



4/23/2009 5:52

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:
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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	99.0920	98.105	121.300	124.310	4/23/2009

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	108.1650	0.007	108.1770	108.1600	108.1700	12,433	2y Fut	
Z3NM9	112.1400	0.012	112.1500	112.1400	112.1500	14	3y Fut	
FVAM9	117.1400	0.005	117.1820	117.1020	117.1550	21,294	5y Fut	
TYAM9	121.3000	0.005	122.0600	121.2200	122.0100	80,255	10y Fut	
USAM9	124.3100	0.105	125.0400	124.1600	124.2700	16,802	30y Fut	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02P	99.2650	0.000	99.2820	99.2600	99.2700	na	2y Cash	
BUS03P	100.0320	(0.700)	100.0470	100.0150	100.0320	na	3y Cash	
BUS05P	99.0920	(0.500)	99.1270	99.0600	99.1050	na	5y Cash	
BUS07P	99.0850	(1.000)	99.1350	99.0200	99.1350	na	7y Cash	
BUS10P	98.1050	(2.000)	98.1750	98.0150	98.0650	na	10y Cash	
BUS30P	94.2350	(8.500)	94.2600	94.0500	94.1500	na	30y Cash	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02Y	0.961	0.000	0.973	0.936	0.970	na	2y Yield	
BUS03Y	1.340	0.090	1.359	1.324	1.349	na	3y Yield	
BUS05Y	1.900	0.070	1.924	1.878	1.898	na	5y Yield	
BUS07Y	2.489	0.170	2.524	2.467	2.483	na	7y Yield	
BUS10Y	2.945	0.070	2.981	2.921	2.942	na	10y Yield	
BUS30Y	3.794	(0.150)		3.792	3.812	na	30y Yield	

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	17.95	5.72	\$1,787	11.44	n/a	30y
10y	8.49	2.78	\$868	5.55	n/a	10y
7y	6.34	2.09	\$652	4.17	n/a	7y
5y	4.70	1.53	\$479	6.13	n/a	5y
3y	2.82	1.03	\$322	4.13	n/a	3y
2y	1.91	0.62	\$193	2.47	n/a	2y
ZB	10.11	4.38	\$137	4.38	0.6562	ZB
ZN	5.92	2.48	\$78	4.96	0.7672	ZN
ZF	4.06	1.60	\$50	6.41	0.8265	ZF
Z3N	2.79	1.07	\$34	4.29	0.7672	Z3N
ZT	1.86	0.69	\$22	2.77	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		1.77	2.74	2.04	3.17
ZN	0.57		1.55	1.16	1.79
ZF	0.37	0.65		0.75	1.16
Z3N	0.49	0.86	1.34		1.55
ZT	0.32	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	4.8	6.3	13.1
ZN	2.5	4.5	6.2	8.4	11.2	23.0
ZF	3.9	6.9	9.6	13.0	17.3	35.7
Z3N	2.9	4.3	7.1	9.7	12.9	26.7
ZT	4.5	8.0	11.1	15.1	20.1	41.3

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.79	2.48	3.38	4.49	9.25
3y	0.56		1.39	1.89	2.51	5.18
5y	0.40	0.72		1.36	1.81	3.74
7y	0.30	0.53	0.73		1.33	2.74
10y	0.22	0.40	0.55	0.75		2.06
30y	0.11	0.19	0.27	0.36	0.49	

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

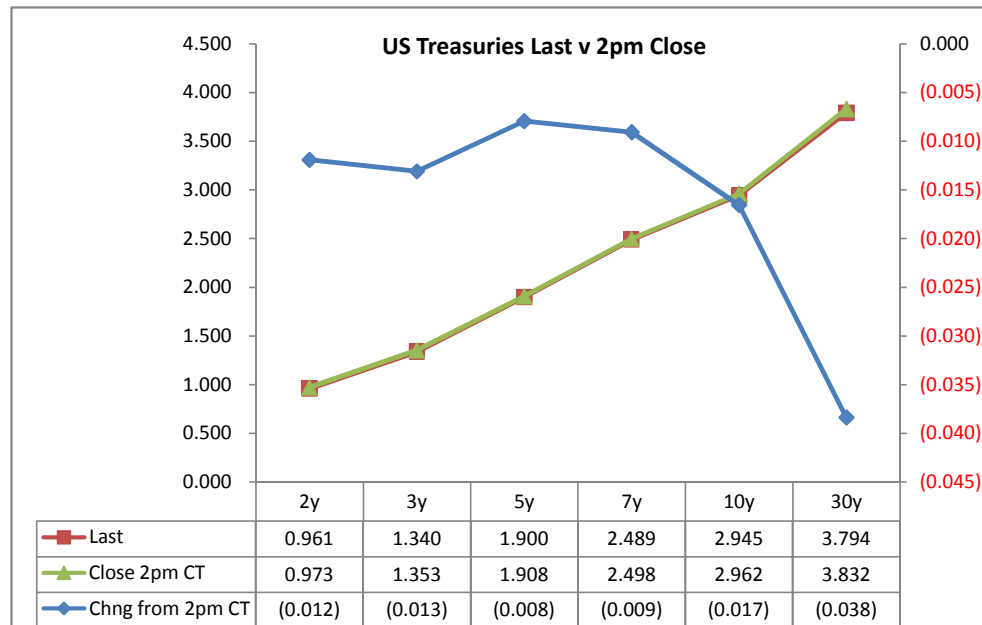
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis (CF)		Cash	Futrues	Close 32	Last	
						from 2pm	Close	Last	Roll	Roll			
2y	0.875	3/31/11	99.2600	0.973	0.961	(0.012)	13.65	13.69			108.1600	108.165	TUAM9
3y	1.375	4/15/12	100.0200	1.353	1.340	(0.013)							
5y	1.750	3/31/14	99.0825	1.908	1.900	(0.008)	70.68	71.21			117.1350	117.14	FVAM9
7y	2.375	3/31/16	99.0700	2.498	2.489	(0.009)							
10y	3.750	11/15/18	98.0650	2.962	2.945	(0.017)	149.27	152.89			121.2950	121.3	TYAM9
30y	3.500	2/15/39	94.0400	3.832	3.794	(0.038)	394.75	407.36			124.2050	124.31	USAM9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm Cls
2/3	38.0	37.9	(0.1)
2/5	93.5	93.9	0.4
2/7	152.5	152.8	0.3
3/5	55.5	56.0	0.5
3/7	114.5	114.9	0.4
2/10	198.9	198.4	(0.5)
3/10	160.9	160.6	(0.3)
5/7	59.0	58.9	(0.1)
5/10	105.4	104.5	(0.9)
2/30	285.9	283.3	(2.6)
3/30	247.9	245.4	(2.5)
5/30	192.4	189.4	(3.0)
7/10	46.4	45.7	(0.7)
7/30	133.4	130.5	(2.9)
10/30	87.0	84.8	(2.2)

	Last	Chng on Day
Emini SP	843.50	6.50
Crude Oil	49.34	0.49
Gold	894.30	1.80
EURUSD	130.52	0.43
USDJPY	98.25	0.23



^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	\$193			
5	\$195	\$479		
10	\$196	\$481	\$868	
30	\$190	\$468	\$845	\$1,787

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	\$193			
5	(\$2)	\$479		
10	(\$2)	(\$2)	\$868	
30	\$3	\$11	\$23	\$1,787

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	-0.8%	0.0%		
10	-1.2%	-0.4%	0.0%	
30	1.4%	2.3%	2.7%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.89	2.21	4.01	8.27
ZF	0.39	0.96	1.73	3.57
ZN	0.25	0.62	1.12	2.30
ZB	0.14	0.35	0.63	1.31

	2y	5y	10y	30y
2y		2.48	4.49	9.25
5y	0.40		1.81	3.74
10y	0.22	0.55		2.06
30y	0.11	0.27	0.49	

	ZT	ZF	ZN	ZB
ZT		2.31	3.59	6.33
ZF	0.43		1.55	2.74
ZN	0.28	0.65		1.77
ZB	0.16	0.37	0.57	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.89	2.21	8.03	16.53
ZF	0.39	0.96	3.47	7.14
ZN	0.50	1.23	1.12	2.30
ZB	0.56	0.70	1.27	1.31

	2y	5y	10y	30y
2y		2.48	2.25	4.63
5y	0.40		0.45	1.87
10y	0.45	2.21		2.06
30y	0.22	0.54	0.49	

	ZT	ZF	ZN	ZB
ZT		2.31	7.17	12.67
ZF	0.43		3.10	5.47
ZN	0.14	0.32		1.77
ZB	0.08	0.18	0.57	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.203	#VALUE!
1week	0.322	#VALUE!
2week	0.373	#VALUE!

	Libor\$ ¹	Tbill	CP ²
1M	0.438	0.073	0.500
3M	1.092	0.142	1.000
6M	1.639	0.345	1.590

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.961	62.75	1.59	2.084	1.123
5y	1.900	60.50	2.51	3.414	1.514
10y	2.945	14.25	3.09	#VALUE!	#VALUE!

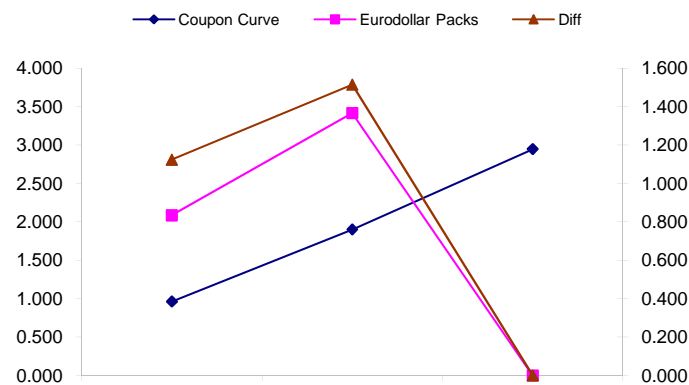
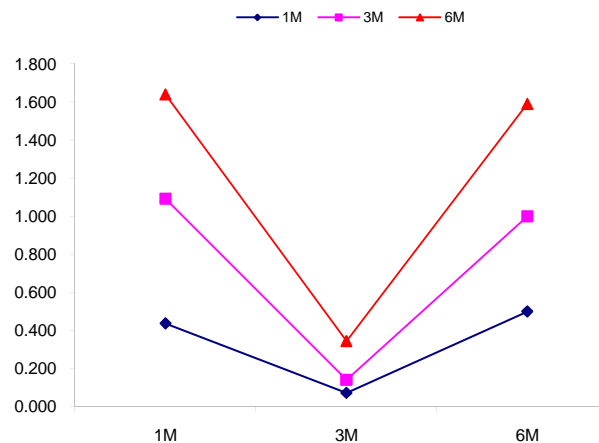
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
93.9	132.9	39.0
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
198.4	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
104.5	#VALUE!	#VALUE!

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:

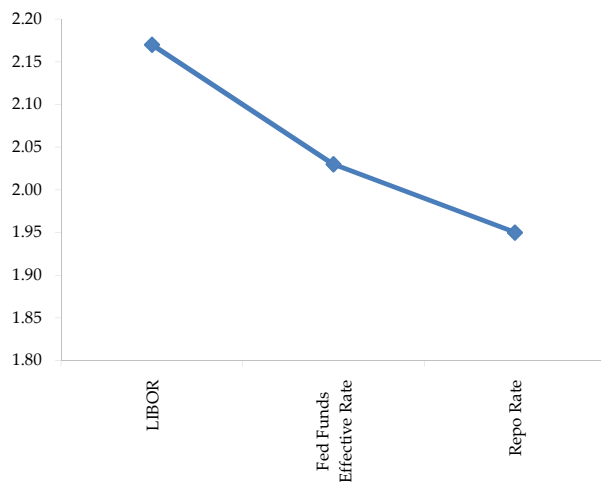
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



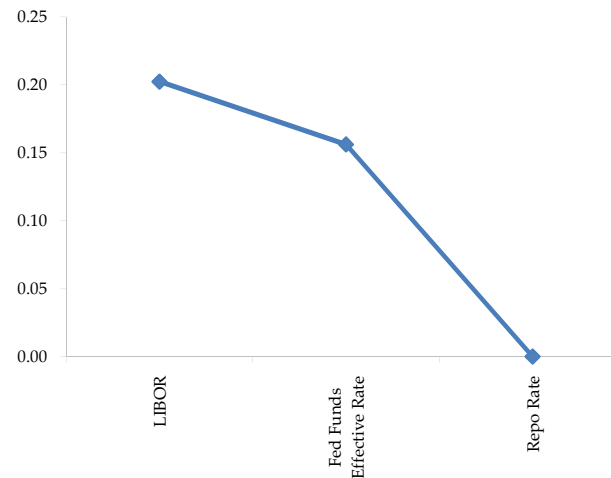
	Last	Chng	Term	Asset Type
USDLIBON	0.203	(0.0038)	Overnight	LIBOR
TUSFFRON	0.156	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.830	(0.0490)	1 month	Euribor OIS Rate
TEONIA03M	0.826	(0.0260)	3 month	Euribor OIS Rate
TSONIA01M	0.404	(0.0220)	1 month	Sterling OIS Rate
TSONIA03M	0.416	(0.0110)	3 month	Sterling OIS Rate
TUSOIS01M	0.192	0.0070	1 month	USD OIS Rate
TUSOIS03M	0.201	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.

