



1/26/2009 5:55

The Morning Email: Treasuries

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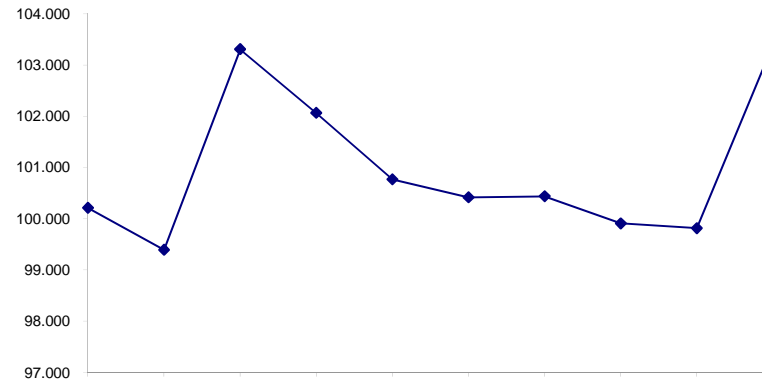
Economic Releases (32nds)

	5y	10y	ZNZ8	ZBZ8	Date
Non-farm High	100.0675	112.085	126.110	134.140	1/9/2009
Non-farm Low	99.1250	110.265	124.280	132.000	1/9/2009
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	100.2450	113.315	127.130	137.220	1/15/2009
PPI Low	100.1325	113.095	126.230	136.085	1/15/2009
CPI High	100.1400	113.030	126.160	136.270	1/16/2009
CPI Low	99.2900	111.235	125.130	134.015	1/16/2009
Auction Price	99.2602	99.233	0.000		
Last Trade	103.1270	113.230	130.020	139.130	1/26/2009

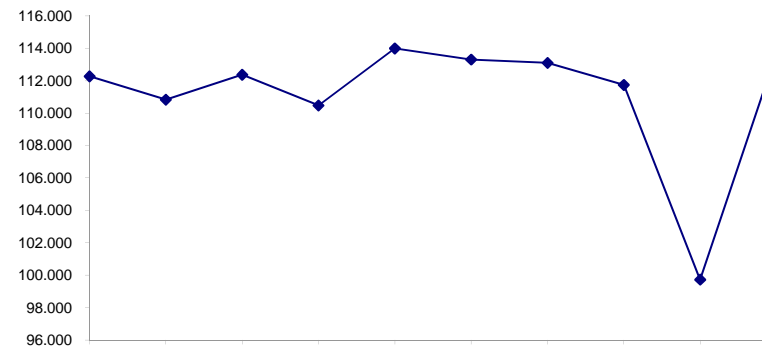
Auctions - 32nds

	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	108.3020	(0.042)	109.0250	108.2920	109.0170	10,743	2y Fut
FVAH9	118.2500	(0.070)	119.0300	118.2320	119.0000	14,967	5y Fut
TYAH9	123.1650	(0.120)	124.0350	123.1350	123.2850	50,337	10y Fut
USAH9	128.3100	(0.205)	130.0000	128.3050	129.2000	11,426	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.0120	(2.500)	100.0470	100.0050	100.0420	na	2y Cash
BUS03P	99.2500	(3.700)	99.3000	99.2450	99.3000	na	3y Cash
BUS05P	99.0450	(7.700)	99.1500	99.0400	99.1400	na	5y Cash
BUS10P	109.1350	(10.000)	109.3000	109.1350	109.2600	na	10y Cash
BUS30P	120.3100	(102.500)	122.0400	120.3000	121.2450	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.854	3.700	0.867	0.797	0.822	na	2y Yield
BUS03Y	1.195	4.800	1.211	1.082	1.150	na	3y Yield
BUS05Y	1.679	5.100	1.689	1.606	1.616	na	5y Yield
BUS10Y	2.649	3.500	2.655	2.591	2.615	na	10y Yield
BUS30Y	3.370	5.000	3.379	3.296	3.333	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	17.33	6.99	\$2,184	13.98	n/a	30y
10y	8.20	2.99	\$935	5.98	n/a	10y
5y	4.59	1.53	\$478	6.12	n/a	5y
3y	2.72	0.90	\$282	3.61	n/a	3y
2y	1.81	0.65	\$203	2.60	n/a	2y
ZB	10.45	4.63	\$145	4.63	0.7950	ZB
ZN	6.21	2.60	\$81	5.21	0.8357	ZN
ZF	4.03	1.60	\$50	3.20	0.8164	ZF
ZT	1.90	0.67	\$21	2.69 €	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		1.779	2.892	3.446
ZN	0.562		1.626	1.937
ZF	0.346	0.615		1.192
ZT	0.290	0.516	0.839	

US Treasuries vs US Financial Futures

	2y	3y	5y	10y
ZB	1.40	1.98	3.30	6.46
ZN	2.49	3.51	5.87	11.48
ZF	4.05	5.71	9.55	18.67
ZT	4.83	6.81	11.37	22.25

US Treasuries

	2y	3y	5y	10y
2y		1.409	2.483	4.606
3y	0.421		1.695	3.315
5y	0.425	0.598		1.956
10y	0.217	0.306	0.511	

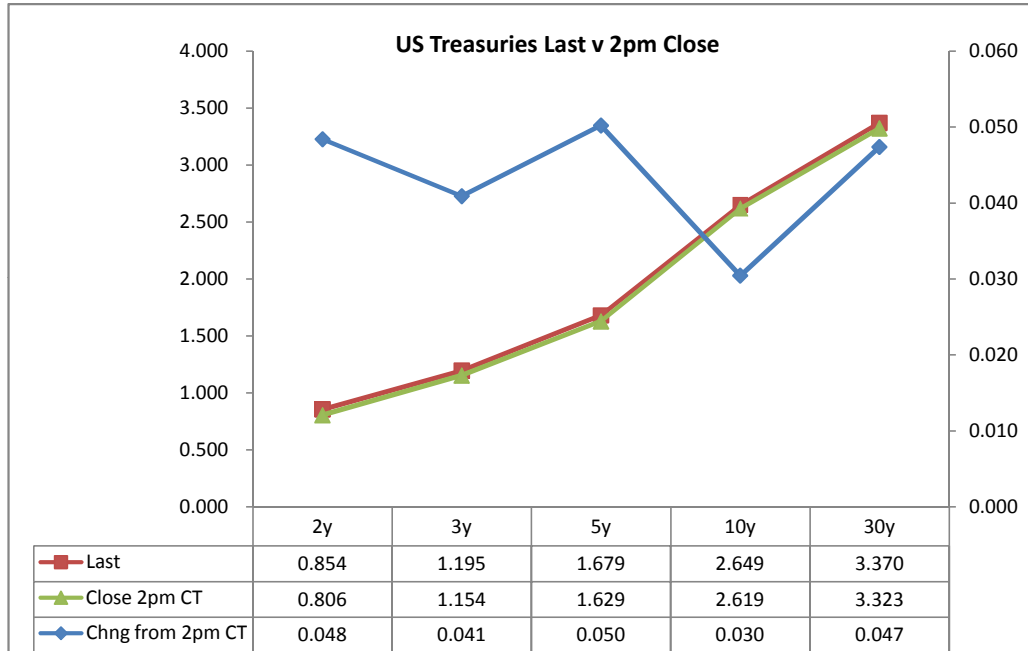
Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

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	100.0425	0.806	0.854	0.048	6.95	7.84			109.0250	108.3020	TUAH9
3y	1.125	1/15/12	99.2925	1.154	1.195	0.041							
5y	1.500	12/31/13	99.1250	1.629	1.679	0.050	71.65	69.36			119.0000	118.2500	FVAH9
10y	3.750	11/15/18	109.2300	2.619	2.649	0.030	197.45	198.40			123.2900	123.165	TYAH9
30y	4.500	5/15/38	121.3000	3.323	3.370	0.047	604.74	590.04			129.1950	128.310	USAH9

Curve Spreads			
	Close bps		Chng from 2pm CIs
	Last bps	Last bps	
2/3	34.8	34.1	(0.7)
2/5	82.3	82.5	0.2
3/5	47.5	48.4	0.9
2/10	181.3	179.5	(1.8)
3/10	146.5	145.5	(1.0)
5/10	99.0	97.0	(2.0)
2/30	251.7	251.6	(0.1)
3/30	216.9	217.5	0.6
5/30	169.4	169.1	(0.3)
10/30	70.4	72.1	1.7

O/N News:



	Last	Chng on Day
Emini SP	827.75	4.25
Crude Oil	46.66	0.19
Gold	908.70	12.90
EURUSD	129.54	(0.23)
USDJPY	89.42	0.62

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	23%	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	\$192			
€ 5.00	\$198	\$478		
€ 10.00	\$217	\$523	\$935	
€ 30.00	\$240	\$578	\$1,034	\$2,184

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	\$192			
€ 5.00	(\$6)	\$478		
€ 10.00	(\$25)	(\$45)	\$935	
€ 30.00	(\$48)	(\$101)	(\$100)	\$2,184

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	-3.0%	0.0%		
€ 10.00	-11.3%	-8.6%	0.0%	
€ 30.00	-19.9%	-17.4%	-9.6%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.92	2.29	4.48	10.48
ZF	0.38	0.95	1.87	4.36
ZN	0.24	0.59	1.15	2.68
ZB	0.13	0.33	0.65	1.51

	2y	5y	10y	30y
2y		2.48	4.86	11.35
5y	0.40		1.96	4.57
10y	0.21	0.51		2.34
30y	0.09	0.22	0.43	

	ZT	ZF	ZN	ZB
ZT		2.40	3.90	6.94
ZF	0.42		1.63	2.89
ZN	0.26	0.62		1.78
ZB	0.14	0.35	0.56	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.92	2.29	8.97	20.95
ZF	0.38	0.95	3.73	8.73
ZN	0.47	1.17	1.15	2.68
ZB	0.53	0.66	1.29	1.51

	2y	5y	10y	30y
2y		2.48	2.43	5.68
5y	0.40		0.49	2.29
10y	0.41	2.04		2.34
30y	0.18	0.44	0.43	

	ZT	ZF	ZN	ZB
ZT		2.40	7.81	13.89
ZF	0.42		1.63	5.78
ZN	0.13	0.62		1.78
ZB	0.07	0.17	0.56	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.233	0.150
1week	0.310	0.200
2week	0.350	0.200

	Libor\$ ¹	Tbill	CP ²
1M	0.409	0.015	0.700
3M	1.184	0.101	1.150
6M	1.673	0.319	1.640

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.854	64.25	1.50	1.901	1.047
5y	1.679	59.75	2.28	3.020	1.340
10y	2.649	16.00	2.81	#VALUE!	#VALUE!

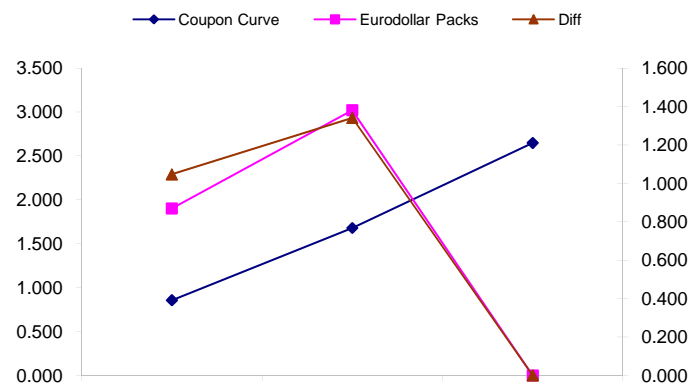
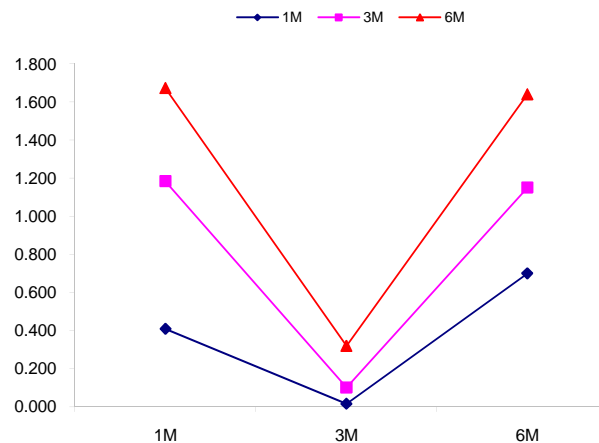
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
82.5	111.8	29.4
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
179.5	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
97.0	#VALUE!	#VALUE!

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



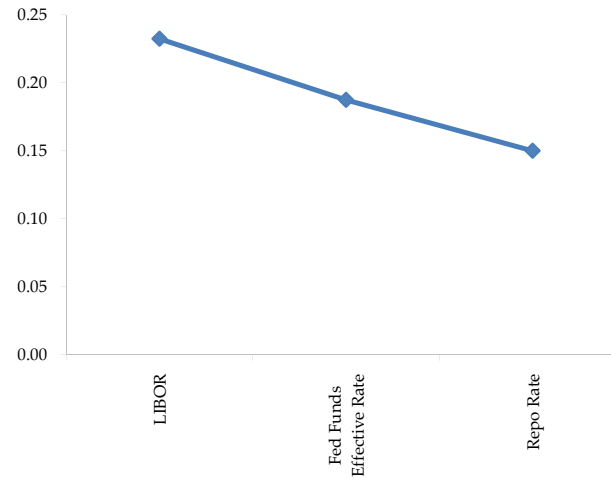
	Last	Chng	Term	Asset Type
USDLIBON	0.233	(0.0038)	Overnight	LIBOR
TUSFFRON	0.188	(0.0313)	Overnight	Fed Funds Effective Rate
TUSRPOON	0.150	0.0000	Overnight	Repo Rate
TEONIA01M	1.262	(0.0170)	1 month	Euribor OIS Rate
TEONIA03M	1.175	(0.0120)	3 month	Euribor OIS Rate
TSONIA01M	0.927	(0.0520)	1 month	Sterling OIS Rate
TSONIA03M	0.757	(0.0340)	3 month	Sterling OIS Rate
TUSOIS01M	0.222	(0.0080)	1 month	USD OIS Rate
TUSOIS03M	0.252	(0.0010)	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.

