

Long EU Bond Future

ICE Long EU Bond Futures contract is a cash-settled future which references the ICE 8-13 Year European Union Index (GOEU8T13). The contract is traded on ICE Futures Europe and cleared at ICE Clear Europe, alongside the existing rates suite of futures & options.

European Union Bonds

The European Commission is empowered by the EU Treaties to borrow from the international capital markets on behalf of the European Union and uses the proceeds of EU-Bond issuances to fund EU policy programmes. A landmark policy programme currently funded by EU-Bonds is the NextGenerationEU recovery instrument, under which the EU is expected to raise up to €712 billion (out of a maximum programme envelope of €806.9 billion) by 2026.

These bonds are categorised as Supranational bonds as they are issued by the European Union, rather than an individual country. The EU is rated AAA (outlook stable) by Fitch and AA+ (outlook stable) by Standard & Poor's. The EU's ratings reflect the fact that EU borrowing is direct and unconditional obligation of the EU. The EU is legally bound by the Treaty on the Functioning of the EU (Article 323) to service the EU debt.

Key points

- ICE Data Indices (IDI) which is a recognised third country Benchmark Administrator under the U.K. Benchmarks Regulation
- Unique approach to European Union Bonds with a cash settled bond index future
- Historical volatility of the Index is similar volatility to other benchmark European Bond Futures
- Spreads trading opportunities with OAS – Govt spread at 50 and OAS – Swap at 45
- Last Trade Date (LTD) will coincide with other benchmark EU Government Bond Futures.

The Underlying Index – ICE 8-13 Year European Union Index

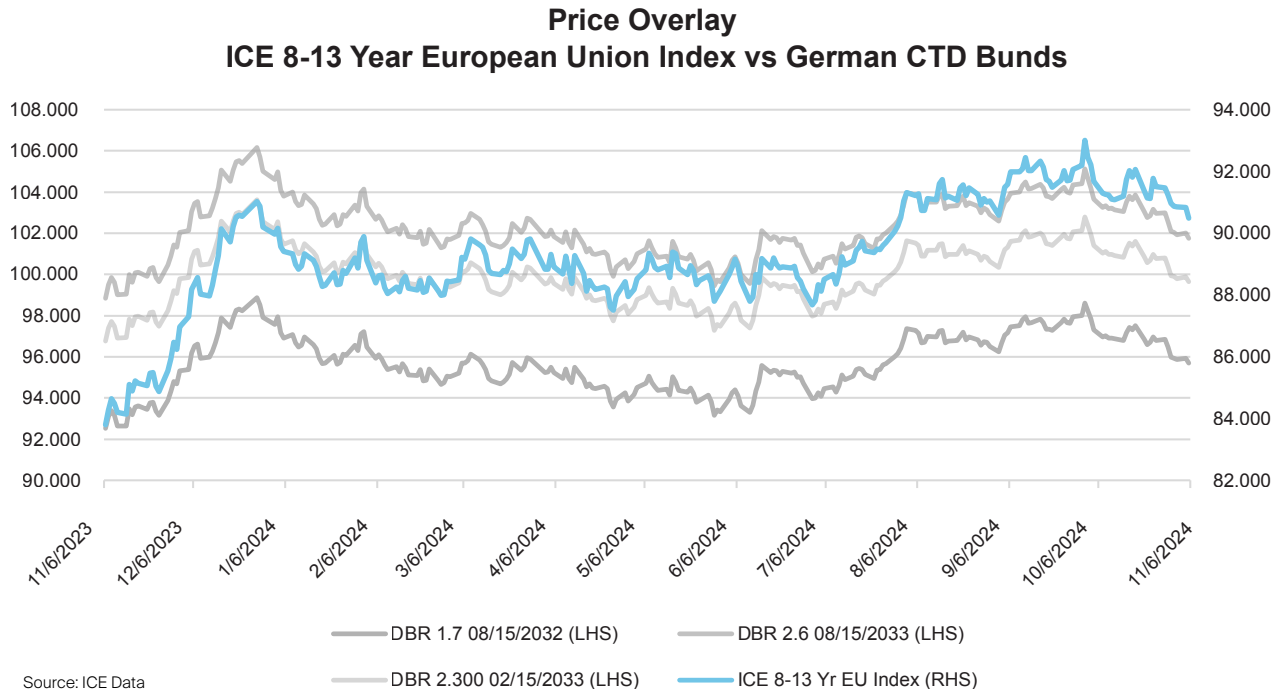
ICE 8-13 Year European Union Index is a subset of the ICE European Union Index including all securities with a remaining term to final maturity greater than or equal to 8 years and less than 13 years.

ICE European Union Index tracks the performance of EUR denominated debt publicly issued by the European Union in the Eurobond or Euro member domestic markets. Qualifying securities must have a fixed coupon schedule and a minimum amount outstanding of EUR 1 billion.

Index constituents are market capitalisation weighted. Accrued interest is calculated assuming next-day settlement. Cash flows from bond payments that are received during the month are retained in the index until the end of the month and then are removed as part of the monthly rebalancing. Cash does not earn any reinvestment income while it is held in the index.

Underlying Index Market relationships

The following price overlay chart of the Index depicts the relationship between cheapest-to-deliver German Bunds.

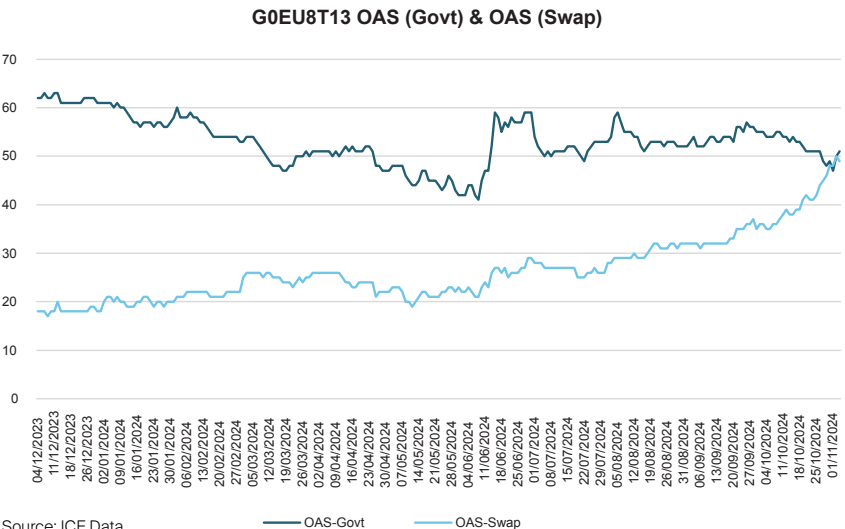


Correlation analysis

	ICE 8-13 Year European Union Index
DBR 1.700 08/15/2032	0.9729
DBR 2.600 08/15/2033	0.9620
DBR 2.300 02/15/2033	0.9671

The Index displays strong price correlations to the cheapest-to-deliver German Bunds (“DBR”). The table highlights the 120-day price correlation for the DBR’s depicted in the above chart.

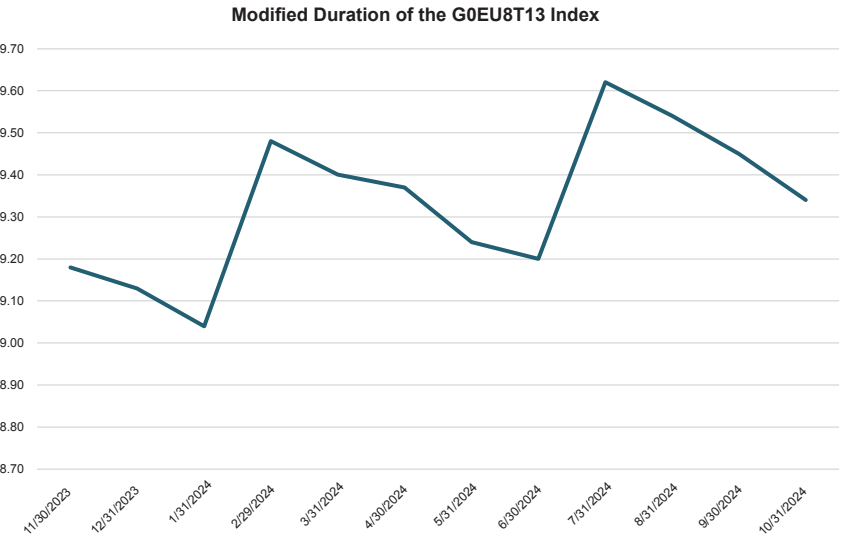
Option-adjusted spreads



The ICE 8-13 Year European Union Index’s Option-Adjusted Spreads (“OAS”) which measures the yield spread of the bonds in this Index to Government Bonds and Swaps.

Despite the AAA rating with stable outlook supranational bonds of the European Union still display spreads over Govies and Swaps.

Index duration



Source: ICE Data

The ICE 8-13 Year European Union Index is a unique Index that allows hedgers and speculators to gain exposure to a specific point on the European Union Curve. Duration over the past twelve months has ranged between 9 years to 9.6 years.

Contract Specifications

ICE Long European Union Bond Index Future	
Trading hours	7 a.m. – 6 p.m. London time
Contract size	€500 per Index Point
Quotation	Price Index quoted to three decimal places
Minimum price movement	Order book: 0.010 (€5) index points
	Blocks: 0.001 (€0.50) index points
Delivery months	Nearest two quarterly expiry months
Last Trading Day	Two business days before the 10th calendar day of the respective quarterly month, trading will cease at 4:15 p.m. London local time
EDSP	The EDSP of an expiring Long EU Bond Index Future shall be the Closing Index Value of the ICE 8-13 Year European Union Index (G0EU8T13 Index) on the Last Trading Day as determined by ICE Data Indices
	EDSP quoted to three decimal places (0.001)
Matching algorithm	FIFO
Wholesale service	Asset allocation, basis trading, block trading
Contract standard	Cash settled
Clearing venue	ICEU (ICE Clear Europe)
Exchange code	EUI
Bloomberg ticker	IEBA Index
Underlying index	ICE 8-13 Year European Union Index
Bloomberg ticker (EOD)	G0EU8T13 Index
Bloomberg Real Time Index	GREU8T13 Index

Source: ICE Data

Key links

[ICE Index Platform](#)

[ICE Futures Europe Block Thresholds](#)