5/27/2008 5:46

The Morning Email: US & Germany

Table of Contents

Pg 1 Quotes 1

Pg 2 Quotes 2

Pg 3 Hedge Ratios - Bloomberg

Pg 4 Yields & Spreads

Pg 5 Volume Questions & Global Bond Market Characteristics

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
TUAM8	106.037	0.017	106.037	106.000	106.025	42,455	3,360	2y Futures
FVAM8	111.245	0.032	111.250	111.180	111.220	74,043	5,198	5y Futures
TYAM8	115.085	(0.020)	115.120	115.025	115.100	112,049	25,444	10y Futures
USAM8	116.110	(0.115)	116.225	116.045	116.220	22,138	3,322	30y Futures

US Cash Treasury Market

	Last	Net	Hi	Low	Open	SYM NAME
BUS02P	99.130	0.2	99.130	99.097	99.115	2y
BUS05P	99.287	(0.5)	99.292	99.220	99.272	5y
BUS10P	100.020	(4.5)	100.070	99.290	100.060	10y
BUS30P	96.075	(17.0)	96.250	96.020	96.235	30y

	Last	Net	Hi	Low	Open	SYM NAME
BUS02Y	2.439	0.00	2.506	2.435	2.473	2y Yield
BUS05Y	3.147	0.70	3.198	3.14	3.172	5y Yield
BUS10Y	3.865	2.10	3.888	3.837	3.841	10y Yield
BUS30Y	4.607	3.40	4.625	4.552	4.615	30y Yield

German Futures Markets

	Decimal							
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME
DGM8	103.02	4.50	103.05	102.96	102.98	344,597	94,665	Schatz(2Y)
DLM8	107.54	10.00	107.59	107.36	107.42	201,453	55,696	Bobl(5Y)
DBM8	112.87	1.70	113.01	112.63	112.68	368,160	90,745	Bund(10Y)

German Cash Treasury Market

	Price	Yield			
	Last	Last	Coupon	Maturity	SYM NAME
T.US.DE030P0310***	97.94	4.199	3.000	3/12/2010	2 yr CTD
T.US.DE044P0113**	101.20	4.192	4.500	1/4/2013	5 yr CTD
T.US.DE036P0117**	96.19	4.279	3.750	1/4/2017	10 yr CTD
DEP2P*	97.97	4.199	3.000	3/12/2010	2yr OTR
DEP5P*	97.15	4.157	3.500	4/12/2013	5yr OTR
DEP10P*	97.79	4.283	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.

	Bid	Ask	Last	Hi	Low	Chng	SYM NAME	
	Decimal							
DGM8	103.02	103.03	103.02	103.05	102.96	4.50	Schatz(2Y)	German Futures
DLM8	107.54	107.54	107.54	107.59	107.36	10.00	Bobl(5Y)	
DBM8	112.87	112.88	112.87	113.01	112.63	1.70	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	SYM NAME	
DGM8	4.390	4.387	4.390	4.424	4.374	Schatz(2Y)	German Futures
DLM8	4.293	4.292	4.293	4.331	4.283	Bobl(5Y)	
DBM8	4.383	4.382	4.383	4.411	4.367	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng	SYM NAME	
T.US.DE030P0310***	4.217	4.199	4.199	4.247	4.175		2 yr CTD	German Cash
T.US.DE044P0113**	4.202	4.192	4.192	4.243	4.178		5 yr CTD	
T.US.DE036P0117**	4.287	4.279	4.279	4.317	4.261		10 yr CTD	
DEP2P*	4.217	4.199	4.199	4.247	4.175	-1	2yr OTR	
DEP5P*	4.166	4.157	4.157	4.204	4.143	1	5yr OTR	
DEP10P*	4.290	4.283	4.283	4.317	4.266	-8	10yr OTR	

	Bid	Ask	Last	Hi	Low	Chng	SYM NAME	
	Decimal							
T.US.DE030P0310***	97.94	97.97	97.97	98.01	97.89	-1	2 yr CTD	German Cash
T.US.DE044P0113**	101.20	101.24	101.24	101.30	101.03	1	5 yr CTD	
T.US.DE036P0117**	96.19	96.24	96.24	96.37	95.98	-5	10 yr CTD	
DEP2P*	97.94	97.97	97.97	98.01	97.89	-1	2yr OTR	
DEP5P*	97.11	97.15	97.15	97.21	96.95	1	5yr OTR	
DEP10P*	97.74	97.79	97.79	97.92	97.53	-8	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)	1.87	2.90	3.34
Bobl (M)	1.03	1.59	1.83
Shatz (M)	0.42	0.65	0.75

US Treasuries v Eurex Bonds

	2y	5y	10y
Bund (M)	1.5	3.6	6.2
Bobl (M)	2.7	6.5	11.2
Shatz (M)	6.7	16.0	27.6

	Bund (M)	Bobl (M)	Shatz (M)
Bund (M)		1.82	4.48
Bobl (M)	0.55		2.46
Shatz (M)	0.22	0.41	

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	2.443	2.439	2.439
US5y	3.149	3.147	3.147
US10y	3.867	3.865	3.865

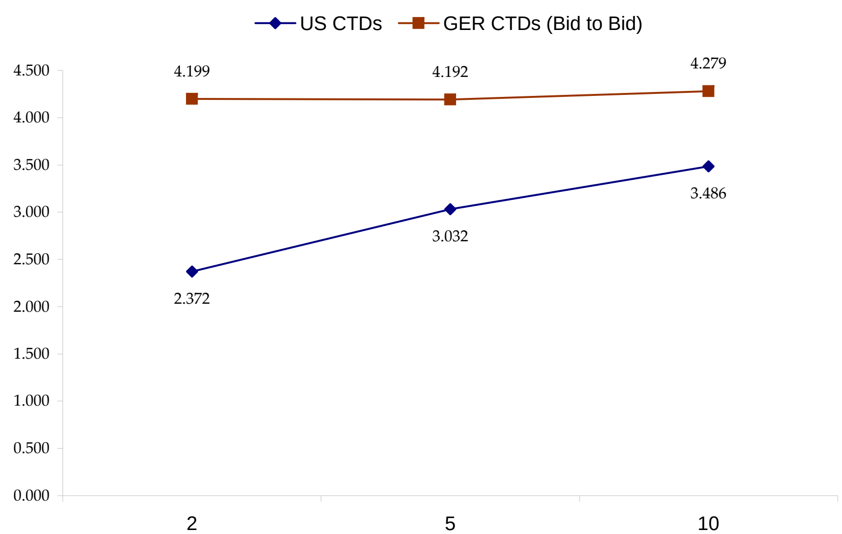
German Cash Treasuries (OTR)	Bid	Ask	Last
DE2y	4.217	4.199	4.199
DE5y	4.166	4.157	4.157
DE10y	4.290	4.283	4.283

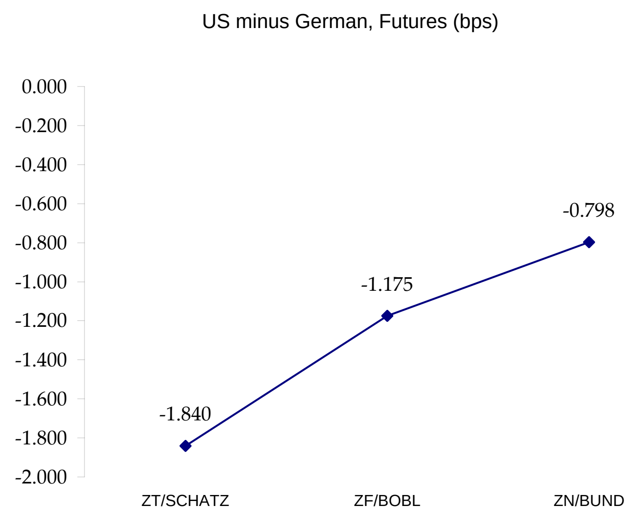
Spreads	(Bps)
ZT/SCHATZ	-1.840
ZF/BOBL	-1.175
ZN/BUND	-0.798

US Cash Treasuries (CTD)	Bid	Ask	Last
4.000 of 03/10	2.372	2.359	2.359
4.125 of 08/12	3.032	3.017	3.017
4.000 of 02/15	3.486	3.481	3.481

German Futures (CTD)	Bid	Ask	Last
3.000 of 03/10	4.217	4.199	4.199
4.500 of 01/13	4.202	4.192	4.192
3.750 of 01/17	4.287	4.279	4.279

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