



7/30/2009 5:49

The Morning Email: Treasuries

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Want something added? Let me know: jgoulding@ghco.com

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	32nds					
	2 y	3 y	5y	7y	10y	30y
Auction Price	99.269	99.302	99.225	99.163	97.320	99.033
Auction Yield Stop	1.080	1.519	2.689	3.300	3.365	4.303
Actual Auction Date	7/28/2009	7/7/2009	7/29/2009	6/26/2009	07/08/09 r	7/09/2009 r

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAU9	108.0420	(1.0)	108.0600	108.0350	108.0570	16,589	2y Fut
Z3NU9	111.1520	(4.0)	#VALUE!	#VALUE!	#VALUE!	0	3y Fut
FVAU9	114.1800	(4.0)	114.2370	114.1720	114.2220	30,207	5y Fut
TYAU9	115.2300	(9.00)	116.0000	115.2200	115.3100	66,801	10y Fut
USAU9	116.0150	(13.50)	116.1150	115.3100	116.0950	11,820	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.2020	(1.20)	99.2150	99.1950	99.2200	na	2y Cash
BUS03P	99.1220	(2.20)	99.1450	99.1150	99.1420	na	3y Cash
BUS05P	99.2070	(9.20)	99.2550	99.1920	99.2450	na	5y Cash
BUS07P	99.1400	(8.00)	99.2200	99.1300	99.2200	na	7y Cash
BUS10P	95.1000	(8.50)	95.2150	95.0750	95.2150	na	10y Cash
BUS30P	95.1200	(27.50)	95.2150	95.0750	95.2400	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	1.187	0.200	1.199	1.167	1.175	na	2y Yield
BUS03Y	1.715	0.300	1.724	1.691	1.694	na	3y Yield
BUS05Y	2.699	0.620	2.711	2.669	2.681	na	5y Yield
BUS07Y	3.342	0.430	3.347	3.301	3.316	na	7y Yield
BUS10Y	3.696	0.380	3.706	3.669	3.672	na	10y Yield
BUS30Y	4.531	0.280	4.543	4.515	4.510	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	16.33	5.35	\$1,673	10.71	n/a	30y
10y	8.26	2.66	\$832	5.32	n/a	10y
7y	6.13	2.06	\$643	4.12	n/a	7y
5y	4.65	1.55	\$485	6.21	n/a	5y
3y	2.88	0.94	\$293	3.75	n/a	3y
2y	1.97	0.64	\$200	2.56	n/a	2y
ZB	9.88	4.06	\$127	4.06	0.7593	ZB
ZN	5.73	2.31	\$72	4.62	0.7941	ZN
ZF	4.11	1.56	\$49	6.26	0.8602	ZF
Z3N	2.73	1.05	\$33	4.21	0.7941	Z3N
ZT	1.83	0.69	\$22	2.76	0.9144	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		1.76	2.60	1.93	2.94
ZN	0.57		1.48	1.10	1.67
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	6.55	13.2
ZN	2.8	4.1	6.7	8.9	11.51	23.2
ZF	3.9	6.0	9.9	13.2	17.01	34.2
Z3N	3.0	4.5	7.4	9.8	12.63	25.4
ZT	4.6	6.8	11.2	14.9	19.26	38.7

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.47	2.43	3.22	4.16	8.37
3y	0.68		1.66	2.20	2.84	5.71
5y	0.41	0.60		1.33	1.71	3.45
7y	0.31	0.46	0.75		1.29	2.60
10y	0.24	0.35	0.58	0.77		2.01
30y	0.12	0.18	0.29	0.38	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

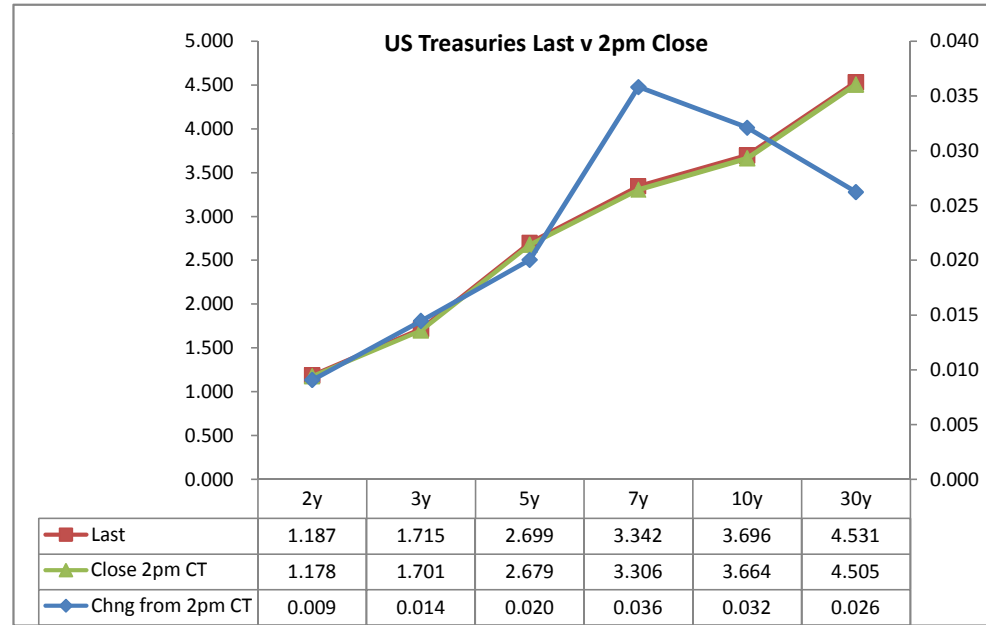
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis (CF)			Close 32	Last	
						from 2pm	Close	Last	CF			
2y	1.000	7/31/11	99.2075	1.178	1.187	0.009	23.55	24.19	0.9144	108.055	108.042	TUAU9
3y	1.500	7/15/12	99.1350	1.701	1.715	0.014	27.03	25.73	0.8843	111.152	111.152	Z3NU9
5y	2.625	7/31/14	99.2400	2.679	2.699	0.020	35.07	35.21	0.8602	114.220	114.180	FVAU9
7y	3.250	6/30/16	99.2100	3.306	3.342	0.036	na	na	na	na	na	
10y	3.125	5/15/19	95.1900	3.664	3.696	0.032	111.30	109.45	0.7941	116.000	115.230	TYAU9
30y	4.250	5/15/39	95.2700	4.505	4.531	0.026	237.09	232.34	0.7593	116.150	116.015	USAU9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm Cls
2/3	52.3	52.8	0.5
2/5	150.1	151.2	1.1
2/7	212.8	215.5	2.7
3/5	97.8	98.4	0.6
3/7	160.5	162.6	2.1
2/10	248.6	250.9	2.3
3/10	196.3	198.1	1.8
5/7	62.7	64.3	1.6
5/10	98.5	99.7	1.2
2/30	332.7	334.4	1.7
3/30	280.4	281.6	1.2
5/30	182.6	183.2	0.6
7/10	35.8	35.4	(0.4)
7/30	119.9	118.9	(1.0)
10/30	84.1	83.5	(0.6)

	Last	Chng on Day	Prcnt Chng
Emini SP	982.75	7.75	0.79
Crude Oil	64.10	0.75	1.18
Gold	933.50	6.30	0.68
EURUSD	140.75	0.24	0.17
USDJPY	95.13	0.13	0.14
DX	79.27	(0.36)	-0.46



^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	24%	56%	100%	
30	12%	29%	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	\$200			
5	\$206	\$485		
10	\$199	\$469	\$832	
30	\$202	\$477	\$846	\$1,673

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	\$200			
5	(\$6)	\$485		
10	\$1	\$16	\$832	
30	(\$2)	\$8	(\$15)	\$1,673

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	-2.8%	0.0%		
10	0.6%	3.5%	0.0%	
30	-1.1%	1.7%	-1.7%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.93	2.25	3.85	7.75
ZF	0.41	0.99	1.70	3.42
ZN	0.28	0.67	1.15	2.32
ZB	0.16	0.38	0.66	1.32

	2y	5y	10y	30y
2y		2.43	4.16	8.37
5y	0.41		1.71	3.45
10y	0.24	0.58		2.01
30y	0.12	0.29	0.50	

	ZT	ZF	ZN	ZB
ZT		2.26	3.34	5.88
ZF	0.44		1.48	2.60
ZN	0.30	0.68		1.76
ZB	0.17	0.39	0.57	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.93	2.25	7.70	15.49
ZF	0.41	0.99	3.40	6.84
ZN	0.55	1.34	1.15	2.32
ZB	0.63	0.76	1.31	1.32

	2y	5y	10y	30y
2y		2.43	2.08	4.18
5y	0.41		0.43	1.72
10y	0.48	2.33		2.01
30y	0.24	0.58	0.50	

	ZT	ZF	ZN	ZB
ZT		2.26	6.69	11.75
ZF	0.44		2.95	5.19
ZN	0.15	0.34		1.76
ZB	0.09	0.19	0.57	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.230	#VALUE!
1week	0.259	#VALUE!
2week	0.269	#VALUE!

	Libor\$ ¹	Tbill	CP ²
1M	0.281	0.136	0.300
3M	0.483	0.185	0.400
6M	0.930	0.266	0.850

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY-ED Pk ⁴
2y	1.187	36.50	1.55	2.513	1.326
5y	2.699	37.00	3.07	4.511	1.812
10y	3.696	23.75	3.93	4.978	1.282

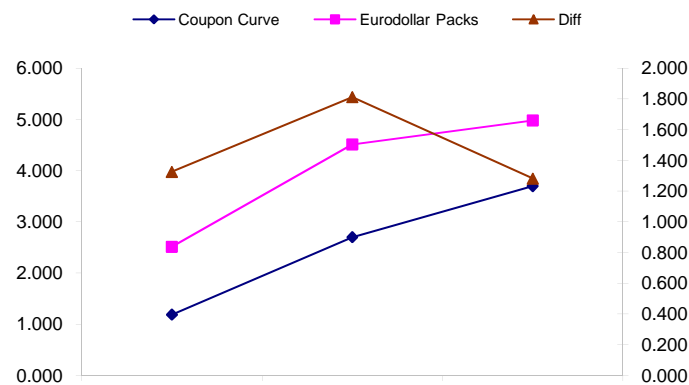
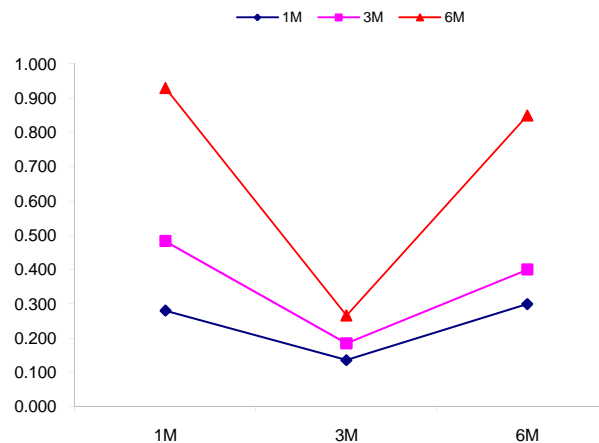
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
151.2	199.8	48.6
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
250.9	246.5	-4.4
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
99.7	46.7	-53.0

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



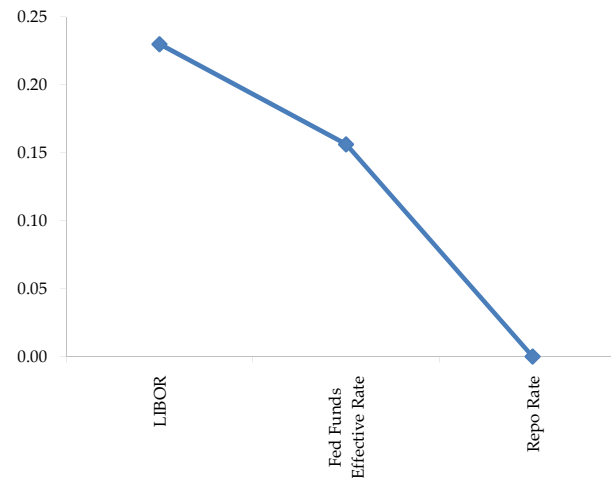
	Last	Chng	Term	Asset Type
USDLIBON	0.230	0.0006	Overnight	LIBOR
TUSFFRON	0.156	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.391	0.0050	1 month	Euribor OIS Rate
TEONIA03M	0.451	0.0030	3 month	Euribor OIS Rate
TSONIA01M	0.418	0.0010	1 month	Sterling OIS Rate
TSONIA03M	0.422	0.0030	3 month	Sterling OIS Rate
TUSOIS01M	0.189	0.0010	1 month	USD OIS Rate
TUSOIS03M	0.197	0.0000	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.

Jim's Notes:

The US Dollar Index is physically settled on the third Wednesday of the expiration month against six component currencies (euro, Japanese yen, British pound, Canadian dollar, Swedish krona and Swiss franc) in their respective percentage weights in the Index. Settlement rates may be quoted to three decimal places. [ICE]

