5/12/2009 5:41

The Morning Email: Treasuries

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Want something added? Let me know:
jgoulding@ghco.com

Auctions & Important Econ Release Highs & Lows

Economic Releases (32nds)

	5y	10y	ZNM9	ZBM9	Date
Non-farm High	98.2900	98.275	120.210	120.265	4/3/2009
Non-farm Low	98.1675	97.225	119.230	119.155	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	99.0700	99.150	121.060	121.220	5/12/2009

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	4.288
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	108.2570	(0.7)	108.2700	108.2420	108.2670	13,029	2y Fut
Z3NM9	112.1970	(1.0)	112.2100	112.1970	112.2100	4	3y Fut
FVAM9	117.0500	(2.7)	117.0920	116.3150	116.3150	23,983	5y Fut
TYAM9	121.0600	(2.50)	121.1200	120.2950	121.0800	95,303	10y Fut
USAM9	121.2200	(2.00)	121.3000	121.1150	121.2500	14,700	30y Fut
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
BUS02P	99.3000	(1.00)	99.3070	99.2850	99.3050	na	2y Cash
BUS03P	100.0200	(0.70)	100.0350	99.3150	100.0220	na	3y Cash
BUS05P	99.0700	(2.20)	99.1120	99.0270	99.0770	na	5y Cash
BUS07P	99.2150	(3.50)	99.2700	99.1600	99.2350	na	7y Cash
BUS10P	99.1500	(3.50)	99.2350	99.0650	99.1900	na	10y Cash
BUS30P	101.1050	3.50	101.1650	100.2800	101.0200	na	30y Cash
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
BUS02Y	0.903	0.160	0.931	0.895	0.912	na	2y Yield
BUS03Y	1.354	0.160	1.380	1.338	1.351	na	3y Yield
BUS05Y	2.040	0.190	2.070	2.013	2.047	na	5y Yield
BUS07Y	2.675	0.220	2.705	2.650	2.667	na	7y Yield
BUS10Y	3.186	0.170	3.219	3.156	3.187	na	10y Yield
BUS30Y	4.169	(0.020)	4.198	4.161	4.187	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	16.62	5.72	$1,786	11.43	n/a	**30y**
10y	8.40	2.80	$875	5.60	n/a	**10y**
7y	6.32	2.09	$655	4.19	n/a	**7y**
5y	4.71	1.54	$481	6.16	n/a	**5y**
3y	2.91	0.95	$297	3.81	n/a	**3y**
2y	1.94	0.63	$197	2.52	n/a	**2y**
ZB	9.96	4.21	$132	4.21	0.7585	**ZB**
ZN	5.86	2.44	$76	4.88	0.7900	**ZN**
ZF	4.00	1.58	$49	6.31	0.8291	**ZF**
Z3N	2.71	1.04	$33	4.17	0.7900	**Z3N**
ZT	1.81	0.67	$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		1.73	2.67	1.95	3.12
ZN	0.58		1.55	1.13	1.81
ZF	0.37	0.65		0.73	1.17
Z3N	0.51	0.88	1.37		1.60
ZT	0.32	0.55	0.86	1.25	

US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.5	2.3	3.6	4.9	6.6438	13.6
ZN	2.6	3.9	6.2	8.4	11.4705	23.4
ZF	4.0	6.0	9.6	13.0	17.7444	36.2
Z3N	2.9	4.4	7.0	9.5	12.9817	26.5
ZT	4.7	7.1	11.2	15.2	20.7484	42.4

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.51	2.39	3.26	4.45	9.08
3y	0.66		1.58	2.15	2.94	6.00
5y	0.42	0.63		1.36	1.86	3.79
7y	0.31	0.46	0.74		1.37	2.79
10y	0.22	0.34	0.54	0.73		2.04
30y	0.11	0.17	0.26	0.36	0.49	

US Financial Futures vs German Futures

	ZB	ZN	ZF	ZT
Bund (M)	0.88	1.60	2.37	2.9
Bobl (M)	0.47	0.87	1.26	1.591
Shatz (M)	0.18	0.35	0.54	0.634

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	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

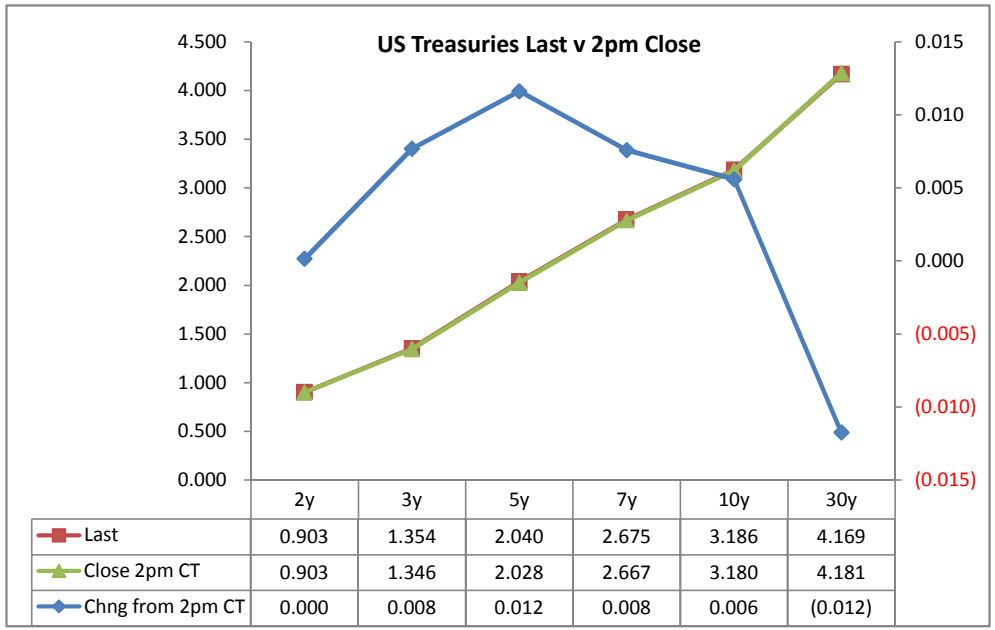
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng from 2pm	Basis (CF) Close	Basis (CF) Last	Close 32	Last	
2y	0.875	4/30/11	99.3025	0.903	0.903	0.000	21.51	21.99	108.2650	108.257	TUAM9
3y	1.375	5/15/12	100.0275	1.346	1.354	0.008					
5y	1.875	4/30/14	99.0900	2.028	2.040	0.012	66.42	66.70	117.0775	117.05	FVAM9
7y	2.625	4/30/16	99.2350	2.667	2.675	0.008					
10y	3.125	5/15/19	99.1700	3.180	3.186	0.006	119.41	119.38	121.0850	121.06	TYAM9
30y	4.250	5/15/39	101.0550	4.181	4.169	(0.012)	282.38	288.90	121.2400	121.22	USAM9

Curve Spreads^

	Close bps	Last bps	Chng from 2pm Cls
2/3	44.3	45.1	0.8
2/5	112.5	113.6	1.1
2/7	176.4	177.1	0.7
3/5	68.2	68.6	0.4
3/7	132.1	132.1	(0.0)
2/10	227.7	228.2	0.5
3/10	183.4	183.2	(0.2)
5/7	63.9	63.5	(0.4)
5/10	115.2	114.6	(0.6)
2/30	327.8	326.6	(1.2)
3/30	283.5	281.6	(1.9)
5/30	215.3	213.0	(2.3)
7/10	51.3	51.1	(0.2)
7/30	151.4	149.5	(1.9)
10/30	100.1	98.4	(1.7)

	Last	Chng on Day
Emini SP	910.00	1.00
Crude Oil	59.19	0.69
Gold	918.00	4.50
EURUSD	136.41	0.56
USDJPY	97.43	(0.05)



^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	12%	28%	51%	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	$198	$481		
10	$202	$491	$875	
30	$209	$506	$903	$1,786

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	($2)	$481		
10	($6)	($10)	$875	
30	($12)	($25)	($28)	$1,786

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	-2.8%	-2.0%	0.0%	
30	-5.8%	-5.0%	-3.1%	0.0%

Tic for Tic & Box for Box Matrix

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.93	2.28	4.15	8.47
ZF	0.40	0.98	1.77	3.62
ZN	0.26	0.63	1.15	2.34
ZB	0.15	0.37	0.66	1.36

	2y	5y	10y	30y
2y		2.45	4.45	9.08
5y	0.41		1.82	3.71
10y	0.22	0.55		2.04
30y	0.11	0.27	0.49	

	ZT	ZF	ZN	ZB
ZT		2.34	3.62	6.25
ZF	0.43		1.55	2.67
ZN	0.28	0.65		1.73
ZB	0.16	0.37	0.58	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.93	2.28	8.30	16.95
ZF	0.40	0.98	3.55	7.25
ZN	0.52	1.26	1.15	2.34
ZB	0.60	0.73	1.33	1.36

	2y	5y	10y	30y
2y		2.45	2.22	4.54
5y	0.41		0.45	1.86
10y	0.45	2.20		2.04
30y	0.22	0.54	0.49	

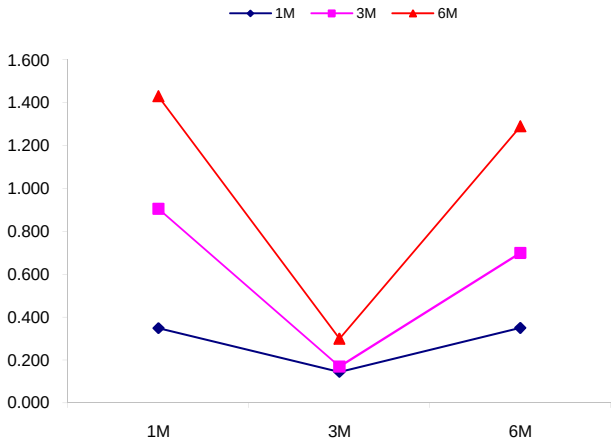
	ZT	ZF	ZN	ZB
ZT		2.34	7.24	12.49
ZF	0.43		3.09	5.34
ZN	0.14	0.32		1.73
ZB	0.08	0.19	0.58	

Key Money Rate, Spreads, Swaps, Packs

	Libor$ [1]	Repo Rt [6]
0/N	0.221	0.180
1week	0.299	0.170
2week	0.330	0.170

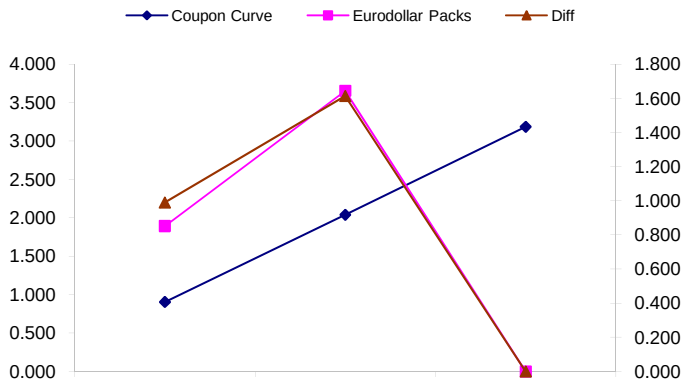
	Libor$ [1]	Tbill	CP [2]
1M	0.349	0.144	0.350
3M	0.906	0.169	0.700
6M	1.430	0.299	1.290

	TSY	Swp	Swp Rate[5]	ED Pks[3]	TSY - ED Pk [4]
2y	0.903	47.50	1.38	1.892	0.989
5y	2.040	50.75	2.55	3.652	1.613
10y	3.186	12.75	3.31		#VALUE!



2/5	Rd/Blu Pk	Diff
113.6	176.0	62.3
2/10	**Rd/Gld Pk**	**Diff**
228.2	#VALUE!	#VALUE!
5/10	**Blu/Gld Pk**	**Diff**
114.6	#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

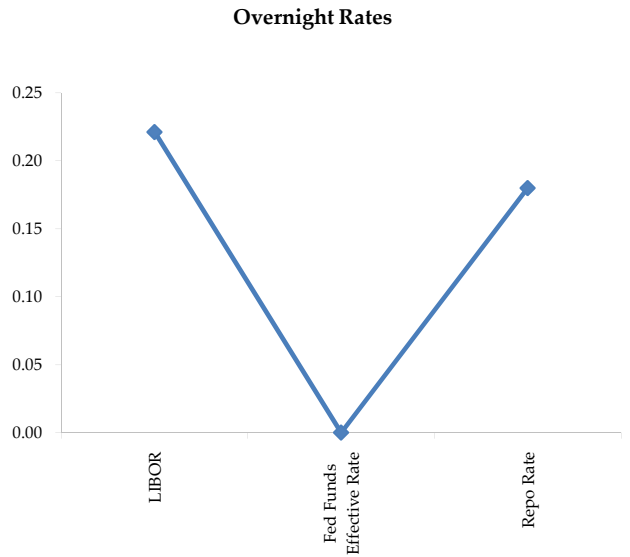
5) Swap divided by 100 + TSY yield gives swap rate in basis points.

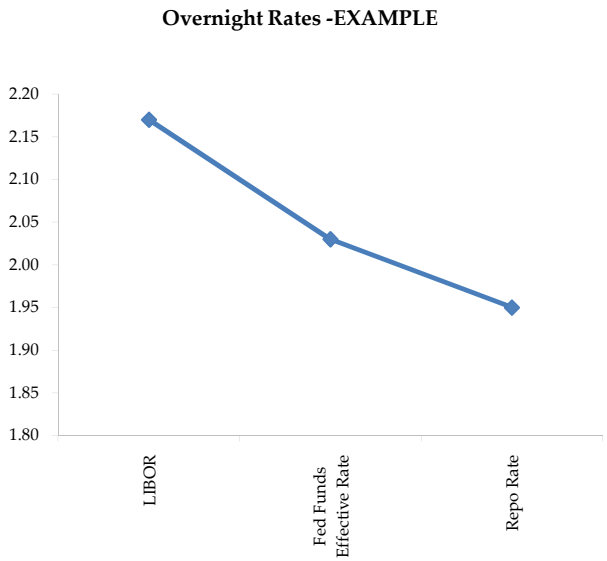
6) Repo Rt quotes is for overnight General Collateral

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

	Last	Chng	Term	Asset Type
USDLIBON	0.221	(0.0050)	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	0.180	0.0000	Overnight	Repo Rate
TEONIA01M	0.697	0.0080	1 momth	Euribor OIS Rate
TEONIA03M	0.691	0.0010	3 month	Euribor OIS Rate
TSONIA01M	0.405	(0.0050)	1 momth	Sterling OIS Rate
TSONIA03M	0.418	(0.0090)	3 month	Sterling OIS Rate
TUSOIS01M	0.183	0.0000	1 momth	USD OIS Rate
TUSOIS03M	0.195	(0.0020)	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.