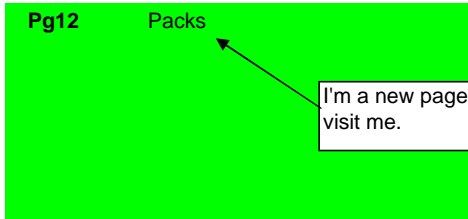


The Morning Email: TERM TEDS & Dirty TEDS

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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	101.8281	101.265	4.946	1.81	
ZF	103.8906	103.285	4.969	3.89	
ZN	105.2656	105.085	5.022	5.71	
2y	99.928	99.2970	4.908	1.95	
5y	99.484	99.1550	4.992	4.34	
10y	95.469	95.1500	5.089	7.74	

Eurodollars (ED)						
	Last Price	Last Imp Yield	Days til Expr.	Fraction of year	Month	
EDAU07	94.655	5.345	63	0.172	SEP	White Pack
EDAZ07	94.670	5.330	154	0.421	DEC	
EDAH08	94.725	5.275	245	0.671	MAR	
EDAM08	94.765	5.235	336	0.920	JUN	Red Pack
EDAU08	94.775	5.225	427	1.169	SEP	
EDAZ08	94.760	5.240	518	1.418	DEC	
EDAH09	94.720	5.280	609	1.668	MAR	Green Pack
EDAM09	94.665	5.335	700	1.917	JUN	
EDAU09	94.605	5.395	791	2.166	SEP	
EDAZ09	94.545	5.455	882	2.416	DEC	
EDAH10	94.505	5.495	973	2.665	MAR	
EDAM10	94.470	5.530	1064	2.914	JUN	
EDAU10	94.425	5.575	1155	3.164	SEP	
EDAZ10	#VALUE!	#VALUE!	1246	3.413	DEC	
EDAH11	94.335	5.665	1337	3.662	MAR	
EDAM11	94.300	5.700	1428	3.912	JUN	
EDAU11	94.280	5.720	1526	4.180	SEP	
EDAZ11	94.230	5.770	1617	4.429	DEC	
EDAH12	94.230	5.770	1708	4.679	MAR	
EDAM12	94.180	5.820	1799	4.928	JUN	

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

	Last Yield	Net Yield	Last Price	
Q.ED.White	5.442	0.875	9470.375	Pack Prices
Q.ED.Red	5.415	3.000	9473.000	
Q.ED.Green	5.622	3.375	9453.125	
Q.ED.Blue		0.625	9435.125	
Q.ED.Gold		0.000	9421.750	
Q.ED.Purple		0.000	9421.750	

Overview of Hedging

7/16/2007 6:01

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

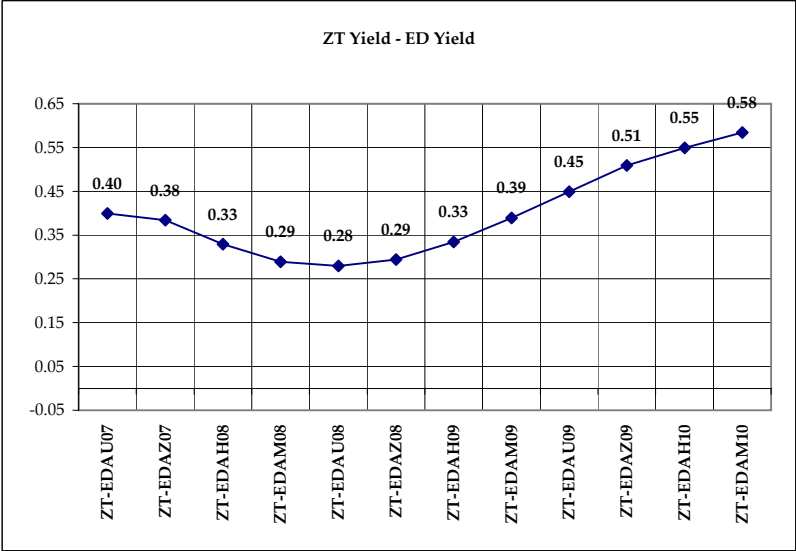
Eurodollar Color Codes for Individual Year Strips:

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

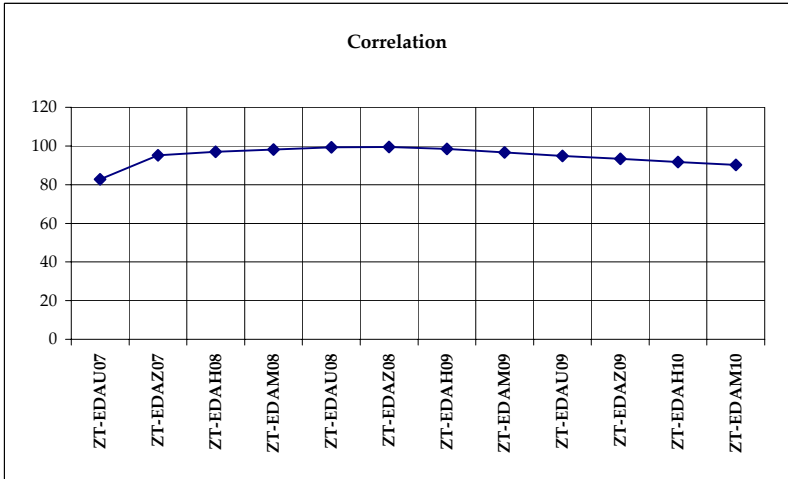
ZT				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	7.173	0.40	ZT-EDAU07	82.696
EDAZ07	7.158	0.38	ZT-EDAZ07	95.169
EDAH08	7.103	0.33	ZT-EDAH08	97.056
EDAM08	7.063	0.29	ZT-EDAM08	98.167
EDAU08	7.053	0.28	ZT-EDAU08	99.235
EDAZ08	7.068	0.29	ZT-EDAZ08	99.549
EDAH09	7.108	0.33	ZT-EDAH09	98.563
EDAM09	7.163	0.39	ZT-EDAM09	96.659
EDAU09	7.223	0.45	ZT-EDAU09	94.896
EDAZ09	7.283	0.51	ZT-EDAZ09	93.378
EDAH10	7.323	0.55	ZT-EDAH10	91.665
EDAM10	7.358	0.58	ZT-EDAM10	90.194

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	0.172	1.81	1.64	ZT-EDAU07
EDAZ07	0.421	1.81	1.39	ZT-EDAZ07
EDAH08	0.671	1.81	1.14	ZT-EDAH08
EDAM08	0.920	1.81	0.89	ZT-EDAM08
EDAU08	1.169	1.81	0.64	ZT-EDAU08
EDAZ08	1.418	1.81	0.39	ZT-EDAZ08
EDAH09	1.668	1.81	0.14	ZT-EDAH09
EDAM09	1.917	1.81	(0.11)	ZT-EDAM09
EDAU09	2.166	1.81	(0.36)	ZT-EDAU09
EDAZ09	2.416	1.81	(0.61)	ZT-EDAZ09
EDAH10	2.665	1.81	(0.86)	ZT-EDAH10
EDAM10	2.914	1.81	(1.10)	ZT-EDAM10

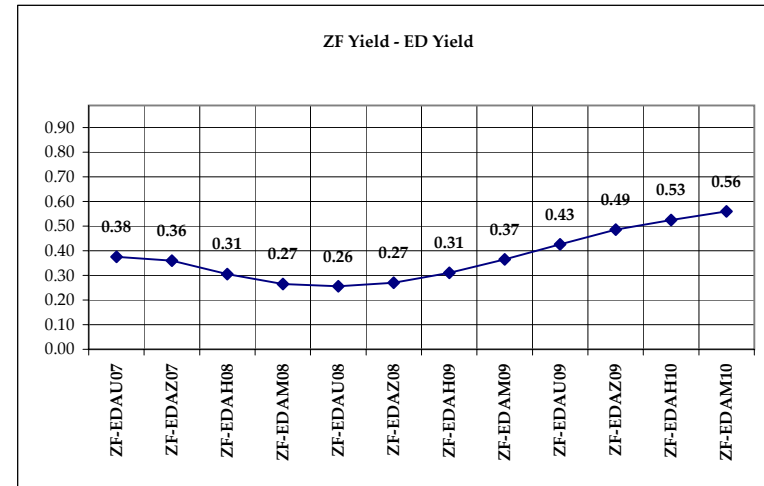
The farther away from 0 the spread duration is the riskier the trade.



Dirty TED: ZF vs Eurodollar Contracts

	ZF			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	9.24	0.38	ZF-EDAU07	85.718
EDAZ07	9.22	0.36	ZF-EDAZ07	97.392
EDAH08	9.17	0.31	ZF-EDAH08	98.773
EDAM08	9.13	0.27	ZF-EDAM08	99.367
EDAU08	9.12	0.26	ZF-EDAU08	99.372
EDAZ08	9.13	0.27	ZF-EDAZ08	99.141
EDAH09	9.17	0.31	ZF-EDAH09	99.108
EDAM09	9.23	0.37	ZF-EDAM09	98.724
EDAU09	9.29	0.43	ZF-EDAU09	98.288
EDAZ09	9.35	0.49	ZF-EDAZ09	97.568
EDAH10	9.39	0.53	ZF-EDAH10	96.595
EDAM10	9.42	0.56	ZF-EDAM10	95.502

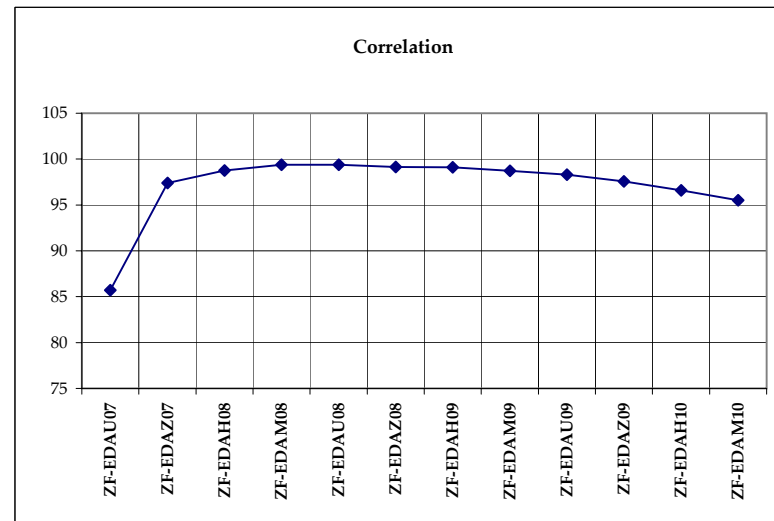
Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days



GE Duration as Fraction of year

	GE Duration as Fraction of year	ZF Duration	Spread Duration	
EDAU07	0.172	3.89	3.72	ZF-EDAU07
EDAZ07	0.421	3.89	3.47	ZF-EDAZ07
EDAH08	0.671	3.89	3.22	ZF-EDAH08
EDAM08	0.920	3.89	2.97	ZF-EDAM08
EDAU08	1.169	3.89	2.72	ZF-EDAU08
EDAZ08	1.418	3.89	2.48	ZF-EDAZ08
EDAH09	1.668	3.89	2.23	ZF-EDAH09
EDAM09	1.917	3.89	1.98	ZF-EDAM09
EDAU09	2.166	3.89	1.73	ZF-EDAU09
EDAZ09	2.416	3.89	1.48	ZF-EDAZ09
EDAH10	2.665	3.89	1.23	ZF-EDAH10
EDAM10	2.914	3.89	0.98	ZF-EDAM10

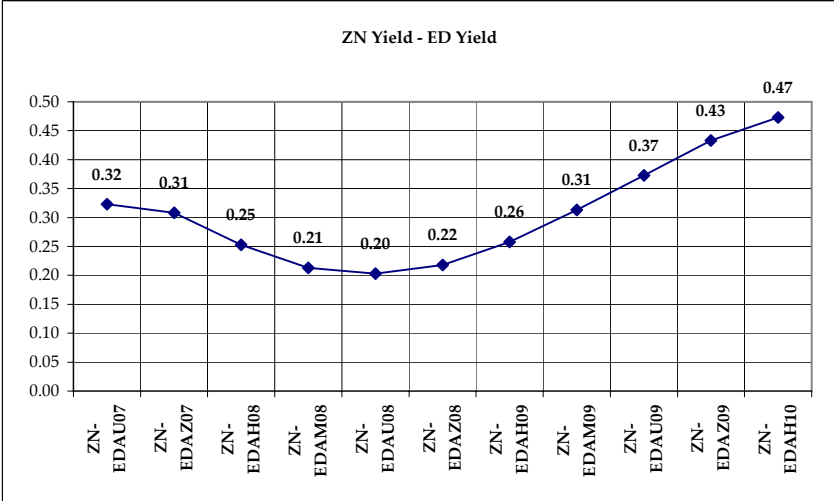
The farther away from 0 the spread duration is the riskier the trade.



Dirty TED: ZN vs Eurodollar Contracts

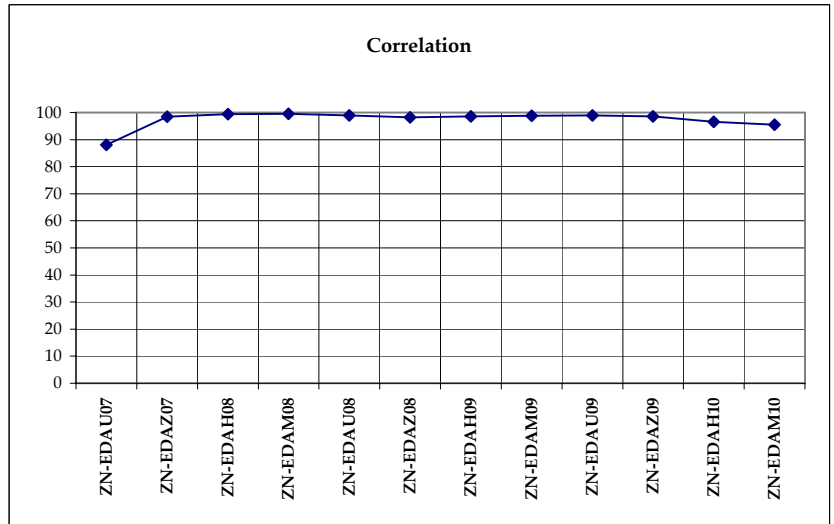
ZN				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	10.61	0.32	ZN-EDAU07	88.01
EDAZ07	10.60	0.31	ZN-EDAZ07	98.45
EDAH08	10.54	0.25	ZN-EDAH08	99.40
EDAM08	10.50	0.21	ZN-EDAM08	99.51
EDAU08	10.49	0.20	ZN-EDAU08	98.90
EDAZ08	10.51	0.22	ZN-EDAZ08	98.21
EDAH09	10.55	0.26	ZN-EDAH09	98.58
EDAM09	10.60	0.31	ZN-EDAM09	98.78
EDAU09	10.66	0.37	ZN-EDAU09	98.97
EDAZ09	10.72	0.43	ZN-EDAZ09	98.61
EDAH10	10.76	0.47	ZN-EDAH10	96.59
EDAM10	10.80	0.51	ZN-EDAM10	95.50

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	0.172	5.71	5.54	ZN-EDAU07
EDAZ07	0.421	5.71	5.29	ZN-EDAZ07
EDAH08	0.671	5.71	5.04	ZN-EDAH08
EDAM08	0.920	5.71	4.79	ZN-EDAM08
EDAU08	1.169	5.71	4.54	ZN-EDAU08
EDAZ08	1.418	5.71	4.29	ZN-EDAZ08
EDAH09	1.668	5.71	4.04	ZN-EDAH09
EDAM09	1.917	5.71	3.80	ZN-EDAM09
EDAU09	2.166	5.71	3.55	ZN-EDAU09
EDAZ09	2.416	5.71	3.30	ZN-EDAZ09
EDAH10	2.665	5.71	3.05	ZN-EDAH10
EDAM10	2.914	5.71	2.80	ZN-EDAM10

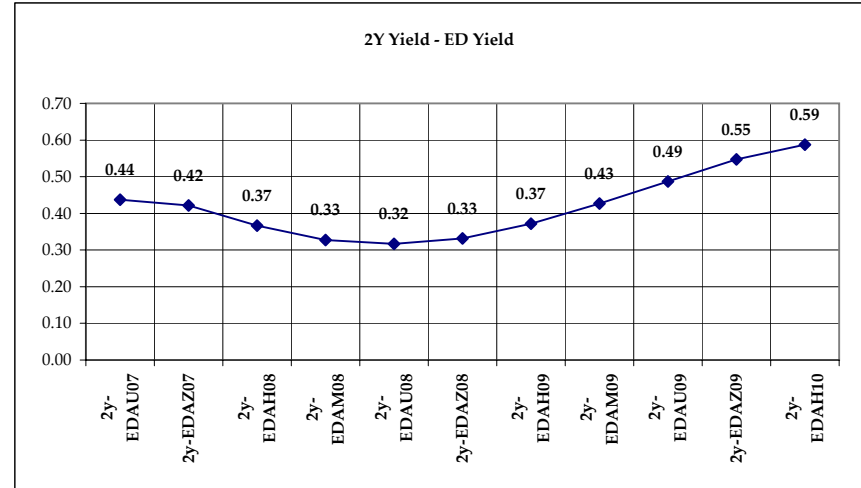
The farther away from 0 the spread duration is the riskier the trade.



TERM TED: 2y vs Eurodollar Contracts

	2y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	5.27	0.44	2y-EDAU07	-78.903
EDAZ07	5.26	0.42	2y-EDAZ07	-91.242
EDAH08	5.20	0.37	2y-EDAH08	-92.018
EDAM08	5.16	0.33	2y-EDAM08	-92.091
EDAU08	5.15	0.32	2y-EDAU08	-92.375
EDAZ08	5.17	0.33	2y-EDAZ08	-92.091
EDAH09	5.21	0.37	2y-EDAH09	-92.380
EDAM09	5.26	0.43	2y-EDAM09	-91.175
EDAU09	5.32	0.49	2y-EDAU09	-90.030
EDAZ09	5.38	0.55	2y-EDAZ09	-88.915
EDAH10	5.42	0.59	2y-EDAH10	-88.119
EDAM10	5.46	0.62	2y-EDAM10	-86.815

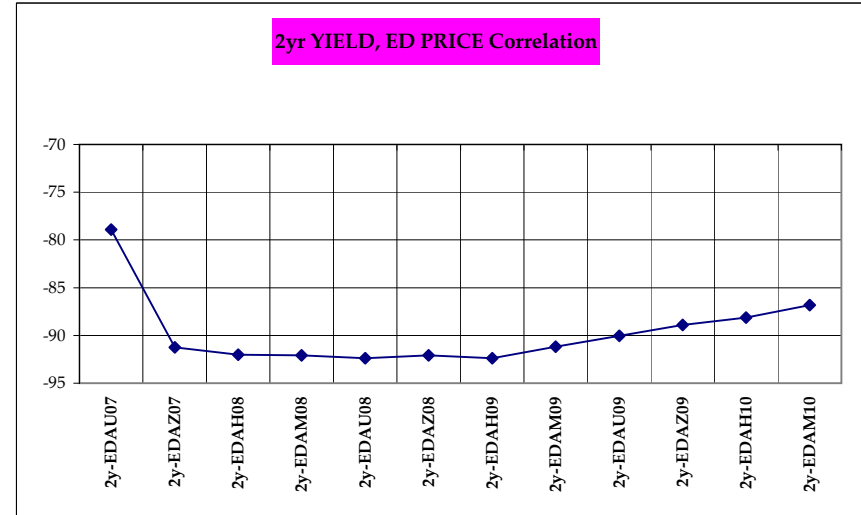
Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days.
 These are measuring YIELD correlations.



GE Duration as

	Fraction of year	2Y Duration	Spread Duration	
EDAU07	0.172	1.95	1.77	2y-EDAU07
EDAZ07	0.421	1.95	1.52	2y-EDAZ07
EDAH08	0.671	1.95	1.28	2y-EDAH08
EDAM08	0.920	1.95	1.03	2y-EDAM08
EDAU08	1.169	1.95	0.78	2y-EDAU08
EDAZ08	1.418	1.95	0.53	2y-EDAZ08
EDAH09	1.668	1.95	0.28	2y-EDAH09
EDAM09	1.917	1.95	0.03	2y-EDAM09
EDAU09	2.166	1.95	(0.22)	2y-EDAU09
EDAZ09	2.416	1.95	(0.47)	2y-EDAZ09
EDAH10	2.665	1.95	(0.72)	2y-EDAH10
EDAM10	2.914	1.95	(0.97)	2y-EDAM10

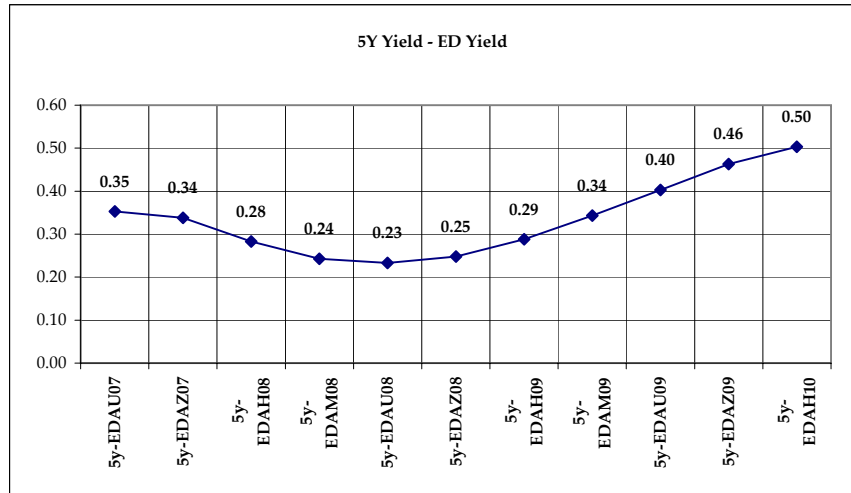
The farther away from 0 the spread duration is the riskier the trade.



TERM TED: 5y vs Eurodollar Contracts

	5y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	4.83	0.35	5y-EDAU07	-83.235
EDAZ07	4.81	0.34	5y-EDAZ07	-96.321
EDAH08	4.76	0.28	5y-EDAH08	-97.139
EDAM08	4.72	0.24	5y-EDAM08	-96.893
EDAU08	4.71	0.23	5y-EDAU08	-96.016
EDAZ08	4.72	0.25	5y-EDAZ08	-96.893
EDAH09	4.76	0.29	5y-EDAH09	-95.537
EDAM09	4.82	0.34	5y-EDAM09	-95.947
EDAU09	4.88	0.40	5y-EDAU09	-96.589
EDAZ09	4.94	0.46	5y-EDAZ09	-96.502
EDAH10	4.98	0.50	5y-EDAH10	-96.275
EDAM10	5.01	0.54	5y-EDAM10	-95.404

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.

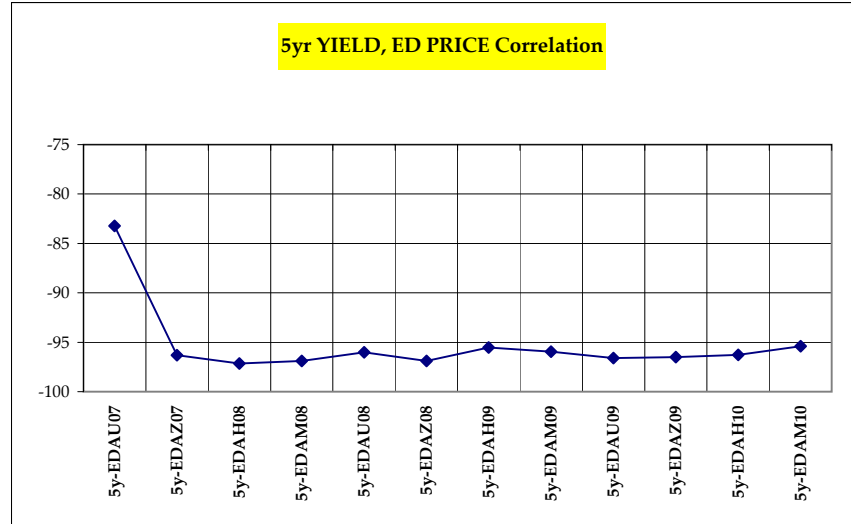


GE Duration as Fraction of year

	5Y Duration	Spread Duration	
EDAU07	0.172	4.34	4.17 5y-EDAU07
EDAZ07	0.421	4.34	3.92 5y-EDAZ07
EDAH08	0.671	4.34	3.67 5y-EDAH08
EDAM08	0.920	4.34	3.42 5y-EDAM08
EDAU08	1.169	4.34	3.17 5y-EDAU08
EDAZ08	1.418	4.34	2.92 5y-EDAZ08
EDAH09	1.668	4.34	2.67 5y-EDAH09
EDAM09	1.917	4.34	2.42 5y-EDAM09
EDAU09	2.166	4.34	2.17 5y-EDAU09
EDAZ09	2.416	4.34	1.93 5y-EDAZ09
EDAH10	2.665	4.34	1.68 5y-EDAH10
EDAM10	2.914	4.34	1.43 5y-EDAM10

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

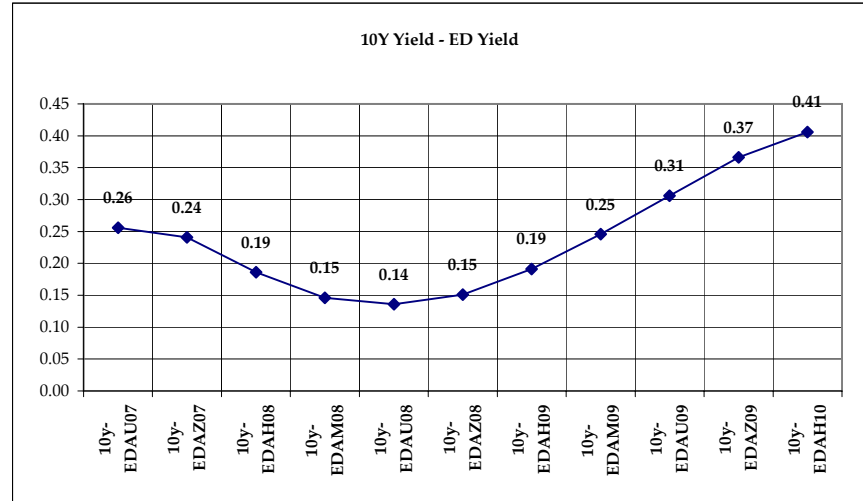
5yr YIELD, ED PRICE Correlation



TERM TED: 10y vs Eurodollar Contracts

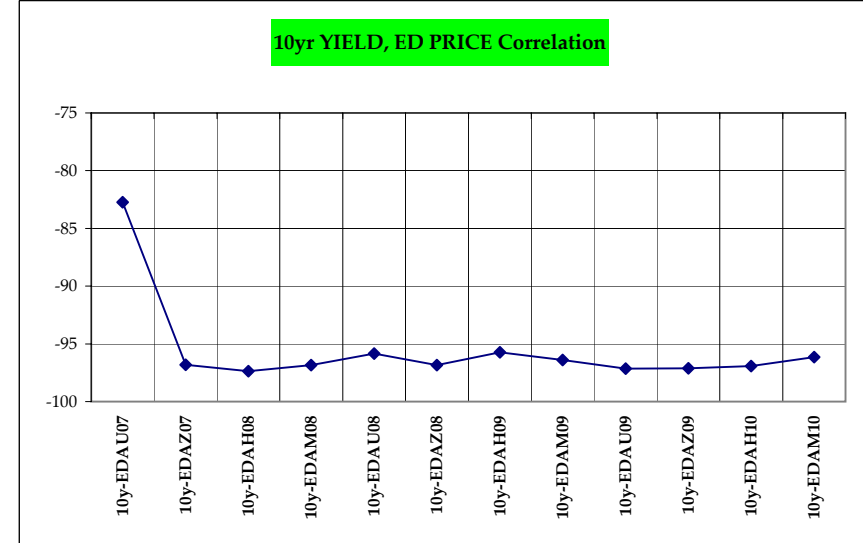
	10y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	4.83	0.26	10y-EDAU07	-82.724
EDAZ07	4.81	0.24	10y-EDAZ07	-96.825
EDAH08	4.76	0.19	10y-EDAH08	-97.360
EDAM08	4.72	0.15	10y-EDAM08	-96.843
EDAU08	4.71	0.14	10y-EDAU08	-95.848
EDAZ08	4.72	0.15	10y-EDAZ08	-96.843
EDAH09	4.76	0.19	10y-EDAH09	-95.719
EDAM09	4.82	0.25	10y-EDAM09	-96.408
EDAU09	4.88	0.31	10y-EDAU09	-97.138
EDAZ09	4.94	0.37	10y-EDAZ09	-97.117
EDAH10	4.98	0.41	10y-EDAH10	-96.936
EDAM10	5.01	0.44	10y-EDAM10	-96.161

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			
	Fraction of year	10Y Duration	Spread Duration	
EDAU07	0.172	7.74	7.57	10y-EDAU07
EDAZ07	0.421	7.74	7.32	10y-EDAZ07
EDAH08	0.671	7.74	7.07	10y-EDAH08
EDAM08	0.920	7.74	6.82	10y-EDAM08
EDAU08	1.169	7.74	6.57	10y-EDAU08
EDAZ08	1.418	7.74	6.32	10y-EDAZ08
EDAH09	1.668	7.74	6.07	10y-EDAH09
EDAM09	1.917	7.74	5.82	10y-EDAM09
EDAU09	2.166	7.74	5.57	10y-EDAU09
EDAZ09	2.416	7.74	5.33	10y-EDAZ09
EDAH10	2.665	7.74	5.08	10y-EDAH10
EDAM10	2.914	7.74	4.83	10y-EDAM10

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

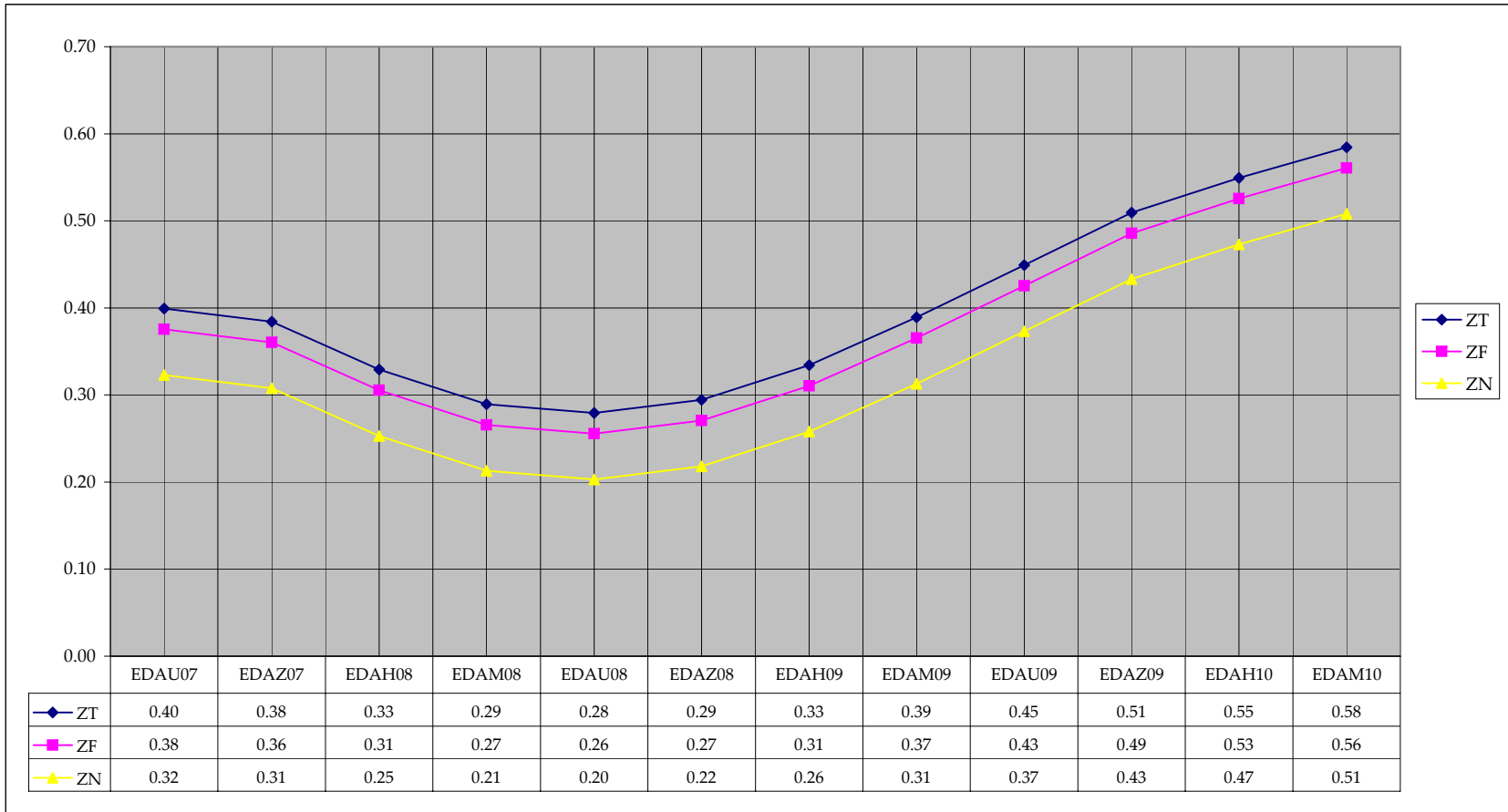


Jim Goulding, jgoulding@ghco.com

The Morning Email, TED

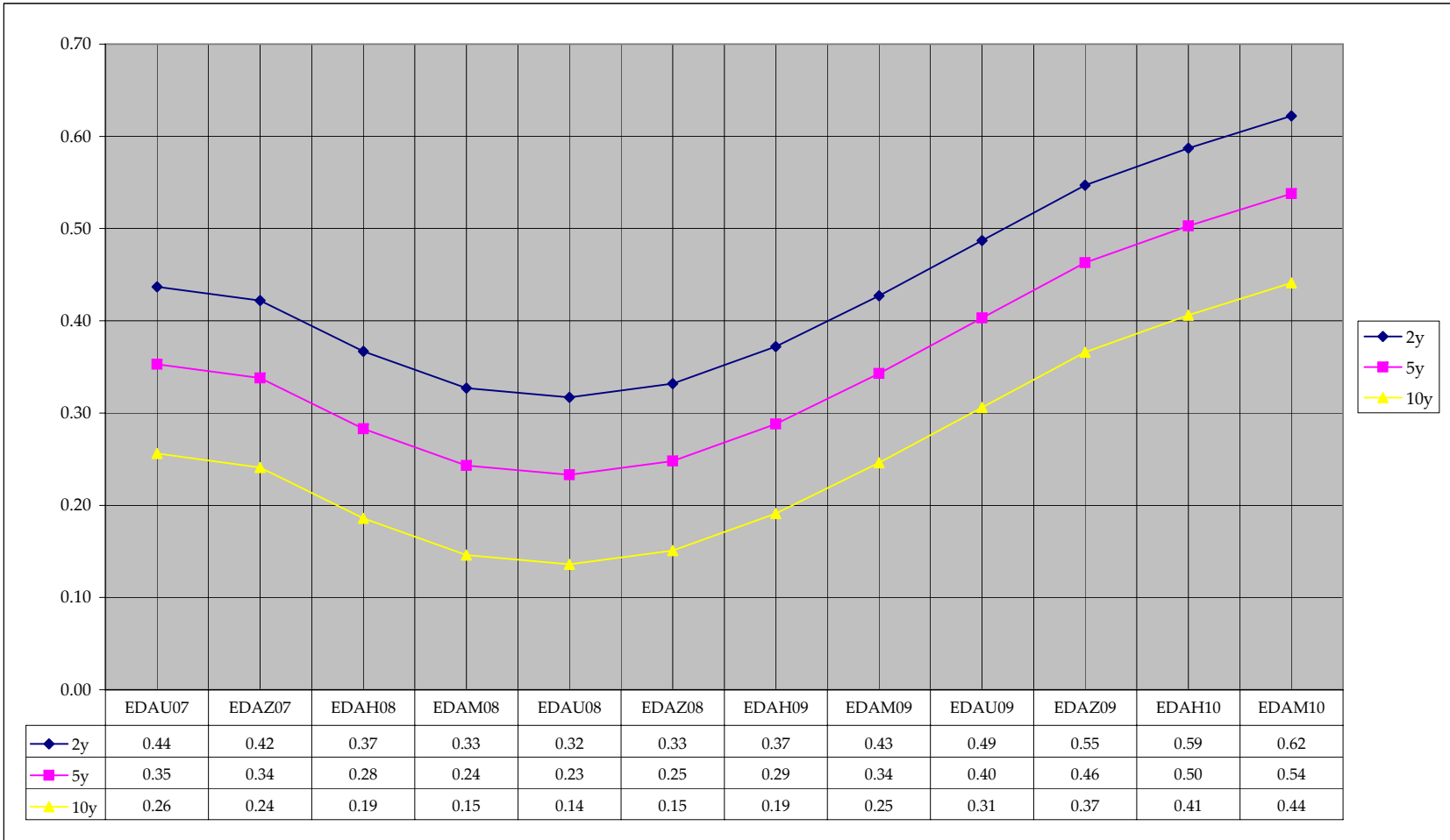
Dirty TED Curve

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.

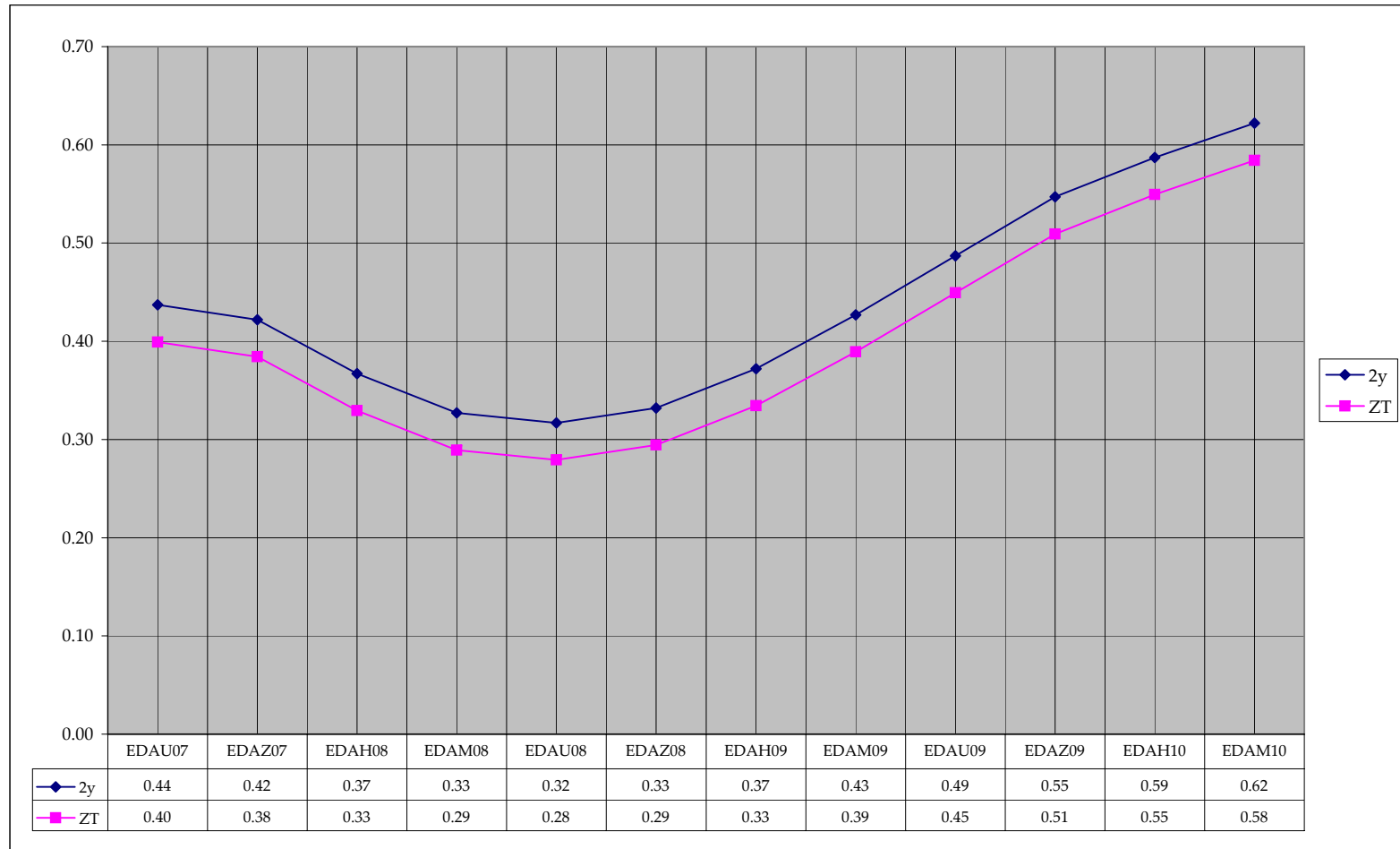


TED Curve

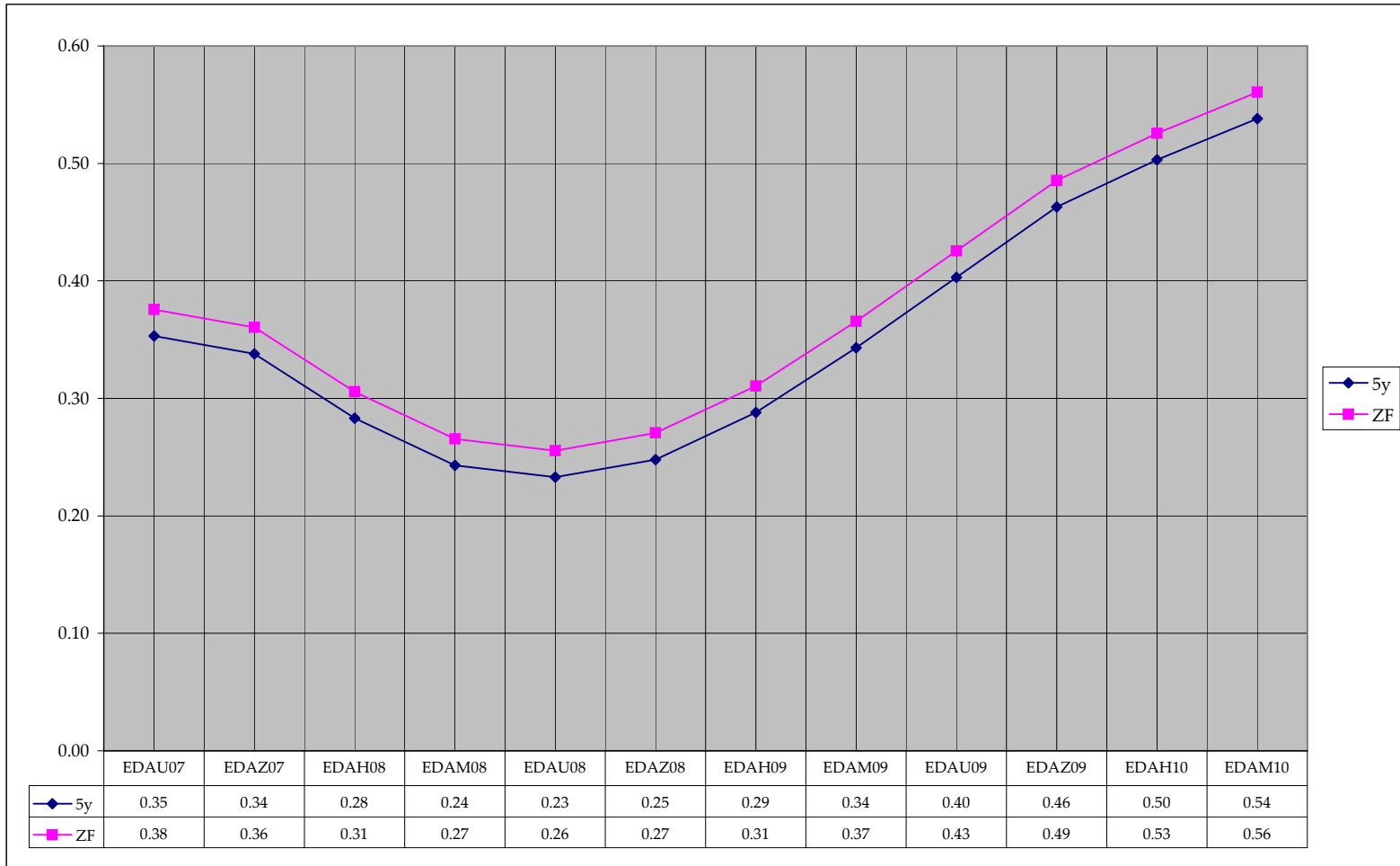
Chart values show the differences between ED contract and Treasury Cash contract. Those values can be seen in the table at the bottom of the chart. Each cash treasury is then plotted on the chart to compare differences in the durations and basis point values.



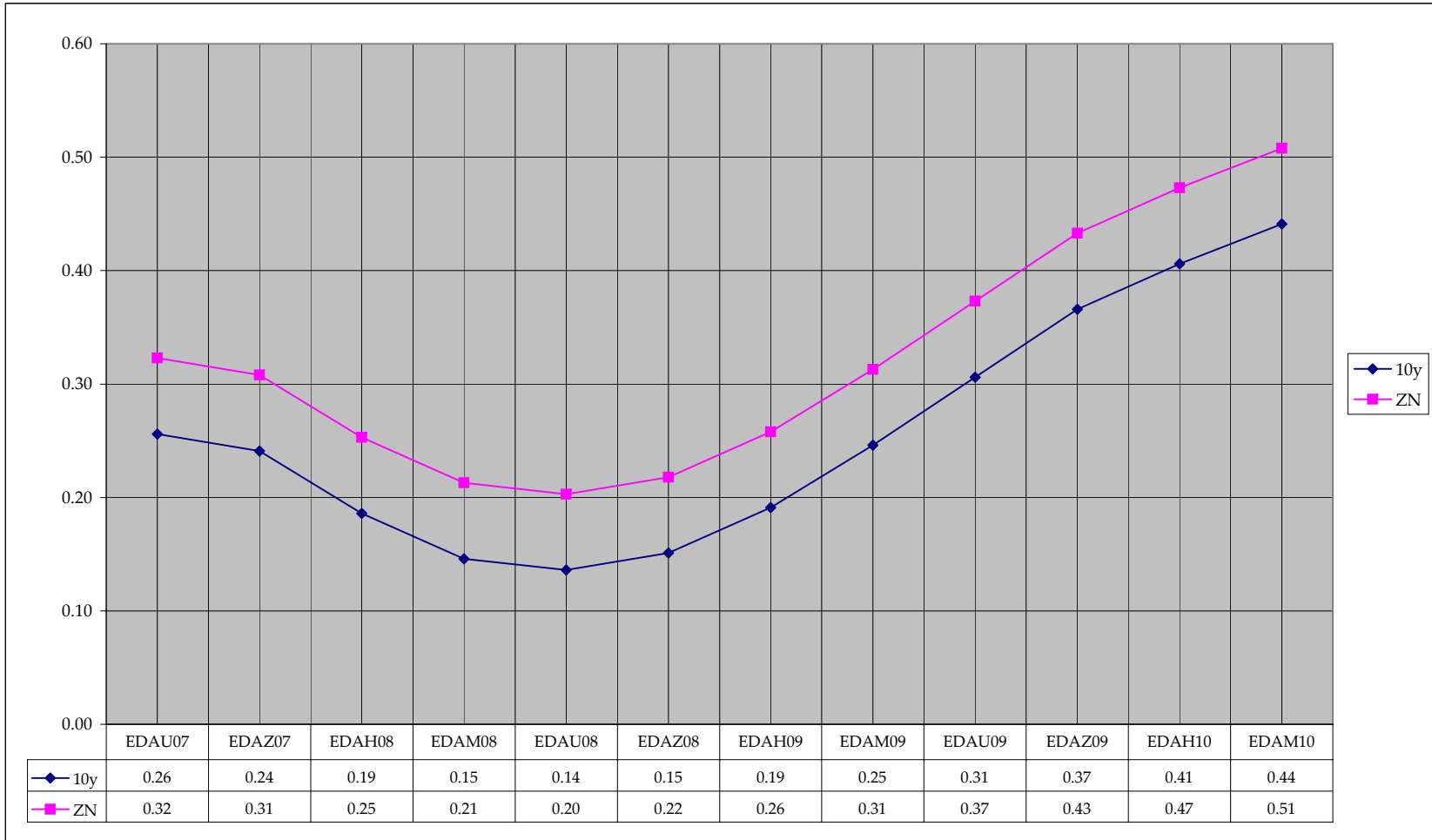
2y Basis TED Curve



5y Basis TED Curve



10y Basis TED Curve



Packs

	last Yield	Net Last Yield	Last Price
Q.ED.White	5.442	0.875	9470.375
Q.ED.Red	5.415	3.000	9473.000
Q.ED.Green	5.622	3.375	9453.125
Q.ED.Blue	0.625	0.625	9435.125
Q.ED.Gold	0.000	0.000	9421.750
Q.ED.Purple	0.000	0.000	9421.750

