

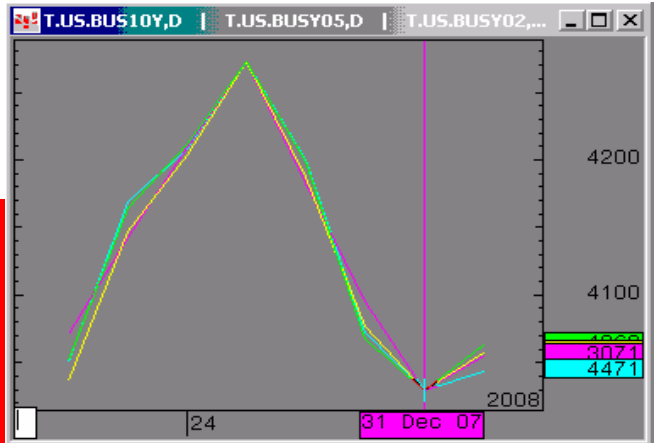


The Morning Email: Treasuries

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Daily Yield Curve



Source: CQG, Inc. © 2008 Wed Jan 02 2008 05:35:30



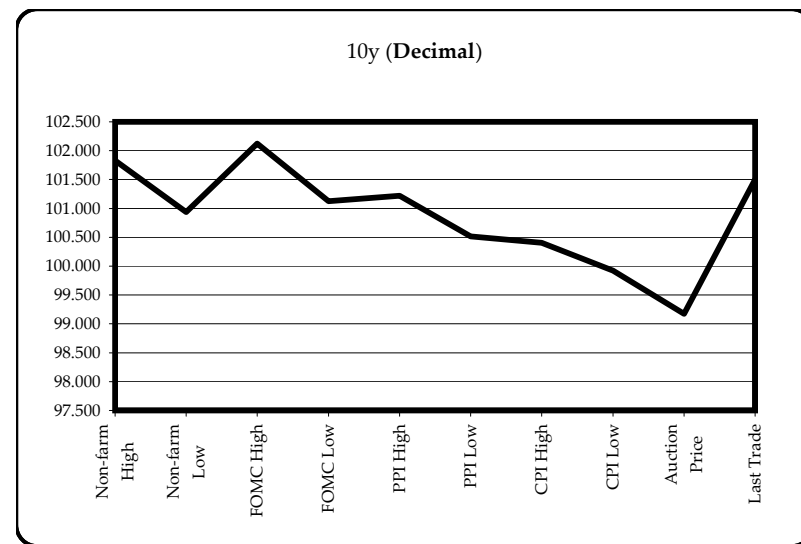
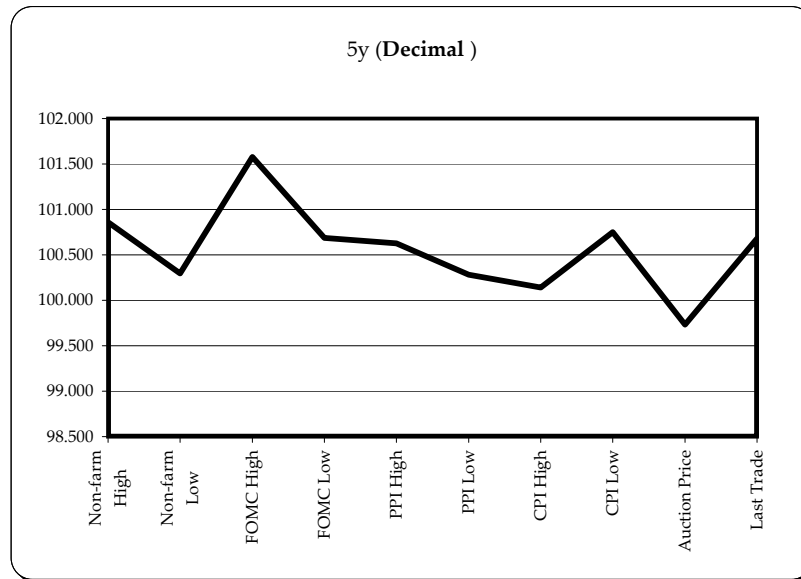
ALL NEWS HAS BEEN MOVED TO A NEW EMAIL CALLED "NEWS RECAP"

Want something added? Let me know: jgoulding@ghco.com

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Economic Releases - 32nds					
	5y	10y	ZNH8	ZBH8	Date
Non-farm High	100.2750	101.265	113.090	116.17	12/7/2007
Non-farm Low	100.0950	100.300	112.120	115.00	12/7/2007
FOMC High	101.1850	102.040	113.200	116.16	12/11/2007
FOMC Low	100.2200	101.040	112.185	115.03	12/11/2007
PPI High	100.2000	101.070	112.240	115.13	12/13/2007
PPI Low	100.0900	100.165	112.085	114.08	12/13/2007
CPI High	100.0450	100.130	112.075	114.07	12/14/2007
CPI Low	99.5600	99.295	111.240	113.19	12/14/2007
Auction Price	99.2347	99.056			
Last Trade	100.2170	101.160	113.050	116.05	1/2/2008 5:42

Auctions - 32nds				
	2 y	5y	10y	30y
Auction Price	99.298	99.235	99.056	105.103
Auction Yield Stop	3.159	4.435	4.353	4.666
Actual Auction Date	12/26/2007	12/27/2007	11/7/2007	11/8/2007



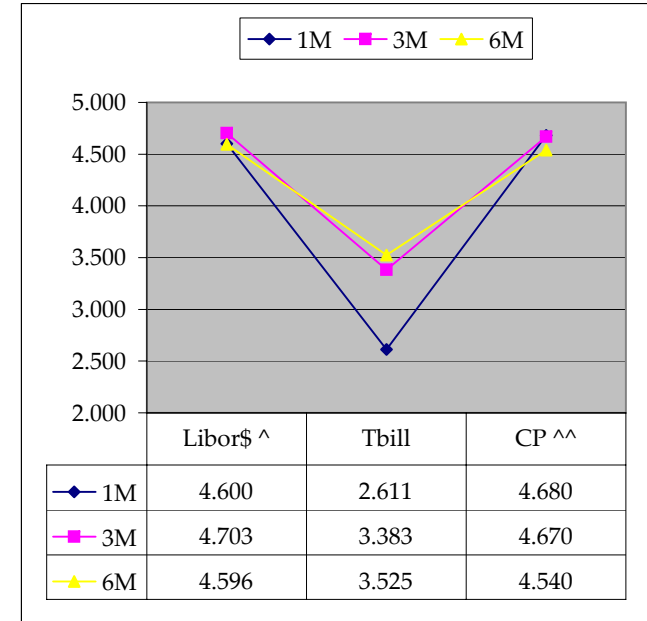
Notes: Cash and futures are adjusted for roll.
 Release times are from release to 2pm cdt
 {Dec07 to Mch08 Futures roll: ZF = (-12); ZN = (-25); ZB = (+1) [tics]}
 r = reopen

	Last	Net	32 nds			Volume	SYM NAME
			High	Low	Open		
TUAH8	105.025	(0.0)	105.040	105.007	105.040	4,555	2y Fut
FVAH8	110.050	(0.0)	110.110	110.020	110.110	11,177	5y Fut
TYAH8	113.050	(0.1)	113.140	113.020	113.140	36,823	10y Fut
USAH8	116.050	(0)	116.140	116.000	116.130	11,336	30y Fut
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02P	100.107	(1.0)	100.110	100.090	100.092	na	2y Cash
BUS05P	100.215	(4.5)	100.222	100.197	100.210	na	5y Cash
BUS10P	101.160	(9.0)	101.160	101.075	101.075	na	10y Cash
BUS30P	108.180	20	109.095	108.155	109.095	na	30y Cash
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02Y	3.067	2.40	3.112	3.043	3.055	na	2y Yield
BUS05Y	3.474	2.90	3.505	3.469	3.488	na	5y Yield
BUS10Y	4.061	3.20	4.1	4.031	4.031	na	10y Yield
BUS30Y	4.470	1.20	4.49	4.429	4.431	na	30y Yield

	Libor\$ ^	Tbill	CP ^^
1M	4.600	2.611	4.680
3M	4.703	3.383	4.670
6M	4.596	3.525	4.540

	Libor\$ ^	Repos
0/N	4.823	1.700
1week	4.488	3.650
2week	4.500	3.550

	TSY	Swap	ED Pks ^^
2y	3.066	76.75	3.686
5y	3.477	73.50	
10y	4.063	63.75	



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

	M Duration	DV01 32	DV01 \$	DV01 Box	CF
30y	15.68	5.55	\$1,733	11.09	n/a
10y	7.97	2.60	\$813	5.21	n/a
5y	4.53	1.47	\$459	5.88	n/a
2y	1.92	0.62	\$192	2.46	n/a
ZB	10.26	3.91	\$122	3.91	0.8633
ZN	5.90	2.15	\$67	4.31	0.8747
ZF	3.96	1.40	\$44	2.81	0.8877
ZT	1.92	0.64	\$20	2.58	0.9549

Yield Curve Spreads			
	Last	2pm close	Diff
2/5	40.70	39.00	1.70
5/10	58.70	58.40	0.30
10/30	40.90	42.20	(1.30)
2/10	99.40	97.40	2.00
5/30	99.60	100.60	(1.00)
2/30	140.30	139.60	0.70

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.

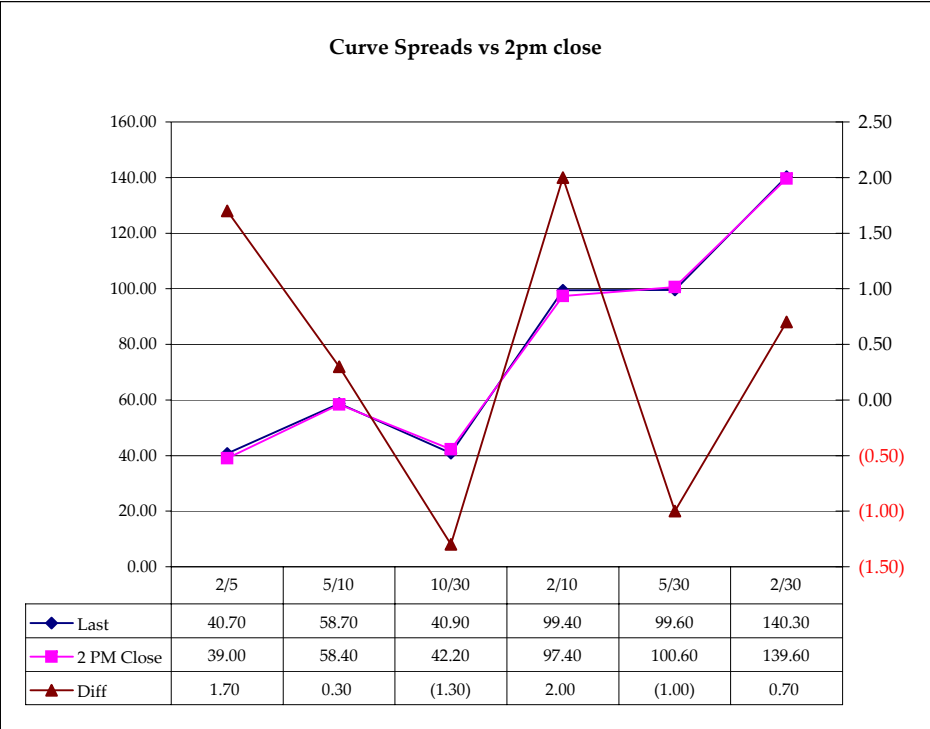
Notes

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	1.700	2.700	2.900
Bobl (H)	0.530	0.960	1.500	1.570
Shatz (H)	0.210	0.380	0.580	0.630

US Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.57	3.76	6.66	14.20
ZN	2.86	6.82	12.09	25.75
ZF	4.38	10.46	18.53	39.47
ZT	4.77	11.40	20.20	43.04

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.814	2.780	3.032
ZN	0.551		1.533	1.672
ZF	0.360	0.652		1.090
ZT	0.323	0.585	0.897	

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	1.7	3.4
Bobl (H)	0.6	1.0	2.0
Shatz (H)	0.3	0.5	1.0

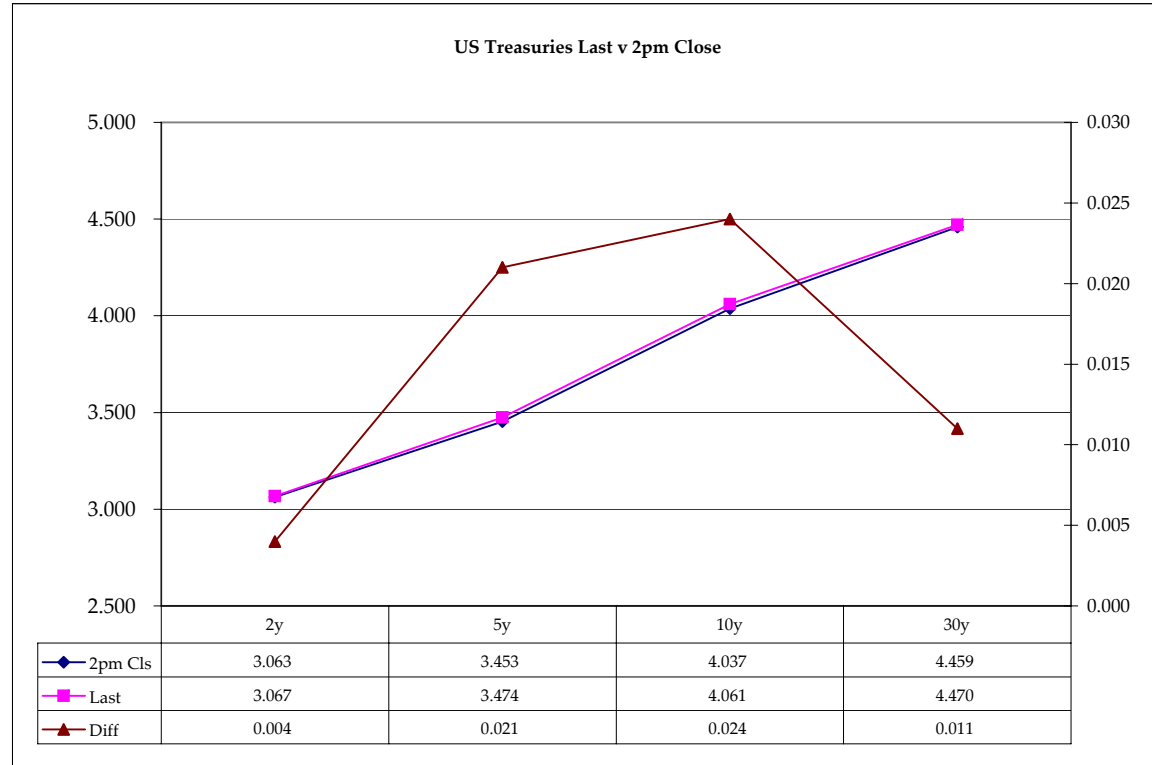
US Treasuries

	2y	5y	10y	30y
2y		2.388	4.231	9.014
5y	0.419		1.772	3.775
10y	0.236	0.564		2.130
30y	0.111	0.265	0.469	

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	3.250	12/31/09	100.1150	3.063	3.067	0.004				FVAH8	110.090	110.050
5y	3.625	12/31/12	100.2500	3.453	3.474	0.021	92.31	92.56		TYAH8	113.125	113.050
10y	4.250	11/17/17	101.230	4.037	4.061	0.024	81.15	80.71		USAH8	116.12	116.050
30y	5.000	5/15/37	108.26	4.459	4.470	0.011	266.57	265.61				

Curve Spreads		
	Close bps	Last bps
2/5	39.0	40.7
5/10	58.4	58.7
10/30	42.2	40.9
2/10	97.4	99.4
5/30	100.6	99.6
2/30	139.6	140.3



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	43%	100%		
10	24%	56%	100%	
30	12%	29%	51%	135%
Cash Matrix [DV01 x Duration]				
	2	5	10	30
2	\$192			
5	\$192	\$448		
10	\$195	\$456	\$813	
30	\$212	\$494	\$881	\$1,733
Cash Matrix [DV01 over / (under) valued]				
	2	5	10	30
2				
5	\$0			
10	(\$3)	(\$8)		
30	(\$19)	(\$46)	(\$67)	
Cash Matrix [DV01 over / (under) as %]				
	2	5	10	30
2				
5	0.19%			
10	-1.65%	-1.84%		
30	-9.15%	-9.32%	-7.62%	

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	0.95	2.23	4.04	8.61
ZF	0.44	1.02	1.85	3.95
ZN	0.29	0.67	1.21	2.57
ZB	0.16	0.37	0.67	1.42

Box for Box Matrix				
	2y	5y	10y	30y
ZT	0.95	2.23	8.08	17.22
ZF	0.44	2.04	3.71	7.89
ZN	0.57	1.33	1.21	2.57
ZB	0.63	1.47	1.33	2.84

	2y	5y	10y	30y
2y	1.00	2.33	4.23	9.01
5y	0.43	1.00	1.82	3.87
10y	0.24	0.55	1.00	2.13
30y	0.11	0.26	0.47	1.00

	2y	5y	10y	30y
2y		2.33	2.12	4.51
5y	0.43		0.45	1.93
10y	0.47	2.20		2.13
30y	0.22	0.52	0.47	

	ZT	ZF	ZN	ZB
ZT	1.00	2.18	3.34	6.06
ZF	0.46	1.00	1.53	2.78
ZN	0.30	0.65	1.00	1.81
ZB	0.16	0.36	0.55	1.00

	2y	5y	10y	30y
ZT		2.18	6.69	24.25
ZF	0.46		1.53	5.56
ZN	0.15	0.65		3.63
ZB	0.04	0.18	0.28	