6/22/2009 5:52

The Morning Email: Treasuries

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Want something added? Let me know:
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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	107.2450	2.0	107.2450	107.2220	107.2420	14,413	2y Fut
Z3NU9	110.2520	2.5	110.2620	110.1970	110.1970	28	3y Fut
FVAU9	113.2270	9.5	113.2300	113.1100	113.1350	34,051	5y Fut
TYAU9	114.2650	14.50	114.2700	114.0800	114.1400	78,022	10y Fut
USAU9	115.2200	26.50	115.2200	114.2350	114.3100	16,711	30y Fut
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
BUS02P	99.1250	0.20	99.1250	99.1070	99.1120	na	2y Cash
BUS03P	100.0670	3.70	100.0720	100.0300	100.0450	na	3y Cash
BUS05P	97.2300	8.20	97.2320	97.1270	97.1550	na	5y Cash
BUS07P	99.0500	10.00	99.0550	98.2150	98.2600	na	7y Cash
BUS10P	95.0050	15.00	95.0400	94.1450	94.2000	na	10y Cash
BUS30P	96.1150	19.00	96.1400	95.1600	95.2550	na	30y Cash
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
BUS02Y	1.195	(0.040)	1.223	1.195	1.215	na	2y Yield
BUS03Y	1.799	(0.380)	1.842	1.796	1.827	na	3y Yield
BUS05Y	2.746	(0.550)	2.818	2.746	2.806	na	5y Yield
BUS07Y	3.385	(0.560)	3.468	3.385	3.444	na	7y Yield
BUS10Y	3.732	(0.490)	3.803	3.718	3.781	na	10y Yield
BUS30Y	4.469	(0.370)	4.526	4.467	4.507	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	16.51	5.44	$1,700	10.88	n/a	**30y**
10y	8.36	2.68	$836	5.35	n/a	**10y**
7y	6.15	2.05	$641	4.11	n/a	**7y**
5y	4.63	1.50	$469	6.01	n/a	**5y**
3y	2.88	0.95	$297	3.81	n/a	**3y**
2y	1.91	0.62	$193	2.47	n/a	**2y**
ZB	9.98	4.08	$127	4.08	0.7593	**ZB**
ZN	5.83	2.33	$73	4.67	0.7941	**ZN**
ZF	4.21	1.59	$50	6.36	0.8493	**ZF**
Z3N	2.77	1.06	$33	4.25	0.7941	**Z3N**
ZT	1.89	0.71	$22	2.84	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		1.75	2.56	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	6.56	13.3
ZN	2.6	4.1	6.4	8.3	11.46	23.3
ZF	3.9	6.0	9.4	12.1	16.82	34.2
Z3N	2.9	4.5	7.1	9.1	12.58	25.6
ZT	4.3	6.7	10.6	13.6	18.84	38.3

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.54	2.44	3.13	4.34	8.82
3y	0.65		1.58	2.02	2.81	5.72
5y	0.41	0.63		1.28	1.78	3.62
7y	0.32	0.49	0.78		1.39	2.82
10y	0.23	0.36	0.56	0.72		2.03
30y	0.11	0.17	0.28	0.35	0.49	

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

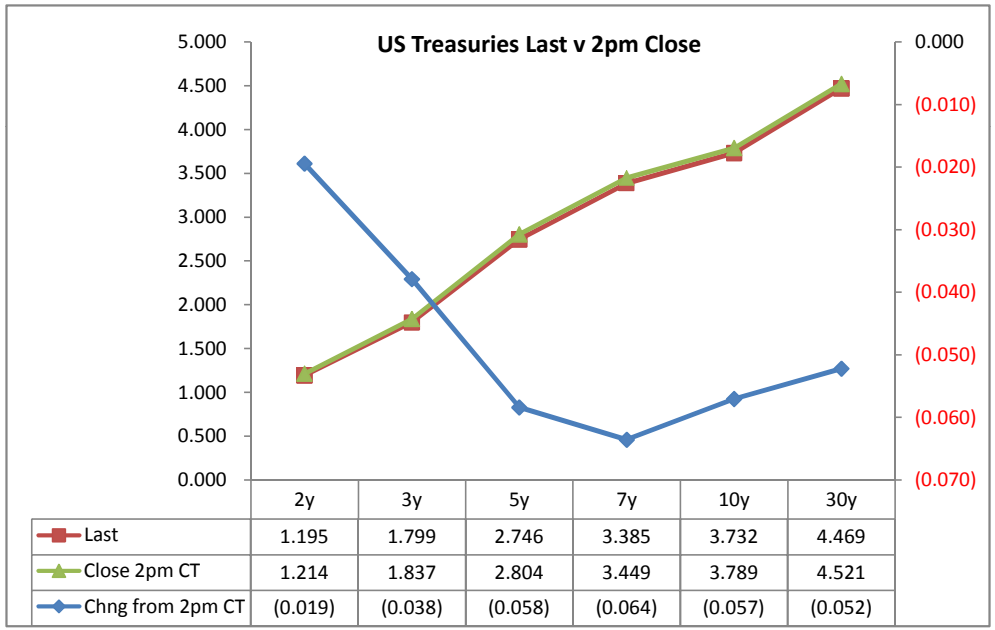
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng from 2pm	Basis (CF) Close	Basis (CF) Last	Close 32	Last	
2y	0.875	5/31/11	99.1125	1.214	1.195	(0.019)	31.33	30.98	107.2275	107.245	TUAU9
3y	1.875	6/15/12	100.0350	1.837	1.799	(0.038)	26.14	27.36	110.2300	110.252	Z3NU9
5y	2.250	5/31/14	97.1475	2.804	2.746	(0.058)	36.43	36.65	113.1325	113.227	FVAU9
7y	3.250	5/31/16	98.2500	3.449	3.385	(0.064)					
10y	3.125	5/15/19	94.1800	3.789	3.732	(0.057)	119.59	122.58	114.1200	114.265	TYAU9
30y	4.250	5/15/39	95.1850	4.521	4.469	(0.052)	267.69	272.57	114.2750	115.22	USAU9

Curve Spreads^

	Close bps	Last bps	Chng from 2pm Cls
2/3	62.3	60.5	(1.8)
2/5	159.0	155.1	(3.9)
2/7	223.5	219.1	(4.4)
3/5	96.7	94.7	(2.0)
3/7	161.2	158.6	(2.6)
2/10	257.5	253.7	(3.8)
3/10	195.2	193.3	(1.9)
5/7	64.5	64.0	(0.5)
5/10	98.5	98.6	0.1
2/30	330.7	327.4	(3.3)
3/30	268.4	267.0	(1.4)
5/30	171.7	172.3	0.6
7/10	34.0	34.7	0.7
7/30	107.2	108.3	1.1
10/30	73.2	73.7	0.5

	Last	Chng on Day
Emini SP	908.25	(7.50)
Crude Oil	68.84	(1.18)
Gold	925.80	(10.40)
EURUSD	138.47	(0.96)
USDJPY	95.96	(0.31)



^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	$193			
5	$194	$469		
10	$191	$463	$836	
30	$197	$477	$861	$1,700

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	$193			
5	($1)	$469		
10	$1	$6	$836	
30	($4)	($7)	($25)	$1,700

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	0.7%	1.4%	0.0%	
30	-2.2%	-1.5%	-2.9%	0.0%

Tic for Tic & Box for Box Matrix

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.11	3.77	7.66
ZF	0.39	0.94	1.68	3.42
ZN	0.26	0.64	1.15	2.33
ZB	0.15	0.37	0.66	1.33

	2y	5y	10y	30y
2y		2.44	4.34	8.82
5y	0.41		1.78	3.62
10y	0.23	0.56		2.03
30y	0.11	0.28	0.49	

	ZT	ZF	ZN	ZB
ZT		2.24	3.29	5.74
ZF	0.45		1.47	2.56
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	7.53	15.32
ZF	0.39	0.94	3.36	6.84
ZN	0.53	1.29	1.15	2.33
ZB	0.60	0.74	1.31	1.33

	2y	5y	10y	30y
2y		2.44	2.17	4.41
5y	0.41		0.45	1.81
10y	0.46	2.24		2.03
30y	0.23	0.55	0.49	

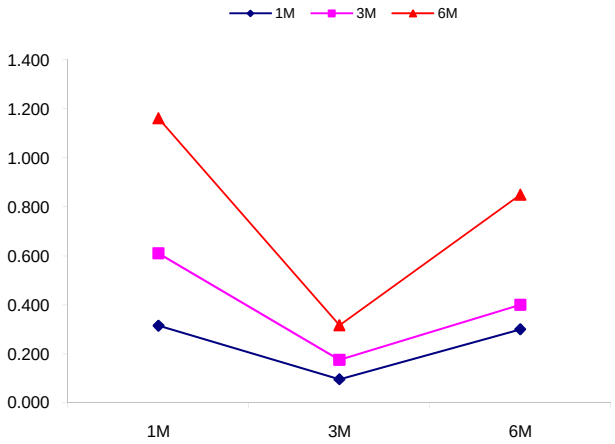
	ZT	ZF	ZN	ZB
ZT		2.24	6.58	11.48
ZF	0.45		2.94	5.12
ZN	0.15	0.34		1.75
ZB	0.09	0.20	0.57	

Key Money Rate, Spreads, Swaps, Packs

	Libor$ [1]	Repo Rt [6]
0/N	0.271	#VALUE!
1week	0.295	#VALUE!
2week	0.303	#VALUE!

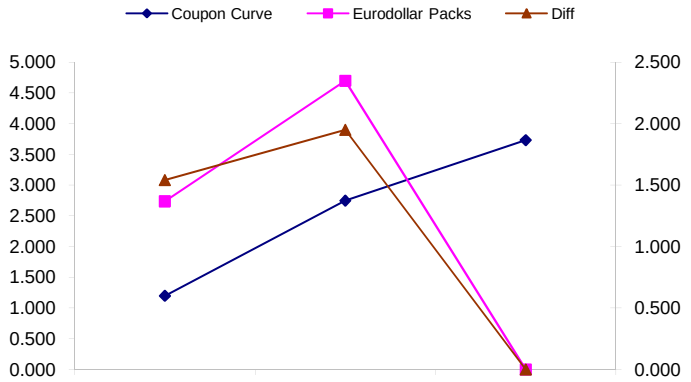
	Libor$ [1]	Tbill	CP [2]
1M	0.315	0.096	0.300
3M	0.610	0.175	0.400
6M	1.161	0.317	0.850

	TSY	Swp	Swp Rate[5]	ED Pks[3]	TSY - ED Pk [4]
2y	1.195	46.50	1.66	2.735	1.540
5y	2.746	42.75	3.17	4.695	1.949
10y	3.732	25.25	3.98		#VALUE!



2/5	Rd/Blu Pk	Diff
155.1	196.0	40.9
2/10	**Rd/Gld Pk**	**Diff**
253.7	#VALUE!	#VALUE!
5/10	**Blu/Gld Pk**	**Diff**
98.6	#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

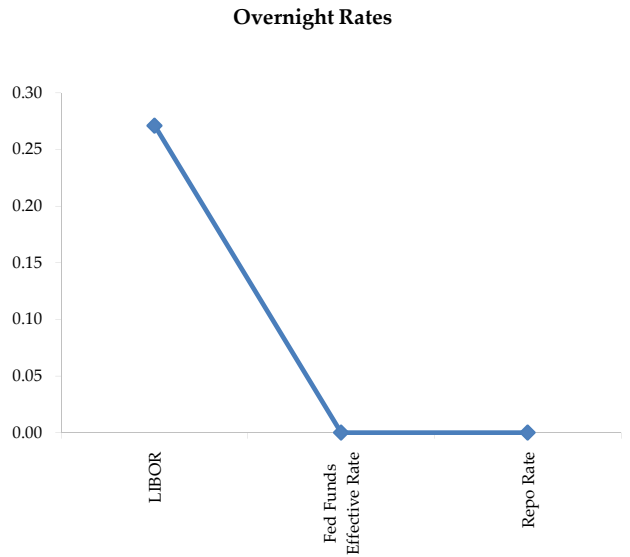
5) Swap divided by 100 + TSY yield gives swap rate in basis points.

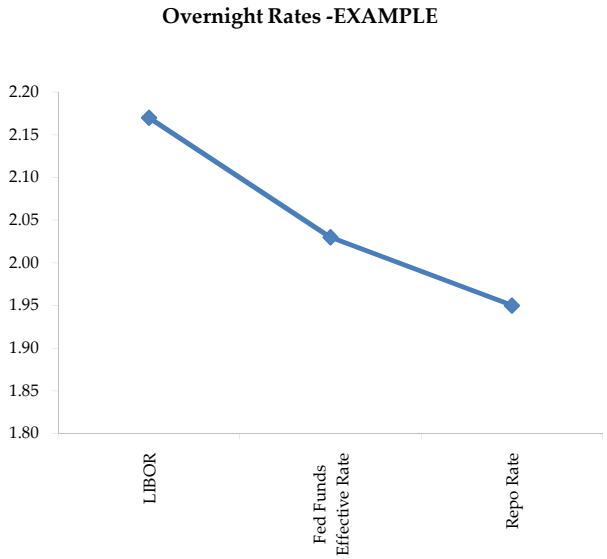
6) Repo Rt quotes is for overnight General Collateral

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

	Last	Chng	Term	Asset Type
USDLIBON	0.271	0.0038	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.680	0.0060	1 momth	Euribor OIS Rate
TEONIA03M	0.712	(0.0010)	3 month	Euribor OIS Rate
TSONIA01M	0.434	0.0030	1 momth	Sterling OIS Rate
TSONIA03M	0.438	0.0000	3 month	Sterling OIS Rate
TUSOIS01M	0.229	(0.0050)	1 momth	USD OIS Rate
TUSOIS03M	0.237	(0.0570)	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.