3/20/2008 5:40

The Morning Email: US & Germany

Table of Contents

Quotes 1

	32 nds								
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME	
TUAM8	107.072	(0.062)	107.157	107.070	107.155	17,791	312,540	2y Futures	US Futures Market
FVAM8	114.115	(0.085)	114.265	114.110	114.255	33,210	776,430	5y Futures	
TYAM8	119.145	(0.050)	119.280	119.135	119.235	57,927	1,162,607	10y Futures	
USAM8	120.040	(0.015)	120.180	120.020	120.125	12,770	401,718	30y Futures	

	Last	Net	Hi	Low	Open	Volume	
BUS02P	100.247	(7.7)	100.312	100.245	100.307	2y	US Cash Treasury Market
BUS05P	101.205	(13.5)	102.000	101.200	101.315	5y	
BUS10P	101.015	(10.5)	101.095	101.015	101.090	10y	
BUS30P	102.085	(22.0)	102.220	102.085	102.220	30y	
	Last	Net	Hi	Low	Open	Volume	
BUS02Y	1.589	12.80	1.605	1.47	1.507	2y Yield	
BUS05Y	2.391	8.60	2.402	2.315	2.34	5y Yield	
BUS10Y	3.371	4.50	3.378	3.337	3.345	10y Yield	
BUS30Y	4.234	3.30	4.242	4.21	4.216	30y Yield	

	Decimal								
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME	
DGM8	104.87	(13.00)	105.03	104.86	104.93	254,919	1,056,744	Schatz(2Y)	German Futures Markets
DLM8	111.24	(27.00)	111.54	111.19	111.40	177,464	783,701	Bobl(5Y)	
DBM8	117.65	(2.00)	117.90	117.57	117.86	274,468	1,373,395	Bund(10Y)	

	Price	Yield				
	Last	Last	Coupon	Maturity	SYM NAME	
T.US.DE030P0310***	99.53	3.234	3.000	3.000	2 yr CTD	German Cash Treasury Market
T.US.DE044P0113**	104.73	3.397	4.500	1/4/2013	5 yr CTD	
T.US.DE036P0117**	100.22	3.712	3.750	1/4/2017	10 yr CTD	
DEP2P*	100.97	3.398	4.000	12/11/2009	2yr OTR	
DEP5P*	103.26	3.458	4.250	10/12/2012	5yr OTR	
DEP10P*	102.05	3.744	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	
DGM8	104.87	104.87	104.87	105.03	104.86	-13.00	Schatz(2Y)	German Futures
DLM8	111.23	111.24	111.24	111.54	111.19	-27.00	Bobl(5Y)	
DBM8	117.65	117.66	117.65	117.90	117.57	-2.00	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		
DGM8	3.441	3.439	3.439	3.446	3.358	Schatz(2Y)	German Futures
DLM8	3.512	3.511	3.512	3.520	3.449	Bobl(5Y)	
DBM8	3.841	3.840	3.840	3.850	3.814	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng		
T.US.DE030P0310***	3.250	3.234	3.234	3.256	3.159		2 yr CTD	German Cash
T.US.DE044P0113**	3.406	3.397	3.397	3.415	3.337		5 yr CTD	
T.US.DE036P0117**	3.719	3.712	3.712	3.732	3.682		10 yr CTD	
DEP2P*	3.416	3.398	3.398	3.422	3.331	-5	2yr OTR	
DEP5P*	3.468	3.458	3.458	3.477	3.397	-13	5yr OTR	
DEP10P*	3.750	3.744	3.744	3.769	3.715	-7	10yr OTR	

	Decimal							
	Bid	Ask	Last	Hi	Low	Chng	SYM NAME	
T.US.DE030P0310***	99.53	99.56	99.56	99.70	99.52	3.000	2 yr CTD	German Cash
T.US.DE044P0113**	104.73	104.77	104.77	105.04	104.69	-15	5 yr CTD	
T.US.DE036P0117**	100.22	100.27	100.27	100.49	100.12	-5	10 yr CTD	
DEP2P*	100.94	100.97	100.97	101.08	100.93	-5	2yr OTR	
DEP5P*	103.22	103.26	103.26	103.52	103.18	-13	5yr OTR	
DEP10P*	102.00	102.05	102.05	102.29	101.85	-7	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	16.68	5.48	$1,713	€ 2,647
10y	8.30	2.69	$841	€ 1,300
5y	4.60	1.51	$472	€ 730
2y	1.90	0.61	$192	€ 296
ZB	10.46	4.10	$128	€ 198
ZN	6.67	2.63	$82	€ 127
ZF	4.06	1.51	$47	€ 73
ZT	1.91	0.66	$21	€ 32

^Futures are Based on CTD

	German Intrinsic's ^			
	M Duration	DV01(€)	DV01($)	CF
Bund	7.32	€ 268	$173	0
Bobl	0.00	€ 0	$0	0
Schatz	2.06	€ 70	$45	0
DE10Y	7.94	€ 1,262	$817	
DE5Y	0.00	€ 0	$0	
DE2Y	2.06	€ 299	$194	

^Futures are Based on CTD

	Last
EURUSD	154.54

Tic for Tic Matrix ($)			
	Bund	Bobl	Schatz
30y	[redacted]		
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)

Hedge Ratios - Bloomberg

US Financial Futures / Eurex Bond

	ZN	ZF	ZT	
Bund (H)	1.60	2.80	3.24	Bloomberg
Bobl (H)	0.92	1.59	1.79	Ratio's
Shatz (H)	0.38	0.66	0.74	

US Treasuries v Eurex Bonds

	2y	5y	10y	
Bund (H)	1.4	3.4	6.1	Bloomberg
Bobl (H)	2.6	6.2	11.1	Ratio's
Shatz (H)	6.2	15.0	26.6	

	Bund (H)	Bobl (H)	Shatz (H)	
Bund (H)		1.81	4.37	Bloomberg
Bobl (H)	0.55		2.41	Ratio's
Shatz (H)	0.23	0.42		

Yields & Spreads

	US Cash Treasuries (OTR) Bid	Ask	Last
US2y	1.593	1.589	1.589
US5y	2.397	2.391	2.391
US10y	3.374	3.371	3.371

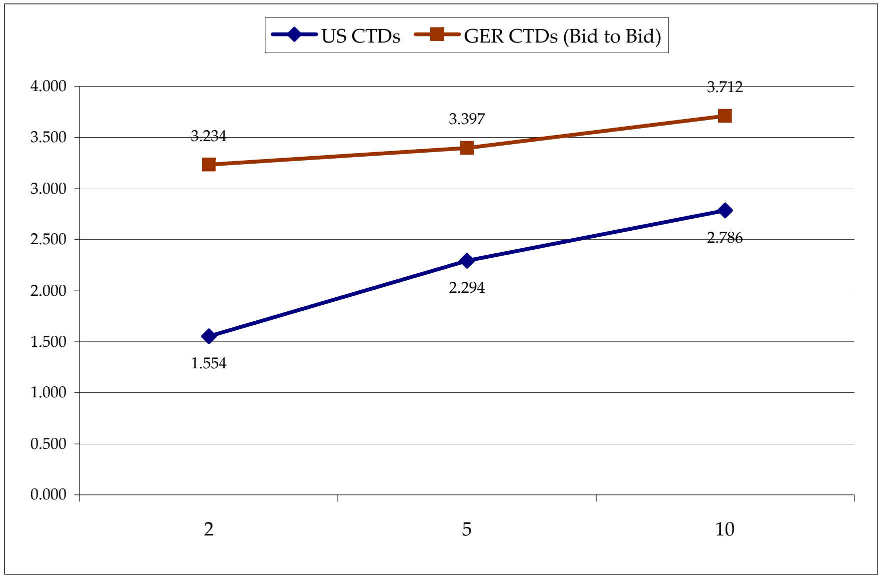
	German Cash Treasuries (OTR) Bid	Ask	Last
DE2y	3.416	3.398	3.398
DE5y	3.468	3.458	3.458
DE10y	3.750	3.744	3.744

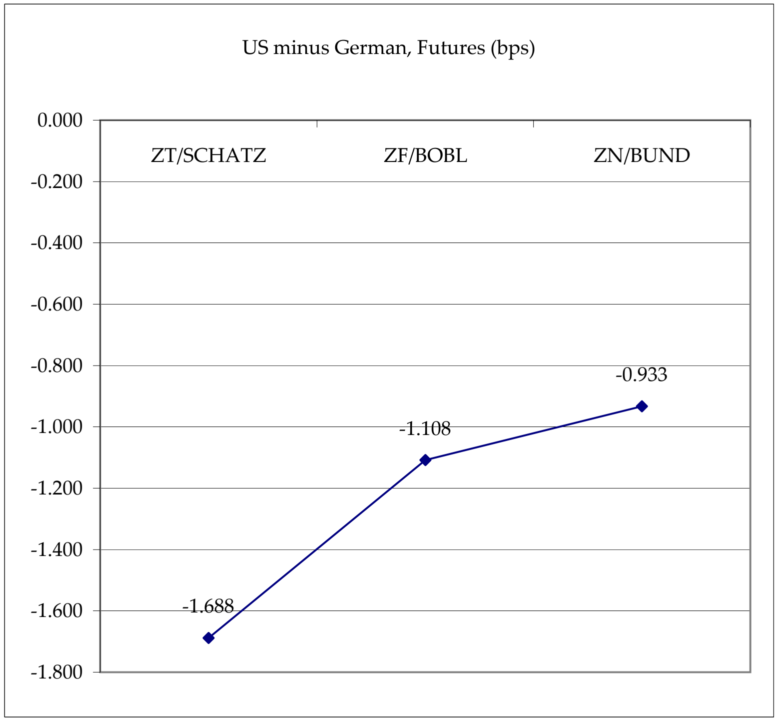
	Spreads Bps
ZT/SCHATZ	-1.688
ZF/BOBL	-1.108
ZN/BUND	-0.933

	US Cash Treasuries (CTD) Bid	Ask	Last
4.000 of 03/10	1.554	1.546	1.546
4.125 of 08/12	2.294	2.289	2.289
4.000 of 02/15	2.786	2.779	2.779

	German Futures (CTD) Bid	Ask	Last
3.250 of 04/10	3.250	3.234	3.234
of 01/00	3.406	3.397	3.397
3.750 of 01/17	3.719	3.712	3.712

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 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