

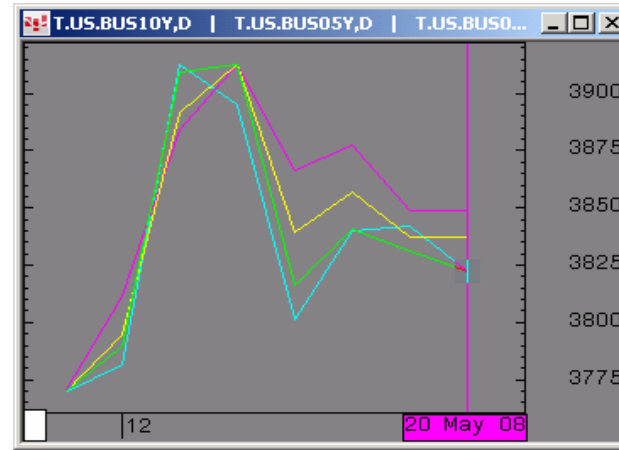


The Morning Email: Treasuries

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Daily Yield Curve



Scale is for 10yr

Source: CQG, Inc. © 2008 Tue May 20 2008 05:47:16



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

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Important Econ Releases, Highs & Lows

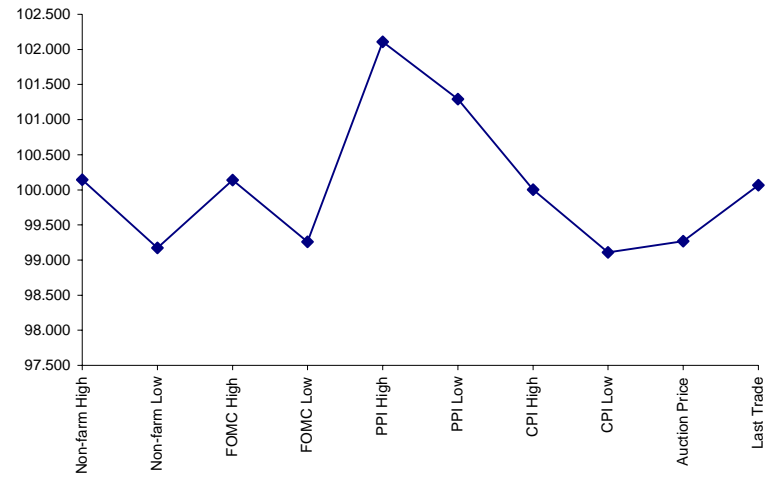
Economic Releases (32nds)

	5y	10y	ZNM8	ZBM8	Date
Non-farm High	100.1425	101.070	116.005	117.185	5/2/2008
Non-farm Low	99.1750	99.270	114.205	115.230	5/2/2008
FOMC High	100.1375	100.275	115.275	116.305	4/20/2008
FOMC Low	99.2600	100.020	114.300	115.220	4/20/2008
PPI High	102.1100	103.010	117.285	119.110	4/15/2008
PPI Low	101.2900	102.090	117.075	118.010	4/15/2008
CPI High	100.0025	100.050	115.070	116.150	5/14/2008
CPI Low	99.1075	99.055	114.100	115.040	5/14/2008
Auction Price	99.2700	99.157	na	na	
Last Trade	100.0670	100.140	115.155	116.265	5/20/2008 5:54

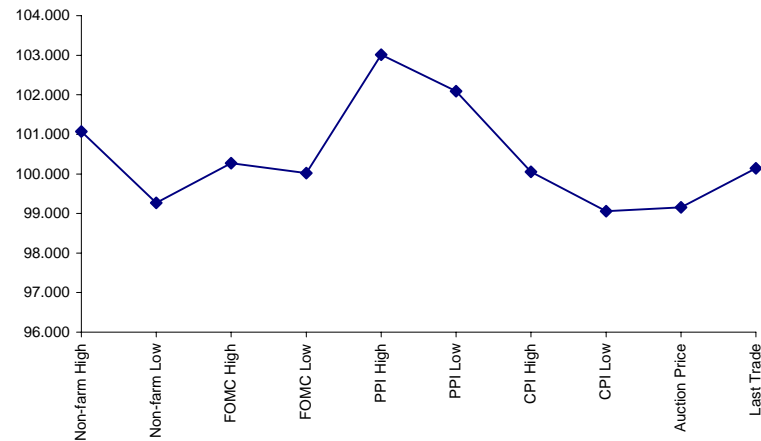
Auctions - 32nds

	2 y	5y	10y	30y
Auction Price	99.258	99.270	99.157	96.120
Auction Yield Stop	2.225	3.159	3.937	4.599
Actual Auction Date	4/23/2008	4/24/2008	5/7/2008	5/8/2008 r

5y (Decimal)



10y (Decimal)



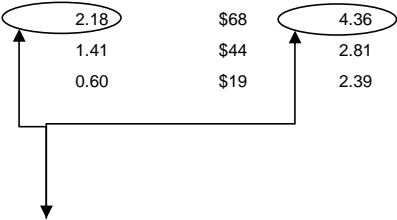
Notes:

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

Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAM8	106.040	0.007	106.057	106.027	106.042	25,613	2y Fut
FVAM8	111.297	0.015	112.005	111.270	111.280	49,679	5y Fut
TYAM8	115.155	0.025	115.185	115.100	115.125	82,243	10y Fut
USAM8	116.265	0.07	116.280	116.175	116.200	22,801	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.155	0.002	99.170	99.147	99.160	na	2y Cash
BUS05P	100.065	0.010	100.087	100.040	100.055	na	5y Cash
BUS10P	100.135	0.020	100.160	100.080	100.115	na	10y Cash
BUS30P	96.305	0.070	97.000	96.195	96.245	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.394	0.004	2.419	2.365	2.415	na	2y Yield
BUS05Y	3.079	(0.001)	3.101	3.062	3.089	na	5y Yield
BUS10Y	3.820	(0.011)	3.852	3.81	3.833	na	10y Yield
BUS30Y	4.560	(0.016)	4.586	4.556	4.572	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.14	5.07	\$1,585	10.14	n/a	30y
10y	8.08	2.54	\$794	5.08	n/a	10y
5y	4.48	1.47	\$458	5.86	n/a	5y
2y	1.89	0.60	\$188	2.41	n/a	2y
ZB	10.18	3.88	\$121	3.88	0.7765	ZB
ZN	5.83	2.18	\$68	4.36	0.8448	ZN
ZF	3.88	1.41	\$44	2.81	0.8809	ZF
ZT	1.74	0.60	\$19	2.39	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

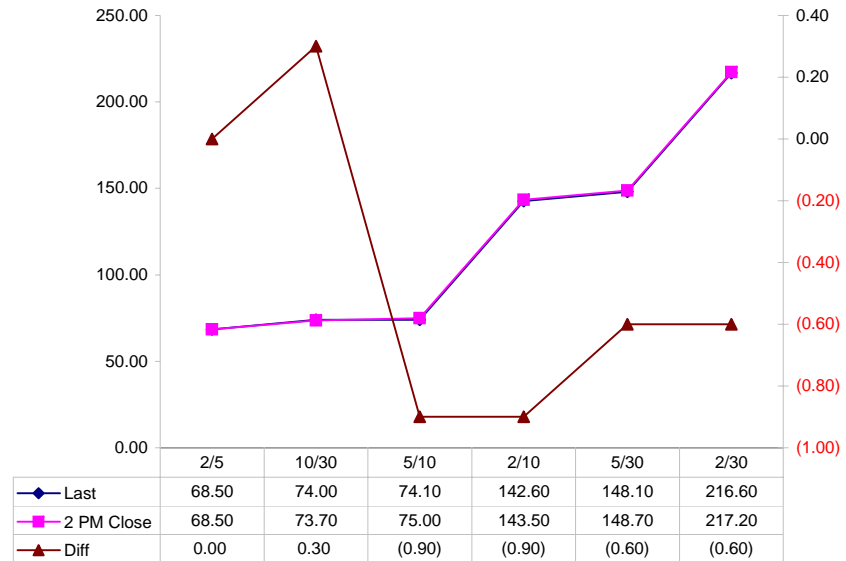
MDuration & DV01s for Futures are based on proxy issue (CTD)

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

Yield Curve Spreads

	Last	2pm close	Diff
2/5	68.50	68.50	0.00
10/30	74.00	73.70	0.30
5/10	74.10	75.00	(0.90)
2/10	142.60	143.50	(0.90)
5/30	148.10	148.70	(0.60)
2/30	216.60	217.20	(0.60)

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		1.779	2.755	3.247
ZN	0.562		1.548	1.825
ZF	0.363	0.646		1.179
ZT	0.308	0.548	0.848	

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	1.55	3.78	6.56	13.08
ZN	2.76	6.73	11.66	23.27
ZF	4.28	10.42	18.06	36.03
ZT	5.04	12.28	21.29	42.47

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		2.434	4.220	8.421
5y	0.411		1.734	3.459
10y	0.237	0.577		1.995
30y	0.119	0.289	0.501	

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

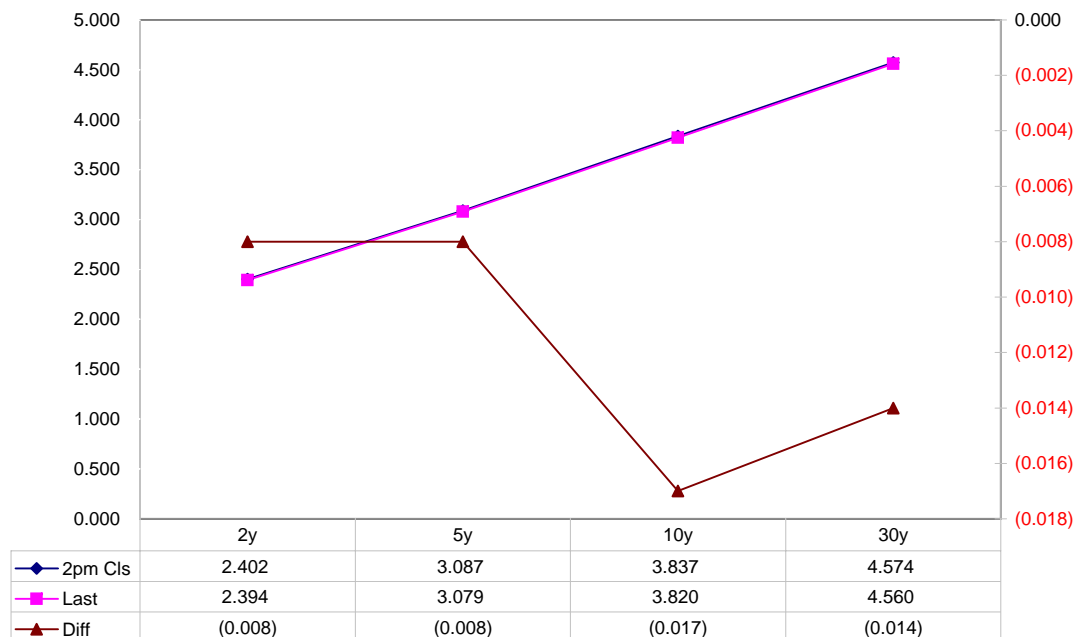
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	2.125	4/30/10	99.1525	2.402	2.394	(0.008)	13.194	13.194	na	106.0050	106.0400	TUAM8
5y	3.125	4/30/13	100.0550	3.087	3.079	(0.008)	51.66	51.58	na	111.2825	111.2970	FVAM8
10y	3.875	5/15/18	100.100	3.837	3.820	(0.017)	90.15	92.04	na	115.130	115.155	TYAM8
30y	4.375	5/15/37	96.250	4.574	4.560	(0.014)	199.49	200.55	na	116.195	116.265	USAM8

Curve Spreads

	Close bps	Last bps
2/5	68.5	68.5
5/10	75.0	74.1
10/30	73.7	74.0
2/10	143.5	142.6
5/30	148.7	148.1
2/30	217.2	216.6

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	23%	54%	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	\$188			
5	\$193	\$458		
10	\$190	\$450	\$826	
30	\$185	\$439	\$806	\$1,585

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	(\$5)			
10	(\$2)	\$8		
30	\$3	\$19	\$19	

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	-2.65%			
10	-0.87%	1.83%		
30	1.49%	4.25%	2.38%	

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	2.46	4.43	8.49
ZF	0.43	1.04	1.88	3.60
ZN	0.28	0.67	1.21	2.33
ZB	0.16	0.38	0.68	1.31

	2y	5y	10y	30y
2y		2.43	4.39	8.42
5y	0.41		1.80	3.46
10y	0.23	0.55		1.92
30y	0.12	0.29	0.52	

	ZT	ZF	ZN	ZB
ZT		2.36	3.65	6.49
ZF	0.42		1.55	2.75
ZN	0.27	0.65		1.78
ZB	0.15	0.36	0.56	

Box for Box Matrix

	2y	5y	10y	30y
ZT	1.01	2.46	8.85	16.99
ZF	0.43	1.04	3.75	7.21
ZN	0.55	1.35	1.21	2.33
ZB	0.62	0.76	1.36	1.31

	2y	5y	10y	30y
2y		2.43	2.19	4.21
5y	0.41		0.45	1.73
10y	0.46	2.22		1.92
30y	0.24	0.58	0.52	

	ZT	ZF	ZN	ZB
ZT		2.36	7.30	12.99
ZF	0.42		1.55	5.51
ZN	0.14	0.65		1.78
ZB	0.08	0.18	0.56	

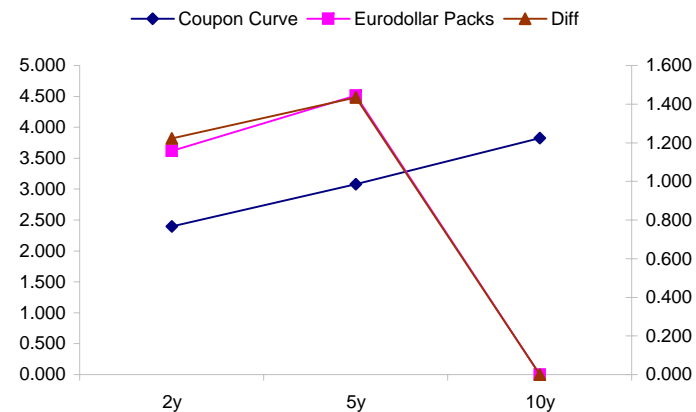
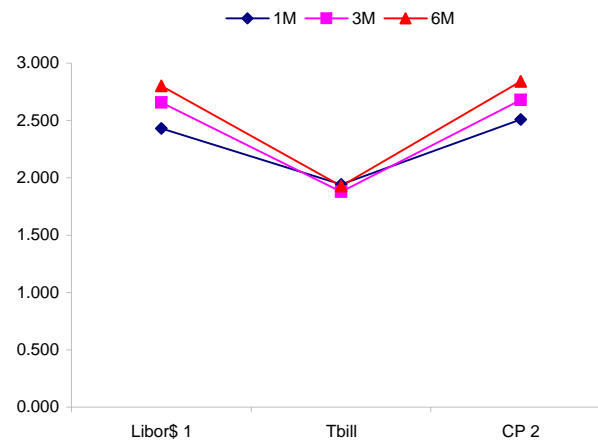
	Libor\$ ¹	Repo Rt ⁶			
0/N	2.112	2.000			
1week	2.335	2.030			
2week	2.394	1.950			
	Libor\$ ¹	Tbill	CP ²		
1M	2.430	1.941	2.510		
3M	2.658	1.877	2.680		
6M	2.801	1.929	2.840		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	2.394	77.75	3.17	3.616	1.222
5y	3.078	76.75	3.85	4.513	1.435
10y	3.824	57.00	4.39	#VALUE!	

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
68.4	89.7	21.3	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
143.0	#VALUE!	#VALUE!	Red pack / Gold pack is a 2/10 proxy
			Blue pack / Gold pack is a 5/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
74.5	#VALUE!	#VALUE!	

"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	2.112	(0.0406)	Overnight	LIBOR
TUSFFRON	1.969	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	2.000	0.0000	Overnight	Repo Rate
TEONIA01M	4.026	(0.0050)	1 month	Euribor OIS Rate
TEONIA03M	4.051	(0.0060)	3 month	Euribor OIS Rate
TSONIA01M	5.037	(0.0030)	1 month	Sterling OIS Rate
TSONIA03M	5.038	(0.0060)	3 month	Sterling OIS Rate
TUSOIS01M	1.995	0.0000	1 month	USD OIS Rate
TUSOIS03M	1.986	0.0000	3 month	USD OIS Rate

