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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

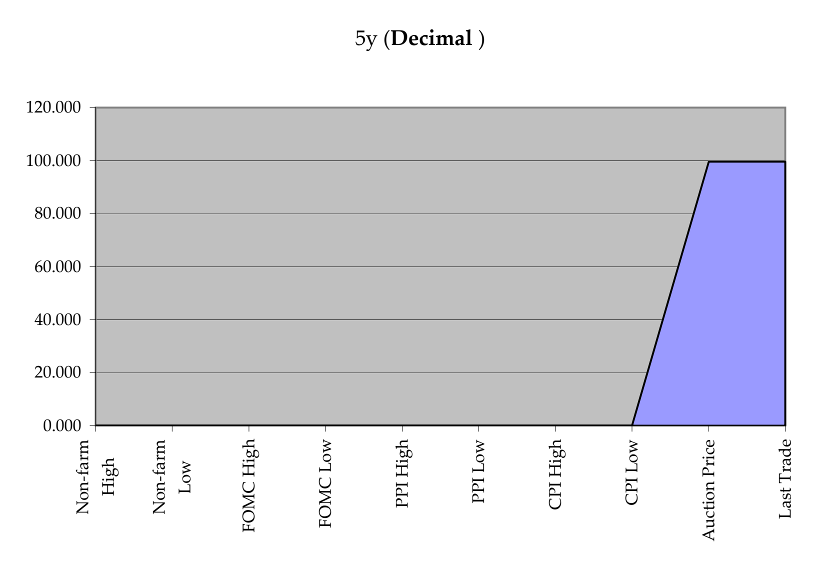
Pg A

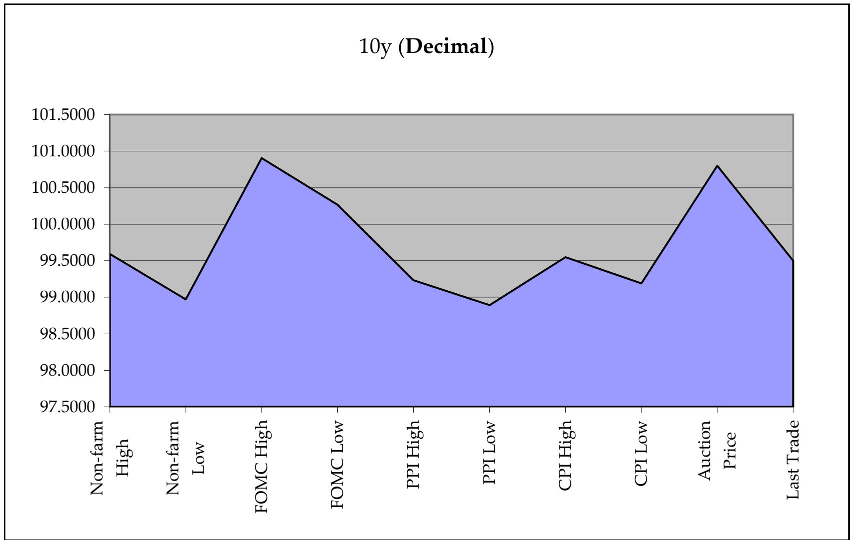
Economic Releases - 32nds	5y*	10y*	ZNM7**	ZBM7**	Date
Non-farm High	0.000	99.190	107.300	111.01	4/6/2007
Non-farm Low	0.000	98.310	107.110	110.00	4/6/2007
FOMC High	0.000	100.290	109.020	113.03	3/22/2007
FOMC Low	0.000	100.085	108.100	112.06	3/22/2007
PPI High	0.000	99.075	107.195	110.23	4/13/2007
PPI Low	0.000	98.285	107.080	110.02	4/13/2007
CPI High	0.000	99.175	107.265	111.06	4/17/2007
CPI Low	0.000	99.060	107.135	110.17	4/17/2007
Auction Price	99.208	100.257			
Last Trade	99.207	99.160	107.290	111.01	4/27/2007 5:28

*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	99.208	100.257	99.007
Auction Yield Stop	4.606	4.579	4.523	4.812
Actual Auction Date	4/25/2007	4/26/2007	03/13/2007 re	2/8/2007

re = reopen





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Quotes

	32 nds						
	ls	net	high	low	open	Volume	SYM NAME
TUAM7	102.082	(0.2)	102.087	102.072	102.072	11,519	2y Futures
FVAM7	105.180	0.5	105.190	105.155	105.155	40,303	5y Futures
TYAM7	107.290	0.0	107.305	107.260	107.265	91,503	10y Futures
USAM7	111.010	(2)	111.040	110.290	110.300	19,342	30y Futures
	ls	net	high	low	open	Volume	SYM NAME
BUS02P	99.225	0.7	99.230	99.222	99.222	na	2y
BUS05P	99.207	3.0	99.215	99.190	99.190	na	5y
BUS10P	#VALUE!	2.0	99.180	99.150	99.150	na	10y
BUS30P	98.040	6	98.075	98.025	98.025	na	30y
	ls	net	high	low	open	Volume	SYM NAME
BUS02Y	4.654	(1.20)	4.687	4.641	4.687	na	2y Yield
BUS05Y	4.578	(1.80)	4.603	4.571	4.597	na	5y Yield
BUS10Y	4.688	(0.60)	4.7	4.678	4.7	na	10y Yield
BUS30Y	4.868	(1.10)	4.881	4.86	4.881	na	30y Yield

Source: CQG

News Recap for the United States *from* MarketNews International

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% directs, 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

05:04 04/27 **USTs**: Treasuries are trading higher across the board in London Friday, boosted by dip-buying and short-covering from European and Asian investment funds. However, traders again note that volumes are light, with the looming week-long Asian holidays keeping many players sidelined. Prices were better bid from the getgo in Tokyo, helped by a rallying JGB market. Japanese bonds were helped by weaker-than-forecast domestic inflation data. Volumes were also light in London, with traders noting flows largely interdealer. There was little change in the curve, as prices were largely marked higher in line with each other. Leveraged funds were light sellers of the ten-year, unwinding a little of the recent cross-border plays. However, there were bids from real money names to take up the slack. Bunds are trading modestly higher against 10-yr T-notes, up 1.5 on the day at 52 bps. The 2-yr note was 1/32 higher, trading at 99 23/32 to yield 4.65%, while the 10-yr note was up4/32 at 99 18/32 (4.68%), with the Bond up 7/32 at 98 26/32 (4.87%).

Today- United States, economic releases & speakers **from** MarketNews international

Date	ET	Data thru		Prior Report	Forecast
27-Apr	0830	1Q-07	GDP (a)	+2.5%	+1.8%
27-Apr	0830	1Q-07	Chain Price Index (a)	+1.7%	+3.1%
27-Apr	0830	1Q-07	Employment Cost Index	+0.8%	+1.0%
27-Apr	1000	Apr-07	Consumer Sentiment (UM) (f)	85.3 (p)	85.3

DATE	GMT/EST	EVENT
27-Apr	n/a	President Bush to host Japanese Prime Minister Shinzo Abe at the White House.

Today – Europe, Speakers, Events & Econ releases *from*

MarketNews International and Stone & McCarthy Research Associates

DATE	GMT/EST	EVENT
27-Apr	0645/0245	ECB Governing Council member Christian Noyer speaks at the Bundesbank/Bank of France spring conference, in Eltville, Germany.
27-Apr	1630/1230	ECB Governing Council member Axel Weber speaks at the Bundesbank/Bank of France spring conference, in Eltville, Germany.

Today – Europe, Speakers, Events & Econ releases *from* Stone & McCarthy RESEARCH ASSOCIATES

Japan

		MPB Vote (ODR)	EST 0.75% Vs Prev's 0.75%
		MPB Vote (Cash Rate)	EST 0.50% Vs Prev's 0.50%
	13:00	Auto exports (YoY)	**Mar** DUE Vs Prev's 11.7%
	13:00	Auto production (YoY)	**Mar** DUE Vs Prev's 1.9%
	14:00	Housing Starts (YoY)	**Mar** DUE Vs Prev's -9.9% Cons: -0.4% , Range:(-4.9% to 3.4%)
	15:00	MPB CPI & GDP Outlook	
	8.30	Real Household Spending (YoY)	**Mar** DUE Vs Prev's 1.3% Cons: 0.7% , Range:(0.2% to 1.5%)
	8:30	Tokyo CPI (YoY)	**Apr** DUE Vs Prev's 0.0%
	8:30	Tokyo Core CPI (YoY)	**Apr** DUE Vs Prev's -0.1% Cons: 0.0% , Range:(-0.2% to 0.2%)
	8:30	Japan CPI (YoY)	**Mar** EST -0.1% Vs Prev's -0.2%
	8:30	Japan Core CPI (YoY)	**Mar** EST -0.2% Vs Prev's -0.1% Cons: -0.2% , Range:(-0.3% to 0.2%)
	8:30	Unemployment rate	**Mar** DUE Vs Prev's 4.0% Cons: 4.0% , Range:(3.9% to 4.1%)
	8:50	Retail Sales (YoY)	**Mar** DUE Vs Prev's -0.2%
	8:50	Industrial prod (prelim MoM)	**Mar** EST 1.0% Vs Prev's 0.7% Cons: 0.9% , Range:(-1.0% to 1.9%)
	8:50	Industrial Prod (prelim YoY)	**Mar** DUE Vs Prev's 4.5%

UK

Data...	09:30	New Car Production (3mth/3mth, 3mth/yr ago)	**Mar** DUE Vs Prev's -0.2/-7.6 Cons: n.a. ons

France

	07:45	INSEE Consumer Sentiment Survey	**Apr** EST -22 Vs Prev's -22 Cons: -21
	07:50	Producer Price Index (%mom/yoy)	**Mar** EST 0.2/1.9 Vs Prev's 0.3/2.0 Cons: 0.3/1.9
	09:00	Retail PMI	**Apr** DUE Vs Prev's 56.8 Cons: n.a.

Today – Europe, Speakers, Events & Econ releases *from* Stone & McCarthy RESEARCH ASSOCIATES

Germany

	CPI North Rhine-West (%mom/yoy)	**Apr** DUE Vs Prev's 0.5/1.8 Cons: n.a.
	CPI Baden-Wuerttemberg (%mom/yoy)	**Apr** DUE Vs Prev's 0.3/2.0 Cons: n.a.
	CPI Hesse (%mom/%yoy)	**Apr** DUE Vs Prev's 0.1/1.9 Cons: n.a.
	Prel CPI (pan %mom/yoy)	**Apr** **EST 0.1/1.6** Vs Prev's 0.3/1.9f Cons: 0.2/1.7
	Prel CPI (EU HICP %mom/yoy)	**Apr** DUE Vs Prev's 0.2/2.0f Cons: 0.2/1.8
09:00	Retail PMI	**Apr** DUE Vs Prev's 52.8 Cons: n.a.
09:00	CPI Brandenburg (%mom/yoy)	**Apr** DUE Vs Prev's 0.1/1.9 Cons: n.a.
13:00	CPI Bavaria (%mom/yoy)	**Apr** DUE Vs Prev's 0.3/2.1 Cons: n.a.

Duration, DV01s, Curve, Flys, CFs

M Duration

30y	15.57
10y	7.73
5y	4.35
3y	2.57
2y	1.81
ZB	9.78
ZN	5.82
ZF	3.86
ZT	1.81

DV01s (32nds)

30y	4.94
10y	2.48
5y	1.39
3y	0.83
2y	0.58
ZB	3.52
ZN	2.03
ZF	1.31
ZT	1.19

DV01s ($s)

30y	$1,543
10y	$776
5y	$435
3y	$258
2y	$181
ZB	$110
ZN	$63
ZF	$41
ZT	$37

Yield Curve Spreads

2/3	-6.20
3/5	-1.40
2/5	-7.60
5/10	11.00
2/10	3.40
10/30	18.00
5/30	29.00
2/30	21.40

Fly's

2/3/5	-4.80
2/5/10	-18.60
2/10/30	-14.60
5/10/30	-7.00

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		1.738	2.680	#NUM!
ZN	0.575		1.542	#NUM!
ZF	0.373	0.648		#NUM!
ZT	#NUM!	#NUM!	#NUM!	

Month Codes:

H=Mch	M=Jun
U=Sep	Z=Dec

US Treasuries v US Financial Futures Hedge Ratios

	2y	3y	5y	10y	30y
ZB	#NUM!	2.34	3.96	7.06	14.03
ZN	#NUM!	4.07	6.88	12.26	24.38
ZF	#NUM!	6.28	10.60	18.91	37.60
ZT	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!

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		1.423	2.374	4.285	8.519
3y	#NUM!		1.667	3.010	5.984
5y	#NUM!	0.593		1.784	3.546
10y	#NUM!	0.332	0.554		1.988
30y	#NUM!	0.167	0.279	0.503	

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
ZN	295,087	463,029	(167,942)	730,993	331,019	399,974	1,756,939	1,988,971	(232,032)
ZB	127,305	199,530	(72,225)	117,286	216,286	(99,000)	717,848	546,623	171,225

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

As of 4/17/2007

**WoW = Week over week

Closes2pm

	Cpn	Mty	32nds	Yield	
2y	4.500	3/31/09	99.2275	4.653	**New**
3y	4.750	2/15/10	100.1275	4.594	
5y	4.500	4/30/12	99.1975	4.857	**Old**
10y	4.625	2/15/17	99.170	4.684	
30y	4.750	2/15/37	98.05	4.868	

	CF Basis* (decimal)	GHCO Basis
5y	0.47	0.344
10y	2.45	41.044
30y	6.11	312.938

	32nds
ZF	105.1800
ZN	107.2900
ZB	111.02

Curve Spreads bps	
2/3	(0.059)
3/5	0.263
2/5	0.204
5/10	(0.173)
2/10	0.031
10/30	0.184
5/30	0.011
2/30	0.215

New 5y

Cpn	Mty	32nds	Yield
4.500	04/30/09	99.2050	4.582

CF = Conversion Factor
Cash - (Futures * CF)