

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	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	102.027	(0.2)	102.032	102.022	102.030	16,067	2y Futures
FVAM7	105.030	(1.0)	105.050	105.025	105.035	45,853	5y Futures
TYAM7	107.085	(1.5)	107.110	107.070	107.090	88,092	10y Futures
USAM7	110.060	(2)	110.090	110.040	110.060	16,637	30y Futures
	ls	net	high	low	open	Volume	SYM NAME
BUS02P	99.162	(0.2)	99.165	99.160	99.165	na	2y
BUS05P	99.055	(0.2)	99.065	99.047	99.062	na	5y
BUS10P	98.290	(0.5)	98.310	98.275	98.300	na	10y
BUS30P	97.065	1	97.080	97.035	97.075	na	30y
	ls	net	high	low	open	Volume	SYM NAME
BUS02Y	4.762	0.00	4.783	4.745	4.783	na	2y Yield
BUS05Y	4.687	0.30	4.698	4.678	4.696	na	5y Yield
BUS10Y	4.763	0.20	4.773	4.753	4.769	na	10y Yield
BUS30Y	4.928	(0.20)	4.939	4.921	4.934	na	30y Yield

Source: CQG

News Recap for the United States from



Yesterday

15:00 04/13 US TSYS/RECAP: Tsys end lower after early short-covering on flat core March PPI, choppy around Mich. consumer sentiment (lower than some expected), then slide on delayed reaction to higher 3.3% Mich. inflation expectations and on German Bund weakness. Afternoon then brought some real money selling, including from disappointed bargain-hunters who thought they would see more dip buying. Early this morning, financial institution and Street buying arose across the curve after tame PPI, light buying of Tsys intermediates/selling MBS, and also fast money profit-taking in intermediates, buy-and-hold account 10Y/30Y steepeners. Then there was post-Mich fast money buying in US Tsys short end, and had been 2Y/10Y flatteners done by buy-and-hold accounts. There had been Asian buying in Tsys in UK session that gave Tsys a bid into early NY. Bunds slid daylong, which hurt Tsys at cross. MBS said to have China, Jpn, other foreign accts buy dip once 10s got to 4.75; also was unconfirmed report of large block of MBS duration hit Street, no details.

Overnight

05:14 04/16 USTs: Treasuries are barely changed in a lackluster London session Monday. With little in the way of fresh trading incentives over the weekend, traders said many market players remained sidelined ahead of the raft of data later in the session. The Tokyo session was much the same, with prices tied to narrow ranges in thin flows. However, light demand was seen at the front of the curve, with real money accounts noted buying two and three-year paper. There was a lack of real money interest in London, with flows largely seen as inter-dealer. There was very light leveraged money buying of the ten-year note, which was amply supplied by dealers. Bunds are trading lower against U.S. 10-year T-notes, 0.5 bps lower on the day at 59 bps, consolidating below the key 60 bps level. Ahead of the U.S. session, the 2-yr note was unchanged, trading at 99 16/32 to yield 4.76%, while the 5-yr note was unchanged at 99 6/32 (4.69%). The 10-year note was unchanged at 98 29/32 (4.76%), with the Bond unchanged at 97 6/32 (4.93%).

Today- United StatesEcon Releases & Speakers from MNI for the United States

Date	ET	Data thru		Prior Report	Forecast
16-Apr	0830	Mar-07	Retail & Food Sales	+0.1%	+0.4%
16-Apr	0830	Mar-07	Retail & Food ex Motor Vehicle	-0.1%	+0.6%
16-Apr	0830	Apr-07	NY Fed Empire State Survey	1.85	---
16-Apr	0900	Feb-07	Tsy Intl Capital System	\$74.6 bn	---
16-Apr	0930	14-Apr	MNI Capital Goods Index	---	---
16-Apr	1000	Feb-07	Business Inventories	+0.2%	---
16-Apr	1030	15-Apr	MNI Retail Trade Index	---	---
16-Apr	1300	Apr-07	Housing Market Index (NAHB)	36	

DATE	GMT/EDT	EVENT
16-Apr	1030/0630	St. Louis Federal Reserve Bank President William Poole to speak about trade imbalances to the American European Community Association, in Brussels. Closed to the press.
16-Apr	1245/0845	Philadelphia Federal Reserve Bank President Charles Plosser to make opening remarks at the Global Interdependence Center's 25th Annual Monetary & Trade Conference at Drexel University in Philadelphia. No Q&A.
16-Apr	1345/0945	Dallas Federal Reserve Bank President Richard Fisher to speak about U.S. fiscal issues, at a conference in Irving, Texas. Audience Q&A expected.

FISHER: Non voter in 2007; votes in 2008; Moderate/Hawk.
PLOSSER: Non voter in 2007; votes in 2008; Moderate
POOLE: Voter, Moderate/Hawk

Today - Europe*Speakers for European Markets from*

DATE	GMT/EDT	EVENT
16-Apr	0600/0200	Germany Mar final HICP/CPI
16-Apr	0730/0330	Sweden's Riksbank publishes minutes from its March 29 monetary policy meeting.
16-Apr	0830/0430	UK Feb DCLG house price index
16-Apr	0830/0430	UK Mar PPI
16-Apr	0900/0500	Eurozone Mar final HICP
16-Apr	1030/0630	St. Louis Federal Reserve President William Poole speaks in Brussels.
16-Apr to	1215/0815	ECB Governing Council member Christian Noyer speak in Philadelphia.
16-Apr to	1630/1230	ECB Governing Council member Klaus Liebscher speak on "The Euro A Contribution to International Stability," in New York.
16-Apr	2200/1800	ECB President Jean-Claude Trichet gives keynote speech at event organized by the Council of Foreign Relations, in New York.

Today - Europe*Speakers for European Markets from*

Date	GMT	Data Thru	Release	Prior Release	Median Forecast
16-Apr	0900	Mar-07	Final HICP (m/m)	0.3%	0.6%
16-Apr	0900	Mar-07	Final HICP (y/y)	1.8%	1.9%

Duration, DV01s, Curve, Flys, CFs

M Duration	
30y	15.53
10y	7.75
5y	4.38
3y	2.60
2y	1.84
ZB	9.79
ZN	5.84
ZF	3.89
ZT	1.84

DV01s (32nds)	
30y	4.87
10y	2.47
5y	1.39
3y	0.83
2y	0.59
ZB	3.49
ZN	2.02
ZF	1.32
ZT	1.21

DV01s (\$s)	
30y	\$1,522
10y	\$773
5y	\$435
3y	\$260
2y	\$184
ZB	\$109
ZN	\$63
ZF	\$41
ZT	\$38

Yield Curve Spreads

2/3	-6.10
3/5	-1.40
2/5	-7.50
5/10	7.60
2/10	0.10
10/30	16.50
5/30	24.10
2/30	16.60

Fly's

2/3/5	-4.70
2/5/10	-15.10
2/10/30	-16.40
5/10/30	-8.90

CFs

ZB	0.8281
ZN	0.9015
ZF	0.9387
ZT	0.9753

CF = Conversion Factor

MDuration & DV01s for Futures are based on
proxy issue (CTD)

MDuration = Modified Macaulay Duration

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		1.728	2.650	2.890
ZN	0.579		1.533	1.672
ZF	0.377	0.652		0.917
ZT	0.346	0.598	0.917	

Month Codes:

H=Mch M=Jun

U=Sep Z=Dec

US Treasuries v US Financial Futures Hedge Ratios

	2y	3y	5y	10y	30y
ZB	1.69	2.39	4.00	7.09	13.97
ZN	2.92	4.13	6.91	12.26	24.14
ZF	4.47	6.33	10.59	18.79	37.01
ZT	4.88	6.91	11.55	20.49	40.37

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 Futures, Germany

	US Treasuries v US Treasuries				
	2y	3y	5y	10y	30y
2y		1.416	2.341	4.203	8.278
3y	0.706		1.653	2.968	5.845
5y	0.422	0.598		1.775	3.496
10y	0.238	0.337	0.557		1.970
30y	0.121	0.171	0.283	0.508	

Commitment of Traders (COT)

Current Positions										
Small Spec			Large Spec			Commercials (Hedgers)				
	Long	Short	Net	Long	Short	Net	Long	Short	Net	
ZF	247,482	281,494	(34,012)	183,835	330,934	(147,099)	1,187,345	1,006,234	181,111	ZF
ZN	281,032	431,903	(150,871)	753,233	341,455	411,778	1,718,590	1,979,497	(260,907)	ZN
ZB	124,651	198,415	(73,764)	143,188	192,823	(49,635)	687,412	564,013	123,399	ZB

WoW* Position Change				
	Sml Spec	Lrg Spec	Comm	
	Net	Net	Net	
ZF	(37,275)	1,730	35,544	As of 4/10/2007
ZN	(54,681)	(42,971)	97,652	
ZB	(27,290)	30,242	(2,952)	

**WoW = Week over week

	Cpn	Mty	32nds	Yield
2y	4.500	3/31/09	99.1675	4.756
3y	4.750	2/15/10	100.0425	4.697
5y	4.500	3/31/12	99.0625	4.683
10y	4.625	2/15/17	98.305	4.759
30y	4.750	2/15/37	97.08	4.926

	CF Basis*	GHCO Basis		32nds
5y	0.44	-1.165	ZF	105.0450
10y	1.61	39.843	ZN	107.1000
30y	5.91	305.123	ZB	110.08

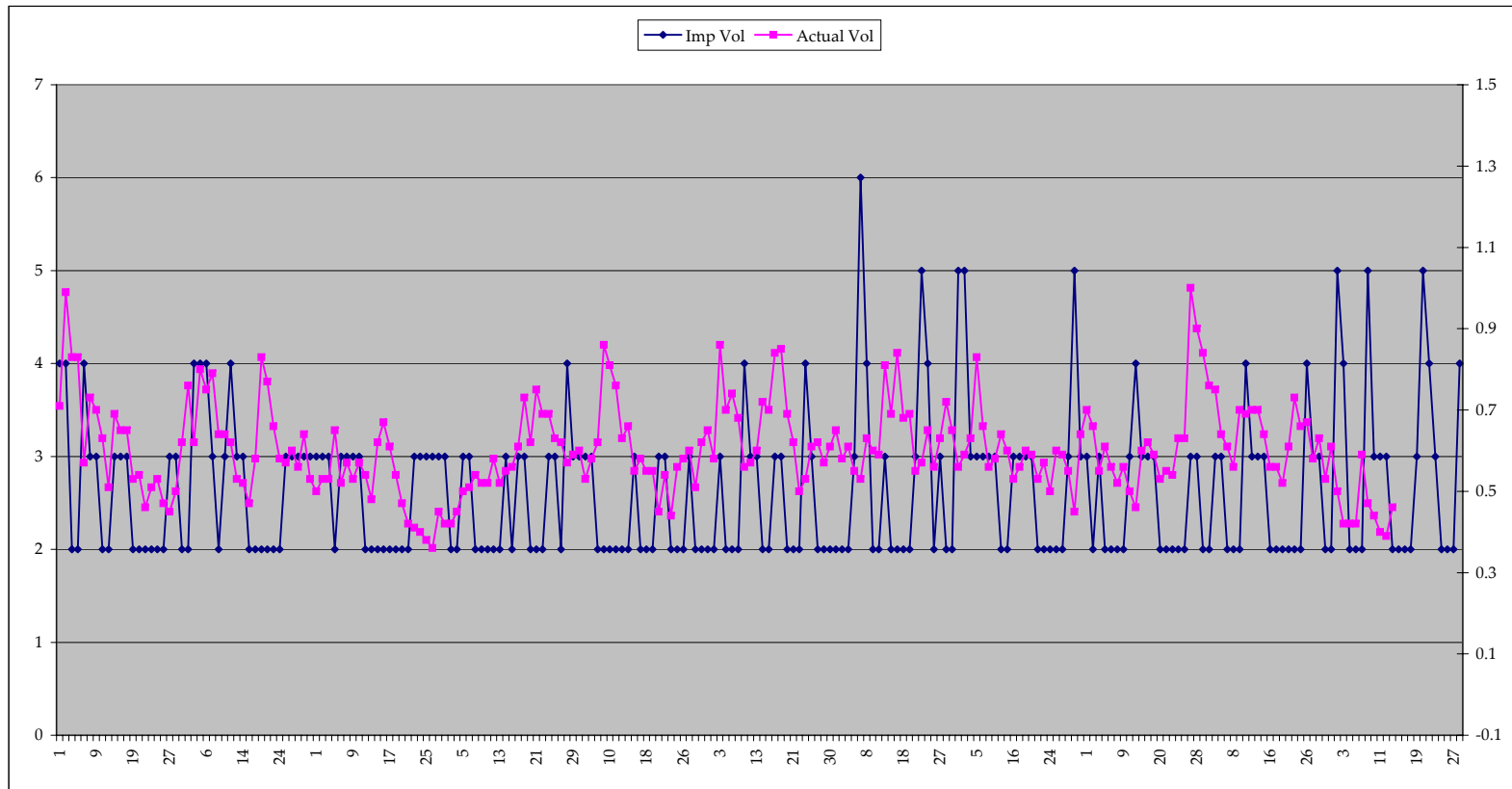
Curve Spreads bps

2/3	(0.059)
3/5	(0.014)
2/5	(0.073)
5/10	0.076
2/10	0.003
10/30	0.167
5/30	0.243
2/30	0.170

CF = Conversion Factor

Cash - (Futures * CF)

Implied Volatility (Daily) & (3-Hour)



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.

0

NO VOL UPDATES until next week; March 19th

CDT Time	UT Time	EDT Time	4/16/2007	4/17/2007	4/18/2007
1900-2200	0000-0300	2000-2300	2	2	2
2200-0100	0300-0600	2300-0200	2	2	2
0100-0400	0600-0900	0200-0500	2	2	2
0400-0700	0900-1200	0500-0800	1	1	1
0700-1000	1200-1500	0800-1100	1	1	1
1000-1300	1500-1800	1100-1400	1	1	1
1300-1600	1800-2100	1400-1700	1	1	1
1600-1900	2100-0000	1700-2000	2	2	2

Shaded boxes denote market hours 4am to 4pm CDT

Scale is 1-9
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