



3/25/2009 5:52

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	100.1700	100.045	123.165	127.285	3/25/2009

Auctions - 32nds

	2 y	3 y	5y	7y	10y	30y
Auction Price	99.273	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	3/24/2008	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	108.1900	(0.025)	108.2120	108.1870	108.2050	5,726	2y Fut	
Z3NM9	112.1570	(0.050)	112.2050	112.1570	112.2050	3	3y Fut	
FVAM9	117.3170	(0.112)	118.0970	117.3100	118.0620	16,742	5y Fut	
TYAM9	123.1650	(0.215)	124.0050	123.1550	123.2650	44,139	10y Fut	
USAM9	127.2850	(1.075)	128.2000	127.2800	128.1200	8,570	30y Fut	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02P	99.2700	#VALUE!	99.2900	99.2550	99.2650	na	2y Cash	
BUS03P	100.0700	(1.700)	100.1200	100.0600	100.0820	na	3y Cash	
BUS05P	100.1700	(4.700)	100.2650	100.1620	100.2200	na	5y Cash	
BUS07P	102.0600	(1.500)	102.2100	102.0350	102.0600	na	7y Cash	
BUS10P	100.0450	(9.500)	100.2000	100.0350	100.0700	na	10y Cash	
BUS30P	96.3100	(19.500)	98.1300	96.1800	97.1400	na	30y Cash	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02Y	0.958	0.390	0.977	0.922	0.955	na	2y Yield	
BUS03Y	1.300	0.190	1.310	1.246	1.287	na	3y Yield	
BUS05Y	1.760	0.330	1.767	1.699	1.726	na	5y Yield	
BUS07Y	2.277	0.430	2.292	2.207	2.238	na	7y Yield	
BUS10Y	2.733	0.320	2.737	2.677	2.703	na	10y Yield	
BUS30Y	3.665	0.370	3.691	3.587	3.641	na	30y Yield	

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	18.18	5.91	\$1,846	11.82	n/a	30y
10y	8.59	2.85	\$892	5.71	n/a	10y
7y	6.31	2.13	\$667	4.27	n/a	7y
5y	4.68	1.55	\$483	6.18	n/a	5y
3y	2.90	1.06	\$331	4.24	n/a	3y
2y	1.98	0.64	\$200	2.56	n/a	2y
ZB	10.28	4.56	\$143	4.56	0.6562	ZB
ZN	5.98	2.52	\$79	5.04	0.7672	ZN
ZF	4.14	1.64	\$51	6.56	0.8342	ZF
Z3N	2.87	1.10	\$34	4.41	0.7672	Z3N
ZT	1.90	0.71	\$22	2.83	0.9160	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	Z3N	ZT
ZB		1.81	2.78	2.07	3.23
ZN	0.55		1.54	1.14	1.78
ZF	0.36	0.65		0.74	1.16
Z3N	0.48	0.88	1.34		1.56
ZT	0.31	0.56	0.86	1.28	

US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.4	2.5	3.4	4.7	6.3	12.9
ZN	2.5	4.5	6.1	8.5	11.3	23.5
ZF	3.9	6.9	9.4	13.0	17.4	36.0
Z3N						
ZT	4.5	8.0	10.9	15.1	20.2	41.8

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.77	2.41	3.33	4.45	9.22
3y	0.56		1.36	1.88	2.51	5.21
5y	0.41	0.73		1.38	1.85	3.82
7y	0.30	0.53	0.72		1.34	2.77
10y	0.22	0.40	0.54	0.75		2.07
30y	0.11	0.19	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

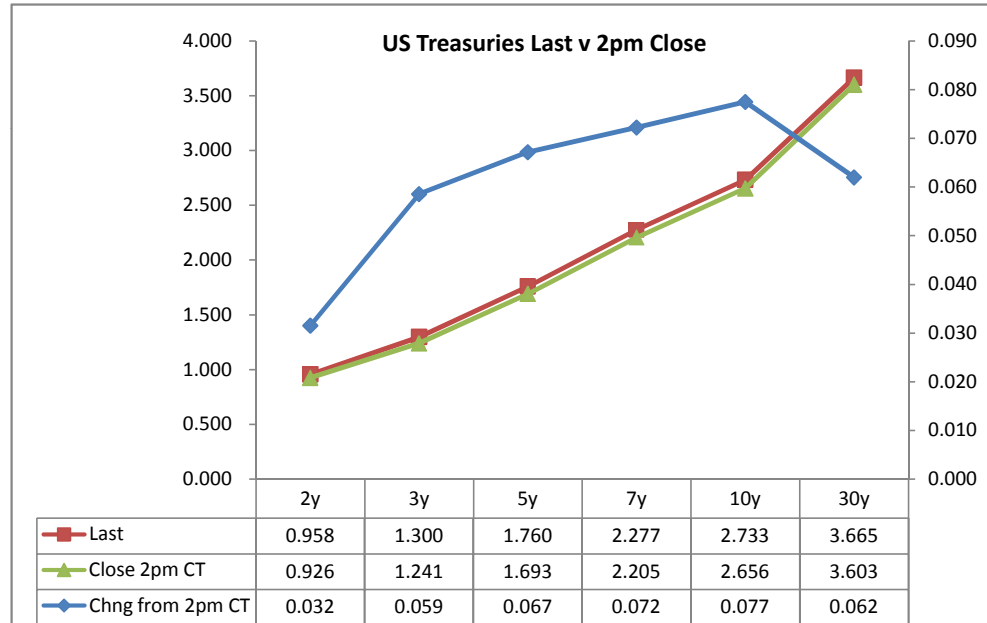
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng from 2pm	Basis (CF)		Cash Roll	Futrues Roll	Close 32	Last	
							Close	Last					
2y	0.875	3/31/11	99.2750	0.926	0.958	0.032	10.11	11.90		7.20	108.2150	108.1900	TUAM9
3y	1.375	3/15/12	100.1250	1.241	1.300	0.059							
5y	1.875	2/28/14	100.2750	1.693	1.760	0.067	68.18	67.31	4.25	#VALUE!	118.1125	117.3170	FVAM9
7y	2.625	2/29/16	102.2200	2.205	2.277	0.072							
10y	3.750	11/15/18	100.2600	2.656	2.733	0.077	177.15	172.14			124.0600	123.1650	TYAM9
30y	3.500	2/15/39	98.0400	3.603	3.665	0.062	428.58	417.50			129.0400	127.2850	USAM9

Curve Spreads^

	Close bps	Last bps	Chng from 2pm CIs
2/5	76.7	80.3	3.6
2/7	127.9	132.0	4.1
3/5	45.2	46.1	0.9
3/7	96.4	97.8	1.4
2/10	173.0	177.6	4.6
3/10	141.5	143.4	1.9
5/7	51.2	51.7	0.5
5/10	96.3	97.3	1.0
2/30	267.7	270.7	3.0
3/30	236.2	236.5	0.3
5/30	191.0	190.5	(0.5)
7/10	45.1	45.6	0.5
7/30	139.8	138.8	(1.0)
10/30	94.7	93.2	(1.5)

	Last	Chng on Day
Emini SP	806.00	2.50
Crude Oil	52.84	(1.14)
Gold	922.50	(1.30)
EURUSD	135.22	0.51
USDJPY	97.70	(0.20)



^matrix is linked to 'Monitor'

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	42%	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	\$200			
5	\$204	\$483		
10	\$206	\$487	\$892	
30	\$201	\$476	\$872	\$1,846

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	\$200			
5	(\$4)	\$483		
10	(\$6)	(\$3)	\$892	
30	(\$1)	\$7	\$20	\$1,846

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	-2.1%	0.0%		
10	-2.8%	-0.7%	0.0%	
30	-0.6%	1.5%	2.3%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.91	2.19	4.04	8.36
ZF	0.39	0.94	1.74	3.60
ZN	0.25	0.61	1.13	2.35
ZB	0.14	0.34	0.63	1.29

	2y	5y	10y	30y
2y		2.41	4.45	9.22
5y	0.41		1.85	3.82
10y	0.22	0.54		2.07
30y	0.11	0.26	0.48	

	ZT	ZF	ZN	ZB
ZT		2.32	3.56	6.46
ZF	0.43		1.54	2.78
ZN	0.28	0.65		1.81
ZB	0.15	0.36	0.55	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.91	2.19	8.08	16.73
ZF	0.39	0.94	3.48	7.20
ZN	0.51	1.23	1.13	2.35
ZB	0.56	0.68	1.25	1.29

	2y	5y	10y	30y
2y		2.41	2.23	4.61
5y	0.41		0.46	1.91
10y	0.45	2.17		2.07
30y	0.22	0.52	0.48	

	ZT	ZF	ZN	ZB
ZT		2.32	7.13	12.92
ZF	0.43		3.07	5.56
ZN	0.14	0.33		1.81
ZB	0.08	0.18	0.55	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.286	#VALUE!
1week	0.446	#VALUE!
2week	0.484	#VALUE!

	Libor\$ ¹	Tbill	CP ²
1M	0.521	0.043	0.500
3M	1.226	0.205	1.000
6M	1.774	0.403	1.590

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.958	57.00	1.53	1.932	0.974
5y	1.760	60.00	2.36		#VALUE!
10y	2.733	25.50	2.99		#VALUE!

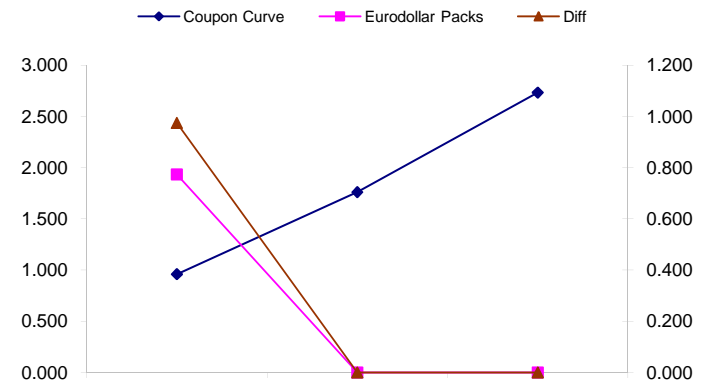
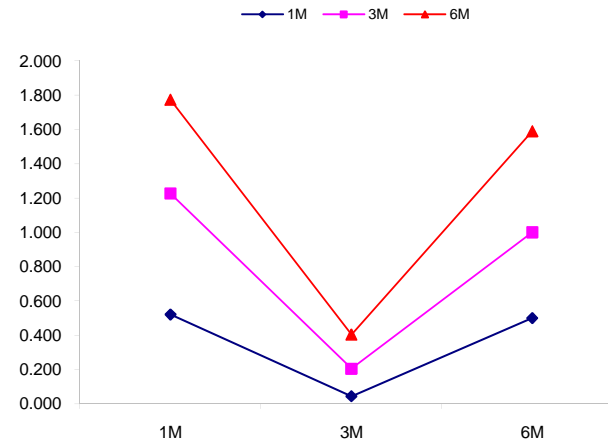
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
80.3	#VALUE!	#VALUE!
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
177.6	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
97.3	#VALUE!	#VALUE!

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:

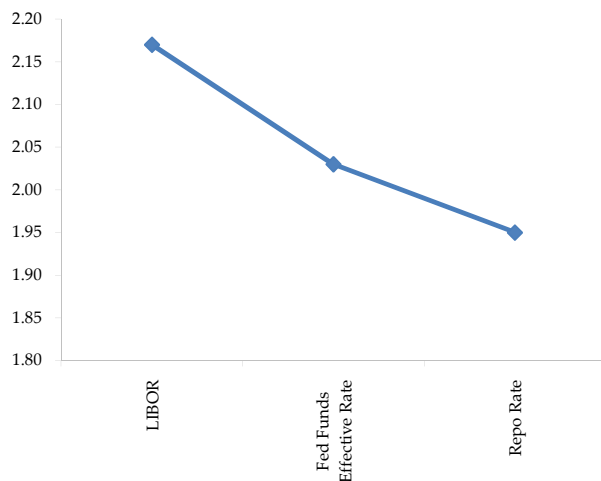
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



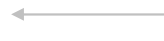
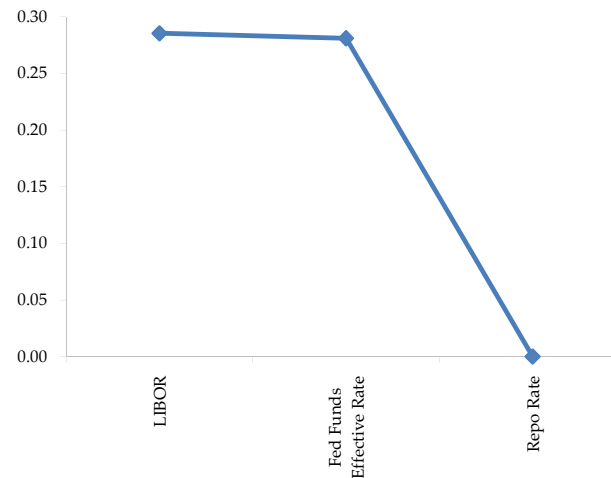
	Last	Chng	Term	Asset Type
USDLIBON	0.286	0.0000	Overnight	LIBOR
TUSFFRON	0.281	0.0937	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.821	0.0030	1 month	Euribor OIS Rate
TEONIA03M	0.730	(0.0040)	3 month	Euribor OIS Rate
TSONIA01M	0.450	0.0070	1 month	Sterling OIS Rate
TSONIA03M	0.460	0.0210	3 month	Sterling OIS Rate
TUSOIS01M	0.227	(0.0090)	1 month	USD OIS Rate
TUSOIS03M	0.234	(0.0060)	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.

