

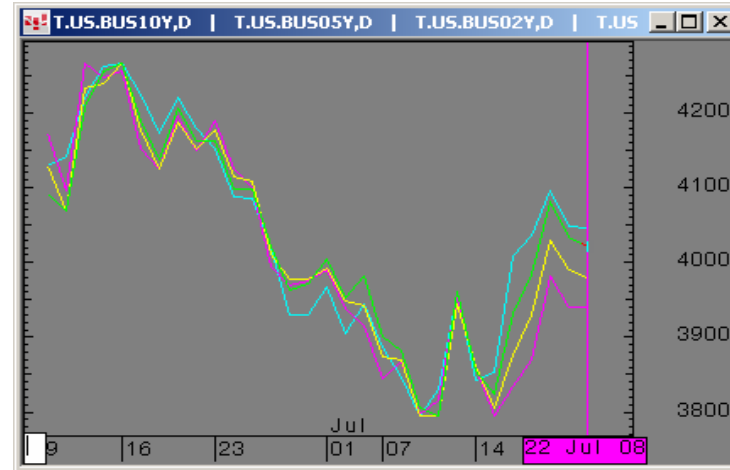


The Morning Email: Treasuries

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Daily Yield Curve



Scale is for 10yr

Source: CQG, Inc. © 2008 All rights reserved worldwide Tue Jul 22 2008



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

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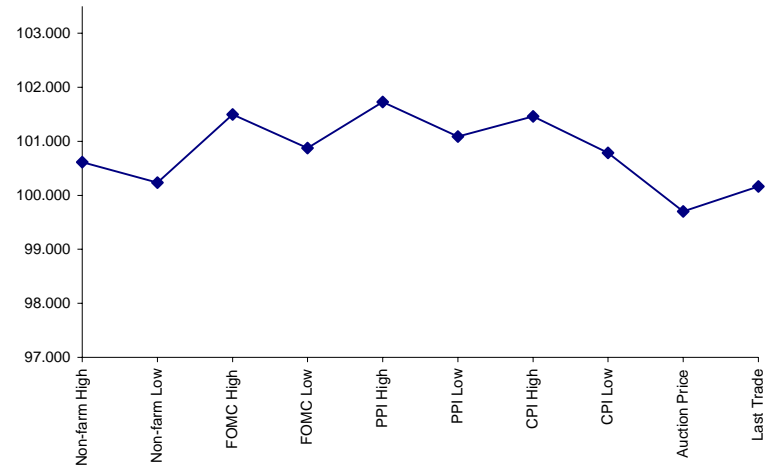
Economic Releases (32nds)

	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	101.2325	100.280	116.020	117.180	7/15/2008
PPI Low	101.0275	100.060	115.055	116.240	7/15/2008
CPI High	101.1475	100.155	115.230	117.000	7/16/2008
CPI Low	100.2525	99.120	114.230	115.100	7/16/2008
Auction Price	99.2252	99.157	na	na	
Last Trade	100.0520	98.250	114.045	114.280	7/22/2008 5:54

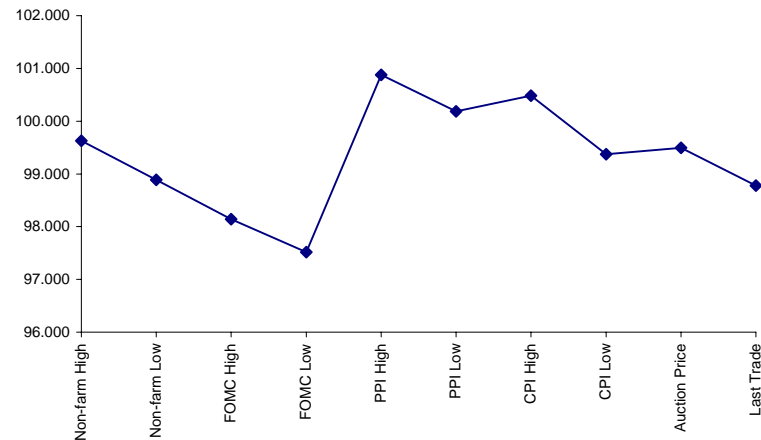
Auctions - 32nds

	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)



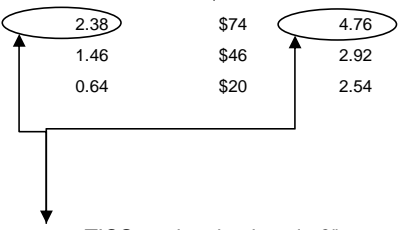
Notes:

- 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	105.245	0.040	105.247	105.217	105.232	22,325	2y Fut
FVAU8	110.257	0.095	110.267	110.185	110.215	47,422	5y Fut
TYAU8	114.045	0.120	114.060	113.265	113.295	85,235	10y Fut
USAU8	114.280	0.11	115.000	114.210	114.260	13,380	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.172	(0.002)	100.177	100.152	100.170	na	2y Cash
BUS05P	100.047	0.025	100.060	99.300	100.017	na	5y Cash
BUS10P	98.245	0.030	98.265	98.180	98.215	na	10y Cash
BUS30P	96.030	0.000	96.065	95.280	95.280	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.584	0.008	2.634	2.572	2.634	na	2y Yield
BUS05Y	3.339	(0.015)	3.391	3.33	3.389	na	5y Yield
BUS10Y	4.024	(0.010)	4.057	4.016	4.053	na	10y Yield
BUS30Y	4.614	0.000	4.638	4.608	4.628	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	15.91	4.99	\$1,560	9.98	n/a	30y
10y	8.02	2.55	\$798	5.11	n/a	10y
5y	4.51	1.48	\$462	5.91	n/a	5y
2y	1.87	0.60	\$188	2.41	n/a	2y
ZB	10.19	3.88	\$121	3.88	0.7771	ZB
ZN	6.42	2.38	\$74	4.76	0.8478	ZN
ZF	4.00	1.46	\$46	2.92	0.8928	ZF
ZT	1.87	0.64	\$20	2.54	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

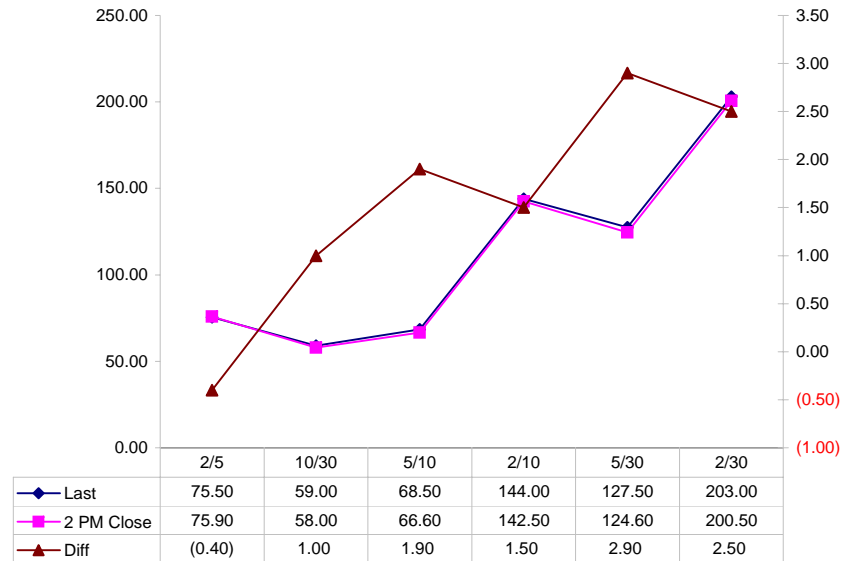
MDuration & DV01s for Futures are based on proxy issue (CTD)

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

Yield Curve Spreads

	Last	2pm close	Diff
2/5	75.50	75.90	(0.40)
10/30	59.00	58.00	1.00
5/10	68.50	66.60	1.90
2/10	144.00	142.50	1.50
5/30	127.50	124.60	2.90
2/30	203.00	200.50	2.50

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		1.627	2.654	3.048
ZN	0.614		1.631	1.873
ZF	0.377	0.613		1.149
ZT	0.320	0.521	0.850	

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	3.82	6.35	12.88
ZN	2.53	6.21	10.33	20.96
ZF	4.13	10.12	16.84	34.17
ZT	4.74	11.63	19.35	39.25

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		2.451	4.078	8.274
5y	0.430		1.752	3.554
10y	0.245	0.601		2.029
30y	0.121	0.296	0.493	

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

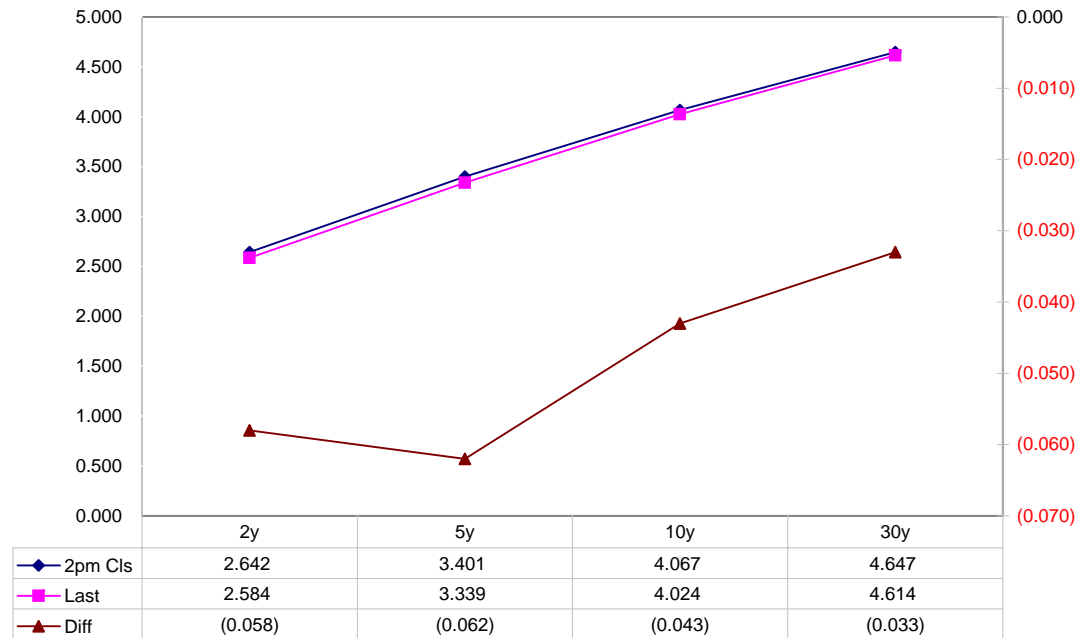
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	2.875	6/30/10	100.1400	2.642	2.584	(0.058)	-6.94	6.29	+5.5	106.0275	105.2450	TUAU8
5y	3.375	6/30/13	99.2825	3.401	3.339	(0.062)	39.09	39.60	+2.5	110.1625	110.2570	FVAU8
10y	3.875	5/15/18	98.145	4.067	4.024	(0.043)	64.08	64.41		113.245	114.045	TYAU8
30y	4.375	5/15/37	95.210	4.647	4.614	(0.033)	212.54	219.88		114.175	114.280	USAU8

Curve Spreads

	Close bps	Last bps
2/5	75.9	75.5
5/10	66.6	68.5
10/30	58.0	59.0
2/10	142.5	144.0
5/30	124.6	127.5
2/30	200.5	203.0

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	23%	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	\$188			
5	\$192	\$462		
10	\$186	\$448	\$798	
30	\$183	\$442	\$787	\$1,560

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	(\$3)			
10	\$2	\$14		
30	\$5	\$20	\$12	

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	-1.79%			
10	1.22%	3.07%		
30	2.74%	4.61%	1.50%	

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	2.33	4.02	7.85
ZF	0.41	1.01	1.75	3.42
ZN	0.25	0.62	1.07	2.10
ZB	0.16	0.38	0.66	1.29

	2y	5y	10y	30y
2y		2.45	4.24	8.27
5y	0.41		1.73	3.38
10y	0.24	0.58		1.95
30y	0.12	0.30	0.51	

	ZT	ZF	ZN	ZB
ZT		2.30	3.75	6.10
ZF	0.44		1.63	2.65
ZN	0.27	0.61		1.63
ZB	0.16	0.38	0.61	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.95	2.33	8.04	15.70
ZF	0.41	1.01	3.50	6.83
ZN	0.51	1.24	1.07	2.10
ZB	0.62	0.76	1.32	1.29

	2y	5y	10y	30y
2y		2.45	2.12	4.14
5y	0.41		0.43	1.69
10y	0.47	2.31		1.95
30y	0.24	0.59	0.51	

	ZT	ZF	ZN	ZB
ZT		2.30	7.49	12.19
ZF	0.44		1.63	5.31
ZN	0.13	0.61		1.63
ZB	0.08	0.19	0.61	

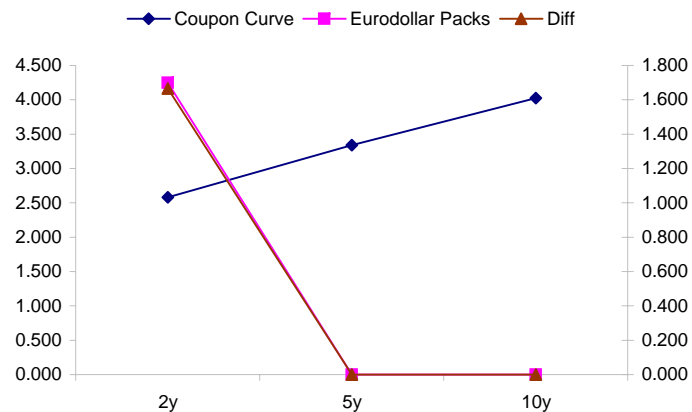
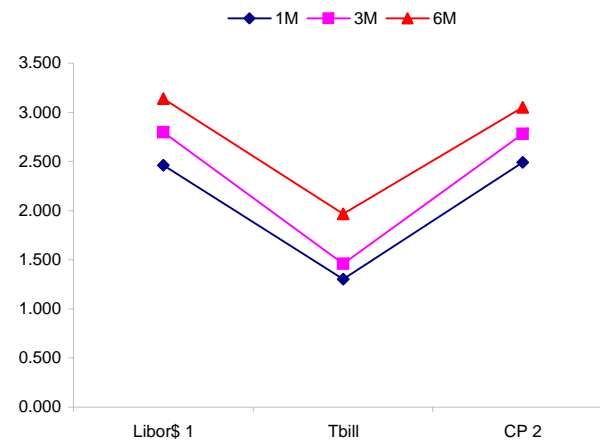
	Libor\$ ¹	Repo Rt ⁶			
0/N	2.100	#VALUE!			
1week	2.366	#VALUE!			
2week	2.421	#VALUE!			
	Libor\$ ¹	Tbill	CP ²		
1M	2.462	1.303	2.490		
3M	2.796	1.460	2.780		
6M	3.139	1.966	3.050		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	2.583	99.50	3.58	4.249	1.667
5y	3.340	97.50	4.32		#VALUE!
10y	4.026	74.50	4.77		#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
75.7	#VALUE!	#VALUE!	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
144.3	#VALUE!	#VALUE!	Red pack / Gold pack is a 2/10 proxy
			Blue pack / Gold pack is a 5/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
68.6	#VALUE!	#VALUE!	

"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	2.100	(0.0063)	Overnight	LIBOR
TUSFFRON	1.938	0.0625	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	4.287	0.0060	1 month	Euribor OIS Rate
TEONIA03M	4.338	(0.0010)	3 month	Euribor OIS Rate
TSONIA01M	5.053	(0.0020)	1 month	Sterling OIS Rate
TSONIA03M	5.110	0.0030	3 month	Sterling OIS Rate
TUSOIS01M	2.004	0.0000	1 month	USD OIS Rate
TUSOIS03M	2.050	0.0040	3 month	USD OIS Rate

