

The Morning Email: Eurodollars & Fed Funds

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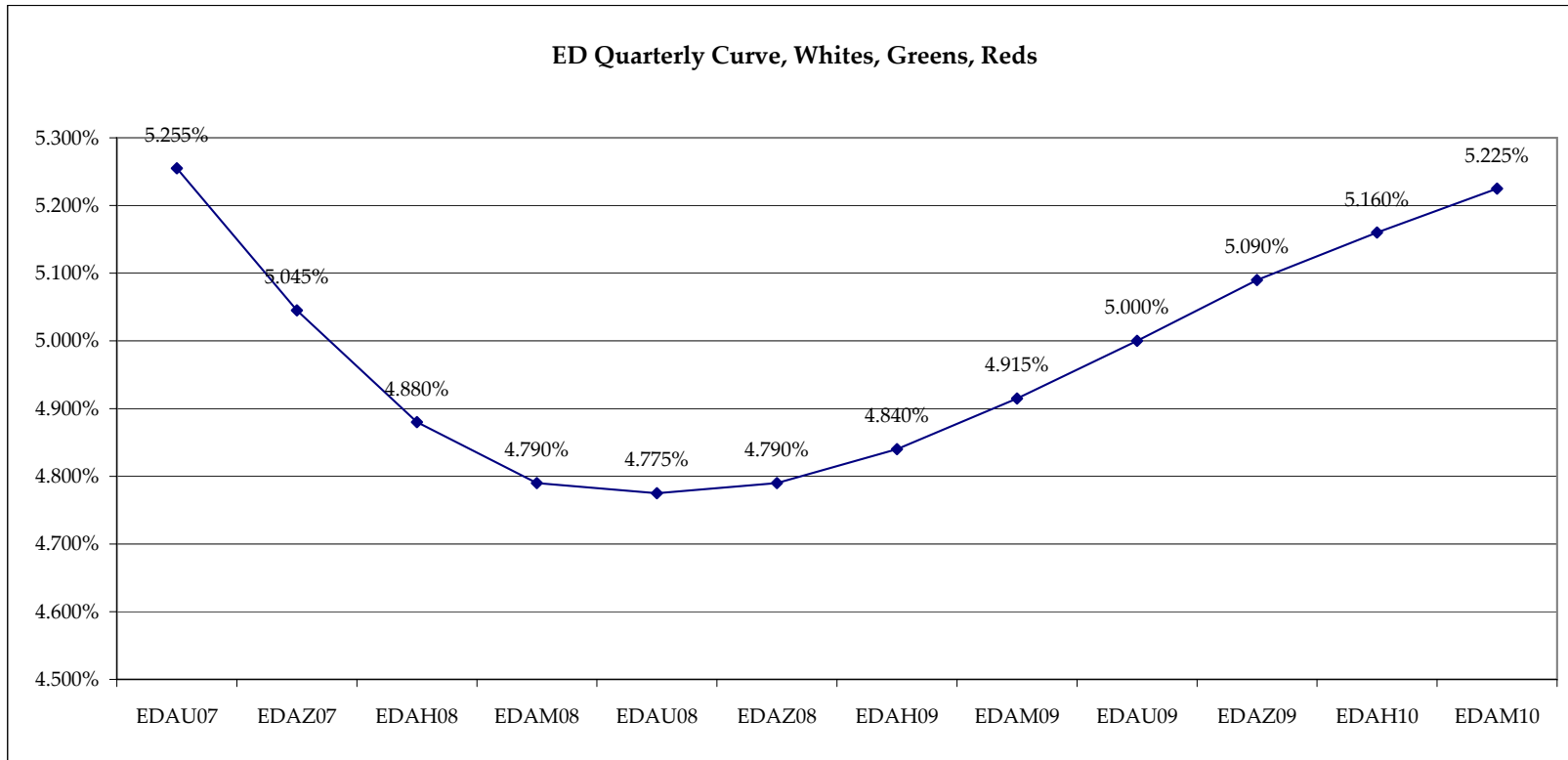
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Want something added? Let me know: jgoulding@ghco.com
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Jim Goulding, jgoulding@ghco.com

	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAU07	94.745	94.765	94.730	94.730	SEP	1.5	9/17/2007	5.255%	Whites	1st Year
EDAZ07	94.955	95.005	94.930	94.930	DEC	5.0	12/17/2007	5.045%		
EDAH08	95.120	95.175	95.090	95.095	MAR	6.0	3/17/2008	4.880%		
EDAM08	95.210	95.260	95.175	95.180	JUN	6.0	6/16/2008	4.790%		
EDAU08	95.225	95.280	95.195	95.195	SEP	6.0	9/15/2008	4.775%	Reds	1-2 yrs out
EDAZ08	95.210	95.255	95.175	95.175	DEC	6.5	12/15/2008	4.790%		
EDAH09	95.160	95.205	95.135	95.135	MAR	6.5	3/16/2009	4.840%		
EDAM09	95.085	95.125	95.075	95.075	JUN	5.0	6/15/2009	4.915%		
EDAU09	95.000	95.040	94.995	95.005	SEP	4.5	9/14/2009	5.000%	Greens	2-3 yrs out
EDAZ09	94.910	94.950	94.900	94.900	DEC	4.5	12/14/2009	5.090%		
EDAH10	94.840	94.860	94.840	94.855	MAR	4.0	3/15/2010	5.160%		
EDAM10	94.775	94.790	94.765	94.785	JUN	4.0	6/14/2010	5.225%		
EDAU10	94.695	#VALUE!	#VALUE!	#VALUE!	SEP	3.5	9/13/2010	5.305%	Blues	3-4 yrs out
EDAZ10	94.685	94.685	94.685	94.685	DEC	3.5	12/13/2010	5.315%		
EDAH11	94.590	#VALUE!	#VALUE!	#VALUE!	MAR	3.5	3/14/2011	5.410%		
EDAM11	94.590	94.590	94.570	94.570	JUN	2.5	6/13/2011	5.410%		
EDAU11	94.530	94.530	94.530	94.530	SEP	1.5	9/19/2011	5.470%	Golds	4-5 yrs out
EDAZ11	94.400	#VALUE!	#VALUE!	#VALUE!	DEC	6.5	12/19/2011	5.600%		
EDAH12	94.370	#VALUE!	#VALUE!	#VALUE!	MAR	7.0	3/19/2012	5.630%		
EDAM12	94.340	#VALUE!	#VALUE!	#VALUE!	JUN	7.5	6/18/2012	5.660%		
EDAU12									Purples	5-6 yrs out
EDAZ12										
EDZH13										
EDAM13										
EDAU13									Oranges	6-7 yrs out
EDAZ13										
EDAH14										
EDAM14										
EDAU14									Pinks	7-8 yrs out
EDAZ14										
EDAH15										
EDAM15										
EDAU15									Grays	8-9 yrs out
EDAZ15										
EDAH16										
EDAM16										
EDAU16									Coppers	8-10 yrs out
EDAZ16										
EDAH17										
EDAM17										

I do not keep stats on purples through coppers due to lack of volume. Also, matrix excludes serial contracts. Serials can be found on the ED and FF spread page.

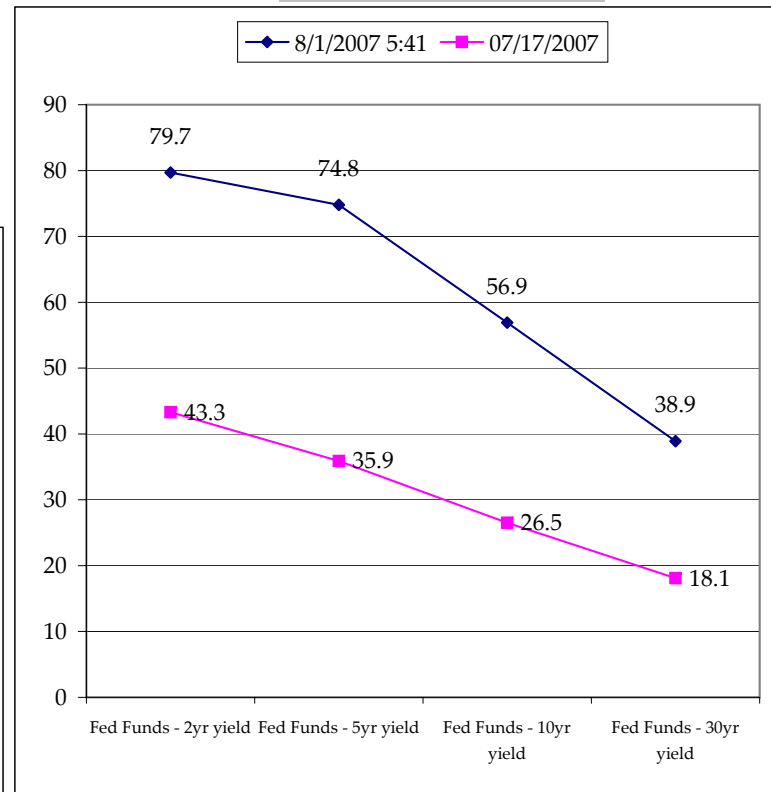
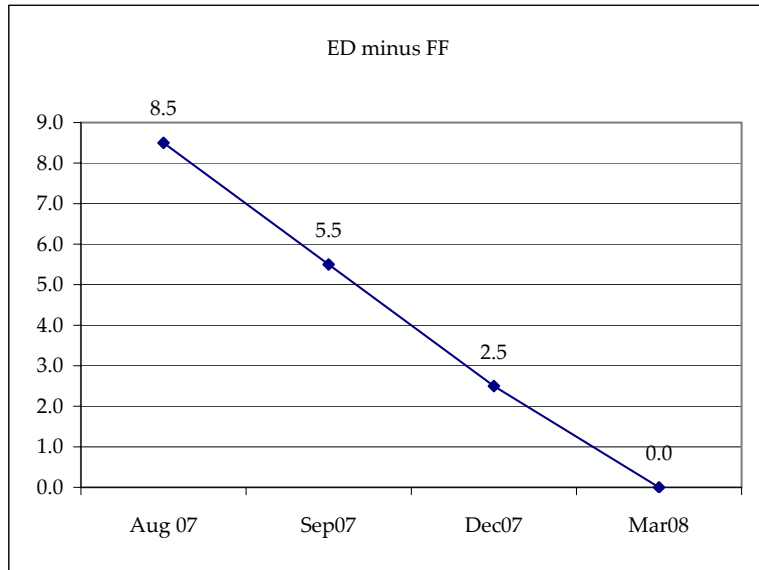


Month	Fed Funds (FF)			Eurodollars (ED)	ED - FF
	Last	Net	Implied	Implied	bps
Aug-07	94.765	0.000	5.235	5.320	8.5
Sep-07	94.800	0.100	5.200	5.255	5.5
Oct-07	94.835	0.200	5.165		
Nov-07	94.900	0.300	5.100		
Dec-07	94.980	0.450	5.020	5.045	2.5
Jan-08	95.035	0.550	4.965		
Feb-08	95.125	0.450	4.875		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.880	#VALUE!
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.790	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.775	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	07/17/2007
Fed Funds - 2yr yield	79.7	0.9	43.3
Fed Funds - 5yr yield	74.8	1.1	35.9
Fed Funds - 10yr yield	56.9	0.6	26.5
Fed Funds - 30yr yield	38.9	-0.4	18.1
GFER	#VALUE!	#VALUE!	

GFER = Fed Funds Daily Effective Rate

Why 7/17/2007?
Pre-CPI is a good benchmark.



Fed Meeting Dates

August/07/2007

Target Rate	Probability
4.75	7.1
5.00	4.3
5.25	91.1
5.50	0.5

September/18/2007

Target Rate	Probability
4.75	17.1
5.00	12.6
5.25	70.3
5.50	0.0

October/31/2007

Target Rate	Probability
4.75	27.3
5.00	3.9
5.25	66.6
5.50	2.0

as of 07/27/07

These probabilities take options into account and are much better at forecasting the FOMC intentions than the 'day-count' equation most analysts on the street use.

Notes:
All probabilities are taken from The Cleveland Federal Reserve

Current Positions								
Small Spec			Large Spec			Commercials		
Long	Short	Net	Long	Short	Net	Long	Short	Net
1,191,648	1,390,757	(199,109)	1,414,729	871,243	543,486	10,727,909	11,072,285	(344,376)

As of
7/24/2007

Week over Week Change		
Sm Spec	Lg Spec	Commrc
96,226	132,410	(228,635)