

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

Disclaimer:

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All information has been recorded to the best of my ability. This material is based upon information that I consider reliable, but I do not represent that it is accurate or complete.

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	Economic Releases - 32nds				Date
	5y*	10y*	ZNM7**	ZBM7**	
Non-farm High	0.000	0.000	0.000	0.00	5/3/2007
Non-farm Low	0.000	0.000	0.000	0.00	5/3/2007
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	99.232	99.250	108.040	111.22	5/7/2007 5:53

*Adjusted for New Issue

**Adjusted for Futures Roll

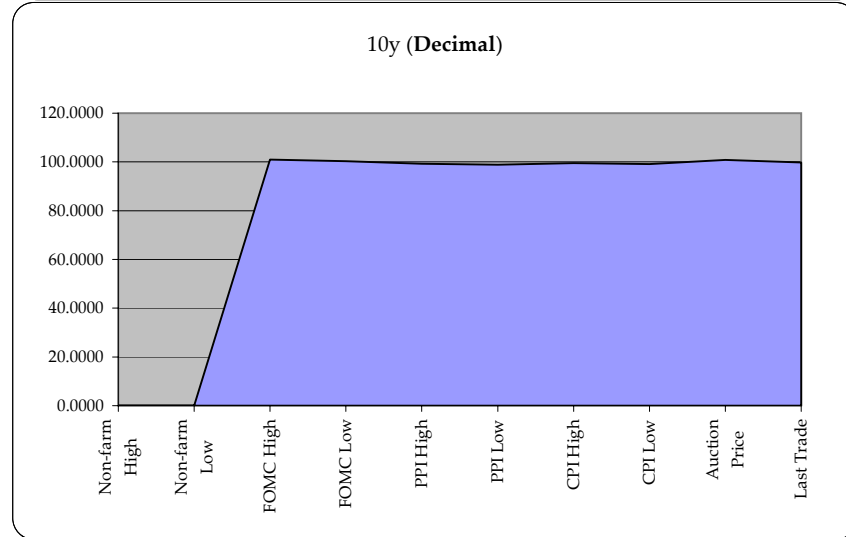
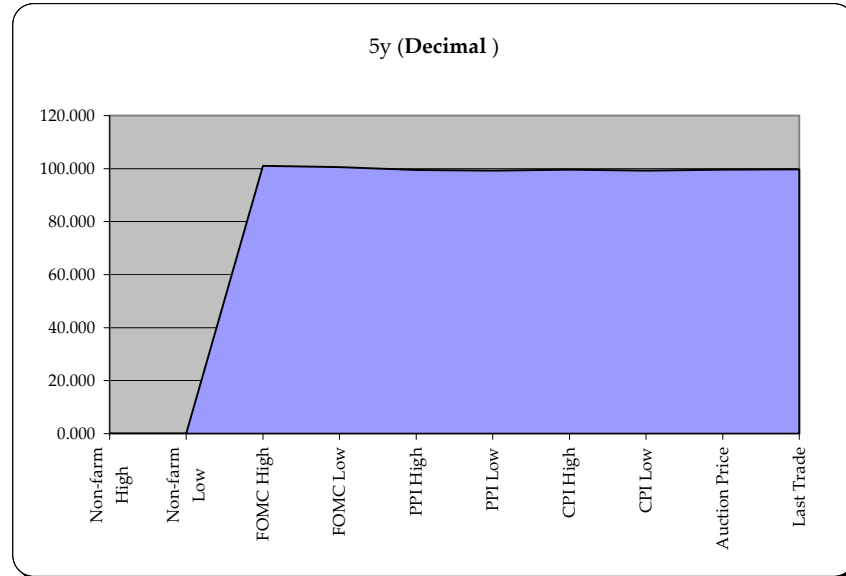
Prices are recorded from econ release to 2pm CDT

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	102.067	(0.5)	102.075	102.065	102.075	8,758	2y Futures
FVAM7	105.190	(1.0)	105.205	105.180	105.205	33,633	5y Futures
TYAM7	108.040	(3.0)	108.070	108.030	108.070	57,930	10y Futures
USAM7	111.220	(4)	111.270	111.210	111.260	8,484	30y Futures
	ls	net	high	low	open	Volume	SYM NAME
BUS02P	99.210	(0.2)	99.217	99.215	99.215	na	2y
BUS05P	99.230	(1.7)	99.245	99.232	99.245	na	5y
BUS10P	99.245	(2.5)	99.275	99.250	99.275	na	10y
BUS30P	98.245	(1)	99.040	99.025	99.040	na	30y
	ls	net	high	low	open	Volume	SYM NAME
BUS02Y	4.680	0.90	4.693	4.655	4.693	na	2y Yield
BUS05Y	4.562	1.20	4.569	4.543	4.559	na	5y Yield
BUS10Y	4.648	0.80	4.658	4.628	4.646	na	10y Yield
BUS30Y	4.809	0.30	4.811	4.801	4.809	na	30y Yield

Source: CQG

News Recap for the United States *from*

Yesterday

[TSYS]Prices edged down slightly into the 8:30am non-farm payrolls release. Prices initially fell lower following the release. The numbers were generally weaker than expected, but Market News International reported rumors that one unnamed wire service had misreported the overall number in the initial headline, as well as rumors that a black box account sold futures on the bad figures, driving the market lower.

After that, however, prices bounced right back. The overall payroll gains for the most recent month were below consensus and there were small downward revisions to prior months. In addition, there was a small uptick in the unemployment rate as well as a smaller than expected rise in average hourly earnings.

All in all, it was good news for Treasuries. However, the market appeared to be bracing for a below consensus figure. Despite the strength in the ISM releases last week as well as the sharp drop in jobless claims Thursday, ahead of the non-farm payrolls release Friday morning the CME derivatives auction for non-farm payrolls suggested an implied market forecast of an 80.7k rise in payrolls, with the mode between 50k and 75k. So, despite the fairly weak actual payrolls numbers, the market topped out by mid-morning and prices settled into narrow ranges near the highs for the remainder of the session. -SMRA

Overnight

004:09 05/07 **TSYS:** Treasuries are trading modestly lower across the board in European trade Monday, although volumes in both cash and futures are very light as the London markets enjoy a holiday. Asian prices were little changed, as regional players were unprepared to take fresh positions ahead of the U.S. markets. Bunds are trading modestly higher against U.S. 10-year T-notes, up 0.5 bps from Thursday at 51 bps. Ahead of the U.S. session, the 2-yr note was 1/32 lower, trading at 99 20/32 to yield 4.69%. The 10-year note was 2/32 lower at 99 27/32 (4.64%), with the Bond 2+/32 lower at 99 2/32 (4.81%). The 2-yr/5-yr yield curve was unchanged on overnight levels, trading at -9 bps. The 2-/10-yr curve was 1 bps flatter, trading at -4 bps, as was the 2-yr/30-yr curve, standing at +13 bps.

Duration, DV01s, Curve, Flys, CFs

M Duration

30y	15.61
10y	7.71
5y	4.41
3y	2.55
2y	1.87
ZB	9.77
ZN	5.80
ZF	3.84
ZT	1.79

DV01s (32nds)

30y	5.00
10y	2.49
5y	1.41
3y	0.82
2y	0.60
ZB	3.54
ZN	2.02
ZF	1.31
ZT	1.18

DV01s (\$s)

30y	\$1,563
10y	\$777
5y	\$440
3y	\$256
2y	\$186
ZB	\$111
ZN	\$63
ZF	\$41
ZT	\$37

Yield Curve Spreads

2/3	-7.20
3/5	-4.60
2/5	-11.80
5/10	8.60
2/10	-3.20
10/30	16.10
5/30	24.70
2/30	12.90

Fly's

2/3/5	-2.60
2/5/10	-20.40
2/10/30	-19.30
5/10/30	-7.50

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

	ZB	ZN	ZF	ZT
Bund (M)	1.000	1.800	2.700	3.000
Bobl (M)	0.540	0.950	1.500	1.600
Shatz (M)	0.220	0.390	0.600	0.660

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.750	2.707	3.013
ZN	0.571		1.547	1.722
ZF	0.369	0.646		1.000
ZT	0.332	0.581	0.899	

US Treasuries v US Financial Futures

	2y	3y	5y	10y	30y
ZB	1.69	2.31	3.98	7.03	14.13
ZN	2.95	4.04	6.96	12.30	24.73
ZF	4.56	6.25	10.77	19.02	38.25
ZT	5.08	6.96	11.99	21.17	42.57

US Treasuries v Eurex Bonds

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

US Treasuries

	2y	3y	5y	10y	30y
2y		1.427	2.458	4.341	8.729
3y	0.730		1.723	3.043	6.118
5y	0.424	0.581		1.766	3.552
10y	0.240	0.329	0.566		2.011
30y	0.119	0.163	0.282	0.497	

Note:

Eurex Ratio's from Bloomberg.

All other Ratio's from GH Trader's LLC

Commitment of Traders (COT)

Current Positions										
	Small Spec			Large Spec			Commercials (Hedgers)			
	Long	Short	Net	Long	Short	Net	Long	Short	Net	
ZF	266,207	260,064	6,143	270,934	385,888	(114,954)	1,244,772	1,135,960	108,812	ZF
ZN	321,669	442,994	(121,325)	730,310	323,105	407,205	1,769,246	2,055,126	(285,880)	ZN
ZB	145,537	196,113	(50,576)	114,093	205,640	(91,547)	690,650	548,527	142,123	ZB

WoW* Position Change				
	Sml Spec	Lrg Spec	Comm	
	Net	Net	Net	
ZF	(11,571)	35,267	(23,694)	As of
ZN	17,597	(14,713)	(2,885)	5/1/2007
ZB	(6,400)	(35,345)	41,746	

**WoW = Week over week

	Cpn	Mty	32nds	Yield
2y	4.500	3/31/09	99.2200	4.666
3y	4.750	2/15/10	100.1300	4.590
5y	4.500	4/30/12	99.2525	4.548
10y	4.625	2/15/17	99.280	4.640
30y	4.750	2/15/37	99.05	4.804

	CF Basis* (decimal)	GHCO Basis		32nds
5y	0.59	2.734	ZF	105.2050
10y	1.85	42.939	ZN	108.0700
30y	6.90	325.048	ZB	111.27

Curve Spreads bps

2/3	(0.076)
3/5	(0.042)
2/5	(0.118)
5/10	0.092
2/10	(0.026)
10/30	0.164
5/30	0.256
2/30	0.138

CF = Conversion Factor

Cash - (Futures * CF)

