

Quantified Strategies

Quantitative analysis and strategies in the financial markets

Trading The Week After Futures Expiration In Euro Bund

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The Euro Bund (FGBL) shows significant positive performance following the expiration of the previous future contract.

The Euro Bund (FGBL) is a bond contract with a maturity of 8.5 to 10.5 years. It's issued by Germany and one contract has a value of 100 000 EUR.

EuroBund is a popular trading vehicle and is heavily traded. The contracts expire on the third Friday of the last month of each quarter: March, June, September, and December.

The expiration weeks in the US

We have previously covered the options expiration weeks in both the US and EU:

- [The options expiration week effect](#)
- [Trading the week after options expiration day](#)

Trading the week after futures expiration in Euro Bund

Let's test the Euro Bund and how it performs the week after expiry. We test the futures contracts – not the cash index. We use a 100% margin.

100 000 is invested in March 2000 and reinvested into the next quarterly futures expiration week. Thus, there are four trades a year. We invest at the close of the Friday when the futures contracts expire, and we hold for one week and sell at the close the next Friday. No commissions or [slippage](#).

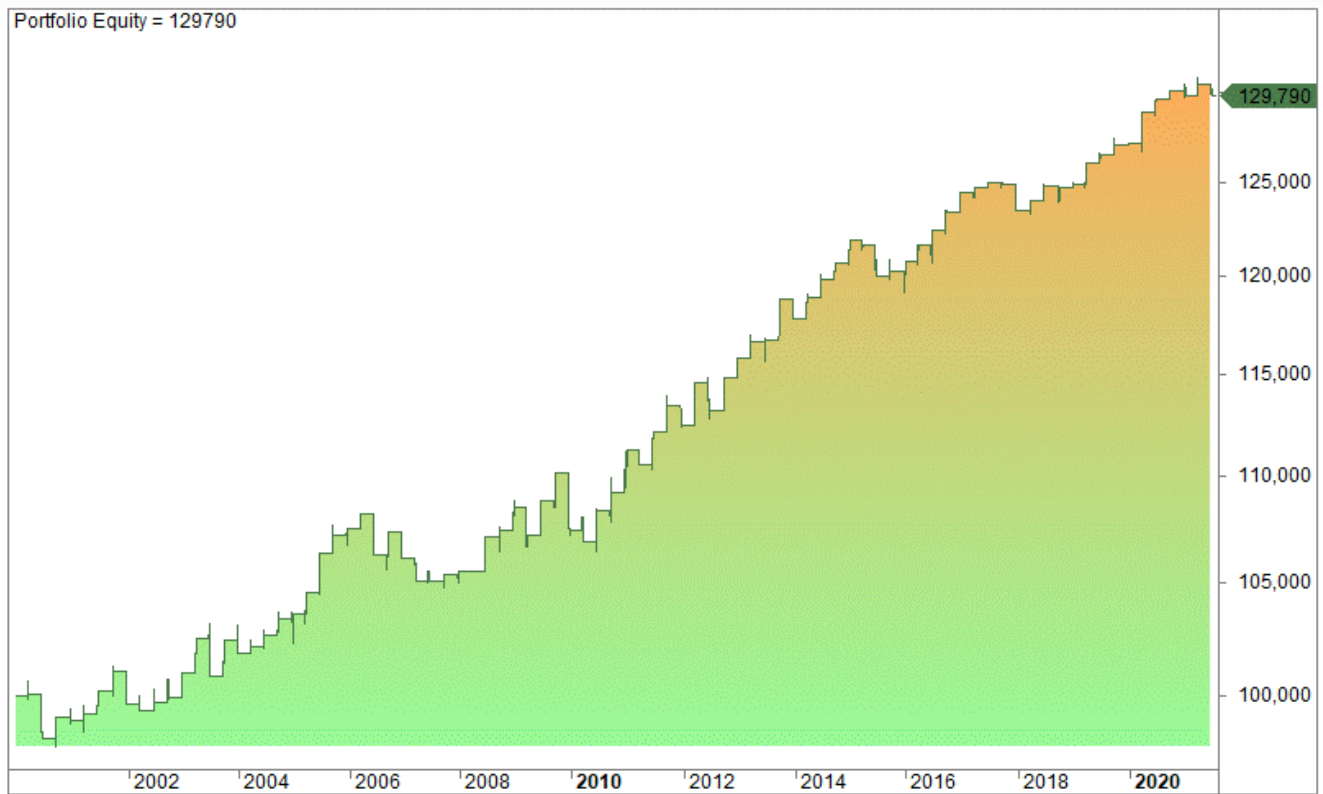
This is the equity chart of Euro Bund:

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The average gain is 0.31% and the [win ratio](#) is 73%. The Euro Bund performs much better than the stock indices (DAX 40 and Euro Stoxx 50).

- [Trading the week after futures expiration in DAX 40](#)

If we look at the performance for each separate month, we get these results:

Month	# Trades	Avg % Profit/Loss	Profit Factor	Sharpe Ratio	% of Winners	Max. Sys % ...	CAR	Exposure %
9	21	0.73	77.91	7.77	90.48	-1.01	0.71	1.91
3	21	0.36	3.00	1.91	71.43	-3.32	0.34	2.02
6	22	0.20	1.50	0.46	72.73	-2.64	0.19	2.01
12	21	-0.03	0.90	-1.03	57.14	-3.52	-0.04	2.15

The only negative month is December. September is the best month. These happen to be the worst months in the indices. Why is that? we don't know, but stocks and interest rates normally go opposite ways.

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