



7/9/2009 5:39

The Morning Email: Treasuries

Table of Contents

- Pg 1** Auctions

- 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.

	32nds					
	2 y	3 y	5y	7y	10y	30y
Auction Price	99.304	99.302	99.208	99.163	97.320	99.116
Auction Yield Stop	0.940	1.519	2.310	3.300	3.990	4.288
Actual Auction Date	6/23/2009	7/7/2009	6/24/2009	6/26/2009	07/08/09 r	6/11/2009 r

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAU9	108.1570	(2.0)	108.1700	108.1550	108.1620	15,808	2y Fut
Z3NU9	112.0670	(2.7)	112.0750	112.0670	112.0750	14	3y Fut
FVAU9	116.0770	(8.5)	116.1400	116.0700	116.1350	36,010	5y Fut
TYAU9	118.0600	(14.00)	118.1500	118.0400	118.1450	89,713	10y Fut
USAU9	120.1650	(24.00)	120.2900	120.1300	120.2900	16,045	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.1170	(1.20)	100.1350	100.1120	100.1270	na	2y Cash
BUS03P	100.0350	(2.20)	100.0600	100.0300	100.0600	na	3y Cash
BUS05P	101.2100	(6.50)	101.2700	101.2020	101.2650	na	5y Cash
BUS07P	101.2600	(9.00)	102.0100	101.2450	102.0250	na	7y Cash
BUS10P	98.0500	(11.00)	98.1850	98.0200	98.1000	na	10y Cash
BUS30P	100.1450	(18.00)	100.2800	100.1200	93.0950	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.928	0.230	0.944	0.908	0.921	na	2y Yield
BUS03Y	1.457	0.380	1.468	1.436	1.436	na	3y Yield
BUS05Y	2.270	0.460	2.275	2.231	2.235	na	5y Yield
BUS07Y	2.958	0.520	2.965	2.923	2.918	na	7y Yield
BUS10Y	3.346	0.420	3.358	3.295	3.312	na	10y Yield
BUS30Y	4.223	0.280	4.227	4.198	4.195	na	30y Yield

Notes:

Regarding the futures quotes: .2 .5 & .7
represent 1/4, 1/2, & 3/4s.

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.75	5.75	\$1,796	11.49	n/a	30y
10y	8.36	2.76	\$863	5.52	n/a	10y
7y	6.21	2.13	\$665	4.26	n/a	7y
5y	4.64	1.58	\$492	6.30	n/a	5y
3y	2.91	0.95	\$298	3.82	n/a	3y
2y	1.95	0.64	\$199	2.55	n/a	2y
ZB	10.06	4.27	\$133	4.27	0.7593	ZB
ZN	5.81	2.39	\$75	4.77	0.7941	ZN
ZF	4.17	1.61	\$50	6.45	0.8622	ZF
Z3N	2.79	1.08	\$34	4.34	0.7941	Z3N
ZT	1.89	0.72	\$22	2.86	0.9201	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 2.47 tics (Today, 04/28/09, the value in the box is 2.47).

Since ZN trades in half tics, then, 4.95 boxes = 1 basis point in ZN. (Again, today, 04/28/09, the value in the box is 4.95). 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	Z3N	ZT
ZB		1.79	2.65	1.97	2.99
ZN	0.56		1.48	1.10	1.67
ZF	0.38	0.68		0.74	1.13
Z3N	0.49	0.88	1.30		1.47
ZT	0.33	0.60	0.89	1.32	

US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.5	2.2	3.7	5.0	6.47	13.5
ZN	2.7	4.0	6.6	8.9	11.57	24.1
ZF	3.9	5.9	9.8	13.2	17.12	35.6
Z3N	2.9	4.4	7.3	9.8	12.74	26.5
ZT	4.5	6.7	11.0	14.9	19.31	40.2

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.50	2.47	3.34	4.34	9.03
3y	0.67		1.65	2.23	2.89	6.02
5y	0.40	0.61		1.35	1.75	3.65
7y	0.30	0.45	0.74		1.30	2.70
10y	0.23	0.35	0.57	0.77		2.08
30y	0.11	0.17	0.27	0.37	0.48	

US Financial Futures vs German Futures

	ZB	ZN	ZF	ZT
Bund (U)	1.00	1.86	2.55	3
Bobl (U)	0.62	1.00	1.50	1.69
Shatz (U)	0.24	0.42	0.60	0.68

German Futrues vs German Futures

	Bund (U)	Bobl (U)	Shatz (U)
Bund (U)		1.70	4.21
Bobl (U)	0.59		2.47
Shatz (U)	0.24	0.40	

US Treasuries vs German Futures

	2y	3y	5y	7y	10y	30y
Bund (U)	1.5	2.3	3.6	4.7	6.3	12.9
Bobl (U)	2.7	3.9	6.3	8.0	11	22.3
Shatz (U)	6.8	9.9	16.1	19.7	27.9	56.9

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

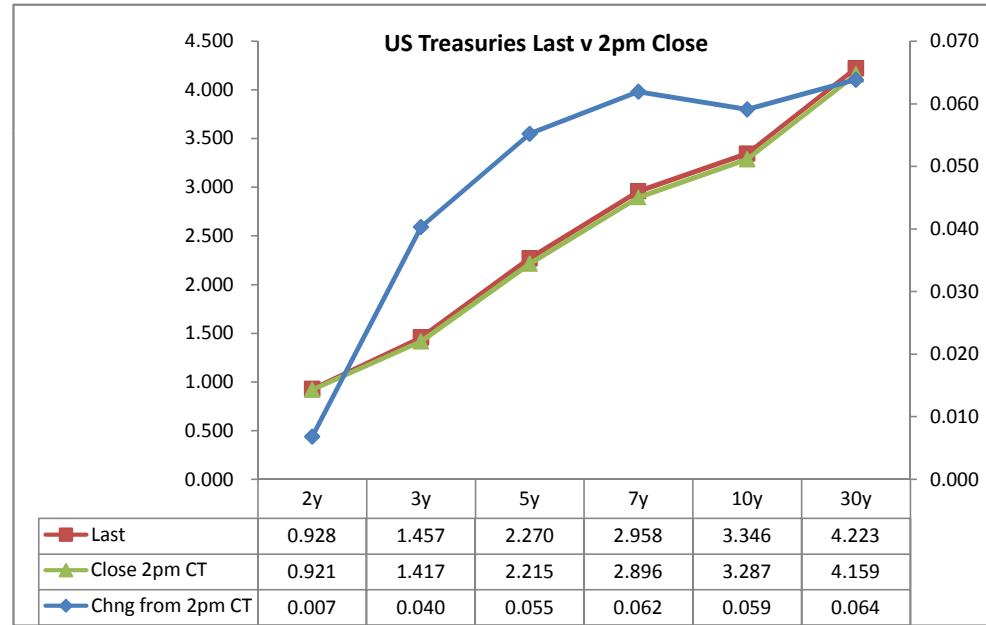
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis (CF)		Close 32	Last	
						from 2pm	Close	Last			
2y	2.625	6/30/14	100.1425	0.921	0.928	0.007	18.10	17.39	108.1770	108.157	TUAU9
3y	1.500	7/15/12	100.0775	1.417	1.457	0.040	-13.73	-16.64	112.0820	112.067	Z3NU9
5y	2.250	5/31/14	101.2950	2.215	2.270	0.055	46.79	45.87	116.1650	116.077	FVAU9
7y	3.250	6/30/16	102.0700	2.896	2.958	0.062					
10y	3.125	5/15/19	98.2050	3.287	3.346	0.059	142.10	137.71	118.2000	118.060	TYAU9
30y	4.250	5/15/39	101.1750	4.159	4.223	0.064	303.42	286.26	121.080	120.165	USAU9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm CIs
2/3	49.6	52.9	3.3
2/5	129.4	134.2	4.8
2/7	197.5	203.0	5.5
3/5	79.8	81.3	1.5
3/7	147.9	150.1	2.2
2/10	236.6	241.8	5.2
3/10	187.0	188.9	1.9
5/7	68.1	68.8	0.7
5/10	107.2	107.6	0.4
2/30	323.8	329.5	5.7
3/30	274.2	276.6	2.4
5/30	194.4	195.3	0.9
7/10	39.1	38.8	(0.3)
7/30	126.3	126.5	0.2
10/30	87.2	87.7	0.5

	Last	Chng on Day	Prcnt Chng
Emini SP	881.00	7.25	0.83
Crude Oil	61.19	1.05	1.75
Gold	914.40	5.10	0.56
EURUSD	139.70	0.83	0.60
USDJPY	92.84	(0.06)	-0.06
DX	80.19	(0.58)	-0.72



^matrix is linked to 'Monitor'

What is this? (1):
2yr cash has X% duration of 5yr cash.

Cash Duration Matrix

	2	5	10	30
2	100%			
5	42%	100%		
10	23%	56%	100%	
30	12%	28%	50%	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	\$199			
5	\$206	\$492		
10	\$201	\$480	\$863	
30	\$209	\$498	\$896	\$1,796

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	\$199			
5	(\$8)	\$492		
10	(\$2)	\$13	\$863	
30	(\$10)	(\$5)	(\$33)	\$1,796

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	-3.7%	0.0%		
10	-1.1%	2.7%	0.0%	
30	-4.7%	-1.1%	-3.7%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.89	2.20	3.86	8.04
ZF	0.39	0.98	1.71	3.56
ZN	0.27	0.66	1.16	2.41
ZB	0.15	0.37	0.65	1.35

	2y	5y	10y	30y
2y		2.47	4.34	9.03
5y	0.40		1.75	3.65
10y	0.23	0.57		2.08
30y	0.11	0.27	0.48	

	ZT	ZF	ZN	ZB
ZT		2.26	3.34	5.97
ZF	0.44		1.48	2.65
ZN	0.30	0.68		1.79
ZB	0.17	0.38	0.56	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.89	2.20	7.73	16.07
ZF	0.39	0.98	3.42	7.12
ZN	0.53	1.32	1.16	2.41
ZB	0.60	0.74	1.29	1.35

	2y	5y	10y	30y
2y		2.47	2.17	4.51
5y	0.40		0.44	1.82
10y	0.46	2.28		2.08
30y	0.22	0.55	0.48	

	ZT	ZF	ZN	ZB
ZT		2.26	6.68	11.95
ZF	0.44		2.96	5.29
ZN	0.15	0.34		1.79
ZB	0.08	0.19	0.56	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.251	0.170
1week	0.276	0.150
2week	0.286	0.150

	Libor\$ ¹	Tbill	CP ²
1M	0.300	0.142	0.300
3M	0.510	0.180	0.400
6M	0.986	0.258	0.850

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.928	35.50	1.28	2.114	1.186
5y	2.270	41.50	2.69	4.005	1.734
10y	3.346	17.00	3.52	#VALUE!	#VALUE!

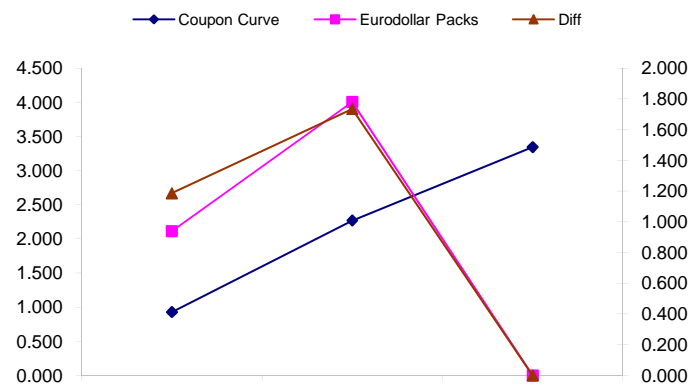
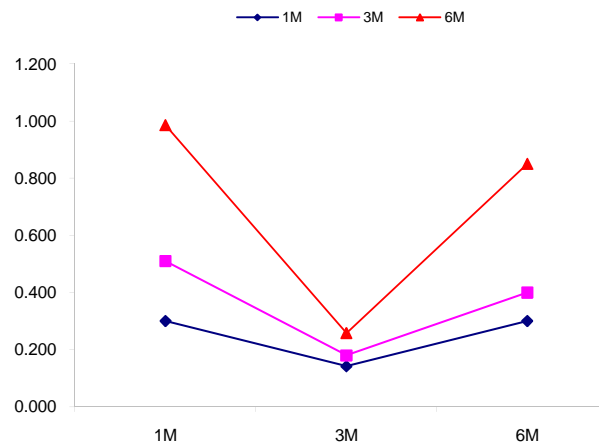
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
134.2	189.1	54.8
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
241.8	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
107.6	#VALUE!	#VALUE!

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



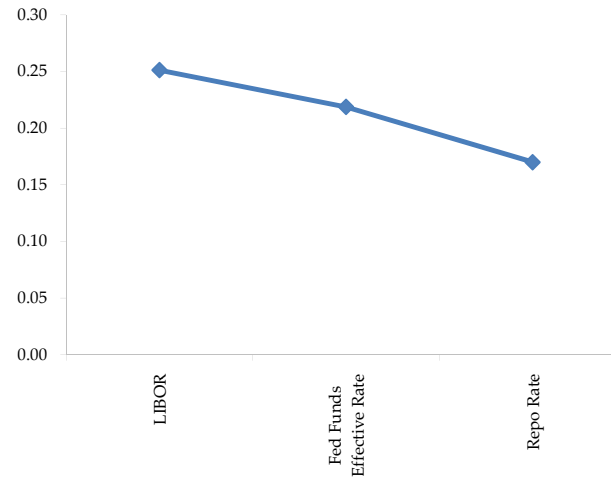
	Last	Chng	Term	Asset Type
USDLIBON	0.251	0.0000	Overnight	LIBOR
TUSFFRON	0.219	0.0626	Overnight	Fed Funds Effective Rate
TUSRPOON	0.170	0.0000	Overnight	Repo Rate
TEONIA01M	0.414	0.0030	1 month	Euribor OIS Rate
TEONIA03M	0.495	(0.0010)	3 month	Euribor OIS Rate
TSONIA01M	0.413	0.0030	1 month	Sterling OIS Rate
TSONIA03M	0.427	0.0120	3 month	Sterling OIS Rate
TUSOIS01M	0.186	0.0000	1 month	USD OIS Rate
TUSOIS03M	0.202	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 to request that I take a snapshot during the day and send it to you personally.

The Fed Funds effective rate and the repo rate rarely update until after I send the morning email.

