



The Morning Email: Treasuries

9/23/2008 5:52

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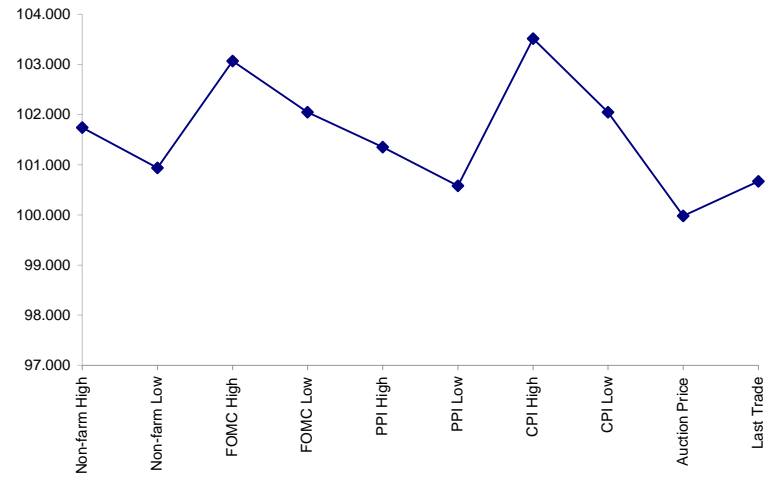
Economic Releases (32nds)

	5y	10y	ZNZ8	ZBZ8	Date
Non-farm High	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	99.3140	99.124	na	na	
Last Trade	100.2150	101.240	115.125	117.235	9/23/2008 5:52

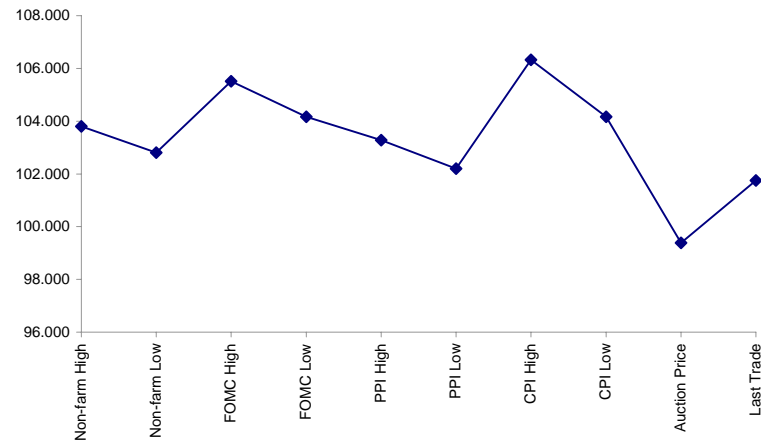
Auctions - 32nds

	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) {Dec08 to Mch08 Futures roll: ZF = (); ZN = (); ZB = () [tics]}

Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAZ8	106.230	0.060	106.232	106.162	106.187	24,171	2y Fut
FVAZ8	112.075	0.082	112.082	111.282	112.002	47,363	5y Fut
TYAZ8	115.125	0.085	115.145	114.305	115.035	69,276	10y Fut
USAZ8	117.235	0.09	117.280	117.050	117.100	11,414	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.192	0.072	100.200	100.142	100.145	na	2y Cash
BUS05P	100.215	0.130	100.220	100.112	100.112	na	5y Cash
BUS10P	101.240	0.160	101.265	101.105	101.110	na	10y Cash
BUS30P	101.280	0.215	101.310	101.090	101.090	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.052	(0.100)	2.156	2.036	2.127	na	2y Yield
BUS05Y	2.976	(0.089)	3.063	2.971	3.032	na	5y Yield
BUS10Y	3.782	(0.061)	3.846	3.775	3.826	na	10y Yield
BUS30Y	4.386	(0.032)	4.429	4.374	4.405	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.17	5.30	\$1,657	10.60	n/a	30y
10y	8.10	2.65	\$827	5.29	n/a	10y
5y	4.54	1.50	\$469	6.00	n/a	5y
2y	1.90	0.63	\$198	2.53	n/a	2y
ZB	10.41	3.99	\$125	3.99	0.7943	ZB
ZN	6.27	2.38	\$74	4.76	0.8568	ZN
ZF	4.14	1.53	\$48	3.06	0.8844	ZF
ZT	1.94	0.68	\$21	2.72	0.9353	ZT

Yield Curve Spreads

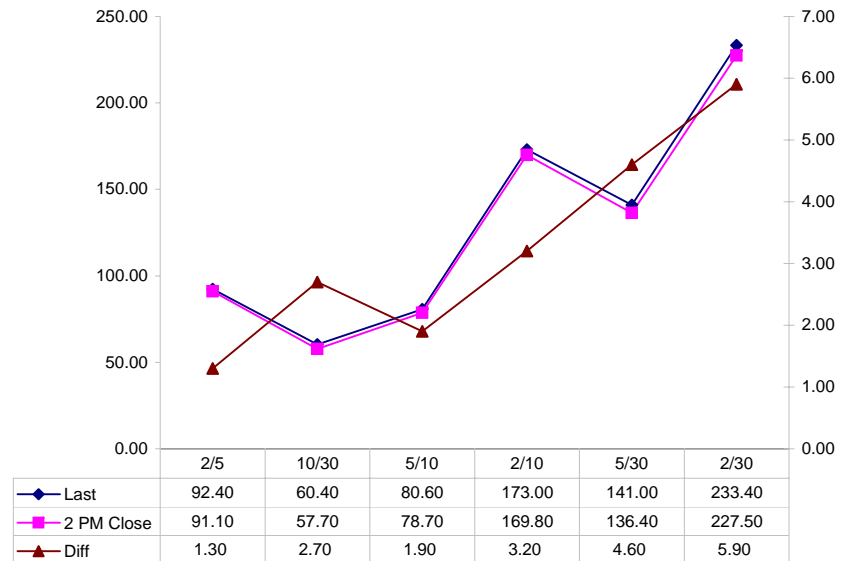
	Last	2pm close	Diff
2/5	92.40	91.10	1.30
10/30	60.40	57.70	2.70
5/10	80.60	78.70	1.90
2/10	173.00	169.80	3.20
5/30	141.00	136.40	4.60
2/30	233.40	227.50	5.90

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 Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.52	3.72	6.64	13.29
ZN	2.55	6.25	11.13	22.29
ZF	3.96	9.72	17.31	34.67
ZT	4.45	10.91	19.44	38.92

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.678	2.609	2.929
ZN	0.596		1.555	1.746
ZF	0.383	0.643		1.123
ZT	0.328	0.551	0.857	

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

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

	2y	5y	10y	30y
2y		2.451	4.368	8.748
5y	0.408		1.782	3.569
10y	0.229	0.561		2.003
30y	0.114	0.280	0.499	

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

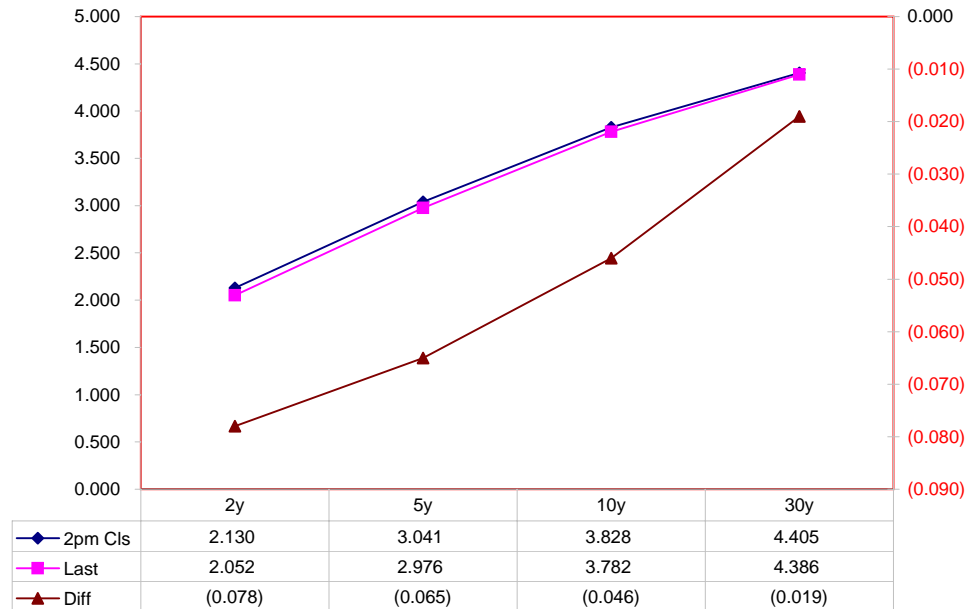
	Cpn	Mty	Close 32	Close	Last	Chng	Basis		Cash	Futrues	Close 32	Last	
						from 2pm	Close	Last	Roll	Roll			
2y	2.375	8/31/10	100.1475	2.130	2.052	(0.078)	27.48	25.45		0.085	106.1575	106.2300	TUAZ8
5y	3.125	8/31/13	100.1225	3.041	2.976	(0.065)	43.22	45.18		0.230	111.3125	112.0750	FVAZ8
10y	4.000	8/15/18	101.130	3.828	3.782	(0.046)	88.12	92.27		1.002	115.045	115.125	TYAZ8
30y	4.500	5/15/38	101.180	4.405	4.386	(0.019)	264.62	267.47		0.290	117.145	117.235	USAZ8

Curve Spreads			
	Close bps	Last bps	Chng from
			2pm Cls
2/5	91.1	92.4	1.3
5/10	78.7	80.6	1.9
10/30	57.7	60.4	2.7
2/10	169.8	173.0	3.2
5/30	136.4	141.0	4.6
2/30	227.5	233.4	5.9

	Last	Chng on Day
Emini SP	1210.50	(3.25)
Crude Oil	107.72	(1.65)
Gold	900.50	(8.50)
EURUSD	147.76	(0.03)
USDJPY	105.33	(0.19)

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

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	42%	100%		
10	23%	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	\$198			
5	\$197	\$469		
10	\$194	\$464	\$827	
30	\$195	\$465	\$830	\$1,657

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	\$1			
10	\$3	\$6		
30	\$3	\$4	(\$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	0.45%			
10	1.65%	1.19%		
30	1.36%	0.91%	-0.28%	

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.93	2.20	3.89	7.78
ZF	0.41	0.98	1.73	3.47
ZN	0.27	0.63	1.11	2.23
ZB	0.16	0.38	0.66	1.33

	2y	5y	10y	30y
2y		2.37	4.19	8.39
5y	0.42		1.76	3.53
10y	0.24	0.57		2.00
30y	0.12	0.28	0.50	

	ZT	ZF	ZN	ZB
ZT		2.25	3.49	5.86
ZF	0.45		1.56	2.61
ZN	0.29	0.64		1.68
ZB	0.17	0.38	0.60	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.93	2.20	7.77	15.57
ZF	0.41	0.98	3.46	6.93
ZN	0.53	1.26	1.11	2.23
ZB	0.63	0.75	1.33	1.33

	2y	5y	10y	30y
2y		2.37	2.09	4.19
5y	0.42		0.44	1.77
10y	0.48	2.27		2.00
30y	0.24	0.57	0.50	

	ZT	ZF	ZN	ZB
ZT		2.25	6.98	11.72
ZF	0.45		1.56	5.22
ZN	0.14	0.64		1.68
ZB	0.09	0.19	0.60	

	Libor\$ ¹	Repo Rt ⁶
0/N	2.950	#VALUE!
1week	3.844	#VALUE!
2week	3.719	#VALUE!

	Libor\$ ¹	Tbill	CP ²
1M	3.207	0.476	3.200
3M	3.211	1.322	3.400
6M	3.465	1.736	3.610

	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	2.047	126.25	3.31	3.800	1.753
5y	2.977	105.25	4.03		#VALUE!
10y	3.784	67.50	4.46		#VALUE!

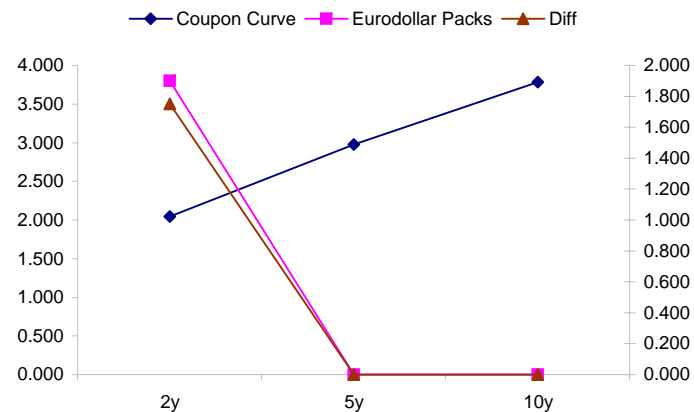
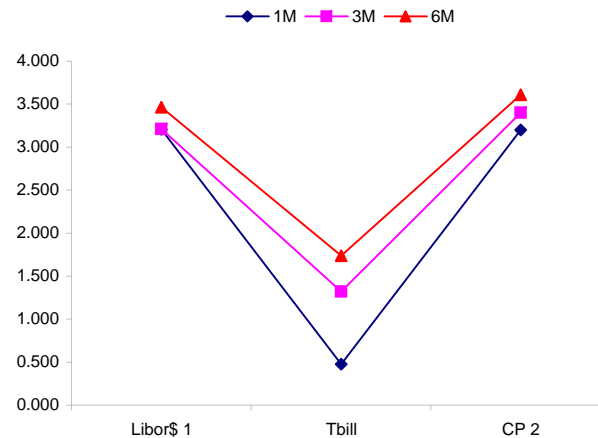
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
93.0	#VALUE!	#VALUE!
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
173.7	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
80.7	#VALUE!	#VALUE!

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:

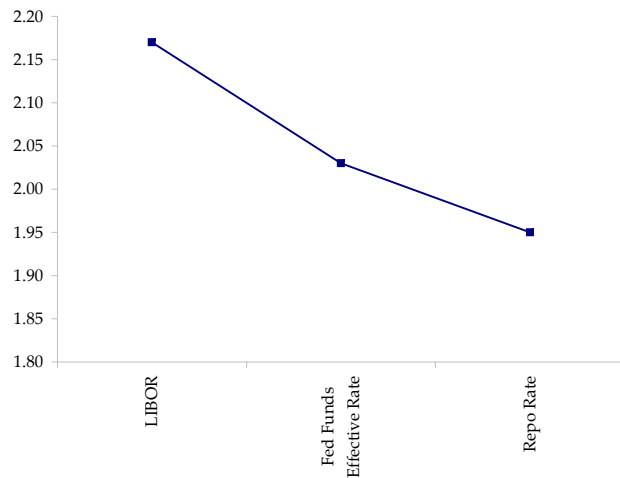
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



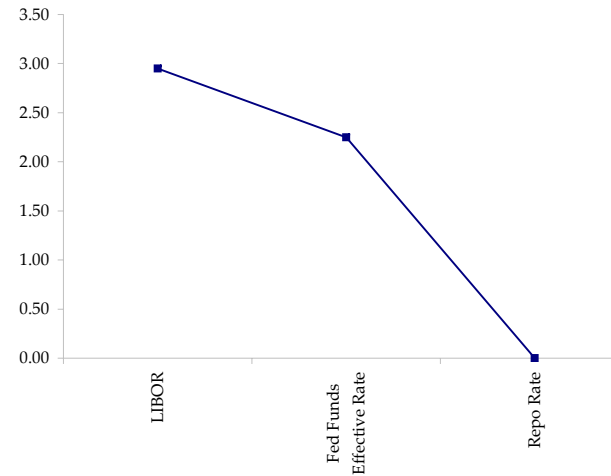
	Last	Chng	Term	Asset Type
USDLIBON	2.950	(0.0188)	Overnight	LIBOR
TUSFFRON	2.250	1.6250	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	4.270	(0.0010)	1 month	Euribor OIS Rate
TEONIA03M	4.253	(0.0100)	3 month	Euribor OIS Rate
TSONIA01M	4.814	(0.0280)	1 month	Sterling OIS Rate
TSONIA03M	4.786	(0.0130)	3 month	Sterling OIS Rate
TUSOIS01M	1.934	0.0080	1 month	USD OIS Rate
TUSOIS03M	1.917	0.0110	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	9/22/2008	Last
Australia	201.6	195.3	211.6	217.1	181.6	199.9	199.8
France	53.2	58.9	60.8	87.6	73.6	66.3	68.3
Germany	34	40	40.7	56.7	47	40.2	42.4
Japan	-234.4	-227	-213.4	-192.4	-228.1	-236.8	-231.9
U.K.	82.9	76.4	83	99.6	83.5	84.3	85.7

Global 10y Note spreads over US 10y

