



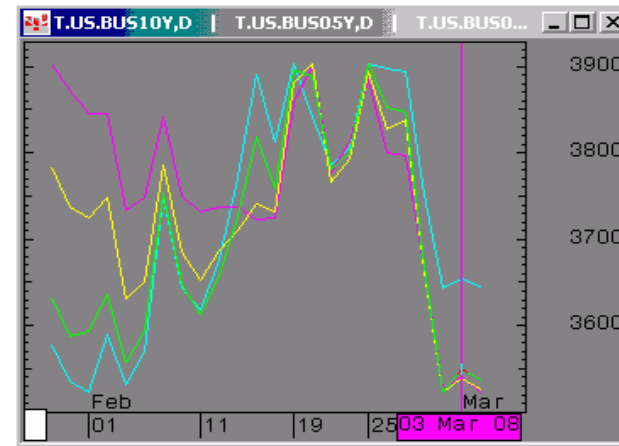
## The Morning Email: Treasuries

3/4/2008 5:52

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### Daily Yield Curve



Source: CQG, Inc. © 2008

Tue Mar 04 2008 05:40:41

30y 10y 5y 2y

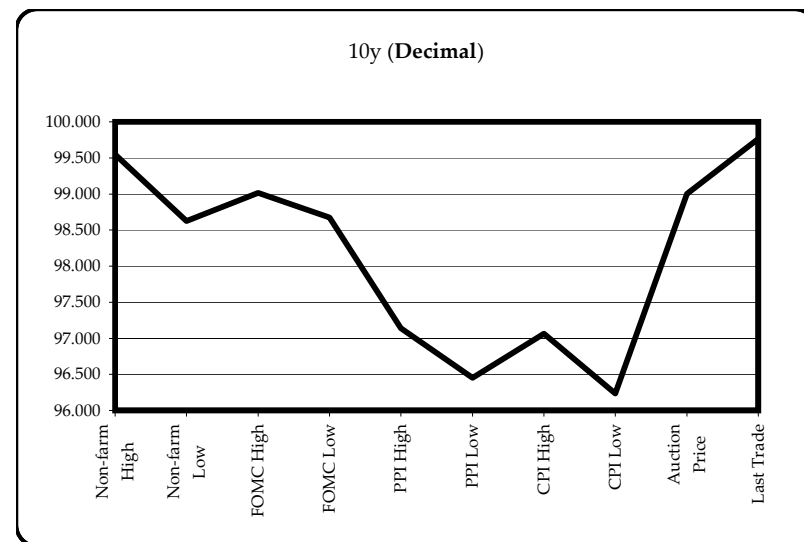
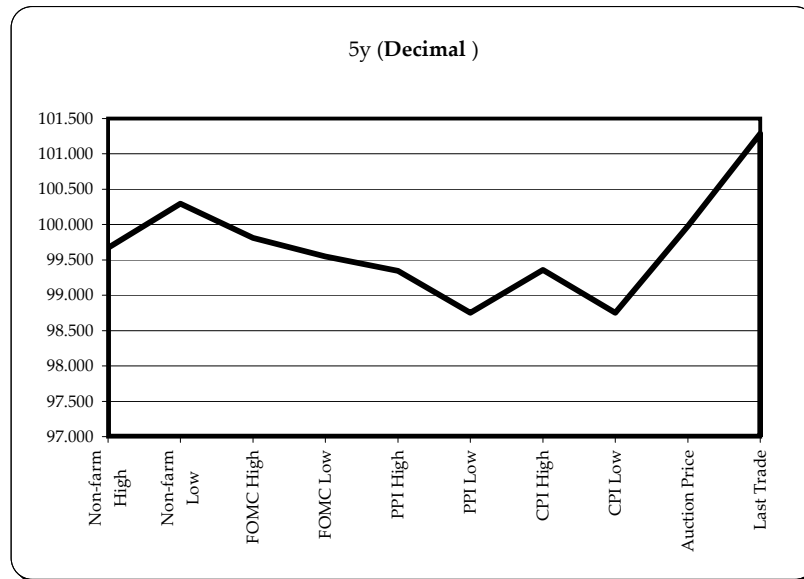


Want something added? Let me know: [jgoulding@ghco.com](mailto:jgoulding@ghco.com)

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Economic Releases - 32nds					
	5y	10y	ZNM8	ZBM8	Date
Non-farm High	99.2150	99.175	114.282	119.09	2/1/2008
Non-farm Low	100.0950	98.200	115.269	118.03	2/1/2008
FOMC High	99.2600	99.005	115.210	118.27	1/31/2008
FOMC Low	99.1750	98.215	114.277	118.08	1/31/2008
PPI High	99.1100	97.045	114.218	115.10	2/26/2008
PPI Low	98.2400	96.145	113.242	114.18	2/26/2008
CPI High	99.1150	97.020	113.303	115.06	2/20/2008
CPI Low	98.2400	96.075	113.221	114.03	2/20/2008
Auction Price	99.3126	99.000			
Last Trade	101.0920	99.245	117.085	118.18	3/4/2008 5:52

Auctions - 32nds				
	2 y	5y	10y	30y
Auction Price	99.292	99.313	99.000	98.250
Auction Yield Stop	2.045	2.755	3.620	4.4449
Actual Auction Date	2/27/2008	2/28/2008	2/6/2008	2/7/2008



Notes: Cash and futures are adjusted for roll.  
 Release times are from release to 2pm cdt  
 {Mch08 to Jun08 Futures roll: ZF = (-20); ZN = (-43); ZB = (-36) [tics]}

	Last	Net	32 nds			Volume	SYM NAME
			High	Low	Open		
TUAM8	107.170	0.0	107.172	107.107	107.147	50,393	2y Fut
FVAM8	114.080	0.0	114.085	113.300	114.037	80,858	5y Fut
TYAM8	117.085	0.0	117.090	116.265	117.015	135,444	10y Fut
USAM8	118.180	0	118.190	117.300	118.105	34,943	30y Fut
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02P	100.247	2.5	100.247	100.190	100.212	na	2y Cash
BUS05P	101.092	4.2	101.092	100.312	101.022	na	5y Cash
BUS10P	99.235	5.0	99.245	99.105	99.150	na	10y Cash
BUS30P	99.060	7	99.090	98.165	98.295	na	30y Cash
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02Y	1.599	(4.10)	1.703	1.596	1.647	na	2y Yield
BUS05Y	2.471	(2.80)	2.544	2.471	2.509	na	5y Yield
BUS10Y	3.528	(2.10)	3.584	3.526	3.56	na	10y Yield
BUS30Y	4.416	(1.60)	4.471	4.413	4.44	na	30y Yield

	Libor\$ ^	Tbill	CP ^^
1M	3.080	1.985	3.110
3M	3.008	1.659	3.060
6M	2.877	1.805	2.860

	Libor\$ ^	Repos
0/N	3.160	#VALUE!
1week	3.134	#VALUE!
2week	3.125	#VALUE!

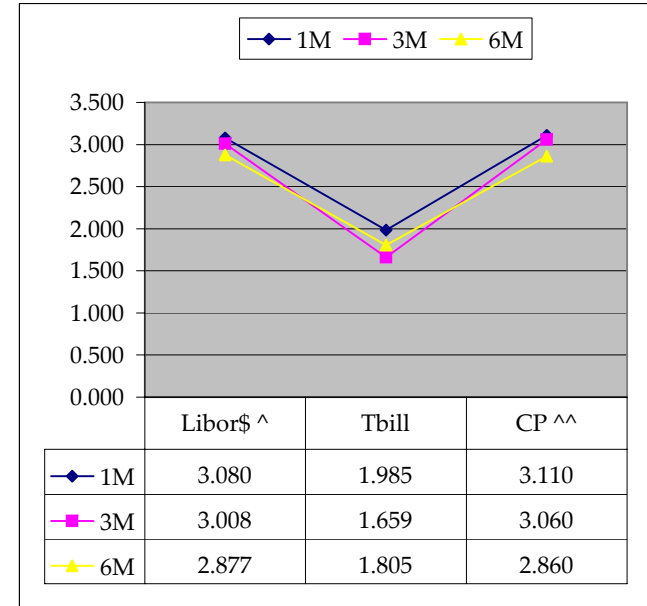
	TSY	Swap	ED Pks ^^^
2y	1.598	91.50	2.573
5y	2.473	89.75	4.210
10y	3.532	71.00	

"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

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



	2/5	Rd/Blu Pk Difference
	87.6	163.8 76.2
	2/10	Rd/Gld Pk Difference
	193.4	#VALUE! #VALUE!
	5/10	Blu/Gld Pk Difference
	105.8	#VALUE! #VALUE!

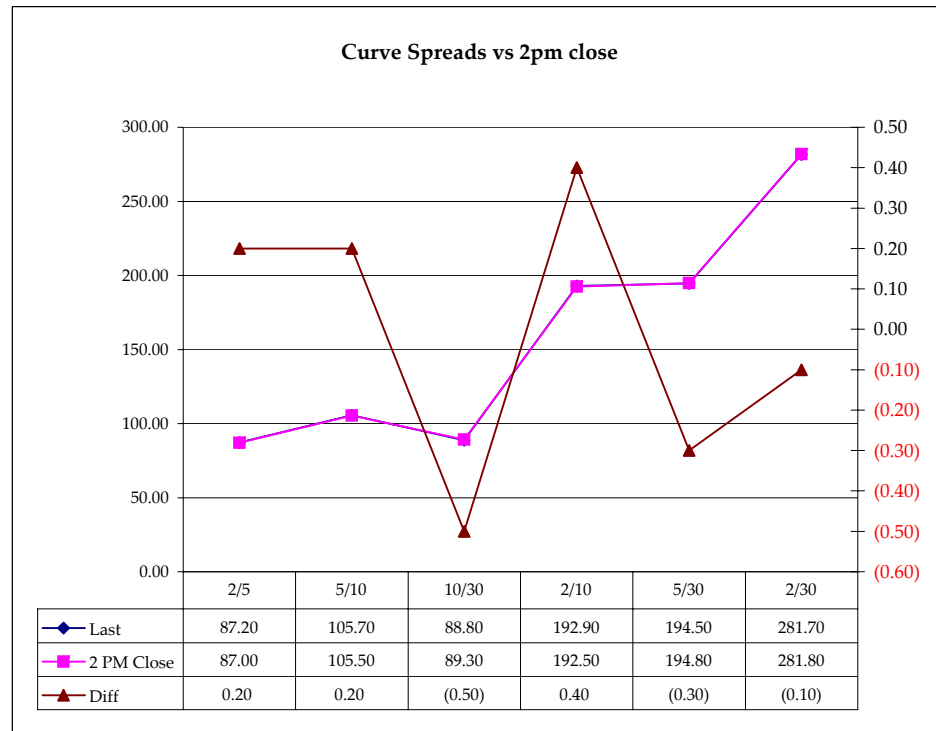
	M Duration	DV01 32	DV01 \$	DV01 Box	CF
30y	16.51	5.25	\$1,641	10.50	n/a
10y	8.32	2.66	\$831	5.32	n/a
5y	4.64	1.52	\$474	6.07	n/a
2y	1.94	0.63	\$196	2.51	n/a
ZB	10.46	4.03	\$126	4.03	0.7765
ZN	6.06	2.31	\$72	4.62	0.8210
ZF	4.10	1.51	\$47	3.03	0.8694
ZT	1.92	0.68	\$21	2.71	0.9286

Yield Curve Spreads			
	Last	2pm close	Diff
2/5	87.20	87.00	0.20
5/10	105.70	105.50	0.20
10/30	88.80	89.30	(0.50)
2/10	192.90	192.50	0.40
5/30	194.50	194.80	(0.30)
2/30	281.70	281.80	(0.10)

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.



**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		1.614	2.659	2.971
ZN	0.376		1.647	1.117
ZF	0.376	0.607		1.117
ZT	0.337	0.543	0.895	

## 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	1.56	3.77	6.61	13.05
ZN	2.71	6.57	11.52	22.74
ZF	4.14	10.02	17.57	34.69
ZT	4.62	11.19	19.64	38.76

## 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

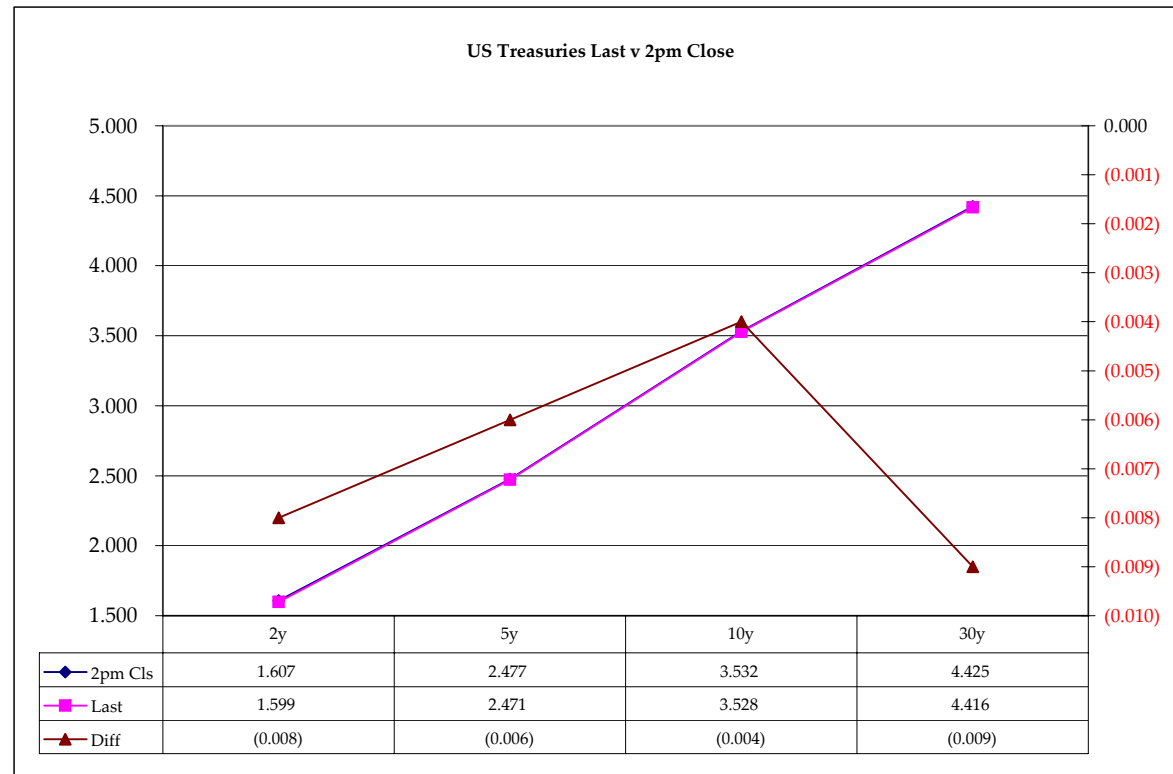
## US Treasuries

	2y	5y	10y	30y
2y		2.422	4.248	8.386
5y	0.413		1.754	3.463
10y	0.235	0.570		1.974
30y	0.119	0.289	0.507	

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.

	Cpn	Mty	Close 32	Close	Last	Diff	Basis		Roll	Close 32	Last		
							Close	Last					
2y	2.000	2/28/10	100.2450	1.607	1.599	(0.008)				FVAM8	114.075	114.080	June 08 Contracts
5y	2.750	2/28/13	101.0875	2.477	2.471	(0.006)	62.66	62.67		TYAM8	117.065	117.085	
10y	3.500	2/15/18	99.235	3.532	3.528	(0.004)	112.34	111.70		USAM8	118.18	118.180	
30y	4.375	5/15/37	99.06	4.425	4.416	(0.009)	227.46	221.96		FVar1		#NAME?	Roll: 1/4 tic spreads
										TYar1		115.7	
										USar1		103.7	
										FVH8		114.277	March 08 Contracts
										TYAH8		118.235	
										USAH8		119.210	

Curve Spreads		
	Close bps	Last bps
2/5	87.0	87.2
5/10	105.5	105.7
10/30	89.3	88.8
2/10	192.5	192.9
5/30	194.8	194.5
2/30	281.8	281.7



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

Cash Duration Matrix				
	2	5	10	30
2	100%			
5	42%	100%		
10	23%	56%	100%	
30	12%	28%	50%	137%
Cash Matrix [DV01 x Duration]				
	2	5	10	30
2	\$196			
5	\$198	\$474		
10	\$194	\$463	\$831	
30	\$193	\$461	\$827	\$1,641
Cash Matrix [DV01 over / (under) valued]				
	2	5	10	30
2				
5	(\$3)			
10	\$2	\$11		
30	\$3	\$13	\$4	
Cash Matrix [DV01 over / (under) as %]				
	2	5	10	30
2				
5	-1.38%			
10	0.89%	2.31%		
30	1.40%	2.82%	0.50%	

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

**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.

**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.  
  
 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		0.92	2.24	3.93	7.75
ZF		0.41	1.00	1.76	3.47
ZN		0.27	0.66	1.15	2.27
ZB		0.16	0.38	0.66	1.30

		Box for Box Matrix			
		2y	5y	10y	30y
ZT		0.92	2.24	7.85	15.50
ZF		0.41	2.00	3.51	6.94
ZN		0.54	1.31	1.15	2.27
ZB		0.62	1.51	1.32	2.61

		2y	5y	10y	30y
2y		1.00	2.42	4.25	8.39
5y		0.41	1.00	1.75	3.46
10y		0.24	0.57	1.00	1.97
30y		0.12	0.29	0.51	1.00

		2y	5y	10y	30y
2y			2.42	2.12	4.19
5y		0.41		0.44	1.73
10y		0.47	2.28		1.97
30y		0.24	0.58	0.51	

		ZT	ZF	ZN	ZB
ZT		1.00	2.23	3.41	5.94
ZF		0.45	1.00	1.53	2.66
ZN		0.29	0.66	1.00	1.74
ZB		0.17	0.38	0.57	1.00

		2y	5y	10y	30y
ZT			2.23	6.82	23.77
ZF		0.45		1.53	5.32
ZN		0.15	0.66		3.49
ZB		0.04	0.19	0.29	

This page needs to be updated now that the CME has changed the tic size. I'll get to this in the next few days.

Thanks,  
Jim