



The Morning Email: Treasuries

1/15/2009 6:13

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.

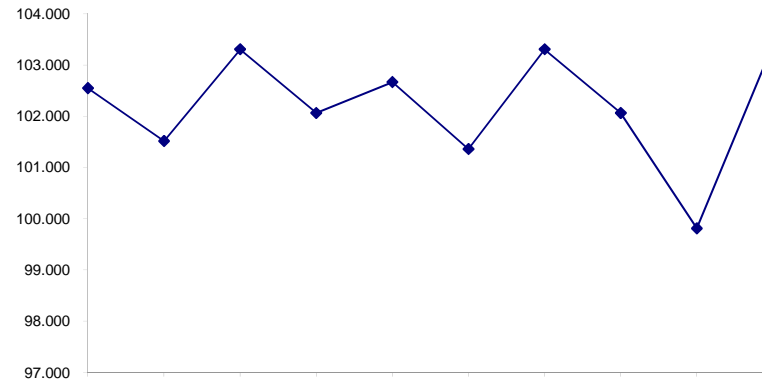
Economic Releases (32nds)

	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	1/15/2009

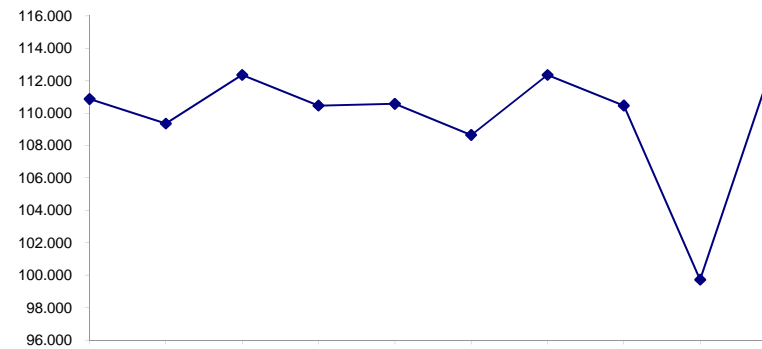
Auctions - 32nds

	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	109.0800	0.005	109.0950	109.0720	109.0820	12,044	2y Fut
FVAH9	120.2100	0.055	120.2370	120.1700	120.1750	16,424	5y Fut
TYAH9	127.1000	0.110	127.1650	127.0250	127.0400	54,683	10y Fut
USAH9	137.1800	0.220	137.3100	137.0500	137.0550	12,966	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.1050	0.200	100.1150	100.1000	100.1070	na	2y Cash
BUS03P	100.1170	1.000	100.1270	100.1020	100.1100	na	3y Cash
BUS05P	100.2720	5.000	100.2870	100.2300	100.2470	na	5y Cash
BUS10P	114.0100	14.000	114.0450	113.2250	113.2400	na	10y Cash
BUS30P	132.2700	107.000	133.0400	132.0400	132.0400	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.705	(0.100)	0.717	0.677	0.719	na	2y Yield
BUS03Y	1.011	(1.900)	1.035	0.976	1.030	na	3y Yield
BUS05Y	1.322	(3.100)	1.353	1.309	1.358	na	5y Yield
BUS10Y	2.157	(4.300)	2.206	2.142	2.202	na	10y Yield
BUS30Y	2.841	(5.400)	2.887	2.819	2.880	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	17.96	7.92	\$2,475	15.84	n/a	30y
10y	8.29	3.14	\$982	6.28	n/a	10y
5y	4.63	1.57	\$490	6.28	n/a	5y
3y	2.75	0.92	\$287	3.67	n/a	3y
2y	1.94	0.63	\$196	2.51	n/a	2y
ZB	10.68	5.02	\$157	5.02	0.7950	ZB
ZN	6.27	2.80	\$87	5.60	0.8357	ZN
ZF	4.07	1.64	\$51	3.29	0.8164	ZF
ZT	1.94	0.69	\$21	2.74 €	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

Hedge Ratio's

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.792	3.049	3.660
ZN	0.558		1.701	2.042
ZF	0.328	0.588		1.200
ZT	0.273	0.490	0.833	

US Treasuries vs US Financial Futures

	2y	3y	5y	10y
ZB	1.25	1.86	3.13	6.26
ZN	2.24	3.33	5.61	11.23
ZF	3.82	5.66	9.54	19.10
ZT	4.58	6.79	11.45	22.93

US Treasuries

	2y	3y	5y	10y
2y		1.483	2.500	5.006
3y	0.397		1.709	3.422
5y	0.400	0.593		2.002
10y	0.200	0.296	0.499	

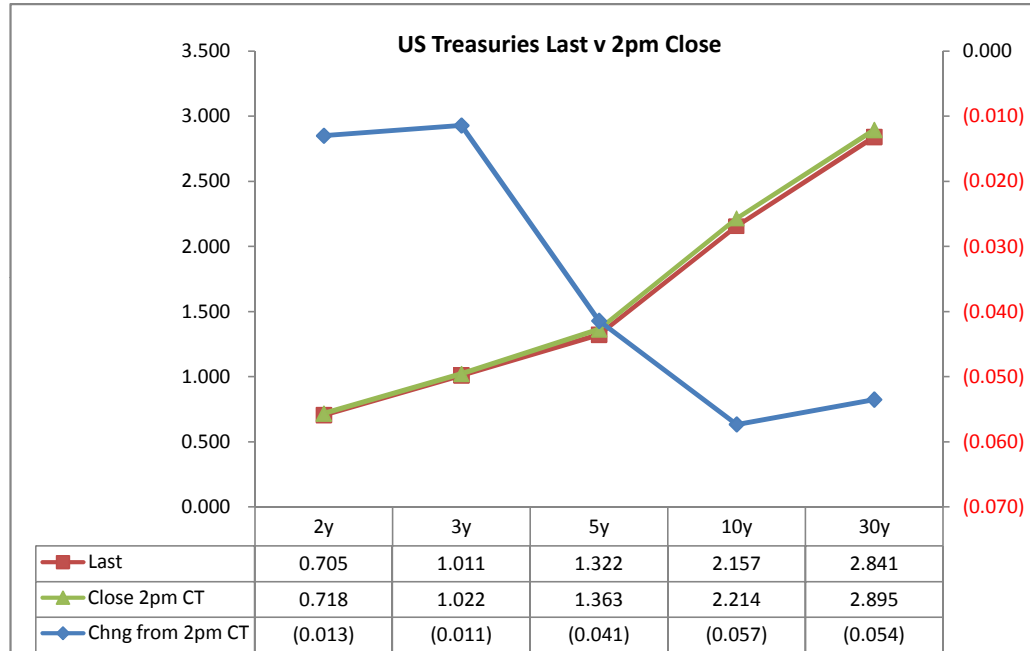
Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng from 2pm	Basis		Cash Roll	Futures Roll	Close 32	Last	
							Close	Last					
2y	0.875	12/31/10	100.0975	0.718	0.705	(0.013)	8.33	8.16			109.0700	109.0800	TUAH9
3y	1.125	1/15/12	100.0975	1.022	1.011	(0.011)							
5y	1.500	12/31/13	100.2100	1.363	1.322	(0.041)	73.37	75.08			120.1550	120.2100	FVAH9
10y	3.750	11/15/18	113.1600	2.214	2.157	(0.057)	236.55	244.36			126.3100	127.100	TYAH9
30y	4.500	5/15/38	131.1850	2.895	2.841	(0.054)	728.40	751.41			136.2800	137.180	USAH9

	Curve Spreads		Chng from 2pm Cls
	Close bps	Last bps	
2/3	30.4	30.6	0.2
2/5	64.5	61.7	(2.8)
3/5	34.1	31.1	(3.0)
2/10	149.6	145.2	(4.4)
3/10	119.2	114.6	(4.6)
5/10	85.1	83.5	(1.6)
2/30	217.7	213.6	(4.1)
3/30	187.3	183.1	(4.2)
5/30	153.2	152.0	(1.2)
10/30	68.1	68.5	0.4

O/N News:



	Last	Chng on Day
Emini SP	835.75	(4.00)
Crude Oil	37.55	0.27
Gold	812.20	3.40
EURUSD	131.85	(0.08)
USDJPY	89.02	(0.05)



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	23%	56%	100%	0%
30	11%	26%	46%	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	\$196			
5	\$205	\$490		
10	\$229	\$548	\$982	
30	\$267	\$638	\$1,143	\$2,475

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	\$196			
5	(\$9)	\$490		
10	(\$33)	(\$58)	\$982	
30	(\$71)	(\$148)	(\$161)	\$2,475

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	-4.3%	0.0%		
10	-14.4%	-10.6%	0.0%	
30	-26.5%	-23.2%	-14.1%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.92	2.30	4.61	11.62
ZF	0.38	0.95	1.91	4.82
ZN	0.22	0.56	1.12	2.83
ZB	0.13	0.31	0.63	1.58

	2y	5y	10y	30y
2y		2.50	5.01	12.62
5y	0.40		2.00	5.05
10y	0.20	0.50		2.52
30y	0.08	0.20	0.40	

	ZT	ZF	ZN	ZB
ZT		2.41	4.11	7.36
ZF	0.41		1.70	3.05
ZN	0.24	0.59		1.79
ZB	0.14	0.33	0.56	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.92	2.30	9.22	23.24
ZF	0.38	0.95	3.82	9.63
ZN	0.45	1.12	1.12	2.83
ZB	0.50	0.63	1.25	1.58

	2y	5y	10y	30y
2y		2.50	2.50	6.31
5y	0.40		0.50	2.52
10y	0.40	2.00		2.52
30y	0.16	0.40	0.40	

	ZT	ZF	ZN	ZB
ZT		2.41	8.21	14.72
ZF	0.41		1.70	6.10
ZN	0.12	0.59		1.79
ZB	0.07	0.16	0.56	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.118	#VALUE!
1week	0.241	#VALUE!
2week	0.275	#VALUE!

	Libor\$ ¹	Tbill	CP ²
1M	0.334	0.030	0.400
3M	1.086	0.104	0.900
6M	1.501	0.281	1.390

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.705	56.75	1.27	1.681	0.976
5y	1.322	58.25	1.90	2.488	1.166
10y	2.157	17.25	2.33	#VALUE!	#VALUE!

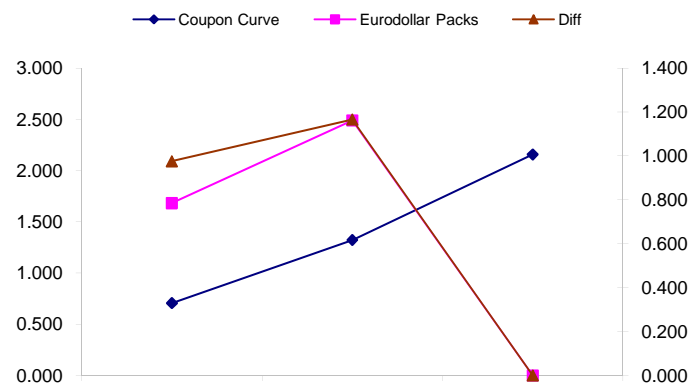
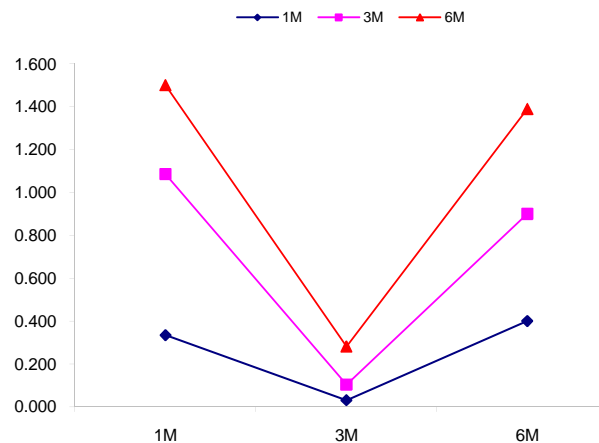
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
61.7	80.6	19.0
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
145.2	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
83.5	#VALUE!	#VALUE!

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



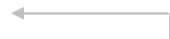
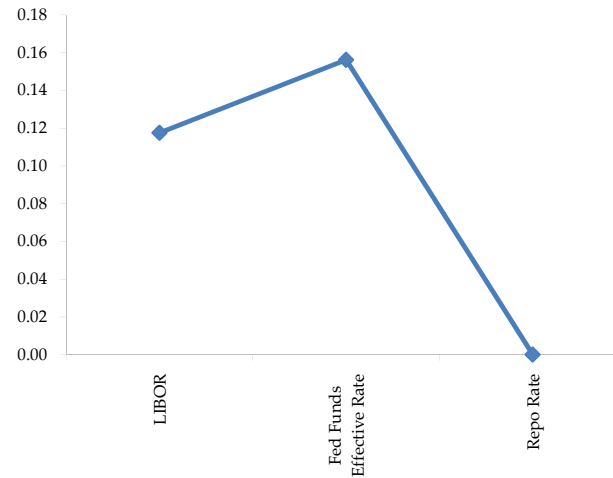
	Last	Chng	Term	Asset Type
USDLIBON	0.118	0.0125	Overnight	LIBOR
TUSFFRON	0.156	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	1.614	(0.0960)	1 month	Euribor OIS Rate
TEONIA03M	1.436	(0.0710)	3 month	Euribor OIS Rate
TSONIA01M	1.125	(0.0130)	1 month	Sterling OIS Rate
TSONIA03M	0.940	(0.0190)	3 month	Sterling OIS Rate
TUSOIS01M	0.160	(0.0020)	1 month	USD OIS Rate
TUSOIS03M	0.173	(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.

