



The Morning Email: Treasuries

6/29/2009 5:43

Table of Contents

- Pg 1** Auctions

- Pg 2** Quotes

- Pg 3** Duration, DV01s, CFs

- Pg 4** Hedge Ratio's

- Pg 5** Treasury Closes: 2pm CT vs this Morning

- Pg 6** Cash Duration Matrix

- Pg 7** Tic for Tic & Box for Box Matrix

- Pg 8** Key Money Rate, Spreads, Swaps, Packs

- Pg 9** Libor, Fed Funds (OIS), Repo, SONIA & EONIA Rates

Want something added? Let me know:
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	32nds					
	2 y	3 y	5y	7y	10y	30y
Auction Price	99.304	99.241	99.208	99.163	99.143	99.116
Auction Yield Stop	0.940	1.375	2.310	3.300	3.990	4.288
Actual Auction Date	6/23/2009	6/9/2009	6/24/2009	6/26/2009	06/11/09 r	6/11/2009 r

Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAU9	108.0500	1.0	108.0500	108.0300	108.0320	8,998	2y Fut
Z3NU9	111.1070	1.5	111.1150	111.1070	111.1150	2	3y Fut
FVAU9	114.2900	2.2	114.2900	114.2020	114.2550	21,350	5y Fut
TYAU9	116.1650	3.50	116.1650	116.0350	116.0950	48,849	10y Fut
USAU9	118.2250	5.50	118.2300	118.0100	118.1000	8,483	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.0200	1.00	100.0250	100.0050	99.3100	na	2y Cash
BUS03P	100.2420	1.50	100.2470	100.2170	100.2250	na	3y Cash
BUS05P	100.1570	5.50	100.1620	100.0670	100.1000	na	5y Cash
BUS07P	100.1700	8.50	100.1800	100.0800	100.0800	na	7y Cash
BUS10P	96.2950	13.00	96.3050	96.1400	96.1750	na	10y Cash
BUS30P	99.0550	18.50	99.0650	98.1300	98.1700	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	1.093	(0.160)	1.117	1.085	1.134	na	2y Yield
BUS03Y	1.611	(0.110)	1.638	1.606	1.631	na	3y Yield
BUS05Y	2.518	(0.380)	2.580	2.516	2.558	na	5y Yield
BUS07Y	3.164	(0.350)	3.210	3.159	3.210	na	7y Yield
BUS10Y	3.496	(0.420)	3.556	3.492	3.542	na	10y Yield
BUS30Y	4.297	(0.350)	4.346	4.297	4.338	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	16.69	5.65	\$1,766	11.31	n/a	30y
10y	8.37	2.73	\$853	5.46	n/a	10y
7y	6.22	2.11	\$658	4.21	n/a	7y
5y	4.66	1.56	\$489	6.26	n/a	5y
3y	2.87	0.95	\$297	3.81	n/a	3y
2y	1.97	0.64	\$201	2.57	n/a	2y
ZB	10.05	4.22	\$132	4.22	0.7593	ZB
ZN	5.83	2.36	\$74	4.73	0.7941	ZN
ZF	4.19	1.60	\$50	6.42	0.8622	ZF
Z3N	2.81	1.09	\$34	4.35	0.7941	Z3N
ZT	1.92	0.72	\$23	2.89	0.9201	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		1.78	2.63	1.94	2.92
ZN	0.56		1.47	1.09	1.64
ZF	0.38	0.68		0.74	1.11
Z3N	0.50	0.90	1.32		1.47
ZT	0.34	0.61	0.90	1.33	

US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.5	2.3	3.7	5.0	6.48	13.4
ZN	2.7	4.0	6.6	8.9	11.55	23.9
ZF	4.0	5.9	9.8	13.1	17.03	35.2
Z3N	3.0	4.4	7.2	9.7	12.57	26.0
ZT	4.4	6.6	10.8	14.6	18.90	39.1

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.48	2.43	3.28	4.25	8.80
3y	0.68		1.64	2.21	2.87	5.94
5y	0.41	0.61		1.35	1.75	3.61
7y	0.31	0.45	0.74		1.30	2.68
10y	0.24	0.35	0.57	0.77		2.07
30y	0.11	0.17	0.28	0.37	0.48	

US Financial Futures vs German Futures

	ZB	ZN	ZF	ZT
Bund (U)	1.00	1.86	2.55	3
Bobl (U)	0.62	1.00	1.50	1.69
Shatz (U)	0.24	0.42	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	2.3	3.6	4.7	6.3	12.9
Bobl (U)	2.7	3.9	6.3	8.0	11	22.3
Shatz (U)	6.8	9.9	16.1	19.7	27.9	56.9

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

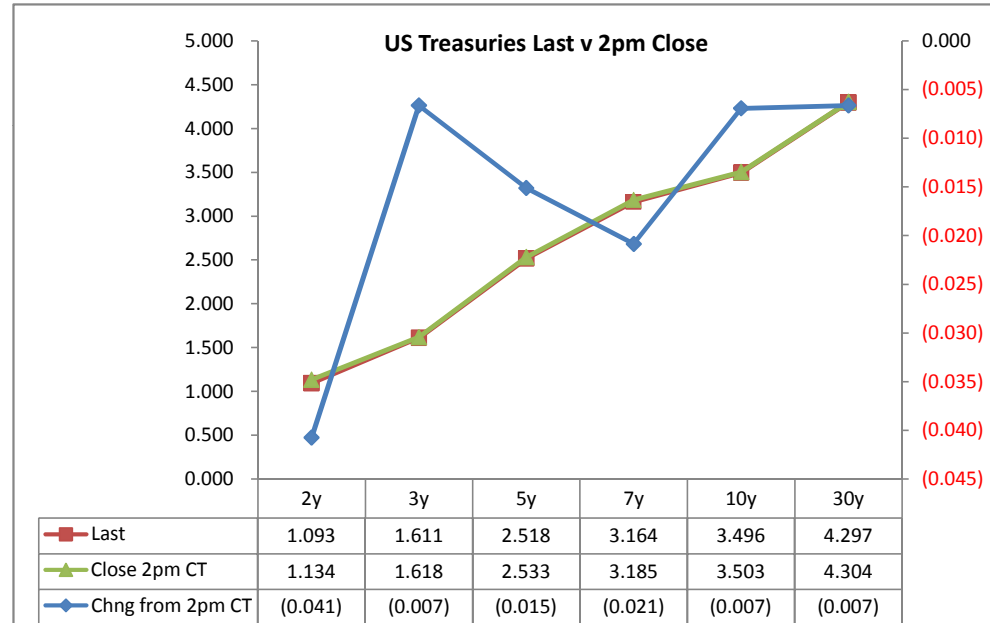
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis (CF)		Close 32	Last	
						from 2pm	Close	Last			
2y	2.625	6/30/14	100.0125	1.134	1.093	(0.041)	17.70	17.53	108.0400	108.050	TUAU9
3y	1.875	6/15/12	100.2375	1.618	1.611	(0.007)	25.54	29.17	111.1425	111.107	Z3NU9
5y	2.250	5/31/14	100.1375	2.533	2.518	(0.015)	45.38	45.39	114.2675	114.290	FVAU9
7y	3.250	6/30/16	100.1300	3.185	3.164	(0.021)					
10y	3.125	5/15/19	96.2750	3.503	3.496	(0.007)	141.48	140.70	116.1300	116.165	TYAU9
30y	4.250	5/15/39	99.0300	4.304	4.297	(0.007)	290.98	289.30	118.1700	118.225	USAU9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm CIs
2/3	48.4	51.8	3.4
2/5	139.9	142.5	2.6
2/7	205.1	207.1	2.0
3/5	91.5	90.7	(0.8)
3/7	156.7	155.3	(1.4)
2/10	236.9	240.3	3.4
3/10	188.5	188.5	(0.0)
5/7	65.2	64.6	(0.6)
5/10	97.0	97.8	0.8
2/30	317.0	320.4	3.4
3/30	268.6	268.6	(0.0)
5/30	177.1	177.9	0.8
7/10	31.8	33.2	1.4
7/30	111.9	113.3	1.4
10/30	80.1	80.1	0.0

	Last	Chng on Day	Prcnt Chng
Emini SP	917.25	3.25	0.36
Crude Oil	69.61	0.45	0.65
Gold	942.70	1.70	0.18
EURUSD	140.47	(0.13)	-0.09
USDJPY	95.40	0.18	0.19
DX	79.94	0.06	0.08



^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	24%	56%	100%	
30	12%	28%	50%	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	\$201			
5	\$207	\$489		
10	\$201	\$475	\$853	
30	\$209	\$493	\$886	\$1,766

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	\$201			
5	(\$6)	\$489		
10	(\$0)	\$13	\$853	
30	(\$8)	(\$5)	(\$32)	\$1,766

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	-2.9%	0.0%		
10	-0.2%	2.8%	0.0%	
30	-3.8%	-1.0%	-3.7%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.89	2.16	3.78	7.82
ZF	0.40	0.98	1.70	3.52
ZN	0.27	0.66	1.15	2.39
ZB	0.15	0.37	0.65	1.34

	2y	5y	10y	30y
2y		2.43	4.25	8.80
5y	0.41		1.75	3.61
10y	0.24	0.57		2.07
30y	0.11	0.28	0.48	

	ZT	ZF	ZN	ZB
ZT		2.22	3.27	5.83
ZF	0.45		1.47	2.63
ZN	0.31	0.68		1.78
ZB	0.17	0.38	0.56	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.89	2.16	7.56	15.65
ZF	0.40	0.98	3.41	7.05
ZN	0.54	1.32	1.15	2.39
ZB	0.61	0.74	1.30	1.34

	2y	5y	10y	30y
2y		2.43	2.12	4.40
5y	0.41		0.44	1.81
10y	0.47	2.29		2.07
30y	0.23	0.55	0.48	

	ZT	ZF	ZN	ZB
ZT		2.22	6.54	11.67
ZF	0.45		2.95	5.26
ZN	0.15	0.34		1.78
ZB	0.09	0.19	0.56	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.264	#VALUE!
1week	0.292	#VALUE!
2week	0.298	#VALUE!

	Libor\$ ¹	Tbill	CP ²
1M	0.309	0.068	0.300
3M	0.597	0.169	0.400
6M	1.118	0.299	0.850

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	1.093	36.75	1.46	2.404	1.310
5y	2.518	37.25	2.89	4.310	1.792
10y	3.496	20.25	3.70	#VALUE!	#VALUE!

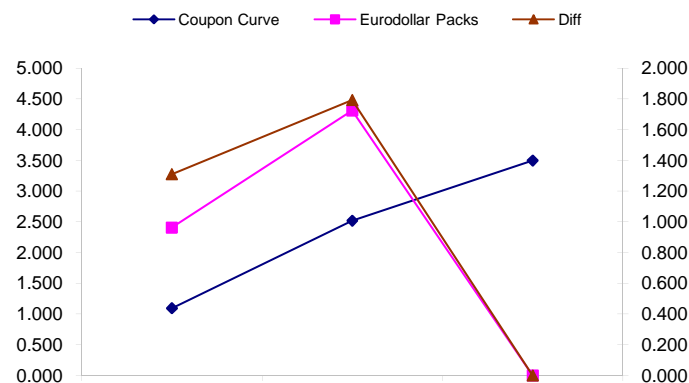
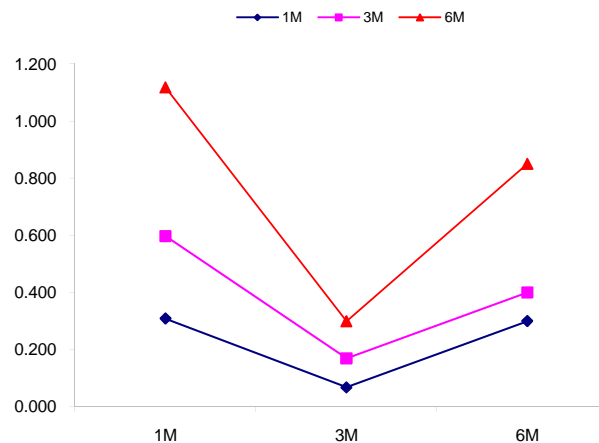
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
142.5	190.6	48.2
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
240.3	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
97.8	#VALUE!	#VALUE!

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



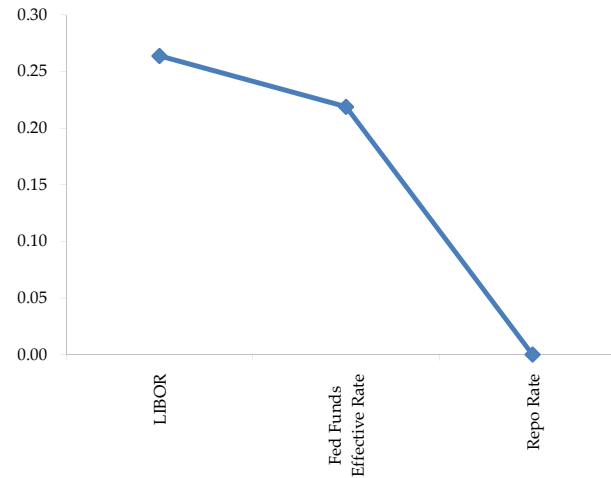
	Last	Chng	Term	Asset Type
USDLIBON	0.264	(0.0012)	Overnight	LIBOR
TUSFFRON	0.219	0.0626	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.560	0.0370	1 month	Euribor OIS Rate
TEONIA03M	0.638	0.0400	3 month	Euribor OIS Rate
TSONIA01M	0.415	(0.0030)	1 month	Sterling OIS Rate
TSONIA03M	0.426	(0.0040)	3 month	Sterling OIS Rate
TUSOIS01M	0.203	0.0070	1 month	USD OIS Rate
TUSOIS03M	0.218	0.0030	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 to request that I take a snapshot during the day and send it to you personally.

The Fed Funds effective rate and the repo rate rarely update until after I send the morning email.

