



1/8/2009 5:53

## The Morning Email: Treasuries

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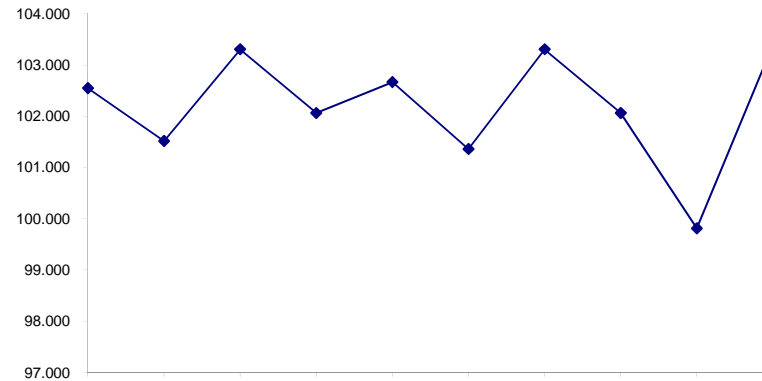
**Economic Releases (32nds)**

	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	1/8/2009

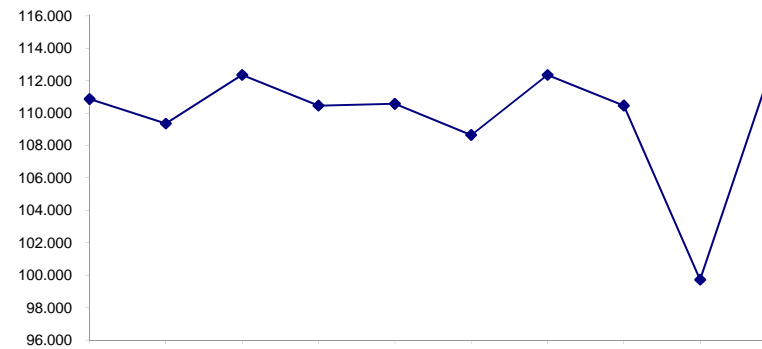
**Auctions - 32nds**

	2 y	3 y	5y	10y	30y
Auction Price	99.290	99.249	99.260	99.233	98.074
Auction Yield Stop	0.922	1.200	2.110	3.783	4.609
Actual Auction Date	12/22/2008	1/7/2009	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	109.0100	0.002	109.0250	108.3070	108.3070	5,913	2y Fut
FVAH9	118.2900	0.007	119.0220	118.2500	118.2670	16,496	5y Fut
TYAH9	124.1450	(0.005)	124.2400	124.0850	124.1050	46,298	10y Fut
USAH9	132.2350	0.015	133.0000	132.1250	132.2200	6,765	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.0450	0.500	100.0620	100.0320	100.0400	na	2y Cash
BUS03P	99.3120	(4.500)	100.0000	99.2770	99.2850	na	3y Cash
BUS05P	99.1000	2.500	99.1370	99.0700	99.0770	na	5y Cash
BUS10P	111.0100	4.000	111.0850	110.2650	110.2750	na	10y Cash
BUS30P	128.0850	8.000	128.2650	127.2750	128.0100	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.803	0.400	0.843	0.771	0.784	na	2y Yield
BUS03Y		5.100			1.147	na	3y Yield
BUS05Y	1.645	(0.800)	1.668	1.620	1.648	na	5y Yield
BUS10Y	2.478	(0.900)	2.510	2.452	2.448	na	10y Yield
BUS30Y	3.030	(0.300)	3.074	3.001	2.993	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
<b>30y</b>	17.76	7.58	\$2,369	15.16	n/a	<b>30y</b>
<b>10y</b>	8.27	3.05	\$954	6.11	n/a	<b>10y</b>
<b>5y</b>	4.64	1.55	\$484	6.20	n/a	<b>5y</b>
<b>3y</b>	2.77	0.92	\$288	3.69	n/a	<b>3y</b>
<b>2y</b>	1.95	0.63	\$198	2.53	n/a	<b>2y</b>
<b>ZB</b>	10.59	4.81	\$150	4.81	0.7950	<b>ZB</b>
<b>ZN</b>	6.27	2.74	\$86	5.48	0.8357	<b>ZN</b>
<b>ZF</b>	4.08	1.63	\$51	3.25	0.8164	<b>ZF</b>
<b>ZT</b>	1.95	0.69	\$22	2.76	0.916	<b>ZT</b>

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		1.753	2.955	3.483
ZN	0.570		1.686	1.987
ZF	0.338	0.593		1.179
ZT	0.287	0.503	0.848	

## US Treasuries vs US Financial Futures

	2y	3y	5y	10y
ZB	1.31	#VALUE!	3.22	6.35
ZN	2.31	#VALUE!	5.65	11.14
ZF	3.89	#VALUE!	9.53	18.77
ZT	4.58	#VALUE!	11.23	22.12

## US Treasuries

	2y	3y	5y	10y
2y		#VALUE!	2.451	4.830
3y	0.404		1.682	3.314
5y	0.408	#VALUE!		1.970
10y	0.207	#VALUE!	0.508	

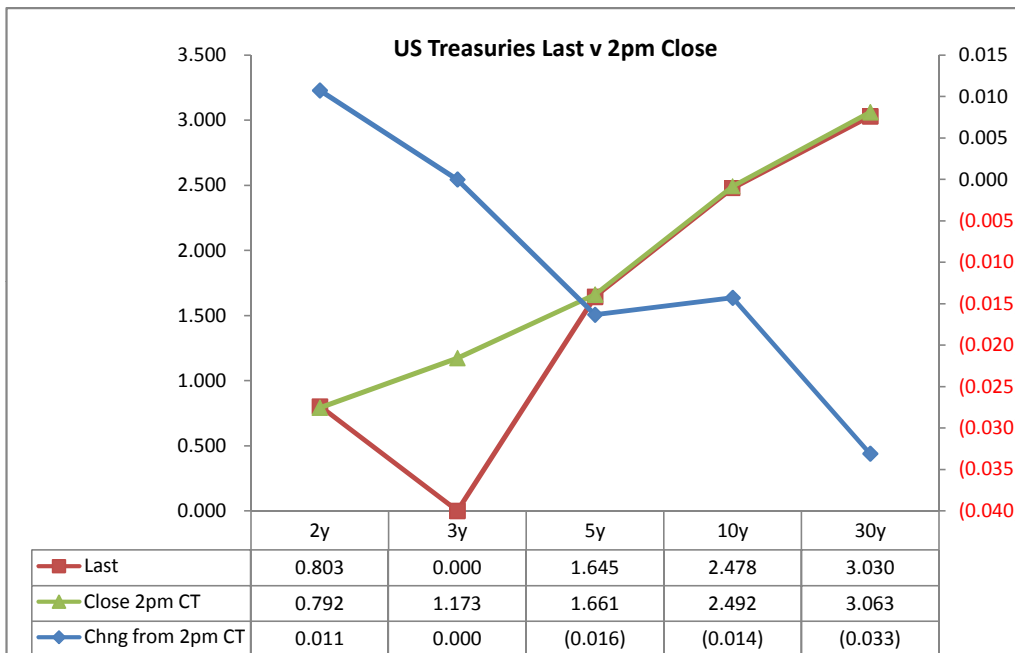
Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis		Cash	Futruces	Close 32	Last	
						from 2pm	Close	Last	Roll	Roll			
2y	0.0875	12/31/10	100.0425	0.792	0.803	0.011	8.78	8.58			109.0050	109.0100	TUAH9
3y	1.125	1/15/12	99.2750	1.173		#VALUE!			8.00				
5y	1.500	12/31/13	99.0750	1.661	1.645	(0.016)	69.91	71.60			118.2800	118.2900	FVAH9
10y	3.750	11/15/18	110.2950	2.492	2.478	(0.014)	220.49	224.82			124.1550	124.145	TYAH9
30y	#N/A	5/15/38	127.2200	3.063	3.030	(0.033)	710.43	727.74			132.2200	132.235	USAH9

Curve Spreads			
	Close bps	Last bps	Chng from 2pm CIs
2/3	38.1	#VALUE!	#VALUE!
2/5	86.9	84.2	(2.7)
3/5	48.8	#VALUE!	#VALUE!
2/10	170.0	167.5	(2.5)
3/10	131.9	#VALUE!	#VALUE!
5/10	83.1	83.3	0.2
2/30	227.1	222.7	(4.4)
3/30	189.0	#VALUE!	#VALUE!
5/30	140.2	138.5	(1.7)
10/30	57.1	55.2	(1.9)

O/N News:



	Last	Chng on Day
Emini SP	903.25	(2.00)
Crude Oil	43.25	0.62
Gold	840.00	(1.70)
EURUSD	135.60	(0.89)
USDJPY	91.65	(1.03)

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	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	\$204	\$484		
10	\$225	\$535	\$954	
30	\$261	\$619	\$1,103	\$2,369

**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	(\$6)	\$484		
10	(\$28)	(\$51)	\$954	
30	(\$63)	(\$134)	(\$149)	\$2,369

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	-3.2%	0.0%		
10	-12.3%	-9.5%	0.0%	
30	-24.2%	-21.7%	-13.5%	0.0%

## Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.92	2.26	4.44	11.03
ZF	0.39	0.95	1.88	4.66
ZN	0.23	0.57	1.11	2.76
ZB	0.13	0.32	0.64	1.58

	2y	5y	10y	30y
2y		2.45	4.83	11.99
5y	0.41		1.97	4.89
10y	0.21	0.51		2.48
30y	0.08	0.20	0.40	

	ZT	ZF	ZN	ZB
ZT		2.37	3.99	7.00
ZF	0.42		1.69	2.96
ZN	0.25	0.59		1.75
ZB	0.14	0.34	0.57	

## Box for Box Matrix

	2y	5y	10y	30y
ZT	0.92	2.26	8.89	22.06
ZF	0.39	0.95	3.75	9.32
ZN	0.46	1.13	1.11	2.76
ZB	0.53	0.64	1.27	1.58

	2y	5y	10y	30y
2y		2.45	2.42	5.99
5y	0.41		0.49	2.45
10y	0.41	2.03		2.48
30y	0.17	0.41	0.40	

	ZT	ZF	ZN	ZB
ZT		2.37	7.98	13.99
ZF	0.42		1.69	5.91
ZN	0.13	0.59		1.75
ZB	0.07	0.17	0.57	

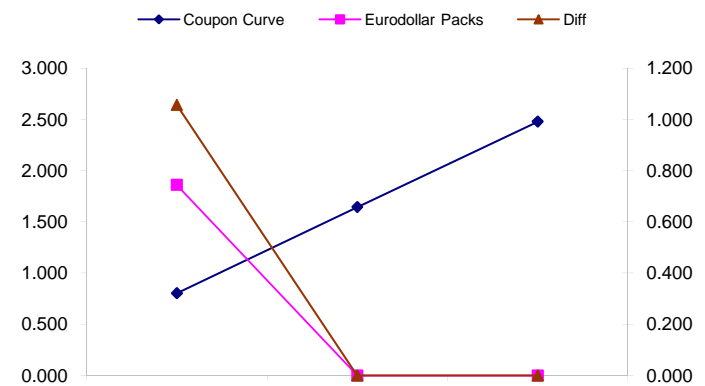
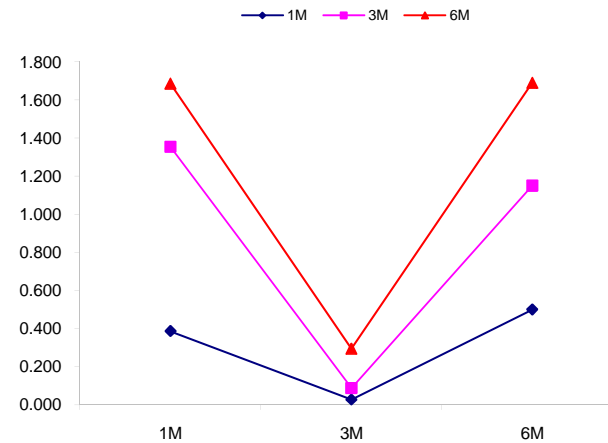
	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>			
0/N	0.103	#VALUE!			
1week	0.266	#VALUE!			
2week	0.314	#VALUE!			
	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>		
1M	0.386	0.027	0.500		
3M	1.354	0.088	1.150		
6M	1.686	0.294	1.690		
	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	0.803	62.00	1.42	1.859	1.056
5y	1.645	50.25	2.15		#VALUE!
10y	2.478	20.50	2.68		#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
84.2	#VALUE!	#VALUE!	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
167.5	#VALUE!	#VALUE!	Red pack / Gold pack is a 2/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
83.3	#VALUE!	#VALUE!	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



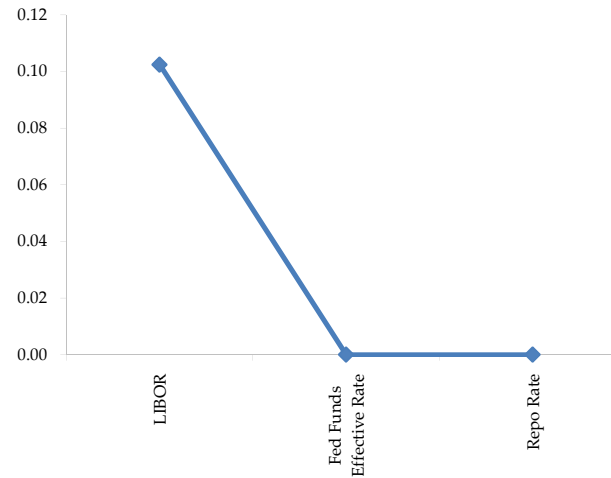
	Last	Chng	Term	Asset Type
USDLIBON	0.103	(0.0050)	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	1.891	(0.0200)	1 month	Euribor OIS Rate
TEONIA03M	1.653	(0.0130)	3 month	Euribor OIS Rate
TSONIA01M	1.077	(0.0380)	1 month	Sterling OIS Rate
TSONIA03M	0.935	(0.0220)	3 month	Sterling OIS Rate
TUSOIS01M	0.158	(0.0010)	1 month	USD OIS Rate
TUSOIS03M	0.177	(0.0080)	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.

