



9/16/2008 5:56

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:
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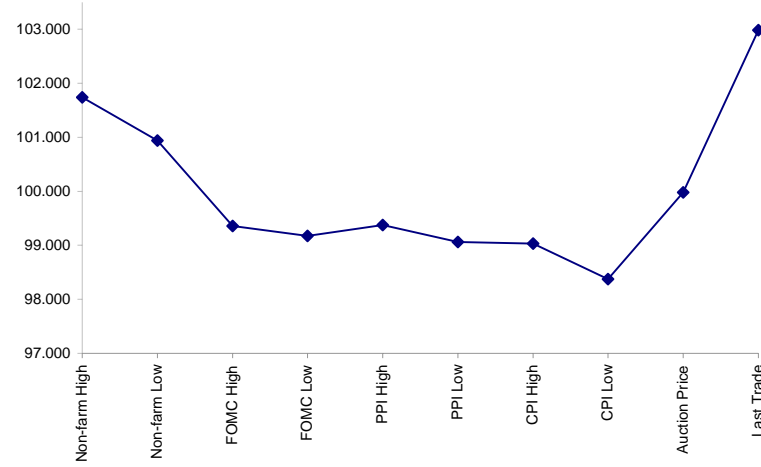
Economic Releases (32nds)

	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	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	102.3150	105.095	118.260	122.265	9/16/2008 5:56

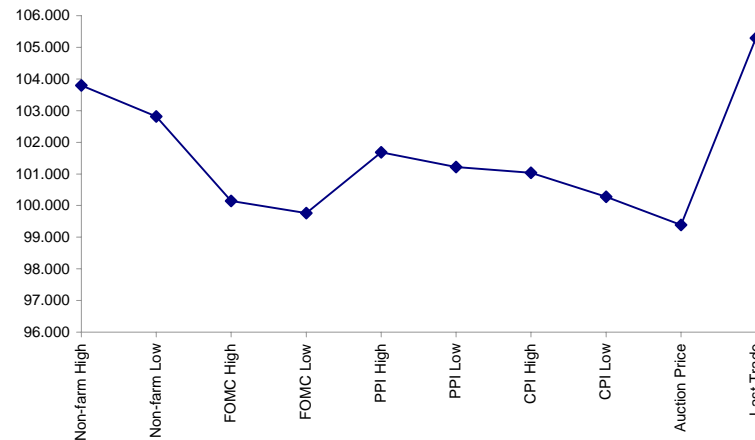
Auctions - 32nds

	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	107.155	0.052	107.180	107.125	107.132	68,303	2y Fut
FVAZ8	114.185	0.180	114.185	114.075	114.087	104,482	5y Fut
TYAZ8	118.260	0.250	118.295	118.125	118.195	158,694	10y Fut
USAZ8	122.265	1.18	122.285	122.100	122.185	46,305	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	101.092	0.022	101.115	101.065	101.090	na	2y Cash
BUS05P	102.315	0.107	103.000	102.207	102.250	na	5y Cash
BUS10P	105.090	0.105	105.120	104.285	105.000	na	10y Cash
BUS30P	108.095	0.130	108.105	107.200	107.285	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	1.694	(0.069)	1.754	1.657	1.722	na	2y Yield
BUS05Y	2.479	(0.074)	2.556	2.474	2.534	na	5y Yield
BUS10Y	3.367	(0.034)	3.419	3.356	3.388	na	10y Yield
BUS30Y	4.017	(0.022)	4.061	4.013	4.024	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.60	5.78	\$1,805	11.55	n/a	30y
10y	8.16	2.76	\$863	5.52	n/a	10y
5y	4.57	1.55	\$483	6.18	n/a	5y
2y	1.92	0.64	\$201	2.58	n/a	2y
ZB	10.56	4.20	\$131	4.20	0.7943	ZB
ZN	6.33	2.47	\$77	4.94	0.8568	ZN
ZF	4.17	1.57	\$49	3.15	0.8844	ZF
ZT	1.96	0.69	\$22	2.77	0.9353	ZT

Yield Curve Spreads

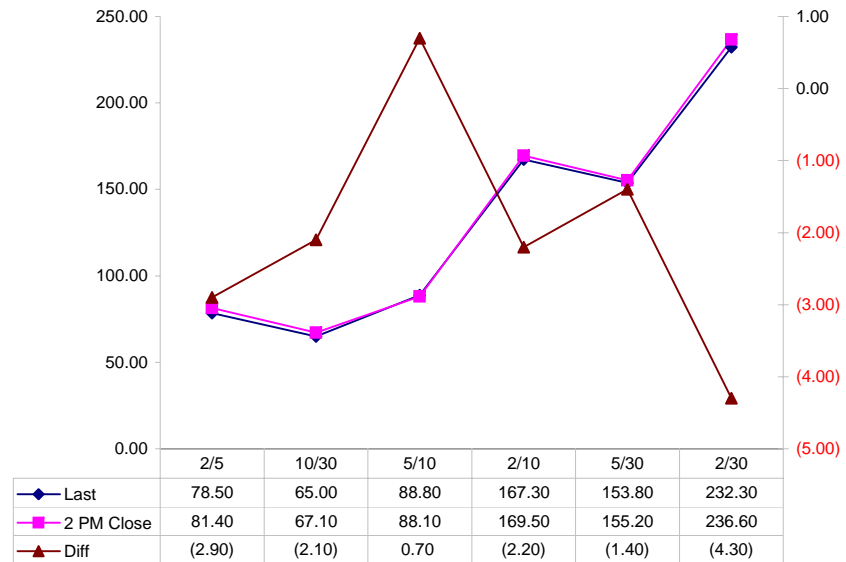
	Last	2pm close	Diff
2/5	78.50	81.40	(2.90)
10/30	65.00	67.10	(2.10)
5/10	88.80	88.10	0.70
2/10	167.30	169.50	(2.20)
5/30	153.80	155.20	(1.40)
2/30	232.30	236.60	(4.30)

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		1.702	2.672	3.032
ZN	0.588		1.570	1.782
ZF	0.374	0.637		1.135
ZT	0.317	0.540	0.848	

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	1.47	3.64	6.57	13.74
ZN	2.50	6.19	11.17	23.38
ZF	3.92	9.72	17.54	36.70
ZT	4.45	11.03	19.90	41.65

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		2.478	4.472	9.359
5y	0.404		1.805	3.777
10y	0.224	0.554		2.093
30y	0.107	0.265	0.478	

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	101.0425	1.783	1.694	(0.089)	23.96	24.24		0.040	107.1050	107.1550	TUAZ8
5y	3.125	8/31/13	102.1400	2.597	2.479	(0.118)	51.27	52.85		0.205	114.0050	114.1850	FVAZ8
10y	4.000	8/15/18	104.110	3.478	3.367	(0.111)	102.87	111.95		1.070	118.010	118.260	TYAZ8
30y	4.500	5/15/38	105.305	4.149	4.017	(0.132)	307.42	344.00		0.290	121.095	122.265	USAZ8

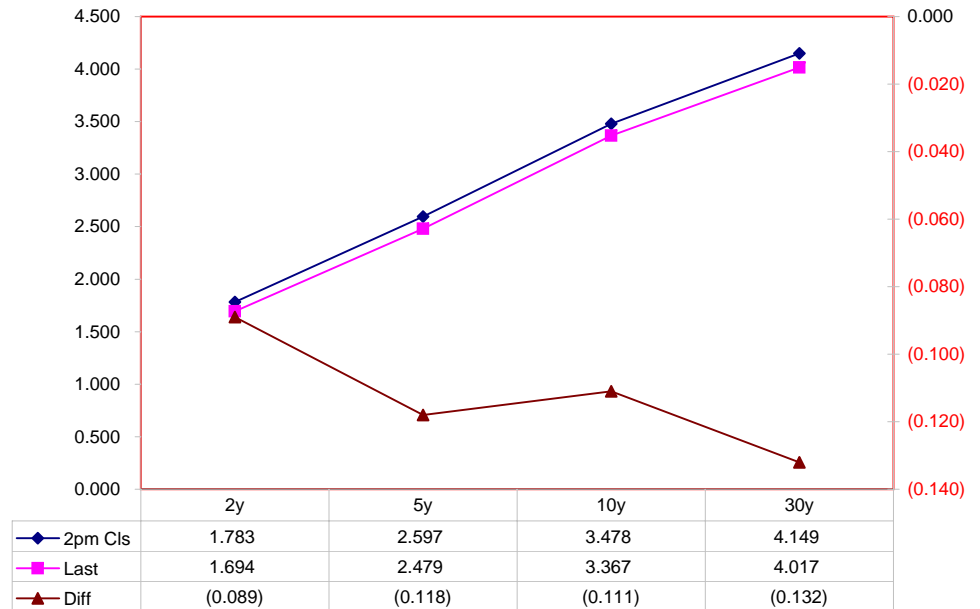
Curve Spreads

	Close bps	Last bps	Chng from
			2pm Cls
2/5	81.4	78.5	(2.9)
5/10	88.1	88.8	0.7
10/30	67.1	65.0	(2.1)
2/10	169.5	167.3	(2.2)
5/30	155.2	153.8	(1.4)
2/30	236.6	232.3	(4.3)

	Last	Chng on Day
Emini SP	1187.75	(8.25)
Crude Oil	92.88	(2.83)
Gold	782.80	(4.20)
EURUSD	141.90	(0.55)
USDJPY	104.18	(0.52)

News:

US Treasuries Last v 2pm Close



	2y	5y	10y	30y
2pm Cls	1.783	2.597	3.478	4.149
Last	1.694	2.479	3.367	4.017
Diff	(0.089)	(0.118)	(0.111)	(0.132)

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%	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	\$201			
5	\$203	\$483		
10	\$203	\$483	\$863	
30	\$209	\$497	\$887	\$1,805

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	(\$2)			
10	(\$2)	\$0		
30	(\$8)	(\$14)	(\$25)	

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	-1.09%			
10	-1.07%	0.02%		
30	-3.84%	-2.79%	-2.80%	

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.93	2.23	3.98	8.33
ZF	0.41	0.98	1.75	3.67
ZN	0.26	0.63	1.12	2.34
ZB	0.15	0.37	0.66	1.37

	2y	5y	10y	30y
2y		2.40	4.29	8.97
5y	0.42		1.79	3.74
10y	0.23	0.56		2.09
30y	0.11	0.27	0.48	

	ZT	ZF	ZN	ZB
ZT		2.27	3.56	6.06
ZF	0.44		1.57	2.67
ZN	0.28	0.64		1.70
ZB	0.16	0.37	0.59	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.93	2.23	7.96	16.66
ZF	0.41	0.98	3.51	7.34
ZN	0.52	1.25	1.12	2.34
ZB	0.61	0.74	1.31	1.37

	2y	5y	10y	30y
2y		2.40	2.14	4.49
5y	0.42		0.45	1.87
10y	0.47	2.24		2.09
30y	0.22	0.54	0.48	

	ZT	ZF	ZN	ZB
ZT		2.27	7.13	12.13
ZF	0.44		1.57	5.34
ZN	0.14	0.64		1.70
ZB	0.08	0.19	0.59	

	Libor\$ ¹	Repo Rt ⁶
0/N	6.438	#VALUE!
1week	3.875	#VALUE!
2week	3.625	#VALUE!

	Libor\$ ¹	Tbill	CP ²
1M	2.748	0.235	2.510
3M	2.876	1.042	2.780
6M	3.016	1.597	3.000

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	1.700	103.75	2.74	3.172	1.472
5y	2.480	95.75	3.44		#VALUE!
10y	3.367	63.00	4.00		#VALUE!

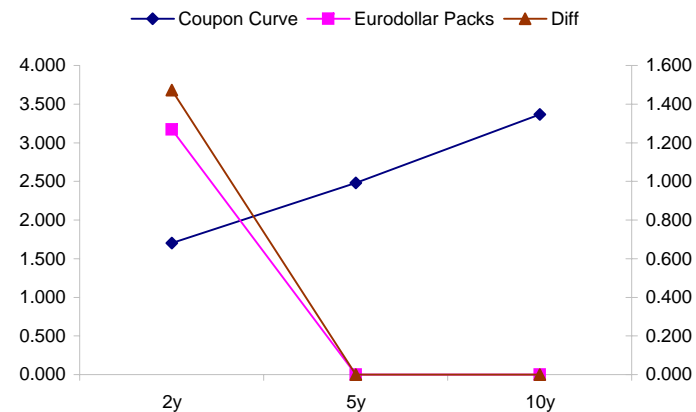
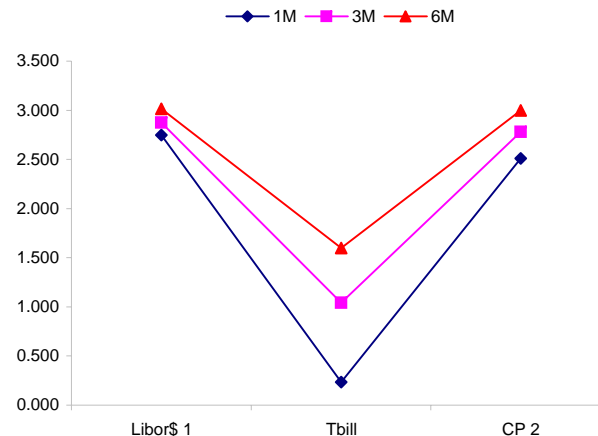
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
78.0	#VALUE!	#VALUE!
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
166.7	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
88.6	#VALUE!	#VALUE!

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:

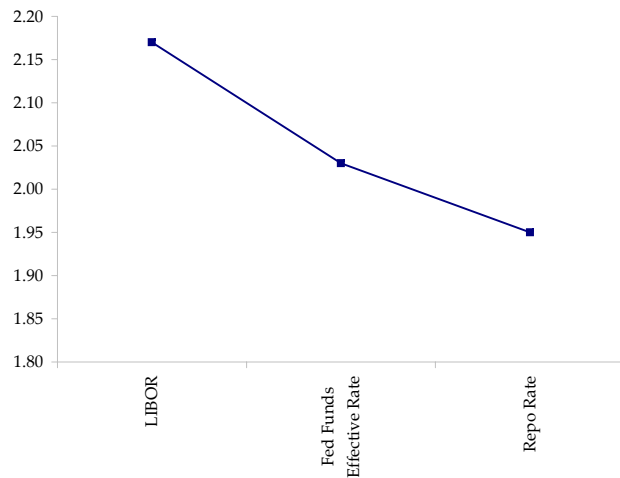
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



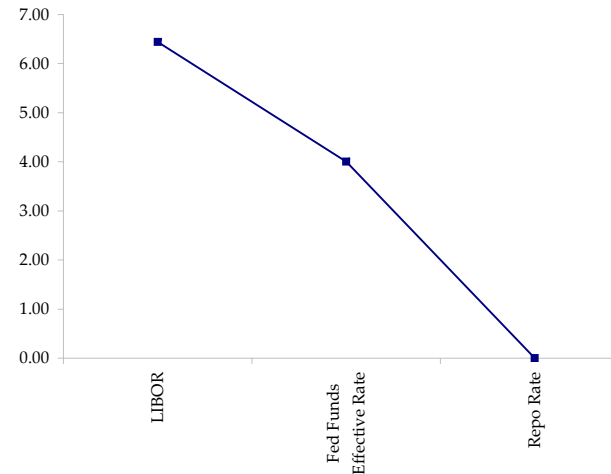
	Last	Chng	Term	Asset Type
USDLIBON	6.438	3.3313	Overnight	LIBOR
TUSFFRON	4.000	3.2500	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	4.251	(0.0150)	1 month	Euribor OIS Rate
TEONIA03M	4.228	(0.0360)	3 month	Euribor OIS Rate
TSOIA01M	5.154	0.0960	1 month	Sterling OIS Rate
TSOIA03M	4.922	0.0430	3 month	Sterling OIS Rate
TUSOIS01M	1.720	(0.0800)	1 month	USD OIS Rate
TUSOIS03M	1.712	(0.0550)	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	9/9/2008	9/10/2008	9/12/2008	Last
Australia	201.6	195.3	211.6	203.9	199.9	195.7	213.0
France	53.2	58.9	60.8	68.4	66.8	67.1	90.1
Germany	34	40	40.7	45.2	43.1	44.1	63.0
Japan	-234.4	-227	-213.4	-209.1	-214.1	-220.1	-193.5
U.K.	82.9	76.4	83	84.3	81	86.2	105.6

Global 10y Note spreads over US 10y

