



The Morning Email: Treasuries

2/13/2009 6:04

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

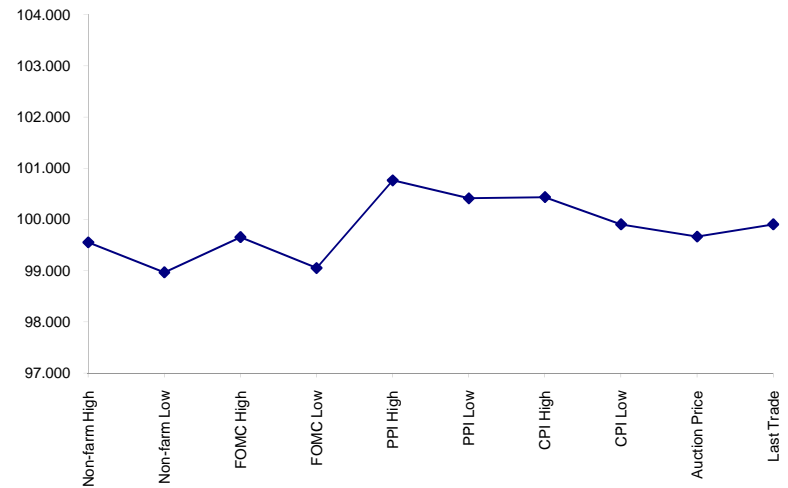
Economic Releases (32nds)

	5y	10y	ZNZ8	ZBZ8	Date
Non-farm High	99.1775	98.200	122.180	127.040	2/6/2009
Non-farm Low	98.3100	97.165	121.185	125.165	2/6/2009
FOMC High	99.2100	101.280	124.290	131.155	1/28/2009
FOMC Low	99.0175	100.150	123.245	129.085	1/28/2009
PPI High	100.2450	104.315	127.130	137.220	1/15/2009
PPI Low	100.1325	104.100	126.230	136.085	1/15/2009
CPI High	100.1400	104.035	126.160	136.270	1/16/2009
CPI Low	99.2900	102.255	125.130	134.015	1/16/2009
Auction Price	99.2135	99.233	0.000		
Last Trade	99.2900	99.180	123.195	128.020	2/13/2009

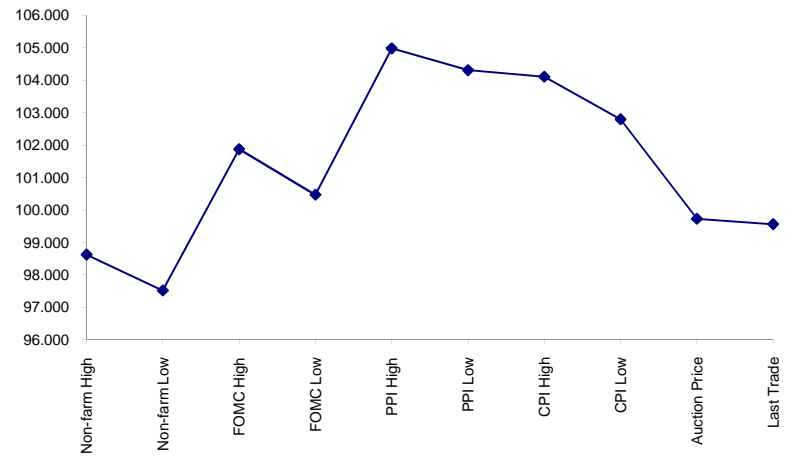
Auctions - 32nds

	2 y	3 y	5y	10y	30y
Auction Price	99.288	99.279	99.213	99.233	99.085
Auction Yield Stop	0.925	1.419	1.820	2.818	3.540
Auction Price Stop	99.288	99.279	99.213	99.233	99.085
Actual Auction Date	1/27/2009	2/10/2009	1/29/2009	2/11/2009	2/12/2009

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	(0.020)	108.3150	108.2920	108.3050	8,344	2y Fut
FVAH9	118.1800	(0.080)	118.2150	118.1250	118.1750	21,119	5y Fut
TYAH9	123.1950	(0.175)	123.2700	123.0900	123.2050	68,345	10y Fut
USAH9	128.0200	(1.065)	128.2350	127.2350	128.0900	15,054	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.3050	1.000	99.3120	99.2900	99.3070	na	2y Cash
BUS03P	100.0750	2.700	100.0750	100.0500	100.0650	na	3y Cash
BUS05P	99.2900	0.000	99.3170	99.2400	99.3100	na	5y Cash
BUS10P	99.1800	(4.500)	99.2550	99.0850	99.2450	na	10y Cash
BUS30P	99.0700	(1820.500)	100.0400	98.3100	100.0000	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.899	0.000	0.928	0.887	0.908	na	2y Yield
BUS03Y	1.290	(0.800)	1.330	1.287	1.303	na	3y Yield
BUS05Y	1.766	1.300	1.805	1.748	1.757	na	5y Yield
BUS10Y	2.799	1.700	2.835	2.770	2.779	na	10y Yield
BUS30Y	3.548	2.700	3.816	3.486	3.521	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	18.42	6.09	\$1,903	12.18	n/a	30y
10y	8.68	2.86	\$894	5.72	n/a	10y
5y	4.72	1.54	\$482	6.18	n/a	5y
3y	2.66	0.88	\$276	3.53	n/a	3y
2y	1.93	0.63	\$195	2.50	n/a	2y
ZB	10.36	4.56	\$142	4.56	0.6550	ZB
ZN	5.84	2.45	\$77	4.90	0.7627	ZN
ZF	3.97	1.58	\$49	3.15	0.8239	ZF
ZT	1.85	0.65	\$20	2.61	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		1.861	2.891	3.490
ZN	0.537		1.554	1.876
ZF	0.346	0.644		1.207
ZT	0.286	0.533	0.828	

US Treasuries vs US Financial Futures

	2y	3y	5y	10y
ZB	1.37	1.97	3.39	6.28
ZN	2.55	3.66	6.30	11.69
ZF	3.97	5.68	9.79	18.16
ZT	4.79	6.86	11.83	21.92

US Treasuries

	2y	3y	5y	10y
2y		1.433	2.470	4.579
3y	0.412		1.748	3.239
5y	0.405	0.580		1.854
10y	0.218	0.313	0.539	

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

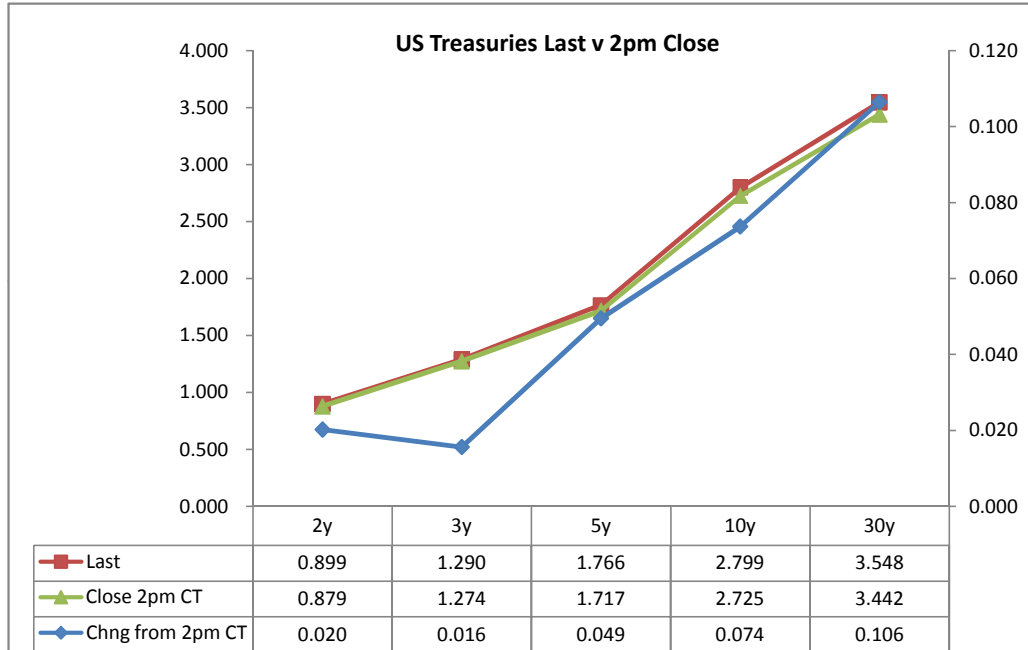
Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis		Cash	Futrues	Close 32	Last	
						from 2pm	Close	Last	Roll	Roll			
2y	0.875	1/31/11	99.3175	0.879	0.899	0.020	19.36	18.11			108.3050	108.305	TUAH9
3y	1.125	2/15/12	100.0950	1.274	1.290	0.016			4.00				
5y	1.750	1/31/13	100.0500	1.717	1.766	0.049	72.53	71.12			118.2600	118.18	FVAH9
10y	2.750	2/15/09	100.0700	2.725	2.799	0.074	176.79	169.14	4.00		124.0500	123.195	TYAH9
30y	4.500	2/15/39	101.0250	3.442	3.548	0.106	524.77	490.81	1.00		129.0900	128.02	USAH9

Curve Spreads			
	Close bps	Last bps	Chng from
			2pm Cls
2/3	39.5	39.0	(0.5)
2/5	83.8	86.7	2.9
3/5	44.3	47.7	3.4
2/10	184.6	189.9	5.3
3/10	145.1	150.9	5.8
5/10	100.8	103.2	2.4
2/30	256.3	264.9	8.6
3/30	216.8	225.9	9.1
5/30	172.5	178.2	5.7
10/30	71.7	75.0	3.3

O/N News:



	Last	Chng on Day
Emini SP	837.00	1.50
Crude Oil	34.00	0.02
Gold	939.90	(9.30)
EURUSD	128.69	0.06
USDJPY	91.48	0.53

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	22%	54%	100%	0%
30	10%	26%	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	\$187			
5	\$198	\$482		
10	\$199	\$487	\$894	
30	\$200	\$488	\$897	\$1,903

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	\$187			
5	(\$11)	\$482		
10	(\$12)	(\$4)	\$894	
30	(\$13)	(\$5)	(\$2)	\$1,903

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	-6.2%	-0.8%	0.0%	
30	-6.5%	-1.1%	-0.3%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.25	4.18	8.89
ZF	0.38	0.98	1.82	3.86
ZN	0.24	0.63	1.17	2.49
ZB	0.13	0.34	0.63	1.34

	2y	5y	10y	30y
2y		2.58	4.79	10.18
5y	0.39		1.85	3.94
10y	0.21	0.54		2.13
30y	0.10	0.25	0.47	

	ZT	ZF	ZN	ZB
ZT		2.30	3.57	6.65
ZF	0.43		1.55	2.89
ZN	0.28	0.64		1.86
ZB	0.15	0.35	0.54	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.87	2.25	8.35	17.77
ZF	0.38	0.98	3.63	7.72
ZN	0.49	1.26	1.17	2.49
ZB	0.52	0.68	1.26	1.34

	2y	5y	10y	30y
2y		2.58	2.39	5.09
5y	0.39		0.46	1.97
10y	0.42	2.16		2.13
30y	0.20	0.51	0.47	

	ZT	ZF	ZN	ZB
ZT		2.30	7.15	13.30
ZF	0.43		1.55	5.78
ZN	0.14	0.64		1.86
ZB	0.08	0.17	0.54	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.300	0.270
1week	0.359	0.240
2week	0.404	0.240

	Libor\$ ¹	Tbill	CP ²
1M	0.461	0.243	0.550
3M	1.238	0.301	1.150
6M	1.735	0.434	1.780

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.899	65.00	1.55	1.913	1.013
5y	1.766	70.25	2.47		#VALUE!
10y	2.799	24.25	3.04		#VALUE!

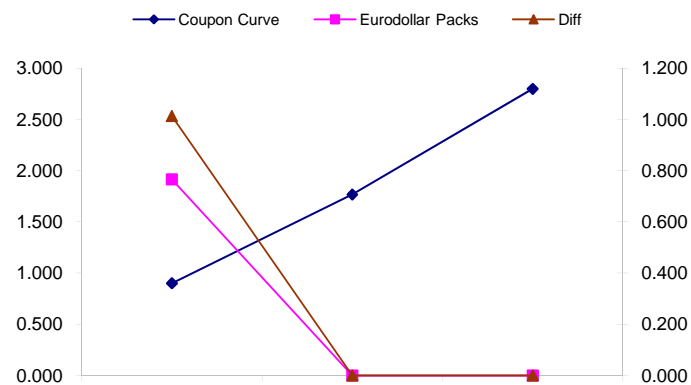
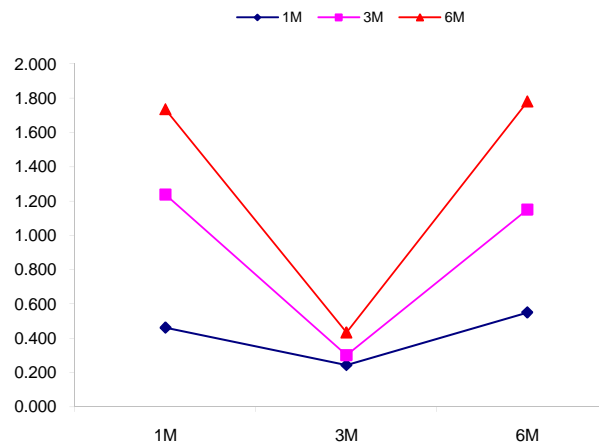
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
86.7	#VALUE!	#VALUE!
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
189.9	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
103.2	#VALUE!	#VALUE!

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



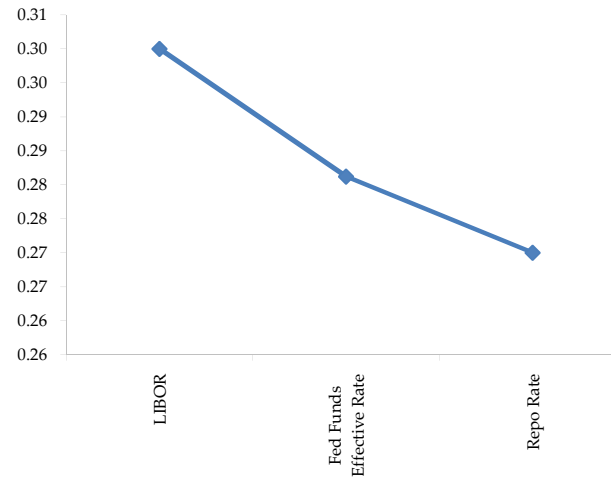
	Last	Chng	Term	Asset Type
USDLIBON	0.300	0.0025	Overnight	LIBOR
TUSFFRON	0.281	0.0624	Overnight	Fed Funds Effective Rate
TUSRPOON	0.270	0.0000	Overnight	Repo Rate
TEONIA01M	1.161	(0.0110)	1 month	Euribor OIS Rate
TEONIA03M	0.978	0.0010	3 month	Euribor OIS Rate
TSONIA01M	0.703	(0.0170)	1 month	Sterling OIS Rate
TSONIA03M	0.519	(0.0250)	3 month	Sterling OIS Rate
TUSOIS01M	0.231	(0.0040)	1 month	USD OIS Rate
TUSOIS03M	0.263	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.

