

The Morning Email: Treasuries

Table of Contents

Pg A Important Econ Releases, Highs & Lows

Pg 1 Quotes

Pg 2 News: United States

Pg 3 Econ Releases & Speakers for the United States

Pg 4 Speakers & Events: Europe

NEW

Pg 5 Econ Releases: Europe & Japan

NEW

Pg 6 Duration, DV01s, Curve, Flats, CFS

Pg 7,8,9 Hedge Ratios: US Treasury Cash, US Futures, Germany

Pg10 Commitment of Traders (COT)

Pg 11 2 PM CDT Closes: US Treasuries, US Financial Futures, YC Spreads, Basis

Want something added?

Let me know: jgoulding@ghco.com

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	Economic Releases - 32nds				Date
	5y*	10y*	ZNM7**	ZBM7**	
Non-farm High	99.225	99.190	107.300	111.01	4/6/2007
Non-farm Low	99.078	98.310	107.110	110.00	4/6/2007
FOMC High	100.308	100.290	109.020	113.03	3/22/2007
FOMC Low	100.160	100.085	108.100	112.06	3/22/2007
PPI High	99.128	99.075	107.195	110.23	4/13/2007
PPI Low	99.058	98.285	107.080	110.02	4/13/2007
CPI High	99.178	99.175	107.265	111.06	4/17/2007
CPI Low	99.080	99.060	107.135	110.17	4/17/2007
Auction Price	99.270	100.257			
Last Trade	99.275	99.285	108.070	111.20	4/24/2007 5:30

*Adjusted for New Issue

**Adjusted for Futures Roll

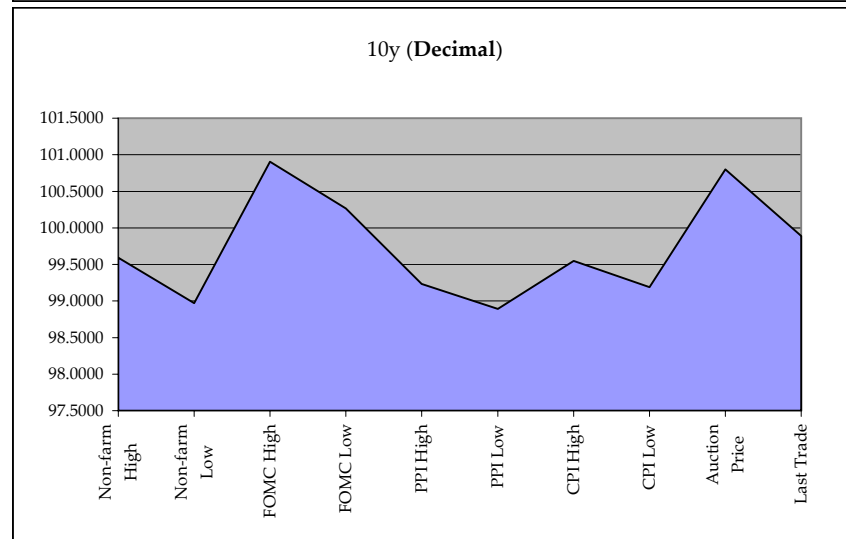
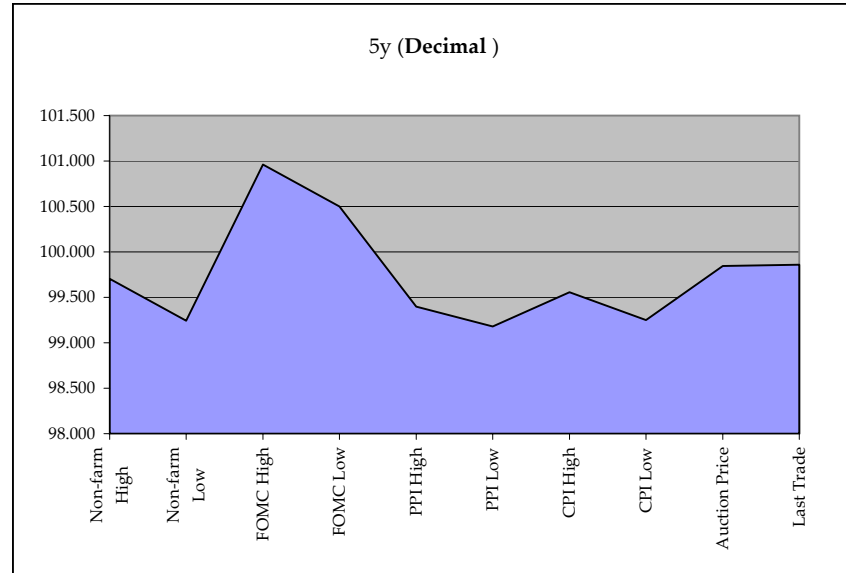
Prices are recorded from econ release to 2pm CDT

ZBH/ZBM Rolled at -2 tics

ZNH/ZNM Rolled at +5 tics

	Auctions - 32nds			
	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

re = reopen



Quotes

		32 nds						
	ls	net	high	low	open	Volume	SYM NAME	
TUAM7	102.120	0.5	102.125	102.115	102.115	16,801	2y Futures	
FVAM7	105.250	2.5	105.260	105.240	105.240	34,776	5y Futures	
TYAM7	108.070	3.0	108.085	108.050	108.050	91,468	10y Futures	
USAM7	111.200	5	111.220	111.160	111.170	17,316	30y Futures	
	ls	net	high	low	open	Volume	SYM NAME	
BUS02P	99.250	0.5	99.252	99.247	99.247	na	2y	
BUS05P	99.272	0.5	99.282	99.267	99.267	na	5y	
BUS10P	99.280	0.5	99.300	99.270	99.270	na	10y	
BUS30P	98.290	1	99.015	98.290	98.290	na	30y	
	ls	net	high	low	open	Volume	SYM NAME	
BUS02Y	4.610	(1.30)	4.649	4.602	4.649	na	2y Yield	
BUS05Y	4.532	(0.30)	4.55	4.523	4.55	na	5y Yield	
BUS10Y	4.636	(0.20)	4.652	4.628	4.652	na	10y Yield	
BUS30Y	4.817	(0.20)	4.828	4.808	4.828	na	30y Yield	

Source: CQG

News Recap for the United States *from* 

Yesterday

15:04 04/23 US **TSYS/RECAP**: Tsys end Mon higher (and near day's high) aided by:

- 1) Expectations of weak US data as week wears on with special focus on 1Q GDP Fri;
- 2) Very tight 10Y note special in RP, was 0.8% late in overnight repo;
- 3) Short-covering;
- 4) weaker US stocks across the S&P 500, DJIA and Nasdaq;
- 5) better buying in Tsys, on the whole, plus some hedge fund swap receiving in intermediates;
- 6) apparent big shorts in 10-year notes and
- 7) apparent lack of concern about Tsy supply amid US\$8B 5Y TIPS auction on Tues, and US\$18B 2Y auction Wed and US\$13B Thurs.
- 8) Earlier, was rumored asset-allocation trade from German bunds into unspecified equities market, that could have been part of the early NY Bund pressure on Tsys.
- 9) On 10Y special, some noted variety of theories on why it's so special: various shorts in 10s (which spurs a need in repo) while others felt one dealer may be behind the special as trying to engineer a play in May or Aug. term dates.
- 10) Supply emerges

REDUNDING - BNP sees US\$33B May refunding: US\$14B 3Y; US\$13B 10Y; \$6B 30Y - JPM Secs expects US\$31B May refunding: \$14B 3Y; \$12B 10Y; \$5B 30Y.

Overnight

05:16 04/24 **USTs**: Treasuries are trading higher across the board in London trade Tuesday, consolidating the overnight gains, as crude futures again nudged higher before easing on profit-taking. Front-month Nymex WTI futures were initially higher, touching a contract high at \$66.18, before slipping to stand little changed at \$65.85. However, ahead of a full data calendar in the U.S., traders say end users are again sidelined, with volumes largely interdealer. The 10-year note was higher on leveraged demand, although there were offers from cross-border traders. The front of the curve saw good demand from real money names, helping push prices higher. Bunds are trading modestly higher against U.S. 10-year T-notes, 0.5 bps higher on the day at 54 bps. The 2-yr note was 1/64 higher, trading at 99 23/32 to yield 4.61%. The 10-year note was 2/32 higher at 99 30/32 (4.63%), with the Bond 4/32 higher at 98 31/32 (4.82%). The 2-/10-yr curve was unchanged, trading at +2 bps.

Today- United States, economic releases & speakers from



Date	ET	Data thru		Prior Report	Forecast
24-Apr	0745	21-Apr	ICSC-UBS Store Sales	-0.6% w/w, +2.3% y/y	
24-Apr	0855	21-Apr	Redbook Average	-4.0% thru wk 2	
24-Apr	0900	Feb-07	S&P/Case-Shiller Home Price In	220.90	---
24-Apr	1000	Apr-07	Consumer Confidence (CB)	107.2	105.0
24-Apr	1000	Apr-07	Richmond Fed Mfg Index	-10	
24-Apr	1000	Mar-07	Existing Home Sales (NAR)	6.69 mn	6.40 mn
24-Apr	1700	22-Apr	ABC/Wash Post Cons Conf Index	---	

DATE	GMT/EST	EVENT
24-Apr	1300/0900	Bank of Canada rate announcement.
24-Apr	1530/1130	Treasury Secretary Henry Paulson to meet with top Mexican finance officials, in Mexico City.

Today - Europe, speakers & events *from*



DATE	GMT/EST	EVENT
24-Apr	0730/0330	Italy Apr ISAE consumer confidence
24-Apr	0730/0330	ECB Governing Council member Klaus Liebscher holds press briefing to present the Austrian National Bank's balance of payments report, in Vienna.
24-Apr	0745/0345	ECB Governing Council member Nicholas Garganas hold press conference, in Athens.
24-Apr releases	0830/0430	UK Mar public finance
24-Apr testifies	0845/0445	UK Mar BOE's entire MPC membership

Today - Europe & Japan, economic releases *from*

Stone & McCarthy
RESEARCH ASSOCIATES

 **UK**

	DMO Index-linked Gilt Auction (Stg0.950bln 1.125% 2037 IL Gilt)	
09:30	PSNB (stg bln)	Mar EST 6.5 Vs Prev's 1.0 Cons: 7.0
09:30	PSNCR (stg bln)	Mar EST 15.5 Vs Prev's 1.9 Cons: 15.9
09:30	Public Finance Releases	Mar DUE Vs Prev's n.a. Cons: n.a.
09:45	BOE's Barker, Sentance, Besley & Blanchflower speak to Treasury Select Committee.	Mar DUE Vs Prev's n.a. Cons: n.a.
10:45	BOE Governor King & members Lomax, Gieve, Tucker & Bean speak to Treasury Select Committee.	Mar DUE Vs Prev's n.a. Cons: n.a.
14:15	CBI Quarterly Industrial Trends Svy (business optimism bal)	Cons: n.a.
14:15	CBI Industrial Trends Svy (monthly orders bal)	Apr EST +2 Vs Prev's +8 Cons: n.a.

 **Euroland**

08:00	ECB's Liebscher presents Austrian National Bank's 'Balance of Payments Report', in Vienna.	
08:45	ECB's Garganas speaks in Athens.	
10:00	EMU New Orders (%mom/yoy)	Feb DUE Vs Prev's -0.2/12.0 Cons: 1.0/7.6
11:00	ECB's Ordonez speaks in Madrid.	

 **Japan**

8:50	CSPI (YoY)	Mar DUE Vs Prev's 0.4%
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Duration, DV01s, Curve, Flys, CFs

M Duration

30y	15.64
10y	7.75
5y	4.37
3y	2.58
2y	1.82
ZB	9.81
ZN	5.83
ZF	3.88
ZT	1.82

DV01s (32nds)

30y	4.99
10y	2.50
5y	1.40
3y	0.83
2y	0.58
ZB	3.55
ZN	2.04
ZF	1.32
ZT	1.20

DV01s (\$s)

30y	\$1,561
10y	\$780
5y	\$437
3y	\$260
2y	\$183
ZB	\$111
ZN	\$64
ZF	\$41
ZT	\$37

Yield Curve Spreads

2/3	-6.80
3/5	-1.00
2/5	-7.80
5/10	10.40
2/10	2.60
10/30	18.10
5/30	28.50
2/30	20.70

Fly's

2/3/5	-5.80
2/5/10	-18.20
2/10/30	-15.50
5/10/30	-7.70

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		1.741	2.685	2.959
ZN	0.574		1.542	1.699
ZF	0.372	0.648		0.907
ZT	0.338	0.588	0.907	

Month Codes:

H=Mch M=Jun

U=Sep Z=Dec

US Treasuries v US Financial Futures Hedge Ratios

	2y	3y	5y	10y	30y
ZB	1.65	2.34	3.95	7.04	14.09
ZN	2.87	4.08	6.87	12.26	24.53
ZF	4.43	6.29	10.59	18.91	37.83
ZT	4.88	6.93	11.68	20.84	41.68

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		1.422	2.367	4.274	8.548
3y	0.703		1.665	3.006	6.012
5y	0.418	0.594		1.785	3.570
10y	0.234	0.333	0.554		2.000
30y	0.117	0.166	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	264,239	275,886	(11,647)	202,387	337,741	(135,354)	1,165,382	1,018,380	147,002	ZF
ZN	295,087	463,029	(167,942)	730,993	331,019	399,974	1,756,939	1,988,971	(232,032)	ZN
ZB	127,305	199,530	(72,225)	117,286	216,286	(99,000)	717,848	546,623	171,225	ZB

WoW* Position Change				
	Sml Spec	Lrg Spec	Comm	
	Net	Net	Net	As of
ZF	22,365	11,745	(34,109)	4/17/2007
ZN	(17,071)	(11,804)	28,875	
ZB	1,539	(49,365)	47,826	

**WoW = Week over week

	Cpn	Mty	32nds	Yield
2y	4.500	3/31/09	99.2425	4.631
3y	4.750	2/15/10	100.1600	4.556
5y	4.500	3/31/12	99.2550	4.546
10y	4.625	2/15/17	99.255	4.650
30y	4.750	2/15/37	98.25	4.828

	CF Basis*	GHCO Basis		32nds
5y	0.45	0.315	ZF	105.2300
10y	1.71	43.170	ZN	108.0400
30y	6.12	322.595	ZB	111.15

Curve Spreads bps

2/3	(0.075)
3/5	(0.010)
2/5	(0.085)
5/10	0.104
2/10	0.019
10/30	0.178
5/30	0.282
2/30	0.197

CF = Conversion Factor

Cash - (Futures * CF)

