Morning Email: TERM TEDS & Dirty TEDS

Table of Contents

Rotate Me

	F.I. Futures and Cash			
	Last Decimal	Last 32	Last Yield*	**MDuration
ZT	102.2031	102.065	4.725	1.86
ZF	105.3594	105.115	4.628	3.91
ZN	107.5469	107.175	4.689	5.86
Blank				
2y	99.594	99.1900	4.710	1.86
5y	99.381	99.1220	4.640	4.40
10y	99.172	99.0550	4.730	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	94.675	5.325	69	0.188	JUN	White Pack
F.EDAZ07	94.775	5.225	160	0.438	SEP	
F.EDAH08	94.945	5.055	251	0.687	DEC	
F.EDAM08	95.105	4.895	342	0.936	MAR	
F.EDAU08	95.190	4.810	433	1.186	JUN	Red Pack
F.EDAZ08	95.220	4.780	524	1.435	SEP	
F.EDAH09	95.215	4.785	615	1.684	DEC	
F.EDAM09	95.195	4.805	706	1.934	MAR	
F.EDAU09	95.150	4.850	797	2.183	JUN	Green Pack
F.EDAZ09	95.115	4.885	888	2.432	SEP	
F.EDAH10	95.060	4.940	979	2.682	DEC	
F.EDAM10	95.040	4.960	1070	2.931	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.
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

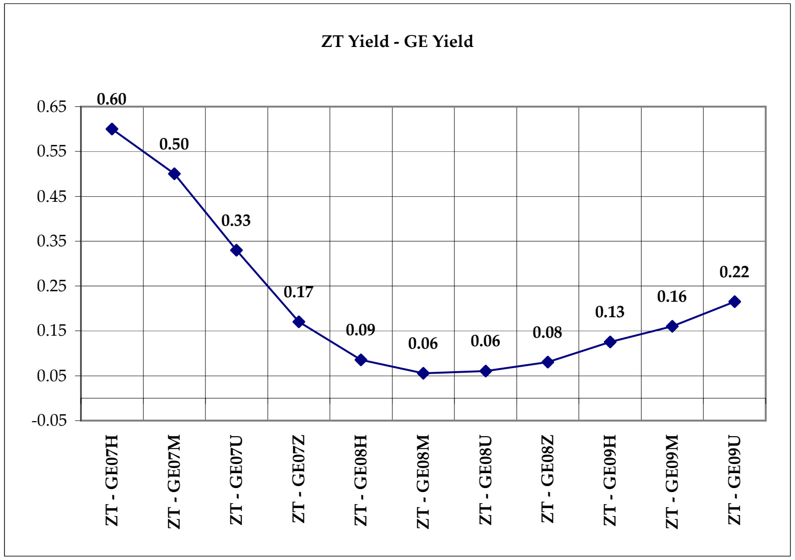
..

Dirty TED: ZT vs Eurodollar Contracts

	ZT		
	Spread Price	**Spread Yield**	**Spread Name**
F.EDAM07	7.528	0.60	ZT - GE07H
F.EDAU07	7.428	0.50	ZT - GE07M
F.EDAZ07	7.258	0.33	ZT - GE07U
F.EDAH08	7.098	0.17	ZT - GE07Z
F.EDAM08	7.013	0.09	ZT - GE08H
F.EDAU08	6.983	0.06	ZT - GE08M
F.EDAZ08	6.988	0.06	ZT - GE08U
F.EDAH09	7.008	0.08	ZT - GE08Z
F.EDAM09	7.053	0.13	ZT - GE09H
F.EDAU09	7.088	0.16	ZT - GE09M
F.EDAZ09	7.143	0.22	ZT - GE09U
F.EDAH10	7.163	0.24	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	0.188	1.86	1.67	ZT - GE07H
F.EDAU07	0.438	1.86	1.42	ZT - GE07M
F.EDAZ07	0.687	1.86	1.17	ZT - GE07U
F.EDAH08	0.936	1.86	0.92	ZT - GE07Z
F.EDAM08	1.186	1.86	0.68	ZT - GE08H
F.EDAU08	1.435	1.86	0.43	ZT - GE08M
F.EDAZ08	1.684	1.86	0.18	ZT - GE08U
F.EDAH09	1.934	1.86	(0.07)	ZT - GE08Z
F.EDAM09	2.183	1.86	(0.32)	ZT - GE09H
F.EDAU09	2.432	1.86	(0.57)	ZT - GE09M
F.EDAZ09	2.682	1.86	(0.82)	ZT - GE09U
F.EDAH10	2.931	1.86	(1.07)	ZT - GE09Z

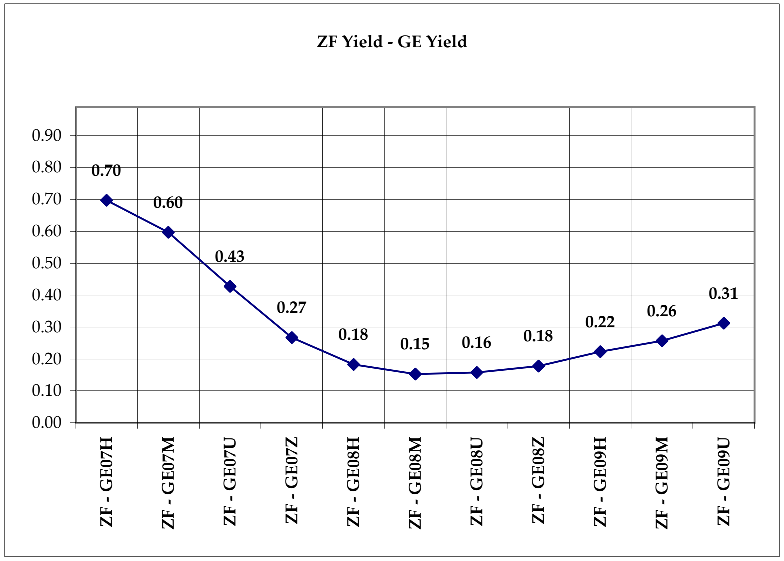
The farther away from 0 the spread duration is the riskier the trade.

Dirty TED: ZF vs Eurodollar Contracts

	ZF		
	Spread Price	Spread Yield	Spread Name
F.EDAM07	10.68	0.70	ZF - GE07H
F.EDAU07	10.58	0.60	ZF - GE07M
F.EDAZ07	10.41	0.43	ZF - GE07U
F.EDAH08	10.25	0.27	ZF - GE07Z
F.EDAM08	10.17	0.18	ZF - GE08H
F.EDAU08	10.14	0.15	ZF - GE08M
F.EDAZ08	10.14	0.16	ZF - GE08U
F.EDAH09	10.16	0.18	ZF - GE08Z
F.EDAM09	10.21	0.22	ZF - GE09H
F.EDAU09	10.24	0.26	ZF - GE09M
F.EDAZ09	10.30	0.31	ZF - GE09U
F.EDAH10	10.32	0.33	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	0.188	3.91	3.72	ZF - GE07H
F.EDAU07	0.438	3.91	3.47	ZF - GE07M
F.EDAZ07	0.687	3.91	3.22	ZF - GE07U
F.EDAH08	0.936	3.91	2.97	ZF - GE07Z
F.EDAM08	1.186	3.91	2.72	ZF - GE08H
F.EDAU08	1.435	3.91	2.47	ZF - GE08M
F.EDAZ08	1.684	3.91	2.23	ZF - GE08U
F.EDAH09	1.934	3.91	1.98	ZF - GE08Z
F.EDAM09	2.183	3.91	1.73	ZF - GE09H
F.EDAU09	2.432	3.91	1.48	ZF - GE09M
F.EDAZ09	2.682	3.91	1.23	ZF - GE09U
F.EDAH10	2.931	3.91	0.98	ZF - GE09U

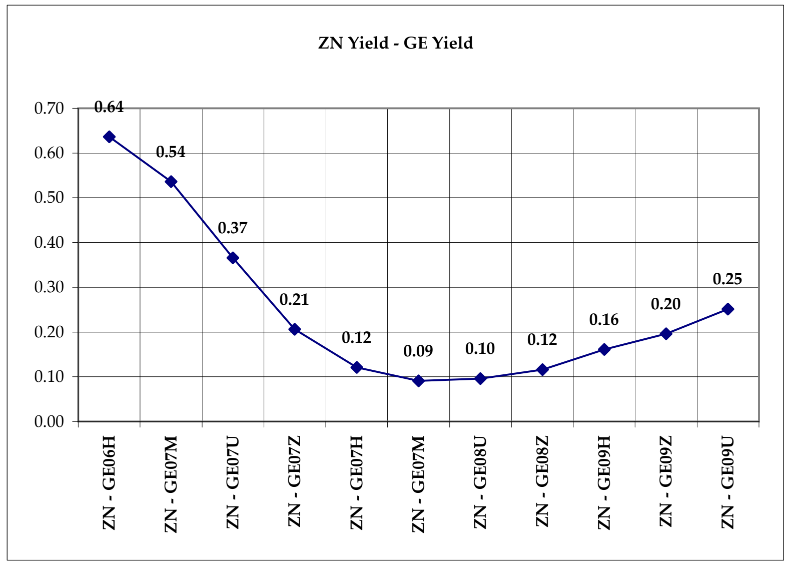
The farther away from 0 the spread duration is the riskier the trade.

Dirty TED: ZN vs Eurodollar Contracts

	ZN		
	Spread Price	Spread Yield	Spread Name
F.EDAM07	12.87	0.64	ZN - GE06H
F.EDAU07	12.77	0.54	ZN - GE07M
F.EDAZ07	12.60	0.37	ZN - GE07U
F.EDAH08	12.44	0.21	ZN - GE07Z
F.EDAM08	12.36	0.12	ZN - GE07H
F.EDAU08	12.33	0.09	ZN - GE07M
F.EDAZ08	12.33	0.10	ZN - GE08U
F.EDAH09	12.35	0.12	ZN - GE08Z
F.EDAM09	12.40	0.16	ZN - GE09H
F.EDAU09	12.43	0.20	ZN - GE09Z
F.EDAZ09	12.49	0.25	ZN - GE09U
F.EDAH10	12.51	0.27	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	0.188	5.86	5.68	ZN - GE06H
F.EDAU07	0.438	5.86	5.43	ZN - GE07M
F.EDAZ07	0.687	5.86	5.18	ZN - GE07U
F.EDAH08	0.936	5.86	4.93	ZN - GE07Z
F.EDAM08	1.186	5.86	4.68	ZN - GE07H
F.EDAU08	1.435	5.86	4.43	ZN - GE07M
F.EDAZ08	1.684	5.86	4.18	ZN - GE08U
F.EDAH09	1.934	5.86	3.93	ZN - GE08Z
F.EDAM09	2.183	5.86	3.68	ZN - GE09H
F.EDAU09	2.432	5.86	3.43	ZN - GE09Z
F.EDAZ09	2.682	5.86	3.18	ZN - GE09U
F.EDAH10	2.931	5.86	2.93	ZN - GE09U

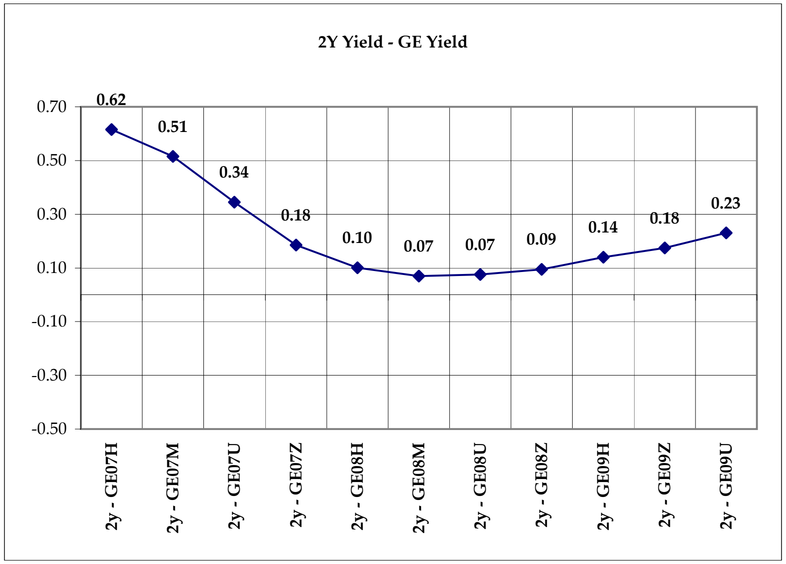
The farther away from 0 the spread duration is the riskier the trade.

TERM TED: 2y vs Eurodollar Contracts

	2y		
	Spread Price	Spread Yield	Spread Name
F.EDAM07	4.92	0.62	2y - GE07H
F.EDAU07	4.82	0.51	2y - GE07M
F.EDAZ07	4.65	0.34	2y - GE07U
F.EDAH08	4.49	0.18	2y - GE07Z
F.EDAM08	4.40	0.10	2y - GE08H
F.EDAU08	4.37	0.07	2y - GE08M
F.EDAZ08	4.38	0.07	2y - GE08U
F.EDAH09	4.40	0.09	2y - GE08Z
F.EDAM09	4.44	0.14	2y - GE09H
F.EDAU09	4.48	0.18	2y - GE09Z
F.EDAZ09	4.53	0.23	2y - GE09U
F.EDAH10	4.55	0.25	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	0.188	1.86	1.67	2y - GE07H
F.EDAU07	0.438	1.86	1.42	2y - GE07M
F.EDAZ07	0.687	1.86	1.17	2y - GE07U
F.EDAH08	0.936	1.86	0.92	2y - GE07Z
F.EDAM08	1.186	1.86	0.68	2y - GE08H
F.EDAU08	1.435	1.86	0.43	2y - GE08M
F.EDAZ08	1.684	1.86	0.18	2y - GE08U
F.EDAH09	1.934	1.86	(0.07)	2y - GE08Z
F.EDAM09	2.183	1.86	(0.32)	2y - GE09H
F.EDAU09	2.432	1.86	(0.57)	2y - GE09Z
F.EDAZ09	2.682	1.86	(0.82)	2y - GE09U
F.EDAH10	2.931	1.86	(1.07)	2y - GE09U

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

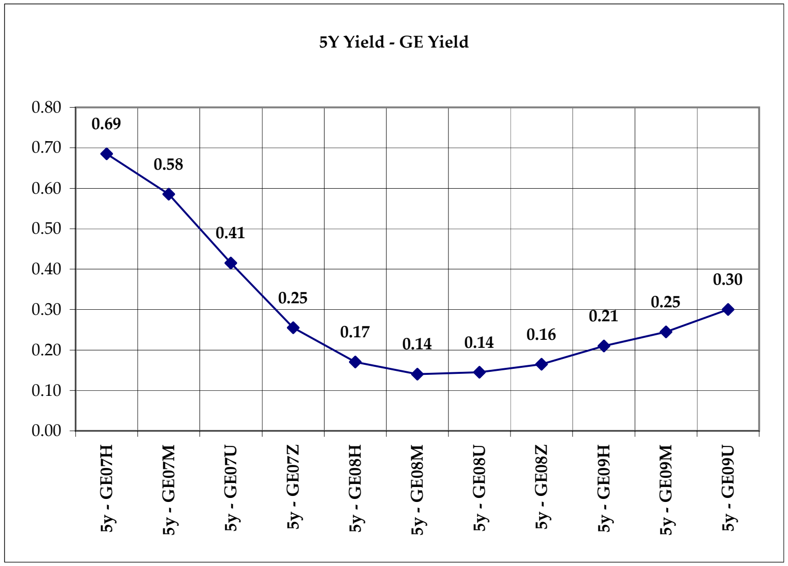
TERM TED: 5y vs Eurodollar Contracts

4/10/2007 5:52	Page 6

	5y		
	Spread Price	Spread Yield	Spread Name
F.EDAM07	4.71	0.69	5y - GE07H
F.EDAU07	4.61	0.58	5y - GE07M
F.EDAZ07	4.44	0.41	5y - GE07U
F.EDAH08	4.28	0.25	5y - GE07Z
F.EDAM08	4.19	0.17	5y - GE08H
F.EDAU08	4.16	0.14	5y - GE08M
F.EDAZ08	4.17	0.14	5y - GE08U
F.EDAH09	4.19	0.16	5y - GE08Z
F.EDAM09	4.23	0.21	5y - GE09H
F.EDAU09	4.27	0.25	5y - GE09M
F.EDAZ09	4.32	0.30	5y - GE09U
F.EDAH10	4.34	0.32	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	0.188	4.40	4.21	5y - GE07H
F.EDAU07	0.438	4.40	3.96	5y - GE07M
F.EDAZ07	0.687	4.40	3.71	5y - GE07U
F.EDAH08	0.936	4.40	3.46	5y - GE07Z
F.EDAM08	1.186	4.40	3.21	5y - GE08H
F.EDAU08	1.435	4.40	2.96	5y - GE08M
F.EDAZ08	1.684	4.40	2.71	5y - GE08U
F.EDAH09	1.934	4.40	2.47	5y - GE08Z
F.EDAM09	2.183	4.40	2.22	5y - GE09H
F.EDAU09	2.432	4.40	1.97	5y - GE09M
F.EDAZ09	2.682	4.40	1.72	5y - GE09U
F.EDAH10	2.931	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	4.71	0.69	10y - GE07H
F.EDAU07	4.61	0.58	10y - GE07M
F.EDAZ07	4.44	0.41	10y - GE07U
F.EDAH08	4.28	0.25	10y - GE07Z
F.EDAM08	4.19	0.17	10y - GE08H
F.EDAU08	4.16	0.14	10y - GE08M
F.EDAZ08	4.17	0.14	10y - GE08U
F.EDAH09	4.19	0.16	10y - GE08Z
F.EDAM09	4.23	0.21	10y - GE09H
F.EDAU09	4.27	0.25	10y - GE09M
F.EDAZ09	4.32	0.30	10y - GE09U
F.EDAH10	4.34	0.32	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	0.188	7.77	7.58	10y - GE07H
F.EDAU07	0.438	7.77	7.33	10y - GE07M
F.EDAZ07	0.687	7.77	7.09	10y - GE07U
F.EDAH08	0.936	7.77	6.84	10y - GE07Z
F.EDAM08	1.186	7.77	6.59	10y - GE08H
F.EDAU08	1.435	7.77	6.34	10y - GE08M
F.EDAZ08	1.684	7.77	6.09	10y - GE08U
F.EDAH09	1.934	7.77	5.84	10y - GE08Z
F.EDAM09	2.183	7.77	5.59	10y - GE09H
F.EDAU09	2.432	7.77	5.34	10y - GE09M
F.EDAZ09	2.682	7.77	5.09	10y - GE09U
F.EDAH10	2.931	7.77	4.84	10y - GE09U

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