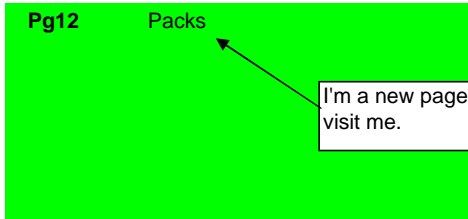


The Morning Email: TERM TEDS & Dirty TEDS

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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	101.7563	101.242	4.969	1.85
ZF	103.8281	103.265	4.986	3.93
ZN	105.3125	105.100	5.024	5.75
2y	99.866	99.2770	4.942	1.99
5y	99.469	99.1500	4.995	4.38
10y	95.453	95.1450	5.091	7.78

Eurodollars (ED)						
	Last Price	Last Imp Yield	Days til Expr.	Fraction of year	Month	
EDAU07	94.660	5.340	80	0.219	SEP	} White Pack
EDAZ07	94.690	5.310	171	0.468	DEC	
EDAH08	94.730	5.270	262	0.717	MAR	
EDAM08	94.750	5.250	353	0.966	JUN	} Red Pack
EDAU08	94.730	5.270	444	1.216	SEP	
EDAZ08	94.695	5.305	535	1.465	DEC	
EDAH09	94.665	5.335	626	1.714	MAR	} Green Pack
EDAM09	94.625	5.375	717	1.964	JUN	
EDAU09	94.575	5.425	808	2.213	SEP	
EDAZ09	94.535	5.465	899	2.462	DEC	}
EDAH10	94.505	5.495	990	2.712	MAR	
EDAM10	94.480	5.520	1081	2.961	JUN	
EDAU10	94.435	5.565	1172	3.210	SEP	}
EDAZ10	94.395	5.605	1263	3.460	DEC	
EDAH11	94.360	5.640	1354	3.709	MAR	
EDAM11	94.335	5.665	1445	3.958	JUN	}
EDAU11	94.305	5.695	1543	4.227	SEP	
EDAZ11	94.270	5.730	1634	4.476	DEC	
EDAH12	94.250	5.750	1725	4.725	MAR	}
EDAM12	94.250	5.750	1816	4.975	JUN	

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

	Last Yield	Net Yield	Last Price	
Q.ED.White	5.438	0.750	9470.750	} Pack Prices
Q.ED.Red	5.468	1.000	9467.875	
Q.ED.Green		0.625	9451.875	
Q.ED.Blue		0.000	9437.125	
Q.ED.Gold		0.000	9425.125	
Q.ED.Purple		0.000	9425.125	

Overview of Hedging

6/29/2007 5:45

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

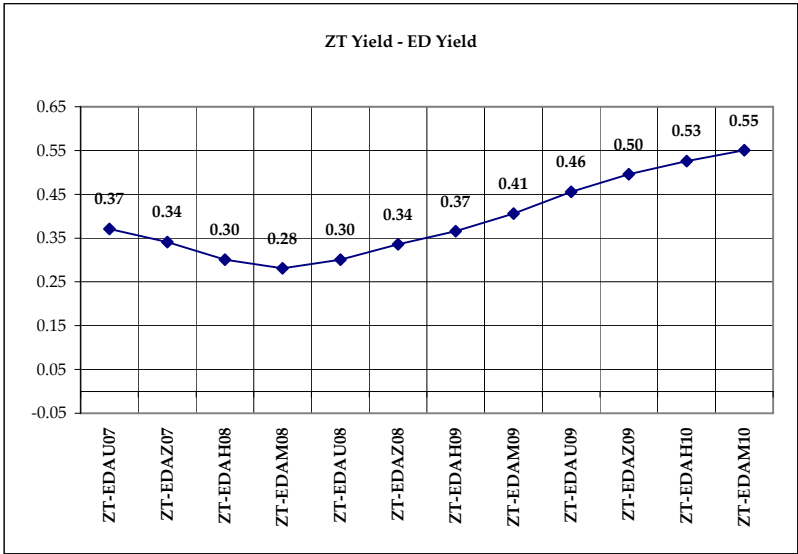
Eurodollar Color Codes for Individual Year Strips:

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

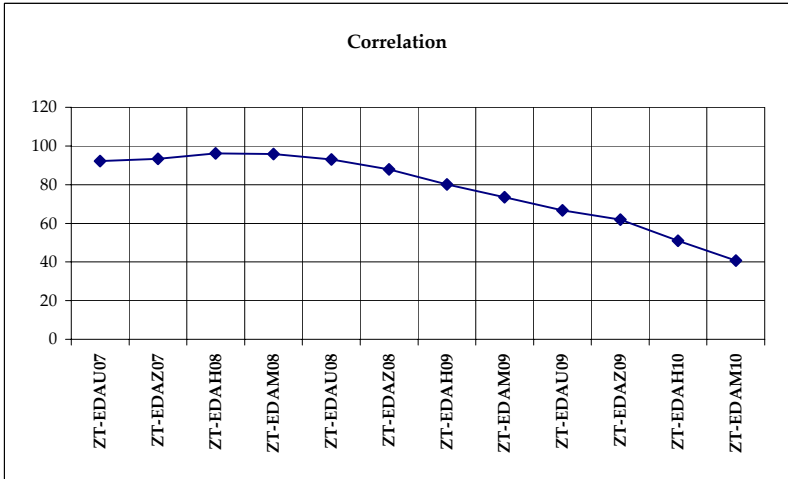
ZT				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	7.096	0.37	ZT-EDAU07	92.215
EDAZ07	7.066	0.34	ZT-EDAZ07	93.415
EDAH08	7.026	0.30	ZT-EDAH08	96.190
EDAM08	7.006	0.28	ZT-EDAM08	95.762
EDAU08	7.026	0.30	ZT-EDAU08	93.045
EDAZ08	7.061	0.34	ZT-EDAZ08	87.908
EDAH09	7.091	0.37	ZT-EDAH09	80.177
EDAM09	7.131	0.41	ZT-EDAM09	73.545
EDAU09	7.181	0.46	ZT-EDAU09	66.641
EDAZ09	7.221	0.50	ZT-EDAZ09	61.831
EDAH10	7.251	0.53	ZT-EDAH10	50.907
EDAM10	7.276	0.55	ZT-EDAM10	40.731

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	0.219	1.85	1.63	ZT-EDAU07
EDAZ07	0.468	1.85	1.38	ZT-EDAZ07
EDAH08	0.717	1.85	1.13	ZT-EDAH08
EDAM08	0.966	1.85	0.88	ZT-EDAM08
EDAU08	1.216	1.85	0.63	ZT-EDAU08
EDAZ08	1.465	1.85	0.38	ZT-EDAZ08
EDAH09	1.714	1.85	0.13	ZT-EDAH09
EDAM09	1.964	1.85	(0.11)	ZT-EDAM09
EDAU09	2.213	1.85	(0.36)	ZT-EDAU09
EDAZ09	2.462	1.85	(0.61)	ZT-EDAZ09
EDAH10	2.712	1.85	(0.86)	ZT-EDAH10
EDAM10	2.961	1.85	(1.11)	ZT-EDAM10

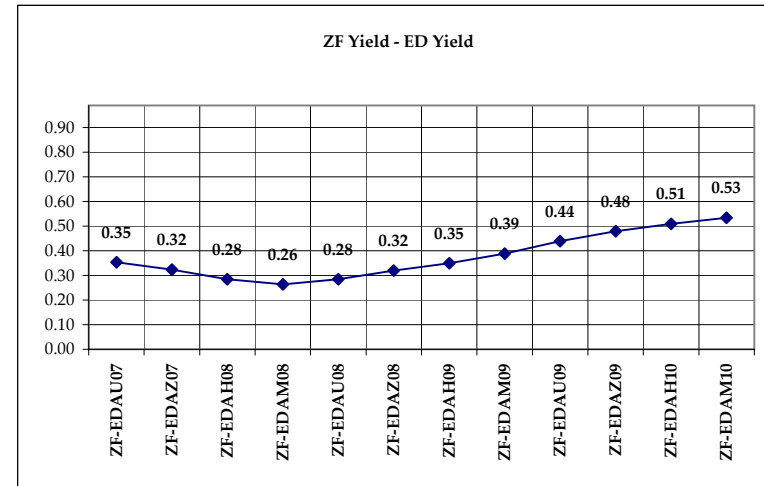
The farther away from 0 the spread duration is the riskier the trade.



Dirty TED: ZF vs Eurodollar Contracts

ZF				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	9.17	0.35	ZF-EDAU07	80.575
EDAZ07	9.14	0.32	ZF-EDAZ07	84.883
EDAH08	9.10	0.28	ZF-EDAH08	89.562
EDAM08	9.08	0.26	ZF-EDAM08	91.292
EDAU08	9.10	0.28	ZF-EDAU08	90.893
EDAZ08	9.13	0.32	ZF-EDAZ08	88.113
EDAH09	9.16	0.35	ZF-EDAH09	85.699
EDAM09	9.20	0.39	ZF-EDAM09	83.125
EDAU09	9.25	0.44	ZF-EDAU09	78.498
EDAZ09	9.29	0.48	ZF-EDAZ09	76.707
EDAH10	9.32	0.51	ZF-EDAH10	68.297
EDAM10	9.35	0.53	ZF-EDAM10	59.193

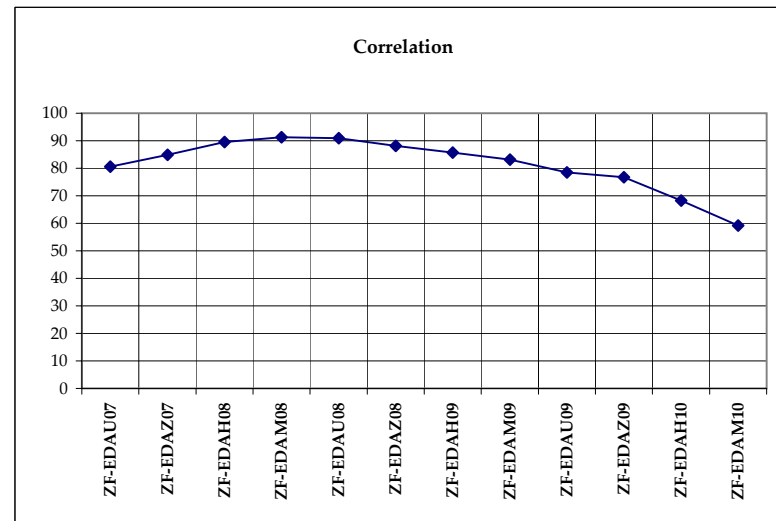
Price = Outright Decimal Price - Euro Contract Price
 Yield = ABS(Proxy Yield - Implied Euro Contract yield)
 *Correlation = ED Correlation to Treasury Future over 10 days



GE Duration as Fraction of year

	ZF Duration	Spread Duration	
EDAU07	0.219	3.93	ZF-EDAU07
EDAZ07	0.468	3.93	ZF-EDAZ07
EDAH08	0.717	3.93	ZF-EDAH08
EDAM08	0.966	3.93	ZF-EDAM08
EDAU08	1.216	3.93	ZF-EDAU08
EDAZ08	1.465	3.93	ZF-EDAZ08
EDAH09	1.714	3.93	ZF-EDAH09
EDAM09	1.964	3.93	ZF-EDAM09
EDAU09	2.213	3.93	ZF-EDAU09
EDAZ09	2.462	3.93	ZF-EDAZ09
EDAH10	2.712	3.93	ZF-EDAH10
EDAM10	2.961	3.93	ZF-EDAM10

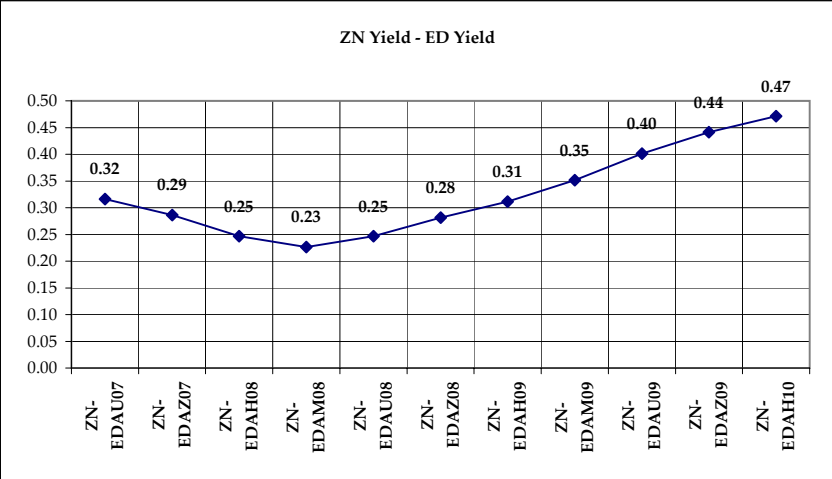
The farther away from 0 the spread duration is the riskier the trade.



Dirty TED: ZN vs Eurodollar Contracts

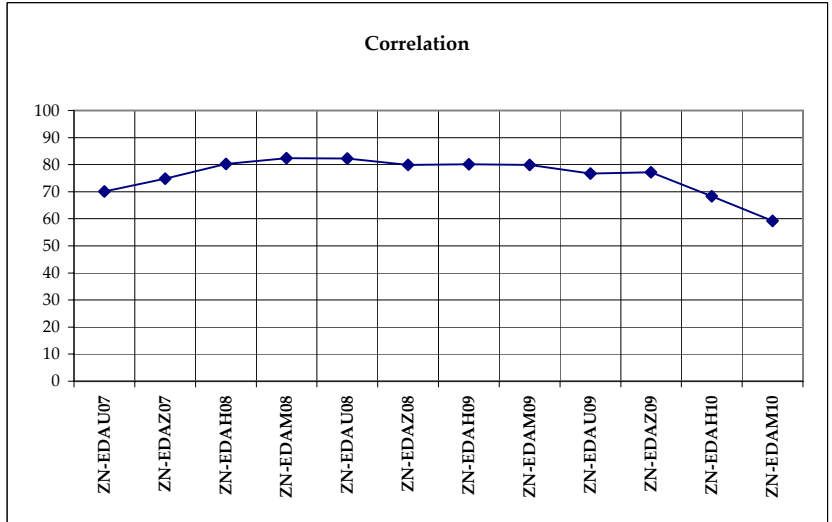
ZN				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	10.65	0.32	ZN-EDAU07	70.04
EDAZ07	10.62	0.29	ZN-EDAZ07	74.80
EDAH08	10.58	0.25	ZN-EDAH08	80.26
EDAM08	10.56	0.23	ZN-EDAM08	82.36
EDAU08	10.58	0.25	ZN-EDAU08	82.22
EDAZ08	10.62	0.28	ZN-EDAZ08	79.92
EDAH09	10.65	0.31	ZN-EDAH09	80.12
EDAM09	10.69	0.35	ZN-EDAM09	79.90
EDAU09	10.74	0.40	ZN-EDAU09	76.69
EDAZ09	10.78	0.44	ZN-EDAZ09	77.24
EDAH10	10.81	0.47	ZN-EDAH10	68.30
EDAM10	10.83	0.50	ZN-EDAM10	59.19

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	0.219	5.75	5.53	ZN-EDAU07
EDAZ07	0.468	5.75	5.28	ZN-EDAZ07
EDAH08	0.717	5.75	5.03	ZN-EDAH08
EDAM08	0.966	5.75	4.79	ZN-EDAM08
EDAU08	1.216	5.75	4.54	ZN-EDAU08
EDAZ08	1.465	5.75	4.29	ZN-EDAZ08
EDAH09	1.714	5.75	4.04	ZN-EDAH09
EDAM09	1.964	5.75	3.79	ZN-EDAM09
EDAU09	2.213	5.75	3.54	ZN-EDAU09
EDAZ09	2.462	5.75	3.29	ZN-EDAZ09
EDAH10	2.712	5.75	3.04	ZN-EDAH10
EDAM10	2.961	5.75	2.79	ZN-EDAM10

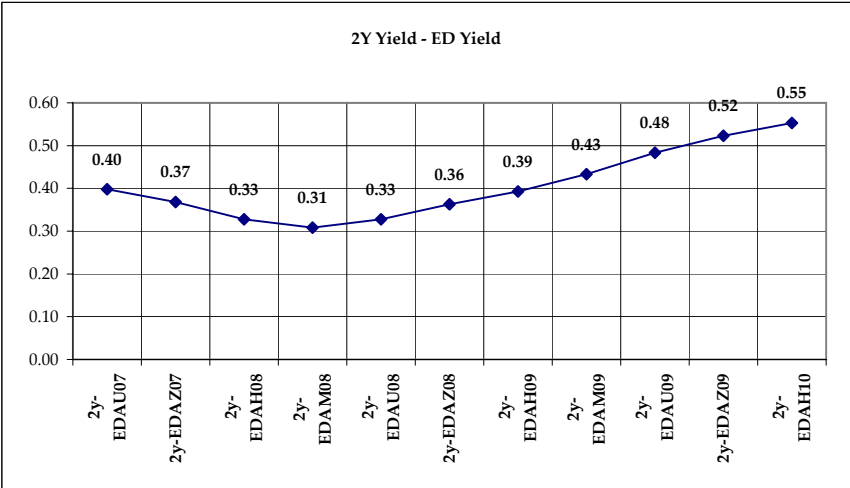
The farther away from 0 the spread duration is the riskier the trade.



TERM TED: 2y vs Eurodollar Contracts

	2y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	5.21	0.40	2y-EDAU07	-87.237
EDAZ07	5.18	0.37	2y-EDAZ07	-95.251
EDAH08	5.14	0.33	2y-EDAH08	-97.614
EDAM08	5.12	0.31	2y-EDAM08	-97.144
EDAU08	5.14	0.33	2y-EDAU08	-94.029
EDAZ08	5.17	0.36	2y-EDAZ08	-97.144
EDAH09	5.20	0.39	2y-EDAH09	-81.290
EDAM09	5.24	0.43	2y-EDAM09	-72.540
EDAU09	5.29	0.48	2y-EDAU09	-63.115
EDAZ09	5.33	0.52	2y-EDAZ09	-56.540
EDAH10	5.36	0.55	2y-EDAH10	-44.316
EDAM10	5.39	0.58	2y-EDAM10	-34.112

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.

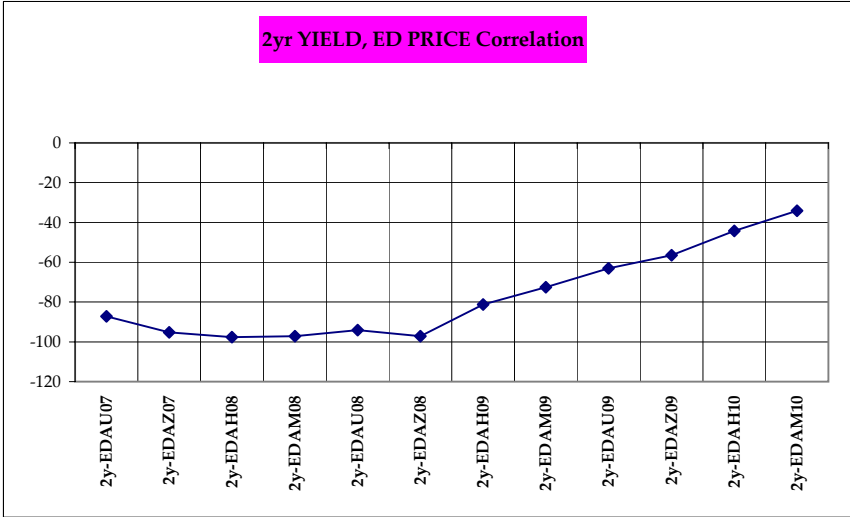


GE Duration as Fraction of year

	2Y Duration	Spread Duration	
EDAU07	0.219	1.77	2y-EDAU07
EDAZ07	0.468	1.52	2y-EDAZ07
EDAH08	0.717	1.27	2y-EDAH08
EDAM08	0.966	1.02	2y-EDAM08
EDAU08	1.216	0.77	2y-EDAU08
EDAZ08	1.465	0.52	2y-EDAZ08
EDAH09	1.714	0.27	2y-EDAH09
EDAM09	1.964	0.02	2y-EDAM09
EDAU09	2.213	(0.23)	2y-EDAU09
EDAZ09	2.462	(0.48)	2y-EDAZ09
EDAH10	2.712	(0.73)	2y-EDAH10
EDAM10	2.961	(0.98)	2y-EDAM10

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

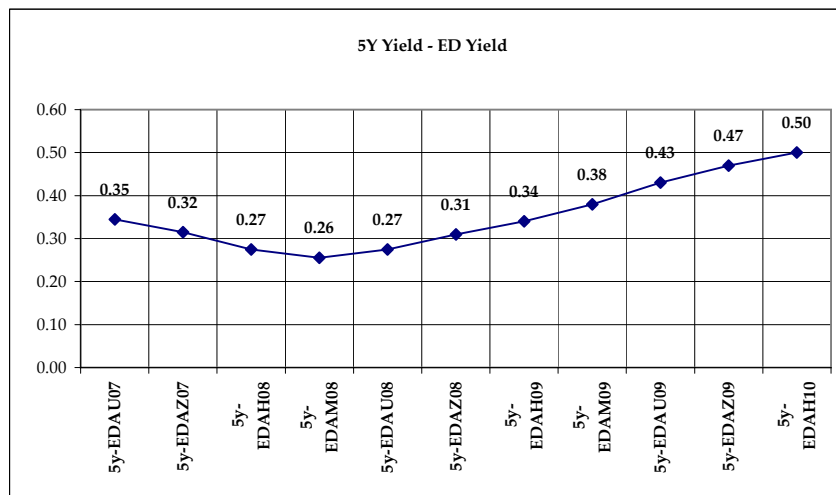
2yr YIELD, ED PRICE Correlation



TERM TED: 5y vs Eurodollar Contracts

5y				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	4.81	0.35	5y-EDAU07	-76.828
EDAZ07	4.78	0.32	5y-EDAZ07	-85.683
EDAH08	4.74	0.27	5y-EDAH08	-91.803
EDAM08	4.72	0.26	5y-EDAM08	-93.672
EDAU08	4.74	0.27	5y-EDAU08	-92.277
EDAZ08	4.77	0.31	5y-EDAZ08	-93.672
EDAH09	4.80	0.34	5y-EDAH09	-85.960
EDAM09	4.84	0.38	5y-EDAM09	-82.670
EDAU09	4.89	0.43	5y-EDAU09	-77.685
EDAZ09	4.93	0.47	5y-EDAZ09	-75.363
EDAH10	4.96	0.50	5y-EDAH10	-66.762
EDAM10	4.99	0.52	5y-EDAM10	-58.145

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.

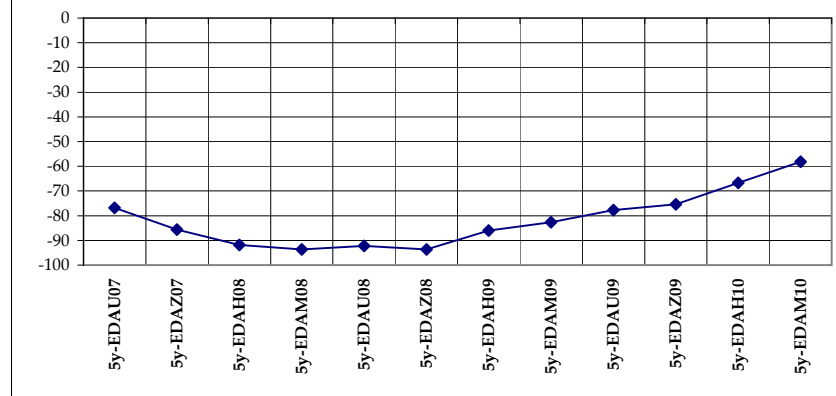


GE Duration as

	Fraction of year	5Y Duration	Spread Duration	
EDAU07	0.219	4.38	4.16	5y-EDAU07
EDAZ07	0.468	4.38	3.91	5y-EDAZ07
EDAH08	0.717	4.38	3.66	5y-EDAH08
EDAM08	0.966	4.38	3.41	5y-EDAM08
EDAU08	1.216	4.38	3.16	5y-EDAU08
EDAZ08	1.465	4.38	2.92	5y-EDAZ08
EDAH09	1.714	4.38	2.67	5y-EDAH09
EDAM09	1.964	4.38	2.42	5y-EDAM09
EDAU09	2.213	4.38	2.17	5y-EDAU09
EDAZ09	2.462	4.38	1.92	5y-EDAZ09
EDAH10	2.712	4.38	1.67	5y-EDAH10
EDAM10	2.961	4.38	1.42	5y-EDAM10

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

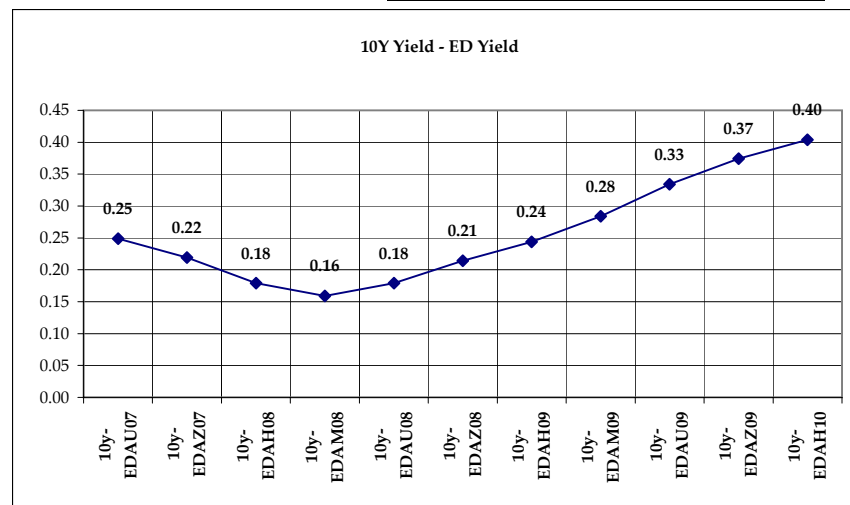
5yr YIELD, ED PRICE Correlation



TERM TED: 10y vs Eurodollar Contracts

	10y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAU07	4.81	0.25	10y-EDAU07	-50.736
EDAZ07	4.78	0.22	10y-EDAZ07	-61.746
EDAH08	4.74	0.18	10y-EDAH08	-71.367
EDAM08	4.72	0.16	10y-EDAM08	-76.335
EDAU08	4.74	0.18	10y-EDAU08	-78.481
EDAZ08	4.77	0.21	10y-EDAZ08	-76.335
EDAH09	4.80	0.24	10y-EDAH09	-81.622
EDAM09	4.84	0.28	10y-EDAM09	-84.051
EDAU09	4.89	0.33	10y-EDAU09	-84.156
EDAZ09	4.93	0.37	10y-EDAZ09	-85.640
EDAH10	4.96	0.40	10y-EDAH10	-82.222
EDAM10	4.99	0.43	10y-EDAM10	-76.955

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.

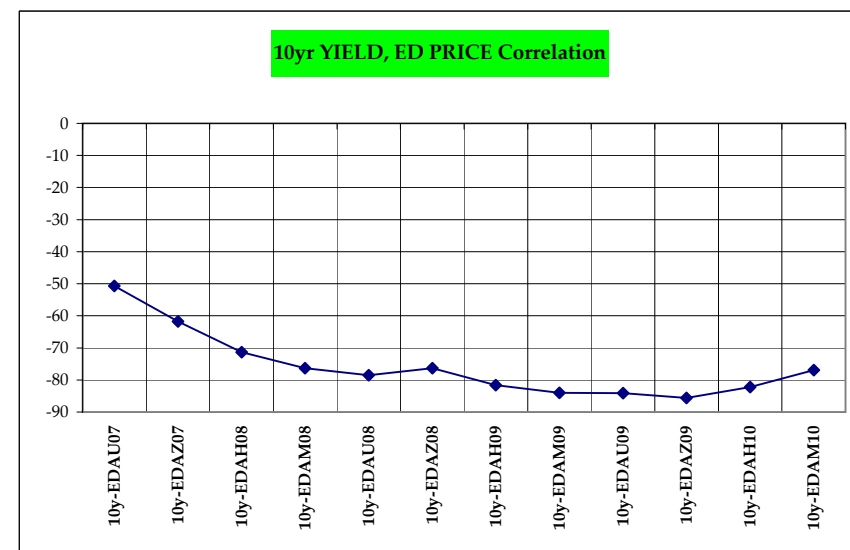


GE Duration as

	Fraction of year	10Y Duration	Spread Duration	
EDAU07	0.219	7.78	7.56	10y-EDAU07
EDAZ07	0.468	7.78	7.31	10y-EDAZ07
EDAH08	0.717	7.78	7.06	10y-EDAH08
EDAM08	0.966	7.78	6.81	10y-EDAM08
EDAU08	1.216	7.78	6.56	10y-EDAU08
EDAZ08	1.465	7.78	6.32	10y-EDAZ08
EDAH09	1.714	7.78	6.07	10y-EDAH09
EDAM09	1.964	7.78	5.82	10y-EDAM09
EDAU09	2.213	7.78	5.57	10y-EDAU09
EDAZ09	2.462	7.78	5.32	10y-EDAZ09
EDAH10	2.712	7.78	5.07	10y-EDAH10
EDAM10	2.961	7.78	4.82	10y-EDAM10

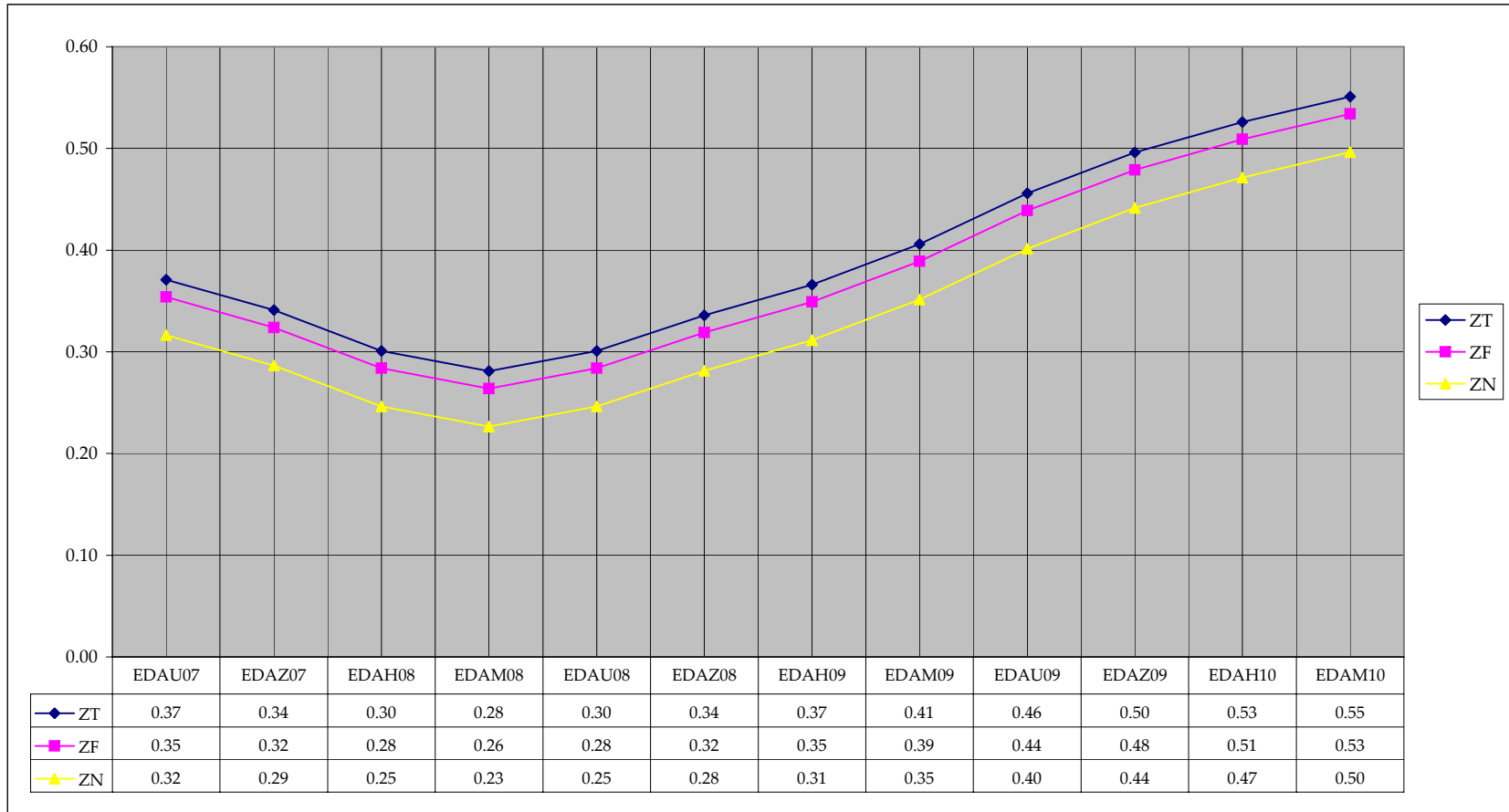
The farther away from 0 the spread duration is the riskier the trade.

10yr YIELD, ED PRICE Correlation



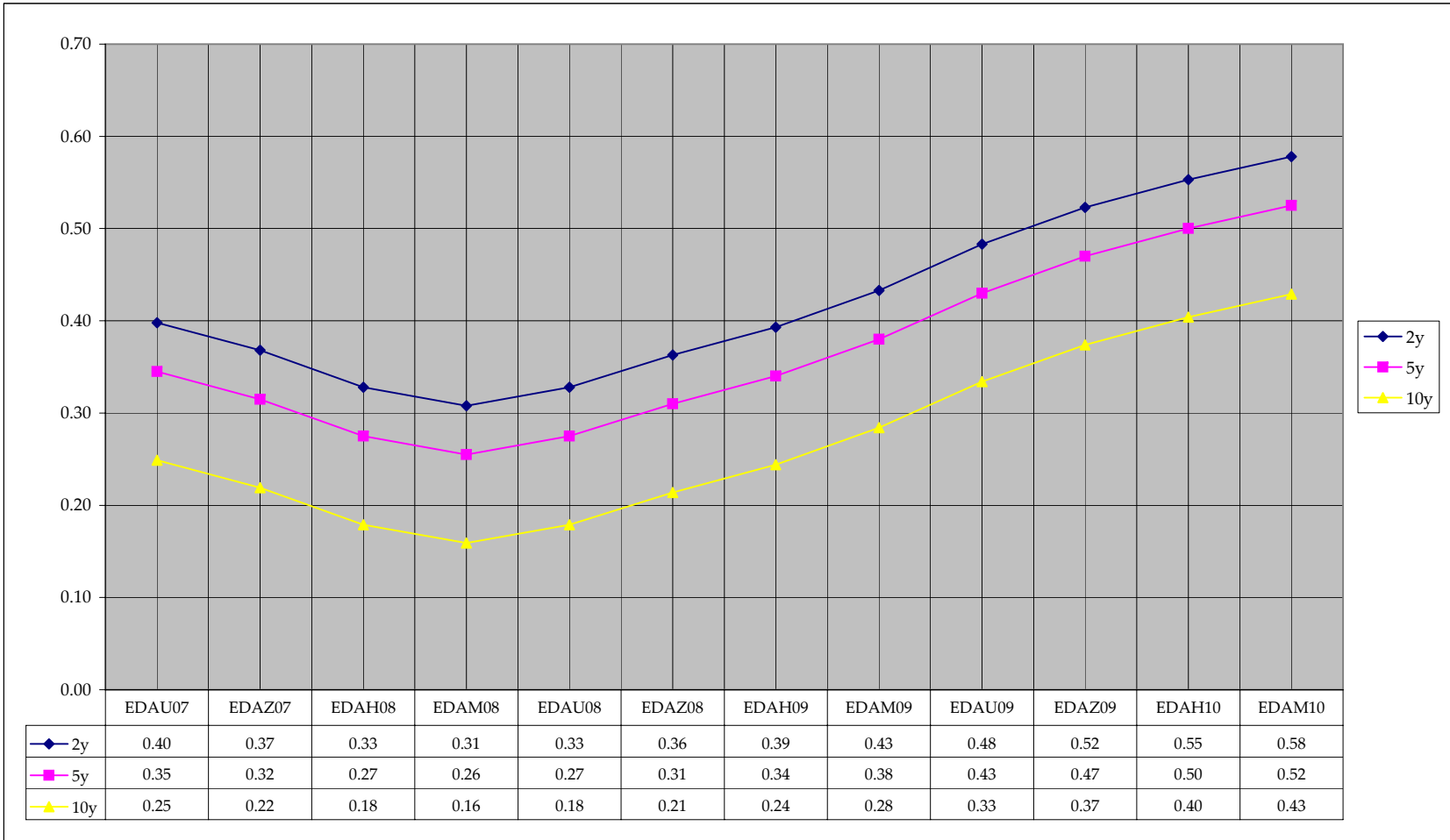
Dirty TED Curve

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.

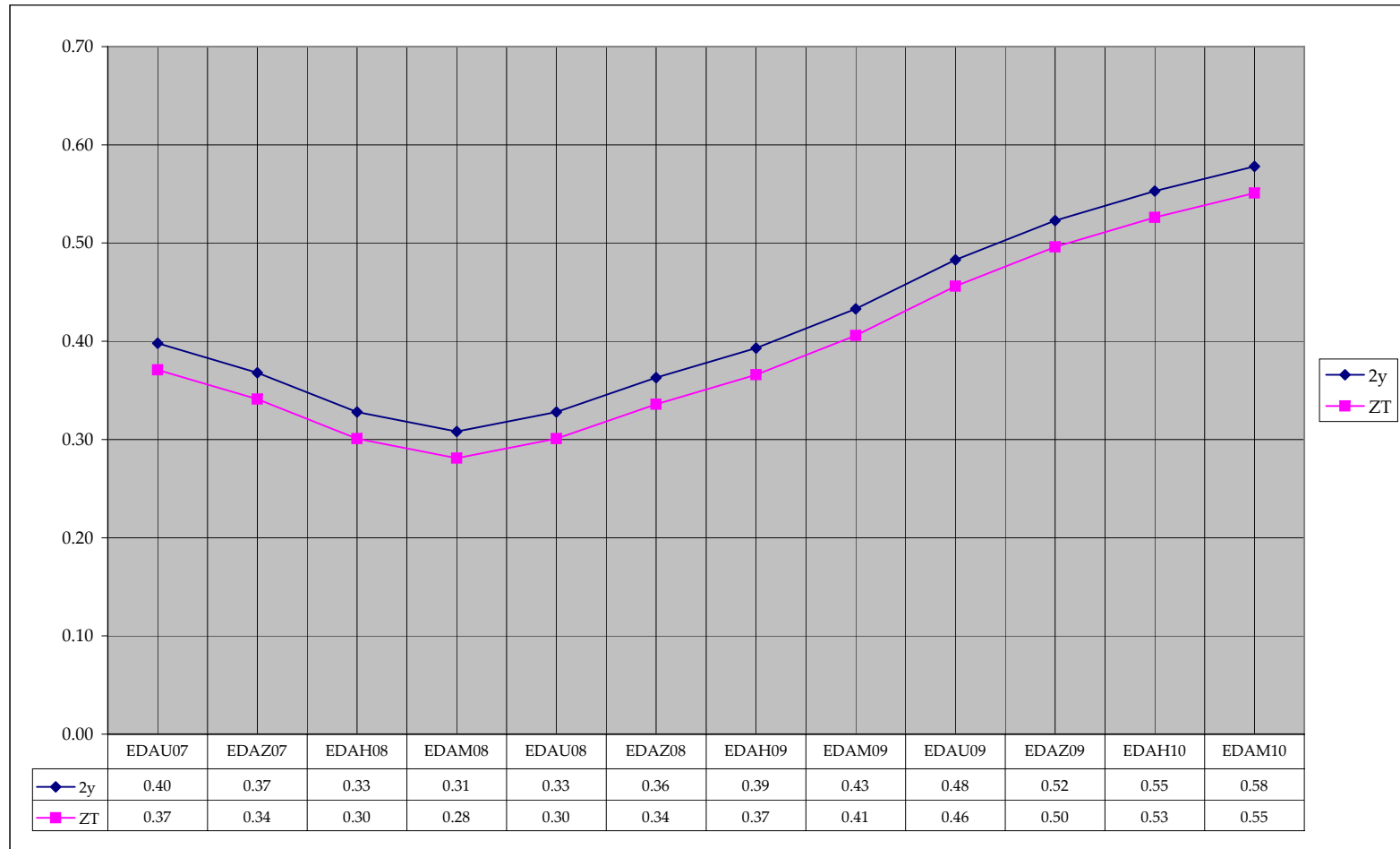


TED Curve

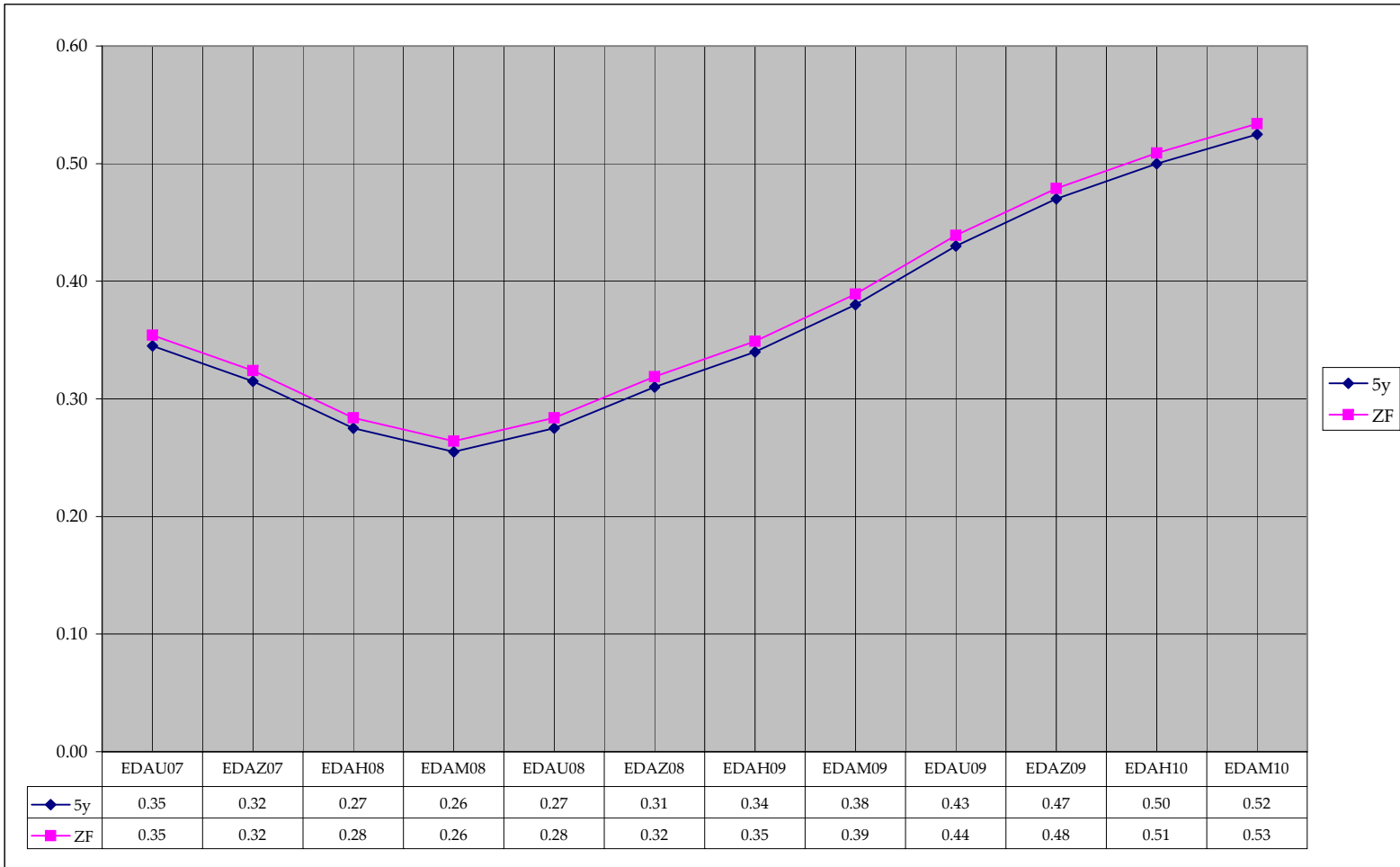
Chart values show the differences between ED contract and Treasury Cash contract. Those values can be seen in the table at the bottom of the chart. Each cash treasury is then plotted on the chart to compare differences in the durations and basis point values.



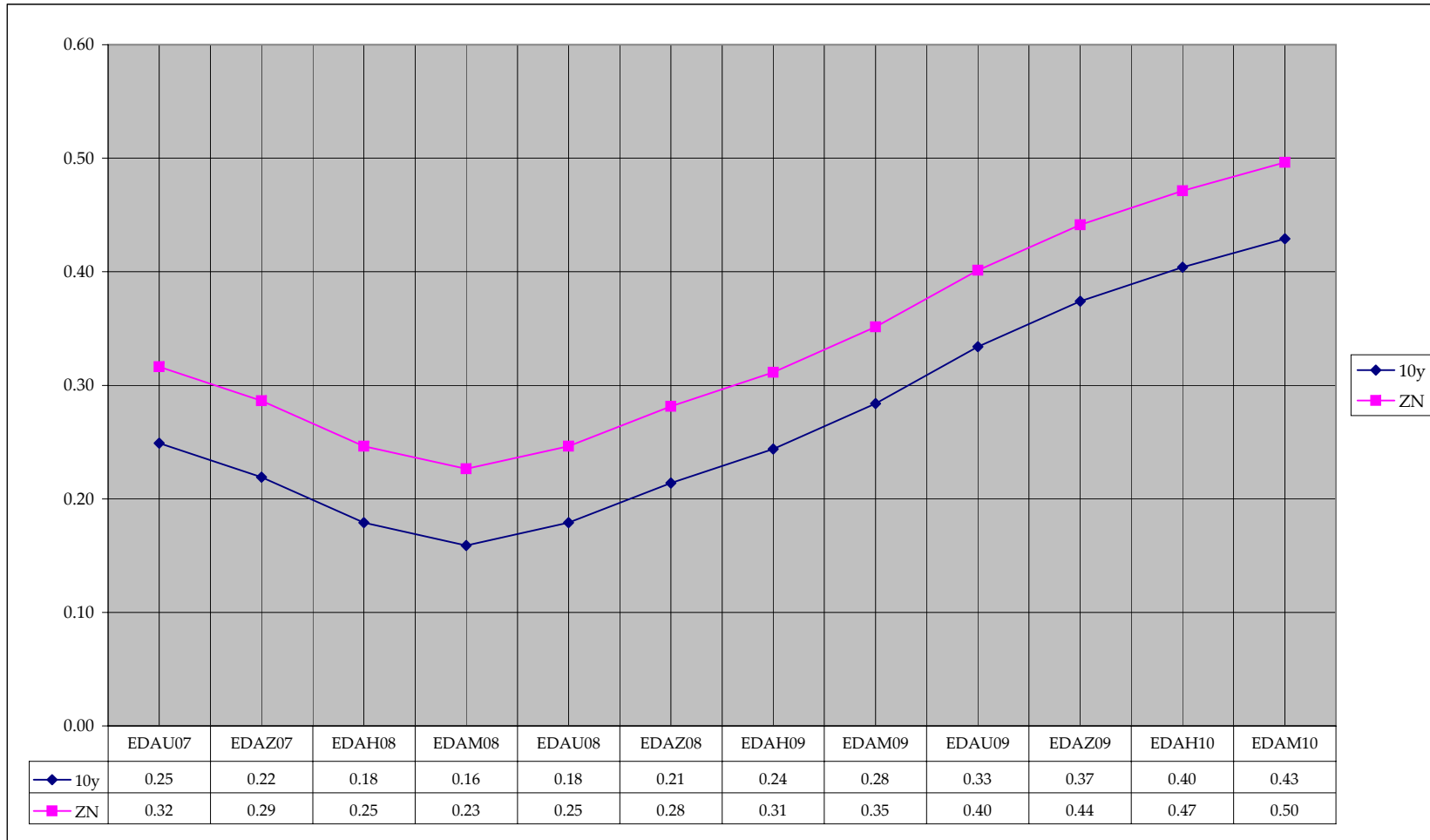
2y Basis TED Curve



5y Basis TED Curve



10y Basis TED Curve



Packs

	last Yield	Net Last Yield	Last Price	Duration			
Q.ED.White	5.438	0.750	9470.750				
Q.ED.Red	5.468	1.000	9467.875				
Q.ED.Green		0.625	9451.875				
Q.ED.Blue		0.000	9437.125				
Q.ED.Gold		0.000	9425.125				
Q.ED.Purple		0.000	9425.125				

