



11/24/2008 6:07

The Morning Email: Treasuries

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

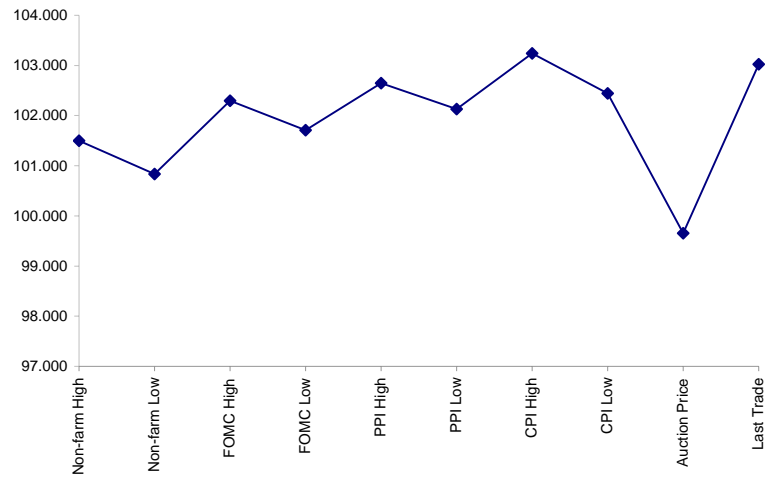
Economic Releases (32nds)

	5y	10y	ZNZ8	ZBZ8	Date
Non-farm High	101.1600	105.168	115.305	117.280	11/7/2008
Non-farm Low	100.2675	104.108	114.260	115.220	11/7/2008
FOMC High	102.0950	104.208	115.055	116.265	10/29/2008
FOMC Low	101.2275	103.223	113.295	114.295	10/29/2008
PPI High	102.2075	102.005	118.205	120.145	11/18/2008
PPI Low	102.0425	100.285	117.225	118.305	11/18/2008
CPI High	103.0775	103.125	119.155	122.145	11/19/2008
CPI Low	102.1425	101.315	118.160	120.205	11/19/2008
Auction Price	99.2088	99.233	na	na	
Last Trade	103.0070	104.140	119.295	125.290	11/24/2008 6:07

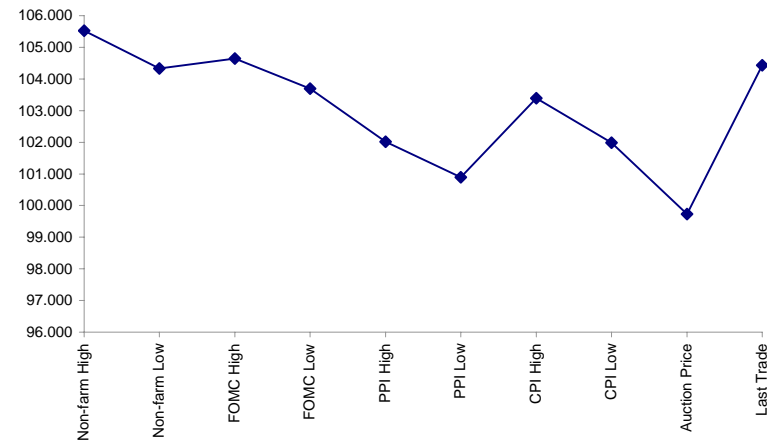
Auctions - 32nds

	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 Mch09 Futures roll: ZF = (); ZN = (); ZB = () [tics]}

Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAZ8	108.162	(0.057)	108.205	108.132	108.182	12,048	2y Fut
FVAZ8	117.307	(0.160)	118.150	117.260	118.052	28,853	5y Fut
TYAZ8	119.295	(0.180)	120.120	119.235	120.015	54,133	10y Fut
USAZ8	125.290	(0.13)	126.160	125.140	125.275	15,812	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.202	(0.025)	100.242	100.192	100.230	na	2y Cash
BUS05P	103.010	(0.070)	103.190	102.310	103.190	na	5y Cash
BUS10P	104.080	(0.045)	104.270	104.095	104.270	na	10y Cash
BUS30P	114.135	(0.060)	114.305	114.055	114.290	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	1.156	0.077	1.197	1.082	1.095	na	2y Yield
BUS05Y	2.044	(0.007)	2.098	2.026	2.036	na	5y Yield
BUS10Y	3.226	(0.007)	3.257	3.161	3.161	na	10y Yield
BUS30Y	3.712	0.025	3.716	3.692	3.694	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	17.13	6.28	\$1,962	12.56	n/a	30y
10y	8.31	2.77	\$867	5.55	n/a	10y
5y	4.59	1.56	\$487	6.23	n/a	5y
3y	#VALUE!	#VALUE!	#VALUE!	#VALUE!	n/a	3y
2y	1.90	0.61	\$191	2.44	n/a	2y
ZB	10.12	3.65	\$114	3.65	0.7943	ZB
ZN	6.27	2.39	\$75	4.78	0.8357	ZN
ZF	4.00	1.55	\$49	3.11	0.8653	ZF
ZT	1.74	0.61	\$19	2.45	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		1.530	2.353	2.984
ZN	0.654		1.538	1.951
ZF	0.425	0.650		1.268
ZT	0.335	0.513	0.789	

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	4.26	7.59	17.19
ZN	2.56	6.52	11.62	26.30
ZF	3.94	10.03	17.87	40.45
ZT	4.99	12.72	22.66	51.29

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		2.548	4.540	10.277
5y	0.392		1.782	4.033
10y	0.220	0.561		2.263
30y	0.097	0.248	0.442	

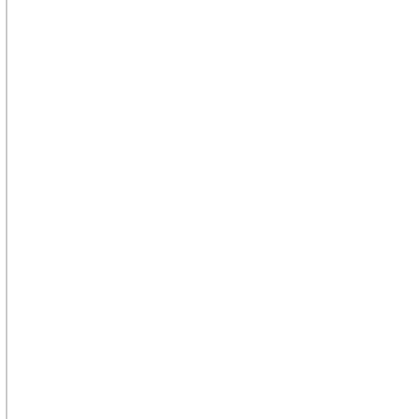
Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

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	100.2625	1.071	1.156	0.085	16.40	16.01	+8.00		108.2200	108.1620	TUAZ8
3y	1.750	11/15/11	101.0775	1.324	1.437	0.113							
5y	2.750	10/31/13	103.1775	1.991	2.044	0.053	33.40	30.45	+8.00		118.1500	117.3070	FVAZ8
10y	3.750	11/15/08	104.300	3.169	3.226	0.057	135.96	135.00			120.155	119.295	TYAZ8
30y	4.500	5/15/38	115.005	3.663	3.712	0.049	470.34	461.27			126.095	125.290	USAZ8

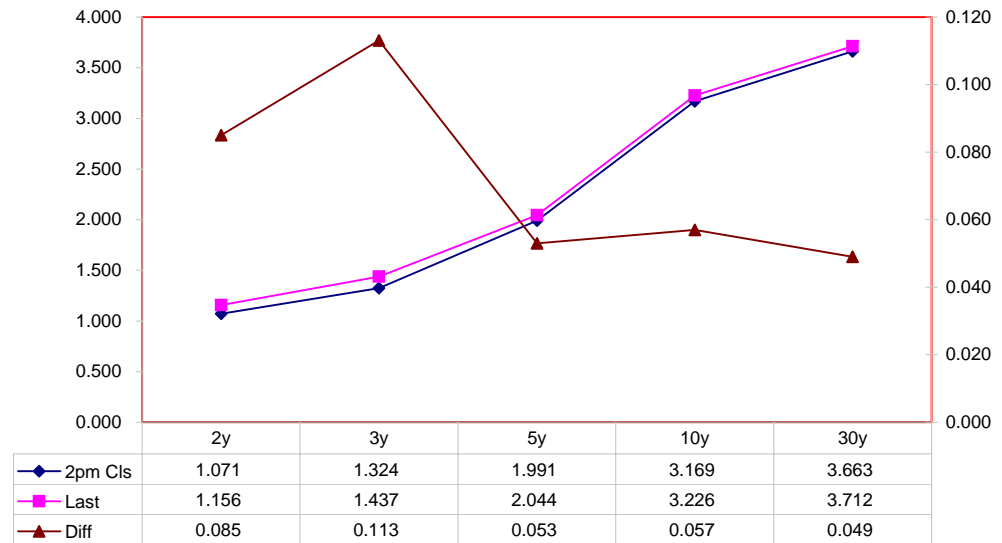
Curve Spreads			
	Chng from		
	Close bps	Last bps	2pm CIs
2/3	25.3	28.1	2.8
2/5	92.0	88.8	(3.2)
3/5	66.7	60.7	(6.0)
2/10	209.8	207.0	(2.8)
3/10	184.5	178.9	(5.6)
5/10	117.8	118.2	0.4
2/30	259.2	255.6	(3.6)
3/30	233.9	227.5	(6.4)
5/30	167.2	166.8	(0.4)
10/30	49.4	48.6	(0.8)

O/N News:



Jim Goulding, jgoulding@ghco.com

US Treasuries Last v 2pm Close



	Last	Chng on Day
Emini SP	815.25	23.25
Crude Oil	51.61	1.68
Gold	818.20	26.40
EURUSD	127.05	1.15
USDJPY	95.50	(0.47)

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	\$184			
5	\$191	\$487		
10	\$189	\$479	\$867	
30	\$207	\$526	\$952	\$1,962

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)	\$7		
30	(\$23)	(\$40)	(\$85)	

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	-3.75%			
10	-2.29%	1.52%		
30	-11.00%	-7.53%	-8.92%	

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.96	2.54	4.53	10.26
ZF	0.38	1.00	1.79	4.04
ZN	0.25	0.65	1.16	2.63
ZB	0.16	0.43	0.76	1.72

	2y	5y	10y	30y
2y		2.64	4.71	10.65
5y	0.38		1.78	4.03
10y	0.21	0.56		2.26
30y	0.09	0.25	0.44	

	ZT	ZF	ZN	ZB
ZT		2.54	3.90	5.97
ZF	0.39		1.54	2.35
ZN	0.26	0.65		1.53
ZB	0.17	0.42	0.65	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.96	2.54	9.06	20.52
ZF	0.38	1.00	3.57	8.09
ZN	0.49	1.30	1.16	2.63
ZB	0.65	0.85	1.52	1.72

	2y	5y	10y	30y
2y		2.64	2.35	5.33
5y	0.38		0.45	2.02
10y	0.42	2.24		2.26
30y	0.19	0.50	0.44	

	ZT	ZF	ZN	ZB
ZT		2.54	7.80	11.94
ZF	0.39		1.54	4.71
ZN	0.13	0.65		1.53
ZB	0.08	0.21	0.65	

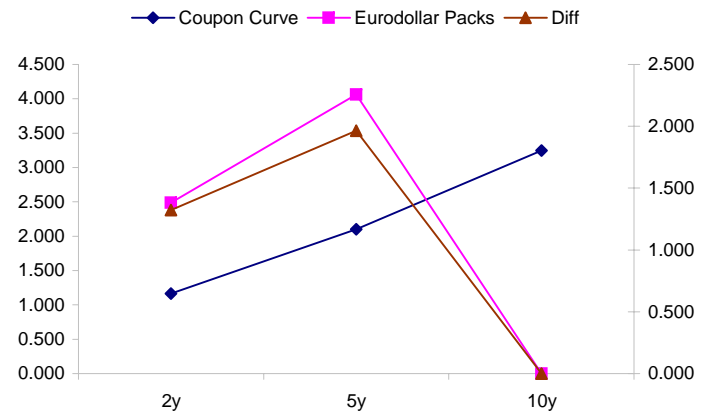
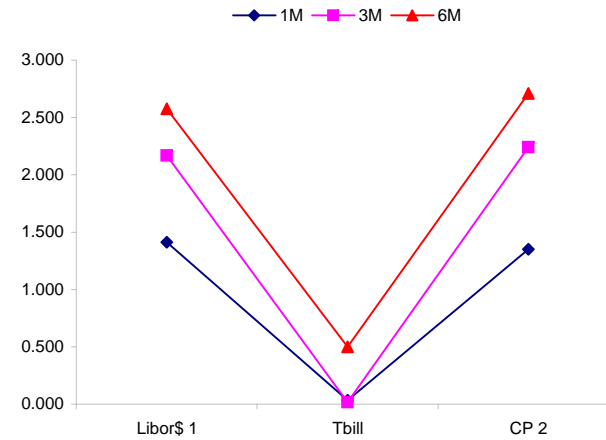
	Libor\$ ¹	Repo Rt ⁶			
0/N	0.806	0.500			
1week	1.088	0.250			
2week	1.221	0.450			
	Libor\$ ¹	Tbill	CP ²		
1M	1.411	0.033	1.350		
3M	2.169	0.017	2.240		
6M	2.575	0.500	2.710		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	1.163	109.25	2.26	2.487	1.324
5y	2.099	99.25	3.09	4.064	1.965
10y	3.247	20.50	3.45	#VALUE!	#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
93.6	157.8	64.1	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
208.5	#VALUE!	#VALUE!	Red pack / Gold pack is a 2/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
114.8	#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:

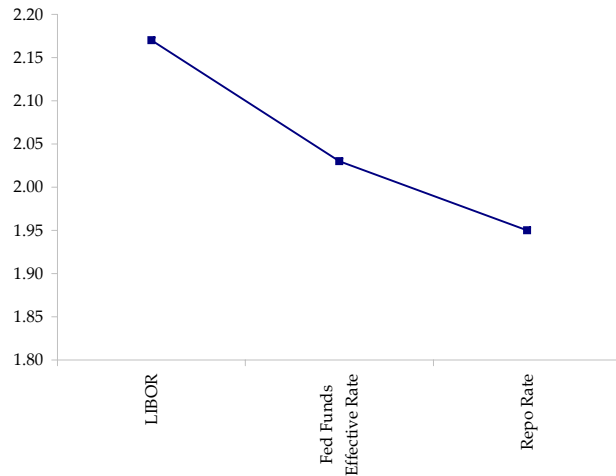
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



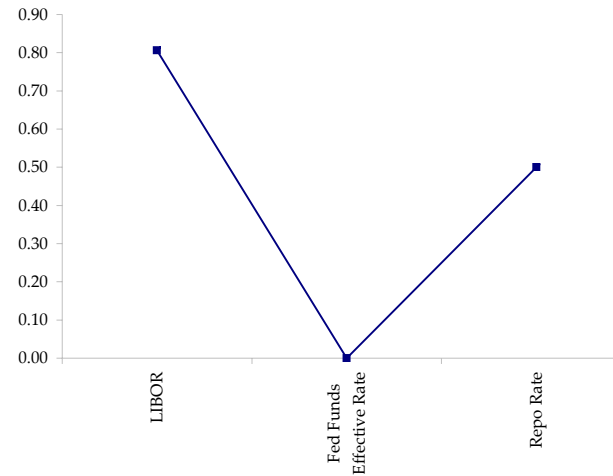
	Last	Chng	Term	Asset Type
USDLIBON	0.806	0.1063	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	0.500	0.0000	Overnight	Repo Rate
TEONIA01M	2.544	(0.0150)	1 month	Euribor OIS Rate
TEONIA03M	2.256	(0.0070)	3 month	Euribor OIS Rate
TSONIA01M	2.057	(0.0690)	1 month	Sterling OIS Rate
TSONIA03M	1.738	(0.0270)	3 month	Sterling OIS Rate
TUSOIS01M	0.555	0.0700	1 month	USD OIS Rate
TUSOIS03M	0.479	0.0230	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	11/21/2008	Last
Australia	195.3	211.6	217.1	181.6	205.3	135.8	120.8	143.5	138.9	138.2	139.6
France	58.9	60.8	87.6	73.6	65.4	31.9	31.4	35	44.4	61.2	47.2
Germany	40	40.7	56.7	47	36.2	11.7	3.5	-2.1	12.1	18.1	10.7
Japan	-227	-213.4	-192.4	-228.1	-213.2	-242.5	-224.2	-220.5	-193.6	-179.3	-187.0
U.K.	76.4	83	99.6	83.5	76.3	71.5	64.6	62.6	63.8	66.2	61.6

Global 10y Note spreads over US 10y

