11/25/2008 5:56

The Morning Email: Treasuries

Table of Contents

Want something added? Let me know:
jgoulding@ghco.com

Important Econ Releases, Highs & Lows

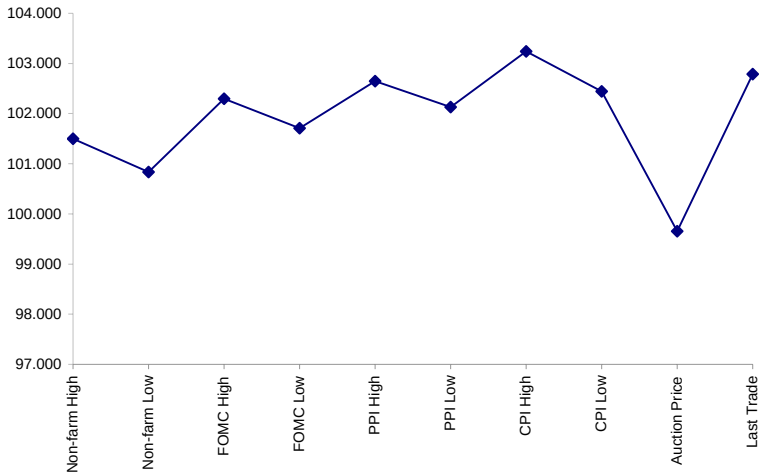
Economic Releases (32nds)

	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	102.2520	104.125	120.010	125.235	11/25/2008 5:56

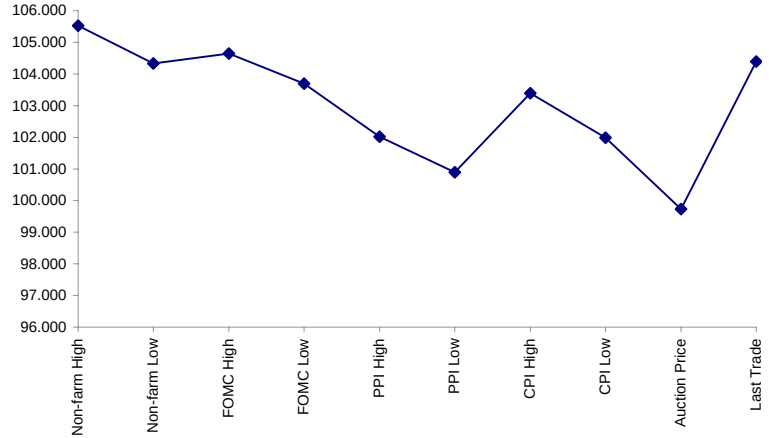
Auctions - 32nds

	2 y	5y	10y	30y
Auction Price	99.308	99.209	99.233	98.074
Auction Yield Stop	1.269	2.825	3.783	4.609
Actual Auction Date	11/24/2008	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	108.187	0.037	108.212	108.142	108.155	29,868	2y Fut
FVAZ8	117.242	0.077	118.000	117.147	117.157	68,126	5y Fut
TYAZ8	120.010	0.205	120.090	119.135	119.150	85,263	10y Fut
USAZ8	125.235	0.14	125.315	124.185	124.240	30,085	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.000	(0.172)	100.027	99.315	99.315	na	2y Cash
BUS05P	102.240	0.065	103.002	102.207	102.210	na	5y Cash
BUS10P	104.125	0.270	104.195	103.245	103.245	na	10y Cash
BUS30P	114.205	2.030	114.280	112.210	113.100	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	1.239	0.038	1.275	1.191	1.243	na	2y Yield
BUS05Y	2.146	(0.053)	2.182	2.103	2.174	na	5y Yield
BUS10Y	3.229	(0.096)	3.285	3.202	3.264	na	10y Yield
BUS30Y	3.667	(0.109)	3.789	3.664	3.788	na	30y Yield

Duration, DV01s, CFs

	M Duration	DV01 32	DV01 $	DV01 Box	CF	
30y	17.15	6.31	$1,972	12.62	n/a	**30y**
10y	8.31	2.78	$868	5.55	n/a	**10y**
5y	4.59	1.55	$485	6.21	n/a	**5y**
3y	2.88	0.93	$291	3.73	n/a	**3y**
2y	1.97	0.63	$197	2.52	n/a	**2y**
ZB	10.54	4.31	$135	4.31	0.7943	**ZB**
ZN	6.29	2.43	$76	4.86	0.8357	**ZN**
ZF	4.00	1.56	$49	3.11	0.8653	**ZF**
ZT	1.74	0.61	$19	2.44	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		1.774	2.768	3.529
ZN	0.564		1.560	1.989
ZF	0.361	0.641		1.275
ZT	0.283	0.503	0.785	

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	1.46	3.60	6.44	14.64
ZN	2.59	6.39	11.43	25.98
ZF	4.05	9.97	17.84	40.54
ZT	5.16	12.70	22.74	51.67

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		2.463	4.409	10.020
5y	0.406		1.790	4.068
10y	0.227	0.559		2.273
30y	0.100	0.246	0.440	

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

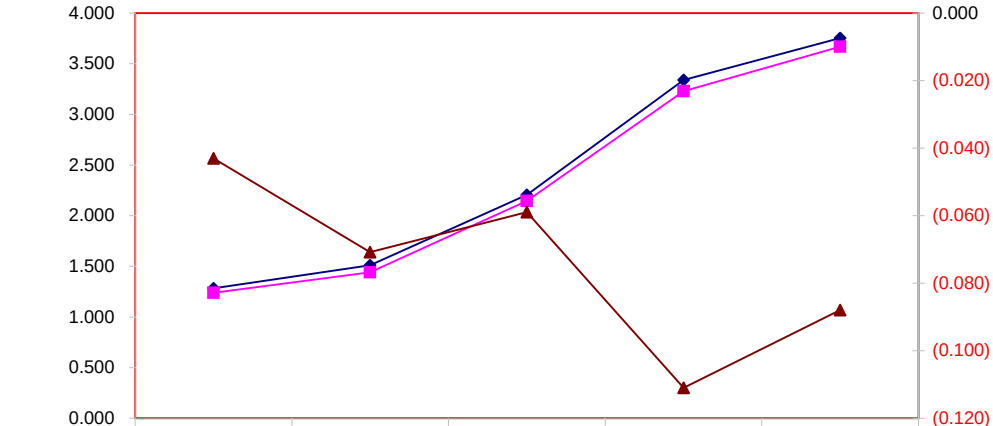
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng from 2pm	Basis Close	Basis Last	Cash Roll	Futrues Roll	Close 32	Last	
2y	1.250	11/30/10	103.1450	1.282	1.239	(0.043)	107.34	-6.60	+7.00		108.1475	108.1870	TUAZ8
3y	1.750	11/15/11	113.0650	1.510	1.439	(0.071)							
5y	2.750	10/31/13	117.1650	2.205	2.146	(0.059)	993.27	28.58	+6.00		99.3000	117.2420	FVAZ8
10y	3.750	11/15/08	119.125	3.340	3.229	(0.111)	1127.67	130.58			100.223	120.010	TYAZ8
30y	4.500	5/15/38	125.090	3.755	3.667	(0.088)	1402.90	476.63			102.170	125.235	USAZ8

Curve Spreads

	Close bps	Last bps	Chng from 2pm Cls
2/3	22.8	20.0	(2.8)
2/5	92.3	90.7	(1.6)
3/5	69.5	70.7	1.2
2/10	205.8	199.0	(6.8)
3/10	183.0	179.0	(4.0)
5/10	113.5	108.3	(5.2)
2/30	247.3	242.8	(4.5)
3/30	224.5	222.8	(1.7)
5/30	155.0	152.1	(2.9)
10/30	41.5	43.8	2.3

US Treasuries Last v 2pm Close



	2y	3y	5y	10y	30y
2pm Cls	1.282	1.510	2.205	3.340	3.755
Last	1.239	1.439	2.146	3.229	3.667
Diff	(0.043)	(0.071)	(0.059)	(0.111)	(0.088)

O/N News:

	Last	Chng on Day
Emini SP	858.75	10.75
Crude Oil	53.00	(1.50)
Gold	813.00	(6.50)
EURUSD	128.79	(0.79)
USDJPY	96.35	(1.03)

Notes:

Basis = (Cash Decimal - (Futures Decimal * CF))*32

MDuration for Curve Spreads:

Longer duration minus shorter duration

32 = price is quoted in 32nds

Jim Goulding, jgoulding@ghco.com

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	43%	100%		
10	24%	55%	100%	
30	11%	27%	48%	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	$197			
5	$208	$485		
10	$206	$479	$868	
30	$226	$528	$955	$1,972

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	($11)			
10	($9)	$5		
30	($29)	($43)	($87)	

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	-5.32%			
10	-4.26%	1.11%		
30	-13.00%	-8.12%	-9.13%	

Tic for Tic & Box for Box Matrix

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	1.03	2.54	4.55	10.33
ZF	0.40	1.00	1.78	4.05
ZN	0.26	0.64	1.14	2.60
ZB	0.15	0.36	0.64	1.46

	2y	5y	10y	30y
2y		2.46	4.41	10.02
5y	0.41		1.79	4.07
10y	0.23	0.56		2.27
30y	0.10	0.25	0.44	

	ZT	ZF	ZN	ZB
ZT		2.55	3.98	7.06
ZF	0.39		1.56	2.77
ZN	0.25	0.64		1.77
ZB	0.14	0.36	0.56	

Box for Box Matrix

	2y	5y	10y	30y
ZT	1.03	2.54	9.10	20.67
ZF	0.40	1.00	3.57	8.11
ZN	0.52	1.28	1.14	2.60
ZB	0.58	0.72	1.29	1.46

	2y	5y	10y	30y
2y		2.46	2.20	5.01
5y	0.41		0.45	2.03
10y	0.45	2.23		2.27
30y	0.20	0.49	0.44	

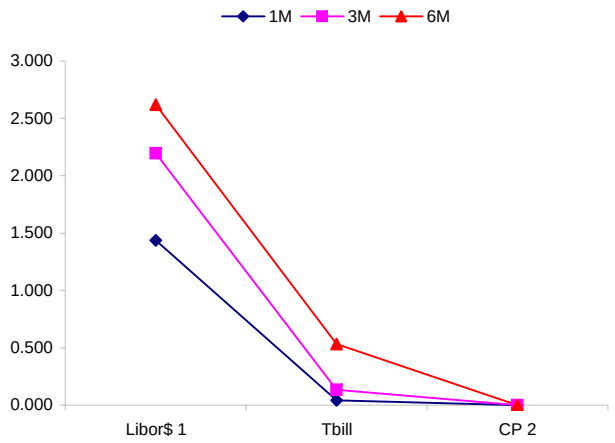
	ZT	ZF	ZN	ZB
ZT		2.55	7.96	14.11
ZF	0.39		1.56	5.54
ZN	0.13	0.64		1.77
ZB	0.07	0.18	0.56	

Key Money Rate, Spreads, Swaps, Packs

	Libor$ [1]	Repo Rt [6]
0/N	0.931	#VALUE!
1week	1.131	#VALUE!
2week	1.260	#VALUE!

	Libor$ [1]	Tbill	CP [2]
1M	1.436	0.043	#VALUE!
3M	2.196	0.134	#VALUE!
6M	2.621	0.533	#VALUE!

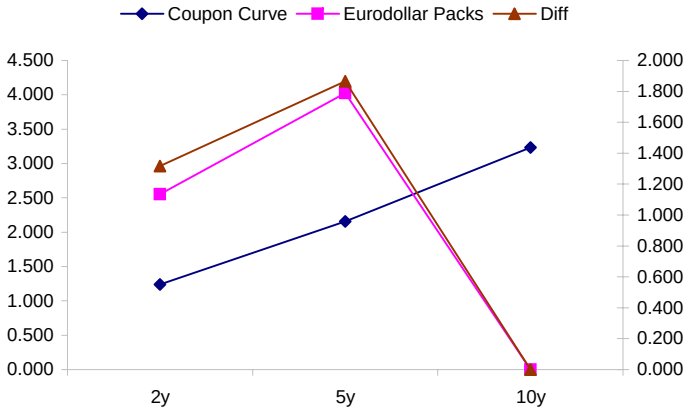
	TSY	Swp	Swp Rate[5]	ED Pks[3]	TSY - ED Pk [4]
2y	1.238	107.75	2.32	2.555	1.316
5y	2.158	98.75	3.15	4.024	1.866
10y	3.231	19.00	3.42		#VALUE!



2/5	Rd/Blu Pk	Diff
92.0	147.0	55.0
2/10	**Rd/Gld Pk**	**Diff**
199.3	#VALUE!	#VALUE!
5/10	**Blu/Gld Pk**	**Diff**
107.3	#VALUE!	#VALUE!

Red pack / Blue pack is a 2/5 proxy
Red pack / Gold pack is a 2/10 proxy
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

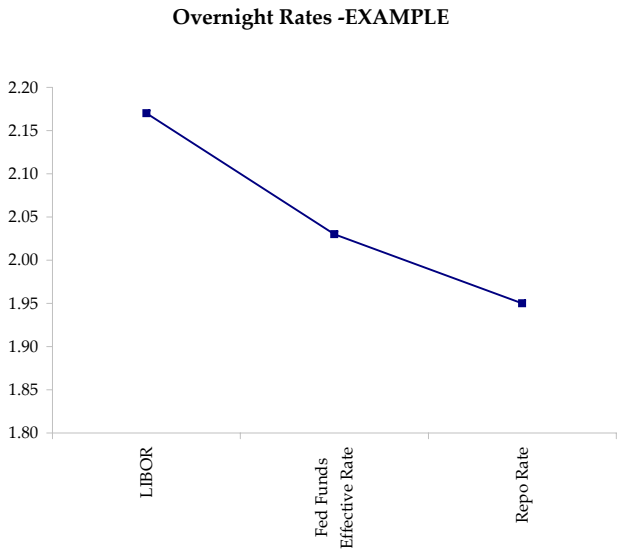
5) Swap divided by 100 + TSY yield gives swap rate in basis points.

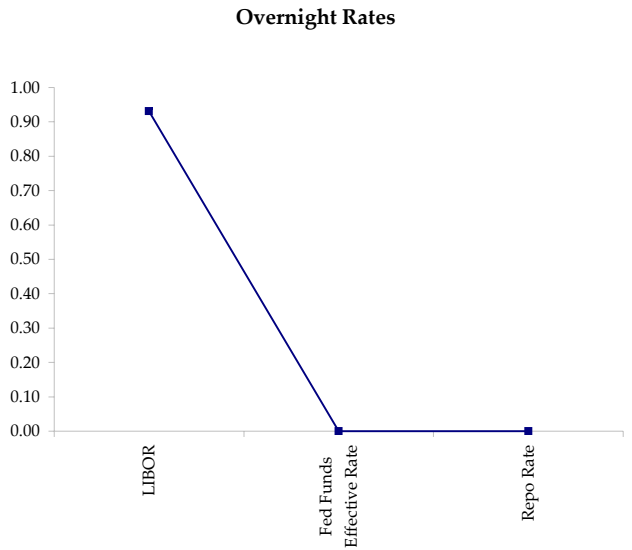
6) Repo Rt quotes is for overnight General Collateral

Libor, Fed Funds (OIS), Repo, SONIA & EONIA Rates

	Last	Chng	Term	Asset Type
USDLIBON	0.931	0.1250	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	2.566	0.0010	1 momth	Euribor OIS Rate
TEONIA03M	2.261	(0.0240)	3 month	Euribor OIS Rate
TSONIA01M	2.029	(0.0390)	1 momth	Sterling OIS Rate
TSONIA03M	1.729	(0.0370)	3 month	Sterling OIS Rate
TUSOIS01M	0.528	(0.0480)	1 momth	USD OIS Rate
TUSOIS03M	0.477	(0.0010)	3 month	USD OIS Rate

Example, below





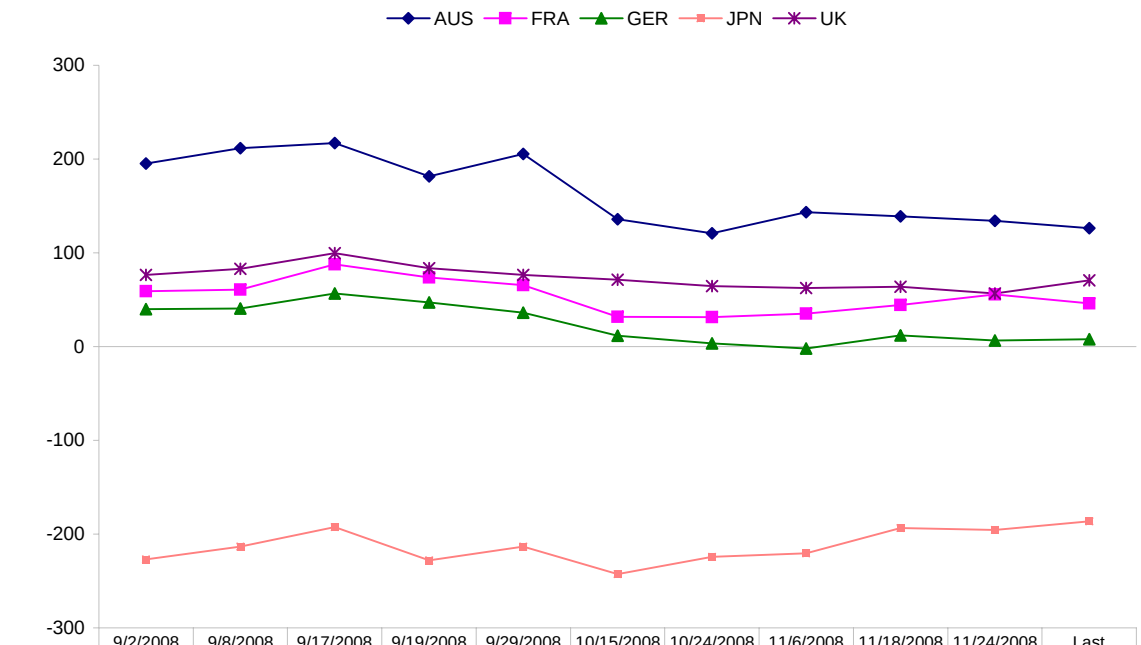
A 'normal' lending curve looks like the chart to the left.
That is, the Libor should be a bit higher than Fed Funds Effective rate (FFER), and the FFER should be a bit higher than the Repo Rate.

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	11/24/2008	Last
Australia	195.3	211.6	217.1	181.6	205.3	135.8	120.8	143.5	138.9	134	126.3
France	58.9	60.8	87.6	73.6	65.4	31.9	31.4	35	44.4	55.7	46.0
Germany	40	40.7	56.7	47	36.2	11.7	3.5	-2.1	12.1	6.6	7.9
Japan	-227	-213.4	-192.4	-228.1	-213.2	-242.5	-224.2	-220.5	-193.6	-195.5	-186.3
U.K.	76.4	83	99.6	83.5	76.3	71.5	64.6	62.6	63.8	56.7	70.5

Global 10y Note spreads over US 10y



	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	11/24/2008	Last
AUS	195.3	211.6	217.1	181.6	205.3	135.8	120.8	143.5	138.9	134	126.3
FRA	58.9	60.8	87.6	73.6	65.4	31.9	31.4	35	44.4	55.7	46.0
GER	40	40.7	56.7	47	36.2	11.7	3.5	-2.1	12.1	6.6	7.9
JPN	-227	-213.4	-192.4	-228.1	-213.2	-242.5	-224.2	-220.5	-193.6	-195.5	-186.3
UK	76.4	83	99.6	83.5	76.3	71.5	64.6	62.6	63.8	56.7	70.5