



4/27/2009 5:48

## 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	99.0950	98.090	121.310	124.245	4/27/2009

## 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
<b>TUAM9</b>	108.2070	2.7	108.2200	108.1820	108.1820	15,222	2y Fut
<b>Z3NM9</b>	112.1700	3.0	112.1700	112.1670	112.1670	70	3y Fut
<b>FVAM9</b>	117.1620	7.2	117.2070	117.1150	117.1200	21,657	5y Fut
<b>TYAM9</b>	121.3100	13.50	122.0600	121.2250	121.2250	79,291	10y Fut
<b>USAM9</b>	124.2450	17.50	125.0000	124.1200	124.1200	12,929	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
<b>BUS02P</b>	99.2920	2.50	99.3050	99.2800	99.2900	na	2y Cash
<b>BUS03P</b>	100.0450	3.70	100.0650	100.0270	100.0300	na	3y Cash
<b>BUS05P</b>	99.0950	7.50	99.1370	99.0700	99.0920	na	5y Cash
<b>BUS07P</b>	99.0650	7.50	99.1250	99.0500	99.0400	na	7y Cash
<b>BUS10P</b>	98.0900	11.00	98.1700	97.2900	98.0300	na	10y Cash
<b>BUS30P</b>	93.3000	18.50	94.0500	93.2400	93.2800	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
<b>BUS02Y</b>	0.916	(0.410)	0.941	0.900	0.966	na	2y Yield
<b>BUS03Y</b>	1.324	(0.410)	1.345	1.305	1.370	na	3y Yield
<b>BUS05Y</b>	1.899	(0.430)	1.917	1.872	1.917	na	5y Yield
<b>BUS07Y</b>	2.501	(0.400)	2.509	2.472	2.543	na	7y Yield
<b>BUS10Y</b>	2.953	(0.410)	2.998	2.923	2.998	na	10y Yield
<b>BUS30Y</b>	3.838	(0.320)	3.854	3.830	3.881	na	30y Yield

## Notes:

Regarding the futures quotes: .2 .5 & .7  
represent 1/4, 1/2, & 3/4s.

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
<b>30y</b>	17.88	5.66	\$1,768	11.32	n/a	<b>30y</b>
<b>10y</b>	8.47	2.77	\$866	5.54	n/a	<b>10y</b>
<b>7y</b>	6.33	2.08	\$650	4.16	n/a	<b>7y</b>
<b>5y</b>	4.69	1.53	\$478	6.11	n/a	<b>5y</b>
<b>3y</b>	2.81	1.03	\$321	4.11	n/a	<b>3y</b>
<b>2y</b>	1.90	0.62	\$192	2.46	n/a	<b>2y</b>
<b>ZB</b>	10.10	4.38	\$137	4.38	0.6562	<b>ZB</b>
<b>ZN</b>	5.91	2.47	\$77	4.94	0.7672	<b>ZN</b>
<b>ZF</b>	4.05	1.60	\$50	6.39	0.8265	<b>ZF</b>
<b>Z3N</b>	2.78	1.07	\$33	4.28	0.7672	<b>Z3N</b>
<b>ZT</b>	1.85	0.69	\$22	2.76	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		1.77	2.74	2.05	3.18
ZN	0.56		1.55	1.16	1.79
ZF	0.37	0.65		0.75	1.16
Z3N	0.49	0.87	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	4.8	6.3	12.9
ZN	2.5	4.5	6.2	8.4	11.2	22.9
ZF	3.9	6.9	9.6	13.0	17.3	35.4
Z3N	2.9	4.3	7.1	9.7	13.0	26.4
ZT	4.5	8.0	11.1	15.1	20.1	41.1

## US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.79	2.48	3.38	4.50	9.20
3y	0.56		1.39	1.89	2.51	5.13
5y	0.40	0.72		1.36	1.81	3.70
7y	0.30	0.53	0.73		1.33	2.72
10y	0.22	0.40	0.55	0.75		2.04
30y	0.11	0.19	0.27	0.37	0.49	

## US Financial Futures vs German Futures

	ZB	ZN	ZF	ZT
Bund (M)	0.88	1.60	2.37	2.68
Bobl (M)	0.47	0.88	1.26	1.50
Shatz (M)	0.18	0.37	0.56	0.63

## 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

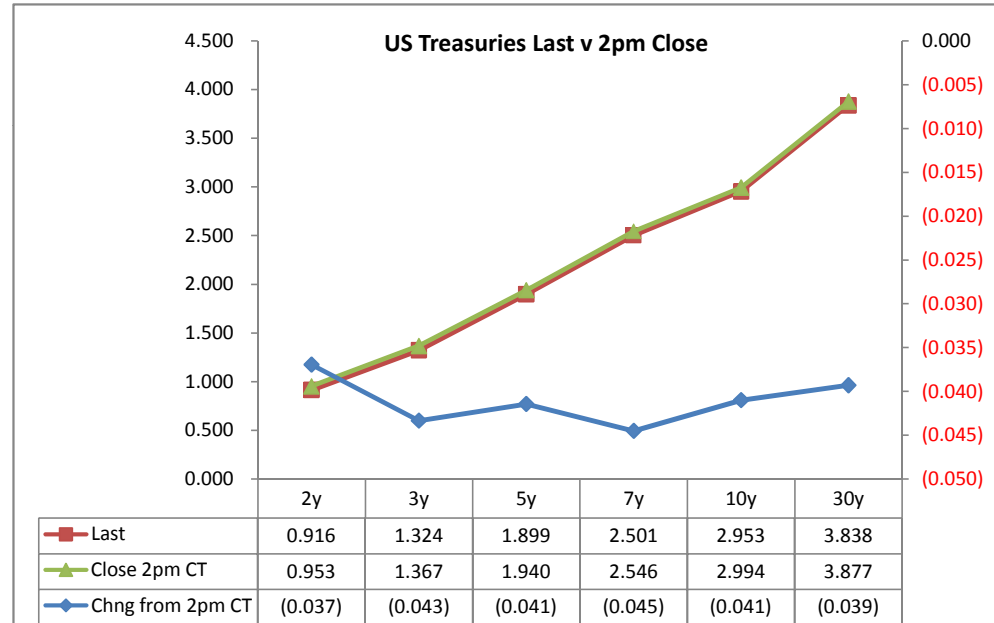
Treasury Closes: 2pm CT vs this Morning

	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	99.2725	0.953	0.916	(0.037)	13.29	12.54			108.1775	108.207	TUAM9
3y	1.375	4/15/12	100.0075	1.367	1.324	(0.043)							
5y	1.750	3/31/14	99.0350	1.940	1.899	(0.041)	69.65	69.69			117.0900	117.162	FVAM9
7y	2.375	3/31/16	98.2950	2.546	2.501	(0.045)							
10y	3.750	11/15/18	97.3000	2.994	2.953	(0.041)	149.98	150.62			121.1750	121.310	TYAM9
30y	3.500	2/15/39	93.1200	3.877	3.838	(0.039)	379.28	386.12			124.0750	124.245	USAM9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm CIs
2/3	41.4	40.8	(0.6)
2/5	98.7	98.3	(0.4)
2/7	159.3	158.5	(0.8)
3/5	57.3	57.5	0.2
3/7	117.9	117.8	(0.1)
2/10	204.1	203.7	(0.4)
3/10	162.7	162.9	0.2
5/7	60.6	60.3	(0.3)
5/10	105.4	105.4	0.0
2/30	292.4	292.2	(0.2)
3/30	251.0	251.4	0.4
5/30	193.7	193.9	0.2
7/10	44.8	45.2	0.4
7/30	133.1	133.6	0.5
10/30	88.3	88.5	0.2

	Last	Chng on Day
Emini SP	850.00	(16.50)
Crude Oil	49.12	(2.43)
Gold	915.00	0.90
EURUSD	131.50	(0.93)
USDJPY	96.54	(0.63)



^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	22%	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	\$192			
5	\$194	\$478		
10	\$194	\$479	\$866	
30	\$188	\$464	\$838	\$1,768

**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	\$192			
5	(\$1)	\$478		
10	(\$2)		\$866	
30	\$4	\$14	\$28	\$1,768

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	-0.7%	0.0%		
10	-1.1%	-0.4%	0.0%	
30	2.3%	3.0%	3.4%	0.0%

## Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.89	2.22	4.02	8.22
ZF	0.39	0.96	1.73	3.54
ZN	0.25	0.62	1.12	2.29
ZB	0.14	0.35	0.63	1.29

	2y	5y	10y	30y
2y		2.48	4.50	9.20
5y	0.40		1.81	3.70
10y	0.22	0.55		2.04
30y	0.11	0.27	0.49	

	ZT	ZF	ZN	ZB
ZT		2.32	3.59	6.36
ZF	0.43		1.55	2.74
ZN	0.28	0.65		1.77
ZB	0.16	0.37	0.56	

## Box for Box Matrix

	2y	5y	10y	30y
ZT	0.89	2.22	8.05	16.43
ZF	0.39	0.96	3.47	7.08
ZN	0.50	1.24	1.12	2.29
ZB	0.56	0.70	1.27	1.29

	2y	5y	10y	30y
2y		2.48	2.25	4.60
5y	0.40		0.45	1.85
10y	0.44	2.20		2.04
30y	0.22	0.54	0.49	

	ZT	ZF	ZN	ZB
ZT		2.32	7.18	12.71
ZF	0.43		3.09	5.48
ZN	0.14	0.32		1.77
ZB	0.08	0.18	0.56	

	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>
0/N	0.209	#VALUE!
1week	0.321	#VALUE!
2week	0.368	#VALUE!

	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>
1M	0.433	0.068	0.400
3M	1.054	0.098	0.850
6M	1.590	0.297	1.490

	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	0.916	61.50	1.53	2.036	1.120
5y	1.899	59.25	2.49	3.396	1.497
10y	2.953	14.25	3.10	3.692	0.739

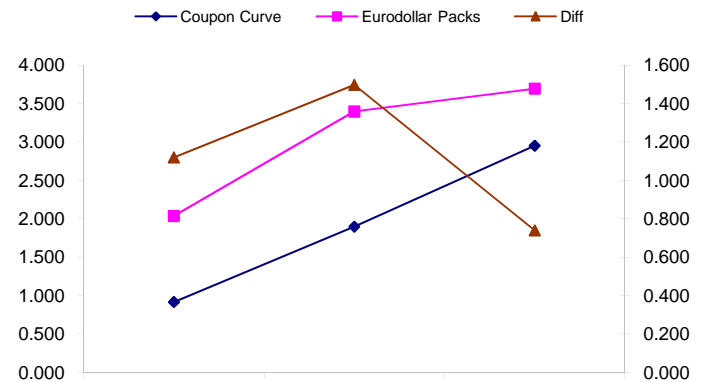
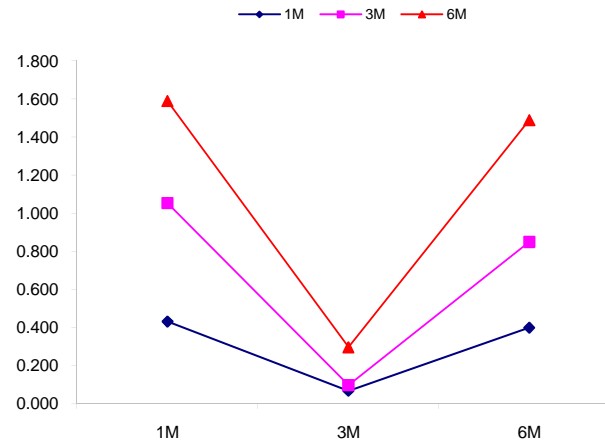
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
98.3	136.0	37.7
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
203.7	165.7	-38.0
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
105.4	29.7	-75.8

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:**

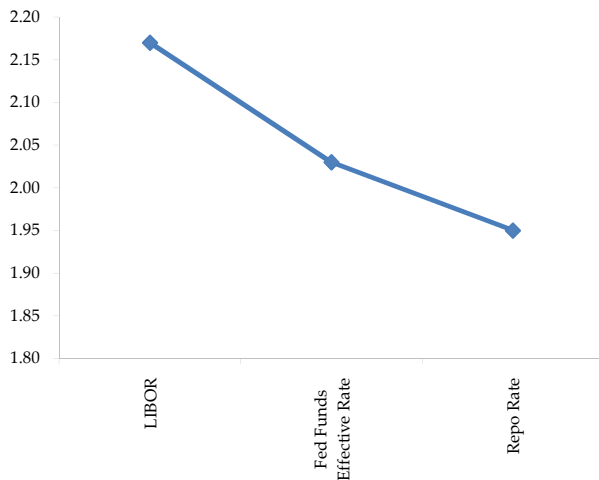
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



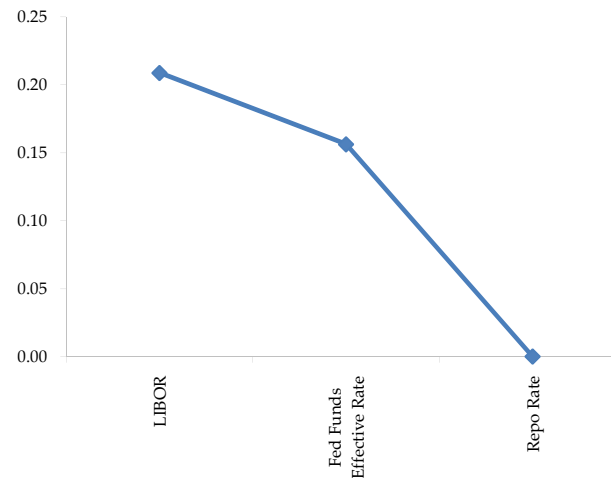
	Last	Chng	Term	Asset Type
USDLIBON	0.209	0.0038	Overnight	LIBOR
TUSFFRON	0.156	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.763	(0.0100)	1 month	Euribor OIS Rate
TEONIA03M	0.772	(0.0070)	3 month	Euribor OIS Rate
TSONIA01M	0.391	(0.0060)	1 month	Sterling OIS Rate
TSONIA03M	0.405	(0.0040)	3 month	Sterling OIS Rate
TUSOIS01M	0.187	(0.0010)	1 month	USD OIS Rate
TUSOIS03M	0.198	0.0000	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.





