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The Morning Email: Treasuries

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Want something added? Let me know:
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Important Econ Releases, Highs & Lows

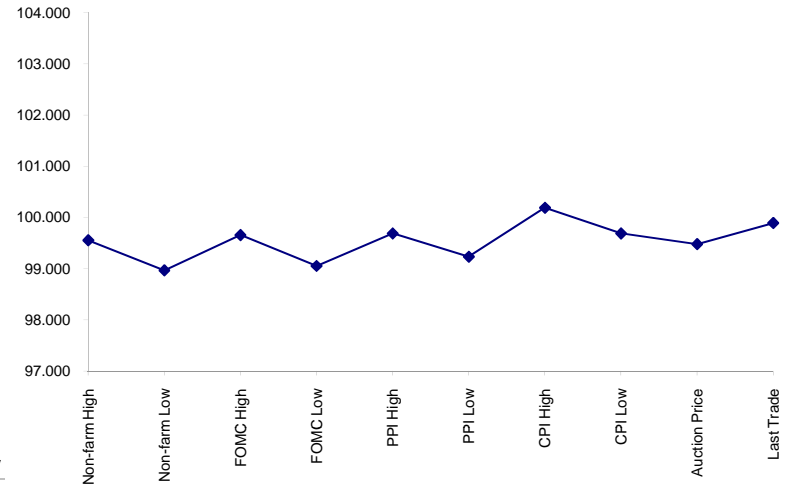
Economic Releases (32nds)

	5y	10y	ZNZ8	ZBZ8	Date
Non-farm High	99.1775	98.200	122.180	127.040	2/6/2009
Non-farm Low	98.3100	97.165	121.185	125.165	2/6/2009
FOMC High	99.2100	101.280	124.290	131.155	1/28/2009
FOMC Low	99.0175	100.150	123.245	129.085	1/28/2009
PPI High	99.2200	99.250	123.040	127.200	2/19/2009
PPI Low	99.0750	98.283	122.080	126.030	2/19/2009
CPI High	100.0600	100.190	124.050	129.020	2/20/2009
CPI Low	99.2200	99.200	122.295	127.105	2/20/2009
Auction Price	99.1534	99.233	0.000		
Last Trade	99.2850	98.130	121.075	124.150	3/3/2009

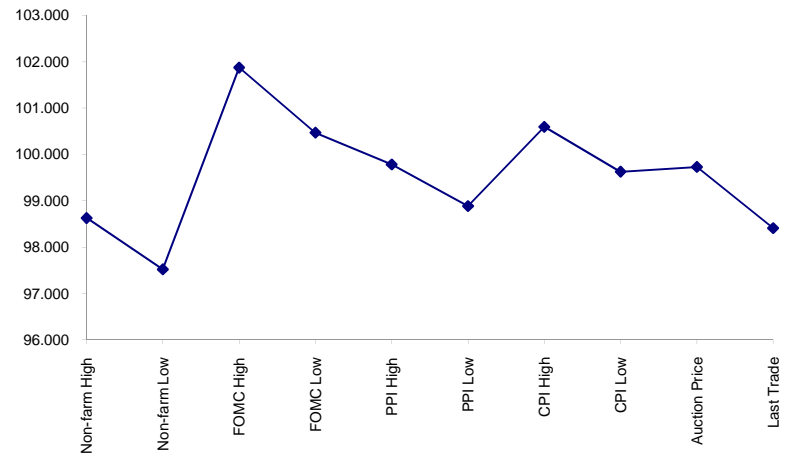
Auctions - 32nds

	2 y	3 y	5y	7y	10y	30y
Auction Price	99.266	99.279	99.153	99.071	99.233	99.085
Auction Yield Stop	0.961	1.419	1.985	2.748	2.818	3.540
Actual Auction Date	2/24/2009	2/10/2009	2/25/2009	2/26/2009	2/11/2009	2/12/2009

5y (Decimal)



10y (Decimal)



Notes:

- 1) Cash and futures are adjusted for roll.
- 2) Release times are from release to 2pm cdt
- 3) {Dec08 to Mch09 Futures roll: ZF = (91); ZN = (70); ZB = (32) [tics]}
- 4)*CPI was same as FOMC day

Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAM9	108.1600	(0.020)	108.1900	108.1500	108.1850	15,750	2y Fut
FVAM9	117.0500	(0.060)	117.1620	117.0270	117.1570	33,488	5y Fut
TYAM9	121.0750	(0.040)	121.2200	121.0150	121.2000	92,158	10y Fut
USAM9	124.1500	(0.085)	125.1100	124.0500	125.0850	15,992	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.2900	(3.200)	99.3120	99.2750	99.3120	na	2y Cash
BUS03P	100.0700	(5.500)	100.0900	100.0600	100.0900	na	3y Cash
BUS05P	99.2850	(12.200)	100.0600	99.2670	100.0550	na	5y Cash
BUS07P	100.1050	(16.000)	100.1700	100.0850	100.1700	na	7y Cash
BUS10P	98.1300	(20.000)	98.2500	98.0900	98.2500	na	10y Cash
BUS30P	97.0000	(104.000)	97.2400	96.1900	97.2400	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.923	5.900	0.951	0.883	0.892	na	2y Yield
BUS03Y	1.299	6.200	1.315	1.245	1.251	na	3y Yield
BUS05Y	1.896	8.100	1.913	1.831	1.829	na	5y Yield
BUS07P	2.564	6.800			2.507	na	7y Yield
BUS10Y	2.936	7.100	2.954	2.881	2.877	na	10y Yield
BUS30Y	3.669	6.000	3.713	3.587	3.624	na	30y Yield

Duration, DV01s, CFs

	M Duration	DV01 32	DV01 \$	DV01 Box	CF		Theoretical CF
30y	18.23	5.91	\$1,846	11.82	n/a	30y	
10y	8.63	2.81	\$879	5.63	n/a	10y	
7y	6.35	2.11	\$659	4.21	n/a	7y	0.8149
5y	4.74	1.55	\$485	6.21	n/a	5y	
3y	2.88	0.94	\$294	3.76	n/a	3y	0.9057
2y	1.97	0.64	\$199	2.54	n/a	2y	
ZB	10.24	4.41	\$138	4.41	0.6562	ZB	
ZN	6.03	2.49	\$78	4.99	0.7672	ZN	
ZF	4.20	1.65	\$52	6.61	0.8342	ZF	
ZT	1.96	0.70	\$22	2.80	0.9085	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 2.51 tics (Today, 12/01/08, the value in the box is 2.51).

Since ZN trades in half tics, then, 5.03 boxes = 1 basis point in ZN. (Again, today, 12/01/08, the value in the box is 5.03). 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	ZT
ZB		1.767	2.665	3.149
ZN	0.566		1.509	1.782
ZF	0.375	0.663		1.181
ZT	0.318	0.561	0.846	

US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.44	2.13	3.52	19.57	6.39	13.41
ZN	2.55	3.77	6.16	20.29	11.28	23.69
ZF	3.84	5.69	9.39	30.61	17.02	35.74
ZT	4.37	6.46	10.67	34.78	19.34	40.61

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.479	2.443	3.315	4.427	9.295
3y	0.676		1.651	2.241	2.992	6.283
5y	0.409	0.606		1.357	1.812	3.805
7y	0.302	0.446	0.737		1.335	2.804
10y	0.226	0.334	0.552	0.749		2.100
30y	0.108	0.159	0.263	0.357	0.476	

US Financial Futures vs German Futures

	ZB	ZN	ZF	ZT
Bund (H)	0.90	1.60	2.37	2.68
Bobl (H)	0.47	0.84	1.26	1.42
Shatz (H)	0.18	0.32	0.48	0.54

German Futrues vs German Futures

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)		1.89	4.98
Bobl (H)	0.53		2.64
Shatz (H)	0.20	0.38	

US Treasuries vs German Futures

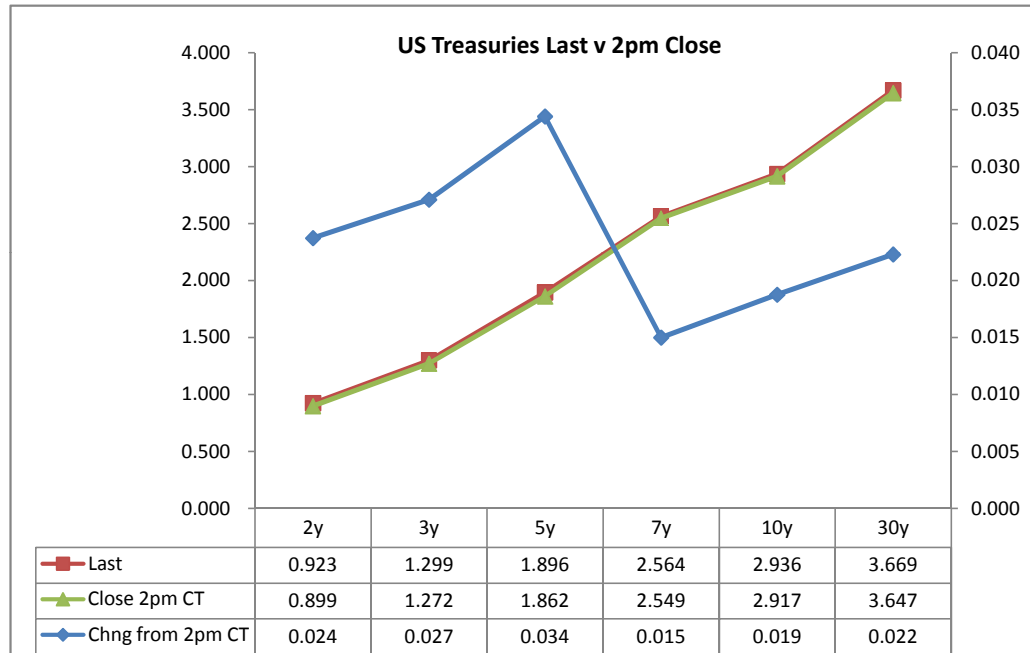
	2y	5y	7y	10y	30y
Bund (H)	1.8	4.3	5.4	7.5	15.7
Bobl (H)	3.2	7.6	10.2	13.3	27.6
Shatz (H)	8.1	19.2	26.8	33.6	69.9

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)		Cash Roll	Futrues Roll	Close 32	Last	
							Close	Last					
2y	0.875	2/28/11	99.3050	0.899	0.923	0.024	42.37	42.69		17.20	108.1800	108.16	TUAM9
3y	1.375	2/15/12	100.0950	1.272	1.299	0.027							
5y	1.875	2/28/14	100.0200	1.862	1.896	0.034	69.16	69.08		0.2920	117.1150	117.05	FVAM9
7y	7.625	2/29/16	100.1600	2.549	2.564	0.015							
10y	2.750	2/15/09	98.1800	2.917	2.936	0.019	174.58	172.65		1.2270	121.1150	121.075	TYAM9
30y	3.500	2/15/39	97.1050	3.647	3.669	0.022	495.28	490.36		1.0870	124.2350	124.15	USAM9

Curve Spreads			
	Close bps	Last bps	Chng from 2pm CIs
2/3	37.3	37.6	0.3
2/5	96.3	97.4	1.1
2/7	165.0	162.7	(2.3)
3/5	59.0	59.7	0.7
3/7	127.7	125.1	(2.6)
2/10	201.8	201.3	(0.5)
3/10	164.5	163.7	(0.8)
5/7	68.7	65.4	(3.3)
5/10	105.5	103.9	(1.6)
2/30	274.8	274.7	(0.1)
3/30	237.5	237.0	(0.5)
5/30	178.5	177.3	(1.2)
7/10	36.8	38.6	1.8
7/30	109.8	111.9	2.1
10/30	73.0	73.4	0.35



	Last	Chng on Day
Emini SP	705.50	0.00
Crude Oil	40.76	0.61
Gold	923.40	(16.60)
EURUSD	125.89	0.09
USDJPY	97.72	0.22

O/N News:

Cash Duration Matrix

What is this? (1):
2yr cash has X% duration of 5yr cash.

Cash Duration Matrix

	2	5	10	30
2	100%	0%		
5	41%	100%		
10	23%	55%	100%	0%
30	11%	26%	47%	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	\$223			
5	\$201	\$485		
10	\$201	\$483	\$879	
30	\$199	\$480	\$873	\$1,846

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	\$223			
5	\$21	\$485		
10	\$22	\$2	\$879	
30	\$23	\$5	\$6	\$1,846

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	10.6%	0.0%		
10	11.0%	0.4%	0.0%	
30	11.8%	1.1%	0.7%	0.0%

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Tic for Tic & Box for Box Matrix

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Tic for Tic Matrix

	2y	5y	10y	30y
ZT	1.02	2.22	4.02	8.44
ZF	0.43	0.94	1.70	3.57
ZN	0.29	0.62	1.13	2.37
ZB	0.16	0.35	0.64	1.34

	2y	5y	10y	30y
2y		2.18	3.95	8.29
5y	0.46		1.81	3.80
10y	0.25	0.55		2.10
30y	0.12	0.26	0.48	

	ZT	ZF	ZN	ZB
ZT		2.36	3.56	6.30
ZF	0.42		1.51	2.67
ZN	0.28	0.66		1.77
ZB	0.16	0.38	0.57	

Box for Box Matrix

	2y	5y	10y	30y
ZT	1.02	2.22	8.04	16.89
ZF	0.43	0.94	3.40	7.15
ZN	0.57	1.25	1.13	2.37
ZB	0.65	0.70	1.28	1.34

	2y	5y	10y	30y
2y		2.18	1.97	4.15
5y	0.46		0.45	1.90
10y	0.51	2.21		2.10
30y	0.24	0.53	0.48	

	ZT	ZF	ZN	ZB
ZT		2.36	7.13	12.60
ZF	0.42		3.02	5.33
ZN	0.14	0.33		1.77
ZB	0.08	0.19	0.57	

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Key Money Rate, Spreads, Swaps, Packs

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	Libor\$ ¹	Repo Rt ⁶
0/N	0.318	#VALUE!
1week	0.381	#VALUE!
2week	0.420	#VALUE!

	Libor\$ ¹	Tbill	CP ²
1M	0.508	0.149	0.600
3M	1.271	0.273	1.150
6M	1.810	0.439	1.780

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.923	68.25	1.61	1.927	1.004
5y	1.896	69.50	2.59		#VALUE!
10y	2.936	32.25	3.26		#VALUE!

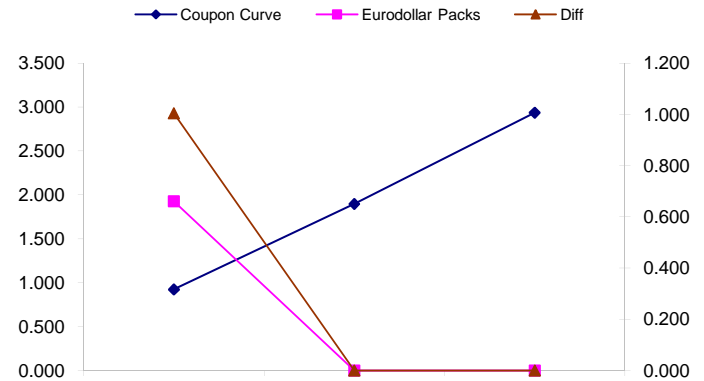
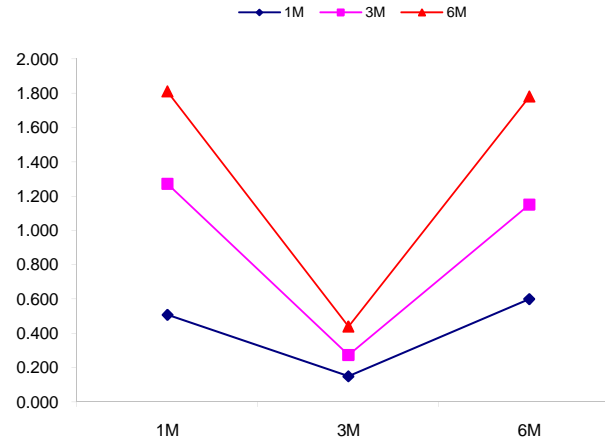
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
97.4	#VALUE!	#VALUE!
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
201.3	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
103.9	#VALUE!	#VALUE!

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



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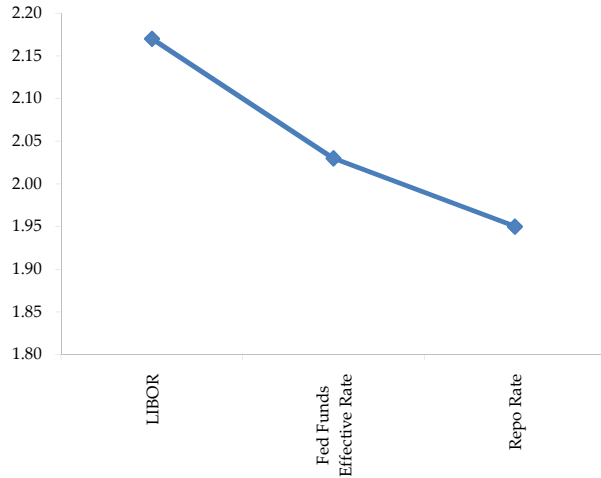
Libor, Fed Funds (OIS), Repo, SONIA & EONIA Rates

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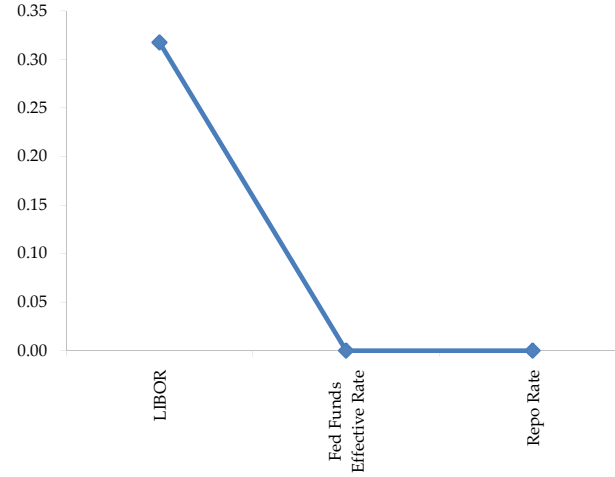
	Last	Chng	Term	Asset Type
USDLIBON	0.318	0.0075	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.901	(0.0240)	1 month	Euribor OIS Rate
TEONIA03M	0.810	(0.0370)	3 month	Euribor OIS Rate
TSONIA01M	0.421	(0.0240)	1 month	Sterling OIS Rate
TSONIA03M	0.374	(0.0200)	3 month	Sterling OIS Rate
TUSOIS01M	0.236	0.0000	1 month	USD OIS Rate
TUSOIS03M	0.248	0.0010	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.

