

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	100.2300	100.2600	108.2550	113.0500	3/9/2007
Non-farm Low	100.0900	100.0600	108.0700	112.0700	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					Volume	SYM NAME
	ls	net	high	low	open		
TUAM7	102.170	0.0	102.177	102.162	102.162	18,783	2y Futures
FVAM7	105.295	0.0	106.055	106.025	106.030	28,042	5y Futures
TYAM7	108.260	(0.5)	108.290	108.245	108.255	91,983	10y Futures
USAM7	112.280	0	113.000	112.250	112.270	19,799	30y Futures
	ls	net	high	low	open	Volume	SYM NAME
BUS02P	100.100	0.0	100.110	100.097	100.097	na	2y
BUS05P	100.235	0.7	100.252	100.227	100.230	na	5y
BUS10P	100.225	(0.5)	100.255	100.220	100.220	na	10y
BUS30P	100.305	5	101.020	100.280	101.010	na	30y
	ls	net	high	low	open	Volume	SYM NAME
BUS02Y	4.567	(1.00)	4.597	4.555	4.597	na	2y Yield
BUS05Y	4.452	(0.40)	4.468	4.442	4.465	na	5y Yield
BUS10Y	4.532	(0.20)	4.542	4.52	4.54	na	10y Yield
BUS30Y	4.688	(0.60)	4.698	4.678	4.693	na	30y Yield

Source: CQG

News Recaps fromYesterday

03/15 15:08 **US TSYS/RECAP:** Tsys ended Thu flat to mildly higher despite 1.3%/0.4% Feb PPI/core PPI amid choppy stocks, weak 0.2 Phil Fed, ex-Fed Chair Greenspan saying cd be eventually wider subprime fallout. A.m. had mixed flows from foreign central banks, hedge funds (better sellers in 5s), with foreign buying earlier in intermediates. There were 2Y/10Y flatteners. Tsys drew aid from US Jan TICS (brisk foreign Tsys buying), weak NY Empire State; PPI deemed mainly tobacco, gas, trucks. But PPI spurred MBS-tied sales in Tsys, real money sales in intermediates, heavy selling in EurodIr Green Packs, 3Y proxy, better sellers of Dec 1Y EurodIr bunds. But Tsys drew better buying on lows, with foreign buying, real money buying in 30s, fast money buying long end. There has been MBS servicer sellers in front end in a.m. and also servicers bought calls to play range. Servicers bought 10K TYM calls late. Afternoon Tsys flows had financial institutions buying belly, and foreign selling in intermediates. Asian buy-and-hold accts, Ivrgd accts sold intermediates.

03/15 15:08 **US Swaps:** Swap spreads finished the session mostly tighter amid two way curve and pack flow, servicer selling was reported in the front-end after 2-way flows on Wednesday.

Overnight

03/16 06:24 **USTs:** Treasuries are trading little changed in London Friday, with just longer-dated paper edging higher on light book squaring ahead of the U.S. inflation data due later in the session. Tokyo saw prices modestly higher from the getgo, helped by the weaker domestic Japanese stockmarket. Additionally, comments from Chinese Premier Wen Jiabao, saying dollar assets were unlikely to be affected by China's reserve management changes offered support. London trade saw prices fluctuate close to overnight levels, with an underlying bid offering support. However, traders noted volumes were light, with flows largely interdealer positioning. Bunds were trading modestly higher against Treasuries on overnight levels. The Bund was up 0.5 bps against the 10-year at 69 bps.

Today*Econ Releases & Speakers from MNI*

Date	ET	Data thru		Prior Report	Forecast
16-Mar	0830	Feb-07	Consumer Price Index	+0.2%	+0.3%
16-Mar	0830	Feb-07	CPI ex food & energy	+0.3%	+0.2%
16-Mar	0915	Feb-07	Industrial Production	-0.5%	+0.3%
16-Mar	0915	Feb-07	Capacity Utilization	81.2%	81.3%
16-Mar	1000	Mar-07	Consumer Sentiment (UM) (p)	91.3	89.8

DATE	GMT/EST	EVENT
16-Mar	1330/0930	German Finance Minister Peer Steinbrueck to speak at Bloomberg offices, in New York.
16-Mar	1400/1000	President Bush to host Irish Prime Minister

Yield Curve Spreads & Fls, DV01s, CFs

M Duration	
30y	15.89
10y	7.86
5y	4.37
3y	2.68
2y	1.84
ZB	9.94
ZN	5.94
ZF	3.98
ZT	1.84

DV01s (32nds)	
30y	5.16
10y	2.54
5y	1.41
3y	0.86
2y	0.59
ZB	3.62
ZN	2.07
ZF	1.35
ZT	1.22

DV01s (\$s)	
30y	\$1,611
10y	\$795
5y	\$442
3y	\$270
2y	\$186
ZB	\$113
ZN	\$65
ZF	\$42
ZT	\$38

Yield Curve Spreads

2/3	-7.80
3/5	-3.70
2/5	-11.50
5/10	8.00
2/10	-3.50
10/30	15.60
5/30	23.60
2/30	12.10

Fly's

2/3/5	-4.10
2/5/10	-19.50
2/10/30	-19.10
5/10/30	-7.60

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		1.748	2.676	2.976
ZN	0.572		1.531	1.703
ZF	0.374	0.653		0.899
ZT	0.336	0.587	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	1.64	2.39	3.91	7.03	14.26
ZN	2.87	4.18	6.83	12.29	24.92
ZF	4.40	6.40	10.46	18.82	38.16
ZT	4.61	6.71	10.98	19.74	40.03

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		1.456	2.380	4.281	8.680
3y	0.687		1.635	2.941	5.962
5y	0.420	0.612		1.799	3.647
10y	0.234	0.340	0.556		2.028
30y	0.115	0.168	0.274	0.493	

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	
	Net	Net	Net	As of
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	100.1025	4.576
3y	4.750	2/15/10	100.2200	4.495
5y	4.625	2/29/12	100.2350	4.458
10y	4.625	2/15/17	100.225	4.536
30y	4.750	2/15/37	100.29	4.693

	CF Basis*	GHCO Basis		32nds
5y	(0.08)	18.355	ZF	106.0400
10y	2.63	51.684	ZN	108.2650
30y	7.27	355.293	ZB	112.28

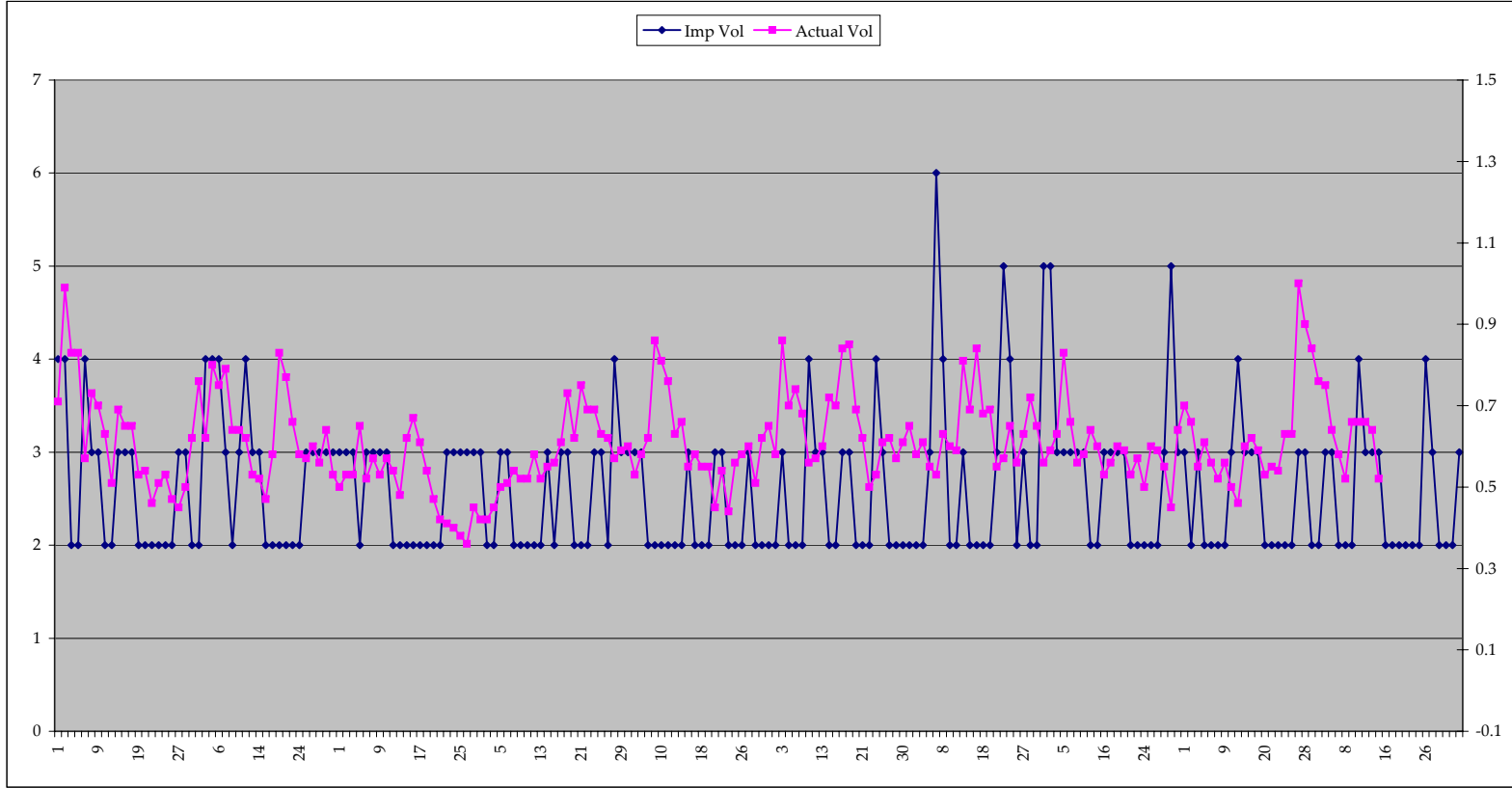
Curve Spreads bps

2/3	(0.081)
3/5	(0.037)
2/5	(0.118)
5/10	0.078
2/10	(0.040)
10/30	0.157
5/30	0.235
2/30	0.117

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

CDT Time	UT Time	EDT Time	3/16/2007	1/0/1900	1/0/1900
1900-2200	0000-0300	2000-2300	2	0	0
2200-0100	0300-0600	2300-0200	2	0	0
0100-0400	0600-0900	0200-0500	2	0	0
0400-0700	0900-1200	0500-0800	1	0	0
0700-1000	1200-1500	0800-1100	1	0	0
1000-1300	1500-1800	1100-1400	1	0	0
1300-1600	1800-2100	1400-1700	1	0	0
1600-1900	2100-0000	1700-2000	2	0	0

Shaded boxes denote market hours 4am to 4pm CDT

Scale is 1-9
 1,2 = very slow
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