

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	99.250	99.250	108.040	111.14	4/26/2007 5:30

*Adjusted for New Issue

**Adjusted for Futures Roll

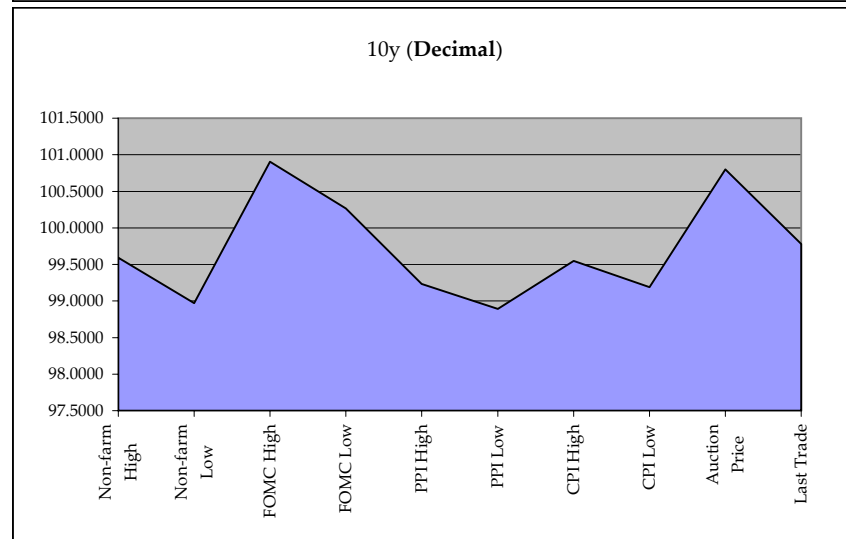
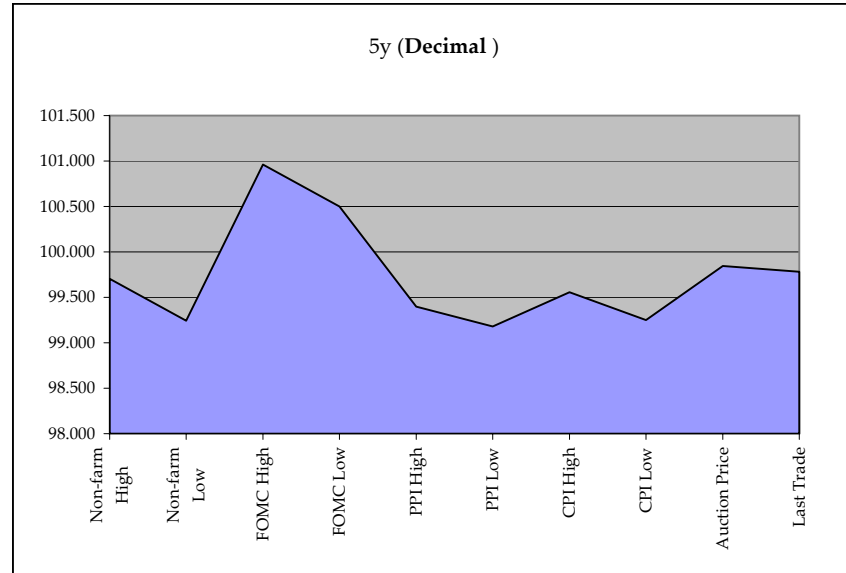
Prices are recorded from econ release to 2pm CDT

ZBH/ZBM Rolled at -2 tics

ZNH/ZNM Rolled at +5 tics

	Auctions - 32nds			
	2 y	5y	10y	30y
Auction Price	99.256	99.270	100.257	99.007
Auction Yield Stop	4.606	4.535	4.523	4.812
Actual Auction Date	4/26/2007	3/29/2007	03/13/2007 re	2/8/2007

re = reopen



Quotes

		32 nds						
	ls	net	high	low	open	Volume	SYM NAME	
TUAM7	102.105	(0.7)	102.110	102.100	102.107	7,313	2y Futures	
FVAM7	105.225	(1.0)	105.235	105.215	105.230	31,230	5y Futures	
TYAM7	108.040	(1.5)	108.055	108.025	108.045	74,780	10y Futures	
USAM7	111.140	(2)	111.170	111.110	111.140	16,180	30y Futures	
	ls	net	high	low	open	Volume	SYM NAME	
BUS02P	99.250	1.2	99.252	99.245	99.252	na	2y	
BUS05P	99.250	0.2	99.260	99.245	99.260	na	5y	
BUS10P	99.250	1.5	99.265	99.235	99.255	na	10y	
BUS30P	98.215	3	98.255	98.195	98.245	na	30y	
	ls	net	high	low	open	Volume	SYM NAME	
BUS02Y	4.612	(2.80)	4.646	4.567	4.6	na	2y Yield	
BUS05Y	4.548	(0.20)	4.557	4.532	4.551	na	5y Yield	
BUS10Y	4.650	(0.60)	4.662	4.642	4.654	na	10y Yield	
BUS30Y	4.833	(0.40)	4.841	4.823	4.834	na	30y Yield	

Source: CQG

News Recap for the United States *from*

Yesterday

15:05 **04/25 US TSYS/RECAP:** Tsys rallied Wed midmorning on weaker-than-expected 858K Mar new home sales, then ebbed into well-bid \$18B 2Y sale, drifted on some disappointment Beige Bk did not cite unusual economic weakness. eige Bk cited "modest or moderate" growth in most places. Some cross- border unwinds earlier: selling Tsys/Buying Bunds (reversing trades earlier this wk.) bargain-hunting in intermediates midday, and some buy-and-hold investors profit-taking in 5Ys. 10Y note special in repo, was dealer borrowing in 10s with US\$775M lent by Fed (vs. \$1.178B asked for by dealers). 2Y sale drew fairly good bid, US\$18B 2Y with 42.2% indirects, 4.606% award rate, 0.5% direct, 57.3% dealer bid. Earlier, swap accts did rate-locking in front end and intermediates in 10yr sector and in Eurodlr futures, 2-way flow in front end. There also was 30Y profit- taking in 30s, bargain-hunting in 10s, bk profit-taking in front end. There also has been light 2Y buying; was Asian central bank bid o/night Wed in front end. Next will be 1pm ET Thu US\$13B 5Y sale.

From 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

05:30 04/26 **USTs:** Treasuries are unchanged in London trade Thursday, consolidating at the lower overnight levels. However, traders say with many Asian players sidelined ahead of the Golden Week holidays, volumes are light. Prices were lower in early Asian trade, hampered by the sharp bounce in Asian bourses. However, flows were light and largely inter-dealer. London trade saw the modest weakness continue from the off, although prices soon rallied to stand little changed on the day. Again volumes were light. Bunds are trading flat against U.S. 10-year T-notes, unchanged on the day at 50 bps. Ahead of the U.S. session, the 2-yr note was unchanged, trading at 99 25/32 to yield 4.61%, while the 5-yr note was unchanged at 99 26/32 (4.54%). The 10-year note was 1/32 higher at 99 23/32 (4.65%), with the Bond 1/32 higher at 98 23/32 (4.83%). The 2-yr/5-yr yield curve was unchanged on overnight levels, trading at -7 bps. The 2-/10-yr curve was unchanged, trading at +4 bps, as was the 2-yr/30-yr curve, standing at +22 bps.

Today- United States, economic releases & speakers from



Date	ET	Data thru	Prior Report	Forecast
26-Apr	0830	21-Apr	Jobless Claims	-4k to 339k -10k to 329k
26-Apr	1000	Mar-07	Help-wanted Index	31
26-Apr	1030	20-Apr	EIA Nat Gas Stocks	-46 bcf to 1546 bcf
26-Apr	1100	Apr-07	Kansas City Fed Production	8 ---
26-Apr	1630	16-Apr	Money Supply (M2)	---

DATE	GMT/EST	EVENT
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26-Apr	1430/1030	Bank of Canada to release Monetary Policy Report.
26-Apr	1515/1115	Bank of Canada Governor David Dodge to hold news conference on Monetary Policy Report, in Ottawa.
26-Apr	1615/1215	Dallas Federal Reserve Bank President Richard Fisher to speak about "evaluating the economy," in Austin, Texas. Audience Q&A expected.
26-Apr	1630/1230	Federal Reserve Governor Fredric Mishkin to address an IMF conference on financial globalization, in Washington. Audience Q&A expected.
26-Apr	1700/1300	Treasury Under Secretary for Domestic Finance Robert Steel to address the Manhattan Institute conference on capital markets, in New York.
26-Apr	2330/1930	San Francisco Federal Reserve Bank President Janet Yellen to speak about the prospects for U.S. economy, to the Money Marketeers of New York University. Audience, media Q&A expected.

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

MISHKIN: Voter, Moderate/Dove?? (Not known as inflation fighter.)

YELLEN: Non-Voter, Moderate/Dove.

Today - Europe, speakers & events *from*



DATE	GMT/EST	EVENT
26-Apr	1230/0830	ECB holds non-policy meeting. Any announcements would be made at this time.
26-Apr	1505/1105	UK BOE MPC member Paul Tucker speaks

Today - Europe & Japan, economic releases *from*

 Stone & McCarthy
RESEARCH ASSOCIATES

 [Japan](#)

PM Abe to US

 [Euroland](#)

13:30 ECB council non-policy meeting (no news conference)

 [Germany](#)

CPI Saxony (%mom/yoy)

Apr DUE Vs Prev's 0.3/2.5
Cons: n.a.07:00 [Import Prices excl-oil \(%mom/yoy\)](#)**Mar** DUE Vs Prev's 0.0/2.0
Cons: n.a.07:00 [Export Prices \(%mom/yoy\)](#)**Mar** DUE Vs Prev's 0.2/2.2
Cons: n.a.

07:00 Import Prices (%mom/yoy)

Mar DUE Vs Prev's 0.5/0.8
Cons: 0.5/0.8

07:00 Wholesale Sales (real, mom sa/ yoy nsa)

Mar DUE Vs Prev's -0.4/2.5
Cons: n.a.
GRWSRLSM, GRWSRYOY07:10 [GfK Consumer Confidence](#)**May** DUE Vs Prev's 4.4
Cons: 4.7
 [UK](#)
07:00 [Nationwide House Prices \(%mom/yoy\)](#)**Apr** DUE Vs Prev's 0.4/9.3
Cons: 0.6/9.5

15:05 BOE's Tucker speaks at a Merrill Lynch conference.

Mar DUE Vs Prev's n.a.
Cons: n.a.
 [France](#)

07:45 INSEE Mfg. Own-Company Outlook

Apr

07:45 INSEE Mfg. Sector Outlook

Apr07:45 [INSEE Business Climate Indicator](#)**Apr EST 110** Vs Prev's 109
Cons: 10923:00 [Unemployment Rate \(% sa\)](#)**Mar** DUE Vs Prev's 8.4
Cons: 8.423:00 [Unemployment Change \(000s\)](#)**Mar EST -20** Vs Prev's -25
Cons: -19

Duration, DV01s, Curve, Flys, CFs

M Duration

30y	15.62
10y	7.74
5y	4.36
3y	2.58
2y	1.82
ZB	9.80
ZN	5.83
ZF	3.87
ZT	1.82

DV01s (32nds)

30y	4.98
10y	2.49
5y	1.40
3y	0.83
2y	0.58
ZB	3.55
ZN	2.03
ZF	1.32
ZT	1.19

DV01s (\$s)

30y	\$1,556
10y	\$779
5y	\$436
3y	\$259
2y	\$182
ZB	\$111
ZN	\$63
ZF	\$41
ZT	\$37

Yield Curve Spreads

2/3	-5.90
3/5	-0.50
2/5	-6.40
5/10	10.20
2/10	3.80
10/30	18.30
5/30	28.50
2/30	22.10

Fly's

2/3/5	-5.40
2/5/10	-16.60
2/10/30	-14.50
5/10/30	-8.10

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		1.747	2.692	#DIV/0!
ZN	0.572		1.541	#DIV/0!
ZF	0.371	0.649		#DIV/0!
ZT	#DIV/0!	#DIV/0!	#DIV/0!	

Month Codes:

H=Mch M=Jun

U=Sep Z=Dec

US Treasuries v US Financial Futures Hedge Ratios

	2y	3y	5y	10y	30y
ZB	1.67	2.34	3.94	7.03	14.04
ZN	2.92	4.08	6.88	12.28	24.52
ZF	4.50	6.29	10.60	18.93	37.78
ZT	4.96	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

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	4.280	8.544
3y	0.716		1.665	3.009	6.007
5y	0.425	0.593		1.786	3.565
10y	0.238	0.332	0.553		1.996
30y	0.119	0.166	0.277	0.501	

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	99.2420	4.631	Old
3y	4.750	2/15/10	100.1650	4.550	
5y	4.500	3/31/12	99.2650	4.539	
10y	4.625	2/15/17	99.270	4.644	
30y	4.750	2/15/37	98.24	4.829	

	CF Basis*	GHCO Basis		32nds
5y	0.45	0.681	ZF	105.2400
10y	1.71	43.304	ZN	108.0550
30y	6.12	321.299	ZB	111.16

Curve Spreads bps

2/3	(0.081)
3/5	(0.011)
2/5	(0.092)
5/10	0.105
2/10	0.013
10/30	0.185
5/30	0.290
2/30	0.198

New 2y			
Cpn	Mty	32nds	Yield
4.500	04/30/09	99.2525	4.610

CF = Conversion Factor

Cash - (Futures * CF)

