



## The Morning Email: Treasuries

5/29/2009 10:29

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Want something added? Let me know:  
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## Auctions

	32nds					
	2 y	3 y	5y	7y	10y	30y
Auction Price	99.279	99.228	99.230	99.221	99.143	99.116
Auction Yield Stop	0.940	1.375	2.310	3.300	3.190	4.288
Actual Auction Date	5/26/2009	5/5/2009	5/27/2009	5/28/2009	5/6/2009	5/7/2009

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAU9	108.1200	3.0	108.1220	108.0950	108.0970	172,338	2y Fut
Z3NU9	111.2120	3.5	111.2120	111.1720	111.1950	1,861	3y Fut
FVAU9	115.1070	13.5	115.1200	114.3150	115.0450	281,805	5y Fut
TYAU9	116.2500	27.00	116.2700	116.0150	116.0250	620,678	10y Fut
USAU9	116.3150	109.00	117.0050	115.2650	116.0450	163,678	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.2800	1.20	99.2820	99.2620	99.2600	na	2y Cash
BUS03P	99.2500	5.00	99.2550	99.2050	99.1970	na	3y Cash
BUS05P	99.1150	8.50	99.1220	98.3170	99.0170	na	5y Cash
BUS07P	100.2850	405.00	100.3100	100.0950	100.1450	na	7y Cash
BUS10P	96.2100	21.00	96.2450	95.2200	95.2900	na	10y Cash
BUS30P	97.0650	31.50	97.0950	95.2000	96.0100	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.938	(0.240)	0.966	0.934	0.971	na	2y Yield
BUS03Y	1.448	(0.490)	1.500	1.445	1.508	na	3y Yield
BUS05Y	2.387	(0.490)	2.466	2.382	2.452	na	5y Yield
BUS07Y	3.106	(0.440)	3.202	3.094	3.177	na	7y Yield
BUS10Y	3.526	(0.860)	3.645	3.513	3.618	na	10y Yield
BUS30Y	4.419	(0.610)	4.518	4.413	4.492	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>	16.62	5.51	\$1,721	11.01	n/a	<b>30y</b>
<b>10y</b>	8.44	2.74	\$857	5.48	n/a	<b>10y</b>
<b>7y</b>	6.22	2.11	\$659	4.22	n/a	<b>7y</b>
<b>5y</b>	4.70	1.55	\$483	6.19	n/a	<b>5y</b>
<b>3y</b>	2.88	0.94	\$293	3.76	n/a	<b>3y</b>
<b>2y</b>	1.97	0.64	\$200	2.56	n/a	<b>2y</b>
<b>ZB</b>	10.09	4.18	\$131	4.18	0.7593	<b>ZB</b>
<b>ZN</b>	5.91	2.40	\$75	4.80	0.7941	<b>ZN</b>
<b>ZF</b>	4.28	1.64	\$51	6.56	0.8493	<b>ZF</b>
<b>Z3N</b>	2.83	1.10	\$34	4.39	0.7941	<b>Z3N</b>
<b>ZT</b>	1.96	0.74	\$23	2.95	0.9856	<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	2.55	1.91	2.83
ZN	0.57		1.46	1.10	1.63
ZF	0.39	0.68		0.75	1.11
Z3N	0.51	0.89	1.30		1.45
ZT	0.35	0.61	0.90	1.35	

## US Treasuries vs US Financial Futures

	2y	3y	5y	7y	10y	30y
ZB	1.5	2.2	3.7	4.7	6.55	13.2
ZN	2.7	3.9	6.4	8.2	11.41	22.9
ZF	3.9	5.7	9.4	12.1	16.71	33.6
Z3N	2.9	4.3	7.1	9.0	12.49	25.1
ZT	4.3	6.4	10.5	13.4	18.58	37.3

## US Treasuries

	2y	3y	5y	7y	10y	30y
2y		1.47	2.42	3.10	4.29	8.61
3y	0.68		1.65	2.11	2.92	5.86
5y	0.41	0.61		1.28	1.77	3.56
7y	0.32	0.47	0.78		1.38	2.78
10y	0.23	0.34	0.56	0.72		2.01
30y	0.12	0.17	0.28	0.36	0.50	

## US Financial Futures vs German Futures

	ZB	ZN	ZF	ZT
Bund (U)	1.00	1.80	2.55	2.88
Bobl (U)	0.62	1.00	1.50	1.69
Shatz (U)	0.25	0.43	0.60	0.68

## German Futrues vs German Futures

	Bund (U)	Bobl (U)	Shatz (U)
Bund (U)		1.70	4.21
Bobl (U)	0.59		2.47
Shatz (U)	0.24	0.40	

## US Treasuries vs German Futures

	2y	3y	5y	7y	10y	30y
Bund (U)	1.5	2.4	3.7	4.7	6.4	12.6
Bobl (U)	2.6	3.9	6.2	8.0	10.9	21.5
Shatz (U)	6.5	9.5	15.4	19.7	26.8	52.9

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

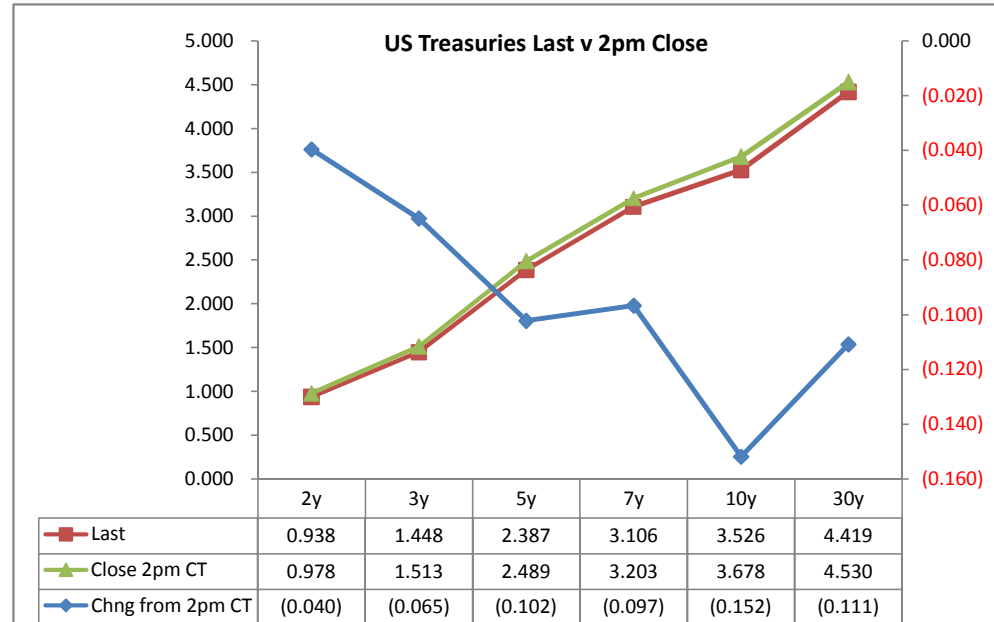
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis (CF)		Close 32	Last	
						from 2pm	Close	Last			
2y	0.875	5/31/11	99.2550	0.978	0.938	(0.040)	-240.08	-222.06	108.2775	108.12	TUAU9
3y	1.375	5/15/12	99.1925	1.513	1.448	(0.065)					
5y	2.250	5/31/14	98.2825	2.489	2.387	(0.102)	41.16	44.99	114.2925	115.107	FVAU9
7y	3.250	5/31/16	99.0925	3.203	3.106	(0.097)					
10y	3.125	5/15/19	95.1350	3.678	3.526	(0.152)	107.39	125.45	115.3000	116.25	TYAU9
30y	4.250	5/15/39	95.1400	4.530	4.419	(0.111)	242.69	268.06	115.2250	116.315	USAU9

Curve Spreads^

	Close bps	Last bps	Chng from
			2pm Cls
2/3	53.5	51.0	(2.5)
2/5	151.1	144.8	(6.3)
2/7	222.5	216.8	(5.7)
3/5	97.6	93.9	(3.7)
3/7	169.0	165.8	(3.2)
2/10	270.0	258.8	(11.2)
3/10	216.5	207.8	(8.7)
5/7	71.4	72.0	0.6
5/10	118.9	113.9	(5.0)
2/30	355.2	348.1	(7.1)
3/30	301.7	297.1	(4.6)
5/30	204.1	203.2	(0.9)
7/10	47.5	42.0	(5.5)
7/30	132.7	131.3	(1.4)
10/30	85.2	89.3	4.1

	Last	Chng on Day
Emini SP	905.50	0.50
Crude Oil	66.25	1.17
Gold	977.30	15.80
EURUSD	141.38	1.94
USDJPY	95.49	(1.37)



^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%	56%	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	\$483		
10	\$200	\$477	\$857	
30	\$204	\$486	\$874	\$1,721

**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)	\$483		
10	(\$1)	\$7	\$857	
30	(\$5)	(\$3)	(\$17)	\$1,721

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	-1.7%	0.0%		
10	-0.3%	1.4%	0.0%	
30	-2.3%	-0.6%	-2.0%	0.0%

## Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.87	2.10	3.72	7.46
ZF	0.39	0.94	1.67	3.36
ZN	0.27	0.64	1.14	2.29
ZB	0.15	0.37	0.66	1.32

	2y	5y	10y	30y
2y		2.42	4.29	8.61
5y	0.41		1.77	3.56
10y	0.23	0.56		2.01
30y	0.12	0.28	0.50	

	ZT	ZF	ZN	ZB
ZT		2.22	3.26	5.67
ZF	0.45		1.46	2.55
ZN	0.31	0.68		1.74
ZB	0.18	0.39	0.57	

## Box for Box Matrix

	2y	5y	10y	30y
ZT	0.87	2.10	7.43	14.93
ZF	0.39	0.94	3.34	6.71
ZN	0.53	1.29	1.14	2.29
ZB	0.61	0.74	1.31	1.32

	2y	5y	10y	30y
2y		2.42	2.14	4.31
5y	0.41		0.44	1.78
10y	0.47	2.26		2.01
30y	0.23	0.56	0.50	

	ZT	ZF	ZN	ZB
ZT		2.22	6.51	11.34
ZF	0.45		2.93	5.10
ZN	0.15	0.34		1.74
ZB	0.09	0.20	0.57	

	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>
0/N	0.271	0.180
1week	0.291	0.150
2week	0.301	0.150

	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>
1M	0.316	0.131	0.300
3M	0.656	0.139	0.400
6M	1.240	0.281	0.850

	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	0.938	39.50	1.33	1.894	0.955
5y	2.387	43.75	2.82	4.209	1.822
10y	3.526	21.25	3.74	4.719	1.193

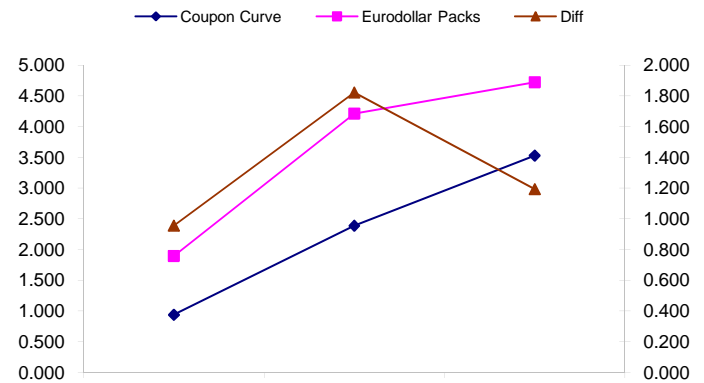
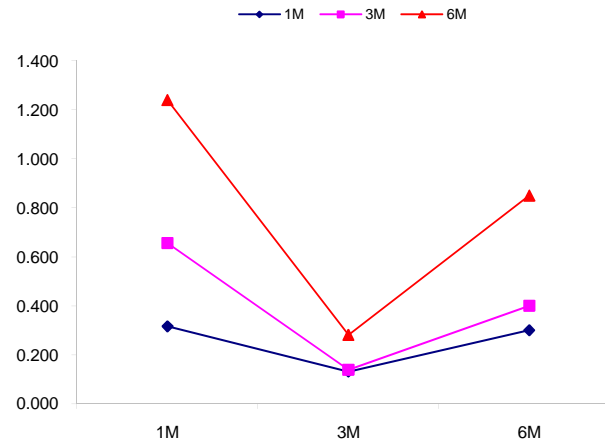
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
144.8	231.5	86.7
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
258.8	282.6	23.8
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
113.9	51.0	-62.9

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:**

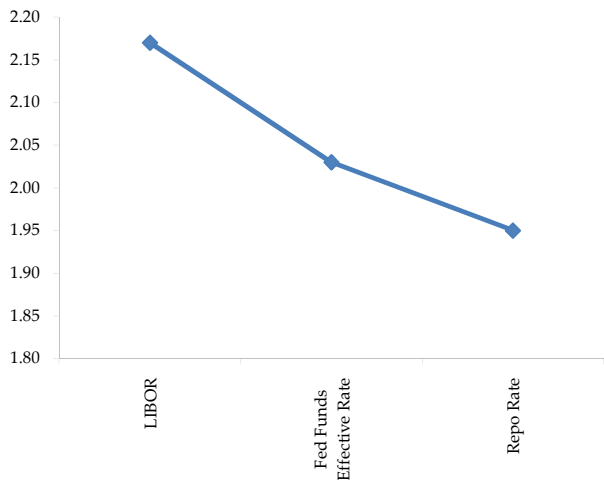
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



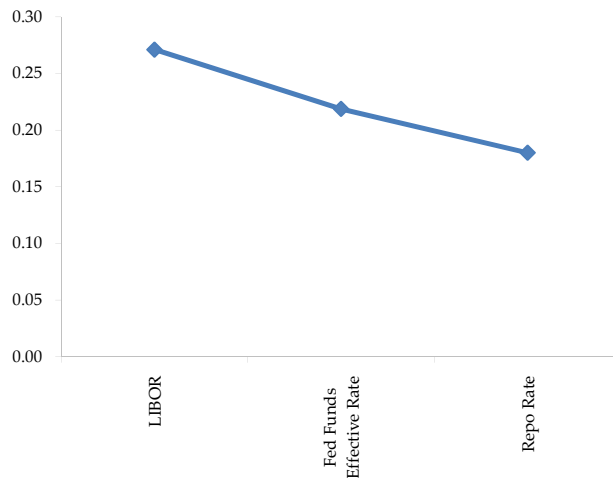
	Last	Chng	Term	Asset Type
USDLIBON	0.271	0.0100	Overnight	LIBOR
TUSFFRON	0.219	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	0.180	(0.0100)	Overnight	Repo Rate
TEONIA01M	0.813	(0.0090)	1 month	Euribor OIS Rate
TEONIA03M	0.784	(0.0210)	3 month	Euribor OIS Rate
TSONIA01M	0.425	(0.0050)	1 month	Sterling OIS Rate
TSONIA03M	0.432	(0.0130)	3 month	Sterling OIS Rate
TUSOIS01M	0.183	(0.0050)	1 month	USD OIS Rate
TUSOIS03M	0.198	(0.0080)	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.





