1/16/2007 5:42

The Morning Email: Treasuries

Rotate Me

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Want something added?
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Important Econ Releases, Highs & Lows

	5y*	10y*	ZNH7**	ZBH7**	Date
Non-farm High	100.0800	100.1000	108.0900	112.2400	1/5/2007
Non-farm Low	99.2075	99.1300	107.1500	111.1600	1/5/2007
FOMC High	100.2450	101.0350	109.0400	114.0100	12/12/2006
FOMC Low	100.1650	100.2350	108.2450	113.1400	12/12/2006
PPI High	100.1050	100.1300	108.1650	112.2800	12/19/2006
PPI Low	100.0250	100.0550	108.0200	112.0700	12/19/2006
CPI High	100.2100	100.3000	109.0000	113.2400	12/15/2006
CPI Low	100.0450	100.0400	108.0850	112.1700	12/15/2006

*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	101.295	1.0	101.300	101.280	101.280	7,990	2y Futures
FVAH7	104.280	3.0	104.290	104.245	104.250	31,883	5y Futures
TYAH7	107.075	3.5	107.085	107.025	107.025	100,017	10y Futures
USAH7	110.310	6	111.010	110.240	110.240	23,099	30y Futures
	ls	net	high	low	open	Volume	SYM NAME
BUS02P	99.252	1.2	99.255	99.245	99.245	na	2y
BUS05P	99.160	3.2	99.165	99.130	99.130	na	5y
BUS10P	98.315	6.5	99.010	98.275	98.275	na	10y
BUS30P	94.210	10	94.225	94.130	94.130	na	30y
	ls	net	high	low	open	Volume	SYM NAME
BUS02Y	4.860	(2.10)	4.894	4.851	4.894	na	2y Yield
BUS05Y	4.737	(2.40)	4.772	4.732	4.763	na	5y Yield
BUS10Y	4.751	(2.40)	4.783	4.745	4.773	na	10y Yield
BUS30Y	4.843	(1.90)	4.864	4.838	4.864	na	30y Yield

Source: CQG

Yesterday

. **[Source - MNI]**

Overnight

01/16 04:56 USTs: Treasuries are trading modestly higher across the board in London Tuesday, returning from the long holiday weekend with a bullish tone. Helped by demand across the curve from Asian name buyers, yields managed to slip slightly from the late levels seen Friday. However, with a lack of clear lead from the U.S., volumes in both London and Tokyo were seen as muted. Tokyo demand was seen despite the dollar remaining well bid against the yen, with the greenback consolidating further above the Y120.00 level. London saw prices continue to hold firm, with real money and leveraged names seen on the bid. But volumes were still below average levels, as the market awaited the return of the New York markets. Bunds were little changed against U.S. 10-year T-notes...**[Source - MNI]**

Today

Econ Releases for today& this week

Date	ET	Release	For	Briefing.com	Consensus	Prior
Jan 16	08:30	NY Empire State Index	Jan	13.0	20.0	23.1
Jan 17	08:30	PPI	Dec	0.7%	0.6%	2.0%
Jan 17	08:30	Core PPI	Dec	0.1%	0.1%	1.3%
Jan 17	09:00	Net Foreign Purchases	Nov			$82.3B
Jan 17	09:15	Industrial Production	Dec	0.0%	0.1%	0.2%
Jan 17	09:15	Capacity Utilization	Dec	81.6%	81.8%	81.8%
Jan 17	10:30	Crude Inventories	01/12	NA	NA	-4990K
Jan 17	14:00	Fed's Beige Book				
Jan 18	08:30	CPI	Dec	0.4%	0.5%	0.0%
Jan 18	08:30	Core CPI	Dec	0.1%	0.2%	0.0%
Jan 18	08:30	Housing Starts	Dec	1580K	1575K	1588K
Jan 18	08:30	Building Permits	Dec	1510K	1510K	1513K
Jan 18	08:30	Initial Claims	01/12	315K	NA	299K
Jan 18	10:00	Leading Indicators	Dec	0.2%	0.2%	0.1%
Jan 18	12:00	Philadelphia Fed	Jan	3.0	3.0	-2.3
Jan 19	10:00	Mich Sentiment-Prel.	Jan	93.0	92.0	91.7

[Source: DailyFX.com]

Upcoming Speakers/Events
(London Times; CST -6hrs, EST -5hrs)

EUR: Jan 15 - European Parliament hold Plenary Session
EUR: Jan 15 at 09:00 - ECB's Trichet and Gaspari Speaks
EUR: Jan 17 - Chancellor Merkel to present EU Presidency Programme
USD: Jan 17 at 19:00 - Fed's Yellen Speaks on Economy in Scottsdale
USD: Jan 17 at 19:00 - Fed's Beige Book
AUD: Jan 18 at 00:30 - RBA release Monthly Bulletin
EUR: Jan 18 at 09:00 - ECB Publishes Jan. Monthly Report
CAD: Jan 18 at 15:30 - BoC release Monetary Policy Report
JPY: Jan 18 - BoJ MPC Interest Rate Decision and release of monthly Report
WLD: Jan 18 - IEA release Oil Market Report
WLD: Jan 19 - OPEC release Monthly Oil Market Report
USD: Jan 19 at 13:00 - Fed's Lacker Speaks on Economic Outlook in Richmond
USD: Jan 19 at 18:00 - Baker Hughes U.S. Rig Count
USD: Jan 19 at 18:15 - Fed's Hoenig Speaks on Economy in Kansas City
[Source: MNI, todayfx.com]

[Other Sources: FXStreet.com, Briefing.com, MNI, Reuters, Dow Jones, Bloomberg,

Yield Curve Spreads & Flys, DV01s, CFs

M Duration

30y	15.45
10y	7.75
5y	4.37
3y	2.60
2y	1.84
ZB	9.76
ZN	5.80
ZF	3.87
ZT	1.84

DV01s (32nds)

30y	4.77
10y	2.48
5y	1.39
3y	0.83
2y	0.59
ZB	3.56
ZN	2.00
ZF	1.31
ZT	1.21

DV01s ($s)

30y	$1,492
10y	$773
5y	$436
3y	$259
2y	$184
ZB	$111
ZN	$63
ZF	$41
ZT	$38

CTD for the 30y has changed several times over the last month. It changed again after NFP. The two issues fighting for CTD are:

Coupon	Issue Date	Mat Date	Cusip	(Billions)
7.250	8/17/1992	8/15/2022	912810EL8	$9.8
7.625	11/15/1992	11/15/2022	912810EM6	$7.0

The greyed out issue is currently CTD.
I'll be keeping this section up as we continue to get changes.

Yield Curve Spreads

2/3	-7.50
3/5	-4.80
2/5	-12.30
5/10	1.40
2/10	-10.90
10/30	9.20
5/30	10.60
2/30	-1.70

Fly's

2/3/5	-2.70
2/5/10	-13.70
2/10/30	-20.10
5/10/30	-7.80

CFs

ZB	0.7956
ZN	0.9105
ZF	0.9438
ZT	0.9794

*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

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

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)	0.550	0.970	1.500	1.600
Shatz (H)	0.200	0.400	0.600	0.660

Number of contracts LONG

Eurex Hedge Ratio's source: Bloomberg

US Financial Futures Hedge Ratios

	ZB	ZN	ZF	ZT
ZB		0.563	0.368	0.339
ZN	1.775		0.653	0.601
ZF	2.719	1.532		0.922
ZT	0.678	1.203	1.843	

Month Codes:

H=Mch M=Jun

U=Sep Z=Dec

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

US Treasuries v US Financial Futures Hedge Ratios

	2y	3y	5y	10y	30y
ZB	1.66	2.33	3.85	6.96	13.42
ZN	2.95	4.13	6.83	12.35	23.82
ZF	4.51	6.33	10.47	18.93	36.50
ZT	4.90	6.87	11.36	20.54	39.61

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 Cash Treasuries / Eurodollar

US Treasuries v US Treasuries

	2y	3y	5y	10y	30y
2y		1.403	2.319	4.194	8.088
3y	0.713		1.653	2.989	5.764
5y	0.431	0.605		1.808	3.487
10y	0.238	0.335	0.553		1.928
30y	0.124	0.173	0.287	0.519	

Commitment of Traders (COT)

	Current Positions									
	Small Spec			Large Spec			Commercials (Hedgers)			
	Long	Short	Net	Long	Short	Net	Long	Short	Net	
ZF	252,267	271,682	(19,415)	159,975	244,221	(84,246)	999,041	895,380	103,661	ZF
ZN	298,491	411,693	(113,202)	582,549	293,694	288,855	1,597,549	1,773,202	(175,653)	ZN
ZB	137,590	172,921	(35,331)	105,961	179,289	(73,328)	614,034	505,374	108,660	ZB

	WoW** Position Change			
	Sml Spec	Lrg Spec	Comm	
	Net	Net	Net	As of 1/3/2007
ZF	(7,601)	(1,441)	9,043	
ZN	(14,516)	7,762	6,754	
ZB	(20,725)	(13,575)	34,301	

**WoW = Week over week

Closes2pm

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

	Cpn	Mty	32nds	Yield
2y	4.750	12/31/08	99.2525	4.741
3y	4.625	11/15/09	99.1875	4.780
5y	4.625	12/31/11	99.1775	4.602
10y	4.625	11/15/16	99.045	4.735
30y	4.500	2/15/36	94.32	4.822

GHCO

	CF Basis*	Basis
5y	0.81	16.942
10y	1.56	45.843
30y	5.77	208.755

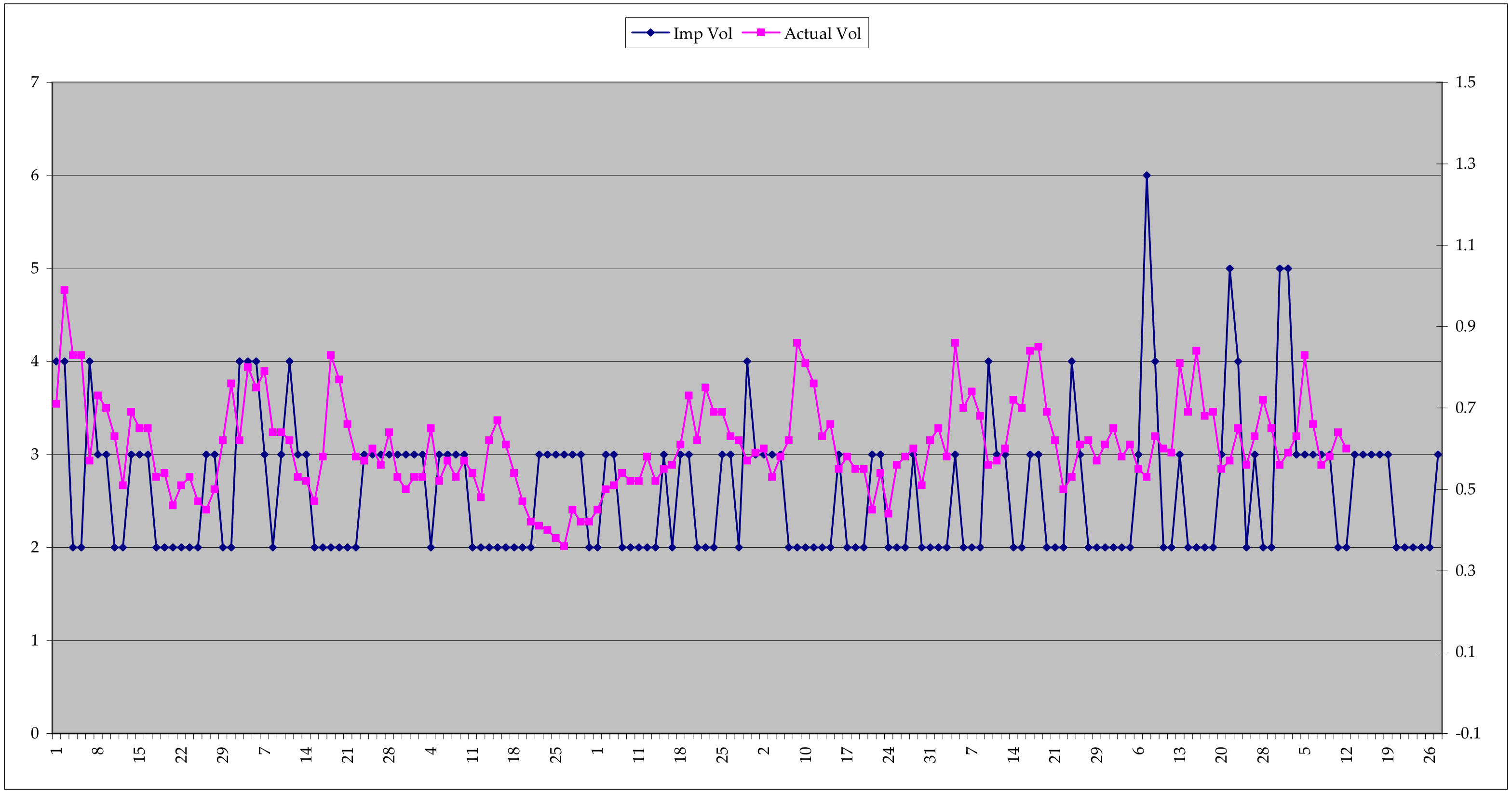
	32nds
ZF	104.2950
ZN	107.1000
ZB	111.06

Curve Spreads bps	
2/3	0.039
3/5	(0.178)
2/5	(0.139)
5/10	0.133
2/10	(0.006)
10/30	0.087
5/30	0.220
2/30	0.081

CF = Conversion Factor

Cash - (Futures * CF)

Implied Volatility (Daily)



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 (3-Hour)

CDT Time	UT Time	EDT Time	1/16/2007	1/17/2007	1/18/2007
1900-2200	0000-0300	2000-2300	4	4	3
2200-0100	0300-0600	2300-0200	4	3	3
0100-0400	0600-0900	0200-0500	4	3	3
0400-0700	0900-1200	0500-0800	2	2	2
0700-1000	1200-1500	0800-1100	2	2	2
1000-1300	1500-1800	1100-1400	2	2	2
1300-1600	1800-2100	1400-1700	2	2	2
1600-1900	2100-0000	1700-2000	2	2	1

Shaded boxes denote market hours 4am to 4pm CDT

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