



5/21/2009 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	99.0870	99.125	120.300	122.155	5/21/2009

## 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	108.3120	0.2	108.3170	108.2970	108.3100	17,468	2y Fut	
Z3NM9	112.2620	19.5	112.2620	112.2620	112.2620	1	3y Fut	
FVAM9	117.1320	0.2	117.1470	117.0950	117.1320	22,950	5y Fut	
TYAM9	120.3000	0.00	121.0150	120.2500	120.3000	67,935	10y Fut	
USAM9	122.1550	1.00	122.2250	122.0750	122.1600	11,823	30y Fut	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02P	100.0250	0.20	100.0300	100.0150	100.0200	na	2y Cash	
BUS03P	100.0650	(0.20)	100.0720	100.0500	100.0670	na	3y Cash	
BUS05P	99.0870	1.50	99.1000	99.0570	99.0700	na	5y Cash	
BUS07P	99.1500	(0.50)	99.1750	99.1150	99.1600	na	7y Cash	
BUS10P	99.1250	0.50	99.1650	99.0650	99.1550	na	10y Cash	
BUS30P	101.1800	(3.00)	101.2700	101.0950	101.2250	na	30y Cash	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02Y	0.830	(0.040)	0.850	0.826	0.843	na	2y Yield	
BUS03Y	1.300	0.000	1.321	1.297	1.303	na	3y Yield	
BUS05Y	2.027	(0.100)	2.051	2.022	2.031	na	5y Yield	
BUS07Y	2.707	0.000	2.727	2.697	2.704	na	7y Yield	
BUS10Y	3.197	(0.030)	3.219	3.182	3.197	na	10y Yield	
BUS30Y	4.158	0.060	4.174	4.142	4.150	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>	16.96	5.85	\$1,827	11.69	n/a	<b>30y</b>
<b>10y</b>	8.50	2.83	\$885	5.67	n/a	<b>10y</b>
<b>7y</b>	6.29	2.08	\$651	4.17	n/a	<b>7y</b>
<b>5y</b>	4.69	1.53	\$479	6.13	n/a	<b>5y</b>
<b>3y</b>	2.91	0.95	\$298	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>	10.23	4.36	\$136	4.36	0.7585	<b>ZB</b>
<b>ZN</b>	5.96	2.47	\$77	4.95	0.7900	<b>ZN</b>
<b>ZF</b>	3.98	1.57	\$49	6.28	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		1.76	2.78	2.04	3.27
ZN	0.57		1.58	1.16	1.86
ZF	0.36	0.63		0.73	1.18
Z3N	0.49	0.87	1.36		1.61
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	3.4	4.7	6.49738	13.4
ZN	2.5	3.9	6.1	8.2	11.4553	23.6
ZF	4.0	6.1	9.6	13.0	18.0429	37.2
Z3N	2.9	4.4	7.0	9.5	13.239	27.3
ZT	4.7	7.1	11.3	15.3	21.2559	43.9

## US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.53	2.41	3.28	4.55	9.39
3y	0.65		1.58	2.14	2.98	6.14
5y	0.41	0.63		1.36	1.89	3.90
7y	0.31	0.47	0.74		1.39	2.87
10y	0.22	0.34	0.53	0.72		2.06
30y	0.11	0.16	0.26	0.35	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

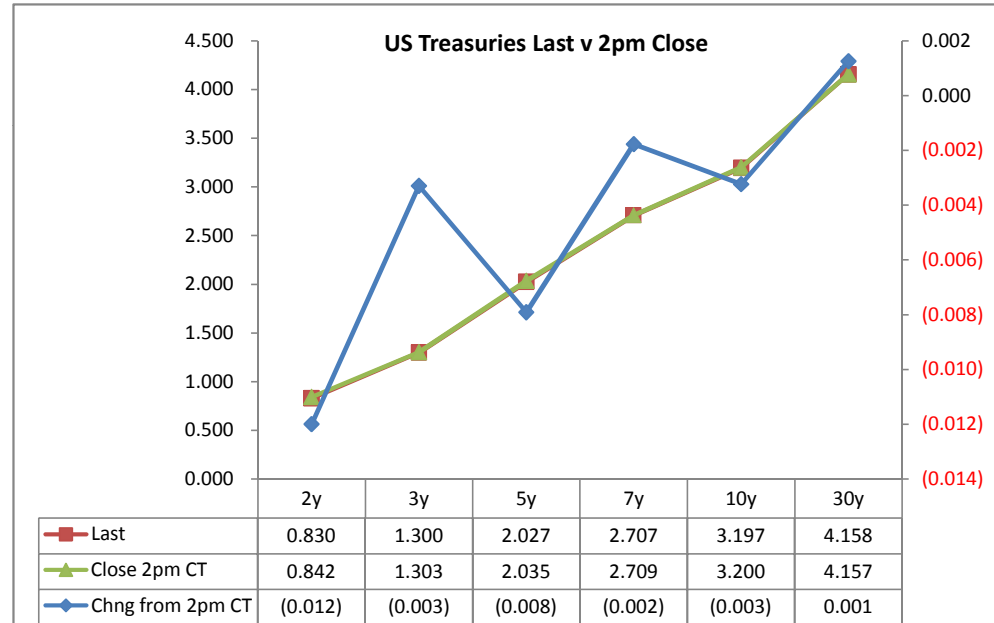
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis (CF)		Close 32	Last	
						from 2pm	Close	Last			
2y	0.875	4/30/11	100.0200	0.842	0.830	(0.012)	21.16	21.48	108.3100	108.312	TUAM9
3y	1.375	5/15/12	100.0675	1.303	1.300	(0.003)					
5y	1.875	4/30/14	99.0800	2.035	2.027	(0.008)	61.07	61.61	117.1300	117.132	FVAM9
7y	2.625	4/30/16	99.1500	2.709	2.707	(0.002)					
10y	3.125	5/15/19	99.1150	3.200	3.197	(0.003)	121.80	123.20	120.3050	120.3	TYAM9
30y	4.250	5/15/39	101.1850	4.157	4.158	0.001	278.32	277.06	122.1450	122.155	USAM9

Curve Spreads^

	Chng from		
	Close bps	Last bps	2pm CIs
2/3	46.1	47.0	0.9
2/5	119.3	119.7	0.4
2/7	186.7	187.7	1.0
3/5	73.2	72.7	(0.5)
3/7	140.6	140.8	0.2
2/10	235.8	236.7	0.9
3/10	189.7	189.7	0.0
5/7	67.4	68.0	0.6
5/10	116.5	117.0	0.5
2/30	331.5	332.8	1.3
3/30	285.4	285.9	0.5
5/30	212.2	213.1	0.9
7/10	49.1	49.0	(0.1)
7/30	144.8	145.1	0.3
10/30	95.7	96.1	0.4

	Last	Chng on Day
Emini SP	894.25	(5.75)
Crude Oil	60.78	(1.26)
Gold	940.10	2.70
EURUSD	137.86	0.02
USDJPY	95.03	0.14



^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	\$479		
10	\$200	\$488	\$885	
30	\$207	\$505	\$917	\$1,827

**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	(\$2)	\$479		
10	(\$5)	(\$9)	\$885	
30	(\$12)	(\$26)	(\$31)	\$1,827

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	-0.8%	0.0%		
10	-2.6%	-1.9%	0.0%	
30	-5.9%	-5.2%	-3.4%	0.0%

## Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.93	2.30	4.25	8.77
ZF	0.40	0.98	1.80	3.72
ZN	0.25	0.62	1.15	2.36
ZB	0.14	0.35	0.65	1.34

	2y	5y	10y	30y
2y		2.46	4.55	9.39
5y	0.41		1.85	3.81
10y	0.22	0.54		2.06
30y	0.11	0.26	0.48	

	ZT	ZF	ZN	ZB
ZT		2.36	3.71	6.54
ZF	0.42		1.58	2.78
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	8.50	17.54
ZF	0.40	0.98	3.61	7.45
ZN	0.50	1.24	1.15	2.36
ZB	0.57	0.70	1.30	1.34

	2y	5y	10y	30y
2y		2.46	2.28	4.70
5y	0.41		0.46	1.91
10y	0.44	2.16		2.06
30y	0.21	0.52	0.48	

	ZT	ZF	ZN	ZB
ZT		2.36	7.42	13.09
ZF	0.42		3.15	5.55
ZN	0.13	0.32		1.76
ZB	0.08	0.18	0.57	

	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>
0/N	0.221	#VALUE!
1week	0.281	#VALUE!
2week	0.301	#VALUE!

	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>
1M	0.308	0.124	0.300
3M	0.716	0.159	0.550
6M	1.241	0.256	1.040

	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	0.830	32.50	1.16	1.671	0.841
5y	2.027	41.25	2.44	3.608	1.581
10y	3.197	8.50	3.28	#VALUE!	#VALUE!

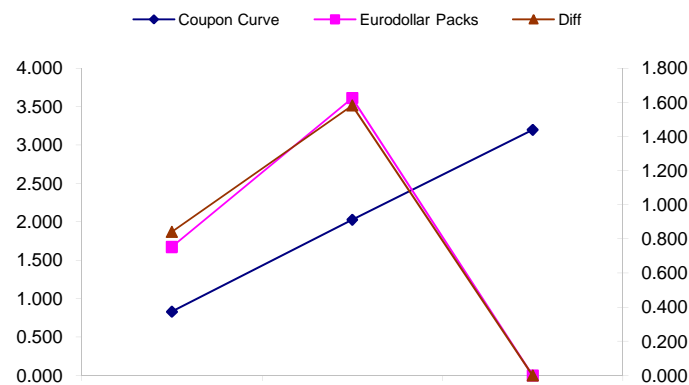
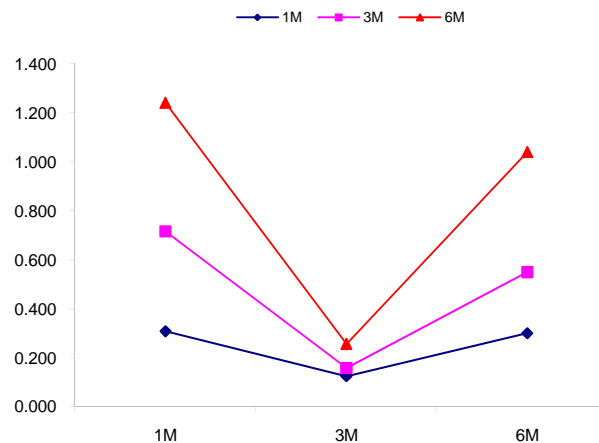
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
119.7	193.7	74.0
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
236.7	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
117.0	#VALUE!	#VALUE!

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:**

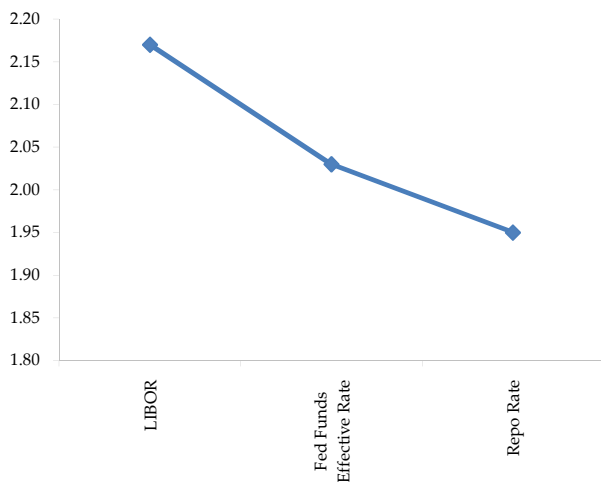
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



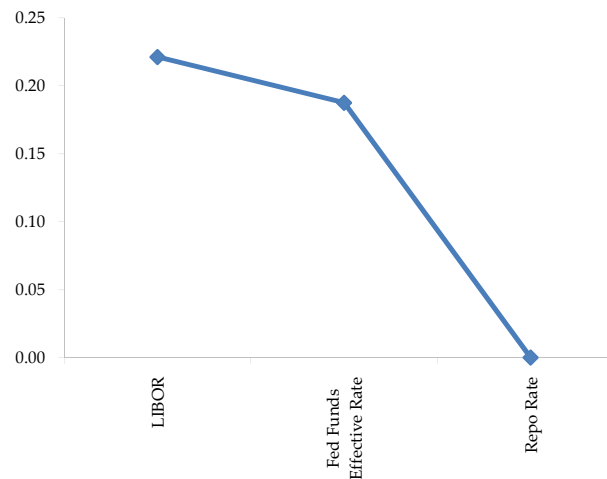
	Last	Chng	Term	Asset Type
USDLIBON	0.221	0.0000	Overnight	LIBOR
TUSFFRON	0.188	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.831	0.0000	1 month	Euribor OIS Rate
TEONIA03M	0.795	(0.0020)	3 month	Euribor OIS Rate
TSONIA01M	0.422	0.0120	1 month	Sterling OIS Rate
TSONIA03M	0.428	0.0100	3 month	Sterling OIS Rate
TUSOIS01M	0.191	0.0090	1 month	USD OIS Rate
TUSOIS03M	0.206	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.





