



The Morning Email: Treasuries

Table of Contents

- Pg 1** Important Econ Releases, Highs & Lows

- 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

- Pg 10** Global 10yr Spreads over US Treasuries

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.

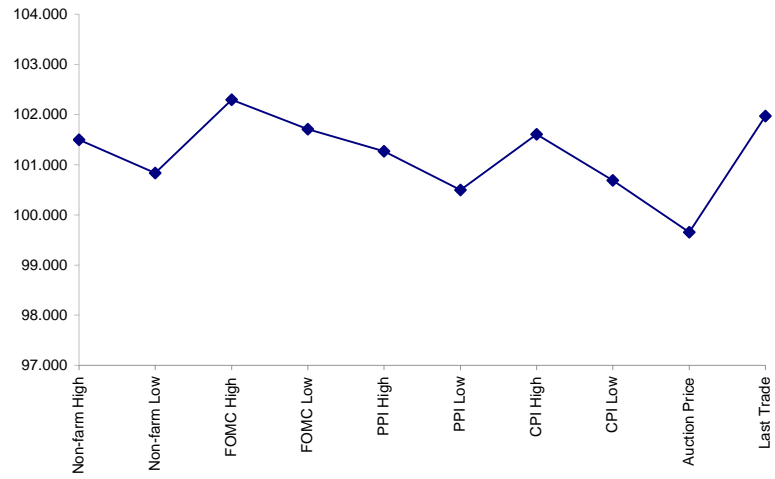
Economic Releases (32nds)

	5y	10y	ZNZ8	ZBZ8	Date
Non-farm High	101.1600	102.270	115.305	117.280	11/7/2008
Non-farm Low	100.2675	101.210	114.260	115.220	11/7/2008
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	99.233	na	na	
Last Trade	101.3100	100.115	117.040	118.130	11/13/2008 6:11

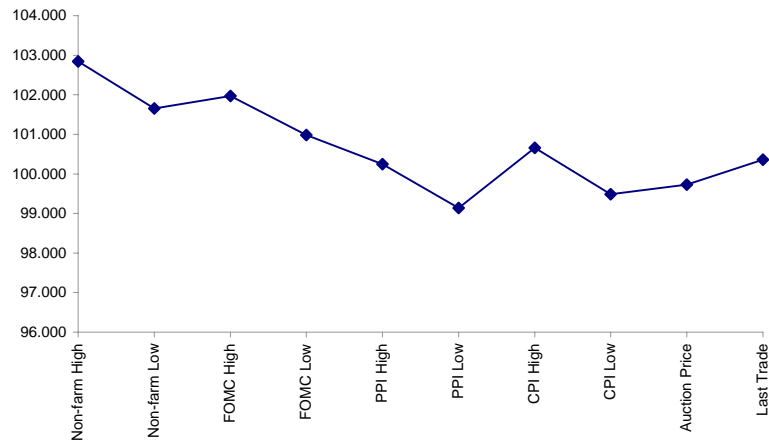
Auctions - 32nds

	2 y	5y	10y	30y
Auction Price	99.257	99.209	99.233	98.074
Auction Yield Stop	1.6	2.825	3.783	4.609
Actual Auction Date	9/24/2008	9/25/2008	11/11/2008	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	108.147	0.005	108.170	108.130	108.152	15,390	2y Fut
FVAZ8	116.217	0.055	116.252	116.177	116.190	32,433	5y Fut
TYAZ8	117.040	0.150	117.080	116.215	116.255	83,832	10y Fut
USAZ8	118.130	0.10	118.200	118.050	118.105	11,269	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.205	0.000	100.225	100.190	100.215	na	2y Cash
BUS05P	101.307	0.042	102.020	101.270	101.270	na	5y Cash
BUS10P	100.115	(2.160)	100.150	100.020	100.025	na	10y Cash
BUS30P	105.160	(0.020)	105.265	105.100	105.230	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	1.165	0.003	1.201	1.129	1.177	na	2y Yield
BUS05Y	2.326	(0.022)	2.364	2.304	2.351	na	5y Yield
BUS10Y	3.705	0.060	3.78	3.69	3.722	na	10y Yield
BUS30Y	4.160	(0.009)	4.196	4.147	4.163	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.27	5.55	\$1,734	11.10	n/a	30y
10y	7.98	2.66	\$830	5.31	n/a	10y
5y	4.62	1.55	\$484	6.19	n/a	5y
3y	2.89	0.93	\$290	3.72	n/a	3y
2y	1.93	0.62	\$194	2.48	n/a	2y
ZB	10.69	4.12	\$129	4.12	0.7943	ZB
ZN	6.43	2.44	\$76	4.87	0.8357	ZN
ZF	4.32	1.68	\$52	3.35	0.8653	ZF
ZT	1.77	0.62	\$19	2.49	0.9229	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 2.38 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.

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		1.691	2.456	3.311
ZN	0.591		1.452	1.958
ZF	0.407	0.689		1.348
ZT	0.302	0.511	0.742	

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	1.51	3.76	6.45	13.48
ZN	2.55	6.36	10.91	22.79
ZF	3.70	9.23	15.84	33.09
ZT	4.99	12.44	21.36	44.61

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		2.495	4.282	8.945
5y	0.401		1.716	3.585
10y	0.234	0.583		2.089
30y	0.112	0.279	0.479	

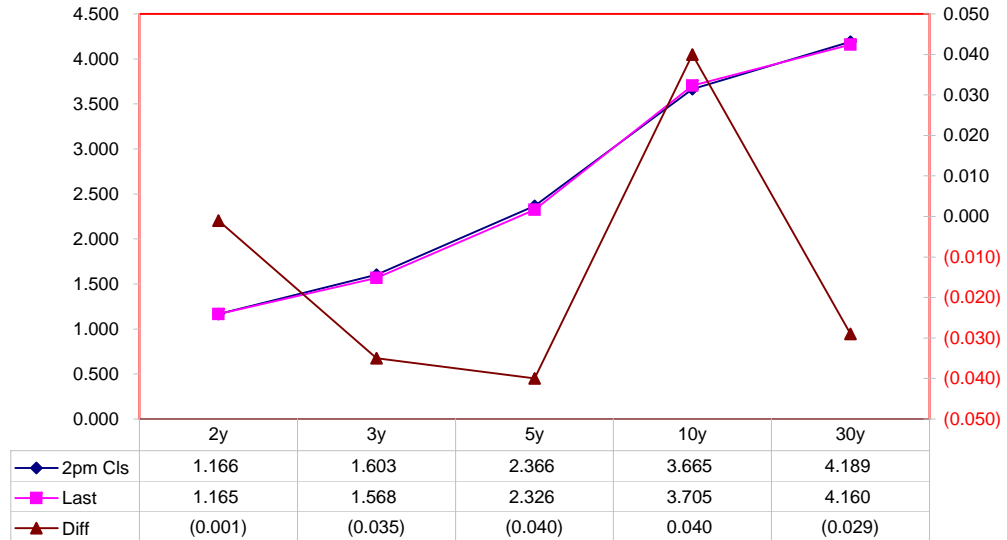
Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng from 2pm	Basis		Cash Roll	Futrues Roll	Close 32	Last	
							Close	Last					
2y	1.500	10/31/10	100.2025	1.166	1.165	(0.001)	17.33	17.59			108.1450	108.1470	TUAZ8
3y	1.750	11/15/11	100.1400	1.603	1.568	(0.035)							
5y	2.750	10/31/13	101.2575	2.366	2.326	(0.040)	31.70	32.23			116.1625	116.2170	FVAZ8
10y	3.750	11/15/08	100.018	3.665	3.705	0.040	82.08	79.30			116.210	117.040	TYAZ8
30y	4.500	5/15/38	105.090	4.189	4.160	(0.029)	367.34	373.40			118.030	118.130	USAZ8

Curve Spreads			
	Chng from		
	Close bps	Last bps	2pm CIs
2/3	43.7	40.3	(3.4)
2/5	120.0	116.1	(3.9)
3/5	76.3	75.8	(0.5)
2/10	249.9	254.0	4.1
3/10	206.2	213.7	7.5
5/10	129.9	137.9	8.0
2/30	302.3	299.5	(2.8)
3/30	258.6	259.2	0.6
5/30	182.3	183.4	1.1
10/30	52.4	45.5	(6.9)

US Treasuries Last v 2pm Close



O/N News:
 --Nissan has ABS problems.
 --100 B pulled from hedge funds in OCT
 --Germany enters recession

 --Paulson flip flops and the markets aren't happy.
 This was the story of yesterday and will be again today.

Last Chng on Day		
Emini SP	856.75	3.25
Crude Oil	56.74	0.58
Gold	716.40	(1.90)
EURUSD	125.40	0.32
USDJPY	95.96	0.94

Basis = (Cash Decimal - (Futures Deci
 MDuration for Cu
 Longer duration minus sl
 32 = price is ql

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	11%	28%	49%	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	\$187			
5	\$193	\$484		
10	\$191	\$480	\$830	
30	\$196	\$492	\$851	\$1,734

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	(\$4)	\$3		
30	(\$9)	(\$8)	(\$20)	

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	-2.68%			
10	-2.01%	0.68%		
30	-4.35%	-1.72%	-2.39%	

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.96	2.49	4.27	8.92
ZF	0.36	0.92	1.58	3.31
ZN	0.25	0.64	1.09	2.28
ZB	0.15	0.38	0.65	1.35

	2y	5y	10y	30y
2y		2.58	4.43	9.26
5y	0.39		1.72	3.59
10y	0.23	0.58		2.09
30y	0.11	0.28	0.48	

	ZT	ZF	ZN	ZB
ZT		2.70	3.92	6.62
ZF	0.37		1.45	2.46
ZN	0.26	0.69		1.69
ZB	0.15	0.41	0.59	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.96	2.49	8.54	17.84
ZF	0.36	0.92	3.17	6.62
ZN	0.49	1.27	1.09	2.28
ZB	0.58	0.75	1.29	1.35

	2y	5y	10y	30y
2y		2.58	2.22	4.63
5y	0.39		0.43	1.79
10y	0.45	2.33		2.09
30y	0.22	0.56	0.48	

	ZT	ZF	ZN	ZB
ZT		2.70	7.83	13.24
ZF	0.37		1.45	4.91
ZN	0.13	0.69		1.69
ZB	0.08	0.20	0.59	

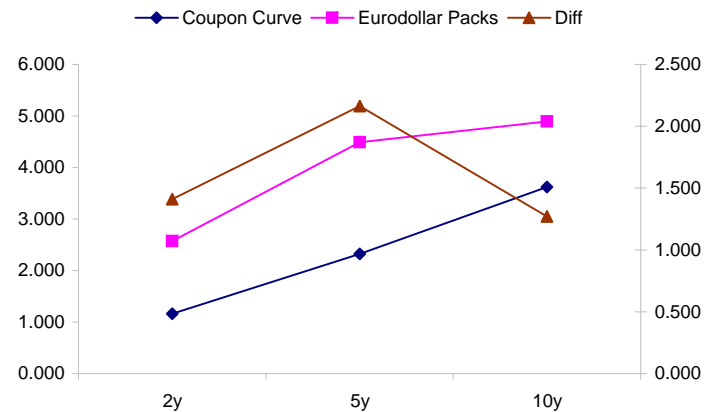
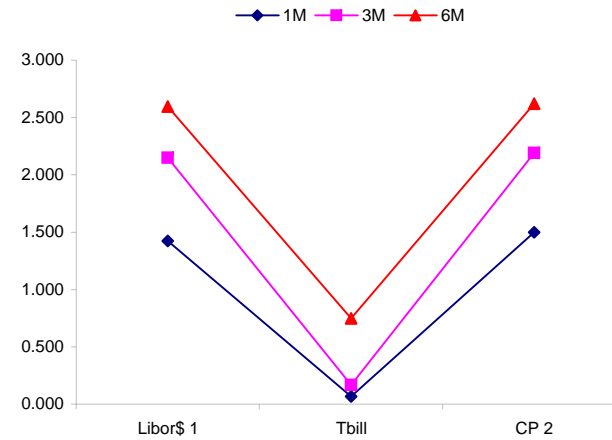
	Libor\$ ¹	Repo Rt ⁶			
0/N	0.400	#VALUE!			
1week	0.875	#VALUE!			
2week	1.063	#VALUE!			
	Libor\$ ¹	Tbill	CP ²		
1M	1.423	0.068	1.500		
3M	2.149	0.167	2.190		
6M	2.595	0.748	2.620		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	1.163	109.25	2.26	2.573	1.410
5y	2.325	102.25	3.35	4.489	2.164
10y	3.622	30.25	3.92	4.892	1.270

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
116.2	191.6	75.4	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
245.9	231.9	-13.9	Red pack / Gold pack is a 2/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
129.7	40.3	-89.3	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:

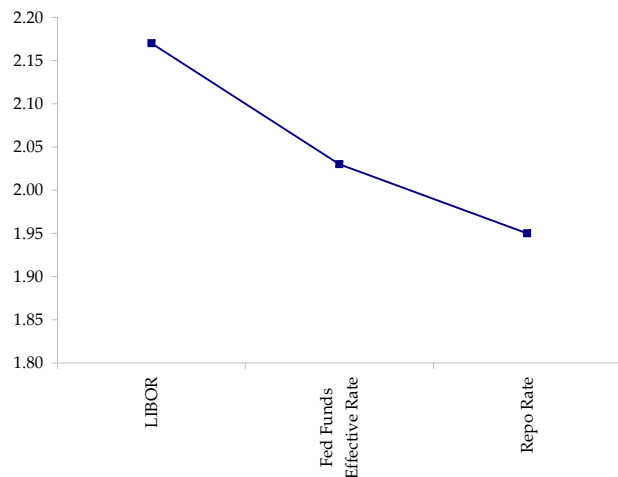
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



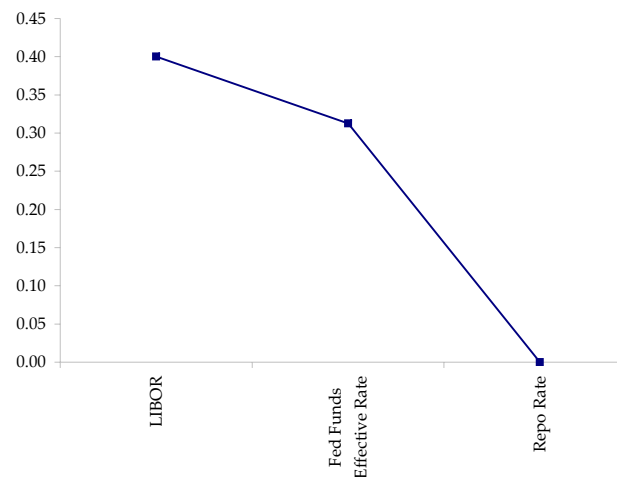
	Last	Chng	Term	Asset Type
USDLIBON	0.400	0.0175	Overnight	LIBOR
TUSFFRON	0.313	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	2.928	(0.0260)	1 month	Euribor OIS Rate
TEONIA03M	2.588	(0.0150)	3 month	Euribor OIS Rate
TSONIA01M	2.493	(0.0570)	1 month	Sterling OIS Rate
TSONIA03M	2.135	(0.0400)	3 month	Sterling OIS Rate
TUSOIS01M	0.524	0.1160	1 month	USD OIS Rate
TUSOIS03M	0.533	0.1210	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	11/12/2008	Last
Australia	195.3	211.6	217.1	181.6	205.3	135.8	120.8	143.5	141.5	144.0
France	58.9	60.8	87.6	73.6	65.4	31.9	31.4	35	35.3	27.7
Germany	40	40.7	56.7	47	36.2	11.7	3.5	-2.1	6.1	-1.9
Japan	-227	-213.4	-192.4	-228.1	-213.2	-242.5	-224.2	-220.5	-214.2	-226.2
U.K.	76.4	83	99.6	83.5	76.3	71.5	64.6	62.6	45	50.0

Global 10y Note spreads over US 10y

