6/11/2008 5:40

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
TUAU8	104.312	0.027	105.027	104.255	104.277	41,957	405,553	2y Futures
FVAU8	109.170	0.032	109.230	109.070	109.110	56,931	696,259	5y Futures
TYAU8	112.090	(0.005)	112.165	112.000	112.075	103,682	952,168	10y Futures
USAU8	113.040	(0.070)	113.130	113.015	113.100	17,379	312,256	30y Futures

US Cash Treasury Market

	Last	Net	Hi	Low	Open	SYM NAME
BUS02P	99.177	3.7	99.210	99.122	99.132	2y
BUS05P	99.292	6.0	100.030	99.200	99.217	5y
BUS10P	98.035	(3.5)	98.100	97.315	98.015	10y
BUS30P	94.125	(20.5)	94.290	94.115	94.255	30y

	Last	Net	Hi	Low	Open	SYM NAME
BUS02Y	2.856	(5.70)	2.959	2.798	2.938	2y Yield
BUS05Y	3.517	(3.50)	3.592	3.478	3.566	5y Yield
BUS10Y	4.105	1.40	4.128	4.079	4.113	10y Yield
BUS30Y	4.724	4.40	4.735	4.691	4.702	30y Yield

German Futures Markets

	Decimal							
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME
DGU8	102.44	10.50	102.58	102.29	102.31	591,295	785,806	Schatz(2Y)
DLU8	106.15	21.50	106.53	105.89	105.92	366,913	629,824	Bobl(5Y)
DBU8	110.92	1.20	111.32	110.73	110.76	571,392	1,038,457	Bund(10Y)

German Cash Treasury Market

	Price	Yield			
	Last	Last	Coupon	Maturity	SYM NAME
T.US.DE052P0710**	97.34	4.600	3.000	3/12/2010	2 yr CTD
T.US.DE034P0413***	99.60	4.583	4.500	1/4/2013	5 yr CTD
T.US.DE042P0717***	94.40	4.545	3.750	1/4/2017	10 yr CTD
DEP2P*	97.37	4.600	3.000	3/12/2010	2yr OTR
DEP5P*	95.62	4.529	3.500	4/12/2013	5yr OTR
DEP10P*	97.74	4.534	4.250	7/4/2018	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							
DGU8	102.44	102.44	102.44	102.58	102.29	10.50	Schatz(2Y)	German Futures
DLU8	106.15	106.15	106.15	106.53	105.89	21.50	Bobl(5Y)	
DBU8	110.91	110.92	110.92	111.32	110.73	1.20	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		SYM NAME	
DGU8	4.696	4.693	4.693	4.775	4.620		Schatz(2Y)	German Futures
DLU8	4.596	4.595	4.595	4.653	4.513		Bobl(5Y)	
DBU8	4.614	4.612	4.612	4.635	4.565		Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		SYM NAME	
T.US.DE052P0710**	4.619	4.600	4.600	4.688	4.538		2 yr CTD	German Cash
T.US.DE034P0413***	4.593	4.583	4.583	4.656	4.499		5 yr CTD	
T.US.DE042P0717***	4.552	4.545	4.545	4.572	4.497		10 yr CTD	
DEP2P*	4.619	4.600	4.600	4.688	4.538	6	2yr OTR	
DEP5P*	4.538	4.529	4.529	4.602	4.444	7	5yr OTR	
DEP10P*	4.541	4.534	4.534	4.560	4.486	-14	10yr OTR	

	Bid	Ask	Last	Hi	Low	Chng	SYM NAME	
	Decimal							
T.US.DE052P0710**	97.34	97.37	97.37	97.47	97.23	6	2 yr CTD	German Cash
T.US.DE034P0413***	99.60	99.64	99.64	99.98	99.35	7	5 yr CTD	
T.US.DE042P0717***	94.40	94.45	94.45	94.77	94.27	-11	10 yr CTD	
DEP2P*	97.34	97.37	97.37	97.47	97.23	6	2yr OTR	
DEP5P*	95.58	95.62	95.62	95.97	95.32	7	5yr OTR	
DEP10P*	97.69	97.74	97.74	98.12	97.54	-14	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)	1.68	2.76	2.98
Bobl (M)	0.95	1.55	1.73
Shatz (M)	0.40	0.59	0.74

US Treasuries v Eurex Bonds

	2y	5y	10y
Bund (M)	1.5	3.6	6.4
Bobl (M)	2.7	6.4	11.3
Shatz (M)	6.3	14.9	26.3

	Bund (M)	Bobl (M)	Shatz (M)
Bund (M)	0.00	1.78	4.15
Bobl (M)	0.56	0.00	2.33
Shatz (M)	0.24	0.43	0.00

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	2.860	2.856	2.856
US5y	3.519	3.517	3.517
US10y	4.109	4.105	4.105

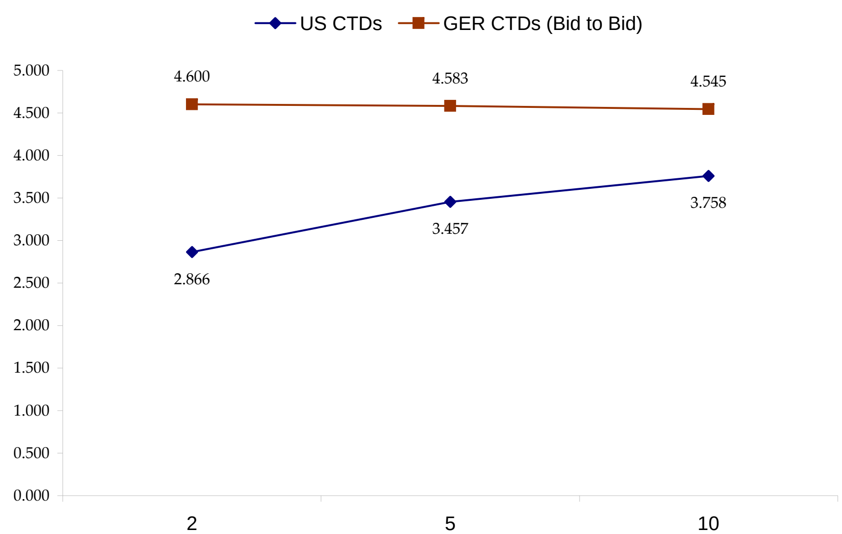
German Cash Treasuries (OTR)	Bid	Ask	Last
DE2y	4.619	4.600	4.600
DE5y	4.538	4.529	4.529
DE10y	4.541	4.534	4.534

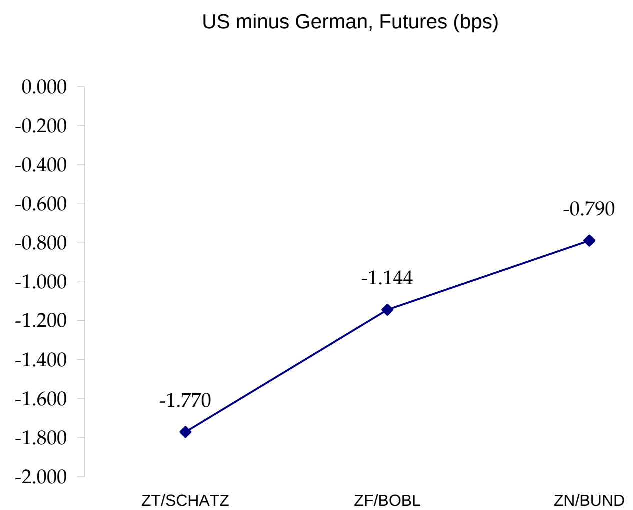
Spreads	(Bps)
ZT/SCHATZ	-1.770
ZF/BOBL	-1.144
ZN/BUND	-0.790

US Cash Treasuries (CTD)	Bid	Ask	Last
3.625 of 06/10	2.866	2.830	2.830
3.375 of 11/12	3.457	3.439	3.439
4.125 of 05/15	3.758	3.755	3.755

German Futures (CTD)	Bid	Ask	Last
3.000 of 03/10	4.619	4.600	4.600
4.500 of 01/13	4.593	4.583	4.583
3.750 of 01/17	4.552	4.545	4.545

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.





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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