



3/4/2009 6:05

The Morning Email: Treasuries

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

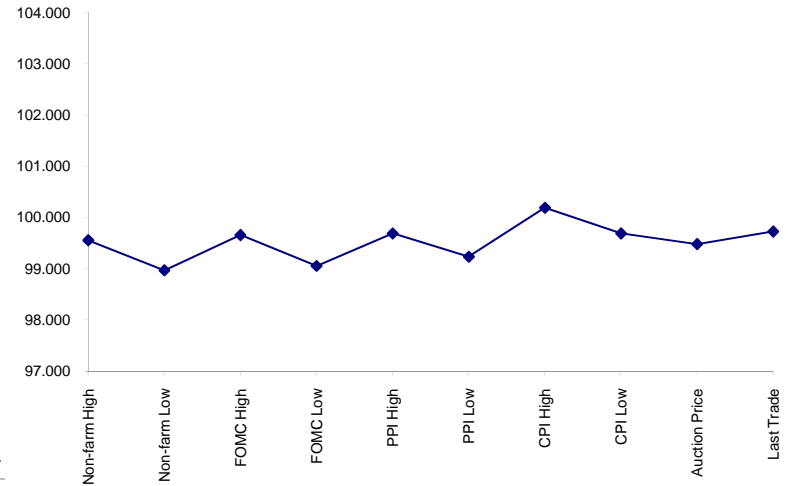
Economic Releases (32nds)

	5y	10y	ZNM9	ZBM9	Date
Non-farm High	99.1775	98.200	120.280	125.260	2/6/2009
Non-farm Low	98.3100	97.165	119.285	124.075	2/6/2009
FOMC High	99.2100	101.280	123.070	130.065	1/28/2009
FOMC Low	99.0175	100.150	122.015	128.315	1/28/2009
PPI High	99.2200	99.250	121.140	126.110	2/19/2009
PPI Low	99.0750	98.283	120.180	124.260	2/19/2009
CPI High	100.0600	100.190	122.150	127.250	2/20/2009
CPI Low	99.2200	99.200	121.075	126.025	2/20/2009
Auction Price	99.1534	99.233			
Last Trade	99.2320	98.030	120.220	124.050	3/4/2009

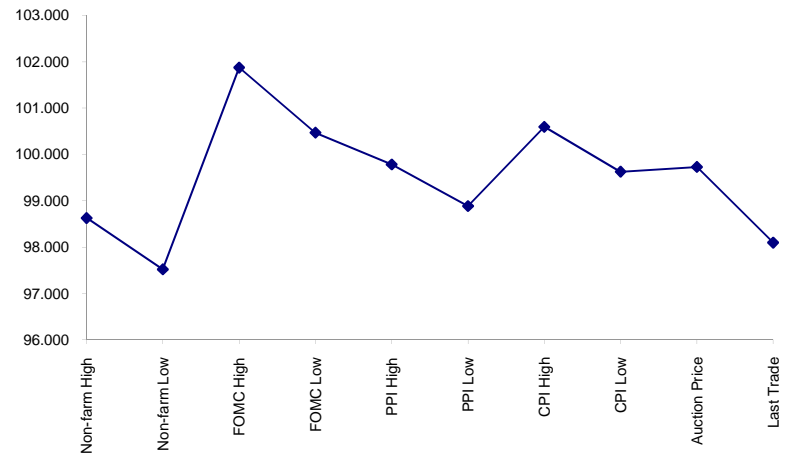
Auctions - 32nds

	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) {Mch09 to Jun09 Futures roll: ZF = (29); ZN = (54); ZB = (41) [tics]}
- 4)*CPI was same as FOMC day

Quotes

		32 nds						
	Last	Net	High	Low	Open	Volume	Sym Name	
TUAM9	108.1570	(0.005)	108.1950	108.1400	108.1950	9,652	2y Fut	
FVAM9	116.2770	(0.072)	117.1150	116.2470	117.1100	40,071	5y Fut	
TYAM9	120.2200	(0.105)	121.1300	120.1600	121.1250	87,048	10y Fut	
USAM9	124.0500	(0.105)	125.0600	123.2500	125.0350	22,655	30y Fut	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02P	99.2850	(3.000)	99.3070	99.2670	99.3070	na	2y Cash	
BUS03P	100.0370	(5.700)	100.0700	100.0120	100.0700	na	3y Cash	
BUS05P	99.2320	(14.700)	100.0300	99.2020	100.0200	na	5y Cash	
BUS07P	99.2800	(19.500)	100.1350	99.2600	100.1350	na	7y Cash	
BUS10P	98.0300	(26.500)	98.2200	97.2800	98.2100	na	10y Cash	
BUS30P	96.1400	(116.000)	97.1000	96.0150	97.0800	na	30y Cash	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02Y	0.931	0.430	0.963	0.883	0.904	na	2y Yield	
BUS03Y	1.334	0.680	1.367	1.275	1.302	na	3y Yield	
BUS05Y	1.933	0.990	1.954	1.854	1.869	na	5y Yield	
BUS07Y	2.632	0.930	2.655	2.559	2.559	na	7y Yield	
BUS10Y	2.973	0.960	3.000	2.903	2.921	na	10y Yield	
BUS30Y	3.691	0.860	3.732	3.618	3.648	na	30y Yield	

Duration, DV01s, CFs

	M Duration	DV01 32	DV01 \$	DV01 Box	CF		Theoretical CF
30y	18.21	5.88	\$1,837	11.76	n/a	30y	
10y	8.62	2.80	\$876	5.61	n/a	10y	
7y	6.35	2.10	\$656	4.20	n/a	7y	0.8149
5y	4.74	1.55	\$484	6.20	n/a	5y	
3y	2.88	0.94	\$293	3.75	n/a	3y	0.9057
2y	1.96	0.63	\$198	2.54	n/a	2y	
ZB	10.23	4.40	\$137	4.40	0.6562	ZB	
ZN	6.02	2.48	\$78	4.97	0.7672	ZN	
ZF	4.19	1.65	\$51	6.58	0.8342	ZF	
ZT	1.95	0.70	\$22	2.79	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		1.8	2.7	3.1
ZN	0.56		1.5	1.8
ZF	0.37	0.66		1.2
ZT	0.32	0.56	0.85	

US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.4	2.1	3.5	4.8	6.4	13.4
ZN	2.6	3.8	6.2	8.5	11.3	23.7
ZF	3.9	5.7	9.4	12.7	17.0	35.7
ZT	4.4	6.5	10.7	14.4	19.3	40.5

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.5	2.4	3.3	4.4	9.3
3y	0.68		1.7	2.2	3.0	6.3
5y	0.41	0.61		1.4	1.8	3.8
7y	0.30	0.45	0.74		1.3	2.8
10y	0.23	0.33	0.55	0.75		2.1
30y	0.11	0.16	0.26	0.36	0.48	

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

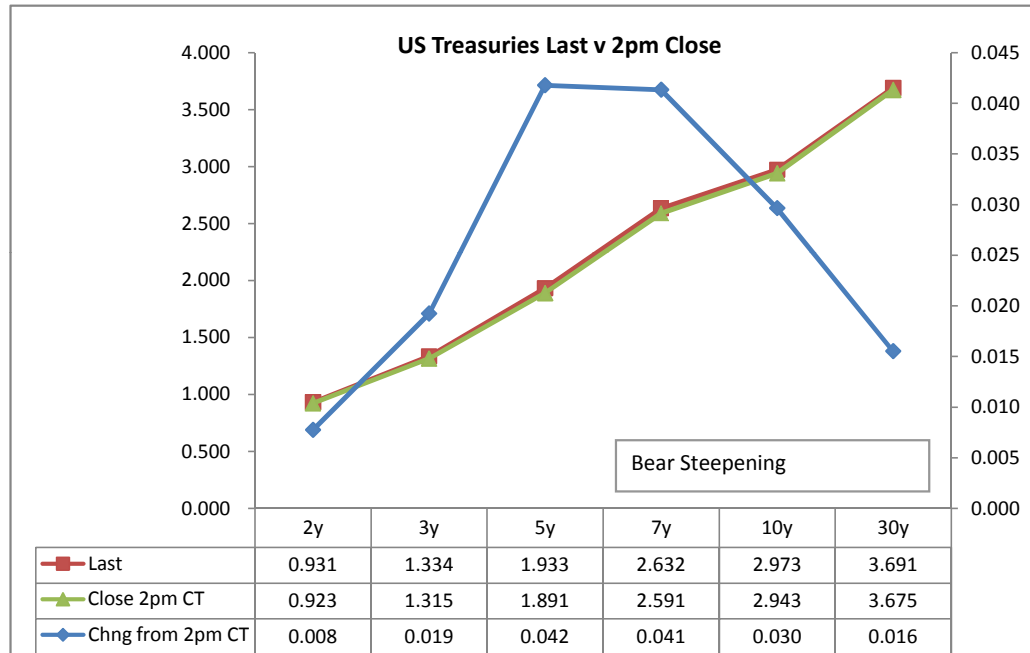
	2y	5y	7y	10y	30y
Bund (H)	1.8	4.3	5.4	7.5	15.7
Bobl (H)	3.2	7.6	10.2	13.3	27.6
Shatz (H)	8.1	19.2	26.8	33.6	69.9

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	99.2900	0.923	0.931	0.008	42.46	42.46		17.20	108.1625	108.157	TUAM9
3y	1.375	2/15/12	100.0550	1.315	1.334	0.019							
5y	1.875	2/28/14	99.2950	1.891	1.933	0.042	71.75	71.54		0.3050	117.0300	116.277	FVAM9
7y	2.625	2/29/16	100.0700	2.591	2.632	0.041							
10y	3.750	11/15/18	98.1200	2.943	2.973	0.030	177.02	176.07		1.2270	121.0050	120.22	TYAM9
30y	3.500	2/15/39	96.2750	3.675	3.691	0.016	485.53	478.92		1.0920	124.1550	124.05	USAM9

Curve Spreads			
	Close bps	Last bps	Chng from
			2pm CIs
2/3	39.2	40.3	1.1
2/5	96.8	100.2	3.4
2/7	166.8	170.2	3.4
3/5	57.6	59.9	2.3
3/7	127.6	129.8	2.2
2/10	202.0	204.2	2.2
3/10	162.8	163.8	1.0
5/7	70.0	70.0	(0.0)
5/10	105.2	104.0	(1.2)
2/30	275.2	276.0	0.8
3/30	236.0	235.6	(0.4)
5/30	178.4	175.8	(2.6)
7/10	35.2	34.0	(1.2)
7/30	108.4	105.8	(2.6)
10/30	73.2	71.8	(1.4)



	Last	Chng on Day
Emini SP	702.75	13.25
Crude Oil	43.25	1.60
Gold	913.50	(0.10)
EURUSD	125.42	(0.21)
USDJPY	99.28	1.07

O/N News:

- Supply. It's all about massive amounts of treasury supply. It just keeps coming.
- GILT auction tails 6.5 bps (bearish long end treasuries)
- China wealth fund sees opportunities owning commodities and energy

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	\$222			
5	\$201	\$484		
10	\$200	\$481	\$876	
30	\$198	\$478	\$870	\$1,837

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	\$222			
5	\$22	\$484		
10	\$23	\$3	\$876	
30	\$24	\$6	\$6	\$1,837

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	10.7%	0.0%		
10	11.3%	0.6%	0.0%	
30	12.2%	1.3%	0.7%	0.0%

Tic for Tic & Box for Box Matrix

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	1.02	2.22	4.01	8.41
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	3.94	8.26
5y	0.46		1.81	3.79
10y	0.25	0.55		2.10
30y	0.12	0.26	0.48	

	ZT	ZF	ZN	ZB
ZT		2.36	3.55	6.29
ZF	0.42		1.51	2.67
ZN	0.28	0.66		1.77
ZB	0.16	0.37	0.56	

Box for Box Matrix

	2y	5y	10y	30y
ZT	1.02	2.22	8.03	16.83
ZF	0.43	0.94	3.41	7.14
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	4.13
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	7.11	12.58
ZF	0.42		3.02	5.34
ZN	0.14	0.33		1.77
ZB	0.08	0.19	0.56	

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Key Money Rate, Spreads, Swaps, Packs

Pg 8

	Libor\$ ¹	Repo Rt ⁶
0/N	0.313	0.280
1week	0.386	0.200
2week	0.419	0.200

	Libor\$ ¹	Tbill	CP ²
1M	0.518	0.136	#VALUE!
3M	1.277	0.268	#VALUE!
6M	1.817	0.436	#VALUE!

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.931	69.50	1.63	1.960	1.029
5y	1.933	68.25	2.62	3.548	1.615
10y	2.973	30.25	3.28	3.957	0.984

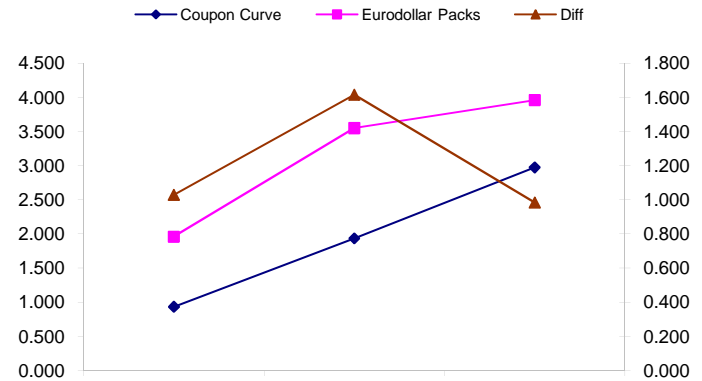
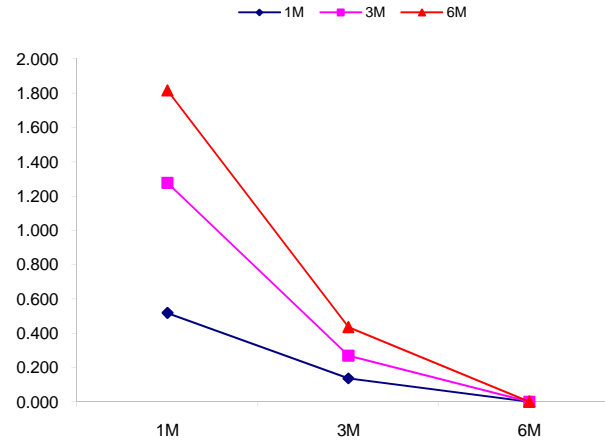
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
100.2	158.8	58.6
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
204.2	199.7	-4.5
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
104.0	40.9	-63.1

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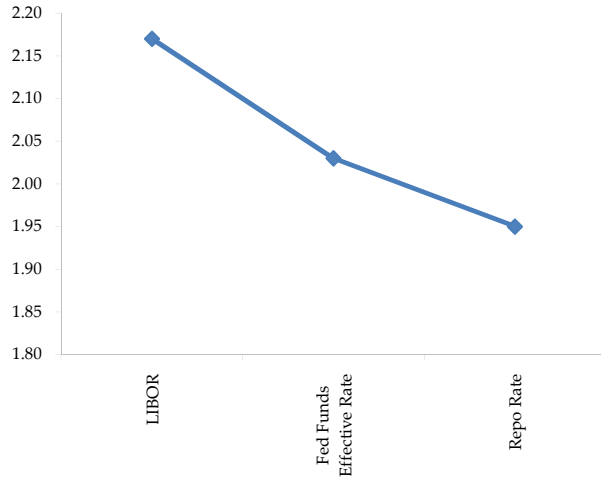
Libor, Fed Funds (OIS), Repo, SONIA & EONIA Rates

Pg 9

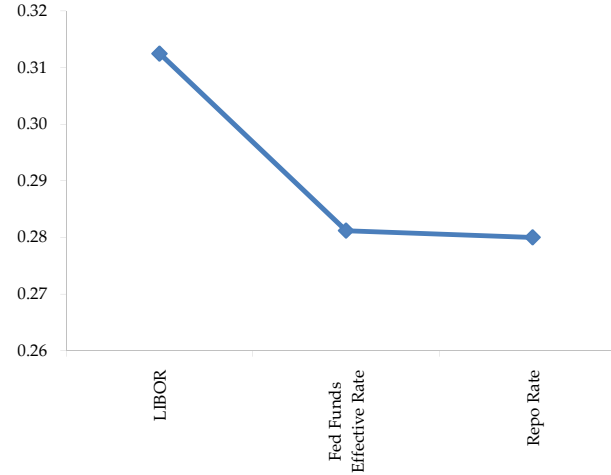
	Last	Chng	Term	Asset Type
USDLIBON	0.313	(0.0050)	Overnight	LIBOR
TUSFFRON	0.281	0.0624	Overnight	Fed Funds Effective Rate
TUSRPOON	0.280	0.0000	Overnight	Repo Rate
TEONIA01M	0.875	(0.0290)	1 month	Euribor OIS Rate
TEONIA03M	0.781	(0.0350)	3 month	Euribor OIS Rate
TSONIA01M	0.413	(0.0070)	1 month	Sterling OIS Rate
TSONIA03M	0.365	(0.0100)	3 month	Sterling OIS Rate
TUSOIS01M	0.235	(0.0040)	1 month	USD OIS Rate
TUSOIS03M	0.250	(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.

