

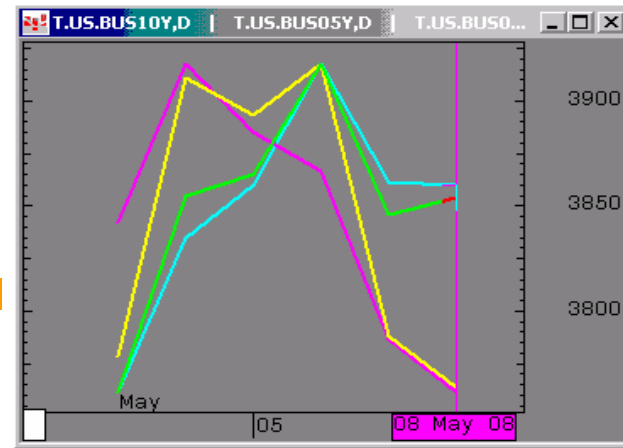


The Morning Email: Treasuries

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Daily Yield Curve



Scale is for 10yr

Source: CQG, Inc. © 2008 Thu May 08 2008 05:43:21



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

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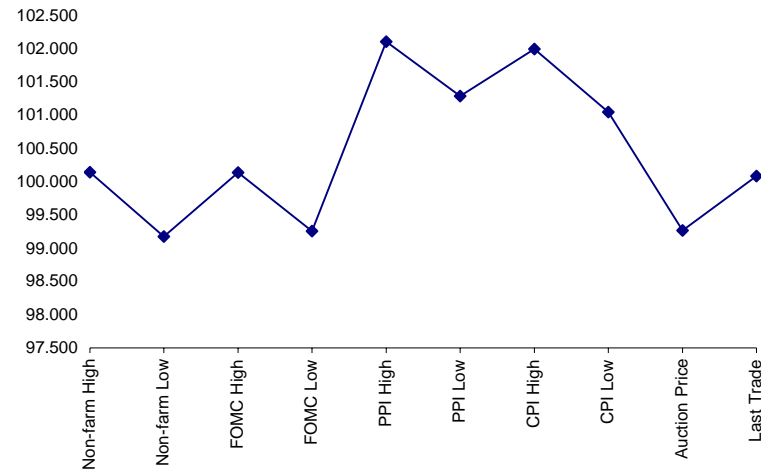
Economic Releases (32nds)

	5y	10y	ZNM8	ZBM8	Date
Non-farm High	100.1425		116.005	117.185	5/2/2008
Non-farm Low	99.1750		114.205	115.230	5/2/2008
FOMC High	100.1375		115.275	116.305	4/20/2008
FOMC Low	99.2600		114.300	115.220	4/20/2008
PPI High	102.1100		117.285	119.110	4/15/2008
PPI Low	101.2900		117.075	118.010	4/15/2008
CPI High	102.0000		117.145	118.135	4/16/2008
CPI Low	101.0500		116.450	116.245	4/16/2008
Auction Price	99.2700		na	na	
Last Trade	100.0850		115.095	116.005	5/8/2008 5:47

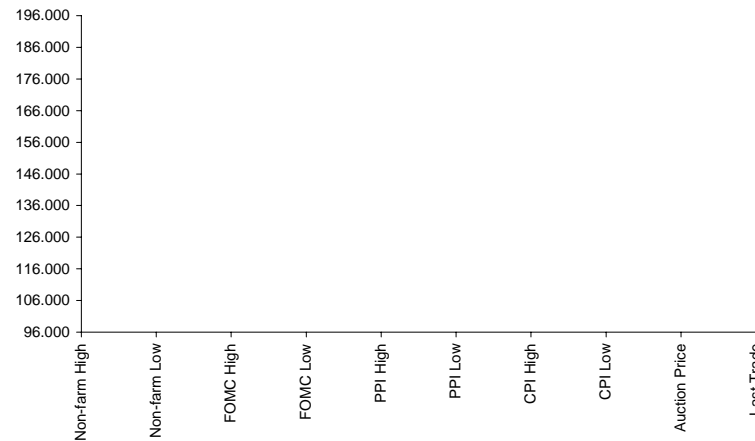
Auctions - 32nds

	2 y	5y	10y	30y
Auction Price	99.258	99.270	99.157	98.250
Auction Yield Stop	2.225	3.159	3.937	4.4449
Actual Auction Date	4/23/2008	4/24/2008	5/7/2008	2/7/2008

5y (Decimal)



10y (Decimal)



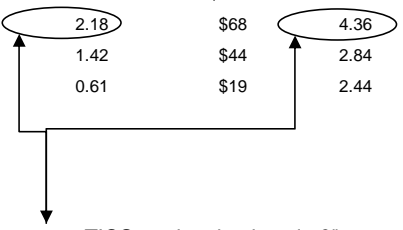
Notes:

- 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	106.092	0.020	106.100	106.072	106.075	15,649	2y Fut
FVAM8	111.292	0.047	111.315	111.257	111.270	38,092	5y Fut
TYAM8	115.095	0.060	115.125	115.045	115.075	75,197	10y Fut
USAM8	116.005	0.09	116.055	115.265	115.300	11,450	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.217	0.017	99.230	99.202	99.207	na	2y Cash
BUS05P	100.082	0.025	100.105	100.050	100.062	na	5y Cash
BUS10P	100.035	2.295	100.070	100.010	100.020	na	10y Cash
BUS30P	96.095	0.025	96.120	96.045	96.070	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.280	(0.028)	2.329	2.264	2.313	na	2y Yield
BUS05Y	3.066	(0.017)	3.094	3.052	3.074	na	5y Yield
BUS10Y	3.858	0.012	3.877	3.83	3.833	na	10y Yield
BUS30Y	4.601	(0.003)	4.619	4.596	4.603	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.13	5.02	\$1,570	10.05	n/a	30y
10y	8.09	2.59	\$810	5.18	n/a	10y
5y	4.51	1.48	\$461	5.90	n/a	5y
2y	1.92	0.61	\$192	2.45	n/a	2y
ZB	10.13	3.75	\$117	3.75	0.7765	ZB
ZN	5.86	2.18	\$68	4.36	0.8478	ZN
ZF	3.92	1.42	\$44	2.84	0.8809	ZF
ZT	1.77	0.61	\$19	2.44	0.9336	ZT



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

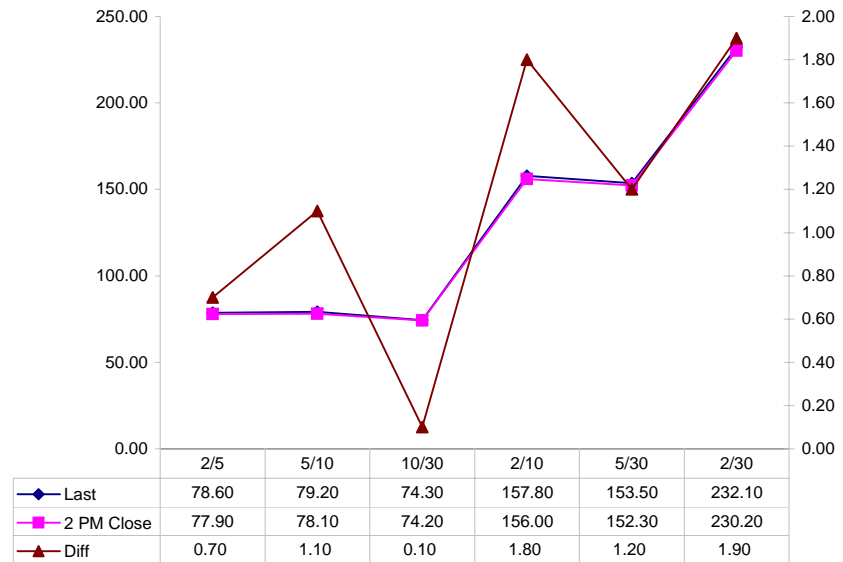
Example, If ZN moves 1~basis point, then, it's moved 2.59 tics (Today, 03/29/08, the value in the box is 2.59).

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	78.60	77.90	0.70
5/10	79.20	78.10	1.10
10/30	74.30	74.20	0.10
2/10	157.80	156.00	1.80
5/30	153.50	152.30	1.20
2/30	232.10	230.20	1.90

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		1.722	2.645	3.080
ZN	0.581		1.536	1.789
ZF	0.378	0.651		1.165
ZT	0.325	0.559	0.859	

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	1.63	3.93	6.90	13.39
ZN	2.81	6.77	11.89	23.05
ZF	4.32	10.40	18.26	35.40
ZT	5.03	12.11	21.27	41.23

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		2.405	4.098	8.189
5y	0.416		1.704	3.405
10y	0.237	0.569		1.939
30y	0.122	0.294	0.500	

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

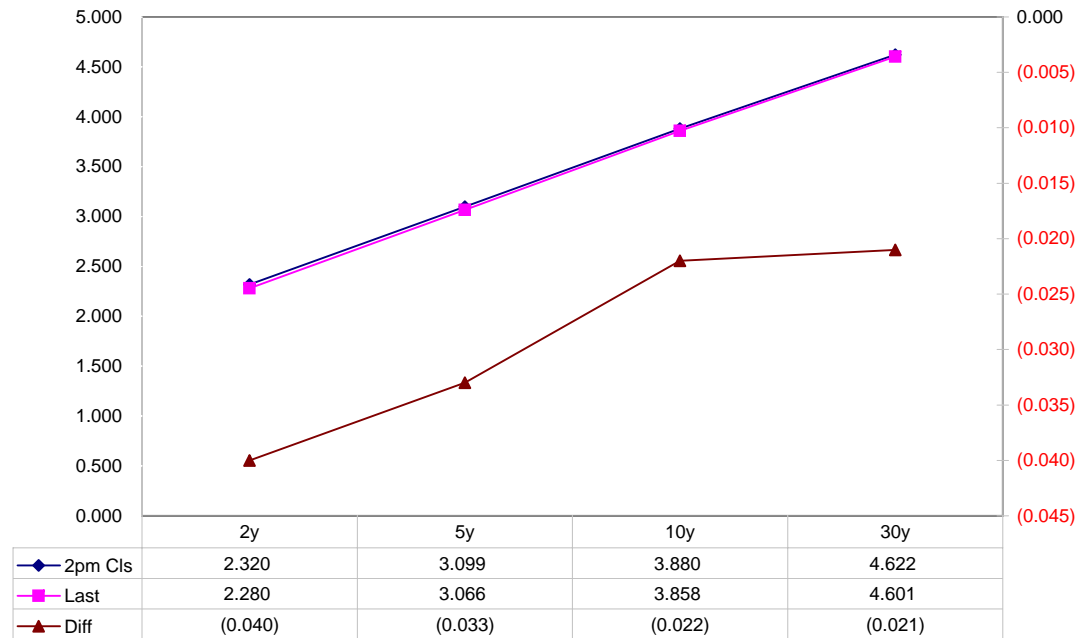
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	2.125	4/30/10	99.2000	2.320	2.280	(0.040)	14.640	14.640	na	106.0720	106.0920	TUAM8
5y	3.125	4/30/13	100.0375	3.099	3.066	(0.033)	53.21	53.82	na	111.2450	111.2920	FVAM8
10y	3.500	5/15/18	99.308	3.880	3.858	(0.022)	75.88	76.04	+1.25	115.035	115.095	TYAM8
30y	4.375	5/15/37	96.005	4.622	4.601	(0.021)	196.34	198.74	+0.50 /- 0.25	115.240	116.005	USAM8

Curve Spreads

	Close bps	Last bps
2/5	77.9	78.6
5/10	78.1	79.2
10/30	74.2	74.3
2/10	156.0	157.8
5/30	152.3	153.5
2/30	230.2	232.1

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	43%	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	\$461		
10	\$193	\$452	\$810	
30	\$187	\$439	\$787	\$1,570

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	(\$5)			
10	(\$1)	\$10		
30	\$5	\$22	\$23	

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	-2.46%			
10	-0.41%	2.11%		
30	2.46%	5.04%	2.87%	

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	1.01	2.42	4.25	8.25
ZF	0.43	1.04	1.83	3.54
ZN	0.28	0.68	1.19	2.30
ZB	0.16	0.39	0.69	1.34

	2y	5y	10y	30y
2y	1.00	2.40	4.22	8.19
5y	0.42	1.00	1.76	3.41
10y	0.24	0.57	1.00	1.94
30y	0.12	0.29	0.52	1.00

	ZT	ZF	ZN	ZB
ZT	1.00	2.33	3.58	6.16
ZF	0.43	1.00	1.54	2.64
ZN	0.28	0.65	1.00	1.72
ZB	0.16	0.38	0.58	1.00

Box for Box Matrix

	2y	5y	10y	30y
ZT	1.01	2.42	8.51	16.49
ZF	0.43	1.04	3.65	7.08
ZN	0.56	1.35	1.19	2.30
ZB	0.65	0.79	1.38	1.34

	2y	5y	10y	30y
2y		2.40	2.11	4.09
5y	0.42		0.44	1.70
10y	0.47	2.28		1.94
30y	0.24	0.59	0.52	

	ZT	ZF	ZN	ZB
ZT		2.33	7.15	12.32
ZF	0.43		1.54	5.29
ZN	0.14	0.65		1.72
ZB	0.08	0.19	0.58	

	Libor\$ ¹	Repo Rt ⁶
0/N	2.145	1.860
1week	2.473	1.850
2week	2.521	1.850

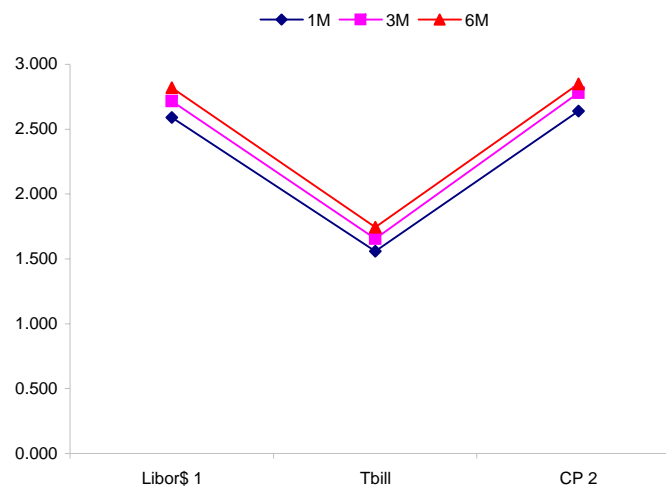
	Libor\$ ¹	Tbill	CP ²
1M	2.590	1.559	2.640
3M	2.716	1.656	2.780
6M	2.820	1.745	2.850

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	2.284	80.25	3.09	3.499	1.215
5y	3.065	78.00	3.85	4.612	1.547
10y	3.862	59.50	4.46	4.871	1.010

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
78.1	111.3	33.2
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
157.8	137.3	-20.5
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
79.7	25.9	-53.7

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	2.145	(0.0663)	Overnight	LIBOR
TUSFFRON	2.063	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	1.860	0.0000	Overnight	Repo Rate
TEONIA01M	4.025	0.0000	1 month	Euribor OIS Rate
TEONIA03M	4.042	(0.0050)	3 month	Euribor OIS Rate
TSONIA01M	4.962	0.0150	1 month	Sterling OIS Rate
TSONIA03M	4.868	0.0200	3 month	Sterling OIS Rate
TUSOIS01M	2.000	0.0030	1 month	USD OIS Rate
TUSOIS03M	1.980	(0.0020)	3 month	USD OIS Rate

