



4/7/2009 5:45

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	1000.0050	99.270	123.075	129.075	3/6/2009
Non-farm Low	99.1025	98.190	121.310	126.255	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	99.1750	98.265	122.105	126.240	4/7/2009

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	108.2120	0.032	108.2150	108.1770	108.1850	10,186	2y Fut	
Z3NM9	112.1200	0.047	112.1220	112.1100	112.1100	21	3y Fut	
FVAM9	117.2150	0.077	117.2220	117.1400	117.1450	17,525	5y Fut	
TYAM9	122.1050	0.155	122.1150	121.2950	121.3100	47,183	10y Fut	
USAM9	126.2400	0.220	126.2850	126.1000	126.1300	7,860	30y Fut	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02P	99.3020	2.000	99.3070	99.2650	99.2800	na	2y Cash	
BUS03P	100.0650	3.000	100.0720	100.0150	100.0150	na	3y Cash	
BUS05P	99.1750	6.000	99.1820	99.0750	99.0750	na	5y Cash	
BUS07P	99.1000	10.000	99.1100	98.2950	98.2950	na	7y Cash	
BUS10P	98.2650	11.000	98.2900	98.1100	98.1100	na	10y Cash	
BUS30P	96.1300	4.000	96.1950	94.3050	96.1050	na	30y Cash	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02Y	0.907	(0.480)	0.963	0.895	0.952	na	2y Yield	
BUS03Y	1.304	(0.520)	1.359	1.296	1.348	na	3y Yield	
BUS05Y	1.846	(0.480)	1.912	1.841	1.891	na	5y Yield	
BUS07Y	2.481	(0.550)	2.546	2.478	2.532	na	7y Yield	
BUS10Y	2.885	(0.410)	2.945	2.878	2.926	na	10y Yield	
BUS30Y	3.707	(0.280)	3.783	3.688	3.726	na	30y Yield	

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	18.09	5.84	\$1,827	11.69	n/a	30y
10y	8.54	2.80	\$876	5.61	n/a	10y
7y	6.39	2.10	\$656	4.20	n/a	7y
5y	4.74	1.55	\$484	6.19	n/a	5y
3y	2.87	1.05	\$327	4.19	n/a	3y
2y	1.96	0.63	\$198	2.53	n/a	2y
ZB	10.20	4.48	\$140	4.48	0.6562	ZB
ZN	5.96	2.50	\$78	5.01	0.7672	ZN
ZF	4.10	1.62	\$51	6.49	0.8265	ZF
Z3N	2.83	1.09	\$34	4.36	0.7672	Z3N
ZT	1.90	0.71	\$22	2.84	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		1.79	2.76	2.05	3.16
ZN	0.56		1.54	1.15	1.77
ZF	0.36	0.65		0.74	1.14
Z3N	0.49	0.87	1.34		1.54
ZT	0.32	0.57	0.87	1.30	

US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.4	2.5	3.5	4.7	6.3	13.1
ZN	2.5	4.5	6.2	8.4	11.2	23.3
ZF	3.9	6.9	9.5	12.9	17.3	36.0
Z3N	2.9	4.3	7.1	9.6	12.9	26.8
ZT	4.5	7.9	10.9	14.8	19.8	41.2

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.77	2.45	3.32	4.43	9.23
3y	0.56		1.38	1.87	2.50	5.21
5y	0.41	0.72		1.36	1.81	3.77
7y	0.30	0.53	0.74		1.34	2.78
10y	0.23	0.40	0.55	0.75		2.08
30y	0.11	0.19	0.26	0.36	0.48	

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

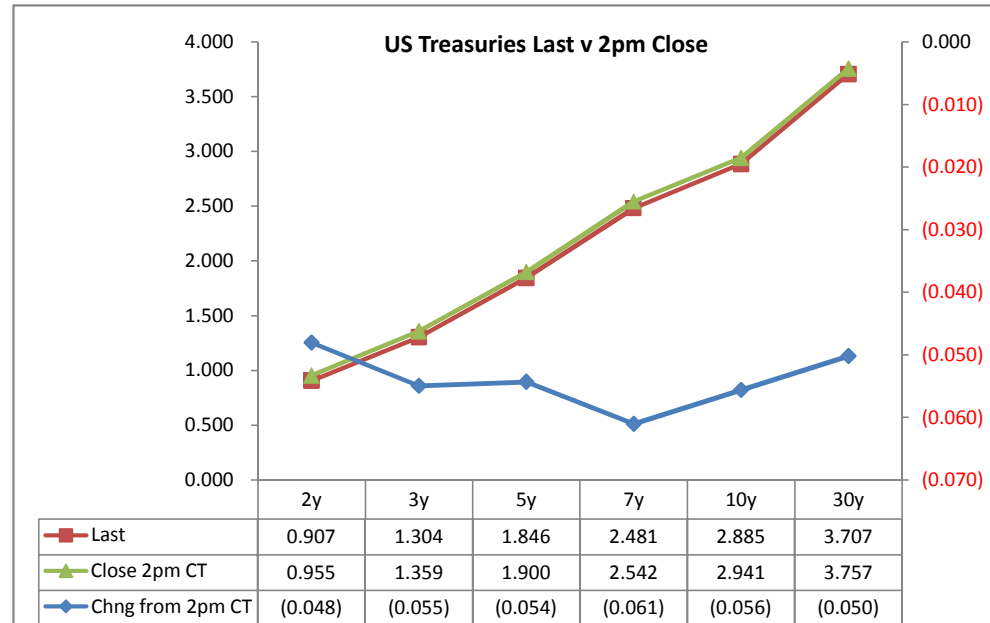
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis (CF)		Cash	Futrues	Close 32	Last	
						from 2pm	Close	Last	Roll	Roll			
2y	0.875	3/31/11	99.2700	0.955	0.907	(0.048)	12.82	13.08			108.1800	108.2120	TUAM9
3y	1.375	3/15/12	100.0150	1.359	1.304	(0.055)							
5y	1.750	3/31/14	99.0925	1.900	1.846	(0.054)	71.68	73.31			117.1350	117.2150	FVAM9
7y	2.375	3/31/16	98.3000	2.542	2.481	(0.061)							
10y	3.750	11/15/18	98.1200	2.941	2.885	(0.056)	156.69	159.30			121.2700	122.1050	TYAM9
30y	3.500	2/15/39	95.1300	3.757	3.707	(0.050)	405.56	423.45			126.0250	126.2400	USAM9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm Cls
2/3	40.4	39.7	(0.7)
2/5	94.5	93.9	(0.6)
2/7	158.7	157.4	(1.3)
3/5	54.1	54.2	0.1
3/7	118.3	117.7	(0.6)
2/10	198.6	197.8	(0.8)
3/10	158.2	158.1	(0.1)
5/7	64.2	63.5	(0.7)
5/10	104.1	104.0	(0.1)
2/30	280.2	280.0	(0.2)
3/30	239.8	240.3	0.5
5/30	185.7	186.1	0.4
7/10	39.9	40.4	0.5
7/30	121.5	122.6	1.1
10/30	81.6	82.1	0.5

	Last	Chng on Day
Emini SP	818.50	(12.00)
Crude Oil	50.19	(0.86)
Gold	881.20	8.40
EURUSD	132.65	(1.53)
USDJPY	100.20	(0.81)



^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	\$200	\$484		
10	\$201	\$487	\$876	
30	\$197	\$479	\$862	\$1,827

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)	\$484		
10	(\$3)	(\$3)	\$876	
30	\$0	\$5	\$15	\$1,827

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	-0.9%	0.0%		
10	-1.5%	-0.6%	0.0%	
30	0.2%	1.1%	1.7%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.89	2.18	3.95	8.24
ZF	0.39	0.95	1.73	3.60
ZN	0.25	0.62	1.12	2.33
ZB	0.14	0.35	0.63	1.31

	2y	5y	10y	30y
2y		2.45	4.43	9.23
5y	0.41		1.81	3.77
10y	0.23	0.55		2.08
30y	0.11	0.26	0.48	

	ZT	ZF	ZN	ZB
ZT		2.29	3.53	6.31
ZF	0.44		1.54	2.76
ZN	0.28	0.65		1.79
ZB	0.16	0.36	0.56	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.89	2.18	7.91	16.49
ZF	0.39	0.95	3.46	7.21
ZN	0.51	1.24	1.12	2.33
ZB	0.57	0.69	1.25	1.31

	2y	5y	10y	30y
2y		2.45	2.21	4.62
5y	0.41		0.45	1.89
10y	0.45	2.21		2.08
30y	0.22	0.53	0.48	

	ZT	ZF	ZN	ZB
ZT		2.29	7.06	12.63
ZF	0.44		3.09	5.52
ZN	0.14	0.32		1.79
ZB	0.08	0.18	0.56	

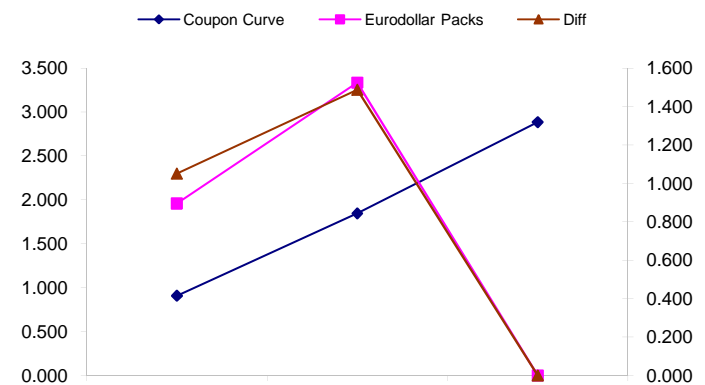
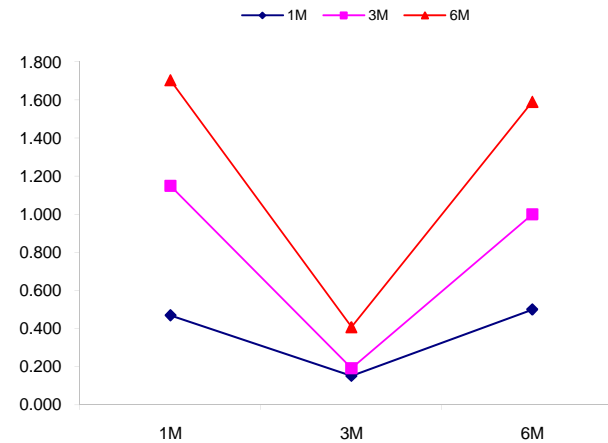
	Libor\$ ¹	Repo Rt ⁶			
0/N	0.278	#VALUE!			
1week	0.383	#VALUE!			
2week	0.424	#VALUE!			
	Libor\$ ¹	Tbill	CP ²		
1M	0.469	0.152	0.500		
3M	1.149	0.192	1.000		
6M	1.703	0.408	1.590		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.907	61.75	1.52	1.957	1.050
5y	1.846	58.00	2.43	3.332	1.487
10y	2.885	20.25	3.09	#VALUE!	#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
93.9	137.5	43.6	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
197.8	#VALUE!	#VALUE!	Red pack / Gold pack is a 2/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
104.0	#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



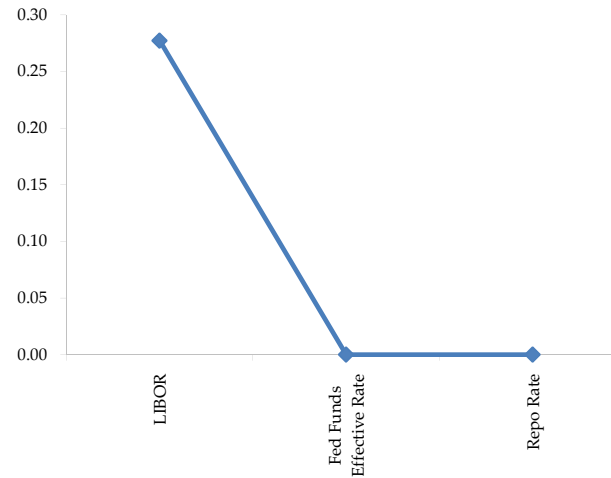
	Last	Chng	Term	Asset Type
USDLIBON	0.278	(0.0062)	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.756	0.0160	1 month	Euribor OIS Rate
TEONIA03M	0.700	0.0010	3 month	Euribor OIS Rate
TSONIA01M	0.436	(0.0080)	1 month	Sterling OIS Rate
TSONIA03M	0.434	(0.0110)	3 month	Sterling OIS Rate
TUSOIS01M	0.184	(0.0040)	1 month	USD OIS Rate
TUSOIS03M	0.210	(0.0070)	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.

