Morning Email: TERM TEDS & Dirty TEDS

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Rotate Me

	F.I. Futures and Cash			
	Last Decimal	Last 32	Last Yield*	**MDuration
ZT	102.4375	102.140	4.597	1.90
ZF	#VALUE!	#VALUE!	4.489	3.97
ZN	108.6250	108.200	4.526	5.93
Blank				
2y	100.234	100.0750	4.618	1.84
5y	100.584	100.1870	4.490	4.37
10y	100.500	100.1600	4.561	7.85

*Futures use CTD for Last Yield

**Mduration = Modified Macaulay Duration

	Eurodollars (ED)					
	Last Price	Last Imp Yield	Days til Expr.	Fraction of year	Month	
F.EDAH07	94.650	5.350	0	-0.001	MAR	White Pack
F.EDAM07	94.745	5.255	91	0.249	JUN	
F.EDAU07	94.925	5.075	182	0.498	SEP	
F.EDAZ07	95.110	4.890	273	0.747	DEC	
F.EDAH08	95.260	4.740	364	0.997	MAR	Red Pack
F.EDAM08	95.330	4.670	455	1.246	JUN	
F.EDAU08	95.350	4.650	546	1.495	SEP	
F.EDAZ08	95.345	4.655	637	1.745	DEC	
F.EDAH09	95.330	4.670	728	1.994	MAR	Green Pack
F.EDAM09	95.285	4.715	819	2.243	JUN	
F.EDAU09	95.260	4.740	910	2.492	SEP	
F.EDAZ09	95.205	4.795	1001	2.742	DEC	

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

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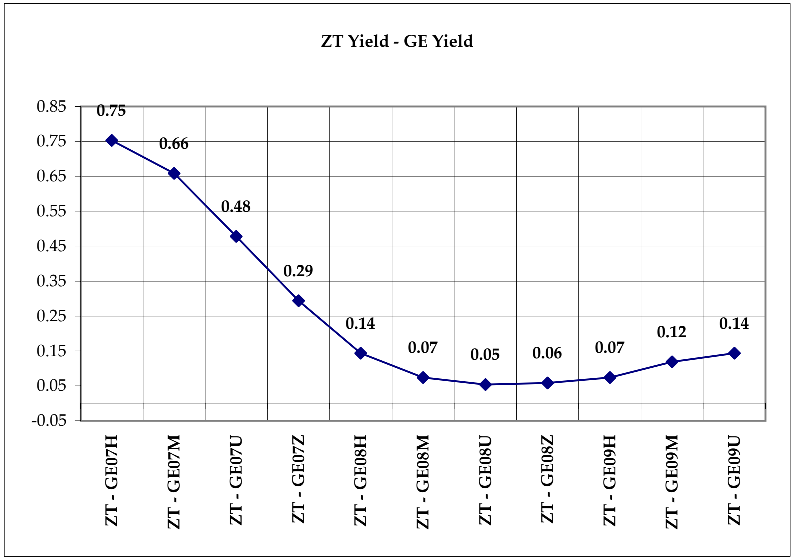
Dirty TED: ZT vs Eurodollar Contracts

	ZT		
	Spread Price	Spread Yield	Spread Name
F.EDAH07	7.787	0.75	ZT - GE07H
F.EDAM07	7.693	0.66	ZT - GE07M
F.EDAU07	7.513	0.48	ZT - GE07U
F.EDAZ07	7.328	0.29	ZT - GE07Z
F.EDAH08	7.177	0.14	ZT - GE08H
F.EDAM08	7.108	0.07	ZT - GE08M
F.EDAU08	7.087	0.05	ZT - GE08U
F.EDAZ08	7.093	0.06	ZT - GE08Z
F.EDAH09	7.108	0.07	ZT - GE09H
F.EDAM09	7.153	0.12	ZT - GE09M
F.EDAU09	7.177	0.14	ZT - GE09U
F.EDAZ09	7.233	0.20	ZT - GE09Z

Price = Outright Decimal Price - Euro Contract Price

Yield = ABS(Proxy Yield - Implied Euro Contract yield)



	GE Duration as Fraction of year	ZT Duration	Spread Duration	
F.EDAH07	-0.001	1.90	1.90	ZT - GE07H
F.EDAM07	0.249	1.90	1.65	ZT - GE07M
F.EDAU07	0.498	1.90	1.41	ZT - GE07U
F.EDAZ07	0.747	1.90	1.16	ZT - GE07Z
F.EDAH08	0.997	1.90	0.91	ZT - GE08H
F.EDAM08	1.246	1.90	0.66	ZT - GE08M
F.EDAU08	1.495	1.90	0.41	ZT - GE08U
F.EDAZ08	1.745	1.90	0.16	ZT - GE08Z
F.EDAH09	1.994	1.90	(0.09)	ZT - GE09H
F.EDAM09	2.243	1.90	(0.34)	ZT - GE09M
F.EDAU09	2.492	1.90	(0.59)	ZT - GE09U
F.EDAZ09	2.742	1.90	(0.84)	ZT - GE09Z

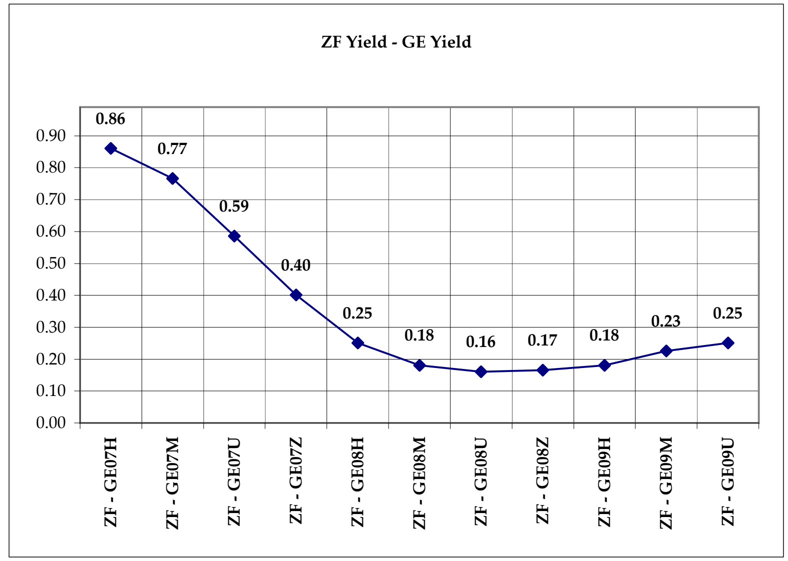
The farther away from 0 the spread duration is the riskier the trade.

Dirty TED: ZF vs Eurodollar Contracts

	ZF		
	Spread Price	Spread Yield	Spread Name
F.EDAH07	#VALUE!	0.86	ZF - GE07H
F.EDAM07	#VALUE!	0.77	ZF - GE07M
F.EDAU07	#VALUE!	0.59	ZF - GE07U
F.EDAZ07	#VALUE!	0.40	ZF - GE07Z
F.EDAH08	#VALUE!	0.25	ZF - GE08H
F.EDAM08	#VALUE!	0.18	ZF - GE08M
F.EDAU08	#VALUE!	0.16	ZF - GE08U
F.EDAZ08	#VALUE!	0.17	ZF - GE08Z
F.EDAH09	#VALUE!	0.18	ZF - GE09H
F.EDAM09	#VALUE!	0.23	ZF - GE09M
F.EDAU09	#VALUE!	0.25	ZF - GE09U
F.EDAZ09	#VALUE!	0.31	ZF - GE09U

Price = Outright Decimal Price - Euro Contract Price

Yield = ABS(Proxy Yield - Implied Euro Contract yield)



	GE Duration as Fraction of year	ZF Duration	Spread Duration	
F.EDAH07	-0.001	3.97	3.97	ZF - GE07H
F.EDAM07	0.249	3.97	3.72	ZF - GE07M
F.EDAU07	0.498	3.97	3.47	ZF - GE07U
F.EDAZ07	0.747	3.97	3.22	ZF - GE07Z
F.EDAH08	0.997	3.97	2.98	ZF - GE08H
F.EDAM08	1.246	3.97	2.73	ZF - GE08M
F.EDAU08	1.495	3.97	2.48	ZF - GE08U
F.EDAZ08	1.745	3.97	2.23	ZF - GE08Z
F.EDAH09	1.994	3.97	1.98	ZF - GE09H
F.EDAM09	2.243	3.97	1.73	ZF - GE09M
F.EDAU09	2.492	3.97	1.48	ZF - GE09U
F.EDAZ09	2.742	3.97	1.23	ZF - GE09U

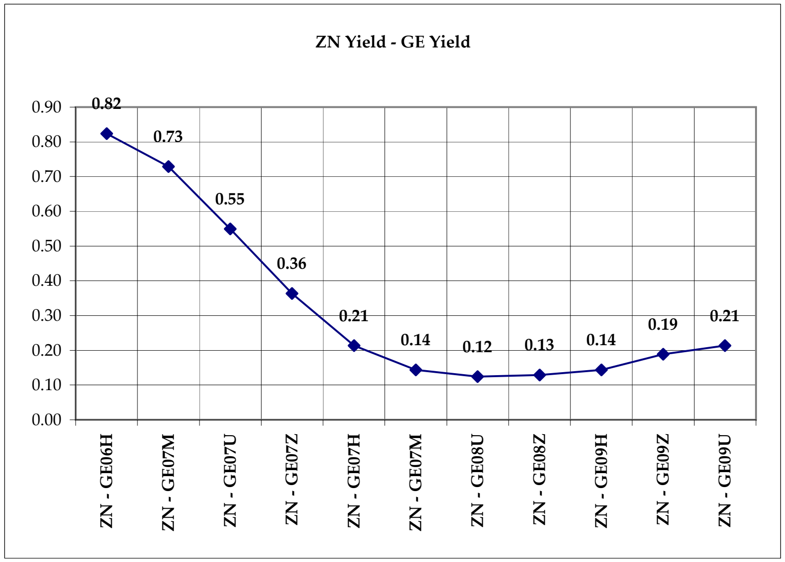
The farther away from 0 the spread duration is
the riskier the trade.

Dirty TED: ZN vs Eurodollar Contracts

	ZN		
	Spread Price	Spread Yield	Spread Name
F.EDAH07	13.98	0.82	ZN - GE06H
F.EDAM07	13.88	0.73	ZN - GE07M
F.EDAU07	13.70	0.55	ZN - GE07U
F.EDAZ07	13.52	0.36	ZN - GE07Z
F.EDAH08	13.37	0.21	ZN - GE07H
F.EDAM08	13.30	0.14	ZN - GE07M
F.EDAU08	13.28	0.12	ZN - GE08U
F.EDAZ08	13.28	0.13	ZN - GE08Z
F.EDAH09	13.30	0.14	ZN - GE09H
F.EDAM09	13.34	0.19	ZN - GE09Z
F.EDAU09	13.37	0.21	ZN - GE09U
F.EDAZ09	13.42	0.27	ZN - GE09U

Price = Outright Decimal Price - Euro Contract Price

Yield = ABS(Proxy Yield - Implied Euro Contract yield)



	GE Duration as Fraction of year	ZN Duration	Spread Duration	
F.EDAH07	-0.001	5.93	5.93	ZN - GE06H
F.EDAM07	0.249	5.93	5.68	ZN - GE07M
F.EDAU07	0.498	5.93	5.43	ZN - GE07U
F.EDAZ07	0.747	5.93	5.19	ZN - GE07Z
F.EDAH08	0.997	5.93	4.94	ZN - GE07H
F.EDAM08	1.246	5.93	4.69	ZN - GE07M
F.EDAU08	1.495	5.93	4.44	ZN - GE08U
F.EDAZ08	1.745	5.93	4.19	ZN - GE08Z
F.EDAH09	1.994	5.93	3.94	ZN - GE09H
F.EDAM09	2.243	5.93	3.69	ZN - GE09Z
F.EDAU09	2.492	5.93	3.44	ZN - GE09U
F.EDAZ09	2.742	5.93	3.19	ZN - GE09U

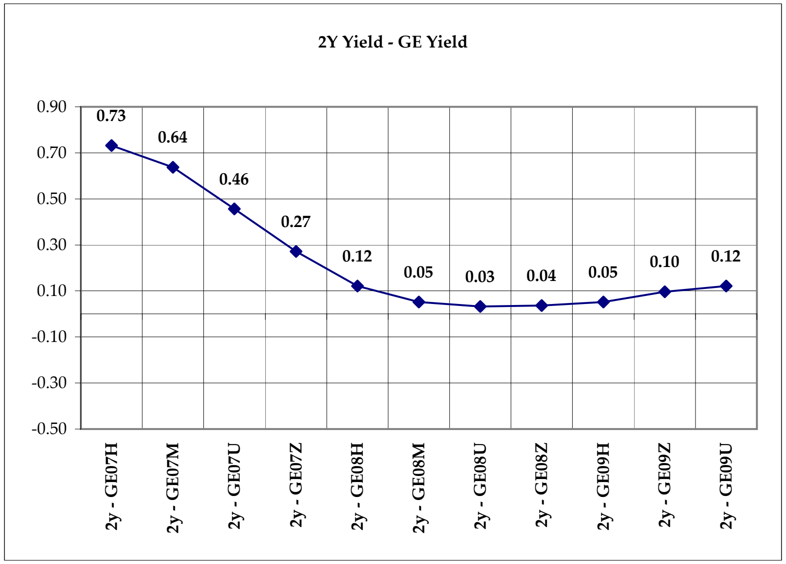
The farther away from 0 the spread duration is the riskier the trade.

TERM TED: 2y vs Eurodollar Contracts

	2y		
	Spread Price	Spread Yield	Spread Name
F.EDAH07	5.58	0.73	2y - GE07H
F.EDAM07	5.49	0.64	2y - GE07M
F.EDAU07	5.31	0.46	2y - GE07U
F.EDAZ07	5.12	0.27	2y - GE07Z
F.EDAH08	4.97	0.12	2y - GE08H
F.EDAM08	4.90	0.05	2y - GE08M
F.EDAU08	4.88	0.03	2y - GE08U
F.EDAZ08	4.89	0.04	2y - GE08Z
F.EDAH09	4.90	0.05	2y - GE09H
F.EDAM09	4.95	0.10	2y - GE09Z
F.EDAU09	4.97	0.12	2y - GE09U
F.EDAZ09	5.03	0.18	2y - GE09U

Price = Outright Decimal Price - Euro Contract Price

Yield = ABS(Cash Yield - Implied Euro Contract yield)



	GE Duration as Fraction of year	2Y Duration	Spread Duration	
F.EDAH07	-0.001	1.84	1.84	2y - GE07H
F.EDAM07	0.249	1.84	1.59	2y - GE07M
F.EDAU07	0.498	1.84	1.34	2y - GE07U
F.EDAZ07	0.747	1.84	1.09	2y - GE07Z
F.EDAH08	0.997	1.84	0.84	2y - GE08H
F.EDAM08	1.246	1.84	0.59	2y - GE08M
F.EDAU08	1.495	1.84	0.34	2y - GE08U
F.EDAZ08	1.745	1.84	0.09	2y - GE08Z
F.EDAH09	1.994	1.84	(0.16)	2y - GE09H
F.EDAM09	2.243	1.84	(0.41)	2y - GE09Z
F.EDAU09	2.492	1.84	(0.66)	2y - GE09U
F.EDAZ09	2.742	1.84	(0.91)	2y - GE09U

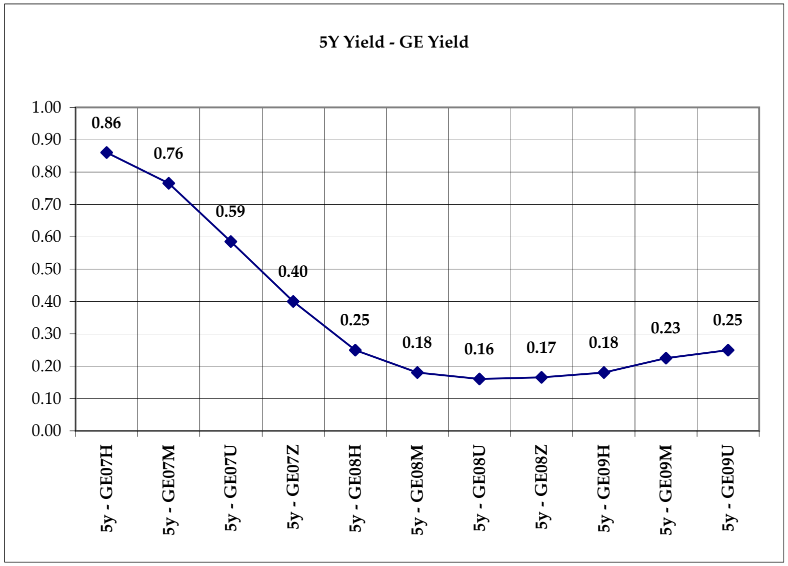
The farther away from 0 the spread duration is the riskier the trade.

TERM TED: 5y vs Eurodollar Contracts

	5y		
	Spread Price	Spread Yield	Spread Name
F.EDAH07	5.93	0.86	5y - GE07H
F.EDAM07	5.84	0.76	5y - GE07M
F.EDAU07	5.66	0.59	5y - GE07U
F.EDAZ07	5.47	0.40	5y - GE07Z
F.EDAH08	5.32	0.25	5y - GE08H
F.EDAM08	5.25	0.18	5y - GE08M
F.EDAU08	5.23	0.16	5y - GE08U
F.EDAZ08	5.24	0.17	5y - GE08Z
F.EDAH09	5.25	0.18	5y - GE09H
F.EDAM09	5.30	0.23	5y - GE09M
F.EDAU09	5.32	0.25	5y - GE09U
F.EDAZ09	5.38	0.31	5y - GE09U

Price = Outright Decimal Price - Euro Contract Price

Yield = ABS(Cash Yield - Implied Euro Contract yield)



	GE Duration as Fraction of year	5Y Duration	Spread Duration	
F.EDAH07	-0.001	4.37	4.37	5y - GE07H
F.EDAM07	0.249	4.37	4.12	5y - GE07M
F.EDAU07	0.498	4.37	3.87	5y - GE07U
F.EDAZ07	0.747	4.37	3.62	5y - GE07Z
F.EDAH08	0.997	4.37	3.37	5y - GE08H
F.EDAM08	1.246	4.37	3.12	5y - GE08M
F.EDAU08	1.495	4.37	2.87	5y - GE08U
F.EDAZ08	1.745	4.37	2.63	5y - GE08Z
F.EDAH09	1.994	4.37	2.38	5y - GE09H
F.EDAM09	2.243	4.37	2.13	5y - GE09M
F.EDAU09	2.492	4.37	1.88	5y - GE09U
F.EDAZ09	2.742	4.37	1.63	5y - GE09U

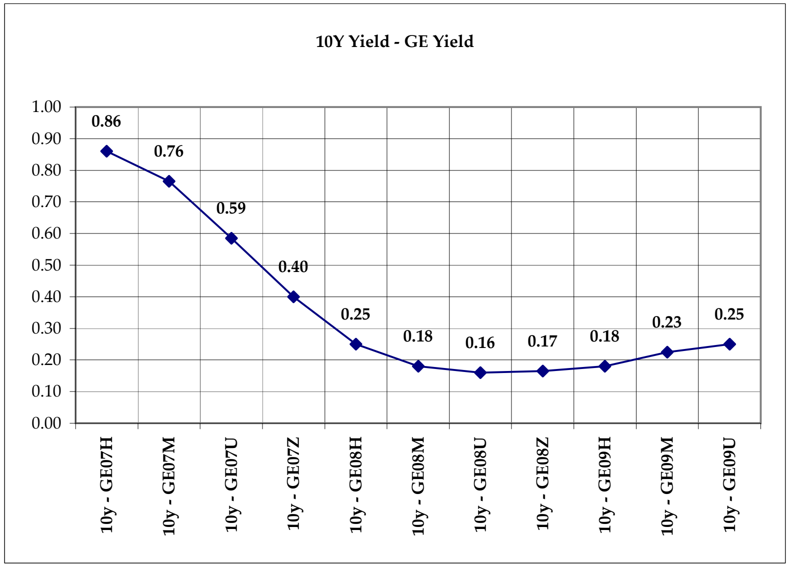
The farther away from 0 the spread duration is the riskier the trade.

TERM TED: 10y vs Eurodollar Contracts

	10y		
	Spread Price	Spread Yield	Spread Name
F.EDAH07	5.93	0.86	10y - GE07H
F.EDAM07	5.84	0.76	10y - GE07M
F.EDAU07	5.66	0.59	10y - GE07U
F.EDAZ07	5.47	0.40	10y - GE07Z
F.EDAH08	5.32	0.25	10y - GE08H
F.EDAM08	5.25	0.18	10y - GE08M
F.EDAU08	5.23	0.16	10y - GE08U
F.EDAZ08	5.24	0.17	10y - GE08Z
F.EDAH09	5.25	0.18	10y - GE09H
F.EDAM09	5.30	0.23	10y - GE09M
F.EDAU09	5.32	0.25	10y - GE09U
F.EDAZ09	5.38	0.31	10y - GE09U

Price = Outright Decimal Price - Euro Contract Price

Yield = ABS(Cash Yield - Implied Euro Contract yield)



	GE Duration as Fraction of year	10Y Duration	Spread Duration	
F.EDAH07	-0.001	7.85	7.85	10y - GE07H
F.EDAM07	0.249	7.85	7.60	10y - GE07M
F.EDAU07	0.498	7.85	7.36	10y - GE07U
F.EDAZ07	0.747	7.85	7.11	10y - GE07Z
F.EDAH08	0.997	7.85	6.86	10y - GE08H
F.EDAM08	1.246	7.85	6.61	10y - GE08M
F.EDAU08	1.495	7.85	6.36	10y - GE08U
F.EDAZ08	1.745	7.85	6.11	10y - GE08Z
F.EDAH09	1.994	7.85	5.86	10y - GE09H
F.EDAM09	2.243	7.85	5.61	10y - GE09M
F.EDAU09	2.492	7.85	5.36	10y - GE09U
F.EDAZ09	2.742	7.85	5.11	10y - GE09U

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