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The Morning Email: Treasuries

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Want something added? Let me know:
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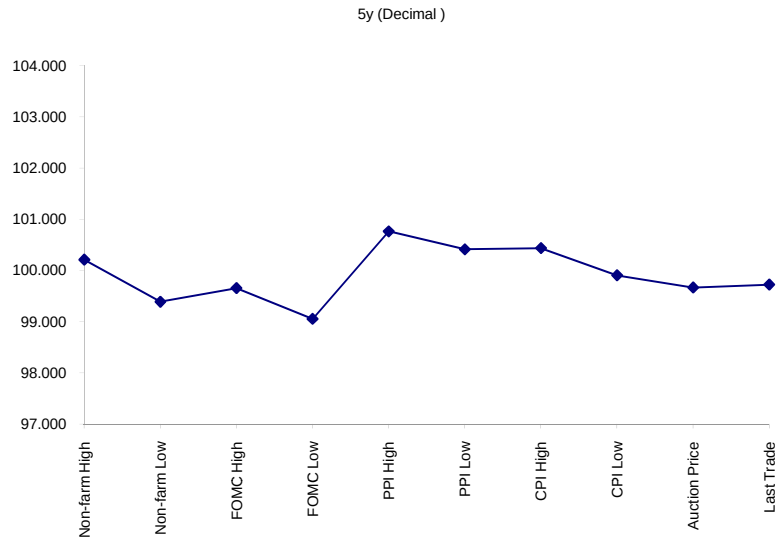
Important Econ Releases, Highs & Lows

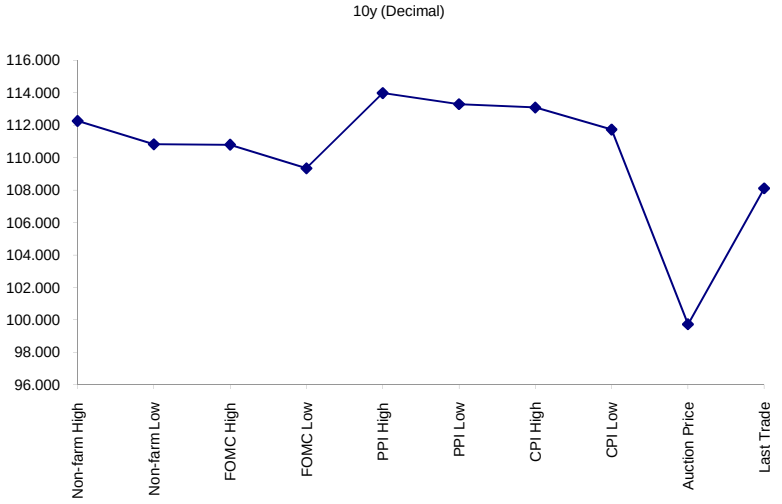
Economic Releases (32nds)

	5y	10y	ZNZ8	ZBZ8	Date
Non-farm High	100.0675	112.085	126.110	134.140	1/9/2009
Non-farm Low	99.1250	110.265	124.280	132.000	1/9/2009
FOMC High	99.2100	110.255	124.290	131.155	1/28/2009
FOMC Low	99.0175	109.110	123.245	129.085	1/28/2009
PPI High	100.2450	113.315	127.130	137.220	1/15/2009
PPI Low	100.1325	113.095	126.230	136.085	1/15/2009
CPI High	100.1400	113.030	126.160	136.270	1/16/2009
CPI Low	99.2900	111.235	125.130	134.015	1/16/2009
Auction Price	99.2135	99.233	0.000		
Last Trade	99.2320	108.035	123.055	127.205	2/2/2009

Auctions - 32nds

	2 y	3 y	5y	10y	30y
Auction Price	99.288	99.249	99.213	99.233	98.074
Auction Yield Stop	0.925	1.200	1.820	3.783	4.609
Auction Price Stop	99.288	99.249	99.213	99.233	98.074
Actual Auction Date	1/27/2009	1/7/2009	1/29/2009	11/12/2008	8/7/2008





Notes:

1) Cash and futures are adjusted for roll.

2) Release times are from release to 2pm cdt

3) {Dec08 to Mch09 Futures roll: ZF = (91); ZN = (70); ZB = (32) [tics]}

4)*CPI was same as FOMC day

Quotes

			32 nds				
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
TUAH9	108.3100	0.050	108.3100	108.2550	108.2570	15,084	2y Fut
FVAH9	118.1650	0.107	118.1750	118.0600	118.0900	14,696	5y Fut
TYAH9	123.0550	0.160	123.0950	122.1950	122.2100	35,351	10y Fut
USAH9	127.2050	0.300	127.2350	126.1900	126.2100	7,411	30y Fut
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
BUS02P	99.3170	4.000	99.3170	99.2800	99.2800	na	2y Cash
BUS03P	99.1920	6.700	99.1950	99.1500	99.1500	na	3y Cash
BUS05P	99.2320	11.000	99.2400	99.1350	99.1350	na	5y Cash
BUS10P	108.0350	12.000	108.0550	107.2400	107.2400	na	10y Cash
BUS30P	117.1050	106.000	117.1100	116.0400	116.0400	na	30y Cash
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
BUS02Y	0.883	(6.700)	0.951	0.875	0.955	na	2y Yield
BUS03Y	1.258	(7.100)	1.353	1.252	1.348	na	3y Yield
BUS05Y	1.806	(6.600)	1.907	1.801	1.935	na	5y Yield
BUS10Y	2.794	(5.200)	2.854	2.784	2.844	na	10y Yield
BUS30Y	3.548	(5.400)	3.616	3.530	3.608	na	30y Yield

Duration, DV01s, CFs

	M Duration	DV01 32	DV01 $	DV01 Box	CF	
30y	17.11	6.70	$2,095	13.41	n/a	**30y**
10y	8.17	2.95	$920	5.89	n/a	**10y**
5y	4.76	1.55	$485	6.21	n/a	**5y**
3y	2.70	0.89	$280	3.58	n/a	**3y**
2y	1.97	0.64	$199	2.55	n/a	**2y**
ZB	10.37	4.51	$141	4.51	0.7950	**ZB**
ZN	6.19	2.59	$81	5.18	0.8357	**ZN**
ZF	4.01	1.59	$50	3.18	0.8239	**ZF**
ZT	1.89	0.67	$21	2.66	0.9122	**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	ZT
ZB		1.743	2.838	3.388
ZN	0.574		1.628	1.944
ZF	0.352	0.614		1.194
ZT	0.295	0.514	0.838	

US Treasuries vs US Financial Futures

	2y	3y	5y	10y
ZB	1.41	2.01	3.44	6.53
ZN	2.46	3.50	5.99	11.38
ZF	4.00	5.70	9.76	18.52
ZT	4.78	6.81	11.65	22.11

US Treasuries

	2y	3y	5y	10y
2y		1.424	2.437	4.626
3y	0.416		1.735	3.293
5y	0.410	0.584		1.899
10y	0.216	0.308	0.527	

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

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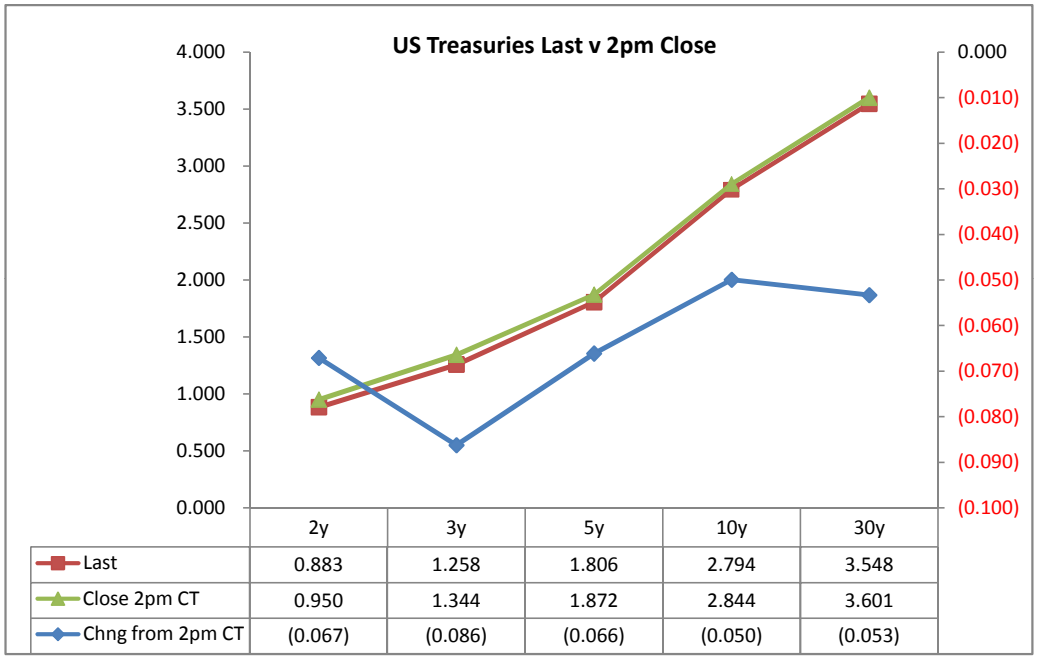
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng from 2pm	Basis Close	Basis Last	Cash Roll	Futrues Roll	Close 32	Last	
2y	0.875	1/31/11	99.2725	0.950	0.883	(0.067)	18.51	18.86			108.2650	108.3100	TUAH9
3y	1.125	1/15/12	99.1175	1.344	1.258	(0.086)							
5y	1.750	1/31/13	99.1350	1.872	1.806	(0.066)	65.51	66.56	7.00		118.0600	118.1650	FVAH9
10y	3.750	11/15/18	107.2200	2.844	2.794	(0.050)	165.46	165.59			122.2150	123.055	TYAH9
30y	4.500	5/15/38	116.0600	3.601	3.548	(0.053)	494.67	507.32			126.2250	127.205	USAH9

Curve Spreads

	Close bps	Last bps	Chng from 2pm Cls
2/3	39.4	37.5	(1.9)
2/5	92.2	92.3	0.1
3/5	52.8	54.8	2.0
2/10	189.4	191.1	1.7
3/10	150.0	153.6	3.6
5/10	97.2	98.8	1.6
2/30	265.1	266.5	1.4
3/30	225.7	229.0	3.3
5/30	172.9	174.2	1.3
10/30	75.7	75.4	(0.3)



O/N News:

	Last	Chng on Day
Emini SP	810.00	(12.50)
Crude Oil	40.64	(1.04)
Gold	915.90	(12.50)
EURUSD	127.72	(0.43)
USDJPY	89.04	(0.90)

Notes:

Basis = (Cash Decimal - (Futures Decimal * CF))*32

MDuration for Curve Spreads:

Longer duration minus shorter duration

32 = price is quoted in 32nds

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Cash Duration Matrix

What is this? (1):
2yr cash has X% duration of 5yr cash.

Cash Duration Matrix

	2	5	10	30
2	100%	0%		
5	41%	100%		
10	24%	58%	100%	0%
30	12%	28%	48%	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	$191			
5	$201	$485		
10	$222	$536	$920	
30	$241	$583	$1,001	$2,095

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	$191			
5	($10)	$485		
10	($31)	($51)	$920	
30	($51)	($98)	($80)	$2,095

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	-5.0%	0.0%		
10	-14.1%	-9.6%	0.0%	
30	-21.0%	-16.8%	-8.0%	0.0%

Tic for Tic & Box for Box Matrix

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.22	4.22	9.61
ZF	0.38	0.98	1.85	4.22
ZN	0.24	0.60	1.14	2.59
ZB	0.14	0.34	0.65	1.49

	2y	5y	10y	30y
2y		2.54	4.83	10.99
5y	0.39		1.90	4.32
10y	0.21	0.53		2.28
30y	0.09	0.23	0.44	

	ZT	ZF	ZN	ZB
ZT		2.28	3.71	6.46
ZF	0.44		1.63	2.84
ZN	0.27	0.61		1.74
ZB	0.15	0.35	0.57	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.87	2.22	8.44	19.21
ZF	0.38	0.98	3.70	8.43
ZN	0.47	1.20	1.14	2.59
ZB	0.54	0.69	1.31	1.49

	2y	5y	10y	30y
2y		2.54	2.41	5.50
5y	0.39		0.47	2.16
10y	0.41	2.11		2.28
30y	0.18	0.46	0.44	

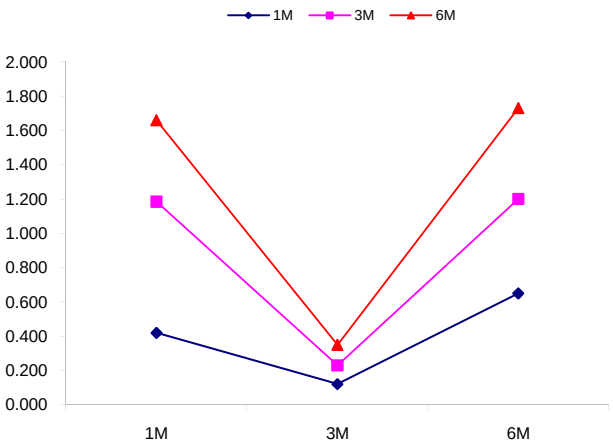
	ZT	ZF	ZN	ZB
ZT		2.28	7.42	12.93
ZF	0.44		1.63	5.68
ZN	0.13	0.61		1.74
ZB	0.08	0.18	0.57	

Key Money Rate, Spreads, Swaps, Packs

	Libor$ [1]	Repo Rt [6]
0/N	0.305	0.200
1week	0.324	0.200
2week	0.369	0.220

	Libor$ [1]	Tbill	CP [2]
1M	0.419	0.121	0.650
3M	1.184	0.230	1.200
6M	1.660	0.350	1.730

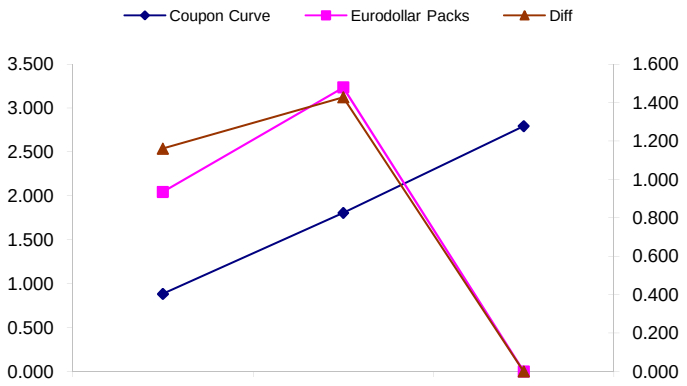
	TSY	Swp	Swp Rate[5]	ED Pks[3]	TSY - ED Pk [4]
2y	0.883	72.75	1.61	2.043	1.160
5y	1.806	64.00	2.45	3.233	1.427
10y	2.794	23.25	3.03		#VALUE!



2/5	Rd/Blu Pk	Diff
92.3	119.0	26.7
2/10	**Rd/Gld Pk**	**Diff**
191.1	#VALUE!	#VALUE!
5/10	**Blu/Gld Pk**	**Diff**
98.8	#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

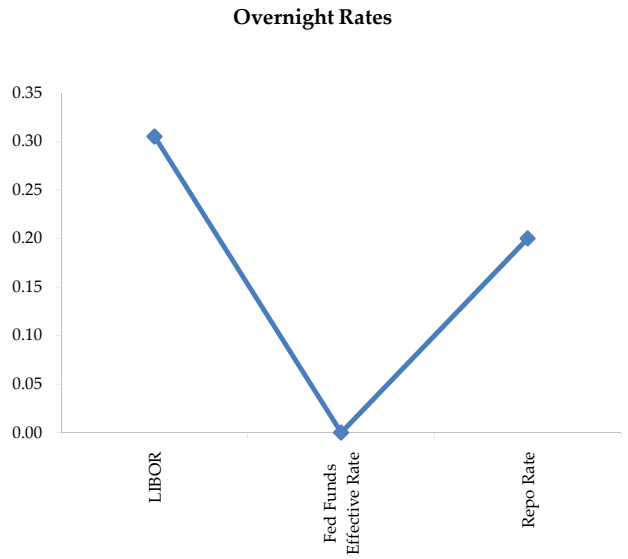
5) Swap divided by 100 + TSY yield gives swap rate in basis points.

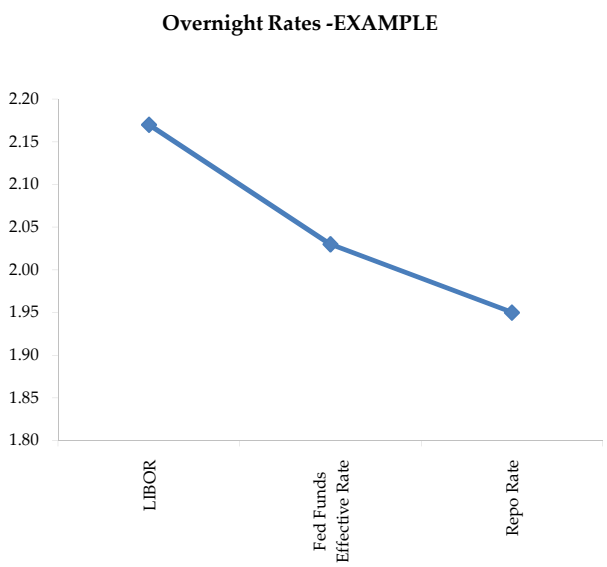
6) Repo Rt quotes is for overnight General Collateral

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

	Last	Chng	Term	Asset Type
USDLIBON	0.305	0.0000	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	0.200	0.0000	Overnight	Repo Rate
TEONIA01M	1.308	0.0000	1 momth	Euribor OIS Rate
TEONIA03M	1.197	(0.0090)	3 month	Euribor OIS Rate
TSONIA01M	0.868	(0.0470)	1 momth	Sterling OIS Rate
TSONIA03M	0.759	0.0000	3 month	Sterling OIS Rate
TUSOIS01M	0.238	0.0040	1 momth	USD OIS Rate
TUSOIS03M	0.259	(0.0090)	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.