The Morning Email: Treasuries

1/28/2008 5:59

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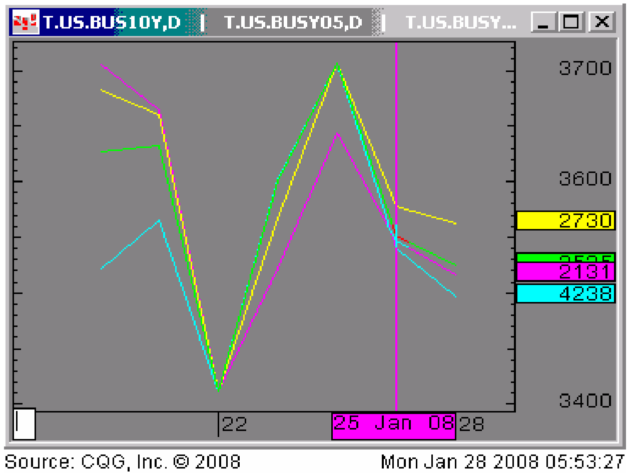
Daily Yield Curve



30y	10y	5y	2y

Important Econon Releases, Highs & Lows

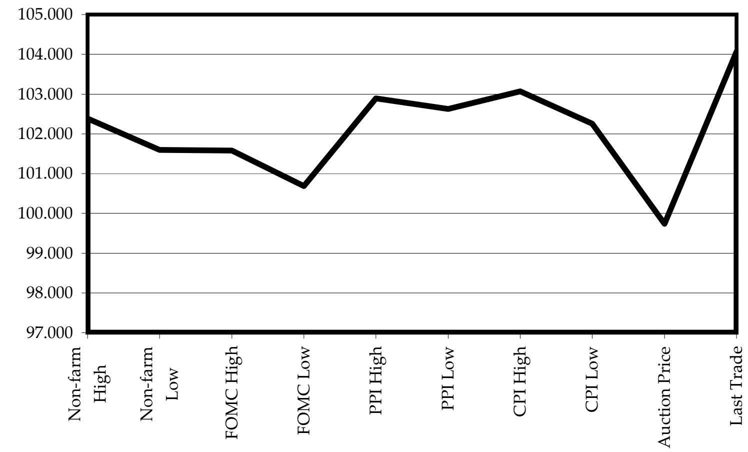
Economic Releases - 32nds

	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	104.0220	105.295	117.120	120.14	1/28/2008 5:59

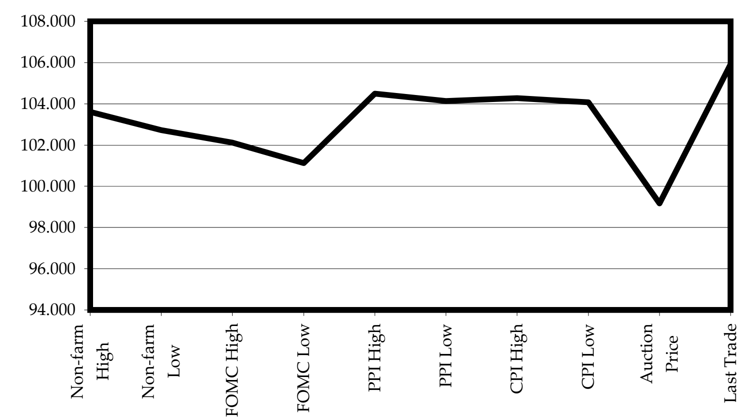
Auctions - 32nds

	2 y	5y	10y	30y
Auction Price	99.298	99.235	99.056	105.103
Auction Yield Stop	3.285	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**)



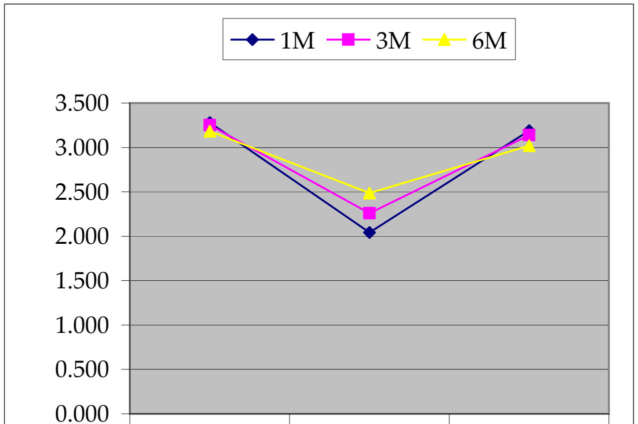
Notes: Cash and futures are adjusted for roll.
Release times are from release to 2pm cdt
{Dec07 to Mch08 Futures roll: ZF = (-12); ZN = (-25); ZB = (+1) [tics]}
r = reopen

Quotes

	Last	Net	High (32 nds)	Low (32 nds)	Open (32 nds)	Volume	SYM NAME
TUAH8	106.207	0.0	106.230	106.145	106.175	37,167	2y Fut
FVAH8	113.130	0.1	113.160	113.015	113.070	68,160	5y Fut
TYAH8	117.120	0.1	117.160	116.305	117.050	136,844	10y Fut
USAH8	120.140	0	120.160	119.260	119.310	37,682	30y Fut
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02P	102.022	2.0	102.047	101.287	101.295	na	2y Cash
BUS05P	#VALUE!	2.5	104.060	103.225	103.245	na	5y Cash
BUS10P	105.285	7.0	106.015	105.145	105.175	na	10y Cash
BUS30P	112.190	18	112.240	111.305	112.010	na	30y Cash
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02Y	2.131	(4.30)	2.247	2.094	2.202	na	2y Yield
BUS05Y	2.733	(1.60)	2.815	2.71	2.782	na	5y Yield
BUS10Y	3.529	(2.20)	3.588	3.513	3.566	na	10y Yield
BUS30Y	4.239	(2.90)	4.282	4.234	4.274	na	30y Yield

	Libor$ ^	Tbill	CP ^^
1M	3.281	2.041	3.190
3M	3.251	2.258	3.140
6M	3.184	2.487	3.020
	TSY	**Swap**	**ED Pks ^^^**
2y	2.142	69.50	2.935
5y	2.734	70.00	4.161
10y	3.529	60.25	

	Libor$ ^	Repos
0/N	3.595	2.650
1week	3.353	2.600
2week	3.325	2.600



	Libor$ ^	Tbill	CP ^^
1M	3.281	2.041	3.190
3M	3.251	2.258	3.140
6M	3.184	2.487	3.020

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

Duration, DV01s, Curve Spreads, CF

	M Duration	DV01 32	DV01 $	DV01 Box	CF
30y	15.88	5.84	$1,824	11.68	n/a
10y	7.96	2.72	$850	5.44	n/a
5y	4.49	1.51	$471	6.03	n/a
2y	1.85	0.61	$190	2.43	n/a
ZB	10.30	4.06	$127	4.06	0.8633
ZN	5.87	2.23	$70	4.46	0.8747
ZF	3.91	1.43	$45	2.87	0.8877
ZT	1.85	0.64	$20	2.54	0.9549

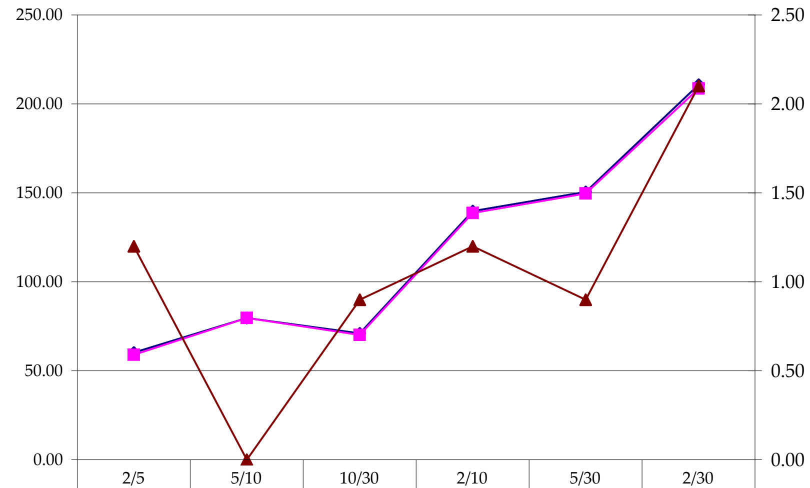
Yield Curve Spreads

	Last	2pm close	Diff
2/5	60.20	59.00	1.20
5/10	79.60	79.60	0.00
10/30	71.00	70.10	0.90
2/10	139.80	138.60	1.20
5/30	150.60	149.70	0.90
2/30	210.80	208.70	2.10

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.



	2/5	5/10	10/30	2/10	5/30	2/30
Last	60.20	79.60	71.00	139.80	150.60	210.80
2 PM Close	59.00	79.60	70.10	138.60	149.70	208.70
Diff	1.20	0.00	0.90	1.20	0.90	2.10

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

Hedge Ratio's

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	3.71	6.71	14.39
ZN	2.72	6.76	12.20	26.18
ZF	4.23	10.50	18.97	40.69
ZT	4.77	11.85	21.41	45.93

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.819	2.827	3.191
ZN	0.550		1.554	1.754
ZF	0.354	0.643		1.129
ZT	0.306	0.557	0.866	

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

US Treasuries

	2y	5y	10y	30y
2y		2.482	4.484	9.619
5y	0.403		1.806	3.875
10y	0.223	0.554		2.145
30y	0.104	0.258	0.466	

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

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.

Closes: 2pm CST vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis Close	Basis Last	Roll
2y	3.250	12/31/09	101.3150	2.193	2.131	(0.062)			+1.25 / -1.00
5y	3.625	12/31/12	103.2725	2.783	2.733	(0.050)	108.89	108.74	+1.50 / -1.25
10y	4.250	11/17/17	105.160	3.579	3.529	(0.050)	99.81	104.13	
30y	5.000	5/15/37	111.31	4.280	4.239	(0.041)	270.88	276.84	

	Close 32	Last
FVAH8	113.050	113.130
TYAH8	117.015	117.120
USAH8	119.28	120.140

Curve Spreads

	Close bps	Last bps
2/5	59.0	60.2
5/10	79.6	79.6
10/30	70.1	71.0
2/10	138.6	139.8
5/30	149.7	150.6
2/30	208.7	210.8

	2y	5y	10y	30y
2pm Cls	2.193	2.783	3.579	4.280
Last	2.131	2.733	3.529	4.239
Diff	(0.062)	(0.050)	(0.050)	(0.041)

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%**

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

Cash Matrix [DV01 x Duration]				
	2	5	10	30
2	**$190**			
5	$192	**$459**		
10	$198	$473	**$850**	
30	$213	$508	$915	**$1,824**

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.

Cash Matrix [DV01 over / (under) valued]				
	2	5	10	30
2				
5	($3)			
10	($8)	($14)		
30	($23)	($50)	($64)	

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.

Cash Matrix [DV01 over / (under) as %]				
	2	5	10	30
2				
5	-1.33%			
10	-4.19%	-2.90%		
30	-10.94%	-9.74%	-7.05%	

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

Tic for Tic & Box for Box Matrix

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.95	2.31	4.28	9.19
ZF	0.42	1.02	1.90	4.07
ZN	0.27	0.66	1.22	2.62
ZB	0.15	0.36	0.67	1.44

	2y	5y	10y	30y
2y	1.00	2.42	4.48	9.62
5y	0.41	1.00	1.85	3.98
10y	0.22	0.54	1.00	2.15
30y	0.10	0.25	0.47	1.00

	ZT	ZF	ZN	ZB
ZT	1.00	2.26	3.51	6.38
ZF	0.44	1.00	1.55	2.83
ZN	0.29	0.64	1.00	1.82
ZB	0.16	0.35	0.55	1.00

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.95	2.31	8.56	18.37
ZF	0.42	2.05	3.79	8.14
ZN	0.54	1.32	1.22	2.62
ZB	0.60	1.45	1.34	2.88

	2y	5y	10y	30y
2y		2.42	2.24	4.81
5y	0.41		0.46	1.99
10y	0.45	2.16		2.15
30y	0.21	0.50	0.47	

	2y	5y	10y	30y
ZT		2.26	7.02	25.53
ZF	0.44		1.55	5.65
ZN	0.14	0.64		3.64
ZB	0.04	0.18	0.27	