



The Morning Email: Treasuries

2/25/2009 5:44

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

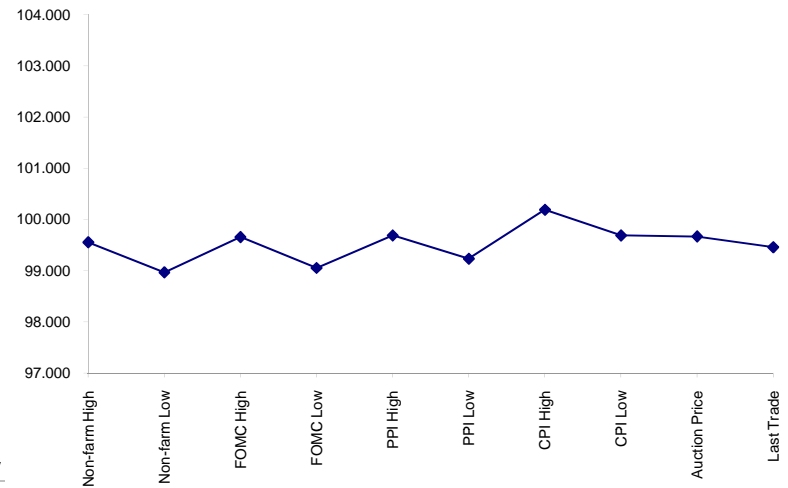
Economic Releases (32nds)

	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	99.2200	99.250	123.040	127.200	2/19/2009
PPI Low	99.0750	98.283	122.080	126.030	2/19/2009
CPI High	100.0600	100.190	124.050	129.020	2/20/2009
CPI Low	99.2200	99.200	122.295	127.105	2/20/2009
Auction Price	99.2135	99.233	0.000		
Last Trade	99.1470	99.205	122.300	127.300	2/25/2009

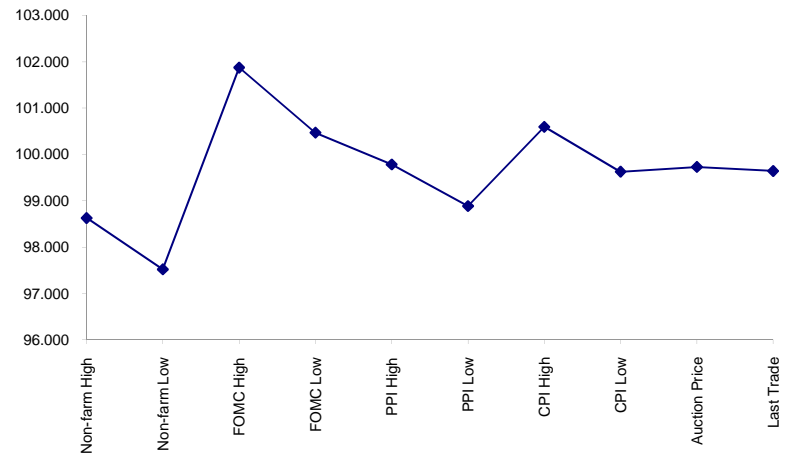
Auctions - 32nds

	2 y	3 y	5y	7y	10y	30y
Auction Price	99.266	99.279	99.213	0.000	99.233	99.085
Auction Yield Stop	0.961	1.419	1.820	0.000	2.818	3.540
Actual Auction Date	2/24/2009	2/10/2009	1/29/2009	2/26/2009	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	108.2670	0.012	108.2700	108.2470	108.2520	47,139	2y Fut	
FVAH9	118.0670	0.042	118.0670	117.3170	118.0070	31,685	5y Fut	
TYAH9	122.3000	0.025	122.3150	122.2100	122.2550	79,809	10y Fut	
USAH9	127.3000	0.025	127.3100	127.1950	127.2200	18,047	30y Fut	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02P	99.2450	(1.700)	99.2450	99.2200	99.2370	na	2y Cash	
BUS03P	100.0320	2.500	100.0320	99.3120	100.0120	na	3y Cash	
BUS05P	99.1470	3.000	99.1550	99.0900	99.1150	na	5y Cash	
BUS07P	0.0000	0.000	0.0000	0.0000	0.0000	na	7y Cash	
BUS10P	99.2050	2.500	99.2200	99.1300	99.1700	na	10y Cash	
BUS30P	100.0300	(7.500)	100.0300	99.2300	99.2650	na	30y Cash	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02Y	0.993	2.900	1.037	0.986	1.026	na	2y Yield	
BUS03Y	1.337	(1.600)	1.388	1.337	1.386	na	3y Yield	
BUS05Y	1.860	(2.200)	1.907	1.857	1.894	na	5y Yield	
BUS07P	0.000	0.000	0.000	0.000	0.000	na	7y Yield	
BUS10Y	2.788	(0.500)	2.820	2.779	2.806	na	10y Yield	
BUS30Y	3.498	0.500	3.625	3.435	3.514	na	30y Yield	

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	18.45	6.16	\$1,925	12.32	n/a	30y
10y	8.66	2.86	\$893	5.72	n/a	10y
7y	6.25	3.02	\$944	6.04	n/a	7y
5y	4.69	1.53	\$478	6.11	n/a	5y
3y	2.64	0.87	\$273	3.49	n/a	3y
2y	1.97	0.64	\$199	2.55	n/a	2y
ZB	10.32	4.52	\$141	4.52	0.6550	ZB
ZN	5.80	2.42	\$76	4.83	0.7627	ZN
ZF	3.94	1.56	\$49	6.24	0.8239	ZF
ZT	1.73	0.64	\$20	2.54	0.9085	ZT

FIGURES ARE INCORRECT FOR 7Y, please ignore until auction

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		1.768	2.897	3.550
ZN	0.566		1.639	2.008
ZF	0.345	0.610		1.225
ZT	0.282	0.498	0.816	

US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.41	1.96	3.38	-	6.33	13.64
ZN	2.49	3.47	5.98	-	11.19	24.11
ZF	4.09	5.69	9.80	-	18.34	39.51
ZT	5.01	6.97	12.01	-	22.47	48.42

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.392	2.399	0.000	4.487	9.670
3y	0.424		1.750	0.000	3.272	7.051
5y	0.417	0.580		0.000	1.870	4.030
7y	0.000	0.000	0.000		0.000	0.000
10y	0.223	0.310	0.535	0.000		2.155
30y	0.103	0.144	0.248	0.000	0.464	

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	

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
7y			
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

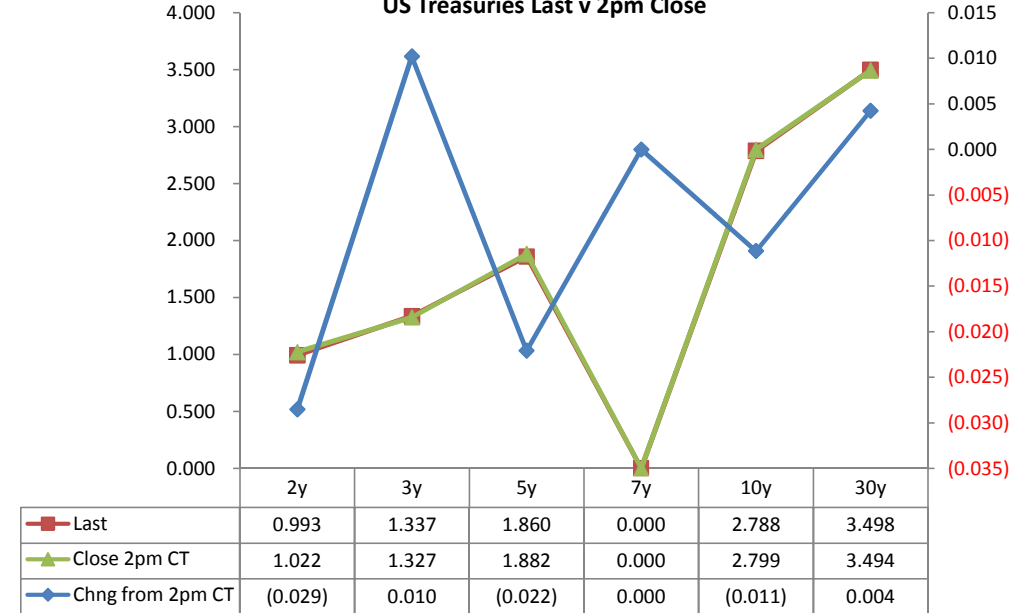
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng from 2pm	Basis (CF)		Cash Roll	Futrues Roll	Close 32	Last	
							Close	Last					
2y	0.875	2/28/11	99.2275	1.022	0.993	(0.029)	27.58	28.47	4.00	12.50	108.2575	108.267	TYAH9
3y	1.375	2/15/12	100.0450	1.327	1.337	0.010							
5y	1.750	1/31/13	99.1225	1.882	1.860	(0.022)	66.94	66.13	4.50	1.0650	118.0275	118.067	FVAH9
7y	0.000	1/0/00	0.0000	0.000	0.000	0.000							
10y	2.750	2/15/09	99.1850	2.799	2.788	(0.011)	187.94	188.04		1.2570	122.2750	122.3	TYAH9
30y	3.500	2/15/39	100.0350	3.494	3.498	0.004	523.24	521.43		1.0650	127.2800	127.3	USAH9

Curve Spreads

	Close bps	Last bps	Chng from 2pm Cls
2/5	86.0	86.6	0.6
2/7	-102.2	0.0	102.2
3/5	55.5	52.3	(3.2)
3/7	-132.7	0.0	132.7
2/10	177.7	179.4	1.7
3/10	147.2	145.1	(2.1)
5/7	-188.2	0.0	188.2
5/10	91.7	92.8	1.1
2/30	247.2	250.5	3.3
3/30	216.7	216.1	(0.6)
5/30	161.2	163.8	2.6
7/10	279.9	0.0	(279.9)
7/30	349.4	0.0	(349.4)
10/30	69.5	71.0	1.54

US Treasuries Last v 2pm Close



Last Chng on Day

Emini SP	766.75	(2.00)
Crude Oil	40.43	0.47
Gold	960.20	(9.30)
EURUSD	128.28	(0.22)
USDJPY	96.57	(0.08)

O/N News:

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	42%	100%		
10	23%	54%	100%	0%
30	11%	25%	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	\$199			
5	\$201	\$478		
10	\$204	\$484	\$893	
30	\$206	\$490	\$903	\$1,925

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	\$199			
5	(\$2)	\$478		
10	(\$5)	(\$7)	\$893	
30	(\$7)	(\$12)	(\$10)	\$1,925

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	-0.9%	0.0%		
10	-2.3%	-1.4%	0.0%	
30	-3.3%	-2.4%	-1.1%	0.0%

Tic for Tic & Box for Box Matrix

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	1.00	2.40	4.49	9.68
ZF	0.41	0.98	1.83	3.95
ZN	0.25	0.60	1.12	2.41
ZB	0.14	0.34	0.63	1.36

	2y	5y	10y	30y
2y		2.40	4.49	9.67
5y	0.42		1.87	4.03
10y	0.22	0.53		2.16
30y	0.10	0.25	0.46	

	ZT	ZF	ZN	ZB
ZT		2.45	4.02	7.10
ZF	0.41		1.64	2.90
ZN	0.25	0.61		1.77
ZB	0.14	0.35	0.57	

Box for Box Matrix

	2y	5y	10y	30y
ZT	1.00	2.40	8.99	19.37
ZF	0.41	0.98	3.67	7.90
ZN	0.50	1.20	1.12	2.41
ZB	0.56	0.68	1.27	1.36

	2y	5y	10y	30y
2y		2.40	2.24	4.84
5y	0.42		0.47	2.02
10y	0.45	2.14		2.16
30y	0.21	0.50	0.46	

	ZT	ZF	ZN	ZB
ZT		2.45	8.03	14.20
ZF	0.41		3.28	5.79
ZN	0.12	0.31		1.77
ZB	0.07	0.17	0.57	

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Key Money Rate, Spreads, Swaps, Packs

Pg 8

	Libor\$ ¹	Repo Rt ⁶
0/N	0.270	0.200
1week	0.369	0.320
2week	0.411	0.270

	Libor\$ ¹	Tbill	CP ²
1M	0.479	0.213	0.600
3M	1.256	0.296	1.250
6M	1.773	0.500	1.880

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.993	62.00	1.61	1.969	0.976
5y	1.860	63.75	2.50	3.358	1.498
10y	2.788	26.25	3.05	3.673	0.885

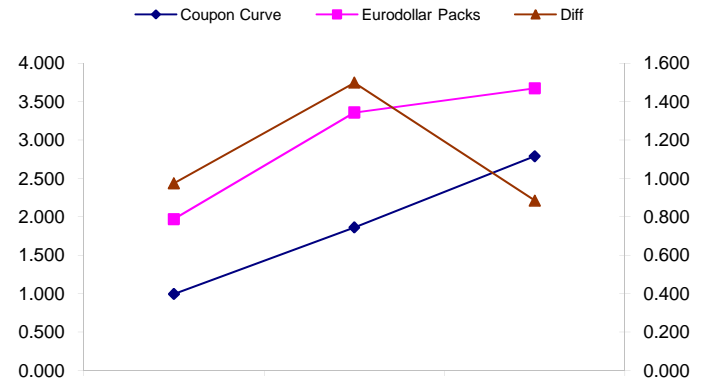
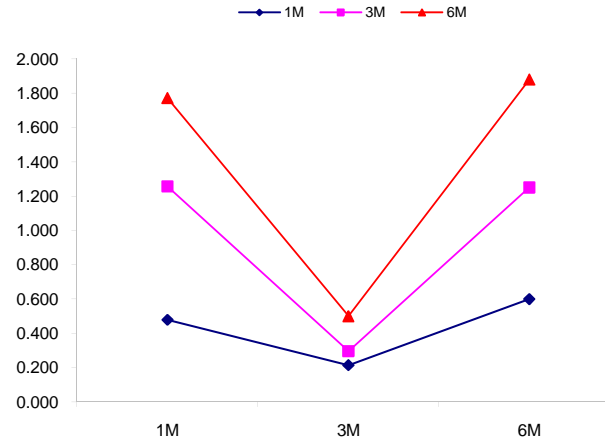
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
86.6	138.9	52.3
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
179.4	170.4	-9.1
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
92.8	31.5	-61.3

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



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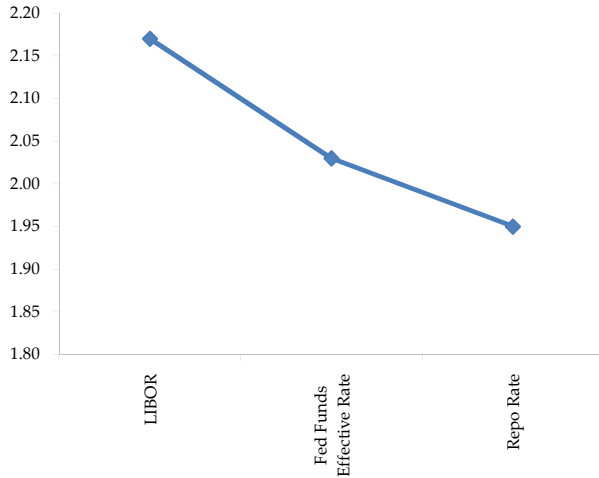
Libor, Fed Funds (OIS), Repo, SONIA & EONIA Rates

Pg 9

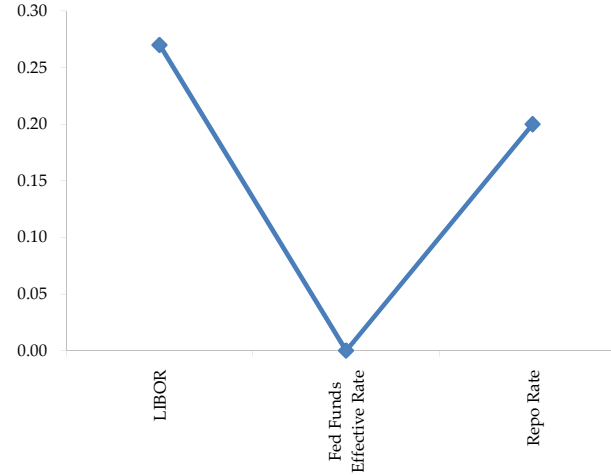
	Last	Chng	Term	Asset Type
USDLIBON	0.270	0.0037	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	0.200	0.0000	Overnight	Repo Rate
TEONIA01M	1.016	(0.0490)	1 month	Euribor OIS Rate
TEONIA03M	0.902	(0.0160)	3 month	Euribor OIS Rate
TSONIA01M	0.523	(0.0420)	1 month	Sterling OIS Rate
TSONIA03M	0.441	(0.0320)	3 month	Sterling OIS Rate
TUSOIS01M	0.224	(0.0030)	1 month	USD OIS Rate
TUSOIS03M	0.238	(0.0040)	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.

