2/19/2009 5:42

The Morning Email: Treasuries

Table of Contents

Pg 1 Important Econ Releases, Highs & Lows

Pg 2 Quotes

Pg 3 Duration, DV01s, CFs

Pg 4 Hedge Ratio's

Pg 5 Treasury Closes: 2pm CT vs this Morning

Pg 6 Cash Duration Matrix

Pg 7 Tic for Tic & Box for Box Matrix

Pg 8 Key Money Rate, Spreads, Swaps, Packs

Pg 9 Libor, Fed Funds (OIS), Repo, SONIA & EONIA Rates

Want something added? Let me know:
jgoulding@ghco.com

Disclaimer: All information within this newsletter is meant for internal use at GH Trader's LLC, only. All information has been recorded to the best of my ability. This material is based upon information that I consider reliable, but I do not represent that it is accurate or complete.

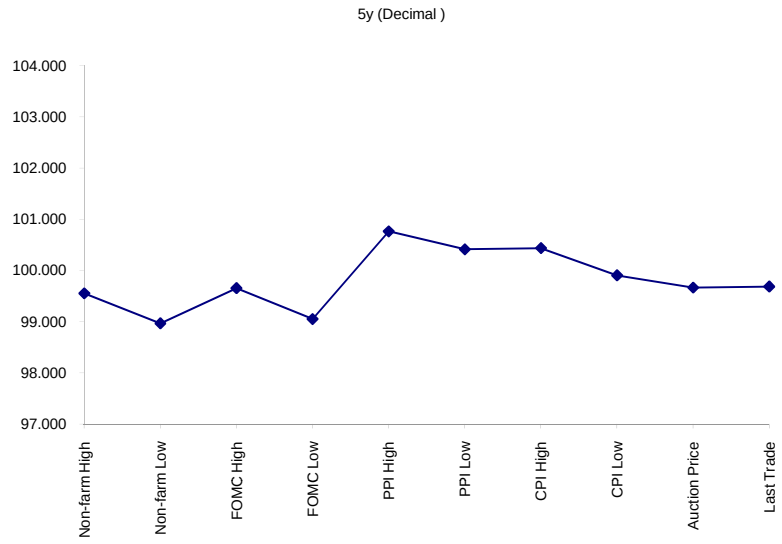
Important Econ Releases, Highs & Lows

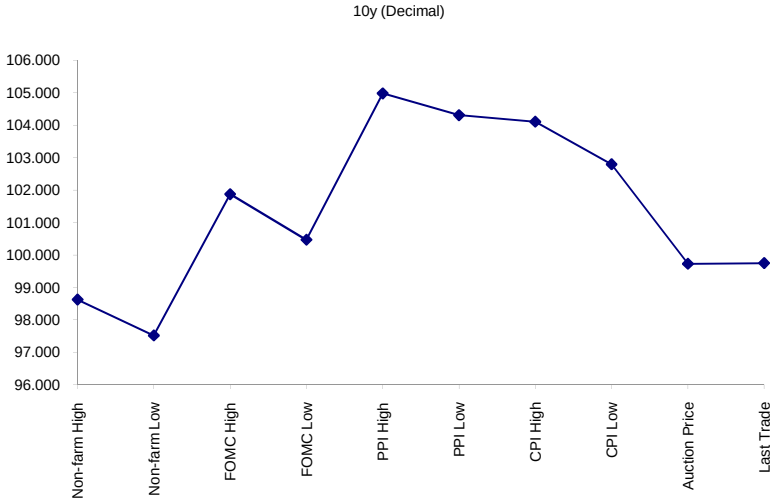
Economic Releases (32nds)

	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	99.2200	99.240	123.080	128.020	2/19/2009

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





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	108.2720	(0.002)	108.2970	108.2550	108.2620	13,762	2y Fut
FVAH9	118.1020	(0.060)	118.1800	118.0650	118.1250	29,389	5y Fut
TYAH9	123.0800	(0.135)	123.2050	123.0150	123.1150	68,604	10y Fut
USAH9	128.0200	(0.190)	128.1750	127.2500	128.0650	12,890	30y Fut
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
BUS02P	99.2670	(0.700)	99.2920	99.2570	99.2700	na	2y Cash
BUS03P	100.0320	(0.200)	100.0700	100.0120	100.0520	na	3y Cash
BUS05P	99.2200	0.200	99.2900	99.1820	99.2470	na	5y Cash
BUS10P	99.2400	(3.000)	100.0550	99.2000	99.3000	na	10y Cash
BUS30P	98.1500	(13.500)	99.0700	98.1400	99.0000	na	30y Cash
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
BUS02Y	0.961	1.600	0.981	0.912	0.957	na	2y Yield
BUS03Y	1.332	0.600	1.367	1.294	1.333	na	3y Yield
BUS05Y	1.815	0.800	1.843	1.765	1.798	na	5y Yield
BUS10Y	2.775	1.100	2.797	2.728	2.764	na	10y Yield
BUS30Y	3.578	1.000	3.625	3.532	3.556	na	30y Yield

Duration, DV01s, CFs

	M Duration	DV01 32	DV01 $	DV01 Box	CF	
30y	18.38	6.04	$1,889	12.09	n/a	**30y**
10y	8.67	2.87	$896	5.73	n/a	**10y**
5y	4.71	1.54	$480	6.15	n/a	**5y**
3y	2.65	0.88	$275	3.51	n/a	**3y**
2y	1.92	0.62	$194	2.48	n/a	**2y**
ZB	10.34	4.53	$141	4.53	0.6550	**ZB**
ZN	5.82	2.43	$76	4.87	0.7627	**ZN**
ZF	3.96	1.57	$49	3.14	0.8239	**ZF**
ZT	1.84	0.65	$20	2.59	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		1.761	2.887	3.494
ZN	0.568		1.640	1.984
ZF	0.346	0.610		1.210
ZT	0.286	0.504	0.826	

US Treasuries vs US Financial Futures

	2y	3y	5y	10y
ZB	1.37	1.97	3.39	6.33
ZN	2.41	3.47	5.98	11.14
ZF	3.96	5.69	9.80	18.28
ZT	4.79	6.88	11.86	22.11

US Treasuries

	2y	3y	5y	10y
2y		1.436	2.476	4.617
3y	0.411		1.749	3.262
5y	0.404	0.580		1.865
10y	0.217	0.311	0.536	

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 Futrues vs German Futures

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

Eurex last updated

2/13/2009

US Treasuires 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

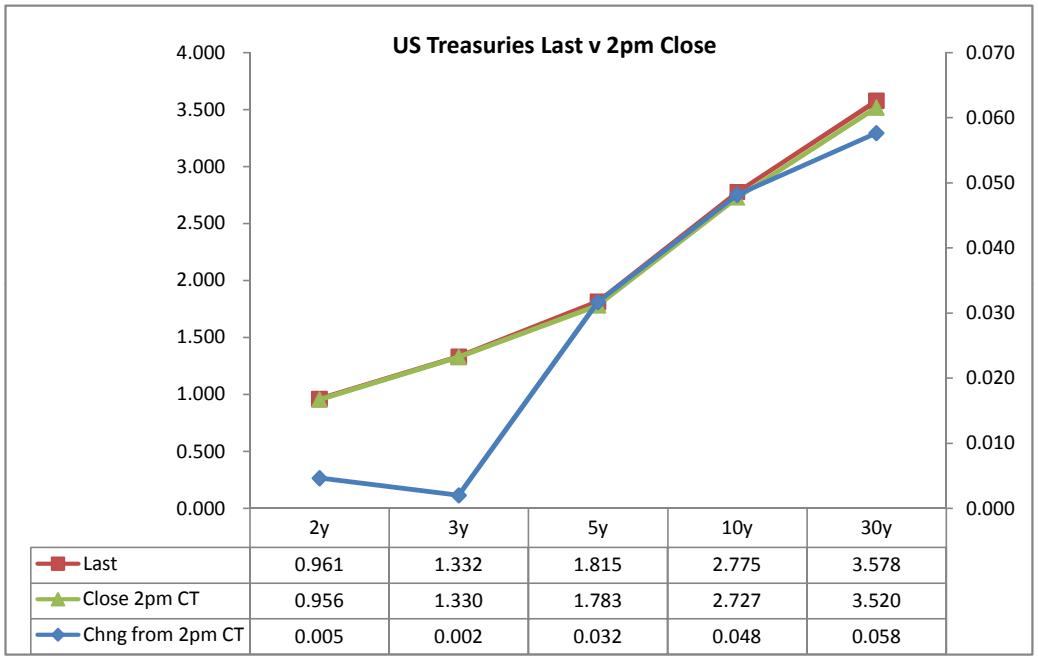
Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

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	99.2700	0.956	0.961	0.005	17.35	17.32			108.2750	108.272	TUAH9
3y	1.375	2/15/12	100.0425	1.330	1.332	0.002							
5y	1.750	1/31/13	99.2700	1.783	1.815	0.032	70.98	70.55			118.1575	118.102	FVAH9
10y	2.750	2/15/09	100.0650	2.727	2.775	0.048	188.11	183.91			123.2150	123.08	TYAH9
30y	3.500	2/15/39	99.2000	3.520	3.578	0.058	491.37	466.81			128.2100	128.020	USAH9

Curve Spreads

	Close bps	Last bps	Chng from 2pm Cls
2/3	37.4	37.1	(0.3)
2/5	82.7	85.4	2.7
3/5	45.3	48.3	3.0
2/10	177.1	181.5	4.4
3/10	139.7	144.3	4.6
5/10	94.4	96.0	1.6
2/30	256.4	261.7	5.3
3/30	219.0	224.6	5.6
5/30	173.7	176.3	2.6
10/30	79.3	80.2	0.9



O/N News:

	Last	Chng on Day
Emini SP	788.50	9.00
Crude Oil	38.61	1.20
Gold	976.50	(1.70)
EURUSD	126.67	1.35
USDJPY	93.63	(0.17)

Notes:

Basis = (Cash Decimal - (Futures Decimal * CF))*32

MDuration for Curve Spreads:

Longer duration minus shorter duration

32 = price is quoted in 32nds

Jim Goulding, jgoulding@ghco.com

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	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	$185			
5	$196	$480		
10	$198	$486	$896	
30	$198	$484	$892	$1,889

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	$185			
5	($10)	$480		
10	($13)	($6)	$896	
30	($12)	($4)	$4	$1,889

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	-6.5%	-1.2%	0.0%	
30	-6.1%	-0.8%	0.4%	0.0%

Tic for Tic & Box for Box Matrix

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.26	4.21	8.88
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	4.83	10.18
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	3.78	6.65
ZF	0.43		1.64	2.89
ZN	0.26	0.61		1.76
ZB	0.15	0.35	0.57	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.87	2.26	8.42	17.77
ZF	0.38	0.98	3.66	7.71
ZN	0.46	1.20	1.11	2.35
ZB	0.52	0.68	1.27	1.33

	2y	5y	10y	30y
2y		2.59	2.41	5.09
5y	0.39		0.47	1.97
10y	0.41	2.15		2.11
30y	0.20	0.51	0.47	

	ZT	ZF	ZN	ZB
ZT		2.30	7.56	13.31
ZF	0.43		1.64	5.77
ZN	0.13	0.61		1.76
ZB	0.08	0.17	0.57	

Key Money Rate, Spreads, Swaps, Packs

	Libor$ [1]	Repo Rt [6]
0/N	0.294	#VALUE!
1week	0.370	#VALUE!
2week	0.416	#VALUE!

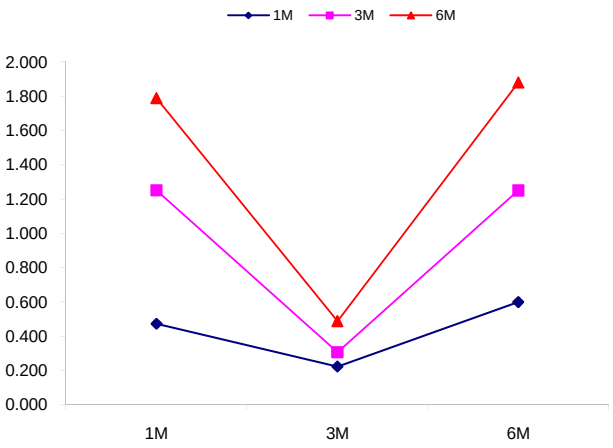
	Libor$ [1]	Tbill	CP [2]
1M	0.473	0.223	0.600
3M	1.251	0.306	1.250
6M	1.789	0.487	1.880

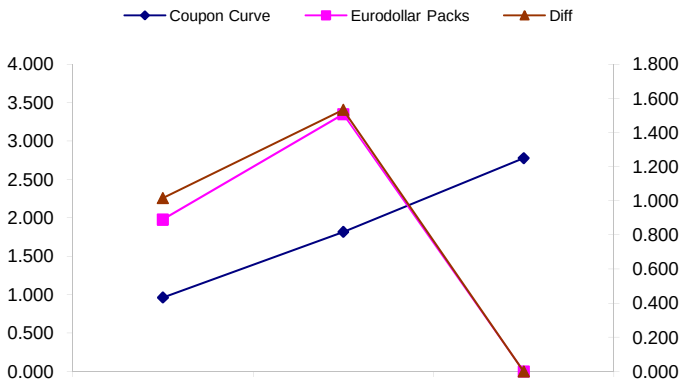
	TSY	Swp	Swp Rate[5]	ED Pks[3]	TSY - ED Pk [4]
2y	0.961	67.75	1.64	1.977	1.016
5y	1.815	68.75	2.50	3.348	1.533
10y	2.775	28.75	3.06		#VALUE!

2/5	Rd/Blu Pk	Diff
85.4	137.1	51.7
2/10	**Rd/Gld Pk**	**Diff**
181.5	#VALUE!	#VALUE!
5/10	**Blu/Gld Pk**	**Diff**
96.0	#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

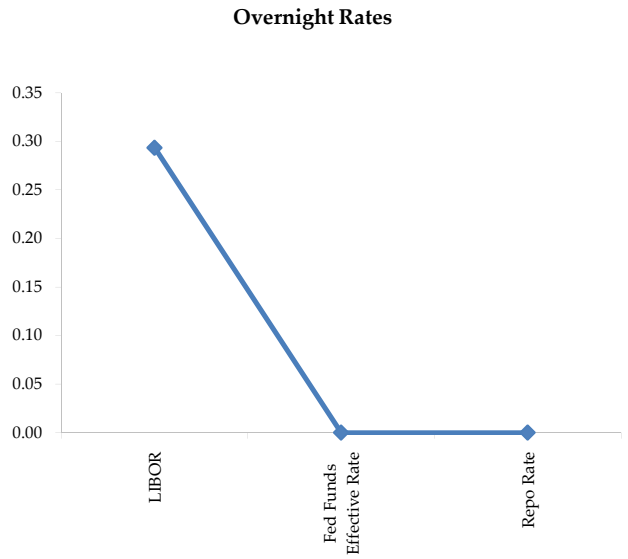
5) Swap divided by 100 + TSY yield gives swap rate in basis points.

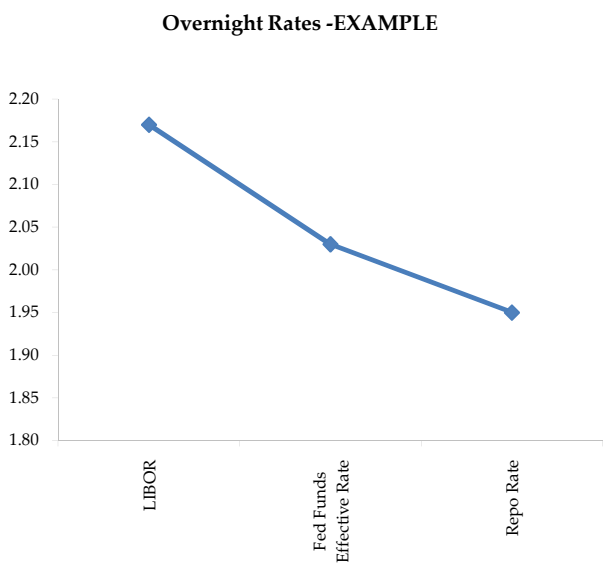
6) Repo Rt quotes is for overnight General Collateral

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

	Last	Chng	Term	Asset Type
USDLIBON	0.294	(0.0106)	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	1.130	(0.0430)	1 momth	Euribor OIS Rate
TEONIA03M	0.973	(0.0230)	3 month	Euribor OIS Rate
TSONIA01M	0.706	(0.0040)	1 momth	Sterling OIS Rate
TSONIA03M	0.585	0.0150	3 month	Sterling OIS Rate
TUSOIS01M	0.243	0.0000	1 momth	USD OIS Rate
TUSOIS03M	0.270	0.0050	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.