



2/4/2009 5:50

The Morning Email: Treasuries

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Want something added? Let me know:
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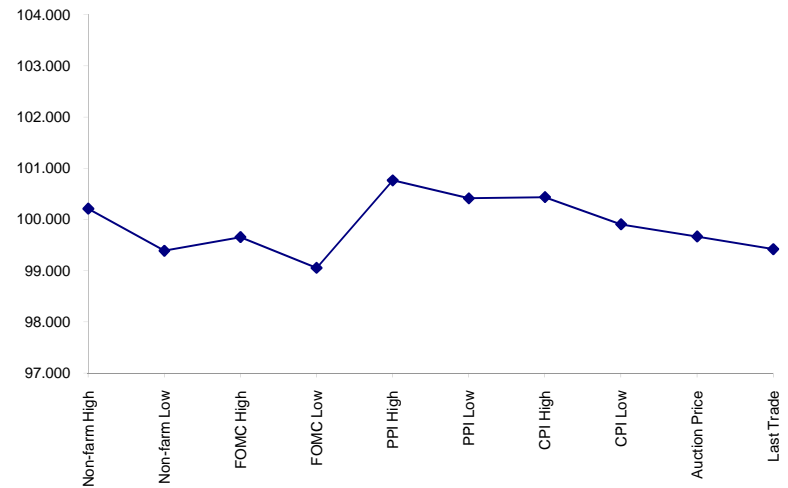
Economic Releases (32nds)

	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	99.1350	107.160	122.095	126.230	2/4/2009

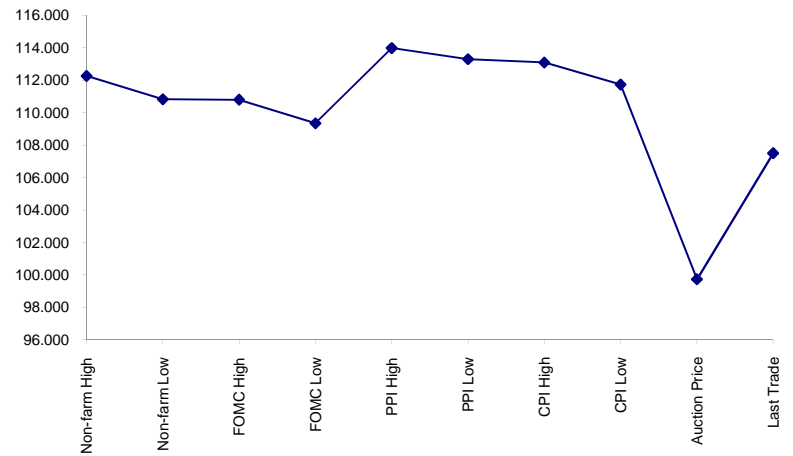
Auctions - 32nds

	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	108.2770	0.005	108.2770	108.2520	108.2520	12,027	2y Fut
FVAH9	118.0220	(0.020)	118.0350	117.2900	118.0100	25,820	5y Fut
TYAH9	122.0950	(0.080)	122.1450	122.0150	122.0600	56,413	10y Fut
USAH9	126.2300	(0.085)	126.2600	126.1100	126.1300	10,512	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.2820	1.500	99.2850	99.2650	99.2750	na	2y Cash
BUS03P	99.1150	2.500	99.1200	99.0950	99.1150	na	3y Cash
BUS05P	99.1350	5.500	99.1450	99.0870	99.1250	na	5y Cash
BUS10P	107.1600	5.500	107.1950	107.0600	107.1600	na	10y Cash
BUS30P	115.1000	22.500	115.1350	114.2700	115.0800	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.935	(2.400)	0.967	0.931	0.971	na	2y Yield
BUS03Y	1.348	(3.200)	1.378	1.329	1.389	na	3y Yield
BUS05Y	1.869	(2.800)	1.905	1.860	1.907	na	5y Yield
BUS10Y	2.862	(1.900)	2.901	2.850	2.887	na	10y Yield
BUS30Y	3.640	(2.900)	3.685	3.630	3.676	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	17.00	6.56	\$2,051	13.12	n/a	30y
10y	8.16	2.93	\$914	5.85	n/a	10y
5y	4.75	1.54	\$483	6.18	n/a	5y
3y	2.69	0.89	\$278	3.56	n/a	3y
2y	1.96	0.63	\$198	2.54	n/a	2y
ZB	10.35	4.48	\$140	4.48	0.7950	ZB
ZN	6.18	2.57	\$80	5.14	0.8357	ZN
ZF	4.00	1.58	\$49	3.16	0.8239	ZF
ZT	1.88	0.66	\$21	2.65	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		1.744	2.837	3.379
ZN	0.573		1.626	1.937
ZF	0.353	0.615		1.191
ZT	0.296	0.516	0.839	

US Treasuries vs US Financial Futures

	2y	3y	5y	10y
ZB	1.41	2.01	3.45	6.53
ZN	2.47	3.51	6.01	11.38
ZF	4.01	5.71	9.78	18.51
ZT	4.78	6.81	11.65	22.06

US Treasuries

	2y	3y	5y	10y
2y		1.423	2.436	4.613
3y	0.417		1.735	3.286
5y	0.411	0.584		1.894
10y	0.217	0.309	0.528	

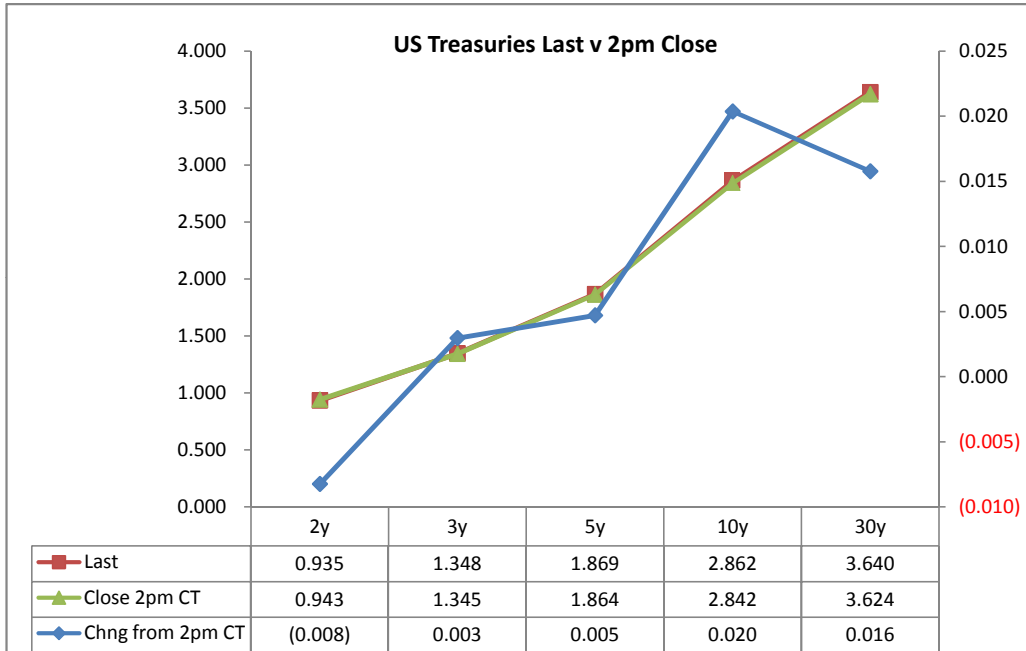
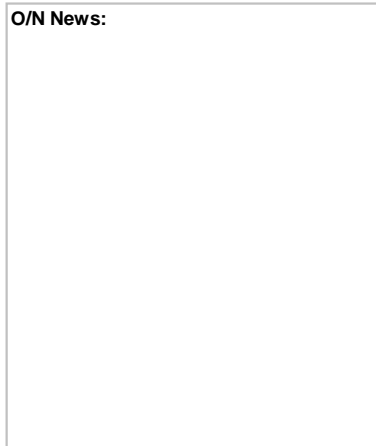
Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

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	99.2775	0.943	0.935	(0.008)	18.33	18.37			108.2725	108.277	TUAH9
3y	1.125	1/15/12	99.1175	1.345	1.348	0.003							
5y	1.750	1/31/13	99.1475	1.864	1.869	0.005	68.20	68.64			118.0425	118.022	FVAH9
10y	3.750	11/15/18	107.2250	2.842	2.862	0.020	169.30	169.49			122.1750	122.095	TYAH9
30y	4.500	5/15/38	115.2300	3.624	3.640	0.016	472.92	466.28			126.3100	126.23	USAH9

Curve Spreads			
	Close bps		Chng from 2pm Cls
	Last bps	Last bps	
2/3	40.2	41.3	1.1
2/5	92.1	93.4	1.3
3/5	51.9	52.1	0.2
2/10	189.9	192.8	2.9
3/10	149.7	151.4	1.7
5/10	97.8	99.4	1.6
2/30	268.1	270.5	2.4
3/30	227.9	229.2	1.3
5/30	176.0	177.1	1.1
10/30	78.2	77.7	(0.5)

O/N News:



	Last	Chng on Day
Emini SP	832.00	0.50
Crude Oil	41.47	0.69
Gold	900.10	7.60
EURUSD	128.57	(1.85)
USDJPY	89.09	(0.37)



Notes:

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

MDuration for Curve Spreads:

Longer duration minus shorter duration

32 = price is quoted in 32nds

Cash Duration Matrix

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

Cash Duration Matrix

	€ 2.00	€ 5.00	€ 10.00	€ 30.00
€ 2.00	100%	0%		
€ 5.00	41%	100%		
€ 10.00	24%	58%	100%	0%
€ 30.00	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]

	€ 2.00	€ 5.00	€ 10.00	€ 30.00
€ 2.00	\$190			
€ 5.00	\$200	\$483		
€ 10.00	\$220	\$532	\$914	
€ 30.00	\$237	\$573	\$984	\$2,051

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]

	€ 2.00	€ 5.00	€ 10.00	€ 30.00
€ 2.00	\$190			
€ 5.00	(\$10)	\$483		
€ 10.00	(\$30)	(\$50)	\$914	
€ 30.00	(\$47)	(\$90)	(\$70)	\$2,051

Or you can look at the over/under value as a percentage instead of dollar terms.

Cash Matrix [DV01 over / (under) as %]

	€ 2.00	€ 5.00	€ 10.00	€ 30.00
€ 2.00	0.0%			
€ 5.00	-4.9%	0.0%		
€ 10.00	-13.8%	-9.3%	0.0%	
€ 30.00	-19.9%	-15.8%	-7.1%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.22	4.21	9.44
ZF	0.38	0.98	1.85	4.15
ZN	0.24	0.60	1.14	2.55
ZB	0.14	0.34	0.65	1.46

	2y	5y	10y	30y
2y		2.54	4.82	10.80
5y	0.39		1.89	4.25
10y	0.21	0.53		2.24
30y	0.09	0.24	0.45	

	ZT	ZF	ZN	ZB
ZT		2.27	3.70	6.45
ZF	0.44		1.63	2.84
ZN	0.27	0.61		1.74
ZB	0.16	0.35	0.57	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.87	2.22	8.42	18.88
ZF	0.38	0.98	3.70	8.31
ZN	0.47	1.20	1.14	2.55
ZB	0.54	0.69	1.31	1.46

	2y	5y	10y	30y
2y		2.54	2.41	5.40
5y	0.39		0.47	2.12
10y	0.42	2.11		2.24
30y	0.19	0.47	0.45	

	ZT	ZF	ZN	ZB
ZT		2.27	7.39	12.90
ZF	0.44		1.63	5.67
ZN	0.14	0.61		1.74
ZB	0.08	0.18	0.57	

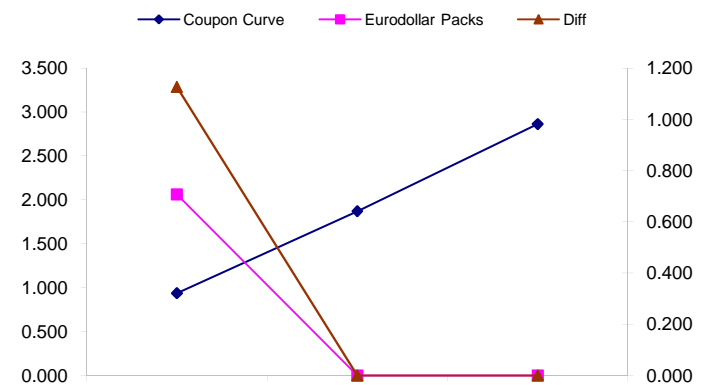
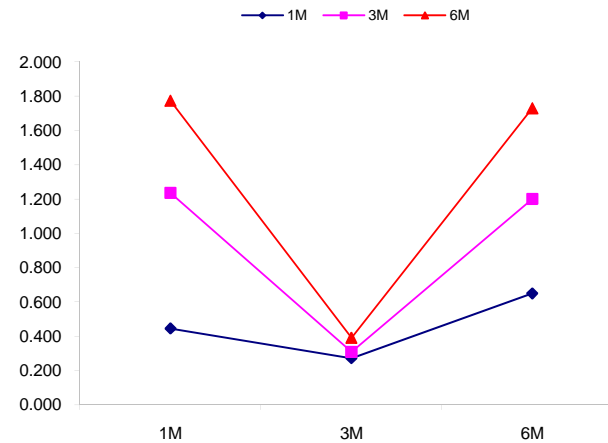
	Libor\$ ¹	Repo Rt ⁶			
0/N	0.319	#VALUE!			
1week	0.363	#VALUE!			
2week	0.404	#VALUE!			
	Libor\$ ¹	Tbill	CP ²		
1M	0.445	0.271	0.650		
3M	1.236	0.309	1.200		
6M	1.774	0.391	1.730		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.935	69.50	1.63	2.061	1.126
5y	1.869	63.25	2.50		#VALUE!
10y	2.862	21.25	3.07		#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
93.4	#VALUE!	#VALUE!	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
192.8	#VALUE!	#VALUE!	Red pack / Gold pack is a 2/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
99.4	#VALUE!	#VALUE!	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



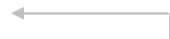
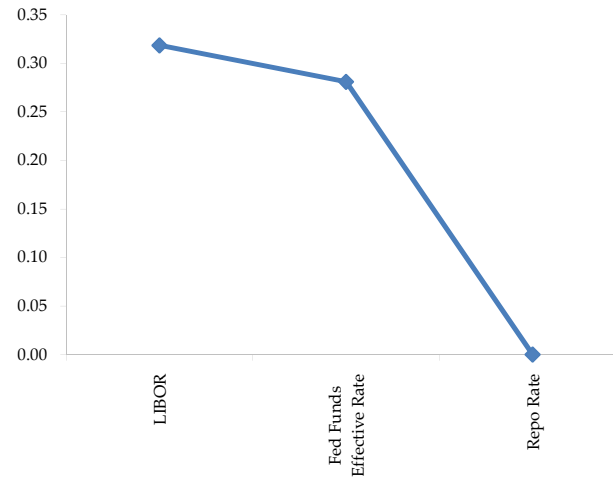
	Last	Chng	Term	Asset Type
USDLIBON	0.319	0.0075	Overnight	LIBOR
TUSFFRON	0.281	(0.0313)	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	1.276	(0.0160)	1 month	Euribor OIS Rate
TEONIA03M	1.149	(0.0270)	3 month	Euribor OIS Rate
TSONIA01M	0.868	(0.0150)	1 month	Sterling OIS Rate
TSONIA03M	0.764	0.0010	3 month	Sterling OIS Rate
TUSOIS01M	0.233	0.0030	1 month	USD OIS Rate
TUSOIS03M	0.255	0.0060	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.

