

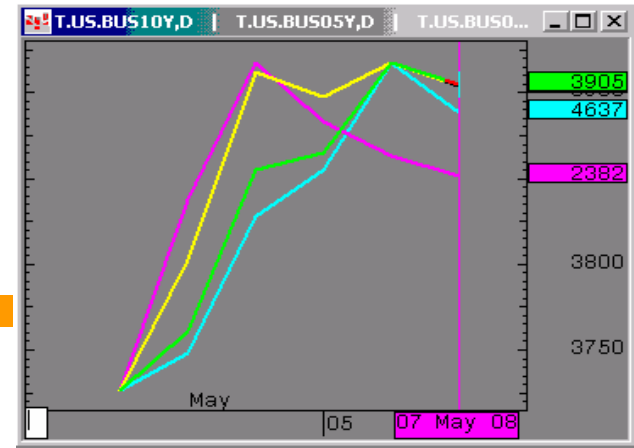


### The Morning Email: Treasuries

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#### Daily Yield Curve



Scale is for 10yr

Source: CQG, Inc. © 2008 Wed May 07 2008 05:34:55



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

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### Important Econ Releases, Highs & Lows

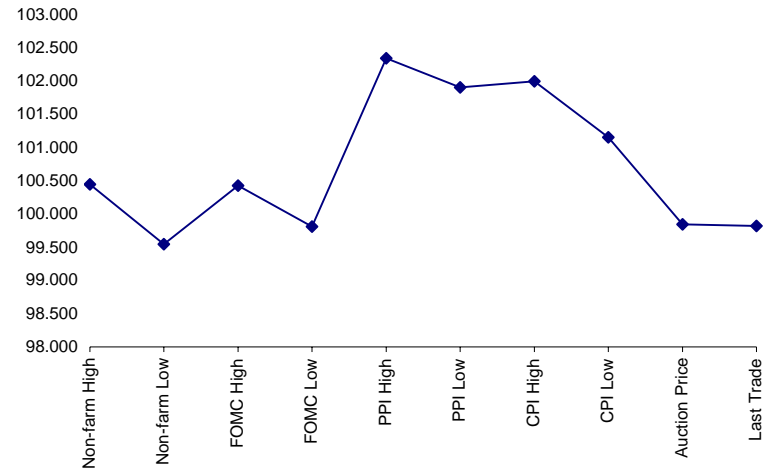
Economic Releases (32nds)

	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	99.2620	96.235	114.225	115.135	5/7/2008 5:35

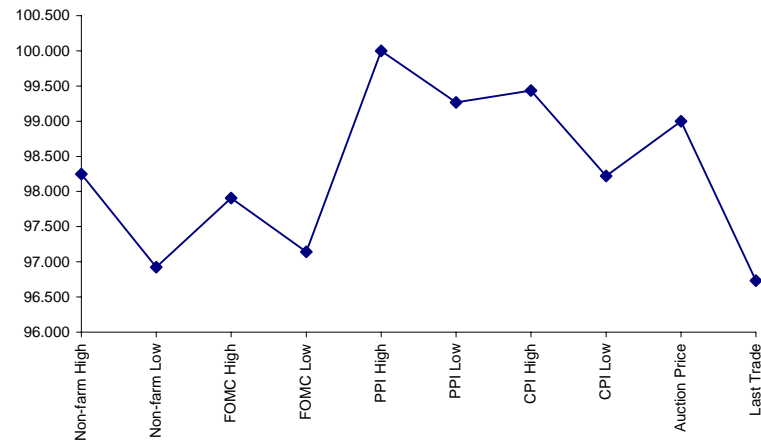
Auctions - 32nds

	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)



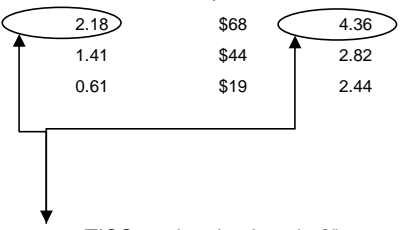
**Notes:**

- 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	106.035	1.105	106.040	106.012	106.037	19,587	2y Fut
FVAM8	111.142	2.250	111.160	111.102	111.152	34,957	5y Fut
TYAM8	114.225	2.210	114.245	114.170	114.215	91,547	10y Fut
USAM8	115.135	1.13	115.150	115.010	115.045	21,170	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.160	0.005	99.165	99.140	99.162	na	2y Cash
BUS05P	99.260	0.007	99.272	99.222	99.262	na	5y Cash
BUS10P	96.230	0.040	96.235	96.160	96.190	na	10y Cash
BUS30P	95.240	0.155	95.250	95.065	95.085	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.382	(0.012)	2.427	2.361	2.398	na	2y Yield
BUS05Y	3.164	(0.009)	3.195	3.154	3.168	na	5y Yield
BUS10Y	3.905	(0.013)	3.938	3.901	3.922	na	10y Yield
BUS30Y	4.637	(0.030)	4.688	4.634	4.669	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.09	4.98	\$1,556	9.96	n/a	30y
10y	8.11	2.53	\$791	5.06	n/a	10y
5y	4.57	1.48	\$464	5.94	n/a	5y
2y	1.92	0.61	\$192	2.45	n/a	2y
ZB	10.18	3.82	\$119	3.82	0.7765	ZB
ZN	5.86	2.18	\$68	4.36	0.8210	ZN
ZF	3.91	1.41	\$44	2.82	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.

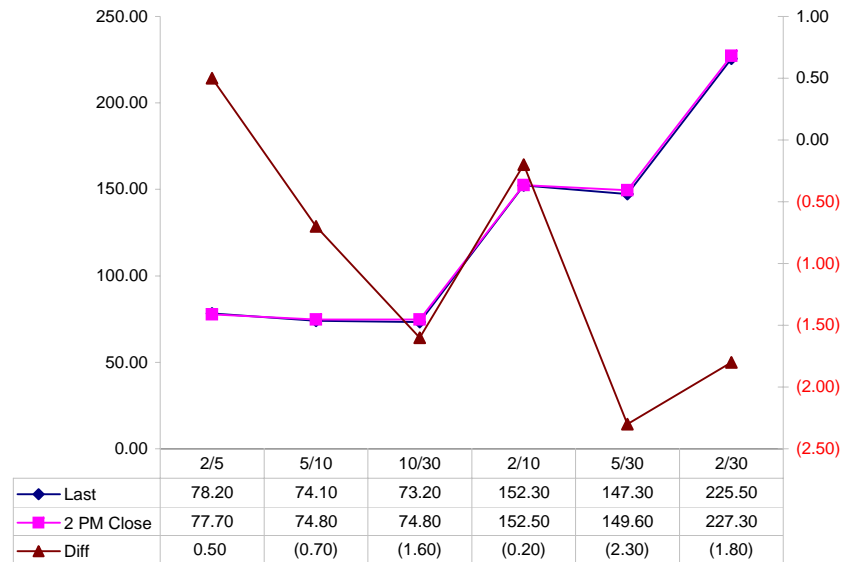
**Notes**

- 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	78.20	77.70	0.50
5/10	74.10	74.80	(0.70)
10/30	73.20	74.80	(1.60)
2/10	152.30	152.50	(0.20)
5/30	147.30	149.60	(2.30)
2/30	225.50	227.30	(1.80)

Curve Spreads vs 2pm close



## US Financial Futures / Eurex Bond

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

## US Financial Futures

	ZB	ZN	ZF	ZT
<b>ZB</b>		1.755	2.708	3.140
<b>ZN</b>	0.570		1.543	1.789
<b>ZF</b>	0.369	0.648		1.159
<b>ZT</b>	0.319	0.559	0.863	

## Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
<b>Bund (H)</b>		1.8	4.5
<b>Bobl (H)</b>	0.5		2.5
<b>Shatz (H)</b>	0.2	0.4	

## US Treasuries v US Financial Futures

	2y	5y	10y	30y
<b>ZB</b>	1.60	3.88	6.62	13.02
<b>ZN</b>	2.81	6.81	11.61	22.85
<b>ZF</b>	4.34	10.51	17.92	35.27
<b>ZT</b>	5.03	12.19	20.77	40.89

## US Treasuries v Eurex Bonds

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

## US Treasuries

	2y	5y	10y	30y
<b>2y</b>		2.422	4.128	8.126
<b>5y</b>	0.413		1.705	3.356
<b>10y</b>	0.242	0.587		1.968
<b>30y</b>	0.123	0.298	0.508	

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

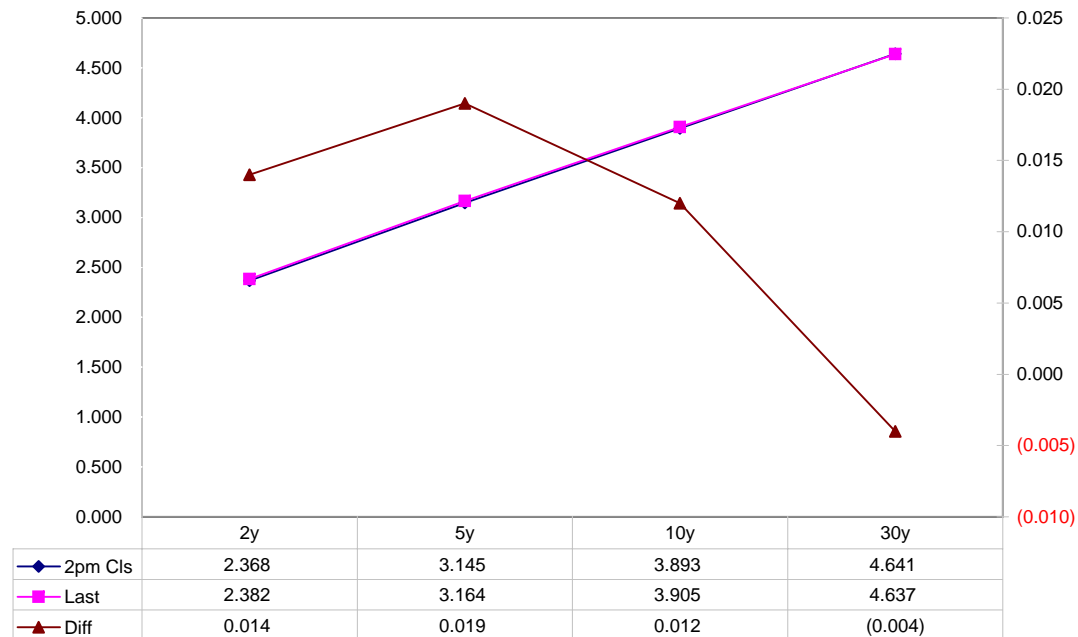
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	2.125	4/30/10	99.1700	2.368	2.382	0.014	13.961	13.961	na	106.0450	106.0350	TUAM8
5y	3.125	4/30/13	99.2900	3.145	3.164	0.019	52.85	52.73	na	111.1725	111.1420	FVAM8
10y	3.500	2/15/18	96.265	3.893	3.905	0.012	81.33	82.02	+1.75 / -1.50	114.270	114.225	TYAM8
30y	4.375	5/15/37	95.230	4.641	4.637	(0.004)	195.00	196.50	+0.50 / - 0.25	115.135	115.135	USAM8

Curve Spreads

	Close bps	Last bps
2/5	77.7	78.2
5/10	74.8	74.1
10/30	74.8	73.2
2/10	152.5	152.3
5/30	149.6	147.3
2/30	227.3	225.5

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	\$188	\$446	\$791	
30	\$186	\$442	\$784	\$1,556

**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	\$18		
30	\$5	\$21	\$6	

**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	-1.84%			
10	2.06%	3.98%		
30	2.89%	4.82%	0.81%	

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	1.01	2.44	4.15	8.18
ZF	0.43	1.05	1.79	3.53
ZN	0.28	0.68	1.16	2.29
ZB	0.16	0.39	0.66	1.30

	2y	5y	10y	30y
2y	1.00	2.42	4.13	8.13
5y	0.41	1.00	1.70	3.36
10y	0.24	0.59	1.00	1.97
30y	0.12	0.30	0.51	1.00

	ZT	ZF	ZN	ZB
ZT	1.00	2.32	3.58	6.28
ZF	0.43	1.00	1.54	2.71
ZN	0.28	0.65	1.00	1.75
ZB	0.16	0.37	0.57	1.00

## Box for Box Matrix

	2y	5y	10y	30y
ZT	1.01	2.44	8.31	16.35
ZF	0.43	1.05	3.58	7.05
ZN	0.56	1.36	1.16	2.29
ZB	0.64	0.78	1.32	1.30

	2y	5y	10y	30y
2y		2.42	2.06	4.06
5y	0.41		0.43	1.68
10y	0.48	2.35		1.97
30y	0.25	0.60	0.51	

	ZT	ZF	ZN	ZB
ZT		2.32	7.16	12.56
ZF	0.43		1.54	5.42
ZN	0.14	0.65		1.75
ZB	0.08	0.18	0.57	



	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>
0/N	2.211	1.800
1week	2.534	1.850
2week	2.584	1.850

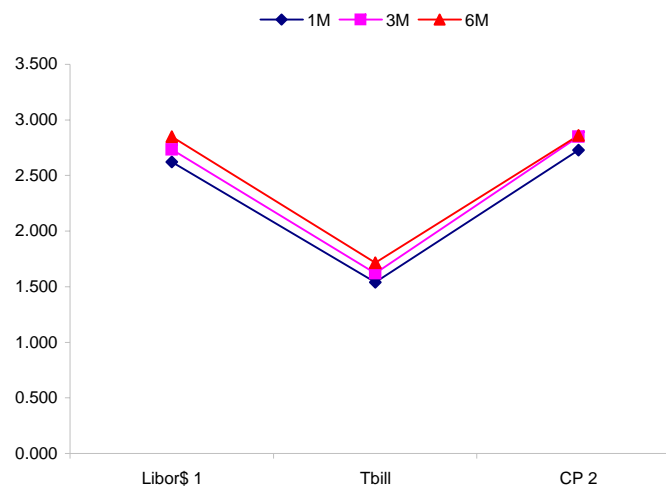
	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>
1M	2.621	1.539	2.730
3M	2.734	1.620	2.850
6M	2.849	1.715	2.860

	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	2.385	80.25	3.19	3.656	1.271
5y	3.164	78.00	3.94	4.684	1.520
10y	3.905	61.50	4.52	#VALUE!	#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
77.9	102.8	25.0
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
151.9	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
74.1	#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	2.211	(0.1538)	Overnight	LIBOR
TUSFFRON	1.625	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	1.800	0.0000	Overnight	Repo Rate
TEONIA01M	4.025	0.0010	1 month	Euribor OIS Rate
TEONIA03M	4.047	0.0020	3 month	Euribor OIS Rate
TSONIA01M	4.947	(0.0290)	1 month	Sterling OIS Rate
TSONIA03M	4.848	(0.0300)	3 month	Sterling OIS Rate
TUSOIS01M	2.000	0.0000	1 month	USD OIS Rate
TUSOIS03M	1.984	(0.0040)	3 month	USD OIS Rate

