

The Morning Email: US & Germany

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I HAVE ROLLED TO SEP
WITHIN THIS EMAIL. YOU ARE
NOW VIEWING INFORMATION
ON SEP BONDS/NOTES FROM
BOTH COUNTRIES

"...monetary policy is still on the accommodative side"---TRICHET
06/06/2007

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.

Jim Goulding, jgoulding@ghco.com

SYM NAME	Symbol	US Cash Treasuries			US Bonds/Notes (CBOT)			Symbol	SYM NAME
		2yr	5yr	10yr	ZT	ZF	ZN		
Schatz(2Y)	DGU7	-60.30	-42.32	78.36	94.32	86.87	81.80	DGU7	Schatz(2Y)
Bobl(5Y)	DLU7	-54.56	-33.18	92.67	95.80	96.50	94.29	DLU7	Bobl(5Y)
Bund(10Y)	DBU7	-46.31	-25.77	97.34	92.40	98.02	97.69	DBU7	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.

Stone & McCarthy
RESEARCH ASSOCIATES

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-----RESISTANCE-----
112.85 50% of the 04/19H - 06/06L
112.63 Bollinger band center trigger
112.49 38.2% of the 04/19H - 06/06L
112.25 05/30 - 05/31 gap top
112.05 23.6% of the 04/19H - 06/06L
112.00 10-DMA
111.77 06/04 close
111.76 +.32 06/06 Settlement
111.74 5-DMA
111.34/.40 06/06 pivot
111.29 lower Bollinger band
111.00/.24 Nov '03 corrective lows
109.79 Oct '02 corrective lows
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Technical Commentary - EUREX SEP 2007 10yr Euro-Bund, by Mike Sacchitello, CMT

Quotes 1



32 nds										
	ls	net	high	low	open	Volume	Yest Volume	SYM NAME		
TUAU7	101.217	(3.5)	101.257	101.212	101.255	215,723	214,419	2y Futures		
FVAU7	103.230	(12.0)	104.045	103.205	104.035	548,279	548,161	5y Futures		
TYAU7	105.075	(20.5)	105.295	105.035	105.280	1,752,182	1,499,958	10y Futures		
USAU7	107.060	(104)	108.110	106.290	108.100	477,448	470,340	30y Futures		
	ls	net	high	low	open			SYM NAME		
BUS02P	99.242	(3.2)	99.275	99.237	99.275			2y		
BUS05P	98.250	(14.2)	99.072	98.235	99.072			5y		
BUS10P	95.175	(26.0)	96.125	95.120	96.125			10y		
BUS30P	93.170	(114)	94.300	93.050	94.300			30y		
	ls	net	high	low	open			SYM NAME		
BUS02Y	5.001	5.90	5.018	4.93	4.972			2y Yield		
BUS05Y	5.024	10.00	5.044	4.918	4.938			5y Yield		
BUS10Y	5.074	11.00	5.099	4.96	4.972			10y Yield		
BUS30Y	5.176	9.90	5.207	5.076	5.084			30y Yield		



Decimal										
	ls	net	high	low	open	Volume	Yest Volume	SYM NAME		
DGU7	102.53	(1.15)	102.63	102.49	102.62	912,087	1,691,792	Schatz(2Y)		
DLU7	106.21	(0.37)	106.52	106.13	106.52	894,858	1,537,717	Bobl(5Y)		
DBU7	111.01	(0.74)	111.65	110.93	111.64	1,917,054	2,155,444	Bund(10Y)		

German Futures

	Price	Yield						SYM NAME
	ls	ls	Coupon	Maturity				
T.US.DE032P0409	100.07		4.500	7/4/2009				2 yr CTD
T.US.DE050P0712	97.89	4.416	4.000	4/13/2012				5 yr CTD
T.US.DE042P0717	96.14	4.429	4.000	7/4/2016				10 yr CTD
DEP2P	98.83	4.449	3.750	3/13/2009				2yr OTR
DEP5P	97.93	4.483	4.000	4/13/2012				5yr OTR
DEP10P	94.04	4.529	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		
DGU7	102.53	102.53	102.53	102.63	102.49	-1.15	Schatz(2Y)	German Futures
DLU7	106.20	106.21	106.21	106.52	106.13	-0.37	Bobl(5Y)	
DBU7	111.01	111.02	111.01	111.65	110.93	-0.74	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		SYM NAME	
	DGU7	4.649	4.646	4.649	4.667			
DLU7	4.584	4.582	4.584	4.600	4.514	Bobl(5Y)		
DBU7	4.602	4.600	4.602	4.611	4.526	Bund(10Y)		

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng	SYM NAME	
	T.US.DE032P0409	4.461	4.445		4.481	4.394		
T.US.DE050P0712	4.492	4.483	4.416	4.490	4.407	0	5 yr CTD	
T.US.DE042P0717	4.528	4.521	4.429	4.489	4.420	0	10 yr CTD	
DEP2P	4.462	4.449	4.449	4.474	4.382	-12	2yr OTR	
DEP5P	4.492	4.483	4.483	4.511	4.438	-28	5yr OTR	
DEP10P	4.536	4.529	4.529	4.550	4.460	-65	10yr OTR	

	Decimal						SYM NAME	
	bid	ask	Last	hi	lo	Chng		
T.US.DE032P0409	100.07	100.10	100.10	100.18	100.03	-10.00	2 yr CTD	German Cash
T.US.DE050P0712	97.89	97.93	97.93	98.12	97.81	-28.00	5 yr CTD	
T.US.DE042P0717	96.14	96.19	96.19	96.69	96.05	-66.00	10 yr CTD	
DEP2P	98.81	98.83	98.83	98.94	98.79	-12.00	2yr OTR	
DEP5P	97.89	97.93	97.93	98.12	97.81	-28.00	5yr OTR	
DEP10P	93.99	94.04	94.04	94.55	93.89	-65.00	10yr OTR	

Y = Yield

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07/06/2007	16:03	EURO	chg	USA	chg	UK	chg
Futures	Bond	110.95	-0.84	107.16	-1.13	104.69	-0.61
	STIR	95.63	-0.02	94.66	-0.03	93.85	-0.04
Cash	3mth	4.14	0.01	5.36	0.00	5.84	0.00
	2yr	4.45	0.05	5.00	0.04	5.73	0.02
	5yr	4.49	0.06	5.00	0.07	5.57	0.04
	10yr	4.52	0.07	5.05	0.08	5.32	0.05
	30yr	4.63	0.07	5.15	0.07	4.72	0.05
	10yr-2yr	0.08	0.02	0.05	0.04	-0.40	0.03
Spreads	2yr	--	--	0.61	-0.01	1.36	-0.03
	vs euro	10yr	--	--	0.59	0.01	0.87
FX	USD	1.346	-0.003	--	--	1.981	-0.010
	EUR	--	--	--	--	0.679	0.002
	YEN	163.46	0.26	121.43	0.45	240.57	-0.35
Equities		4391.8	-0.8%	1509.6	-0.2%	6517.2	%

10:59 06/07 **EGB CLOSING SUMMARY:** European Government Bonds were trading lower with long dated issues marginally underperforming, in turn steepening the Bund curve. Traders report selling of Italian BTPs on Thursday afternoon, on rumours that the Dipartimento del Tesoro will announce a tap of the 5 and 15-year BTPs later in the day. Bonds opened lower on Thursday morning, on weakness in US Treasuries, and after JGBs sold off overnight on a retrace higher in Chinese stocks. Bunds extended opening losses on technical selling after the yield on the US 10-year Note broke above the 5.00% level. Bunds subsequently declined to session lows with the Bund 10-year yield rising above the 4.5% level - the highest since November 2002. Supply factors also weighed on sentiment, Spain sold a 5-year Bono and France issued 10-year and 30-year OATs - weak demand was noted for the 30-year OAT with few bids below the cut-off price. Ahead of midday trade, moderate safe haven bids surfaced on news that North Korea had fired several test missiles.

Headlines

Bonds lower, technical selling, supply factors weigh

Bonds open lower on JGB and UST weakness

French Auction Results: 3.75% Apr 2017 OAT covered 2.193x and 4.00% Oct 2038 OAT covered 2.891x

Spanish Auction Results: 3.90% Oct 2012 Bono covered 2.27x

Euro Mkt Summary: EGBs Lower, Technical Selling, Supply Weighs by Charanjeev Chana

Bonds were trading lower with long dated issues marginally underperforming. Traders report selling of Italian BTPs on Thursday afternoon, on rumours that the Dipartimento del Tesoro will announce a tap of the 5 and 15-year BTPs later today. Bonds opened lower on Thursday morning, on weakness in US Treasuries, and after JGBs sold off overnight on a retrace higher in Chinese stocks. Bunds extended opening losses on technical selling after the yield on the US 10-year Note broke above the 5.00% level. Subsequently, Bunds declined to session lows with the Bund 10-year yield rising above the 4.5% level - the highest since November 2002. Supply factors also weighed on sentiment, Spain sold a 5-year Bono and France issued 10-year and 30-year OATs - weak demand was noted for the 30-year OAT with few bids below the cut-off price. Ahead of midday trade, moderate safe haven bids surfaced on news that North Korea had fired several test missiles.



**News Recap for Euroland
Overnight**

**News Recap for Euroland
Overnight**

US Intrinsic's			
	M Duration	DV01 32	DV01 \$
30y	15.11	4.59	\$1,436
10y	7.85	2.41	\$752
5y	4.37	1.38	\$433
2y	2.05	0.64	\$201
ZB	9.70	3.35	\$105
ZN	5.82	1.97	\$62
ZF	4.00	1.33	\$41
ZT	1.87	1.24	\$39



German Intrinsic's^			
	M Duration	DV01(€)	DV01(\$)
Bund			0.872569
Bobl			0.959013
Schatz			0.966386
DE10Y			
DE5Y			
DE2Y			



^Futures are Based on CTD

Last

EURUSD 134.63

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 (U)	1.800	2.700	2.900
Bobl (U)	1.000	1.500	1.600
Shatz (U)	0.430	0.650	0.700

US Treasuries v Eurex Bonds

	2y	5y	10y
Bund (U)	1.7	3.9	6.8
Bobl (U)	3.0	7.0	12.2
Shatz (U)	6.9	16.1	28.2

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

Yield Spreads



US Cash Treasuries (OTR)			
	Bid	Ask	Last
US2y	5.005	5.001	5.001
US5y	5.032	5.024	5.024
US10y	5.076	5.074	5.074



German Cash Treasuries (OTR)			
	Bid	Ask	Last
DE2y	4.462	4.449	4.449
DE5y	4.492	4.483	4.483
DE10y	4.536	4.529	4.529

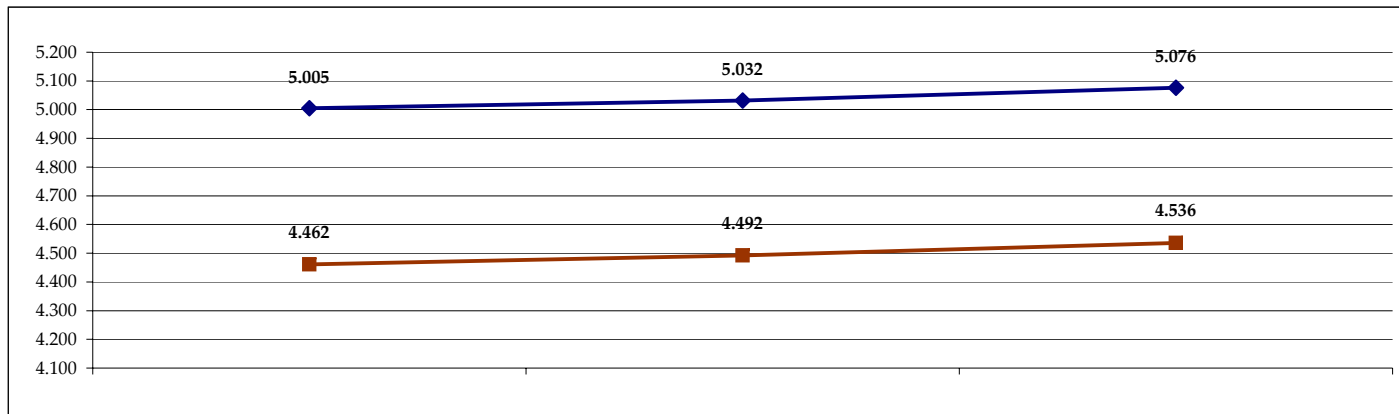
Spreads^	
US2y-Schatz	0.413
US5y-Bobl	0.521
US10y-Bund	0.560
US2y- 3.250 of 04/09	#VALUE!
US5y- 4.000 of 07/12	0.608
US10y- 4.250 of 07/17	0.645
US2y-DE2y	0.552
US5y-DE5y	0.541
US10y-DE10y	0.545

^Last minus Last

German Futures ^			
	Bid	Ask	Last
Schatz	4.649	4.646	4.588
Bobl	4.584	4.582	4.503
Bund	4.602	4.600	4.514

^Interpolated. NOT based on CTD

German Futures (CTD)			
	Bid	Ask	Last
3.250 of 04/09	4.461	4.445	
4.000 of 07/12	4.492	4.483	4.416
4.250 of 07/17	4.528	4.521	4.429



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	