



5/5/2009 5:40

## The Morning Email: Treasuries

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Want something added? Let me know:  
[jgoulding@ghco.com](mailto:jgoulding@ghco.com)

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## 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	99.0820	96.165	120.250	122.075	5/5/2009

## 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	108.2270	0.0	108.2350	108.2220	108.2250	5,162	2y Fut
Z3NM9	112.1300	0.2	#VALUE!	#VALUE!	#VALUE!	0	3y Fut
FVAM9	117.0200	(0.7)	117.0400	117.0000	117.0200	11,998	5y Fut
TYAM9	120.2500	(4.00)	120.3050	120.2300	120.2700	36,165	10y Fut
USAM9	122.0750	(9.00)	122.1800	122.0550	122.1200	5,592	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.2770	(0.20)	99.2820	99.2720	99.2820	na	2y Cash
BUS03P	99.3120	(0.50)	99.3170	99.3000	99.2950	na	3y Cash
BUS05P	99.0820	(1.20)	99.0950	99.0650	99.0870	na	5y Cash
BUS07P	99.1550	(2.00)	99.1700	99.1400	99.1400	na	7y Cash
BUS10P	96.1650	(4.50)	96.2200	96.1200	96.1200	na	10y Cash
BUS30P	90.0250	(9.00)	90.0800	90.0150	90.1200	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.939	0.040	0.951	0.935	0.955	na	2y Yield
BUS03Y	1.383	0.060	1.397	1.378	1.403	na	3y Yield
BUS05Y	2.032	0.100	2.044	2.024	2.039	na	5y Yield
BUS07Y	2.704	0.150	2.714	2.699	2.709	na	7y Yield
BUS10Y	3.167	0.170	3.173	3.155	3.167	na	10y Yield
BUS30Y	4.073	0.170	4.080	4.068	4.069	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	
<b>30y</b>	17.58	5.35	\$1,672	10.70	n/a	<b>30y</b>
<b>10y</b>	8.43	2.71	\$847	5.42	n/a	<b>10y</b>
<b>7y</b>	6.30	2.05	\$642	4.11	n/a	<b>7y</b>
<b>5y</b>	4.73	1.55	\$483	6.18	n/a	<b>5y</b>
<b>3y</b>	2.79	1.04	\$325	4.16	n/a	<b>3y</b>
<b>2y</b>	1.96	0.63	\$198	2.54	n/a	<b>2y</b>
<b>ZB</b>	10.00	4.25	\$133	4.25	0.6562	<b>ZB</b>
<b>ZN</b>	5.87	2.44	\$76	4.88	0.7672	<b>ZN</b>
<b>ZF</b>	4.02	1.58	\$49	6.33	0.8290	<b>ZF</b>
<b>Z3N</b>	2.81	1.08	\$34	4.32	0.7672	<b>Z3N</b>
<b>ZT</b>	1.83	0.68	\$21	2.72	0.9122	<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 2.47 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	3.12
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	12.6
ZN	2.6	3.7	6.2	8.4	11.1	21.9
ZF	4.0	5.7	9.6	13.0	17.1	33.8
Z3N	2.9	4.2	7.0	9.5	12.5	24.7
ZT	4.7	6.7	11.1	15.1	19.9	39.3

## US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.43	2.38	3.24	4.27	8.43
3y	0.70		1.66	1.88	2.98	5.88
5y	0.42	0.60		1.36	1.79	3.54
7y	0.31	0.44	0.74		1.32	2.61
10y	0.23	0.34	0.56	0.76		1.97
30y	0.12	0.17	0.28	0.38	0.51	

## 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

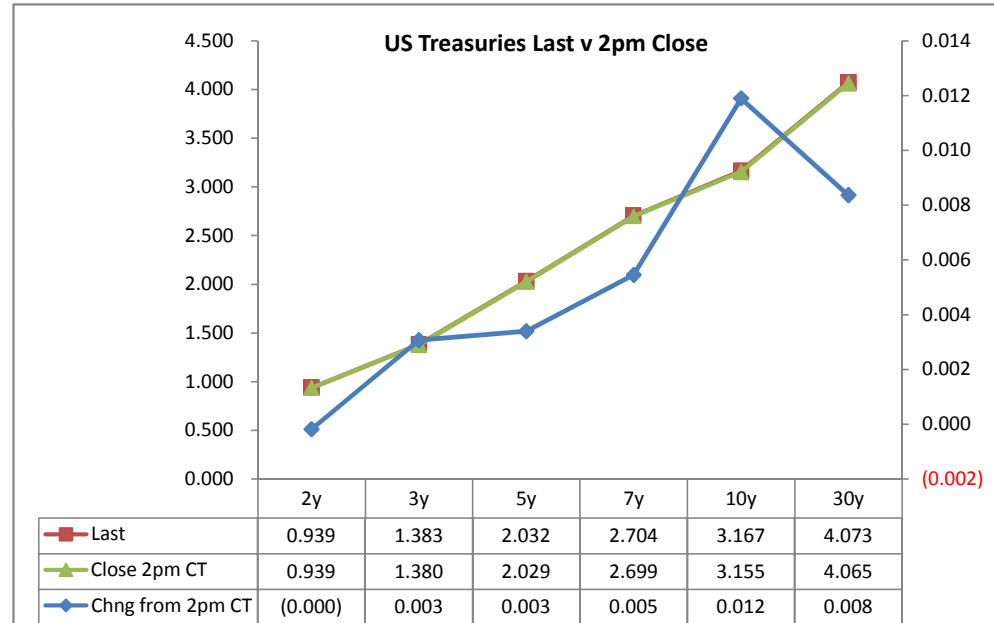
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng from 2pm	Basis (CF)		Cash	Futrues	Close 32	Last	
							Close	Last	Roll	Roll			
2y	0.875	4/30/11	99.2800	0.939	0.939	(0.000)	22.68	22.43			108.2275	108.227	TUAM9
3y	1.375	4/15/12	99.3150	1.380	1.383	0.003							
5y	1.875	4/30/14	99.0875	2.029	2.032	0.003	70.69	70.77			117.0275	117.020	FVAM9
7y	2.625	4/30/16	99.1700	2.699	2.704	0.005							
10y	3.750	11/15/18	96.1950	3.155	3.167	0.012	123.20	123.27			120.2900	120.250	TYAM9
30y	3.500	2/15/39	90.0950	4.065	4.073	0.008	316.87	315.77			122.1650	122.075	USAM9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm Cls
2/3	44.1	44.4	0.3
2/5	109.0	109.4	0.4
2/7	176.0	176.6	0.6
3/5	64.9	64.9	0.0
3/7	131.9	132.1	0.2
2/10	221.6	222.8	1.2
3/10	177.5	178.4	0.9
5/7	67.0	67.2	0.2
5/10	112.6	113.5	0.9
2/30	312.6	313.5	0.9
3/30	268.5	269.0	0.5
5/30	203.6	204.1	0.5
7/10	45.6	46.2	0.6
7/30	136.6	136.9	0.3
10/30	91.0	90.6	(0.4)

	Last	Chng on Day
Emini SP	902.75	0.00
Crude Oil	54.46	(0.01)
Gold	903.10	0.90
EURUSD	133.98	(0.10)
USDJPY	99.08	0.27



^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%	27%	48%	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	\$198			
5	\$200	\$483		
10	\$197	\$476	\$847	
30	\$187	\$450	\$802	\$1,672

**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	\$198			
5	(\$2)	\$483		
10	\$1	\$7	\$847	
30	\$12	\$33	\$46	\$1,672

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	0.6%	1.5%	0.0%	
30	6.3%	7.3%	5.7%	0.0%

## Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.93	2.27	3.98	7.86
ZF	0.40	0.98	1.71	3.38
ZN	0.26	0.63	1.11	2.19
ZB	0.15	0.36	0.64	1.26

	2y	5y	10y	30y
2y		2.43	4.27	8.43
5y	0.41		1.76	3.46
10y	0.23	0.57		1.97
30y	0.12	0.29	0.51	

	ZT	ZF	ZN	ZB
ZT		2.32	3.58	6.24
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	2.27	7.97	15.71
ZF	0.40	0.98	3.43	6.76
ZN	0.52	1.27	1.11	2.19
ZB	0.60	0.73	1.28	1.26

	2y	5y	10y	30y
2y		2.43	2.14	4.21
5y	0.41		0.44	1.73
10y	0.47	2.28		1.97
30y	0.24	0.58	0.51	

	ZT	ZF	ZN	ZB
ZT		2.32	7.16	12.48
ZF	0.43		3.08	5.37
ZN	0.14	0.32		1.74
ZB	0.08	0.19	0.57	

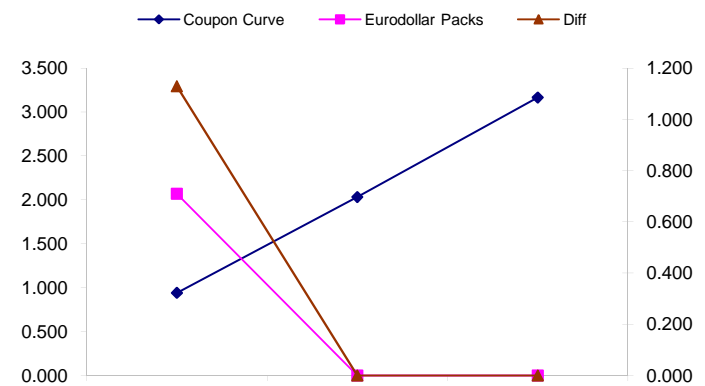
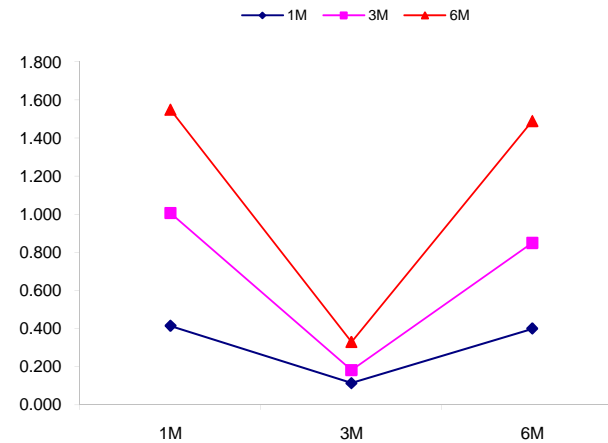
	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>			
0/N	0.236	#VALUE!			
1week	0.331	#VALUE!			
2week	0.371	#VALUE!			
	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>		
1M	0.414	0.114	0.400		
3M	1.007	0.182	0.850		
6M	1.549	0.330	1.490		
	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	0.939	57.75	1.52	2.068	1.129
5y	2.032	59.50	2.63		#VALUE!
10y	3.167	15.25	3.32		#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
109.4	#VALUE!	#VALUE!	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
222.8	#VALUE!	#VALUE!	Red pack / Gold pack is a 2/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
113.5	#VALUE!	#VALUE!	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



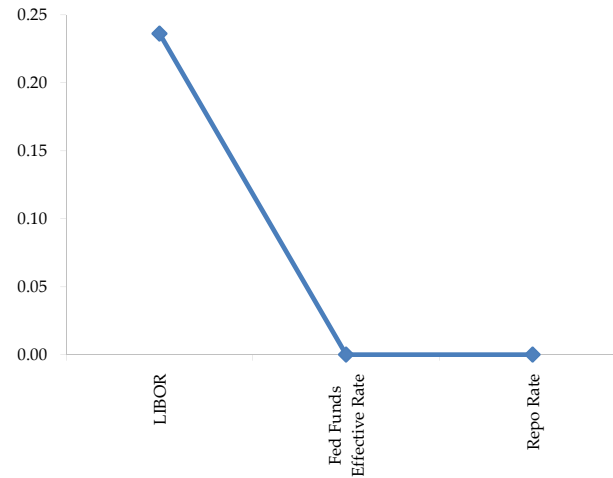
	Last	Chng	Term	Asset Type
USDLIBON	0.236	0.0000	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.679	(0.0200)	1 month	Euribor OIS Rate
TEONIA03M	0.711	(0.0080)	3 month	Euribor OIS Rate
TSONIA01M	0.408	0.0040	1 month	Sterling OIS Rate
TSONIA03M	0.417	(0.0090)	3 month	Sterling OIS Rate
TUSOIS01M	0.201	(0.0060)	1 month	USD OIS Rate
TUSOIS03M	0.207	(0.0040)	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.





