4/15/2009 5:32

The Morning Email: Treasuries

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Want something added? Let me know:
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Auctions & Important Econ Release Highs & Lows

Economic Releases (32nds)

	5y	10y	ZNM9	ZBM9	Date
Non-farm High	100.0050	99.270	123.075	129.075	4/3/2009
Non-farm Low	99.1025	98.185	121.310	126.255	4/3/2009
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	100.0725	99.255	123.230	127.315	4/14/2009
PPI Low	99.2275	98.300	122.310	126.180	4/14/2009
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	100.0400	99.250	123.205	127.295	4/15/2009

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

Quotes

			32 nds				
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
TUAM9	108.2320	(0.015)	108.2600	108.2270	108.2370	9,646	2y Fut
Z3NM9	112.2650	(0.015)	112.2650	112.2650	112.2650	2	3y Fut
FVAM9	118.0820	(0.025)	118.1420	118.0700	118.0900	20,459	5y Fut
TYAM9	123.2050	0.015	123.2750	123.1500	123.1850	42,813	10y Fut
USAM9	127.2950	0.080	128.0700	127.1750	127.2300	9,499	30y Fut
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
BUS02P	100.0070	(0.700)	100.0270	100.0020	100.0120	na	2y Cash
BUS03P	100.1320	(1.200)	100.1720	100.1220	100.1420	na	3y Cash
BUS05P	100.0400	0.000	100.0920	100.0270	100.0300	na	5y Cash
BUS07P	100.1400	2.000	100.1850	100.1100	100.1150	na	7y Cash
BUS10P	99.2500	3.500	100.0050	99.1800	99.1800	na	10y Cash
BUS30P	97.2000	15.000	97.3000	97.0300	97.0500	na	30y Cash
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
BUS02Y	0.863	0.040	0.871	0.831	0.856	na	2y Yield
BUS03Y	1.234	0.110	1.244	1.191	1.224	na	3y Yield
BUS05Y	1.723	0.000	1.732	1.689	1.725	na	5y Yield
BUS07Y	2.304	(0.100)	2.321	2.284	2.319	na	7y Yield
BUS10Y	2.775	(0.130)	2.801	2.748	2.790	na	10y Yield
BUS30Y	3.628	(0.280)	3.661	3.613	3.657	na	30y Yield

Duration, DV01s, CFs

	M Duration	DV01 32	DV01 $	DV01 Box	CF	
30y	18.17	5.95	$1,860	11.91	n/a	**30y**
10y	8.52	2.83	$884	5.66	n/a	**10y**
7y	6.37	2.12	$663	4.24	n/a	**7y**
5y	4.72	1.55	$485	6.21	n/a	**5y**
3y	2.84	1.04	$326	4.17	n/a	**3y**
2y	1.93	0.63	$196	2.51	n/a	**2y**
ZB	#VALUE!	#VALUE!	#VALUE!	#VALUE!	0.6562	**ZB**
ZN	5.95	2.52	$79	5.05	0.7672	**ZN**
ZF	4.08	1.62	$51	6.50	0.8265	**ZF**
Z3N	2.81	1.08	$34	4.34	0.7672	**Z3N**
ZT	1.88	0.70	$22	2.81	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

Hedge Ratio's

US Financial Futures

	ZB	ZN	ZF	Z3N	ZT
ZB		#VALUE!	#VALUE!	#VALUE!	#VALUE!
ZN	#VALUE!		1.55	1.16	1.80
ZF	#VALUE!	0.64		0.75	1.16
Z3N	#VALUE!	0.86	1.34		1.55
ZT	#VALUE!	0.56	0.86	1.29	

US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#####
ZN	2.5	4.4	6.1	8.4	11.2003	23.6
ZF	3.9	6.9	9.6	13.1	17.4101	36.7
Z3N	2.9	4.3	7.2	9.8	13.0308	27.4
ZT	4.5	8.0	11.1	15.1	20.1549	42.4

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.78	2.48	3.38	4.51	9.50
3y	0.56		1.39	1.90	2.53	5.33
5y	0.40	0.72		1.37	1.82	3.84
7y	0.30	0.53	0.73		1.33	2.81
10y	0.22	0.40	0.55	0.75		2.11
30y	0.11	0.19	0.26	0.36	0.47	

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 Treasuires 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

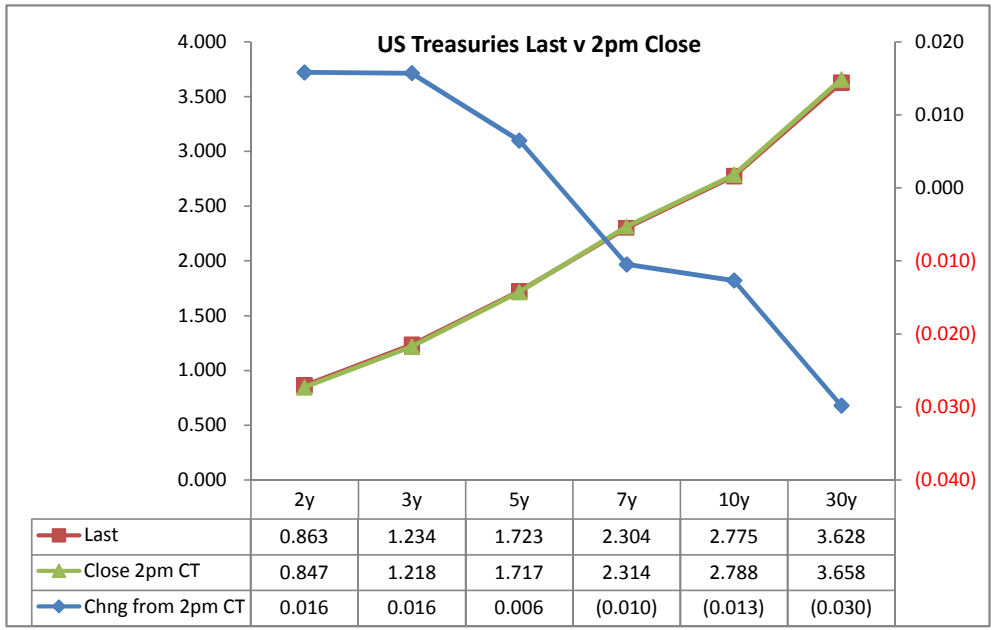
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng from 2pm	Basis (CF) Close	Basis (CF) Last	Cash Roll	Futrues Roll	Close 32	Last	
2y	0.875	3/31/11	100.0175	0.847	0.863	0.016	13.38	13.75			108.2475	108.2320	TUAM9
3y	1.375	4/15/12	100.1475	1.218	1.234	0.016							
5y	1.750	3/31/14	100.0500	1.717	1.723	0.006	75.25	76.36			118.1075	118.0820	FVAM9
7y	2.375	3/31/16	100.1250	2.314	2.304	(0.010)							
10y	3.750	11/15/18	99.2150	2.788	2.775	(0.013)	155.22	157.57			123.1900	123.2050	TYAM9
30y	3.500	2/15/39	97.0450	3.658	3.628	(0.030)	427.92	437.85			127.2100	127.2950	USAM9

Curve Spreads^

	Close bps	Last bps	Chng from 2pm Cls
2/3	37.1	37.1	(0.0)
2/5	87.0	86.1	(0.9)
2/7	146.7	144.1	(2.6)
3/5	49.9	49.0	(0.9)
3/7	109.6	107.0	(2.6)
2/10	194.1	191.2	(2.9)
3/10	157.0	154.2	(2.8)
5/7	59.7	58.0	(1.7)
5/10	107.1	105.2	(1.9)
2/30	281.1	276.5	(4.6)
3/30	244.0	239.4	(4.6)
5/30	194.1	190.5	(3.6)
7/10	47.4	47.2	(0.2)
7/30	134.4	132.5	(1.9)
10/30	87.0	85.3	(1.7)

	Last	Chng on Day
Emini SP	840.50	0.25
Crude Oil	50.70	1.29
Gold	895.60	3.60
EURUSD	132.87	0.27
USDJPY	98.99	0.00



^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	$199	$485		
10	$201	$490	$884	
30	$198	$484	$873	$1,860

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	($3)	$485		
10	($5)	($5)	$884	
30	($2)	$1	$11	$1,860

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	-1.4%	0.0%		
10	-2.4%	-1.0%	0.0%	
30	-1.2%	0.2%	1.2%	0.0%

Tic for Tic & Box for Box Matrix

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.89	2.21	4.03	8.49
ZF	0.39	0.96	1.74	3.67
ZN	0.25	0.61	1.12	2.36
ZB	#VALUE!	#VALUE!	#VALUE!	#VALUE!

	2y	5y	10y	30y
2y		2.48	4.51	9.50
5y	0.40		1.82	3.84
10y	0.22	0.55		2.11
30y	0.11	0.26	0.47	

	ZT	ZF	ZN	ZB
ZT		2.32	3.60	#VALUE!
ZF	0.43		1.55	#VALUE!
ZN	0.28	0.64		#VALUE!
ZB	#VALUE!	#VALUE!	#VALUE!	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.89	2.21	8.06	16.97
ZF	0.39	0.96	3.48	7.33
ZN	0.50	1.23	1.12	2.36
ZB	#VALUE!	#VALUE!	#VALUE!	#VALUE!

	2y	5y	10y	30y
2y		2.48	2.26	4.75
5y	0.40		0.46	1.92
10y	0.44	2.20		2.11
30y	0.21	0.52	0.47	

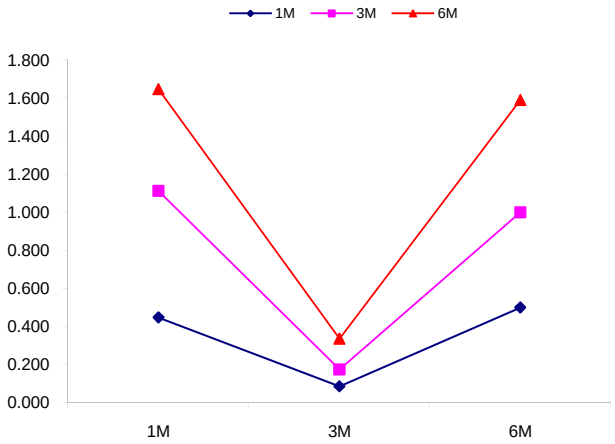
	ZT	ZF	ZN	ZB
ZT		2.32	7.20	#VALUE!
ZF	0.43		3.11	#VALUE!
ZN	0.14	0.32		#VALUE!
ZB	#VALUE!	#VALUE!	#VALUE!	

Key Money Rate, Spreads, Swaps, Packs

	Libor$ [1]	Repo Rt [6]
0/N	0.263	0.160
1week	0.356	0.160
2week	0.404	0.170

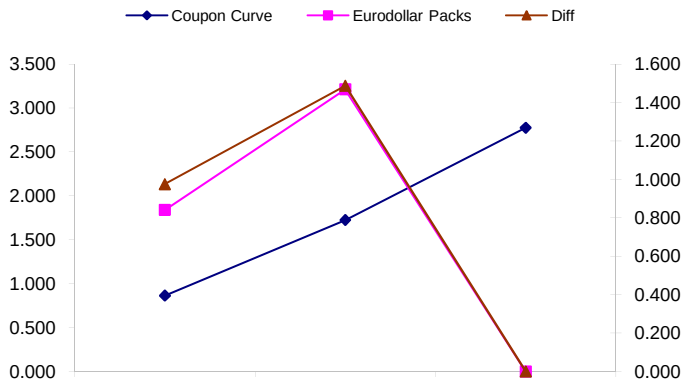
	Libor$ [1]	Tbill	CP [2]
1M	0.448	0.086	0.500
3M	1.113	0.175	1.000
6M	1.647	0.337	1.590

	TSY	Swp	Swp Rate[5]	ED Pks[3]	TSY - ED Pk [4]
2y	0.863	57.25	1.44	1.838	0.976
5y	1.723	59.75	2.32	3.211	1.488
10y	2.775	18.00	2.96		#VALUE!



2/5	Rd/Blu Pk	Diff
86.1	137.3	51.2
2/10	**Rd/Gld Pk**	**Diff**
191.2	#VALUE!	#VALUE!
5/10	**Blu/Gld Pk**	**Diff**
105.2	#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

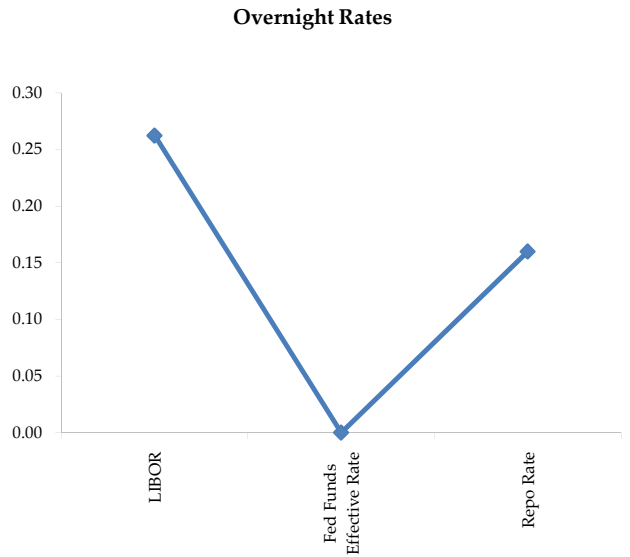
5) Swap divided by 100 + TSY yield gives swap rate in basis points.

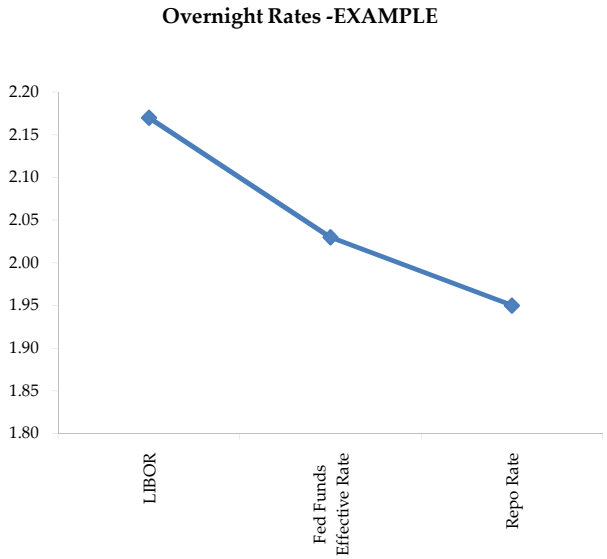
6) Repo Rt quotes is for overnight General Collateral

Libor, Fed Funds (OIS), Repo, SONIA & EONIA Rates

	Last	Chng	Term	Asset Type
USDLIBON	0.263	(0.0050)	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	0.160	0.0000	Overnight	Repo Rate
TEONIA01M	0.797	0.0010	1 momth	Euribor OIS Rate
TEONIA03M	0.743	0.0040	3 month	Euribor OIS Rate
TSONIA01M	0.427	(0.0010)	1 momth	Sterling OIS Rate
TSONIA03M	0.438	0.0060	3 month	Sterling OIS Rate
TUSOIS01M	0.179	0.0000	1 momth	USD OIS Rate
TUSOIS03M	0.192	0.0000	3 month	USD OIS Rate

Example, below





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.