

**Morning Email: TERM TEDS & Dirty TEDS**

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Rotate Me

F.I. Futures and Cash			
	Last Decimal	Last 32	Last Yield*
ZT	102.3969	102.127	4.653
ZF	105.9688	105.310	4.475
ZN	108.8438	108.270	4.483
Blank			
2y	99.938	99.3000	4.654
5y	100.017	100.0054	4.488
10y	100.270	100.0864	4.516

**MDuration
1.88
3.97
5.91
1.85
3.97
7.87

Eurodollars (ED)						
	Last Price	Last Imp Yield	Days til Expr.	Fraction of year	Month	
F.EDAZ06	94.635	5.365	6	0.016	DEC	White Pack
F.EDAH07	94.725	5.275	97	0.265	MAR	
F.EDAM07	94.940	5.060	188	0.514	JUN	
F.EDAU07	95.145	4.855	279	0.764	SEP	Red Pack
F.EDAZ07	95.285	4.715	370	1.013	DEC	
F.EDAH08	95.355	4.645	461	1.262	MAR	
F.EDAM08	95.385	4.615	552	1.512	JUN	Green Pack
F.EDAU08	95.385	4.615	643	1.761	SEP	
F.EDAZ08	95.370	4.630	734	2.010	DEC	
F.EDAH09	95.350	4.650	825	2.260	MAR	Green Pack
F.EDAM09	95.315	4.685	916	2.509	JUN	
F.EDAU09	95.280	4.720	1007	2.758	SEP	

\*Futures use CTD for Last Yield

\*\*Mduration = Modified Macaulay Duration

**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.

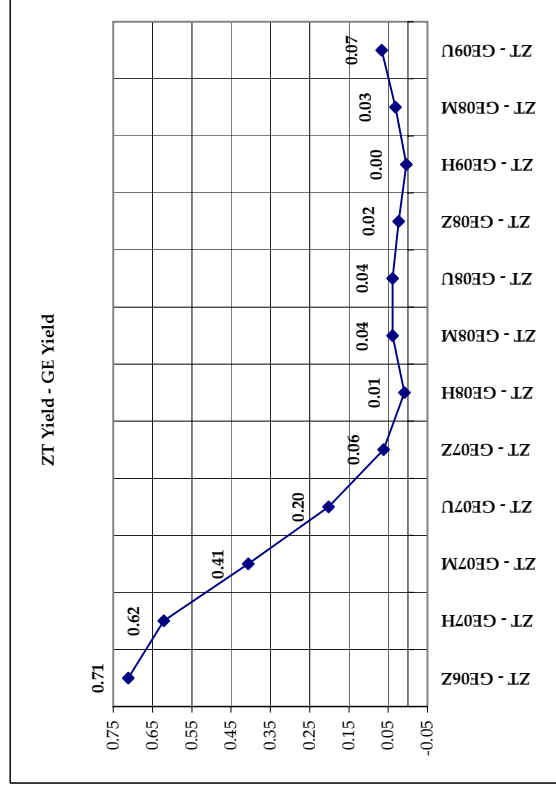
[igoulding@ghco.com](mailto:igoulding@ghco.com)

#### **Eurodollar Color Codes for Individual Year Strips:**

<b>Color</b>	<b>Year</b>	<b>Contracts</b>
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
F.EDAZ06	7.762	0.71	ZT - GE06Z
F.EDAH07	7.672	0.62	ZT - GE07H
F.EDAM07	7.457	0.41	ZT - GE07M
F.EDAU07	7.252	0.20	ZT - GE07U
F.EDAZ07	7.112	0.06	ZT - GE07Z
F.EDAH08	7.042	0.01	ZT - GE08H
F.EDAM08	7.012	0.04	ZT - GE08M
F.EDAU08	7.012	0.04	ZT - GE08U
F.EDAZ08	7.027	0.02	ZT - GE08Z
F.EDAH09	7.047	0.00	ZT - GE09H
F.EDAM09	7.082	0.03	ZT - GE08M
F.EDAU09	7.117	0.07	ZT - GE09U
<b>Price = Outright Decimal Price - Euro Contract Price</b>			
<b>Yield = ABS(Proxy Yield - Implied Euro Contract yield)</b>			



GE Duration as Fraction of year	ZT		Spread Duration
	Duration	Duration	
F.EDAZ06	0.016	1.88	1.86
F.EDAH07	0.265	1.88	1.61
F.EDAM07	0.514	1.88	1.36
F.EDAU07	0.764	1.88	1.12
F.EDAZ07	1.013	1.88	0.87
F.EDAH08	1.262	1.88	0.62
F.EDAM08	1.512	1.88	0.37
F.EDAU08	1.761	1.88	0.12
F.EDAZ08	2.010	1.88	(0.13)
F.EDAH09	2.260	1.88	(0.38)
F.EDAM09	2.509	1.88	(0.63)
F.EDAU09	2.758	1.88	(0.88)

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

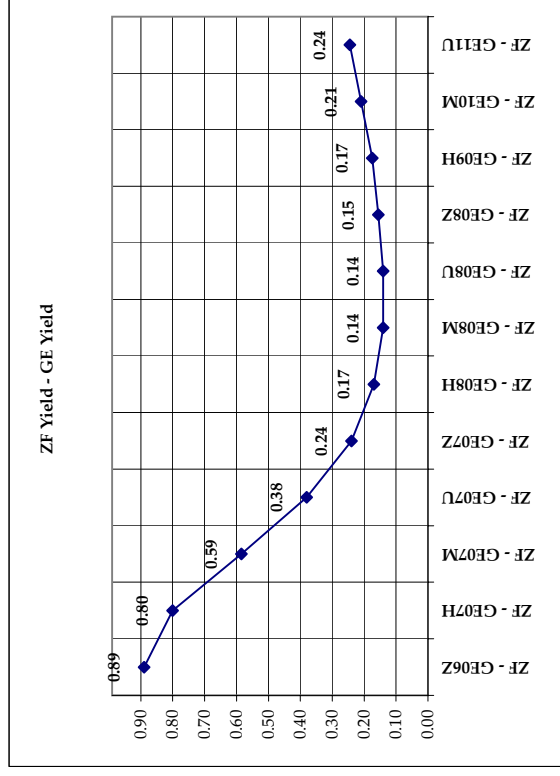
	Spread Price	Spread Yield	Spread Name
F.EDAZ06	11.33	0.89	ZF - GE06Z
F.EDAH07	11.24	0.80	ZF - GE07H
F.EDAM07	11.03	0.59	ZF - GE07M
F.EDAU07	10.82	0.38	ZF - GE07U
F.EDAZ07	10.68	0.24	ZF - GE07Z
F.EDAH08	10.61	0.17	ZF - GE08H
F.EDAM08	10.58	0.14	ZF - GE08M
F.EDAU08	10.58	0.14	ZF - GE08U
F.EDAZ08	10.60	0.15	ZF - GE08Z
F.EDAH09	10.62	0.17	ZF - GE09H
F.EDAM09	10.65	0.21	ZF - GE10M
F.EDAU09	10.69	0.24	ZF - GE11U

Price = Outright Decimal Price - Euro Contract Price

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

	GE Duration as Fraction of year	ZF Duration	Spread Duration
F.EDAZ06	0.016	3.97	3.96
F.EDAH07	0.265	3.97	3.71
F.EDAM07	0.514	3.97	3.46
F.EDAU07	0.764	3.97	3.21
F.EDAZ07	1.013	3.97	2.96
F.EDAH08	1.262	3.97	2.71
F.EDAM08	1.512	3.97	2.46
F.EDAU08	1.761	3.97	2.21
F.EDAZ08	2.010	3.97	1.96
F.EDAH09	2.260	3.97	1.71
F.EDAM09	2.509	3.97	1.46
F.EDAU09	2.758	3.97	1.22

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

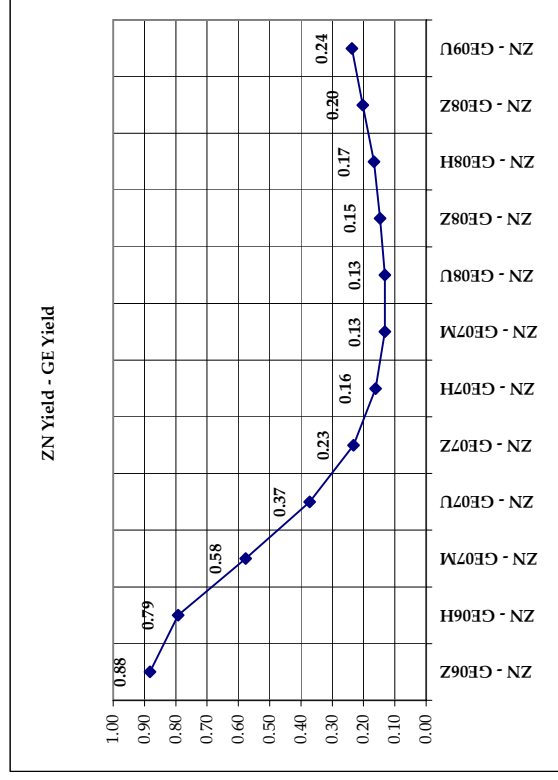


Dirty TED: ZN vs Eurodollar Contracts

Spread		ZN	
Price	Yield	Spread	Name
F.EDAZ06	14.21	0.88	ZN - GE06Z
F.EDAH07	14.12	0.79	ZN - GE06H
F.EDAM07	13.90	0.58	ZN - GE07M
F.EDAU07	13.70	0.37	ZN - GE07U
F.EDAZ07	13.56	0.23	ZN - GE07Z
F.EDAH08	13.49	0.16	ZN - GE07H
F.EDAM08	13.46	0.13	ZN - GE07M
F.EDAU08	13.46	0.13	ZN - GE08U
F.EDAZ08	13.47	0.15	ZN - GE08Z
F.EDAH09	13.49	0.17	ZN - GE08H
F.EDAM09	13.53	0.20	ZN - GE08M
F.EDAU09	13.56	0.24	ZN - GE09U

Price = Outright Decimal Price - Euro Contract Price

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



GE Duration as Fraction of year		ZN		Spread	
Duration	Duration	Duration	Duration	Duration	Duration
F.EDAZ06	0.016	5.91	5.89	5.89	ZN - GE06Z
F.EDAH07	0.265	5.91	5.65	5.65	ZN - GE06H
F.EDAM07	0.514	5.91	5.40	5.40	ZN - GE07M
F.EDAU07	0.764	5.91	5.15	5.15	ZN - GE07U
F.EDAZ07	1.013	5.91	4.90	4.90	ZN - GE07Z
F.EDAH08	1.262	5.91	4.65	4.65	ZN - GE07H
F.EDAM08	1.512	5.91	4.40	4.40	ZN - GE07M
F.EDAU08	1.761	5.91	4.15	4.15	ZN - GE08U
F.EDAZ08	2.010	5.91	3.90	3.90	ZN - GE08Z
F.EDAH09	2.260	5.91	3.65	3.65	ZN - GE08H
F.EDAM09	2.509	5.91	3.40	3.40	ZN - GE08Z
F.EDAU09	2.758	5.91	3.15	3.15	ZN - GE09U

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

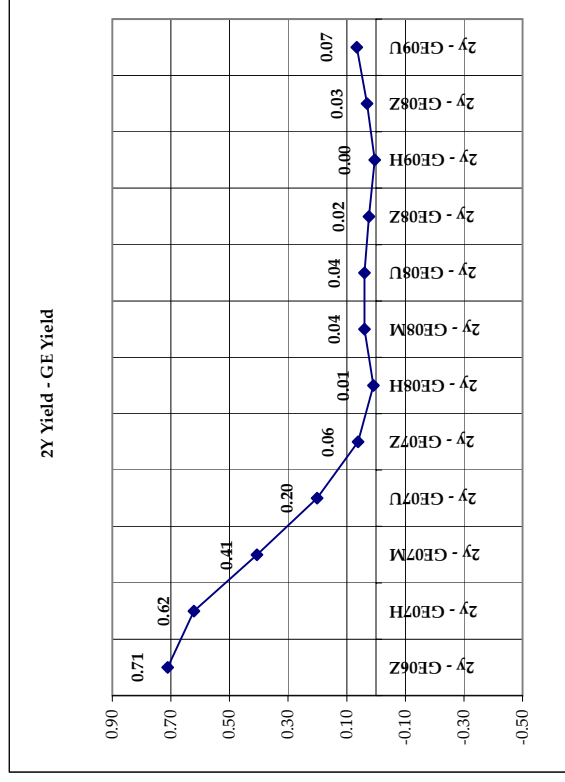
TERM TED: 2y vs Eurodollar Contracts

2y

	Spread Price	Spread Yield	Spread Name
F.EDAZ06	5.30	0.71	2y - GE06Z
F.EDAH07	5.21	0.62	2y - GE07H
F.EDAM07	5.00	0.41	2y - GE07M
F.EDAU07	4.79	0.20	2y - GE07U
F.EDAZ07	4.65	0.06	2y - GE07Z
F.EDAH08	4.58	0.01	2y - GE08H
F.EDAM08	4.55	0.04	2y - GE08M
F.EDAU08	4.55	0.04	2y - GE08U
F.EDAZ08	4.57	0.02	2y - GE08Z
F.EDAH09	4.59	0.00	2y - GE09H
F.EDAM09	4.62	0.03	2y - GE09M
F.EDAU09	4.66	0.07	2y - GE09U

Price = Outright Decimal Price - Euro Contract Price

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



GE Duration as Fraction of year

	Fraction of year	2Y Duration	Spread Duration
F.EDAZ06	0.016	1.85	1.84
F.EDAH07	0.265	1.85	1.59
F.EDAM07	0.514	1.85	1.34
F.EDAU07	0.764	1.85	1.09
F.EDAZ07	1.013	1.85	0.84
F.EDAH08	1.262	1.85	0.59
F.EDAM08	1.512	1.85	0.34
F.EDAU08	1.761	1.85	0.09
F.EDAZ08	2.010	1.85	(0.16)
F.EDAH09	2.260	1.85	(0.41)
F.EDAM09	2.509	1.85	(0.65)
F.EDAU09	2.758	1.85	(0.90)

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

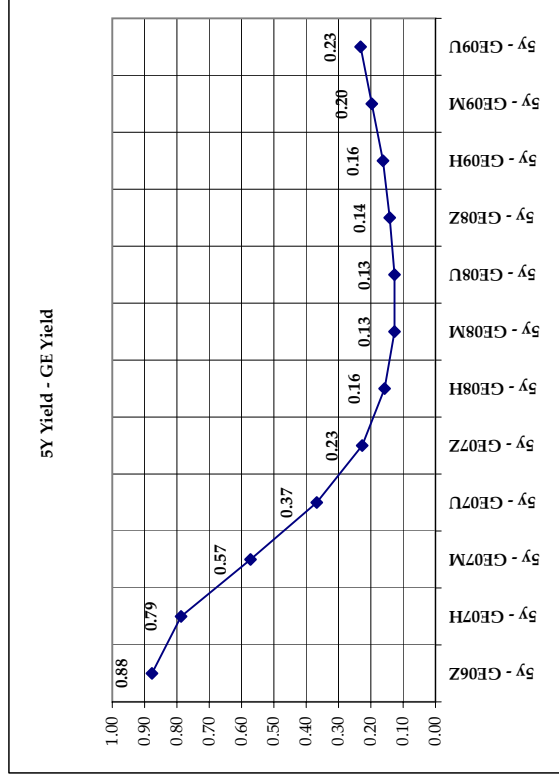
**TERM TED: 5y vs Eurodollar Contracts**

**5y**

	Spread Price	Spread Yield	Spread Name
F.EDAZ06	5.38	0.88	5y - GE06Z
F.EDAH07	5.29	0.79	5y - GE07H
F.EDAM07	5.08	0.57	5y - GE07M
F.EDAU07	4.87	0.37	5y - GE07U
F.EDAZ07	4.73	0.23	5y - GE07Z
F.EDAH08	4.66	0.16	5y - GE08H
F.EDAM08	4.63	0.13	5y - GE08M
F.EDAU08	4.63	0.13	5y - GE08U
F.EDAZ08	4.65	0.14	5y - GE08Z
F.EDAH09	4.67	0.16	5y - GE09H
F.EDAM09	4.70	0.20	5y - GE09M
F.EDAU09	4.74	0.23	5y - GE09U

Price = Outright Decimal Price - Euro Contract Price

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



**GE Duration as Fraction of year**

	5Y Duration	Spread Duration
F.EDAZ06	0.016	3.96
F.EDAH07	0.265	3.71
F.EDAM07	0.514	3.46
F.EDAU07	0.764	3.21
F.EDAZ07	1.013	2.96
F.EDAH08	1.262	2.71
F.EDAM08	1.512	2.46
F.EDAU08	1.761	2.21
F.EDAZ08	2.010	1.96
F.EDAH09	2.260	1.71
F.EDAM09	2.509	1.46
F.EDAU09	2.758	1.22

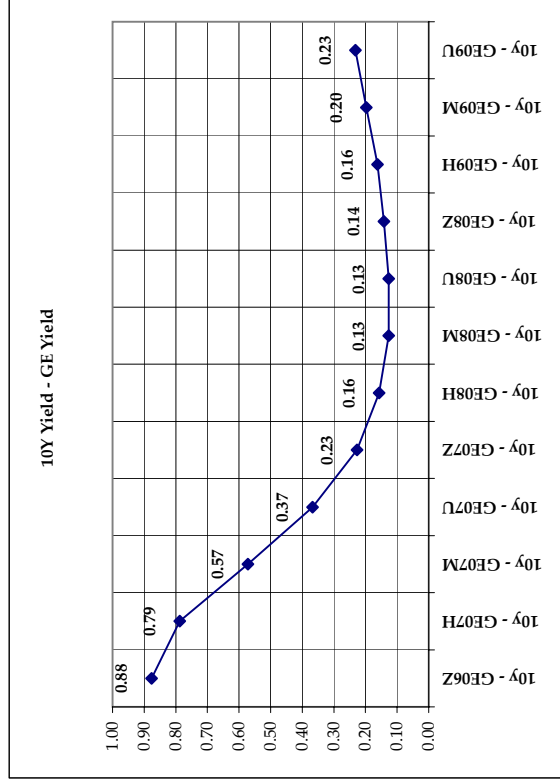
The farther away from 0 the spread duration is the riskier the trade.

**TERM TED: 10y vs Eurodollar Contracts**

	Spread Price	10y Yield	Spread Yield	Spread Name
F.EDAZ06	5.38	0.88	10y - GE06Z	
F.EDAH07	5.29	0.79	10y - GE07H	
F.EDAM07	5.08	0.57	10y - GE07M	
F.EDAU07	4.87	0.37	10y - GE07U	
F.EDAZ07	4.73	0.23	10y - GE07Z	
F.EDAH08	4.66	0.16	10y - GE08H	
F.EDAM08	4.63	0.13	10y - GE08M	
F.EDAU08	4.63	0.13	10y - GE08U	
F.EDAZ08	4.65	0.14	10y - GE08Z	
F.EDAH09	4.67	0.16	10y - GE09H	
F.EDAM09	4.70	0.20	10y - GE09M	
F.EDAU09	4.74	0.23	10y - GE09U	

Price = Outright Decimal Price - Euro Contract Price

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



	GE Duration as Fraction of year	10Y Duration	Spread Duration
F.EDAZ06	0.016	7.87	7.86
F.EDAH07	0.265	7.87	7.61
F.EDAM07	0.514	7.87	7.36
F.EDAU07	0.764	7.87	7.11
F.EDAZ07	1.013	7.87	6.86
F.EDAH08	1.262	7.87	6.61
F.EDAM08	1.512	7.87	6.36
F.EDAU08	1.761	7.87	6.11
F.EDAZ08	2.010	7.87	5.86
F.EDAH09	2.260	7.87	5.61
F.EDAM09	2.509	7.87	5.36
F.EDAU09	2.758	7.87	5.11

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