1/28/2008 5:54

The Morning Email: US & Germany

Table of Contents

The ECB, BOE, and EU information have been moved to a new morning email titled, "The Morning Email: Central Banks".

Want something added? Let me know: jgoulding@ghco.com

Quotes 1

	32 nds								
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME	
TUAH8	106.210	0.040	106.230	106.145	106.175	32,433	408,878	2y Futures	US Futures Market
FVAH8	113.135	0.085	113.160	113.015	113.070	64,879	960,902	5y Futures	
TYAH8	117.120	0.110	117.160	116.305	117.050	134,782	1,584,326	10y Futures	
USAH8	120.130	0.018	120.160	119.260	119.310	36,608	486,852	30y Futures	

	Last	Net	Hi	Low	Open	Volume	
BUS02P	102.025	2.7	102.047	101.287	101.295	2y	US Cash Treasury Market
BUS05P	104.025	2.7	104.060	103.225	103.245	5y	
BUS10P	105.300	8.0	106.015	105.145	105.175	10y	
BUS30P	112.215	18.5	112.240	111.305	112.010	30y	
	Last	Net	Hi	Low	Open	Volume	
BUS02Y	2.131	(4.30)	2.247	2.094	2.202	2y Yield	
BUS05Y	2.730	(1.90)	2.815	2.71	2.782	5y Yield	
BUS10Y	3.525	(2.60)	3.588	3.513	3.566	10y Yield	
BUS30Y	4.238	(3.00)	4.282	4.234	4.274	30y Yield	

	Decimal								
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME	
DGH8	104.45	5.00	104.53	104.42	104.43	257,297	898,611	Schatz(2Y)	German Futures Markets
DLH8	110.43	12.50	110.50	110.30	110.34	250,954	879,148	Bobl(5Y)	
DBH8	116.61	0.40	116.69	116.44	116.64	406,680	1,326,610	Bund(10Y)	

	Price	Yield				
	Last	Last	Coupon	Maturity	SYM NAME	
T.US.DE040P1209***	101.06	3.382	4.000	12/11/2009	2 yr CTD	German Cash Treasury Market
T.US.DE042P1012***	102.82	3.574	4.250	10/12/2012	5 yr CTD	
T.US.DE036P0117**	98.97	3.881	3.750	1/4/2017	10 yr CTD	
DEP2P*	101.09	3.382	4.000	12/11/2009	2yr OTR	
DEP5P*	102.86	3.574	4.250	10/12/2012	5yr OTR	
DEP10P*	100.49	3.939	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	
DGH8	104.45	104.45	104.45	104.53	104.42	5.00	Schatz(2Y)	German Futures
DLH8	110.43	110.43	110.43	110.50	110.30	12.50	Bobl(5Y)	
DBH8	116.61	116.62	116.61	116.69	116.44	0.40	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		
DGH8	3.655	3.652	3.652	3.668	3.612	Schatz(2Y)	German Futures
DLH8	3.679	3.678	3.678	3.706	3.665	Bobl(5Y)	
DBH8	3.957	3.955	3.955	3.976	3.948	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng		
T.US.DE040P1209***	3.399	3.382	3.382	3.427	3.343		2 yr CTD	German Cash
T.US.DE042P1012***	3.584	3.574	3.574	3.607	3.561		5 yr CTD	
T.US.DE036P0117**	3.888	3.881	3.881	3.908	3.872		10 yr CTD	
DEP2P*	3.399	3.382	3.382	3.427	3.343	14	2yr OTR	
DEP5P*	3.584	3.574	3.574	3.607	3.561	23	5yr OTR	
DEP10P*	3.945	3.939	3.939	3.966	3.930	29	10yr OTR	

	Decimal							
	Bid	Ask	Last	Hi	Low	Chng	SYM NAME	
T.US.DE040P1209***	101.06	101.09	101.09	101.16	101.01	14	2 yr CTD	German Cash
T.US.DE042P1012***	102.82	102.86	102.86	102.92	102.72	23	5 yr CTD	
T.US.DE036P0117**	98.97	99.02	99.02	99.09	98.82	26	10 yr CTD	
DEP2P*	101.06	101.09	101.09	101.16	101.01	14	2yr OTR	
DEP5P*	102.82	102.86	102.86	102.92	102.72	23	5yr OTR	
DEP10P*	100.44	100.49	100.49	100.56	100.27	29	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	15.88	5.84	$1,826	€ 2,688
10y	7.96	2.72	$851	€ 1,253
5y	4.49	1.51	$471	€ 693
2y	1.85	0.61	$190	€ 279
ZB	10.30	4.06	$127	€ 187
ZN	5.87	2.23	$70	€ 103
ZF	3.91	1.44	$45	€ 66
ZT	1.85	0.64	$20	€ 29

^Futures are Based on CTD

	German Intrinsic's ^			
	M Duration	DV01(€)	DV01($)	CF
Bund	7.44	€ 256	$174	0.849146
Bobl	4.16	€ 137	$93	0.931197
Schatz	2.02	€ 64	$44	0.947563
DE10Y	8.05	€ 1,194	$811	
DE5Y	4.16	€ 638	$433	
DE2Y	2.02	€ 309	$210	

^Futures are Based on CTD

	Last
EURUSD	147.23

	Tic for Tic Matrix ($)		
	Bund	Bobl	Schatz
30y	10.50	19.61	41.89
10y	4.89	9.14	19.52
5y	2.71	5.06	10.80
2y	1.09	2.04	4.35
ZB	0.73	1.36	2.91
ZN	0.40	1.34	1.60
ZF	0.26	0.48	1.03
ZT	0.11	0.21	0.46

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	2.140	2.131	2.131
US5y	2.733	2.730	2.730
US10y	3.527	3.525	3.525

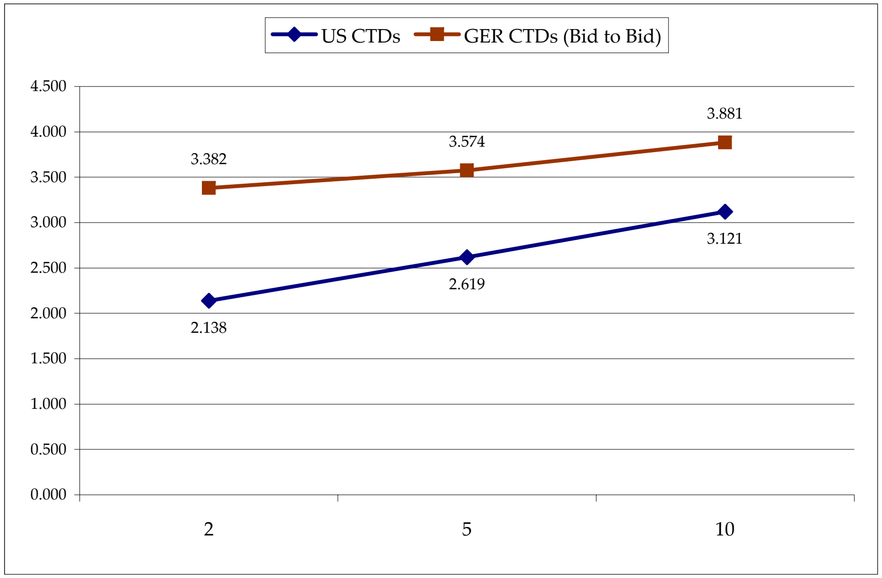
	German Cash Treasuries (OTR) Bid	Ask	Last
DE2y	3.399	3.382	3.382
DE5y	3.584	3.574	3.574
DE10y	3.945	3.939	3.939

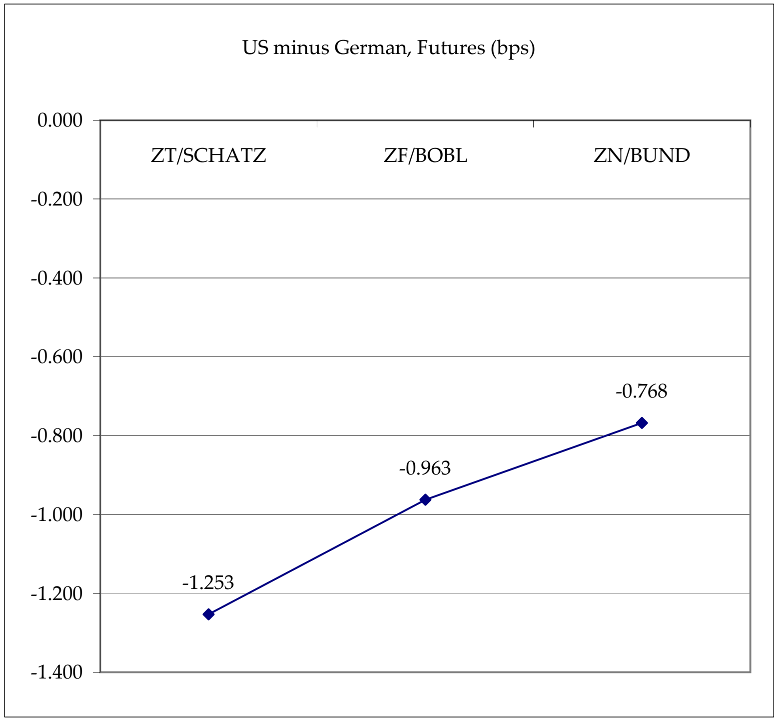
	Spreads Bps
ZT/SCHATZ	-1.253
ZF/BOBL	-0.963
ZN/BUND	-0.768

	US Cash Treasuries (CTD) Bid	Ask	Last
3.250 of 12/09	2.138	2.129	2.129
4.750 of 05/12	2.619	2.612	2.612
4.250 of 11/14	3.121	3.113	3.113

	German Futures (CTD) Bid	Ask	Last
5.375 of 04/10	3.399	3.382	3.382
4.250 of 10/12	3.584	3.574	3.574
3.750 of 01/17	3.888	3.881	3.881

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