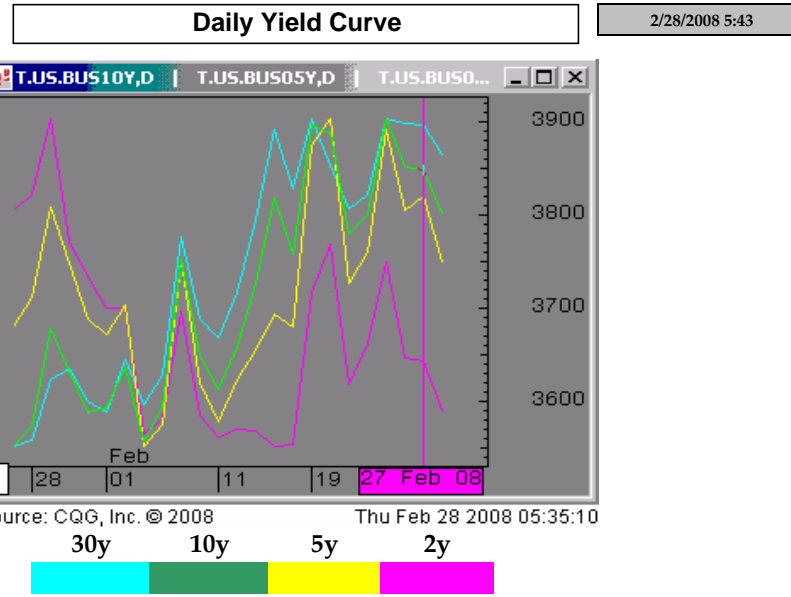




## The Morning Email: Treasuries

### 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 CST vs this Morning
- Pg 6 Cash Duration Matrix
- Pg 7 Tic for Tic & Box for Box Matrix



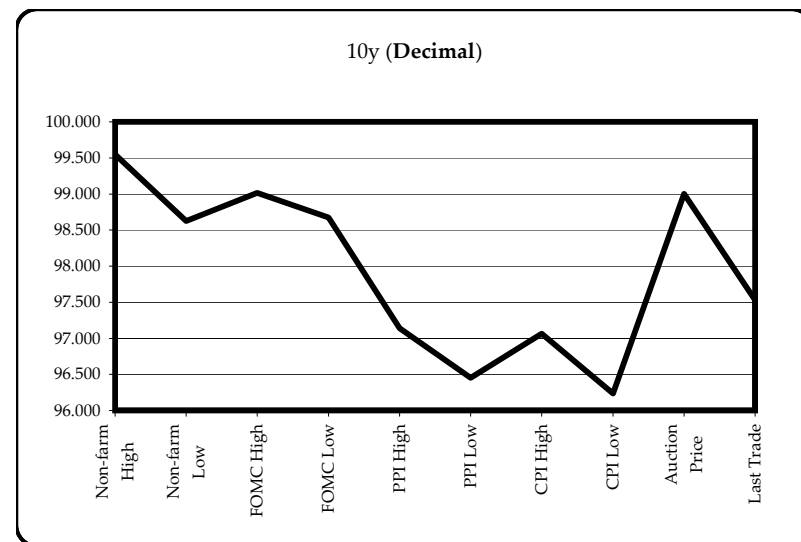
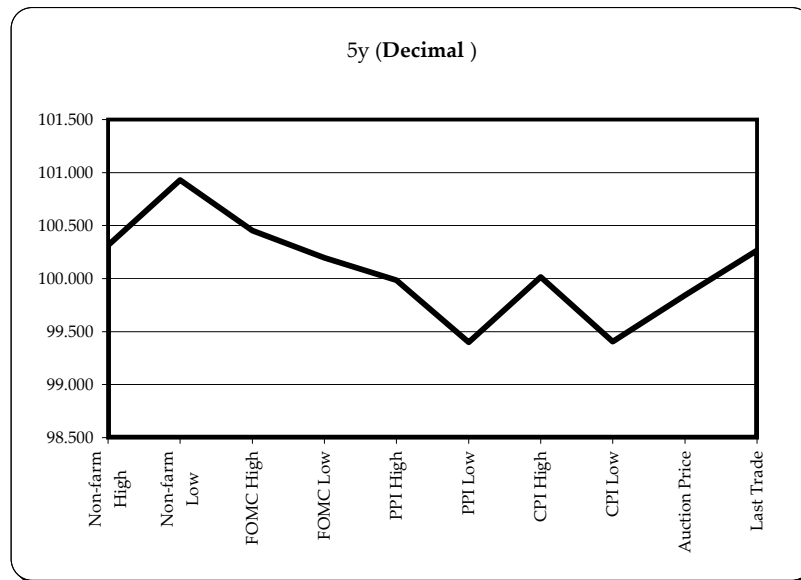
# ROLL TO JUNE

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

**Disclaimer:** All information within this newsletter is meant for internal use at GH Trader's LLC, only. All information has been recorded to the best of my ability. This material is based upon information that I consider reliable, but I do not represent that it is accurate or complete.

Economic Releases - 32nds					
	5y	10y	ZNM8	ZBM8	Date
Non-farm High	100.1000	99.175	114.282	118.24	2/1/2008
Non-farm Low	100.2975	98.200	115.269	119.24	2/1/2008
FOMC High	100.1450	99.005	115.210	120.24	1/31/2008
FOMC Low	100.0625	98.215	114.277	121.24	1/31/2008
PPI High	99.3150	97.045	114.218	122.24	2/26/2008
PPI Low	99.1275	96.145	113.242	123.24	2/26/2008
CPI High	100.0050	97.020	113.303	124.24	2/20/2008
CPI Low	99.1300	96.075	113.221	125.24	2/20/2008
Auction Price	99.2697	99.000			
Last Trade	100.0850	97.170	114.315	115.16	2/28/2008 5:43

Auctions - 32nds				
	2 y	5y	10y	30y
Auction Price	99.292	99.270	99.000	98.250
Auction Yield Stop	2.045	2.909	3.620	4.4449
Actual Auction Date	2/27/2008	1/29/2008	2/6/2008	2/7/2008



Notes: Cash and futures are adjusted for roll.  
 Release times are from release to 2pm cdt  
 {Mch08 to Jun08 Futures roll: ZF = (-20); ZN = (-43); ZB = (-36) [tics]}  
 r = reopen

	Last	Net	32 nds			Volume	SYM NAME
			High	Low	Open		
TUAM8	106.277	0.0	106.285	106.230	106.235	94,589	2y Fut
FVAM8	112.215	0.1	112.240	112.135	112.140	91,606	5y Fut
TYAM8	114.315	0.1	115.030	114.185	114.190	151,333	10y Fut
USAM8	115.160	0	115.200	115.040	115.040	43,707	30y Fut
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02P	100.042	(3.2)	100.045	100.012	100.022	na	2y Cash
BUS05P	100.082	11.0	100.105	100.032	100.032	na	5y Cash
BUS10P	97.165	13.5	97.200	97.075	97.090	na	10y Cash
BUS30P	96.025	20	96.070	95.185	95.280	na	30y Cash
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02Y	1.929	(6.30)	2.013	1.921	1.993	na	2y Yield
BUS05Y	2.815	(7.40)	2.885	2.8	2.885	na	5y Yield
BUS10Y	3.798	(5.00)	3.85	3.786	3.84	na	10y Yield
BUS30Y	4.616	(3.60)	4.655	4.605	4.641	na	30y Yield

	Libor\$ ^	Tbill	CP ^^
1M	3.119	2.179	3.110
3M	3.076	1.964	3.030
6M	2.969	2.051	2.960

	Libor\$ ^	Repos
0/N	3.086	2.150
1week	3.143	2.200
2week	3.141	2.200

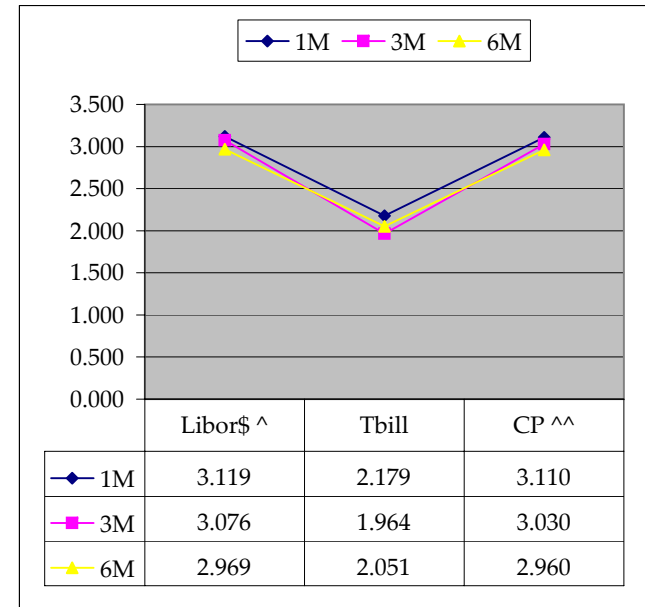
	TSY	Swap	ED Pks ^^^
2y	1.928	83.50	2.953
5y	2.815	85.50	
10y	3.798	68.50	

"Swap spreads are essentially a measure of the difference between buying a safe government bond and making a riskier loan to a bank" --WSJ

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

Notes

^Quoted in US Dollars  
 ^^CP = Commercial Paper  
 ^^ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.  
 Lastly, SYM = Symbol



	2/5	Rd/Blu Pk Difference
	88.7	#VALUE! #VALUE!
	2/10	Rd/Gld Pk Difference
	187.1	#VALUE! #VALUE!
	5/10	Blu/Gld Pk Difference
	98.3	#VALUE! #VALUE!

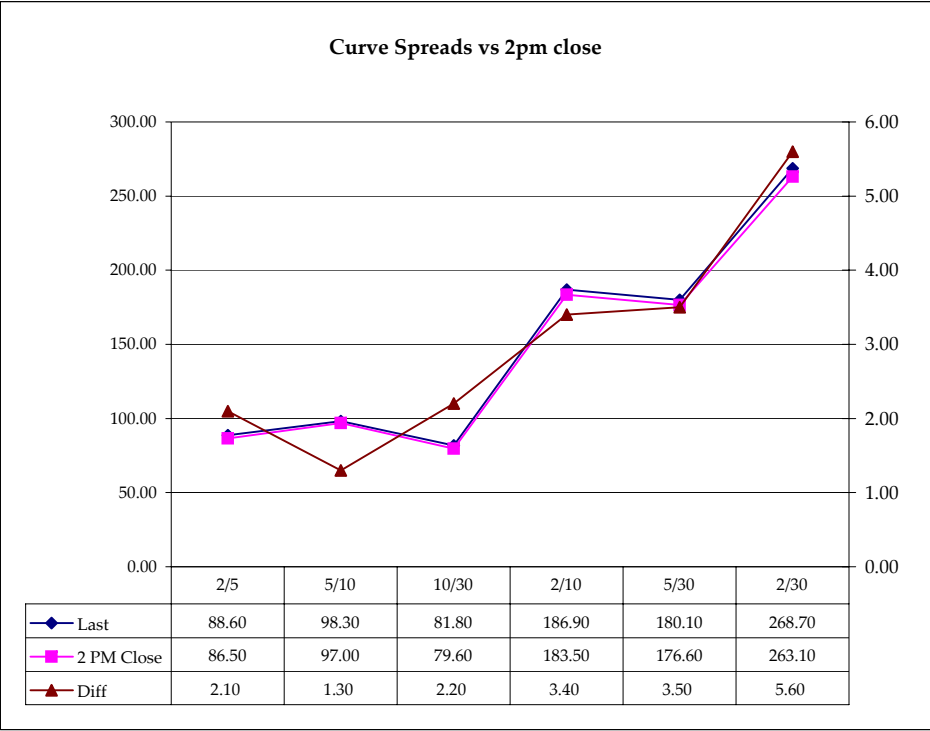
	M Duration	DV01 32	DV01 \$	DV01 Box	CF
30y	16.30	5.02	\$1,568	10.04	n/a
10y	8.30	2.60	\$811	5.19	n/a
5y	4.55	1.47	\$460	5.89	n/a
2y	1.95	0.63	\$195	2.50	n/a
ZB	10.41	3.93	\$123	3.93	0.7765
ZN	6.05	2.26	\$71	4.52	0.8210
ZF	4.11	1.49	\$47	2.99	0.8764
ZT	1.93	0.68	\$21	2.71	0.9286

Yield Curve Spreads			
	Last	2pm close	Diff
2/5	88.60	86.50	2.10
5/10	98.30	97.00	1.30
10/30	81.80	79.60	2.20
2/10	186.90	183.50	3.40
5/30	180.10	176.60	3.50
2/30	268.70	263.10	5.60

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

Example, If ZN moves 1~basis point, then, it's moved 2.08 tics (Today, 10/25/07, the value in the box is 2.08).

Since ZN trades in half tics, then, 4.17 boxes = 1 basis point in ZN. (Again, today, 10/25/07, the value in the box is 4.17). 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

## US Financial Futures / Eurex Bond

	ZB	ZN	ZF	ZT
Bund (H)	1.040	1.900	2.900	3.400
Bobl (H)	0.560	0.996	1.600	1.800
Shatz (H)	0.223	0.390	0.600	0.710

## US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.611	2.629	2.901
ZN	0.380		1.632	1.104
ZF	0.380	0.613		1.104
ZT	0.345	0.555	0.906	

## Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)	1.0	1.9	4.8
Bobl (H)	0.5	1.0	2.6
Shatz (H)	0.2	0.4	1.0

## US Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.59	3.75	6.61	12.77
ZN	2.77	6.53	11.50	22.23
ZF	4.18	9.86	17.37	33.58
ZT	4.62	10.88	19.17	37.06

## US Treasuries v Eurex Bonds

	2y	5y	10y	30y
Bund (H)	1.5	3.6	6.4	12.3
Bobl (H)	2.8	6.7	11.8	22.9
Shatz (H)	7.1	17.2	30.4	59.0

## US Treasuries

	2y	5y	10y	30y
2y		2.356	4.150	8.024
5y	0.424		1.762	3.406
10y	0.241	0.568		1.933
30y	0.125	0.294	0.517	

Note: Any ratio with the Bund, Bobl, or Shatz is from Bloomberg. So, the Bloomberg hedge ratios, in this spreadsheet, are static. Meaning, I only update them once in a while but always on rolls. My hedge ratio's are live, meaning, they're updated in real-time.

	Cpn	Mty	Close 32	Close	Last	Diff	Basis		Roll	Close 32	Last		
							Close	Last					
2y	2.125	2/28/10	100.0600	2.025	1.929	(0.096)			+1.5	FVAM8	112.150	112.215	March 08 Contracts
5y	2.875	1/31/13	99.2975	2.890	2.815	(0.075)	43.59	48.64	+2.25 / -1.50	TYAM8	114.215	114.315	
10y	3.500	2/15/18	97.015	3.860	3.798	(0.062)	92.84	100.13		USAM8	115.05	115.160	
30y	4.375	5/15/37	95.12	4.656	4.616	(0.040)	190.10	204.56		FVar1		20.7	Roll: 1/4 tic spreads
										TYar1		112	
										USa1		104.5	
										FVH8		113.110	June 08 Contracts
										TYAH8		116.120	
										USAH8		116.190	

Curve Spreads		
	Close bps	Last bps
2/5	86.5	88.6
5/10	97.0	98.3
10/30	79.6	81.8
2/10	183.5	186.9
5/30	176.6	180.1
2/30	263.1	268.7



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

Cash Duration Matrix				
	2	5	10	30
2	100%			
5	43%	100%		
10	24%	55%	100%	
30	12%	28%	51%	137%
Cash Matrix [DV01 x Duration]				
	2	5	10	30
2	\$195			
5	\$198	\$460		
10	\$191	\$444	\$811	
30	\$188	\$438	\$799	\$1,568
Cash Matrix [DV01 over / (under) valued]				
	2	5	10	30
2				
5	(\$2)			
10	\$5	\$16		
30	\$8	\$23	\$12	
Cash Matrix [DV01 over / (under) as %]				
	2	5	10	30
2				
5	-1.05%			
10	2.53%	3.61%		
30	4.06%	5.16%	1.49%	

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

**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.

**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		0.92	2.18	3.83	7.41
ZF		0.42	0.99	1.74	3.36
ZN		0.28	0.65	1.15	2.22
ZB		0.16	0.38	0.66	1.28

		Box for Box Matrix			
		2y	5y	10y	30y
ZT		0.92	2.18	7.67	14.82
ZF		0.42	1.97	3.47	6.72
ZN		0.55	1.31	1.15	2.22
ZB		0.64	1.50	1.32	2.55

		2y	5y	10y	30y
2y		1.00	2.36	4.15	8.02
5y		0.42	1.00	1.76	3.41
10y		0.24	0.57	1.00	1.93
30y		0.12	0.29	0.52	1.00

		2y	5y	10y	30y
2y			2.36	2.07	4.01
5y		0.42		0.44	1.70
10y		0.48	2.27		1.93
30y		0.25	0.59	0.52	

		ZT	ZF	ZN	ZB
ZT		1.00	2.21	3.33	5.80
ZF		0.45	1.00	1.51	2.63
ZN		0.30	0.66	1.00	1.74
ZB		0.17	0.38	0.57	1.00

		2y	5y	10y	30y
ZT			2.21	6.67	23.21
ZF		0.45		1.51	5.26
ZN		0.15	0.66		3.48
ZB		0.04	0.19	0.29	