

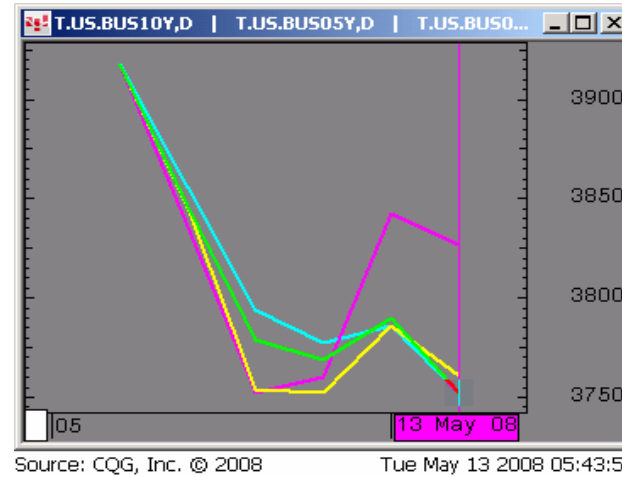


The Morning Email: Treasuries

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Daily Yield Curve



Scale is for 10yr



Source: CQG, Inc. © 2008 Tue May 13 2008 05:43:50

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

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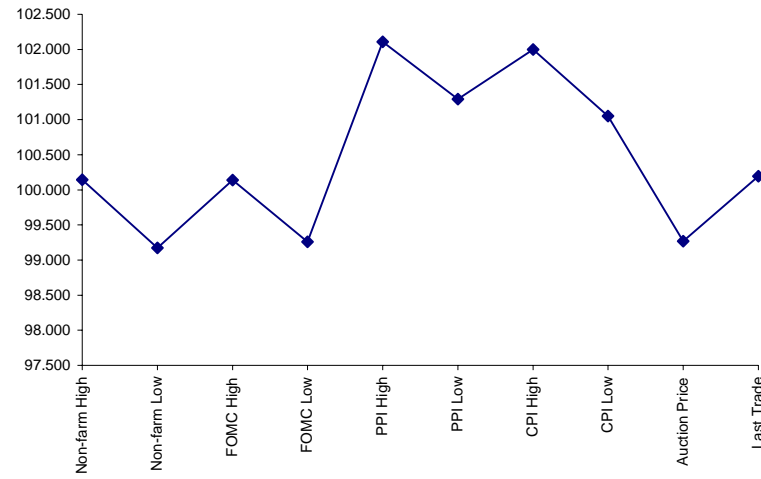
Economic Releases (32nds)

	5y	10y	ZNM8	ZBM8	Date
Non-farm High	100.1425	101.070	116.005	117.185	5/2/2008
Non-farm Low	99.1750	99.270	114.205	115.230	5/2/2008
FOMC High	100.1375	100.275	115.275	116.305	4/20/2008
FOMC Low	99.2600	100.020	114.300	115.220	4/20/2008
PPI High	102.1100	103.010	117.285	119.110	4/15/2008
PPI Low	101.2900	102.090	117.075	118.010	4/15/2008
CPI High	102.0000	102.145	117.145	118.135	4/16/2008
CPI Low	101.0500	101.060	116.450	116.245	4/16/2008
Auction Price	99.2700	99.157	na	na	
Last Trade	100.1950	100.305	116.025	117.165	5/13/2008 5:53

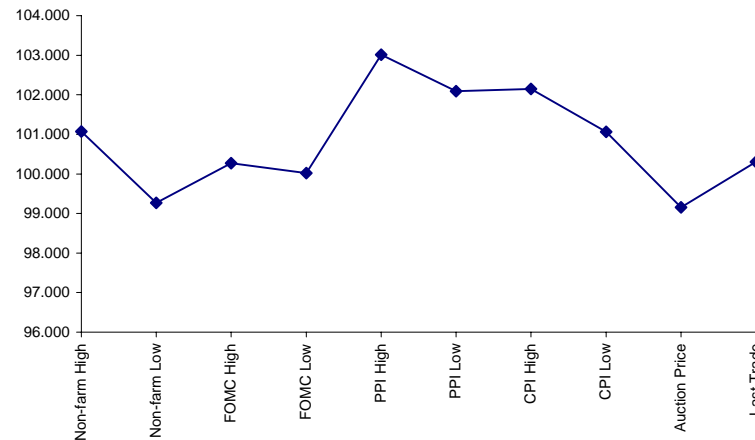
Auctions - 32nds

	2 y	5y	10y	30y
Auction Price	99.258	99.270	99.157	96.120
Auction Yield Stop	2.225	3.159	3.937	4.599
Actual Auction Date	4/23/2008	4/24/2008	5/7/2008	5/8/2008 r

5y (Decimal)



10y (Decimal)



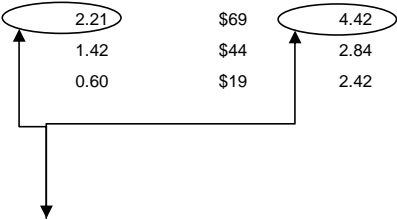
Notes:

- 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	106.067	(0.025)	106.092	106.060	106.077	28,964	2y Fut
FVAM8	112.082	(0.022)	112.117	112.025	112.067	71,817	5y Fut
TYAM8	116.025	0.020	116.065	115.235	115.270	110,661	10y Fut
USAM8	117.165	0.09	117.205	116.300	117.025	18,718	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.197	(0.002)	99.225	99.192	99.205	na	2y Cash
BUS05P	100.192	0.030	100.227	100.137	100.167	na	5y Cash
BUS10P	100.305	0.090	101.015	100.180	100.220	na	10y Cash
BUS30P	97.310	0.190	98.010	97.090	97.120	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.314	0.000	2.343	2.277	2.322	na	2y Yield
BUS05Y	2.989	(0.020)	3.035	2.967	3.016	na	5y Yield
BUS10Y	3.756	(0.034)	3.809	3.745	3.801	na	10y Yield
BUS30Y	4.495	(0.038)	4.548	4.491	4.539	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.23	5.14	\$1,608	10.29	n/a	30y
10y	8.11	2.56	\$801	5.13	n/a	10y
5y	4.50	1.48	\$462	5.91	n/a	5y
2y	1.91	0.61	\$190	2.44	n/a	2y
ZB	10.22	3.90	\$122	3.90	0.7765	ZB
ZN	5.86	2.21	\$69	4.42	0.8448	ZN
ZF	3.90	1.42	\$44	2.84	0.8809	ZF
ZT	1.76	0.60	\$19	2.42	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.

Notes

CF = Conversion Factor

MDuration = Modified Macaulay Duration

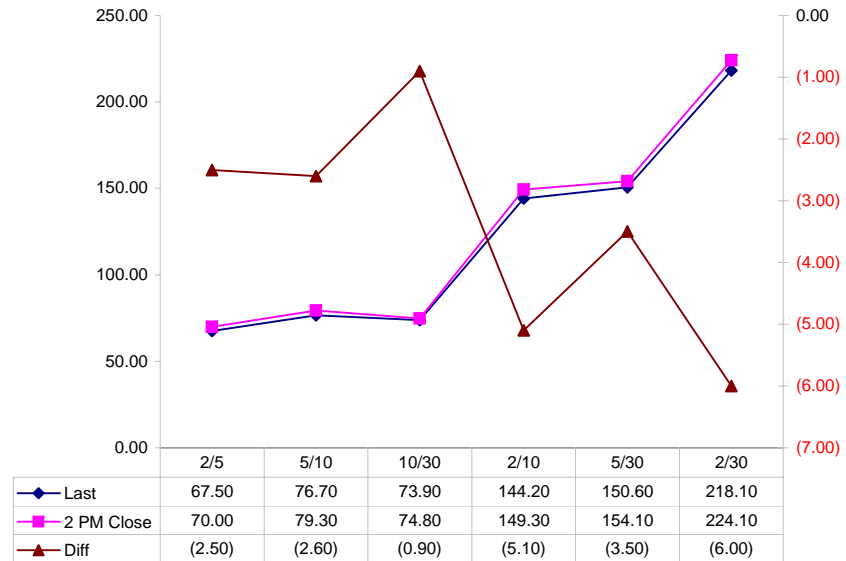
MDuration & DV01s for Futures are based on proxy issue (CTD)

DV01 Box = Dollar Value of 1 basis point move per Box

Yield Curve Spreads

	Last	2pm close	Diff
2/5	67.50	70.00	(2.50)
5/10	76.70	79.30	(2.60)
10/30	73.90	74.80	(0.90)
2/10	144.20	149.30	(5.10)
5/30	150.60	154.10	(3.50)
2/30	218.10	224.10	(6.00)

Curve Spreads vs 2pm close



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	2.752	3.231
ZN	0.566		1.556	1.827
ZF	0.363	0.642		1.174
ZT	0.310	0.547	0.852	

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	1.56	3.78	6.56	13.18
ZN	2.76	6.69	11.61	23.30
ZF	4.29	10.41	18.07	36.26
ZT	5.04	12.22	21.21	42.57

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		2.426	4.210	8.449
5y	0.412		1.735	3.482
10y	0.238	0.576		2.007
30y	0.118	0.287	0.498	

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

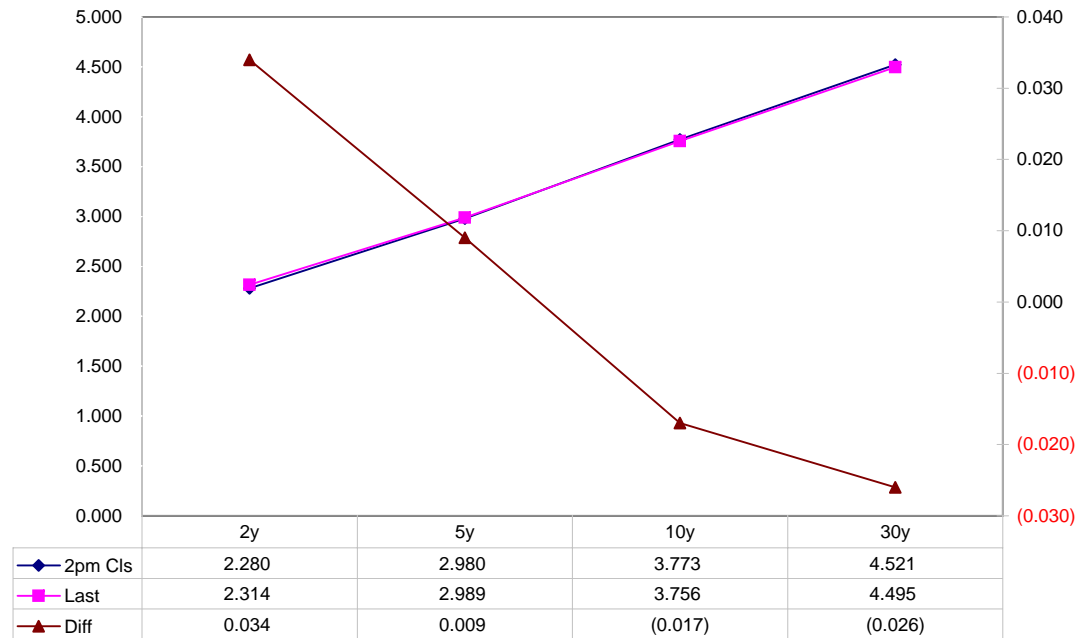
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	2.125	4/30/10	99.2250	2.280	2.314	0.034	14.974	14.974	na	106.1325	106.0670	TUAM8
5y	3.125	4/30/13	100.2125	2.980	2.989	0.009	54.85	55.13	na	112.1050	112.0820	FVAM8
10y	3.875	5/15/18	100.278	3.773	3.756	(0.017)	91.06	92.49	na	116.010	116.025	TYAM8
30y	4.375	5/15/37	97.200	4.521	4.495	(0.026)	210.57	213.97	na	117.080	117.165	USAM8

Curve Spreads

	Close bps	Last bps
2/5	70.0	67.5
5/10	79.3	76.7
10/30	74.8	73.9
2/10	149.3	144.2
5/30	154.1	150.6
2/30	224.1	218.1

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%	55%	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	\$190			
5	\$196	\$462		
10	\$189	\$444	\$801	
30	\$189	\$445	\$803	\$1,608

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	(\$6)			
10	\$2	\$17		
30	\$1	\$16	(\$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	-2.87%			
10	0.91%	3.89%		
30	0.67%	3.65%	-0.23%	

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	2.44	4.24	8.51
ZF	0.43	1.04	1.81	3.63
ZN	0.28	0.67	1.16	2.33
ZB	0.16	0.38	0.66	1.32

	2y	5y	10y	30y
2y		2.43	4.21	8.45
5y	0.41		1.74	3.48
10y	0.24	0.58		2.01
30y	0.12	0.29	0.50	

	ZT	ZF	ZN	ZB
ZT		2.35	3.65	6.46
ZF	0.43		1.56	2.75
ZN	0.27	0.64		1.77
ZB	0.15	0.36	0.57	

Box for Box Matrix

	2y	5y	10y	30y
ZT	1.01	2.44	8.48	17.03
ZF	0.43	1.04	3.61	7.25
ZN	0.55	1.34	1.16	2.33
ZB	0.62	0.76	1.31	1.32

	2y	5y	10y	30y
2y		2.43	2.10	4.22
5y	0.41		0.43	1.74
10y	0.48	2.31		2.01
30y	0.24	0.57	0.50	

	ZT	ZF	ZN	ZB
ZT		2.35	7.31	12.92
ZF	0.43		1.56	5.50
ZN	0.14	0.64		1.77
ZB	0.08	0.18	0.57	

	Libor\$ ¹	Repo Rt ⁶
0/N	2.201	#VALUE!
1week	2.398	#VALUE!
2week	2.446	#VALUE!

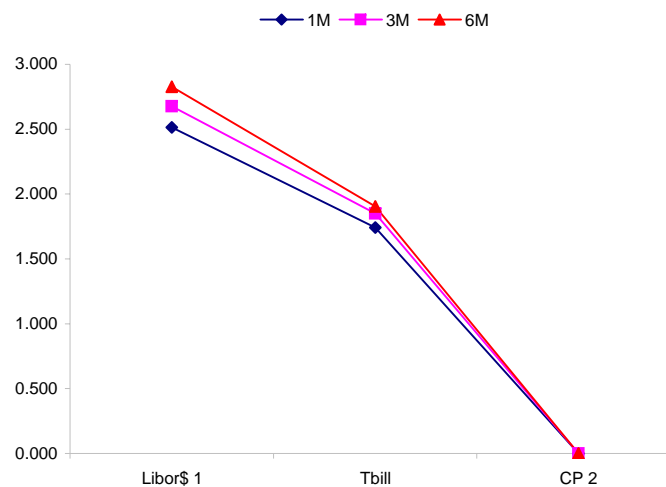
	Libor\$ ¹	Tbill	CP ²
1M	2.514	1.742	#VALUE!
3M	2.676	1.851	#VALUE!
6M	2.828	1.904	#VALUE!

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	2.322	80.50	3.13	3.500	1.178
5y	2.992	80.00	3.79	4.491	1.500
10y	3.760	60.25	4.36	4.758	0.999

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
67.0	99.1	32.1
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
143.8	125.8	-18.0
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
76.8	26.7	-50.1

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	2.201	0.0063	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	4.019	(0.0010)	1 month	Euribor OIS Rate
TEONIA03M	4.028	(0.0060)	3 month	Euribor OIS Rate
TSONIA01M	5.037	0.0230	1 month	Sterling OIS Rate
TSONIA03M	5.021	0.0750	3 month	Sterling OIS Rate
TUSOIS01M	2.000	(0.0030)	1 month	USD OIS Rate
TUSOIS03M	1.985	(0.0020)	3 month	USD OIS Rate

