



The Morning Email: Treasuries

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Want something added? Let me know:
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Important Econ Releases, Highs & Lows

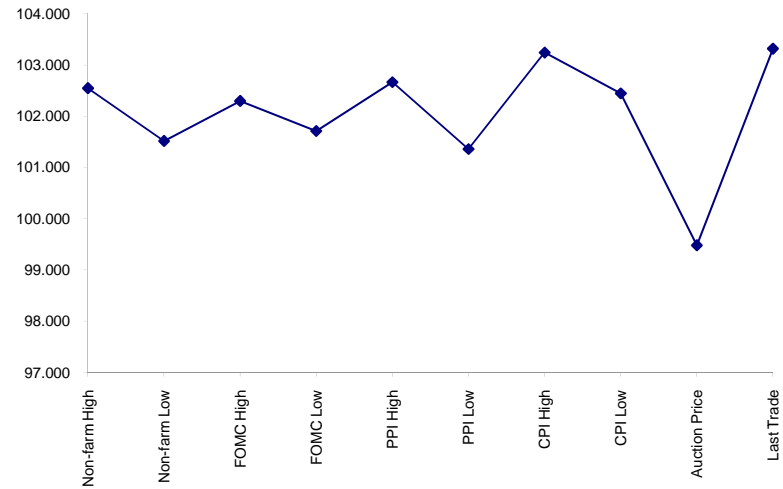
Economic Releases (32nds)

	5y	10y	ZNZ8	ZBZ8	Date
Non-farm High	102.1750	110.280	124.205	135.025	12/5/2008
Non-farm Low	101.1650	109.115	122.260	132.280	12/5/2008
FOMC High	102.0950	104.208	117.115	117.265	10/29/2008
FOMC Low	101.2275	103.223	116.035	115.295	10/29/2008
PPI High	102.2125	110.185	124.175	135.215	12/13/2008
PPI Low	101.1150	108.210	122.250	132.090	12/13/2008
CPI High	103.0775	103.125	121.215	123.145	11/19/2008
CPI Low	102.1425	101.315	120.210	121.205	11/19/2008
Auction Price	99.1539	99.233	na	na	
Last Trade	103.1020	113.210	130.020	139.125	12/17/2008 5:40

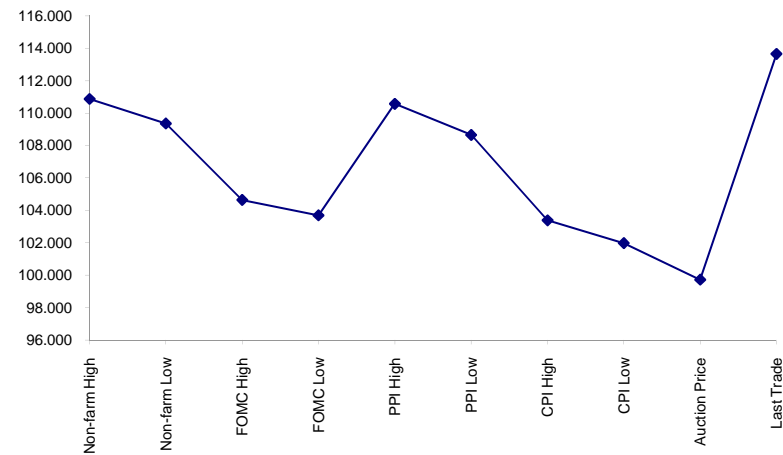
Auctions - 32nds

	2 y	3 y	5y	10y	30y
Auction Price	99.308	99.233	99.154	99.233	98.074
Auction Yield Stop	1.269	1.245	2.11	3.783	4.609
Actual Auction Date	11/24/2008	11/10/2008	11/25/2008	11/12/2008	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 Mch09 Futures roll: ZF = (91); ZN = (70); ZB = (32) [tics]}

Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAH9	108.195	(0.042)	108.260	108.165	108.247	18,110	2y Fut
FVAH9	120.005	0.082	120.020	119.220	119.295	18,848	5y Fut
TYAH9	130.020	0.240	127.140	126.225	126.310	62,401	10y Fut
USAH9	139.125	2.01	139.130	138.095	138.295	11,797	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	101.030	(0.015)	101.060	101.012	101.045	na	2y Cash
BUS05P	103.105	(0.017)	103.150	103.057	103.077	na	5y Cash
BUS10P	113.210	0.165	113.225	112.240	112.295	na	10y Cash
BUS30P	136.120	0.200	136.150	134.150	134.160	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	0.669	0.023	0.721	0.629	0.669	na	2y Yield
BUS05Y	1.291	0.001	1.331	1.264	1.321	na	5y Yield
BUS10Y	2.201	(0.052)	2.293	2.2	2.292	na	10y Yield
BUS30Y	2.692	(0.022)	2.782	2.692	2.776	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	18.21	7.98	\$2,495	15.97	n/a	30y
10y	8.37	3.05	\$954	6.11	n/a	10y
5y	4.71	1.59	\$497	6.36	n/a	5y
3y	2.83	0.91	\$285	3.65	n/a	3y
2y	1.93	0.62	\$195	2.49	n/a	2y
ZB	10.82	4.94	\$155	4.94	0.795	ZB
ZN	6.86	2.90	\$91	5.80	0.8357	ZN
ZF	4.15	1.68	\$52	3.36	0.8392	ZF
ZT	1.93	0.70	\$22	2.78	0.9152	ZT

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

Example, If **ZN** moves 1~basis point, then, it's moved 2.51 tics (Today, 12/01/08, the value in the box is 2.51).

Since ZN trades in half tics, then, 5.03 boxes = 1 basis point in ZN. (Again, today, 12/01/08, the value in the box is 5.03). 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.

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

	ZB	ZN	ZF	ZT
ZB		1.704	2.947	3.628
ZN	0.587		1.730	2.130
ZF	0.339	0.578		1.231
ZT	0.276	0.470	0.812	

US Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.26	3.22	6.17	16.15
ZN	2.15	5.48	10.52	27.51
ZF	3.72	9.48	18.20	47.58
ZT	4.58	11.67	22.40	58.58

US Treasuries

	2y	5y	10y	30y
2y		2.550	4.896	12.803
5y	0.392		1.920	5.021
10y	0.204	0.521		2.615
30y	0.078	0.199	0.382	

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

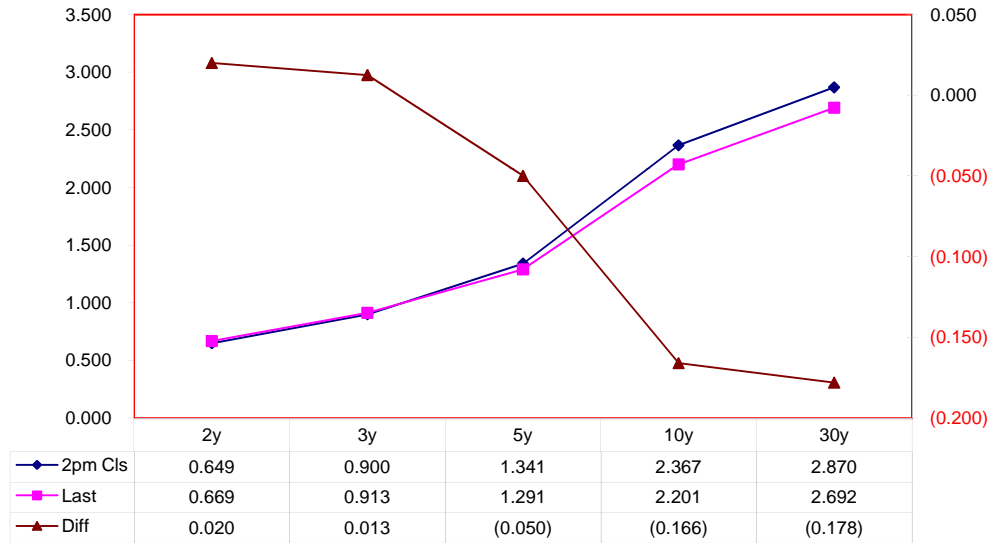
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis		Cash	Futrues	Close 32	Last	
						from 2pm	Close	Last	Roll	Roll			
2y	1.250	11/30/10	101.0525	0.649	0.669	0.020	52.35	54.92			108.2400	108.1950	TUAH9
3y	1.125	12/15/11	100.2125	0.900	0.913	0.013							
5y	2.000	11/30/13	103.0475	1.341	1.291	(0.050)	84.52	83.25			119.2450	120.0050	FVAH9
10y	3.750	11/15/18	112.050	2.367	2.201	(0.166)	202.74	158.82			126.200	130.020	TYAH9
30y	4.500	5/15/38	132.070	2.870	2.692	(0.178)	736.18	820.90			137.120	139.125	USAH9

Curve Spreads

	Chng from		
	Close bps	Last bps	2pm Cls
2/3	25.1	24.4	(0.7)
2/5	69.2	62.2	(7.0)
3/5	44.1	37.8	(6.3)
2/10	171.8	153.2	(18.6)
3/10	146.7	128.8	(17.9)
5/10	102.6	91.0	(11.6)
2/30	222.1	202.3	(19.8)
3/30	197.0	177.9	(19.1)
5/30	152.9	140.1	(12.8)
10/30	50.3	49.1	(1.2)

US Treasuries Last v 2pm Close



O/N News:

[Empty box for O/N News]

	Last	Chng on Day
Emini SP	897.75	(15.00)
Crude Oil	45.04	1.44
Gold	855.40	12.70
EURUSD	141.18	1.17
USDJPY	88.48	(0.60)



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	41%	100%		
10	23%	56%	100%	
30	11%	26%	46%	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	\$195			
5	\$203	\$497		
10	\$220	\$537	\$954	
30	\$264	\$645	\$1,146	\$2,495

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	(\$8)			
10	(\$25)	(\$40)		
30	(\$69)	(\$148)	(\$192)	

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	-4.14%			
10	-11.27%	-7.44%		
30	-26.15%	-22.97%	-16.77%	

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.90	2.29	4.39	11.48
ZF	0.37	0.95	1.82	4.76
ZN	0.21	0.55	1.05	2.75
ZB	0.13	0.32	0.62	1.61

	2y	5y	10y	30y
2y		2.55	4.90	12.80
5y	0.39		1.92	5.02
10y	0.20	0.52		2.61
30y	0.08	0.20	0.38	

	ZT	ZF	ZN	ZB
ZT		2.41	4.17	7.11
ZF	0.41		1.73	2.95
ZN	0.24	0.58		1.70
ZB	0.14	0.34	0.59	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.90	2.29	8.78	22.96
ZF	0.37	0.95	3.64	9.52
ZN	0.43	1.10	1.05	2.75
ZB	0.50	0.64	1.23	1.61

	2y	5y	10y	30y
2y		2.55	2.45	6.40
5y	0.39		0.48	2.51
10y	0.41	2.08		2.61
30y	0.16	0.40	0.38	

	ZT	ZF	ZN	ZB
ZT		2.41	8.35	14.22
ZF	0.41		1.73	5.89
ZN	0.12	0.58		1.70
ZB	0.07	0.17	0.59	

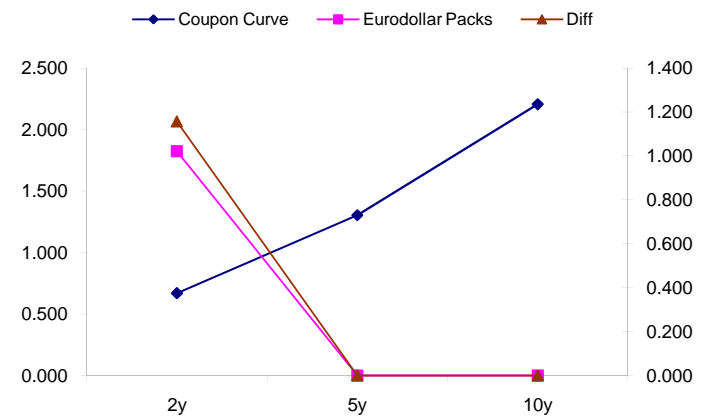
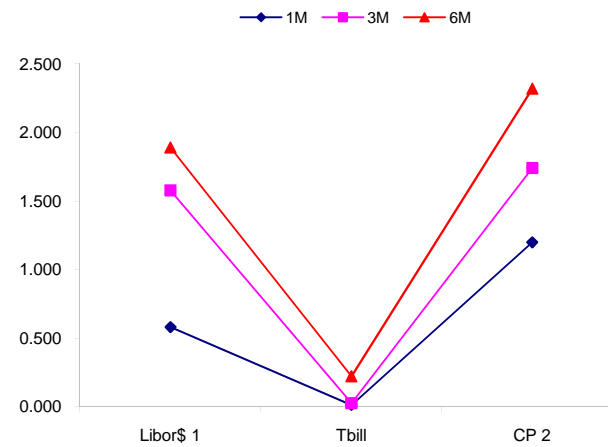
	Libor\$ ¹	Repo Rt ⁶			
0/N	0.133	#VALUE!			
1week	0.270	#VALUE!			
2week	0.668	#VALUE!			
	Libor\$ ¹	Tbill	CP ²		
1M	0.581	0.012	1.200		
3M	1.578	0.027	1.740		
6M	1.891	0.223	2.320		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	0.668	80.50	1.47	1.824	1.157
5y	1.303	71.75	2.02		#VALUE!
10y	2.207	11.25	2.32		#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
63.6	#VALUE!	#VALUE!	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
154.0	#VALUE!	#VALUE!	Red pack / Gold pack is a 2/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
90.4	#VALUE!	#VALUE!	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:

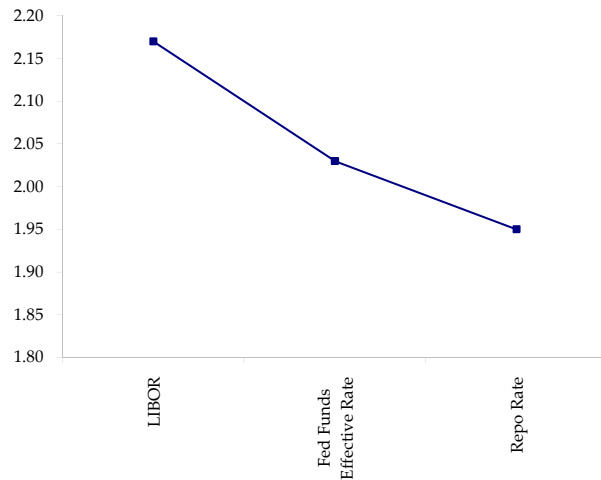
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



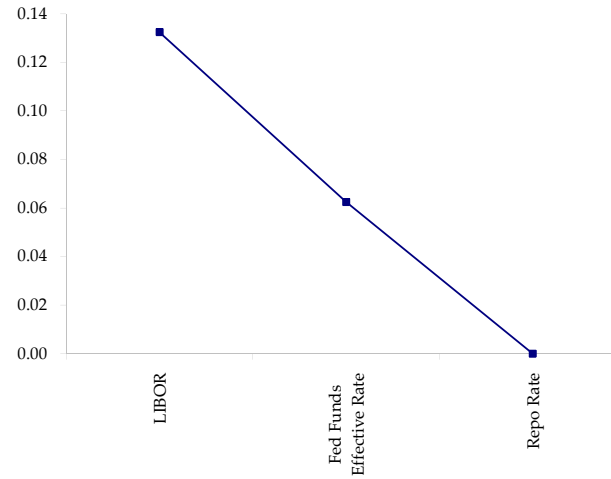
	Last	Chng	Term	Asset Type
USDLIBON	0.133	(0.0269)	Overnight	LIBOR
TUSFFRON	0.063	0.0000	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	2.107	(0.0140)	1 month	Euribor OIS Rate
TEONIA03M	1.926	(0.0680)	3 month	Euribor OIS Rate
TSONIA01M	1.562	(0.0780)	1 month	Sterling OIS Rate
TSONIA03M	1.293	(0.1330)	3 month	Sterling OIS Rate
TUSOIS01M	0.154	(0.0010)	1 month	USD OIS Rate
TUSOIS03M	0.175	0.0020	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	9/2/2008	9/8/2008	9/17/2008	9/19/2008	9/29/2008	10/15/2008	10/24/2008	11/6/2008	11/18/2008	11/25/2008	12/15/2008	Last
Australia	195.3	211.6	217.1	181.6	205.3	135.8	120.8	143.5	138.9	157.4	189.8	199.1
France	58.9	60.8	87.6	73.6	65.4	31.9	31.4	35	44.4	67.3	116.7	124.9
Germany	40	40.7	56.7	47	36.2	11.7	3.5	-2.1	12.1	26.4	77.8	85.1
Japan	-227	-213.4	-192.4	-228.1	-213.2	-242.5	-224.2	-220.5	-193.6	-170.1	-98.7	-95.1
U.K.	76.4	83	99.6	83.5	76.3	71.5	64.6	62.6	63.8	76.4	104.3	114.5

Global 10y Note spreads over US 10y

