



6/9/2009 9:13

The Morning Email: Treasuries

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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

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAU9	107.1570	7.5	107.1600	107.0800	107.0800	85,985	2y Fut
Z3NU9	110.1320	9.5	110.1350	110.0400	110.0400	1,003	3y Fut
FVAU9	113.0000	13.0	113.0020	112.1720	112.1820	129,973	5y Fut
TYAU9	113.2550	17.50	113.2700	113.0800	113.0800	239,340	10y Fut
USAU9	113.2750	14.00	114.0300	113.1400	113.1400	61,229	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.0520	6.00	99.0570	98.3150	98.3070	na	2y Cash
BUS03P	98.1870	7.20	98.1920	98.0950	98.1020	na	3y Cash
BUS05P	97.0650	9.00	97.0770	96.2620	96.2700	na	5y Cash
BUS07P	98.1350	12.50	98.1450	98.0000	97.3150	na	7y Cash
BUS10P	94.0350	5.50	94.1100	93.2050	93.2700	na	10y Cash
BUS30P	94.0100	(5.50)	94.2550	93.2700	94.0350	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	1.306	(0.930)	1.399	1.298	1.412	na	2y Yield
BUS03Y	1.874	(0.800)	1.977	1.868	1.968	na	3y Yield
BUS05Y	2.854	(0.620)	2.942	2.849	2.937	na	5y Yield
BUS07Y	3.506	(0.650)	3.579	3.504	3.592	na	7y Yield
BUS10Y	3.844	(0.180)	3.904	3.815	3.878	na	10y Yield
BUS30Y	4.620	0.110	4.632	4.571	4.615	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	16.36	5.26	\$1,644	10.52	n/a	30y
10y	8.38	2.66	\$830	5.31	n/a	10y
7y	6.17	2.05	\$639	4.09	n/a	7y
5y	4.66	1.50	\$470	6.01	n/a	5y
3y	2.85	0.92	\$287	3.67	n/a	3y
2y	1.95	0.63	\$196	2.50	n/a	2y
ZB	9.97	4.01	\$125	4.01	0.7593	ZB
ZN	5.85	2.32	\$72	4.64	0.7941	ZN
ZF	4.24	1.60	\$50	6.38	0.8493	ZF
Z3N	2.80	1.07	\$34	4.29	0.7941	Z3N
ZT	1.93	0.72	\$23	2.89	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	2.51	1.87	2.78
ZN	0.58		1.45	1.08	1.61
ZF	0.40	0.69		0.74	1.11
Z3N	0.52	0.90	1.31		1.45
ZT	0.36	0.62	0.90	1.35	

US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.6	2.3	3.7	4.8	6.62	13.1
ZN	2.7	4.0	6.5	8.3	11.45	22.7
ZF	3.9	5.8	9.4	12.0	16.64	33.0
Z3N	2.9	4.3	7.0	8.9	12.37	24.5
ZT	4.3	6.4	10.4	13.3	18.40	36.4

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.47	2.40	3.06	4.24	8.40
3y	0.68		1.64	2.08	2.89	5.73
5y	0.42	0.61		1.27	1.77	3.50
7y	0.33	0.48	0.79		1.39	2.75
10y	0.24	0.35	0.57	0.72		1.98
30y	0.12	0.17	0.29	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

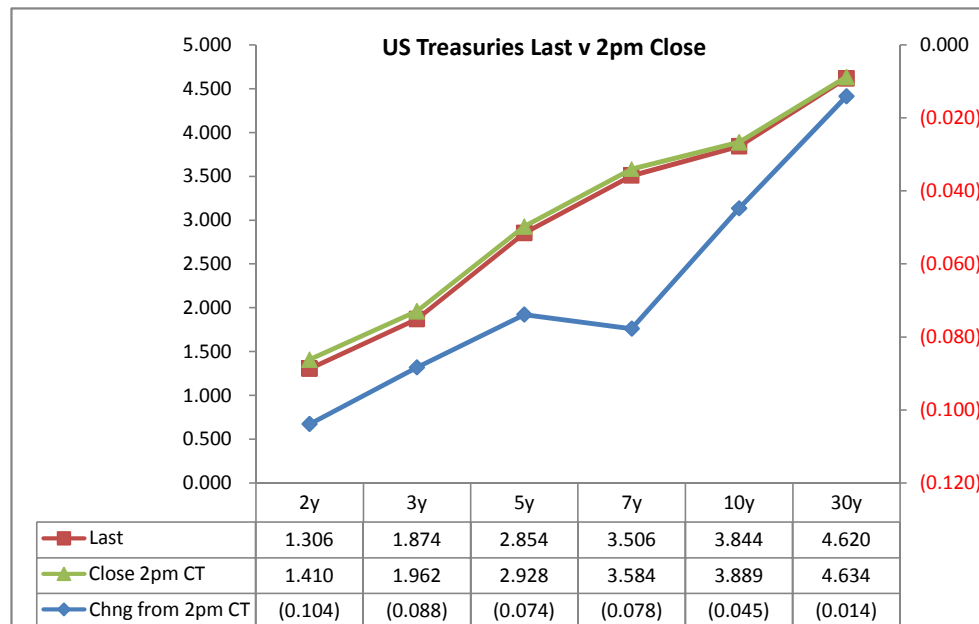
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis (CF)		Close 32	Last	
						from 2pm	Close	Last			
2y	0.875	5/31/11	98.3075	1.410	1.306	(0.104)	31.85	31.72	107.0850	107.157	TUAU9
3y	1.375	5/15/12	98.1075	1.962	1.874	(0.088)	53.47	52.90	110.0350	110.132	Z3NU9
5y	2.250	5/31/14	96.2825	2.928	2.854	(0.074)	40.22	39.43	112.1900	113.000	FVAU9
7y	3.250	5/31/16	97.3050	3.584	3.506	(0.078)					
10y	3.125	5/15/19	93.2400	3.889	3.844	(0.045)	121.39	119.78	113.0900	113.255	TYAU9
30y	4.250	5/15/39	93.2600	4.634	4.620	(0.014)	245.74	242.49	113.1400	113.275	USAU9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm Cls
2/3	55.2	56.7	1.5
2/5	151.8	154.8	3.0
2/7	217.4	220.0	2.6
3/5	96.6	98.0	1.4
3/7	162.2	163.3	1.1
2/10	247.9	253.8	5.9
3/10	192.7	197.1	4.4
5/7	65.6	65.2	(0.4)
5/10	96.1	99.0	2.9
2/30	322.4	331.4	9.0
3/30	267.2	274.6	7.4
5/30	170.6	176.6	6.0
7/10	30.5	33.8	3.3
7/30	105.0	111.4	6.4
10/30	74.5	77.6	3.1

	Last	Chng on Day
Emini SP	941.50	2.75
Crude Oil	69.22	1.13
Gold	957.50	5.00
EURUSD	139.98	0.96
USDJPY	97.46	(1.04)



^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	\$196			
5	\$196	\$470		
10	\$193	\$461	\$830	
30	\$196	\$468	\$842	\$1,644

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	\$196			
5	(\$1)	\$470		
10	\$3	\$8	\$830	
30	\$0	\$2	(\$12)	\$1,644

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	-0.3%	0.0%		
10	1.5%	1.8%	0.0%	
30	0.0%	0.3%	-1.5%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.08	3.68	7.29
ZF	0.39	0.94	1.66	3.30
ZN	0.27	0.65	1.15	2.27
ZB	0.16	0.37	0.66	1.31

	2y	5y	10y	30y
2y		2.40	4.24	8.40
5y	0.42		1.77	3.50
10y	0.24	0.57		1.98
30y	0.12	0.29	0.50	

	ZT	ZF	ZN	ZB
ZT		2.21	3.21	5.56
ZF	0.45		1.45	2.51
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	2.08	7.36	14.58
ZF	0.39	0.94	3.33	6.59
ZN	0.54	1.30	1.15	2.27
ZB	0.62	0.75	1.32	1.31

	2y	5y	10y	30y
2y		2.40	2.12	4.20
5y	0.42		0.44	1.75
10y	0.47	2.26		1.98
30y	0.24	0.57	0.50	

	ZT	ZF	ZN	ZB
ZT		2.21	6.42	11.12
ZF	0.45		2.91	5.03
ZN	0.16	0.34		1.73
ZB	0.09	0.20	0.58	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.269	#VALUE!
1week	0.294	#VALUE!
2week	0.303	#VALUE!

	Libor\$ ¹	Tbill	CP ²
1M	0.321	0.063	0.300
3M	0.648	0.190	0.400
6M	1.266	0.330	0.850

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	1.306	49.00	1.80	2.569	1.263
5y	2.854	53.25	3.39	4.886	2.031
10y	3.844	37.00	4.21	5.378	1.534

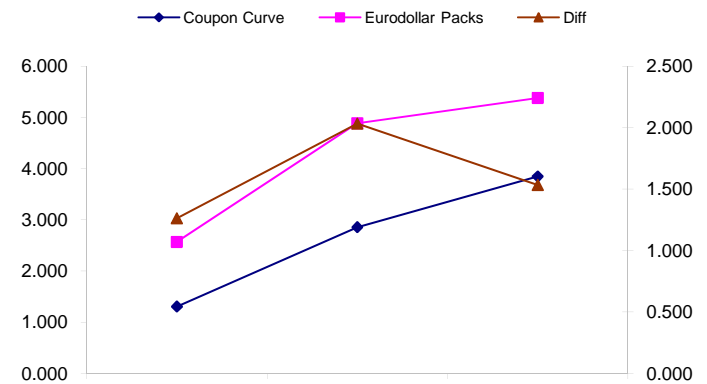
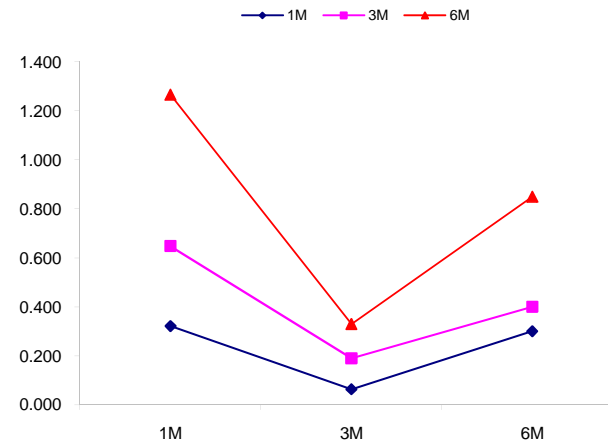
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
154.8	231.7	76.9
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
253.8	280.9	27.1
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
99.0	49.2	-49.8

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



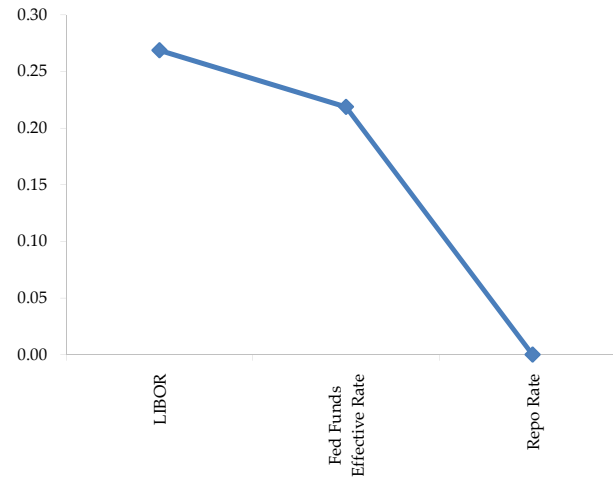
	Last	Chng	Term	Asset Type
USDLIBON	0.269	0.0075	Overnight	LIBOR
TUSFFRON	0.219	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.862	(0.0230)	1 month	Euribor OIS Rate
TEONIA03M	0.862	(0.0290)	3 month	Euribor OIS Rate
TSONIA01M	0.430	0.0000	1 month	Sterling OIS Rate
TSONIA03M	0.442	(0.0030)	3 month	Sterling OIS Rate
TUSOIS01M	0.214	(0.0130)	1 month	USD OIS Rate
TUSOIS03M	0.221	(0.0190)	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.

