



The Morning Email: US & Germany



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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.

Jim Goulding, jgoulding@ghco.com

The Morning Email, US&GER



Quotes 1

		32 nds							
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME	
TUAZ7	103.165	0.0	103.167	103.110	103.135	111,140	185,302	2y Futures	
FVAZ7	107.060	0.1	107.065	106.260	107.010	314,114	419,295	5y Futures	
TYAZ7	109.210	0.1	109.215	109.055	109.135	691,045	947,328	10y Futures	
USAZ7	112.050	0	112.060	111.140	111.280	189,076	279,586	30y Futures	

**US
Futures
Market**



		32 nds							
	Last	Net	Hi	Low	Open	Volume			
BUS02P	100.025	2.7	100.027	99.292	99.315	2y			
BUS05P	100.087	5.7	100.090	99.300	100.020	5y			
BUS10P	101.265	7.5	101.270	101.110	101.190	10y			
BUS30P	103.215	11	103.230	102.290	103.085	30y			

**US Cash
Treasury
Market**

		32 nds							
	Last	Net	Hi	Low	Open	Volume			
BUS02Y	3.955	(4.20)	4.054	3.951	4.017	2y Yield			
BUS05Y	4.187	(3.90)	4.268	4.184	4.233	5y Yield			
BUS10Y	4.516	(2.70)	4.582	4.512	4.549	10y Yield			
BUS30Y	4.765	(1.90)	4.816	4.762	4.786	30y Yield			

		Decimal							
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME	
DGZ7	103.39	(20.00)	103.40	103.31	103.37	444,256	455,467	Schatz(2Y)	
DLZ7	107.77	25.00	107.77	107.55	107.68	461,750	432,593	Bobl(5Y)	
DBZ7	112.72	8.00	112.76	112.36	112.58	914,770	916,460	Bund(10Y)	

**German
Futures
Markets**



	Price	Yield				
	Last	Last	Coupon	Maturity	SYM NAME	
T.US.DE040P0909*	99.95	4.008	4.000	9/11/2009	2 yr CTD	German Cash Treasury Market
T.US.DE040P0412	103.62	4.131	5.000	7/4/2012	5 yr CTD	
T.US.DE040P0716	97.86	4.289	4.000	7/4/2016	10 yr CTD	
DEP2P	99.98	4.008	4.000	9/11/2009	2yr OTR	
DEP5P	99.42	4.138	4.000	4/13/2012	5yr OTR	
DEP10P	99.47	4.316	4.250	7/4/2017	10yr OTR	

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

Quotes 2

This page provided a more detailed look at the quotes for the German Bonds

German Bonds are quoted in decimal, not 32nds.



	Decimal					
	Bid	Ask	Last	Hi	Low	Chng
DGZ7	103.39	#VALUE!	103.39	103.40	103.31	-20.00
DLZ7	107.76	107.77	107.77	107.77	107.55	25.00
DBZ7	112.72	112.73	112.72	112.76	112.36	8.00

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo
DGZ7	4.198		4.198	4.242	4.195
DLZ7	4.245	4.244	4.244	4.290	4.244
DBZ7	4.400	4.399	4.399	4.442	4.396

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng
T.US.DE040P0909*	4.003	4.063	4.008	4.008	4.025	
T.US.DE040P0412	4.131	4.188	4.131	4.131	4.140	
T.US.DE040P0716	4.284	4.342	4.289	4.289	4.296	
DEP2P	4.025	4.008	4.008	4.063	4.003	-3
DEP5P	4.148	4.138	4.138	4.195	4.138	-2
DEP10P	4.322	4.316	4.316	4.370	4.310	0

SYM NAME	
Schatz(2Y)	German Futures
Bobl(5Y)	
Bund(10Y)	

SYM NAME	
Schatz(2Y)	German Futures
Bobl(5Y)	
Bund(10Y)	

SYM NAME	
2 yr CTD	German Cash
5 yr CTD	
10 yr CTD	
2yr OTR	
5yr OTR	
10yr OTR	

	Decimal					
	Bid	Ask	Last	Hi	Low	Chng
T.US.DE040P0909*	99.95	99.98		99.99	99.88	-3.00
T.US.DE040P0412	103.62	103.66		103.66	103.41	-2.00
T.US.DE040P0716	97.86	97.91		97.95	97.54	-3.00
DEP2P	99.95	99.98	99.98	99.99	99.88	-3.00
DEP5P	99.38	99.42	99.42	99.42	99.19	-2.00
DEP10P	99.42	99.47	99.47	99.51	99.05	0.00

SYM NAME	
2 yr CTD	German Cash
5 yr CTD	
10 yr CTD	
2yr OTR	
5yr OTR	
10yr OTR	

Y = Yield
 CTD = Cheapest to Deliver
 DE = German Country Code
 OTR = On the Run



Euro Mkt Summary: EGBs Mixed, Short Dates Weighed by Stocks, Currency
by Charanjeev Chana

EGBs were trading mixed on Monday afternoon with short dates underperforming, in turn flattening the Bund curve. Bunds posted modest gains in afternoon trade on weaker than expected August US pending home sales. EGBs are opened lower on Tuesday with short dates underperforming after both JGBs and US Treasuries traded lower overnight, amid asset-allocation trades into stocks. A correction lower in euro-dollar currency also weighed on short dates. Bunds dipped lower in morning trade on comments by former Fed Chairman Alan Greenspan, who said there were "signs in the last week... that a number of significant [credit] strains are easing." Dec07 Bunds were then dragged to session lows by Gilts, following poor auction results for the new 4.75% Dec 2030 Gilt. The market posted little reaction to Eurozone macroeconomic events on Tuesday. Eurozone producer prices fell below expectations in August whilst the August Eurozone unemployment rate was unrevised and inline with expectations.

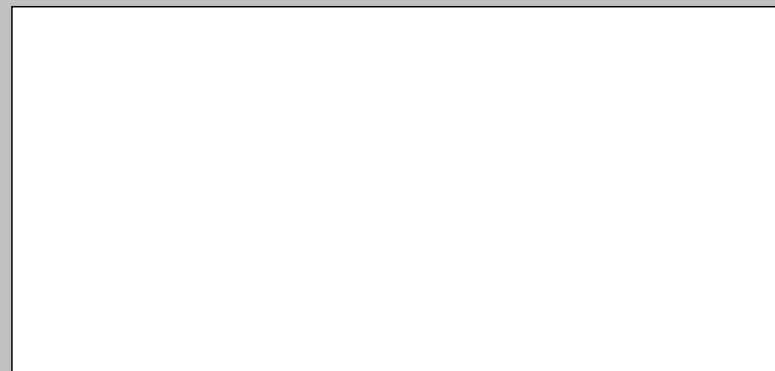
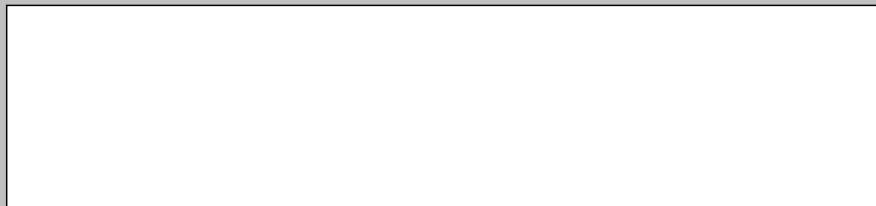
Attention in Europe turns to the release of Eurozone Services PMIs on Wednesday morning.

In the **forex markets**, the dollar traded stronger against the major currencies. The EUR/USD was at 1.417 (-0.007), cable at 2.043 (-0.002) and USD/JPY at 115.82 (+0.09).

European equities were stronger in afternoon trade. The DAX was trading +0.47%, CAC 40 +0.61% and the FTSE +0.47% on the day. US stocks were weaker with the S&P 500 -0.05% and the NASDAQ -0.07%.

Gilts were trading mixed, although with little bias. Long dated Gilts were weighed by poor auction results for the new 4.75% Dec 2030 Gilt. The issue was covered 1.68 times with a tail of 1.4bps, and traders noted the richness of Gilts versus Bunds which made it difficult for the market to digest the 2030 Gilt.

The UK sees the release of Nationwide consumer confidence ahead of the Gilt open on Wednesday morning. Also eyed will be Halifax house price data on the Gilt open. Attention will then turn to the release of the CIPS services PMI.





[Times for Market News Internaional stories are ET]

(cont.)



US Intrinsic's ^				
	M Duration	DV01 32	DV01 \$	DV01(€)
30y	15.59	5.21	\$1,627	€ 2,303
10y	7.79	2.55	\$798	€ 1,130
5y	4.46	1.43	\$447	€ 633
2y	1.90	0.61	\$190	€ 269
ZB	9.92	3.60	\$113	€ 159
ZN	5.87	2.07	\$65	€ 92
ZF	3.95	1.36	\$43	€ 60
ZT	1.90	0.63	\$20	€ 28

^Futures are Based on CTD

German Intrinsic's ^				
	M Duration	DV01(€)	DV01(\$)	CF
Bund	7.16	€ 231	\$163	0.868738
Bobl	4.13	€ 128	\$90	0.960712
Schatz	1.83	€ 54	\$38	0.957701
DE10Y	7.76	€ 1,104	\$780	
DE5Y	4.46	€ 662	\$468	
DE2Y	2.24	€ 335	\$237	

^Futures are Based on CTD

Last

EURUSD 141.58

Tic for Tic Matrix (\$)			
	Bund	Bobl	Schatz
30y	9.99	18.03	42.57
10y	4.90	8.84	20.88
5y	2.74	4.96	11.70
2y	1.17	2.10	4.97
ZB	0.69	1.25	2.94
ZN	0.40	1.34	1.70
ZF	0.26	0.47	1.11
ZT	0.12	0.22	0.51

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 (Z)	1.700	2.600	2.800
Bobl (Z)	0.960	1.450	1.570
Shatz (Z)	0.424	0.644	0.690

Bloomberg
Ratio's

US Treasuries v Eurex Bonds

	2y	5y	10y
Bund (Z)	1.7	3.9	7.1
Bobl (Z)	3.1	7.1	12.8
Shatz (Z)	7.8	15.9	28.8

Bloomberg
Ratio's

	Bund (Z)	Bobl (Z)	Shatz (Z)
Bund (Z)	1.00	1.63	3.87
Bobl (Z)	0.61	1.00	2.37
Shatz (Z)	0.26	0.42	1.00

GH Trader's
Ratio's

Note:

Bloomberg hedge ratio's are static. Meaning, I only update them once a week and on rolls. My hedge ratio's are live, meaning, they're updated in real-time. I've managed to get the Eurex to Eurex ratio's updating live as of 07/05/2007. I'll be working on Eurex to the USA ratio's soon. All matrixes are labeled GH Trader's or Bloomberg.

US Cash Treasuries (OTR)			
	Bid	Ask	Last
US2y	3.959	3.955	3.955
US5y	4.189	4.187	4.187
US10y	4.518	4.516	4.516

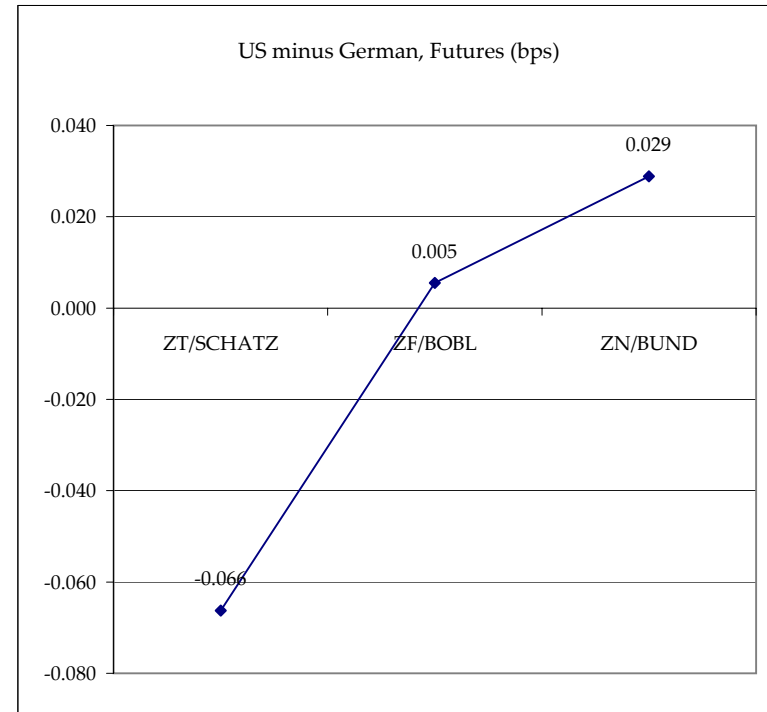
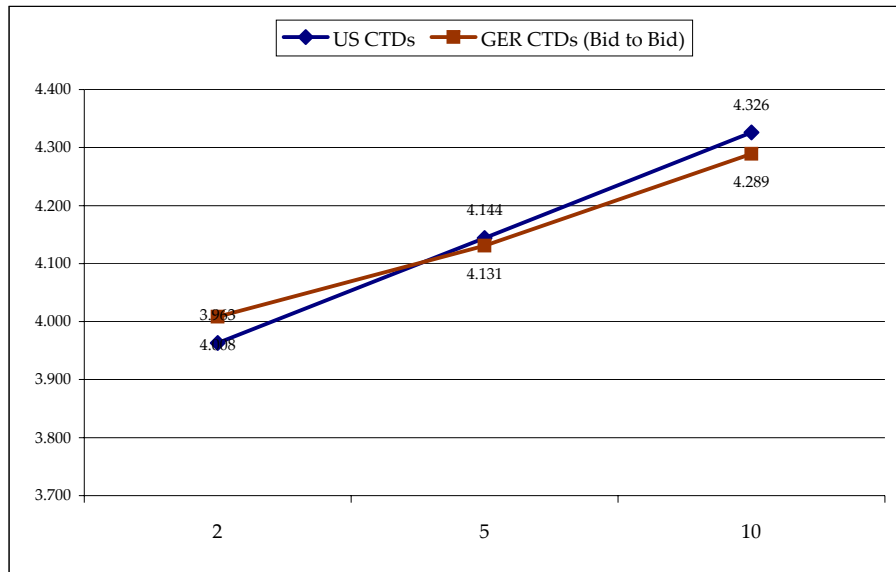
German Cash Treasuries (OTR)			
	Bid	Ask	Last
DE2y	4.025	4.008	4.008
DE5y	4.148	4.138	4.138
DE10y	4.322	4.316	4.316

Spreads	
	Bps
ZT/SCHATZ	-0.066
ZF/BOBL	0.005
ZN/BUND	0.029

US Cash Treasuries (CTD)			
	Bid	Ask	Last
4 of 09/09	3.963	3.942	3.942
4.625 of 02/12	4.144	4.136	4.136
4.25 of 08/14	4.326	4.318	4.318

German Futures (CTD)			
	Bid	Ask	Last
4.000 of 09/09	4.003	4.063	4.008
5.000 of 07/12	4.131	4.188	4.131
4.000 of 07/16	4.284	4.342	4.289

This chart shows the US futures, ZT, ZF, and ZN as a yield compared to the German Futures, the Schatz (2yr), Bobl (5yr), and Bund (10yr). Cheapest to Deliver (CTD) are used as proxies for the yields.



When does the volume trade? Between what hours 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	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	

Bond Market Characteristics

From The Treasury Bond Basis Book 3rd Edition, by Galen Burghardt

Accrued Interest	Germany	Japan	UK
Coupon (date)	Annual	semi (20th)	semi
Ex-dividend (days)	no	no	yes (7)
Accrual basis	actual	actual	actual
Year Basis	actual	365	actual

Settlement time frame

Domestic	T+2	T+3	T+3
International	T+3	na	na

Trading Basis

Quotation	price	simple yield	price
Tick	decimal	bp	decimal
Tax (resident)	0	0	0
Price/Yield Method	ISMA	Simple	DMO

Repo

Accrual basis	actual	actual	actual
Year basis	360	0	365

The Governing Council

Jean-Claude Trichet , President of the ECB
 Lucas D. Papademos, Vice-President of the ECB
 Lorenzo Bini Smaghi, Member of the Executive Board of the ECB
 José Manuel González-Páramo, Member of the Executive Board of the ECB
 Jürgen Stark, Member of the Executive Board of the ECB
 Gertrude Tumpel-Gugerell, Member of the Executive Board of the ECB

Axel A. Weber, President, Deutsche Bundesbank
Nout Wellink, President, De Nederlandsche Bank

Guy Quaden, Governor, Nationale Bank van België/Banque Nationale de Belgique
 Nicholas C. Garganas, Governor, Bank of Greece
 Miguel Fernández Ordóñez, Governor, Banco de España
 Christian Noyer, Governor, Banque de France
 John Hurley, Governor, Central Bank and Financial Services Authority of Ireland
 Mario Draghi, Governor, Banca d'Italia
 Yves Mersch, Governor, Banque centrale du Luxembourg
 Klaus Liebscher, Governor, Oesterreichische Nationalbank
 Vítor Manuel Ribeiro Constâncio, Governor, Banco de Portugal
 Marko Kranjec, Governor, Banka Slovenije
 Erkki Liikanen, Governor, Suomen Pankki - Finlands Bank

The Governing Council usually meets twice a month at the Eurotower in Frankfurt am Main, Germany.

At its first meeting each month, the Governing Council assesses monetary and economic developments and takes its monthly monetary policy decision. At its second meeting, the Council discusses mainly issues related to other tasks and responsibilities of the ECB and the Eurosystem.

The minutes of the meetings are not published, but the monetary policy decision is announced at a press conference held shortly after the first meeting each month. The President, assisted by the Vice-President, chairs the press conference.

The primary objective of the ECB's monetary policy is to maintain price stability.
The ECB aims at inflation rates of below, but close to, 2% over the medium term.

**EU Central Banks**

Austria, Oesterreichische Nationalbank
 Belgium, Nationale Bank van België/Banque Nationale de Belgique
 Bulgaria, Bulgarian National Bank
 Czech, Republic Česká národní banka
 Cyprus, Central Bank of Cyprus
 Denmark, Danmarks Nationalbank
 Estonia, Eesti Pank
 Éire/Ireland, Central Bank and Financial Services Authority of Ireland
 Finland, Suomen Pankki - Finlands Bank
 France, Banque de France
 Germany, Deutsche Bundesbank
 Greece, Bank of Greece
 Hungary, Magyar Nemzeti Bank
 Italy, Banca d'Italia
 Latvia, Latvijas Banka
 Lithuania, Lietuvos bankas
 Luxembourg, Banque centrale du Luxembourg
 Malta, Central Bank of Malta
 The Netherlands, De Nederlandsche Bank
 Poland, Narodowy Bank Polski
 Portugal, Banco de Portugal
 Romania, Banca Națională a României
 Slovakia, Národná banka Slovenska
 Slovenia, Banka Slovenije
 Spain, Banco de España
 Sweden, Sveriges Riksbank
 United Kingdom, Bank of England

Sept 06, 2007**Introductory statement**Jean-Claude Trichet, President of the ECB, Lucas Papademos, Vice President of the ECB Frankfurt am Main, 6 September 2007

"Ladies and gentlemen, let me welcome you to our press conference and report on the outcome of today's meeting of the ECB's Governing Council. The meeting was also attended by the President of the Eurogroup, Prime Minister Juncker, and Commissioner Almunia.

"On the basis of our regular economic and monetary analyses, we decided at today's meeting to leave the key ECB interest rates unchanged. The information that has become available since our previous meeting has confirmed that the medium-term outlook for price stability remains subject to upside risks, as identified by both our economic and monetary analyses. Incoming macroeconomic data also confirm the strong fundamentals of the euro area economy and support a favourable medium-term outlook for real GDP growth. Against this background, our monetary policy stance is still on the accommodative side with, inter alia, money and credit growth vigorous in the euro area. At the same time, the financial market volatility and reappraisal of risk of recent weeks have led to an increase in uncertainty. Given this high level of uncertainty, it is appropriate to gather additional information and to examine new data before drawing further conclusions for monetary policy in the context of our medium-term-oriented monetary policy strategy aimed at delivering price stability. Accordingly, the Governing Council will monitor very closely all developments. On the basis of our assessment, and by acting in a firm and timely manner, we will ensure that risks to price stability over the medium term do not materialise and that medium-term inflation expectations remain firmly anchored in line with price stability. This is all the more important at times of financial market volatility and increased uncertainty. As regards the financial markets, we will continue to pay great attention to developments over the period to come.

"...To sum up, a cross-check of the information identified under the economic analysis with the outcome of the monetary analysis has confirmed the existence of upside risks to price stability over the medium term – against the background of the strong fundamentals of the euro area economy. Accordingly, our monetary policy stance is still on the accommodative side with, inter alia, money and credit growth vigorous in the euro area. At the same time, given the high level of uncertainty, additional information is needed before further conclusions for monetary policy can be drawn. Accordingly, the Governing Council will monitor very closely all developments. On the basis of our assessment, and by acting in a firm and timely manner, we will ensure that risks to price stability over the medium term do not materialise and that medium-term inflation expectations remain firmly anchored in line with price stability. In the current context, it is all the more important that inflation expectations remain firmly anchored in line with price stability. As regards the financial markets, we will continue to pay great attention to developments over the period to come."

[SOURCE: The ECB]

PRESS RELEASE**6 September 2007 - Pre-announcement of supplementary longer-term refinancing operation**

The Governing Council of the European Central Bank has today decided to conduct a supplementary liquidity-providing longer-term refinancing operation with a maturity of three months.

This operation aims to support a normalisation of the functioning of the euro money market. It will be conducted in addition to the regular monthly longer-term refinancing operations, which remain unaffected.

The operation will be carried out as a variable rate tender, with no preset allotment amount. A standard tender procedure will be applied, with announcement on Tuesday, 11 September 2007, allotment on Wednesday, 12 September 2007, and settlement on Thursday, 13 September 2007. The operation will mature on Tuesday, 11 December 2007.










[SOURCE: The ECB]

Most Recent MPC Meetings:

	King (Gov)	Lomax (Dep Gov)	Gieve (Dep Gov)	Bean	Tucker	Barker	Blanch- flower	Besley	Sent- ance	Result	Level	Vote	Dis- sent bias
Aug-06	+25bps	+25bps	+25bps	+25bps	+25bps	+25bps	unch			+25bps	4.75%	6-1	no chg
Sep-06	unch	unch	unch	unch	unch	unch	unch	unch		unch	4.75%	8-0	none
Oct-06	unch	unch	unch	unch	unch	unch	unch	+25bps	+25bps	unch	4.75%	7-2	tightening
Nov-06	+25bps	unch	+25bps	+25bps	+25bps	+25bps	unch	+25bps	+25bps	+25bps	5.00%	7-2	no chg
Dec-06	unch	unch	unch	unch	unch	unch	unch	unch	unch	unch	5.00%	9-0	none
Jan-07	+25bps	unch	+25bps	unch	unch	+25bps	unch	+25bps	+25bps	+25bps	5.25%	5-4	no chg
Feb-07	unch	unch	unch	unch	unch	unch	unch	+25bps	+25bps	unch	5.25%	7-2	tightening
Mar-07	unch	unch	unch	unch	unch	unch	-25bps	unch	unch	unch	5.25%	8-1	easing
Apr-07	unch	unch	unch	unch	unch	unch	unch	+25bps	+25bps	unch	5.25%	7-2	tightening
May-07	+25bps	+25bps	+25bps	+25bps	+25bps	+25bps	+25bps	+25bps	+25bps	+25bps	5.50%	9-0	none
Jun-07	+25bps	unch	+25bps	unch	unch	unch	unch	+25bps	+25bps	unch	5.50%	5-4	tightening
Jul-07	+25bps	unch	+25bps	unch	+25bps	+25bps	unch	+25bps	+25bps	+25bps	5.75%	6-3	no chg
Aug-07	unch	unch	unch	unch	unch	unch	unch	unch	unch	unch	5.75%	9-0	none
Sep-07	unch	unch	unch	unch	unch	unch	unch	unch	unch	unch	5.75%	9-0	none

Stone & McCarthy
RESEARCH ASSOCIATES

BOE HAWKOMETER (to September meeting)

	Dissenting Hawkish Votes	Dissenting Dovish Votes	Non- Dissenting Votes	Total Votes	Hawkishness Rating
 Sentance	4	0	8	12	33%
 Besley	4	0	9	13	31%
 King (Gov)	14	0	111	125	11%
 Tucker	6	1	57	64	8%
 Gieve (Dep Gov)	1	0	19	20	5%
 Lomax (Dep Gov)	2	3	46	51	-2%
 Barker	1	4	72	77	-4%
 Bean	0	5	80	85	-6%
 Blanchflower	0	5	11	16	-31%

BOE Hawkometer – A More Dovish Set of Minutes in September
by Niraj Shah

[September 6, 2007]

The Bank of England's Monetary Policy Committee today voted to maintain the official Bank Rate paid on commercial bank reserves at 5.75%.

In its August Inflation Report, the Committee's central projection was for inflation to remain close to the 2% target over the forecast period and for output growth to ease, reflecting a slowing in both consumer spending and business investment.

In recent weeks, heightened concerns about a variety of asset-backed securities have led to disruption around the world, not only in markets for those financial instruments but also in money markets more generally. The MPC's mandate is to set interest rates to meet the Government's 2% target for CPI inflation. So the Committee discussed these developments and other economic data in terms of their implications for the outlook for inflation.

CPI inflation fell back to 1.9% in July and may remain around, or a little below, the 2% target for the next few months. Pay pressures remain muted. There are tentative signs of a slowing in consumer spending. But the recent solid pace of output growth has been sustained and the margin of spare capacity appears limited. Indicators of pricing pressure remain somewhat elevated.

It is too soon to tell how far the disruption in financial markets will impair the availability of credit to companies and households. As stated in its August Report, the MPC is monitoring closely the evolution of both credit spreads and the quantities of credit extended, alongside all other data relevant to the outlook for inflation.

Against that background, the Committee judged that no change in Bank Rate was necessary at this meeting to keep inflation on track to meet the target in the medium term.

The minutes of the meeting will be published at 9.30am on Wednesday 19 September.

Note to Editors

The previous change in Bank Rate was an increase of 0.25 percentage points to 5.75% on 5 July 2007. [SOURCE: The BOE]