BOND FUTURES

WSE – working meeting

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GENERAL DESCRIPTION OF BOND FUTURES

POLGB FUTURES ARE SIMILAR TO GERMAN BOND FUTURES

RXA, OEA, DUA

- 2y,5y,10y
- 100k EUR notional 10 EUR per tick
- Based on a basket of bonds
- H,M,U,Z maturities
- Physical delivery

RXZ6 1163.60 4	2	3.60/163.	61	158 x 213	Prev 164	1.02	
At 11:47d Vol 25325	8 Op 163.9	90 Hi	164.06	Lo 163	3.55 <mark>Ope</mark>	nIn 149	1646
RXZ6 Comdty 7 Expo	ort to Exce 98) S	ettings			Chea	apest-to-	-Deliver
EURO-BUND FUTURE Dec	: <mark>16 Price 1</mark> 63.6	0	Trade	10/26/16	□ Delive	ry 12	2/12/16
Sort By			Settle	10/28/16	Cheape	est IRP	-0.504
Implied Repo Decreas	ng 🔻				Days 4	45 Act /	360
Cash Security	Price Source		Conver		Implied	Actual	Net
		Yield	Factor	Basis	Repo	Repo%	Basis
Adjust Value							
1) DBR 1 08/15/25	109.6920 BGN	-0.0965	0.669312	0.193	-0.504	-0.357	0.020
2) DBR 0 ½ 02/15/26	104.7950 BGN	-0.0152	0.620295	3.315	-24.743	-0.357	3.206
3) DBR 0 08/15/26	99.4040 BGN	0.0610	0.569104	6.299	-50.691	-0.357	6.254

POLGB FUTURES ARE SIMILAR TO GERMAN BOND FUTURES

CTD basket for RXZ6

DLV and CMS functions on Bloomberg





POLGB FUTURES ARE SIMILAR TO GERMAN BOND FUTURES

Other countries have also launched their bond futures contracts

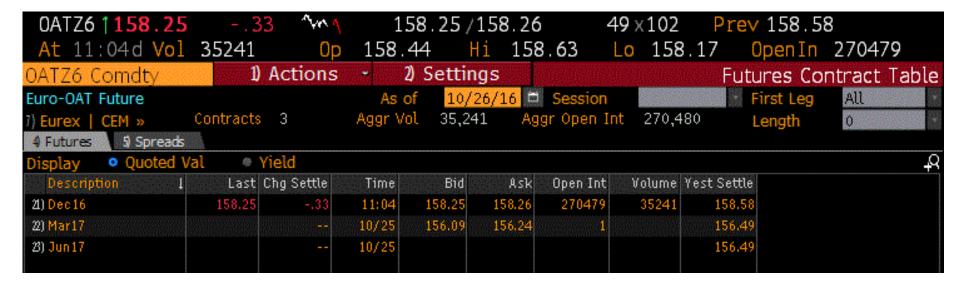
- OAT futures (OATA)
- BTP futures (IKA)
- POLGB futures !! (WLSA)
 - ▶ Few differences though
 - Cash settled vs BondSpot Fixing
 - Stable bond basket composition

BTP FUTURE

IKZ6 140.72	40	, Mun-1	140	0.71/1	40.72	103	x 49	Prev	141.12	
At 11:06d Vol	30161	0p	141.0	05	i 141	22	0 140	0.65	Open In	285467
IKZ6 Comdty	1)	Actions	- 2) Settin	gs			Fut	ures Co	ntract Table
Euro-BTP Future			As o	f 10/1	26/16	Session			First Leg	All
7) Eurex CEM »	Contracts	3	Aggr Vo	l 30,10	7 Ag	gr Open In	t 285,5	509	Length	0
4 Futures 9 Spreads	M.									
Display • Quoted V	al 🌼	Yield								₽
Description 1	Last	Chg Settle	Time	Bid	Ask	Open Int	Volume	Yest Settle		
21) Dec 16	†140.72	-,40	11:06	140.71	140.72	285467	30161	141.12	2	
22) Mar 17	139.15	13	9:57	138.86	138.90	42	2	139,28	3	
23) Jun 17			10/25	135.71	138.72			139,12	2	

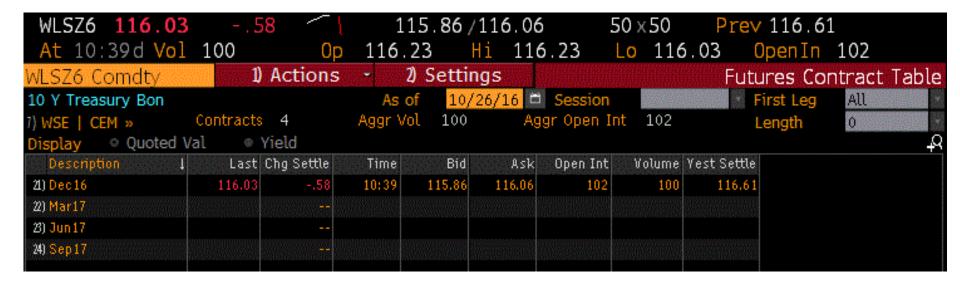


OAT FUTURE





POLGB FUTURE





USE OF BOND FUTURES

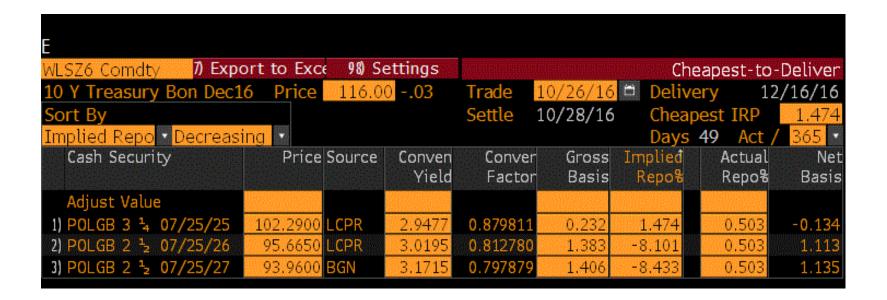
USE OF BOND FUTURES

- Short term outright position taking and portfolio hedging
- IRS hedging
- **■** Country credit exposure
- Synthetic repo

- Main advantages
 - pricing transparency
 - Liquidity
 - possibility to add leverage to portfolio
 - no repo needed
 - central counterpart

POLGB LONG TERM FUTURE EXAMPLE

- https://www.gpw.pl/kontrakty_terminowe#ipk_obligacje
- Bloomberg tickers : WLSA, BMWA, WYSA
- Reuters tickers: 0#FLTBPL, 0#FMTBPL, 0#FSTBPL
- 100k PLN notional, cash settled



POLGB LONG TERM FUTURE EXAMPLE

- POLGB 07/25 most likely to be CTD (CMS function)
- Sensi of 07/25 bond 7.72
- Sensi of future 8.77 (sensi bond / conversion factor)



POLGB LONG TERM FUTURE EXAMPLE

Execution

- Through futures broker / direct access
- In case you need to contact SG

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