

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

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Rotate Me

F.I. Futures and Cash			
	Last Decimal	Last 32	Last Yield*
ZT	101.7969	101.255	5.098
ZF	104.6094	104.195	4.791
ZN	106.8750	106.280	4.746
Blank			
2y	99.897	99.2870	4.926
5y	99.219	99.0700	4.804
10y	98.578	98.1850	4.806

\*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	53	0.145	MAR	White Pack
F.EDAM07	94.660	5.340	144	0.394	JUN	
F.EDAU07	94.750	5.250	235	0.643	SEP	
F.EDAZ07	94.860	5.140	326	0.893	DEC	
F.EDAH08	94.940	5.060	417	1.142	MAR	Red Pack
F.EDAM08	94.990	5.010	508	1.391	JUN	
F.EDAU08	95.020	4.980	599	1.640	SEP	
F.EDAZ08	95.025	4.975	690	1.890	DEC	Green Pack
F.EDAH09	95.030	4.970	781	2.139	MAR	
F.EDAM09	95.015	4.985	872	2.388	JUN	
F.EDAU09	94.990	5.010	963	2.638	SEP	
F.EDAZ09	94.955	5.045	1054	2.887	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.

[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

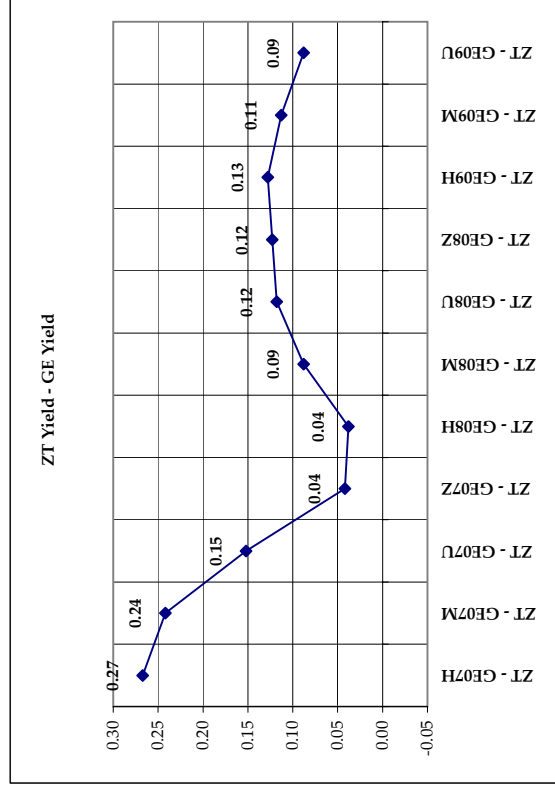
Dirty TED: ZT vs Eurodollar Contracts

ZT

	Spread Price	Spread Yield	Spread Name
F.EDAH07	7.162	0.27	ZT - GE07H
F.EDAM07	7.137	0.24	ZT - GE07M
F.EDAU07	7.047	0.15	ZT - GE07U
F.EDAZ07	6.937	0.04	ZT - GE07Z
F.EDAH08	6.857	0.04	ZT - GE08H
F.EDAM08	6.807	0.09	ZT - GE08M
F.EDAU08	6.777	0.12	ZT - GE08U
F.EDAZ08	6.772	0.12	ZT - GE08Z
F.EDAH09	6.767	0.13	ZT - GE09H
F.EDAM09	6.782	0.11	ZT - GE09M
F.EDAU09	6.807	0.09	ZT - GE09U
F.EDAZ09	6.842	0.05	ZT - 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	Duration	ZT Duration	Spread Duration
F.EDAH07	0.145	1.81	1.67	ZT - GE07H
F.EDAM07	0.394	1.81	1.42	ZT - GE07M
F.EDAU07	0.643	1.81	1.17	ZT - GE07U
F.EDAZ07	0.893	1.81	0.92	ZT - GE07Z
F.EDAH08	1.142	1.81	0.67	ZT - GE08H
F.EDAM08	1.391	1.81	0.42	ZT - GE08M
F.EDAU08	1.640	1.81	0.17	ZT - GE08U
F.EDAZ08	1.890	1.81	(0.08)	ZT - GE08Z
F.EDAH09	2.139	1.81	(0.33)	ZT - GE09H
F.EDAM09	2.388	1.81	(0.58)	ZT - GE09M
F.EDAU09	2.638	1.81	(0.82)	ZT - GE09U
F.EDAZ09	2.887	1.81	(1.07)	ZT - GE09Z

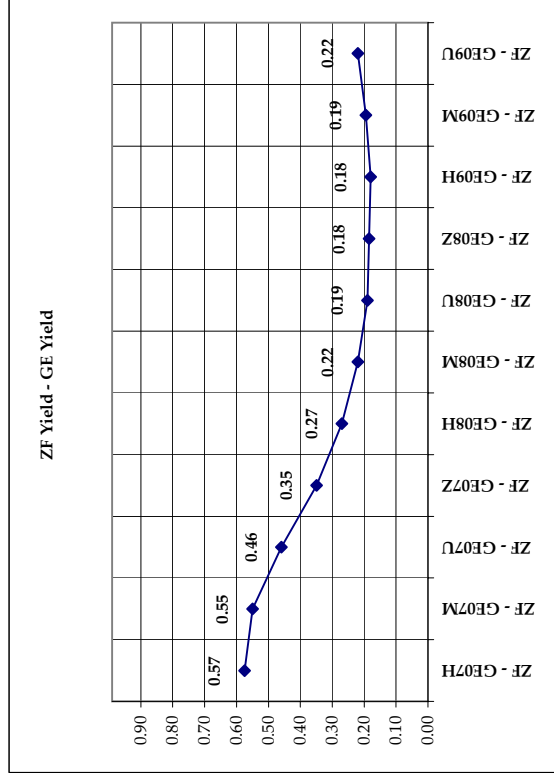
The farther away from 0 the spread duration is the riskier the trade.

**Dirty TED: ZF vs Eurodollar Contracts**

	ZF	
	Spread Price	Spread Yield
	Price	Name
F.EDAH07	9.97	ZF - GE07H
F.EDAM07	9.95	ZF - GE07M
F.EDAU07	9.86	ZF - GE07U
F.EDAZ07	9.75	ZF - GE07Z
F.EDAH08	9.67	ZF - GE08H
F.EDAM08	9.62	ZF - GE08M
F.EDAU08	9.59	ZF - GE08U
F.EDAZ08	9.58	ZF - GE08Z
F.EDAH09	9.58	ZF - GE09H
F.EDAM09	9.59	ZF - GE09M
F.EDAU09	9.62	ZF - GE09U
F.EDAZ09	9.65	ZF - GE09U

Price = Outright Decimal Price - Euro Contract Price

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



	ZF	
	GE Duration as Fraction of year	Spread Duration
F.EDAH07	0.145	3.70
F.EDAM07	0.394	3.45
F.EDAU07	0.643	3.20
F.EDAZ07	0.893	2.95
F.EDAH08	1.142	2.70
F.EDAM08	1.391	2.46
F.EDAU08	1.640	2.21
F.EDAZ08	1.890	1.96
F.EDAH09	2.139	1.71
F.EDAM09	2.388	1.46
F.EDAU09	2.638	1.21
F.EDAZ09	2.887	0.96

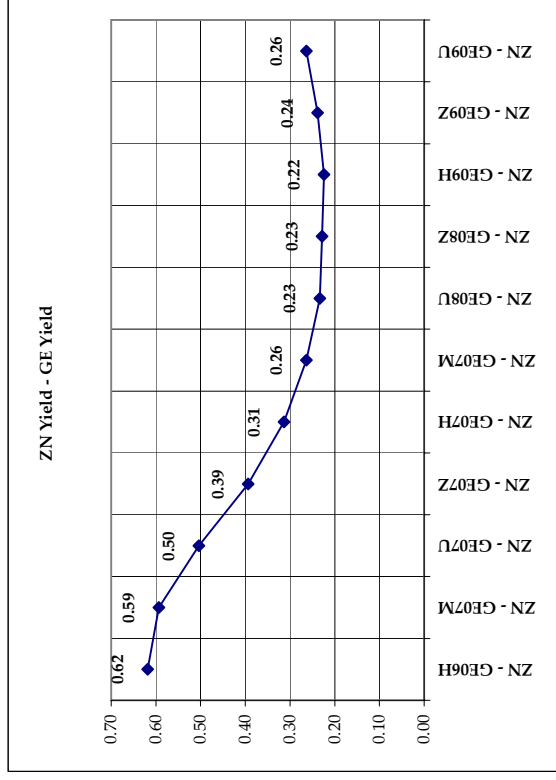
The farther away from 0 the spread duration is the riskier the trade.

Dirty TED: ZN vs Eurodollar Contracts

	Spread Price	ZN Spread Yield	Spread Name
F.EDAH07	12.24	0.62	ZN - GE06H
F.EDAM07	12.22	0.59	ZN - GE07M
F.EDAU07	12.13	0.50	ZN - GE07U
F.EDAZ07	12.02	0.39	ZN - GE07Z
F.EDA+H08	11.94	0.31	ZN - GE07H
F.EDAM08	11.89	0.26	ZN - GE07M
F.EDAU08	11.86	0.23	ZN - GE08U
F.EDAZ08	11.85	0.23	ZN - GE08Z
F.EDA+H09	11.85	0.22	ZN - GE09H
F.EDAM09	11.86	0.24	ZN - GE09Z
F.EDAU09	11.89	0.26	ZN - GE09U
F.EDAZ09	11.92	0.30	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.EDAH07	0.145	5.63
F.EDAM07	0.394	5.38
F.EDAU07	0.643	5.13
F.EDAZ07	0.893	4.88
F.EDA+H08	1.142	4.63
F.EDAM08	1.391	4.38
F.EDAU08	1.640	4.14
F.EDAZ08	1.890	3.89
F.EDA+H09	2.139	3.64
F.EDAM09	2.388	3.39
F.EDAU09	2.638	3.14
F.EDAZ09	2.887	2.89

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

TERM TED: 2y vs Eurodollar Contracts

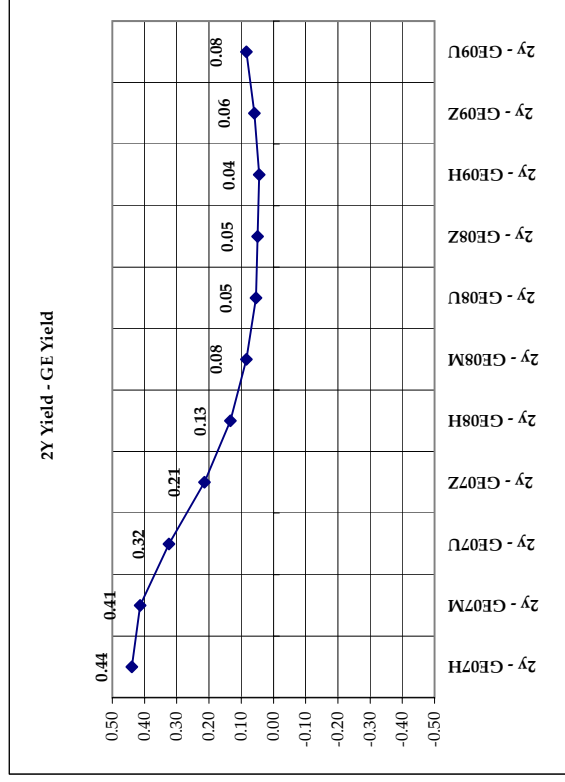
2y

Spread Price Spread Yield Name

	Spread Price	Spread Yield	Spread Name
F.EDAH07	5.26	0.44	2y - GE07H
F.EDAM07	5.24	0.41	2y - GE07M
F.EDAU07	5.15	0.32	2y - GE07U
F.EDAZ07	5.04	0.21	2y - GE07Z
F.EDAH08	4.96	0.13	2y - GE08H
F.EDAM08	4.91	0.08	2y - GE08M
F.EDAU08	4.88	0.05	2y - GE08U
F.EDAZ08	4.87	0.05	2y - GE08Z
F.EDAH09	4.87	0.04	2y - GE09H
F.EDAM09	4.88	0.06	2y - GE09Z
F.EDAU09	4.91	0.08	2y - GE09U
F.EDAZ09	4.94	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	0.145	1.85	1.71
F.EDAM07	0.394	1.85	1.46
F.EDAU07	0.643	1.85	1.21
F.EDAZ07	0.893	1.85	0.96
F.EDAH08	1.142	1.85	0.71
F.EDAM08	1.391	1.85	0.46
F.EDAU08	1.640	1.85	0.21
F.EDAZ08	1.890	1.85	(0.04)
F.EDAH09	2.139	1.85	(0.29)
F.EDAM09	2.388	1.85	(0.54)
F.EDAU09	2.638	1.85	(0.79)
F.EDAZ09	2.887	1.85	(1.04)

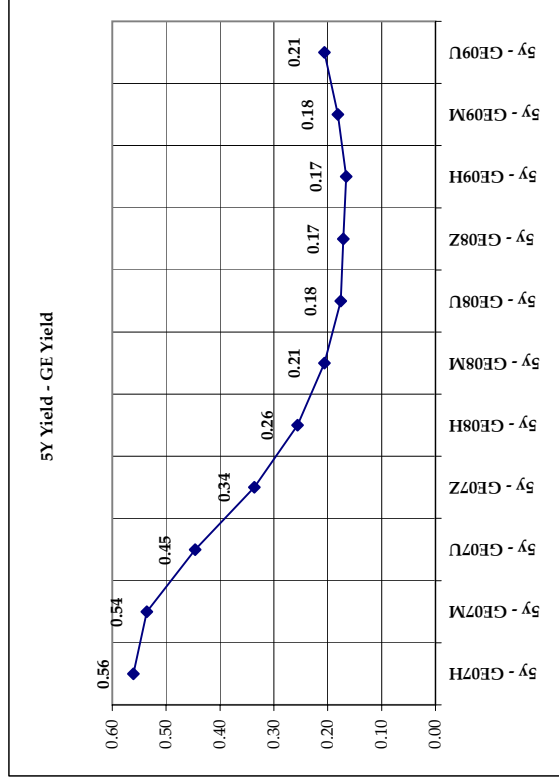
The farther away from 0 the spread duration is the riskier the trade.

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

	5y	
	Spread Price	Spread Yield
	Price	Yield Name
F.EDAH07	4.58	0.56 5y - GE07H
F.EDAM07	4.56	0.54 5y - GE07M
F.EDAU07	4.47	0.45 5y - GE07U
F.EDAZ07	4.36	0.34 5y - GE07Z
F.EDAH08	4.28	0.26 5y - GE08H
F.EDAM08	4.23	0.21 5y - GE08M
F.EDAU08	4.20	0.18 5y - GE08U
F.EDAZ08	4.19	0.17 5y - GE08Z
F.EDAH09	4.19	0.17 5y - GE09H
F.EDAM09	4.20	0.18 5y - GE09M
F.EDAU09	4.23	0.21 5y - GE09U
F.EDAZ09	4.26	0.24 5y - GE09U

Price = Outright Decimal Price - Euro Contract Price

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



	5Y	
	Fraction of year	Duration
	5Y	Spread Duration
F.EDAH07	0.145	4.34 4.20
F.EDAM07	0.394	4.34 3.95
F.EDAU07	0.643	4.34 3.70
F.EDAZ07	0.893	4.34 3.45
F.EDAH08	1.142	4.34 3.20
F.EDAM08	1.391	4.34 2.95
F.EDAU08	1.640	4.34 2.70
F.EDAZ08	1.890	4.34 2.45
F.EDAH09	2.139	4.34 2.20
F.EDAM09	2.388	4.34 1.95
F.EDAU09	2.638	4.34 1.70
F.EDAZ09	2.887	4.34 1.46

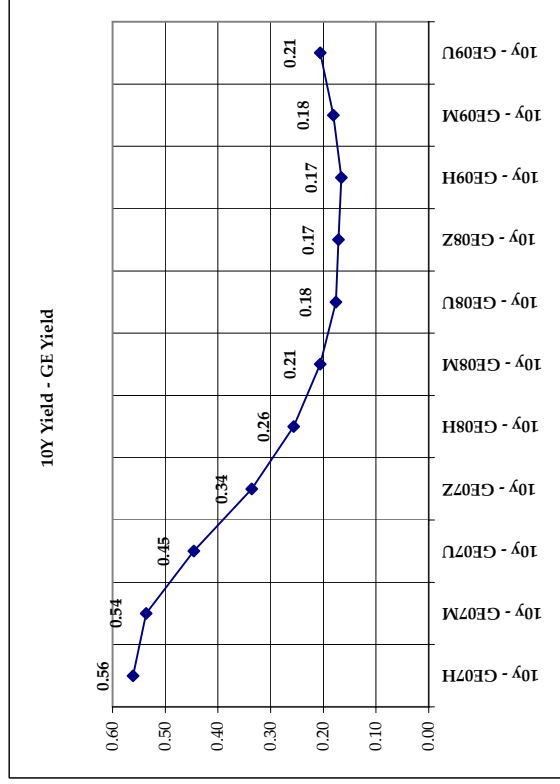
The farther away from 0 the spread duration is the riskier the trade.

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

	Spread Price	10y Spread Yield	Spread Name
F.EDAH07	4.58	0.56	10y - GE07H
F.EDAM07	4.56	0.54	10y - GE07M
F.EDAU07	4.47	0.45	10y - GE07U
F.EDAZ07	4.36	0.34	10y - GE07Z
F.EDAH08	4.28	0.26	10y - GE08H
F.EDAM08	4.23	0.21	10y - GE08M
F.EDAU08	4.20	0.18	10y - GE08U
F.EDAZ08	4.19	0.17	10y - GE08Z
F.EDAH09	4.19	0.17	10y - GE09H
F.EDAM09	4.20	0.18	10y - GE09M
F.EDAU09	4.23	0.21	10y - GE09U
F.EDAZ09	4.26	0.24	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.EDAH07	0.145	7.72	7.57
F.EDAM07	0.394	7.72	7.32
F.EDAU07	0.643	7.72	7.07
F.EDAZ07	0.893	7.72	6.82
F.EDAH08	1.142	7.72	6.58
F.EDAM08	1.391	7.72	6.33
F.EDAU08	1.640	7.72	6.08
F.EDAZ08	1.890	7.72	5.83
F.EDAH09	2.139	7.72	5.58
F.EDAM09	2.388	7.72	5.33
F.EDAU09	2.638	7.72	5.08
F.EDAZ09	2.887	7.72	4.83

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