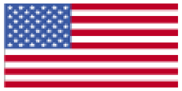

3/12/2008 5:37

The Morning Email: Treasuries

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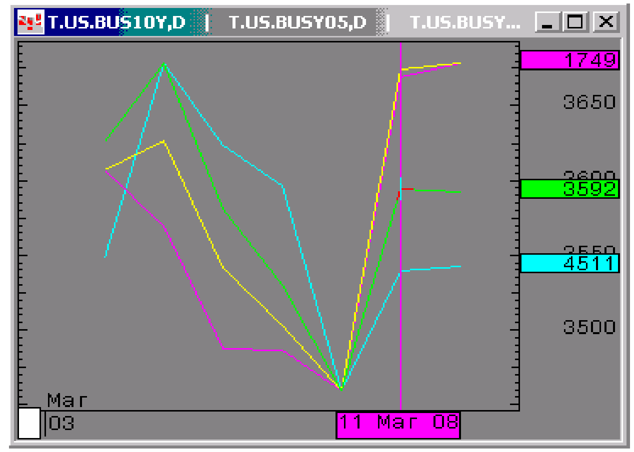
Daily Yield Curve



Source: CQG, Inc. © 2008 Wed Mar 12 2008 05:35:31

30y **10y** **5y** **2y**

Want something added? Let me know: 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. Thi material is based upon information that I consider reliable, but I do not represent that it is accurate or complete.

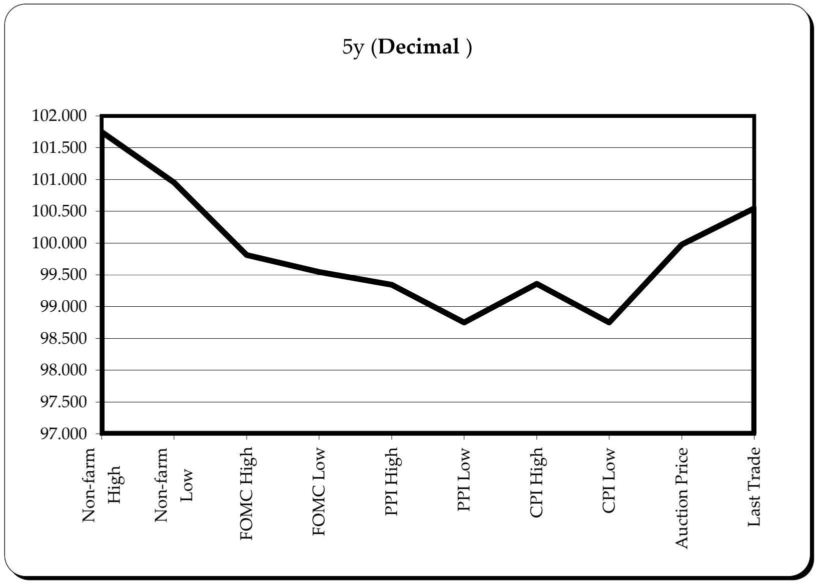
Important Econ Releases, Highs & Lows

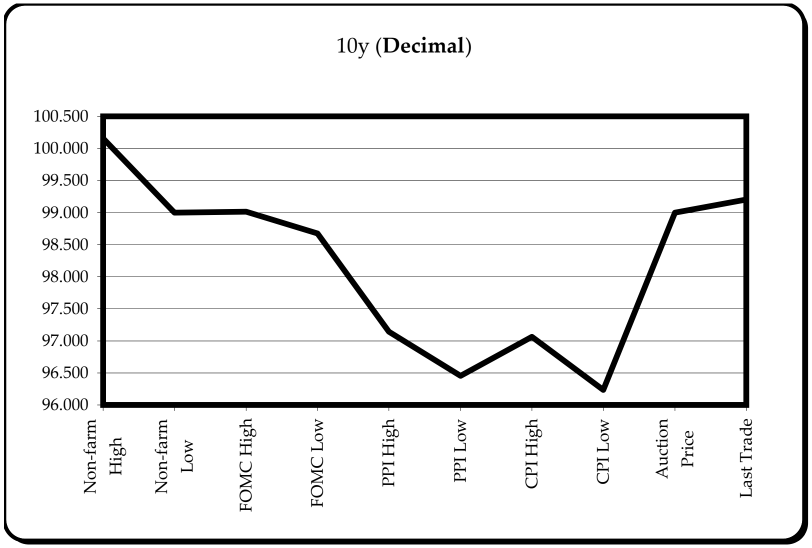
Economic Releases - 32nds

	5y	10y	ZNM8	ZBM8	Date
Non-farm High	101.2400	100.050	117.290	118.12	3/7/2008
Non-farm Low	100.3050	99.000	116.235	116.05	3/7/2008
FOMC High	99.2600	99.005	115.210	118.27	1/31/2008
FOMC Low	99.1750	98.215	114.277	118.08	1/31/2008
PPI High	99.1100	97.045	114.218	115.10	2/26/2008
PPI Low	98.2400	96.145	113.242	114.18	2/26/2008
CPI High	99.1150	97.020	113.303	115.06	2/20/2008
CPI Low	98.2400	96.075	113.221	114.03	2/20/2008
Auction Price	99.3126	99.000			
Last Trade	100.1750	99.065	116.280	117.07	3/12/2008 5:37

Auctions - 32nds

	2 y	5y	10y	30y
Auction Price	99.292	99.313	99.000	98.250
Auction Yield Stop	2.045	2.755	3.620	4.4449
Actual Auction Date	2/27/2008	2/28/2008	2/6/2008	2/7/2008





Notes: Cash and futures are adjusted for roll.
Release times are from release to 2pm cdt
{Mch08 to Jun08 Futures roll: ZF = (-20); ZN = (-43); ZB = (-36) [tics]}

Quotes

	Last	Net	High (32 nds)	Low	Open	Volume	SYM NAME
TUAM8	107.022	(0.035)	107.092	107.007	107.045	42,365	2y Fut
FVAM8	113.127	(0.050)	113.237	113.092	113.152	57,704	5y Fut
TYAM8	116.280	(0.005)	117.070	116.230	116.280	93,243	10y Fut
USAM8	117.065	0.08	117.170	116.300	117.030	25,692	30y Fut

	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02P	100.152	(0.002)	100.210	100.142	100.162	na	2y Cash
BUS05P	100.172	(0.012)	100.265	100.150	100.180	na	5y Cash
BUS10P	99.065	0.010	99.155	99.045	99.080	na	10y Cash
BUS30P	97.200	(0.050)	98.000	97.160	98.000	na	30y Cash

	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02Y	1.749	0.012	1.789	1.652	1.789	na	2y Yield
BUS05Y	2.630	0.005	2.664	2.566	2.664	na	5y Yield
BUS10Y	3.594	0.000	3.609	3.558	3.609	na	10y Yield
BUS30Y	4.506	(0.003)	4.53	4.482	4.515	na	30y Yield

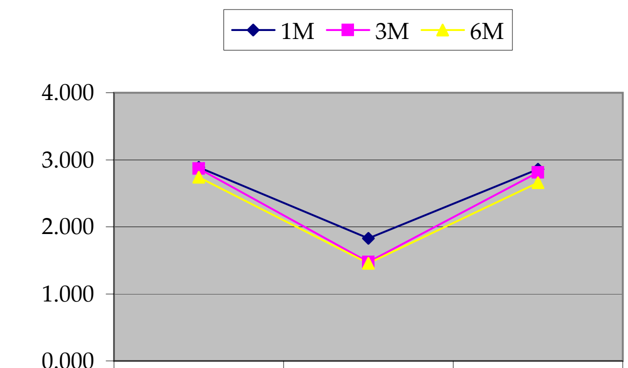
	Libor$ ^	Tbill	CP ^^
1M	2.890	1.827	2.860
3M	2.868	1.474	2.810
6M	2.740	1.454	2.660

	Libor$ ^	Repos
0/N	3.098	2.500
1week	3.043	2.500
2week	2.966	2.300

	TSY	Swap	ED Pks ^^^
2y	1.747	91.75	2.838
5y	2.633	92.25	4.432
10y	3.594	74.75	

"Swap spreads are essentially a measure of the difference between buying a safe government bond and making a riskier loan to a bank" --WSJ

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



	Libor$ ^	Tbill	CP ^^
1M	2.890	1.827	2.860
3M	2.868	1.474	2.810
6M	2.740	1.454	2.660

2/5	Rd/Blu Pk	Difference
88.6	159.3	70.7
2/10	**Rd/Gld Pk**	**Difference**
184.7	#VALUE!	#VALUE!
5/10	**Blu/Gld Pk**	**Difference**
96.1	#VALUE!	#VALUE!

Notes

^Quoted in US Dollars
^^CP = Commercial Paper
^^^ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
Lastly, SYM = Symbol

Duration, DV01s, Curve Spreads, CF

	M Duration	DV01 32	DV01 $	DV01 Box	CF
30y	16.37	5.13	$1,604	10.26	n/a
10y	8.29	2.64	$825	5.28	n/a
5y	4.61	1.50	$468	5.99	n/a
2y	1.92	0.62	$193	2.47	n/a
ZB	10.41	3.96	$124	3.96	0.7765
ZN	6.66	2.57	$80	5.14	0.8210
ZF	4.08	1.50	$47	2.99	0.8694
ZT	1.90	0.67	$21	2.67	0.9286

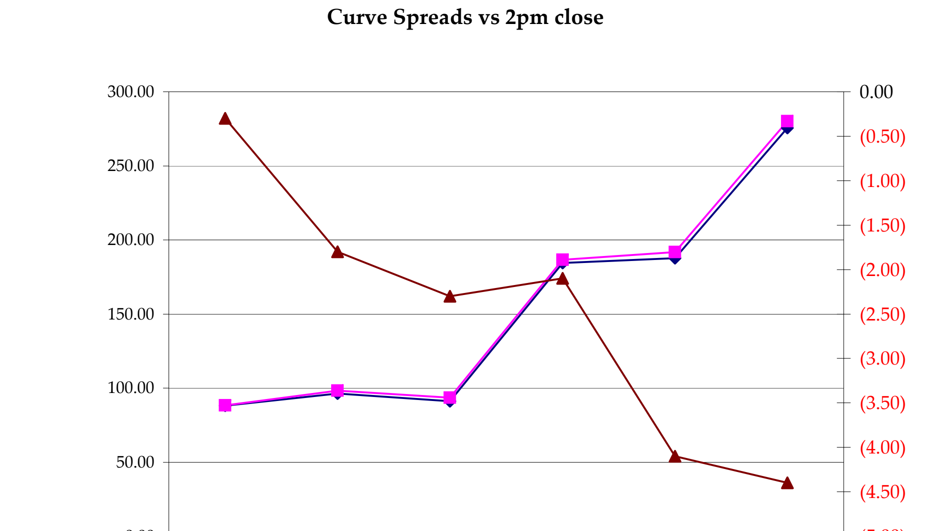
Yield Curve Spreads

	Last	2pm close	Diff
2/5	88.10	88.40	(0.30)
5/10	96.40	98.20	(1.80)
10/30	91.20	93.50	(2.30)
2/10	184.50	186.60	(2.10)
5/30	187.60	191.70	(4.10)
2/30	275.70	280.10	(4.40)

DV01 32, said differently, is "how many TICS are in a basis point?".

Example, If **ZN** moves 1~basis point, then, it's moved 2.08 tics (Today, 10/25/07, the value in the box is 2.08).

Since ZN trades in half tics, then, 4.17 boxes = 1 basis point in ZN. (Again, today, 10/25/07, the value in the box is 4.17). 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.



	2/5	5/10	10/30	2/10	5/30	2/30
Last	88.10	96.40	91.20	184.50	187.60	275.70
2 PM Close	88.40	98.20	93.50	186.60	191.70	280.10
Diff	(0.30)	(1.80)	(2.30)	(2.10)	(4.10)	(4.40)

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

Hedge Ratio's

US Financial Futures / Eurex Bond

	ZB	ZN	ZF	ZT
Bund (H)	1.000	1.600	2.800	3.120
Bobl (H)	0.600	0.910	1.560	1.730
Shatz (H)	0.260	0.398	0.677	0.755

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.540	2.647	2.967
ZN	0.649		1.664	1.121
ZF	0.378	0.582		1.121
ZT	0.337	0.519	0.892	

Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)		1.8	4.1
Bobl (H)	0.6		2.3
Shatz (H)	0.2	0.4	

US Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.56	3.78	6.67	12.96
ZN	2.40	5.83	10.27	19.96
ZF	4.13	10.01	17.65	34.31
ZT	4.63	11.22	19.78	38.45

US Treasuries v Eurex Bonds

	2y	5y	10y	30y
Bund (H)	1.5	3.6	6.4	12.3
Bobl (H)	2.8	6.7	11.8	22.9
Shatz (H)	7.1	17.2	30.4	59.0

US Treasuries

	2y	5y	10y	30y
2y		2.427	4.276	8.314
5y	0.412		1.762	3.426
10y	0.234	0.567		1.944
30y	0.120	0.292	0.514	

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

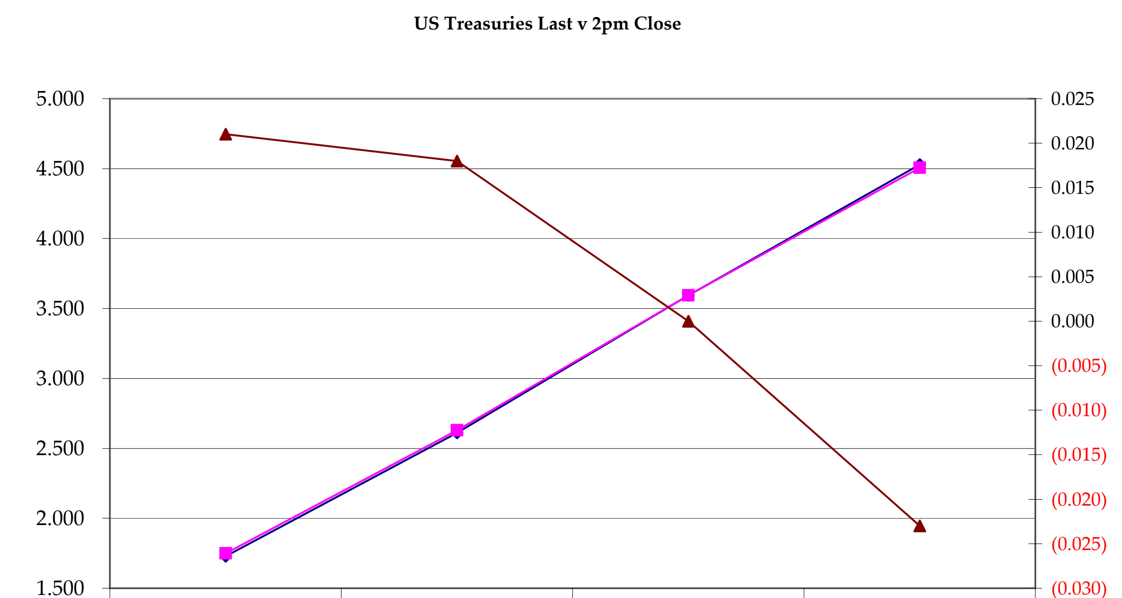
Closes: 2pm CST vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis Close	Basis Last	Roll
2y	2.000	2/28/10	100.1375	1.728	1.749	0.021			
5y	2.750	2/28/13	100.2050	2.612	2.630	0.018	61.10	62.71	
10y	3.500	2/15/18	99.070	3.594	3.594	0.000	104.05	103.96	
30y	4.375	5/15/37	97.16	4.529	4.506	(0.023)	212.67	218.24	

	Close 32	Last	
FVAM8	113.180	113.127	**June 08 Contracts**
TYAM8	116.285	116.280	
USAM8	116.32	117.065	
FVar1		#VALUE!	**Roll: 1/4 tic spreads**
TYar1		126	
USar1		109.0	
FVH8		114.075	**March 08 Contracts**
TYAH8		118.215	
USAH8		118.165	

Curve Spreads

	Close bps	Last bps
2/5	88.4	88.1
5/10	98.2	96.4
10/30	93.5	91.2
2/10	186.6	184.5
5/30	191.7	187.6
2/30	280.1	275.7



	2y	5y	10y	30y
2pm Cls	1.728	2.612	3.594	4.529
Last	1.749	2.630	3.594	4.506
Diff	0.021	0.018	0.000	(0.023)

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

Cash Duration Matrix				
	2	5	10	30
2	**100%**			
5	42%	**100%**		
10	23%	56%	**100%**	
30	12%	28%	51%	**124%**

Cash Matrix [DV01 x Duration]				
	2	5	10	30
2	**$193**			
5	$195	**$468**		
10	$191	$459	**$825**	
30	$188	$452	$812	**$1,604**

Cash Matrix [DV01 over / (under) valued]				
	2	5	10	30
2				
5	($2)			
10	$2	$9		
30	$5	$17	$13	

Cash Matrix [DV01 over / (under) as %]				
	2	5	10	30
2				
5	-0.96%			
10	1.08%	2.07%		
30	2.66%	3.66%	1.56%	

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

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.

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.

Or you can look at the over/under value as a percentage instead of dollar terms.

Tic for Tic & Box for Box Matrix

Tic for Tic Matrix

Box for Box Matrix

[redacted]

This page needs to be updated now that the CME has changed the tic size. I'll get to this in the next few days.
Thanks,
Jim