



5/7/2009 5:44

The Morning Email: Treasuries

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Want something added? Let me know:
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	99.143			
Last Trade	98.2820	98.315	120.155	121.065	5/7/2009

Auctions - 32nds

	2 y	3 y	5y	7y	10y	30y
Auction Price	99.273	99.228	99.221	99.310	99.143	97.146
Auction Yield Stop	0.949	1.375	1.940	2.384	3.190	3.64 r
Actual Auction Date	4/27/2009	5/5/2009	4/28/2009	5/29/2009	5/6/2009	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	108.2100	(1.7)	108.2320	108.1970	108.2220	17,076	2y Fut
Z3NM9	112.0970	(4.7)	112.0970	112.0550	112.0820	65	3y Fut
FVAM9	116.2320	(12.7)	117.0220	116.2050	117.0050	36,748	5y Fut
TYAM9	120.1550	(20.00)	121.0200	120.1200	120.3050	98,435	10y Fut
USAM9	121.0650	(105.00)	122.0900	121.0150	122.0450	16,447	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.2500	(1.20)	99.2700	99.2400	99.2600	na	2y Cash
BUS03P	99.2270	(3.50)	99.2700	99.2100	99.2620	na	3y Cash
BUS05P	98.2820	(10.70)	99.0600	98.2520	99.0500	na	5y Cash
BUS07P	99.0500	(12.00)	99.1900	99.0250	99.1650	na	7y Cash
BUS10P	98.3150	#VALUE!	99.2200	98.2650	99.1700	na	10y Cash
BUS30P	88.2350	(102.00)	89.2500	88.1800	89.2500	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.983	0.200	1.003	0.955	0.972	na	2y Yield
BUS03Y	1.471	0.430	1.492	1.428	1.437	na	3y Yield
BUS05Y	2.113	0.750	2.133	2.048	2.064	na	5y Yield
BUS07Y	2.755	0.500	2.772	2.690	2.702	na	7y Yield
BUS10Y	3.243	0.970	3.263	3.162	3.180	na	10y Yield
BUS30Y	4.163	0.670	4.174	4.097	4.097	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	17.46	5.24	\$1,636	10.47	n/a	30y
10y	8.41	2.79	\$871	5.57	n/a	10y
7y	6.33	2.09	\$652	4.17	n/a	7y
5y	4.72	1.54	\$480	6.15	n/a	5y
3y	2.93	0.95	\$298	3.81	n/a	3y
2y	1.96	0.63	\$198	2.53	n/a	2y
ZB	9.96	4.19	\$131	4.19	0.6562	ZB
ZN	5.86	2.43	\$76	4.86	0.7900	ZN
ZF	4.02	1.57	\$49	6.30	0.8291	ZF
Z3N	2.73	1.04	\$33	4.18	0.7900	Z3N
ZT	1.82	0.68	\$21	2.71	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		1.73	2.66	1.94	3.09
ZN	0.58		1.54	1.13	1.79
ZF	0.38	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	2.3	3.6	4.9	6.6	12.5
ZN	2.6	3.9	6.2	8.4	11.5	21.6
ZF	4.0	6.0	9.6	13.0	17.7	33.3
Z3N	2.9	4.4	7.0	9.5	12.9	24.3
ZT	4.7	7.0	11.1	15.1	20.5	38.6

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.51	2.38	3.23	4.41	8.28
3y	0.66		1.58	2.15	2.93	5.50
5y	0.42	0.63		1.36	1.85	3.48
7y	0.31	0.47	0.74		1.36	2.56
10y	0.23	0.34	0.54	0.73		1.88
30y	0.12	0.18	0.29	0.39	0.53	

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

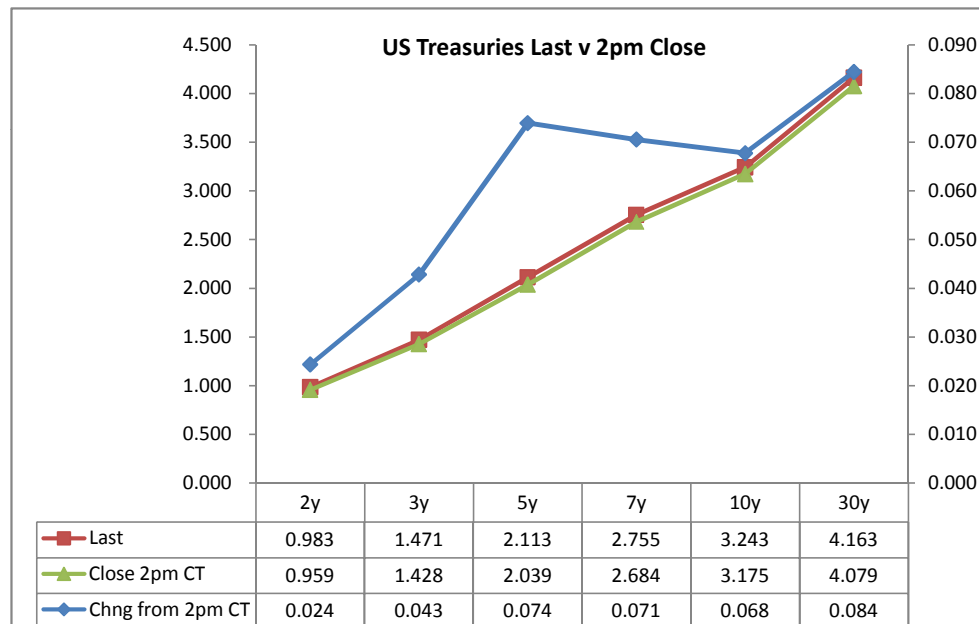
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis (CF)		Close 32	Last	
						from 2pm	Close	Last			
2y	0.875	4/30/11	99.2675	0.959	0.983	0.024	21.21	21.28	108.2300	108.210	TUAM9
3y	1.375	5/15/12	99.2700	1.428	1.471	0.043					
5y	1.875	4/30/14	99.0725	2.039	2.113	0.074	67.78	67.35	117.0400	116.232	FVAM9
7y	2.625	4/30/16	99.2000	2.684	2.755	0.071					
10y	3.125	5/15/19	99.1825	3.175	3.243	0.068	124.61	121.66	121.0350	120.155	TYAM9
30y	3.500	2/15/39	90.0200	4.079	4.163	0.084	312.65	294.43	122.1150	121.065	USAM9

Curve Spreads^

	Chng from		
	Close bps	Last bps	2pm CIs
2/3	46.9	48.7	1.8
2/5	108.0	113.0	5.0
2/7	172.5	177.1	4.6
3/5	61.1	64.2	3.1
3/7	125.6	128.4	2.8
2/10	221.6	225.9	4.3
3/10	174.7	177.2	2.5
5/7	64.5	64.2	(0.3)
5/10	113.6	113.0	(0.6)
2/30	312.0	318.0	6.0
3/30	265.1	269.3	4.2
5/30	204.0	205.1	1.1
7/10	49.1	48.8	(0.3)
7/30	139.5	140.9	1.4
10/30	90.4	92.1	1.7

	Last	Chng on Day
Emini SP	923.25	6.00
Crude Oil	57.79	1.45
Gold	917.00	6.00
EURUSD	133.21	(0.13)
USDJPY	99.30	0.97



^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	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	\$199	\$480		
10	\$203	\$489	\$871	
30	\$183	\$443	\$788	\$1,636

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	(\$1)	\$480		
10	(\$5)	(\$9)	\$871	
30	\$14	\$38	\$83	\$1,636

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	-0.7%	0.0%		
10	-2.5%	-1.8%	0.0%	
30	7.8%	8.5%	10.6%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.93	2.27	4.11	7.72
ZF	0.40	0.98	1.77	3.33
ZN	0.26	0.63	1.15	2.16
ZB	0.15	0.37	0.66	1.25

	2y	5y	10y	30y
2y		2.43	4.41	8.28
5y	0.41		1.81	3.41
10y	0.23	0.55		1.88
30y	0.12	0.29	0.53	

	ZT	ZF	ZN	ZB
ZT		2.32	3.58	6.18
ZF	0.43		1.54	2.66
ZN	0.28	0.65		1.73
ZB	0.16	0.38	0.58	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.93	2.27	8.22	15.44
ZF	0.40	0.98	3.54	6.65
ZN	0.52	1.27	1.15	2.16
ZB	0.60	0.73	1.33	1.25

	2y	5y	10y	30y
2y		2.43	2.20	4.14
5y	0.41		0.45	1.70
10y	0.45	2.21		1.88
30y	0.24	0.59	0.53	

	ZT	ZF	ZN	ZB
ZT		2.32	7.16	12.37
ZF	0.43		3.08	5.33
ZN	0.14	0.32		1.73
ZB	0.08	0.19	0.58	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.235	0.180
1week	0.313	0.220
2week	0.345	0.180

	Libor\$ ¹	Tbill	CP ²
1M	0.382	0.136	0.350
3M	0.956	0.182	0.700
6M	1.494	0.314	1.290

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.983	48.00	1.46	1.999	1.015
5y	2.113	51.25	2.63	3.715	1.603
10y	3.243	10.25	3.35	4.068	0.825

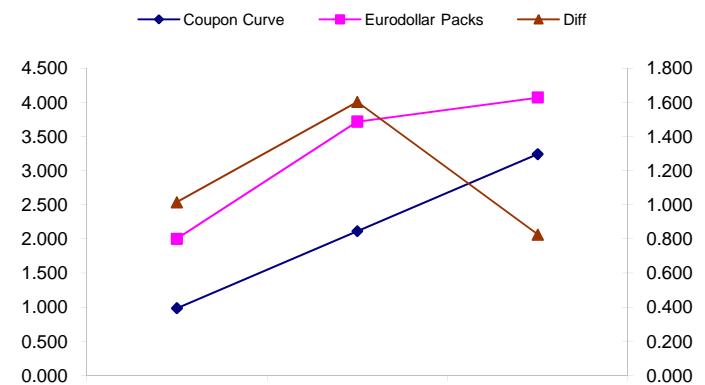
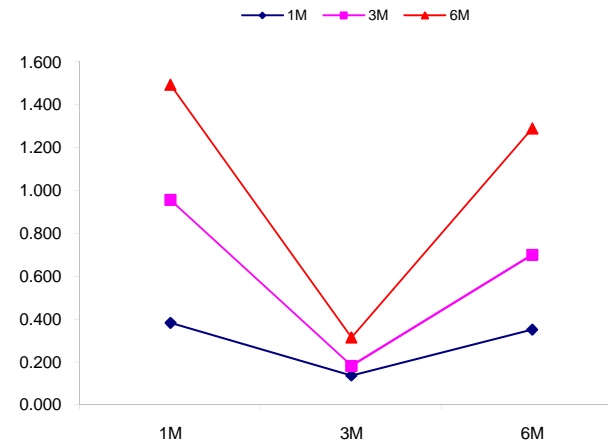
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
113.0	171.7	58.7
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
225.9	207.0	-19.0
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
113.0	35.3	-77.7

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



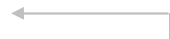
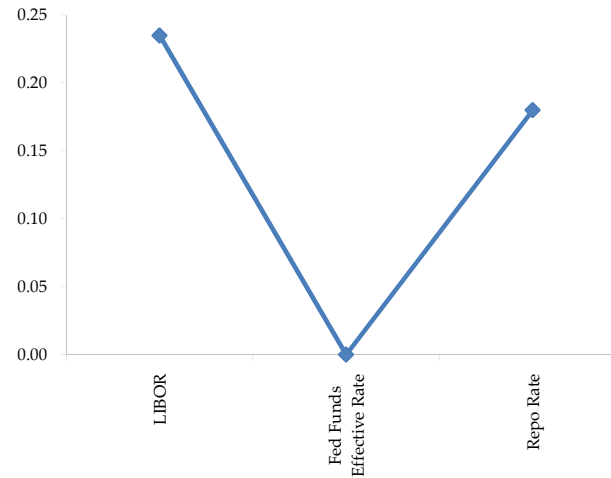
	Last	Chng	Term	Asset Type
USDLIBON	0.235	(0.0075)	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	0.180	0.0000	Overnight	Repo Rate
TEONIA01M	0.700	0.0300	1 month	Euribor OIS Rate
TEONIA03M	0.717	0.0140	3 month	Euribor OIS Rate
TSONIA01M	0.401	(0.0060)	1 month	Sterling OIS Rate
TSONIA03M	0.404	(0.0030)	3 month	Sterling OIS Rate
TUSOIS01M	0.201	0.0050	1 month	USD OIS Rate
TUSOIS03M	0.209	0.0030	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.

