3/28/2008 5:49

The Morning Email: Treasuries

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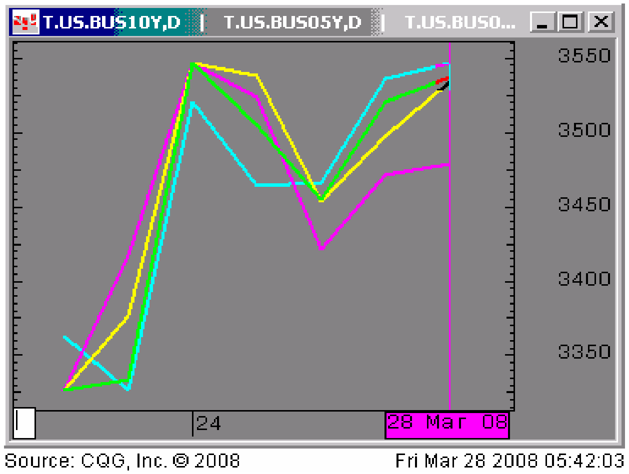
5yr rolled at +3.0

Daily Yield Curve



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

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

Important Econ Releases, Highs & Lows

Economic Releases - 32nds

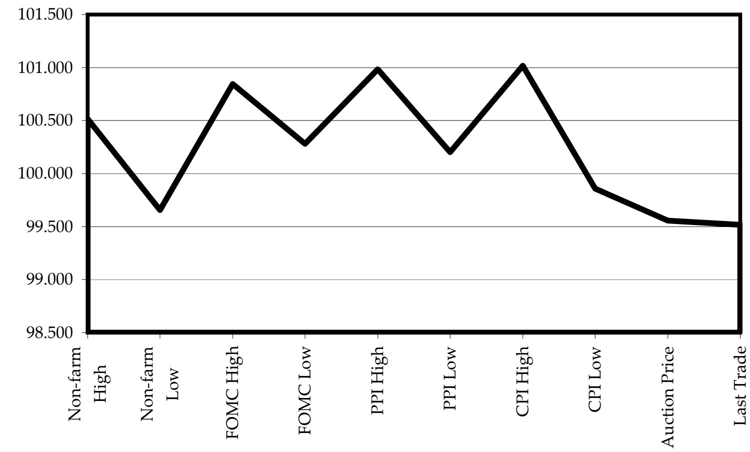
	5y	10y	ZNM8	ZBM8	Date
Non-farm High	100.1650	100.050	117.290	118.12	3/7/2008
Non-farm Low	99.2100	99.000	116.235	116.05	3/7/2008
FOMC High	100.2700	101.025	119.210	120.03	3/18/2008
FOMC Low	100.0900	100.105	118.285	119.10	3/18/2008
PPI High	100.3150	101.060	119.150	120.03	3/18/2008
PPI Low	100.0650	100.080	118.250	119.04	3/18/2008
CPI High	101.0050	101.065	119.120	120.13	3/14/2008
CPI Low	99.2750	99.315	118.040	118.21	3/14/2008
Auction Price	99.1783	99.000			
Last Trade	99.1650	99.210	118.085	118.01	3/28/2008 5:49

Auctions - 32nds

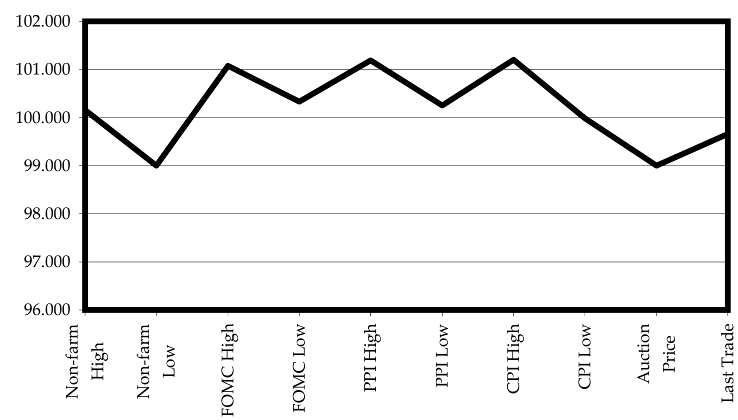
	2 y	5y	10y	30y
Auction Price	99.313	99.178	99.000	98.250
Auction Yield Stop	1.761	2.595	3.620	4.4449
Actual Auction Date	3/26/2008	3/27/2008	2/6/2008	2/7/2008

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]}

5y (**Decimal**)



10y (**Decimal**)

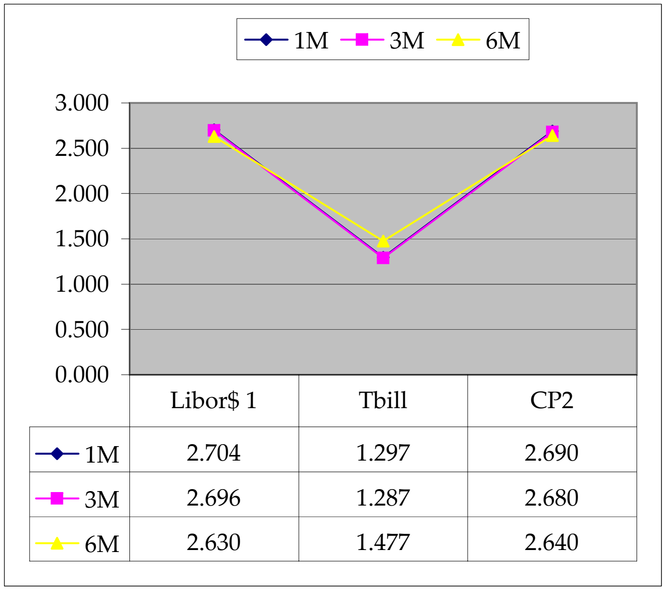


Quotes

	Last	Net	High (32 nds)	Low (32 nds)	Open (32 nds)	Volume	SYM NAME
TUAM8	107.050	0.007	107.072	107.035	107.072	9,844	2y Fut
FVAM8	113.222	0.012	113.270	113.190	113.262	23,489	5y Fut
TYAM8	118.085	(0.030)	118.145	118.030	118.115	53,589	10y Fut
USAM8	118.005	(0.05)	118.040	117.205	118.000	10,127	30y Fut

	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02P	100.025	(0.007)	100.047	100.020	100.042	na	2y Cash
BUS05P	99.162	(1.132)	99.220	99.155	99.200	na	5y Cash
BUS10P	99.210	(0.055)	99.260	99.190	99.220	na	10y Cash
BUS30P	99.200	(0.025)	99.270	99.100	99.260	na	30y Cash

	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02Y	1.703	0.012	1.735	1.671	1.735	na	2y Yield
BUS05Y	2.601	0.053	2.645	2.562	2.645	na	5y Yield
BUS10Y	3.539	0.019	3.553	3.515	3.545	na	10y Yield
BUS30Y	4.390	0.011	4.418	4.38	4.4	na	30y Yield



	Libor$[1]	Tbill	CP[2]
1M	2.704	1.297	2.690
3M	2.696	1.287	2.680
6M	2.630	1.477	2.640

	Libor$[1]	Repos[6]
0/N	3.078	0.800
1week	3.044	1.100
2week	2.945	1.100

	TSY	Swap	ED Pks[3]	TSY - ED Pk[4]	Swap Rate[5]
2y	1.702	84.75	2.958	1.256	2.55
5y	2.606	86.75		#VALUE!	3.47
10y	3.541	68.00		#VALUE!	4.22

2/5	Rd/Blu Pk	Difference
90.4	#VALUE!	#VALUE!
2/10	**Rd/Gld Pk**	**Difference**
183.9	#VALUE!	#VALUE!
5/10	**Blu/Gld Pk**	**Difference**
93.6	#VALUE!	#VALUE!

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) Repos quote is for overnight General Collateral

Duration, DV01s, Curve Spreads, CF

	M Duration	DV01 32	DV01 $	DV01 Box	CF
30y	16.48	5.29	$1,653	10.58	n/a
10y	8.25	2.64	$826	5.28	n/a
5y	4.59	1.48	$461	5.90	n/a
2y	1.96	0.63	$196	2.51	n/a
ZB	10.36	3.98	$124	3.98	0.7765
ZN	6.62	2.58	$81	5.16	0.8210
ZF	4.03	1.49	$46	2.97	0.8694
ZT	1.88	0.65	$20	2.61	0.9303

Yield Curve Spreads

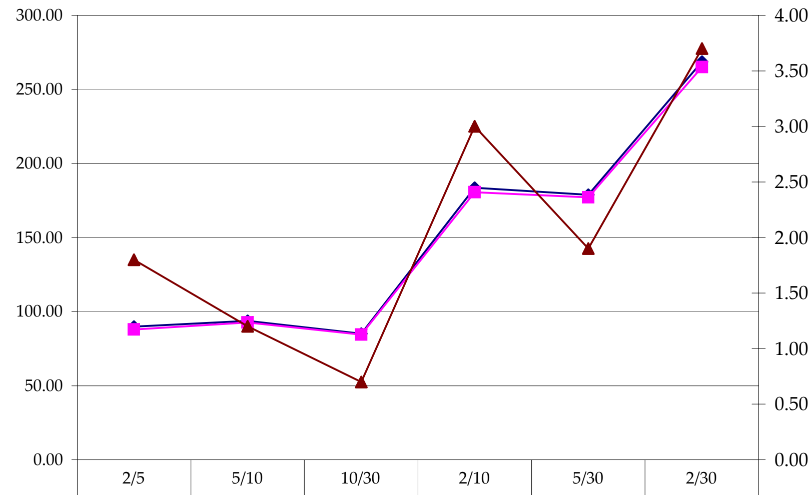
	Last	2pm close	Diff
2/5	89.80	88.00	1.80
5/10	93.80	92.60	1.20
10/30	85.10	84.40	0.70
2/10	183.60	180.60	3.00
5/30	178.90	177.00	1.90
2/30	268.70	265.00	3.70

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.

Curve Spreads vs 2pm close



	2/5	5/10	10/30	2/10	5/30	2/30
Last	89.80	93.80	85.10	183.60	178.90	268.70
2 PM Close	88.00	92.60	84.40	180.60	177.00	265.00
Diff	1.80	1.20	0.70	3.00	1.90	3.70

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	3.238
Bobl (H)	0.600	0.923	1.587	1.787
Shatz (H)	0.248	0.383	0.658	0.741

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.540	2.676	3.044
ZN	0.649		1.684	1.137
ZF	0.374	0.575		1.137
ZT	0.329	0.506	0.879	

Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)		1.8	4.4
Bobl (H)	0.6		2.4
Shatz (H)	0.2	0.4	

US Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.58	3.71	6.65	13.30
ZN	2.43	5.72	10.24	20.49
ZF	4.22	9.93	17.79	35.60
ZT	4.80	11.30	20.23	40.49

US Treasuries v Eurex Bonds

	2y	5y	10y	30y
Bund (H)	1.4	3.4	6.1	12.0
Bobl (H)	2.6	6.2	11.1	21.7
Shatz (H)	6.2	15.0	26.6	52.1

US Treasuries

	2y	5y	10y	30y
2y		2.353	4.214	8.434
5y	0.425		1.791	3.585
10y	0.237	0.558		2.001
30y	0.119	0.279	0.500	

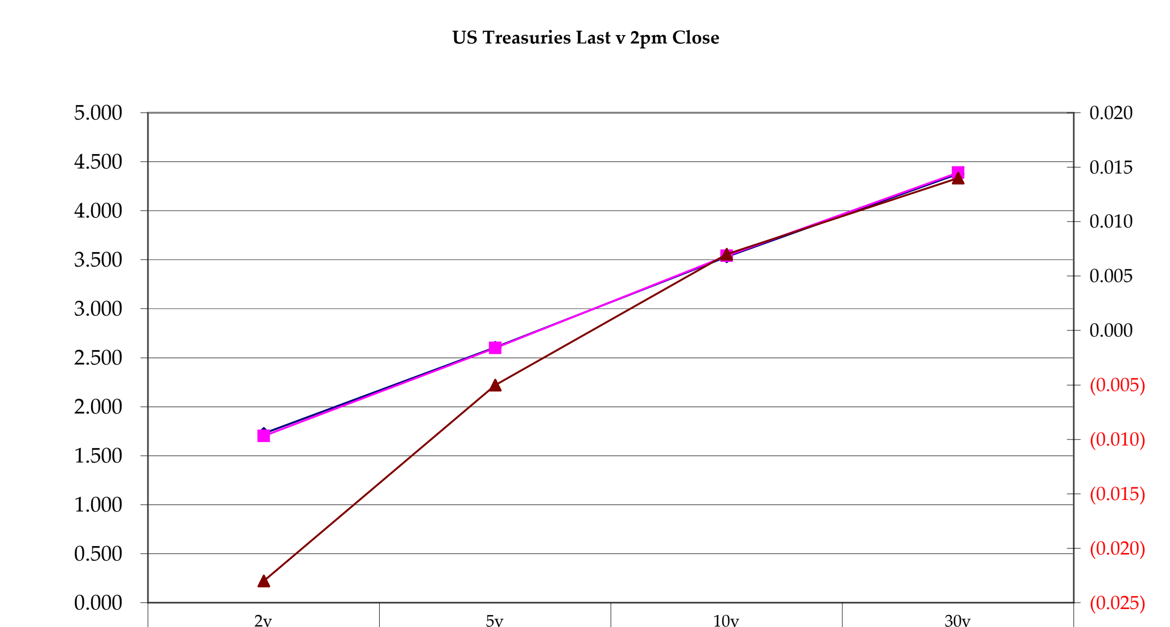
Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

Closes: 2pm CST vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis Close	Basis Last	Roll		Close 32	Last
2y	1.750	3/31/10	100.0150	1.726	1.703	(0.023)			+2.75	FVAM8	113.213	113.222
5y	2.750	3/31/13	99.1625	2.606	2.601	(0.005)	22.02	21.45	+3.50	TYAM8	118.115	118.085
10y	3.500	2/15/18	99.235	3.532	3.539	0.007	81.96	81.93		USAM8	118.06	118.005
30y	4.375	5/15/37	99.32	4.376	4.390	0.014	263.17	257.55				

Curve Spreads

	Close bps	Last bps
2/5	88.0	89.8
5/10	92.6	93.8
10/30	84.4	85.1
2/10	180.6	183.6
5/30	177.0	178.9
2/30	265.0	268.7



	2y	5y	10y	30y
2pm Cls	1.726	2.606	3.532	4.376
Last	1.703	2.601	3.539	4.390
Diff	(0.023)	(0.005)	0.007	0.014

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	43%	**100%**		
10	24%	55%	**100%**	
30	12%	28%	50%	**125%**

Cash Matrix [DV01 x Duration]				
	2	5	10	30
2	**$196**			
5	$200	**$466**		
10	$196	$457	**$826**	
30	$196	$458	$827	**$1,653**

Cash Matrix [DV01 over / (under) valued]				
	2	5	10	30
2				
5	($4)			
10	$0	$9		
30	($0)	$8	($2)	

Cash Matrix [DV01 over / (under) as %]				
	2	5	10	30
2				
5	-1.89%			
10	0.02%	1.95%		
30	-0.18%	1.75%	-0.20%	

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 Matrix				Box for Box Matrix			
	2y	5y	10y	30y	2y	5y	10y	30y

[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