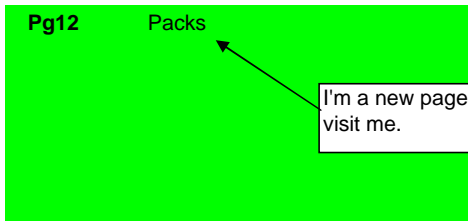


The Morning Email: TERM TEDS & Dirty TEDS

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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	101.9219	101.295	4.879	1.82	
ZF	104.0938	104.030	4.922	3.91	
ZN	105.5469	105.175	5.003	5.72	
2y	100.031	100.0100	4.854	1.96	
5y	99.709	99.2270	4.941	4.35	
10y	95.719	95.2300	5.055	7.76	

Eurodollars (ED)						
	Last Price	Last Imp Yield	Days til Expr.	Fraction of year	Month	
EDAU07	94.660	5.340	67	0.183	SEP	} White Pack
EDAZ07	94.685	5.315	158	0.432	DEC	
EDAH08	94.760	5.240	249	0.682	MAR	
EDAM08	94.820	5.180	340	0.931	JUN	} Red Pack
EDAU08	94.835	5.165	431	1.180	SEP	
EDAZ08	94.810	5.190	522	1.429	DEC	
EDAH09	94.755	5.245	613	1.679	MAR	} Green Pack
EDAM09	94.690	5.310	704	1.928	JUN	
EDAU09	94.615	5.385	795	2.177	SEP	
EDAZ09	94.565	5.435	886	2.427	DEC	
EDAH10	94.485	5.515	977	2.676	MAR	
EDAM10	94.455	5.545	1068	2.925	JUN	
EDAU10	94.400	5.600	1159	3.175	SEP	
EDAZ10	94.365	5.635	1250	3.424	DEC	
EDAH11	94.340	5.660	1341	3.673	MAR	
EDAM11	94.295	5.705	1432	3.923	JUN	
EDAU11	94.280	5.720	1530	4.191	SEP	
EDAZ11	94.230	5.770	1621	4.440	DEC	
EDAH12	94.215	5.785	1712	4.690	MAR	
EDAM12	94.180	5.820	1803	4.939	JUN	

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

	Last Yield	Net Yield	Last Price	
Q.ED.White	5.413	1.375	9473.125	} Pack Prices
Q.ED.Red	5.370	2.625	9477.250	
Q.ED.Green	5.623	0.625	9453.000	
Q.ED.Blue		0.000	9435.625	
Q.ED.Gold		0.000	9422.750	
Q.ED.Purple		0.000	9422.750	

Overview of Hedging

7/12/2007 5:54

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

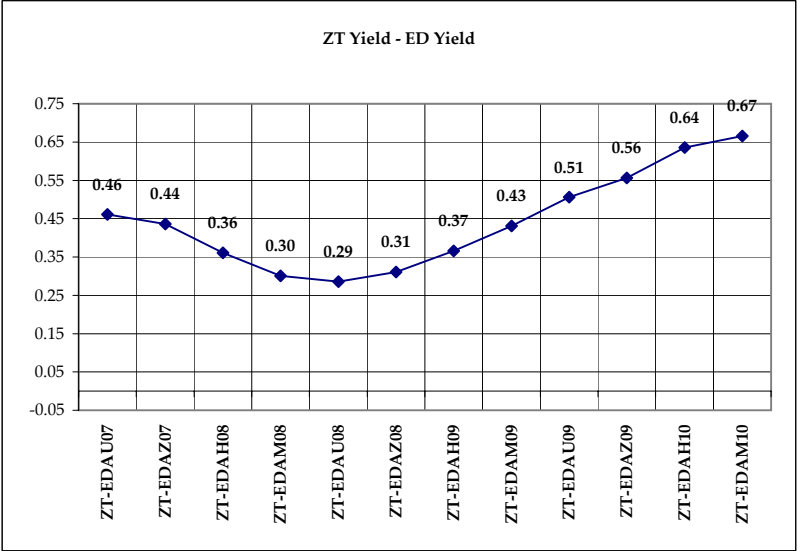
Eurodollar Color Codes for Individual Year Strips:

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

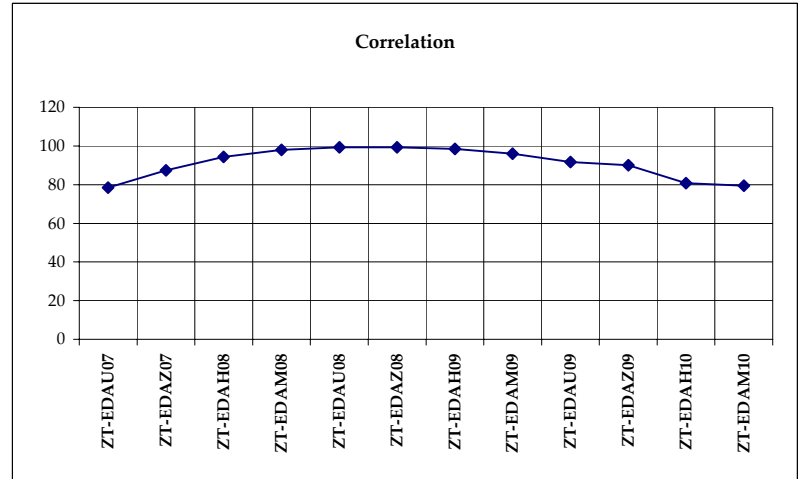
ZT				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	7.262	0.46	ZT-EDAU07	78.408
EDAZ07	7.237	0.44	ZT-EDAZ07	87.412
EDAH08	7.162	0.36	ZT-EDAH08	94.357
EDAM08	7.102	0.30	ZT-EDAM08	97.920
EDAU08	7.087	0.29	ZT-EDAU08	99.274
EDAZ08	7.112	0.31	ZT-EDAZ08	99.272
EDAH09	7.167	0.37	ZT-EDAH09	98.536
EDAM09	7.232	0.43	ZT-EDAM09	96.035
EDAU09	7.307	0.51	ZT-EDAU09	91.629
EDAZ09	7.357	0.56	ZT-EDAZ09	90.022
EDAH10	7.437	0.64	ZT-EDAH10	80.837
EDAM10	7.467	0.67	ZT-EDAM10	79.435

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	0.183	1.82	1.64	ZT-EDAU07
EDAZ07	0.432	1.82	1.39	ZT-EDAZ07
EDAH08	0.682	1.82	1.14	ZT-EDAH08
EDAM08	0.931	1.82	0.89	ZT-EDAM08
EDAU08	1.180	1.82	0.64	ZT-EDAU08
EDAZ08	1.429	1.82	0.39	ZT-EDAZ08
EDAH09	1.679	1.82	0.14	ZT-EDAH09
EDAM09	1.928	1.82	(0.11)	ZT-EDAM09
EDAU09	2.177	1.82	(0.36)	ZT-EDAU09
EDAZ09	2.427	1.82	(0.61)	ZT-EDAZ09
EDAH10	2.676	1.82	(0.86)	ZT-EDAH10
EDAM10	2.925	1.82	(1.10)	ZT-EDAM10

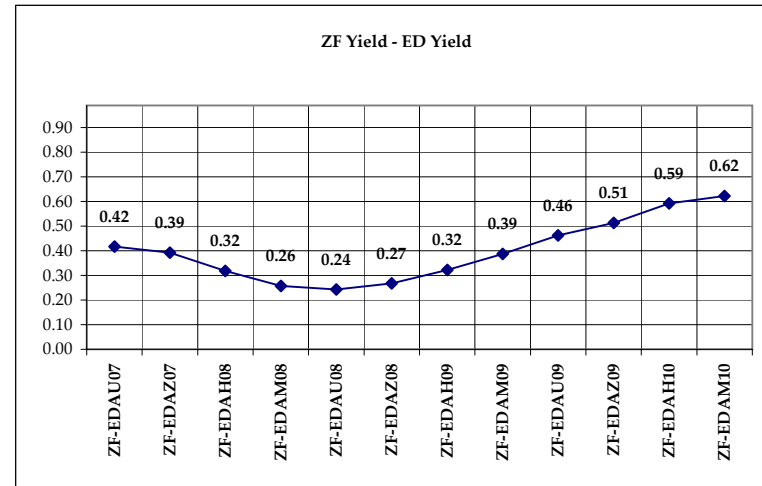
The farther away from 0 the spread duration is the riskier the trade.



Dirty TED: ZF vs Eurodollar Contracts

ZF				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	9.43	0.42	ZF-EDAU07	84.801
EDAZ07	9.41	0.39	ZF-EDAZ07	92.520
EDAH08	9.33	0.32	ZF-EDAH08	97.555
EDAM08	9.27	0.26	ZF-EDAM08	99.528
EDAU08	9.26	0.24	ZF-EDAU08	98.972
EDAZ08	9.28	0.27	ZF-EDAZ08	98.399
EDAH09	9.34	0.32	ZF-EDAH09	99.621
EDAM09	9.40	0.39	ZF-EDAM09	99.338
EDAU09	9.48	0.46	ZF-EDAU09	97.127
EDAZ09	9.53	0.51	ZF-EDAZ09	96.220
EDAH10	9.61	0.59	ZF-EDAH10	89.483
EDAM10	9.64	0.62	ZF-EDAM10	88.637

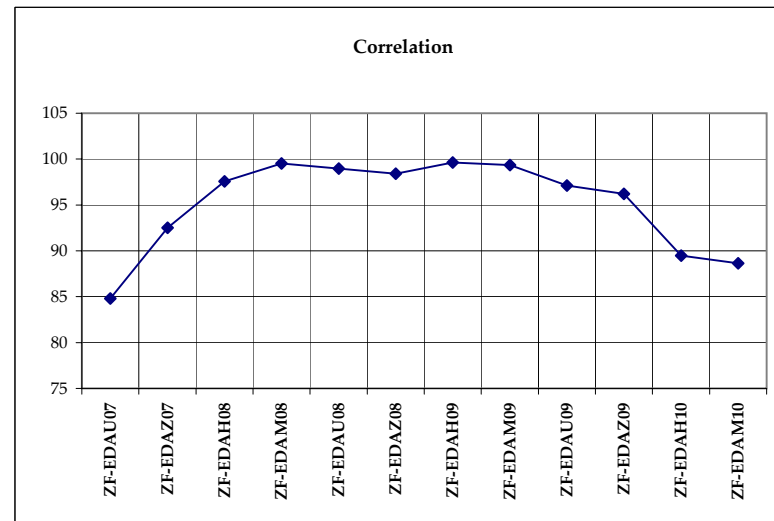
Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days



GE Duration as Fraction of year

	GE Duration as Fraction of year	ZF Duration	Spread Duration	
EDAU07	0.183	3.91	3.72	ZF-EDAU07
EDAZ07	0.432	3.91	3.47	ZF-EDAZ07
EDAH08	0.682	3.91	3.22	ZF-EDAH08
EDAM08	0.931	3.91	2.98	ZF-EDAM08
EDAU08	1.180	3.91	2.73	ZF-EDAU08
EDAZ08	1.429	3.91	2.48	ZF-EDAZ08
EDAH09	1.679	3.91	2.23	ZF-EDAH09
EDAM09	1.928	3.91	1.98	ZF-EDAM09
EDAU09	2.177	3.91	1.73	ZF-EDAU09
EDAZ09	2.427	3.91	1.48	ZF-EDAZ09
EDAH10	2.676	3.91	1.23	ZF-EDAH10
EDAM10	2.925	3.91	0.98	ZF-EDAM10

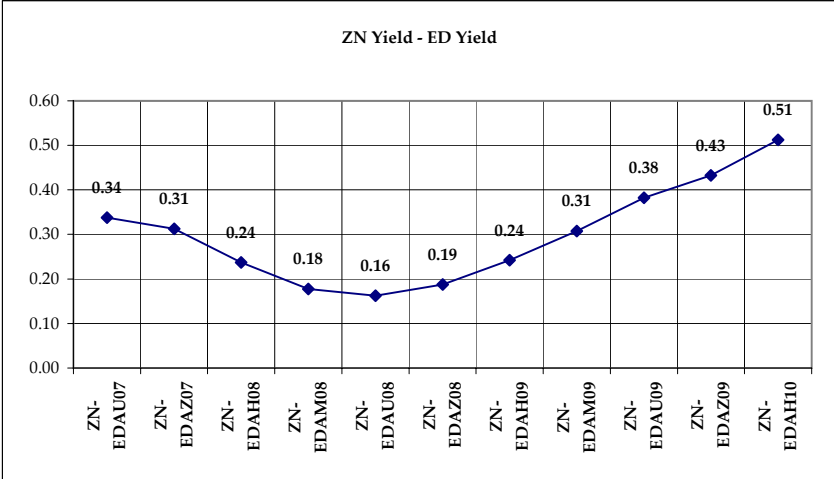
The farther away from 0 the spread duration is the riskier the trade.



Dirty TED: ZN vs Eurodollar Contracts

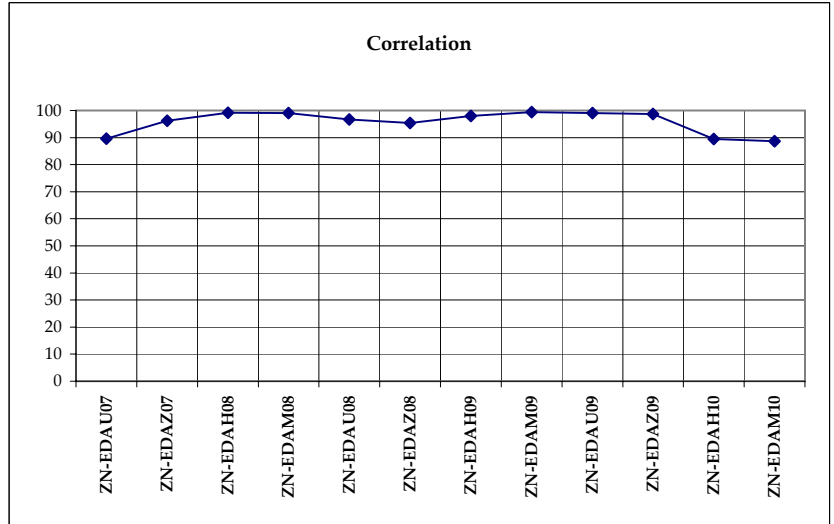
ZN				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	10.89	0.34	ZN-EDAU07	89.61
EDAZ07	10.86	0.31	ZN-EDAZ07	96.18
EDAH08	10.79	0.24	ZN-EDAH08	99.13
EDAM08	10.73	0.18	ZN-EDAM08	99.04
EDAU08	10.71	0.16	ZN-EDAU08	96.67
EDAZ08	10.74	0.19	ZN-EDAZ08	95.35
EDAH09	10.79	0.24	ZN-EDAH09	98.00
EDAM09	10.86	0.31	ZN-EDAM09	99.39
EDAU09	10.93	0.38	ZN-EDAU09	99.11
EDAZ09	10.98	0.43	ZN-EDAZ09	98.65
EDAH10	11.06	0.51	ZN-EDAH10	89.48
EDAM10	11.09	0.54	ZN-EDAM10	88.64

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	0.183	5.72	5.54	ZN-EDAU07
EDAZ07	0.432	5.72	5.29	ZN-EDAZ07
EDAH08	0.682	5.72	5.04	ZN-EDAH08
EDAM08	0.931	5.72	4.79	ZN-EDAM08
EDAU08	1.180	5.72	4.54	ZN-EDAU08
EDAZ08	1.429	5.72	4.29	ZN-EDAZ08
EDAH09	1.679	5.72	4.05	ZN-EDAH09
EDAM09	1.928	5.72	3.80	ZN-EDAM09
EDAU09	2.177	5.72	3.55	ZN-EDAU09
EDAZ09	2.427	5.72	3.30	ZN-EDAZ09
EDAH10	2.676	5.72	3.05	ZN-EDAH10
EDAM10	2.925	5.72	2.80	ZN-EDAM10

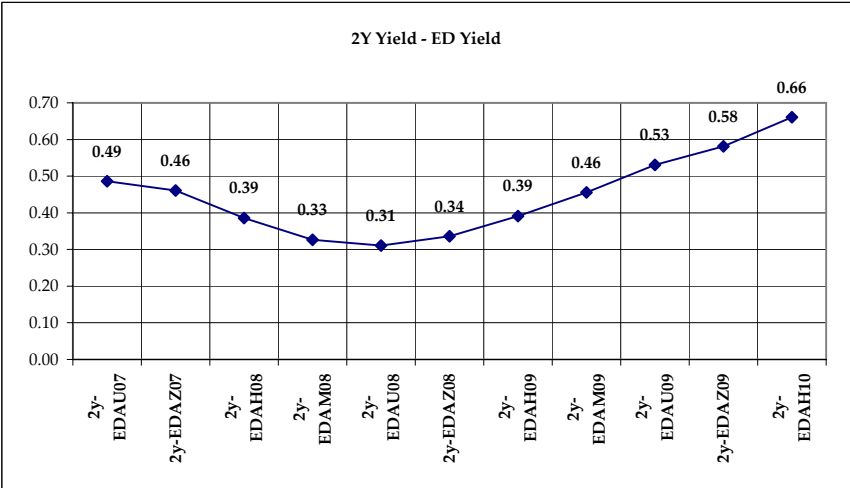
The farther away from 0 the spread duration is the riskier the trade.



TERM TED: 2y vs Eurodollar Contracts

	2y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	5.37	0.49	2y-EDAU07	-75.926
EDAZ07	5.35	0.46	2y-EDAZ07	-87.505
EDAH08	5.27	0.39	2y-EDAH08	-93.564
EDAM08	5.21	0.33	2y-EDAM08	-95.903
EDAU08	5.20	0.31	2y-EDAU08	-96.579
EDAZ08	5.22	0.34	2y-EDAZ08	-95.903
EDAH09	5.28	0.39	2y-EDAH09	-96.232
EDAM09	5.34	0.46	2y-EDAM09	-94.294
EDAU09	5.42	0.53	2y-EDAU09	-90.869
EDAZ09	5.47	0.58	2y-EDAZ09	-89.505
EDAH10	5.55	0.66	2y-EDAH10	-81.464
EDAM10	5.58	0.69	2y-EDAM10	-80.100

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.

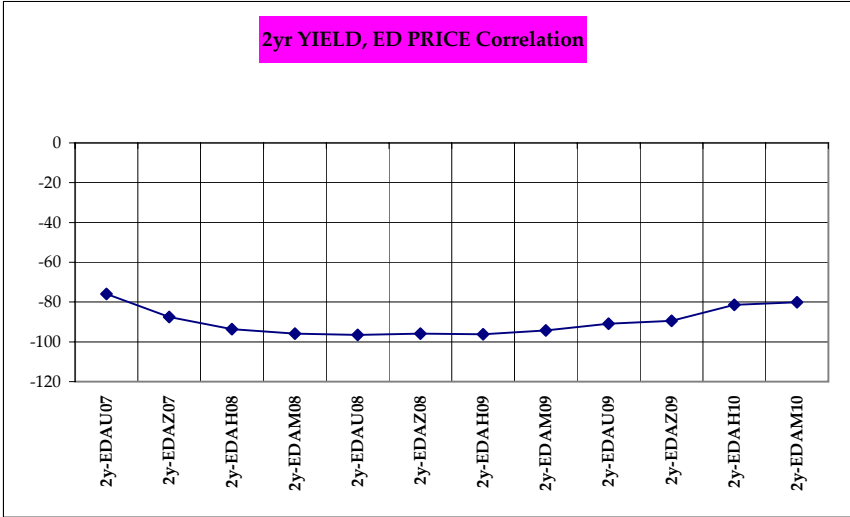


GE Duration as Fraction of year

	2Y Duration	Spread Duration	
EDAU07	0.183	1.77	2y-EDAU07
EDAZ07	0.432	1.52	2y-EDAZ07
EDAH08	0.682	1.28	2y-EDAH08
EDAM08	0.931	1.03	2y-EDAM08
EDAU08	1.180	0.78	2y-EDAU08
EDAZ08	1.429	0.53	2y-EDAZ08
EDAH09	1.679	0.28	2y-EDAH09
EDAM09	1.928	0.03	2y-EDAM09
EDAU09	2.177	(0.22)	2y-EDAU09
EDAZ09	2.427	(0.47)	2y-EDAZ09
EDAH10	2.676	(0.72)	2y-EDAH10
EDAM10	2.925	(0.97)	2y-EDAM10

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

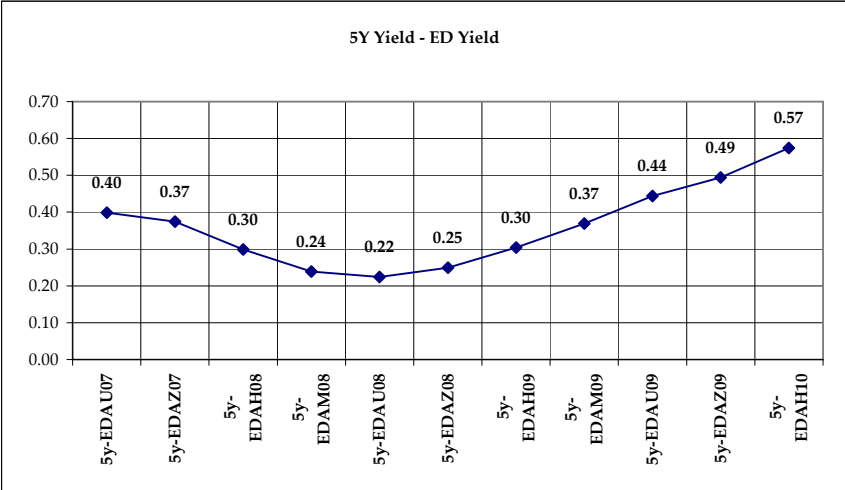
2yr YIELD, ED PRICE Correlation



TERM TED: 5y vs Eurodollar Contracts

	5y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	5.05	0.40	5y-EDAU07	-85.123
EDAZ07	5.02	0.37	5y-EDAZ07	-93.971
EDAH08	4.95	0.30	5y-EDAH08	-97.597
EDAM08	4.89	0.24	5y-EDAM08	-97.780
EDAU08	4.87	0.22	5y-EDAU08	-95.966
EDAZ08	4.90	0.25	5y-EDAZ08	-97.780
EDAH09	4.95	0.30	5y-EDAH09	-97.160
EDAM09	5.02	0.37	5y-EDAM09	-98.026
EDAU09	5.09	0.44	5y-EDAU09	-97.559
EDAZ09	5.14	0.49	5y-EDAZ09	-96.939
EDAH10	5.22	0.57	5y-EDAH10	-92.446
EDAM10	5.25	0.60	5y-EDAM10	-91.687

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.

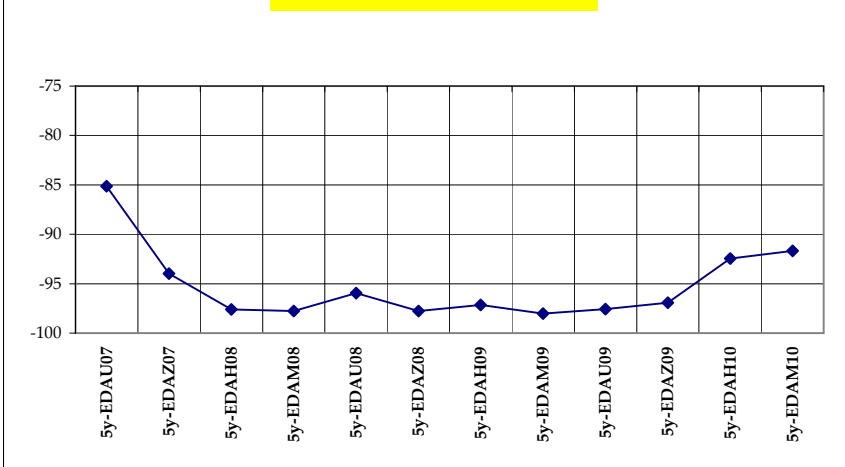


GE Duration as Fraction of year

	5Y Duration	Spread Duration	
EDAU07	0.183	4.35	4.17 5y-EDAU07
EDAZ07	0.432	4.35	3.92 5y-EDAZ07
EDAH08	0.682	4.35	3.67 5y-EDAH08
EDAM08	0.931	4.35	3.42 5y-EDAM08
EDAU08	1.180	4.35	3.17 5y-EDAU08
EDAZ08	1.429	4.35	2.92 5y-EDAZ08
EDAH09	1.679	4.35	2.67 5y-EDAH09
EDAM09	1.928	4.35	2.43 5y-EDAM09
EDAU09	2.177	4.35	2.18 5y-EDAU09
EDAZ09	2.427	4.35	1.93 5y-EDAZ09
EDAH10	2.676	4.35	1.68 5y-EDAH10
EDAM10	2.925	4.35	1.43 5y-EDAM10

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

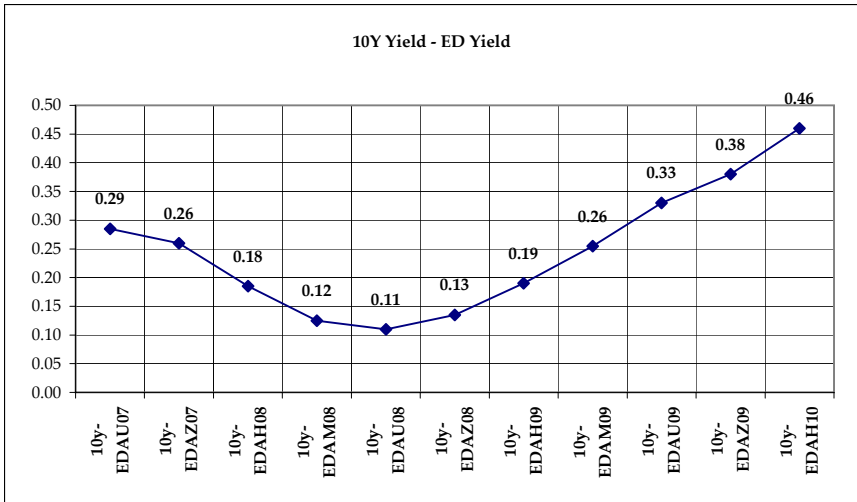
5yr YIELD, ED PRICE Correlation



TERM TED: 10y vs Eurodollar Contracts

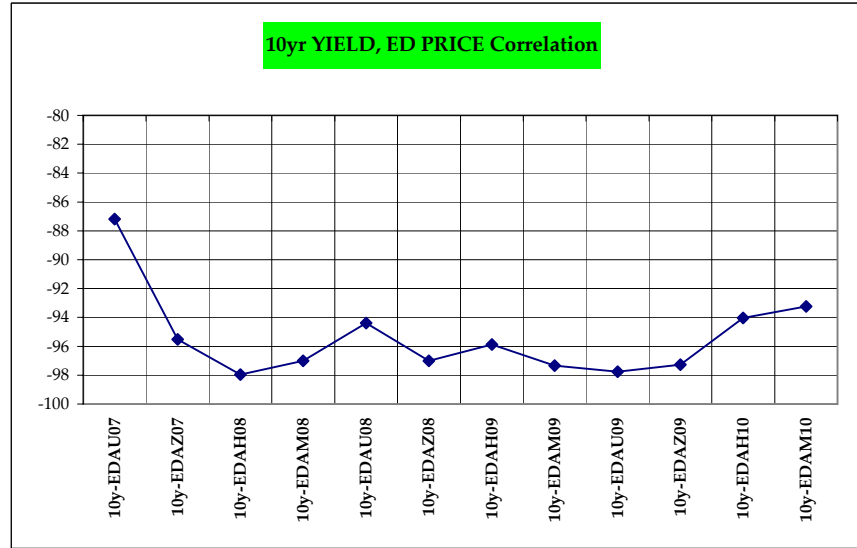
	10y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	5.05	0.29	10y-EDAU07	-87.178
EDAZ07	5.02	0.26	10y-EDAZ07	-95.530
EDAH08	4.95	0.18	10y-EDAH08	-97.956
EDAM08	4.89	0.12	10y-EDAM08	-97.014
EDAU08	4.87	0.11	10y-EDAU08	-94.396
EDAZ08	4.90	0.13	10y-EDAZ08	-97.014
EDAH09	4.95	0.19	10y-EDAH09	-95.875
EDAM09	5.02	0.26	10y-EDAM09	-97.345
EDAU09	5.09	0.33	10y-EDAU09	-97.754
EDAZ09	5.14	0.38	10y-EDAZ09	-97.276
EDAH10	5.22	0.46	10y-EDAH10	-94.034
EDAM10	5.25	0.49	10y-EDAM10	-93.235

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.



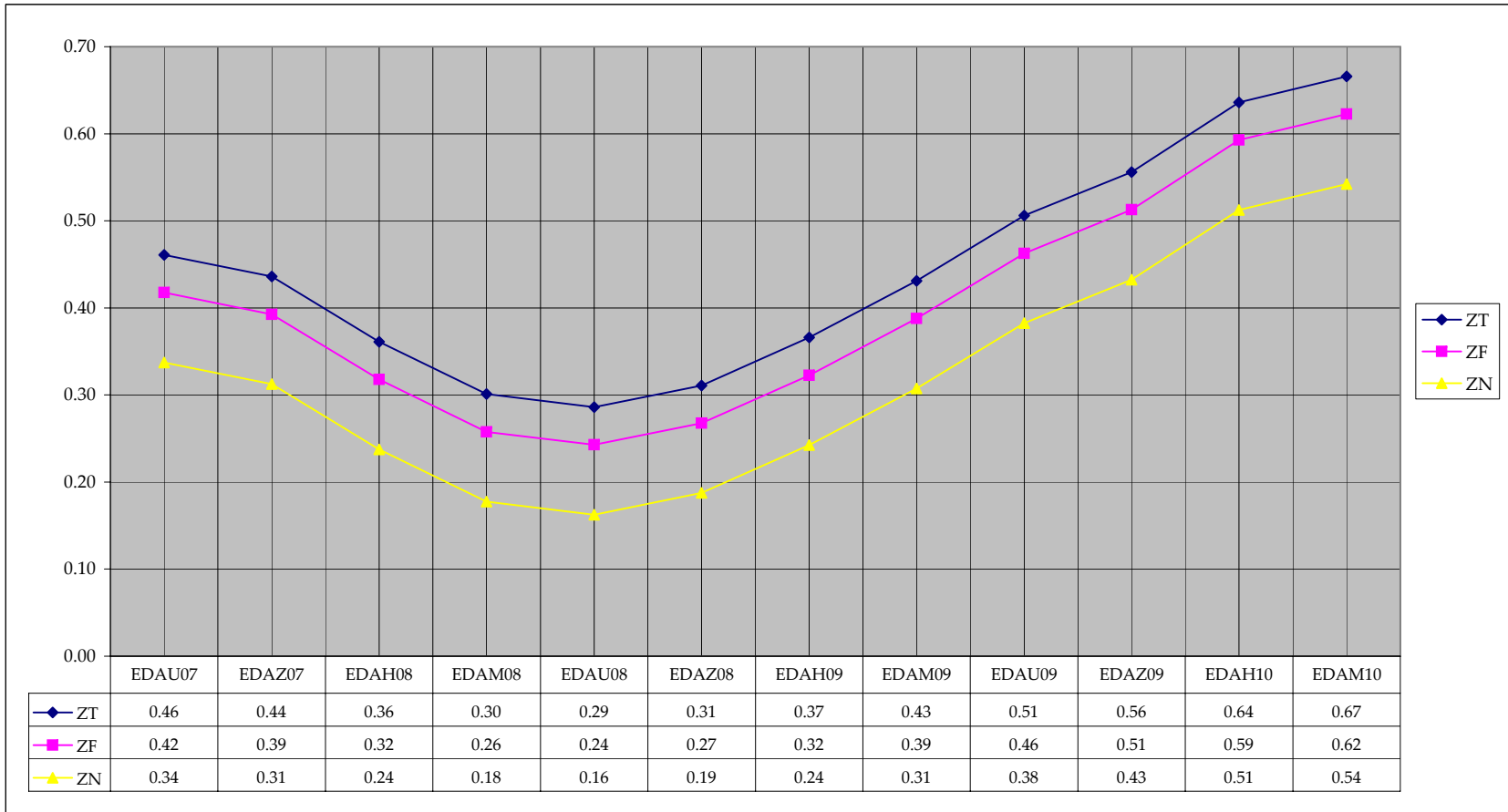
	GE Duration as Fraction of year	10Y Duration	Spread Duration	
EDAU07	0.183	7.76	7.57	10y-EDAU07
EDAZ07	0.432	7.76	7.32	10y-EDAZ07
EDAH08	0.682	7.76	7.07	10y-EDAH08
EDAM08	0.931	7.76	6.83	10y-EDAM08
EDAU08	1.180	7.76	6.58	10y-EDAU08
EDAZ08	1.429	7.76	6.33	10y-EDAZ08
EDAH09	1.679	7.76	6.08	10y-EDAH09
EDAM09	1.928	7.76	5.83	10y-EDAM09
EDAU09	2.177	7.76	5.58	10y-EDAU09
EDAZ09	2.427	7.76	5.33	10y-EDAZ09
EDAH10	2.676	7.76	5.08	10y-EDAH10
EDAM10	2.925	7.76	4.83	10y-EDAM10

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



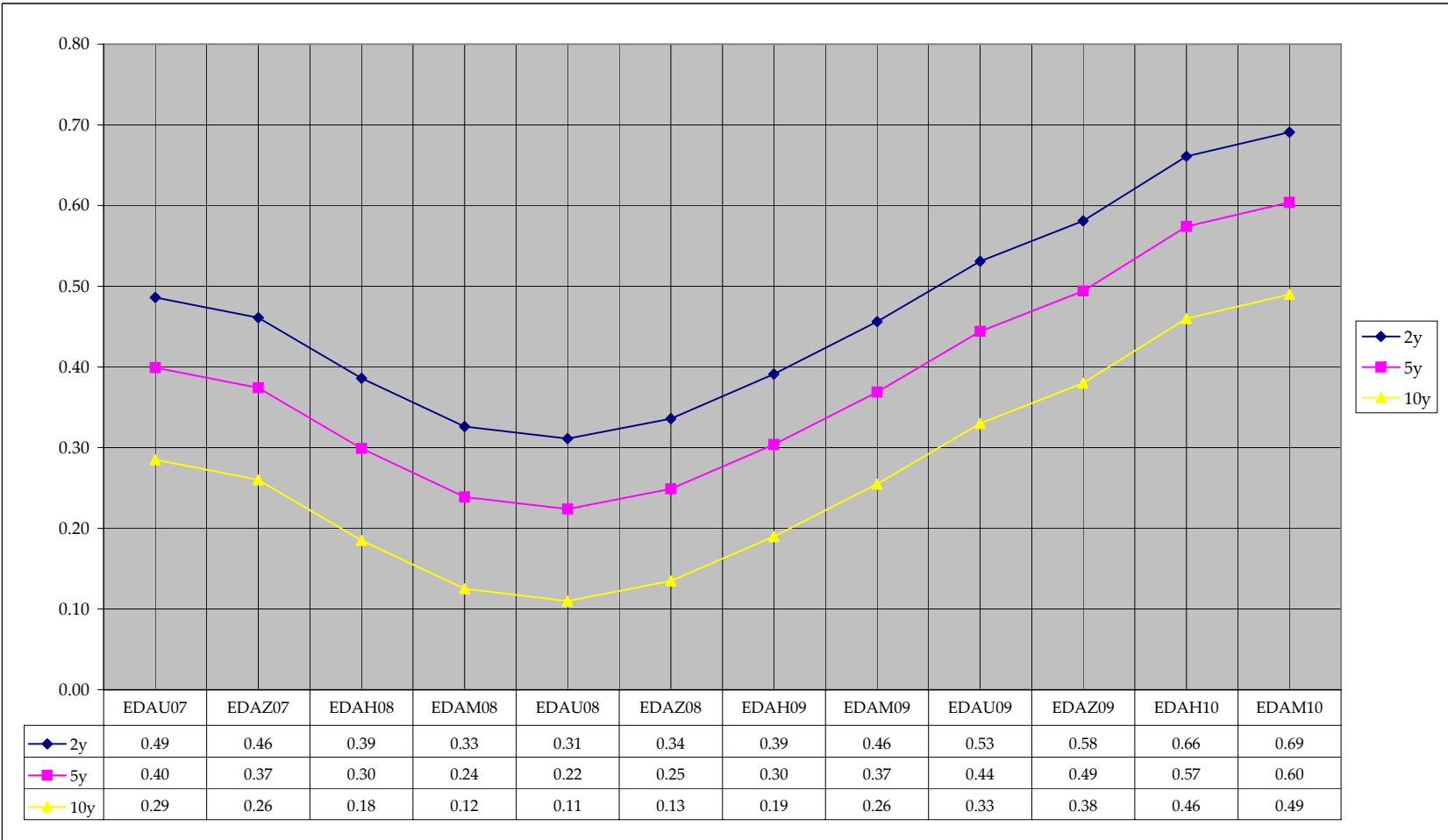
Dirty TED Curve

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.

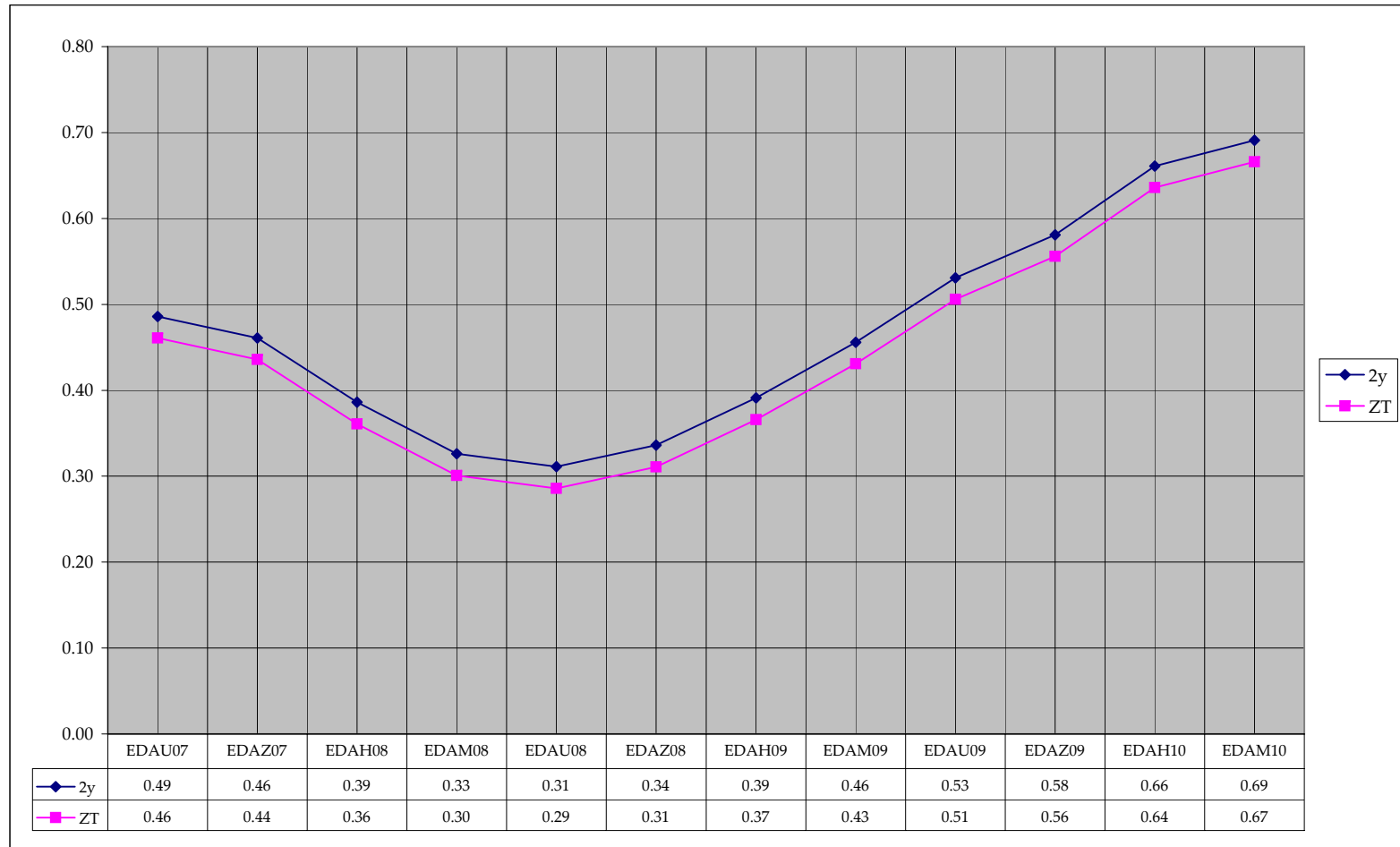


TED Curve

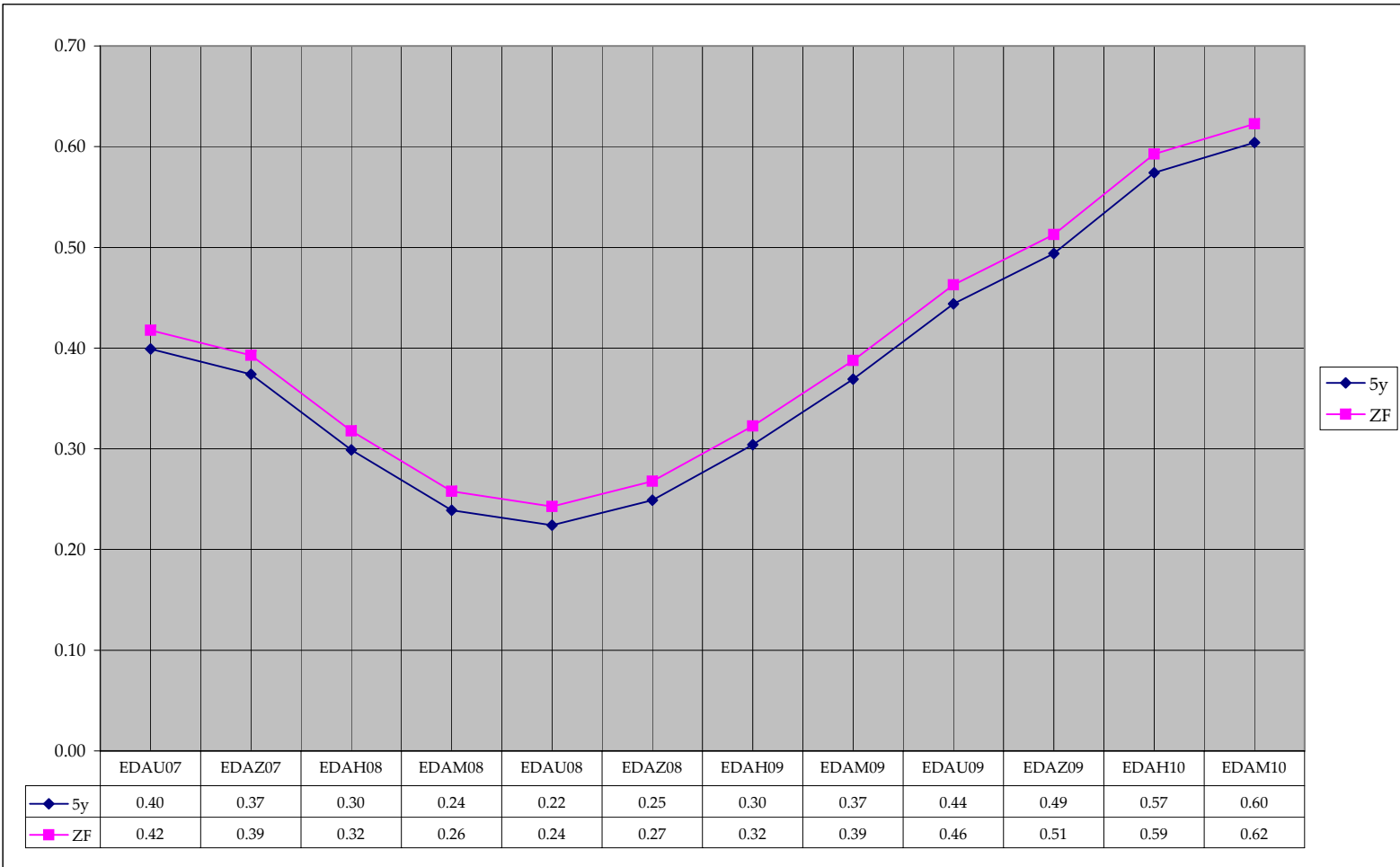
Chart values show the differences between ED contract and Treasury Cash contract. Those values can be seen in the table at the bottom of the chart. Each cash treasury is then plotted on the chart to compare differences in the durations and basis point values.



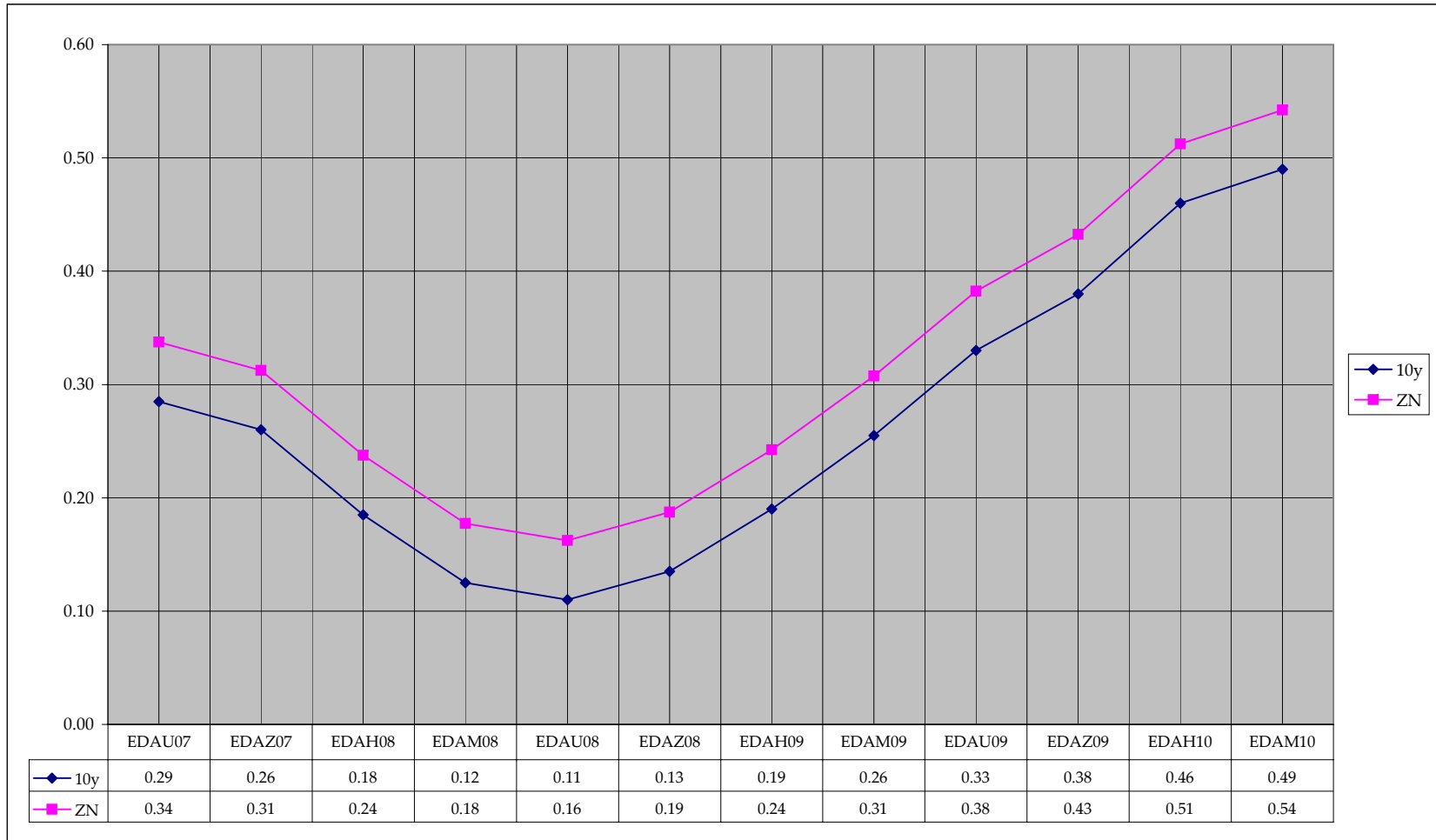
2y Basis TED Curve



5y Basis TED Curve



10y Basis TED Curve



Packs

	last Yield	Net Last Yield	Last Price	Duration			
Q.ED.White	5.413	1.375	9473.125				
Q.ED.Red	5.370	2.625	9477.250				
Q.ED.Green	5.623	0.625	9453.000				
Q.ED.Blue		0.000	9435.625				
Q.ED.Gold		0.000	9422.750				
Q.ED.Purple		0.000	9422.750				

