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The Morning Email: US & Germany

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Want something added? Let me know: jgoulding@ghco.com
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Quotes 1

	32 nds								
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME	
TUAM8	107.025	(0.007)	107.067	107.020	107.062	14,121	218,810	2y Futures	US Futures Market
FVAM8	113.222	(0.040)	114.017	113.207	114.007	43,251	422,647	5y Futures	
TYAM8	118.160	(0.045)	118.310	118.135	118.290	78,643	705,556	10y Futures	
USAM8	118.205	(0.045)	119.055	118.120	119.025	18,837	245,359	30y Futures	

	Last	Net	Hi	Low	Open	Volume	
BUS02P	100.020	(21.0)	100.062	100.020	100.055	2y	US Cash Treasury Market
BUS05P	100.287	(9.7)	101.070	100.282	101.050	5y	
BUS10P	100.015	(10.0)	100.115	100.000	100.100	10y	
BUS30P	100.165	(19.0)	100.295	100.100	100.295	30y	
	Last	**Net**	**Hi**	**Low**	**Open**	**Volume**	
BUS02Y	1.715	10.30	1.727	1.635	1.699	2y Yield	
BUS05Y	2.553	6.60	2.56	2.479	2.507	5y Yield	
BUS10Y	3.494	3.90	3.503	3.453	3.475	10y Yield	
BUS30Y	4.344	3.70	4.36	4.318	4.324	30y Yield	

	Decimal								
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME	
DGM8	104.51	0.50	104.55	104.40	104.43	208,332	729,667	Schatz(2Y)	German Futures Markets
DLM8	110.27	(2.50)	110.34	110.11	110.17	210,952	719,615	Bobl(5Y)	
DBM8	115.77	(3.40)	116.04	115.69	116.04	427,921	1,159,238	Bund(10Y)	

	Price	Yield				
	Last	Last	Coupon	Maturity	SYM NAME	
T.US.DE030P0310***	99.21	3.409	3.000	3.000	2 yr CTD	German Cash Treasury Market
T.US.DE044P0113**	103.85	3.593	4.500	1/4/2013	5 yr CTD	
T.US.DE036P0117**	98.64	3.928	3.750	1/4/2017	10 yr CTD	
DEP2P*	99.24	3.409	3.000	3/12/2010	2yr OTR	
DEP5P*	102.53	3.630	4.250	10/12/2012	5yr OTR	
DEP10P*	100.69	3.912	4.000	1/4/2018	10yr OTR	

<u>Notes</u>

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							SYM NAME	
	Bid	Ask	Last	Hi	Low	Chng			
DGM8	104.50	104.51	104.51	104.55	104.40	0.50		Schatz(2Y)	German Futures
DLM8	110.27	110.27	110.27	110.34	110.11	-2.50		Bobl(5Y)	German Futures
DBM8	115.76	115.77	115.77	116.04	115.69	-3.40		Bund(10Y)	German Futures

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		
DGM8	3.627	3.624	3.627	3.678	3.604	Schatz(2Y)	German Futures
DLM8	3.713	3.712	3.712	3.746	3.697	Bobl(5Y)	German Futures
DBM8	4.052	4.051	4.052	4.060	4.020	Bund(10Y)	German Futures

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng		
T.US.DE030P0310***	3.425	3.409	3.409	3.485	3.387		2 yr CTD	German Cash
T.US.DE044P0113**	3.602	3.593	3.593	3.640	3.579		5 yr CTD	German Cash
T.US.DE036P0117**	3.935	3.928	3.928	3.949	3.902		10 yr CTD	German Cash
DEP2P*	3.425	3.409	3.409	3.485	3.387	10	2yr OTR	German Cash
DEP5P*	3.639	3.630	3.630	3.675	3.615	4	5yr OTR	German Cash
DEP10P*	3.918	3.912	3.912	3.922	3.871	-28	10yr OTR	German Cash

	Decimal						SYM NAME	
	Bid	Ask	Last	Hi	Low	Chng		
T.US.DE030P0310***	99.21	99.24	99.24	99.28	99.10	3.000	2 yr CTD	German Cash
T.US.DE044P0113**	103.85	103.89	103.89	103.95	103.68	4	5 yr CTD	German Cash
T.US.DE036P0117**	98.64	98.69	98.69	98.88	98.54	-23	10 yr CTD	German Cash
DEP2P*	99.21	99.24	99.24	99.28	99.10	10	2yr OTR	German Cash
DEP5P*	102.49	102.53	102.53	102.59	102.34	4	5yr OTR	German Cash
DEP10P*	100.64	100.69	100.69	101.02	100.61	-28	10yr OTR	German Cash

<u>Notes</u>

Y = Yield

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*** OTR**

**** CTD**

***** CTD & OTR**

Intrinsics & Tic for Tic Matrix'

	US Intrinsic's ^			
	M Duration	DV01 32	DV01 $	DV01(€)
30y	16.54	5.35	$1,671	€ 2,641
10y	8.26	2.66	$830	€ 1,312
5y	4.57	1.49	$466	€ 737
2y	1.95	0.62	$195	€ 308
ZB	10.40	4.02	$126	€ 199
ZN	6.63	2.59	$81	€ 128
ZF	4.04	1.49	$47	€ 74
ZT	1.89	0.66	$20	€ 32

^Futures are Based on CTD

	German Intrinsic's ^			
	M Duration	DV01(€)	DV01($)	CF
Bund	7.27	€ 268	$170	0
Bobl	0.00	€ 0	$0	0
Schatz	2.04	€ 71	$45	0
DE10Y	7.90	€ 1,268	$802	
DE5Y	0.00	€ 0	$0	
DE2Y	2.04	€ 302	$191	

^Futures are Based on CTD

	Last
EURUSD	158.07

	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 Ratio's
Bobl (H)	0.92	1.59	1.79	
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 Ratio's
Bobl (H)	2.6	6.2	11.1	
Shatz (H)	6.2	15.0	26.6	

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

Yields & Spreads

	US Cash Treasuries (OTR) Bid	Ask	Last
US2y	1.719	1.715	1.715
US5y	2.556	2.553	2.553
US10y	3.496	3.494	3.494

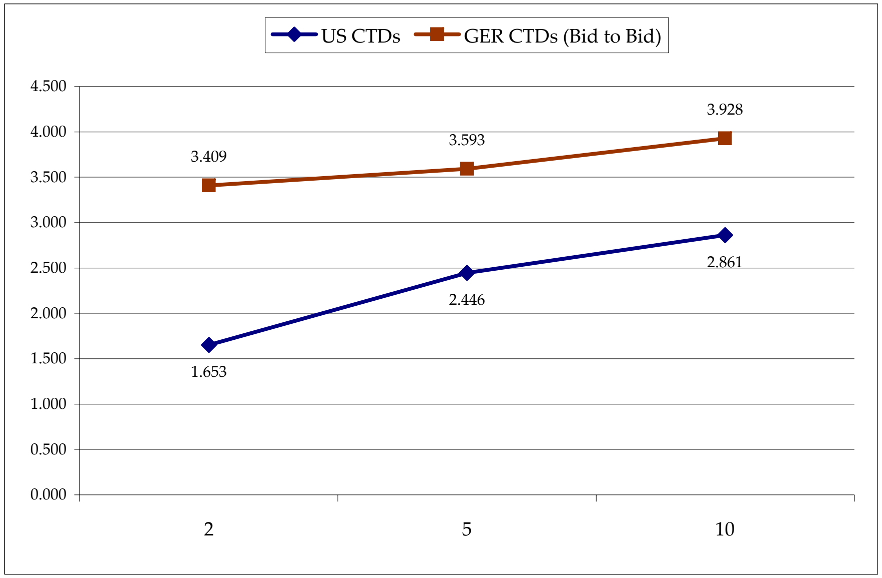
	German Cash Treasuries (OTR) Bid	Ask	Last
DE2y	3.425	3.409	3.409
DE5y	3.639	3.630	3.630
DE10y	3.918	3.912	3.912

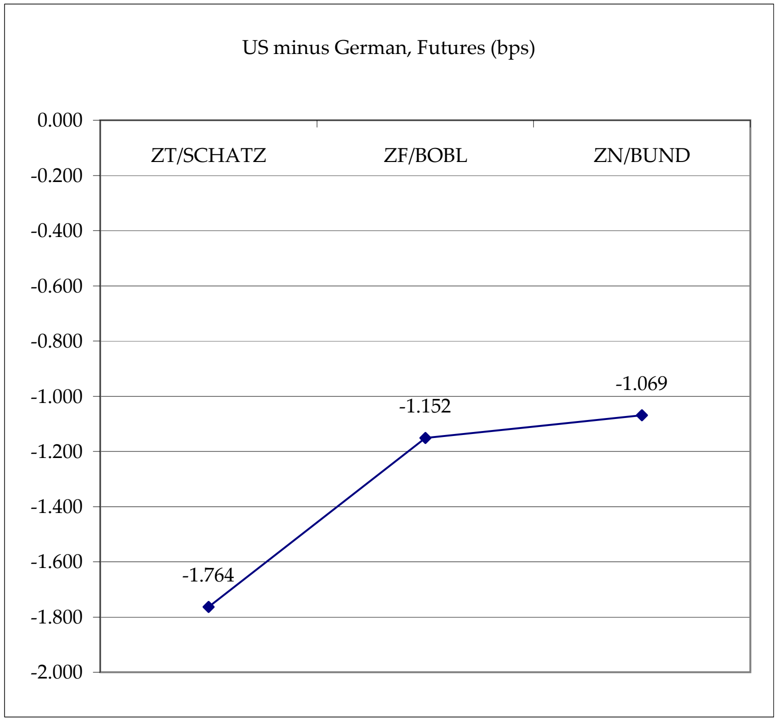
	Spreads Bps
ZT/SCHATZ	-1.764
ZF/BOBL	-1.152
ZN/BUND	-1.069

	US Cash Treasuries (CTD) Bid	Ask	Last
4.000 of 03/10	1.653	1.645	1.645
4.125 of 08/12	2.446	2.441	2.441
4.000 of 02/15	2.861	2.858	2.858

	German Futures (CTD) Bid	Ask	Last
3.250 of 04/10	3.425	3.409	3.409
of 01/00	3.602	3.593	3.593
3.750 of 01/17	3.935	3.928	3.928

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