

The Morning Email: TERM TEDS & Dirty TEDS

Table of Contents

PgA	Quotes	Pg9	2y Basis TED Curve
Pg1	Dirty TED: ZT vs Eurodollar Contracts	Pg10	5y Basis TED Curve
Pg2	Dirty TED: ZF vs Eurodollar Contracts	Pg11	10y Basis TED Curve
Pg3	Dirty TED: ZN vs Eurodollar Contracts	Pg12	Packs
Pg4	TERM TED: 2y vs Eurodollar Contracts		
Pg5	TERM TED: 5y vs Eurodollar Contracts		
Pg6	TERM TED: 10y vs Eurodollar Contracts		
Pg7	Dirty TED Curve		
Pg8	TED Curve		

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	104.5375	104.172	3.347	1.86	
ZF	109.2656	109.085	3.635	3.83	
ZN	112.4844	112.155	3.893	5.77	
2y	100.547	100.1750	3.329	1.78	
5y	100.828	100.2650	3.689	4.46	
10y	100.844	100.2700	4.144	8.08	

Eurodollars (ED)							
	Last Price	Last Imp Yield	Days til Expr.	Fraction of year	Month		
EDAZ07	95.110	4.890	31	0.084	DEC	} White Pack	
EDAH08	95.760	4.240	122	0.334	MAR		
EDAM08	96.075	3.925	213	0.583	JUN		
EDAU08	96.210	3.790	304	0.832	SEP	} Red Pack	
EDAZ08	96.225	3.775	395	1.082	DEC		
EDAH09	96.145	3.855	486	1.331	MAR		
EDAM09	96.010	3.990	577	1.580	JUN	} Green Pack	
EDAU09	95.880	4.120	668	1.830	SEP		
EDAZ09	95.750	4.250	759	2.079	DEC		
EDAH10	95.640	4.360	850	2.328	MAR	} Blue Pack	
EDAM10	95.535	4.465	941	2.577	JUN		
EDAU10	95.440	4.560	1032	2.827	SEP		
EDAZ10	95.350	4.650	1123	3.076	DEC	} Gold Pack	
EDAH11	95.270	4.730	1214	3.325	MAR		
EDAM11	95.190	4.810	1305	3.575	JUN		
EDAU11	95.115	4.885	1403	3.843	SEP	} Gold Pack	
EDAZ11	95.045	4.955	1494	4.093	DEC		
EDAH12	94.990	5.010	1585	4.342	MAR		
EDAM12	94.930	5.070	1676	4.591	JUN	} Gold Pack	
EDAU12	94.870	5.130	1767	4.840	SEP		

Notes

Futures use CTD for Last Yield

Mduration = Modified Macaulay Duration

#VALUE! = no quote being provided by exchange.

	Last Yield	Net Yield	Last Price	
Q.ED.White	4.316	-0.250	9578.875	} Pack Prices
Q.ED.Red	4.029	-0.250	9606.500	
Q.ED.Green	4.520	-0.875	9559.125	
Q.ED.Blue	4.893	0.000	9523.125	
Q.ED.Gold	5.177	0.000	9495.875	

Red pack is a 2yr proxy
 Gold pack is a 10yr proxy
 Red /Gold is a 2/10 proxy
 Blue pack is a 5yr proxy
 Blue/Gold is a 5/10 proxy

Overview of Hedging

11/16/2007 5:29

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

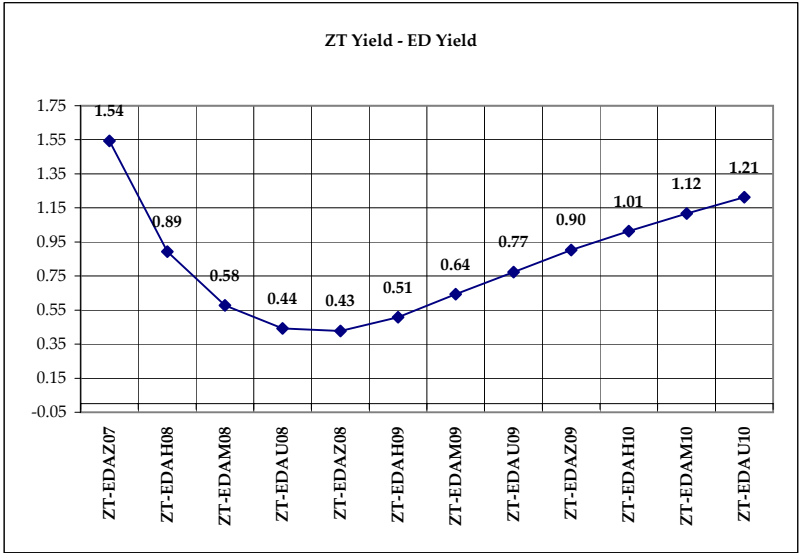
Eurodollar Color Codes for Individual Year Strips:

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

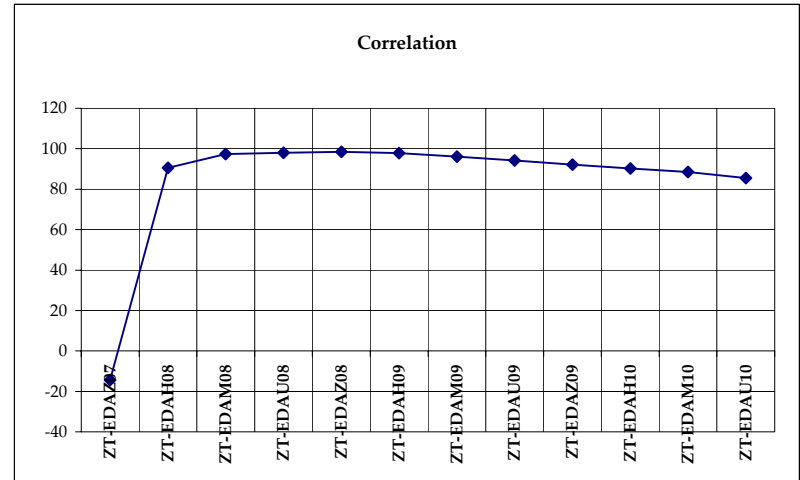
ZT				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAZ07	9.427	1.54	ZT-EDAZ07	-14.373
EDAH08	8.777	0.89	ZT-EDAH08	90.595
EDAM08	8.462	0.58	ZT-EDAM08	97.339
EDAU08	8.327	0.44	ZT-EDAU08	98.049
EDAZ08	8.312	0.43	ZT-EDAZ08	98.402
EDAH09	8.393	0.51	ZT-EDAH09	97.808
EDAM09	8.527	0.64	ZT-EDAM09	96.044
EDAU09	8.658	0.77	ZT-EDAU09	94.182
EDAZ09	8.787	0.90	ZT-EDAZ09	92.205
EDAH10	8.897	1.01	ZT-EDAH10	90.277
EDAM10	9.003	1.12	ZT-EDAM10	88.487
EDAU10	9.098	1.21	ZT-EDAU10	85.518

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		
EDAZ07	0.084	1.86	1.78	ZT-EDAZ07
EDAH08	0.334	1.86	1.53	ZT-EDAH08
EDAM08	0.583	1.86	1.28	ZT-EDAM08
EDAU08	0.832	1.86	1.03	ZT-EDAU08
EDAZ08	1.082	1.86	0.78	ZT-EDAZ08
EDAH09	1.331	1.86	0.53	ZT-EDAH09
EDAM09	1.580	1.86	0.28	ZT-EDAM09
EDAU09	1.830	1.86	0.03	ZT-EDAU09
EDAZ09	2.079	1.86	(0.21)	ZT-EDAZ09
EDAH10	2.328	1.86	(0.46)	ZT-EDAH10
EDAM10	2.577	1.86	(0.71)	ZT-EDAM10
EDAU10	2.827	1.86	(0.96)	ZT-EDAU10

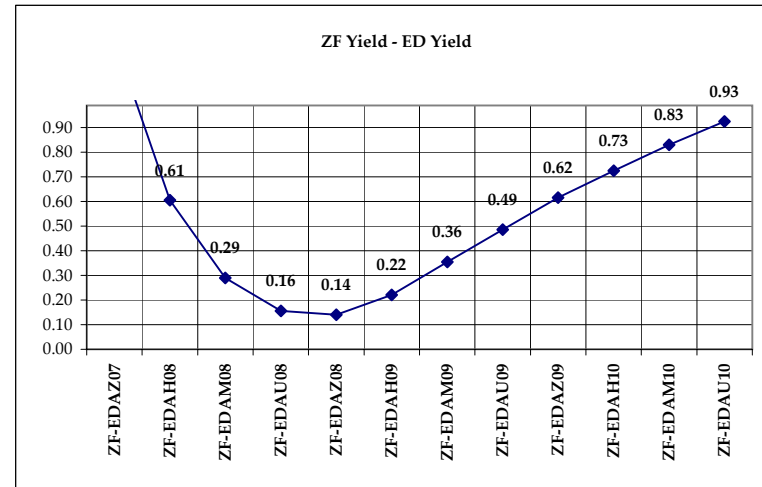
The farther away from 0 the spread duration is the riskier the trade.



Dirty TED: ZF vs Eurodollar Contracts

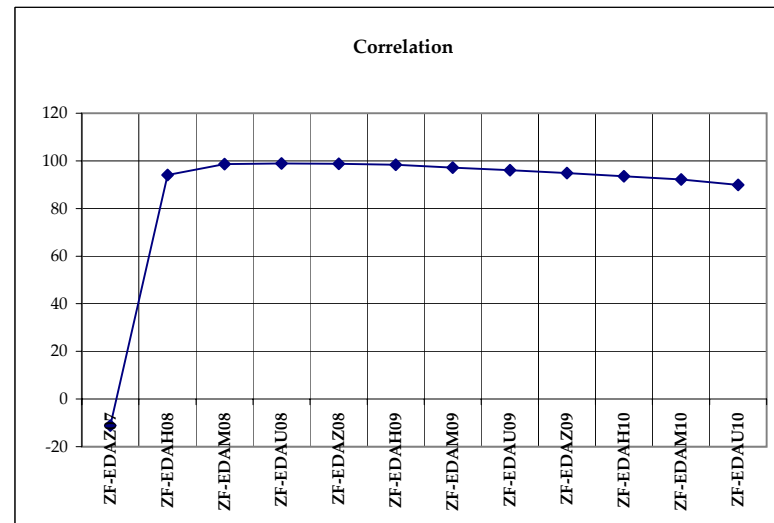
ZF				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAZ07	14.16	1.26	ZF-EDAZ07	-11.143
EDAH08	13.51	0.61	ZF-EDAH08	94.044
EDAM08	13.19	0.29	ZF-EDAM08	98.660
EDAU08	13.06	0.16	ZF-EDAU08	98.925
EDAZ08	13.04	0.14	ZF-EDAZ08	98.825
EDAH09	13.12	0.22	ZF-EDAH09	98.342
EDAM09	13.26	0.36	ZF-EDAM09	97.218
EDAU09	13.39	0.49	ZF-EDAU09	96.064
EDAZ09	13.52	0.62	ZF-EDAZ09	94.887
EDAH10	13.63	0.73	ZF-EDAH10	93.506
EDAM10	13.73	0.83	ZF-EDAM10	92.247
EDAU10	13.83	0.93	ZF-EDAU10	89.886

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		
EDAZ07	0.084	3.83	3.75	ZF-EDAZ07
EDAH08	0.334	3.83	3.50	ZF-EDAH08
EDAM08	0.583	3.83	3.25	ZF-EDAM08
EDAU08	0.832	3.83	3.00	ZF-EDAU08
EDAZ08	1.082	3.83	2.75	ZF-EDAZ08
EDAH09	1.331	3.83	2.50	ZF-EDAH09
EDAM09	1.580	3.83	2.25	ZF-EDAM09
EDAU09	1.830	3.83	2.00	ZF-EDAU09
EDAZ09	2.079	3.83	1.75	ZF-EDAZ09
EDAH10	2.328	3.83	1.51	ZF-EDAH10
EDAM10	2.577	3.83	1.26	ZF-EDAM10
EDAU10	2.827	3.83	1.01	ZF-EDAU10

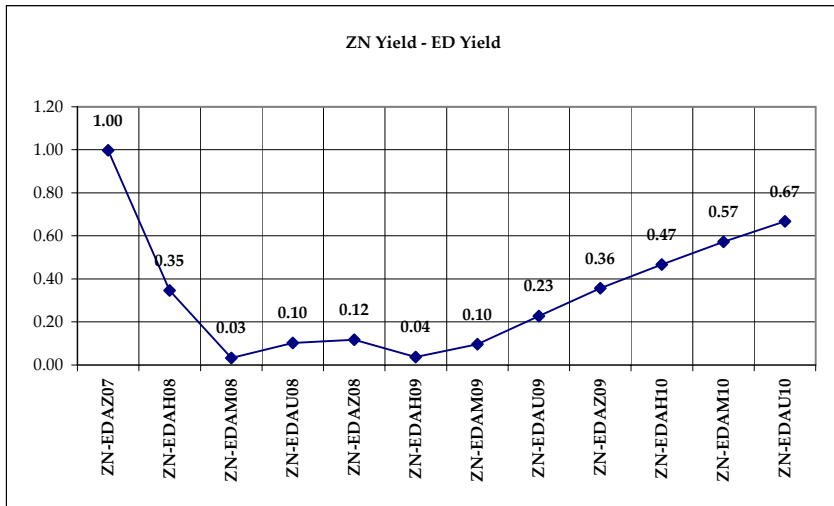
The farther away from 0 the spread duration is the riskier the trade.



Dirty TED: ZN vs Eurodollar Contracts

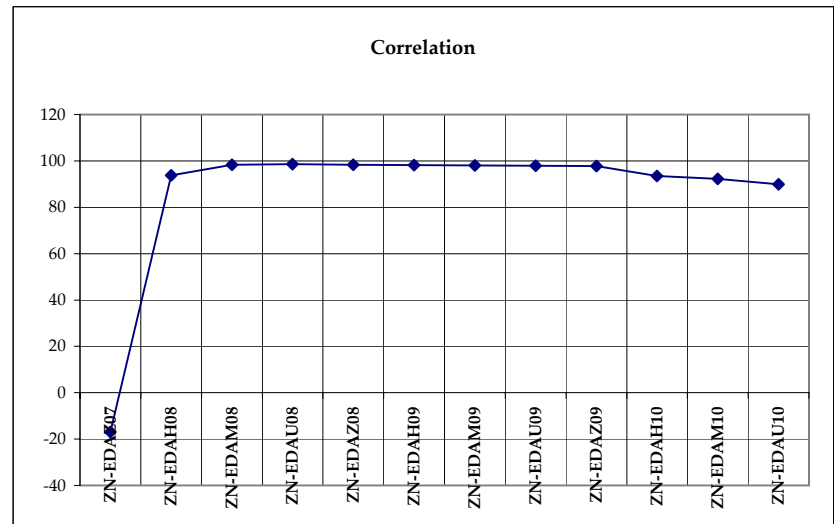
ZN				
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAZ07	17.37	1.00	ZN-EDAZ07	-16.92
EDAH08	16.72	0.35	ZN-EDAH08	93.77
EDAM08	16.41	0.03	ZN-EDAM08	98.31
EDAU08	16.27	0.10	ZN-EDAU08	98.55
EDAZ08	16.26	0.12	ZN-EDAZ08	98.29
EDAH09	16.34	0.04	ZN-EDAH09	98.18
EDAM09	16.47	0.10	ZN-EDAM09	98.02
EDAU09	16.60	0.23	ZN-EDAU09	97.93
EDAZ09	16.73	0.36	ZN-EDAZ09	97.73
EDAH10	16.84	0.47	ZN-EDAH10	93.51
EDAM10	16.95	0.57	ZN-EDAM10	92.25
EDAU10	17.04	0.67	ZN-EDAU10	89.89

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	
EDAZ07	0.084	5.77	5.68	ZN-EDAZ07
EDAH08	0.334	5.77	5.43	ZN-EDAH08
EDAM08	0.583	5.77	5.18	ZN-EDAM08
EDAU08	0.832	5.77	4.93	ZN-EDAU08
EDAZ08	1.082	5.77	4.68	ZN-EDAZ08
EDAH09	1.331	5.77	4.44	ZN-EDAH09
EDAM09	1.580	5.77	4.19	ZN-EDAM09
EDAU09	1.830	5.77	3.94	ZN-EDAU09
EDAZ09	2.079	5.77	3.69	ZN-EDAZ09
EDAH10	2.328	5.77	3.44	ZN-EDAH10
EDAM10	2.577	5.77	3.19	ZN-EDAM10
EDAU10	2.827	5.77	2.94	ZN-EDAU10

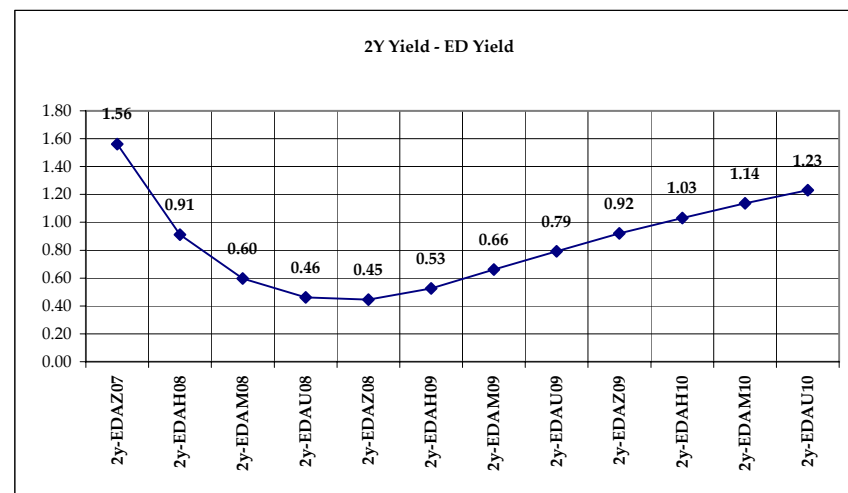
The farther away from 0 the spread duration is the riskier the trade.



TERM TED: 2y vs Eurodollar Contracts

	2y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAZ07	5.44	1.56	2y-EDAZ07	15.510
EDAH08	4.79	0.91	2y-EDAH08	-86.476
EDAM08	4.47	0.60	2y-EDAM08	-93.836
EDAU08	4.34	0.46	2y-EDAU08	-94.554
EDAZ08	4.32	0.45	2y-EDAZ08	-93.836
EDAH09	4.40	0.53	2y-EDAH09	-93.655
EDAM09	4.54	0.66	2y-EDAM09	-91.428
EDAU09	4.67	0.79	2y-EDAU09	-89.137
EDAZ09	4.80	0.92	2y-EDAZ09	-87.015
EDAH10	4.91	1.03	2y-EDAH10	-85.012
EDAM10	5.01	1.14	2y-EDAM10	-83.350
EDAU10	5.11	1.23	2y-EDAU10	-80.485

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.

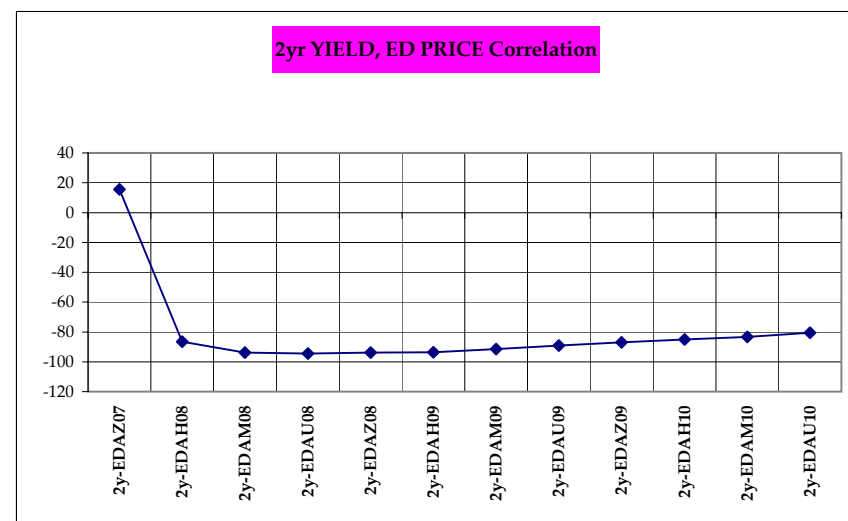


GE Duration as Fraction of year

	2Y Duration	Spread Duration	
EDAZ07	0.084	1.78	2y-EDAZ07
EDAH08	0.334	1.78	2y-EDAH08
EDAM08	0.583	1.78	2y-EDAM08
EDAU08	0.832	1.78	2y-EDAU08
EDAZ08	1.082	1.78	2y-EDAZ08
EDAH09	1.331	1.78	2y-EDAH09
EDAM09	1.580	1.78	2y-EDAM09
EDAU09	1.830	1.78	2y-EDAU09
EDAZ09	2.079	1.78	2y-EDAZ09
EDAH10	2.328	1.78	2y-EDAH10
EDAM10	2.577	1.78	2y-EDAM10
EDAU10	2.827	1.78	2y-EDAU10

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

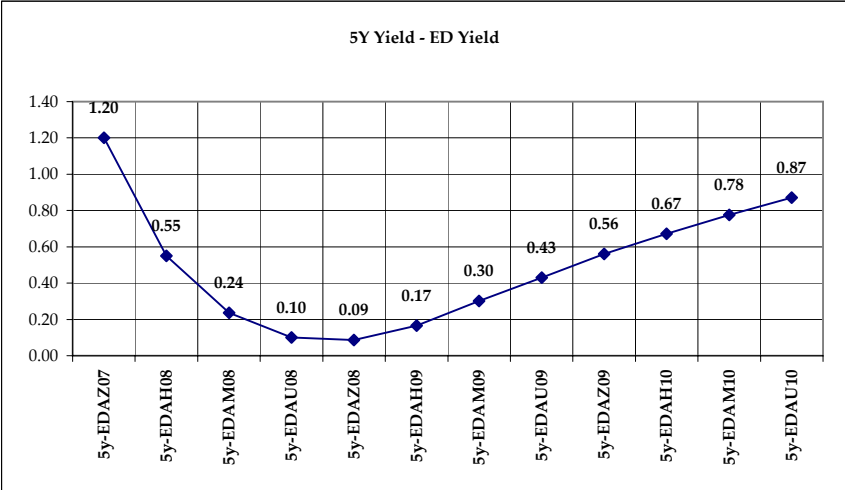
2yr YIELD, ED PRICE Correlation



TERM TED: 5y vs Eurodollar Contracts

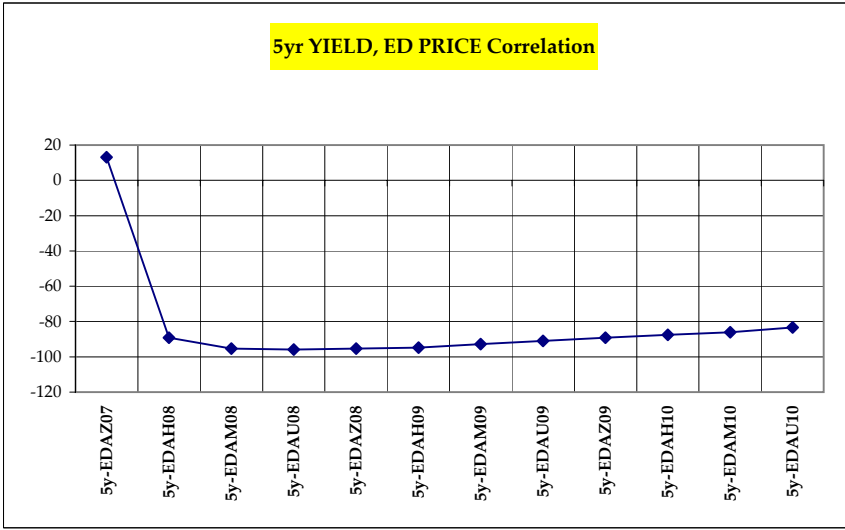
	5y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAZ07	5.72	1.20	5y-EDAZ07	13.030
EDAH08	5.07	0.55	5y-EDAH08	-89.137
EDAM08	4.75	0.24	5y-EDAM08	-95.405
EDAU08	4.62	0.10	5y-EDAU08	-95.853
EDAZ08	4.60	0.09	5y-EDAZ08	-95.405
EDAH09	4.68	0.17	5y-EDAH09	-94.707
EDAM09	4.82	0.30	5y-EDAM09	-92.788
EDAU09	4.95	0.43	5y-EDAU09	-90.911
EDAZ09	5.08	0.56	5y-EDAZ09	-89.160
EDAH10	5.19	0.67	5y-EDAH10	-87.517
EDAM10	5.29	0.78	5y-EDAM10	-86.083
EDAU10	5.39	0.87	5y-EDAU10	-83.412

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	
EDAZ07	0.084	4.46	4.38	5y-EDAZ07
EDAH08	0.334	4.46	4.13	5y-EDAH08
EDAM08	0.583	4.46	3.88	5y-EDAM08
EDAU08	0.832	4.46	3.63	5y-EDAU08
EDAZ08	1.082	4.46	3.38	5y-EDAZ08
EDAH09	1.331	4.46	3.13	5y-EDAH09
EDAM09	1.580	4.46	2.88	5y-EDAM09
EDAU09	1.830	4.46	2.63	5y-EDAU09
EDAZ09	2.079	4.46	2.38	5y-EDAZ09
EDAH10	2.328	4.46	2.13	5y-EDAH10
EDAM10	2.577	4.46	1.88	5y-EDAM10
EDAU10	2.827	4.46	1.63	5y-EDAU10

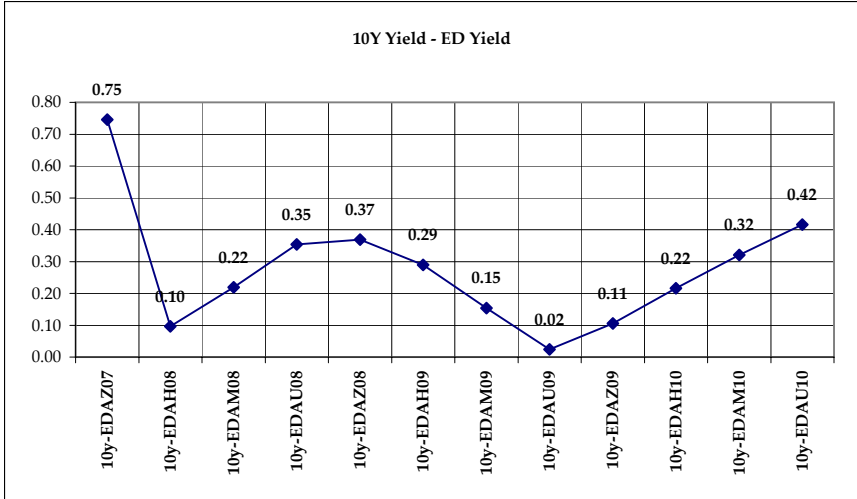
The farther away from 0 the spread duration is the riskier the trade.



TERM TED: 10y vs Eurodollar Contracts

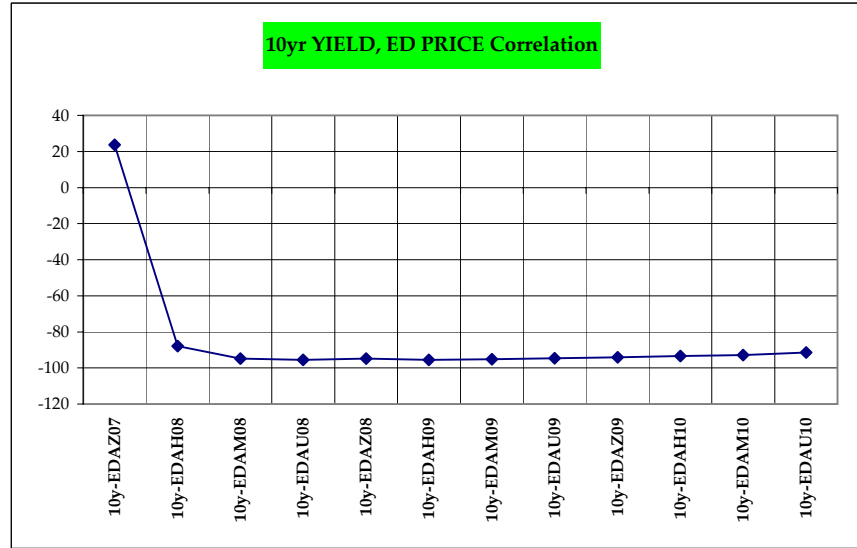
	10y			
	Spread Price	Spread Yield	Spread Name	Correlation* (percent)
EDAZ07	5.72	0.75	10y-EDAZ07	23.670
EDAH08	5.07	0.10	10y-EDAH08	-87.967
EDAM08	4.75	0.22	10y-EDAM08	-94.731
EDAU08	4.62	0.35	10y-EDAU08	-95.469
EDAZ08	4.60	0.37	10y-EDAZ08	-94.731
EDAH09	4.68	0.29	10y-EDAH09	-95.493
EDAM09	4.82	0.15	10y-EDAM09	-95.169
EDAU09	4.95	0.02	10y-EDAU09	-94.658
EDAZ09	5.08	0.11	10y-EDAZ09	-94.123
EDAH10	5.19	0.22	10y-EDAH10	-93.418
EDAM10	5.29	0.32	10y-EDAM10	-92.797
EDAU10	5.39	0.42	10y-EDAU10	-91.471

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	
EDAZ07	0.084	8.08	8.00	10y-EDAZ07
EDAH08	0.334	8.08	7.75	10y-EDAH08
EDAM08	0.583	8.08	7.50	10y-EDAM08
EDAU08	0.832	8.08	7.25	10y-EDAU08
EDAZ08	1.082	8.08	7.00	10y-EDAZ08
EDAH09	1.331	8.08	6.75	10y-EDAH09
EDAM09	1.580	8.08	6.50	10y-EDAM09
EDAU09	1.830	8.08	6.25	10y-EDAU09
EDAZ09	2.079	8.08	6.00	10y-EDAZ09
EDAH10	2.328	8.08	5.75	10y-EDAH10
EDAM10	2.577	8.08	5.50	10y-EDAM10
EDAU10	2.827	8.08	5.25	10y-EDAU10

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

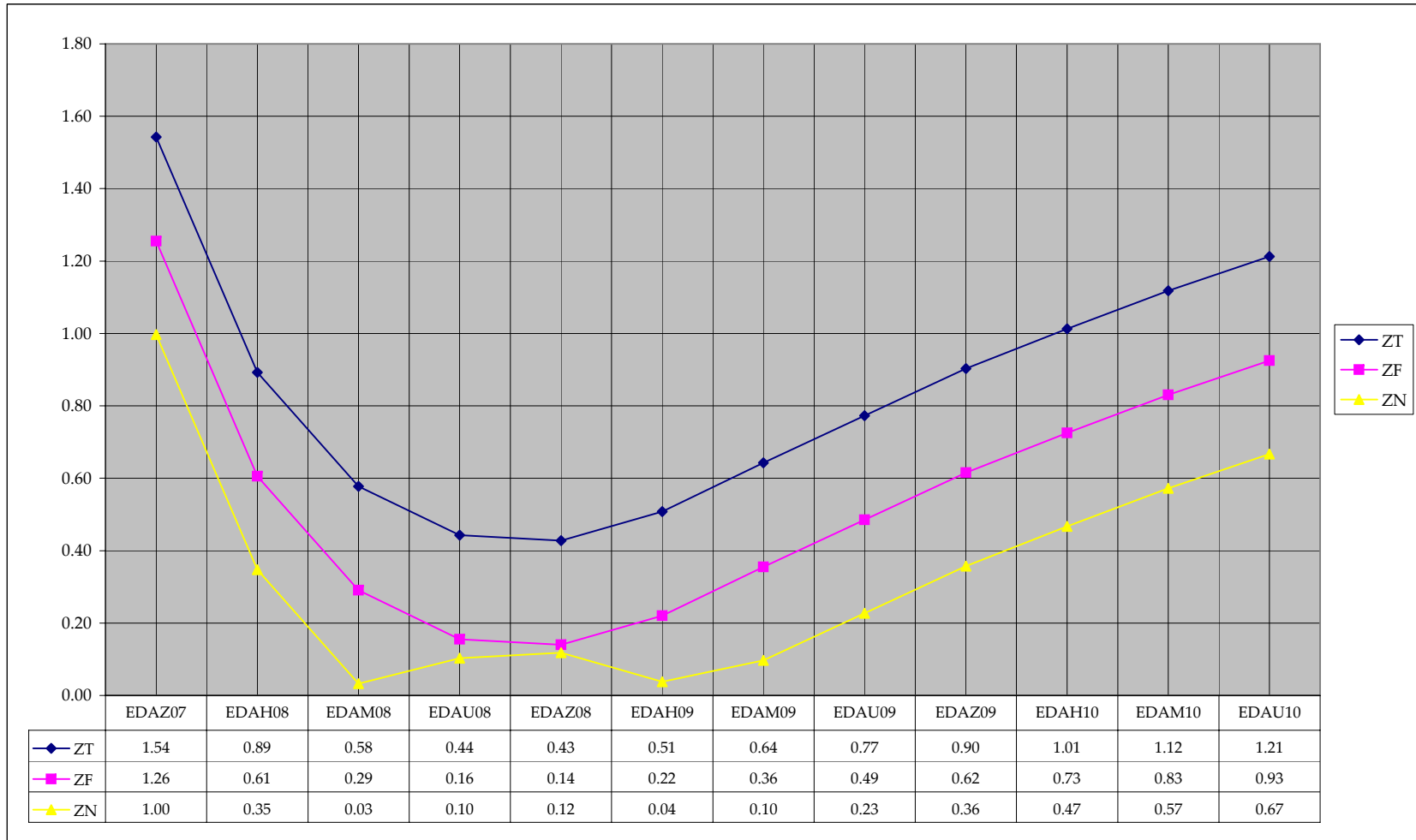


Dirty TED Curve

11/16/2007 5:29

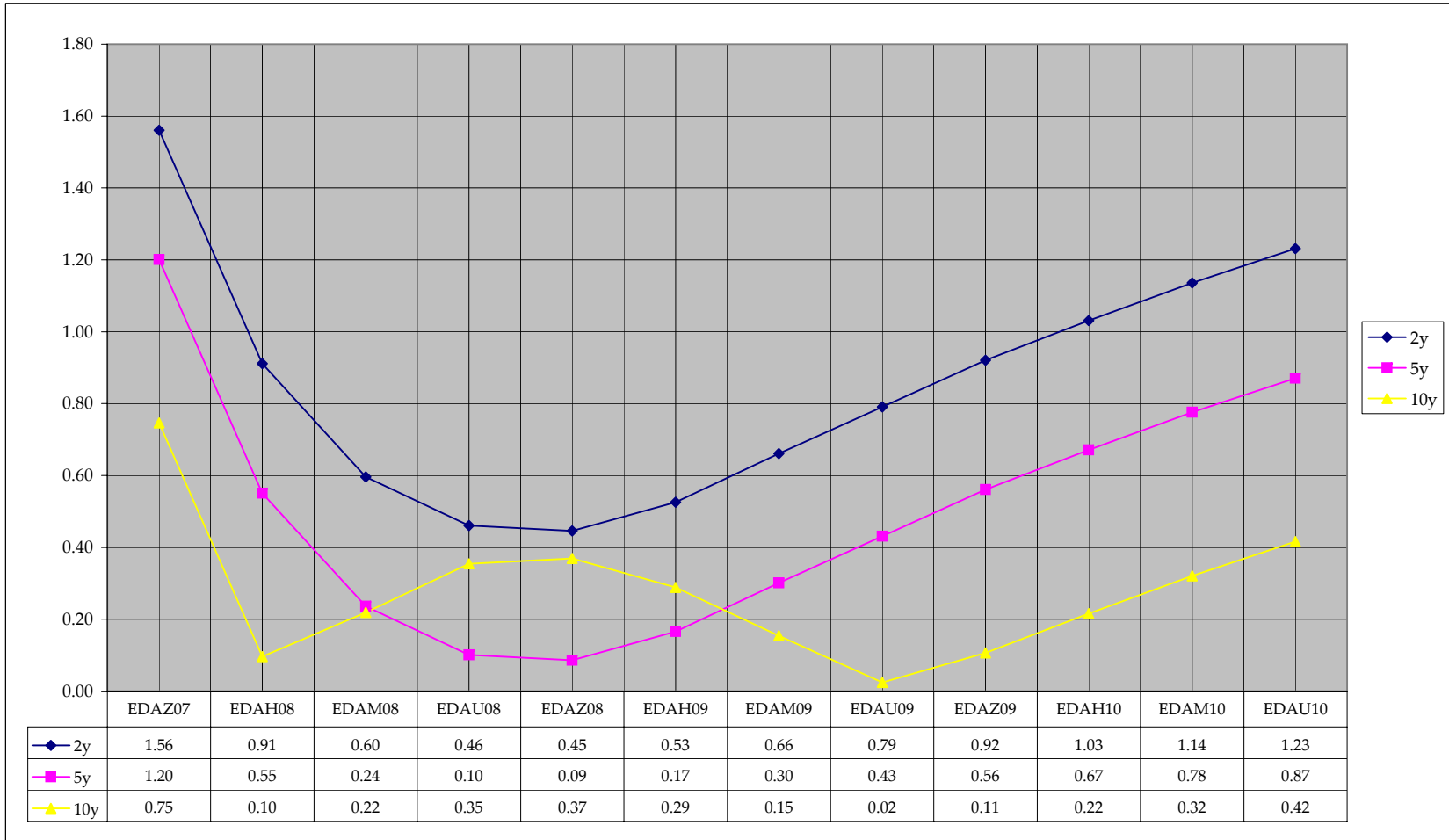
Page 7

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.

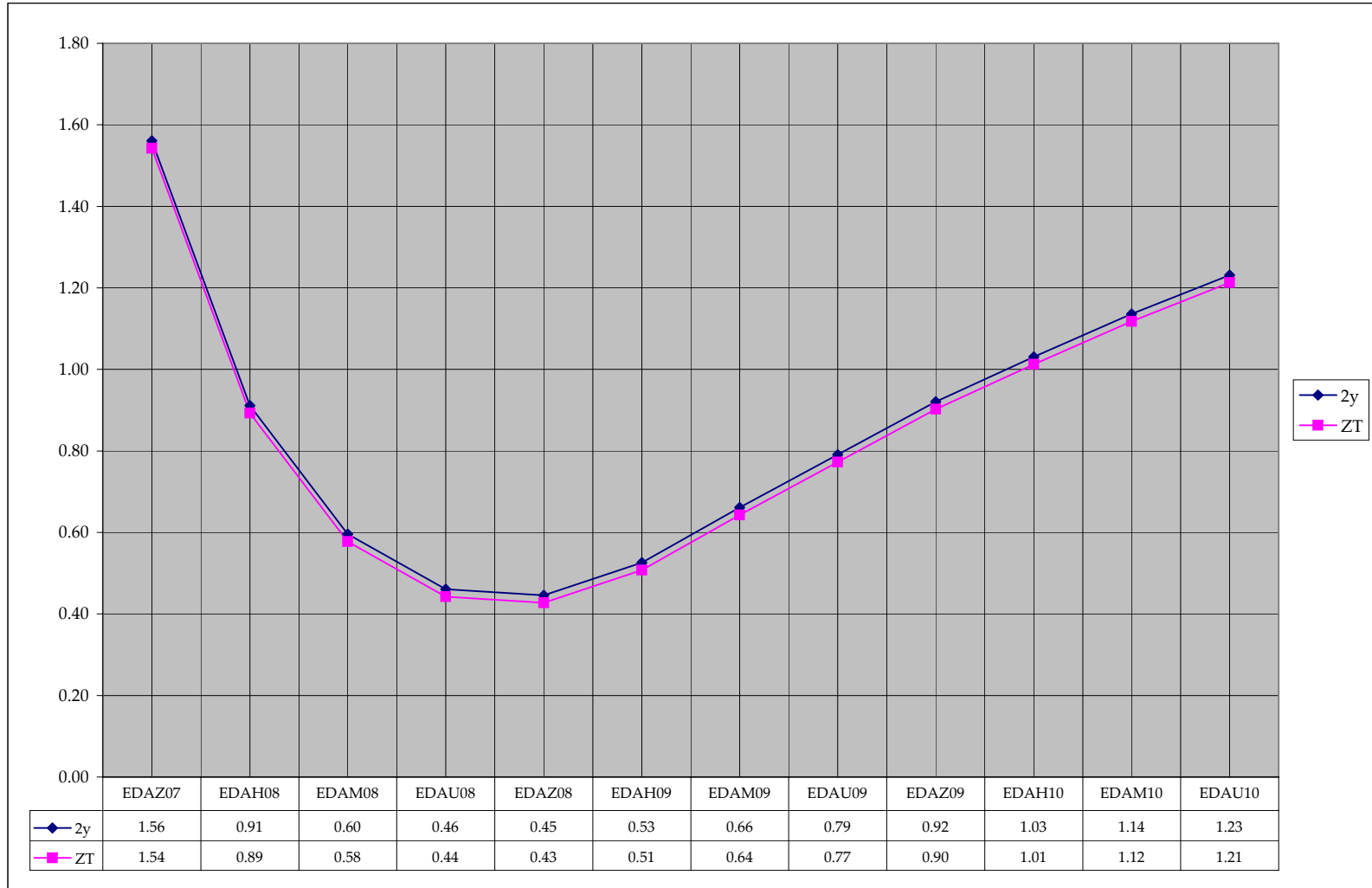


TED Curve

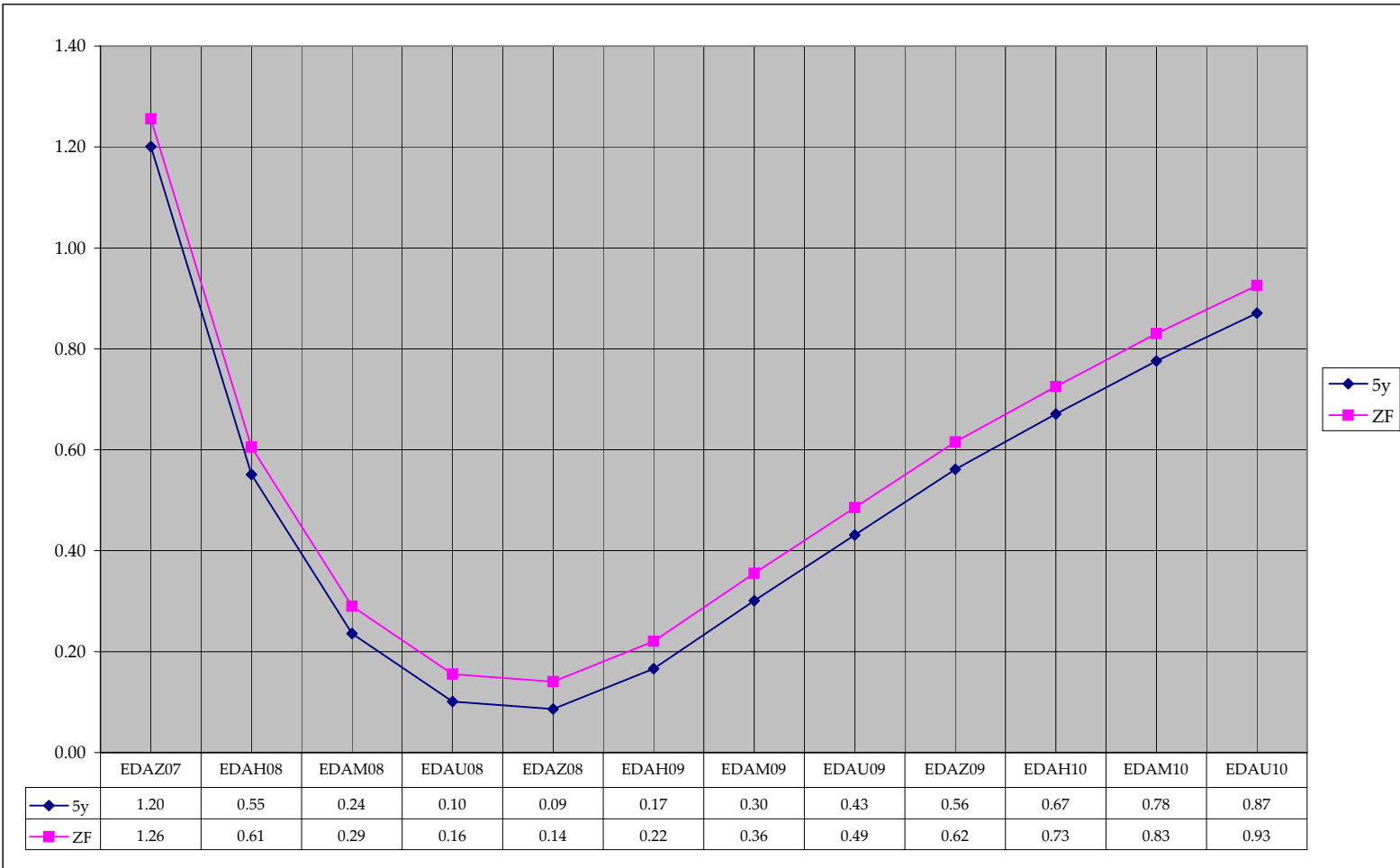
Chart values show the differences between ED contract and Treasury Cash contract. Those values can be seen in the table at the bottom of the chart. Each cash treasury is then plotted on the chart to compare differences in the durations and basis point values.



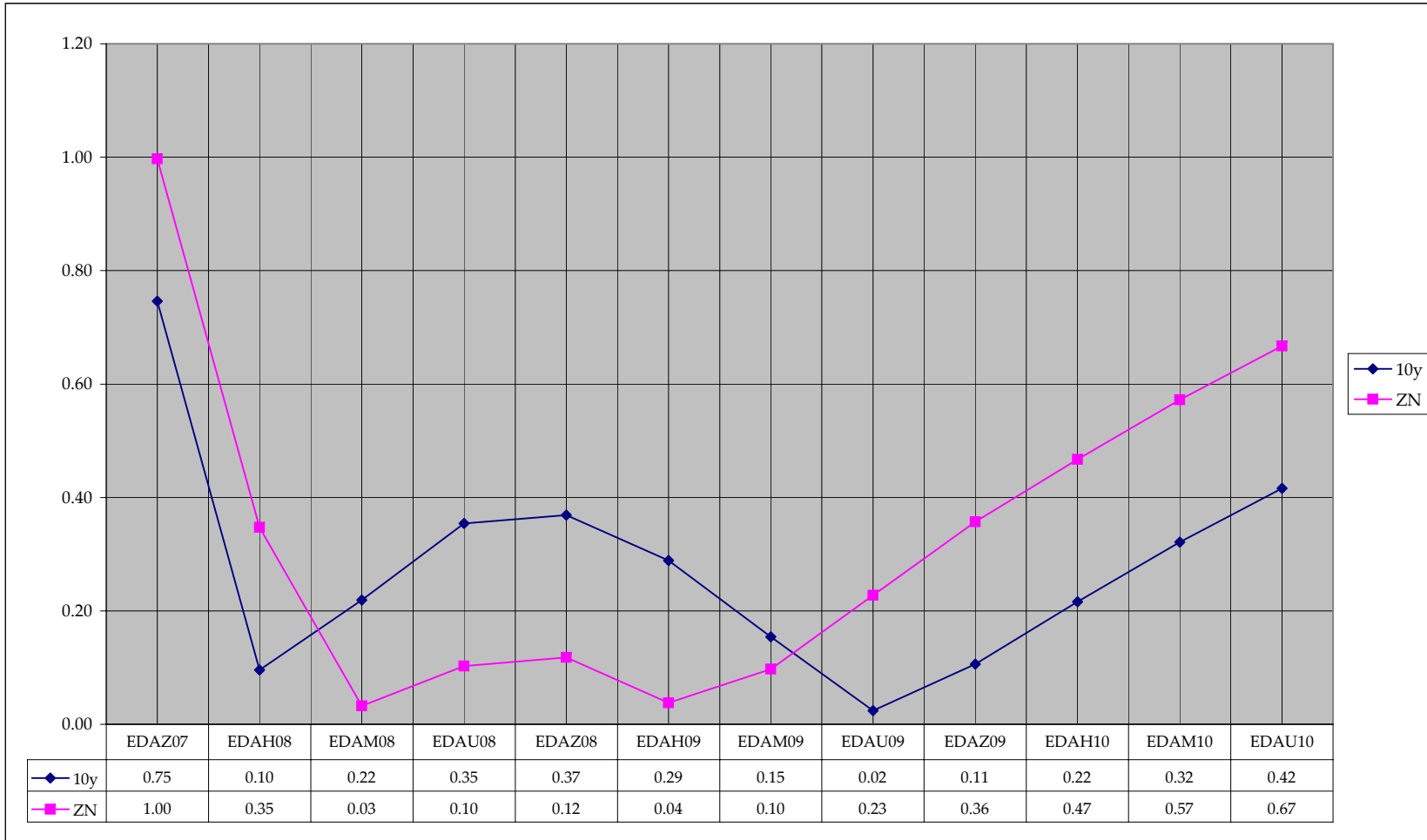
2y Basis TED Curve



5y Basis TED Curve



10y Basis TED Curve



Packs

	last Yield	Net Last Yield	Last Price
Q.ED.White	4.316	-0.250	9578.875
Q.ED.Red	4.029	-0.250	9606.500
Q.ED.Green	4.520	-0.875	9559.125
Q.ED.Blue	4.893	0.000	9523.125
Q.ED.Gold	5.177	0.000	9495.875

