



4/2/2009 5:54

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	100.0750	100.090	123.215	129.235	4/2/2009

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	108.2550	(0.030)	108.2920	108.2450	108.2850	15,196	2y Fut
Z3NM9	112.2450	(0.052)	112.2900	112.2420	112.2900	43	3y Fut
FVAM9	118.1650	(0.100)	118.2820	118.1300	118.2600	29,974	5y Fut
TYAM9	123.2150	(0.195)	124.1800	123.1850	124.0700	75,749	10y Fut
USAM9	129.2350	(0.265)	130.3050	129.1850	130.1650	11,855	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.0100	(3.700)	100.0450	100.0020	100.0450	na	2y Cash
BUS03P	100.1650	(5.500)	100.2320	100.1570	100.2200	na	3y Cash
BUS05P	100.0750	(10.000)	100.1870	100.0550	100.1700	na	5y Cash
BUS07P	100.1200	(15.000)	101.0200	100.0950	100.2050	na	7y Cash
BUS10P	100.0900	(20.000)	101.0400	100.0500	100.2700	na	10y Cash
BUS30P	99.0100	(28.000)	100.1600	97.1600	99.2400	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.855	0.560	0.871	0.803	0.816	na	2y Yield
BUS03Y	1.193	0.640	1.204	1.123	1.138	na	3y Yield
BUS05Y	1.701	0.650	1.714	1.627	1.646	na	5y Yield
BUS07Y	2.314	0.800	2.328	2.209	2.246	na	7y Yield
BUS10Y	2.717	0.700	2.732	2.620	2.659	na	10y Yield
BUS30Y	3.554	0.520	3.638	3.473	3.502	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	18.29	6.06	\$1,895	12.13	n/a	30y
10y	8.57	2.85	\$891	5.70	n/a	10y
7y	6.28	2.13	\$666	4.26	n/a	7y
5y	4.76	1.56	\$489	6.26	n/a	5y
3y	2.88	1.06	\$330	4.22	n/a	3y
2y	1.97	0.64	\$199	2.55	n/a	2y
ZB	10.30	4.63	\$145	4.63	0.6562	ZB
ZN	5.97	2.52	\$79	5.04	0.7672	ZN
ZF	4.12	1.64	\$51	6.56	0.8265	ZF
Z3N	2.85	1.10	\$34	4.39	0.7672	Z3N
ZT	1.92	0.72	\$22	2.86	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		1.84	2.82	2.11	3.24
ZN	0.54		1.54	1.15	1.76
ZF	0.35	0.65		0.75	1.15
Z3N	0.47	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	2.4	3.4	4.6	6.2	13.1
ZN	2.5	4.5	6.2	8.4	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	27.6
ZT	4.5	7.9	10.9	14.9	19.9	42.4

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.77	2.45	3.34	4.47	9.51
3y	0.56		1.38	1.88	2.52	5.36
5y	0.41	0.72		1.36	1.82	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

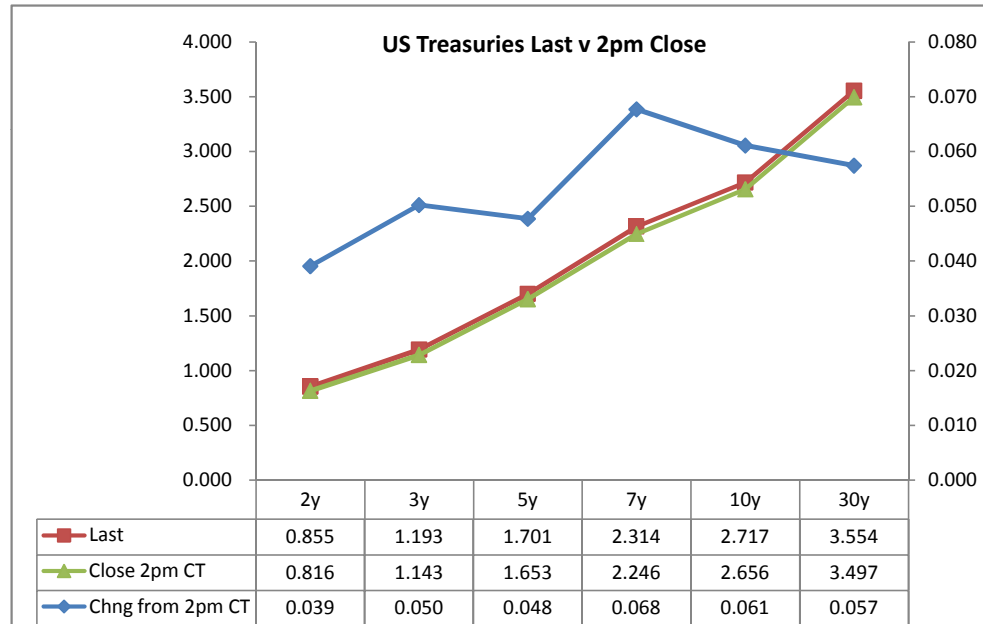
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng from 2pm	Basis (CF)		Cash	Futrues	Close 32	Last	
							Close	Last	Roll	Roll			
2y	0.875	3/31/11	100.0375	0.816	0.855	0.039	11.95	11.95			108.2850	108.2550	TUAM9
3y	1.375	3/15/12	100.2150	1.143	1.193	0.050							
5y	1.750	3/31/14	100.1475	1.653	1.701	0.048	71.98	73.00			118.2650	118.1650	FVAM9
7y	2.375	3/31/16	100.2650	2.246	2.314	0.068							
10y	3.750	11/15/18	100.2600	2.656	2.717	0.061	174.85	172.81			124.0900	123.2150	TYAM9
30y	3.500	2/15/39	100.0150	3.497	3.554	0.057	459.57	444.79			130.1850	129.2350	USAM9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm Cls
2/3	32.7	33.8	1.1
2/5	83.7	84.6	0.9
2/7	143.0	145.9	2.9
3/5	51.0	50.7	(0.3)
3/7	110.3	112.0	1.7
2/10	184.0	186.2	2.2
3/10	151.3	152.4	1.1
5/7	59.3	61.3	2.0
5/10	100.3	101.6	1.3
2/30	268.1	269.9	1.8
3/30	235.4	236.1	0.7
5/30	184.4	185.4	1.0
7/10	41.0	40.3	(0.7)
7/30	125.1	124.1	(1.0)
10/30	84.1	83.7	(0.4)

	Last	Chng on Day
Emini SP	826.75	17.50
Crude Oil	51.20	2.81
Gold	915.80	(11.90)
EURUSD	133.68	1.15
USDJPY	99.83	1.28



^matrix is linked to 'Monitor'

Cash Duration Matrix

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

Cash Duration Matrix

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

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 x Duration]

	2	5	10	30
2	\$199			
5	\$202	\$489		
10	\$205	\$495	\$891	
30	\$204	\$493	\$888	\$1,895

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) valued]

	2	5	10	30
2	\$199			
5	(\$3)	\$489		
10	(\$6)	(\$6)	\$891	
30	(\$5)	(\$4)	\$4	\$1,895

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

Cash Matrix [DV01 over / (under) as %]

	2	5	10	30
2	0.0%			
5	-1.5%	0.0%		
10	-2.8%	-1.3%	0.0%	
30	-2.3%	-0.9%	0.4%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.89	2.19	3.99	8.48
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	1.31

	2y	5y	10y	30y
2y		2.45	4.47	9.51
5y	0.41		1.82	3.88
10y	0.22	0.55		2.13
30y	0.11	0.26	0.47	

	ZT	ZF	ZN	ZB
ZT		2.29	3.53	6.48
ZF	0.44		1.54	2.82
ZN	0.28	0.65		1.84
ZB	0.15	0.35	0.54	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.89	2.19	7.98	16.96
ZF	0.39	0.95	3.48	7.40
ZN	0.51	1.24	1.13	2.41
ZB	0.55	0.68	1.23	1.31

	2y	5y	10y	30y
2y		2.45	2.24	4.75
5y	0.41		0.46	1.94
10y	0.45	2.19		2.13
30y	0.21	0.52	0.47	

	ZT	ZF	ZN	ZB
ZT		2.29	7.05	12.95
ZF	0.44		3.07	5.65
ZN	0.14	0.33		1.84
ZB	0.08	0.18	0.54	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.290	#VALUE!
1week	0.400	#VALUE!
2week	0.449	#VALUE!

	Libor\$ ¹	Tbill	CP ²
1M	0.489	0.167	#VALUE!
3M	1.166	0.208	#VALUE!
6M	1.716	0.403	#VALUE!

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.855	57.25	1.43	1.800	0.945
5y	1.701	58.00	2.28	3.155	1.454
10y	2.717	20.75	2.92	#VALUE!	#VALUE!

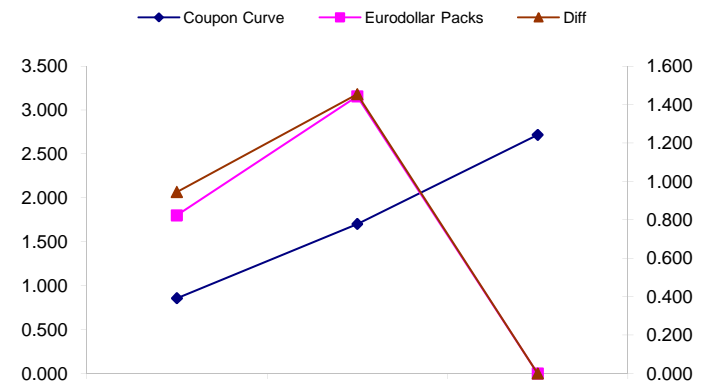
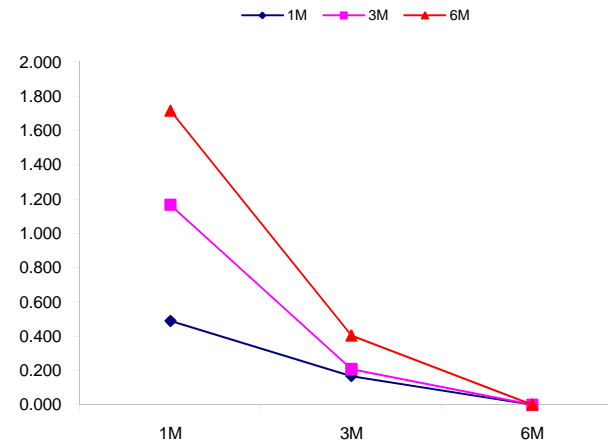
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
84.6	135.5	50.9
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
186.2	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
101.6	#VALUE!	#VALUE!

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



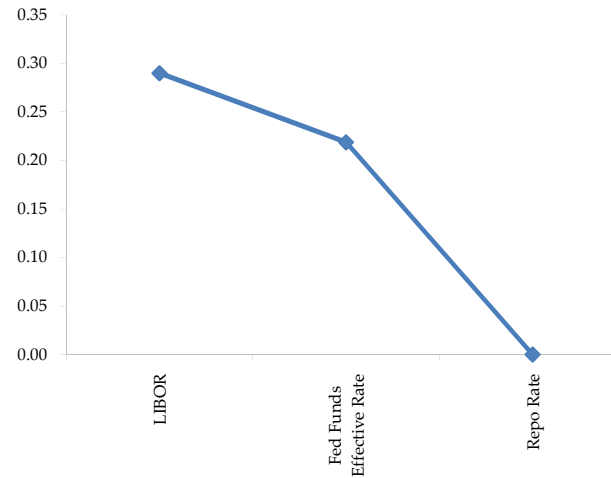
	Last	Chng	Term	Asset Type
USDLIBON	0.290	(0.0062)	Overnight	LIBOR
TUSFFRON	0.219	0.0313	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.701	(0.0330)	1 month	Euribor OIS Rate
TEONIA03M	0.662	(0.0160)	3 month	Euribor OIS Rate
TSONIA01M	0.453	0.0040	1 month	Sterling OIS Rate
TSONIA03M	0.459	0.0140	3 month	Sterling OIS Rate
TUSOIS01M	0.193	(0.0030)	1 month	USD OIS Rate
TUSOIS03M	0.216	(0.0010)	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.

