



11/4/2008 5:47

The Morning Email: Treasuries

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

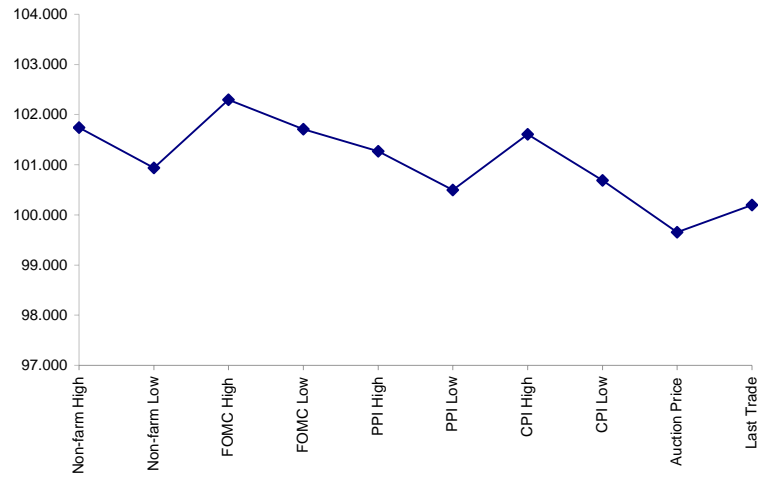
Economic Releases (32nds)

	5y	10y	ZNZ8	ZBZ8	Date
Non-farm High	101.2375	103.255	117.240	120.080	9/5/2008
Non-farm Low	100.3000	102.260	116.200	119.010	9/5/2008
FOMC High	102.0950	101.310	115.055	116.265	10/29/2008
FOMC Low	101.2275	100.315	113.295	114.295	10/29/2008
PPI High	101.0860	100.080	112.090	114.210	10/15/2008
PPI Low	100.1600	99.045	111.160	114.220	10/15/2008
CPI High	101.1950	100.210	112.250	113.105	10/16/2008
CPI Low	100.2200	99.155	111.125	121.170	10/16/2008
Auction Price	99.2088	99.124	na	na	
Last Trade	100.0620	100.210	113.185	113.050	11/4/2008 5:47

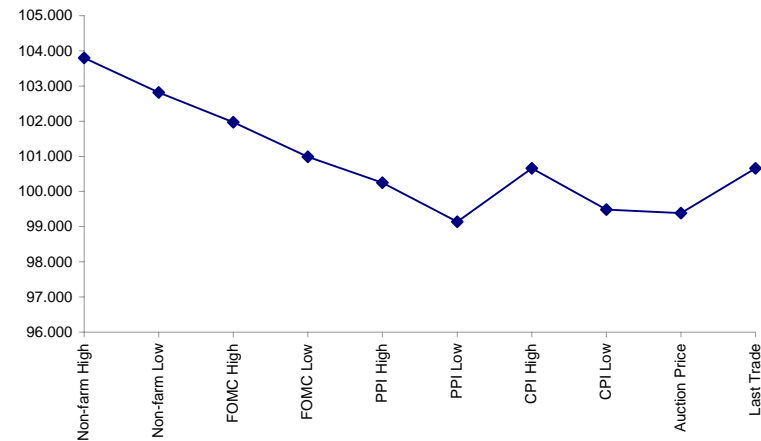
Auctions - 32nds

	2 y	5y	10y	30y
Auction Price	99.257	99.209	99.124	98.074
Auction Yield Stop	1.6	2.825	4.075	4.609
Actual Auction Date	9/24/2008	9/25/2008	8/6/2008	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 Mch08 Futures roll: ZF = (); ZN = (); ZB = () [tics]}

Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAZ8	107.235	(0.015)	107.267	107.220	107.260	15,539	2y Fut
FVAZ8	114.050	0.000	114.117	114.025	114.077	26,521	5y Fut
TYAZ8	113.185	(0.070)	113.310	113.150	113.250	40,700	10y Fut
USAZ8	113.050	(0.13)	113.180	113.010	113.125	9,165	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.022	(0.015)	100.040	100.015	100.040	na	2y Cash
BUS05P	100.057	(0.015)	100.097	100.045	100.067	na	5y Cash
BUS10P	100.210	(0.015)	100.265	100.190	100.230	na	10y Cash
BUS30P	102.165	(0.135)	103.010	102.165	103.010	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	1.461	0.028	1.485	1.421	1.453	na	2y Yield
BUS05Y	2.698	0.000	2.72	2.69	2.7	na	5y Yield
BUS10Y	3.916	0.006	3.931	3.891	3.931	na	10y Yield
BUS30Y	4.325	0.004	4.325	4.325	4.325	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.09	5.33	\$1,666	10.66	n/a	30y
10y	7.97	2.59	\$809	5.18	n/a	10y
5y	4.63	1.52	\$477	6.10	n/a	5y
2y	1.95	0.62	\$195	2.49	n/a	2y
ZB	10.13	3.73	\$116	3.73	0.7943	ZB
ZN	6.14	2.30	\$72	4.61	0.9491	ZN
ZF	4.16	1.59	\$50	3.18	0.8653	ZF
ZT	1.86	0.65	\$20	2.58	0.9344	ZT

Yield Curve Spreads

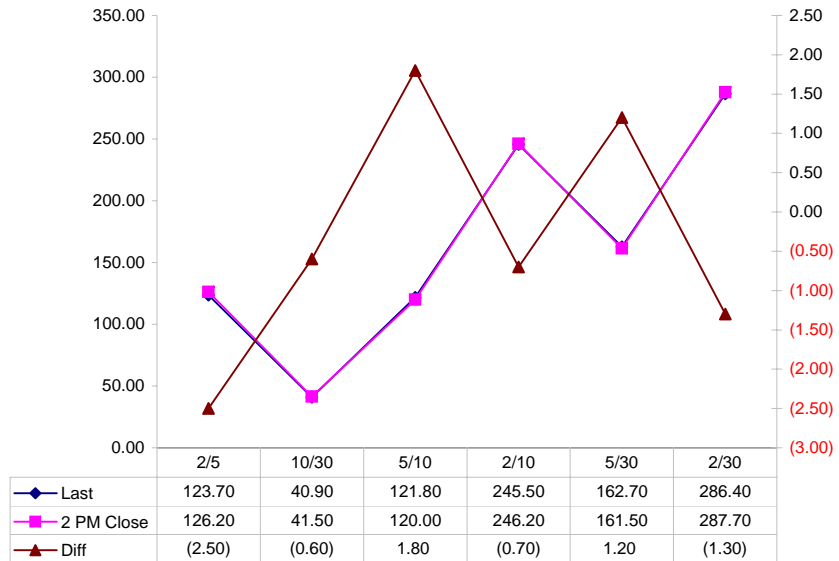
	Last	2pm close	Diff
2/5	123.70	126.20	(2.50)
10/30	40.90	41.50	(0.60)
5/10	121.80	120.00	1.80
2/10	245.50	246.20	(0.70)
5/30	162.70	161.50	1.20
2/30	286.40	287.70	(1.30)

DV01 32, said differently, is "how many TICS are in a basis point?".

Example, If ZN moves 1~basis point, then, it's moved 2.38 tics
(Today, 06/25/08, the value in the box is 2.38).

Since ZN trades in half tics, then, 4.80 boxes = 1 basis point in ZN.
(Again, today, 08/07/08, the value in the box is 4.80). 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.

Curve Spreads vs 2pm close



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
Bund (U)	0.932	1.500	2.200	2.600
Bobl (U)	0.500	0.850	1.250	1.500
Shatz (U)	0.204	0.339	0.494	0.594

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.619	2.347	2.887
ZN	0.618		1.449	1.783
ZF	0.426	0.690		1.230
ZT	0.346	0.561	0.813	

Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)		1.8	4.5
Bobl (H)	0.6		2.5
Shatz (H)	0.2	0.4	

US Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.67	4.09	6.94	14.30
ZN	2.71	6.62	11.24	23.15
ZF	3.93	9.60	16.30	33.55
ZT	4.83	11.81	20.05	40.79

US Treasuries v Eurex Bonds

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

US Treasuries

	2y	5y	10y	30y
2y		2.445	4.151	8.545
5y	0.409		1.698	3.495
10y	0.241	0.589		2.059
30y	0.117	0.286	0.486	

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	1.500	10/31/10	100.0350	1.444	1.461	0.017	-19.01	-18.84			107.2475	107.2350	TUAZ8
5y	2.750	10/31/13	100.0650	2.706	2.698	(0.008)	45.34	45.26			114.0525	114.0500	FVAZ8
10y	4.000	8/15/18	100.240	3.906	3.916	0.010	-232.15	-228.50			113.255	113.185	TYAZ8
30y	4.500	5/15/38	102.310	4.321	4.325	0.004	408.91	406.84			113.175	113.050	USAZ8

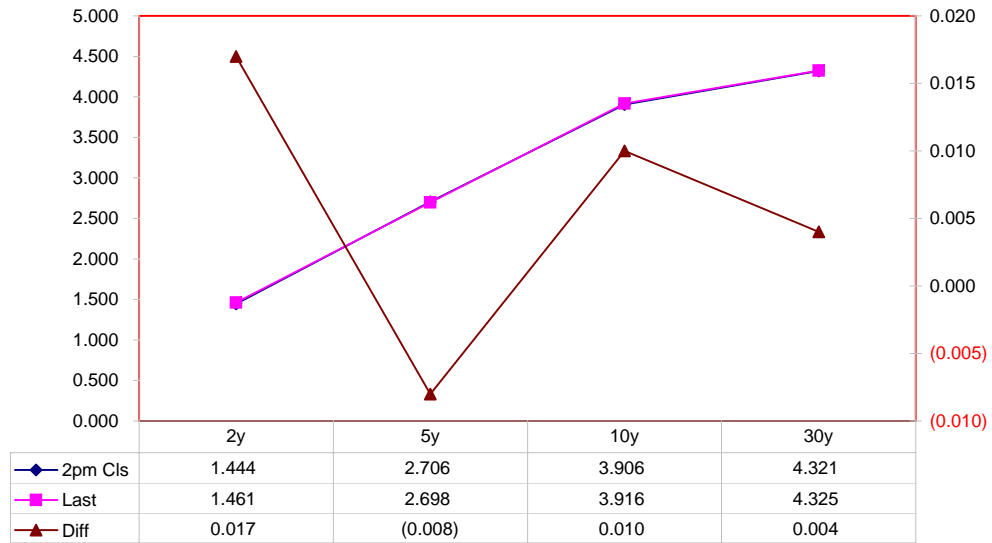
Curve Spreads

	Chng from		
	Close bps	Last bps	2pm Cls
2/5	126.2	123.7	(2.5)
5/10	120.0	121.8	1.8
10/30	41.5	40.9	(0.6)
2/10	246.2	245.5	(0.7)
5/30	161.5	162.7	1.2
2/30	287.7	286.4	(1.3)

	Last	Chng on Day
Emini SP	990.75	21.25
Crude Oil	64.83	0.92
Gold	735.10	8.30
EURUSD	127.86	1.41
USDJPY	99.55	0.41

News

US Treasuries Last v 2pm Close



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	40%	100%		
10	23%	58%	100%	
30	12%	29%	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	\$189			
5	\$191	\$477		
10	\$189	\$470	\$809	
30	\$192	\$479	\$825	\$1,666

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	(\$3)			
10	(\$0)	\$6		
30	(\$4)	(\$3)	(\$16)	

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	-1.47%			
10	-0.13%	1.36%		
30	-2.03%	-0.57%	-1.90%	

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.89	2.26	3.83	7.89
ZF	0.38	0.96	1.63	3.35
ZN	0.26	0.66	1.12	2.31
ZB	0.16	0.41	0.69	1.43

	2y	5y	10y	30y
2y		2.53	4.29	8.83
5y	0.40		1.70	3.50
10y	0.23	0.59		2.06
30y	0.11	0.29	0.49	

	ZT	ZF	ZN	ZB
ZT		2.35	3.41	5.52
ZF	0.43		1.45	2.35
ZN	0.29	0.69		1.62
ZB	0.18	0.43	0.62	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.89	2.26	7.66	15.77
ZF	0.38	0.96	3.26	6.71
ZN	0.52	1.32	1.12	2.31
ZB	0.65	0.82	1.39	1.43

	2y	5y	10y	30y
2y		2.53	2.15	4.42
5y	0.40		0.42	1.75
10y	0.47	2.36		2.06
30y	0.23	0.57	0.49	

	ZT	ZF	ZN	ZB
ZT		2.35	6.81	11.03
ZF	0.43		1.45	4.69
ZN	0.15	0.69		1.62
ZB	0.09	0.21	0.62	

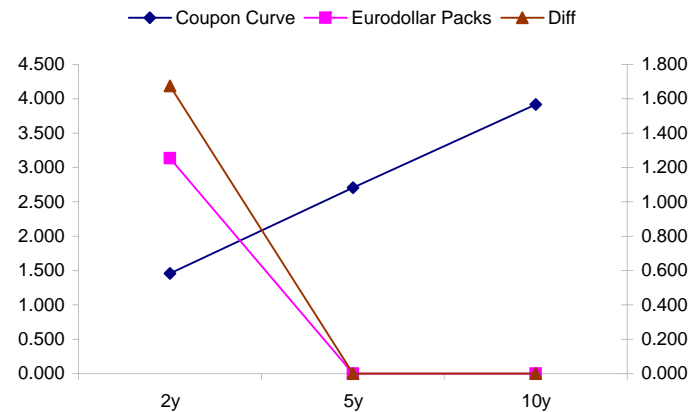
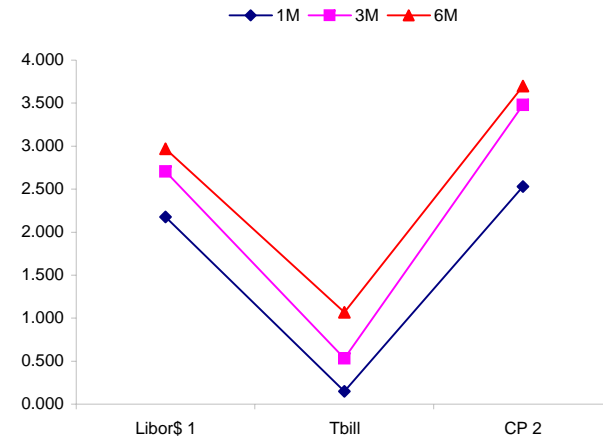
	Libor\$ ¹	Repo Rt ⁶			
0/N	0.375	#VALUE!			
1week	0.981	#VALUE!			
2week	1.325	#VALUE!			
	Libor\$ ¹	Tbill	CP ²		
1M	2.178	0.147	2.530		
3M	2.706	0.533	3.480		
6M	2.969	1.067	3.700		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	1.460	121.25	2.67	3.134	1.674
5y	2.708	109.25	3.80		#VALUE!
10y	3.918	51.75	4.44		#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
124.8	#VALUE!	#VALUE!	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
245.8	#VALUE!	#VALUE!	Red pack / Gold pack is a 2/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
121.0	#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:

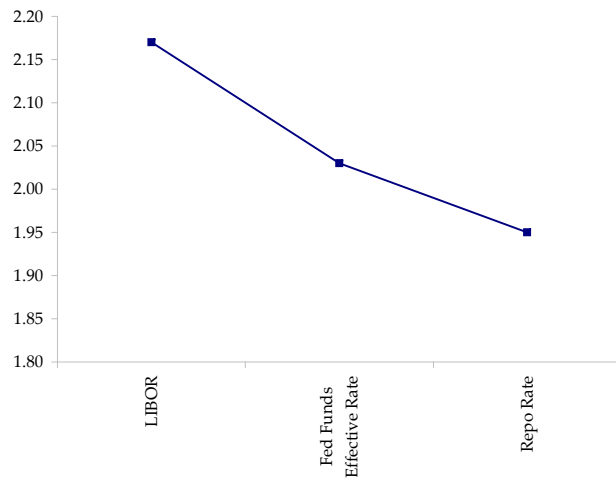
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



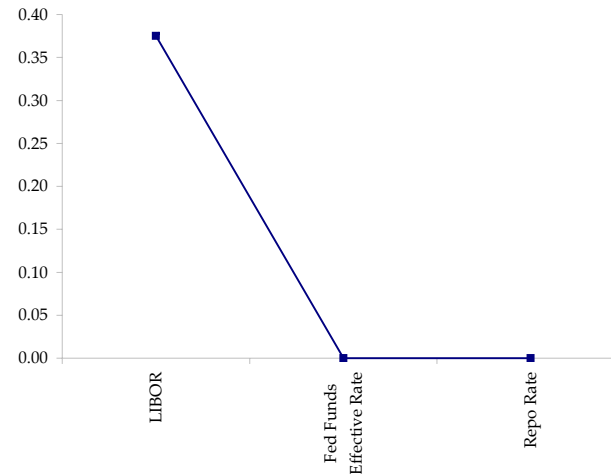
	Last	Chng	Term	Asset Type
USDLIBON	0.375	(0.0125)	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	3.117	(0.0590)	1 month	Euribor OIS Rate
TEONIA03M	2.911	(0.0420)	3 month	Euribor OIS Rate
TSONIA01M	3.787	(0.0300)	1 month	Sterling OIS Rate
TSONIA03M	3.475	(0.0140)	3 month	Sterling OIS Rate
TUSOIS01M	0.583	(0.0260)	1 month	USD OIS Rate
TUSOIS03M	0.609	0.2120	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	8/25/2008	9/2/2008	9/8/2008	9/17/2008	9/19/2008	9/29/2008	10/15/2008	10/24/2008	11/3/2008	Last
Australia	201.6	195.3	211.6	217.1	181.6	205.3	135.8	120.8	143.7	147.6
France	53.2	58.9	60.8	87.6	73.6	65.4	31.9	31.4	32.8	35.4
Germany	34	40	40.7	56.7	47	36.2	11.7	3.5	-6.8	-7.3
Japan	-234.4	-227	-213.4	-192.4	-228.1	-213.2	-242.5	-224.2	-241.2	-242.8
U.K.	82.9	76.4	83	99.6	83.5	76.3	71.5	64.6	59.2	59.6

