



## The Morning Email: Treasuries

2/6/2009 5:53

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

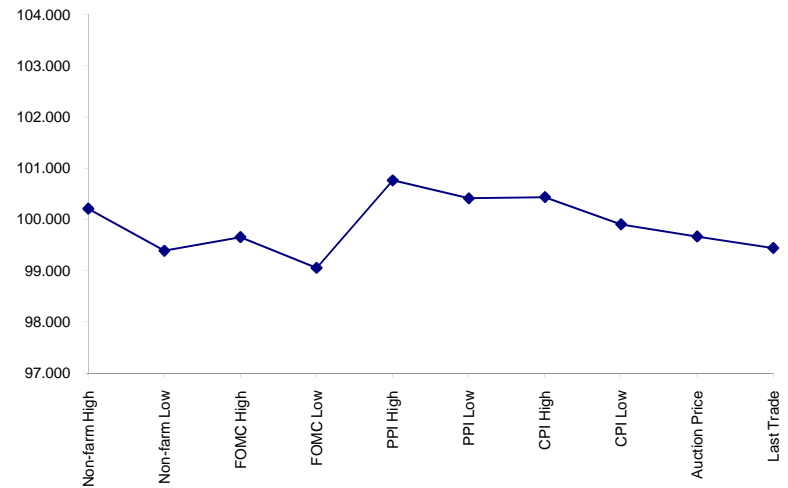
**Economic Releases (32nds)**

	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	99.1420	107.095	122.125	127.010	2/6/2009

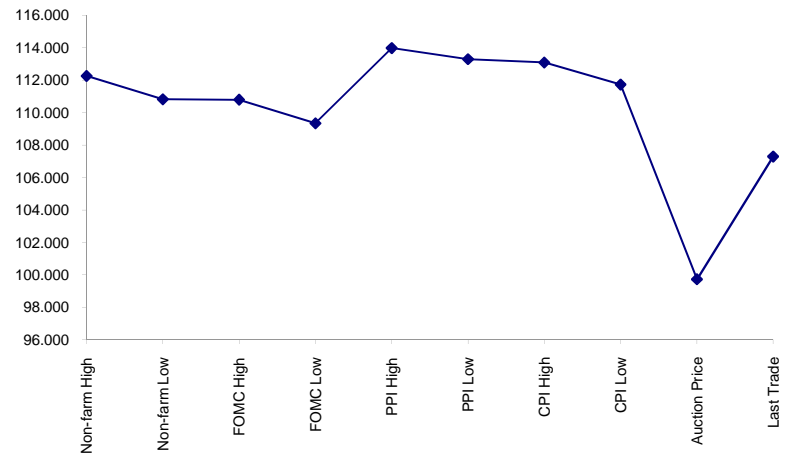
**Auctions - 32nds**

	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
<b>TUAH9</b>	108.2650	0.010	108.2770	108.2450	108.2500	12,748	2y Fut
<b>FVAH9</b>	118.0120	0.017	118.0500	117.2800	117.2870	14,143	5y Fut
<b>TYAH9</b>	122.1250	0.005	122.1850	122.0700	122.0900	44,054	10y Fut
<b>USAH9</b>	127.0100	0.035	127.0850	126.1950	126.2050	7,022	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
<b>BUS02P</b>	99.2800	2.000	99.2920	99.2620	99.2620	na	2y Cash
<b>BUS03P</b>	99.1200	2.500	99.1370	99.0950	99.0950	na	3y Cash
<b>BUS05P</b>	99.1420	3.200	99.1750	99.1120	99.1120	na	5y Cash
<b>BUS10P</b>	107.0950	6.000	107.1350	107.0450	107.0450	na	10y Cash
<b>BUS30P</b>	115.2300	13.500	115.2950	115.1000	115.1000	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
<b>BUS02Y</b>	0.935	(3.100)	0.983	0.915	0.980	na	2y Yield
<b>BUS03Y</b>	1.341	(2.100)	1.379	1.321	1.382	na	3y Yield
<b>BUS05Y</b>	1.871	(2.100)	1.897	1.842	1.899	na	5y Yield
<b>BUS10Y</b>	2.883	(2.000)	2.908	2.869	2.915	na	10y Yield
<b>BUS30Y</b>	3.624	(2.200)	3.686	3.610	3.667	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
<b>30y</b>	17.00	6.58	\$2,058	13.17	n/a	<b>30y</b>
<b>10y</b>	8.14	2.92	\$911	5.83	n/a	<b>10y</b>
<b>5y</b>	4.74	1.54	\$482	6.17	n/a	<b>5y</b>
<b>3y</b>	2.68	0.89	\$277	3.55	n/a	<b>3y</b>
<b>2y</b>	1.95	0.63	\$197	2.52	n/a	<b>2y</b>
<b>ZB</b>	10.35	4.50	\$141	4.50	0.7950	<b>ZB</b>
<b>ZN</b>	6.16	2.57	\$80	5.14	0.8357	<b>ZN</b>
<b>ZF</b>	3.99	1.58	\$49	3.15	0.8239	<b>ZF</b>
<b>ZT</b>	1.87	0.66	\$21	2.64	0.9122	<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	ZT
ZB		1.753	2.857	3.416
ZN	0.570		1.629	1.949
ZF	0.350	0.614		1.196
ZT	0.293	0.513	0.836	

## US Treasuries vs US Financial Futures

	2y	3y	5y	10y
ZB	1.40	2.00	3.42	6.48
ZN	2.45	3.50	6.00	11.35
ZF	4.00	5.70	9.78	18.50
ZT	4.78	6.82	11.69	22.12

## US Treasuries

	2y	3y	5y	10y
2y		1.426	2.444	4.625
3y	0.416		1.737	3.288
5y	0.409	0.584		1.892
10y	0.216	0.308	0.528	

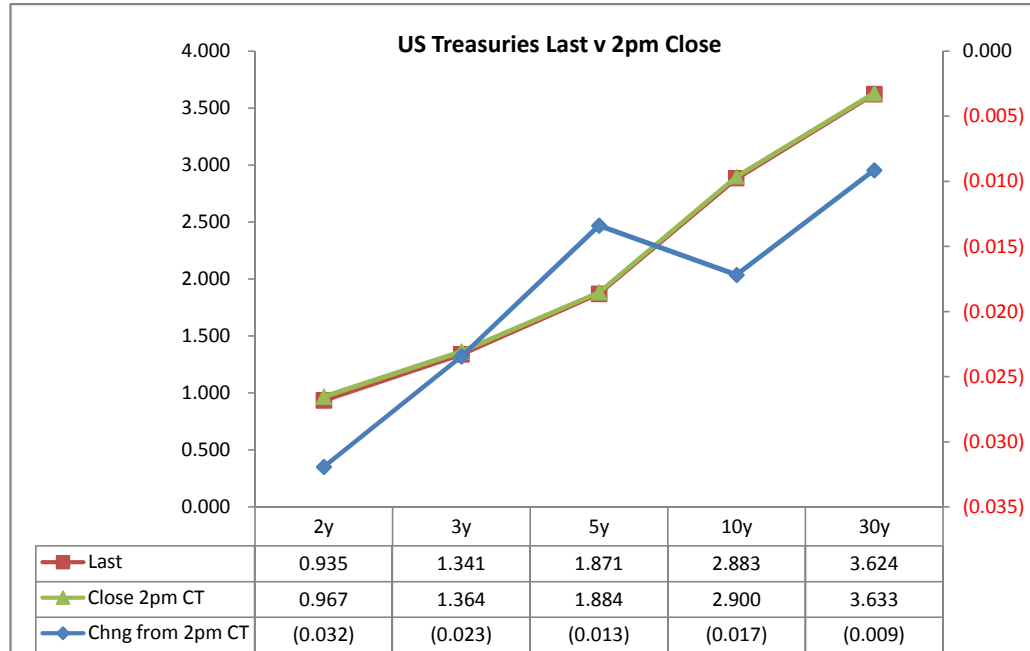
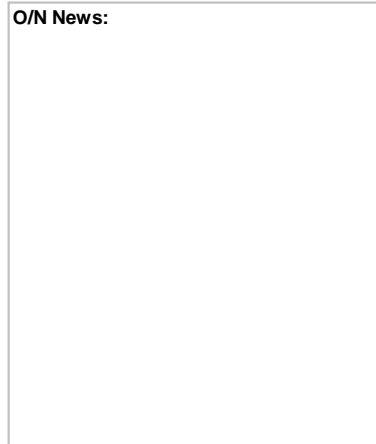
Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

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	99.2625	0.967	0.935	(0.032)	18.43	19.26			108.2550	108.265	TUAH9
3y	1.125	1/15/12	99.1000	1.364	1.341	(0.023)							
5y	1.750	1/31/13	99.1175	1.884	1.871	(0.013)	69.32	70.16			117.3125	118.012	FVAH9
10y	3.750	11/15/18	107.0600	2.900	2.883	(0.017)	157.40	160.48	6		122.1200	122.125	TYAH9
30y	4.500	5/15/38	115.1700	3.633	3.624	(0.009)	468.51	471.33	0 / .25		126.2900	127.01	USAH9

Curve Spreads			
	Close bps		Chng from 2pm CIs
	Last bps	Last bps	
2/3	39.7	40.5	0.8
2/5	91.7	93.6	1.9
3/5	52.0	53.0	1.0
2/10	193.3	194.8	1.5
3/10	153.6	154.2	0.6
5/10	101.6	101.2	(0.4)
2/30	266.6	268.9	2.3
3/30	226.9	228.3	1.4
5/30	174.9	175.3	0.4
10/30	73.3	74.1	0.8

O/N News:



	Last	Chng on Day
Emini SP	843.25	2.75
Crude Oil	40.25	(0.92)
Gold	916.30	2.10
EURUSD	128.03	0.08
USDJPY	91.14	(0.11)

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	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]**

	€ 2.00	€ 5.00	€ 10.00	€ 30.00
€ 2.00	\$189			
€ 5.00	\$198	\$482		
€ 10.00	\$219	\$531	\$911	
€ 30.00	\$236	\$574	\$985	\$2,058

**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	\$189			
€ 5.00	(\$10)	\$482		
€ 10.00	(\$30)	(\$49)	\$911	
€ 30.00	(\$48)	(\$92)	(\$74)	\$2,058

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	-13.7%	-9.2%	0.0%	
€ 30.00	-20.2%	-16.0%	-7.5%	0.0%

## Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.23	4.22	9.53
ZF	0.38	0.98	1.85	4.18
ZN	0.24	0.60	1.14	2.56
ZB	0.13	0.34	0.65	1.46

	2y	5y	10y	30y
2y		2.55	4.83	10.91
5y	0.39		1.89	4.27
10y	0.21	0.53		2.26
30y	0.09	0.23	0.44	

	ZT	ZF	ZN	ZB
ZT		2.28	3.72	6.52
ZF	0.44		1.63	2.86
ZN	0.27	0.61		1.75
ZB	0.15	0.35	0.57	

## Box for Box Matrix

	2y	5y	10y	30y
ZT	0.87	2.23	8.44	19.05
ZF	0.38	0.98	3.70	8.35
ZN	0.47	1.20	1.14	2.56
ZB	0.54	0.68	1.30	1.46

	2y	5y	10y	30y
2y		2.55	2.42	5.45
5y	0.39		0.47	2.14
10y	0.41	2.11		2.26
30y	0.18	0.47	0.44	

	ZT	ZF	ZN	ZB
ZT		2.28	7.43	13.03
ZF	0.44		1.63	5.71
ZN	0.13	0.61		1.75
ZB	0.08	0.18	0.57	



	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>
0/N	0.310	0.320
1week	0.361	0.200
2week	0.406	0.200

	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>
1M	0.449	0.195	0.650
3M	1.241	0.279	1.200
6M	1.748	0.401	1.730

	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	0.935	66.25	1.60	2.038	1.103
5y	1.871	65.75	2.53		#VALUE!
10y	2.883	24.00	3.12		#VALUE!

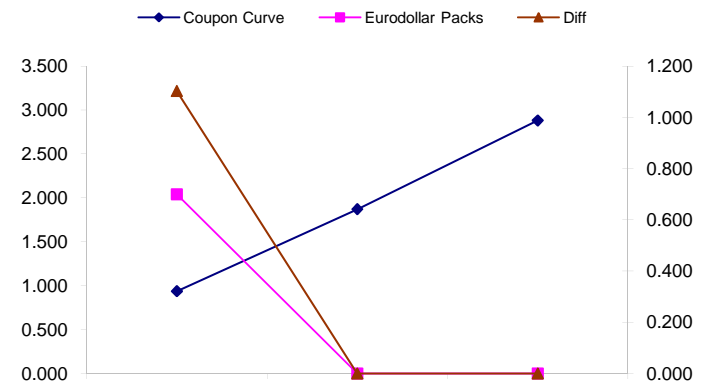
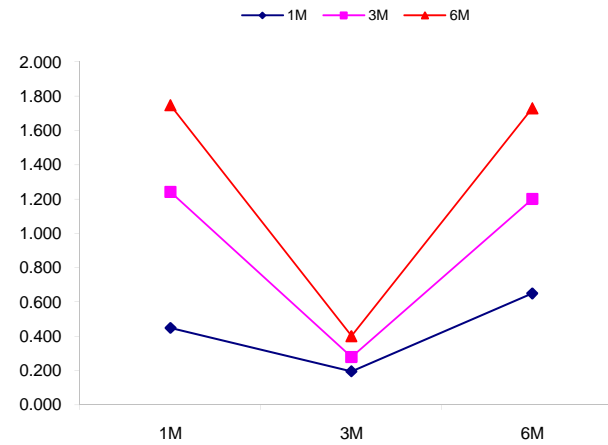
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
93.6	#VALUE!	#VALUE!
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
194.8	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
101.2	#VALUE!	#VALUE!

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:**

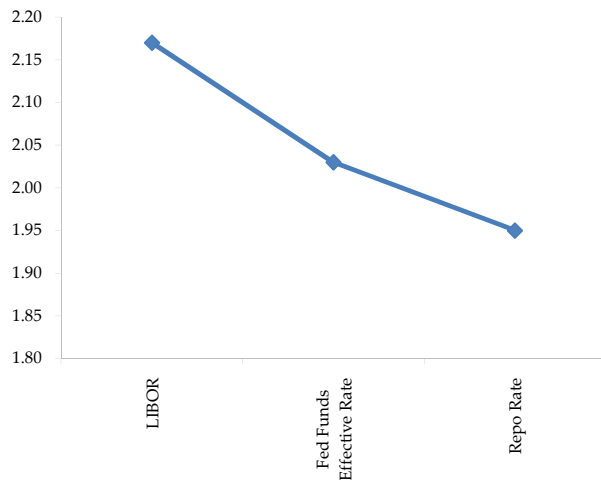
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



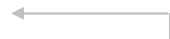
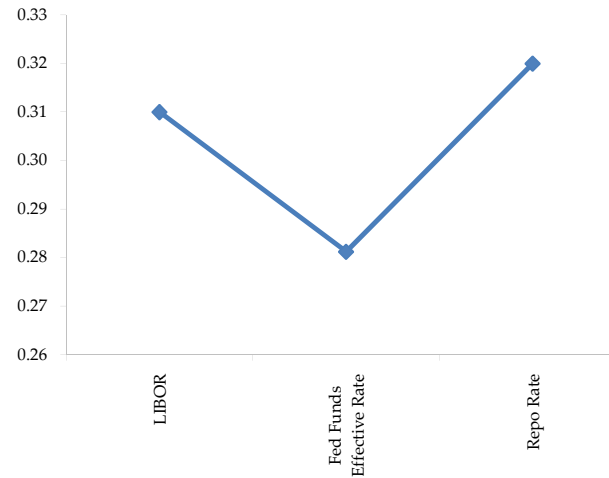
	Last	Chng	Term	Asset Type
USDLIBON	0.310	(0.0063)	Overnight	LIBOR
TUSFFRON	0.281	0.0312	Overnight	Fed Funds Effective Rate
TUSRPOON	0.320	0.0000	Overnight	Repo Rate
TEONIA01M	1.235	(0.0370)	1 month	Euribor OIS Rate
TEONIA03M	1.039	(0.0510)	3 month	Euribor OIS Rate
TSONIA01M	0.820	0.0040	1 month	Sterling OIS Rate
TSONIA03M	0.716	(0.0100)	3 month	Sterling OIS Rate
TUSOIS01M	0.248	0.0010	1 month	USD OIS Rate
TUSOIS03M	0.266	(0.0040)	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.

