2/27/2008 5:37

The Morning Email: Treasuries

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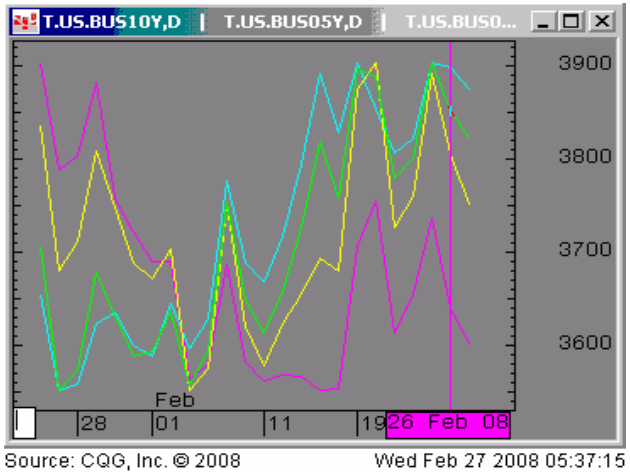
Daily Yield Curve



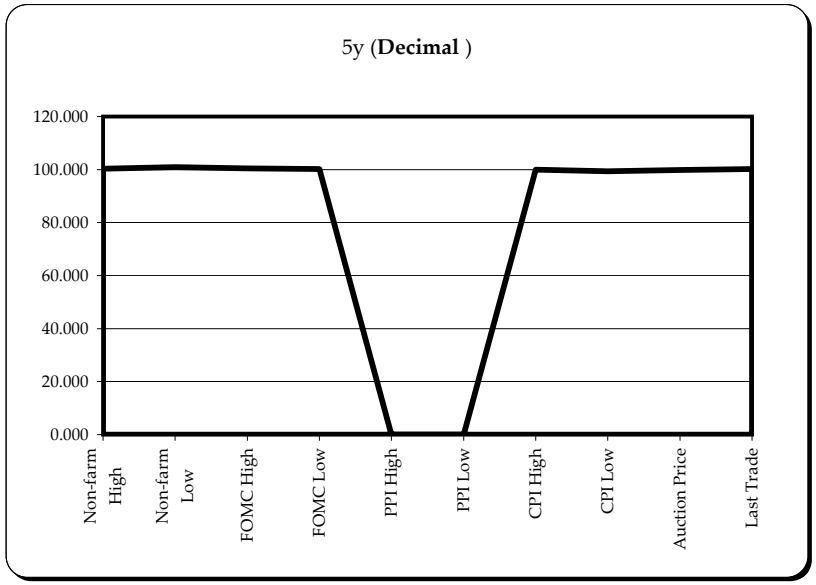
30y **10y** **5y** **2y**

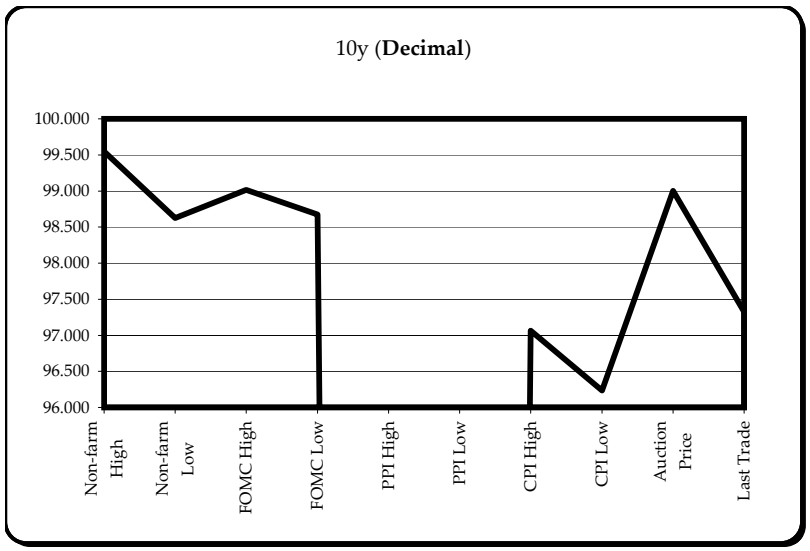
Want something added? Let me know: jgoulding@ghco.com

Important Econ Releases, Highs & Lows

Economic Releases - 32nds	5y	10y	ZNH8	ZBH8	Date
Non-farm High	100.1000	99.175	116.225	120.09	2/1/2008
Non-farm Low	100.2975	98.200	117.185	119.03	2/1/2008
FOMC High	100.1450	99.005	117.000	119.27	1/31/2008
FOMC Low	100.0625	98.215	116.210	119.08	1/31/2008
PPI High	0.0000	0.000	0.000	0.00	2/26/2008
PPI Low	0.0000	0.000	0.000	0.00	2/26/2008
CPI High	100.0050	97.020	115.290	116.06	2/20/2008
CPI Low	99.1300	96.075	115.035	115.03	2/20/2008
Auction Price	99.2697	99.000			
Last Trade	100.0720	97.105	116.085	116.12	2/27/2008 5:37

Auctions - 32nds	2 y	5y	10y	30y
Auction Price	99.250	99.270	99.000	98.250
Auction Yield Stop	2.237	2.909	3.620	4.4449
Actual Auction Date	1/28/2008	1/29/2008	2/6/2008	2/7/2008





Notes: Cash and futures are adjusted for roll.
Release times are from release to 2pm cdt
{Dec07 to Mch08 Futures roll: ZF = (-12); ZN = (-25); ZB = (+1) [tics]}
r = reopen

Quotes

	Last	Net	32 nds High	Low	Open	Volume	SYM NAME
TUAH8	107.015	0.0	107.017	106.290	106.297	123,258	2y Fut
FVAH8	113.100	0.1	113.110	113.010	113.030	86,525	5y Fut
TYAH8	116.085	0.1	116.125	115.290	115.315	160,000	10y Fut
USAH8	116.120	0	116.220	115.290	116.020	51,542	30y Fut
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**SYM NAME**
BUS02P	100.100	2.5	100.105	100.065	100.067	na	2y Cash
BUS05P	100.072	8.0	100.085	99.307	99.310	na	5y Cash
BUS10P	97.100	7.5	97.150	96.315	97.010	na	10y Cash
BUS30P	95.260	16	96.065	95.130	95.130	na	30y Cash
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**SYM NAME**
BUS02Y	1.955	(4.20)	2.025	1.942	2.005	na	2y Yield
BUS05Y	2.822	(5.30)	2.889	2.813	2.87	na	5y Yield
BUS10Y	3.823	(2.90)	3.871	3.804	3.854	na	10y Yield
BUS30Y	4.629	(2.60)	4.67	4.604	4.656	na	30y Yield

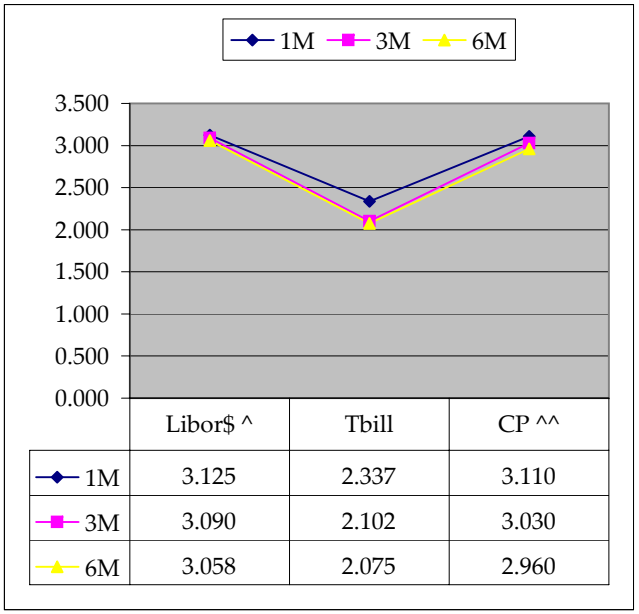
	Libor$ ^	Tbill	CP ^^
1M	3.125	2.337	3.110
3M	3.090	2.102	3.030
6M	3.058	2.075	2.960

	Libor$ ^	Repos
0/N	3.074	2.350
1week	3.141	2.450
2week	3.142	2.450

	TSY	Swap	ED Pks ^^^
2y	1.958	87.25	3.038
5y	2.822	88.75	
10y	3.825	70.25	

"Swap spreads are essentially a measure of the difference between buying a safe government bond and making a riskier loan to a bank" --WSJ

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



	Libor$ ^	Tbill	CP ^^
1M	3.125	2.337	3.110
3M	3.090	2.102	3.030
6M	3.058	2.075	2.960

2/5	Rd/Blu Pk	Difference
86.4	#VALUE!	#VALUE!
2/10	**Rd/Gld Pk**	**Difference**
186.7	#VALUE!	#VALUE!
5/10	**Blu/Gld Pk**	**Difference**
100.3	#VALUE!	#VALUE!

Notes

^Quoted in US Dollars
^^CP = Commercial Paper
^^^ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
Lastly, SYM = Symbol

Duration, DV01s, Curve Spreads, CF

	M Duration	DV01 32	DV01 $	DV01 Box	CF
30y	16.29	5.01	$1,564	10.01	n/a
10y	8.30	2.59	$809	5.18	n/a
5y	4.55	1.47	$461	5.90	n/a
2y	1.87	0.60	$188	2.41	n/a
ZB	10.39	3.89	$121	3.89	0.7757
ZN	5.77	2.18	$68	4.36	0.8174
ZF	3.83	1.41	$44	2.81	0.8705
ZT	1.73	0.60	$19	2.39	0.9336

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

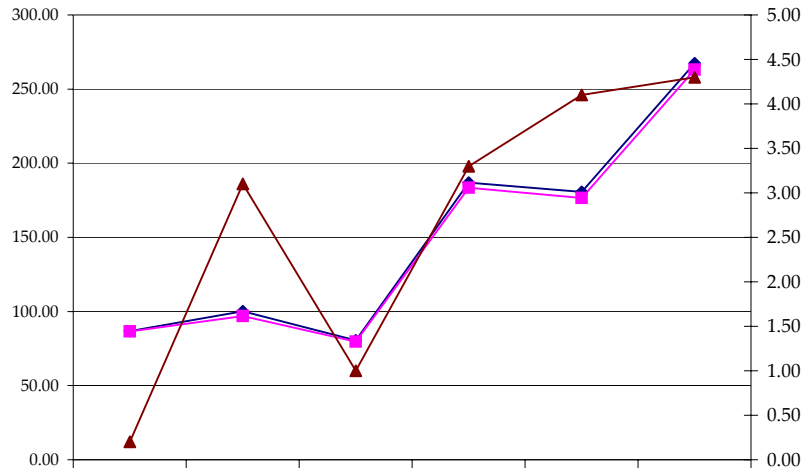
Example, If **ZN** moves 1~basis point, then, it's moved 2.08 tics (Today, 10/25/07, the value in the box is 2.08).

Since ZN trades in half tics, then, 4.17 boxes = 1 basis point in ZN. (Again, today, 10/25/07, the value in the box is 4.17). 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	86.70	86.50	0.20
5/10	100.10	97.00	3.10
10/30	80.60	79.60	1.00
2/10	186.80	183.50	3.30
5/30	180.70	176.60	4.10
2/30	267.40	263.10	4.30

Curve Spreads vs 2pm close



	2/5	5/10	10/30	2/10	5/30	2/30
Last	86.70	100.10	80.60	186.80	180.70	267.40
2 PM Close	86.50	97.00	79.60	183.50	176.60	263.10
Diff	0.20	3.10	1.00	3.30	4.10	4.30

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 (H)	1.040	1.900	2.900	3.400
Bobl (H)	0.560	0.996	1.600	1.800
Shatz (H)	0.223	0.390	0.600	0.710

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.822	2.824	3.326
ZN	0.549		1.550	1.825
ZF	0.354	0.645		1.178
ZT	0.301	0.548	0.849	

Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)	1.0	1.9	4.8
Bobl (H)	0.5	1.0	2.6
Shatz (H)	0.2	0.4	1.0

US Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.52	3.71	6.52	12.61
ZN	2.76	6.76	11.88	22.97
ZF	4.28	10.48	18.42	35.60
ZT	5.05	12.34	21.69	41.93

US Treasuries v Eurex Bonds

	2y	5y	10y	30y
Bund (H)	1.5	3.6	6.4	12.3
Bobl (H)	2.8	6.7	11.8	22.9
Shatz (H)	7.1	17.2	30.4	59.0

US Treasuries

	2y	5y	10y	30y
2y		2.447	4.299	8.311
5y	0.408		1.753	3.390
10y	0.233	0.569		1.933
30y	0.120	0.294	0.517	

Note: Any ratio with the Bund, Bobl, or Shatz is from Bloomberg. So, the Bloomberg hedge ratios, in this spreadsheet, are static. Meaning, I only update them once in a while but always on rolls. My hedge ratio's are live, meaning, they're updated in real-time.

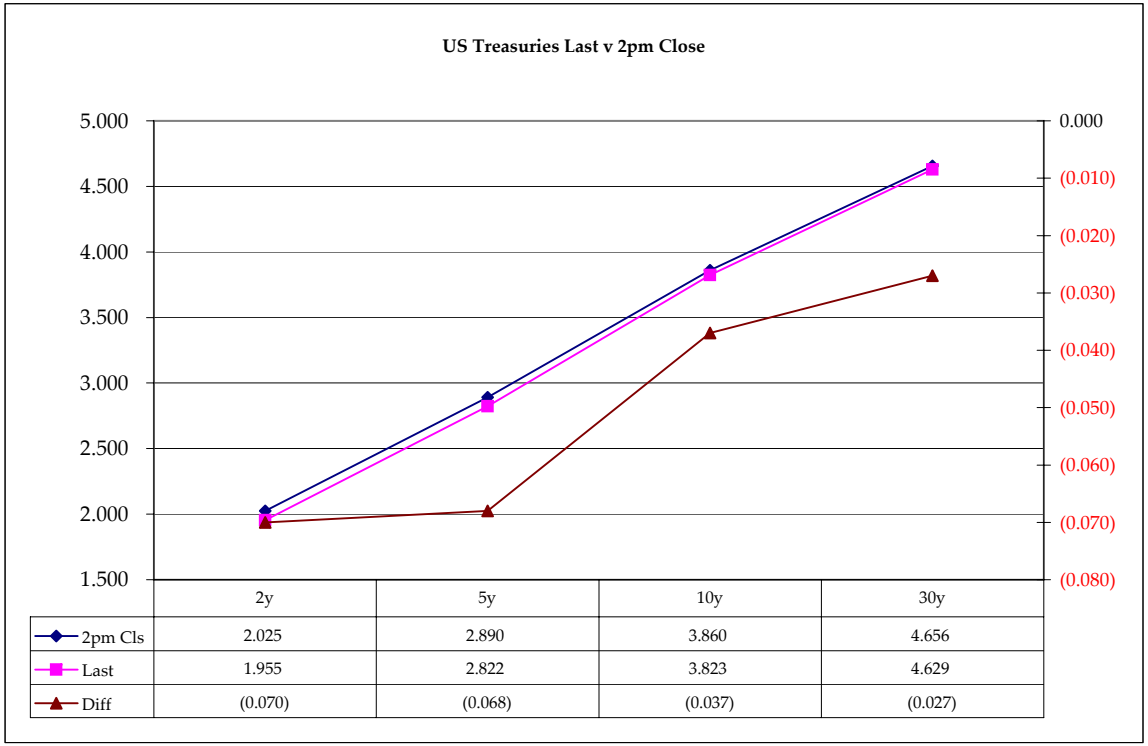
Closes: 2pm CST vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis Close	Basis Last	Roll
2y	2.125	1/31/10	100.0600	2.025	1.955	(0.070)			+1.50 / -1.25
5y	2.875	1/31/13	99.2975	2.890	2.822	(0.068)	49.59	50.77	+2.25 / -2.00
10y	3.500	2/15/18	97.015	3.860	3.823	(0.037)	72.54	73.36	
30y	4.375	5/15/37	95.12	4.656	4.629	(0.027)	172.10	177.29	

	Close 32	Last	
FVAH8	113.005	113.100	**March 08 Contracts**
TYAH8	115.305	116.085	
USAH8	116.00	116.120	
FVar1		20.2	**Roll: 1/4 tic spreads**
TYar1		11.07	
USa1		103.0	
FVAM8		112.220	**June 08 Contracts**
TYAM8		114.295	
USAM8		115.09	

Curve Spreads

	Close bps	Last bps
2/5	86.5	86.7
5/10	97.0	100.1
10/30	79.6	80.6
2/10	183.5	186.8
5/30	176.6	180.7
2/30	263.1	267.4



Notes:
Basis = (Cash Decimal - (Futures Decimal * CF))*32
MDuration for Curve Spreads:
Longer duration minus shorter duration
32 = price is quoted in 32nds

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Cash Duration Matrix

Cash Duration Matrix				
	2	5	10	30
2	100%			
5	41%	100%		
10	23%	55%	100%	
30	12%	28%	51%	144%

What is this? (1):
2yr cash has X% duration of 5yr cash .

Cash Matrix [DV01 x Duration]				
	2	5	10	30
2	$188			
5	$190	$461		
10	$183	$444	$809	
30	$180	$437	$798	$1,564

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	$6	$17		
30	$8	$23	$12	

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	-0.69%			
10	3.10%	3.82%		
30	4.59%	5.32%	1.45%	

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

Tic for Tic & Box for Box Matrix

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	1.01	2.47	4.34	8.39
ZF	0.43	1.05	1.84	3.56
ZN	0.28	0.68	1.19	2.30
ZB	0.15	0.38	0.67	1.29

	2y	5y	10y	30y
2y	1.00	2.45	4.30	8.31
5y	0.41	1.00	1.76	3.40
10y	0.23	0.57	1.00	1.93
30y	0.12	0.29	0.52	1.00

	ZT	ZF	ZN	ZB
ZT	1.00	2.36	3.65	6.51
ZF	0.42	1.00	1.55	2.76
ZN	0.27	0.65	1.00	1.78
ZB	0.15	0.36	0.56	1.00

Box for Box Matrix

	2y	5y	10y	30y
ZT	1.01	2.47	8.68	16.77
ZF	0.43	2.10	3.68	7.12
ZN	0.55	1.35	1.19	2.30
ZB	0.62	1.52	1.33	2.58

	2y	5y	10y	30y
2y		2.45	2.15	4.16
5y	0.41		0.44	1.70
10y	0.47	2.28		1.93
30y	0.24	0.59	0.52	

	2y	5y	10y	30y
ZT		2.36	7.30	26.05
ZF	0.42		1.55	5.53
ZN	0.14	0.65		3.57
ZB	0.04	0.18	0.28	