

## The Morning Email: Treasuries

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Where are the economic releases and the speakers & events?  
They're in a new morning email called "Econ&Events"

Want something added?

Let me know: [jgoulding@ghco.com](mailto:jgoulding@ghco.com)

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Jim Goulding, GH Traders LLC, Treas-Arb, Chicago, [jgoulding@ghco.com](mailto:jgoulding@ghco.com)

	Economic Releases - 32nds				Date
	5y*	10y*	ZNM7**	ZBM7**	
Non-farm High	99.200	99.190	107.300	111.01	4/6/2007
Non-farm Low	99.085	98.310	107.110	110.00	4/6/2007
FOMC High	101.000	100.290	109.020	113.03	3/22/2007
FOMC Low	100.170	100.085	108.100	112.06	3/22/2007
PPI High	99.135	99.075	107.195	110.23	4/13/2007
PPI Low	99.065	98.285	107.080	110.02	4/13/2007
CPI High	99.185	99.175	107.265	111.06	4/17/2007
CPI Low	99.085	99.060	107.135	110.17	4/17/2007
Auction Price	99.208	100.257			
Last Trade	99.307	100.005	108.115	111.26	5/1/2007 5:30

\*Adjusted for New Issue

\*\*Adjusted for Futures Roll

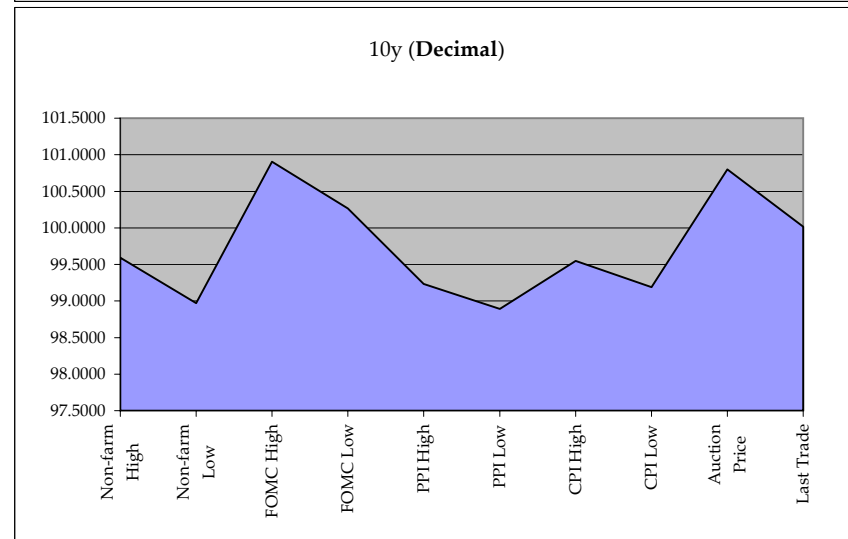
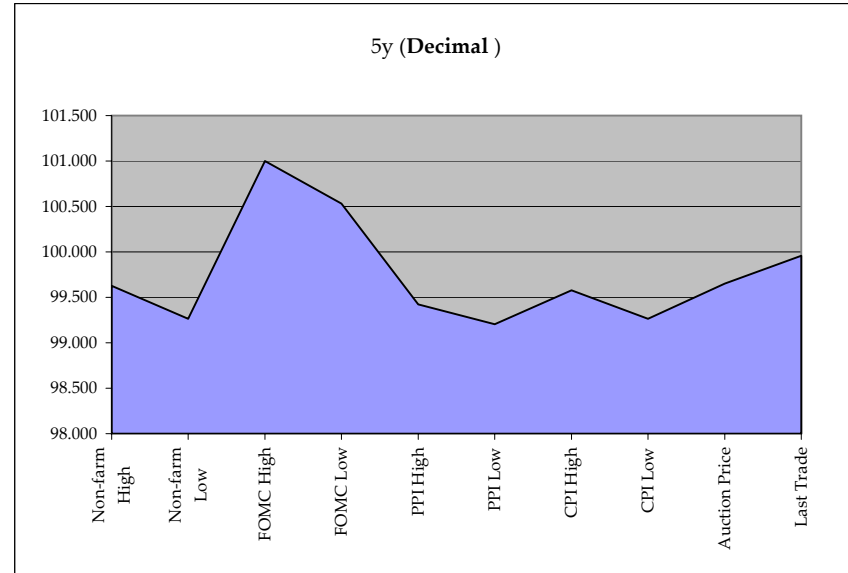
Prices are recorded from econ release to 2pm CDT

ZBH/ZBM Rolled at -2 tics

ZNH/ZNM Rolled at +.5 tics

	Auctions - 32nds			
	2 y	5y	10y	30y
Auction Price	99.256	99.208	100.257	99.007
Auction Yield Stop	4.606	4.579	4.523	4.812
Actual Auction Date	4/25/2007	4/26/2007	03/13/2007 re	2/8/2007

re = reopen



## Quotes

		32 nds						
	ls	net	high	low	open	Volume	SYM NAME	
TUAM7	102.120	0.5	102.125	102.117	102.120	4,736	2y Futures	
FVAM7	105.275	1.0	105.280	105.265	105.275	16,296	5y Futures	
TYAM7	108.115	1.0	108.120	108.105	108.115	31,305	10y Futures	
USAM7	111.260	2	111.270	111.240	111.250	6,664	30y Futures	
	ls	net	high	low	open	Volume	SYM NAME	
BUS02P	99.262	(0.2)	99.265	99.262	99.262	na	2y	
BUS05P	99.305	0.2	99.307	99.302	99.305	na	5y	
BUS10P	100.000	0.5	100.005	99.315	100.000	na	10y	
BUS30P	99.015	3	99.025	99.000	99.010	na	30y	
	ls	net	high	low	open	Volume	SYM NAME	
BUS02Y	4.592	0.90	4.608	4.571	4.608	na	2y Yield	
BUS05Y	4.509	(0.20)	4.52	4.5	4.52	na	5y Yield	
BUS10Y	4.622	(0.20)	4.63	4.618	4.628	na	10y Yield	
BUS30Y	4.808	(0.30)	4.815	4.805	4.813	na	30y Yield	

Source: CQG

News Recap for the United States *from*

## Yesterday

15:07 04/30 US **TSYS/RECAP**: Tsys rose Mon amid 1) short-covering; 2) solid European month-end buying in European govt debt due to sizable 0.09 years iBoxx euro sovereign index extension, which helped US Tsys, where was +0.02 years U.S. Tsys Lehman estimated extension. 3) Technical Bund strength aided Tsys. 4) There has been buy-and-hold bid in US 2Ys, also 5) 2-way morning flow in intermediates (fast money buying in 10s, but also buy-and-hold, fast money selling in intermediates, also 6) MBS-tied selling in cash 10Ys into earlier uptick. There also was 7) morning real money corp-related selling in June US 2Ys and modest buying in T-Bonds. Tsys saw 8) modest two-way flows this afternoon, with month-end buying. 9) Swaptions, implied vols poke higher. swaptions, especially vega up as folks initiate Fed-on-hold trades. Tsy to sell US\$8B 4-wk bills Tue for US\$12B paydown. Old 30Ys special in RP, 4.55%. Tsy estimated there will be US\$145B 2Q net debt paydown, assuming US\$30B cash balance on Jun 30 (that vs prior estimate of US\$130B paydown). US stocks traded bit lower.

## Overnight

04:44 05/01 **TSYS**: Treasuries are trading modestly higher across the board in London trade Tuesday, although volumes are very light. With much of Asia and Continental Europe on holiday, both cash and futures volumes were well below average levels. Although Tokyo was open for trade, many players were missing as the Golden Week holidays continue. Traders noted very light buying of longer-dated paper, seen as continuing extension trades from pension funds. A lack of trading in European bonds gave players the opportunity to remain sidelined in London trade, although there were scrappy real money bids at the front of the curve. Some sources said this was just allocation of new month money, while others said it was spec buying of the three-year note ahead of a possible cancelling of fresh auctions in the series by the U.S. Treasury. Ahead of the U.S. session, the 2-yr note was unchanged, trading at 99 26/32 to yield 4.59%. The 10-year note was 1/32 higher at 100 1/32 (4.62%), with the Bond 1/32 higher at 99 1/32 (4.81%).

## Duration, DV01s, Curve, Flys, CFs

## M Duration

30y	15.63
10y	7.73
5y	4.43
3y	2.56
2y	1.89
ZB	9.79
ZN	5.82
ZF	3.86
ZT	1.81

## DV01s (32nds)

30y	5.01
10y	2.50
5y	1.42
3y	0.83
2y	0.60
ZB	3.55
ZN	2.04
ZF	1.32
ZT	1.19

## DV01s (\$s)

30y	\$1,564
10y	\$781
5y	\$443
3y	\$258
2y	\$188
ZB	\$111
ZN	\$64
ZF	\$41
ZT	\$37

## Yield Curve Spreads

2/3	-7.00
3/5	-1.30
2/5	-8.30
5/10	11.30
2/10	3.00
10/30	18.60
5/30	29.90
2/30	21.60

## Fly's

2/3/5	-5.70
2/5/10	-19.60
2/10/30	-15.60
5/10/30	-7.30

## CFs

ZB	0.8281
ZN	0.9015
ZF	0.9378
ZT	0.9742

## 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 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
Shatz (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		1.744	2.696	2.991
ZN	0.573		1.546	1.715
ZF	0.371	0.647		1.000
ZT	0.334	0.583	0.901	

**Month Codes:**

H=Mch      M=Jun  
 U=Sep      Z=Dec

**US Treasuries v US Financial Futures Hedge Ratios**

	2y	3y	5y	10y	30y
ZB	1.70	2.32	3.99	7.04	14.10
ZN	2.96	4.05	6.96	12.27	24.59
ZF	4.57	6.27	10.76	18.97	38.01
ZT	5.07	6.95	11.93	21.04	42.17

**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
Shatz (H)	7.1	10.5	17.2	30.8	61.3

Eurex Hedge Ratio's source: Bloomberg

**Eurex Hedge Ratios**

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)		0.000	0.000
Bobl (H)	0.000		0.000
Shatz (H)	0.000	0.000	

Eurex Hedge Ratio's source: Bloomberg

Month Codes:

H=Mch                      M=Jun

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## Hedge Ratios: US Treasury Cash ,US Futures, Germany

US Treasuries v US Treasuries					
	2y	3y	5y	10y	30y
2y		1.426	2.447	4.315	8.648
3y	0.730		1.716	3.027	6.066
5y	0.425	0.583		1.763	3.534
10y	0.241	0.330	0.567		2.004
30y	0.120	0.165	0.283	0.499	

## Commitment of Traders (COT)

Current Positions										
	Small Spec			Large Spec			Commercials (Hedgers)			
	Long	Short	Net	Long	Short	Net	Long	Short	Net	
ZF	270,946	253,232	17,714	235,601	385,822	(150,221)	1,206,459	1,073,953	132,506	ZF
ZN	309,473	448,395	(138,922)	728,973	307,055	421,918	1,709,948	1,992,943	(282,995)	ZN
ZB	146,098	190,274	(44,176)	122,668	178,870	(56,202)	656,358	555,981	100,377	ZB

WoW* Position Change				As of
	Sml Spec	Lrg Spec	Comm	
	Net	Net	Net	
ZF	29,361	(14,867)	(14,496)	4/24/2007
ZN	29,020	21,944	(50,963)	
ZB	28,049	42,798	(70,848)	

\*\*WoW = Week over week

	Cpn	Mty	32nds	Yield
2y	4.500	3/31/09	99.2625	4.595
3y	4.750	2/15/10	100.1775	4.534
5y	4.500	4/30/12	99.2975	4.516
10y	4.625	2/15/17	99.310	4.628
30y	4.750	2/15/37	98.30	4.817

	CF Basis* (decimal)	GHCO Basis		32nds
5y	0.58	1.571	ZF	105.2650
10y	1.85	42.752	ZN	108.1050
30y	6.18	320.934	ZB	111.24

## Curve Spreads bps

2/3	(0.061)
3/5	(0.018)
2/5	(0.079)
5/10	0.112
2/10	0.033
10/30	0.189
5/30	0.301
2/30	0.222

CF = Conversion Factor

Cash - (Futures \* CF)



