



The Morning Email: US & Germany



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	Yesterday's Open Interest	Yesterday's Volume	Today's Volume
DBM7	0	2,426,848	571,040
DBU7	815,156	759,958	1,209,505

Jun-07
Sep-07

The market is ROLLING from June to Sep. The above table is the BUND. Thursday is 'official' switch. Looks like CQG is misprinting the OPEN INTEREST above. What's important is the volume.

Want something added? Let me know: jgoulding@ghco.com

Disclaimer: All information within this newsletter is meant for internal use at GH Trader's LLC, only. All information has been recorded to the best of my ability. This material is based upon information that I consider reliable, but I do not represent that it is accurate or complete.

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SYM NAME	Symbol	US Cash Treasuries			US Bonds/Notes (CBOT)			Symbol	SYM NAME
		2yr	5yr	10yr	ZT	ZF	ZN		
Schatz(2Y)	DGM7	-67.78	-56.27	92.02	96.49	96.11	93.96	DGM7	Schatz(2Y)
Bobl(5Y)	DLM7	-64.58	-54.14	94.89	96.97	97.39	96.11	DLM7	Bobl(5Y)
Bund(10Y)	DBM7	-58.77	-53.09	97.31	96.95	97.97	97.57	DBM7	Bund(10Y)

Correlation is based on 10 day historical

Correlations will be off after an auction/rollover.
After 10 days they will return to normal.

Techs for the BUND
As of 06/06

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-----RESISTANCE-----
112.63 Bollinger band center trigger
112.25 05/30 - 05/31 gap top
112.06 10-DMA
111.84 5-DMA
111.77 06/04 close
111.70 06/01 close
111.50 -.28 06/05 Settlement
111.38 06/05 low
111.33 lower Bollinger band
111.00/.24 Nov '03 corrective lows
109.79 Oct '02 corrective lows
-----SUPPORT-----
    
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SEPTEMBER BUND NOT JUNE

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Stone & McCarthy
RESEARCH ASSOCIATES

Technical Commentary -EUREX **SEP** 2007 10yr Euro-Bund, by Mike Sacchitello, CMT

Short-term, developing double bottoms in the daily slow stochastic continues to offer the chance for stability or some kind of oversold reaction. However, until the simple 5-DMA is removed as a reliable downside smoothing line (the most influential downside driving force since 05/11) we would not recommend making large countertrend bets. If, and only if, the 5-DMA were surpassed (on a closing basis) would we suggest that longer-term short positions be trimmed and aggressive (short-term) longs be attempted. To the downside, the lower Bollinger band currently acts as the primary source of supportive liquidity.

Longer-term, our proprietary trading system (a near to long-term trend following system) entered its final short position on 04/13, with the first protective stop not due to be triggered until settlement above 113.19.

Quotes 1



	32 nds					Volume	Yest Volume	SYM NAME
	ls	net	high	low	open			
TUAU7	101.230	0.0	101.232	101.222	101.225	16,872	172,178	2y Futures
FVAU7	103.310	(0.5)	104.000	103.290	103.295	48,190	624,425	5y Futures
TYAU7	105.230	(1.0)	105.245	105.205	105.210	118,408	1,824,078	10y Futures
USAU7	108.100	(2)	108.130	108.050	108.060	30,192	451,058	30y Futures

						Volume	Yest Volume	SYM NAME
	ls	net	high	low	open			
BUS02P	99.250	1.0	99.252	99.245	99.247			2y
BUS05P	99.027	2.0	99.035	99.015	99.020			5y
BUS10P	96.075	3.0	96.090	96.060	96.065			10y
BUS30P	94.310	6	95.015	94.280	94.300			30y

						Volume	Yest Volume	SYM NAME
	ls	net	high	low	open			
BUS02Y	4.988	(1.30)	5.022	4.976	5.022			2y Yield
BUS05Y	4.958	(1.00)	4.977	4.95	4.977			5y Yield
BUS10Y	4.983	(1.00)	4.997	4.974	4.997			10y Yield
BUS30Y	5.078	(1.00)	5.088	5.072	5.087			30y Yield



	Decimal					Volume	Yest Volume	SYM NAME
	ls	net	high	low	open			
DGM7	102.63	0.00	102.64	102.62	102.62	715,303	1,516,731	Schatz(2Y)
DLM7	106.30	0.01	106.35	106.26	106.26	839,915	1,362,825	Bobl(5Y)
DBM7	111.50	0.04	111.60	111.41	111.44	1,083,620	2,426,848	Bund(10Y)

German Futures

	Price	Yield			Volume	Yest Volume	SYM NAME
	ls	ls	Coupon	Maturity			
T.US.DE036P0309	98.99	4.339	3.750	3/13/2009			2 yr CTD
T.US.DE050P0112	102.09	4.467	5.000	1/4/2012			5 yr CTD
T.US.DE034P0116	93.17	4.469	3.500	1/4/2016			10 yr CTD
DEP2P	99.01	4.339	3.750	3/13/2009			2yr OTR
DEP5P	98.01	4.464	4.000	4/13/2012			5yr OTR
DEP10P	94.41	4.479	3.750	1/4/2017			10yr OTR

German Cash

Y = Yield
 CTD = Cheapest to Deliver
 DE = German Country Code

Quotes 2

This page provide a more detailed look at the quotes for the German Bonds
 German Bonds are quoted in decimal, not 32nds.



	Decimal						SYM NAME	
	bid	ask	Last	hi	lo	Chng		
DGM7	102.63	102.63	102.63	102.64	102.62	0.00	Schatz(2Y)	German Futures
DLM7	106.30	106.31	106.30	106.35	106.26	0.01	Bobl(5Y)	
DBM7	111.49	111.50	111.50	111.60	111.41	0.04	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		SYM NAME	
	DGM7	4.596	4.594	4.594	4.602			
DLM7	4.562	4.560	4.562	4.571	4.551	Bobl(5Y)		
DBM7	4.545	4.544	4.544	4.554	4.532	Bund(10Y)		

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng	SYM NAME	
	T.US.DE036P0309	4.351	4.339	4.339	4.369	4.333		
T.US.DE050P0112	4.477	4.467	4.467	4.484	4.457	1	5 yr CTD	
T.US.DE034P0116	4.475	4.469	4.469	4.481	4.456	0	10 yr CTD	
DEP2P	4.351	4.339	4.339	4.369	4.333	14	2yr OTR	
DEP5P	4.473	4.464	4.464	4.480	4.454	2	5yr OTR	
DEP10P	4.486	4.479	4.479	4.491	4.465	0	10yr OTR	

	Decimal						SYM NAME	
	bid	ask	Last	hi	lo	Chng		
T.US.DE036P0309	98.99	99.01	99.01	99.02	98.96	0.14	2 yr CTD	German Cash
T.US.DE050P0112	102.09	102.13	102.13	102.17	102.06	0.01	5 yr CTD	
T.US.DE034P0116	93.17	93.21	93.21	93.30	93.13	0.00	10 yr CTD	
DEP2P	98.99	99.01	99.01	99.02	98.96	14.00	2yr OTR	
DEP5P	97.97	98.01	98.01	98.05	97.94	2.00	5yr OTR	
DEP10P	94.36	94.41	94.41	94.51	94.32	0.00	10yr OTR	

Y = Yield

CTD = Cheapest to Deliver

DE = German Country Code

05/06/2007	15:11	EURO	chg	USA	chg	UK	chg
Futures	Bond	111.51	-0.27	108.66	-0.25	105.00	-0.19
	STIR	95.64	0.01	94.67	0.00	93.83	0.01
Cash	3mth	4.13	0.00	5.36	0.00	5.84	0.01
	2yr	4.43	0.01	4.98	0.02	5.77	-0.02
	5yr	4.46	0.03	4.93	0.02	5.58	0.01
	10yr	4.48	0.03	4.95	0.03	5.31	0.02
	30yr	4.58	0.03	5.05	0.02	4.69	0.02
	10yr-2yr	0.06	0.03	-0.03	0.01	-0.46	0.04
Spreads	2yr	--	--	0.62	0.01	1.42	-0.02
vs euro	10yr	--	--	0.53	-0.01	0.90	-0.01
FX	USD	1.352	0.004	--	--	1.994	0.002
	EUR	--	--	--	--	0.678	0.001
	YEN	164.17	-0.11	121.40	-0.41	241.98	-0.58
Equities		4518.7	-0.4%	1532.9	-0.4%	6635.8	%

Headlines

Bonds Lower, decline on stronger than expected US ISM
 Fed's Bernanke: subprime problems and tighter lending standards would restrain housing, which would "remain a drag" on GDP

Bonds open lower on risk aversion unwinds, JGBs
 May Eurozone Services PMI: 57.3 vs. 57.1
 Apr Eurozone Retail Sales: 0.2%mom/ 1.6%yoy
 Austrian RAGB Auction: 4.00% Sept 2016 RAGB covered 2.54x

Euro Mkt Summary: EGBs Lower on US ISM, Stop-Loss Selling by Charanjev Chana

EGBs were trading lower on Tuesday afternoon with short dated issues outperforming. Bunds came off lows in afternoon trade on comments by Fed Governor Ben Bernanke, who suggested subprime problems and tighter lending standards would restrain housing, which would "remain a drag" on GDP. However gains were short-lived following stronger than expected US non-manufacturing ISM data. European Government Bonds opened lower, taking cue from overnight weakness in JGBs following weak demand at the Y1.9tn 10-year JGB auction. Sentiment was weighed further by risk aversion unwinding as unconfirmed rumours of less restrictive market intervention by the Chinese government, sparked a recovery in Chinese mainland stocks. Bunds shrugged off Eurozone services PMI data, which came in slightly above expectations and posted its first rise in four months. Ahead of midday trade, Bunds fell to session lows on the pricing of the BCP Millennium 10-year deal for E3.375bln. Elsewhere, supply from Austria was easily absorbed, with E1.5bln of the 4.00% Sept 2016 RAGB issued at average yield of 4.48%, covered 2.54 times.

Attention will be squarely on the ECB meeting on Wednesday, where the ECB is widely expected to raise interest rates by 25bps to 4.00%. The focus will shift to the ECB interest rate press conference for clues on the future path of ECB interest rate policy.



Overnight

05:32 06/06 **GILTS**: Sept Gilts are higher in line with gains in Bunds and underpinned by current stock weakness. In addition, the Stg4.1bln coupon payments due on June 7, where around Stg2.0bln are expected to be reinvested back into +15-year Gilts is also underpinning sentiment, despite talk that some of this may already have been re-cycled before the ex-dividend date on May 30. Sept Gilts are up 7 ticks at 105.07.

04:52 06/06 **UK: Bank of England MPC** begin deliberations today and interest rate decision is expected on Thursday, where rates are expected to remain on hold at 5.50%. The SONIA swap curve is pricing in around 17% chance of a rate hike tomorrow and has priced in 50bps worth of rate hikes in the next 12-months. Interestingly, the Shadow MPC voted narrowly to reject back-to-back rate hikes in June. Three members voted to hike rates by 25bps. One member (Roger Bootle) voted for a shock 50bps increase and five voted for unchanged. However, there was an overall bias to raise rates, with two of the members who voted for unchanged rates still wanting higher rates in subsequent months.

04:11 06/06 **ECB: Summary of ECB** introductory statements/policy action
 ECB MEETING ECB INTRO STATEMENT POLICY ACTION REFI

May 10, 2007	Strong vigilance	Unchanged	3.75%
Apr 12, 2007	Very close monitoring	Unchanged	3.75%
Mar 8, 2007	Monitor very closely	25bps hike	3.75%
Feb 8, 2007	Strong vigilance	Unchanged	3.50%
Jan 11, 2007	Very close monitoring	Unchanged	3.50%
Dec 7, 2006	Monitor very closely	25bps hike	3.50%
Nov 2, 2006	Strong vigilance	Unchanged	3.25%
Oct 5, 2006	Monitor very closely	25bps hike	3.25%
Aug 31, 2006	Strong vigilance	Unchanged	3.00%
Aug 3, 2006	Monitor closely	25bps hike	3.00%
Jul 6, 2006	Strong vigilance	Unchanged	2.75%
Jun 8, 2006	Monitor closely	25bps hike	2.75%
May 4, 2006	Strong vigilance	Unchanged	2.50%

Overnight

04:06 06/06 **ECB**: Attention today turns to the ECB Governing Council meeting and whilst a 25bps rate hike is fully priced - this will be the eighth quarter point rise since December 2005 - the attention is likely to be on the ECB staff forecasts to gauge probability of further rate hikes. The FTD suggests that the projections are likely to show upward revision in 2007 growth and inflation from March's 2.5% & 1.8%, respectively. In addition, an upward revision to its eurozone inflation forecast would highlight the risk that the ECB will again this year fail to meet its target for price stability -- an annual inflation rate "below but close" to 2%. Its last forecast, published in March, was for a rate in a range with a mid-point of 1.8%. In terms of communicating future policy, Trichet is expected to re-deploy the ECB will "very closely monitor" developments phrase, which has been used in the past, immediately following a rate hike in order to keep alive the option of additional action to ward off inflation dangers.

02:51 06/06 **BONDS: EGBs** opened moderately lower on Wednesday after sell-off in US Treasuries towards the Chicago close the previous session, where the yield on the 10-year Note hit 10-month high -- just shy of key 5.00% level. However, the risk is on position-squaring and short-covering ahead of the ECB press conference, where focus is on how ECB President Jean-Claude Trichet will communicate the central bank's stance and what hints he may give as to future policy decisions. In addition, traders note bargain-hunting from real-money accounts as the 10-year Bund yield hits 4.50%, and June Bund futures now begin to show a potential double-day low reversal at 111.41 contract low ahead of expiry on Thursday. Traders say most of the roll activity has been executed now. Elsewhere, the Bund curve is trading steeper, after strong long-end underperformance yesterday, which came after Spain announced that the maturity of its new long-dated syndicated issue, is July 2040, short first coupon. France is now scheduled to tap the 2038 OAT on Thursday.

COMMENTARY: Switching into Sept contract ahead of June expiry on Thursday, and oversold hourly/daily technical studies -- imply risk of an upside squeeze to 111.68 initially. However, this recovery has potential to extend to 112.01/03, before a fade is seen. Overall, bias remains bearish whilst 13-day channel top caps.

US Intrinsic's				
	M Duration	DV01 32	DV01 \$	DV01(€)
30y	15.23	4.70	\$1,469	
10y	7.86	2.43	\$759	
5y	4.38	1.39	\$434	
2y	2.05	0.64	\$201	
ZB	9.74	3.40	\$106	
ZN	5.82	1.98	\$62	
ZF	4.00	1.33	\$42	
ZT	1.88	1.24	\$39	



German Intrinsic's^				
	M Duration	DV01(€)	DV01(\$)	CF
Bund				0.836007
Bobl				0.960701
Schatz				0.963364
DE10Y				
DE5Y				
DE2Y				



^Futures are Based on CTD

Last

EURUSD 135.20

I'm working on the intrinsic's. It will take some time to complete.
I hope to have it done soon.
Really...I promise!

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

	ZN	ZF	ZT
Bund (M)	1.700	2.600	2.800
Bobl (M)	0.930	1.400	1.500
Shatz (M)	0.370	0.550	0.590

US Treasuries v Eurex Bonds

	2y	5y	10y
Bund (M)	1.7	3.9	6.8
Bobl (M)	3.0	7.1	12.3
Shatz (M)	6.9	16.2	28.3

	Bund (M)	Bobl (M)	Shatz (M)
Bund (M)		1.873	4.608
Bobl (M)	0.534		2.460
Shatz (M)	0.210	0.400	

Yield Spreads



US Cash Treasuries (OTR)			
	Bid	Ask	Last
US2y	4.993	4.988	4.988
US5y	4.959	4.958	4.958
US10y	4.985	4.983	4.983



German Cash Treasuries (OTR)			
	Bid	Ask	Last
DE2y	4.351	4.339	4.339
DE5y	4.473	4.464	4.464
DE10y	4.486	4.479	4.479

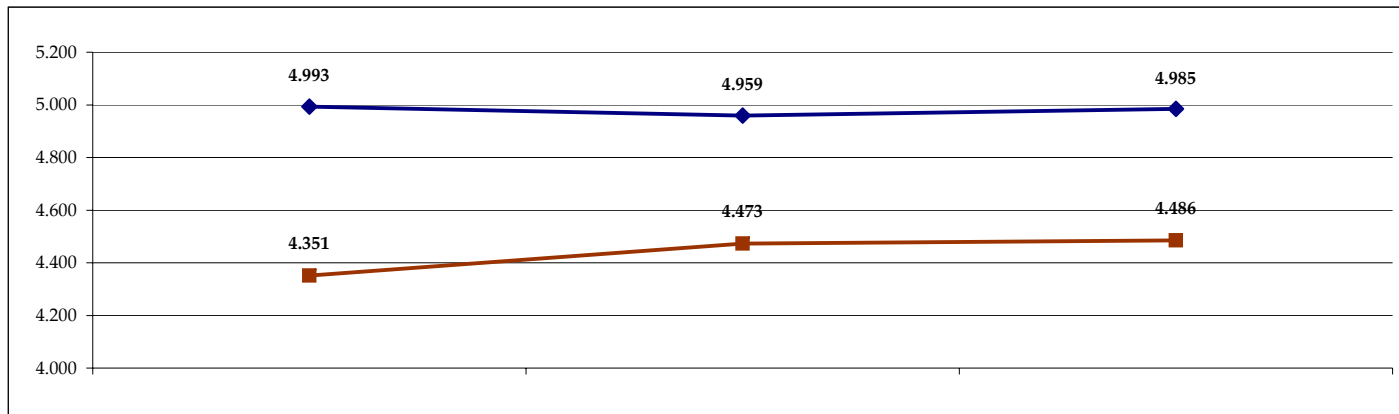
Spreads^	
US2y-Schatz	0.394
US5y-Bobl	0.393
US10y-Bund	0.435
US2y- 3.750 of 03/09	0.649
US5y- 4.000 of 01/12	0.491
US10y- 3.500 of 01/16	0.514
US2y-DE2y	0.649
US5y-DE5y	0.494
US10y-DE10y	0.504

^Last minus Last

German Futures ^			
	Bid	Ask	Last
Schatz	4.596	4.594	4.594
Bobl	4.562	4.560	4.565
Bund	4.545	4.544	4.548

^Interpolated. NOT based on CTD

German Futures (CTD)			
	Bid	Ask	Last
3.750 of 03/09	4.351	4.339	4.339
4.000 of 01/12	4.477	4.467	4.467
3.500 of 01/16	4.475	4.469	4.469



Contract Specs

Price Quotation and Minimum Price Change

The Price Quotation is in percent of the par value.

Contract	Minimum Price Change	
	Percent	Value
Euro-Schatz Futures	0.005	EUR 5
Euro-Bobl Futures	0.01	EUR 10
Euro-Bund Futures	0.01	EUR 10
Euro-Buxl® Futures	0.02	EUR 20

Contract Standards

Notional short-, medium- or long-term debt instruments issued by the Federal Republic of Germany or the Swiss Confederation with remaining terms and a coupon of:

Contract	Product ID	Remaining Term	Coupon	Currency
		Years	Percent	
Euro-Schatz Futures	FGBS	1.75 to 2.25	6	EUR
Euro-Bobl Futures	FGBM	4.5 to 5.5	6	EUR
Euro-Bund Futures	FGBL	8.5 to 10.5	6	EUR
Euro-Buxl® Futures	FGBX	24.0 to 35.0	4	EUR

Trading Hours

Eurex operates in three [trading phases](#): pre-trading, trading and post-trading. The [post-trading phase](#) is further split in several periods where different functions are available.

Pre-Trading	Regular Trading Day			Last Trading Day			Exercise/Notify until
	Trading	Post-Trading		Post-Trading			
		Full	Late 1	Restricted	Full	Late 1	Late 2
07:30	08:00	22:00		22:30	12:30		20:00

TIMES ARE CET

Contract Month

Up to 9 months: The three nearest quarterly months of the March, June, September and December cycle.

Delivery Day

The tenth calendar day of the respective quarterly month, if this day is an exchange trading day; otherwise, the exchange trading day immediately succeeding that day.

Last Trading Day

Two exchange trading days prior to the Delivery Day of the relevant maturity month. Close of trading in the maturing futures on the Last Trading Day is at 12:30 CET.

Daily Settlement Price

Standard Method

Volume-weighted average price of all trades during the final minute of trading before 17:15 CET provided that more than five trades occurred during this minute;

otherwise the volume-weighted average price of the last five trades before 17:15 CET provided that these are not older than 15 minutes. If such a price cannot be determined,

or the price so determined does not reflect the prevailing market conditions, Eurex will establish the official settlement price.

If the price so determined does not reasonably reflect the prevailing market conditions at the close of trading, Eurex may change and redetermine the official settlement price.

Volume Questions

When does the volume trade? Between what ours of the day? These are the two questions most frequently asked, by new traders to this contract. Of course number releases pertaining to the German economy will produce volume. Past that we can look at a chart of the Bund as determine when volume occurs.

Time	Volume	Volume
	Rises	Drops
1:00 AM CST	x	
7:00 AM CST	x	
10:00 AM CST		x
11:00 AM CST		x
German Econ Release	x	
US Econ Release	x	