6/12/2009 5:49

The Morning Email: Treasuries

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

Auctions

	32nds					
	2 y	**3 y**	**5y**	**7y**	**10y**	**30y**
Auction Price	99.279	99.241	99.230	99.221	99.143	99.116
Auction Yield Stop	0.940	1.375	2.310	3.300	3.990	4.288
Actual Auction Date	5/26/2009	6/9/2009	5/27/2009	5/28/2009	06/11/09 r	6/11/2009 r

Quotes

			32 nds				
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
TUAU9	107.1700	2.0	107.1770	107.1400	107.1470	15,963	2y Fut
Z3NU9	110.1350	4.7	110.1350	110.1350	110.1350	1	3y Fut
FVAU9	113.1170	7.2	113.1370	113.0370	113.0550	40,680	5y Fut
TYAU9	114.1300	12.00	114.1650	114.0100	114.0200	84,797	10y Fut
USAU9	114.0300	17.00	114.0900	113.1850	113.1900	17,958	30y Fut
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
BUS02P	99.0570	1.00	99.0620	99.0450	99.0450	na	2y Cash
BUS03P	99.2750	2.70	99.2900	99.2600	99.2350	na	3y Cash
BUS05P	97.1600	8.20	97.1770	97.0950	97.0950	na	5y Cash
BUS07P	98.2950	9.50	98.3150	98.2200	98.2000	na	7y Cash
BUS10P	94.1450	16.00	94.1850	93.2900	94.0050	na	10y Cash
BUS30P	93.2250	24.50	93.2700	93.0000	93.0600	na	30y Cash
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
BUS02Y	1.301	(0.150)	1.321	1.293	1.326	na	2y Yield
BUS03Y	1.921	(0.250)	1.940	1.907	1.967	na	3y Yield
BUS05Y	2.792	(0.520)	2.838	2.781	2.849	na	5y Yield
BUS07Y	3.429	(0.560)	3.465	3.416	3.477	na	7y Yield
BUS10Y	3.800	(0.590)	3.871	3.786	3.857	na	10y Yield
BUS30Y	4.639	(0.500)	4.687	4.632	4.697	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	16.33	5.24	$1,636	10.47	n/a	**30y**
10y	8.37	2.66	$832	5.33	n/a	**10y**
7y	6.17	2.05	$641	4.10	n/a	**7y**
5y	4.65	1.50	$470	6.02	n/a	**5y**
3y	2.90	0.95	$298	3.82	n/a	**3y**
2y	1.93	0.62	$194	2.49	n/a	**2y**
ZB	9.98	4.05	$127	4.05	0.7593	**ZB**
ZN	5.85	2.33	$73	4.67	0.7941	**ZN**
ZF	4.23	1.60	$50	6.39	0.8493	**ZF**
Z3N	2.79	1.07	$33	4.27	0.7941	**Z3N**
ZT	1.91	0.72	$22	2.87	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

Hedge Ratio's

US Financial Futures

	ZB	ZN	ZF	Z3N	ZT
ZB		1.74	2.54	1.90	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	1.31		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	6.58	12.9
ZN	2.7	3.9	6.4	8.3	11.42	22.4
ZF	3.9	5.7	9.4	12.1	16.68	32.8
Z3N	2.9	4.3	7.0	9.0	12.47	24.5
ZT	4.3	6.4	10.5	13.4	18.58	36.5

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.47	2.42	3.10	4.28	8.42
3y	0.68		1.64	2.10	2.91	5.72
5y	0.41	0.61		1.28	1.77	3.48
7y	0.32	0.48	0.78		1.38	2.72
10y	0.23	0.34	0.56	0.72		1.97
30y	0.12	0.17	0.29	0.37	0.51	

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

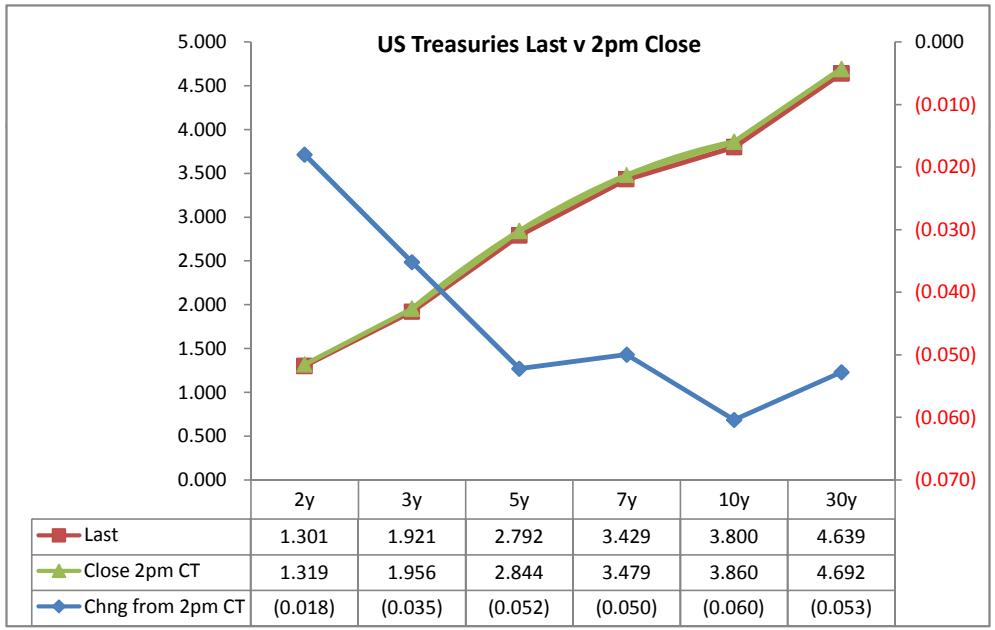
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng from 2pm	Basis (CF) Close	Basis (CF) Last	Close 32	Last	
2y	0.875	5/31/11	99.0450	1.319	1.301	(0.018)	31.66	31.03	107.1500	107.170	TUAU9
3y	1.875	6/15/12	99.2450	1.956	1.921	(0.035)	28.37	26.66	110.0825	110.135	Z3NU9
5y	2.250	5/31/14	97.0850	2.844	2.792	(0.052)	37.61	38.99	113.0450	113.117	FVAU9
7y	3.250	5/31/16	98.1900	3.479	3.429	(0.050)					
10y	3.125	5/15/19	93.3150	3.860	3.800	(0.060)	109.83	115.30	114.0100	114.13	TYAU9
30y	4.250	5/15/39	92.3000	4.692	4.639	(0.053)	214.70	226.30	113.1800	114.03	USAU9

Curve Spreads^

	Close bps	Last bps	Chng from 2pm Cls
2/3	63.7	62.0	(1.7)
2/5	152.5	149.1	(3.4)
2/7	216.0	212.8	(3.2)
3/5	88.8	87.1	(1.7)
3/7	152.3	150.8	(1.5)
2/10	254.1	249.9	(4.2)
3/10	190.4	187.9	(2.5)
5/7	63.5	63.7	0.2
5/10	101.6	100.8	(0.8)
2/30	337.3	333.8	(3.5)
3/30	273.6	271.8	(1.8)
5/30	184.8	184.7	(0.1)
7/10	38.1	37.1	(1.0)
7/30	121.3	121.0	(0.3)
10/30	83.2	84.0	0.8

	Last	Chng on Day
Emini SP	937.75	(0.50)
Crude Oil	71.55	(1.13)
Gold	950.90	(11.10)
EURUSD	140.27	(0.83)
USDJPY	98.23	0.58



^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	$194			
5	$195	$470		
10	$192	$462	$832	
30	$194	$466	$839	$1,636

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	$194			
5	($1)	$470		
10	$2	$8	$832	
30	$1	$4	($7)	$1,636

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	-0.6%	0.0%		
10	1.1%	1.7%	0.0%	
30	0.3%	0.9%	-0.8%	0.0%

Tic for Tic & Box for Box Matrix

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.10	3.72	7.31
ZF	0.39	0.94	1.67	3.28
ZN	0.27	0.64	1.14	2.24
ZB	0.15	0.37	0.66	1.29

	2y	5y	10y	30y
2y		2.42	4.28	8.42
5y	0.41		1.77	3.48
10y	0.23	0.56		1.97
30y	0.12	0.29	0.51	

	ZT	ZF	ZN	ZB
ZT		2.23	3.26	5.65
ZF	0.45		1.46	2.54
ZN	0.31	0.68		1.74
ZB	0.18	0.39	0.58	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.87	2.10	7.43	14.61
ZF	0.39	0.94	3.34	6.56
ZN	0.53	1.29	1.14	2.24
ZB	0.61	0.74	1.32	1.29

	2y	5y	10y	30y
2y		2.42	2.14	4.21
5y	0.41		0.44	1.74
10y	0.47	2.26		1.97
30y	0.24	0.57	0.51	

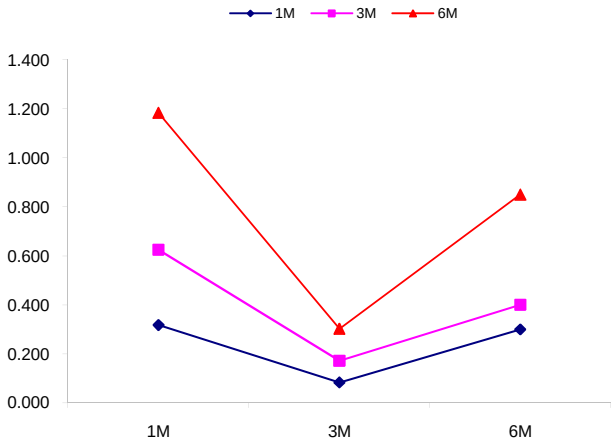
	ZT	ZF	ZN	ZB
ZT		2.23	6.51	11.30
ZF	0.45		2.92	5.07
ZN	0.15	0.34		1.74
ZB	0.09	0.20	0.58	

Key Money Rate, Spreads, Swaps, Packs

	Libor$ [1]	Repo Rt [6]
0/N	0.260	#VALUE!
1week	0.290	#VALUE!
2week	0.300	#VALUE!

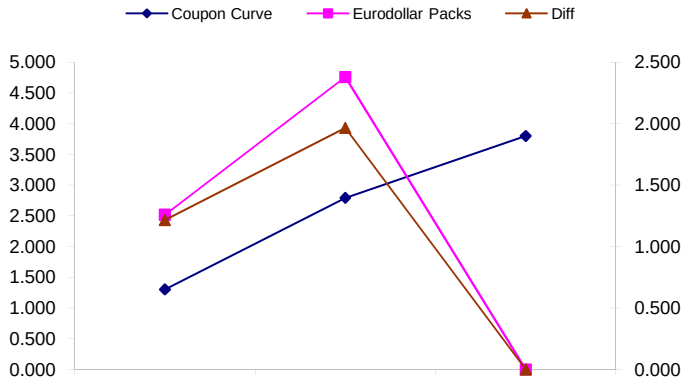
	Libor$ [1]	Tbill	CP [2]
1M	0.318	0.083	0.300
3M	0.624	0.172	0.400
6M	1.184	0.302	0.850

	TSY	Swp	Swp Rate[5]	ED Pks[3]	TSY - ED Pk [4]
2y	1.301	44.50	1.75	2.515	1.214
5y	2.792	52.00	3.31	4.756	1.964
10y	3.800	33.25	4.13		#VALUE!



2/5	Rd/Blu Pk	Diff
149.1	224.1	75.0
2/10	**Rd/Gld Pk**	**Diff**
249.9	#VALUE!	#VALUE!
5/10	**Blu/Gld Pk**	**Diff**
100.8	#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

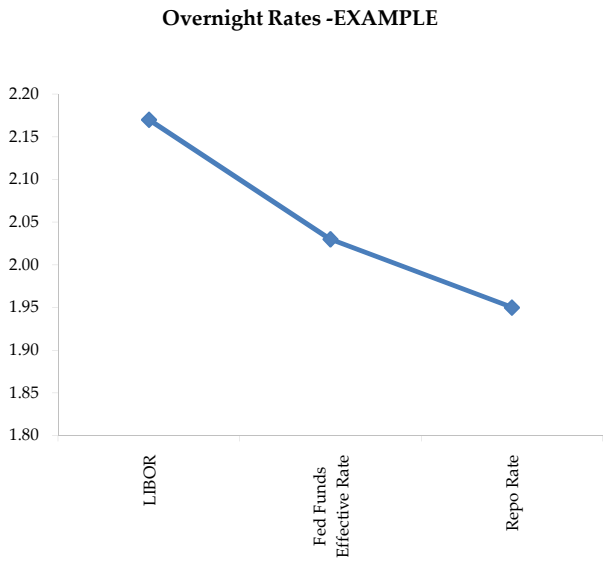
5) Swap divided by 100 + TSY yield gives swap rate in basis points.

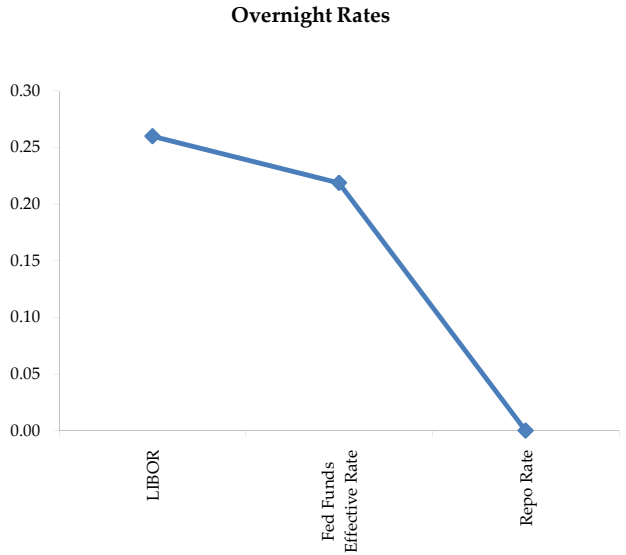
6) Repo Rt quotes is for overnight General Collateral

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

	Last	Chng	Term	Asset Type
USDLIBON	0.260	(0.0013)	Overnight	LIBOR
TUSFFRON	0.219	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.787	(0.0200)	1 momth	Euribor OIS Rate
TEONIA03M	0.779	(0.0270)	3 month	Euribor OIS Rate
TSONIA01M	0.432	0.0010	1 momth	Sterling OIS Rate
TSONIA03M	0.445	0.0070	3 month	Sterling OIS Rate
TUSOIS01M	0.192	(0.0100)	1 momth	USD OIS Rate
TUSOIS03M	0.211	(0.0070)	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.