

## 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	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					Volume	SYM NAME
	ls	net	high	low	open		
TUAM7	102.057	(0.2)	102.060	102.052	102.055	12,640	2y Futures
FVAM7	105.090	(0.5)	105.100	105.075	105.080	41,915	5y Futures
TYAM7	107.155	0.0	107.170	107.145	107.150	84,136	10y Futures
USAM7	110.170	2	110.190	110.140	110.150	18,471	30y Futures
	ls	net	high	low	open	Volume	SYM NAME
BUS02P	99.185	0.2	99.190	99.185	99.185	na	2y
BUS05P	99.107	0.7	99.115	99.095	99.095	na	5y
BUS10P	99.045	0.5	99.060	99.035	99.040	na	10y
BUS30P	97.180	3	97.195	97.165	97.165	na	30y
	ls	net	high	low	open	Volume	SYM NAME
BUS02Y	4.719	(0.80)	4.749	4.711	4.749	na	2y Yield
BUS05Y	4.650	(0.30)	4.664	4.642	4.662	na	5y Yield
BUS10Y	4.733	(0.10)	4.743	4.724	4.741	na	10y Yield
BUS30Y	4.904	(0.50)	4.917	4.888	4.912	na	30y Yield

Source: CQG

News Recap fromYesterday

15:07 04/12 US TSYS/RECAP: Tsys end slightly lower Thu after dealer selling on weak US\$6B 10Y TIPS reopening, German Bund weakness, fears of PPI Fri. There was Asian buy-and-hold investor bid for 10s midday, while was fast money selling in front end. There also was big 5Y/10Y flattener done with 7,500 Sept 5Ys futures sold vs bought 5,100 Sept 10Ys, deemed likely the work of a hedge fund. German Bunds pressured Tsys. There was p.m. large 5Y/10Y Tsys flattener: selling 7,500 Sept 5Y/buying 5,100 Sept 10Ys, likely a hedge fund. Earlier there was Asian buying in US 10Ys, and stocks-vs-bonds trading, buyers of June 2Y futures as DJIA slips; corporate-tied real money buying in NY in June 10Y futures (but selling June 2Ys.) Tsys gained earlier as German Bunds rose but dipped off high as Bunds weakened; also was selling of Bunds/buying Tsys. Fast money bought in 5Ys, while some US banks did profit-taking in belly, Street selling in front end earlier, also was Japanese buy-and-hold acct selling. Portfolio sellers showed in 5Ys, hedge funds bought there.

Overnight

04:55 04/13 USTs: Treasuries are trading modestly higher in London Friday, with traders reporting modest buying interest in light trade ahead of the weekend. Traders said flows were light, largely inter-dealer and confined to tight ranges. There was little in the way of fresh trading incentive through the London and Tokyo sessions, which helped keep many players sidelined. However, traders said the renewed rise in the crude price was starting to concern players. Asian names helped the 10-year off the session lows, with real money buying of the 10-year seen. European real money names were light buyers of the belly of the curve, with leveraged names seen buying the 10-year. Bunds are trading lower against U.S. 10-year T-notes, 1 bps lower on the day at 60 bps. The 2-yr note was 1/64 higher, trading at 99 19/32 to yield 4.72%. The 10-year note was 1+/32 higher at 99 6/32 (4.73%), with the Bond 1+/32 higher at 97 19/32 (4.90%). The 2-/10-yr curve was unchanged, trading at +1 bps, as was the 2-yr/30-yr curve, standing at +19 bps.

Today*Econ Releases & Speakers from MNI*

Date	ET	Data thru	Prior Report	Forecast
13-Apr	0830	Feb-07 Intl Trade Balance	-\$59.1 bn	-\$60.3 bn
13-Apr	0830	Mar-07 Producer Price Index	+1.3%	+0.7%
13-Apr	0830	Mar-07 PPI ex food & energy	+0.4%	+0.2%
13-Apr	1000	Apr-07 Consumer Sentiment (UM) (p)	88.4	87.0

DATE	GMT/EDT	EVENT
13-Apr	1700/1300	Dallas Federal Reserve Bank President Richard Fisher to speak about globalization, education to the World Affairs Council, in Houston, Texas Audience Q&A expected.
<b>FISHER: Non voter in 2007; votes in 2008; Moderate/Hawk.</b>		
13-Apr	n/a	Group of Seven finance ministers and central bank heads to meet in Washington, ahead of annual IMF/World Bank spring meetings.

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

M Duration	
30y	15.57
10y	7.76
5y	4.39
3y	2.61
2y	1.85
ZB	9.80
ZN	5.85
ZF	3.90
ZT	1.85

DV01s (32nds)	
30y	4.90
10y	2.48
5y	1.40
3y	0.84
2y	0.59
ZB	3.50
ZN	2.02
ZF	1.32
ZT	1.21

DV01s (\$s)	
30y	\$1,531
10y	\$775
5y	\$437
3y	\$261
2y	\$184
ZB	\$109
ZN	\$63
ZF	\$41
ZT	\$38

## Yield Curve Spreads

2/3	-6.00
3/5	-0.90
2/5	-6.90
5/10	8.30
2/10	1.40
10/30	17.10
5/30	25.40
2/30	18.50

## Fly's

2/3/5	-5.10
2/5/10	-15.20
2/10/30	-15.70
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		1.731	2.656	2.897
ZN	0.578		1.535	1.674
ZF	0.376	0.652		0.917
ZT	0.345	0.597	0.917	

**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	1.68	2.38	3.99	7.08	13.99
ZN	2.91	4.13	6.90	12.25	24.20
ZF	4.47	6.33	10.59	18.80	37.15
ZT	4.88	6.91	11.55	20.51	40.51

## 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		1.416	2.341	4.205	8.307
3y	0.706		1.652	2.969	5.865
5y	0.422	0.598		1.776	3.508
10y	0.238	0.337	0.557		1.976
30y	0.120	0.170	0.282	0.506	

## 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				As of 4/3/2007
	Sml Spec	Lrg Spec	Comm	
	Net	Net	Net	
ZF	(20,683)	28,834	(8,151)	
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	99.1850	4.726
3y	4.750	2/15/10	100.0700	4.665
5y	4.500	3/31/12	99.1050	4.653
10y	4.625	2/15/17	99.040	4.737
30y	4.750	2/15/37	97.16	4.910

	CF Basis*	GHCO Basis		32nds
5y	0.44	-1.162	ZF	105.0900
10y	2.51	40.335	ZN	107.1550
30y	5.92	307.554	ZB	110.15

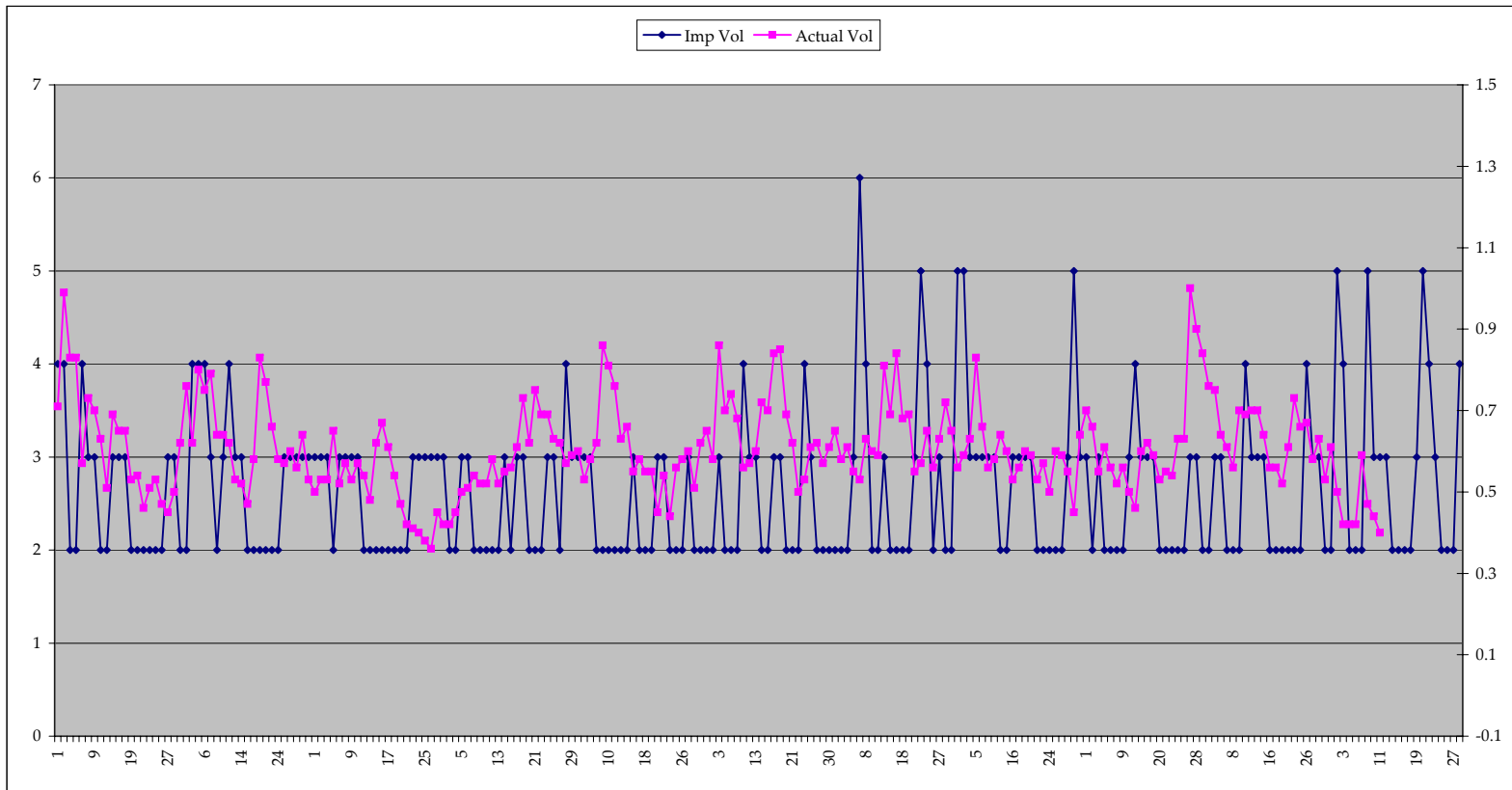
## Curve Spreads bps

2/3	(0.061)
3/5	(0.012)
2/5	(0.073)
5/10	0.084
2/10	0.011
10/30	0.173
5/30	0.257
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	4/12/2007	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

Scale is 1-9  
 1,2 = very slow  
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