

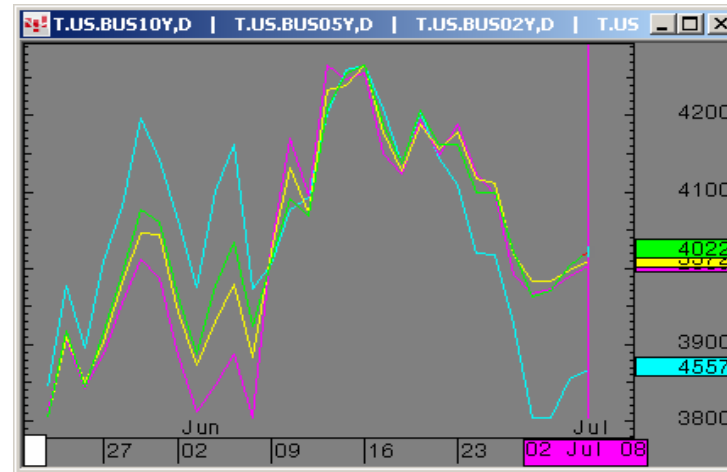


The Morning Email: Treasuries

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Daily Yield Curve



Scale is for 10yr

Source: CQG, Inc. © 2008 All rights reserved worldwide Wed Jul 02 2008



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

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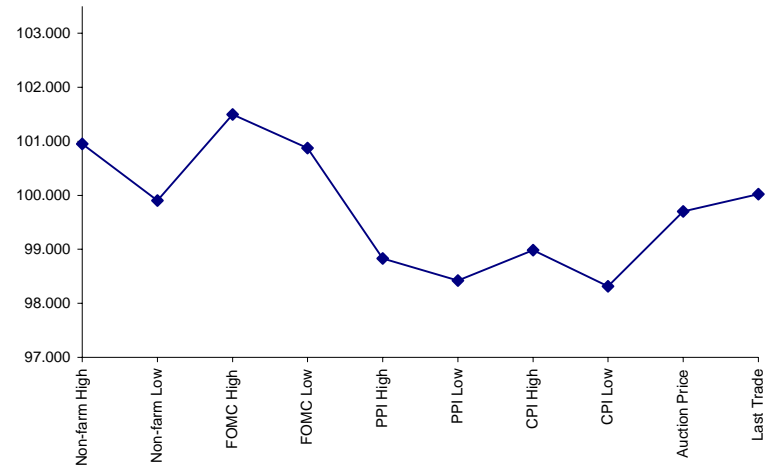
Economic Releases (32nds)

	5y	10y	ZNU8	ZBU8	Date
Non-farm High	100.3050	99.240	114.085	114.270	6/6/2008
Non-farm Low	99.2900	98.165	112.180	113.055	6/6/2008
FOMC High	101.1600	100.275	113.233	115.352	4/20/2008
FOMC Low	100.2800	100.020	112.241	114.267	4/20/2008
PPI High	98.2650	97.165	112.000	112.235	6/17/2008
PPI Low	98.1350	96.295	111.130	111.250	6/17/2008
CPI High	98.3150	97.200	111.300	112.210	6/13/2008
CPI Low	98.1000	96.300	111.025	111.260	6/13/2008
Auction Price	99.2252	99.157	na	na	
Last Trade	100.0070	98.260	113.215	115.105	7/2/2008 5:48

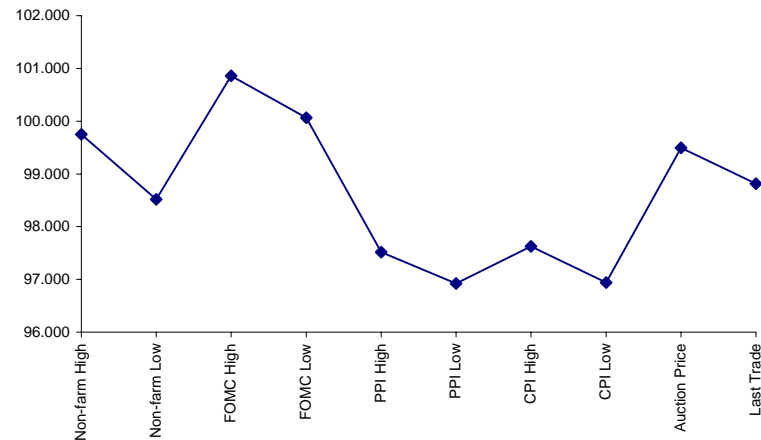
Auctions - 32nds

	2 y	5y	10y	30y
Auction Price	99.291	99.225	99.157	96.120
Auction Yield Stop	2.922	3.44	3.937	4.599
Actual Auction Date	6/24/2008	6/26/2008	5/7/2008	5/8/2008 r

5y (Decimal)



10y (Decimal)



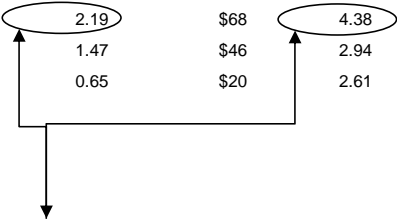
Notes:

- 1) Cash and futures are adjusted for roll.
- 2) Release times are from release to 2pm cdt
- 3) {Jun08 to Sep08 Futures roll: ZF = (-27 3/4); ZN = (-49 1/2); ZB = (-30 1/2) [tics]}

Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAU8	105.167	(0.017)	105.195	105.162	105.182	24,112	2y Fut
FVAU8	110.120	(0.047)	110.187	110.107	110.152	56,981	5y Fut
TYAU8	113.215	(0.065)	113.315	113.170	113.285	101,848	10y Fut
USAU8	115.105	(0.06)	115.240	115.040	115.190	22,590	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.122	(0.007)	100.155	100.122	100.132	na	2y Cash
BUS05P	100.005	(0.022)	100.077	99.315	100.020	na	5y Cash
BUS10P	98.255	(0.040)	99.045	98.220	99.000	na	10y Cash
BUS30P	97.005	(0.035)	97.155	96.250	97.095	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.669	0.020	2.685	2.616	2.673	na	2y Yield
BUS05Y	3.370	0.015	3.38	3.32	3.365	na	5y Yield
BUS10Y	4.022	0.018	4.041	3.977	4.01	na	10y Yield
BUS30Y	4.556	0.007	4.576	4.528	4.553	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.03	5.07	\$1,583	10.13	n/a	30y
10y	8.08	2.57	\$802	5.13	n/a	10y
5y	4.56	1.49	\$466	5.96	n/a	5y
2y	1.92	0.62	\$193	2.47	n/a	2y
ZB	10.24	3.87	\$121	3.87	0.7771	ZB
ZN	5.93	2.19	\$68	4.38	0.8478	ZN
ZF	4.06	1.47	\$46	2.94	0.8928	ZF
ZT	1.92	0.65	\$20	2.61	0.9488	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 2.38 tics (Today, 06/25/08, the value in the box is 2.38).

Since ZN trades in half tics, then, 4.75 boxes = 1 basis point in ZN. (Again, today, 06/25/08, the value in the box is 4.75). 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

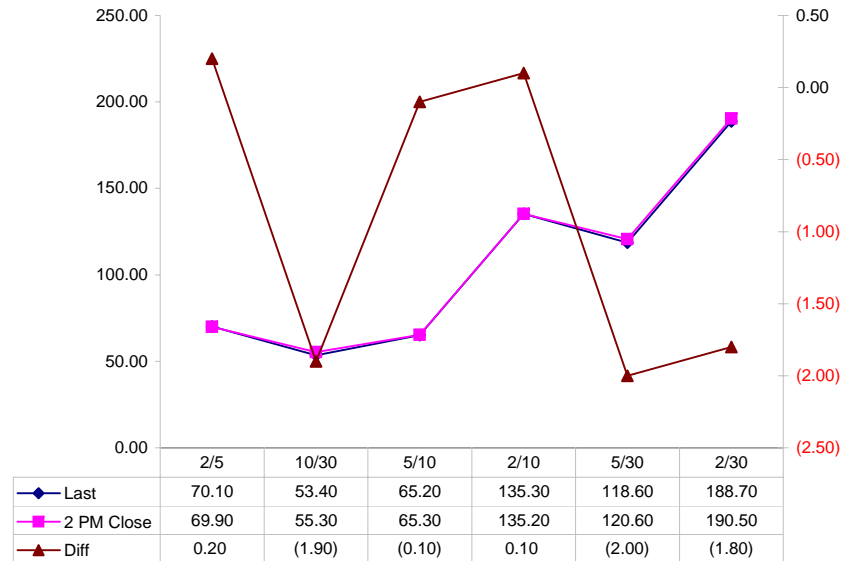
MDuration & DV01s for Futures are based on proxy issue (CTD)

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

Yield Curve Spreads

	Last	2pm close	Diff
2/5	70.10	69.90	0.20
10/30	53.40	55.30	(1.90)
5/10	65.20	65.30	(0.10)
2/10	135.30	135.20	0.10
5/30	118.60	120.60	(2.00)
2/30	188.70	190.50	(1.80)

Curve Spreads vs 2pm close



US Financial Futures / Eurex Bond

	ZB	ZN	ZF	ZT
Bund (U)	1.033	1.681	2.900	3.500
Bobl (U)	0.563	0.948	1.550	2.000
Shatz (U)	0.248	0.431	0.700	0.800

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.768	2.633	2.971
ZN	0.620		1.631	1.841
ZF	0.380	0.672		1.128
ZT	0.329	0.582	0.867	

Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)		1.8	4.3
Bobl (H)	0.6		2.4
Shatz (H)	0.2	0.4	

US Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.60	3.85	6.38	13.08
ZN	2.82	6.81	11.28	23.12
ZF	4.20	10.14	16.80	34.43
ZT	4.74	11.44	18.95	38.85

US Treasuries v Eurex Bonds

	2y	5y	10y	30y
Bund (U)	1.5	3.6	6.3	12.2
Bobl (U)	2.7	6.3	11.2	21.8
Shatz (U)	6.6	15.3	27.1	52.5

US Treasuries

	2y	5y	10y	30y
2y		2.411	3.995	8.189
5y	0.437		1.747	3.580
10y	0.250	0.603		2.050
30y	0.122	0.294	0.488	

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

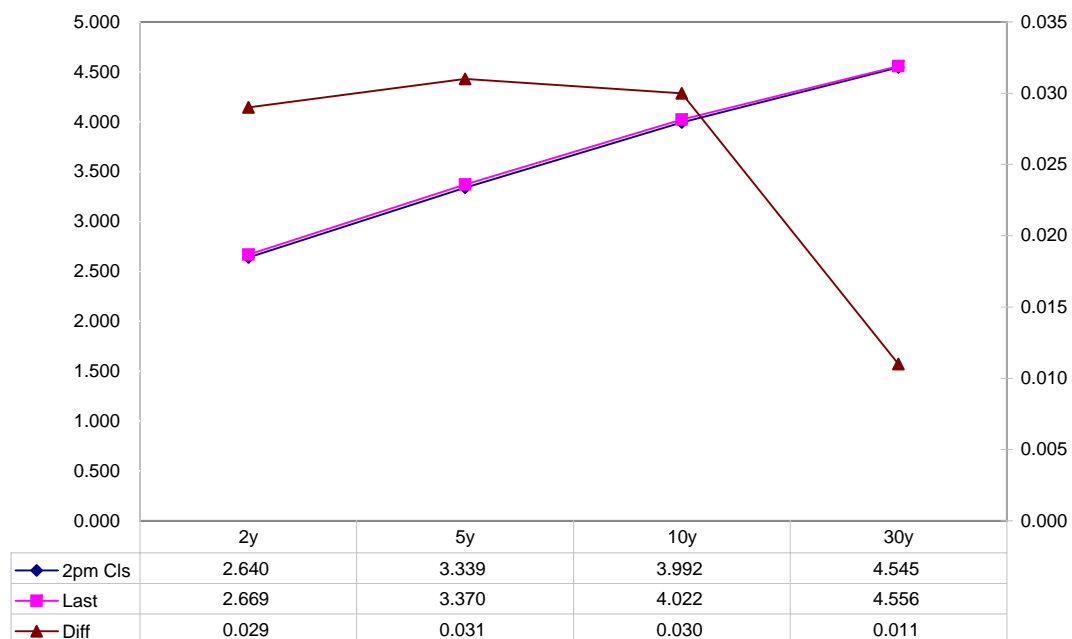
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	2.875	6/30/10	100.1450	2.640	2.669	0.029	8.98	8.69		105.1850	105.1670	TUAU8
5y	3.375	6/30/13	100.5250	3.339	3.370	0.031	94.89	47.33	+0.75 - 1.00	110.1675	110.1200	FVAU8
10y	3.875	5/15/18	99.015	3.992	4.022	0.030	79.69	78.13		113.285	113.215	TYAU8
30y	4.375	5/15/37	97.080	4.545	4.556	0.011	240.23	236.61		115.155	115.105	USAU8

Curve Spreads

	Close bps	Last bps
2/5	69.9	70.1
5/10	65.3	65.2
10/30	55.3	53.4
2/10	135.2	135.3
5/30	120.6	118.6
2/30	190.5	188.7

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	\$193			
5	\$197	\$466		
10	\$191	\$453	\$802	
30	\$190	\$450	\$797	\$1,583

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	\$2	\$13		
30	\$3	\$16	\$5	

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	-1.74%			
10	1.14%	2.93%		
30	1.75%	3.55%	0.60%	

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	0.95	2.29	3.94	7.77
ZF	0.42	1.01	1.75	3.44
ZN	0.28	0.68	1.17	2.31
ZB	0.16	0.38	0.66	1.31

	2y	5y	10y	30y
2y		2.41	4.15	8.19
5y	0.41		1.72	3.40
10y	0.24	0.58		1.97
30y	0.12	0.29	0.51	

	ZT	ZF	ZN	ZB
ZT		2.26	3.36	5.94
ZF	0.44		1.49	2.63
ZN	0.30	0.67		1.77
ZB	0.17	0.38	0.57	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.95	2.29	7.88	15.54
ZF	0.42	1.01	3.49	6.89
ZN	0.56	1.36	1.17	2.31
ZB	0.64	0.77	1.33	1.31

	2y	5y	10y	30y
2y		2.41	2.08	4.09
5y	0.41		0.43	1.70
10y	0.48	2.32		1.97
30y	0.24	0.59	0.51	

	ZT	ZF	ZN	ZB
ZT		2.26	6.72	11.88
ZF	0.44		1.49	5.27
ZN	0.15	0.67		1.77
ZB	0.08	0.19	0.57	

	Libor\$ ¹	Repo Rt ⁶			
0/N	2.444	2.050			
1week	2.463	1.970			
2week	2.466	2.000			
	Libor\$ ¹	Tbill	CP ²		
1M	2.463	1.876	2.540		
3M	2.791	1.871	2.760		
6M	3.134	2.129	3.030		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	2.667	93.50	3.60	4.287	1.620
5y	3.370	94.25	4.31	5.018	1.648
10y	4.022	71.25	4.73	5.167	1.146

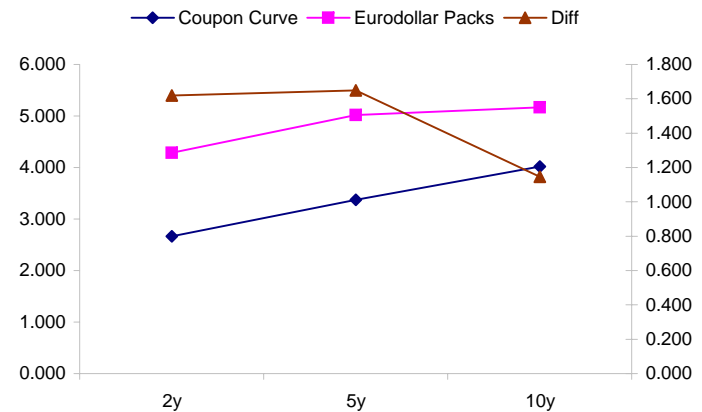
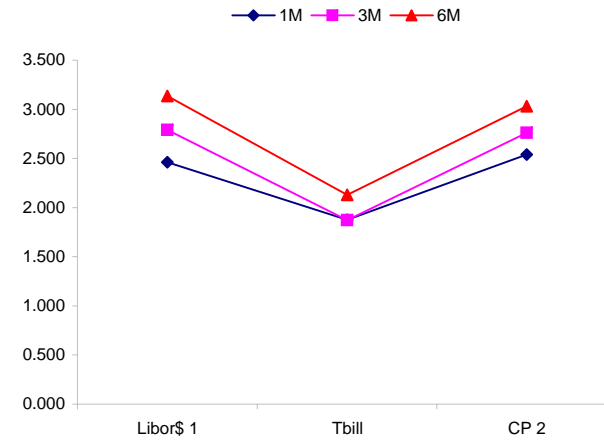
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
70.3	73.1	2.8
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
135.5	88.1	-47.4
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
65.2	14.9	-50.2

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	2.444	(0.0975)	Overnight	LIBOR
TUSFFRON	2.125	(0.2188)	Overnight	Fed Funds Effective Rate
TUSRPOON	2.050	0.0000	Overnight	Repo Rate
TEONIA01M	4.228	0.0100	1 month	Euribor OIS Rate
TEONIA03M	4.315	0.0170	3 month	Euribor OIS Rate
TSONIA01M	5.058	0.0010	1 month	Sterling OIS Rate
TSONIA03M	5.150	0.0020	3 month	Sterling OIS Rate
TUSOIS01M	2.013	(0.0020)	1 month	USD OIS Rate
TUSOIS03M	2.084	0.0110	3 month	USD OIS Rate

