



The Morning Email: Treasuries

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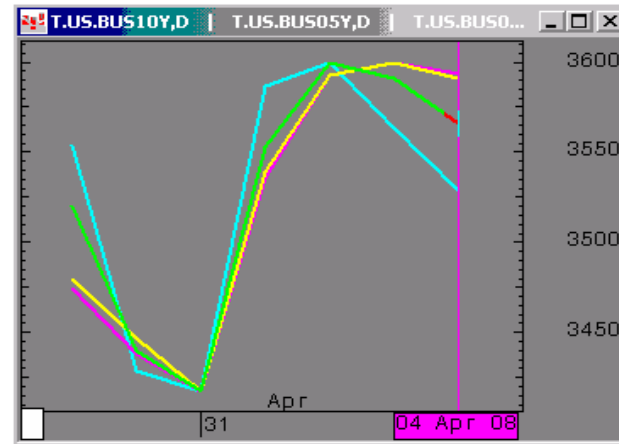
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Daily Yield Curve



Source: CQG, Inc. © 2008

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Want something added? Let me know: jgoulding@ghco.com

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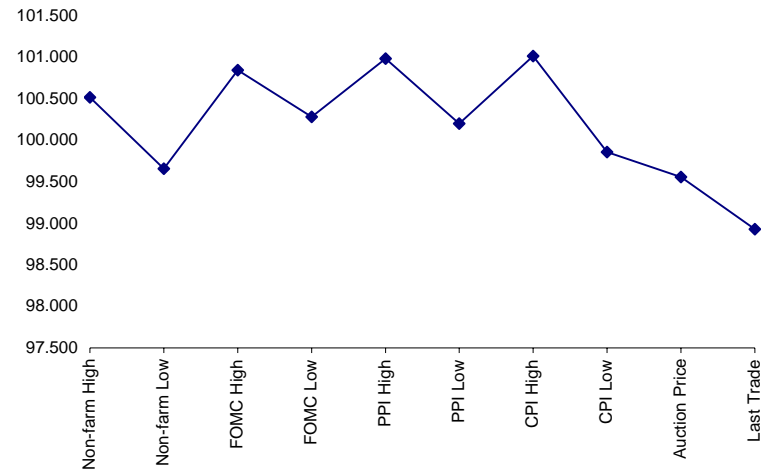
Economic Releases (32nds)

	5y	10y	ZNM8	ZBM8	Date
Non-farm High	100.1650	100.050	117.290	118.120	3/7/2008
Non-farm Low	99.2100	99.000	116.235	116.050	3/7/2008
FOMC High	100.2700	101.025	119.210	120.030	3/18/2008
FOMC Low	100.0900	100.105	118.285	119.100	3/18/2008
PPI High	100.3150	101.060	119.150	120.030	3/18/2008
PPI Low	100.0650	100.080	118.250	119.035	3/18/2008
CPI High	101.0050	101.065	119.120	120.125	3/14/2008
CPI Low	99.2750	99.315	118.040	118.205	3/14/2008
Auction Price	99.1783	99.000	na	na	
Last Trade	98.2970	99.135	117.185	117.260	4/4/2008 5:44

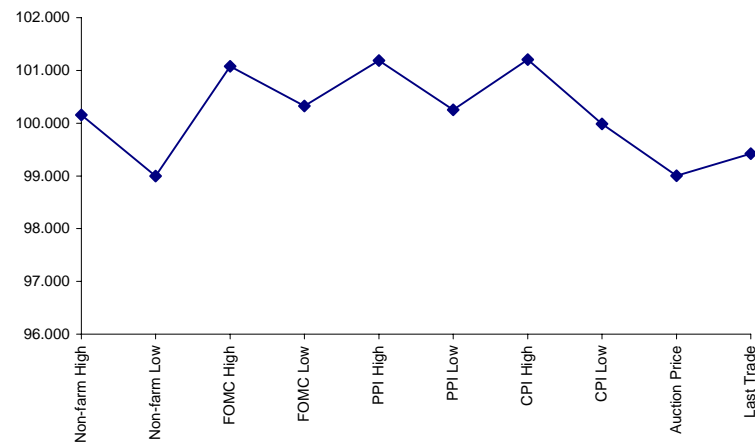
Auctions - 32nds

	2 y	5y	10y	30y
Auction Price	99.313	99.178	99.000	98.250
Auction Yield Stop	1.761	2.595	3.620	4.4449
Actual Auction Date	3/26/2008	3/27/2008	2/6/2008	2/7/2008

5y (Decimal)



10y (Decimal)



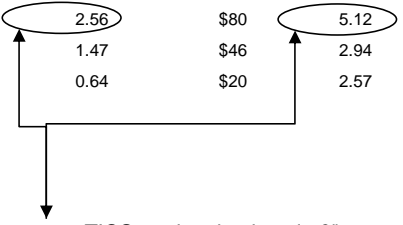
Notes:

- 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	106.285	0.015	106.290	106.277	106.287	11,752	2y Fut
FVAM8	113.042	0.037	113.050	113.025	113.047	20,340	5y Fut
TYAM8	117.185	0.045	117.205	117.140	117.165	26,790	10y Fut
USAM8	117.260	0.09	117.275	117.160	117.185	6,841	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.227	0.010	99.232	99.222	99.230	na	2y Cash
BUS05P	98.295	0.025	98.300	98.272	98.285	na	5y Cash
BUS10P	99.135	0.055	99.155	99.080	99.080	na	10y Cash
BUS30P	100.040	0.125	100.045	99.250	99.255	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	1.896	(0.007)	1.916	1.876	1.908	na	2y Yield
BUS05Y	2.732	(0.013)	2.755	2.726	2.743	na	5y Yield
BUS10Y	3.568	(0.023)	3.596	3.558	3.583	na	10y Yield
BUS30Y	4.363	(0.022)	4.396	4.359	4.382	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.49	5.32	\$1,663	10.64	n/a	30y
10y	8.23	2.63	\$822	5.26	n/a	10y
5y	4.56	1.46	\$456	5.84	n/a	5y
2y	1.94	0.62	\$193	2.47	n/a	2y
ZB	10.34	3.96	\$124	3.96	0.7765	ZB
ZN	6.60	2.56	\$80	5.12	0.8210	ZN
ZF	4.01	1.47	\$46	2.94	0.8571	ZF
ZT	1.86	0.64	\$20	2.57	0.9303	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

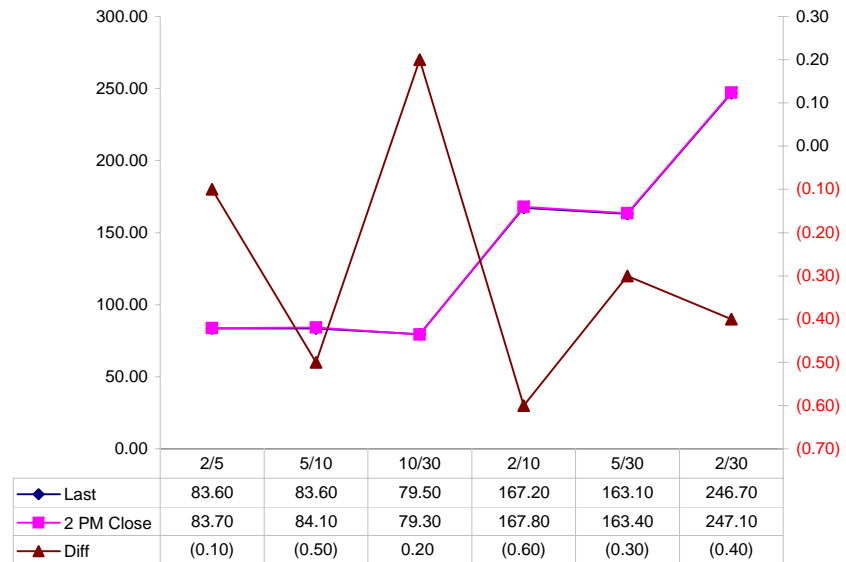
MDuration & DV01s for Futures are based on proxy issue (CTD)

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

Yield Curve Spreads

	Last	2pm close	Diff
2/5	83.60	83.70	(0.10)
5/10	83.60	84.10	(0.50)
10/30	79.50	79.30	0.20
2/10	167.20	167.80	(0.60)
5/30	163.10	163.40	(0.30)
2/30	246.70	247.10	(0.40)

Curve Spreads vs 2pm close



US Financial Futures / Eurex Bond

	ZB	ZN	ZF	ZT
Bund (M)	1.000	1.600	2.800	3.238
Bobl (M)	0.600	0.923	1.587	1.787
Shatz (M)	0.248	0.383	0.658	0.741

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.547	2.699	3.079
ZN	0.646		1.697	1.141
ZF	0.371	0.573		1.141
ZT	0.325	0.502	0.877	

Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)		1.8	4.4
Bobl (H)	0.6		2.4
Shatz (H)	0.2	0.4	

US Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.56	3.68	6.64	13.42
ZN	2.41	5.70	10.27	20.77
ZF	4.21	9.94	17.92	36.23
ZT	4.80	11.35	20.44	41.34

US Treasuries v Eurex Bonds

	2y	5y	10y	30y
Bund (M)	1.4	3.4	6.1	12.0
Bobl (M)	2.6	6.2	11.1	21.7
Shatz (M)	6.2	15.0	26.6	52.1

US Treasuries

	2y	5y	10y	30y
2y		2.362	4.256	8.606
5y	0.423		1.802	3.643
10y	0.235	0.555		2.022
30y	0.116	0.274	0.495	

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 CST vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff
2y	1.750	3/31/10	99.2175	1.916	1.896	(0.020)
5y	2.500	3/31/13	98.2650	2.753	2.732	(0.021)
10y	3.500	2/15/18	99.080	3.594	3.568	(0.026)
30y	4.375	5/15/37	99.275	4.387	4.363	(0.024)

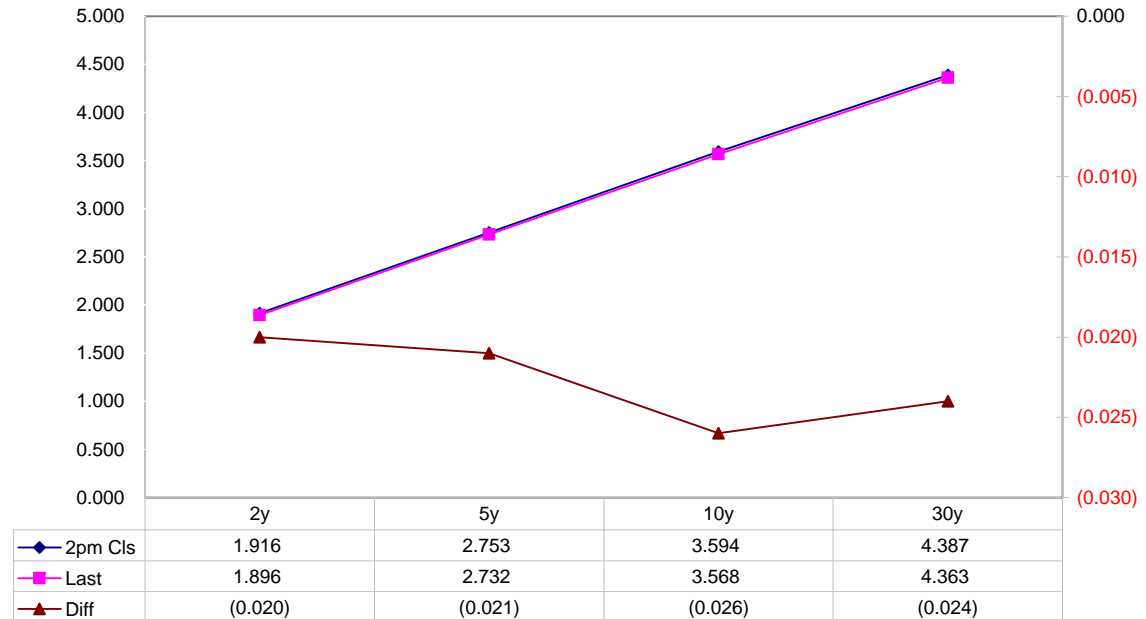
Basis		
Close	Last	Roll
		na
62.58	62.83	na
91.09	92.49	na
273.92	276.60	na

Close 32	Last	
113.008	113.042	FVAM8
117.135	117.185	TYAM8
117.19	117.260	USAM8

Curve Spreads

	Close bps	Last bps
2/5	83.7	83.6
5/10	84.1	83.6
10/30	79.3	79.5
2/10	167.8	167.2
5/30	163.4	163.1
2/30	247.1	246.7

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	24%	55%	100%	
30	12%	28%	50%	100%

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

Cash Matrix [DV01 x Duration]

	2	5	10	30
2	\$193			
5	\$194	\$456		
10	\$194	\$456	\$822	
30	\$195	\$460	\$829	\$1,663

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	(\$0)			
10	(\$0)	\$0		
30	(\$2)	(\$4)	(\$7)	

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	-0.24%			
10	-0.17%	0.07%		
30	-1.05%	-0.82%	-0.88%	

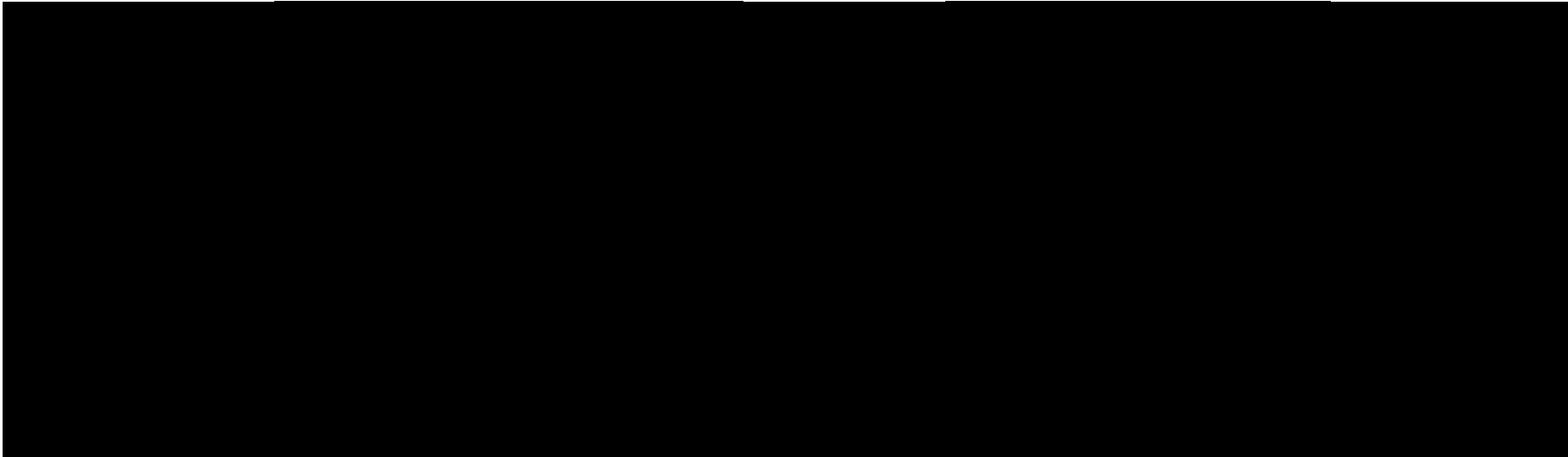
Or you can look at the over/under value as a percentage instead of dollar terms.

Tic for Tic Matrix

2y 5y 10y 30y

Box for Box Matrix

2y 5y 10y 30y



This page needs to be updated now that the CME has changed the tic size. I'll get to this soon.

Thanks,
Jim

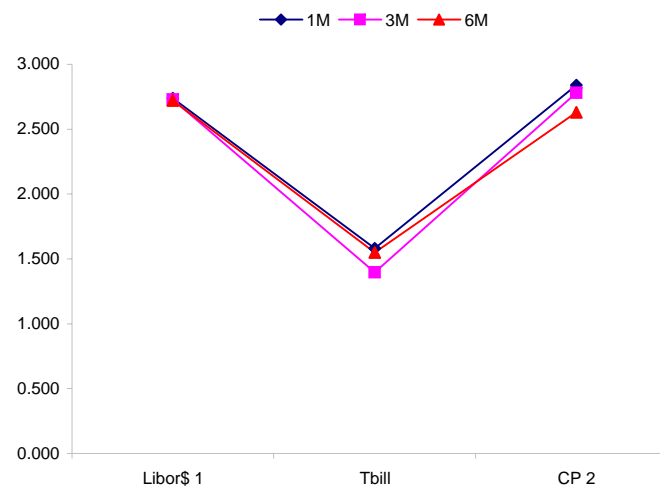
	Libor\$ ¹	Repo Rt ⁶
0/N	2.653	2.400
1week	2.861	2.450
2week	2.851	2.400

	Libor\$ ¹	Tbill	CP ²
1M	2.739	1.582	2.840
3M	2.728	1.397	2.780
6M	2.720	1.549	2.630

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	1.895	84.75	2.74	3.166	1.271
5y	2.733	86.75	3.60	4.507	1.774
10y	3.570	68.25	4.25	4.874	1.304

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
83.8	134.0	50.3
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
167.4	170.7	3.3
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
83.7	36.7	-47.0

Red pack / Blue pack is a 2/5 proxy
 Red pack / Gold pack is a 2/10 proxy
 Blue pack / Gold pack is a 5/10 proxy



"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