



7/29/2009 6:17

## The Morning Email: Treasuries

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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	99.269	99.302	99.208	99.163	97.320	99.033
Auction Yield Stop	1.080	1.519	2.700	3.300	3.365	4.303
Actual Auction Date	7/28/2009	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	108.0850	0.5	108.1100	108.0750	108.0770	21,594	2y Fut
Z3NU9	111.2000	(0.7)	#VALUE!	#VALUE!	#VALUE!	0	3y Fut
FVAU9	114.2970	1.5	115.0420	114.2650	114.2770	33,323	5y Fut
TYAU9	116.0650	4.00	116.1600	116.0050	116.0250	93,408	10y Fut
USAU9	116.1400	15.00	116.2400	115.2900	115.3050	21,458	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.2420	(10.50)	99.2620	99.2400	99.2520	na	2y Cash
BUS03P	99.1900	0.50	99.2270	99.1820	99.1870	na	3y Cash
BUS05P	100.0520	2.50	100.1100	100.0270	100.0450	na	5y Cash
BUS07P	99.2900	5.50	100.0450	99.2600	99.2500	na	7y Cash
BUS10P	95.2050	8.50	95.2850	95.1050	95.1600	na	10y Cash
BUS30P	95.2100	13.00	96.0400	95.0500	95.0500	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	1.123	0.440	1.127	1.091	1.112	na	2y Yield
BUS03Y	1.636	(0.060)	1.649	1.600	1.644	na	3y Yield
BUS05Y	2.587	(0.170)	2.606	2.550	2.594	na	5y Yield
BUS07Y	3.257	(0.230)	3.280	3.226	3.285	na	7y Yield
BUS10Y	3.658	(0.320)	3.694	3.631	3.688	na	10y Yield
BUS30Y	4.514	(0.430)	4.548	4.487	4.548	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>	16.35	5.37	\$1,679	10.75	n/a	<b>30y</b>
<b>10y</b>	8.27	2.67	\$835	5.34	n/a	<b>10y</b>
<b>7y</b>	6.14	2.07	\$647	4.14	n/a	<b>7y</b>
<b>5y</b>	4.58	1.53	\$480	6.14	n/a	<b>5y</b>
<b>3y</b>	2.88	0.94	\$294	3.76	n/a	<b>3y</b>
<b>2y</b>	1.97	0.64	\$199	2.55	n/a	<b>2y</b>
<b>ZB</b>	9.89	4.07	\$127	4.07	0.7593	<b>ZB</b>
<b>ZN</b>	5.74	2.32	\$73	4.65	0.7941	<b>ZN</b>
<b>ZF</b>	4.11	1.57	\$49	6.29	0.8622	<b>ZF</b>
<b>Z3N</b>	2.73	1.06	\$33	4.23	0.7941	<b>Z3N</b>
<b>ZT</b>	1.84	0.69	\$22	2.77	0.9144	<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	2.93
ZN	0.57		1.48	1.10	1.68
ZF	0.39	0.68		0.74	1.13
Z3N	0.50	0.88	1.30		1.48
ZT	0.34	0.60	0.88	1.31	

## US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.6	2.3	3.8	5.1	6.57	13.2
ZN	2.7	4.1	6.6	8.9	11.50	23.1
ZF	3.9	6.0	9.8	13.2	17.00	34.2
Z3N	3.0	4.5	7.3	9.8	12.64	25.4
ZT	4.6	6.8	11.1	14.9	19.28	38.8

## US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.47	2.40	3.24	4.19	8.42
3y	0.68		1.63	2.20	2.84	5.71
5y	0.42	0.61		1.35	1.74	3.50
7y	0.31	0.45	0.74		1.29	2.59
10y	0.24	0.35	0.57	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	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

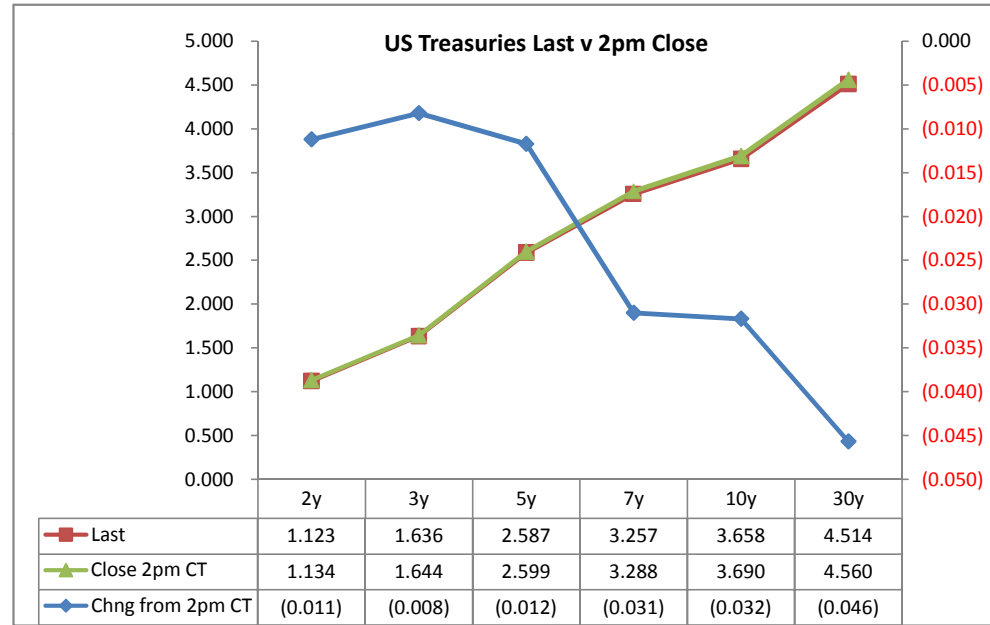
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis (CF)			Close 32	Last	
						from 2pm	Close	Last	CF			
2y	1.000	7/31/11	99.2525	1.134	1.123	(0.011)	23.30	24.26	0.9144	108.107	108.085	TUAU9
3y	1.500	7/15/12	99.1875	1.644	1.636	(0.008)	25.20	28.28	0.8843	111.232	111.200	Z3NU9
5y	2.250	5/31/14	100.0375	2.599	2.587	(0.012)	34.09	34.29	0.8622	114.283	114.297	FVAU9
7y	3.250	6/30/16	99.2600	3.288	3.257	(0.031)	na	na	na	na	na	
10y	3.125	5/15/19	95.1250	3.690	3.658	(0.032)	102.82	107.64	0.7941	116.025	116.065	TYAU9
30y	4.250	5/15/39	94.3100	4.560	4.514	(0.046)	221.62	231.85	0.7593	115.305	116.140	USAU9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm Cls
2/3	51.0	51.3	0.3
2/5	146.5	146.4	(0.1)
2/7	215.4	213.4	(2.0)
3/5	95.5	95.1	(0.4)
3/7	164.4	162.1	(2.3)
2/10	255.6	253.6	(2.0)
3/10	204.6	202.3	(2.3)
5/7	68.9	67.0	(1.9)
5/10	109.1	107.1	(2.0)
2/30	342.6	339.2	(3.4)
3/30	291.6	287.9	(3.7)
5/30	196.1	192.7	(3.4)
7/10	40.2	40.1	(0.1)
7/30	127.2	125.7	(1.5)
10/30	87.0	85.6	(1.4)

	Last	Chng on Day	Prcnt Chng
Emini SP	972.25	(3.75)	-0.38
Crude Oil	65.75	(1.48)	-2.20
Gold	935.30	(3.80)	-0.40
EURUSD	141.32	(0.37)	-0.26
USDJPY	94.96	0.41	0.43
DX	79.13	0.28	0.36



^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	43%	100%		
10	24%	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	\$199			
5	\$206	\$480		
10	\$199	\$462	\$835	
30	\$202	\$470	\$849	\$1,679

**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	(\$7)	\$480		
10	\$1	\$17	\$835	
30	(\$3)	\$9	(\$14)	\$1,679

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	-3.2%	0.0%		
10	0.4%	3.7%	0.0%	
30	-1.2%	2.0%	-1.7%	0.0%

## Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.92	2.21	3.86	7.76
ZF	0.41	0.98	1.70	3.42
ZN	0.27	0.66	1.15	2.31
ZB	0.16	0.38	0.66	1.32

	2y	5y	10y	30y
2y		2.40	4.19	8.42
5y	0.42		1.74	3.50
10y	0.24	0.57		2.01
30y	0.12	0.29	0.50	

	ZT	ZF	ZN	ZB
ZT		2.27	3.35	5.87
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	0.92	2.21	7.71	15.51
ZF	0.41	0.98	3.40	6.84
ZN	0.55	1.32	1.15	2.31
ZB	0.63	0.75	1.31	1.32

	2y	5y	10y	30y
2y		2.40	2.09	4.21
5y	0.42		0.44	1.75
10y	0.48	2.30		2.01
30y	0.24	0.57	0.50	

	ZT	ZF	ZN	ZB
ZT		2.27	6.70	11.74
ZF	0.44		2.96	5.18
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	0.229	#VALUE!
1week	0.262	#VALUE!
2week	0.272	#VALUE!

	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>
1M	0.285	0.142	#VALUE!
3M	0.488	0.187	#VALUE!
6M	0.933	0.274	#VALUE!

	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY-ED Pk <sup>4</sup>
2y	1.123	36.25	1.49	2.418	1.295
5y	2.587	40.50	2.99	4.458	1.870
10y	3.658	22.25	3.88	4.900	1.241

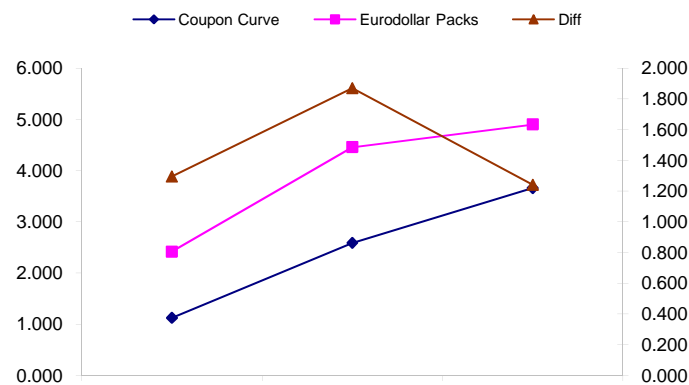
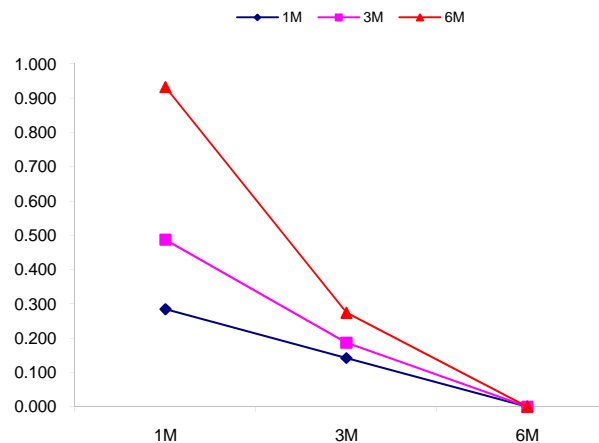
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
146.4	204.0	57.5
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
253.6	248.2	-5.3
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
107.1	44.2	-62.9

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



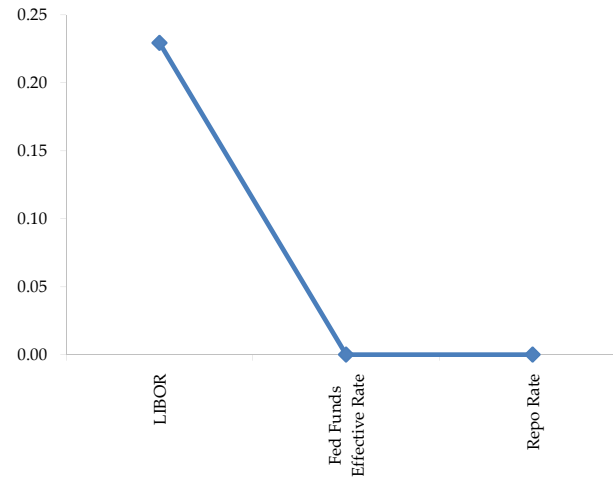
	Last	Chng	Term	Asset Type
USDLIBON	0.229	0.0038	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.388	(0.0020)	1 month	Euribor OIS Rate
TEONIA03M	0.448	(0.0060)	3 month	Euribor OIS Rate
TSONIA01M	0.418	(0.0030)	1 month	Sterling OIS Rate
TSONIA03M	0.423	(0.0050)	3 month	Sterling OIS Rate
TUSOIS01M	0.181	(0.0030)	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.**





