2/7/2008 5:55

The Morning Email: US & Germany

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Quotes 1

	32 nds								
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME	
TUAH8	107.022	0.030	107.030	107.005	107.015	11,823	211,802	2y Futures	US Futures Market
FVAH8	113.270	0.045	113.300	113.230	113.260	34,789	491,267	5y Futures	
TYAH8	117.155	0.055	117.210	117.100	117.155	92,592	954,810	10y Futures	
USAH8	119.180	0.005	119.260	119.090	119.210	17,251	360,551	30y Futures	

	Last	Net	Hi	Low	Open	Volume	
BUS02P	100.127	0.5	100.137	100.115	100.127	2y	US Cash Treasury Market
BUS05P	101.035	2.2	101.060	100.317	101.030	5y	
BUS10P	99.060	(604.0)	99.120	99.005	99.075	10y	
BUS30P	110.145	(5.0)	110.265	110.045	110.225	30y	
	Last	Net	Hi	Low	Open	Volume	
BUS02Y	1.915	(0.90)	1.956	1.899	1.956	2y Yield	
BUS05Y	2.633	(1.10)	2.664	2.616	2.661	5y Yield	
BUS10Y	3.594	0.00	3.622	3.571	3.611	10y Yield	
BUS30Y	4.360	0.60	4.384	4.341	4.361	30y Yield	

	Decimal								
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME	
DGH8	104.74	(1.50)	104.77	104.68	104.73	199,004	733,561	Schatz(2Y)	German Futures Markets
DLH8	111.15	1.00	111.19	111.01	111.12	224,745	755,165	Bobl(5Y)	
DBH8	117.15	0.40	117.22	116.91	117.12	391,484	1,251,204	Bund(10Y)	

	Price	Yield				
	Last	Last	Coupon	Maturity	SYM NAME	
T.US.DE040P1209***	101.34	3.212	4.000	12/11/2009	2 yr CTD	German Cash Treasury Market
T.US.DE042P1012***	103.51	3.411	4.250	10/12/2012	5 yr CTD	
T.US.DE036P0117**	99.44	3.818	3.750	1/4/2017	10 yr CTD	
DEP2P*	101.37	3.212	4.000	12/11/2009	2yr OTR	
DEP5P*	103.55	3.411	4.250	10/12/2012	5yr OTR	
DEP10P*	101.04	3.871	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		
DGH8	104.74	104.75	104.74	104.77	104.68	-1.50	Schatz(2Y)	German Futures
DLH8	111.14	111.15	111.15	111.19	111.01	1.00	Bobl(5Y)	
DBH8	117.15	117.16	117.15	117.22	116.91	0.40	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		
DGH8	3.505	3.502	3.502	3.538	3.492	Schatz(2Y)	German Futures
DLH8	3.531	3.528	3.531	3.558	3.520	Bobl(5Y)	
DBH8	3.896	3.895	3.896	3.923	3.889	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng		
T.US.DE040P1209***	3.229	3.212	3.212	3.269	3.207		2 yr CTD	German Cash
T.US.DE042P1012***	3.420	3.411	3.411	3.454	3.401		5 yr CTD	
T.US.DE036P0117**	3.825	3.818	3.818	3.857	3.810		10 yr CTD	
DEP2P*	3.229	3.212	3.212	3.269	3.207	6	2yr OTR	
DEP5P*	3.420	3.411	3.411	3.454	3.401	19	5yr OTR	
DEP10P*	3.877	3.871	3.871	3.907	3.863	21	10yr OTR	

	Decimal						SYM NAME	
	Bid	Ask	Last	Hi	Low	Chng		
T.US.DE040P1209***	101.34	101.37	101.37	101.38	101.27	6	2 yr CTD	German Cash
T.US.DE042P1012***	103.51	103.55	103.55	103.59	103.36	19	5 yr CTD	
T.US.DE036P0117**	99.44	99.49	99.49	99.55	99.20	19	10 yr CTD	
DEP2P*	101.34	101.37	101.37	101.38	101.27	6	2yr OTR	
DEP5P*	103.51	103.55	103.55	103.59	103.36	19	5yr OTR	
DEP10P*	100.99	101.04	101.04	101.10	100.74	21	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	15.71	5.68	$1,775	€ 2,596
10y	8.24	2.66	$831	€ 1,216
5y	4.61	1.50	$470	€ 687
2y	1.93	0.62	$194	€ 283
ZB	10.26	4.05	$126	€ 185
ZN	5.84	2.22	$69	€ 102
ZF	3.89	1.43	$45	€ 65
ZT	1.78	0.62	$19	€ 28

^Futures are Based on CTD

	German Intrinsic's ^			
	M Duration	DV01(€)	DV01($)	CF
Bund	7.42	€ 255	$174	0.849146
Bobl	4.14	€ 137	$93	0.931197
Schatz	1.99	€ 63	$43	0.947563
DE10Y	8.04	€ 1,192	$815	
DE5Y	4.14	€ 636	$435	
DE2Y	1.99	€ 304	$208	

^Futures are Based on CTD

	Last
EURUSD	146.26

	Tic for Tic Matrix ($)		
	Bund	Bobl	Schatz
30y	10.18	19.00	41.02
10y	4.77	8.90	19.22
5y	2.70	5.03	10.86
2y	1.11	2.07	4.48
ZB	0.72	1.35	2.92
ZN	0.40	1.34	1.61
ZF	0.26	0.48	1.03
ZT	0.11	0.21	0.44

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)	1.80	2.80	3.10
Bobl (H)	1.00	1.54	1.69
Shatz (H)	0.41	0.63	0.69

Bloomberg Ratio's

US Treasuries v Eurex Bonds

	2y	5y	10y
Bund (H)	1.7	3.9	7.1
Bobl (H)	3.1	7.1	12.8
Shatz (H)	7.8	15.9	28.8

Bloomberg Ratio's

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)	1.00	1.85	4.55
Bobl (H)	0.54	1.00	2.46
Shatz (H)	0.22	0.41	1.00

Bloomberg Ratio's

Yields & Spreads

	US Cash Treasuries (OTR)		
	Bid	Ask	Last
US2y	1.919	1.915	1.915
US5y	2.636	2.633	2.633
US10y	3.597	3.594	3.594

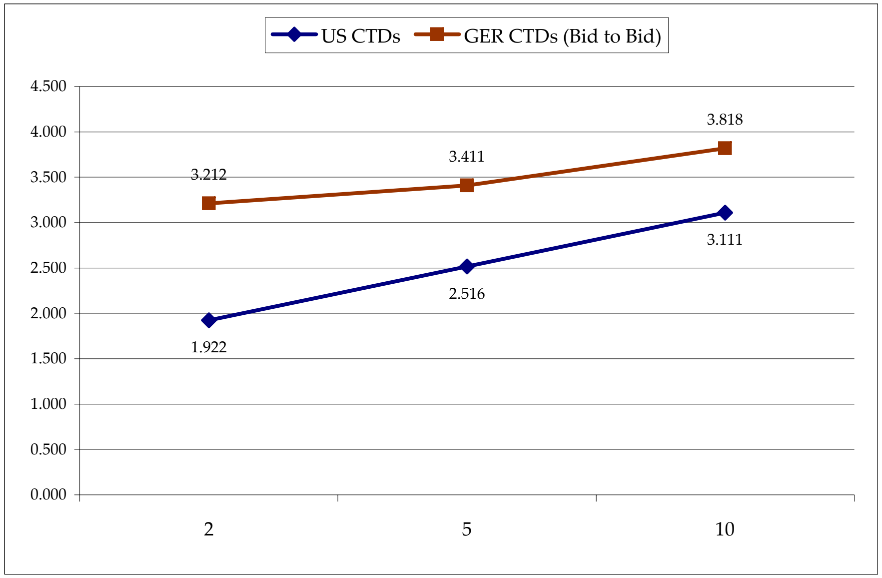
	German Cash Treasuries (OTR)		
	Bid	Ask	Last
DE2y	3.229	3.212	3.212
DE5y	3.420	3.411	3.411
DE10y	3.877	3.871	3.871

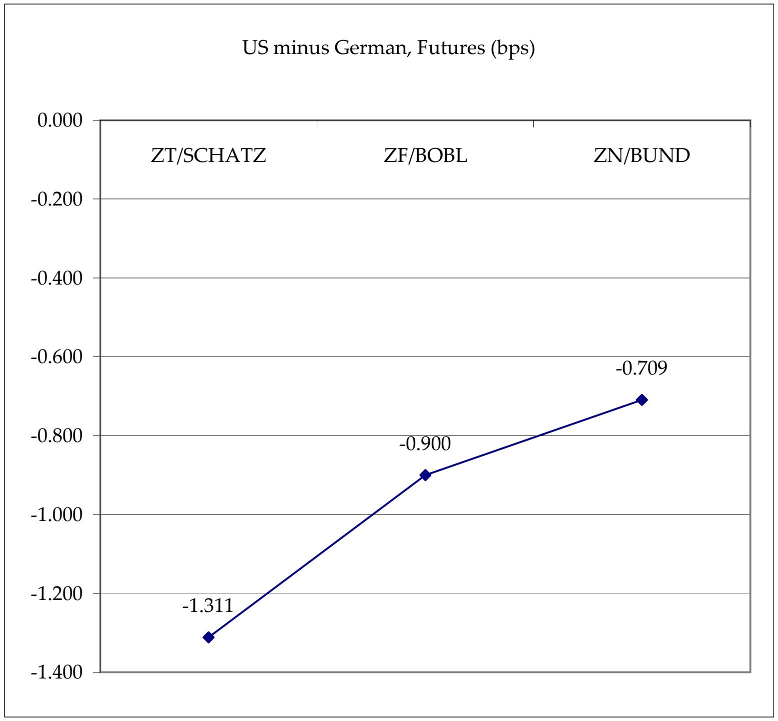
	Spreads
	Bps
ZT/SCHATZ	-1.311
ZF/BOBL	-0.900
ZN/BUND	-0.709

	US Cash Treasuries (CTD)		
	Bid	Ask	Last
3.250 of 12/09	1.922	1.901	1.901
4.750 of 05/12	2.516	2.511	2.511
4.250 of 11/14	3.111	3.108	3.108

	German Futures (CTD)		
	Bid	Ask	Last
5.375 of 04/10	3.229	3.212	3.212
4.250 of 10/12	3.420	3.411	3.411
3.750 of 01/17	3.825	3.818	3.818

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