

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*	ZNM7**	ZBM7**	Date
Non-farm High	0.0000	0.0000	0.0000	0.0000	3/9/2007
Non-farm Low	0.0000	0.0000	0.0000	0.0000	3/9/2007
FOMC High	99.0600	98.1650	106.2550	110.0300	1/31/2007
FOMC Low	99.0100	98.0750	106.1750	109.2100	1/31/2007
PPI High	99.3100	99.2300	107.2650	111.2500	2/16/2007
PPI Low	99.2400	99.1200	107.1650	111.0900	2/16/2007
CPI High	99.2800	99.2050	107.2300	111.1900	2/21/2007
CPI Low	99.2100	99.0850	107.1300	111.0200	2/21/2007

*Adjusted for New Issue

**Adjusted for Roll

Prices are recorded from econ release to 2pm CDT

ZBH/ZBM Rolled at -2 tics

ZNH/ZNM Rolled at +.5 tics

Quotes

	32 nds						
	ls	net	high	low	open	Volume	SYM NAME
TUAM7	102.175	(1.5)	102.180	102.170	102.175	15,657	2y Futures
FVAM7	106.000	(2.5)	106.055	106.030	106.045	41,421	5y Futures
TYAM7	108.270	(2.5)	108.270	108.235	108.260	77,851	10y Futures
USAM7	112.270	(4)	112.280	112.220	112.260	18,992	30y Futures
	ls	net	high	low	open	Volume	SYM NAME
BUS02P	100.105	(0.7)	100.112	100.105	100.110	na	2y
BUS05P	#VALUE!	0.5	100.250	100.235	100.242	na	5y
BUS10P	100.230	1.0	100.240	100.205	100.225	na	10y
BUS30P	100.275	2	100.280	100.220	100.235	na	30y
	ls	net	high	low	open	Volume	SYM NAME
BUS02Y	4.568	0.80	4.581	4.539	4.581	na	2y Yield
BUS05Y	4.449	0.00	4.462	4.44	4.456	na	5y Yield
BUS10Y	4.532	0.00	4.548	4.528	4.54	na	10y Yield
BUS30Y	4.695	(0.40)	4.711	4.69	4.699	na	30y Yield

Source: CQG

Yesterday

03/14 15:27 US TSYS/RECAP: Tsys end lower after rollercoaster Thu trading on stocks: weaker in p.m. due to stocks rise, but had early gains amid subprime/risk aversion buying but then selling as stocks rose, and US\$ gained earlier vs. yen after smaller 4Q US C/A deficit (lessening pressure to exit yen carry trades/sell risky assets). Computer-generated accts early on sold intermediate futures, leveraged accounts sold 2Y and 10Ys, also Street selling in intermediates, 3Y. Servicers defended levels: sold at-money 10Y calls. Earlier, there were 2Y/10Y steepeners but later fast money accts did 2Y/10Y flatteners. Late flows has buyer of 25,000 Apr 10-yr 108 puts, with sources noting that flows continue to be biased towards higher yields. GM fin chief Henderson said will shift 20% of pension assets from stocks into bonds (Bloomberg). 3Y special in O/N RP. MBS mixed earlier with 2-way trades on some Asian selling on higher \$ prices, size not big. There also have been payers in 2Y, 3Y swaps, MBS-tied, receivers in 2Y swaps. Next:PPI, Phil Fed Thu, CPI Fri.

03/14 15:05 US Swaps: Swap spreads finished the session mostly tighter amid slightly better paying-tied flow in the front end. Frot end spds well off wider levels.
[Source - MNI]

Overnight

03/15 06:13 USTs: Treasuries are trading flat to modestly higher in London Thursday, bouncing back from modest losses early in the Tokyo session. However, traders note that volumes are light and trading has been conducted in tight trading ranges. Prices were lower from the getgo in Tokyo, as unwinds of safehaven plays pushed prices lower. Longer-dated paper was also lower in Asia, as selling from Japanese real money accounts ahead of the fiscal year end weighed. But a lack of fresh trading incentives kept many players sidelined in London, despite prices rallying on light dip-buying. However, the curve flattened modestly as the two-year note remained modestly underwater. Traders said many players were awaiting the U.S. session, with features such as Former Fed Chair Greenspan's comments awaited. Bunds were trading higher against Treasuries on overnight levels. The Bund was up 1 bps against the 10-year at 68 bps.

[Source - MNI]

Today**Econ Releases & Speakers from MNI**

Date	ET	Data thru		Prior Report	Forecast
15-Mar	0830	10-Mar	Jobless Claims	-10k to 328k	-3k to 325k
15-Mar	0830	Mar-07	NY Fed Empire State Survey	24.35	16.0
15-Mar	0830	Feb-07	Producer Price Index	-0.6%	+0.5%
15-Mar	0830	Feb-07	PPI ex food & energy	+0.2%	+0.2%
15-Mar	0900	Jan-07	Tsy Intl Capital System	\$15.6 bn	---
15-Mar	1030	09-Mar	EIA Nat Gas Stocks	-102 bcf to 1631 bcf	
15-Mar	1200	Mar-07	Phila Fed Survey	0.6	5.0
15-Mar	1200	Mar-07	Phila Fed Prices Paid	15.8	---
15-Mar	1630	05-Mar	Money Supply (M2)	---	---
15-Mar	1800	Feb-07	SEMI Book-to-Bill Ratio	---	---

DATE	GMT/EST	EVENT
15-Mar	1400/1000	House Financial Services Committee to discuss the GSE reform bill in a hearing in Washington.
15-Mar	1400/1000	IMF spokesman to hold regular briefing, in Washington.
15-Mar	1630/1230	Former Fed chairman Alan Greenspan to address the annual International Futures Industry Conference, in Boca Raton, Florida. Audience Q&A expected.
15-Mar	1830/1430	German Finance Minister Peer Steinbrueck to speak to journalists, at the German House, in New York.

Yield Curve Spreads & Flys, DV01s, CFs

M Duration	
30y	15.89
10y	7.87
5y	4.38
3y	2.69
2y	1.85
ZB	9.95
ZN	5.94
ZF	3.98
ZT	1.85

DV01s (32nds)	
30y	5.15
10y	2.55
5y	1.42
3y	0.87
2y	0.60
ZB	3.62
ZN	2.07
ZF	1.36
ZT	1.22

DV01s (\$s)	
30y	\$1,609
10y	\$795
5y	\$442
3y	\$271
2y	\$186
ZB	\$113
ZN	\$65
ZF	\$42
ZT	\$38

Yield Curve Spreads

2/3	-8.70
3/5	-3.20
2/5	-11.90
5/10	8.30
2/10	-3.60
10/30	16.30
5/30	24.60
2/30	12.70

Fly's

2/3/5	-5.50
2/5/10	-20.20
2/10/30	-19.90
5/10/30	-8.00

CFs for June 07 Delivery

ZB	0.8281
ZN	0.9015
ZF	0.9447
ZT	0.9776

*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	2.700	2.600
Bobl (H)	0.530	0.930	1.400	1.300
Schatz (H)	0.210	0.400	0.550	0.530

Eurex Hedge Ratio's source: Bloomberg

US Financial Futures Hedge Ratios

	ZB	ZN	ZF	ZT
ZB		1.746	2.665	2.964
ZN	0.573		1.526	1.698
ZF	0.375	0.655		0.899
ZT	0.337	0.589	0.899	

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	2.40	3.91	7.04	14.23
ZN	2.88	4.19	6.83	12.29	24.85
ZF	4.39	6.39	10.43	18.75	37.93
ZT	4.61	6.71	10.95	19.69	39.82

US Treasuries v Eurex Bonds Hedge Ratios

	2y	3y	5y	10y	30y
Bund (H)	0.0	0.0	0.0	0.0	0.0
Bobl (H)	0.0	0.0	0.0	0.0	0.0
Schatz (H)	0.0	0.0	0.0	0.0	0.0

Eurex Hedge Ratio's source: Bloomberg

Eurex Hedge Ratios

	Bund (H)	Bobl (H)	Schatz (H)
Bund (H)		0.000	0.000
Bobl (H)	0.000		0.000
Schatz (H)	0.000	0.000	

Eurex Hedge Ratio's source: Bloomberg

Month Codes:

H=Mch M=Jun

U=Sep Z=Dec

Hedge Ratios: US Treasury Cash

US Treasuries v US Treasuries					
	2y	3y	5y	10y	30y
2y		1.454	2.374	4.268	8.632
3y	0.688		1.632	2.934	5.935
5y	0.421	0.613		1.798	3.636
10y	0.234	0.341	0.556		2.023
30y	0.116	0.168	0.275	0.494	

Commitment of Traders (COT)

Current Positions										
	Small Spec			Large Spec			Commercials (Hedgers)			
	Long	Short	Net	Long	Short	Net	Long	Short	Net	
ZF	237,263	288,446	(51,183)	184,514	241,424	(56,910)	1,097,274	989,182	108,092	ZF
ZN	307,256	387,720	(80,464)	530,176	338,177	191,999	1,750,061	1,861,594	(111,533)	ZN
ZB	147,280	188,256	(40,976)	118,065	181,214	(63,149)	724,443	620,317	104,126	ZB

WoW** Position Change				
	Sml Spec	Lrg Spec	Comm	As of
	Net	Net	Net	
ZF	40,685	17,983	(58,669)	2/20/2007
ZN	54,037	20,705	(74,741)	
ZB	15,977	26,468	(42,444)	

**WoW = Week over week

	Cpn	Mty	32nds	Yield
2y	4.750	2/28/09	100.1250	4.538
3y	4.750	2/15/10	100.2500	4.461
5y	4.625	2/29/12	100.2700	4.433
10y	4.625	2/15/17	100.265	4.520
30y	4.750	2/15/37	100.29	4.694

	CF Basis*	GHCO Basis		32nds
5y	(0.07)	18.552	ZF	106.0750
10y	2.64	52.952	ZN	108.2950
30y	7.26	353.202	ZB	112.30

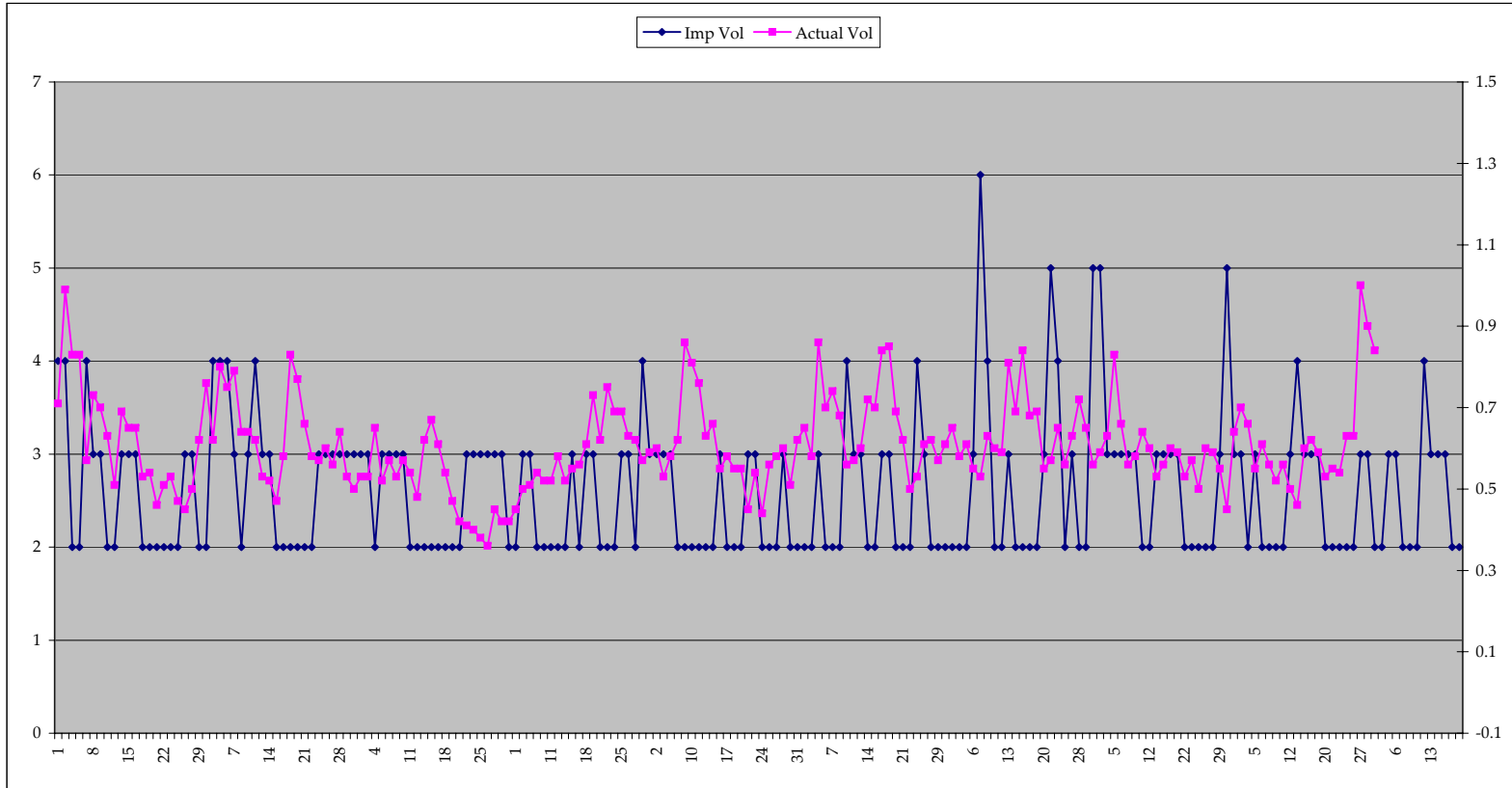
Curve Spreads bps

2/3	(0.077)
3/5	(0.028)
2/5	(0.105)
5/10	0.087
2/10	(0.018)
10/30	0.174
5/30	0.261
2/30	0.156

CF = Conversion Factor
 Cash - (Futures * CF)

Implied Volatility (Daily)

NO VOL UPDATES until next week; March 19th



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)**NO VOL UPDATES until next week; March 19th**

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

Shaded boxes denote market hours 4am to 4pm CDT

Scale is 1-9
 1,2 = very slow
 3 = moderate
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