

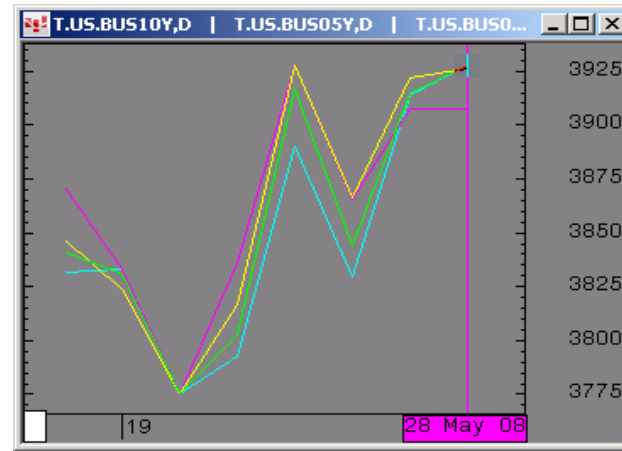


### The Morning Email: Treasuries

#### Table of Contents

- Pg 1 Important Econ Releases, Highs & Lows
- Pg 2 Quotes
- Pg 3 Duration, DV01s, Curve Spreads, CF
- Pg 4 Hedge Ratio's
- Pg 5 Closes: 2pm CT vs this Morning
- Pg 6 Cash Duration Matrix
- Pg 7 Tic for Tic & Box for Box Matrix
- Pg 8 Key Money Rate, Spreads, Swaps, Packs
- Pg 9 Libor, Fed Funds, Repo, SONIA & EONIA Rates

#### Daily Yield Curve



Scale is for 10yr

Source: CQG, Inc. © 2008 Wed May 28 2008 05:33:57



Want something added? Let me know: [jgoulding@ghco.com](mailto:jgoulding@ghco.com)

**Disclaimer:** All information within this newsletter is meant for internal use at GH Trader's LLC, only. All information has been recorded to the best of my ability. This material is based upon information that I consider reliable, but I do not represent that it is accurate or complete.

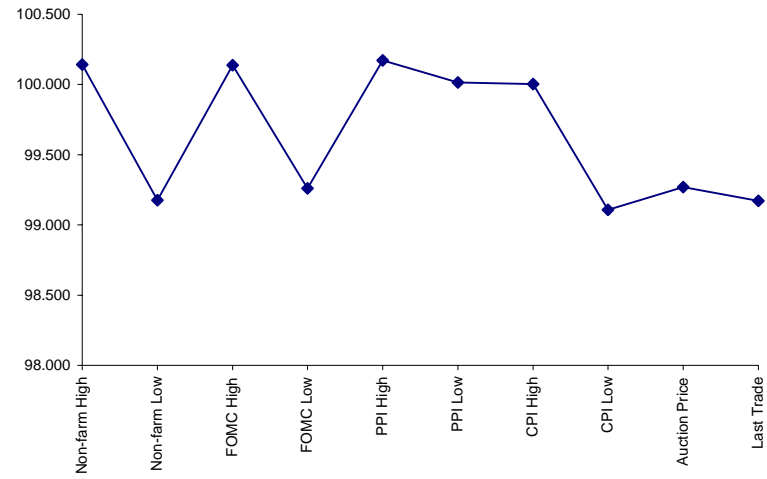
Economic Releases (32nds)

	5y	10y	ZNM8	ZBM8	Date
Non-farm High	100.1425	101.070	116.005	117.185	5/2/2008
Non-farm Low	99.1750	99.270	114.205	115.230	5/2/2008
FOMC High	100.1375	100.275	115.275	116.305	4/20/2008
FOMC Low	99.2600	100.020	114.300	115.220	4/20/2008
PPI High	100.1725	100.265	115.315	117.100	5/20/2008
PPI Low	100.0150	100.060	115.065	116.120	5/20/2008
CPI High	100.0025	100.050	115.070	116.150	5/14/2008
CPI Low	99.1075	99.055	114.100	115.040	5/14/2008
Auction Price	99.2700	99.157	na	na	
Last Trade	99.1720	99.175	114.240	115.165	5/28/2008 5:46

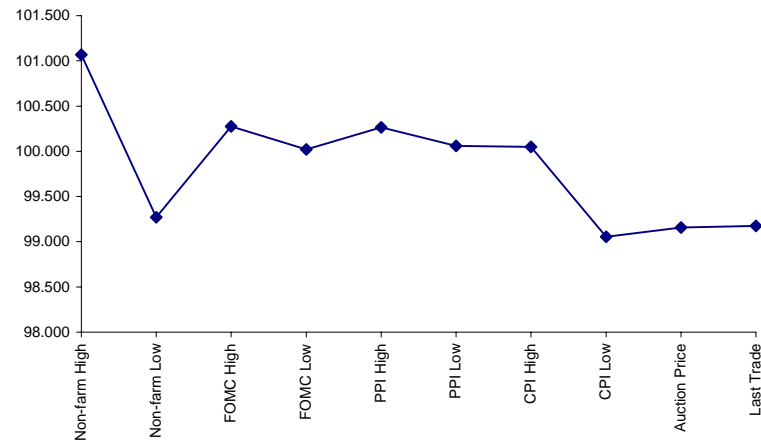
Auctions - 32nds

	2 y	5y	10y	30y
Auction Price	99.258	99.270	99.157	96.120
Auction Yield Stop	2.225	3.159	3.937	4.599
Actual Auction Date	4/23/2008	4/24/2008	5/7/2008	5/8/2008 r

5y (Decimal)



10y (Decimal)



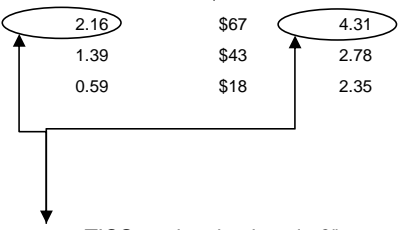
Notes:

- 1) Cash and futures are adjusted for roll.
- 2) Release times are from release to 2pm cdt
- 3) {Mch08 to Jun08 Futures roll: ZF = (-20); ZN = (-43); ZB = (-36) [tics]}

## Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAM8	106.005	(0.005)	106.022	105.312	106.005	60,161	2y Fut
FVAM8	111.135	(0.005)	111.177	111.112	111.140	105,496	5y Fut
TYAM8	114.240	(0.020)	114.315	114.215	114.260	129,423	10y Fut
USAM8	115.165	(0.04)	115.280	115.130	115.210	25,880	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.092	0.000	99.110	99.085	99.087	na	2y Cash
BUS05P	99.172	(0.002)	99.215	99.160	99.165	na	5y Cash
BUS10P	99.170	(0.030)	99.250	99.155	99.175	na	10y Cash
BUS30P	95.160	(0.075)	96.000	95.130	95.275	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.502	0.000	2.528	2.469	2.523	na	2y Yield
BUS05Y	3.224	0.006	3.239	3.194	3.224	na	5y Yield
BUS10Y	3.930	0.015	3.942	3.898	3.921	na	10y Yield
BUS30Y	4.654	0.014	4.664	4.622	4.64	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.01	4.96	\$1,549	9.91	n/a	30y
10y	8.05	2.51	\$785	5.02	n/a	10y
5y	4.45	1.45	\$453	5.80	n/a	5y
2y	1.87	0.59	\$186	2.38	n/a	2y
ZB	10.12	3.81	\$119	3.81	0.7765	ZB
ZN	5.80	2.16	\$67	4.31	0.8448	ZN
ZF	3.86	1.39	\$43	2.78	0.8809	ZF
ZT	1.72	0.59	\$18	2.35	0.9336	ZT



DV01 32, said differently, is "how many TICS are in a basis point?".

Example, If ZN moves 1~basis point, then, it's moved 2.59 tics (Today, 03/29/08, the value in the box is 2.59).

Since ZN trades in half tics, then, 5.17 boxes = 1 basis point in ZN. (Again, today, 03/28/08, the value in the box is 5.17). 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

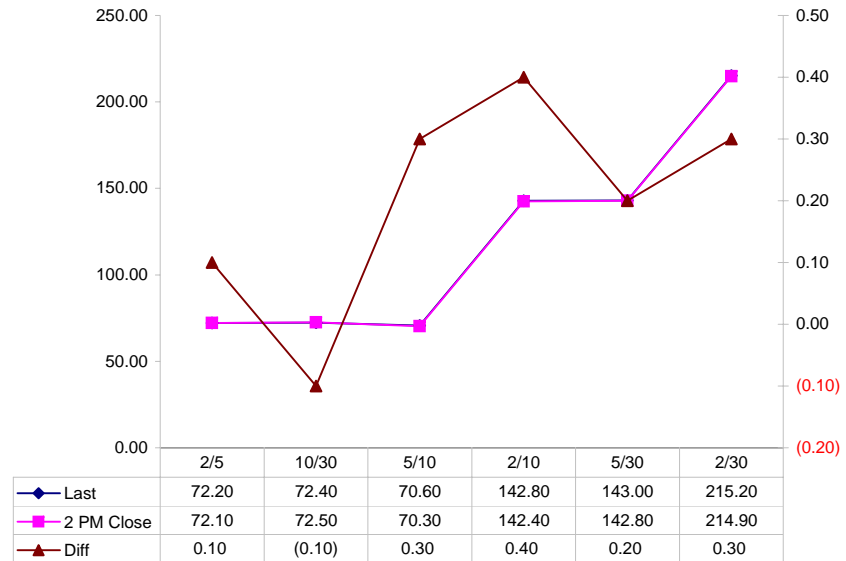
MDuration & DV01s for Futures are based on proxy issue (CTD)

DV01 Box = Dollar Value of 1 basis point move per Box

**Yield Curve Spreads**

	Last	2pm close	Diff
2/5	72.20	72.10	0.10
10/30	72.40	72.50	(0.10)
5/10	70.60	70.30	0.30
2/10	142.80	142.40	0.40
5/30	143.00	142.80	0.20
2/30	215.20	214.90	0.30

Curve Spreads vs 2pm close



## US Financial Futures / Eurex Bond

	ZB	ZN	ZF	ZT
<b>Bund (M)</b>	1.070	1.880	2.919	3.449
<b>Bobl (M)</b>	0.579	1.022	1.586	1.875
<b>Shatz (M)</b>	0.230	0.406	0.630	0.745

## US Financial Futures

	ZB	ZN	ZF	ZT
<b>ZB</b>		1.766	2.736	3.234
<b>ZN</b>	0.566		1.549	1.832
<b>ZF</b>	0.365	0.645		1.182
<b>ZT</b>	0.309	0.546	0.846	

## Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
<b>Bund (H)</b>		1.8	4.6
<b>Bobl (H)</b>	0.5		2.5
<b>Shatz (H)</b>	0.2	0.4	

## US Treasuries v US Financial Futures

	2y	5y	10y	30y
<b>ZB</b>	1.56	3.80	6.59	13.02
<b>ZN</b>	2.75	6.72	11.64	22.99
<b>ZF</b>	4.27	10.41	18.04	35.61
<b>ZT</b>	5.04	12.31	21.32	42.10

## US Treasuries v Eurex Bonds

	2y	5y	10y	30y
<b>Bund (M)</b>	1.5	3.6	6.2	12.3
<b>Bobl (M)</b>	2.7	6.5	11.2	22.4
<b>Shatz (M)</b>	6.7	16.0	27.6	54.9

## US Treasuries

	2y	5y	10y	30y
<b>2y</b>		2.439	4.227	8.345
<b>5y</b>	0.410		1.733	3.421
<b>10y</b>	0.237	0.577		1.974
<b>30y</b>	0.120	0.292	0.507	

Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

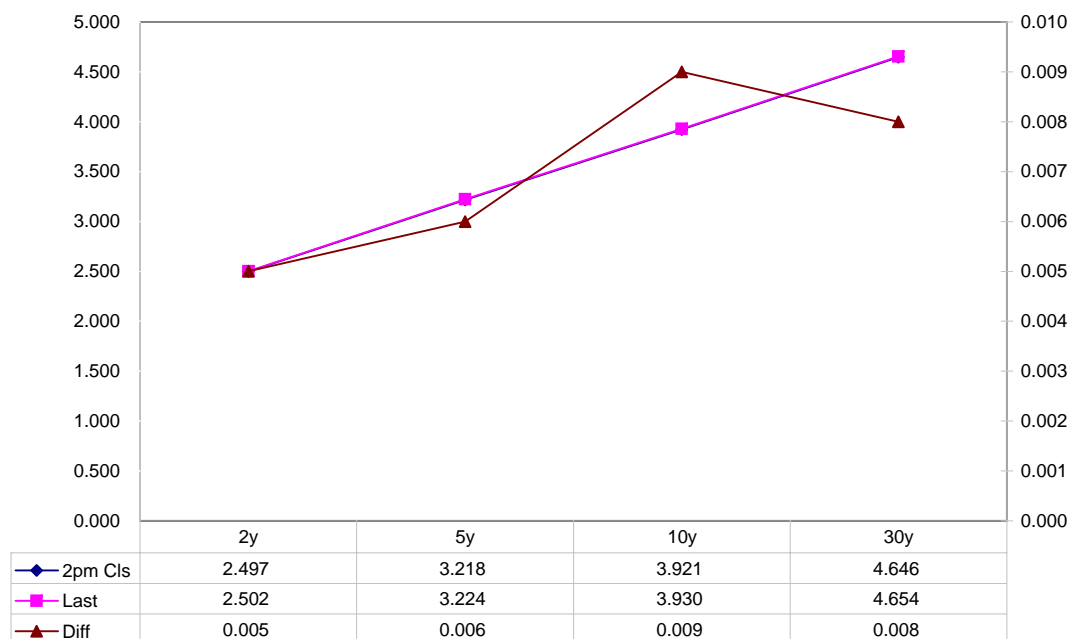
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	2.125	4/30/10	99.0975	2.497	2.502	0.005	9.962	9.962	+4.50	106.0075	106.0050	TUAM8
5y	3.125	4/30/13	99.1850	3.218	3.224	0.006	44.77	44.35	+2.25	111.1450	111.1350	FVAM8
10y	3.875	5/15/18	99.200	3.921	3.930	0.009	85.05	83.39	na	114.250	114.240	TYAM8
30y	4.375	5/15/37	95.210	4.646	4.654	0.008	187.17	185.17	na	115.210	115.165	USAM8

Curve Spreads

	Close bps	Last bps
2/5	72.1	72.2
5/10	70.3	70.6
10/30	72.5	72.4
2/10	142.4	142.8
5/30	142.8	143.0
2/30	214.9	215.2

US Treasuries Last v 2pm Close



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**

	2	5	10	30
2	100%			
5	42%	100%		
10	23%	54%	100%	
30	12%	28%	51%	100%

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

**Cash Matrix [DV01 x Duration]**

	2	5	10	30
2	\$186			
5	\$190	\$453		
10	\$186	\$444	\$816	
30	\$181	\$431	\$792	\$1,549

**What is this? (2):**  
 - 2yr cash has DV01 of X\$  
 - 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	(\$4)			
10	(\$0)	\$9		
30	\$5	\$22	\$24	

**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	-2.26%			
10	-0.24%	2.07%		
30	2.80%	5.17%	3.04%	

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	1.01	2.46	4.43	8.42
ZF	0.43	1.04	1.88	3.56
ZN	0.28	0.67	1.21	2.30
ZB	0.16	0.38	0.69	1.30

	2y	5y	10y	30y
2y		2.44	4.39	8.34
5y	0.41		1.80	3.42
10y	0.23	0.56		1.90
30y	0.12	0.29	0.53	

	ZT	ZF	ZN	ZB
ZT		2.36	3.66	6.47
ZF	0.42		1.55	2.74
ZN	0.27	0.65		1.77
ZB	0.15	0.37	0.57	

## Box for Box Matrix

	2y	5y	10y	30y
ZT	1.01	2.46	8.87	16.84
ZF	0.43	1.04	3.75	7.12
ZN	0.55	1.34	1.21	2.30
ZB	0.62	0.76	1.37	1.30

	2y	5y	10y	30y
2y		2.44	2.20	4.17
5y	0.41		0.45	1.71
10y	0.46	2.22		1.90
30y	0.24	0.58	0.53	

	ZT	ZF	ZN	ZB
ZT		2.36	7.33	12.94
ZF	0.42		1.55	5.47
ZN	0.14	0.65		1.77
ZB	0.08	0.18	0.57	

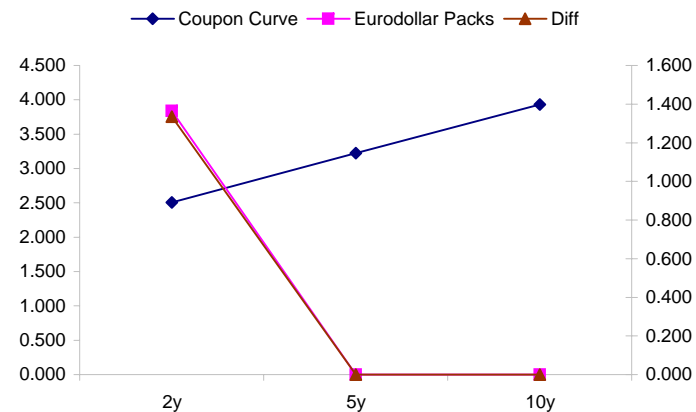
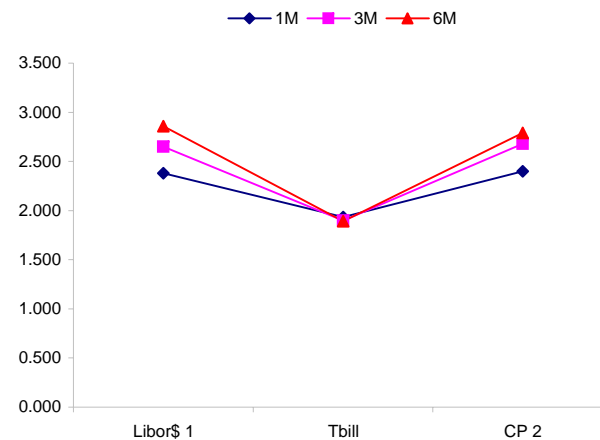
	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>			
0/N	2.429	#VALUE!			
1week	2.360	#VALUE!			
2week	2.379	#VALUE!			
	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>		
1M	2.381	1.933	2.400		
3M	2.649	1.897	2.680		
6M	2.859	1.891	2.790		
	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	2.506	84.00	3.35	3.841	1.334
5y	3.223	83.50	4.06		#VALUE!
10y	3.930	63.50	4.57		#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
71.7	#VALUE!	#VALUE!	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
142.4	#VALUE!	#VALUE!	Red pack / Gold pack is a 2/10 proxy
			Blue pack / Gold pack is a 5/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
70.7	#VALUE!	#VALUE!	

"Swap spreads are essentially a measure of the difference between buying a safe government bond and making a riskier loan to a bank"  
 --WSJ

**Notes:**

- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight General Collateral



	Last	Chng	Term	Asset Type
USDLIBON	2.429	0.2625	Overnight	LIBOR
TUSFFRON	2.281	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	4.043	(0.0050)	1 month	Euribor OIS Rate
TEONIA03M	4.075	(0.0070)	3 month	Euribor OIS Rate
TSONIA01M	5.048	0.0050	1 month	Sterling OIS Rate
TSONIA03M	5.082	0.0100	3 month	Sterling OIS Rate
TUSOIS01M	2.007	0.0060	1 month	USD OIS Rate
TUSOIS03M	1.996	0.0040	3 month	USD OIS Rate

