

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	100.0550	100.2600	108.2550	113.0500	3/9/2007
Non-farm Low	99.2350	100.0600	108.0700	112.0700	3/9/2007
FOMC High	100.1350	100.2900	109.0200	113.0300	3/22/2007
FOMC Low	99.3050	100.0850	108.1000	112.0600	3/22/2007
PPI High	100.0800	100.2600	108.2900	113.0100	3/15/2007
PPI Low	100.0350	100.1850	108.2200	112.2000	3/15/2007
CPI High	100.0650	100.2250	108.2650	112.2900	3/16/2007
CPI Low	99.3150	100.1300	108.1650	112.1400	3/16/2007

*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	102.147	(0.2)	102.152	102.135	102.140	12,280	2y Futures
FVAM7	105.270	(0.5)	105.280	105.245	105.245	23,984	5y Futures
TYAM7	108.070	(0.5)	108.085	108.040	108.045	71,098	10y Futures
USAM7	111.170	(1)	111.180	111.120	111.130	15,407	30y Futures
	ls	net	high	low	open	Volume	SYM NAME
BUS02P	99.272	0.5	99.280	99.270	99.270	na	2y
BUS05P	#VALUE!	(16.5)	99.292	99.267	99.267	na	5y
BUS10P	99.295	2.0	99.305	99.270	99.280	na	10y
BUS30P	98.230	5	98.240	98.175	98.180	na	30y
	ls	net	high	low	open	Volume	SYM NAME
BUS02Y	4.575	(0.80)	4.6	4.559	4.6	na	2y Yield
BUS05Y	4.523	(0.80)	4.543	4.516	4.536	na	5y Yield
BUS10Y	4.632	(0.80)	4.648	4.626	4.648	na	10y Yield
BUS30Y	4.829	(0.90)	4.844	4.827	4.84	na	30y Yield

Source: CQG

News Recap fromYesterday

03/29 15:16 S **TSYS/RECAP**: Tsys rangebound Thu in offbeat trading after weak US\$13B 5Y sale, surging oil prices, mixed stocks. There were some earlier curve steepeners: macro hedge fund buying short-end Eurodlr futures/selling 10s, while similar types bought 2Ys/sold 10s. But others unwound steepeners after big steepening Wed, also late buyer of Eurodlr futures (3Y proxies). Tsys slid after auction, then bounced off lows amid weak stocks. A.m. 2-way flow such as pre-auction shorts set, corporate rate-lock sales, other buying, buy-and-hold accts bought intermediates. There was modest foreign selling in intermediates, 10Y swaps paying. Servicers unwound some day trades. Some CMBS eyed for Fri-next wk). Crude oil rose as Iran suspended release of detained British female sailor.

03/29 15:04 **US Swaps**: Swap spreads ended the session tighter to steady in the wings, reversing some of the recent widening as Tsy ylds back up. In addition to earlier sales in Gold packs (Jun11-Mar12), sources reported sellers of Reds (Jun 08-Mar09), Greens (Jun 09-Mar10) and 3yr bundles which contributed to the lower range. Flow largely rate lock vs corp/short set vs 5Y note auction related.

Overnight

03/30 05:06 **USTs**: Treasuries are trading modestly higher in London Friday, helped by light dip-buying and book squaring ahead of the weekend. However, with the week's auctions out of the way, traders again note light volumes across the curve, with flows largely inter-dealer. A full calendar of U.S. data was also keeping traders sidelined. Tokyo trade was again lackluster, as many players remained sidelined on the last trading day of the Japanese fiscal year. London trade saw prices edged higher across the curve, with the belly of the curve outperforming, helped by month-end demand from real money accounts. Light buying of the Bond was also noted from Continental accounts. Bunds were trading modestly higher against Treasuries on overnight levels. The Bond was up 0.5 bps against the 10-year at 64 bps. The 2-yr note was 1/32 higher, trading at 99 28/32 to yield 4.57%. The 10-year note was 2/32 higher at 99 30/32 (4.63%), with the Bond 6/32 higher at 98 23/32 (4.83%).

Today*Econ Releases & Speakers from MNI*

Date	ET	Data thru		Prior Report	Forecast
30-Mar	0830	Feb-07	Personal Income	+1.0%	---
30-Mar	0830	Feb-07	Personal Expenditures	+0.5%	---
30-Mar	0830	Feb-07	PCE Price Index	+0.2%	---
30-Mar	0830	Feb-07	PCE Core Price Index	+0.3%	---
30-Mar	0900	Mar-07	NY NAPM	449.7	---
30-Mar	0945	Mar-07	Chicago Purchasers Index	47.9	---
30-Mar	1000	Mar-07	Consumer Sentiment (UM) (f)	88.8 (p)	---
30-Mar	1000	Feb-07	Construction Spending	-0.8%	---
30-Mar	1000	Feb-07	BLS State Unemployment	---	---

DATE	GMT/EDT	EVENT
30-Mar	1230/0830	Philadelphia Federal Reserve Bank President Charles Plosser to make opening remarks at a community affairs research conference, in Washington. No Q&A.
30-Mar	1630/1230	Fed Chairman Ben Bernanke to speak at a community affairs meeting, in Washington. No Q&A.

Yield Curve Spreads & Flys, DV01s, CFs

M Duration	
30y	15.69
10y	7.81
5y	4.43
3y	2.65
2y	1.89
ZB	9.87
ZN	5.89
ZF	3.94
ZT	1.87

DV01s (32nds)	
30y	4.99
10y	2.51
5y	1.42
3y	0.85
2y	0.60
ZB	3.55
ZN	2.05
ZF	1.34
ZT	1.22

DV01s (\$s)	
30y	\$1,559
10y	\$785
5y	\$442
3y	\$266
2y	\$188
ZB	\$111
ZN	\$64
ZF	\$42
ZT	\$38

Yield Curve Spreads

2/3	-4.90
3/5	-0.30
2/5	-5.20
5/10	10.90
2/10	5.70
10/30	19.70
5/30	30.60
2/30	25.40

Fly's

2/3/5	-4.60
2/5/10	-16.10
2/10/30	-14.00
5/10/30	-8.80

ZB	0.8281
ZN	0.9015
ZF	0.9447
ZT	0.9753

*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		1.733	2.656	2.908
ZN	0.577		1.533	1.679
ZF	0.377	0.652		0.913
ZT	0.000	0.000	0.000	

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	1.70	2.40	3.98	7.07	14.04
ZN	2.94	4.15	6.90	12.25	24.32
ZF	4.51	6.36	10.58	18.78	37.28
ZT	4.93	6.97	11.58	20.56	40.83

US Treasuries v Eurex Bonds Hedge Ratios

	2y	3y	5y	10y	30y
Bund (H)	1.6	2.4	3.9	6.9	13.8
Bobl (H)	3.0	4.4	7.2	12.9	25.7
Schatz (H)	7.1	10.5	17.2	30.8	61.3

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		1.412	2.269	4.167	8.273
3y	0.708		1.607	2.950	5.859
5y	0.426	0.602		1.775	3.524
10y	0.240	0.339	0.545		1.986
30y	0.121	0.171	0.274	0.504	

Commitment of Traders (COT)

Current Positions										
	Small Spec			Large Spec			Commercials (Hedgers)			
	Long	Short	Net	Long	Short	Net	Long	Short	Net	
ZF	258,540	243,880	14,660	ZF	174,120	314,734	(140,614)	ZF	1,082,428	ZF
ZN	338,386	372,555	(34,169)	ZN	700,574	228,226	472,348	ZN	1,577,628	ZN
ZB	149,318	166,336	(17,018)	ZB	121,511	185,429	(63,918)	ZB	666,038	ZB

WoW* Position Change				As of 3/20/2007
	Sml Spec	Lrg Spec	Comm	
	Net	Net	Net	
ZF	(4,184)	(49,903)	54,087	
ZN	11,606	79,719	(91,326)	
ZB	3,552	(11,155)	7,602	

**WoW = Week over week

	Cpn	Mty	32nds	Yield
2y	4.750	3/31/09	99.2800	4.566
3y	4.750	2/15/10	100.1975	4.517
5y	4.625	3/31/12	100.1450	4.521
10y	4.625	2/15/17	99.300	4.632
30y	4.750	2/15/37	98.24	4.829

New 5yr closes at 99.29
4.50 , 03/31/2007

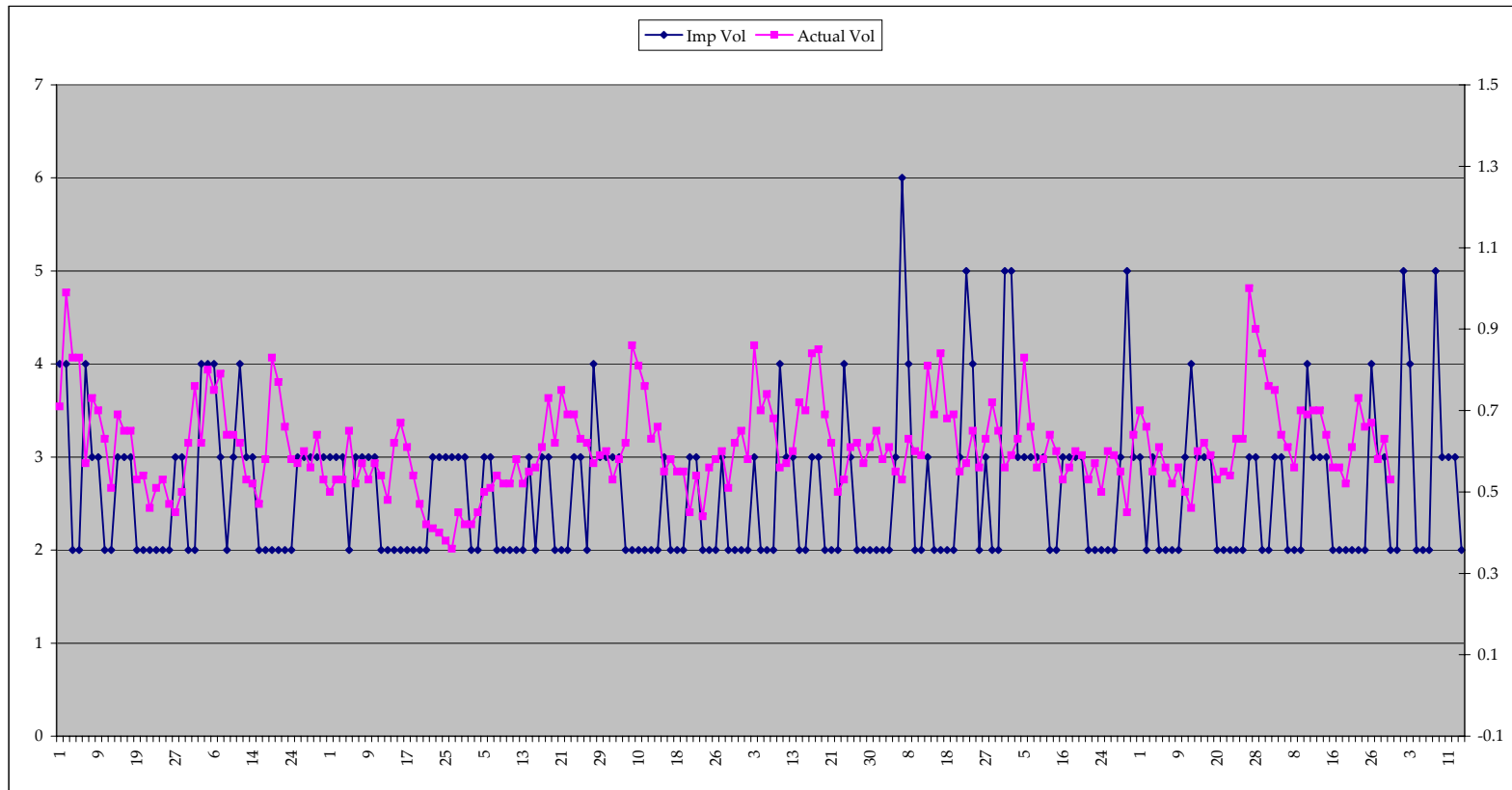
	CF Basis*	GHCO Basis		32nds
5y	0.77	0.000	ZF	105.2750
10y	1.71	44.028	ZN	108.0800
30y	6.11	319.708	ZB	111.18

Curve Spreads bps

2/3	(0.049)
3/5	0.004
2/5	(0.045)
5/10	0.111
2/10	0.066
10/30	0.197
5/30	0.308
2/30	0.263

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	3/28/2007	3/29/2007	3/30/2007
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	2	1	1
0700-1000	1200-1500	0800-1100	2	1	1
1000-1300	1500-1800	1100-1400	2	1	1
1300-1600	1800-2100	1400-1700	2	1	1
1600-1900	2100-0000	1700-2000	2	2	2

Shaded boxes denote market hours 4am to 4pm CDT

Scale is 1-9
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