



7/24/2009 5:43

## 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](mailto:jgoulding@ghco.com)

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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

## Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAU9	108.1050	1.5	108.1170	108.0920	108.1170	17,252	2y Fut
Z3NU9	111.2200	0.7	#VALUE!	#VALUE!	#VALUE!	0	3y Fut
FVAU9	115.0150	3.5	115.0570	114.2850	115.0220	38,498	5y Fut
TYAU9	116.0750	6.50	116.1500	116.0050	116.0900	71,071	10y Fut
USAU9	116.0050	12.50	116.1250	115.2100	115.2750	14,401	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.0570	0.20	100.0720	100.0450	100.0650	na	2y Cash
BUS03P	99.2350	0.00	99.2550	99.2100	99.2420	na	3y Cash
BUS05P	100.1120	(1.70)	100.1570	100.0670	100.1300	na	5y Cash
BUS07P	100.0050	(2.50)	100.0750	99.2850	100.0400	na	7y Cash
BUS10P	95.1650	(2.00)	95.2550	95.0850	95.1950	na	10y Cash
BUS30P	94.3000	(10.00)	95.1350	94.1650	95.0400	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	1.026	0.040	1.051	1.006	1.019	na	2y Yield
BUS03Y	1.589	0.060	1.619	1.570	1.584	na	3y Yield
BUS05Y	2.548	0.150	2.579	2.518	2.547	na	5y Yield
BUS07Y	3.244	0.000	3.267	3.211	3.229	na	7y Yield
BUS10Y	3.674	0.110	3.701	3.642	3.662	na	10y Yield
BUS30Y	4.560	0.080	4.589	4.531	4.550	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>	16.31	5.32	\$1,662	10.64	n/a	<b>30y</b>
<b>10y</b>	8.28	2.67	\$834	5.34	n/a	<b>10y</b>
<b>7y</b>	6.14	2.07	\$648	4.15	n/a	<b>7y</b>
<b>5y</b>	4.59	1.54	\$481	6.16	n/a	<b>5y</b>
<b>3y</b>	2.89	0.94	\$295	3.78	n/a	<b>3y</b>
<b>2y</b>	1.90	0.62	\$194	2.48	n/a	<b>2y</b>
<b>ZB</b>	9.89	4.06	\$127	4.06	0.7593	<b>ZB</b>
<b>ZN</b>	5.75	2.33	\$73	4.66	0.7941	<b>ZN</b>
<b>ZF</b>	4.12	1.57	\$49	6.30	0.8622	<b>ZF</b>
<b>Z3N</b>	2.74	1.06	\$33	4.24	0.7941	<b>Z3N</b>
<b>ZT</b>	1.85	0.70	\$22	2.79	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	2.58	1.92	2.92
ZN	0.57		1.48	1.10	1.67
ZF	0.39	0.68		0.74	1.13
Z3N	0.51	0.88	1.31		1.47
ZT	0.34	0.60	0.89	1.31	

## US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.5	2.3	3.8	5.1	6.57	13.1
ZN	2.7	4.1	6.6	8.9	11.46	22.8
ZF	3.9	6.0	9.8	13.2	16.96	33.8
Z3N	2.9	4.5	7.3	9.8	12.58	25.1
ZT	4.5	6.8	11.1	14.9	19.16	38.2

## US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.52	2.48	3.34	4.30	8.57
3y	0.66		1.63	2.20	2.83	5.63
5y	0.40	0.61		1.35	1.73	3.45
7y	0.30	0.46	0.74		1.29	2.56
10y	0.23	0.35	0.58	0.78		1.99
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	Jan-00
Bobl (U)	0.62	1.00	1.50	Jan-00
Shatz (U)	0.24	0.42	0.60	Jan-00

## 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	Jan-00	12.9
Bobl (U)	2.7	3.9	6.3	8.0	Jan-00	22.3
Shatz (U)	6.8	9.9	16.1	19.7	Jan-00	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

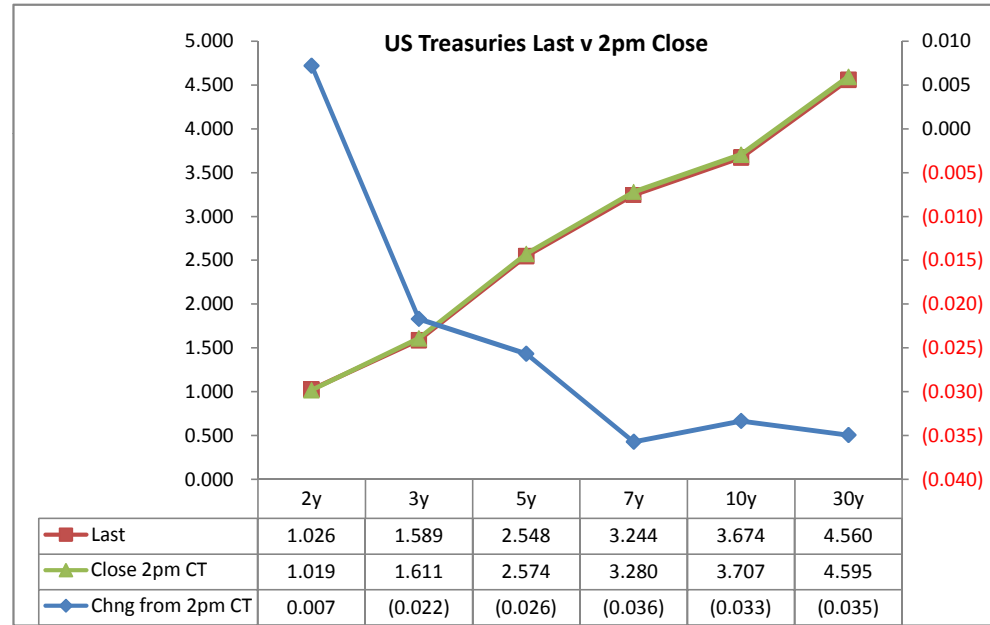
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis (CF)			Close 32	Last	
						from 2pm	Close	Last	CF			
2y	1.125	6/30/11	100.0475	1.019	1.026	0.007	16.42	16.17	0.9201	108.092	108.105	TUAU9
3y	1.500	7/15/12	99.2175	1.611	1.589	(0.022)	29.70	31.01	0.8843	111.215	111.220	Z3NU9
5y	2.250	5/31/14	100.0750	2.574	2.548	(0.026)	36.33	37.01	0.8622	114.300	115.015	FVAU9
7y	3.250	6/30/16	99.2600	3.280	3.244	(0.036)	na	na	na	na	na	
10y	3.125	5/15/19	95.0800	3.707	3.674	(0.033)	99.51	102.85	0.7941	116.010	116.075	TYAU9
30y	4.250	5/15/39	94.1400	4.595	4.560	(0.035)	212.59	219.10	0.7593	115.200	116.005	USAU9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm Cls
2/3	59.2	56.3	(2.9)
2/5	155.5	152.2	(3.3)
2/7	226.1	221.8	(4.3)
3/5	96.3	95.9	(0.4)
3/7	166.9	165.5	(1.4)
2/10	268.8	264.7	(4.1)
3/10	209.6	208.4	(1.2)
5/7	70.6	69.6	(1.0)
5/10	113.3	112.5	(0.8)
2/30	357.6	353.4	(4.2)
3/30	298.4	297.1	(1.3)
5/30	202.1	201.2	(0.9)
7/10	42.7	42.9	0.2
7/30	131.5	131.6	0.1
10/30	88.8	88.6	(0.2)

	Last	Chng on Day	Prcnt Chng
Emini SP	971.00	2.00	0.21
Crude Oil	67.32	0.16	0.24
Gold	952.50	(2.30)	-0.24
EURUSD	142.34	0.88	0.62
USDJPY	94.91	(0.04)	-0.04
DX	78.71	(0.30)	-0.37



^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	41%	100%		
10	23%	55%	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	\$194			
5	\$199	\$481		
10	\$192	\$463	\$834	
30	\$194	\$468	\$844	\$1,662

**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	\$194			
5	(\$5)	\$481		
10	\$2	\$19	\$834	
30	\$0	\$13	(\$9)	\$1,662

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	-2.7%	0.0%		
10	1.2%	4.0%	0.0%	
30	0.1%	2.9%	-1.1%	0.0%

## Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.89	2.21	3.83	7.63
ZF	0.39	0.98	1.70	3.38
ZN	0.27	0.66	1.15	2.28
ZB	0.15	0.38	0.66	1.31

	2y	5y	10y	30y
2y		2.48	4.30	8.57
5y	0.40		1.73	3.45
10y	0.23	0.58		1.99
30y	0.12	0.29	0.50	

	ZT	ZF	ZN	ZB
ZT		2.26	3.34	5.83
ZF	0.44		1.48	2.58
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	2.21	7.66	15.27
ZF	0.39	0.98	3.39	6.76
ZN	0.53	1.32	1.15	2.28
ZB	0.61	0.76	1.31	1.31

	2y	5y	10y	30y
2y		2.48	2.15	4.29
5y	0.40		0.43	1.73
10y	0.46	2.31		1.99
30y	0.23	0.58	0.50	

	ZT	ZF	ZN	ZB
ZT		2.26	6.68	11.67
ZF	0.44		2.96	5.16
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	0.223	0.140
1week	0.263	0.120
2week	0.273	0.150

	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>
1M	0.285	0.152	#VALUE!
3M	0.502	0.187	#VALUE!
6M	0.951	0.284	#VALUE!

	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	1.026	44.00	1.47	2.374	1.348
5y	2.548	45.50	3.00	4.509	1.961
10y	3.674	22.50	3.90	5.002	1.329

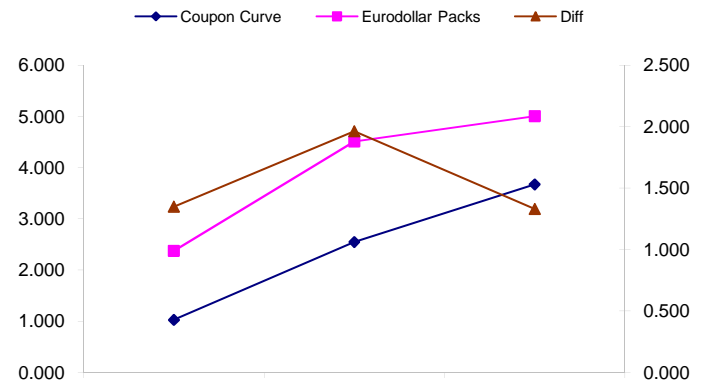
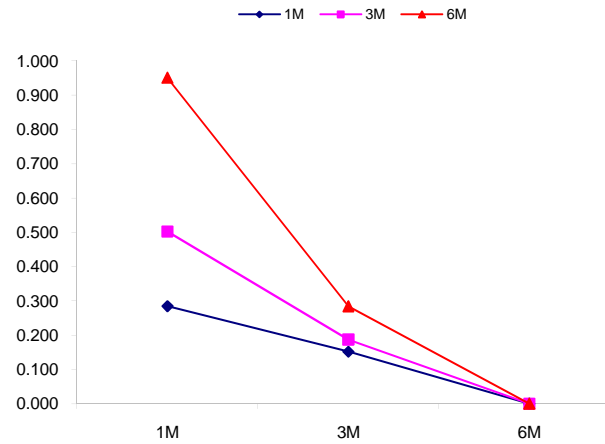
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
152.2	213.5	61.3
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
264.7	262.8	-1.9
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
112.5	49.3	-63.2

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



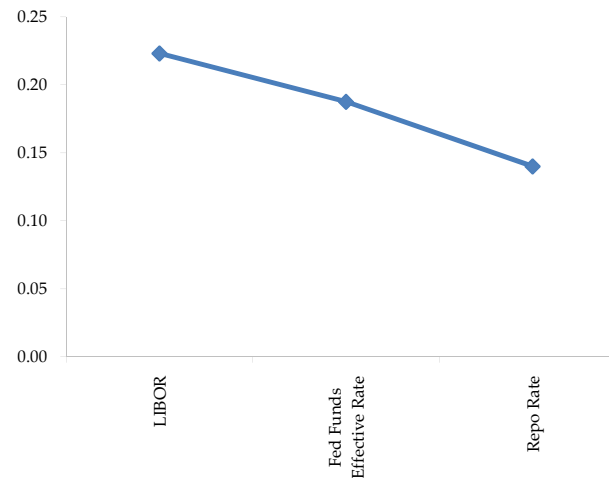
	Last	Chng	Term	Asset Type
USDLIBON	0.223	(0.0063)	Overnight	LIBOR
TUSFFRON	0.188	(0.0313)	Overnight	Fed Funds Effective Rate
TUSRPOON	0.140	0.0000	Overnight	Repo Rate
TEONIA01M	0.397	0.0000	1 month	Euribor OIS Rate
TEONIA03M	0.443	(0.0050)	3 month	Euribor OIS Rate
TSONIA01M	0.423	0.0030	1 month	Sterling OIS Rate
TSONIA03M	0.428	0.0020	3 month	Sterling OIS Rate
TUSOIS01M	0.187	0.0050	1 month	USD OIS Rate
TUSOIS03M	0.200	0.0030	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.**





