

The Morning Email: Treasuries

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Want something added?

Let me know: jgoulding@ghco.com

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Important Econ Releases, Highs & Lows

	Economic Releases				Date
	5y*	10y*	ZNM7**	ZBM7**	
Non-farm High	100.0550	0.0000	0.0000	0.0000	4/6/2007
Non-farm Low	99.2350	0.0000	0.0000	0.0000	4/6/2007
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	102.050	0.2	102.050	102.042	102.045	4,219	2y Futures
FVAM7	105.085	0.5	105.090	105.065	105.075	8,450	5y Futures
TYAM7	107.130	0.5	107.145	107.115	107.120	17,056	10y Futures
USAM7	110.110	2	110.130	110.080	110.080	5,710	30y Futures
	ls	net	high	low	open	Volume	SYM NAME
BUS02P	99.180	0.5	99.180	99.177	99.180	na	2y
BUS05P	99.090	1.7	99.092	99.087	99.087	na	5y
BUS10P	99.010	1.5	99.020	99.000	99.000	na	10y
BUS30P	97.085	(1)	97.110	97.095	97.095	na	30y
	ls	net	high	low	open	Volume	SYM NAME
BUS02Y	4.701	(2.60)	4.794	4.701	4.794	na	2y Yield
BUS05Y	4.658	(0.70)	4.673	4.63	4.639	na	5y Yield
BUS10Y	4.745	(0.40)	4.779	4.738	4.779	na	10y Yield
BUS30Y	4.920	0.00	4.93	4.918	4.93	na	30y Yield

Source: CQG

News Recap fromYesterday

US TSYS/RECAP: Tsys saw big selloff in short Good Fri session on +180K March jobs, 4.4% jobless, +32K net upward revisions Feb, Jan jobs. There was intermediate selling early in NY then strong jobs data spurred wave of front end selling by hedge funds, buy-and-hold types, banks. There also was light 2-way Asian flow, other foreign selling. Asian react eyed for next wk, some eye bargain-hunting. June T-bds drew technical selling as broke 22-yr trendline, 110 20/32. There was brisk dip buying as prices hit lowest since late Feb. Real money bought cash 2Y and 5Y; in futures, real money bought long end. Central banks and funds bought intermediate futures. MBS saw light flows, some Asian and money mgr buying pre-data, dn-in-cpn trades, then after jobs, servicer and hedge fund selling as latter took profits; money mgrs bought on backup. Servicers stole show in options, adjusting delta positions as Tsys futures hit lowest levels in 1.5 mos. Was talk of asset allocatn (sell Tsys/buy stks) tho others not seeing. Many eye next wk's FOMC minutes. Tsy said it will do a US\$6B 10Y TIPS reopening next Thu.

Overnight

04/09 04:00 USTs: Treasuries are trading modestly higher ahead of the U.S. open Monday, helped by light dip-buying from Asian accounts. However, with European markets still closed for the Easter vacation, volumes are very light. Asian buyers were attracted by the higher yield s after Friday's sharp declines. In Tokyo, real money names were better buyers across the curve, although traders said the holidays were tempering interest. Ahead of the U.S. session, the 2-yr note was unchanged, trading at 99 18/32 to yield 4.73%, while the 5-yr note was 1/32 higher at 99 9/32 (4.66%). The 10-year note was 1/32 higher at 99 2/32 (4.74%), with the Bond 2/32 higher at 97 12/32 (4.92%). The 2-yr/5-yr yield curve was 1 bps flatter on overnight levels, trading at -7 bps. The 2-/10-yr curve was also 1 bps flatter, trading at +1 bps, while the 2-yr/30-yr curve was unchanged, standing at +18 bps. June expiry futures are trading modestly higher on Friday's close. The Mar T-note was 1/32 higher at 107 14/32, while the Bond was 2/32 higher at 110 12/32.

Today*Econ Releases & Speakers from MNI*

Date	ET	Data thru	Prior Report	Forecast
09-Apr	0930	07-Apr MNI Capital Goods Index	48.1	---
09-Apr	1030	08-Apr MNI Retail Trade Index	45.7	---

DATE	GMT/EDT	EVENT
09-Apr	1500/1100	IMF Managing Director Rodrigo de Rato delivers luncheon speech on the global economy and policy challenges at the Peterson Institute for International Economics in Washington.

Yield Curve Spreads & Flys, DV01s, CFs

M Duration	
30y	15.56
10y	7.77
5y	4.40
3y	2.62
2y	1.86
ZB	9.82
ZN	5.87
ZF	3.91
ZT	1.86

DV01s (32nds)	
30y	4.88
10y	2.48
5y	1.40
3y	0.84
2y	0.59
ZB	3.52
ZN	2.03
ZF	1.32
ZT	1.22

DV01s (\$s)	
30y	\$1,524
10y	\$775
5y	\$438
3y	\$263
2y	\$186
ZB	\$110
ZN	\$63
ZF	\$41
ZT	\$38

Yield Curve Spreads

2/3	-3.00
3/5	-1.30
2/5	-4.30
5/10	8.70
2/10	4.40
10/30	17.50
5/30	26.20
2/30	21.90

Fly's	
2/3/5	-1.70
2/5/10	-13.00
2/10/30	-13.10
5/10/30	-8.80

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		1.735	2.657	2.884
ZN	0.576		1.531	1.662
ZF	0.376	0.653		0.921
ZT	0.347	0.602	0.921	

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	7.06	13.87
ZN	2.93	4.15	6.91	12.25	24.07
ZF	4.49	6.35	10.58	18.75	36.86
ZT	4.88	6.90	11.49	20.36	40.02

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	2.328	4.175	8.206
3y	0.707		1.647	2.952	5.803
5y	0.424	0.600		1.772	3.483
10y	0.240	0.339	0.558		1.966
30y	0.122	0.172	0.284	0.509	

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	99.1775	4.738
3y	4.750	2/15/10	100.0600	4.677
5y	4.500	3/31/12	99.0850	4.667
10y	4.625	2/15/17	99.000	4.753
30y	4.750	2/15/37	97.10	4.922

	CF Basis*	GHCO Basis		32nds
5y	0.44	-1.747	ZF	105.0750
10y	2.50	39.067	ZN	107.1250
30y	5.91	305.532	ZB	110.10

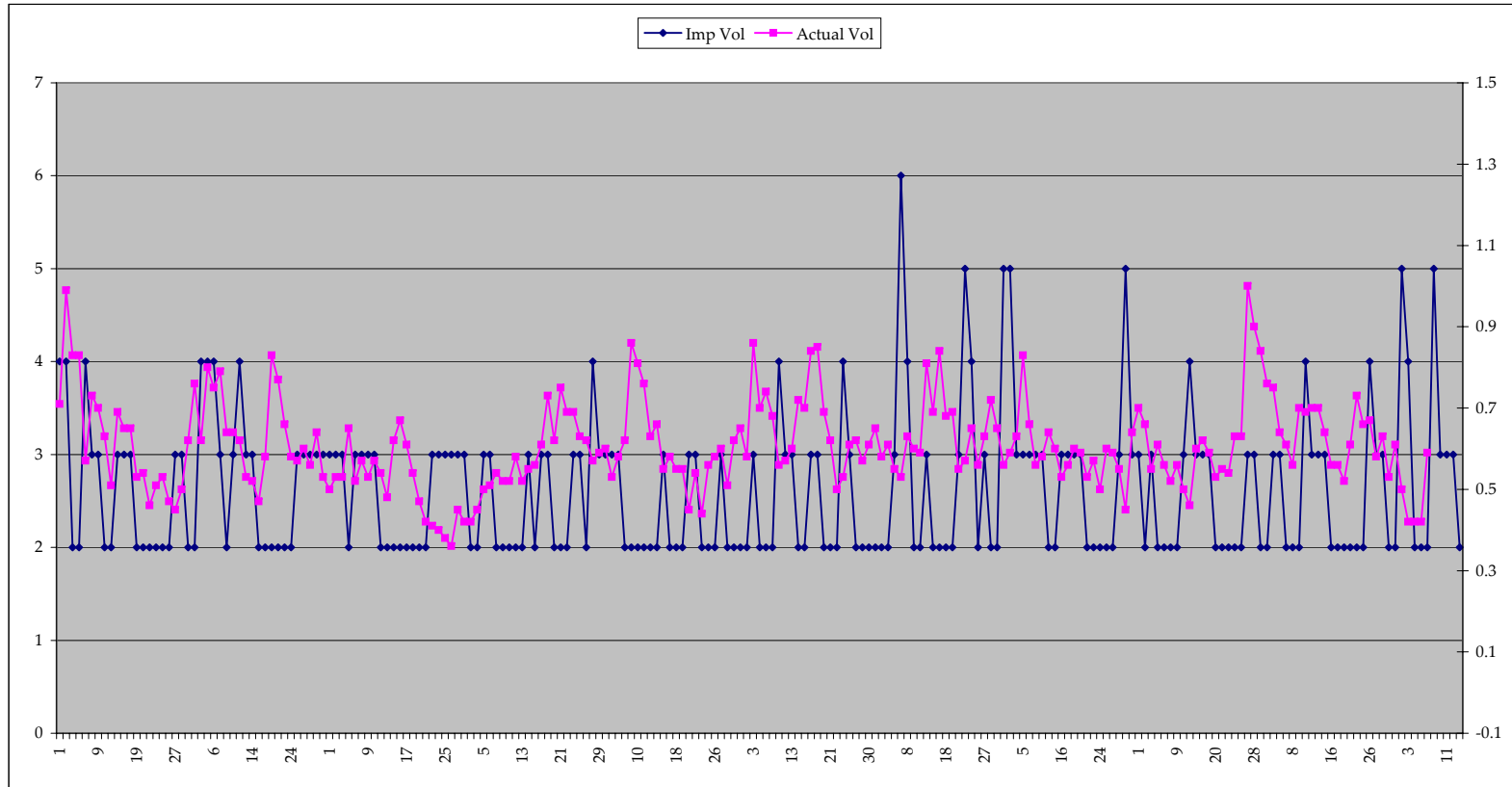
Curve Spreads bps

2/3	(0.061)
3/5	(0.010)
2/5	(0.071)
5/10	0.086
2/10	0.015
10/30	0.169
5/30	0.255
2/30	0.184

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	4/9/2007	4/10/2007	4/11/2007
1900-2200	0000-0300	2000-2300	4	3	2
2200-0100	0300-0600	2300-0200	4	3	2
0100-0400	0600-0900	0200-0500	2	2	2
0400-0700	0900-1200	0500-0800	2	2	1
0700-1000	1200-1500	0800-1100	2	2	1
1000-1300	1500-1800	1100-1400	2	2	1
1300-1600	1800-2100	1400-1700	2	1	1
1600-1900	2100-0000	1700-2000	4	3	2

Shaded boxes denote market hours 4am to 4pm CDT

Scale is 1-9
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