

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	99.1900	107.3000	111.0100	4/6/2007
Non-farm Low	99.2350	98.3100	107.1100	110.0000	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	102.067	0.5	102.070	102.055	102.055	9,024	2y Futures
FVAM7	105.115	1.0	105.120	105.090	105.090	51,369	5y Futures
TYAM7	107.185	3.5	107.195	107.150	107.155	71,040	10y Futures
USAM7	110.200	7	110.210	110.140	110.150	19,373	30y Futures
	ls	net	high	low	open	Volume	SYM NAME
BUS02P	99.197	1.0	99.200	99.190	99.192	na	2y
BUS05P	99.132	2.0	99.135	99.115	99.117	na	5y
BUS10P	99.080	4.0	99.085	99.050	99.060	na	10y
BUS30P	97.220	6	97.225	97.160	97.185	na	30y
	ls	net	high	low	open	Volume	SYM NAME
BUS02Y	4.702	(1.20)	4.744	4.698	4.74	na	2y Yield
BUS05Y	4.632	(1.40)	4.657	4.628	4.655	na	5y Yield
BUS10Y	4.716	(1.20)	4.741	4.714	4.741	na	10y Yield
BUS30Y	4.896	(1.00)	4.914	4.895	4.914	na	30y Yield

Source: CQG

News Recap fromYesterday

15:17 04/11 US TSYS/RECAP: Tsys slid on March 20-21 FOMC minutes amid 2-way flow, better selling mainly, with US account active, foreign accounts not involved yet. Minutes showed policymakers unanimous in believing inflation shd be foremost policy concern but did not want to mention only possibility of "additional firming" as growth, inflation outlook more uncertain. Post-mins slows included swap-tied sellers in the front end, Street buying in T-bills, and buy-and-hold accounts sold intermediates this afternoon. There also were fast money 2Y/10Y flatteners. Vols came off. Earlier today, Tsys had risen on short-covering, and foreign, Asian buying in Tsys in NY, buying to ready for Thu wkly claims; muted 2-way flow; early corporate rate-lock sales; CTA selling in Tsys, European bonds on uptick; technical selling in June 10Y futures. German Bunds also slid too, now at 114.10, thus flirting with breaking a major support at 114.12/14; a clear break of that could spur technical selling. US stocks meanwhile weakened too.

Overnight

05:17 04/12 USTs: Treasuries are trading modestly higher in London Thursday, helped by modest dip-buying from Asian and London names after the overnight weakness in the U.S. However, traders said the market was still feeling heavy, pressured by the overnight release of the FOMC minutes from the late March meeting. Prices started higher in Tokyo and edged higher. There was real money demand across the curve from Japanese real money accounts, along with buying of the 10-year by speculative Asian names. London trade followed the pattern of the Asian session, holding the small gains in modest volumes and tight ranges. The curve remained flat, with flows largely interdealer. Bunds are trading flat against U.S. 10-year T-notes, unchanged on the day at 63 bps. Ahead of the U.S. session, the 2-yr note was 1/64 higher, trading at 99 19/32 to yield 4.71%, while the 5-yr note was 1/32 higher at 99 12/32 (4.64%). The 10-year note was 1+/32 higher at 99 7/32 (4.72%), with the Bond 2+/32 higher at 97 19/32 (4.90%).

Today*Econ Releases & Speakers from MNI*

Date	ET	Data thru		Prior Report	Forecast
12-Apr	---	Mar-07	Store Sales	---	---
12-Apr	0830	07-Apr	Jobless Claims	---	---
12-Apr	0830	Mar-07	Import Price Index	+0.2%	---
12-Apr	0830	Mar-07	Export Price Index	+0.7%	---
12-Apr	1030	06-Apr	EIA Nat Gas Stocks		
12-Apr	1630	02-Apr	Money Supply (M2)	---	

DATE	GMT/EDT	EVENT
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No speakers today

Yield Curve Spreads & Flies, DV01s, CFs

M Duration	
30y	#VALUE!
10y	7.77
5y	4.39
3y	2.61
2y	1.86
ZB	9.81
ZN	5.86
ZF	3.90
ZT	1.86

DV01s (32nds)	
30y	#VALUE!
10y	2.49
5y	1.40
3y	0.84
2y	0.59
ZB	3.51
ZN	2.03
ZF	1.32
ZT	1.22

DV01s (\$s)	
30y	#VALUE!
10y	\$777
5y	\$438
3y	\$262
2y	\$185
ZB	\$110
ZN	\$63
ZF	\$41
ZT	\$38

Yield Curve Spreads

2/3	-6.00
3/5	-1.00
2/5	-7.00
5/10	8.40
2/10	1.40
10/30	18.00
5/30	26.40
2/30	19.40

Fly's	
2/3/5	-5.00
2/5/10	-15.40
2/10/30	-16.60
5/10/30	-9.60

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		1.731	2.655	2.890
ZN	0.578		1.534	1.670
ZF	0.377	0.652		0.919
ZT	0.346	0.599	0.919	

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	7.08	#VALUE!
ZN	2.92	4.13	6.90	12.26	#VALUE!
ZF	4.48	6.34	10.58	18.80	#VALUE!
ZT	4.88	6.90	11.52	20.46	#VALUE!

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		1.415	2.336	4.196	#VALUE!
3y	0.707		1.650	2.965	#VALUE!
5y	0.423	0.599		1.776	#VALUE!
10y	0.238	0.337	0.557		#VALUE!
30y	#VALUE!	#VALUE!	#VALUE!	#VALUE!	

Commitment of Traders (COT)

Current Positions										
	Small Spec			Large Spec			Commercials (Hedgers)			
	Long	Short	Net	Long	Short	Net	Long	Short	Net	
ZF	253,864	250,601	3,263	222,008	370,837	(148,829)	1,098,716	953,149	145,567	ZF
ZN	303,673	399,863	(96,190)	760,320	305,571	454,749	1,672,130	2,030,689	(358,559)	ZN
ZB	136,477	182,951	(46,474)	98,948	178,825	(79,877)	674,194	547,843	126,351	ZB

WoW* Position Change				
	Sml Spec	Lrg Spec	Comm	As of
	Net	Net	Net	
ZF	(20,683)	28,834	(8,151)	4/3/2007
ZN	(23,182)	(7,910)	31,093	
ZB	(2,172)	12,127	(9,955)	

**WoW = Week over week

	Cpn	Mty	32nds	Yield
2y	4.500	3/31/09	99.1900	4.718
3y	4.750	2/15/10	100.0800	4.653
5y	4.500	3/31/12	99.1100	4.649
10y	4.625	2/15/17	99.040	4.736
30y	4.750	2/15/37	97.14	4.915

	CF Basis*	GHCO Basis		32nds
5y	0.44	-1.606	ZF	105.1000
10y	2.51	40.335	ZN	107.1550
30y	5.92	305.850	ZB	110.14

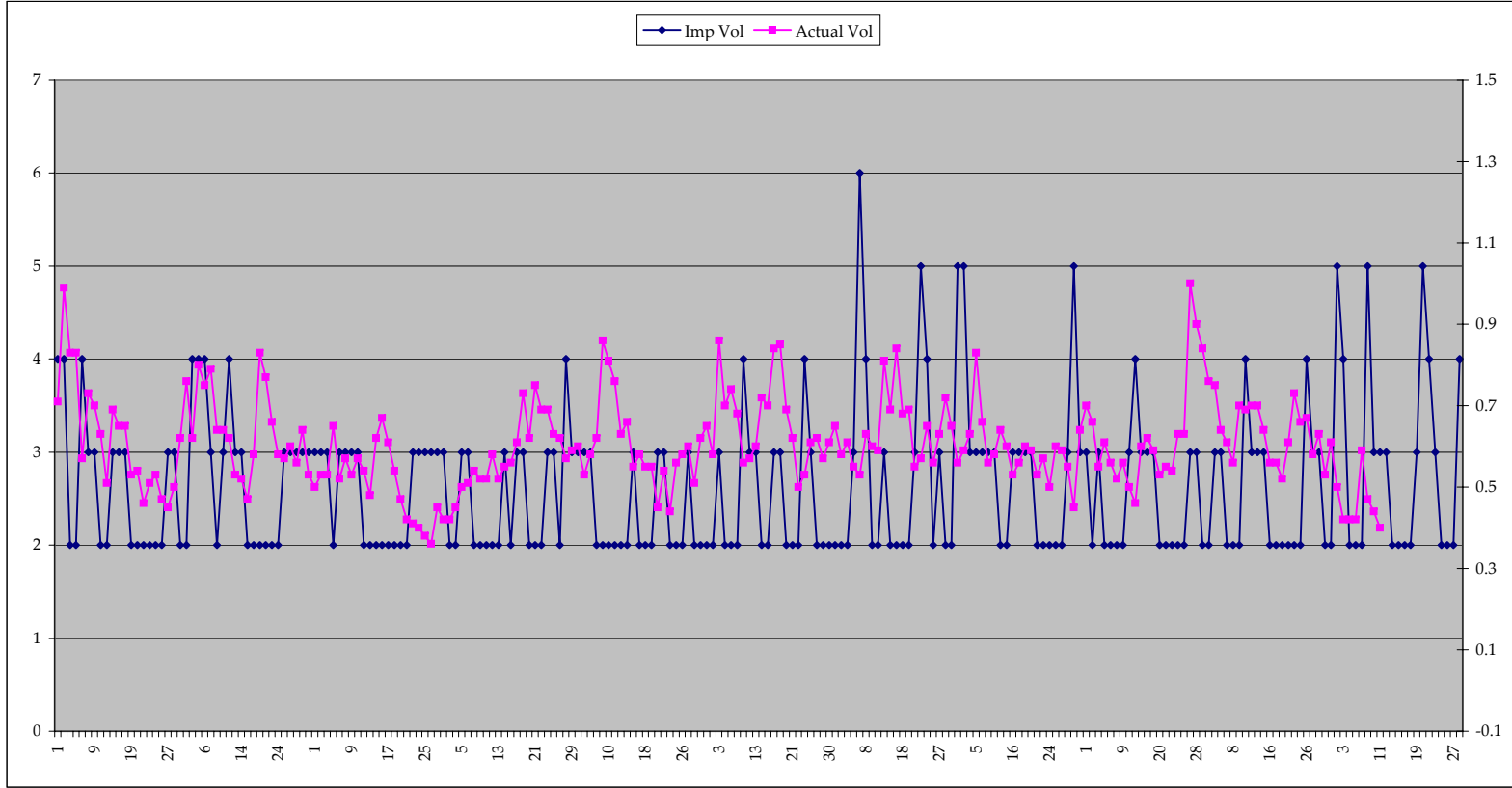
Curve Spreads bps

2/3	(0.065)
3/5	(0.004)
2/5	(0.069)
5/10	0.087
2/10	0.018
10/30	0.179
5/30	0.266
2/30	0.197

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	4/12/2007	4/13/2007	1/0/1900
1900-2200	0000-0300	2000-2300	3	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	1	1	0
0700-1000	1200-1500	0800-1100	1	1	0
1000-1300	1500-1800	1100-1400	1	1	0
1300-1600	1800-2100	1400-1700	2	1	0
1600-1900	2100-0000	1700-2000	2	2	0

Shaded boxes denote market hours 4am to 4pm CDT

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