

Euro-BONO Futures

Spanish government bond futures

In 2015 Eurex launched a new fixed income future based on notional long-term debt securities of the Kingdom of Spain (Obligaciones del Estado).

With the Euro-BONO Future Eurex offers market participants a liquid, listed derivatives instrument to precisely and efficiently trade and hedge Spanish government debt. The Euro-BONO expands our coverage of the euro yield curve and complements our fixed income futures offering in long-term bonds for Germany (Euro-Bund Future), France (Euro-OAT Future) and Italy (Euro-BTP Future).

Spanish product

From the beginning of the sovereign crisis until 2015 Spanish and Italian government bond yields were closely correlated. Therefore, Euro-BTP Futures were considered a good proxy-hedging instrument for Spanish government bond portfolios.

Starting from 2016, different developments in Spanish and Italian government bond markets due to specific Spanish and Italian factors raised the prospect of Euro-BTP Futures no longer being an appropriate hedge for Spanish government bonds. In October 2018 the gap between the Italian and the Spanish 10-year borrowing costs was at its highest since 2012.

To address the needs of investors with Spanish government debt exposure, Eurex offers futures on long-term Spanish government bonds (10-year Obligaciones del Estado – BONOs). The Euro-BONO received CFTC approval and is available for trading directly via terminals located in the U.S.

Key benefits

Eurozone rates hedging:

Together with Eurex's Euro-BTP, the Euro-OAT and Euro-Bund Futures, the Euro-BONO Futures are a set of precise hedging tools for interest rates in the Eurozone.

Spanish rates hedging:

Precised hedging of Spanish debt with Spanish Euro-BONO Futures

Futures alternative:

For investors, Euro-BONO futures are an alternative to sovereign credit default swaps (CDS) following European Union rules that outlaw naked positions in CDS contracts.

Enhanced basis trading:

Euro-BONO Futures provide the opportunity to trade the basis on Spanish debt instruments and complement the Spanish cash market.

Spread trading:

A liquid alternative to cash bonds for trading the respective yield spread between German and Spanish debt.

Cost efficiencies.

Benefit from potential margin off-sets against other Eurex Fixed Income Futures positions with Eurex Clearing, one of the leading CCPs globally.

113,061

traded contracts in 2019 (as of 31 Aug)



173,450

traded contracts in 2018



665

average daily volume in 2019 (as of 31 Aug)



5,061

open interest (as of 30 Aug)



European bond yield spreads over Germany Jan 2011 – Sep 2019

The spread between the Italian and the Spanish 10-year borrowing costs has been volatile over the last 5 years.



Block Trade Service

In order to complement the Eurex order book, Euro-BONO Futures can also be agreed bilaterally, and subsequently registered via our Eurex Trade Entry Services. Thus investors enjoy the opportunity to combine the flexibility of customized trading with the advantages of standardized

clearing and settlement. For the Eurex Block Trade Service, the transactions are subject to the minimum Block Trade threshold of 250 contracts.

Exchange for Swaps (EFS) and Exchange for Physicals (EFP)

To facilitate basis trading, the Exchange for Swaps (EFS) and Exchange for Physicals (EFP) Services allow for the simultaneous purchase/sale of futures along with a sale/purchase of the underlying bond, vanilla swap or another futures contract irrespective of trade size.

Mitigating risks through CCP clearing

With Eurex Clearing, Europe's leading clearing house for securities and derivatives transactions, as the central counterparty to all trades, you benefit from mitigated counterparty risk. Eurex Clearing provides effective CCP, risk and collateral management services thus improving operational efficiency as well market safety overall.

Contract codes

Long-Term Euro-BONO Futures	
Product ID	FBON
Product ISIN	DE000A163W29
Vendor codes	Bloomberg: KOAA Comdty Reuters: <0#FBON:> CQG: FBON

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