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The Morning Email: Treasuries

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Want something added? Let me know:
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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	99.1850	98.140	121.130	125.300	3/13/2009

Auctions - 32nds						
	2 y	3 y	5y	7y	10y	30y
Auction Price	99.266	99.213	99.153	99.071	97.161	97.146
Auction Yield Stop	0.961	1.489	1.985	2.748	3.043 r	3.64 r
Actual Auction Date	2/24/2009	3/10/2009	2/25/2009	2/26/2009	3/11/2009	3/12/2009

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	
TUAM9	108.1020	(0.015)	108.1400	108.0950	108.1200	6,837	2y Fut	
FVAM9	116.2320	(0.065)	117.0500	116.2250	117.0100	17,392	5y Fut	
TYAM9	121.1300	(0.135)	122.0800	121.1150	121.3050	66,230	10y Fut	
USAM9	125.3000	(0.180)	127.0950	125.2850	126.2600	13,734	30y Fut	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02P	99.2150	(2.500)	99.2420	99.2070	99.2420	na	2y Cash	
BUS03P	99.2470	(3.500)	99.2920	99.2320	99.2920	na	3y Cash	
BUS05P	99.1850	(9.700)	99.3170	99.1770	99.2900	na	5y Cash	
BUS07P	100.1700	(15.000)	101.0150	100.1600	101.0150	na	7y Cash	
BUS10P	98.1400	(19.500)	99.0700	98.1200	99.0700	na	10y Cash	
BUS30P	96.3050	(104.000)	98.0150	96.3050	98.0100	na	30y Cash	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02Y	1.045	0.460	1.061	0.988	1.009	na	2y Yield	
BUS03Y	1.447	0.430	1.485	1.346	1.413	na	3y Yield	
BUS05Y	1.963	0.650	1.973	1.875	1.898	na	5y Yield	
BUS07Y	2.551	0.730	2.546	2.460	2.480	na	7y Yield	
BUS10Y	2.933	0.720	2.942	2.823	2.859	na	10y Yield	
BUS30Y	3.678	0.550	3.682	3.555	3.615	na	30y Yield	

	M Duration	DV01 32	DV01 \$	DV01 Box	CF		Theoretical CF
30y	18.19	5.89	\$1,841	11.78	n/a	30y	
10y	8.59	2.81	\$877	5.61	n/a	10y	
7y	6.32	2.10	\$657	4.20	n/a	7y	0.8149
5y	4.71	1.54	\$481	6.15	n/a	5y	
3y	2.93	0.95	\$297	3.80	n/a	3y	0.9057
2y	1.92	0.62	\$195	2.49	n/a	2y	
ZB	10.24	4.46	\$140	4.46	0.6562	ZB	
ZN	6.30	2.62	\$82	5.25	0.7672	ZN	
ZF	4.16	1.63	\$51	6.53	0.8342	ZF	
ZT	1.92	0.71	\$22	2.86	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		1.7	2.7	3.3
ZN	0.59		1.6	1.9
ZF	0.37	0.62		1.2
ZT	0.31	0.52	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	13.2
ZN	2.4	3.6	5.9	8.0	10.7	22.5
ZF	3.8	5.8	9.4	12.9	17.2	36.1
ZT	4.4	6.7	10.8	14.7	19.6	41.2

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.5	2.5	3.4	4.5	9.4
3y	0.66		1.6	2.2	3.0	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

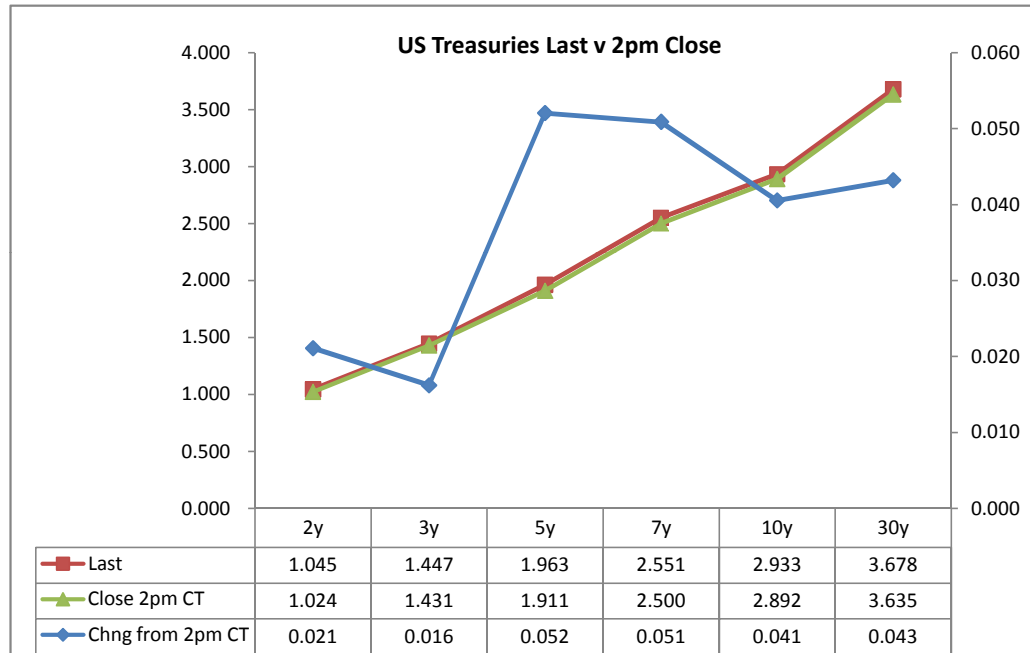
Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

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	99.2275	1.024	1.045	0.021	40.30	40.46		11.70	108.1175	108.1020	TUAM9
3y	1.375	3/15/12	99.2675	1.431	1.447	0.016							
5y	1.875	2/28/14	99.2650	1.911	1.963	0.052	73.13	70.60		0.2970	116.2975	116.2320	FVAM9
7y	2.625	2/29/16	100.2550	2.500	2.551	0.051							
10y	3.750	11/15/18	98.2500	2.892	2.933	0.041	170.07	169.43		1.0900	121.2650	121.1300	TYAM9
30y	3.500	2/15/39	97.1750	3.635	3.678	0.043	465.53	458.01		1.0900	126.1550	125.3000	USAM9

Curve Spreads			
	Close bps		Chng from 2pm Cls
	Last bps		
2/3	40.7	40.2	(0.5)
2/5	88.7	91.8	3.1
2/7	147.6	150.6	3.0
3/5	48.0	51.6	3.6
3/7	106.9	110.4	3.5
2/10	186.8	188.7	1.9
3/10	146.1	148.5	2.4
5/7	58.9	58.8	(0.1)
5/10	98.1	97.0	(1.1)
2/30	261.1	263.3	2.2
3/30	220.4	223.1	2.7
5/30	172.4	171.5	(0.9)
7/10	39.2	38.2	(1.0)
7/30	113.5	112.7	(0.8)
10/30	74.3	74.6	0.3

The above matrix is linked to 'Monitor'



	Last	Chng on Day
Emini SP	753.00	4.50
Crude Oil	47.16	0.13
Gold	920.80	(3.20)
EURUSD	128.95	(0.21)
USDJPY	98.19	0.45

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	\$195			
5	\$197	\$481		
10	\$197	\$480	\$877	
30	\$196	\$476	\$870	\$1,841

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	\$195			
5	(\$3)	\$481		
10	(\$2)	\$0	\$877	
30	(\$1)	\$4	\$7	\$1,841

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	-1.3%	0.0%		
10	-1.3%	0.1%	0.0%	
30	-0.4%	0.9%	0.8%	0.0%

Tic for Tic & Box for Box Matrix

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.15	3.93	8.25
ZF	0.38	0.94	1.72	3.61
ZN	0.24	0.59	1.07	2.25
ZB	0.14	0.34	0.63	1.32

	2y	5y	10y	30y
2y		2.47	4.50	9.45
5y	0.41		1.82	3.83
10y	0.22	0.55		2.10
30y	0.11	0.26	0.48	

	ZT	ZF	ZN	ZB
ZT		2.28	3.67	6.25
ZF	0.44		1.61	2.73
ZN	0.27	0.62		1.70
ZB	0.16	0.37	0.59	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.87	2.15	7.86	16.50
ZF	0.38	0.94	3.44	7.22
ZN	0.48	1.17	1.07	2.25
ZB	0.56	0.69	1.26	1.32

	2y	5y	10y	30y
2y		2.47	2.25	4.72
5y	0.41		0.46	1.92
10y	0.44	2.19		2.10
30y	0.21	0.52	0.48	

	ZT	ZF	ZN	ZB
ZT		2.28	7.35	12.50
ZF	0.44		3.21	5.47
ZN	0.14	0.31		1.70
ZB	0.08	0.18	0.59	

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Key Money Rate, Spreads, Swaps, Packs

Pg 8

	Libor\$ ¹	Repo Rt ⁶
0/N	0.328	0.230
1week	0.411	0.250
2week	0.451	0.260

	Libor\$ ¹	Tbill	CP ²
1M	0.556	0.106	0.600
3M	1.320	0.202	1.150
6M	1.904	0.442	1.780

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	1.045	66.00	1.71	1.963	0.917
5y	1.963	59.50	2.56		#VALUE!
10y	2.933	18.00	3.11		#VALUE!

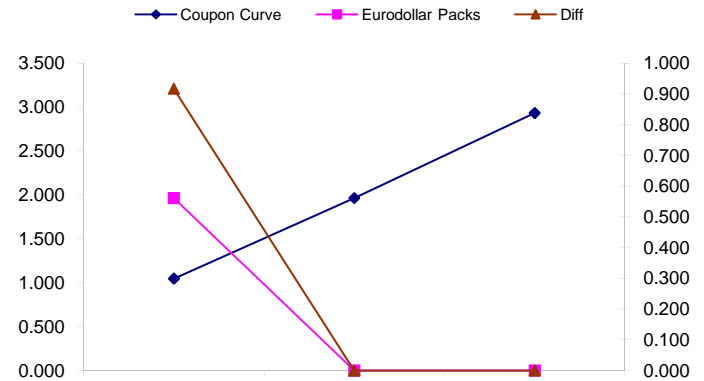
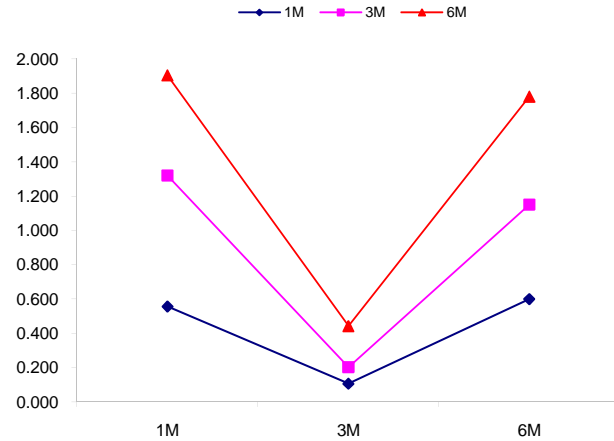
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
91.8	#VALUE!	#VALUE!
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
188.7	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
97.0	#VALUE!	#VALUE!

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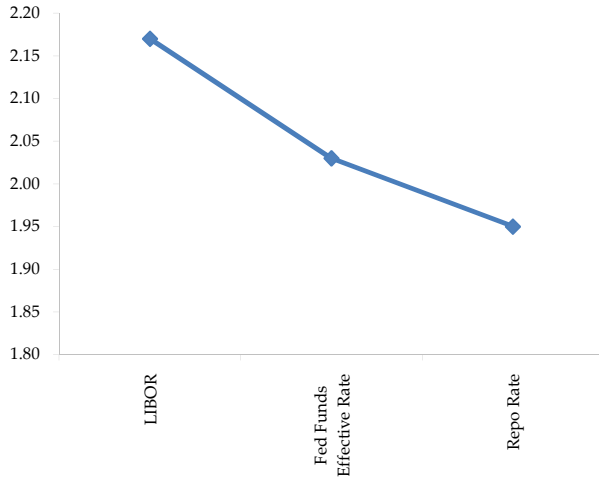
Libor, Fed Funds (OIS), Repo, SONIA & EONIA Rates

Pg 9

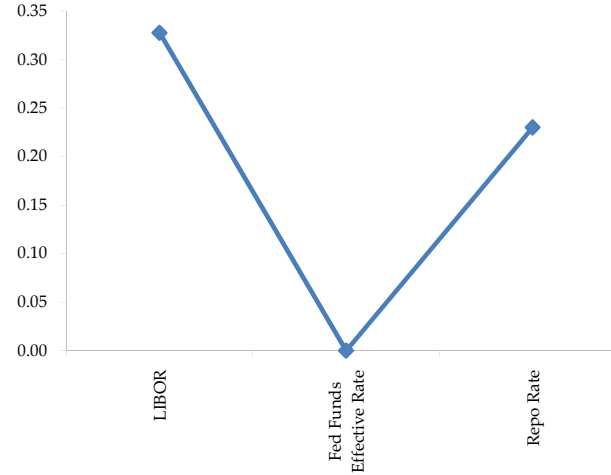
	Last	Chng	Term	Asset Type
USDLIBON	0.328	0.0000	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	0.230	0.0000	Overnight	Repo Rate
TEONIA01M	0.810	(0.0100)	1 month	Euribor OIS Rate
TEONIA03M	0.738	(0.0150)	3 month	Euribor OIS Rate
TSONIA01M	0.463	0.0220	1 month	Sterling OIS Rate
TSONIA03M	0.474	0.0260	3 month	Sterling OIS Rate
TUSOIS01M	0.226	0.0050	1 month	USD OIS Rate
TUSOIS03M	0.250	0.0040	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.

