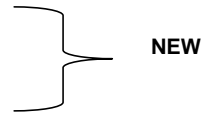


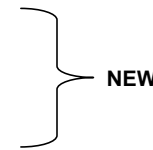
The Morning Email: TERM TEDS & Dirty TEDS

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Also new, correlation matrixes for all contracts.

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.

F.I. Futures and Cash				
	Last Decimal	Last 32	Last Yield*	**MDuration
ZT	101.8750	101.280	4.936	1.89
ZF	104.4063	104.130	4.857	4.01
ZN	106.3438	106.110	4.873	5.84
Blank				
2y	99.906	99.2900	4.921	2.06
5y	99.538	99.1720	4.855	4.33
10y	96.906	96.2900	4.896	7.88

*Futures use CTD for Last Yield

**Mduration = Modified Macaulay Duration

Eurodollars (ED)						
	Last Price	Last Imp Yield	Days til Expr.	Fraction of year	Month	
EDAM07	94.638	5.363	17	0.046	JUN	} White Pack
EDAU07	94.655	5.345	108	0.295	SEP	
EDAZ07	94.700	5.300	199	0.545	DEC	
EDAH08	94.770	5.230	290	0.794	MAR	
EDAM08	94.825	5.175	381	1.043	JUN	} Red Pack
EDAU08	94.850	5.150	472	1.292	SEP	
EDAZ08	94.855	5.145	563	1.542	DEC	
EDAH09	94.860	5.140	654	1.791	MAR	
EDAM09	94.845	5.155	745	2.040	JUN	} Green Pack
EDAU09	94.820	5.180	836	2.290	SEP	
EDAZ09	94.780	5.220	927	2.539	DEC	
EDAH10	94.765	5.235	1018	2.788	MAR	

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

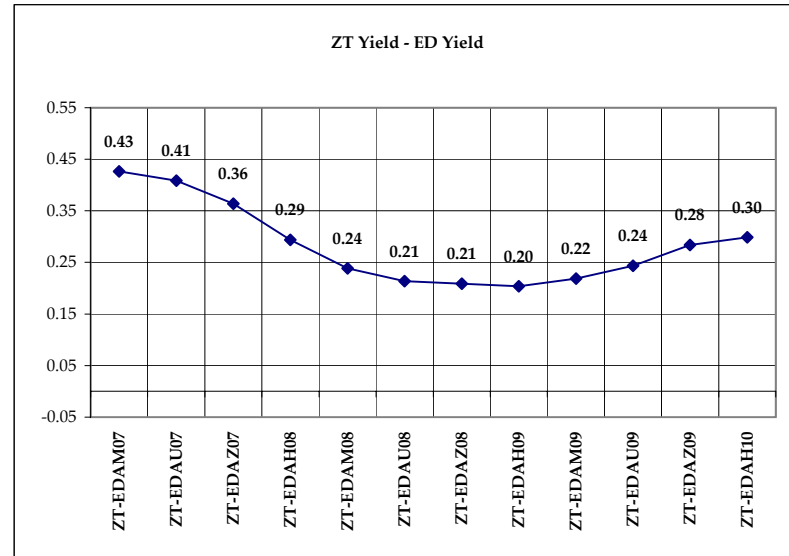
Eurodollar Color Codes for Individual Year Strips:

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)
EDAM07	7.238	0.43	ZT-EDAM07	93.499
EDAU07	7.220	0.41	ZT-EDAU07	96.093
EDAZ07	7.175	0.36	ZT-EDAZ07	98.377
EDAH08	7.105	0.29	ZT-EDAH08	98.874
EDAM08	7.050	0.24	ZT-EDAM08	99.373
EDAU08	7.025	0.21	ZT-EDAU08	99.277
EDAZ08	7.020	0.21	ZT-EDAZ08	93.499
EDAH09	7.015	0.20	ZT-EDAH09	93.499
EDAM09	7.030	0.22	ZT-EDAM09	93.499
EDAU09	7.055	0.24	ZT-EDAU09	93.499
EDAZ09	7.095	0.28	ZT-EDAZ09	93.499
EDAH10	7.110	0.30	ZT-EDAH10	97.760

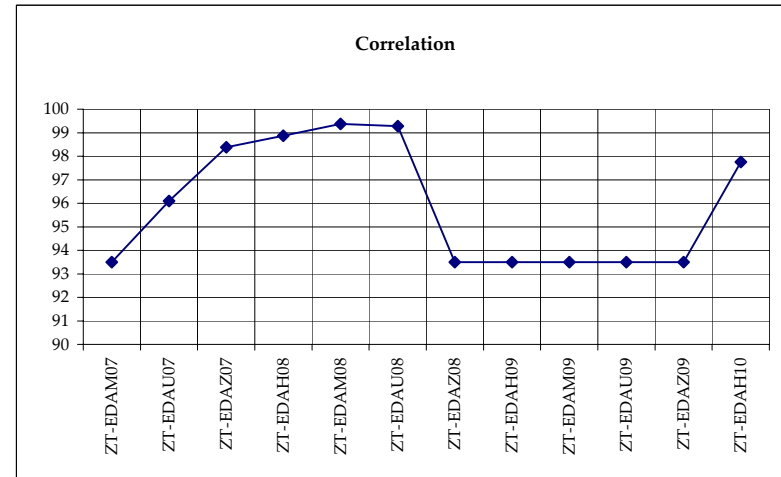
Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days



GE Duration as

	Fraction of year	ZT Duration	Spread Duration	
EDAM07	0.046	1.89	1.84	ZT-EDAM07
EDAU07	0.295	1.89	1.59	ZT-EDAU07
EDAZ07	0.545	1.89	1.34	ZT-EDAZ07
EDAH08	0.794	1.89	1.09	ZT-EDAH08
EDAM08	1.043	1.89	0.84	ZT-EDAM08
EDAU08	1.292	1.89	0.59	ZT-EDAU08
EDAZ08	1.542	1.89	0.34	ZT-EDAZ08
EDAH09	1.791	1.89	0.10	ZT-EDAH09
EDAM09	2.040	1.89	(0.15)	ZT-EDAM09
EDAU09	2.290	1.89	(0.40)	ZT-EDAU09
EDAZ09	2.539	1.89	(0.65)	ZT-EDAZ09
EDAH10	2.788	1.89	(0.90)	ZT-EDAH10

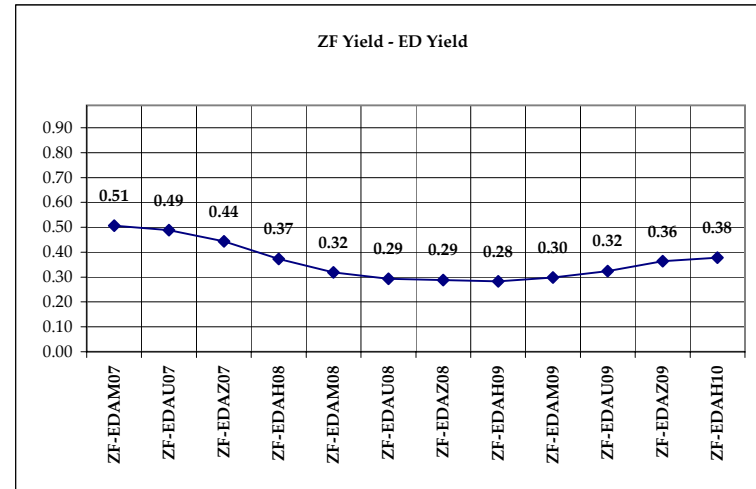
The farther away from 0 the spread duration is the riskier the trade.



Dirty TED: ZF vs Eurodollar Contracts

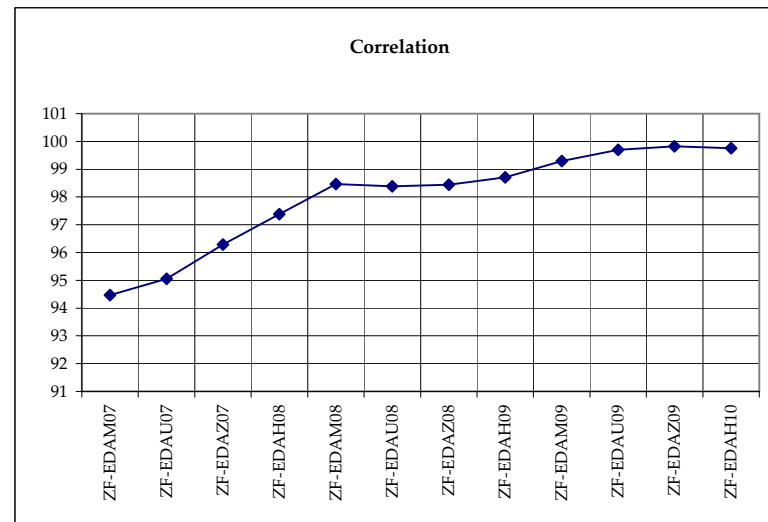
ZF				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAM07	9.77	0.51	ZF-EDAM07	94.463
EDAU07	9.75	0.49	ZF-EDAU07	95.059
EDAZ07	9.71	0.44	ZF-EDAZ07	96.286
EDAH08	9.64	0.37	ZF-EDAH08	97.388
EDAM08	9.58	0.32	ZF-EDAM08	98.464
EDAU08	9.56	0.29	ZF-EDAU08	98.386
EDAZ08	9.55	0.29	ZF-EDAZ08	98.437
EDAH09	9.55	0.28	ZF-EDAH09	98.709
EDAM09	9.56	0.30	ZF-EDAM09	99.301
EDAU09	9.59	0.32	ZF-EDAU09	99.693
EDAZ09	9.63	0.36	ZF-EDAZ09	99.820
EDAH10	9.64	0.38	ZF-EDAH10	99.751

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	ZF Duration	Spread Duration	
EDAM07	0.046	4.01	3.97	ZF-EDAM07
EDAU07	0.295	4.01	3.72	ZF-EDAU07
EDAZ07	0.545	4.01	3.47	ZF-EDAZ07
EDAH08	0.794	4.01	3.22	ZF-EDAH08
EDAM08	1.043	4.01	2.97	ZF-EDAM08
EDAU08	1.292	4.01	2.72	ZF-EDAU08
EDAZ08	1.542	4.01	2.47	ZF-EDAZ08
EDAH09	1.791	4.01	2.22	ZF-EDAH09
EDAM09	2.040	4.01	1.97	ZF-EDAM09
EDAU09	2.290	4.01	1.72	ZF-EDAU09
EDAZ09	2.539	4.01	1.47	ZF-EDAZ09
EDAH10	2.788	4.01	1.22	ZF-EDAH10

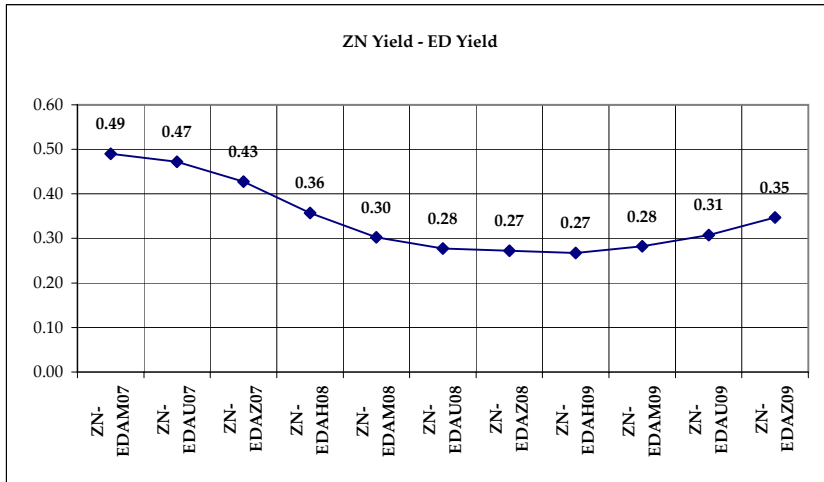
The farther away from 0 the spread duration is the riskier the trade.



Dirty TED: ZN vs Eurodollar Contracts

	ZN			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAM07	11.71	0.49	ZN-EDAM07	93.94
EDAU07	11.69	0.47	ZN-EDAU07	93.73
EDAZ07	11.64	0.43	ZN-EDAZ07	93.39
EDAH08	11.57	0.36	ZN-EDAH08	94.55
EDAM08	11.52	0.30	ZN-EDAM08	95.69
EDAU08	11.49	0.28	ZN-EDAU08	95.57
EDAZ08	11.49	0.27	ZN-EDAZ08	95.60
EDAH09	11.48	0.27	ZN-EDAH09	96.05
EDAM09	11.50	0.28	ZN-EDAM09	97.16
EDAU09	11.52	0.31	ZN-EDAU09	98.24
EDAZ09	11.56	0.35	ZN-EDAZ09	98.68
EDAH10	11.58	0.36	ZN-EDAH10	99.75

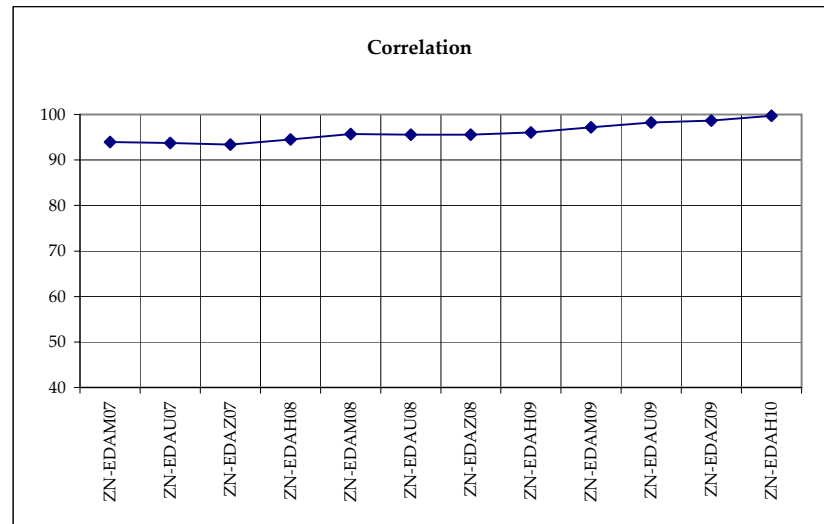
Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days



GE Duration as Fraction of year

	ZN Duration	Spread Duration	
EDAM07	0.046	5.84	ZN-EDAM07
EDAU07	0.295	5.84	ZN-EDAU07
EDAZ07	0.545	5.84	ZN-EDAZ07
EDAH08	0.794	5.84	ZN-EDAH08
EDAM08	1.043	5.84	ZN-EDAM08
EDAU08	1.292	5.84	ZN-EDAU08
EDAZ08	1.542	5.84	ZN-EDAZ08
EDAH09	1.791	5.84	ZN-EDAH09
EDAM09	2.040	5.84	ZN-EDAM09
EDAU09	2.290	5.84	ZN-EDAU09
EDAZ09	2.539	5.84	ZN-EDAZ09
EDAH10	2.788	5.84	ZN-EDAH10

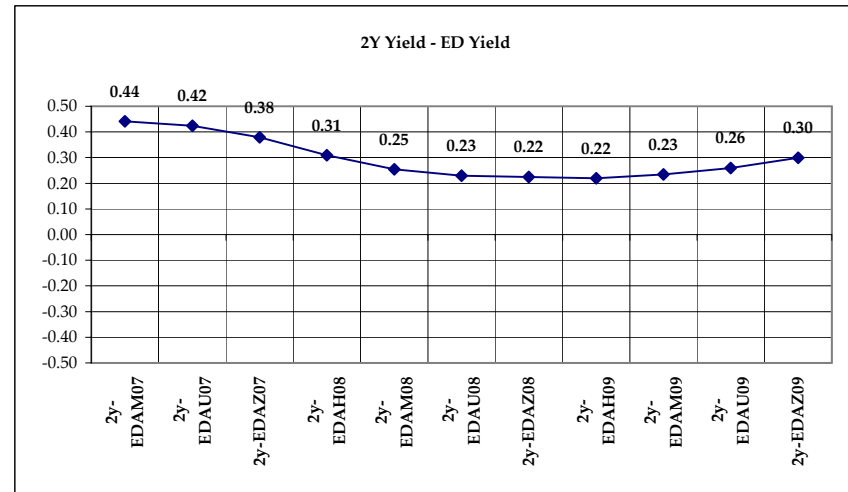
The farther away from 0 the spread duration is the riskier the trade.



TERM TED: 2y vs Eurodollar Contracts

	2y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAM07	5.27	0.44	2y-EDAM07	-61.330
EDAU07	5.25	0.42	2y-EDAU07	-62.411
EDAZ07	5.21	0.38	2y-EDAZ07	-71.990
EDAH08	5.14	0.31	2y-EDAH08	-71.318
EDAM08	5.08	0.25	2y-EDAM08	-70.611
EDAU08	5.06	0.23	2y-EDAU08	-70.496
EDAZ08	5.05	0.22	2y-EDAZ08	-61.330
EDAH09	5.05	0.22	2y-EDAH09	-61.330
EDAM09	5.06	0.23	2y-EDAM09	-61.330
EDAU09	5.09	0.26	2y-EDAU09	-61.330
EDAZ09	5.13	0.30	2y-EDAZ09	-61.330
EDAH10	5.14	0.31	2y-EDAH10	-66.153

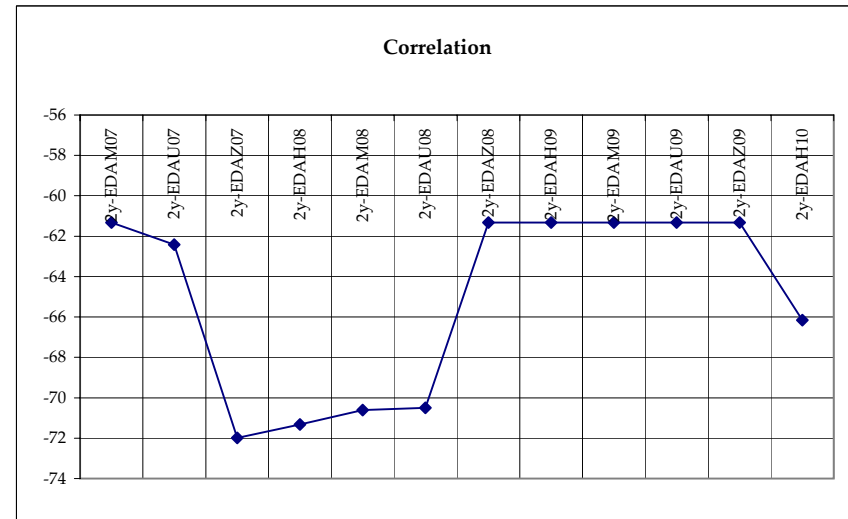
Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days



GE Duration as Fraction of year

	2Y Duration	Spread Duration	
EDAM07	0.046	2.06	2y-EDAM07
EDAU07	0.295	2.06	2y-EDAU07
EDAZ07	0.545	2.06	2y-EDAZ07
EDAH08	0.794	2.06	2y-EDAH08
EDAM08	1.043	2.06	2y-EDAM08
EDAU08	1.292	2.06	2y-EDAU08
EDAZ08	1.542	2.06	2y-EDAZ08
EDAH09	1.791	2.06	2y-EDAH09
EDAM09	2.040	2.06	2y-EDAM09
EDAU09	2.290	2.06	2y-EDAU09
EDAZ09	2.539	2.06	2y-EDAZ09
EDAH10	2.788	2.06	2y-EDAH10

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



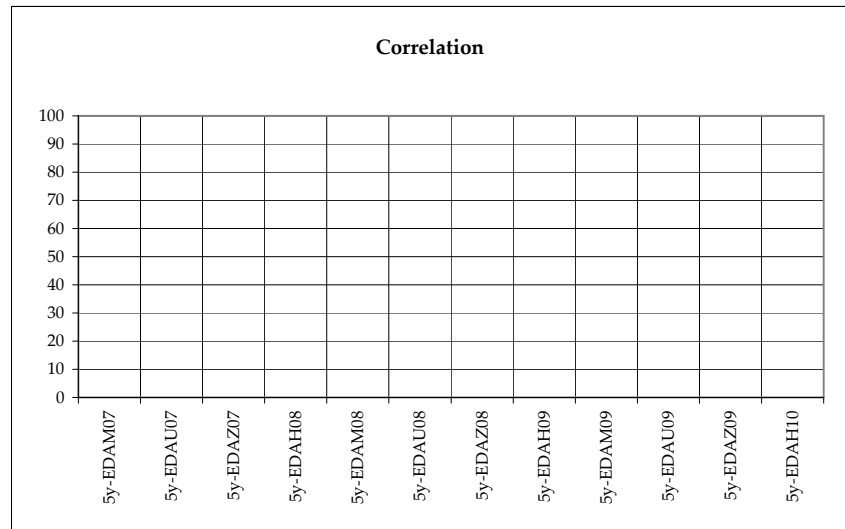
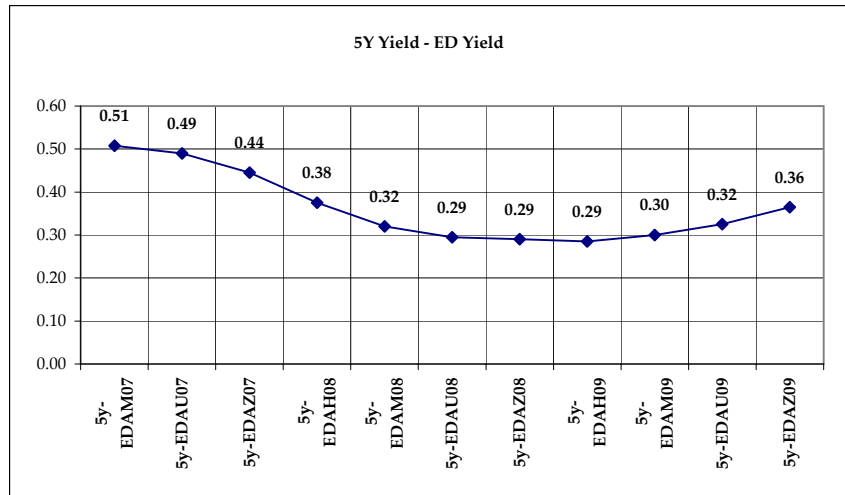
TERM TED: 5y vs Eurodollar Contracts

	5y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAM07	4.90	0.51	5y-EDAM07	-23.198
EDAU07	4.88	0.49	5y-EDAU07	-44.236
EDAZ07	4.84	0.44	5y-EDAZ07	-48.920
EDAH08	4.77	0.38	5y-EDAH08	-45.175
EDAM08	4.71	0.32	5y-EDAM08	-39.319
EDAU08	4.69	0.29	5y-EDAU08	-39.223
EDAZ08	4.68	0.29	5y-EDAZ08	-23.198
EDAH09	4.68	0.29	5y-EDAH09	-23.198
EDAM09	4.69	0.30	5y-EDAM09	-23.198
EDAU09	4.72	0.32	5y-EDAU09	-23.198
EDAZ09	4.76	0.36	5y-EDAZ09	-23.198
EDAH10	4.77	0.38	5y-EDAH10	-28.679

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	5Y Duration	Spread Duration	
EDAM07	0.046	4.33	4.28	5y-EDAM07
EDAU07	0.295	4.33	4.03	5y-EDAU07
EDAZ07	0.545	4.33	3.78	5y-EDAZ07
EDAH08	0.794	4.33	3.53	5y-EDAH08
EDAM08	1.043	4.33	3.29	5y-EDAM08
EDAU08	1.292	4.33	3.04	5y-EDAU08
EDAZ08	1.542	4.33	2.79	5y-EDAZ08
EDAH09	1.791	4.33	2.54	5y-EDAH09
EDAM09	2.040	4.33	2.29	5y-EDAM09
EDAU09	2.290	4.33	2.04	5y-EDAU09
EDAZ09	2.539	4.33	1.79	5y-EDAZ09
EDAH10	2.788	4.33	1.54	5y-EDAH10

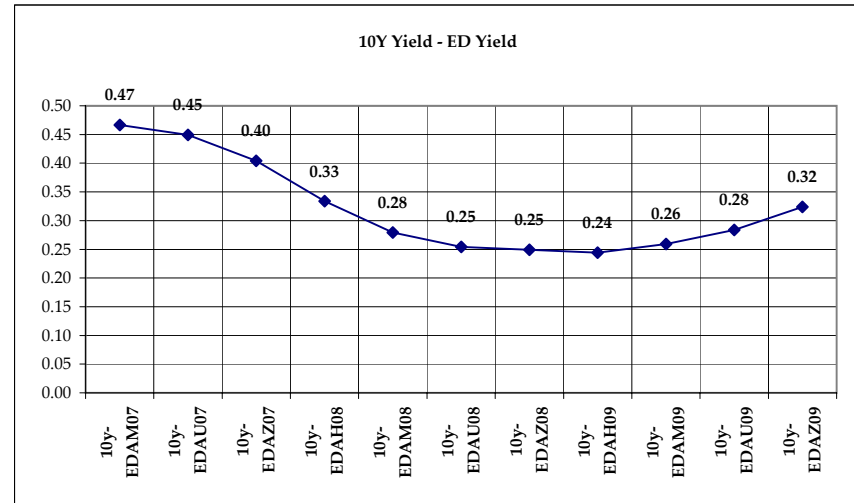
The farther away from 0 the spread duration is the riskier the trade.



TERM TED: 10y vs Eurodollar Contracts

	10y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAM07	4.90	0.47	10y-EDAM07	91.482
EDAU07	4.88	0.45	10y-EDAU07	93.432
EDAZ07	4.84	0.40	10y-EDAZ07	92.765
EDAH08	4.77	0.33	10y-EDAH08	94.052
EDAM08	4.71	0.28	10y-EDAM08	95.185
EDAU08	4.69	0.25	10y-EDAU08	95.059
EDAZ08	4.68	0.25	10y-EDAZ08	91.482
EDAH09	4.68	0.24	10y-EDAH09	91.482
EDAM09	4.69	0.26	10y-EDAM09	91.482
EDAU09	4.72	0.28	10y-EDAU09	91.482
EDAZ09	4.76	0.32	10y-EDAZ09	91.482
EDAH10	4.77	0.34	10y-EDAH10	97.847

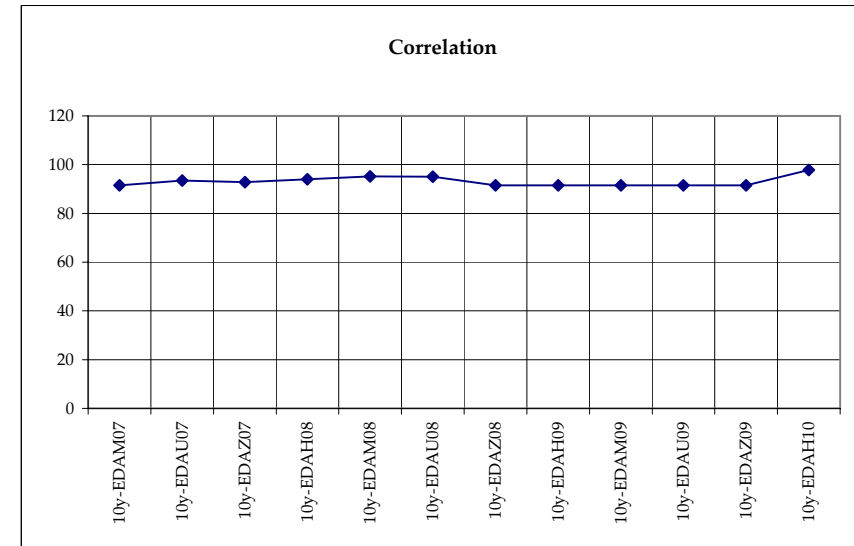
Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days



GE Duration as Fraction of year

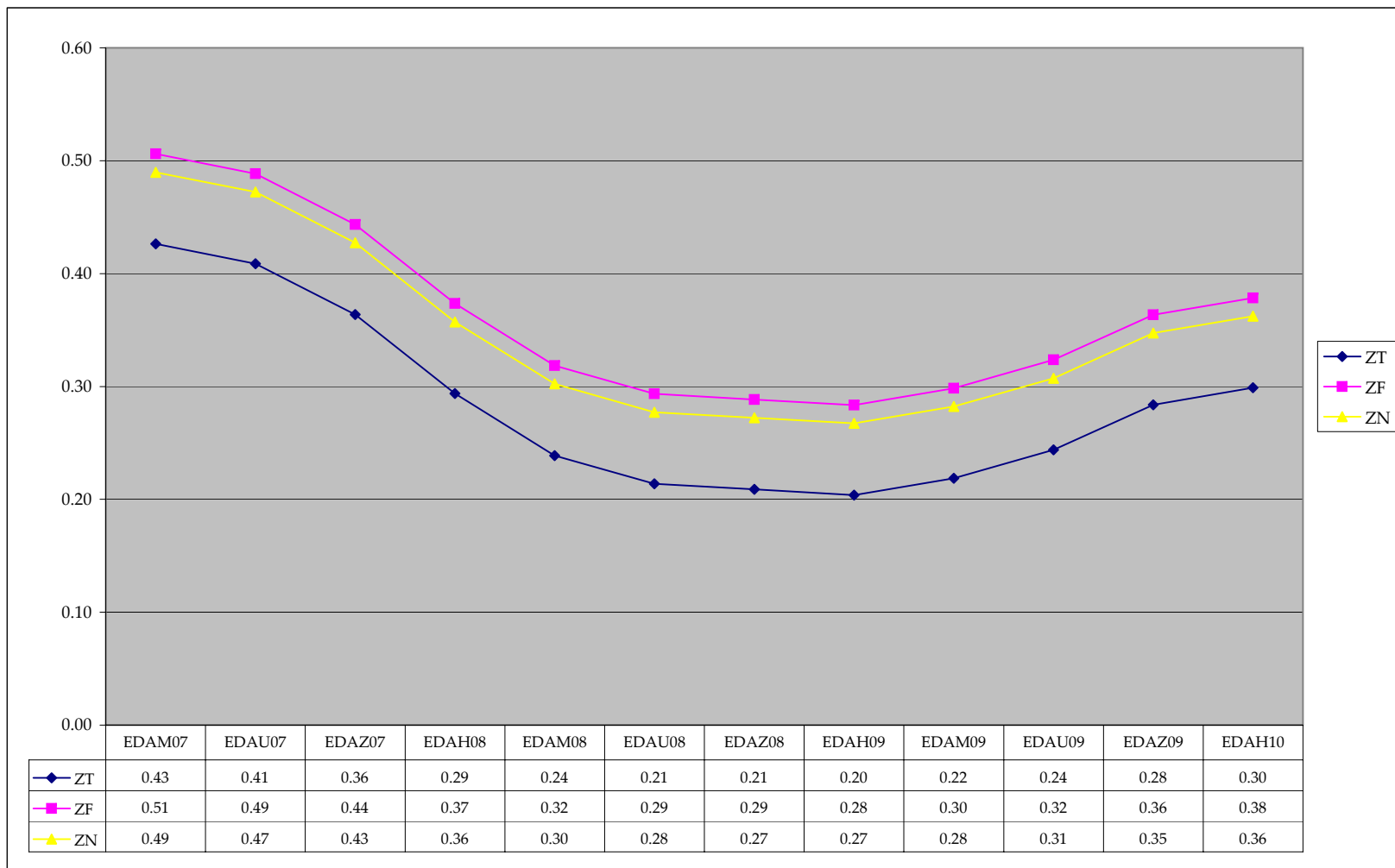
	10Y Duration	Spread Duration	
EDAM07	0.046	7.83	10y-EDAM07
EDAU07	0.295	7.58	10y-EDAU07
EDAZ07	0.545	7.33	10y-EDAZ07
EDAH08	0.794	7.09	10y-EDAH08
EDAM08	1.043	6.84	10y-EDAM08
EDAU08	1.292	6.59	10y-EDAU08
EDAZ08	1.542	6.34	10y-EDAZ08
EDAH09	1.791	6.09	10y-EDAH09
EDAM09	2.040	5.84	10y-EDAM09
EDAU09	2.290	5.59	10y-EDAU09
EDAZ09	2.539	5.34	10y-EDAZ09
EDAH10	2.788	5.09	10y-EDAH10

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



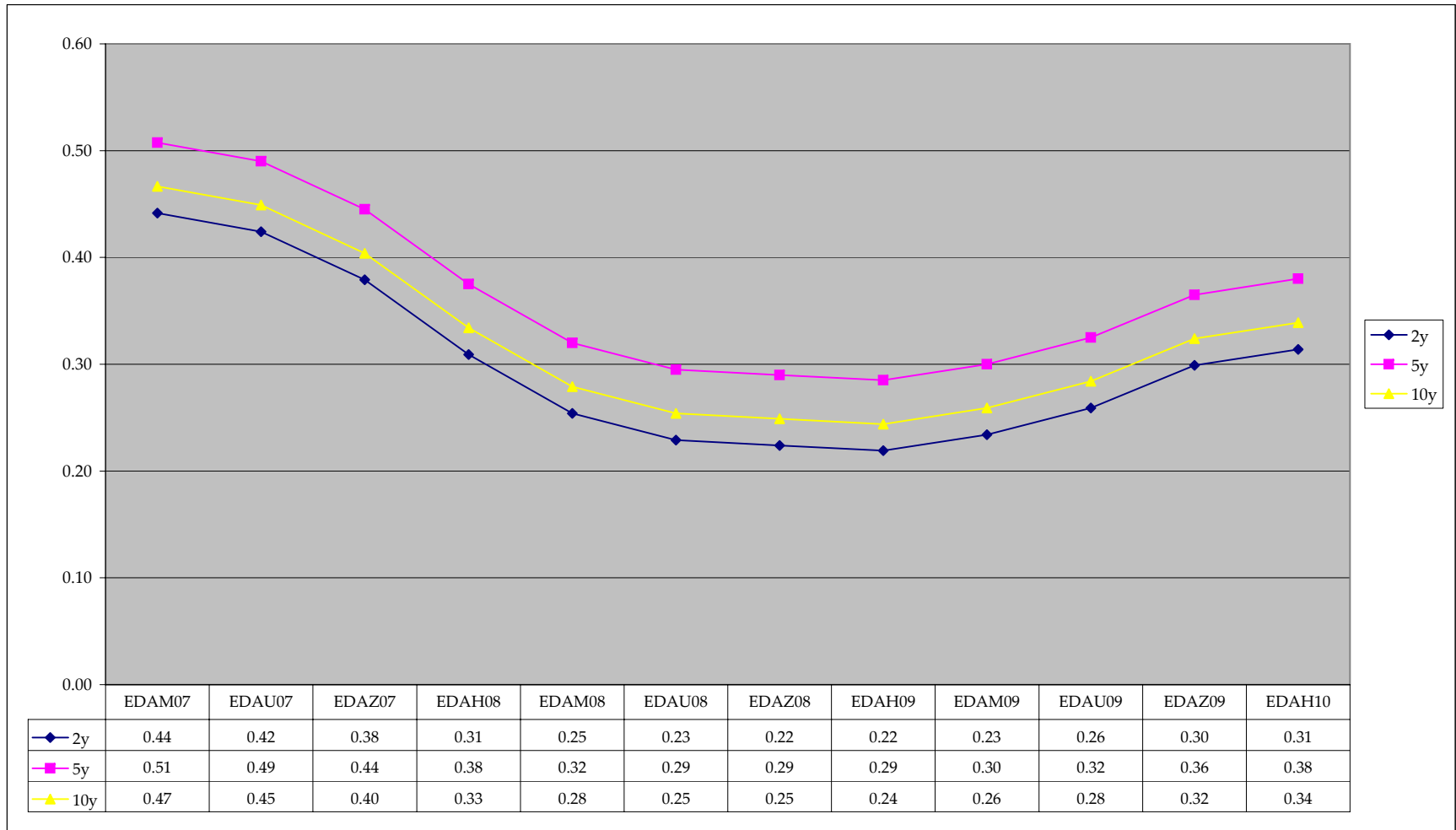
Dirty TED Curve

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.

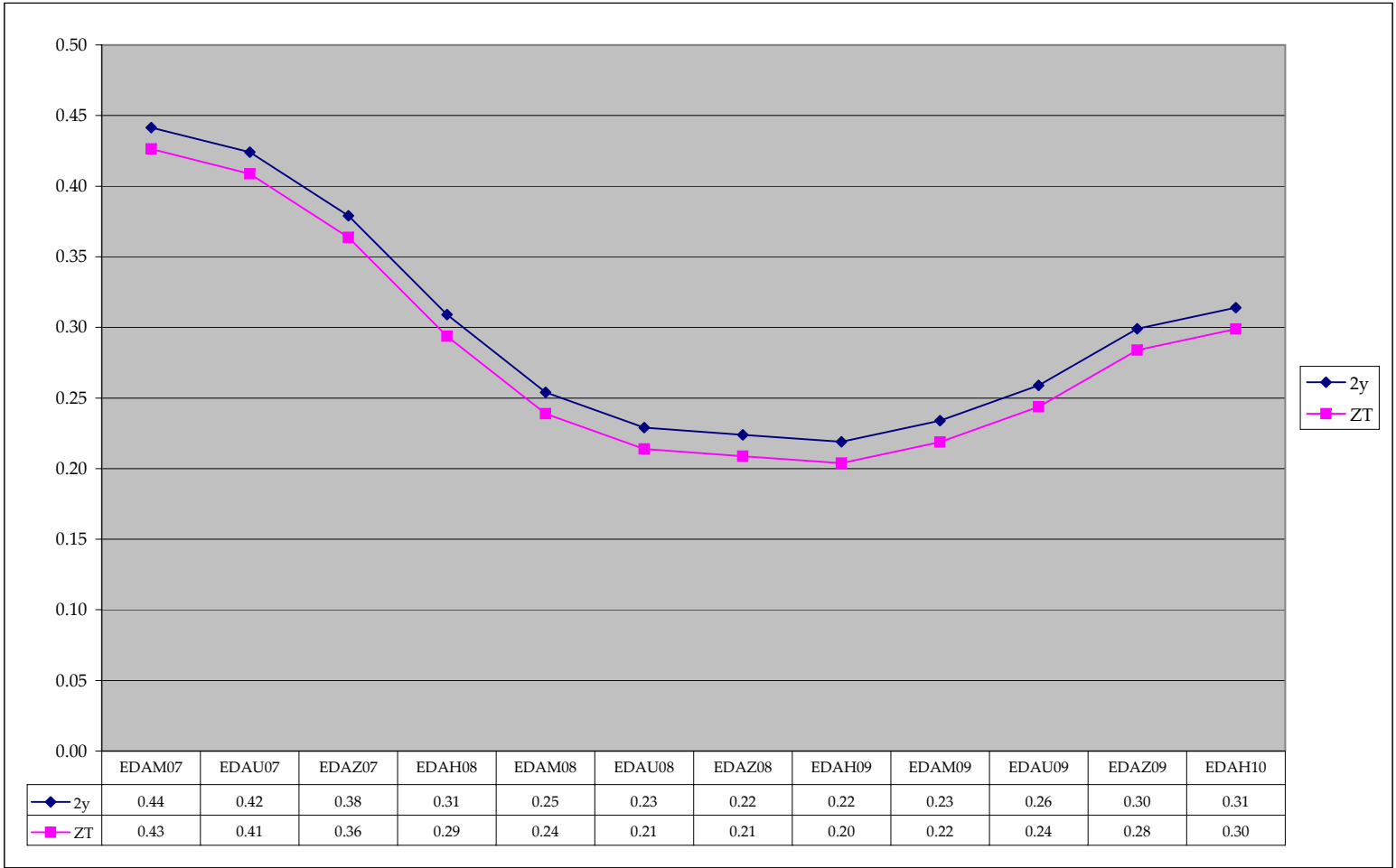


TED Curve

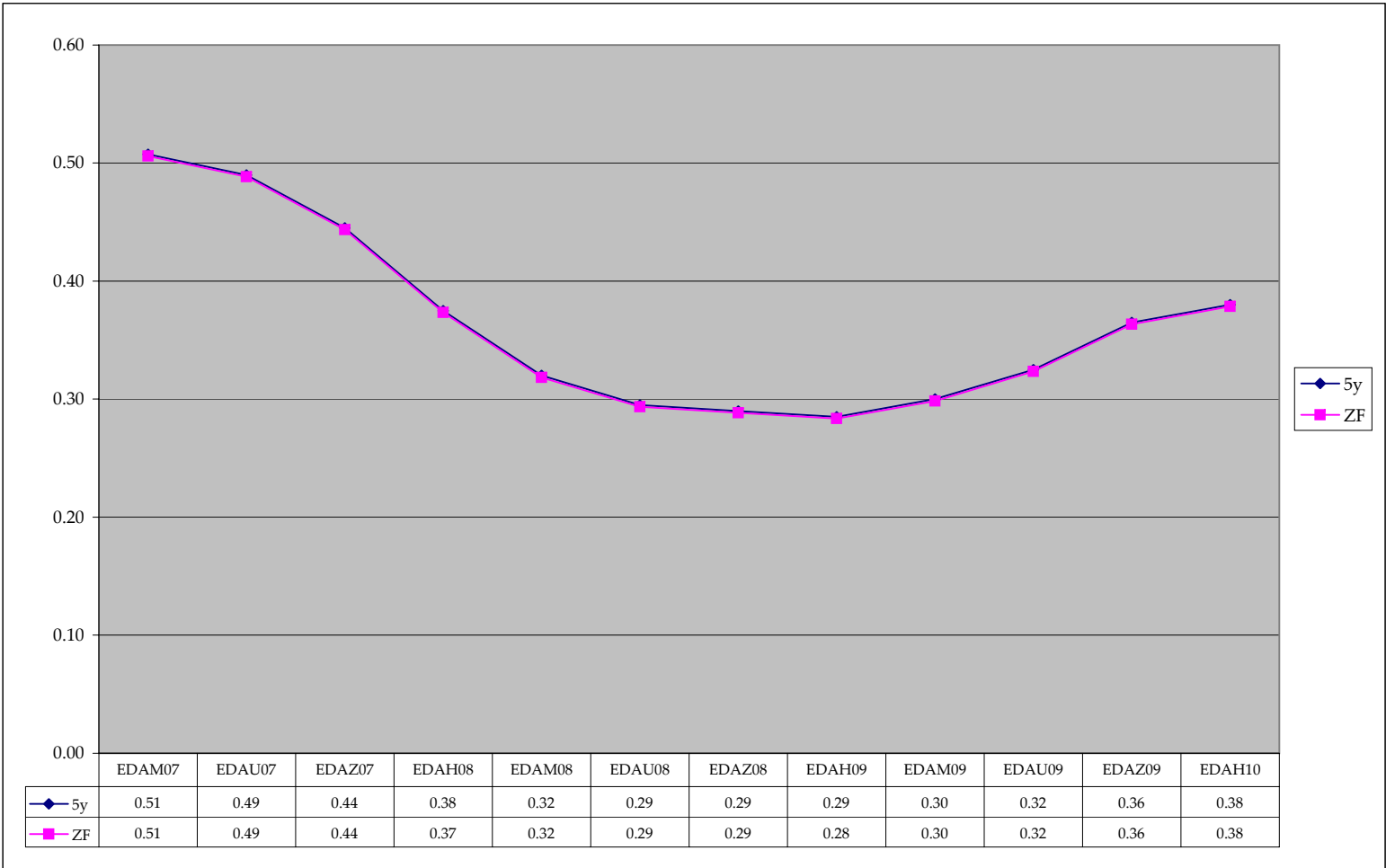
Chart values show the differences between ED contract and Treasury Cash contract. Those values can be seen in the table at the bottom of the chart. Each cash treasury is then plotted on the chart to compare differences in the durations and basis point values.



2y Basis TED Curve



5y Basis TED Curve



10y Basis TED Curve

