

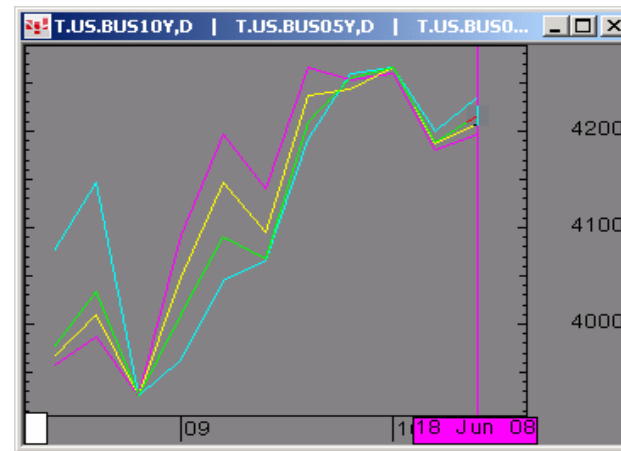


### The Morning Email: Treasuries

#### Table of Contents

- Pg 1 Important Econ Releases, Highs & Lows
  
- Pg 2 Quotes
  
- Pg 3 Duration, DV01s, Curve Spreads, CF
  
- Pg 4 Hedge Ratio's
  
- Pg 5 Closes: 2pm CT vs this Morning
  
- Pg 6 Cash Duration Matrix
  
- Pg 7 Tic for Tic & Box for Box Matrix
  
- Pg 8 Key Money Rate, Spreads, Swaps, Packs
  
- Pg 9 Libor, Fed Funds (OIS), Repo, SONIA & EONIA Rates

Daily Yield Curve



Scale is for 10yr

Source: CQG, Inc. © 2008 Wed Jun 18 2008 05:43:38



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

**Disclaimer:** All information within this newsletter is meant for internal use at GH Trader's LLC, only. All information has been recorded to the best of my ability. The material is based upon information that I consider reliable, but I do not represent that it is accurate or complete.

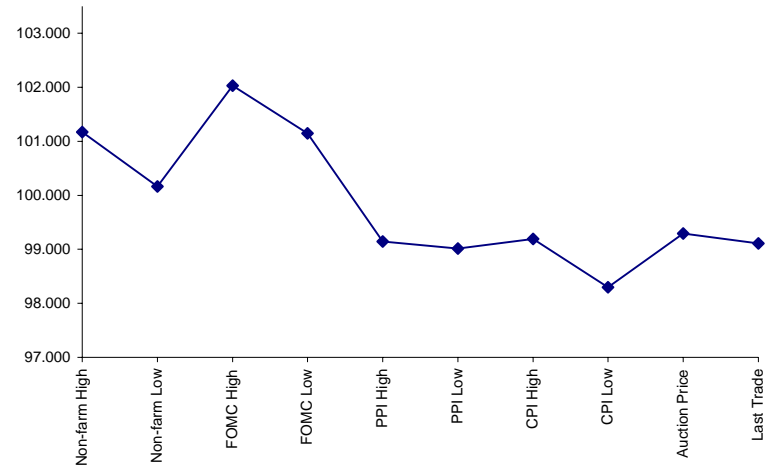
Economic Releases (32nds)

	5y	10y	ZNU8	ZBU8	Date
Non-farm High	101.1725	99.240	114.085	114.270	6/6/2008
Non-farm Low	100.1625	98.165	112.180	113.055	6/6/2008
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	99.1475	97.165	112.000	112.235	6/17/2008
PPI Low	99.0175	96.295	111.130	111.250	6/17/2008
CPI High	99.1900	97.200	111.300	112.210	6/13/2008
CPI Low	98.3000	96.300	111.025	111.260	6/13/2008
Auction Price	99.2908	99.157	na	na	
Last Trade	99.1070	97.095	111.260	112.100	6/18/2008 5:47

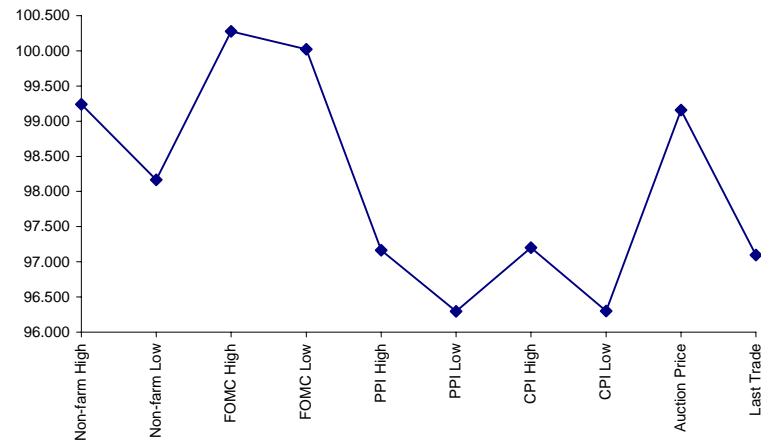
Auctions - 32nds

	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)



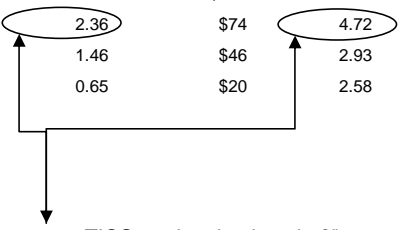
Notes:

- 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	104.295	0.017	104.310	104.265	104.297	20,670	2y Fut
FVAU8	108.307	0.025	109.022	108.262	108.310	40,503	5y Fut
TYAU8	111.260	0.020	111.310	111.205	111.275	73,101	10y Fut
USAU8	112.100	0.06	112.145	112.030	112.100	12,469	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.152	(0.005)	99.165	99.127	99.155	na	2y Cash
BUS05P	99.107	(0.022)	99.142	99.067	99.125	na	5y Cash
BUS10P	97.095	(0.030)	97.135	97.050	97.135	na	10y Cash
BUS30P	93.225	(0.030)	93.255	93.155	93.225	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.899	0.017	2.954	2.874	2.924	na	2y Yield
BUS05Y	3.644	0.024	3.678	3.62	3.646	na	5y Yield
BUS10Y	4.209	0.020	4.233	4.189	4.209	na	10y Yield
BUS30Y	4.770	0.012	4.796	4.76	4.778	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	15.82	4.82	\$1,506	9.64	n/a	30y
10y	8.09	2.53	\$790	5.06	n/a	10y
5y	4.49	1.46	\$456	5.84	n/a	5y
2y	1.88	0.60	\$187	2.40	n/a	2y
ZB	10.21	3.79	\$118	3.79	0.7771	ZB
ZN	6.49	2.36	\$74	4.72	0.8478	ZN
ZF	4.09	1.46	\$46	2.93	0.8995	ZF
ZT	1.91	0.65	\$20	2.58	0.9605	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

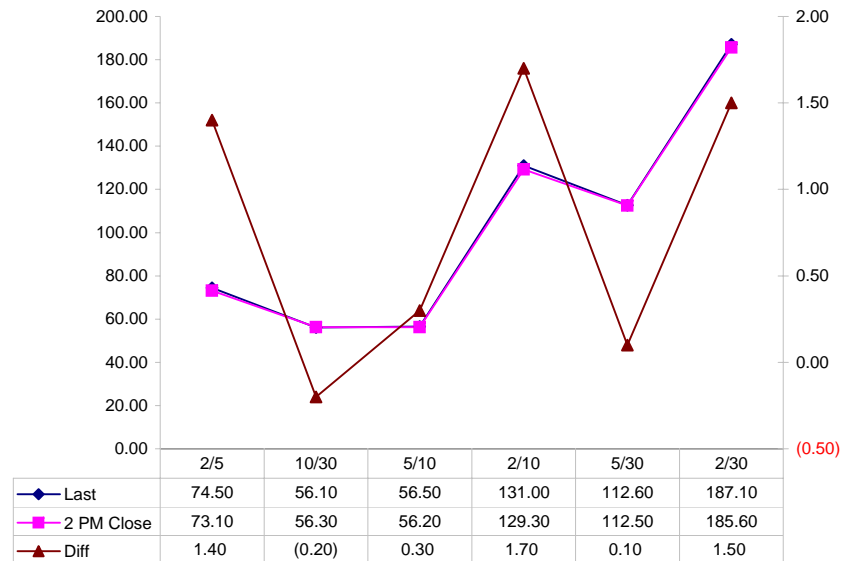
MDuration & DV01s for Futures are based on proxy issue (CTD)

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

**Yield Curve Spreads**

	Last	2pm close	Diff
2/5	74.50	73.10	1.40
10/30	56.10	56.30	(0.20)
5/10	56.50	56.20	0.30
2/10	131.00	129.30	1.70
5/30	112.60	112.50	0.10
2/30	187.10	185.60	1.50

Curve Spreads vs 2pm close



## US Financial Futures / Eurex Bond

	ZB	ZN	ZF	ZT
<b>Bund (U)</b>	1.033	1.681	2.760	2.983
<b>Bobl (U)</b>	0.563	0.948	1.550	1.730
<b>Shatz (U)</b>	0.248	0.431	0.647	0.719

## US Financial Futures

	ZB	ZN	ZF	ZT
<b>ZB</b>		1.604	2.587	2.934
<b>ZN</b>	0.623		1.613	1.829
<b>ZF</b>	0.387	0.620		1.134
<b>ZT</b>	0.341	0.547	0.882	

## Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
<b>Bund (H)</b>		1.8	4.3
<b>Bobl (H)</b>	0.6		2.4
<b>Shatz (H)</b>	0.2	0.4	

## US Treasuries v US Financial Futures

	2y	5y	10y	30y
<b>ZB</b>	1.58	3.86	6.43	12.72
<b>ZN</b>	2.54	6.18	10.31	20.41
<b>ZF</b>	4.10	9.98	16.64	32.92
<b>ZT</b>	4.65	11.31	18.87	37.33

## US Treasuries v Eurex Bonds

	2y	5y	10y	30y
<b>Bund (U)</b>	1.5	3.6	6.4	12.2
<b>Bobl (U)</b>	2.7	6.4	11.3	21.6
<b>Shatz (U)</b>	6.4	15.4	27.1	51.7

## US Treasuries

	2y	5y	10y	30y
<b>2y</b>		2.434	4.060	8.032
<b>5y</b>	0.427		1.735	3.433
<b>10y</b>	0.246	0.600		1.978
<b>30y</b>	0.125	0.303	0.505	

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

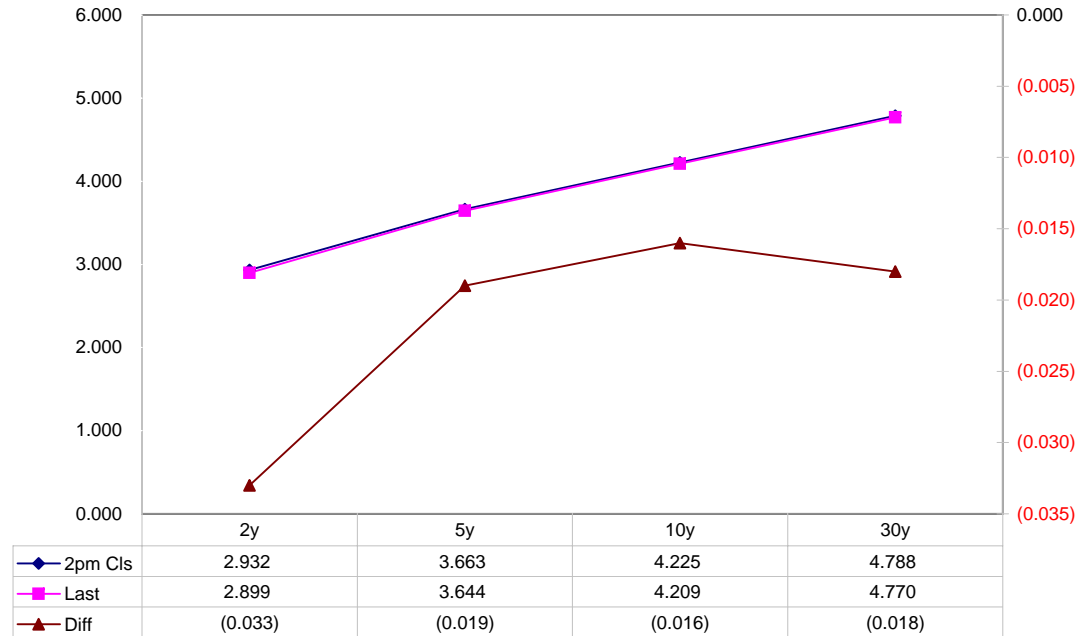
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	2.625	5/31/10	99.1350	2.932	2.899	(0.033)	-41.94	-41.68		104.2800	104.2950	TUAU8
5y	3.500	5/31/13	99.0850	3.663	3.644	(0.019)	42.42	42.41		108.2825	108.3070	FVAU8
10y	3.875	5/15/18	97.060	4.225	4.209	(0.016)	78.27	80.07		111.240	111.260	TYAU8
30y	4.375	5/15/37	93.155	4.788	4.770	(0.018)	202.49	204.10		112.050	112.100	USAU8

Curve Spreads

	Close bps	Last bps
2/5	73.1	74.5
5/10	56.2	56.5
10/30	56.3	56.1
2/10	129.3	131.0
5/30	112.5	112.6
2/30	185.6	187.1

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	\$191	\$456		
10	\$184	\$439	\$790	
30	\$179	\$428	\$770	\$1,506

**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	\$4	\$17		
30	\$8	\$28	\$20	

**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	-1.89%			
10	1.97%	3.93%		
30	4.62%	6.63%	2.60%	

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	2.26	3.92	7.47
ZF	0.41	1.00	1.73	3.29
ZN	0.25	0.62	1.07	2.04
ZB	0.16	0.39	0.67	1.27

	2y	5y	10y	30y
2y		2.43	4.22	8.03
5y	0.41		1.73	3.30
10y	0.24	0.58		1.90
30y	0.12	0.30	0.52	

	ZT	ZF	ZN	ZB
ZT		2.27	3.66	5.87
ZF	0.44		1.61	2.59
ZN	0.27	0.62		1.60
ZB	0.17	0.39	0.62	

## Box for Box Matrix

	2y	5y	10y	30y
ZT	0.93	2.26	7.84	14.93
ZF	0.41	1.00	3.46	6.58
ZN	0.51	1.24	1.07	2.04
ZB	0.63	0.77	1.34	1.27

	2y	5y	10y	30y
2y		2.43	2.11	4.02
5y	0.41		0.43	1.65
10y	0.47	2.31		1.90
30y	0.25	0.61	0.52	

	ZT	ZF	ZN	ZB
ZT		2.27	7.32	11.74
ZF	0.44		1.61	5.17
ZN	0.14	0.62		1.60
ZB	0.09	0.19	0.62	



	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>			
0/N	2.091	2.000			
1week	2.303	1.950			
2week	2.628	1.950			
	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>		
1M	2.482	1.825	2.540		
3M	2.803	1.995	2.830		
6M	3.194	2.327	3.200		
	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	2.899	93.75	3.84	4.586	1.687
5y	3.644	89.75	4.54	5.286	1.642
10y	4.209	68.00	4.89	5.381	1.171

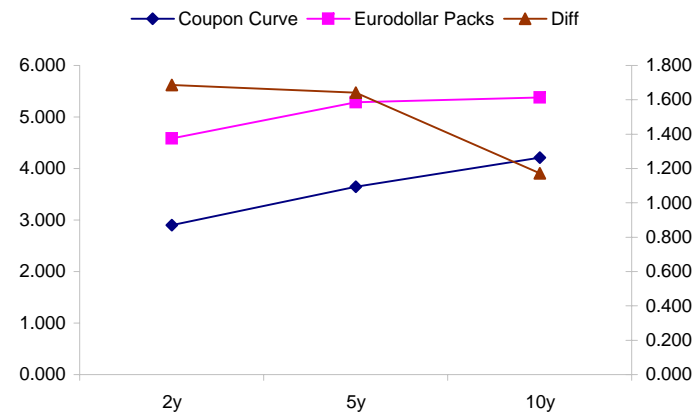
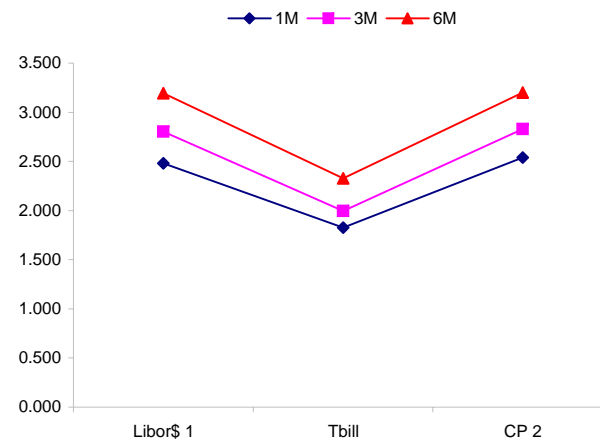
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
74.5	70.0	-4.5
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
131.0	79.5	-51.6
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
56.5	9.5	-47.0

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



Libor, Fed Funds (OIS), Repo, SONIA & EONIA Rates

	Last	Chng	Term	Asset Type
USDLIBON	2.091	(0.0688)	Overnight	LIBOR
TUSFFRON	1.625	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	2.000	0.0000	Overnight	Repo Rate
TEONIA01M	4.123	0.0040	1 month	Euribor OIS Rate
TEONIA03M	4.255	0.0110	3 month	Euribor OIS Rate
TSONIA01M	5.061	0.0070	1 month	Sterling OIS Rate
TSONIA03M	5.131	0.0080	3 month	Sterling OIS Rate
TUSOIS01M	2.038	(0.0010)	1 month	USD OIS Rate
TUSOIS03M	2.106	0.0120	3 month	USD OIS Rate

