



6/17/2009 5:51

## 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	107.2450	0.2	107.2600	107.2350	107.2570	21,266	2y Fut
Z3NU9	110.2350	3.7	110.2350	110.2350	110.2350	1	3y Fut
FVAU9	113.2600	(1.2)	113.3050	113.2050	113.3050	31,317	5y Fut
TYAU9	115.0250	0.50	115.0750	114.2550	115.0750	73,201	10y Fut
USAU9	116.0200	12.00	116.0300	115.2100	116.0300	14,077	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.1170	(1.20)	99.1250	99.1070	99.1250	na	2y Cash
BUS03P	100.0650	(1.50)	100.0750	100.0450	100.0870	na	3y Cash
BUS05P	97.3000	(3.50)	98.0070	97.2550	97.1620	na	5y Cash
BUS07P	99.1600	(3.50)	99.1750	99.1100	99.1850	na	7y Cash
BUS10P	95.1750	(1.50)	95.2450	95.0800	95.1450	na	10y Cash
BUS30P	96.0650	(2.00)	96.0850	95.2500	96.0900	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	1.205	0.210	1.221	1.192	1.193	na	2y Yield
BUS03Y	1.802	0.240	1.826	1.794	1.781	na	3y Yield
BUS05Y	2.698	0.220	2.729	2.679	2.688	na	5y Yield
BUS07Y	3.326	0.330	3.357	3.324	3.308	na	7y Yield
BUS10Y	3.665	0.180	3.702	3.638	3.661	na	10y Yield
BUS30Y	4.478	0.040	4.508	4.478	4.477	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	
<b>30y</b>	16.51	5.43	\$1,697	10.86	n/a	<b>30y</b>
<b>10y</b>	8.38	2.70	\$842	5.39	n/a	<b>10y</b>
<b>7y</b>	6.16	2.06	\$645	4.13	n/a	<b>7y</b>
<b>5y</b>	4.64	1.51	\$471	6.03	n/a	<b>5y</b>
<b>3y</b>	2.90	0.96	\$299	3.82	n/a	<b>3y</b>
<b>2y</b>	1.93	0.62	\$194	2.48	n/a	<b>2y</b>
<b>ZB</b>	10.01	4.11	\$129	4.11	0.7593	<b>ZB</b>
<b>ZN</b>	5.85	2.35	\$73	4.69	0.7941	<b>ZN</b>
<b>ZF</b>	4.22	1.60	\$50	6.40	0.8493	<b>ZF</b>
<b>Z3N</b>	2.78	1.07	\$33	4.27	0.7941	<b>Z3N</b>
<b>ZT</b>	1.91	0.72	\$22	2.86	0.9133	<b>ZT</b>

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		1.75	2.57	1.92	2.87
ZN	0.57		1.47	1.10	1.64
ZF	0.39	0.68		0.75	1.12
Z3N	0.00	0.00	0.00		0.00
ZT	0.35	0.61	0.89	1.34	

## US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.5	2.3	3.7	4.7	6.55	13.2
ZN	2.6	4.1	6.4	8.3	11.49	23.1
ZF	3.9	6.0	9.4	12.1	16.86	34.0
Z3N	2.9	4.5	7.1	9.1	12.61	25.4
ZT	4.3	6.7	10.5	13.5	18.84	37.9

## US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.54	2.43	3.12	4.34	8.75
3y	0.65		1.58	2.03	2.82	5.68
5y	0.41	0.63		1.28	1.79	3.60
7y	0.32	0.49	0.78		1.39	2.80
10y	0.23	0.35	0.56	0.72		2.01
30y	0.11	0.18	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

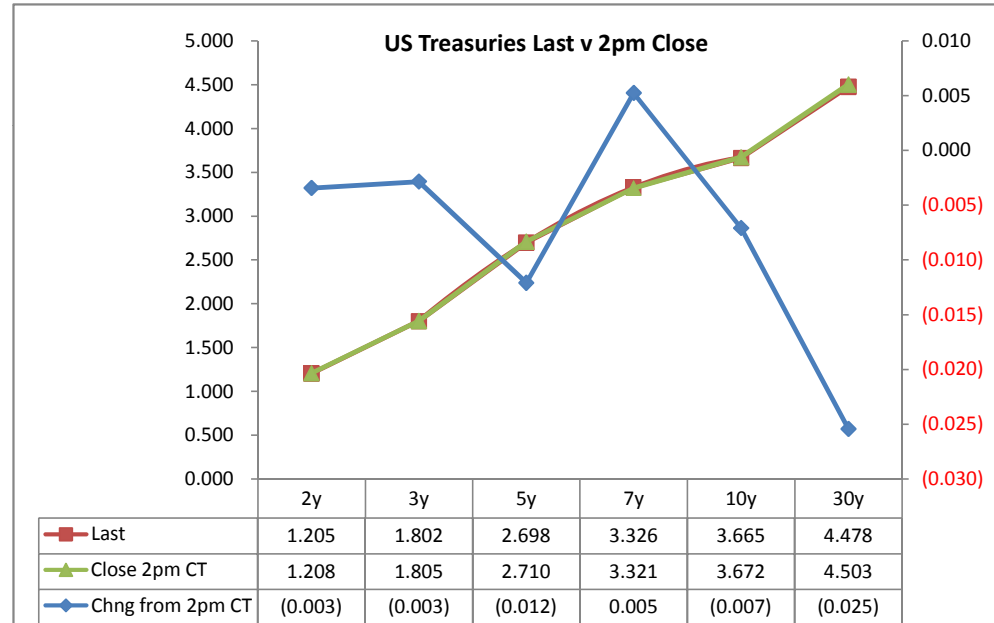
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis (CF)		Close 32	Last	
						from 2pm	Close	Last			
2y	0.875	5/31/11	99.1150	1.208	1.205	(0.003)	29.98	30.18	107.2450	107.245	TUAU9
3y	1.875	6/15/12	100.0650	1.805	1.802	(0.003)	25.77	28.69	110.2675	110.235	Z3NU9
5y	2.250	5/31/14	97.0325	2.710	2.698	(0.012)	13.04	40.85	113.2725	113.260	FVAU9
7y	3.250	5/31/16	99.1800	3.321	3.326	0.005					
10y	3.125	5/15/19	95.1550	3.672	3.665	(0.007)	131.23	133.23	115.0250	115.025	TYAU9
30y	4.250	5/15/39	95.2750	4.503	4.478	(0.025)	256.57	258.46	115.2200	116.02	USAU9

Curve Spreads^

	Chng from		
	Close bps	Last bps	
		2pm CIs	
2/3	59.7	59.8	0.1
2/5	150.2	149.3	(0.9)
2/7	211.3	212.2	0.9
3/5	90.5	89.6	(0.9)
3/7	151.6	152.4	0.8
2/10	246.4	246.0	(0.4)
3/10	186.7	186.3	(0.4)
5/7	61.1	62.8	1.7
5/10	96.2	96.7	0.5
2/30	329.5	327.3	(2.2)
3/30	269.8	267.5	(2.3)
5/30	179.3	178.0	(1.3)
7/10	35.1	33.9	(1.2)
7/30	118.2	115.1	(3.1)
10/30	83.1	81.3	(1.8)

	Last	Chng on Day
Emini SP	906.00	(1.75)
Crude Oil	69.74	(0.73)
Gold	929.60	(2.60)
EURUSD	138.57	0.17
USDJPY	96.46	0.06



^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	41%	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	\$194	\$467	\$842	
30	\$198	\$477	\$861	\$1,697

**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	(\$2)	\$471		
10	\$0	\$5	\$842	
30	(\$4)	(\$6)	(\$19)	\$1,697

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	-0.8%	0.0%		
10	0.2%	1.1%	0.0%	
30	-2.0%	-1.2%	-2.2%	0.0%

## Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.11	3.77	7.59
ZF	0.39	0.94	1.69	3.40
ZN	0.26	0.64	1.15	2.31
ZB	0.15	0.37	0.66	1.32

	2y	5y	10y	30y
2y		2.43	4.34	8.75
5y	0.41		1.79	3.60
10y	0.23	0.56		2.01
30y	0.11	0.28	0.50	

	ZT	ZF	ZN	ZB
ZT		2.24	3.28	5.75
ZF	0.45		1.47	2.57
ZN	0.30	0.68		1.75
ZB	0.17	0.39	0.57	

## Box for Box Matrix

	2y	5y	10y	30y
ZT	0.87	2.11	7.54	15.18
ZF	0.39	0.94	3.37	6.79
ZN	0.53	1.29	1.15	2.31
ZB	0.60	0.73	1.31	1.32

	2y	5y	10y	30y
2y		2.43	2.17	4.37
5y	0.41		0.45	1.80
10y	0.46	2.24		2.01
30y	0.23	0.56	0.50	

	ZT	ZF	ZN	ZB
ZT		2.24	6.56	11.50
ZF	0.45		2.93	5.14
ZN	0.15	0.34		1.75
ZB	0.09	0.19	0.57	



	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>
0/N	0.261	#VALUE!
1week	0.286	#VALUE!
2week	0.298	#VALUE!

	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>
1M	0.313	0.086	#VALUE!
3M	0.610	0.177	#VALUE!
6M	1.158	0.302	#VALUE!

	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	1.205	42.50	1.63	2.667	1.462
5y	2.698	39.50	3.09		#VALUE!
10y	3.665	21.00	3.87		#VALUE!

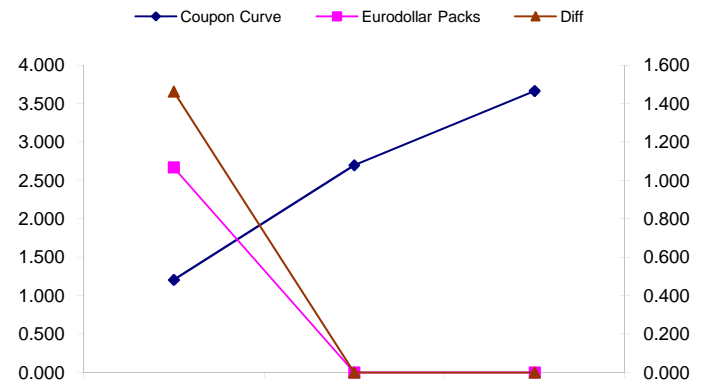
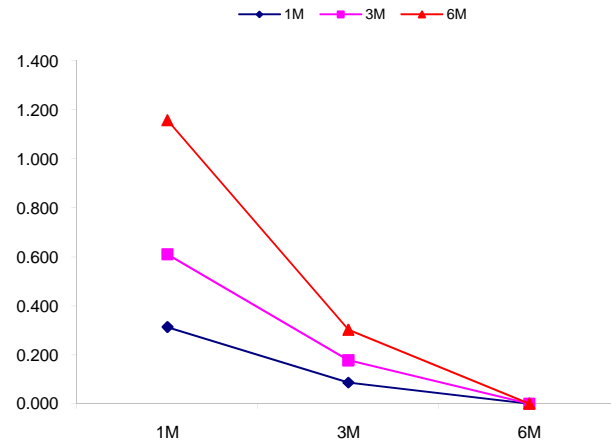
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
149.3	#VALUE!	#VALUE!
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
246.0	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
96.7	#VALUE!	#VALUE!

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:**

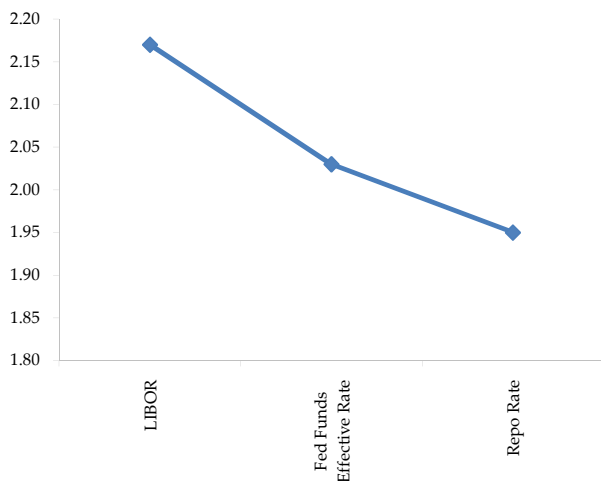
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



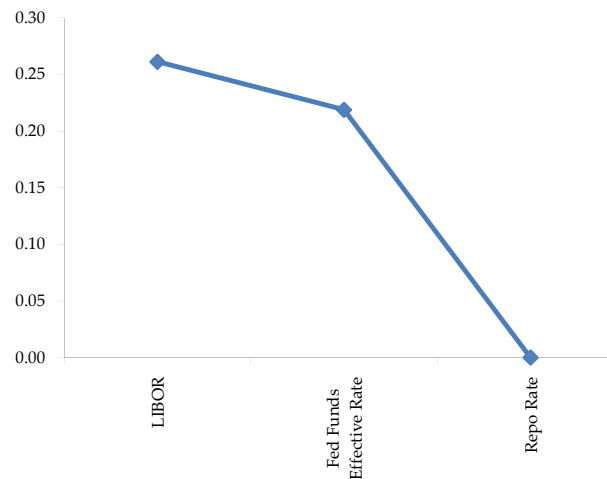
	Last	Chng	Term	Asset Type
USDLIBON	0.261	0.0000	Overnight	LIBOR
TUSFFRON	0.219	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.742	(0.0130)	1 month	Euribor OIS Rate
TEONIA03M	0.764	(0.0050)	3 month	Euribor OIS Rate
TSONIA01M	0.430	(0.0030)	1 month	Sterling OIS Rate
TSONIA03M	0.429	(0.0150)	3 month	Sterling OIS Rate
TUSOIS01M	0.208	0.0030	1 month	USD OIS Rate
TUSOIS03M	0.219	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.





