



The Morning Email: Treasuries

12/15/2008 6:23

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

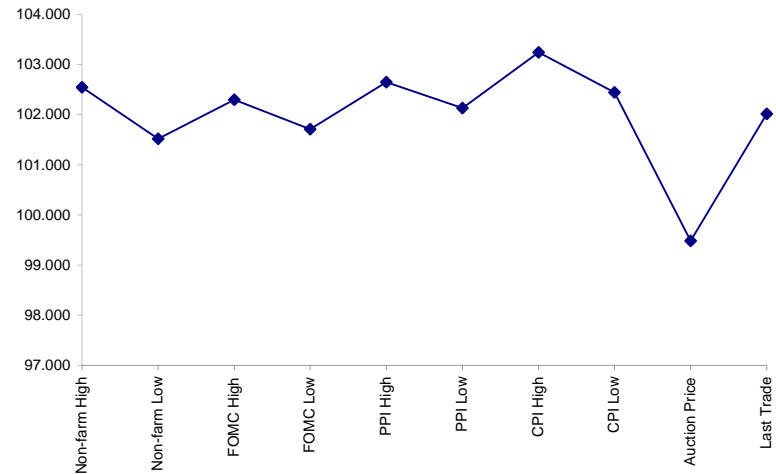
Economic Releases (32nds)

	5y	10y	ZNZ8	ZBZ8	Date
Non-farm High	102.1750	110.280	124.205	135.025	12/5/2008
Non-farm Low	101.1650	109.115	122.260	132.280	12/5/2008
FOMC High	102.0950	104.208	117.115	117.265	10/29/2008
FOMC Low	101.2275	103.223	116.035	115.295	10/29/2008
PPI High	102.2075	102.005	120.265	121.145	11/18/2008
PPI Low	102.0425	100.285	119.285	119.305	11/18/2008
CPI High	103.0775	103.125	121.215	123.145	11/19/2008
CPI Low	102.1425	101.315	120.210	121.205	11/19/2008
Auction Price	99.1539	99.233	na	na	
Last Trade	102.0050	110.020	126.315	134.160	12/15/2008 6:23

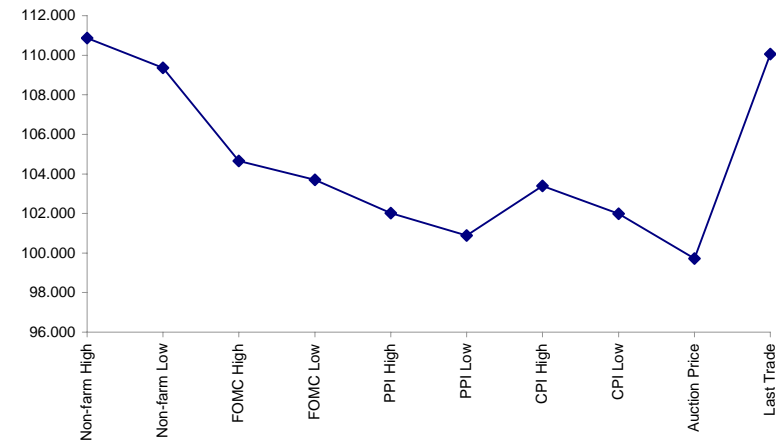
Auctions - 32nds

	2 y	3 y	5y	10y	30y
Auction Price	99.308	99.233	99.154	99.233	98.074
Auction Yield Stop	1.269	1.245	2.11	3.783	4.609
Actual Auction Date	11/24/2008	11/10/2008	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 = (91); ZN = (70); ZB = (32) [tics]}

Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAH9	108.065	(0.020)	108.107	108.055	108.080	5,269	2y Fut
FVAH9	118.047	(0.027)	118.127	118.012	118.090	9,239	5y Fut
TYAH9	126.315	(0.020)	124.145	124.010	124.095	29,198	10y Fut
USAH9	134.160	(0.10)	134.290	134.080	134.290	5,643	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.275	(0.030)	100.307	100.265	100.295	na	2y Cash
BUS05P	101.310	(0.092)	102.080	101.275	102.050	na	5y Cash
BUS10P	109.310	(0.085)	110.065	109.265	109.310	na	10y Cash
BUS30P	127.140	(0.250)	128.050	127.125	127.200	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.803	0.055	0.839	0.739	0.779	na	2y Yield
BUS05Y	1.573	0.062	1.615	1.432	1.527	na	5y Yield
BUS10Y	2.589	0.027	2.623	2.521	2.574	na	10y Yield
BUS30Y	3.070	0.028	3.088	3.043	3.047	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	17.78	7.28	\$2,275	14.56	n/a	30y
10y	8.33	2.94	\$918	5.88	n/a	10y
5y	4.70	1.57	\$490	6.27	n/a	5y
3y	2.84	0.91	\$284	3.64	n/a	3y
2y	1.93	0.62	\$195	2.49	n/a	2y
ZB	10.70	4.71	\$147	4.71	0.795	ZB
ZN	6.83	2.81	\$88	5.62	0.8357	ZN
ZF	4.15	1.66	\$52	3.32	0.8392	ZF
ZT	1.93	0.70	\$22	2.78	0.9152	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 2.51 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

	ZB	ZN	ZF	ZT
ZB		1.674	2.834	3.455
ZN	0.597		1.693	2.063
ZF	0.353	0.591		1.219
ZT	0.289	0.485	0.820	

US Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.32	3.33	6.24	15.47
ZN	2.22	5.58	10.45	25.91
ZF	3.75	9.45	17.70	43.86
ZT	4.58	11.52	21.57	53.46

US Treasuries

	2y	5y	10y	30y
2y		2.516	4.714	11.682
5y	0.397		1.873	4.642
10y	0.212	0.534		2.478
30y	0.086	0.215	0.404	

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

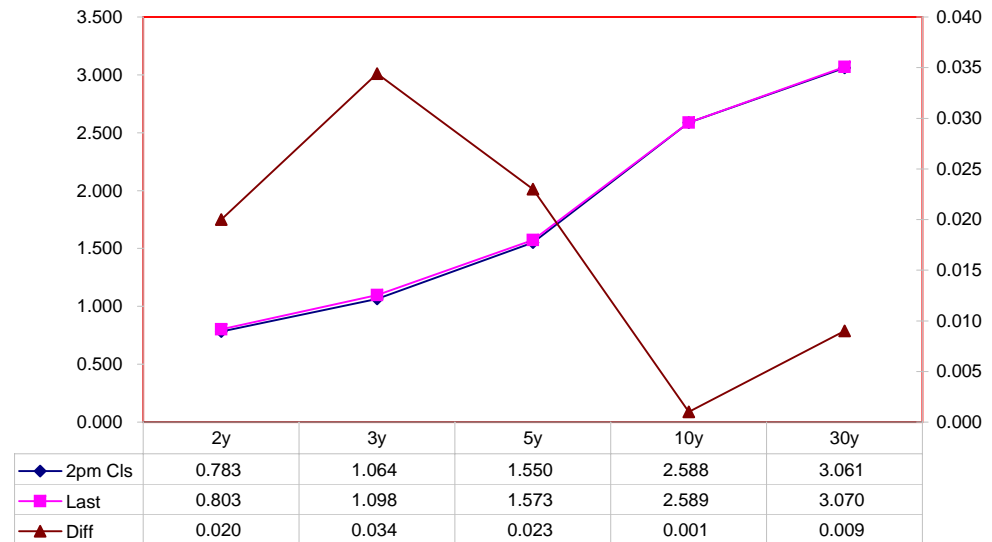
Treasury Closes: 2pm CT vs this Morning

	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	100.2900	0.783	0.803	0.020	58.06	58.62			108.0875	108.0650	TUAH9
3y	1.125	12/15/11	100.0575	1.064	1.098	0.034							
5y	2.000	11/30/13	102.0450	1.550	1.573	0.023	93.39	91.74			118.0750	118.0470	FVAH9
10y	3.750	11/15/18	110.035	2.588	2.589	0.001	198.25	126.13			124.110	126.315	TYAH9
30y	4.500	5/15/38	127.250	3.061	3.070	0.009	659.37	662.32			134.260	134.160	USAH9

Curve Spreads			
	Chng from		
	Close bps	Last bps	2pm CIs
2/3	28.1	29.5	1.4
2/5	76.7	77.0	0.3
3/5	48.6	47.5	(1.1)
2/10	180.5	178.6	(1.9)
3/10	152.4	149.1	(3.3)
5/10	103.8	101.6	(2.2)
2/30	227.8	226.7	(1.1)
3/30	199.7	197.2	(2.5)
5/30	151.1	149.7	(1.4)
10/30	47.3	48.1	0.8

O/N News:
 --Maddoff hit will be 24b. Who will get hit is the next question.
 --Markets re-pricing eventual auto bailout into markets.
 --Oil pricing in big OPEC cut
 --Ruble devalued again
 --FOMC meets today, tomorrow.

US Treasuries Last v 2pm Close



	Last	Chng on Day
Emini SP	881.25	(4.25)
Crude Oil	48.58	2.30
Gold	828.00	7.50
EURUSD	134.67	0.95
USDJPY	90.71	(0.50)

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

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%	56%	100%	
30	11%	26%	47%	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	\$201	\$490		
10	\$213	\$519	\$918	
30	\$247	\$602	\$1,065	\$2,275

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	(\$6)			
10	(\$18)	(\$29)		
30	(\$52)	(\$112)	(\$147)	

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	-3.13%			
10	-8.48%	-5.52%		
30	-21.12%	-18.57%	-13.82%	

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.90	2.26	4.23	10.47
ZF	0.38	0.94	1.77	4.39
ZN	0.22	0.56	1.05	2.59
ZB	0.13	0.33	0.62	1.55

	2y	5y	10y	30y
2y		2.52	4.71	11.68
5y	0.40		1.87	4.64
10y	0.21	0.53		2.48
30y	0.09	0.22	0.40	

	ZT	ZF	ZN	ZB
ZT		2.39	4.04	6.77
ZF	0.42		1.69	2.83
ZN	0.25	0.59		1.67
ZB	0.15	0.35	0.60	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.90	2.26	8.45	20.94
ZF	0.38	0.94	3.54	8.77
ZN	0.44	1.12	1.05	2.59
ZB	0.53	0.67	1.25	1.55

	2y	5y	10y	30y
2y		2.52	2.36	5.84
5y	0.40		0.47	2.32
10y	0.42	2.14		2.48
30y	0.17	0.43	0.40	

	ZT	ZF	ZN	ZB
ZT		2.39	8.09	13.54
ZF	0.42		1.69	5.67
ZN	0.12	0.59		1.67
ZB	0.07	0.18	0.60	

	Libor\$ ¹	Repo Rt ⁶
0/N	0.119	0.110
1week	0.320	0.100
2week	0.454	0.150

	Libor\$ ¹	Tbill	CP ²
1M	0.961	0.015	#VALUE!
3M	1.871	0.012	1.740
6M	2.216	0.264	2.320

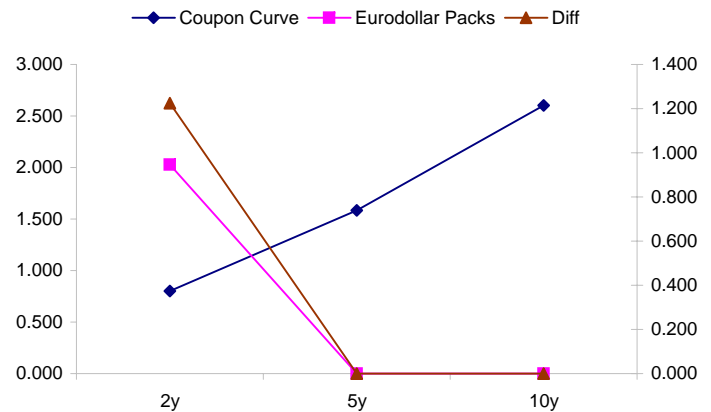
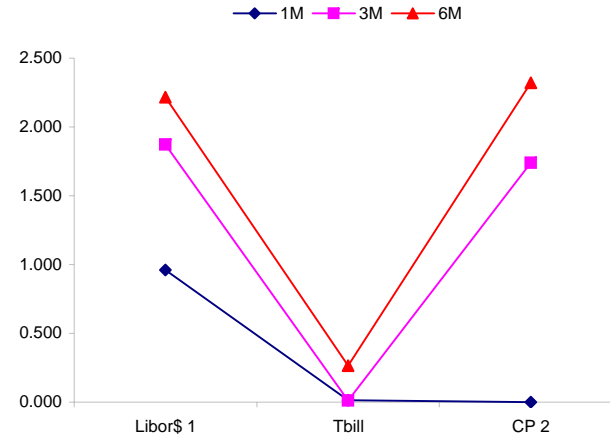
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.802	104.00	1.84	2.027	1.225
5y	1.585	85.25	2.44		#VALUE!
10y	2.602	20.50	2.81		#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
78.4	#VALUE!	#VALUE!	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
180.1	#VALUE!	#VALUE!	Red pack / Gold pack is a 2/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
101.7	#VALUE!	#VALUE!	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:

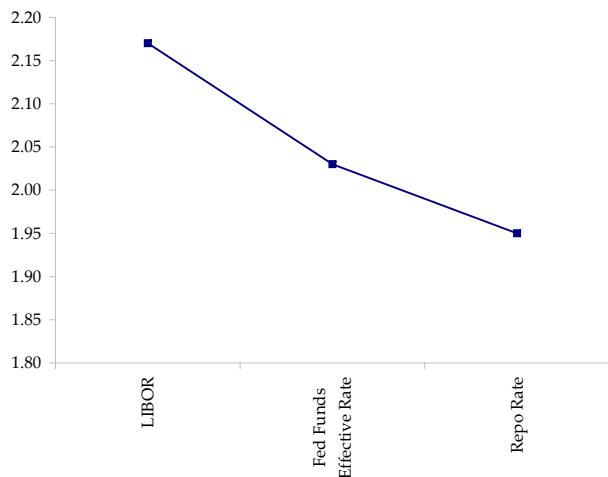
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



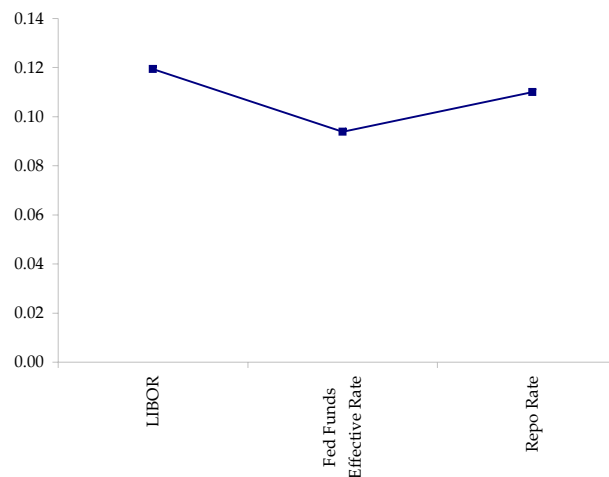
	Last	Chng	Term	Asset Type
USDLIBON	0.119	0.0006	Overnight	LIBOR
TUSFFRON	0.094	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	0.110	0.0000	Overnight	Repo Rate
TEONIA01M	2.137	(0.0360)	1 month	Euribor OIS Rate
TEONIA03M	1.986	(0.0120)	3 month	Euribor OIS Rate
TSONIA01M	1.669	(0.0070)	1 month	Sterling OIS Rate
TSONIA03M	1.425	(0.0060)	3 month	Sterling OIS Rate
TUSOIS01M	0.282	0.0220	1 month	USD OIS Rate
TUSOIS03M	0.315	0.0260	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	12/12/2008	Last
Australia	195.3	211.6	217.1	181.6	205.3	135.8	120.8	143.5	138.9	157.4	172.1	170.5
France	58.9	60.8	87.6	73.6	65.4	31.9	31.4	35	44.4	67.3	115	107.2
Germany	40	40.7	56.7	47	36.2	11.7	3.5	-2.1	12.1	26.4	72	68.8
Japan	-227	-213.4	-192.4	-228.1	-213.2	-242.5	-224.2	-220.5	-193.6	-170.1	-118.2	-124.8
U.K.	76.4	83	99.6	83.5	76.3	71.5	64.6	62.6	63.8	76.4	102.3	99.8

Global 10y Note spreads over US 10y

