



3/18/2009 5:44

## 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	99.1870	97.270	121.000	124.020	3/18/2009

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	108.1220	0.015	108.1320	108.1050	108.1100	6,824	2y Fut
FVAM9	116.2670	0.015	116.3000	116.2200	116.2350	10,458	5y Fut
TYAM9	121.0000	0.020	121.0600	120.2400	120.2700	52,906	10y Fut
USAM9	124.0200	(0.055)	124.1000	123.2300	123.2500	10,291	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.2350	1.200	99.2450	99.2300	99.2300	na	2y Cash
BUS03P	99.2750	2.000	99.2900	99.2670	99.2850	na	3y Cash
BUS05P	99.1870	2.200	99.2200	99.1700	99.1850	na	5y Cash
BUS07P	100.0450	2.500	100.0800	100.0200	100.0600	na	7y Cash
BUS10P	97.2700	2.500	98.0100	97.2500	97.2500	na	10y Cash
BUS30P	94.1450	4.500	94.2350	94.0500	94.0500	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	1.013	(0.120)	1.034	0.997	1.034	na	2y Yield
BUS03Y	1.418	(0.060)	1.453	1.402	1.445	na	3y Yield
BUS05Y	1.960	(0.120)	2.022	1.940	1.978	na	5y Yield
BUS07Y	2.608	(0.020)	2.615	2.585	2.625	na	7y Yield
BUS10Y	3.001	(0.060)	3.033	2.981	3.010	na	10y Yield
BUS30Y	3.814	(0.170)	3.846	3.723	3.827	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF		Theoretical CF
<b>30y</b>	18.02	5.70	\$1,782	11.40	n/a	<b>30y</b>	
<b>10y</b>	8.58	2.79	\$871	5.57	n/a	<b>10y</b>	
<b>7y</b>	6.31	2.09	\$654	4.18	n/a	<b>7y</b>	0.8149
<b>5y</b>	4.70	1.54	\$480	6.14	n/a	<b>5y</b>	
<b>3y</b>	2.92	0.95	\$297	3.80	n/a	<b>3y</b>	0.9057
<b>2y</b>	1.92	0.62	\$194	2.49	n/a	<b>2y</b>	
<b>ZB</b>	10.19	4.38	\$137	4.38	0.6562	<b>ZB</b>	
<b>ZN</b>	6.29	2.61	\$82	5.22	0.7672	<b>ZN</b>	
<b>ZF</b>	4.15	1.63	\$51	6.52	0.8342	<b>ZF</b>	
<b>ZT</b>	1.92	0.71	\$22	2.85	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		1.7	2.7	3.2
ZN	0.60		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	2.2	3.5	4.8	6.4	13.0
ZN	2.4	3.6	5.9	8.0	10.7	21.9
ZF	3.8	5.8	9.4	12.8	17.1	35.0
ZT	4.4	6.7	10.8	14.7	19.6	40.1

## US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.5	2.5	3.4	4.5	9.2
3y	0.65		1.6	2.2	2.9	6.0
5y	0.40	0.62		1.4	1.8	3.7
7y	0.30	0.45	0.73		1.3	2.7
10y	0.22	0.34	0.55	0.75		2.0
30y	0.11	0.17	0.27	0.37	0.49	

## 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

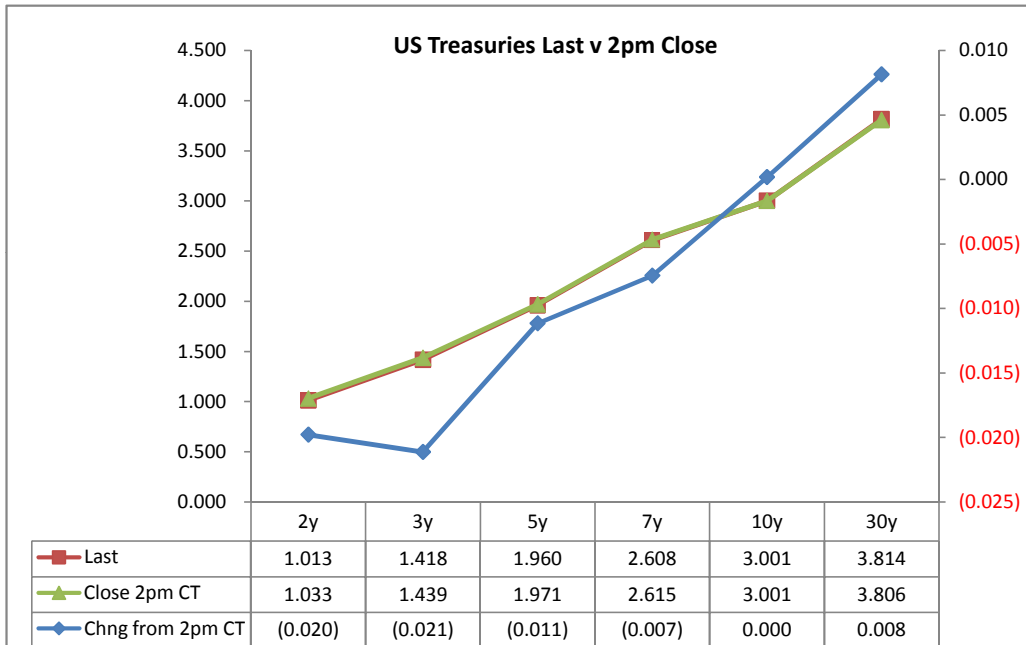
Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

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	99.2225	1.033	1.013	(0.020)	40.48	40.64		12.70	108.1100	108.1220	TUAM9
3y	1.375	3/15/12	99.2600	1.439	1.418	(0.021)							
5y	1.875	2/28/14	99.1750	1.971	1.960	(0.011)	68.09	67.88		0.2850	116.2500	116.2670	FVAM9
7y	2.625	2/29/16	100.0200	2.615	2.608	(0.007)							
10y	3.750	11/15/18	97.2750	3.001	3.001	0.000	162.44	160.40		1.1650	120.3000	121.0000	TYAM9
30y	3.500	2/15/39	94.1800	3.806	3.814	0.008	417.28	417.39		1.1050	124.0750	124.0200	USAM9

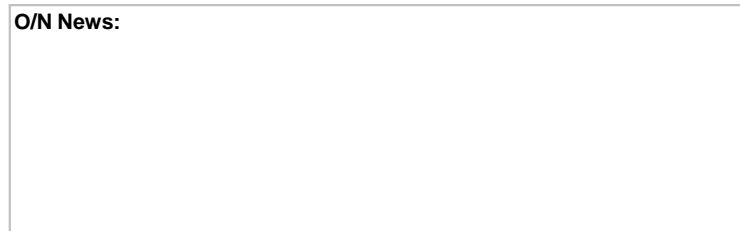
Curve Spreads			
	Close bps	Last bps	Chng from 2pm CIs
2/3	40.6	40.5	(0.1)
2/5	93.8	94.7	0.9
2/7	158.2	159.4	1.2
3/5	53.2	54.2	1.0
3/7	117.6	119.0	1.4
2/10	196.8	198.8	2.0
3/10	156.2	158.3	2.1
5/7	64.4	64.8	0.4
5/10	103.0	104.1	1.1
2/30	277.3	280.1	2.8
3/30	236.7	239.6	2.9
5/30	183.5	185.4	1.9
7/10	38.6	39.4	0.8
7/30	119.1	120.7	1.6
10/30	80.5	81.3	0.8

The above matrix is linked to 'Monitor'



	Last	Chng on Day
Emini SP	771.00	(4.25)
Crude Oil	48.50	(0.66)
Gold	911.00	(5.80)
EURUSD	130.57	0.38
USDJPY	98.59	(0.04)

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%	48%	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	\$480		
10	\$195	\$477	\$871	
30	\$190	\$465	\$848	\$1,782

**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)	\$480		
10	(\$1)	\$3	\$871	
30	\$4	\$15	\$22	\$1,782

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	-0.7%	0.6%	0.0%	
30	2.0%	3.3%	2.6%	0.0%

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

**Tic for Tic Matrix**

	2y	5y	10y	30y
ZT	0.87	2.16	3.91	8.01
ZF	0.38	0.94	1.71	3.50
ZN	0.24	0.59	1.07	2.19
ZB	0.14	0.35	0.64	1.30

	2y	5y	10y	30y
2y		2.47	4.48	9.18
5y	0.40		1.81	3.71
10y	0.22	0.55		2.05
30y	0.11	0.27	0.49	

	ZT	ZF	ZN	ZB
ZT		2.29	3.66	6.16
ZF	0.44		1.60	2.69
ZN	0.27	0.62		1.68
ZB	0.16	0.37	0.60	

**Box for Box Matrix**

	2y	5y	10y	30y
ZT	0.87	2.16	7.83	16.02
ZF	0.38	0.94	3.42	7.00
ZN	0.48	1.18	1.07	2.19
ZB	0.57	0.70	1.27	1.30

	2y	5y	10y	30y
2y		2.47	2.24	4.59
5y	0.40		0.45	1.86
10y	0.45	2.20		2.05
30y	0.22	0.54	0.49	

	ZT	ZF	ZN	ZB
ZT		2.29	7.33	12.31
ZF	0.44		3.20	5.38
ZN	0.14	0.31		1.68
ZB	0.08	0.19	0.60	



3/18/2009 5:44

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

Pg 8

	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>
0/N	0.314	#VALUE!
1week	0.409	#VALUE!
2week	0.470	#VALUE!

	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>
1M	0.556	0.129	0.600
3M	1.299	0.235	1.150
6M	1.884	0.449	1.780

	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	1.013	68.50	1.70	2.183	1.170
5y	1.960	62.75	2.59	3.519	1.560
10y	3.001	22.50	3.23	#VALUE!	#VALUE!

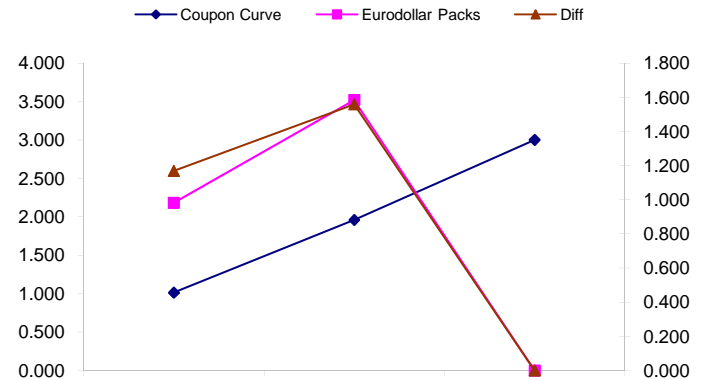
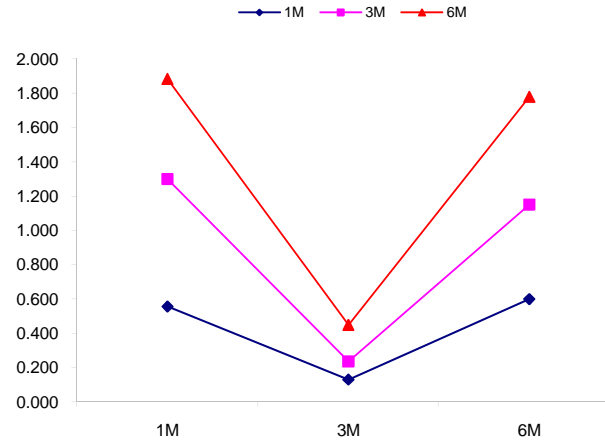
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
94.7	133.7	39.0
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
198.8	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
104.1	#VALUE!	#VALUE!

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



3/18/2009 5:44

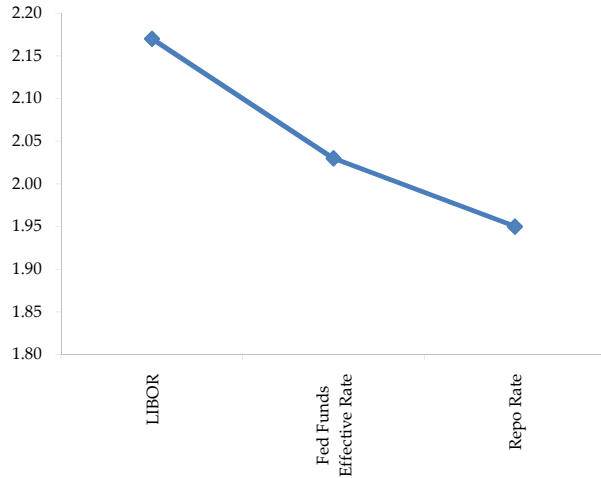
**Libor, Fed Funds (OIS), Repo, SONIA & EONIA Rates**

Pg 9

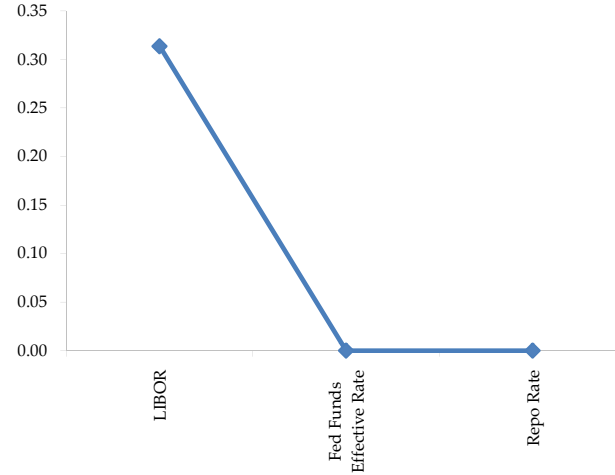
	Last	Chng	Term	Asset Type
USDLIBON	0.314	0.0000	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.815	0.0080	1 month	Euribor OIS Rate
TEONIA03M	0.703	(0.0080)	3 month	Euribor OIS Rate
TSONIA01M	0.427	(0.0170)	1 month	Sterling OIS Rate
TSONIA03M	0.425	0.0000	3 month	Sterling OIS Rate
TUSOIS01M	0.219	0.0020	1 month	USD OIS Rate
TUSOIS03M	0.232	0.0010	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.**





