

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

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Rotate Me

		F.I. Futures and Cash			
		Last Decimal	Last 32	Last Yield*	**MDuration
Blank	ZT	102.1563	102.050	4.765	1.86
	ZF	105.2500	105.080	4.650	3.91
	ZN	107.4063	107.130	4.708	5.87
	2y	99.553	99.1770	4.727	1.86
	5y	99.288	99.0920	4.660	4.40
	10y	99.063	99.0200	4.745	7.77

\*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.EDAU07	94.670	5.330	70	0.191	JUN	} White Pack
	F.EDAZ07	94.780	5.220	161	0.440	SEP	
	F.EDAH08	94.945	5.055	252	0.690	DEC	
	F.EDAM08	95.090	4.910	343	0.939	MAR	} Red Pack
	F.EDAU08	95.175	4.825	434	1.188	JUN	
	F.EDAZ08	95.200	4.800	525	1.438	SEP	
	F.EDAH09	95.200	4.800	616	1.687	DEC	} Green Pack
	F.EDAM09	95.175	4.825	707	1.936	MAR	
	F.EDAU09	95.140	4.860	798	2.186	JUN	
	F.EDAZ09	95.090	4.910	889	2.435	SEP	} Green Pack
	F.EDAH10	95.050	4.950	980	2.684	DEC	
	F.EDAM10	#VALUE!	#VALUE!	1071	2.934	MAR	

**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.

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**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
F.EDAM07	7.486	0.57	ZT - GE07H
F.EDAU07	7.376	0.46	ZT - GE07M
F.EDAZ07	7.211	0.29	ZT - GE07U
F.EDAH08	7.066	0.15	ZT - GE07Z
F.EDAM08	6.981	0.06	ZT - GE08H
F.EDAU08	6.956	0.04	ZT - GE08M
F.EDAZ08	6.956	0.04	ZT - GE08U
F.EDAH09	6.981	0.06	ZT - GE08Z
F.EDAM09	7.016	0.10	ZT - GE09H
F.EDAU09	7.066	0.15	ZT - GE09M
F.EDAZ09	7.106	0.19	ZT - GE09U
F.EDAH10	#VALUE!	#VALUE!	ZT - GE09Z

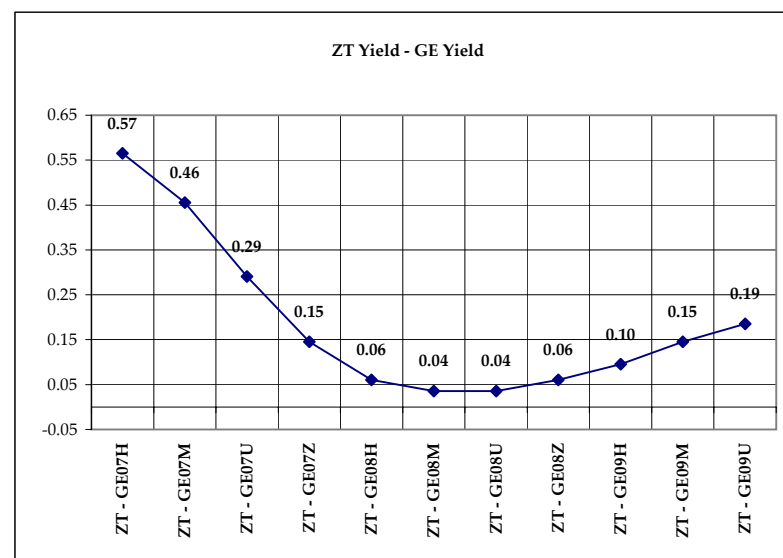
Price = Outright Decimal Price - Euro Contract Price

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

GE Duration as Fraction of year

	ZT Duration	Spread Duration	
F.EDAM07	0.191	1.86	1.67
F.EDAU07	0.440	1.86	1.42
F.EDAZ07	0.690	1.86	1.17
F.EDAH08	0.939	1.86	0.92
F.EDAM08	1.188	1.86	0.67
F.EDAU08	1.438	1.86	0.43
F.EDAZ08	1.687	1.86	0.18
F.EDAH09	1.936	1.86	(0.07)
F.EDAM09	2.186	1.86	(0.32)
F.EDAU09	2.435	1.86	(0.57)
F.EDAZ09	2.684	1.86	(0.82)
F.EDAH10	2.934	1.86	(1.07)

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



Dirty TED: ZF vs Eurodollar Contracts

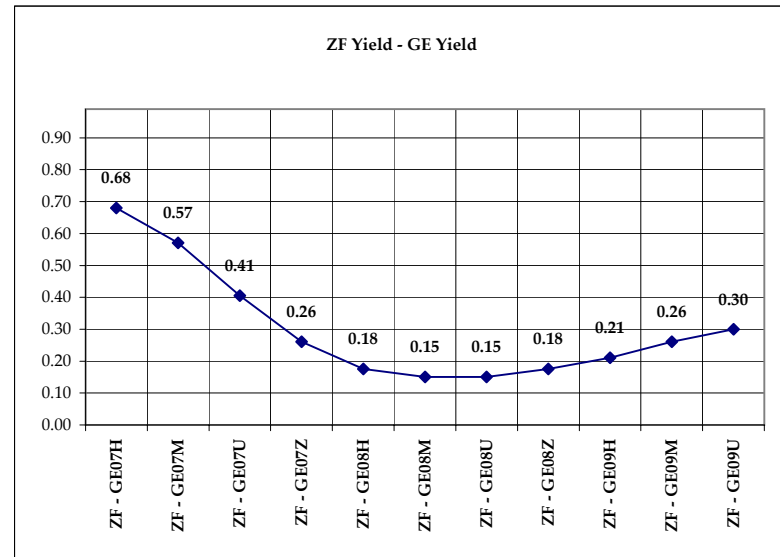
ZF			
	Spread Price	Spread Yield	Spread Name
F.EDAM07	10.58	0.68	ZF - GE07H
F.EDAU07	10.47	0.57	ZF - GE07M
F.EDAZ07	10.31	0.41	ZF - GE07U
F.EDAH08	10.16	0.26	ZF - GE07Z
F.EDAM08	10.08	0.18	ZF - GE08H
F.EDAU08	10.05	0.15	ZF - GE08M
F.EDAZ08	10.05	0.15	ZF - GE08U
F.EDAH09	10.08	0.18	ZF - GE08Z
F.EDAM09	10.11	0.21	ZF - GE09H
F.EDAU09	10.16	0.26	ZF - GE09M
F.EDAZ09	10.20	0.30	ZF - GE09U
F.EDAH10	#VALUE!	#VALUE!	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.EDAM07	0.191	3.91	ZF - GE07H
F.EDAU07	0.440	3.91	ZF - GE07M
F.EDAZ07	0.690	3.91	ZF - GE07U
F.EDAH08	0.939	3.91	ZF - GE07Z
F.EDAM08	1.188	3.91	ZF - GE08H
F.EDAU08	1.438	3.91	ZF - GE08M
F.EDAZ08	1.687	3.91	ZF - GE08U
F.EDAH09	1.936	3.91	ZF - GE08Z
F.EDAM09	2.186	3.91	ZF - GE09H
F.EDAU09	2.435	3.91	ZF - GE09M
F.EDAZ09	2.684	3.91	ZF - GE09U
F.EDAH10	2.934	3.91	ZF - GE09U

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



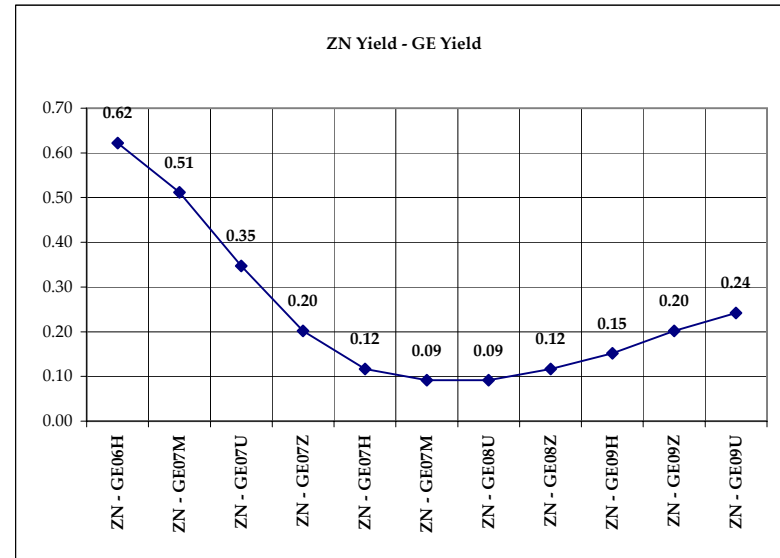
Dirty TED: ZN vs Eurodollar Contracts

ZN			
	Spread Price	Spread Yield	Spread Name
F.EDAM07	12.74	0.62	ZN - GE06H
F.EDAU07	12.63	0.51	ZN - GE07M
F.EDAZ07	12.46	0.35	ZN - GE07U
F.EDAH08	12.32	0.20	ZN - GE07Z
F.EDAM08	12.23	0.12	ZN - GE07H
F.EDAU08	12.21	0.09	ZN - GE07M
F.EDAZ08	12.21	0.09	ZN - GE08U
F.EDAH09	12.23	0.12	ZN - GE08Z
F.EDAM09	12.27	0.15	ZN - GE09H
F.EDAU09	12.32	0.20	ZN - GE09Z
F.EDAZ09	12.36	0.24	ZN - GE09U
F.EDAH10	#VALUE!	#VALUE!	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.EDAM07	0.191	5.87	5.67	ZN - GE06H
F.EDAU07	0.440	5.87	5.42	ZN - GE07M
F.EDAZ07	0.690	5.87	5.18	ZN - GE07U
F.EDAH08	0.939	5.87	4.93	ZN - GE07Z
F.EDAM08	1.188	5.87	4.68	ZN - GE07H
F.EDAU08	1.438	5.87	4.43	ZN - GE07M
F.EDAZ08	1.687	5.87	4.18	ZN - GE08U
F.EDAH09	1.936	5.87	3.93	ZN - GE08Z
F.EDAM09	2.186	5.87	3.68	ZN - GE09H
F.EDAU09	2.435	5.87	3.43	ZN - GE09Z
F.EDAZ09	2.684	5.87	3.18	ZN - GE09U
F.EDAH10	2.934	5.87	2.93	ZN - GE09U

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



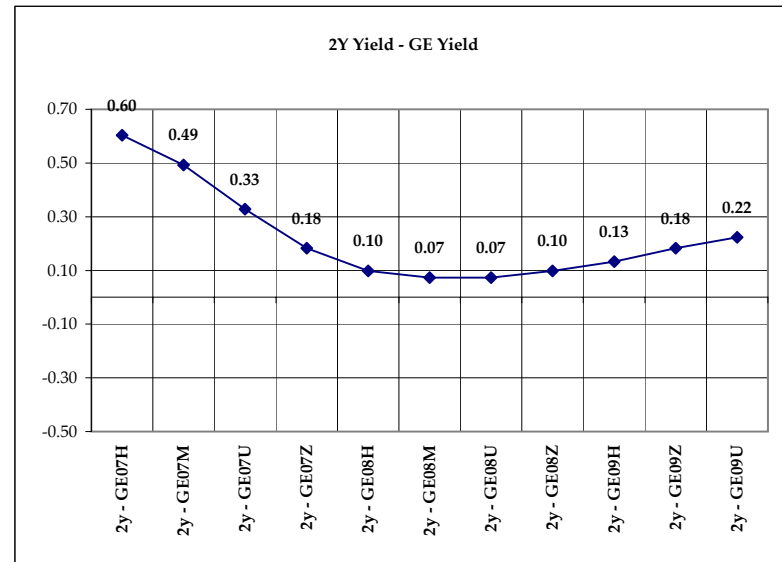
TERM TED: 2y vs Eurodollar Contracts

	2y		
	Spread Price	Spread Yield	Spread Name
F.EDAM07	4.88	0.60	2y - GE07H
F.EDAU07	4.77	0.49	2y - GE07M
F.EDAZ07	4.61	0.33	2y - GE07U
F.EDAH08	4.46	0.18	2y - GE07Z
F.EDAM08	4.38	0.10	2y - GE08H
F.EDAU08	4.35	0.07	2y - GE08M
F.EDAZ08	4.35	0.07	2y - GE08U
F.EDAH09	4.38	0.10	2y - GE08Z
F.EDAM09	4.41	0.13	2y - GE09H
F.EDAU09	4.46	0.18	2y - GE09Z
F.EDAZ09	4.50	0.22	2y - GE09U
F.EDAH10	#VALUE!	#VALUE!	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.EDAM07	0.191	1.86	1.67	2y - GE07H
F.EDAU07	0.440	1.86	1.42	2y - GE07M
F.EDAZ07	0.690	1.86	1.17	2y - GE07U
F.EDAH08	0.939	1.86	0.92	2y - GE07Z
F.EDAM08	1.188	1.86	0.67	2y - GE08H
F.EDAU08	1.438	1.86	0.43	2y - GE08M
F.EDAZ08	1.687	1.86	0.18	2y - GE08U
F.EDAH09	1.936	1.86	(0.07)	2y - GE08Z
F.EDAM09	2.186	1.86	(0.32)	2y - GE09H
F.EDAU09	2.435	1.86	(0.57)	2y - GE09Z
F.EDAZ09	2.684	1.86	(0.82)	2y - GE09U
F.EDAH10	2.934	1.86	(1.07)	2y - GE09U

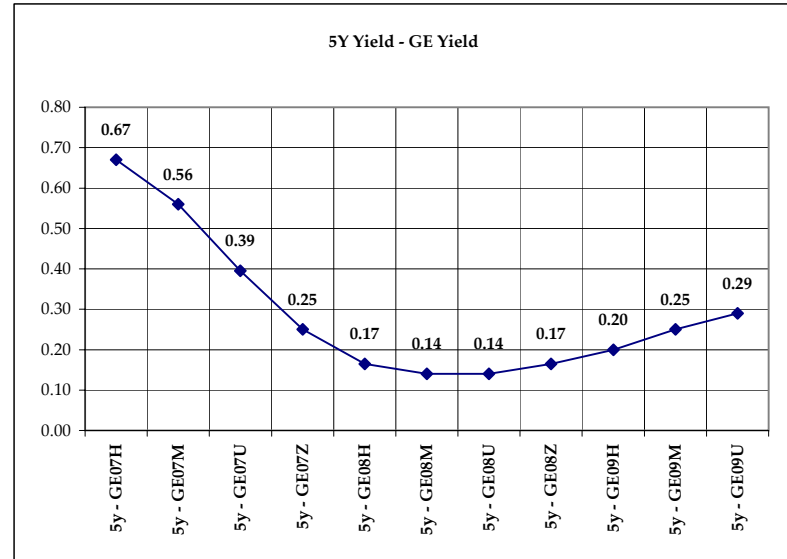
The farther away from 0 the spread duration is the riskier the trade.



TERM TED: 5y vs Eurodollar Contracts

5y			
	Spread Price	Spread Yield	Spread Name
F.EDAM07	4.62	0.67	5y - GE07H
F.EDAU07	4.51	0.56	5y - GE07M
F.EDAZ07	4.34	0.39	5y - GE07U
F.EDAH08	4.20	0.25	5y - GE07Z
F.EDAM08	4.11	0.17	5y - GE08H
F.EDAU08	4.09	0.14	5y - GE08M
F.EDAZ08	4.09	0.14	5y - GE08U
F.EDAH09	4.11	0.17	5y - GE08Z
F.EDAM09	4.15	0.20	5y - GE09H
F.EDAU09	4.20	0.25	5y - GE09M
F.EDAZ09	4.24	0.29	5y - GE09U
F.EDAH10	#VALUE!	#VALUE!	5y - GE09U

Price = Outright Decimal Price - Euro Contract Price  
 Yield = ABS(Cash Yield - Implied Euro Contract yield)



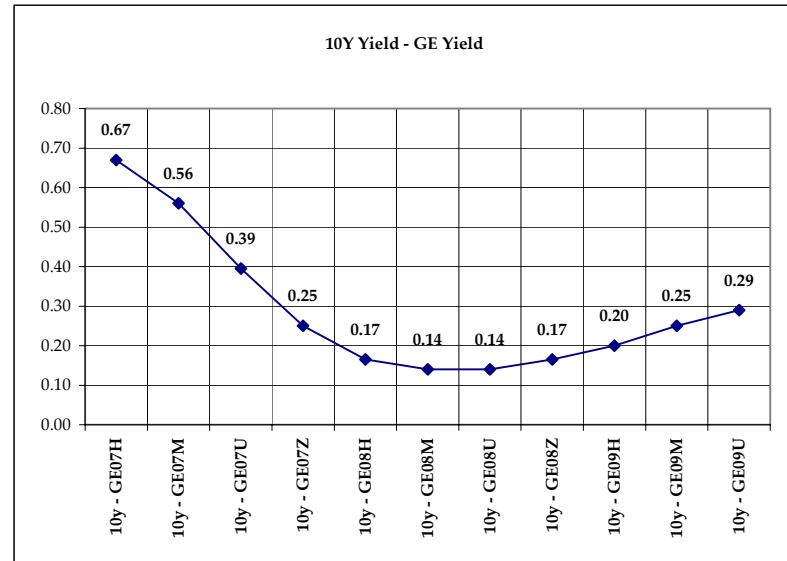
	GE Duration as Fraction of year	5Y Duration	Spread Duration	
F.EDAM07	0.191	4.40	4.21	5y - GE07H
F.EDAU07	0.440	4.40	3.96	5y - GE07M
F.EDAZ07	0.690	4.40	3.71	5y - GE07U
F.EDAH08	0.939	4.40	3.46	5y - GE07Z
F.EDAM08	1.188	4.40	3.21	5y - GE08H
F.EDAU08	1.438	4.40	2.96	5y - GE08M
F.EDAZ08	1.687	4.40	2.71	5y - GE08U
F.EDAH09	1.936	4.40	2.46	5y - GE08Z
F.EDAM09	2.186	4.40	2.22	5y - GE09H
F.EDAU09	2.435	4.40	1.97	5y - GE09M
F.EDAZ09	2.684	4.40	1.72	5y - GE09U
F.EDAH10	2.934	4.40	1.47	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.EDAM07	4.62	0.67	10y - GE07H
F.EDAU07	4.51	0.56	10y - GE07M
F.EDAZ07	4.34	0.39	10y - GE07U
F.EDAH08	4.20	0.25	10y - GE07Z
F.EDAM08	4.11	0.17	10y - GE08H
F.EDAU08	4.09	0.14	10y - GE08M
F.EDAZ08	4.09	0.14	10y - GE08U
F.EDAH09	4.11	0.17	10y - GE08Z
F.EDAM09	4.15	0.20	10y - GE09H
F.EDAU09	4.20	0.25	10y - GE09M
F.EDAZ09	4.24	0.29	10y - GE09U
F.EDAH10	#VALUE!	#VALUE!	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.EDAM07	0.191	7.77	7.58	10y - GE07H
F.EDAU07	0.440	7.77	7.33	10y - GE07M
F.EDAZ07	0.690	7.77	7.08	10y - GE07U
F.EDAH08	0.939	7.77	6.83	10y - GE07Z
F.EDAM08	1.188	7.77	6.59	10y - GE08H
F.EDAU08	1.438	7.77	6.34	10y - GE08M
F.EDAZ08	1.687	7.77	6.09	10y - GE08U
F.EDAH09	1.936	7.77	5.84	10y - GE08Z
F.EDAM09	2.186	7.77	5.59	10y - GE09H
F.EDAU09	2.435	7.77	5.34	10y - GE09M
F.EDAZ09	2.684	7.77	5.09	10y - GE09U
F.EDAH10	2.934	7.77	4.84	10y - GE09U

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