5/22/2009 5:42

The Morning Email: Treasuries

Table of Contents

Want something added? Let me know:
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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

Quotes

			32 nds				
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
TUAM9	108.2970	0.7	108.3020	108.2820	108.2850	9,190	2y Fut
Z3NM9	112.2420	1.7	112.2420	112.2300	112.2300	2	3y Fut
FVAM9	116.3150	1.0	117.0120	116.2750	116.2750	31,514	5y Fut
TYAM9	119.2950	0.00	120.0100	119.2250	119.2500	92,960	10y Fut
USAM9	120.1850	7.50	120.2100	120.0500	120.0800	14,855	30y Fut
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
BUS02P	100.0120	0.20	100.0170	100.0000	100.0070	na	2y Cash
BUS03P	100.0220	0.50	100.0300	100.0020	100.0120	na	3y Cash
BUS05P	98.2550	1.70	98.2700	98.2150	98.2250	na	5y Cash
BUS07P	98.1750	2.00	98.2050	98.1300	98.1650	na	7y Cash
BUS10P	98.0450	6.00	98.0850	97.2600	97.3000	na	10y Cash
BUS30P	99.1150	14.00	99.1550	98.2700	98.2850	na	30y Cash
	Last	**Net**	**High**	**Low**	**Open**	**Volume**	**Sym Name**
BUS02Y	0.850	(0.040)	0.875	0.846	0.863	na	2y Yield
BUS03Y	1.351	0.000	1.372	1.343	1.362	na	3y Yield
BUS05Y	2.130	(0.100)	2.160	2.123	2.161	na	5y Yield
BUS07Y	2.849	(0.030)	2.882	2.844	2.863	na	7y Yield
BUS10Y	3.346	(0.160)	3.385	3.331	3.370	na	10y Yield
BUS30Y	4.283	(0.300)	4.319	4.281	4.316	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	16.80	5.68	$1,775	11.36	n/a	**30y**
10y	8.48	2.79	$873	5.58	n/a	**10y**
7y	6.28	2.06	$644	4.12	n/a	**7y**
5y	4.68	1.52	$476	6.09	n/a	**5y**
3y	2.90	0.95	$296	3.79	n/a	**3y**
2y	1.91	0.62	$194	2.48	n/a	**2y**
ZB	10.17	4.28	$134	4.28	0.7585	**ZB**
ZN	5.94	2.45	$77	4.90	0.7900	**ZN**
ZF	3.97	1.56	$49	6.24	0.8291	**ZF**
Z3N	2.68	1.03	$32	4.12	0.7900	**Z3N**
ZT	1.78	0.66	$21	2.65	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		1.75	2.74	2.01	3.23
ZN	0.57		1.57	1.15	1.85
ZF	0.36	0.64		0.73	1.18
Z3N	0.50	0.87	1.37		1.61
ZT	0.31	0.54	0.85	1.24	

US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.4	2.2	3.5	4.7	6.52358	13.3
ZN	2.5	3.9	6.1	8.2	11.4055	23.2
ZF	4.0	6.1	9.6	12.9	17.8985	36.4
Z3N	2.9	4.4	7.0	9.5	13.0974	26.6
ZT	4.7	7.1	11.2	15.2	21.0527	42.8

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.53	2.40	3.26	4.51	9.17
3y	0.65		1.57	2.13	2.94	5.99
5y	0.42	0.64		1.35	1.87	3.81
7y	0.31	0.47	0.74		1.38	2.82
10y	0.22	0.34	0.53	0.72		2.03
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

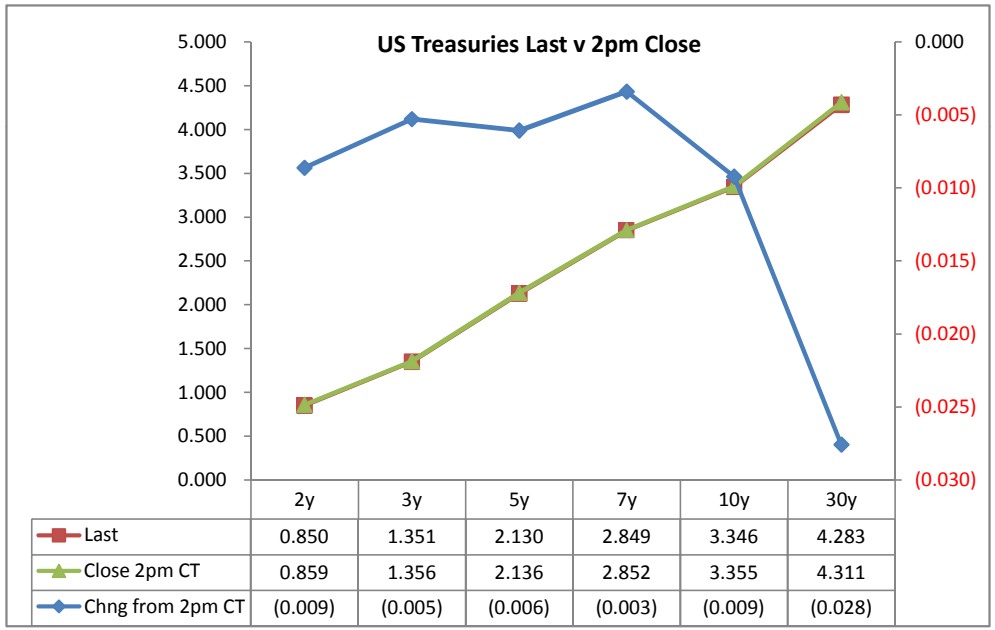
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng from 2pm	Basis (CF) Close	Basis (CF) Last	Close 32	Last	
2y	0.875	4/30/11	100.1000	0.859	0.850	(0.009)	30.98	21.54	108.2900	108.297	TUAM9
3y	1.375	5/15/12	100.0175	1.356	1.351	(0.005)					
5y	1.875	4/30/14	98.2500	2.136	2.130	(0.006)	58.30	57.76	116.3025	116.315	FVAM9
7y	2.625	4/30/16	98.1850	2.852	2.849	(0.003)					
10y	3.125	5/15/19	98.0200	3.355	3.346	(0.009)	106.38	108.88	119.2950	119.295	TYAM9
30y	4.250	5/15/39	98.3150	4.311	4.283	(0.028)	246.90	252.83	120.1050	120.185	USAM9

Curve Spreads^

	Close bps	Last bps	Chng from 2pm Cls
2/3	49.7	50.0	0.3
2/5	127.7	128.0	0.3
2/7	199.3	199.8	0.5
3/5	78.0	77.9	(0.1)
3/7	149.6	149.8	0.2
2/10	249.6	249.5	(0.1)
3/10	199.9	199.5	(0.4)
5/7	71.6	71.9	0.3
5/10	121.9	121.6	(0.3)
2/30	345.2	343.3	(1.9)
3/30	295.5	293.3	(2.2)
5/30	217.5	215.3	(2.2)
7/10	50.3	49.7	(0.6)
7/30	145.9	143.5	(2.4)
10/30	95.6	93.8	(1.8)

	Last	Chng on Day
Emini SP	893.75	5.00
Crude Oil	61.53	0.48
Gold	954.40	3.20
EURUSD	139.63	0.69
USDJPY	94.09	(0.34)



^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%	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	$194			
5	$194	$476		
10	$197	$481	$873	
30	$202	$494	$896	$1,775

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	$194			
5	($1)	$476		
10	($3)	($5)	$873	
30	($8)	($18)	($24)	$1,775

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	-0.4%	0.0%		
10	-1.5%	-1.1%	0.0%	
30	-4.1%	-3.7%	-2.6%	0.0%

Tic for Tic & Box for Box Matrix

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.93	2.30	4.21	8.57
ZF	0.40	0.98	1.79	3.64
ZN	0.25	0.62	1.14	2.32
ZB	0.14	0.36	0.65	1.33

	2y	5y	10y	30y
2y		2.46	4.51	9.17
5y	0.41		1.83	3.73
10y	0.22	0.55		2.03
30y	0.11	0.27	0.49	

	ZT	ZF	ZN	ZB
ZT		2.35	3.69	6.45
ZF	0.43		1.57	2.74
ZN	0.27	0.64		1.75
ZB	0.15	0.36	0.57	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.93	2.30	8.42	17.13
ZF	0.40	0.98	3.58	7.28
ZN	0.51	1.24	1.14	2.32
ZB	0.58	0.71	1.30	1.33

	2y	5y	10y	30y
2y		2.46	2.25	4.58
5y	0.41		0.46	1.87
10y	0.44	2.18		2.03
30y	0.22	0.54	0.49	

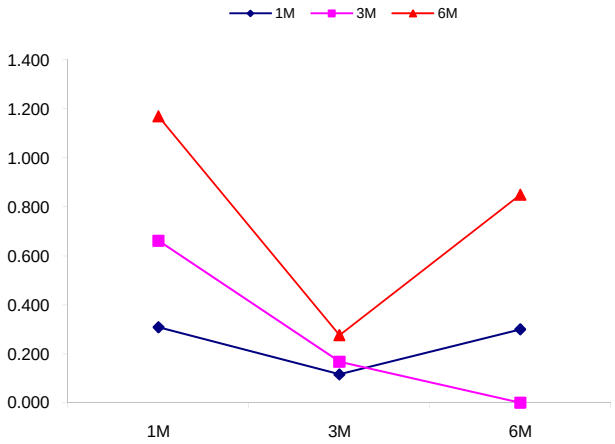
	ZT	ZF	ZN	ZB
ZT		2.35	7.38	12.91
ZF	0.43		3.14	5.49
ZN	0.14	0.32		1.75
ZB	0.08	0.18	0.57	

Key Money Rate, Spreads, Swaps, Packs

	Libor$ [1]	Repo Rt [6]
0/N	0.218	#VALUE!
1week	0.284	#VALUE!
2week	0.299	#VALUE!

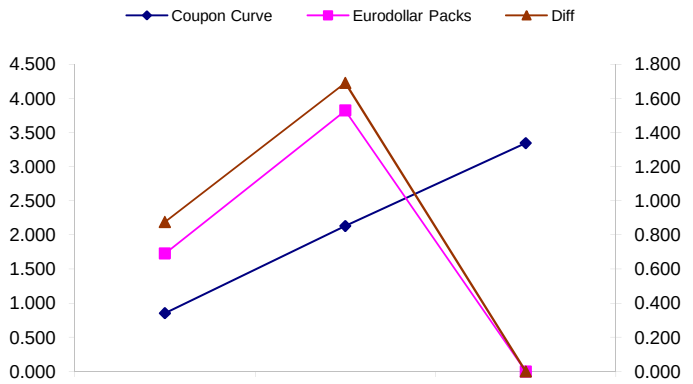
	Libor$ [1]	Tbill	CP [2]
1M	0.309	0.116	0.300
3M	0.661	0.167	#VALUE!
6M	1.170	0.276	0.850

	TSY	Swp	Swp Rate [5]	ED Pks [3]	TSY - ED Pk [4]
2y	0.850	37.50	1.23	1.726	0.876
5y	2.130	44.75	2.58	3.820	1.690
10y	3.346	11.75	3.46		#VALUE!



2/5	Rd/Blu Pk	Diff
128.0	209.4	81.4
2/10	**Rd/Gld Pk**	**Diff**
249.5	#VALUE!	#VALUE!
5/10	**Blu/Gld Pk**	**Diff**
121.6	#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

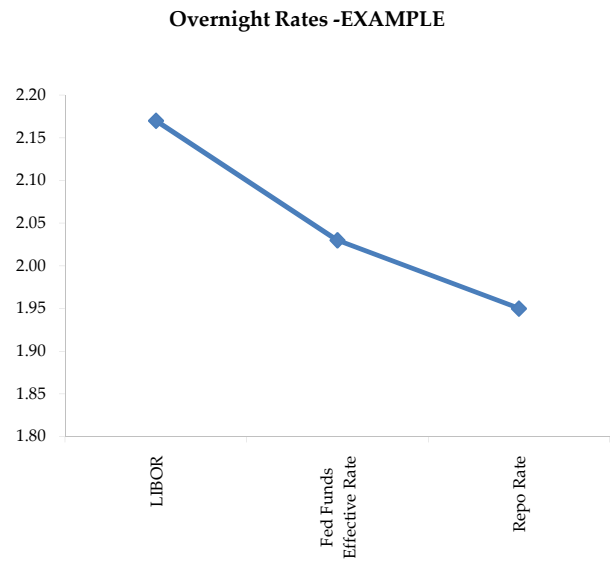
5) Swap divided by 100 + TSY yield gives swap rate in basis points.

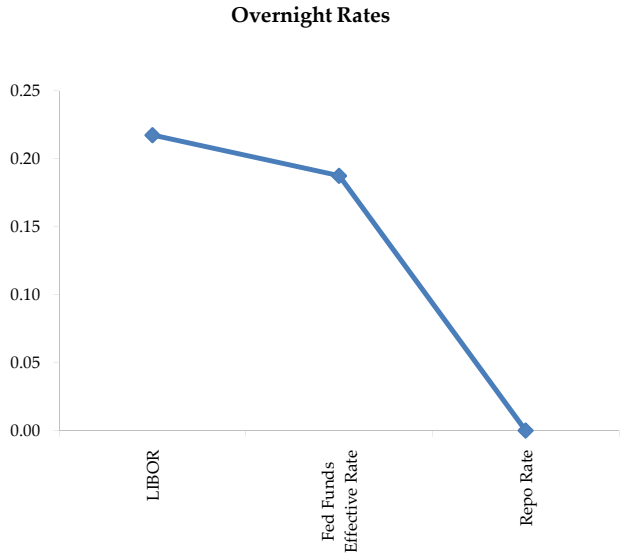
6) Repo Rt quotes is for overnight General Collateral

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

	Last	Chng	Term	Asset Type
USDLIBON	0.218	0.0000	Overnight	LIBOR
TUSFFRON	0.188	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.811	(0.0200)	1 momth	Euribor OIS Rate
TEONIA03M	0.783	(0.0130)	3 month	Euribor OIS Rate
TSONIA01M	0.421	(0.0050)	1 momth	Sterling OIS Rate
TSONIA03M	0.425	(0.0120)	3 month	Sterling OIS Rate
TUSOIS01M	0.196	0.0040	1 momth	USD OIS Rate
TUSOIS03M	0.204	0.0010	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.