The Morning Email: Treasuries

Table of Contents

Daily Yield Curve

30y	10y	5y	2y

Important Econ Releases, Highs & Lows

Economic Releases (32nds)

	5y	10y	ZNM8	ZBM8	Date
Non-farm High	100.1650	100.050	117.290	118.120	3/7/2008
Non-farm Low	99.2100	99.000	116.235	116.050	3/7/2008
FOMC High	100.2700	101.025	119.210	120.030	3/18/2008
FOMC Low	100.0900	100.105	118.285	119.100	3/18/2008
PPI High	100.3150	101.060	119.150	120.030	3/18/2008
PPI Low	100.0650	100.080	118.250	119.035	3/18/2008
CPI High	101.0050	101.065	119.120	120.125	3/14/2008
CPI Low	99.2750	99.315	118.040	118.205	3/14/2008
Auction Price	99.1783	99.000	na	na	
Last Trade	99.0470	99.275	117.310	118.225	4/7/2008 5:51

Auctions - 32nds

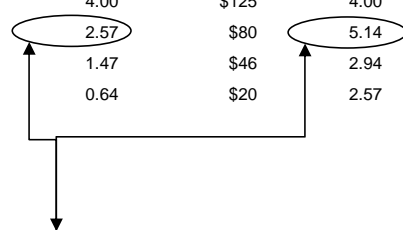|	2 y	5y	10y	30y
Auction Price	99.313	99.178	99.000	98.250
Auction Yield Stop	1.761	2.595	3.620	4.4449
Actual Auction Date	3/26/2008	3/27/2008	2/6/2008	2/7/2008

5y (Decimal)
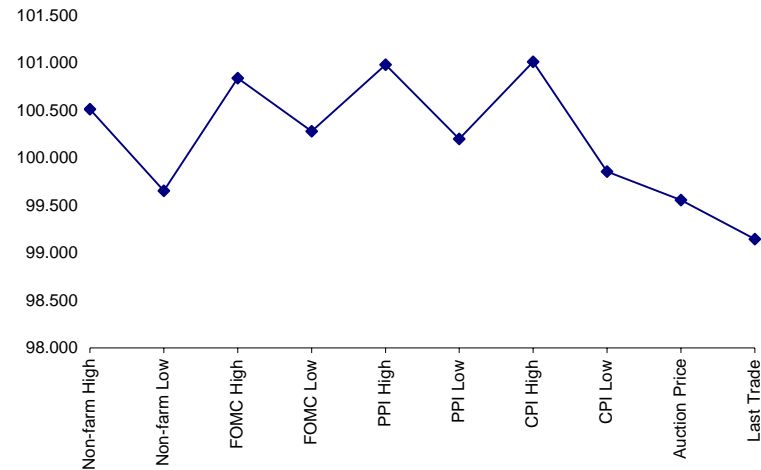
10y (Decimal)
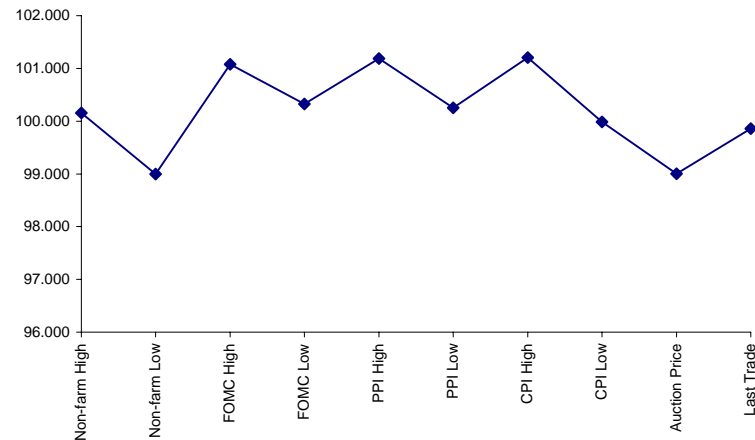
Notes:

1) Cash and futures are adjusted for roll.

2) Release times are from release to 2pm cdt

3) {Mch08 to Jun08 Futures roll: ZF = (-20); ZN = (-43); ZB = (-36) [tics]}

Quotes

	Last		Net	**32 nds**				
	Last		Net	High	Low	Open	Volume	Sym Name
TUAM8	106.285		(0.035)	107.005	106.275	107.005	18,380	2y Fut
FVAM8	113.095		(0.090)	113.197	113.070	113.197	37,906	5y Fut
TYAM8	117.310		(0.110)	118.120	117.255	118.120	83,214	10y Fut
USAM8	118.225		(0.14)	119.070	118.135	119.055	16,470	30y Fut
	Last		Net	High	Low	Open	Volume	Sym Name
BUS02P	99.240		(0.035)	99.267	99.232	99.267	na	2y Cash
BUS05P	99.047		(0.090)	99.125	99.022	99.122	na	5y Cash
BUS10P	99.270		(0.145)	100.035	99.215	100.035	na	10y Cash
BUS30P	100.165		(0.185)	100.240	100.075	100.240	na	30y Cash
	Last		Net	High	Low	Open	Volume	Sym Name
BUS02Y	1.876		0.065	1.9	1.795	1.831	na	2y Yield
BUS05Y	2.681		0.066	2.704	2.606	2.62	na	5y Yield
BUS10Y	3.515		0.049	3.543	3.46	3.469	na	10y Yield
BUS30Y	4.339		0.032	4.368	4.306	4.31	na	30y Yield

Duration, DV01s, Curve Spreads, CF

	M Duration	DV01 32	DV01 $	DV01 Box	CF	
30y	16.51	5.34	$1,670	10.69	n/a	**30y**
10y	8.23	2.64	$826	5.29	n/a	**10y**
5y	4.56	1.46	$457	5.85	n/a	**5y**
2y	1.93	0.62	$193	2.47	n/a	**2y**
ZB	10.36	4.00	$125	4.00	0.7765	**ZB**
ZN	6.60	2.57	$80	5.14	0.8210	**ZN**
ZF	4.01	1.47	$46	2.94	0.8571	**ZF**
ZT	1.86	0.64	$20	2.57	0.9303	**ZT**

Yield Curve Spreads

	Last	2pm close	Diff
2/5	80.50	80.30	0.20
5/10	83.40	85.00	(1.60)
10/30	82.40	83.20	(0.80)
2/10	163.90	165.30	(1.40)
5/30	165.80	168.20	(2.40)
2/30	246.30	248.50	(2.20)

DV01 32, said differently, is "how many TICS are in a basis point?".

Example, If **ZN** moves 1~basis point, then, it's moved 2.59 tics (Today, 03/29/08, the value in the box is 2.59).

Since ZN trades in half tics, then, 5.17 boxes = 1 basis point in ZN. (Again, today, 03/28/08, the value in the box is 5.17). 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

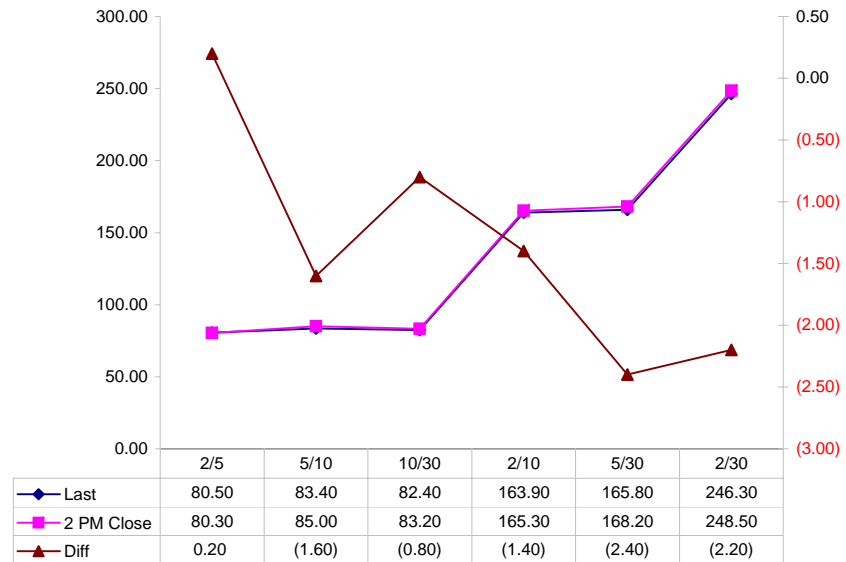|	2/5	5/10	10/30	2/10	5/30	2/30
Last	80.50	83.40	82.40	163.90	165.80	246.30
2 PM Close	80.30	85.00	83.20	165.30	168.20	248.50
Diff	0.20	(1.60)	(0.80)	(1.40)	(2.40)	(2.20)

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 (M)	1.000	1.600	2.800	3.238
Bobl (M)	0.600	0.923	1.587	1.787
Shatz (M)	0.248	0.383	0.658	0.741

US Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.54	3.66	6.61	13.37
ZN	2.40	5.69	10.28	20.78
ZF	4.20	9.95	17.98	36.35
ZT	4.80	11.38	20.56	41.58

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.554	2.719	3.110
ZN	0.643		1.693	1.144
ZF	0.368	0.572		1.144
ZT	0.322	0.500	0.874	

US Treasuries v Eurex Bonds

	2y	5y	10y	30y
Bund (M)	1.4	3.4	6.1	12.0
Bobl (M)	2.6	6.2	11.1	21.7
Shatz (M)	6.2	15.0	26.6	52.1

Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)		1.8	4.4
Bobl (H)	0.6		2.4
Shatz (H)	0.2	0.4	

US Treasuries

	2y	5y	10y	30y
2y		2.369	4.280	8.653
5y	0.422		1.806	3.652
10y	0.234	0.554		2.022
30y	0.116	0.274	0.495	

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

Closes: 2pm CST vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis Close	Last	Roll		Close 32	Last	
2y	1.750	3/31/10	99.2700	1.830	1.876	0.046			na				
5y	2.500	3/31/13	99.1225	2.633	2.681	0.048	65.12	65.28	na		113.185	113.095	FVAM8
10y	3.500	2/15/18	100.045	3.483	3.515	0.032	96.19	96.23	na		118.100	117.310	TYAM8
30y	4.375	5/15/37	101.000	4.315	4.339	0.024	273.15	265.46	na		119.03	118.225	USAM8

Curve Spreads

	Close bps	Last bps
2/5	80.3	80.5
5/10	85.0	83.4
10/30	83.2	82.4
2/10	165.3	163.9
5/30	168.2	165.8
2/30	248.5	246.3

US Treasuries Last v 2pm Close

	2y	5y	10y	30y
2pm Cls	1.830	2.633	3.483	4.315
Last	1.876	2.681	3.515	4.339
Diff	0.046	0.048	0.032	0.024
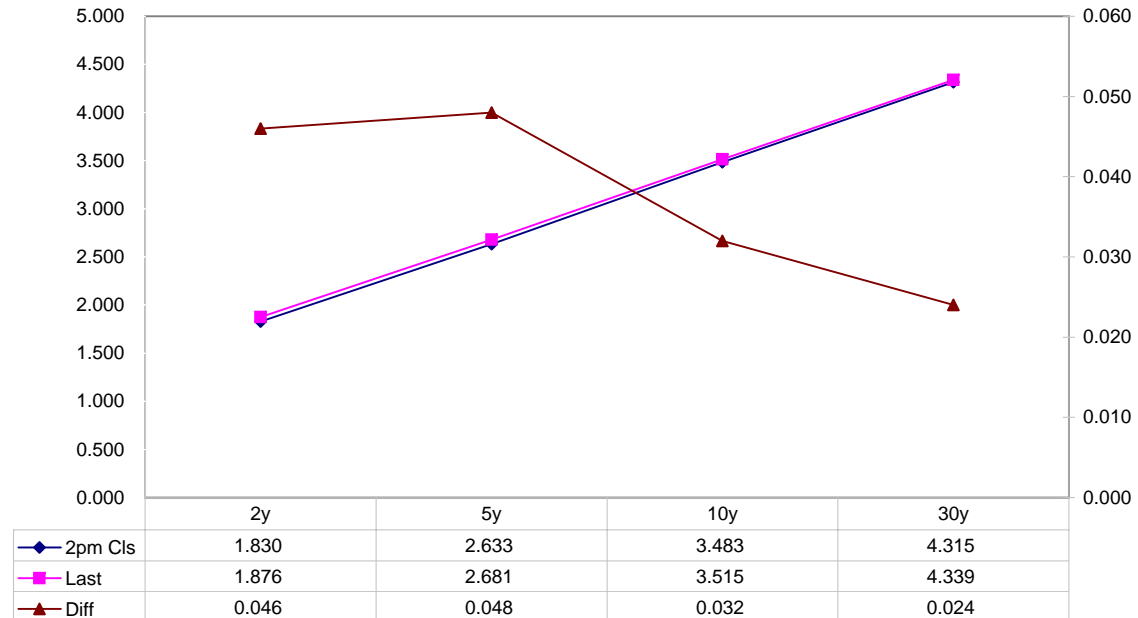
Notes:

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

	2	5	10	30
2	100%			
5	42%	100%		
10	23%	55%	100%	
30	12%	28%	50%	100%

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

Cash Matrix [DV01 x Duration]

	2	5	10	30
2	$193			
5	$194	$457		
10	$194	$458	$826	
30	$196	$462	$833	$1,670

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 over / (under) valued]

	2	5	10	30
2				
5	($1)			
10	($1)	($1)		
30	($3)	($4)	($7)	

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) as %]

	2	5	10	30
2				
5	-0.44%			
10	-0.56%	-0.12%		
30	-1.34%	-0.91%	-0.79%	

Or you can look at the over/under value as a percentage instead of dollar terms.

|	**Tic for Tic Matrix**					**Box for Box Matrix**		
	2y	5y	10y	30y		2y	5y	10y	30y
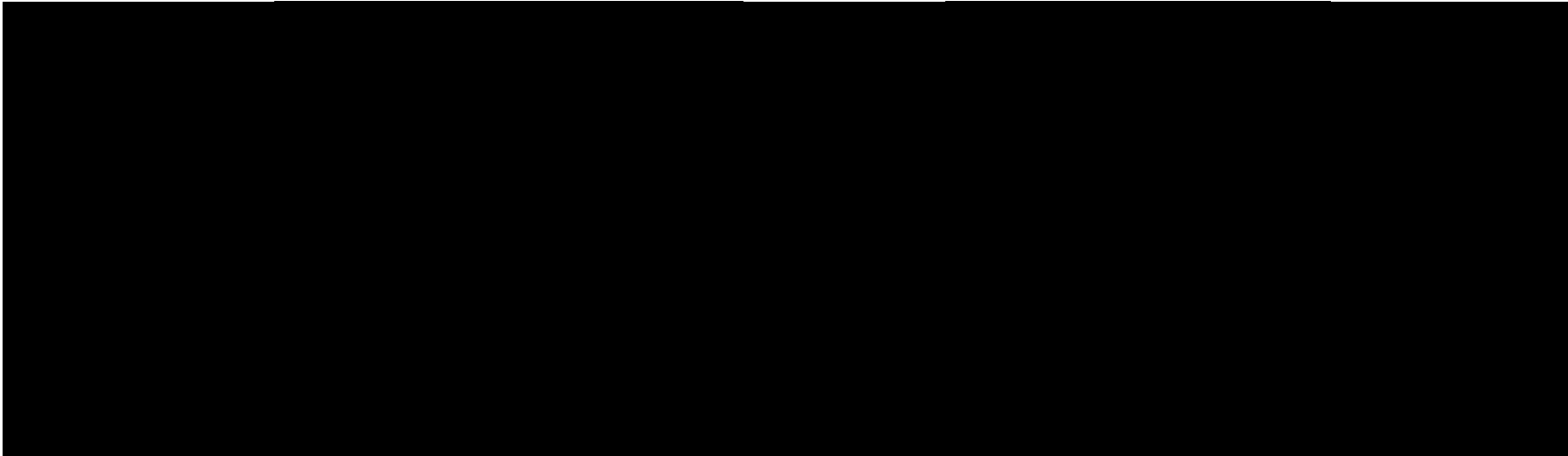
This page needs to be updated now that the CME has changed the tic size. I'll get to this soon.

Thanks,
Jim

	Libor$ [1]	Repo Rt [6]
0/N	2.675	2.250
1week	2.829	2.100
2week	2.818	2.100

	Libor$ [1]	Tbill	CP [2]
1M	2.724	1.498	2.840
3M	2.710	1.377	2.810
6M	2.680	1.544	2.720

	TSY	Swp	Swp Rate[5]	ED Pks[3]	TSY - ED Pk [4]
2y	1.875	78.50	2.66	3.069	1.193
5y	2.682	79.50	3.48		#VALUE!
10y	3.519	62.50	4.14		#VALUE!

2/5	**Rd/Blu Pk**	**Diff**
80.7	#VALUE!	#VALUE!
2/10	**Rd/Gld Pk**	**Diff**
164.3	#VALUE!	#VALUE!
5/10	**Blu/Gld Pk**	**Diff**
83.6	#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
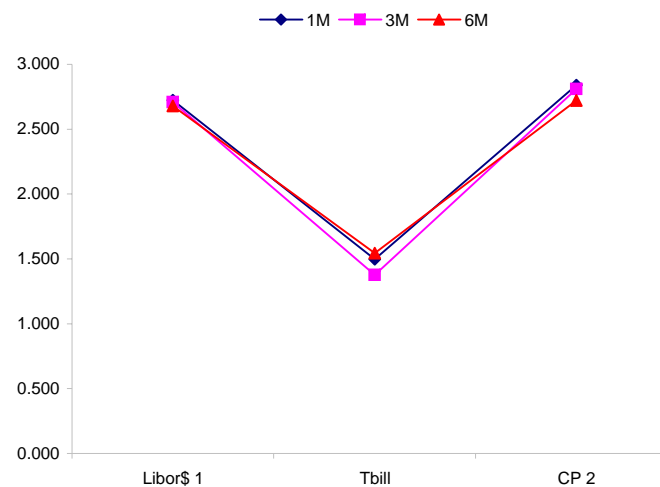
"Swap spreads are essentially a measure of the difference between buying a safe government bond and making a riskier loan to a bank"
--WSJ

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