

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	100.3075	100.2900	109.0200	113.0300	3/22/2007
FOMC Low	100.1600	100.0850	108.1000	112.0600	3/22/2007
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	102.170	0.7	102.175	102.155	102.162	13,759	2y Futures
FVAM7	#VALUE!	2.0	106.030	106.000	106.005	24,274	5y Futures
TYAM7	108.190	1.5	108.200	108.165	108.175	77,242	10y Futures
USAM7	112.040	2	112.060	112.000	112.020	17,769	30y Futures
	ls	net	high	low	open	Volume	SYM NAME
BUS02P	#VALUE!	1.0	100.107	100.095	100.100	na	2y
BUS05P	100.215	0.7	100.222	100.195	100.202	na	5y
BUS10P	100.110	1.0	100.125	100.090	100.105	na	10y
BUS30P	99.195	3	99.225	99.165	99.210	na	30y
	ls	net	high	low	open	Volume	SYM NAME
BUS02Y	4.565	(1.80)	4.599	4.557	4.599	na	2y Yield
BUS05Y	4.468	(1.10)	4.489	4.462	4.487	na	5y Yield
BUS10Y	4.577	(0.60)	4.593	4.571	4.589	na	10y Yield
BUS30Y	4.772	(0.40)	4.783	4.762	4.777	na	30y Yield

Source: CQG

News Recaps fromYesterday

03/22 15:05 US TSYS/RECAP: Tsys weaken Thu, reverse Wed rally on FOMC statem on 1) concern Fed Chair Bernanke might shade policy at Wed. JEC speech; 2) mixed data (lower jobless claims but weaker -0.5% Feb. LEI); 3) 2Y/10Y steepeners, with some citing big hedge funds stopped out of flatteners; 4) corporate rate-lock selling, swaps paying in intermediates. Mkt had 4) 2/10Y steepeners in cash, futures & 6) 2Y/30Y steepeners and 7) rate-ock pressure by US\$1.5B Wyeth 30Y to price Thu, likely swapped. 8) Corp rate-lock sales also hit front end. 9) 2-way morning flow had buy-and-hold investors buying 2Ys, banks took profits there, and bought 30Ys. 10) Lvrgd accts bought belly, later similar accts sold 5s. 11) There also was a.m. Street buying front end while others do 5Y/10Y steepeners. 12) Latam selling in intermediates. 12) P.m. European selling in longer Tsys, selling in cash 30Y bunds; Asian selling eyed but 2-way flows cited, Japanese inactive. 13) Large selling in 30Y cash German Bunds, steepened curve. 14) TIPS breakevens buying. Stks mixed.

03/22 15:06 US Swaps: Swap spreads finished the session mostly steady after drifting marginally wider across the board in directional move w/higher Tsy ylds for most of the session. Initial swap-tied pressure in Blues (Jun10-Mar11), reportedly tied to corporate supply. Balance of swap-tied flows proved two-way, buyers of 3yr bundles and Red (Jun08-Mar09) and Green packs (Jun09-Mar10) balanced by sellers of 3yr bundles.

Overnight

03/23 05:39 USTs: Treasuries are trading modestly higher in London, consolidating close to overnight levels, as market players await the start of the New York session. Prices were barely changed through much of the Asian session, with regional traders seeming unwilling to push prices one way or another. But Asian players did come to the party late in the session, initially helping push the 10 and 30-year sector higher. But early London trade saw demand at the front of the curve, with central banks and real money names noted buying the two-year note. This helped the curve steepen. However, trader said volumes were light ahead of the weekend, with volumes light. Bunds were trading modestly higher against Treasuries on overnight levels. The Bund was up 0.5 bps against the 10-year at 67 bps.

Today*Econ Releases & Speakers from MNI*

Date	ET	Data thru	Prior Report	Forecast
23-Mar	1000	Feb-07 Existing Home Sales (NAR)	6.46 mn	---

DATE	GMT/EST	EVENT
23-Mar	n/a	Freddie Mac to release full year, quarterly 2006 financial results, in Washington.
23-Mar	1315/0915	Philadelphia Federal Reserve Bank President Charles Plosser to address the New Jersey Bankers Association convention, in Palm Beach, Florida. Audience Q&A expected.
23-Mar	1530/1130	New York Federal Reserve Bank President Timothy Geithner to give closing address at Credit Markets Symposium, in Charlotte, North Carolina.
23-Mar	0215/2215	Federal Reserve Governor Fredric Mishkin to speak about inflation dynamics at the San Francisco Fed macroeconomic conference, in San Francisco, California. Audience Q&A expected.

Yield Curve Spreads & Flies, DV01s, CFs

M Duration	
30y	15.77
10y	7.83
5y	4.35
3y	2.66
2y	1.82
ZB	9.90
ZN	5.92
ZF	3.96
ZT	1.89

DV01s (32nds)	
30y	5.06
10y	2.53
5y	1.41
3y	0.86
2y	0.59
ZB	3.58
ZN	2.06
ZF	1.35
ZT	1.23

DV01s (\$s)	
30y	\$1,580
10y	\$790
5y	\$440
3y	\$268
2y	\$184
ZB	\$112
ZN	\$64
ZF	\$42
ZT	\$39

Yield Curve Spreads

2/3	-7.80
3/5	-1.90
2/5	-9.70
5/10	10.90
2/10	1.20
10/30	19.50
5/30	30.40
2/30	20.70

Fly's

2/3/5	-5.90
2/5/10	-20.60
2/10/30	-18.30
5/10/30	-8.60

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		1.738	2.660	2.900
ZN	0.575		1.531	1.669
ZF	0.376	0.653		0.917
ZT	0.336	0.585	0.895	

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	2.40	3.93	7.06	14.12
ZN	2.86	4.17	6.83	12.27	24.54
ZF	4.37	6.38	10.46	18.79	37.57
ZT	4.77	6.96	11.40	20.48	40.96

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		1.459	2.392	4.296	8.590
3y	0.685		1.639	2.944	5.887
5y	0.418	0.610		1.796	3.592
10y	0.233	0.340	0.557		1.999
30y	0.116	0.170	0.278	0.500	

Commitment of Traders (COT)

Current Positions										
	Small Spec			Large Spec			Commercials (Hedgers)			
	Long	Short	Net	Long	Short	Net	Long	Short	Net	
ZF	278,457	259,613	18,844	182,974	273,685	(90,711)	1,032,190	960,323	71,867	ZF
ZN	350,396	396,171	(45,775)	637,895	245,266	392,629	1,589,240	1,936,094	(346,854)	ZN
ZB	162,722	183,292	(20,570)	131,997	184,760	(52,763)	663,217	589,884	73,333	ZB

WoW** Position Change				As of
	Sml Spec	Lrg Spec	Comm	
	Net	Net	Net	
ZF	(4,203)	(79,303)	83,505	3/13/2007
ZN	39,127	44,380	(83,837)	
ZB	3,844	16,675	(20,519)	

**WoW = Week over week

	Cpn	Mty	32nds	Yield
2y	4.750	2/28/09	100.0975	4.582
3y	4.750	2/15/10	100.2125	4.502
5y	4.625	2/29/12	100.2000	4.482
10y	4.625	2/15/17	100.090	4.589
30y	4.750	2/15/37	99.16	4.782

	CF Basis*	GHCO Basis		32nds
5y	(0.08)	18.159	ZF	106.0050
10y	2.62	46.834	ZN	108.1700
30y	6.30	330.478	ZB	112.02

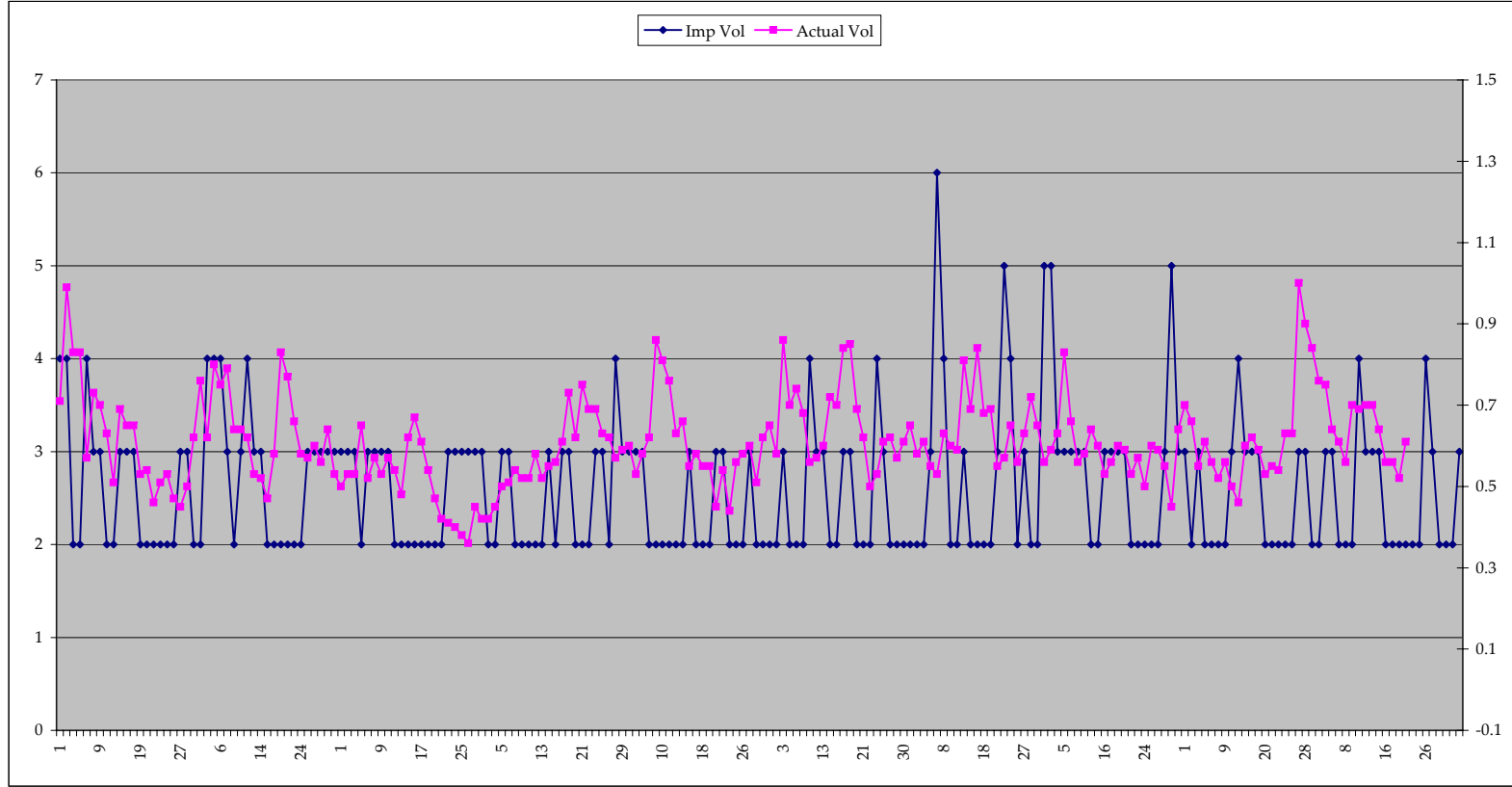
Curve Spreads bps

2/3	(0.080)
3/5	(0.020)
2/5	(0.100)
5/10	0.107
2/10	0.007
10/30	0.193
5/30	0.300
2/30	0.200

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	3/21/2007	3/22/2007	3/23/2007
1900-2200	0000-0300	2000-2300	2	2	2
2200-0100	0300-0600	2300-0200	2	2	2
0100-0400	0600-0900	0200-0500	2	2	2
0400-0700	0900-1200	0500-0800	1	1	2
0700-1000	1200-1500	0800-1100	1	1	2
1000-1300	1500-1800	1100-1400	1	1	2
1300-1600	1800-2100	1400-1700	1	1	2
1600-1900	2100-0000	1700-2000	2	2	2

Shaded boxes denote market hours 4am to 4pm CDT

Scale is 1-9
 1,2 = very slow
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