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The Morning Email: US & Germany

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Quotes 1

32 nds

	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME	
TUAM8	107.047	0.005	107.072	107.035	107.072	9,845	219,988	2y Futures	US Futures Market
FVAM8	113.222	0.012	113.270	113.190	113.262	23,529	519,389	5y Futures	
TYAM8	118.085	(0.035)	118.145	118.030	118.115	53,611	935,038	10y Futures	
USAM8	118.005	(0.055)	118.040	117.205	118.000	10,127	307,019	30y Futures	

	Last	Net	Hi	Low	Open	Volume	
BUS02P	100.025	(1.2)	100.047	100.020	100.042	2y	US Cash Treasury Market
BUS05P	99.162	(112.7)	99.220	99.155	99.200	5y	
BUS10P	99.210	(5.0)	99.260	99.190	99.220	10y	
BUS30P	99.200	(2.5)	99.270	99.100	99.260	30y	

	Last	Net	Hi	Low	Open	Volume
BUS02Y	1.703	1.20	1.735	1.671	1.735	2y Yield
BUS05Y	2.603	5.50	2.645	2.562	2.645	5y Yield
BUS10Y	3.539	1.90	3.553	3.515	3.545	10y Yield
BUS30Y	4.390	1.10	4.418	4.38	4.4	30y Yield

Decimal

	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME	
DGM8	104.44	(6.00)	104.49	104.39	104.45	164,699	599,067	Schatz(2Y)	German Futures Markets
DLM8	110.12	(13.50)	110.25	110.02	110.10	145,002	606,682	Bobl(5Y)	
DBM8	115.67	(1.40)	115.82	115.52	115.61	285,700	1,088,806	Bund(10Y)	

	Price	Yield				
	Last	Last	Coupon	Maturity	SYM NAME	
T.US.DE030P0310***	99.14	3.447	3.000	3.000	2 yr CTD	German Cash Treasury Market
T.US.DE044P0113**	103.69	3.628	4.500	1/4/2013	5 yr CTD	
T.US.DE036P0117**	98.57	3.938	3.750	1/4/2017	10 yr CTD	
DEP2P*	99.17	3.447	3.000	3/12/2010	2yr OTR	
DEP5P*	102.46	3.646	4.250	10/12/2012	5yr OTR	
DEP10P*	100.51	3.934	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							
	Bid	Ask	Last	Hi	Low	Chng	SYM NAME	
DGM8	104.44	104.44	104.44	104.49	104.39	-6.00	Schatz(2Y)	German Futures
DLM8	110.12	110.12	110.12	110.25	110.02	-13.50	Bobl(5Y)	
DBM8	115.66	115.67	115.67	115.82	115.52	-1.40	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		
DGM8	3.660	3.657	3.660	3.686	3.635	Schatz(2Y)	German Futures
DLM8	3.744	3.743	3.743	3.764	3.716	Bobl(5Y)	
DBM8	4.063	4.062	4.063	4.079	4.045	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng		
T.US.DE030P0310***	3.464	3.447	3.447	3.485	3.415		2 yr CTD	German Cash
T.US.DE044P0113**	3.638	3.628	3.628	3.663	3.601		5 yr CTD	
T.US.DE036P0117**	3.944	3.938	3.938	3.968	3.924		10 yr CTD	
DEP2P*	3.464	3.447	3.447	3.485	3.415	-7	2yr OTR	
DEP5P*	3.656	3.646	3.646	3.687	3.627	-6	5yr OTR	
DEP10P*	3.941	3.934	3.934	3.954	3.909	-8	10yr OTR	

	Decimal							
	Bid	Ask	Last	Hi	Low	Chng	SYM NAME	
T.US.DE030P0310***	99.14	99.17	99.17	99.23	99.10	3.000	2 yr CTD	German Cash
T.US.DE044P0113**	103.69	103.73	103.73	103.85	103.58	-9	5 yr CTD	
T.US.DE036P0117**	98.57	98.62	98.62	98.72	98.40	-2	10 yr CTD	
DEP2P*	99.14	99.17	99.17	99.23	99.10	-7	2yr OTR	
DEP5P*	102.42	102.46	102.46	102.54	102.29	-6	5yr OTR	
DEP10P*	100.46	100.51	100.51	100.71	100.35	-8	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	16.48	5.29	$1,653	€ 2,611
10y	8.25	2.64	$826	€ 1,305
5y	4.59	1.48	$461	€ 729
2y	1.96	0.63	$196	€ 310
ZB	10.36	3.98	$124	€ 196
ZN	6.62	2.58	$81	€ 127
ZF	4.03	1.49	$46	€ 73
ZT	1.88	0.65	$20	€ 32

^Futures are Based on CTD

	German Intrinsic's ^			
	M Duration	DV01(€)	DV01($)	CF
Bund	7.26	€ 268	$170	0
Bobl	0.00	€ 0	$0	0
Schatz	2.03	€ 70	$44	0
DE10Y	7.89	€ 1,264	$800	
DE5Y	0.00	€ 0	$0	
DE2Y	2.03	€ 300	$190	

^Futures are Based on CTD

	Last
EURUSD	157.99

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
Bobl (H)	0.92	1.59	1.79
Shatz (H)	0.38	0.66	0.74

Bloomberg Ratio's

US Treasuries v Eurex Bonds

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

Bloomberg Ratio's

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)		1.81	4.37
Bobl (H)	0.55		2.41
Shatz (H)	0.23	0.42	

Bloomberg Ratio's

Yields & Spreads

	US Cash Treasuries (OTR)		
	Bid	Ask	Last
US2y	1.711	1.703	1.703
US5y	2.608	2.603	2.603
US10y	3.541	3.539	3.539

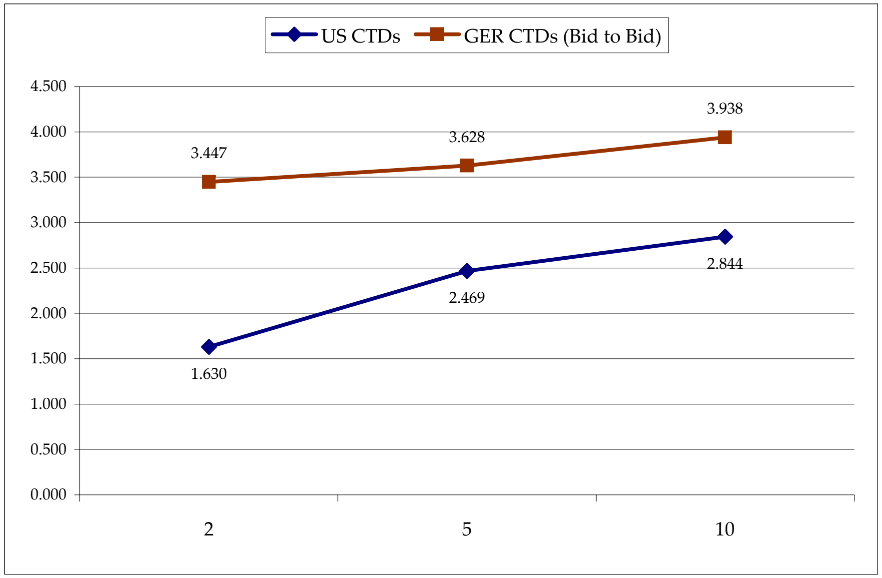
	German Cash Treasuries (OTR)		
	Bid	Ask	Last
DE2y	3.464	3.447	3.447
DE5y	3.656	3.646	3.646
DE10y	3.941	3.934	3.934

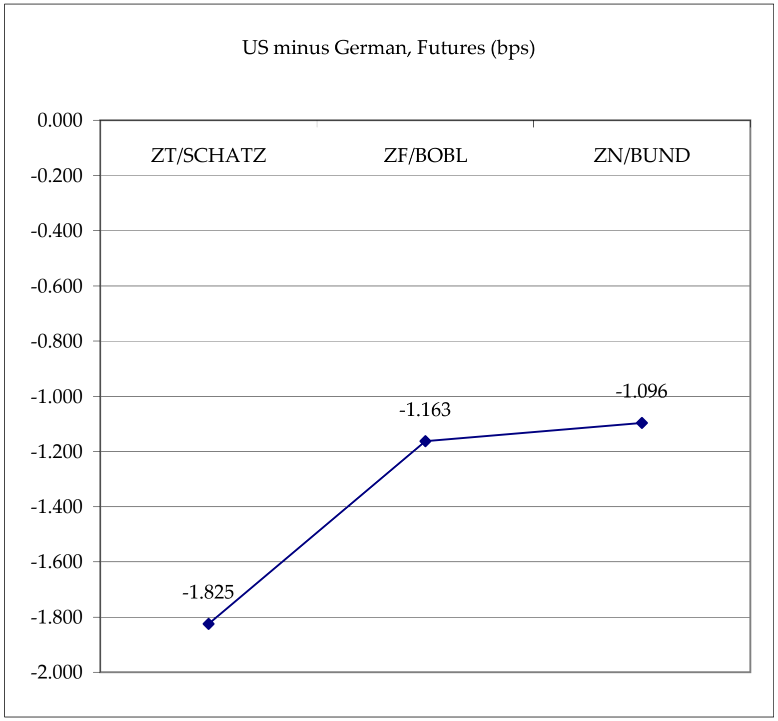
	Spreads
	Bps
ZT/SCHATZ	-1.825
ZF/BOBL	-1.163
ZN/BUND	-1.096

	US Cash Treasuries (CTD)		
	Bid	Ask	Last
4.000 of 03/10	1.630	1.622	1.622
4.125 of 08/12	2.469	2.465	2.465
4.000 of 02/15	2.844	2.841	2.841

	German Futures (CTD)		
	Bid	Ask	Last
3.250 of 04/10	3.464	3.447	3.447
of 01/00	3.638	3.628	3.628
3.750 of 01/17	3.944	3.938	3.938

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