



5/15/2009 5:41

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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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	99.2000	100.115	121.260	123.150	5/15/2009

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

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAM9	108.3070	0.7	108.3070	108.2900	108.3050	9,966	2y Fut
Z3NM9	112.2950	2.0	112.2950	112.2950	112.2950	1	3y Fut
FVAM9	117.2320	2.0	117.2450	117.1970	117.2320	19,156	5y Fut
TYAM9	121.2600	4.50	121.2950	121.2000	121.2550	56,443	10y Fut
USAM9	123.1500	11.50	123.2300	123.0650	123.1200	12,361	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.0200	0.20	100.0250	100.0050	100.0150	na	2y Cash
BUS03P	100.0850	0.70	100.0900	100.0670	100.0800	na	3y Cash
BUS05P	99.2000	1.00	99.2120	99.1670	99.1770	na	5y Cash
BUS07P	100.0650	1.00	100.0950	100.0300	100.0300	na	7y Cash
BUS10P	100.1150	3.50	100.1550	100.0450	100.0550	na	10y Cash
BUS30P	103.1950	5.00	103.2400	103.0850	103.1550	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.834	(0.040)	0.867	0.834	0.851	na	2y Yield
BUS03Y	1.279	(0.030)	1.303	1.279	1.290	na	3y Yield
BUS05Y	1.953	(0.090)	1.976	1.946	1.962	na	5y Yield
BUS07Y	2.590	0.020	2.610	2.578	2.595	na	7y Yield
BUS10Y	3.081	(0.070)	3.108	3.068	3.092	na	10y Yield
BUS30Y	4.038	(0.140)	4.061	4.033	4.048	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	17.11	6.01	\$1,879	12.03	n/a	30y
10y	8.53	2.87	\$896	5.73	n/a	10y
7y	6.31	2.10	\$657	4.21	n/a	7y
5y	4.70	1.54	\$482	6.17	n/a	5y
3y	2.92	0.96	\$299	3.83	n/a	3y
2y	1.93	0.63	\$196	2.50	n/a	2y
ZB	10.26	4.41	\$138	4.41	0.7585	ZB
ZN	5.98	2.50	\$78	5.00	0.7900	ZN
ZF	3.99	1.58	\$49	6.32	0.8291	ZF
Z3N	2.70	1.04	\$33	4.16	0.7900	Z3N
ZT	1.80	0.67	\$21	2.68	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		1.76	2.79	2.05	3.29
ZN	0.57		1.58	1.16	1.86
ZF	0.36	0.63		0.73	1.18
Z3N	0.49	0.86	1.36		1.60
ZT	0.30	0.54	0.85	1.25	

US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.4	2.2	3.4	4.7	6.5012	13.6
ZN	2.5	3.8	6.0	8.2	11.4699	24.1
ZF	4.0	6.1	9.6	13.0	18.1517	38.1
Z3N	2.9	4.4	7.0	9.6	13.3319	28.0
ZT	4.7	7.1	11.3	15.3	21.381	44.8

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.53	2.41	3.29	4.58	9.61
3y	0.65		1.58	2.15	3.00	6.29
5y	0.41	0.63		1.36	1.90	3.98
7y	0.30	0.46	0.73		1.39	2.92
10y	0.22	0.33	0.53	0.72		2.10
30y	0.10	0.16	0.25	0.34	0.48	

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 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	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

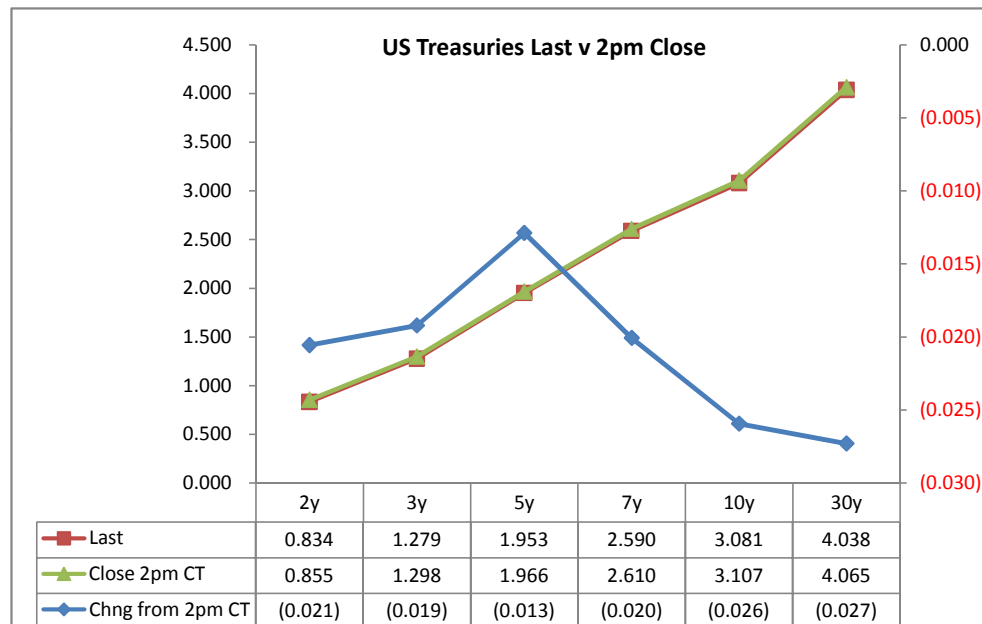
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis (CF)		Close 32	Last	
						from 2pm	Close	Last			
2y	0.875	4/30/11	100.0125	0.855	0.834	(0.021)	21.32	21.43	108.3000	108.307	TUAM9
3y	1.375	5/15/12	100.0725	1.298	1.279	(0.019)					
5y	1.875	4/30/14	99.1825	1.966	1.953	(0.013)	64.48	64.61	117.2125	117.232	FVAM9
7y	2.625	4/30/16	100.0300	2.610	2.590	(0.020)					
10y	3.125	5/15/19	100.0500	3.107	3.081	(0.026)	129.13	132.08	121.2150	121.26	TYAM9
30y	4.250	5/15/39	103.0600	4.065	4.038	(0.027)	313.89	318.67	123.0350	123.15	USAM9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm Cls
2/3	44.3	44.4	0.1
2/5	111.1	111.9	0.8
2/7	175.5	175.5	0.0
3/5	66.8	67.4	0.6
3/7	131.2	131.1	(0.1)
2/10	225.2	224.7	(0.5)
3/10	180.9	180.2	(0.7)
5/7	64.4	63.7	(0.7)
5/10	114.1	112.8	(1.3)
2/30	321.0	320.3	(0.7)
3/30	276.7	275.9	(0.8)
5/30	209.9	208.5	(1.4)
7/10	49.7	49.1	(0.6)
7/30	145.5	144.8	(0.7)
10/30	95.8	95.7	(0.1)

	Last	Chng on Day
Emini SP	886.50	(3.00)
Crude Oil	58.19	(0.43)
Gold	925.10	(3.30)
EURUSD	135.63	(0.80)
USDJPY	94.94	(0.87)



^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%	55%	100%	
30	11%	27%	50%	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	\$196			
5	\$198	\$482		
10	\$203	\$494	\$896	
30	\$212	\$516	\$937	\$1,879

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	\$196			
5	(\$2)	\$482		
10	(\$7)	(\$12)	\$896	
30	(\$16)	(\$34)	(\$41)	\$1,879

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	-1.1%	0.0%		
10	-3.5%	-2.4%	0.0%	
30	-7.7%	-6.7%	-4.3%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.93	2.30	4.28	8.97
ZF	0.40	0.98	1.82	3.81
ZN	0.25	0.62	1.15	2.41
ZB	0.14	0.35	0.65	1.36

	2y	5y	10y	30y
2y		2.46	4.58	9.61
5y	0.41		1.86	3.90
10y	0.22	0.54		2.10
30y	0.10	0.26	0.48	

	ZT	ZF	ZN	ZB
ZT		2.36	3.73	6.58
ZF	0.42		1.58	2.79
ZN	0.27	0.63		1.76
ZB	0.15	0.36	0.57	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.93	2.30	8.55	17.93
ZF	0.40	0.98	3.63	7.61
ZN	0.50	1.23	1.15	2.41
ZB	0.57	0.70	1.30	1.36

	2y	5y	10y	30y
2y		2.46	2.29	4.80
5y	0.41		0.46	1.95
10y	0.44	2.15		2.10
30y	0.21	0.51	0.48	

	ZT	ZF	ZN	ZB
ZT		2.36	7.46	13.16
ZF	0.42		3.17	5.58
ZN	0.13	0.32		1.76
ZB	0.08	0.18	0.57	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.225	#VALUE!
1week	0.288	#VALUE!
2week	0.316	#VALUE!

	Libor\$ ¹	Tbill	CP ²
1M	0.328	0.083	0.300
3M	0.826	0.154	0.550
6M	1.356	0.264	1.040

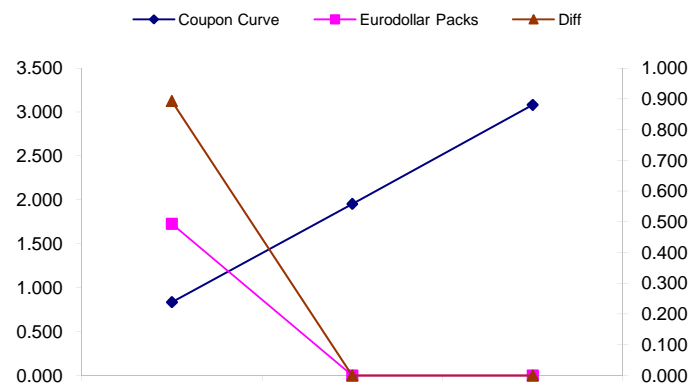
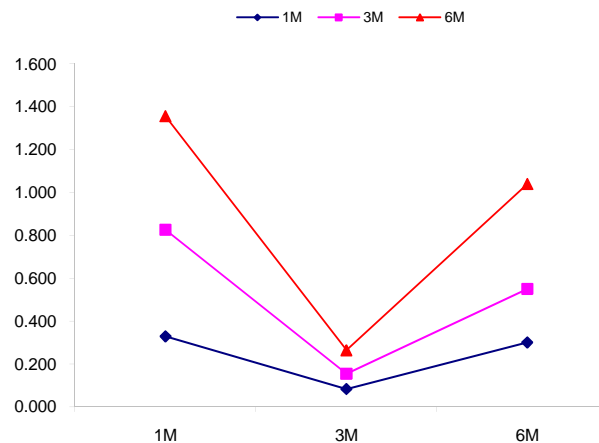
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.834	42.75	1.26	1.727	0.893
5y	1.953	47.50	2.43		#VALUE!
10y	3.081	10.00	3.18		#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
111.9	#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
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
224.7	#VALUE!	#VALUE!	
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
112.8	#VALUE!	#VALUE!	

"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



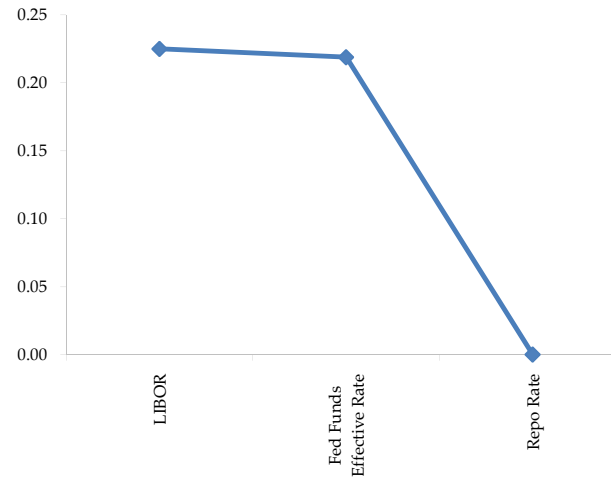
	Last	Chng	Term	Asset Type
USDLIBON	0.225	0.0025	Overnight	LIBOR
TUSFFRON	0.219	0.0626	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.664	(0.0030)	1 month	Euribor OIS Rate
TEONIA03M	0.650	(0.0060)	3 month	Euribor OIS Rate
TSONIA01M	0.412	(0.0010)	1 month	Sterling OIS Rate
TSONIA03M	0.421	(0.0020)	3 month	Sterling OIS Rate
TUSOIS01M	0.183	(0.0090)	1 month	USD OIS Rate
TUSOIS03M	0.199	(0.0060)	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.

