



3/31/2009 5:43

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	100.0250	100.060	123.225	128.305	3/31/2009

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	108.2700	0.007	108.2750	108.2570	108.2720	9,143	2y Fut	
Z3NM9	112.2220	0.007	112.2220	112.2220	112.2220	1	3y Fut	
FVAM9	118.1600	0.002	118.1770	118.1200	118.1670	15,054	5y Fut	
TYAM9	123.2250	(0.020)	123.2550	123.1600	123.2300	43,067	10y Fut	
USAM9	128.3050	0.000	129.0100	128.2150	128.2900	8,491	30y Fut	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02P	100.0120	(0.200)	100.0300	100.0020	100.0070	na	2y Cash	
BUS03P	100.1650	(0.500)	100.1850	100.1450	100.1670	na	3y Cash	
BUS05P	100.0250	(0.200)	100.0520	99.3020	100.0270	na	5y Cash	
BUS07P	100.1250	(0.500)	100.1750	100.0750	100.1300	na	7y Cash	
BUS10P	100.0600	(3.000)	100.1550	100.0000	100.0400	na	10y Cash	
BUS30P	98.0100	(2.500)	98.2400	97.1500	97.2550	na	30y Cash	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02Y	0.855	0.080	0.871	0.828	0.852	na	2y Yield	
BUS03Y	1.199	0.110	1.218	1.175	1.192	na	3y Yield	
BUS05Y	1.734	0.100	1.761	1.716	1.732	na	5y Yield	
BUS07Y	2.311	0.100	2.338	2.289	2.309	na	7y Yield	
BUS10Y	2.730	0.180	2.750	2.694	2.724	na	10y Yield	
BUS30Y	3.605	0.080	3.640	3.568	3.599	na	30y Yield	

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	18.23	5.99	\$1,873	11.98	n/a	30y
10y	8.57	2.85	\$891	5.70	n/a	10y
7y	6.29	2.13	\$666	4.26	n/a	7y
5y	4.77	1.56	\$489	6.25	n/a	5y
3y	2.89	1.06	\$330	4.23	n/a	3y
2y	1.98	0.64	\$200	2.56	n/a	2y
ZB	10.27	4.57	\$143	4.57	0.6562	ZB
ZN	5.97	2.52	\$79	5.04	0.7672	ZN
ZF	4.13	1.64	\$51	6.56	0.8265	ZF
Z3N	2.85	1.10	\$34	4.40	0.7672	Z3N
ZT	1.92	0.72	\$22	2.87	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	2.79	2.08	3.19
ZN	0.55		1.54	1.15	1.76
ZF	0.36	0.65		0.75	1.14
Z3N	0.48	0.87	1.34		1.53
ZT	0.31	0.57	0.87	1.30	

US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.4	2.5	3.4	4.7	6.2	13.1
ZN	2.5	4.5	6.2	8.5	11.3	23.8
ZF	3.9	6.9	9.5	13.0	17.4	36.5
Z3N	2.9	4.3	7.1	9.7	13.0	27.2
ZT	4.5	7.9	10.9	14.9	19.9	41.8

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.77	2.44	3.33	4.46	9.37
3y	0.56		1.38	1.88	2.51	5.29
5y	0.41	0.72		1.36	1.82	3.83
7y	0.30	0.53	0.73		1.34	2.81
10y	0.22	0.40	0.55	0.75		2.10
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

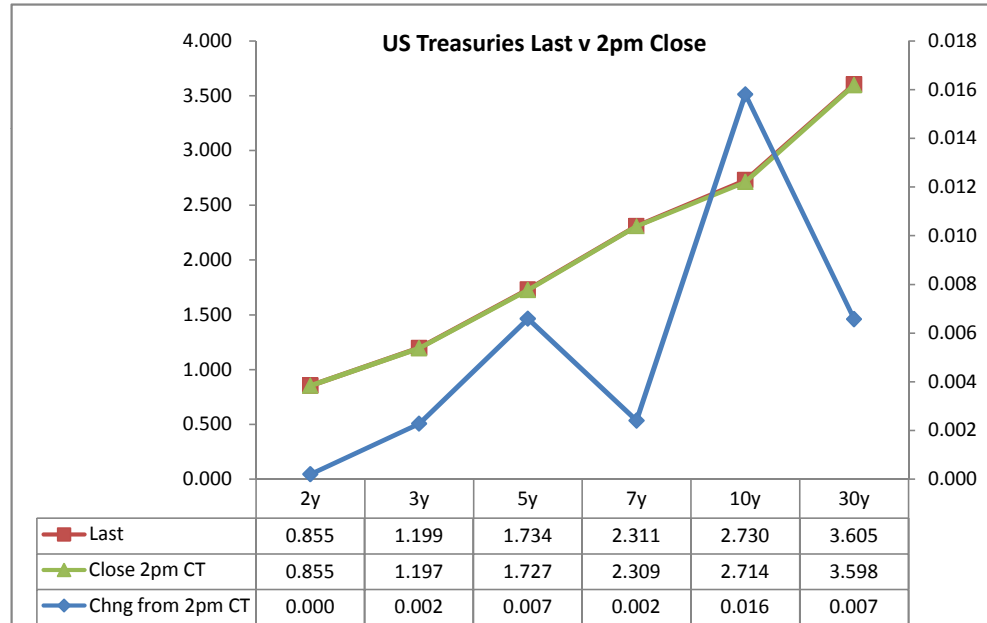
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng from 2pm	Basis (CF)		Cash	Futrues	Close 32	Last	
							Close	Last	Roll	Roll			
2y	0.875	3/31/11	100.0125	0.855	0.855	0.000	11.51	10.77		7.00	108.2625	108.2700	TUAM9
3y	1.375	3/15/12	100.0165	1.197	1.199	0.002							
5y	1.750	3/31/14	100.0350	1.727	1.734	0.007	69.62	68.41		2.00	118.1575	118.1600	FVAM9
7y	2.375	3/31/16	100.1350	2.309	2.311	0.002							
10y	3.750	11/15/18	100.1000	2.714	2.730	0.016	171.50	169.04			123.2450	123.2250	TYAM9
30y	3.500	2/15/39	98.0700	3.598	3.605	0.007	435.19	429.19			128.3050	128.3050	USAM9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm Cls
2/3	34.2	34.4	0.2
2/5	87.2	87.8	0.6
2/7	145.4	145.6	0.2
3/5	53.0	53.4	0.4
3/7	111.2	111.2	0.0
2/10	185.9	187.5	1.6
3/10	151.7	153.1	1.4
5/7	58.2	57.8	(0.4)
5/10	98.7	99.6	0.9
2/30	274.3	274.9	0.6
3/30	240.1	240.5	0.4
5/30	187.1	187.1	(0.0)
7/10	40.5	41.8	1.3
7/30	128.9	129.3	0.4
10/30	88.4	87.5	(0.9)

	Last	Chng on Day
Emini SP	792.75	8.50
Crude Oil	49.52	1.11
Gold	917.00	1.50
EURUSD	133.30	1.29
USDJPY	98.40	1.13



^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	41%	100%		
10	23%	56%	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	\$203	\$489		
10	\$205	\$495	\$891	
30	\$203	\$489	\$880	\$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	\$200			
5	(\$3)	\$489		
10	(\$5)	(\$7)	\$891	
30	(\$3)	(\$1)	\$11	\$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	-1.3%	0.0%		
10	-2.6%	-1.3%	0.0%	
30	-1.5%	-0.2%	1.2%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.89	2.18	3.97	8.35
ZF	0.39	0.95	1.74	3.65
ZN	0.25	0.62	1.13	2.38
ZB	0.14	0.34	0.62	1.31

	2y	5y	10y	30y
2y		2.44	4.46	9.37
5y	0.41		1.82	3.83
10y	0.22	0.55		2.10
30y	0.11	0.26	0.48	

	ZT	ZF	ZN	ZB
ZT		2.29	3.51	6.37
ZF	0.44		1.54	2.79
ZN	0.28	0.65		1.81
ZB	0.16	0.36	0.55	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.89	2.18	7.95	16.71
ZF	0.39	0.95	3.48	7.31
ZN	0.51	1.24	1.13	2.38
ZB	0.56	0.68	1.25	1.31

	2y	5y	10y	30y
2y		2.44	2.23	4.68
5y	0.41		0.46	1.92
10y	0.45	2.19		2.10
30y	0.21	0.52	0.48	

	ZT	ZF	ZN	ZB
ZT		2.29	7.02	12.75
ZF	0.44		3.07	5.57
ZN	0.14	0.33		1.81
ZB	0.08	0.18	0.55	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.510	#VALUE!
1week	0.428	#VALUE!
2week	0.468	#VALUE!

	Libor\$ ¹	Tbill	CP ²
1M	0.501	0.007	0.500
3M	1.192	0.187	1.000
6M	1.736	0.416	1.590

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.855	56.50	1.42	1.763	0.908
5y	1.734	52.75	2.26		#VALUE!
10y	2.730	19.25	2.92		#VALUE!

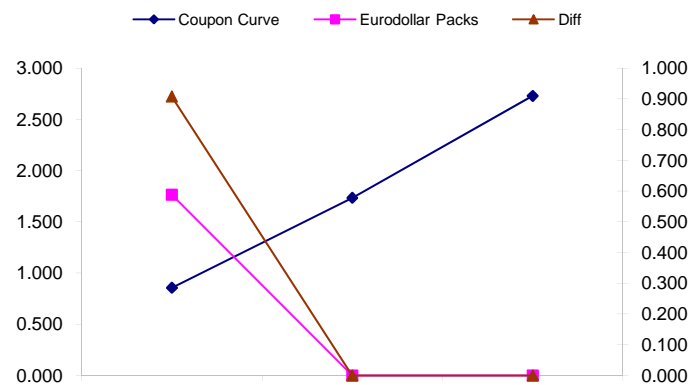
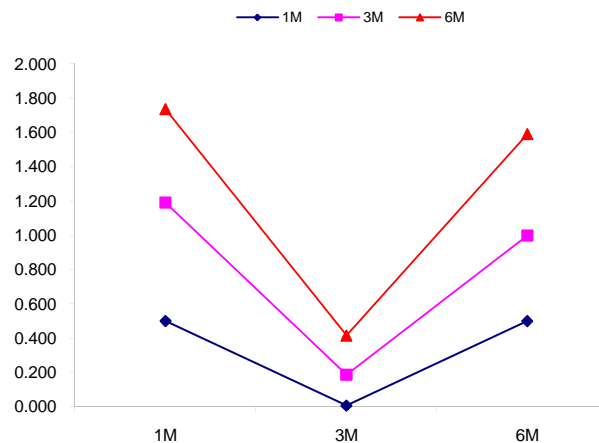
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
87.8	#VALUE!	#VALUE!
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
187.5	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
99.6	#VALUE!	#VALUE!

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:

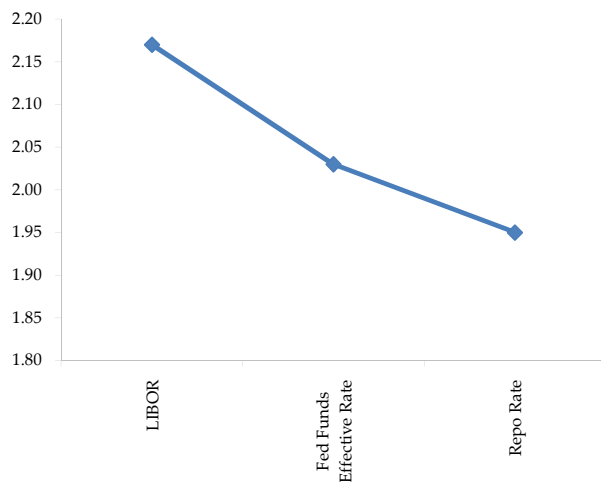
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



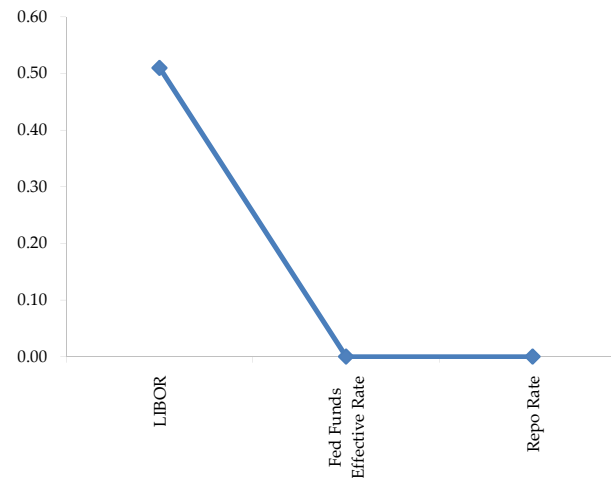
	Last	Chng	Term	Asset Type
USDLIBON	0.510	0.2238	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.753	(0.0070)	1 month	Euribor OIS Rate
TEONIA03M	0.687	(0.0090)	3 month	Euribor OIS Rate
TSONIA01M	0.450	0.0020	1 month	Sterling OIS Rate
TSONIA03M	0.452	0.0030	3 month	Sterling OIS Rate
TUSOIS01M	0.209	0.0010	1 month	USD OIS Rate
TUSOIS03M	0.228	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.

