5/8/2008 5:48

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
TUAM8	106.092	0.017	106.100	106.072	106.075	15,649	181,105	2y Futures
FVAM8	111.292	0.045	111.315	111.257	111.270	38,092	427,122	5y Futures
TYAM8	115.095	0.065	115.125	115.045	115.075	75,220	888,858	10y Futures
USAM8	116.010	0.085	116.055	115.265	115.300	11,452	277,301	30y Futures

US Cash Treasury Market

	Last	Net	Hi	Low	Open	SYM NAME
BUS02P	99.220	1.5	99.230	99.202	99.207	2y
BUS05P	100.082	2.5	100.105	100.050	100.062	5y
BUS10P	100.035	229.5	100.070	100.010	100.020	10y
BUS30P	96.100	2.5	96.120	96.045	96.070	30y

	Last	Net	Hi	Low	Open	SYM NAME
BUS02Y	2.284	(2.40)	2.329	2.264	2.313	2y Yield
BUS05Y	3.066	(1.70)	3.094	3.052	3.074	5y Yield
BUS10Y	3.858	1.20	3.877	3.83	3.833	10y Yield
BUS30Y	4.601	(0.30)	4.619	4.596	4.603	30y Yield

German Futures Markets

	Decimal							
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME
DGM8	103.85	3.50	103.90	103.81	103.84	212,546	539,207	Schatz(2Y)
DLM8	108.85	9.00	108.95	108.79	108.81	189,387	576,455	Bobl(5Y)
DBM8	113.97	1.30	114.08	113.78	113.88	297,650	797,886	Bund(10Y)

German Cash Treasury Market

	Price	Yield			
	Last	Last	Coupon	Maturity	SYM NAME
T.US.DE030P0310***	98.68	3.738	3.000	3/12/2010	2 yr CTD
T.US.DE044P0113**	102.44	3.901	4.500	1/4/2013	5 yr CTD
T.US.DE036P0117**	97.10	4.147	3.750	1/4/2017	10 yr CTD
DEP2P*	98.71	3.738	3.000	3/12/2010	2yr OTR
DEP5P*	98.35	3.874	3.500	4/12/2013	5yr OTR
DEP10P*	98.96	4.131	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	103.85	103.85	103.85	103.90	103.81	3.50	Schatz(2Y)	German Futures
DLM8	108.84	108.85	108.85	108.95	108.79	9.00	Bobl(5Y)	
DBM8	113.97	113.98	113.97	114.08	113.78	1.30	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		SYM NAME	
DGM8	3.962	3.960	3.962	3.983	3.937		Schatz(2Y)	German Futures
DLM8	4.014	4.012	4.014	4.024	3.991		Bobl(5Y)	
DBM8	4.256	4.254	4.254	4.277	4.243		Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		SYM NAME	
T.US.DE030P0310***	3.755	3.738	3.738	3.778	3.703		2 yr CTD	German Cash
T.US.DE044P0113**	3.910	3.901	3.901	3.922	3.875		5 yr CTD	
T.US.DE036P0117**	4.154	4.147	4.147	4.169	4.127		10 yr CTD	
DEP2P*	3.755	3.738	3.738	3.778	3.703	7	2yr OTR	
DEP5P*	3.883	3.874	3.874	3.890	3.844	15	5yr OTR	
DEP10P*	4.137	4.131	4.131	4.151	4.115	31	10yr OTR	

	Bid	Ask	Last	Hi	Low	Chng	SYM NAME	
			Decimal					
T.US.DE030P0310***	98.68	98.71	98.71	98.77	98.64	7	2 yr CTD	German Cash
T.US.DE044P0113**	102.44	102.48	102.48	102.59	102.39	16	5 yr CTD	
T.US.DE036P0117**	97.10	97.15	97.15	97.29	96.99	26	10 yr CTD	
DEP2P*	98.68	98.71	98.71	98.77	98.64	7	2yr OTR	
DEP5P*	98.31	98.35	98.35	98.48	98.28	15	5yr OTR	
DEP10P*	98.91	98.96	98.96	99.08	98.80	31	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	2.288	2.284	2.284
US5y	3.069	3.066	3.066
US10y	3.862	3.858	3.858

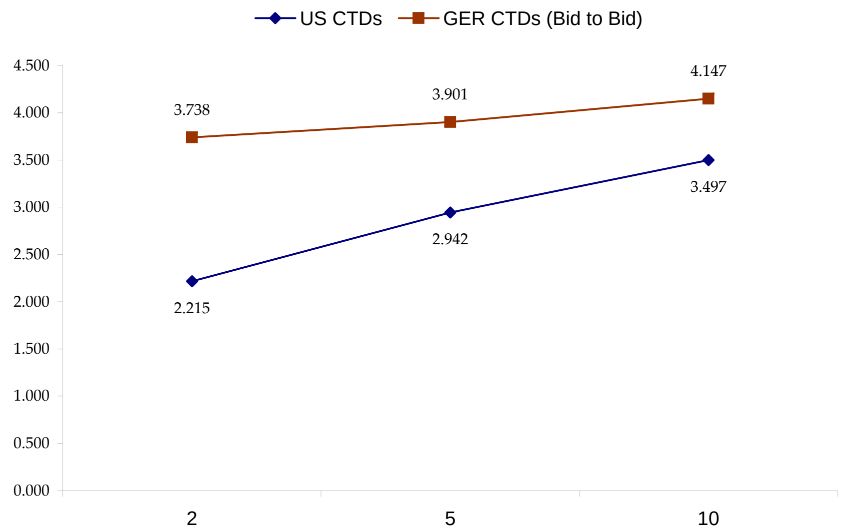
	German Cash Treasuries (OTR) Bid	Ask	Last
DE2y	3.755	3.738	3.738
DE5y	3.883	3.874	3.874
DE10y	4.137	4.131	4.131

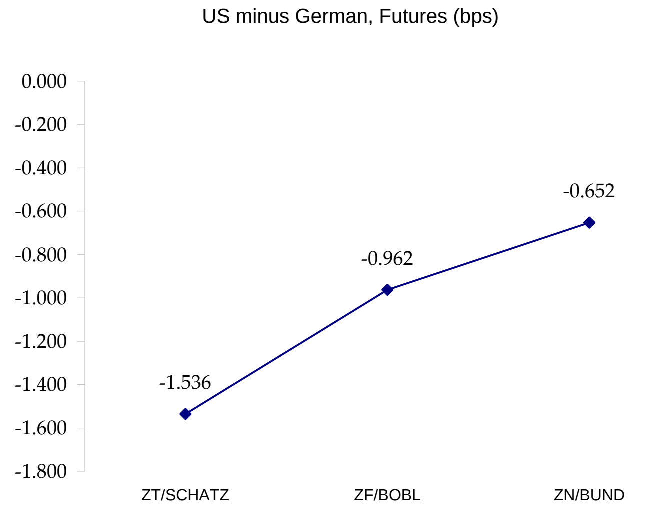
	Spreads (Bps)
ZT/SCHATZ	-1.536
ZF/BOBL	-0.962
ZN/BUND	-0.652

	US Cash Treasuries (CTD) Bid	Ask	Last
4.000 of 03/10	2.215	2.202	2.202
4.125 of 08/12	2.942	2.939	2.939
4.000 of 02/15	3.497	3.495	3.495

	German Futures (CTD) Bid	Ask	Last
3.000 of 03/10	3.755	3.738	3.738
4.500 of 01/13	3.910	3.901	3.901
3.750 of 01/17	4.154	4.147	4.147

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