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The Morning Email: Treasuries

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Want something added?
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Economic Releases - 32nds

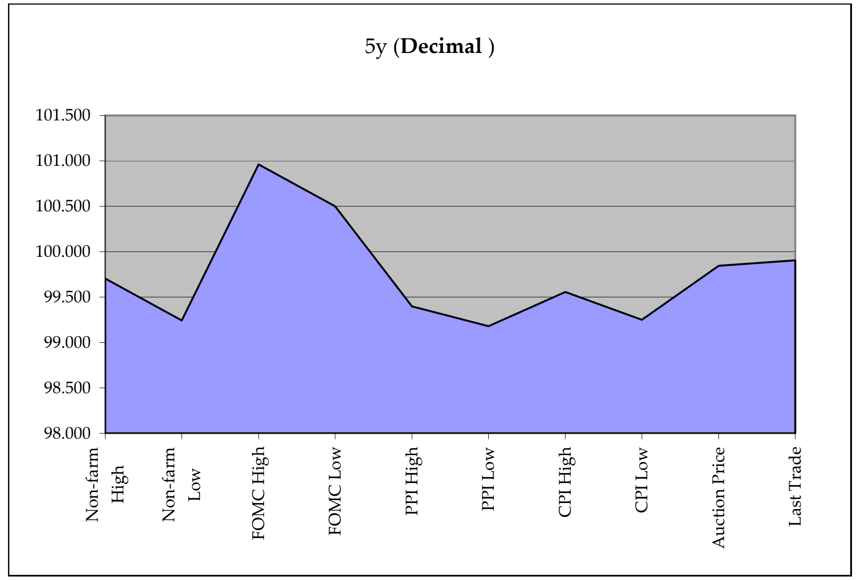
	5y*	10y*	ZNM7**	ZBM7**	Date
Non-farm High	99.225	99.190	107.300	111.01	4/6/2007
Non-farm Low	99.078	98.310	107.110	110.00	4/6/2007
FOMC High	100.308	100.290	109.020	113.03	3/22/2007
FOMC Low	100.160	100.085	108.100	112.06	3/22/2007
PPI High	99.128	99.075	107.195	110.23	4/13/2007
PPI Low	99.058	98.285	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	99.290	99.310	108.090	111.21	4/25/2007 5:35

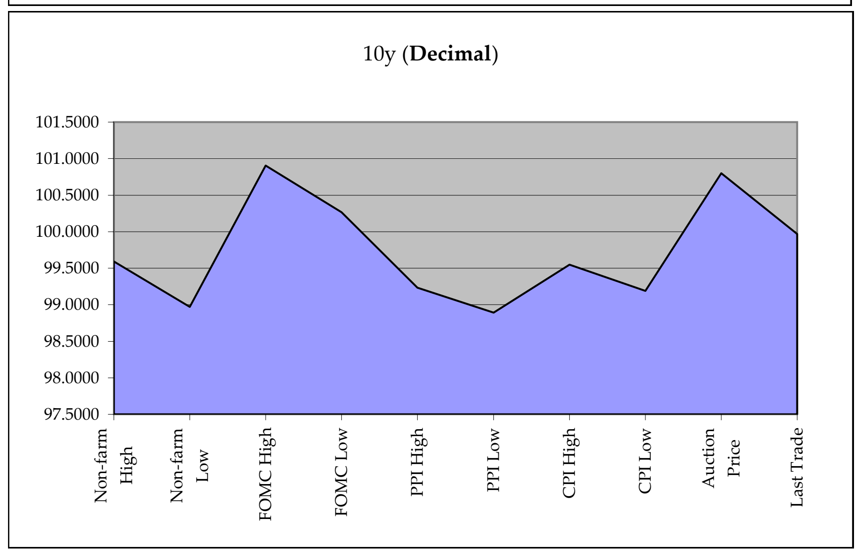
*Adjusted for New Issue
**Adjusted for Futures Roll
Prices are recorded from econ release to 2pm CDT
ZBH/ZBM Rolled at -2 tics
ZNH/ZNM Rolled at +.5 tics

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	102.130	(0.5)	102.137	102.122	102.132	13,953	2y Futures
FVAM7	105.265	(1.0)	105.290	105.255	105.280	31,333	5y Futures
TYAM7	108.090	(1.5)	108.130	108.075	108.100	125,040	10y Futures
USAM7	111.210	(2)	111.270	111.180	111.230	22,039	30y Futures
	ls	net	high	low	open	Volume	SYM NAME
BUS02P	99.257	0.0	99.265	99.255	99.265	na	2y
BUS05P	99.287	(1.0)	99.312	99.282	99.305	na	5y
BUS10P	99.305	(1.5)	100.025	99.295	100.010	na	10y
BUS30P	99.005	(2)	99.065	98.305	99.040	na	30y
	ls	net	high	low	open	Volume	SYM NAME
BUS02Y	4.602	0.50	4.619	4.58	4.619	na	2y Yield
BUS05Y	4.519	1.00	4.53	4.501	4.519	na	5y Yield
BUS10Y	4.628	0.80	4.638	4.61	4.624	na	10y Yield
BUS30Y	4.811	0.60	4.818	4.797	4.805	na	30y Yield

Source: CQG

News Recap for the United States *from* MarketNews international

Yesterday

15:09 **04/24 US TSYS/RECAP**: (Repeat) Tsys rallied Tues morning and held most gains amid short- covering after weak -8.4% Mar home resales, Conf. Board consumer conf at 104 Apr vs. 108.2 Mar (though bond-bearish Conf Bd NSA 12-Mo Infl. Expectations at 5.2% April vs. 4.9% March), -11 April Richmond Fed. Intermediates drew 2-way flows, with also black-box buying in front end. There was post-home sales short-covering, earlier financial institution buying in 10s, rumored big US$4B-$5B 2Y seller (with some citing a portfolio), buy-and-hold accts selling front end tho similar types bought. There was profit-taking by foreign accts in US 5s earlier, others did 10/30Y Tsys steepeners, 2Y/10Y steepeners. Swap-tied selling in good size in long end/30Ys. 10Y RP special helps Tsys, said 1.0% this afternoon in o/n RP amid rate-lock hedges in corporates, CMBS, other action. 2 swap accts had mixed trading in 2Y Eurodlr bundles. Weak data fear underpins Tsys, as some eye expected weak 1Q GDP Fri. US$8B 5Y TIPS sale now holds slight profit, drew a good 44% indirect bid.

15:20 **04/24 US Eurodlr/Swaps**: Spds finished session where they started--steady to mixed. Spds were marginally wider around midsession amid paying tied flow across the curve post data. Payers likely deal related hedging as pipeline builds. Early receiver interest also corp-tied, sources added.

04/23—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

05:06 04/25 USTs: Treasuries are trading modestly lower in London Weds, taking their lead from lower European bonds. However, U.S. debt has outperformed core Europe, sending spreads to 2-1/2 year lows. Prices were modestly higher from the getgo in Asian helped by weaker stocks. However, volumes were light, with traders saying flows were largely inter-dealer. London trade saw prices hold steady initially, but slip as the morning progressed, weighed by a slide in European debt prices. There were sellers across the board, although the ten-year sector found some good two-way flows as cross border traders continued to but Treasuries against the Bund. The front of the curve ran into light real money selling, with the downside underpinned by buying from Asian central banks. Bunds are trading lower against U.S. 10-year T-notes, 2.5 bps lower on the day at 49 bps - the tighest the spread has been since Nov 2004. The 2-yr was 1/64 lower, trading at 99 23/32 to yield 4.60%, while the 10-yr note was at 4.63%.

Today- United States, economic releases & speakers from MarketNews International

Date	ET	Data thru		Prior Report	Forecast
25-Apr	0700	20-Apr	MBA Mortgage Application Index	-2.5% to 630.6	---
25-Apr	0800	Mar-07	Building Permits Revision	---	
25-Apr	0830	Mar-07	Durable Goods Orders	+1.7%	+2.2%
25-Apr	0830	Mar-07	Durable Goods excl Defense	+1.6%	
25-Apr	0830	Mar-07	Durable Goods excl Trans	-1.0%	
25-Apr	1000	Mar-07	New Home Sales	848,000	890,000
25-Apr	1030	20-Apr	EIA Crude Oil Stocks	-1.0 mn to 332.4 mn bbls	
25-Apr	1400	---	Beige Book	---	---

Also, a two-year note auction. This from SMRA: **"Historically, April 2-year note auction results have been mixed, with no clear pattern."**

DATE	GMT/EST	EVENT
25-Apr	n/a	Mortgage Bankers Association national policy conference, in Washington.
25-Apr	1400/1000	Federal Reserve Chairman Ben Bernanke to open event on financial literacy at a Washington, DC high school. No Q&A.
25-Apr	1800/1400	Federal Reserve to release periodic Beige Book survey of U.S. economic conditions, in Washington.

Today – Europe, speakers & events *from* MarketNews international

DATE	GMT/EST	EVENT
25-Apr	0700/0300	Spain Mar PPI
25-Apr	0800/0400	Germany Apr IFO business sentiment index
25-Apr	0830/0430	UK Feb index of services
25-Apr	0830/0430	UK Q1 GDP, 1st estimate
25-Apr	1200/0800	Norway's central bank announces rate decision, publishes Inflation Report.
25-Apr	2301/1901	UK BOE Financial Stability Review

Today – Europe & Japan, economic releases *from* Stone & McCarthy RESEARCH ASSOCIATES

Japan

8:50	Merchandise Trade (sa level)	**Mar** DUE Vs Prev's Y655.1m	

SE Asia

	Korea GDP (YoY)	DUE Vs Prev's 4.0% Cons: 3.9% , Range:(3.2% to 4.2%)	

Germany

	Bundei Auction (E2.0bln 1.50% Apr 2016 Bundei)		
09:00	IFO Business Expectations	**Apr EST 104.0** Vs Prev's 103.2 Cons: 103.5	
09:00	IFO Current Assessment	**Apr EST 112.8** Vs Prev's 112.4 Cons: 112.5	
09:00	**IFO Business Sentiment**	**Apr EST 108.3** Vs Prev's 107.7 Cons: 107.9	

UK

09:30	**GDP Q1 1st Estimate (%qoq/yoy)**	**EST 0.6/2.8** Vs Prev's 0.7/3.0f Cons: 0.6/2.8	
09:30	Index of Services (%3mth/3mth)	**Feb** DUE Vs Prev's 0.8 Cons: 0.8	

Duration, DV01s, Curve, Flys, CFs

M Duration

30y	15.65
10y	7.75
5y	4.36
3y	2.58
2y	1.82
ZB	9.81
ZN	5.83
ZF	3.87
ZT	1.82

DV01s (32nds)

30y	5.00
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	$1,564
10y	$781
5y	$437
3y	$259
2y	$182
ZB	$111
ZN	$64
ZF	$41
ZT	$37

Yield Curve Spreads

2/3	-7.60
3/5	-0.70
2/5	-8.30
5/10	10.90
2/10	2.60
10/30	18.30
5/30	29.20
2/30	20.90

Fly's

2/3/5	-6.90
2/5/10	-19.20
2/10/30	-15.70
5/10/30	-7.40

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		1.743	2.687	2.964
ZN	0.574		1.541	1.700
ZF	0.372	0.649		0.907
ZT	0.337	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	3.94	7.05	14.10
ZN	2.87	4.08	6.88	12.28	24.59
ZF	4.42	6.29	10.60	18.93	37.89
ZT	4.88	6.94	11.69	20.88	41.80

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	2.369	4.282	8.572
3y	0.703		1.666	3.011	6.026
5y	0.417	0.593		1.786	3.576
10y	0.234	0.332	0.553		2.002
30y	0.117	0.166	0.276	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

Closes2pm

	Cpn	Mty	32nds	Yield
2y	4.500	3/31/09	99.2625	4.597
3y	4.750	2/15/10	100.1900	4.520
5y	4.500	3/31/12	99.3025	4.512
10y	4.625	2/15/17	100.005	4.622
30y	4.750	2/15/37	99.05	4.804

	CF Basis*	GHCO Basis
5y	0.45	1.128
10y	2.61	44.252
30y	7.03	328.230

	32nds
ZF	105.2750
ZN	108.1050
ZB	111.23

	Curve Spreads bps
2/3	(0.077)
3/5	(0.008)
2/5	(0.085)
5/10	0.110
2/10	0.025
10/30	0.182
5/30	0.292
2/30	0.207

CF = Conversion Factor

Cash - (Futures * CF)