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The Morning Email: Treasuries

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Want something added? Let me know:
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Auctions & Important Econ Release Highs & Lows

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	99.2300	98.070	121.135	124.305	3/17/2009

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	108.1350	0.002	108.1420	108.1170	108.1350	5,835	2y Fut
FVAM9	117.0000	(0.032)	117.0450	116.2770	117.0350	19,860	5y Fut
TYAM9	121.1350	(0.035)	121.1900	121.0500	121.1500	55,808	10y Fut
USAM9	124.3050	(0.005)	125.0600	124.1900	124.3150	9,619	30y Fut
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
BUS02P	99.2370	(0.200)	99.2450	99.2250	99.2400	na	2y Cash
BUS03P	99.2820	(1.500)	99.2970	99.2570	99.2970	na	3y Cash
BUS05P	99.2300	(2.000)	99.2620	99.1850	99.2550	na	5y Cash
BUS07P	100.1500	(1.500)	100.1850	100.0800	100.1700	na	7y Cash
BUS10P	98.0700	(1.000)	98.1050	97.3050	98.0950	na	10y Cash
BUS30P	95.1050	6.000	95.2000	94.2800	95.1500	na	30y Cash
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
BUS02Y	1.005	0.000	1.033	0.964	0.989	na	2y Yield
BUS03Y	1.418	0.130			1.416	na	3y Yield
BUS05Y	1.935	0.200	1.968	1.902	1.915	na	5y Yield
BUS07Y	2.556	0.070	2.585	2.534	0.002	na	7y Yield
BUS10Y	2.958	0.060	2.996	2.936	2.951	na	10y Yield
BUS30Y	3.749	(0.070)	3.802	3.726	3.760	na	30y Yield

Duration, DV01s, CFs

	M Duration	DV01 32	DV01 $	DV01 Box	CF		Theoretical CF
30y	18.10	5.79	$1,810	11.59	n/a	**30y**	
10y	8.58	2.80	$874	5.60	n/a	**10y**	
7y	6.31	2.10	$656	4.20	n/a	**7y**	0.8149
5y	4.70	1.54	$481	6.15	n/a	**5y**	
3y	2.92	0.95	$297	3.80	n/a	**3y**	0.9057
2y	1.92	0.62	$194	2.49	n/a	**2y**	
ZB	10.22	4.42	$138	4.42	0.6562	**ZB**	
ZN	6.30	2.62	$82	5.24	0.7672	**ZN**	
ZF	4.16	1.63	$51	6.53	0.8342	**ZF**	
ZT	1.92	0.71	$22	2.85	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

Hedge Ratio's

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.7	2.7	3.2
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	3.5	4.7	6.3	13.1
ZN	2.4	3.6	5.9	8.0	10.7	22.1
ZF	3.8	5.8	9.4	12.8	17.1	35.5
ZT	4.4	6.7	10.8	14.7	19.6	40.6

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.5	2.5	3.4	4.5	9.3
3y	0.66		1.6	2.2	2.9	6.1
5y	0.40	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	0.27	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 Treasuires 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

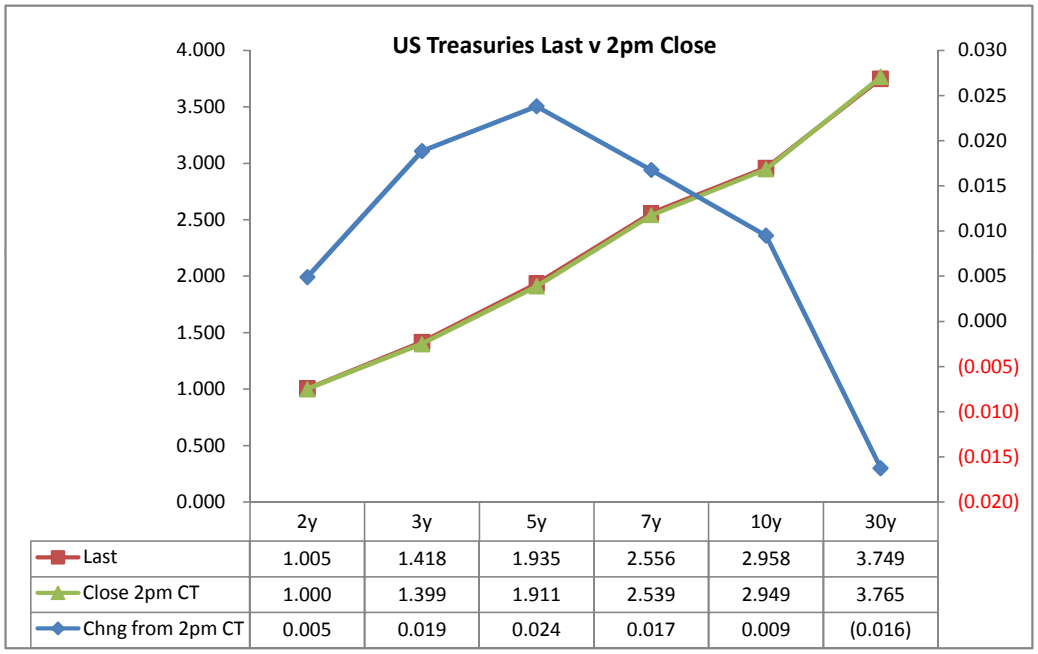
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng from 2pm	Basis (CF) Close	Basis (CF) Last	Cash Roll	Futrues Roll	Close 32	Last	
2y	0.875	2/28/11	99.2425	1.000	1.005	0.005	40.21	39.66		10.50	108.1350	108.1350	TUAM9
3y	1.375	3/15/12	99.2975	1.399	1.418	0.019							
5y	1.875	2/28/14	99.2650	1.911	1.935	0.024	68.54	67.76		0.2900	117.0325	117.0000	FVAM9
7y	2.625	2/29/16	100.1750	2.539	2.556	0.017							
10y	3.750	11/15/18	98.0950	2.949	2.958	0.009	161.86	162.04		1.1220	121.1700	121.1350	TYAM9
30y	3.500	2/15/39	95.0850	3.765	3.749	(0.016)	424.36	426.68		1.0900	124.3100	124.3050	USAM9

Curve Spreads

	Close bps	Last bps	Chng from 2pm Cls
2/3	39.9	41.3	1.4
2/5	91.1	93.0	1.9
2/7	153.9	155.1	1.2
3/5	51.2	51.7	0.5
3/7	114.0	113.8	(0.2)
2/10	194.9	195.4	0.5
3/10	155.0	154.1	(0.9)
5/7	62.8	62.1	(0.7)
5/10	103.8	102.4	(1.4)
2/30	276.5	274.4	(2.1)
3/30	236.6	233.1	(3.5)
5/30	185.4	181.4	(4.0)
7/10	41.0	40.3	(0.7)
7/30	122.6	119.3	(3.3)
10/30	81.6	79.0	(2.6)

The above matrix is linked to 'Monitor'



	Last	Chng on Day
Emini SP	757.75	3.75
Crude Oil	47.78	0.43
Gold	920.30	(1.70)
EURUSD	130.11	0.42
USDJPY	98.66	0.46

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	22%	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	$194			
5	$197	$481		
10	$196	$479	$874	
30	$193	$470	$859	$1,810

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	$194			
5	($3)	$481		
10	($2)	$2	$874	
30	$2	$11	$16	$1,810

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	-1.4%	0.0%		
10	-1.0%	0.4%	0.0%	
30	0.8%	2.3%	1.9%	0.0%

Tic for Tic & Box for Box Matrix

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.16	3.93	8.13
ZF	0.38	0.94	1.71	3.55
ZN	0.24	0.59	1.07	2.21
ZB	0.14	0.35	0.63	1.31

	2y	5y	10y	30y
2y		2.47	4.50	9.31
5y	0.40		1.82	3.76
10y	0.22	0.55		2.07
30y	0.11	0.27	0.48	

	ZT	ZF	ZN	ZB
ZT		2.29	3.68	6.21
ZF	0.44		1.60	2.71
ZN	0.27	0.62		1.69
ZB	0.16	0.37	0.59	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.87	2.16	7.85	16.25
ZF	0.38	0.94	3.43	7.09
ZN	0.47	1.17	1.07	2.21
ZB	0.56	0.70	1.26	1.31

	2y	5y	10y	30y
2y		2.47	2.25	4.65
5y	0.40		0.45	1.88
10y	0.44	2.20		2.07
30y	0.21	0.53	0.48	

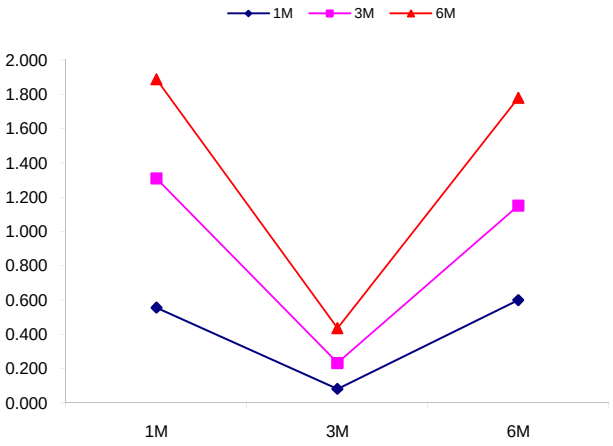
	ZT	ZF	ZN	ZB
ZT		2.29	7.36	12.41
ZF	0.44		3.21	5.42
ZN	0.14	0.31		1.69
ZB	0.08	0.18	0.59	

Key Money Rate, Spreads, Swaps, Packs

	Libor$ [1]	Repo Rt [6]
0/N	0.326	0.260
1week	0.409	0.280
2week	0.474	0.300

	Libor$ [1]	Tbill	CP [2]
1M	0.556	0.081	0.600
3M	1.309	0.233	1.150
6M	1.888	0.436	1.780

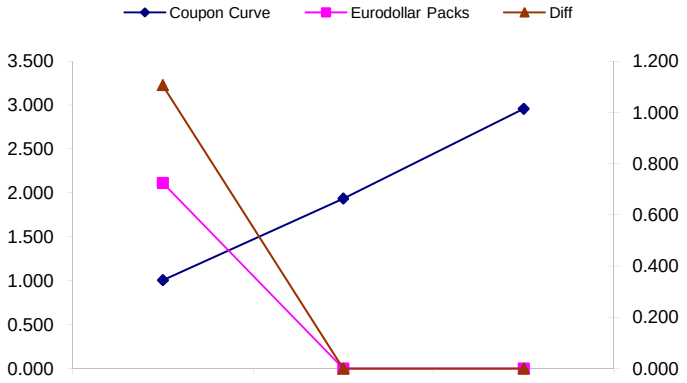
	TSY	Swp	Swp Rate[5]	ED Pks[3]	TSY - ED Pk [4]
2y	1.005	69.00	1.69	2.111	1.106
5y	1.935	61.75	2.55		#VALUE!
10y	2.958	21.00	3.17		#VALUE!



2/5	Rd/Blu Pk	Diff
93.0	#VALUE!	#VALUE!
2/10	**Rd/Gld Pk**	**Diff**
195.4	#VALUE!	#VALUE!
5/10	**Blu/Gld Pk**	**Diff**
102.4	#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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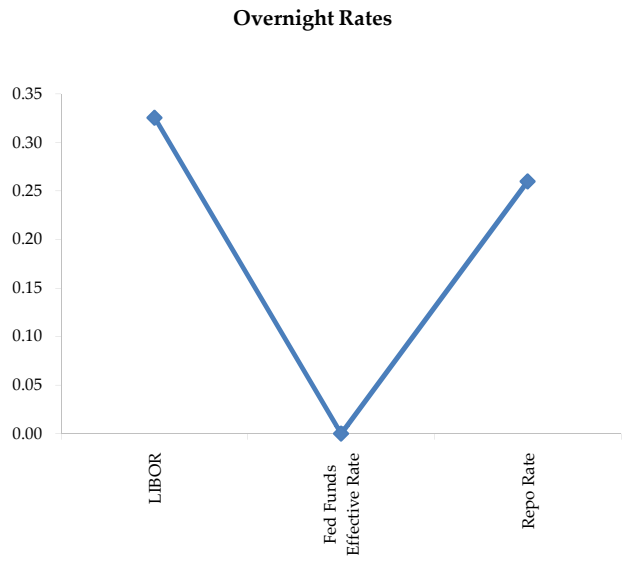
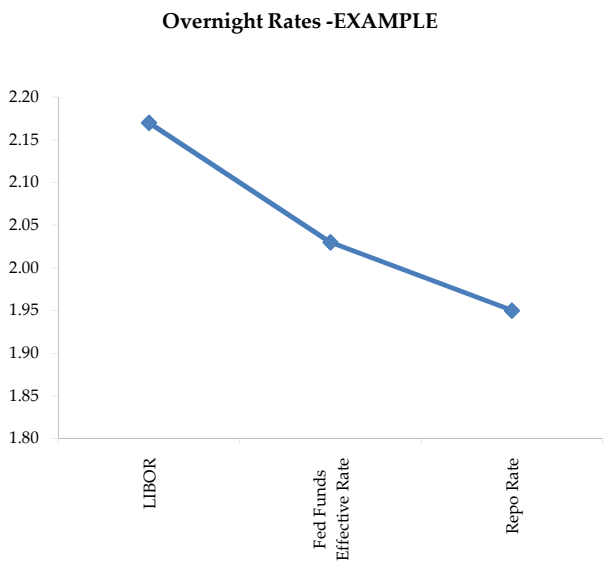
Libor, Fed Funds (OIS), Repo, SONIA & EONIA Rates

	Last	Chng	Term	Asset Type
USDLIBON	0.326	0.0000	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	0.260	0.0000	Overnight	Repo Rate
TEONIA01M	0.806	0.0090	1 momth	Euribor OIS Rate
TEONIA03M	0.709	0.0050	3 month	Euribor OIS Rate
TSONIA01M	0.448	(0.0120)	1 momth	Sterling OIS Rate
TSONIA03M	0.441	(0.0150)	3 month	Sterling OIS Rate
TUSOIS01M	0.221	0.0060	1 momth	USD OIS Rate
TUSOIS03M	0.241	0.0080	3 month	USD OIS Rate

Example, below





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.