

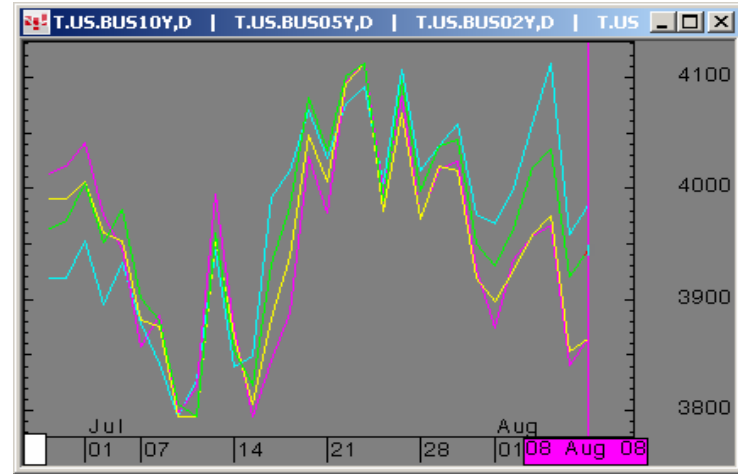


### The Morning Email: Treasuries

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#### Daily Yield Curve



Scale is for 10yr

Source: CQG, Inc. © 2008 All rights reserved worldwide Fri Aug 08 2008



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

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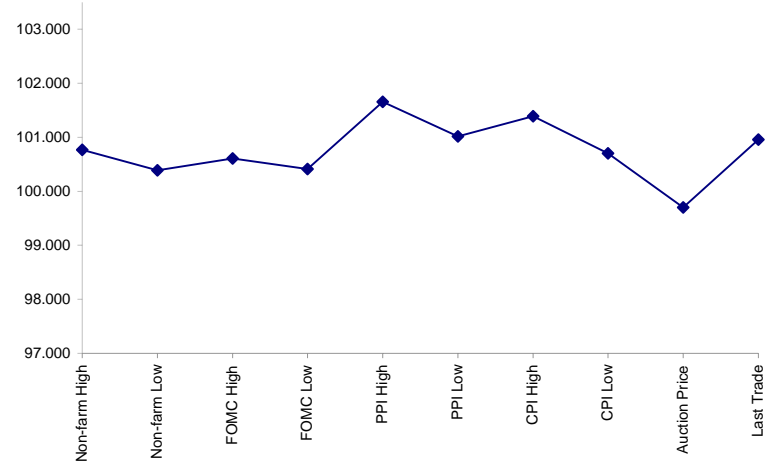
Economic Releases (32nds)

	5y	10y	ZNU8	ZBU8	Date
Non-farm High	100.2450	100.115	115.070	116.010	8/1/2008
Non-farm Low	100.1250	99.255	114.185	115.060	8/1/2008
FOMC High	100.1950	100.045	115.000	116.000	8/5/2008
FOMC Low	100.1325	99.245	114.200	115.085	8/5/2008
PPI High	101.2100	101.245	116.020	117.180	7/15/2008
PPI Low	101.0050	101.020	115.055	116.240	7/15/2008
CPI High	101.1250	101.115	115.230	117.000	7/16/2008
CPI Low	100.2250	100.075	114.230	115.100	7/16/2008
Auction Price	99.2252	99.124	na	na	
Last Trade	100.3070	100.150	115.180	116.050	8/8/2008 6:02

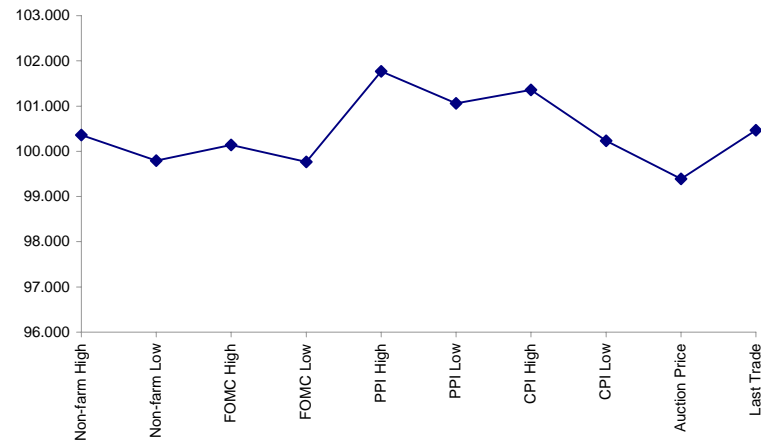
Auctions - 32nds

	2 y	5y	10y	30y
Auction Price	99.277	99.225	99.124	98.074
Auction Yield Stop	2.82	3.44	4.075	4.609
Actual Auction Date	7/23/2008	7/25/2008	8/6/2008	8/7/2008

5y (Decimal)



10y (Decimal)



Notes:

- 1) Cash and futures are adjusted for roll.
- 2) Release times are from release to 2pm cdt
- 3) {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	106.047	(0.005)	106.067	106.042	106.057	24,474	2y Fut
FVAU8	111.265	0.007	111.300	111.247	111.272	48,399	5y Fut
TYAU8	115.180	(0.010)	115.230	115.160	115.205	71,223	10y Fut
USAU8	116.050	(0.03)	116.115	116.030	116.100	17,282	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.185	(0.012)	100.200	100.177	100.200	na	2y Cash
BUS05P	100.305	(0.020)	101.015	100.287	101.007	na	5y Cash
BUS10P	100.145	(0.045)	100.205	100.130	100.185	na	10y Cash
BUS30P	98.230	1.210	99.040	98.205	99.000	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.444	0.027	2.464	2.383	2.444	na	2y Yield
BUS05Y	3.166	0.016	3.182	3.141	3.156	na	5y Yield
BUS10Y	3.939	0.019	3.954	3.916	3.926	na	10y Yield
BUS30Y	4.577	0.023	4.585	4.549	4.573	na	30y Yield

Duration, DV01s, Curve Spreads, CF

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.05	5.08	\$1,586	10.15	n/a	30y
10y	8.03	2.58	\$808	5.17	n/a	10y
5y	4.54	1.50	\$470	6.02	n/a	5y
2y	1.91	0.61	\$192	2.46	n/a	2y
ZB	10.16	3.89	\$121	3.89	0.7937	ZB
ZN	6.52	2.48	\$78	4.97	0.8539	ZN
ZF	3.96	1.46	\$46	2.91	0.8912	ZF
ZT	1.82	0.62	\$19	2.49	0.9443	ZT

Yield Curve Spreads

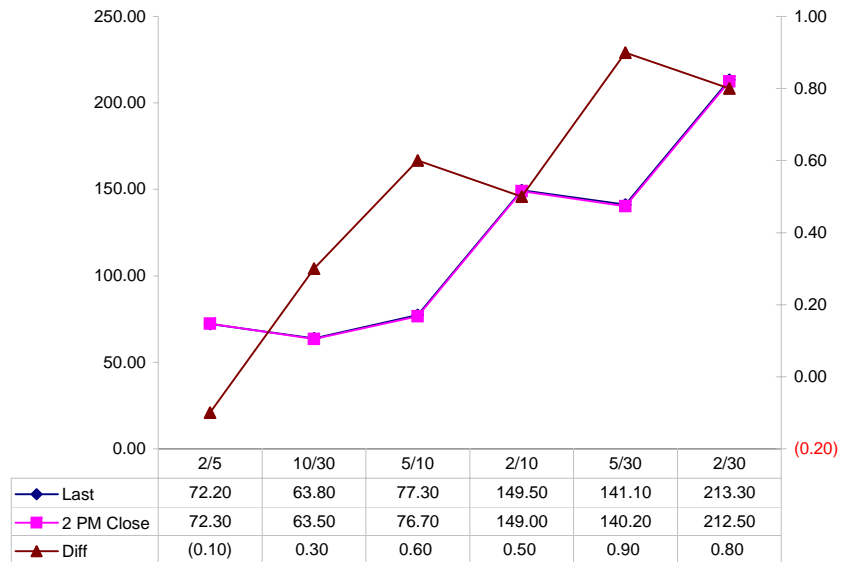
	Last	2pm close	Diff
2/5	72.20	72.30	(0.10)
10/30	63.80	63.50	0.30
5/10	77.30	76.70	0.60
2/10	149.50	149.00	0.50
5/30	141.10	140.20	0.90
2/30	213.30	212.50	0.80

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, 4.80 boxes = 1 basis point in ZN. (Again, today, 08/07/08, the value in the box is 4.80). 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
<b>Bund (U)</b>	1.033	1.681	2.900	3.500
<b>Bobl (U)</b>	0.563	0.948	1.550	2.000
<b>Shatz (U)</b>	0.248	0.431	0.700	0.800

## US Financial Futures

	ZB	ZN	ZF	ZT
<b>ZB</b>		1.564	2.667	3.124
<b>ZN</b>	0.639		1.705	1.997
<b>ZF</b>	0.375	0.586		1.171
<b>ZT</b>	0.313	0.489	0.834	

## Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
<b>Bund (H)</b>		1.8	4.3
<b>Bobl (H)</b>	0.6		2.4
<b>Shatz (H)</b>	0.2	0.4	

## US Treasuries v US Financial Futures

	2y	5y	10y	30y
<b>ZB</b>	1.58	3.87	6.65	13.06
<b>ZN</b>	2.47	6.06	10.40	20.43
<b>ZF</b>	4.22	10.33	17.74	34.84
<b>ZT</b>	4.94	12.10	20.78	40.80

## US Treasuries v Eurex Bonds

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

## US Treasuries

	2y	5y	10y	30y
<b>2y</b>		2.451	4.208	8.264
<b>5y</b>	0.392		1.717	3.372
<b>10y</b>	0.228	0.582		1.964
<b>30y</b>	0.116	0.297	0.509	

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

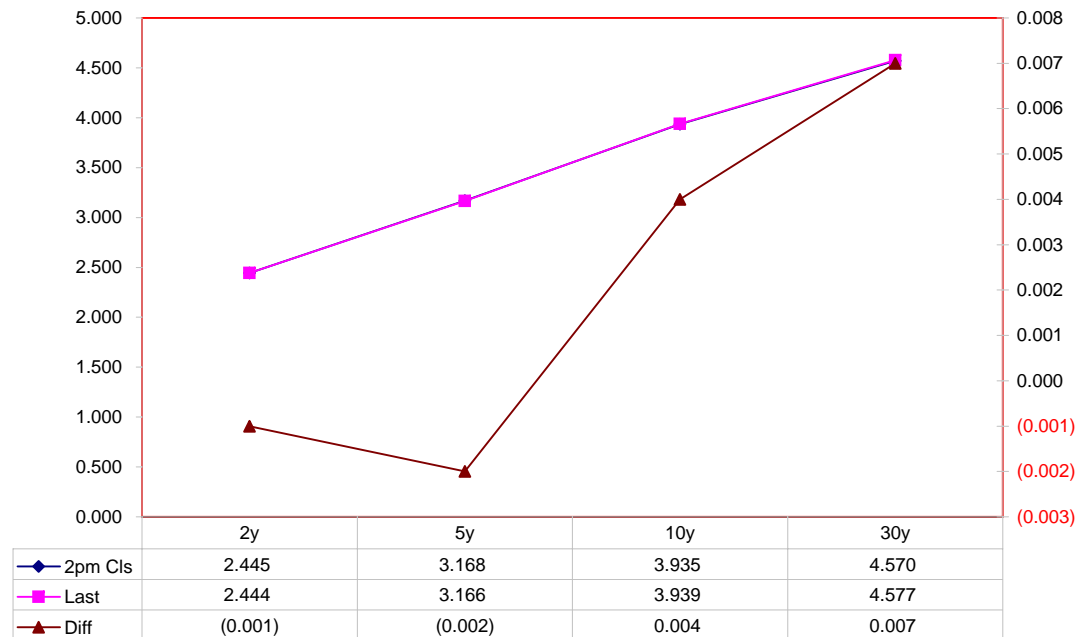
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	2.750	7/31/10	100.1875	2.445	2.444	(0.001)	18.52	11.00		105.2900	106.0470	TUAU8
5y	3.375	7/31/13	100.3025	3.168	3.166	(0.002)	41.54	41.54		111.2600	111.2650	FVAU8
10y	4.000	8/15/18	100.170	3.935	3.939	0.004	58.42	57.28	+2.00	115.190	115.180	TYAU8
30y	4.500	5/15/38	98.275	4.570	4.577	0.007	210.94	208.82	+0.50	116.080	116.050	USAU8

Curve Spreads

	Close bps	Last bps
2/5	72.3	72.2
5/10	76.7	77.3
10/30	63.5	63.8
2/10	149.0	149.5
5/30	140.2	141.1
2/30	212.5	213.3

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	\$470		
10	\$192	\$457	\$808	
30	\$188	\$449	\$794	\$1,572

**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	\$0	\$14		
30	\$3	\$21	\$14	

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	-2.76%			
10	0.12%	2.97%		
30	1.84%	4.73%	1.71%	

## Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.99	2.42	4.16	8.09
ZF	0.42	1.03	1.77	3.45
ZN	0.26	0.63	1.07	2.09
ZB	0.16	0.39	0.67	1.29

	2y	5y	10y	30y
2y		2.45	4.21	8.19
5y	0.41		1.72	3.34
10y	0.24	0.58		1.95
30y	0.12	0.30	0.51	

	ZT	ZF	ZN	ZB
ZT		2.34	3.87	6.25
ZF	0.43		1.65	2.67
ZN	0.26	0.61		1.62
ZB	0.16	0.37	0.62	

## Box for Box Matrix

	2y	5y	10y	30y
ZT	0.99	2.42	8.31	16.17
ZF	0.42	1.03	3.55	6.90
ZN	0.51	1.25	1.07	2.09
ZB	0.63	0.77	1.33	1.29

	2y	5y	10y	30y
2y		2.45	2.10	4.09
5y	0.41		0.43	1.67
10y	0.48	2.33		1.95
30y	0.24	0.60	0.51	

	ZT	ZF	ZN	ZB
ZT		2.34	7.73	12.49
ZF	0.43		1.65	5.33
ZN	0.13	0.61		1.62
ZB	0.08	0.19	0.62	



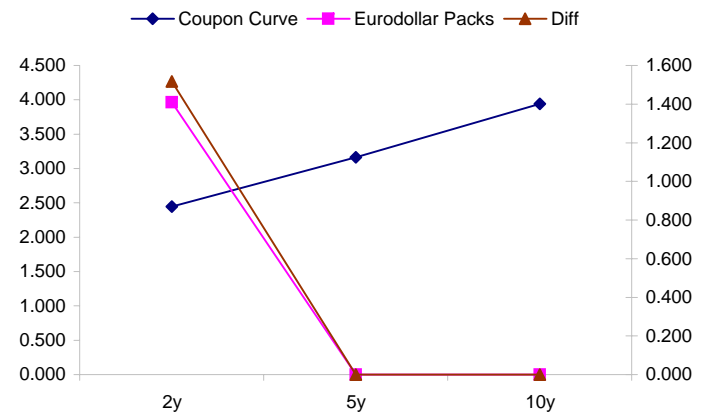
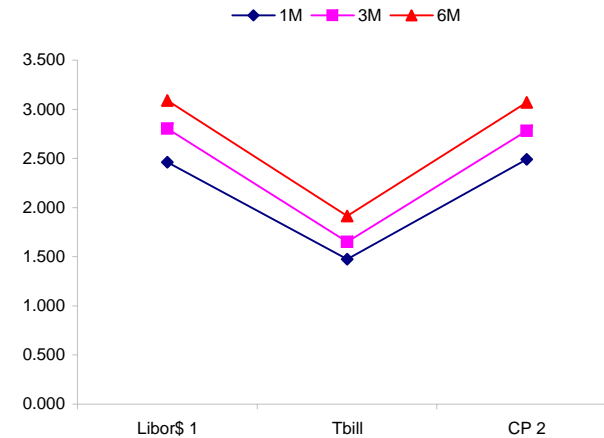
	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>			
0/N	2.159	#VALUE!			
1week	2.409	#VALUE!			
2week	2.436	#VALUE!			
	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>		
1M	2.461	1.474	2.490		
3M	2.804	1.651	2.780		
6M	3.091	1.916	3.070		
	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	2.447	96.50	3.41	3.965	1.518
5y	3.163	102.00	4.18		#VALUE!
10y	3.943	77.25	4.72		#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
71.6	#VALUE!	#VALUE!	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
149.6	#VALUE!	#VALUE!	Red pack / Gold pack is a 2/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
78.0	#VALUE!	#VALUE!	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



	Last	Chng	Term	Asset Type
USDLIBON	2.159	(0.0350)	Overnight	LIBOR
TUSFFRON	2.094	0.0313	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	4.299	0.0030	1 month	Euribor OIS Rate
TEONIA03M	4.319	0.0020	3 month	Euribor OIS Rate
TSONIA01M	5.036	(0.0040)	1 month	Sterling OIS Rate
TSONIA03M	5.074	0.0000	3 month	Sterling OIS Rate
TUSOIS01M	2.008	0.0010	1 month	USD OIS Rate
TUSOIS03M	2.042	0.0050	3 month	USD OIS Rate

