

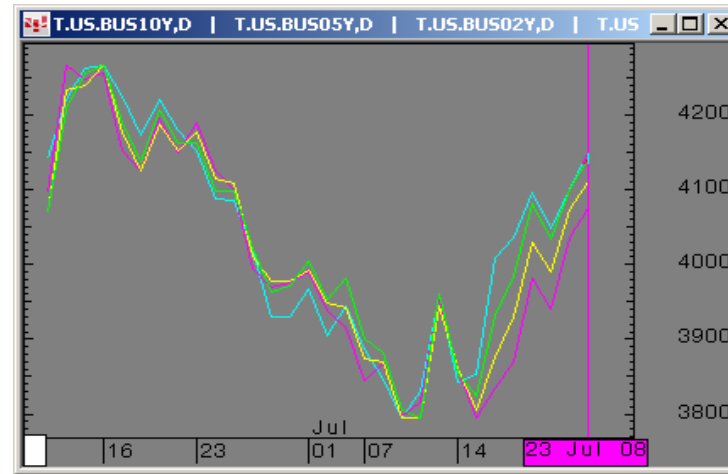


The Morning Email: Treasuries

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Daily Yield Curve



Scale is for 10yr

Source: CQG, Inc. © 2008 All rights reserved worldwide Wed Jul 23 2008



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

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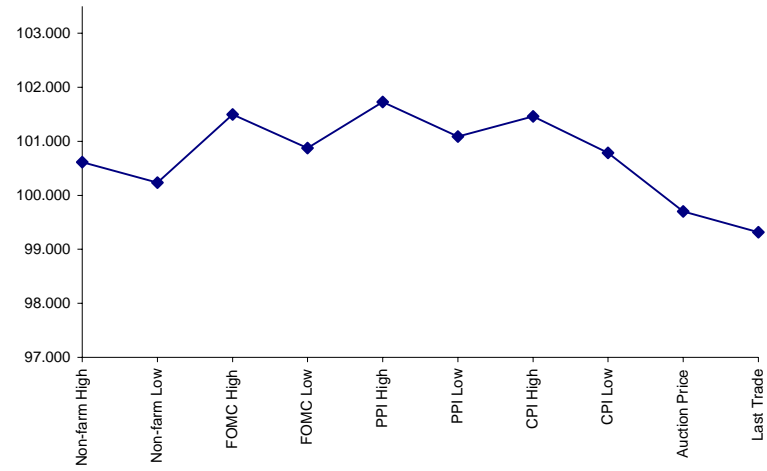
Economic Releases (32nds)

	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	99.1020	97.270	113.040	113.220	7/23/2008 5:44

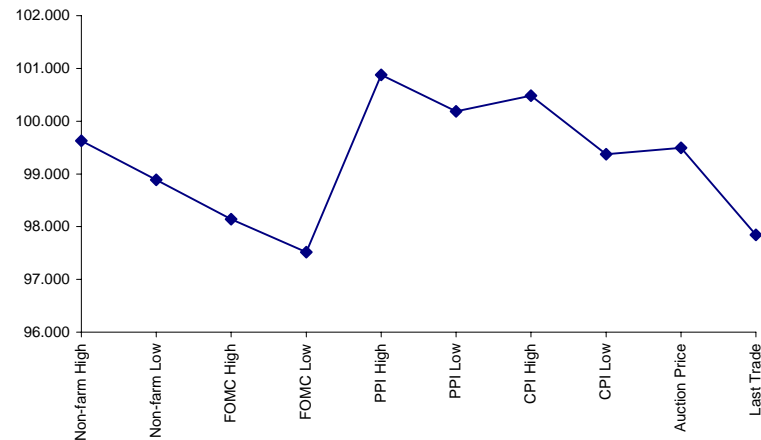
Auctions - 32nds

	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)



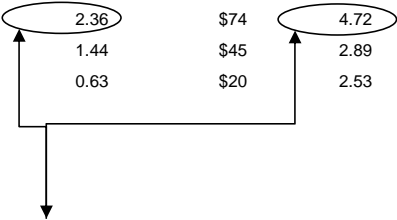
Notes:

- 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	105.122	(0.052)	105.165	105.120	105.165	34,949	2y Fut
FVAU8	109.300	(0.105)	110.062	109.282	110.060	66,260	5y Fut
TYAU8	113.040	(0.110)	113.135	113.010	113.125	99,353	10y Fut
USAU8	113.220	(0.15)	114.055	113.190	114.045	20,327	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.060	(0.035)	100.095	100.060	100.087	na	2y Cash
BUS05P	99.100	(0.077)	99.180	99.092	99.152	na	5y Cash
BUS10P	97.265	(0.115)	98.050	97.255	98.005	na	10y Cash
BUS30P	94.270	(0.195)	95.100	94.265	95.085	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.771	0.058	2.779	2.7	2.737	na	2y Yield
BUS05Y	3.523	0.051	3.537	3.465	3.481	na	5y Yield
BUS10Y	4.140	0.039	4.154	4.103	4.116	na	10y Yield
BUS30Y	4.697	0.040	4.702	4.658	4.675	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	15.81	4.90	\$1,531	9.80	n/a	30y
10y	8.01	2.53	\$789	5.05	n/a	10y
5y	4.50	1.46	\$457	5.86	n/a	5y
2y	1.87	0.60	\$187	2.40	n/a	2y
ZB	10.15	3.82	\$119	3.82	0.7771	ZB
ZN	6.41	2.36	\$74	4.72	0.8478	ZN
ZF	4.00	1.44	\$45	2.89	0.8928	ZF
ZT	1.87	0.63	\$20	2.53	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

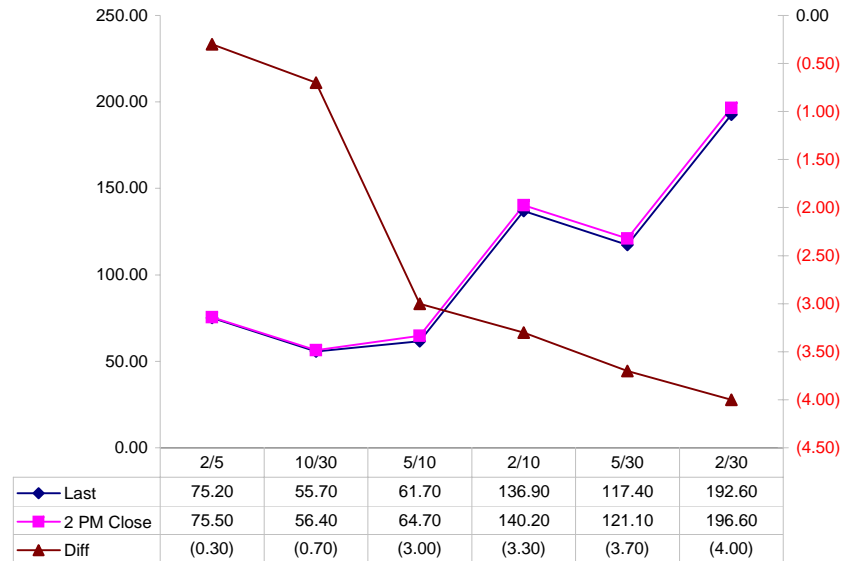
MDuration & DV01s for Futures are based on proxy issue (CTD)

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

Yield Curve Spreads

	Last	2pm close	Diff
2/5	75.20	75.50	(0.30)
10/30	55.70	56.40	(0.70)
5/10	61.70	64.70	(3.00)
2/10	136.90	140.20	(3.30)
5/30	117.40	121.10	(3.70)
2/30	192.60	196.60	(4.00)

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		1.618	2.645	3.021
ZN	0.618		1.635	1.867
ZF	0.378	0.612		1.142
ZT	0.323	0.523	0.855	

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	3.83	6.36	12.82
ZN	2.54	6.20	10.30	20.75
ZF	4.15	10.14	16.83	33.92
ZT	4.74	11.58	19.23	38.74

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	4.054	8.167
5y	0.431		1.749	3.524
10y	0.247	0.602		2.015
30y	0.122	0.299	0.496	

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

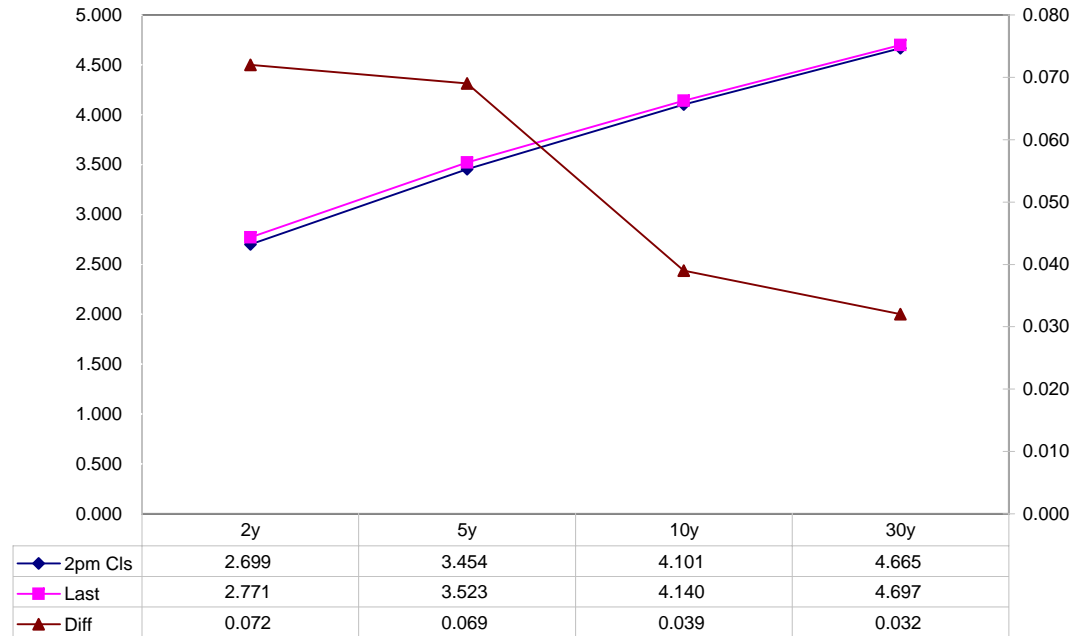
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	2.875	6/30/10	100.1050	2.699	2.771	0.072	6.17	6.66	+5.5	105.1725	105.1220	TUAU8
5y	3.375	6/30/13	99.2050	3.454	3.523	0.069	38.26	37.33	+2.5	110.0850	109.3000	FVAU8
10y	3.875	5/15/18	98.060	4.101	4.140	0.039	63.64	61.96		113.150	113.040	TYAU8
30y	4.375	5/15/37	95.120	4.665	4.697	0.032	213.25	208.91		114.050	113.220	USAU8

Curve Spreads

	Close bps	Last bps
2/5	75.5	75.2
5/10	64.7	61.7
10/30	56.4	55.7
2/10	140.2	136.9
5/30	121.1	117.4
2/30	196.6	192.6

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%	51%	100%

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

Cash Matrix [DV01 x Duration]

	2	5	10	30
2	\$187			
5	\$190	\$457		
10	\$184	\$443	\$789	
30	\$181	\$435	\$775	\$1,531

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	\$3	\$14		
30	\$7	\$22	\$14	

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	-1.33%			
10	1.84%	3.21%		
30	3.70%	5.10%	1.83%	

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	4.00	7.75
ZF	0.42	1.01	1.75	3.39
ZN	0.25	0.62	1.07	2.07
ZB	0.16	0.38	0.66	1.28

	2y	5y	10y	30y
2y		2.44	4.21	8.17
5y	0.41		1.73	3.35
10y	0.24	0.58		1.94
30y	0.12	0.30	0.52	

	ZT	ZF	ZN	ZB
ZT		2.28	3.73	6.04
ZF	0.44		1.63	2.65
ZN	0.27	0.61		1.62
ZB	0.17	0.38	0.62	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.95	2.32	7.99	15.50
ZF	0.42	1.01	3.50	6.78
ZN	0.51	1.24	1.07	2.07
ZB	0.63	0.77	1.32	1.28

	2y	5y	10y	30y
2y		2.44	2.11	4.08
5y	0.41		0.43	1.67
10y	0.47	2.32		1.94
30y	0.24	0.60	0.52	

	ZT	ZF	ZN	ZB
ZT		2.28	7.47	12.09
ZF	0.44		1.63	5.29
ZN	0.13	0.61		1.62
ZB	0.08	0.19	0.62	

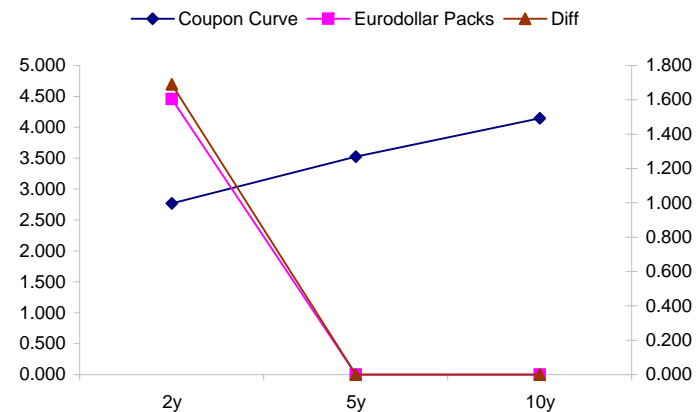
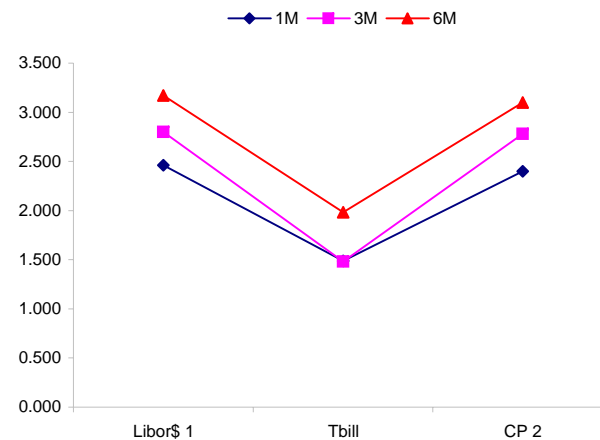
	Libor\$ ¹	Repo Rt ⁶			
0/N	2.098	#VALUE!			
1week	2.392	#VALUE!			
2week	2.434	#VALUE!			
	Libor\$ ¹	Tbill	CP ²		
1M	2.461	1.487	2.400		
3M	2.800	1.480	2.780		
6M	3.171	1.983	3.100		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	2.770	96.75	3.74	4.459	1.689
5y	3.526	94.75	4.47		#VALUE!
10y	4.146	72.00	4.87		#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
75.6	#VALUE!	#VALUE!	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
137.6	#VALUE!	#VALUE!	Red pack / Gold pack is a 2/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
62.0	#VALUE!	#VALUE!	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	2.098	(0.0019)	Overnight	LIBOR
TUSFFRON	1.969	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	4.293	0.0050	1 month	Euribor OIS Rate
TEONIA03M	4.349	0.0090	3 month	Euribor OIS Rate
TSONIA01M	5.075	0.0220	1 month	Sterling OIS Rate
TSONIA03M	5.143	0.0320	3 month	Sterling OIS Rate
TUSOIS01M	2.020	0.0130	1 month	USD OIS Rate
TUSOIS03M	2.075	0.0170	3 month	USD OIS Rate

