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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

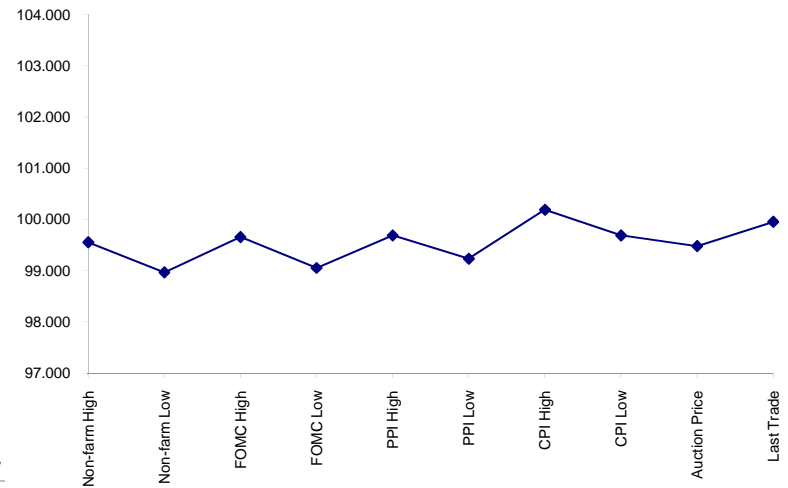
Economic Releases (32nds)

	5y	10y	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	99.3050	98.285	121.205	126.260	3/9/2009

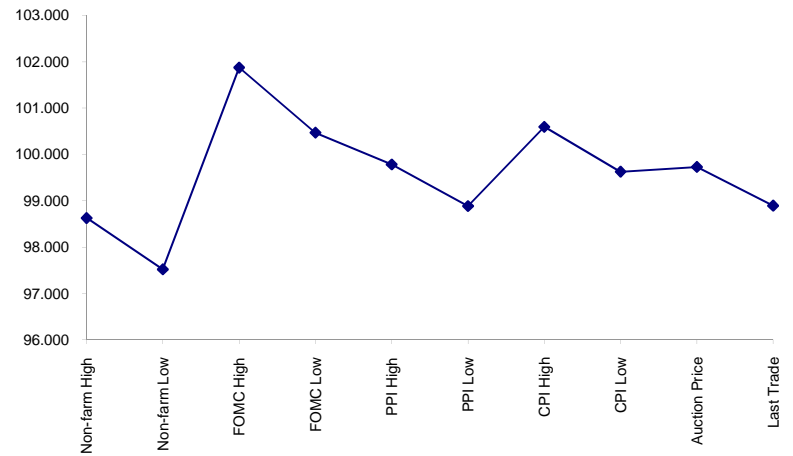
Auctions - 32nds

	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	108.1520	(0.025)	108.1720	108.1470	108.1650	11,269	2y Fut	
FVAM9	117.0150	(0.067)	117.0600	116.3170	117.0450	19,110	5y Fut	
TYAM9	121.2050	(0.085)	121.2800	121.1500	121.1850	59,918	10y Fut	
USAM9	126.2600	(0.150)	127.1100	126.1600	126.2300	10,832	30y Fut	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02P	99.2770	(0.500)	99.2920	99.2750	99.2850	na	2y Cash	
BUS03P	100.0150	(1.200)	100.0320	100.0020	100.0250	na	3y Cash	
BUS05P	99.3050	(1.200)	100.0320	99.3000	100.0150	na	5y Cash	
BUS07P	100.2150	3.000	100.2750	100.1800	100.2400	na	7y Cash	
BUS10P	98.2850	(2.000)	99.0600	98.1700	98.1700	na	10y Cash	
BUS30P	99.0150	0.500	99.2700	99.0150	99.1600	na	30y Cash	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02Y	0.943	0.080	0.979	0.911	0.960	na	2y Yield	
BUS03Y	1.361	0.140	1.419	1.304	1.367	na	3y Yield	
BUS05Y	1.887	0.050	1.928	1.849	1.885	na	5y Yield	
BUS07Y	2.524	(0.050)	2.536	2.490	2.527	na	7y Yield	
BUS10Y	2.885	0.130	2.921	2.830	2.874	na	10y Yield	
BUS30Y	3.555	(0.060)	3.599	3.460	3.553	na	30y Yield	

Duration, DV01s, CFs

	M Duration	DV01 32	DV01 \$	DV01 Box	CF		Theoretical CF
30y	18.35	6.07	\$1,897	12.14	n/a	30y	
10y	8.61	2.82	\$882	5.65	n/a	10y	
7y	6.33	2.11	\$659	4.22	n/a	7y	0.8149
5y	4.72	1.55	\$484	6.20	n/a	5y	
3y	2.87	0.93	\$292	3.73	n/a	3y	0.9057
2y	1.95	0.63	\$197	2.52	n/a	2y	
ZB	10.27	4.49	\$140	4.49	0.6562	ZB	
ZN	6.01	2.49	\$78	4.99	0.7672	ZN	
ZF	4.18	1.64	\$51	6.57	0.8342	ZF	
ZT	1.94	0.69	\$22	2.77	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	3.2
ZN	0.56		1.5	1.8
ZF	0.37	0.66		1.2
ZT	0.31	0.56	0.84	

US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.4	2.1	3.5	4.7	6.3	13.5
ZN	2.5	3.7	6.1	8.5	11.3	24.3
ZF	3.8	5.7	9.4	12.8	17.2	37.0
ZT	4.4	6.5	10.7	14.6	19.6	42.1

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.5	2.5	3.3	4.5	9.6
3y	0.68		1.7	2.3	3.0	6.5
5y	0.41	0.60		1.4	1.8	3.9
7y	0.30	0.44	0.73		1.3	2.9
10y	0.22	0.33	0.55	0.75		2.2
30y	0.10	0.15	0.26	0.35	0.47	

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

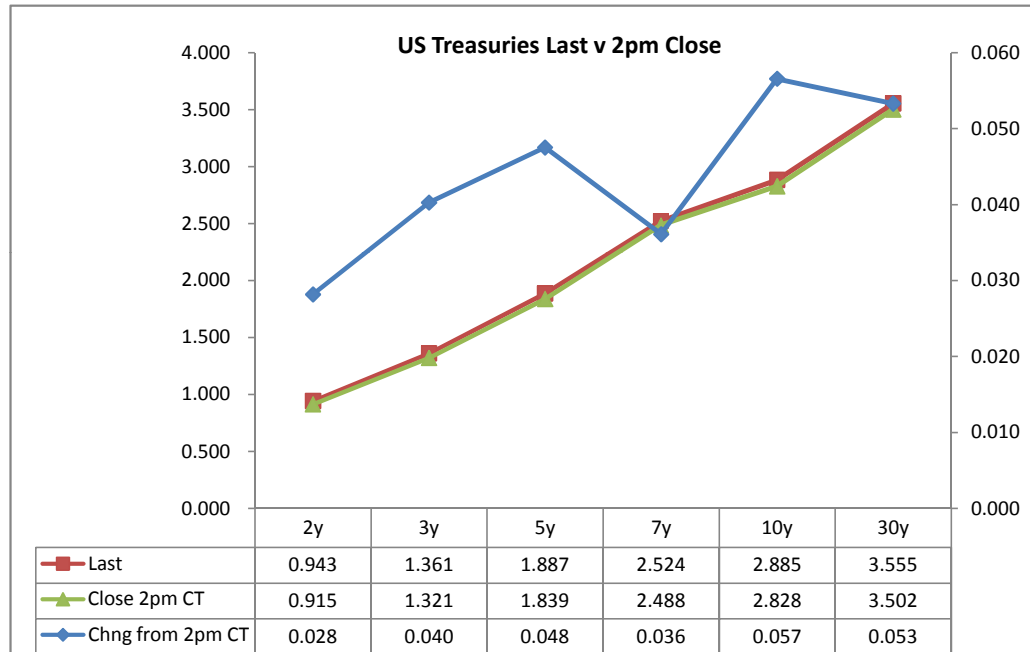
	2y	5y	7y	10y	30y
Bund (H)	1.8	4.3	5.4	7.5	15.7
Bobl (H)	3.2	7.6	10.2	13.3	27.6
Shatz (H)	8.1	19.2	26.8	33.6	69.9

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	99.2950	0.915	0.943	0.028	41.60	42.11		14.50	108.1775	108.1520	TUAM9
3y	1.375	2/15/12	100.0500	1.321	1.361	0.040							
5y	1.875	2/28/14	100.0550	1.839	1.887	0.048	75.37	74.00		0.2820	117.0825	117.0150	FVAM9
7y	2.625	2/29/16	100.2800	2.488	2.524	0.036							
10y	3.750	11/15/18	99.1050	2.828	2.885	0.057	186.04	178.17		1.1750	121.2850	121.2050	TYAM9
30y	3.500	2/15/39	99.3100	3.502	3.555	0.053	526.30	506.64		1.0900	127.0900	126.2600	USAM9

Curve Spreads			
	Close bps	Last bps	Chng from 2pm CIs
2/3	40.6	41.8	1.2
2/5	92.4	94.3	1.9
2/7	157.3	158.1	0.8
3/5	51.8	52.5	0.7
3/7	116.7	116.3	(0.4)
2/10	191.3	194.1	2.8
3/10	150.7	152.3	1.6
5/7	64.9	63.8	(1.1)
5/10	98.9	99.8	0.9
2/30	258.7	261.2	2.5
3/30	218.1	219.4	1.3
5/30	166.3	166.9	0.6
7/10	34.0	36.0	2.0
7/30	101.4	103.1	1.7
10/30	67.4	67.1	(0.3)



	Last	Chng on Day
Emini SP	677.50	(10.25)
Crude Oil	46.18	0.66
Gold	937.70	(5.00)
EURUSD	126.19	(0.36)
USDJPY	98.95	0.67

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%			
5	41%	100%		
10	23%	55%	100%	
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	\$221			
5	\$200	\$484		
10	\$200	\$484	\$882	
30	\$202	\$488	\$890	\$1,897

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	\$221			
5	\$21	\$484		
10	\$21	\$0	\$882	
30	\$19	(\$4)	(\$8)	\$1,897

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	10.5%	0.0%		
10	10.6%	0.0%	0.0%	
30	9.6%	-0.9%	-0.9%	0.0%

Tic for Tic & Box for Box Matrix

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	1.02	2.23	4.07	8.75
ZF	0.43	0.94	1.72	3.70
ZN	0.28	0.62	1.13	2.43
ZB	0.16	0.35	0.63	1.35

	2y	5y	10y	30y
2y		2.19	3.99	8.59
5y	0.46		1.82	3.92
10y	0.25	0.55		2.15
30y	0.12	0.26	0.47	

	ZT	ZF	ZN	ZB
ZT		2.37	3.59	6.47
ZF	0.42		1.52	2.73
ZN	0.28	0.66		1.80
ZB	0.15	0.37	0.56	

Box for Box Matrix

	2y	5y	10y	30y
ZT	1.02	2.23	8.14	17.50
ZF	0.43	0.94	3.44	7.40
ZN	0.57	1.24	1.13	2.43
ZB	0.63	0.69	1.26	1.35

	2y	5y	10y	30y
2y		2.19	2.00	4.29
5y	0.46		0.46	1.96
10y	0.50	2.19		2.15
30y	0.23	0.51	0.47	

	ZT	ZF	ZN	ZB
ZT		2.37	7.19	12.93
ZF	0.42		3.04	5.46
ZN	0.14	0.33		1.80
ZB	0.08	0.18	0.56	

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Key Money Rate, Spreads, Swaps, Packs

Pg 8

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

	Libor\$ ¹	Tbill	CP ²
1M	0.546	0.091	0.600
3M	1.293	0.202	1.150
6M	1.854	0.388	1.780

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.943	80.25	1.75	2.051	1.108
5y	1.887	71.75	2.60		#VALUE!
10y	2.885	26.75	3.15		#VALUE!

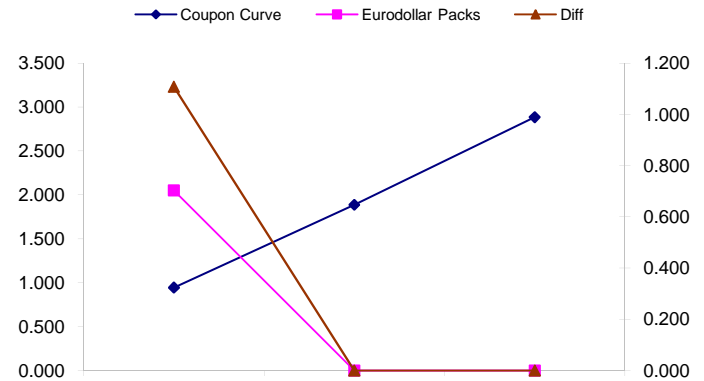
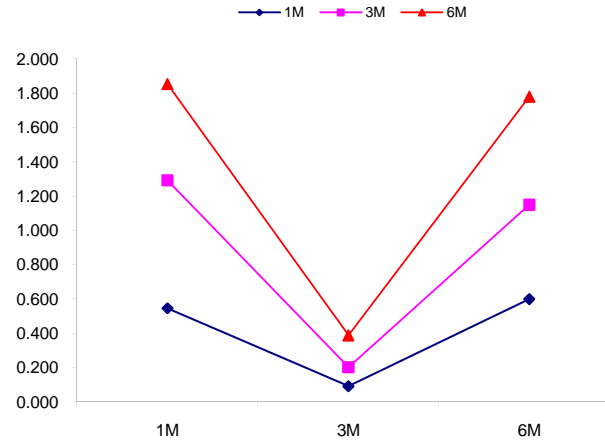
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
94.3	#VALUE!	#VALUE!
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
194.1	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
99.8	#VALUE!	#VALUE!

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



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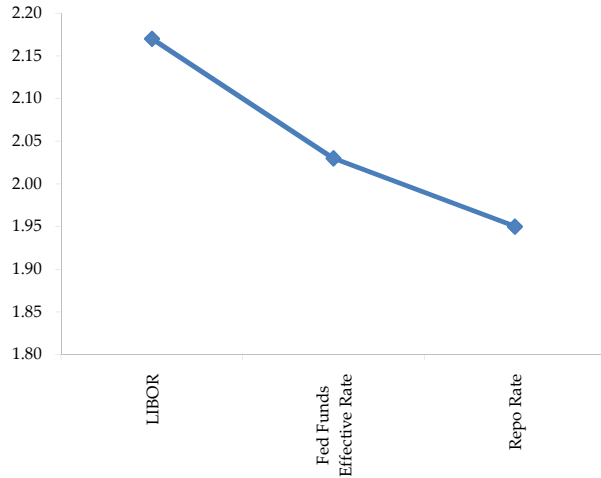
Libor, Fed Funds (OIS), Repo, SONIA & EONIA Rates

Pg 9

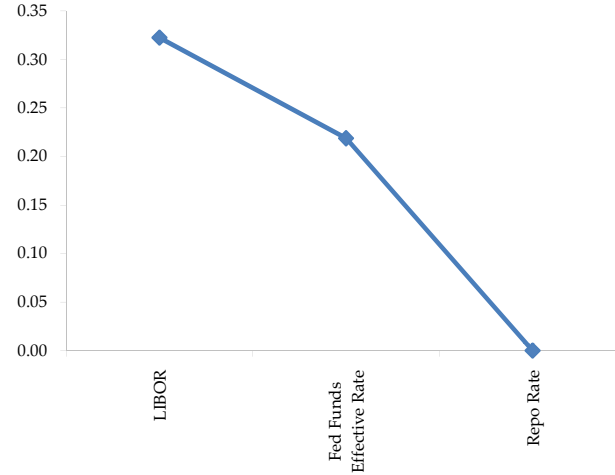
	Last	Chng	Term	Asset Type
USDLIBON	0.323	0.0000	Overnight	LIBOR
TUSFFRON	0.219	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.825	(0.0130)	1 month	Euribor OIS Rate
TEONIA03M	0.749	(0.0040)	3 month	Euribor OIS Rate
TSONIA01M	0.500	(0.0200)	1 month	Sterling OIS Rate
TSONIA03M	0.498	(0.0120)	3 month	Sterling OIS Rate
TUSOIS01M	0.238	(0.0120)	1 month	USD OIS Rate
TUSOIS03M	0.258	(0.0070)	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.

