2/10/2009 5:50

The Morning Email: Treasuries

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

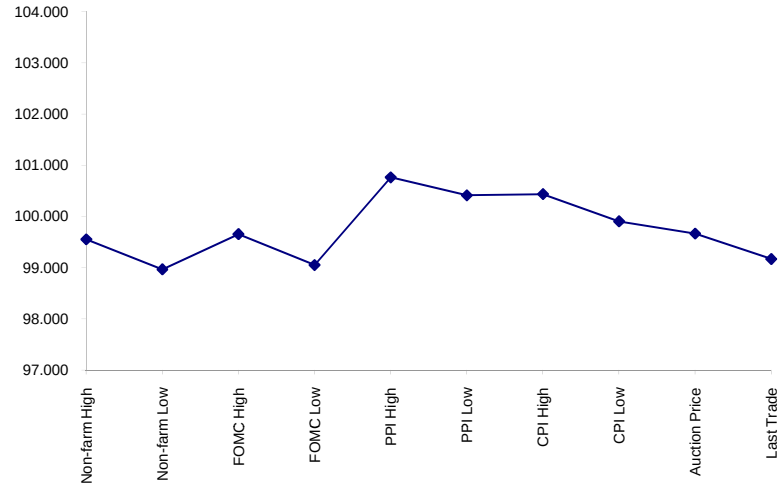
Economic Releases (32nds)

	5y	10y	ZNZ8	ZBZ8	Date
Non-farm High	99.1775	107.140	122.180	127.040	2/6/2009
Non-farm Low	98.3100	106.095	121.185	125.165	2/6/2009
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	99.0550	106.250	122.025	126.170	2/10/2009

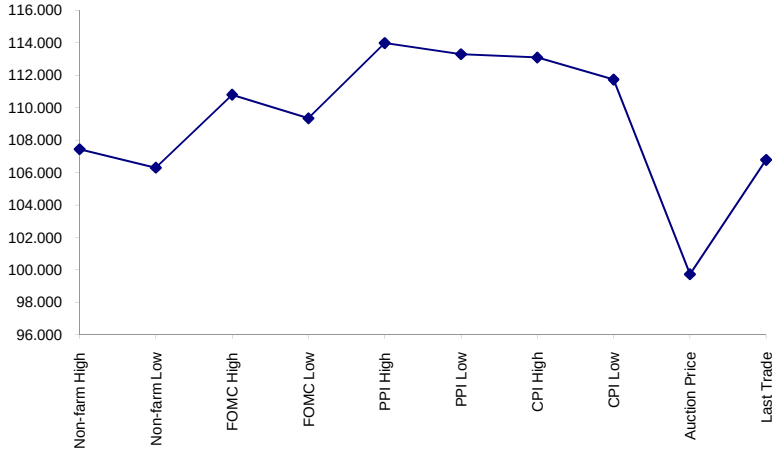
Auctions - 32nds

	2 y	3 y	5y	10y	30y
Auction Price	0.000	99.249	99.213	99.233	98.074
Auction Yield Stop	0.925	1.200	1.820	3.783	4.609
Auction Price Stop	0.000	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	108.2500	0.032	108.2500	108.2250	108.2350	9,034	2y Fut
FVAH9	117.2700	0.092	117.2820	117.1900	117.1970	21,234	5y Fut
TYAH9	122.0250	0.165	122.0500	121.1900	121.2250	78,280	10y Fut
USAH9	126.1700	0.275	126.2000	125.3000	126.0250	12,736	30y Fut
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
BUS02P	99.2500	1.500	99.2520	99.2270	99.2350	na	2y Cash
BUS03P	99.0520	3.500	99.0550	99.0200	99.0320	na	3y Cash
BUS05P	99.0550	6.700	99.0650	99.0050	99.0070	na	5y Cash
BUS10P	106.2500	12.500	106.2650	106.1200	106.1800	na	10y Cash
BUS30P	115.2450	11.500	115.2600	114.3100	115.0100	na	30y Cash
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
BUS02Y	0.988	(2.000)	1.028	0.984	0.996	na	2y Yield
BUS03Y	1.418	(3.300)	1.470	1.404	1.465	na	3y Yield
BUS05Y	1.922	(3.700)	1.969	1.916	1.974	na	5y Yield
BUS10Y	2.945	(4.500)	2.993	2.939	3.004	na	10y Yield
BUS30Y	3.621	(2.900)	3.686	3.599	3.660	na	30y Yield

Duration, DV01s, CFs

	M Duration	DV01 32	DV01 $	DV01 Box	CF	
30y	17.00	6.59	$2,059	13.18	n/a	**30y**
10y	8.13	2.90	$906	5.80	n/a	**10y**
5y	4.73	1.54	$480	6.14	n/a	**5y**
3y	2.68	0.88	$276	3.53	n/a	**3y**
2y	1.95	0.63	$196	2.51	n/a	**2y**
ZB	10.33	4.48	$140	4.48	0.7950	**ZB**
ZN	6.16	2.56	$80	5.12	0.8357	**ZN**
ZF	3.98	1.57	$49	3.14	0.8239	**ZF**
ZT	1.86	0.66	$21	2.63	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		1.750	2.851	3.410
ZN	0.571		1.629	1.948
ZF	0.351	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	3.43	6.47
ZN	2.46	3.50	6.00	11.33
ZF	4.00	5.70	9.78	18.46
ZT	4.78	6.82	11.69	22.08

US Treasuries

	2y	3y	5y	10y
2y		1.426	2.445	4.615
3y	0.416		1.738	3.281
5y	0.409	0.583		1.888
10y	0.217	0.309	0.530	

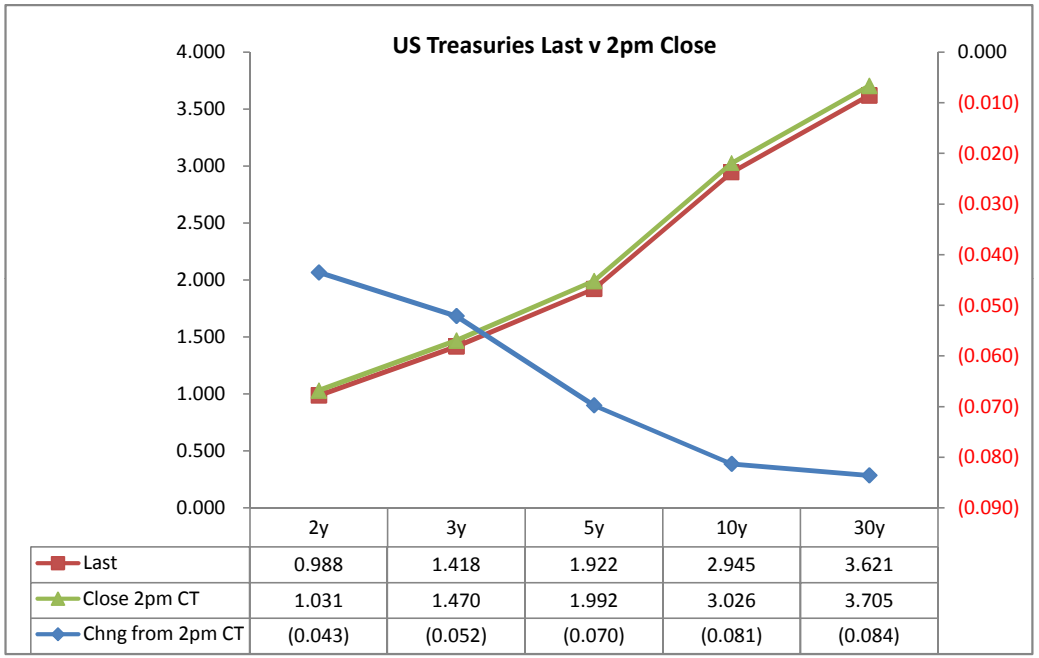
Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng from 2pm	Basis Close	Basis Last	Cash Roll	Futrues Roll	Close 32	Last	
2y	0.875	1/31/11	99.2225	1.031	0.988	(0.043)	17.62	17.63			108.2200	108.25	TUAH9
3y	1.125	1/15/12	99.0050	1.470	1.418	(0.052)							
5y	1.750	1/31/13	98.2750	1.992	1.922	(0.070)	64.19	66.57			117.1775	117.27	FVAH9
10y	3.750	11/15/18	106.0250	3.026	2.945	(0.081)	143.63	152.34	5.75		121.1800	122.025	TYAH9
30y	4.500	5/15/38	114.0400	3.705	3.621	(0.084)	454.91	485.55	0 / .25		125.2150	126.17	USAH9

Curve Spreads

	Close bps	Last bps	Chng from 2pm Cls
2/3	43.9	43.0	(0.9)
2/5	96.1	93.5	(2.6)
3/5	52.2	50.4	(1.8)
2/10	199.5	195.7	(3.8)
3/10	155.6	152.7	(2.9)
5/10	103.4	102.2	(1.2)
2/30	267.4	263.4	(4.0)
3/30	223.5	220.3	(3.2)
5/30	171.3	169.9	(1.4)
10/30	67.9	67.7	(0.2)



O/N News:
-

	Last	Chng on Day
Emini SP	856.25	(8.75)
Crude Oil	40.73	1.17
Gold	896.50	3.70
EURUSD	129.75	(0.30)
USDJPY	91.22	(0.25)

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	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	$188			
5	$197	$480		
10	$217	$527	$906	
30	$236	$573	$984	$2,059

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	$188			
5	($9)	$480		
10	($29)	($47)	$906	
30	($48)	($93)	($79)	$2,059

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	-4.8%	0.0%		
10	-13.4%	-9.0%	0.0%	
30	-20.3%	-16.3%	-8.0%	0.0%

Tic for Tic & Box for Box Matrix

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.23	4.21	9.57
ZF	0.38	0.98	1.85	4.19
ZN	0.24	0.60	1.13	2.58
ZB	0.13	0.34	0.65	1.47

	2y	5y	10y	30y
2y		2.55	4.82	10.95
5y	0.39		1.89	4.29
10y	0.21	0.53		2.27
30y	0.09	0.23	0.44	

	ZT	ZF	ZN	ZB
ZT		2.28	3.72	6.50
ZF	0.44		1.63	2.85
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	8.42	19.14
ZF	0.38	0.98	3.69	8.39
ZN	0.47	1.20	1.13	2.58
ZB	0.54	0.69	1.29	1.47

	2y	5y	10y	30y
2y		2.55	2.41	5.48
5y	0.39		0.47	2.15
10y	0.41	2.12		2.27
30y	0.18	0.47	0.44	

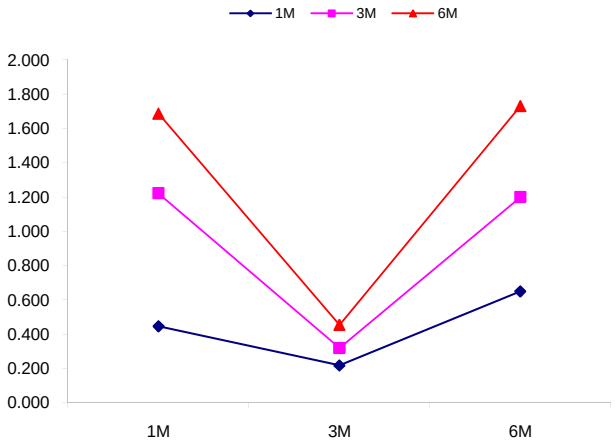
	ZT	ZF	ZN	ZB
ZT		2.28	7.43	13.01
ZF	0.44		1.63	5.70
ZN	0.13	0.61		1.75
ZB	0.08	0.18	0.57	

Key Money Rate, Spreads, Swaps, Packs

	Libor$ [1]	Repo Rt [6]
0/N	0.305	#VALUE!
1week	0.356	#VALUE!
2week	0.403	#VALUE!

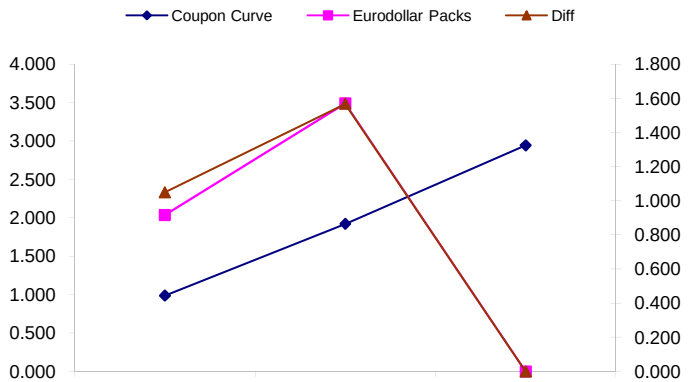
	Libor$ [1]	Tbill	CP [2]
1M	0.447	0.218	0.650
3M	1.222	0.319	1.200
6M	1.686	0.454	1.730

	TSY	Swp	Swp Rate [5]	ED Pks [3]	TSY - ED Pk [4]
2y	0.988	60.25	1.59	2.037	1.049
5y	1.922	63.50	2.56	3.490	1.567
10y	2.945	23.50	3.18		#VALUE!



2/5	Rd/Blu Pk	Diff
93.5	145.3	51.8
2/10	**Rd/Gld Pk**	**Diff**
195.7	#VALUE!	#VALUE!
5/10	**Blu/Gld Pk**	**Diff**
102.2	#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

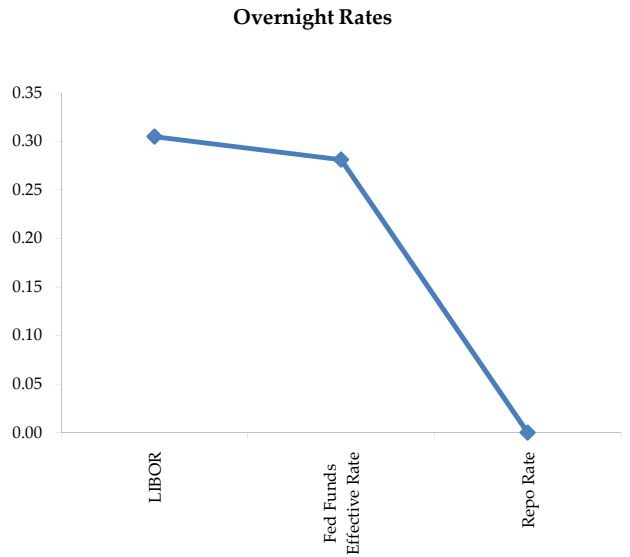
5) Swap divided by 100 + TSY yield gives swap rate in basis points.

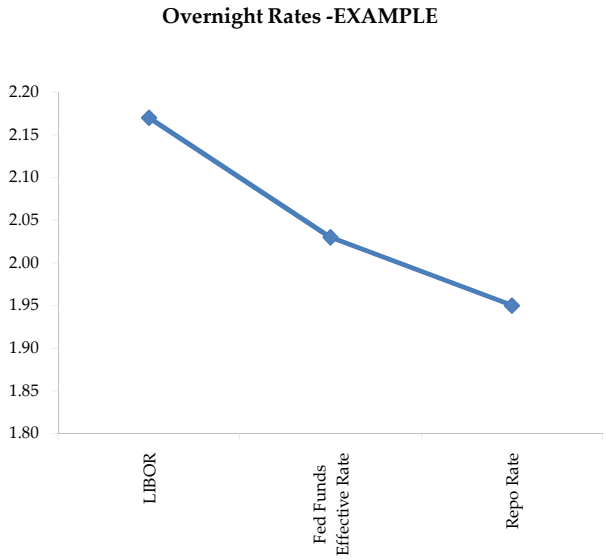
6) Repo Rt quotes is for overnight General Collateral

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

	Last	Chng	Term	Asset Type
USDLIBON	0.305	(0.0025)	Overnight	LIBOR
TUSFFRON	0.281	0.0312	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	1.259	0.0180	1 momth	Euribor OIS Rate
TEONIA03M	1.050	0.0230	3 month	Euribor OIS Rate
TSONIA01M	0.799	(0.0070)	1 momth	Sterling OIS Rate
TSONIA03M	0.696	(0.0120)	3 month	Sterling OIS Rate
TUSOIS01M	0.245	(0.0040)	1 momth	USD OIS Rate
TUSOIS03M	0.273	0.0000	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.