

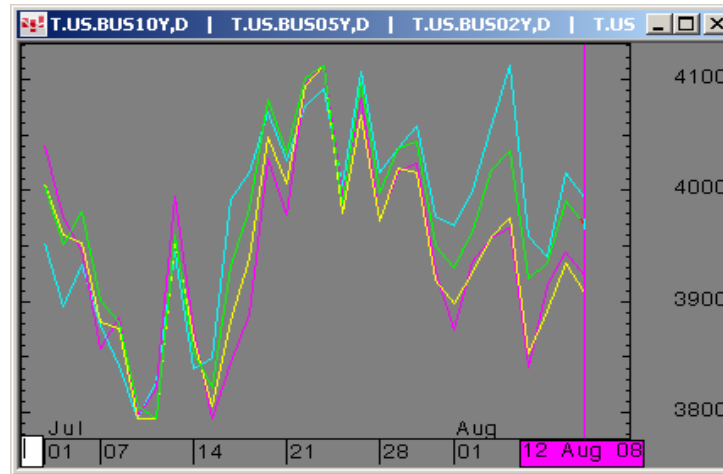


The Morning Email: Treasuries

Table of Contents

- Pg 1** Important Econ Releases, Highs & Lows
- Pg 2** Quotes
- Pg 3** Duration, DV01s, Curve Spreads, CF
- Pg 4** Hedge Ratio's
- Pg 5** Closes: 2pm CT vs this Morning
- Pg 6** Cash Duration Matrix
- Pg 7** Tic for Tic & Box for Box Matrix
- Pg 8** Key Money Rate, Spreads, Swaps, Packs
- Pg 9** Libor, Fed Funds (OIS), Repo, SONIA & EONIA Rates

Daily Yield Curve



} Scale is for 10yr

Source: CQG, Inc. © 2008 All rights reserved worldwide Tue Aug 12 2008



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

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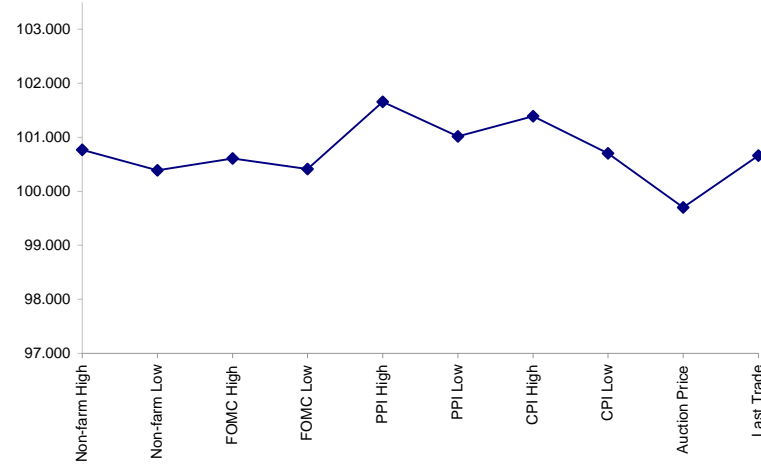
Economic Releases (32nds)

	5y	10y	ZNU8	ZBU8	Date
Non-farm High	100.2450	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	100.2120	100.070	115.035	115.285	8/12/2008 5:51

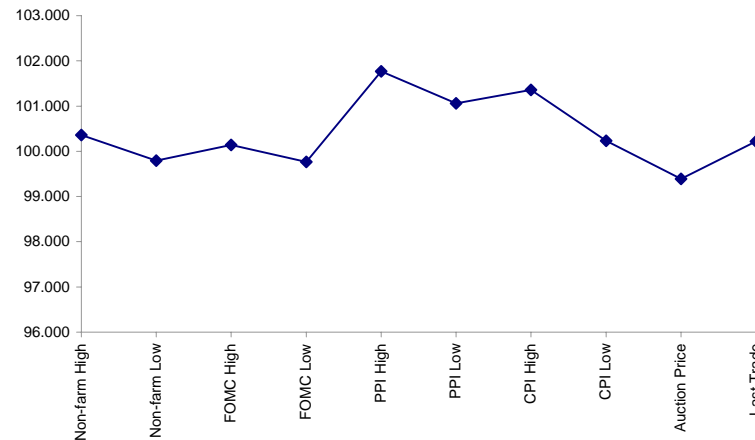
Auctions - 32nds

	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	106.002	0.027	106.010	105.300	105.302	31,383	2y Fut
FVAU8	111.180	0.060	111.197	111.120	111.125	40,578	5y Fut
TYAU8	115.035	0.075	115.070	114.265	114.270	101,069	10y Fut
USAU8	115.285	0.11	116.005	115.150	115.180	20,160	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.142	0.017	100.150	100.130	100.130	na	2y Cash
BUS05P	100.210	0.047	100.230	100.175	100.175	na	5y Cash
BUS10P	100.070	0.050	100.095	100.010	100.010	na	10y Cash
BUS30P	98.180	0.090	98.210	97.315	97.315	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.509	(0.028)	2.562	2.496	2.562	na	2y Yield
BUS05Y	3.229	(0.029)	3.267	3.214	3.267	na	5y Yield
BUS10Y	3.971	(0.019)	4	3.96	3.998	na	10y Yield
BUS30Y	4.587	(0.018)	4.632	4.58	4.607	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.03	5.06	\$1,581	10.12	n/a	30y
10y	8.02	2.57	\$804	5.15	n/a	10y
5y	4.54	1.50	\$468	5.99	n/a	5y
2y	1.90	0.61	\$191	2.45	n/a	2y
ZB	10.24	3.87	\$121	3.87	0.7937	ZB
ZN	6.51	2.47	\$77	4.93	0.8539	ZN
ZF	3.95	1.45	\$45	2.90	0.8912	ZF
ZT	1.82	0.62	\$19	2.48	0.9443	ZT

Yield Curve Spreads

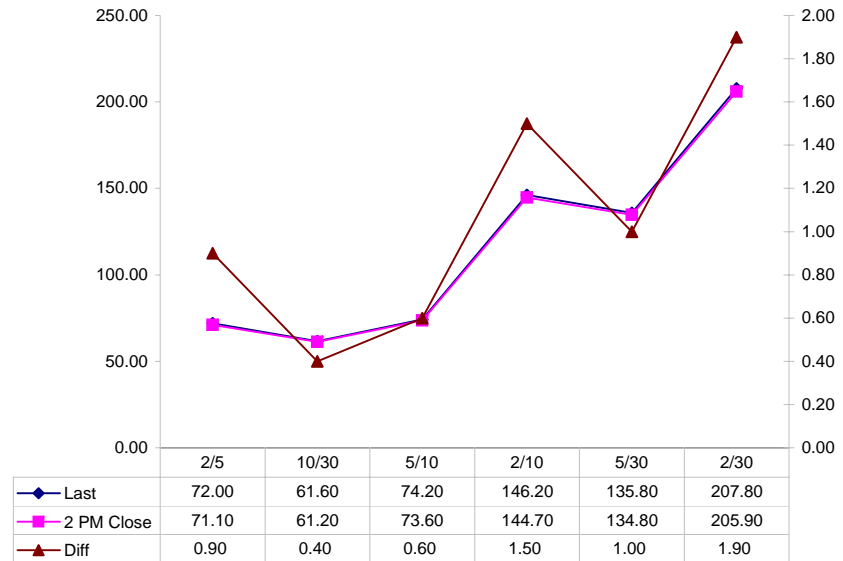
	Last	2pm close	Diff
2/5	72.00	71.10	0.90
10/30	61.60	61.20	0.40
5/10	74.20	73.60	0.60
2/10	146.20	144.70	1.50
5/30	135.80	134.80	1.00
2/30	207.80	205.90	1.90

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
Bund (U)	1.033	1.660	2.770	3.180
Bobl (U)	0.563	0.948	1.550	2.000
Shatz (U)	0.248	0.431	0.599	0.686

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.581	2.689	3.149
ZN	0.633		1.701	1.992
ZF	0.372	0.588		1.171
ZT	0.310	0.490	0.834	

Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)		1.8	4.6
Bobl (H)	0.6		2.6
Shatz (H)	0.2	0.4	

US Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.57	3.84	6.60	12.97
ZN	2.48	6.08	10.44	20.51
ZF	4.22	10.34	17.75	34.89
ZT	4.94	12.10	20.79	40.85

US Treasuries v Eurex Bonds

	2y	5y	10y	30y
Bund (U)	1.5	3.7	6.6	12.8
Bobl (U)	2.8	6.7	12.0	23.3
Shatz (U)	7.2	17.1	30.7	59.7

US Treasuries

	2y	5y	10y	30y
2y		2.451	4.210	8.273
5y	0.392		1.718	3.376
10y	0.228	0.582		1.965
30y	0.116	0.296	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

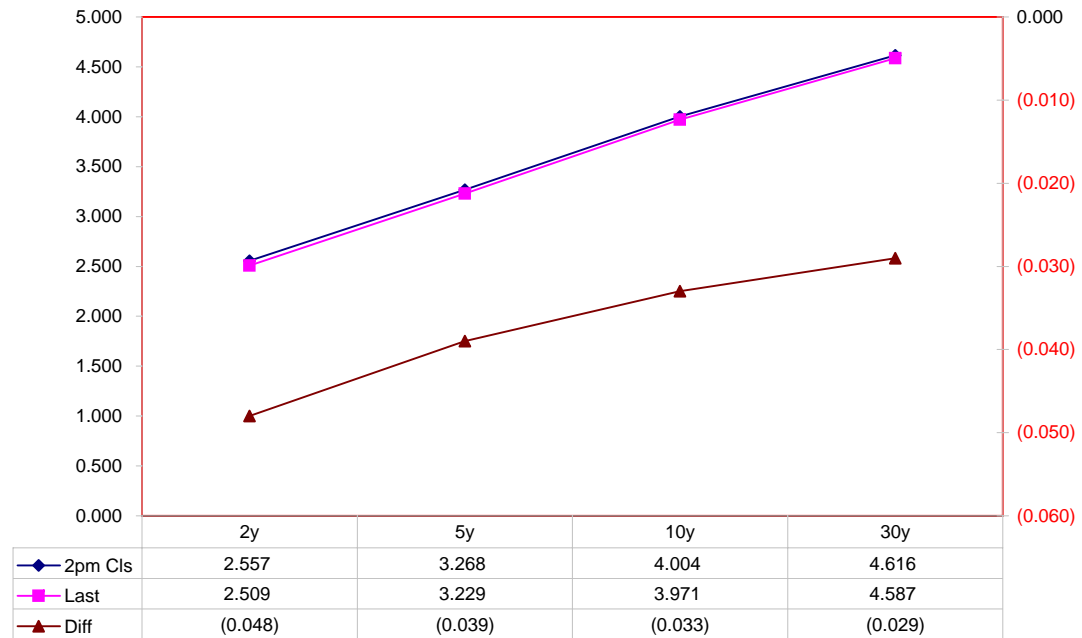
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	2.750	7/31/10	100.1175	2.557	2.509	(0.048)	11.05	10.95		105.2950	106.0020	TUAU8
5y	3.375	7/31/13	100.1550	3.268	3.229	(0.039)	39.26	39.62		111.1200	111.1800	FVAU8
10y	4.000	8/15/18	99.310	4.004	3.971	(0.033)	60.06	61.66		114.280	115.035	TYAU8
30y	4.500	5/15/38	98.040	4.616	4.587	(0.029)	204.90	210.56		115.180	115.285	USAU8

Curve Spreads

	Close bps	Last bps
2/5	71.1	72.0
5/10	73.6	74.2
10/30	61.2	61.6
2/10	144.7	146.2
5/30	134.8	135.8
2/30	205.9	207.8

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

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%	50%	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	\$191			
5	\$196	\$468		
10	\$191	\$455	\$804	
30	\$188	\$448	\$793	\$1,571

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	\$1	\$14		
30	\$3	\$20	\$11	

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	-2.62%			
10	0.29%	2.99%		
30	1.71%	4.45%	1.42%	

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.99	2.42	4.16	8.12
ZF	0.42	1.03	1.78	3.47
ZN	0.26	0.63	1.08	2.11
ZB	0.16	0.39	0.66	1.30

	2y	5y	10y	30y
2y		2.45	4.21	8.22
5y	0.41		1.72	3.35
10y	0.24	0.58		1.95
30y	0.12	0.30	0.51	

	ZT	ZF	ZN	ZB
ZT		2.34	3.85	6.26
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	8.32	16.24
ZF	0.42	1.03	3.55	6.93
ZN	0.51	1.26	1.08	2.11
ZB	0.63	0.77	1.33	1.30

	2y	5y	10y	30y
2y		2.45	2.10	4.11
5y	0.41		0.43	1.68
10y	0.48	2.33		1.95
30y	0.24	0.60	0.51	

	ZT	ZF	ZN	ZB
ZT		2.34	7.71	12.51
ZF	0.43		1.65	5.34
ZN	0.13	0.61		1.62
ZB	0.08	0.19	0.62	

	Libor\$ ¹	Repo Rt ⁶
0/N	2.178	#VALUE!
1week	2.399	#VALUE!
2week	2.435	#VALUE!

	Libor\$ ¹	Tbill	CP ²
1M	2.464	1.748	2.490
3M	2.804	1.869	2.780
6M	3.103	2.053	3.050

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	2.516	94.75	3.46	4.011	1.496
5y	3.229	99.50	4.22		#VALUE!
10y	3.973	74.25	4.72		#VALUE!

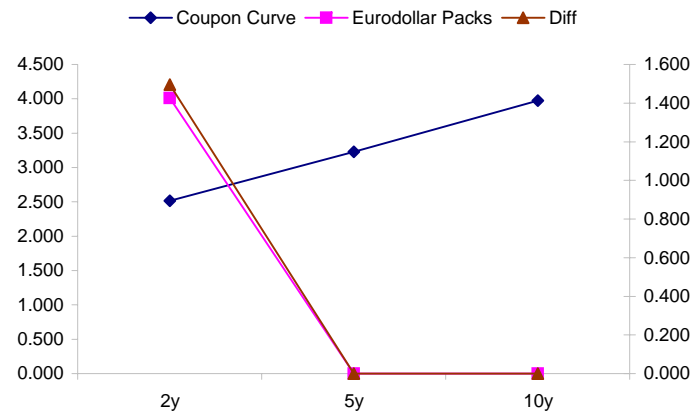
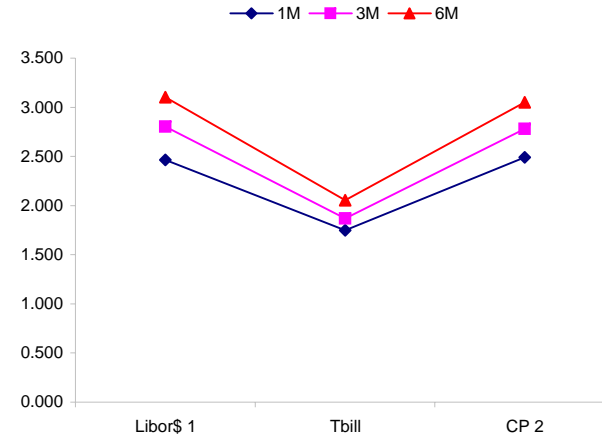
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
71.3	#VALUE!	#VALUE!
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
145.8	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
74.4	#VALUE!	#VALUE!

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



	Last	Chng	Term	Asset Type
USDLIBON	2.178	(0.0038)	Overnight	LIBOR
TUSFFRON	2.000	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	4.306	(0.0090)	1 month	Euribor OIS Rate
TEONIA03M	4.328	(0.0030)	3 month	Euribor OIS Rate
TSONIA01M	5.043	0.0020	1 month	Sterling OIS Rate
TSONIA03M	5.085	0.0040	3 month	Sterling OIS Rate
TUSOIS01M	2.008	(0.0020)	1 month	USD OIS Rate
TUSOIS03M	2.044	(0.0010)	3 month	USD OIS Rate

