6/1/2009 5:51

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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Auctions

	32nds					
	2 y	**3 y**	**5y**	**7y**	**10y**	**30y**
Auction Price	99.279	99.228	99.230	99.221	99.143	99.116
Auction Yield Stop	0.940	1.375	2.310	3.300	3.190	4.288
Actual Auction Date	5/26/2009	5/5/2009	5/27/2009	5/28/2009	5/6/2009	5/7/2009

Quotes

			32 nds				
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
TUAU9	108.1200	(1.0)	108.1270	108.1070	108.1070	8,791	2y Fut
Z3NU9	111.2400	(4.5)	111.2470	111.2000	111.2000	28	3y Fut
FVAU9	115.0800	(7.0)	115.1400	115.0550	115.1020	27,572	5y Fut
TYAU9	116.1750	(14.50)	116.2800	116.1400	116.2500	74,231	10y Fut
USAU9	116.2950	(23.50)	117.1300	116.2400	117.1000	15,007	30y Fut
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
BUS02P	99.2800	(1.50)	99.2870	99.2720	99.2900	na	2y Cash
BUS03P	99.2700	(2.50)	99.2820	99.2520	99.2900	na	3y Cash
BUS05P	99.1150	(6.70)	99.1600	99.0970	99.1420	na	5y Cash
BUS07P	100.2550	(14.50)	101.0150	100.2350	101.0050	na	7y Cash
BUS10P	96.1900	(17.00)	97.0650	96.1500	97.0550	na	10y Cash
BUS30P	97.2100	(28.00)	98.0600	97.1350	98.1000	na	30y Cash
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
BUS02Y	0.938	0.200	0.950	0.927	0.923	na	2y Yield
BUS03Y	1.429	0.270	1.448	1.416	1.408	na	3y Yield
BUS05Y	2.385	0.460	2.399	2.357	2.345	na	5y Yield
BUS07Y	3.119	0.770	3.131	3.081	3.060	na	7y Yield
BUS10Y	3.532	0.730	3.549	3.460	3.463	na	10y Yield
BUS30Y	4.395	0.530	4.401	4.359	4.339	na	30y Yield

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

Duration, DV01s, CFs

	M Duration	DV01 32	DV01 $	DV01 Box	CF	
30y	16.65	5.54	$1,730	11.07	n/a	**30y**
10y	8.44	2.74	$856	5.48	n/a	**10y**
7y	6.22	2.11	$658	4.21	n/a	**7y**
5y	4.70	1.55	$483	6.18	n/a	**5y**
3y	2.88	0.94	$293	3.76	n/a	**3y**
2y	1.97	0.64	$200	2.55	n/a	**2y**
ZB	10.07	4.15	$130	4.15	0.7593	**ZB**
ZN	5.90	2.40	$75	4.79	0.7941	**ZN**
ZF	4.27	1.64	$51	6.56	0.8493	**ZF**
Z3N	2.83	1.10	$34	4.39	0.7941	**Z3N**
ZT	1.95	0.74	$23	2.95	0.9856	**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

Hedge Ratio's

US Financial Futures

	ZB	ZN	ZF	Z3N	ZT
ZB		1.73	2.53	1.89	2.82
ZN	0.58		1.46	1.09	1.63
ZF	0.39	0.68		0.75	1.11
Z3N	0.51	0.89	1.30		1.45
ZT	0.35	0.61	0.90	1.34	

US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.5	2.3	3.7	4.8	6.59	13.3
ZN	2.7	3.9	6.5	8.3	11.43	23.1
ZF	3.9	5.7	9.4	12.1	16.71	33.8
Z3N	2.9	4.3	7.0	9.0	12.48	25.2
ZT	4.3	6.4	10.5	13.4	18.59	37.6

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.47	2.42	3.10	4.29	8.67
3y	0.68		1.65	2.11	2.92	5.90
5y	0.41	0.61		1.28	1.77	3.58
7y	0.32	0.47	0.78		1.38	2.80
10y	0.23	0.34	0.56	0.72		2.02
30y	0.12	0.17	0.28	0.36	0.49	

US Financial Futures vs German Futures

	ZB	ZN	ZF	ZT
Bund (U)	1.00	1.80	2.55	2.88
Bobl (U)	0.62	1.00	1.50	1.69
Shatz (U)	0.25	0.43	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 Treasuires vs German Futures

	2y	3y	5y	7y	10y	30y
Bund (U)	1.5	2.4	3.7	4.7	6.4	12.6
Bobl (U)	2.6	3.9	6.2	8.0	10.9	21.5
Shatz (U)	6.5	9.5	15.4	19.7	26.8	52.9

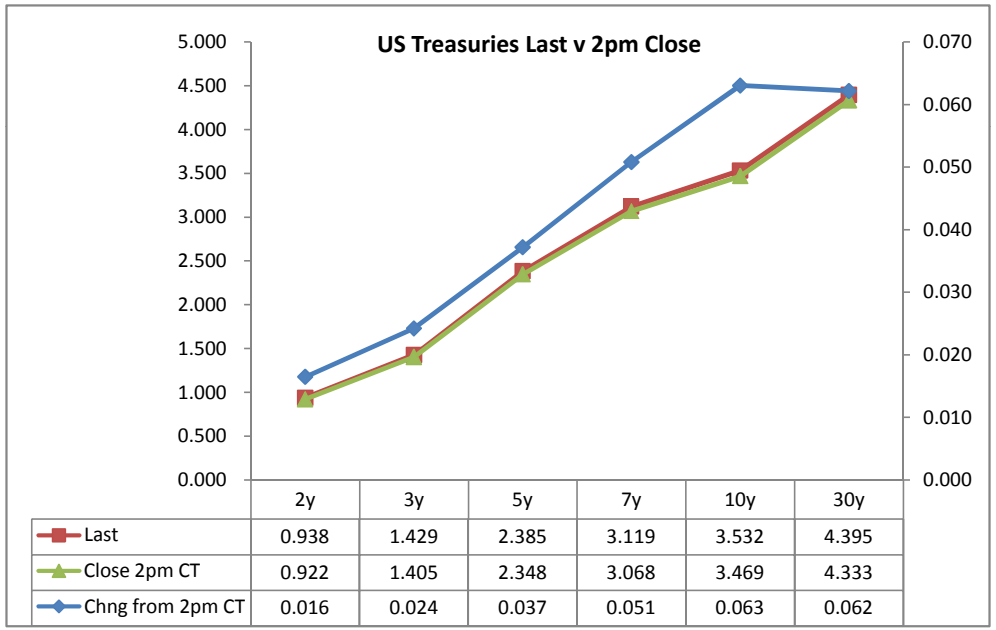
Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng from 2pm	Basis (CF) Close	Basis (CF) Last	Close 32	Last	
2y	0.875	5/31/11	99.2900	0.922	0.938	0.016	-222.29	-222.06	108.1325	108.12	TUAU9
3y	1.375	5/15/12	99.2925	1.405	1.429	0.024					
5y	2.250	5/31/14	99.1725	2.348	2.385	0.037	47.09	47.28	115.1500	115.08	FVAU9
7y	3.250	5/31/16	101.0450	3.068	3.119	0.051					
10y	3.125	5/15/19	97.0400	3.469	3.532	0.063	134.89	129.40	117.0000	116.175	TYAU9
30y	4.250	5/15/39	98.1950	4.333	4.395	0.062	296.74	284.08	117.2100	116.295	USAU9

	Curve Spreads^ Close bps	Last bps	Chng from 2pm Cls
2/3	48.3	49.1	0.8
2/5	142.6	144.7	2.1
2/7	214.6	218.0	3.4
3/5	94.3	95.6	1.3
3/7	166.3	169.0	2.7
2/10	254.7	259.4	4.7
3/10	206.4	210.3	3.9
5/7	72.0	73.4	1.4
5/10	112.1	114.7	2.6
2/30	341.1	345.7	4.6
3/30	292.8	296.6	3.8
5/30	198.5	201.0	2.5
7/10	40.1	41.3	1.2
7/30	126.5	127.6	1.1
10/30	86.4	86.3	(0.1)

	Last	Chng on Day
Emini SP	932.75	14.75
Crude Oil	67.88	1.57
Gold	988.20	7.90
EURUSD	142.34	0.72
USDJPY	94.72	(0.62)



^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	$200			
5	$203	$483		
10	$200	$476	$856	
30	$205	$488	$877	$1,730

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	($3)	$483		
10	($0)	$7	$856	
30	($5)	($5)	($21)	$1,730

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	-1.7%	0.0%		
10	-0.2%	1.4%	0.0%	
30	-2.6%	-1.0%	-2.4%	0.0%

Tic for Tic & Box for Box Matrix

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.10	3.72	7.51
ZF	0.39	0.94	1.67	3.38
ZN	0.27	0.65	1.14	2.31
ZB	0.15	0.37	0.66	1.33

	2y	5y	10y	30y
2y		2.42	4.29	8.67
5y	0.41		1.77	3.58
10y	0.23	0.56		2.02
30y	0.12	0.28	0.49	

	ZT	ZF	ZN	ZB
ZT		2.23	3.25	5.64
ZF	0.45		1.46	2.53
ZN	0.31	0.68		1.73
ZB	0.18	0.39	0.58	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.87	2.10	7.43	15.03
ZF	0.39	0.94	3.34	6.75
ZN	0.53	1.29	1.14	2.31
ZB	0.61	0.74	1.32	1.33

	2y	5y	10y	30y
2y		2.42	2.14	4.34
5y	0.41		0.44	1.79
10y	0.47	2.26		2.02
30y	0.23	0.56	0.49	

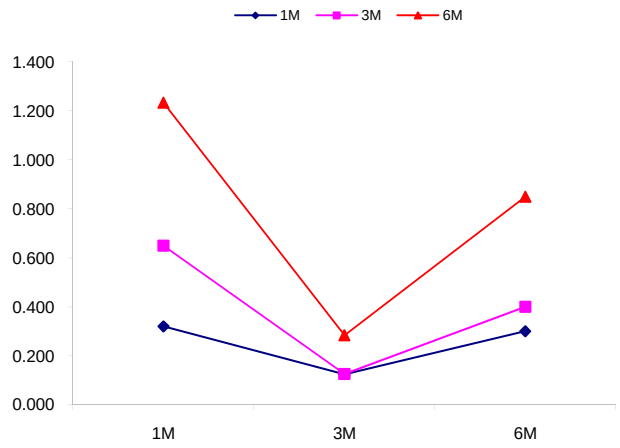
	ZT	ZF	ZN	ZB
ZT		2.23	6.51	11.28
ZF	0.45		2.92	5.07
ZN	0.15	0.34		1.73
ZB	0.09	0.20	0.58	

Key Money Rate, Spreads, Swaps, Packs

	Libor$ [1]	Repo Rt [6]
0/N	0.263	0.180
1week	0.294	0.150
2week	0.305	0.150

	Libor$ [1]	Tbill	CP [2]
1M	0.320	0.124	0.300
3M	0.650	0.126	0.400
6M	1.234	0.284	0.850

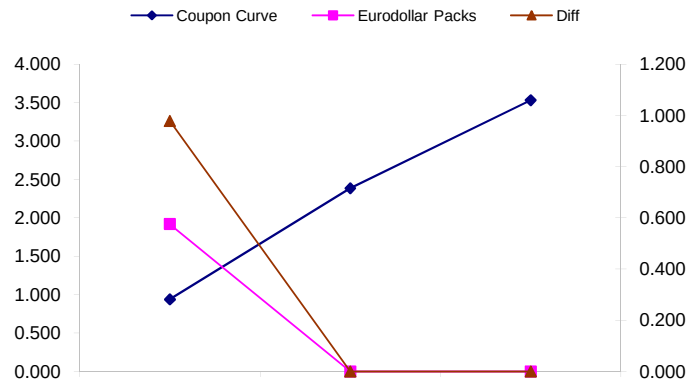
	TSY	Swp	Swp Rate[5]	ED Pks[3]	TSY - ED Pk [4]
2y	0.938	40.75	1.35	1.917	0.978
5y	2.385	44.00	2.83		#VALUE!
10y	3.532	20.00	3.73		#VALUE!



2/5	Rd/Blu Pk	Diff
144.7	#VALUE!	#VALUE!
2/10	**Rd/Gld Pk**	**Diff**
259.4	#VALUE!	#VALUE!
5/10	**Blu/Gld Pk**	**Diff**
114.7	#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

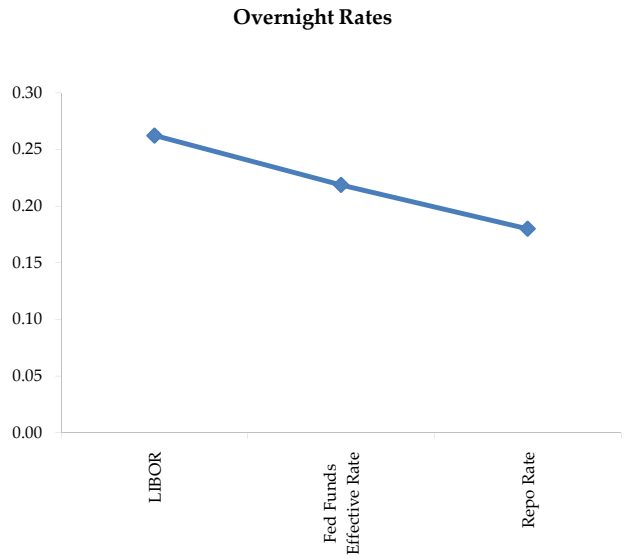
5) Swap divided by 100 + TSY yield gives swap rate in basis points.

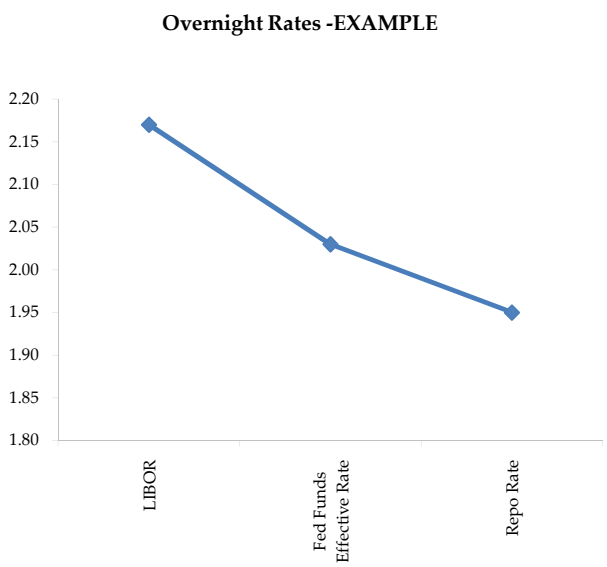
6) Repo Rt quotes is for overnight General Collateral

Libor, Fed Funds (OIS), Repo, SONIA & EONIA Rates

	Last	Chng	Term	Asset Type
USDLIBON	0.263	(0.0088)	Overnight	LIBOR
TUSFFRON	0.219	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	0.180	0.0000	Overnight	Repo Rate
TEONIA01M	0.804	(0.0080)	1 momth	Euribor OIS Rate
TEONIA03M	0.777	(0.0060)	3 month	Euribor OIS Rate
TSONIA01M	0.424	0.0030	1 momth	Sterling OIS Rate
TSONIA03M	0.431	0.0070	3 month	Sterling OIS Rate
TUSOIS01M	0.186	(0.0020)	1 momth	USD OIS Rate
TUSOIS03M	0.196	(0.0050)	3 month	USD OIS Rate

Example, below





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