



6/15/2009 5:36

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	99.241	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

		32 nds						
	Last	Net	High	Low	Open	Volume	Sym Name	
TUAU9	107.2320	4.5	107.2370	107.1900	107.1900	13,345	2y Fut	
Z3NU9	110.1650	3.5	110.1650	110.1650	110.1650	1	3y Fut	
FVAU9	113.2070	6.7	113.2270	113.1170	113.1270	27,075	5y Fut	
TYAU9	114.2100	10.00	114.2400	114.0400	114.1100	60,843	10y Fut	
USAU9	114.2250	12.00	114.2500	114.0550	114.0600	10,945	30y Fut	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02P	99.1100	3.70	99.1150	99.0850	99.0770	na	2y Cash	
BUS03P	100.0270	5.50	100.0320	100.0000	99.2920	na	3y Cash	
BUS05P	97.2520	8.70	97.2650	97.1920	97.1750	na	5y Cash	
BUS07P	99.0500	10.00	99.0800	98.3000	98.3050	na	7y Cash	
BUS10P	94.2800	12.50	95.0100	94.1350	94.2350	na	10y Cash	
BUS30P	94.0650	6.00	94.1250	93.3000	93.3000	na	30y Cash	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02Y	1.212	(0.610)	1.257	1.208	1.277	na	2y Yield	
BUS03Y	1.843	(0.540)	1.875	1.840	1.905	na	3y Yield	
BUS05Y	2.730	(0.570)	2.771	2.721	2.787	na	5y Yield	
BUS07Y	3.385	(0.440)	3.424	3.372	3.436	na	7y Yield	
BUS10Y	3.747	(0.370)	3.806	3.729	3.798	na	10y Yield	
BUS30Y	4.601	(0.420)	4.626	4.597	4.650	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	16.37	5.28	\$1,650	10.56	n/a	30y
10y	8.38	2.68	\$836	5.35	n/a	10y
7y	6.17	2.06	\$643	4.12	n/a	7y
5y	4.65	1.51	\$471	6.03	n/a	5y
3y	2.90	0.96	\$299	3.82	n/a	3y
2y	1.93	0.62	\$194	2.49	n/a	2y
ZB	9.98	4.06	\$127	4.06	0.7593	ZB
ZN	5.85	2.34	\$73	4.68	0.7941	ZN
ZF	4.23	1.60	\$50	6.40	0.8493	ZF
Z3N	2.79	1.07	\$33	4.28	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

US Financial Futures

	ZB	ZN	ZF	Z3N	ZT
ZB		1.74	2.54	1.90	2.83
ZN	0.58		1.46	1.09	1.63
ZF	0.39	0.68		0.75	1.12
Z3N	0.51	0.89	1.30		1.46
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	13.0
ZN	2.7	3.9	6.4	8.3	11.44	22.6
ZF	3.9	5.7	9.4	12.1	16.72	33.0
Z3N	2.9	4.3	7.1	9.0	12.51	24.7
ZT	4.3	6.4	10.5	13.5	18.66	36.8

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.47	2.42	3.10	4.30	8.49
3y	0.68		1.65	2.11	2.92	5.76
5y	0.41	0.61		1.28	1.77	3.50
7y	0.32	0.47	0.78		1.39	2.73
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 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

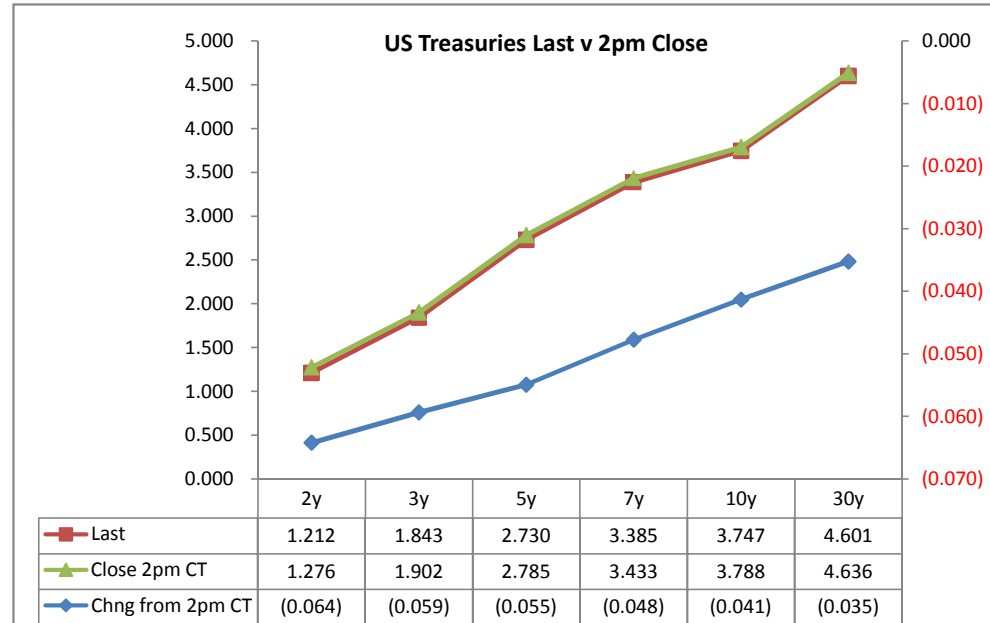
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis (CF)		Close 32	Last	
						from 2pm	Close	Last			
2y	0.875	5/31/11	99.0725	1.276	1.212	(0.064)	30.76	30.67	107.1900	107.232	TUAU9
3y	1.875	6/15/12	99.2950	1.902	1.843	(0.059)	27.54	31.17	110.1475	110.165	Z3NU9
5y	2.250	5/31/14	97.1725	2.785	2.730	(0.055)	38.29	40.55	113.1400	113.207	FVAU9
7y	3.250	5/31/16	98.2800	3.433	3.385	(0.048)					
10y	3.125	5/15/19	94.1800	3.788	3.747	(0.041)	120.39	122.45	114.1100	114.21	TYAU9
30y	4.250	5/15/39	93.2550	4.636	4.601	(0.035)	223.98	227.49	114.1000	114.225	USAU9

Curve Spreads^

	Chng from		
	Close bps	Last bps	2pm CIs
2/3	62.6	63.1	0.5
2/5	150.9	151.8	0.9
2/7	215.7	217.3	1.6
3/5	88.3	88.7	0.4
3/7	153.1	154.3	1.2
2/10	251.2	253.5	2.3
3/10	188.6	190.4	1.8
5/7	64.8	65.5	0.7
5/10	100.3	101.7	1.4
2/30	336.0	338.9	2.9
3/30	273.4	275.8	2.4
5/30	185.1	187.1	2.0
7/10	35.5	36.1	0.6
7/30	120.3	121.6	1.3
10/30	84.8	85.4	0.6

	Last	Chng on Day
Emini SP	929.50	(11.25)
Crude Oil	71.25	(0.79)
Gold	934.20	(6.50)
EURUSD	138.86	(1.33)
USDJPY	98.10	(0.35)



^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%	55%	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	\$196	\$471		
10	\$193	\$464	\$836	
30	\$195	\$468	\$845	\$1,650

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)	\$471		
10	\$2	\$7	\$836	
30	(\$0)	\$3	(\$8)	\$1,650

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	-0.7%	0.0%		
10	0.9%	1.6%	0.0%	
30	-0.1%	0.6%	-1.0%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.10	3.73	7.36
ZF	0.39	0.94	1.67	3.30
ZN	0.27	0.64	1.14	2.26
ZB	0.15	0.37	0.66	1.30

	2y	5y	10y	30y
2y		2.42	4.30	8.49
5y	0.41		1.77	3.50
10y	0.23	0.56		1.97
30y	0.12	0.29	0.51	

	ZT	ZF	ZN	ZB
ZT		2.23	3.26	5.66
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	7.46	14.73
ZF	0.39	0.94	3.34	6.60
ZN	0.53	1.29	1.14	2.26
ZB	0.61	0.74	1.32	1.30

	2y	5y	10y	30y
2y		2.42	2.15	4.24
5y	0.41		0.44	1.75
10y	0.47	2.25		1.97
30y	0.24	0.57	0.51	

	ZT	ZF	ZN	ZB
ZT		2.23	6.52	11.33
ZF	0.45		2.92	5.08
ZN	0.15	0.34		1.74
ZB	0.09	0.20	0.58	

	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	0.068	0.300
3M	0.624	0.169	0.400
6M	1.184	0.294	0.850

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	1.212	42.00	1.63	2.371	1.160
5y	2.730	44.25	3.17	4.586	1.856
10y	3.747	27.25	4.02	#VALUE!	#VALUE!

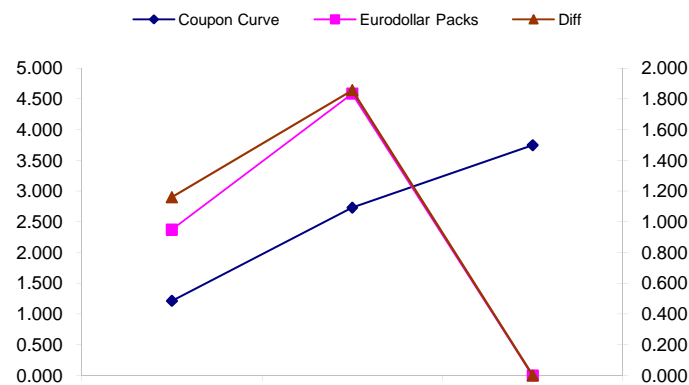
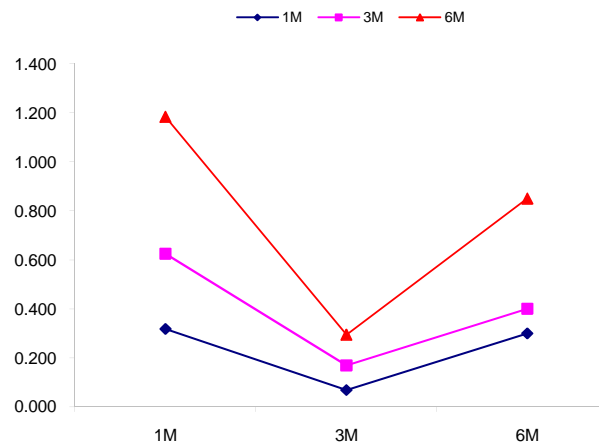
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
151.8	221.4	69.6
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
253.5	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
101.7	#VALUE!	#VALUE!

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:

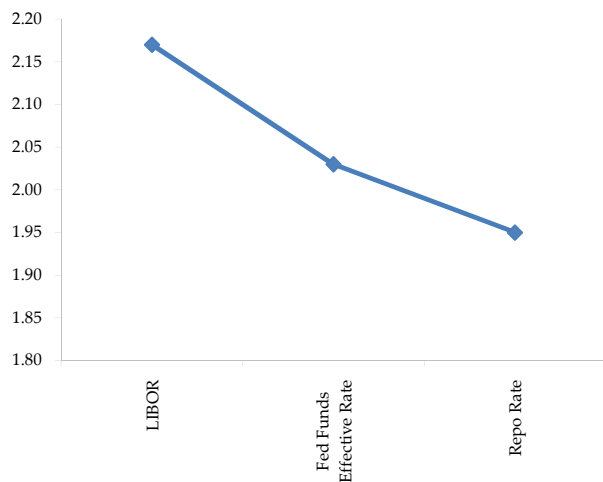
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



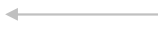
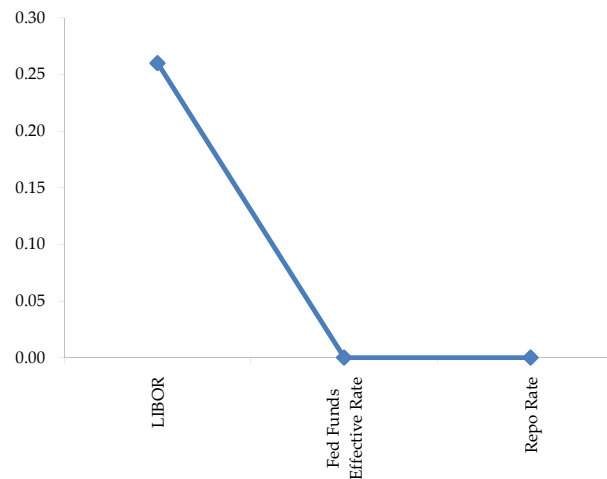
	Last	Chng	Term	Asset Type
USDLIBON	0.260	0.0000	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.782	(0.0040)	1 month	Euribor OIS Rate
TEONIA03M	0.779	0.0070	3 month	Euribor OIS Rate
TSONIA01M	0.433	0.0010	1 month	Sterling OIS Rate
TSONIA03M	0.443	0.0020	3 month	Sterling OIS Rate
TUSOIS01M	0.191	(0.0010)	1 month	USD OIS Rate
TUSOIS03M	0.208	(0.0040)	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.

