



11/14/2008 5:50

The Morning Email: Treasuries

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Want something added? Let me know:
jgoulding@ghco.com

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Important Econ Releases, Highs & Lows

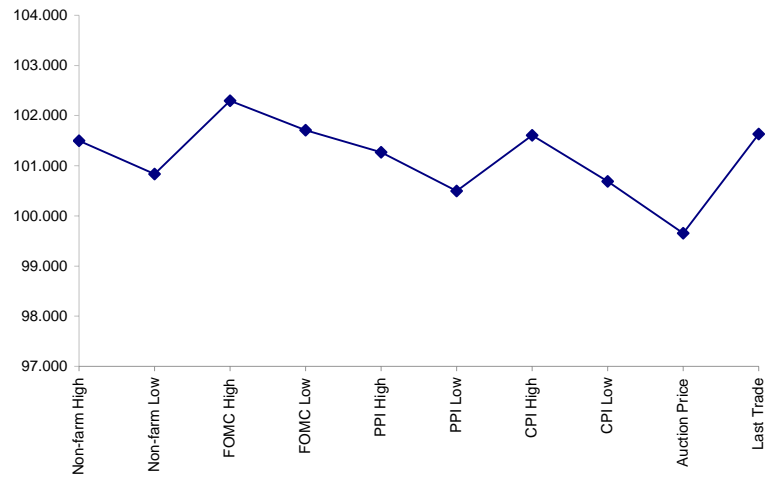
Economic Releases (32nds)

	5y	10y	ZNZ8	ZBZ8	Date
Non-farm High	101.1600	102.270	115.305	117.280	11/7/2008
Non-farm Low	100.2675	101.210	114.260	115.220	11/7/2008
FOMC High	102.0950	101.310	115.055	116.265	10/29/2008
FOMC Low	101.2275	100.315	113.295	114.295	10/29/2008
PPI High	101.0860	100.080	112.090	114.210	10/15/2008
PPI Low	100.1600	99.045	111.160	114.220	10/15/2008
CPI High	101.1950	100.210	112.250	113.105	10/16/2008
CPI Low	100.2200	99.155	111.125	121.170	10/16/2008
Auction Price	99.2088	99.233	na	na	
Last Trade	101.2020	99.175	116.120	117.020	11/14/2008 5:50

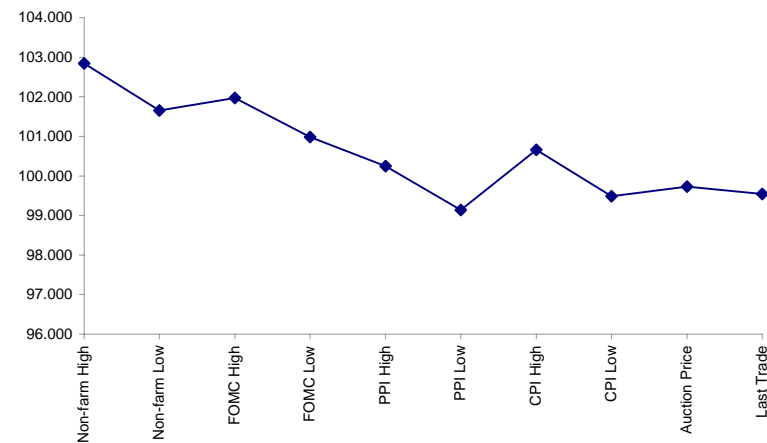
Auctions - 32nds

	2 y	5y	10y	30y
Auction Price	99.257	99.209	99.233	98.074
Auction Yield Stop	1.6	2.825	3.783	4.609
Actual Auction Date	9/24/2008	9/25/2008	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 Mch08 Futures roll: ZF = (); ZN = (); ZB = () [tics]}

Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAZ8	108.090	(0.007)	108.097	108.070	108.077	9,773	2y Fut
FVAZ8	116.087	(0.025)	116.102	116.040	116.077	16,474	5y Fut
TYAZ8	116.120	(0.010)	116.145	116.035	116.040	38,870	10y Fut
USAZ8	117.020	0.02	117.030	116.160	116.190	7,012	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.172	0.007	100.177	100.155	100.165	na	2y Cash
BUS05P	101.197	0.015	101.207	101.157	101.180	na	5y Cash
BUS10P	99.170	0.110	99.180	99.085	99.110	na	10y Cash
BUS30P	102.260	0.130	102.310	102.200	102.240	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	1.216	(0.010)	1.257	1.204	1.245	na	2y Yield
BUS05Y	2.397	(0.012)	2.46	2.392	2.46	na	5y Yield
BUS10Y	3.801	(0.044)	3.849	3.799	3.849	na	10y Yield
BUS30Y	4.319	(0.035)	4.36	4.319	4.36	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.43	5.41	\$1,690	10.81	n/a	30y
10y	8.26	2.63	\$823	5.27	n/a	10y
5y	4.61	1.54	\$481	6.16	n/a	5y
3y	2.91	0.93	\$292	3.74	n/a	3y
2y	1.92	0.62	\$193	2.47	n/a	2y
ZB	10.64	4.06	\$127	4.06	0.7943	ZB
ZN	6.42	2.43	\$76	4.86	0.8357	ZN
ZF	4.23	1.64	\$51	3.27	0.8653	ZF
ZT	1.76	0.62	\$19	2.47	0.9229	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 2.38 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.

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	1.500	2.200	2.600
Bobl (U)	0.500	0.850	1.250	1.500
Shatz (U)	0.204	0.339	0.494	0.594

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.670	2.482	3.281
ZN	0.599		1.486	1.964
ZF	0.403	0.673		1.322
ZT	0.305	0.509	0.756	

Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)		1.8	4.5
Bobl (H)	0.6		2.5
Shatz (H)	0.2	0.4	

US Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.52	3.79	6.49	13.32
ZN	2.39	5.95	10.18	20.91
ZF	3.77	9.41	16.10	33.06
ZT	4.99	12.44	21.28	43.71

US Treasuries v Eurex Bonds

	2y	5y	10y	30y
Bund (U)	1.8	4.3	7.5	15.7
Bobl (U)	3.2	7.6	13.3	27.6
Shatz (U)	8.1	19.2	33.6	69.9

US Treasuries

	2y	5y	10y	30y
2y		2.495	4.267	8.762
5y	0.401		1.710	3.512
10y	0.234	0.585		2.053
30y	0.114	0.285	0.487	

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

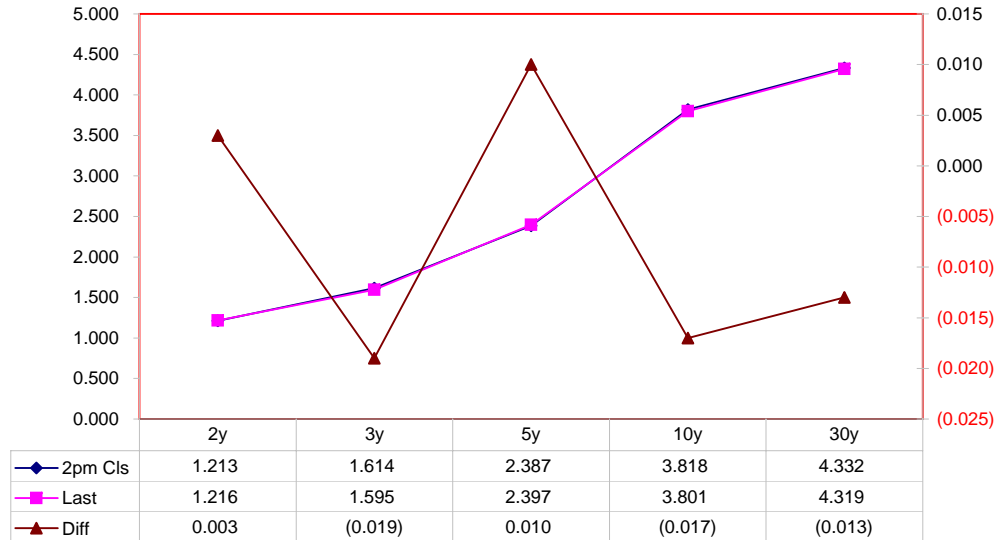
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng	Basis		Cash	Futrues	Close 32	Last	
						from 2pm	Close	Last	Roll	Roll			
2y	1.500	10/31/10	100.1775	1.213	1.216	0.003	19.21	19.85			108.0975	108.0900	TUAZ8
3y	1.750	11/15/11	100.1275	1.614	1.595	(0.019)							
5y	2.750	10/31/13	101.2200	2.387	2.397	0.010	59.75	32.68			115.1150	116.0870	FVAZ8
10y	3.750	11/15/08	99.140	3.818	3.801	(0.017)	104.95	73.35			115.020	116.120	TYAZ8
30y	4.500	5/15/38	102.250	4.332	4.319	(0.013)	331.42	319.55			116.115	117.020	USAZ8

Curve Spreads

	Close bps	Last bps	Chng from
			2pm CIs
2/3	40.1	37.9	(2.2)
2/5	117.4	118.1	0.7
3/5	77.3	80.2	2.9
2/10	260.5	258.5	(2.0)
3/10	220.4	220.6	0.2
5/10	143.1	140.4	(2.7)
2/30	311.9	310.3	(1.6)
3/30	271.8	272.4	0.6
5/30	194.5	192.2	(2.3)
10/30	51.4	51.8	0.4

US Treasuries Last v 2pm Close



O/N News:

Last Chng on Day

Emini SP	899.25	(8.50)
Crude Oil	57.48	(0.76)
Gold	728.50	23.50
EURUSD	126.95	(0.76)
USDJPY	97.03	(0.68)

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	40%	100%		
10	22%	56%	100%	
30	11%	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	\$186			
5	\$191	\$481		
10	\$182	\$459	\$823	
30	\$188	\$474	\$850	\$1,690

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	(\$5)			
10	\$4	\$22		
30	(\$2)	\$7	(\$27)	

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	-2.44%			
10	2.33%	4.90%		
30	-0.92%	1.56%	-3.18%	

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.96	2.49	4.26	8.74
ZF	0.36	0.94	1.61	3.31
ZN	0.25	0.63	1.08	2.23
ZB	0.15	0.38	0.65	1.33

	2y	5y	10y	30y
2y		2.58	4.42	9.07
5y	0.39		1.71	3.51
10y	0.23	0.58		2.05
30y	0.11	0.28	0.49	

	ZT	ZF	ZN	ZB
ZT		2.64	3.93	6.56
ZF	0.38		1.49	2.48
ZN	0.25	0.67		1.67
ZB	0.15	0.40	0.60	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.96	2.49	8.51	17.48
ZF	0.36	0.94	3.22	6.61
ZN	0.49	1.27	1.08	2.23
ZB	0.59	0.76	1.30	1.33

	2y	5y	10y	30y
2y		2.58	2.21	4.53
5y	0.39		0.43	1.76
10y	0.45	2.34		2.05
30y	0.22	0.57	0.49	

	ZT	ZF	ZN	ZB
ZT		2.64	7.86	13.12
ZF	0.38		1.49	4.96
ZN	0.13	0.67		1.67
ZB	0.08	0.20	0.60	

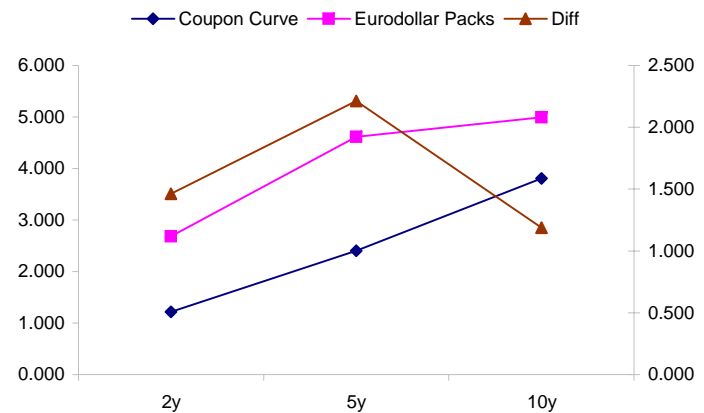
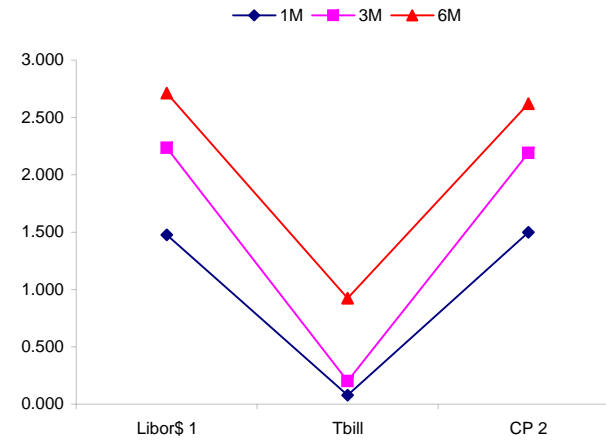
	Libor\$ ¹	Repo Rt ⁶			
0/N	0.413	0.250			
1week	0.913	0.200			
2week	1.111	0.250			
	Libor\$ ¹	Tbill	CP ²		
1M	1.478	0.078	1.500		
3M	2.236	0.202	2.190		
6M	2.714	0.924	2.620		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	1.219	118.75	2.41	2.680	1.461
5y	2.401	107.00	3.47	4.613	2.212
10y	3.805	32.50	4.13	4.993	1.188

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
118.2	193.3	75.1	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
258.6	231.3	-27.3	Red pack / Gold pack is a 2/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
140.4	38.0	-102.3	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:

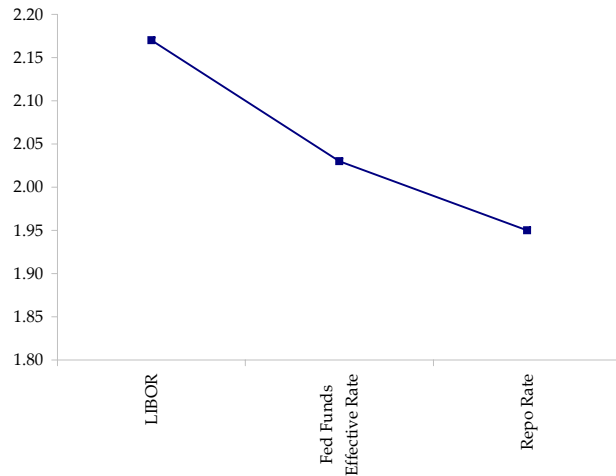
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



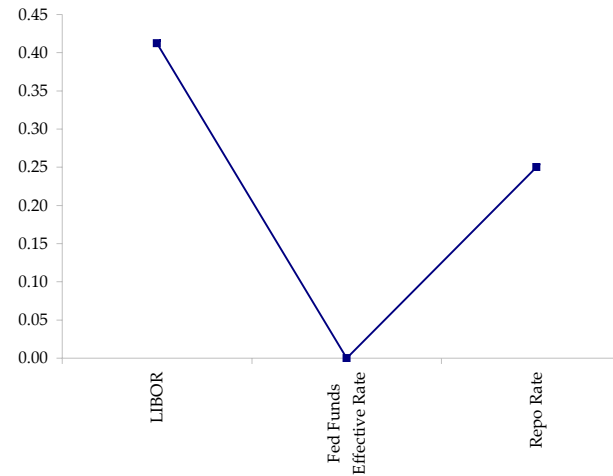
	Last	Chng	Term	Asset Type
USDLIBON	0.413	0.0125	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	0.250	0.0000	Overnight	Repo Rate
TEONIA01M	2.923	0.0010	1 month	Euribor OIS Rate
TEONIA03M	2.587	0.0500	3 month	Euribor OIS Rate
TSONIA01M	2.390	(0.0180)	1 month	Sterling OIS Rate
TSONIA03M	2.074	0.0170	3 month	Sterling OIS Rate
TUSOIS01M	0.511	(0.0280)	1 month	USD OIS Rate
TUSOIS03M	0.557	0.0130	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	11/13/2008	Last
Australia	195.3	211.6	217.1	181.6	205.3	135.8	120.8	143.5	107.2	104.8
France	58.9	60.8	87.6	73.6	65.4	31.9	31.4	35	24.5	9.1
Germany	40	40.7	56.7	47	36.2	11.7	3.5	-2.1	-10.8	-21.2
Japan	-227	-213.4	-192.4	-228.1	-213.2	-242.5	-224.2	-220.5	-233.5	-234.0
U.K.	76.4	83	99.6	83.5	76.3	71.5	64.6	62.6	25.6	27.4

Global 10y Note spreads over US 10y

