



1/9/2009 5:54

The Morning Email: Treasuries

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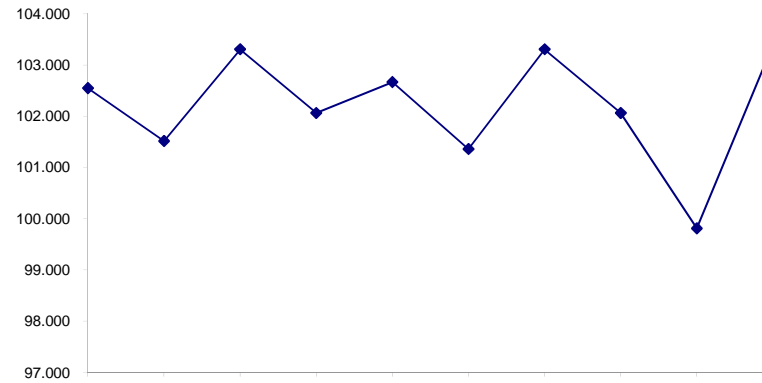
Economic Releases (32nds)

	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	1/9/2009

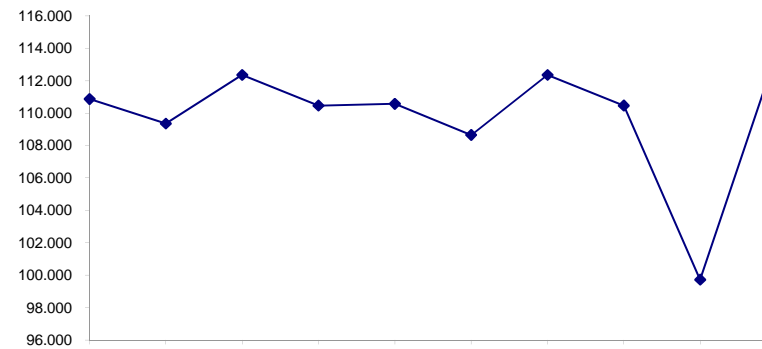
Auctions - 32nds

	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

Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAH9	109.0100	0.025	109.0200	108.2950	108.2950	8,340	2y Fut
FVAH9	119.1450	0.042	119.1650	119.0820	119.1000	15,307	5y Fut
TYAH9	125.1300	0.035	125.2000	125.0300	125.0650	36,385	10y Fut
USAH9	133.0450	0.045	133.0900	132.2350	132.2750	4,997	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.0420	1.500	100.0500	100.0250	100.0270	na	2y Cash
BUS03P	99.2900	2.500	99.3000	99.2700	99.2750	na	3y Cash
BUS05P	99.2070	2.700	99.2320	99.1720	99.1720	na	5y Cash
BUS10P	111.1750	5.000	111.2300	111.1000	111.1100	na	10y Cash
BUS30P	128.1850	21.000	128.2100	128.0200	128.0700	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.811	(2.900)	0.851	0.791	0.828	na	2y Yield
BUS03Y	1.154	(1.300)	1.215	1.138	1.173	na	3y Yield
BUS05Y	1.571	(1.100)	1.622	1.554	1.586	na	5y Yield
BUS10Y	2.423	(1.800)	2.474	2.403	2.446	na	10y Yield
BUS30Y	3.018	(2.300)	3.056	2.999	3.046	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	17.77	7.60	\$2,375	15.20	n/a	30y
10y	8.27	3.07	\$958	6.13	n/a	10y
5y	4.63	1.55	\$485	6.21	n/a	5y
3y	2.76	0.92	\$287	3.67	n/a	3y
2y	1.95	0.63	\$197	2.52	n/a	2y
ZB	10.59	4.82	\$151	4.82	0.7950	ZB
ZN	6.26	2.76	\$86	5.51	0.8357	ZN
ZF	4.08	1.63	\$51	3.26	0.8164	ZF
ZT	1.95	0.69	\$21	2.75	€ 0.92	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		1.751	2.959	3.510
ZN	0.571		1.690	2.005
ZF	0.338	0.592		1.186
ZT	0.285	0.499	0.843	

US Treasuries vs US Financial Futures

	2y	3y	5y	10y
ZB	1.30	1.93	3.22	6.36
ZN	2.28	3.37	5.64	11.13
ZF	3.86	5.70	9.52	18.81
ZT	4.58	6.76	11.30	22.32

US Treasuries

	2y	3y	5y	10y
2y		1.476	2.467	4.872
3y	0.402		1.692	3.342
5y	0.405	0.599		1.975
10y	0.205	0.303	0.506	

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

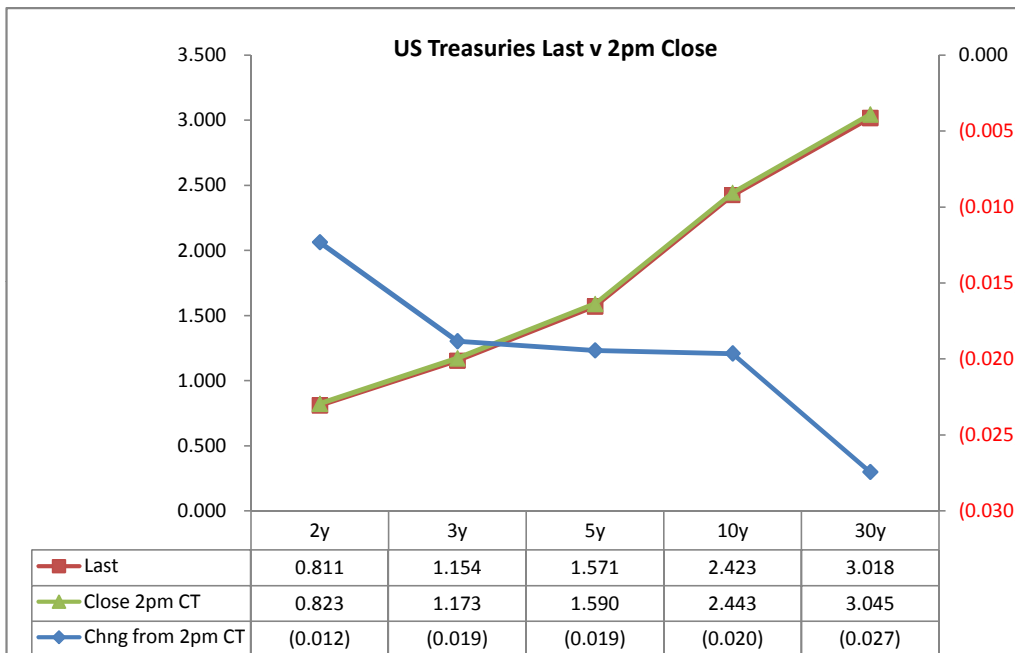
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis		Cash	Futrues	Close 32	Last	
						from 2pm	Close	Last	Roll	Roll			
2y	0.875	12/31/10	100.0325	0.823	0.811	(0.012)	9.62	8.28			108.3050	109.0100	TUAH9
3y	1.125	1/15/12	99.2750	1.173	1.154	(0.019)			7.50				
5y	1.500	12/31/13	99.1825	1.590	1.571	(0.019)	69.03	68.01			119.1025	119.1450	FVAH9
10y	3.750	11/15/18	111.1200	2.443	2.423	(0.020)	212.84	215.84			125.1000	125.130	TYAH9
30y	#N/A	5/15/38	128.0300	3.045	3.018	(0.027)	715.08	727.40			133.0050	133.045	USAH9

Curve Spreads			
	Close bps		Chng from 2pm CIs
	Last bps	2pm CIs	
2/3	35.0	34.3	(0.7)
2/5	76.7	76.0	(0.7)
3/5	41.7	41.6	(0.1)
2/10	162.0	161.3	(0.7)
3/10	127.0	126.9	(0.1)
5/10	85.3	85.3	(0.0)
2/30	222.2	220.7	(1.5)
3/30	187.2	186.3	(0.9)
5/30	145.5	144.7	(0.8)
10/30	60.2	59.4	(0.8)

O/N News:

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	Last	Chng on Day
Emini SP	903.25	(3.50)
Crude Oil	41.18	(0.52)
Gold	855.80	1.30
EURUSD	136.88	(0.15)
USDJPY	90.94	(0.30)

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	42%	100%		
€ 10.00	24%	56%	100%	0%
€ 30.00	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]

	€ 2.00	€ 5.00	€ 10.00	€ 30.00
€ 2.00	\$197			
€ 5.00	\$204	\$485		
€ 10.00	\$225	\$537	\$958	
€ 30.00	\$260	\$619	\$1,106	\$2,375

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]

	€ 2.00	€ 5.00	€ 10.00	€ 30.00
€ 2.00	\$197			
€ 5.00	(\$7)	\$485		
€ 10.00	(\$29)	(\$52)	\$958	
€ 30.00	(\$63)	(\$134)	(\$147)	\$2,375

Or you can look at the over/under value as a percentage instead of dollar terms.

Cash Matrix [DV01 over / (under) as %]

	€ 2.00	€ 5.00	€ 10.00	€ 30.00
€ 2.00	0.0%			
€ 5.00	-3.5%	0.0%		
€ 10.00	-12.8%	-9.6%	0.0%	
€ 30.00	-24.4%	-21.7%	-13.3%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.92	2.27	4.48	11.10
ZF	0.39	0.95	1.88	4.66
ZN	0.23	0.56	1.11	2.76
ZB	0.13	0.32	0.64	1.58

	2y	5y	10y	30y
2y		2.47	4.87	12.07
5y	0.41		1.98	4.89
10y	0.21	0.51		2.48
30y	0.08	0.20	0.40	

	ZT	ZF	ZN	ZB
ZT		2.38	4.03	7.05
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	2.27	8.96	22.21
ZF	0.39	0.95	3.76	9.32
ZN	0.46	1.13	1.11	2.76
ZB	0.52	0.64	1.27	1.58

	2y	5y	10y	30y
2y		2.47	2.44	6.04
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		2.38	8.05	14.10
ZF	0.42		1.69	5.92
ZN	0.12	0.59		1.75
ZB	0.07	0.17	0.57	

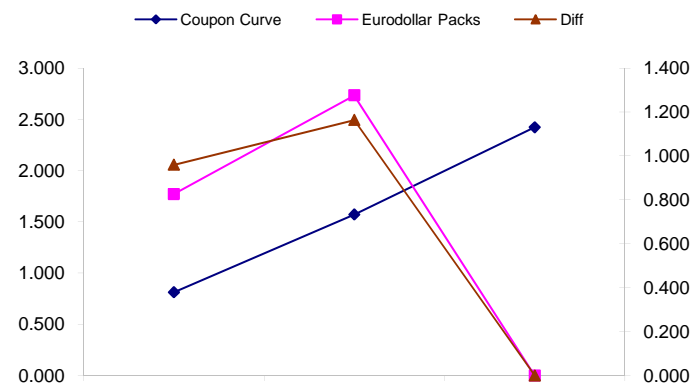
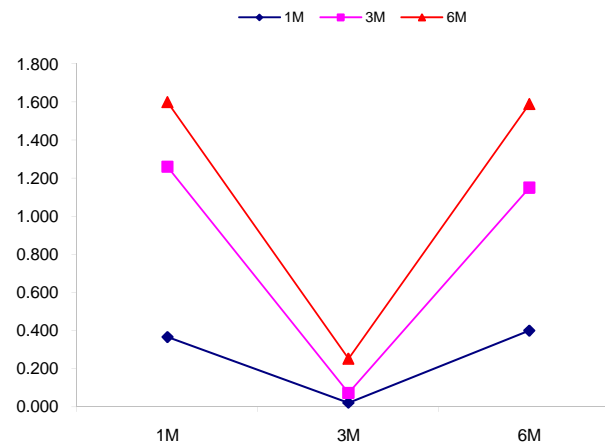
	Libor\$ ¹	Repo Rt ⁶			
0/N	0.103	#VALUE!			
1week	0.248	#VALUE!			
2week	0.293	#VALUE!			
	Libor\$ ¹	Tbill	CP ²		
1M	0.366	0.020	0.400		
3M	1.260	0.073	1.150		
6M	1.600	0.253	1.590		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.811	54.50	1.36	1.771	0.960
5y	1.571	50.00	2.07	2.734	1.164
10y	2.423	14.50	2.57	#VALUE!	#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
76.0	96.3	20.4	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
161.3	#VALUE!	#VALUE!	Red pack / Gold pack is a 2/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
85.3	#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



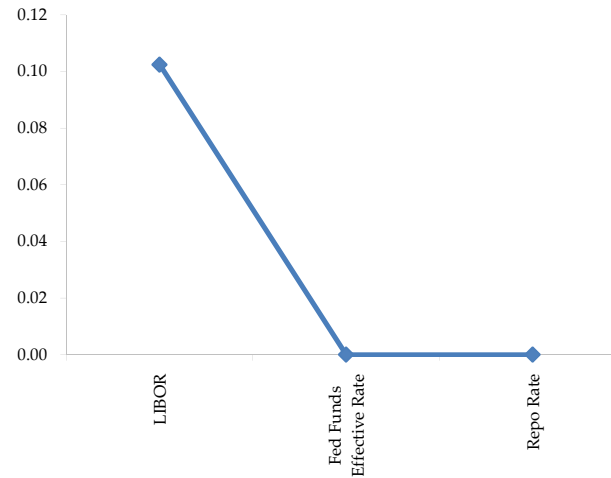
	Last	Chng	Term	Asset Type
USDLIBON	0.103	0.0000	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	1.831	(0.0590)	1 month	Euribor OIS Rate
TEONIA03M	1.575	(0.0660)	3 month	Euribor OIS Rate
TSONIA01M	1.104	0.0130	1 month	Sterling OIS Rate
TSONIA03M	0.898	(0.0080)	3 month	Sterling OIS Rate
TUSOIS01M	0.157	(0.0100)	1 month	USD OIS Rate
TUSOIS03M	0.179	(0.0110)	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.

