



2/12/2009 5:46

The Morning Email: Treasuries

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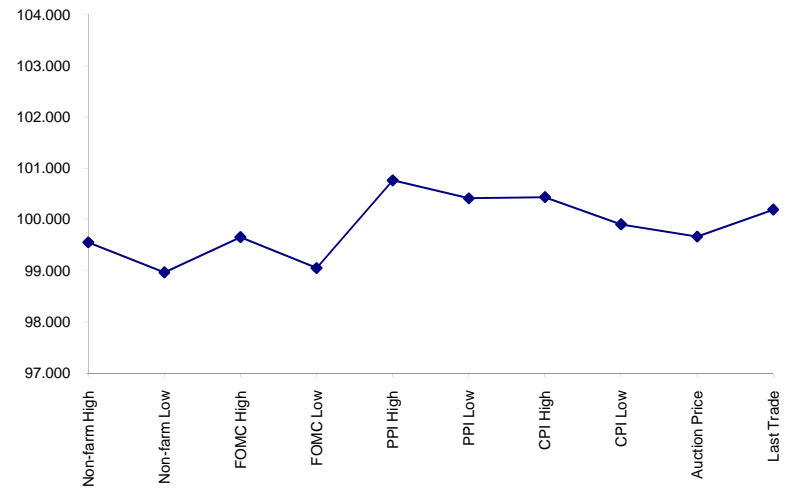
Economic Releases (32nds)

	5y	10y	ZNZ8	ZBZ8	Date
Non-farm High	99.1775	0.000	122.180	127.040	2/6/2009
Non-farm Low	98.3100	0.000	121.185	125.165	2/6/2009
FOMC High	99.2100	0.000	124.290	131.155	1/28/2009
FOMC Low	99.0175	0.000	123.245	129.085	1/28/2009
PPI High	100.2450	0.000	127.130	137.220	1/15/2009
PPI Low	100.1325	0.000	126.230	136.085	1/15/2009
CPI High	100.1400	0.000	126.160	136.270	1/16/2009
CPI Low	99.2900	0.000	125.130	134.015	1/16/2009
Auction Price	99.2135	99.233	0.000		
Last Trade	100.0620	100.005	124.030	129.040	2/12/2009

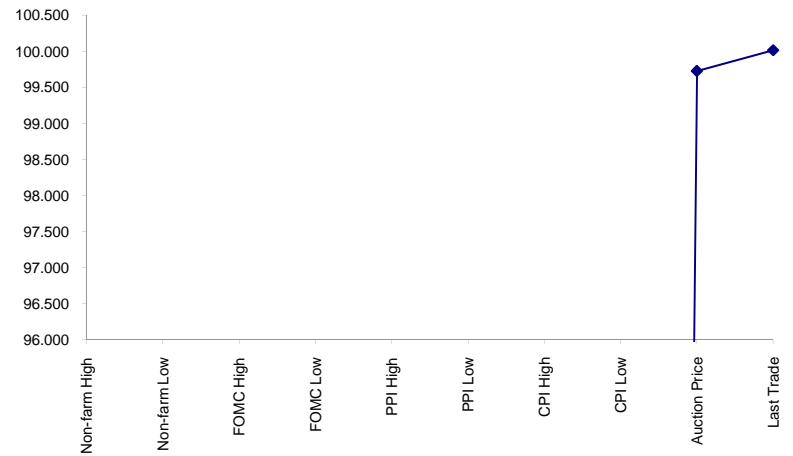
Auctions - 32nds

	2 y	3 y	5y	10y	30y
Auction Price	99.288	99.279	99.213	99.233	98.074
Auction Yield Stop	0.925	1.419	1.820	2.818	4.609
Auction Price Stop	99.288	99.279	99.213	99.233	98.074
Actual Auction Date	1/27/2009	2/10/2009	1/29/2009	2/11/2009	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	109.0050	0.035	109.0070	108.2970	108.3020	14,266	2y Fut
FVAH9	118.2820	0.095	118.3000	118.1920	118.1920	20,991	5y Fut
TYAH9	124.0300	0.135	124.0750	123.2200	123.2200	61,818	10y Fut
USAH9	129.0400	0.125	129.1500	128.2000	128.2550	15,338	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.0020	2.700	100.0050	99.2970	99.3000	na	2y Cash
BUS03P	100.1020	4.000	100.1070	100.0620	100.0700	na	3y Cash
BUS05P	100.0620	6.700	100.0800	99.3150	100.0050	na	5y Cash
BUS10P	100.0050	(815.500)	100.0500	99.1950	99.2200	na	10y Cash
BUS30P	119.2100	7.000	119.3100	119.0850	119.1300	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.867	(3.600)	0.915	0.867	0.936	na	2y Yield
BUS03Y	1.266	(4.800)	1.324	1.258	1.319	na	3y Yield
BUS05Y	1.709	(4.300)	1.758	1.697	1.765	na	5y Yield
BUS10Y	2.750	(0.200)	2.797	2.730	2.797	na	10y Yield
BUS30Y	3.436	(1.500)	3.486	3.415	3.445	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	17.21	6.88	\$2,149	13.75	n/a	30y
10y	8.58	2.84	\$887	5.68	n/a	10y
5y	4.73	1.55	\$485	6.20	n/a	5y
3y	2.67	0.89	\$277	3.55	n/a	3y
2y	1.94	0.63	\$196	2.51	n/a	2y
ZB	10.39	4.59	\$144	4.59	0.7950	ZB
ZN	6.16	2.60	\$81	5.20	0.7782	ZN
ZF	3.98	1.58	\$49	3.17	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

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.767	2.902	3.500
ZN	0.566		1.642	1.980
ZF	0.345	0.609		1.206
ZT	0.286	0.505	0.829	

US Treasuries vs US Financial Futures

	2y	3y	5y	10y
ZB	1.37	1.96	3.38	6.18
ZN	2.42	3.46	5.97	10.92
ZF	3.97	5.68	9.80	17.93
ZT	4.78	6.85	11.82	21.62

US Treasuries

	2y	3y	5y	10y
2y		1.432	2.469	4.519
3y	0.412		1.749	3.200
5y	0.405	0.580		1.830
10y	0.221	0.317	0.546	

US Financial Futures vs German Futures

	Bund	Bobl	Schatz
ZB	0.88	0.47	0.182
ZN	1.55	0.83	0.321
ZF	2.50	1.34	0.518
ZT	3.06	1.64	0.634

German Futures vs German Futures

	Bund	Bobl	Schatz
Bund		1.86	4.82
Bobl	0.54		2.59
Schatz	0.21	0.39	

US Treasuries vs German Futures

	Bund	Bobl	Schatz
2y	1.6	3.0	7.8
3y	2.5	4.6	11.9
5y	4.0	7.4	19.0
10y	7.5	13.9	35.8
30y	17.4	32.3	83.4

Eurex last updated

2/11/2009

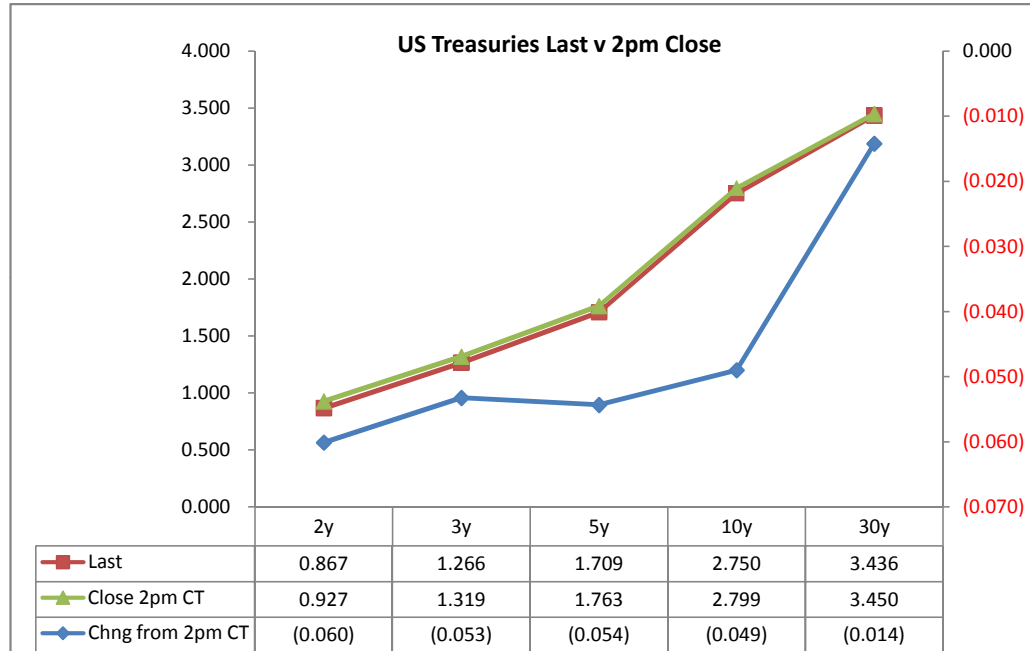
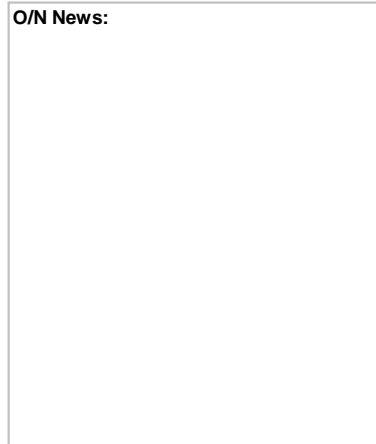
Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

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	99.2875	0.927	0.867	(0.060)	17.73	17.99			108.2900	109.005	TUAH9
3y	1.125	2/15/12	100.0525	1.319	1.266	(0.053)			4.00				
5y	1.750	1/31/13	99.3000	1.763	1.709	(0.054)	71.51	71.92			118.1875	118.282	FVAH9
10y	2.750	2/15/09	99.2500	2.799	2.750	(0.049)	113.27	110.27	4.00		123.2150	124.03	TYAH9
30y	4.500	5/15/38	119.0800	3.450	3.436	(0.014)	541.00	544.06	0 / .25		128.2350	129.04	USAH9

	Curve Spreads		
	Close bps	Last bps	Chng from
			2pm CIs
2/3	39.2	39.9	0.7
2/5	83.6	84.2	0.6
3/5	44.4	44.3	(0.1)
2/10	187.2	188.3	1.1
3/10	148.0	148.4	0.4
5/10	103.6	104.1	0.5
2/30	252.3	256.9	4.6
3/30	213.1	217.0	3.9
5/30	168.7	172.7	4.0
10/30	65.1	68.6	3.5

O/N News:



	Last	Chng on Day
Emini SP	823.75	(7.75)
Crude Oil	35.67	(0.27)
Gold	943.10	(1.40)
EURUSD	128.29	(0.79)
USDJPY	90.08	(0.35)



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	23%	55%	100%	0%
30	11%	28%	50%	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	\$485		
10	\$201	\$489	\$887	
30	\$243	\$591	\$1,071	\$2,149

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)	\$485		
10	(\$13)	(\$5)	\$887	
30	(\$55)	(\$106)	(\$184)	\$2,149

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	-5.6%	0.0%		
10	-6.5%	-1.0%	0.0%	
30	-22.5%	-18.0%	-17.2%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.25	4.12	9.99
ZF	0.38	0.98	1.79	4.34
ZN	0.23	0.60	1.09	2.64
ZB	0.13	0.34	0.62	1.50

	2y	5y	10y	30y
2y		2.58	4.72	11.44
5y	0.39		1.83	4.43
10y	0.21	0.55		2.42
30y	0.09	0.23	0.41	

	ZT	ZF	ZN	ZB
ZT		2.30	3.78	6.67
ZF	0.43		1.64	2.90
ZN	0.26	0.61		1.77
ZB	0.15	0.34	0.57	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.87	2.25	8.24	19.97
ZF	0.38	0.98	3.59	8.69
ZN	0.46	1.19	1.09	2.64
ZB	0.52	0.68	1.24	1.50

	2y	5y	10y	30y
2y		2.58	2.36	5.72
5y	0.39		0.46	2.22
10y	0.42	2.19		2.42
30y	0.17	0.45	0.41	

	ZT	ZF	ZN	ZB
ZT		2.30	7.55	13.35
ZF	0.43		1.64	5.80
ZN	0.13	0.61		1.77
ZB	0.07	0.17	0.57	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.298	#VALUE!
1week	0.360	#VALUE!
2week	0.405	#VALUE!

	Libor\$ ¹	Tbill	CP ²
1M	0.455	0.218	0.650
3M	1.234	0.317	1.200
6M	1.724	0.444	1.730

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.867	66.25	1.53	1.896	1.029
5y	1.709	69.50	2.40	3.245	1.536
10y	2.750	22.25	2.97	#VALUE!	#VALUE!

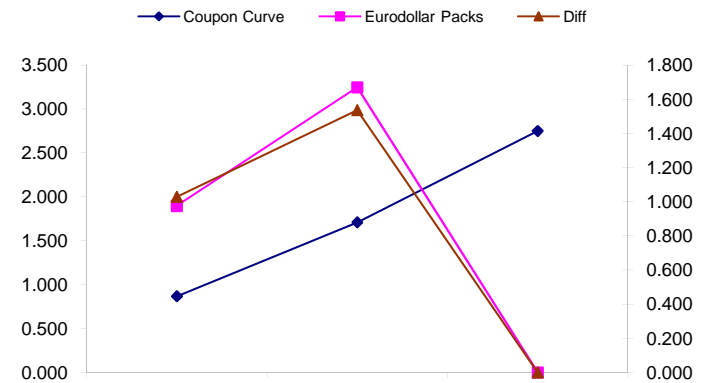
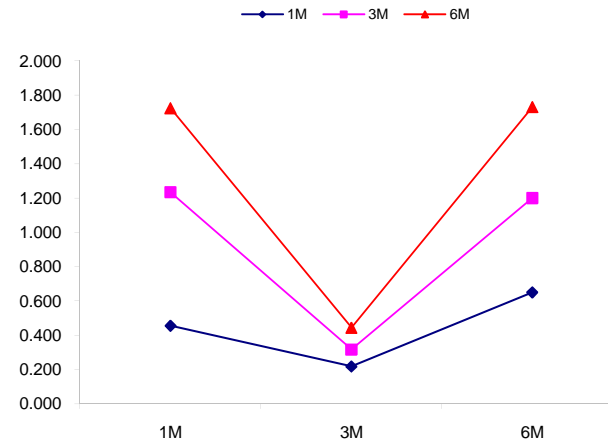
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
84.2	134.9	50.7
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
188.3	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
104.1	#VALUE!	#VALUE!

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:

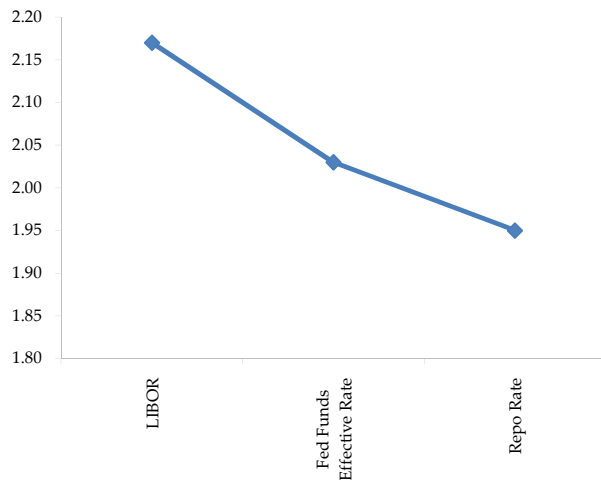
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



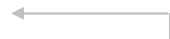
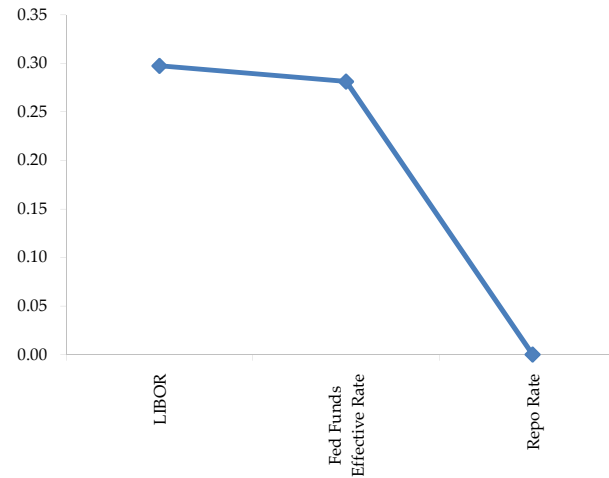
	Last	Chng	Term	Asset Type
USDLIBON	0.298	(0.0037)	Overnight	LIBOR
TUSFFRON	0.281	0.0624	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	1.193	(0.0490)	1 month	Euribor OIS Rate
TEONIA03M	0.995	(0.0270)	3 month	Euribor OIS Rate
TSONIA01M	0.718	(0.0330)	1 month	Sterling OIS Rate
TSONIA03M	0.536	(0.0280)	3 month	Sterling OIS Rate
TUSOIS01M	0.241	(0.0090)	1 month	USD OIS Rate
TUSOIS03M	0.272	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.

