

The Morning Email: TERM TEDS & Dirty TEDS

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

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Treasury Futures and Cash				
	Last Decimal	Last 32	Last Yield*	MDuration
ZT	108.5625	108.1800	0.878	1.886
ZF	116.3188	116.1020	2.020	4.166
ZN	118.3594	118.1150	2.853	5.806
2y	100.4281	100.1370	0.899	1.939
5y	101.7344	101.2350	2.252	4.635
10y	98.1563	98.0500	3.346	8.349

Eurodollars (ED)						
	Last Price	Last Imp Yield	Days til Expr.	Fraction of year	Month	
EDAU09	99.4600	0.540	66	0.1802	SEP	
EDAZ09	99.2750	0.725	157	0.4295	DEC	White Pack
EDAH10	99.1000	0.900	248	0.6788	MAR	
EDAM10	98.8200	1.180	339	0.9281	JUN	
EDAU10	98.5050	1.495	430	1.1774	SEP	
EDAZ10	98.1300	1.870	521	1.4267	DEC	Red Pack
EDAH11	97.7950	2.205	612	1.6760	MAR	
EDAM11	97.4450	2.555	703	1.9254	JUN	
EDAU11	97.1350	2.865	801	2.1939	SEP	
EDAZ11	96.8400	3.160	892	2.4432	DEC	Green Pack
EDAH12	96.6350	3.365	983	2.6925	MAR	
EDAM12	96.4450	3.555	1,074	2.9418	JUN	
EDAU12	96.2800	3.720	1,165	3.1911	SEP	
EDAZ12	96.1300	3.870	1,256	3.4404	DEC	Blue Pack
EDAH13	96.0050	3.995	1,347	3.6897	MAR	
EDAM13	95.8900	4.110	1,438	3.9391	JUN	
EDAU13	95.7850	4.215	1,529	4.1884	SEP	
EDAZ13	95.6700	4.330	1,620	4.4377	DEC	Gold Pack
EDAH14	95.6100	4.390	1,711	4.6870	MAR	
EDAM14	95.5200	4.480	1,802	4.9363	JUN	

	Last Yield	Net Yield	Last Price	
White Pack	0.850	2.375	9916.38	
Red Pack	2.070	6.250	9796.88	Pack Prices
Green Pack	3.308	8.500	9676.38	
Blue Pack	4.018	8.125	9607.63	
Gold Pack	4.463	8.125	9564.63	

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

Notes

* Futures use CTD for Last Yield

IF : '#VALUE!', then, no quote being provided by exchange.

If color of cell is orange, it's simply a 'note' for me.

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

Jan-00 Regression
Jan-00 Engineered
Jan-00 Strip with and without Stubs
Jan-00 Convexity Bias
Jan-00 Weighted
Jan-00 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.

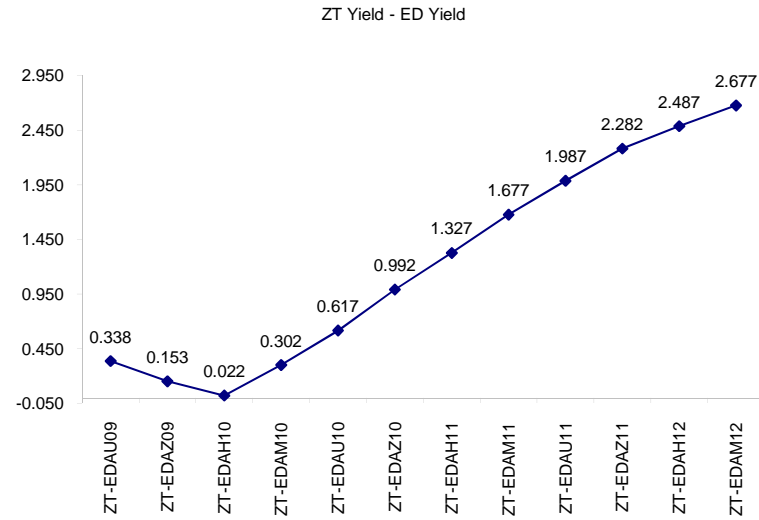
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Correlations (Important)

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. So, it's much easier to formulate the correlations based on yield than price.

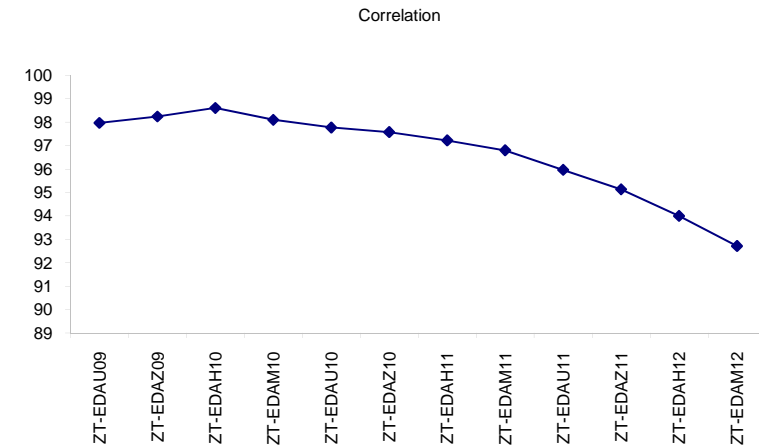
	ZT			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU09	9.10	0.338	ZT-EDAU09	98
EDAZ09	9.29	0.153	ZT-EDAZ09	98
EDAH10	9.46	0.022	ZT-EDAH10	99
EDAM10	9.74	0.302	ZT-EDAM10	98
EDAU10	10.06	0.617	ZT-EDAU10	98
EDAZ10	10.43	0.992	ZT-EDAZ10	98
EDAH11	10.77	1.327	ZT-EDAH11	97
EDAM11	11.12	1.677	ZT-EDAM11	97
EDAU11	11.43	1.987	ZT-EDAU11	96
EDAZ11	11.72	2.282	ZT-EDAZ11	95
EDAH12	11.93	2.487	ZT-EDAH12	94
EDAM12	12.12	2.677	ZT-EDAM12	93

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



	ED Duration as Fraction of year			ZT Duration	Spread Duration	
EDAU09	0.1802	1.8860	1.7058	ZT-EDAU09		
EDAZ09	0.4295	1.8860	1.4565	ZT-EDAZ09		
EDAH10	0.6788	1.8860	1.2072	ZT-EDAH10		
EDAM10	0.9281	1.8860	0.9579	ZT-EDAM10		
EDAU10	1.1774	1.8860	0.7086	ZT-EDAU10		
EDAZ10	1.4267	1.8860	0.4593	ZT-EDAZ10		
EDAH11	1.6760	1.8860	0.2099	ZT-EDAH11		
EDAM11	1.9254	1.8860	-0.0394	ZT-EDAM11		
EDAU11	2.1939	1.8860	-0.3079	ZT-EDAU11		
EDAZ11	2.4432	1.8860	-0.5572	ZT-EDAZ11		
EDAH12	2.6925	1.8860	-0.8065	ZT-EDAH12		
EDAM12	2.9418	1.8860	-1.0558	ZT-EDAM12		

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

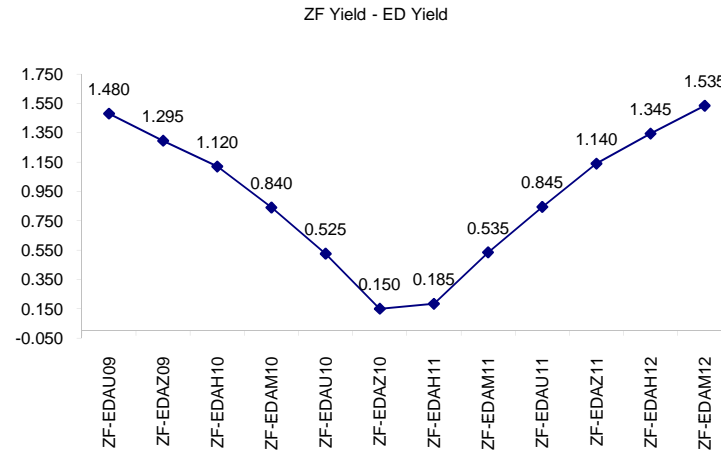


	ZF			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU09	16.86	1.480	ZF-EDAU09	97
EDAZ09	17.04	1.295	ZF-EDAZ09	96
EDAH10	17.22	1.120	ZF-EDAH10	97
EDAM10	17.50	0.840	ZF-EDAM10	98
EDAU10	17.81	0.525	ZF-EDAU10	98
EDAZ10	18.19	0.150	ZF-EDAZ10	98
EDAH11	18.52	0.185	ZF-EDAH11	99
EDAM11	18.87	0.535	ZF-EDAM11	99
EDAU11	19.18	0.845	ZF-EDAU11	99
EDAZ11	19.48	1.140	ZF-EDAZ11	100
EDAH12	19.68	1.345	ZF-EDAH12	100
EDAM12	19.87	1.535	ZF-EDAM12	99

Price = Outright Decimal Price - Euro Contract Price

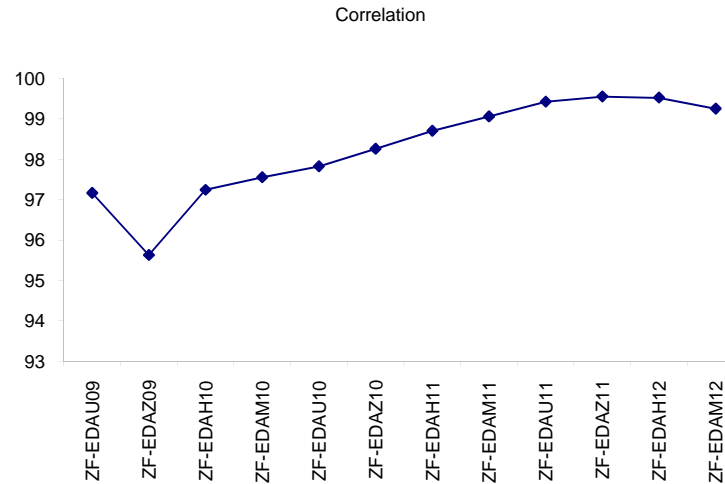
Yield = ABS (Proxy Yield - Implied Euro Contract yield)

*Correlation = ED Correlation to Treasury Future over 10 days



	ED Duration as Fraction of year		ZF Duration	Spread Duration	
EDAU09	0.1802	4.1662	3.9860	ZF-EDAU09	
EDAZ09	0.4295	4.1662	3.7367	ZF-EDAZ09	
EDAH10	0.6788	4.1662	3.4874	ZF-EDAH10	
EDAM10	0.9281	4.1662	3.2381	ZF-EDAM10	
EDAU10	1.1774	4.1662	2.9888	ZF-EDAU10	
EDAZ10	1.4267	4.1662	2.7394	ZF-EDAZ10	
EDAH11	1.6760	4.1662	2.4901	ZF-EDAH11	
EDAM11	1.9254	4.1662	2.2408	ZF-EDAM11	
EDAU11	2.1939	4.1662	1.9723	ZF-EDAU11	
EDAZ11	2.4432	4.1662	1.7230	ZF-EDAZ11	
EDAH12	2.6925	4.1662	1.4737	ZF-EDAH12	
EDAM12	2.9418	4.1662	1.2244	ZF-EDAM12	

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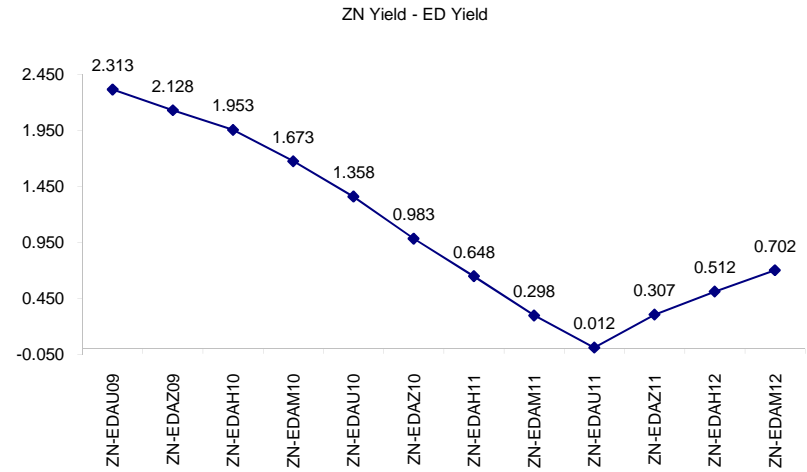


	ZN			Correlation* (percent)
	Spread Price	Spread Yield	Spread Name	
EDAU09	18.90	2.313	ZN-EDAU09	91
EDAZ09	19.08	2.128	ZN-EDAZ09	89
EDAH10	19.26	1.953	ZN-EDAH10	91
EDAM10	19.54	1.673	ZN-EDAM10	91
EDAU10	19.85	1.358	ZN-EDAU10	91
EDAZ10	20.23	0.983	ZN-EDAZ10	92
EDAH11	20.56	0.648	ZN-EDAH11	93
EDAM11	20.91	0.298	ZN-EDAM11	94
EDAU11	21.22	0.012	ZN-EDAU11	95
EDAZ11	21.52	0.307	ZN-EDAZ11	96
EDAH12	21.72	0.512	ZN-EDAH12	98
EDAM12	21.91	0.702	ZN-EDAM12	98

Price = Outright Decimal Price - Euro Contract Price

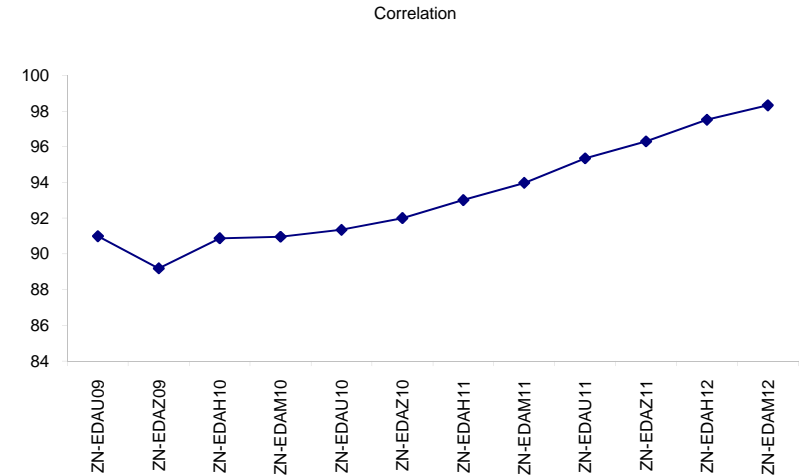
Yield = ABS (Proxy Yield - Implied Euro Contract yield)

*Correlation = ED Correlation to Treasury Future over 10 days



	ED Duration as			ZN Spread Duration
	Fraction of year	ZN Duration	Spread Duration	
EDAU09	0.1802	5.8058	5.6256	ZN-EDAU09
EDAZ09	0.4295	5.8058	5.3763	ZN-EDAZ09
EDAH10	0.6788	5.8058	5.1270	ZN-EDAH10
EDAM10	0.9281	5.8058	4.8777	ZN-EDAM10
EDAU10	1.1774	5.8058	4.6283	ZN-EDAU10
EDAZ10	1.4267	5.8058	4.3790	ZN-EDAZ10
EDAH11	1.6760	5.8058	4.1297	ZN-EDAH11
EDAM11	1.9254	5.8058	3.8804	ZN-EDAM11
EDAU11	2.1939	5.8058	3.6119	ZN-EDAU11
EDAZ11	2.4432	5.8058	3.3626	ZN-EDAZ11
EDAH12	2.6925	5.8058	3.1133	ZN-EDAH12
EDAM12	2.9418	5.8058	2.8640	ZN-EDAM12

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



	2y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU09	0.97	0.359	2y-EDAU09	-98
EDAZ09	1.15	0.174	2y-EDAZ09	-98
EDAH10	1.33	0.001	2y-EDAH10	-97
EDAM10	1.61	0.281	2y-EDAM10	-96
EDAU10	1.92	0.596	2y-EDAU10	-95
EDAZ10	2.30	0.971	2y-EDAZ10	-95
EDAH11	2.63	1.306	2y-EDAH11	-95
EDAM11	2.98	1.656	2y-EDAM11	-95
EDAU11	3.29	1.966	2y-EDAU11	-94
EDAZ11	3.59	2.261	2y-EDAZ11	-94
EDAH12	3.79	2.466	2y-EDAH12	-93
EDAM12	3.98	2.656	2y-EDAM12	-92

Price = Outright Decimal Price - Euro Contract Price

Yield = ABS (Proxy Yield - Implied Euro Contract yield)

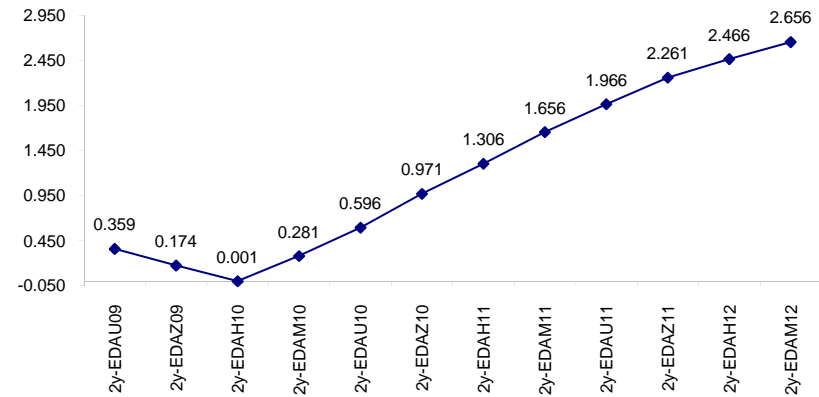
*Correlation = ED Correlation to Treasury Future over 10 days.

ED Duration as

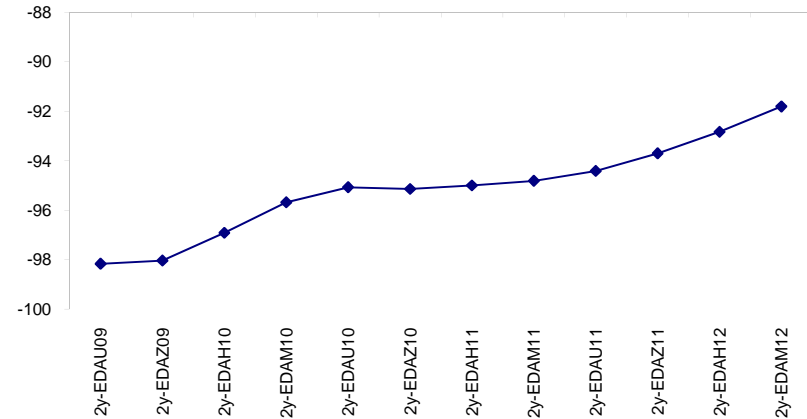
	Fraction of year	2Y Duration	Spread Duration	
EDAU09	0.1802	1.9393	1.7591	2y-EDAU09
EDAZ09	0.4295	1.9393	1.5098	2y-EDAZ09
EDAH10	0.6788	1.9393	1.2605	2y-EDAH10
EDAM10	0.9281	1.9393	1.0112	2y-EDAM10
EDAU10	1.1774	1.9393	0.7619	2y-EDAU10
EDAZ10	1.4267	1.9393	0.5125	2y-EDAZ10
EDAH11	1.6760	1.9393	0.2632	2y-EDAH11
EDAM11	1.9254	1.9393	0.0139	2y-EDAM11
EDAU11	2.1939	1.9393	-0.2546	2y-EDAU11
EDAZ11	2.4432	1.9393	-0.5039	2y-EDAZ11
EDAH12	2.6925	1.9393	-0.7532	2y-EDAH12
EDAM12	2.9418	1.9393	-1.0025	2y-EDAM12

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

ZT Yield - ED Yield



Correlation

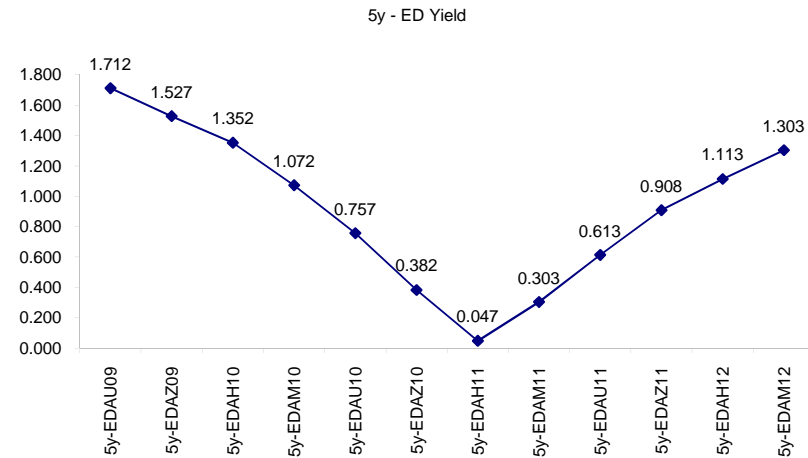


	5y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU09	2.27	1.712	5y-EDAU09	-98
EDAZ09	2.46	1.527	5y-EDAZ09	-97
EDAH10	2.63	1.352	5y-EDAH10	-97
EDAM10	2.91	1.072	5y-EDAM10	-97
EDAU10	3.23	0.757	5y-EDAU10	-97
EDAZ10	3.60	0.382	5y-EDAZ10	-97
EDAH11	3.94	0.047	5y-EDAH11	-98
EDAM11	4.29	0.303	5y-EDAM11	-98
EDAU11	4.60	0.613	5y-EDAU11	-99
EDAZ11	4.89	0.908	5y-EDAZ11	-99
EDAH12	5.10	1.113	5y-EDAH12	-99
EDAM12	5.29	1.303	5y-EDAM12	-99

Price = Outright Decimal Price - Euro Contract Price

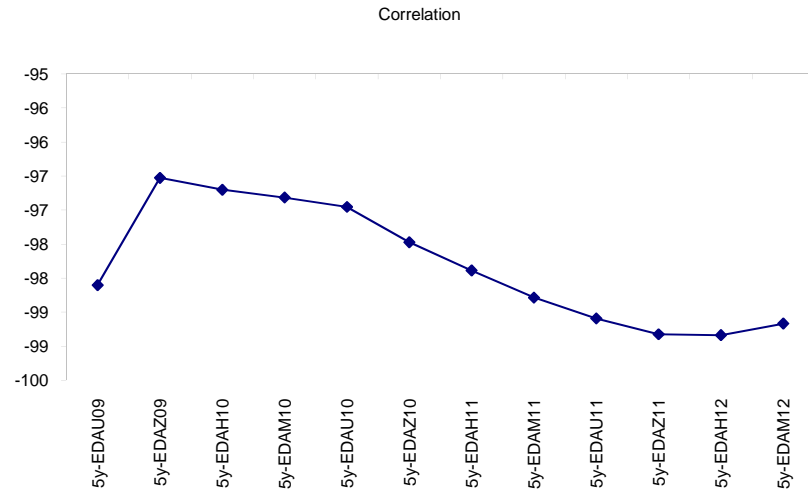
Yield = ABS (Proxy Yield - Implied Euro Contract yield)

*Correlation = ED Correlation to Treasury Future over 10 days



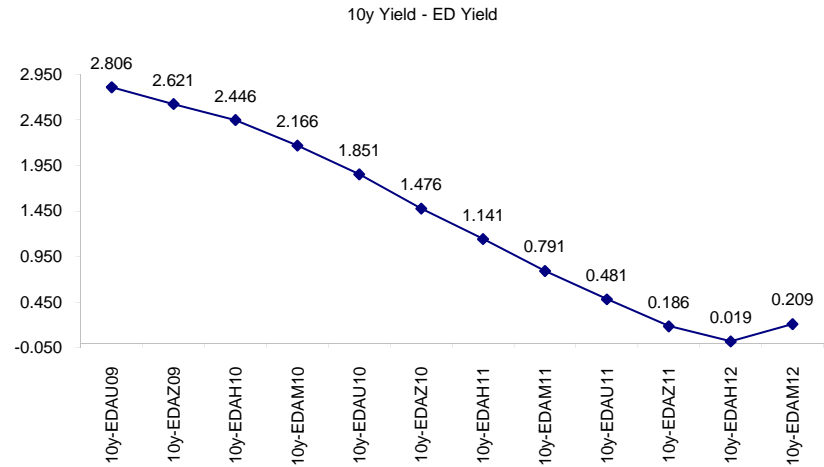
	ED Duration as Fraction of year			
	5Y Duration	Spread Duration		
EDAU09	0.1802	4.6353	4.4552	5y-EDAU09
EDAZ09	0.4295	4.6353	4.2059	5y-EDAZ09
EDAH10	0.6788	4.6353	3.9565	5y-EDAH10
EDAM10	0.9281	4.6353	3.7072	5y-EDAM10
EDAU10	1.1774	4.6353	3.4579	5y-EDAU10
EDAZ10	1.4267	4.6353	3.2086	5y-EDAZ10
EDAH11	1.6760	4.6353	2.9593	5y-EDAH11
EDAM11	1.9254	4.6353	2.7100	5y-EDAM11
EDAU11	2.1939	4.6353	2.4415	5y-EDAU11
EDAZ11	2.4432	4.6353	2.1922	5y-EDAZ11
EDAH12	2.6925	4.6353	1.9428	5y-EDAH12
EDAM12	2.9418	4.6353	1.6935	5y-EDAM12

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



10y				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU09	2.27	2.806	10y-EDAU09	-83
EDAZ09	2.46	2.621	10y-EDAZ09	-81
EDAH10	2.63	2.446	10y-EDAH10	-83
EDAM10	2.91	2.166	10y-EDAM10	-83
EDAU10	3.23	1.851	10y-EDAU10	-84
EDAZ10	3.60	1.476	10y-EDAZ10	-85
EDAH11	3.94	1.141	10y-EDAH11	-86
EDAM11	4.29	0.791	10y-EDAM11	-88
EDAU11	4.60	0.481	10y-EDAU11	-89
EDAZ11	4.89	0.186	10y-EDAZ11	-91
EDAH12	5.10	0.019	10y-EDAH12	-93
EDAM12	5.29	0.209	10y-EDAM12	-94

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



ED Duration as Fraction of year				10Y Duration	Spread Duration	
EDAU09	0.1802	8.3494	8.1693	10y-EDAU09		
EDAZ09	0.4295	8.3494	7.9199	10y-EDAZ09		
EDAH10	0.6788	8.3494	7.6706	10y-EDAH10		
EDAM10	0.9281	8.3494	7.4213	10y-EDAM10		
EDAU10	1.1774	8.3494	7.1720	10y-EDAU10		
EDAZ10	1.4267	8.3494	6.9227	10y-EDAZ10		
EDAH11	1.6760	8.3494	6.6734	10y-EDAH11		
EDAM11	1.9254	8.3494	6.4241	10y-EDAM11		
EDAU11	2.1939	8.3494	6.1556	10y-EDAU11		
EDAZ11	2.4432	8.3494	5.9062	10y-EDAZ11		
EDAH12	2.6925	8.3494	5.6569	10y-EDAH12		
EDAM12	2.9418	8.3494	5.4076	10y-EDAM12		

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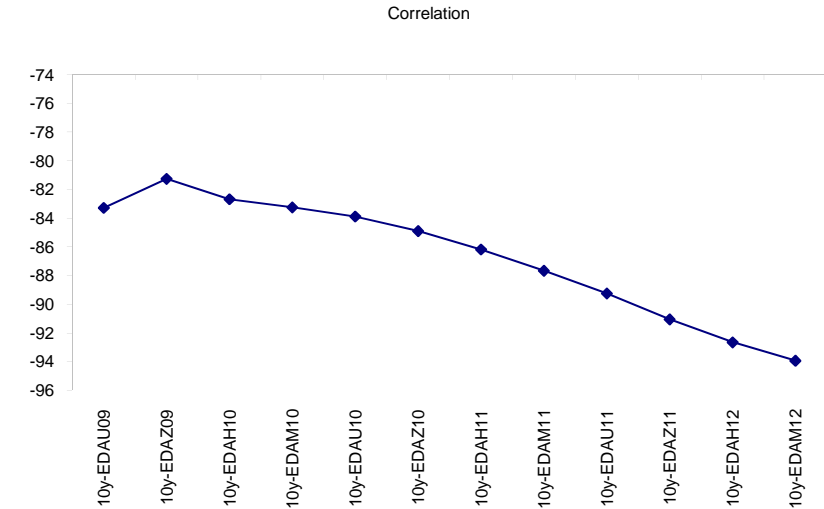


Chart values show the differences between ED contract and Treasury Futures contract. Those values can be seen in the table at the bottom of the chart. Each cash treasury is then plotted on the chart to compare differences in the durations and basis point values.

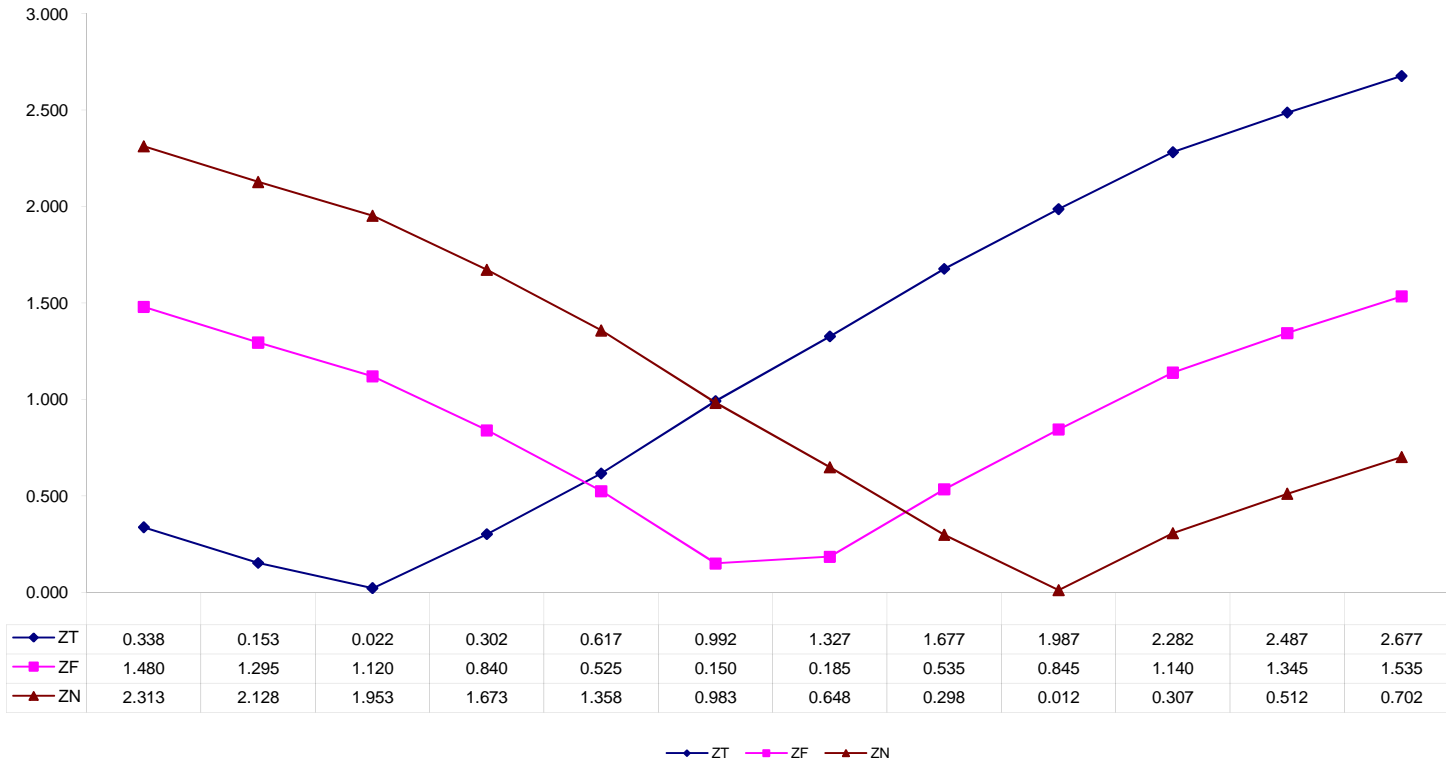
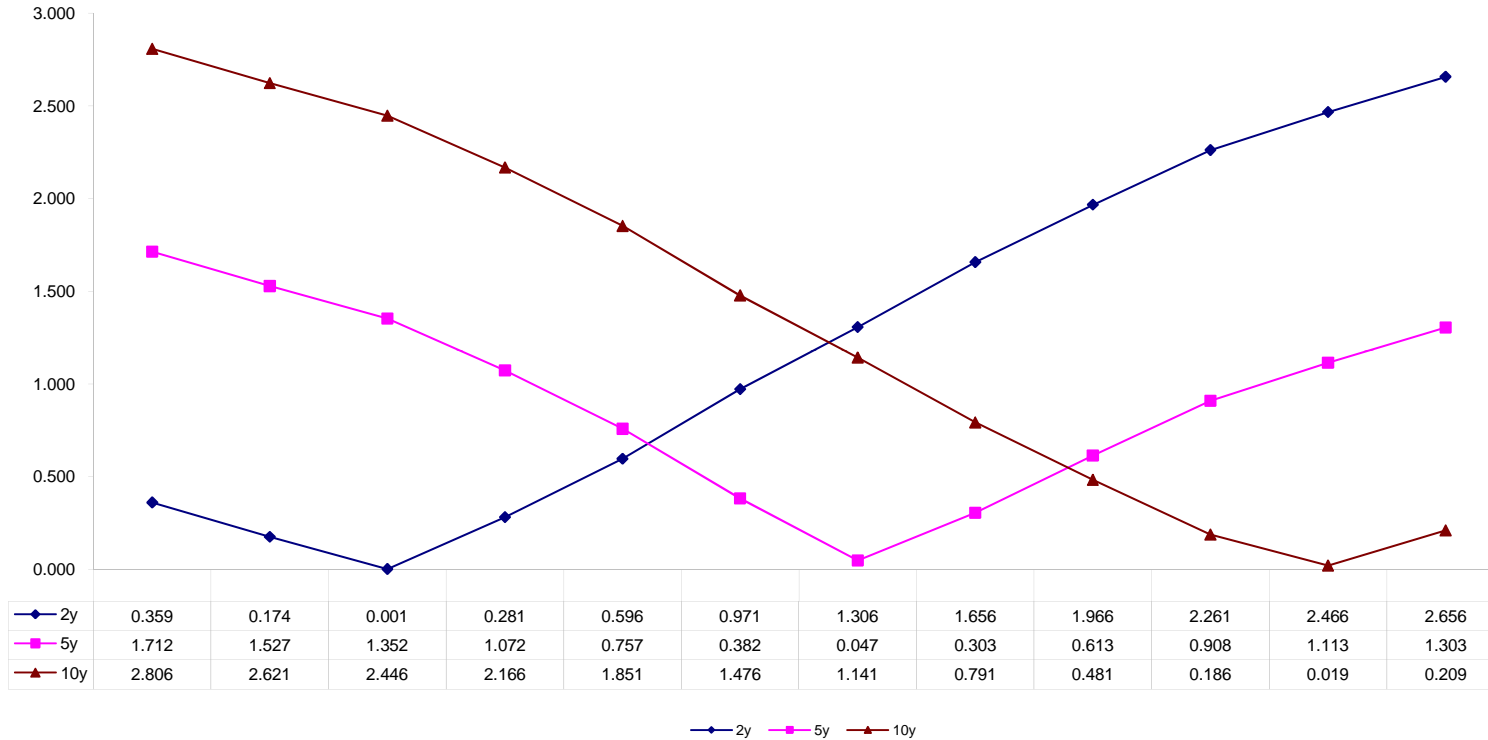
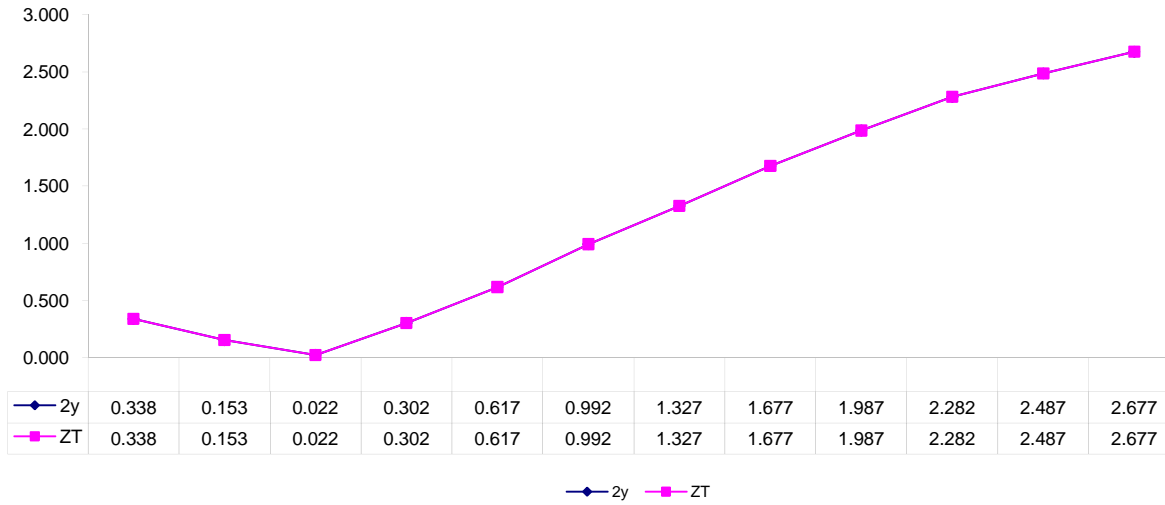
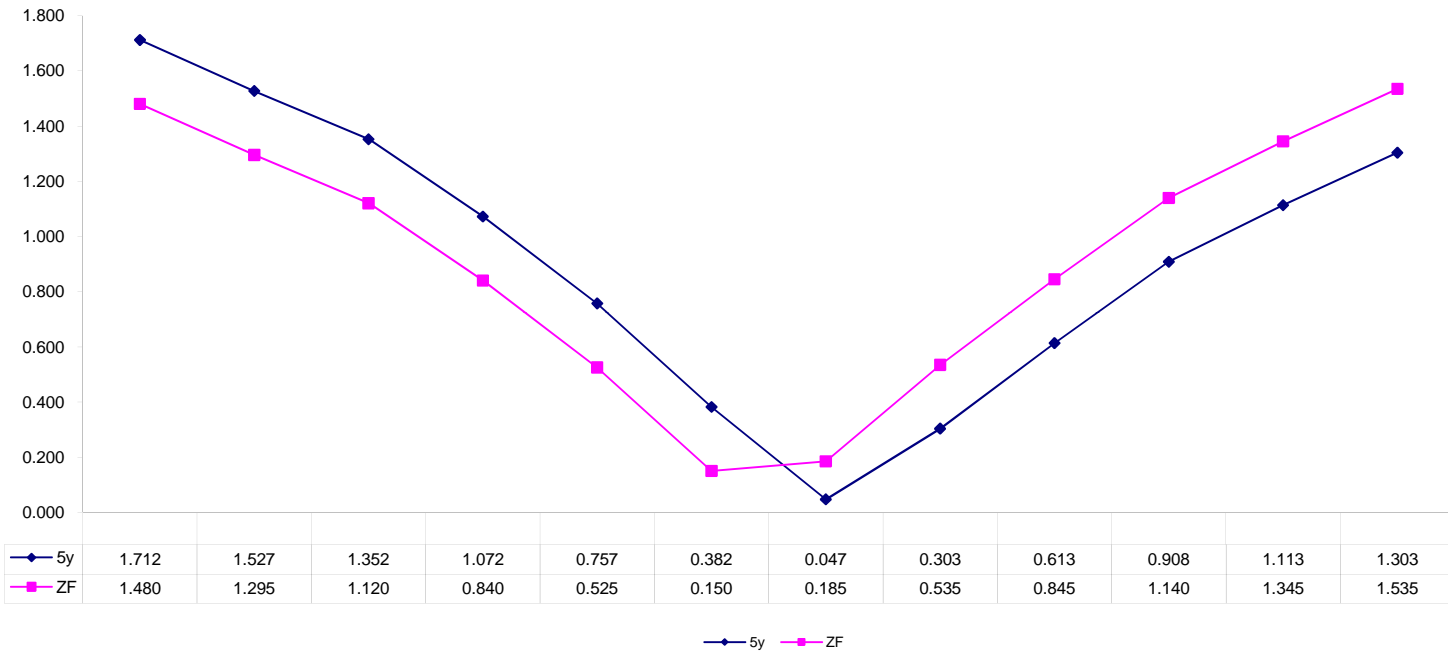


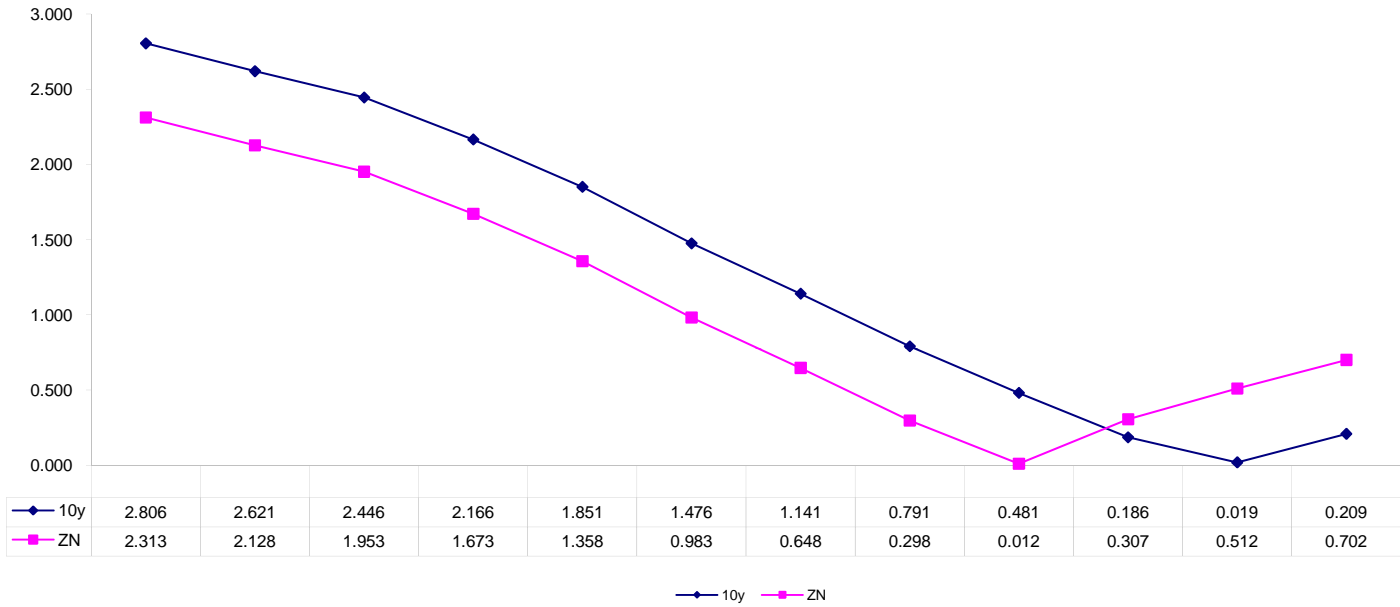
Chart values show the differences between ED contract and Treasury Cash contract. Those values can be seen in the table at the bottom of the chart. Each cash treasury is then plotted on the chart to compare differences in the durations and basis point values.



2y Basis TED Curve







	Last Yield	Net Last Yield	Last Price
White Pack	0.850	2.375	9916.3750
Red Pack	2.070	6.250	9796.8750
Green Pack	3.308	8.500	9676.3750
Blue Pack	4.018	8.125	9607.6250
Gold Pack	4.463	8.125	9564.6250

