

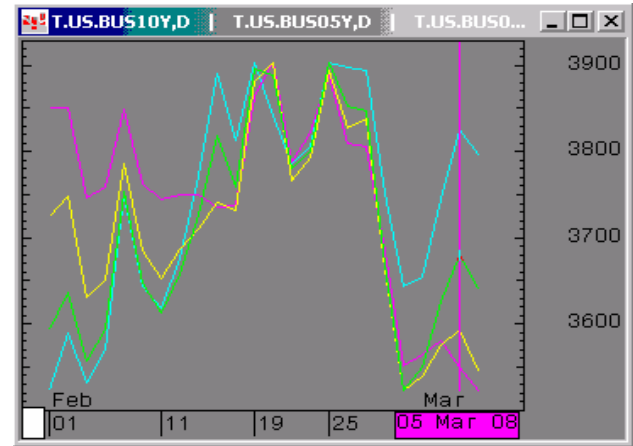


The Morning Email: Treasuries

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Daily Yield Curve



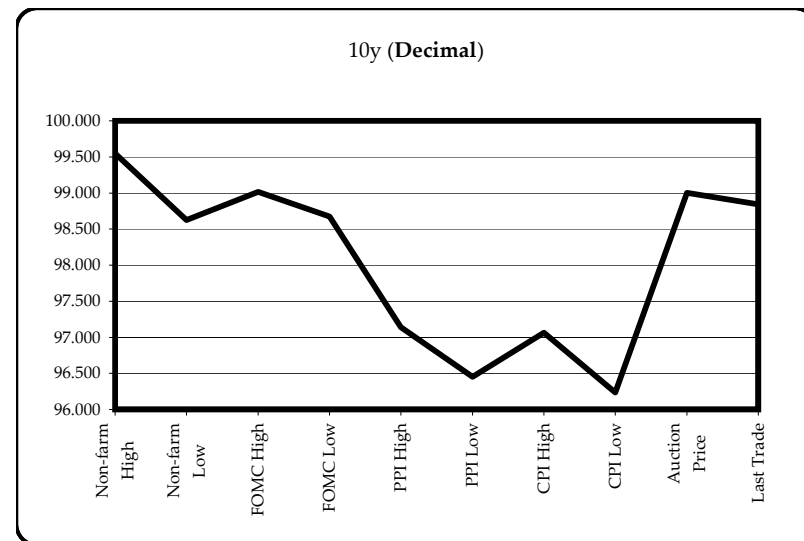
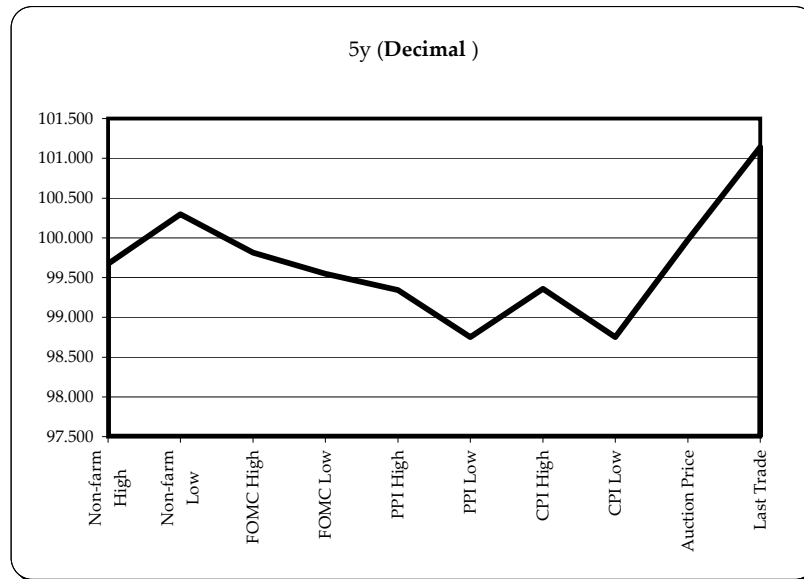
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Want something added? Let me know: jgoulding@ghco.com
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Economic Releases - 32nds					
	5y	10y	ZNM8	ZBM8	Date
Non-farm High	99.2150	99.175	114.282	119.09	2/1/2008
Non-farm Low	100.0950	98.200	115.269	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	101.0450	98.270	116.245	116.24	3/6/2008 5:48

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	107.152	0.045	107.162	107.115	107.120	43,588	2y Fut
FVAM8	114.012	0.105	114.022	113.235	113.242	84,298	5y Fut
TYAM8	116.245	0.115	116.245	116.100	116.100	131,076	10y Fut
USAM8	116.235	0.14	116.240	116.090	116.090	37,232	30y Fut
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02P	100.265	0.030	100.275	100.235	100.240	na	2y Cash
BUS05P	101.047	0.107	101.055	100.280	100.280	na	5y Cash
BUS10P	98.270	0.115	98.275	98.155	98.185	na	10y Cash
BUS30P	96.275	0.115	96.290	96.120	96.210	na	30y Cash
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02Y	1.566	(0.053)	1.63	1.55	1.602	na	2y Yield
BUS05Y	2.502	(0.068)	2.565	2.494	2.542	na	5y Yield
BUS10Y	3.638	(0.041)	3.687	3.634	3.666	na	10y Yield
BUS30Y	4.565	(0.024)	4.603	4.561	4.585	na	30y Yield

	Libor\$ ^	Tbill	CP ^^
1M	3.058	1.919	3.070
3M	2.990	1.495	2.960
6M	2.893	1.740	2.800

	Libor\$ ^	Repos
0/N	3.116	2.800
1week	3.128	2.650
2week	3.111	2.600

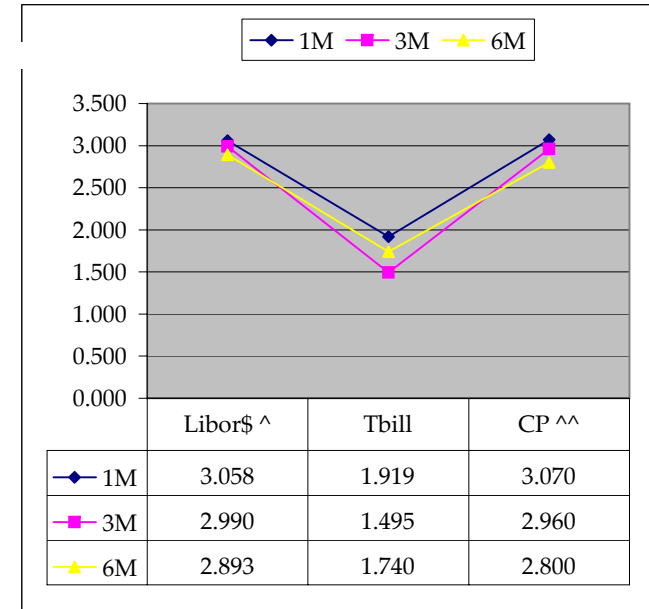
	TSY	Swap	ED Pks ^^^
2y	1.571	105.00	2.734
5y	2.503	105.75	4.484
10y	3.640	81.25	5.060

"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
	93.1	174.9
	206.8	232.5
	113.7	57.6

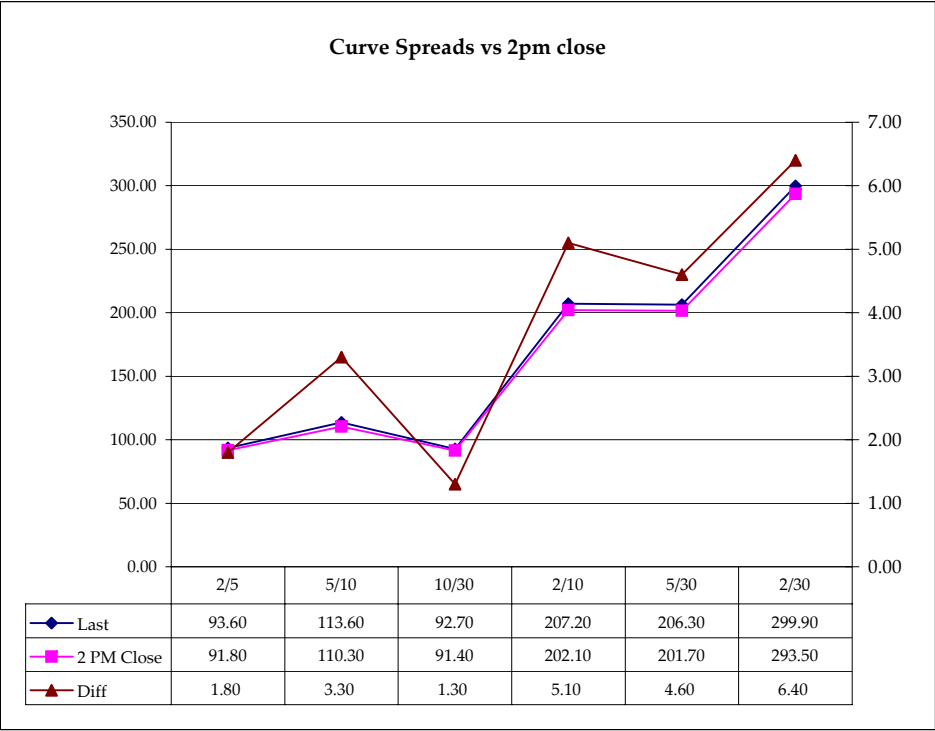
	M Duration	DV01 32	DV01 \$	DV01 Box	CF
30y	16.33	5.08	\$1,586	10.15	n/a
10y	8.30	2.63	\$822	5.26	n/a
5y	4.63	1.51	\$473	6.05	n/a
2y	1.94	0.63	\$195	2.50	n/a
ZB	10.42	3.97	\$124	3.97	0.7765
ZN	6.67	2.57	\$80	5.13	0.8210
ZF	4.10	1.51	\$47	3.02	0.8694
ZT	1.91	0.68	\$21	2.71	0.9286

Yield Curve Spreads			
	Last	2pm close	Diff
2/5	93.60	91.80	1.80
5/10	113.60	110.30	3.30
10/30	92.70	91.40	1.30
2/10	207.20	202.10	5.10
5/30	206.30	201.70	4.60
2/30	299.90	293.50	6.40

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)	1.000	1.600	2.800	3.120
Bobl (H)	0.600	0.910	1.560	1.730
Shatz (H)	0.260	0.398	0.677	0.755

US Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.58	3.81	6.63	12.79
ZN	2.44	5.90	10.26	19.79
ZF	4.14	10.03	17.45	33.65
ZT	4.62	11.19	19.46	37.53

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.546	2.630	2.933
ZN	0.380		1.646	1.115
ZF	0.380	0.588		1.115
ZT	0.341	0.527	0.897	

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

Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)	0.0	1.8	4.1
Bobl (H)	0.6	0.0	2.3
Shatz (H)	0.2	0.4	0.0

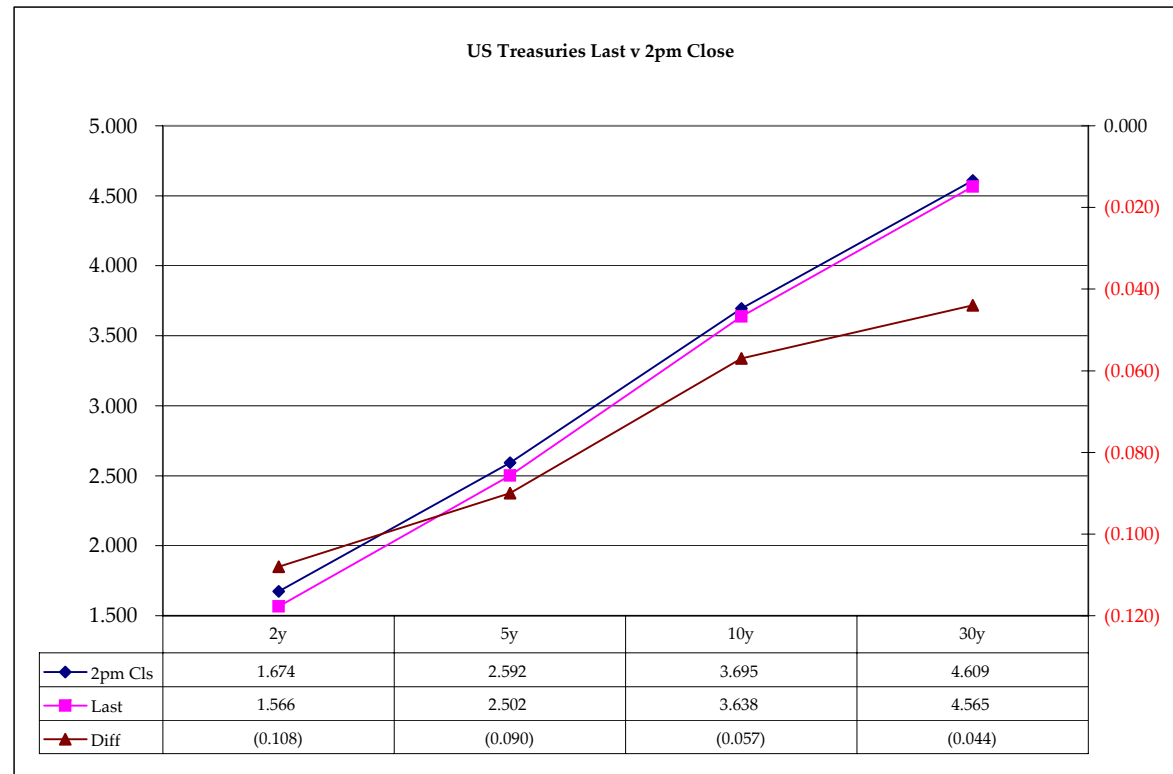
US Treasuries

	2y	5y	10y	30y
2y		2.421	4.211	8.122
5y	0.413		1.740	3.355
10y	0.237	0.575		1.929
30y	0.123	0.298	0.518	

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	100.2025	1.674	1.566	(0.108)				FVAM8	113.228	114.012	June 08 Contracts
5y	2.750	2/28/13	100.2350	2.592	2.502	(0.090)	59.97	63.89		TYAM8	116.125	116.245	
10y	3.500	2/15/18	98.125	3.695	3.638	(0.057)	90.69	95.33		USAM8	116.10	116.235	
30y	4.375	5/15/37	96.07	4.609	4.565	(0.044)	188.87	200.38		FVar1		#NAME?	Roll: 1/4 tic spreads
										TYar1		118.7	
										USar1		104.5	
										FVH8		114.255	March 08 Contracts
										TYAH8		118.105	
										USAH8		117.275	

Curve Spreads		
	Close bps	Last bps
2/5	91.8	93.6
5/10	110.3	113.6
10/30	91.4	92.7
2/10	202.1	207.2
5/30	201.7	206.3
2/30	293.5	299.9



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%	51%	124%
Cash Matrix [DV01 x Duration]				
	2	5	10	30
2	\$195			
5	\$198	\$473		
10	\$192	\$459	\$822	
30	\$188	\$450	\$806	\$1,586
Cash Matrix [DV01 over / (under) valued]				
	2	5	10	30
2				
5	(\$2)			
10	\$4	\$14		
30	\$7	\$23	\$16	
Cash Matrix [DV01 over / (under) as %]				
	2	5	10	30
2				
5	-1.21%			
10	1.84%	3.08%		
30	3.87%	5.13%	1.99%	

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

Box for Box Matrix



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