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The Morning Email: Treasuries

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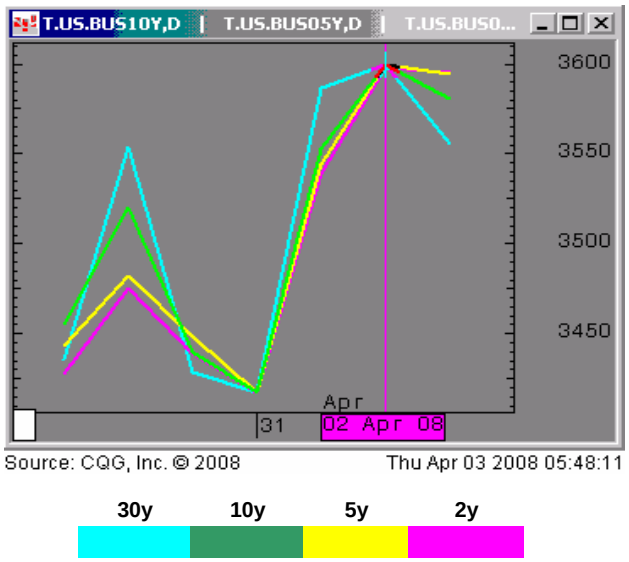
Daily Yield Curve



30y 10y 5y 2y

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

Important Econ Releases, Highs & Lows

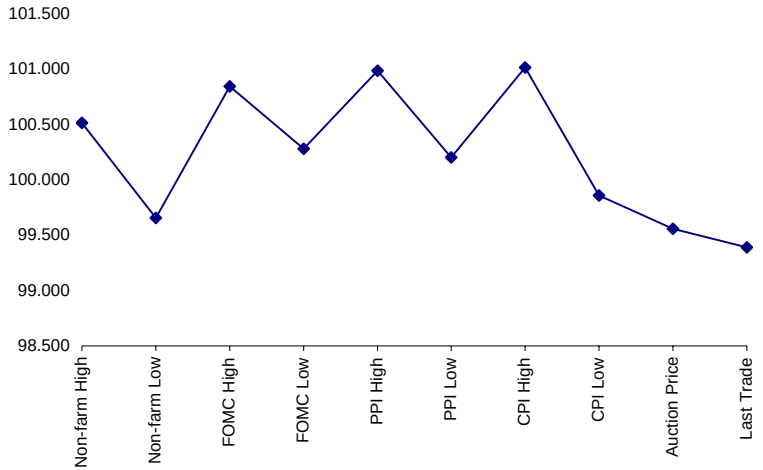
Economic Releases (32nds)

	5y	10y	ZNM8	ZBM8	Date
Non-farm High	100.1650	100.050	117.290	118.120	3/7/2008
Non-farm Low	99.2100	99.000	116.235	116.050	3/7/2008
FOMC High	100.2700	101.025	119.210	120.030	3/18/2008
FOMC Low	100.0900	100.105	118.285	119.100	3/18/2008
PPI High	100.3150	101.060	119.150	120.030	3/18/2008
PPI Low	100.0650	100.080	118.250	119.035	3/18/2008
CPI High	101.0050	101.065	119.120	120.125	3/14/2008
CPI Low	99.2750	99.315	118.040	118.205	3/14/2008
Auction Price	99.1783	99.000	na	na	
Last Trade	99.1250	99.205	117.245	117.200	4/3/2008 5:48

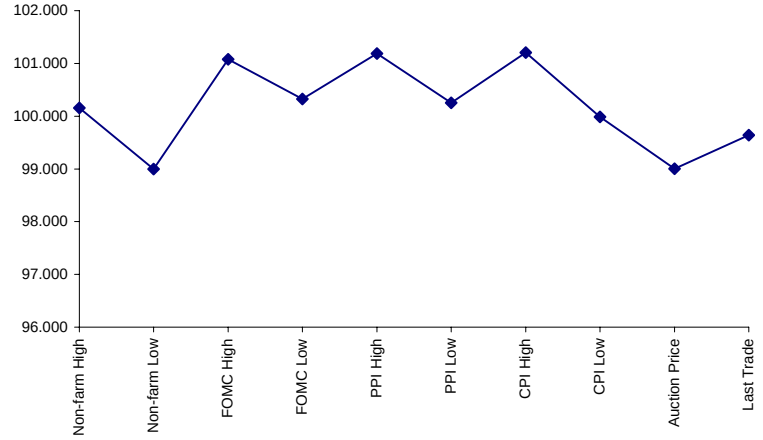
Auctions - 32nds

	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

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	107.020	(0.085)	107.152	107.002	107.137	198,184	2y Fut
FVAM8	113.140	(0.252)	114.127	113.092	114.117	531,868	5y Fut
TYAM8	117.245	(1.060)	119.030	117.125	119.005	993,298	10y Fut
USAM8	117.200	(1.06)	119.010	117.015	119.010	356,428	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.302	(0.115)	100.120	99.292	100.085	na	2y Cash
BUS05P	99.122	(0.275)	100.092	99.080	100.050	na	5y Cash
BUS10P	99.205	(1.005)	100.230	99.115	100.185	na	10y Cash
BUS30P	99.295	(1.110)	101.060	99.085	101.000	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	1.775	0.180	1.803	1.555	1.627	na	2y Yield
BUS05Y	2.631	0.186	2.665	2.432	2.467	na	5y Yield
BUS10Y	3.541	0.124	3.581	3.408	3.43	na	10y Yield
BUS30Y	4.378	0.082	4.423	4.295	4.299	na	30y Yield

Duration, DV01s, Curve Spreads, CF

	M Duration	DV01 32	DV01 $	DV01 Box	CF	
30y	16.48	5.30	$1,658	10.61	n/a	30y
10y	8.24	2.64	$825	5.28	n/a	10y
5y	4.57	1.47	$459	5.88	n/a	5y
2y	1.95	0.62	$195	2.49	n/a	2y
ZB	10.35	3.97	$124	3.97	0.7765	ZB
ZN	6.61	2.57	$80	5.13	0.8210	ZN
ZF	4.02	1.48	$46	2.95	0.8571	ZF
ZT	1.87	0.65	$20	2.59	0.9303	ZT

DV01 32, said differently, is "how many TICS are in a basis point?".

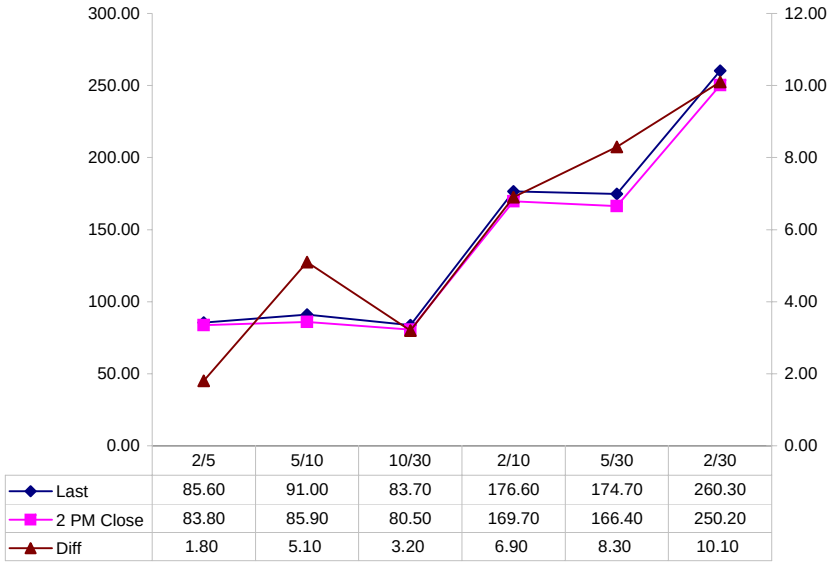
Example, If **ZN** moves 1~basis point, then, it's moved 2.59 tics (Today, 03/29/08, the value in the box is 2.59).

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.

Yield Curve Spreads

	Last	2pm close	Diff
2/5	85.60	83.80	1.80
5/10	91.00	85.90	5.10
10/30	83.70	80.50	3.20
2/10	176.60	169.70	6.90
5/30	174.70	166.40	8.30
2/30	260.30	250.20	10.10

Curve Spreads vs 2pm close



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

US Financial Futures / Eurex Bond

	ZB	ZN	ZF	ZT
Bund (M)	1.000	1.600	2.800	3.238
Bobl (M)	0.600	0.923	1.587	1.787
Shatz (M)	0.248	0.383	0.658	0.741

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.549	2.693	3.067
ZN	0.646		1.686	1.139
ZF	0.371	0.575		1.139
ZT	0.326	0.505	0.878	

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	1.57	3.70	6.64	13.34
ZN	2.43	5.73	10.29	20.67
ZF	4.22	9.96	17.89	35.94
ZT	4.80	11.35	20.37	40.93

US Treasuries v Eurex Bonds

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

US Treasuries

	2y	5y	10y	30y
2y		2.362	4.241	8.522
5y	0.423		1.795	3.607
10y	0.236	0.557		2.009
30y	0.117	0.277	0.498	

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

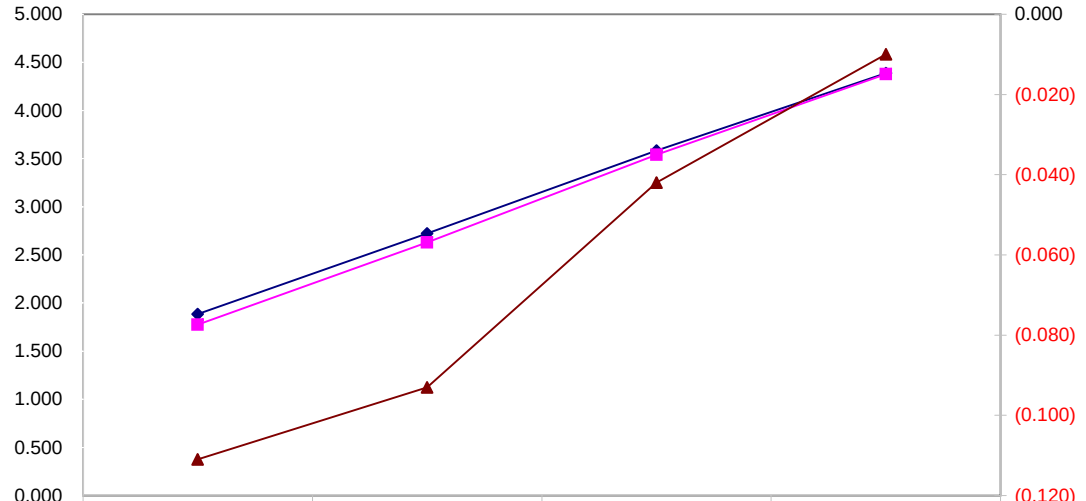
Closes: 2pm CST vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis Close	Basis Last	Basis Roll	Close 32	Last	
2y	1.750	3/31/10	99.2350	1.886	1.775	(0.111)			na			
5y	2.500	3/31/13	98.3075	2.724	2.631	(0.093)	65.55	69.23	na	113.023	113.140	FVAM8
10y	3.500	2/15/18	99.100	3.583	3.541	(0.042)	93.09	94.56	na	117.135	117.245	TYAM8
30y	4.375	5/15/37	99.250	4.388	4.378	(0.010)	274.52	275.25	na	117.15	117.200	USAM8

Curve Spreads

	Close bps	Last bps
2/5	83.8	85.6
5/10	85.9	91.0
10/30	80.5	83.7
2/10	169.7	176.6
5/30	166.4	174.7
2/30	250.2	260.3

US Treasuries Last v 2pm Close



	2y	5y	10y	30y
2pm Cls	1.886	2.724	3.583	4.388
Last	1.775	2.631	3.541	4.378
Diff	(0.111)	(0.093)	(0.042)	(0.010)

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%	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	$195			
5	$195	$459		
10	$195	$458	$825	
30	$196	$460	$829	$1,658

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	($1)			
10	($0)	$1		
30	($1)	($1)	($4)	

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	-0.47%			
10	-0.16%	0.31%		
30	-0.59%	-0.12%	-0.43%	

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

Key Money Rate, Spreads, Swaps, Packs

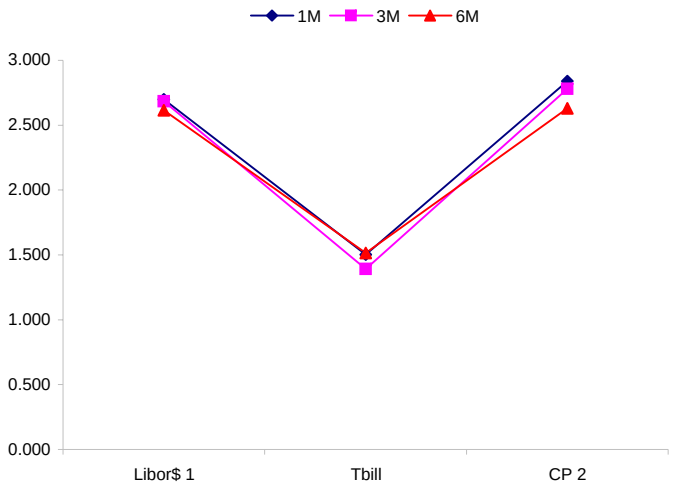
	Libor$ [1]	Repo Rt [6]
0/N	3.038	2.450
1week	2.991	2.600
2week	2.934	2.150

	Libor$ [1]	Tbill	CP [2]
1M	2.700	1.503	2.840
3M	2.684	1.392	2.780
6M	2.616	1.516	2.630

	TSY	Swp	Swp Rate [5]	ED Pks [3]	TSY - ED Pk [4]
2y	1.778	81.00	2.59	2.962	1.184
5y	2.631	83.25	3.46	4.389	1.758
10y	3.541	64.25	4.18	4.773	1.231

2/5	Rd/Blu Pk	Diff
85.3	142.7	57.4
2/10	**Rd/Gld Pk**	**Diff**
176.3	181.1	4.8
5/10	**Blu/Gld Pk**	**Diff**
91.0	38.4	-52.7

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