



The Morning Email: Treasuries

6/4/2009 5:48

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

Disclaimer: All information within this newsletter is meant for internal use at GH Trader's LLC, only. All information has been recorded to the best of my ability. This material is based upon information that I consider reliable, but I do not represent that it is accurate or complete.

	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	108.1320	(0.7)	108.1500	108.1270	108.1500	7,270	2y Fut
Z3NU9	111.2170	0.2	111.2170	111.2170	111.2170	14	3y Fut
FVAU9	114.3120	(1.7)	115.0250	114.2800	115.0250	18,214	5y Fut
TYAU9	116.0100	(4.00)	116.0700	115.3000	116.0650	59,062	10y Fut
USAU9	115.2900	(11.00)	116.0800	115.2300	116.0600	8,466	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.2870	(0.70)	99.2950	99.2820	99.2920	na	2y Cash
BUS03P	99.2500	(0.70)	99.2570	99.2320	99.2520	na	3y Cash
BUS05P	99.0350	(2.00)	99.0500	99.0020	99.0470	na	5y Cash
BUS07P	100.1350	(6.00)	100.1900	100.1200	100.1700	na	7y Cash
BUS10P	96.0900	(7.00)	96.1950	96.0500	96.1650	na	10y Cash
BUS30P	96.0600	(17.00)	96.1850	96.0450	96.1600	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.923	0.120	0.935	0.915	0.919	na	2y Yield
BUS03Y	1.451	0.140	1.470	1.443	1.449	na	3y Yield
BUS05Y	2.439	0.150	2.463	2.431	2.431	na	5y Yield
BUS07Y	3.179	0.380	3.189	3.154	3.152	na	7y Yield
BUS10Y	3.569	0.270	3.588	3.532	3.544	na	10y Yield
BUS30Y	4.477	0.260	4.485	4.458	4.450	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	16.54	5.43	\$1,698	10.87	n/a	30y
10y	8.43	2.73	\$852	5.45	n/a	10y
7y	6.21	2.09	\$655	4.19	n/a	7y
5y	4.69	1.54	\$481	6.16	n/a	5y
3y	2.87	0.94	\$292	3.74	n/a	3y
2y	1.96	0.64	\$199	2.54	n/a	2y
ZB	10.05	4.13	\$129	4.13	0.7593	ZB
ZN	5.89	2.38	\$74	4.76	0.7941	ZN
ZF	4.26	1.63	\$51	6.52	0.8493	ZF
Z3N	2.82	1.09	\$34	4.37	0.7941	Z3N
ZT	1.95	0.73	\$23	2.94	0.9133	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		1.73	2.53	1.89	2.81
ZN	0.58		1.46	1.09	1.62
ZF	0.40	0.69		0.75	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	1.5	2.3	3.7	4.8	6.61	13.2
ZN	2.7	3.9	6.5	8.3	11.45	22.8
ZF	3.9	5.7	9.4	12.1	16.72	33.3
Z3N	2.9	4.3	7.0	9.0	12.48	24.9
ZT	4.3	6.4	10.5	13.4	18.58	37.0

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.47	2.42	3.09	4.29	8.54
3y	0.68		1.65	2.10	2.91	5.81
5y	0.41	0.61		1.28	1.77	3.53
7y	0.32	0.48	0.78		1.39	2.76
10y	0.23	0.34	0.56	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

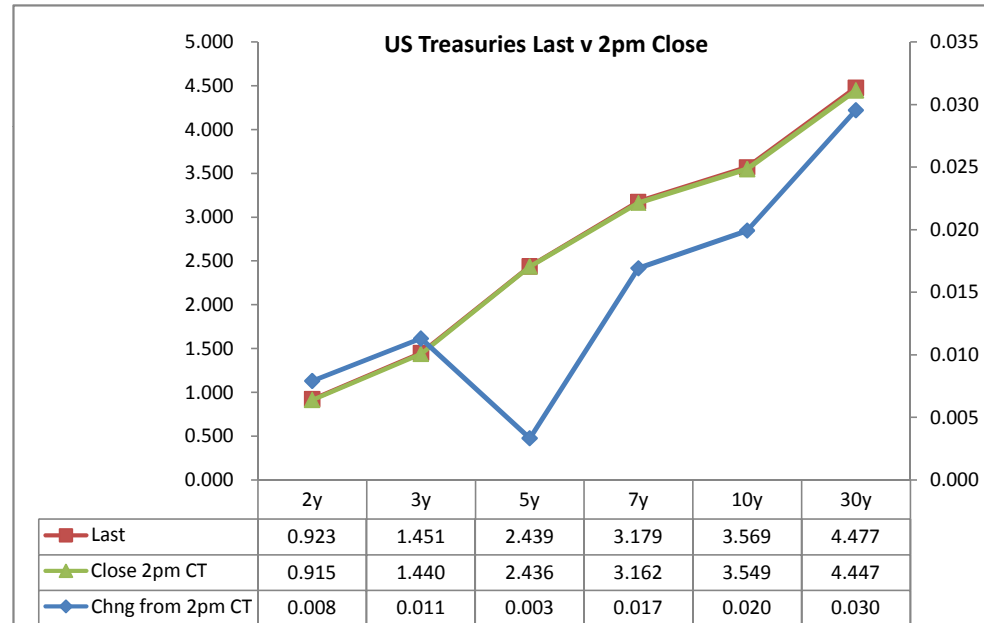
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis (CF)		Close 32	Last	
						from 2pm	Close	Last			
2y	0.875	5/31/11	99.2950	0.915	0.923	0.008	28.35	28.28	108.1400	108.132	TUAU9
3y	1.375	5/15/12	99.2600	1.440	1.451	0.011	54.41	55.65	111.2425	111.217	Z3NU9
5y	2.250	5/31/14	99.0425	2.436	2.439	0.003	45.98	46.76	115.0100	114.312	FVAU9
7y	3.250	5/31/16	100.1750	3.162	3.179	0.017					
10y	3.125	5/15/19	96.1500	3.549	3.569	0.020	134.93	132.51	116.0550	116.01	TYAU9
30y	4.250	5/15/39	96.2400	4.447	4.477	0.030	271.40	261.76	116.0800	115.29	USAU9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm Cls
2/3	52.5	52.8	0.3
2/5	152.1	151.6	(0.5)
2/7	224.7	225.6	0.9
3/5	99.6	98.8	(0.8)
3/7	172.2	172.8	0.6
2/10	263.4	264.6	1.2
3/10	210.9	211.8	0.9
5/7	72.6	74.0	1.4
5/10	111.3	113.0	1.7
2/30	353.2	355.4	2.2
3/30	300.7	302.5	1.8
5/30	201.1	203.7	2.6
7/10	38.7	39.0	0.3
7/30	128.5	129.8	1.3
10/30	89.8	90.8	1.0

	Last	Chng on Day
Emini SP	935.75	4.00
Crude Oil	67.18	1.06
Gold	967.40	1.80
EURUSD	141.65	0.00
USDJPY	96.47	0.46



^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	\$199			
5	\$202	\$481		
10	\$199	\$474	\$852	
30	\$202	\$481	\$865	\$1,698

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	(\$3)	\$481		
10	\$0	\$7	\$852	
30	(\$3)	\$0	(\$13)	\$1,698

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	-1.4%	0.0%		
10	0.1%	1.5%	0.0%	
30	-1.4%	0.0%	-1.5%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.10	3.72	7.40
ZF	0.39	0.94	1.67	3.33
ZN	0.27	0.65	1.15	2.28
ZB	0.15	0.37	0.66	1.32

	2y	5y	10y	30y
2y		2.42	4.29	8.54
5y	0.41		1.77	3.53
10y	0.23	0.56		1.99
30y	0.12	0.28	0.50	

	ZT	ZF	ZN	ZB
ZT		2.22	3.24	5.62
ZF	0.45		1.46	2.53
ZN	0.31	0.69		1.73
ZB	0.18	0.40	0.58	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.87	2.10	7.43	14.80
ZF	0.39	0.94	3.34	6.66
ZN	0.53	1.29	1.15	2.28
ZB	0.62	0.75	1.32	1.32

	2y	5y	10y	30y
2y		2.42	2.14	4.27
5y	0.41		0.44	1.77
10y	0.47	2.26		1.99
30y	0.23	0.57	0.50	

	ZT	ZF	ZN	ZB
ZT		2.22	6.49	11.24
ZF	0.45		2.92	5.06
ZN	0.15	0.34		1.73
ZB	0.09	0.20	0.58	

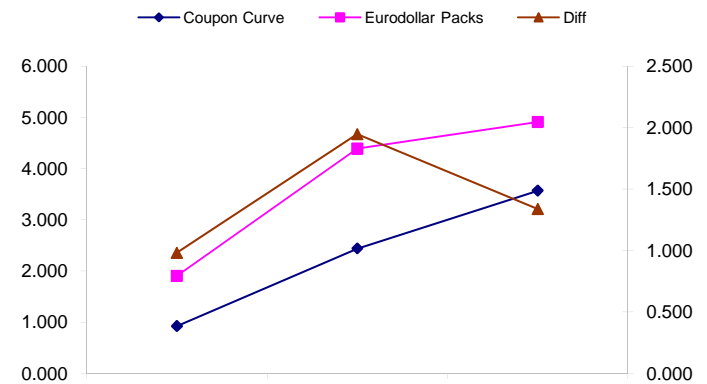
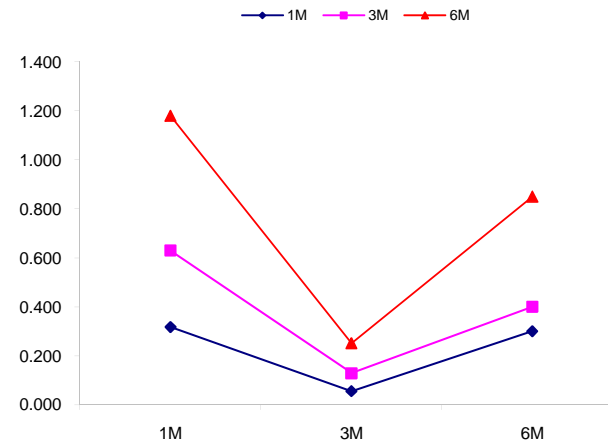
	Libor\$ ¹	Repo Rt ⁶			
0/N	0.261	#VALUE!			
1week	0.289	#VALUE!			
2week	0.299	#VALUE!			
	Libor\$ ¹	Tbill	CP ²		
1M	0.318	0.055	0.300		
3M	0.629	0.129	0.400		
6M	1.180	0.251	0.850		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.923	41.50	1.34	1.904	0.981
5y	2.439	47.25	2.91	4.385	1.946
10y	3.569	29.75	3.87	4.906	1.337

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
151.6	248.1	96.5	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
264.6	300.2	35.6	Red pack / Gold pack is a 2/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
113.0	52.1	-60.8	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:

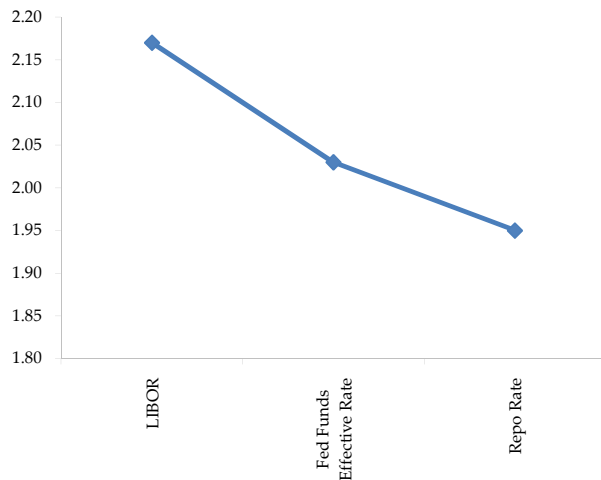
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight General Collateral



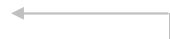
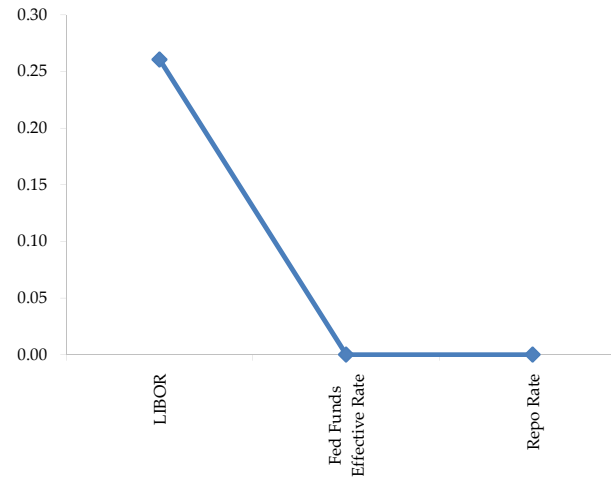
	Last	Chng	Term	Asset Type
USDLIBON	0.261	(0.0006)	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.839	0.0240	1 month	Euribor OIS Rate
TEONIA03M	0.797	0.0090	3 month	Euribor OIS Rate
TSONIA01M	0.425	(0.0010)	1 month	Sterling OIS Rate
TSONIA03M	0.436	0.0080	3 month	Sterling OIS Rate
TUSOIS01M	0.204	0.0000	1 month	USD OIS Rate
TUSOIS03M	0.207	(0.0050)	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.

