



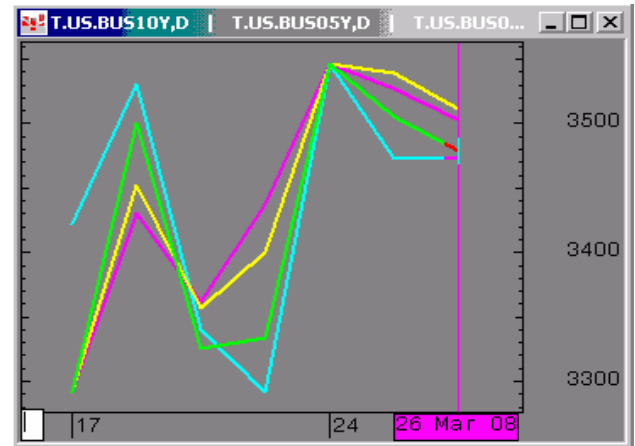
## The Morning Email: Treasuries

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Daily Yield Curve



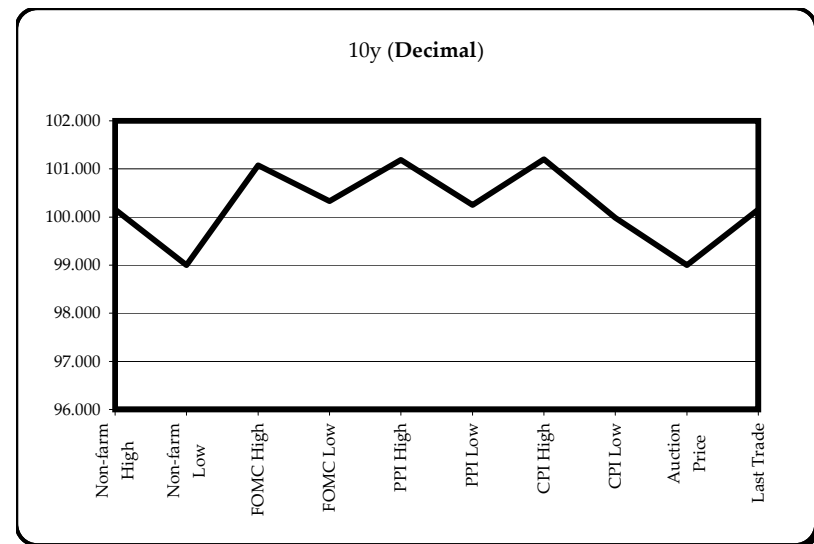
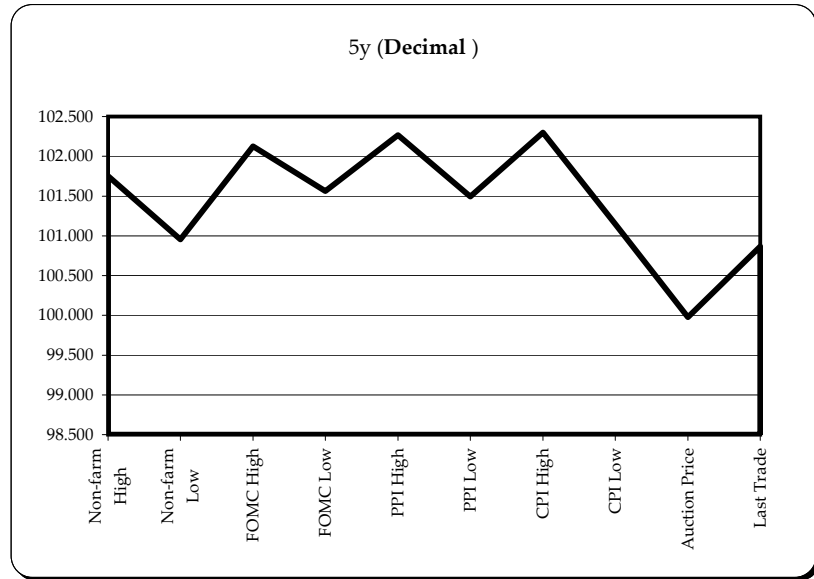
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Want something added? Let me know: [jgoulding@ghco.com](mailto:jgoulding@ghco.com)  
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Economic Releases - 32nds					
	5y	10y	ZNM8	ZBM8	Date
Non-farm High	101.2400	100.050	117.290	118.12	3/7/2008
Non-farm Low	100.3050	99.000	116.235	116.05	3/7/2008
FOMC High	102.0400	101.025	119.210	120.03	3/18/2008
FOMC Low	101.1800	100.105	118.285	119.10	3/18/2008
PPI High	102.0850	101.060	119.150	120.03	2/26/2008
PPI Low	101.1575	100.080	118.250	119.04	2/26/2008
CPI High	102.0950	101.065	119.120	120.13	3/14/2008
CPI Low	101.0475	99.315	118.040	118.21	3/14/2008
Auction Price	99.3126	99.000			
Last Trade	100.2770	100.050	118.195	118.29	3/26/2008 5:44

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	107.010	0.035	107.012	106.287	106.297	18,593	2y Fut
FVAM8	113.225	0.057	113.232	113.142	113.160	28,094	5y Fut
TYAM8	118.195	0.025	118.210	118.100	118.140	68,677	10y Fut
USAM8	118.285	(0.05)	119.010	118.170	118.305	11,367	30y Fut
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02P	100.160	0.022	100.160	100.130	100.135	na	2y Cash
BUS05P	100.275	0.065	100.280	100.212	100.220	na	5y Cash
BUS10P	100.050	0.080	100.060	99.285	99.300	na	10y Cash
BUS30P	101.035	0.010	101.085	100.270	101.060	na	30y Cash
	Last	Net	High	Low	Open	Volume	SYM NAME
BUS02Y	1.727	(0.046)	1.793	1.727	1.785	na	2y Yield
BUS05Y	2.562	(0.044)	2.614	2.555	2.612	na	5y Yield
BUS10Y	3.479	(0.026)	3.526	3.473	3.511	na	10y Yield
BUS30Y	4.306	0.001	4.33	4.295	4.307	na	30y Yield

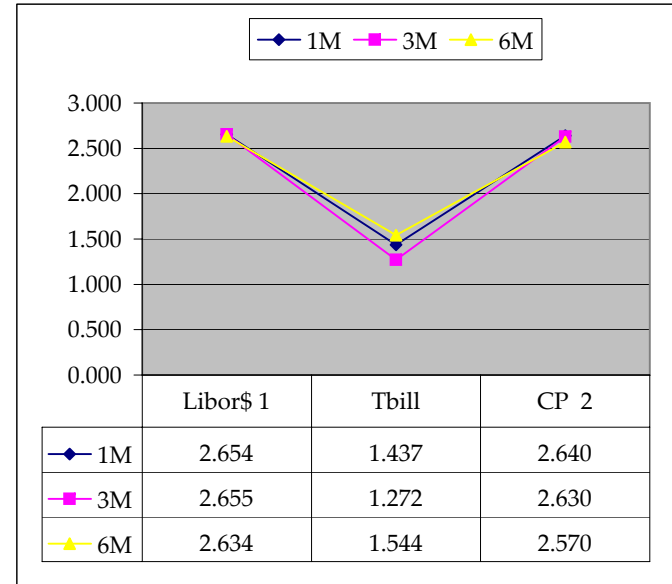
	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>
1M	2.654	1.437	2.640
3M	2.655	1.272	2.630
6M	2.634	1.544	2.570

	Libor\$ <sup>1</sup>	Repos
0/N	2.874	0.900
1week	2.835	0.900
2week	2.785	0.850

	TSY	Swap	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	1.734	81.50	2.961	1.227
5y	2.563	85.25	#VALUE!	#VALUE!
10y	3.479	62.50	#VALUE!	#VALUE!

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



2/5	Rd/Blu Pk Difference	
82.9	#VALUE!	#VALUE!
2/10	Rd/Gld Pk Difference	
174.5	#VALUE!	#VALUE!
5/10	Blu/Gld Pk Difference	
91.6	#VALUE!	#VALUE!

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
- SYM = Symbol

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**Duration, DV01s, Curve Spreads, CF**

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	M Duration	DV01 32	DV01 \$	DV01 Box	CF
30y	16.59	5.40	\$1,686	10.79	n/a
10y	8.27	2.66	\$831	5.32	n/a
5y	4.58	1.49	\$466	5.97	n/a
2y	1.88	0.61	\$189	2.42	n/a
ZB	10.39	3.99	\$125	3.99	0.7765
ZN	6.63	2.57	\$80	5.15	0.8210
ZF	4.04	1.49	\$47	2.98	0.8694
ZT	1.89	0.66	\$20	2.62	0.9286

Yield Curve Spreads			
	Last	2pm close	Diff
2/5	83.50	83.20	0.30
5/10	91.70	89.80	1.90
10/30	82.70	80.70	2.00
2/10	175.20	173.00	2.20
5/30	174.40	170.50	3.90
2/30	257.90	253.70	4.20

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.

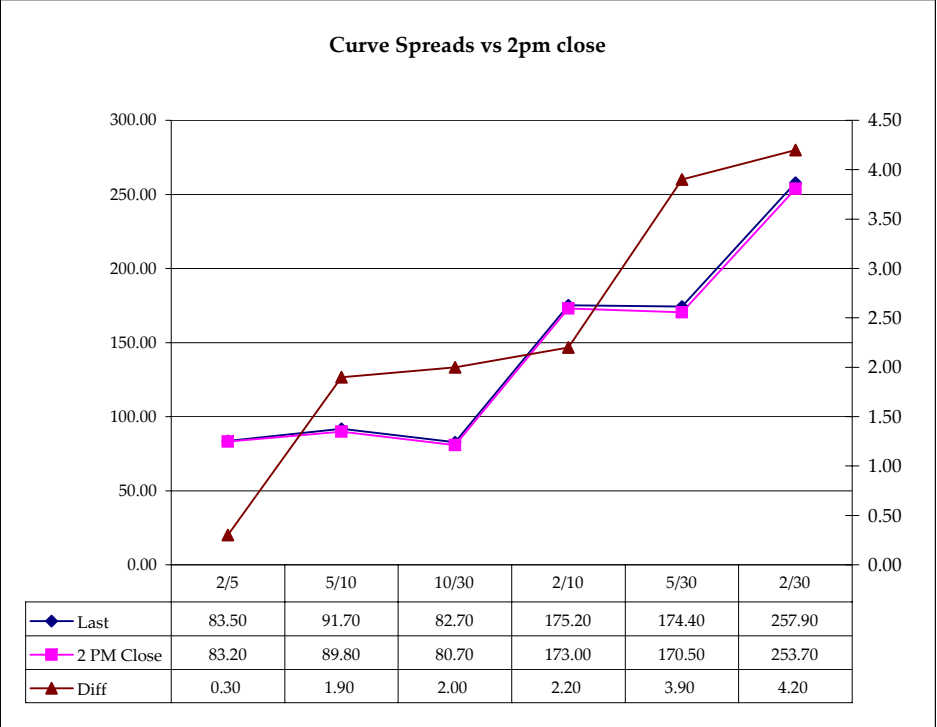
**Notes**

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



**Hedge Ratio's**

**US Financial Futures / Eurex Bond**

	ZB	ZN	ZF	ZT
Bund (H)	1.000	1.600	2.800	3.238
Bobl (H)	0.600	0.923	1.587	1.787
Shatz (H)	0.248	0.383	0.658	0.741

**US Treasuries v US Financial Futures**

	2y	5y	10y	30y
ZB	1.52	3.74	6.67	13.53
ZN	2.35	5.80	10.33	20.96
ZF	4.07	10.02	17.87	36.24
ZT	4.62	11.39	20.29	41.16

**US Financial Futures**

	ZB	ZN	ZF	ZT
ZB		1.549	2.678	3.042
ZN	0.646		1.674	1.136
ZF	0.373	0.578		1.136
ZT	0.329	0.509	0.881	

**US Treasuries v Eurex Bonds**

	2y	5y	10y	30y
Bund (H)	1.4	3.4	6.1	12.0
Bobl (H)	2.6	6.2	11.1	21.7
Shatz (H)	6.2	15.0	26.6	52.1

**Eurex Bonds**

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)		1.8	4.4
Bobl (H)	0.6		2.4
Shatz (H)	0.2	0.4	

**US Treasuries**

	2y	5y	10y	30y
2y		2.464	4.392	8.907
5y	0.406		1.782	3.615
10y	0.228	0.561		2.028
30y	0.112	0.277	0.493	

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

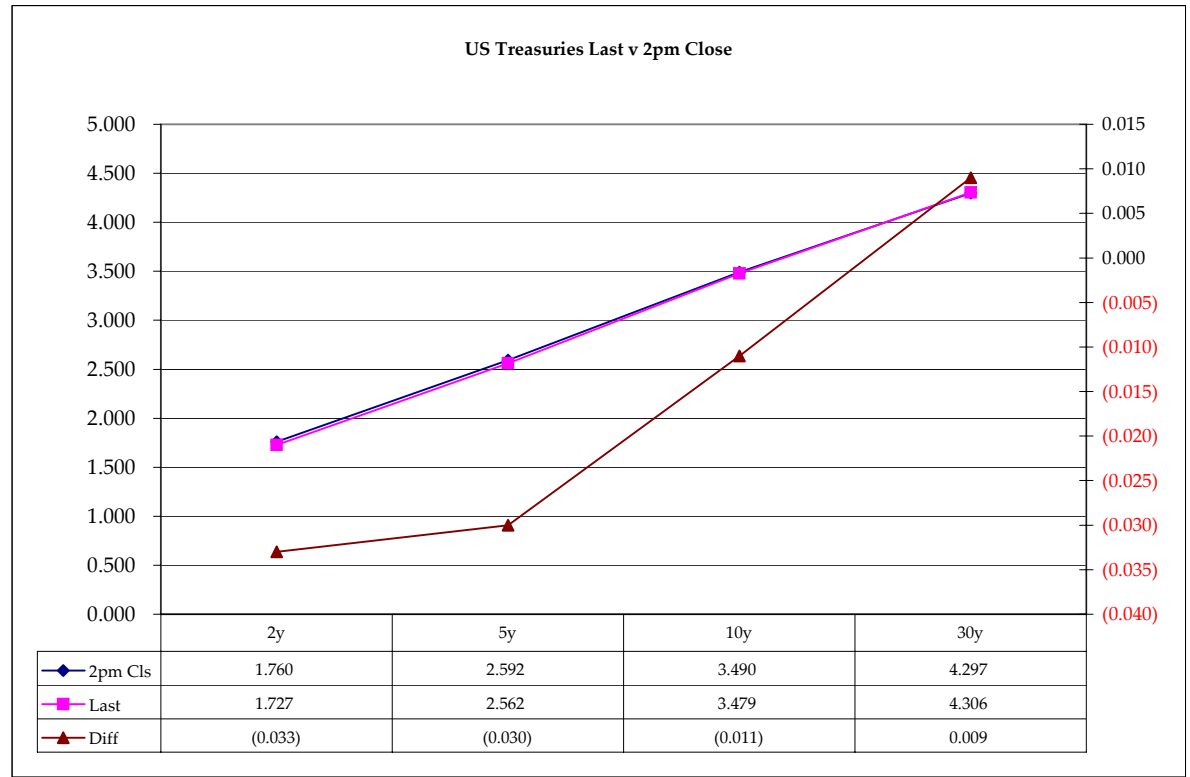
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**Closes: 2pm CST vs this Morning**

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	Cpn	Mty	Close 32	Close	Last	Diff	Basis		Roll		Close 32	Last
							Close	Last				
2y	2.000	2/28/10	100.1450	1.760	1.727	(0.033)				FVAM8	113.170	113.225
5y	2.750	2/28/13	100.2325	2.592	2.562	(0.030)	64.72	64.39		TYAM8	118.170	118.195
10y	3.500	2/15/18	100.025	3.490	3.479	(0.011)	88.45	88.89		USAM8	119.02	118.285
30y	4.375	5/15/37	101.10	4.297	4.306	0.009	283.04	280.31				

Curve Spreads		
	Close bps	Last bps
2/5	83.2	83.5
5/10	89.8	91.7
10/30	80.7	82.7
2/10	173.0	175.2
5/30	170.5	174.4
2/30	253.7	257.9



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**

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Cash Duration Matrix				
	2	5	10	30
2	100%			
5	41%	100%		
10	23%	55%	100%	
30	11%	28%	50%	125%
Cash Matrix [DV01 x Duration]				
	2	5	10	30
2	\$189			
5	\$192	\$466		
10	\$189	\$460	\$831	
30	\$191	\$465	\$840	\$1,686
Cash Matrix [DV01 over / (under) valued]				
	2	5	10	30
2				
5	(\$2)			
10	\$0	\$6		
30	(\$2)	\$1	(\$9)	
Cash Matrix [DV01 over / (under) as %]				
	2	5	10	30
2				
5	-1.29%			
10	0.08%	1.39%		
30	-0.99%	0.31%	-1.07%	

**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.

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**Tic for Tic & Box for Box Matrix**

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**Tic for Tic Matrix**

2y 5y 10y 30y

**Box for Box Matrix**

2y 5y 10y 30y

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



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