



2/17/2009 5:59

The Morning Email: Treasuries

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

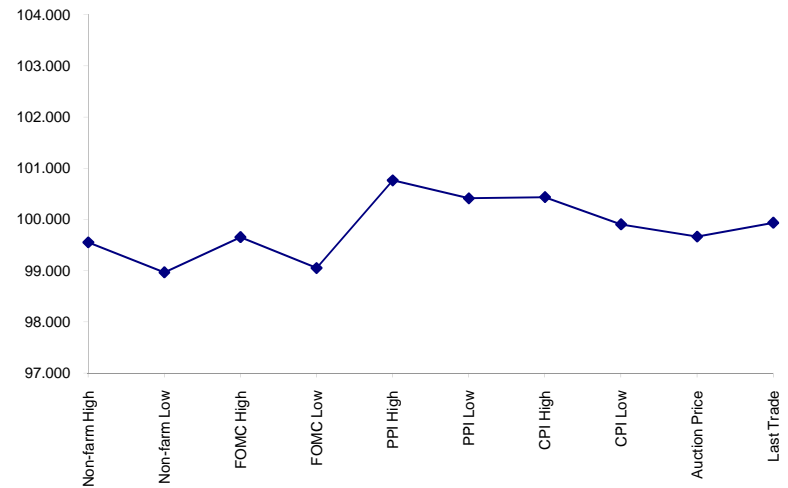
Economic Releases (32nds)

	5y	10y	ZNZ8	ZBZ8	Date
Non-farm High	99.1775	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	99.3000	99.295	123.220	127.125	2/17/2009

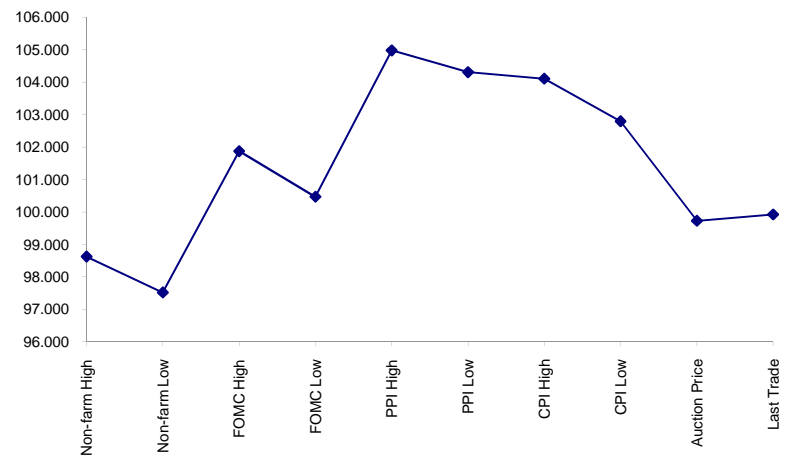
Auctions - 32nds

	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	108.3150	0.037	109.0200	108.3020	109.0000	23,378	2y Fut
FVAH9	118.1870	0.165	118.2570	118.1220	118.2100	66,360	5y Fut
TYAH9	123.2200	0.315	123.2950	123.0550	123.1350	150,850	10y Fut
USAH9	127.1250	1.040	127.2300	126.1150	126.1650	35,149	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.3100	4.200	100.0150	99.2950	99.2950	na	2y Cash
BUS03P	100.0950	9.700	100.1320	100.0570	100.0600	na	3y Cash
BUS05P	99.3000	16.700	100.0520	99.2370	99.2470	na	5y Cash
BUS10P	99.2950	104.000	100.0150	99.0750	99.1000	na	10y Cash
BUS30P	98.2550	201.000	98.2900	97.1050	97.1750	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.895	(6.900)	0.924	0.847	0.908	na	2y Yield
BUS03Y	1.273	(10.400)	1.348	1.231	1.327	na	3y Yield
BUS05Y	1.762	(11.300)	1.808	1.712	1.803	na	5y Yield
BUS10Y	2.759	(13.400)	2.842	2.741	2.815	na	10y Yield
BUS30Y	3.566	(11.000)	3.669	3.538	3.649	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	18.39	6.06	\$1,894	12.12	n/a	30y
10y	8.68	2.87	\$897	5.74	n/a	10y
5y	4.72	1.54	\$482	6.17	n/a	5y
3y	2.66	0.88	\$276	3.53	n/a	3y
2y	1.93	0.62	\$195	2.49	n/a	2y
ZB	10.35	4.54	\$142	4.54	0.6550	ZB
ZN	5.83	2.44	\$76	4.89	0.7627	ZN
ZF	3.97	1.57	\$49	3.15	0.8239	ZF
ZT	1.84	0.65	\$20	2.60	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		1.763	2.888	3.491
ZN	0.567		1.638	1.979
ZF	0.346	0.611		1.209
ZT	0.286	0.505	0.827	

US Treasuries vs US Financial Futures

	2y	3y	5y	10y
ZB	1.37	1.97	3.40	6.32
ZN	2.42	3.47	5.99	11.14
ZF	3.96	5.69	9.81	18.25
ZT	4.79	6.88	11.85	22.06

US Treasuries

	2y	3y	5y	10y
2y		1.436	2.475	4.606
3y	0.411		1.749	3.255
5y	0.404	0.580		1.861
10y	0.217	0.312	0.537	

US Financial Futures vs German Futures

	Bund	Bobl	Schatz
ZB	0.88	0.47 €	0.18
ZN	1.55	0.83 €	0.32
ZF	2.50	1.34 €	0.52
ZT	3.06	1.64 €	0.63

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	7.2	13.5	35.0
30y	15.2	28.3	73.5

Eurex last updated
2/13/2009

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 matrices, with US products, everyday

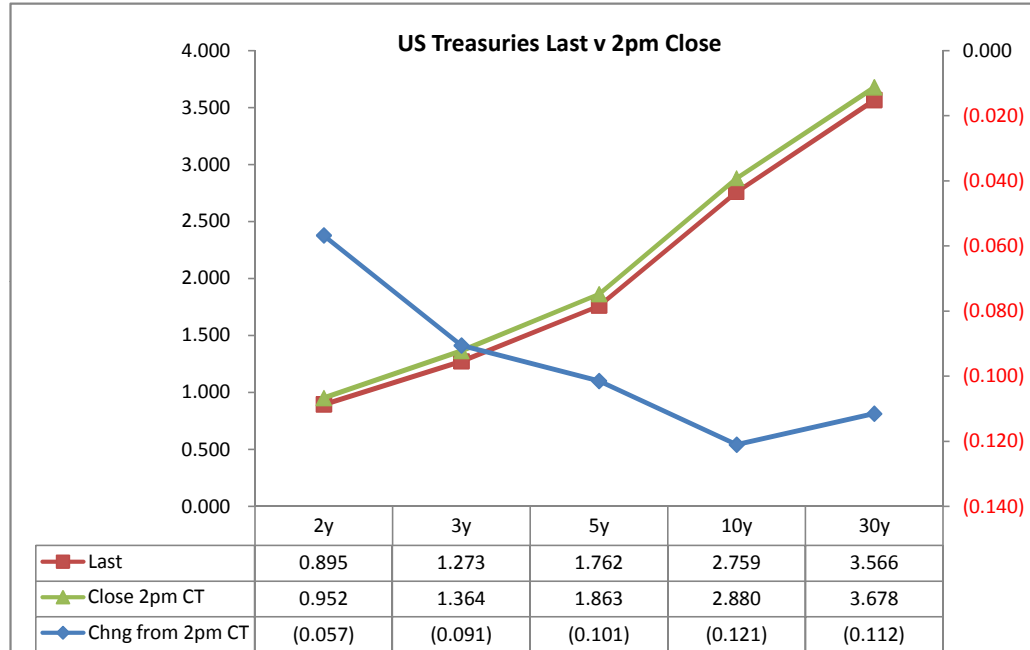
Treasury Closes: 2pm CT vs this Morning

	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	99.2725	0.952	0.895	(0.057)	17.15	17.70			108.2800	108.315	TUAH9
3y	1.375	2/15/12	100.0100	1.364	1.273	(0.091)			4.00				
5y	1.750	1/31/13	99.1500	1.863	1.762	(0.101)	70.10	71.55			118.0225	118.187	FVAH9
10y	2.750	2/15/09	98.2000	2.880	2.759	(0.121)	161.26	178.73	4.00		122.2250	123.22	TYAH9
30y	3.500	2/15/39	96.2500	3.678	3.566	(0.112)	450.15	491.39	1.00		126.0900	127.125	USAH9

Curve Spreads			
	Close bps	Last bps	Chng from 2pm CIs
2/3	41.2	37.8	(3.4)
2/5	91.1	86.6	(4.5)
3/5	49.9	48.8	(1.1)
2/10	192.8	186.4	(6.4)
3/10	151.6	148.6	(3.0)
5/10	101.7	99.7	(2.0)
2/30	272.6	267.1	(5.5)
3/30	231.4	229.3	(2.1)
5/30	181.5	180.5	(1.0)
10/30	79.8	80.8	1.0

O/N News:

-



	Last	Chng on Day
Emini SP	801.75	(18.25)
Crude Oil	37.15	(0.36)
Gold	962.10	19.90
EURUSD	126.25	(1.79)
USDJPY	91.87	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	22%	54%	100%	0%
€ 30.00	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	\$186			
5	\$197	\$482		
10	\$199	\$488	\$897	
30	\$199	\$486	\$894	\$1,894

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	\$186			
5	(\$11)	\$482		
10	(\$13)	(\$6)	\$897	
30	(\$12)	(\$4)	\$3	\$1,894

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	-5.5%	0.0%		
10	-6.5%	-1.1%	0.0%	
30	-6.2%	-0.8%	0.4%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.26	4.20	8.87
ZF	0.38	0.98	1.83	3.85
ZN	0.23	0.60	1.11	2.35
ZB	0.13	0.34	0.63	1.33

	2y	5y	10y	30y
2y		2.59	4.82	10.17
5y	0.39		1.86	3.93
10y	0.21	0.54		2.11
30y	0.10	0.25	0.47	

	ZT	ZF	ZN	ZB
ZT		2.30	3.77	6.65
ZF	0.43		1.64	2.89
ZN	0.27	0.61		1.76
ZB	0.15	0.35	0.57	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.87	2.26	8.40	17.74
ZF	0.38	0.98	3.65	7.71
ZN	0.46	1.20	1.11	2.35
ZB	0.52	0.68	1.26	1.33

	2y	5y	10y	30y
2y		2.59	2.41	5.08
5y	0.39		0.47	1.96
10y	0.42	2.15		2.11
30y	0.20	0.51	0.47	

	ZT	ZF	ZN	ZB
ZT		2.30	7.54	13.30
ZF	0.43		1.64	5.78
ZN	0.13	0.61		1.76
ZB	0.08	0.17	0.57	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.313	0.300
1week	0.364	0.250
2week	0.413	0.250

	Libor\$ ¹	Tbill	CP ²
1M	0.466	0.238	0.550
3M	1.246	0.299	1.150
6M	1.766	0.442	1.780

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.895	73.00	1.63	2.006	1.111
5y	1.762	77.50	2.54	3.385	1.624
10y	2.759	31.50	3.07	#VALUE!	#VALUE!

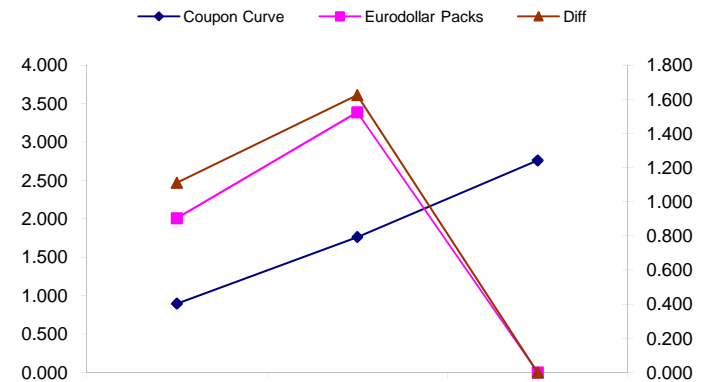
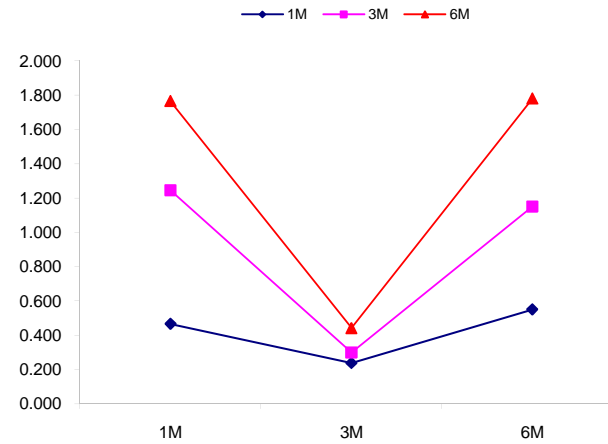
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
86.6	137.9	51.3
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
186.4	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
99.7	#VALUE!	#VALUE!

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:

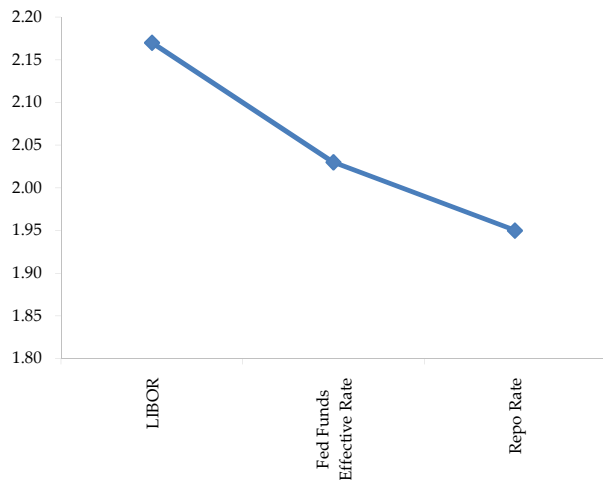
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



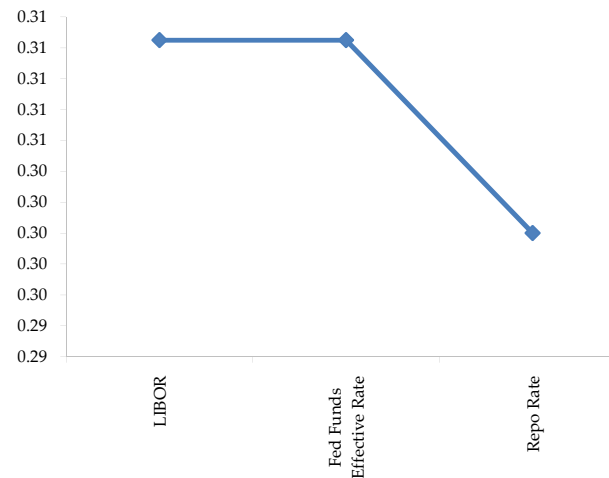
	Last	Chng	Term	Asset Type
USDLIBON	0.313	0.0125	Overnight	LIBOR
TUSFFRON	0.313	0.0937	Overnight	Fed Funds Effective Rate
TUSRPOON	0.300	0.0000	Overnight	Repo Rate
TEONIA01M	1.154	0.0070	1 month	Euribor OIS Rate
TEONIA03M	0.977	0.0010	3 month	Euribor OIS Rate
TSONIA01M	0.693	0.0030	1 month	Sterling OIS Rate
TSONIA03M	0.558	0.0240	3 month	Sterling OIS Rate
TUSOIS01M	0.242	0.0020	1 month	USD OIS Rate
TUSOIS03M	0.266	(0.0020)	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.

