



9/22/2008 6:09

The Morning Email: Treasuries

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

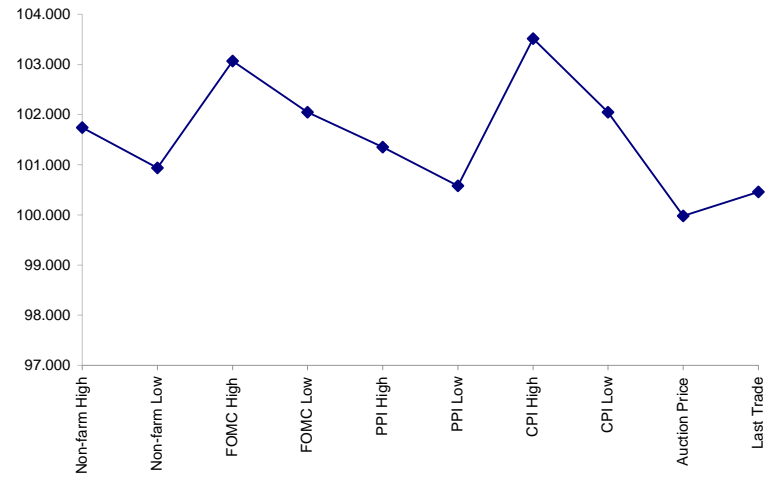
Economic Releases (32nds)

	5y	10y	ZNZ8	ZBZ8	Date
Non-farm High	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	100.1470	101.155	115.070	117.200	9/22/2008 6:09

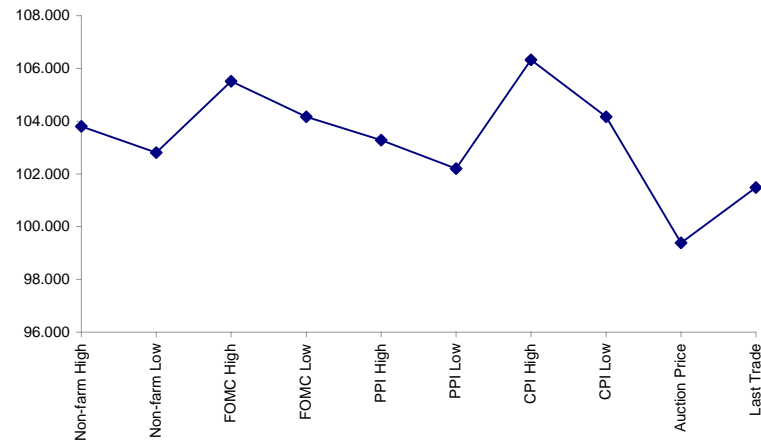
Auctions - 32nds

	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) {Sep08 to Dec08 Futures roll: ZF = (14 3/4); ZN = (36 3/4); ZB = (27 1/2) [tics]}

Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAZ8	106.167	0.010	106.195	106.152	106.182	24,424	2y Fut
FVAZ8	111.307	(0.045)	112.087	111.277	112.000	53,099	5y Fut
TYAZ8	115.070	(0.135)	115.205	115.015	115.090	110,042	10y Fut
USAZ8	117.200	(0.18)	118.130	117.175	118.110	28,751	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	100.142	0.030	100.170	100.125	100.125	na	2y Cash
BUS05P	100.145	(0.022)	100.245	100.140	100.190	na	5y Cash
BUS10P	101.155	(0.015)	101.300	101.140	101.225	na	10y Cash
BUS30P	101.080	(0.230)	102.080	101.060	101.310	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.135	(0.034)	2.193	2.082	2.193	na	2y Yield
BUS05Y	3.024	(0.012)	3.048	2.952	3.048	na	5y Yield
BUS10Y	3.816	0.000	3.828	3.759	3.809	na	10y Yield
BUS30Y	4.422	0.053	4.434	4.359	4.398	na	30y Yield

Duration, DV01s, Curve Spreads, CF

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	16.12	5.25	\$1,639	10.49	n/a	30y
10y	8.09	2.64	\$825	5.28	n/a	10y
5y	4.54	1.50	\$468	5.99	n/a	5y
2y	1.90	0.63	\$197	2.52	n/a	2y
ZB	10.38	3.95	\$123	3.95	0.7943	ZB
ZN	6.27	2.37	\$74	4.74	0.8568	ZN
ZF	4.14	1.53	\$48	3.05	0.8844	ZF
ZT	1.94	0.68	\$21	2.72	0.9353	ZT

Yield Curve Spreads

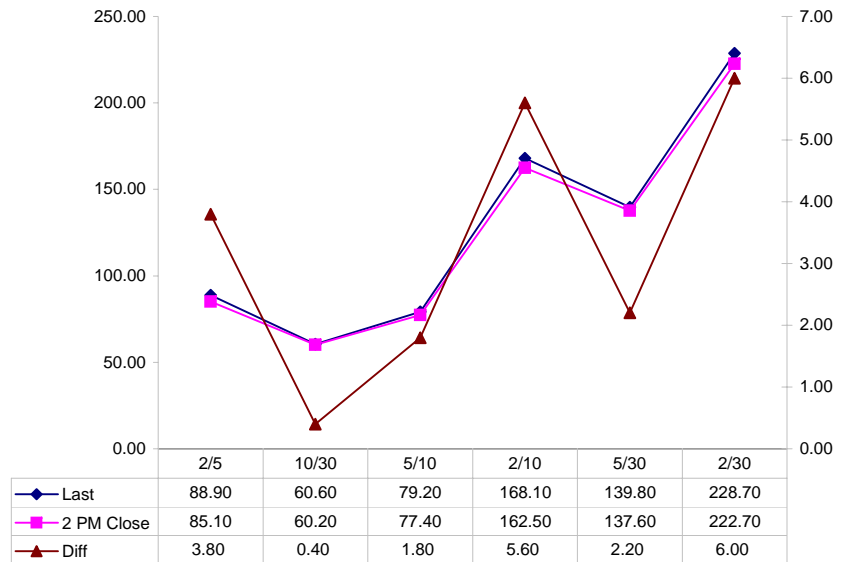
	Last	2pm close	Diff
2/5	88.90	85.10	3.80
10/30	60.60	60.20	0.40
5/10	79.20	77.40	1.80
2/10	168.10	162.50	5.60
5/30	139.80	137.60	2.20
2/30	228.70	222.70	6.00

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 Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.666	2.585	2.901
ZN	0.600		1.552	1.742
ZF	0.387	0.644		1.123
ZT	0.331	0.552	0.857	

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 v US Financial Futures

	2y	5y	10y	30y
ZB	1.53	3.76	6.69	13.29
ZN	2.56	6.26	11.14	22.14
ZF	3.97	9.71	17.29	34.36
ZT	4.45	10.90	19.40	38.57

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

US Treasuries

	2y	5y	10y	30y
2y		2.449	4.358	8.662
5y	0.408		1.780	3.537
10y	0.229	0.562		1.988
30y	0.115	0.283	0.503	

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

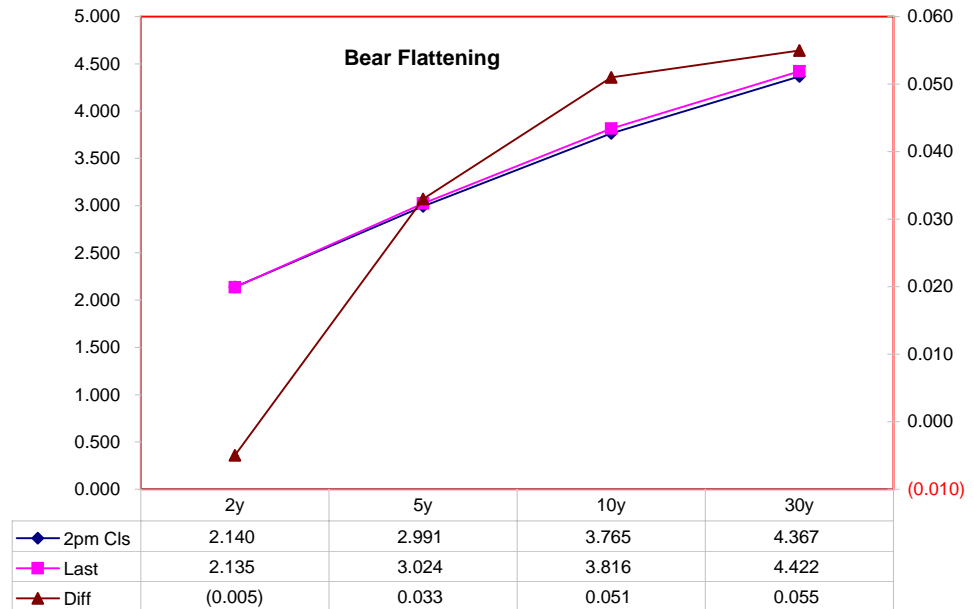
	Cpn	Mty	Close 32	Close	Last	Chng	Basis		Cash	Futrues	Close 32	Last	
						from 2pm	Close	Last	Roll	Roll			
2y	2.375	8/31/10	100.1425	2.140	2.135	(0.005)	27.68	26.04		0.097	106.1500	106.1670	TUAZ8
5y	3.125	8/31/13	100.1950	2.991	3.024	0.033	46.94	46.16		0.215	112.0325	111.3070	FVAZ8
10y	4.000	8/15/18	101.295	3.765	3.816	0.051	90.91	88.48		1.030	115.205	115.070	TYAZ8
30y	4.500	5/15/38	102.060	4.367	4.422	0.055	266.75	250.25		0.280	118.050	117.200	USAZ8

Curve Spreads			
	Close bps	Last bps	Chng from
			2pm CIs
2/5	85.1	88.9	3.8
5/10	77.4	79.2	1.8
10/30	60.2	60.6	0.4
2/10	162.5	168.1	5.6
5/30	137.6	139.8	2.2
2/30	222.7	228.7	6.0

	Last	Chng on Day
Emini SP	1236.00	(10.00)
Crude Oil	105.77	3.02
Gold	884.40	19.70
EURUSD	145.82	1.10
USDJPY	106.40	(1.08)

News:
All is well;
-Hank Paulson saves economic world.
-Seriously, the RTC type deal is what the world wanted. It puts a 'fence' around the toxic assets.
All isn't wonderful, but it's much better than it was on the 15th (see following page)

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

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	24%	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	\$197			
5	\$196	\$468		
10	\$194	\$462	\$825	
30	\$194	\$461	\$823	\$1,639

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	\$4	\$7	\$1	

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	0.43%			
10	1.69%	1.26%		
30	1.87%	1.44%	0.18%	

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.93	2.20	3.88	7.71
ZF	0.41	0.98	1.73	3.44
ZN	0.27	0.63	1.11	2.21
ZB	0.16	0.38	0.67	1.33

	2y	5y	10y	30y
2y		2.37	4.18	8.31
5y	0.42		1.76	3.50
10y	0.24	0.57		1.99
30y	0.12	0.29	0.50	

	ZT	ZF	ZN	ZB
ZT		2.25	3.48	5.80
ZF	0.45		1.55	2.58
ZN	0.29	0.64		1.67
ZB	0.17	0.39	0.60	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.93	2.20	7.76	15.43
ZF	0.41	0.98	3.46	6.87
ZN	0.53	1.26	1.11	2.21
ZB	0.64	0.76	1.34	1.33

	2y	5y	10y	30y
2y		2.37	2.09	4.16
5y	0.42		0.44	1.75
10y	0.48	2.27		1.99
30y	0.24	0.57	0.50	

	ZT	ZF	ZN	ZB
ZT		2.25	6.97	11.61
ZF	0.45		1.55	5.17
ZN	0.14	0.64		1.67
ZB	0.09	0.19	0.60	

	Libor\$ ¹	Repo Rt ⁶			
0/N	2.969	#VALUE!			
1week	3.831	#VALUE!			
2week	3.646	#VALUE!			
	Libor\$ ¹	Tbill	CP ²		
1M	3.176	0.659	3.160		
3M	3.198	0.968	3.320		
6M	3.429	1.547	3.470		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	2.134	120.75	3.34	3.816	1.682
5y	3.025	103.25	4.06	4.723	1.698
10y	3.818	66.75	4.49	#VALUE!	

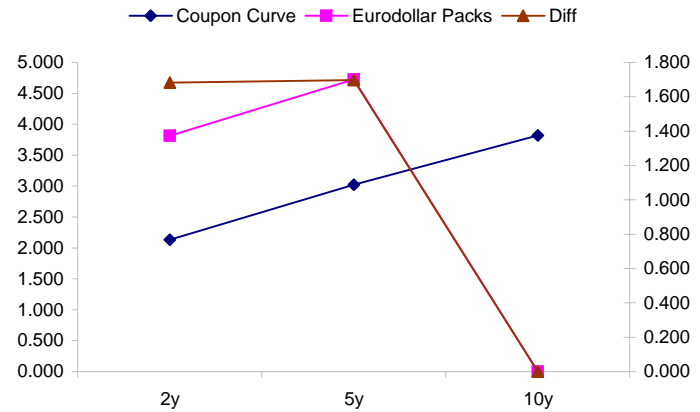
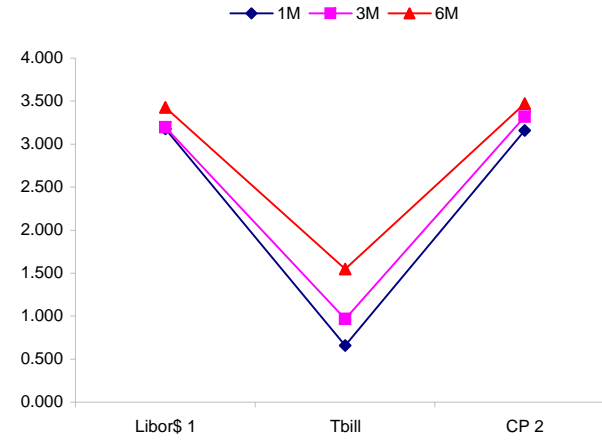
<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>
89.1	90.7	1.6
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>
168.4	#VALUE!	#VALUE!
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>
79.3	#VALUE!	#VALUE!

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:

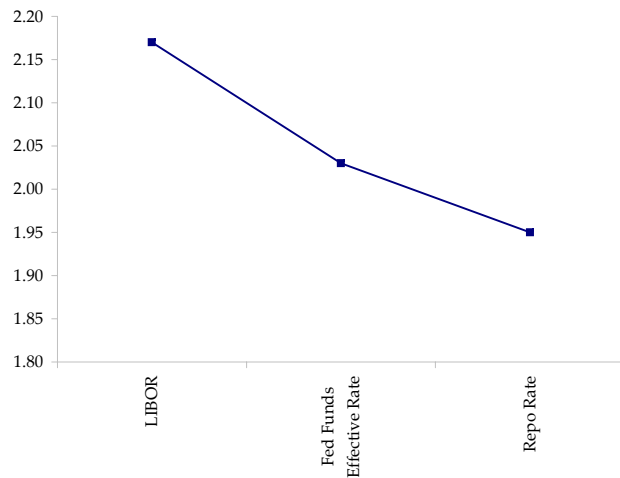
- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight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



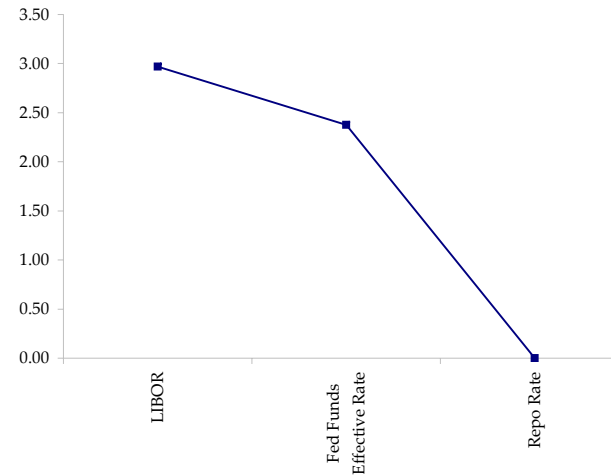
	Last	Chng	Term	Asset Type
USDLIBON	2.969	(0.2813)	Overnight	LIBOR
TUSFFRON	2.375	1.8750	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	4.271	0.0080	1 month	Euribor OIS Rate
TEONIA03M	4.255	(0.0070)	3 month	Euribor OIS Rate
TSONIA01M	4.908	0.0240	1 month	Sterling OIS Rate
TSONIA03M	4.849	0.0120	3 month	Sterling OIS Rate
TUSOIS01M	1.924	(0.0210)	1 month	USD OIS Rate
TUSOIS03M	1.917	(0.0310)	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	9/12/2008	9/17/2008	9/19/2008	Last
Australia	201.6	195.3	211.6	195.7	217.1	181.6	175.5
France	53.2	58.9	60.8	67.1	87.6	73.6	65.6
Germany	34	40	40.7	44.1	56.7	47	40.0
Japan	-234.4	-227	-213.4	-220.1	-192.4	-228.1	-235.3
U.K.	82.9	76.4	83	86.2	99.6	83.5	79.3

Global 10y Note spreads over US 10y

