Morning Email: TERM TEDS & Dirty TEDS

Table of Contents

Rotate Me

F.I. Futures and Cash

		Last Decimal	Last 32	Last Yield*	**MDuration
	ZT	102.2563	102.082	4.709	1.89
	ZF	105.6719	105.215	4.546	3.95
	ZN	108.3906	108.125	4.564	5.88
Blank					
	2y	99.828	99.2650	4.709	1.83
	5y	99.240	99.0768	4.553	3.95
	10y	100.095	100.0304	4.587	7.84

*Futures use CTD for Last Yield

**Mduration = Modified Macaulay Duration

Eurodollars (ED)

	Last Price	Last Imp Yield	Days til Expr.	Fraction of year	Month	
F.EDAH07	94.690	5.310	88	0.240	MAR	White Pack
F.EDAM07	94.845	5.155	179	0.490	JUN	
F.EDAU07	95.040	4.960	270	0.739	SEP	
F.EDAZ07	95.190	4.810	361	0.988	DEC	
F.EDAH08	95.260	4.740	452	1.238	MAR	Red Pack
F.EDAM08	95.290	4.710	543	1.487	JUN	
F.EDAU08	95.295	4.705	634	1.736	SEP	
F.EDAZ08	95.280	4.720	725	1.986	DEC	
F.EDAH09	95.265	4.735	816	2.235	MAR	Green Pack
F.EDAM09	95.230	4.770	907	2.484	JUN	
F.EDAU09	95.200	4.800	998	2.734	SEP	
F.EDAZ09	95.155	4.845	1089	2.983	DEC	

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

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Dirty TED: ZT vs Eurodollar Contracts

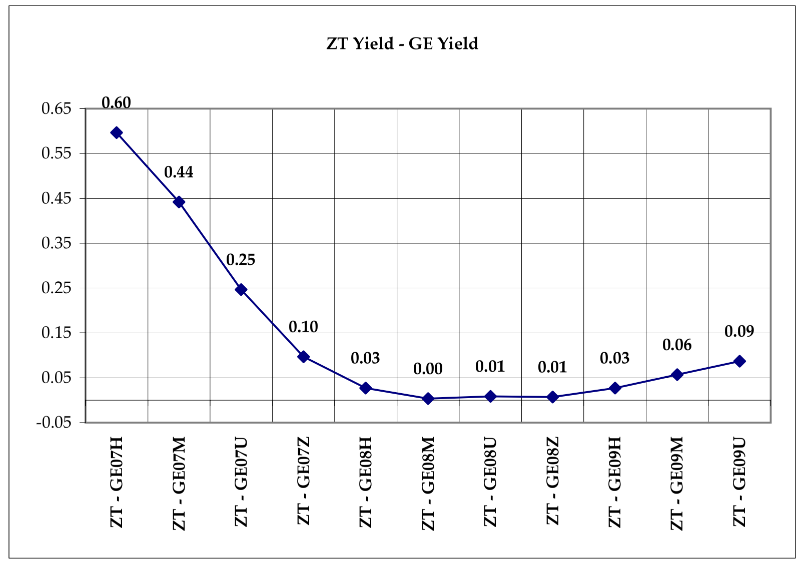
	ZT		
	Spread Price	Spread Yield	Spread Name
F.EDAH07	7.566	0.60	ZT - GE07H
F.EDAM07	7.411	0.45	ZT - GE07M
F.EDAU07	7.216	0.25	ZT - GE07U
F.EDAZ07	7.066	0.10	ZT - GE07Z
F.EDAH08	6.996	0.03	ZT - GE08H
F.EDAM08	6.966	0.00	ZT - GE08M
F.EDAU08	6.961	0.00	ZT - GE08U
F.EDAZ08	6.976	0.01	ZT - GE08Z
F.EDAH09	6.991	0.03	ZT - GE09H
F.EDAM09	7.026	0.06	ZT - GE09M
F.EDAU09	7.056	0.09	ZT - GE09U
F.EDAZ09	7.101	0.14	ZT - GE09Z

Price = Outright Decimal Price - Euro Contract Price

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

	GE Duration as Fraction of year	ZT Duration	Spread Duration	
F.EDAH07	0.240	1.89	1.65	ZT - GE07H
F.EDAM07	0.490	1.89	1.40	ZT - GE07M
F.EDAU07	0.739	1.89	1.15	ZT - GE07U
F.EDAZ07	0.988	1.89	0.90	ZT - GE07Z
F.EDAH08	1.238	1.89	0.65	ZT - GE08H
F.EDAM08	1.487	1.89	0.40	ZT - GE08M
F.EDAU08	1.736	1.89	0.15	ZT - GE08U
F.EDAZ08	1.986	1.89	(0.10)	ZT - GE08Z
F.EDAH09	2.235	1.89	(0.35)	ZT - GE09H
F.EDAM09	2.484	1.89	(0.60)	ZT - GE09M
F.EDAU09	2.734	1.89	(0.85)	ZT - GE09U
F.EDAZ09	2.983	1.89	(1.10)	ZT - GE09Z

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

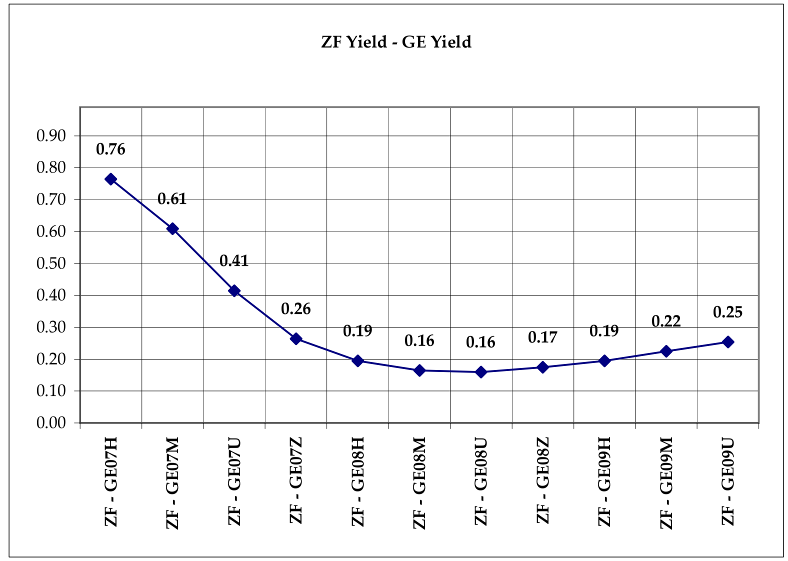


Dirty TED: ZF vs Eurodollar Contracts

	ZF		
	Spread Price	Spread Yield	Spread Name
F.EDAH07	10.98	0.76	ZF - GE07H
F.EDAM07	10.83	0.61	ZF - GE07M
F.EDAU07	10.63	0.41	ZF - GE07U
F.EDAZ07	10.48	0.26	ZF - GE07Z
F.EDAH08	10.41	0.19	ZF - GE08H
F.EDAM08	10.38	0.16	ZF - GE08M
F.EDAU08	10.38	0.16	ZF - GE08U
F.EDAZ08	10.39	0.17	ZF - GE08Z
F.EDAH09	10.41	0.19	ZF - GE09H
F.EDAM09	10.44	0.22	ZF - GE09M
F.EDAU09	10.47	0.25	ZF - GE09U
F.EDAZ09	10.52	0.30	ZF - GE09U

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.EDAH07	0.240	3.95	3.71	ZF - GE07H
F.EDAM07	0.490	3.95	3.46	ZF - GE07M
F.EDAU07	0.739	3.95	3.21	ZF - GE07U
F.EDAZ07	0.988	3.95	2.96	ZF - GE07Z
F.EDAH08	1.238	3.95	2.71	ZF - GE08H
F.EDAM08	1.487	3.95	2.46	ZF - GE08M
F.EDAU08	1.736	3.95	2.21	ZF - GE08U
F.EDAZ08	1.986	3.95	1.96	ZF - GE08Z
F.EDAH09	2.235	3.95	1.71	ZF - GE09H
F.EDAM09	2.484	3.95	1.46	ZF - GE09M
F.EDAU09	2.734	3.95	1.21	ZF - GE09U
F.EDAZ09	2.983	3.95	0.96	ZF - GE09U

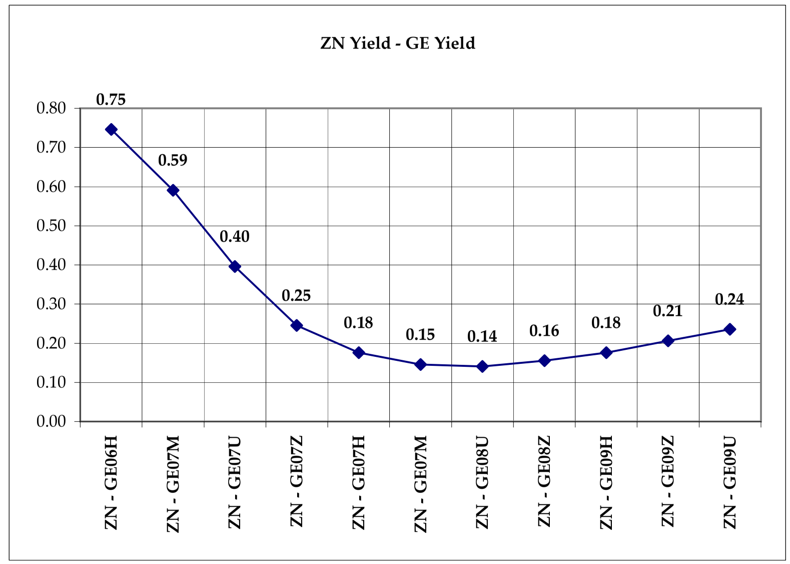
The farther away from 0 the spread duration is the riskier the trade.

Dirty TED: ZN vs Eurodollar Contracts

	ZN		
	Spread Price	Spread Yield	Spread Name
F.EDAH07	13.70	0.75	ZN - GE06H
F.EDAM07	13.55	0.59	ZN - GE07M
F.EDAU07	13.35	0.40	ZN - GE07U
F.EDAZ07	13.20	0.25	ZN - GE07Z
F.EDAH08	13.13	0.18	ZN - GE07H
F.EDAM08	13.10	0.15	ZN - GE07M
F.EDAU08	13.10	0.14	ZN - GE08U
F.EDAZ08	13.11	0.16	ZN - GE08Z
F.EDAH09	13.13	0.17	ZN - GE09H
F.EDAM09	13.16	0.21	ZN - GE09Z
F.EDAU09	13.19	0.24	ZN - GE09U
F.EDAZ09	13.24	0.28	ZN - GE09U

Price = Outright Decimal Price - Euro Contract Price

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



	GE Duration as Fraction of year	ZN Duration	Spread Duration	
F.EDAH07	0.240	5.88	5.64	ZN - GE06H
F.EDAM07	0.490	5.88	5.39	ZN - GE07M
F.EDAU07	0.739	5.88	5.14	ZN - GE07U
F.EDAZ07	0.988	5.88	4.89	ZN - GE07Z
F.EDAH08	1.238	5.88	4.64	ZN - GE07H
F.EDAM08	1.487	5.88	4.39	ZN - GE07M
F.EDAU08	1.736	5.88	4.14	ZN - GE08U
F.EDAZ08	1.986	5.88	3.90	ZN - GE08Z
F.EDAH09	2.235	5.88	3.65	ZN - GE09H
F.EDAM09	2.484	5.88	3.40	ZN - GE09Z
F.EDAU09	2.734	5.88	3.15	ZN - GE09U
F.EDAZ09	2.983	5.88	2.90	ZN - GE09U

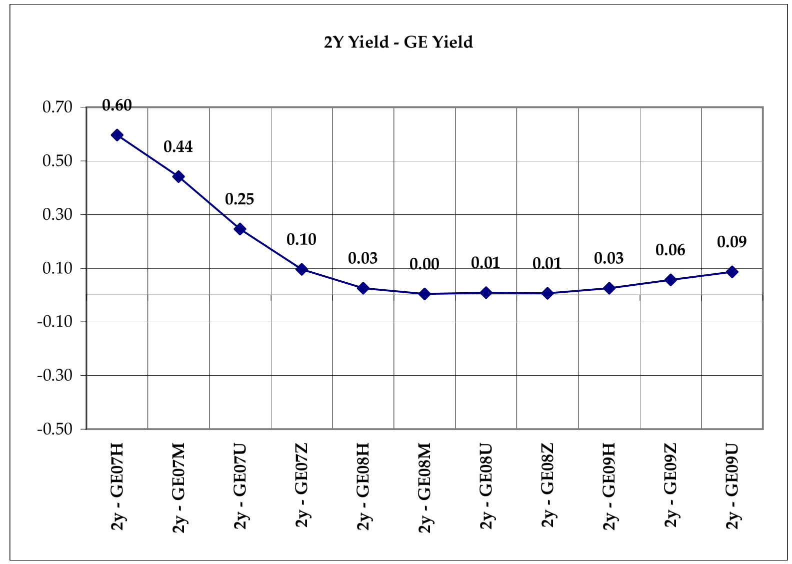
The farther away from 0 the spread duration is the riskier the trade.

TERM TED: 2y vs Eurodollar Contracts

	2y		
	Spread Price	Spread Yield	Spread Name
F.EDAH07	5.14	0.60	2y - GE07H
F.EDAM07	4.98	0.45	2y - GE07M
F.EDAU07	4.79	0.25	2y - GE07U
F.EDAZ07	4.64	0.10	2y - GE07Z
F.EDAH08	4.57	0.03	2y - GE08H
F.EDAM08	4.54	0.00	2y - GE08M
F.EDAU08	4.53	0.00	2y - GE08U
F.EDAZ08	4.55	0.01	2y - GE08Z
F.EDAH09	4.56	0.03	2y - GE09H
F.EDAM09	4.60	0.06	2y - GE09Z
F.EDAU09	4.63	0.09	2y - GE09U
F.EDAZ09	4.67	0.14	2y - GE09U

Price = Outright Decimal Price - Euro Contract Price

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



	GE Duration as Fraction of year	2Y Duration	Spread Duration	
F.EDAH07	0.240	1.83	1.59	2y - GE07H
F.EDAM07	0.490	1.83	1.34	2y - GE07M
F.EDAU07	0.739	1.83	1.09	2y - GE07U
F.EDAZ07	0.988	1.83	0.84	2y - GE07Z
F.EDAH08	1.238	1.83	0.59	2y - GE08H
F.EDAM08	1.487	1.83	0.34	2y - GE08M
F.EDAU08	1.736	1.83	0.09	2y - GE08U
F.EDAZ08	1.986	1.83	(0.16)	2y - GE08Z
F.EDAH09	2.235	1.83	(0.41)	2y - GE09H
F.EDAM09	2.484	1.83	(0.65)	2y - GE09Z
F.EDAU09	2.734	1.83	(0.90)	2y - GE09U
F.EDAZ09	2.983	1.83	(1.15)	2y - GE09U

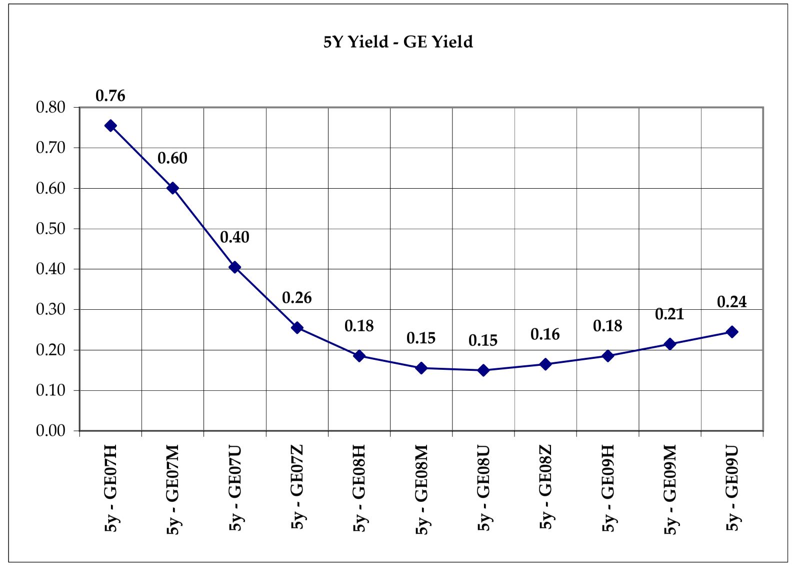
The farther away from 0 the spread duration is the riskier the trade.

TERM TED: 5y vs Eurodollar Contracts

	5y		
	Spread Price	Spread Yield	Spread Name
F.EDAH07	4.55	0.76	5y - GE07H
F.EDAM07	4.40	0.60	5y - GE07M
F.EDAU07	4.20	0.41	5y - GE07U
F.EDAZ07	4.05	0.26	5y - GE07Z
F.EDAH08	3.98	0.19	5y - GE08H
F.EDAM08	3.95	0.16	5y - GE08M
F.EDAU08	3.95	0.15	5y - GE08U
F.EDAZ08	3.96	0.17	5y - GE08Z
F.EDAH09	3.98	0.18	5y - GE09H
F.EDAM09	4.01	0.22	5y - GE09M
F.EDAU09	4.04	0.25	5y - GE09U
F.EDAZ09	4.09	0.29	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.EDAH07	0.240	3.95	3.71	5y - GE07H
F.EDAM07	0.490	3.95	3.46	5y - GE07M
F.EDAU07	0.739	3.95	3.21	5y - GE07U
F.EDAZ07	0.988	3.95	2.96	5y - GE07Z
F.EDAH08	1.238	3.95	2.71	5y - GE08H
F.EDAM08	1.487	3.95	2.46	5y - GE08M
F.EDAU08	1.736	3.95	2.21	5y - GE08U
F.EDAZ08	1.986	3.95	1.96	5y - GE08Z
F.EDAH09	2.235	3.95	1.71	5y - GE09H
F.EDAM09	2.484	3.95	1.46	5y - GE09M
F.EDAU09	2.734	3.95	1.21	5y - GE09U
F.EDAZ09	2.983	3.95	0.96	5y - GE09U

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
F.EDAH07	4.55	0.76	10y - GE07H
F.EDAM07	4.40	0.60	10y - GE07M
F.EDAU07	4.20	0.41	10y - GE07U
F.EDAZ07	4.05	0.26	10y - GE07Z
F.EDAH08	3.98	0.19	10y - GE08H
F.EDAM08	3.95	0.16	10y - GE08M
F.EDAU08	3.95	0.15	10y - GE08U
F.EDAZ08	3.96	0.17	10y - GE08Z
F.EDAH09	3.98	0.18	10y - GE09H
F.EDAM09	4.01	0.22	10y - GE09M
F.EDAU09	4.04	0.25	10y - GE09U
F.EDAZ09	4.09	0.29	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.EDAH07	0.240	7.84	7.60	10y - GE07H
F.EDAM07	0.490	7.84	7.35	10y - GE07M
F.EDAU07	0.739	7.84	7.10	10y - GE07U
F.EDAZ07	0.988	7.84	6.85	10y - GE07Z
F.EDAH08	1.238	7.84	6.60	10y - GE08H
F.EDAM08	1.487	7.84	6.35	10y - GE08M
F.EDAU08	1.736	7.84	6.10	10y - GE08U
F.EDAZ08	1.986	7.84	5.85	10y - GE08Z
F.EDAH09	2.235	7.84	5.60	10y - GE09H
F.EDAM09	2.484	7.84	5.35	10y - GE09M
F.EDAU09	2.734	7.84	5.11	10y - GE09U
F.EDAZ09	2.983	7.84	4.86	10y - GE09U

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