



3/12/2009 5:49

## The Morning Email: Treasuries

### Table of Contents

- Pg 1** Auctions & Important Econ Release 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:  
[jgoulding@ghco.com](mailto:jgoulding@ghco.com)

**Disclaimer:** All information within this newsletter is meant for internal use at GH Trader's LLC, only. All information has been recorded to the best of my ability. This material is based upon information that I consider reliable, but I do not represent that it is accurate or complete.

Economic Releases (32nds)					
	5y	10y	ZNM9	ZBM9	Date
Non-farm High	100.1500	99.265	122.120	128.000	3/6/2009
Non-farm Low	100.0025	98.265	121.140	126.045	3/6/2009
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	97.161			
Last Trade	99.2550	98.290	121.245	126.145	3/12/2009

Auctions - 32nds						
	2 y	3 y	5y	7y	10y	30y
Auction Price	99.266	99.213	99.153	99.071	97.161	99.085
Auction Yield Stop	0.961	1.489	1.985	2.748	3.043 r	3.540
Actual Auction Date	2/24/2009	3/10/2009	2/25/2009	2/26/2009	3/11/2009	2/12/2009

**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]}

r = reopen

## Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
<b>TUAM9</b>	108.1370	0.015	108.1520	108.1170	108.1270	13,418	2y Fut
<b>FVAM9</b>	116.2550	0.050	116.2850	116.1870	116.2050	17,831	5y Fut
<b>TYAM9</b>	121.2450	0.110	121.2900	121.1050	121.1500	62,031	10y Fut
<b>USAM9</b>	126.1450	0.210	126.2050	125.2400	125.2750	10,350	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
<b>BUS02P</b>	99.2450	1.500	99.2570	99.2300	99.2300	na	2y Cash
<b>BUS03P</b>	99.2850	2.500	99.3000	99.2470	99.2470	na	3y Cash
<b>BUS05P</b>	99.2550	4.200	99.2820	99.1970	99.2070	na	5y Cash
<b>BUS07P</b>	100.2350	8.000	100.2700	100.1400	100.1400	na	7y Cash
<b>BUS10P</b>	98.2900	8.000	99.0250	98.1850	98.1900	na	10y Cash
<b>BUS30P</b>	97.1850	19.500	97.2800	96.2850	97.0200	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
<b>BUS02Y</b>	0.992	(0.160)	1.033	0.972	1.025	na	2y Yield
<b>BUS03Y</b>	1.412	(0.240)	1.471	1.391	1.448	na	3y Yield
<b>BUS05Y</b>	1.916	(0.210)	1.961	1.896	1.948	na	5y Yield
<b>BUS07Y</b>	2.507	(0.320)	2.556	2.492	2.546	na	7y Yield
<b>BUS10Y</b>	2.877	(0.210)	2.940	2.854	2.912	na	10y Yield
<b>BUS30Y</b>	3.635	(0.240)	3.685	3.610	3.664	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF		Theoretical CF
<b>30y</b>	18.25	5.95	\$1,861	11.91	n/a	<b>30y</b>	
<b>10y</b>	8.61	2.82	\$882	5.65	n/a	<b>10y</b>	
<b>7y</b>	6.32	2.11	\$659	4.22	n/a	<b>7y</b>	0.8149
<b>5y</b>	4.72	1.54	\$483	6.18	n/a	<b>5y</b>	
<b>3y</b>	2.91	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>	10.26	4.49	\$140	4.49	0.6562	<b>ZB</b>	
<b>ZN</b>	6.01	2.50	\$78	4.99	0.7672	<b>ZN</b>	
<b>ZF</b>	4.17	1.64	\$51	6.54	0.8342	<b>ZF</b>	
<b>ZT</b>	1.93	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	3.3
ZN	0.56		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	13.3
ZN	2.5	3.8	6.1	8.4	11.3	23.9
ZF	3.8	5.8	9.4	12.9	17.3	36.4
ZT	4.4	6.6	10.8	14.7	19.7	41.5

## US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.5	2.5	3.4	4.5	9.5
3y	0.66		1.6	2.2	3.0	6.3
5y	0.41	0.61		1.4	1.8	3.9
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	0.35	0.47	

## 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

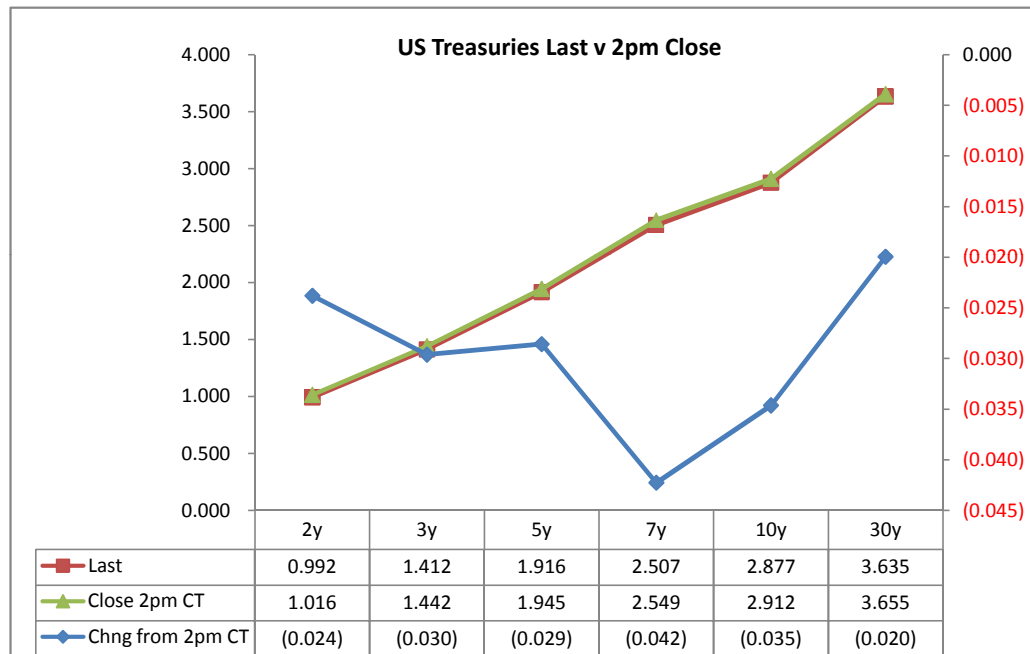
Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

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	99.2325	1.016	0.992	(0.024)	40.12	40.28		13.70	108.1250	108.1370	TUAM9
3y	1.375	3/15/12	99.2575	1.442	1.412	(0.030)							
5y	1.875	2/28/14	99.2150	1.945	1.916	(0.029)	75.85	75.68		0.2900	116.2050	116.2550	FVAM9
7y	2.625	2/29/16	100.1550	2.549	2.507	(0.042)							
10y	3.750	11/15/18	98.1950	2.912	2.877	(0.035)	174.54	175.61		1.1570	121.1350	121.2450	TYAM9
30y	3.500	2/15/39	97.0600	3.655	3.635	(0.020)	468.14	467.19		1.1020	125.2600	126.1450	USAM9

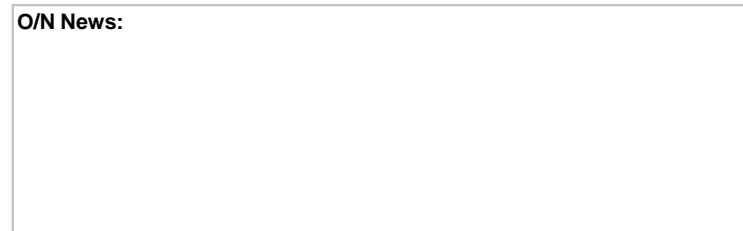
Curve Spreads			
	Close bps	Last bps	Chng from 2pm CIs
2/3	42.6	42.0	(0.6)
2/5	92.9	92.4	(0.5)
2/7	153.3	151.5	(1.8)
3/5	50.3	50.4	0.1
3/7	110.7	109.4	(1.3)
2/10	189.6	188.5	(1.1)
3/10	147.0	146.5	(0.5)
5/7	60.4	59.0	(1.4)
5/10	96.7	96.1	(0.6)
2/30	263.9	264.3	0.4
3/30	221.3	222.3	1.0
5/30	171.0	171.9	0.9
7/10	36.3	37.1	0.8
7/30	110.6	112.8	2.2
10/30	74.3	75.8	1.5

The above matrix is linked to 'Monitor'



	Last	Chng on Day
Emini SP	709.50	(7.75)
Crude Oil	43.03	0.70
Gold	914.20	3.50
EURUSD	127.85	(0.56)
USDJPY	96.26	(1.05)

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	\$220			
5	\$199	\$483		
10	\$199	\$483	\$882	
30	\$198	\$481	\$878	\$1,861

**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	\$21	\$483		
10	\$21	(\$1)	\$882	
30	\$22	\$2	\$5	\$1,861

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	10.4%	-0.2%	0.0%	
30	11.0%	0.4%	0.5%	0.0%

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

**Tic for Tic Matrix**

	2y	5y	10y	30y
ZT	1.02	2.24	4.09	8.63
ZF	0.43	0.94	1.73	3.64
ZN	0.28	0.62	1.13	2.39
ZB	0.16	0.34	0.63	1.33

	2y	5y	10y	30y
2y		2.20	4.01	8.47
5y	0.46		1.83	3.86
10y	0.25	0.55		2.11
30y	0.12	0.26	0.47	

	ZT	ZF	ZN	ZB
ZT		2.37	3.62	6.50
ZF	0.42		1.53	2.74
ZN	0.28	0.66		1.80
ZB	0.15	0.36	0.56	

**Box for Box Matrix**

	2y	5y	10y	30y
ZT	1.02	2.24	8.18	17.26
ZF	0.43	0.94	3.45	7.28
ZN	0.56	1.24	1.13	2.39
ZB	0.63	0.69	1.26	1.33

	2y	5y	10y	30y
2y		2.20	2.01	4.23
5y	0.46		0.46	1.93
10y	0.50	2.19		2.11
30y	0.24	0.52	0.47	

	ZT	ZF	ZN	ZB
ZT		2.37	7.23	13.01
ZF	0.42		3.05	5.49
ZN	0.14	0.33		1.80
ZB	0.08	0.18	0.56	



3/12/2009 5:49

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

Pg 8

	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>
0/N	0.329	#VALUE!
1week	0.411	#VALUE!
2week	0.451	#VALUE!

	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>
1M	0.557	0.121	0.600
3M	1.326	0.230	1.150
6M	1.929	0.452	1.780

	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	0.992	69.25	1.68	1.933	0.941
5y	1.916	60.50	2.52	3.312	1.395
10y	2.877	19.50	3.07	3.656	0.779

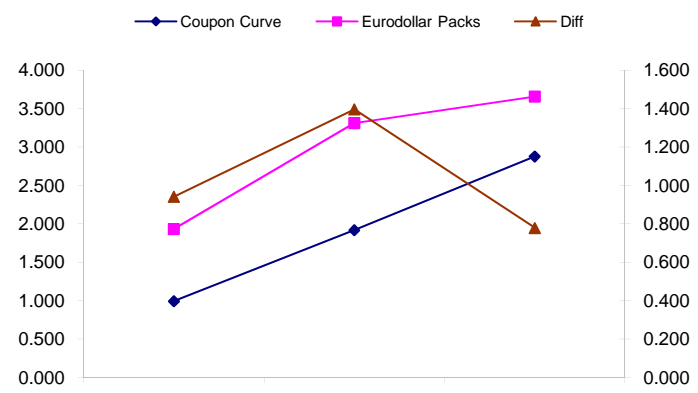
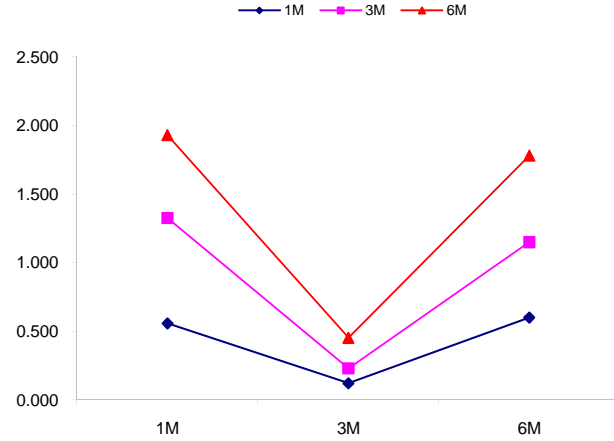
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
92.4	137.9	45.5
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
188.5	172.3	-16.2
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
96.1	34.4	-61.7

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



3/12/2009 5:49

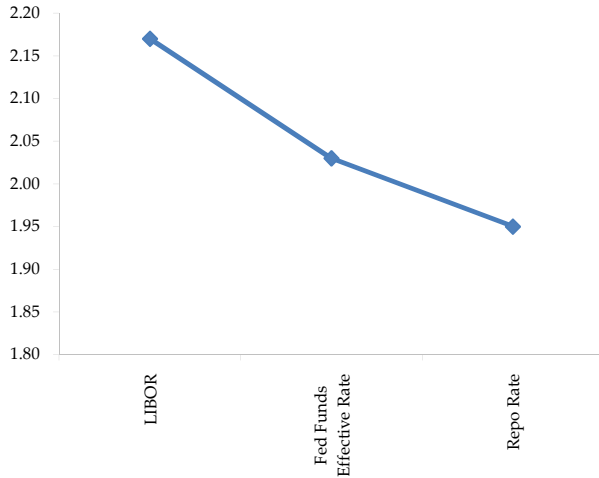
**Libor, Fed Funds (OIS), Repo, SONIA & EONIA Rates**

Pg 9

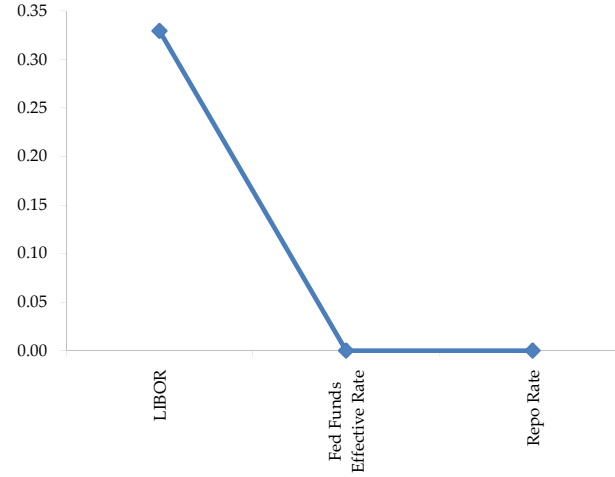
	Last	Chng	Term	Asset Type
USDLIBON	0.329	0.0000	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.833	(0.0230)	1 month	Euribor OIS Rate
TEONIA03M	0.761	(0.0160)	3 month	Euribor OIS Rate
TSONIA01M	0.453	(0.0330)	1 month	Sterling OIS Rate
TSONIA03M	0.463	(0.0080)	3 month	Sterling OIS Rate
TUSOIS01M	0.239	(0.0040)	1 month	USD OIS Rate
TUSOIS03M	0.256	(0.0060)	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.**





