



4/21/2009 5:39

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

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	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	99.2470	99.105	123.010	126.225	4/21/2009

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	108.2000	0.000	108.2200	108.1920	108.2000	15,156	2y Fut
Z3NM9	112.2050	0.000	112.2070	112.2050	112.2070	30	3y Fut
FVAM9	117.2820	(0.012)	118.0150	117.2650	117.2950	22,822	5y Fut
TYAM9	123.0100	0.000	123.0900	122.2900	123.0150	64,046	10y Fut
USAM9	126.2250	0.010	127.0050	126.1500	126.1750	12,697	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.3000	(0.200)	99.3170	99.2920	99.3020	na	2y Cash
BUS03P	100.0950	(1.000)	100.1270	100.0900	100.1000	na	3y Cash
BUS05P	99.2470	0.700	99.2970	99.2320	99.2500	na	5y Cash
BUS07P	100.0350	2.000	100.0850	100.0100	100.0150	na	7y Cash
BUS10P	99.1050	2.000	99.1750	99.0500	99.0700	na	10y Cash
BUS30P	96.2450	14.500	97.0450	96.1650	96.1850	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.908	0.040	0.920	0.879	0.912	na	2y Yield
BUS03Y	1.268	0.100	1.278	1.238	1.268	na	3y Yield
BUS05Y	1.796	(0.010)	1.808	1.765	1.800	na	5y Yield
BUS07Y	2.357	(0.070)	2.370	2.333	2.368	na	7y Yield
BUS10Y	2.829	(0.090)	2.849	2.803	2.838	na	10y Yield
BUS30Y	3.670	(0.230)	3.694	3.658	3.690	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	18.10	5.89	\$1,841	11.78	n/a	30y
10y	8.50	2.81	\$878	5.62	n/a	10y
7y	6.36	2.11	\$659	4.22	n/a	7y
5y	4.71	1.54	\$482	6.16	n/a	5y
3y	2.83	1.04	\$324	4.14	n/a	3y
2y	1.92	0.62	\$194	2.48	n/a	2y
ZB	10.16	4.46	\$139	4.46	0.6562	ZB
ZN	5.93	2.51	\$78	5.01	0.7672	ZN
ZF	4.07	1.61	\$50	6.45	0.8265	ZF
Z3N	2.80	1.08	\$34	4.31	0.7672	Z3N
ZT	1.87	0.69	\$22	2.78	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		1.56	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	0.55	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	13.2
ZN	2.5	4.4	6.2	8.4	11.2	23.5
ZF	3.9	6.9	9.6	13.1	17.4	36.6
Z3N	2.9	4.3	7.2	9.8	13.0	27.3
ZT	4.5	8.0	11.1	15.2	20.2	42.4

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.79	2.48	3.40	4.53	9.49
3y	0.56		1.39	1.90	2.53	5.30
5y	0.40	0.72		1.37	1.82	3.82
7y	0.29	0.53	0.73		1.33	2.79
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

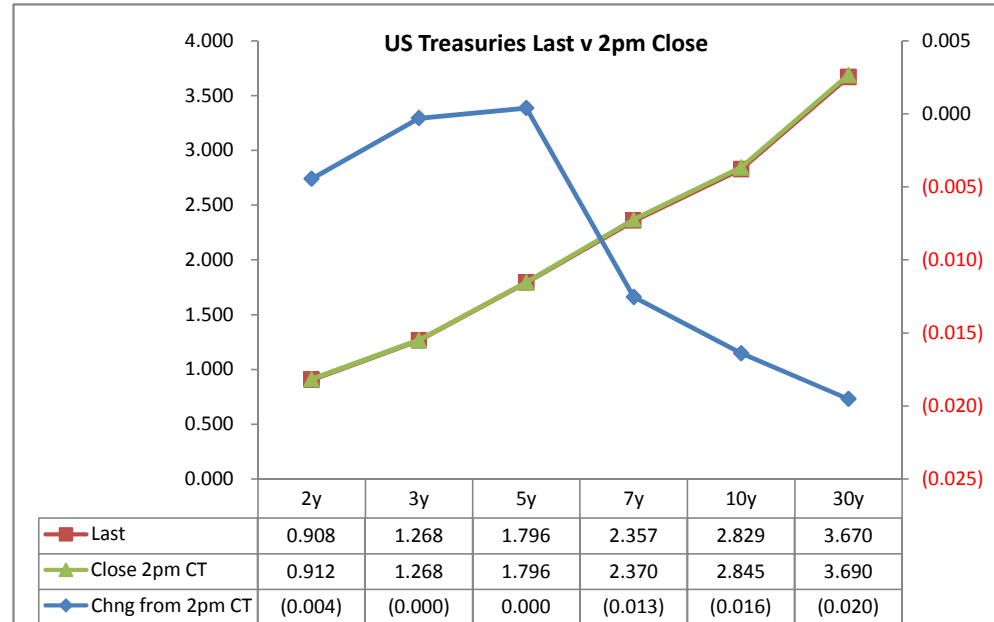
Treasury Closes: 2pm CT vs this Morning

	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	99.2975	0.912	0.908	(0.004)	13.96	13.98			108.1975	108.2	TUAM9
3y	1.375	4/15/12	100.1000	1.268	1.268	(0.000)							
5y	1.750	3/31/14	99.2500	1.796	1.796	0.000	74.20	74.98			117.2950	117.282	FVAM9
7y	2.375	3/31/16	100.0100	2.370	2.357	(0.013)							
10y	3.750	11/15/18	99.0600	2.845	2.829	(0.016)	153.53	158.03			123.0100	123.01	TYAM9
30y	3.500	2/15/39	96.1850	3.690	3.670	(0.020)	430.92	435.94			126.2100	126.225	USAM9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm Cls
2/3	35.6	36.0	0.4
2/5	88.4	88.9	0.5
2/7	145.8	145.0	(0.8)
3/5	52.8	52.9	0.1
3/7	110.2	109.0	(1.2)
2/10	193.3	192.1	(1.2)
3/10	157.7	156.1	(1.6)
5/7	57.4	56.1	(1.3)
5/10	104.9	103.2	(1.7)
2/30	277.8	276.3	(1.5)
3/30	242.2	240.3	(1.9)
5/30	189.4	187.4	(2.0)
7/10	47.5	47.1	(0.4)
7/30	132.0	131.3	(0.7)
10/30	84.5	84.2	(0.3)

	Last	Chng on Day
Emini SP	834.25	1.25
Crude Oil	48.80	0.29
Gold	886.60	(0.90)
EURUSD	129.59	0.33
USDJPY	98.31	0.38



^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	\$194			
5	\$196	\$482		
10	\$198	\$486	\$878	
30	\$195	\$479	\$865	\$1,841

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	\$194			
5	(\$2)	\$482		
10	(\$4)	(\$4)	\$878	
30	(\$1)	\$3	\$13	\$1,841

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%	-0.9%	0.0%	
30	-0.6%	0.6%	1.5%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.89	2.22	4.04	8.48
ZF	0.39	0.96	1.74	3.66
ZN	0.25	0.62	1.12	2.35
ZB	0.14	0.35	0.63	1.32

	2y	5y	10y	30y
2y		2.48	4.53	9.49
5y	0.40		1.82	3.82
10y	0.22	0.55		2.10
30y	0.11	0.26	0.48	

	ZT	ZF	ZN	ZB
ZT		2.32	3.61	6.42
ZF	0.43		1.56	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	8.09	16.96
ZF	0.39	0.96	3.49	7.31
ZN	0.50	1.23	1.12	2.35
ZB	0.56	0.69	1.26	1.32

	2y	5y	10y	30y
2y		2.48	2.26	4.75
5y	0.40		0.46	1.91
10y	0.44	2.19		2.10
30y	0.21	0.52	0.48	

	ZT	ZF	ZN	ZB
ZT		2.32	7.21	12.83
ZF	0.43		3.11	5.53
ZN	0.14	0.32		1.78
ZB	0.08	0.18	0.56	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.213	0.150
1week	0.325	0.150
2week	0.386	0.150

	Libor\$ ¹	Tbill	CP ²
1M	0.441	0.027	0.500
3M	1.100	0.147	1.000
6M	1.651	0.337	1.590

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.908	64.25	1.55	2.012	1.105
5y	1.796	63.50	2.43	3.311	1.514
10y	2.829	18.25	3.01	3.602	0.773

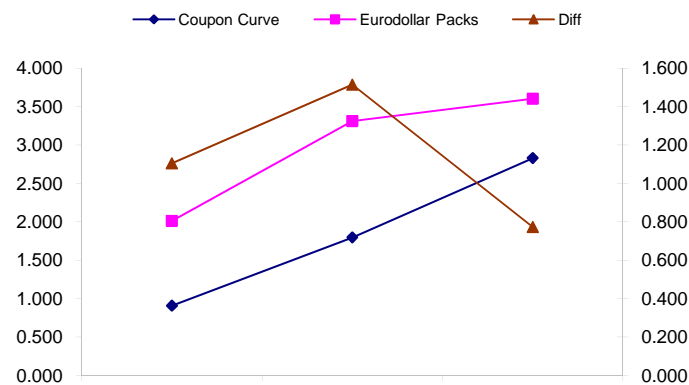
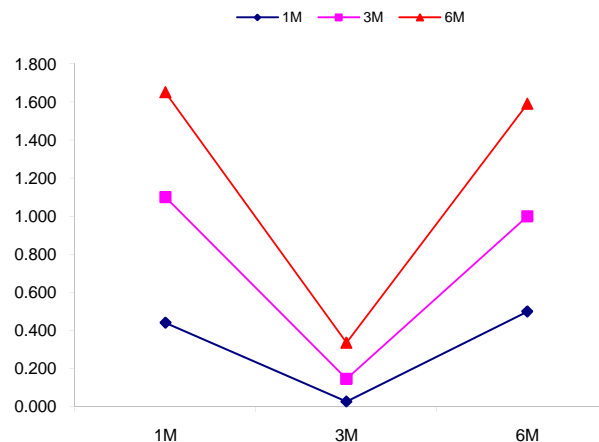
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
88.9	129.8	40.9
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
192.1	158.9	-33.2
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
103.2	29.1	-74.1

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



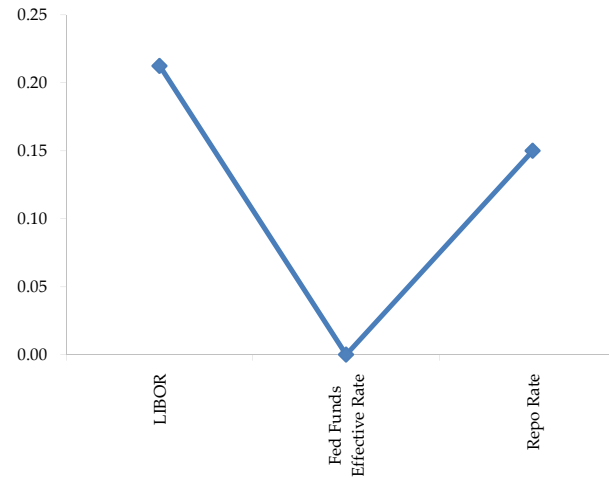
	Last	Chng	Term	Asset Type
USDLIBON	0.213	(0.0100)	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	0.150	0.0000	Overnight	Repo Rate
TEONIA01M	0.859	(0.0260)	1 month	Euribor OIS Rate
TEONIA03M	0.832	(0.0070)	3 month	Euribor OIS Rate
TSONIA01M	0.431	0.0010	1 month	Sterling OIS Rate
TSONIA03M	0.433	(0.0050)	3 month	Sterling OIS Rate
TUSOIS01M	0.181	0.0000	1 month	USD OIS Rate
TUSOIS03M	0.195	(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.

