The Morning Email: US & Germany

Table of Contents

Quotes 1

	32 nds								
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME	
TUAM8	107.090	(0.010)	107.152	107.087	107.137	29,867	165,941	2y Futures	US Futures Market
FVAM8	113.310	(0.082)	114.127	113.300	114.117	60,793	437,392	5y Futures	
TYAM8	118.165	(0.140)	119.030	118.155	119.005	127,962	724,753	10y Futures	
USAM8	118.100	(0.150)	119.010	118.080	119.010	29,461	301,839	30y Futures	

	Last	Net	Hi	Low	Open	Volume	
BUS02P	100.055	(4.0)	100.120	100.052	100.085	2y	US Cash Treasury Market
BUS05P	99.282	(11.7)	100.092	99.275	100.050	5y	
BUS10P	100.065	(15.0)	100.230	100.060	100.185	10y	
BUS30P	100.150	(25.0)	101.060	100.160	101.000	30y	
	Last	**Net**	**Hi**	**Low**	**Open**	**Volume**	
BUS02Y	1.659	6.40	1.671	1.555	1.627	2y Yield	
BUS05Y	2.522	7.70	2.534	2.432	2.467	5y Yield	
BUS10Y	3.473	5.60	3.481	3.408	3.43	10y Yield	
BUS30Y	4.343	4.70	4.355	4.295	4.299	30y Yield	

	Decimal								
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME	
DGM8	104.42	(5.50)	104.51	104.36	104.48	293,603	537,325	Schatz(2Y)	German Futures Markets
DLM8	110.12	(16.00)	110.37	110.03	110.30	207,556	521,948	Bobl(5Y)	
DBM8	115.68	(2.90)	116.03	115.55	115.94	417,715	935,709	Bund(10Y)	

	Price	Yield				
	Last	Last	Coupon	Maturity	SYM NAME	
T.US.DE030P0310***	99.14	3.448	3.000	3.000	2 yr CTD	German Cash Treasury Market
T.US.DE044P0113**	103.69	3.628	4.500	1/4/2013	5 yr CTD	
T.US.DE036P0117**	98.60	3.933	3.750	1/4/2017	10 yr CTD	
DEP2P*	99.17	3.448	3.000	3/12/2010	2yr OTR	
DEP5P*	102.48	3.641	4.250	10/12/2012	5yr OTR	
DEP10P*	100.61	3.922	4.000	1/4/2018	10yr OTR	

Notes

Y = Yield

DE = German Country Code

CTD = Cheapest to Deliver

OTR = On the Run

* OTR

** CTD

*** CTD & OTR

Quotes 2

This page provided a more detailed look at the quotes for the German Bonds

German Bonds are quoted in decimal, not 32nds.

	Decimal							
	Bid	Ask	Last	Hi	Low	Chng	SYM NAME	
DGM8	104.41	104.42	104.42	104.51	104.36	-5.50	Schatz(2Y)	German Futures
DLM8	110.11	110.12	110.12	110.37	110.03	-16.00	Bobl(5Y)	
DBM8	115.67	115.68	115.68	116.03	115.55	-2.90	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		
DGM8	3.673	3.670	3.673	3.698	3.622	Schatz(2Y)	German Futures
DLM8	3.745	3.743	3.745	3.762	3.691	Bobl(5Y)	
DBM8	4.062	4.061	4.062	4.076	4.022	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng		
T.US.DE030P0310***	3.465	3.448	3.448	3.492	3.405		2 yr CTD	German Cash
T.US.DE044P0113**	3.637	3.628	3.628	3.655	3.569		5 yr CTD	
T.US.DE036P0117**	3.940	3.933	3.933	3.963	3.903		10 yr CTD	
DEP2P*	3.465	3.448	3.448	3.492	3.405	-3	2yr OTR	
DEP5P*	3.650	3.641	3.641	3.669	3.586	-17	5yr OTR	
DEP10P*	3.928	3.922	3.922	3.949	3.897	-20	10yr OTR	

	Decimal							
	Bid	Ask	Last	Hi	Low	Chng	SYM NAME	
T.US.DE030P0310***	99.14	99.17	99.17	99.25	99.09	3.000	2 yr CTD	German Cash
T.US.DE044P0113**	103.69	103.73	103.73	103.99	103.61	-20	5 yr CTD	
T.US.DE036P0117**	98.60	98.65	98.65	98.87	98.44	-22	10 yr CTD	
DEP2P*	99.14	99.17	99.17	99.25	99.09	-3	2yr OTR	
DEP5P*	102.44	102.48	102.48	102.71	102.36	-17	5yr OTR	
DEP10P*	100.56	100.61	100.61	100.81	100.39	-20	10yr OTR	

Notes

Y = Yield

DE = German Country Code

CTD = Cheapest to Deliver

OTR = On the Run

*** OTR**

**** CTD**

***** CTD & OTR**

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Intrinsics & Tic for Tic Matrix'

US Intrinsic's ^

	M Duration	DV01 32	DV01 $	DV01(€)
30y	16.53	5.35	$1,671	€ 2,614
10y	8.25	2.66	$831	€ 1,299
5y	4.58	1.48	$463	€ 723
2y	1.95	0.63	$196	€ 306
ZB	10.38	4.00	$125	€ 196
ZN	6.62	2.59	$81	€ 126
ZF	4.03	1.49	$46	€ 73
ZT	1.88	0.65	$20	€ 32

^Futures are Based on CTD

German Intrinsic's ^

	M Duration	DV01(€)	DV01($)	CF
Bund	7.26	€ 265	$170	0
Bobl	#REF!	#REF!	#REF!	#REF!
Schatz	2.03	€ 69	$44	0
DE10Y	7.88	€ 1,252	$801	
DE5Y	#REF!	#REF!	#REF!	
DE2Y	2.03	€ 296	$189	

^Futures are Based on CTD

	Last
EURUSD	156.41

Tic for Tic Matrix ($)

	Bund	Bobl	Schatz
30y	[redacted]		
10y			
5y			
2y			
ZB			
ZN			
ZF			
ZT			

This matrix needs to be updated now that the CME has changed the tic size. I'll get to this in the next few days.
Thanks,
Jim

Notes

1) CF = Conversion Factor

2) MDuration = Modified Macaulay Duration

3) MDuration & DV01s for Futures are based on proxy issue (CTD)

Hedge Ratios - Bloomberg

US Financial Futures / Eurex Bond

	ZN	ZF	ZT	
Bund (H)	1.60	2.80	3.24	Bloomberg Ratio's
Bobl (H)	0.92	1.59	1.79	
Shatz (H)	0.38	0.66	0.74	

US Treasuries v Eurex Bonds

	2y	5y	10y	
Bund (H)	1.4	3.4	6.1	Bloomberg Ratio's
Bobl (H)	2.6	6.2	11.1	
Shatz (H)	6.2	15.0	26.6	

	Bund (H)	Bobl (H)	Shatz (H)	
Bund (H)		1.81	4.37	Bloomberg Ratio's
Bobl (H)	0.55		2.41	
Shatz (H)	0.23	0.42		

Yields & Spreads

	US Cash Treasuries (OTR)		
	Bid	Ask	Last
US2y	1.663	1.659	1.659
US5y	2.529	2.522	2.522
US10y	3.475	3.473	3.473

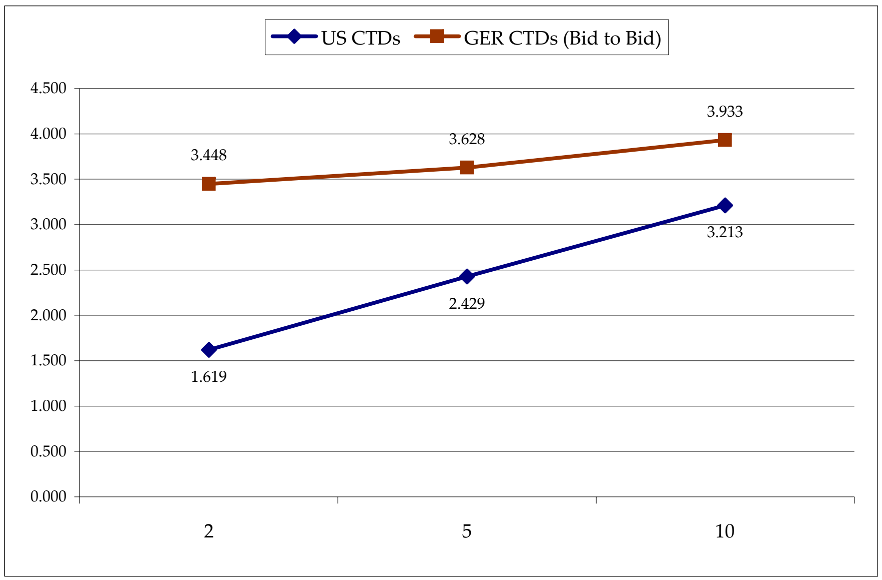
	German Cash Treasuries (OTR)		
	Bid	Ask	Last
DE2y	3.465	3.448	3.448
DE5y	3.650	3.641	3.641
DE10y	3.928	3.922	3.922

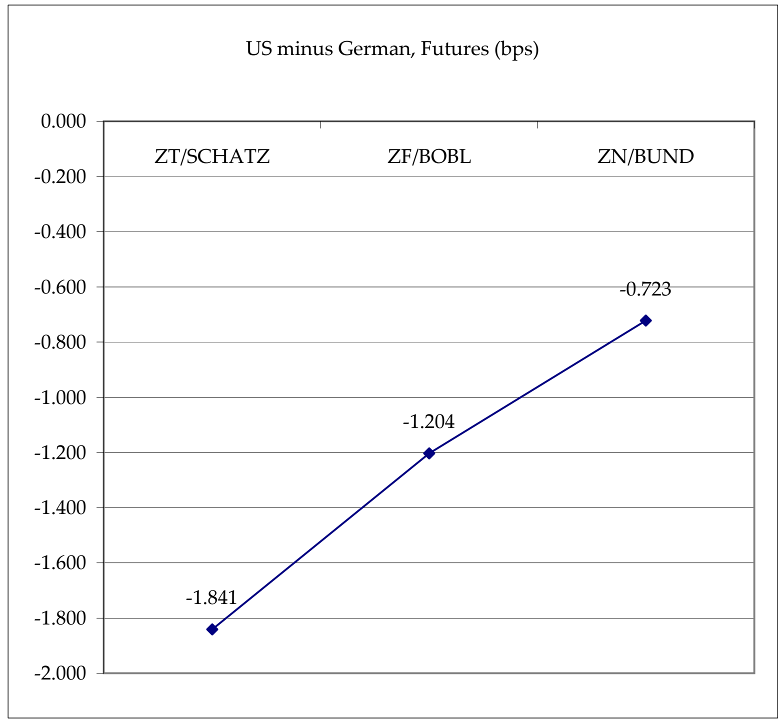
	Spreads
	Bps
ZT/SCHATZ	-1.841
ZF/BOBL	-1.204
ZN/BUND	-0.723

	US Cash Treasuries (CTD)		
	Bid	Ask	Last
4.000 of 03/10	1.619	1.608	1.608
4.125 of 08/12	2.429	2.424	2.424
5.125 of 05/16	3.213	3.211	3.211

	German Futures (CTD)		
	Bid	Ask	Last
3.250 of 04/10	3.465	3.448	3.448
#REF!	3.637	3.628	3.628
3.750 of 01/17	3.940	3.933	3.933

This chart shows the US futures, ZT, ZF, and ZN quoted in yield, then, comparing them to the German Futures, the Schatz (2yr), Bobl (5yr), and Bund (10yr). Cheapest to Deliver (CTD) are used as proxies for the yields.





Volume Questions & Global Bond Market Characteristics

When does the volume trade? Between what ours of the day? These are the two questions most frequently asked, by new traders to this contract.
Of course number releases pertaining to the German economy will produce volume. Past that we can look at a chart of the Bund as determine
when volume occurs.

Time	Volume Rises	Volume Drops
1:00 AM CST	x	
7:00 AM CST	x	
10:00 AM CST		x
11:00 AM CST		x
German Econ Release	x	
US Econ Release	x	

Bond Market Characteristics

From The Treasury Bond Basis Book 3rd Edition, by Galen Burghardt

Accrued Interest	Germany	Japan	UK
Coupon (date)	Annual	semi (20th)	semi
Ex-dividend (days)	no	no	yes (7)
Accrual basis	actual	actual	actual
Year Basis	actual	365	actual

Settlement time frame

Domestic	T+2	T+3	T+3
International	T+3	na	na

Trading Basis

Quotation	price	simple yield	price
Tick	decimal	bp	decimal
Tax (resident)	0	0	0
Price/Yield Method	ISMA	Simple	DMO
Repo			
Accrual basis	actual	actual	actual
Year basis	360	0	365