



4/1/2009 5:43

The Morning Email: Treasuries

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Want something added? Let me know:
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Economic Releases (32nds)

	5y	10y	ZNM9	ZBM9	Date
Non-farm High	99.2000	99.265	122.120	128.000	3/6/2009
Non-farm Low	99.0950	98.265	121.140	126.045	3/6/2009
FOMC High	100.2800	102.270	126.040	132.080	3/18/2009
FOMC Low	99.0300	98.120	121.200	125.110	3/18/2009
PPI High	99.0500	98.225	121.275	125.315	3/17/2009
PPI Low	98.2450	97.240	120.265	123.280	3/17/2009
CPI High	100.2800	102.270	126.040	132.080	3/18/2009
CPI Low	98.2500	97.215	120.275	123.230	3/18/2009
Auction Price	99.1694	97.161			
Last Trade	100.0900	100.170	123.310	129.180	4/1/2009

Auctions - 32nds

	2 y	3 y	5y	7y	10y	30y
Auction Price	99.273	99.213	99.169	99.302	97.161	97.146
Auction Yield Stop	0.961	1.489	1.894	2.384	3.043 r	3.64 r
Actual Auction Date	3/24/2009	3/10/2009	3/25/2009	3/26/2009	3/11/2009	3/12/2009

Notes:

- 1) Cash and futures are adjusted for roll.
- 2) Release times are from release to 2pm cdt
- 3) {Mch09 to Jun09 Futures roll: ZF = (29); ZN = (54); ZB = (41) [tics]}

r = reopen

Quotes

32 nds							
	Last	Net	High	Low	Open	Volume	Sym Name
TUAM9	108.2850	(0.017)	108.3120	108.2800	108.3020	9,599	2y Fut
Z3NM9	112.2870	(0.007)	112.3000	112.2870	112.3000	3	3y Fut
FVAM9	118.2150	(0.030)	118.2870	118.2100	118.2700	17,076	5y Fut
TYAM9	123.3100	(0.035)	124.0750	123.2950	124.0700	46,236	10y Fut
USAM9	129.1800	(0.045)	129.2800	129.1350	129.2800	8,274	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.0300	(1.700)	100.0600	100.0220	100.0350	na	2y Cash
BUS03P	100.1970	(3.000)	100.2550	100.1870	100.2000	na	3y Cash
BUS05P	100.0900	(4.000)	100.1620	100.0850	100.1120	na	5y Cash
BUS07P	100.1850	(8.000)	100.2650	100.1800	100.2250	na	7y Cash
BUS10P	100.1700	(6.000)	100.2600	100.1500	100.1700	na	10y Cash
BUS30P	99.0400	(3.500)	99.2400	98.1800	99.2000	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.827	0.350	0.839	0.780	0.801	na	2y Yield
BUS03Y	1.156	0.380	1.172	1.100	1.130	na	3y Yield
BUS05Y	1.691	0.360	1.694	1.644	1.660	na	5y Yield
BUS07Y	2.280	0.310	2.287	2.246	2.251	na	7y Yield
BUS10Y	2.688	0.250	2.695	2.656	2.668	na	10y Yield
BUS30Y	3.542	0.120	3.579	3.513	3.536	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	18.31	6.08	\$1,901	12.17	n/a	30y
10y	8.57	2.86	\$894	5.72	n/a	10y
7y	6.29	2.13	\$667	4.27	n/a	7y
5y	4.76	1.57	\$489	6.26	n/a	5y
3y	2.88	1.06	\$330	4.23	n/a	3y
2y	1.97	0.64	\$200	2.56	n/a	2y
ZB	10.29	4.62	\$144	4.62	0.6562	ZB
ZN	5.97	2.52	\$79	5.05	0.7672	ZN
ZF	4.12	1.64	\$51	6.57	0.8265	ZF
Z3N	2.85	1.10	\$34	4.40	0.7672	Z3N
ZT	1.92	0.72	\$22	2.87	0.9160	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 2.51 tics (Today, 12/01/08, the value in the box is 2.51).

Since ZN trades in half tics, then, 5.03 boxes = 1 basis point in ZN. (Again, today, 12/01/08, the value in the box is 5.03). 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

	ZB	ZN	ZF	Z3N	ZT
ZB		1.83	2.81	2.10	3.22
ZN	0.55		1.54	1.15	1.76
ZF	0.36	0.65		0.75	1.15
Z3N	0.48	0.87	1.34		1.54
ZT	0.31	0.57	0.87	1.30	

US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.4	2.5	3.4	4.6	6.2	13.2
ZN	2.5	4.5	6.2	8.5	11.3	24.1
ZF	3.9	6.9	9.5	13.0	17.4	37.0
Z3N	2.9	4.3	7.1	9.7	13.0	27.7
ZT	4.5	7.9	10.9	14.9	20.0	42.5

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.77	2.45	3.34	4.47	9.52
3y	0.56		1.38	1.88	2.52	5.36
5y	0.41	0.72		1.36	1.83	3.88
7y	0.30	0.53	0.73		1.34	2.85
10y	0.22	0.40	0.55	0.75		2.13
30y	0.11	0.19	0.26	0.35	0.47	

US Financial Futures vs German Futures

	ZB	ZN	ZF	ZT
Bund (M)	0.88	1.60	2.37	2.68
Bobl (M)	0.47	0.88	1.26	1.50
Shatz (M)	0.18	0.37	0.56	0.63

German Futrues vs German Futures

	Bund (M)	Bobl (M)	Shatz (M)
Bund (M)		1.82	4.29
Bobl (M)	0.55		2.36
Shatz (M)	0.23	0.42	

US Treasuries vs German Futures

	2y	3y	5y	7y	10y	30y
Bund (M)	1.6	2.4	4.0	5.4	7.2	15.4
Bobl (M)	3.0	4.0	7.3	9.8	13.1	28.0
Shatz (M)	7.0	10.4	17.1	23.1	30.9	65.8

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

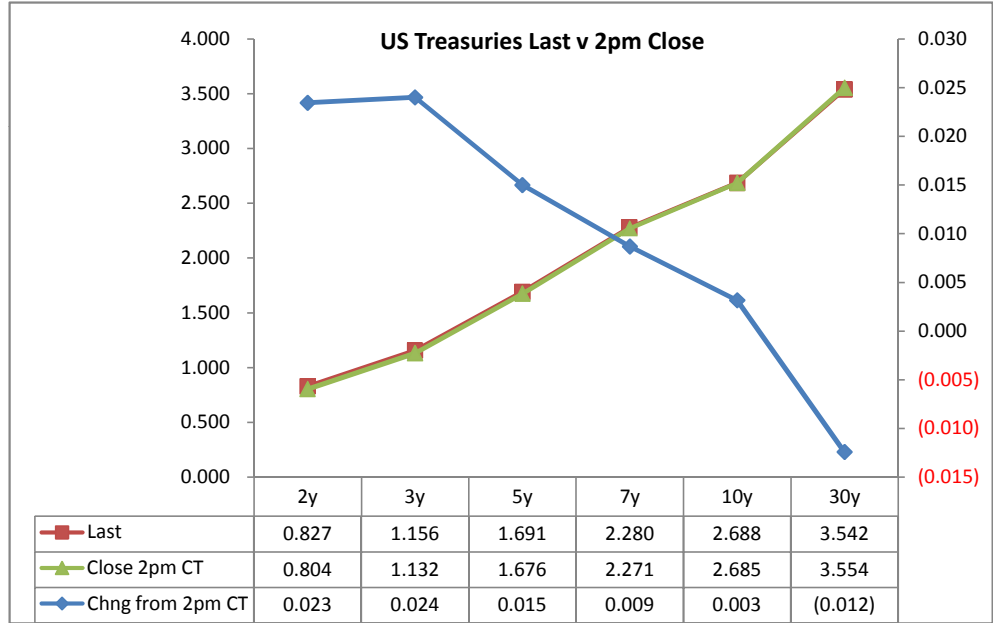
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis (CF)		Cash	Futres	Close 32	Last	
						from 2pm	Close	Last	Roll	Roll			
2y	0.875	3/31/11	100.0450	0.804	0.827	0.023	10.87	11.20		#VALUE!	108.3050	108.2850	TUAM9
3y	1.375	3/15/12	100.2250	1.132	1.156	0.024							
5y	1.750	3/31/14	100.1125	1.676	1.691	0.015	70.14	70.37		0.10	118.2450	118.2150	FVAM9
7y	2.375	3/31/16	100.2150	2.271	2.280	0.009							
10y	3.750	11/15/18	100.1800	2.685	2.688	0.003	171.83	173.52			124.0250	123.3100	TYAM9
30y	3.500	2/15/39	99.0000	3.554	3.542	(0.012)	444.44	451.39			129.2250	129.1800	USAM9

Curve Spreads^

	Chng from		
	Close bps	Last bps	2pm CIs
2/3	32.8	32.9	0.1
2/5	87.2	86.4	(0.8)
2/7	146.7	145.2	(1.5)
3/5	54.4	53.5	(0.9)
3/7	113.9	112.4	(1.5)
2/10	188.1	186.1	(2.0)
3/10	155.3	153.2	(2.1)
5/7	59.5	58.9	(0.6)
5/10	100.9	99.7	(1.2)
2/30	275.0	271.4	(3.6)
3/30	242.2	238.6	(3.6)
5/30	187.8	185.1	(2.7)
7/10	41.4	40.8	(0.6)
7/30	128.3	126.2	(2.1)
10/30	86.9	85.3	(1.6)

	Last	Chng on Day
Emini SP	786.75	(8.00)
Crude Oil	48.32	(1.34)
Gold	922.00	(3.00)
EURUSD	132.38	(0.16)
USDJPY	99.07	0.09



^matrix is linked to 'Monitor'

Cash Duration Matrix

Cash Duration Matrix

	2	5	10	30
2	100%			
5	41%	100%		
10	23%	56%	100%	
30	11%	26%	47%	100%

What is this? (1):
 2yr cash has X% duration of 5yr cash.

Cash Matrix [DV01 x Duration]

	2	5	10	30
2	\$200			
5	\$203	\$489		
10	\$206	\$497	\$894	
30	\$205	\$495	\$890	\$1,901

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	\$200			
5	(\$3)	\$489		
10	(\$6)	(\$7)	\$894	
30	(\$5)	(\$5)	\$4	\$1,901

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	0.0%			
5	-1.4%	0.0%		
10	-2.9%	-1.5%	0.0%	
30	-2.5%	-1.1%	0.4%	0.0%

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

Tic for Tic & Box for Box Matrix

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.89	2.19	3.99	8.49
ZF	0.39	0.95	1.74	3.70
ZN	0.25	0.62	1.13	2.41
ZB	0.14	0.34	0.62	1.32

	2y	5y	10y	30y
2y		2.45	4.47	9.52
5y	0.41		1.83	3.88
10y	0.22	0.55		2.13
30y	0.11	0.26	0.47	

	ZT	ZF	ZN	ZB
ZT		2.29	3.52	6.44
ZF	0.44		1.54	2.81
ZN	0.28	0.65		1.83
ZB	0.16	0.36	0.55	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.89	2.19	7.99	16.98
ZF	0.39	0.95	3.48	7.41
ZN	0.51	1.24	1.13	2.41
ZB	0.55	0.68	1.24	1.32

	2y	5y	10y	30y
2y		2.45	2.24	4.76
5y	0.41		0.46	1.94
10y	0.45	2.19		2.13
30y	0.21	0.51	0.47	

	ZT	ZF	ZN	ZB
ZT		2.29	7.05	12.88
ZF	0.44		3.07	5.62
ZN	0.14	0.33		1.83
ZB	0.08	0.18	0.55	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.510	0.190
1week	0.428	0.150
2week	0.468	0.150

	Libor\$ ¹	Tbill	CP ²
1M	0.501	0.154	0.500
3M	1.192	0.208	1.000
6M	1.736	0.424	1.590

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.827	58.00	1.41	1.766	0.938
5y	1.691	55.75	2.25	3.135	1.444
10y	2.688	20.75	2.90	#VALUE!	#VALUE!

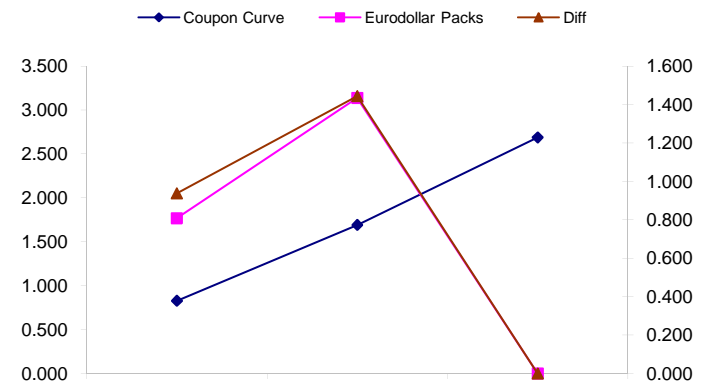
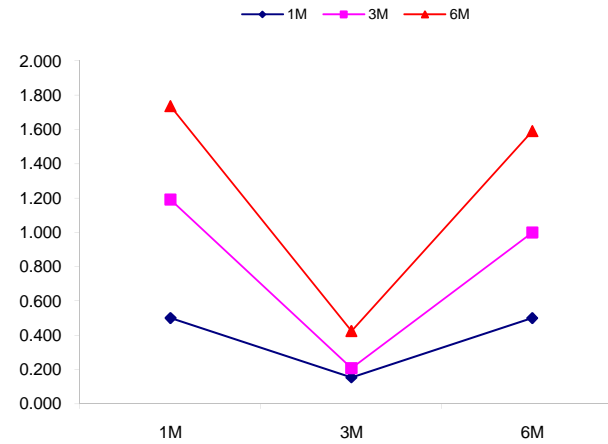
	<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
	86.4	137.0	50.6
	<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
	186.1	#VALUE!	#VALUE!
	<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
	99.7	#VALUE!	#VALUE!

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

Notes:

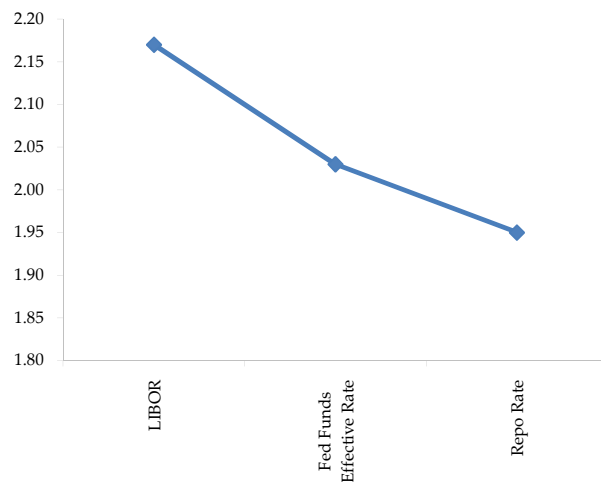
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight General Collateral



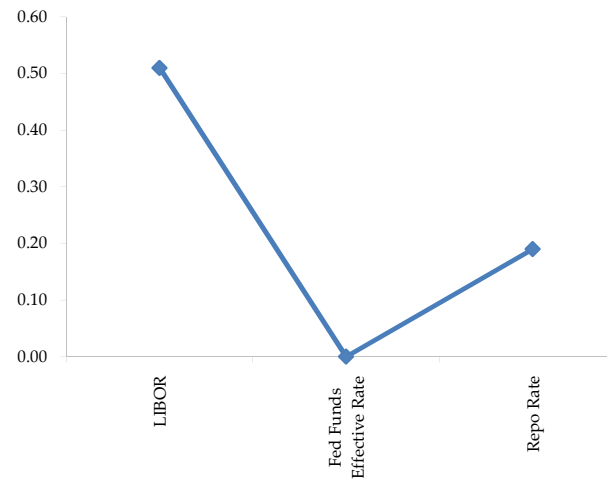
	Last	Chng	Term	Asset Type
USDLIBON	0.510	0.0000	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	0.190	0.0000	Overnight	Repo Rate
TEONIA01M	0.740	(0.0080)	1 month	Euribor OIS Rate
TEONIA03M	0.682	(0.0110)	3 month	Euribor OIS Rate
TSONIA01M	0.455	0.0010	1 month	Sterling OIS Rate
TSONIA03M	0.459	0.0090	3 month	Sterling OIS Rate
TUSOIS01M	0.206	0.0000	1 month	USD OIS Rate
TUSOIS03M	0.220	0.0000	3 month	USD OIS Rate

Example, below

Overnight Rates -EXAMPLE



Overnight Rates



←
A 'normal' lending curve looks like the chart to the left. That is, the Libor should be a bit higher than Fed Funds Effective rate (FFER), and the FFER should be a bit higher than the Repo Rate.

The best time to view this page is on the closing email I send in the afternoon. The Fed Funds effective rate and the repo rate rarely update until after I send the morning email.

