

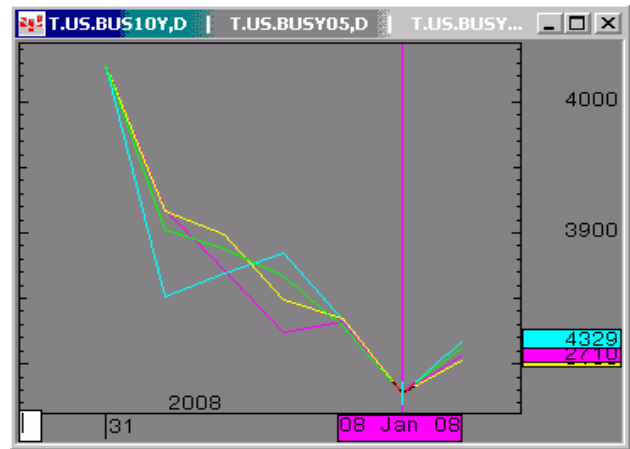


## The Morning Email: Treasuries

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Daily Yield Curve



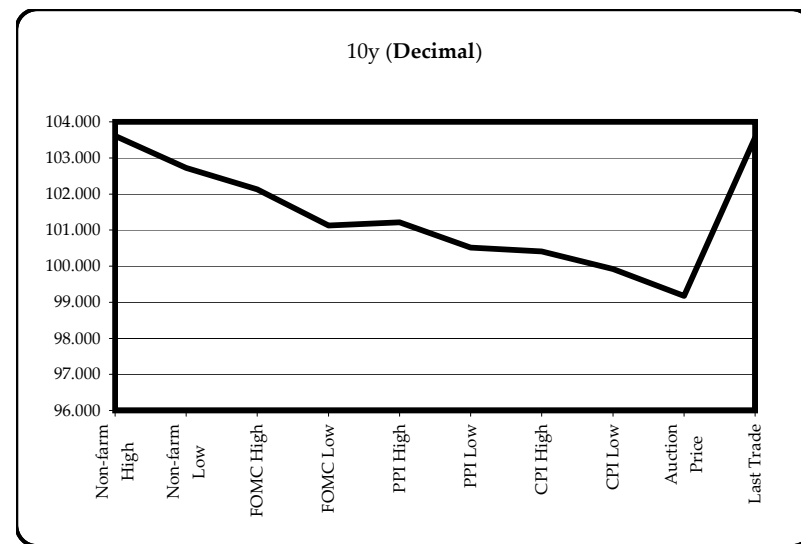
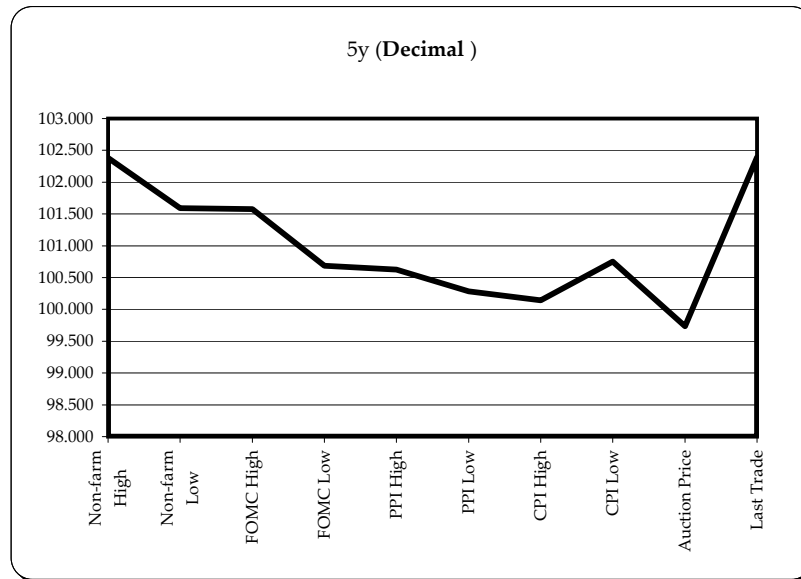
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Want something added? Let me know: [jgoulding@ghco.com](mailto:jgoulding@ghco.com)  
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Economic Releases - 32nds					
	5y	10y	ZNH8	ZBH8	Date
Non-farm High	102.1225	103.195	115.075	118.18	1/4/2008
Non-farm Low	101.1900	102.230	114.085	117.16	1/4/2008
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	102.1250	103.180	115.115	118.16	1/9/2008 5:22

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



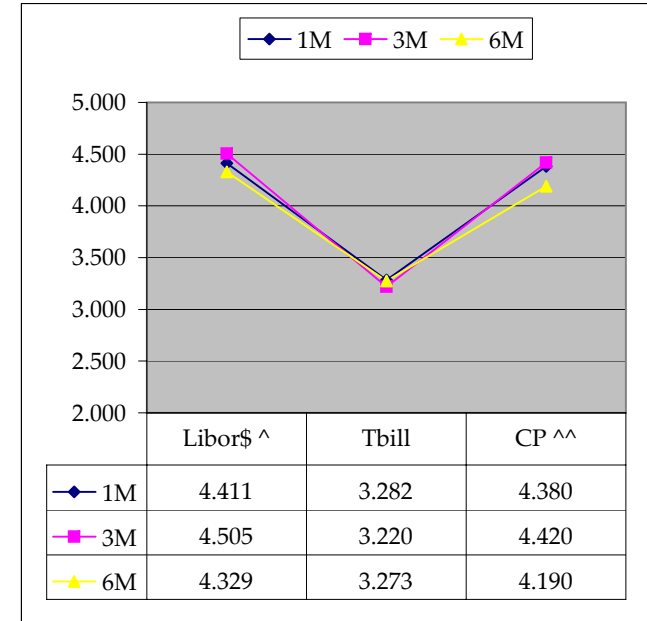
Notes: Cash and futures are adjusted for roll.  
 Release times are from release to 2pm cdt  
 {Dec07 to Mch08 Futures roll: ZF = (-12); ZN = (-25); ZB = (+1) [tics]}  
 r = reopen

	Last	Net	32 nds			Volume	SYM NAME
			High	Low	Open		
TUAH8	105.255	0.0	105.280	105.242	105.277	23,878	2y Fut
FVAH8	111.240	0.1	111.290	111.215	111.280	44,231	5y Fut
TYAH8	115.115	0.1	115.200	115.090	115.200	104,922	10y Fut
USAH8	118.160	0	118.270	118.140	118.260	18,531	30y Fut
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02P	101.007	(2.7)	101.032	101.000	101.030	na	2y Cash
BUS05P	102.120	(6.0)	102.165	102.100	102.165	na	5y Cash
BUS10P	103.175	(9.5)	103.260	103.160	103.260	na	10y Cash
BUS30P	111.010	(14)	111.100	110.300	111.100	na	30y Cash
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02Y	2.710	4.40	2.734	2.645	2.706	na	2y Yield
BUS05Y	3.104	4.00	3.123	3.069	3.094	na	5y Yield
BUS10Y	3.812	3.50	3.823	3.773	3.793	na	10y Yield
BUS30Y	4.330	2.50	4.342	4.309	4.318	na	30y Yield

	Libor\$ ^	Tbill	CP ^^
1M	4.411	3.282	4.380
3M	4.505	3.220	4.420
6M	4.329	3.273	4.190

	Libor\$ ^	Repos
0/N	4.294	4.000
1week	4.374	3.950
2week	4.394	3.950

	TSY	Swap	ED Pks ^^
2y	2.709	76.75	3.280
5y	3.105	73.50	
10y	3.812	60.75	



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

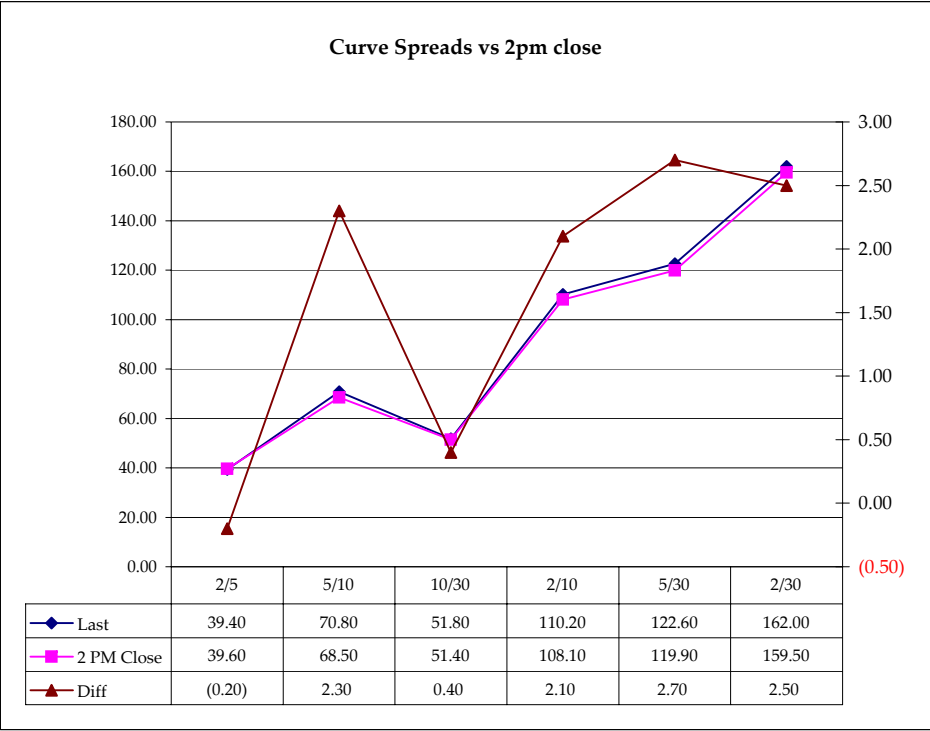
	M Duration	DV01 32	DV01 \$	DV01 Box	CF
30y	15.83	5.72	\$1,789	11.45	n/a
10y	7.98	2.66	\$832	5.32	n/a
5y	4.53	1.49	\$466	5.97	n/a
2y	1.90	0.61	\$192	2.46	n/a
ZB	10.31	4.01	\$125	4.01	0.8633
ZN	5.90	2.20	\$69	4.39	0.8747
ZF	3.95	1.42	\$44	2.85	0.8877
ZT	1.90	0.64	\$20	2.57	0.9549

Yield Curve Spreads			
	Last	2pm close	Diff
2/5	39.40	39.60	(0.20)
5/10	70.80	68.50	2.30
10/30	51.80	51.40	0.40
2/10	110.20	108.10	2.10
5/30	122.60	119.90	2.70
2/30	162.00	159.50	2.50

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	1.53	3.73	6.65	14.29
ZN	2.80	6.80	12.12	26.06
ZF	4.32	10.49	18.71	40.24
ZT	4.77	11.59	20.67	44.47

## US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.823	2.816	3.111
ZN	0.548		1.544	1.706
ZF	0.355	0.648		1.105
ZT	0.314	0.573	0.885	

## 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

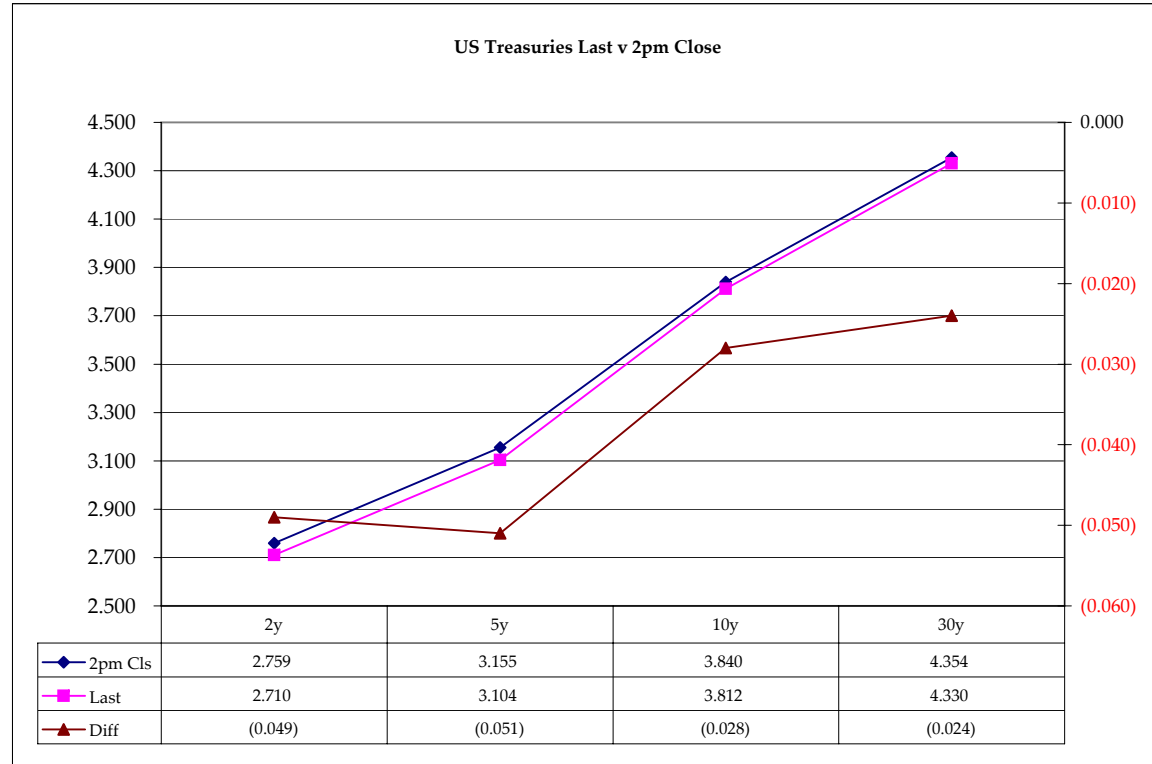
## US Treasuries

	2y	5y	10y	30y
2y		2.428	4.330	9.313
5y	0.412		1.783	3.835
10y	0.231	0.561		2.151
30y	0.107	0.261	0.465	

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	100.3000	2.759	2.710	(0.049)				FVAH8	111.180	111.240
5y	3.625	12/31/12	102.0475	3.155	3.104	(0.051)	99.66	102.08		TYAH8	115.050	115.115
10y	4.250	11/17/17	103.105	3.840	3.812	(0.028)	83.23	85.04		USAH8	118.09	118.160
30y	5.000	5/15/37	110.21	4.354	4.330	(0.024)	272.91	279.37				

Curve Spreads		
	Close bps	Last bps
2/5	39.6	39.4
5/10	68.5	70.8
10/30	51.4	51.8
2/10	108.1	110.2
5/30	119.9	122.6
2/30	159.5	162.0



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	\$192			
5	\$194	\$455		
10	\$198	\$465	\$832	
30	\$215	\$505	\$902	\$1,789
Cash Matrix [DV01 over / (under) valued]				
	2	5	10	30
2				
5	(\$1)			
10	(\$6)	(\$10)		
30	(\$23)	(\$50)	(\$70)	
Cash Matrix [DV01 over / (under) as %]				
	2	5	10	30
2				
5	-0.75%			
10	-2.97%	-2.24%		
30	-10.55%	-9.87%	-7.81%	

**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	2.26	4.13	8.89
ZF		0.43	1.02	1.87	4.02
ZN		0.28	0.66	1.21	2.61
ZB		0.15	0.36	0.66	1.43

		Box for Box Matrix			
		2y	5y	10y	30y
ZT		0.95	2.26	8.27	17.79
ZF		0.43	2.05	3.74	8.05
ZN		0.56	1.33	1.21	2.61
ZB		0.61	1.45	1.33	2.86

		2y	5y	10y	30y
2y		1.00	2.37	4.33	9.31
5y		0.42	1.00	1.83	3.93
10y		0.23	0.55	1.00	2.15
30y		0.11	0.25	0.46	1.00

		2y	5y	10y	30y
2y			2.37	2.16	4.66
5y		0.42		0.46	1.97
10y		0.46	2.19		2.15
30y		0.21	0.51	0.46	

		ZT	ZF	ZN	ZB
ZT		1.00	2.21	3.41	6.22
ZF		0.45	1.00	1.54	2.82
ZN		0.29	0.65	1.00	1.82
ZB		0.16	0.36	0.55	1.00

		2y	5y	10y	30y
ZT			2.21	6.82	24.89
ZF		0.45		1.54	5.63
ZN		0.15	0.65		3.65
ZB		0.04	0.18	0.27	