



6/30/2009 5:42

## 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	99.304	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

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAU9	108.0220	(1.7)	108.0450	108.0070	108.0420	13,789	2y Fut
Z3NU9	111.1170	(1.0)	111.1420	111.1170	111.1420	18	3y Fut
FVAU9	114.2550	(2.7)	114.2820	114.2200	114.2720	23,804	5y Fut
TYAU9	116.1300	(1.50)	116.1600	116.0700	116.1550	51,880	10y Fut
USAU9	118.2050	2.50	118.2400	118.1300	118.2300	6,461	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.3170	(1.50)	100.0100	99.3070	100.0170	na	2y Cash
BUS03P	100.2270	(1.20)	100.2370	100.2070	100.2450	na	3y Cash
BUS05P	100.1320	(2.20)	100.1370	100.0970	100.1320	na	5y Cash
BUS07P	100.1300	(2.50)	100.1500	100.0900	100.1650	na	7y Cash
BUS10P	96.3150	(3.00)	97.0300	96.2450	97.0300	na	10y Cash
BUS30P	99.0800	(8.00)	99.0900	98.3000	99.0200	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	1.121	0.280	1.145	1.109	1.098	na	2y Yield
BUS03Y	1.622	0.240	1.649	1.617	1.636	na	3y Yield
BUS05Y	2.533	0.150	2.560	2.533	2.538	na	5y Yield
BUS07Y	3.179	0.230	3.204	3.174	3.182	na	7y Yield
BUS10Y	3.488	0.150	3.515	3.475	3.488	na	10y Yield
BUS30Y	4.293	0.100	4.313	4.293	4.287	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>	16.69	5.66	\$1,768	11.32	n/a	<b>30y</b>
<b>10y</b>	8.37	2.73	\$854	5.46	n/a	<b>10y</b>
<b>7y</b>	6.22	2.10	\$657	4.21	n/a	<b>7y</b>
<b>5y</b>	4.66	1.56	\$488	6.25	n/a	<b>5y</b>
<b>3y</b>	2.86	0.95	\$297	3.80	n/a	<b>3y</b>
<b>2y</b>	1.97	0.64	\$200	2.57	n/a	<b>2y</b>
<b>ZB</b>	10.04	4.21	\$131	4.21	0.7593	<b>ZB</b>
<b>ZN</b>	5.82	2.36	\$74	4.72	0.7941	<b>ZN</b>
<b>ZF</b>	4.19	1.60	\$50	6.40	0.8622	<b>ZF</b>
<b>Z3N</b>	2.81	1.09	\$34	4.34	0.7941	<b>Z3N</b>
<b>ZT</b>	1.92	0.72	\$23	2.88	0.9201	<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		1.78	2.63	1.94	2.92
ZN	0.56		1.48	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	6.49	13.5
ZN	2.7	4.0	6.6	8.9	11.57	24.0
ZF	4.0	5.9	9.8	13.1	17.07	35.4
Z3N	3.0	4.4	7.2	9.7	12.58	26.1
ZT	4.4	6.6	10.8	14.6	18.94	39.2

## US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.48	2.43	3.28	4.26	8.82
3y	0.67		1.64	2.21	2.87	5.95
5y	0.41	0.61		1.35	1.75	3.62
7y	0.30	0.45	0.74		1.30	2.69
10y	0.23	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

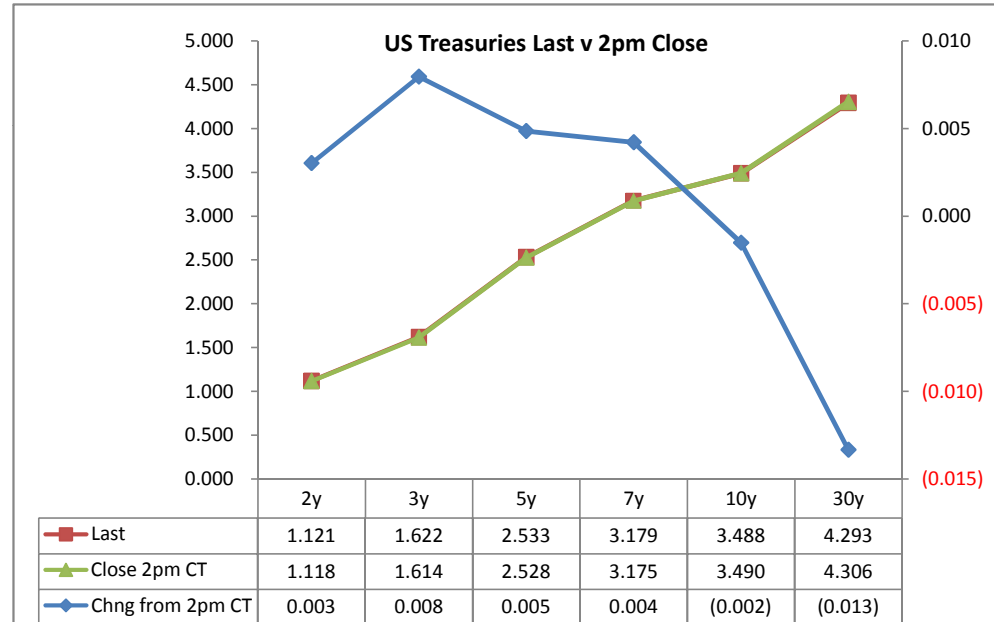
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis (CF)		Close 32	Last	
						from 2pm	Close	Last			
2y	2.625	6/30/14	100.0100	1.118	1.121	0.003	17.45	17.81	108.0400	108.022	TUAU9
3y	1.875	6/15/12	100.2400	1.614	1.622	0.008	24.22	26.77	111.1600	111.117	Z3NU9
5y	2.250	5/31/14	100.1450	2.528	2.533	0.005	45.05	45.91	114.2800	114.255	FVAU9
7y	3.250	6/30/16	100.1500	3.175	3.179	0.004					
10y	3.125	5/15/19	96.3100	3.490	3.488	(0.002)	143.79	145.48	116.1450	116.13	TYAU9
30y	4.250	5/15/39	99.0200	4.306	4.293	(0.013)	289.22	293.32	118.1800	118.205	USAU9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm Cls
2/3	49.6	50.1	0.5
2/5	141.0	141.2	0.2
2/7	205.7	205.8	0.1
3/5	91.4	91.1	(0.3)
3/7	156.1	155.7	(0.4)
2/10	237.2	236.7	(0.5)
3/10	187.6	186.7	(0.9)
5/7	64.7	64.6	(0.1)
5/10	96.2	95.6	(0.6)
2/30	318.8	317.2	(1.6)
3/30	269.2	267.1	(2.1)
5/30	177.8	176.0	(1.8)
7/10	31.5	30.9	(0.6)
7/30	113.1	111.3	(1.8)
10/30	81.6	80.4	(1.2)

	Last	Chng on Day	Prcnt Chng
Emini SP	924.25	3.00	0.33
Crude Oil	71.59	0.10	0.14
Gold	941.10	0.40	0.04
EURUSD	141.29	0.47	0.33
USDJPY	95.82	(0.25)	-0.26
DX	79.61	(0.22)	-0.28



^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	\$200			
5	\$206	\$488		
10	\$201	\$475	\$854	
30	\$209	\$494	\$886	\$1,768

**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	\$200			
5	(\$6)	\$488		
10	(\$1)	\$13	\$854	
30	(\$8)	(\$6)	(\$33)	\$1,768

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	-0.3%	2.7%	0.0%	
30	-3.9%	-1.1%	-3.7%	0.0%

## Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.89	2.17	3.79	7.85
ZF	0.40	0.98	1.71	3.54
ZN	0.27	0.66	1.16	2.40
ZB	0.15	0.37	0.65	1.35

	2y	5y	10y	30y
2y		2.43	4.26	8.82
5y	0.41		1.75	3.62
10y	0.23	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		1.48	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	2.17	7.58	15.69
ZF	0.40	0.98	3.41	7.07
ZN	0.54	1.32	1.16	2.40
ZB	0.61	0.74	1.30	1.35

	2y	5y	10y	30y
2y		2.43	2.13	4.41
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	6.55	11.66
ZF	0.45		2.95	5.26
ZN	0.15	0.34		1.78
ZB	0.09	0.19	0.56	

	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>
0/N	0.278	#VALUE!
1week	0.290	#VALUE!
2week	0.297	#VALUE!

	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>
1M	0.309	0.103	#VALUE!
3M	0.595	0.190	#VALUE!
6M	1.111	0.358	#VALUE!

	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	1.121	38.50	1.51	2.483	1.362
5y	2.533	38.75	2.92		#VALUE!
10y	3.488	21.75	3.71		#VALUE!

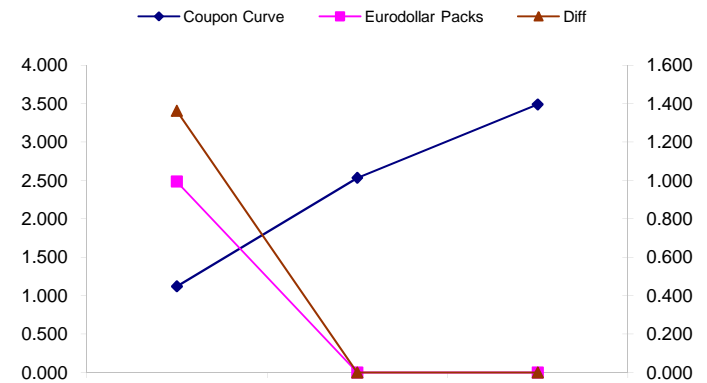
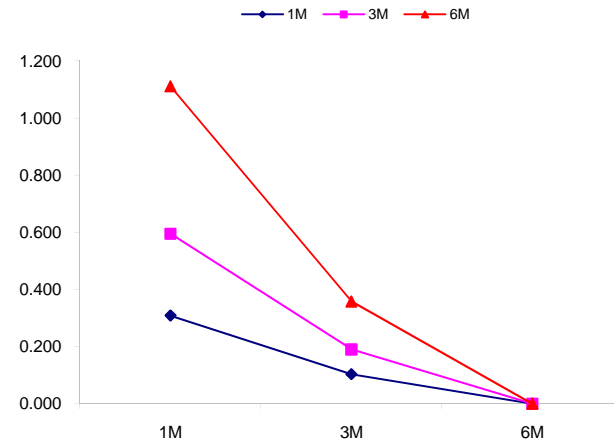
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
141.2	#VALUE!	#VALUE!
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
236.7	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
95.6	#VALUE!	#VALUE!

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:**

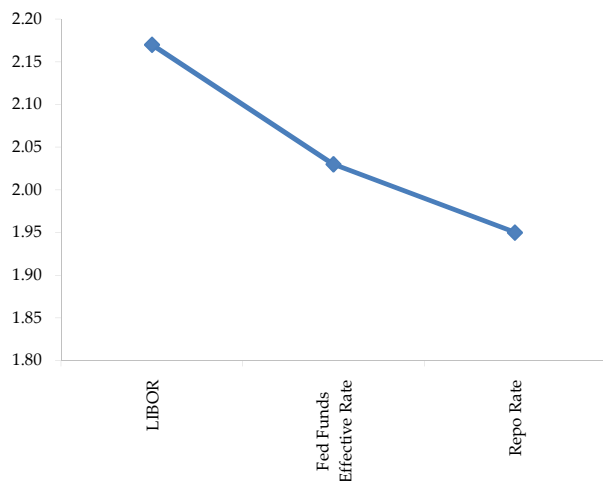
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



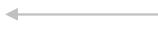
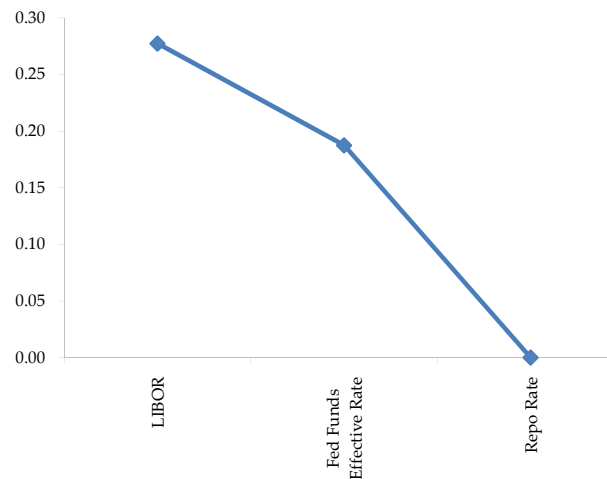
	Last	Chng	Term	Asset Type
USDLIBON	0.278	0.0138	Overnight	LIBOR
TUSFFRON	0.188	0.0313	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.519	(0.0510)	1 month	Euribor OIS Rate
TEONIA03M	0.593	(0.0500)	3 month	Euribor OIS Rate
TSONIA01M	0.416	0.0000	1 month	Sterling OIS Rate
TSONIA03M	0.429	(0.0020)	3 month	Sterling OIS Rate
TUSOIS01M	0.205	0.0020	1 month	USD OIS Rate
TUSOIS03M	0.223	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.**





