



5/1/2009 5:30

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:
jgoulding@ghco.com

Disclaimer: All information within this newsletter is meant for internal use at GH Trader's LLC, only. All information has been recorded to the best of my ability. This material is based upon information that I consider reliable, but I do not represent that it is accurate or complete.

Economic Releases (32nds)

	5y	10y	ZNM9	ZBM9	Date
Non-farm High	100.1450	99.270	123.075	129.075	4/3/2009
Non-farm Low	99.2400	98.185	121.310	126.255	4/3/2009
FOMC High	99.0475	97.240	121.240	123.295	4/29/2009
FOMC Low	98.2150	96.280	120.160	121.250	4/29/2009
PPI High	100.2150	99.255	123.230	127.315	4/14/2009
PPI Low	100.0450	98.300	122.310	126.180	4/14/2009
CPI High	100.2400	99.310	123.275	128.080	3/18/2009
CPI Low	100.1300	99.095	123.085	126.240	3/18/2009
Auction Price	99.2213	98.096			
Last Trade	99.1020	96.265	120.300	122.170	5/1/2009

Auctions - 32nds

	2 y	3 y	5y	7y	10y	30y
Auction Price	99.273	99.311	99.221	99.310	98.096	97.146
Auction Yield Stop	0.949	1.385 r	1.940	2.384	2.95 r	3.64 r
Actual Auction Date	4/27/2009	4/8/2009	4/28/2009	4/29/2009	4/9/2009	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	108.2450	(0.2)	108.2470	108.2370	108.2450	4,853	2y Fut
Z3NM9	112.1400	(0.5)	112.1400	112.1350	112.1370	21	3y Fut
FVAM9	117.0370	(0.7)	117.0750	117.0350	117.0520	7,804	5y Fut
TYAM9	120.3000	0.00	121.0350	120.2850	121.0000	19,664	10y Fut
USAM9	122.1700	(1.00)	122.2450	122.1600	122.1700	2,763	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.2970	(0.50)	99.3020	99.2920	99.3000	na	2y Cash
BUS03P	100.0100	(1.00)	100.0200	100.0020	100.0070	na	3y Cash
BUS05P	99.1020	(1.50)	99.1300	99.0920	99.1220	na	5y Cash
BUS07P	99.1750	0.00	99.2150	99.1600	99.1750	na	7y Cash
BUS10P	96.2650	(4.00)	97.0050	96.2500	96.2750	na	10y Cash
BUS30P	90.1950	(8.50)	92.0850	90.1350	90.2450	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.907	0.080	0.919	0.903	0.911	na	2y Yield
BUS03Y	1.364	0.110	1.372	1.353	1.367	na	3y Yield
BUS05Y	2.017	0.190	2.026	2.001	2.016	na	5y Yield
BUS07Y	2.694	0.350	2.704	2.677	2.697	na	7y Yield
BUS10Y	3.127	0.160	3.132	3.108	3.125	na	10y Yield
BUS30Y	4.045	0.170		3.943	4.044	na	30y Yield

Notes:

Regarding the futures quotes: .2 .5 & .7
represent 1/4, 1/2, & 3/4s.

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	#VALUE!	#VALUE!	#VALUE!	#VALUE!	n/a	30y
10y	8.44	2.72	\$851	5.45	n/a	10y
7y	6.31	2.05	\$642	4.11	n/a	7y
5y	4.74	1.55	\$484	6.19	n/a	5y
3y	2.79	1.04	\$326	4.17	n/a	3y
2y	1.97	0.64	\$199	2.55	n/a	2y
ZB	10.01	4.26	\$133	4.26	0.6562	ZB
ZN	5.88	2.45	\$76	4.89	0.7672	ZN
ZF	4.03	1.59	\$50	6.34	0.8290	ZF
Z3N	2.82	1.08	\$34	4.34	0.7672	Z3N
ZT	1.83	0.68	\$21	2.73	0.9122	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 2.47 tics (Today, 04/28/09, the value in the box is 2.47).

Since ZN trades in half tics, then, 4.95 boxes = 1 basis point in ZN. (Again, today, 04/28/09, the value in the box is 4.95). 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		1.74	2.68	1.96	3.11
ZN	0.57		1.54	1.13	1.79
ZF	0.37	0.65		0.73	1.16
Z3N	0.51	0.89	1.37		1.59
ZT	0.32	0.56	0.86	1.26	

US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.5	2.1	3.6	4.8	6.4	#####
ZN	2.6	3.7	6.2	8.4	11.1	#####
ZF	4.0	5.7	9.6	12.9	17.2	#####
Z3N	2.9	4.2	7.0	9.5	12.6	#####
ZT	4.7	6.7	11.1	15.0	19.9	#####

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.43	2.38	3.22	4.28	#VALUE!
3y	0.70		1.66	1.88	2.99	#VALUE!
5y	0.42	0.60		1.35	1.80	#VALUE!
7y	0.31	0.44	0.74		1.33	#VALUE!
10y	0.23	0.33	0.56	0.75		#VALUE!
30y	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	

US Financial Futures vs German Futures

	ZB	ZN	ZF	ZT
Bund (M)	0.88	1.60	2.37	2.90
Bobl (M)	0.47	0.87	1.26	1.59
Shatz (M)	0.18	0.35	0.54	0.63

German Futrues vs German Futures

	Bund (M)	Bobl (M)	Shatz (M)
Bund (M)		1.82	4.57
Bobl (M)	0.55		2.51
Shatz (M)	0.22	0.40	

US Treasuries vs German Futures

	2y	3y	5y	7y	10y	30y
Bund (M)	1.7	2.5	4.0	5.4	7.1	14.4
Bobl (M)	3.0	4.5	7.2	9.8	13.0	26.3
Shatz (M)	7.6	11.2	18.0	23.1	32.5	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

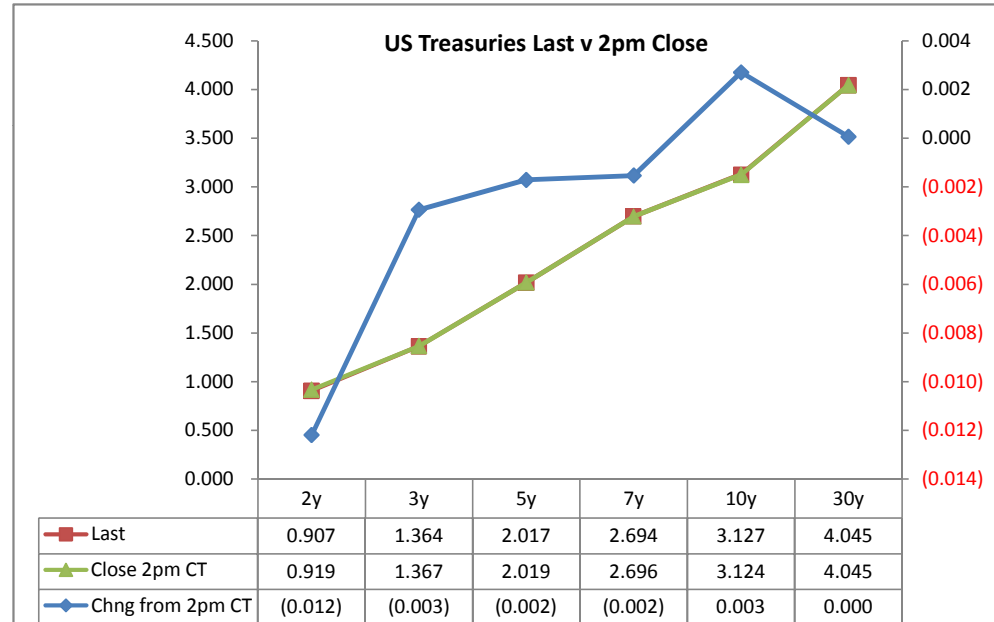
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng from 2pm	Basis (CF)		Cash Roll	Futrues Roll	Close 32	Last	
							Close	Last					
2y	0.875	4/30/11	99.2925	0.919	0.907	(0.012)	22.11	22.79			108.2475	108.245	TUAM9
3y	1.375	4/15/12	100.0750	1.367	1.364	(0.003)							
5y	1.875	4/30/14	99.1025	2.019	2.017	(0.002)	70.74	71.36			117.0450	117.037	FVAM9
7y	2.625	4/30/16	99.1750	2.696	2.694	(0.002)							
10y	3.750	11/15/18	96.2750	3.124	3.127	0.003	130.44	129.44			120.3000	120.300	TYAM9
30y	3.500	2/15/39	90.1950	4.045	4.045	0.000	325.88	326.54			122.1800	122.170	USAM9

Curve Spreads^

	Chng from		
	Close bps	Last bps	2pm Cls
2/3	44.8	45.7	0.9
2/5	110.0	111.0	1.0
2/7	177.7	178.8	1.1
3/5	65.2	65.3	0.1
3/7	132.9	133.0	0.1
2/10	220.5	222.0	1.5
3/10	175.7	176.3	0.6
5/7	67.7	67.7	0.0
5/10	110.5	110.9	0.4
2/30	312.6	313.8	1.2
3/30	267.8	268.1	0.3
5/30	202.6	202.8	0.2
7/10	42.8	43.2	0.4
7/30	134.9	135.1	0.2
10/30	92.1	91.8	(0.3)

	Last	Chng on Day
Emini SP	873.00	3.00
Crude Oil	50.64	(0.48)
Gold	883.70	(7.50)
EURUSD	132.92	0.60
USDJPY	99.36	0.72



^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	42%	100%		
10	23%	56%	100%	
30	#VALUE!	#VALUE!	#VALUE!	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	\$201	\$484		
10	\$198	\$478	\$851	
30	#VALUE!	#VALUE!	#VALUE!	#VALUE!

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	\$1	\$6	\$851	
30	#VALUE!	#VALUE!	#VALUE!	#VALUE!

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	-0.9%	0.0%		
10	0.3%	1.3%	0.0%	
30	#VALUE!	#VALUE!	#VALUE!	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.93	2.26	3.98	#VALUE!
ZF	0.40	0.98	1.72	#VALUE!
ZN	0.26	0.63	1.11	#VALUE!
ZB	0.15	0.36	0.64	#VALUE!

	2y	5y	10y	30y
2y		2.43	4.28	#VALUE!
5y	0.41		1.76	#VALUE!
10y	0.23	0.57		#VALUE!
30y	#VALUE!	#VALUE!	#VALUE!	

	ZT	ZF	ZN	ZB
ZT		2.32	3.58	6.23
ZF	0.43		1.54	2.68
ZN	0.28	0.65		1.74
ZB	0.16	0.37	0.57	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.93	2.26	7.97	#VALUE!
ZF	0.40	0.98	3.43	#VALUE!
ZN	0.52	1.27	1.11	#VALUE!
ZB	0.60	0.73	1.28	#VALUE!

	2y	5y	10y	30y
2y		2.43	2.14	#VALUE!
5y	0.41		0.44	#VALUE!
10y	0.47	2.27		#VALUE!
30y	#VALUE!	#VALUE!	#VALUE!	

	ZT	ZF	ZN	ZB
ZT		2.32	7.16	12.45
ZF	0.43		3.08	5.37
ZN	0.14	0.32		1.74
ZB	0.08	0.19	0.57	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.231	#VALUE!
1week	0.329	0.170
2week	0.369	0.170

	Libor\$ ¹	Tbill	CP ²
1M	0.411	0.050	0.400
3M	1.016	0.129	0.850
6M	1.565	0.276	1.490

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.907	56.75	1.47	1.981	1.074
5y	2.017	55.75	2.57		#VALUE!
10y		11.50	#VALUE!		#VALUE!

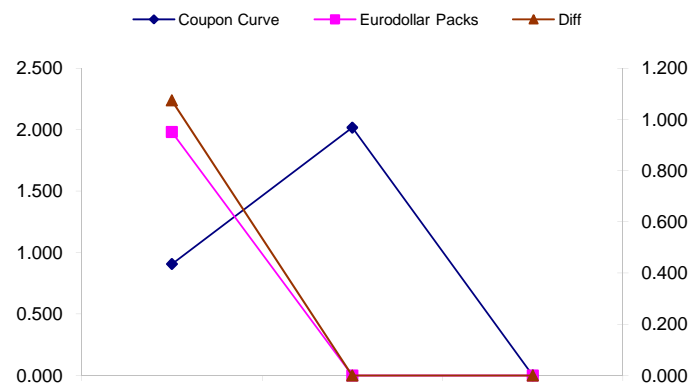
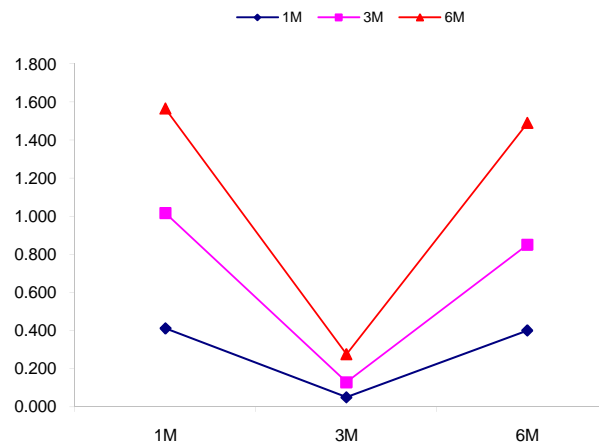
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
111.0	#VALUE!	#VALUE!
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
#VALUE!	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
#VALUE!	#VALUE!	#VALUE!

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



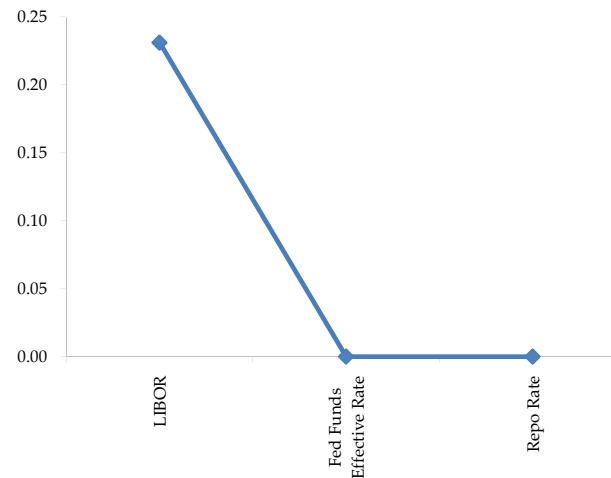
	Last	Chng	Term	Asset Type
USDLIBON	0.231	0.0000	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.695	0.0000	1 month	Euribor OIS Rate
TEONIA03M	0.718	(0.0010)	3 month	Euribor OIS Rate
TSONIA01M	0.399	0.0070	1 month	Sterling OIS Rate
TSONIA03M	0.419	0.0180	3 month	Sterling OIS Rate
TUSOIS01M	0.179	(0.0050)	1 month	USD OIS Rate
TUSOIS03M	0.191	(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.

