

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

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Rotate Me

F.I. Futures and Cash			
	Last Decimal	Last 32	Last Yield*
ZT	102.0688	102.022	4.783
ZF	105.2656	105.085	4.639
ZN	107.8281	107.265	4.642
Blank			
2y	99.938	99.3000	4.784
5y	99.881	99.2820	4.648
10y	99.750	99.2400	4.654

\*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	94.665	5.335	68	0.186	MAR	White Pack
F.EDAM07	94.790	5.210	159	0.435	JUN	
F.EDAU07	94.945	5.055	250	0.684	SEP	
F.EDAZ07	95.080	4.920	341	0.934	DEC	
F.EDAH08	95.160	4.840	432	1.183	MAR	Red Pack
F.EDAM08	95.200	4.800	523	1.432	JUN	
F.EDAU08	95.225	4.775	614	1.682	SEP	
F.EDAZ08	95.220	4.780	705	1.931	DEC	Green Pack
F.EDAH09	95.225	4.775	796	2.180	MAR	
F.EDAM09	95.190	4.810	887	2.429	JUN	
F.EDAU09	95.155	4.845	978	2.679	SEP	
F.EDAZ09	95.115	4.885	1069	2.928	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.

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#### **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

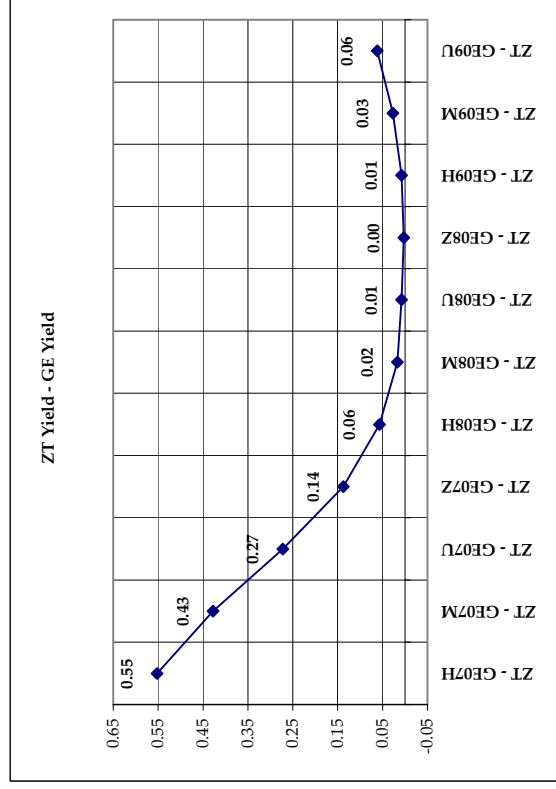
Dirty TED: ZT vs Eurodollar Contracts

ZT

	Spread Price	Spread Yield	Spread Name
F.EDAH07	7.404	0.55	ZT - GE07H
F.EDAM07	7.279	0.43	ZT - GE07M
F.EDAU07	7.124	0.27	ZT - GE07U
F.EDAZ07	6.989	0.14	ZT - GE07Z
F.EDAH08	6.909	0.06	ZT - GE08H
F.EDAM08	6.869	0.02	ZT - GE08M
F.EDAU08	6.844	0.01	ZT - GE08U
F.EDAZ08	6.849	0.00	ZT - GE08Z
F.EDAH09	6.844	0.01	ZT - GE09H
F.EDAM09	6.879	0.03	ZT - GE09M
F.EDAU09	6.914	0.06	ZT - GE09U
F.EDAZ09	6.954	0.10	ZT - GE09Z

Price = Outright Decimal Price - Euro Contract Price

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



GE Duration as Fraction of year

	Duration	ZT Duration	Spread Duration
F.EDAH07	0.186	1.86	1.67
F.EDAM07	0.435	1.86	1.42
F.EDAU07	0.684	1.86	1.17
F.EDAZ07	0.934	1.86	0.92
F.EDAH08	1.183	1.86	0.67
F.EDAM08	1.432	1.86	0.42
F.EDAU08	1.682	1.86	0.18
F.EDAZ08	1.931	1.86	(0.07)
F.EDAH09	2.180	1.86	(0.32)
F.EDAM09	2.429	1.86	(0.57)
F.EDAU09	2.679	1.86	(0.82)
F.EDAZ09	2.928	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 Spread

	Price	Yield	Name
F.EDAH07	10.60	0.70	ZF - GE07H
F.EDAM07	10.48	0.57	ZF - GE07M
F.EDAU07	10.32	0.42	ZF - GE07U
F.EDAZ07	10.19	0.28	ZF - GE07Z
F.EDAH08	10.11	0.20	ZF - GE08H
F.EDAM08	10.07	0.16	ZF - GE08M
F.EDAU08	10.04	0.14	ZF - GE08U
F.EDAZ08	10.05	0.14	ZF - GE08Z
F.EDAH09	10.04	0.14	ZF - GE09H
F.EDAM09	10.08	0.17	ZF - GE09M
F.EDAU09	10.11	0.21	ZF - GE09U
F.EDAZ09	10.15	0.25	ZF - GE09U

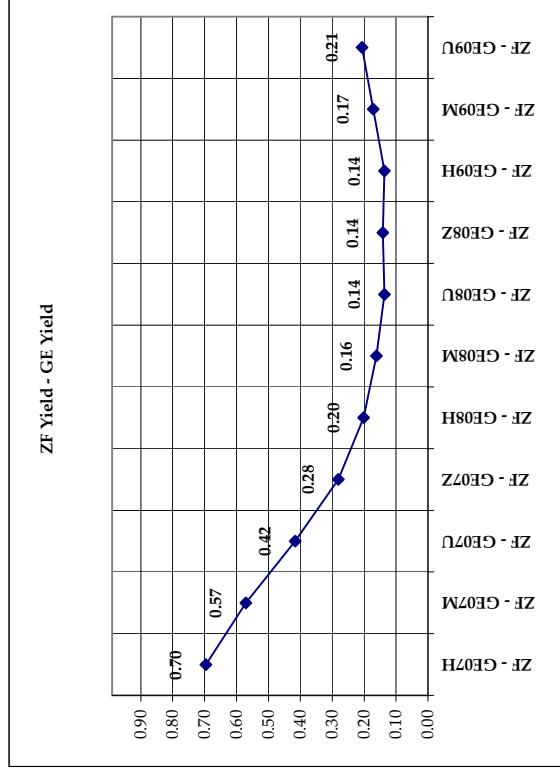
Price = Outright Decimal Price - Euro Contract Price

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

**GE Duration as Fraction of year**

	Duration	ZF Duration	Spread Duration
F.EDAH07	0.186	3.89	3.71
F.EDAM07	0.435	3.89	3.46
F.EDAU07	0.684	3.89	3.21
F.EDAZ07	0.934	3.89	2.96
F.EDAH08	1.183	3.89	2.71
F.EDAM08	1.432	3.89	2.46
F.EDAU08	1.682	3.89	2.21
F.EDAZ08	1.931	3.89	1.96
F.EDAH09	2.180	3.89	1.71
F.EDAM09	2.429	3.89	1.46
F.EDAU09	2.679	3.89	1.21
F.EDAZ09	2.928	3.89	0.96

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

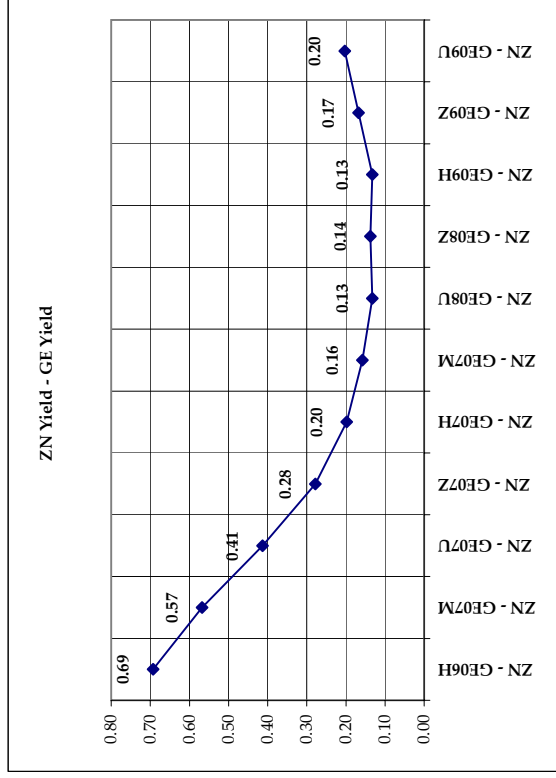


Dirty TED: ZN vs Eurodollar Contracts

	Spread Price	ZN Spread Yield	Spread Name
F.EDAH07	13.16	0.69	ZN - GE06H
F.EDAM07	13.04	0.57	ZN - GE07M
F.EDAU07	12.88	0.41	ZN - GE07U
F.EDAZ07	12.75	0.28	ZN - GE07Z
F.EDAH08	12.67	0.20	ZN - GE07H
F.EDAM08	12.63	0.16	ZN - GE07M
F.EDAU08	12.60	0.13	ZN - GE08U
F.EDAZ08	12.61	0.14	ZN - GE08Z
F.EDAH09	12.60	0.13	ZN - GE09H
F.EDAM09	12.64	0.17	ZN - GE09M
F.EDAU09	12.67	0.20	ZN - GE09U
F.EDAZ09	12.71	0.24	ZN - GE09Z

Price = Outright Decimal Price - Euro Contract Price

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



GE Duration as Fraction of year

	Fraction of year	ZN Duration	Spread Duration
F.EDAH07	0.186	5.82	5.64
F.EDAM07	0.435	5.82	5.39
F.EDAU07	0.684	5.82	5.14
F.EDAZ07	0.934	5.82	4.89
F.EDAH08	1.183	5.82	4.64
F.EDAM08	1.432	5.82	4.39
F.EDAU08	1.682	5.82	4.14
F.EDAZ08	1.931	5.82	3.89
F.EDAH09	2.180	5.82	3.64
F.EDAM09	2.429	5.82	3.39
F.EDAU09	2.679	5.82	3.14
F.EDAZ09	2.928	5.82	2.89

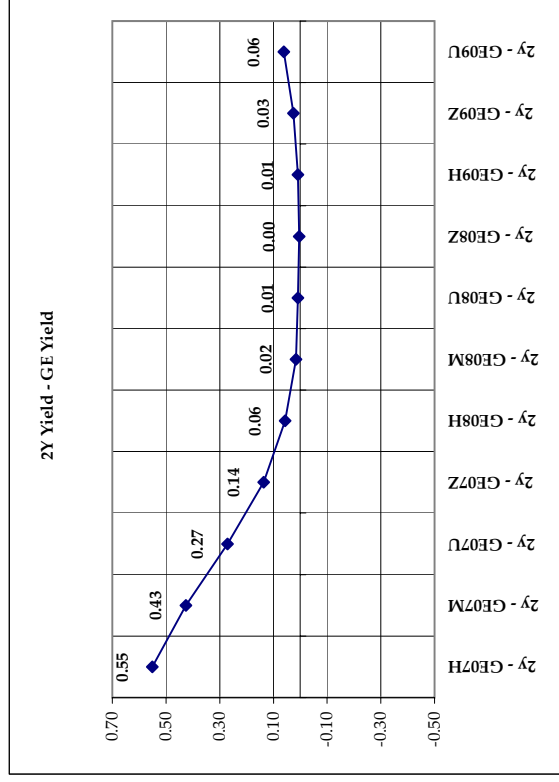
The farther away from 0 the spread duration is the riskier the trade.

TERM TED: 2y vs Eurodollar Contracts

	Spread Price	2y Yield	Spread Name
F.EDAH07	5.27	0.55	2y - GE07H
F.EDAM07	5.15	0.43	2y - GE07M
F.EDAU07	4.99	0.27	2y - GE07U
F.EDAZ07	4.86	0.14	2y - GE07Z
F.EDAH08	4.78	0.06	2y - GE08H
F.EDAM08	4.74	0.02	2y - GE08M
F.EDAU08	4.71	0.01	2y - GE08U
F.EDAZ08	4.72	0.00	2y - GE08Z
F.EDAH09	4.71	0.01	2y - GE09H
F.EDAM09	4.75	0.03	2y - GE09Z
F.EDAU09	4.78	0.06	2y - GE09U
F.EDAZ09	4.82	0.10	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	0.186	1.67
F.EDAM07	0.435	1.42
F.EDAU07	0.684	1.17
F.EDAZ07	0.934	0.92
F.EDAH08	1.183	0.67
F.EDAM08	1.432	0.42
F.EDAU08	1.682	0.18
F.EDAZ08	1.931	(0.07)
F.EDAH09	2.180	(0.32)
F.EDAM09	2.429	(0.57)
F.EDAU09	2.679	(0.82)
F.EDAZ09	2.928	(1.07)

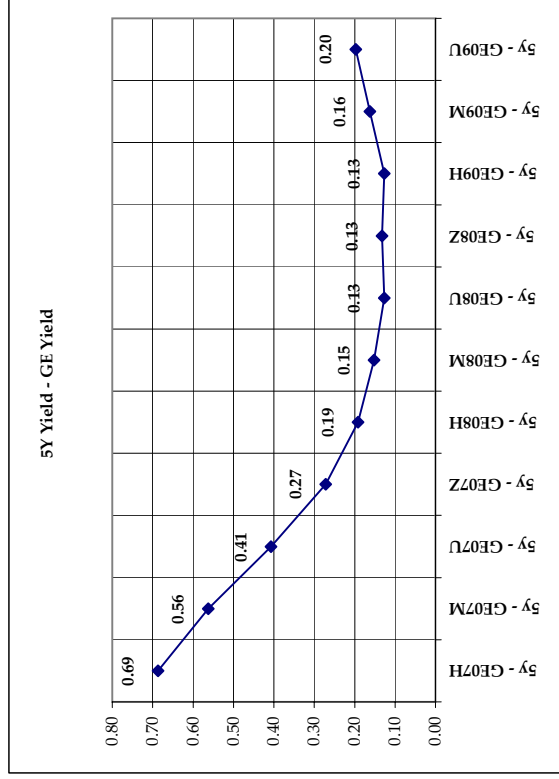
The farther away from 0 the spread duration is the riskier the trade.

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

	Spread Price	5y Spread Yield	Spread Name
F.EDAH07	5.22	0.69	5y - GE07H
F.EDAM07	5.09	0.56	5y - GE07M
F.EDAU07	4.94	0.41	5y - GE07U
F.EDAZ07	4.80	0.27	5y - GE07Z
F.EDAH08	4.72	0.19	5y - GE08H
F.EDAM08	4.68	0.15	5y - GE08M
F.EDAU08	4.66	0.13	5y - GE08U
F.EDAZ08	4.66	0.13	5y - GE08Z
F.EDAH09	4.66	0.13	5y - GE09H
F.EDAM09	4.69	0.16	5y - GE09M
F.EDAU09	4.73	0.20	5y - GE09U
F.EDAZ09	4.77	0.24	5y - GE09Z

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	0.186	4.20
F.EDAM07	0.435	3.95
F.EDAU07	0.684	3.70
F.EDAZ07	0.934	3.45
F.EDAH08	1.183	3.21
F.EDAM08	1.432	2.96
F.EDAU08	1.682	2.71
F.EDAZ08	1.931	2.46
F.EDAH09	2.180	2.21
F.EDAM09	2.429	1.96
F.EDAU09	2.679	1.71
F.EDAZ09	2.928	1.46

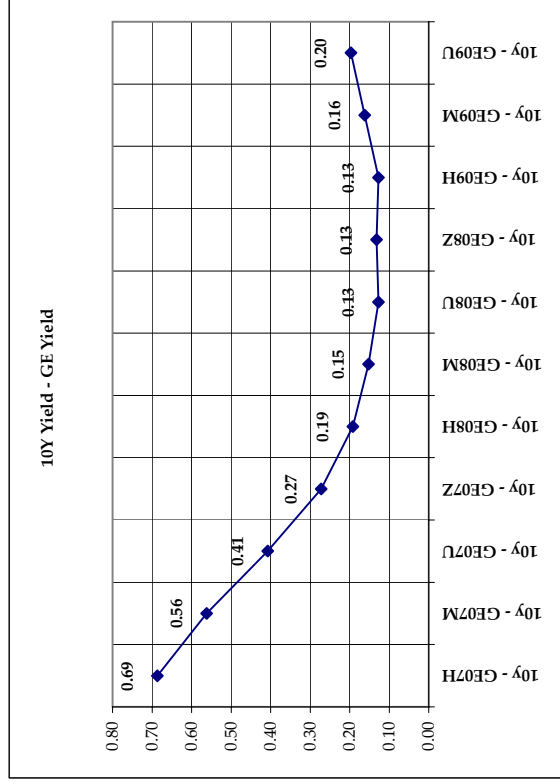
The farther away from 0 the spread duration is the riskier the trade.

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

	Spread Price	10y Yield	Spread Yield	Spread Name
F.EDAH07	5.22	0.69	10y - GE07H	
F.EDAM07	5.09	0.56	10y - GE07M	
F.EDAU07	4.94	0.41	10y - GE07U	
F.EDAZ07	4.80	0.27	10y - GE07Z	
F.EDAH08	4.72	0.19	10y - GE08H	
F.EDAM08	4.68	0.15	10y - GE08M	
F.EDAU08	4.66	0.13	10y - GE08U	
F.EDAZ08	4.66	0.13	10y - GE08Z	
F.EDAH09	4.66	0.13	10y - GE09H	
F.EDAM09	4.69	0.16	10y - GE09M	
F.EDAU09	4.73	0.20	10y - GE09U	
F.EDAZ09	4.77	0.24	10y - GE09Z	

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	0.186	7.78
F.EDAM07	0.435	7.78
F.EDAU07	0.684	7.78
F.EDAZ07	0.934	7.78
F.EDAH08	1.183	7.78
F.EDAM08	1.432	7.78
F.EDAU08	1.682	7.78
F.EDAZ08	1.931	7.78
F.EDAH09	2.180	7.78
F.EDAM09	2.429	7.78
F.EDAU09	2.679	7.78
F.EDAZ09	2.928	7.78

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