

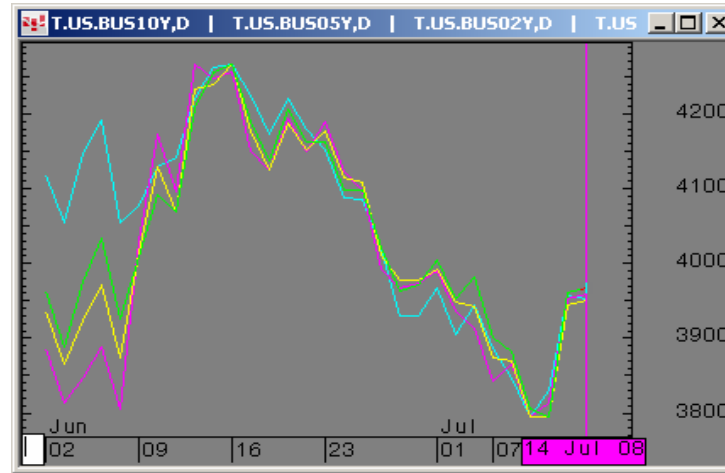


The Morning Email: Treasuries

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Daily Yield Curve



} Scale is for 10yr

Source: CQG, Inc. © 2008 All rights reserved worldwide Mon Jul 14 2008



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

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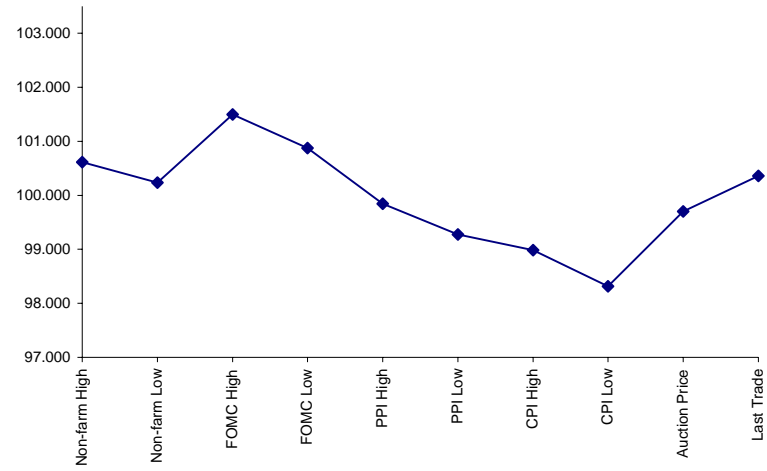
Economic Releases (32nds)

	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	98.045	112.275	114.030	6/25/2008
FOMC Low	100.2800	97.165	112.025	113.095	6/25/2008
PPI High	99.2700	97.165	112.000	112.235	6/17/2008
PPI Low	99.0875	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	100.1150	99.080	114.075	115.215	7/14/2008 5:44

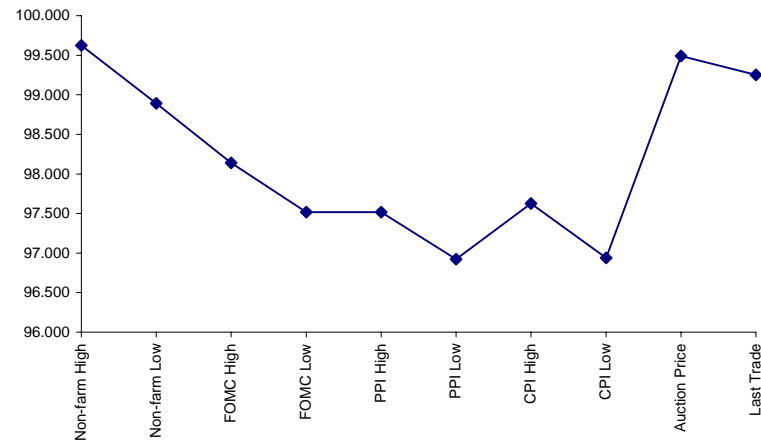
Auctions - 32nds

	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)



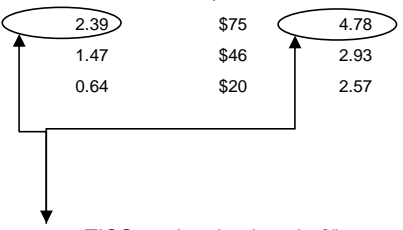
Notes:

- 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	105.225	0.007	105.247	105.167	105.207	60,334	2y Fut
FVAU8	110.275	(0.017)	110.297	110.167	110.255	71,316	5y Fut
TYAU8	114.075	(0.060)	114.090	113.250	114.050	144,202	10y Fut
USAU8	115.215	(0.06)	115.220	115.005	115.180	36,467	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.165	0.005	100.182	100.120	100.130	na	2y Cash
BUS05P	100.115	(0.012)	100.137	100.030	100.075	na	5y Cash
BUS10P	99.080	0.005	99.095	98.255	98.260	na	10y Cash
BUS30P	97.115	0.045	97.125	96.275	97.005	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.600	0.004	2.69	2.567	2.616	na	2y Yield
BUS05Y	3.294	0.007	3.361	3.275	3.289	na	5y Yield
BUS10Y	3.963	0.003	4.028	3.948	3.958	na	10y Yield
BUS30Y	4.534	(0.007)	4.576	4.526	4.531	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.03	5.09	\$1,590	10.18	n/a	30y
10y	8.05	2.57	\$805	5.15	n/a	10y
5y	4.53	1.49	\$465	5.95	n/a	5y
2y	1.89	0.61	\$190	2.44	n/a	2y
ZB	10.31	3.88	\$121	3.88	0.7771	ZB
ZN	6.44	2.39	\$75	4.78	0.8478	ZN
ZF	4.03	1.47	\$46	2.93	0.8928	ZF
ZT	1.89	0.64	\$20	2.57	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.

Notes

CF = Conversion Factor

MDuration = Modified Macaulay Duration

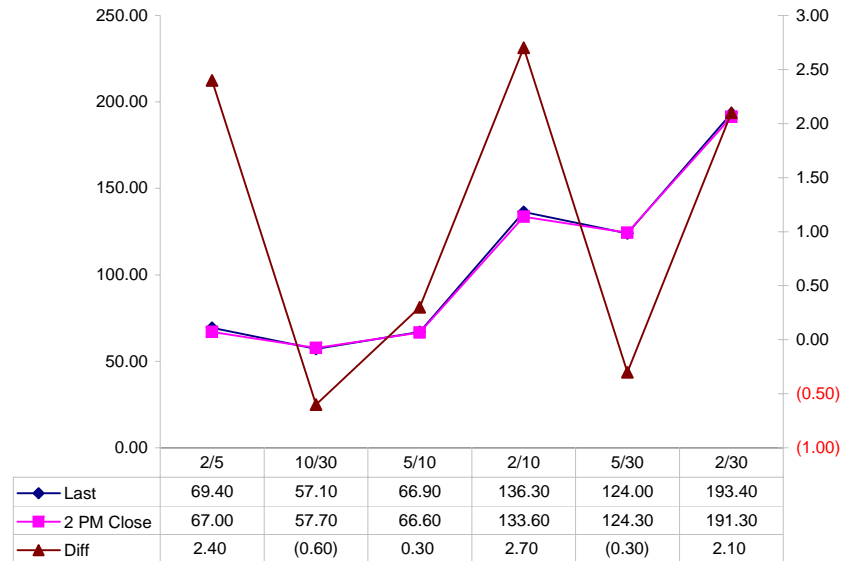
MDuration & DV01s for Futures are based on proxy issue (CTD)

DV01 Box = Dollar Value of 1 basis point move per Box

Yield Curve Spreads

	Last	2pm close	Diff
2/5	69.40	67.00	2.40
10/30	57.10	57.70	(0.60)
5/10	66.90	66.60	0.30
2/10	136.30	133.60	2.70
5/30	124.00	124.30	(0.30)
2/30	193.40	191.30	2.10

Curve Spreads vs 2pm close



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		1.636	2.664	3.042
ZN	0.611		1.628	1.859
ZF	0.375	0.614		1.142
ZT	0.321	0.526	0.856	

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	1.56	3.81	6.33	13.02
ZN	2.55	6.23	10.37	21.31
ZF	4.15	10.14	16.87	34.69
ZT	4.74	11.58	19.27	39.61

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		2.441	4.062	8.350
5y	0.432		1.754	3.607
10y	0.246	0.601		2.056
30y	0.120	0.292	0.486	

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 matrixes, with US products, everyday

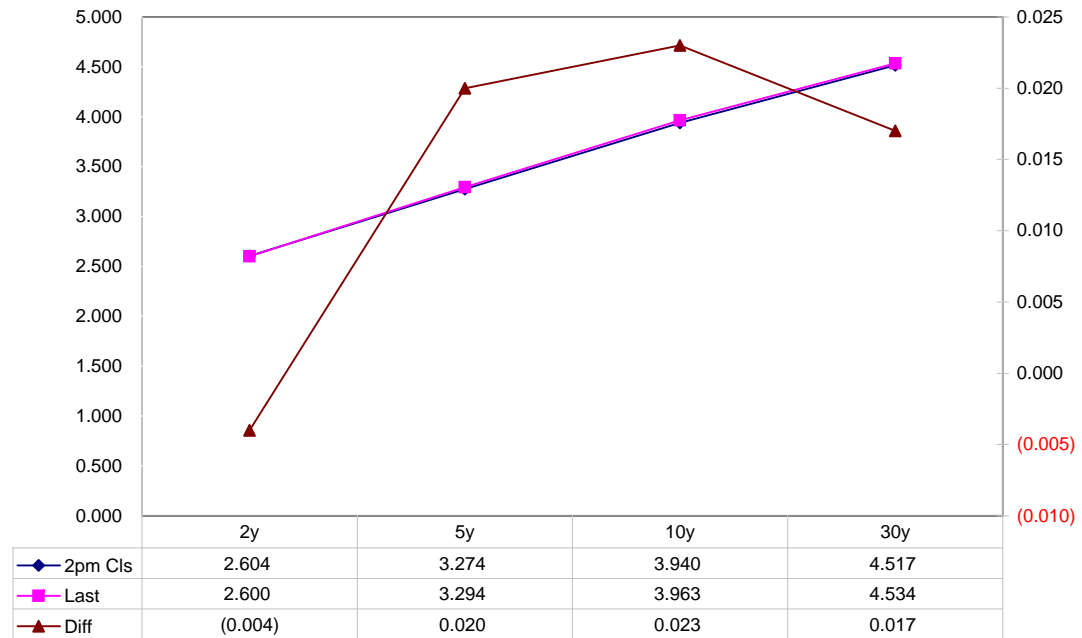
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	2.875	6/30/10	100.1650	2.604	2.600	(0.004)	-3.49	7.18		106.0175	105.2250	TUAU8
5y	3.375	6/30/13	100.1475	3.274	3.294	0.020	46.20	44.29		110.2900	110.2750	FVAU8
10y	3.875	5/15/18	99.150	3.940	3.963	0.023	78.78	76.87		114.135	114.075	TYAU8
30y	4.375	5/15/37	97.220	4.517	4.534	0.017	245.29	239.06		115.270	115.215	USAU8

Curve Spreads

	Close bps	Last bps
2/5	67.0	69.4
5/10	66.6	66.9
10/30	57.7	57.1
2/10	133.6	136.3
5/30	124.3	124.0
2/30	191.3	193.4

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	\$190			
5	\$194	\$465		
10	\$189	\$452	\$805	
30	\$188	\$449	\$799	\$1,590

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	\$1	\$13		
30	\$3	\$16	\$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	-2.00%			
10	0.71%	2.77%		
30	1.41%	3.48%	0.69%	

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	2.32	4.01	7.92
ZF	0.42	1.01	1.75	3.47
ZN	0.26	0.62	1.08	2.13
ZB	0.16	0.38	0.66	1.31

	2y	5y	10y	30y
2y		2.44	4.22	8.35
5y	0.41		1.73	3.42
10y	0.24	0.58		1.98
30y	0.12	0.29	0.51	

	ZT	ZF	ZN	ZB
ZT		2.28	3.72	6.05
ZF	0.44		1.63	2.65
ZN	0.27	0.61		1.63
ZB	0.17	0.38	0.61	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.95	2.32	8.02	15.85
ZF	0.42	1.01	3.51	6.94
ZN	0.51	1.25	1.08	2.13
ZB	0.63	0.77	1.33	1.31

	2y	5y	10y	30y
2y		2.44	2.11	4.18
5y	0.41		0.43	1.71
10y	0.47	2.31		1.98
30y	0.24	0.58	0.51	

	ZT	ZF	ZN	ZB
ZT		2.28	7.43	12.09
ZF	0.44		1.63	5.29
ZN	0.13	0.61		1.63
ZB	0.08	0.19	0.61	

	Libor\$ ¹	Repo Rt ⁶			
0/N	2.203	#VALUE!			
1week	2.405	#VALUE!			
2week	2.434	#VALUE!			
	Libor\$ ¹	Tbill	CP ²		
1M	2.460	1.368	2.540		
3M	2.791	1.584	2.760		
6M	3.123	2.017	3.030		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	2.603	85.00	3.45	4.066	1.463
5y	3.296	87.25	4.17	4.874	1.578
10y	3.963	65.75	4.62	#VALUE!	#VALUE!

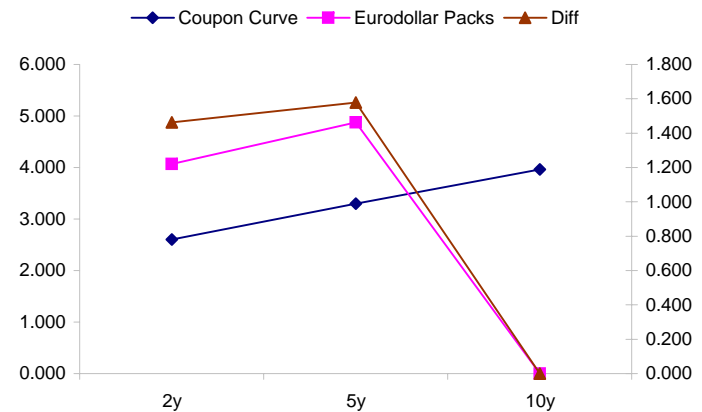
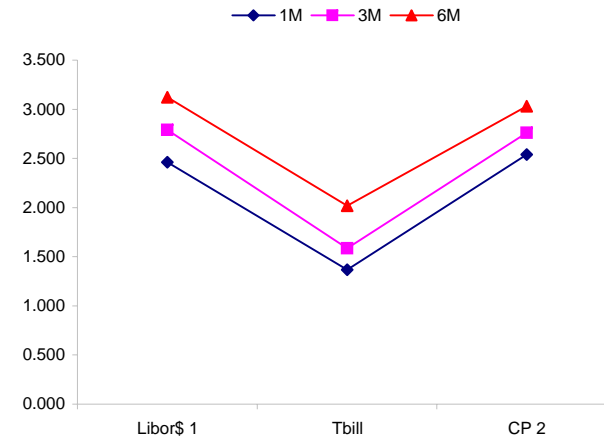
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
69.3	80.8	11.5
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
136.1	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
66.8	#VALUE!	#VALUE!

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	2.203	0.0575	Overnight	LIBOR
TUSFFRON	1.938	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	4.273	(0.0010)	1 month	Euribor OIS Rate
TEONIA03M	4.312	(0.0040)	3 month	Euribor OIS Rate
TSONIA01M	5.047	0.0010	1 month	Sterling OIS Rate
TSONIA03M	5.096	(0.0120)	3 month	Sterling OIS Rate
TUSOIS01M	2.018	0.0050	1 month	USD OIS Rate
TUSOIS03M	2.058	0.0000	3 month	USD OIS Rate

