5/8/2009 5:31

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:
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Auctions & Important Econ Release Highs & Lows

Economic Releases (32nds)

	5y	10y	ZNM9	ZBM9	Date
Non-farm High	100.1450	0.000	123.075	129.075	4/3/2009
Non-farm Low	99.2400	0.000	121.310	126.255	4/3/2009
FOMC High	99.0475	0.000	121.240	123.295	4/29/2009
FOMC Low	98.2150	0.000	120.160	121.250	4/29/2009
PPI High	100.2150	0.000	123.230	127.315	4/14/2009
PPI Low	100.0450	0.000	122.310	126.180	4/14/2009
CPI High	100.2400	0.000	123.275	128.080	3/18/2009
CPI Low	100.1300	0.000	123.085	126.240	3/18/2009
Auction Price	99.2213	99.143			
Last Trade	98.1620	98.070	119.295	120.005	5/8/2009

Auctions - 32nds

	2 y	3 y	5y	7y	10y	30y
Auction Price	99.273	99.228	99.221	99.310	99.143	99.116
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	5/7/2009

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	108.1920	(1.2)	108.2050	108.1850	108.1950	13,613	2y Fut
Z3NM9	112.0720	(2.2)	112.0850	112.0650	112.0800	33	3y Fut
FVAM9	116.1220	(8.2)	116.1800	116.0950	116.1650	37,564	5y Fut
TYAM9	119.2950	(10.50)	120.0450	119.2400	120.0100	67,922	10y Fut
USAM9	120.0050	(13.50)	120.1100	119.2200	120.0000	14,525	30y Fut
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
BUS02P	99.2370	(0.20)	99.2520	99.2320	99.2420	na	2y Cash
BUS03P	99.2050	(0.50)	99.2220	99.1900	99.2150	na	3y Cash
BUS05P	98.1620	(0.70)	98.2100	98.1400	98.1920	na	5y Cash
BUS07P	98.2250	2.00	98.2600	98.1850	98.2250	na	7y Cash
BUS10P	98.0700	3.00	99.0450	97.3150	99.0450	na	10y Cash
BUS30P	98.2900	#VALUE!	99.0850	98.1900	98.2800	na	30y Cash
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
BUS02Y	1.004	0.040	1.016	0.983	1.008	na	2y Yield
BUS03Y	1.498	0.100	1.514	1.479	1.488	na	3y Yield
BUS05Y	2.194	0.120	2.209	2.162	2.174	na	5y Yield
BUS07Y	2.830	(0.120)	2.853	2.815	2.831	na	7y Yield
BUS10Y	3.336	(0.090)	3.364	3.226	3.330	na	10y Yield
BUS30Y	4.313	(0.030)	4.334	4.294	4.317	na	30y Yield

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

Duration, DV01s, CFs

	M Duration	DV01 32	DV01 $	DV01 Box	CF	
30y	17.37	5.84	$1,824	11.67	n/a	**30y**
10y	8.39	2.76	$862	5.52	n/a	**10y**
7y	6.32	2.07	$648	4.15	n/a	**7y**
5y	4.71	1.53	$478	6.11	n/a	**5y**
3y	2.92	0.95	$296	3.80	n/a	**3y**
2y	1.95	0.63	$197	2.52	n/a	**2y**
ZB	9.92	4.14	$129	4.14	0.6562	**ZB**
ZN	5.85	2.41	$75	4.83	0.7900	**ZN**
ZF	4.01	1.57	$49	6.26	0.8291	**ZF**
Z3N	2.72	1.04	$33	4.16	0.7900	**Z3N**
ZT	1.81	0.68	$21	2.70	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

Hedge Ratio's

US Financial Futures

	ZB	ZN	ZF	Z3N	ZT
ZB		1.71	2.64	1.93	3.07
ZN	0.58		1.54	1.12	1.79
ZF	0.38	0.65		0.73	1.16
Z3N	0.52	0.89	1.37		1.59
ZT	0.33	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	6.7	14.1
ZN	2.6	3.9	6.2	8.4	11.4	24.2
ZF	4.0	6.1	9.6	13.0	17.6	37.3
Z3N	2.9	4.4	7.0	9.4	12.8	27.2
ZT	4.7	7.0	11.1	15.0	20.4	43.2

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.51	2.38	3.23	4.39	9.27
3y	0.66		1.58	2.14	2.91	6.15
5y	0.42	0.63		1.36	1.84	3.90
7y	0.31	0.47	0.74		1.36	2.87
10y	0.23	0.34	0.54	0.74		2.11
30y	0.11	0.16	0.26	0.35	0.47	

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 Treasuires 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

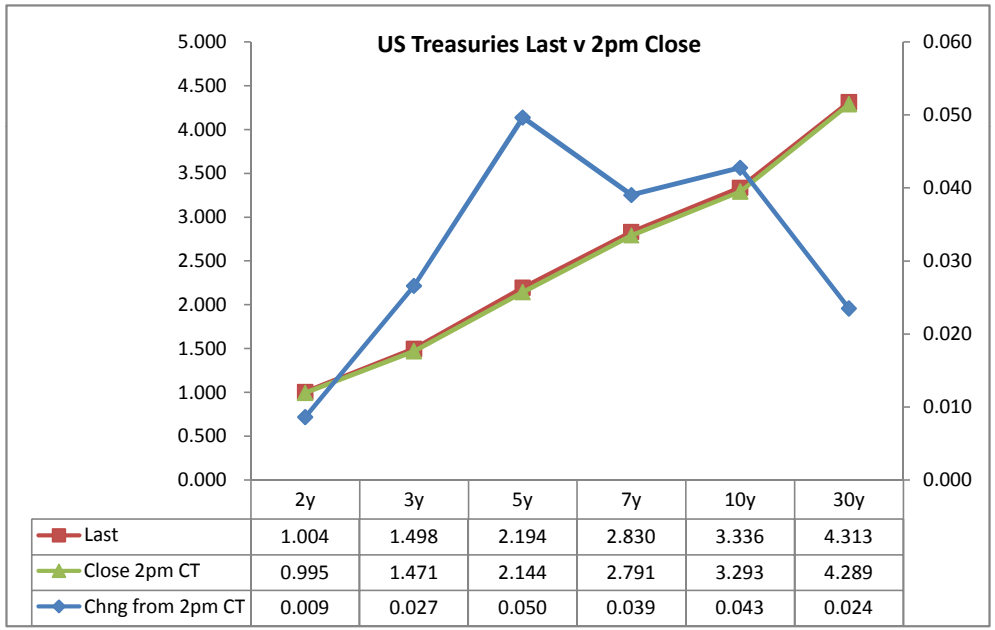
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng from 2pm	Basis (CF) Close	Basis (CF) Last	Close 32	Last	
2y	0.875	4/30/11	99.2450	0.995	1.004	0.009	21.46	21.62	108.2025	108.192	TUAM9
3y	1.375	5/15/12	99.2300	1.471	1.498	0.027					
5y	1.875	4/30/14	98.2350	2.144	2.194	0.050	64.88	64.47	116.2050	116.122	FVAM9
7y	2.625	4/30/16	98.3050	2.791	2.830	0.039					
10y	3.125	5/15/19	98.1850	3.293	3.336	0.043	114.58	111.38	120.0800	119.295	TYAM9
30y	4.250	5/15/39	99.1100	4.289	4.313	0.024	650.01	644.86	120.1400	120.005	USAM9

Curve Spreads^

	Close bps	Last bps	Chng from 2pm Cls
2/3	47.6	49.4	1.8
2/5	114.9	119.0	4.1
2/7	179.6	182.6	3.0
3/5	67.3	69.6	2.3
3/7	132.0	133.2	1.2
2/10	229.8	233.2	3.4
3/10	182.2	183.8	1.6
5/7	64.7	63.6	(1.1)
5/10	114.9	114.2	(0.7)
2/30	329.4	330.9	1.5
3/30	281.8	281.5	(0.3)
5/30	214.5	211.9	(2.6)
7/10	50.2	50.6	0.4
7/30	149.8	148.2	(1.6)
10/30	99.6	97.7	(1.9)

	Last	Chng on Day
Emini SP	917.25	10.25
Crude Oil	57.73	1.02
Gold	916.80	1.30
EURUSD	133.91	0.00
USDJPY	99.38	0.25



^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	$197			
5	$197	$478		
10	$200	$485	$862	
30	$205	$495	$881	$1,824

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	$197			
5	($1)	$478		
10	($4)	($7)	$862	
30	($8)	($17)	($18)	$1,824

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	-0.3%	0.0%		
10	-1.8%	-1.5%	0.0%	
30	-3.8%	-3.5%	-2.1%	0.0%

Tic for Tic & Box for Box Matrix

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.93	2.26	4.09	8.65
ZF	0.40	0.98	1.76	3.73
ZN	0.26	0.63	1.14	2.42
ZB	0.15	0.37	0.67	1.41

	2y	5y	10y	30y
2y		2.43	4.39	9.27
5y	0.41		1.81	3.82
10y	0.23	0.55		2.11
30y	0.11	0.26	0.47	

	ZT	ZF	ZN	ZB
ZT		2.32	3.58	6.13
ZF	0.43		1.54	2.64
ZN	0.28	0.65		1.71
ZB	0.16	0.38	0.58	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.93	2.26	8.18	17.29
ZF	0.40	0.98	3.52	7.45
ZN	0.52	1.27	1.14	2.42
ZB	0.61	0.74	1.33	1.41

	2y	5y	10y	30y
2y		2.43	2.19	4.64
5y	0.41		0.45	1.91
10y	0.46	2.21		2.11
30y	0.22	0.52	0.47	

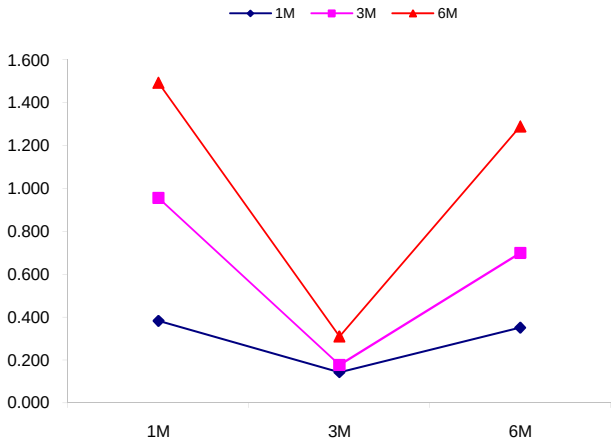
	ZT	ZF	ZN	ZB
ZT		2.32	7.16	12.27
ZF	0.43		3.08	5.29
ZN	0.14	0.32		1.71
ZB	0.08	0.19	0.58	

Key Money Rate, Spreads, Swaps, Packs

	Libor$ [1]	Repo Rt [6]
0/N	0.235	#VALUE!
1week	0.313	#VALUE!
2week	0.345	#VALUE!

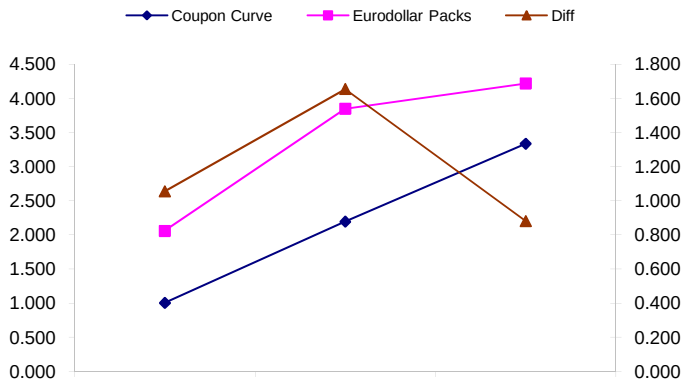
	Libor$ [1]	Tbill	CP [2]
1M	0.382	0.142	0.350
3M	0.956	0.177	0.700
6M	1.494	0.309	1.290

	TSY	Swp	Swp Rate [5]	ED Pks [3]	TSY - ED Pk [4]
2y	1.004	46.25	1.47	2.059	1.055
5y	2.194	50.50	2.70	3.847	1.653
10y	3.336	11.75	3.45	4.217	0.881



2/5	Rd/Blu Pk	Diff
119.0	178.8	59.8
2/10	**Rd/Gld Pk**	**Diff**
233.2	215.8	-17.4
5/10	**Blu/Gld Pk**	**Diff**
114.2	37.0	-77.2

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

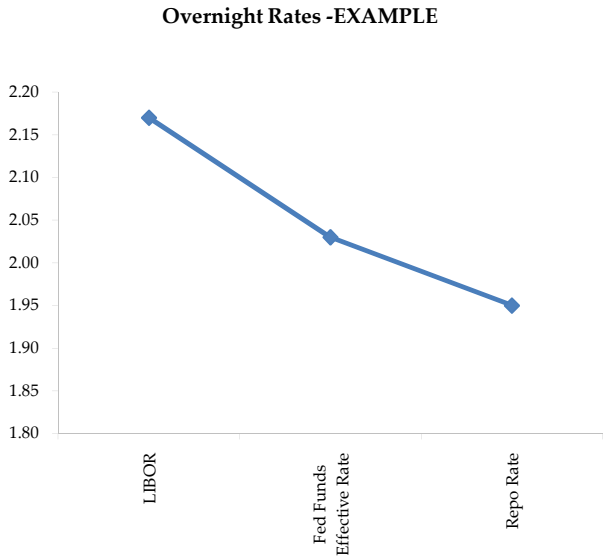
5) Swap divided by 100 + TSY yield gives swap rate in basis points.

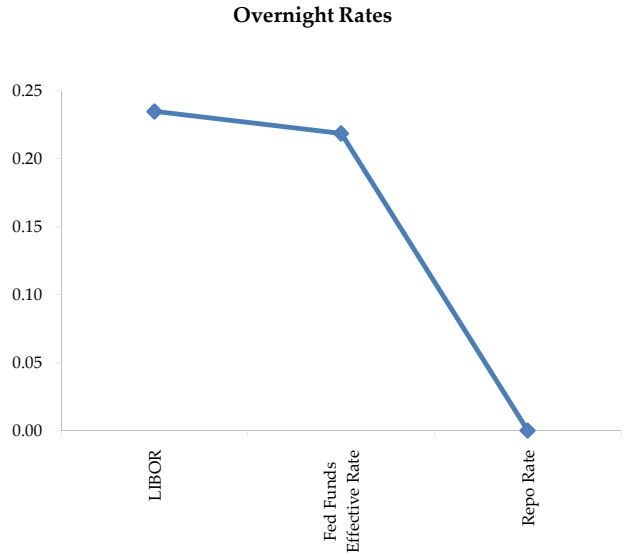
6) Repo Rt quotes is for overnight General Collateral

Libor, Fed Funds (OIS), Repo, SONIA & EONIA Rates

	Last	Chng	Term	Asset Type
USDLIBON	0.235	0.0000	Overnight	LIBOR
TUSFFRON	0.219	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.681	(0.0030)	1 momth	Euribor OIS Rate
TEONIA03M	0.681	(0.0060)	3 month	Euribor OIS Rate
TSONIA01M	0.401	0.0000	1 momth	Sterling OIS Rate
TSONIA03M	0.407	0.0020	3 month	Sterling OIS Rate
TUSOIS01M	0.198	(0.0010)	1 momth	USD OIS Rate
TUSOIS03M	0.205	(0.0030)	3 month	USD OIS Rate

Example, below





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.