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

	5y*	10y*	ZNH7**	ZBH7**	Date
Non-farm High	99.2725	98.2450	106.3100	110.1700	2/2/2007
Non-farm Low	99.1925	98.1200	106.1900	109.2900	2/2/2007
FOMC High	99.2300	98.1650	106.2500	110.0500	1/31/2007
FOMC Low	99.1775	98.0750	106.1700	109.2300	1/31/2007
PPI High	99.1875	98.0800	107.1200	111.0700	1/17/2007
PPI Low	99.1025	98.2550	106.3100	110.1700	1/17/2007
CPI High	99.1500	99.0350	107.0700	111.0100	1/18/2007
CPI Low	99.0500	98.1750	106.2350	110.0800	1/18/2007

*Adjusted for New Issue

**Adjusted for Roll

Prices are recorded from econ release to 2pm CDT

Quotes

	32 nds						
	ls	net	high	low	open	Volume	SYM NAME
TUAH7	101.317	0.7	102.000	101.307	101.307	7,710	2y Futures
FVAH7	105.040	2.5	105.045	105.005	105.010	34,891	5y Futures
TYAH7	107.195	2.5	107.195	107.150	107.160	69,344	10y Futures
USAH7	111.150	4	111.160	111.080	111.090	17,949	30y Futures
	ls	net	high	low	open	Volume	SYM NAME
BUS02P	100.032	1.2	100.035	100.025	100.025	na	2y
BUS05P	100.107	2.5	100.110	100.085	100.085	na	5y
BUS10P	99.145	3.0	99.150	99.115	99.115	na	10y
BUS30P	99.095	6	99.110	99.050	99.050	na	30y
	ls	net	high	low	open	Volume	SYM NAME
BUS02Y	4.815	(2.10)	4.861	4.806	4.861	na	2y Yield
BUS05Y	4.671	(2.00)	4.696	4.667	4.691	na	5y Yield
BUS10Y	4.690	(1.20)	4.716	4.688	4.716	na	10y Yield
BUS30Y	4.792	(1.30)	4.809	4.789	4.807	na	30y Yield

Source: CQG

Yesterday

02/15 15:22 US TSYS/RECAP: Tsys rose Thu as Bernanke held no surprises, so many shorts forced to cover by Tsys strength though some longs took profits. There was some light Asian central bank buying, a.m. overseas bank selling in intermediates, buy-and-hold acct buying short end, T-bills; fast money 2Y/5Y steepeners. Fast money bought 10s, some profit-taking in 2Ys by buy-and-hold accts, and later lvrgd buying in US 5Ys, and buy- and-hold investors buying belly. Three CMBS priced Thu; was related swaps receiving and buying in Eurodlr futures. MBS flows two-way: MBS pass-thrus pinched by higher vols, with some Asian selling overnight, then Tsys-friendly data, then MBS hedgers did orderly swap receiving in 5Y, 10Y swaps to re-hedge. Other accounts did rate receiving; was earlier Japanese 5Y paying. Tsy offl downplayed Dec TICS. Wkly laims up. NAHB up but mkt unfazed. Phil Fed: 0.6. Tsy sets $18B 2Y, $13B 5Y sales next wk. 10Y notes special in repo, with good borrowing from Fed in 10Ys: asked $1.56B in Feb 2017 10s, got US$775M, Fed's entire stock. **[Source - MNI]**

Overnight

02/16 05:40 USTs: Treasuries are trading modestly higher Friday, as stronger JGBs and European government bonds are helping build on overnight gains. However, traders say volumes are light, with many players sidelined ahead of the long holiday weekend in the U.S. Tokyo saw modest gains as well, but again, traders noted mainly book squaring haead of the Asian Lunar New Year holidays, that will keep many centres sidelined next week. London trade saw prices consolidate at their better levels in continuing light. Light real money demand was seen at the front of the curve, with Japanese retail demand noted on the back of the recent yen rally. The 10-year note saw some demand from leveraged names, unwinding a little of Thursday's cross-border trades. But volumes remained light in both the cash and futures market. Bunds are trading flat against U.S. 10-year T-notes, unchanged on the day at 72 bps. The 2-yr note was 1/64 higher, to yield 4.82%. the 10-year note was 2+/32 higher at 4.70%. **[Source - MNI]**

Today

Econ Releases for today& this week

[Source: dailyFX.com]

Date	ET	Release	For	Briefing.com	Consensus	Prior
Feb 16	08:30	Housing Starts	Jan	1590K	1610K	1642K
Feb 16	08:30	Building Permits	Jan	1570K	1590K	1613K
Feb 16	08:30	PPI	Jan	-0.6%	-0.6%	0.9%
Feb 16	08:30	Core PPI	Jan	0.2%	0.2%	0.2%
Feb 16	10:00	Mich Sentiment-Prel.	Feb	97.5	97.0	96.9

Upcoming Speakers/Events

(London Times; CST -6 hrs, EST -5 hrs)

16-Feb	1330/0830	Brazilian Central Bank Director of International Affairs Paulo Vieira da Cunha to address the Brazilian-American Chamber of Commerce, in New York.
16-Feb	1430/0930	Treasury Under Secretary for International Affairs Tim Adams to speak about India, to the Asia Society Texas, in Houston.
16-Feb	n/a	President Bush to host Panamanian President Martin Torrijos at the White House.
16-Feb	1830/1330	Chicago Federal Reserve Bank President Michael Moskow to speak about the U.S. economic outlook at the University Club, in Chicago. Audience & media Q&A expected.
16-Feb	1900/1400	Securities Industry and Financial Markets Association recommends early 2:00 p.m. EST close of U.S. fixed-income markets ahead of Presidents Day.

[Source: MNI]

Who's Speaking?

M Duration

30y	15.84
10y	7.91
5y	4.36
3y	2.76
2y	1.83
ZB	9.97
ZN	5.72
ZF	3.79
ZT	1.75

DV01s (32nds)

30y	5.04
10y	2.52
5y	1.40
3y	0.88
2y	0.59
ZB	3.56
ZN	1.99
ZF	1.29
ZT	1.15

DV01s ($s)

30y	$1,574
10y	$788
5y	$438
3y	$276
2y	$184
ZB	$111
ZN	$62
ZF	$40
ZT	$36

Yield Curve Spreads

2/3	-10.40
3/5	-4.00
2/5	-14.40
5/10	1.90
2/10	-12.50
10/30	10.20
5/30	12.10
2/30	-2.30

Fly's

2/3/5	-6.40
2/5/10	-16.30
2/10/30	-22.70
5/10/30	-8.30

CFs

ZB	0.8275
ZN	0.8995
ZF	0.9481
ZT	0.9807

*CF OTR Basis = Conversion Factor On-the-Run Basis
(Cash price - (Futures price* OTR CF))= CF OTR Basis

MDuration & DV01s for Futures are based on
proxy issue (CTD)

MDuration = Modified Macaulay Duration

Yield Curve Spreads & Flys, DV01s, CFs

US Financial Futures / Eurex Bond Hedge Ratios

Short Number of Contracts

	ZB	ZN	ZF	ZT
Bund (H)	1.000	1.800	2.800	3.000
Bobl (H)	0.540	0.960	1.500	1.600
Shatz (H)	0.210	0.780	0.580	0.650

Number of contracts LONG

Eurex Hedge Ratio's source: Bloomberg

US Financial Futures Hedge Ratios

	ZB	ZN	ZF	ZT
ZB		0.559	0.361	0.324
ZN	1.788		0.646	0.579
ZF	2.767	1.548		0.896
ZT	0.647	1.157	1.791	

Month Codes:

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

Hedge Ratios: US Financial Futures / Eurex Bund, Bobl, Schatz,

US Treasuries v US Financial Futures Hedge Ratios

	2y	3y	5y	10y	30y
ZB	1.65	2.48	3.94	7.07	14.14
ZN	2.95	4.43	7.04	12.65	25.27
ZF	4.57	6.86	10.89	19.57	39.12
ZT	5.11	7.65	12.16	21.86	43.68

US Treasuries v Eurex Bonds Hedge Ratios

	2y	3y	5y	10y	30y
Bund (H)	1.7	2.4	3.9	7.0	13.1
Bobl (H)	3.1	4.7	7.3	13.5	25.2
Shatz (H)	7.1	10.4	16.7	30.0	56.1

Eurex Hedge Ratio's source: Bloomberg

Eurex Hedge Ratios

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)		1.900	4.600
Bobl (H)	0.530		2.500
Shatz (H)	0.220	0.400	

Eurex Hedge Ratio's source: Bloomberg

Month Codes:

H=Mch M=Jun

U=Sep Z=Dec

Hedge Ratios: US Treasury Cash / Eurex Bund, Bobl, Schatz

US Treasuries v US Treasuries

	2y	3y	5y	10y	30y
2y		1.499	2.381	4.281	8.555
3y	0.667		1.588	2.855	5.706
5y	0.420	0.630		1.798	3.592
10y	0.234	0.350	0.556		1.998
30y	0.117	0.175	0.278	0.490	

Hedge Ratios: US Cash Treasuries / Eurodollar

	Current Positions									
	Small Spec			Large Spec			Commercials (Hedgers)			
	Long	Short	Net	Long	Short	Net	Long	Short	Net	
ZF	225,563	300,883	(75,320)	217,674	260,850	(43,176)	1,156,961	1,038,464	118,497	ZF
ZN	305,485	414,066	(108,581)	543,014	343,851	199,163	1,750,143	1,840,724	(90,581)	ZN
ZB	143,978	207,665	(63,687)	112,216	195,952	(83,736)	731,747	584,324	147,423	ZB

	WoW** Position Change			
	Sml Spec	Lrg Spec	Comm	
	Net	Net	Net	As of
ZF	27,447	(48,371)	20,926	2/6/2007
ZN	25,717	19,365	(45,080)	
ZB	(6,426)	4,733	1,693	

**WoW = Week over week

Closes2pm

Commitment of Traders (COT)

	Cpn	Mty	32nds	Yield
2y	4.875	1/31/09	100.0050	4.865
3y	4.750	2/15/10	99.3150	4.756
5y	4.750	1/31/12	100.0475	4.716
10y	4.625	2/15/17	99.055	4.730
30y	4.750	2/15/37	98.26	4.826

	CF Basis*	GHCO Basis
5y	1.32	35.470
10y	2.74	45.933
30y	6.23	334.733

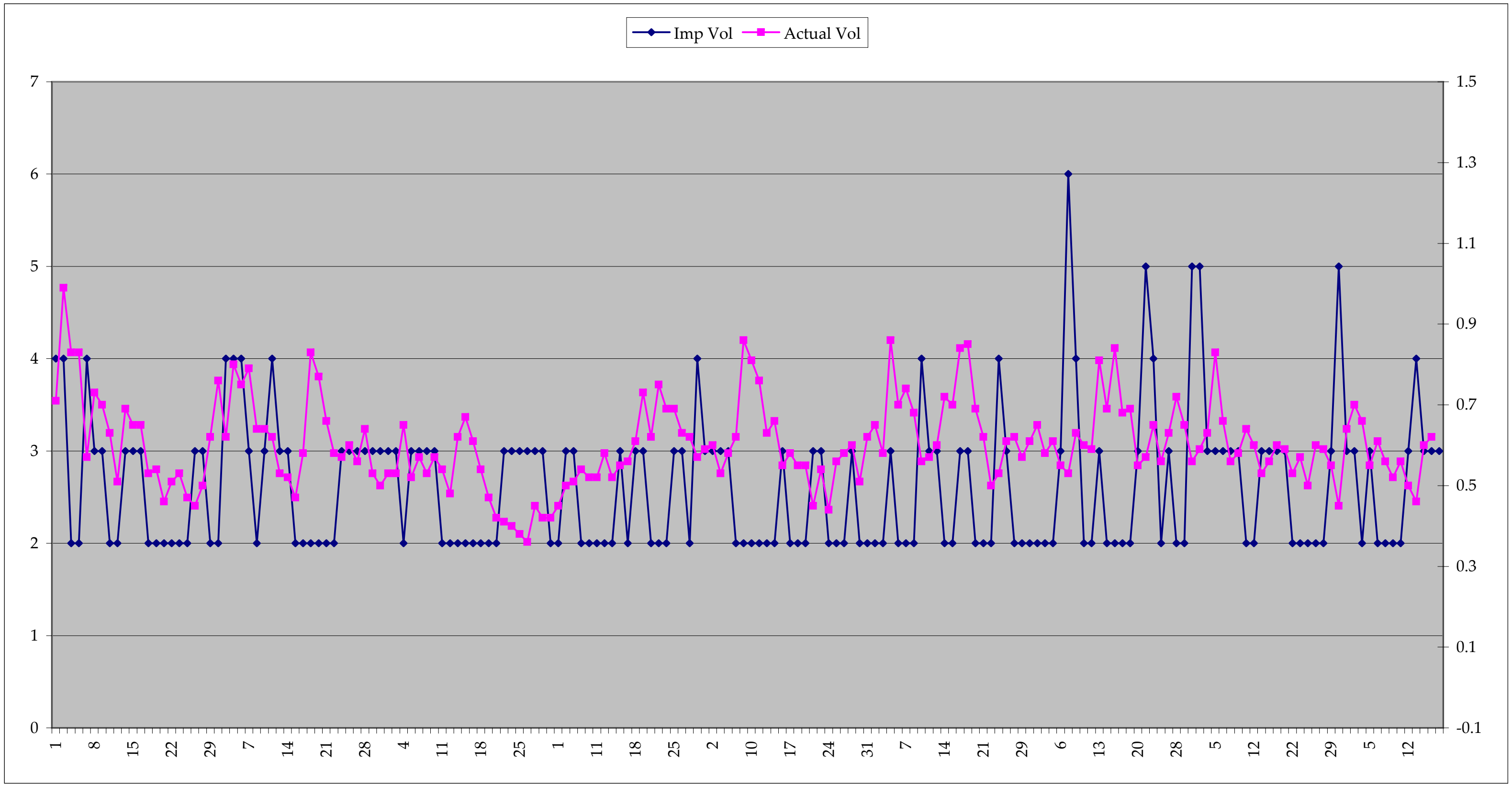
	32nds
ZF	104.3000
ZN	107.1100
ZB	111.01

Curve Spreads bps	
2/3	(0.109)
3/5	(0.040)
2/5	(0.149)
5/10	0.014
2/10	(0.135)
10/30	0.096
5/30	0.110
2/30	(0.039)

CF = Conversion Factor

Cash - (Futures * CF)

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



Begins Jun 1, 2006. No weekends

Scale is 1-9 (left axis)
1,2 = very slow
3 = moderate
4,5 = volatile
6-9 = very volatile

Implied Volatility on left axis.
Actual Volatility on right axis.
Actual Vol based on 3 day MA
of the 30yr T-Bond Futures.

Implied Volatility (Daily)

CDT Time	UT Time	EDT Time	2/15/2007	2/16/2007	1/0/1900
1900-2200	0000-0300	2000-2300	3	3	0
2200-0100	0300-0600	2300-0200	3	3	0
0100-0400	0600-0900	0200-0500	2	2	0
0400-0700	0900-1200	0500-0800	2	2	0
0700-1000	1200-1500	0800-1100	1	1	0
1000-1300	1500-1800	1100-1400	1	1	0
1300-1600	1800-2100	1400-1700	1	1	0
1600-1900	2100-0000	1700-2000	2	2	0

Shaded boxes denote market hours 4am to 4pm CDT

Scale is 1-9
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