

Rotate Me

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

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10y still based on old issue.  
Will be updated to new issue by  
Monday 11/13.

F.I. Futures and Cash			
	Last Decimal	Last 32	Last Yield*
ZT	102.1313	102.042	4.785
ZF	105.5156	105.165	4.606
ZN	108.1563	108.050	4.624
Blank			
2y	100.266	100.0850	4.727
5y	100.062	100.0198	4.578
10y	100.050	100.0160	4.603

\*Futures use CTD for Last Yield  
 \*\*Mduration = Modified Macaulay Duration

Eurodollars (GE)						
	Last Price	Last Imp Yield	Days til Expr.	Fraction of year	Month	
F.EDAZ06	94.620	5.380	38	0.103	DEC	White Pack
F.EDAH07	94.750	5.250	129	0.353	MAR	
F.EDAM07	94.915	5.085	220	0.602	JUN	
F.EDAU07	95.090	4.910	311	0.851	SEP	Red Pack
F.EDAZ07	95.210	4.790	402	1.101	DEC	
F.EDAH08	95.255	4.745	493	1.350	MAR	
F.EDAM08	95.245	4.755	584	1.599	JUN	Green Pack
F.EDAU08	95.230	4.770	675	1.849	SEP	
F.EDAZ08	95.205	4.795	766	2.098	DEC	
F.EDAH09	95.180	4.820	857	2.347	MAR	Green Pack
F.EDAM09	95.145	4.855	948	2.597	JUN	
F.EDAU09	95.095	4.905	1039	2.846	SEP	

**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.

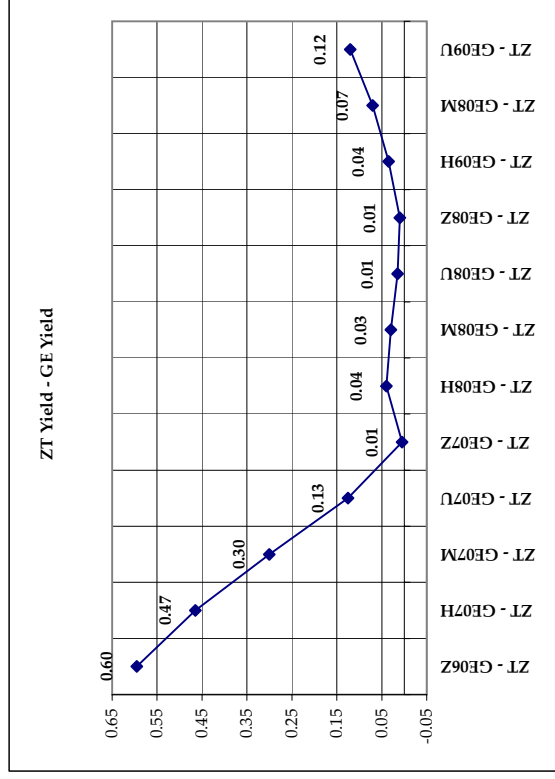
[igoulding@ghco.com](mailto:igoulding@ghco.com)

#### **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	7.511	0.60	ZT - GE06Z
F.EDAH07	7.381	0.47	ZT - GE07H
F.EDAM07	7.216	0.30	ZT - GE07M
F.EDAU07	7.041	0.13	ZT - GE07U
F.EDAZ07	6.921	0.01	ZT - GE07Z
F.EDAH08	6.876	0.04	ZT - GE08H
F.EDAM08	6.886	0.03	ZT - GE08M
F.EDAU08	6.901	0.01	ZT - GE08U
F.EDAZ08	6.926	0.01	ZT - GE08Z
F.EDAH09	6.951	0.04	ZT - GE09H
F.EDAM09	6.986	0.07	ZT - GE08M
F.EDAU09	7.036	0.12	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	Yield	
F.EDAZ06	0.103	1.77	1.67
F.EDAH07	0.353	1.77	1.42
F.EDAM07	0.602	1.77	1.17
F.EDAU07	0.851	1.77	0.92
F.EDAZ07	1.101	1.77	0.67
F.EDAH08	1.350	1.77	0.42
F.EDAM08	1.599	1.77	0.17
F.EDAU08	1.849	1.77	(0.08)
F.EDAZ08	2.098	1.77	(0.33)
F.EDAH09	2.347	1.77	(0.58)
F.EDAM09	2.597	1.77	(0.83)
F.EDAU09	2.846	1.77	(1.08)

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

Dirty TED: ZF vs Eurodollar Contracts

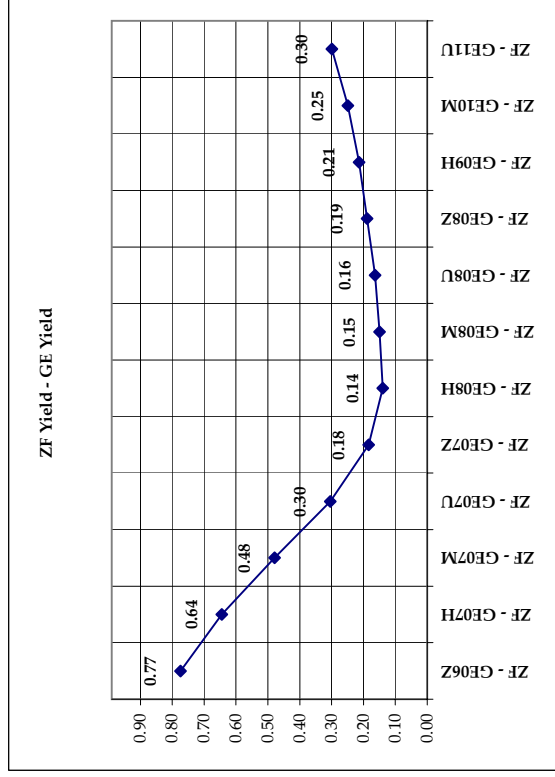
	ZF	
	Spread Price	Spread Yield Name
F.EDAZ06	10.90	0.77 ZF - GE06Z
F.EDAH07	10.77	0.64 ZF - GE07H
F.EDAM07	10.60	0.48 ZF - GE07M
F.EDAU07	10.43	0.30 ZF - GE07U
F.EDAZ07	10.31	0.18 ZF - GE07Z
F.EDAH08	10.26	0.14 ZF - GE08H
F.EDAM08	10.27	0.15 ZF - GE08M
F.EDAU08	10.29	0.16 ZF - GE08U
F.EDAZ08	10.31	0.19 ZF - GE08Z
F.EDAH09	10.34	0.21 ZF - GE09H
F.EDAM09	10.37	0.25 ZF - GE10M
F.EDAU09	10.42	0.30 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	0.103	3.83 ZF - GE06Z
F.EDAH07	0.353	3.83 ZF - GE07H
F.EDAM07	0.602	3.83 ZF - GE07M
F.EDAU07	0.851	3.83 ZF - GE07U
F.EDAZ07	1.101	3.83 ZF - GE07Z
F.EDAH08	1.350	3.83 ZF - GE08H
F.EDAM08	1.599	3.83 ZF - GE08M
F.EDAU08	1.849	3.83 ZF - GE08U
F.EDAZ08	2.098	3.83 ZF - GE08Z
F.EDAH09	2.347	3.83 ZF - GE09H
F.EDAM09	2.597	3.83 ZF - GE10M
F.EDAU09	2.846	3.83 ZF - GE11U

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

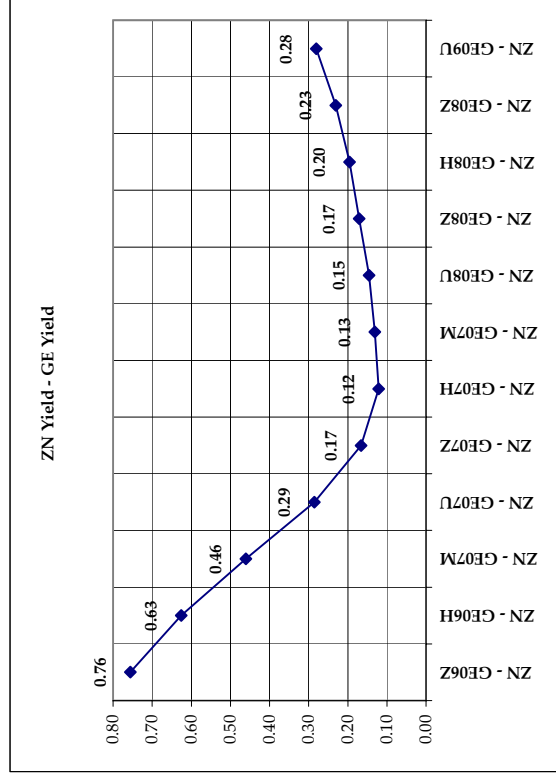


Dirty TED: ZN vs Eurodollar Contracts

	Spread Price	ZN Spread Yield	Spread Name
F.EDAZ06	13.54	0.76	ZN - GE06Z
F.EDAH07	13.41	0.63	ZN - GE06H
F.EDAM07	13.24	0.46	ZN - GE07M
F.EDAU07	13.07	0.29	ZN - GE07U
F.EDAZ07	12.95	0.17	ZN - GE07Z
F.EDAH08	12.90	0.12	ZN - GE07H
F.EDAM08	12.91	0.13	ZN - GE07M
F.EDAU08	12.93	0.15	ZN - GE08U
F.EDAZ08	12.95	0.17	ZN - GE08Z
F.EDAH09	12.98	0.20	ZN - GE08H
F.EDAM09	13.01	0.23	ZN - GE08M
F.EDAU09	13.06	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.EDAZ06	0.103	5.64
F.EDAH07	0.353	5.39
F.EDAM07	0.602	5.14
F.EDAU07	0.851	4.89
F.EDAZ07	1.101	4.64
F.EDAH08	1.350	4.39
F.EDAM08	1.599	4.14
F.EDAU08	1.849	3.89
F.EDAZ08	2.098	3.64
F.EDAH09	2.347	3.39
F.EDAM09	2.597	3.14
F.EDAU09	2.846	2.89

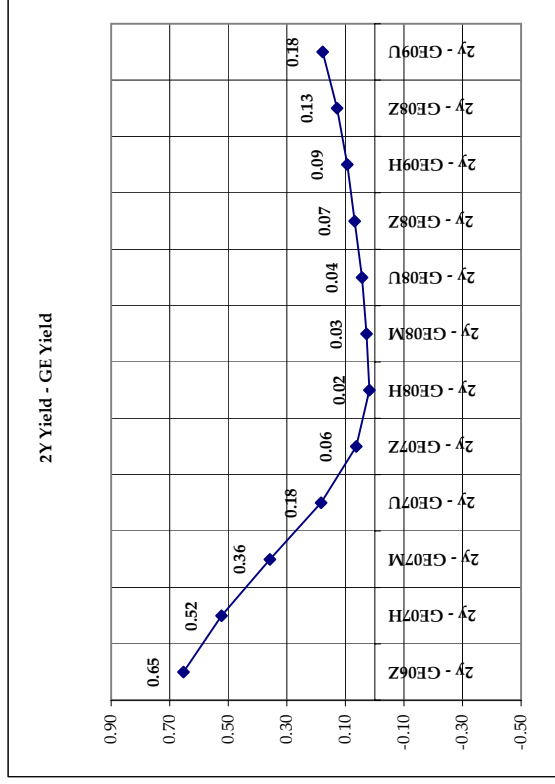
The farther away from 0 the spread duration is the riskier the trade.

TERM TED: 2y vs Eurodollar Contracts

	Spread Price	2y Spread Yield	Spread Name
F.EDAZ06	5.65	0.65	2y - GE06Z
F.EDAH07	5.52	0.52	2y - GE07H
F.EDAM07	5.35	0.36	2y - GE07M
F.EDAU07	5.18	0.18	2y - GE07U
F.EDAZ07	5.06	0.06	2y - GE07Z
F.EDAH08	5.01	0.02	2y - GE08H
F.EDAM08	5.02	0.03	2y - GE08M
F.EDAU08	5.04	0.04	2y - GE08U
F.EDAZ08	5.06	0.07	2y - GE08Z
F.EDAH09	5.09	0.09	2y - GE09H
F.EDAM09	5.12	0.13	2y - GE08Z
F.EDAU09	5.17	0.18	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.EDAZ06	0.103	1.75
F.EDAH07	0.353	1.50
F.EDAM07	0.602	1.25
F.EDAU07	0.851	1.00
F.EDAZ07	1.101	0.75
F.EDAH08	1.350	0.50
F.EDAM08	1.599	0.25
F.EDAU08	1.849	0.00
F.EDAZ08	2.098	(0.25)
F.EDAH09	2.347	(0.50)
F.EDAM09	2.597	(0.75)
F.EDAU09	2.846	(1.00)

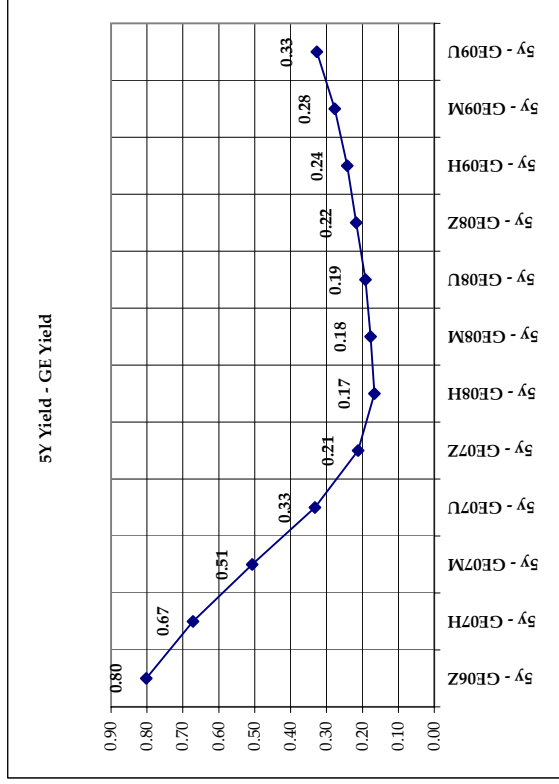
The farther away from 0 the spread duration is the riskier the trade.

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

	5y
Spread Price	Spread Yield
Spread Name	Spread Name
F.EDAZ06	5y - GE06Z
F.EDAH07	5y - GE07H
F.EDAM07	5y - GE07M
F.EDAU07	5y - GE07U
F.EDAZ07	5y - GE07Z
F.EDAH08	5y - GE08H
F.EDAM08	5y - GE08M
F.EDAU08	5y - GE08U
F.EDAZ08	5y - GE08Z
F.EDAH09	5y - GE09H
F.EDAM09	5y - GE09M
F.EDAU09	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	0.103	4.28
F.EDAH07	0.353	4.03
F.EDAM07	0.602	3.78
F.EDAU07	0.851	3.53
F.EDAZ07	1.101	3.28
F.EDAH08	1.350	3.04
F.EDAM08	1.599	2.79
F.EDAU08	1.849	2.54
F.EDAZ08	2.098	2.29
F.EDAH09	2.347	2.04
F.EDAM09	2.597	1.79
F.EDAU09	2.846	1.54

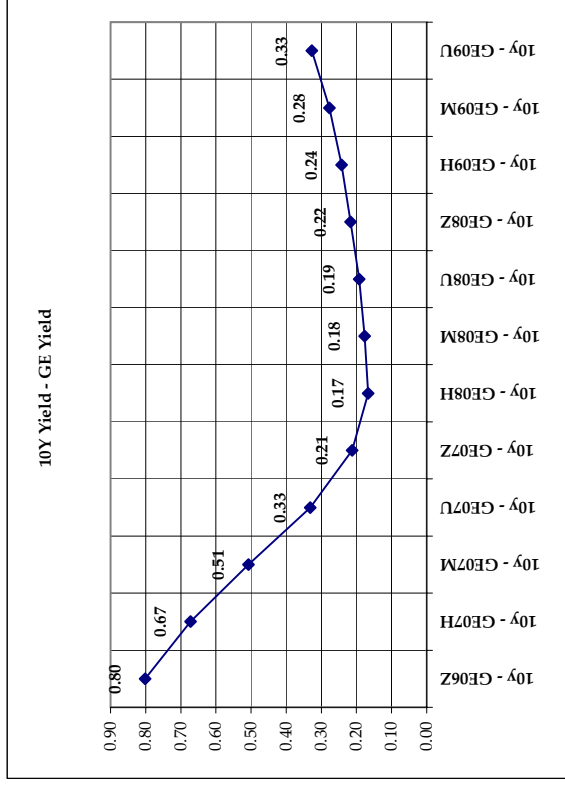
The farther away from 0 the spread duration is the riskier the trade.

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

	Spread Price	10y Spread Yield	Spread Name
F.EDAZ06	5.44	0.80	10y - GE06Z
F.EDAH07	5.31	0.67	10y - GE07H
F.EDAM07	5.15	0.51	10y - GE07M
F.EDAU07	4.97	0.33	10y - GE07U
F.EDAZ07	4.85	0.21	10y - GE07Z
F.EDAH08	4.81	0.17	10y - GE08H
F.EDAM08	4.82	0.18	10y - GE08M
F.EDAU08	4.83	0.19	10y - GE08U
F.EDAZ08	4.86	0.22	10y - GE08Z
F.EDAH09	4.88	0.24	10y - GE09H
F.EDAM09	4.92	0.28	10y - GE09M
F.EDAU09	4.97	0.33	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	0.103	7.53
F.EDAH07	0.353	7.28
F.EDAM07	0.602	7.03
F.EDAU07	0.851	6.78
F.EDAZ07	1.101	6.53
F.EDAH08	1.350	6.28
F.EDAM08	1.599	6.03
F.EDAU08	1.849	5.78
F.EDAZ08	2.098	5.53
F.EDAH09	2.347	5.28
F.EDAM09	2.597	5.03
F.EDAU09	2.846	4.78

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