



The Morning Email: Treasuries

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

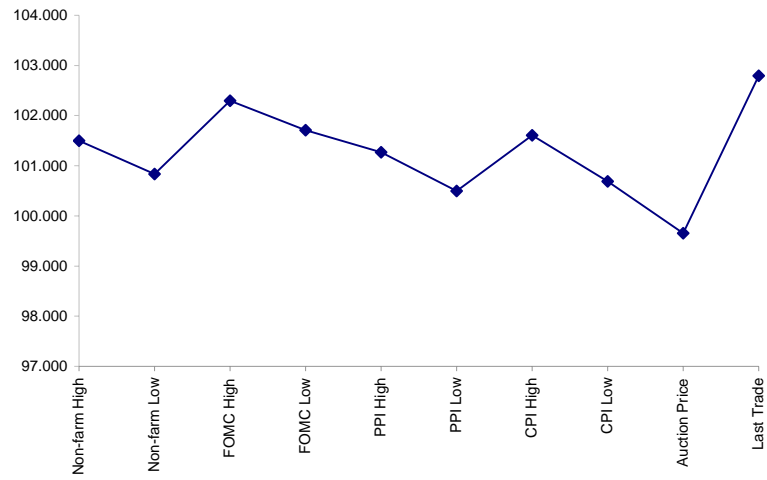
Economic Releases (32nds)

	5y	10y	ZNZ8	ZBZ8	Date
Non-farm High	101.1600	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	102.2550	102.155	119.010	121.045	11/19/2008 5:45

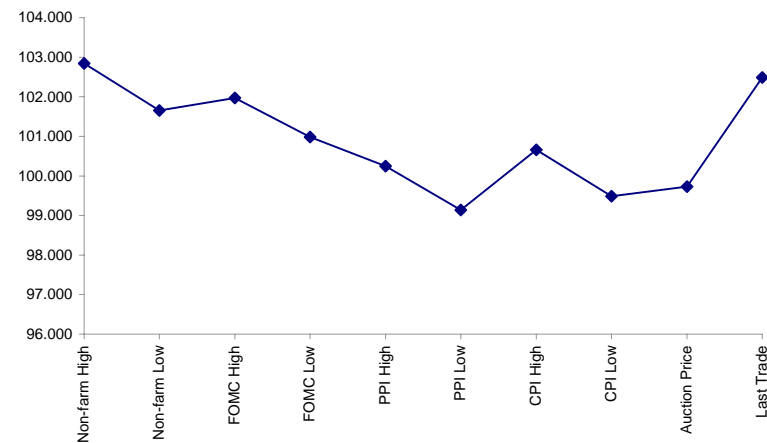
Auctions - 32nds

	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	10/24/2008	10/25/2008	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 Mch08 Futures roll: ZF = (); ZN = (); ZB = () [tics]}

Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAZ8	108.145	(0.002)	108.170	108.127	108.145	16,039	2y Fut
FVAZ8	117.155	0.060	117.177	117.092	117.095	25,007	5y Fut
TYAZ8	119.010	0.180	119.015	118.120	118.130	81,139	10y Fut
USAZ8	121.045	0.32	121.070	120.090	120.095	11,932	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.225	0.002	100.237	100.215	100.225	na	2y Cash
BUS05P	102.252	0.052	102.272	102.200	102.210	na	5y Cash
BUS10P	102.150	0.185	102.155	101.275	101.290	na	10y Cash
BUS30P	107.025	0.155	107.055	106.140	106.140	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	1.126	0.000	1.158	1.098	1.134	na	2y Yield
BUS05Y	2.151	(0.030)	2.207	2.136	2.19	na	5y Yield
BUS10Y	3.454	(0.064)	3.54	3.45	3.537	na	10y Yield
BUS30Y	4.079	(0.035)	4.131	4.074	4.116	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.70	5.73	\$1,789	11.45	n/a	30y
10y	8.30	2.72	\$851	5.44	n/a	10y
5y	4.61	1.56	\$487	6.23	n/a	5y
3y	2.90	0.94	\$293	3.75	n/a	3y
2y	1.91	0.62	\$192	2.46	n/a	2y
ZB	10.76	4.25	\$133	4.25	0.7943	ZB
ZN	6.44	2.50	\$78	4.99	0.8357	ZN
ZF	4.23	1.65	\$52	3.30	0.8653	ZF
ZT	1.75	0.62	\$19	2.47	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		1.702	2.572	3.444
ZN	0.588		1.511	2.023
ZF	0.389	0.662		1.339
ZT	0.290	0.494	0.747	

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	1.45	3.67	6.41	13.48
ZN	2.32	5.86	10.25	21.56
ZF	3.73	9.43	16.48	34.67
ZT	4.99	12.63	22.07	46.42

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		2.528	4.419	9.296
5y	0.396		1.748	3.677
10y	0.226	0.572		2.104
30y	0.108	0.272	0.475	

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

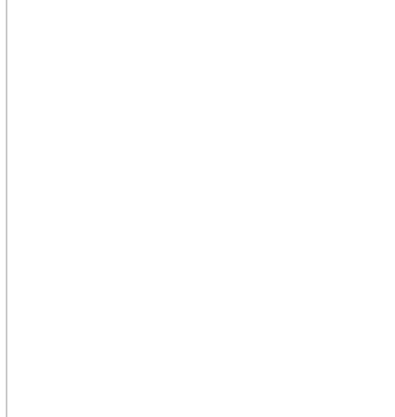
Treasury Closes: 2pm CT vs this Morning

	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	100.2250	1.134	1.126	(0.008)	19.34	19.58			108.1475	108.1450	TUAZ8
3y	1.750	11/15/11	100.2950	1.434	1.397	(0.037)							
5y	2.750	10/31/13	102.1875	2.195	2.151	(0.044)	34.63	36.40			117.0975	117.1550	FVAZ8
10y	3.750	11/15/08	101.255	3.535	3.454	(0.081)	89.36	96.32			118.150	119.010	TYAZ8
30y	4.500	5/15/38	106.010	4.144	4.079	(0.065)	338.92	350.40			120.050	121.045	USAZ8

Curve Spreads

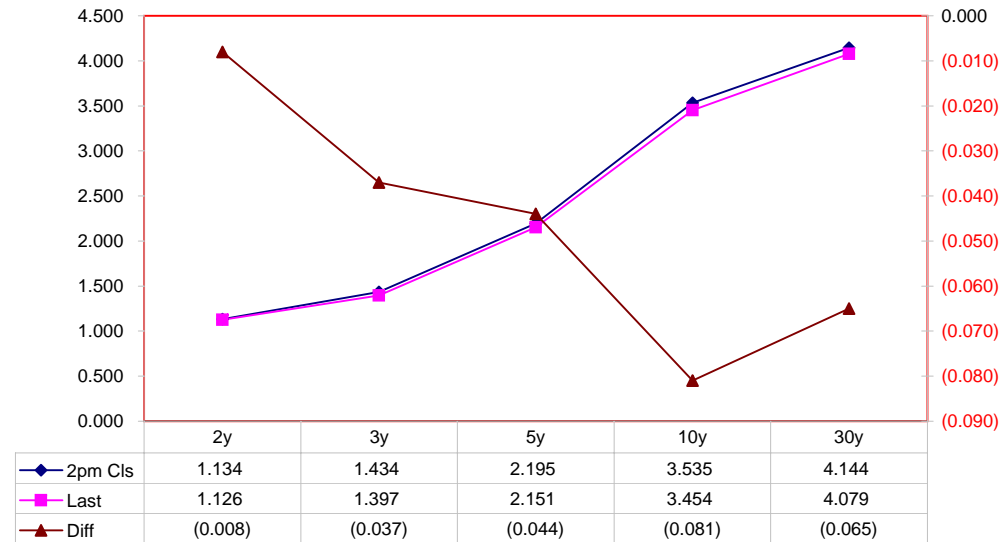
	Close bps	Last bps	Chng from
			2pm Cls
2/3	30.0	27.1	(2.9)
2/5	106.1	102.5	(3.6)
3/5	76.1	75.4	(0.7)
2/10	240.1	232.8	(7.3)
3/10	210.1	205.7	(4.4)
5/10	134.0	130.3	(3.7)
2/30	301.0	295.3	(5.7)
3/30	271.0	268.2	(2.8)
5/30	194.9	192.8	(2.1)
10/30	60.9	62.5	1.6

O/N News:



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US Treasuries Last v 2pm Close



	Last	Chng on Day
Emini SP	852.00	(14.50)
Crude Oil	54.28	(0.48)
Gold	735.90	3.20
EURUSD	126.21	0.01
USDJPY	96.86	(0.19)



The Morning Email: U.S. Treasuries

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	22%	56%	100%	
30	11%	28%	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	\$186			
5	\$192	\$487		
10	\$187	\$472	\$851	
30	\$195	\$493	\$889	\$1,789

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	(\$7)			
10	(\$1)	\$14		
30	(\$9)	(\$7)	(\$38)	

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	-3.41%			
10	-0.46%	3.06%		
30	-4.75%	-1.39%	-4.32%	

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.96	2.53	4.41	9.28
ZF	0.36	0.94	1.65	3.47
ZN	0.24	0.62	1.09	2.29
ZB	0.14	0.37	0.64	1.35

	2y	5y	10y	30y
2y		2.62	4.58	9.63
5y	0.38		1.75	3.68
10y	0.22	0.57		2.10
30y	0.10	0.27	0.48	

	ZT	ZF	ZN	ZB
ZT		2.68	4.05	6.89
ZF	0.37		1.51	2.57
ZN	0.25	0.66		1.70
ZB	0.15	0.39	0.59	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.96	2.53	8.83	18.57
ZF	0.36	0.94	3.30	6.93
ZN	0.48	1.25	1.09	2.29
ZB	0.56	0.73	1.28	1.35

	2y	5y	10y	30y
2y		2.62	2.29	4.81
5y	0.38		0.44	1.84
10y	0.44	2.29		2.10
30y	0.21	0.54	0.48	

	ZT	ZF	ZN	ZB
ZT		2.68	8.09	13.78
ZF	0.37		1.51	5.14
ZN	0.12	0.66		1.70
ZB	0.07	0.19	0.59	

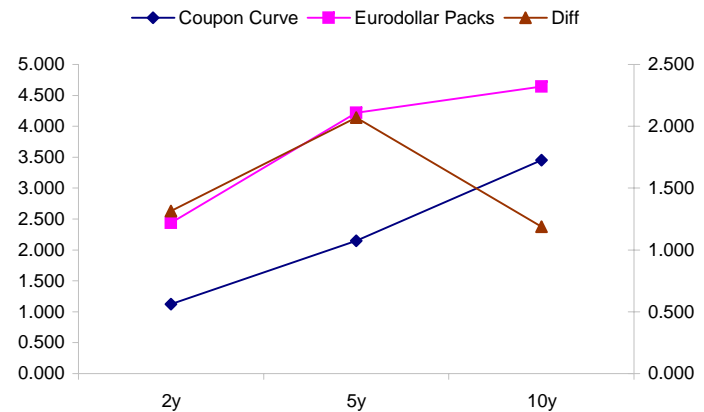
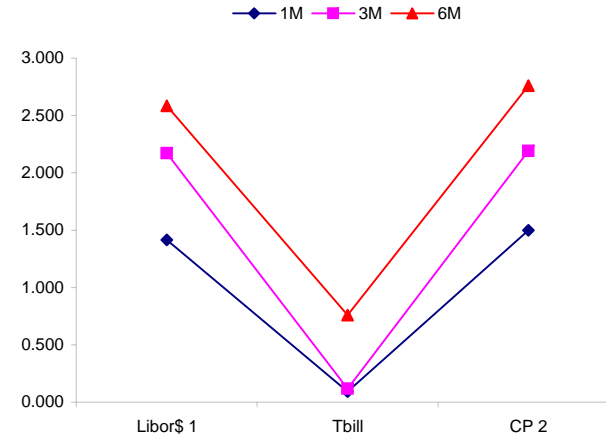
	Libor\$ ¹	Repo Rt ⁶			
0/N	0.438	0.280			
1week	0.919	0.200			
2week	1.125	0.400			
	Libor\$ ¹	Tbill	CP ²		
1M	1.414	0.091	1.500		
3M	2.173	0.116	2.190		
6M	2.584	0.758	2.760		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	1.125	#VALUE!	#VALUE!	2.440	1.316
5y	2.149	#VALUE!	#VALUE!	4.218	2.069
10y	3.454	#VALUE!	#VALUE!	4.642	1.188

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
102.4	177.8	75.4	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
232.9	220.1	-12.8	Red pack / Gold pack is a 2/10 proxy
			Blue pack / Gold pack is a 5/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
130.5	42.4	-88.1	

"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:

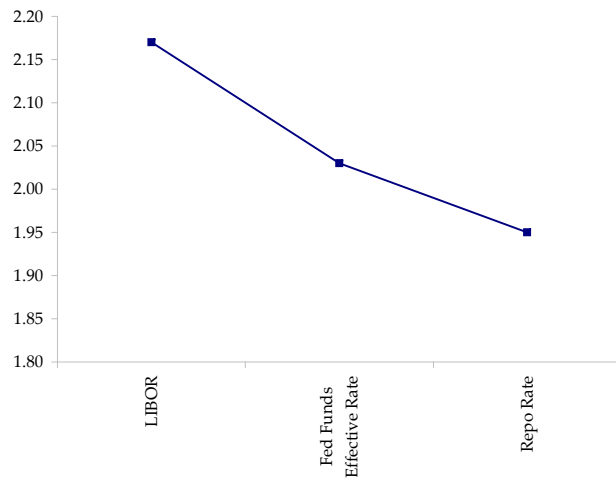
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



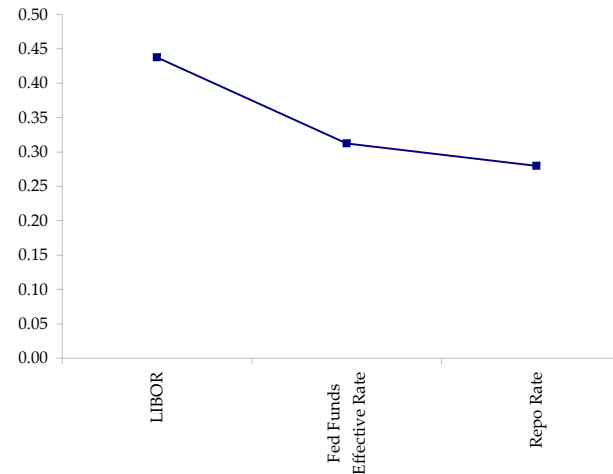
	Last	Chng	Term	Asset Type
USDLIBON	0.438	0.0375	Overnight	LIBOR
TUSFFRON	0.313	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	0.280	0.0000	Overnight	Repo Rate
TEONIA01M	2.761	(0.0160)	1 month	Euribor OIS Rate
TEONIA03M	2.441	(0.0500)	3 month	Euribor OIS Rate
TSONIA01M	2.243	(0.0460)	1 month	Sterling OIS Rate
TSONIA03M	1.904	(0.0630)	3 month	Sterling OIS Rate
TUSOIS01M	0.448	0.0260	1 month	USD OIS Rate
TUSOIS03M	0.460	0.0050	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	Last
Australia	195.3	211.6	217.1	181.6	205.3	135.8	120.8	143.5	138.3	144.0
France	58.9	60.8	87.6	73.6	65.4	31.9	31.4	35	38.6	33.1
Germany	40	40.7	56.7	47	36.2	11.7	3.5	-2.1	11.9	6.4
Japan	-227	-213.4	-192.4	-228.1	-213.2	-242.5	-224.2	-220.5	-205.2	-201.7
U.K.	76.4	83	99.6	83.5	76.3	71.5	64.6	62.6	54.5	59.2

Global 10y Note spreads over US 10y

