

## The Morning Email: US & Germany



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Want something added?

Let me know: [jgoulding@ghco.com](mailto:jgoulding@ghco.com)

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All information has been recorded to the best of my ability. This material is based upon information that I consider reliable, but I do not represent that it is accurate or complete.

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## Correlation Matrix

SYM NAME	Symbol	US Cash Treasuries			US Bonds/Notes (CBOT)			Symbol	SYM NAME
		2yr	5yr	10yr	ZT	ZF	ZN		
Schatz(2Y)	DGM7	74.24	86.45	65.78	78.74	88.66	88.15	DGM7	Schatz(2Y)
Bobl(5Y)	DLM7	82.92	93.15	75.34	86.81	94.69	94.11	DLM7	Bobl(5Y)
Bund(10Y)	DBM7	87.28	95.94	79.49	90.30	96.75	96.18	DBM7	Bund(10Y)

Correlation is based on 10 day historical

Quotes 1



	32 nds					Volume	Yest Volume	SYM NAME
	ls	net	high	low	open			
TUAM7	102.037	0.2	102.040	102.030	102.032	13,609	129,217	2y Futures
FVAM7	105.105	1.0	105.110	105.095	105.095	28,426	373,585	5y Futures
TYAM7	107.230	1.0	107.240	107.215	107.215	79,745	972,096	10y Futures
USAM7	110.310	1	111.010	110.280	110.280	18,959	254,446	30y Futures
	ls	net	high	low	open			SYM NAME
BUS02P	99.182	0.5	99.187	99.180	99.180			2y
BUS05P	99.152	1.2	99.157	99.145	99.145			5y
BUS10P	98.120	1.5	98.135	98.110	98.110			10y
BUS30P	98.020	4	98.040	98.005	98.025			30y
	ls	net	high	low	open			SYM NAME
BUS02Y	4.728	(0.40)	4.754	4.716	4.754			2y Yield
BUS05Y	4.618	(0.70)	4.634	4.612	4.634			5y Yield
BUS10Y	4.702	(0.80)	4.716	4.696	4.716			10y Yield
BUS30Y	4.873	(0.70)	4.885	4.866	4.882			30y Yield



	Decimal					Volume	Yest Volume	SYM NAME
	ls	net	high	low	open			
DGM7	102.90	(0.05)	102.91	102.88	102.91	210,167	759,534	Schatz(2Y)
DLM7	107.11	0.03	107.14	107.04	107.10	210,940	716,761	Bobl(5Y)
DBM7	113.01	0.10	113.05	112.80	112.97	420,483	1,372,234	Bund(10Y)

German Futures

	Price	Yield			Maturity	Volume	Yest Volume	SYM NAME
	ls	ls	Coupon					
T.US.DE036P0309	99.11	4.253	3.750	3/13/2009				2 yr CTD
T.US.DE050P0112	102.93	4.272	5.000	1/4/2012				5 yr CTD
T.US.DE034P0116	94.46	4.274	3.500	1/4/2016				10 yr CTD
DEP2P	99.13	4.25	3.750	3/13/2009				2yr OTR
DEP5P	98.82	4.27	4.000	4/13/2012				5yr OTR
DEP10P	95.80	4.29	3.750	1/4/2017				10yr OTR

German Cash

Y = Yield  
 CTD = Cheapest to Deliver  
 DE = German Country Code

## Quotes 2

This page provide 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	lo	Chng		
DGM7	102.90	102.90	102.90	102.91	102.88	-0.05	Schatz(2Y)	German Futures
DLM7	107.10	107.11	107.11	107.14	107.04	0.03	Bobl(5Y)	
DBM7	113.01	113.02	113.01	113.05	112.80	0.10	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		SYM NAME	
DGM7	4.455	4.452	4.452	4.463	4.447		Schatz(2Y)	German Futures
DLM7	4.388	4.386	4.386	4.401	4.379		Bobl(5Y)	
DBM7	4.367	4.365	4.365	4.391	4.362		Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng		
T.US.DE036P0309	4.265	4.253	4.253	4.282	4.241	1	2 yr CTD	German Cash
T.US.DE050P0112	4.281	4.272	4.272	4.303	4.267	3	5 yr CTD	
T.US.DE034P0116	4.280	4.274	4.274	4.313	4.268	7	10 yr CTD	
DEP2P	4.265	4.253	4.253	4.282	4.241	1	2yr OTR	
DEP5P	4.280	4.271	4.271	4.303	4.266	4	5yr OTR	
DEP10P	4.296	4.290	4.290	4.330	4.283	9	10yr OTR	

	Decimal						SYM NAME	
	bid	ask	Last	hi	lo	Chng		
T.US.DE036P0309	99.11	99.13	99.13	99.15	99.08	0.01	2 yr CTD	German Cash
T.US.DE050P0112	102.93	102.97	102.97	102.99	102.84	0.03	5 yr CTD	
T.US.DE034P0116	94.46	94.50	94.50	94.54	94.23	0.07	10 yr CTD	
DEP2P	99.11	99.13	99.13	99.15	99.08	1.00	2yr OTR	
DEP5P	98.78	98.82	98.82	98.84	98.68	4.00	5yr OTR	
DEP10P	95.75	95.80	95.80	95.85	95.50	9.00	10yr OTR	

Y = Yield

CTD = Cheapest to Deliver

DE = German Country Code



06:03 05/17 **BUNDS/TSYS:** Bunds are outperforming against US Treasuries, amid unwinding of short Bund/long UST trades by leverage accounts -- as the 10-year UST/Bund yield spread widens to +47.0 bps, amid thin volume conditions. This yield spread narrowed to +45 bps on Tuesday -- level not seen since November 2004.

06:18 05/17 **BUND SUMMARY:** European bond prices are mixed on Thursday, with long-dated issues outperforming in turn flattening the Bund curve. Volumes were low, with key European markets closed in observance of Ascension Day holiday. Bunds opened moderately firmer, taking cue from gains in JGBs overnight after release of weaker than expected Japanese Q1 provisional GDP at +0.6% q/q +2.4% y/y. In addition, there was relief the Bank of Japan left the target for the overnight call rate unchanged at 0.5%, as widely expected. However, prices reversed direction, with June Bund futures contract hitting fresh contract low at 112.80, amid thin volume conditions. Traders reported some swap paying interest in 2-year and decent receiving interest in long-end of the curve, in turn flattening the curve. In cross-border flows, Bunds outperformed against US Treasuries, amid unwinding of short Bund/long UST trades -- as the 10-year UST/Bund yield spread widens to +47.0 bps. This yield spread narrowed to +45 bps on Tuesday -- level not seen since November 5 2004.

06:20 05/17 **GILT SUMMARY:** Gilts are mixed, with the short-dated issues extending underperformance in wake of Wednesday's Bank of England quarterly inflation report, which strongly hinted at another UK rate hike. The inflation forecast based on assumed market rates (5.75%, is approximately on target in 2-years time, but based on unchanged rates, it is above target in 2-years time. Traders reported Liability Driven Investment (LDI) flows in long-dated Gilts and also some talk of buying from Asian real money accounts. Overall, volumes were light with key European markets closed in observance of Ascension Day holiday. The Gilt 2-/10-year yield spread was unchanged at -42.8 bps, whilst the 10-/30-year yield spread was 1.4 bps flatter at -58.3 bps. June Gilts are down 9 ticks at 106.42.

US Intrinsic's				
	M Duration	DV01 32	DV01 \$	DV01(€)
30y	15.51	4.93	\$1,540	
10y	7.95	2.50	\$782	
5y	4.38	1.40	\$437	
2y	1.84	0.59	\$184	
ZB	9.73	3.51	\$110	
ZN	5.77	2.01	\$63	
ZF	3.81	1.30	\$41	
ZT	1.76	1.16	\$36	



German Intrinsic's^				
	M Duration	DV01(€)	DV01(\$)	CF
Bund				0.836007
Bobl				0.960701
Schatz				0.963364
DE10Y				
DE5Y				
DE2Y				



^Futures are Based on CTD

Last

EURUSD 135.21

I'm working on the intrinsic's. It will take some time to complete.  
I hope to have it done soon.

#### 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 (M)	1.800	2.700	3.000
Bobl (M)	0.950	1.500	1.600
Shatz (M)	0.390	0.600	0.660

## US Treasuries v Eurex Bonds

	2y	5y	10y
Bund (M)	1.7	3.9	6.9
Bobl (M)	3.1	7.3	13.0
Shatz (M)	7.6	18.0	31.9

	Bund (M)	Bobl (M)	Shatz (M)
Bund (M)		1.873	4.608
Bobl (M)	0.534		2.460
Shatz (M)	0.210	0.400	



US Cash Treasuries (OTR)			
	Bid	Ask	Last
US2y	4.733	4.728	4.728
US5y	4.619	4.618	4.618
US10y	4.706	4.702	4.702



German Cash Treasuries (OTR)			
	Bid	Ask	Last
DE2y	4.265	4.253	4.253
DE5y	4.280	4.271	4.271
DE10y	4.296	4.290	4.290

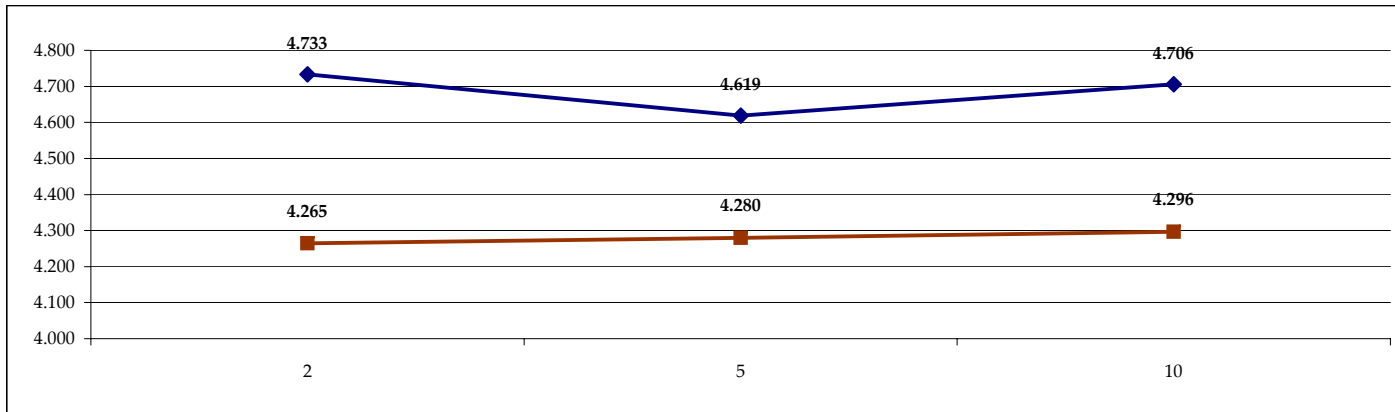
Spreads^	
US2y-Schatz	0.278
US5y-Bobl	0.226
US10y-Bund	0.325
US2y- 3.750 of 03/09	0.475
US5y- 4.000 of 01/12	0.346
US10y- 3.500 of 01/16	0.428
US2y-DE2y	0.475
US5y-DE5y	0.347
US10y-DE10y	0.412 ^^

^Last minus Last  
^^Most popular

German Futures ^			
	Bid	Ask	Last
Schatz	4.455	4.452	4.450
Bobl	4.388	4.386	4.392
Bund	4.367	4.365	4.377

^Interpolated. NOT based on CTD

German Futures (CTD)			
	Bid	Ask	Last
3.750 of 03/09	4.265	4.253	4.253
4.000 of 01/12	4.281	4.272	4.272
3.500 of 01/16	4.280	4.274	4.274



## Contract Specs

### Price Quotation and Minimum Price Change

The Price Quotation is in percent of the par value.

Contract	Minimum Price Change	
	Percent	Value
Euro-Schatz Futures	0.005	EUR 5
Euro-Bobl Futures	0.01	EUR 10
Euro-Bund Futures	0.01	EUR 10
Euro-Buxl® Futures	0.02	EUR 20

### Contract Standards

Notional short-, medium- or long-term debt instruments issued by the Federal Republic of Germany or the Swiss Confederation with remaining terms and a coupon of:

Contract	Product ID	Remaining Term	Coupon	Currency
			Percent	
		Years		
Euro-Schatz Futures	FGBS	1.75 to 2.25	6	EUR
Euro-Bobl Futures	FGBM	4.5 to 5.5	6	EUR
Euro-Bund Futures	FGBL	8.5 to 10.5	6	EUR
Euro-Buxl® Futures	FGBX	24.0 to 35.0	4	EUR

### Trading Hours

Eurex operates in three [trading phases](#): pre-trading, trading and post-trading. The [post-trading phase](#) is further split in several periods where different functions are available.

Pre-Trading	Regular Trading Day				Last Trading Day			
	Trading	Post-Trading			Post-Trading			Exercise/Notify until
		Full	Late 1	Restricted	Full	Late 1	Late 2	
07:30	08:00	22:00		22:30	12:30		20:00	

TIMES ARE CET

### Contract Month

*Up to 9 months:* The three nearest quarterly months of the March, June, September and December cycle.

### Delivery Day

The tenth calendar day of the respective quarterly month, if this day is an exchange trading day; otherwise, the exchange trading day immediately succeeding that day.

### Last Trading Day

Two exchange trading days prior to the Delivery Day of the relevant maturity month. Close of trading in the maturing futures on the Last Trading Day is at 12:30 CET.

### Daily Settlement Price

#### Standard Method

Volume-weighted average price of all trades during the final minute of trading before 17:15 CET provided that more than five trades occurred during this minute; otherwise the volume-weighted average price of the last five trades before 17:15 CET provided that these are not older than 15 minutes. If such a price cannot be determined, or the price so determined does not reflect the prevailing market conditions, Eurex will establish the official settlement price.

If the price so determined does not reasonably reflect the prevailing market conditions at the close of trading, Eurex may change and redetermine the official settlement price.

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	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	