



7/16/2009 6:09

## 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:  
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	32nds					
	2 y	3 y	5y	7y	10y	30y
Auction Price	99.304	99.302	99.208	99.163	97.320	99.033
Auction Yield Stop	1.151	1.519	2.700	3.300	3.365	4.303
Actual Auction Date	6/23/2009	7/7/2009	6/24/2009	6/26/2009	07/08/09 r	7/09/2009 r

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAU9	108.1300	2.5	108.1370	108.1020	108.1020	24,335	2y Fut
Z3NU9	111.2750	5.7	111.2750	111.1850	111.2270	33	3y Fut
FVAU9	115.1320	7.0	115.1550	115.0500	115.0500	55,270	5y Fut
TYAU9	116.2600	4.00	117.0000	116.2050	116.2050	127,909	10y Fut
USAU9	116.2700	1.50	117.0800	116.2050	116.2300	19,695	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.0900	2.00	100.1000	100.0820	100.0850	na	2y Cash
BUS03P	99.2800	4.50	99.2950	99.2620	99.2700	na	3y Cash
BUS05P	100.2400	5.20	100.2650	100.2100	100.2200	na	5y Cash
BUS07P	100.1850	6.50	100.2400	100.1650	100.1900	na	7y Cash
BUS10P	96.0700	3.00	96.1500	95.2700	95.2700	na	10y Cash
BUS30P	96.0700	7.50	96.2000	96.0200	96.0650	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.979	(0.320)	0.991	0.962	0.996	na	2y Yield
BUS03Y	1.543	(0.380)	1.562	1.527	1.594	na	3y Yield
BUS05Y	2.461	(0.320)	2.483	2.446	2.465	na	5y Yield
BUS07Y	3.145	(0.270)	3.166	3.128	3.179	na	7y Yield
BUS10Y	3.585	(0.120)	3.632	3.554	3.586	na	10y Yield
BUS30Y	4.472	(0.150)	4.491	4.455	4.493	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	
<b>30y</b>	16.44	5.43	\$1,696	10.86	n/a	<b>30y</b>
<b>10y</b>	8.31	2.70	\$843	5.40	n/a	<b>10y</b>
<b>7y</b>	6.18	2.10	\$655	4.19	n/a	<b>7y</b>
<b>5y</b>	4.62	1.55	\$486	6.22	n/a	<b>5y</b>
<b>3y</b>	2.92	0.95	\$298	3.82	n/a	<b>3y</b>
<b>2y</b>	1.93	0.63	\$197	2.52	n/a	<b>2y</b>
<b>ZB</b>	9.95	4.11	\$129	4.11	0.7593	<b>ZB</b>
<b>ZN</b>	5.78	2.35	\$73	4.70	0.7941	<b>ZN</b>
<b>ZF</b>	4.15	1.59	\$50	6.36	0.8622	<b>ZF</b>
<b>Z3N</b>	2.77	1.07	\$34	4.29	0.7941	<b>Z3N</b>
<b>ZT</b>	1.87	0.71	\$22	2.83	0.9201	<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 2.47 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		1.75	2.59	1.92	2.91
ZN	0.57		1.48	1.10	1.66
ZF	0.39	0.68		0.74	1.12
Z3N	0.51	0.88	1.31		1.47
ZT	0.34	0.60	0.89	1.32	

## US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.5	2.3	3.8	5.1	6.56	13.2
ZN	2.7	4.1	6.6	8.9	11.47	23.1
ZF	4.0	6.0	9.8	13.2	16.95	34.1
Z3N	2.9	4.4	7.2	9.8	12.56	25.3
ZT	4.5	6.7	11.0	14.8	19.07	38.4

## US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.52	2.47	3.33	4.28	8.62
3y	0.66		1.63	2.20	2.83	5.69
5y	0.41	0.61		1.35	1.74	3.49
7y	0.30	0.46	0.74		1.29	2.59
10y	0.23	0.35	0.58	0.78		2.01
30y	0.12	0.18	0.29	0.39	0.50	

## 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

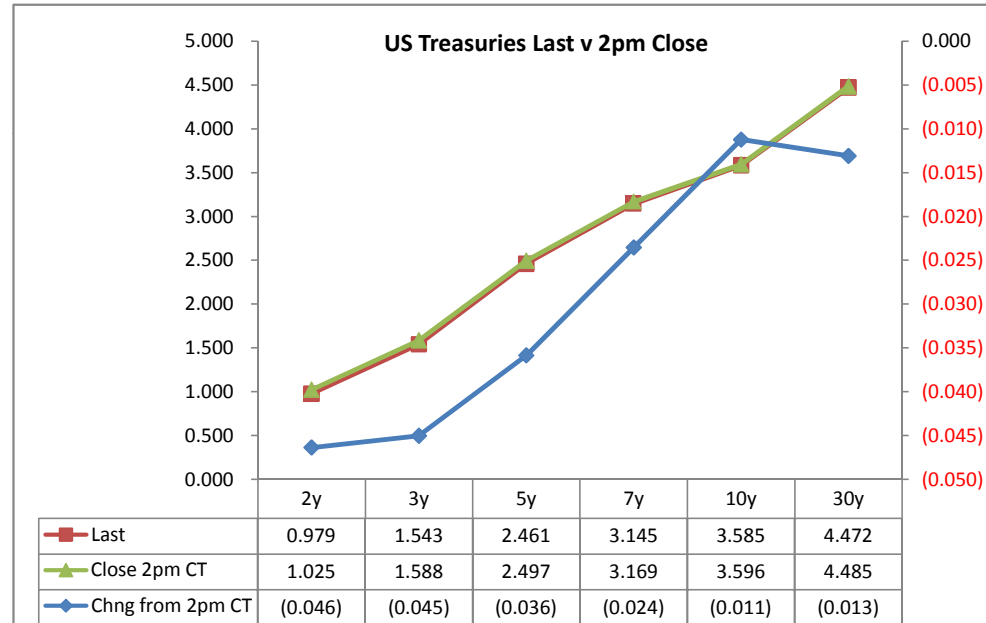
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis (CF)		Close 32	Last	
						from 2pm	Close	Last			
2y	1.125	6/30/11	100.0700	1.025	0.979	(0.046)	17.70	17.17	108.1025	108.130	TUAU9
3y	1.500	7/15/12	99.2375	1.588	1.543	(0.045)	2855.81	-14.10	11.2260	111.275	Z3NU9
5y	2.250	5/31/14	100.1900	2.497	2.461	(0.036)	-0.89	39.72	116.2250	115.132	FVAU9
7y	3.250	6/30/16	100.1600	3.169	3.145	(0.024)					
10y	3.125	5/15/19	96.0400	3.596	3.585	(0.011)	110.43	110.65	116.2250	116.260	TYAU9
30y	4.250	5/15/39	96.0500	4.485	4.472	(0.013)	238.36	239.98	116.265	116.270	USAU9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm Cls
2/3	56.3	56.4	0.1
2/5	147.2	148.3	1.1
2/7	214.4	216.7	2.3
3/5	90.9	91.8	0.9
3/7	158.1	160.2	2.1
2/10	257.1	260.6	3.5
3/10	200.8	204.2	3.4
5/7	67.2	68.4	1.2
5/10	109.9	112.4	2.5
2/30	346.0	349.3	3.3
3/30	289.7	292.9	3.2
5/30	198.8	201.1	2.3
7/10	42.7	43.9	1.2
7/30	131.6	132.6	1.0
10/30	88.9	88.7	(0.2)

	Last	Chng on Day	Prcnt Chng
Emini SP	926.25	(1.00)	-0.11
Crude Oil	60.90	(0.64)	-1.04
Gold	937.80	(1.60)	-0.17
EURUSD	141.10	0.01	0.01
USDJPY	93.94	(0.30)	-0.32
DX	79.40	0.09	0.11



^matrix is linked to 'Monitor'

Cash Duration Matrix

**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%	51%	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	\$197			
5	\$203	\$486		
10	\$195	\$468	\$843	
30	\$199	\$477	\$858	\$1,696

**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	\$197			
5	(\$6)	\$486		
10	\$1	\$17	\$843	
30	(\$2)	\$9	(\$15)	\$1,696

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	-3.0%	0.0%		
10	0.7%	3.7%	0.0%	
30	-1.1%	1.9%	-1.7%	0.0%

## Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.89	2.20	3.81	7.68
ZF	0.40	0.98	1.70	3.41
ZN	0.27	0.66	1.15	2.31
ZB	0.15	0.38	0.66	1.32

	2y	5y	10y	30y
2y		2.47	4.28	8.62
5y	0.41		1.74	3.49
10y	0.23	0.58		2.01
30y	0.12	0.29	0.50	

	ZT	ZF	ZN	ZB
ZT		2.25	3.32	5.82
ZF	0.44		1.48	2.59
ZN	0.30	0.68		1.75
ZB	0.17	0.39	0.57	

## Box for Box Matrix

	2y	5y	10y	30y
ZT	0.89	2.20	7.63	15.35
ZF	0.40	0.98	3.39	6.82
ZN	0.54	1.32	1.15	2.31
ZB	0.61	0.76	1.31	1.32

	2y	5y	10y	30y
2y		2.47	2.14	4.31
5y	0.41		0.43	1.75
10y	0.47	2.31		2.01
30y	0.23	0.57	0.50	

	ZT	ZF	ZN	ZB
ZT		2.25	6.65	11.63
ZF	0.44		2.96	5.17
ZN	0.15	0.34		1.75
ZB	0.09	0.19	0.57	

	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>
0/N	0.241	#VALUE!
1week	0.268	#VALUE!
2week	0.279	#VALUE!

	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>
1M	0.289	0.157	#VALUE!
3M	0.510	0.182	#VALUE!
6M	0.985	0.284	#VALUE!

	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	0.979	45.50	1.43	2.345	1.366
5y	2.461	48.00	2.94	4.415	1.954
10y	3.585	23.50	3.82	#VALUE!	#VALUE!

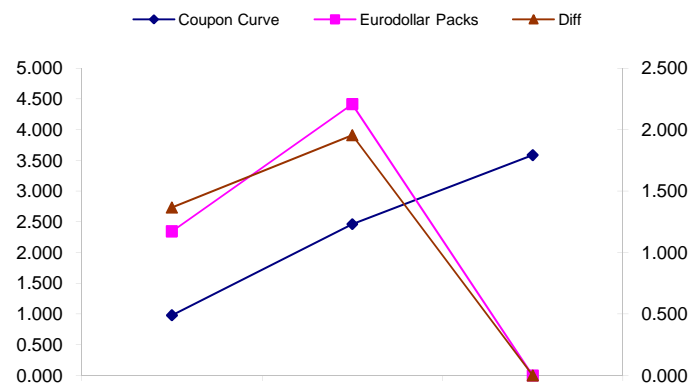
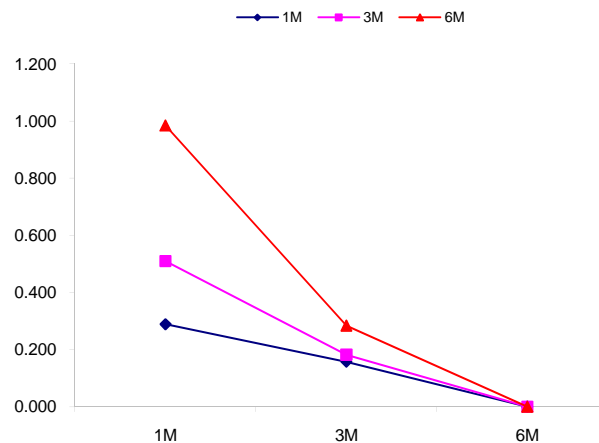
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
148.3	207.0	58.8
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
260.6	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
112.4	#VALUE!	#VALUE!

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:**

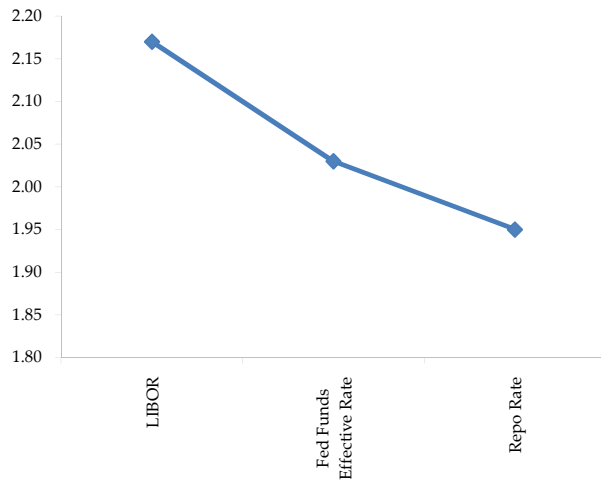
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight General Collateral



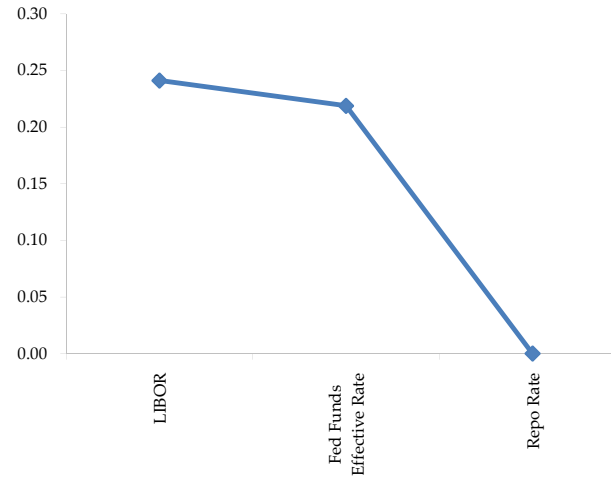
	Last	Chng	Term	Asset Type
USDLIBON	0.241	0.0013	Overnight	LIBOR
TUSFFRON	0.219	0.0626	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.386	(0.0040)	1 month	Euribor OIS Rate
TEONIA03M	0.448	(0.0220)	3 month	Euribor OIS Rate
TSONIA01M	0.421	(0.0020)	1 month	Sterling OIS Rate
TSONIA03M	0.426	0.0000	3 month	Sterling OIS Rate
TUSOIS01M	0.177	(0.0010)	1 month	USD OIS Rate
TUSOIS03M	0.195	(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.**





