

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	99.0750	107.1950	110.2300	4/13/2007
PPI Low	100.0350	98.2850	107.0800	110.0200	4/13/2007
CPI High	100.0650	99.1750	107.2650	111.0600	4/17/2007
CPI Low	99.3150	99.0600	107.1350	110.1700	4/17/2007

*Adjusted for New Issue

**Adjusted for Futures 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	102.092	1.0	102.095	102.077	102.087	24,840	2y Futures
FVAM7	105.175	2.5	105.190	105.145	105.165	50,507	5y Futures
TYAM7	107.300	4.5	107.315	107.245	107.265	140,123	10y Futures
USAM7	111.110	8	111.140	111.030	111.050	26,256	30y Futures
	ls	net	high	low	open	Volume	SYM NAME
BUS02P	99.222	0.7	99.227	99.215	99.217	na	2y
BUS05P	99.197	1.7	99.210	99.170	99.180	na	5y
BUS10P	99.210	4.0	99.230	99.160	99.180	na	10y
BUS30P	#VALUE!	8	98.285	98.100	98.100	na	30y
	ls	net	high	low	open	Volume	SYM NAME
BUS02Y	4.661	(1.20)	4.699	4.644	4.695	na	2y Yield
BUS05Y	4.585	(1.30)	4.61	4.571	4.609	na	5y Yield
BUS10Y	4.666	(1.60)	4.692	4.656	4.688	na	10y Yield
BUS30Y	4.825	(1.50)	4.859	4.818	4.846	na	30y Yield

Source: CQG

News Recap for the United States from



Yesterday

15:27 04/17 **US TSYS/RECAP:** Tsys rallied Tues on tame 0.1% March core CPI, 1) Short-covering wave as many went short into CPI; 2) momentum trade, technical buying in Jun 10Y futures, 10Y cash note; 3) big buyer cited of 12,000 June 2Ys right after CPI; 4) Street buying 5Y; 5) Swap receiving in front end, 2Y Eurodollar proxies; in line with reports of heavy buying in 2Y futures; 6) Real money corporate-linked accts buying June 10Y, 30Y futures/sold June 2Ys; 7) Buy-and-hold accts bought intermediates on uptick; 8) Convexity hedgers sold front Eurodollars into morning strength, with Street selling in 2Ys; 9) Earlier was bank selling in front end, Continental selling in 10s, with fast money accts selling 30s; 10) 10Y very special in o/n RP, 2.72%, good dealer borrowing too. 11) Unwinds of corp/agency rate-lock sales. 12) Foreign accounts doing mixed flows: some see net selling by them, others see no big action. 13) Foreign accounts do swaps receiving in 2Y to 5Y swaps. 14) Good vol demand, all up. 15) Mkt ignored 0.8% gains in March hsg starts, permits.

15:05 04/17 **Swaps:** Spreads moving directionally with Tsy prices with front-end receiving flows reported on the heels of the same overnight. Additionally, there were reports of foreign receiving in the 2- thru 5-yr sector today, which is in line with reports of heavy buying in June 2-yr futures.

Overnight

06:28 04/18 **UST SUMMARY:** Treasuries were unchanged to modestly higher in TOKYO trade, helped by light follow-through buying after the solid overnight gains. The front of the curve saw demand from Asian central banks, with Japanese life funds seen buying the 10-year sector of the curve. However, prices squeezed higher in the LONDON session, amid risk aversion buying. The move comes following market rumours a fresh US subprime lending folding and also vague talk that a hedge-fund is facing problems, due to being wrong way round in UK Gilts and sterling-dollar (cable) currency trades. Traders reported decent buying from Asian real money accounts in 5-year agencies, along with Japanese ALM buyer of 10-year Notes. In cross border flows, Bunds are trading lower against U.S. 10-year T-notes, 0.5 bps lower on the day at 57 bps. The 2-yr note was unchanged at 99 22/32 (4.66%), while the 5-yr note was 2/32 higher at 99 20/32 (4.58%). The 10-year note was 4/32 higher at 99 21/32 (4.66%), with the Bond 9/32 higher at 98 25/32 (4.83%).

Today- United States*Econ Releases & Speakers from MNI for the United States*

Date	ET	Data thru	Prior Report	Forecast
18-Apr	0700	13-Apr MBA Mortgage Application Index	-0.4% to 646.6	---
18-Apr	1030	13-Apr EIA Crude Oil Stocks	+0.7 mn to 333.4 mn bbls	

DATE	GMT/EDT	EVENT
18-Apr	1400/1000	Senate Committee on Small Business to hold hearing on Sarbanes-Oxley with SEC Chairman Christopher Cox and PCAOB Chairman Mark Olson, in Washington.
18-Apr	1400/1000	European Central Bank President Jean-Claude Trichet to address the International Swaps and Derivatives Association meeting, in Boston, Massachusetts.
18-Apr	0030/2030	Dallas Federal Reserve Bank President Richard Fisher to speak about Japan, to the Japan-America Society, in Dallas, Texas. Audience Q&A expected.

FISHER: Non voter in 2007; votes in 2008; Moderate/Hawk

Today - Europe*Speakers & Events for Eurozone from*

DATE	GMT/EDT	EVENT
18-Apr	0645/0245	France Feb current account
18-Apr	0830/0430	Bank of England publishes minutes from Apr. 4-5 Monetary Policy Committee meeting.
18-Apr	0830/0430	UK Mar claimant count unemployment rate
18-Apr	0830/0430	UK Feb ILO unemployment rate, average earnings
18-Apr	0900/0500	Eurozone Feb construction production
18-Apr	1000/0600	Irish Central Bank releases quarterly bulletin.
18-Apr	1000/0600	Sweden Riksbank Deputy Governor Svante Oeberg to speak on "Monetary Policy and the Current Situation," in Stockholm.
18-Apr	1400/1000	ECB President Jean-Claude Trichet gives keynote speech at the ISDA 22nd Annual General Meeting, in Boston.
18-Apr	1600/1200	ECB Governing Council member Axel Weber speaks at a meeting of a German regional banking association, in Frankfurt.
18-Apr	NA	ECB Governing Council member Yves Mersch presents Luxembourg central bank's Financial Stability Report.

Today - Europe*Economic Releases for Eurozone from*

Date	GMT	Data Thru	Release	Prior Release	Median Forecast
UK					
18-Apr	08:30	Apr	BOE publishes minutes of April 4-5 MPC meeting.	8-1	
18-Apr	08:30	Mar	Claimant Count Rate (%)	2.9	
18-Apr	08:30	Mar	Unemployment Change ('000s)	-3.8	-5
18-Apr	08:30	Feb	ILO Unemployment Rate (%)	5.5	
18-Apr	08:30	Feb	Average earnings including bonus (3m yoy%)	4.2	4.2
18-Apr	08:30	Feb	Average earnings excluding bonus (3m yoy%)	3.6	

Duration, DV01s, Curve, Flys, CFs

M Duration	
30y	15.65
10y	7.76
5y	4.38
3y	2.60
2y	1.84
ZB	9.82
ZN	5.85
ZF	3.89
ZT	1.84

DV01s (32nds)	
30y	4.99
10y	2.49
5y	1.40
3y	0.83
2y	0.59
ZB	3.54
ZN	2.03
ZF	1.32
ZT	1.21

DV01s (\$s)	
30y	\$1,559
10y	\$780
5y	\$437
3y	\$261
2y	\$184
ZB	\$111
ZN	\$63
ZF	\$41
ZT	\$38

Yield Curve Spreads

2/3	-6.80
3/5	-0.80
2/5	-7.60
5/10	8.10
2/10	0.50
10/30	15.90
5/30	24.00
2/30	16.40

Fly's

2/3/5	-6.00
2/5/10	-15.70
2/10/30	-15.40
5/10/30	-7.80

CFs

ZB	0.8281
ZN	0.9015
ZF	0.9387
ZT	0.9753

Notes

- 1) CF = Conversion Factor
- 2) MDuration = Modified Macaulay Duration
- 3) MDuration & DV01s for Futures are based on proxy issue (CTD)

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		1.742	2.677	2.931
ZN	0.574		1.537	1.683
ZF	0.374	0.651		0.913
ZT	0.341	0.594	0.913	

Month Codes:

H=Mch M=Jun

U=Sep Z=Dec

US Treasuries v US Financial Futures Hedge Ratios

	2y	3y	5y	10y	30y
ZB	1.66	2.36	3.96	7.05	14.10
ZN	2.90	4.11	6.89	12.28	24.56
ZF	4.45	6.32	10.59	18.88	37.75
ZT	4.88	6.92	11.60	20.67	41.34

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		1.419	2.351	4.240	8.477
3y	0.705		1.657	2.989	5.976
5y	0.421	0.597		1.783	3.565
10y	0.236	0.335	0.554		1.999
30y	0.118	0.167	0.277	0.500	

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				As of 4/10/2007
	Sml Spec	Lrg Spec	Comm	
	Net	Net	Net	
ZF	(37,275)	1,730	35,544	
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	99.2150	4.677
3y	4.750	2/15/10	100.1125	4.614
5y	4.500	3/31/12	99.1725	4.605
10y	4.625	2/15/17	99.165	4.686
30y	4.750	2/15/37	98.16	4.846

	CF Basis*	GHCO Basis		32nds
5y	0.45	-0.075	ZF	105.1500
10y	(54.28)	43.730	ZN	170.2550
30y	6.12	322.346	ZB	111.04

Curve Spreads bps

2/3	(0.063)
3/5	(0.009)
2/5	(0.072)
5/10	0.081
2/10	0.009
10/30	0.160
5/30	0.241
2/30	0.169

CF = Conversion Factor

Cash - (Futures * CF)