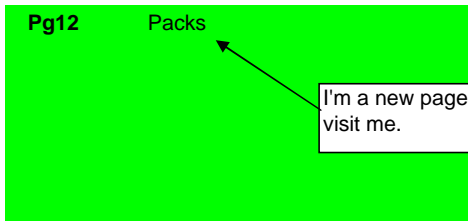


The Morning Email: TERM TEDS & Dirty TEDS

Table of Contents

PgA	Quotes	Pg9	2y Basis TED Curve
Pg1	Dirty TED: ZT vs Eurodollar Contracts	Pg10	5y Basis TED Curve
Pg2	Dirty TED: ZF vs Eurodollar Contracts	Pg11	10y Basis TED Curve
Pg3	Dirty TED: ZN vs Eurodollar Contracts	Pg12	Packs
Pg4	TERM TED: 2y vs Eurodollar Contracts		
Pg5	TERM TED: 5y vs Eurodollar Contracts		
Pg6	TERM TED: 10y vs Eurodollar Contracts		
Pg7	Dirty TED Curve		
Pg8	TED Curve		



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	101.9688	101.310	4.824	1.82	
ZF	104.2500	104.080	4.881	3.91	
ZN	105.7969	105.255	5.091	5.72	
2y	100.078	100.0250	4.828	1.96	
5y	99.866	99.2770	4.904	4.36	
10y	96.047	96.0150	5.013	7.76	

Eurodollars (ED)						
	Last Price	Last Imp Yield	Days til Expr.	Fraction of year	Month	
EDAU07	94.665	5.335	68	0.186	SEP	White Pack
EDAZ07	94.710	5.290	159	0.435	DEC	
EDAH08	94.785	5.215	250	0.684	MAR	
EDAM08	94.845	5.155	341	0.934	JUN	Red Pack
EDAU08	94.860	5.140	432	1.183	SEP	
EDAZ08	94.840	5.160	523	1.432	DEC	
EDAH09	94.790	5.210	614	1.682	MAR	Green Pack
EDAM09	94.730	5.270	705	1.931	JUN	
EDAU09	94.670	5.330	796	2.180	SEP	
EDAZ09	94.610	5.390	887	2.429	DEC	
EDAH10	94.575	5.425	978	2.679	MAR	
EDAM10	94.535	5.465	1069	2.928	JUN	
EDAU10	94.490	5.510	1160	3.177	SEP	
EDAZ10	94.430	5.570	1251	3.427	DEC	
EDAH11	94.400	5.600	1342	3.676	MAR	
EDAM11	94.365	5.635	1433	3.925	JUN	
EDAU11	94.335	5.665	1531	4.194	SEP	
EDAZ11	94.300	5.700	1622	4.443	DEC	
EDAH12	94.275	5.725	1713	4.692	MAR	
EDAM12	94.250	5.750	1804	4.942	JUN	

	Last Yield	Net Yield	Last Price	
Q.ED.White	5.392	1.750	9475.125	Pack Prices
Q.ED.Red	5.336	3.625	9480.500	
Q.ED.Green	5.553	3.250	9459.750	
Q.ED.Blue		1.250	9441.500	
Q.ED.Gold		0.000	9427.750	
Q.ED.Purple		0.000	9427.750	

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

Overview of Hedging

7/11/2007 5:52

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

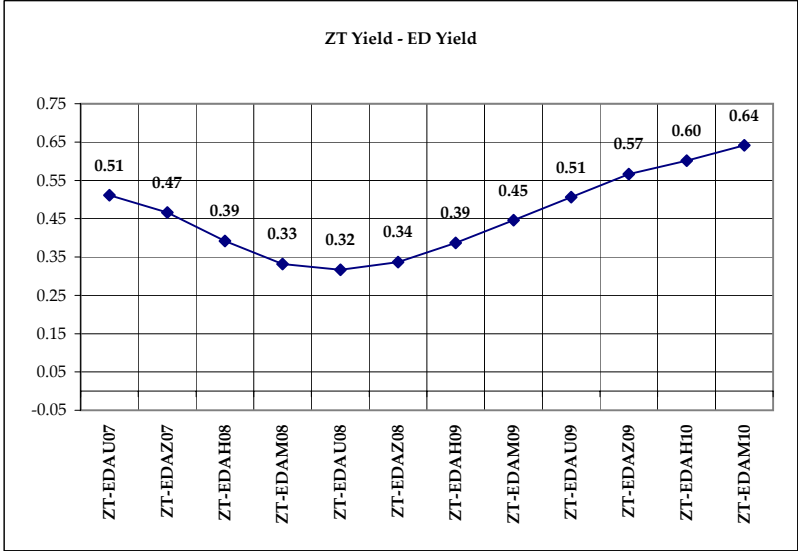
Eurodollar Color Codes for Individual Year Strips:

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

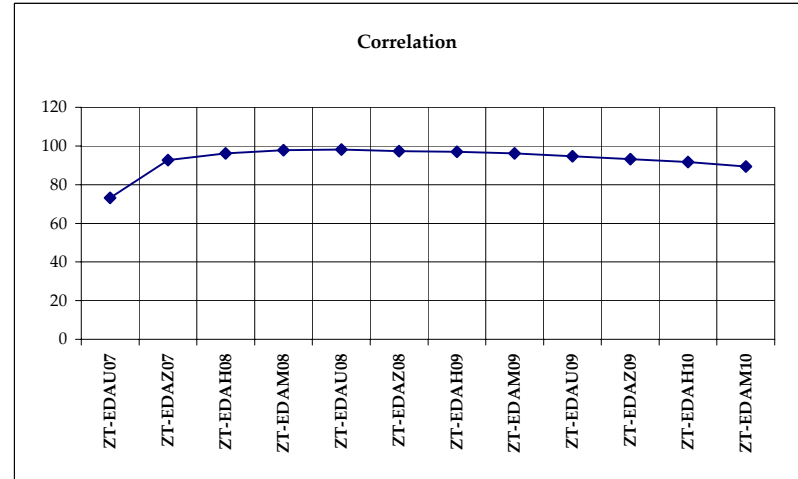
ZT				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	7.304	0.51	ZT-EDAU07	73.164
EDAZ07	7.259	0.47	ZT-EDAZ07	92.608
EDAH08	7.184	0.39	ZT-EDAH08	96.164
EDAM08	7.124	0.33	ZT-EDAM08	97.805
EDAU08	7.109	0.32	ZT-EDAU08	98.075
EDAZ08	7.129	0.34	ZT-EDAZ08	97.253
EDAH09	7.179	0.39	ZT-EDAH09	97.058
EDAM09	7.239	0.45	ZT-EDAM09	96.234
EDAU09	7.299	0.51	ZT-EDAU09	94.638
EDAZ09	7.359	0.57	ZT-EDAZ09	93.123
EDAH10	7.394	0.60	ZT-EDAH10	91.764
EDAM10	7.434	0.64	ZT-EDAM10	89.378

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	0.186	1.82	1.64	ZT-EDAU07
EDAZ07	0.435	1.82	1.39	ZT-EDAZ07
EDAH08	0.684	1.82	1.14	ZT-EDAH08
EDAM08	0.934	1.82	0.89	ZT-EDAM08
EDAU08	1.183	1.82	0.64	ZT-EDAU08
EDAZ08	1.432	1.82	0.39	ZT-EDAZ08
EDAH09	1.682	1.82	0.14	ZT-EDAH09
EDAM09	1.931	1.82	(0.11)	ZT-EDAM09
EDAU09	2.180	1.82	(0.36)	ZT-EDAU09
EDAZ09	2.429	1.82	(0.61)	ZT-EDAZ09
EDAH10	2.679	1.82	(0.86)	ZT-EDAH10
EDAM10	2.928	1.82	(1.10)	ZT-EDAM10

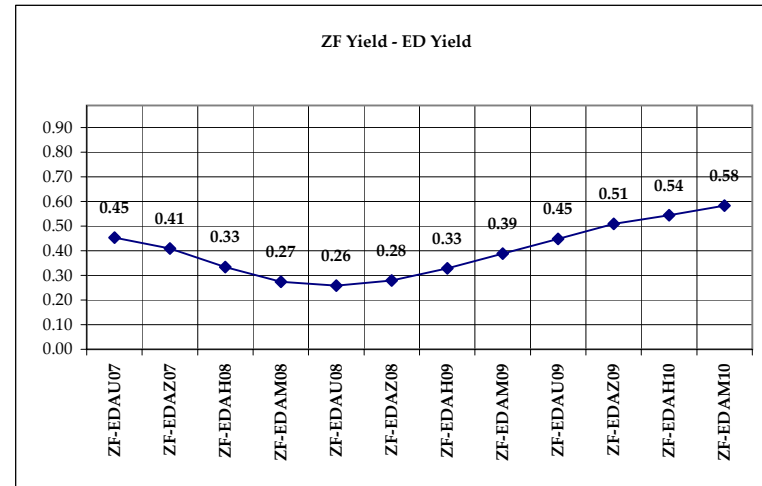
The farther away from 0 the spread duration is the riskier the trade.



Dirty TED: ZF vs Eurodollar Contracts

	ZF			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	9.58	0.45	ZF-EDAU07	71.399
EDAZ07	9.54	0.41	ZF-EDAZ07	92.677
EDAH08	9.47	0.33	ZF-EDAH08	97.359
EDAM08	9.41	0.27	ZF-EDAM08	99.361
EDAU08	9.39	0.26	ZF-EDAU08	99.117
EDAZ08	9.41	0.28	ZF-EDAZ08	98.231
EDAH09	9.46	0.33	ZF-EDAH09	99.083
EDAM09	9.52	0.39	ZF-EDAM09	99.206
EDAU09	9.58	0.45	ZF-EDAU09	98.395
EDAZ09	9.64	0.51	ZF-EDAZ09	97.465
EDAH10	9.68	0.54	ZF-EDAH10	96.571
EDAM10	9.72	0.58	ZF-EDAM10	94.924

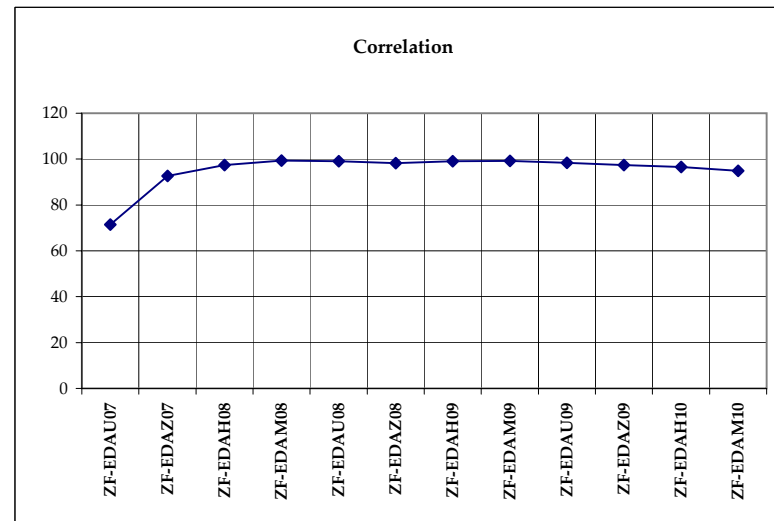
Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days



GE Duration as Fraction of year

	GE Duration as Fraction of year	ZF Duration	Spread Duration	
EDAU07	0.186	3.91	3.72	ZF-EDAU07
EDAZ07	0.435	3.91	3.47	ZF-EDAZ07
EDAH08	0.684	3.91	3.23	ZF-EDAH08
EDAM08	0.934	3.91	2.98	ZF-EDAM08
EDAU08	1.183	3.91	2.73	ZF-EDAU08
EDAZ08	1.432	3.91	2.48	ZF-EDAZ08
EDAH09	1.682	3.91	2.23	ZF-EDAH09
EDAM09	1.931	3.91	1.98	ZF-EDAM09
EDAU09	2.180	3.91	1.73	ZF-EDAU09
EDAZ09	2.429	3.91	1.48	ZF-EDAZ09
EDAH10	2.679	3.91	1.23	ZF-EDAH10
EDAM10	2.928	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

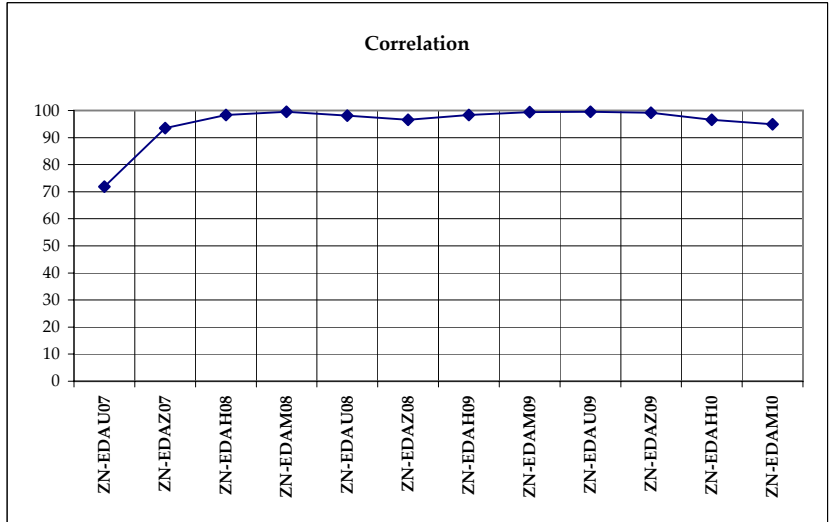
ZN				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	11.13	0.24	ZN-EDAU07	71.84
EDAZ07	11.09	0.20	ZN-EDAZ07	93.46
EDAH08	11.01	0.12	ZN-EDAH08	98.36
EDAM08	10.95	0.06	ZN-EDAM08	99.48
EDAU08	10.94	0.05	ZN-EDAU08	98.13
EDAZ08	10.96	0.07	ZN-EDAZ08	96.62
EDAH09	11.01	0.12	ZN-EDAH09	98.36
EDAM09	11.07	0.18	ZN-EDAM09	99.39
EDAU09	11.13	0.24	ZN-EDAU09	99.47
EDAZ09	11.19	0.30	ZN-EDAZ09	99.16
EDAH10	11.22	0.33	ZN-EDAH10	96.57
EDAM10	11.26	0.37	ZN-EDAM10	94.92

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	0.186	5.72	5.54	ZN-EDAU07
EDAZ07	0.435	5.72	5.29	ZN-EDAZ07
EDAH08	0.684	5.72	5.04	ZN-EDAH08
EDAM08	0.934	5.72	4.79	ZN-EDAM08
EDAU08	1.183	5.72	4.54	ZN-EDAU08
EDAZ08	1.432	5.72	4.29	ZN-EDAZ08
EDAH09	1.682	5.72	4.04	ZN-EDAH09
EDAM09	1.931	5.72	3.79	ZN-EDAM09
EDAU09	2.180	5.72	3.54	ZN-EDAU09
EDAZ09	2.429	5.72	3.29	ZN-EDAZ09
EDAH10	2.679	5.72	3.04	ZN-EDAH10
EDAM10	2.928	5.72	2.79	ZN-EDAM10

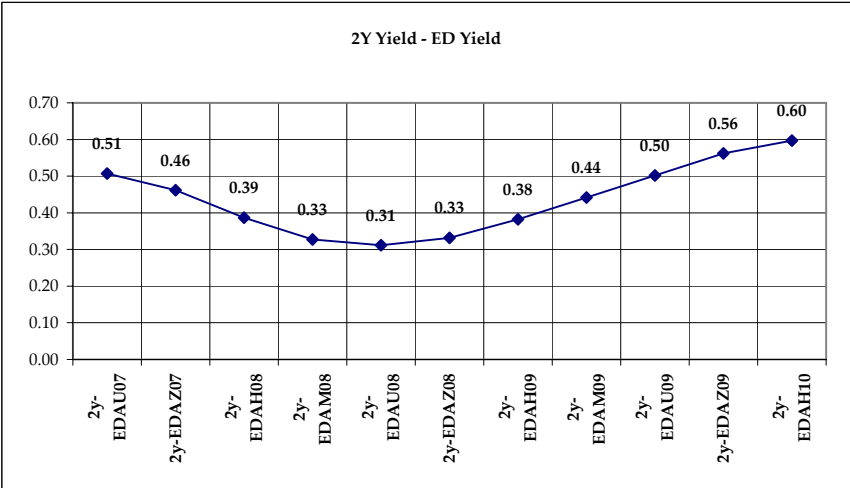
The farther away from 0 the spread duration is the riskier the trade.



TERM TED: 2y vs Eurodollar Contracts

	2y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	5.41	0.51	2y-EDAU07	-57.948
EDAZ07	5.37	0.46	2y-EDAZ07	-84.266
EDAH08	5.29	0.39	2y-EDAH08	-91.905
EDAM08	5.23	0.33	2y-EDAM08	-95.836
EDAU08	5.22	0.31	2y-EDAU08	-97.909
EDAZ08	5.24	0.33	2y-EDAZ08	-95.836
EDAH09	5.29	0.38	2y-EDAH09	-97.277
EDAM09	5.35	0.44	2y-EDAM09	-95.025
EDAU09	5.41	0.50	2y-EDAU09	-92.905
EDAZ09	5.47	0.56	2y-EDAZ09	-91.008
EDAH10	5.50	0.60	2y-EDAH10	-89.255
EDAM10	5.54	0.64	2y-EDAM10	-86.827

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.

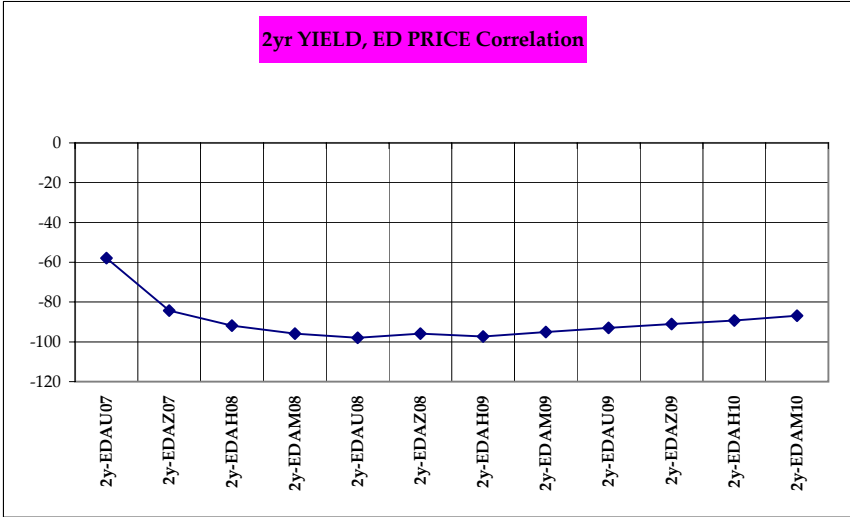


GE Duration as Fraction of year

	2Y Duration	Spread Duration	
EDAU07	0.186	1.78	2y-EDAU07
EDAZ07	0.435	1.53	2y-EDAZ07
EDAH08	0.684	1.28	2y-EDAH08
EDAM08	0.934	1.03	2y-EDAM08
EDAU08	1.183	0.78	2y-EDAU08
EDAZ08	1.432	0.53	2y-EDAZ08
EDAH09	1.682	0.28	2y-EDAH09
EDAM09	1.931	0.03	2y-EDAM09
EDAU09	2.180	(0.22)	2y-EDAU09
EDAZ09	2.429	(0.47)	2y-EDAZ09
EDAH10	2.679	(0.72)	2y-EDAH10
EDAM10	2.928	(0.97)	2y-EDAM10

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

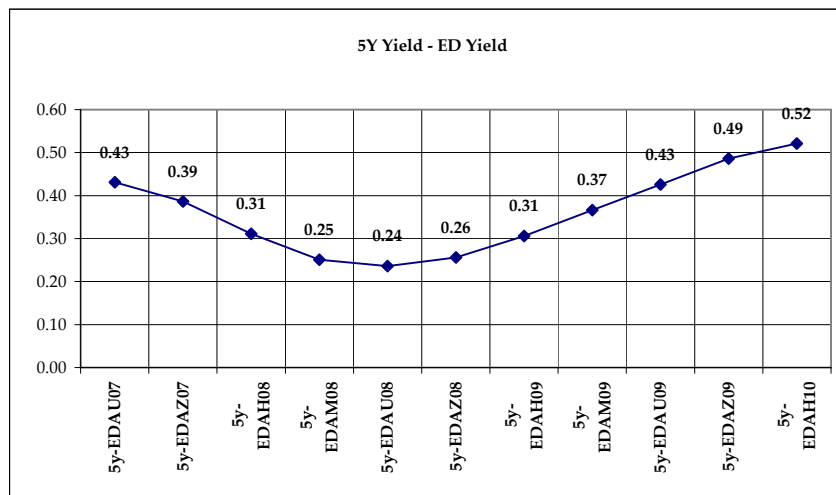
2yr YIELD, ED PRICE Correlation



TERM TED: 5y vs Eurodollar Contracts

	5y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	5.20	0.43	5y-EDAU07	-64.899
EDAZ07	5.16	0.39	5y-EDAZ07	-89.102
EDAH08	5.08	0.31	5y-EDAH08	-96.045
EDAM08	5.02	0.25	5y-EDAM08	-98.480
EDAU08	5.01	0.24	5y-EDAU08	-98.423
EDAZ08	5.03	0.26	5y-EDAZ08	-98.480
EDAH09	5.08	0.31	5y-EDAH09	-98.507
EDAM09	5.14	0.37	5y-EDAM09	-98.406
EDAU09	5.20	0.43	5y-EDAU09	-97.943
EDAZ09	5.26	0.49	5y-EDAZ09	-97.212
EDAH10	5.29	0.52	5y-EDAH10	-96.327
EDAM10	5.33	0.56	5y-EDAM10	-94.938

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.

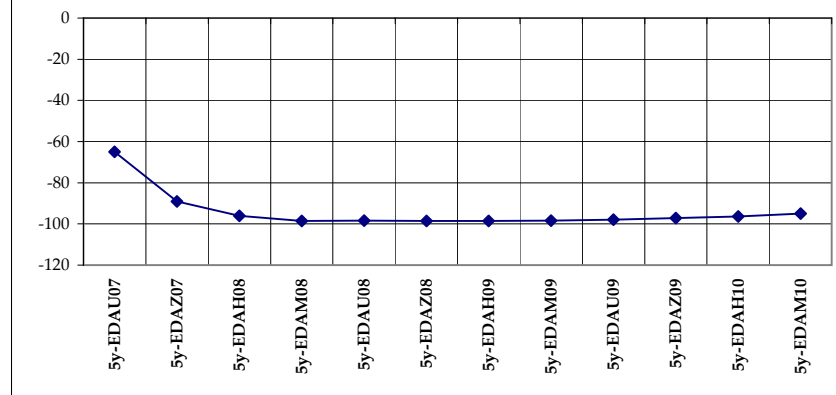


GE Duration as Fraction of year

	5Y Duration	Spread Duration	
EDAU07	0.186	4.36	4.17 5y-EDAU07
EDAZ07	0.435	4.36	3.92 5y-EDAZ07
EDAH08	0.684	4.36	3.67 5y-EDAH08
EDAM08	0.934	4.36	3.42 5y-EDAM08
EDAU08	1.183	4.36	3.17 5y-EDAU08
EDAZ08	1.432	4.36	2.93 5y-EDAZ08
EDAH09	1.682	4.36	2.68 5y-EDAH09
EDAM09	1.931	4.36	2.43 5y-EDAM09
EDAU09	2.180	4.36	2.18 5y-EDAU09
EDAZ09	2.429	4.36	1.93 5y-EDAZ09
EDAH10	2.679	4.36	1.68 5y-EDAH10
EDAM10	2.928	4.36	1.43 5y-EDAM10

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

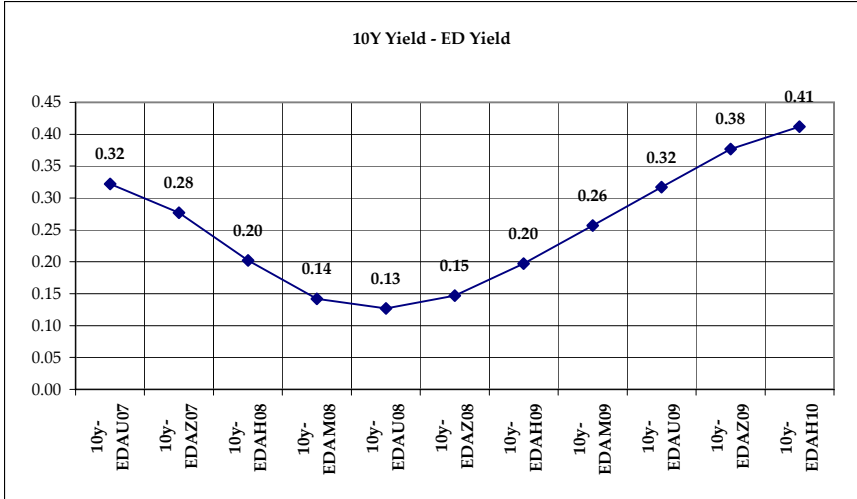
5yr YIELD, ED PRICE Correlation



TERM TED: 10y vs Eurodollar Contracts

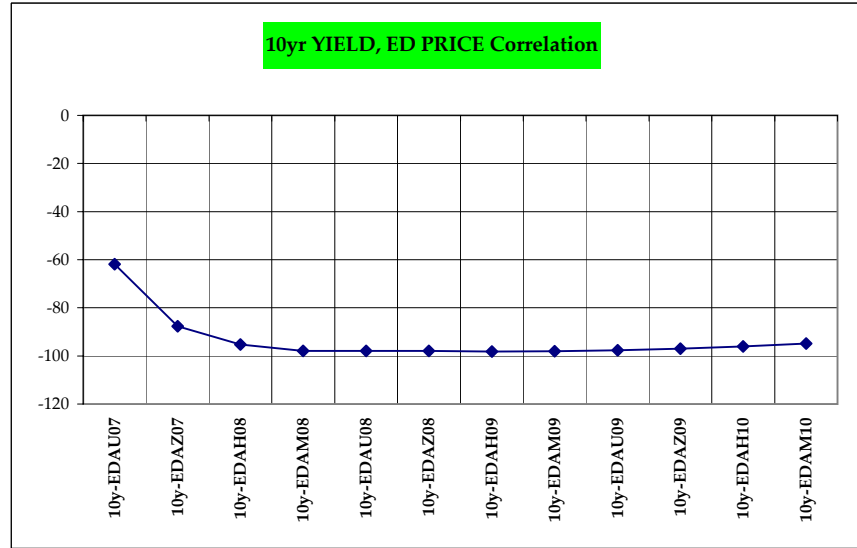
	10y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	5.20	0.32	10y-EDAU07	-61.800
EDAZ07	5.16	0.28	10y-EDAZ07	-87.669
EDAH08	5.08	0.20	10y-EDAH08	-95.303
EDAM08	5.02	0.14	10y-EDAM08	-97.882
EDAU08	5.01	0.13	10y-EDAU08	-97.890
EDAZ08	5.03	0.15	10y-EDAZ08	-97.882
EDAH09	5.08	0.20	10y-EDAH09	-98.190
EDAM09	5.14	0.26	10y-EDAM09	-98.016
EDAU09	5.20	0.32	10y-EDAU09	-97.612
EDAZ09	5.26	0.38	10y-EDAZ09	-96.940
EDAH10	5.29	0.41	10y-EDAH10	-96.096
EDAM10	5.33	0.45	10y-EDAM10	-94.844

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.



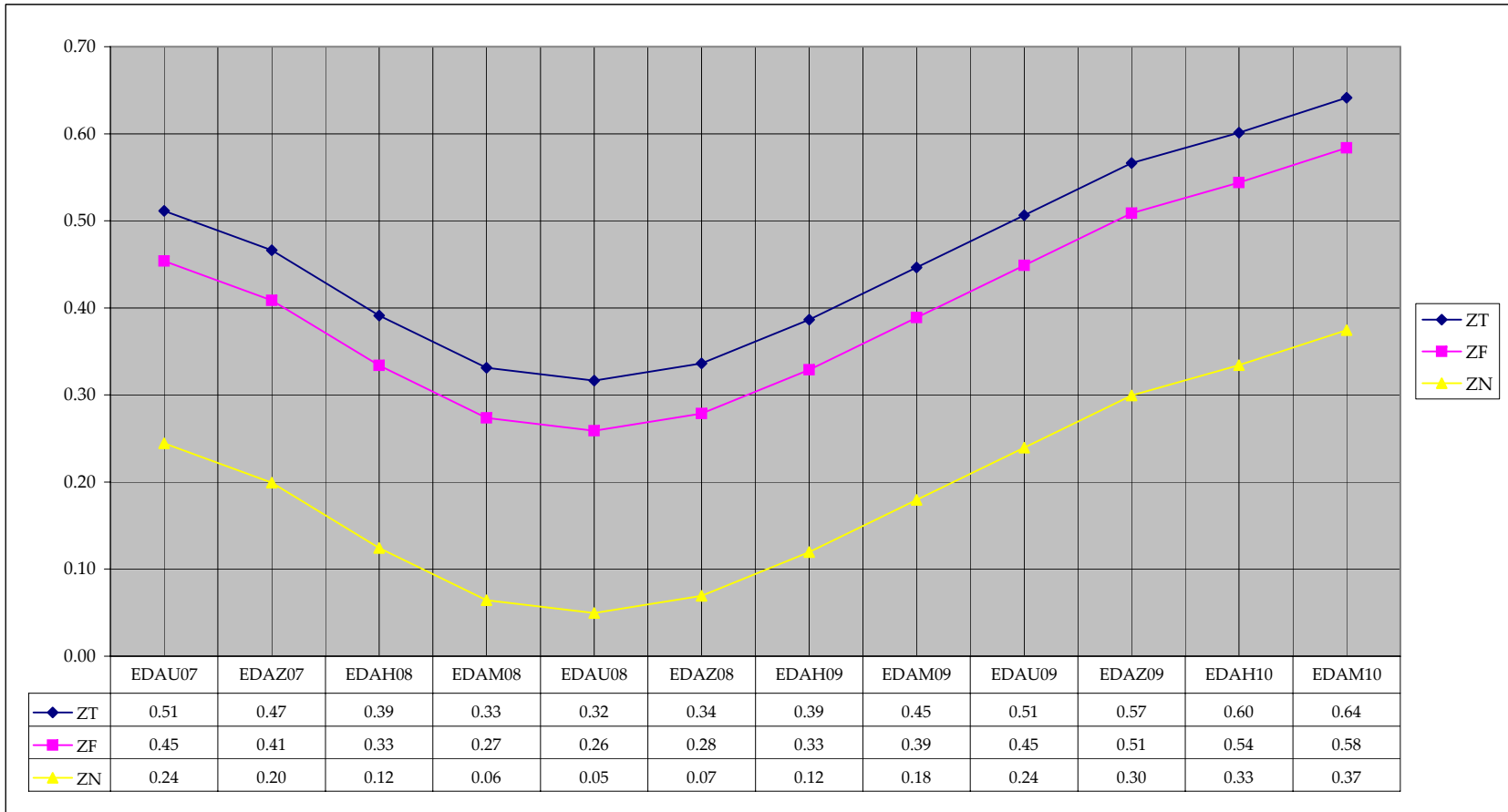
	GE Duration as Fraction of year		10Y Duration	Spread Duration	
EDAU07	0.186		7.76	7.58	10y-EDAU07
EDAZ07	0.435		7.76	7.33	10y-EDAZ07
EDAH08	0.684		7.76	7.08	10y-EDAH08
EDAM08	0.934		7.76	6.83	10y-EDAM08
EDAU08	1.183		7.76	6.58	10y-EDAU08
EDAZ08	1.432		7.76	6.33	10y-EDAZ08
EDAH09	1.682		7.76	6.08	10y-EDAH09
EDAM09	1.931		7.76	5.83	10y-EDAM09
EDAU09	2.180		7.76	5.58	10y-EDAU09
EDAZ09	2.429		7.76	5.33	10y-EDAZ09
EDAH10	2.679		7.76	5.08	10y-EDAH10
EDAM10	2.928		7.76	4.84	10y-EDAM10

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



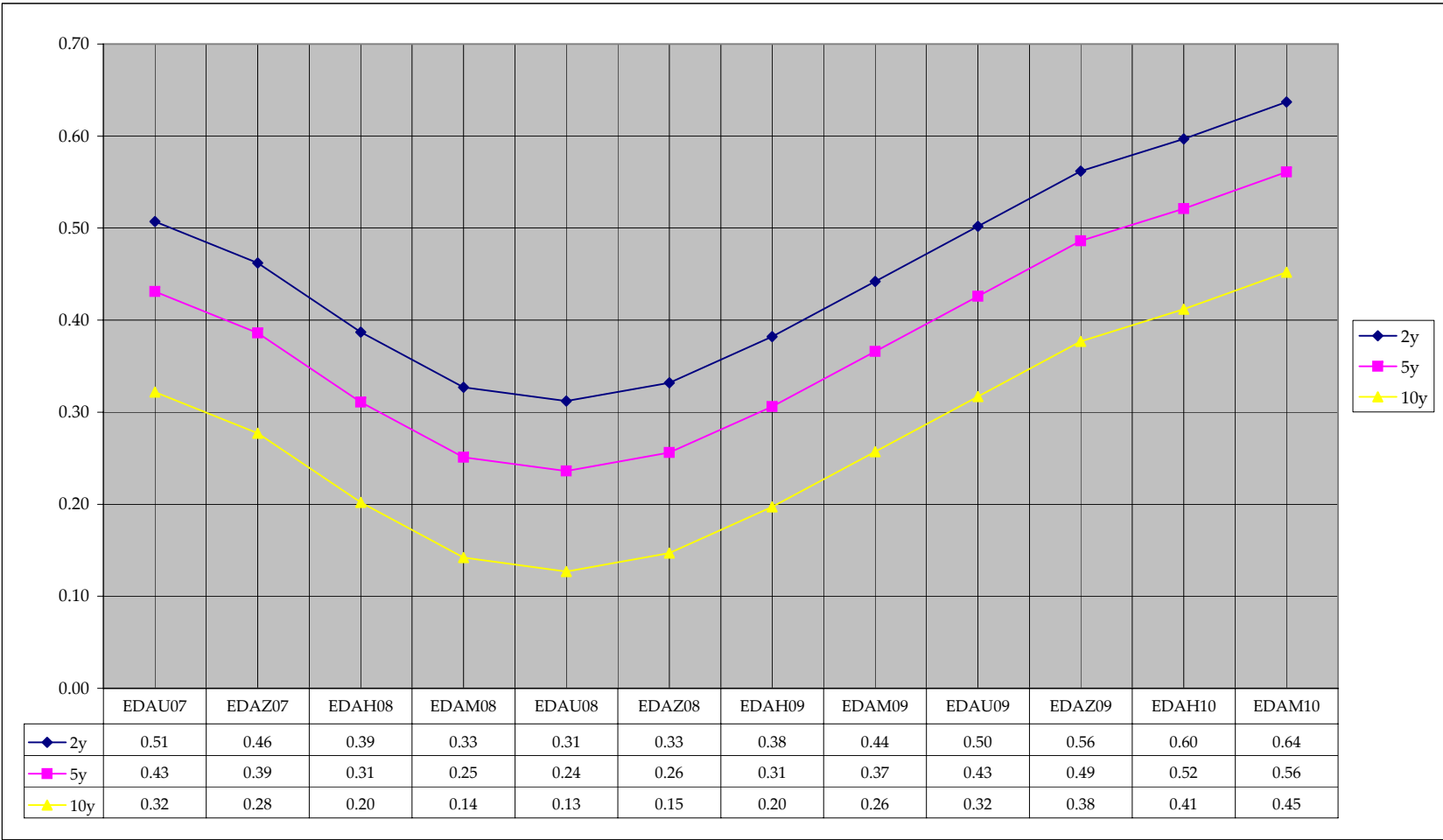
Dirty TED Curve

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.

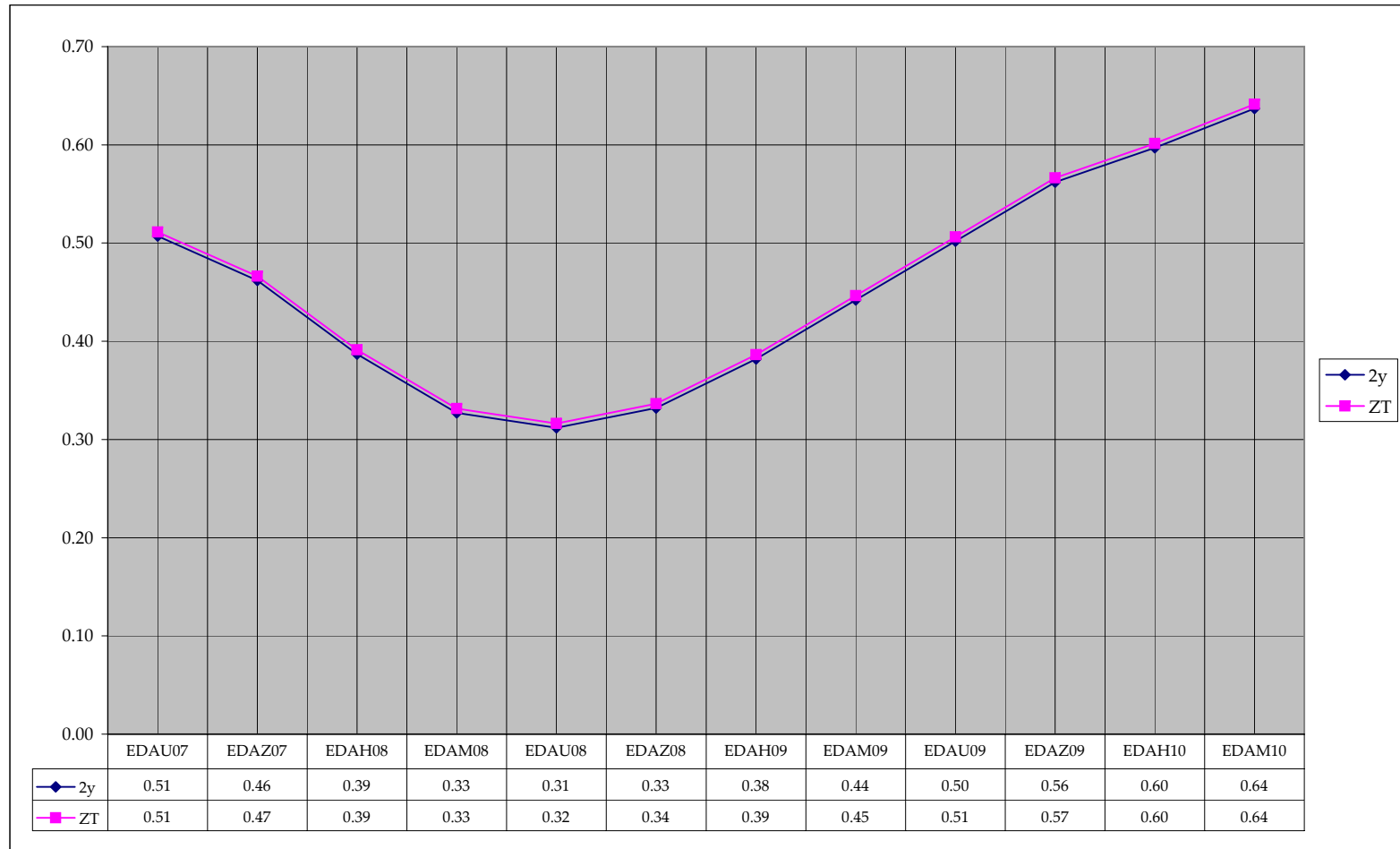


TED Curve

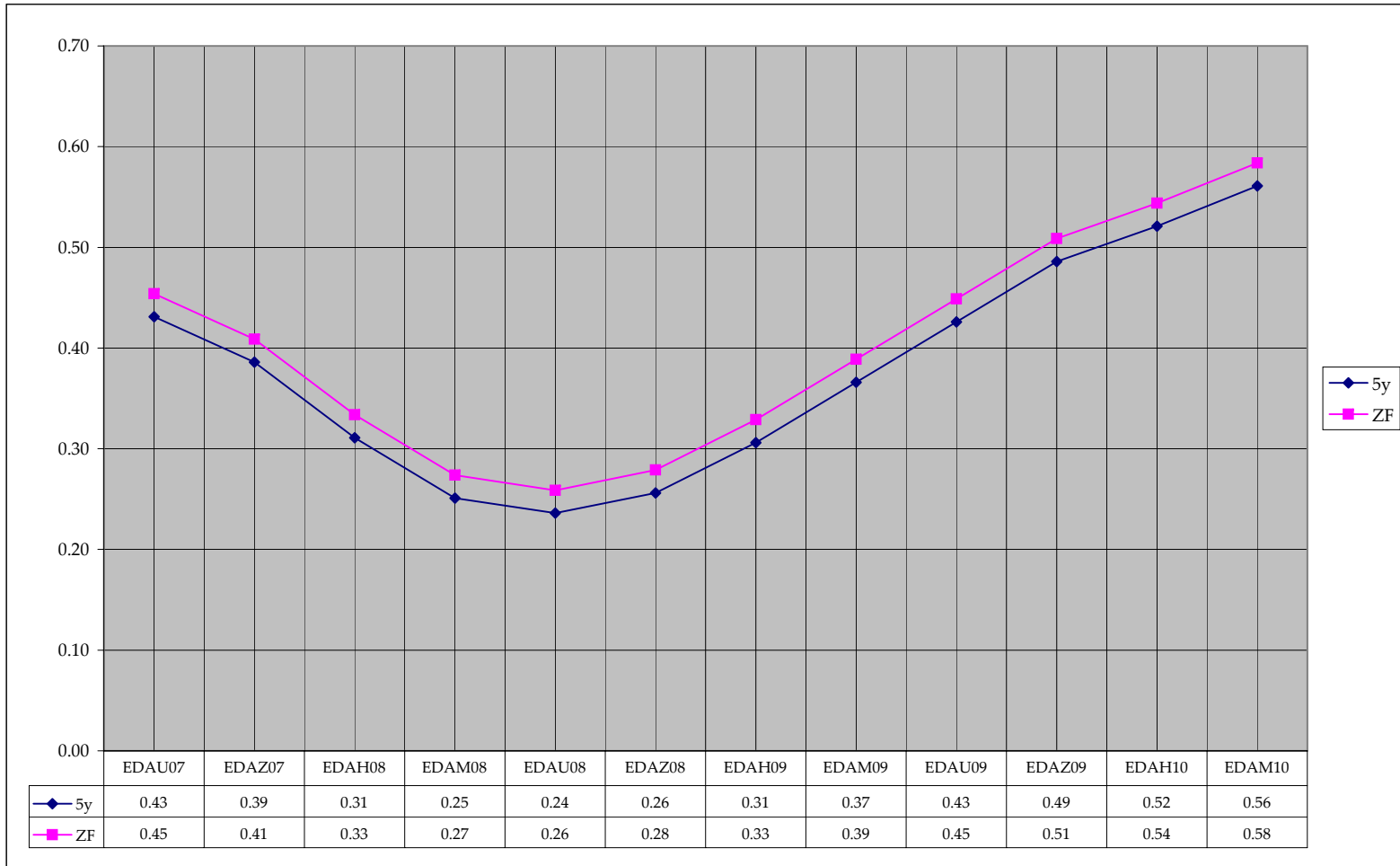
Chart values show the differences between ED contract and Treasury Cash contract. Those values can be seen in the table at the bottom of the chart. Each cash treasury is then plotted on the chart to compare differences in the durations and basis point values.



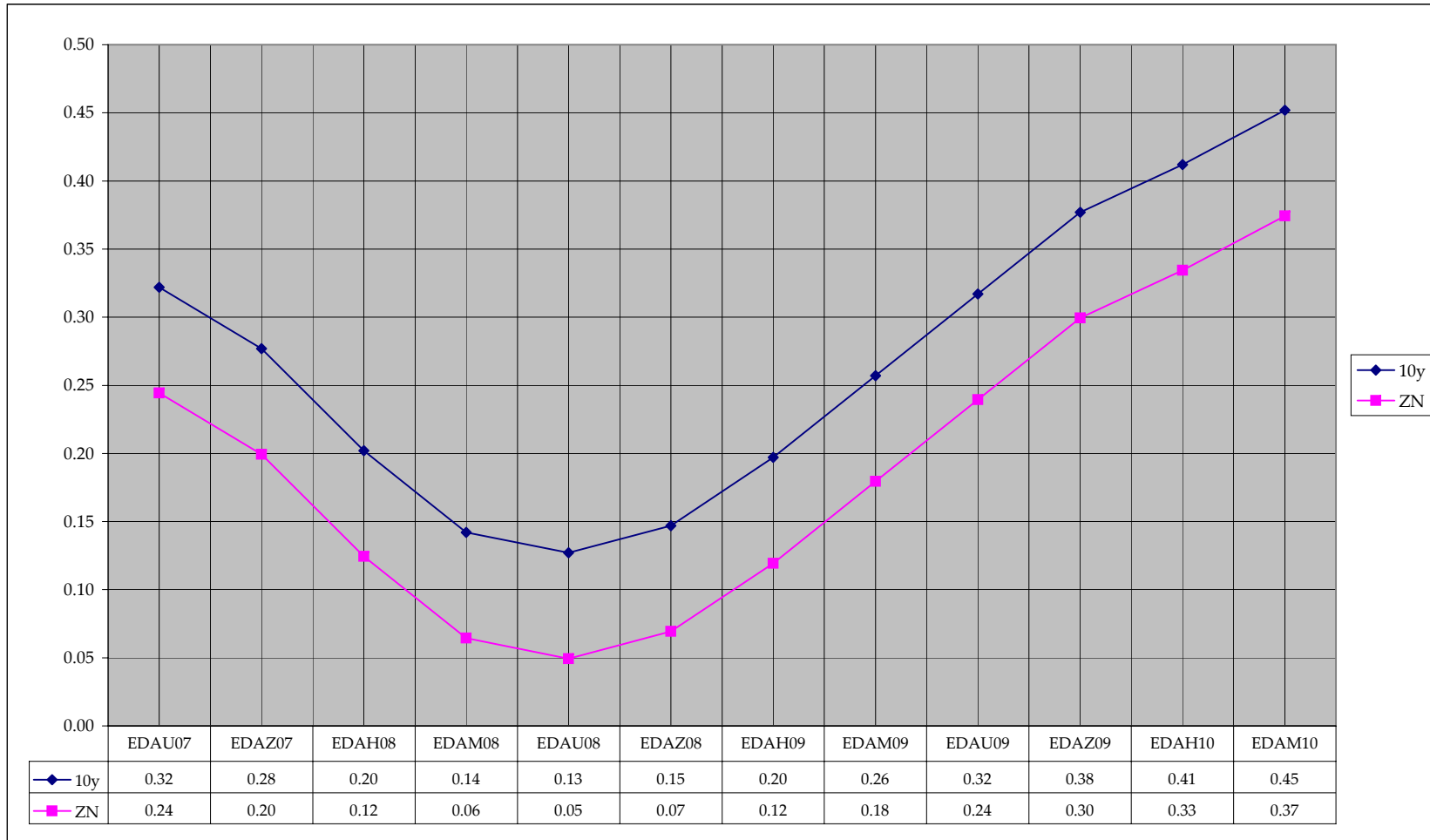
2y Basis TED Curve



5y Basis TED Curve



10y Basis TED Curve



Packs

	last Yield	Net Last Yield	Last Price	Duration			
Q.ED.White	5.392	1.750	9475.125				
Q.ED.Red	5.336	3.625	9480.500				
Q.ED.Green	5.553	3.250	9459.750				
Q.ED.Blue		1.250	9441.500				
Q.ED.Gold		0.000	9427.750				
Q.ED.Purple		0.000	9427.750				

