7/23/2008 5:45

The Morning Email: US & Germany

Table of Contents

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

Quotes 1

32 nds

	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME
TUAU8	105.122	(0.052)	105.165	105.120	105.165	35,143	264,532	2y Futures
FVAU8	109.297	(0.107)	110.062	109.282	110.060	66,657	547,002	5y Futures
TYAU8	113.035	(0.115)	113.135	113.010	113.125	99,720	871,100	10y Futures
USAU8	113.205	(0.165)	114.055	113.190	114.045	20,516	313,865	30y Futures

US Futures Market

	Last	Net	Hi	Low	Open	SYM NAME
BUS02P	100.060	(3.5)	100.095	100.060	100.087	2y
BUS05P	99.100	(8.0)	99.180	99.092	99.152	5y
BUS10P	97.265	(11.0)	98.050	97.255	98.005	10y
BUS30P	94.255	(21.5)	95.100	94.260	95.085	30y

	Last	Net	Hi	Low	Open	SYM NAME
BUS02Y	2.771	5.80	2.779	2.7	2.737	2y Yield
BUS05Y	3.526	5.40	3.537	3.465	3.481	5y Yield
BUS10Y	4.144	4.30	4.154	4.103	4.116	10y Yield
BUS30Y	4.701	4.40	4.703	4.658	4.675	30y Yield

US Cash Treasury Market

Decimal

	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME
DGU8	102.34	2.50	102.36	102.26	102.29	224,604	444,917	Schatz(2Y)
DLU8	105.62	4.00	105.67	105.44	105.55	263,792	457,325	Bobl(5Y)
DBU8	109.95	(1.30)	110.13	109.70	110.00	521,626	752,757	Bund(10Y)

German Futures Markets

	Price	Yield			
	Last	Last	Coupon	Maturity	SYM NAME
T.US.DE046P0610***	96.99	4.595	4.750	6/11/2010	2 yr CTD
T.US.DE034P0413***	95.13	4.663	3.500	4/12/2013	5 yr CTD
T.US.DE042P0717***	96.99	4.662	4.250	7/4/2017	10 yr CTD
DEP2P*	100.26	4.595	4.750	6/11/2010	2yr OTR
DEP5P*	95.17	4.663	3.500	4/12/2013	5yr OTR
DEP10P*	96.72	4.669	4.250	7/4/2018	10yr OTR

German Cash Treasury Market

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.

German Futures

	Bid	Ask	Last	Hi	Low	Chng	SYM NAME
	Decimal						
DGU8	102.33	102.34	102.34	102.36	102.26	2.50	**Schatz(2Y)**
DLU8	105.62	105.63	105.62	105.67	105.44	4.00	**Bobl(5Y)**
DBU8	109.95	109.96	109.95	110.13	109.70	-1.30	**Bund(10Y)**

German Futures

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		SYM NAME
DGU8	4.751	4.749	4.749	4.791	4.738		**Schatz(2Y)**
DLU8	4.712	4.711	4.712	4.752	4.701		**Bobl(5Y)**
DBU8	4.728	4.727	4.728	4.758	4.707		**Bund(10Y)**

German Cash

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		SYM NAME
T.US.DE046P0610* **	4.612	4.595	4.595	4.640	4.578		**2 yr CTD**
T.US.DE034P0413* **	4.673	4.663	4.663	4.718	4.648		**5 yr CTD**
T.US.DE042P0717* **	4.669	4.662	4.662	4.692	4.635		**10 yr CTD**
DEP2P*	4.612	4.595	4.595	4.640	4.578	-3	**2yr OTR**
DEP5P*	4.673	4.663	4.663	4.718	4.648	-7	**5yr OTR**
DEP10P*	4.676	4.669	4.669	4.705	4.647	-24	**10yr OTR**

German Cash

	Bid	Ask	Last	Hi	Low	Chng	SYM NAME
	Decimal						
T.US.DE046P0610* **	96.99	97.04	97.04	97.23	96.83	-26	**2 yr CTD**
T.US.DE034P0413* **	95.13	95.17	95.17	95.23	94.95	-7	**5 yr CTD**
T.US.DE042P0717* **	96.99	97.04	97.04	97.23	96.83	-26	**10 yr CTD**
DEP2P*	100.23	100.26	100.26	100.29	100.18	-3	**2yr OTR**
DEP5P*	95.13	95.17	95.17	95.23	94.95	-7	**5yr OTR**
DEP10P*	96.67	96.72	96.72	96.89	96.45	-24	**10yr OTR**

Notes

Y = Yield

DE = German Country Code

CTD = Cheapest to Deliver

OTR = On the Run

* OTR

** CTD

*** CTD & OTR

Hedge Ratios - Bloomberg

US Financial Futures / Eurex Bond

	ZN	ZF	ZT
Bund (U)	1.68	2.90	3.50
Bobl (U)	0.95	1.55	2.00
Shatz (U)	0.43	0.70	0.80

US Treasuries v Eurex Bonds

	2y	5y	10y
Bund (U)	1.5	3.6	6.3
Bobl (U)	2.7	6.3	11.2
Shatz (U)	6.6	15.3	27.1

	Bund (U)	Bobl (U)	Shatz (U)
Bund (U)		1.78	4.32
Bobl (U)	0.56		2.42
Shatz (U)	0.23	0.41	

Note: Eurex products are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls.

Yields & Spreads

US Cash Treasuries (OTR)

	Bid	Ask	Last
US2y	2.775	2.771	2.771
US5y	3.528	3.526	3.526
US10y	4.146	4.144	4.144

German Cash Treasuries (OTR)

	Bid	Ask	Last
DE2y	4.612	4.595	4.595
DE5y	4.673	4.663	4.663
DE10y	4.676	4.669	4.669

Spreads (Bps)

ZT/SCHATZ	-1.888
ZF/BOBL	-1.209
ZN/BUND	-0.751

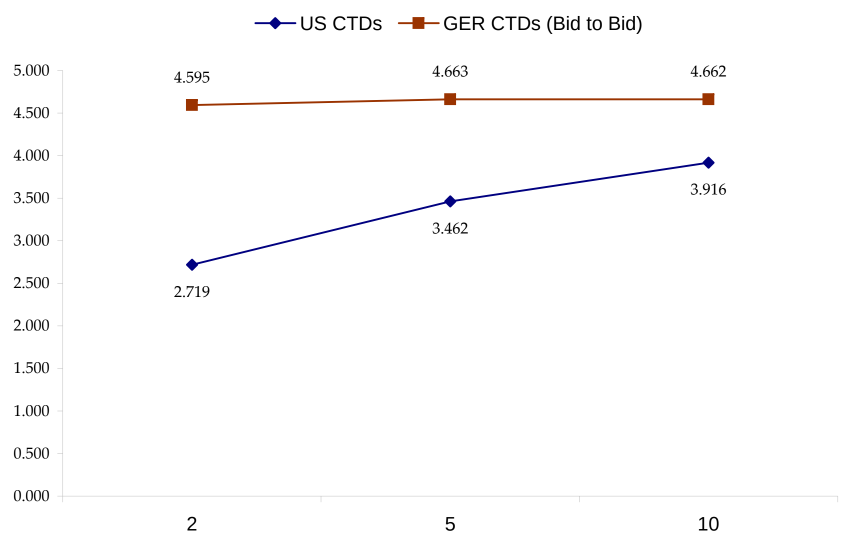
US Cash Treasuries (CTD)

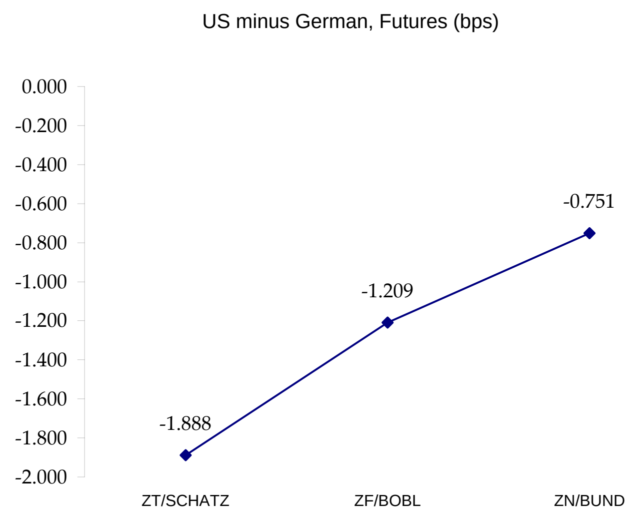
	Bid	Ask	Last
3.625 of 06/10	2.719	2.707	2.707
3.375 of 11/12	3.462	3.454	3.454
5.125 of 05/16	3.916	3.911	3.911

German Futures (CTD)

	Bid	Ask	Last
4.750 of 06/10	4.612	4.595	4.595
3.500 of 04/13	4.673	4.663	4.663
4.250 of 07/17	4.669	4.662	4.662

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