

## The Morning Email: Eurodollars & Fed Funds

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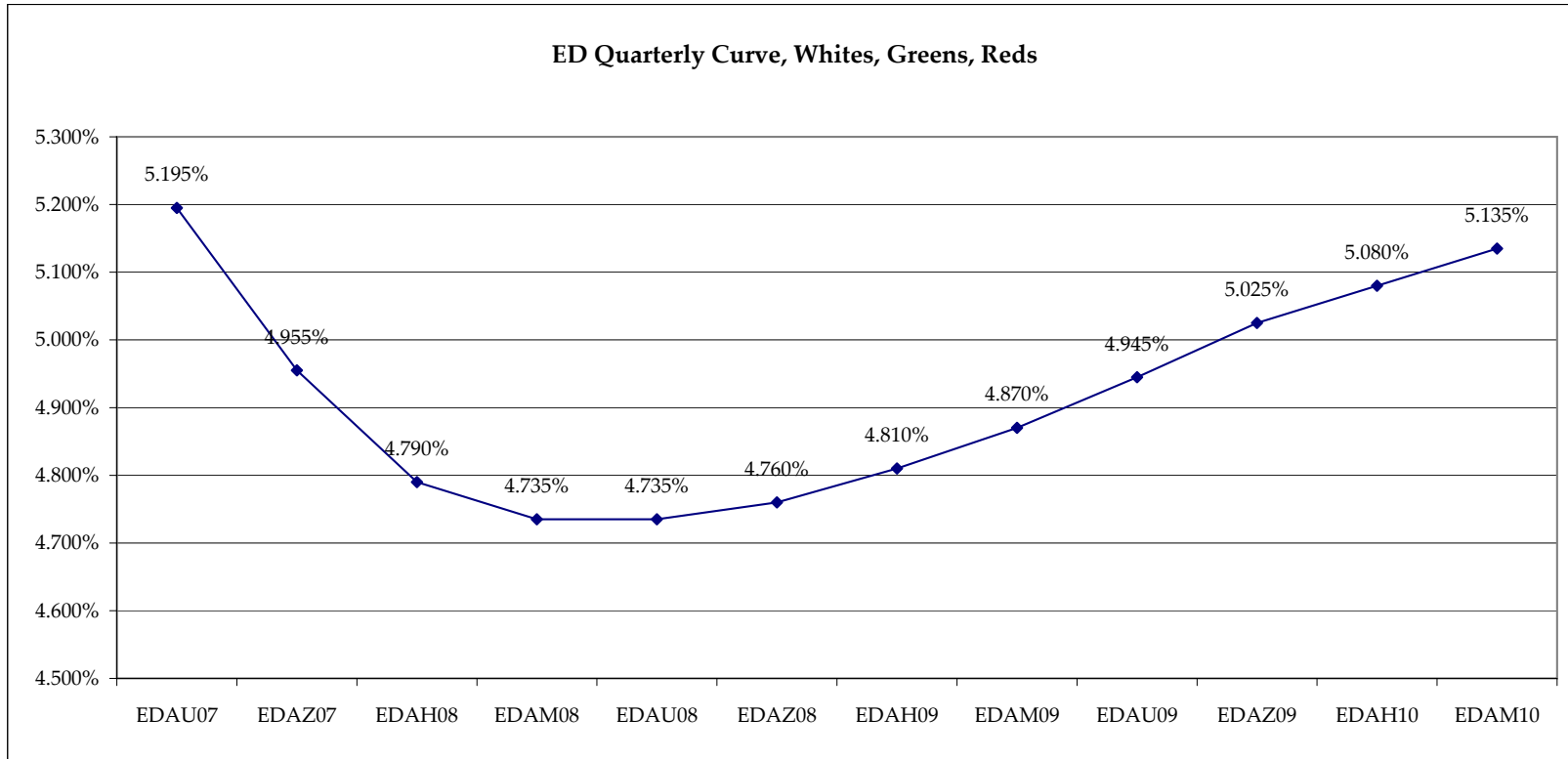
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Want something added? Let me know: [jgoulding@ghco.com](mailto:jgoulding@ghco.com)  
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	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAU07	94.805	94.845	94.805	94.815	SEP	3.0	9/17/2007	5.195%	Whites	1st Year
EDAZ07	95.045	95.115	95.045	95.060	DEC	3.5	12/17/2007	4.955%		
EDAH08	95.210	95.280	95.205	95.220	MAR	3.5	3/17/2008	4.790%		
EDAM08	95.265	95.340	95.265	95.285	JUN	2.5	6/16/2008	4.735%		
EDAU08	95.265	95.335	95.265	95.285	SEP	1.5	9/15/2008	4.735%	Reds	1-2 yrs out
EDAZ08	95.240	95.305	95.235	95.240	DEC	1.5	12/15/2008	4.760%		
EDAH09	95.190	95.255	95.190	95.225	MAR	2.5	3/16/2009	4.810%		
EDAM09	95.130	95.185	95.125	95.135	JUN	2.5	6/15/2009	4.870%		
EDAU09	95.055	95.090	95.050	95.070	SEP	2.0	9/14/2009	4.945%	Greens	2-3 yrs out
EDAZ09	94.975	95.010	94.975	95.010	DEC	1.0	12/14/2009	5.025%		
EDAH10	94.920	94.940	94.915	94.925	MAR	1.0	3/15/2010	5.080%		
EDAM10	94.865	94.865	94.855	94.865	JUN	1.0	6/14/2010	5.135%		
EDAU10	94.800	94.800	94.795	94.795	SEP	0.5	9/13/2010	5.200%	Blues	3-4 yrs out
EDAZ10	94.740	94.740	94.740	94.740	DEC	0.5	12/13/2010	5.260%		
EDAH11	#VALUE!	#VALUE!	#VALUE!	#VALUE!	MAR	0.0	3/14/2011	#VALUE!		
EDAM11	94.650	94.650	94.650	94.650	JUN	4.0	6/13/2011	5.350%		
EDAU11	#VALUE!	#VALUE!	#VALUE!	#VALUE!	SEP	4.5	9/19/2011	#VALUE!	Golds	4-5 yrs out
EDAZ11	#VALUE!	#VALUE!	#VALUE!	#VALUE!	DEC	4.5	12/19/2011	#VALUE!		
EDAH12	94.495	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.505%		
EDAM12	#VALUE!	#VALUE!	#VALUE!	#VALUE!	JUN	15.5	6/18/2012	#VALUE!		
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.

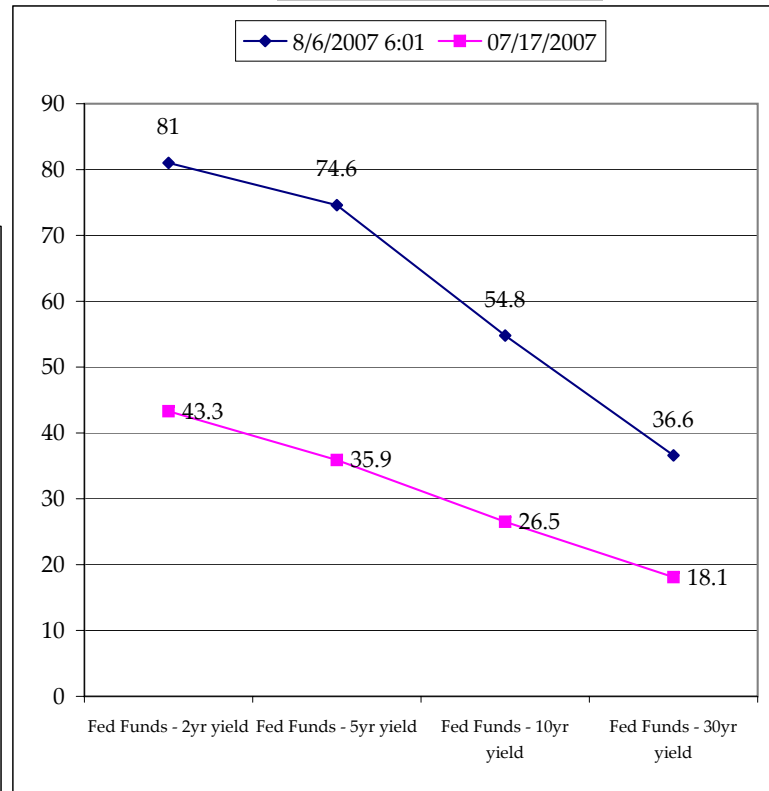
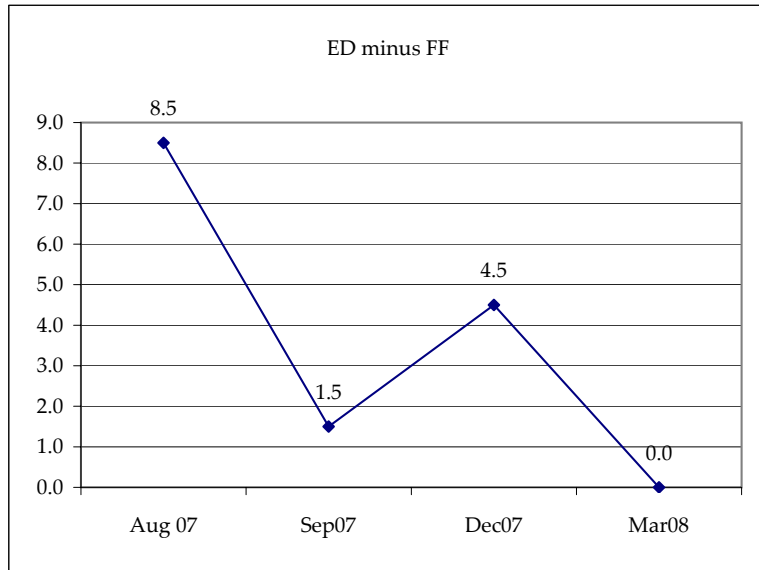


Month	Fed Funds (FF)			Eurodollars (ED)	ED - FF
	Last	Net	Implied	Implied	bps
Aug-07	94.770	-0.050	5.230	5.315	8.5
Sep-07	94.820	0.050	5.180	5.195	1.5
Oct-07	94.880	0.150	5.120		
Nov-07	95.000	0.400	5.000		
Dec-07	95.090	0.450	4.910	4.955	4.5
Jan-08	95.135	0.400	4.865		
Feb-08	95.270	0.650	4.730		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.790	#VALUE!
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.735	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.735	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	07/17/2007
Fed Funds - 2yr yield	81	-2.5	43.3
Fed Funds - 5yr yield	74.6	-1.7	35.9
Fed Funds - 10yr yield	54.8	-2.0	26.5
Fed Funds - 30yr yield	36.6	-1.5	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	Week over Week Change		
	Sm Spec	Lg Spec	Commrc
7/24/2007	96,226	132,410	(228,635)