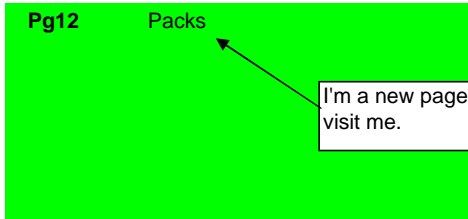


The Morning Email: TERM TEDS & Dirty TEDS

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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	101.7813	101.250	4.931	1.83
ZF	103.7344	103.235	5.002	3.91
ZN	105.0156	105.005	5.066	5.73
2y	99.891	99.2850	4.930	1.96
5y	99.334	99.1070	5.026	4.36
10y	95.156	95.0500	5.132	7.75

	Eurodollars (ED)						
	Last Price	Last Imp Yield	Days til Expr.	Fraction of year	Month		
EDAU07	94.650	5.350	69	0.188	SEP	} White Pack	
EDAZ07	94.660	5.340	160	0.438	DEC		
EDAH08	94.705	5.295	251	0.687	MAR		
EDAM08	94.740	5.260	342	0.936	JUN	} Red Pack	
EDAU08	94.740	5.260	433	1.186	SEP		
EDAZ08	94.715	5.285	524	1.435	DEC		
EDAH09	94.670	5.330	615	1.684	MAR	} Green Pack	
EDAM09	94.605	5.395	706	1.934	JUN		
EDAU09	94.550	5.450	797	2.183	SEP		
EDAZ09	94.495	5.505	888	2.432	DEC		
EDAH10	94.455	5.545	979	2.682	MAR		
EDAM10	94.415	5.585	1070	2.931	JUN		
EDAU10	94.380	5.620	1161	3.180	SEP		
EDAZ10	94.310	5.690	1252	3.429	DEC		
EDAH11	94.285	5.715	1343	3.679	MAR		
EDAM11	94.260	5.740	1434	3.928	JUN		
EDAU11	94.225	5.775	1532	4.197	SEP		
EDAZ11	94.185	5.815	1623	4.446	DEC		
EDAH12	94.160	5.840	1714	4.695	MAR		
EDAM12	94.130	5.870	1805	4.945	JUN		

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

	Last Yield	Net Yield	Last Price	
Q.ED.White	5.457	2.500	9468.875	} Pack Prices
Q.ED.Red	5.464	4.625	9468.250	
Q.ED.Green	5.676	3.750	9447.875	
Q.ED.Blue		0.875	9429.625	
Q.ED.Gold		0.000	9416.250	
Q.ED.Purple		0.000	9416.250	

Overview of Hedging

7/10/2007 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

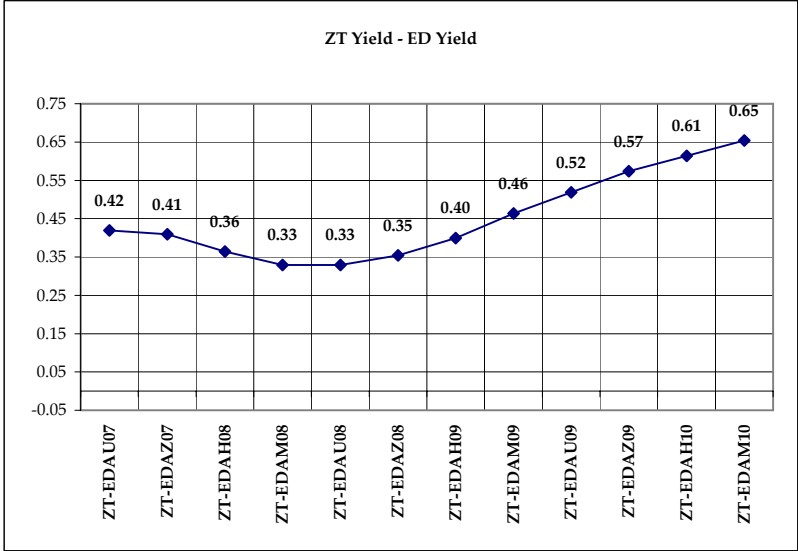
Eurodollar Color Codes for Individual Year Strips:

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

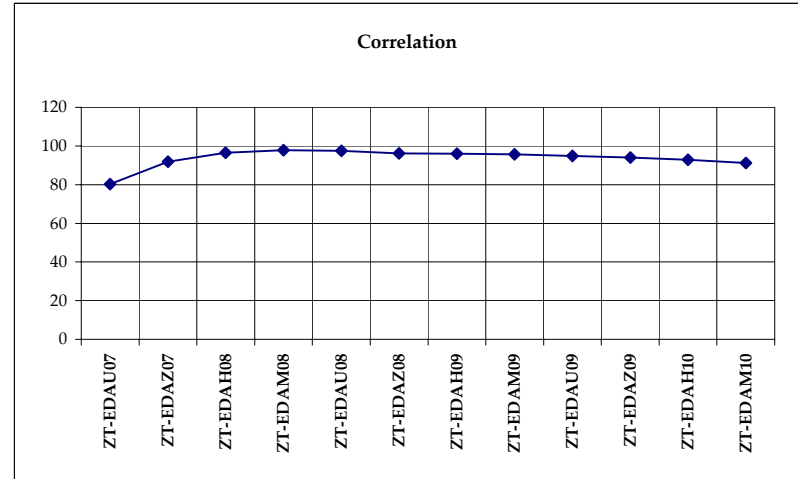
ZT				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	7.131	0.42	ZT-EDAU07	80.244
EDAZ07	7.121	0.41	ZT-EDAZ07	91.932
EDAH08	7.076	0.36	ZT-EDAH08	96.421
EDAM08	7.041	0.33	ZT-EDAM08	97.743
EDAU08	7.041	0.33	ZT-EDAU08	97.489
EDAZ08	7.066	0.35	ZT-EDAZ08	96.122
EDAH09	7.111	0.40	ZT-EDAH09	96.078
EDAM09	7.176	0.46	ZT-EDAM09	95.749
EDAU09	7.231	0.52	ZT-EDAU09	94.833
EDAZ09	7.286	0.57	ZT-EDAZ09	94.075
EDAH10	7.326	0.61	ZT-EDAH10	92.826
EDAM10	7.366	0.65	ZT-EDAM10	91.138

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	0.188	1.83	1.64	ZT-EDAU07
EDAZ07	0.438	1.83	1.39	ZT-EDAZ07
EDAH08	0.687	1.83	1.14	ZT-EDAH08
EDAM08	0.936	1.83	0.89	ZT-EDAM08
EDAU08	1.186	1.83	0.64	ZT-EDAU08
EDAZ08	1.435	1.83	0.39	ZT-EDAZ08
EDAH09	1.684	1.83	0.14	ZT-EDAH09
EDAM09	1.934	1.83	(0.11)	ZT-EDAM09
EDAU09	2.183	1.83	(0.36)	ZT-EDAU09
EDAZ09	2.432	1.83	(0.61)	ZT-EDAZ09
EDAH10	2.682	1.83	(0.86)	ZT-EDAH10
EDAM10	2.931	1.83	(1.11)	ZT-EDAM10

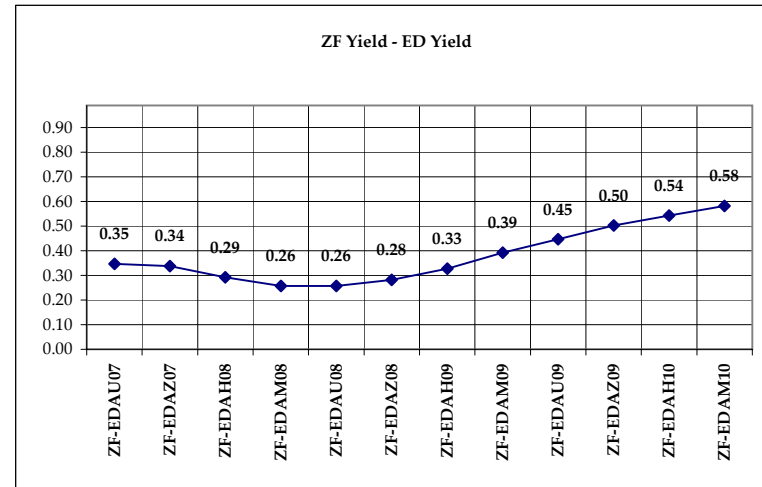
The farther away from 0 the spread duration is the riskier the trade.



Dirty TED: ZF vs Eurodollar Contracts

ZF				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	9.08	0.35	ZF-EDAU07	76.542
EDAZ07	9.07	0.34	ZF-EDAZ07	88.862
EDAH08	9.03	0.29	ZF-EDAH08	94.956
EDAM08	8.99	0.26	ZF-EDAM08	97.668
EDAU08	8.99	0.26	ZF-EDAU08	97.898
EDAZ08	9.02	0.28	ZF-EDAZ08	97.208
EDAH09	9.06	0.33	ZF-EDAH09	98.352
EDAM09	9.13	0.39	ZF-EDAM09	99.033
EDAU09	9.18	0.45	ZF-EDAU09	98.970
EDAZ09	9.24	0.50	ZF-EDAZ09	98.655
EDAH10	9.28	0.54	ZF-EDAH10	98.163
EDAM10	9.32	0.58	ZF-EDAM10	97.284

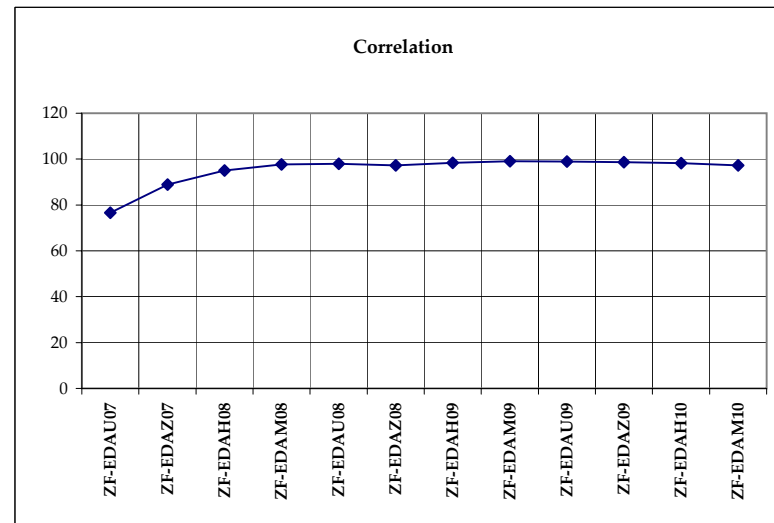
Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days



GE Duration as Fraction of year

	GE Duration as Fraction of year	ZF Duration	Spread Duration	
EDAU07	0.188	3.91	3.72	ZF-EDAU07
EDAZ07	0.438	3.91	3.47	ZF-EDAZ07
EDAH08	0.687	3.91	3.22	ZF-EDAH08
EDAM08	0.936	3.91	2.97	ZF-EDAM08
EDAU08	1.186	3.91	2.72	ZF-EDAU08
EDAZ08	1.435	3.91	2.47	ZF-EDAZ08
EDAH09	1.684	3.91	2.22	ZF-EDAH09
EDAM09	1.934	3.91	1.98	ZF-EDAM09
EDAU09	2.183	3.91	1.73	ZF-EDAU09
EDAZ09	2.432	3.91	1.48	ZF-EDAZ09
EDAH10	2.682	3.91	1.23	ZF-EDAH10
EDAM10	2.931	3.91	0.98	ZF-EDAM10

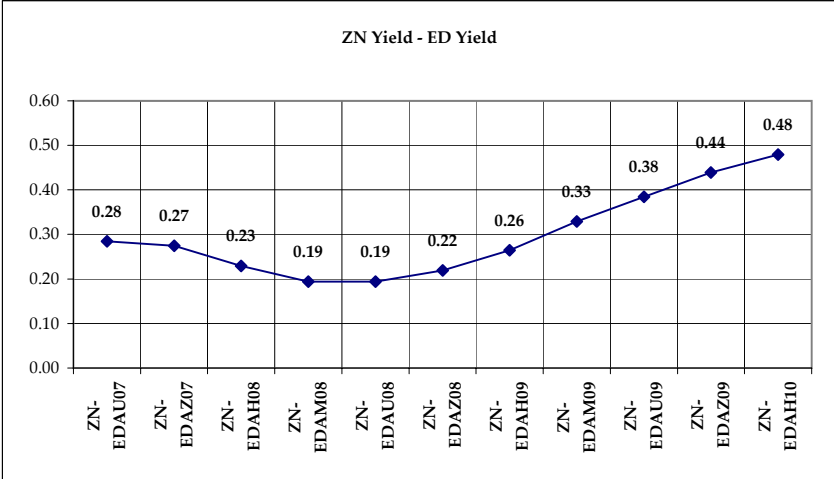
The farther away from 0 the spread duration is the riskier the trade.



Dirty TED: ZN vs Eurodollar Contracts

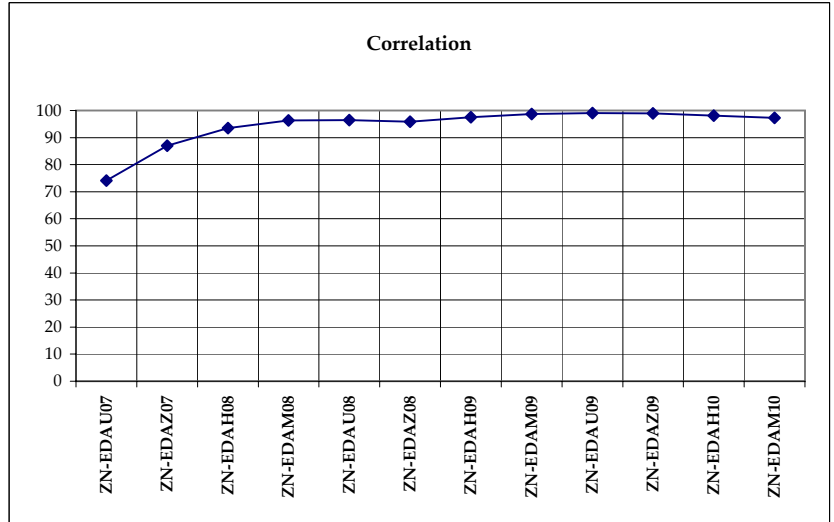
ZN				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	10.37	0.28	ZN-EDAU07	74.13
EDAZ07	10.36	0.27	ZN-EDAZ07	86.95
EDAH08	10.31	0.23	ZN-EDAH08	93.48
EDAM08	10.28	0.19	ZN-EDAM08	96.28
EDAU08	10.28	0.19	ZN-EDAU08	96.46
EDAZ08	10.30	0.22	ZN-EDAZ08	95.87
EDAH09	10.35	0.26	ZN-EDAH09	97.52
EDAM09	10.41	0.33	ZN-EDAM09	98.70
EDAU09	10.47	0.38	ZN-EDAU09	99.08
EDAZ09	10.52	0.44	ZN-EDAZ09	98.98
EDAH10	10.56	0.48	ZN-EDAH10	98.16
EDAM10	10.60	0.52	ZN-EDAM10	97.28

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	0.188	5.73	5.54	ZN-EDAU07
EDAZ07	0.438	5.73	5.29	ZN-EDAZ07
EDAH08	0.687	5.73	5.04	ZN-EDAH08
EDAM08	0.936	5.73	4.79	ZN-EDAM08
EDAU08	1.186	5.73	4.54	ZN-EDAU08
EDAZ08	1.435	5.73	4.29	ZN-EDAZ08
EDAH09	1.684	5.73	4.04	ZN-EDAH09
EDAM09	1.934	5.73	3.79	ZN-EDAM09
EDAU09	2.183	5.73	3.54	ZN-EDAU09
EDAZ09	2.432	5.73	3.29	ZN-EDAZ09
EDAH10	2.682	5.73	3.04	ZN-EDAH10
EDAM10	2.931	5.73	2.79	ZN-EDAM10

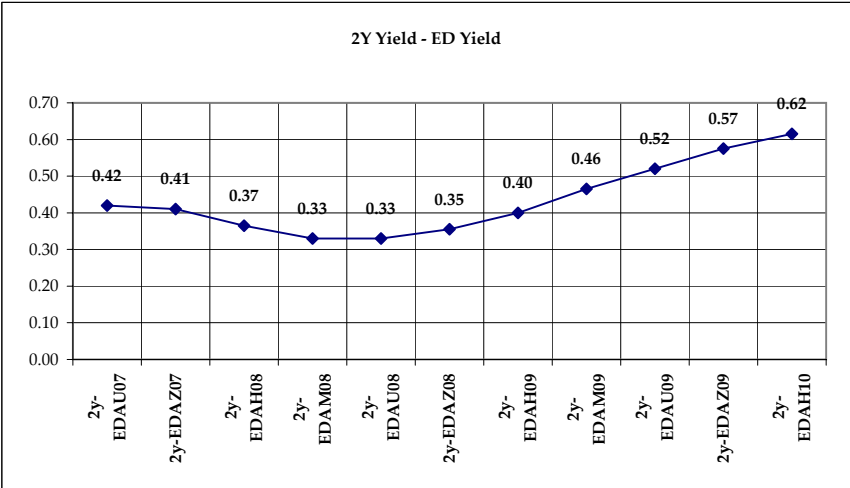
The farther away from 0 the spread duration is the riskier the trade.



TERM TED: 2y vs Eurodollar Contracts

	2y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	5.24	0.42	2y-EDAU07	-71.186
EDAZ07	5.23	0.41	2y-EDAZ07	-88.851
EDAH08	5.19	0.37	2y-EDAH08	-95.353
EDAM08	5.15	0.33	2y-EDAM08	-96.809
EDAU08	5.15	0.33	2y-EDAU08	-96.531
EDAZ08	5.18	0.35	2y-EDAZ08	-96.809
EDAH09	5.22	0.40	2y-EDAH09	-94.154
EDAM09	5.29	0.46	2y-EDAM09	-93.092
EDAU09	5.34	0.52	2y-EDAU09	-91.730
EDAZ09	5.40	0.57	2y-EDAZ09	-90.842
EDAH10	5.44	0.62	2y-EDAH10	-89.200
EDAM10	5.48	0.65	2y-EDAM10	-87.560

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.

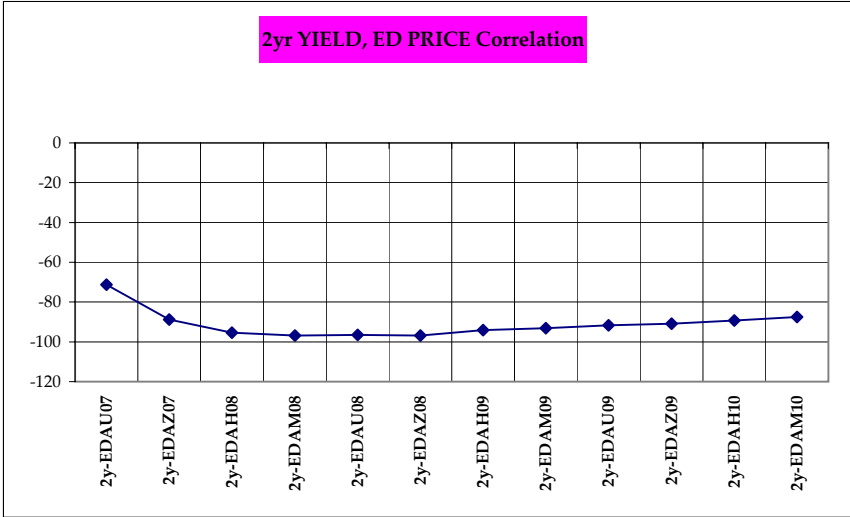


GE Duration as Fraction of year

	2Y Duration	Spread Duration	
EDAU07	0.188	1.77	2y-EDAU07
EDAZ07	0.438	1.52	2y-EDAZ07
EDAH08	0.687	1.27	2y-EDAH08
EDAM08	0.936	1.03	2y-EDAM08
EDAU08	1.186	0.78	2y-EDAU08
EDAZ08	1.435	0.53	2y-EDAZ08
EDAH09	1.684	0.28	2y-EDAH09
EDAM09	1.934	0.03	2y-EDAM09
EDAU09	2.183	(0.22)	2y-EDAU09
EDAZ09	2.432	(0.47)	2y-EDAZ09
EDAH10	2.682	(0.72)	2y-EDAH10
EDAM10	2.931	(0.97)	2y-EDAM10

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

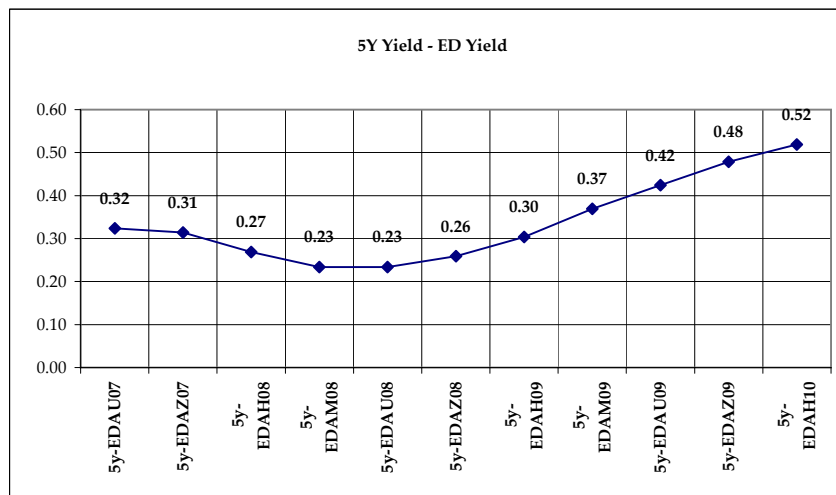
2yr YIELD, ED PRICE Correlation



TERM TED: 5y vs Eurodollar Contracts

	5y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	4.68	0.32	5y-EDAU07	-72.312
EDAZ07	4.67	0.31	5y-EDAZ07	-87.683
EDAH08	4.63	0.27	5y-EDAH08	-94.945
EDAM08	4.59	0.23	5y-EDAM08	-97.657
EDAU08	4.59	0.23	5y-EDAU08	-97.902
EDAZ08	4.62	0.26	5y-EDAZ08	-97.657
EDAH09	4.66	0.30	5y-EDAH09	-97.815
EDAM09	4.73	0.37	5y-EDAM09	-98.194
EDAU09	4.78	0.42	5y-EDAU09	-97.981
EDAZ09	4.84	0.48	5y-EDAZ09	-97.600
EDAH10	4.88	0.52	5y-EDAH10	-96.976
EDAM10	4.92	0.56	5y-EDAM10	-96.167

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.

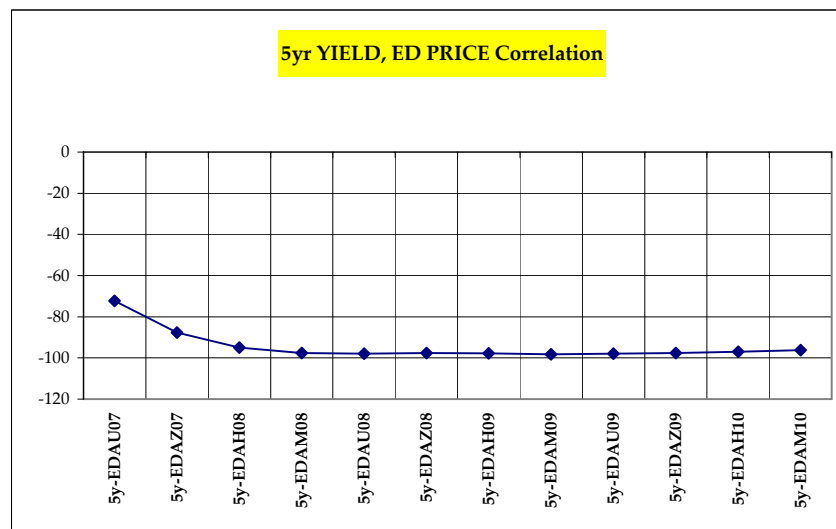


GE Duration as Fraction of year

	5Y Duration	Spread Duration	
EDAU07	0.188	4.36	5y-EDAU07
EDAZ07	0.438	4.36	5y-EDAZ07
EDAH08	0.687	4.36	5y-EDAH08
EDAM08	0.936	4.36	5y-EDAM08
EDAU08	1.186	4.36	5y-EDAU08
EDAZ08	1.435	4.36	5y-EDAZ08
EDAH09	1.684	4.36	5y-EDAH09
EDAM09	1.934	4.36	5y-EDAM09
EDAU09	2.183	4.36	5y-EDAU09
EDAZ09	2.432	4.36	5y-EDAZ09
EDAH10	2.682	4.36	5y-EDAH10
EDAM10	2.931	4.36	5y-EDAM10

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

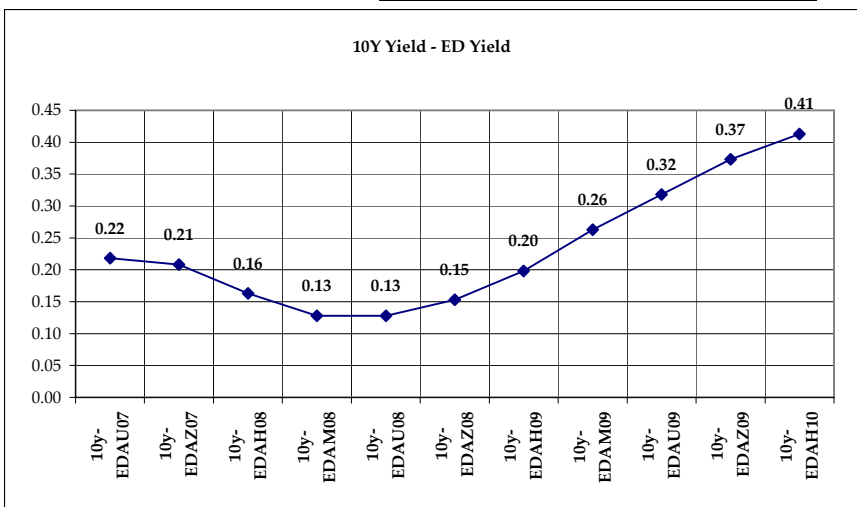
5yr YIELD, ED PRICE Correlation



TERM TED: 10y vs Eurodollar Contracts

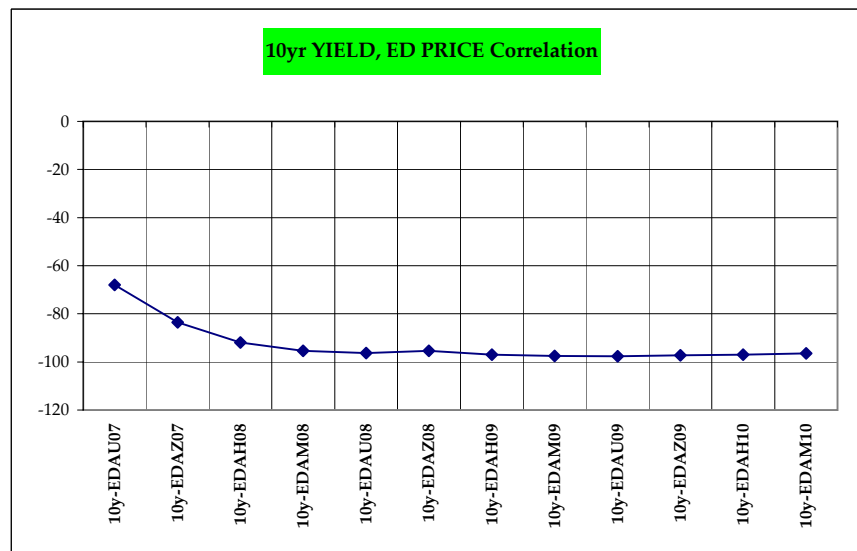
	10y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	4.68	0.22	10y-EDAU07	-67.954
EDAZ07	4.67	0.21	10y-EDAZ07	-83.509
EDAH08	4.63	0.16	10y-EDAH08	-91.881
EDAM08	4.59	0.13	10y-EDAM08	-95.356
EDAU08	4.59	0.13	10y-EDAU08	-96.272
EDAZ08	4.62	0.15	10y-EDAZ08	-95.356
EDAH09	4.66	0.20	10y-EDAH09	-97.009
EDAM09	4.73	0.26	10y-EDAM09	-97.471
EDAU09	4.78	0.32	10y-EDAU09	-97.603
EDAZ09	4.84	0.37	10y-EDAZ09	-97.286
EDAH10	4.88	0.41	10y-EDAH10	-96.981
EDAM10	4.92	0.45	10y-EDAM10	-96.515

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.



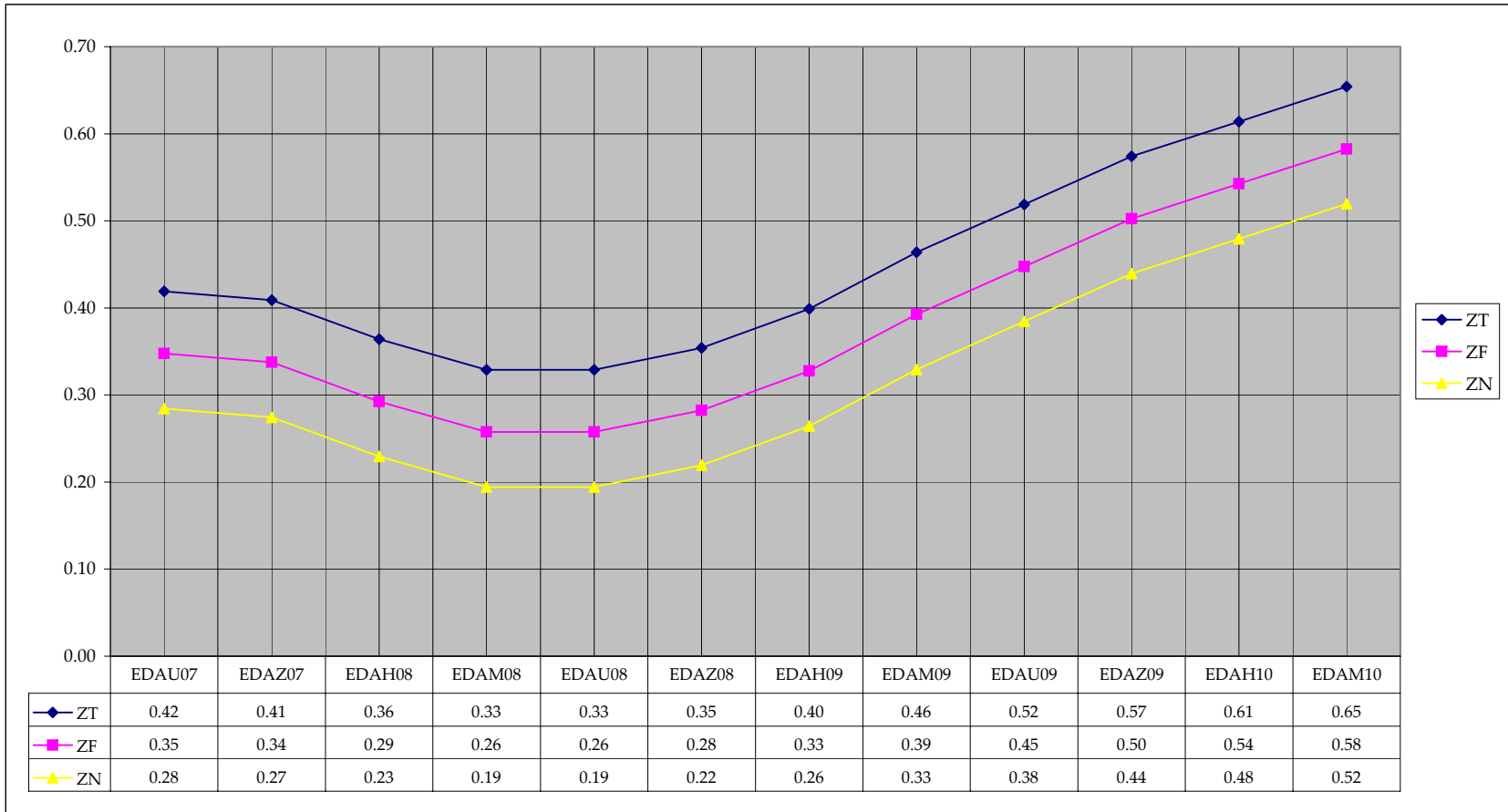
	GE Duration as Fraction of year		10Y Duration	Spread Duration	
EDAU07	0.188	7.75	7.56	10y-EDAU07	
EDAZ07	0.438	7.75	7.31	10y-EDAZ07	
EDAH08	0.687	7.75	7.06	10y-EDAH08	
EDAM08	0.936	7.75	6.82	10y-EDAM08	
EDAU08	1.186	7.75	6.57	10y-EDAU08	
EDAZ08	1.435	7.75	6.32	10y-EDAZ08	
EDAH09	1.684	7.75	6.07	10y-EDAH09	
EDAM09	1.934	7.75	5.82	10y-EDAM09	
EDAU09	2.183	7.75	5.57	10y-EDAU09	
EDAZ09	2.432	7.75	5.32	10y-EDAZ09	
EDAH10	2.682	7.75	5.07	10y-EDAH10	
EDAM10	2.931	7.75	4.82	10y-EDAM10	

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



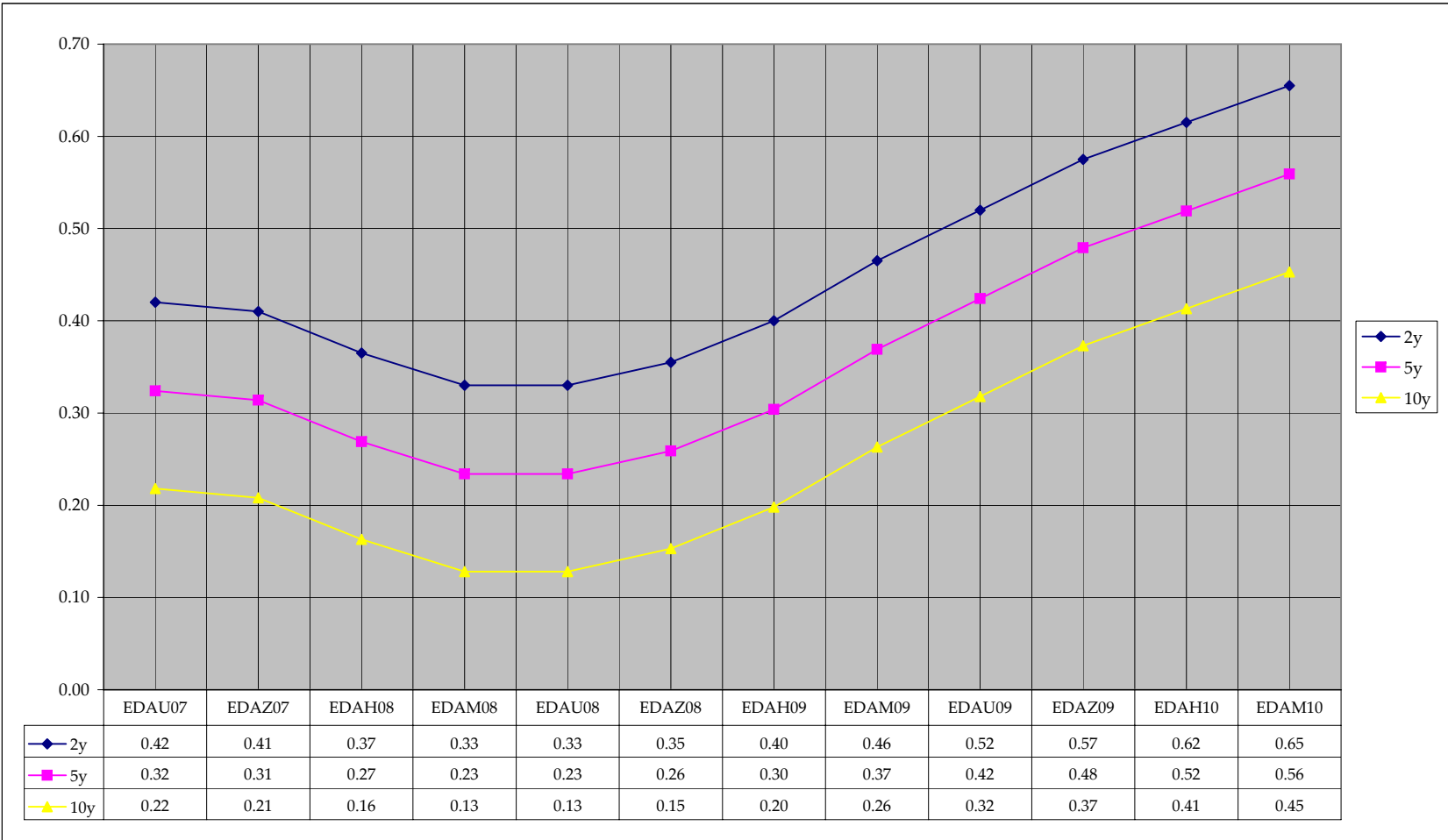
Dirty TED Curve

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.

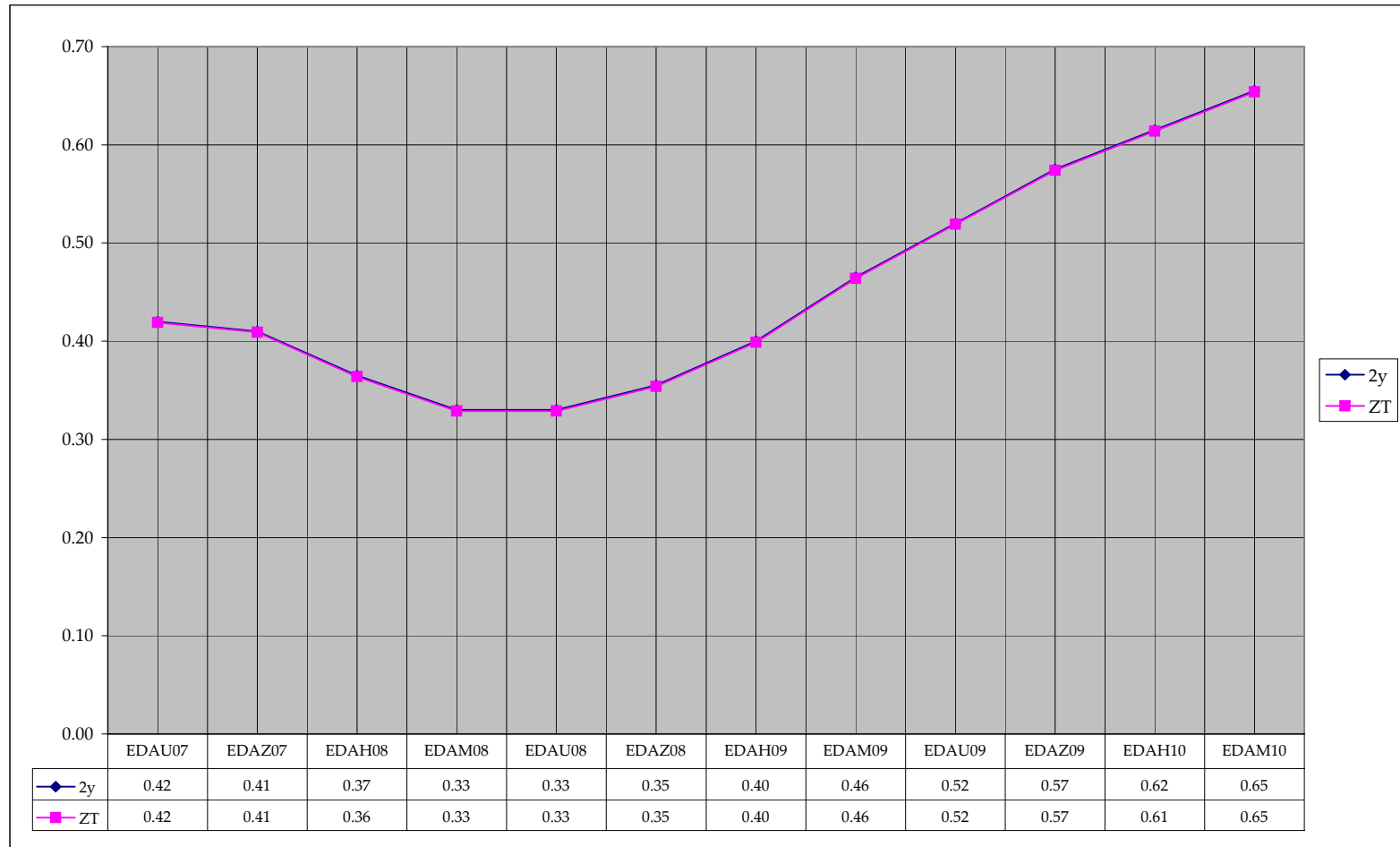


TED Curve

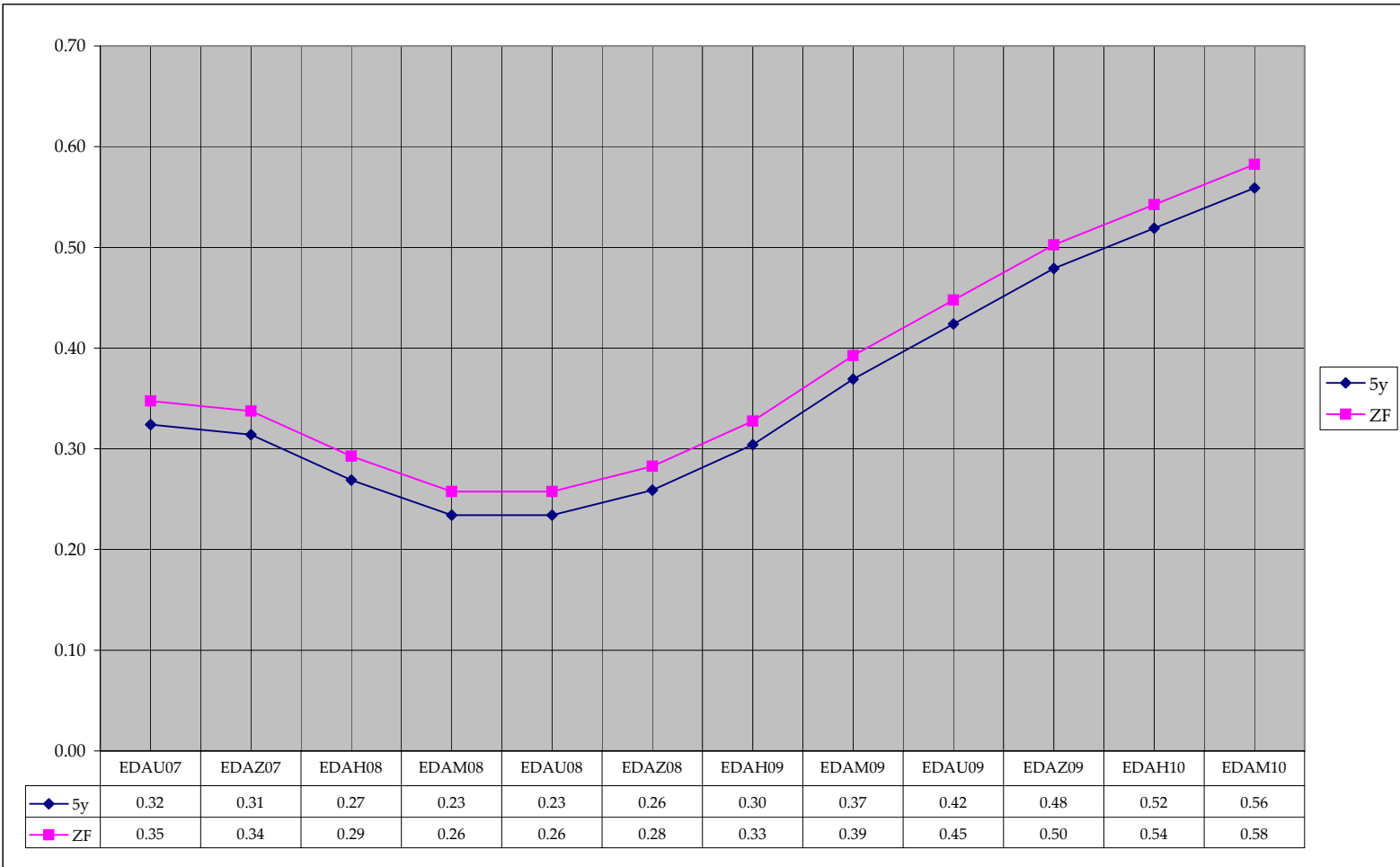
Chart values show the differences between ED contract and Treasury Cash contract. Those values can be seen in the table at the bottom of the chart. Each cash treasury is then plotted on the chart to compare differences in the durations and basis point values.



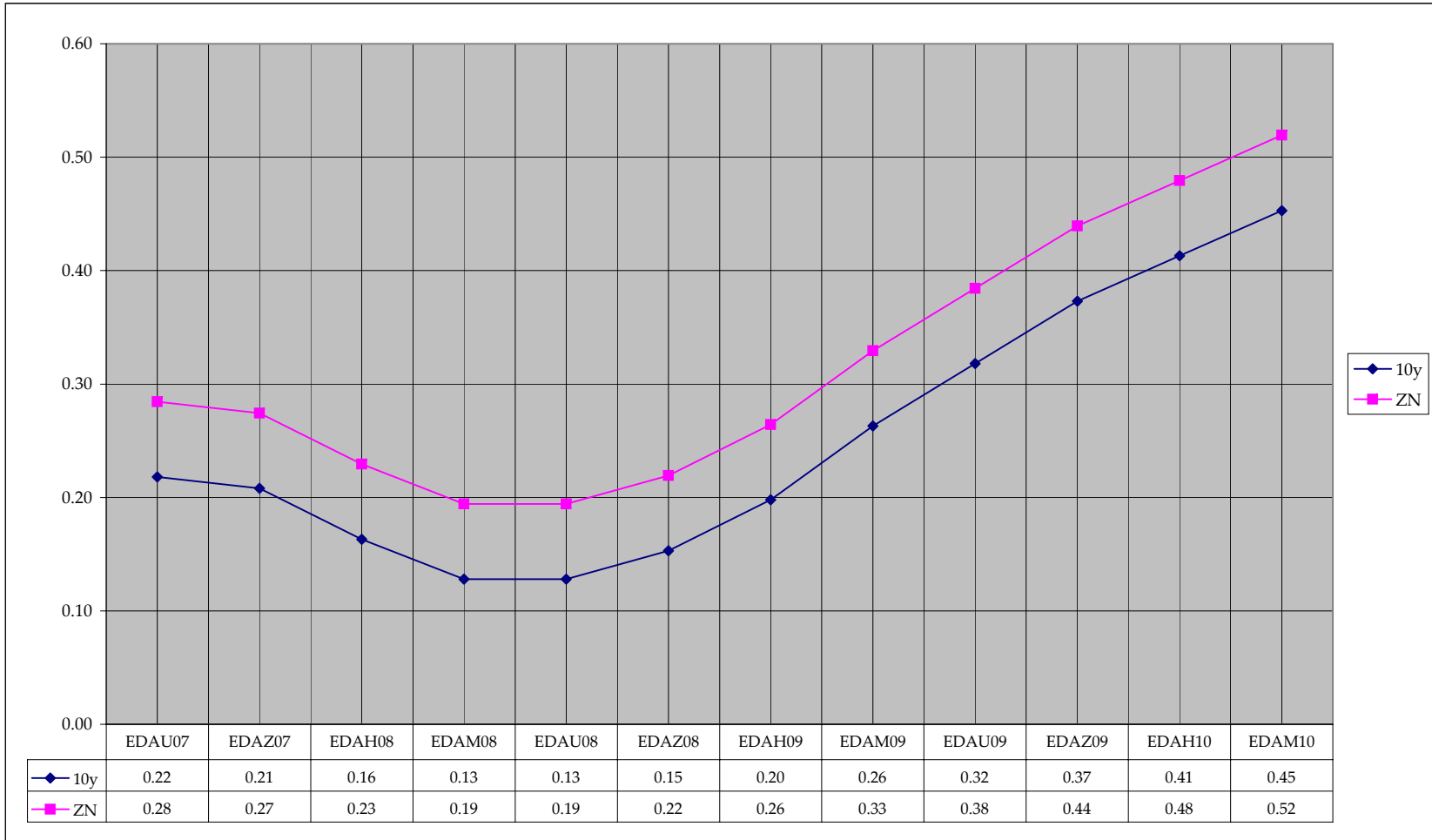
2y Basis TED Curve



5y Basis TED Curve



10y Basis TED Curve



Packs

	last Yield	Net Last Yield	Last Price	Duration			
Q.ED.White	5.457	2.500	9468.875				
Q.ED.Red	5.464	4.625	9468.250				
Q.ED.Green	5.676	3.750	9447.875				
Q.ED.Blue		0.875	9429.625				
Q.ED.Gold		0.000	9416.250				
Q.ED.Purple		0.000	9416.250				

