



The Morning Email: Treasuries

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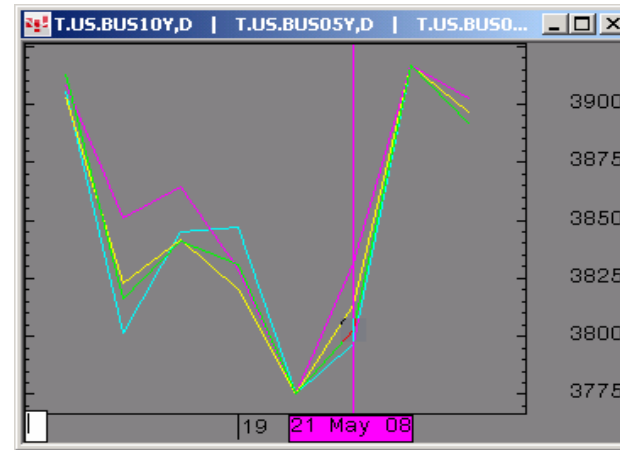
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Daily Yield Curve



Scale is for 10yr



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

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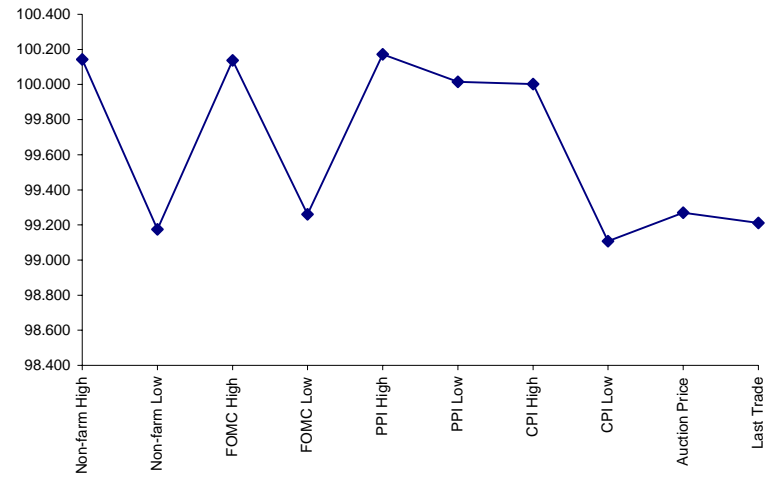
Economic Releases (32nds)

	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	100.1725	100.265	115.315	117.100	5/20/2008
PPI Low	100.0150	100.060	115.065	116.120	5/20/2008
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	99.2120	99.275	114.305	116.040	5/23/2008 5:46

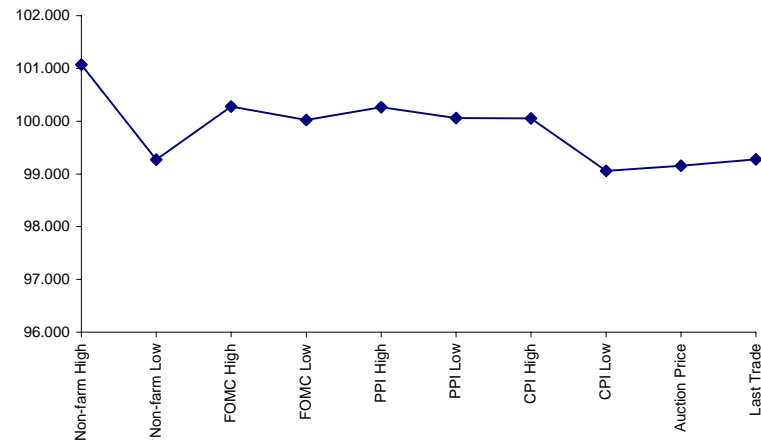
Auctions - 32nds

	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)



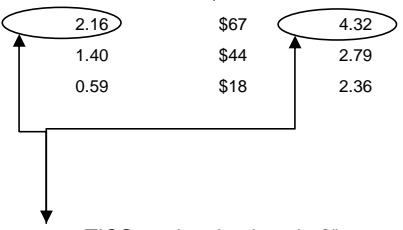
Notes:

- 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	105.300	0.020	105.307	105.250	105.285	37,455	2y Fut
FVAM8	111.150	0.052	111.172	111.040	111.107	69,464	5y Fut
TYAM8	114.305	0.070	115.010	114.155	114.230	151,719	10y Fut
USAM8	116.040	0.10	116.085	115.195	115.255	29,472	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.087	0.017	99.097	99.040	99.062	na	2y Cash
BUS05P	99.212	0.042	99.232	99.105	99.160	na	5y Cash
BUS10P	99.275	0.080	99.305	99.140	99.210	na	10y Cash
BUS30P	96.090	0.095	96.140	95.235	95.275	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.510	(0.023)	2.602	2.489	2.548	na	2y Yield
BUS05Y	3.197	(0.030)	3.275	3.184	3.229	na	5y Yield
BUS10Y	3.890	(0.027)	3.947	3.877	3.917	na	10y Yield
BUS30Y	4.603	(0.018)	4.645	4.592	4.624	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.08	5.02	\$1,568	10.04	n/a	30y
10y	8.06	2.52	\$788	5.04	n/a	10y
5y	4.46	1.45	\$454	5.81	n/a	5y
2y	1.87	0.60	\$186	2.39	n/a	2y
ZB	10.15	3.84	\$120	3.84	0.7765	ZB
ZN	5.81	2.16	\$67	4.32	0.8448	ZN
ZF	3.87	1.40	\$44	2.79	0.8809	ZF
ZT	1.73	0.59	\$18	2.36	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

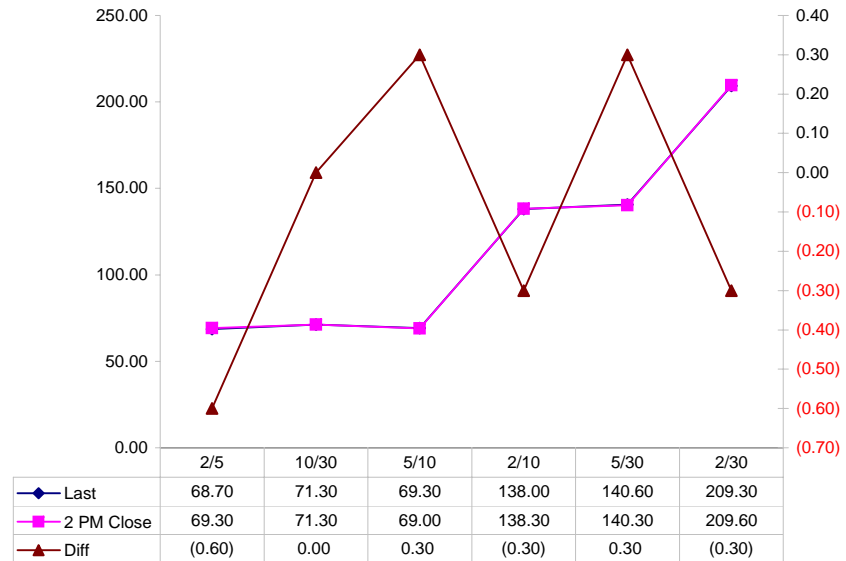
MDuration & DV01s for Futures are based on proxy issue (CTD)

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

Yield Curve Spreads

	Last	2pm close	Diff
2/5	68.70	69.30	(0.60)
10/30	71.30	71.30	0.00
5/10	69.30	69.00	0.30
2/10	138.00	138.30	(0.30)
5/30	140.60	140.30	0.30
2/30	209.30	209.60	(0.30)

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		1.780	2.753	3.249
ZN	0.562		1.547	1.826
ZF	0.363	0.646		1.180
ZT	0.308	0.548	0.847	

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	6.57	13.07
ZN	2.76	6.73	11.68	23.26
ZF	4.27	10.42	18.07	35.98
ZT	5.05	12.29	21.33	42.46

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		2.437	4.228	8.417
5y	0.410		1.735	3.454
10y	0.236	0.576		1.991
30y	0.119	0.289	0.502	

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

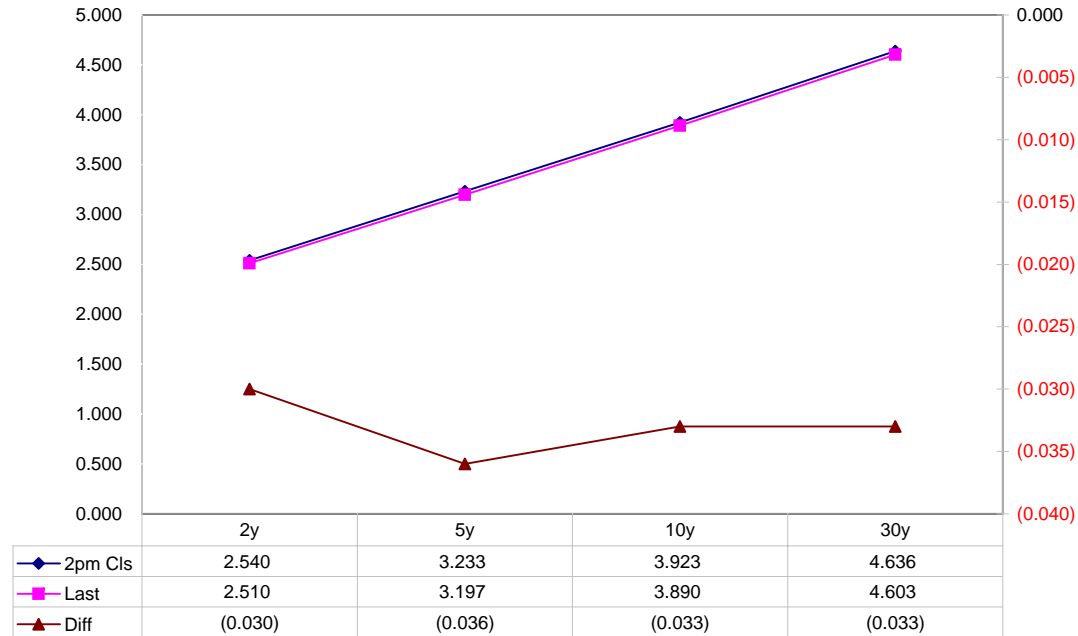
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	2.125	4/30/10	99.0700	2.540	2.510	(0.030)	11.796	11.796	na	105.2800	105.3000	TUAM8
5y	3.125	4/30/13	99.1625	3.233	3.197	(0.036)	46.70	47.03	na	111.0975	111.1500	FVAM8
10y	3.875	5/15/18	99.195	3.923	3.890	(0.033)	85.82	87.90	na	114.235	114.305	TYAM8
30y	4.375	5/15/37	95.260	4.636	4.603	(0.033)	188.29	195.53	na	115.260	116.040	USAM8

Curve Spreads

	Close bps	Last bps
2/5	69.3	68.7
5/10	69.0	69.3
10/30	71.3	71.3
2/10	138.3	138.0
5/30	140.3	140.6
2/30	209.6	209.3

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	\$186			
5	\$191	\$454		
10	\$187	\$446	\$819	
30	\$183	\$435	\$799	\$1,568

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	(\$1)	\$8		
30	\$4	\$19	\$20	

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	-2.37%			
10	-0.57%	1.84%		
30	1.93%	4.40%	2.51%	

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	4.44	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		2.44	4.40	8.42
5y	0.41		1.80	3.45
10y	0.23	0.55		1.91
30y	0.12	0.29	0.52	

	ZT	ZF	ZN	ZB
ZT		2.36	3.65	6.50
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	8.87	16.99
ZF	0.43	1.04	3.76	7.20
ZN	0.55	1.35	1.21	2.33
ZB	0.62	0.76	1.37	1.31

	2y	5y	10y	30y
2y		2.44	2.20	4.21
5y	0.41		0.45	1.73
10y	0.45	2.22		1.91
30y	0.24	0.58	0.52	

	ZT	ZF	ZN	ZB
ZT		2.36	7.30	13.00
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	2.113	2.080			
1week	2.294	1.900			
2week	2.343	1.900			
	Libor\$ ¹	Tbill	CP ²		
1M	2.383	1.980	2.350		
3M	2.646	1.863	2.610		
6M	2.849	1.937	2.720		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	2.513	79.00	3.30	3.768	1.255
5y	3.199	79.75	4.00	4.683	1.484
10y	3.890	60.50	4.50	4.918	1.028

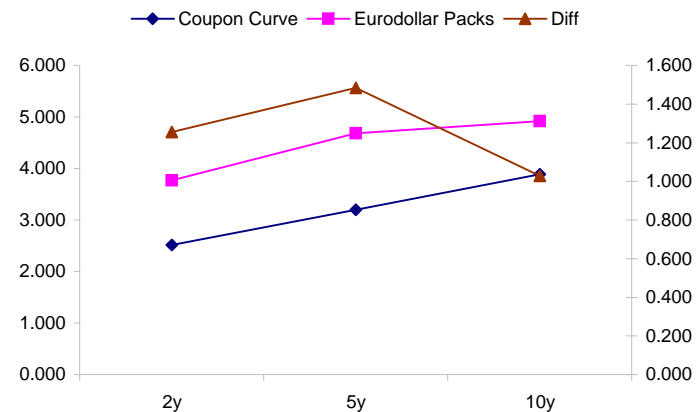
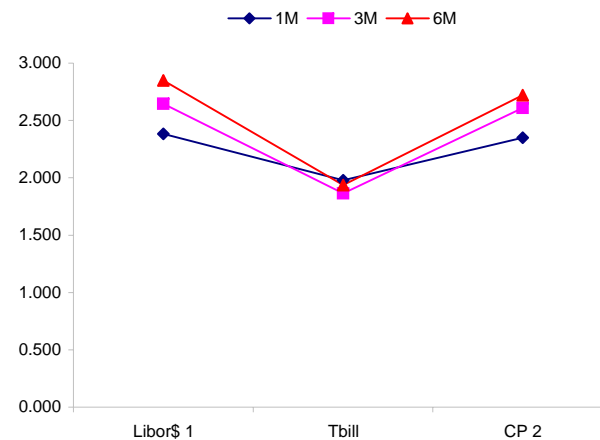
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
68.6	91.5	22.9
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
137.7	115.0	-22.7
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
69.1	23.5	-45.6

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	2.113	0.0013	Overnight	LIBOR
TUSFFRON	1.563	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	2.080	0.0000	Overnight	Repo Rate
TEONIA01M	4.041	0.0010	1 month	Euribor OIS Rate
TEONIA03M	4.068	(0.0080)	3 month	Euribor OIS Rate
TSONIA01M	5.048	(0.0030)	1 month	Sterling OIS Rate
TSONIA03M	5.087	(0.0040)	3 month	Sterling OIS Rate
TUSOIS01M	1.997	(0.0030)	1 month	USD OIS Rate
TUSOIS03M	1.993	0.0010	3 month	USD OIS Rate

