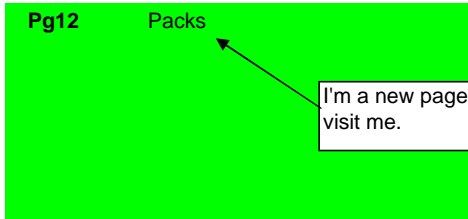


The Morning Email: TERM TEDS & Dirty TEDS

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I'm a new page, come and visit me.

Correlations for the US Cash Treasuries are done on a YIELD basis. Therefore, you'll see negative values. The reason for this is due to the new issues. Every new issue takes too long to 'catch up' because the correlation formula looks back 10days.

Want something added? Let me know: jgoulding@ghco.com

Disclaimer: All information within this newsletter is meant for internal use at GH Trader's LLC, only. All information has been recorded to the best of my ability. This material is based upon information that I consider reliable, but I do not represent that it is accurate or complete.

Quotes

F.I. Futures and Cash					
	Last Decimal	Last 32	Last Yield*	MDuration	
ZT	101.7094	101.227	4.959	1.83	
ZF	103.5313	103.170	5.059	3.91	
ZN	104.7344	104.235	5.124	5.72	
2y	99.813	99.2600	4.972	1.96	
5y	99.109	99.0350	5.078	4.36	
10y	94.813	94.2600	5.176	7.75	

Eurodollars (ED)						
	Last Price	Last Imp Yield	Days til Expr.	Fraction of year	Month	
EDAU07	94.645	5.355	70	0.191	SEP	} White Pack
EDAZ07	94.645	5.355	161	0.440	DEC	
EDAH08	94.675	5.325	252	0.690	MAR	
EDAM08	94.695	5.305	343	0.939	JUN	} Red Pack
EDAU08	94.690	5.310	434	1.188	SEP	
EDAZ08	94.660	5.340	525	1.438	DEC	
EDAH09	94.610	5.390	616	1.687	MAR	} Green Pack
EDAM09	94.550	5.450	707	1.936	JUN	
EDAU09	94.490	5.510	798	2.186	SEP	
EDAZ09	94.445	5.555	889	2.435	DEC	}
EDAH10	94.405	5.595	980	2.684	MAR	
EDAM10	94.370	5.630	1071	2.934	JUN	
EDAU10	94.345	5.655	1162	3.183	SEP	}
EDAZ10	94.290	5.710	1253	3.432	DEC	
EDAH11	94.240	5.760	1344	3.682	MAR	
EDAM11	94.235	5.765	1435	3.931	JUN	}
EDAU11	#VALUE!	#VALUE!	1533	4.199	SEP	
EDAZ11	94.150	5.850	1624	4.449	DEC	
EDAH12	#VALUE!	#VALUE!	1715	4.698	MAR	}
EDAM12	#VALUE!	#VALUE!	1806	4.947	JUN	

Notes
 Futures use CTD for Last Yield
 Mduration = Modified Macaulay Duration

	Last Yield	Net Yield	Last Price	
Q.ED.White	5.482	0.875	9466.500	} Pack Prices
Q.ED.Red	5.521	2.000	9462.750	
Q.ED.Green	5.730	1.625	9442.750	
Q.ED.Blue		1.625	9426.875	
Q.ED.Gold		0.000	9412.750	
Q.ED.Purple		0.000	9412.750	

Overview of Hedging

7/9/2007 5:56

Page A

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

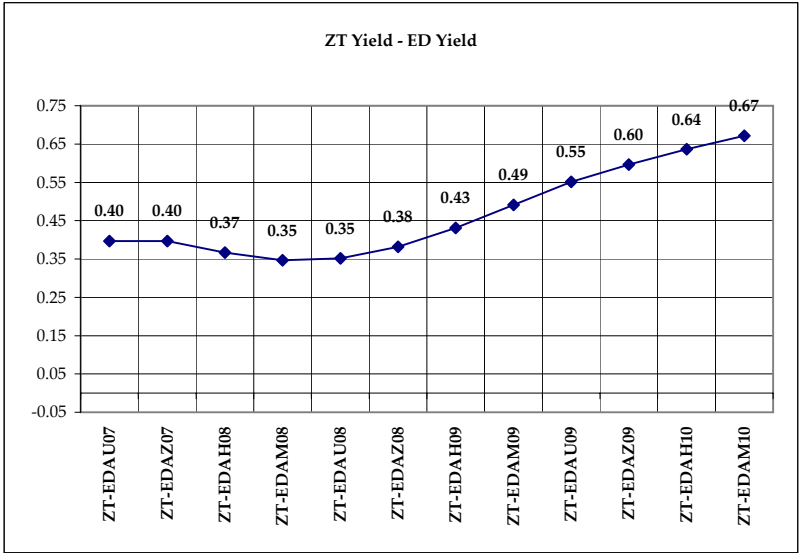
Eurodollar Color Codes for Individual Year Strips:

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

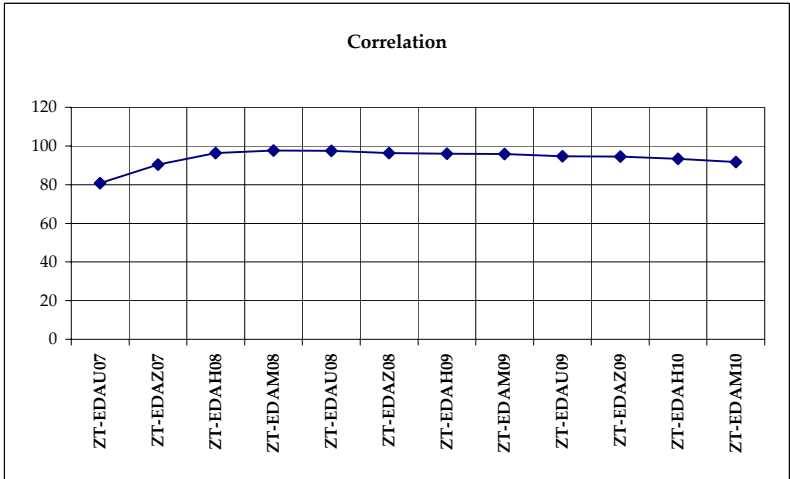
ZT				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	7.064	0.40	ZT-EDAU07	80.755
EDAZ07	7.064	0.40	ZT-EDAZ07	90.345
EDAH08	7.034	0.37	ZT-EDAH08	96.349
EDAM08	7.014	0.35	ZT-EDAM08	97.590
EDAU08	7.019	0.35	ZT-EDAU08	97.465
EDAZ08	7.049	0.38	ZT-EDAZ08	96.336
EDAH09	7.099	0.43	ZT-EDAH09	96.051
EDAM09	7.159	0.49	ZT-EDAM09	95.763
EDAU09	7.219	0.55	ZT-EDAU09	94.695
EDAZ09	7.264	0.60	ZT-EDAZ09	94.464
EDAH10	7.304	0.64	ZT-EDAH10	93.358
EDAM10	7.339	0.67	ZT-EDAM10	91.762

Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days



GE Duration as Fraction of year				
	ZT Duration	Spread Duration		
EDAU07	0.191	1.83	1.64	ZT-EDAU07
EDAZ07	0.440	1.83	1.39	ZT-EDAZ07
EDAH08	0.690	1.83	1.14	ZT-EDAH08
EDAM08	0.939	1.83	0.89	ZT-EDAM08
EDAU08	1.188	1.83	0.64	ZT-EDAU08
EDAZ08	1.438	1.83	0.39	ZT-EDAZ08
EDAH09	1.687	1.83	0.14	ZT-EDAH09
EDAM09	1.936	1.83	(0.11)	ZT-EDAM09
EDAU09	2.186	1.83	(0.36)	ZT-EDAU09
EDAZ09	2.435	1.83	(0.61)	ZT-EDAZ09
EDAH10	2.684	1.83	(0.86)	ZT-EDAH10
EDAM10	2.934	1.83	(1.11)	ZT-EDAM10

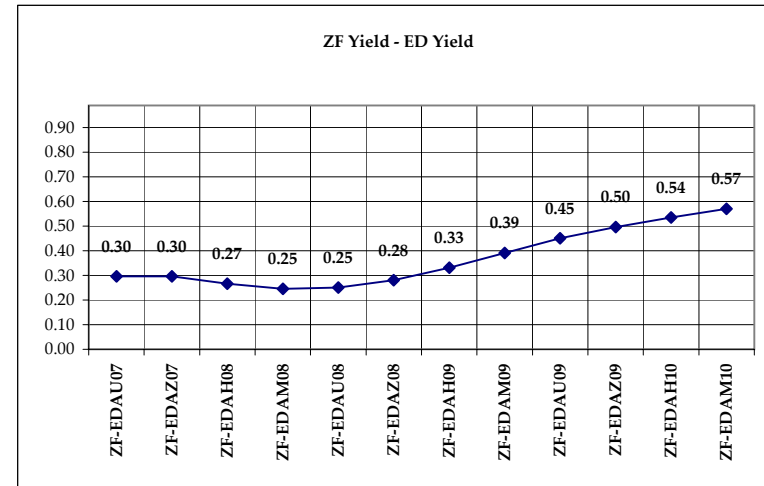
The farther away from 0 the spread duration is the riskier the trade.



Dirty TED: ZF vs Eurodollar Contracts

	ZF			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	8.89	0.30	ZF-EDAU07	76.453
EDAZ07	8.89	0.30	ZF-EDAZ07	86.076
EDAH08	8.86	0.27	ZF-EDAH08	94.047
EDAM08	8.84	0.25	ZF-EDAM08	97.057
EDAU08	8.84	0.25	ZF-EDAU08	97.575
EDAZ08	8.87	0.28	ZF-EDAZ08	97.392
EDAH09	8.92	0.33	ZF-EDAH09	98.438
EDAM09	8.98	0.39	ZF-EDAM09	98.993
EDAU09	9.04	0.45	ZF-EDAU09	98.978
EDAZ09	9.09	0.50	ZF-EDAZ09	98.934
EDAH10	9.13	0.54	ZF-EDAH10	98.665
EDAM10	9.16	0.57	ZF-EDAM10	97.961

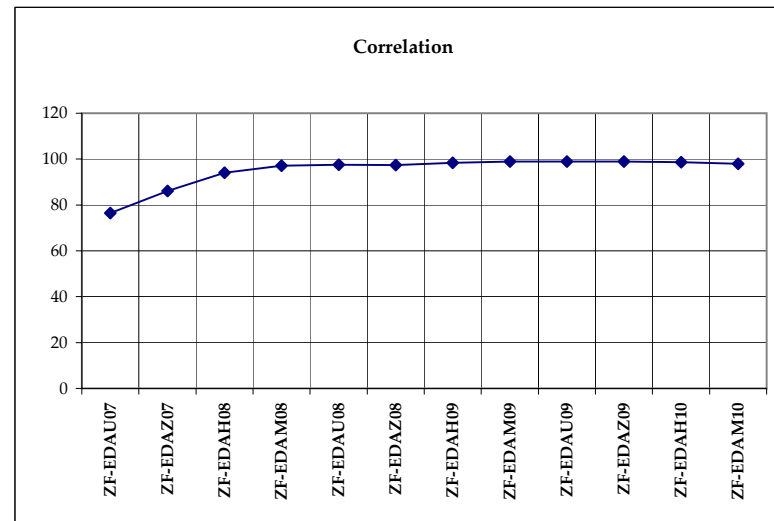
Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days



GE Duration as Fraction of year

	GE Duration as Fraction of year	ZF Duration	Spread Duration	
EDAU07	0.191	3.91	3.72	ZF-EDAU07
EDAZ07	0.440	3.91	3.47	ZF-EDAZ07
EDAH08	0.690	3.91	3.22	ZF-EDAH08
EDAM08	0.939	3.91	2.97	ZF-EDAM08
EDAU08	1.188	3.91	2.72	ZF-EDAU08
EDAZ08	1.438	3.91	2.47	ZF-EDAZ08
EDAH09	1.687	3.91	2.22	ZF-EDAH09
EDAM09	1.936	3.91	1.97	ZF-EDAM09
EDAU09	2.186	3.91	1.72	ZF-EDAU09
EDAZ09	2.435	3.91	1.48	ZF-EDAZ09
EDAH10	2.684	3.91	1.23	ZF-EDAH10
EDAM10	2.934	3.91	0.98	ZF-EDAM10

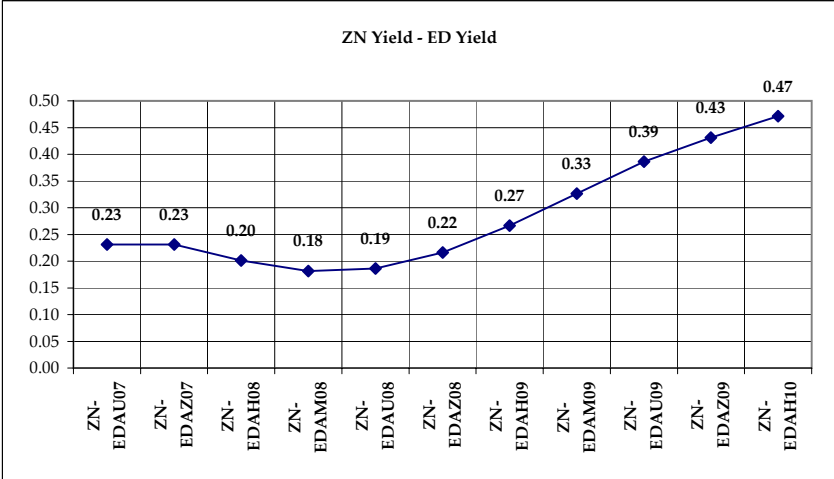
The farther away from 0 the spread duration is the riskier the trade.



Dirty TED: ZN vs Eurodollar Contracts

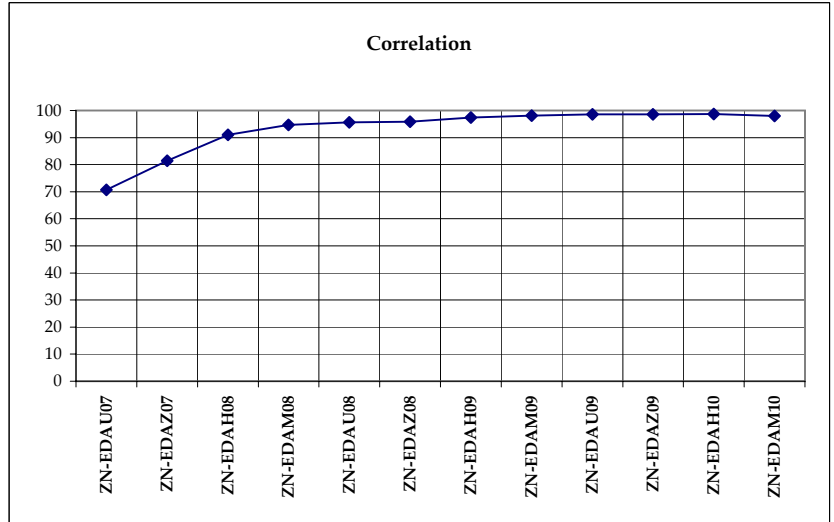
ZN				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	10.09	0.23	ZN-EDAU07	70.70
EDAZ07	10.09	0.23	ZN-EDAZ07	81.42
EDAH08	10.06	0.20	ZN-EDAH08	90.97
EDAM08	10.04	0.18	ZN-EDAM08	94.70
EDAU08	10.04	0.19	ZN-EDAU08	95.61
EDAZ08	10.07	0.22	ZN-EDAZ08	95.88
EDAH09	10.12	0.27	ZN-EDAH09	97.36
EDAM09	10.18	0.33	ZN-EDAM09	98.14
EDAU09	10.24	0.39	ZN-EDAU09	98.53
EDAZ09	10.29	0.43	ZN-EDAZ09	98.62
EDAH10	10.33	0.47	ZN-EDAH10	98.67
EDAM10	10.36	0.51	ZN-EDAM10	97.96

Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days



	GE Duration as Fraction of year	ZN Duration	Spread Duration	
EDAU07	0.191	5.72	5.53	ZN-EDAU07
EDAZ07	0.440	5.72	5.28	ZN-EDAZ07
EDAH08	0.690	5.72	5.03	ZN-EDAH08
EDAM08	0.939	5.72	4.79	ZN-EDAM08
EDAU08	1.188	5.72	4.54	ZN-EDAU08
EDAZ08	1.438	5.72	4.29	ZN-EDAZ08
EDAH09	1.687	5.72	4.04	ZN-EDAH09
EDAM09	1.936	5.72	3.79	ZN-EDAM09
EDAU09	2.186	5.72	3.54	ZN-EDAU09
EDAZ09	2.435	5.72	3.29	ZN-EDAZ09
EDAH10	2.684	5.72	3.04	ZN-EDAH10
EDAM10	2.934	5.72	2.79	ZN-EDAM10

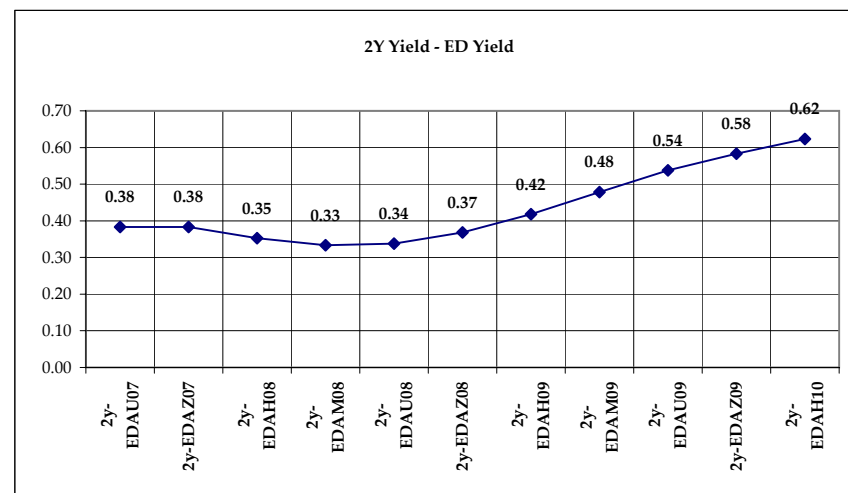
The farther away from 0 the spread duration is the riskier the trade.



TERM TED: 2y vs Eurodollar Contracts

	2y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	5.17	0.38	2y-EDAU07	-76.005
EDAZ07	5.17	0.38	2y-EDAZ07	-90.300
EDAH08	5.14	0.35	2y-EDAH08	-97.359
EDAM08	5.12	0.33	2y-EDAM08	-98.455
EDAU08	5.12	0.34	2y-EDAU08	-97.744
EDAZ08	5.15	0.37	2y-EDAZ08	-98.455
EDAH09	5.20	0.42	2y-EDAH09	-95.997
EDAM09	5.26	0.48	2y-EDAM09	-95.329
EDAU09	5.32	0.54	2y-EDAU09	-94.177
EDAZ09	5.37	0.58	2y-EDAZ09	-93.722
EDAH10	5.41	0.62	2y-EDAH10	-92.397
EDAM10	5.44	0.66	2y-EDAM10	-90.813

Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days.
 These are measuring YIELD correlations.

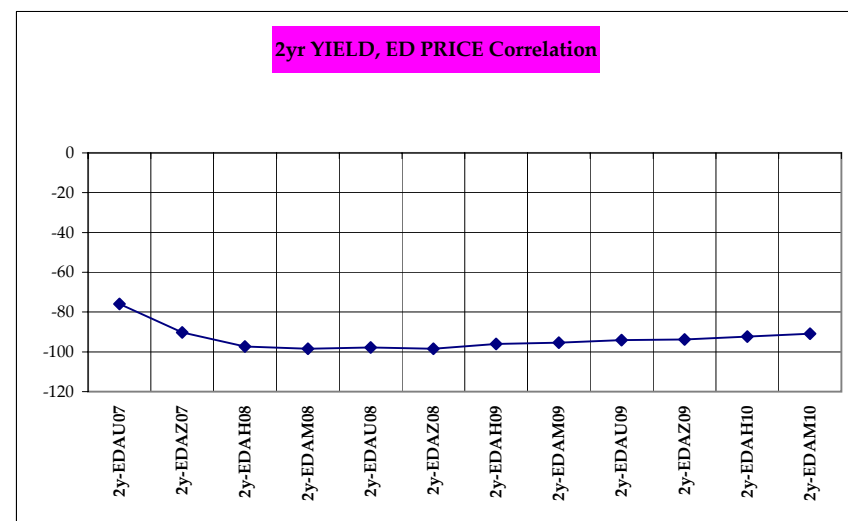


GE Duration as Fraction of year

	2Y Duration	Spread Duration	
EDAU07	0.191	1.77	2y-EDAU07
EDAZ07	0.440	1.52	2y-EDAZ07
EDAH08	0.690	1.27	2y-EDAH08
EDAM08	0.939	1.03	2y-EDAM08
EDAU08	1.188	0.78	2y-EDAU08
EDAZ08	1.438	0.53	2y-EDAZ08
EDAH09	1.687	0.28	2y-EDAH09
EDAM09	1.936	0.03	2y-EDAM09
EDAU09	2.186	(0.22)	2y-EDAU09
EDAZ09	2.435	(0.47)	2y-EDAZ09
EDAH10	2.684	(0.72)	2y-EDAH10
EDAM10	2.934	(0.97)	2y-EDAM10

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

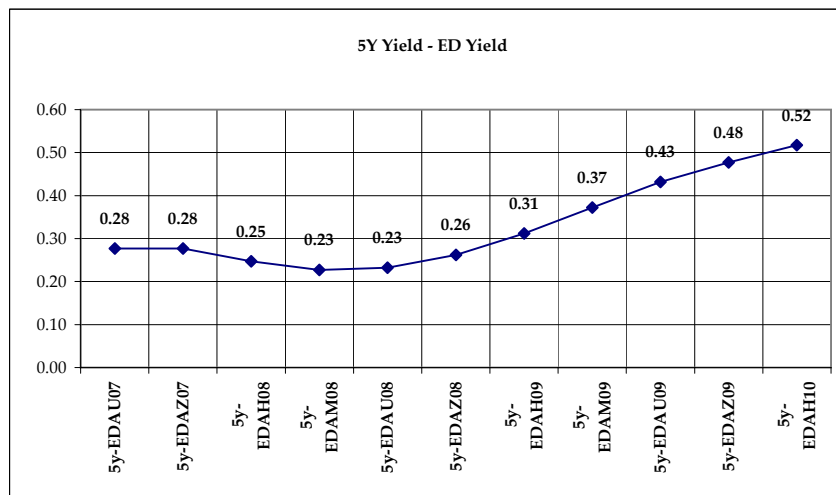
2yr YIELD, ED PRICE Correlation



TERM TED: 5y vs Eurodollar Contracts

5y				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	4.46	0.28	5y-EDAU07	-72.050
EDAZ07	4.46	0.28	5y-EDAZ07	-84.744
EDAH08	4.43	0.25	5y-EDAH08	-94.172
EDAM08	4.41	0.23	5y-EDAM08	-97.316
EDAU08	4.42	0.23	5y-EDAU08	-97.707
EDAZ08	4.45	0.26	5y-EDAZ08	-97.316
EDAH09	4.50	0.31	5y-EDAH09	-98.502
EDAM09	4.56	0.37	5y-EDAM09	-98.877
EDAU09	4.62	0.43	5y-EDAU09	-98.892
EDAZ09	4.66	0.48	5y-EDAZ09	-98.770
EDAH10	4.70	0.52	5y-EDAH10	-98.476
EDAM10	4.74	0.55	5y-EDAM10	-98.042

Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days
 These are measuring YIELD correlations.

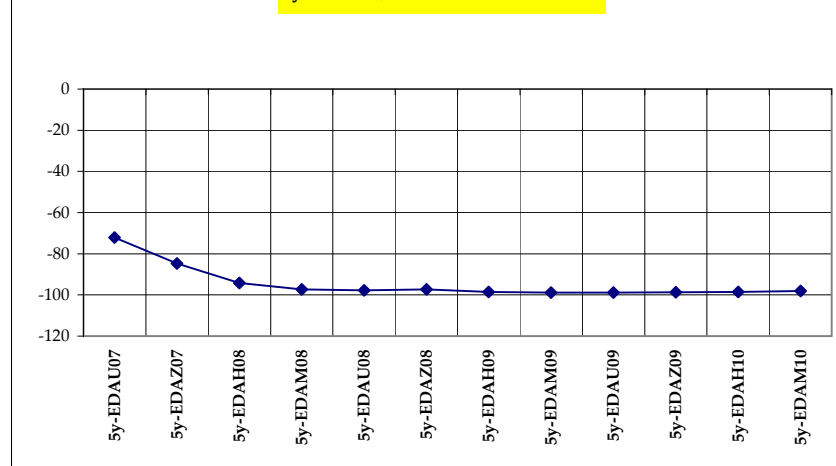


GE Duration as

	Fraction of year	5Y Duration	Spread Duration	
EDAU07	0.191	4.36	4.17	5y-EDAU07
EDAZ07	0.440	4.36	3.92	5y-EDAZ07
EDAH08	0.690	4.36	3.67	5y-EDAH08
EDAM08	0.939	4.36	3.42	5y-EDAM08
EDAU08	1.188	4.36	3.17	5y-EDAU08
EDAZ08	1.438	4.36	2.92	5y-EDAZ08
EDAH09	1.687	4.36	2.67	5y-EDAH09
EDAM09	1.936	4.36	2.42	5y-EDAM09
EDAU09	2.186	4.36	2.17	5y-EDAU09
EDAZ09	2.435	4.36	1.92	5y-EDAZ09
EDAH10	2.684	4.36	1.67	5y-EDAH10
EDAM10	2.934	4.36	1.42	5y-EDAM10

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

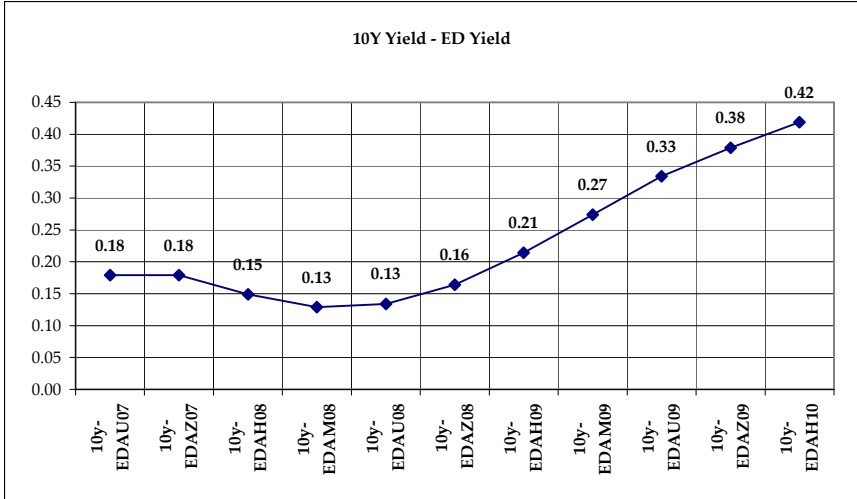
5yr YIELD, ED PRICE Correlation



TERM TED: 10y vs Eurodollar Contracts

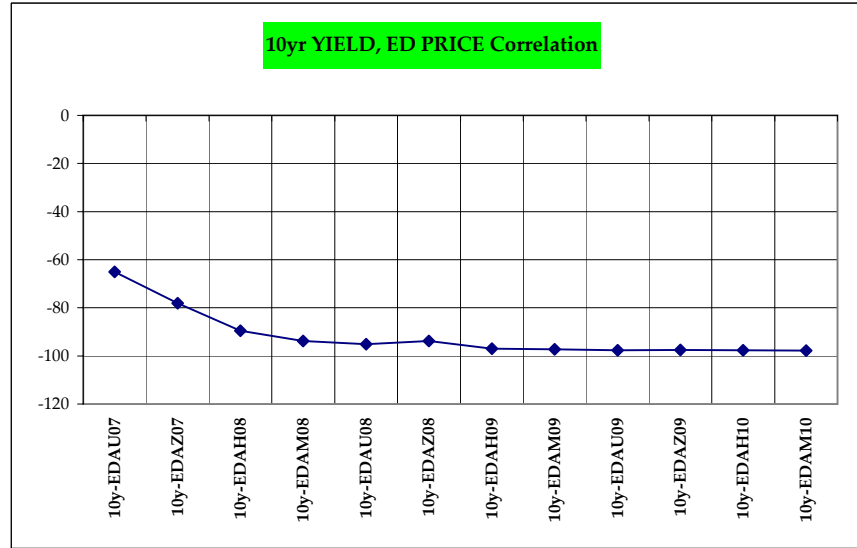
	10y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	4.46	0.18	10y-EDAU07	-65.066
EDAZ07	4.46	0.18	10y-EDAZ07	-78.129
EDAH08	4.43	0.15	10y-EDAH08	-89.476
EDAM08	4.41	0.13	10y-EDAM08	-93.818
EDAU08	4.42	0.13	10y-EDAU08	-95.182
EDAZ08	4.45	0.16	10y-EDAZ08	-93.818
EDAH09	4.50	0.21	10y-EDAH09	-96.954
EDAM09	4.56	0.27	10y-EDAM09	-97.283
EDAU09	4.62	0.33	10y-EDAU09	-97.671
EDAZ09	4.66	0.38	10y-EDAZ09	-97.556
EDAH10	4.70	0.42	10y-EDAH10	-97.607
EDAM10	4.74	0.45	10y-EDAM10	-97.717

Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days
 These are measuring YIELD correlations.



	GE Duration as Fraction of year	10Y Duration	Spread Duration	
EDAU07	0.191	7.75	7.56	10y-EDAU07
EDAZ07	0.440	7.75	7.31	10y-EDAZ07
EDAH08	0.690	7.75	7.06	10y-EDAH08
EDAM08	0.939	7.75	6.81	10y-EDAM08
EDAU08	1.188	7.75	6.56	10y-EDAU08
EDAZ08	1.438	7.75	6.31	10y-EDAZ08
EDAH09	1.687	7.75	6.06	10y-EDAH09
EDAM09	1.936	7.75	5.81	10y-EDAM09
EDAU09	2.186	7.75	5.56	10y-EDAU09
EDAZ09	2.435	7.75	5.31	10y-EDAZ09
EDAH10	2.684	7.75	5.06	10y-EDAH10
EDAM10	2.934	7.75	4.82	10y-EDAM10

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

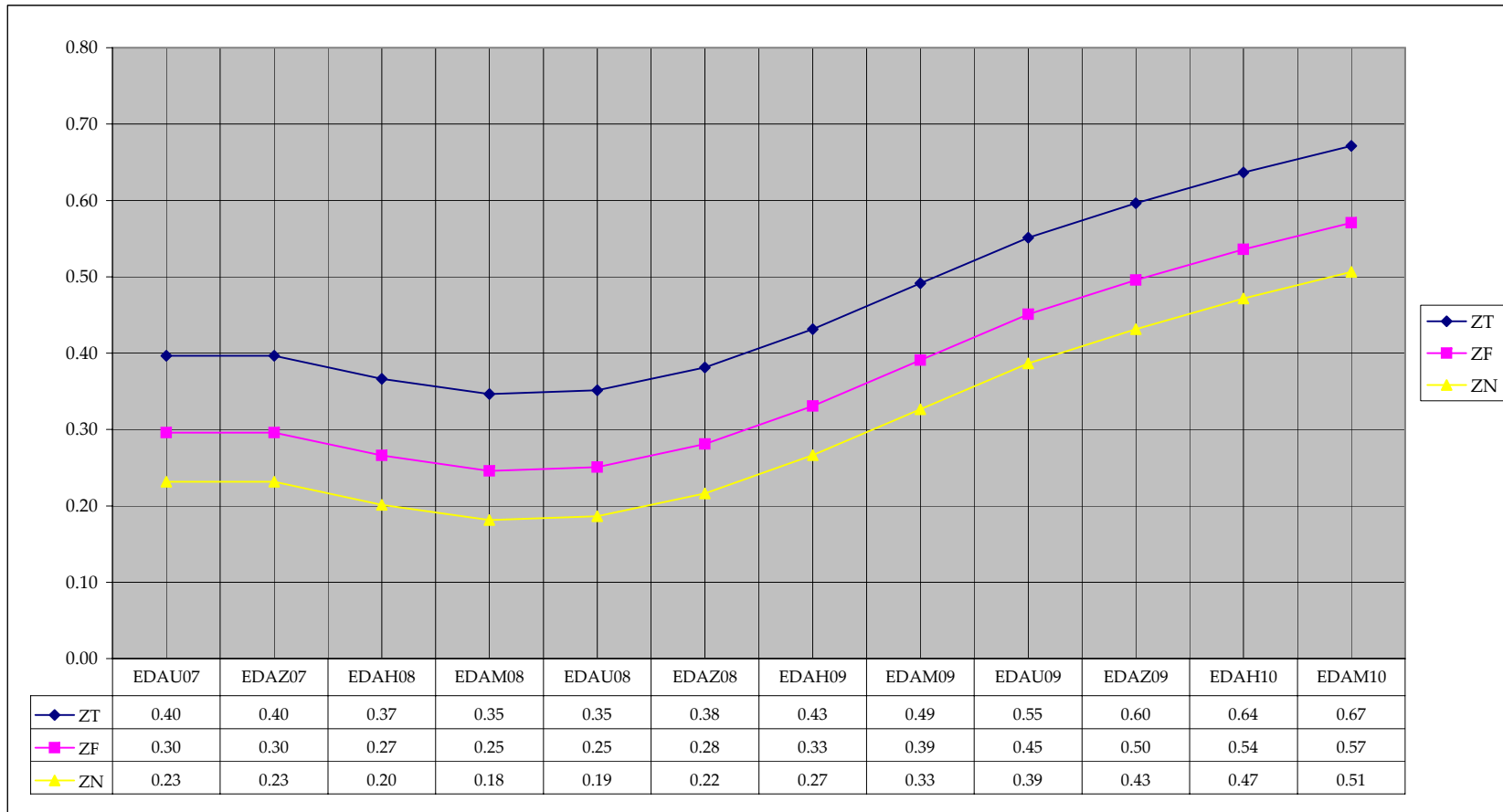


Dirty TED Curve

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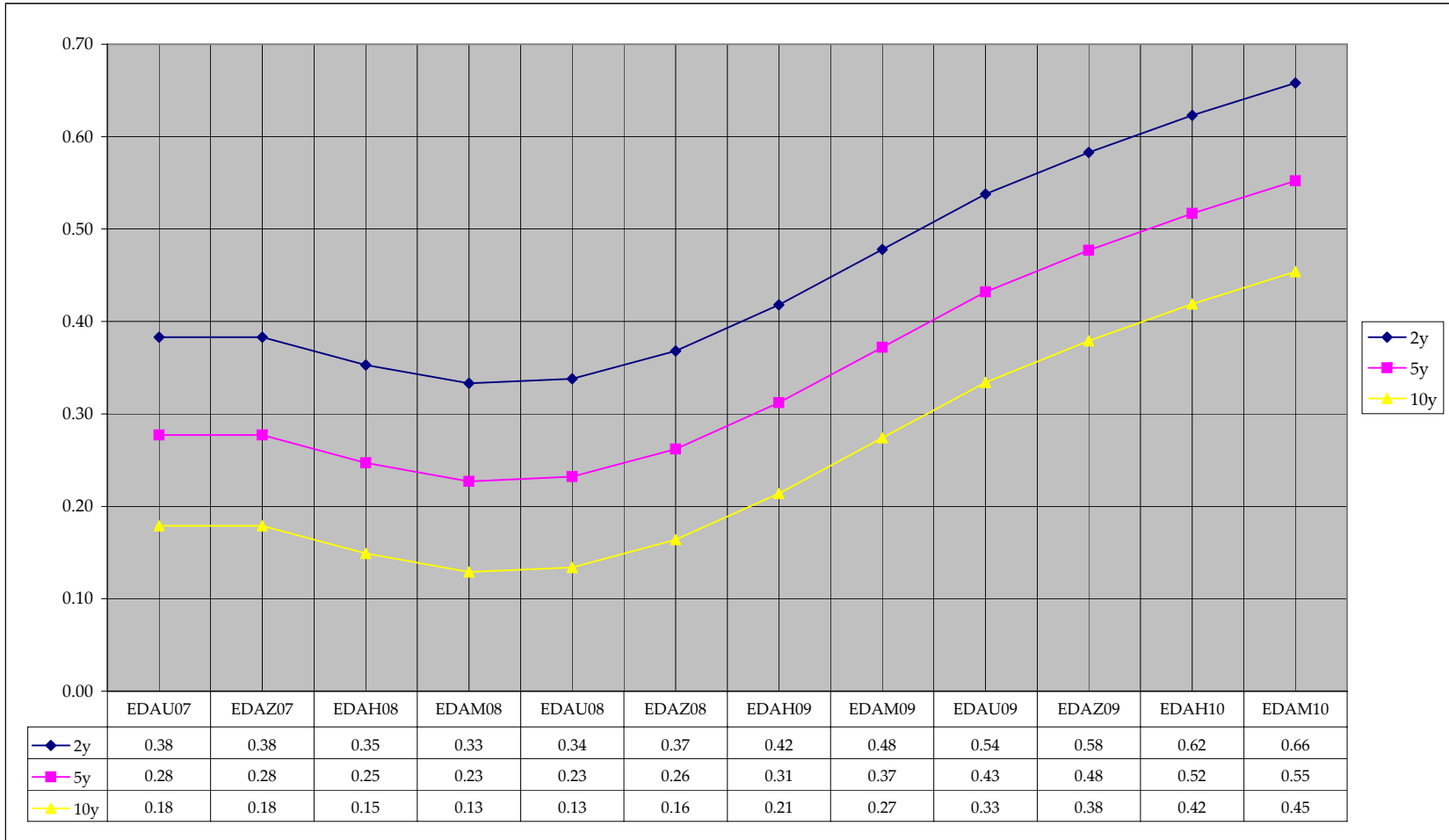
Page 7

Chart values show the differences between ED contract and Treasury Futures contract. Those values can be seen in the table at the bottom of the chart. Each cash treasury is then plotted on the chart to compare differences in the durations and basis point values.

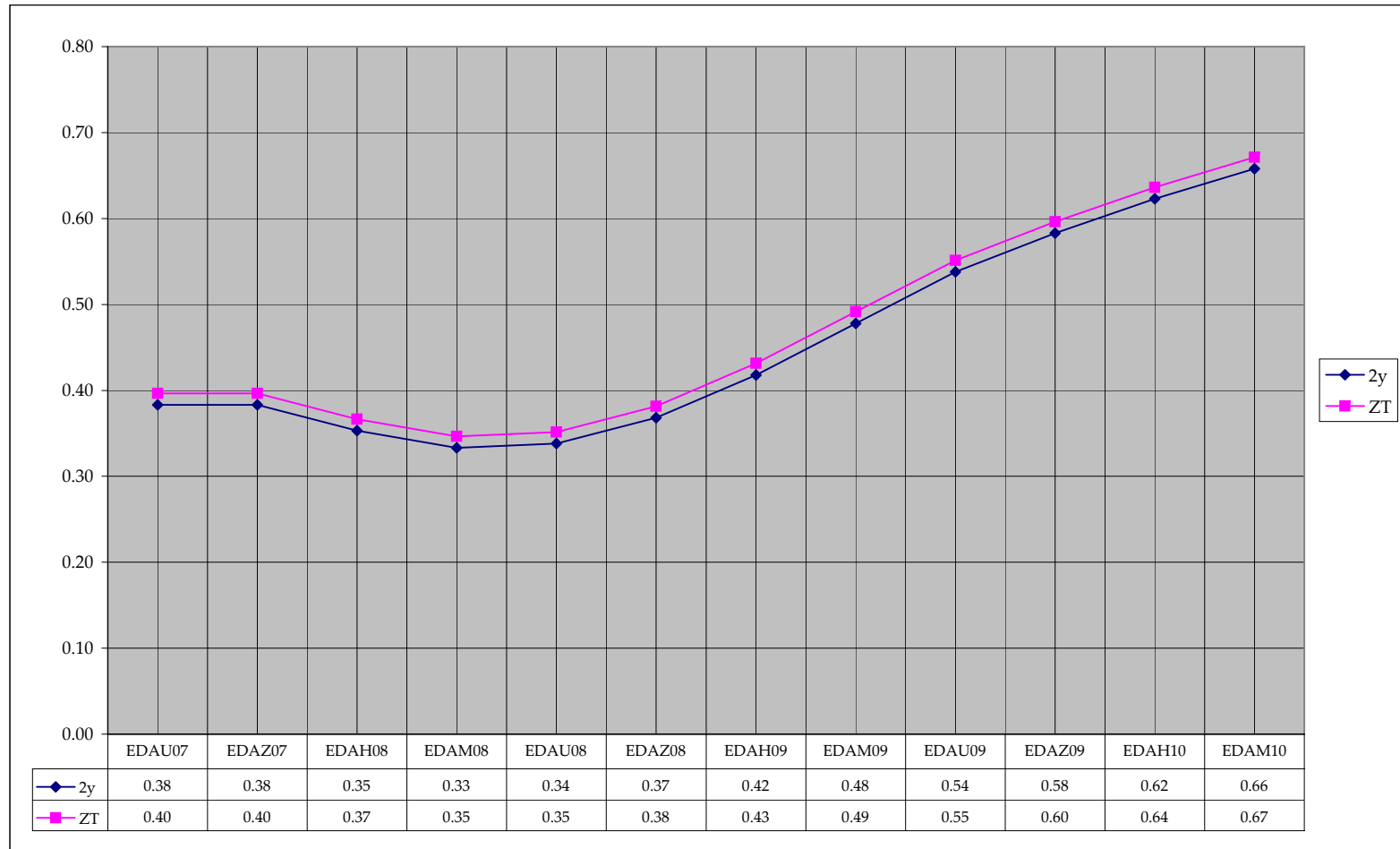


TED Curve

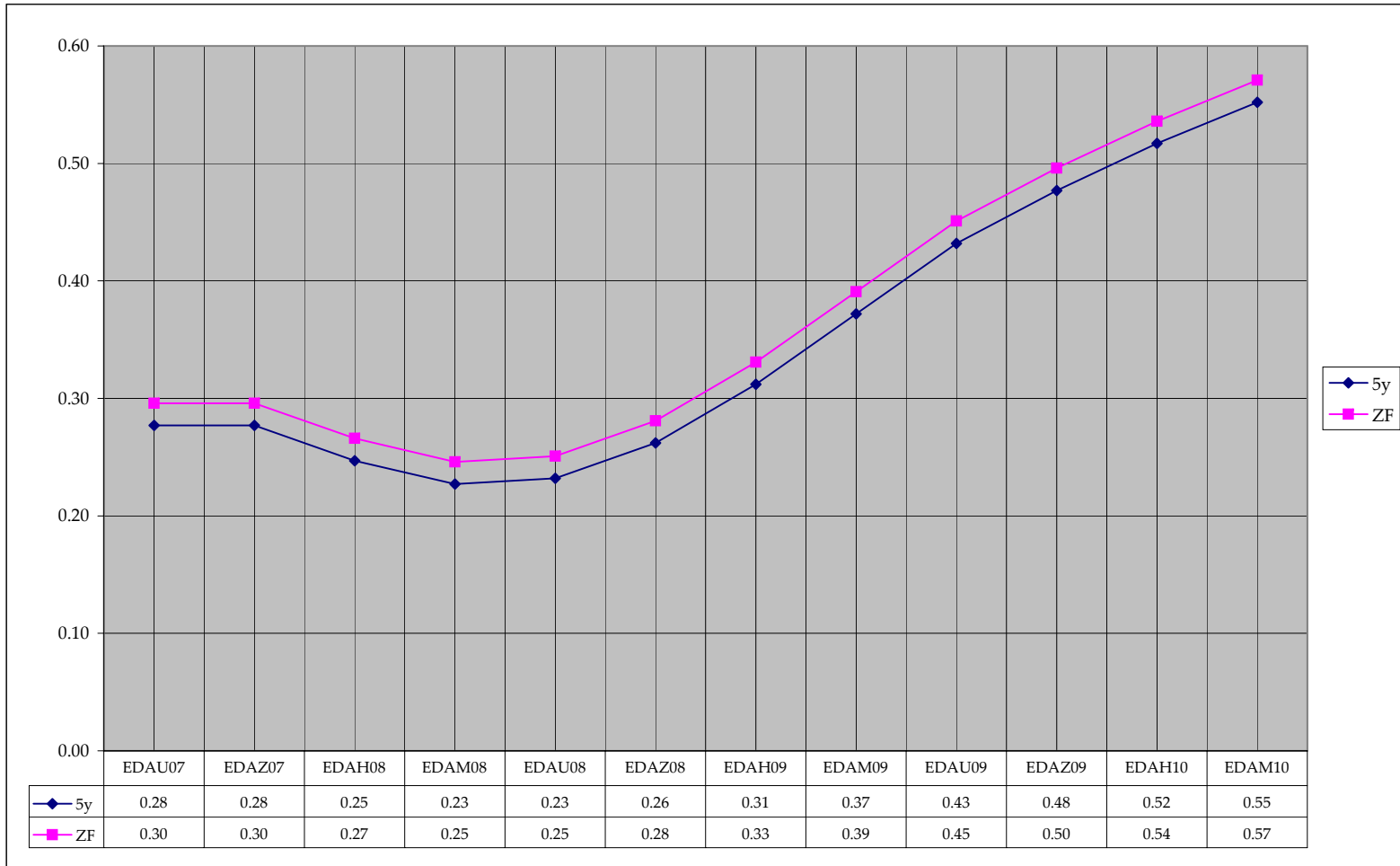
Chart values show the differences between ED contract and Treasury Cash contract. Those values can be seen in the table at the bottom of the chart. Each cash treasury is then plotted on the chart to compare differences in the durations and basis point values.



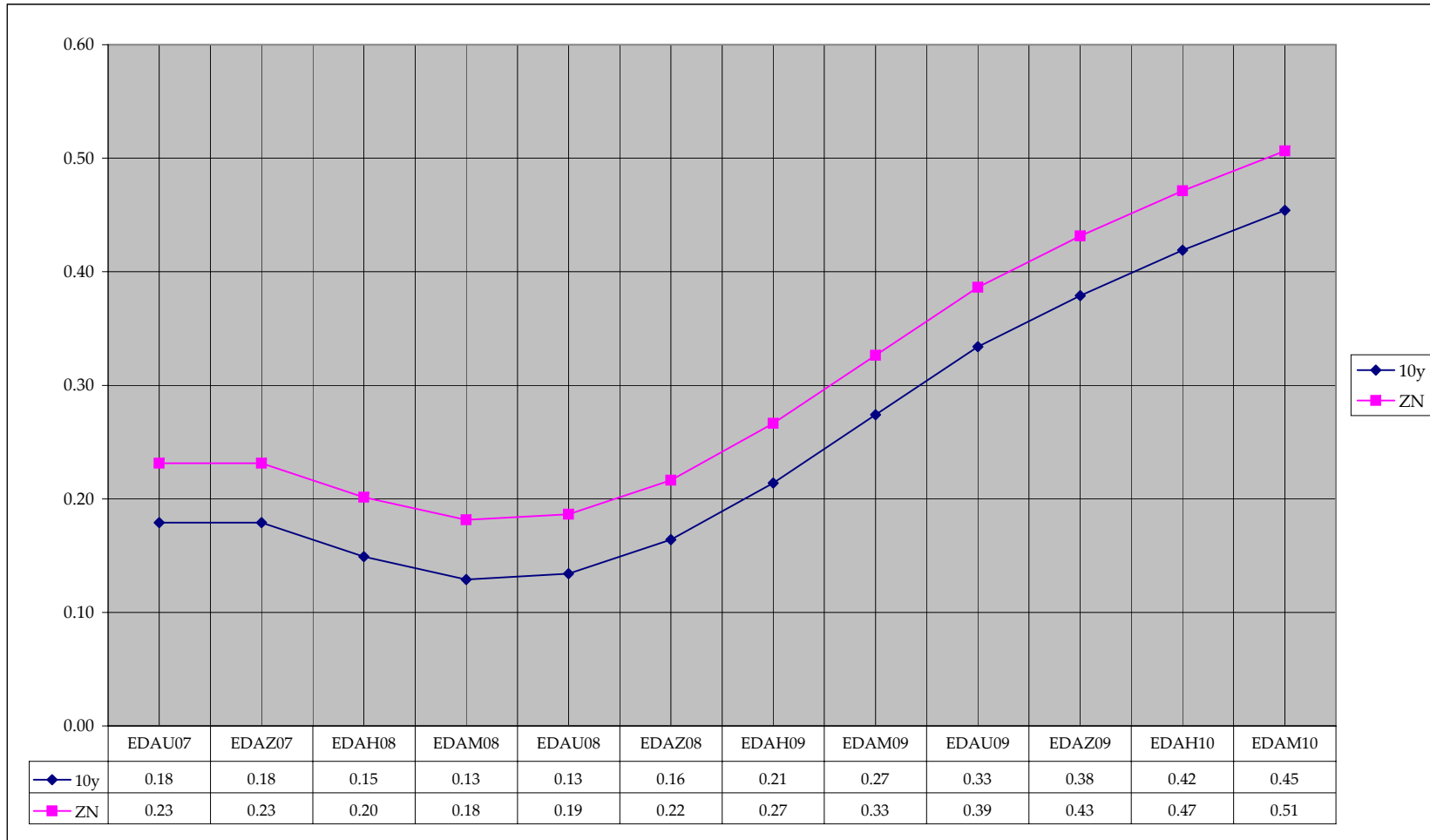
2y Basis TED Curve



5y Basis TED Curve



10y Basis TED Curve



Packs

	last Yield	Net Last Yield	Last Price	Duration			
Q.ED.White	5.482	0.875	9466.500				
Q.ED.Red	5.521	2.000	9462.750				
Q.ED.Green	5.730	1.625	9442.750				
Q.ED.Blue		1.625	9426.875				
Q.ED.Gold		0.000	9412.750				
Q.ED.Purple		0.000	9412.750				

