

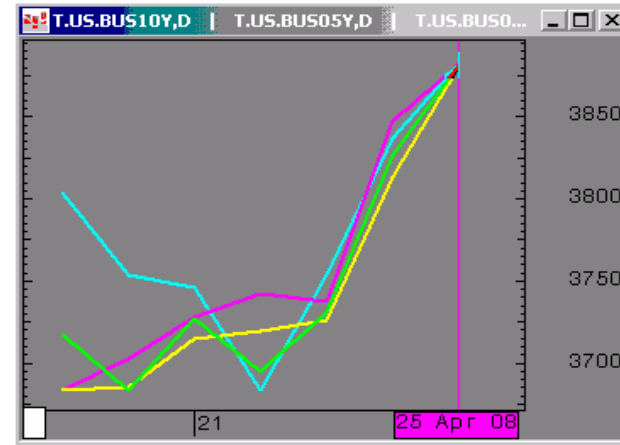


### The Morning Email: Treasuries

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Daily Yield Curve



Scale is for 10yr

Source: CQG, Inc. © 2008 Fri Apr 25 2008 05:41:07



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

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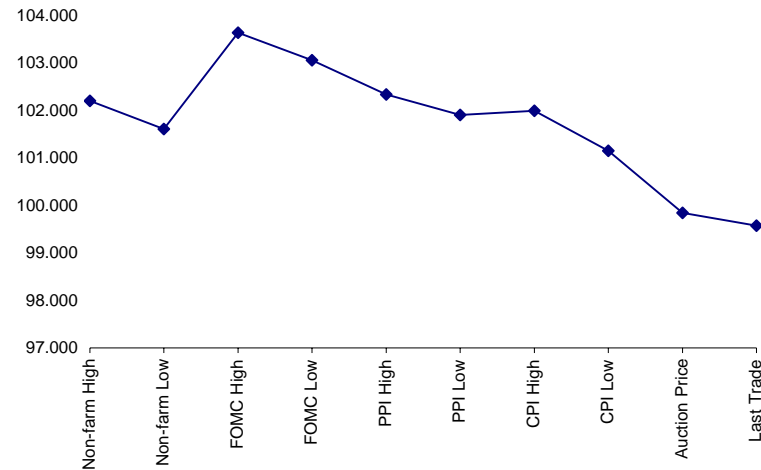
Economic Releases (32nds)

	5y	10y	ZNM8	ZBM8	Date
Non-farm High	102.0650	100.085	118.170	119.145	4/4/2008
Non-farm Low	101.1950	99.140	117.155	117.235	4/4/2008
FOMC High	103.2050	101.025	119.210	120.030	3/18/2008
FOMC Low	103.0200	100.105	118.285	119.100	3/18/2008
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	99.1850	96.280	114.290	115.195	4/25/2008 5:53

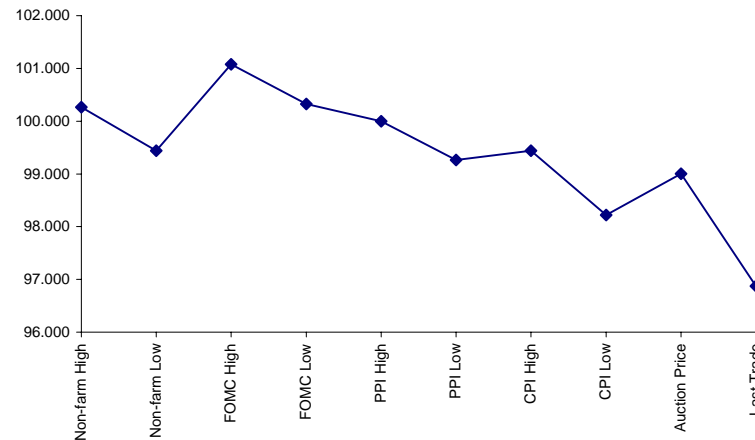
Auctions - 32nds

	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)



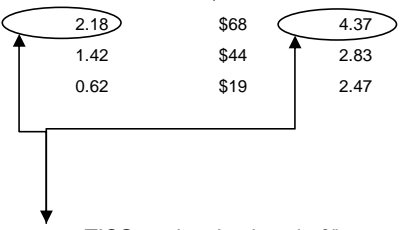
Notes:

- 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	105.302	(0.025)	106.015	105.262	106.015	53,827	2y Fut
FVAM8	111.057	(0.092)	111.162	110.315	111.152	95,231	5y Fut
TYAM8	114.290	(0.130)	115.125	114.200	115.095	152,649	10y Fut
USAM8	115.195	(0.16)	116.030	115.080	116.015	26,748	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.120	(0.030)	99.155	99.087	99.152	na	2y Cash
BUS05P	99.187	2.105	99.310	99.140	99.300	na	5y Cash
BUS10P	96.280	(0.130)	97.105	96.210	97.100	na	10y Cash
BUS30P	96.235	(0.135)	97.080	96.090	97.080	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.444	0.057	2.505	2.367	2.403	na	2y Yield
BUS05Y	3.212	0.113	3.252	3.064	3.078	na	5y Yield
BUS10Y	3.886	0.059	3.916	3.819	3.829	na	10y Yield
BUS30Y	4.576	0.031	4.611	4.542	4.549	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.19	5.06	\$1,581	10.12	n/a	30y
10y	8.14	2.54	\$794	5.08	n/a	10y
5y	4.53	1.47	\$458	5.86	n/a	5y
2y	1.93	0.61	\$192	2.46	n/a	2y
ZB	10.23	3.88	\$121	3.88	0.7765	ZB
ZN	5.88	2.18	\$68	4.37	0.8210	ZN
ZF	3.94	1.42	\$44	2.83	0.8809	ZF
ZT	1.80	0.62	\$19	2.47	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

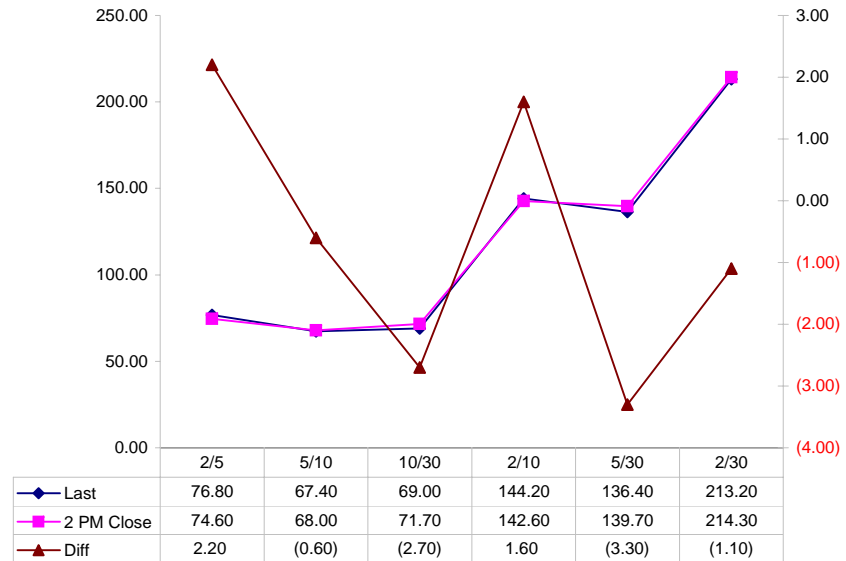
MDuration & DV01s for Futures are based on proxy issue (CTD)

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

**Yield Curve Spreads**

	Last	2pm close	Diff
2/5	76.80	74.60	2.20
5/10	67.40	68.00	(0.60)
10/30	69.00	71.70	(2.70)
2/10	144.20	142.60	1.60
5/30	136.40	139.70	(3.30)
2/30	213.20	214.30	(1.10)

Curve Spreads vs 2pm close



## US Financial Futures / Eurex Bond

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

## US Financial Futures

	ZB	ZN	ZF	ZT
<b>ZB</b>		1.774	2.736	3.142
<b>ZN</b>	0.564		1.542	1.771
<b>ZF</b>	0.365	0.648		1.148
<b>ZT</b>	0.318	0.565	0.871	

## Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
<b>Bund (H)</b>		1.8	4.4
<b>Bobl (H)</b>	0.6		2.4
<b>Shatz (H)</b>	0.2	0.4	

## US Treasuries v US Financial Futures

	2y	5y	10y	30y
<b>ZB</b>	1.58	3.78	6.56	13.06
<b>ZN</b>	2.81	6.71	11.63	23.17
<b>ZF</b>	4.33	10.35	17.94	35.73
<b>ZT</b>	4.98	11.88	20.60	41.02

## US Treasuries v Eurex Bonds

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

## US Treasuries

	2y	5y	10y	30y
<b>2y</b>		2.387	4.140	8.244
<b>5y</b>	0.419		1.734	3.454
<b>10y</b>	0.242	0.577		1.991
<b>30y</b>	0.121	0.290	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

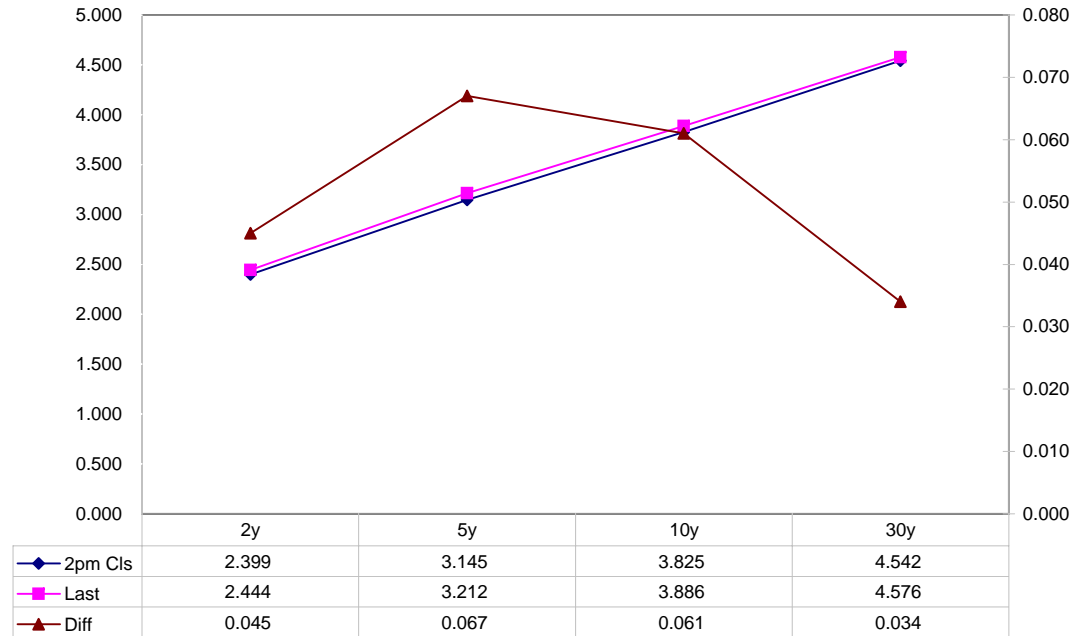
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	1.750	4/30/10	99.1500	2.399	2.444	0.045	15.109	15.109		106.0050	105.3020	TUAM8
5y	2.500	4/30/13	99.2900	3.145	3.212	0.067	54.83	52.52	+4.00	111.1500	111.0570	FVAM8
10y	3.500	2/15/18	97.115	3.825	3.886	0.061	86.01	81.18	na	115.100	114.290	TYAM8
30y	4.375	5/15/37	97.090	4.542	4.576	0.034	227.91	222.84	na	116.035	115.195	USAM8

**Curve Spreads**

	Close bps	Last bps
2/5	74.6	76.8
5/10	68.0	67.4
10/30	71.7	69.0
2/10	142.6	144.2
5/30	139.7	136.4
2/30	214.3	213.2

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	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	\$192			
5	\$195	\$458		
10	\$188	\$442	\$794	
30	\$188	\$442	\$795	\$1,581

**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	(\$3)			
10	\$3	\$16		
30	\$3	\$16	(\$1)	

**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	-1.70%			
10	1.84%	3.60%		
30	1.77%	3.53%	-0.07%	

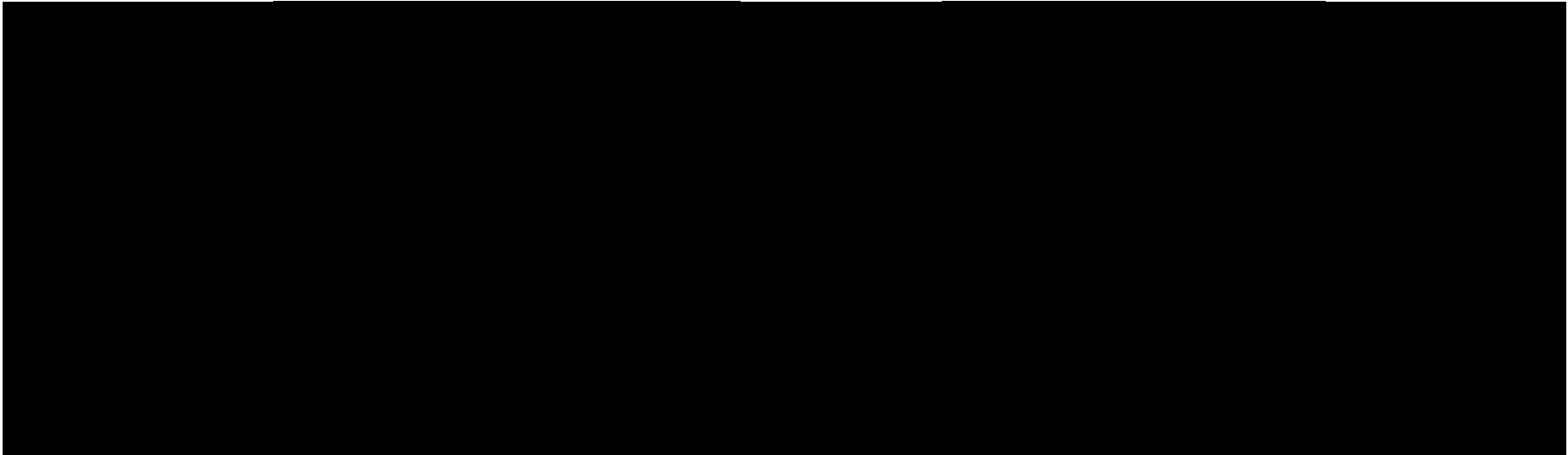
Or you can look at the over/under value as a percentage instead of dollar terms.

**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\$ <sup>1</sup>	Repo Rt <sup>6</sup>
0/N	2.391	2.000
1week	2.789	2.000
2week	2.820	1.900

	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>
1M	2.881	0.765	2.940
3M	2.913	1.246	2.950
6M	3.080	1.683	3.000

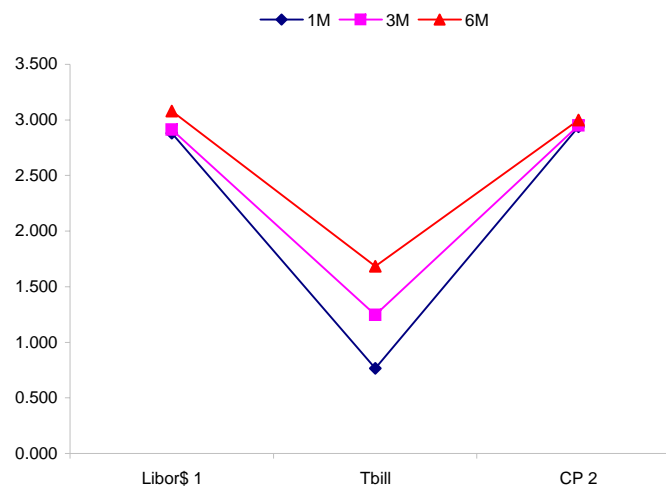
  

	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	2.443	90.75	3.35	3.754	1.312
5y	3.210	81.75	4.03	4.743	1.533
10y	3.882	67.00	4.55	5.032	1.150

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
76.7	98.9	22.1
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
144.0	127.8	-16.1
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
67.2	29.0	-38.3

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	2.391	(0.0262)	Overnight	LIBOR
TUSFFRON	2.125	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	2.000	0.0000	Overnight	Repo Rate
TEONIA01M	4.015	(0.0010)	1 month	Euribor OIS Rate
TEONIA03M	4.032	(0.0150)	3 month	Euribor OIS Rate
TSONIA01M	5.008	(0.0020)	1 month	Sterling OIS Rate
TSONIA03M	4.953	(0.0100)	3 month	Sterling OIS Rate
TUSOIS01M	2.070	0.0190	1 month	USD OIS Rate
TUSOIS03M	2.061	0.0280	3 month	USD OIS Rate

