6/5/2008 5:49

The Morning Email: US & Germany

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

Quotes 1

32 nds

	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME
TUAU8	105.220	(0.030)	105.247	105.205	105.230	23,247	332,180	2y Futures
FVAU8	110.240	(0.052)	110.260	110.185	110.230	55,743	774,449	5y Futures
TYAU8	113.225	(0.070)	113.265	113.135	113.230	127,482	1,402,661	10y Futures
USAU8	114.045	(0.070)	114.075	113.255	114.025	17,402	360,336	30y Futures

US Futures Market

	Last	Net	Hi	Low	Open	SYM NAME
BUS02P	100.100	(1.0)	100.122	100.087	100.115	2y
BUS05P	101.042	1.0	101.062	100.317	101.047	5y
BUS10P	99.080	2.5	99.100	99.005	99.070	10y
BUS30P	94.290	2.0	94.315	94.180	94.270	30y

	Last	Net	Hi	Low	Open	SYM NAME
BUS02Y	2.455	1.20	2.492	2.419	2.463	2y Yield
BUS05Y	3.250	(0.60)	3.286	3.233	3.267	5y Yield
BUS10Y	3.965	(1.10)	4	3.957	3.976	10y Yield
BUS30Y	4.690	(0.50)	4.723	4.684	4.697	30y Yield

US Cash Treasury Market

Decimal

	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME
DGM8	102.79	3.50	102.79	102.75	102.77	952,850	1,139,246	Schatz(2Y)
DLM8	106.99	0.00	107.03	106.93	107.00	583,441	970,844	Bobl(5Y)
DBM8	111.84	(0.40)	111.90	111.67	111.84	915,407	1,621,428	Bund(10Y)

German Futures Markets

	Price	Yield			
	Last	Last	Coupon	Maturity	SYM NAME
T.US.DE030P0310***	97.76	4.327	3.000	3/12/2010	2 yr CTD
T.US.DE044P0113**	100.71	4.310	4.500	1/4/2013	5 yr CTD
T.US.DE036P0117**	95.31	4.417	3.750	1/4/2017	10 yr CTD
DEP2P*	97.79	4.327	3.000	3/12/2010	2yr OTR
DEP5P*	96.74	4.257	3.500	4/12/2013	5yr OTR
DEP10P*	98.50	4.442	4.250	7/4/2018	10yr OTR

German Cash Treasury Market

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	102.79	102.79	102.79	102.79	102.75	3.50	Schatz(2Y)	German Futures
DLM8	106.99	107.00	106.99	107.03	106.93	0.00	Bobl(5Y)	
DBM8	111.84	111.85	111.84	111.90	111.67	-0.40	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		SYM NAME	
DGM8	4.513	4.510	4.513	4.533	4.510		Schatz(2Y)	German Futures
DLM8	4.412	4.411	4.412	4.426	4.403		Bobl(5Y)	
DBM8	4.503	4.502	4.503	4.523	4.496		Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		SYM NAME	
T.US.DE030P0310***	4.346	4.327	4.327	4.376	4.327		2 yr CTD	
T.US.DE044P0113**	4.320	4.310	4.310	4.342	4.310		5 yr CTD	
T.US.DE036P0117**	4.417	4.409	4.417	4.442	4.402		10 yr CTD	German Cash
DEP2P*	4.346	4.327	4.327	4.376	4.327	1	2yr OTR	
DEP5P*	4.267	4.257	4.257	4.291	4.257	-1	5yr OTR	
DEP10P*	4.442	4.437	4.442	4.465	4.427	-20	10yr OTR	

	Decimal							
	Bid	Ask	Last	Hi	Low	Chng	SYM NAME	
T.US.DE030P0310***	97.76	97.79	97.79	97.79	97.71	1	2 yr CTD	
T.US.DE044P0113**	100.71	100.75	100.75	100.75	100.62	-3	5 yr CTD	
T.US.DE036P0117**	95.31	95.36	95.31	95.41	95.14	-18	10 yr CTD	German Cash
DEP2P*	97.76	97.79	97.79	97.79	97.71	1	2yr OTR	
DEP5P*	96.70	96.74	96.74	96.74	96.60	-1	5yr OTR	
DEP10P*	98.46	98.50	98.50	98.58	98.28	-20	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)	1.82	2.70	2.98
Bobl (M)	0.99	1.48	1.63
Shatz (M)	0.39	0.59	0.65

US Treasuries v Eurex Bonds

	2y	5y	10y
Bund (M)	1.5	3.6	6.5
Bobl (M)	2.8	6.5	11.9
Shatz (M)	7.2	16.0	29.8

	Bund (M)	Bobl (M)	Shatz (M)
Bund (M)		1.84	4.63
Bobl (M)	0.54		2.52
Shatz (M)	0.22	0.40	

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	2.463	2.455	2.455
US5y	3.252	3.250	3.250
US10y	3.967	3.965	3.965

German Cash Treasuries (OTR)

	Bid	Ask	Last
DE2y	4.346	4.327	4.327
DE5y	4.267	4.257	4.257
DE10y	4.442	4.437	4.442

Spreads

	(Bps)
ZT/SCHATZ	-1.881
ZF/BOBL	-1.152
ZN/BUND	-0.843

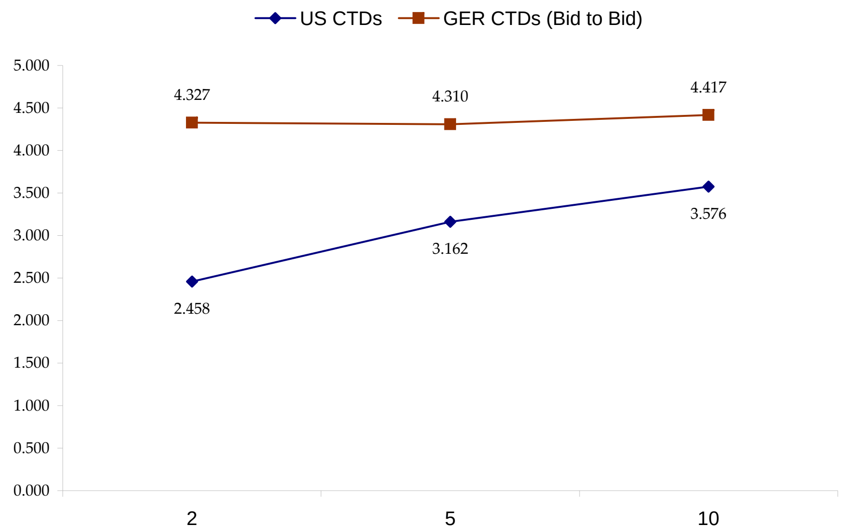
US Cash Treasuries (CTD)

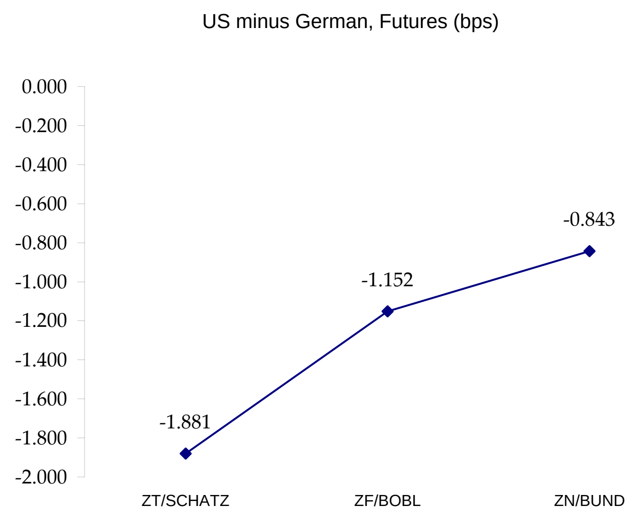
	Bid	Ask	Last
3.625 of 06/10	2.458	2.446	2.446
3.375 of 11/12	3.162	3.158	3.158
4.125 of 05/15	3.576	3.573	3.573

German Futures (CTD)

	Bid	Ask	Last
3.000 of 03/10	4.346	4.327	4.327
4.500 of 01/13	4.320	4.310	4.310
3.750 of 01/17	4.417	4.409	4.417

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