



4/9/2009 5:34

## 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](mailto: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	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	99.1570	98.295	122.140	127.035	4/9/2009

## Auctions - 32nds

	2 y	3 y	5y	7y	10y	30y
Auction Price	99.273	99.311	99.169	99.302	97.161	97.146
Auction Yield Stop	0.961	1.385 r	1.894	2.384	3.043 r	3.64 r
Actual Auction Date	3/24/2009	4/8/2009	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	108.1900	0.000	108.1970	108.1820	108.1900	7,303	2y Fut	
Z3NM9	112.1050	0.007	112.1050	112.1050	112.1050	1	3y Fut	
FVAM9	117.2000	(0.050)	117.2350	117.1850	117.2320	14,164	5y Fut	
TYAM9	122.1400	(0.100)	122.2100	122.1200	122.2100	45,222	10y Fut	
USAM9	127.0350	(0.155)	127.1350	126.3100	127.1350	8,989	30y Fut	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02P	99.2870	0.000	99.3100	99.2750	99.2750	na	2y Cash	
BUS03P	100.0300	#VALUE!	100.0500	99.3100	100.0500	na	3y Cash	
BUS05P	99.1570	(3.200)	99.1950	99.1400	99.1950	na	5y Cash	
BUS07P	99.1350	(4.500)	99.1750	99.1100	99.1750	na	7y Cash	
BUS10P	98.2950	(4.000)	99.0900	98.2650	99.0900	na	10y Cash	
BUS30P	96.2000	0.000	97.0250	96.0650	96.0650	na	30y Cash	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02Y	0.927	0.000	0.947	0.891	0.932	na	2y Yield	
BUS03Y	1.338	0.470	1.386	1.322	1.310	na	3y Yield	
BUS05Y	1.854	0.280	1.869	1.833	1.836	na	5y Yield	
BUS07Y	2.466	0.320	2.479	2.446	2.444	na	7y Yield	
BUS10Y	2.878	0.250	2.887	2.834	2.858	na	10y Yield	
BUS30Y	3.677	0.200	3.711	3.662	3.671	na	30y Yield	

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
<b>30y</b>	18.12	5.89	\$1,840	11.77	n/a	<b>30y</b>
<b>10y</b>	8.53	2.80	\$876	5.61	n/a	<b>10y</b>
<b>7y</b>	6.38	2.10	\$657	4.20	n/a	<b>7y</b>
<b>5y</b>	4.74	1.55	\$483	6.19	n/a	<b>5y</b>
<b>3y</b>	2.86	1.05	\$327	4.18	n/a	<b>3y</b>
<b>2y</b>	1.95	0.63	\$197	2.52	n/a	<b>2y</b>
<b>ZB</b>	10.20	4.49	\$140	4.49	0.6562	<b>ZB</b>
<b>ZN</b>	5.96	2.50	\$78	5.01	0.7672	<b>ZN</b>
<b>ZF</b>	4.10	1.62	\$51	6.48	0.8265	<b>ZF</b>
<b>Z3N</b>	2.83	1.09	\$34	4.35	0.7672	<b>Z3N</b>
<b>ZT</b>	1.90	0.71	\$22	2.83	0.9160	<b>ZT</b>

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	2.77	2.07	3.18
ZN	0.56		1.55	1.15	1.77
ZF	0.36	0.65		0.74	1.15
Z3N	0.48	0.87	1.34		1.54
ZT	0.31	0.56	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	6.24017	13.1
ZN	2.5	4.5	6.2	8.4	11.1955	23.5
ZF	3.9	6.9	9.5	13.0	17.3088	36.3
Z3N	2.9	4.3	7.1	9.7	12.8926	27.1
ZT	4.5	7.9	10.9	14.9	19.8448	41.7

## US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.77	2.45	3.33	4.45	9.33
3y	0.56		1.38	1.88	2.50	5.26
5y	0.41	0.72		1.36	1.81	3.81
7y	0.30	0.53	0.74		1.33	2.80
10y	0.22	0.40	0.55	0.75		2.10
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	2.676
Bobl (M)	0.47	0.88	1.26	1.5
Shatz (M)	0.18	0.37	0.56	0.634

## 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

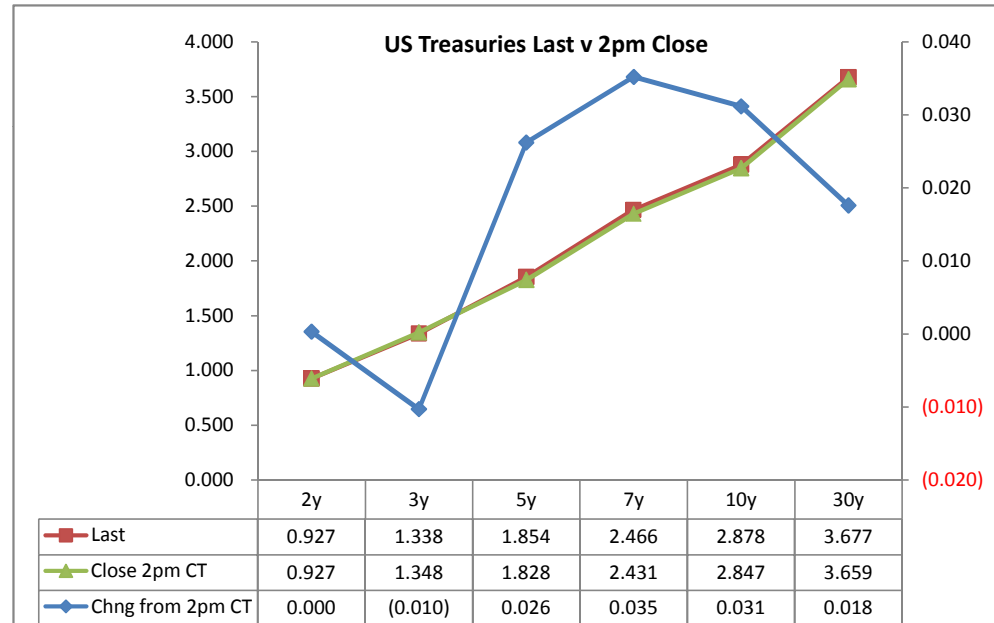
Treasury Closes: 2pm CT vs this Morning

	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	99.2875	0.927	0.927	0.000	13.65	13.60			108.1900	108.1900	TUAM9
3y	1.375	4/15/12	100.0250	1.348	1.338	(0.010)							
5y	1.750	3/31/14	99.2025	1.828	1.854	0.026	72.96	72.75			117.2525	117.2000	FVAM9
7y	2.375	3/31/16	99.2050	2.431	2.466	0.035							
10y	3.750	11/15/18	99.0550	2.847	2.878	0.031	159.94	159.61			122.2400	122.1400	TYAM9
30y	3.500	2/15/39	97.0400	3.659	3.677	0.018	428.74	422.91			127.1900	127.0350	USAM9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm Cls
2/3	42.1	41.0	(1.1)
2/5	90.1	92.7	2.6
2/7	150.4	153.9	3.5
3/5	48.0	51.7	3.7
3/7	108.3	112.9	4.6
2/10	192.0	195.1	3.1
3/10	149.9	154.0	4.1
5/7	60.3	61.2	0.9
5/10	101.9	102.4	0.5
2/30	273.2	274.9	1.7
3/30	231.1	233.9	2.8
5/30	183.1	182.2	(0.9)
7/10	41.6	41.2	(0.4)
7/30	122.8	121.0	(1.8)
10/30	81.2	79.8	(1.4)

	Last	Chng on Day
Emini SP	829.00	6.50
Crude Oil	50.91	1.53
Gold	885.80	(0.10)
EURUSD	132.86	0.03
USDJPY	100.17	0.40



^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	\$197			
5	\$199	\$483		
10	\$200	\$487	\$876	
30	\$198	\$481	\$866	\$1,840

**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	\$197			
5	(\$2)	\$483		
10	(\$3)	(\$3)	\$876	
30	(\$1)	\$2	\$11	\$1,840

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	-1.6%	-0.7%	0.0%	
30	-0.4%	0.5%	1.2%	0.0%

## Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.89	2.19	3.97	8.33
ZF	0.39	0.95	1.73	3.63
ZN	0.25	0.62	1.12	2.35
ZB	0.14	0.34	0.62	1.31

	2y	5y	10y	30y
2y		2.45	4.45	9.33
5y	0.41		1.81	3.81
10y	0.22	0.55		2.10
30y	0.11	0.26	0.48	

	ZT	ZF	ZN	ZB
ZT		2.29	3.55	6.36
ZF	0.44		1.55	2.77
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	2.19	7.94	16.66
ZF	0.39	0.95	3.46	7.27
ZN	0.50	1.23	1.12	2.35
ZB	0.56	0.69	1.25	1.31

	2y	5y	10y	30y
2y		2.45	2.22	4.67
5y	0.41		0.45	1.90
10y	0.45	2.21		2.10
30y	0.21	0.53	0.48	

	ZT	ZF	ZN	ZB
ZT		2.29	7.09	12.72
ZF	0.44		3.09	5.55
ZN	0.14	0.32		1.79
ZB	0.08	0.18	0.56	

	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>
0/N	0.260	#VALUE!
1week	0.384	#VALUE!
2week	0.423	#VALUE!

	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>
1M	0.460	0.131	0.500
3M	1.139	0.169	1.000
6M	1.687	0.370	1.590

	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	0.927	57.50	1.50	1.954	1.026
5y	1.854	58.75	2.44	3.358	1.504
10y	2.878	20.25	3.08	#VALUE!	#VALUE!

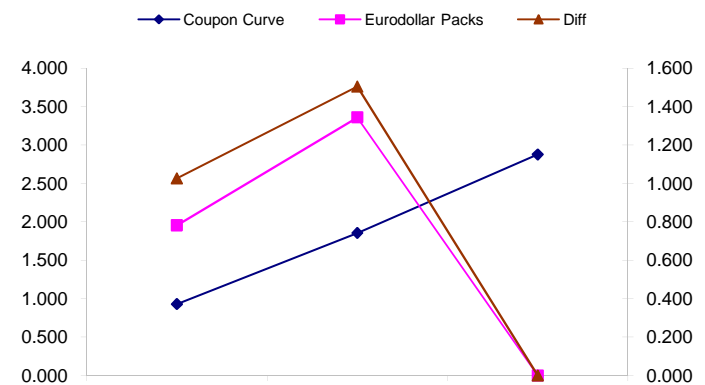
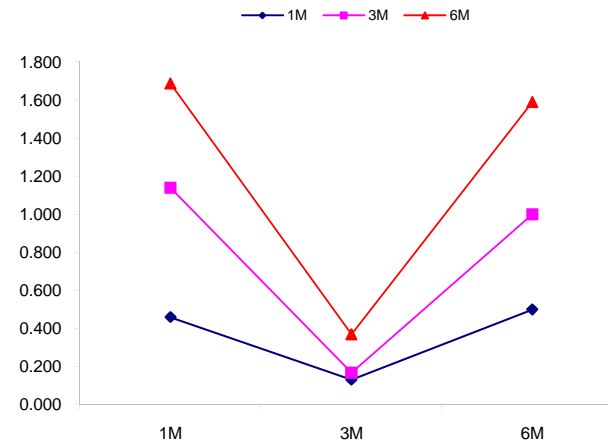
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
92.7	140.5	47.8
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
195.1	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
102.4	#VALUE!	#VALUE!

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



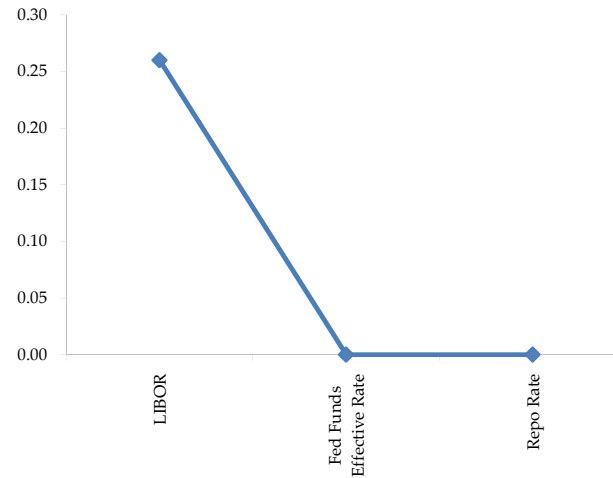
	Last	Chng	Term	Asset Type
USDLIBON	0.260	0.0000	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.794	0.0190	1 month	Euribor OIS Rate
TEONIA03M	0.726	0.0170	3 month	Euribor OIS Rate
TSONIA01M	0.430	(0.0100)	1 month	Sterling OIS Rate
TSONIA03M	0.427	(0.0130)	3 month	Sterling OIS Rate
TUSOIS01M	0.176	(0.0010)	1 month	USD OIS Rate
TUSOIS03M	0.204	0.0020	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.





