

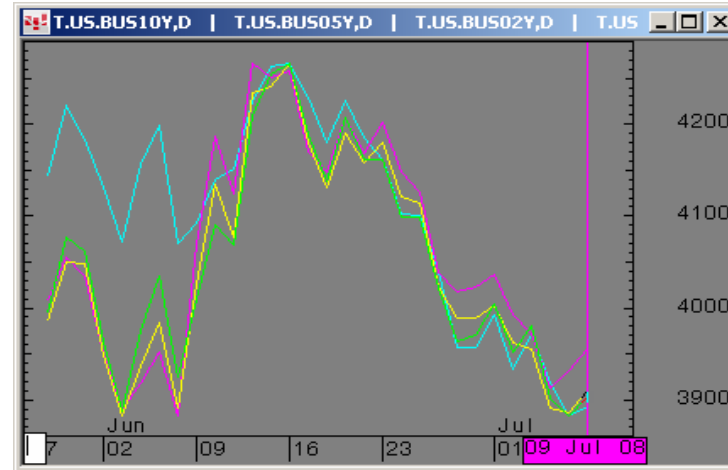


The Morning Email: Treasuries

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Daily Yield Curve



Scale is for 10yr

Source: CQG, Inc. © 2008 All rights reserved worldwide Wed Jul 09 2008



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

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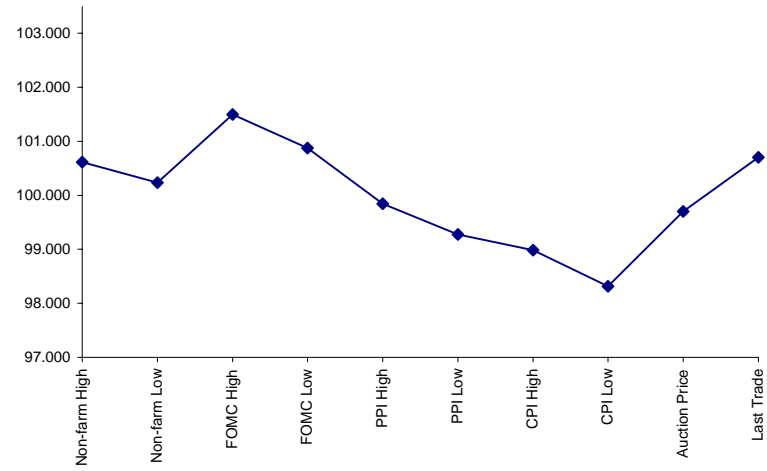
Economic Releases (32nds)

	5y	10y	ZNU8	ZBU8	Date
Non-farm High	100.1975	99.200	114.180	116.155	7/3/2008
Non-farm Low	100.0750	98.285	113.280	115.125	7/3/2008
FOMC High	101.1600	98.045	112.275	114.030	6/25/2008
FOMC Low	100.2800	97.165	112.025	113.095	6/25/2008
PPI High	99.2700	97.165	112.000	112.235	6/17/2008
PPI Low	99.0875	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	100.2250	99.240	115.000	116.185	7/9/2008 5:55

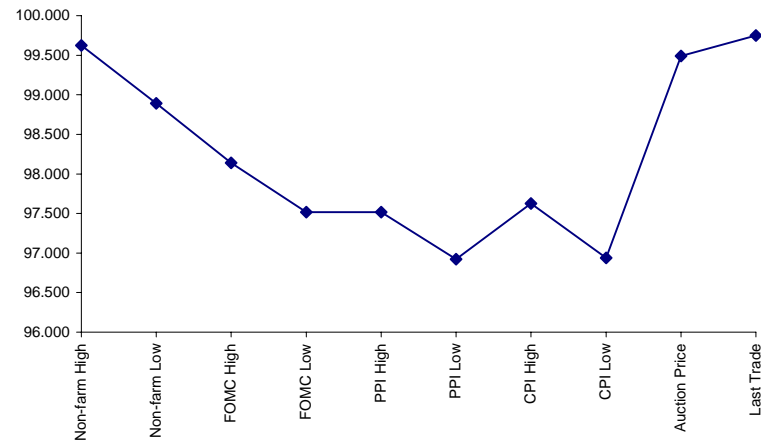
Auctions - 32nds

	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)



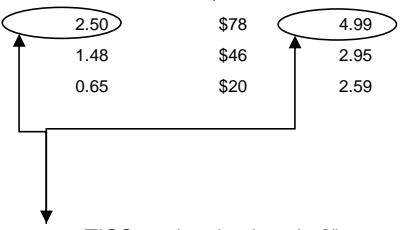
Notes:

- 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	105.270	(0.037)	105.297	105.255	105.285	34,940	2y Fut
FVAU8	111.055	(0.075)	111.127	111.035	111.102	54,783	5y Fut
TYAU8	115.000	(0.075)	115.095	114.290	115.040	97,941	10y Fut
USAU8	116.185	(0.09)	116.285	116.150	116.250	21,159	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.220	(0.025)	100.252	100.212	100.232	na	2y Cash
BUS05P	100.222	(0.055)	100.295	100.207	100.275	na	5y Cash
BUS10P	99.230	(0.050)	99.315	99.200	99.270	na	10y Cash
BUS30P	98.155	(0.060)	98.255	98.115	98.235	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.512	0.044	2.536	2.455	2.492	na	2y Yield
BUS05Y	3.219	0.039	3.235	3.17	3.195	na	5y Yield
BUS10Y	3.905	0.023	3.923	3.873	3.89	na	10y Yield
BUS30Y	4.466	0.014	4.477	4.444	4.456	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.12	5.17	\$1,616	10.34	n/a	30y
10y	8.07	2.59	\$810	5.18	n/a	10y
5y	4.54	1.50	\$468	5.99	n/a	5y
2y	1.91	0.61	\$192	2.46	n/a	2y
ZB	10.27	3.94	\$123	3.94	0.7771	ZB
ZN	6.60	2.50	\$78	4.99	0.8478	ZN
ZF	4.04	1.48	\$46	2.95	0.8928	ZF
ZT	1.91	0.65	\$20	2.59	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

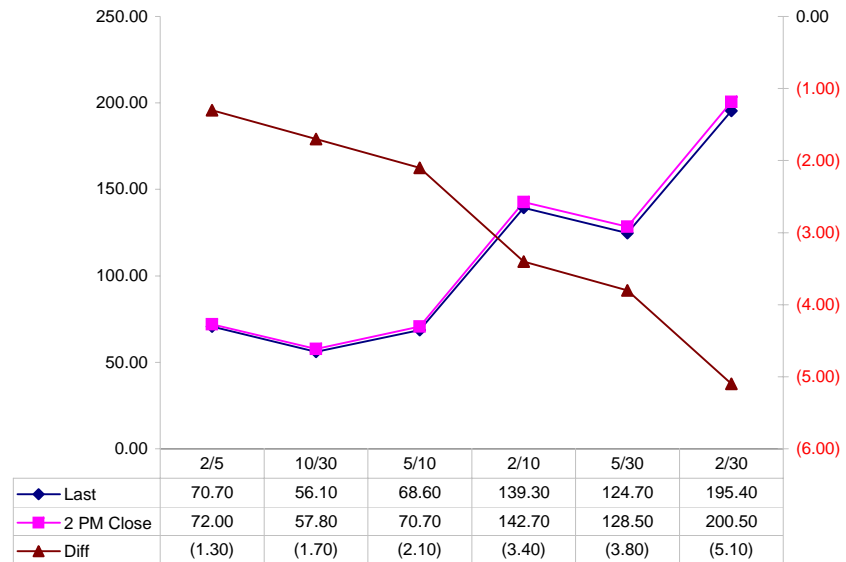
MDuration & DV01s for Futures are based on proxy issue (CTD)

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

Yield Curve Spreads

	Last	2pm close	Diff
2/5	70.70	72.00	(1.30)
10/30	56.10	57.80	(1.70)
5/10	68.60	70.70	(2.10)
2/10	139.30	142.70	(3.40)
5/30	124.70	128.50	(3.80)
2/30	195.40	200.50	(5.10)

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		1.632	2.670	3.043
ZN	0.613		1.637	1.865
ZF	0.374	0.611		1.139
ZT	0.321	0.524	0.858	

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	1.56	3.80	6.33	13.12
ZN	2.54	6.20	10.32	21.40
ZF	4.16	10.14	16.90	35.02
ZT	4.74	11.55	19.25	39.90

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		2.436	4.058	8.411
5y	0.433		1.757	3.642
10y	0.246	0.600		2.073
30y	0.119	0.290	0.482	

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

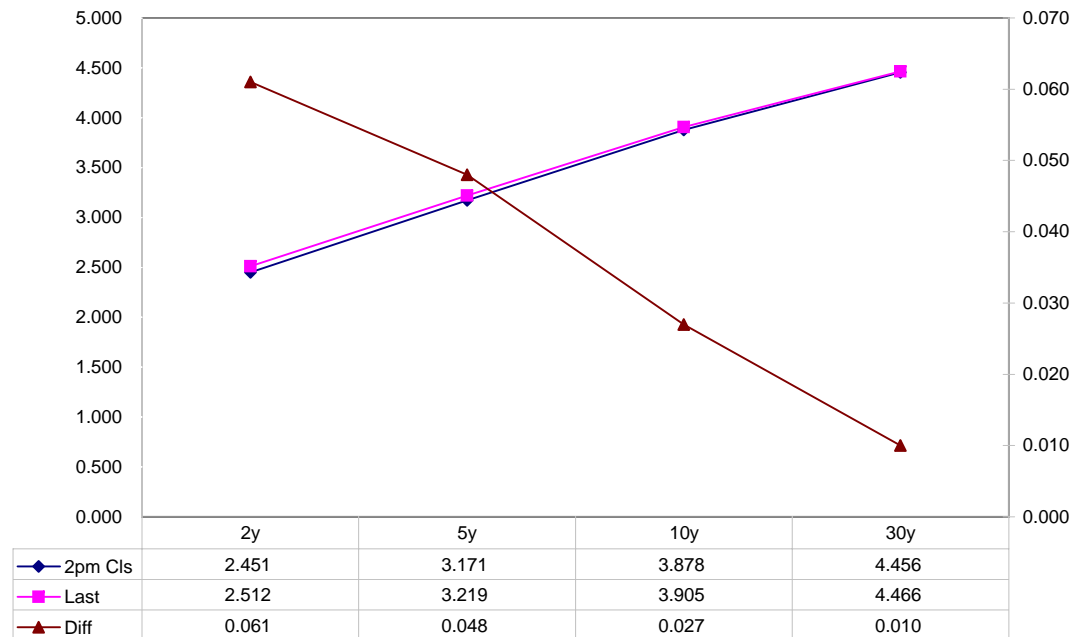
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	2.875	6/30/10	100.2600	2.451	2.512	0.061	8.86	8.41		105.3075	105.2700	TUAU8
5y	3.375	6/30/13	100.2975	3.171	3.219	0.048	47.14	46.36		111.1275	111.0550	FVAU8
10y	3.875	5/15/18	99.310	3.878	3.905	0.027	72.74	72.10		115.075	115.000	TYAU8
30y	4.375	5/15/37	98.215	4.456	4.466	0.010	251.92	253.53		116.270	116.185	USAU8

Curve Spreads

	Close bps	Last bps
2/5	72.0	70.7
5/10	70.7	68.6
10/30	57.8	56.1
2/10	142.7	139.3
5/30	128.5	124.7
2/30	200.5	195.4

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	\$192			
5	\$196	\$468		
10	\$191	\$456	\$810	
30	\$191	\$456	\$809	\$1,616

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	(\$4)			
10	\$1	\$12		
30	\$1	\$12	\$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	-2.16%			
10	0.42%	2.64%		
30	0.49%	2.72%	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
ZT	0.95	2.31	4.00	7.98
ZF	0.42	1.01	1.76	3.50
ZN	0.25	0.62	1.07	2.14
ZB	0.16	0.38	0.66	1.31

	2y	5y	10y	30y
2y		2.44	4.22	8.41
5y	0.41		1.73	3.45
10y	0.24	0.58		2.00
30y	0.12	0.29	0.50	

	ZT	ZF	ZN	ZB
ZT		2.28	3.73	6.09
ZF	0.44		1.64	2.67
ZN	0.27	0.61		1.63
ZB	0.16	0.37	0.61	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.95	2.31	8.00	15.96
ZF	0.42	1.01	3.51	7.00
ZN	0.51	1.24	1.07	2.14
ZB	0.62	0.76	1.31	1.31

	2y	5y	10y	30y
2y		2.44	2.11	4.21
5y	0.41		0.43	1.73
10y	0.47	2.31		2.00
30y	0.24	0.58	0.50	

	ZT	ZF	ZN	ZB
ZT		2.28	7.46	12.17
ZF	0.44		1.64	5.34
ZN	0.13	0.61		1.63
ZB	0.08	0.19	0.61	

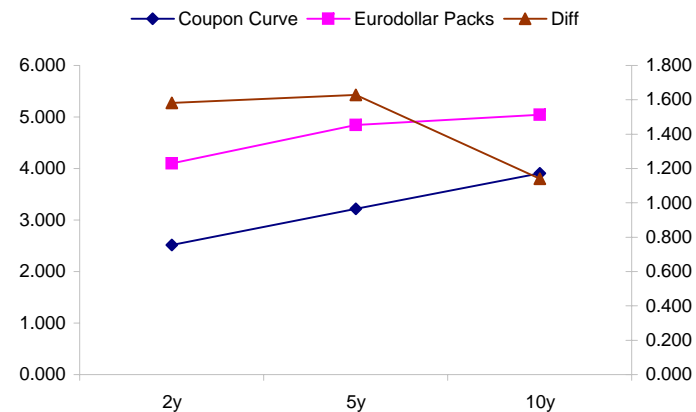
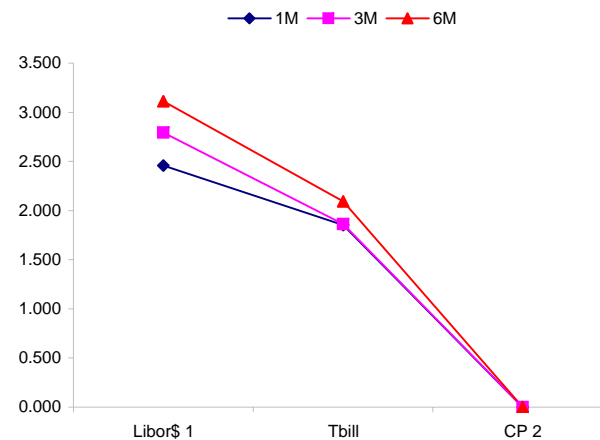
	Libor\$ ¹	Repo Rt ⁶			
0/N	2.328	2.050			
1week	2.434	2.000			
2week	2.446	2.050			
	Libor\$ ¹	Tbill	CP ²		
1M	2.459	1.853	#VALUE!		
3M	2.792	1.861	#VALUE!		
6M	3.113	2.095	#VALUE!		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	2.515	94.25	3.46	4.097	1.582
5y	3.219	96.00	4.18	4.847	1.628
10y	3.905	73.75	4.64	5.047	1.141

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
70.4	75.0	4.6	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
139.1	95.0	-44.1	Red pack / Gold pack is a 2/10 proxy
			Blue pack / Gold pack is a 5/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
68.6	20.0	-48.6	

"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	2.328	(0.0388)	Overnight	LIBOR
TUSFFRON	1.938	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	2.050	0.0000	Overnight	Repo Rate
TEONIA01M	4.277	0.0020	1 month	Euribor OIS Rate
TEONIA03M	4.321	0.0090	3 month	Euribor OIS Rate
TSONIA01M	5.059	0.0080	1 month	Sterling OIS Rate
TSONIA03M	5.112	(0.0010)	3 month	Sterling OIS Rate
TUSOIS01M	2.014	(0.0010)	1 month	USD OIS Rate
TUSOIS03M	2.067	(0.0140)	3 month	USD OIS Rate

