



4/13/2009 5:45

## 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	98.096			
Last Trade	99.1450	98.240	122.150	126.060	4/13/2009

## Auctions - 32nds

	2 y	3 y	5y	7y	10y	30y
Auction Price	99.273	99.311	99.169	99.302	98.096	97.146
Auction Yield Stop	0.961	1.385 r	1.894	2.384	2.95 r	3.64 r
Actual Auction Date	3/24/2009	4/8/2009	3/25/2009	3/26/2009	4/9/2009	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

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAM9	108.1850	0.012	108.1920	108.1720	108.1800	1,851	2y Fut
Z3NM9	112.1170	0.195	#VALUE!	#VALUE!	#VALUE!	0	3y Fut
FVAM9	117.1820	0.017	117.1920	117.1350	117.1500	2,564	5y Fut
TYAM9	122.1500	0.045	122.1750	122.0600	122.0600	6,852	10y Fut
USAM9	126.0600	0.090	126.0800	125.2400	125.2650	1,930	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.2820	1.500	100.2970	99.2720	99.2720	na	2y Cash
BUS03P	100.0300	3.500	100.0450	99.1750	100.0400	na	3y Cash
BUS05P	99.1450	3.000	99.1600	99.1220	99.1100	na	5y Cash
BUS07P	99.1500	6.000	99.2000	99.0000	99.1100	na	7y Cash
BUS10P	98.2400	6.500	98.2950	98.0600	98.1700	na	10y Cash
BUS30P	95.2900	10.500	118.1400	63.1900	95.1950	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.932	(0.200)	0.952	0.398	0.952	na	2y Yield
BUS03Y	1.338	(0.270)	1.530	1.327	1.373	na	3y Yield
BUS05Y	1.868	(0.180)	1.881	1.856	1.889	na	5y Yield
BUS07Y	2.456	(0.200)	2.533	2.434	2.390	na	7y Yield
BUS10Y	2.895	(0.240)	2.964	2.876	2.923	na	10y Yield
BUS30Y	3.722	(0.180)	6.189	2.607	3.745	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
<b>30y</b>	18.06	5.82	\$1,819	11.64	n/a	<b>30y</b>
<b>10y</b>	8.52	2.80	\$874	5.59	n/a	<b>10y</b>
<b>7y</b>	6.37	2.09	\$652	4.17	n/a	<b>7y</b>
<b>5y</b>	4.73	1.54	\$482	6.17	n/a	<b>5y</b>
<b>3y</b>	2.85	1.04	\$326	4.17	n/a	<b>3y</b>
<b>2y</b>	1.94	0.63	\$196	2.51	n/a	<b>2y</b>
<b>ZB</b>	10.26	4.61	\$144	4.61	0.6562	<b>ZB</b>
<b>ZN</b>	5.95	2.49	\$78	4.99	0.7672	<b>ZN</b>
<b>ZF</b>	4.09	1.62	\$50	6.46	0.8265	<b>ZF</b>
<b>Z3N</b>	2.82	1.08	\$34	4.34	0.7672	<b>Z3N</b>
<b>ZT</b>	1.89	0.70	\$22	2.81	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		1.85	2.86	2.13	3.28
ZN	0.54		1.54	1.15	1.78
ZF	0.35	0.65		0.75	1.15
Z3N	0.47	0.87	1.34		1.54
ZT	0.30	0.56	0.87	1.30	

## US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.4	2.4	3.3	4.5	6.06475	12.6
ZN	2.5	4.5	6.2	8.4	11.2193	23.4
ZF	3.9	6.9	9.5	12.9	17.3173	36.0
Z3N	2.9	4.3	7.1	9.6	12.9047	26.9
ZT	4.5	7.9	11.0	14.9	19.9164	41.5

## US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.78	2.46	3.33	4.46	9.28
3y	0.56		1.38	1.87	2.51	5.22
5y	0.41	0.72		1.35	1.81	3.78
7y	0.30	0.53	0.74		1.34	2.79
10y	0.22	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	2.676
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

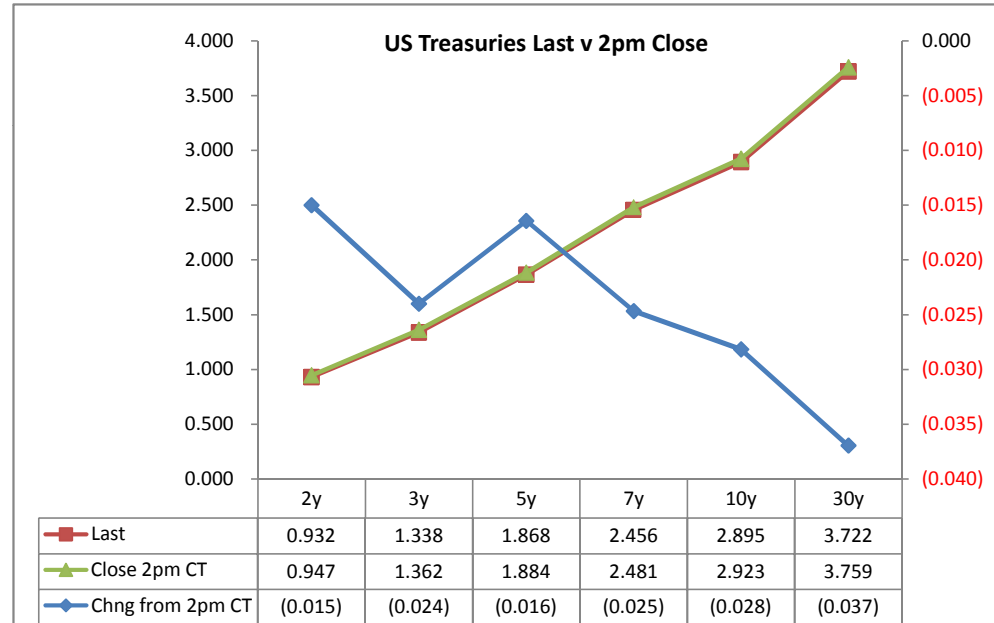
Treasury Closes: 2pm CT vs this Morning

	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	99.2750	0.947	0.932	(0.015)	13.77	13.56			108.1750	108.1850	TUAM9
3y	1.375	4/15/12	100.0125	1.362	1.338	(0.024)							
5y	1.750	3/31/14	99.1175	1.884	1.868	(0.016)	71.70	73.04			117.1650	117.1820	FVAM9
7y	2.375	3/31/16	99.1050	2.481	2.456	(0.025)							
10y	3.750	11/15/18	98.1700	2.923	2.895	(0.028)	149.80	153.34			122.1050	122.1500	TYAM9
30y	3.500	2/15/39	95.1200	3.759	3.722	(0.037)	407.84	419.26			125.2950	126.0600	USAM9

Curve Spreads^

	Chng from		
	Close bps	Last bps	
		2pm Cls	
2/3	41.5	40.6	(0.9)
2/5	93.7	93.6	(0.1)
2/7	153.4	152.4	(1.0)
3/5	52.2	53.0	0.8
3/7	111.9	111.8	(0.1)
2/10	197.6	196.3	(1.3)
3/10	156.1	155.7	(0.4)
5/7	59.7	58.9	(0.8)
5/10	103.9	102.7	(1.2)
2/30	281.2	279.0	(2.2)
3/30	239.7	238.4	(1.3)
5/30	187.5	185.4	(2.1)
7/10	44.2	43.9	(0.3)
7/30	127.8	126.6	(1.2)
10/30	83.6	82.7	(0.9)

	Last	Chng on Day
Emini SP	845.00	(7.50)
Crude Oil	50.93	(1.31)
Gold	888.10	4.80
EURUSD	132.02	0.12
USDJPY	100.61	0.32



^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%	55%	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	\$196			
5	\$198	\$482		
10	\$199	\$485	\$874	
30	\$195	\$476	\$858	\$1,819

**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	\$196			
5	(\$2)	\$482		
10	(\$3)	(\$3)	\$874	
30	\$1	\$6	\$16	\$1,819

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%	-0.7%	0.0%	
30	0.3%	1.2%	1.9%	0.0%

## Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.89	2.20	3.98	8.29
ZF	0.39	0.95	1.73	3.60
ZN	0.25	0.62	1.12	2.34
ZB	0.14	0.33	0.61	1.26

	2y	5y	10y	30y
2y		2.46	4.46	9.28
5y	0.41		1.81	3.78
10y	0.22	0.55		2.08
30y	0.11	0.26	0.48	

	ZT	ZF	ZN	ZB
ZT		2.30	3.55	6.57
ZF	0.43		1.54	2.86
ZN	0.28	0.65		1.85
ZB	0.15	0.35	0.54	

## Box for Box Matrix

	2y	5y	10y	30y
ZT	0.89	2.20	7.97	16.58
ZF	0.39	0.95	3.46	7.21
ZN	0.50	1.24	1.12	2.34
ZB	0.54	0.67	1.21	1.26

	2y	5y	10y	30y
2y		2.46	2.23	4.64
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		2.30	7.10	13.14
ZF	0.43		3.09	5.71
ZN	0.14	0.32		1.85
ZB	0.08	0.18	0.54	

	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>
0/N	0.261	0.190
1week	0.369	0.200
2week	0.418	0.200

	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>
1M	0.451	0.131	0.500
3M	1.131	0.182	1.000
6M	1.676	0.375	1.590

	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	0.931	57.50	1.51	1.946	1.015
5y	1.868	58.75	2.46		#VALUE!
10y	2.895	20.50	3.10		#VALUE!

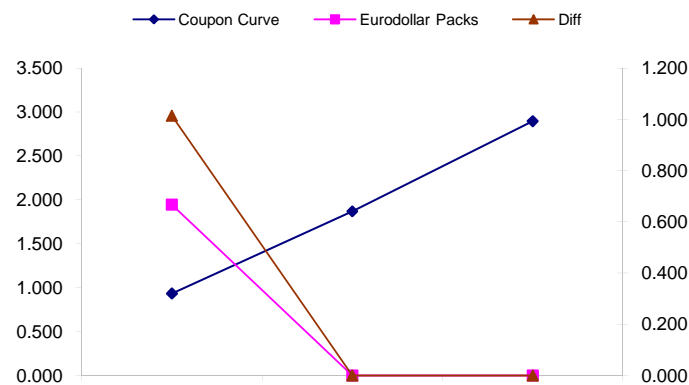
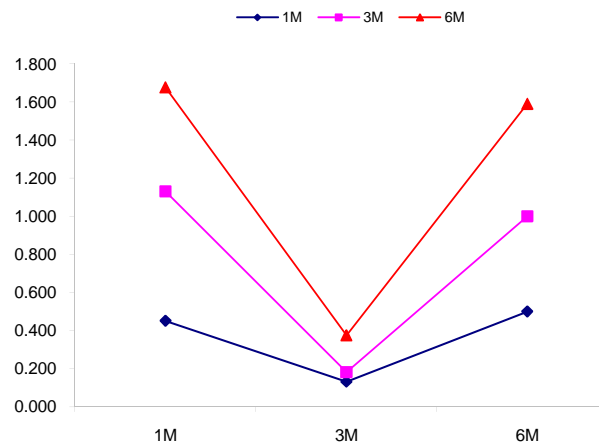
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
93.6	#VALUE!	#VALUE!
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
196.3	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
102.7	#VALUE!	#VALUE!

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:**

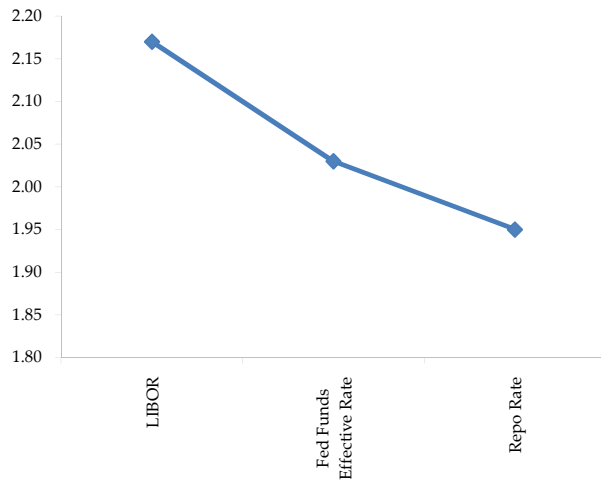
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



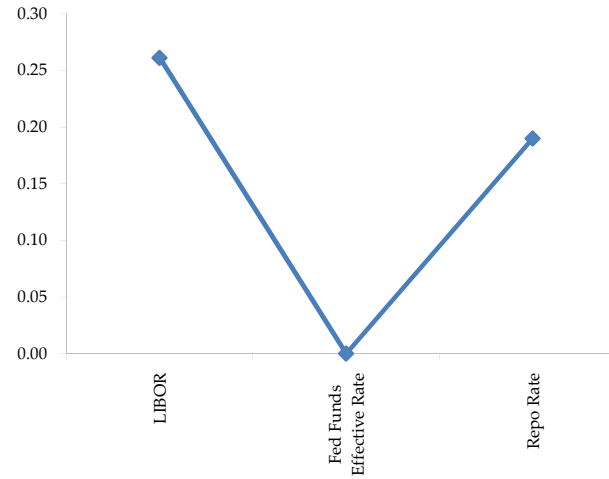
	Last	Chng	Term	Asset Type
USDLIBON	0.261	0.0000	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	0.190	0.0000	Overnight	Repo Rate
TEONIA01M	0.798	0.0230	1 month	Euribor OIS Rate
TEONIA03M	0.734	0.0250	3 month	Euribor OIS Rate
TSONIA01M	#VALUE!	#VALUE!	1 month	Sterling OIS Rate
TSONIA03M	#VALUE!	#VALUE!	3 month	Sterling OIS Rate
TUSOIS01M	#VALUE!	#VALUE!	1 month	USD OIS Rate
TUSOIS03M	#VALUE!	#VALUE!	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.





