

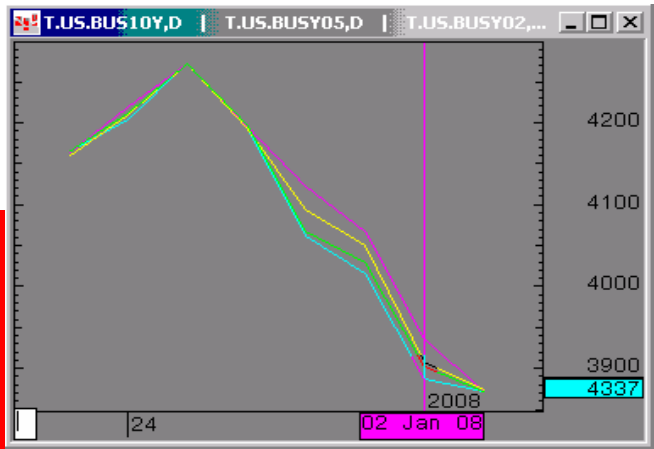


## The Morning Email: Treasuries

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Daily Yield Curve



Source: CQG, Inc. © 2008 Thu Jan 03 2008 05:37:28

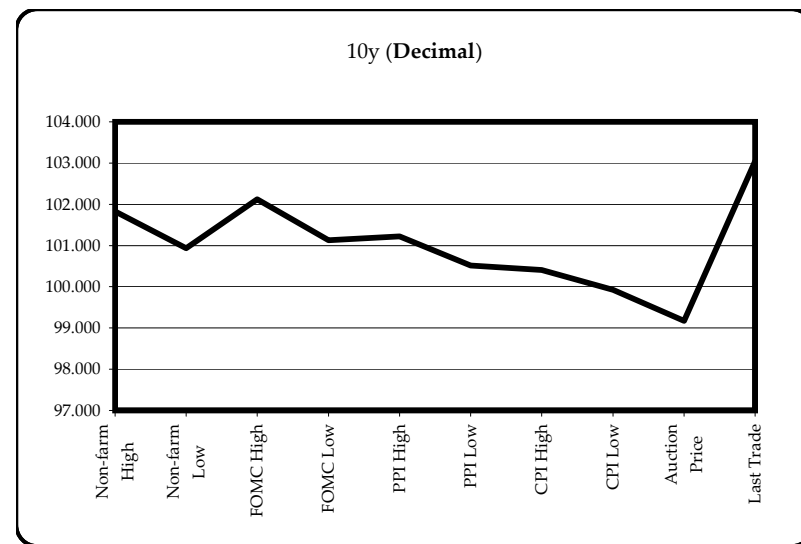
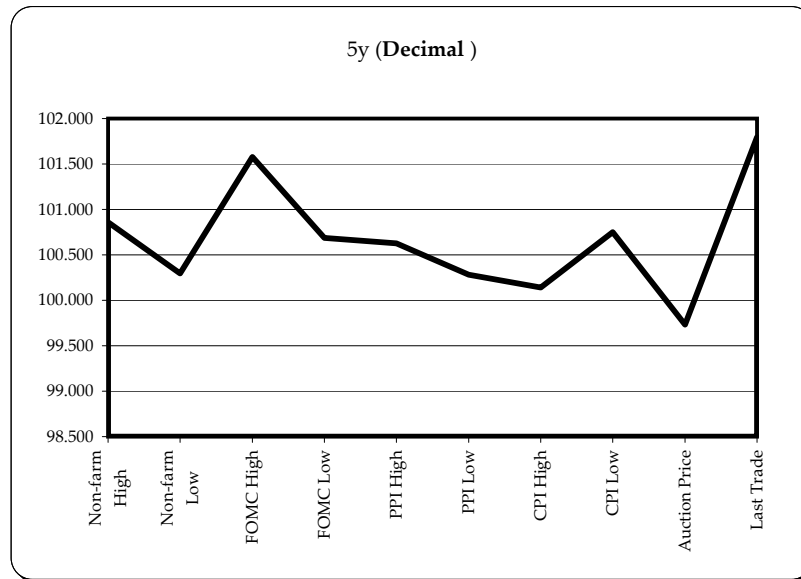


ALL NEWS HAS BEEN MOVED TO A NEW EMAIL CALLED "NEWS RECAP"

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	100.2750	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	101.2550	103.015	114.165	118.02	1/3/2008 5:47

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

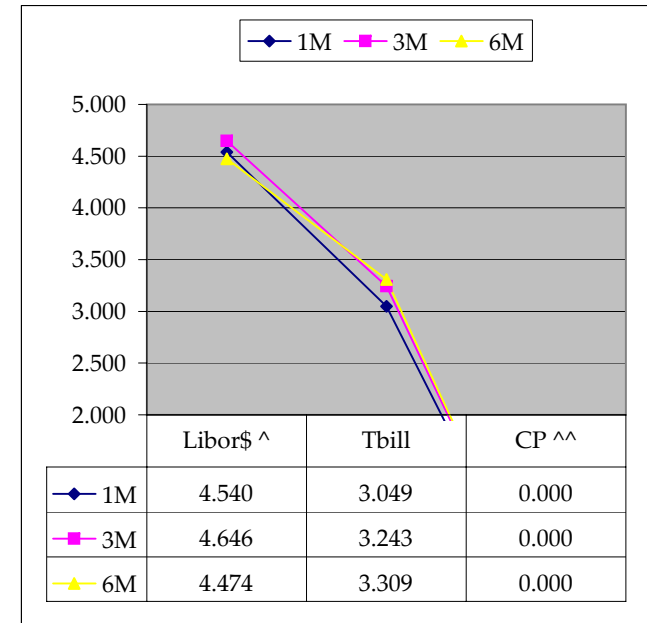


Notes: Cash and futures are adjusted for roll.  
 Release times are from release to 2pm cdt  
 {Dec07 to Mch08 Futures roll: ZF = (-12); ZN = (-25); ZB = (+1) [tics]}  
 r = reopen

	Last	Net	32 nds			Volume	SYM NAME
			High	Low	Open		
TUAH8	105.210	0.1	105.252	105.147	105.155	44,110	2y Fut
FVAH8	111.065	0.1	111.075	110.300	111.000	49,401	5y Fut
TYAH8	114.165	0.0	114.185	114.060	114.095	97,372	10y Fut
USAH8	118.020	0	118.030	117.160	117.240	23,810	30y Fut
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02P	100.275	4.7	100.285	100.232	100.235	na	2y Cash
BUS05P	101.255	6.7	101.262	100.190	100.190	na	5y Cash
BUS10P	103.015	7.5	103.025	102.200	102.220	na	10y Cash
BUS30P	110.310	9	111.015	110.145	110.150	na	30y Cash
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02Y	2.799	(7.80)	2.88	2.779	2.872	na	2y Yield
BUS05Y	3.229	(4.60)	3.498	3.215	3.498	na	5y Yield
BUS10Y	3.871	(3.20)	3.937	3.867	3.913	na	10y Yield
BUS30Y	4.333	(1.70)	4.376	4.33	4.358	na	30y Yield

	Libor\$ ^	Tbill	CP ^^
1M	4.540	3.049	#VALUE!
3M	4.646	3.243	#VALUE!
6M	4.474	3.309	#VALUE!
	TSY	Swap	ED Pks ^^^
2y	2.801	82.00	3.418
5y	3.231	76.00	
10y	3.875	63.75	

	Libor\$ ^	Repos
0/N	4.395	3.950
1week	4.498	3.650
2week	4.511	3.550



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

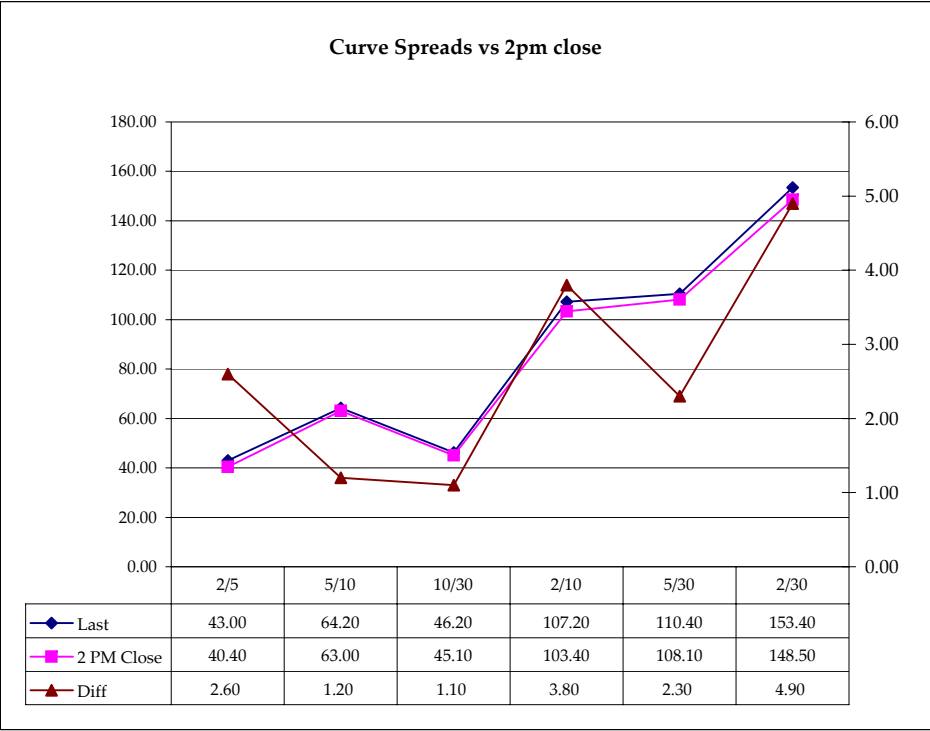
	M Duration	DV01 32	DV01 \$	DV01 Box	CF
30y	15.84	5.72	\$1,788	11.44	n/a
10y	7.99	2.65	\$828	5.30	n/a
5y	4.54	1.49	\$465	5.95	n/a
2y	1.91	0.62	\$193	2.47	n/a
ZB	10.32	4.00	\$125	4.00	0.8633
ZN	5.91	2.18	\$68	4.37	0.8747
ZF	3.96	1.42	\$44	2.84	0.8877
ZT	1.91	0.65	\$20	2.59	0.9549

Yield Curve Spreads			
	Last	2pm close	Diff
2/5	43.00	40.40	2.60
5/10	64.20	63.00	1.20
10/30	46.20	45.10	1.10
2/10	107.20	103.40	3.80
5/30	110.40	108.10	2.30
2/30	153.40	148.50	4.90

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	1.55	3.72	6.63	14.32
ZN	2.83	6.81	12.13	26.20
ZF	4.36	10.48	18.67	40.31
ZT	4.77	11.49	20.46	44.18

## US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.830	2.815	3.085
ZN	0.547		1.539	1.686
ZF	0.355	0.650		1.096
ZT	0.317	0.580	0.893	

## 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)	#NUM!	#NUM!	#NUM!
Bobl (H)	#NUM!	1.0	2.1
Shatz (H)	#NUM!	0.5	1.0

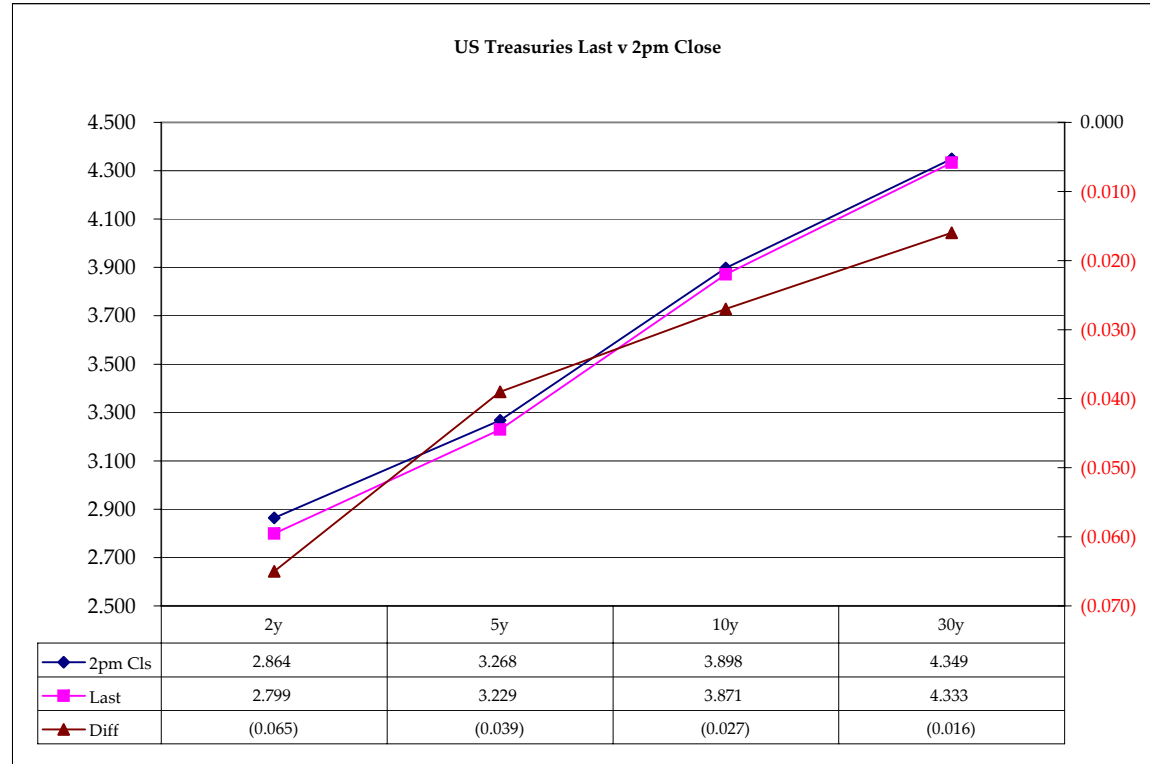
## US Treasuries

	2y	5y	10y	30y
2y		2.406	4.285	9.253
5y	0.416		1.781	3.847
10y	0.233	0.561		2.159
30y	0.108	0.260	0.463	

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	100.2375	2.864	2.799	(0.065)				FVAH8	111.015	111.065
5y	3.625	12/31/12	101.2025	3.268	3.229	(0.039)	97.81	98.62		TYAH8	114.100	114.165
10y	4.250	11/17/17	102.275	3.898	3.871	(0.027)	91.85	92.16		USAH8	117.29	118.020
30y	5.000	5/15/37	110.24	4.349	4.333	(0.016)	286.27	288.95				

Curve Spreads		
	Close bps	Last bps
2/5	40.4	43.0
5/10	63.0	64.2
10/30	45.1	46.2
2/10	103.4	107.2
5/30	108.1	110.4
2/30	148.5	153.4



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%	28%	50%	135%
Cash Matrix [DV01 x Duration]				
	2	5	10	30
2	\$193			
5	\$194	\$453		
10	\$198	\$464	\$828	
30	\$216	\$505	\$902	\$1,788
Cash Matrix [DV01 over / (under) valued]				
	2	5	10	30
2				
5	(\$1)			
10	(\$5)	(\$10)		
30	(\$23)	(\$52)	(\$74)	
Cash Matrix [DV01 over / (under) as %]				
	2	5	10	30
2				
5	-0.40%			
10	-2.64%	-2.25%		
30	-10.62%	-10.26%	-8.20%	

**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	2.24	4.09	8.84
ZF		0.44	1.02	1.87	4.03
ZN		0.28	0.66	1.21	2.62
ZB		0.15	0.36	0.66	1.43

		Box for Box Matrix			
		2y	5y	10y	30y
ZT		0.95	2.24	8.18	17.67
ZF		0.44	2.04	3.73	8.06
ZN		0.57	1.33	1.21	2.62
ZB		0.62	1.45	1.33	2.86

		2y	5y	10y	30y
2y		1.00	2.35	4.29	9.25
5y		0.43	1.00	1.83	3.94
10y		0.23	0.55	1.00	2.16
30y		0.11	0.25	0.46	1.00

		2y	5y	10y	30y
2y			2.35	2.14	4.63
5y		0.43		0.46	1.97
10y		0.47	2.19		2.16
30y		0.22	0.51	0.46	

		ZT	ZF	ZN	ZB
ZT		1.00	2.19	3.37	6.17
ZF		0.46	1.00	1.54	2.82
ZN		0.30	0.65	1.00	1.83
ZB		0.16	0.36	0.55	1.00

		2y	5y	10y	30y
ZT			2.19	6.75	24.68
ZF		0.46		1.54	5.63
ZN		0.15	0.65		3.66
ZB		0.04	0.18	0.27	