



5/28/2009 5:49

The Morning Email: Treasuries

Table of Contents

- Pg 1** Auctions

- 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:
jgoulding@ghco.com

Disclaimer: All information within this newsletter is meant for internal use at GH Trader's LLC, only. All information has been recorded to the best of my ability. This material is based upon information that I consider reliable, but I do not represent that it is accurate or complete.

	32nds					
	2 y	3 y	5y	7y	10y	30y
Auction Price	99.279	99.228	99.230	99.310	99.143	99.116
Auction Yield Stop	0.940	1.375	2.310	2.384	3.190	4.288
Actual Auction Date	5/26/2009	5/5/2009	5/27/2009	5/29/2009	5/6/2009	5/7/2009

		32 nds						
	Last	Net	High	Low	Open	Volume	Sym Name	
TUAM9	108.2700	(0.5)	108.2800	108.2520	108.2700	39,708	2y Fut	
Z3NM9	112.1500	0.2	112.1500	112.1200	112.1450	88	3y Fut	
FVAM9	116.0370	5.0	116.0500	115.2720	115.2900	63,613	5y Fut	
TYAM9	117.2350	7.00	117.2650	117.0800	117.1050	211,259	10y Fut	
USAM9	116.2600	4.00	116.2700	115.2700	116.0450	51,091	30y Fut	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02P	99.2670	1.20	99.2750	99.2550	99.2570	na	2y Cash	
BUS03P	99.2320	3.50	99.2370	99.1970	99.2020	na	3y Cash	
BUS05P	99.0800	126.70	99.1050	99.0000	99.0100	na	5y Cash	
BUS07P	96.2000	14.50	96.2250	96.0850	96.0850	na	7y Cash	
BUS10P	95.1450	16.00	95.1750	94.2850	95.0150	na	10y Cash	
BUS30P	94.2300	6.50	94.2400	93.1550	93.2700	na	30y Cash	
	Last	Net	High	Low	Open	Volume	Sym Name	
BUS02Y	0.954	(0.200)	0.978	0.946	0.983	na	2y Yield	
BUS03Y	1.467	(0.330)		1.464	1.503	na	3y Yield	
BUS05Y	2.409	(0.220)	2.464	2.393	2.457	na	5y Yield	
BUS07Y	3.171	(0.670)	3.236	3.163	3.229	na	7y Yield	
BUS10Y	3.672	(0.540)	3.744	3.663	3.725	na	10y Yield	
BUS30Y	4.576	(0.830)	4.655	4.574	4.634	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	16.45	5.32	\$1,661	10.63	n/a	30y
10y	8.43	2.71	\$845	5.41	n/a	10y
7y	6.25	2.01	\$629	4.03	n/a	7y
5y	4.65	1.53	\$478	6.12	n/a	5y
3y	2.89	0.94	\$294	3.76	n/a	3y
2y	1.97	0.64	\$200	2.56	n/a	2y
ZB	10.05	4.09	\$128	4.09	0.7585	ZB
ZN	5.91	2.39	\$75	4.79	0.7900	ZN
ZF	3.95	1.54	\$48	6.16	0.8291	ZF
Z3N	2.67	1.02	\$32	4.10	0.7900	Z3N
ZT	1.77	0.66	\$21	2.63	0.9085	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		1.71	2.66	1.93	3.11
ZN	0.58		1.55	1.13	1.82
ZF	0.38	0.64		0.73	1.17
Z3N	0.52	0.88	1.37		1.61
ZT	0.32	0.55	0.85	1.24	

US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.6	2.3	3.7	4.8	6.61122	13.0
ZN	2.7	3.9	6.4	8.2	11.3022	22.2
ZF	4.1	6.1	9.9	12.8	17.5598	34.5
Z3N	3.0	4.4	7.2	9.3	12.7842	25.1
ZT	4.9	7.1	11.6	15.0	20.54	40.4

US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.47	2.39	3.09	4.23	8.32
3y	0.68		1.63	2.10	2.87	5.65
5y	0.42	0.62		1.29	1.77	3.47
7y	0.32	0.48	0.78		1.37	2.69
10y	0.24	0.35	0.57	0.73		1.96
30y	0.12	0.18	0.29	0.37	0.51	

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

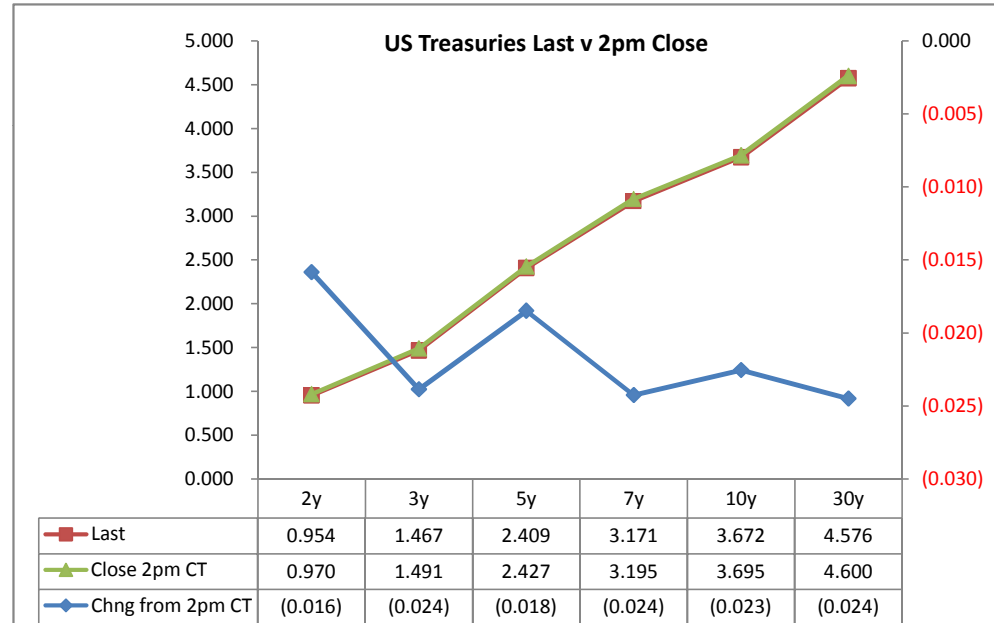
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis (CF)		Close 32	Last	
						from 2pm	Close	Last			
2y	0.875	5/31/11	99.2600	0.970	0.954	(0.016)	29.01	30.39	108.2775	108.27	TUAM9
3y	1.375	5/15/12	99.2125	1.491	1.467	(0.024)					
5y	2.250	5/31/14	99.0550	2.427	2.409	(0.018)	96.92	95.31	115.3075	116.037	FVAM9
7y	2.625	4/30/16	96.1550	3.195	3.171	(0.024)					
10y	3.125	5/15/19	95.0900	3.695	3.672	(0.023)	78.20	78.17	117.1650	117.235	TYAM9
30y	4.250	5/15/39	94.1100	4.600	4.576	(0.024)	186.76	195.73	116.2200	116.26	USAM9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm Cls
2/3	52.1	51.3	(0.8)
2/5	145.7	145.4	(0.3)
2/7	222.5	221.7	(0.8)
3/5	93.6	94.1	0.5
3/7	170.4	170.4	(0.0)
2/10	272.5	271.8	(0.7)
3/10	220.4	220.5	0.1
5/7	76.8	76.2	(0.6)
5/10	126.8	126.4	(0.4)
2/30	363.0	362.1	(0.9)
3/30	310.9	310.8	(0.1)
5/30	217.3	216.7	(0.6)
7/10	50.0	50.2	0.2
7/30	140.5	140.5	(0.0)
10/30	90.5	90.3	(0.2)

	Last	Chng on Day
Emini SP	894.75	2.25
Crude Oil	63.44	(0.01)
Gold	951.60	(1.70)
EURUSD	138.92	0.62
USDJPY	96.91	1.56



^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	42%	100%		
10	23%	55%	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	\$200			
5	\$203	\$478		
10	\$198	\$466	\$845	
30	\$199	\$470	\$852	\$1,661

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	\$200			
5	(\$3)	\$478		
10	\$2	\$12	\$845	
30	\$0	\$8	(\$6)	\$1,661

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	-1.6%	0.0%		
10	0.9%	2.5%	0.0%	
30	0.1%	1.7%	-0.7%	0.0%

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.97	2.32	4.11	8.07
ZF	0.41	0.99	1.76	3.45
ZN	0.27	0.64	1.13	2.22
ZB	0.16	0.37	0.66	1.30

	2y	5y	10y	30y
2y		2.39	4.23	8.32
5y	0.42		1.77	3.47
10y	0.24	0.57		1.96
30y	0.12	0.29	0.51	

	ZT	ZF	ZN	ZB
ZT		2.34	3.63	6.21
ZF	0.43		1.55	2.66
ZN	0.28	0.64		1.71
ZB	0.16	0.38	0.58	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.97	2.32	8.22	16.14
ZF	0.41	0.99	3.51	6.90
ZN	0.53	1.28	1.13	2.22
ZB	0.62	0.75	1.32	1.30

	2y	5y	10y	30y
2y		2.39	2.12	4.16
5y	0.42		0.44	1.74
10y	0.47	2.26		1.96
30y	0.24	0.58	0.51	

	ZT	ZF	ZN	ZB
ZT		2.34	7.27	12.43
ZF	0.43		3.11	5.31
ZN	0.14	0.32		1.71
ZB	0.08	0.19	0.58	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.261	#VALUE!
1week	0.289	#VALUE!
2week	0.300	#VALUE!

	Libor\$ ¹	Tbill	CP ²
1M	0.320	0.134	0.300
3M	0.668	0.172	0.400
6M	1.260	0.304	0.850

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.954	44.75	1.40	1.962	1.007
5y	2.409	54.50	2.95	4.421	2.013
10y	3.672	34.25	4.01	5.049	1.377

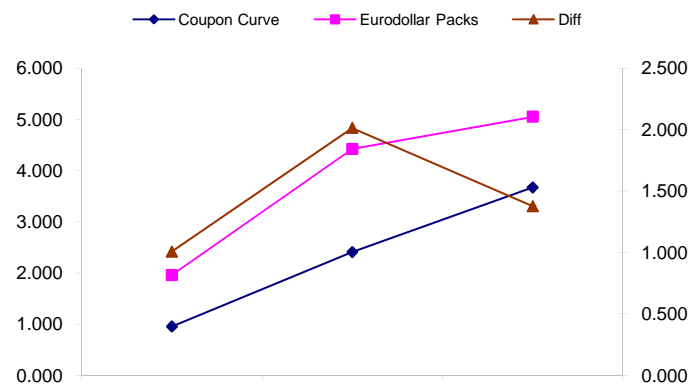
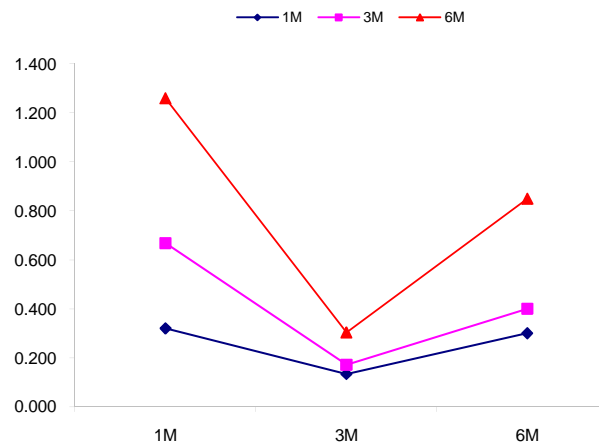
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
145.4	246.0	100.6
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
271.8	308.8	36.9
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
126.4	62.8	-63.6

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:

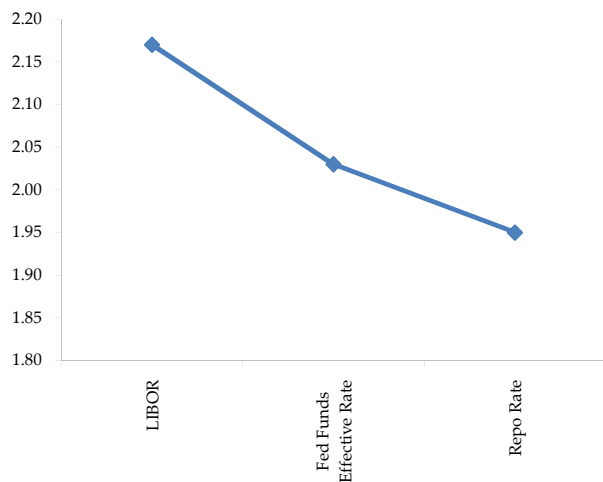
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



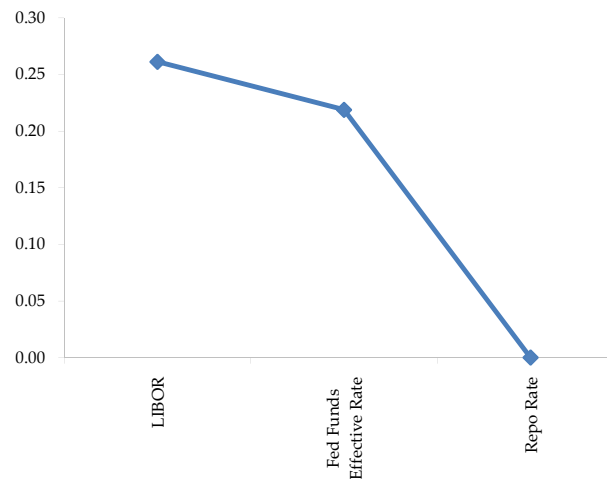
	Last	Chng	Term	Asset Type
USDLIBON	0.261	(0.0012)	Overnight	LIBOR
TUSFFRON	0.219	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	0.813	(0.0180)	1 month	Euribor OIS Rate
TEONIA03M	0.797	(0.0180)	3 month	Euribor OIS Rate
TSONIA01M	0.432	0.0110	1 month	Sterling OIS Rate
TSONIA03M	0.448	0.0250	3 month	Sterling OIS Rate
TUSOIS01M	0.188	(0.0040)	1 month	USD OIS Rate
TUSOIS03M	0.206	(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.

