

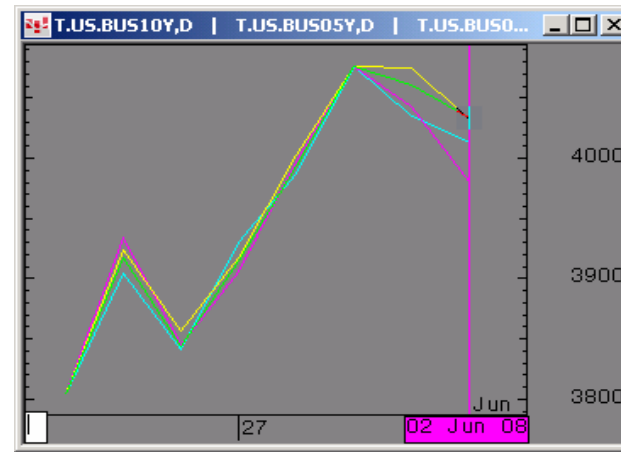


### The Morning Email: Treasuries

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Daily Yield Curve



Scale is for 10yr

Source: CQG, Inc. © 2008 Mon Jun 02 2008 05:50:47



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

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### Important Econ Releases, Highs & Lows

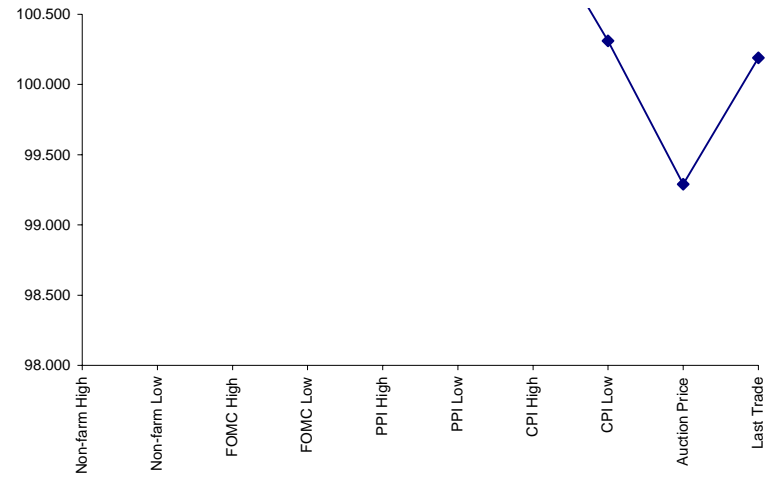
Economic Releases (32nds)

	5y	10y	ZNU8	ZBU8	Date
Non-farm High	102.0350	101.070	114.147	116.232	5/2/2008
Non-farm Low	101.0600	99.270	112.211	114.277	5/2/2008
FOMC High	102.0300	100.275	113.233	115.352	4/20/2008
FOMC Low	101.1500	100.020	112.241	114.267	4/20/2008
PPI High	102.0650	100.265	113.246	116.147	5/20/2008
PPI Low	101.2250	100.060	113.166	115.167	5/20/2008
CPI High	101.2100	100.050	113.167	115.197	5/14/2008
CPI Low	100.3100	99.055	112.177	114.087	5/14/2008
Auction Price	99.2908	99.157	na	na	
Last Trade	100.1900	98.220	112.185	113.170	6/2/2008 5:51

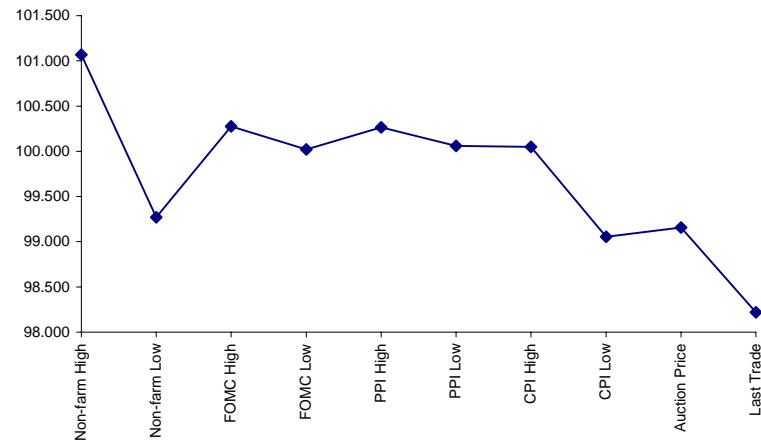
Auctions - 32nds

	2 y	5y	10y	30y
Auction Price	99.311	99.291	99.157	96.120
Auction Yield Stop	2.64	3.52	3.937	4.599
Actual Auction Date	5/28/2008	5/29/2008	5/7/2008	5/8/2008 r

5y (Decimal)



10y (Decimal)



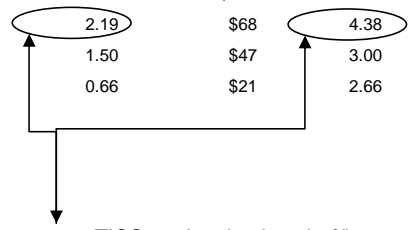
**Notes:**

- 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	105.145	0.045	105.155	105.095	105.097	33,860	2y Fut
FVAU8	110.045	0.065	110.080	109.272	109.282	79,773	5y Fut
TYAU8	112.185	0.060	112.220	112.075	112.090	121,207	10y Fut
USAU8	113.170	0.01	113.200	113.065	113.080	21,527	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.022	0.037	100.032	99.307	99.317	na	2y Cash
BUS05P	100.190	0.092	100.212	100.115	100.132	na	5y Cash
BUS10P	98.215	0.060	98.245	98.140	98.180	na	10y Cash
BUS30P	94.225	0.075	94.240	94.130	94.170	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.585	(0.061)	2.658	2.565	2.658	na	2y Yield
BUS05Y	3.368	(0.055)	3.425	3.353	3.423	na	5y Yield
BUS10Y	4.034	(0.027)	4.069	4.023	4.06	na	10y Yield
BUS30Y	4.703	(0.016)	4.735	4.702	4.719	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	15.94	4.90	\$1,531	9.80	n/a	30y
10y	8.16	2.58	\$806	5.16	n/a	10y
5y	4.55	1.49	\$467	5.97	n/a	5y
2y	1.93	0.62	\$193	2.47	n/a	2y
ZB	10.31	3.87	\$121	3.87	0.7771	ZB
ZN	6.00	2.19	\$68	4.38	0.8478	ZN
ZF	4.14	1.50	\$47	3.00	0.8995	ZF
ZT	1.92	0.66	\$21	2.66	0.9397	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 2.59 tics (Today, 03/29/08, the value in the box is 2.59).

Since ZN trades in half tics, then, 5.17 boxes = 1 basis point in ZN. (Again, today, 03/28/08, the value in the box is 5.17). 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

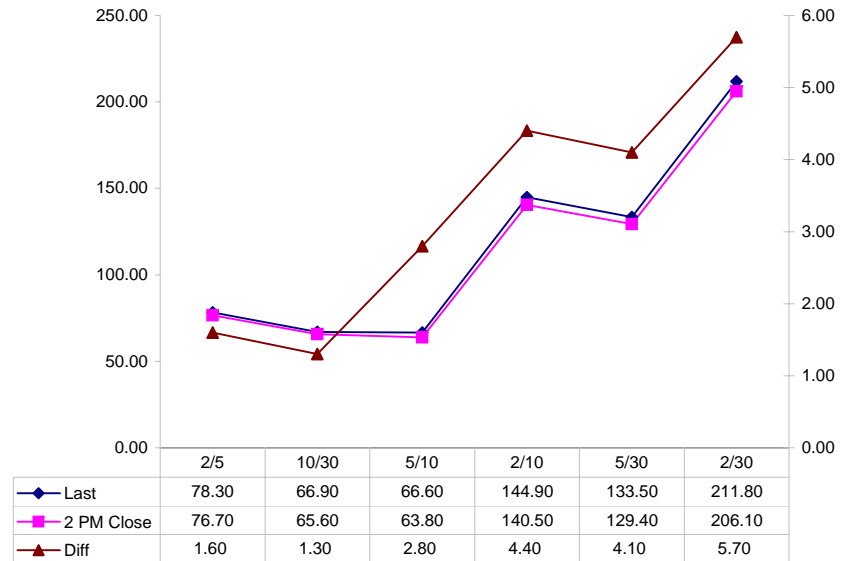
MDuration & DV01s for Futures are based on proxy issue (CTD)

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

**Yield Curve Spreads**

	Last	2pm close	Diff
2/5	78.30	76.70	1.60
10/30	66.90	65.60	1.30
5/10	66.60	63.80	2.80
2/10	144.90	140.50	4.40
5/30	133.50	129.40	4.10
2/30	211.80	206.10	5.70

Curve Spreads vs 2pm close



## US Financial Futures / Eurex Bond

	ZB	ZN	ZF	ZT
<b>Bund (M)</b>	1.033	1.818	2.700	2.983
<b>Bobl (M)</b>	0.563	0.990	1.476	1.626
<b>Shatz (M)</b>	0.224	0.393	0.586	0.646

## US Financial Futures

	ZB	ZN	ZF	ZT
<b>ZB</b>		1.766	2.580	2.912
<b>ZN</b>	0.566		1.461	1.649
<b>ZF</b>	0.388	0.684		1.129
<b>ZT</b>	0.343	0.606	0.886	

## Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
<b>Bund (H)</b>		1.8	4.6
<b>Bobl (H)</b>	0.5		2.5
<b>Shatz (H)</b>	0.2	0.4	

## US Treasuries v US Financial Futures

	2y	5y	10y	30y
<b>ZB</b>	1.60	3.86	6.42	12.67
<b>ZN</b>	2.82	6.82	11.34	22.37
<b>ZF</b>	4.12	9.96	16.57	32.69
<b>ZT</b>	4.65	11.24	18.70	36.90

## US Treasuries v Eurex Bonds

	2y	5y	10y	30y
<b>Bund (M)</b>	1.5	3.6	6.5	12.2
<b>Bobl (M)</b>	2.8	6.5	11.9	22.4
<b>Shatz (M)</b>	7.2	16.0	29.8	56.3

## US Treasuries

	2y	5y	10y	30y
<b>2y</b>		2.417	4.019	7.931
<b>5y</b>	0.430		1.729	3.413
<b>10y</b>	0.249	0.601		1.973
<b>30y</b>	0.126	0.305	0.507	

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

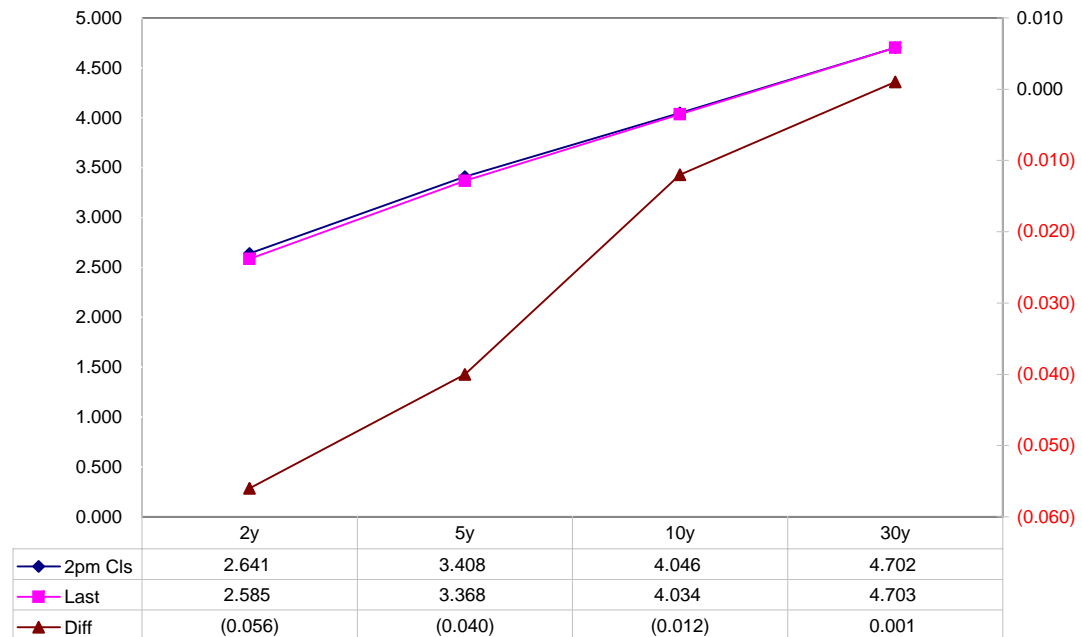
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	2.625	5/31/10	99.3100	2.641	2.585	(0.056)	31.482	31.482		105.1025	105.1450	TUAU8
5y	3.500	5/31/13	100.1350	3.408	3.368	(0.040)	49.06	48.71		109.3000	110.0450	FVAU8
10y	3.875	5/15/18	98.195	4.046	4.034	(0.012)	105.96	103.80		112.130	112.185	TYAU8
30y	4.375	5/15/37	94.250	4.702	4.703	0.001	210.57	208.30		113.160	113.170	USAU8

Curve Spreads

	Close bps	Last bps
2/5	76.7	78.3
5/10	63.8	66.6
10/30	65.6	66.9
2/10	140.5	144.9
5/30	129.4	133.5
2/30	206.1	211.8

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%	29%	51%	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	\$198	\$467		
10	\$191	\$450	\$806	
30	\$185	\$437	\$783	\$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	(\$5)			
10	\$2	\$17		
30	\$8	\$30	\$23	

**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	-2.43%			
10	1.26%	3.78%		
30	4.22%	6.82%	2.93%	

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	0.93	2.25	3.89	7.38
ZF	0.41	1.00	1.72	3.27
ZN	0.28	0.68	1.18	2.24
ZB	0.16	0.39	0.67	1.27

	2y	5y	10y	30y
2y		2.42	4.18	7.93
5y	0.41		1.73	3.28
10y	0.24	0.58		1.90
30y	0.13	0.30	0.53	

	ZT	ZF	ZN	ZB
ZT		2.26	3.30	5.82
ZF	0.44		1.46	2.58
ZN	0.30	0.68		1.77
ZB	0.17	0.39	0.57	

## Box for Box Matrix

	2y	5y	10y	30y
ZT	0.93	2.25	7.77	14.76
ZF	0.41	1.00	3.44	6.54
ZN	0.56	1.36	1.18	2.24
ZB	0.64	0.77	1.33	1.27

	2y	5y	10y	30y
2y		2.42	2.09	3.97
5y	0.41		0.43	1.64
10y	0.48	2.31		1.90
30y	0.25	0.61	0.53	

	ZT	ZF	ZN	ZB
ZT		2.26	6.60	11.65
ZF	0.44		1.46	5.16
ZN	0.15	0.68		1.77
ZB	0.09	0.19	0.57	



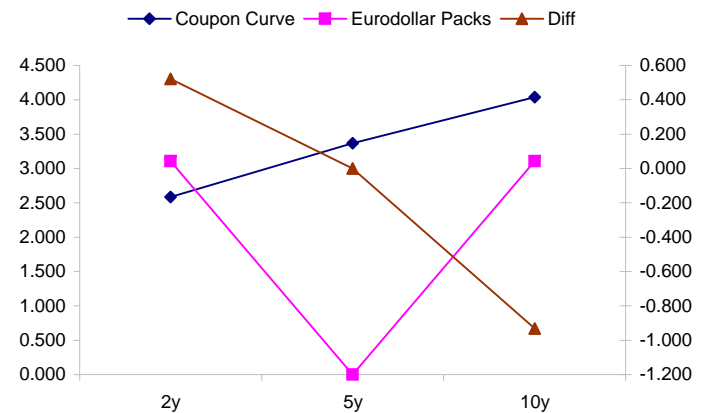
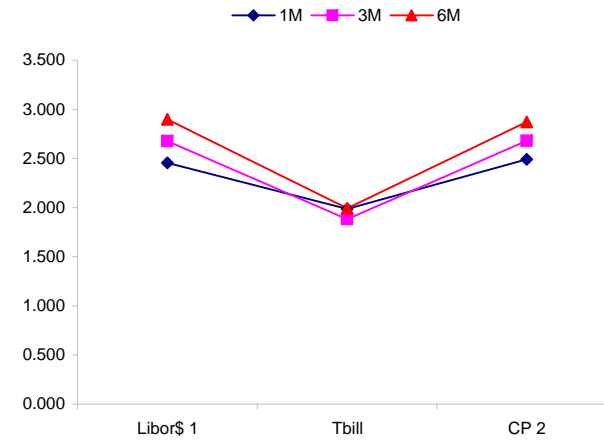
	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>			
0/N	2.314	2.200			
1week	2.421	2.100			
2week	2.443	2.000			
	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>		
1M	2.456	1.987	2.490		
3M	2.676	1.881	2.680		
6M	2.897	1.994	2.870		
	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	2.584	80.75	3.39	3.106	0.521
5y	3.370	80.50	4.17	#VALUE!	#VALUE!
10y	4.038	64.00	4.68	3.106	-0.932

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
78.5	#VALUE!	#VALUE!	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
145.4	0.0	-145.4	Red pack / Gold pack is a 2/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
66.9	#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	2.314	(0.2250)	Overnight	LIBOR
TUSFFRON	1.250	(0.8125)	Overnight	Fed Funds Effective Rate
TUSRPOON	2.200	0.0000	Overnight	Repo Rate
TEONIA01M	4.032	(0.0060)	1 month	Euribor OIS Rate
TEONIA03M	4.072	(0.0090)	3 month	Euribor OIS Rate
TSONIA01M	5.039	(0.0110)	1 month	Sterling OIS Rate
TSONIA03M	5.056	(0.0170)	3 month	Sterling OIS Rate
TUSOIS01M	2.000	(0.0050)	1 month	USD OIS Rate
TUSOIS03M	2.007	(0.0050)	3 month	USD OIS Rate

