

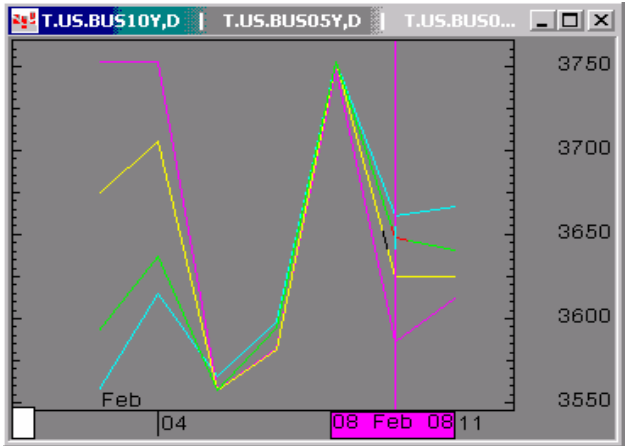


# The Morning Email: Treasuries

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Daily Yield Curve



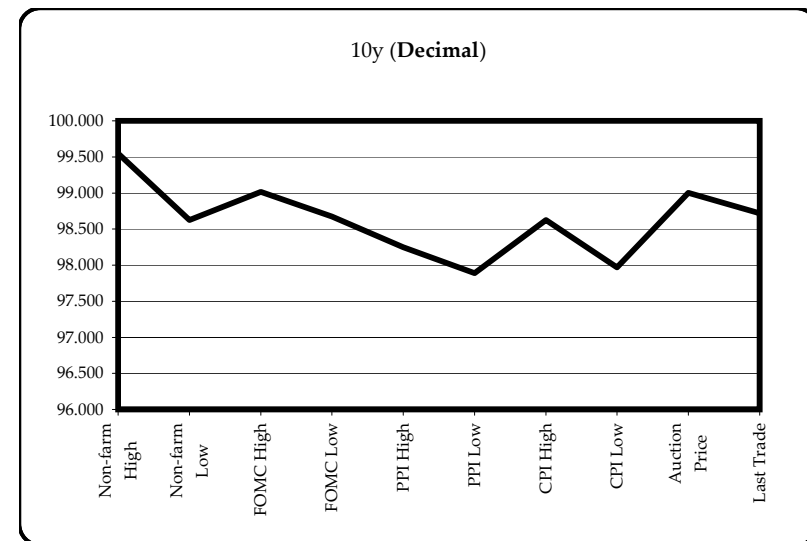
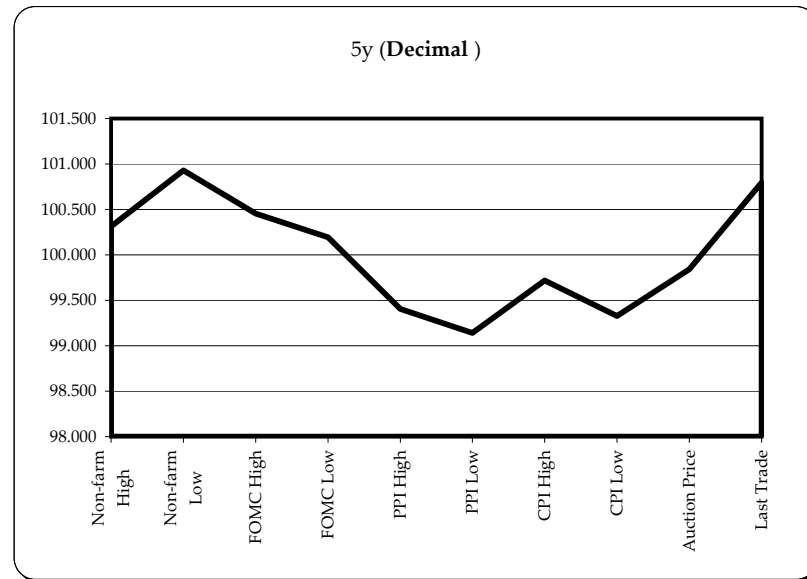
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Want something added? Let me know: [jgoulding@ghco.com](mailto:jgoulding@ghco.com)  
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Economic Releases - 32nds					
	5y	10y	ZNH8	ZBH8	Date
Non-farm High	100.1000	99.175	116.225	120.09	2/1/2008
Non-farm Low	100.2975	98.200	117.185	119.03	2/1/2008
FOMC High	100.1450	99.005	117.000	119.27	1/31/2008
FOMC Low	100.0625	98.215	116.210	119.08	1/31/2008
PPI High	99.1300	98.080	116.030	119.17	1/15/2008
PPI Low	99.0450	97.285	115.235	119.02	1/15/2008
CPI High	99.2300	98.200	116.140	119.31	1/16/2008
CPI Low	99.1050	97.310	115.275	119.03	1/16/2008
Auction Price	99.2697	99.000			
Last Trade	100.2550	98.230	117.020	118.27	2/11/2008 6:11

Auctions - 32nds				
	2 y	5y	10y	30y
Auction Price	99.250	99.270	99.000	98.250
Auction Yield Stop	2.237	2.909	3.620	4.4449
Actual Auction Date	1/28/2008	1/29/2008	2/6/2008	2/7/2008



Notes: Cash and futures are adjusted for roll.  
 Release times are from release to 2pm cdt  
 {Dec07 to Mch08 Futures roll: ZF = (-12); ZN = (-25); ZB = (+1) [tics]}  
 r = reopen

	Last	Net	32 nds			Volume	SYM NAME
			High	Low	Open		
TUAH8	106.317	(0.0)	107.045	106.317	107.015	17,467	2y Fut
FVAH8	113.170	(0.0)	113.255	113.170	113.195	37,382	5y Fut
TYAH8	117.020	(0.0)	117.120	117.020	117.040	86,160	10y Fut
USAH8	118.270	(0)	119.050	118.220	118.280	19,799	30y Fut
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02P	100.095	(1.7)	100.130	100.097	100.125	na	2y Cash
BUS05P	100.247	(1.7)	100.305	100.255	100.285	na	5y Cash
BUS10P	98.225	(0.5)	98.300	98.230	98.235	na	10y Cash
BUS30P	98.310	1	99.105	99.000	99.045	na	30y Cash
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02Y	1.963	3.60	1.975	1.906	1.947	na	2y Yield
BUS05Y	2.704	1.50	2.708	2.666	2.696	na	5y Yield
BUS10Y	3.652	0.40	3.664	3.624	3.648	na	10y Yield
BUS30Y	4.429	0.80	4.438	4.413	4.426	na	30y Yield

	Libor\$ ^	Tbill	CP ^^
1M	3.139	2.246	3.070
3M	3.070	2.235	3.030
6M	2.963	2.121	2.900

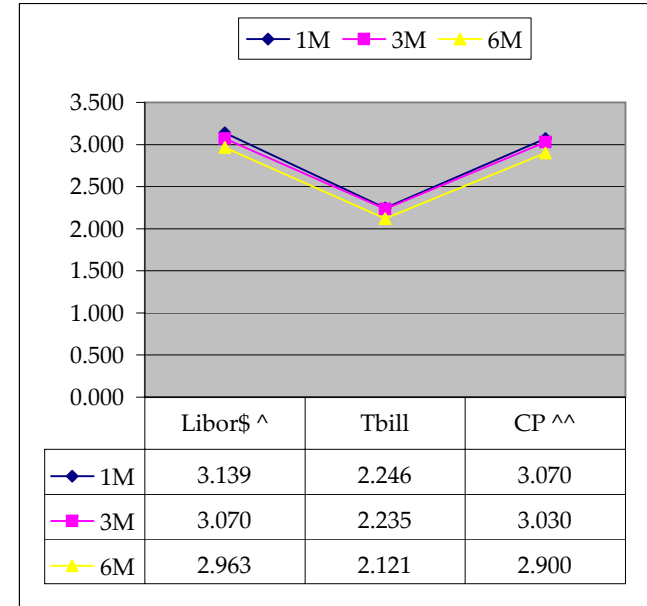
	Libor\$ ^	Repos
0/N	3.065	2.300
1week	3.104	2.300
2week	3.114	2.250

	TSY	Swap	ED Pks ^^
2y	1.970	76.50	2.901
5y	2.704	80.75	
10y	3.652	66.25	

Red pack / Blue pack is a 2/5 proxy  
 Red pack / Gold pack is a 2/10 proxy  
 Blue pack / Gold pack is a 5/10 proxy

Notes

^Quoted in US Dollars  
 ^^CP = Commercial Paper  
 ^^ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.  
 Lastly, SYM = Symbol



	2/5	Rd/Blu Pk Difference
	73.4	#VALUE! #VALUE!
	2/10	Rd/Gld Pk Difference
	168.2	#VALUE! #VALUE!
	5/10	Blu/Gld Pk Difference
	94.8	#VALUE! #VALUE!

	M Duration	DV01 32	DV01 \$	DV01 Box	CF
30y	16.21	5.14	\$1,608	10.29	n/a
10y	8.22	2.64	\$826	5.29	n/a
5y	4.60	1.50	\$467	5.98	n/a
2y	1.92	0.62	\$192	2.46	n/a
ZB	10.44	4.10	\$128	4.10	0.7757
ZN	5.83	2.21	\$69	4.42	0.8174
ZF	3.87	1.42	\$45	2.85	0.8705
ZT	1.77	0.61	\$19	2.45	0.9336

Yield Curve Spreads			
	Last	2pm close	Diff
2/5	74.10	76.30	(2.20)
5/10	94.80	95.90	(1.10)
10/30	77.70	78.50	(0.80)
2/10	168.90	172.20	(3.30)
5/30	172.50	174.40	(1.90)
2/30	246.60	250.70	(4.10)

DV01 32, said differently, is "how many TICS are in a basis point?".

Example, If ZN moves 1~basis point, then, it's moved 2.08 tics (Today, 10/25/07, the value in the box is 2.08).

Since ZN trades in half tics, then, 4.17 boxes = 1 basis point in ZN. (Again, today, 10/25/07, the value in the box is 4.17). Of course the values will be different as you look at this. But, they won't be that much different. So, I think you can get the idea I'm trying to get across.

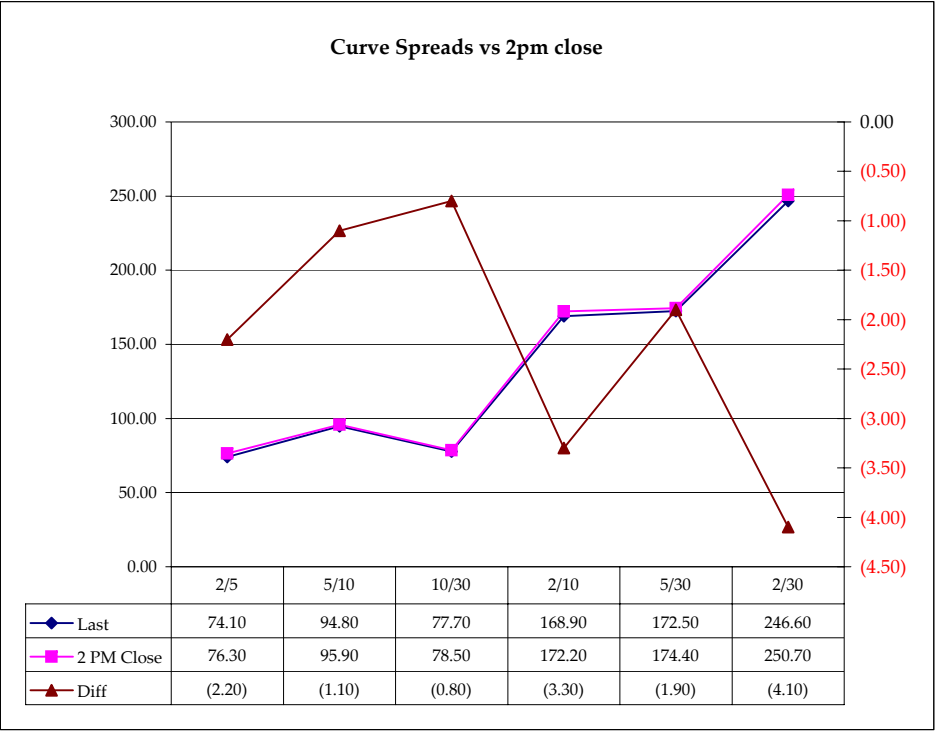
**Notes**

CF = Conversion Factor

MDuration = Modified Macaulay Duration

MDuration & DV01s for Futures are based on proxy issue (CTD)

DV01 Box = Dollar Value of 1 basis point move per Box



## US Financial Futures / Eurex Bond

	ZB	ZN	ZF	ZT
Bund (H)	0.980	1.800	2.800	3.100
Bobl (H)	0.540	0.996	1.536	1.692
Shatz (H)	0.223	0.405	0.625	0.688

## US Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.50	3.65	6.45	12.56
ZN	2.78	6.76	11.95	23.26
ZF	4.32	10.49	18.55	36.10
ZT	5.04	12.23	21.62	42.07

## US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.852	2.875	3.350
ZN	0.540		1.552	1.809
ZF	0.348	0.644		1.165
ZT	0.299	0.553	0.858	

## US Treasuries v Eurex Bonds

	2y	5y	10y	30y
Bund (H)	1.7	3.9	7.1	14.3
Bobl (H)	3.1	7.1	12.8	25.8
Shatz (H)	7.8	15.9	28.8	58.1

## Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)	1.0	1.9	4.6
Bobl (H)	0.5	1.0	2.5
Shatz (H)	0.2	0.4	1.0

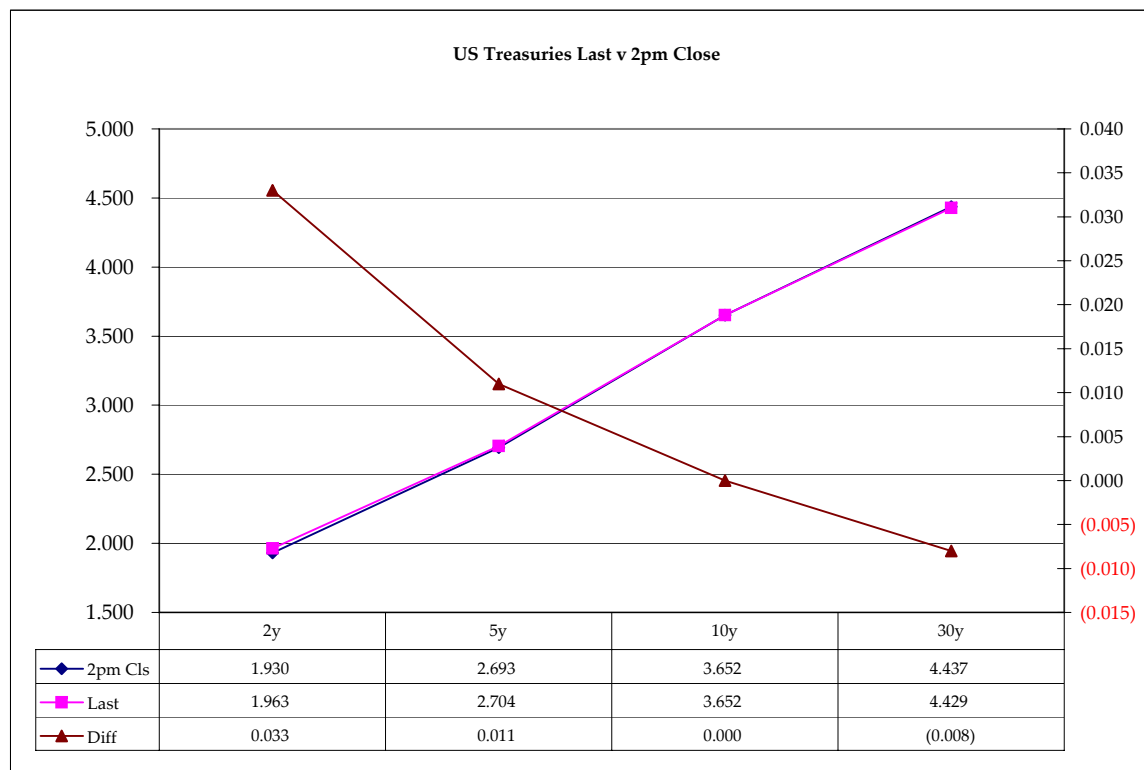
## US Treasuries

	2y	5y	10y	30y
2y		2.429	4.293	8.356
5y	0.412		1.771	3.447
10y	0.233	0.566		1.946
30y	0.120	0.291	0.514	

Note: Any ratio with the Bund, Bobl, or Shatz is from Bloomberg. So, the Bloomberg hedge ratios, in this spreadsheet, are static. Meaning, I only update them once in a while but always on rolls. My hedge ratio's are live, meaning, they're updated in real-time.

	Cpn	Mty	Close 32	Close	Last	Diff	Basis		Roll		Close 32	Last
							Close	Last				
2y	2.125	1/31/10	100.1200	1.930	1.963	0.033				FVAH8	113.185	113.170
5y	2.875	1/31/13	100.2700	2.693	2.704	0.011	63.17	62.97		TYAH8	117.025	117.020
10y	3.500	2/15/18	98.235	3.652	3.652	0.000	97.11	97.02		USAH8	118.20	118.270
30y	4.375	5/15/37	98.32	4.437	4.429	(0.008)	222.94	218.01				

Curve Spreads		
	Close bps	Last bps
2/5	76.3	74.1
5/10	95.9	94.8
10/30	78.5	77.7
2/10	172.2	168.9
5/30	174.4	172.5
2/30	250.7	246.6



Notes:  
 Basis = (Cash Decimal - (Futures Decimal \* CF))\*32  
 MDuration for Curve Spreads:  
 Longer duration minus shorter duration  
 32 = price is quoted in 32nds

Cash Duration Matrix

Cash Duration Matrix				
	2	5	10	30
2	100%			
5	42%	100%		
10	23%	56%	100%	
30	12%	28%	51%	141%
Cash Matrix [DV01 x Duration]				
	2	5	10	30
2	\$192			
5	\$195	\$467		
10	\$193	\$462	\$826	
30	\$190	\$456	\$815	\$1,608
Cash Matrix [DV01 over / (under) valued]				
	2	5	10	30
2				
5	(\$2)			
10	(\$0)	\$5		
30	\$2	\$11	\$10	
Cash Matrix [DV01 over / (under) as %]				
	2	5	10	30
2				
5	-1.21%			
10	-0.09%	1.13%		
30	1.20%	2.43%	1.29%	

**What is this? (1):**  
 2yr cash has X% duration of 5yr cash .

**What is this? (2):**  
 - 2yr cash has DV01 of \$202  
 - Multiply the 2yr DV01 by the percent duration to come up with what the 2yrs DV01 SHOULD be compared to the 5yr.

**What is this? (3):**  
 - Now you can see the over/under value, based on the DV01, from contract to contract. In this example we are looking at the 2yr compared to the 5yr.

Or you can look at the over/under value as a percentage instead of dollar terms.

		Tic for Tic Matrix			
		2y	5y	10y	30y
ZT		1.01	2.45	4.32	8.41
ZF		0.43	1.05	1.85	3.61
ZN		0.28	0.68	1.20	2.33
ZB		0.15	0.37	0.65	1.26

		Box for Box Matrix			
		2y	5y	10y	30y
ZT		1.01	2.45	8.65	16.83
ZF		0.43	2.10	3.71	7.22
ZN		0.56	1.35	1.20	2.33
ZB		0.60	1.46	1.29	2.51

		2y	5y	10y	30y
2y		1.00	2.43	4.29	8.36
5y		0.41	1.00	1.77	3.44
10y		0.23	0.57	1.00	1.95
30y		0.12	0.29	0.51	1.00

		2y	5y	10y	30y
2y			2.43	2.15	4.18
5y		0.41		0.44	1.72
10y		0.47	2.26		1.95
30y		0.24	0.58	0.51	

		ZT	ZF	ZN	ZB
ZT		1.00	2.33	3.62	6.70
ZF		0.43	1.00	1.55	2.87
ZN		0.28	0.64	1.00	1.85
ZB		0.15	0.35	0.54	1.00

		2y	5y	10y	30y
ZT			2.33	7.23	26.80
ZF		0.43		1.55	5.75
ZN		0.14	0.64		3.70
ZB		0.04	0.17	0.27	