



3/27/2009 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	99.2000	99.265	122.120	128.000	3/6/2009
Non-farm Low	99.0950	98.265	121.140	126.045	3/6/2009
FOMC High	100.2800	102.270	126.040	132.080	3/18/2009
FOMC Low	99.0300	98.120	121.200	125.110	3/18/2009
PPI High	99.0500	98.225	121.275	125.315	3/17/2009
PPI Low	98.2450	97.240	120.265	123.280	3/17/2009
CPI High	100.2800	102.270	126.040	132.080	3/18/2009
CPI Low	98.2500	97.215	120.275	123.230	3/18/2009
Auction Price	99.1694	97.161			
Last Trade	99.2950	100.065	123.250	128.235	3/27/2009

## Auctions - 32nds

	2 y	3 y	5y	7y	10y	30y
Auction Price	99.273	99.213	99.169	99.302	97.161	97.146
Auction Yield Stop	0.961	1.489	1.894	2.384	3.043 r	3.64 r
Actual Auction Date	3/24/2009	3/10/2009	3/25/2009	3/26/2009	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	108.2400	0.000	108.2420	108.2270	108.2270	5,445	2y Fut
Z3NM9	112.1900	0.005	112.1900	112.1800	112.1800	2	3y Fut
FVAM9	118.0950	0.015	118.1220	118.0320	118.0450	14,718	5y Fut
TYAM9	123.2500	0.040	123.3000	123.1450	123.1800	44,951	10y Fut
USAM9	128.2350	0.050	129.0300	128.0750	128.1450	10,365	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.3070	1.000	99.3120	99.2850	99.3070	na	2y Cash
BUS03P	100.1220	2.200	100.1300	100.0800	100.1050	na	3y Cash
BUS05P	99.2950	4.700	100.0000	99.2150	99.2500	na	5y Cash
BUS07P	100.1250	#VALUE!	100.1700	100.0000	100.0500	na	7y Cash
BUS10P	100.0650	4.500	100.1400	99.2850	100.0000	na	10y Cash
BUS30P	97.0800	16.000	98.0350	96.2000	97.0800	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.895	(0.150)	0.930	0.887	0.927	na	2y Yield
BUS03Y	1.240	(0.240)	1.288	1.235	1.273	na	3y Yield
BUS05Y	1.770	(0.280)	1.819	1.750	1.800	na	5y Yield
BUS07Y	2.316	0.230	2.375	2.292	2.341	na	7y Yield
BUS10Y	2.726	(0.190)	2.763	2.699	2.743	na	10y Yield
BUS30Y	3.648	(0.060)	3.687	3.604	3.655	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
<b>30y</b>	18.19	5.93	\$1,853	11.86	n/a	<b>30y</b>
<b>10y</b>	8.58	2.85	\$891	5.71	n/a	<b>10y</b>
<b>7y</b>	6.29	2.09	\$654	4.19	n/a	<b>7y</b>
<b>5y</b>	4.73	1.55	\$484	6.19	n/a	<b>5y</b>
<b>3y</b>	2.89	1.06	\$331	4.24	n/a	<b>3y</b>
<b>2y</b>	1.97	0.64	\$199	2.55	n/a	<b>2y</b>
<b>ZB</b>	10.27	4.57	\$143	4.57	0.6562	<b>ZB</b>
<b>ZN</b>	5.97	2.52	\$79	5.04	0.7672	<b>ZN</b>
<b>ZF</b>	4.13	1.64	\$51	6.57	0.8265	<b>ZF</b>
<b>Z3N</b>	2.86	1.10	\$34	4.41	0.7672	<b>Z3N</b>
<b>ZT</b>	1.89	0.70	\$22	2.81	0.9160	<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	Z3N	ZT
ZB		1.81	2.78	2.07	3.25
ZN	0.55		1.53	1.14	1.79
ZF	0.36	0.65		0.75	1.17
Z3N	0.48	0.87	1.34		1.57
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	4.6	6.2	13.0
ZN	2.5	4.5	6.1	8.3	11.3	23.5
ZF	3.9	6.9	9.4	12.8	17.4	36.1
Z3N	2.9	4.3	7.0	9.5	13.0	26.9
ZT	4.5	8.1	11.0	14.9	20.3	42.2

## US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.78	2.43	3.28	4.47	9.29
3y	0.56		1.37	1.85	2.52	5.23
5y	0.41	0.73		1.35	1.84	3.83
7y	0.30	0.54	0.74		1.36	2.83
10y	0.22	0.40	0.54	0.73		2.08
30y	0.11	0.19	0.26	0.35	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

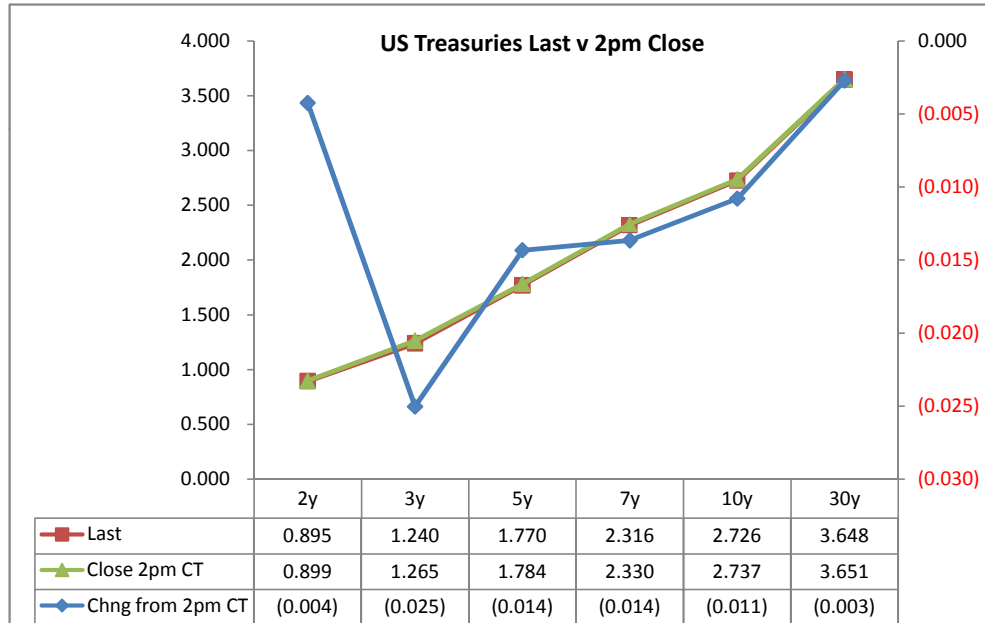
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis (CF)		Cash	Futrues	Close 32	Last	
						from 2pm	Close	Last	Roll	Roll			
2y	0.875	3/31/11	99.3050	0.899	0.895	(0.004)	10.59	11.02		9.20	108.2425	108.2400	TUAM9
3y	1.375	3/15/12	100.1025	1.265	1.240	(0.025)							
5y	1.750	3/31/14	99.2675	1.784	1.770	(0.014)	67.48	68.78		1.95	118.0775	118.0950	FVAM9
7y	2.375	3/31/16	100.0925	2.330	2.316	(0.014)							
10y	3.750	11/15/18	100.0350	2.737	2.726	(0.011)	167.69	167.62			123.2100	123.2500	TYAM9
30y	3.500	2/15/39	97.0850	3.651	3.648	(0.003)	412.57	408.78			128.1850	128.2350	USAM9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm Cls
2/3	36.6	34.5	(2.1)
2/5	88.5	87.5	(1.0)
2/7	143.1	142.2	(0.9)
3/5	51.9	53.0	1.1
3/7	106.5	107.6	1.1
2/10	183.8	183.1	(0.7)
3/10	147.2	148.6	1.4
5/7	54.6	54.7	0.1
5/10	95.3	95.7	0.4
2/30	275.2	275.4	0.2
3/30	238.6	240.8	2.2
5/30	186.7	187.9	1.2
7/10	40.7	41.0	0.3
7/30	132.1	133.2	1.1
10/30	91.4	92.2	0.8

	Last	Chng on Day
Emini SP	820.00	(7.25)
Crude Oil	53.48	(0.86)
Gold	927.10	(12.90)
EURUSD	134.08	(1.23)
USDJPY	98.05	(0.67)



^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	\$199			
5	\$202	\$484		
10	\$205	\$491	\$891	
30	\$201	\$482	\$874	\$1,853

**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	\$199			
5	(\$2)	\$484		
10	(\$6)	(\$8)	\$891	
30	(\$2)	\$2	\$18	\$1,853

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	-1.2%	0.0%		
10	-2.7%	-1.5%	0.0%	
30	-0.8%	0.4%	2.0%	0.0%

## Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.91	2.20	4.06	8.43
ZF	0.39	0.94	1.74	3.61
ZN	0.25	0.61	1.13	2.35
ZB	0.14	0.34	0.62	1.30

	2y	5y	10y	30y
2y		2.43	4.47	9.29
5y	0.41		1.84	3.83
10y	0.22	0.54		2.08
30y	0.11	0.26	0.48	

	ZT	ZF	ZN	ZB
ZT		2.33	3.58	6.50
ZF	0.43		1.53	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	2.20	8.11	16.86
ZF	0.39	0.94	3.48	7.23
ZN	0.51	1.23	1.13	2.35
ZB	0.56	0.68	1.25	1.30

	2y	5y	10y	30y
2y		2.43	2.24	4.65
5y	0.41		0.46	1.91
10y	0.45	2.17		2.08
30y	0.22	0.52	0.48	

	ZT	ZF	ZN	ZB
ZT		2.33	7.16	12.99
ZF	0.43		3.07	5.57
ZN	0.14	0.33		1.81
ZB	0.08	0.18	0.55	



	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>
0/N	0.291	#VALUE!
1week	0.459	#VALUE!
2week	0.486	#VALUE!

	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>
1M	0.523	0.010	0.500
3M	1.232	0.152	1.000
6M	1.794	0.380	1.590

	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	0.895	58.50	1.48	1.864	0.969
5y	1.770	54.25	2.31		#VALUE!
10y	2.726	21.00	2.94		#VALUE!

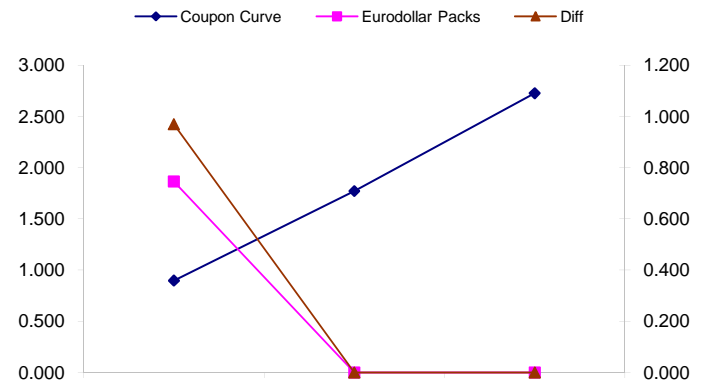
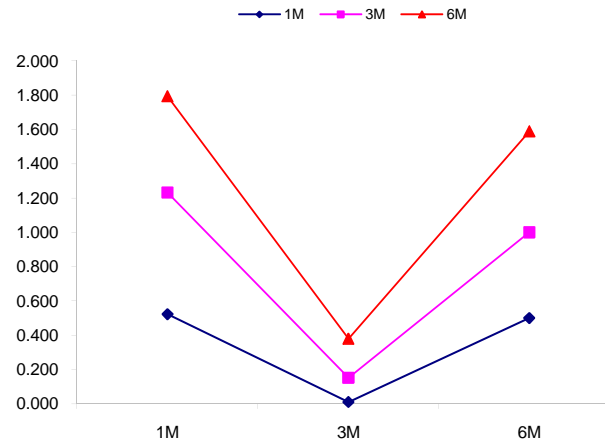
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
87.5	#VALUE!	#VALUE!
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
183.1	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
95.7	#VALUE!	#VALUE!

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



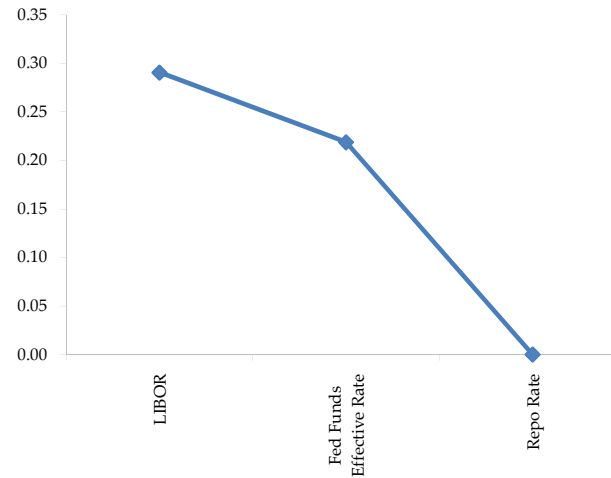
	Last	Chng	Term	Asset Type
USDLIBON	0.291	0.0000	Overnight	LIBOR
TUSFFRON	0.219	0.0313	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.777	(0.0060)	1 month	Euribor OIS Rate
TEONIA03M	0.699	(0.0060)	3 month	Euribor OIS Rate
TSONIA01M	0.451	0.0020	1 month	Sterling OIS Rate
TSONIA03M	0.455	(0.0040)	3 month	Sterling OIS Rate
TUSOIS01M	0.209	(0.0050)	1 month	USD OIS Rate
TUSOIS03M	0.226	(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.





