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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	101.3125	102.270	126.040	132.080	3/18/2009
FOMC Low	99.2700	98.120	121.200	125.110	3/18/2009
PPI High	99.2950	98.225	121.275	125.315	3/17/2009
PPI Low	99.1425	97.240	120.265	123.280	3/17/2009
CPI High	101.3125	102.270	126.040	132.080	3/18/2009
CPI Low	99.1550	97.215	120.275	123.230	3/18/2009
Auction Price	99.1534	97.161			
Last Trade	101.1000	101.205	124.290	130.095	3/20/2009

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	108.2770	0.037	108.2770	108.2320	108.2320	13,034	2y Fut
FVAM9	118.2100	0.072	118.2250	118.1220	118.1220	14,597	5y Fut
TYAM9	124.2900	0.120	124.3100	124.1550	124.1550	39,384	10y Fut
USAM9	130.0950	0.265	130.1200	129.1450	129.1850	11,391	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.0350	2.500	100.0370	100.0200	100.0200	na	2y Cash
BUS03P	100.1970	6.000	100.1970	100.1850	100.1870	na	3y Cash
BUS05P	101.1000	5.200	101.1120	101.0750	101.0900	na	5y Cash
BUS07P	103.0950	13.000	103.1050	103.0750	103.0750	na	7y Cash
BUS10P	101.2050	10.500	101.2300	101.1350	101.1550	na	10y Cash
BUS30P	98.0000	14.000	98.1050	97.3000	97.3000	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.818	(0.240)	0.855	0.810	0.872	na	2y Yield
BUS03Y	1.150	(0.560)	1.227	1.094	1.217	na	3y Yield
BUS05Y	1.596	(0.320)	1.620	1.532	1.647	na	5y Yield
BUS07Y	2.109	(0.360)	2.121	2.106	2.167	na	7y Yield
BUS10Y	2.561	(0.400)	2.764	2.550	2.608	na	10y Yield
BUS30Y	3.606	(0.230)	5.614	3.554	3.633	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	Theoretical CF
30y	18.26	5.99	\$1,873	11.99	n/a	
10y	8.61	2.90	\$907	5.81	n/a	
7y	6.30	2.15	\$673	4.31	n/a	0.8149
5y	4.70	1.56	\$488	6.25	n/a	
3y	2.91	0.95	\$298	3.82	n/a	0.9057
2y	1.91	0.62	\$194	2.48	n/a	
ZB	10.32	4.63	\$145	4.63	0.6562	
ZN	6.00	2.56	\$80	5.11	0.7672	
ZF	4.15	1.65	\$52	6.61	0.8342	
ZT	1.91	0.71	\$22	2.85	0.9085	

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	2.8	3.4
ZN	0.55		1.5	1.9
ZF	0.36	0.65		1.2
ZT	0.29	0.53	0.83	

US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.3	2.1	3.4	4.6	6.3	12.9
ZN	2.4	3.7	6.1	8.4	11.4	23.4
ZF	3.8	5.8	9.4	13.0	17.6	36.2
ZT	4.4	6.7	11.0	15.1	20.4	42.1

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.5	2.5	3.5	4.7	9.7
3y	0.65		1.6	2.3	3.0	6.3
5y	0.40	0.61		1.4	1.9	3.8
7y	0.29	0.44	0.73		1.3	2.8
10y	0.21	0.33	0.54	0.74		2.1
30y	0.10	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

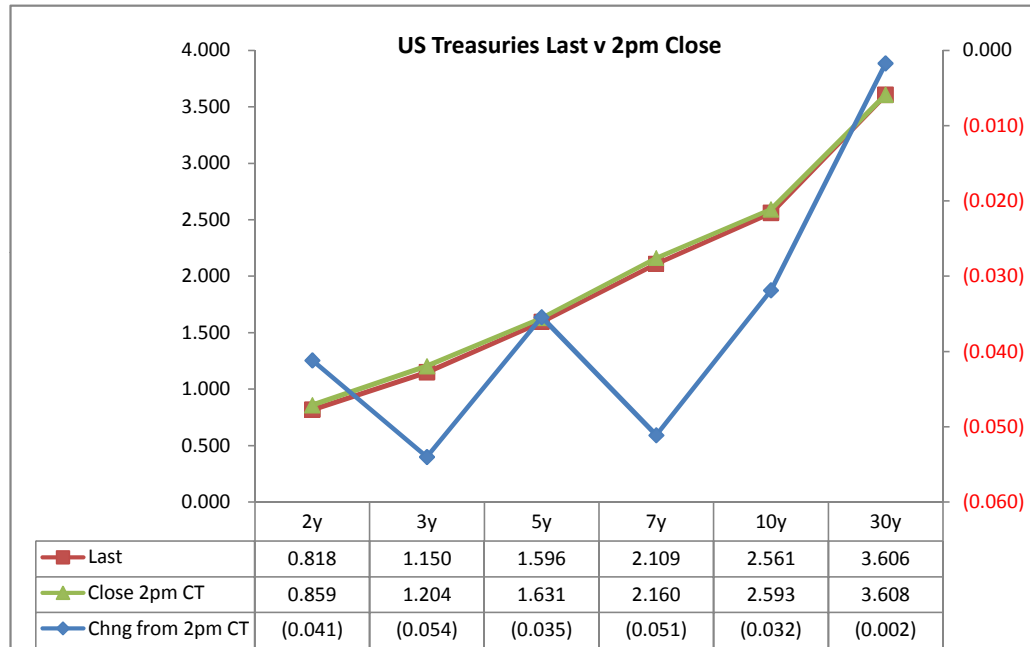
Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

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	100.0100	0.859	0.818	(0.041)	39.42	38.56		1.20	108.2400	108.2770	TUAM9
3y	1.375	3/15/12	100.1600	1.204	1.150	(0.054)							
5y	1.875	2/28/14	101.0500	1.631	1.596	(0.035)	75.38	74.54		0.2450	118.1400	118.2100	FVAM9
7y	2.625	2/29/16	102.3150	2.160	2.109	(0.051)							
10y	3.750	11/15/18	101.1150	2.593	2.561	(0.032)	186.21	186.00		1.1670	124.1700	124.2900	TYAM9
30y	3.500	2/15/39	98.0100	3.608	3.606	(0.002)	418.36	399.97		1.1120	129.1500	130.0950	USAM9

Curve Spreads			
	Close bps	Last bps	Chng from
			2pm CIs
2/3	34.5	33.2	(1.3)
2/5	77.2	77.8	0.6
2/7	130.1	129.1	(1.0)
3/5	42.7	44.6	1.9
3/7	95.6	95.9	0.3
2/10	173.4	174.3	0.9
3/10	138.9	141.1	2.2
5/7	52.9	51.3	(1.6)
5/10	96.2	96.6	0.4
2/30	274.9	278.8	3.9
3/30	240.4	245.6	5.2
5/30	197.7	201.1	3.4
7/10	43.3	45.2	1.9
7/30	144.8	149.7	4.9
10/30	101.5	104.5	3.0

The above matrix is linked to 'Monitor'



	Last	Chng on Day
Emini SP	773.00	(7.00)
Crude Oil	51.13	(0.91)
Gold	954.70	(4.10)
EURUSD	135.50	(1.18)
USDJPY	95.48	0.95

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	10%	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	\$199	\$488		
10	\$202	\$495	\$907	
30	\$197	\$482	\$883	\$1,873

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	(\$5)	\$488		
10	(\$8)	(\$7)	\$907	
30	(\$3)	\$6	\$24	\$1,873

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	-2.6%	0.0%		
10	-3.9%	-1.4%	0.0%	
30	-1.3%	1.3%	2.7%	0.0%

Tic for Tic & Box for Box Matrix

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.19	4.08	8.42
ZF	0.38	0.94	1.76	3.62
ZN	0.24	0.61	1.14	2.34
ZB	0.13	0.34	0.63	1.29

	2y	5y	10y	30y
2y		2.52	4.68	9.65
5y	0.40		1.86	3.84
10y	0.21	0.54		2.06
30y	0.10	0.26	0.48	

	ZT	ZF	ZN	ZB
ZT		2.32	3.59	6.51
ZF	0.43		1.55	2.80
ZN	0.28	0.65		1.81
ZB	0.15	0.36	0.55	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.87	2.19	8.16	16.84
ZF	0.38	0.94	3.51	7.25
ZN	0.49	1.22	1.14	2.34
ZB	0.54	0.67	1.25	1.29

	2y	5y	10y	30y
2y		2.52	2.34	4.83
5y	0.40		0.46	1.92
10y	0.43	2.15		2.06
30y	0.21	0.52	0.48	

	ZT	ZF	ZN	ZB
ZT		2.32	7.19	13.03
ZF	0.43		3.09	5.61
ZN	0.14	0.32		1.81
ZB	0.08	0.18	0.55	

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Key Money Rate, Spreads, Swaps, Packs

Pg 8

	Libor\$ ¹	Repo Rt ⁶
0/N	0.296	0.230
1week	0.403	0.240
2week	0.468	0.200

	Libor\$ ¹	Tbill	CP ²
1M	0.523	0.071	0.600
3M	1.227	0.192	1.150
6M	1.741	0.391	1.780

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.818	63.00	1.45	1.856	1.039
5y	1.596	68.50	2.28	3.147	1.551
10y	2.561	33.50	2.90	#VALUE!	#VALUE!

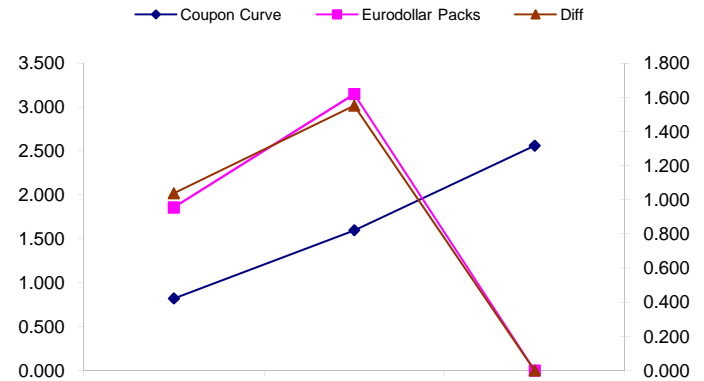
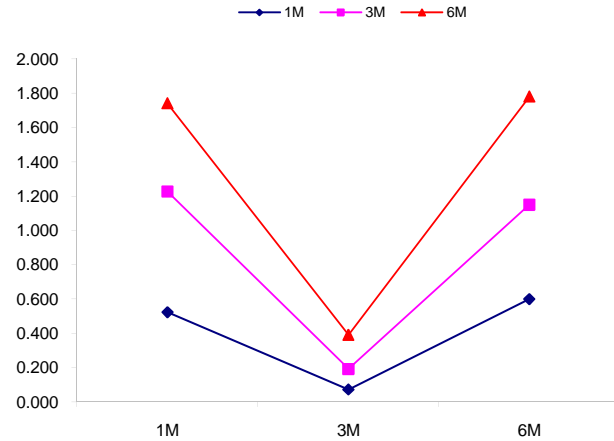
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
77.8	129.1	51.3
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
174.3	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
96.6	#VALUE!	#VALUE!

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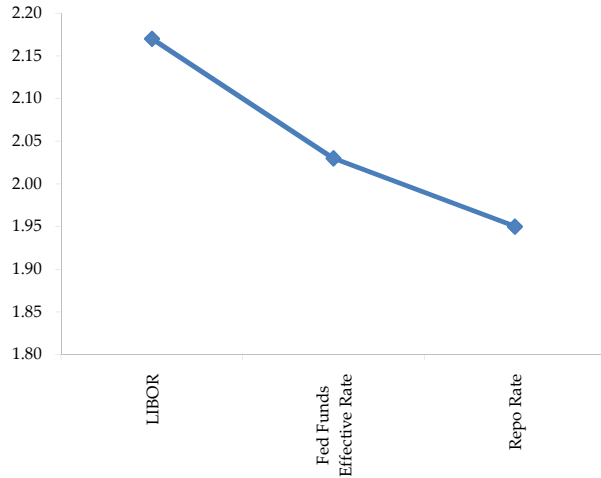
Libor, Fed Funds (OIS), Repo, SONIA & EONIA Rates

Pg 9

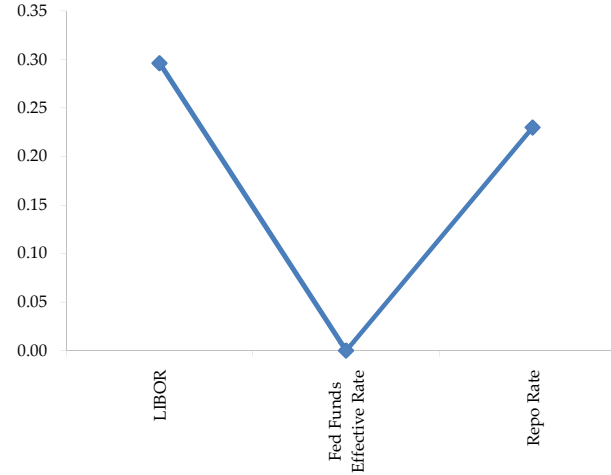
	Last	Chng	Term	Asset Type
USDLIBON	0.296	0.0000	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	0.230	0.0000	Overnight	Repo Rate
TEONIA01M	0.786	0.0000	1 month	Euribor OIS Rate
TEONIA03M	0.682	(0.0070)	3 month	Euribor OIS Rate
TSONIA01M	0.426	0.0010	1 month	Sterling OIS Rate
TSONIA03M	0.419	(0.0020)	3 month	Sterling OIS Rate
TUSOIS01M	0.216	(0.0060)	1 month	USD OIS Rate
TUSOIS03M	0.226	(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.

