



## The Morning Email: Treasuries

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14:49 08/20 **US OUTLOOK:** Analysts Julia Coronado and Ajay Rajadhyaksha at Barclays say Fed's actions to withdraw liquidity from the money mkt's "suggest the Fed is anticipating a response to its encouragement to tap the discount window." They say when securities "have no valid market price, the Fed will offer collateral worth 80-85% of par value. The Fed will reevaluate market conditions on a weekly basis. If valid market pricing subsequently becomes available and indicates that the securities are worth less than the value used to grant collateral, the Fed will renegotiate the loan." They say if there are valid mkt's, Fed will allow 92-93% of the market price. They say we should monitor whether discount window activity increases.

15:03 08/20 **US OUTLOOK:** Fed is still being easy/generous in reserves mkt, sources say, as Fed funds rate has slipped over the course of the day and is almost 20 BP below target now at 5-1/16%. Effective funds rate was 4.91% of Friday (counts for 3-days of the reserves pd) and it'll be hard to 'make up' this lost ground vs target, sources say.

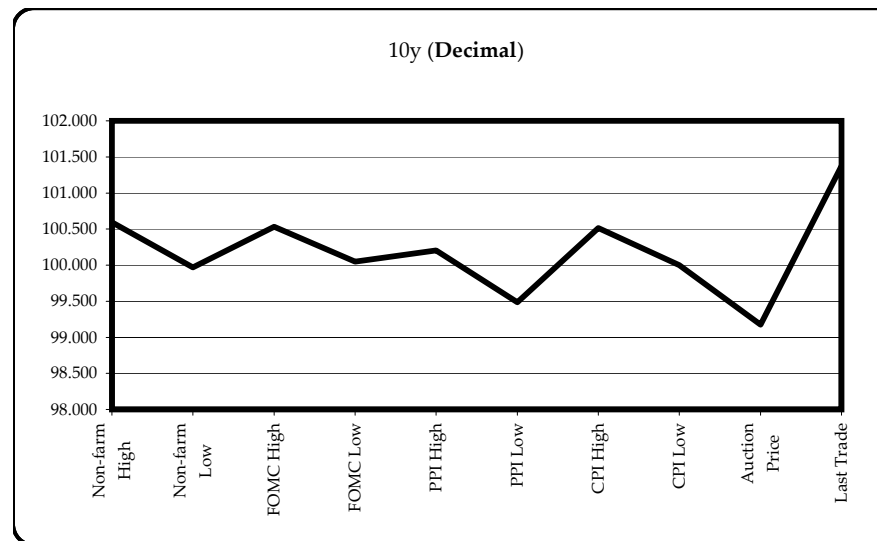
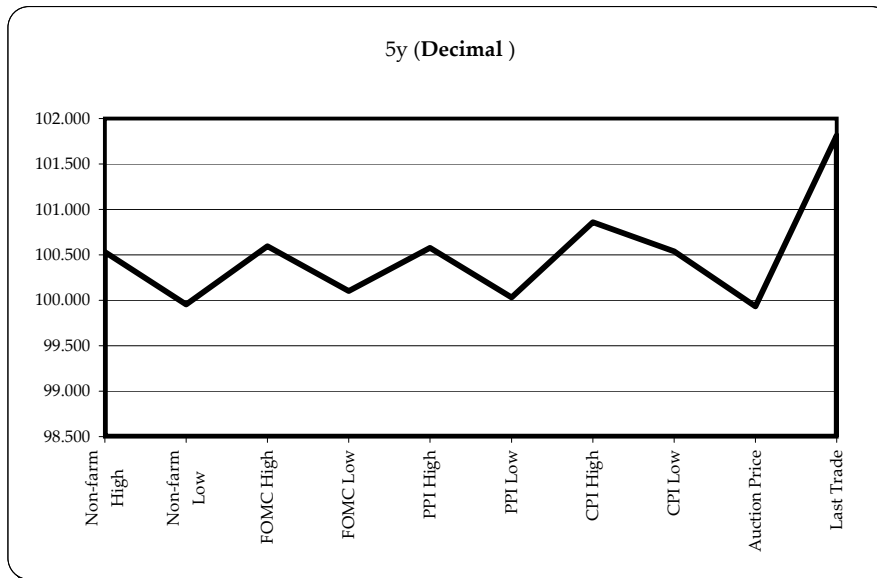
Want something added? Let me know: [jgoulding@ghco.com](mailto:jgoulding@ghco.com)

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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	100.1850	100.065	107.295	109.30	8/14/2007
PPI Low	100.0100	99.155	107.070	109.01	8/14/2007
CPI High	100.2750	100.165	108.090	110.00	8/15/2007
CPI Low	100.1725	100.000	107.245	109.11	8/15/2007
Auction Price	99.2988	99.056			
Last Trade	101.2600	101.120	109.080	110.22	8/21/2007 5:52

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 for 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	103.097	5.2	103.100	103.040	103.040	38,431	2y Fut
FVAU7	107.010	11.5	107.020	106.215	106.220	66,695	5y Fut
TYAU7	109.080	15.0	109.095	108.265	108.270	163,067	10y Fut
USAU7	110.220	14	110.250	110.070	110.080	31,151	30y Fut
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02P	101.060	6.5	101.062	101.005	101.005	na	2y Cash
BUS05P	101.257	11.2	101.267	101.150	101.157	na	5y Cash
BUS10P	101.120	12.5	101.140	100.310	101.005	na	10y Cash
BUS30P	100.260	11	100.310	100.155	100.160	na	30y Cash
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02Y	3.982	(10.20)	4.125	3.97	4.125	na	2y Yield
BUS05Y	4.214	(8.00)	4.316	4.206	4.316	na	5y Yield
BUS10Y	4.573	(5.30)	4.641	4.565	4.641	na	10y Yield
BUS30Y	4.945	(1.60)	4.976	4.935	4.976	na	30y Yield

Notes: SYM = Symbol

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

15:13 08/20 **US TSYS/RECAP:** Tsys rose Mon on safe-haven bid, choppy stks, fear of risky investment loss. Tsys had short-covering, and so ignored 0.4% July LEI, as traders deemed outmoded. Tsys had brisk T-bill bid amid severe scarcity (Sept. 13 1M T-bill at 1.25% earlier, 2.17% by day's end) amid fear of ABCP safety, money mkt funds, deleveraging of risky debt/assets. But 3m, 6M bill auction so-so. Fed said wd redeem \$5B in T-bill hldgs to give SOMA flexibility in daily reserve mgmt. Buy-&-hold accts earlier bought 2YS, with also lvrg'd acct bid in 10Ys; this morn, buy-and-hold acct buying in intermediates, fast money bought 10s, 30S. Eurodlr futures had mixed flow, deal-tied flow in front end. Real money corp-tied buying in Tsys 2Y, 30Y futures, while same accts offered 10Y futures earlier. Talk of a.m. ET Tsys steepener unwind. Eurodlrs futures had risk aversion support prevalent, liquidity issue. Ease odds remain high. Vols off lows. Should be seeing more rolls in Tsy futures as nears expiry/mo-end. US stks mixed late(DJIA up,S&P 500 off.)

15:24 08/20 **US SWAPS:** Spds remained wider in front end (3-month LIBOR performance cited for widening, higher than expected after contract eased for 6th consecutive session overnight), spds improved in 10s to 30s later in second half. Sources reported moderate 2-way flow in front end, a NY dealer sold Sep08 2yr bundles while a Chicago FCM bought 3yr bundles at -1.75 as well as 1yr bundles at -4.5. Tsy sources reported deal related support by real money accounts in the wings, receiving in 2yr and 30yr Tsy futures, followed by payers in 10yr futures. According to GovPX:

Time (ET) 2Y Swap/Mid 5Y Swap/Mid 10Y Swap/Mid 30Y Swap/Mid

Mon 3:05	+5.50/74.00	+0.25/75.25	-0.50/75.50	-0.50/69.25
1:30	+6.00/74.50	+1.75/76.75	+0.75/76.75	+0.50/70.25
11:10	+3.75/72.25	+1.50/76.50	+0.25/76.25	-0.25/69.50
10:45	+4.25/72.75	+1.00/76.00	+1.00/77.00	+0.50/70.25
9:25	+3.00/71.50	+0.00/75.00	+0.00/76.00	+0.25/70.00
Mon Open	+0.00/68.50	-0.25/74.75	-0.75/75.25	-0.25/69.50
Fri 3:05	-3.00/68.50	-2.50/75.00	-2.00/76.00	-3.25/69.75

15:30 08/20 **EURODLR FUTURES:** Eurodlr futures finished session moderately higher, while the Red/Gold pack spd (Sep08-Jun09) vs (Sep11-Jun12), flattened 0.75 bps to 78.375. In the Fronts (Sep07-Jun08), the Sep07 was 2.25 bps higher at 94-91 on combined Globex and pit volume of 348,000, the Dec07 up 1.5 bps at 95-30 on volume of 327,000, the Mar08 steady at 95-52.5 on volume of 387,000, while the Jun08 was 0.5 bps higher at 95-54 on volume of 293,000. The Red pack (Sep08-Jun09) a 2yr proxy, settled 1.5 to 3.5 bps higher across the pack with 581,000 contracts traded.

**(continued)**

06:34 08/21 **CHINA: PBOC hikes** yuan benchmark one year deposit rate 27bps

- Hikes one year benchmark lending rate by 18bps
- Hikes take effect Aug22

05:36 08/21 **TSYS: (1)** Treasuries are trading higher across the board in London Tues, although once again the front of the curve outperforms the market continues to seek minimum risk assets. The bid started early in the Tokyo session, with light buying seen across the curve, despite the early strength in regional stocks. However, Treasuries started to extend their gains ahead of the European session, with the front of the yield curve leading the way. Two-year yields, in demand from both real money and leveraged accounts, were again the lead, touching a low yield of 4.060% in Tokyo. The two-year yield again fell sharply in London, falling 9 bps on late New York levels to 4.020%, helping the 2/30-year curve steepen to 93 bps at one point. Leveraged accounts were also buyers of longer-dated paper, with good demand seen in the 10-year sector. However, by and large, demand was slewed to the front of the curve as flight-to-quality demand dominated.

05:36 08/21 **TSYS: (2)** The Bund/T-note narrowed 2 bps on Monday's levels to 41 bps, as Treasuries continue to lead the way in safe haven flows. Ahead of the U.S. session, the 2-yr note was 3/32 higher, trading at 100 3/32 to yield 4.03%. The 10-yr note was 8/32 lower at 101 7/32 (4.60%), with the Bond 7/32 lower at 100 23/32 (4.95%). The 2-yr/5-yr yield curve was 1 bps steeper on Friday's levels, trading at +22 bps. The 2-/10-yr curve was 2 bps steeper, trading at +56 bps, while the 2-yr/30-yr curve was 4 bps steeper to stand at +92 bps.

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**DJ Fed Kohn: Can't Rule Out Bigger Subprime Effect On US Economy**  
(This article was originally published Sunday)

By Brian Blackstone Of DOW JONES NEWSWIRES

WASHINGTON (Dow Jones)--The fallout from the "dramatic deterioration" in performance of U.S. subprime mortgages may have a broader impact on U.S. consumption and the economy, Federal Reserve Vice Chairman Donald Kohn wrote in a paper released Sunday.

09:44 08/20 **US TSYS/FED:** (correct size of O/N System:) NY Fed says it did US\$3.5Bln in overnight system repos, with most of that, US\$2B in MBS collateral, US\$1.3B in agency debt and US\$200M in US Tsys debt.

09:49 08/20 **CREDIT: US CDS** spreads look set to open with a relatively positive tone this morning taking their lead from Europe, where spreads have consolidated during the day, after the Fed action on Friday and the associated bounce in the equity markets. European single names are mildly tighter across the board with the benchmark **Itraxx** Xover index around 12 bps tighter so far today trading at the 330 bps level. Traders have reported that turnover is low, however, with most market players awaiting the next piece of newsflow and the same is expected to be the same in the US. **The ABX HE BBB- 07-1 index** looks set to open a tad tighter this morning with a mid-market \$ price of 34.5.

11:43 08/20 **FED REACT:** Analyst Tony Crescenzi of Miller, Tabak says the Fed redeeming \$5b in bills signals: "1) The Fed expects discount window borrowings to be as much as \$5 billion this week, hence reducing the amount of liquidity injections needed in the banking system by \$5b... 2) The Fed wants to signal that it is not yet ready to cut the fed funds rate, which would otherwise fall if the Fed's loans to the banking system were not offset by drains from the banking system elsewhere." He says the Fed holds about \$785b of Treasuries and \$277b of this is in T-bills.

11:52 08/20 **FED OPINION:** Fed's announcement of \$5b bill sale came after bill rates started to fall into the 1%s. A result of the Fed's actions will be to add bills to the mkt (these are the safe assets in demand currently) and to take in those assets as collateral that accounts do not want to hold (such as MBS, possibly submitted against discount window borrowing). Fed seems to be addressing specific situations - the clamoring for bills, the ability to take in illiquid assets, and the setting of prices on assets that have seen trading freeze up.

12:37 08/20 **US OUTLOOK:** ML chief economist David Rosenberg argues there might be more market turmoil ahead. He says "The reason why the Fed cut the discount rate and is now begging the banks to come borrow at the discount window is because round one (CBs' liquidity injection last wk) failed. As a result, nobody should really be drawing too much comfort." He also points out the lowering of the DR "has no real economic significance" - it is a penalty rate that affects banks and will not affect the macroeconomy.

13:44 08/20 **US TSYS:** Analyst Tony Crescenzi of Miller, Tabak says the T-bill sale was weak as investors were reluctant to buy at such low yields. He points out "money fund yields have not yet fallen by as much as T-bill yields" and he expects institutional money fund assets to surge as a result. He says "A surfeit of liquidity is what is needed to push investors further out on the risk spectrum."

	M Duration	DV01 32	DV01 \$	DV01 Box	CF
30y	15.50	5.00	\$1,564	10.01	n/a
10y	7.89	2.56	\$801	5.12	n/a
5y	4.37	1.43	\$447	5.72	n/a
2y	1.84	0.60	\$186	2.39	n/a
ZB	9.59	3.44	\$107	3.44	0.8625
ZN	5.66	2.01	\$63	4.02	0.9086
ZF	3.82	1.32	\$41	2.65	0.9430
ZT	1.75	1.16	\$36	4.66	0.9764

Yield Curve Spreads			
	Last	2pm close	Diff
2/5	23.20	23.30	0.10
5/10	35.90	33.80	(2.10)
10/30	37.20	33.60	(3.60)
2/10	59.10	57.10	(2.00)
5/30	73.10	67.40	(5.70)
2/30	96.30	90.70	(5.60)

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**

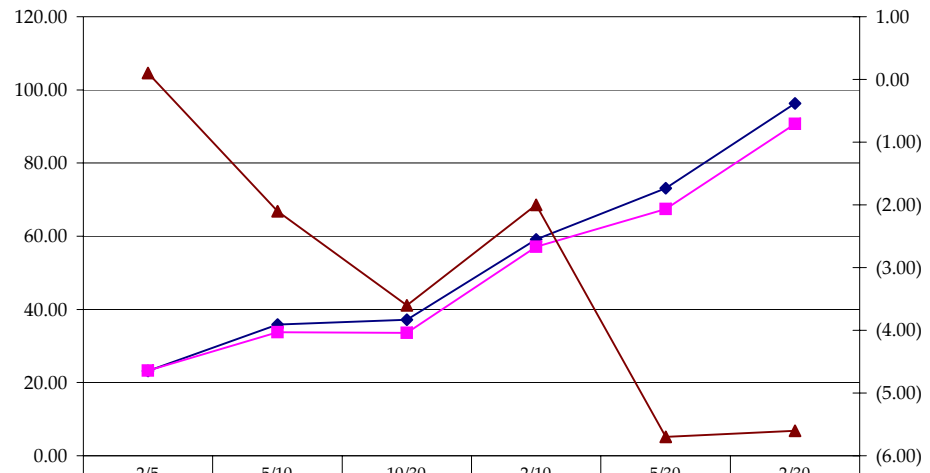
CF = Conversion Factor

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



	2/5	5/10	10/30	2/10	5/30	2/30
Last	23.20	35.90	37.20	59.10	73.10	96.30
2 PM Close	23.30	33.80	33.60	57.10	67.40	90.70
Diff	0.10	(2.10)	(3.60)	(2.00)	(5.70)	(5.60)

## US Financial Futures / Eurex Bond

	ZB	ZN	ZF	ZT
Bund (U)	1.000	1.800	2.700	3.000
Bobl (U)	0.560	0.970	1.470	1.664
Shatz (U)	0.220	0.382	0.578	0.653

## US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.709	2.598	2.953
ZN	0.585		1.520	1.727
ZF	0.385	0.658		1.136
ZT	0.339	0.579	0.880	

## Eurex Bonds

	Bund (U)	Bobl (U)	Shatz (U)
Bund (U)	1.0	1.9	4.6
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	1.66	4.16	7.46	14.56
ZN	2.84	7.11	12.75	24.89
ZF	4.32	10.80	19.37	37.84
ZT	4.91	12.28	22.02	43.00

## US Treasuries v Eurex Bonds

	2y	5y	10y	30y
Bund (U)	1.7	4.0	7.1	13.9
Bobl (U)	3.1	7.3	13.1	25.5
Shatz (U)	7.8	18.6	33.3	65.0

## US Treasuries

	2y	5y	10y	30y
2y		2.502	4.340	8.443
5y	0.400		1.735	3.375
10y	0.223	0.558		1.882
30y	0.114	0.286	0.495	

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	268,068	252,398	15,670	211,672	274,741	(63,069)	1,226,352	1,178,953	47,399	ZF
ZN	351,249	436,596	(85,347)	963,653	305,623	658,030	1,970,508	2,543,191	(572,683)	ZN
ZB	149,028	161,909	(12,881)	124,350	245,000	(120,650)	808,584	675,053	133,531	ZB

WoW^ Position Change				As of 8/14/2007
	Sml Spec	Lrg Spec	Comm	
	Net	Net	Net	
ZF	35,028	1,086	(36,114)	
ZN	33,946	(9,988)	(23,959)	
ZB	26,915	(39,754)	12,839	

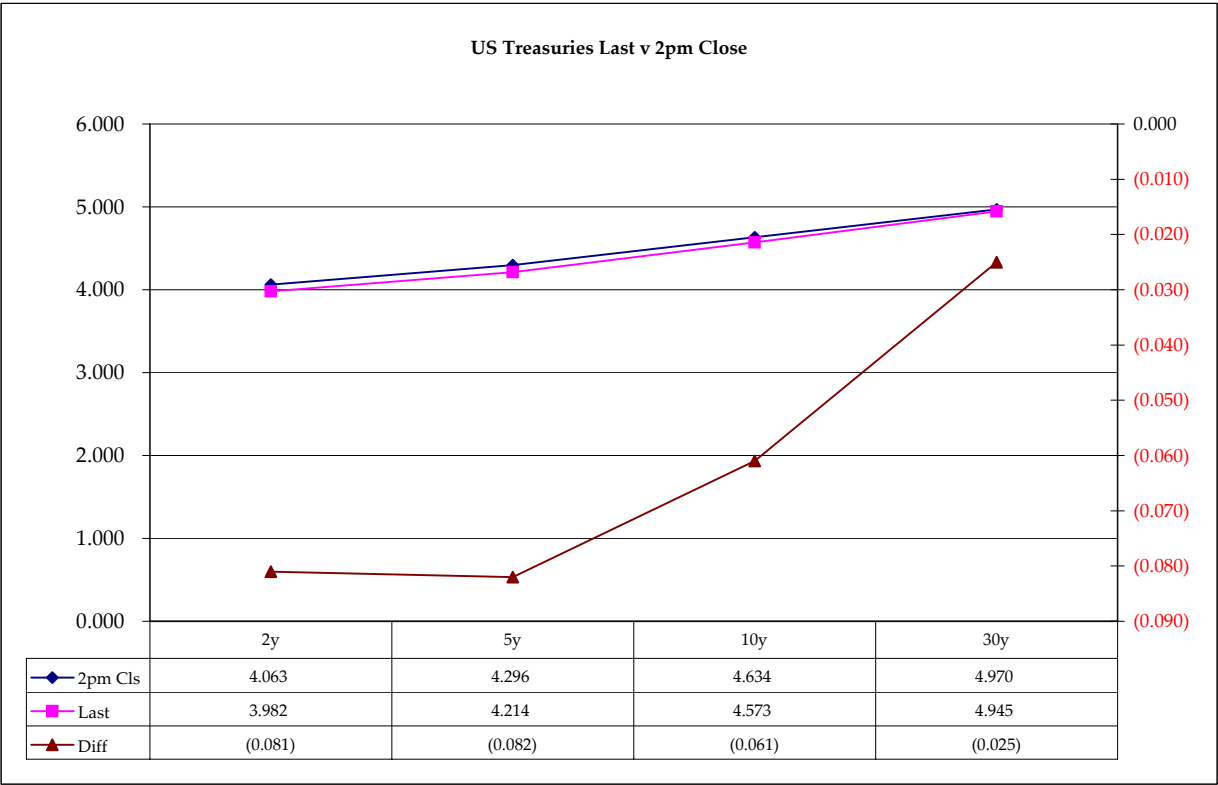
^WoW = Week over week

**Closes: 2pm CST vs this Morning**

	Cpn	Mty	Close 32	Close	Last	Diff	Basis		Roll
							Close	Last	
2y	4.625	7/31/09	100.3175	4.063	3.982	(0.081)			
5y	4.625	7/31/09	101.1350	4.296	4.214	(0.082)	26.57	28.23	
10y	4.750	8/15/17	100.295	4.634	4.573	(0.061)	66.66	67.53	
30y	5.000	5/15/37	100.15	4.970	4.945	(0.025)	171.60	171.03	

	Close 32	Last
ZF	106.215	107.010
ZN	108.250	109.080
ZB	110.08	110.220

Curve Spreads		
	Close bps	Last bps
2/5	23.3	23.2
5/10	33.8	35.9
10/30	33.6	37.2
2/10	57.1	59.1
5/30	67.4	73.1
2/30	90.7	96.3



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

## Correlations &amp; R-Squared

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	99.7	99.2	86.7	(97.1)	(95.7)	(96.7)	(89.1)
5yr Yield	99.7	100.0	99.1	87.8	(98.0)	(97.1)	(98.0)	(91.2)
10yr Yield	99.2	99.1	100.0	91.4	(96.0)	(94.5)	(95.8)	(91.1)
30yr Yield	86.7	87.8	91.4	100.0	(85.2)	(84.4)	(85.4)	(92.6)
ZT	(97.1)	(98.0)	(96.0)	(85.2)	100.0	99.8	99.8	94.5
ZF	(95.7)	(97.1)	(94.5)	(84.4)	99.8	100.0	99.8	94.9
ZN	(96.7)	(98.0)	(95.8)	(85.4)	99.8	99.8	100.0	95.1
ZB	(89.1)	(91.2)	(91.1)	(92.6)	94.5	94.9	95.1	100.0
emini SP	54.6	56.1	56.8	42.0	(57.9)	(57.7)	(59.2)	(53.9)
Dow Futures	67.5	69.4	68.6	53.2	(71.2)	(71.2)	(72.5)	(65.9)
USDJPY	90.2	92.4	88.2	77.8	(96.7)	(97.6)	(96.6)	(89.9)
EURUSD	83.2	85.9	83.6	71.3	(86.8)	(87.8)	(88.4)	(81.2)
EURJPY	90.4	92.8	89.2	77.8	(96.0)	(96.9)	(96.5)	(89.4)
Crude	38.7	37.6	39.7	55.3	(43.1)	(41.3)	(39.4)	(52.1)

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		0.99	0.98	0.75	0.94	0.92	0.94	0.79
5yr Yield	0.99		0.98	0.77	0.96	0.94	0.96	0.83
10yr Yield	0.98	0.98		0.83	0.92	0.89	0.92	0.83
30yr Yield	0.75	0.77	0.83		0.73	0.71	0.73	0.86
ZT	0.94	0.96	0.92	0.73		1.00	1.00	0.89
ZF	0.92	0.94	0.89	0.71	1.00		1.00	0.90
ZN	0.94	0.96	0.92	0.73	1.00	1.00		0.90
ZB	0.79	0.83	0.83	0.86	0.89	0.90	0.90	
emini SP	0.30	0.31	0.32	0.18	0.33	0.33	0.35	0.29
Dow Futures	0.46	0.48	0.47	0.28	0.51	0.51	0.53	0.43
USDJPY	0.81	0.85	0.78	0.60	0.93	0.95	0.93	0.81
EURUSD	0.69	0.74	0.70	0.51	0.75	0.77	0.78	0.66
EURJPY	0.82	0.86	0.80	0.61	0.92	0.94	0.93	0.80
Crude	0.15	0.14	0.16	0.31	0.19	0.17	0.15	0.27

	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	(32.7)	(28.1)	(34.5)	(28.1)	9.3	4.2	8.7	(0.1)
10YR BASIS	(55.2)	(52.5)	(58.5)	(48.9)	44.4	40.0	42.6	36.7
30YR BASIS	(63.9)	(64.7)	(64.6)	(59.1)	61.3	59.8	63.3	63.2

	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	0.11	0.08	0.12	0.08	0.01	0.00	0.01	0.00
10YR BASIS	0.30	0.28	0.34	0.24	0.20	0.16	0.18	0.13
30YR BASIS	0.41	0.42	0.42	0.35	0.38	0.36	0.40	0.40

	Daily Correlations Treasury Basis		
	5YR BASIS	10YR BASIS	30YR BASIS
emini SP	(0.3)	(67.4)	(68.1)
Dow Futures	(1.4)	(66.2)	(75.1)
USDJPY	5.6	(35.5)	(55.2)
EURUSD	(4.8)	(50.3)	(70.7)
EURJPY	1.6	(42.4)	(63.0)
Crude	5.8	(16.6)	(10.9)

	Daily R-Squared Treasury Basis		
	5YR BASIS	10YR BASIS	30YR BASIS
emini SP	0.00	0.45	0.46
Dow Futures	0.00	0.44	0.56
USDJPY	0.00	0.13	0.31
EURUSD	0.00	0.25	0.50
EURJPY	0.00	0.18	0.40
Crude	0.00	0.03	0.01

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	44%	100%		
10	25%	55%	100%	
30	13%	28%	51%	139%
Cash Matrix [DV01 x Duration]				
	2	5	10	30
2	\$186			
5	\$198	\$447		
10	\$197	\$444	\$801	
30	\$189	\$424	\$765	\$1,507
Cash Matrix [DV01 over / (under) valued]				
	2	5	10	30
2				
5	(\$12)			
10	(\$11)	\$3		
30	(\$2)	\$22	\$35	
Cash Matrix [DV01 over / (under) as %]				
	2	5	10	30
2				
5	-6.06%			
10	-5.49%	0.61%		
30	-1.12%	5.26%	4.62%	

**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	1.03	2.46	4.40	8.29
ZF	0.45	1.08	1.94	3.65
ZN	0.30	0.71	1.27	2.40
ZB	0.17	0.42	0.75	1.40

Box for Box Matrix				
	2y	5y	10y	30y
ZT	1.03	2.46	8.81	16.57
ZF	0.45	2.16	3.87	7.29
ZN	0.59	1.42	1.27	2.40
ZB	0.69	1.66	1.49	2.81

	2y	5y	10y	30y
2y	1.00	2.39	4.29	8.08
5y	0.42	1.00	1.79	3.37
10y	0.23	0.56	1.00	1.88
30y	0.12	0.30	0.53	1.00

	2y	5y	10y	30y
2y		2.39	2.15	4.04
5y	0.42		0.45	1.69
10y	0.47	2.23		1.88
30y	0.25	0.59	0.53	

	ZT	ZF	ZN	ZB
ZT	1.00	2.27	3.45	5.91
ZF	0.44	1.00	1.52	2.60
ZN	0.29	0.66	1.00	1.71
ZB	0.17	0.38	0.59	1.00

	2y	5y	10y	30y
ZT		2.27	6.91	23.62
ZF	0.44		1.52	5.20
ZN	0.14	0.66		3.42
ZB	0.04	0.19	0.29	

## Fed Funds Probability of Tightening or Easing

## Sept

	450	475	500	525	550
8/16/2007	41.9%	9.1%	20.3%	28.3%	0.3%
8/17/2007	36.1%	16.5%	19.4%	27.4%	0.6%

## October

	450	475	500	525	550	575
8/16/2007	85.6%	0.0%	0.0%	9.8%	4.7%	0.0%
8/17/2007	83.6%	0.0%	0.0%	11.5%	4.9%	0.0%

## December

	400	425	450	475	500	525	550	575
8/16/2007	41.2%	14.0%	5.1%	8.1%	15.7%	13.9%	0.1%	1.9%
8/17/2007	39.8%	16.5%	1.8%	10.6%	12.1%	16.0%	1.6%	1.6%

I'm switching to this type of view instead of the other one. I think this is better because we have a day to day comparison that we can see instantly.

These probabilities take options into account and are much better at forecasting the FOMC intentions than the 'day-count' equation most analysts on the street use.

## Notes:

All probabilities are taken from The Cleveland Federal Reserve



