

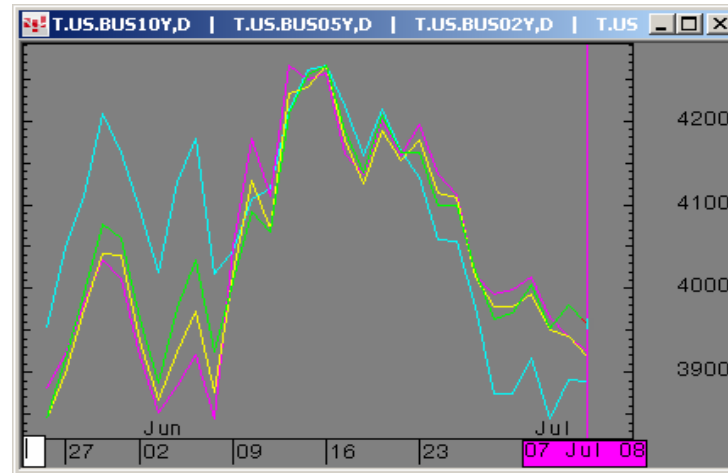


The Morning Email: Treasuries

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Daily Yield Curve



Scale is for 10yr

Source: CQG, Inc. © 2008 All rights reserved worldwide Mon Jul 07 2008



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

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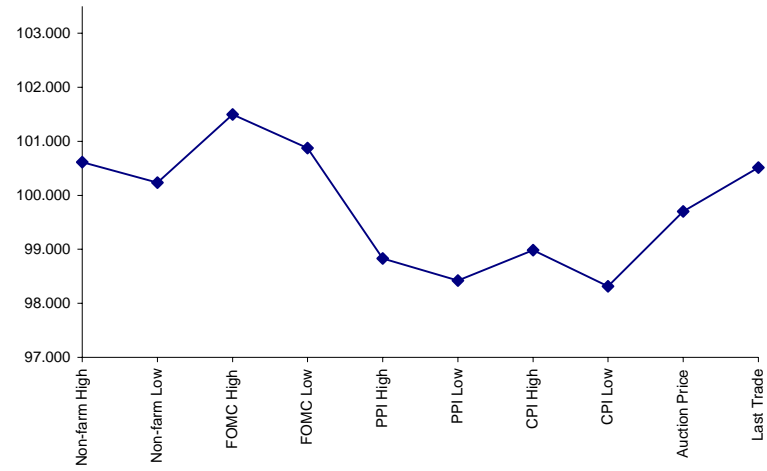
Economic Releases (32nds)

	5y	10y	ZNU8	ZBU8	Date
Non-farm High	100.1975	99.200	114.180	116.155	7/3/2008
Non-farm Low	100.0750	98.285	113.280	115.125	7/3/2008
FOMC High	101.1600	100.275	113.233	115.352	4/20/2008
FOMC Low	100.2800	100.020	112.241	114.267	4/20/2008
PPI High	98.2650	97.165	112.000	112.235	6/17/2008
PPI Low	98.1350	96.295	111.130	111.250	6/17/2008
CPI High	98.3150	97.200	111.300	112.210	6/13/2008
CPI Low	98.1000	96.300	111.025	111.260	6/13/2008
Auction Price	99.2252	99.157	na	na	
Last Trade	100.1650	99.085	114.160	115.280	7/7/2008 7:02

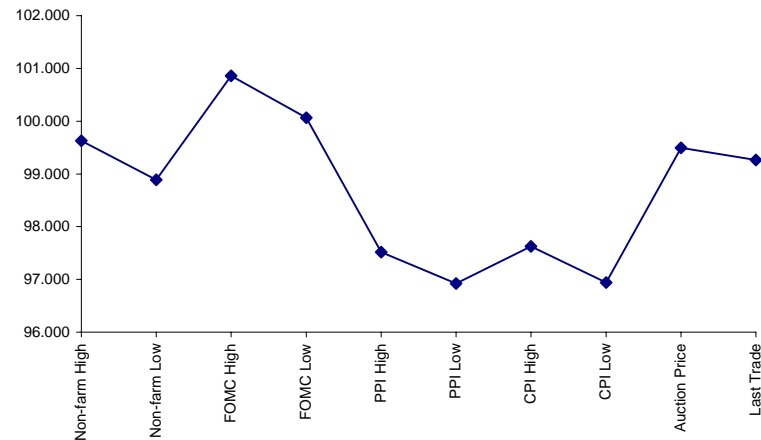
Auctions - 32nds

	2 y	5y	10y	30y
Auction Price	99.291	99.225	99.157	96.120
Auction Yield Stop	2.922	3.44	3.937	4.599
Actual Auction Date	6/24/2008	6/26/2008	5/7/2008	5/8/2008 r

5y (Decimal)



10y (Decimal)



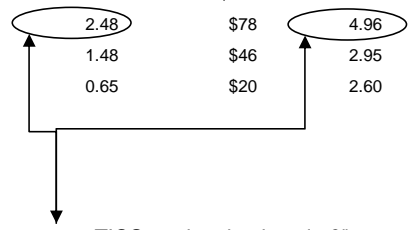
Notes:

- 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	105.257	0.000	105.295	105.250	105.277	36,624	2y Fut
FVAU8	110.300	0.012	111.070	110.292	111.010	52,260	5y Fut
TYAU8	114.160	0.045	114.255	114.125	114.190	96,233	10y Fut
USAU8	115.280	0.00	116.115	115.260	116.015	21,513	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.212	0.005	100.247	100.215	100.247	na	2y Cash
BUS05P	100.162	0.035	100.245	100.162	100.227	na	5y Cash
BUS10P	99.080	0.045	99.180	99.060	99.180	na	10y Cash
BUS30P	97.120	0.000	97.250	97.100	97.205	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.521	(0.017)	2.558	2.464	2.558	na	2y Yield
BUS05Y	3.262	(0.021)	3.291	3.201	3.291	na	5y Yield
BUS10Y	3.965	(0.016)	3.987	3.917	3.987	na	10y Yield
BUS30Y	4.535	0.004	4.546	4.508	4.536	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.04	5.09	\$1,591	10.18	n/a	30y
10y	8.07	2.58	\$806	5.16	n/a	10y
5y	4.55	1.50	\$467	5.98	n/a	5y
2y	1.91	0.62	\$193	2.47	n/a	2y
ZB	10.26	3.91	\$122	3.91	0.7771	ZB
ZN	6.60	2.48	\$78	4.96	0.8478	ZN
ZF	4.05	1.48	\$46	2.95	0.8928	ZF
ZT	1.91	0.65	\$20	2.60	0.9488	ZT



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

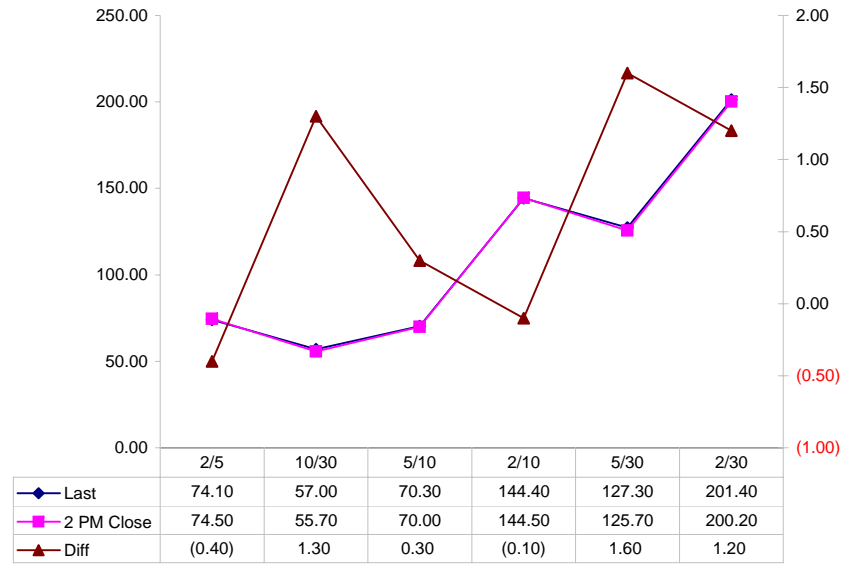
Example, If ZN moves 1-basis point, then, it's moved 2.38 tics (Today, 06/25/08, the value in the box is 2.38).

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.

Yield Curve Spreads

	Last	2pm close	Diff
2/5	74.10	74.50	(0.40)
10/30	57.00	55.70	1.30
5/10	70.30	70.00	0.30
2/10	144.40	144.50	(0.10)
5/30	127.30	125.70	1.60
2/30	201.40	200.20	1.20

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		1.781	2.651	3.012
ZN	0.614		1.628	1.850
ZF	0.377	0.672		1.136
ZT	0.325	0.578	0.861	

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	1.57	3.82	6.34	13.01
ZN	2.80	6.81	11.29	23.16
ZF	4.18	10.14	16.81	34.48
ZT	4.74	11.51	19.10	39.18

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		2.427	4.026	8.258
5y	0.434		1.749	3.587
10y	0.248	0.603		2.051
30y	0.121	0.294	0.488	

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

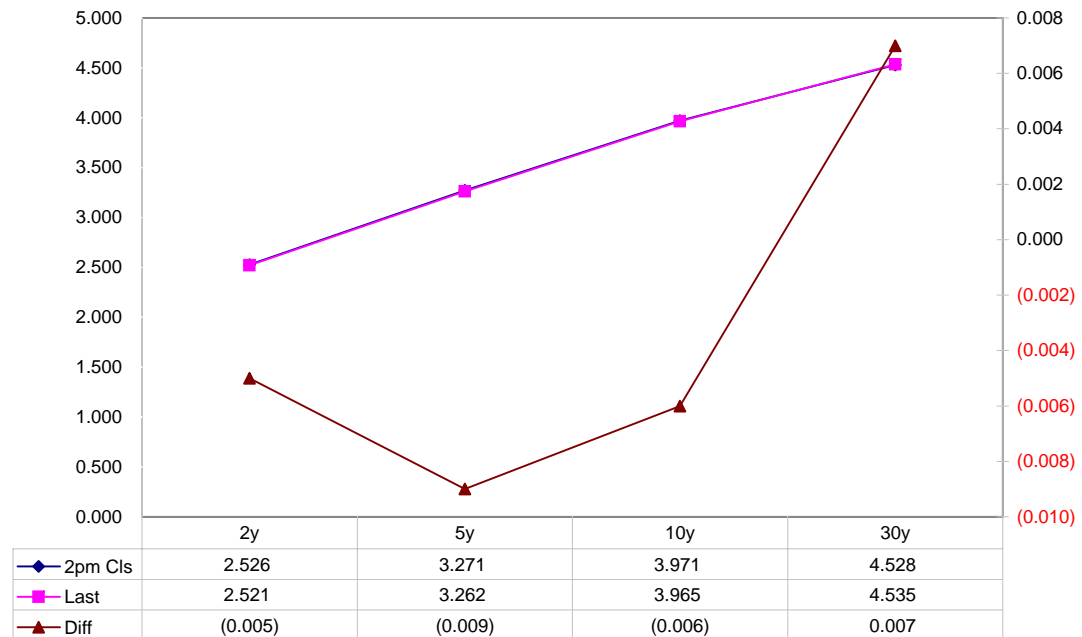
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	2.875	6/30/10	100.2150	2.526	2.521	(0.005)	9.34	9.15		105.2550	105.2570	TUAU8
5y	3.375	6/30/13	100.1525	3.271	3.262	(0.009)	46.93	47.06		110.2875	110.3000	FVAU8
10y	3.875	5/15/18	99.070	3.971	3.965	(0.006)	72.48	70.16		114.115	114.160	TYAU8
30y	4.375	5/15/37	97.165	4.528	4.535	0.007	239.01	235.51		115.280	115.280	USAU8

Curve Spreads

	Close bps	Last bps
2/5	74.5	74.1
5/10	70.0	70.3
10/30	55.7	57.0
2/10	144.5	144.4
5/30	125.7	127.3
2/30	200.2	201.4

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%	56%	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	\$197	\$467		
10	\$191	\$454	\$806	
30	\$190	\$451	\$800	\$1,591

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	(\$4)			
10	\$2	\$13		
30	\$3	\$17	\$6	

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	-2.01%			
10	0.89%	2.96%		
30	1.60%	3.68%	0.70%	

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	0.95	2.30	3.97	7.84
ZF	0.42	1.01	1.75	3.45
ZN	0.25	0.60	1.04	2.05
ZB	0.16	0.38	0.66	1.30

	2y	5y	10y	30y
2y		2.43	4.18	8.26
5y	0.41		1.72	3.40
10y	0.24	0.58		1.97
30y	0.12	0.29	0.51	

	ZT	ZF	ZN	ZB
ZT		2.27	3.82	6.02
ZF	0.44		1.68	2.65
ZN	0.26	0.59		1.58
ZB	0.17	0.38	0.63	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.95	2.30	7.94	15.67
ZF	0.42	1.01	3.49	6.90
ZN	0.50	1.21	1.04	2.05
ZB	0.63	0.76	1.32	1.30

	2y	5y	10y	30y
2y		2.43	2.09	4.13
5y	0.41		0.43	1.70
10y	0.48	2.32		1.97
30y	0.24	0.59	0.51	

	ZT	ZF	ZN	ZB
ZT		2.27	7.64	12.05
ZF	0.44		1.68	5.30
ZN	0.13	0.59		1.58
ZB	0.08	0.19	0.63	

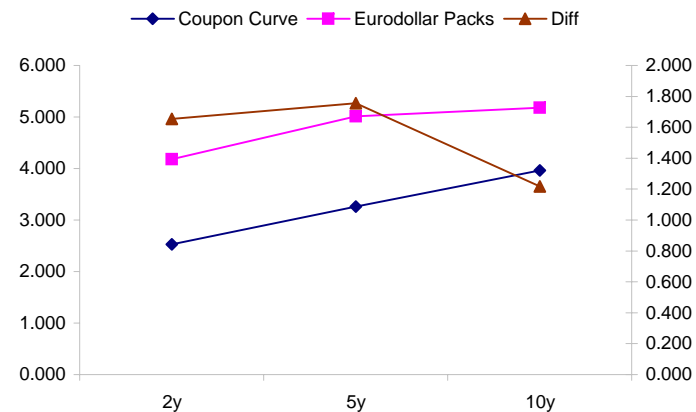
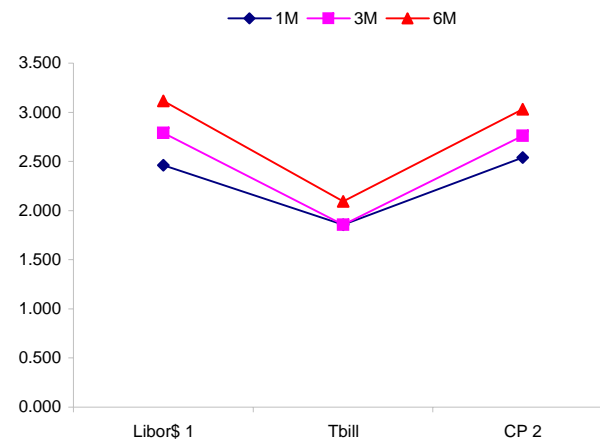
	Libor\$ ¹	Repo Rt ⁶			
0/N	2.390	2.150			
1week	2.449	2.000			
2week	2.454	2.000			
	Libor\$ ¹	Tbill	CP ²		
1M	2.461	1.857	2.540		
3M	2.791	1.855	2.760		
6M	3.116	2.092	3.030		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	2.528	99.75	3.53	4.182	1.654
5y	3.260	100.00	4.26	5.015	1.755
10y	3.965	75.75	4.72	5.183	1.218

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
73.2	83.3	10.1	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
143.7	100.1	-43.6	Red pack / Gold pack is a 2/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
70.5	16.8	-53.8	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	2.390	(0.0525)	Overnight	LIBOR
TUSFFRON	2.219	0.5938	Overnight	Fed Funds Effective Rate
TUSRPOON	2.150	0.0000	Overnight	Repo Rate
TEONIA01M	4.277	0.0060	1 month	Euribor OIS Rate
TEONIA03M	4.311	0.0020	3 month	Euribor OIS Rate
TSONIA01M	5.046	(0.0030)	1 month	Sterling OIS Rate
TSONIA03M	5.101	(0.0100)	3 month	Sterling OIS Rate
TUSOIS01M	2.009	(0.0040)	1 month	USD OIS Rate
TUSOIS03M	2.054	(0.0080)	3 month	USD OIS Rate

