6/2/2008 5:53

The Morning Email: US & Germany

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

Quotes 1

US Futures Market

32 nds

	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME
TUAU8	105.142	0.042	105.155	105.095	105.097	34,124	212,300	2y Futures
FVAU8	110.045	0.062	110.080	109.272	109.282	79,989	533,124	5y Futures
TYAU8	112.190	0.060	112.220	112.075	112.090	121,473	681,642	10y Futures
USAU8	113.165	0.005	113.200	113.065	113.080	21,586	289,722	30y Futures

US Cash Treasury Market

	Last	Net	Hi	Low	Open	SYM NAME
BUS02P	100.020	3.5	100.032	99.307	99.317	2y
BUS05P	100.190	9.2	100.212	100.115	100.132	5y
BUS10P	98.215	7.0	98.245	98.140	98.180	10y
BUS30P	94.220	7.0	94.240	94.130	94.170	30y

	Last	Net	Hi	Low	Open	SYM NAME
BUS02Y	2.589	(5.70)	2.658	2.565	2.658	2y Yield
BUS05Y	3.365	(5.80)	3.425	3.353	3.423	5y Yield
BUS10Y	4.034	(2.70)	4.069	4.023	4.06	10y Yield
BUS30Y	4.706	(1.30)	4.735	4.702	4.719	30y Yield

German Futures Markets

Decimal

	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME
DGM8	102.90	8.50	102.96	102.79	102.81	1,019,052	589,616	Schatz(2Y)
DLM8	107.13	25.00	107.21	106.84	106.91	383,095	521,647	Bobl(5Y)
DBM8	112.15	3.90	112.28	111.71	111.76	654,761	1,006,434	Bund(10Y)

German Cash Treasury Market

	Price	Yield			
	Last	Last	Coupon	Maturity	SYM NAME
T.US.DE030P0310***	97.84	4.269	3.000	3/12/2010	2 yr CTD
T.US.DE044P0113**	100.81	4.286	4.500	1/4/2013	5 yr CTD
T.US.DE036P0117**	95.57	4.370	3.750	1/4/2017	10 yr CTD
DEP2P*	97.87	4.269	3.000	3/12/2010	2yr OTR
DEP5P*	96.79	4.244	3.500	4/12/2013	5yr OTR
DEP10P*	97.17	4.365	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.

	Bid	Ask	Last	Hi	Low	Chng	SYM NAME	
	Decimal							
DGM8	102.90	102.90	102.90	102.96	102.79	8.50	Schatz(2Y)	German Futures
DLM8	107.13	107.13	107.13	107.21	106.84	25.00	Bobl(5Y)	
DBM8	112.15	112.16	112.15	112.28	111.71	3.90	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		SYM NAME	
DGM8	4.455	4.452	4.455	4.510	4.421		Schatz(2Y)	German Futures
DLM8	4.382	4.381	4.382	4.445	4.365		Bobl(5Y)	
DBM8	4.467	4.466	4.467	4.519	4.452		Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		SYM NAME	
T.US.DE030P0310***	4.287	4.269	4.269	4.336	4.232		2 yr CTD	German Cash
T.US.DE044P0113**	4.296	4.286	4.286	4.357	4.267		5 yr CTD	
T.US.DE036P0117**	4.378	4.370	4.370	4.424	4.354		10 yr CTD	
DEP2P*	4.287	4.269	4.269	4.336	4.232	8	2yr OTR	
DEP5P*	4.253	4.244	4.244	4.315	4.225	29	5yr OTR	
DEP10P*	4.372	4.365	4.365	4.417	4.349	36	10yr OTR	

	Bid	Ask	Last	Hi	Low	Chng	SYM NAME	
	Decimal							
T.US.DE030P0310***	97.84	97.87	97.87	97.93	97.76	8	2 yr CTD	German Cash
T.US.DE044P0113**	100.81	100.85	100.85	100.93	100.56	28	5 yr CTD	
T.US.DE036P0117**	95.57	95.62	95.62	95.73	95.25	34	10 yr CTD	
DEP2P*	97.84	97.87	97.87	97.93	97.76	8	2yr OTR	
DEP5P*	96.75	96.79	96.79	96.87	96.49	29	5yr OTR	
DEP10P*	97.12	97.17	97.17	97.29	96.78	36	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 (M)	1.82	2.70	2.98
Bobl (M)	0.99	1.48	1.63
Shatz (M)	0.39	0.59	0.65

US Treasuries v Eurex Bonds

	2y	5y	10y
Bund (M)	1.5	3.6	6.5
Bobl (M)	2.8	6.5	11.9
Shatz (M)	7.2	16.0	29.8

	Bund (M)	Bobl (M)	Shatz (M)
Bund (M)		1.84	4.63
Bobl (M)	0.54		2.52
Shatz (M)	0.22	0.40	

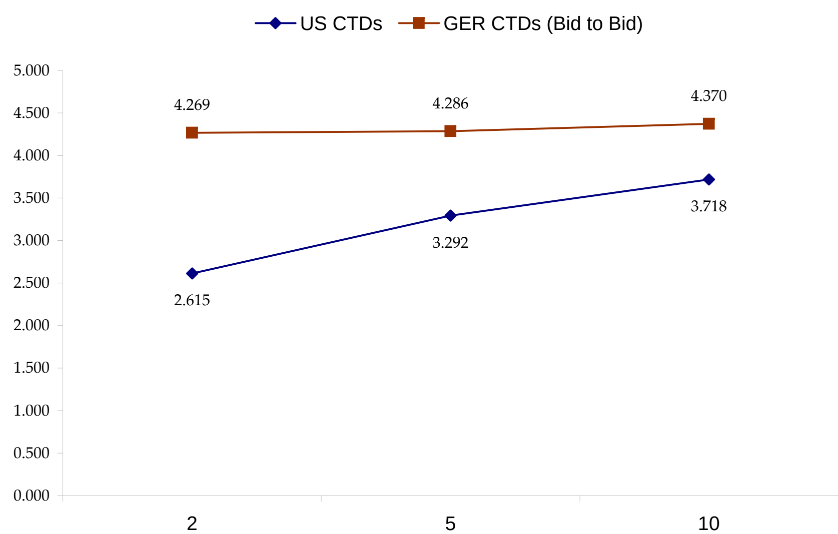
Note: Eurex products are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls.

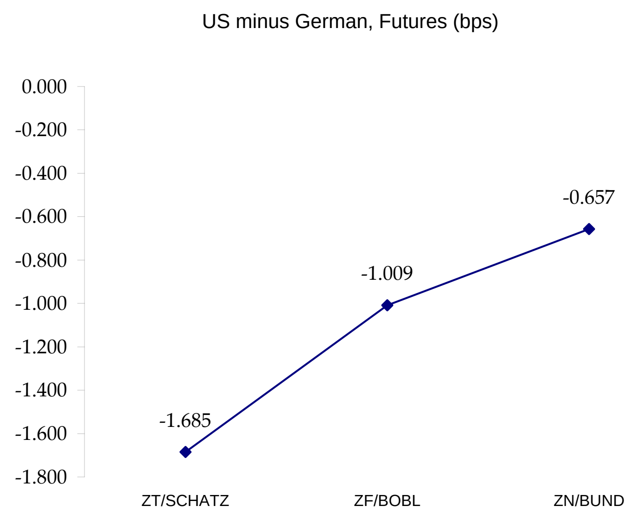
Yields & Spreads

	US Cash Treasuries (OTR)				German Cash Treasuries (OTR)				Spreads
	Bid	Ask	Last		Bid	Ask	Last		(Bps)
US2y	2.593	2.589	2.589	DE2y	4.287	4.269	4.269	ZT/SCHATZ	-1.685
US5y	3.372	3.365	3.365	DE5y	4.253	4.244	4.244	ZF/BOBL	-1.009
US10y	4.038	4.034	4.034	DE10y	4.372	4.365	4.365	ZN/BUND	-0.657

	US Cash Treasuries (CTD)				German Futures (CTD)		
	Bid	Ask	Last		Bid	Ask	Last
3.625 of 06/10	2.615	2.583	2.583	3.000 of 03/10	4.287	4.269	4.269
3.375 of 11/12	3.292	3.277	3.277	4.500 of 01/13	4.296	4.286	4.286
4.125 of 05/15	3.718	3.713	3.713	3.750 of 01/17	4.378	4.370	4.370

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