

## The Morning Email: Eurodollars & Fed Funds

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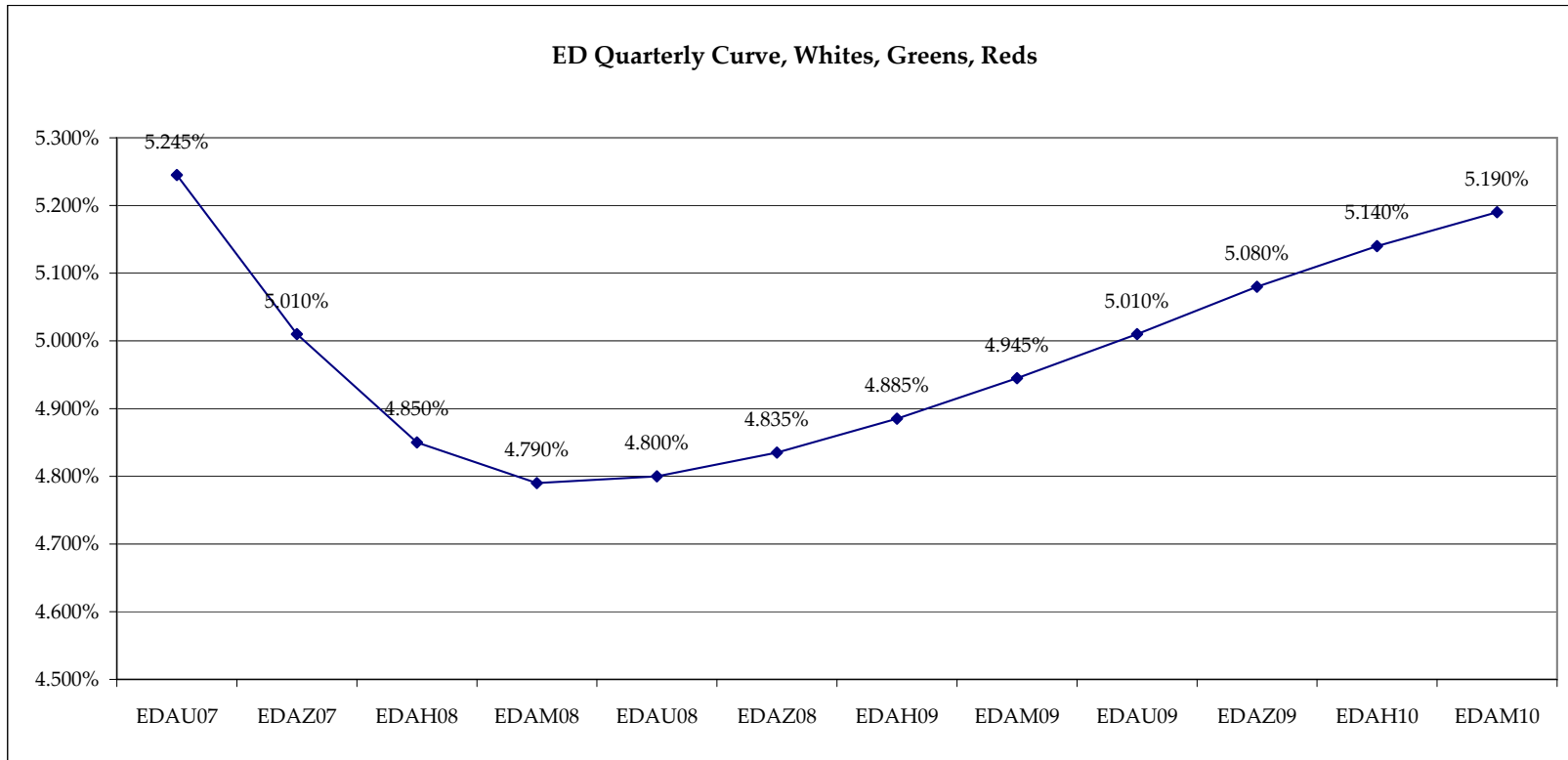
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Want something added? Let me know: [jgoulding@ghco.com](mailto:jgoulding@ghco.com)  
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	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAU07	94.755	94.775	94.755	94.760	SEP	-1.0	9/17/2007	5.245%	Whites	1st Year
EDAZ07	94.990	95.015	94.985	94.995	DEC	-1.5	12/17/2007	5.010%		
EDAH08	95.150	95.180	95.145	95.160	MAR	-1.0	3/17/2008	4.850%		
EDAM08	95.210	95.230	95.195	95.205	JUN	-0.5	6/16/2008	4.790%		
EDAU08	95.200	95.225	95.195	95.195	SEP	-0.5	9/15/2008	4.800%	Reds	1-2 yrs out
EDAZ08	95.165	95.185	95.155	95.155	DEC	-1.0	12/15/2008	4.835%		
EDAH09	95.115	95.140	95.110	95.110	MAR	0.0	3/16/2009	4.885%		
EDAM09	95.055	95.070	95.045	95.045	JUN	-0.5	6/15/2009	4.945%		
EDAU09	94.990	95.000	94.985	94.990	SEP	-1.0	9/14/2009	5.010%	Greens	2-3 yrs out
EDAZ09	94.920	94.925	94.910	94.910	DEC	0.0	12/14/2009	5.080%		
EDAH10	94.860	94.865	94.860	94.865	MAR	0.0	3/15/2010	5.140%		
EDAM10	94.810	94.820	94.810	94.815	JUN	-1.0	6/14/2010	5.190%		
EDAU10	94.755	#VALUE!	#VALUE!	#VALUE!	SEP	2.0	9/13/2010	5.245%	Blues	3-4 yrs out
EDAZ10	94.705	#VALUE!	#VALUE!	#VALUE!	DEC	2.5	12/13/2010	5.295%		
EDAH11	94.650	#VALUE!	#VALUE!	#VALUE!	MAR	3.0	3/14/2011	5.350%		
EDAM11	94.600	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/13/2011	5.400%		
EDAU11	94.550	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/19/2011	5.450%	Golds	4-5 yrs out
EDAZ11	94.495	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/19/2011	5.505%		
EDAH12	94.460	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.540%		
EDAM12	94.445	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.555%		
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.

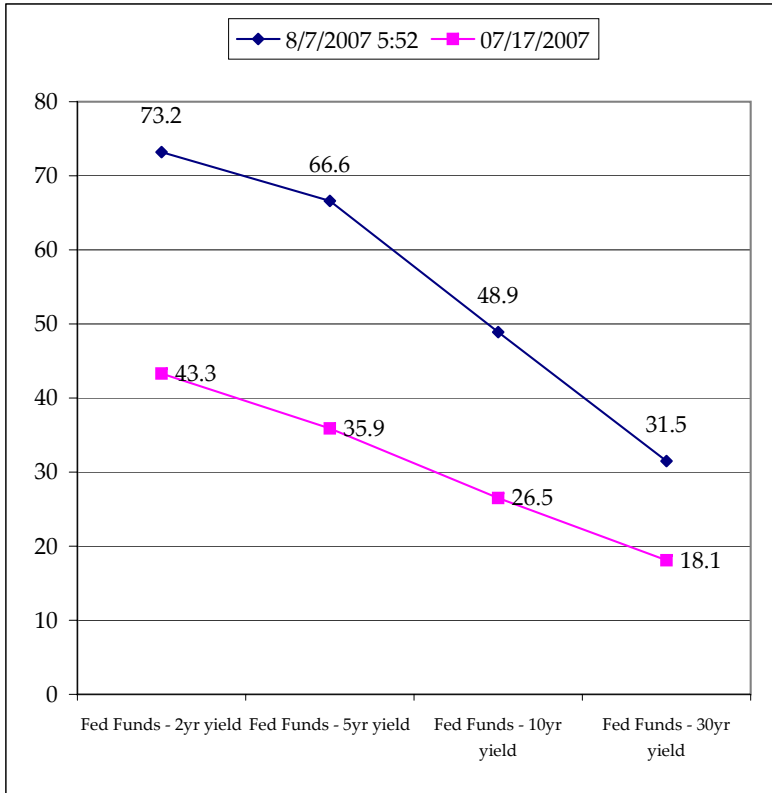
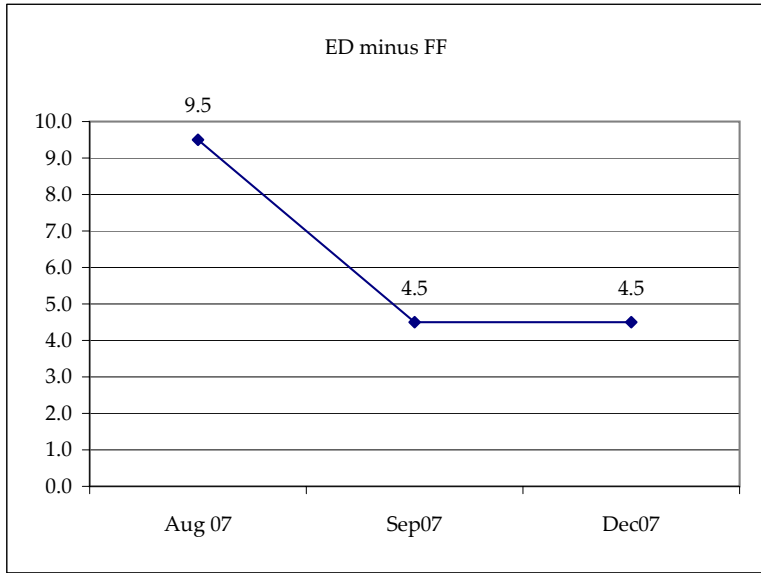


Month	Fed Funds (FF)			Eurodollars (ED)	ED - FF
	Last	Net	Implied	Implied	bps
Aug-07	94.765	-0.100	5.235	5.330	9.5
Sep-07	94.800	-0.150	5.200	5.245	4.5
Oct-07	94.845	-0.200	5.155		
Nov-07	94.945	-0.150	5.055		
Dec-07	95.035	-0.100	4.965	5.010	4.5
Jan-08	95.090	-0.100	4.910		
Feb-08	#VALUE!	#VALUE!	#VALUE!		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.850	#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!	4.800	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	07/17/2007
Fed Funds - 2yr yield	73.2	-3.3	43.3
Fed Funds - 5yr yield	66.6	-0.9	35.9
Fed Funds - 10yr yield	48.9	-1.8	26.5
Fed Funds - 30yr yield	31.5	-1.9	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	4.7
5.00	7.2
5.25	88.0
5.50	0.0

**September/18/2007**

Target Rate	Probability
4.75	42.0
5.00	0.0
5.25	56.0
5.50	1.0

**October/31/2007**

Target Rate	Probability
4.75	20.0
5.00	15.0
5.25	63.0
5.50	0.0

as of 08/06/07

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
1,194,518	1,365,379	(170,861)	1,685,864	691,176	994,688	11,187,709	12,011,536	(823,827)

As of  
7/31/2007

Week over Week Change		
Sm Spec	Lg Spec	Commrc
28,248	451,202	(479,451)