



11/21/2008 6:12

The Morning Email: Treasuries

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

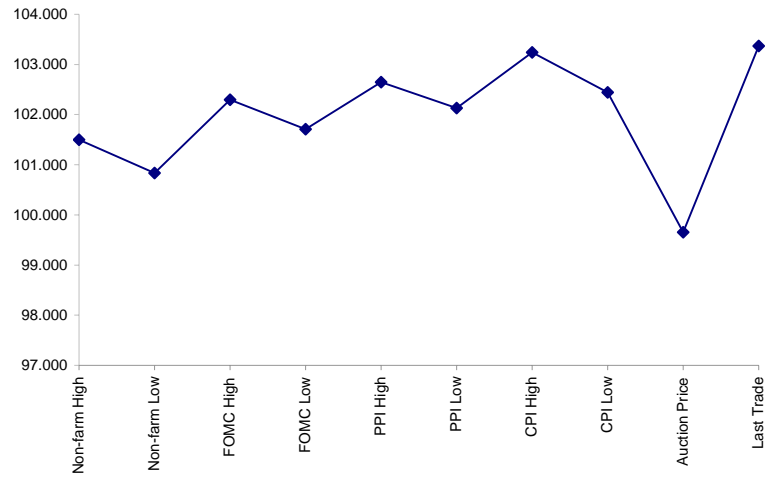
Economic Releases (32nds)

	5y	10y	ZN28	ZB28	Date
Non-farm High	101.1600	105.168	115.305	117.280	11/7/2008
Non-farm Low	100.2675	104.108	114.260	115.220	11/7/2008
FOMC High	102.0950	104.208	115.055	116.265	10/29/2008
FOMC Low	101.2275	103.223	113.295	114.295	10/29/2008
PPI High	102.2075	102.005	118.205	120.145	11/18/2008
PPI Low	102.0425	100.285	117.225	118.305	11/18/2008
CPI High	103.0775	103.125	119.155	122.145	11/19/2008
CPI Low	102.1425	101.315	118.160	120.205	11/19/2008
Auction Price	99.2088	99.233	na	na	
Last Trade	103.1170	105.025	120.035	126.195	11/21/2008 6:12

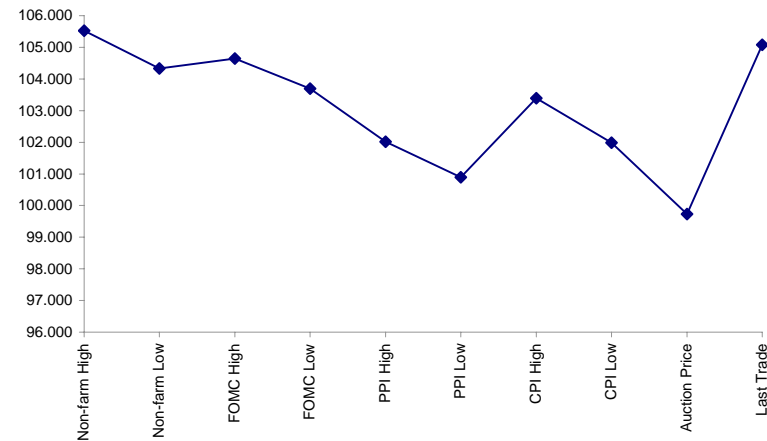
Auctions - 32nds

	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	10/24/2008	10/25/2008	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 = (); ZN = (); ZB = () [tics]}

Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAZ8	108.195	(0.045)	108.257	108.172	108.237	21,896	2y Fut
FVAZ8	118.022	(0.125)	118.212	117.280	118.175	44,738	5y Fut
TYAZ8	120.035	(0.195)	121.155	119.295	121.125	103,524	10y Fut
USAZ8	126.195	0.27	128.120	126.115	127.285	34,856	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.257	(0.070)	101.002	100.240	101.000	na	2y Cash
BUS05P	103.115	(0.245)	104.012	103.065	104.012	na	5y Cash
BUS10P	105.020	(1.115)	106.145	104.245	106.085	na	10y Cash
BUS30P	116.055	(1.300)	118.270	115.250	118.270	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	1.067	0.128	1.12	0.945	1.071	na	2y Yield
BUS05Y	2.024	0.160	2.074	1.871	1.874	na	5y Yield
BUS10Y	3.149	0.150	3.19	2.993	3.048	na	10y Yield
BUS30Y	3.574	0.097	3.626	3.47	3.525	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	17.27	6.46	\$2,019	12.92	n/a	30y
10y	8.32	2.80	\$875	5.60	n/a	10y
5y	4.60	1.56	\$489	6.26	n/a	5y
3y	2.89	0.94	\$293	3.75	n/a	3y
2y	1.90	0.61	\$192	2.45	n/a	2y
ZB	10.92	4.50	\$141	4.50	0.7943	ZB
ZN	6.44	2.53	\$79	5.05	0.8357	ZN
ZF	4.22	1.66	\$52	3.31	0.8653	ZF
ZT	1.74	0.61	\$19	2.46	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		1.783	2.722	3.670
ZN	0.561		1.527	2.059
ZF	0.367	0.655		1.348
ZT	0.273	0.486	0.742	

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	1.36	3.47	6.22	14.34
ZN	2.26	5.77	10.34	23.85
ZF	3.71	9.45	16.92	39.03
ZT	5.00	12.74	22.81	52.62

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		2.550	4.565	10.532
5y	0.392		1.790	4.130
10y	0.219	0.559		2.307
30y	0.095	0.242	0.433	

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

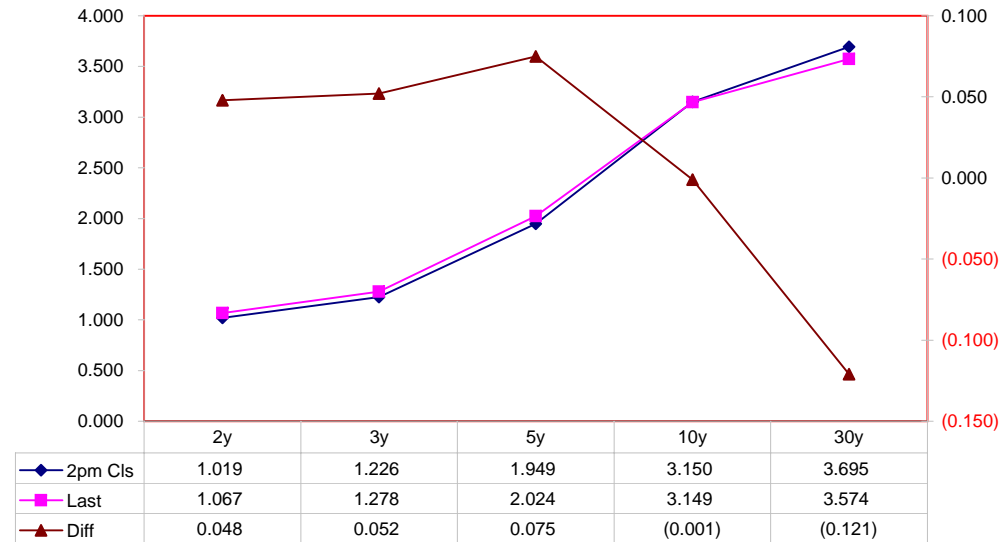
Treasury Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Chng from 2pm	Basis		Cash Roll	Futrues Roll	Close 32	Last	
							Close	Last					
2y	1.500	10/31/10	100.2950	1.019	1.067	0.048	17.58	18.66	+8.00		108.2425	108.1950	TUAZ8
3y	1.750	11/15/11	101.1700	1.226	1.278	0.052							
5y	2.750	10/31/13	103.2425	1.949	2.024	0.075	40.11	38.42	+8.00		118.1475	118.0220	FVAZ8
10y	3.750	11/15/08	105.035	3.150	3.149	(0.001)	135.19	150.49			120.230	120.035	TYAZ8
30y	4.500	5/15/38	114.120	3.695	3.574	(0.121)	462.94	508.89			125.250	126.195	USAZ8

Curve Spreads			
	Chng from		
	Close bps	Last bps	2pm Cls
2/3	20.7	21.1	0.4
2/5	93.0	95.7	2.7
3/5	72.3	74.6	2.3
2/10	213.1	208.2	(4.9)
3/10	192.4	187.1	(5.3)
5/10	120.1	112.5	(7.6)
2/30	267.6	250.7	(16.9)
3/30	246.9	229.6	(17.3)
5/30	174.6	155.0	(19.6)
10/30	54.5	42.5	(12.0)

O/N News:

US Treasuries Last v 2pm Close



	Last	Chng on Day
Emini SP	768.50	20.25
Crude Oil	50.22	0.80
Gold	756.20	7.50
EURUSD	125.76	1.22
USDJPY	94.86	1.13

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	39%	100%		
10	22%	55%	100%	
30	10%	27%	48%	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	\$185			
5	\$192	\$489		
10	\$190	\$484	\$875	
30	\$212	\$538	\$973	\$2,019

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	(\$7)			
10	(\$5)	\$5		
30	(\$27)	(\$49)	(\$98)	

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	-3.87%			
10	-2.84%	1.06%		
30	-12.60%	-9.09%	-10.05%	

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.96	2.55	4.56	10.52
ZF	0.36	0.94	1.69	3.90
ZN	0.23	0.62	1.11	2.56
ZB	0.13	0.35	0.62	1.43

	2y	5y	10y	30y
2y		2.64	4.73	10.91
5y	0.38		1.79	4.13
10y	0.21	0.56		2.31
30y	0.09	0.24	0.43	

	ZT	ZF	ZN	ZB
ZT		2.70	4.12	7.34
ZF	0.37		1.53	2.72
ZN	0.24	0.65		1.78
ZB	0.14	0.37	0.56	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.96	2.55	9.12	21.05
ZF	0.36	0.94	3.38	7.81
ZN	0.47	1.24	1.11	2.56
ZB	0.53	0.69	1.24	1.43

	2y	5y	10y	30y
2y		2.64	2.36	5.46
5y	0.38		0.45	2.07
10y	0.42	2.23		2.31
30y	0.18	0.48	0.43	

	ZT	ZF	ZN	ZB
ZT		2.70	8.23	14.68
ZF	0.37		1.53	5.44
ZN	0.12	0.65		1.78
ZB	0.07	0.18	0.56	

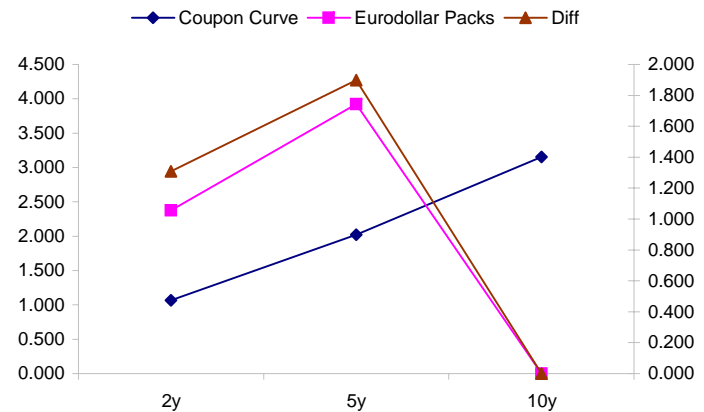
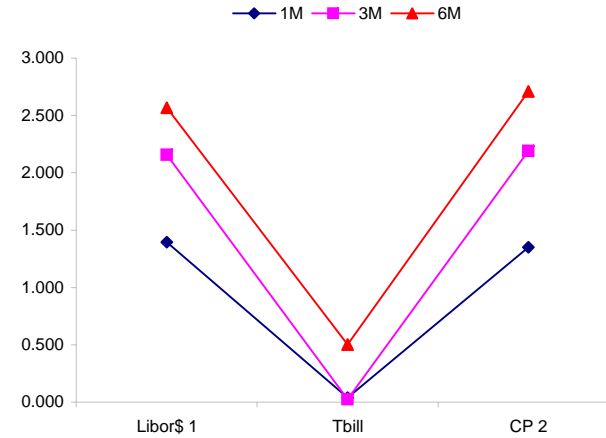
	Libor\$ ¹	Repo Rt ⁶			
0/N	0.700	0.300			
1week	1.039	0.250			
2week	1.199	0.350			
	Libor\$ ¹	Tbill	CP ²		
1M	1.395	0.038	1.350		
3M	2.158	0.025	2.190		
6M	2.569	0.503	2.710		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	1.065	107.75	2.14	2.374	1.308
5y	2.024	97.25	3.00	3.923	1.899
10y	3.152	15.25	3.30	#VALUE!	#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
95.8	155.0	59.1	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
208.7	#VALUE!	#VALUE!	Red pack / Gold pack is a 2/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
112.9	#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:

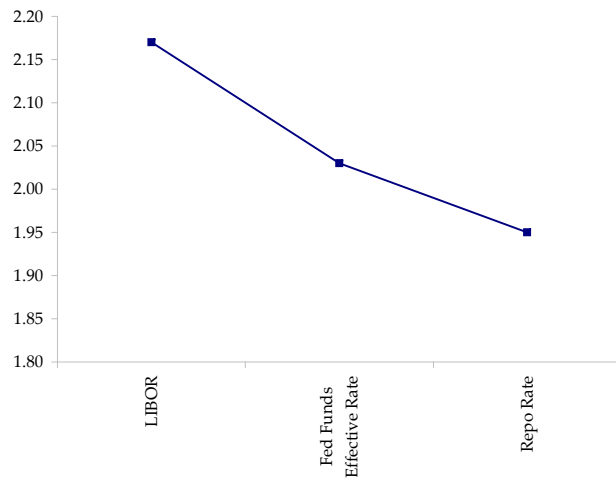
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



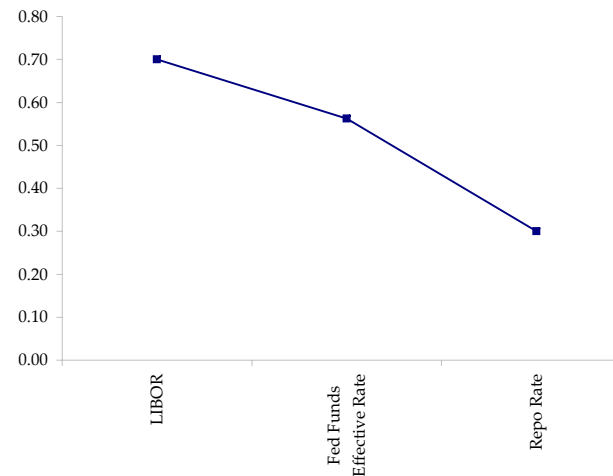
	Last	Chng	Term	Asset Type
USDLIBON	0.700	0.2563	Overnight	LIBOR
TUSFFRON	0.563	0.1250	Overnight	Fed Funds Effective Rate
TUSRPOON	0.300	0.0000	Overnight	Repo Rate
TEONIA01M	2.550	(0.0490)	1 month	Euribor OIS Rate
TEONIA03M	2.257	(0.0100)	3 month	Euribor OIS Rate
TSONIA01M	2.113	(0.0190)	1 month	Sterling OIS Rate
TSONIA03M	1.734	(0.0380)	3 month	Sterling OIS Rate
TUSOIS01M	0.559	0.0470	1 month	USD OIS Rate
TUSOIS03M	0.463	0.0450	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	Last
Australia	195.3	211.6	217.1	181.6	205.3	135.8	120.8	143.5	138.9	178.6
France	58.9	60.8	87.6	73.6	65.4	31.9	31.4	35	44.4	69.2
Germany	40	40.7	56.7	47	36.2	11.7	3.5	-2.1	12.1	35.2
Japan	-227	-213.4	-192.4	-228.1	-213.2	-242.5	-224.2	-220.5	-193.6	-179.3
U.K.	76.4	83	99.6	83.5	76.3	71.5	64.6	62.6	63.8	90.2

Global 10y Note spreads over US 10y

