

## The Morning Email: US & Germany

### Table of Contents

Pg 1 Quotes 1

Pg 2 Quotes 2

Pg 3 Hedge Ratios - Bloomberg

Pg 4 Yields & Spreads

Pg 5 Volume Questions & Global Bond Market Characteristics



Want something added? Let me know: [jgoulding@ghco.com](mailto:jgoulding@ghco.com)

**Disclaimer:** All information within this newsletter is meant for internal use at GH Trader's LLC, only. All information has been recorded to the best of my ability. This material is based upon information that I consider reliable, but I do not represent that it is accurate or complete.

Quotes 1



|        |         | 32 nds  |         |         |         |         |             |             |  |  |
|--------|---------|---------|---------|---------|---------|---------|-------------|-------------|--|--|
|        | Last    | Net     | Hi      | Low     | Open    | Volume  | Yest Volume | SYM NAME    |  |  |
| TUAU8  | 104.310 | (0.005) | 105.027 | 104.297 | 105.000 | 23,893  | 249,990     | 2y Futures  | <b>US<br/>Futures<br/>Market</b>       |  |
| FVAU8  | 109.097 | (0.017) | 109.177 | 109.075 | 109.132 | 60,386  | 536,912     | 5y Futures  |  |  |
| TYAU8  | 112.130 | 0.000   | 112.245 | 112.095 | 112.180 | 123,137 | 877,252     | 10y Futures |  |  |
| USAU8  | 113.005 | 0.020   | 113.150 | 112.305 | 113.090 | 21,530  | 255,908     | 30y Futures |  |  |
|        | Last    | Net     | Hi      | Low     | Open    |         |             | SYM NAME    |  |  |
| BUS02P | 99.170  | (1.0)   | 99.207  | 99.162  | 99.180  |         |             | 2y          | <b>US Cash<br/>Treasury<br/>Market</b> |  |
| BUS05P | 99.217  | (2.2)   | 99.290  | 99.197  | 99.227  |         |             | 5y          |  |  |
| BUS10P | 97.245  | (2.0)   | 98.045  | 97.240  | 97.270  |         |             | 10y         |  |  |
| BUS30P | 94.120  | (5.5)   | 94.315  | 94.125  | 94.190  |         |             | 30y         |  |  |
|        | Last    | Net     | Hi      | Low     | Open    |         |             | SYM NAME    |  |  |
| BUS02Y | 2.871   | 2.60    | 2.896   | 2.804   | 2.875   |         |             | 2y Yield    |  |  |
| BUS05Y | 3.568   | 2.10    | 3.589   | 3.517   | 3.564   |         |             | 5y Yield    |  |  |
| BUS10Y | 4.148   | 1.00    | 4.158   | 3.871   | 4.144   |         |             | 10y Yield   |  |  |
| BUS30Y | 4.724   | 0.80    | 4.73    | 4.687   | 4.719   |         |             | 30y Yield   |  |  |



|      |        | Decimal |        |        |        |         |             |            |                                       |  |
|------|--------|---------|--------|--------|--------|---------|-------------|------------|---------------------------------------|--|
|      | Last   | Net     | Hi     | Low    | Open   | Volume  | Yest Volume | SYM NAME   |                                       |  |
| DGU8 | 102.16 | (11.00) | 102.30 | 102.11 | 102.22 | 370,077 | 505,459     | Schatz(2Y) | <b>German<br/>Futures<br/>Markets</b> |  |
| DLU8 | 105.35 | (24.00) | 105.70 | 105.23 | 105.52 | 297,659 | 498,009     | Bobl(5Y)   |                                       |  |
| DBU8 | 110.19 | (1.60)  | 110.74 | 110.08 | 110.33 | 568,237 | 660,860     | Bund(10Y)  |                                       |  |

|                    | Price  | Yield |          |           |           |
|--------------------|--------|-------|----------|-----------|-----------|
|                    | Last   | Last  | Coupon   | Maturity  | SYM NAME  |
| T.US.DE024P1010*** | 95.32  | 4.665 | 4/4/1900 | 4/4/1900  | 2 yr CTD  |
| T.US.DE034P0413*** | 94.83  | 4.716 | 3.500    | 4/12/2013 | 5 yr CTD  |
| T.US.DE042P0717*** | 97.24  | 4.624 | 4.250    | 7/4/2017  | 10 yr CTD |
| DEP2P*             | 100.14 | 4.522 | 4.750    | 6/11/2010 | 2yr OTR   |
| DEP5P*             | 94.87  | 4.716 | 3.500    | 4/12/2013 | 5yr OTR   |
| DEP10P*            | 97.04  | 4.625 | 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.



|                    |        | Decimal |        |        |        |        |            |
|--------------------|--------|---------|--------|--------|--------|--------|------------|
|                    | Bid    | Ask     | Last   | Hi     | Low    | Chng   | SYM NAME   |
| DGU8               | 102.16 | 102.16  | 102.16 | 102.30 | 102.11 | -11.00 | Schatz(2Y) |
| DLU8               | 105.35 | 105.36  | 105.35 | 105.70 | 105.23 | -24.00 | Bobl(5Y)   |
| DBU8               | 110.18 | 110.19  | 110.19 | 110.74 | 110.08 | -1.60  | Bund(10Y)  |
|                    | Y Bid  | Y Ask   | Y Last | Y Hi   | Y Lo   |        | SYM NAME   |
| DGU8               | 4.844  | 4.841   | 4.841  | 4.870  | 4.770  |        | Schatz(2Y) |
| DLU8               | 4.772  | 4.771   | 4.772  | 4.799  | 4.696  |        | Bobl(5Y)   |
| DBU8               | 4.701  | 4.700   | 4.700  | 4.713  | 4.634  |        | Bund(10Y)  |
|                    | Y Bid  | Y Ask   | Y Last | Y Hi   | Y Lo   |        | SYM NAME   |
| T.US.DE024P1010*** | 4.679  | 4.665   | 4.665  | 4.699  | 4.582  |        | 2 yr CTD   |
| T.US.DE034P0413*** | 4.726  | 4.716   | 4.716  | 4.753  | 4.635  |        | 5 yr CTD   |
| T.US.DE042P0717*** | 4.631  | 4.624   | 4.624  | 4.649  | 4.558  |        | 10 yr CTD  |
| DEP2P*             | 4.538  | 4.522   | 4.522  | 4.555  | 4.441  | -6     | 2yr OTR    |
| DEP5P*             | 4.726  | 4.716   | 4.716  | 4.753  | 4.635  | -10    | 5yr OTR    |
| DEP10P*            | 4.632  | 4.625   | 4.625  | 4.645  | 4.556  | -10    | 10yr OTR   |

**German Futures**

**German Futures**

**German Cash**

|                    |        | Decimal |        |        |        |      |           |
|--------------------|--------|---------|--------|--------|--------|------|-----------|
|                    | Bid    | Ask     | Last   | Hi     | Low    | Chng | SYM NAME  |
| T.US.DE024P1010*** | 95.32  | 95.32   | 95.32  | 95.32  | 95.32  | 95   | 2 yr CTD  |
| T.US.DE034P0413*** | 94.83  | 94.87   | 94.87  | 95.20  | 94.72  | -10  | 5 yr CTD  |
| T.US.DE042P0717*** | 97.24  | 97.29   | 97.29  | 97.76  | 97.11  | -9   | 10 yr CTD |
| DEP2P*             | 100.11 | 100.14  | 100.14 | 100.29 | 100.08 | -6   | 2yr OTR   |
| DEP5P*             | 94.83  | 94.87   | 94.87  | 95.20  | 94.72  | -10  | 5yr OTR   |
| DEP10P*            | 96.99  | 97.04   | 97.04  | 97.58  | 96.89  | -10  | 10yr OTR  |

**German Cash**

Notes

Y = Yield

DE = German Country Code

CTD = Cheapest to Deliver

OTR = On the Run

\* OTR

\*\* CTD

\*\*\* CTD & OTR

| US Financial Futures / Eurex Bond |      |      |      |
|-----------------------------------|------|------|------|
|                                   | ZN   | ZF   | ZT   |
| Bund (U)                          | 1.68 | 2.76 | 2.98 |
| Bobl (U)                          | 0.95 | 1.55 | 1.73 |
| Shatz (U)                         | 0.43 | 0.65 | 0.72 |

| US Treasuries v Eurex Bonds |     |      |      |
|-----------------------------|-----|------|------|
|                             | 2y  | 5y   | 10y  |
| Bund (U)                    | 1.5 | 3.6  | 6.4  |
| Bobl (U)                    | 2.7 | 6.4  | 11.3 |
| Shatz (U)                   | 6.4 | 15.4 | 27.1 |

|           | Bund (U) | Bobl (U) | Shatz (U) |
|-----------|----------|----------|-----------|
| Bund (U)  |          | 1.78     | 4.26      |
| Bobl (U)  | 0.56     |          | 2.40      |
| Shatz (U) | 0.24     | 0.42     |           |

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

**US Cash Treasuries (OTR)**

|       | Bid   | Ask   | Last  |
|-------|-------|-------|-------|
| US2y  | 2.875 | 2.871 | 2.871 |
| US5y  | 3.571 | 3.568 | 3.568 |
| US10y | 4.150 | 4.148 | 4.148 |

**German Cash Treasuries (OTR)**

|       | Bid   | Ask   | Last  |
|-------|-------|-------|-------|
| DE2y  | 4.538 | 4.522 | 4.522 |
| DE5y  | 4.726 | 4.716 | 4.716 |
| DE10y | 4.632 | 4.625 | 4.625 |

**Spreads (Bps)**

|           |        |
|-----------|--------|
| ZT/SCHATZ | -1.817 |
| ZF/BOBL   | -1.205 |
| ZN/BUND   | -0.586 |

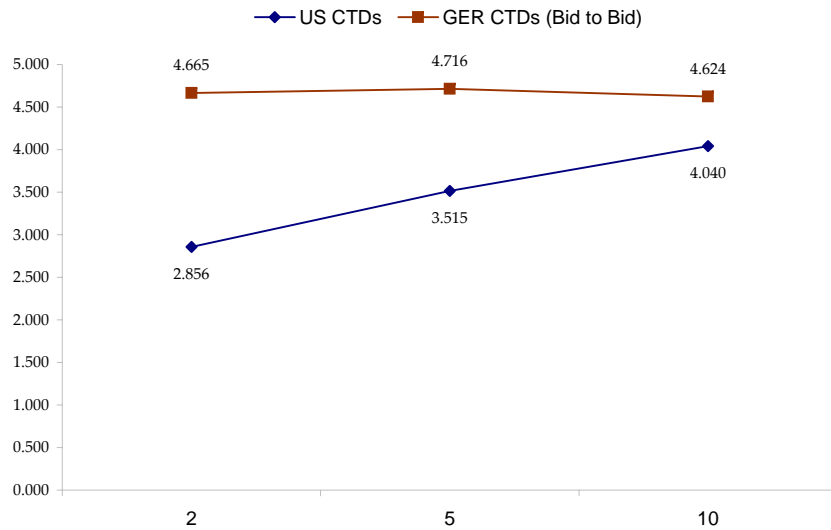
**US Cash Treasuries (CTD)**

|                | Bid   | Ask   | Last  |
|----------------|-------|-------|-------|
| 3.625 of 06/10 | 2.856 | 2.848 | 2.848 |
| 3.375 of 11/12 | 3.515 | 3.511 | 3.511 |
| 5.125 of 05/16 | 4.040 | 4.038 | 4.038 |

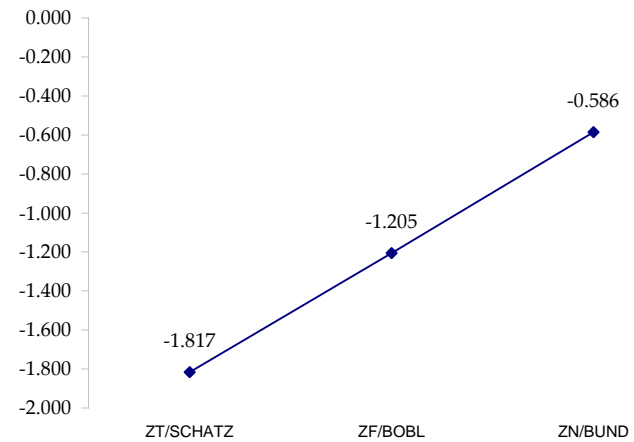
**German Futures (CTD)**

|                | Bid   | Ask   | Last  |
|----------------|-------|-------|-------|
| 95.32 of 04/00 | 4.679 | 4.665 | 4.665 |
| 3.500 of 04/13 | 4.726 | 4.716 | 4.716 |
| 4.250 of 07/17 | 4.631 | 4.624 | 4.624 |

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.



US minus German, Futures (bps)



When does the volume trade? Between what hours 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  | 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    |







