

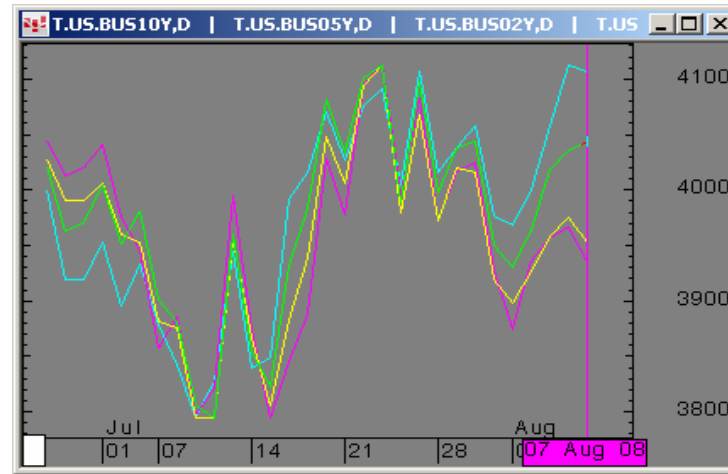


The Morning Email: Treasuries

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Daily Yield Curve



Scale is for 10yr

Source: CQG, Inc. © 2008 All rights reserved worldwide Thu Aug 07 2008



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

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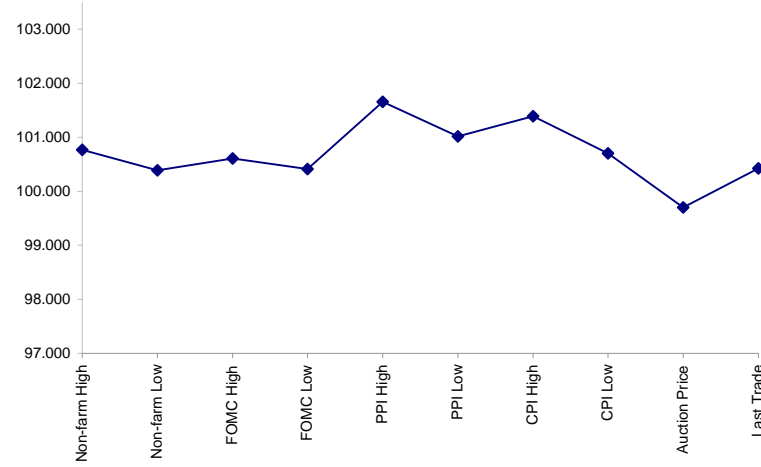
Economic Releases (32nds)

	5y	10y	ZNU8	ZBU8	Date
Non-farm High	100.2450	99.160	115.070	116.010	8/1/2008
Non-farm Low	100.1250	98.305	114.185	115.060	8/1/2008
FOMC High	100.1950	99.095	115.000	116.000	8/5/2008
FOMC Low	100.1325	98.295	114.200	115.085	8/5/2008
PPI High	101.2100	100.280	116.020	117.180	7/15/2008
PPI Low	101.0050	100.060	115.055	116.240	7/15/2008
CPI High	101.1250	100.155	115.230	117.000	7/16/2008
CPI Low	100.2250	99.120	114.230	115.100	7/16/2008
Auction Price	99.2252	99.124	na	na	
Last Trade	100.1350	99.200	114.215	114.230	8/7/2008 5:51

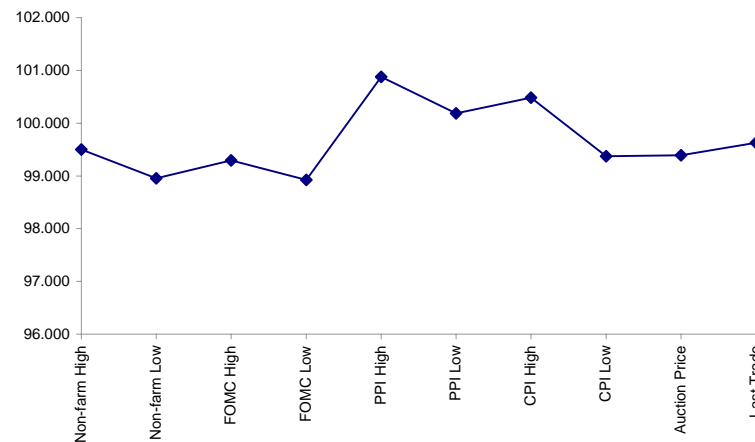
Auctions - 32nds

	2 y	5y	10y	30y
Auction Price	99.277	99.225	99.124	96.120
Auction Yield Stop	2.82	3.44	4.075	4.599
Actual Auction Date	7/23/2008	7/25/2008	8/6/2008	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) {Jun08 to Sep08 Futures roll: ZF = (-27 3/4); ZN = (-49 1/2); ZB = (-30 1/2) [tics]}

Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAU8	105.317	0.027	106.000	105.282	105.282	19,453	2y Fut
FVAU8	111.092	0.055	111.095	111.025	111.025	32,014	5y Fut
TYAU8	114.215	0.060	114.215	114.140	114.140	67,605	10y Fut
USAU8	114.230	0.02	114.250	114.175	114.175	15,289	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.135	0.027	100.137	100.117	100.117	na	2y Cash
BUS05P	100.132	0.047	100.140	100.095	100.095	na	5y Cash
BUS10P	99.200	1.005	99.210	99.165	99.170	na	10y Cash
BUS30P	95.025	0.075	95.055	94.260	94.260	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.526	(0.037)	2.592	2.518	2.592	na	2y Yield
BUS05Y	3.283	(0.030)	3.324	3.276	3.324	na	5y Yield
BUS10Y	4.044	0.008	4.061	4.038	4.059	na	10y Yield
BUS30Y	4.682	(0.008)	4.704	4.675	4.694	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	15.79	4.91	\$1,534	9.82	n/a	30y
10y	8.03	2.56	\$800	5.12	n/a	10y
5y	4.55	1.50	\$468	5.99	n/a	5y
2y	1.91	0.62	\$192	2.46	n/a	2y
ZB	10.13	3.85	\$120	3.85	0.7771	ZB
ZN	6.38	2.38	\$74	4.75	0.8539	ZN
ZF	3.96	1.45	\$45	2.90	0.8912	ZF
ZT	1.83	0.62	\$19	2.49	0.9443	ZT

Yield Curve Spreads

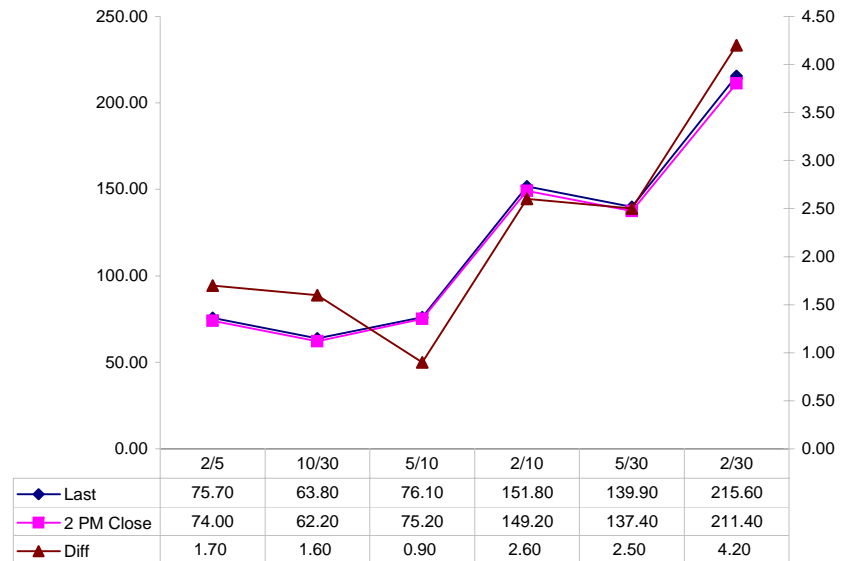
	Last	2pm close	Diff
2/5	75.70	74.00	1.70
10/30	63.80	62.20	1.60
5/10	76.10	75.20	0.90
2/10	151.80	149.20	2.60
5/30	139.90	137.40	2.50
2/30	215.60	211.40	4.20

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

Example, If ZN moves 1~basis point, then, it's moved 2.38 tics (Today, 06/25/08, the value in the box is 2.38).

Since ZN trades in half tics, then, 4.75 boxes = 1 basis point in ZN. (Again, today, 06/25/08, the value in the box is 4.75). 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.

Curve Spreads vs 2pm close



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

US Financial Futures / Eurex Bond

	ZB	ZN	ZF	ZT
Bund (U)	1.033	1.681	2.900	3.500
Bobl (U)	0.563	0.948	1.550	2.000
Shatz (U)	0.248	0.431	0.700	0.800

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.617	2.650	3.084
ZN	0.618		1.639	1.907
ZF	0.377	0.610		1.164
ZT	0.317	0.512	0.839	

Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)		1.8	4.3
Bobl (H)	0.6		2.4
Shatz (H)	0.2	0.4	

US Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.60	3.90	6.66	12.77
ZN	2.59	6.30	10.77	20.65
ZF	4.24	10.33	17.65	33.84
ZT	4.94	12.02	20.54	39.38

US Treasuries v Eurex Bonds

	2y	5y	10y	30y
Bund (U)	1.5	3.6	6.3	12.2
Bobl (U)	2.7	6.3	11.2	21.8
Shatz (U)	6.6	15.3	27.1	52.5

US Treasuries

	2y	5y	10y	30y
2y		2.435	4.161	7.977
5y	0.395		1.709	3.276
10y	0.231	0.585		1.917
30y	0.120	0.305	0.522	

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 matrices, with US products, everyday

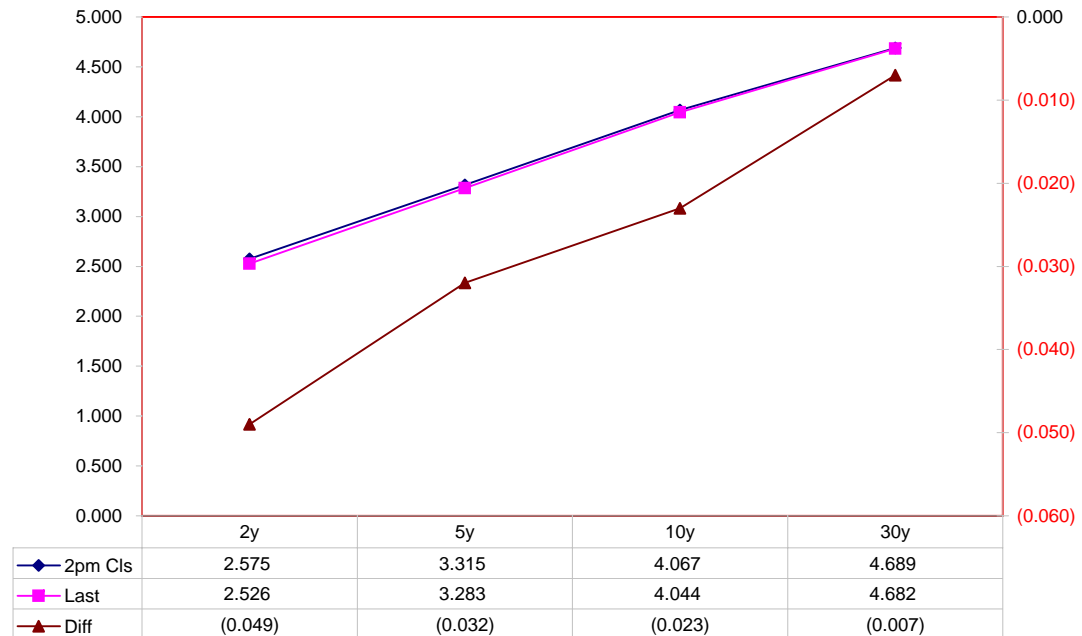
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	2.750	7/31/10	100.1075	2.575	2.526	(0.049)	10.52	10.72		105.2900	105.3170	TUAU8
5y	3.375	7/31/13	100.0875	3.315	3.283	(0.032)	39.87	39.76		111.0375	111.0920	FVAU8
10y	3.875	8/15/18	99.145	4.067	4.044	(0.023)	54.24	54.61	+2.00	114.155	114.215	TYAU8
30y	4.375	5/15/37	95.000	4.689	4.682	(0.007)	188.82	189.77	+0.50	114.210	114.230	USAU8

Curve Spreads

	Close bps	Last bps
2/5	74.0	75.7
5/10	75.2	76.1
10/30	62.2	63.8
2/10	149.2	151.8
5/30	137.4	139.9
2/30	211.4	215.6

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

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

Cash Duration Matrix

	2	5	10	30
2	100%			
5	42%	100%		
10	24%	57%	100%	
30	12%	29%	51%	100%

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 x Duration]

	2	5	10	30
2	\$192			
5	\$197	\$468		
10	\$191	\$453	\$800	
30	\$186	\$442	\$780	\$1,534

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) valued]

	2	5	10	30
2				
5	(\$5)			
10	\$2	\$15		
30	\$6	\$26	\$20	

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

Cash Matrix [DV01 over / (under) as %]

	2	5	10	30
2				
5	-2.42%			
10	0.82%	3.32%		
30	3.40%	5.96%	2.56%	

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.99	2.40	4.11	7.88
ZF	0.42	1.03	1.76	3.38
ZN	0.26	0.63	1.08	2.06
ZB	0.16	0.39	0.67	1.28

	2y	5y	10y	30y
2y		2.43	4.16	7.98
5y	0.41		1.71	3.28
10y	0.24	0.59		1.92
30y	0.13	0.31	0.52	

	ZT	ZF	ZN	ZB
ZT		2.33	3.81	6.17
ZF	0.43		1.64	2.65
ZN	0.26	0.61		1.62
ZB	0.16	0.38	0.62	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.99	2.40	8.22	15.75
ZF	0.42	1.03	3.53	6.77
ZN	0.52	1.26	1.08	2.06
ZB	0.64	0.78	1.33	1.28

	2y	5y	10y	30y
2y		2.43	2.08	3.99
5y	0.41		0.43	1.64
10y	0.48	2.34		1.92
30y	0.25	0.61	0.52	

	ZT	ZF	ZN	ZB
ZT		2.33	7.63	12.34
ZF	0.43		1.64	5.30
ZN	0.13	0.61		1.62
ZB	0.08	0.19	0.62	

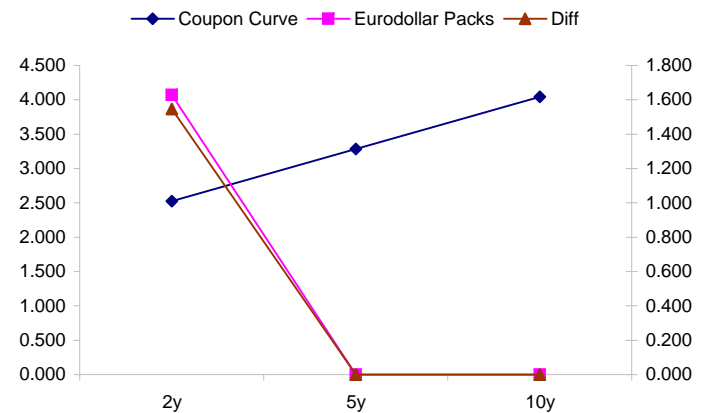
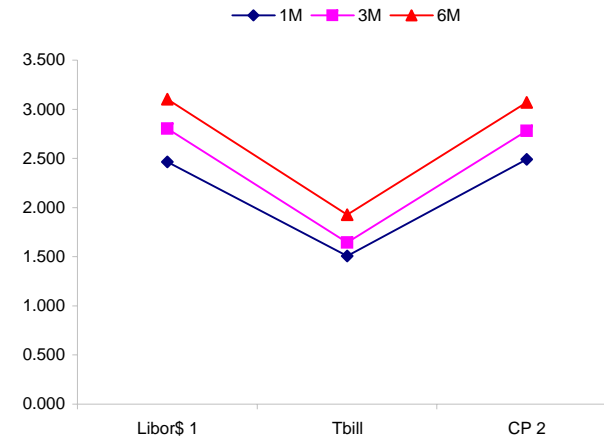
	Libor\$ ¹	Repo Rt ⁶			
0/N	2.194	#VALUE!			
1week	2.415	#VALUE!			
2week	2.441	#VALUE!			
	Libor\$ ¹	Tbill	CP ²		
1M	2.463	1.507	2.490		
3M	2.803	1.644	2.780		
6M	3.103	1.929	3.070		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	2.525	96.00	3.48	4.071	1.546
5y	3.282	98.25	4.26		#VALUE!
10y	4.044	74.00	4.78		#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
75.7	#VALUE!	#VALUE!	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
151.9	#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>	
76.2	#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	2.194	0.0012	Overnight	LIBOR
TUSFFRON	1.969	0.0313	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	4.296	0.0000	1 month	Euribor OIS Rate
TEONIA03M	4.339	(0.0090)	3 month	Euribor OIS Rate
TSONIA01M	5.056	(0.0080)	1 month	Sterling OIS Rate
TSONIA03M	5.097	(0.0030)	3 month	Sterling OIS Rate
TUSOIS01M	2.008	0.0010	1 month	USD OIS Rate
TUSOIS03M	2.048	0.0020	3 month	USD OIS Rate

