

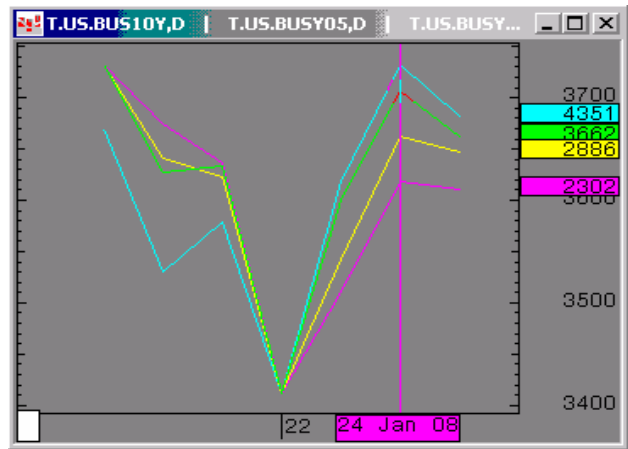


The Morning Email: Treasuries

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Daily Yield Curve



Source: CQG, Inc. © 2008 Fri Jan 25 2008 05:49:52

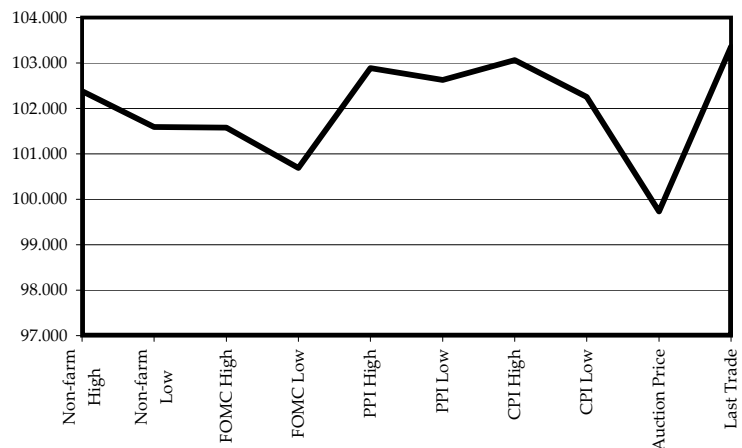


Want something added? Let me know: jgoulding@ghco.com
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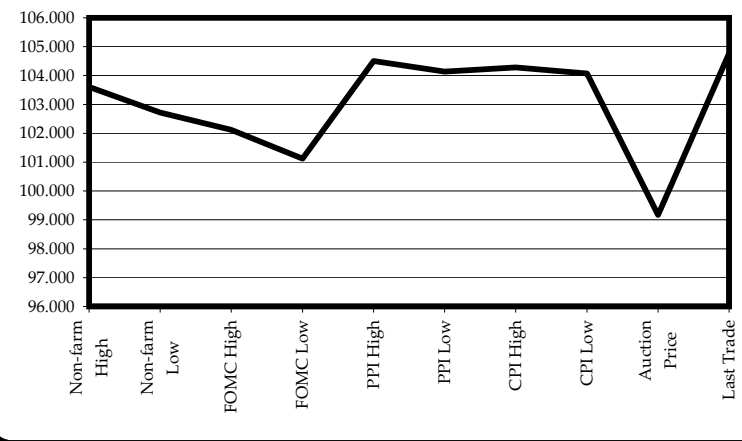
Economic Releases - 32nds					
	5y	10y	ZNH8	ZBH8	Date
Non-farm High	102.1225	103.195	115.075	118.18	1/4/2008
Non-farm Low	101.1900	102.230	114.085	117.16	1/4/2008
FOMC High	101.1850	102.040	113.200	116.16	12/11/2007
FOMC Low	100.2200	101.040	112.185	115.03	12/11/2007
PPI High	102.2850	104.160	116.030	119.17	1/15/2008
PPI Low	102.2000	104.045	115.235	119.02	1/15/2008
CPI High	103.0650	104.285	116.140	119.31	1/16/2008
CPI Low	102.2575	104.070	115.275	119.03	1/16/2008
Auction Price	99.2347	99.056			
Last Trade	103.1150	104.245	116.105	118.25	1/25/2008 5:50

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

5y (Decimal)



10y (Decimal)

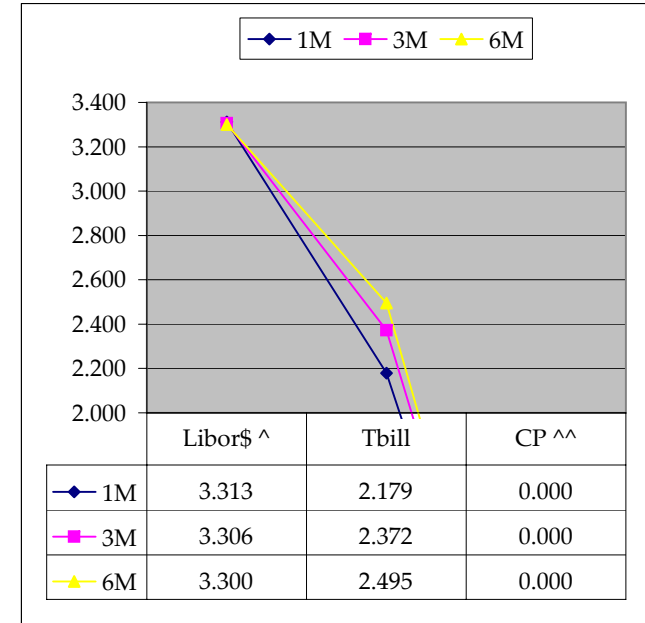


Notes: Cash and futures are adjusted for roll.
 Release times are from release to 2pm cdt
 {Dec07 to Mch08 Futures roll: ZF = (-12); ZN = (-25); ZB = (+1) [tics]}
 r = reopen

	Last	Net	32 nds			Volume	SYM NAME
			High	Low	Open		
TUAH8	106.105	(0.0)	106.122	106.065	106.102	51,458	2y Fut
FVAH8	112.235	(0.1)	112.265	112.145	112.195	86,070	5y Fut
TYAH8	116.105	(0.1)	116.135	115.305	116.055	193,144	10y Fut
USAH8	118.250	(0)	118.270	118.080	118.110	41,179	30y Fut
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02P	101.242	0.5	101.262	101.207	101.252	na	2y Cash
BUS05P	103.112	2.7	103.147	103.027	103.130	na	5y Cash
BUS10P	#VALUE!	12.5	104.270	104.100	104.195	na	10y Cash
BUS30P	110.165	14	110.250	110.000	110.250	na	30y Cash
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02Y	2.302	(1.20)	2.376	2.265	2.323	na	2y Yield
BUS05Y	2.886	(2.00)	2.95	2.863	2.913	na	5y Yield
BUS10Y	3.662	(4.50)	3.722	3.653	3.72	na	10y Yield
BUS30Y	4.351	(3.20)	4.413	4.344	4.401	na	30y Yield

	Libor\$ ^	Tbill	CP ^^
1M	3.313	2.179	#VALUE!
3M	3.306	2.372	#VALUE!
6M	3.300	2.495	#VALUE!
	TSY	Swap	ED Pks ^^^
2y	2.300	66.75	3.074
5y	2.886	71.75	4.302
10y	3.664	63.50	

	Libor\$ ^	Repos
0/N	3.591	2.270
1week	3.396	2.300
2week	3.349	2.400



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

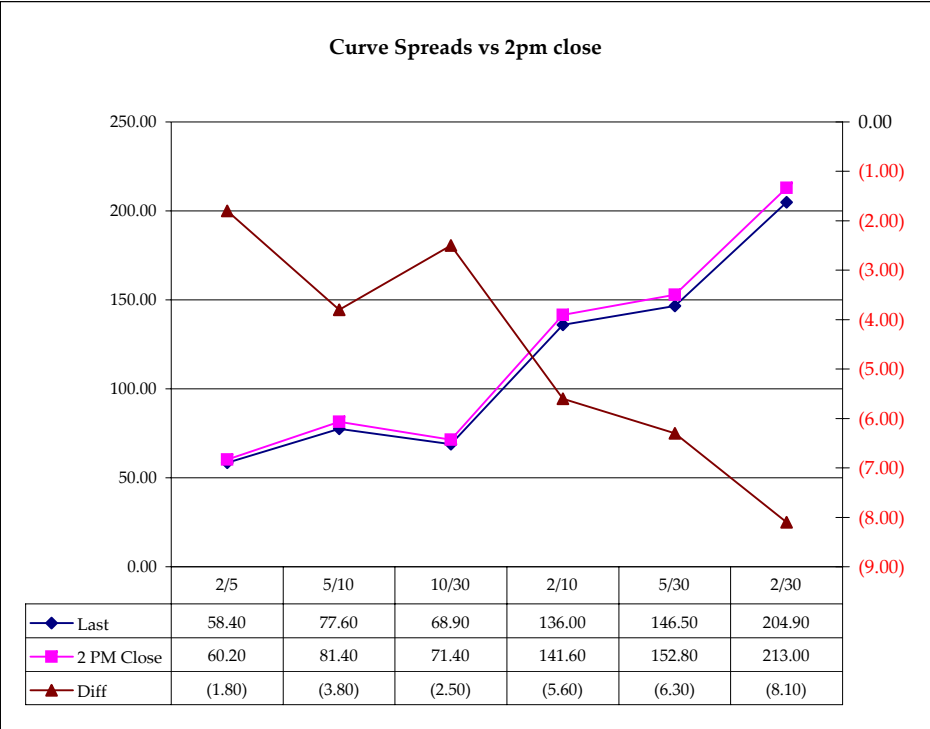
	M Duration	DV01 32	DV01 \$	DV01 Box	CF
30y	15.75	5.68	\$1,777	11.37	n/a
10y	7.95	2.69	\$840	5.38	n/a
5y	4.48	1.50	\$467	5.98	n/a
2y	1.85	0.61	\$189	2.42	n/a
ZB	10.27	4.01	\$125	4.01	0.8633
ZN	5.86	2.20	\$69	4.40	0.8747
ZF	3.91	1.42	\$44	2.85	0.8877
ZT	1.85	0.63	\$20	2.54	0.9549

Yield Curve Spreads			
	Last	2pm close	Diff
2/5	58.40	60.20	(1.80)
5/10	77.60	81.40	(3.80)
10/30	68.90	71.40	(2.50)
2/10	136.00	141.60	(5.60)
5/30	146.50	152.80	(6.30)
2/30	204.90	213.00	(8.10)

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	1.51	3.73	6.70	14.17
ZN	2.75	6.79	12.20	25.81
ZF	4.26	10.51	18.89	39.96
ZT	4.77	11.79	21.19	44.82

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.821	2.820	3.163
ZN	0.549		1.548	1.737
ZF	0.355	0.646		1.122
ZT	0.309	0.563	0.871	

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

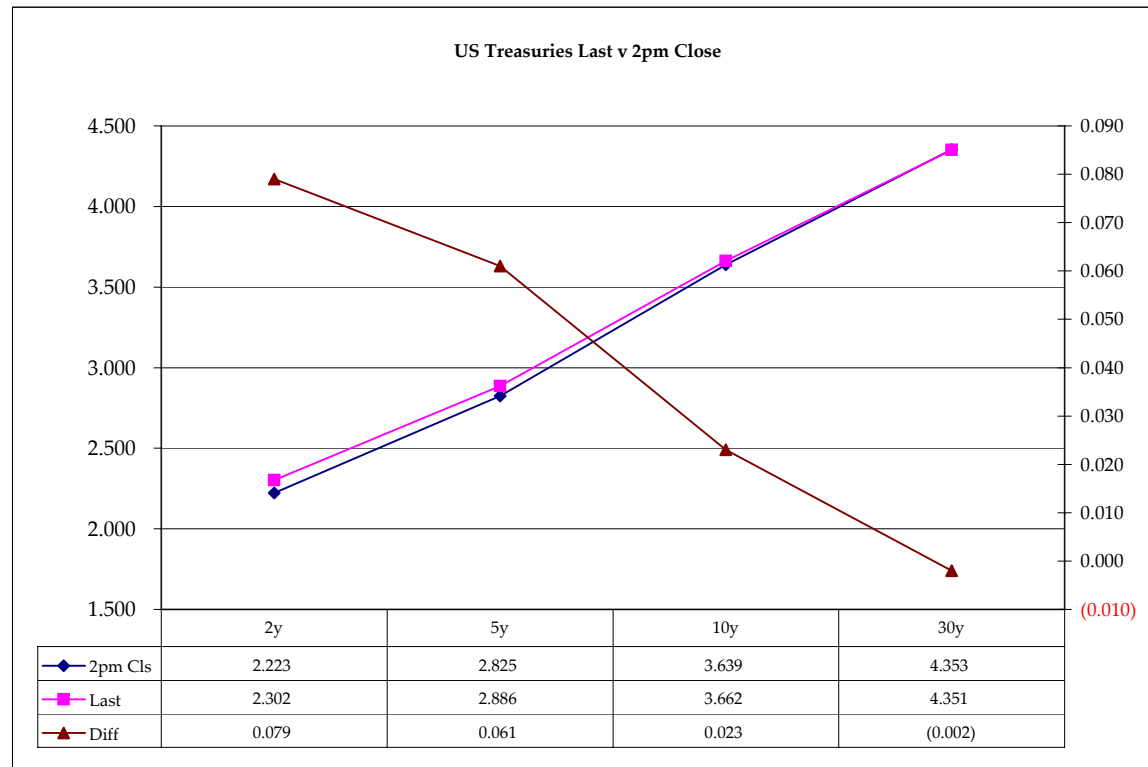
US Treasuries

	2y	5y	10y	30y
2y		2.470	4.438	9.388
5y	0.405		1.797	3.801
10y	0.225	0.557		2.115
30y	0.107	0.263	0.473	

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	101.2975	2.223	2.302	0.079			/-1.00	FVAH8	113.015	112.235
5y	3.625	12/31/12	103.2100	2.825	2.886	0.061	105.75	105.12	+1.75/-1.50	TYAH8	116.215	116.105
10y	4.250	11/17/17	105.000	3.639	3.662	0.023	94.31	96.43		USAH8	118.31	118.250
30y	5.000	5/15/37	110.21	4.353	4.351	(0.002)	254.42	255.10				

Curve Spreads		
	Close bps	Last bps
2/5	60.2	58.4
5/10	81.4	77.6
10/30	71.4	68.9
2/10	141.6	136.0
5/30	152.8	146.5
2/30	213.0	204.9



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%	50%	136%
Cash Matrix [DV01 x Duration]				
	2	5	10	30
2	\$189			
5	\$191	\$455		
10	\$196	\$467	\$840	
30	\$209	\$499	\$897	\$1,777
Cash Matrix [DV01 over / (under) valued]				
	2	5	10	30
2				
5	(\$2)			
10	(\$7)	(\$12)		
30	(\$20)	(\$43)	(\$57)	
Cash Matrix [DV01 over / (under) as %]				
	2	5	10	30
2				
5	-0.90%			
10	-3.43%	-2.55%		
30	-9.53%	-8.71%	-6.32%	

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	2.30	4.24	8.96
ZF		0.43	1.02	1.89	4.00
ZN		0.27	0.66	1.22	2.58
ZB		0.15	0.36	0.67	1.42

		Box for Box Matrix			
		2y	5y	10y	30y
ZT		0.95	2.30	8.48	17.93
ZF		0.43	2.05	3.78	7.99
ZN		0.55	1.32	1.22	2.58
ZB		0.60	1.45	1.34	2.83

		2y	5y	10y	30y
2y		1.00	2.41	4.44	9.39
5y		0.42	1.00	1.84	3.90
10y		0.23	0.54	1.00	2.12
30y		0.11	0.26	0.47	1.00

		2y	5y	10y	30y
2y			2.41	2.22	4.69
5y		0.42		0.46	1.95
10y		0.45	2.17		2.12
30y		0.21	0.51	0.47	

		ZT	ZF	ZN	ZB
ZT		1.00	2.24	3.47	6.33
ZF		0.45	1.00	1.55	2.82
ZN		0.29	0.65	1.00	1.82
ZB		0.16	0.35	0.55	1.00

		2y	5y	10y	30y
ZT			2.24	6.95	25.31
ZF		0.45		1.55	5.64
ZN		0.14	0.65		3.64
ZB		0.04	0.18	0.27	