

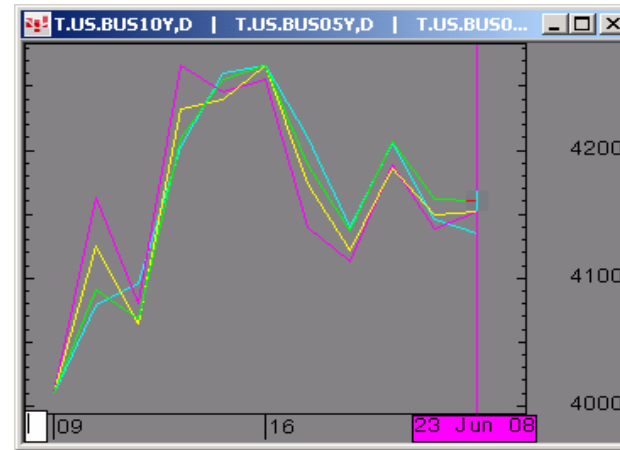


### The Morning Email: Treasuries

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#### Daily Yield Curve



Scale is for 10yr

Source: CQG, Inc. © 2008 Mon Jun 23 2008 06:00:05



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

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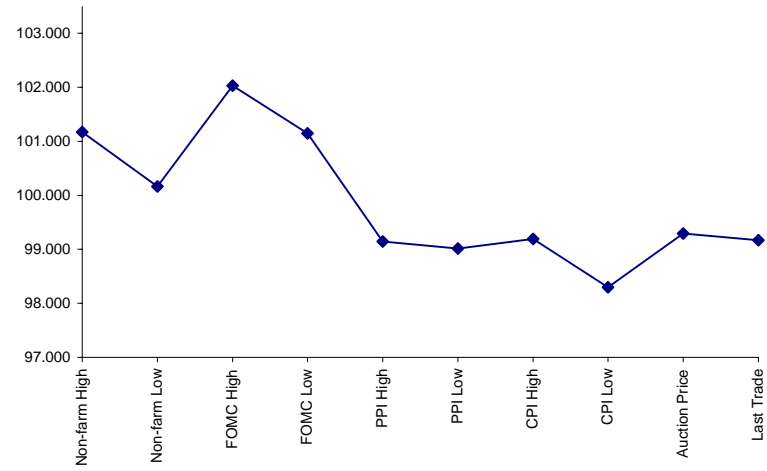
Economic Releases (32nds)

	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	99.1700	97.230	112.125	113.135	6/24/2008 5:42

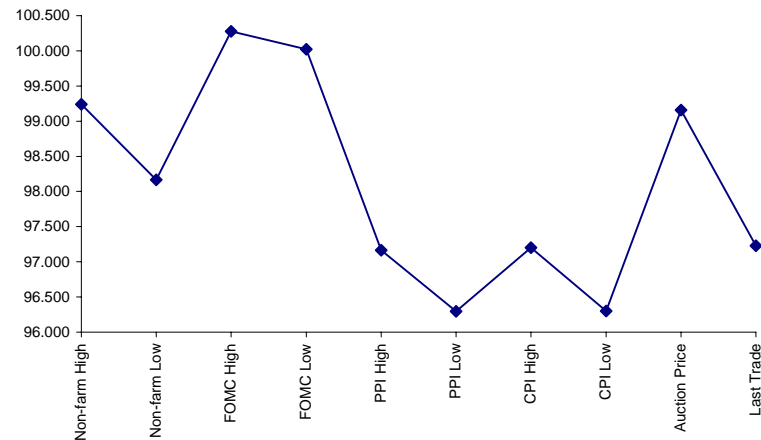
Auctions - 32nds

	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)



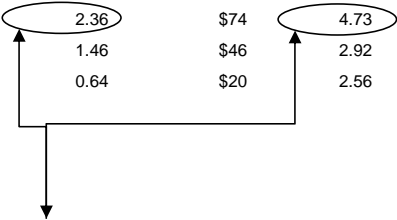
Notes:

- 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	104.275	0.012	104.285	104.250	104.267	21,704	2y Fut
FVAU8	109.100	0.032	109.120	109.032	109.062	32,767	5y Fut
TYAU8	112.125	0.045	112.165	112.035	112.080	72,777	10y Fut
USAU8	113.135	0.05	113.175	113.060	113.095	12,720	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.137	0.015	99.147	99.117	99.132	na	2y Cash
BUS05P	99.170	0.027	99.195	99.115	99.147	na	5y Cash
BUS10P	97.225	0.010	97.270	97.180	97.215	na	10y Cash
BUS30P	94.255	0.000	94.315	94.185	94.210	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.918	(0.021)	2.977	2.906	2.977	na	2y Yield
BUS05Y	3.603	(0.017)	3.648	3.585	3.648	na	5y Yield
BUS10Y	4.156	(0.006)	4.194	4.139	4.182	na	10y Yield
BUS30Y	4.699	0.000	4.772	4.687	4.712	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	15.88	4.90	\$1,531	9.80	n/a	30y
10y	8.08	2.54	\$793	5.08	n/a	10y
5y	4.48	1.46	\$456	5.84	n/a	5y
2y	1.87	0.59	\$186	2.38	n/a	2y
ZB	10.21	3.81	\$119	3.81	0.7771	ZB
ZN	6.48	2.36	\$74	4.73	0.8478	ZN
ZF	4.07	1.46	\$46	2.92	0.8995	ZF
ZT	1.89	0.64	\$20	2.56	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

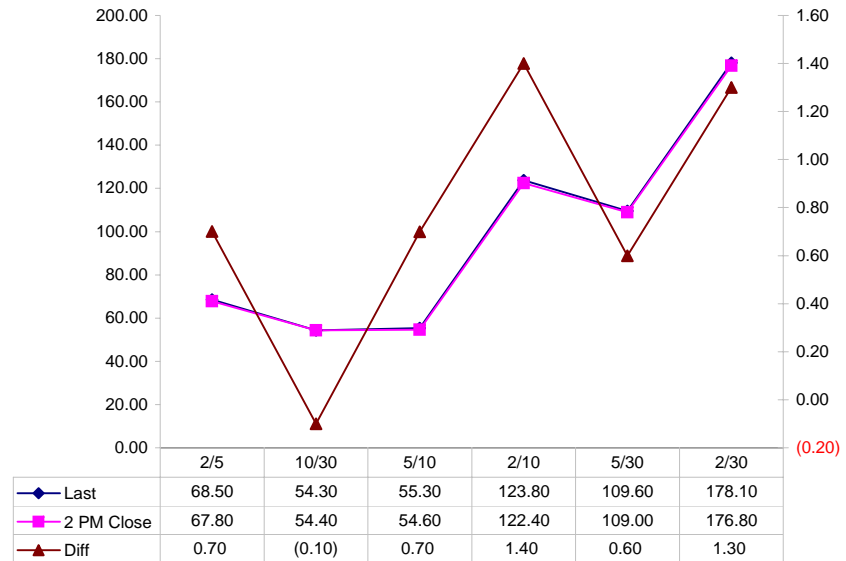
MDuration & DV01s for Futures are based on proxy issue (CTD)

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

**Yield Curve Spreads**

	Last	2pm close	Diff
2/5	68.50	67.80	0.70
10/30	54.30	54.40	(0.10)
5/10	55.30	54.60	0.70
2/10	123.80	122.40	1.40
5/30	109.60	109.00	0.60
2/30	178.10	176.80	1.30

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>		1.612	2.605	2.978
<b>ZN</b>	0.620		1.616	1.848
<b>ZF</b>	0.384	0.619		1.143
<b>ZT</b>	0.336	0.541	0.875	

## 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>	1.56	3.83	6.42	12.86
<b>ZN</b>	2.52	6.17	10.34	20.72
<b>ZF</b>	4.07	9.98	16.72	33.49
<b>ZT</b>	4.65	11.40	19.12	38.29

## 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>		2.453	4.112	8.237
<b>5y</b>	0.424		1.743	3.492
<b>10y</b>	0.243	0.597		2.003
<b>30y</b>	0.121	0.298	0.499	

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

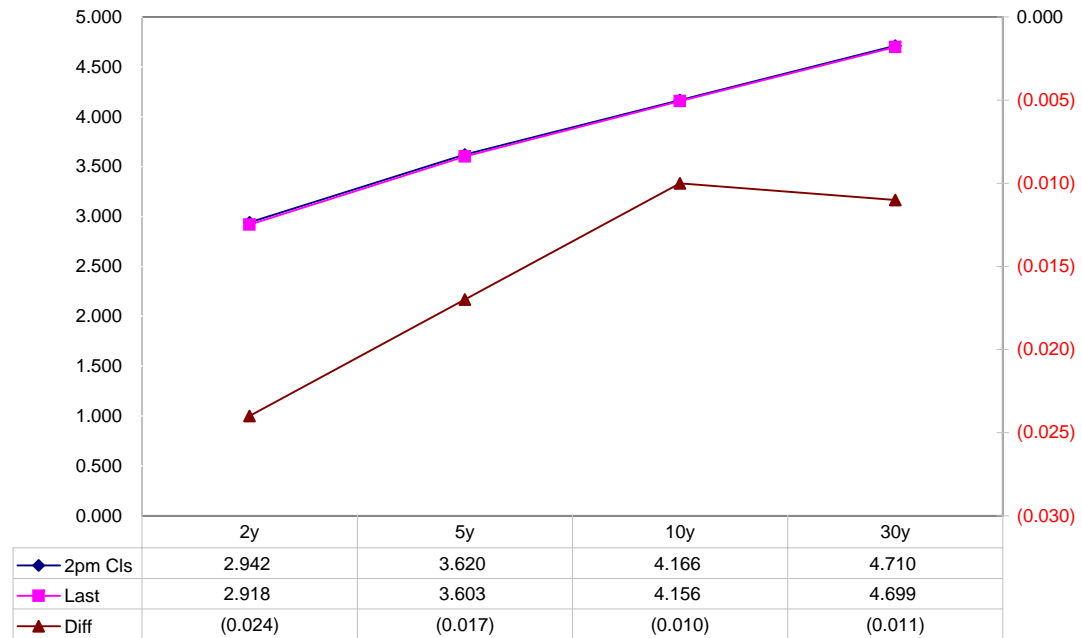
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	2.625	5/31/10	99.1300	2.942	2.918	(0.024)	-41.24	-40.76		104.2675	104.2750	TUAU8
5y	3.500	5/31/13	99.1475	3.620	3.603	(0.017)	-15.42	38.55		109.6750	109.1000	FVAU8
10y	3.875	5/15/18	97.210	4.166	4.156	(0.010)	79.70	77.89		112.080	112.125	TYAU8
30y	4.375	5/15/37	94.215	4.710	4.699	(0.011)	212.51	215.02		113.090	113.135	USAU8

Curve Spreads

	Close bps	Last bps
2/5	67.8	68.5
5/10	54.6	55.3
10/30	54.4	54.3
2/10	122.4	123.8
5/30	109.0	109.6
2/30	176.8	178.1

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%	55%	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	\$186			
5	\$190	\$456		
10	\$183	\$440	\$793	
30	\$180	\$432	\$779	\$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	(\$4)			
10	\$3	\$16		
30	\$6	\$24	\$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	-2.11%			
10	1.50%	3.69%		
30	3.36%	5.59%	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	0.93	2.28	3.97	7.66
ZF	0.41	1.00	1.74	3.35
ZN	0.25	0.62	1.07	2.07
ZB	0.16	0.38	0.67	1.29

	2y	5y	10y	30y
2y		2.45	4.27	8.24
5y	0.41		1.74	3.36
10y	0.23	0.57		1.93
30y	0.12	0.30	0.52	

	ZT	ZF	ZN	ZB
ZT		2.29	3.70	5.96
ZF	0.44		1.62	2.61
ZN	0.27	0.62		1.61
ZB	0.17	0.38	0.62	

## Box for Box Matrix

	2y	5y	10y	30y
ZT	0.93	2.28	7.94	15.32
ZF	0.41	1.00	3.47	6.70
ZN	0.50	1.23	1.07	2.07
ZB	0.62	0.77	1.33	1.29

	2y	5y	10y	30y
2y		2.45	2.13	4.12
5y	0.41		0.43	1.68
10y	0.47	2.30		1.93
30y	0.24	0.60	0.52	

	ZT	ZF	ZN	ZB
ZT		2.29	7.39	11.91
ZF	0.44		1.62	5.21
ZN	0.14	0.62		1.61
ZB	0.08	0.19	0.62	



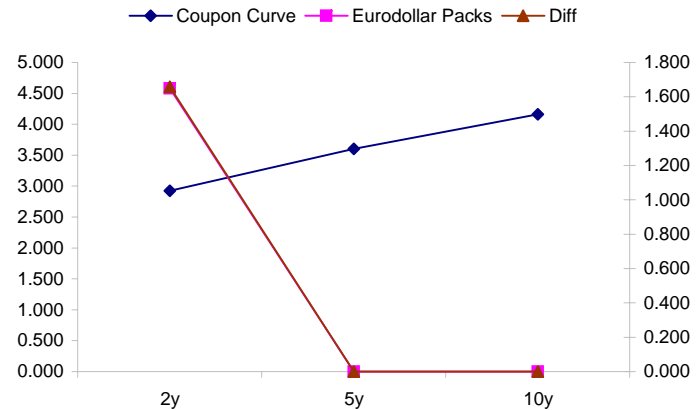
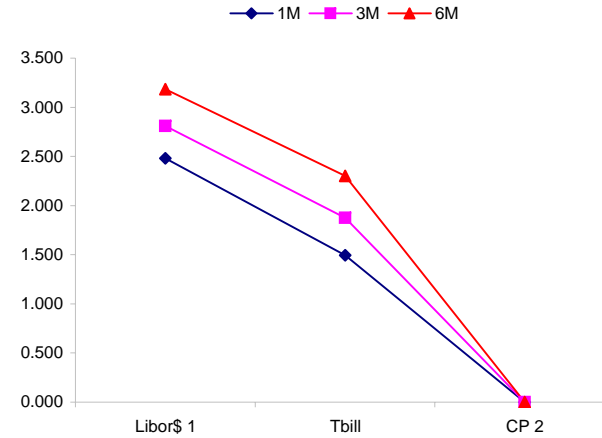
	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>			
0/N	2.092	#VALUE!			
1week	2.691	#VALUE!			
2week	2.618	#VALUE!			
	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>		
1M	2.482	1.493	#VALUE!		
3M	2.809	1.874	#VALUE!		
6M	3.186	2.303	#VALUE!		
	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	2.922	91.75	3.84	4.581	1.659
5y	3.604	91.00	4.51		#VALUE!
10y	4.160	71.25	4.87		#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
68.2	#VALUE!	#VALUE!	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
123.8	#VALUE!	#VALUE!	Red pack / Gold pack is a 2/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
55.6	#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	2.092	0.0069	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	4.157	0.0020	1 month	Euribor OIS Rate
TEONIA03M	4.259	(0.0070)	3 month	Euribor OIS Rate
TSONIA01M	5.072	(0.0020)	1 month	Sterling OIS Rate
TSONIA03M	5.170	(0.0030)	3 month	Sterling OIS Rate
TUSOIS01M	2.041	0.0030	1 month	USD OIS Rate
TUSOIS03M	2.095	(0.0020)	3 month	USD OIS Rate

