



1/6/2009 9:10

The Morning Email: Treasuries

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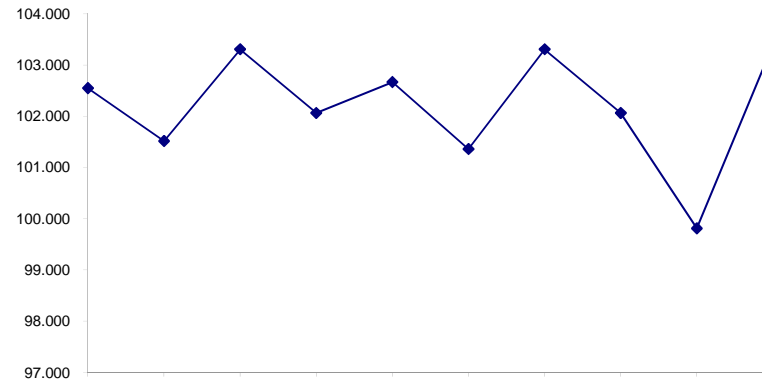
Economic Releases (32nds)

	5y	10y	ZNZ8	ZBZ8	Date
Non-farm High	102.1750	110.280	124.205	135.025	12/5/2008
Non-farm Low	101.1650	109.115	122.260	132.280	12/5/2008
FOMC High	103.0975	112.115	126.285	137.155	12/16/2008
FOMC Low	102.0200	110.150	124.215	135.100	12/16/2008
PPI High	102.2125	110.185	124.175	135.215	12/13/2008
PPI Low	101.1150	108.210	122.250	132.090	12/13/2008
CPI High	103.0975	112.115	121.215	137.155	12/16/2008
CPI Low	102.0200	110.150	120.210	135.100	12/16/2008
Auction Price	99.2602	99.233	0.000		
Last Trade	103.1270	113.230	130.020	139.130	1/6/2009

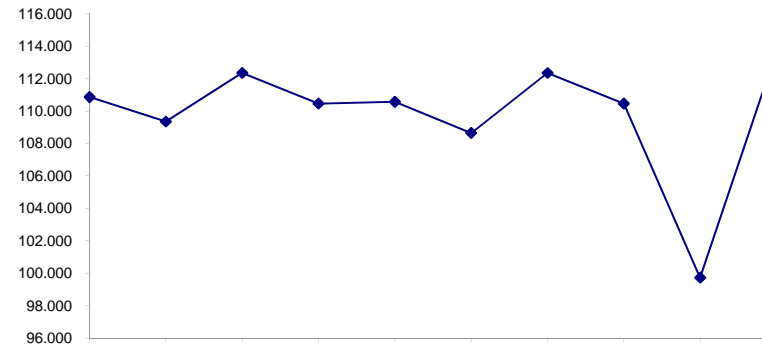
Auctions - 32nds

	2 y	3 y	5y	10y	30y
Auction Price	99.290	99.207	99.260	99.233	98.074
Auction Yield Stop	0.922	1.245	2.110	3.783	4.609
Actual Auction Date	12/22/2008	12/10/2008	12/23/2008	11/12/2008	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

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAH9	108.2800	(0.045)	109.0150	108.2750	109.0150	31,709	2y Fut
FVAH9	118.0700	(0.120)	118.2300	118.0400	118.2250	80,296	5y Fut
TYAH9	123.1750	(0.200)	124.1350	123.0900	124.1150	167,873	10y Fut
USAH9	132.0950	(0.230)	133.0950	131.2350	133.0500	70,267	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.0100	(5.500)	100.0550	100.0050	100.0550	na	2y Cash
BUS03P	99.2870	(9.500)	100.0550	99.2800	100.0550	na	3y Cash
BUS05P	98.2100	(17.200)	99.0620	98.1820	99.0350	na	5y Cash
BUS10P	110.0400	(31.500)	111.0250	109.2800	111.0000	na	10y Cash
BUS30P	126.2600	(124.500)	128.1500	126.0400	128.0800	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.859	8.800	0.867	0.775	0.776	na	2y Yield
BUS03Y	1.160	11.700	1.171	1.044	1.058	na	3y Yield
BUS05Y	1.783	11.500	1.805	1.664	1.691	na	5y Yield
BUS10Y	2.581	10.500	2.615	2.472	2.493	na	10y Yield
BUS30Y	3.102	7.900	3.142	3.007	3.039	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	17.69	7.45	\$2,329	14.91	n/a	30y
10y	8.27	3.03	\$946	6.05	n/a	10y
5y	4.64	1.54	\$481	6.16	n/a	5y
3y	2.77	0.92	\$288	3.68	n/a	3y
2y	1.96	0.63	\$198	2.53	n/a	2y
ZB	10.57	4.76	\$149	4.76	0.7950	ZB
ZN	6.26	2.72	\$85	5.44	0.8357	ZN
ZF	4.08	1.62	\$51	3.23	0.8164	ZF
ZT	1.96	0.69	\$22	2.76	0.916	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		1.752	2.943	3.444
ZN	0.571		1.680	1.966
ZF	0.340	0.595		1.170
ZT	0.290	0.509	0.855	

US Treasuries vs US Financial Futures

	2y	3y	5y	10y
ZB	1.33	1.96	3.24	6.36
ZN	2.33	3.43	5.67	11.13
ZF	3.91	5.76	9.52	18.71
ZT	4.58	6.74	11.14	21.89

US Treasuries

	2y	3y	5y	10y
2y		1.471	2.433	4.780
3y	0.407		1.674	3.289
5y	0.411	0.605		1.965
10y	0.209	0.308	0.509	

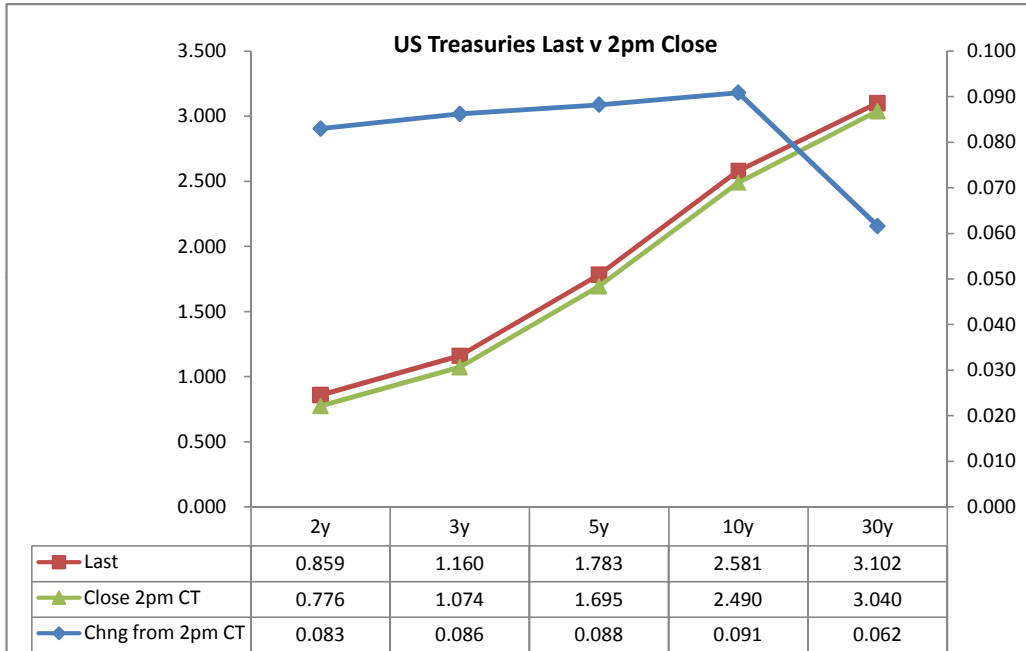
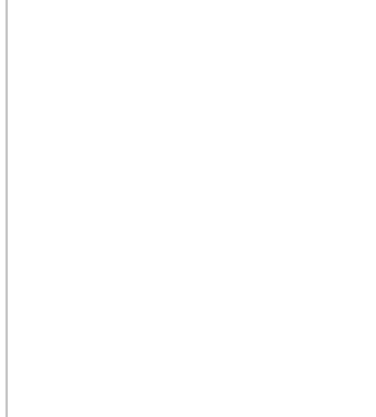
Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

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	0.0875	12/31/10	100.0475	0.776	0.859	0.083	9.28	9.66			109.0050	108.2800	TUAH9
3y	1.125	12/15/11	100.0475	1.074	1.160	0.086			8.00				
5y	1.500	12/31/13	99.0225	1.695	1.783	0.088	71.81	68.56			118.1925	118.0700	FVAH9
10y	3.750	11/15/18	110.3050	2.490	2.581	0.091	229.85	220.06			124.0550	123.175	TYAH9
30y	#N/A	5/15/38	128.0700	3.040	3.102	0.062	719.08	692.37			133.0050	132.095	USAH9

Curve Spreads			
	Close bps		Chng from 2pm CIs
	Last bps	Last bps	
2/3	29.8	30.1	0.3
2/5	91.9	92.4	0.5
3/5	62.1	62.3	0.2
2/10	171.4	172.2	0.8
3/10	141.6	142.1	0.5
5/10	79.5	79.8	0.3
2/30	226.4	224.3	(2.1)
3/30	196.6	194.1	(2.5)
5/30	134.5	131.8	(2.7)
10/30	55.0	52.1	(2.9)

O/N News:



	Last	Chng on Day
Emini SP	934.25	6.75
Crude Oil	49.24	0.43
Gold	847.30	(10.50)
EURUSD	134.12	(2.26)
USDJPY	94.51	1.06



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	5	10	30
2	100%	0%		
5	42%	100%		
10	24%	56%	100%	0%
30	11%	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	\$198			
5	\$203	\$481		
10	\$224	\$531	\$946	
30	\$258	\$611	\$1,089	\$2,329

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	\$198			
5	(\$5)	\$481		
10	(\$26)	(\$49)	\$946	
30	(\$60)	(\$130)	(\$143)	\$2,329

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	-2.6%	0.0%		
10	-11.7%	-9.3%	0.0%	
30	-23.3%	-21.2%	-13.2%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.92	2.24	4.40	10.83
ZF	0.39	0.95	1.87	4.61
ZN	0.23	0.57	1.11	2.74
ZB	0.13	0.32	0.64	1.57

	2y	5y	10y	30y
2y		2.43	4.78	11.77
5y	0.41		1.96	4.84
10y	0.21	0.51		2.46
30y	0.08	0.21	0.41	

	ZT	ZF	ZN	ZB
ZT		2.35	3.95	6.92
ZF	0.43		1.68	2.94
ZN	0.25	0.60		1.75
ZB	0.14	0.34	0.57	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.92	2.24	8.79	21.66
ZF	0.39	0.95	3.74	9.22
ZN	0.47	1.13	1.11	2.74
ZB	0.53	0.65	1.27	1.57

	2y	5y	10y	30y
2y		2.43	2.39	5.89
5y	0.41		0.49	2.42
10y	0.42	2.04		2.46
30y	0.17	0.41	0.41	

	ZT	ZF	ZN	ZB
ZT		2.35	7.90	13.83
ZF	0.43		1.68	5.89
ZN	0.13	0.60		1.75
ZB	0.07	0.17	0.57	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.124	#VALUE!
1week	0.298	#VALUE!
2week	0.344	#VALUE!

	Libor\$ ¹	Tbill	CP ²
1M	0.421	0.033	#VALUE!
3M	1.411	0.152	1.250
6M	1.770	0.322	1.780

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.859	76.75	1.63	2.115	1.256
5y	1.783	61.75	2.40	3.126	1.343
10y	2.581	35.75	2.94	3.366	0.785

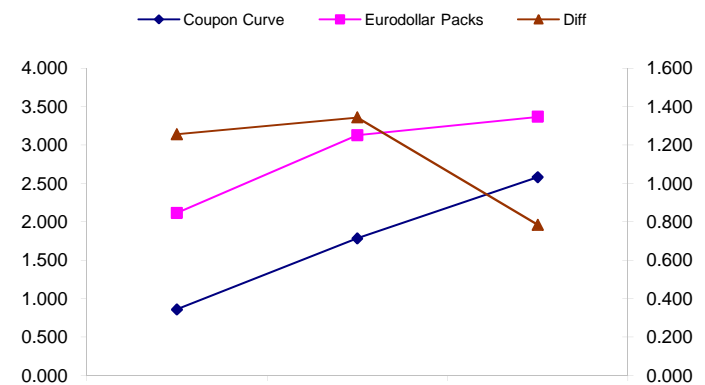
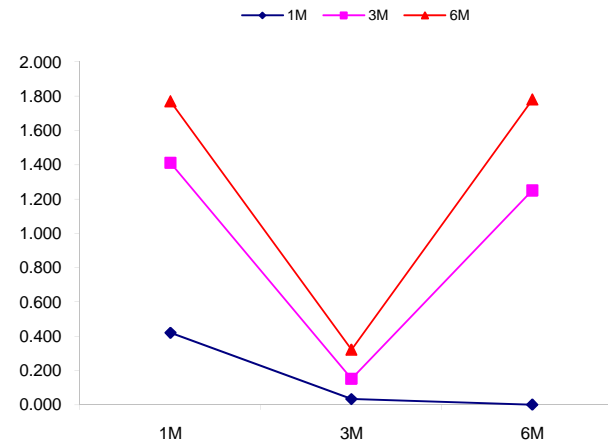
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
92.4	101.1	8.7
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
172.2	125.1	-47.1
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
79.8	24.0	-55.8

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:

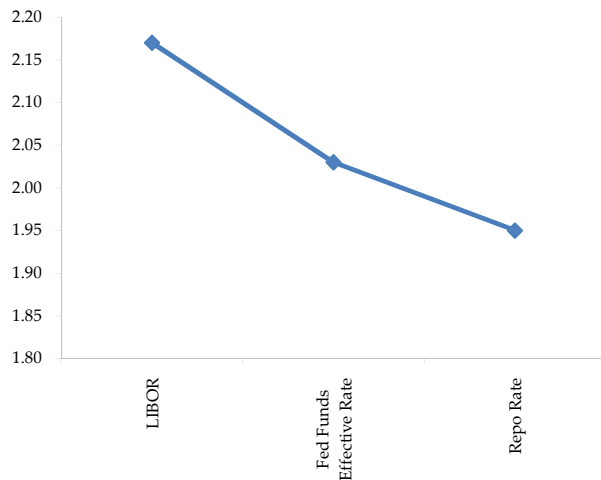
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



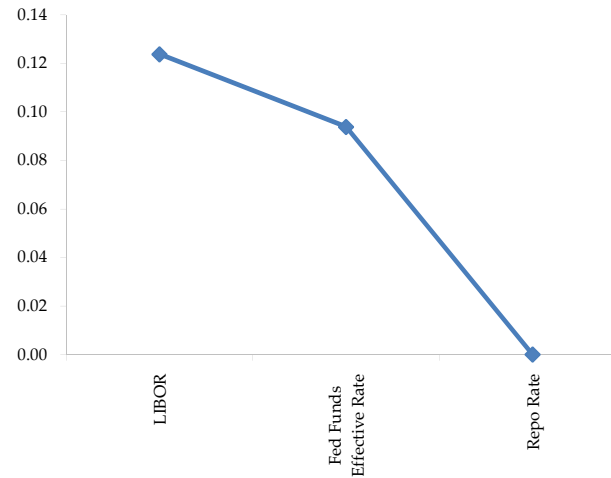
	Last	Chng	Term	Asset Type
USDLIBON	0.124	0.0063	Overnight	LIBOR
TUSFFRON	0.094	0.0469	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	1.956	(0.0130)	1 month	Euribor OIS Rate
TEONIA03M	1.746	(0.0010)	3 month	Euribor OIS Rate
TSONIA01M	1.185	(0.0340)	1 month	Sterling OIS Rate
TSONIA03M	1.021	(0.0080)	3 month	Sterling OIS Rate
TUSOIS01M	0.172	0.0020	1 month	USD OIS Rate
TUSOIS03M	0.191	(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.

