



## The Morning Email: Treasuries

2/11/2009 5:51

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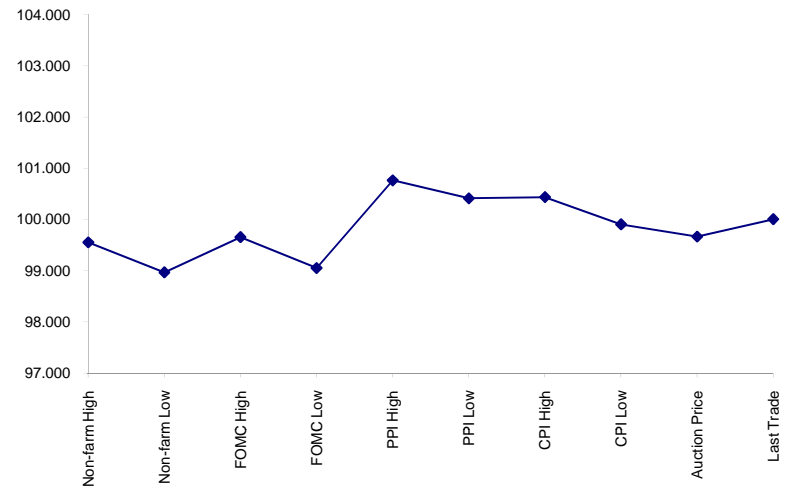
**Economic Releases (32nds)**

	5y	10y	ZNZ8	ZBZ8	Date
Non-farm High	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	100.0020	108.045	123.145	128.175	2/11/2009

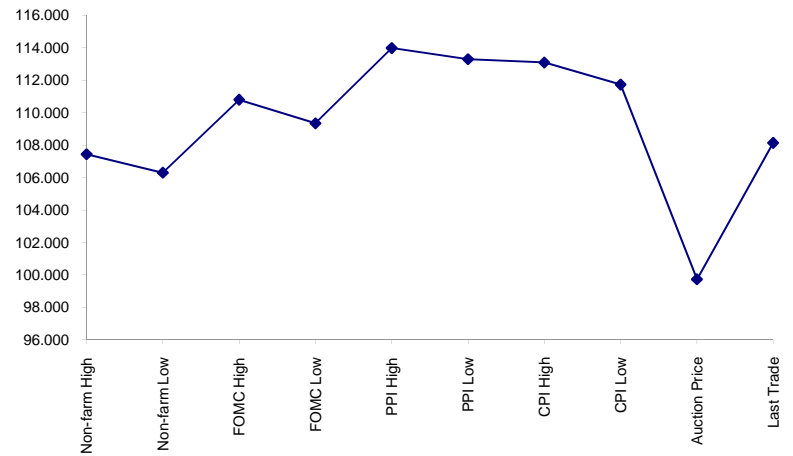
**Auctions - 32nds**

	2 y	3 y	5y	10y	30y
Auction Price	0.000	99.279	99.213	99.233	98.074
Auction Yield Stop	0.925	1.419	1.820	3.783	4.609
Auction Price Stop	0.000	99.279	99.213	99.233	98.074
Actual Auction Date	1/27/2009	2/10/2009	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	108.3050	0.007	108.3070	108.2800	108.3050	12,334	2y Fut
FVAH9	118.2120	0.047	118.2320	118.1520	118.1850	21,971	5y Fut
TYAH9	123.1450	0.110	123.1950	123.0250	123.0800	68,788	10y Fut
USAH9	128.1750	0.205	128.2050	127.2700	128.0700	14,777	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.3070	0.200	99.3100	99.2850	99.2950	na	2y Cash
BUS03P	100.0600	18.700	100.0650	100.0170	100.0470	na	3y Cash
BUS05P	100.0020	(0.500)	100.0350	99.2570	100.0050	na	5y Cash
BUS10P	108.0450	3.000	108.0700	107.2150	107.2550	na	10y Cash
BUS30P	119.0350	18.000	119.0700	117.2350	118.0300	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.891	0.400	0.935	0.875	0.924	na	2y Yield
BUS03Y	1.311	5.000	1.375	1.298	1.335	na	3y Yield
BUS05Y	1.748	0.500	1.796	1.727	1.755	na	5y Yield
BUS10Y		(0.900)	939.888		2.826	na	10y Yield
BUS30Y	3.453	(2.500)	3.524	3.443	3.507	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
<b>30y</b>	17.19	6.85	\$2,141	13.70	n/a	<b>30y</b>
<b>10y</b>	8.15	2.94	\$919	5.88	n/a	<b>10y</b>
<b>5y</b>	4.73	1.55	\$484	6.19	n/a	<b>5y</b>
<b>3y</b>	2.67	0.89	\$277	3.55	n/a	<b>3y</b>
<b>2y</b>	1.95	0.63	\$196	2.51	n/a	<b>2y</b>
<b>ZB</b>	10.38	4.57	\$143	4.57	0.7950	<b>ZB</b>
<b>ZN</b>	6.16	2.59	\$81	5.17	0.8357	<b>ZN</b>
<b>ZF</b>	3.99	1.58	\$49	3.17	0.8239	<b>ZF</b>
<b>ZT</b>	1.86	0.66	\$21	2.63	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		1.769	2.889	3.481
ZN	0.565		1.633	1.968
ZF	0.346	0.612		1.205
ZT	0.287	0.508	0.830	

## US Treasuries vs US Financial Futures

	2y	3y	5y	10y
ZB	1.37	1.97	3.39	6.43
ZN	2.43	3.48	5.99	11.37
ZF	3.97	5.68	9.78	18.56
ZT	4.78	6.84	11.78	22.37

## US Treasuries

	2y	3y	5y	10y
2y		1.430	2.464	4.676
3y	0.413		1.747	3.316
5y	0.406	0.580		1.898
10y	0.214	0.306	0.527	

## US Financial Futures vs German Futures

	Bund	Bobl	Schatz
ZB			
ZN			
ZF			
ZT			

## US Treasuries vs German Futures

	Bund	Bobl	Schatz
2y			
3y			
5y			
10y			

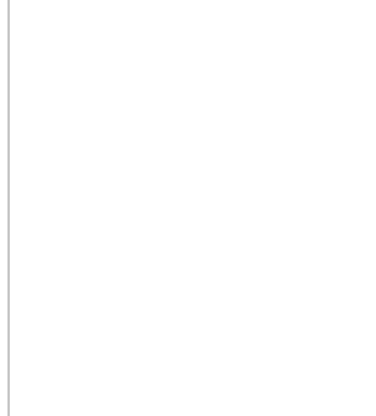
Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

Treasury Closes: 2pm CT vs this Morning

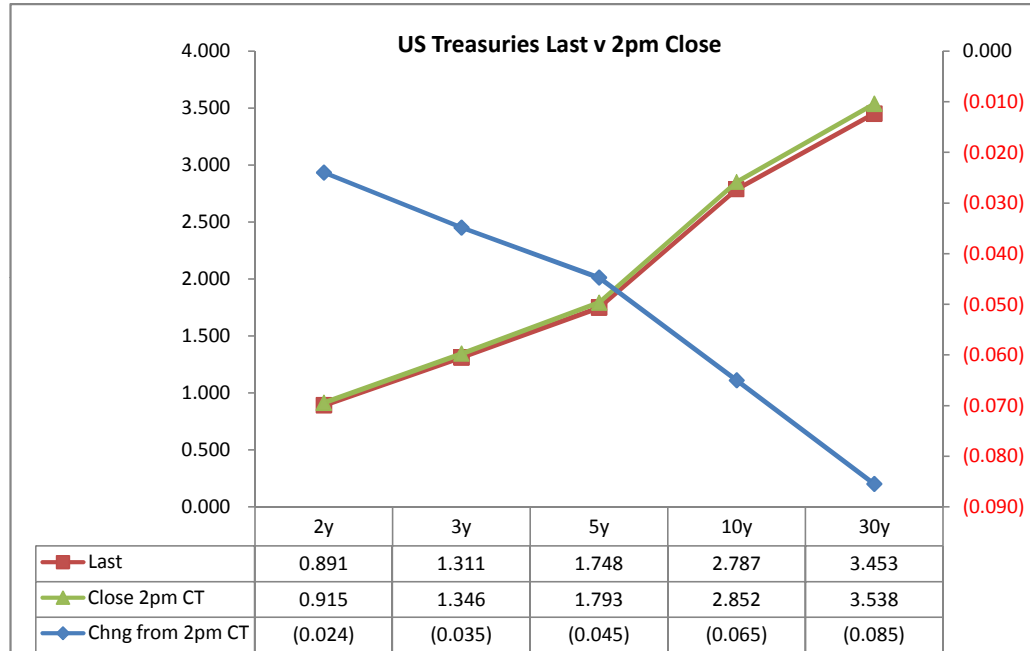
	Cpn	Mty	Close 32	Close	Last	Chng	Basis		Cash	Futrues	Close 32	Last	
						from 2pm	Close	Last	Roll	Roll			
2y	0.875	1/31/11	99.2950	0.915	0.891	(0.024)	18.03	18.31			108.2950	108.305	TUAH9
3y	1.125	2/15/12	100.0275	1.346	1.311	(0.035)			4.00				
5y	1.750	1/31/13	99.2550	1.793	1.748	(0.045)	69.07	71.69			118.1625	118.212	FVAH9
10y	3.750	11/15/18	107.1900	2.852	2.787	(0.065)	151.18	159.07	4.00		123.0300	123.145	TYAH9
30y	4.500	5/15/38	117.1400	3.538	3.453	(0.085)	504.07	541.27	0 / .25		127.2900	128.175	USAH9

Curve Spreads			
	Close bps	Last bps	Chng from 2pm CIs
2/3	43.1	42.0	(1.1)
2/5	87.8	85.7	(2.1)
3/5	44.7	43.7	(1.0)
2/10	193.7	189.6	(4.1)
3/10	150.6	147.6	(3.0)
5/10	105.9	103.9	(2.0)
2/30	262.3	256.1	(6.2)
3/30	219.2	214.1	(5.1)
5/30	174.5	170.4	(4.1)
10/30	68.6	66.6	(2.0)

O/N News:



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	Last	Chng on Day
Emini SP	830.00	3.00
Crude Oil	37.98	0.43
Gold	926.70	12.50
EURUSD	129.42	0.26
USDJPY	90.05	(0.43)



The Morning Email: U.S. Treasuries

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%	47%	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	\$199	\$484		
10	\$219	\$534	\$919	
30	\$242	\$590	\$1,014	\$2,141

**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	(\$11)	\$484		
10	(\$31)	(\$50)	\$919	
30	(\$54)	(\$106)	(\$96)	\$2,141

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	-5.4%	0.0%		
10	-14.3%	-9.4%	0.0%	
30	-22.3%	-17.9%	-9.4%	0.0%

## Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.25	4.27	9.94
ZF	0.38	0.98	1.86	4.33
ZN	0.23	0.60	1.14	2.65
ZB	0.13	0.34	0.64	1.50

	2y	5y	10y	30y
2y		2.57	4.88	11.38
5y	0.39		1.90	4.42
10y	0.20	0.53		2.33
30y	0.09	0.23	0.43	

	ZT	ZF	ZN	ZB
ZT		2.30	3.75	6.64
ZF	0.44		1.63	2.89
ZN	0.27	0.61		1.77
ZB	0.15	0.35	0.57	

## Box for Box Matrix

	2y	5y	10y	30y
ZT	0.87	2.25	8.53	19.88
ZF	0.38	0.98	3.71	8.65
ZN	0.47	1.20	1.14	2.65
ZB	0.53	0.68	1.29	1.50

	2y	5y	10y	30y
2y		2.57	2.44	5.69
5y	0.39		0.47	2.21
10y	0.41	2.11		2.33
30y	0.18	0.45	0.43	

	ZT	ZF	ZN	ZB
ZT		2.30	7.51	13.28
ZF	0.44		1.63	5.78
ZN	0.13	0.61		1.77
ZB	0.08	0.17	0.57	



	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>			
0/N	0.301	#VALUE!			
1week	0.353	#VALUE!			
2week	0.404	#VALUE!			
	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>		
1M	0.453	0.238	0.650		
3M	1.231	0.301	1.200		
6M	1.725	0.442	1.730		
	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	0.891	68.00	1.57	1.968	1.077
5y	1.748	#VALUE!	#VALUE!	3.327	1.579
10y		#VALUE!	#VALUE!		#VALUE!

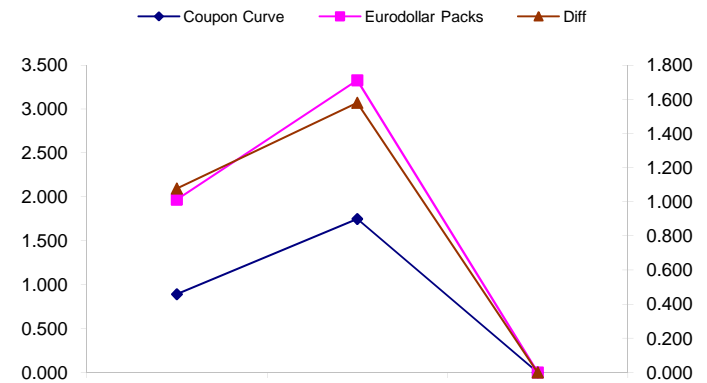
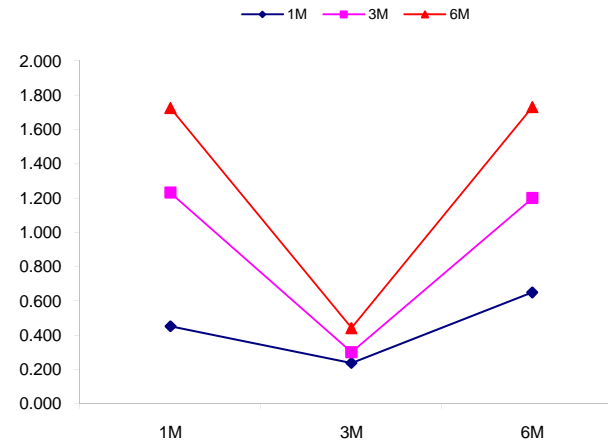
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
85.7	136.0	50.2
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
#VALUE!	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
#VALUE!	#VALUE!	#VALUE!

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:**

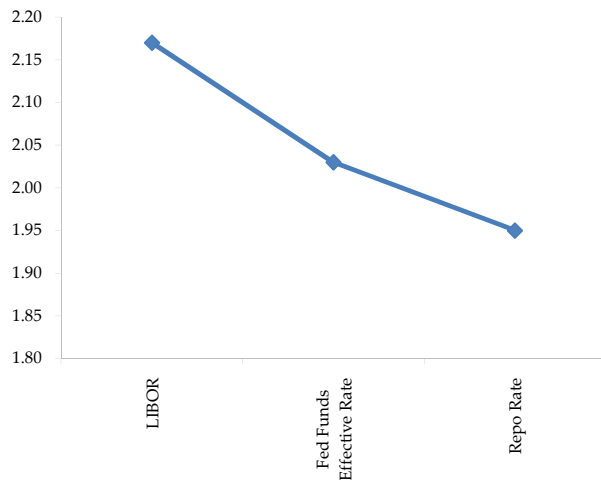
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



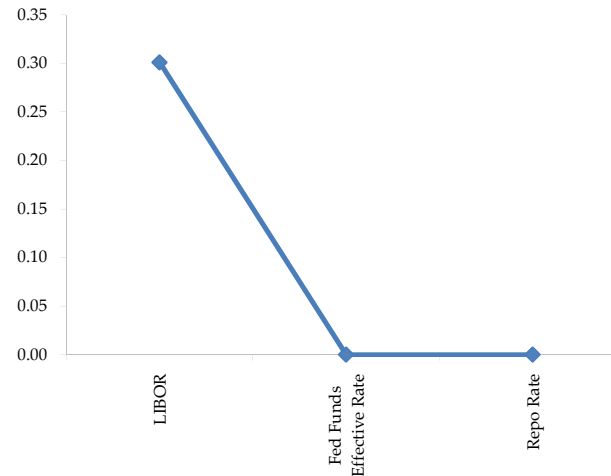
	Last	Chng	Term	Asset Type
USDLIBON	0.301	(0.0038)	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	1.251	(0.0330)	1 month	Euribor OIS Rate
TEONIA03M	1.039	(0.0280)	3 month	Euribor OIS Rate
TSONIA01M	0.755	(0.0490)	1 month	Sterling OIS Rate
TSONIA03M	0.584	(0.1400)	3 month	Sterling OIS Rate
TUSOIS01M	0.245	0.0030	1 month	USD OIS Rate
TUSOIS03M	0.266	0.0000	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.

