

Morning Email: TERM TEDS & Dirty TEDS

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Rotate Me

F.I. Futures and Cash			
	Last Decimal	Last 32	Last Yield*
ZT	101.8281	101.265	4.911
ZF	104.7344	104.235	4.771
ZN	107.0625	107.020	4.768
Blank			
2y	99.703	99.2250	4.907
5y	99.359	99.1150	4.772
10y	98.875	98.2800	4.767

*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	94.635	5.365	56	0.153	MAR	White Pack
F.EDAM07	94.675	5.325	147	0.402	JUN	
F.EDAU07	94.770	5.230	238	0.651	SEP	
F.EDAZ07	94.890	5.110	329	0.901	DEC	Red Pack
F.EDAH08	94.970	5.030	420	1.150	MAR	
F.EDAM08	95.010	4.990	511	1.399	JUN	
F.EDAU08	95.035	4.965	602	1.649	SEP	Green Pack
F.EDAZ08	95.045	4.955	693	1.898	DEC	
F.EDAH09	95.055	4.945	784	2.147	MAR	
F.EDAM09	95.030	4.970	875	2.397	JUN	Green Pack
F.EDAU09	95.000	5.000	966	2.646	SEP	
F.EDAZ09	94.970	5.030	1057	2.895	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:

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

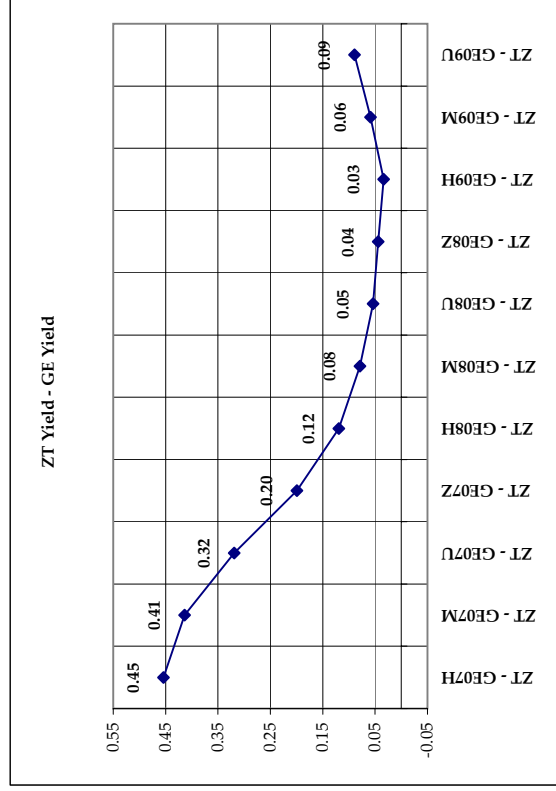
Dirty TED: ZT vs Eurodollar Contracts

ZT

	Spread Price	Spread Yield	Spread Name
F.EDAH07	7.193	0.45	ZT - GE07H
F.EDAM07	7.153	0.41	ZT - GE07M
F.EDAU07	7.058	0.32	ZT - GE07U
F.EDAZ07	6.938	0.20	ZT - GE07Z
F.EDAH08	6.858	0.12	ZT - GE08H
F.EDAM08	6.818	0.08	ZT - GE08M
F.EDAU08	6.793	0.05	ZT - GE08U
F.EDAZ08	6.783	0.04	ZT - GE08Z
F.EDAH09	6.773	0.03	ZT - GE09H
F.EDAM09	6.798	0.06	ZT - GE09M
F.EDAU09	6.828	0.09	ZT - GE09U
F.EDAZ09	6.858	0.12	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	0.153	1.82	1.67
F.EDAM07	0.402	1.82	1.42
F.EDAU07	0.651	1.82	1.17
F.EDAZ07	0.901	1.82	0.92
F.EDAH08	1.150	1.82	0.67
F.EDAM08	1.399	1.82	0.42
F.EDAU08	1.649	1.82	0.17
F.EDAZ08	1.898	1.82	(0.07)
F.EDAH09	2.147	1.82	(0.32)
F.EDAM09	2.397	1.82	(0.57)
F.EDAU09	2.646	1.82	(0.82)
F.EDAZ09	2.895	1.82	(1.07)

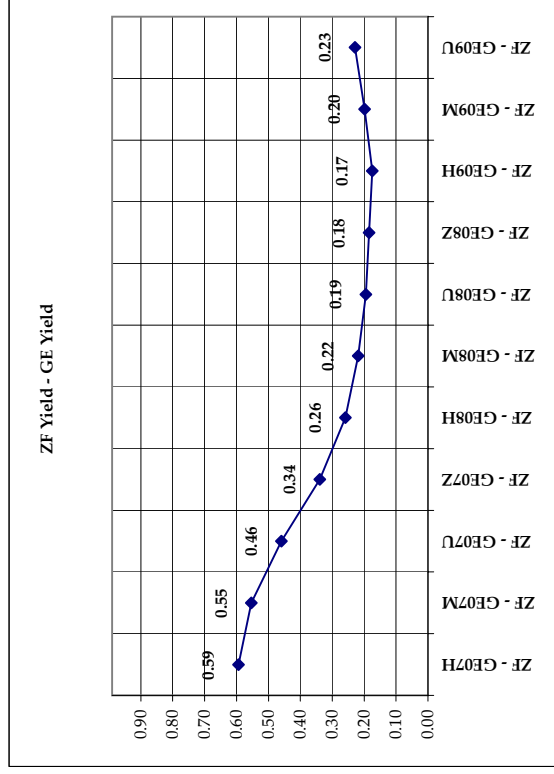
The farther away from 0 the spread duration is the riskier the trade.

Dirty TED: ZF vs Eurodollar Contracts

		ZF	
	Spread Price	Spread Yield	Spread Name
F.EDAH07	10.10	0.59	ZF - GE07H
F.EDAM07	10.06	0.55	ZF - GE07M
F.EDAU07	9.96	0.46	ZF - GE07U
F.EDAZ07	9.84	0.34	ZF - GE07Z
F.EDAH08	9.76	0.26	ZF - GE08H
F.EDAM08	9.72	0.22	ZF - GE08M
F.EDAU08	9.70	0.19	ZF - GE08U
F.EDAZ08	9.69	0.18	ZF - GE08Z
F.EDAH09	9.68	0.17	ZF - GE09H
F.EDAM09	9.70	0.20	ZF - GE09M
F.EDAU09	9.73	0.23	ZF - GE09U
F.EDAZ09	9.76	0.26	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	Duration	Spread Duration
F.EDAH07	0.153	3.86	3.70
F.EDAM07	0.402	3.86	3.45
F.EDAU07	0.651	3.86	3.20
F.EDAZ07	0.901	3.86	2.95
F.EDAH08	1.150	3.86	2.71
F.EDAM08	1.399	3.86	2.46
F.EDAU08	1.649	3.86	2.21
F.EDAZ08	1.898	3.86	1.96
F.EDAH09	2.147	3.86	1.71
F.EDAM09	2.397	3.86	1.46
F.EDAU09	2.646	3.86	1.21
F.EDAZ09	2.895	3.86	0.96

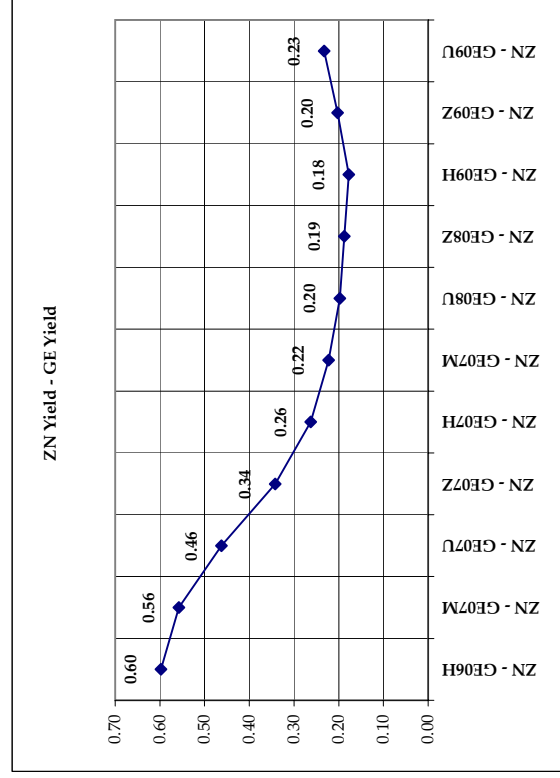
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Dirty TED: ZN vs Eurodollar Contracts

	Spread Price	ZN Spread Yield	Spread Name
F.EDAH07	12.43	0.60	ZN - GE06H
F.EDAM07	12.39	0.56	ZN - GE07M
F.EDAU07	12.29	0.46	ZN - GE07U
F.EDAZ07	12.17	0.34	ZN - GE07Z
F.EDAH08	12.09	0.26	ZN - GE07H
F.EDAM08	12.05	0.22	ZN - GE07M
F.EDAU08	12.03	0.20	ZN - GE08U
F.EDAZ08	12.02	0.19	ZN - GE08Z
F.EDAH09	12.01	0.18	ZN - GE09H
F.EDAM09	12.03	0.20	ZN - GE09M
F.EDAU09	12.06	0.23	ZN - GE09U
F.EDAZ09	12.09	0.26	ZN - GE09Z

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	0.153	5.63
F.EDAM07	0.402	5.38
F.EDAU07	0.651	5.13
F.EDAZ07	0.901	4.88
F.EDAH08	1.150	4.63
F.EDAM08	1.399	4.38
F.EDAU08	1.649	4.13
F.EDAZ08	1.898	3.88
F.EDAH09	2.147	3.64
F.EDAM09	2.397	3.39
F.EDAU09	2.646	3.14
F.EDAZ09	2.895	2.89

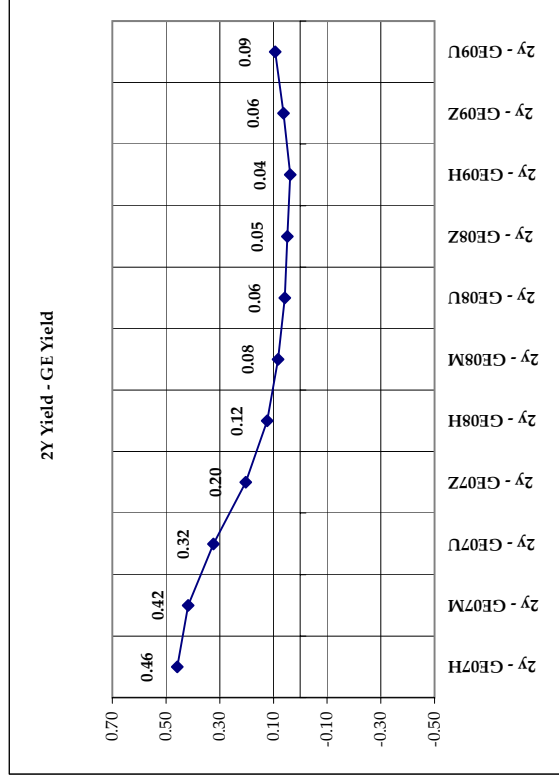
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TERM TED: 2y vs Eurodollar Contracts

	Spread Price	Spread Yield	Spread Name
F.EDAH07	5.07	0.46	2y - GE07H
F.EDAM07	5.03	0.42	2y - GE07M
F.EDAU07	4.93	0.32	2y - GE07U
F.EDAZ07	4.81	0.20	2y - GE07Z
F.EDAH08	4.73	0.12	2y - GE08H
F.EDAM08	4.69	0.08	2y - GE08M
F.EDAU08	4.67	0.06	2y - GE08U
F.EDAZ08	4.66	0.05	2y - GE08Z
F.EDAH09	4.65	0.04	2y - GE09H
F.EDAM09	4.67	0.06	2y - GE09Z
F.EDAU09	4.70	0.09	2y - GE09U
F.EDAZ09	4.73	0.12	2y - GE09U

Price = Outright Decimal Price - Euro Contract Price

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



GE Duration as Fraction of year	Duration	2Y Duration	Spread Duration
F.EDAH07	0.153	1.82	1.67
F.EDAM07	0.402	1.82	1.42
F.EDAU07	0.651	1.82	1.17
F.EDAZ07	0.901	1.82	0.92
F.EDAH08	1.150	1.82	0.67
F.EDAM08	1.399	1.82	0.42
F.EDAU08	1.649	1.82	0.17
F.EDAZ08	1.898	1.82	(0.07)
F.EDAH09	2.147	1.82	(0.32)
F.EDAM09	2.397	1.82	(0.57)
F.EDAU09	2.646	1.82	(0.82)
F.EDAZ09	2.895	1.82	(1.07)

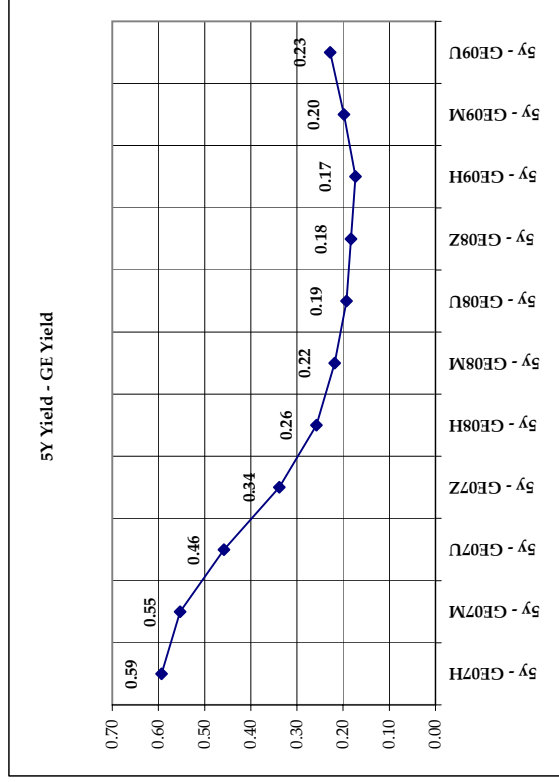
The farther away from 0 the spread duration is the riskier the trade.

TERM TED: 5y vs Eurodollar Contracts

	Spread Price	5y Spread Yield	Spread Name
F.EDAH07	4.72	0.59	5y - GE07H
F.EDAM07	4.68	0.55	5y - GE07M
F.EDAU07	4.59	0.46	5y - GE07U
F.EDAZ07	4.47	0.34	5y - GE07Z
F.EDAH08	4.39	0.26	5y - GE08H
F.EDAM08	4.35	0.22	5y - GE08M
F.EDAU08	4.32	0.19	5y - GE08U
F.EDAZ08	4.31	0.18	5y - GE08Z
F.EDAH09	4.30	0.17	5y - GE09H
F.EDAM09	4.33	0.20	5y - GE09M
F.EDAU09	4.36	0.23	5y - GE09U
F.EDAZ09	4.39	0.26	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	0.153	4.35	4.20	5y - GE07H
F.EDAM07	0.402	4.35	3.95	5y - GE07M
F.EDAU07	0.651	4.35	3.70	5y - GE07U
F.EDAZ07	0.901	4.35	3.45	5y - GE07Z
F.EDAH08	1.150	4.35	3.20	5y - GE08H
F.EDAM08	1.399	4.35	2.95	5y - GE08M
F.EDAU08	1.649	4.35	2.70	5y - GE08U
F.EDAZ08	1.898	4.35	2.45	5y - GE08Z
F.EDAH09	2.147	4.35	2.20	5y - GE09H
F.EDAM09	2.397	4.35	1.96	5y - GE09M
F.EDAU09	2.646	4.35	1.71	5y - GE09U
F.EDAZ09	2.895	4.35	1.46	5y - GE09U

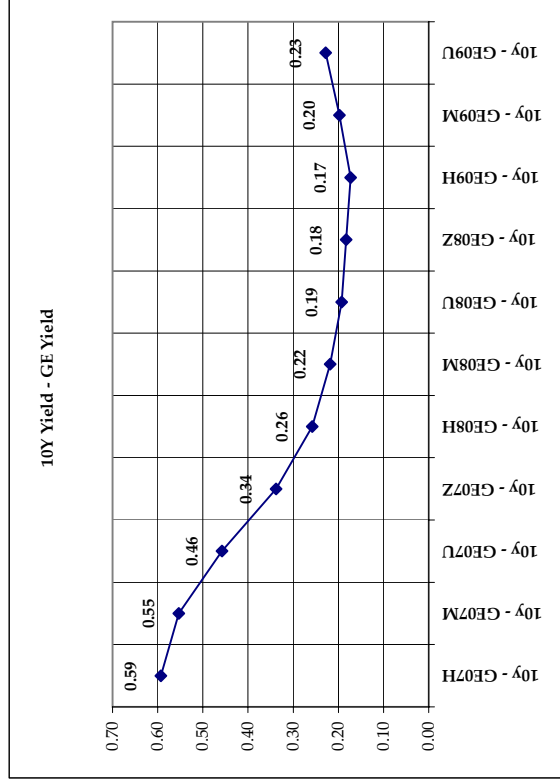
The farther away from 0 the spread duration is the riskier the trade.

TERM TED: 10y vs Eurodollar Contracts

	Spread Price	10y Spread Yield	Spread Name
F.EDAH07	4.72	0.59	10y - GE07H
F.EDAM07	4.68	0.55	10y - GE07M
F.EDAU07	4.59	0.46	10y - GE07U
F.EDAZ07	4.47	0.34	10y - GE07Z
F.EDAH08	4.39	0.26	10y - GE08H
F.EDAM08	4.35	0.22	10y - GE08M
F.EDAU08	4.32	0.19	10y - GE08U
F.EDAZ08	4.31	0.18	10y - GE08Z
F.EDAH09	4.30	0.17	10y - GE09H
F.EDAM09	4.33	0.20	10y - GE09M
F.EDAU09	4.36	0.23	10y - GE09U
F.EDAZ09	4.39	0.26	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	0.153	7.73	7.58	10y - GE07H
F.EDAM07	0.402	7.73	7.33	10y - GE07M
F.EDAU07	0.651	7.73	7.08	10y - GE07U
F.EDAZ07	0.901	7.73	6.83	10y - GE07Z
F.EDAH08	1.150	7.73	6.58	10y - GE08H
F.EDAM08	1.399	7.73	6.33	10y - GE08M
F.EDAU08	1.649	7.73	6.08	10y - GE08U
F.EDAZ08	1.898	7.73	5.83	10y - GE08Z
F.EDAH09	2.147	7.73	5.58	10y - GE09H
F.EDAM09	2.397	7.73	5.33	10y - GE09M
F.EDAU09	2.646	7.73	5.08	10y - GE09U
F.EDAZ09	2.895	7.73	4.84	10y - GE09Z

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