



The Morning Email: Treasuries

9/3/2008 5:54

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Want something added? Let me know:
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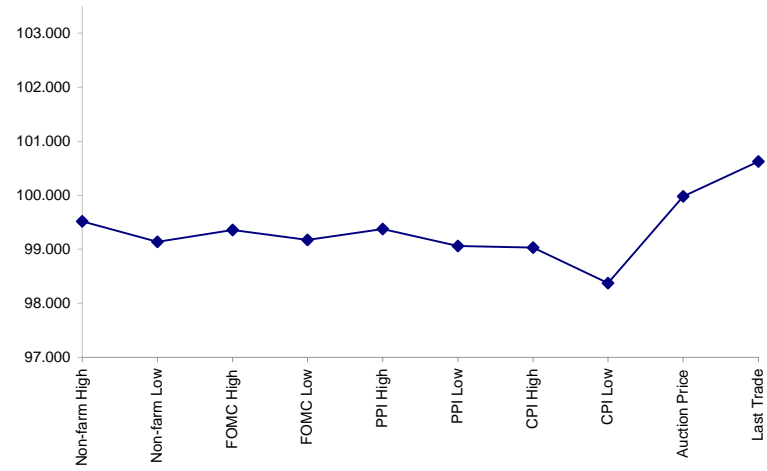
Economic Releases (32nds)

	5y	10y	ZNZ8	ZBZ8	Date
Non-farm High	99.1650	100.115	116.118	116.285	8/1/2008
Non-farm Low	99.0450	99.255	115.225	116.015	8/1/2008
FOMC High	99.1150	100.045	116.048	116.275	8/5/2008
FOMC Low	99.0550	99.245	115.248	116.030	8/5/2008
PPI High	99.1200	101.220	117.263	118.305	8/15/2008
PPI Low	99.0200	101.070	117.093	118.085	8/15/2008
CPI High	99.0100	101.010	116.033	118.015	8/14/2008
CPI Low	98.1200	100.090	116.108	116.265	8/14/2008
Auction Price	99.3140	99.124	na	na	
Last Trade	100.2000	102.040	116.085	118.035	9/3/2008 5:54

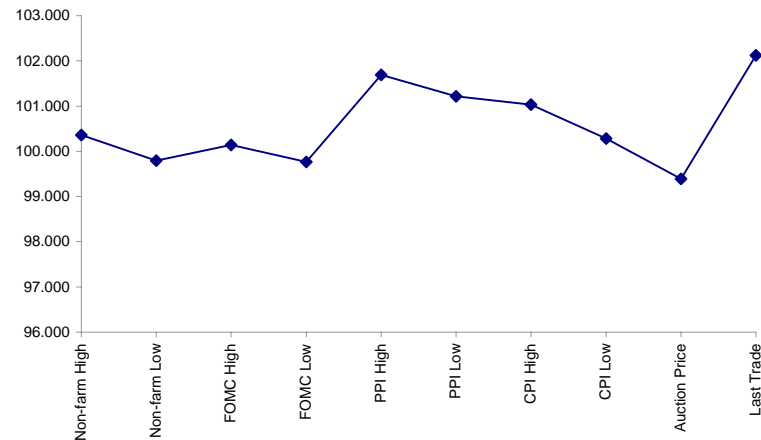
Auctions - 32nds

	2 y	5y	10y	30y
Auction Price	99.317	99.314	99.124	98.074
Auction Yield Stop	2.38	3.129	4.075	4.609
Actual Auction Date	8/27/2008	8/28/2008	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) {Sep08 to Dec08 Futures roll: ZF = (14 3/4); ZN = (36 3/4); ZB = (27 1/2) [tics]}

Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAZ8	106.092	(0.007)	106.102	106.082	106.087	33,119	2y Fut
FVAZ8	112.142	0.007	112.152	112.102	112.135	57,617	5y Fut
TYAZ8	116.085	0.015	116.100	116.015	116.065	110,740	10y Fut
USAZ8	118.035	(0.01)	118.065	117.295	118.050	19,321	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.062	(0.015)	100.067	100.052	100.062	na	2y Cash
BUS05P	100.197	(0.007)	100.205	100.167	100.187	na	5y Cash
BUS10P	102.040	(0.015)	102.055	101.315	102.035	na	10y Cash
BUS30P	102.095	(0.020)	102.135	102.030	102.070	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.271	0.020	2.299	2.246	2.283	na	2y Yield
BUS05Y	2.989	0.006	3.015	2.983	3	na	5y Yield
BUS10Y	3.740	0.005	3.763	3.733	3.74	na	10y Yield
BUS30Y	4.359	0.007	4.376	4.352	4.356	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.24	5.33	\$1,665	10.66	n/a	30y
10y	8.15	2.67	\$834	5.34	n/a	10y
5y	4.59	1.52	\$474	6.06	n/a	5y
2y	1.92	0.65	\$202	2.58	n/a	2y
ZB	10.47	4.02	\$125	4.02	0.7943	ZB
ZN	6.34	2.42	\$76	4.84	0.8568	ZN
ZF	4.19	1.55	\$48	3.10	0.8844	ZF
ZT	1.99	0.70	\$22	2.78	0.9353	ZT

Yield Curve Spreads

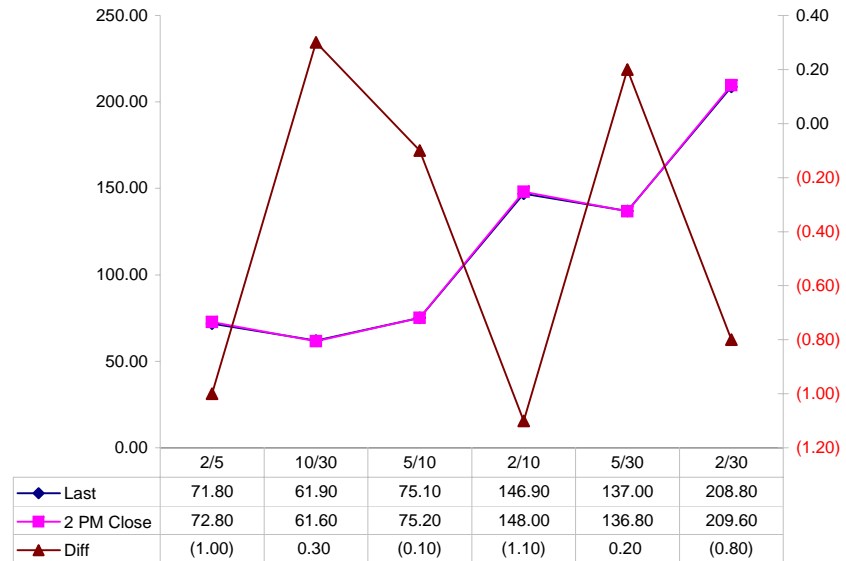
	Last	2pm close	Diff
2/5	71.80	72.80	(1.00)
10/30	61.90	61.60	0.30
5/10	75.10	75.20	(0.10)
2/10	146.90	148.00	(1.10)
5/30	137.00	136.80	0.20
2/30	208.80	209.60	(0.80)

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)	0.975	1.620	2.499	2.889
Bobl (U)	0.531	0.882	1.360	1.570
Shatz (U)	0.204	0.339	0.523	0.605

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.659	2.591	2.885
ZN	0.603		1.562	1.739
ZF	0.386	0.640		1.114
ZT	0.333	0.553	0.864	

Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)		1.8	4.8
Bobl (H)	0.6		2.6
Shatz (H)	0.2	0.4	

US Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.54	3.72	6.65	13.27
ZN	2.56	6.18	11.03	22.02
ZF	4.00	9.65	17.23	34.39
ZT	4.45	10.75	19.19	38.29

US Treasuries v Eurex Bonds

	2y	5y	10y	30y
Bund (U)	1.5	3.7	6.8	13.6
Bobl (U)	2.8	6.9	12.4	25.0
Shatz (U)	7.3	17.8	32.4	65.0

US Treasuries

	2y	5y	10y	30y
2y		2.413	4.309	8.599
5y	0.414		1.786	3.563
10y	0.232	0.560		1.996
30y	0.116	0.281	0.501	

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	2.375	8/31/10	100.0675	2.266	2.271	0.005	24.86	25.06		0.102	106.1000	106.0920	TUAZ8
5y	3.125	8/31/13	100.1925	2.994	2.989	(0.005)	37.62	37.75		0.157	112.1350	112.1420	FVAZ8
10y	4.000	8/15/18	102.030	3.746	3.740	(0.006)	80.56	80.28		1.052	116.070	116.085	TYAZ8
30y	4.500	5/15/38	102.090	4.362	4.359	(0.003)	525.12	270.94		0.280	108.035	118.035	USAZ8

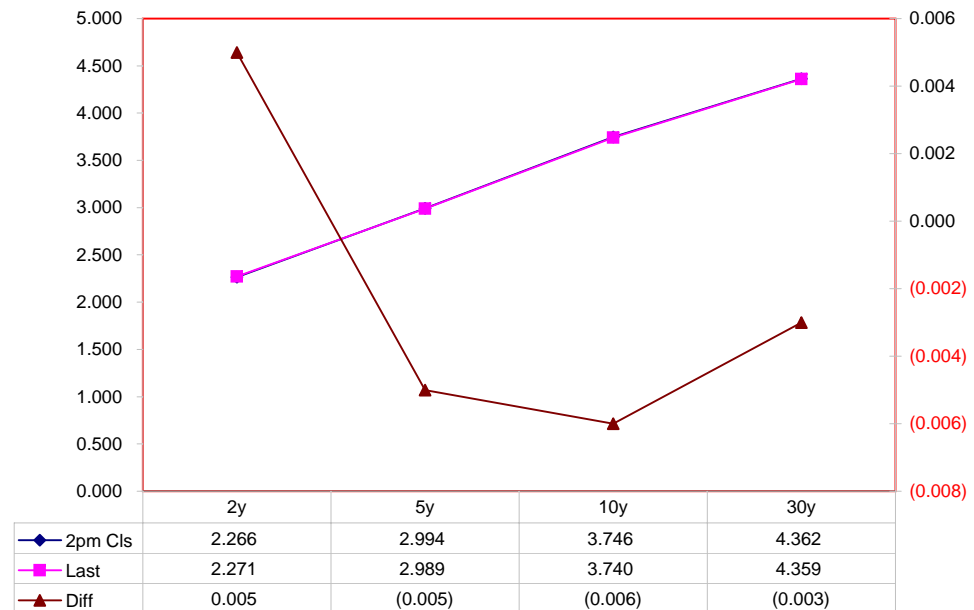
Curve Spreads

	Close bps	Last bps	Chng from
			2pm Cls
2/5	72.8	71.8	(1.0)
5/10	75.2	75.1	(0.1)
10/30	61.6	61.9	0.3
2/10	148.0	146.9	(1.1)
5/30	136.8	137.0	0.2
2/30	209.6	208.8	(0.8)

	Last	Chng on Day
Emini SP	1274.25	(2.25)
Crude Oil	108.34	(1.37)
Gold	803.30	(7.20)
EURUSD	144.18	(1.04)
USDJPY	108.78	0.15

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%	56%	100%	
30	12%	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	\$202			
5	\$198	\$474		
10	\$196	\$470	\$834	
30	\$197	\$471	\$836	\$1,665

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	\$4			
10	\$6	\$4		
30	\$5	\$3	(\$2)	

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	1.96%			
10	2.81%	0.83%		
30	2.61%	0.63%	-0.19%	

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.93	2.18	3.84	7.66
ZF	0.42	0.98	1.72	3.44
ZN	0.27	0.63	1.10	2.20
ZB	0.16	0.38	0.67	1.34

	2y	5y	10y	30y
2y		2.35	4.13	8.25
5y	0.43		1.76	3.52
10y	0.24	0.57		2.00
30y	0.12	0.28	0.50	

	ZT	ZF	ZN	ZB
ZT		2.23	3.48	5.73
ZF	0.45		1.56	2.57
ZN	0.29	0.64		1.65
ZB	0.17	0.39	0.61	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.93	2.18	7.68	15.32
ZF	0.42	0.98	3.45	6.88
ZN	0.53	1.25	1.10	2.20
ZB	0.65	0.76	1.34	1.34

	2y	5y	10y	30y
2y		2.35	2.07	4.12
5y	0.43		0.44	1.76
10y	0.48	2.27		2.00
30y	0.24	0.57	0.50	

	ZT	ZF	ZN	ZB
ZT		2.23	6.96	11.47
ZF	0.45		1.56	5.15
ZN	0.14	0.64		1.65
ZB	0.09	0.19	0.61	

	Libor\$ ¹	Repo Rt ⁶			
0/N	2.163	#VALUE!			
1week	2.390	#VALUE!			
2week	2.426	#VALUE!			
	Libor\$ ¹	Tbill	CP ²		
1M	2.488	1.603	#VALUE!		
3M	2.814	1.703	#VALUE!		
6M	3.109	1.947	#VALUE!		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	2.274	99.50	3.27	3.660	1.386
5y	2.991	96.25	3.95	4.617	1.626
10y	3.742	69.25	4.43	#VALUE!	

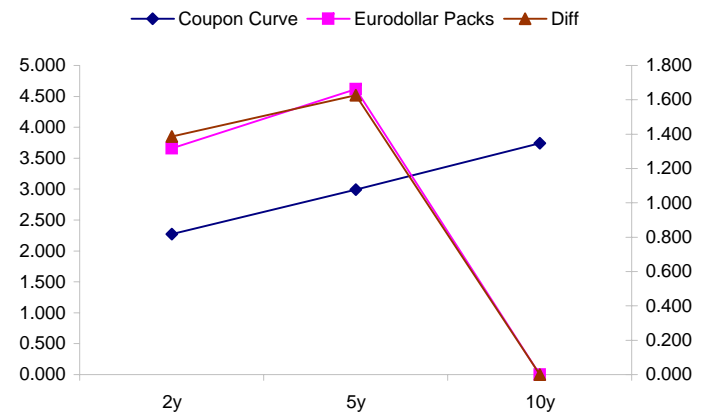
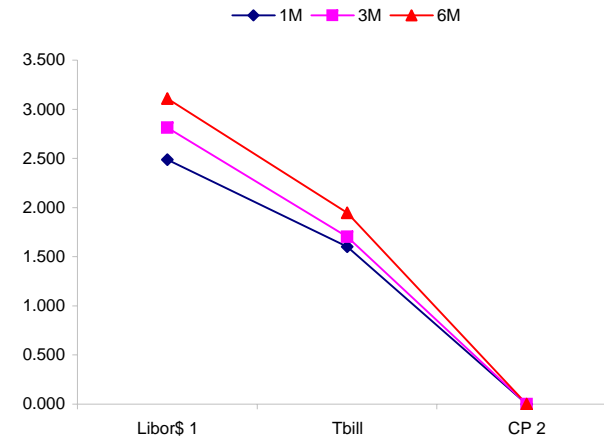
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
71.7	95.7	24.0
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
146.8	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
75.1	#VALUE!	#VALUE!

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:

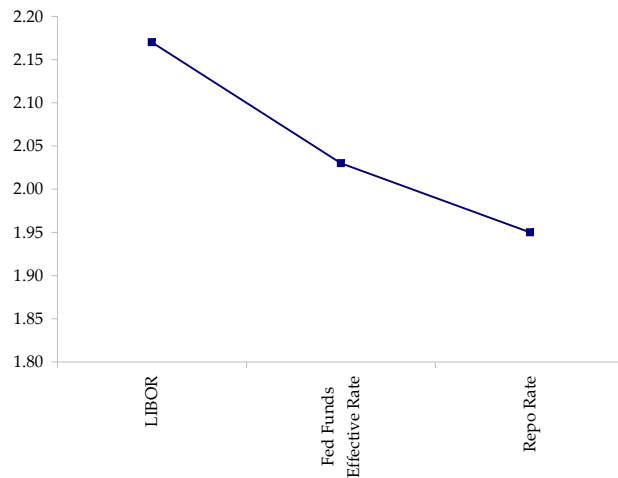
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



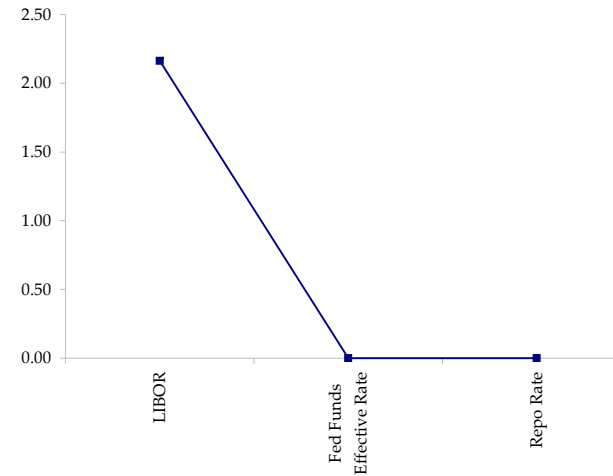
	Last	Chng	Term	Asset Type
USDLIBON	2.163	(0.0088)	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	4.298	0.0000	1 month	Euribor OIS Rate
TEONIA03M	4.325	(0.0010)	3 month	Euribor OIS Rate
TSONIA01M	4.995	(0.0070)	1 month	Sterling OIS Rate
TSONIA03M	4.936	(0.0100)	3 month	Sterling OIS Rate
TUSOIS01M	2.021	0.0030	1 month	USD OIS Rate
TUSOIS03M	2.029	0.0010	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	8/20/2008	8/25/2008	8/28/2008	9/2/2008	Last
Australia	207	201.6	198.4	195.3	193.66
France	49.8	53.2	57.3	58.9	60.56
Germany	33.4	34	37.8	40	39.46
Japan	-236.2	-234.4	-235.9	-227	-230.9
U.K.	77.1	82.9	69.9	76.4	71.95

Global 10y Note spreads over US 10y

