



## The Morning Email: Treasuries

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14:39 08/13 **US TSYS/REPO**: The 10-year notes remain special, now at 3.5% in repo, and are expected to remain special until the refunding settlement on Wed. The Fed loaned out US\$1.637Bln in those 10Ys today to dealers, showing the demand there.

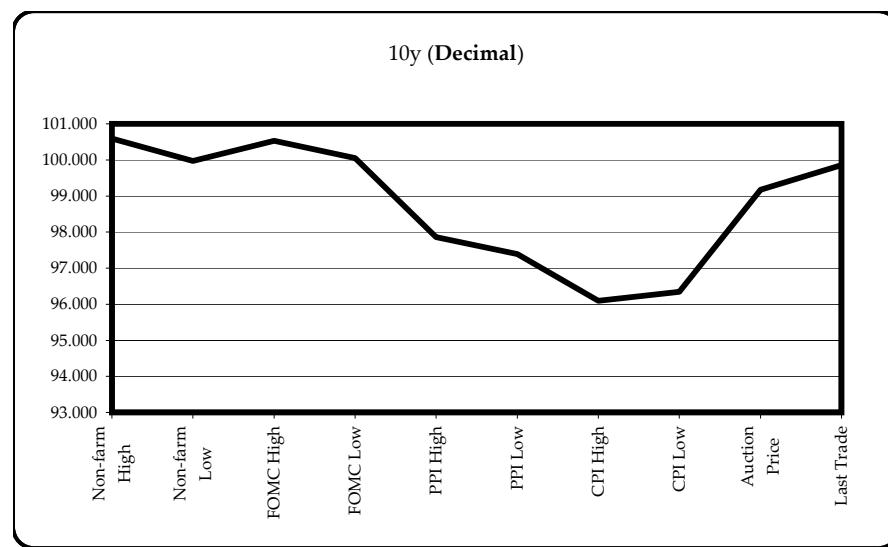
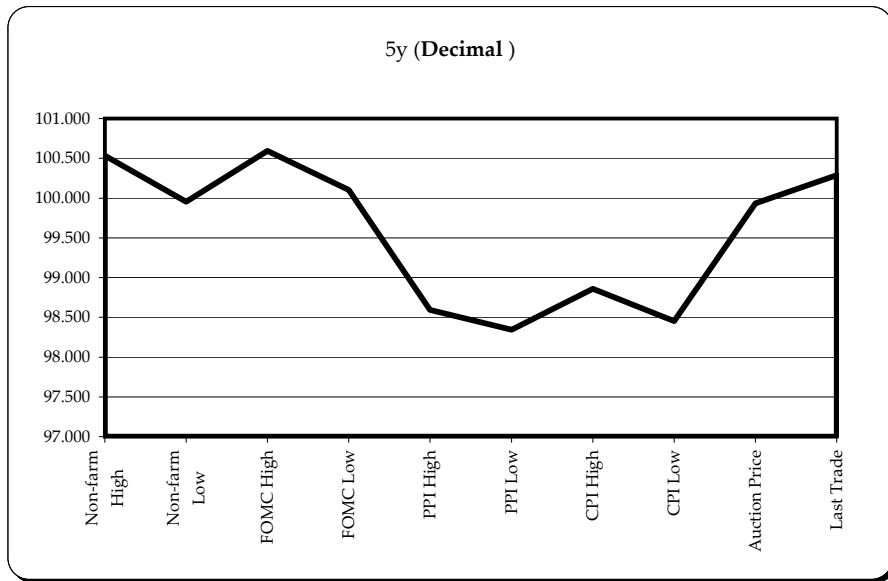
**This week, on Wednesday, Aug. 15, there will be about \$69 billion in money which could potentially be reinvested into Treasuries,** including a \$40.6-billion paydown from this week's refunding but also large coupon interest payments too. And last week's 10-year auction and 29-3/4-year auctions will also settle Wednesday, thus investors must pay then for issues bought at this week's auctions.



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	ZNU7	ZBU7	Date
Non-farm High	100.1700	100.190	107.300	110.23	8/3/2007
Non-farm Low	99.3050	99.310	107.115	109.30	8/3/2007
FOMC High	100.1900	100.170	107.300	110.18	8/7/2007
FOMC Low	100.0325	100.015	107.140	110.02	8/7/2007
PPI High	98.1900	97.275	105.190	107.23	7/17/2007
PPI Low	98.1100	97.125	105.065	107.02	7/17/2007
CPI High	98.2750	96.030	105.310	108.04	7/18/2007
CPI Low	98.1450	96.110	105.125	107.11	7/18/2007
Auction Price	99.2988	99.056			
Last Trade	100.0920	99.275	107.180	109.16	8/14/2007 5:39

Auctions - 32nds				
	2 y	5y	10y	30y
Auction Price	99.254	99.299	99.056	99.026
Auction Yield Stop	4.735	4.64	4.855	5.059
Actual Auction Date	7/25/2007	7/26/2007	8/8/2007	8/9/2007



Notes: Cash and futures are adjusted roll  
 Release times are from release to 2pm cdt  
 (Jun07 to Sep07 Futures roll: ZN & ZB even) (ZF = +3tics)  
 r = reopen

## Quotes

32 nds							
	Last	Net	High	Low	Open	Volume	SYM NAME
TUAU7	102.172	(0.5)	102.197	102.162	102.192	24,664	2y Fut
FVAU7	105.175	1.0	105.215	105.150	105.195	41,453	5y Fut
TYAU7	107.180	0.5	107.225	107.150	107.200	101,388	10y Fut
USAU7	109.160	1	109.200	109.110	109.160	21,372	30y Fut
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02P	#VALUE!	(1.7)	100.130	100.095	100.122	na	2y Cash
BUS05P	100.090	(2.7)	100.132	100.077	100.110	na	5y Cash
BUS10P	99.270	(0.5)	99.310	99.240	99.280	na	10y Cash
BUS30P	100.005	3	100.050	99.280	99.310	na	30y Cash
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02Y	4.440	2.10	4.473	4.398	4.444	na	2y Yield
BUS05Y	4.557	1.60	4.573	4.527	4.552	na	5y Yield
BUS10Y	4.766	0.40	4.786	4.75	4.768	na	10y Yield
BUS30Y	4.995	(0.30)	5.012	4.987	5.002	na	30y Yield

Notes: SYM = Symbol

**All times Eastern****Yesterday:**

15:28 08/13 **US TSYS/RECAP:** US Tsys dipped early Mon amid higher stks, 0.3% July retail sales, then climbed higher amid short-covering, ABCP/credit nerves, stks losing partial gains. Early on, there was 1) buy-and-hold accts buying 2Ys and intermediates; 2) Street in mixed flows in 10Ys; 3) some buy-and-hold acct profit-tkg earlier in 2Ys. 4) leveraged account in 2y/10Y flatteners too. 5) May 2017 10Y mildly special in overnight RP, 3.5%. 6) 3M US\$ dollar Libor rate reflected lending jitters. 7) Mild corporate rate-lock selling early; 9) AAA-rated Johnson & Johnson to do US\$2.5B 3-parter in 5Ys, 10Ys 30s. 10) Foreign accts quiet. 11) Eurodlr futures, 2-way with front end receivers and modest safe haven unwinds this morning, then chunky tho sporadic front-end receiver-tied support this p.m., Eurodlr futures curves steeper as risk aversion bid resumed. 13) Vols lower, 14) servicers buy out-of-money puts in morn. 15) Fed did US\$2B o/night system RP. 16) J&N deal got upsized to US\$2.5B; also could be unwind of corporate rate-lock selling; 17)also likely short-covering.

15:20 08/13 **EURODLR FUTURES:** Eurodlr futures finished well off session lows, near the top of the range as the Red/Gold pack spd (Sep08-Jun09) vs (Sep11-Jun12), steepened 3.375 bps to 69.375. In the Fronts (Sep07-Jun08), the Sep07 were lower 3.5 bps at 94-73.25 on combined Globex and pit volume of 331,000, the Dec07 in 4.5 bps at 95-04 on volume of 439,000, the Mar08 in 1.0 bps at 95-23.5 on volume of 535,000, while the Jun08 was unched at 95-27.5 on volume of 367,000. The Red pack (Sep08-Jun09) a 2yr proxy, settled steady to 1.0 bps lower across the pack with 806,000 contracts traded.

15:04 08/13 **US SWAPS:** Spds finished session mostly wider, well out from earlier levels as Tsys regained modest risk aversion support in second half. Desks reported moderate front end receiving in Eurodlr space. NY swap desks reported similar flow while some were "fighting the flattener" move early. While long term accts sponsored the front end, Tsy sources reported swap-tied receiver interest in 2s and 3s, others were payers in 10s. Some chunky front end receiving in second half. According to GovPX:

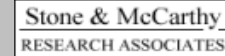
Time (ET)	2Y Swap/Mid	5Y Swap/Mid	10Y Swap/Mid	30Y Swap/Mid
Mon 3:00	+0.00/60.00	+1.50/67.25	+1.50/72.00	+1.25/70.75
1:20	-1.25/58.75	+1.25/67.00	+1.25/71.75	+1.25/70.75
12:00	-1.25/58.75	+0.25/66.00	+0.25/70.75	+0.50/70.00
10:30	-2.25/57.75	-0.50/65.25	-0.25/70.25	+0.00/69.50
9:10	-3.25/56.75	-0.75/65.00	-0.75/69.75	+0.00/69.50
Mon Open	-1.75/58.25	+0.00/65.75	+0.25/70.75	+0.75/70.25
Fri 3:00	+3.25/60.00	+1.50/65.75	+1.25/70.50	+0.75/69.50

**(continued)****Overnight:**

04:42 08/14 **TSYS:** Treasuries are trading modestly lower across the curve in London Tuesday, although the curve has flattened as the front-end underperformed. Prices were little changed in Tokyo trade, with little fresh news to push prices around. Volumes were light and trading ranges narrow, hindered by regional holidays. In London, the front of the curve underperformed, helping push a curve flattening, as safe haven trades were unwound as stocks rallied. Real money names were seen as buyers of the belly of the curve, with leveraged players better bid in the 10-year sector. However, volumes were muted, returning to normal levels.

The Bund/T-note were unchanged on Monday's levels at 47 bps. Ahead of the US session, the 2-yr note was 1+32 lower, trading at 100 11/32 to yield 4.44%. The 10-yr note was 1/32 lower at 99 28/32 (4.76%), with the Bond 1/32 lower at 99 30/32 (5.00%). The 2-yr/5-yr yield curve was flatter by 1 bps, trading at +11 bps. The 2-/10-yr curve was 2 bps flatter, trading at +33 bps, as was the 2-yr/30-yr curve to stand at +56 bps.

02:15 08/14 **FX (European Open):** The dollar goes into early European trade on a relatively firm footing after keeping within a \$1.3604/21 range versus the euro overnight. Cross plays are once again dominating dollar-yen, currently sitting in the middle of the Y117.77-Y118.30 range, whilst euro-yen remains heavy on a Y160 handle. Kiwi sits near the lows on the day after losing nearly a cent on unexpectedly weak NZ retail sales data, allowing Aussie-kiwi to push through Nzd1.1450. Note the BOJ and RBA drained liquidity from markets overnight as overnight rates fell below targets, stocks also seeing a stable session. On the US data front today, the trade balance for June is due to be released at 1230GMT, with the market looking for an increase in the deficit to Usd61bln versus Usd60bln in May.



10:36 08/13 **CREDIT: (1 of 2) Goldman Sachs** has announced it will inject new capital into its Global Equity Opportunities fund after the "quant" hedge fund lost 28% of its value in the past 2 weeks. The investment bank reportedly said the performance of the fund and the Global Alpha fund had suffered significantly due to the volatility of markets in recent weeks. The algorithms used apparently did not predict the movement of many stocks would be so extreme and indeed that the direction could be opposite to the one expected, despite decades of back testing of the systems. C.V. Starr & Co, Perry Capital LLC and Eli Broad will also invest as the managers of the funds said they consider the current levels of some positions as attractive investment opportunities, especially given current fundamentals.

10:37 08/13 **CREDIT: (2 of 2)** The problems underline some of the perverse price action seen in both the credit and stock markets last week, where "favourite shorts" were seen to be squeezed by the broader market, causing securities to trade against the wider flow of the market. These long/short funds effectively saw the relationship between stocks dislocate in a much more perverse way than their models had expected, as the illiquidity in markets meant that de-leveraging compounded the funds offside positions. The question is now whether when liquidity returns and extra capital is put to work that these "anomalies" right themselves, or if funds 'doubling up' in this way will lead themselves into further problems if or when sub-prime/liquidity issues rock the markets again.

10:24 08/13 **US TSYS/REPO:** The current May 2017 10Y notes are special in overnight RP at 4.10%; old 30s mildly special at 5.05%. Fed today did US\$2B in overnight system RPs; fed funds are now a bit above 5.25% trgt at 5.31%.

Tsy General O/N Coll. 5.17%  
 Federal Funds last at 5.25%  
 Mortgage-Backed N/A  
 Agencies N/A

US Tsys:	Current Issue	Old Issue
2-year note .....	5.10%	5.15%
3-year note .....	5.20%	5.20%
5-year note .....	5.10%	5.10%
10-year note .....	4.10%	5.15%
30-year bond.....	5.10%	5.05%

10:34 08/13 **US TSYS/LIBOR:** Treasuries traders noted that the 3-Month US dollar Libor rate has actually come down a tiny bit to 5.5575% vs. 5.7575% last Friday. They noted that this contrasts with the 3M Euro Libor, which rose to 4.5188% today from 4.45375% last Friday with very wide spreads.

"A serious deterioration in markets or spreading credit crunch could prompt a quick **Fed move**. Futures markets have priced in the possibility of a rate cut even before the Fed's next scheduled meeting, Sept. 18. If the situation doesn't improve, a Sept. 18 rate cut is likely." –Greg Ip (WSJ)

10:09 08/13 **US MKTS/FED:** Economist Bob Brusca of FAO Economics notes the Fed's liquidity injection on Fri forced the funds rate to a 0% low, and says the effective Fed funds rate was the lowest in over a year at 4.68%. He says "we're drowning in liquidity."

11:42 08/13 **US VIEW:** Ian Morris of HSBC describes two types of market crunches - with different Fed responses. During a short-term financial crunch such as the LTCM in 1998 and the 1987 stock crash, the Fed cut by 75bps over a 2 1/2 month period in 1998 and by 82.5bps after the 1987 crash and then began to raise rates in subsequent months. However, long-term macro crunches, such as that seen during the S&L crisis during the early 1990s and the tech crash in 2000, required longer easing cycles. "The Fed eased nearly 700bps in the early 1990s and 550bps in the early 2000s," Morris says. If events unfolding currently develop into a LT macro crunch, then the Fed "should not only cut rates in September and again in October, it should be cutting in 50 bps steps and will eventually cut rates to 1-2% as a full blown credit crunch recession develops," he says. Morris stresses however that while stocks have tanked and spreads widened, the size of the move does not "qualify as a full-blown crunch" and therefore "conditions do not merit a cut now".

	M Duration	DV01 32	DV01 \$	DV01 Box	CF
30y	15.46	#NUM!	#NUM!	#NUM!	n/a
10y	7.89	#NUM!	#NUM!	#NUM!	n/a
5y	4.38	1.41	\$440	5.63	n/a
2y	1.85	0.60	\$186	2.38	n/a
ZB	9.59	3.41	\$107	3.41	0.8625
ZN	5.66	1.97	\$62	3.94	0.9086
ZF	3.83	1.30	\$41	2.61	0.9430
ZT	1.77	1.16	\$36	4.65	0.9764

	Yield Curve Spreads		
	Last	2pm close	Diff
2/5	11.70	12.10	0.40
5/10	20.90	21.70	0.80
10/30	22.90	23.00	0.10
2/10	32.60	33.80	1.20
5/30	43.80	44.70	0.90
2/30	55.50	56.80	1.30

DV01 32 said differently is how many TICS is in a basis point. Example, If ZN moves 1-basis point, it's moved 1.94 tics.

Since it trades in half tics 4 boxes = 1 basis point in ZN.

**Notes**

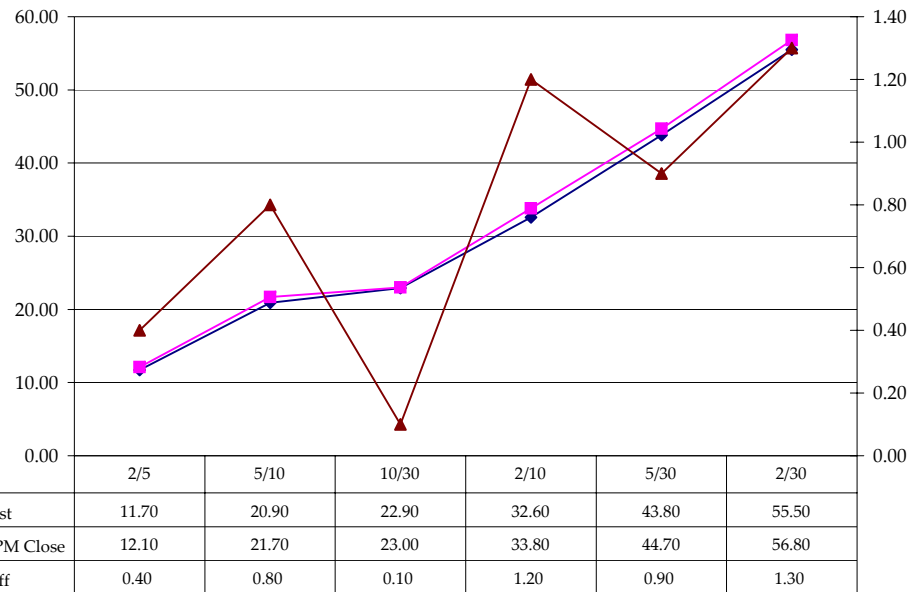
CF = Conversion Factor

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

Curve Spreads vs 2pm close



## US Financial Futures / Eurex Bond

	ZB	ZN	ZF	ZT
Bund (U)	1.000	1.800	2.700	2.900
Bobl (U)	0.570	1.000	1.500	1.600
Shatz (U)	0.230	0.400	0.600	0.665

## US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.731	2.616	2.937
ZN	0.578		1.511	1.696
ZF	0.382	0.662		1.123
ZT	0.341	0.590	0.891	

## Eurex Bonds

	Bund (U)	Bobl (U)	Shatz (U)
Bund (U)	1.0	1.9	4.5
Bobl (U)	0.6	1.0	2.4
Shatz (U)	0.2	0.4	1.0

## US Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.67	4.13	#NUM!	#NUM!
ZN	2.89	7.14	#NUM!	#NUM!
ZF	4.37	10.79	#NUM!	#NUM!
ZT	4.91	12.12	#NUM!	#NUM!

## US Treasuries v Eurex Bonds

	2y	5y	10y	30y
Bund (U)	1.6	3.9	6.7	12.9
Bobl (U)	3.0	7.0	12.1	23.5
Shatz (U)	7.3	17.1	29.4	57.3

## US Treasuries

	2y	5y	10y	30y
2y		2.470	4.275	#NUM!
5y	0.405		1.731	#NUM!
10y	#NUM!	#NUM!		#NUM!
30y	#NUM!	#NUM!	#NUM!	

Note: Any ratio with the Bund, Bobl, or Shatz is from Bloomberg. Bloomberg hedge ratio's are static. Meaning, I only update them once a week and on rolls. My hedge ratio's are live, meaning, they're updated in real-time. I've managed to get the Eurex to Eurex ratio's updating live as of 07/05/2007. I'll be working on Eurex to the USA ratio's soon.

Current Positions										
	Small Spec			Large Spec			Commercials (Hedgers)			
	Long	Short	Net	Long	Short	Net	Long	Short	Net	
ZF	261,392	280,750	(19,358)	205,811	269,966	(64,155)	1,290,047	1,206,534	83,513	ZF
ZN	326,240	445,533	(119,293)	970,269	302,251	668,018	2,125,683	2,674,407	(548,724)	ZN
ZB	145,410	185,206	(39,796)	145,230	226,126	(80,896)	802,631	681,939	120,692	ZB

WoW^ Position Change				
	Sml Spec	Lrg Spec	Comm	As of
	Net	Net	Net	
ZF	12,619	(60,658)	48,039	8/7/2007
ZN	(34,476)	97,667	(63,190)	
ZB	302	(3,284)	2,982	

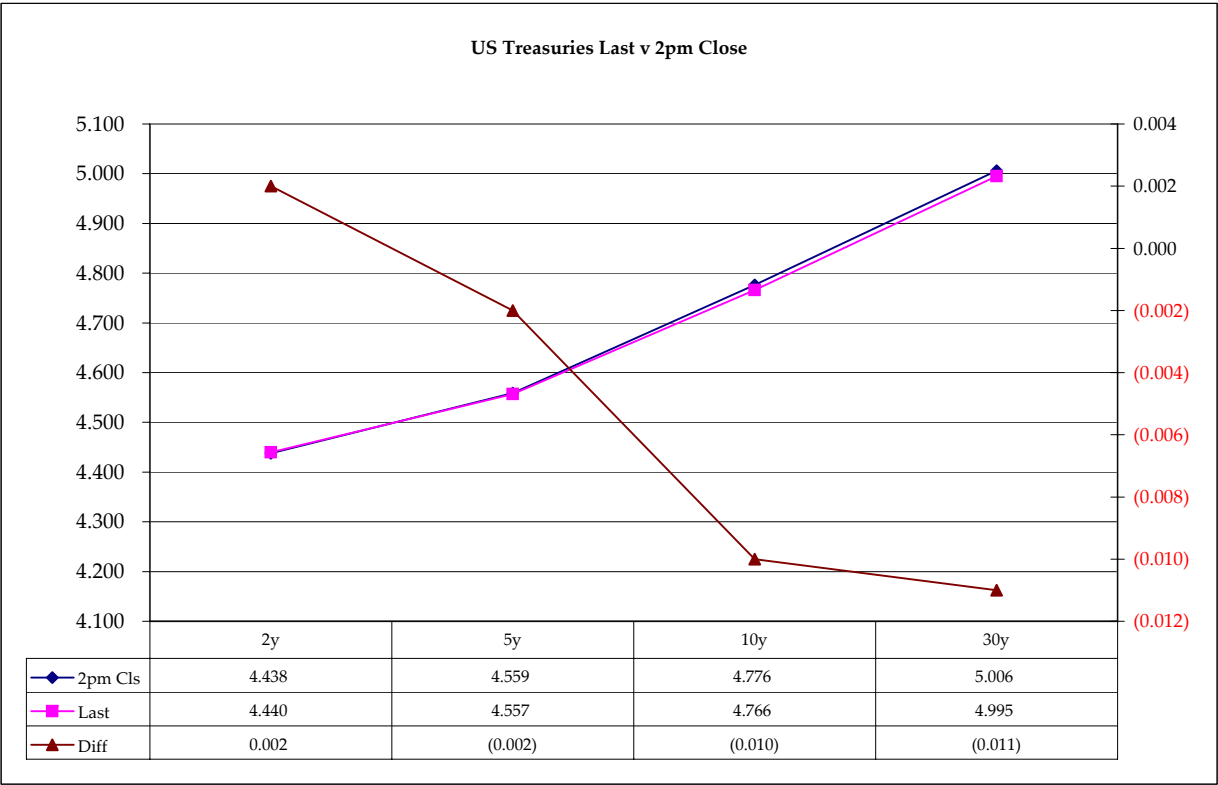
^WoW = Week over week

Closes: 2pm CST vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis		Roll
							Close	Last	
2y	4.625	7/31/09	100.1050	4.438	4.440	0.002			
5y	4.625	7/31/09	100.0900	4.559	4.557	(0.002)	24.96	24.22	
10y	4.750	8/15/17	99.255	4.776	4.766	(0.010)	67.01	68.10	
30y	5.000	5/15/37	99.29	5.006	4.995	(0.011)	175.66	178.80	

	Close 32	Last
ZF	105.165	105.175
ZN	107.170	107.180
ZB	109.15	109.160

Curve Spreads		
	Close bps	Last bps
2/5	12.1	11.7
5/10	21.7	20.9
10/30	23.0	22.9
2/10	33.8	32.6
5/30	44.7	43.8
2/30	56.8	55.5



Notes:  
 Basis = (Cash Decimal - (Futures Decimal \* CF))\*32  
 MDuration for Curve Spreads:  
 Longer duration minus shorter duration  
 32 = price is quoted in 32nds

Symbol	Daily Correlations US Cash Treasuries (Yield)				Daily Correlations US Bonds/Notes (CBOT)			
	2yr Yield	5yr Yield	10yr Yield	30yr Yield	ZT	ZF	ZN	ZB
2yr Yield	100.0	91.2	69.5	7.0	(90.0)	(76.3)	(69.1)	(8.0)
5yr Yield	91.2	100.0	91.7	45.2	(89.5)	(92.1)	(89.3)	(46.5)
10yr Yield	69.5	91.7	100.0	76.2	(77.1)	(94.2)	(94.4)	(75.0)
30yr Yield	7.0	45.2	76.2	100.0	(26.9)	(63.3)	(70.2)	(97.7)
ZT	(90.0)	(89.5)	(77.1)	(26.9)	100.0	89.4	83.1	29.6
ZF	(76.3)	(92.1)	(94.2)	(63.3)	89.4	100.0	98.7	66.5
ZN	(69.1)	(89.3)	(94.4)	(70.2)	83.1	98.7	100.0	74.9
ZB	(8.0)	(46.5)	(75.0)	(97.7)	29.6	66.5	74.9	100.0
emini SP	92.1	88.0	71.5	17.1	(97.4)	(82.4)	(74.7)	(18.7)
Dow Futures	87.5	77.6	55.8	(0.4)	(93.4)	(70.1)	(62.1)	(2.1)
USDJPY	93.3	86.6	64.7	5.2	(91.9)	(75.9)	(67.5)	(7.5)
EURUSD	35.0	21.5	0.8	(31.2)	(43.4)	(14.6)	(11.0)	29.1
EURJPY	72.7	61.1	36.6	(15.5)	(77.5)	(51.5)	(45.0)	12.5
Crude	34.1	0.8	(30.7)	(71.0)	(5.2)	15.5	21.9	66.3

One contract may be correlating with another but does that mean there's causation? Is one causing the other?

That's what the R-Squared is for. See the morning email 'Oil' for a complete explanation. There are correlation and r-squared measurements inside that email also.

Symbol	Daily R-Squared US Cash Treasuries (Yield)				Daily R-Squared US Bonds/Notes (CBOT)			
	2yr Yield	5yr Yield	10yr Yield	30yr Yield	ZT	ZF	ZN	ZB
2yr Yield		0.83	0.48	0.00	0.81	0.58	0.48	0.01
5yr Yield	0.83		0.84	0.20	0.80	0.85	0.80	0.22
10yr Yield	0.48	0.84		0.58	0.59	0.89	0.89	0.56
30yr Yield	0.00	0.20	0.58		0.07	0.40	0.49	0.96
ZT	0.81	0.80	0.59	0.07		0.80	0.69	0.09
ZF	0.58	0.85	0.89	0.40	0.80		0.97	0.44
ZN	0.48	0.80	0.89	0.49	0.69	0.97		0.56
ZB	0.01	0.22	0.56	0.96	0.09	0.44	0.56	
emini SP	0.85	0.77	0.51	0.03	0.95	0.68	0.56	0.04
Dow Futures	0.76	0.60	0.31	0.00	0.87	0.49	0.39	0.00
USDJPY	0.87	0.75	0.42	0.00	0.84	0.58	0.46	0.01
EURUSD	0.12	0.05	0.00	0.10	0.19	0.02	0.01	0.08
EURJPY	0.53	0.37	0.13	0.02	0.60	0.27	0.20	0.02
Crude	0.12	0.00	0.09	0.50	0.00	0.02	0.05	0.44

	Daily Correlations US Cash Treasuries (Yield)				Daily Correlations US Bonds/Notes (CBOT)			
	2yr Yield	5yr Yield	10yr Yield	30yr Yield	ZT	ZF	ZN	ZB
5YR BASIS	(86.4)	(81.5)	(59.8)	(3.4)	63.2	52.5	48.1	1.6
10YR BASIS	(74.1)	(45.5)	(10.6)	53.2	62.3	25.0	15.0	(51.6)
30YR BASIS	(60.1)	(44.3)	(17.5)	26.4	57.2	33.2	32.3	(18.5)

	Daily R-Squared US Cash Treasuries (Yield)				Daily R-Squared US Bonds/Notes (CBOT)			
	2yr Yield	5yr Yield	10yr Yield	30yr Yield	ZT	ZF	ZN	ZB
5YR BASIS	0.75	0.66	0.36	0.00	0.40	0.28	0.23	0.00
10YR BASIS	0.55	0.21	0.01	0.28	0.39	0.06	0.02	0.27
30YR BASIS	0.36	0.20	0.03	0.07	0.33	0.11	0.10	0.03

	Daily Correlations Treasury Basis		
	5YR BASIS	10YR BASIS	30YR BASIS
emini SP	(69.8)	(67.0)	(60.5)
Dow Futures	(65.5)	(78.4)	(73.1)
USDJPY	(76.7)	(75.6)	(54.4)
EURUSD	(25.8)	(71.9)	(69.4)
EURJPY	(57.4)	(85.1)	(73.6)
Crude	(26.1)	(55.9)	(33.6)

	Daily R-Squared Treasury Basis		
	5YR BASIS	10YR BASIS	30YR BASIS
emini SP	0.49	0.45	0.37
Dow Futures	0.43	0.61	0.53
USDJPY	0.59	0.57	0.30
EURUSD	0.07	0.52	0.48
EURJPY	0.33	0.72	0.54
Crude	0.07	0.31	0.11

One contract may be correlating with another but does that mean there's causation? Is one causing the other?

That's what the R-Squared is for. See the morning email 'Oil' for a complete explanation. There are correlation and r-squared measurements inside that email also.

Notes: BASIS = CASH - (FUTURES \* CF)

Cash Duration Matrix

Cash Duration Matrix				
	2	5	10	30
2	100%			
5	45%	100%		
10	25%	56%	100%	
30	13%	28%	51%	139%
Cash Matrix [DV01 x Duration]				
	2	5	10	30
2	\$186			
5	\$197	\$440		
10	#NUM!	#NUM!	#NUM!	
30	#NUM!	#NUM!	#NUM!	#NUM!
Cash Matrix [DV01 over / (under) valued]				
	2	5	10	30
2				
5	(\$11)			
10	#NUM!	#NUM!	#NUM!	
30	#NUM!	#NUM!	#NUM!	#NUM!
Cash Matrix [DV01 over / (under) as %]				
	2	5	10	30
2				
5	-5.39%			
10	#NUM!	#NUM!	#NUM!	
30	#NUM!	#NUM!	#NUM!	#NUM!

**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	1.02	2.42	#NUM!	#NUM!
ZF	0.46	1.08	#NUM!	#NUM!
ZN	0.30	0.71	#NUM!	#NUM!
ZB	0.17	0.41	#NUM!	#NUM!

Box for Box Matrix				
	2y	5y	10y	30y
ZT	1.02	2.42	#NUM!	#NUM!
ZF	0.46	2.16	#NUM!	#NUM!
ZN	0.60	1.43	#NUM!	#NUM!
ZB	0.70	1.65	#NUM!	#NUM!

	2y	5y	10y	30y
2y	1.00	2.37	#NUM!	#NUM!
5y	0.42	1.00	#NUM!	#NUM!
10y	#NUM!	#NUM!	1.00	#NUM!
30y	#NUM!	#NUM!	#NUM!	1.00

	2y	5y	10y	30y
2y		2.37	#NUM!	#NUM!
5y	0.42		#NUM!	#NUM!
10y	#NUM!	#NUM!		#NUM!
30y	#NUM!	#NUM!	#NUM!	

	ZT	ZF	ZN	ZB
ZT	1.00	2.25	3.39	5.87
ZF	0.45	1.00	1.51	2.62
ZN	0.29	0.66	1.00	1.73
ZB	0.17	0.38	0.58	1.00

	2y	5y	10y	30y
ZT		2.25	6.79	23.49
ZF	0.45		1.51	5.23
ZN	0.15	0.66		3.46
ZB	0.04	0.19	0.29	

Fed Funds Probability of Tightening or Easing

FOMC Meeting



September/18/2007	
Target Rate	Probability
4.75	52.0
5.00	0.0
5.25	43.8
5.50	4.0

October/31/2007	
Target Rate	Probability
4.75	74.3
5.00	0.0
5.25	17.2
5.50	8.4

December/11/2007	
Target Rate	Probability
4.25	37.80
4.50	1.10
4.75	10.30
5.00	11.30

as of 08/10/07

Probabilities take options into account and is much better at forecasting the FOMC intentions than the 'day-count' equation most analysts on the street use. The day-count equation is old and outdated.

Notes:  
All probabilities are taken from The Cleveland Federal Reserve



