



## The Morning Email: Treasuries

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

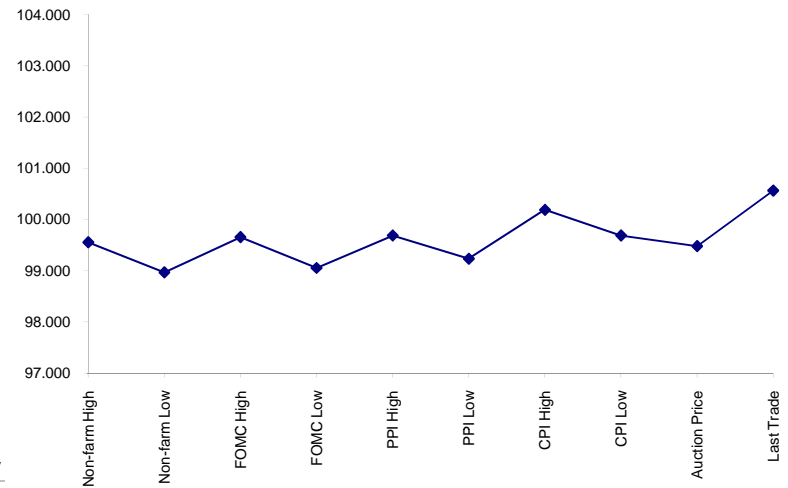
#### Economic Releases (32nds)

	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	100.1800	99.255	122.110	127.270	3/6/2009

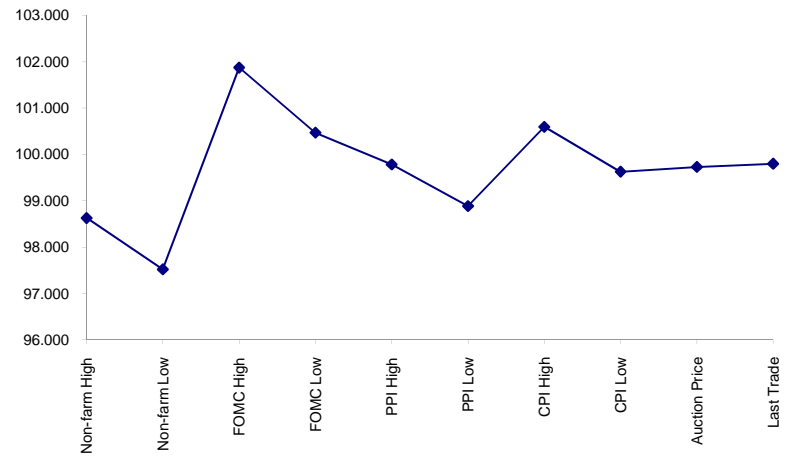
#### Auctions - 32nds

	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
<b>TUAM9</b>	108.1970	0.010	108.2000	108.1720	108.1850	13,635	2y Fut
<b>FVAM9</b>	117.2300	0.092	117.2450	117.0950	117.1450	36,403	5y Fut
<b>TYAM9</b>	122.1100	0.155	122.1500	121.1950	121.3050	93,612	10y Fut
<b>USAM9</b>	127.2700	0.280	127.3050	126.2200	127.0250	24,564	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
<b>BUS02P</b>	99.3170	0.500	100.0020	99.2950	99.3070	na	2y Cash
<b>BUS03P</b>	100.1070	2.000	100.1170	100.0750	100.0800	na	3y Cash
<b>BUS05P</b>	100.1800	6.000	100.1950	100.0650	100.1050	na	5y Cash
<b>BUS07P</b>	101.1000	8.500	101.1100	100.2150	100.2450	na	7y Cash
<b>BUS10P</b>	99.2550	10.500	99.2800	99.0300	99.1300	na	10y Cash
<b>BUS30P</b>	101.0000	27.500	101.0200	99.1400	99.2950	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
<b>BUS02Y</b>	0.879	(0.080)	0.915	0.867	0.904	na	2y Yield
<b>BUS03Y</b>	1.255	(0.110)	1.312	1.239	1.288	na	3y Yield
<b>BUS05Y</b>	1.758	(0.350)	1.837	1.743	1.809	na	5y Yield
<b>BUS07Y</b>	2.427	(0.370)	2.519	2.414	2.483	na	7y Yield
<b>BUS10Y</b>	2.773	(0.330)	2.857	2.763	2.819	na	10y Yield
<b>BUS30Y</b>	3.450	(0.530)	3.535	3.435	3.499	na	30y Yield

## Duration, DV01s, CFs

	M Duration	DV01 32	DV01 \$	DV01 Box	CF		Theoretical CF
<b>30y</b>	18.48	6.23	\$1,946	12.46	n/a	<b>30y</b>	
<b>10y</b>	8.63	2.85	\$892	5.71	n/a	<b>10y</b>	
<b>7y</b>	6.34	2.12	\$663	4.24	n/a	<b>7y</b>	0.8149
<b>5y</b>	4.73	1.56	\$488	6.24	n/a	<b>5y</b>	
<b>3y</b>	2.87	0.94	\$293	3.75	n/a	<b>3y</b>	0.9057
<b>2y</b>	1.95	0.63	\$198	2.53	n/a	<b>2y</b>	
<b>ZB</b>	10.30	4.54	\$142	4.54	0.6562	<b>ZB</b>	
<b>ZN</b>	6.02	2.51	\$78	5.02	0.7672	<b>ZN</b>	
<b>ZF</b>	4.18	1.65	\$52	6.62	0.8342	<b>ZF</b>	
<b>ZT</b>	1.94	0.70	\$22	2.78	0.9085	<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 2.51 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	3.3
ZN	0.55		1.5	1.8
ZF	0.36	0.66		1.2
ZT	0.31	0.55	0.84	

## US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.4	2.1	3.4	4.7	6.3	13.7
ZN	2.5	3.7	6.1	8.5	11.4	24.8
ZF	3.8	5.7	9.4	12.8	17.3	37.6
ZT	4.4	6.5	10.8	14.7	19.7	43.0

## US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.5	2.5	3.4	4.5	9.9
3y	0.67		1.7	2.3	3.0	6.6
5y	0.41	0.60		1.4	1.8	4.0
7y	0.30	0.44	0.74		1.3	2.9
10y	0.22	0.33	0.55	0.74		2.2
30y	0.10	0.15	0.25	0.34	0.46	

## 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

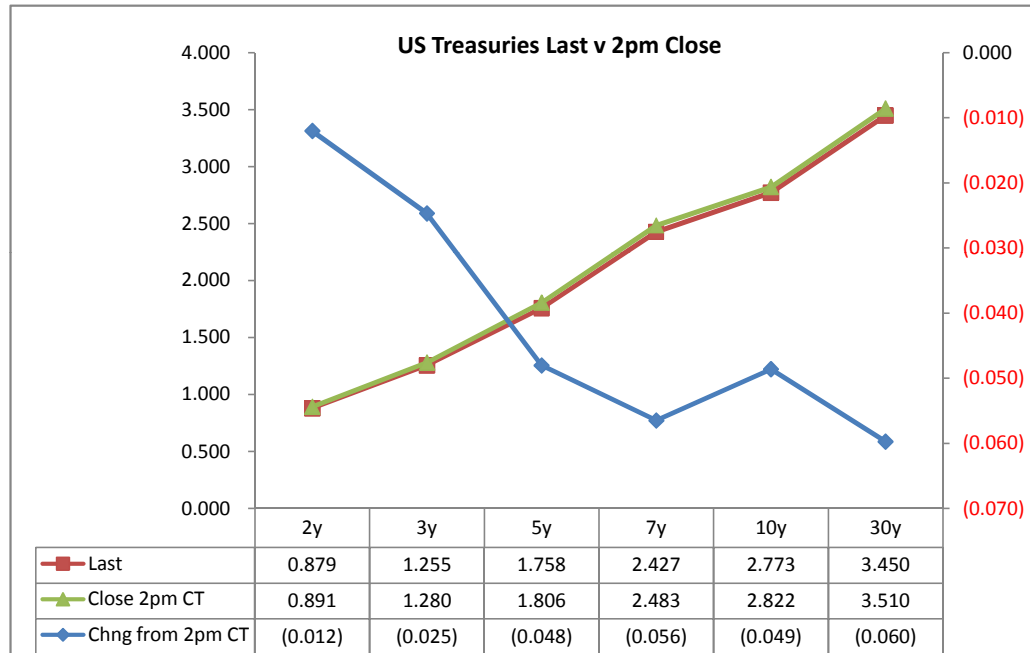
	2y	5y	7y	10y	30y
Bund (H)	1.8	4.3	5.4	7.5	15.7
Bobl (H)	3.2	7.6	10.2	13.3	27.6
Shatz (H)	8.1	19.2	26.8	33.6	69.9

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	99.3100	0.891	0.879	(0.012)	42.19	42.03		16.50	108.1875	108.1970	TUAM9
3y	1.375	2/15/12	100.0875	1.280	1.255	(0.025)							
5y	1.875	2/28/14	100.1050	1.806	1.758	(0.048)	75.78	75.57		0.2700	117.1375	117.2300	FVAM9
7y	2.625	2/29/16	100.2900	2.483	2.427	(0.056)							
10y	3.750	11/15/18	99.1200	2.822	2.773	(0.049)	188.30	189.91		1.1900	121.2750	122.1100	TYAM9
30y	3.500	2/15/39	99.2600	3.510	3.450	(0.060)	527.86	547.49		1.0920	126.3100	127.2700	USAM9

Curve Spreads			
	Close bps	Last bps	Chng from 2pm Cls
2/3	38.9	37.6	(1.3)
2/5	91.5	87.9	(3.6)
2/7	159.2	154.8	(4.4)
3/5	52.6	50.3	(2.3)
3/7	120.3	117.1	(3.2)
2/10	193.1	189.4	(3.7)
3/10	154.2	151.8	(2.4)
5/7	67.7	66.9	(0.8)
5/10	101.6	101.5	(0.1)
2/30	261.9	257.1	(4.8)
3/30	223.0	219.5	(3.5)
5/30	170.4	169.2	(1.2)
7/10	33.9	34.7	0.8
7/30	102.7	102.4	(0.3)
10/30	68.8	67.7	(1.1)



	Last	Chng on Day
Emini SP	681.25	(4.75)
Crude Oil	44.36	0.75
Gold	939.00	11.20
EURUSD	126.82	1.39
USDJPY	96.98	(1.11)

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	\$222			
5	\$201	\$488		
10	\$202	\$489	\$892	
30	\$206	\$498	\$909	\$1,946

**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	\$20	\$488		
10	\$20	(\$2)	\$892	
30	\$16	(\$11)	(\$17)	\$1,946

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	10.0%	0.0%		
10	9.7%	-0.3%	0.0%	
30	7.7%	-2.1%	-1.8%	0.0%

**Tic for Tic & Box for Box Matrix**

**Tic for Tic Matrix**

	2y	5y	10y	30y
ZT	1.02	2.24	4.10	8.95
ZF	0.43	0.94	1.73	3.76
ZN	0.28	0.62	1.14	2.48
ZB	0.16	0.34	0.63	1.37

	2y	5y	10y	30y
2y		2.20	4.03	8.78
5y	0.45		1.83	3.99
10y	0.25	0.55		2.18
30y	0.11	0.25	0.46	

	ZT	ZF	ZN	ZB
ZT		2.38	3.61	6.52
ZF	0.42		1.52	2.74
ZN	0.28	0.66		1.81
ZB	0.15	0.36	0.55	

**Box for Box Matrix**

	2y	5y	10y	30y
ZT	1.02	2.24	8.21	17.90
ZF	0.43	0.94	3.45	7.53
ZN	0.56	1.24	1.14	2.48
ZB	0.62	0.69	1.26	1.37

	2y	5y	10y	30y
2y		2.20	2.01	4.39
5y	0.45		0.46	2.00
10y	0.50	2.19		2.18
30y	0.23	0.50	0.46	

	ZT	ZF	ZN	ZB
ZT		2.38	7.22	13.05
ZF	0.42		3.03	5.49
ZN	0.14	0.33		1.81
ZB	0.08	0.18	0.55	



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**Key Money Rate, Spreads, Swaps, Packs**

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	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>
0/N	0.323	#VALUE!
1week	0.395	#VALUE!
2week	0.438	#VALUE!

	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>
1M	0.546	0.086	0.600
3M	1.293	0.213	1.150
6M	1.854	0.388	1.780

	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	0.879	75.50	1.63	1.901	1.022
5y	1.758	72.00	2.48	3.299	1.541
10y	2.773	27.25	3.05	3.629	0.856

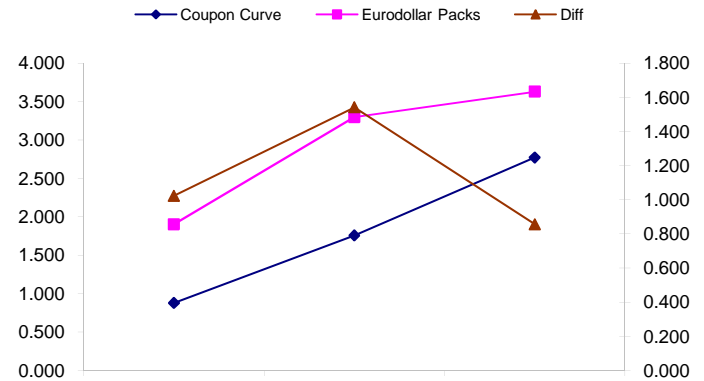
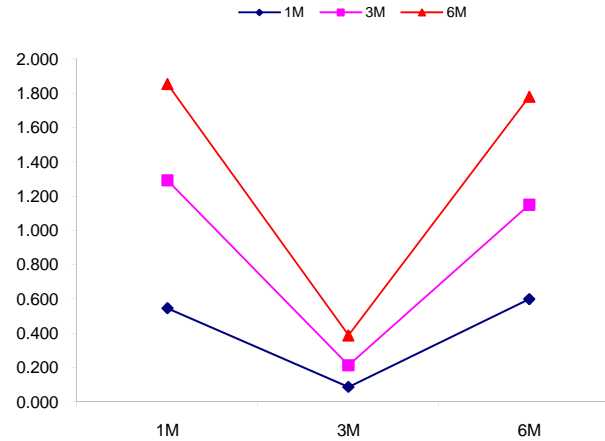
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
87.9	139.8	51.9
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
189.4	172.8	-16.7
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
101.5	33.0	-68.5

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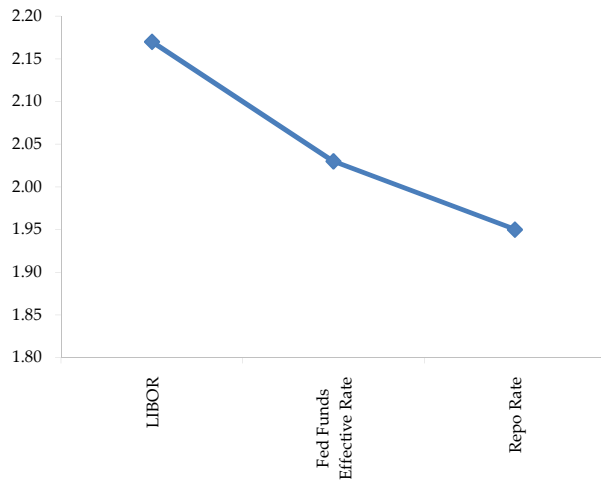
**Libor, Fed Funds (OIS), Repo, SONIA & EONIA Rates**

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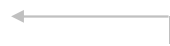
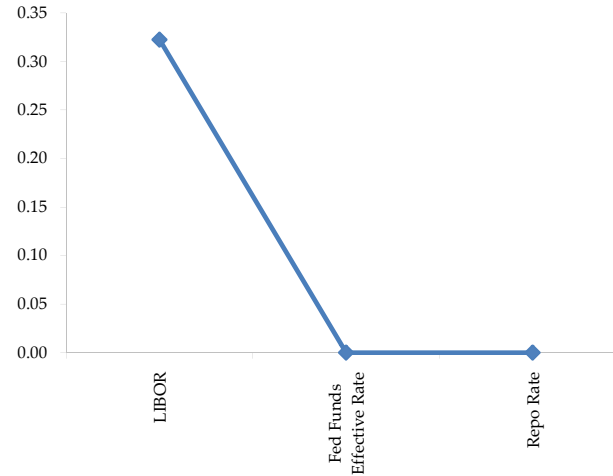
	Last	Chng	Term	Asset Type
USDLIBON	0.323	0.0025	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.838	(0.0230)	1 month	Euribor OIS Rate
TEONIA03M	0.739	(0.0210)	3 month	Euribor OIS Rate
TSONIA01M	0.535	0.0550	1 month	Sterling OIS Rate
TSONIA03M	0.536	0.0810	3 month	Sterling OIS Rate
TUSOIS01M	0.238	(0.0020)	1 month	USD OIS Rate
TUSOIS03M	0.252	(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.**





