

The Morning Email: Treasuries

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Want something added?

Let me know: jgoulding@ghco.com

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	Economic Releases - 32nds				Date
	5y*	10y*	ZNM7**	ZBM7**	
Non-farm High	99.200	99.190	107.300	111.01	4/6/2007
Non-farm Low	99.085	98.310	107.110	110.00	4/6/2007
FOMC High	101.000	100.290	109.020	113.03	3/22/2007
FOMC Low	100.170	100.085	108.100	112.06	3/22/2007
PPI High	99.135	99.075	107.195	110.23	4/13/2007
PPI Low	99.065	98.285	107.080	110.02	4/13/2007
CPI High	99.185	99.175	107.265	111.06	4/17/2007
CPI Low	99.085	99.060	107.135	110.17	4/17/2007
Auction Price	99.208	100.257			
Last Trade	99.230	99.195	108.000	111.05	4/30/2007 5:47

*Adjusted for New Issue

**Adjusted for Futures Roll

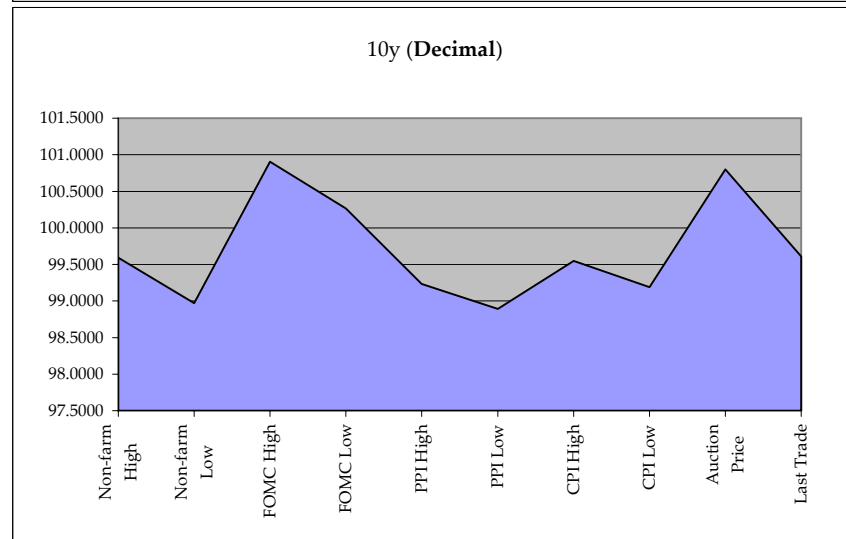
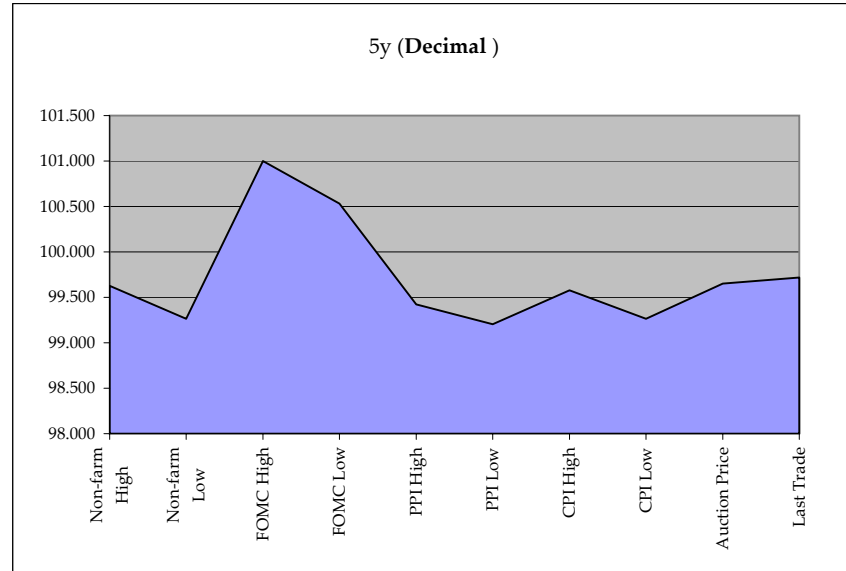
Prices are recorded from econ release to 2pm CDT

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



Quotes

32 nds							
	ls	net	high	low	open	Volume	SYM NAME
TUAM7	102.097	1.7	102.097	102.082	102.082	6,174	2y Futures
FVAM7	105.200	4.0	105.210	105.170	105.170	18,953	5y Futures
TYAM7	108.000	5.5	108.015	107.275	107.280	72,871	10y Futures
USAM7	111.050	8	111.070	110.290	110.300	15,372	30y Futures
	ls	net	high	low	open	Volume	SYM NAME
BUS02P	99.237	1.0	99.237	99.235	99.237	na	2y
BUS05P	99.227	3.0	99.232	99.207	99.207	na	5y
BUS10P	99.190	4.5	99.205	99.160	99.160	na	10y
BUS30P	98.070	10	98.090	98.015	98.015	na	30y
	ls	net	high	low	open	Volume	SYM NAME
BUS02Y	4.633	(2.10)	4.65	4.629	4.65	na	2y Yield
BUS05Y	4.562	(2.50)	4.585	4.559	4.585	na	5y Yield
BUS10Y	4.674	(1.60)	4.692	4.666	4.692	na	10y Yield
BUS30Y	4.862	(1.90)	4.884	4.857	4.884	na	30y Yield

Source: CQG

News Recap for the United States *from*



Yesterday

Overnight

06:35 04/30 **CHINA**: (recap) The People's Bank of China said Sunday that it will raise commercial banks' reserve requirement by 50 basis points effective Tuesday, May 15. The latest reserve requirement hike is the seventh such move since the middle of last year and the second in a little over a month. The PBOC has also raised interest rates three times in the last year.

06:11 04/30 **UST/BUNDS**: Bunds are trading modestly higher against U.S. 10-year T-notes, up 0.5 on the day at 53 bps. This yield spread hit +49bps on Wednesday, which is narrowest level since November 24 2004.

06:35 04/30 **BUND SUMMARY**: (1 of 2) EGBs got off to a firm start from the start of European trade with instability in Turkey and talk of troubles at a hedge fund both linked by some to the firmer tone. However, main boost came from weak German retail sales data released at the open as well as talk of decent month-end demand yet to be executed. The June Bund traded up to 113.79, which is the level of the 21-day moving average. The firm tone lasted until the release of high Eurozone M3 data, which knocked the market back lower. Support at 113.61/62 held, keeping the June just inside positive territory for the day, while the market then recovered through the release of HICP data. 06:40 04/30 **BUND SUMMARY**: (2 of 2) Traders noted demand in the 10-year, particularly from France, while pension demand was seen in the 30-year and there was also noted receiving interest in 10-30s. Talk continued to circulate of the 4.25% yield level for the German 10-year with some seeing this level acting as a magnet in future sessions. This is around the 113.23 level, which also holds a support line on the June from the end of January. However, ahead of there, further support is at 113.36 - Fibonacci and also the key contract low. Above 113.79, focus is on 113.90, although traders report selling interest ahead of 114.00.

Today - United States, economic releases & speakers from



Date	ET	Data thru		Prior Report	Forecast
30-Apr	0830	Mar-07	Personal Income	+0.6%	---
30-Apr	0830	Mar-07	Personal Expenditures	+0.6%	---
30-Apr	0830	Mar-07	PCE Price Index	+0.4%	---
30-Apr	0830	Mar-07	PCE Core Price Index	+0.3%	---
30-Apr	0900	Apr-07	NY NAPM	449.4	---
30-Apr	0930	27-Apr	MNI Capital Goods Index	53.1	---
30-Apr	0945	Apr-07	Chicago Purchasers Index	61.7	---
30-Apr	1000	Mar-07	Construction Spending	+0.3%	---
30-Apr	1000	Apr-07	Help-wanted Online	1.64	---
30-Apr	1030	Apr-07	Dallas Fed Mfg Outlook Survey	12.7	---
30-Apr	1030	28-Apr	MNI Retail Trade Index	55.0	---
30-Apr	1500	Apr-07	Agriculture Prices	+3.9%	---

DATE	GMT/EST	EVENT
28-Apr	1730/1330	San Francisco Federal Reserve Bank President Janet Yellen to speak about the U.S. economy in a global context, at a conference in Washington
30-Apr	1200/0800	Brazilian Central Bank President Henrique Meirelles to keynote a breakfast meeting at the Brazilian-American Chamber of Commerce, in New York.
30-Apr	1500/1100	Federal Reserve Chairman Ben Bernanke speaks to a University of Montana audience in Butte on the subject of free trade, also taking questions from the audience.
30-Apr	1725/1325	President Bush to hold joint media availability with German Chancellor and European Council President Angela Merkel and European Commission President Jose Manuel Barroso, at the White House, during the annual U.S.-EU Summit.
30-Apr	1930/1530	German Chancellor Angela Merkel to address the U.S. Chamber of Commerce, in Washington.

YELLEN: Non-Voter, Moderate/Dove
BERNANKE: Voter, Moderate/Dove

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



and



DATE	GMT/EST	EVENT
30-Apr	0830/0430	U.K. provisional M0 money, BBA net mortgage lending for March.
30-Apr	0930/0530	U.K. GfK consumer confidence for April.



00:01	Hometrack House Price Survey (%mom/yoy)	Apr DUE Vs Prev's 0.8/6.7 Cons: n.a.
09:30	BBA releases final mortgage and consumer lending data	Mar DUE Vs Prev's n.a. Cons: n.a.
09:30	BBA Net Mortgage Lending (stg bln)	Mar DUE Vs Prev's 5.2 Cons: n.a.
09:30	Provisional M0 money (%mom/yoy)	Apr DUE Vs Prev's 0.5/4.1 Cons: n.a.
10:30	GfK Consumer Confidence	Apr EST -7 Vs Prev's -8

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



Japan on Holiday for the week

Euroland

09:00 EMU M3 (yoy/3m yoy)	Mar EST 9.9/n.a. Vs Prev's 10.0/9.9 Cons: 9.7/9.8
10:00 EMU Consumer Confidence	Apr
10:00 EMU Business Climate Indicator	Apr DUE Vs Prev's 1.55 Cons: n.a.
10:00 EMU Industrial Confidence	Apr
10:00 EMU Services Confidence	Apr
10:00 EMU Economic Confidence	Apr DUE Vs Prev's 111.2 Cons: 111.4
10:00 EMU HICP Estimate (yoy)	Apr EST 1.9 Vs Prev's 1.9f Cons: 1.8

Germany

CPI Baden-Wuerttemberg (%mom/yoy)	Apr DUE Vs Prev's 0.3/2.0 Cons: n.a.
BBK Retail Sales (% , real yoy sa)	Mar DUE Vs Prev's n.a. Cons: n.a.
07:00 FSO Retail Sales (real mom sa/ yoy nsa)	Mar DUE Vs Prev's 1.5/-2.7 Cons: 0.8/-1.0

France

07:45 Quarterly Manufacturing Survey	
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Today - Europe, Speakers, Events & Econ releases *from*

Stone & McCarthy
RESEARCH ASSOCIATES

Duration, DV01s, Curve, Flys, CFs

M Duration

30y	15.57
10y	7.73
5y	4.43
3y	2.57
2y	1.89
ZB	9.78
ZN	5.81
ZF	3.86
ZT	1.89

DV01s (32nds)

30y	4.94
10y	2.49
5y	1.41
3y	0.82
2y	0.60
ZB	3.52
ZN	2.02
ZF	1.31
ZT	1.24

DV01s (\$s)

30y	\$1,545
10y	\$777
5y	\$442
3y	\$258
2y	\$188
ZB	\$110
ZN	\$63
ZF	\$41
ZT	\$39

Yield Curve Spreads

2/3	-6.00
3/5	-1.10
2/5	-7.10
5/10	11.20
2/10	4.10
10/30	18.80
5/30	30.00
2/30	22.90

Fly's

2/3/5	-4.90
2/5/10	-18.30
2/10/30	-14.70
5/10/30	-7.60

CFs

ZB	0.8281
ZN	0.9015
ZF	0.9378
ZT	0.9742

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	2.683	2.850
ZN	0.574		1.541	1.637
ZF	0.373	0.649		0.960
ZT	0.351	0.611	0.941	

Month Codes:

H=Mch M=Jun

U=Sep Z=Dec

US Treasuries v US Financial Futures Hedge Ratios

	2y	3y	5y	10y	30y
ZB	1.71	2.34	4.01	7.05	14.03
ZN	2.98	4.07	6.98	12.28	24.42
ZF	4.58	6.28	10.76	18.92	37.64
ZT	4.87	6.67	11.43	20.10	39.99

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		1.425	2.442	4.295	8.543
3y	0.730		1.713	3.014	5.995
5y	0.426	0.584		1.759	3.499
10y	0.242	0.332	0.568		1.989
30y	0.122	0.167	0.286	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	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	99.2275	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		32nds
5y	0.56	0.344	ZF	105.1800
10y	2.45	41.044	ZN	107.2900
30y	6.11	312.938	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)

