

## The Morning Email: US & Germany

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# Rolled to JUNE 2008 Futures Contracts and CTDs

Want something added? Let me know: [jgoulding@ghco.com](mailto:jgoulding@ghco.com)

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Quotes 1



32 nds									
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME	
TUAM8	107.145	0.035	107.162	107.115	107.120	42,392	385,390	2y Futures	
FVAM8	114.002	0.095	114.022	113.235	113.242	82,830	1,045,887	5y Futures	
TYAM8	116.230	0.100	116.245	116.100	116.100	128,884	1,365,052	10y Futures	
USAM8	116.230	0.125	116.240	116.090	116.090	36,758	573,157	30y Futures	
	Last	Net	Hi	Low	Open	Volume			
BUS02P	100.260	2.5	100.275	100.235	100.240	2y		US Cash Treasury Market	
BUS05P	101.035	10.0	101.055	100.280	100.280	5y			
BUS10P	98.255	10.5	98.265	98.155	98.185	10y			
BUS30P	96.260	10.0	96.290	96.120	96.210	30y			
	Last	Net	Hi	Low	Open	Volume			
BUS02Y	1.578	(4.10)	1.63	1.55	1.602	2y Yield		US Cash Treasury Market	
BUS05Y	2.509	(6.10)	2.565	2.494	2.542	5y Yield			
BUS10Y	3.643	(3.60)	3.687	3.638	3.666	10y Yield			
BUS30Y	4.565	(2.40)	4.603	4.561	4.585	30y Yield			

US Futures Market



Decimal									
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME	
DGM8	105.25	10.00	105.33	105.16	105.17	573,460	1,013,500	Schatz(2Y)	
DLM8	111.57	11.00	111.72	111.41	111.53	409,747	790,033	Bobl(5Y)	
DBM8	117.04	1.80	117.09	116.79	116.94	648,153	1,460,383	Bund(10Y)	

German Futures Markets

	Price	Yield		Maturity	SYM NAME	
	Last	Last	Coupon			
T.US.DE052P0710**	104.61	3.132	5.250	7/4/2010	2 yr CTD	German Cash Treasury Market
T.US.DE044P0113**	105.12	3.320	4.500	1/4/2013	5 yr CTD	
T.US.DE036P0117**	99.73	3.778	3.750	1/4/2017	10 yr CTD	
DEP2P*	101.32	3.205	4.000	12/11/2009	2yr OTR	
DEP5P*	103.72	3.357	4.250	10/12/2012	5yr OTR	
DEP10P*	101.32	3.835	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
DGM8	105.25	105.26	105.25	105.33	105.16	10.00
DLM8	111.56	111.57	111.57	111.72	111.41	11.00
DBM8	117.03	117.04	117.04	117.09	116.79	1.80

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo
DGM8	3.246	3.244	3.244	3.294	3.209
DLM8	3.493	3.443	3.443	3.476	3.411
DBM8	3.910	3.909	3.909	3.936	3.903

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng
T.US.DE052P0710**	3.145	3.132	3.132	3.194	3.084	
T.US.DE044P0113**	3.329	3.320	3.320	3.364	3.289	
T.US.DE036P0117**	3.785	3.778	3.778	3.819	3.772	
DEP2P*	3.223	3.205	3.205	3.282	3.164	6
DEP5P*	3.367	3.357	3.357	3.406	3.329	12
DEP10P*	3.841	3.835	3.835	3.874	3.829	22

Decimal						
	Bid	Ask	Last	Hi	Low	Chng
T.US.DE052P0710**	104.61	104.64	104.64	104.75	104.50	8
T.US.DE044P0113**	105.12	105.16	105.16	105.30	104.96	15
T.US.DE036P0117**	99.73	99.78	99.78	99.83	99.48	20
DEP2P*	101.29	101.32	101.32	101.39	101.19	6
DEP5P*	103.68	103.72	103.72	103.84	103.51	12
DEP10P*	101.27	101.32	101.32	101.37	101.00	22

SYM NAME		
Schatz(2Y)	German Futures	
Bobl(5Y)		
Bund(10Y)		

Schatz(2Y)	German Futures	
Bobl(5Y)		
Bund(10Y)		

2 yr CTD	German Cash	
5 yr CTD		
10 yr CTD		
2yr OTR		
5yr OTR		
10yr OTR		

SYM NAME		
2 yr CTD	German Cash	
5 yr CTD		
10 yr CTD		
2yr OTR		
5yr OTR		
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	16.33	5.07	\$1,585	€ 2,430
10y	8.30	2.63	\$822	€ 1,260
5y	4.63	1.51	\$473	€ 724
2y	1.94	0.62	\$195	€ 299
ZB	10.42	3.97	\$124	€ 190
ZN	6.05	2.30	\$72	€ 110
ZF	4.10	1.51	\$47	€ 72
ZT	1.91	0.68	\$21	€ 32

^Futures are Based on CTD

German Intrinsic's ^				
	M Duration	DV01(€)	DV01(\$)	CF
Bund	7.35	€ 265	\$173	0
Bobl	0.00	€ 0	\$0	0
Schatz	2.11	€ 71	\$46	0
DE10Y	7.97	€ 1,245	\$812	
DE5Y	0.00	€ 0	\$0	
DE2Y	2.11	€ 304	\$198	

^Futures are Based on CTD

Last  
EURUSD 153.27

Tic for Tic Matrix (\$)			
	Bund	Bobl	Schatz
30y			
10y			
5y			
2y			
ZB			
ZN			
ZF			
ZT			

This matrix needs to be updated now that the CME has changed the tic size. I'll get to this in the next few days.  
Thanks,  
Jim

Notes

1) CF = Conversion Factor

2) MDuration = Modified Macaulay Duration

3) MDuration & DV01s for Futures are based on proxy issue (CTD)

US Financial Futures / Eurex Bond			
	ZN	ZF	ZT
Bund (H)	1.60	2.80	3.12
Bobl (H)	0.91	1.56	1.73
Shatz (H)	0.40	0.68	0.76

Bloomberg  
Ratio's

US Treasuries v Eurex Bonds			
	2y	5y	10y
Bund (H)	1.5	3.6	6.4
Bobl (H)	2.8	6.7	11.8
Shatz (H)	7.1	17.2	30.4

Bloomberg  
Ratio's

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)		1.79	4.12
Bobl (H)	0.55		2.30
Shatz (H)	0.24	0.43	

Bloomberg  
Ratio's

**Yields & Spreads**

US Cash Treasuries (OTR)			
	Bid	Ask	Last
US2y	1.582	1.578	1.578
US5y	2.512	2.509	2.509
US10y	3.645	3.643	3.643

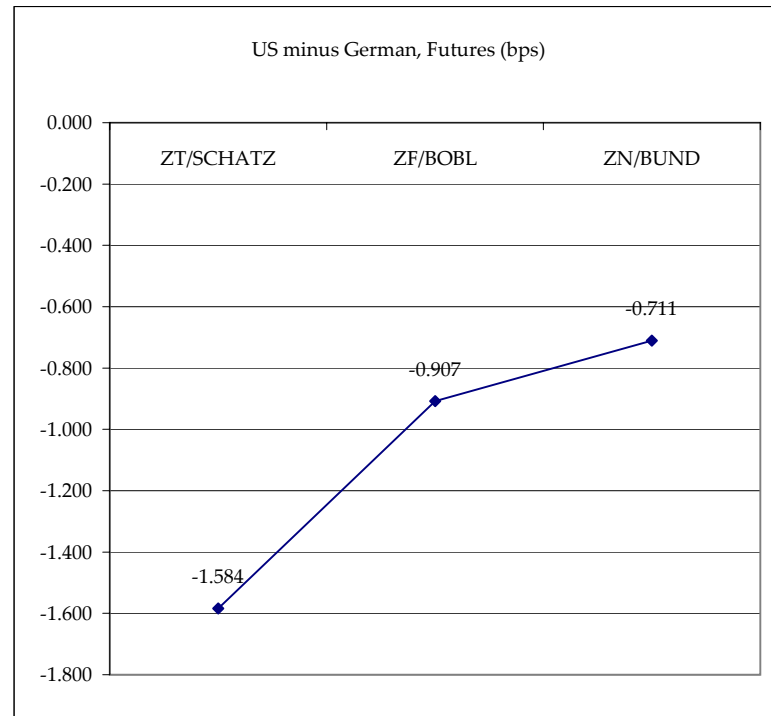
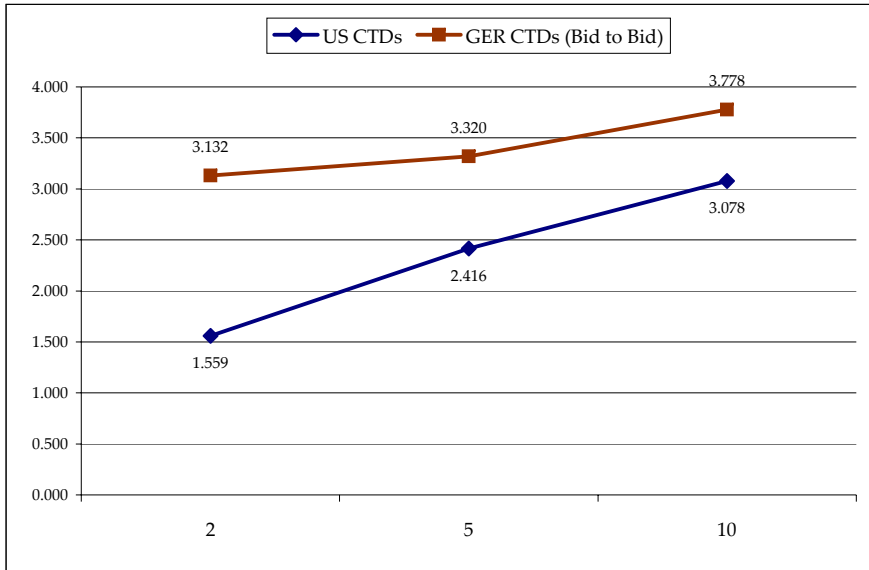
German Cash Treasuries (OTR)			
	Bid	Ask	Last
DE2y	3.223	3.205	3.205
DE5y	3.367	3.357	3.357
DE10y	3.841	3.835	3.835

Spreads Bps	
ZT/SCHATZ	-1.584
ZF/BOBL	-0.907
ZN/BUND	-0.711

US Cash Treasuries (CTD)			
	Bid	Ask	Last
4.000 of 03/10	1.559	1.548	1.548
4.125 of 08/12	2.416	2.413	2.413
4.000 of 02/15	3.078	3.068	3.068

German Futures (CTD)			
	Bid	Ask	Last
3.250 of 04/10	3.145	3.132	3.132
of 01/00	3.329	3.320	3.320
3.750 of 01/17	3.785	3.778	3.778

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.



When does the volume trade? Between what hours 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	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



