

The Morning Email: TERM TEDS & Dirty TEDS

Table of Contents

PgA	Quotes	Pg9	2y Basis TED Curve
Pg1	Dirty TED: ZT vs Eurodollar Contracts	Pg10	5y Basis TED Curve
Pg2	Dirty TED: ZF vs Eurodollar Contracts	Pg11	10y Basis TED Curve
Pg3	Dirty TED: ZN vs Eurodollar Contracts	Pg12	Packs
Pg4	TERM TED: 2y vs Eurodollar Contracts		
Pg5	TERM TED: 5y vs Eurodollar Contracts		
Pg6	TERM TED: 10y vs Eurodollar Contracts		
Pg7	Dirty TED Curve		
Pg8	TED Curve		

Correlations for the US Cash Treasuries are done on a YIELD basis. Therefore, you'll see negative values. The reason for this is due to the new issues. Every new issue takes too long to 'catch up' because the correlation formula looks back 10days.

Want something added? Let me know: jgoulding@ghco.com

Disclaimer: All information within this newsletter is meant for internal use at GH Trader's LLC, only. All information has been recorded to the best of my ability. This material is based upon information that I consider reliable, but I do not represent that it is accurate or complete.

Quotes

F.I. Futures and Cash					
	Last Decimal	Last 32	Last Yield*	MDuration	
ZT	107.6563	107.210	1.337	1.92	
ZF	115.0688	115.022	2.145	4.07	
ZN	119.3438	119.110	3.052	6.67	
2y	101.194	101.0620	1.377	1.91	
5y	102.319	102.1020	2.250	4.61	
10y	101.172	101.0550	3.358	8.30	

Eurodollars (ED)							
	Last Price	Last Imp Yield	Days til Expr.	Fraction of year	Month		
EDAH08	97.428	2.572	-1	-0.003	MAR	White Pack	
EDAM08	98.055	1.945	90	0.246	JUN		
EDAU08	98.155	1.845	181	0.495	SEP		
EDAZ08	98.105	1.895	272	0.745	DEC	Red Pack	
EDAH09	98.055	1.945	363	0.994	MAR		
EDAM09	97.880	2.120	454	1.243	JUN		
EDAU09	97.665	2.335	545	1.492	SEP	Green Pack	
EDAZ09	97.410	2.590	636	1.742	DEC		
EDAH10	97.190	2.810	727	1.991	MAR		
EDAM10	96.955	3.045	818	2.240	JUN	Blue Pack	
EDAU10	96.740	3.260	909	2.490	SEP		
EDAZ10	96.530	3.470	1000	2.739	DEC		
EDAH11	96.360	3.640	1091	2.988	MAR	Gold Pack	
EDAM11	96.195	3.805	1182	3.238	JUN		
EDAU11	96.050	3.950	1280	3.506	SEP		
EDAZ11	95.895	4.105	1371	3.755	DEC		
EDAH12	95.785	4.215	1462	4.005	MAR		
EDAM12	95.675	4.325	1553	4.254	JUN		
EDAU12	95.560	4.440	1644	4.503	SEP		
EDAU12	95.560	4.440	1644	4.503	SEP		

Notes

Futures use CTD for Last Yield

Mduration = Modified Macaulay Duration

#VALUE! = no quote being provided by exchange.

	Last Yield	Net Yield	Last Price	
Q.ED.White	1.943	-2.750	9809.250	Pack Prices
Q.ED.Red	2.514	-6.000	9753.625	
Q.ED.Green	3.429	-5.500	9664.625	
Q.ED.Blue	4.116	-4.125	9598.125	
Q.ED.Gold		-2.125	9551.125	

Red pack is a 2yr proxy
 Gold pack is a 10yr proxy
 Red /Gold is a 2/10 proxy
 Blue pack is a 5yr proxy
 Blue/Gold is a 5/10 proxy

Overview of Hedging

3/18/2008 5:53

Page A

How many ways can you hedge the TED? Let me count...there's lots and lots, like:

- 1 Regression
 - 2 Engineered
 - 3 Strip with and without Stubs
 - 4 Convexity Bias
 - 5 Weighted
 - 6 Unweighted
- and more...

Most of us are interested in the *unweighted hedge* which is simply a curve trade hedge. There are so many ways to hedge the TED trade that I can't possibly list them all.

If you email me and ask for a specific hedge, I'll get it to you.

jgoulding@ghco.com

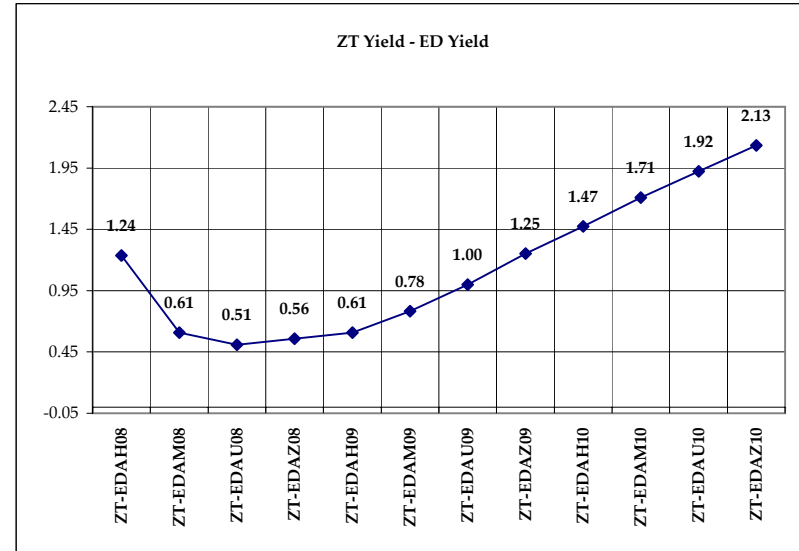
Eurodollar Color Codes for Individual Year Strips:

Color	Year	Contracts
White	One	1 – 4
Red	Two	5 – 8
Green	Three	9 – 12
Blue	Four	13 – 16
Gold	Five	17 – 20
Purple	Six	21 – 24
Orange	Seven	25 – 28
Pink	Eight	29 – 32
Silver	Nine	33 – 36
Copper	Ten	37 – 40

Dirty TED: ZT vs Eurodollar Contracts

ZT				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAH08	10.229	1.24	ZT-EDAH08	82.264
EDAM08	9.601	0.61	ZT-EDAM08	87.560
EDAU08	9.501	0.51	ZT-EDAU08	89.538
EDAZ08	9.551	0.56	ZT-EDAZ08	88.998
EDAH09	9.601	0.61	ZT-EDAH09	88.156
EDAM09	9.776	0.78	ZT-EDAM09	88.004
EDAU09	9.991	1.00	ZT-EDAU09	87.573
EDAZ09	10.246	1.25	ZT-EDAZ09	87.385
EDAH10	10.466	1.47	ZT-EDAH10	86.580
EDAM10	10.701	1.71	ZT-EDAM10	85.266
EDAU10	10.916	1.92	ZT-EDAU10	83.257
EDAZ10	11.126	2.13	ZT-EDAZ10	81.597

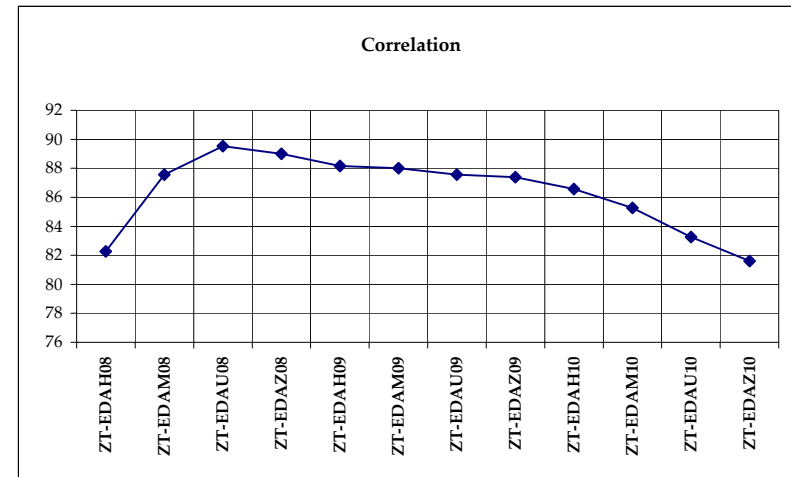
Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days



GE Duration as Fraction of year

	ZT Duration	Spread Duration	
EDAH08	-0.003	1.92	ZT-EDAH08
EDAM08	0.246	1.92	ZT-EDAM08
EDAU08	0.495	1.92	ZT-EDAU08
EDAZ08	0.745	1.92	ZT-EDAZ08
EDAH09	0.994	1.92	ZT-EDAH09
EDAM09	1.243	1.92	ZT-EDAM09
EDAU09	1.492	1.92	ZT-EDAU09
EDAZ09	1.742	1.92	ZT-EDAZ09
EDAH10	1.991	1.92	(0.07) ZT-EDAH10
EDAM10	2.240	1.92	(0.32) ZT-EDAM10
EDAU10	2.490	1.92	(0.57) ZT-EDAU10
EDAZ10	2.739	1.92	(0.82) ZT-EDAZ10

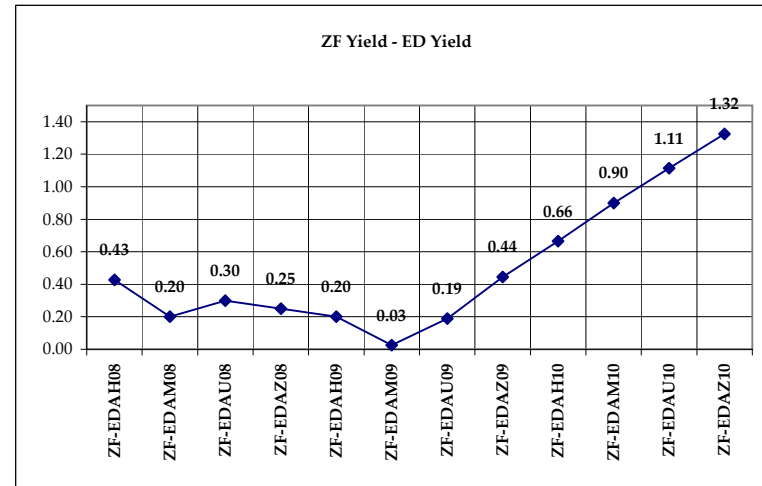
The farther away from 0 the spread duration is the riskier the trade.



Dirty TED: ZF vs Eurodollar Contracts

	ZF			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAH08	17.64	0.43	ZF-EDAH08	90.593
EDAM08	17.01	0.20	ZF-EDAM08	94.586
EDAU08	16.91	0.30	ZF-EDAU08	95.932
EDAZ08	16.96	0.25	ZF-EDAZ08	95.520
EDAH09	17.01	0.20	ZF-EDAH09	94.843
EDAM09	17.19	0.03	ZF-EDAM09	94.767
EDAU09	17.40	0.19	ZF-EDAU09	94.561
EDAZ09	17.66	0.44	ZF-EDAZ09	94.369
EDAH10	17.88	0.66	ZF-EDAH10	93.575
EDAM10	18.11	0.90	ZF-EDAM10	92.556
EDAU10	18.33	1.11	ZF-EDAU10	90.910
EDAZ10	18.54	1.32	ZF-EDAZ10	89.503

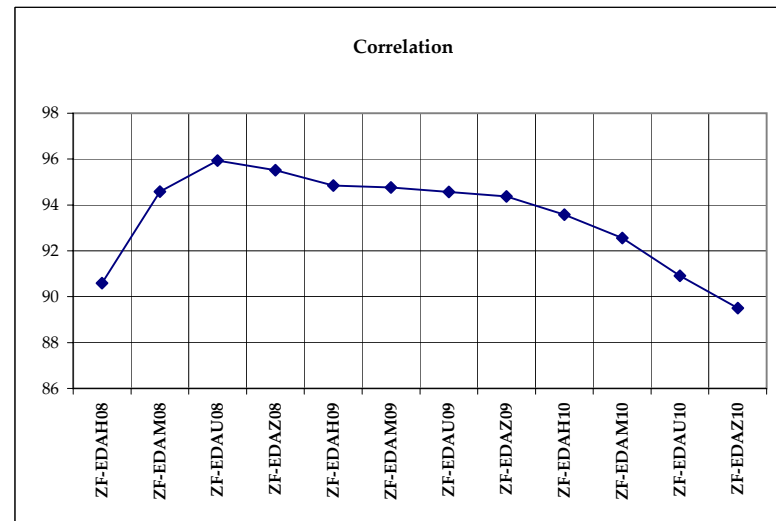
Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days



GE Duration as Fraction of year

	GE Duration as Fraction of year	ZF Duration	Spread Duration	
EDAH08	-0.003	4.07	4.08	ZF-EDAH08
EDAM08	0.246	4.07	3.83	ZF-EDAM08
EDAU08	0.495	4.07	3.58	ZF-EDAU08
EDAZ08	0.745	4.07	3.33	ZF-EDAZ08
EDAH09	0.994	4.07	3.08	ZF-EDAH09
EDAM09	1.243	4.07	2.83	ZF-EDAM09
EDAU09	1.492	4.07	2.58	ZF-EDAU09
EDAZ09	1.742	4.07	2.33	ZF-EDAZ09
EDAH10	1.991	4.07	2.08	ZF-EDAH10
EDAM10	2.240	4.07	1.83	ZF-EDAM10
EDAU10	2.490	4.07	1.58	ZF-EDAU10
EDAZ10	2.739	4.07	1.34	ZF-EDAZ10

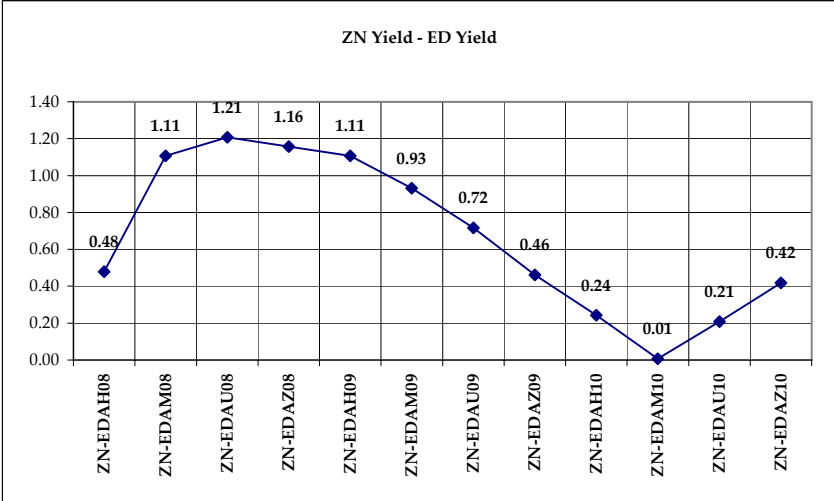
The farther away from 0 the spread duration is the riskier the trade.



Dirty TED: ZN vs Eurodollar Contracts

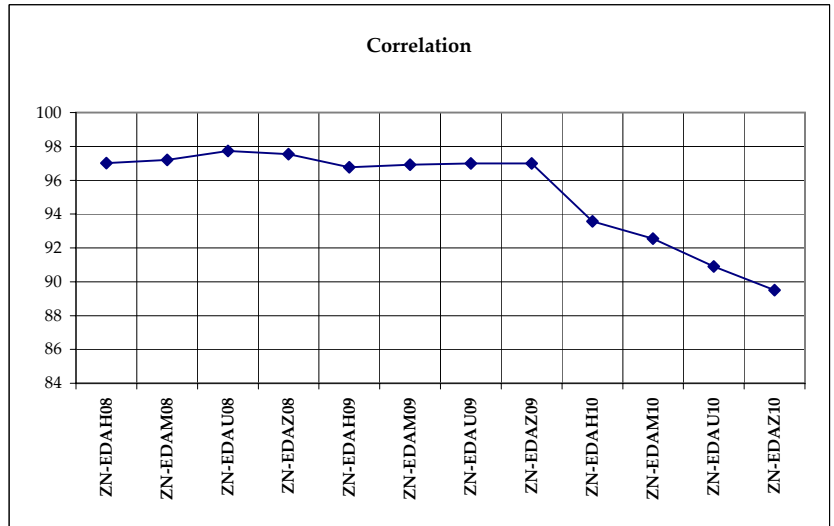
ZN				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAH08	21.92	0.48	ZN-EDAH08	97.02
EDAM08	21.29	1.11	ZN-EDAM08	97.20
EDAU08	21.19	1.21	ZN-EDAU08	97.74
EDAZ08	21.24	1.16	ZN-EDAZ08	97.53
EDAH09	21.29	1.11	ZN-EDAH09	96.77
EDAM09	21.46	0.93	ZN-EDAM09	96.91
EDAU09	21.68	0.72	ZN-EDAU09	96.99
EDAZ09	21.93	0.46	ZN-EDAZ09	97.00
EDAH10	22.15	0.24	ZN-EDAH10	93.58
EDAM10	22.39	0.01	ZN-EDAM10	92.56
EDAU10	22.60	0.21	ZN-EDAU10	90.91
EDAZ10	22.81	0.42	ZN-EDAZ10	89.50

Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days



	GE Duration as Fraction of year	ZN Duration	Spread Duration	
EDAH08	-0.003	6.67	6.68	ZN-EDAH08
EDAM08	0.246	6.67	6.43	ZN-EDAM08
EDAU08	0.495	6.67	6.18	ZN-EDAU08
EDAZ08	0.745	6.67	5.93	ZN-EDAZ08
EDAH09	0.994	6.67	5.68	ZN-EDAH09
EDAM09	1.243	6.67	5.43	ZN-EDAM09
EDAU09	1.492	6.67	5.18	ZN-EDAU09
EDAZ09	1.742	6.67	4.93	ZN-EDAZ09
EDAH10	1.991	6.67	4.68	ZN-EDAH10
EDAM10	2.240	6.67	4.43	ZN-EDAM10
EDAU10	2.490	6.67	4.18	ZN-EDAU10
EDAZ10	2.739	6.67	3.93	ZN-EDAZ10

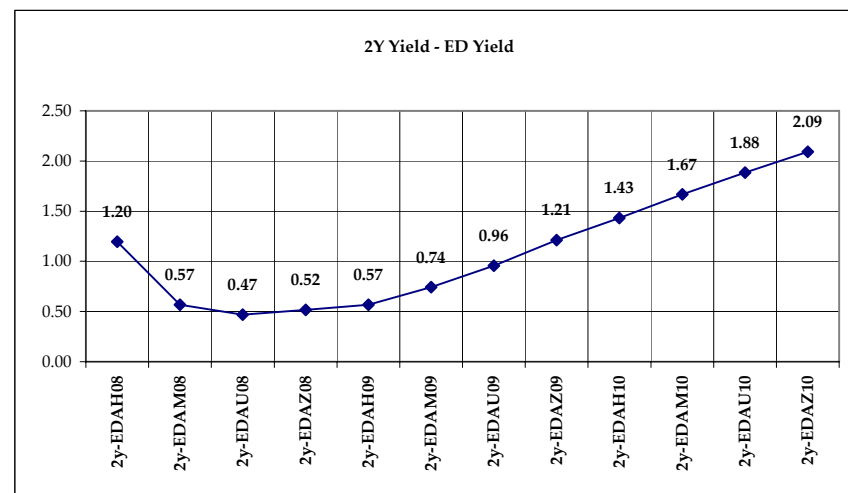
The farther away from 0 the spread duration is the riskier the trade.



TERM TED: 2y vs Eurodollar Contracts

	2y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAH08	3.77	1.20	2y-EDAH08	-77.500
EDAM08	3.14	0.57	2y-EDAM08	-83.992
EDAU08	3.04	0.47	2y-EDAU08	-85.565
EDAZ08	3.09	0.52	2y-EDAZ08	-83.992
EDAH09	3.14	0.57	2y-EDAH09	-85.550
EDAM09	3.31	0.74	2y-EDAM09	-85.891
EDAU09	3.53	0.96	2y-EDAU09	-86.046
EDAZ09	3.78	1.21	2y-EDAZ09	-86.011
EDAH10	4.00	1.43	2y-EDAH10	-85.172
EDAM10	4.24	1.67	2y-EDAM10	-83.650
EDAU10	4.45	1.88	2y-EDAU10	-81.453
EDAZ10	4.66	2.09	2y-EDAZ10	-79.606

Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days.
 These are measuring YIELD correlations.

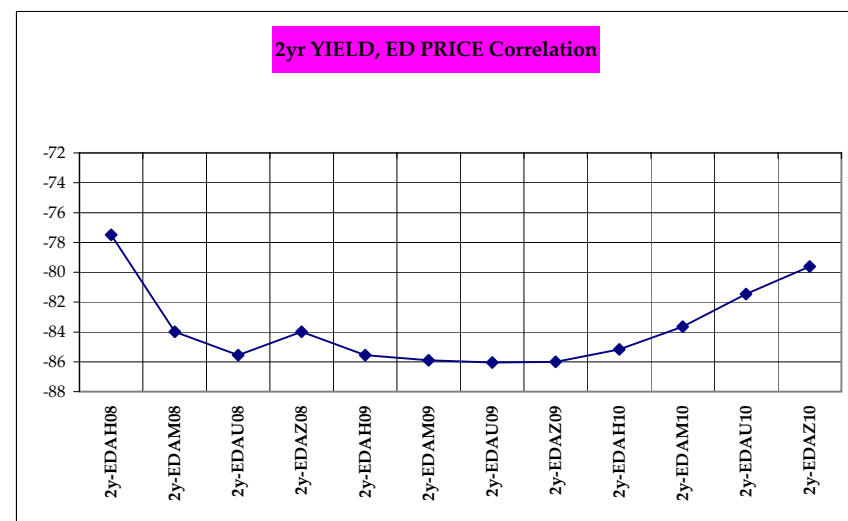


GE Duration as Fraction of year

	2Y Duration	Spread Duration	
EDAH08	-0.003	1.91	2y-EDAH08
EDAM08	0.246	1.91	2y-EDAM08
EDAU08	0.495	1.91	2y-EDAU08
EDAZ08	0.745	1.91	2y-EDAZ08
EDAH09	0.994	1.91	2y-EDAH09
EDAM09	1.243	1.91	2y-EDAM09
EDAU09	1.492	1.91	2y-EDAU09
EDAZ09	1.742	1.91	2y-EDAZ09
EDAH10	1.991	1.91	2y-EDAH10
EDAM10	2.240	1.91	2y-EDAM10
EDAU10	2.490	1.91	2y-EDAU10
EDAZ10	2.739	1.91	2y-EDAZ10

The farther away from 0 the spread duration is the riskier the trade.

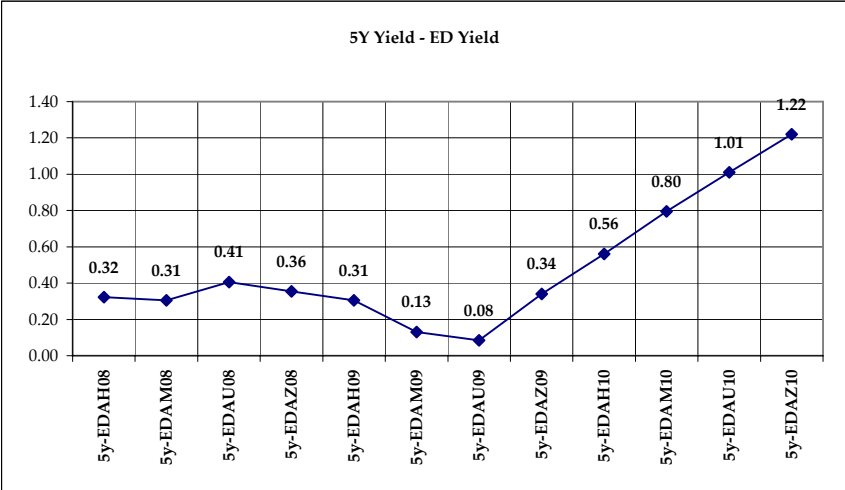
2yr YIELD, ED PRICE Correlation



TERM TED: 5y vs Eurodollar Contracts

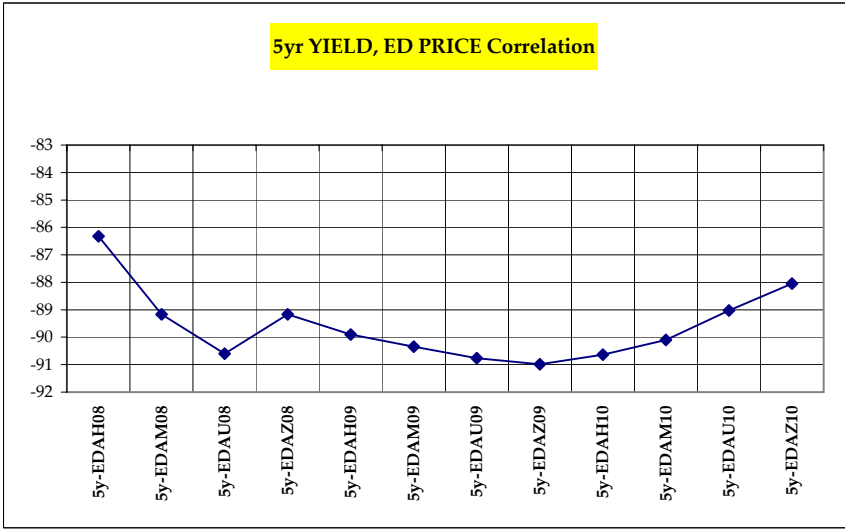
	5y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAH08	4.89	0.32	5y-EDAH08	-86.326
EDAM08	4.26	0.31	5y-EDAM08	-89.162
EDAU08	4.16	0.41	5y-EDAU08	-90.605
EDAZ08	4.21	0.36	5y-EDAZ08	-89.162
EDAH09	4.26	0.31	5y-EDAH09	-89.898
EDAM09	4.44	0.13	5y-EDAM09	-90.346
EDAU09	4.65	0.08	5y-EDAU09	-90.770
EDAZ09	4.91	0.34	5y-EDAZ09	-90.986
EDAH10	5.13	0.56	5y-EDAH10	-90.636
EDAM10	5.36	0.80	5y-EDAM10	-90.100
EDAU10	5.58	1.01	5y-EDAU10	-89.032
EDAZ10	5.79	1.22	5y-EDAZ10	-88.043

Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days
 These are measuring YIELD correlations.



	GE Duration as Fraction of year	5Y Duration	Spread Duration	
EDAH08	-0.003	4.61	4.61	5y-EDAH08
EDAM08	0.246	4.61	4.36	5y-EDAM08
EDAU08	0.495	4.61	4.11	5y-EDAU08
EDAZ08	0.745	4.61	3.86	5y-EDAZ08
EDAH09	0.994	4.61	3.61	5y-EDAH09
EDAM09	1.243	4.61	3.36	5y-EDAM09
EDAU09	1.492	4.61	3.11	5y-EDAU09
EDAZ09	1.742	4.61	2.86	5y-EDAZ09
EDAH10	1.991	4.61	2.62	5y-EDAH10
EDAM10	2.240	4.61	2.37	5y-EDAM10
EDAU10	2.490	4.61	2.12	5y-EDAU10
EDAZ10	2.739	4.61	1.87	5y-EDAZ10

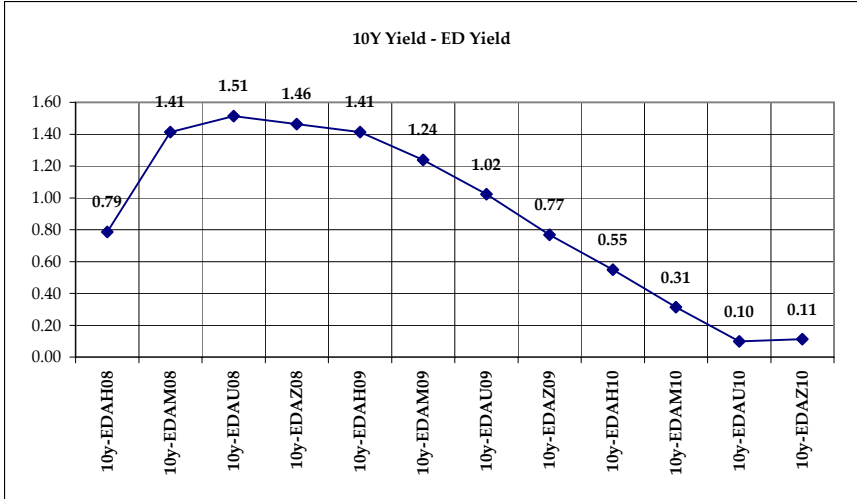
The farther away from 0 the spread duration is the riskier the trade.



TERM TED: 10y vs Eurodollar Contracts

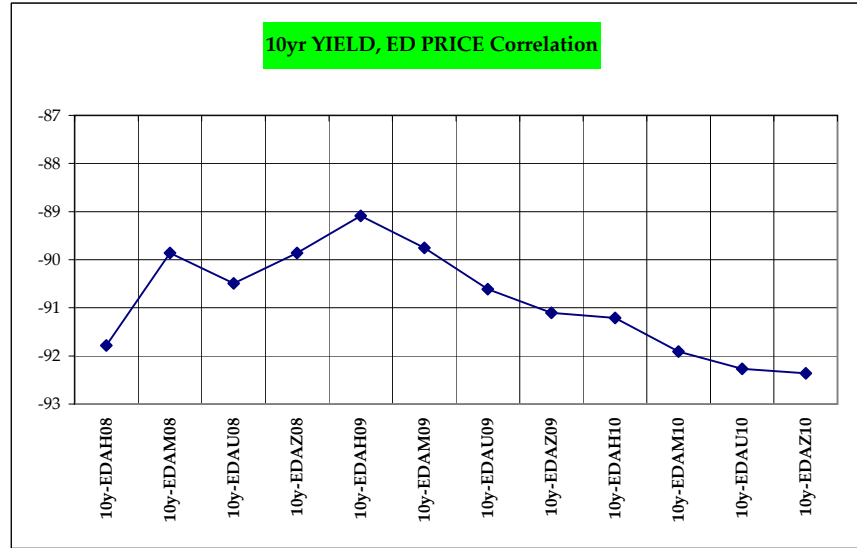
	10y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAH08	4.89	0.79	10y-EDAH08	-91.780
EDAM08	4.26	1.41	10y-EDAM08	-89.857
EDAU08	4.16	1.51	10y-EDAU08	-90.489
EDAZ08	4.21	1.46	10y-EDAZ08	-89.857
EDAH09	4.26	1.41	10y-EDAH09	-89.090
EDAM09	4.44	1.24	10y-EDAM09	-89.752
EDAU09	4.65	1.02	10y-EDAU09	-90.614
EDAZ09	4.91	0.77	10y-EDAZ09	-91.106
EDAH10	5.13	0.55	10y-EDAH10	-91.208
EDAM10	5.36	0.31	10y-EDAM10	-91.910
EDAU10	5.58	0.10	10y-EDAU10	-92.266
EDAZ10	5.79	0.11	10y-EDAZ10	-92.360

Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days
 These are measuring YIELD correlations.



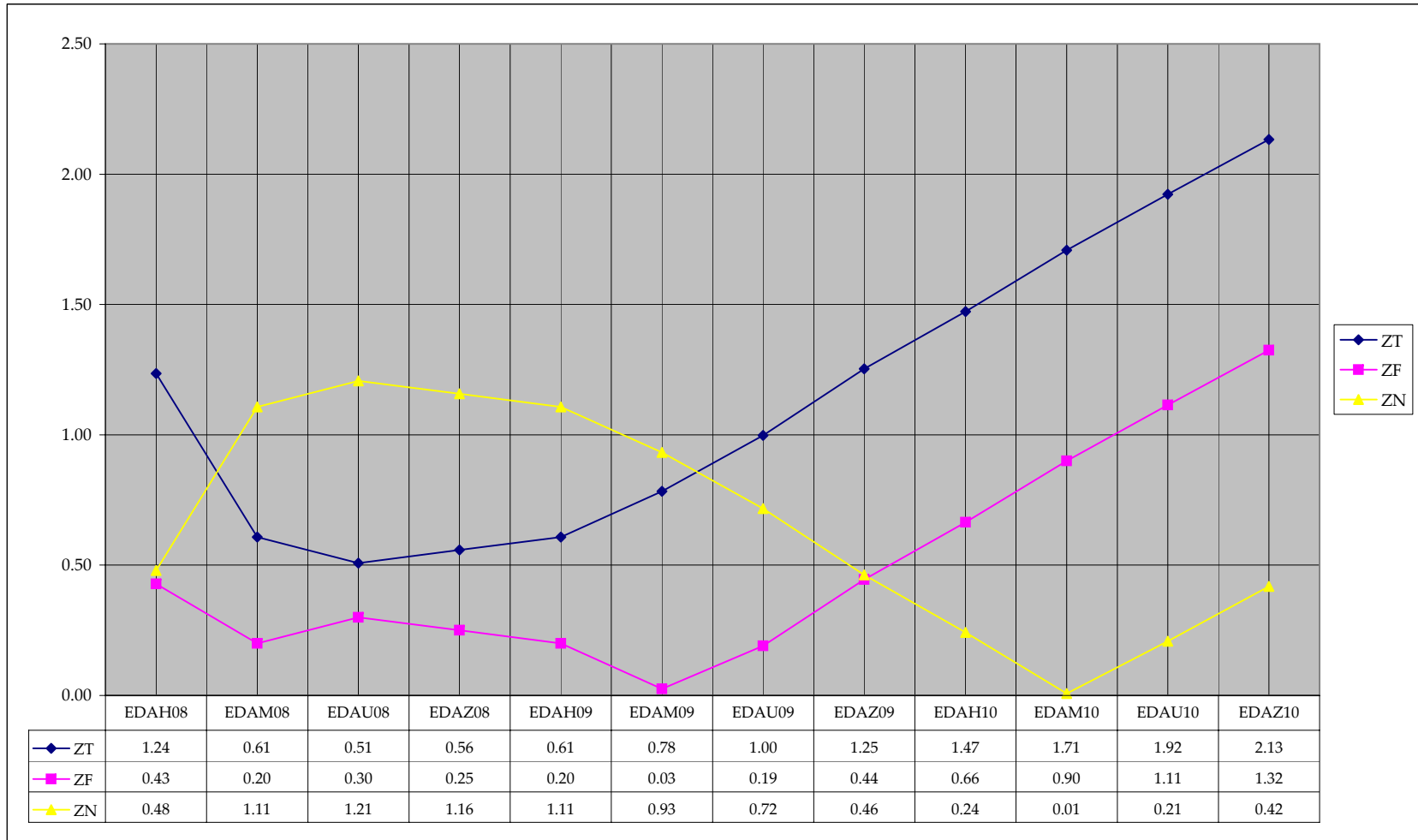
	GE Duration as Fraction of year		10Y Duration	Spread Duration	
EDAH08	-0.003		8.30	8.31	10y-EDAH08
EDAM08	0.246		8.30	8.06	10y-EDAM08
EDAU08	0.495		8.30	7.81	10y-EDAU08
EDAZ08	0.745		8.30	7.56	10y-EDAZ08
EDAH09	0.994		8.30	7.31	10y-EDAH09
EDAM09	1.243		8.30	7.06	10y-EDAM09
EDAU09	1.492		8.30	6.81	10y-EDAU09
EDAZ09	1.742		8.30	6.56	10y-EDAZ09
EDAH10	1.991		8.30	6.31	10y-EDAH10
EDAM10	2.240		8.30	6.06	10y-EDAM10
EDAU10	2.490		8.30	5.81	10y-EDAU10
EDAZ10	2.739		8.30	5.56	10y-EDAZ10

The farther away from 0 the spread duration is the riskier the trade.



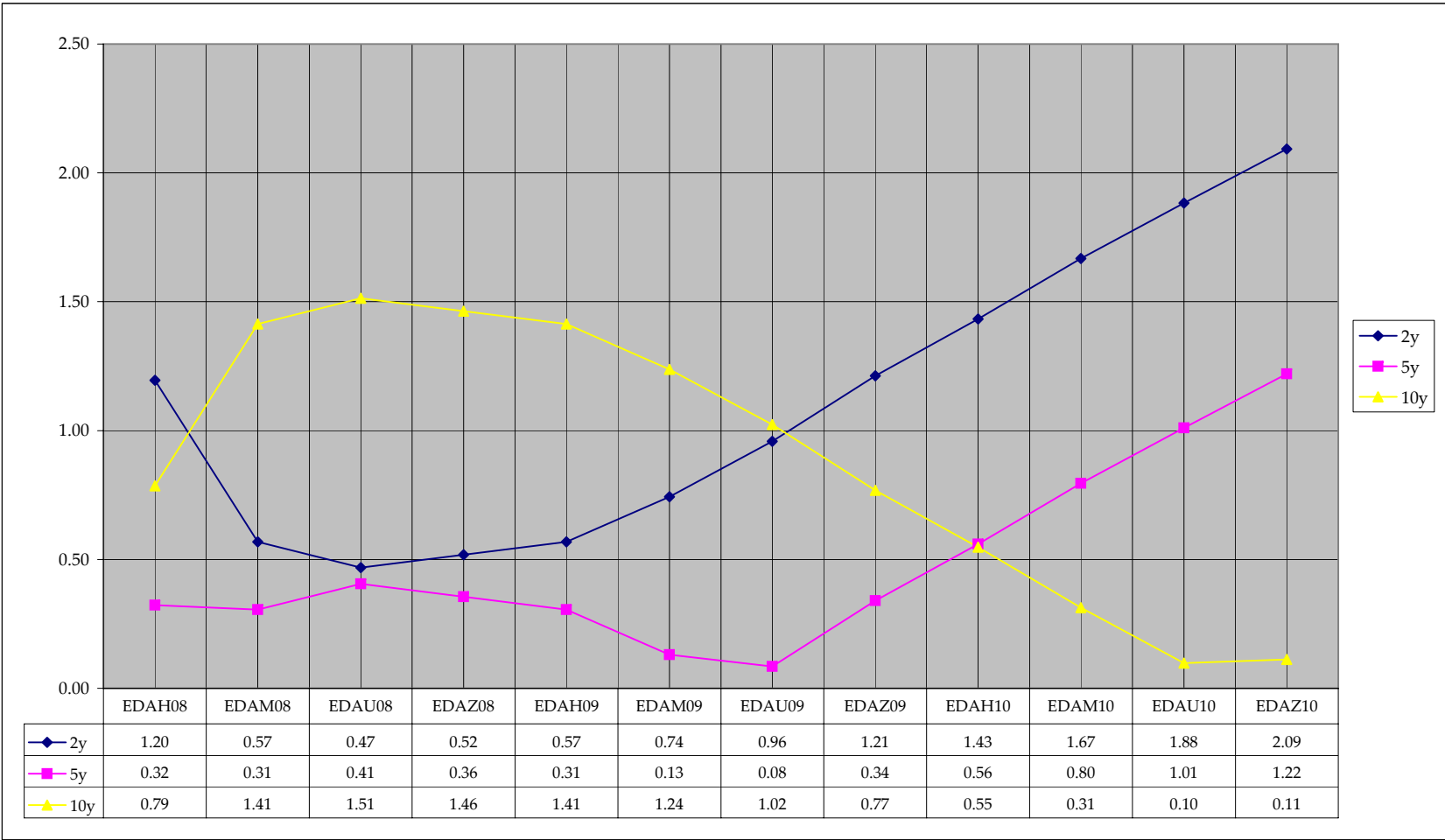
Dirty TED Curve

Chart values show the differences between ED contract and Treasury Futures contract. Those values can be seen in the table at the bottom of the chart. Each cash treasury is then plotted on the chart to compare differences in the durations and basis point values.

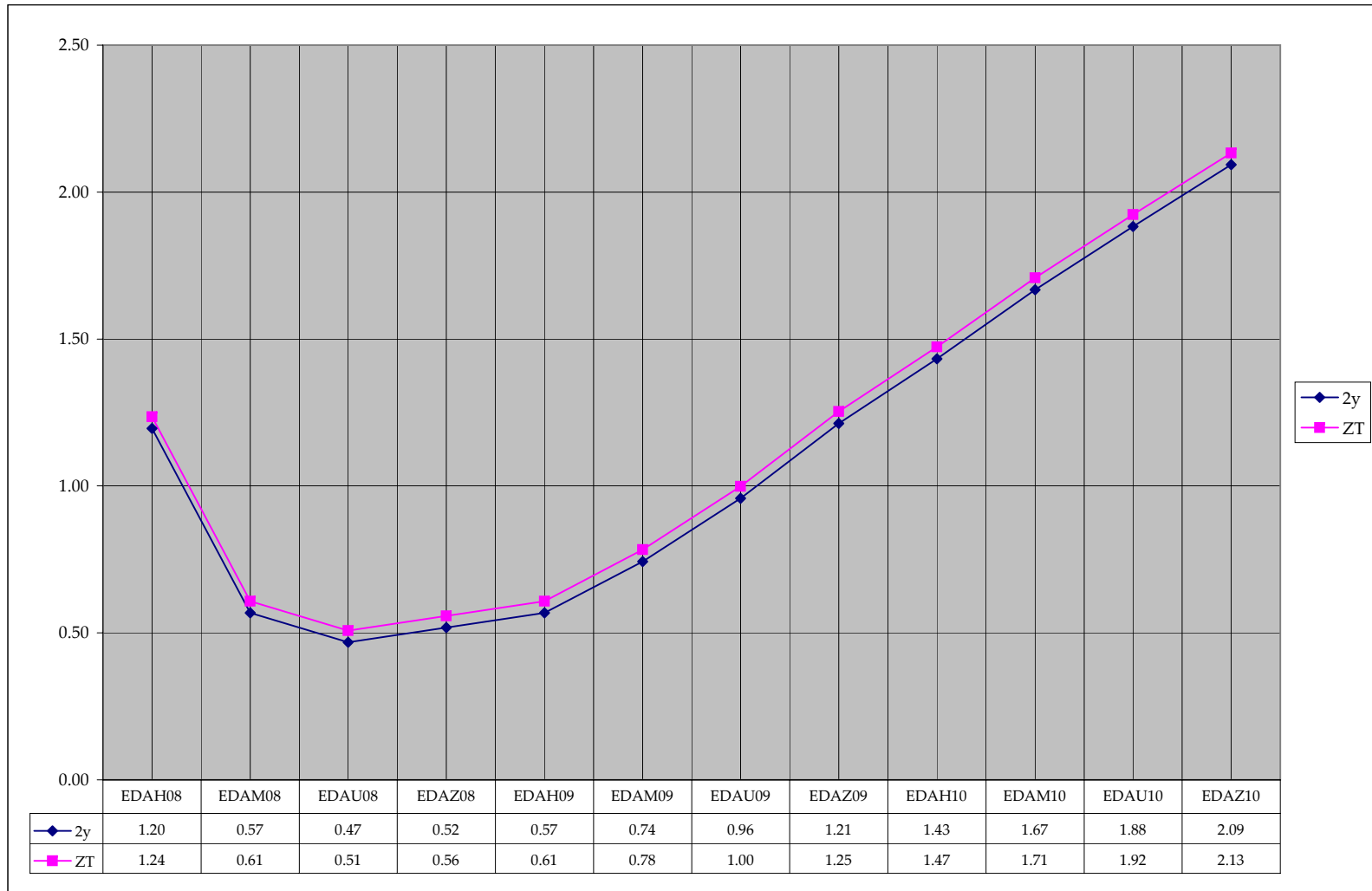


TED Curve

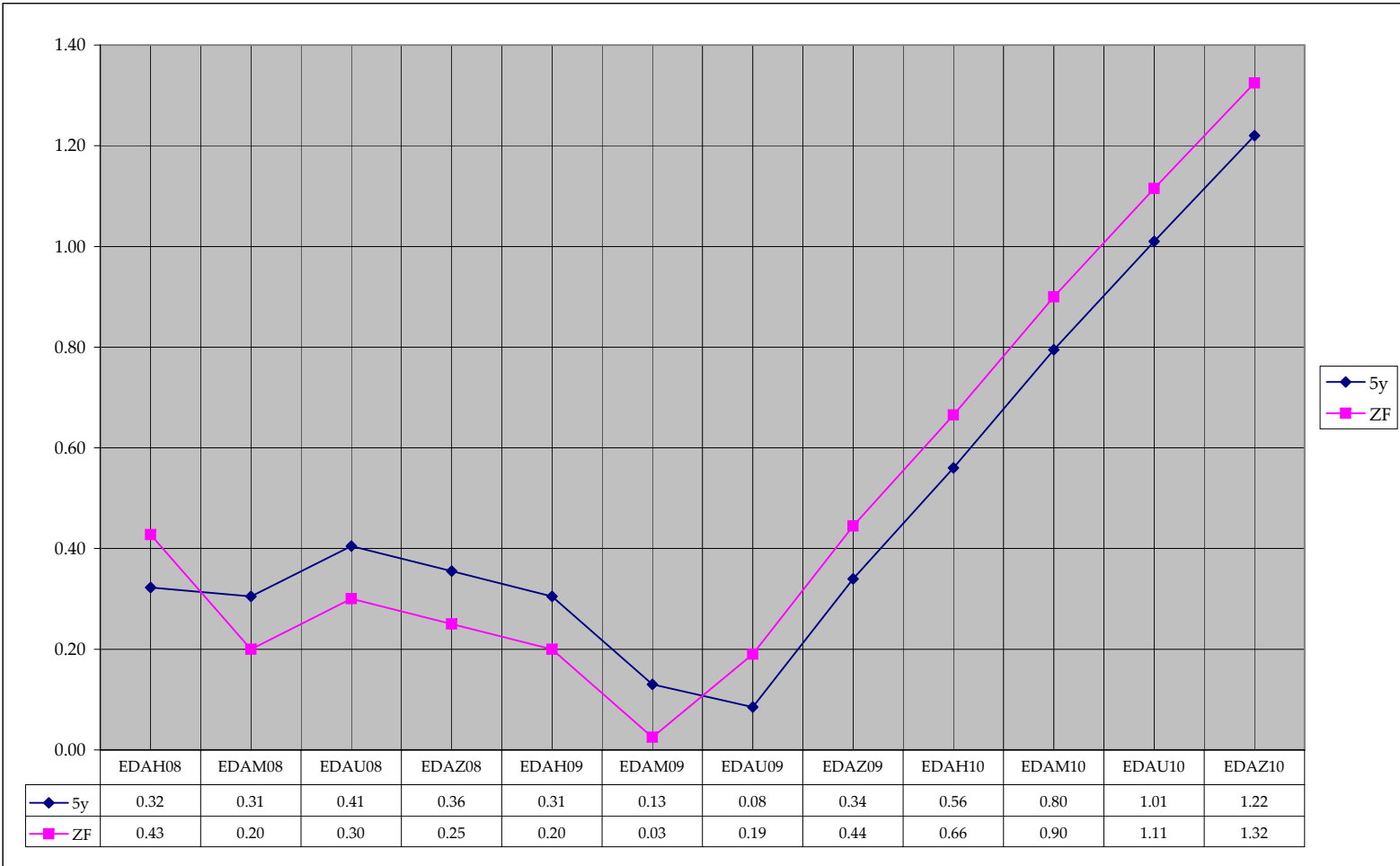
Chart values show the differences between ED contract and Treasury Cash contract. Those values can be seen in the table at the bottom of the chart. Each cash treasury is then plotted on the chart to compare differences in the durations and basis point values.



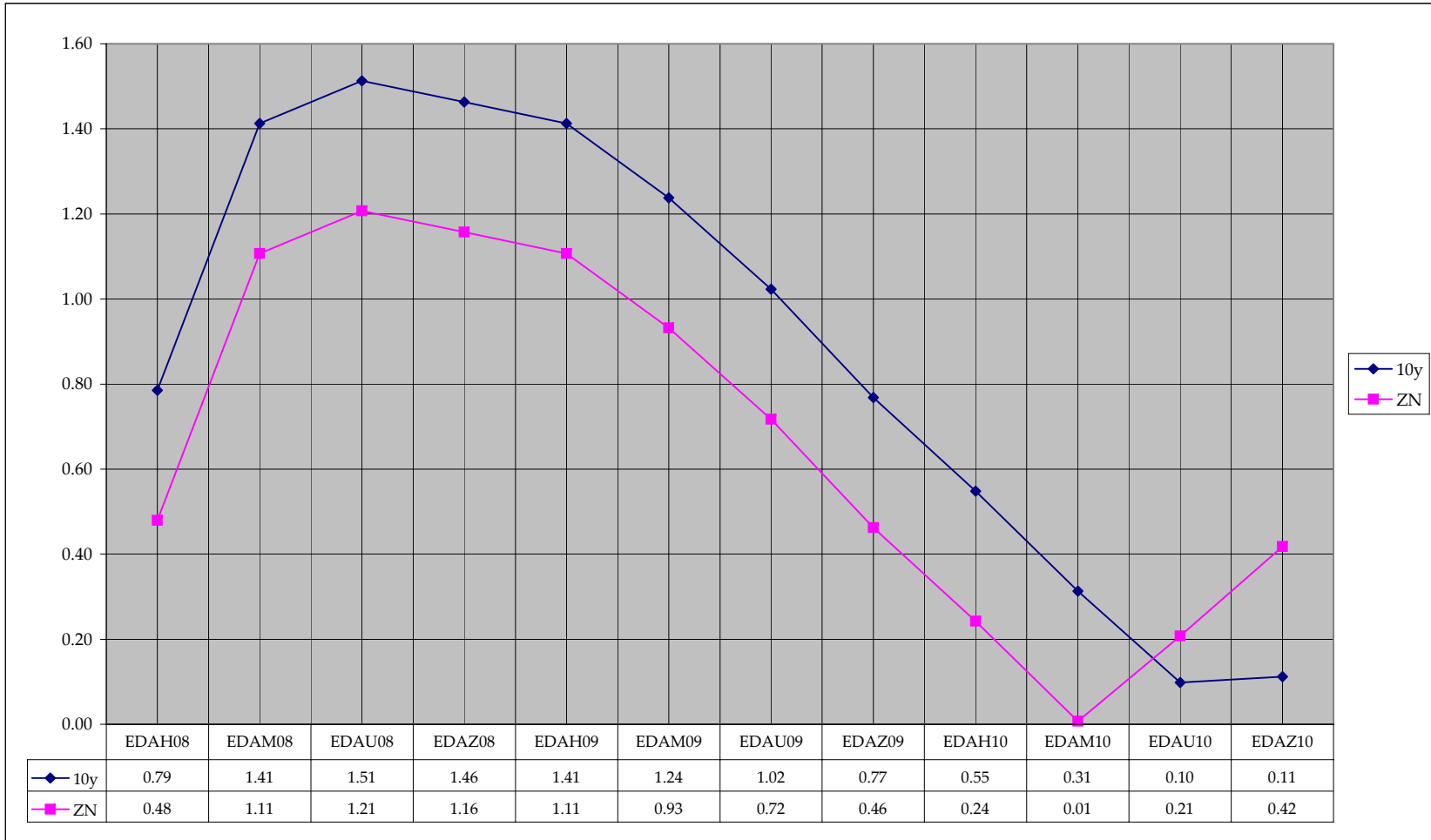
2y Basis TED Curve



5y Basis TED Curve



10y Basis TED Curve



Packs

	last Yield	Net Last Yield	Last Price
Q.ED.White	1.943	-2.750	9809.250
Q.ED.Red	2.514	-6.000	9753.625
Q.ED.Green	3.429	-5.500	9664.625
Q.ED.Blue	4.116	-4.125	9598.125
Q.ED.Gold		-2.125	9551.125

