



10/8/2008 5:49

The Morning Email: Treasuries

Table of Contents

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

- Pg 2** Quotes

- Pg 3** Duration, DV01s, Curve Spreads, CF

- 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.

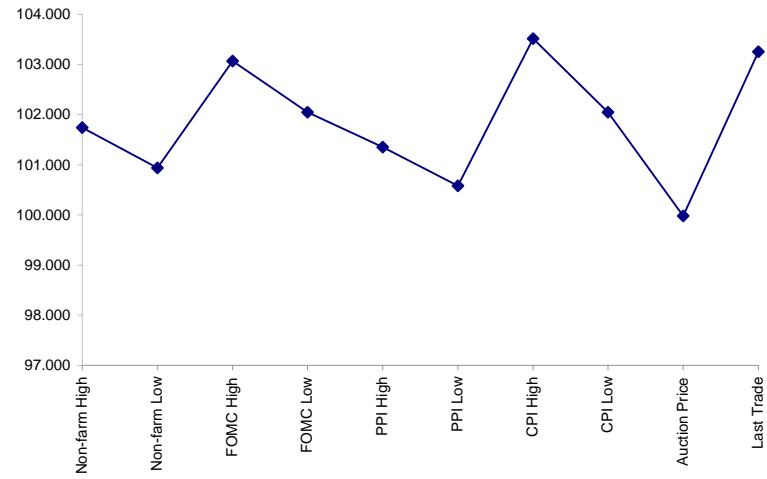
Economic Releases (32nds)

	5y	10y	ZNZ8	ZBZ8	Date
Non-farm High	101.2375	103.255	117.240	120.080	9/5/2008
Non-farm Low	100.3000	102.260	116.200	119.010	9/5/2008
FOMC High	103.0225	105.165	118.225	122.270	9/16/2008
FOMC Low	102.0150	104.055	117.200	121.170	9/16/2008
PPI High	101.1125	103.090	116.280	120.095	9/12/2008
PPI Low	100.1850	102.065	115.250	118.170	9/12/2008
CPI High	103.1650	106.105	119.115	123.265	9/16/2008
CPI Low	102.0150	104.055	117.200	121.170	9/16/2008
Auction Price	99.3141	99.124	na	na	
Last Trade	103.0820	104.165	117.235	121.160	10/8/2008 5:49

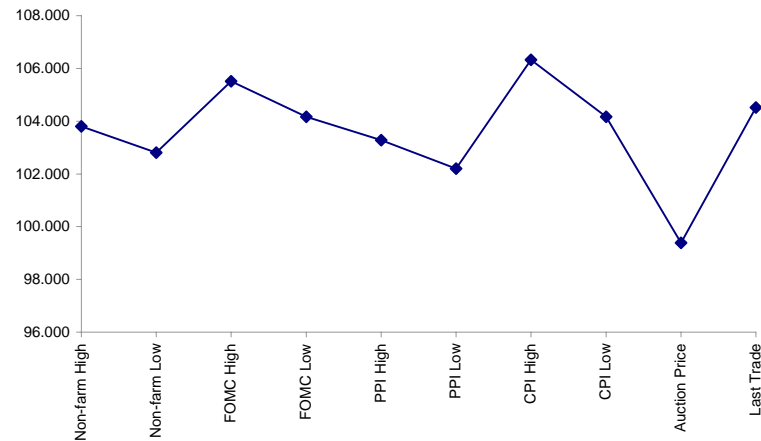
Auctions - 32nds

	2 y	5y	10y	30y
Auction Price	99.776	99.314	99.124	98.074
Auction Yield Stop	2.115	3.129	4.075	4.609
Actual Auction Date	9/24/2008	9/25/2008	8/6/2008	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	107.240	0.047	108.035	107.192	107.197	33,947	2y Fut
FVAZ8	114.172	0.077	114.260	114.040	114.095	68,198	5y Fut
TYAZ8	117.235	0.190	118.020	117.025	117.045	134,345	10y Fut
USAZ8	121.160	0.25	121.285	120.080	120.115	29,546	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	101.042	0.030	101.070	100.317	100.317	na	2y Cash
BUS05P	103.080	0.047	103.167	103.027	103.050	na	5y Cash
BUS10P	104.155	0.130	104.220	104.030	104.110	na	10y Cash
BUS30P	109.220	1.245	110.005	108.075	108.140	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	1.413	(0.053)	1.497	1.365	1.485	na	2y Yield
BUS05Y	2.424	(0.032)	2.471	2.367	2.471	na	5y Yield
BUS10Y	3.455	(0.050)	3.512	3.431	3.508	na	10y Yield
BUS30Y	3.937	(0.095)	4.081	3.921	4.026	na	30y Yield

Duration, DV01s, Curve Spreads, CF

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.64	5.88	\$1,838	11.76	n/a	30y
10y	8.09	2.72	\$851	5.44	n/a	10y
5y	4.59	1.54	\$480	6.15	n/a	5y
2y	1.93	0.63	\$196	2.50	n/a	2y
ZB	10.51	4.21	\$132	4.21	0.7943	ZB
ZN	6.25	2.41	\$75	4.81	0.8568	ZN
ZF	4.11	1.56	\$49	3.11	0.8826	ZF
ZT	1.93	0.67	\$21	2.68	0.9344	ZT

Yield Curve Spreads

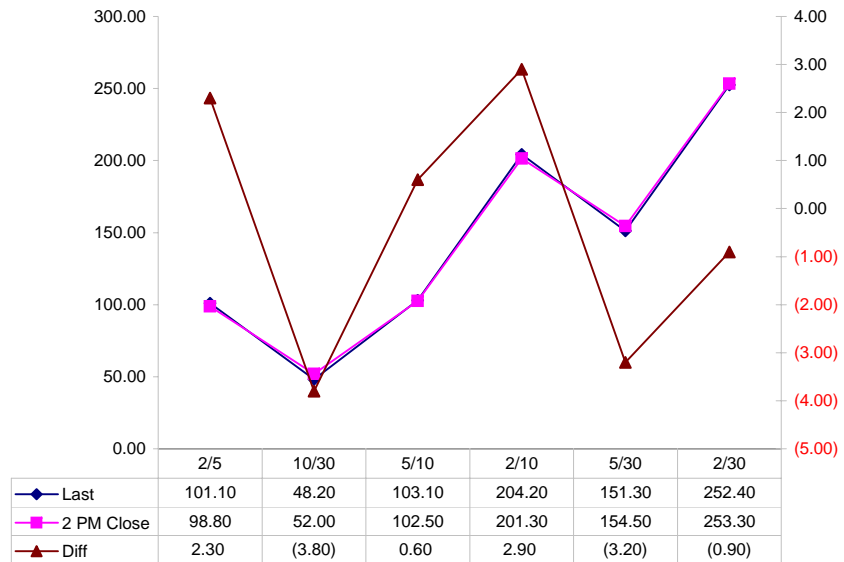
	Last	2pm close	Diff
2/5	101.10	98.80	2.30
10/30	48.20	52.00	(3.80)
5/10	103.10	102.50	0.60
2/10	204.20	201.30	2.90
5/30	151.30	154.50	(3.20)
2/30	252.40	253.30	(0.90)

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.

Curve Spreads vs 2pm close



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	1.559	2.499	2.834
Bobl (U)	0.531	0.883	1.360	1.570
Shatz (U)	0.204	0.339	0.610	0.693

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.750	2.707	3.146
ZN	0.571		1.547	1.798
ZF	0.369	0.647		1.162
ZT	0.318	0.556	0.860	

Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)		1.8	4.1
Bobl (H)	0.6		2.3
Shatz (H)	0.2	0.4	

US Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.49	3.70	6.46	13.96
ZN	2.60	6.48	11.31	24.43
ZF	4.02	10.03	17.49	37.79
ZT	4.67	11.65	20.32	43.34

US Treasuries v Eurex Bonds

	2y	5y	10y	30y
Bund (U)	1.6	3.9	7.1	14.7
Bobl (U)	2.9	6.9	12.6	25.9
Shatz (U)	6.7	16.0	29.1	59.8

US Treasuries

	2y	5y	10y	30y
2y		2.494	4.350	9.401
5y	0.412		1.791	3.870
10y	0.230	0.573		2.161
30y	0.106	0.265	0.463	

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 matrices, with US products, everyday

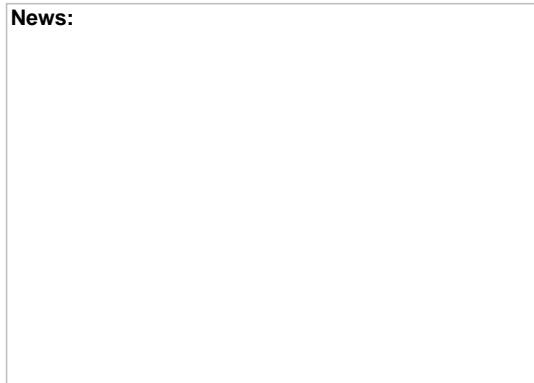
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis		Cash	Futrues	Close 32	Last	
						from 2pm	Close	Last	Roll	Roll			
2y	2.000	9/30/10	100.3150	1.493	1.413	(0.080)	13.89	14.69			107.1950	107.2400	TUAZ8
5y	3.125	9/30/13	103.0000	2.481	2.424	(0.057)	68.11	69.29			114.0925	114.1720	FVAZ8
10y	4.000	8/15/18	104.025	3.506	3.455	(0.051)	118.79	116.51			117.045	117.235	TYAZ8
30y	4.500	5/15/38	108.050	4.026	3.937	(0.089)	392.22	423.76			120.235	121.160	USAZ8

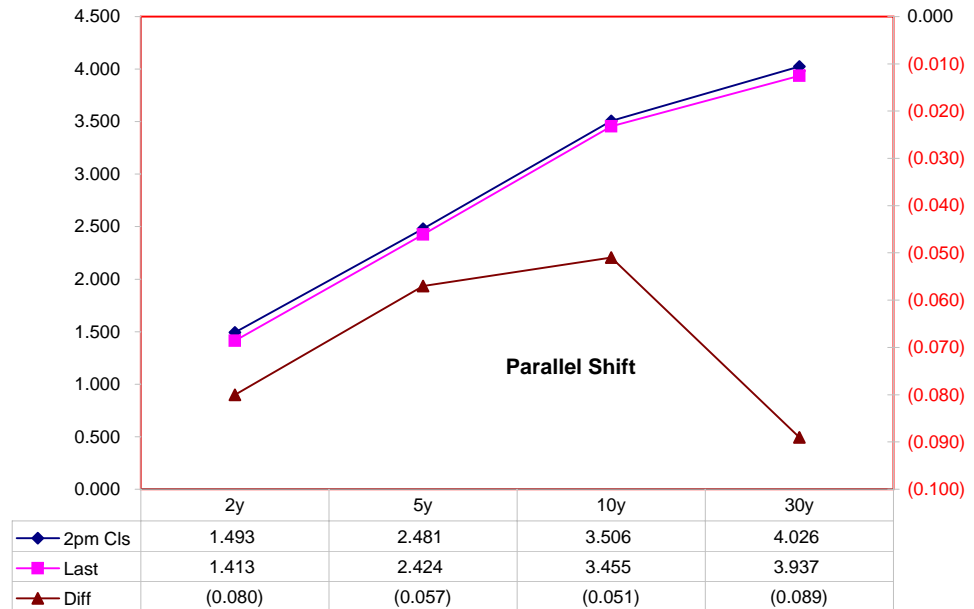
Curve Spreads			
	Close bps	Last bps	Chng from
			2pm Cls
2/5	98.8	101.1	2.3
5/10	102.5	103.1	0.6
10/30	52.0	48.2	(3.8)
2/10	201.3	204.2	2.9
5/30	154.5	151.3	(3.2)
2/30	253.3	252.4	(0.9)

	Last	Chng on Day
Emini SP	996.00	(9.75)
Crude Oil	87.55	(2.51)
Gold	912.80	30.80
EURUSD	136.15	0.25
USDJPY	99.83	(1.67)

News:



US Treasuries Last v 2pm Close



Notes:

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

MDuration for Curve Spreads:

Longer duration minus shorter duration

32 = price is quoted in 32nds

What is this? (1):
 2yr cash has X% duration of 5yr cash.

Cash Duration Matrix

	2	5	10	30
2	100%			
5	42%	100%		
10	24%	57%	100%	
30	12%	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	\$196			
5	\$205	\$488		
10	\$203	\$483	\$851	
30	\$213	\$507	\$894	\$1,838

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	(\$10)			
10	(\$8)	\$5		
30	(\$18)	(\$20)	(\$43)	

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	-4.67%			
10	-3.71%	1.01%		
30	-8.39%	-3.90%	-4.86%	

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.93	2.33	4.06	8.78
ZF	0.40	1.00	1.75	3.78
ZN	0.26	0.65	1.13	2.44
ZB	0.15	0.37	0.65	1.40

	2y	5y	10y	30y
2y		2.49	4.35	9.40
5y	0.40		1.74	3.77
10y	0.23	0.57		2.16
30y	0.11	0.27	0.46	

	ZT	ZF	ZN	ZB
ZT		2.32	3.60	6.29
ZF	0.43		1.55	2.71
ZN	0.28	0.65		1.75
ZB	0.16	0.37	0.57	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.93	2.33	8.13	17.57
ZF	0.40	1.00	3.50	7.56
ZN	0.52	1.30	1.13	2.44
ZB	0.59	0.74	1.29	1.40

	2y	5y	10y	30y
2y		2.49	2.18	4.70
5y	0.40		0.44	1.88
10y	0.46	2.29		2.16
30y	0.21	0.53	0.46	

	ZT	ZF	ZN	ZB
ZT		2.32	7.19	12.58
ZF	0.43		1.55	5.41
ZN	0.14	0.65		1.75
ZB	0.08	0.18	0.57	

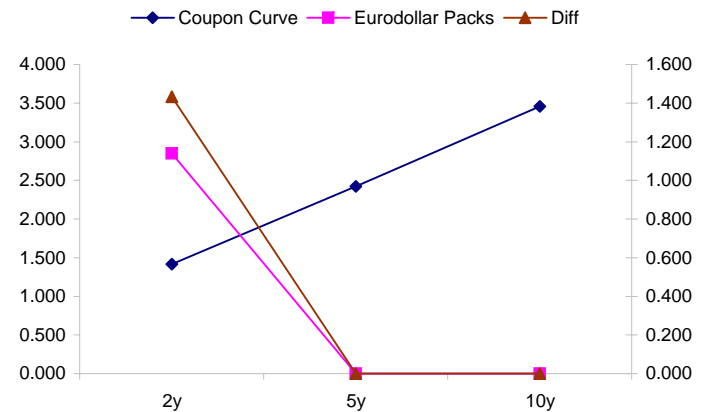
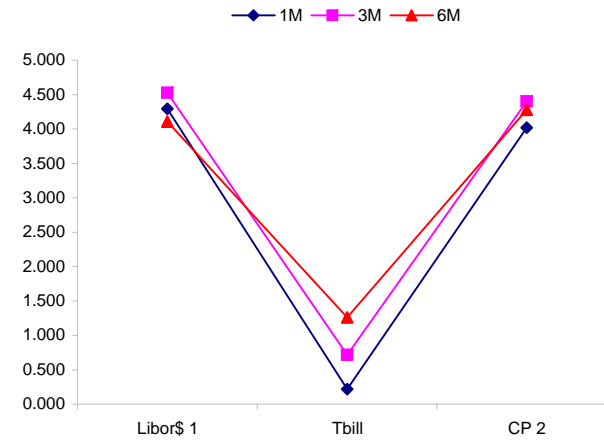
	Libor\$ ¹	Repo Rt ⁶			
0/N	5.375	#VALUE!			
1week	4.519	#VALUE!			
2week	4.450	#VALUE!			
	Libor\$ ¹	Tbill	CP ²		
1M	4.294	0.218	4.020		
3M	4.524	0.718	4.400		
6M	4.108	1.260	4.280		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	1.415	131.75	2.73	2.849	1.433
5y	2.424	108.50	3.51		#VALUE!
10y	3.458	59.00	4.05		#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
100.8	#VALUE!	#VALUE!	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
204.3	#VALUE!	#VALUE!	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>	
103.5	#VALUE!	#VALUE!	

"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:

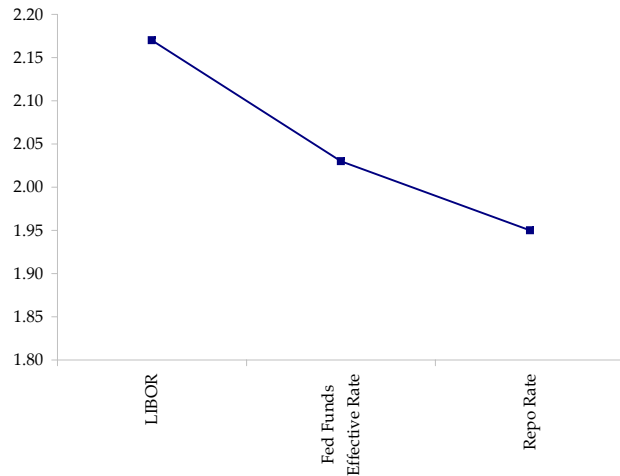
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



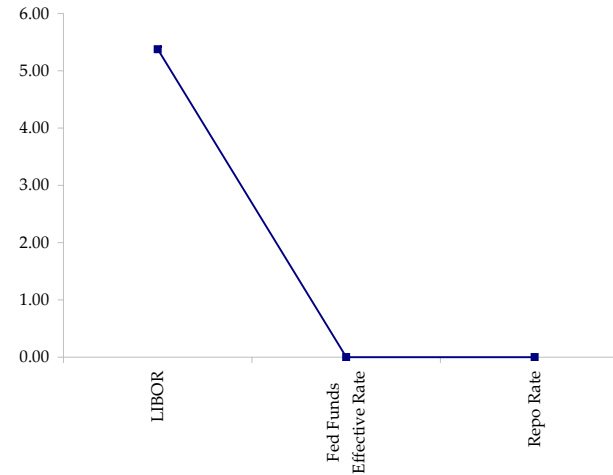
	Last	Chng	Term	Asset Type
USDLIBON	5.375	1.4375	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	4.027	(0.1180)	1 month	Euribor OIS Rate
TEONIA03M	3.765	(0.1410)	3 month	Euribor OIS Rate
TSOIA01M	4.446	(0.0950)	1 month	Sterling OIS Rate
TSOIA03M	4.281	(0.0700)	3 month	Sterling OIS Rate
TUSOIS01M	1.493	(0.1130)	1 month	USD OIS Rate
TUSOIS03M	1.341	(0.0910)	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	8/25/2008	9/2/2008	9/8/2008	9/17/2008	9/19/2008	9/29/2008	9/30/2008	10/7/2008	Last
Australia	201.6	195.3	211.6	217.1	181.6	205.3	154.9	156.8	154.7
France	53.2	58.9	60.8	87.6	73.6	65.4	54.2	54.5	52.8
Germany	34	40	40.7	56.7	47	36.2	19.7	24.6	23.6
Japan	-234.4	-227	-213.4	-192.4	-228.1	-213.2	-236.1	-202.2	-210.6
U.K.	82.9	76.4	83	99.6	83.5	76.3	61.6	74.9	76.6

Global 10y Note spreads over US 10y

