



The Morning Email: Treasuries

6/2/2009 5:44

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Want something added? Let me know:
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	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	108.1170	2.0	108.1220	108.1000	108.1100	18,410	2y Fut
Z3NU9	111.2350	5.7	111.2350	111.2050	111.2050	32	3y Fut
FVAU9	114.2670	8.7	114.2820	114.1820	114.2070	30,538	5y Fut
TYAU9	115.2700	14.00	115.3050	115.1400	115.2100	98,899	10y Fut
USAU9	115.0650	21.50	115.1200	114.2450	115.0000	18,602	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.2800	1.00	99.2850	99.2620	99.2670	na	2y Cash
BUS03P	99.2520	2.50	99.2570	99.2100	99.2250	na	3y Cash
BUS05P	98.2820	5.50	98.2950	98.2070	98.2420	na	5y Cash
BUS07P	100.0600	7.00	100.0800	99.2900	100.0200	na	7y Cash
BUS10P	95.2450	9.50	95.2800	95.0750	95.1600	na	10y Cash
BUS30P	95.2550	12.00	96.0000	95.1000	95.1200	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.935	(0.120)	0.966	0.931	0.959	na	2y Yield
BUS03Y	1.446	(0.240)	1.495	1.443	1.479	na	3y Yield
BUS05Y	2.486	(0.250)	2.540	2.481	2.528	na	5y Yield
BUS07Y	3.217	(0.350)	3.265	3.209	3.263	na	7y Yield
BUS10Y	3.636	(0.330)	3.702	3.622	3.679	na	10y Yield
BUS30Y	4.507	(0.240)	4.538	4.494	4.534	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	16.51	5.40	\$1,687	10.79	n/a	30y
10y	8.42	2.71	\$847	5.42	n/a	10y
7y	6.21	2.09	\$653	4.18	n/a	7y
5y	4.69	1.54	\$480	6.15	n/a	5y
3y	2.88	0.94	\$293	3.75	n/a	3y
2y	1.97	0.64	\$199	2.55	n/a	2y
ZB	10.04	4.10	\$128	4.10	0.7593	ZB
ZN	5.89	2.38	\$74	4.76	0.7941	ZN
ZF	4.27	1.63	\$51	6.52	0.8493	ZF
Z3N	2.83	1.10	\$34	4.38	0.7941	Z3N
ZT	1.95	0.74	\$23	2.94	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

US Financial Futures

	ZB	ZN	ZF	Z3N	ZT
ZB		1.72	2.52	1.87	2.78
ZN	0.58		1.46	1.09	1.62
ZF	0.40	0.68		0.74	1.11
Z3N	0.52	0.90	1.31		1.45
ZT	0.36	0.62	0.90	1.34	

US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.6	2.3	3.7	4.8	6.61	13.2
ZN	2.7	3.9	6.5	8.3	11.40	22.7
ZF	3.9	5.8	9.4	12.1	16.65	33.1
Z3N	2.9	4.3	7.0	9.0	12.38	24.6
ZT	4.3	6.4	10.4	13.3	18.42	36.7

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.47	2.41	3.08	4.25	8.46
3y	0.68		1.64	2.09	2.89	5.76
5y	0.41	0.61		1.28	1.76	3.51
7y	0.32	0.48	0.78		1.38	2.75
10y	0.24	0.35	0.57	0.72		1.99
30y	0.12	0.17	0.28	0.36	0.50	

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 Treasuries 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

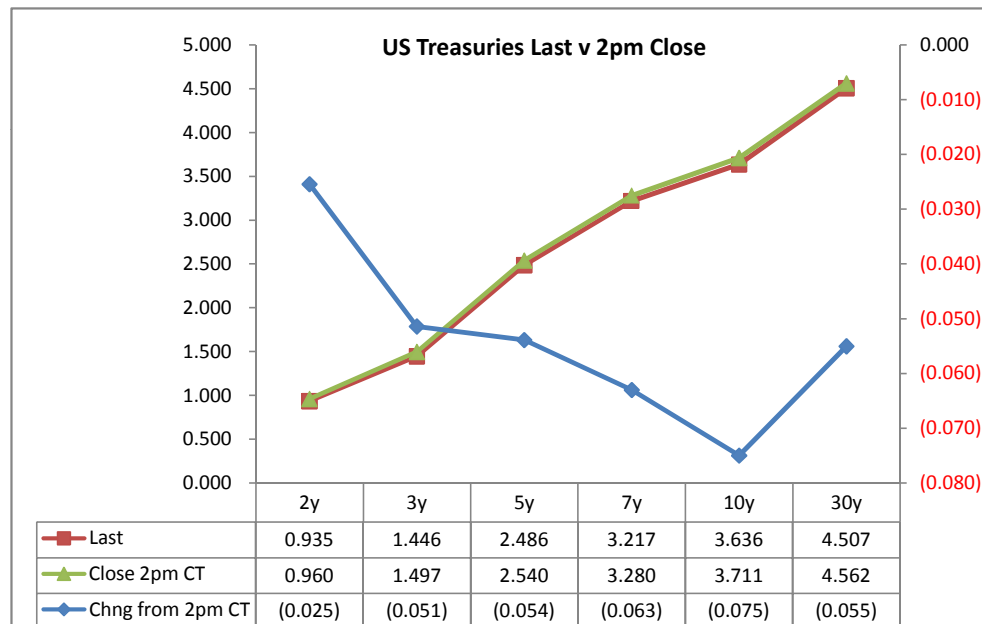
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis (CF)		Close 32	Last	
						from 2pm	Close	Last			
2y	0.875	5/31/11	99.2625	0.960	0.935	(0.025)	-221.59	-221.77	108.0975	108.117	TUAU9
3y	1.375	5/15/12	99.2075	1.497	1.446	(0.051)					
5y	2.250	5/31/14	98.2075	2.540	2.486	(0.054)	43.22	43.28	114.1800	114.267	FVAU9
7y	3.250	5/31/16	99.2600	3.280	3.217	(0.063)					
10y	3.125	5/15/19	95.0500	3.711	3.636	(0.075)	111.99	120.77	115.1350	115.27	TYAU9
30y	4.250	5/15/39	94.3000	4.562	4.507	(0.055)	254.41	266.34	114.1800	115.065	USAU9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm Cls
2/3	53.7	51.1	(2.6)
2/5	158.0	155.2	(2.8)
2/7	232.0	228.2	(3.8)
3/5	104.3	104.1	(0.2)
3/7	178.3	177.1	(1.2)
2/10	275.1	270.1	(5.0)
3/10	221.4	219.0	(2.4)
5/7	74.0	73.1	(0.9)
5/10	117.1	115.0	(2.1)
2/30	360.2	357.2	(3.0)
3/30	306.5	306.1	(0.4)
5/30	202.2	202.1	(0.1)
7/10	43.1	41.9	(1.2)
7/30	128.2	129.0	0.8
10/30	85.1	87.1	2.0

	Last	Chng on Day
Emini SP	941.50	2.50
Crude Oil	68.15	(0.43)
Gold	978.50	(1.50)
EURUSD	142.16	0.55
USDJPY	95.67	(0.94)



^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	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	\$199			
5	\$202	\$480		
10	\$198	\$472	\$847	
30	\$201	\$479	\$860	\$1,687

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	(\$2)	\$480		
10	\$1	\$9	\$847	
30	(\$2)	\$1	(\$13)	\$1,687

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	-1.2%	0.0%		
10	0.6%	1.8%	0.0%	
30	-0.9%	0.3%	-1.5%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.09	3.68	7.33
ZF	0.39	0.94	1.66	3.31
ZN	0.27	0.65	1.14	2.27
ZB	0.16	0.37	0.66	1.32

	2y	5y	10y	30y
2y		2.41	4.25	8.46
5y	0.41		1.76	3.51
10y	0.24	0.57		1.99
30y	0.12	0.28	0.50	

	ZT	ZF	ZN	ZB
ZT		2.21	3.23	5.57
ZF	0.45		1.46	2.52
ZN	0.31	0.68		1.72
ZB	0.18	0.40	0.58	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.87	2.09	7.37	14.67
ZF	0.39	0.94	3.33	6.63
ZN	0.54	1.29	1.14	2.27
ZB	0.62	0.75	1.32	1.32

	2y	5y	10y	30y
2y		2.41	2.13	4.23
5y	0.41		0.44	1.76
10y	0.47	2.27		1.99
30y	0.24	0.57	0.50	

	ZT	ZF	ZN	ZB
ZT		2.21	6.46	11.14
ZF	0.45		2.92	5.03
ZN	0.15	0.34		1.72
ZB	0.09	0.20	0.58	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.261	0.220
1week	0.291	0.200
2week	0.304	0.200

	Libor\$ ¹	Tbill	CP ²
1M	0.320	0.124	0.300
3M	0.646	0.152	0.400
6M	1.234	0.274	0.850

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.935	46.25	1.40	1.994	1.059
5y	2.486	49.50	2.98	4.481	1.995
10y	3.636	30.25	3.94	5.028	1.392

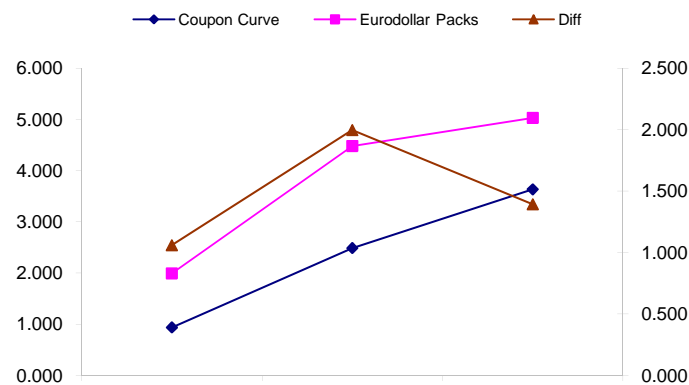
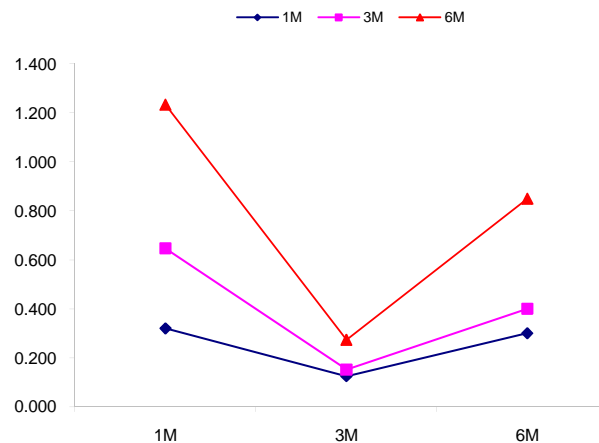
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
155.2	248.7	93.6
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
270.1	303.5	33.3
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
115.0	54.7	-60.3

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



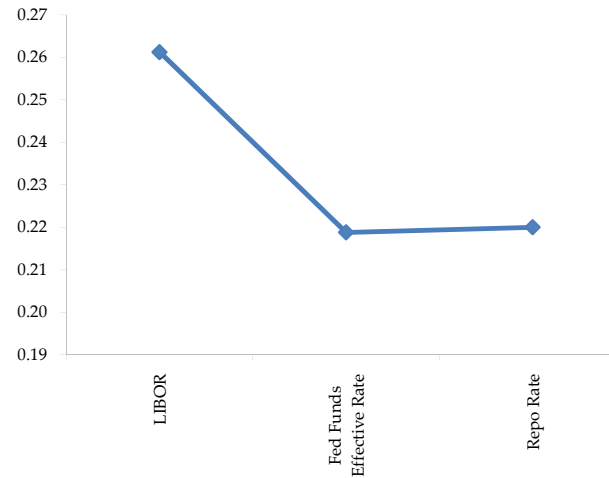
	Last	Chng	Term	Asset Type
USDLIBON	0.261	(0.0012)	Overnight	LIBOR
TUSFFRON	0.219	(0.0624)	Overnight	Fed Funds Effective Rate
TUSRPOON	0.220	0.0000	Overnight	Repo Rate
TEONIA01M	0.778	(0.0130)	1 month	Euribor OIS Rate
TEONIA03M	0.766	(0.0090)	3 month	Euribor OIS Rate
TSONIA01M	0.430	0.0090	1 month	Sterling OIS Rate
TSONIA03M	0.443	0.0200	3 month	Sterling OIS Rate
TUSOIS01M	0.196	(0.0030)	1 month	USD OIS Rate
TUSOIS03M	0.209	(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 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.

