



3/23/2009 5:48

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:
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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	100.3120	100.290	124.160	129.075	3/23/2009

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	108.2250	(0.012)	108.2400	108.2020	108.2400	8,267	2y Fut
FVAM9	118.1450	(0.042)	118.1900	118.0950	118.1820	12,845	5y Fut
TYAM9	124.1600	(0.020)	124.2100	124.0350	124.1600	54,218	10y Fut
USAM9	129.0750	0.000	129.1550	128.1350	129.0300	8,919	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.3150	(1.000)	99.3170	99.2900	99.3170	na	2y Cash
BUS03P	100.1370	(2.000)	100.1420	100.0970	100.1420	na	3y Cash
BUS05P	100.3120	(3.500)	101.0350	100.2700	101.0070	na	5y Cash
BUS07P	102.3100	(3.000)	103.0050	102.1950	102.1950	na	7y Cash
BUS10P	100.2900	(4.000)	101.0400	100.1750	101.0000	na	10y Cash
BUS30P	97.1000	(4.000)	97.1900	96.1350	97.0850	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.879	0.170	0.932	0.850	0.876	na	2y Yield
BUS03Y	1.238	0.160	1.276	1.203	1.223	na	3y Yield
BUS05Y	1.664	0.310	1.697	1.636	1.645	na	5y Yield
BUS07Y	2.178	0.190	2.217	2.154	2.164	na	7y Yield
BUS10Y	2.645	0.140	2.688	2.609	2.638	na	10y Yield
BUS30Y	3.661	(0.030)	3.737	3.582	3.661	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF		Theoretical CF
30y	18.19	5.91	\$1,848	11.83	n/a	30y	
10y	8.60	2.88	\$900	5.76	n/a	10y	
7y	6.30	2.14	\$670	4.29	n/a	7y	0.8149
5y	4.69	1.56	\$486	6.22	n/a	5y	
3y	2.91	0.95	\$297	3.80	n/a	3y	0.9057
2y	1.90	0.62	\$193	2.48	n/a	2y	
ZB	10.29	4.58	\$143	4.58	0.6562	ZB	
ZN	6.00	2.54	\$80	5.09	0.7672	ZN	
ZF	4.15	1.65	\$52	6.60	0.8342	ZF	
ZT	1.90	0.71	\$22	2.84	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		1.8	2.8	3.4
ZN	0.56		1.5	1.9
ZF	0.36	0.65		1.2
ZT	0.30	0.54	0.83	

US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.4	2.1	3.4	4.7	6.3	12.9
ZN	2.4	3.7	6.1	8.4	11.3	23.2
ZF	3.8	5.8	9.4	13.0	17.5	35.9
ZT	4.4	6.7	11.0	15.1	20.3	41.7

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.5	2.5	3.5	4.7	9.6
3y	0.65		1.6	2.3	3.0	6.2
5y	0.40	0.61		1.4	1.9	3.8
7y	0.29	0.44	0.73		1.3	2.8
10y	0.22	0.33	0.54	0.74		2.1
30y	0.10	0.16	0.26	0.36	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

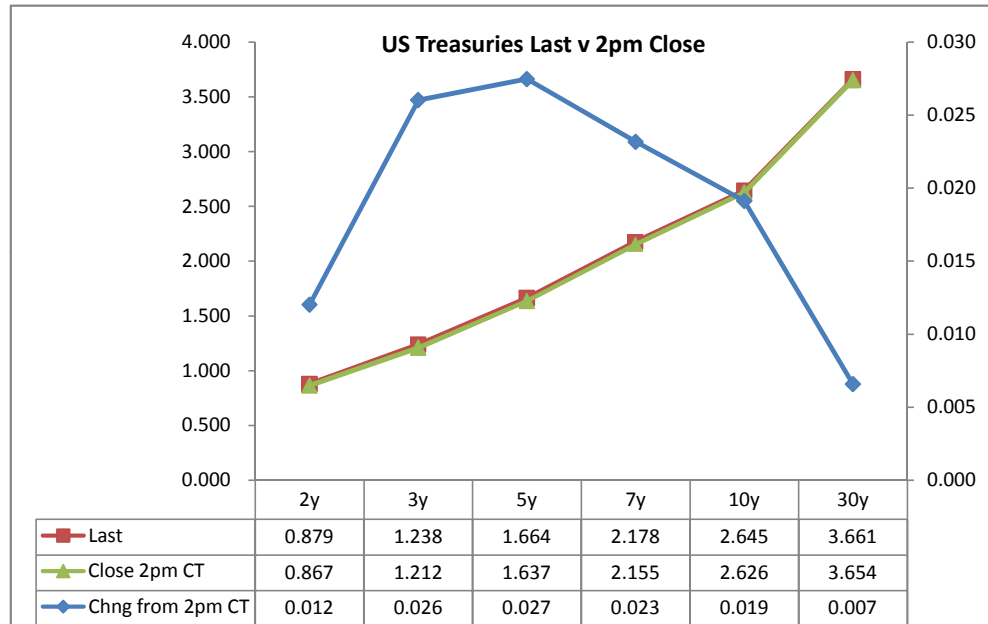
Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

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	100.0050	0.867	0.879	0.012	38.92	39.28	4.25	6.70	108.2400	108.2250	TUAM9
3y	1.375	3/15/12	100.1525	1.212	1.238	0.026							
5y	1.875	2/28/14	101.0400	1.637	1.664	0.027	70.63	69.16	4.75	1.55	118.1850	118.1450	FVAM9
7y	2.625	2/29/16	103.0050	2.155	2.178	0.023							
10y	3.750	11/15/18	101.0250	2.626	2.645	0.019	176.06	172.48			124.1850	124.1600	TYAM9
30y	3.500	2/15/39	97.0650	3.654	3.661	0.007	396.46	400.28			129.0800	129.0750	USAM9

Curve Spreads^			
	Close bps	Last bps	Chng from 2pm Cls
2/3	34.5	35.9	1.4
2/5	77.0	78.5	1.5
2/7	128.8	129.9	1.1
3/5	42.5	42.6	0.1
3/7	94.3	94.0	(0.3)
2/10	175.9	176.6	0.7
3/10	141.4	140.7	(0.7)
5/7	51.8	51.4	(0.4)
5/10	98.9	98.1	(0.8)
2/30	278.7	278.2	(0.5)
3/30	244.2	242.3	(1.9)
5/30	201.7	199.6	(2.1)
7/10	47.1	46.7	(0.4)
7/30	149.9	148.2	(1.7)
10/30	102.8	101.5	(1.3)

	Last	Chng on Day
Emini SP	788.00	24.00
Crude Oil	52.48	0.41
Gold	952.50	(3.70)
EURUSD	136.66	0.81
USDJPY	96.40	0.45



O/N News:

^matrix is linked to 'Monitor'

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	\$193			
5	\$198	\$486		
10	\$200	\$491	\$900	
30	\$194	\$477	\$874	\$1,848

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	\$193			
5	(\$5)	\$486		
10	(\$7)	(\$5)	\$900	
30	(\$1)	\$9	\$26	\$1,848

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	-2.4%	0.0%		
10	-3.3%	-1.0%	0.0%	
30	-0.5%	1.9%	2.9%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.19	4.06	8.34
ZF	0.38	0.94	1.75	3.59
ZN	0.24	0.61	1.13	2.32
ZB	0.14	0.34	0.63	1.29

	2y	5y	10y	30y
2y		2.51	4.65	9.55
5y	0.40		1.85	3.80
10y	0.22	0.54		2.05
30y	0.10	0.26	0.49	

	ZT	ZF	ZN	ZB
ZT		2.33	3.59	6.47
ZF	0.43		1.54	2.78
ZN	0.28	0.65		1.80
ZB	0.15	0.36	0.56	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.87	2.19	8.12	16.69
ZF	0.38	0.94	3.49	7.17
ZN	0.49	1.22	1.13	2.32
ZB	0.54	0.68	1.26	1.29

	2y	5y	10y	30y
2y		2.51	2.33	4.78
5y	0.40		0.46	1.90
10y	0.43	2.16		2.05
30y	0.21	0.53	0.49	

	ZT	ZF	ZN	ZB
ZT		2.33	7.18	12.93
ZF	0.43		3.09	5.56
ZN	0.14	0.32		1.80
ZB	0.08	0.18	0.56	

	Libor\$ ¹	Repo Rt ⁶
0/N	#VALUE!	#VALUE!
1week	#VALUE!	#VALUE!
2week	#VALUE!	#VALUE!

	Libor\$ ¹	Tbill	CP ²
1M	#VALUE!	0.081	#VALUE!
3M	1.223	0.208	#VALUE!
6M	1.751	0.386	#VALUE!

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.879	61.00	1.49	1.922	1.043
5y	1.664	67.00	2.33		#VALUE!
10y	2.645	30.75	2.95		#VALUE!

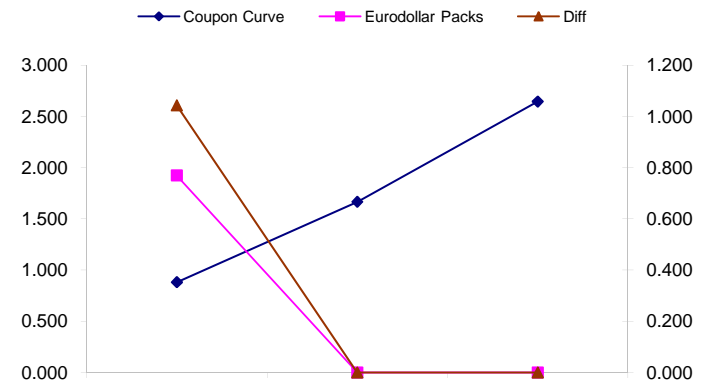
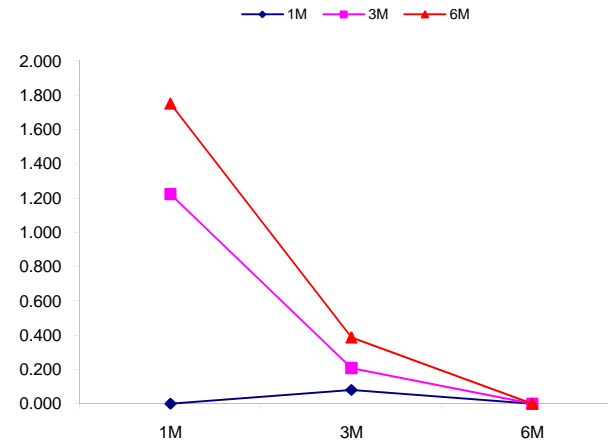
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
78.5	#VALUE!	#VALUE!
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
176.6	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
98.1	#VALUE!	#VALUE!

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:

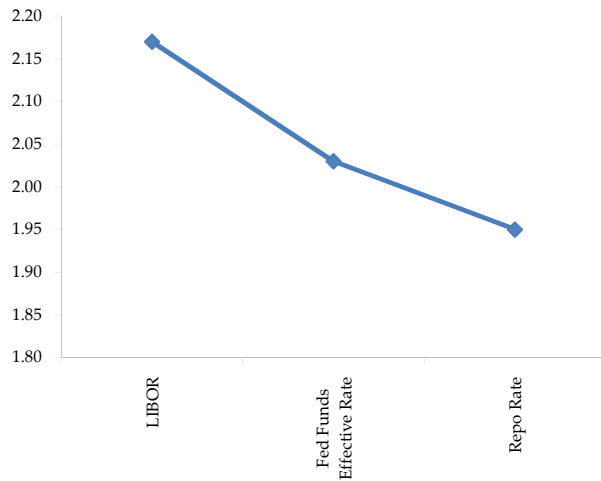
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight General Collateral



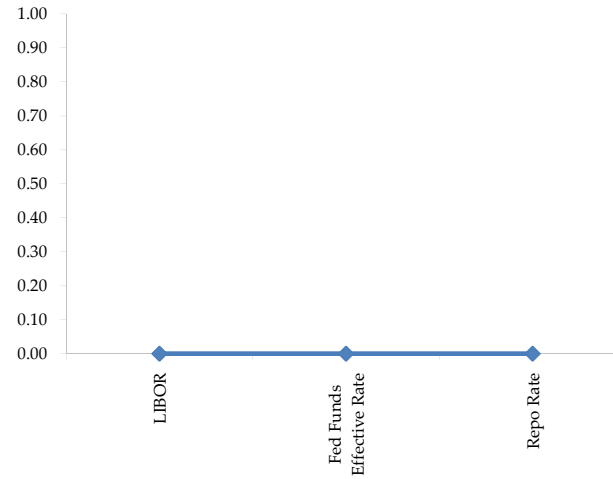
	Last	Chng	Term	Asset Type
USDLIBON	#VALUE!	#VALUE!	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.794	0.0110	1 month	Euribor OIS Rate
TEONIA03M	0.692	0.0150	3 month	Euribor OIS Rate
TSONIA01M	0.424	(0.0010)	1 month	Sterling OIS Rate
TSONIA03M	0.420	0.0040	3 month	Sterling OIS Rate
TUSOIS01M	0.211	0.0020	1 month	USD OIS Rate
TUSOIS03M	0.224	0.0050	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.

