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eurex

The International Derivatives Exchange

May 2009

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Tradable Eurex Products from the U.S.

Fixed Income Derivatives

Fixed Income Futures

Euro-Schatz, Euro-Bobl, Euro-Bund and Euro-Buxl® Futures
CONF Futures (CONF)

Options on Fixed Income Futures

Options on Euro-Schatz, Euro-Bobl and Euro-Bund Futures

Commodity Derivatives

CO2 Derivatives

EUA Futures (F2PE)
CER Futures (FCER)
Options on EUA Futures (O2PE)

Gold Derivatives

Gold Futures (FGFX)
Gold Options (OGFX)

Inflation Derivatives

Euro-Inflation Futures (HICP)

Equity Index Derivatives

Benchmark Equity Index Futures

DAX® Index, MDAX® Index, TecDAX® Index, Dow Jones EURO STOXX 50® Index, Dow Jones STOXX 50® Index, SLI Swiss Leader Index® and RDxxt® USD - RDX Extended Index Futures

Sector Index Futures

Dow Jones STOXX® Large 200 Index, Dow Jones STOXX® Mid 200 Index, Dow Jones STOXX® Small 200 Index, Dow Jones EURO STOXX® Banks Index, Dow Jones STOXX® 600 Banks Index, Dow Jones STOXX® 600 Industrial Goods & Services Index, Dow Jones STOXX® 600 Insurance Index, Dow Jones STOXX® 600 Media Index, Dow Jones STOXX® 600 Personal & Household Goods Index, Dow Jones STOXX® 600 Travel & Leisure Index, Dow Jones STOXX® 600 Utilities Index, Dow Jones EURO STOXX® Select Dividend 30 Index, Dow Jones STOXX® 600 Index, Dow Jones Global Titans 50 SM Index, SMIM® Index

Money Market Derivatives

Money Market Futures

One-Month EONIA Futures (FEO1)
Three-Month EURIBOR Futures (FEU3)

Options on Money Market Futures

Options on Three-Month EURIBOR Futures (OEU3)

Please find the current products available for trade in the U.S. and the current trading hours on our website: www.eurexchange.com:

➤ [Trading](#) > [Products](#) > [Trading in the U.S.](#)

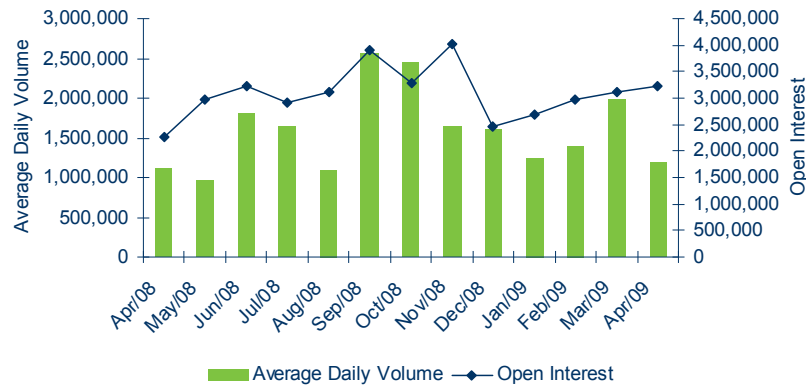
➤ [Trading](#) > [Trading Calendar](#) > [Trading Hours](#)

Why Trade on Eurex?

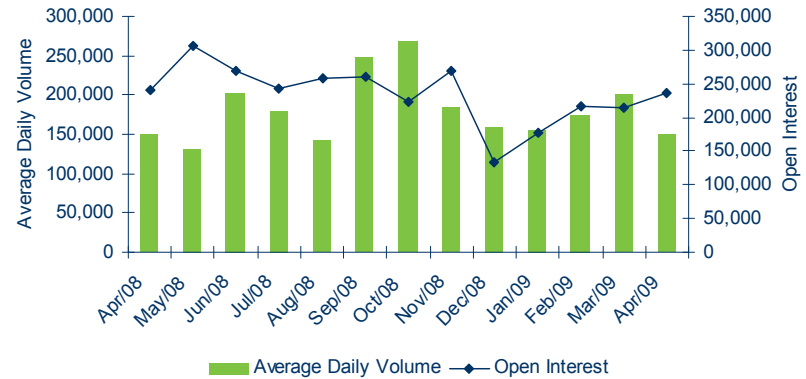
- **Trade during different time zones**
 - Trading hours: 12:50 AM CST - 3:00 PM CST
 - Follow the sun.....Many moves that begin in Asia and Europe carry over
- **Diversify**
 - Exploit new opportunities and product offerings in foreign markets
 - Use index futures as an alternative to purchase a basket of stocks – and benefit from the leverage effect
 - Lower transaction costs in futures offer advantages versus other investment vehicles such as cash equities or ETFs
 - Efficient vehicle to protect index portfolios against market downturns
 - Euro-denominated contract
 - Liquid, volatile markets are well suited to intraday trading.
- **Markets that provide similar profit risk/reward scenarios**
 - Similar to the most popular products
- **Features of Eurex Markets**
 - Extremely liquid
 - Large open interest
 - Large depth of market
 - Good movement/volatility

Average Daily Volumes & Open Interest*

Dow Jones EURO STOXX 50[®] Index Futures



DAX[®] Futures

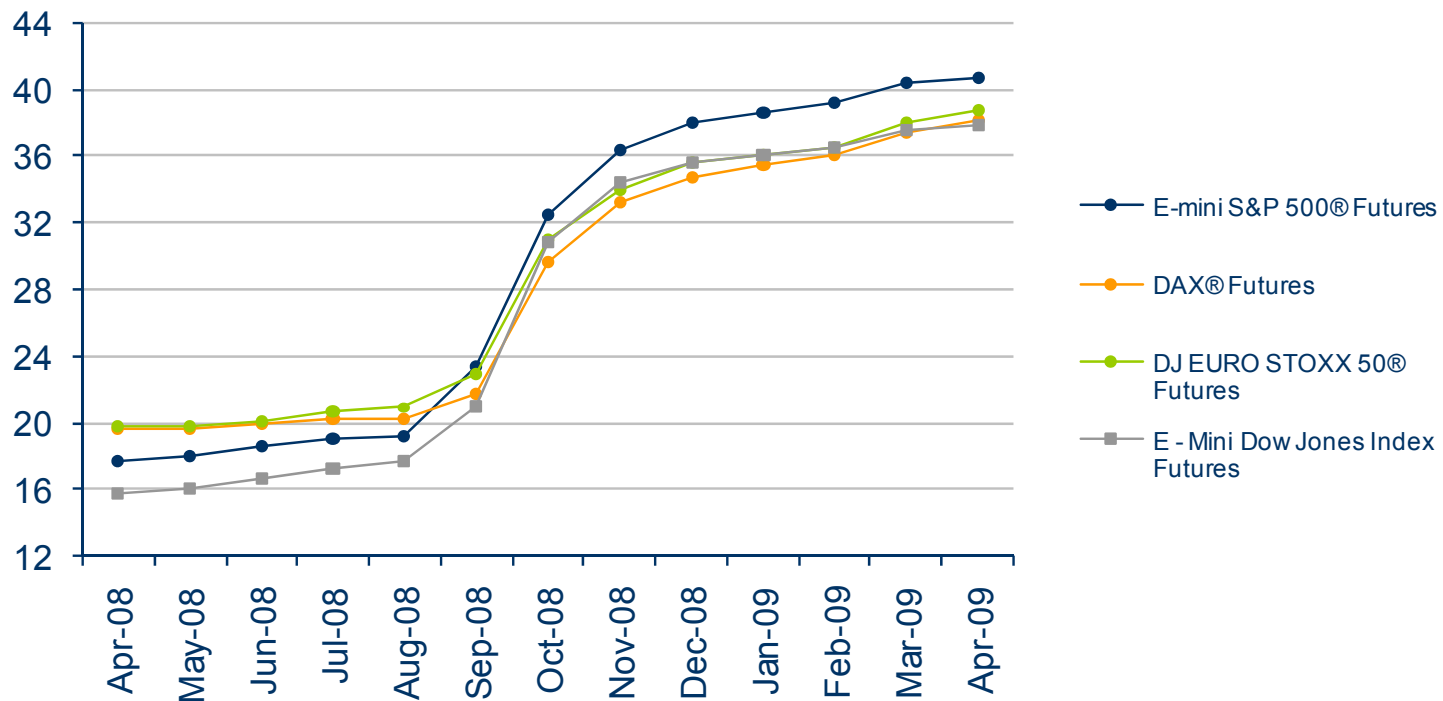


*May 2009

A Comparison of Historical Volatility

Dow Jones EURO STOXX[®] and DAX[®] vs. US Equivalents

360 Day Historical Volatility Monthly Average



Source: Bloomberg

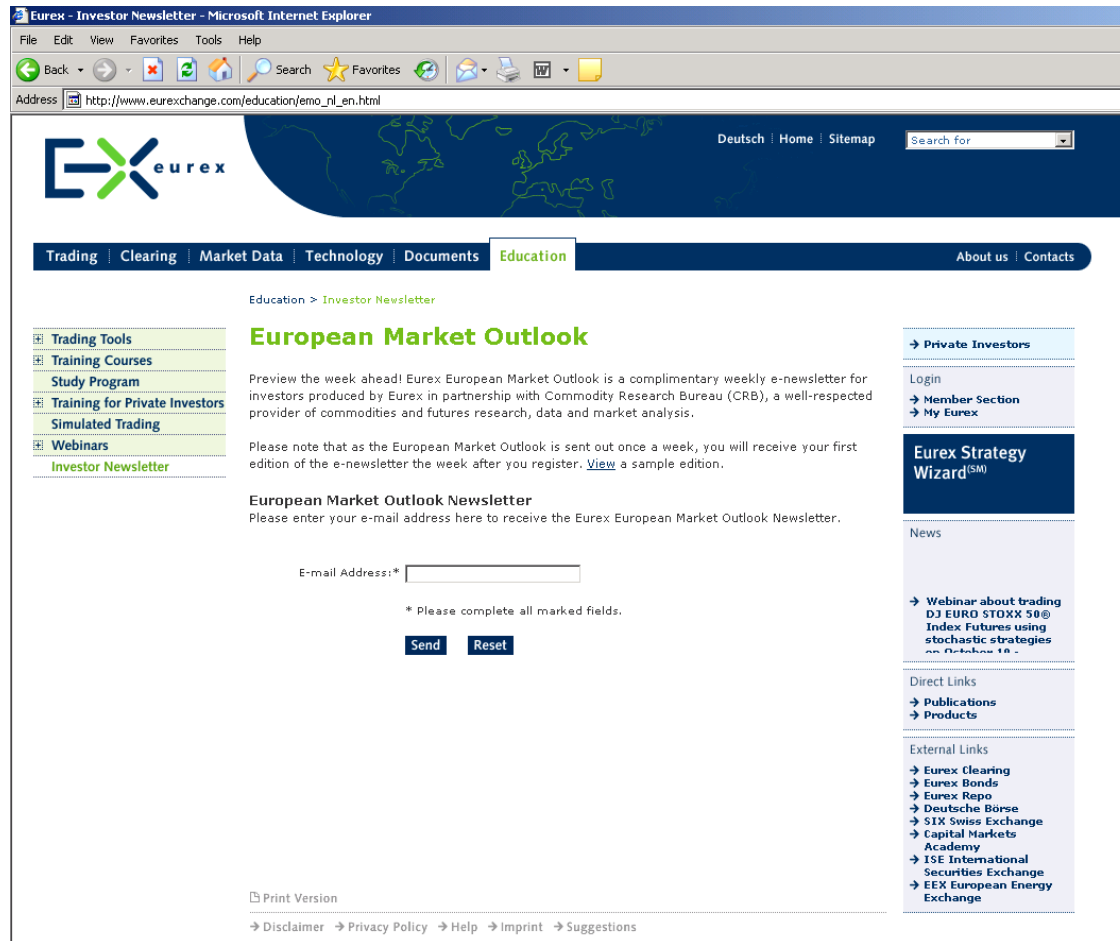
Eurex Products in relation to U.S. Index Futures

Eurex Products	U.S. Index Futures					
	S&P 500 E-Mini Future (ESA)	S&P 500 Future (SPA)	Nasdaq 100 E-mini Future (NQA)	Nasdaq 100 Future (NDA)	DJIA Mini (DMA)	DJIA Index Future (DJA)
1 DAX® Index Futures (GXA)	3.67	0.73	5.77	1.15	3.93	1.97
1 DJ EURO STOXX 50® (VGA)	0.71	0.14	1.12	0.22	0.76	0.38

European Market Outlook e-Newsletter

- Free weekly e-newsletter
- Produced by CRB (division of Barchart)
- Covers week ahead in European Markets
 - What's driving markets
 - Economic calendar
- Sign up under www.eurexchange.com
 - Step 1 – Go to the 'Education' tab
 - Step 2 – Click on 'Investor Newsletter' on the left panel
 - Step 3 – Enter your e-mail address and confirm
 - If you sign up after Monday's e-newsletter is sent out, you will receive first newsletter NEXT week!

European Market Outlook e-Newsletter



The screenshot shows a Microsoft Internet Explorer browser window displaying the Eurex website. The address bar shows the URL: http://www.eurexchange.com/education/emo_nl_en.html. The website header features the Eurex logo, navigation links for "Deutsch", "Home", and "Sitemap", and a search bar. A secondary navigation bar includes "Trading", "Clearing", "Market Data", "Technology", "Documents", "Education" (highlighted), "About us", and "Contacts".

The main content area is titled "Education > Investor Newsletter" and features the "European Market Outlook" section. It includes a brief description of the e-newsletter, a registration form for the "European Market Outlook Newsletter", and a sidebar with various links and news items.

European Market Outlook

Preview the week ahead! Eurex European Market Outlook is a complimentary weekly e-newsletter for investors produced by Eurex in partnership with Commodity Research Bureau (CRB), a well-respected provider of commodities and futures research, data and market analysis.

Please note that as the European Market Outlook is sent out once a week, you will receive your first edition of the e-newsletter the week after you register. [View](#) a sample edition.

European Market Outlook Newsletter

Please enter your e-mail address here to receive the Eurex European Market Outlook Newsletter.

E-mail Address: *

* Please complete all marked fields.

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Eurex Strategy Wizard^(SM)

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[Webinar about trading DJ EURD STOXX 50® Index Futures using stochastic strategies on October 10](#)

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Trading Eurex Futures with Moving Averages

Prepared and Presented By Daniel Gramza

About the Speaker

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- Daniel Gramza is currently completing two books:
 - **TRADING IN THE EYE OF THE STORM**
 - **THE HANDBOOK OF JAPANESE CANDLE TRADING STRATEGIES**
- You can be notified when these books are available by contacting Daniel Gramza:

Daniel M. Gramza

President

Gramza Capital Management, Inc.

e-mail: **dmgramza@att.net**

Eurex Overview

Mathematical Studies

Price Overlay

Moving Averages

Trading Applications

Q&A

Dow Jones Euro STOXX 50[®] - Underlying Index

- Benchmark equity index
- Tracks the development of the European economy
- Focus on the Euro zone countries that have adopted the Euro as their currency
 - Austria, Belgium, Finland, France, Germany, Greece,
 - Ireland, Italy, Luxembourg, the Netherlands,
 - Portugal and Spain
- Captures approximately 95% of the free float market capitalization of the represented countries

Dow Jones Euro STOXX 50[®] - Underlying Index

- Index of 50 European Blue-chips firms
 - Companies that are included in the index:
 - Banco Santander
 - Carrefour
 - L'Oreal
 - Nokia
 - Renault etc.
 - Calculated by STOXX Ltd., created in 1998

Contract Specifications

Dow Jones EURO STOXX 50® Index

- A free float capitalization-weighted index of 50 blue-chips from the Euro zone countries
- DJ EURO STOXX 50® is a price return index
- Calculated by STOXX Ltd., created in 1998

Futures are Cash Settlement

Dow Jones EURO STOXX 50® Index	
Trading hours	7:50AM – 10:00PM CET; 12:50AM – 3:00PM CST
Minimum tick size	1 index point = €10 / \$13.00*
Contract size	€22,440 / \$29,172* at 2,244 index level
Contract months	The 3 nearest quarterly months of Mar, Jun, Sep, Dec
Expiration	The 3 rd Friday of the maturity month at 12:00PM CET / 5:00AM CST
Intraday daily settlement	5:30PM CET / 10:30AM CST

*EUR/USD = 1.30

Reasons to trade on Eurex

- Trade different time zones
 - Trading hours are from 12:50 AM CST - 3:00 PM CST.
 - Many moves that begin in Asia and Europe carry over into similar domestic USA products.
- Diversification
- New opportunities and product offerings in foreign markets
- Decrease market exposure to US Corporate stock market
- Large volume
- Large open interest

Reasons to trade on Eurex

- Depth of market
- Good movement / volatility
- Access to the European equity and debt markets
- Benefit from the leverage effect of futures contracts
- Lower transaction costs in futures
- Hedge
- Take foreign exchange risk
 - Euro-denominated contract

Mathematical Study Applications

The first step in using a mathematical study is to determine what **YOU WANT** the mathematical study to add to your trading strategy.

MATHEMATICAL STUDIES

Mathematical studies are DIRECTIONAL techniques that are classified as:

1. Trend following or
2. Counter trend techniques

There are two general categories of mathematical studies:

1. Price overlay studies
 - Moving averages
2. Oscillator studies
 - Stochastics
 - RSI
 - MACD

A moving average represents how a series of prices change over time.

It is typically represented as a line.



Simple Moving Average

The average price for a specified number of trading periods.

As each new period is added on, the first period is dropped.

For Example: Calculate a 5 period moving average

On Trading Days	1	2	3	4	5
Closing Prices were	1.1	1.2	1.6	0.8	1.9

5-day Average = $\frac{\text{sum of the last five day's closing prices}}{5}$
of Closing Prices

therefore,

$$\text{5-day Average of Closing Prices} = \frac{1.1 + 1.2 + 1.6 + 0.8 + 1.9}{5} = 1.32$$

At the end of the 6th day, Day 1's price is dropped, and Day 6's price is added:

On Trading Days	1	2	3	4	5	6
Closing Prices were	1.1	1.2	1.6	0.8	1.9	2.1

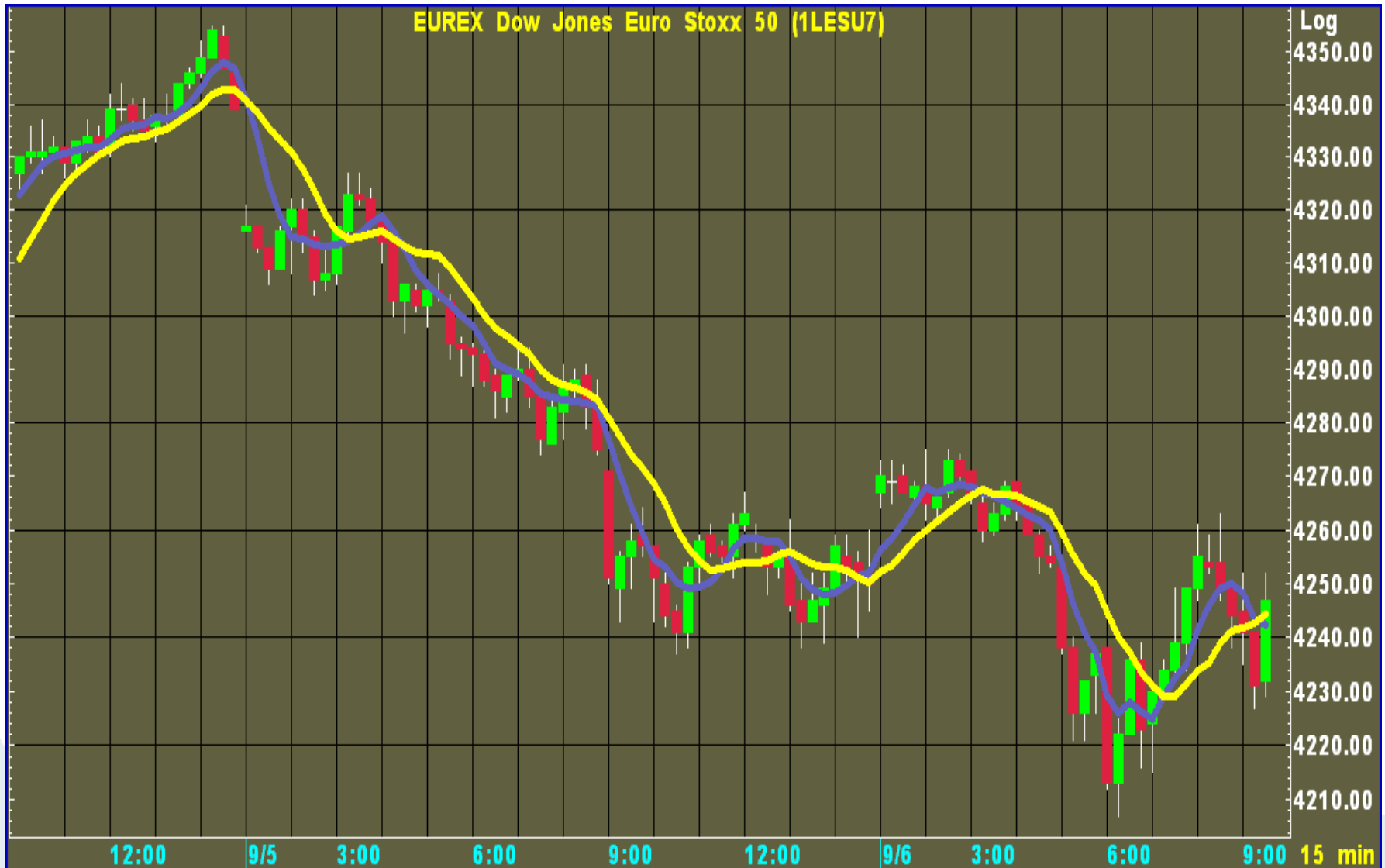
therefore,

$$\text{New 5-day Moving Average of Closing Prices} = \frac{1.2 + 1.6 + 0.8 + 1.9 + 2.1}{5} = 1.52$$

MOVING AVERAGE FEATURES



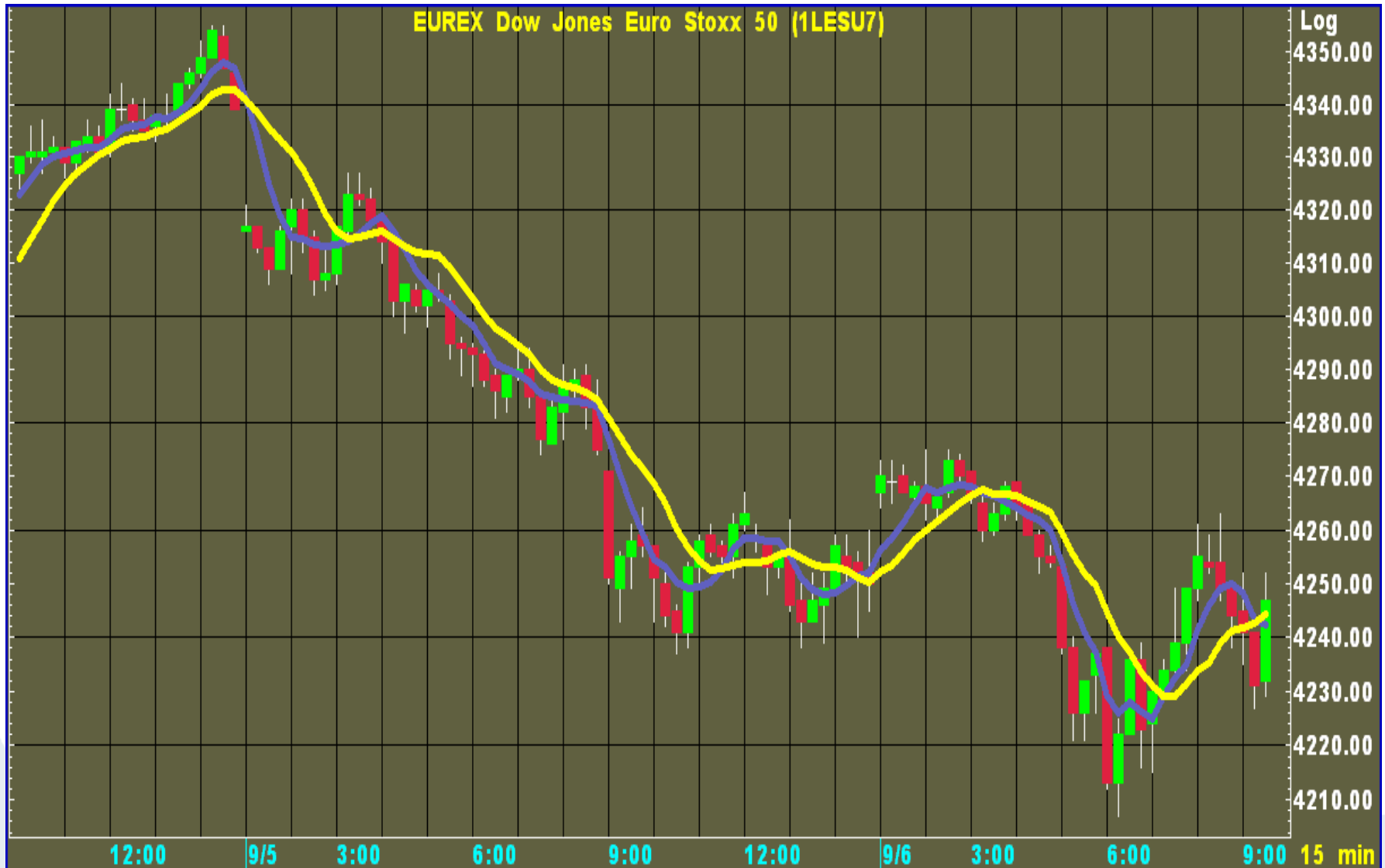
Most effective in a trending market.



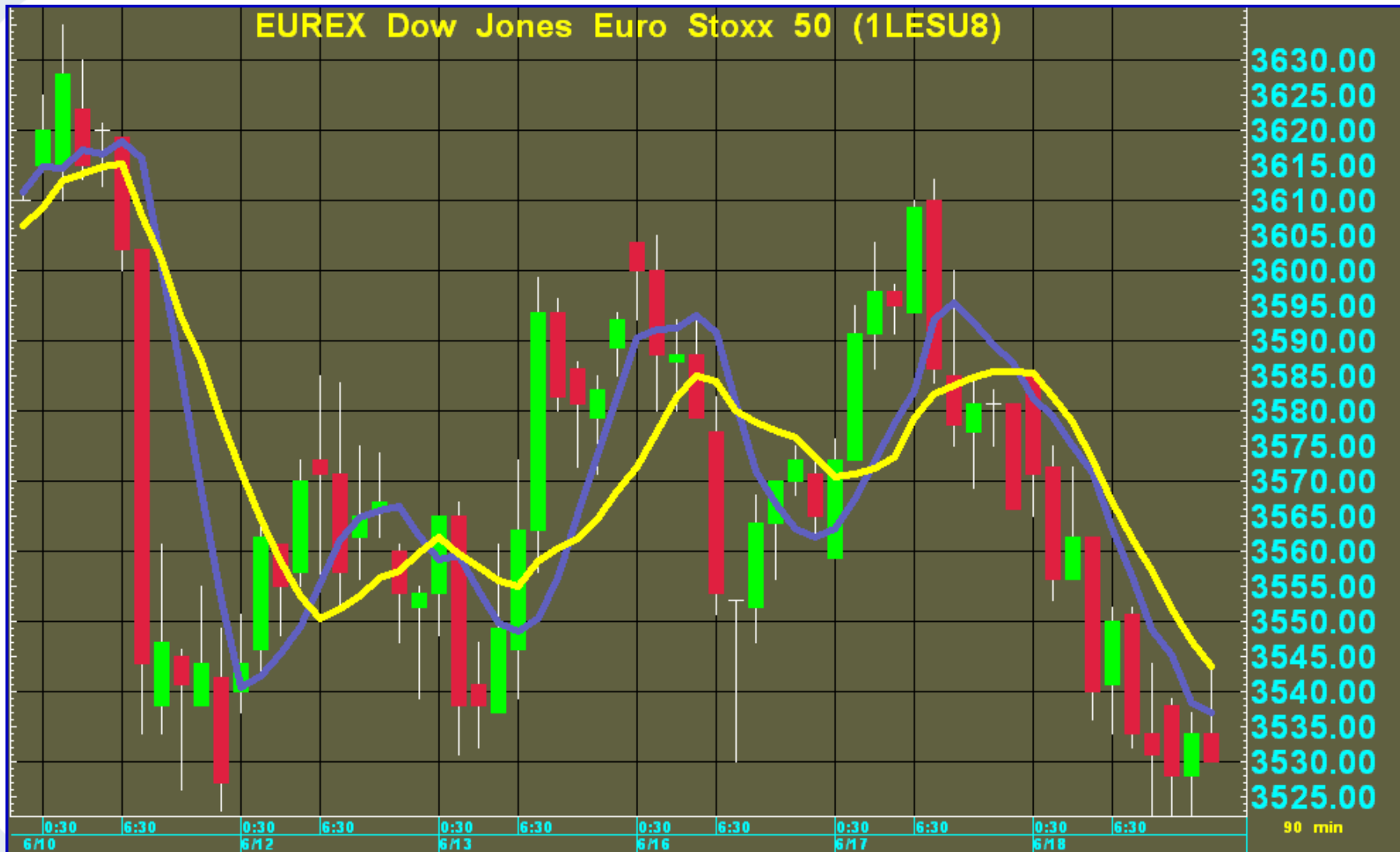
MOVING AVERAGE FEATURES



Have a tendency to lag behind market directional change.



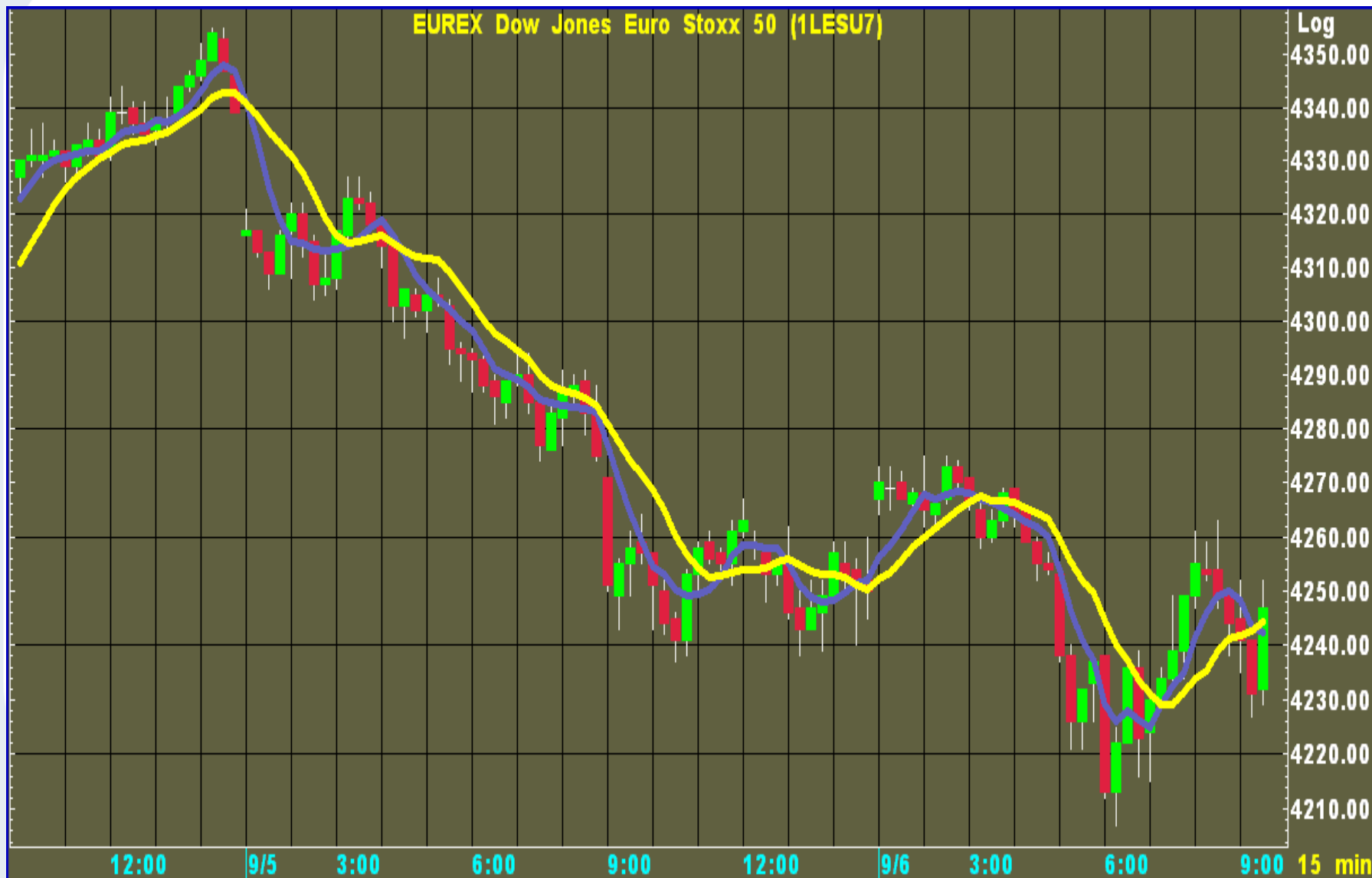
MOVING AVERAGE FEATURES



MOVING AVERAGE FEATURES (Cont'd)



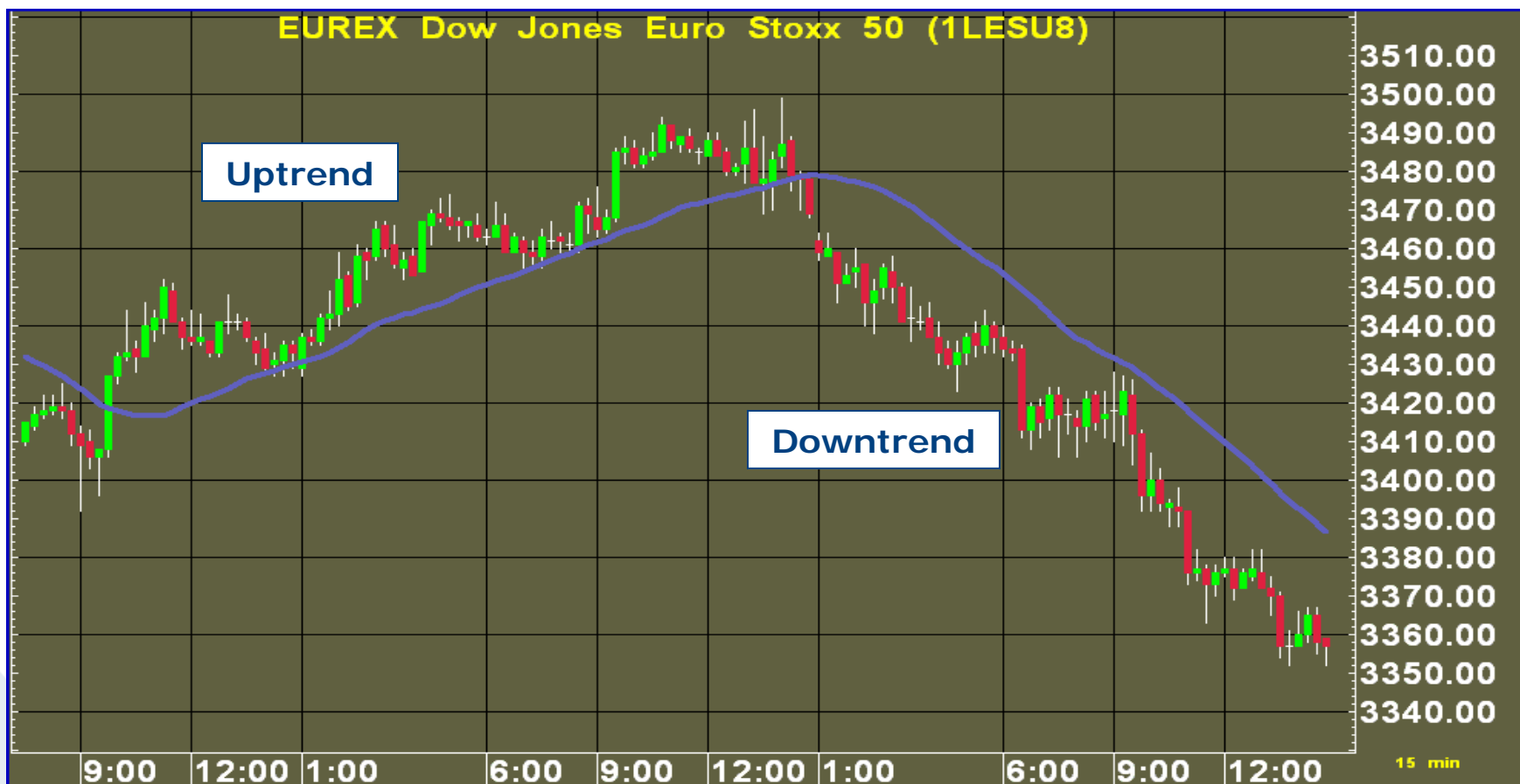
Can whipsaw a trader in a sideways market.



MOVING AVERAGE APPLICATIONS

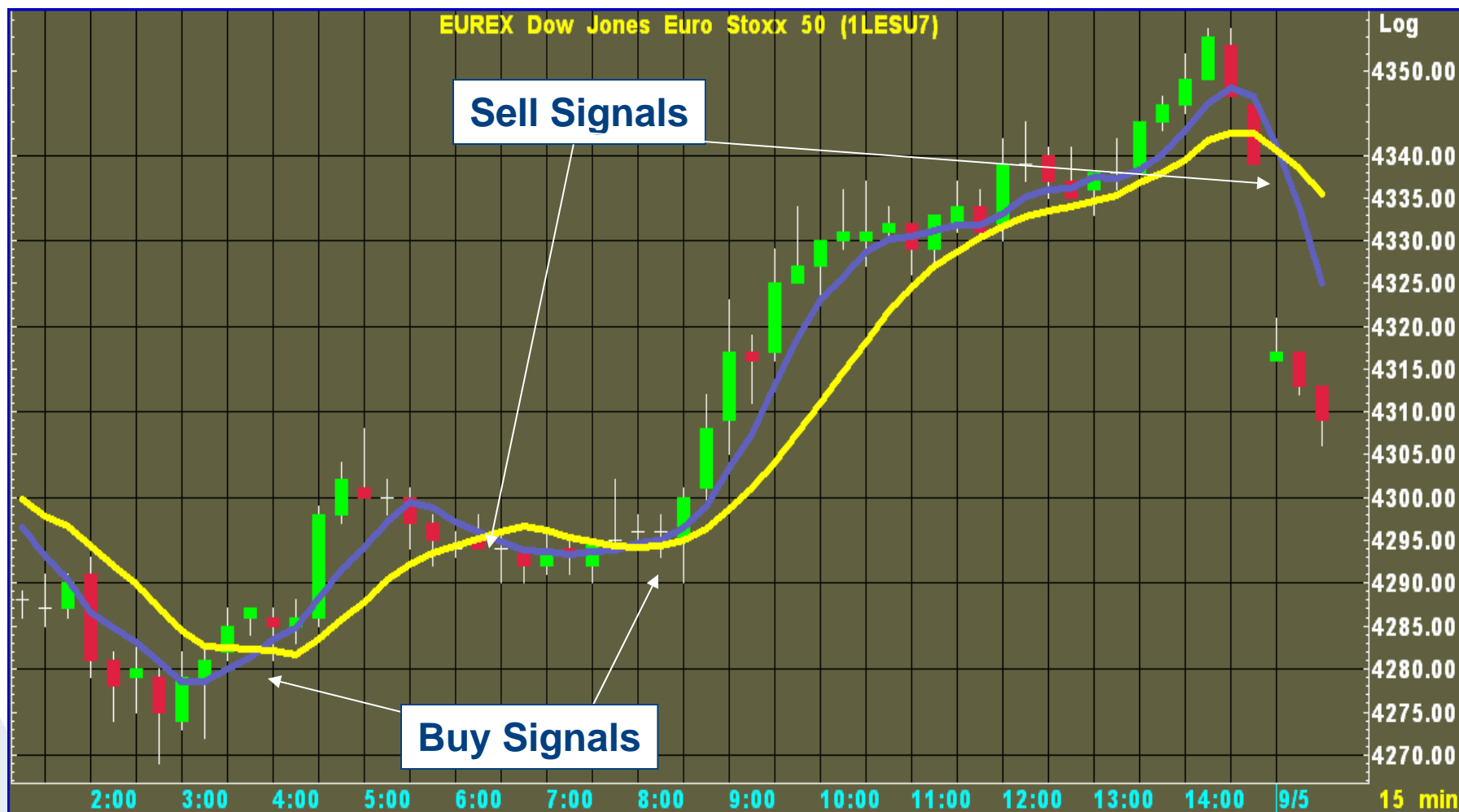
As a trend indicator by comparing current prices to longer term moving averages.

Example: Prices must be above the 30-week moving average in order to consider the market in an uptrend.



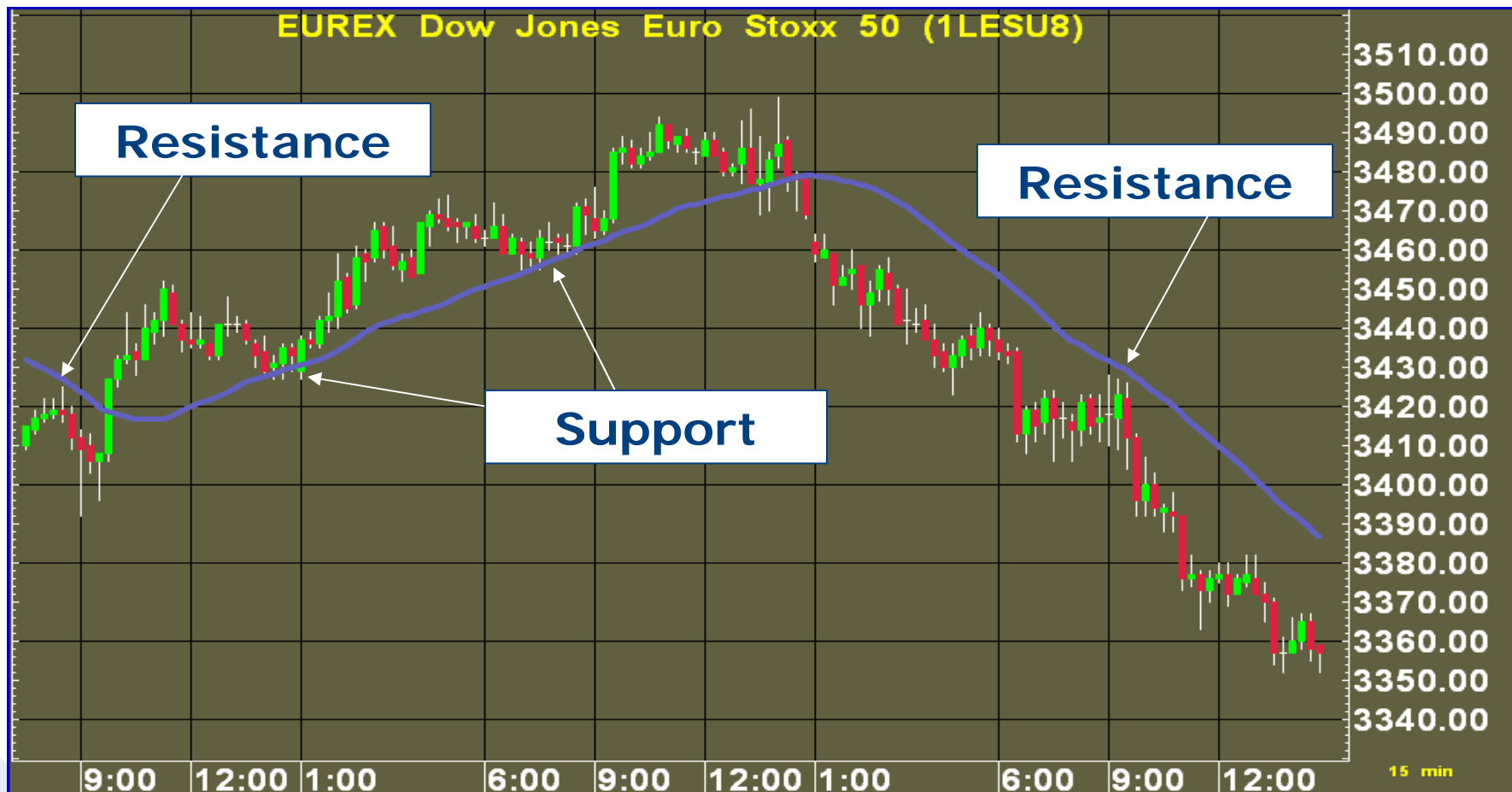
As a buy and sell indicator.

Example: When two or more moving averages cross.



As support and resistance reference.

Example: Moving average is a resistance reference for prices below the moving average and a support reference for prices above the moving average.



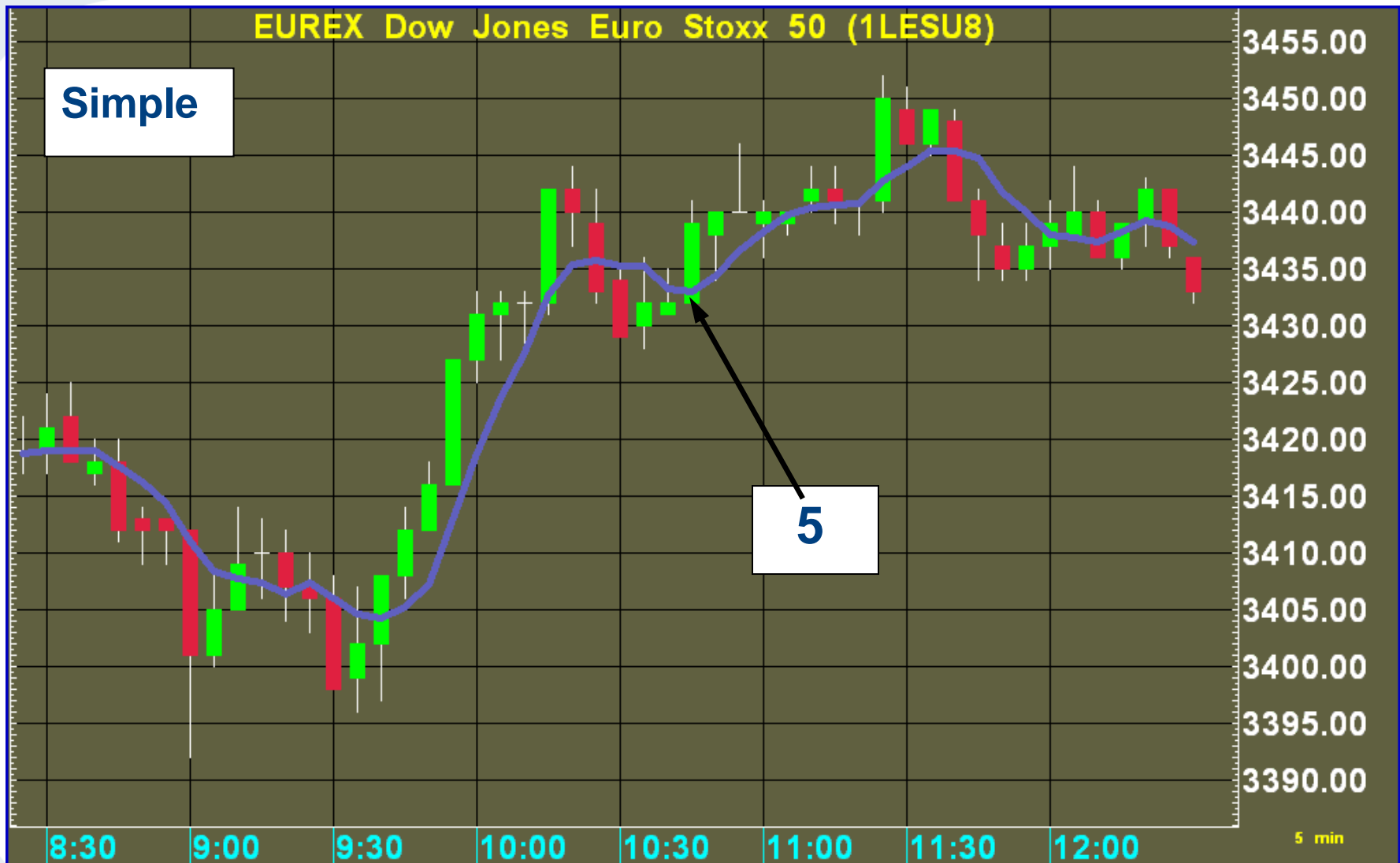
Moving Average parameters are based on three variables:

1. Sensitivity

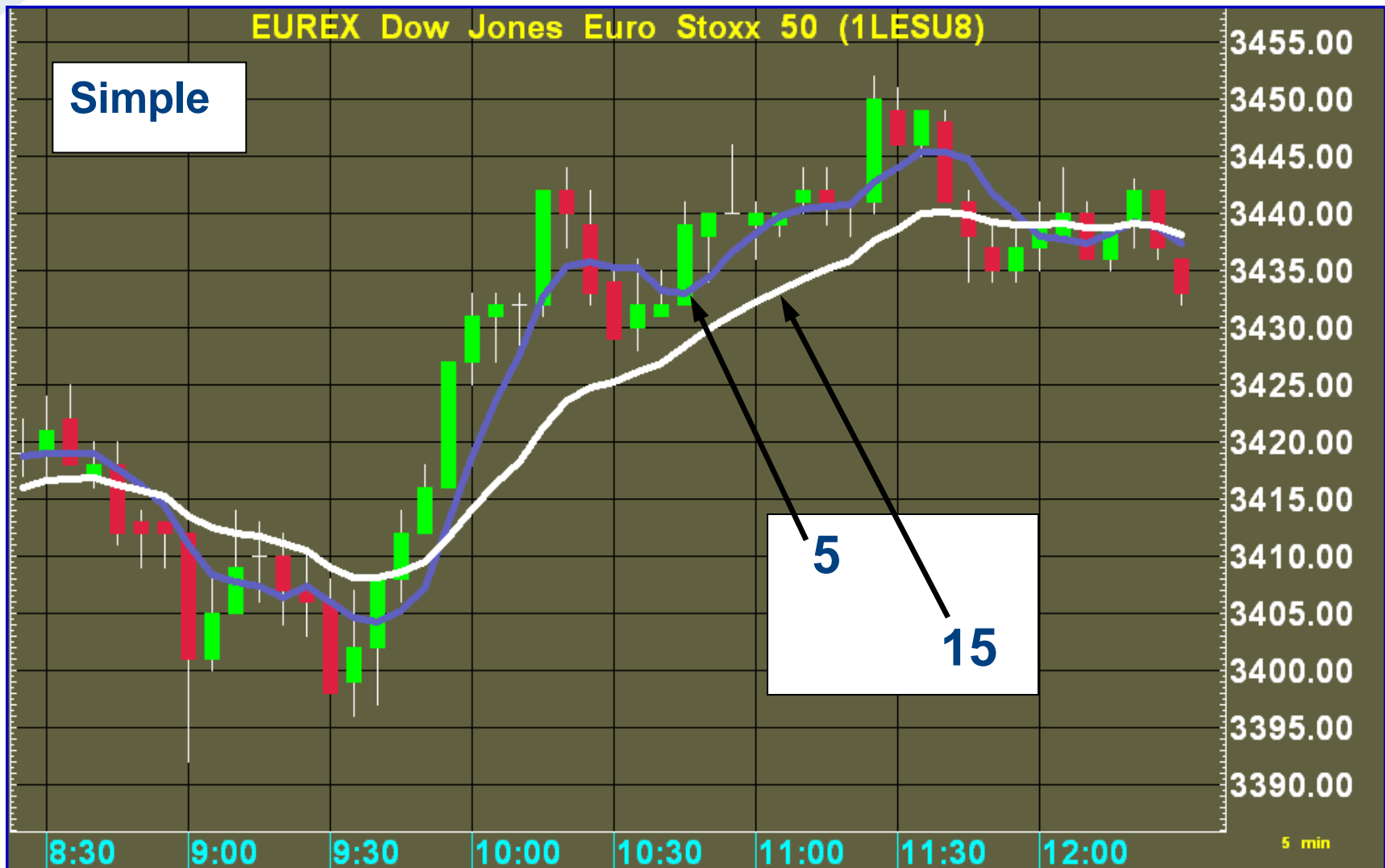
The number of periods used to calculate a moving average can be changed to increase or decrease its sensitivity.

Typical periods = 5, 8, 13, 21

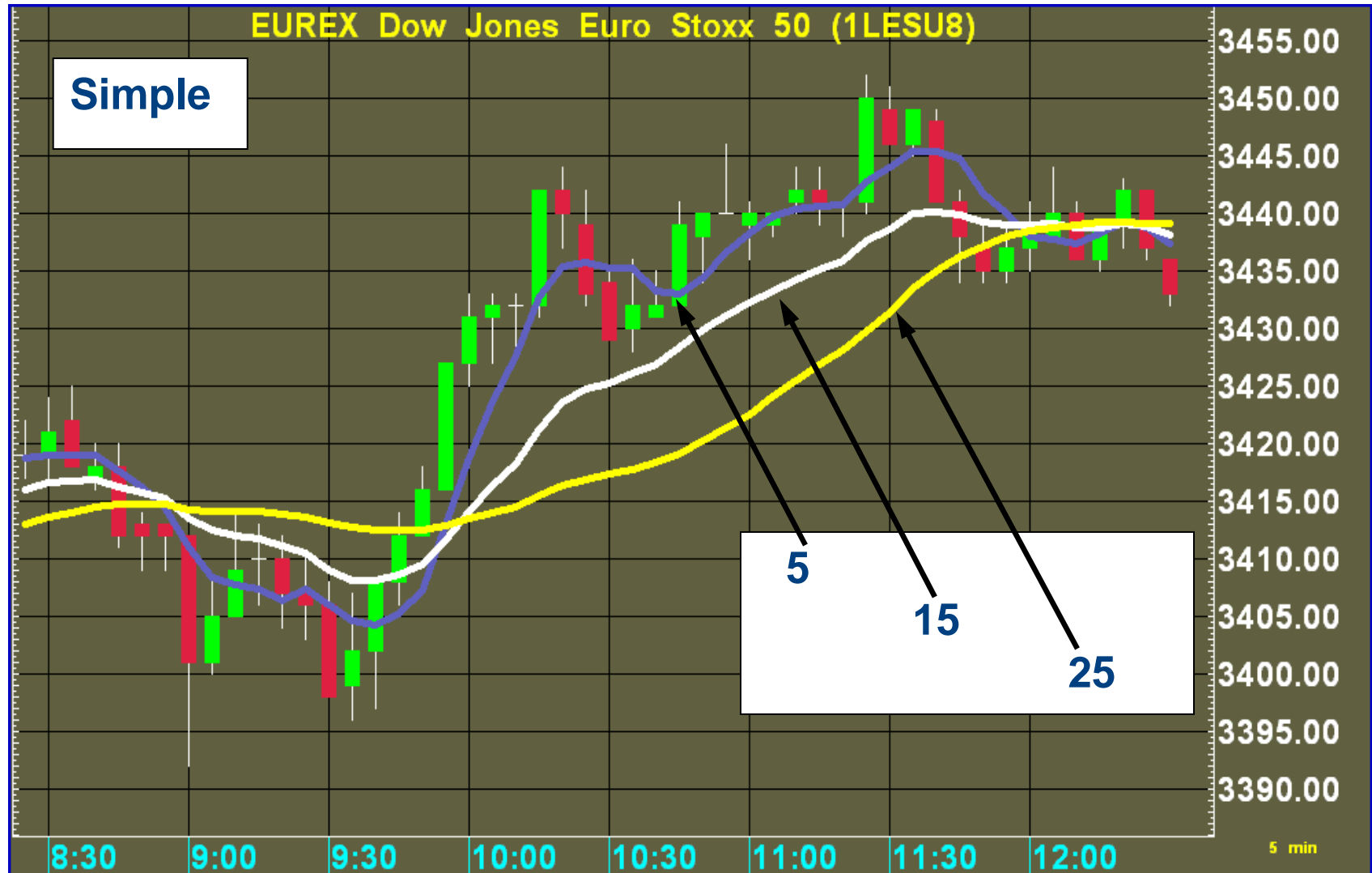
5 PERIOD MOVING AVERAGE



5 and 15 PERIOD MOVING AVERAGE



5, 15 and 25 PERIOD MOVING AVERAGE

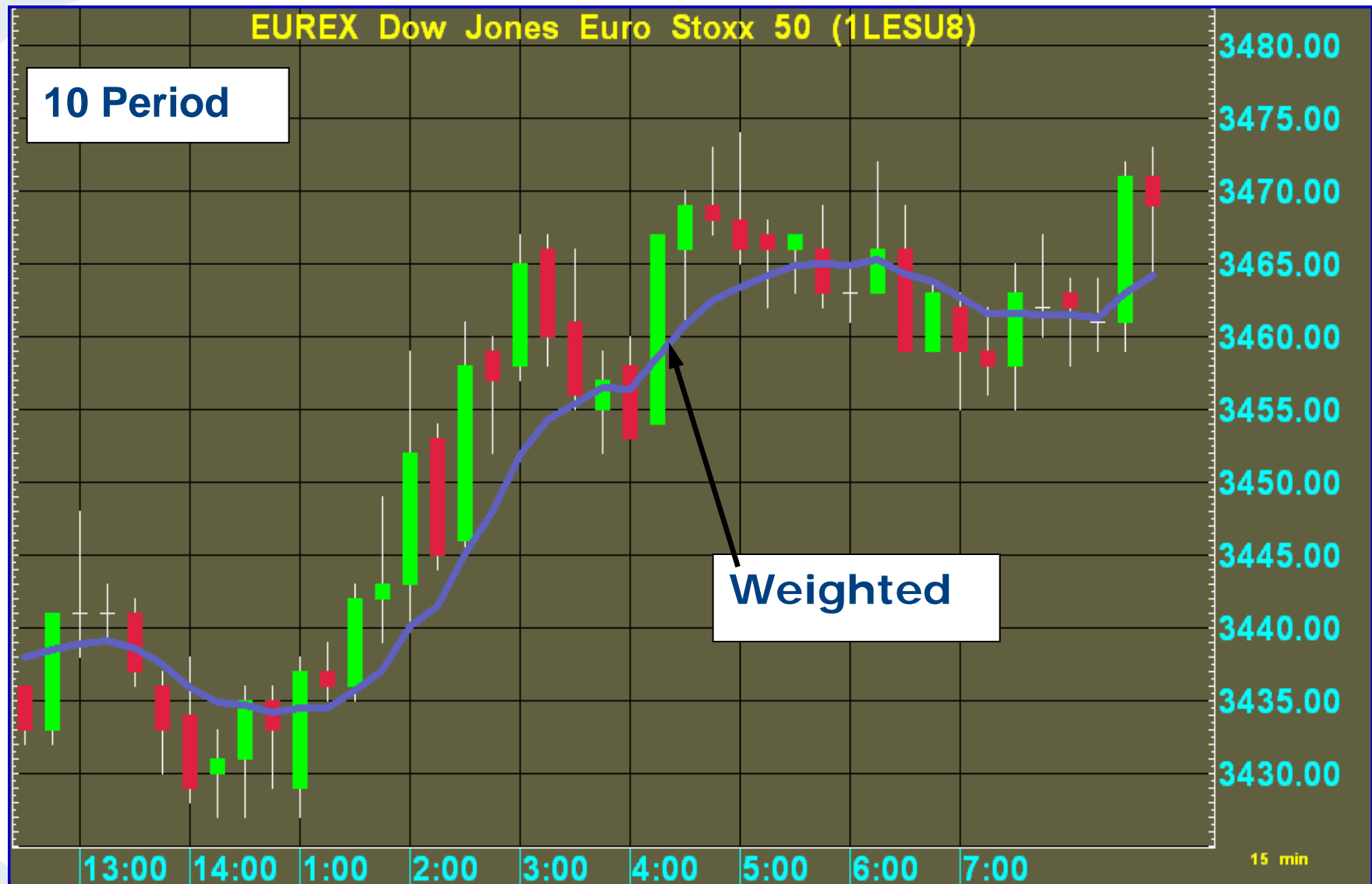


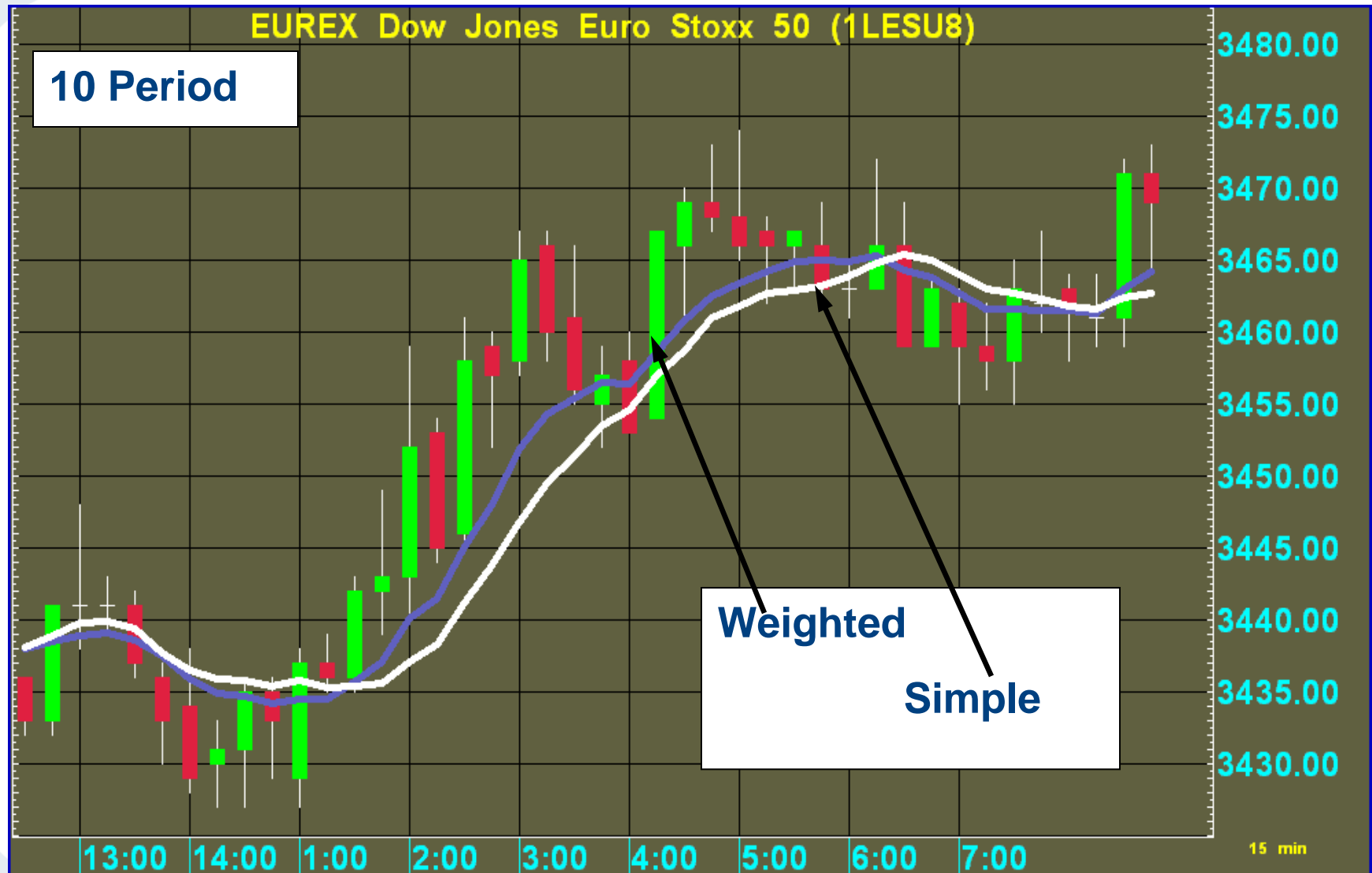
2. Types of Moving Averages

**Weighted
Exponential**

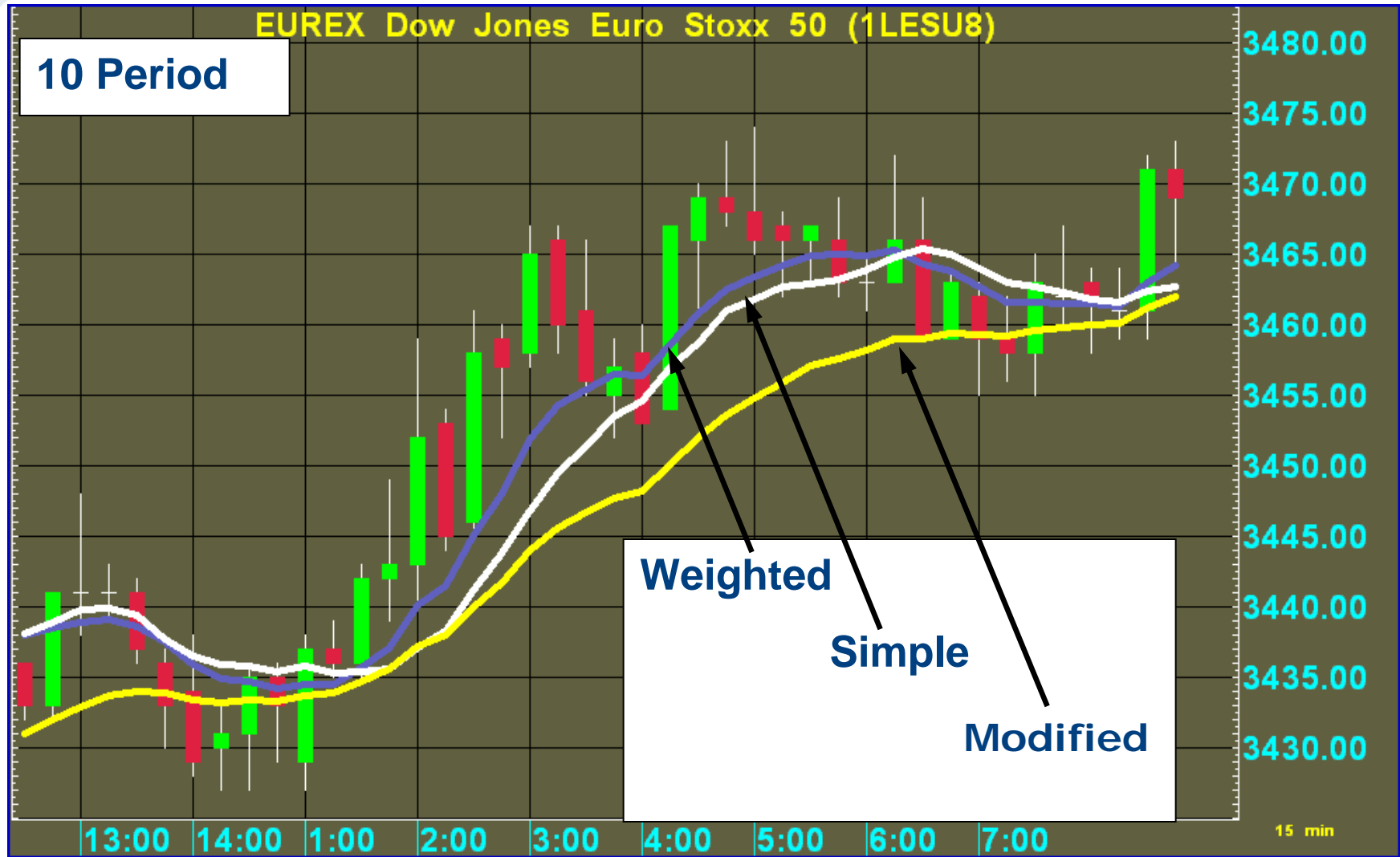
Simple

Modified





WEIGHTED, SIMPLE AND MODIFIED MOVING AVERAGE



3. Prices Used to Calculate the Moving

Average

Close

Open

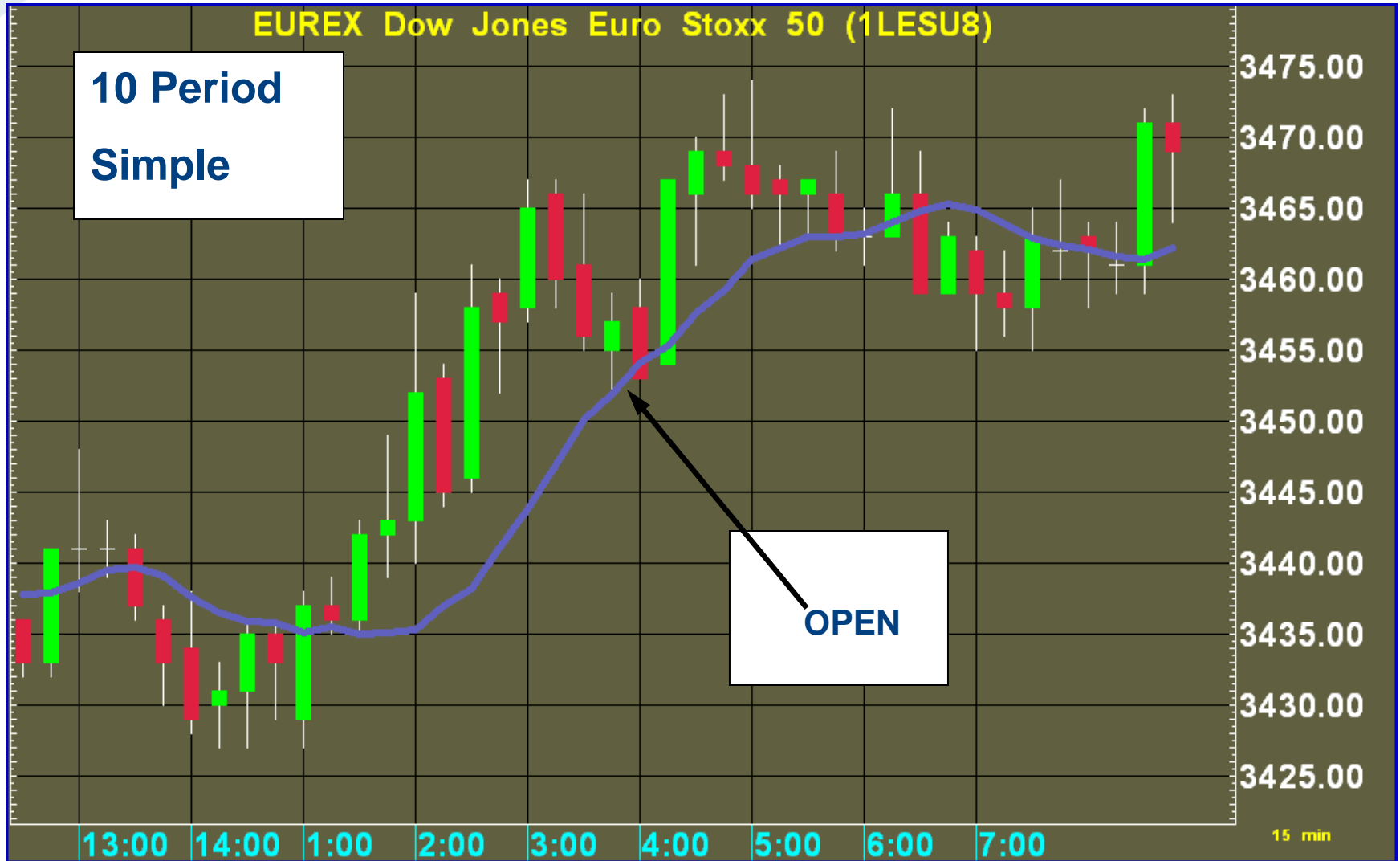
High

Low

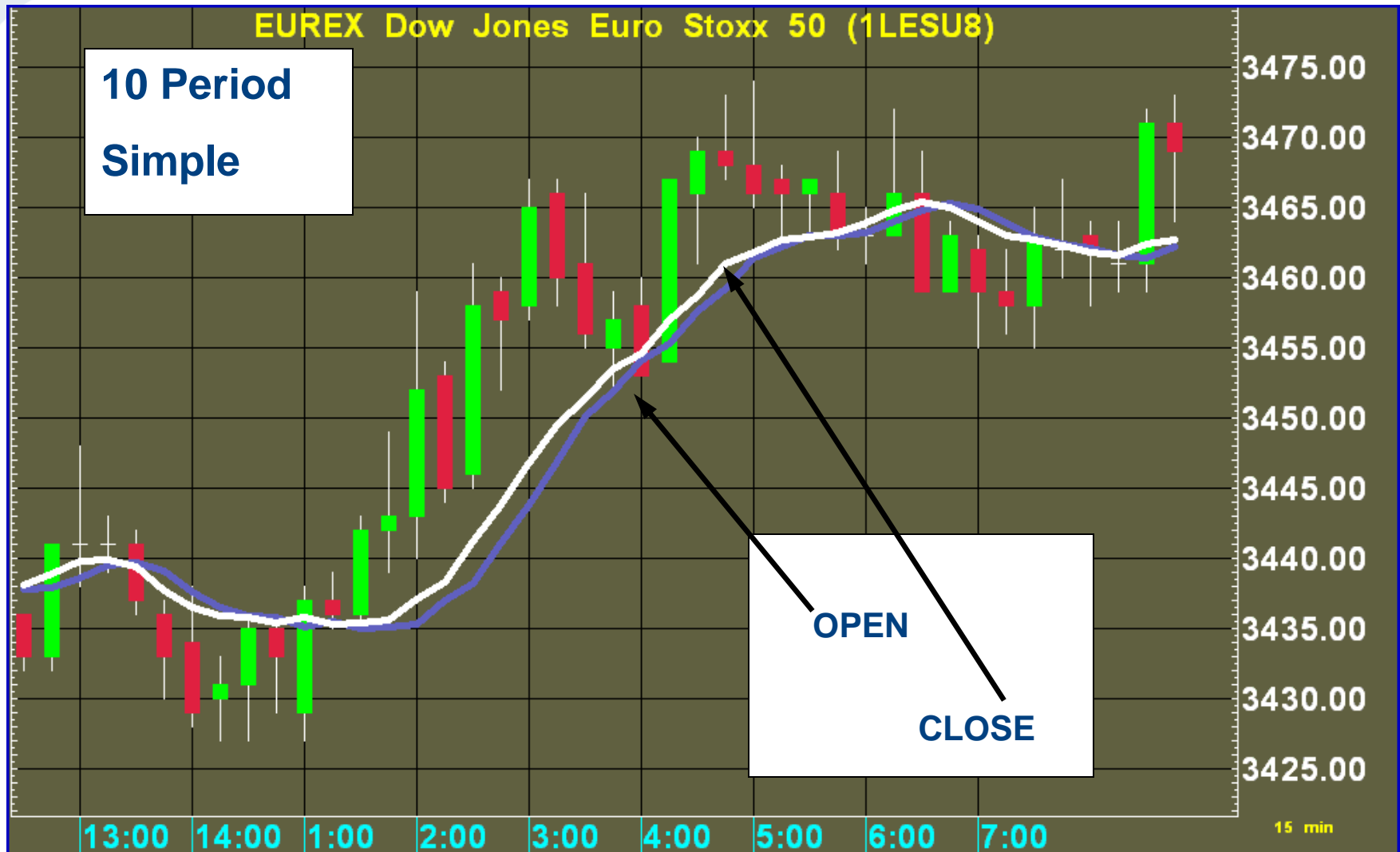
Midpoint

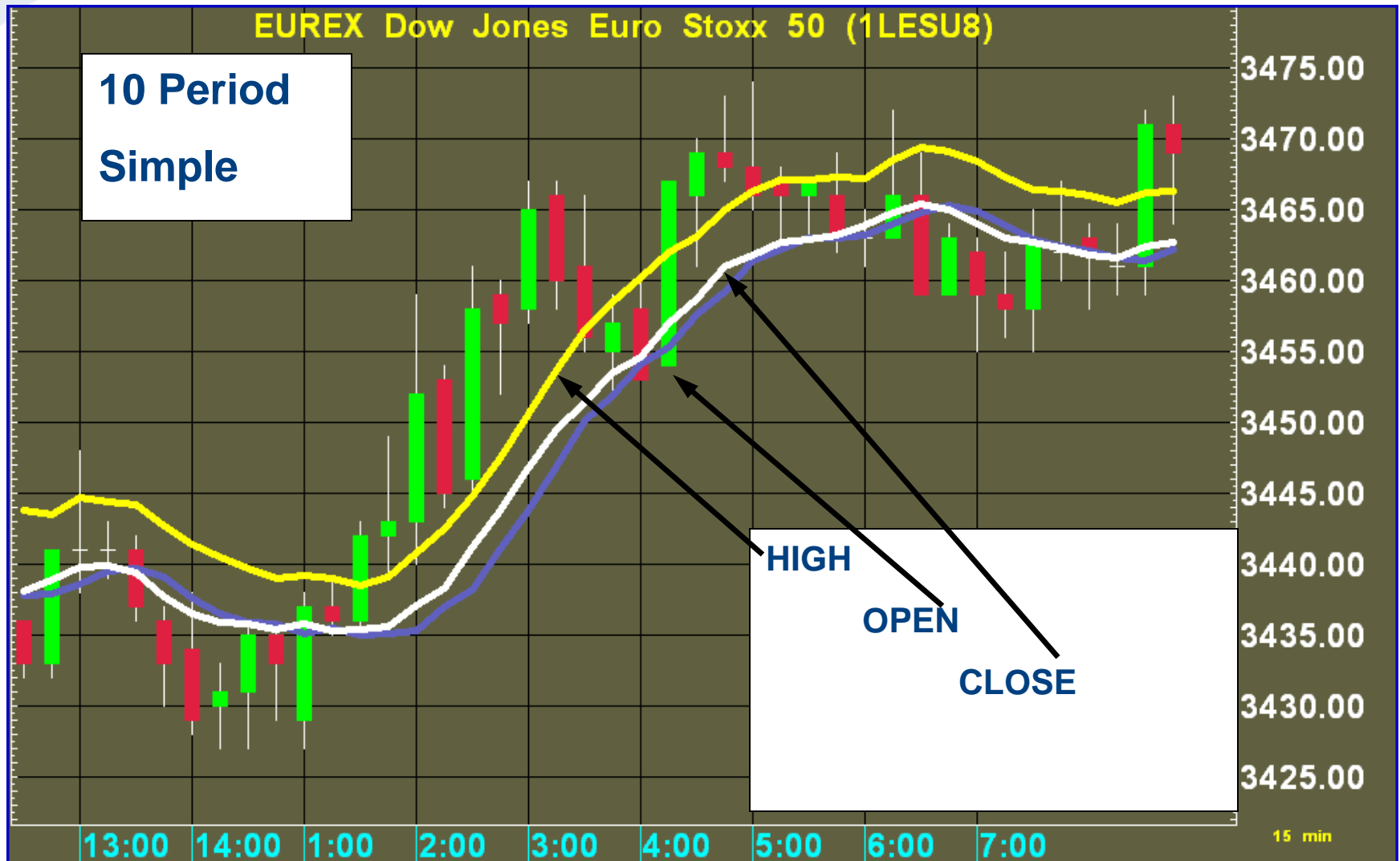
Average

OPEN MOVING AVERAGE

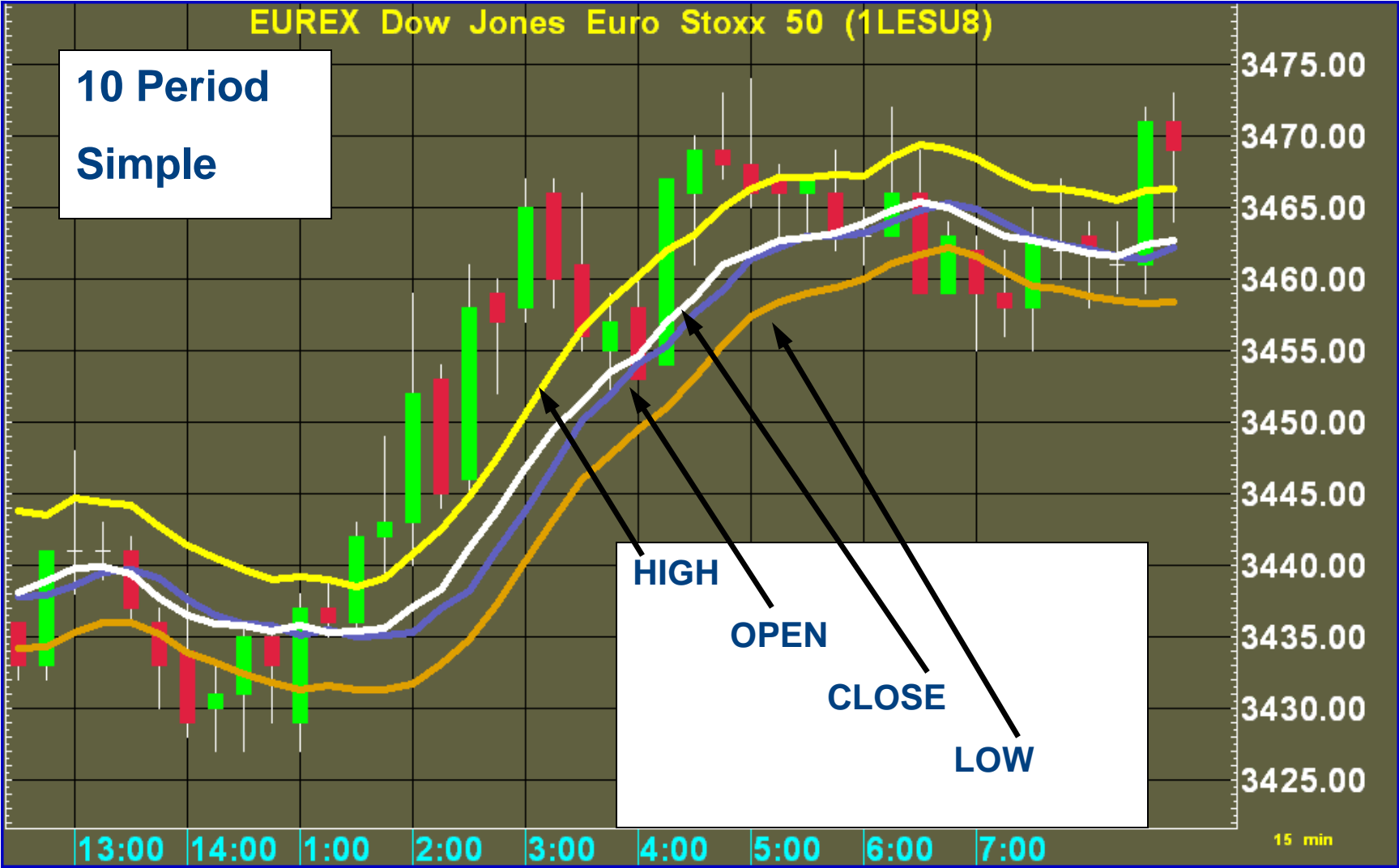


OPEN AND CLOSE MOVING AVERAGE

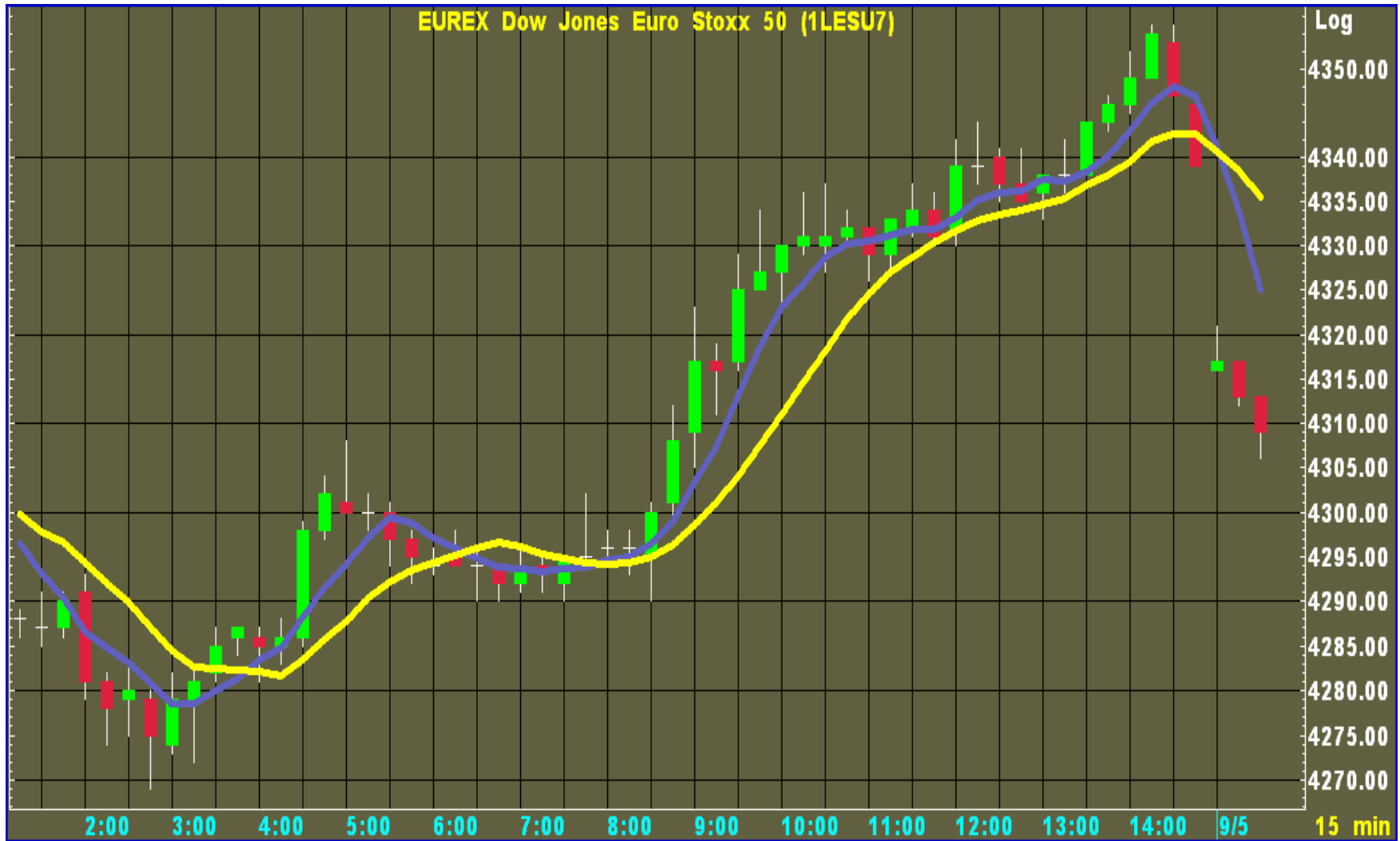


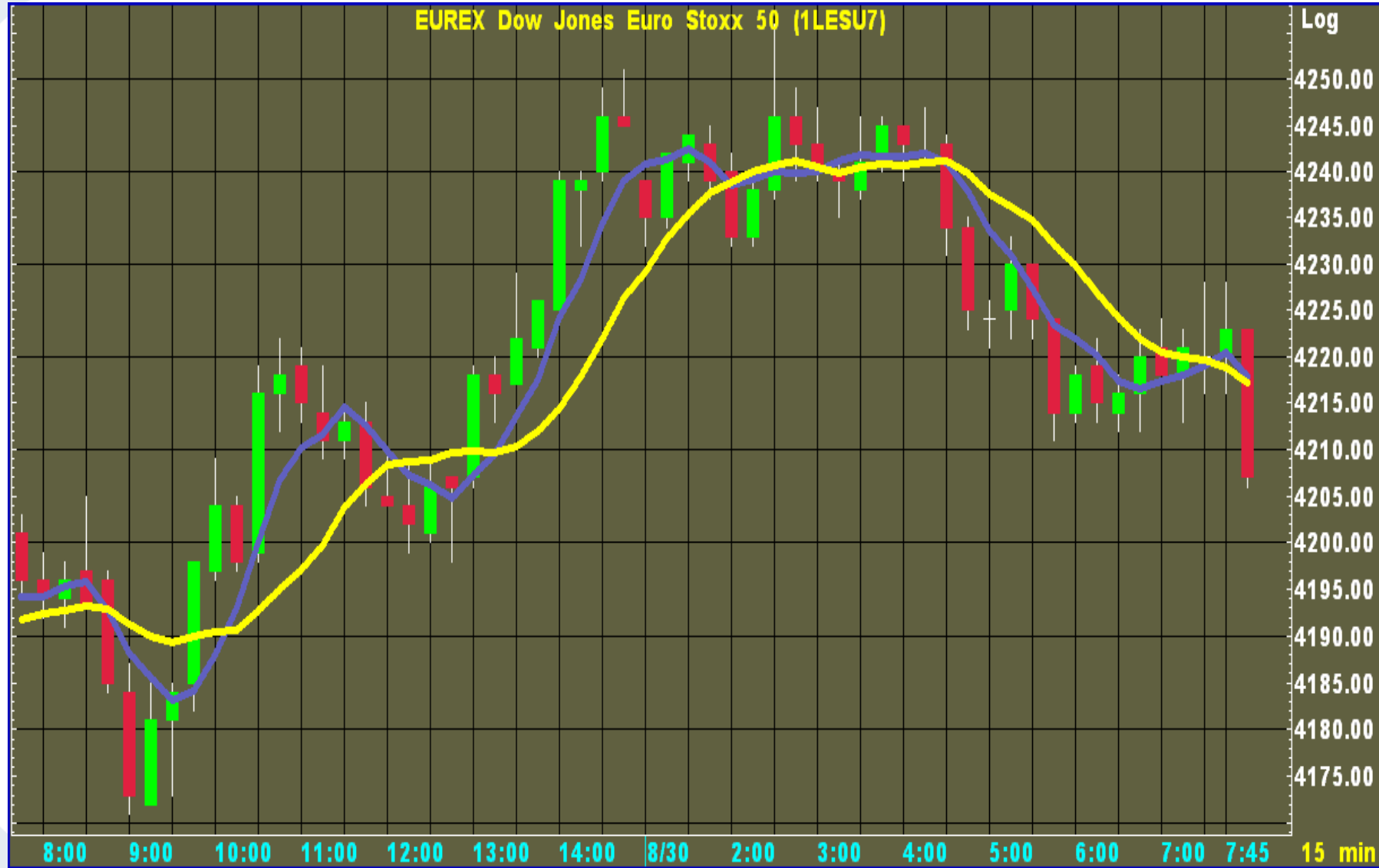


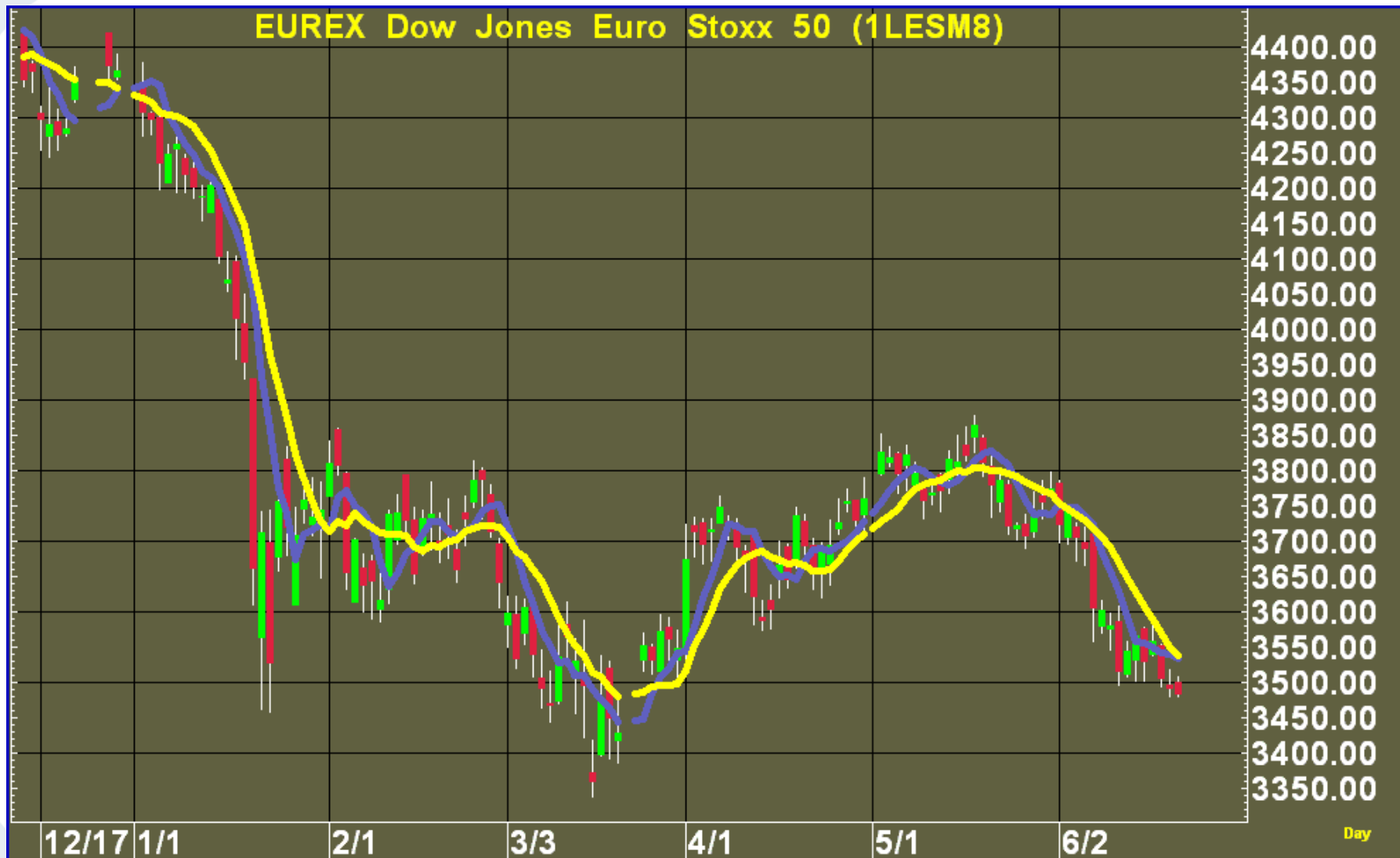
OPEN, CLOSE, HIGH AND LOW MOVING AVERAGE

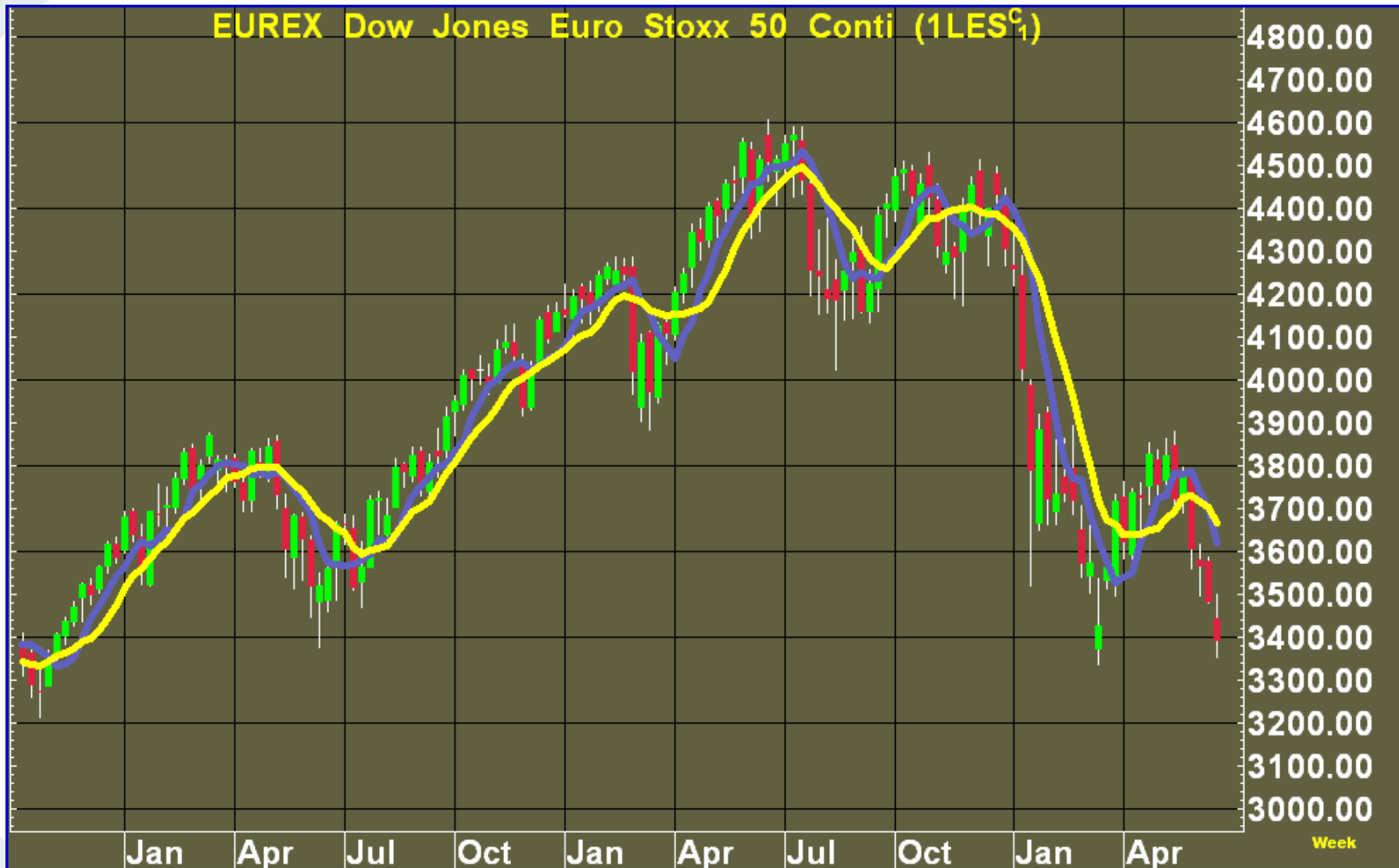


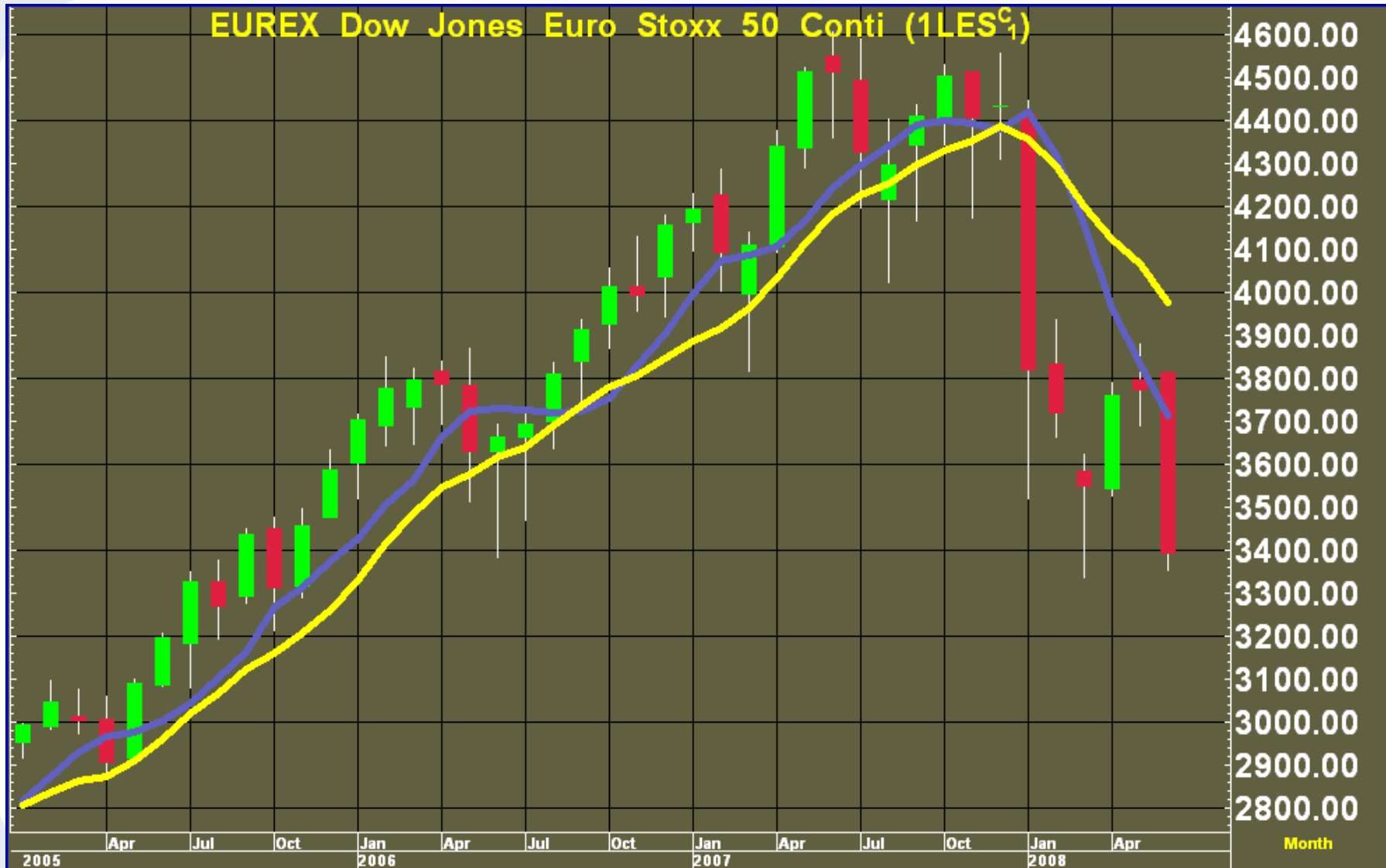
EXAMPLES

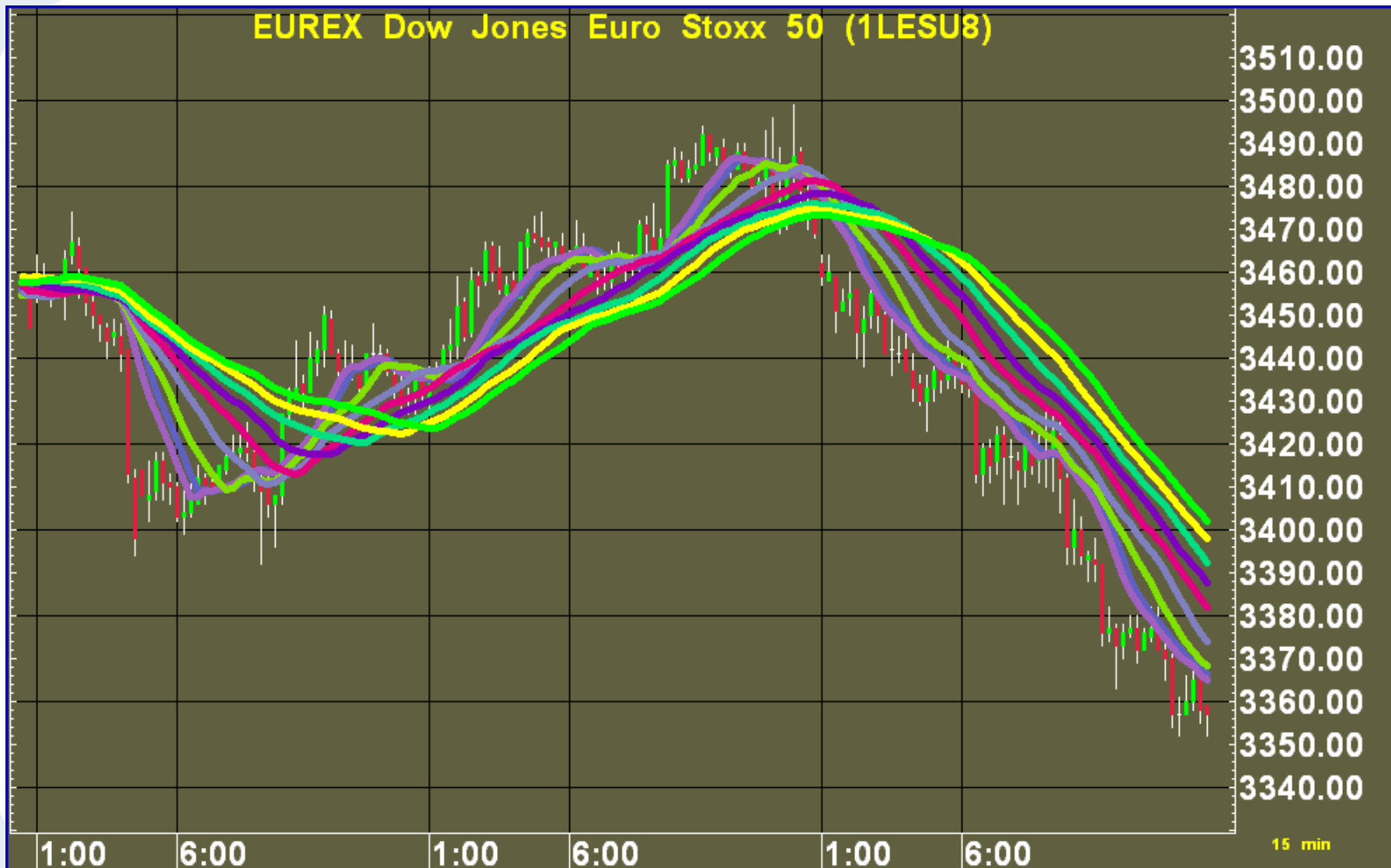


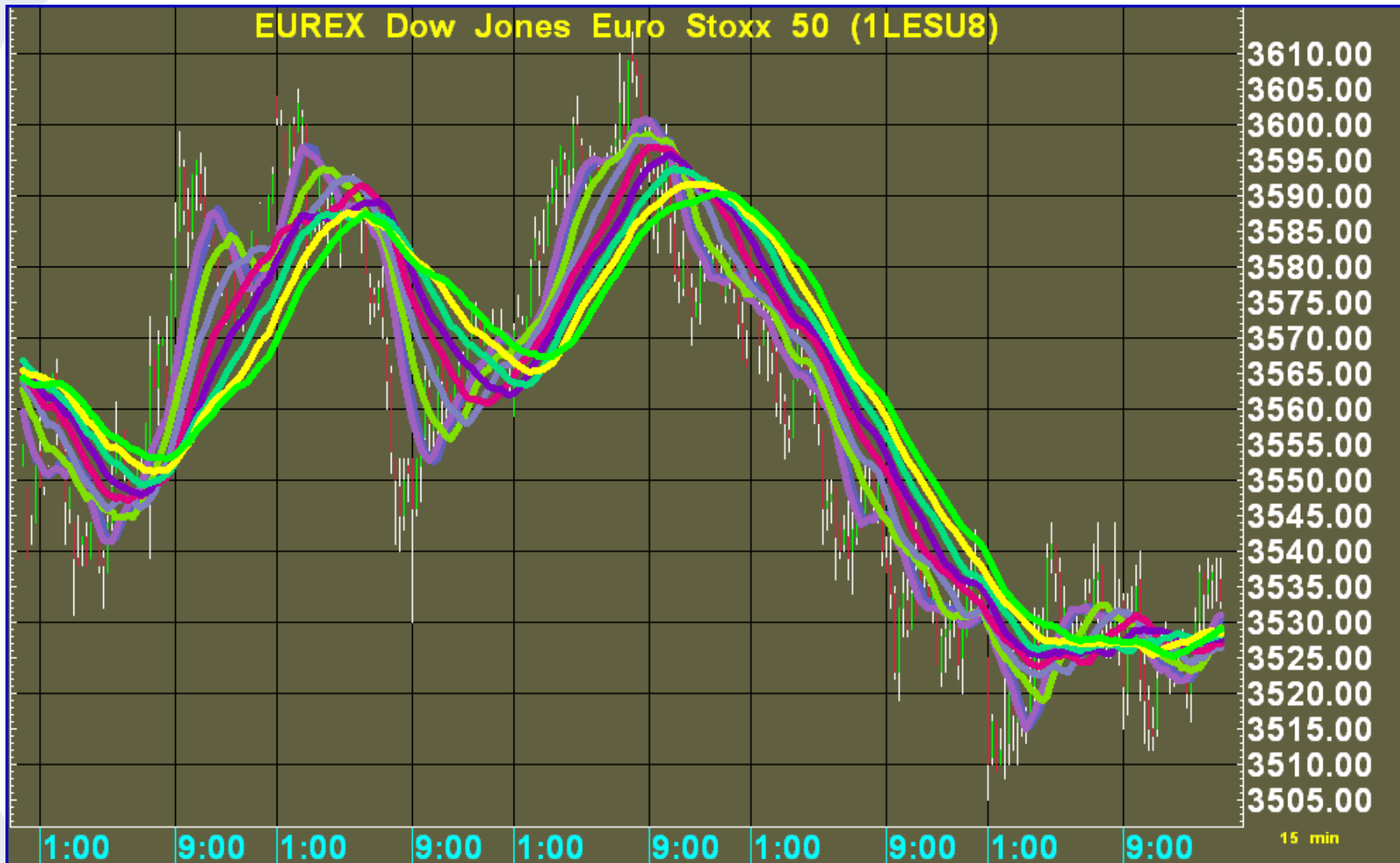


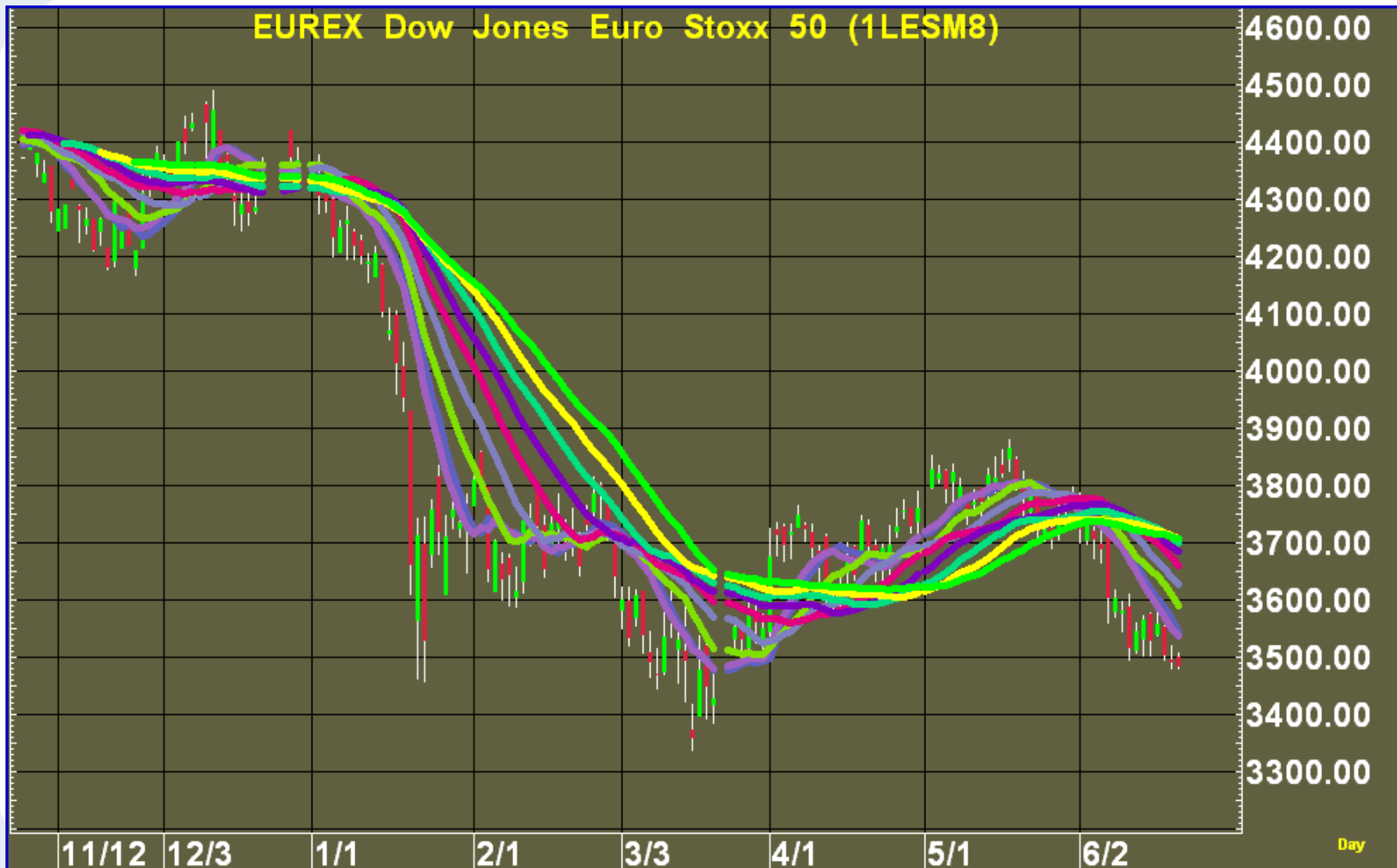












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