

The Morning Email: Treasuries

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Want something added?

Let me know: jgoulding@ghco.com

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Jim Goulding, GHCO, Treas-Arb, Chicago, jgoulding@ghco.com

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	03/13/2007 re	2/8/2007

All prices are in 32nds

re = reopen

Quotes

	32 nds					Volume	SYM NAME
	ls	net	high	low	open		
TUAM7	102.130	0.0	102.135	102.122	102.130	7,128	2y Futures
FVAM7	105.235	0.0	105.255	105.225	105.245	27,016	5y Futures
TYAM7	108.030	(0.5)	108.060	108.015	108.040	62,719	10y Futures
USAM7	111.080	(1)	111.130	111.060	111.100	19,871	30y Futures
	ls	net	high	low	open	Volume	SYM NAME
BUS02P	99.260	0.0	99.265	99.260	99.262	na	2y
BUS05P	99.252	(0.7)	99.267	99.247	99.255	na	5y
BUS10P	99.240	(1.0)	99.270	99.230	99.255	na	10y
BUS30P	98.160	(1)	98.190	98.130	98.160	na	30y
	ls	net	high	low	open	Volume	SYM NAME
BUS02Y	4.596	0.00	4.617	4.58	4.617	na	2y Yield
BUS05Y	4.546	0.50	4.555	4.532	4.548	na	5y Yield
BUS10Y	4.654	0.40	4.664	4.64	4.654	na	10y Yield
BUS30Y	4.844	0.40	4.853	4.837	4.844	na	30y Yield

Source: CQG

News Recap from



Yesterday

04/04 15:18 US TSYS/RECAP: Tsys end slightly higher after

- 1) short-covering day on weaker-than-expected +106K March US ADP private payrolls, +121,800 CME auction on March jobs, weaker ISM 52.4 non-mfrg data.
 - 2) Hedge funds covered shorts set Tues before long wkend with geopolitical jitters.
 - 3) Asian accts bought intermediates.
 - 4) Broad short-covering occurred, Street buying in front end, financial institution buying 10s.
 - 5) But also, buy-and-hold accounts took profits in 3Ys.
 - 6) Earlier, talk was a big hedge fund unwound 2Y/10Y steepener, with also rumor of big 5Y futures buyer this afternoon.
 - 7) In morning, Tsys ebbed off high briefly amid giveback of safe-haven as Iran says will free 15 UK sailors but traders expect wkend safe-haven bid.
 - 8) Also buying as corp rate locks unwound.
- Some expect weaker Mar jobs Fri. Buy- and-hold types bought front-end earlier, also swap receivers in 2Y area, real money had corp- tied buying in 10Y futures. Banks did mixed flows in belly. Servicers sold 10Y puts on uptick.

04/04 15:04 US EurodIr/Swaps: Spds finished session mostly wider, the front end tighter after better receiver support in the overnight and early NY sessions. Spds widened in the intermediates late in the second half as Tsys traded lower.

Overnight

04/05 06:19 UST SUMMARY: US Treasuries opened higher, taking cue from gains in Japanese Government Bonds, amid bargain-hunting after Wednesday's falls and as stocks retreated -- Nikkei-225 closed down 53pts (-0.3%). However, there was little additional reaction to decent demand for the auction of new 10-year inflation linked JGBs, which was greeted with a healthy bid-to-cover ratio of 3.487 times. Traders reported moderate cash flows overnight, but heavier volumes in the futures market. Japanese real money accounts were seen buying intermediate issues, with Asian central banks reportedly buying 10s via options. However, prices fell in the London session, with small Stateside selling of intermediate issues, albeit position-squaring ahead of Friday's key payroll data. In addition, bond markets edged lower after China PBOC announced that it will raise its reserve requirement by 50bps, effective April 16 -- the 6th rise in reserve ratio since 2006. In cross border flows, US Treasuries are unchanged against Bunds - 10-year yield spread at +62bps.

NFP

Stone Mccarthy released this statment on Wednesday, 7:45 cdt. "Assuming Government payrolls rise about 15,000, the ADP sample base estimate would be consistent with a March payroll outcome of +120,000 or so. This is marginally softer than the +135,000 MNI median, and the +133,000 BBG median, but somewhat stronger than the +100,000 SMRA estimate. That said, we see little reason to revised upward. The ADP errors since the last benchmark revision are roundly the same as the consensus errors. But, what we do take away from the current ADP reading is that the likelihood of a downside surprise seems maybe a little less pronounced than an upside surprise, a theme that is very consistent with the weather shift story."

Today*Econ Releases & Speakers from MNI*

Date	ET	Data thru		Prior Report	Forecast
05-Apr	0001	Feb-07	Monster Employment Index	177	---
05-Apr	0830	31-Mar	Jobless Claims	---	---
05-Apr	1030	30-Mar	EIA Nat Gas Stocks	-0.9 mn to 328.4 mn bbls	
05-Apr	1500	Mar-07	Treasury STRIPS	+\$3.3 bn	---
05-Apr	1630	26-Mar	Money Supply (M2)	---	---

DATE	GMT/EDT	EVENT
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No speakers today

Yield Curve Spreads & Fls, DV01s, CFs

M Duration	
30y	15.66
10y	7.80
5y	4.42
3y	2.63
2y	1.88
ZB	9.85
ZN	5.88
ZF	3.93
ZT	1.88

DV01s (32nds)	
30y	4.97
10y	2.50
5y	1.41
3y	0.85
2y	0.60
ZB	3.54
ZN	2.05
ZF	1.33
ZT	1.23

DV01s (\$s)	
30y	\$1,553
10y	\$783
5y	\$441
3y	\$265
2y	\$187
ZB	\$111
ZN	\$64
ZF	\$42
ZT	\$38

Yield Curve Spreads

2/3	-5.40
3/5	0.40
2/5	-5.00
5/10	10.80
2/10	5.80
10/30	19.00
5/30	29.80
2/30	24.80

Fly's

2/3/5	-5.80
2/5/10	-15.80
2/10/30	-13.20
5/10/30	-8.20

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		1.729	2.656	2.880
ZN	0.578		1.536	1.666
ZF	0.377	0.651		0.922
ZT	0.347	0.600	0.922	

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	3.99	7.07	14.04
ZN	2.93	4.14	6.89	12.23	24.27
ZF	4.50	6.36	10.58	18.79	37.28
ZT	4.88	6.89	11.48	20.37	40.43

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		1.414	2.327	4.178	8.291
3y	0.707		1.646	2.956	5.865
5y	0.425	0.601		1.775	3.522
10y	0.239	0.338	0.557		1.984
30y	0.121	0.171	0.281	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				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	99.2600	4.599
3y	4.750	2/15/10	100.1775	4.539
5y	4.500	3/31/12	99.2600	4.542
10y	4.625	2/15/17	99.255	4.650
30y	4.750	2/15/37	98.17	4.844

	CF Basis*	GHCO Basis		32nds
5y	0.45	0.181	ZF	105.2400
10y	1.71	43.170	ZN	108.0400
30y	6.11	319.368	ZB	111.09

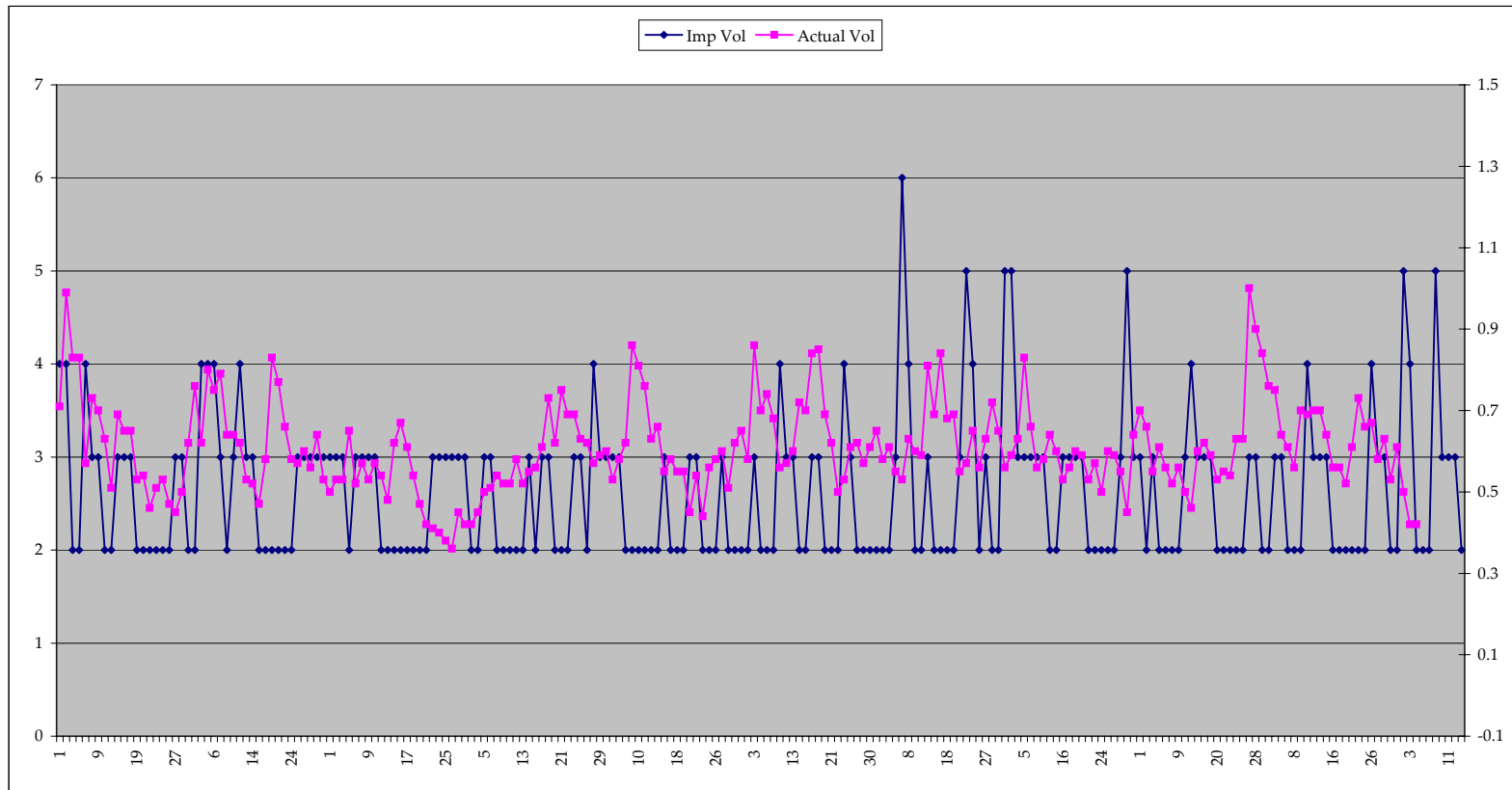
Curve Spreads bps

2/3	(0.060)
3/5	0.003
2/5	(0.057)
5/10	0.108
2/10	0.051
10/30	0.194
5/30	0.302
2/30	0.245

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
 1,2 = very slow
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