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Interest Rate Derivatives
Fixed Income Futures

eurex

Interest Rate Derivatives – Fixed Income Futures

Eurex's fixed income derivatives are the benchmark for the European yield curve and often serve as a standard reference when comparing, evaluating, and hedging interest rates in Europe. In addition to hedging pure duration risk of euro-denominated portfolios, the Euro-Bund, Euro-Bobl and Euro-Schatz Futures allow investors to enter positions based on interest rate movements. Investors are able to use these products to take relative value positions between different maturity ranges or market segments as well as to arbitrage between the cash and futures markets. For these purposes, Eurex provides the fixed income market with the most liquid marketplace for interest rate derivatives in the world.

Contract Specifications – Fixed Income Futures

Euro-Bund Futures are based on a notional long-term debt instrument with a term of 8.5 to 10.5 years, Euro-Bobl Futures are based on a notional medium-term debt with a term of 4.5 to 5.5 years, and Euro-Schatz Futures are based on a notional short-term debt instrument with a term of 1.75 to 2.25 years. All of the aforementioned futures bear a notional coupon rate of six percent and are based on debt instruments issued by the Federal Republic of Germany. Euro-Bund as well as Euro-Bobl Futures have contract values of EUR 100,000 and minimum price changes of 0.01 percent – equivalent to a value of EUR 10. Euro-Schatz Futures have a contract value of EUR 100,000 and a minimum price change of 0.005 percent – equivalent to a value of EUR 5.

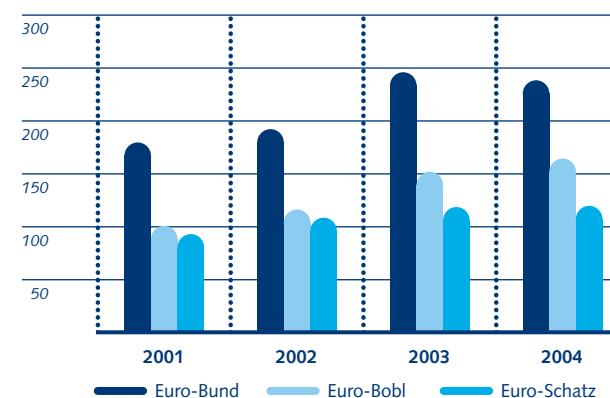
There are contracts available for the three successive quarterly months within the March, June, September and December cycle. The Delivery Date is the tenth calendar day of the respective quarterly month, if this day is an exchange trading day; otherwise the following trading day. The Last Trading Day lies two exchange trading days prior to the Delivery Day of the relevant delivery month. Trading hours of the fixed income futures are from 08:00 to 19:00 CET. On the Last Trading Day, trading in the maturing delivery month ceases at 12:30 CET.

Traded Contracts & Open Interest

Eurex's Euro-Bund (FGBL), Euro-Bobl (FGBM) and Euro-Schatz (FGBS) Futures are the world's most heavily traded fixed income futures. The most actively traded product amongst them, the Euro-Bund Future, had a daily average volume of approximately one million contracts during 2004. Open interest for the Euro-Bund Future at the end of 2004 was approximately 1,200,000 – an increase of four percent compared to 2003. Trading volume in the Euro-Schatz Future has increased by five percent during 2004, rising to 123 million contracts. Likewise, open interest rose by 20 percent in comparison to 2003.

The total volume of the Euro-Bund, Euro-Bobl and Euro-Schatz Futures contracts has risen sharply in recent years. In 2004, approximately 240 million Euro-Bund Futures, 159 million Euro-Bobl Futures and 123 million Euro-Schatz Futures contracts were traded at Eurex. Combined open interest stood at 2,645,253 at the end of December 2004.

Euro-Bund, Euro-Bobl and Euro-Schatz Futures, Volume 2001 – 2004 (in Millions)



Liquidity

The table below highlights the liquidity of these futures in terms of average trade size, bid/offer size and market depth.

	Euro-Bund Futures	Euro-Bobl Futures	Euro-Schatz Futures
Daily average volume of traded contracts ¹	933,000	619,000	478,000
Average number of contracts per trade ¹	21	28	58
Average bid/offer spread ²	1 Tick = EUR 10	1 Tick = EUR 10	1 Tick = EUR 5
Average bid/offer size (Number of executable contracts for best bid/ask prices) ²	1,000	1,500	2,500
Average order book depth (Accumulated number of executable contracts for the ten best prices) ³	15,000	20,000	30,000

¹ Average taken over 2004

² Average taken from January 19, 2005

³ Spot check on January 25, 2005 at 10:00 CET

The average number of contracts per trade as well as the tradable sizes (bid/offer) for Euro-Bobl and Euro-Schatz Futures are larger in comparison to Euro-Bund Futures, which feature a higher sensitivity to interest rate changes. Euro-Bund Futures, however, are the dominant contracts as they generate the largest number of trades and the highest turnover.

Comparison with Global Fixed Income Products

During 2004, the Euro-Bund Futures contract accounted for more than 51 percent of trading in the global long-term segment with 240 million contracts traded. During the same period, 196 million 10 Year U.S. Treasury Note Futures, 14 million Long Gilt Futures and 8 million Japanese Government Bonds were traded.

Further Information

For more detailed information on the Euro-Bund, Euro-Bobl and Euro-Schatz Futures, including contract specifications and margin rates, please refer to the Eurex website at www.eurexchange.com.

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