



3/11/2009 5:51

## The Morning Email: Treasuries

### Table of Contents

- Pg 1** Important Econ Releases, Highs & Lows
  
- Pg 2** Quotes
  
- Pg 3** Duration, DV01s, CFs
  
- Pg 4** Hedge Ratio's
  
- Pg 5** Treasury Closes: 2pm CT vs this Morning
  
- Pg 6** Cash Duration Matrix
  
- Pg 7** Tic for Tic & Box for Box Matrix
  
- Pg 8** Key Money Rate, Spreads, Swaps, Packs
  
- Pg 9** Libor, Fed Funds (OIS), Repo, SONIA & EONIA Rates

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

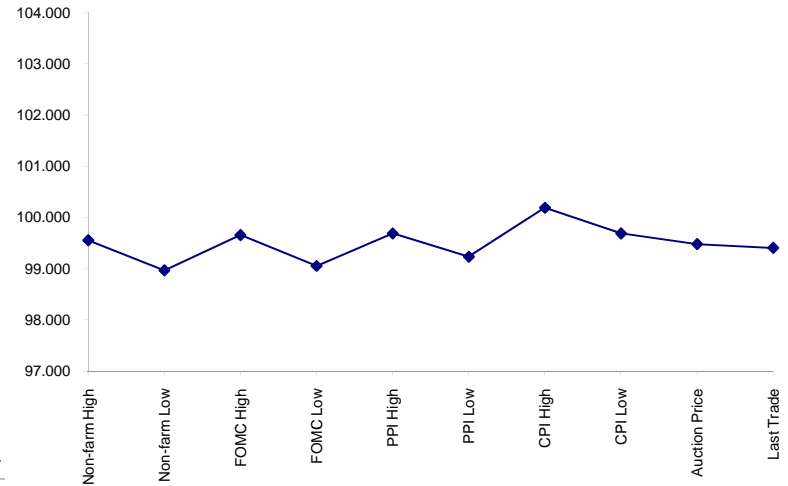
Economic Releases (32nds)

	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	99.1300	97.260	120.220	124.165	3/11/2009

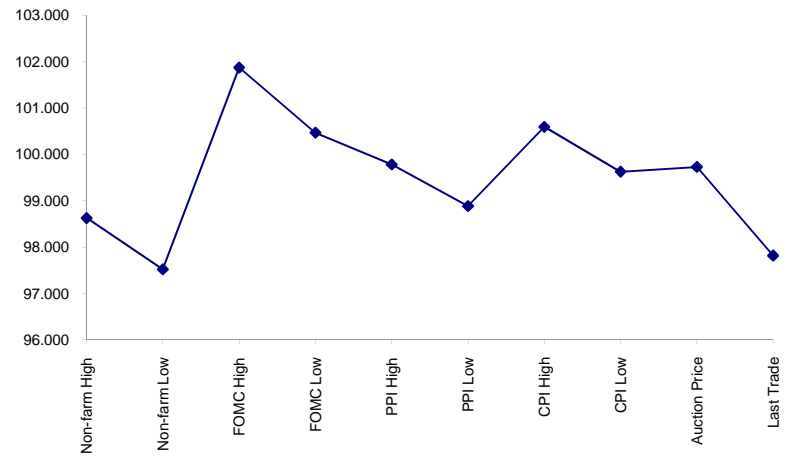
Auctions - 32nds

	2 y	3 y	5y	7y	10y	30y
Auction Price	99.266	99.213	99.153	99.071	99.233	99.085
Auction Yield Stop	0.961	1.489	1.985	2.748	2.818	3.540
Actual Auction Date	2/24/2009	3/10/2009	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>	108.1200	(0.005)	108.1350	108.1070	108.1150	8,424	2y Fut
<b>FVAM9</b>	116.1270	(0.022)	116.1650	116.1050	116.1220	16,830	5y Fut
<b>TYAM9</b>	120.2200	(0.045)	120.2900	120.1850	120.2050	67,661	10y Fut
<b>USAM9</b>	124.1650	(0.140)	124.2750	124.1150	124.1700	12,625	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
<b>BUS02P</b>	99.2300	1.000	99.2450	99.2220	99.2250	na	2y Cash
<b>BUS03P</b>	99.2370	(1.500)	99.2500	99.2250	99.2350	na	3y Cash
<b>BUS05P</b>	99.1300	(0.200)	99.1600	99.1100	99.1250	na	5y Cash
<b>BUS07P</b>	99.3000	1.000	100.0300	99.2850	100.0000	na	7y Cash
<b>BUS10P</b>	97.2600	1.000	97.3150	97.2150	97.2650	na	10y Cash
<b>BUS30P</b>	96.0000	2.500	96.0600	95.2600	95.2800	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
<b>BUS02Y</b>	1.016	(0.120)	1.068	0.996	1.037	na	2y Yield
<b>BUS03Y</b>	1.460	0.200	1.500	1.431	1.528	na	3y Yield
<b>BUS05Y</b>	2.000	0.040	2.018	1.978	2.005	na	5y Yield
<b>BUS07Y</b>	2.635	0.000	2.642	2.610	2.637	na	7y Yield
<b>BUS10Y</b>	3.004	0.010	3.025	2.969	3.006	na	10y Yield
<b>BUS30Y</b>	3.718	(0.030)	3.768	3.691	3.725	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF		Theoretical CF
<b>30y</b>	18.15	5.84	\$1,824	11.67	n/a	<b>30y</b>	
<b>10y</b>	8.60	2.79	\$872	5.58	n/a	<b>10y</b>	
<b>7y</b>	6.33	2.09	\$654	4.19	n/a	<b>7y</b>	0.8149
<b>5y</b>	4.72	1.54	\$481	6.15	n/a	<b>5y</b>	
<b>3y</b>	2.92	0.95	\$296	3.79	n/a	<b>3y</b>	0.9057
<b>2y</b>	1.94	0.63	\$196	2.51	n/a	<b>2y</b>	
<b>ZB</b>	10.22	4.40	\$138	4.40	0.6562	<b>ZB</b>	
<b>ZN</b>	6.00	2.47	\$77	4.95	0.7672	<b>ZN</b>	
<b>ZF</b>	4.17	1.63	\$51	6.52	0.8342	<b>ZF</b>	
<b>ZT</b>	1.94	0.69	\$22	2.76	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	3.2
ZN	0.56		1.5	1.8
ZF	0.37	0.66		1.2
ZT	0.31	0.56	0.85	

## US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.4	2.2	3.5	4.8	6.3	13.3
ZN	2.5	3.8	6.2	8.5	11.3	23.6
ZF	3.8	5.8	9.4	12.8	17.1	35.8
ZT	4.4	6.6	10.7	14.6	19.4	40.6

## US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.5	2.5	3.3	4.4	9.3
3y	0.66		1.6	2.2	2.9	6.2
5y	0.41	0.62		1.4	1.8	3.8
7y	0.30	0.45	0.73		1.3	2.8
10y	0.22	0.34	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 (M)	0.88	1.60	2.37	2.68
Bobl (M)	0.47	0.88	1.26	1.50
Shatz (M)	0.18	0.37	0.56	0.63

## German Futrues vs German Futures

	Bund (M)	Bobl (M)	Shatz (M)
Bund (M)		1.82	4.29
Bobl (M)	0.55		2.36
Shatz (M)	0.23	0.42	

## US Treasuries vs German Futures

	2y	3y	5y	7y	10y	30y
Bund (M)	1.6	2.4	4.0	5.4	7.2	15.4
Bobl (M)	3.0	4.0	7.3	9.8	13.1	28.0
Shatz (M)	7.0	10.4	17.1	23.1	30.9	65.8

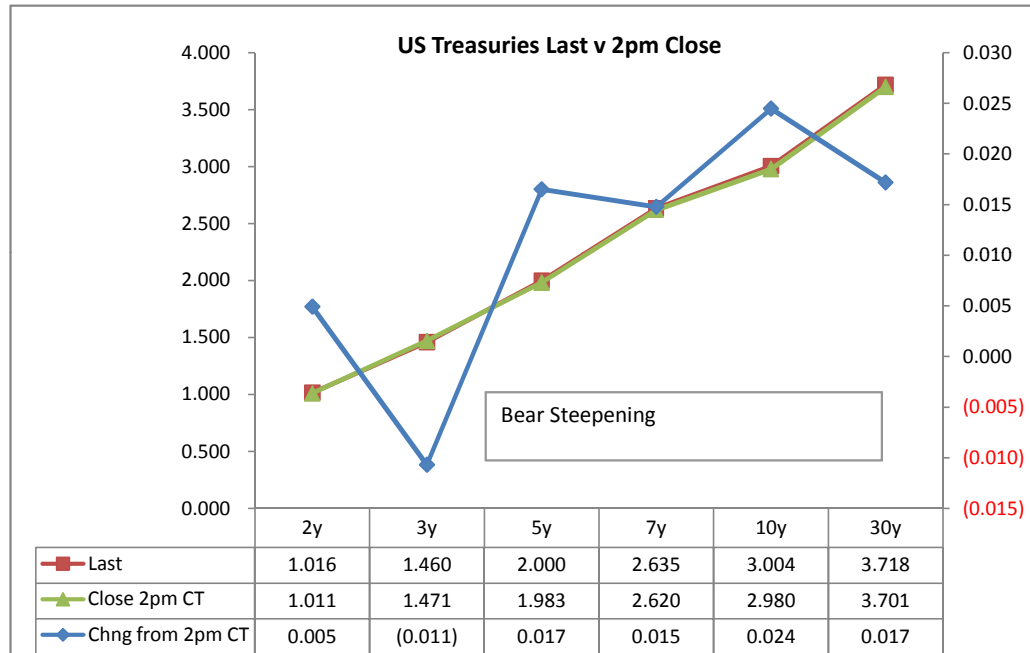
Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

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	99.2350	1.011	1.016	0.005	40.37	40.32		13.20	108.1250	108.1200	TUAM9
3y	1.375	3/15/12	99.2300	1.471	1.460	(0.011)							
5y	1.875	2/28/14	99.1575	1.983	2.000	0.017	74.69	73.86		0.2650	116.1500	116.1270	FVAM9
7y	2.625	2/29/16	100.0100	2.620	2.635	0.015							
10y	3.750	11/15/18	98.0100	2.980	3.004	0.024	170.62	167.07		1.1620	120.2650	120.2200	TYAM9
30y	3.500	2/15/39	96.1200	3.701	3.718	0.017	460.18	457.37		1.0950	124.3050	124.1650	USAM9

Curve Spreads			
	Close bps		Chng from 2pm Cls
	Last bps		
2/3	46.0	44.4	(1.6)
2/5	97.2	98.4	1.2
2/7	160.9	161.9	1.0
3/5	51.2	53.9	2.7
3/7	114.9	117.4	2.5
2/10	196.9	198.9	2.0
3/10	150.9	154.4	3.5
5/7	63.7	63.5	(0.2)
5/10	99.7	100.5	0.8
2/30	269.0	270.2	1.2
3/30	223.0	225.8	2.8
5/30	171.8	171.9	0.1
7/10	36.0	37.0	1.0
7/30	108.1	108.3	0.2
10/30	72.1	71.4	(0.7)

The above matrix is linked to 'Monitor'



	Last	Chng on Day
Emini SP	726.00	10.00
Crude Oil	45.31	(0.40)
Gold	900.60	4.70
EURUSD	127.17	0.32
USDJPY	98.43	(0.26)

O/N News:

--Auctions begin with 34 billion 3yr

--No significant econ releases. Bernanke talks at 7:30am though.

**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	\$220			
5	\$198	\$481		
10	\$197	\$478	\$872	
30	\$195	\$474	\$864	\$1,824

**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	\$220			
5	\$22	\$481		
10	\$23	\$2	\$872	
30	\$25	\$7	\$8	\$1,824

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	11.0%	0.0%		
10	11.6%	0.5%	0.0%	
30	12.6%	1.4%	0.9%	0.0%

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

**Tic for Tic Matrix**

	2y	5y	10y	30y
ZT	1.02	2.23	4.04	8.45
ZF	0.43	0.94	1.71	3.58
ZN	0.28	0.62	1.13	2.36
ZB	0.16	0.35	0.63	1.33

	2y	5y	10y	30y
2y		2.18	3.96	8.29
5y	0.46		1.81	3.79
10y	0.25	0.55		2.09
30y	0.12	0.26	0.48	

	ZT	ZF	ZN	ZB
ZT		2.36	3.58	6.38
ZF	0.42		1.52	2.70
ZN	0.28	0.66		1.78
ZB	0.16	0.37	0.56	

**Box for Box Matrix**

	2y	5y	10y	30y
ZT	1.02	2.23	8.08	16.91
ZF	0.43	0.94	3.42	7.16
ZN	0.57	1.24	1.13	2.36
ZB	0.64	0.70	1.27	1.33

	2y	5y	10y	30y
2y		2.18	1.98	4.15
5y	0.46		0.45	1.90
10y	0.50	2.21		2.09
30y	0.24	0.53	0.48	

	ZT	ZF	ZN	ZB
ZT		2.36	7.16	12.76
ZF	0.42		3.03	5.40
ZN	0.14	0.33		1.78
ZB	0.08	0.19	0.56	



3/11/2009 5:51

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

Pg 8

	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>
0/N	0.330	0.280
1week	0.406	0.300
2week	0.451	0.300

	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>
1M	0.564	0.121	#VALUE!
3M	1.331	0.241	#VALUE!
6M	1.962	0.462	#VALUE!

	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	1.016	76.75	1.78	2.062	1.046
5y	2.000	66.50	2.66	3.512	1.512
10y	3.004	22.75	3.23	3.838	0.834

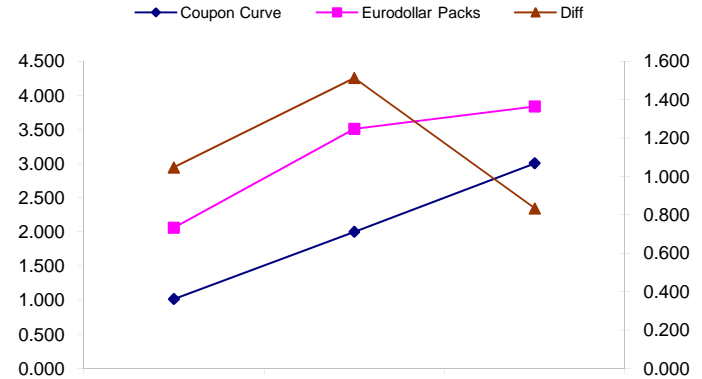
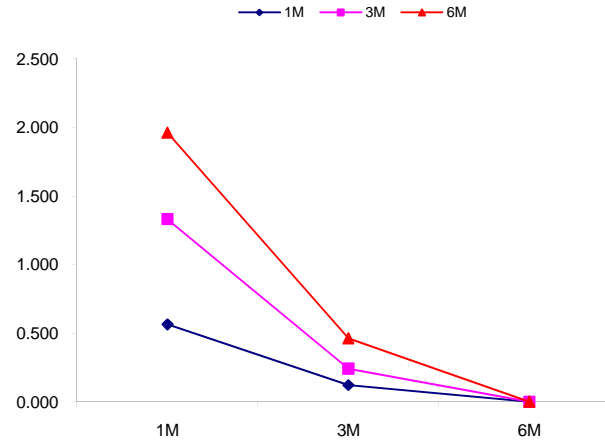
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
98.4	144.9	46.6
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
198.9	177.6	-21.3
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
100.5	32.6	-67.9

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



3/11/2009 5:51

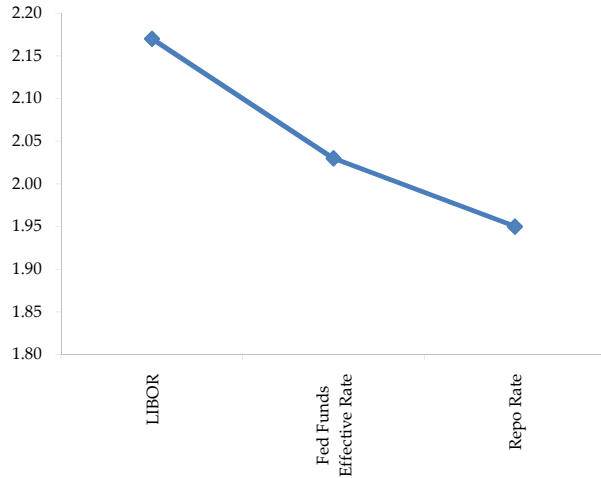
**Libor, Fed Funds (OIS), Repo, SONIA & EONIA Rates**

Pg 9

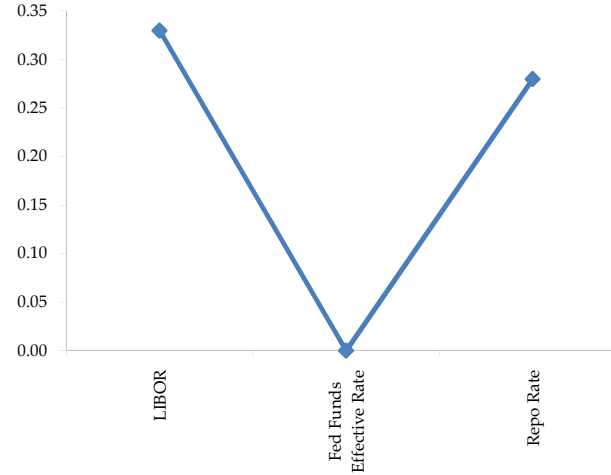
	Last	Chng	Term	Asset Type
USDLIBON	0.330	0.0000	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	0.280	0.0000	Overnight	Repo Rate
TEONIA01M	0.837	0.0100	1 month	Euribor OIS Rate
TEONIA03M	0.762	0.0090	3 month	Euribor OIS Rate
TSONIA01M	0.489	0.0000	1 month	Sterling OIS Rate
TSONIA03M	0.485	(0.0020)	3 month	Sterling OIS Rate
TUSOIS01M	0.240	0.0020	1 month	USD OIS Rate
TUSOIS03M	0.257	(0.0020)	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.**





