



4/3/2009 5:38

The Morning Email: Treasuries

Table of Contents

- Pg 1** Auctions & Important Econ Release Highs & Lows

- Pg 2** Quotes

- Pg 3** Duration, DV01s, CFs

- Pg 4** Hedge Ratio's

- Pg 5** Treasury Closes: 2pm CT vs this Morning

- Pg 6** Cash Duration Matrix

- Pg 7** Tic for Tic & Box for Box Matrix

- Pg 8** Key Money Rate, Spreads, Swaps, Packs

- Pg 9** Libor, Fed Funds (OIS), Repo, SONIA & EONIA Rates

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

Disclaimer: All information within this newsletter is meant for internal use at GH Trader's LLC, only. All information has been recorded to the best of my ability. This material is based upon information that I consider reliable, but I do not represent that it is accurate or complete.

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	99.2700	99.210	123.020	128.230	4/3/2009

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	108.2200	(0.017)	108.2350	108.2150	108.2250	8,287	2y Fut
Z3NM9	112.1970	(0.057)	112.1970	112.1970	112.1970	1	3y Fut
FVAM9	118.0320	(0.072)	118.0970	118.0170	118.0850	18,997	5y Fut
TYAM9	123.0200	(0.100)	123.1300	123.0000	123.1050	42,400	10y Fut
USAM9	128.2300	(0.145)	129.0750	128.2000	129.0000	8,040	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.3020	(1.500)	100.0020	99.2900	100.0000	na	2y Cash
BUS03P	100.1100	(2.200)	100.1400	100.0950	100.1400	na	3y Cash
BUS05P	99.2700	(2.000)	100.0170	99.2520	100.0170	na	5y Cash
BUS07P	99.2950	(4.500)	100.0600	99.2700	99.3000	na	7y Cash
BUS10P	99.2100	(2.000)	100.0150	99.1900	99.2250	na	10y Cash
BUS30P	98.0100	(1.000)	99.0300	97.1900	99.0300	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.903	0.240	0.923	0.871	0.888	na	2y Yield
BUS03Y	1.255	0.240	1.272	1.223	1.240	na	3y Yield
BUS05Y	1.785	0.400	1.794	1.738	1.752	na	5y Yield
BUS07Y	2.387	0.320	2.399	2.345	2.368	na	7y Yield
BUS10Y	2.792	0.230	2.797	2.744	2.784	na	10y Yield
BUS30Y	3.610	0.270	3.633	3.549	3.597	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	18.21	5.98	\$1,870	11.97	n/a	30y
10y	8.55	2.83	\$884	5.66	n/a	10y
7y	6.27	2.12	\$662	4.23	n/a	7y
5y	4.75	1.56	\$486	6.22	n/a	5y
3y	2.87	1.05	\$328	4.20	n/a	3y
2y	1.96	0.63	\$198	2.54	n/a	2y
ZB	10.25	4.55	\$142	4.55	0.6562	ZB
ZN	5.95	2.50	\$78	5.01	0.7672	ZN
ZF	4.11	1.63	\$51	6.52	0.8265	ZF
Z3N	2.84	1.09	\$34	4.37	0.7672	Z3N
ZT	1.91	0.71	\$22	2.85	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		1.82	2.79	2.08	3.20
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	4.7	6.2	13.1
ZN	2.5	4.5	6.2	8.5	11.3	23.9
ZF	3.9	6.9	9.5	13.0	17.4	36.7
Z3N	2.9	4.3	7.1	9.7	12.9	27.4
ZT	4.5	7.9	10.9	14.9	19.9	42.1

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.78	2.45	3.34	4.46	9.43
3y	0.56		1.38	1.88	2.51	5.31
5y	0.41	0.72		1.36	1.82	3.85
7y	0.30	0.53	0.73		1.34	2.83
10y	0.22	0.40	0.55	0.75		2.11
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

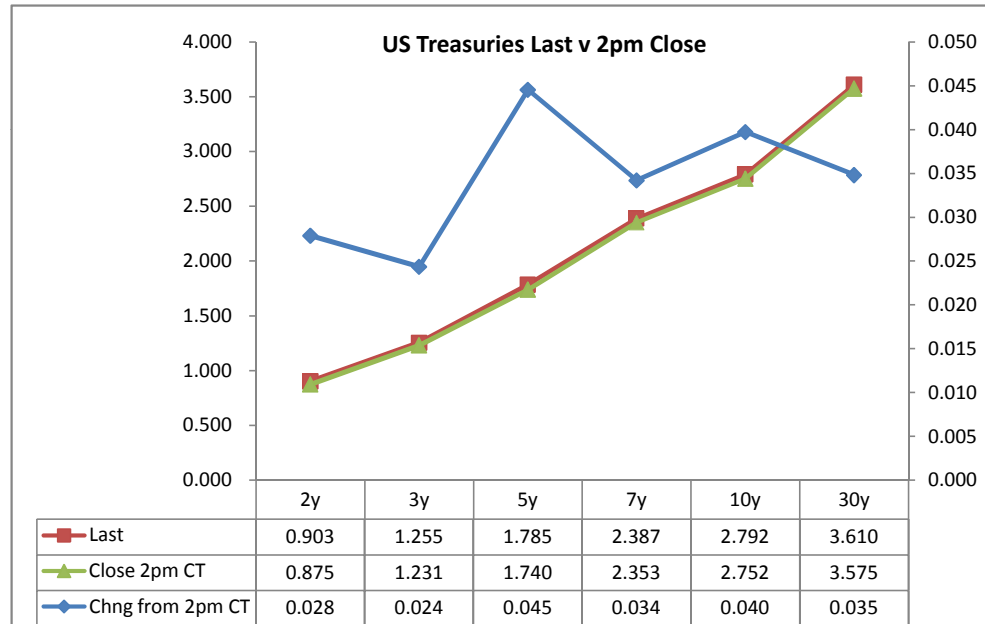
Treasury Closes: 2pm CT vs this Morning

	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	100.0000	0.875	0.903	0.028	12.78	12.35			108.2350	108.2200	TUAM9
3y	1.375	3/15/12	100.1325	1.231	1.255	0.024							
5y	1.750	3/31/14	100.0150	1.740	1.785	0.045	71.96	71.49			118.1050	118.0320	FVAM9
7y	2.375	3/31/16	100.0450	2.353	2.387	0.034							
10y	3.750	11/15/18	99.3150	2.752	2.792	0.040	170.59	167.77			123.1200	123.0200	TYAM9
30y	3.500	2/15/39	98.2000	3.575	3.610	0.035	443.93	434.11			129.0500	128.2300	USAM9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm Cls
2/3	35.6	35.2	(0.4)
2/5	86.5	88.2	1.7
2/7	147.8	148.4	0.6
3/5	50.9	52.9	2.0
3/7	112.2	113.2	1.0
2/10	187.7	188.9	1.2
3/10	152.1	153.6	1.5
5/7	61.3	60.3	(1.0)
5/10	101.2	100.7	(0.5)
2/30	270.0	270.7	0.7
3/30	234.4	235.4	1.0
5/30	183.5	182.5	(1.0)
7/10	39.9	40.5	0.6
7/30	122.2	122.3	0.1
10/30	82.3	81.8	(0.5)

	Last	Chng on Day
Emini SP	838.25	2.75
Crude Oil	53.14	0.50
Gold	905.80	(3.10)
EURUSD	134.40	(0.25)
USDJPY	99.86	0.33



^matrix is linked to 'Monitor'

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	\$198			
5	\$201	\$486		
10	\$203	\$491	\$884	
30	\$201	\$488	\$878	\$1,870

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	\$198			
5	(\$2)	\$486		
10	(\$5)	(\$5)	\$884	
30	(\$3)	(\$2)	\$7	\$1,870

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	-1.2%	0.0%		
10	-2.3%	-1.1%	0.0%	
30	-1.5%	-0.3%	0.8%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.89	2.19	3.98	8.41
ZF	0.39	0.95	1.74	3.67
ZN	0.25	0.62	1.13	2.39
ZB	0.14	0.34	0.62	1.31

	2y	5y	10y	30y
2y		2.45	4.46	9.43
5y	0.41		1.82	3.85
10y	0.22	0.55		2.11
30y	0.11	0.26	0.47	

	ZT	ZF	ZN	ZB
ZT		2.29	3.52	6.40
ZF	0.44		1.54	2.79
ZN	0.28	0.65		1.82
ZB	0.16	0.36	0.55	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.89	2.19	7.96	16.82
ZF	0.39	0.95	3.47	7.34
ZN	0.51	1.24	1.13	2.39
ZB	0.56	0.68	1.24	1.31

	2y	5y	10y	30y
2y		2.45	2.23	4.71
5y	0.41		0.45	1.92
10y	0.45	2.20		2.11
30y	0.21	0.52	0.47	

	ZT	ZF	ZN	ZB
ZT		2.29	7.04	12.79
ZF	0.44		3.07	5.58
ZN	0.14	0.33		1.82
ZB	0.08	0.18	0.55	

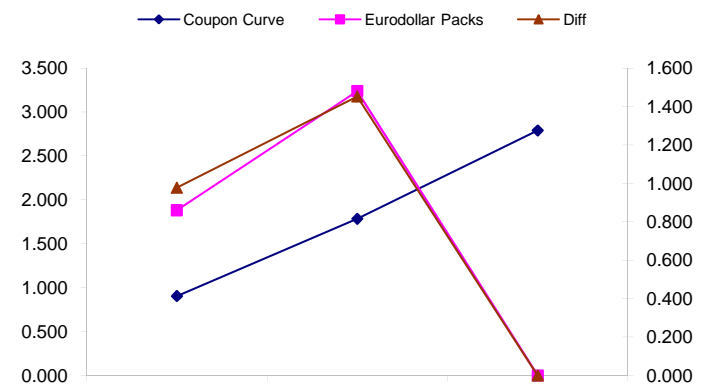
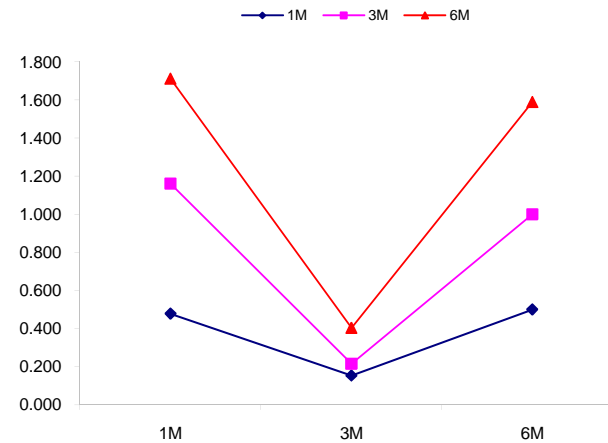
	Libor\$ ¹	Repo Rt ⁶			
0/N	0.272	#VALUE!			
1week	0.388	#VALUE!			
2week	0.436	#VALUE!			
	Libor\$ ¹	Tbill	CP ²		
1M	0.478	0.154	0.500		
3M	1.161	0.215	1.000		
6M	1.713	0.403	1.590		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.903	57.75	1.48	1.881	0.978
5y	1.785	56.75	2.35	3.237	1.453
10y	2.792	19.00	2.98	#VALUE!	#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
88.2	135.6	47.5	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
188.9	#VALUE!	#VALUE!	Red pack / Gold pack is a 2/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
100.7	#VALUE!	#VALUE!	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



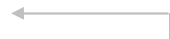
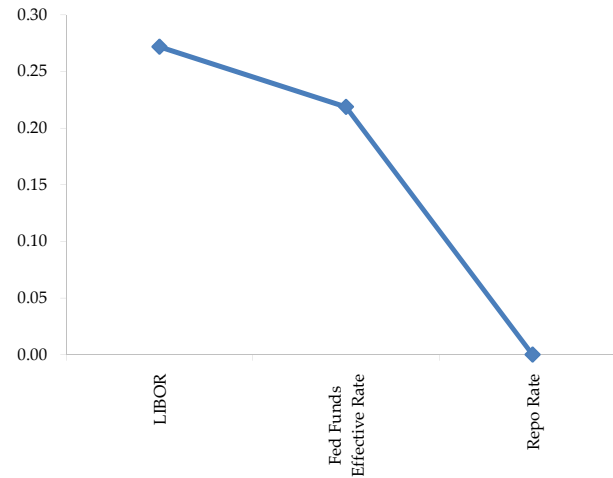
	Last	Chng	Term	Asset Type
USDLIBON	0.272	(0.0181)	Overnight	LIBOR
TUSFFRON	0.219	0.0313	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.765	(0.0160)	1 month	Euribor OIS Rate
TEONIA03M	0.729	(0.0140)	3 month	Euribor OIS Rate
TSONIA01M	0.449	(0.0060)	1 month	Sterling OIS Rate
TSONIA03M	0.451	(0.0140)	3 month	Sterling OIS Rate
TUSOIS01M	0.191	0.0000	1 month	USD OIS Rate
TUSOIS03M	0.215	(0.0030)	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.

