



2/3/2009 5:56

The Morning Email: Treasuries

Table of Contents

- Pg 1** Important Econ Releases, 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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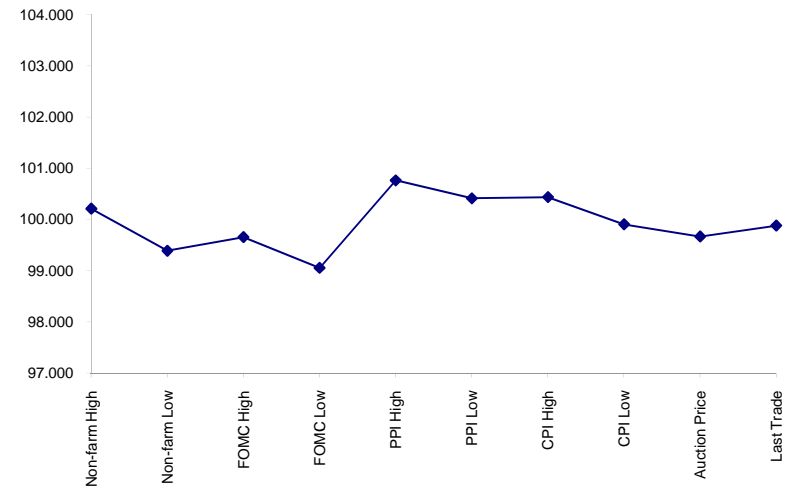
Economic Releases (32nds)

	5y	10y	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	99.2820	108.160	123.135	128.105	2/3/2009

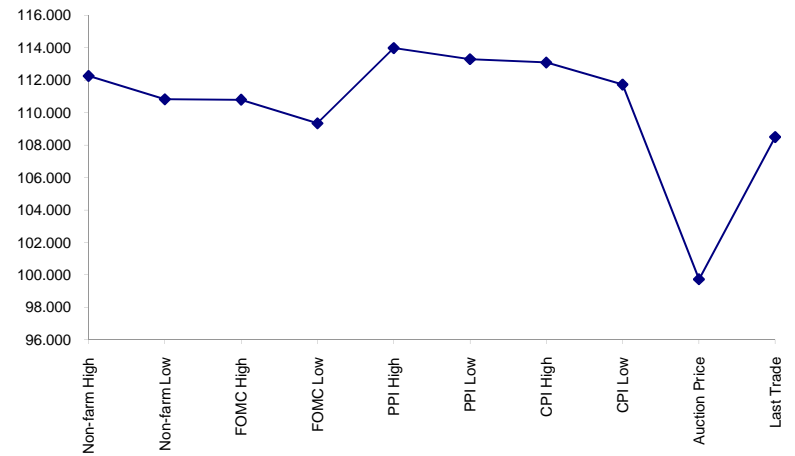
Auctions - 32nds

	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

5y (Decimal)



10y (Decimal)



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	108.2750	(0.010)	108.2920	108.2670	108.2920	13,076	2y Fut
FVAH9	118.2120	(0.052)	118.2850	118.1950	118.2800	16,341	5y Fut
TYAH9	123.1350	(0.095)	123.2650	123.1050	123.2600	48,117	10y Fut
USAH9	128.1050	(0.135)	128.3000	128.0550	128.2800	8,029	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.3000	(0.200)	99.3100	99.2950	99.3070	na	2y Cash
BUS03P	99.1750	(1.500)	99.1970	99.1700	99.1900	na	3y Cash
BUS05P	99.2820	(2.700)	99.3170	99.2670	99.3120	na	5y Cash
BUS10P	108.1600	(8.000)	108.2250	108.1300	108.2250	na	10y Cash
BUS30P	117.3100	(24.500)	118.1650	117.2800	118.1650	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.903	1.200	0.919	0.879	0.904	na	2y Yield
BUS03Y	1.277	2.200	1.310	1.236	1.256	na	3y Yield
BUS05Y	1.775	1.800	1.785	1.745	1.755	na	5y Yield
BUS10Y	2.752	2.800	2.764	2.724	2.707	na	10y Yield
BUS30Y	3.511	2.600	3.524	3.409	3.473	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	17.15	6.76	\$2,113	13.52	n/a	30y
10y	8.17	2.96	\$924	5.91	n/a	10y
5y	4.76	1.55	\$485	6.21	n/a	5y
3y	2.70	0.89	\$279	3.57	n/a	3y
2y	1.97	0.64	\$199	2.54	n/a	2y
ZB	10.40	4.57	\$143	4.57	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	1.88	0.66	\$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

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.764	2.871	3.438
ZN	0.567		1.628	1.949
ZF	0.348	0.614		1.198
ZT	0.291	0.513	0.835	

US Treasuries vs US Financial Futures

	2y	3y	5y	10y
ZB	1.39	1.98	3.40	6.47
ZN	2.45	3.50	5.99	11.41
ZF	3.99	5.69	9.76	18.57
ZT	4.78	6.81	11.69	22.24

US Treasuries

	2y	3y	5y	10y
2y		1.425	2.444	4.652
3y	0.415		1.739	3.310
5y	0.409	0.583		1.903
10y	0.215	0.306	0.525	

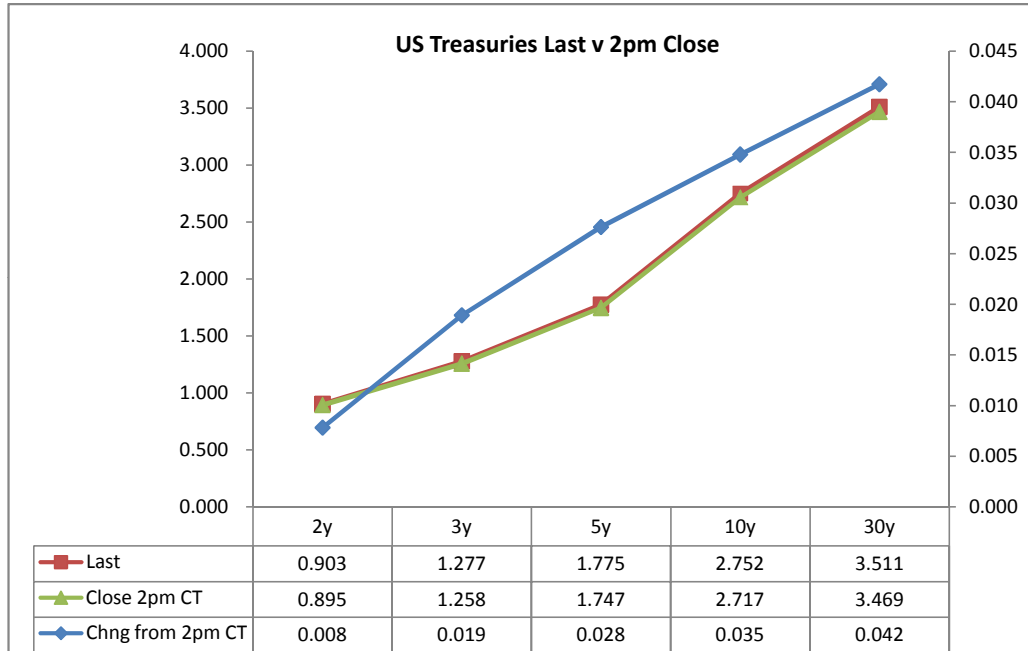
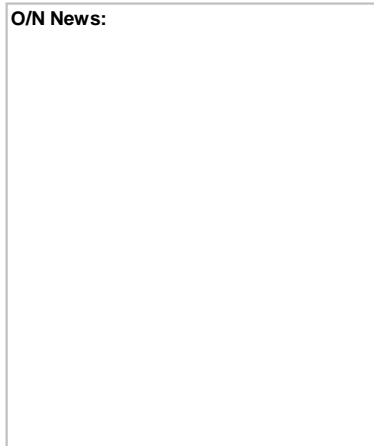
Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng from 2pm	Basis		Cash Roll	Futrues Roll	Close 32	Last	
							Close	Last					
2y	0.875	1/31/11	99.3075	0.895	0.903	0.008	20.19	20.35			108.2850	108.2750	TYAH9
3y	1.125	1/15/12	99.1975	1.258	1.277	0.019							
5y	1.750	1/31/13	100.0050	1.747	1.775	0.028	67.62	67.69			118.2650	118.2120	FVAH9
10y	3.750	11/15/18	108.2600	2.717	2.752	0.035	173.46	171.40			123.2300	123.135	TYAH9
30y	4.500	5/15/38	118.2750	3.469	3.511	0.042	527.70	510.33			128.2450	128.105	USAH9

	Curve Spreads		Chng from 2pm Cls
	Close bps	Last bps	
2/3	36.3	37.4	1.1
2/5	85.2	87.2	2.0
3/5	48.9	49.8	0.9
2/10	182.2	184.9	2.7
3/10	145.9	147.5	1.6
5/10	97.0	97.7	0.7
2/30	257.4	260.8	3.4
3/30	221.1	223.4	2.3
5/30	172.2	173.6	1.4
10/30	75.2	75.9	0.7

O/N News:



	Last	Chng on Day
Emini SP	818.75	(2.50)
Crude Oil	40.23	0.15
Gold	905.90	(1.30)
EURUSD	128.55	0.09
USDJPY	89.53	0.05



Notes:

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

MDuration for Curve Spreads:

Longer duration minus shorter duration

32 = price is quoted in 32nds

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	11%	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	\$190			
5	\$201	\$485		
10	\$222	\$538	\$924	
30	\$242	\$586	\$1,007	\$2,113

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	\$190			
5	(\$11)	\$485		
10	(\$32)	(\$52)	\$924	
30	(\$52)	(\$101)	(\$83)	\$2,113

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	-5.2%	0.0%		
10	-14.5%	-9.7%	0.0%	
30	-21.5%	-17.2%	-8.3%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.23	4.24	9.71
ZF	0.38	0.98	1.86	4.25
ZN	0.23	0.60	1.14	2.61
ZB	0.13	0.34	0.65	1.48

	2y	5y	10y	30y
2y		2.55	4.86	11.11
5y	0.39		1.90	4.35
10y	0.21	0.53		2.29
30y	0.09	0.23	0.44	

	ZT	ZF	ZN	ZB
ZT		2.29	3.72	6.56
ZF	0.44		1.63	2.87
ZN	0.27	0.61		1.76
ZB	0.15	0.35	0.57	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.87	2.23	8.49	19.41
ZF	0.38	0.98	3.71	8.49
ZN	0.47	1.20	1.14	2.61
ZB	0.53	0.68	1.29	1.48

	2y	5y	10y	30y
2y		2.55	2.43	5.55
5y	0.39		0.48	2.18
10y	0.41	2.10		2.29
30y	0.18	0.46	0.44	

	ZT	ZF	ZN	ZB
ZT		2.29	7.44	13.12
ZF	0.44		1.63	5.74
ZN	0.13	0.61		1.76
ZB	0.08	0.17	0.57	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.311	#VALUE!
1week	0.351	#VALUE!
2week	0.401	#VALUE!

	Libor\$ ¹	Tbill	CP ²
1M	0.445	0.172	0.650
3M	1.234	0.266	1.200
6M	1.776	0.388	1.730

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.903	70.75	1.61	2.025	1.123
5y	1.775	64.50	2.42		#VALUE!
10y	2.752	22.25	2.97		#VALUE!

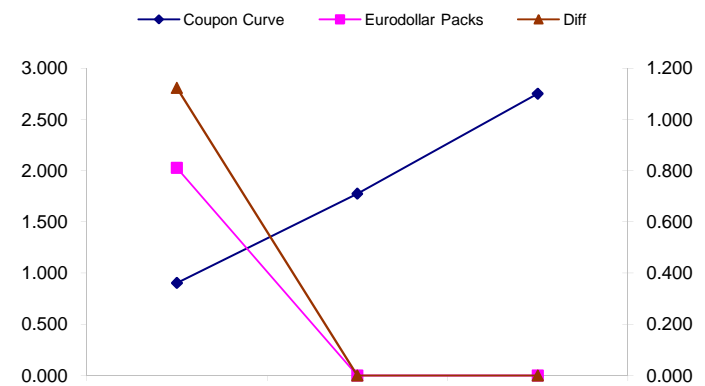
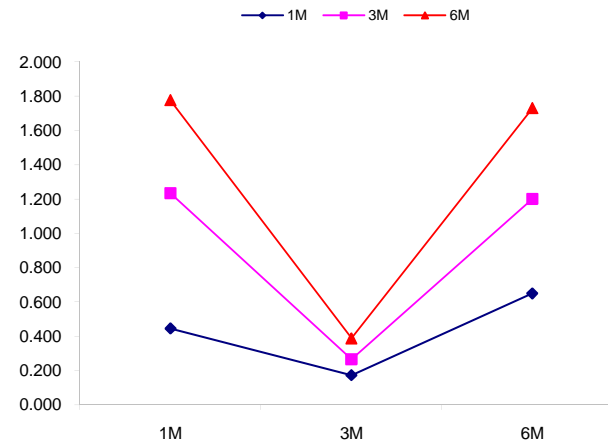
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
87.2	#VALUE!	#VALUE!
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
184.9	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
97.7	#VALUE!	#VALUE!

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



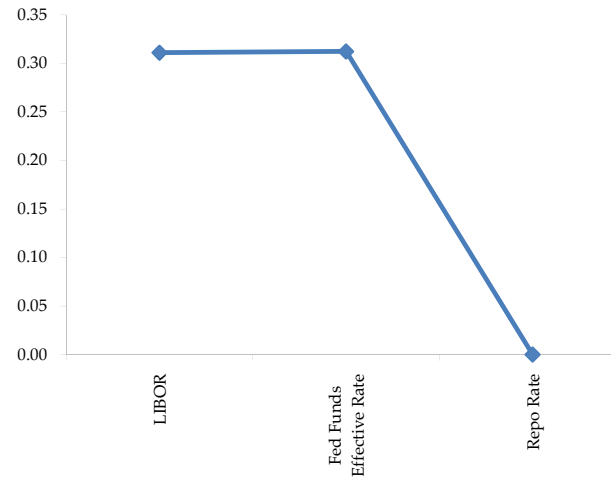
	Last	Chng	Term	Asset Type
USDLIBON	0.311	0.0263	Overnight	LIBOR
TUSFFRON	0.313	0.0313	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	1.284	(0.0310)	1 month	Euribor OIS Rate
TEONIA03M	1.170	(0.0430)	3 month	Euribor OIS Rate
TSONIA01M	0.884	0.0110	1 month	Sterling OIS Rate
TSONIA03M	0.766	(0.0090)	3 month	Sterling OIS Rate
TUSOIS01M	0.228	(0.0040)	1 month	USD OIS Rate
TUSOIS03M	0.258	0.0070	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.

