



5/19/2009 5:44

## The Morning Email: Treasuries

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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	98.2750	98.285	120.150	121.105	5/19/2009

## 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
<b>TUAM9</b>	108.2450	(2.0)	108.2670	108.2420	108.2600	18,507	2y Fut
<b>Z3NM9</b>	112.2170	(1.7)	112.2370	112.2170	112.2370	35	3y Fut
<b>FVAM9</b>	116.2950	(6.5)	117.0350	116.2800	117.0150	42,127	5y Fut
<b>TYAM9</b>	120.1500	(11.50)	120.2450	120.1250	120.2150	101,519	10y Fut
<b>USAM9</b>	121.1050	(14.50)	121.2200	121.0550	121.1500	16,312	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
<b>BUS02P</b>	99.2870	(1.00)	99.3070	99.2820	99.2950	na	2y Cash
<b>BUS03P</b>	99.3100	(1.50)	100.0100	99.3020	100.0000	na	3y Cash
<b>BUS05P</b>	98.2750	(3.20)	99.0050	98.2650	98.3100	na	5y Cash
<b>BUS07P</b>	99.0300	(6.00)	99.1100	99.0100	99.1100	na	7y Cash
<b>BUS10P</b>	98.2850	(6.50)	99.1000	98.2500	99.0100	na	10y Cash
<b>BUS30P</b>	100.2000	(1.50)	101.0700	100.1500	100.2700	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
<b>BUS02Y</b>	0.928	0.160	0.936	0.895	0.916	na	2y Yield
<b>BUS03Y</b>	1.386	0.160	1.394	1.364	1.381	na	3y Yield
<b>BUS05Y</b>	2.119	0.220	2.126	2.086	2.096	na	5y Yield
<b>BUS07Y</b>	2.767	0.300	2.780	2.730	2.749	na	7y Yield
<b>BUS10Y</b>	3.256	0.200	3.269	3.206	3.239	na	10y Yield
<b>BUS30Y</b>	4.206	0.030	4.222	4.178	4.200	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>	16.91	5.78	\$1,808	11.57	n/a	<b>30y</b>
<b>10y</b>	8.50	2.82	\$881	5.64	n/a	<b>10y</b>
<b>7y</b>	6.30	2.08	\$649	4.15	n/a	<b>7y</b>
<b>5y</b>	4.69	1.53	\$477	6.11	n/a	<b>5y</b>
<b>3y</b>	2.92	0.95	\$297	3.81	n/a	<b>3y</b>
<b>2y</b>	1.92	0.62	\$195	2.49	n/a	<b>2y</b>
<b>ZB</b>	10.19	4.30	\$134	4.30	0.7585	<b>ZB</b>
<b>ZN</b>	5.96	2.47	\$77	4.94	0.7900	<b>ZN</b>
<b>ZF</b>	3.98	1.56	\$49	6.25	0.8291	<b>ZF</b>
<b>Z3N</b>	2.69	1.04	\$32	4.14	0.7900	<b>Z3N</b>
<b>ZT</b>	1.79	0.67	\$21	2.67	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	2.75	2.01	3.22
ZN	0.57		1.58	1.15	1.85
ZF	0.36	0.63		0.73	1.17
Z3N	0.50	0.87	1.37		1.60
ZT	0.31	0.54	0.85	1.25	

## US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.4	2.2	3.5	4.7	6.55916	13.5
ZN	2.5	3.9	6.1	8.2	11.4221	23.4
ZF	4.0	6.1	9.6	13.0	18.0477	37.0
Z3N	2.9	4.4	7.0	9.5	13.1796	27.0
ZT	4.7	7.1	11.2	15.2	21.1384	43.4

## US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.53	2.40	3.26	4.53	9.29
3y	0.65		1.57	2.14	2.96	6.08
5y	0.42	0.64		1.36	1.89	3.87
7y	0.31	0.47	0.74		1.39	2.85
10y	0.22	0.34	0.53	0.72		2.05
30y	0.11	0.16	0.26	0.35	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 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

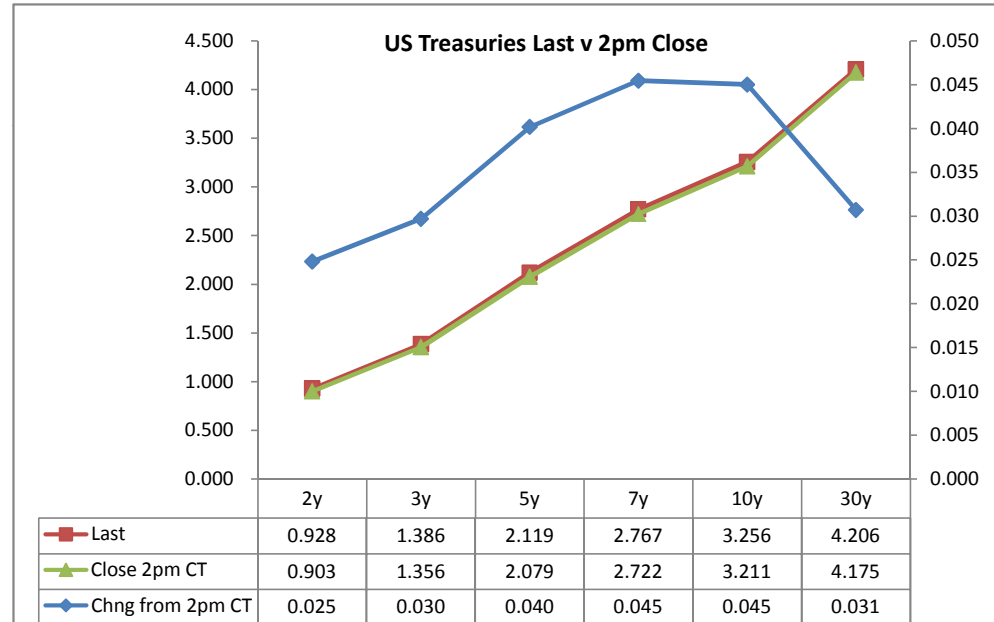
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis (CF)		Close 32	Last	
						from 2pm	Close	Last			
2y	0.875	4/30/11	99.3025	0.903	0.928	0.025	21.74	21.79	108.2625	108.245	TUAM9
3y	1.375	5/15/12	100.0175	1.356	1.386	0.030					
5y	1.875	4/30/14	99.0150	2.079	2.119	0.040	61.83	61.42	117.0425	116.295	FVAM9
7y	2.625	4/30/16	99.1250	2.722	2.767	0.045					
10y	3.125	5/15/19	99.0850	3.211	3.256	0.045	121.96	119.05	120.2650	120.15	TYAM9
30y	4.250	5/15/39	101.0850	4.175	4.206	0.031	284.63	275.12	121.2500	121.105	USAM9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm Cls
2/3	45.3	45.8	0.5
2/5	117.6	119.1	1.5
2/7	181.9	184.0	2.1
3/5	72.3	73.3	1.0
3/7	136.6	138.2	1.6
2/10	230.8	232.8	2.0
3/10	185.5	187.0	1.5
5/7	64.3	64.8	0.5
5/10	113.2	113.7	0.5
2/30	327.2	327.8	0.6
3/30	281.9	282.0	0.1
5/30	209.6	208.7	(0.9)
7/10	48.9	48.9	(0.0)
7/30	145.3	143.8	(1.5)
10/30	96.4	95.0	(1.4)

	Last	Chng on Day
Emini SP	915.00	8.00
Crude Oil	60.40	0.81
Gold	921.80	0.10
EURUSD	136.43	0.79
USDJPY	96.28	(0.03)



^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%	55%	100%	
30	11%	28%	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	\$195			
5	\$196	\$477		
10	\$199	\$486	\$881	
30	\$206	\$502	\$909	\$1,808

**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	\$195			
5	(\$1)	\$477		
10	(\$5)	(\$9)	\$881	
30	(\$11)	(\$24)	(\$28)	\$1,808

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	-0.6%	0.0%		
10	-2.3%	-1.8%	0.0%	
30	-5.4%	-4.9%	-3.1%	0.0%

## Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.93	2.29	4.23	8.67
ZF	0.40	0.98	1.80	3.70
ZN	0.25	0.62	1.14	2.34
ZB	0.14	0.36	0.66	1.35

	2y	5y	10y	30y
2y		2.45	4.53	9.29
5y	0.41		1.85	3.79
10y	0.22	0.54		2.05
30y	0.11	0.26	0.49	

	ZT	ZF	ZN	ZB
ZT		2.34	3.70	6.45
ZF	0.43		1.58	2.75
ZN	0.27	0.63		1.74
ZB	0.16	0.36	0.57	

## Box for Box Matrix

	2y	5y	10y	30y
ZT	0.93	2.29	8.46	17.35
ZF	0.40	0.98	3.61	7.41
ZN	0.50	1.24	1.14	2.34
ZB	0.58	0.71	1.31	1.35

	2y	5y	10y	30y
2y		2.45	2.26	4.64
5y	0.41		0.46	1.89
10y	0.44	2.17		2.05
30y	0.22	0.53	0.49	

	ZT	ZF	ZN	ZB
ZT		2.34	7.40	12.89
ZF	0.43		3.16	5.50
ZN	0.14	0.32		1.74
ZB	0.08	0.18	0.57	



	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>
0/N	0.219	#VALUE!
1week	0.281	#VALUE!
2week	0.303	#VALUE!

	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>
1M	0.309	0.109	0.300
3M	0.753	0.177	0.550
6M	1.280	0.289	1.040

	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	0.928	37.00	1.30	1.816	0.888
5y	2.119	42.75	2.55	3.695	1.576
10y	3.256	8.50	3.34	4.076	0.820

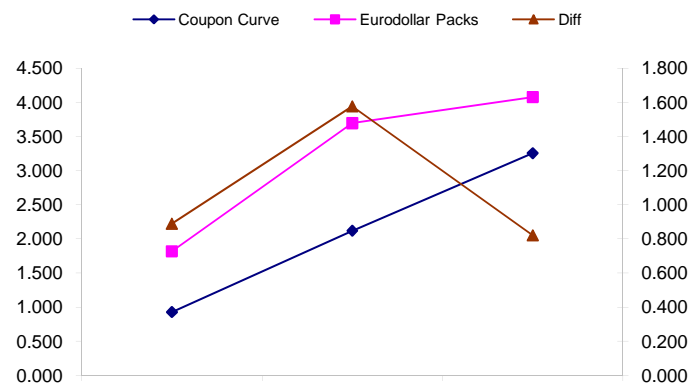
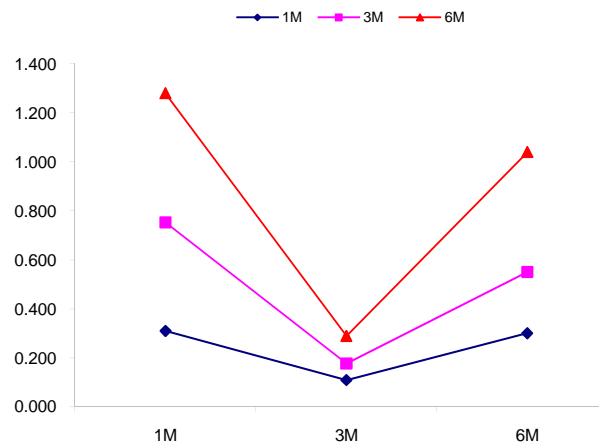
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
119.1	187.9	68.8
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
232.8	226.0	-6.8
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
113.7	38.1	-75.6

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:**

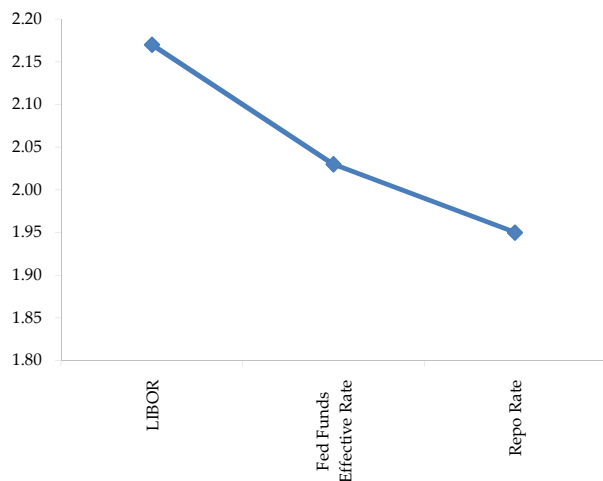
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight General Collateral



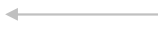
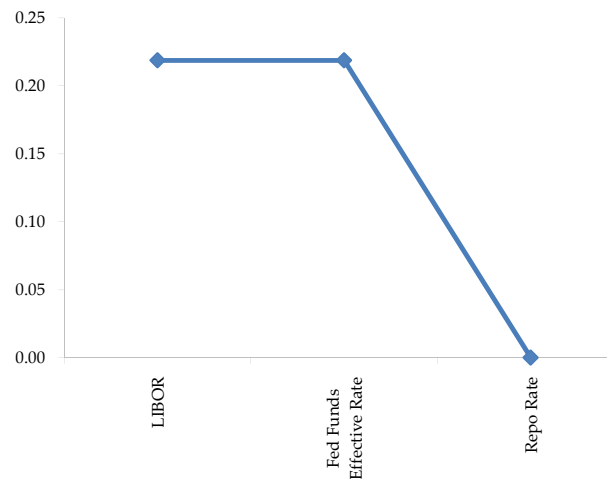
	Last	Chng	Term	Asset Type
USDLIBON	0.219	0.0000	Overnight	LIBOR
TUSFFRON	0.219	0.0626	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.760	0.0860	1 month	Euribor OIS Rate
TEONIA03M	0.728	0.0670	3 month	Euribor OIS Rate
TSONIA01M	0.410	0.0010	1 month	Sterling OIS Rate
TSONIA03M	0.415	0.0020	3 month	Sterling OIS Rate
TUSOIS01M	0.188	(0.0040)	1 month	USD OIS Rate
TUSOIS03M	0.203	(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.





