

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	107.0469	107.015	1.621	1.90	
ZF	114.2656	114.085	2.333	4.05	
ZN	119.3281	119.105	3.041	6.66	
2y	100.641	100.2050	1.654	1.89	
5y	101.506	101.1620	2.432	4.58	
10y	101.141	101.0450	3.354	8.29	

Eurodollars (ED)							
	Last Price	Last Imp Yield	Days til Expr.	Fraction of year	Month		
EDAM08	97.695	2.305	84	0.229	JUN	} White Pack	
EDAU08	97.795	2.205	175	0.479	SEP		
EDAZ08	97.755	2.245	266	0.728	DEC		
EDAH09	97.765	2.235	357	0.977	MAR	} Red Pack	
EDAM09	97.600	2.400	448	1.227	JUN		
EDAU09	97.370	2.630	539	1.476	SEP		
EDAZ09	97.120	2.880	630	1.725	DEC	} Green Pack	
EDAH10	96.920	3.080	721	1.975	MAR		
EDAM10	96.715	3.285	812	2.224	JUN		
EDAU10	96.540	3.460	903	2.473	SEP	} Blue Pack	
EDAZ10	96.360	3.640	994	2.723	DEC		
EDAH11	96.290	3.710	1085	2.972	MAR		
EDAM11	96.155	3.845	1176	3.221	JUN	} Gold Pack	
EDAU11	96.025	3.975	1274	3.490	SEP		
EDAZ11	95.900	4.100	1365	3.739	DEC		
EDAH12	95.795	4.205	1456	3.988	MAR	} Gold Pack	
EDAM12	95.670	4.330	1547	4.238	JUN		
EDAU12	95.640	4.360	1638	4.487	SEP		
EDAZ12	95.495	4.505	1729	4.736	DEC		
EDAH13	95.320	4.680	1820	4.986	MAR		

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	2.292	-7.250	9775.250	} Pack Prices
Q.ED.Red	2.805	-8.875	9725.250	
Q.ED.Green	3.604	-5.625	9647.625	
Q.ED.Blue	0.000	0.000	9597.125	
Q.ED.Gold	0.000	0.000	9556.625	

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

3/24/2008 5:52

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

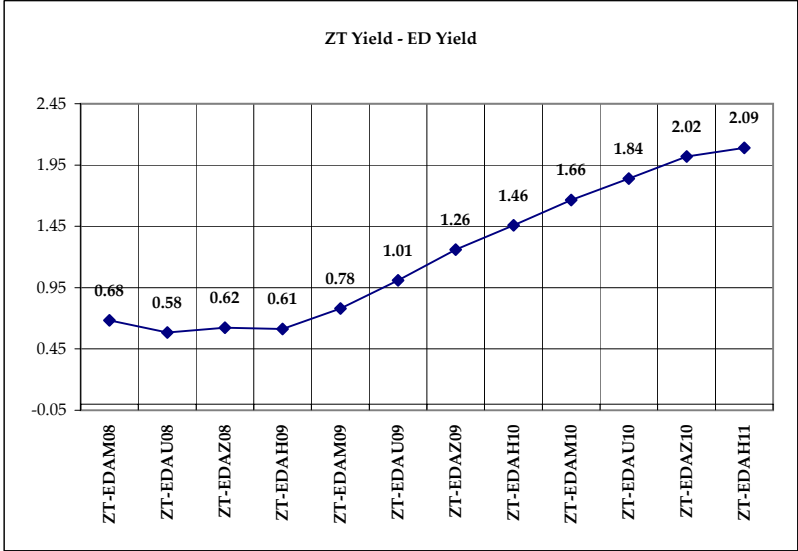
Eurodollar Color Codes for Individual Year Strips:

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

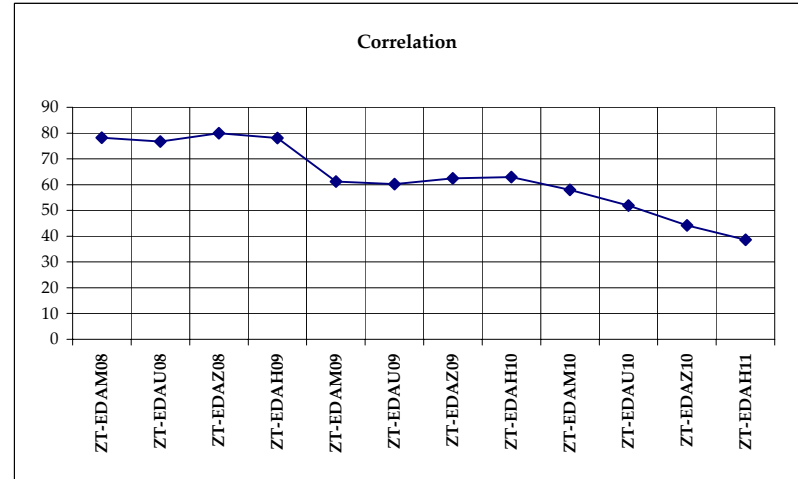
ZT				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAM08	9.352	0.68	ZT-EDAM08	78.191
EDAU08	9.252	0.58	ZT-EDAU08	76.702
EDAZ08	9.292	0.62	ZT-EDAZ08	79.936
EDAH09	9.282	0.61	ZT-EDAH09	78.071
EDAM09	9.447	0.78	ZT-EDAM09	61.252
EDAU09	9.677	1.01	ZT-EDAU09	60.192
EDAZ09	9.927	1.26	ZT-EDAZ09	62.454
EDAH10	10.127	1.46	ZT-EDAH10	62.917
EDAM10	10.332	1.66	ZT-EDAM10	57.915
EDAU10	10.507	1.84	ZT-EDAU10	51.879
EDAZ10	10.687	2.02	ZT-EDAZ10	44.142
EDAH11	10.757	2.09	ZT-EDAH11	38.565

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		
EDAM08	0.229	1.90	1.67	ZT-EDAM08
EDAU08	0.479	1.90	1.42	ZT-EDAU08
EDAZ08	0.728	1.90	1.17	ZT-EDAZ08
EDAH09	0.977	1.90	0.92	ZT-EDAH09
EDAM09	1.227	1.90	0.67	ZT-EDAM09
EDAU09	1.476	1.90	0.42	ZT-EDAU09
EDAZ09	1.725	1.90	0.18	ZT-EDAZ09
EDAH10	1.975	1.90	(0.07)	ZT-EDAH10
EDAM10	2.224	1.90	(0.32)	ZT-EDAM10
EDAU10	2.473	1.90	(0.57)	ZT-EDAU10
EDAZ10	2.723	1.90	(0.82)	ZT-EDAZ10
EDAH11	2.972	1.90	(1.07)	ZT-EDAH11

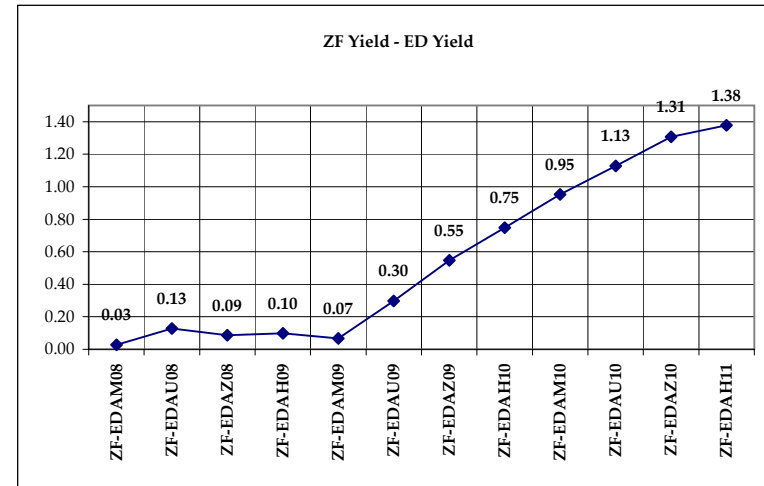
The farther away from 0 the spread duration is the riskier the trade.



Dirty TED: ZF vs Eurodollar Contracts

ZF				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAM08	16.57	0.03	ZF-EDAM08	88.446
EDAU08	16.47	0.13	ZF-EDAU08	91.196
EDAZ08	16.51	0.09	ZF-EDAZ08	91.746
EDAH09	16.50	0.10	ZF-EDAH09	91.175
EDAM09	16.67	0.07	ZF-EDAM09	91.466
EDAU09	16.90	0.30	ZF-EDAU09	90.922
EDAZ09	17.15	0.55	ZF-EDAZ09	90.716
EDAH10	17.35	0.75	ZF-EDAH10	90.584
EDAM10	17.55	0.95	ZF-EDAM10	89.760
EDAU10	17.73	1.13	ZF-EDAU10	88.185
EDAZ10	17.91	1.31	ZF-EDAZ10	85.454
EDAH11	17.98	1.38	ZF-EDAH11	82.958

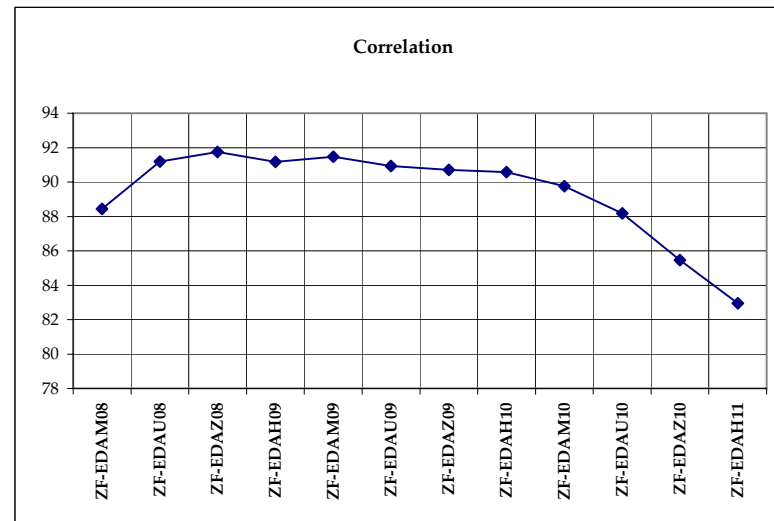
Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days



GE Duration as Fraction of year

	GE Duration as Fraction of year	ZF Duration	Spread Duration	
EDAM08	0.229	4.05	3.82	ZF-EDAM08
EDAU08	0.479	4.05	3.57	ZF-EDAU08
EDAZ08	0.728	4.05	3.32	ZF-EDAZ08
EDAH09	0.977	4.05	3.08	ZF-EDAH09
EDAM09	1.227	4.05	2.83	ZF-EDAM09
EDAU09	1.476	4.05	2.58	ZF-EDAU09
EDAZ09	1.725	4.05	2.33	ZF-EDAZ09
EDAH10	1.975	4.05	2.08	ZF-EDAH10
EDAM10	2.224	4.05	1.83	ZF-EDAM10
EDAU10	2.473	4.05	1.58	ZF-EDAU10
EDAZ10	2.723	4.05	1.33	ZF-EDAZ10
EDAH11	2.972	4.05	1.08	ZF-EDAH11

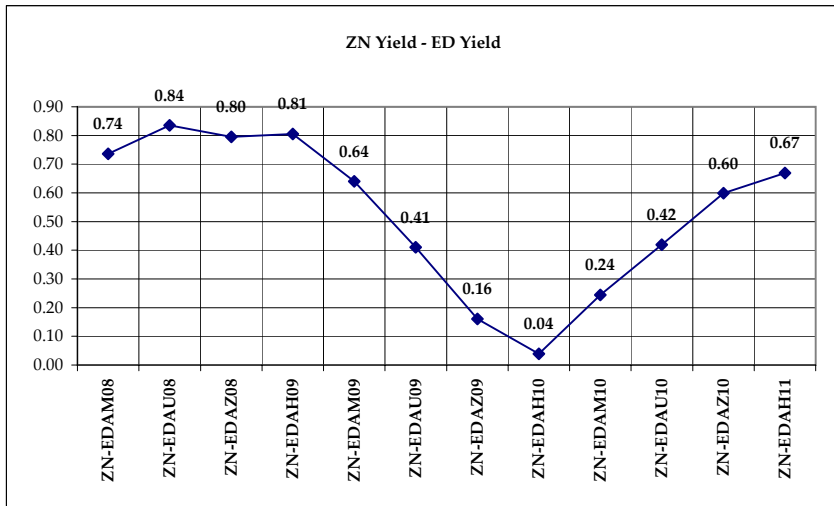
The farther away from 0 the spread duration is the riskier the trade.



Dirty TED: ZN vs Eurodollar Contracts

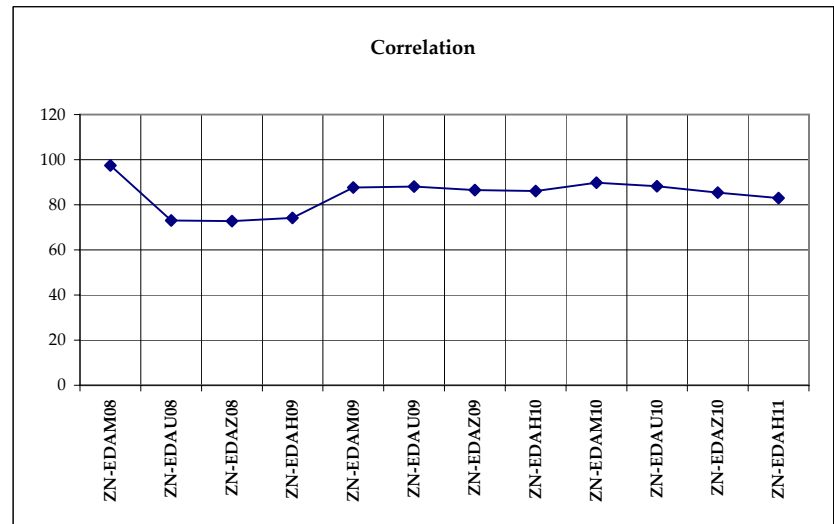
ZN				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAM08	21.63	0.74	ZN-EDAM08	97.43
EDAU08	21.53	0.84	ZN-EDAU08	73.06
EDAZ08	21.57	0.80	ZN-EDAZ08	72.78
EDAH09	21.56	0.81	ZN-EDAH09	74.24
EDAM09	21.73	0.64	ZN-EDAM09	87.61
EDAU09	21.96	0.41	ZN-EDAU09	88.11
EDAZ09	22.21	0.16	ZN-EDAZ09	86.52
EDAH10	22.41	0.04	ZN-EDAH10	86.15
EDAM10	22.61	0.24	ZN-EDAM10	89.76
EDAU10	22.79	0.42	ZN-EDAU10	88.18
EDAZ10	22.97	0.60	ZN-EDAZ10	85.45
EDAH11	23.04	0.67	ZN-EDAH11	82.96

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	
EDAM08	0.229	6.66	6.43	ZN-EDAM08
EDAU08	0.479	6.66	6.18	ZN-EDAU08
EDAZ08	0.728	6.66	5.93	ZN-EDAZ08
EDAH09	0.977	6.66	5.68	ZN-EDAH09
EDAM09	1.227	6.66	5.43	ZN-EDAM09
EDAU09	1.476	6.66	5.18	ZN-EDAU09
EDAZ09	1.725	6.66	4.93	ZN-EDAZ09
EDAH10	1.975	6.66	4.68	ZN-EDAH10
EDAM10	2.224	6.66	4.43	ZN-EDAM10
EDAU10	2.473	6.66	4.19	ZN-EDAU10
EDAZ10	2.723	6.66	3.94	ZN-EDAZ10
EDAH11	2.972	6.66	3.69	ZN-EDAH11

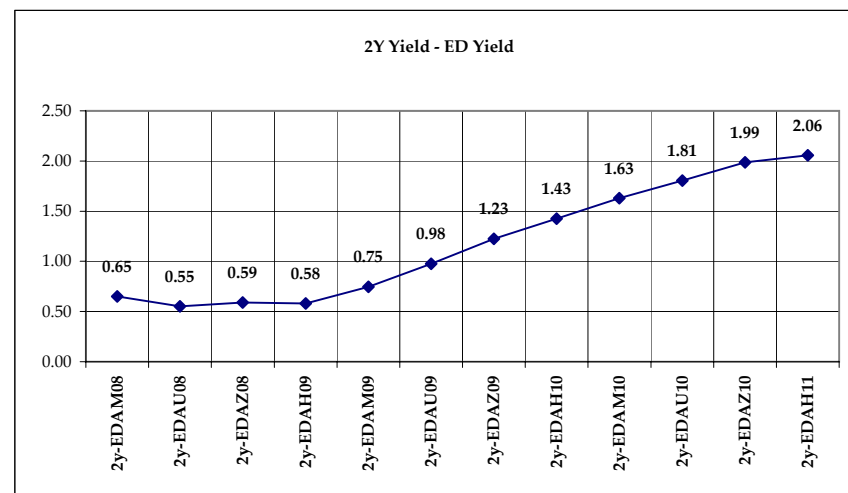
The farther away from 0 the spread duration is the riskier the trade.



TERM TED: 2y vs Eurodollar Contracts

	2y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAM08	2.95	0.65	2y-EDAM08	-74.567
EDAU08	2.85	0.55	2y-EDAU08	-87.054
EDAZ08	2.89	0.59	2y-EDAZ08	-90.927
EDAH09	2.88	0.58	2y-EDAH09	-87.054
EDAM09	3.04	0.75	2y-EDAM09	-80.722
EDAU09	3.27	0.98	2y-EDAU09	-80.336
EDAZ09	3.52	1.23	2y-EDAZ09	-82.081
EDAH10	3.72	1.43	2y-EDAH10	-82.753
EDAM10	3.93	1.63	2y-EDAM10	-80.035
EDAU10	4.10	1.81	2y-EDAU10	-75.993
EDAZ10	4.28	1.99	2y-EDAZ10	-70.659
EDAH11	4.35	2.06	2y-EDAH11	-66.501

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.

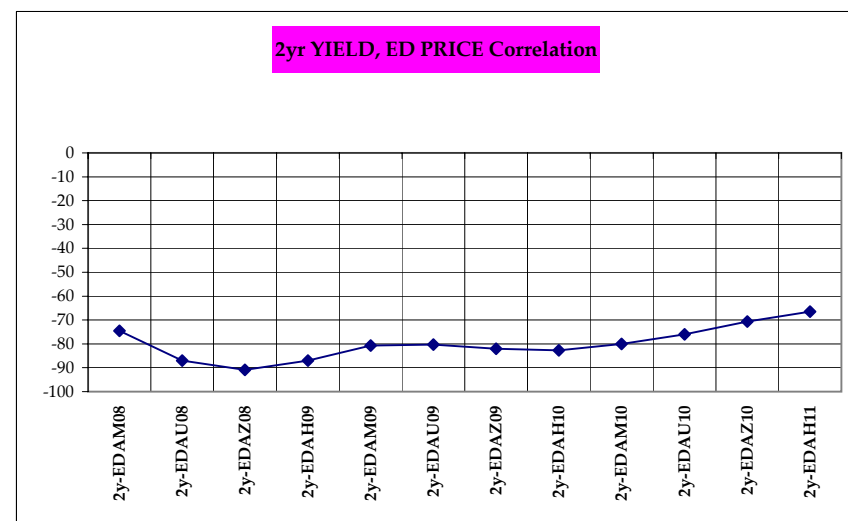


GE Duration as Fraction of year

	2Y Duration	Spread Duration	
EDAM08	0.229	1.89	2y-EDAM08
EDAU08	0.479	1.89	2y-EDAU08
EDAZ08	0.728	1.89	2y-EDAZ08
EDAH09	0.977	1.89	2y-EDAH09
EDAM09	1.227	1.89	2y-EDAM09
EDAU09	1.476	1.89	2y-EDAU09
EDAZ09	1.725	1.89	2y-EDAZ09
EDAH10	1.975	1.89	2y-EDAH10
EDAM10	2.224	1.89	2y-EDAM10
EDAU10	2.473	1.89	2y-EDAU10
EDAZ10	2.723	1.89	2y-EDAZ10
EDAH11	2.972	1.89	2y-EDAH11

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

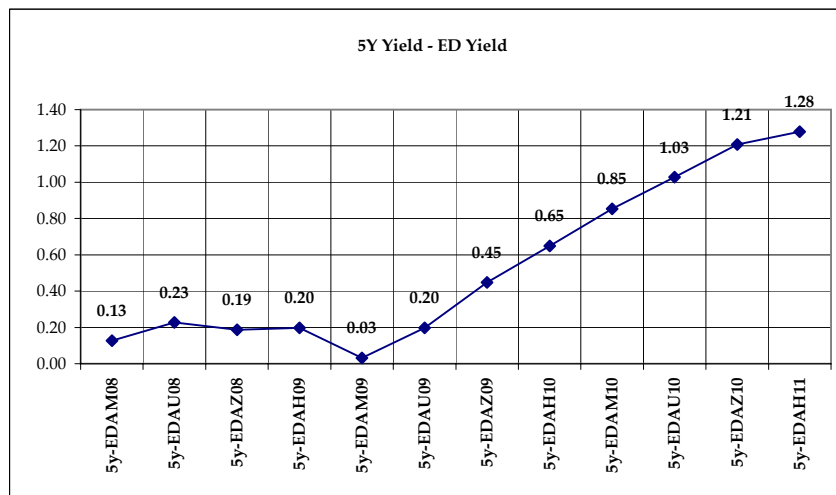
2yr YIELD, ED PRICE Correlation



TERM TED: 5y vs Eurodollar Contracts

	5y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAM08	3.81	0.13	5y-EDAM08	-83.565
EDAU08	3.71	0.23	5y-EDAU08	-80.698
EDAZ08	3.75	0.19	5y-EDAZ08	-84.122
EDAH09	3.74	0.20	5y-EDAH09	-80.698
EDAM09	3.91	0.03	5y-EDAM09	-84.428
EDAU09	4.14	0.20	5y-EDAU09	-84.836
EDAZ09	4.39	0.45	5y-EDAZ09	-85.765
EDAH10	4.59	0.65	5y-EDAH10	-86.530
EDAM10	4.79	0.85	5y-EDAM10	-86.672
EDAU10	4.97	1.03	5y-EDAU10	-85.897
EDAZ10	5.15	1.21	5y-EDAZ10	-84.193
EDAH11	5.22	1.28	5y-EDAH11	-82.560

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.

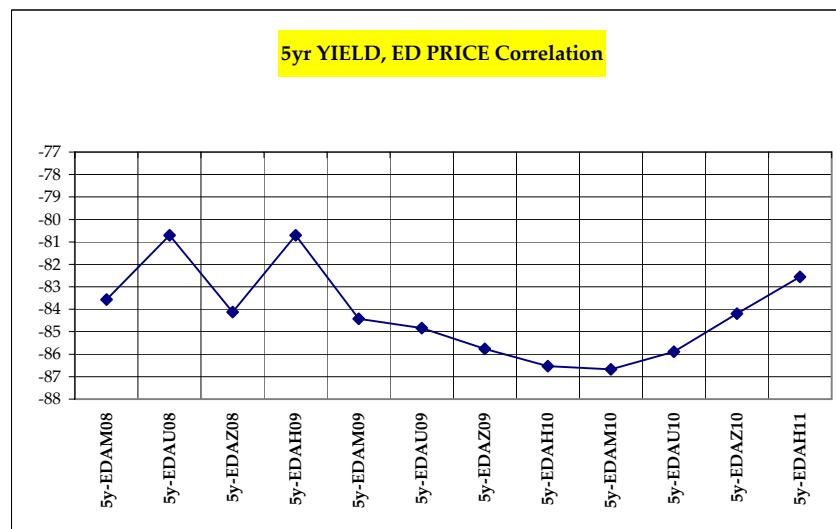


GE Duration as Fraction of year

	5Y Duration	Spread Duration	
EDAM08	0.229	4.58	5y-EDAM08
EDAU08	0.479	4.58	5y-EDAU08
EDAZ08	0.728	4.58	5y-EDAZ08
EDAH09	0.977	4.58	5y-EDAH09
EDAM09	1.227	4.58	5y-EDAM09
EDAU09	1.476	4.58	5y-EDAU09
EDAZ09	1.725	4.58	5y-EDAZ09
EDAH10	1.975	4.58	5y-EDAH10
EDAM10	2.224	4.58	5y-EDAM10
EDAU10	2.473	4.58	5y-EDAU10
EDAZ10	2.723	4.58	5y-EDAZ10
EDAH11	2.972	4.58	5y-EDAH11

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

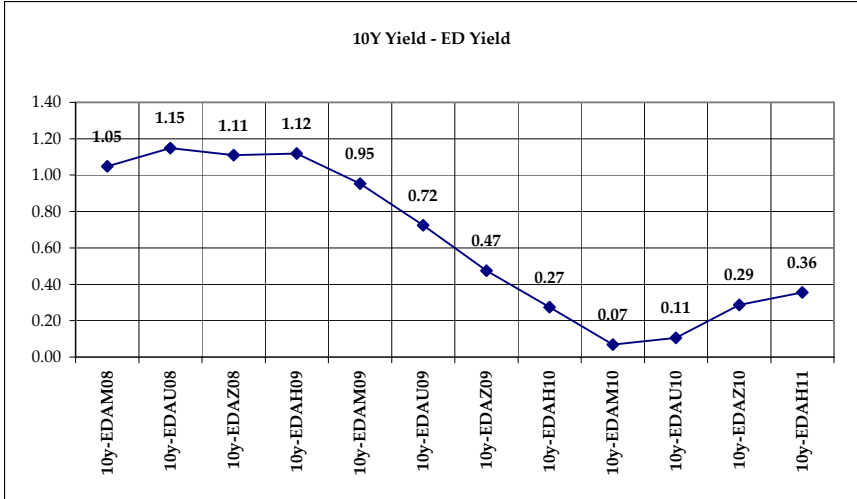
5yr YIELD, ED PRICE Correlation



TERM TED: 10y vs Eurodollar Contracts

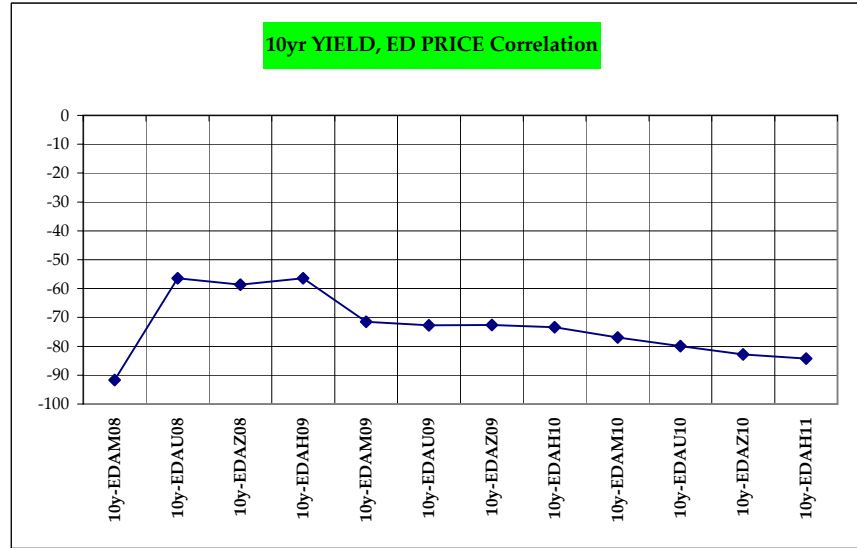
	10y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAM08	3.81	1.05	10y-EDAM08	-91.688
EDAU08	3.71	1.15	10y-EDAU08	-56.426
EDAZ08	3.75	1.11	10y-EDAZ08	-58.663
EDAH09	3.74	1.12	10y-EDAH09	-56.426
EDAM09	3.91	0.95	10y-EDAM09	-71.479
EDAU09	4.14	0.72	10y-EDAU09	-72.706
EDAZ09	4.39	0.47	10y-EDAZ09	-72.657
EDAH10	4.59	0.27	10y-EDAH10	-73.445
EDAM10	4.79	0.07	10y-EDAM10	-76.955
EDAU10	4.97	0.11	10y-EDAU10	-79.953
EDAZ10	5.15	0.29	10y-EDAZ10	-82.763
EDAH11	5.22	0.36	10y-EDAH11	-84.253

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	
EDAM08	0.229	8.29	8.06	10y-EDAM08
EDAU08	0.479	8.29	7.81	10y-EDAU08
EDAZ08	0.728	8.29	7.56	10y-EDAZ08
EDAH09	0.977	8.29	7.31	10y-EDAH09
EDAM09	1.227	8.29	7.06	10y-EDAM09
EDAU09	1.476	8.29	6.81	10y-EDAU09
EDAZ09	1.725	8.29	6.56	10y-EDAZ09
EDAH10	1.975	8.29	6.31	10y-EDAH10
EDAM10	2.224	8.29	6.06	10y-EDAM10
EDAU10	2.473	8.29	5.81	10y-EDAU10
EDAZ10	2.723	8.29	5.57	10y-EDAZ10
EDAH11	2.972	8.29	5.32	10y-EDAH11

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

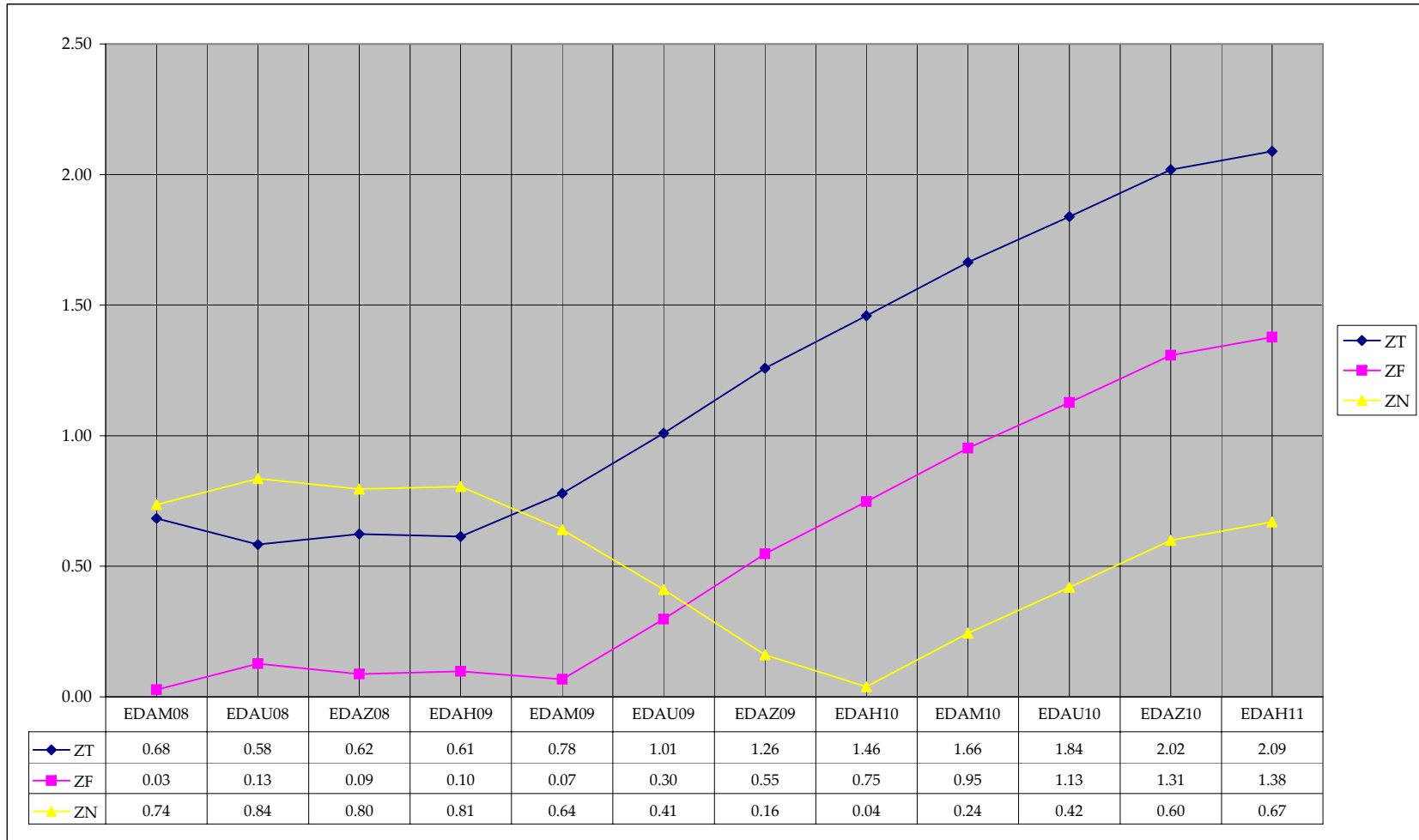


Dirty TED Curve

3/24/2008 5:52

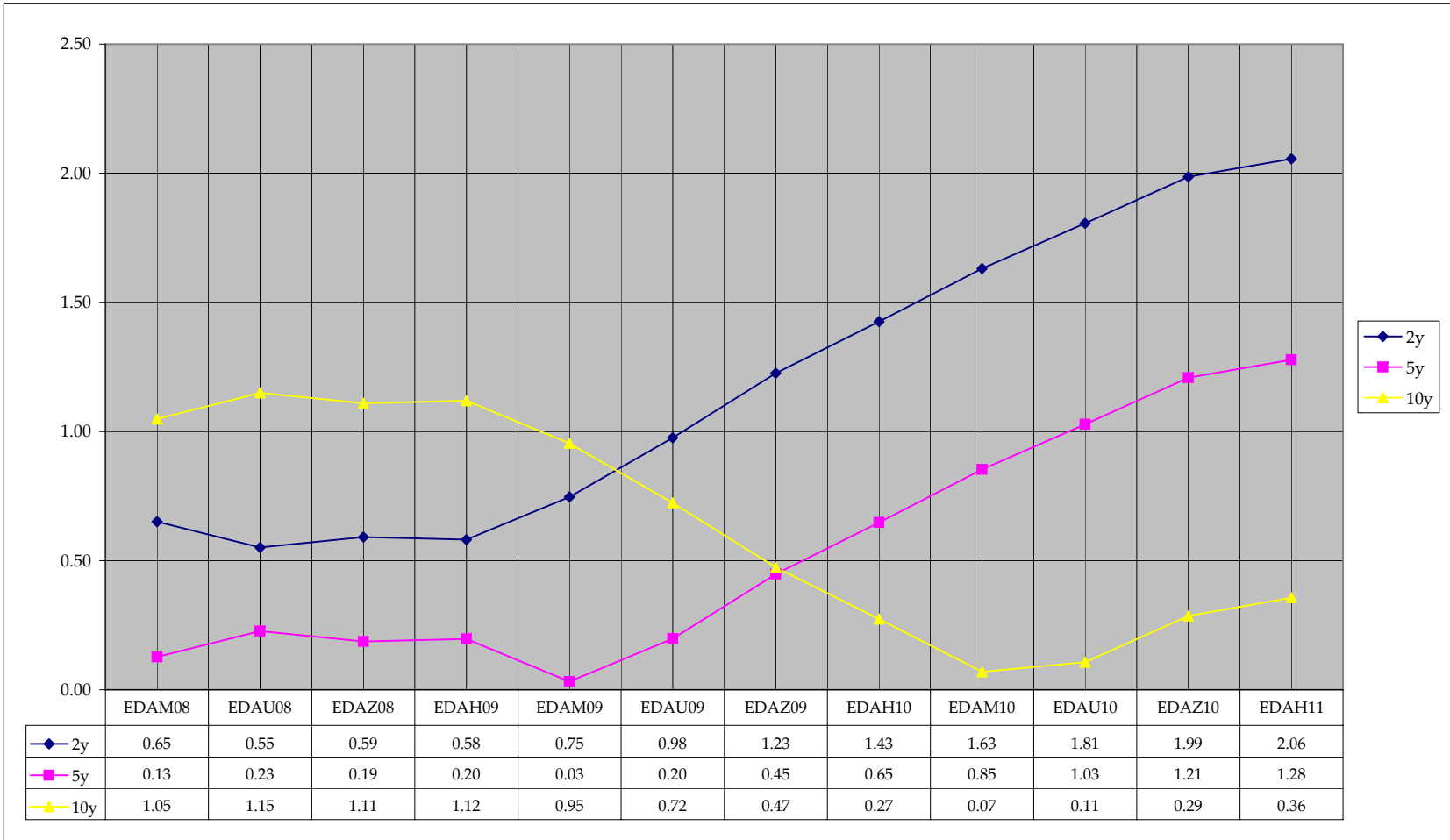
Page 7

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.

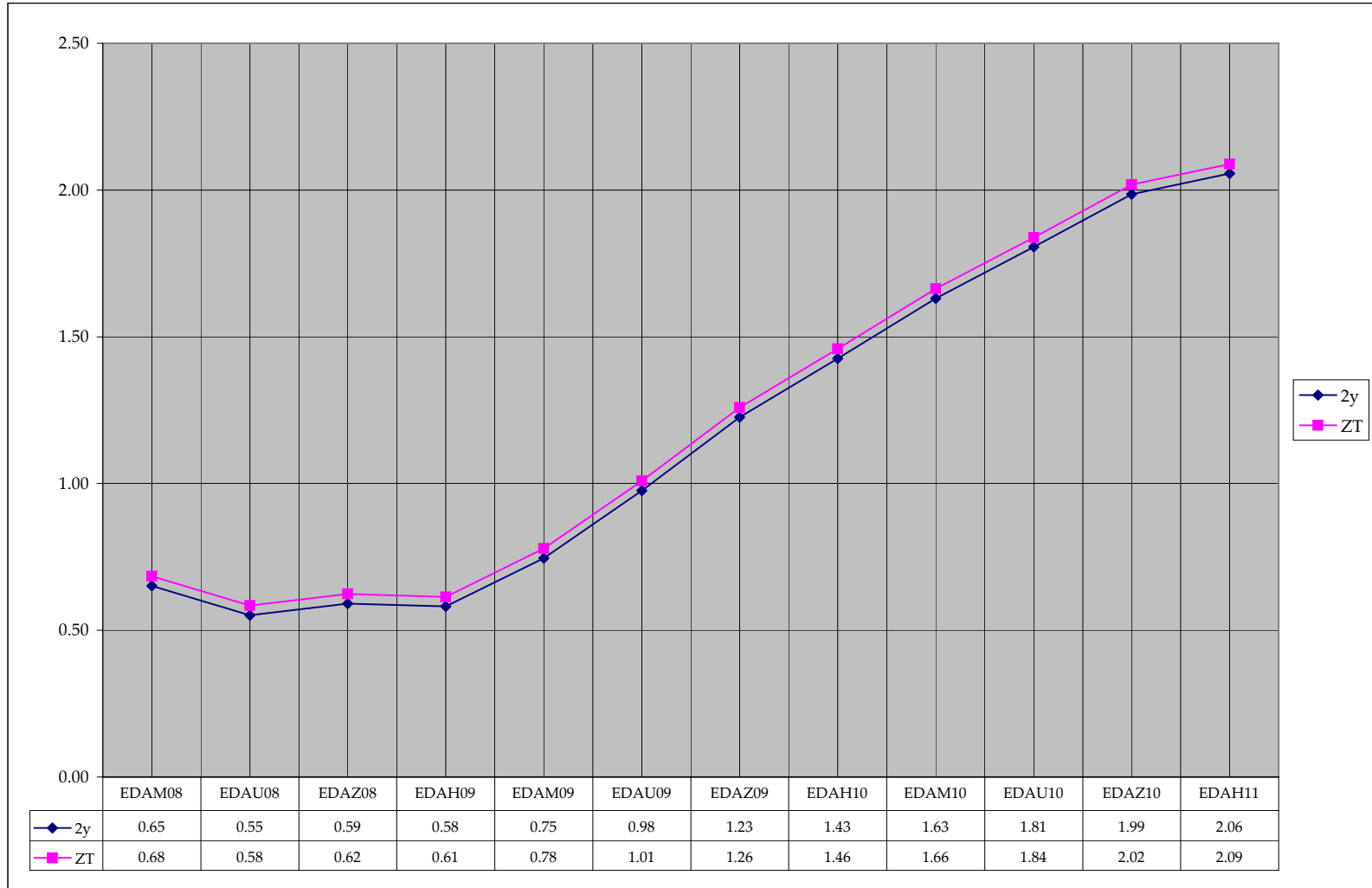


TED Curve

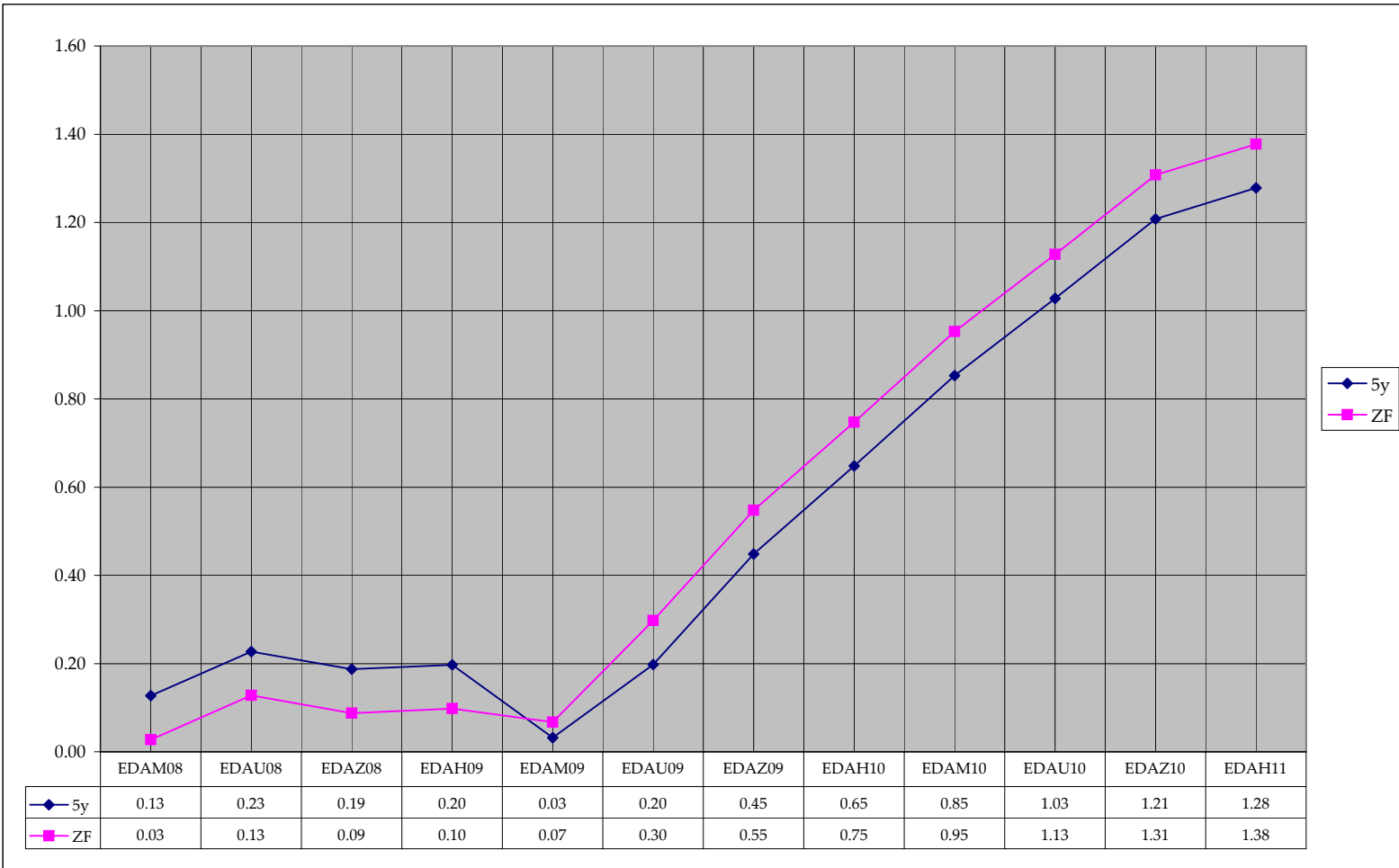
Chart values show the differences between ED contract and Treasury Cash contract. Those values can be seen in the table at the bottom of the chart. Each cash treasury is then plotted on the chart to compare differences in the durations and basis point values.



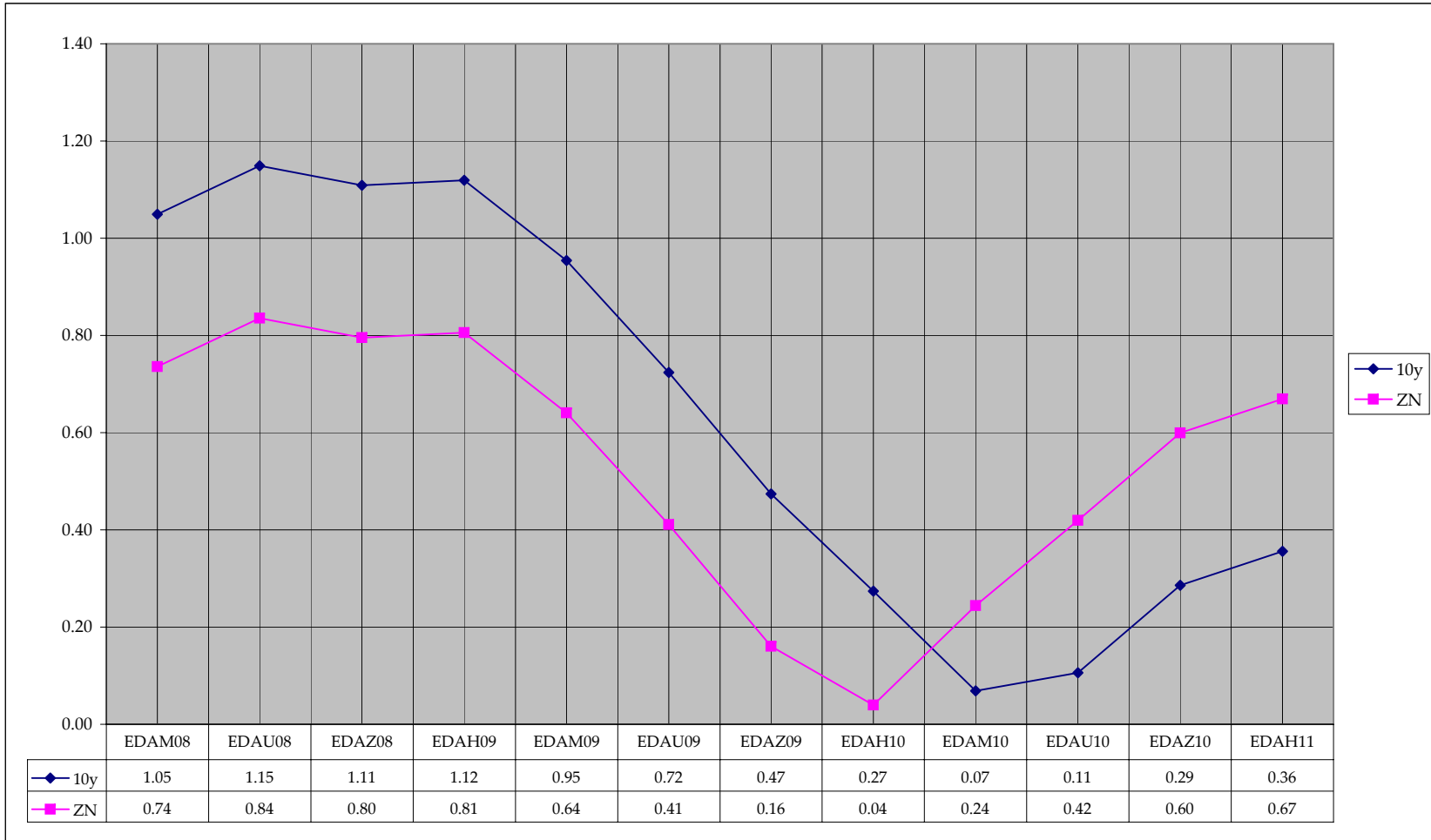
2y Basis TED Curve



5y Basis TED Curve



10y Basis TED Curve



Packs

	last Yield	Net Last Yield	Last Price
Q.ED.White	2.292	-7.250	9775.250
Q.ED.Red	2.805	-8.875	9725.250
Q.ED.Green	3.604	-5.625	9647.625
Q.ED.Blue	0.000	0.000	9597.125
Q.ED.Gold	0.000	0.000	9556.625

