5/6/2008 5:37

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

Quotes 1

US Futures Market

32 nds

	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME
TUAM8	106.015	(0.005)	106.030	105.312	106.017	11,407	135,226	2y Futures
FVAM8	111.152	(0.032)	111.192	111.105	111.162	46,166	350,354	5y Futures
TYAM8	115.000	(0.020)	115.025	114.245	114.305	64,508	558,814	10y Futures
USAM8	116.005	(0.035)	116.025	115.225	115.285	12,589	175,188	30y Futures

US Cash Treasury Market

	Last	Net	Hi	Low	Open	SYM NAME
BUS02P	99.140	0.2	99.142	99.120	99.135	2y
BUS05P	99.277	0.5	99.282	99.230	99.282	5y
BUS10P	97.030	2.0	97.045	96.285	97.020	10y
BUS30P	96.170	7.0	96.190	96.070	96.075	30y
	Last	**Net**	**Hi**	**Low**	**Open**	**SYM NAME**
BUS02Y	2.414	0.00	2.459	2.398	2.434	2y Yield
BUS05Y	3.153	(0.30)	3.19	3.142	3.158	5y Yield
BUS10Y	3.855	(1.00)	3.889	3.849	3.863	10y Yield
BUS30Y	4.586	(1.60)	4.615	4.584	4.597	30y Yield

German Futures Markets

Decimal

	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME
DGM8	103.75	0.50	103.77	103.68	103.74	165,270	225,240	Schatz(2Y)
DLM8	108.65	6.50	108.67	108.47	108.56	158,876	221,373	Bobl(5Y)
DBM8	113.83	1.30	113.86	113.56	113.66	272,813	342,986	Bund(10Y)

German Cash Treasury Market

	Price	Yield			
	Last	**Last**	**Coupon**	**Maturity**	**SYM NAME**
T.US.DE030P0310***	98.57	3.797	3.000	3/12/2010	2 yr CTD
T.US.DE044P0113**	102.27	3.942	4.500	1/4/2013	5 yr CTD
T.US.DE036P0117**	96.98	4.163	3.750	1/4/2017	10 yr CTD
DEP2P*	98.60	3.797	3.000	3/12/2010	2yr OTR
DEP5P*	98.18	3.912	3.500	4/12/2013	5yr OTR
DEP10P*	98.89	4.139	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	103.75	103.76	103.75	103.77	103.68	0.50	Schatz(2Y)	German Futures
DLM8	108.65	108.65	108.65	108.67	108.47	6.50	Bobl(5Y)	
DBM8	113.83	113.84	113.83	113.86	113.56	1.30	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		SYM NAME	
DGM8	4.011	4.009	4.011	4.050	4.004		Schatz(2Y)	German Futures
DLM8	4.055	4.054	4.054	4.094	4.051		Bobl(5Y)	
DBM8	4.272	4.271	4.272	4.303	4.268		Bund(10Y)	
	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		SYM NAME	
T.US.DE030P0310***	3.815	3.797	3.797	3.838	3.780		2 yr CTD	German Cash
T.US.DE044P0113**	3.952	3.942	3.942	3.989	3.937		5 yr CTD	
T.US.DE036P0117**	4.171	4.163	4.163	4.205	4.158		10 yr CTD	
DEP2P*	3.815	3.797	3.797	3.838	3.780	-4	2yr OTR	
DEP5P*	3.922	3.912	3.912	3.961	3.908	7	5yr OTR	
DEP10P*	4.146	4.139	4.139	4.178	4.136	7	10yr OTR	

	Decimal							
	Bid	Ask	Last	Hi	Low	Chng	SYM NAME	
T.US.DE030P0310***	98.57	98.60	98.60	98.63	98.53	-4	2 yr CTD	German Cash
T.US.DE044P0113**	102.27	102.31	102.31	102.33	102.11	6	5 yr CTD	
T.US.DE036P0117**	96.98	97.03	97.03	97.07	96.74	7	10 yr CTD	
DEP2P*	98.57	98.60	98.60	98.63	98.53	-4	2yr OTR	
DEP5P*	98.14	98.18	98.18	98.20	97.97	7	5yr OTR	
DEP10P*	98.84	98.89	98.89	98.92	98.59	7	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)	1.87	2.90	3.34
Bobl (M)	1.03	1.59	1.83
Shatz (M)	0.42	0.65	0.75

US Treasuries v Eurex Bonds

	2y	5y	10y
Bund (M)	1.5	3.6	6.2
Bobl (M)	2.7	6.5	11.2
Shatz (M)	6.7	16.0	27.6

	Bund (M)	Bobl (M)	Shatz (M)
Bund (M)		1.82	4.48
Bobl (M)	0.55		2.46
Shatz (M)	0.22	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	2.418	2.414	2.414
US5y	3.154	3.153	3.153
US10y	3.859	3.855	3.855

German Cash Treasuries (OTR)

	Bid	Ask	Last
DE2y	3.815	3.797	3.797
DE5y	3.922	3.912	3.912
DE10y	4.146	4.139	4.139

Spreads (Bps)

ZT/SCHATZ	-1.466
ZF/BOBL	-0.893
ZN/BUND	-0.699

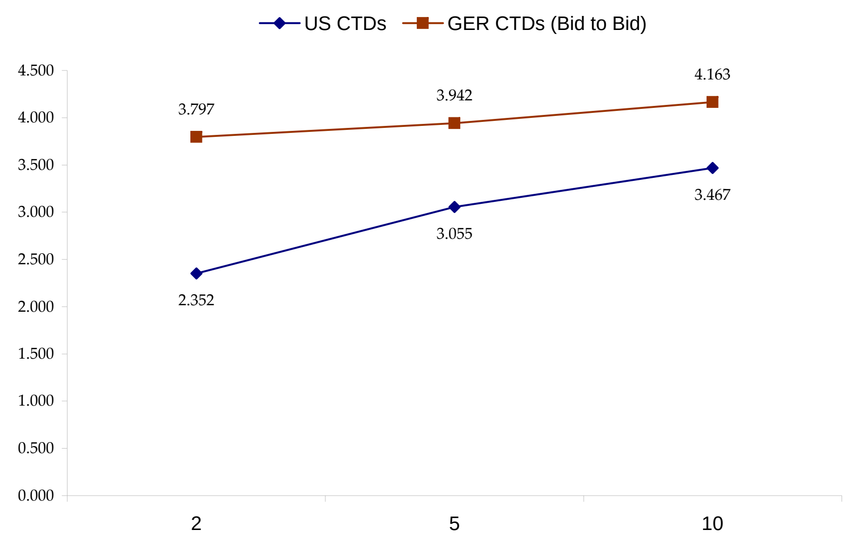
US Cash Treasuries (CTD)

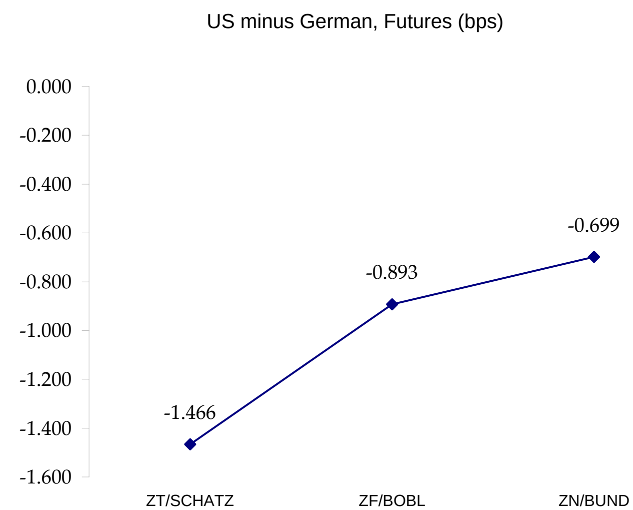
	Bid	Ask	Last
4.000 of 03/10	2.352	2.331	2.331
4.125 of 08/12	3.055	3.049	3.049
4.000 of 02/15	3.467	3.465	3.465

German Futures (CTD)

	Bid	Ask	Last
3.000 of 03/10	3.815	3.797	3.797
4.500 of 01/13	3.952	3.942	3.942
3.750 of 01/17	4.171	4.163	4.163

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