



12/1/2008 9:35

## The Morning Email: Treasuries

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Want something added? Let me know:  
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**Important Econ Releases, Highs & Lows**

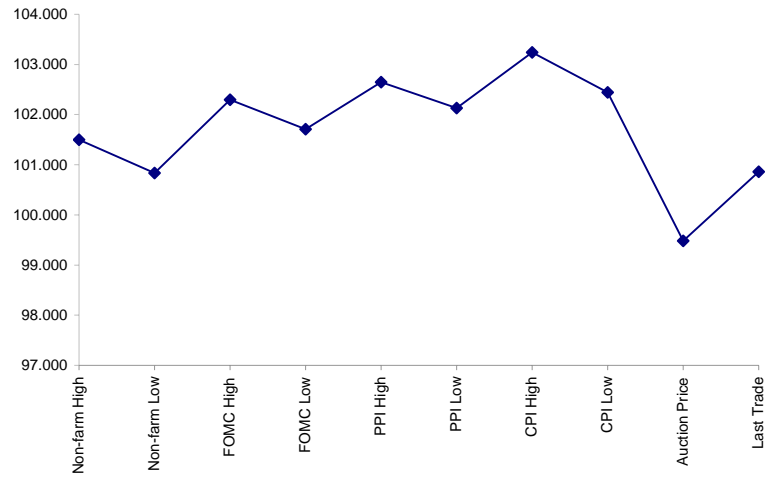
**Economic Releases (32nds)**

	5y	10y	ZNZ8	ZBZ8	Date
Non-farm High	101.1600	105.168	115.305	117.280	11/7/2008
Non-farm Low	100.2675	104.108	114.260	115.220	11/7/2008
FOMC High	102.0950	104.208	115.055	116.265	10/29/2008
FOMC Low	101.2275	103.223	113.295	114.295	10/29/2008
PPI High	102.2075	102.005	118.205	120.145	11/18/2008
PPI Low	102.0425	100.285	117.225	118.305	11/18/2008
CPI High	103.0775	103.125	119.155	122.145	11/19/2008
CPI Low	102.1425	101.315	118.160	120.205	11/19/2008
Auction Price	99.1539	99.233	na	na	
Last Trade	100.2750	107.300	124.045	129.040	12/1/2008 9:35

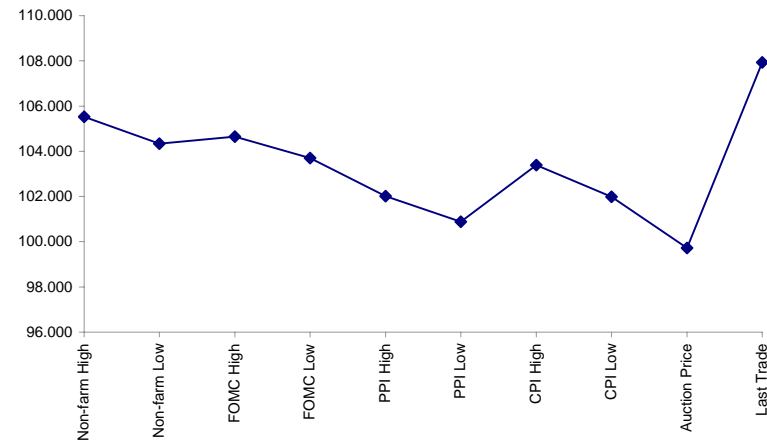
**Auctions - 32nds**

	2 y	5y	10y	30y
Auction Price	99.308	99.154	99.233	98.074
Auction Yield Stop	1.269	2.11	3.783	4.609
Actual Auction Date	11/24/2008	11/25/2008	11/12/2008	8/7/2008

5y (Decimal)



10y (Decimal)



**Notes:**

- 1) Cash and futures are adjusted for roll.
- 2) Release times are from release to 2pm cdt
- 3) {Dec08 to Mch09 Futures roll: ZF = ( ); ZN = ( ); ZB = ( ) [tics]}

## Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAH9	108.137	0.007	108.152	108.105	108.152	122,635	2y Fut
FVAH9	117.072	0.162	117.132	116.180	116.180	190,522	5y Fut
TYAH9	124.045	1.025	122.160	120.255	120.285	233,303	10y Fut
USAH9	129.040	1.21	129.315	127.100	127.200	85,817	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.197	0.027	100.202	100.145	100.147	na	2y Cash
BUS05P	100.272	0.135	101.007	100.077	100.082	na	5y Cash
BUS10P	107.300	0.275	108.110	106.250	106.260	na	10y Cash
BUS30P	121.285	2.085	122.280	119.125	119.220	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.930	(0.063)	1.06	0.922	1.017	na	2y Yield
BUS05Y	1.819	(0.091)	1.974	1.782	1.951	na	5y Yield
BUS10Y	2.828	(0.088)	2.962	2.781	2.925	na	10y Yield
BUS30Y	3.327	(0.108)	3.509	3.277	3.438	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
<b>30y</b>	17.53	6.85	\$2,140	13.70	n/a	<b>30y</b>
<b>10y</b>	8.34	2.88	\$901	5.77	n/a	<b>10y</b>
<b>5y</b>	4.74	1.56	\$488	6.24	n/a	<b>5y</b>
<b>3y</b>	2.87	0.93	\$292	3.74	n/a	<b>3y</b>
<b>2y</b>	1.97	0.63	\$198	2.53	n/a	<b>2y</b>
<b>ZB</b>	10.59	4.44	\$139	4.44	0.795	<b>ZB</b>
<b>ZN</b>	6.31	2.51	\$78	5.02	0.8357	<b>ZN</b>
<b>ZF</b>	4.21	1.67	\$52	3.33	0.8392	<b>ZF</b>
<b>ZT</b>	1.93	0.69	\$22	2.77	0.9152	<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 2.51 tics (Today, 12/01/08, the value in the box is 2.51).

Since ZN trades in half tics, then, 5.03 boxes = 1 basis point in ZN. (Again, today, 12/01/08, the value in the box is 5.03). 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 / Eurex Bond

	ZB	ZN	ZF	ZT
<b>Bund (U)</b>	0.932	1.500	2.200	2.600
<b>Bobl (U)</b>	0.500	0.850	1.250	1.500
<b>Shatz (U)</b>	0.204	0.339	0.494	0.594

## US Financial Futures

	ZB	ZN	ZF	ZT
<b>ZB</b>		1.706	2.665	3.208
<b>ZN</b>	0.586		1.562	1.880
<b>ZF</b>	0.375	0.640		1.204
<b>ZT</b>	0.312	0.532	0.831	

## Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
<b>Bund (H)</b>		1.8	4.5
<b>Bobl (H)</b>	0.6		2.5
<b>Shatz (H)</b>	0.2	0.4	

## US Treasuries v US Financial Futures

	2y	5y	10y	30y
<b>ZB</b>	1.43	3.52	6.50	15.43
<b>ZN</b>	2.43	6.00	11.08	26.32
<b>ZF</b>	3.80	9.37	17.31	41.11
<b>ZT</b>	4.58	11.28	20.84	49.48

## US Treasuries v Eurex Bonds

	2y	5y	10y	30y
<b>Bund (U)</b>	1.8	4.3	7.5	15.7
<b>Bobl (U)</b>	3.2	7.6	13.3	27.6
<b>Shatz (U)</b>	8.1	19.2	33.6	69.9

## US Treasuries

	2y	5y	10y	30y
<b>2y</b>		2.465	4.554	10.814
<b>5y</b>	0.406		1.848	4.388
<b>10y</b>	0.220	0.541		2.375
<b>30y</b>	0.092	0.228	0.421	

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

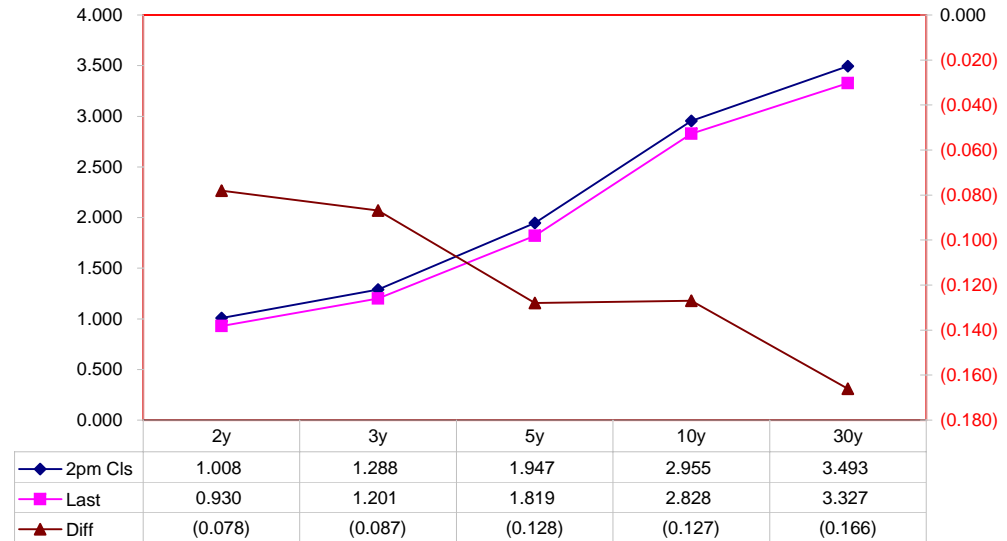
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis		Cash	Futrues	Close 32	Last	
						from 2pm	Close	Last	Roll	Roll			
2y	1.250	11/30/10	100.1525	1.008	0.930	(0.078)	40.42	44.23			108.1300	108.1370	TUAH9
3y	1.750	11/15/11	101.1075	1.288	1.201	(0.087)							
5y	2.000	11/30/13	100.0800	1.947	1.819	(0.128)	73.80	79.49			116.2275	117.0720	FVAH9
10y	3.750	11/15/18	106.260	2.955	2.828	(0.127)	183.01	134.18			120.310	124.045	TYAH9
30y	4.500	5/15/38	118.140	3.493	3.327	(0.166)	546.80	616.56			127.155	129.040	USAH9

Curve Spreads

	Chng from		
	Close bps	Last bps	2pm Cls
2/3	28.0	27.1	(0.9)
2/5	93.9	88.9	(5.0)
3/5	65.9	61.8	(4.1)
2/10	194.7	189.8	(4.9)
3/10	166.7	162.7	(4.0)
5/10	100.8	100.9	0.1
2/30	248.5	239.7	(8.8)
3/30	220.5	212.6	(7.9)
5/30	154.6	150.8	(3.8)
10/30	53.8	49.9	(3.9)

US Treasuries Last v 2pm Close



O/N News:

[Empty box for O/N News]

	Last	Chng on Day
Emini SP	850.75	(44.50)
Crude Oil	51.23	(3.20)
Gold	776.70	(42.30)
EURUSD	126.22	(0.71)
USDJPY	93.97	(1.59)

Notes:  
 Basis = (Cash Decimal - (Futures Decimal \* CF))\*32  
 MDuration for Curve Spreads:  
 Longer duration minus shorter duration  
 32 = price is quoted in 32nds

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	42%	100%		
10	24%	57%	100%	
30	11%	27%	48%	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	\$198			
5	\$203	\$488		
10	\$213	\$512	\$901	
30	\$240	\$578	\$1,018	\$2,140

**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				
5	(\$5)			
10	(\$15)	(\$24)		
30	(\$42)	(\$90)	(\$117)	

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				
5	-2.30%			
10	-6.91%	-4.72%		
30	-17.59%	-15.65%	-11.47%	

## Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.91	2.25	4.17	9.89
ZF	0.38	0.94	1.73	4.11
ZN	0.24	0.60	1.11	2.63
ZB	0.14	0.35	0.65	1.54

	2y	5y	10y	30y
2y		2.46	4.55	10.81
5y	0.41		1.85	4.39
10y	0.22	0.54		2.37
30y	0.09	0.23	0.42	

	ZT	ZF	ZN	ZB
ZT		2.41	3.76	6.41
ZF	0.42		1.56	2.66
ZN	0.27	0.64		1.71
ZB	0.16	0.38	0.59	

## Box for Box Matrix

	2y	5y	10y	30y
ZT	0.91	2.25	8.33	19.79
ZF	0.38	0.94	3.46	8.22
ZN	0.49	1.20	1.11	2.63
ZB	0.57	0.70	1.30	1.54

	2y	5y	10y	30y
2y		2.46	2.28	5.41
5y	0.41		0.46	2.19
10y	0.44	2.16		2.37
30y	0.18	0.46	0.42	

	ZT	ZF	ZN	ZB
ZT		2.41	7.52	12.83
ZF	0.42		1.56	5.33
ZN	0.13	0.64		1.71
ZB	0.08	0.19	0.59	



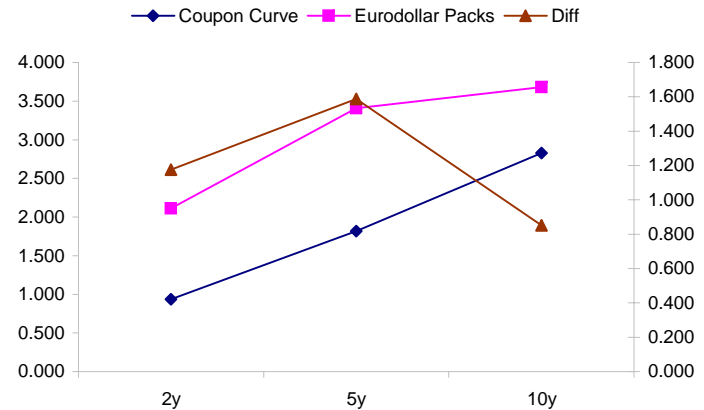
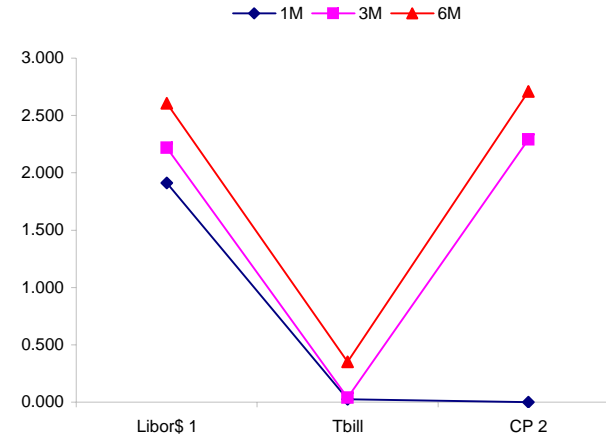
	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>			
0/N	1.088	0.350			
1week	1.206	0.450			
2week	1.304	0.450			
	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>		
1M	1.911	0.025	#VALUE!		
3M	2.220	0.038	2.290		
6M	2.606	0.352	2.710		
	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	0.936	111.75	2.05	2.112	1.176
5y	1.819	86.25	2.68	3.407	1.588
10y	2.829	17.50	3.00	3.681	0.852

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
88.3	129.5	41.2	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
189.3	156.8	-32.4	Red pack / Gold pack is a 2/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
101.0	27.3	-73.7	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:**

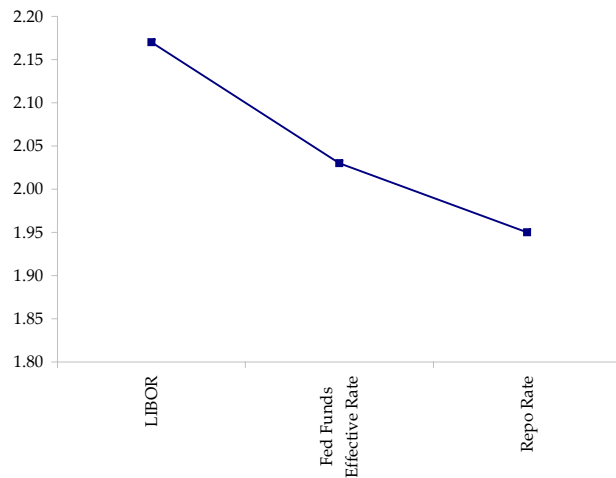
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



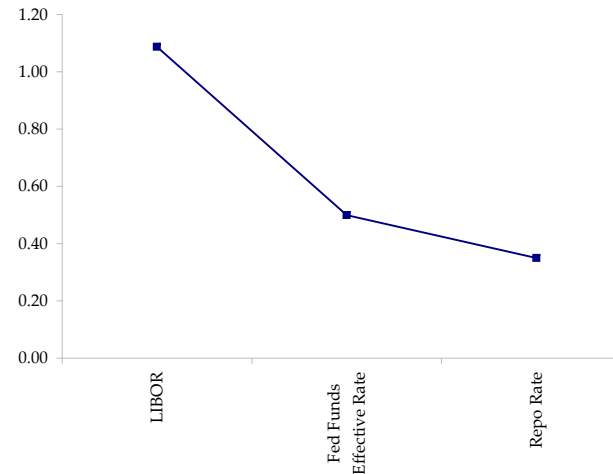
	Last	Chng	Term	Asset Type
USDLIBON	1.088	(0.0750)	Overnight	LIBOR
TUSFFRON	0.500	0.0938	Overnight	Fed Funds Effective Rate
TUSRPOON	0.350	0.1000	Overnight	Repo Rate
TEONIA01M	2.463	0.0020	1 month	Euribor OIS Rate
TEONIA03M	2.186	0.0020	3 month	Euribor OIS Rate
TSONIA01M	1.845	(0.1160)	1 month	Sterling OIS Rate
TSONIA03M	1.530	(0.1290)	3 month	Sterling OIS Rate
TUSOIS01M	0.411	0.0120	1 month	USD OIS Rate
TUSOIS03M	0.413	(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.

Global 10yr Spreads over US Treasuries

Country	9/2/2008	9/8/2008	9/17/2008	9/19/2008	9/29/2008	10/15/2008	10/24/2008	11/6/2008	11/18/2008	11/25/2008	11/28/2008	Last
Australia	195.3	211.6	217.1	181.6	205.3	135.8	120.8	143.5	138.9	157.4	165.8	164.1
France	58.9	60.8	87.6	73.6	65.4	31.9	31.4	35	44.4	67.3	77	67.5
Germany	40	40.7	56.7	47	36.2	11.7	3.5	-2.1	12.1	26.4	33.3	30.9
Japan	-227	-213.4	-192.4	-228.1	-213.2	-242.5	-224.2	-220.5	-193.6	-170.1	-152.2	-146.7
U.K.	76.4	83	99.6	83.5	76.3	71.5	64.6	62.6	63.8	76.4	85.5	84.0

Global 10y Note spreads over US 10y

