



4/17/2009 5:34

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	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	100.0975	99.310	123.275	128.080	3/18/2009
CPI Low	99.3100	99.095	123.085	126.240	3/18/2009
Auction Price	99.1694	98.096			
Last Trade	99.2870	99.110	123.060	126.310	4/17/2009

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	108.2070	0.000	108.2120	108.1970	108.1970	9,190	2y Fut
Z3NM9	112.2120	0.000	112.2120	112.1970	112.2020	14	3y Fut
FVAM9	118.0070	(0.007)	118.0250	117.3050	118.0000	14,226	5y Fut
TYAM9	123.0600	(0.010)	123.1000	123.0300	123.0550	33,121	10y Fut
USAM9	126.3100	(0.005)	127.1050	126.2500	126.2850	8,610	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.3120	0.700	99.3170	99.3000	99.2970	na	2y Cash
BUS03P	100.1150	1.700	100.1220	100.0950	100.0920	na	3y Cash
BUS05P	99.2870	1.200	99.3070	99.2670	99.2800	na	5y Cash
BUS07P	100.0650	2.000	100.0800	100.0300	100.0450	na	7y Cash
BUS10P	99.1100	1.000	99.1550	99.0550	99.0850	na	10y Cash
BUS30P	96.0800	4.500	96.2150	95.3100	96.0250	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.887	(0.120)	0.907	0.879	0.912	na	2y Yield
BUS03Y	1.249	(0.190)	1.273	1.244	1.276	na	3y Yield
BUS05Y	1.770	0.000	1.785	1.758	1.777	na	5y Yield
BUS07Y	2.343	(0.030)	2.360	2.335	2.353	na	7y Yield
BUS10Y	2.825	(0.040)	2.847	2.810	2.836	na	10y Yield
BUS30Y	3.701	(0.090)	3.725	3.685	3.719	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	18.07	5.85	\$1,828	11.70	n/a	30y
10y	8.51	2.81	\$879	5.62	n/a	10y
7y	6.36	2.11	\$660	4.22	n/a	7y
5y	4.71	1.54	\$483	6.18	n/a	5y
3y	2.83	1.04	\$325	4.16	n/a	3y
2y	1.92	0.62	\$195	2.49	n/a	2y
ZB	10.17	4.47	\$140	4.47	0.6562	ZB
ZN	5.94	2.51	\$78	5.02	0.7672	ZN
ZF	4.07	1.62	\$50	6.46	0.8265	ZF
Z3N	2.80	1.08	\$34	4.32	0.7672	Z3N
ZT	1.87	0.70	\$22	2.79	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		1.78	2.77	2.07	3.21
ZN	0.56		1.55	1.16	1.80
ZF	0.36	0.64		0.75	1.16
Z3N	0.48	0.86	1.34		1.55
ZT	0.31	0.56	0.86	1.29	

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	4.4	6.2	8.4	11.2	23.3
ZF	3.9	6.9	9.6	13.1	17.4	36.2
Z3N	2.9	4.3	7.1	9.8	13.0	27.1
ZT	4.5	8.0	11.1	15.1	20.2	42.0

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.79	2.48	3.39	4.51	9.39
3y	0.56		1.39	1.90	2.52	5.25
5y	0.40	0.72		1.37	1.82	3.79
7y	0.30	0.53	0.73		1.33	2.77
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

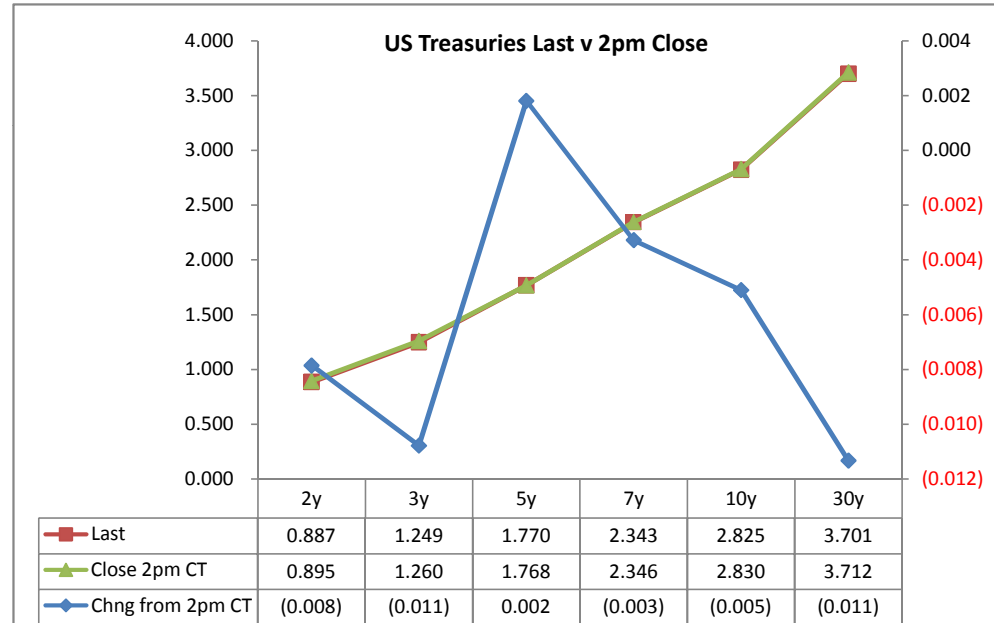
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng from 2pm	Basis (CF)		Cash Roll	Futrues Roll	Close 32	Last	
							Close	Last					
2y	0.875	3/31/11	99.3075	0.895	0.887	(0.008)	12.90	14.54			108.2200	108.207	TUAM9
3y	1.375	4/15/12	100.1075	1.260	1.249	(0.011)							
5y	1.750	3/31/14	99.2925	1.768	1.770	0.002	75.15	75.26			118.0150	118.007	FVAM9
7y	2.375	3/31/16	100.0600	2.346	2.343	(0.003)							
10y	3.750	11/15/18	99.1000	2.830	2.825	(0.005)	152.93	154.70			123.0700	123.06	TYAM9
30y	3.500	2/15/39	96.0600	3.712	3.701	(0.011)	411.53	413.86			126.3150	126.31	USAM9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm Cls
2/3	36.5	36.2	(0.3)
2/5	87.3	88.3	1.0
2/7	145.1	145.6	0.5
3/5	50.8	52.1	1.3
3/7	108.6	109.4	0.8
2/10	193.5	193.8	0.3
3/10	157.0	157.6	0.6
5/7	57.8	57.3	(0.5)
5/10	106.2	105.5	(0.7)
2/30	281.7	281.4	(0.3)
3/30	245.2	245.1	(0.1)
5/30	194.4	193.1	(1.3)
7/10	48.4	48.2	(0.2)
7/30	136.6	135.8	(0.8)
10/30	88.2	87.6	(0.6)

	Last	Chng on Day
Emini SP	861.50	0.00
Crude Oil	49.82	(0.16)
Gold	870.60	(9.20)
EURUSD	130.64	(1.23)
USDJPY	99.41	0.11



^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	\$195			
5	\$197	\$483		
10	\$199	\$487	\$879	
30	\$195	\$477	\$861	\$1,828

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	\$195			
5	(\$2)	\$483		
10	(\$4)	(\$4)	\$879	
30	(\$0)	\$6	\$18	\$1,828

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	-2.0%	-0.8%	0.0%	
30	0.0%	1.3%	2.1%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.89	2.22	4.03	8.39
ZF	0.39	0.96	1.74	3.62
ZN	0.25	0.62	1.12	2.33
ZB	0.14	0.35	0.63	1.31

	2y	5y	10y	30y
2y		2.48	4.51	9.39
5y	0.40		1.82	3.79
10y	0.22	0.55		2.08
30y	0.11	0.26	0.48	

	ZT	ZF	ZN	ZB
ZT		2.32	3.60	6.41
ZF	0.43		1.55	2.77
ZN	0.28	0.64		1.78
ZB	0.16	0.36	0.56	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.89	2.22	8.07	16.78
ZF	0.39	0.96	3.48	7.24
ZN	0.50	1.23	1.12	2.33
ZB	0.56	0.69	1.26	1.31

	2y	5y	10y	30y
2y		2.48	2.26	4.70
5y	0.40		0.45	1.89
10y	0.44	2.20		2.08
30y	0.21	0.53	0.48	

	ZT	ZF	ZN	ZB
ZT		2.32	7.20	12.83
ZF	0.43		3.11	5.54
ZN	0.14	0.32		1.78
ZB	0.08	0.18	0.56	

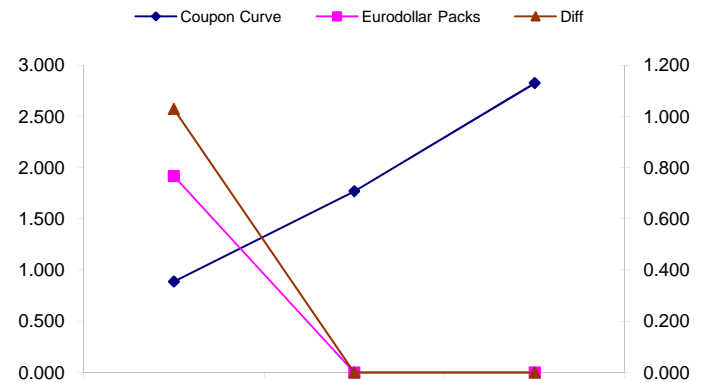
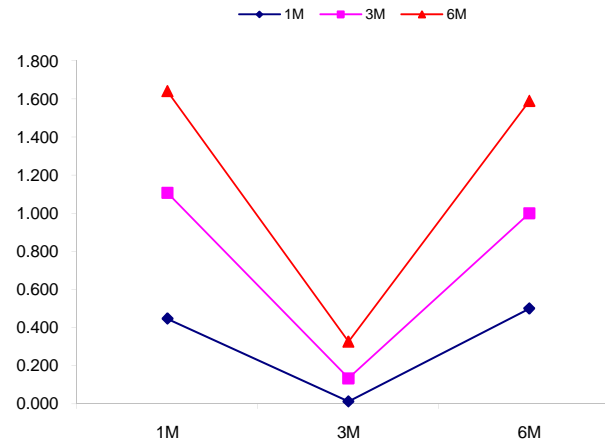
	Libor\$ ¹	Repo Rt ⁶			
0/N	0.250	#VALUE!			
1week	0.351	#VALUE!			
2week	0.399	#VALUE!			
	Libor\$ ¹	Tbill	CP ²		
1M	0.447	0.012	0.500		
3M	1.107	0.134	1.000		
6M	1.641	0.327	1.590		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.887	58.00	1.47	1.917	1.029
5y	1.770	58.75	2.36		#VALUE!
10y	2.825	16.00	2.98		#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
88.3	#VALUE!	#VALUE!	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
193.8	#VALUE!	#VALUE!	Red pack / Gold pack is a 2/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
105.5	#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



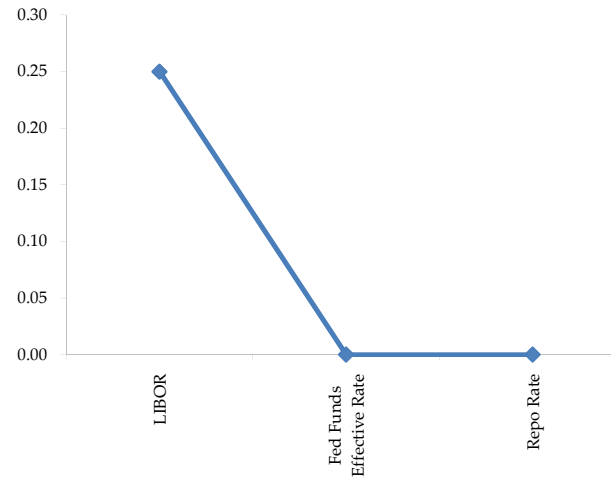
	Last	Chng	Term	Asset Type
USDLIBON	0.250	0.0000	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.869	0.0370	1 month	Euribor OIS Rate
TEONIA03M	0.809	0.0260	3 month	Euribor OIS Rate
TSONIA01M	0.429	0.0030	1 month	Sterling OIS Rate
TSONIA03M	0.434	0.0030	3 month	Sterling OIS Rate
TUSOIS01M	0.180	(0.0020)	1 month	USD OIS Rate
TUSOIS03M	0.193	0.0010	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.

