3/13/2008 5:47

The Morning Email: US & Germany

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Quotes 1

32 nds

	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME	
TUAM8	107.177	0.067	107.185	107.117	107.117	42,892	260,136	2y Futures	US Futures Market
FVAM8	114.187	0.160	114.217	114.055	114.060	68,070	707,072	5y Futures	
TYAM8	118.175	0.205	118.215	117.305	118.010	143,691	1,074,447	10y Futures	
USAM8	119.135	0.200	119.210	118.250	118.290	30,567	418,093	30y Futures	

	Last	Net	Hi	Low	Open	Volume	
BUS02P	100.297	4.7	100.315	100.242	100.252	2y	US Cash Treasury Market
BUS05P	101.220	6.7	101.265	101.107	101.120	5y	
BUS10P	100.230	7.5	100.305	100.090	100.120	10y	
BUS30P	100.030	17.5	100.105	99.140	99.210	30y	

	Last	Net	Hi	Low	Open	Volume
BUS02Y	1.518	(6.10)	1.627	1.482	1.627	2y Yield
BUS05Y	2.383	(4.10)	2.466	2.353	2.466	5y Yield
BUS10Y	3.412	(2.80)	3.472	3.38	3.462	10y Yield
BUS30Y	4.362	(2.90)	4.411	4.353	4.406	30y Yield

Decimal

	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME	
DGM8	105.17	12.50	105.21	105.08	105.10	282,146	1,022,429	Schatz(2Y)	German Futures Markets
DLM8	111.89	28.50	111.97	111.71	111.74	261,835	803,695	Bobl(5Y)	
DBM8	117.96	2.40	118.12	117.84	117.90	427,016	1,330,538	Bund(10Y)	

	Price	Yield				
	Last	Last	Coupon	Maturity	SYM NAME	
T.US.DE030P0310***	99.83	3.073	3.000	3.000	2 yr CTD	German Cash Treasury Market
T.US.DE044P0113**	105.38	3.258	4.500	1/4/2013	5 yr CTD	
T.US.DE036P0117**	100.45	3.681	3.750	1/4/2017	10 yr CTD	
DEP2P*	101.24	3.244	4.000	12/11/2009	2yr OTR	
DEP5P*	103.97	3.295	4.250	10/12/2012	5yr OTR	
DEP10P*	102.17	3.730	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						SYM NAME	
	Bid	Ask	Last	Hi	Low	Chng		
DGM8	105.17	105.18	105.17	105.21	105.08	12.50	Schatz(2Y)	German Futures
DLM8	111.89	111.90	111.89	111.97	111.71	28.50	Bobl(5Y)	
DBM8	117.95	117.96	117.96	118.12	117.84	2.40	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		
DGM8	3.287	3.284	3.287	3.332	3.267	Schatz(2Y)	German Futures
DLM8	3.377	3.375	3.377	3.413	3.359	Bobl(5Y)	
DBM8	3.808	3.807	3.808	3.820	3.789	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng		
T.US.DE030P0310***	3.089	3.073	3.073	3.132	3.047		2 yr CTD	German Cash
T.US.DE044P0113**	3.267	3.258	3.258	3.296	3.245		5 yr CTD	
T.US.DE036P0117**	3.688	3.681	3.681	3.701	3.659		10 yr CTD	
DEP2P*	3.262	3.244	3.244	3.298	3.232	16	2yr OTR	
DEP5P*	3.305	3.295	3.295	3.340	3.277	38	5yr OTR	
DEP10P*	3.736	3.730	3.730	3.748	3.707	33	10yr OTR	

	Decimal						SYM NAME	
	Bid	Ask	Last	Hi	Low	Chng		
T.US.DE030P0310***	99.83	99.86	99.86	99.91	99.75	3.000	2 yr CTD	German Cash
T.US.DE044P0113**	105.38	105.42	105.42	105.48	105.25	39	5 yr CTD	
T.US.DE036P0117**	100.45	100.50	100.50	100.66	100.35	31	10 yr CTD	
DEP2P*	101.21	101.24	101.24	101.26	101.15	16	2yr OTR	
DEP5P*	103.93	103.97	103.97	104.05	103.78	38	5yr OTR	
DEP10P*	102.12	102.17	102.17	102.36	102.02	33	10yr OTR	

Notes

Y = Yield

DE = German Country Code

CTD = Cheapest to Deliver

OTR = On the Run

*** OTR**

**** CTD**

***** CTD & OTR**

Intrinsics & Tic for Tic Matrix'

	US Intrinsic's ^			
	M Duration	DV01 32	DV01 $	DV01(€)
30y	16.56	5.33	$1,666	€ 2,596
10y	8.31	2.69	$839	€ 1,308
5y	4.62	1.52	$474	€ 739
2y	1.92	0.62	$194	€ 302
ZB	10.46	4.07	$127	€ 198
ZN	6.68	2.61	$82	€ 127
ZF	4.08	1.51	$47	€ 74
ZT	1.90	0.67	$21	€ 33

^Futures are Based on CTD

	German Intrinsic's ^			
	M Duration	DV01(€)	DV01($)	CF
Bund	7.34	€ 272	$174	0
Bobl	0.00	€ 0	$0	0
Schatz	2.09	€ 71	$46	0
DE10Y	7.96	€ 1,277	$819	
DE5Y	0.00	€ 0	$0	
DE2Y	2.09	€ 306	$196	

^Futures are Based on CTD

	Last
EURUSD	155.87

	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	3.12	Bloomberg Ratio's
Bobl (H)	0.91	1.56	1.73	
Shatz (H)	0.40	0.68	0.76	

US Treasuries v Eurex Bonds

	2y	5y	10y	
Bund (H)	1.5	3.6	6.4	Bloomberg Ratio's
Bobl (H)	2.8	6.7	11.8	
Shatz (H)	7.1	17.2	30.4	

	Bund (H)	Bobl (H)	Shatz (H)	
Bund (H)		1.79	4.12	Bloomberg Ratio's
Bobl (H)	0.55		2.30	
Shatz (H)	0.24	0.43		

Yields & Spreads

	US Cash Treasuries (OTR)		
	Bid	Ask	Last
US2y	1.522	1.518	1.518
US5y	2.388	2.383	2.383
US10y	3.414	3.412	3.412

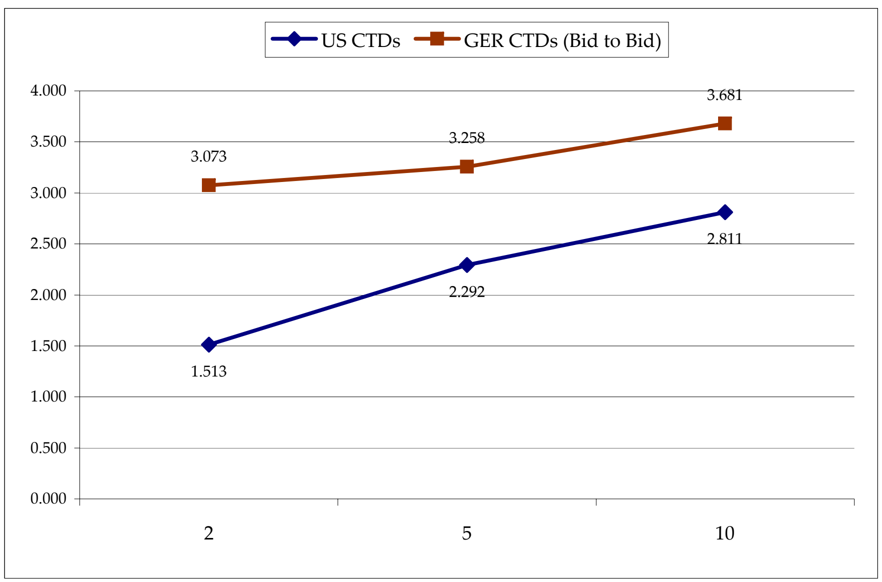
	German Cash Treasuries (OTR)		
	Bid	Ask	Last
DE2y	3.262	3.244	3.244
DE5y	3.305	3.295	3.295
DE10y	3.736	3.730	3.730

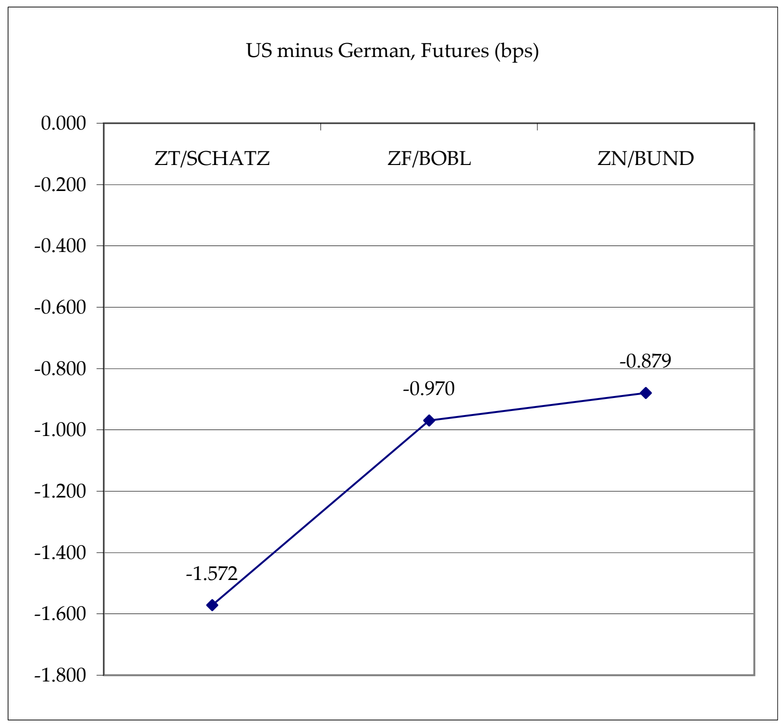
	Spreads
	Bps
ZT/SCHATZ	-1.572
ZF/BOBL	-0.970
ZN/BUND	-0.879

	US Cash Treasuries (CTD)		
	Bid	Ask	Last
4.000 of 03/10	1.513	1.502	1.502
4.125 of 08/12	2.292	2.288	2.288
4.000 of 02/15	2.811	2.802	2.802

	German Futures (CTD)		
	Bid	Ask	Last
3.250 of 04/10	3.089	3.073	3.073
of 01/00	3.267	3.258	3.258
3.750 of 01/17	3.688	3.681	3.681

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