



The Morning Email: Treasuries

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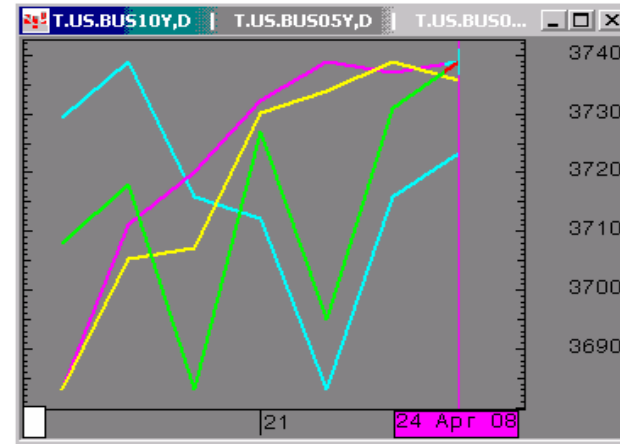
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Daily Yield Curve



Scale is for 10yr

Source: CQG, Inc. © 2008 Thu Apr 24 2008 05:31:56



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

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Important Econ Releases, Highs & Lows

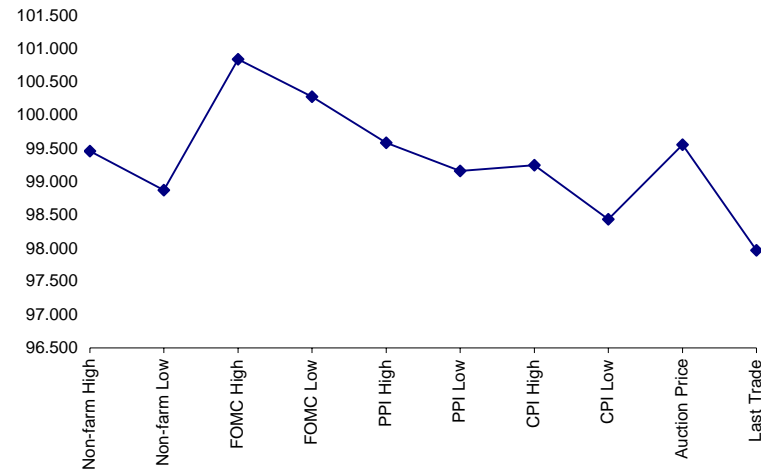
Economic Releases (32nds)

	5y	10y	ZNM8	ZBM8	Date
Non-farm High	99.1475	100.085	118.170	119.145	4/4/2008
Non-farm Low	98.2800	99.140	117.155	117.235	4/4/2008
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	99.1875	100.000	117.285	119.110	4/15/2008
PPI Low	99.0525	99.085	117.075	118.010	4/15/2008
CPI High	99.0800	99.140	117.145	118.135	4/16/2008
CPI Low	98.1400	98.070	116.450	116.245	4/16/2008
Auction Price	99.1783	99.000	na	na	
Last Trade	97.3100	98.035	116.030	116.300	4/24/2008 5:48

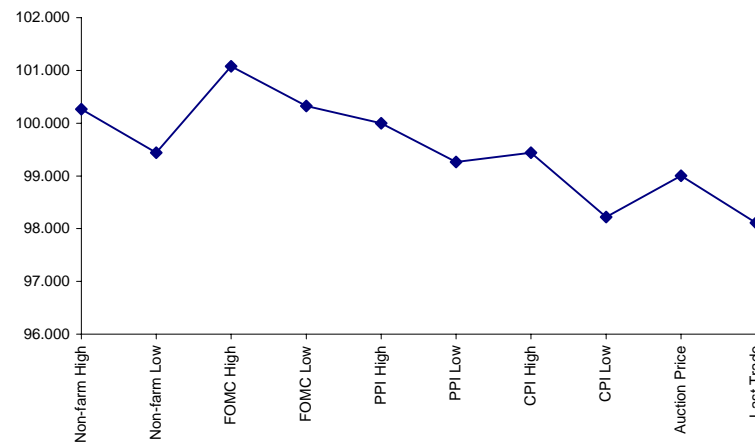
Auctions - 32nds

	2 y	5y	10y	30y
Auction Price	99.258	99.178	99.000	98.250
Auction Yield Stop	2.225	2.595	3.620	4.4449
Actual Auction Date	4/23/2008	3/27/2008	2/6/2008	2/7/2008

5y (Decimal)



10y (Decimal)



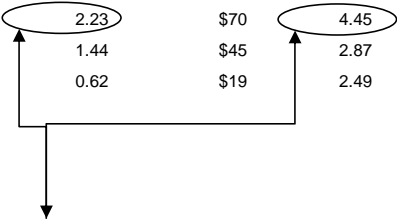
Notes:

- 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	106.140	0.025	106.145	106.110	106.110	27,311	2y Fut
FVAM8	112.077	0.025	112.092	112.012	112.050	41,677	5y Fut
TYAM8	116.030	0.005	116.070	115.275	116.010	110,141	10y Fut
USAM8	116.300	(0.03)	117.050	116.200	116.290	13,411	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.272	0.225	99.277	99.250	99.275	na	2y Cash
BUS05P	97.307	0.012	98.000	97.255	97.300	na	5y Cash
BUS10P	98.030	0.010	98.070	97.290	98.035	na	10y Cash
BUS30P	97.315	(0.015)	98.125	97.220	98.100	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.194	0.004	2.254	2.186	2.25	na	2y Yield
BUS05Y	2.942	(0.012)	2.987	2.935	2.973	na	5y Yield
BUS10Y	3.730	(0.001)	3.761	3.712	3.745	na	10y Yield
BUS30Y	4.494	0.001	4.521	4.468	4.501	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.29	5.15	\$1,609	10.30	n/a	30y
10y	8.16	2.58	\$806	5.16	n/a	10y
5y	4.59	1.46	\$455	5.83	n/a	5y
2y	1.94	0.62	\$194	2.48	n/a	2y
ZB	10.26	3.91	\$122	3.91	0.7765	ZB
ZN	5.91	2.23	\$70	4.45	0.8210	ZN
ZF	3.95	1.44	\$45	2.87	0.8571	ZF
ZT	1.81	0.62	\$19	2.49	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.

Notes

CF = Conversion Factor

MDuration = Modified Macaulay Duration

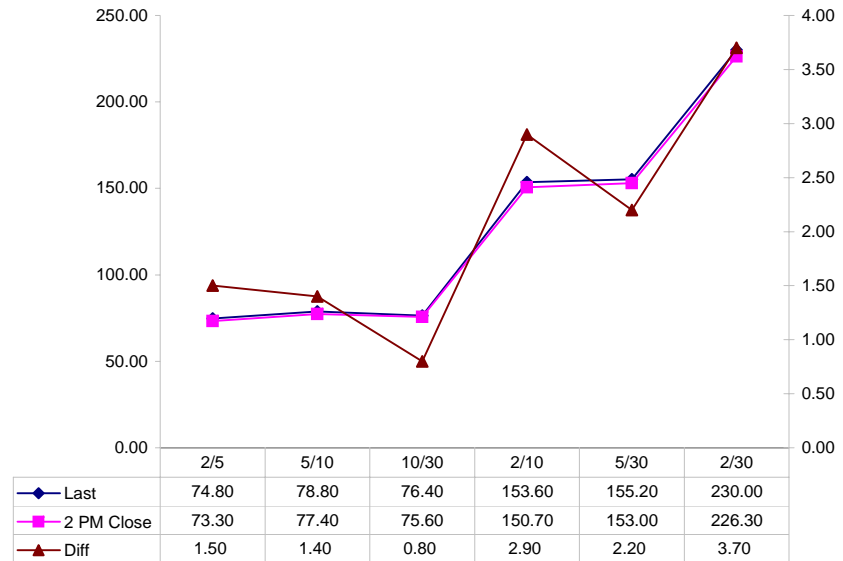
MDuration & DV01s for Futures are based on proxy issue (CTD)

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

Yield Curve Spreads

	Last	2pm close	Diff
2/5	74.80	73.30	1.50
5/10	78.80	77.40	1.40
10/30	76.40	75.60	0.80
2/10	153.60	150.70	2.90
5/30	155.20	153.00	2.20
2/30	230.00	226.30	3.70

Curve Spreads vs 2pm close



US Financial Futures / Eurex Bond

	ZB	ZN	ZF	ZT
Bund (M)	1.050	1.650	2.800	3.238
Bobl (M)	0.580	0.910	1.588	1.787
Shatz (M)	0.239	0.374	0.652	0.746

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.757	2.722	3.138
ZN	0.569		1.549	1.786
ZF	0.367	0.645		1.153
ZT	0.319	0.560	0.868	

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	1.59	3.73	6.60	13.17
ZN	2.79	6.55	11.59	23.14
ZF	4.32	10.14	17.96	35.85
ZT	4.98	11.69	20.70	41.32

US Treasuries v Eurex Bonds

	2y	5y	10y	30y
Bund (M)	1.5	3.5	6.2	12.7
Bobl (M)	2.6	6.3	11.3	23.0
Shatz (M)	6.4	15.4	27.6	55.8

US Treasuries

	2y	5y	10y	30y
2y		2.349	4.160	8.304
5y	0.426		1.771	3.535
10y	0.240	0.565		1.996
30y	0.120	0.283	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

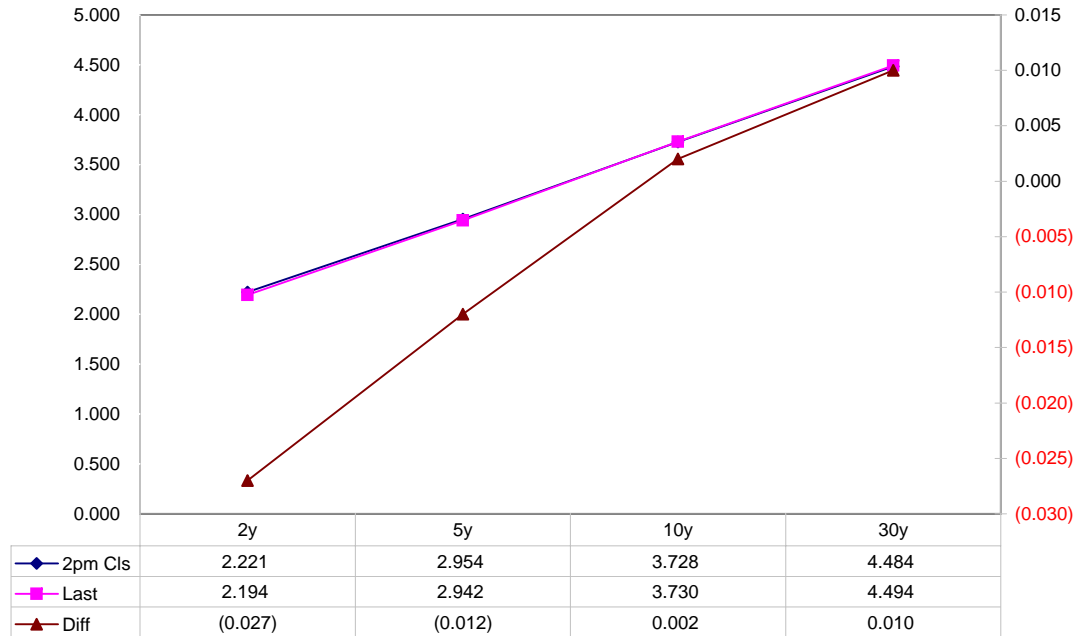
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	1.750	4/30/10	99.2600	2.221	2.194	(0.027)	26.898	26.898	+3.00 / -2.27	106.1200	106.1400	TUAM8
5y	2.500	3/31/13	97.2975	2.954	2.942	(0.012)	57.62	56.55	+3.25 / -2.75	112.0500	112.0770	FVAM8
10y	3.500	2/15/18	98.045	3.728	3.730	0.002	90.90	89.48	na	116.025	116.030	TYAM8
30y	4.375	5/15/37	98.070	4.484	4.494	0.010	236.17	231.34	na	116.315	116.300	USAM8

Curve Spreads

	Close bps	Last bps
2/5	73.3	74.8
5/10	77.4	78.8
10/30	75.6	76.4
2/10	150.7	153.6
5/30	153.0	155.2
2/30	226.3	230.0

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	\$194			
5	\$192	\$455		
10	\$192	\$454	\$806	
30	\$192	\$454	\$807	\$1,609

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	\$2	\$2		
30	\$2	\$1	(\$0)	

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	0.74%			
10	1.10%	0.35%		
30	1.07%	0.33%	-0.03%	

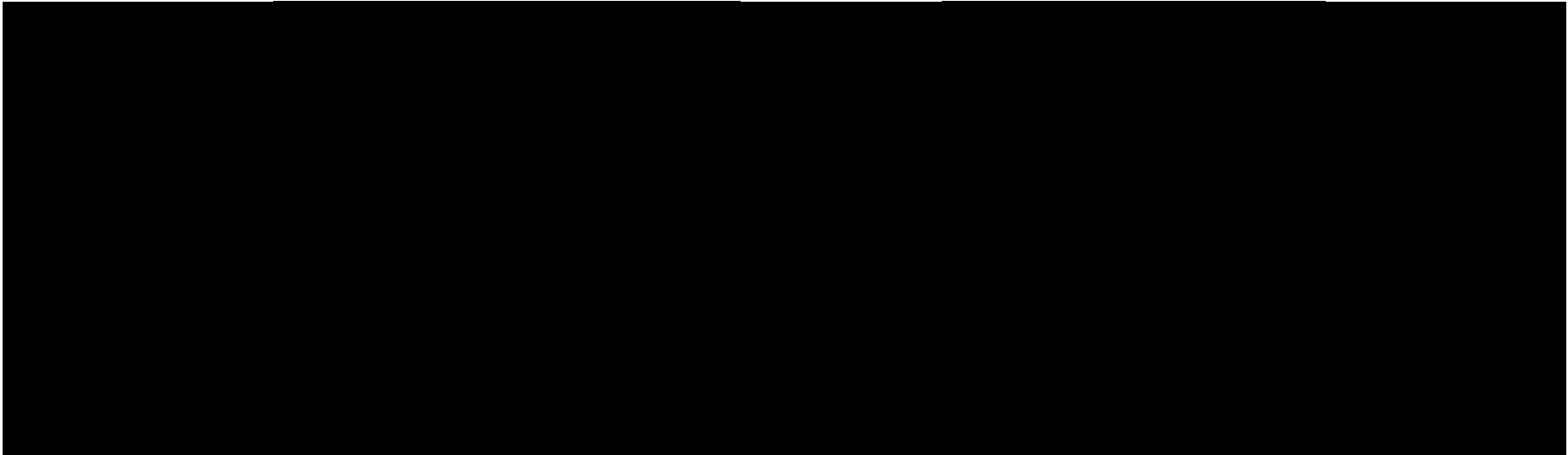
Or you can look at the over/under value as a percentage instead of dollar terms.

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.

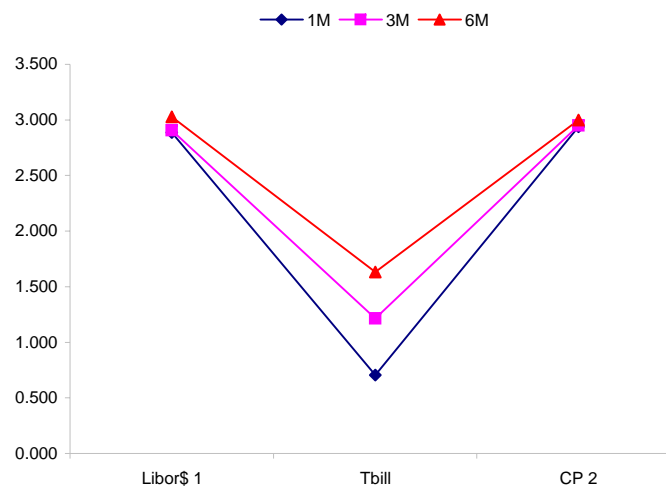
Thanks,
Jim

	Libor\$ ¹	Repo Rt ⁶			
0/N	2.418	2.000			
1week	2.816	2.000			
2week	2.839	1.900			
	Libor\$ ¹	Tbill	CP ²		
1M	2.886	0.704	2.940		
3M	2.907	1.216	2.950		
6M	3.028	1.632	3.000		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	2.193	90.00	3.09	3.401	1.208
5y	2.948	84.50	3.79	#VALUE!	#VALUE!
10y	3.730	65.00	4.38	#VALUE!	#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
75.5	#VALUE!	#VALUE!
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
153.7	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
78.2	#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

Libor, Fed Funds, Repo, SONIA & EONIA Rates

	Last	Chng	Term	Asset Type
USDLIBON	2.418	(0.0838)	Overnight	LIBOR
TUSFFRON	2.250	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	2.000	0.0000	Overnight	Repo Rate
TEONIA01M	4.010	0.0020	1 month	Euribor OIS Rate
TEONIA03M	4.036	(0.0020)	3 month	Euribor OIS Rate
TSONIA01M	5.005	(0.0170)	1 month	Sterling OIS Rate
TSONIA03M	4.949	(0.0130)	3 month	Sterling OIS Rate
TUSOIS01M	2.030	(0.0230)	1 month	USD OIS Rate
TUSOIS03M	2.021	0.0030	3 month	USD OIS Rate

