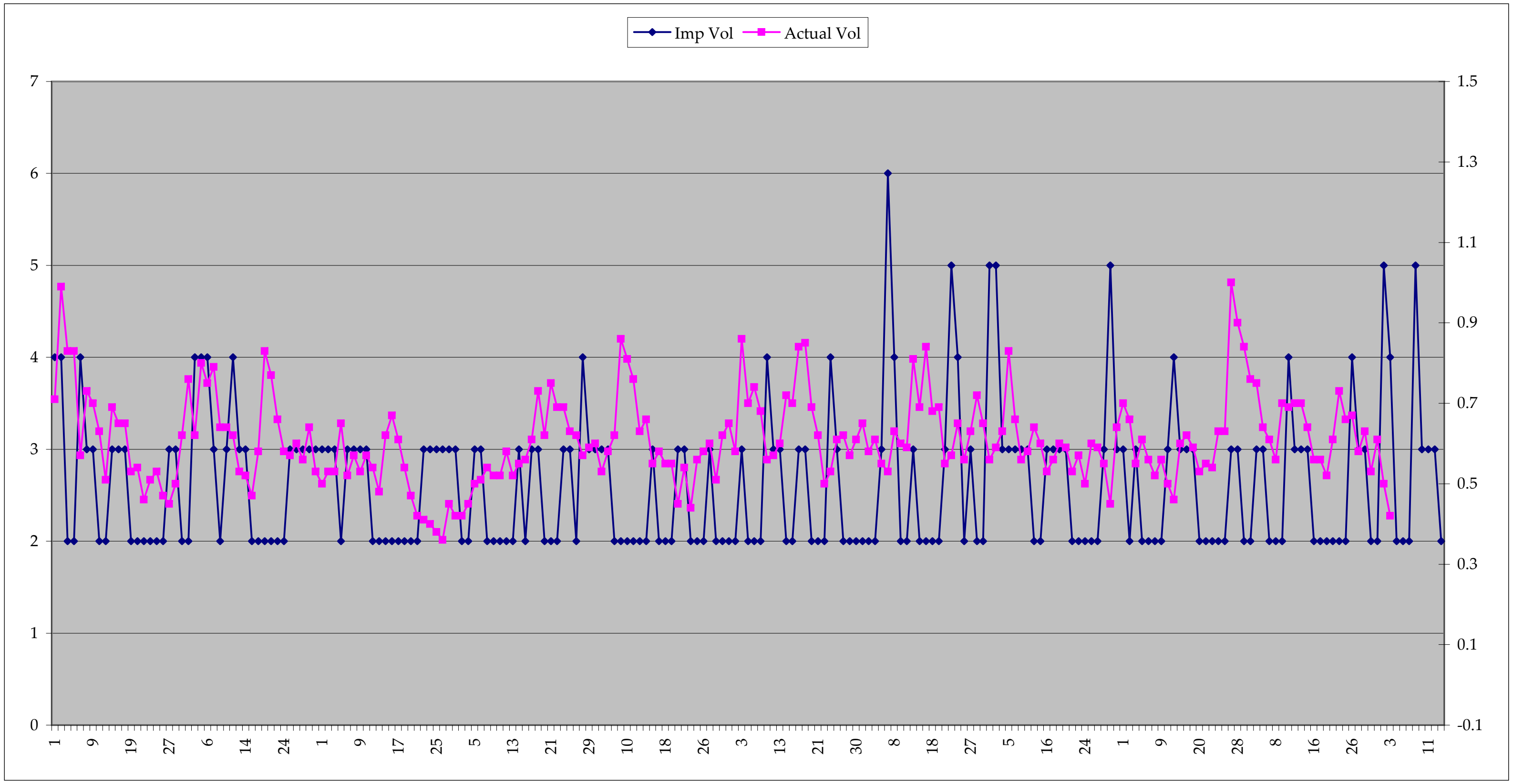
	32nds
ZF	105.2150
ZN	108.0000
ZB	111.06

Curve Spreads bps	
2/3	(0.056)
3/5	0.002
2/5	(0.054)
5/10	0.102
2/10	0.048
10/30	0.182
5/30	0.284
2/30	0.230

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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