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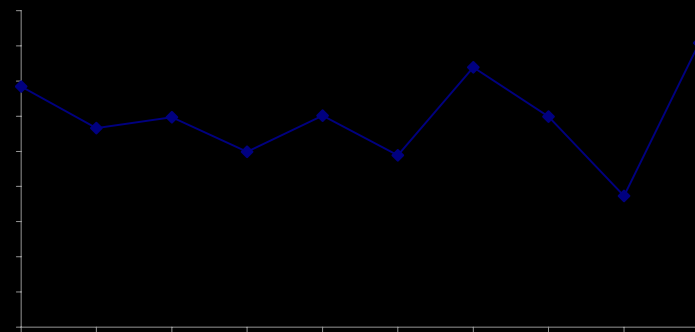
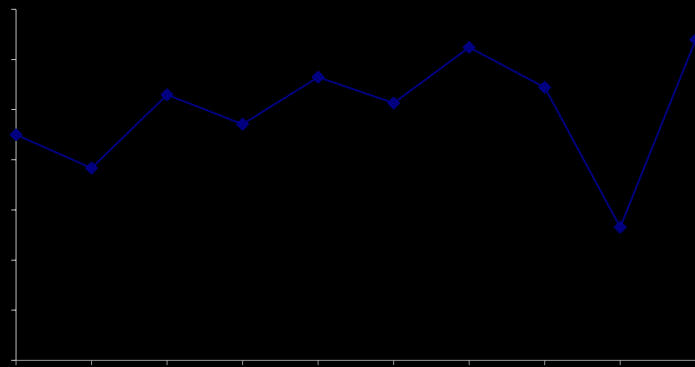
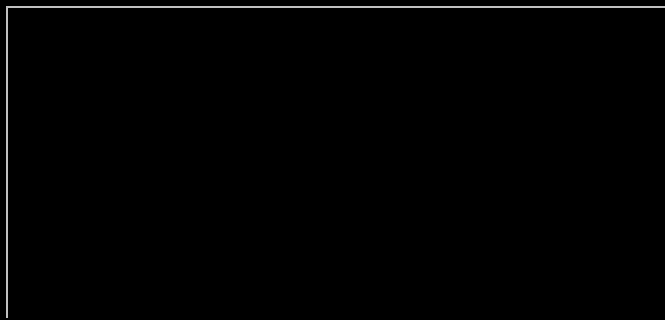
## The Morning Email: Treasuries

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Want something added? Let me know:  
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## Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAZ8	108.217	0.037	108.227	108.180	108.182	28,134	2y Fut
FVAZ8	117.282	0.070	117.302	117.232	117.275	46,555	5y Fut
TYAZ8	119.270	0.190	120.050	119.100	119.175	111,852	10y Fut
USAZ8	123.145	1.12	123.235	122.180	122.275	17,835	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.262	0.000	100.277	100.250	100.262	na	2y Cash
BUS05P	103.120	(0.010)	103.167	103.070	103.090	na	5y Cash
BUS10P	104.020	0.150	104.090	103.110	103.155	na	10y Cash
BUS30P	111.070	1.025	111.210	109.260	109.260	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	1.065	(0.004)	1.105	1.04	1.077	na	2y Yield
BUS05Y	2.027	0.008	2.062	1.995	2.049	na	5y Yield
BUS10Y	3.266	(0.060)	3.362	3.241	3.335	na	10y Yield
BUS30Y	3.855	(0.060)	3.938	3.831	3.917	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
<b>30y</b>	16.95	6.04	\$1,887	12.08	n/a	<b>30y</b>
<b>10y</b>	8.32	2.77	\$866	5.54	n/a	<b>10y</b>
<b>5y</b>	4.61	1.57	\$489	6.26	n/a	<b>5y</b>
<b>3y</b>	2.90	0.94	\$294	3.76	n/a	<b>3y</b>
<b>2y</b>	1.91	0.62	\$192	2.46	n/a	<b>2y</b>
<b>ZB</b>	10.85	4.38	\$137	4.38	0.7943	<b>ZB</b>
<b>ZN</b>	6.45	2.52	\$79	5.04	0.8357	<b>ZN</b>
<b>ZF</b>	4.23	1.66	\$52	3.32	0.8653	<b>ZF</b>
<b>ZT</b>	1.75	0.62	\$19	2.47	0.9229	<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 2.38 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
<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>		1.739	2.642	3.553
<b>ZN</b>	0.575		1.520	2.044
<b>ZF</b>	0.378	0.658		1.345
<b>ZT</b>	0.281	0.489	0.744	

## 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>	1.41	3.57	6.32	13.78
<b>ZN</b>	2.29	5.83	10.31	22.47
<b>ZF</b>	3.71	9.44	16.71	36.41
<b>ZT</b>	4.99	12.70	22.47	48.97

## 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>		2.543	4.498	9.804
<b>5y</b>	0.393		1.769	3.855
<b>10y</b>	0.222	0.565		2.179
<b>30y</b>	0.102	0.259	0.459	

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	100.2400	1.109	1.065	(0.044)	17.85	16.93			108.1800	108.2170	TUAZ8
3y	1.750	11/15/11	101.0450	1.359	1.314	(0.045)							
5y	2.750	10/31/13	103.0325	2.086	2.027	(0.059)	41.18	44.42			117.2125	117.2820	FVAZ8
10y	3.750	11/15/08	103.015	3.388	3.266	(0.122)	110.98	125.59			119.050	119.270	TYAZ8
30y	4.500	5/15/38	109.045	3.971	3.855	(0.116)	389.17	427.62			122.030	123.145	USAZ8

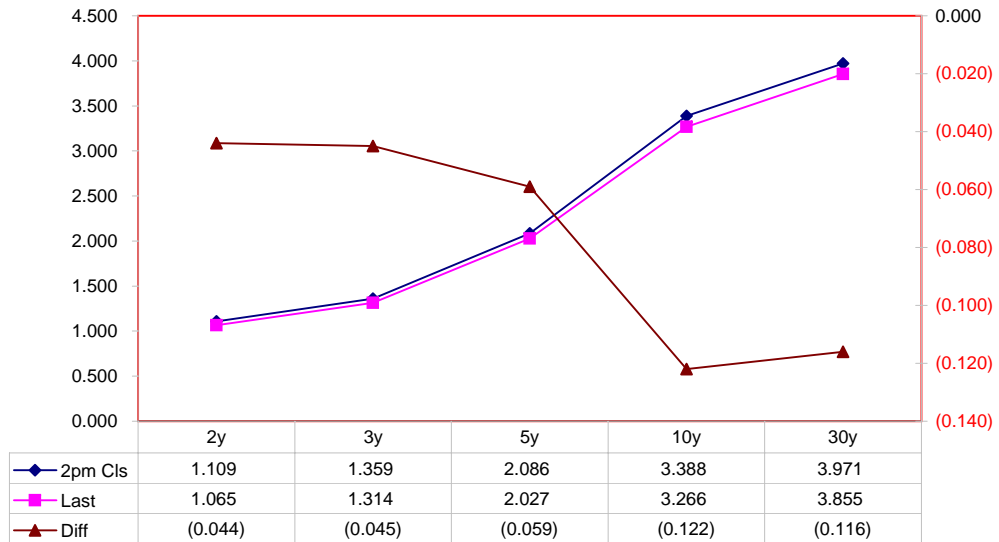
Curve Spreads

	Chng from		
	Close bps	Last bps	2pm Cls
2/3	25.0	24.9	(0.1)
2/5	97.7	96.2	(1.5)
3/5	72.7	71.3	(1.4)
2/10	227.9	220.1	(7.8)
3/10	202.9	195.2	(7.7)
5/10	130.2	123.9	(6.3)
2/30	286.2	279.0	(7.2)
3/30	261.2	254.1	(7.1)
5/30	188.5	182.8	(5.7)
10/30	58.3	58.9	0.6

O/N News:

Jim Goulding, jgoulding@ghco.com

US Treasuries Last v 2pm Close



	Last	Chng on Day
Emini SP	800.50	(12.00)
Crude Oil	52.60	(1.50)
Gold	743.50	7.50
EURUSD	125.31	0.39
USDJPY	95.54	(0.23)

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	39%	100%		
10	22%	55%	100%	
30	11%	27%	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	\$186			
5	\$193	\$489		
10	\$189	\$480	\$866	
30	\$202	\$513	\$925	\$1,887

**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	(\$4)	\$10		
30	(\$17)	(\$23)	(\$60)	

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	-3.85%			
10	-1.88%	2.04%		
30	-8.22%	-4.55%	-6.46%	

## Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.96	2.54	4.49	9.79
ZF	0.36	0.94	1.67	3.64
ZN	0.24	0.62	1.10	2.40
ZB	0.14	0.36	0.63	1.38

	2y	5y	10y	30y
2y		2.63	4.66	10.15
5y	0.38		1.77	3.86
10y	0.21	0.57		2.18
30y	0.10	0.26	0.46	

	ZT	ZF	ZN	ZB
ZT		2.69	4.09	7.11
ZF	0.37		1.52	2.64
ZN	0.24	0.66		1.74
ZB	0.14	0.38	0.58	

## Box for Box Matrix

	2y	5y	10y	30y
ZT	0.96	2.54	8.99	19.59
ZF	0.36	0.94	3.34	7.28
ZN	0.47	1.24	1.10	2.40
ZB	0.54	0.71	1.26	1.38

	2y	5y	10y	30y
2y		2.63	2.33	5.08
5y	0.38		0.44	1.93
10y	0.43	2.26		2.18
30y	0.20	0.52	0.46	

	ZT	ZF	ZN	ZB
ZT		2.69	8.17	14.21
ZF	0.37		1.52	5.28
ZN	0.12	0.66		1.74
ZB	0.07	0.19	0.58	



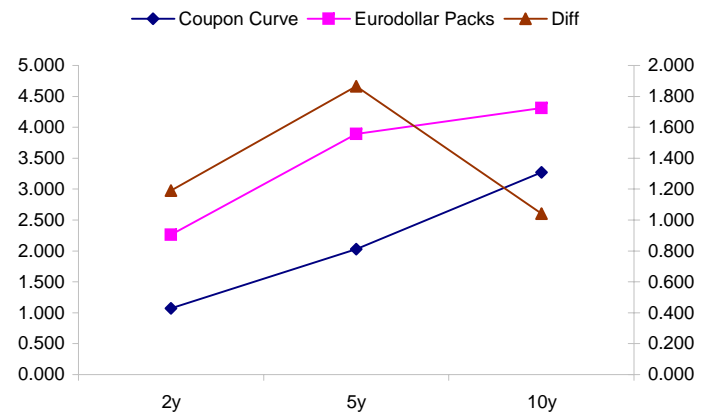
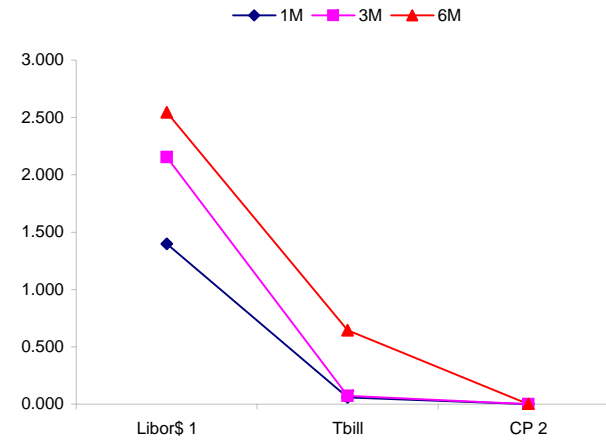
	Libor\$ <sup>1</sup>	Repo Rt <sup>6</sup>			
0/N	0.444	#VALUE!			
1week	0.963	#VALUE!			
2week	1.141	#VALUE!			
	Libor\$ <sup>1</sup>	Tbill	CP <sup>2</sup>		
1M	1.399	0.058	#VALUE!		
3M	2.153	0.073	#VALUE!		
6M	2.544	0.645	#VALUE!		
	TSY	Swp	Swp Rate <sup>5</sup>	ED Pks <sup>3</sup>	TSY - ED Pk <sup>4</sup>
2y	1.070	#VALUE!	#VALUE!	2.261	1.191
5y	2.028	#VALUE!	#VALUE!	3.892	1.865
10y	3.269	#VALUE!	#VALUE!	4.311	1.042

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
95.7	163.1	67.4	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
219.9	205.0	-14.9	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>	
124.2	41.9	-82.3	

"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:**

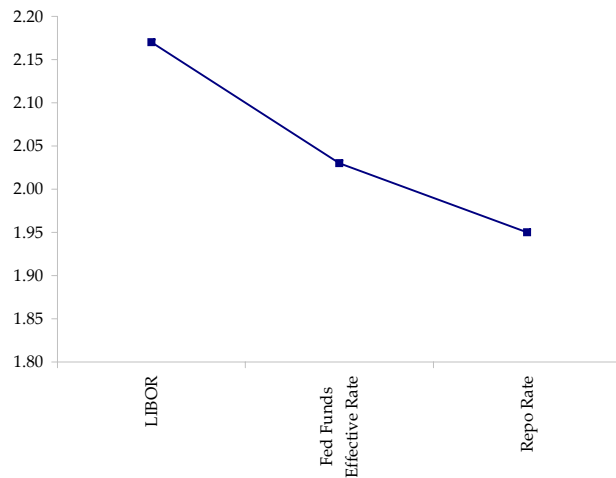
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



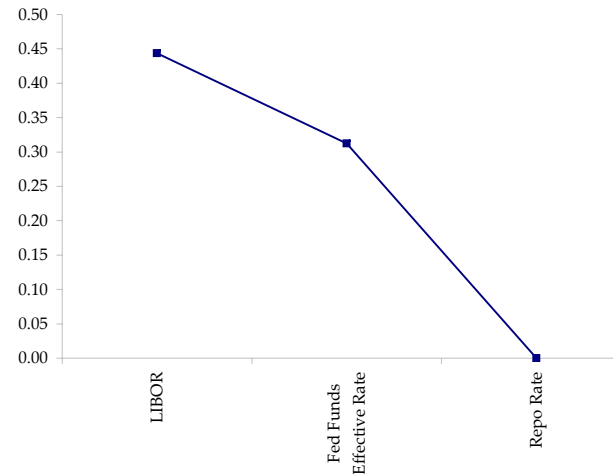
	Last	Chng	Term	Asset Type
USDLIBON	0.444	0.0062	Overnight	LIBOR
TUSFFRON	0.313	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	2.676	(0.0570)	1 month	Euribor OIS Rate
TEONIA03M	2.380	(0.0290)	3 month	Euribor OIS Rate
TSONIA01M	2.171	(0.0650)	1 month	Sterling OIS Rate
TSONIA03M	1.827	(0.0570)	3 month	Sterling OIS Rate
TUSOIS01M	0.479	0.0140	1 month	USD OIS Rate
TUSOIS03M	0.439	(0.0100)	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	138.9	149.8
France	58.9	60.8	87.6	73.6	65.4	31.9	31.4	35	44.4	42.9
Germany	40	40.7	56.7	47	36.2	11.7	3.5	-2.1	12.1	13.1
Japan	-227	-213.4	-192.4	-228.1	-213.2	-242.5	-224.2	-220.5	-193.6	-186.4
U.K.	76.4	83	99.6	83.5	76.3	71.5	64.6	62.6	63.8	74.9

Global 10y Note spreads over US 10y

