

The Morning Email: US & Germany



Table of Contents

Pg 1 Correlation Matrix & Trading Levels

Pg 2 Quotes 1

Pg 3 Quotes 2

Pg 4 News

Pg 5 Hedge Ratio's - Bloomberg

Pg 6 Yield Spreads

Pg 7 Volume Questions

New

Want something added? Let me know: jgoulding@ghco.com
Disclaimer:All information within this newsletter is meant for internal use at GH Trader's LLC, only. 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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SYM NAME	Symbol	US Cash Treasuries			US Bonds/Notes (CBOT)			Symbol	SYM NAME
		2yr	5yr	10yr	ZT	ZF	ZN		
Schatz(2Y)	DGM7	87.20	93.03	72.15	89.59	93.95	93.40	DGM7	Schatz(2Y)
Bobl(5Y)	DLM7	89.59	94.89	78.79	91.28	94.94	94.75	DLM7	Bobl(5Y)
Bund(10Y)	DBM7	90.74	95.38	81.92	91.82	94.86	94.87	DBM7	Bund(10Y)

Correlation is based on 10 day historical

May 17th, 2007

Stone & McCarthy
RESEARCH ASSOCIATES

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-----RESISTANCE-----
114.19 04/12 breakdown point
113.79 61.8 of 04/19h - 05/17L
113.74 05/11 - 05/14 gap top
113.60 Bollinger band center trigger
113.43/.45 10-DMA, point of 05/14 break below the April lows
113.15 5-DMA
113.08 formerly supportive declining Jan - April trend
112.89 lower Bollinger band
112.86 -.11 05/17 Settlement
112.86 weekly lower Bollinger band
112.78 05/17 low
111.89 June '04 lows
-----SUPPORT-----

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"Longer-term, we reiterate that 04/12 breach of the prior corrective bottom from early 2007 offered a near-term measured move to 112.30. Our proprietary trading system (a near to long-term trend following system) entered its final short position on 04/13, with the first protective stop not due to be triggered until settlement above 113.86. Short-term, Monday's breach of the post-04/12 trading range opened the door to the next leg toward the above-mentioned target, with 112.70 eyed initially. Secondly, daily momentum indicators measuring the prior 1-2 weeks of action are offering some signs of constructive divergence. If any strength were to materialize, the initial goal would be to perform a return move back up to Monday's breakdown point (113.43), then the 05/11 - 05/14 gap top (113.74)." [---SMRA.COM]

Quotes 1



	32 nds					Volume	Yest Volume	SYM NAME
	ls	net	high	low	open			
TUAM7	102.007	0.5	102.015	102.002	102.002	17,047	203,433	2y Futures
FVAM7	105.030	1.0	105.045	105.020	105.020	38,954	483,519	5y Futures
TYAM7	107.125	1.5	107.150	107.115	107.120	119,608	1,339,947	10y Futures
USAM7	110.160	3	110.190	110.140	110.150	18,199	359,054	30y Futures
	ls	net	high	low	open			SYM NAME
BUS02P	99.155	0.2	99.162	99.157	99.157			2y
BUS05P	99.075	0.0	99.092	99.077	99.080			5y
BUS10P	98.010	2.0	98.035	98.005	98.005			10y
BUS30P	97.160	3	97.200	97.155	97.180			30y
	ls	net	high	low	open			SYM NAME
BUS02Y	4.776	(0.30)	4.802	4.759	4.802			2y Yield
BUS05Y	4.671	(0.40)	4.682	4.661	4.682			5y Yield
BUS10Y	4.748	(0.60)	4.76	4.736	4.76			10y Yield
BUS30Y	4.908	(0.60)	4.916	4.899	4.916			30y Yield



	Decimal					Volume	Yest Volume	SYM NAME
	ls	net	high	low	open			
DGM7	102.89	0.05	102.90	102.87	102.89	200,260	422,454	Schatz(2Y)
DLM7	107.05	0.02	107.08	106.98	107.05	209,038	478,262	Bobl(5Y)
DBM7	112.88	0.10	112.94	112.77	112.87	377,312	1,038,148	Bund(10Y)

German Futures

	Price	Yield			Maturity	Volume	Yest Volume	SYM NAME
	ls	ls	Coupon					
T.US.DE036P0309	99.10	4.260	3.750	3/13/2009				2 yr CTD
T.US.DE050P0112	102.86	4.288	5.000	1/4/2012				5 yr CTD
T.US.DE034P0116	94.33	4.293	3.500	1/4/2016				10 yr CTD
DEP2P	99.12	4.260	3.750	3/13/2009				2yr OTR
DEP5P	98.76	4.285	4.000	4/13/2012				5yr OTR
DEP10P	95.65	4.310	3.750	1/4/2017				10yr OTR

German Cash

Y = Yield
 CTD = Cheapest to Deliver
 DE = German Country Code

Quotes 2

This page provide a more detailed look at the quotes for the German Bonds
 German Bonds are quoted in decimal, not 32nds.



Decimal								SYM NAME	
bid	ask	Last	hi	lo	Chng				
DGM7	102.88	102.89	102.89	102.90	102.87	0.05	Schatz(2Y)	German Futures	
DLM7	107.04	107.05	107.05	107.08	106.98	0.02	Bobl(5Y)		
DBM7	112.88	112.89	112.88	112.94	112.77	0.10	Bund(10Y)		

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		SYM NAME	
DGM7	4.463	4.460	4.460	4.468	4.452		Schatz(2Y)	German Futures
DLM7	4.401	4.399	4.399	4.414	4.392		Bobl(5Y)	
DBM7	4.382	4.381	4.381	4.395	4.375		Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng		SYM NAME	
T.US.DE036P0309	4.271	4.260	4.260	4.283	4.254			2 yr CTD	German Cash
T.US.DE050P0112	4.297	4.288	4.288	4.312	4.281			5 yr CTD	
T.US.DE034P0116	4.299	4.293	4.293	4.311	4.281			10 yr CTD	
DEP2P	4.271	4.260	4.260	4.283	4.254			2yr OTR	
DEP5P	4.294	4.285	4.285	4.313	4.280			5yr OTR	
DEP10P	4.316	4.310	4.310	4.327	4.298			10yr OTR	

Decimal								SYM NAME	
bid	ask	Last	hi	lo	Chng				
T.US.DE036P0309	99.10	99.12	99.12	99.13	99.08	#VALUE!	2 yr CTD	German Cash	
T.US.DE050P0112	102.86	102.90	102.90	102.93	102.80	#VALUE!	5 yr CTD		
T.US.DE034P0116	94.33	94.37	94.37	94.45	94.25	#VALUE!	10 yr CTD		
DEP2P	99.10	99.12	99.12	99.13	99.08		2yr OTR		
DEP5P	98.72	98.76	98.76	98.78	98.64		5yr OTR		
DEP10P	95.60	95.65	95.65	95.74	95.52		10yr OTR		

Y = Yield
 CTD = Cheapest to Deliver
 DE = German Country Code

Stone & McCarthy
RESEARCH ASSOCIATES

MarketNews
international

Yesterday

[Posted 10:38 am cst]

European Government Bonds were trading mixed on Thursday afternoon, with long dated issues outperforming. After falling to session lows in afternoon trade on weaker than expected US initial claims data, the market reversed direction on dip buying, and moderately extended gains on the weaker than expected leading indicators release. Bunds posted little reaction to comments from Federal Reserve Chairman Ben Bernanke, who suggested subprime troubles "will likely be limited." European Government Bonds opened firmer on Thursday morning following stronger JGB trade overnight, which responded to weaker than expected Japanese Q1 provisional GDP data. Sentiment was also underpinned after the BOJ left interest rates unchanged. Bunds fell sharply on the getgo, with the decline exaggerated by low volumes as market participants in Europe observed the Ascension Day public holiday. Prices reversed direction, and Bunds advanced higher led by long dated issues. The ECB released its April monthly bulletin, in which it published the results of the survey of professional forecasters (SPF). The SPF gave a more benign outlook for 2007 Eurozone inflation, revising expectations lower to 1.9% from 2.0% for 2007. Expectations for 2007 growth were revised higher by 0.4% to 2.5% and the forecast for unemployment fell 0.3% to 7.2%. Ahead of midday trade, the Bund curve traded flatter, with the 2-/10-year yield spread at +2 bps vs. +3 bps, while the 10-/30-year yield spread was up 1bps at +14 bps.

Overnight

03:13 05/18 **BONDS: EGBs** opened moderately firmer on Friday following release of weaker than expected German PPI data, where the annual rate sink to a 34-month low. However, risks are skewed on fresh contract lows for June Bund futures below 112.71 following hawkish comments from ECB President Jean-Claude Trichet who said the ECB will "do what will be necessary to ensure price stability", according the FTD. Support below 112.71 is at 112.50 -- psychological level & also the 4.33% yield equivalent, which is the 50.0% Fibonacci retracement of the 2000-2005 move. JGBs fell overnight following hawkish comments from BoJ Governor Fukui at the press conference following decision by the BoJ to leave rates unchanged. This is despite weakness in Nikkei-225, which closed down 99pts (-0.57%). Bunds are also seen weighed by potential heavy issuance next week, with Finland and Greece both expected to launch new 5 & 15-year benchmark issues, respectively -- please see 0252EDT bullet for further details.

01:59 05/18 **UK DATA:** Sales at John Lewis UK department stores rose by 8.5% in the week to May 12 compared with the comparable week a year earlier, the group announced today. John Lewis said helped by strong May Day bank holiday trade, the company hit the highest sterling take of the year so far and sales finished 8.5 per cent ahead of last year. Total partnership sales in the same week were higher by 7.8% y/y on the comparable week in the 2005-2006 trading year, Lewis stated. Meanwhile, sales at the Waitrose food chain rose 7.4% in the May 12 week. The group said a "typically wet British bank holiday" set a pattern which continued throughout the week, resulting in sales falling slightly short of their budget.

US Intrinsic's				
	M Duration	DV01 32	DV01 \$	DV01(€)
30y	15.46	4.89	\$1,527	
10y	7.93	2.49	\$779	
5y	4.37	1.39	\$435	
2y	1.83	0.59	\$183	
ZB	9.71	3.49	\$109	
ZN	5.75	2.01	\$63	
ZF	3.80	1.29	\$40	
ZT	1.75	1.15	\$36	



German Intrinsic's^				
	M Duration	DV01(€)	DV01(\$)	CF
Bund				0.836007
Bobl				0.960701
Schatz				0.963364
DE10Y				
DE5Y				
DE2Y				

^Futures are Based on CTD

Last

EURUSD 134.84



I'm working on the intrinsic's. It will take some time to complete.
I hope to have it done soon.

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

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

US Treasuries v Eurex Bonds

	2y	5y	10y
Bund (M)	1.7	3.9	6.9
Bobl (M)	3.1	7.3	13.0
Shatz (M)	7.6	18.0	31.9

	Bund (M)	Bobl (M)	Shatz (M)
Bund (M)		1.873	4.608
Bobl (M)	0.534		2.460
Shatz (M)	0.210	0.400	



US Cash Treasuries (OTR)			
	Bid	Ask	Last
US2y	4.780	4.776	4.776
US5y	4.675	4.671	4.671
US10y	4.750	4.748	4.748



German Cash Treasuries (OTR)			
	Bid	Ask	Last
DE2y	4.271	4.260	4.260
DE5y	4.294	4.285	4.285
DE10y	4.316	4.310	4.310

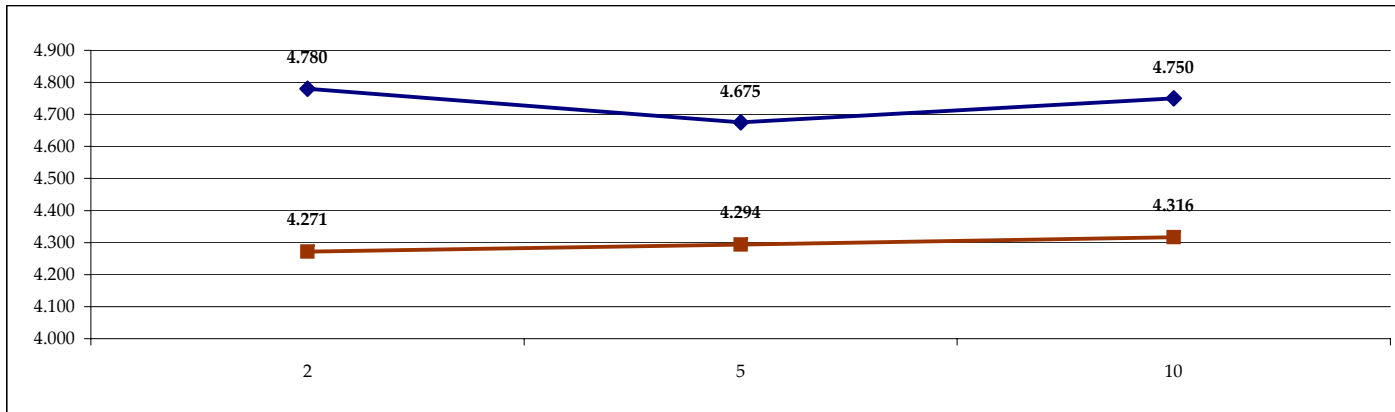
Spreads^	
US2y-Schatz	0.313
US5y-Bobl	0.268
US10y-Bund	0.356
US2y- 3.750 of 03/09	0.516
US5y- 4.000 of 01/12	0.383
US10y- 3.500 of 01/16	0.455
US2y-DE2y	0.516
US5y-DE5y	0.386
US10y-DE10y	0.438 ^^

^Last minus Last
^^Most popular

German Futures ^			
	Bid	Ask	Last
Schatz	4.463	4.460	4.463
Bobl	4.401	4.399	4.403
Bund	4.382	4.381	4.392

^Interpolated. NOT based on CTD

German Futures (CTD)			
	Bid	Ask	Last
3.750 of 03/09	4.271	4.260	4.260
4.000 of 01/12	4.297	4.288	4.288
3.500 of 01/16	4.299	4.293	4.293



Contract Specs

Price Quotation and Minimum Price Change

The Price Quotation is in percent of the par value.

Contract	Minimum Price Change	
	Percent	Value
Euro-Schatz Futures	0.005	EUR 5
Euro-Bobl Futures	0.01	EUR 10
Euro-Bund Futures	0.01	EUR 10
Euro-Buxl® Futures	0.02	EUR 20

Contract Standards

Notional short-, medium- or long-term debt instruments issued by the Federal Republic of Germany or the Swiss Confederation with remaining terms and a coupon of:

Contract	Product ID	Remaining Term Years	Coupon	Currency
			Percent	
Euro-Schatz Futures	FGBS	1.75 to 2.25	6	EUR
Euro-Bobl Futures	FGBM	4.5 to 5.5	6	EUR
Euro-Bund Futures	FGBL	8.5 to 10.5	6	EUR
Euro-Buxl® Futures	FGBX	24.0 to 35.0	4	EUR

Trading Hours

Eurex operates in three [trading phases](#): pre-trading, trading and post-trading. The [post-trading phase](#) is further split in several periods where different functions are available.

Pre-Trading	Regular Trading Day			Last Trading Day			Exercise/ Notify until
	Trading	Post-Trading		Post-Trading		Exercise/ Notify until	
		Full	Late 1	Restricted	Full		
07:30	08:00	22:00		22:30	12:30		20:00

TIMES ARE CET

Contract Month

Up to 9 months: The three nearest quarterly months of the March, June, September and December cycle.

Delivery Day

The tenth calendar day of the respective quarterly month, if this day is an exchange trading day; otherwise, the exchange trading day immediately succeeding that day.

Last Trading Day

Two exchange trading days prior to the Delivery Day of the relevant maturity month. Close of trading in the maturing futures on the Last Trading Day is at 12:30 CET.

Daily Settlement Price

Standard Method

Volume-weighted average price of all trades during the final minute of trading before 17:15 CET provided that more than five trades occurred during this minute; otherwise the volume-weighted average price of the last five trades before 17:15 CET provided that these are not older than 15 minutes. If such a price cannot be determined, or the price so determined does not reflect the prevailing market conditions, Eurex will establish the official settlement price.

If the price so determined does not reasonably reflect the prevailing market conditions at the close of trading, Eurex may change and redetermine the official settlement price.

When does the volume trade? Between what ours of the day? These are the two questions most frequently asked, by new traders to this contract. Of course number releases pertaining to the German economy will produce volume. Past that we can look at a chart of the Bund as determine when volume occurs.

Time	Volume	
	Rises	Drops
1:00 AM CST	x	
7:00 AM CST	x	
10:00 AM CST		x
11:00 AM CST		x
German Econ Release	x	
US Econ Release	x	