

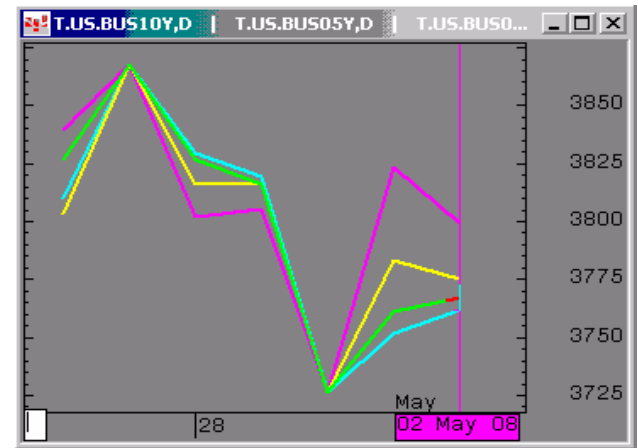


The Morning Email: Treasuries

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Daily Yield Curve



Scale is for 10yr

Source: CQG, Inc. © 2008 Fri May 02 2008 05:32:19



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

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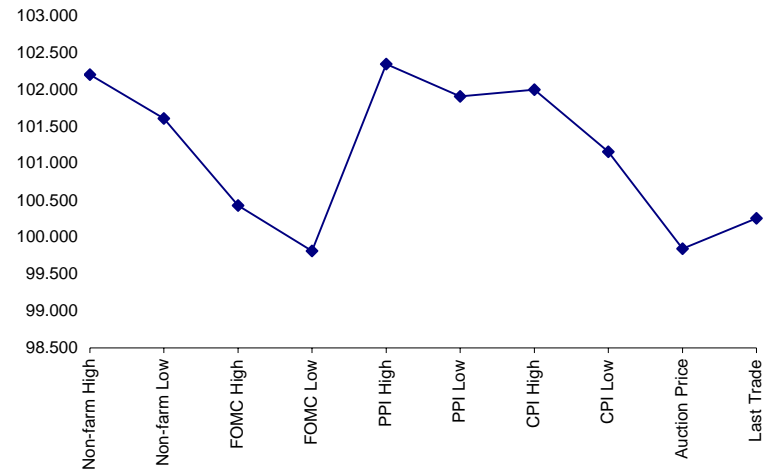
Economic Releases (32nds)

	5y	10y	ZNM8	ZBM8	Date
Non-farm High	102.0650	100.085	118.170	119.145	4/4/2008
Non-farm Low	101.1950	99.140	117.155	117.235	4/4/2008
FOMC High	100.1375	97.290	115.275	116.305	4/20/2008
FOMC Low	99.2600	97.045	114.300	115.220	4/20/2008
PPI High	102.1100	100.000	117.285	119.110	4/15/2008
PPI Low	101.2900	99.085	117.075	118.010	4/15/2008
CPI High	102.0000	99.140	117.145	118.135	4/16/2008
CPI Low	101.0500	98.070	116.450	116.245	4/16/2008
Auction Price	99.2700	99.000	na	na	
Last Trade	100.0820	97.265	115.200	116.315	5/2/2008 5:34

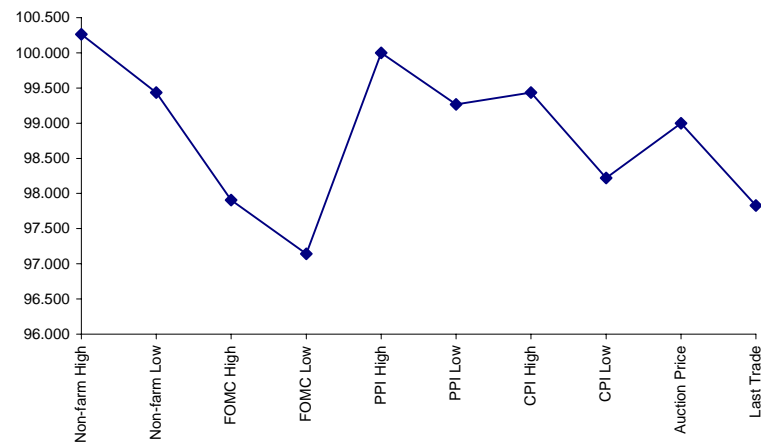
Auctions - 32nds

	2 y	5y	10y	30y
Auction Price	99.258	99.270	99.000	98.250
Auction Yield Stop	2.225	3.159	3.620	4.4449
Actual Auction Date	4/23/2008	4/24/2008	2/6/2008	2/7/2008

5y (Decimal)



10y (Decimal)



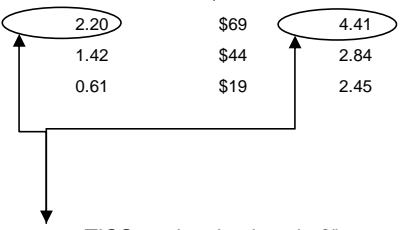
Notes:

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

Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAM8	106.062	0.010	106.067	106.037	106.037	21,444	2y Fut
FVAM8	111.270	(0.007)	111.280	111.240	111.250	28,311	5y Fut
TYAM8	115.200	(0.035)	115.230	115.175	115.180	52,904	10y Fut
USAM8	116.315	(0.05)	117.035	116.270	116.285	9,363	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.185	0.017	99.187	99.167	99.170	na	2y Cash
BUS05P	100.080	0.012	100.092	100.062	100.072	na	5y Cash
BUS10P	97.265	(0.005)	97.290	97.240	97.270	na	10y Cash
BUS30P	97.285	(0.045)	98.065	97.250	98.035	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.340	(0.028)	2.393	2.332	2.393	na	2y Yield
BUS05Y	3.067	(0.009)	3.112	3.059	3.091	na	5y Yield
BUS10Y	3.765	0.004	3.781	3.753	3.773	na	10y Yield
BUS30Y	4.501	0.009	4.513	4.48	4.5	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.25	5.14	\$1,607	10.28	n/a	30y
10y	8.13	2.57	\$802	5.13	n/a	10y
5y	4.58	1.49	\$467	5.97	n/a	5y
2y	1.93	0.62	\$192	2.46	n/a	2y
ZB	10.23	3.89	\$122	3.89	0.7765	ZB
ZN	5.88	2.20	\$69	4.41	0.8210	ZN
ZF	3.93	1.42	\$44	2.84	0.8809	ZF
ZT	1.78	0.61	\$19	2.45	0.9336	ZT



DV01 32, said differently, is "how many TICS are in a basis point?".

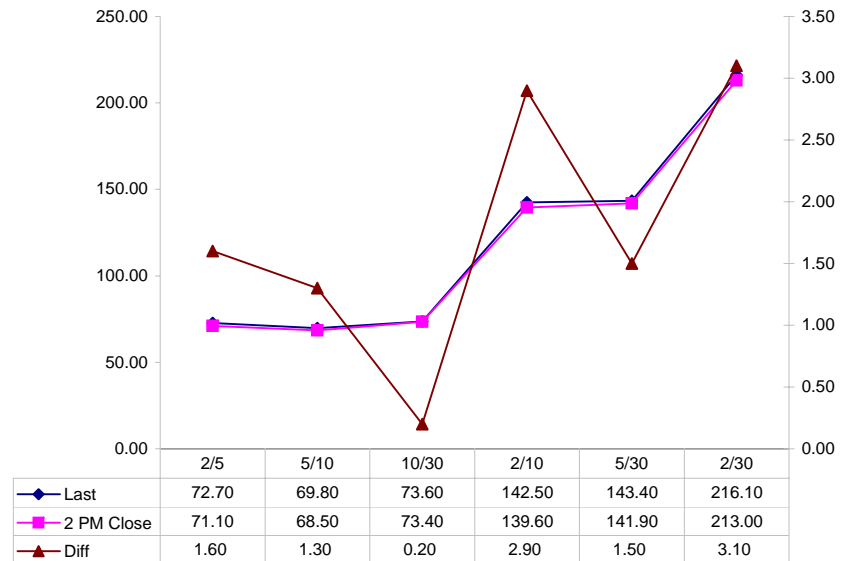
Example, If ZN moves 1-basis point, then, it's moved 2.59 tics (Today, 03/29/08, the value in the box is 2.59).

Since ZN trades in half tics, then, 5.17 boxes = 1 basis point in ZN. (Again, today, 03/28/08, the value in the box is 5.17). 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.

Yield Curve Spreads

	Last	2pm close	Diff
2/5	72.70	71.10	1.60
5/10	69.80	68.50	1.30
10/30	73.60	73.40	0.20
2/10	142.50	139.60	2.90
5/30	143.40	141.90	1.50
2/30	216.10	213.00	3.10

Curve Spreads vs 2pm close



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 (M)	1.070	1.871	2.898	3.335
Bobl (M)	0.588	1.028	1.593	1.833
Shatz (M)	0.239	0.418	0.647	0.745

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.768	2.739	3.181
ZN	0.566		1.549	1.799
ZF	0.365	0.645		1.161
ZT	0.314	0.556	0.861	

Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)		1.8	4.5
Bobl (H)	0.5		2.5
Shatz (H)	0.2	0.4	

US Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.58	3.83	6.59	13.20
ZN	2.80	6.78	11.65	23.34
ZF	4.33	10.50	18.04	36.15
ZT	5.03	12.20	20.96	41.99

US Treasuries v Eurex Bonds

	2y	5y	10y	30y
Bund (M)	1.5	3.6	6.2	12.3
Bobl (M)	2.7	6.5	11.2	22.4
Shatz (M)	6.7	16.0	27.6	54.9

US Treasuries

	2y	5y	10y	30y
2y		2.425	4.165	8.347
5y	0.412		1.718	3.442
10y	0.240	0.582		2.004
30y	0.120	0.291	0.499	

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

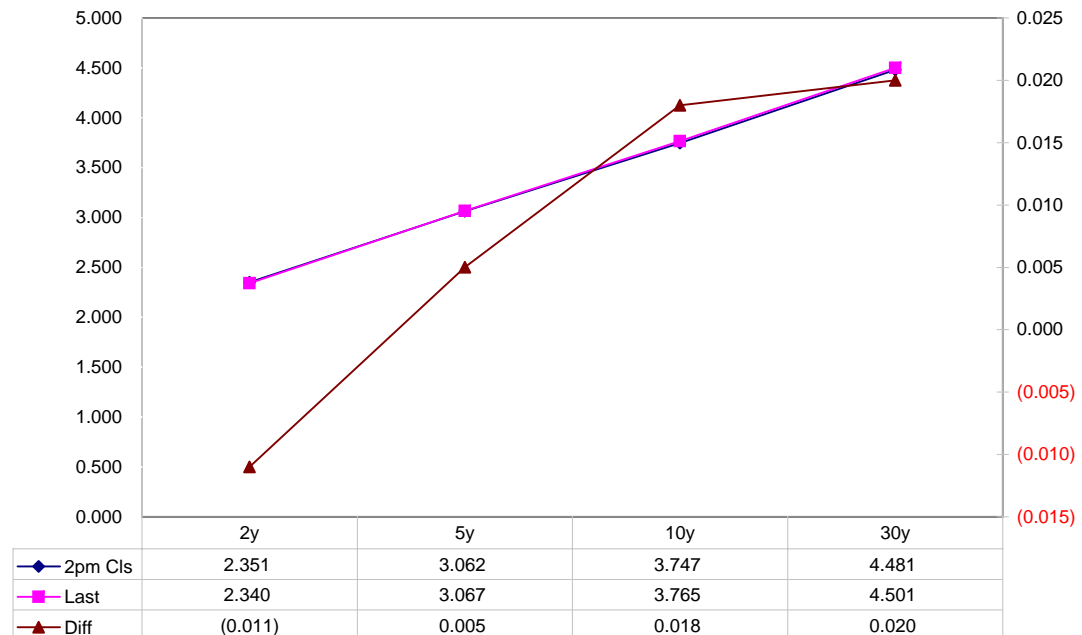
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	2.125	4/30/10	99.1800	2.351	2.340	(0.011)	13.940	13.940	na	106.0525	106.0620	TUAM8
5y	3.125	4/30/13	100.0925	3.062	3.067	0.005	55.63	55.46	na	111.2800	111.2700	FVAM8
10y	3.500	2/15/18	97.315	3.747	3.765	0.018	94.93	92.80	+2.00 / -1.50	115.235	115.200	TYAM8
30y	4.375	5/15/37	98.085	4.481	4.501	0.020	233.79	226.17	+0.75 / -0.50	117.045	116.315	USAM8

Curve Spreads

	Close bps	Last bps
2/5	71.1	72.7
5/10	68.5	69.8
10/30	73.4	73.6
2/10	139.6	142.5
5/30	141.9	143.4
2/30	213.0	216.1

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	\$197	\$467		
10	\$191	\$452	\$802	
30	\$191	\$453	\$804	\$1,607

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	\$2	\$15		
30	\$1	\$14	(\$2)	

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	-2.17%			
10	1.01%	3.25%		
30	0.76%	3.00%	-0.24%	

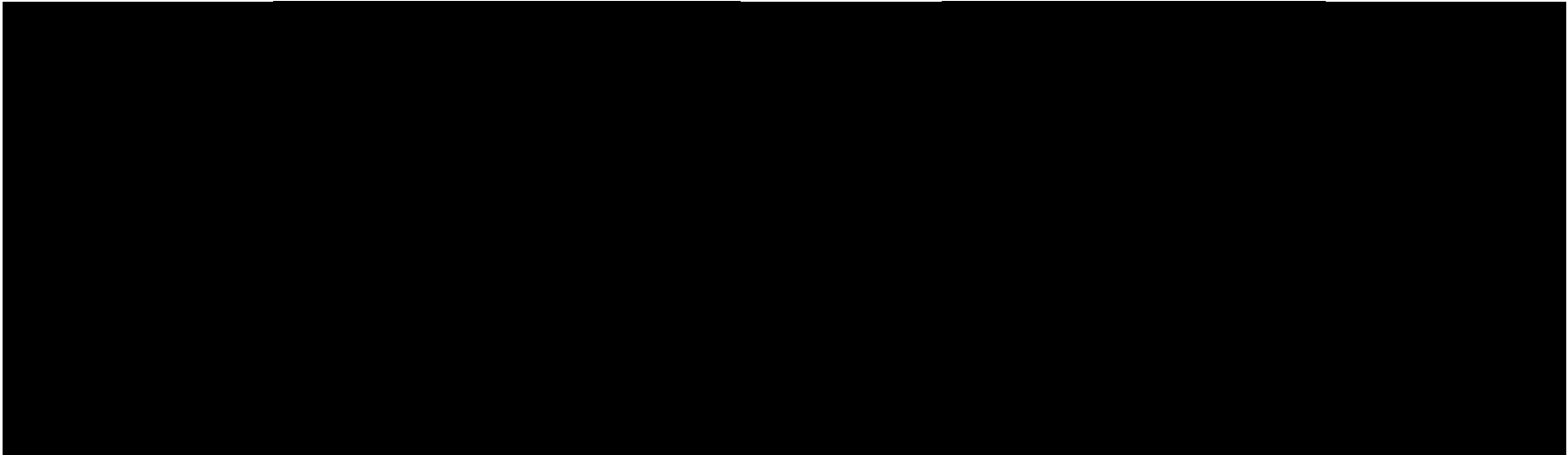
Or you can look at the over/under value as a percentage instead of dollar terms.

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 soon.

Thanks,
Jim

	Libor\$ ¹	Repo Rt ⁶
0/N	2.473	1.870
1week	2.605	1.900
2week	2.651	1.850

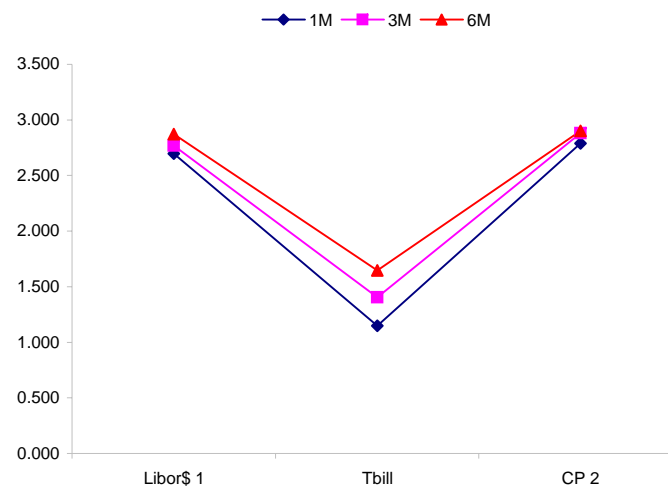
	Libor\$ ¹	Tbill	CP ²
1M	2.698	1.149	2.790
3M	2.770	1.405	2.880
6M	2.874	1.647	2.900

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	2.344	79.25	3.14	3.561	1.217
5y	3.070	75.25	3.82	4.498	1.427
10y	3.765	61.00	4.38	4.760	0.994

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
72.7	93.7	21.0
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
142.1	119.9	-22.2
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
69.5	26.2	-43.3

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	2.473	0.0125	Overnight	LIBOR
TUSFFRON	2.188	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	1.870	0.0000	Overnight	Repo Rate
TEONIA01M	4.019	(0.0070)	1 month	Euribor OIS Rate
TEONIA03M	4.038	(0.0080)	3 month	Euribor OIS Rate
TSONIA01M	5.009	(0.0020)	1 month	Sterling OIS Rate
TSONIA03M	4.937	0.0060	3 month	Sterling OIS Rate
TUSOIS01M	1.983	(0.0090)	1 month	USD OIS Rate
TUSOIS03M	1.971	(0.0110)	3 month	USD OIS Rate

