

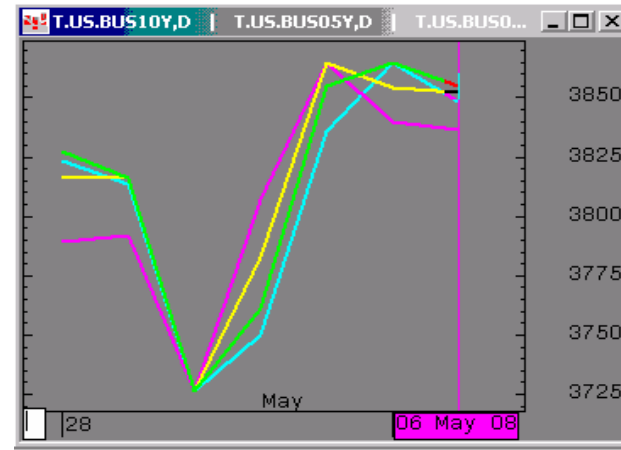


The Morning Email: Treasuries

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Daily Yield Curve



Scale is for 10yr

Source: CQG, Inc. © 2008 Tue May 06 2008 05:42:01



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

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Important Econ Releases, Highs & Lows

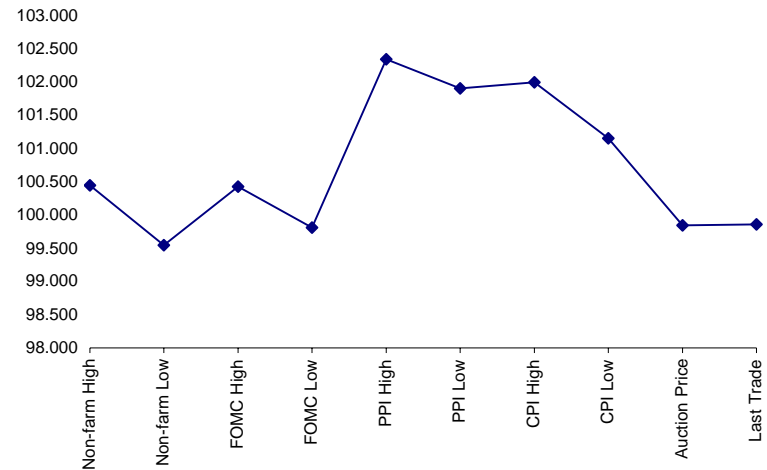
Economic Releases (32nds)

	5y	10y	ZNM8	ZBM8	Date
Non-farm High	100.1425	98.080	116.005	117.185	5/2/2008
Non-farm Low	99.1750	96.295	114.205	115.230	5/2/2008
FOMC High	100.1375	97.290	115.275	116.305	4/20/2008
FOMC Low	99.2600	97.045	114.300	115.220	4/20/2008
PPI High	102.1100	100.000	117.285	119.110	4/15/2008
PPI Low	101.2900	99.085	117.075	118.010	4/15/2008
CPI High	102.0000	99.140	117.145	118.135	4/16/2008
CPI Low	101.0500	98.070	116.450	116.245	4/16/2008
Auction Price	99.2700	99.000	na	na	
Last Trade	99.2750	97.040	114.315	116.000	5/6/2008 5:42

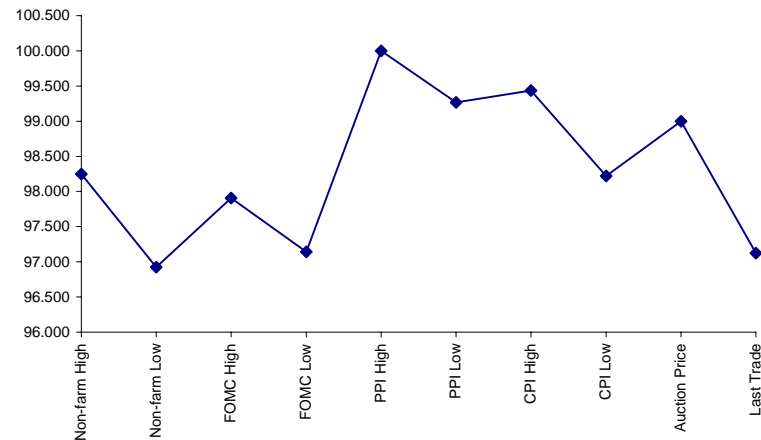
Auctions - 32nds

	2 y	5y	10y	30y
Auction Price	99.258	99.270	99.000	98.250
Auction Yield Stop	2.225	3.159	3.620	4.4449
Actual Auction Date	4/23/2008	4/24/2008	2/6/2008	2/7/2008

5y (Decimal)



10y (Decimal)



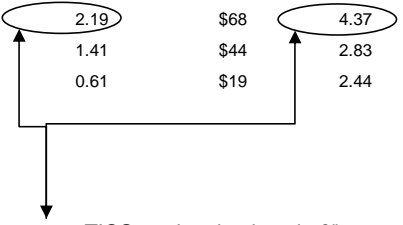
Notes:

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

Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAM8	106.015	(0.007)	106.030	105.312	106.017	11,664	2y Fut
FVAM8	111.152	(0.032)	111.192	111.105	111.162	46,470	5y Fut
TYAM8	114.315	(0.030)	115.025	114.245	114.305	65,097	10y Fut
USAM8	116.000	(0.04)	116.025	115.225	115.285	12,656	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.140	0.002	99.142	99.120	99.135	na	2y Cash
BUS05P	99.272	0.000	99.282	99.230	99.282	na	5y Cash
BUS10P	97.030	0.020	97.045	96.285	97.020	na	10y Cash
BUS30P	96.160	0.060	96.190	96.070	96.075	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.410	(0.004)	2.459	2.398	2.434	na	2y Yield
BUS05Y	3.154	(0.002)	3.19	3.142	3.158	na	5y Yield
BUS10Y	3.855	(0.010)	3.889	3.849	3.863	na	10y Yield
BUS30Y	4.586	(0.016)	4.615	4.584	4.597	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.14	5.04	\$1,574	10.07	n/a	30y
10y	8.11	2.54	\$794	5.08	n/a	10y
5y	4.58	1.49	\$464	5.94	n/a	5y
2y	1.93	0.61	\$192	2.45	n/a	2y
ZB	10.19	3.83	\$120	3.83	0.7765	ZB
ZN	5.86	2.19	\$68	4.37	0.8210	ZN
ZF	3.92	1.41	\$44	2.83	0.8809	ZF
ZT	1.78	0.61	\$19	2.44	0.9336	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.

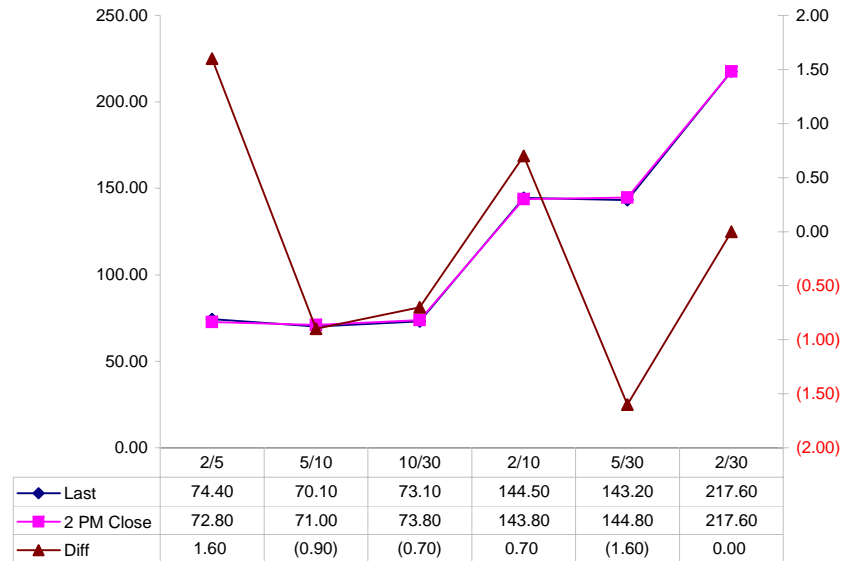
Notes

- 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	74.40	72.80	1.60
5/10	70.10	71.00	(0.90)
10/30	73.10	73.80	(0.70)
2/10	144.50	143.80	0.70
5/30	143.20	144.80	(1.60)
2/30	217.60	217.60	0.00

Curve Spreads vs 2pm close



US Financial Futures / Eurex Bond

	ZB	ZN	ZF	ZT
Bund (M)	1.070	1.871	2.898	3.335
Bobl (M)	0.588	1.028	1.593	1.833
Shatz (M)	0.239	0.418	0.647	0.745

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.751	2.708	3.141
ZN	0.571		1.547	1.794
ZF	0.369	0.647		1.160
ZT	0.318	0.558	0.862	

Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)		1.8	4.5
Bobl (H)	0.5		2.5
Shatz (H)	0.2	0.4	

US Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.60	3.88	6.64	13.16
ZN	2.80	6.79	11.63	23.04
ZF	4.34	10.51	17.98	35.63
ZT	5.03	12.19	20.85	41.32

US Treasuries v Eurex Bonds

	2y	5y	10y	30y
Bund (M)	1.5	3.6	6.2	12.3
Bobl (M)	2.7	6.5	11.2	22.4
Shatz (M)	6.7	16.0	27.6	54.9

US Treasuries

	2y	5y	10y	30y
2y		2.422	4.145	8.213
5y	0.413		1.711	3.391
10y	0.241	0.584		1.982
30y	0.122	0.295	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

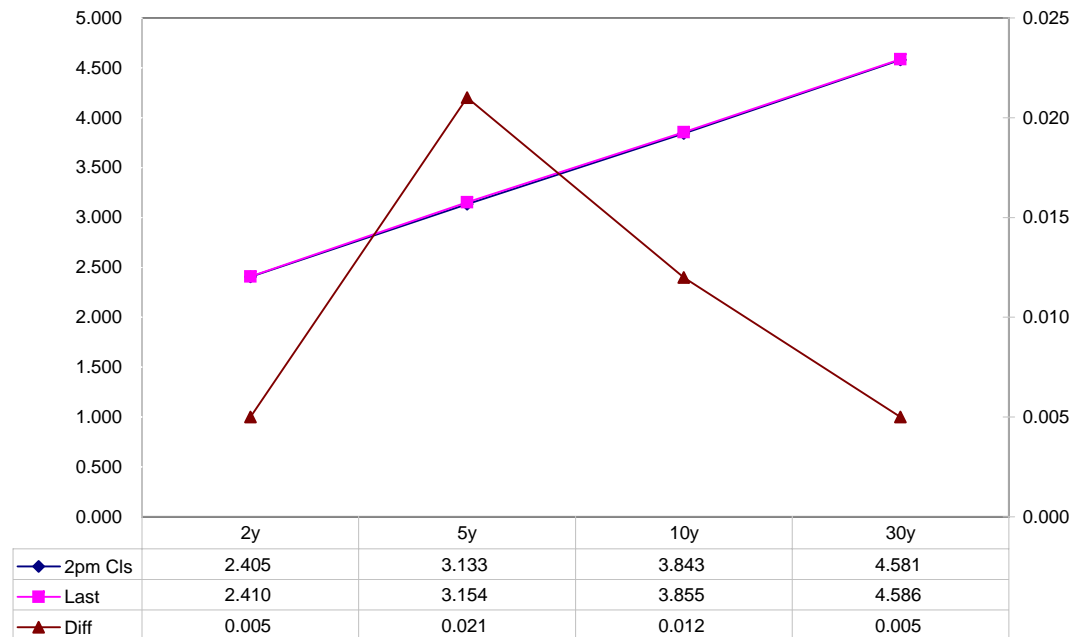
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	2.125	4/30/10	99.1475	2.405	2.410	0.005	13.828	13.828	na	106.0225	106.0150	TUAM8
5y	3.125	4/30/13	99.3075	3.133	3.154	0.021	-5.08	53.15	na	111.8500	111.1520	FVAM8
10y	3.500	2/15/18	97.070	3.843	3.855	0.012	87.67	87.13	+1.75 / -1.50	115.025	114.315	TYAM8
30y	4.375	5/15/37	96.125	4.581	4.586	0.005	199.03	208.13	+0.50 / -0.25	116.040	116.000	USAM8

Curve Spreads

	Close bps	Last bps
2/5	72.8	74.4
5/10	71.0	70.1
10/30	73.8	73.1
2/10	143.8	144.5
5/30	144.8	143.2
2/30	217.6	217.6

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%	28%	50%	100%

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

Cash Matrix [DV01 x Duration]

	2	5	10	30
2	\$192			
5	\$195	\$464		
10	\$189	\$448	\$794	
30	\$188	\$446	\$791	\$1,574

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	\$4	\$18	\$3	

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	-1.93%			
10	1.63%	3.63%		
30	2.04%	4.05%	0.41%	

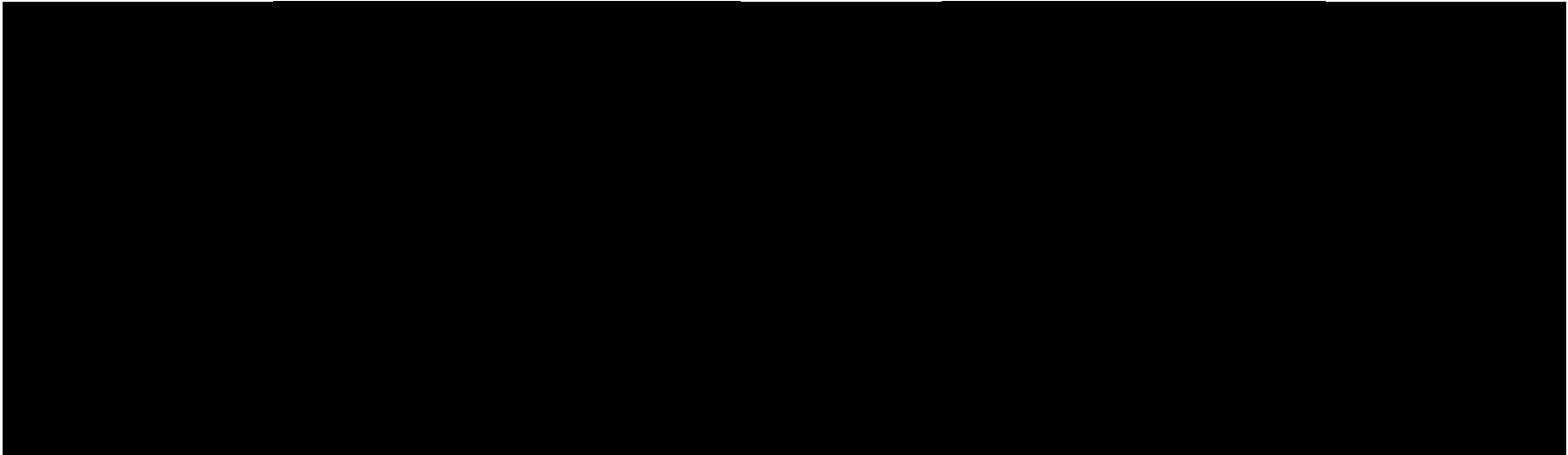
Or you can look at the over/under value as a percentage instead of dollar terms.

Tic for Tic Matrix

2y 5y 10y 30y

Box for Box Matrix

2y 5y 10y 30y



This page needs to be updated now that the CME has changed the tic size. I'll get to this soon.

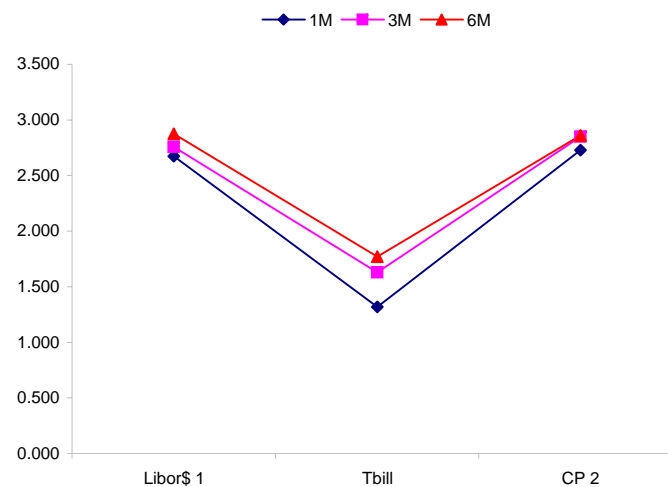
Thanks,
Jim

	Libor\$ ¹	Repo Rt ⁶			
0/N	2.365	1.920			
1week	2.585	1.900			
2week	2.630	1.900			
	Libor\$ ¹	Tbill	CP ²		
1M	2.674	1.317	2.730		
3M	2.758	1.630	2.850		
6M	2.876	1.769	2.860		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	2.418	79.50	3.21	3.669	1.251
5y	3.157	76.25	3.92		#VALUE!
10y	3.859	61.00	4.47		#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
74.0	#VALUE!	#VALUE!
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
144.2	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
70.2	#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) Repo Rt quotes is for overnight General Collateral

	Last	Chng	Term	Asset Type
USDLIBON	2.365	(0.1075)	Overnight	LIBOR
TUSFFRON	1.250	(0.5625)	Overnight	Fed Funds Effective Rate
TUSRPOON	1.920	0.0000	Overnight	Repo Rate
TEONIA01M	4.023	0.0030	1 month	Euribor OIS Rate
TEONIA03M	4.039	(0.0120)	3 month	Euribor OIS Rate
TSONIA01M	4.986	(0.0250)	1 month	Sterling OIS Rate
TSONIA03M	4.905	(0.0330)	3 month	Sterling OIS Rate
TUSOIS01M	2.005	0.0050	1 month	USD OIS Rate
TUSOIS03M	1.990	0.0010	3 month	USD OIS Rate

