

**News Recap for the United States - Today**

15:15 07/10 US TSYS/RECAP: Tsys rally on 1) post-Bernanke relief(no bad surprises); 2) risk-aversion buying still main theme; 3) some asset-allocation buying as some exit US stocks/buy US Tsys; 4) asset-allocation: others sell riskier debt/buy US Tsys. Also was 5) pension buying in 30Ys Tsys, and also 6) foreign central bank buying in intermediates, later same type buying in long end; part (not necessarily heavy) could be Asian central banks. Meanwhile there also was 7) brisk European central bank selling in intermediates. And 8) hedge funds bought good-sized 10Y futures around 05 16/32 cited. 9) Swaps spreads widened, 5Y spreads near 5-year wides, credit contagion fear main driver; better paying type flows in fronts, intermediates. 10) some eyed Citigroup report: Tsy cd possibly do Tsys debt buyback; 11) German Bunds gained on risk aversion, stop-loss buying; 12) S&P put 612 RMBS classes backed by subprime collateral on review for possible downgrade; 13) Home Depot cut EPS forecast, spurred EGB buying; 14) DJIA -0.83%, S&P 500 -1.17%; Nasdaq -1.12%

15:17 07/10 EURODLR FUTURES: EuroDlr futures finished broadly higher as U.S. equities continue to notch lower. The Red/Gold pack spd (Sep08-Jun09) vs (Sep11-Jun12) a 2s/10s proxy, steepened 1.75 bps to 49.125. The Fronts (Sep07-Jun08), settled 1.0 to 12.0 bps higher, the Sep07 up 1.0 bps at 94-66 on combined Globex and pit volume of 172,000, the Dec07 up 5.5 bps at 94-69.5 on volume of 455,000, the Mar08 up 9.5 bps at 94-76.5 on volume of 492,000, while the Jun08 was 12.0 bps higher at 94-81.5 on volume of 508,000. The Red pack (Sep08-Jun09) a 2yr proxy, settled 13.5 to 13.5 bps higher across the pack with 1,066,000 contracts traded.

15:12 07/10 US SWAPS: By the bell, Spreads continued to push to multi-year wides amid consistent paying-tied flow in fronts to intermediates, pick up in credit concerns cited as major factor behind the disconnection of Tsy ylds and spreads. Sources reported sellers of 2-, 3-year bundles as well as Reds (Sep08-Jun09) and Greens (Sep09-Jun10) after early, modest curve flattener and fly trade. Some of the paying tied flow was tied to rate locks, sources added. According to GovPX:

Time (ET) 2Y Swap/Mid 5Y Swap/Mid 10Y Swap/Mid 30Y Swap/Mid

Tue 3:05 +2.25/50.50 +2.75/58.25 +2.75/66.75 +2.25/73.00

1:00 +1.75/50.00 +1.75/57.25 +1.75/65.75 +1.50/72.25

10:30 +1.50/49.75 +1.50/57.00 +1.50/65.50 +1.50/72.25

9:45 +2.00/50.25 +2.00/57.50 +2.00/66.00 +1.75/72.50

9:05 +1.25/49.50 +1.75/57.25 +1.75/65.75 +1.50/72.25

Tue Open +1.00/49.25 +1.00/56.50 +1.00/65.00 +1.00/71.75

Mon 3:05 -0.25/48.25 +0.00/55.50 -0.25/64.00 +0.25/70.75

News Recap for the United States - Overnight