The Morning Email: Eurodollars & Fed Funds

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

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Eurodollars - Electronic Outright Contracts

	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAU07	94.700	94.705	94.685	94.700	SEP	-0.5	9/17/2007	5.300%	Whites	1st Year
EDAZ07	94.895	94.935	94.880	94.930	DEC	-5.0	12/17/2007	5.105%		
EDAH08	95.070	95.120	95.045	95.120	MAR	-5.0	3/17/2008	4.930%		
EDAM08	95.135	95.185	95.105	95.185	JUN	-6.0	6/16/2008	4.865%		
EDAU08	95.135	95.185	95.110	95.185	SEP	-6.0	9/15/2008	4.865%	Reds	1-2 yrs out
EDAZ08	95.100	95.150	95.070	95.150	DEC	-5.5	12/15/2008	4.900%		
EDAH09	95.050	95.090	95.020	95.090	MAR	-5.5	3/16/2009	4.950%		
EDAM09	94.985	95.015	94.955	95.010	JUN	-5.5	6/15/2009	5.015%		
EDAU09	94.920	94.960	94.900	94.960	SEP	-5.0	9/14/2009	5.080%	Greens	2-3 yrs out
EDAZ09	94.850	94.880	94.830	94.880	DEC	-5.0	12/14/2009	5.150%		
EDAH10	94.800	94.815	94.785	94.800	MAR	-4.5	3/15/2010	5.200%		
EDAM10	94.760	94.760	94.760	94.760	JUN	-4.5	6/14/2010	5.240%		
EDAU10	94.755	#VALUE!	#VALUE!	#VALUE!	SEP	-3.0	9/13/2010	5.245%	Blues	3-4 yrs out
EDAZ10	94.695	#VALUE!	#VALUE!	#VALUE!	DEC	-2.0	12/13/2010	5.305%		
EDAH11	94.660	#VALUE!	#VALUE!	#VALUE!	MAR	-1.5	3/14/2011	5.340%		
EDAM11	94.590	#VALUE!	#VALUE!	#VALUE!	JUN	-6.0	6/13/2011	5.410%		
EDAU11	94.550	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/19/2011	5.450%	Golds	4-5 yrs out
EDAZ11	94.500	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/19/2011	5.500%		
EDAH12	94.560	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.440%		
EDAM12	94.485	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.515%		
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.

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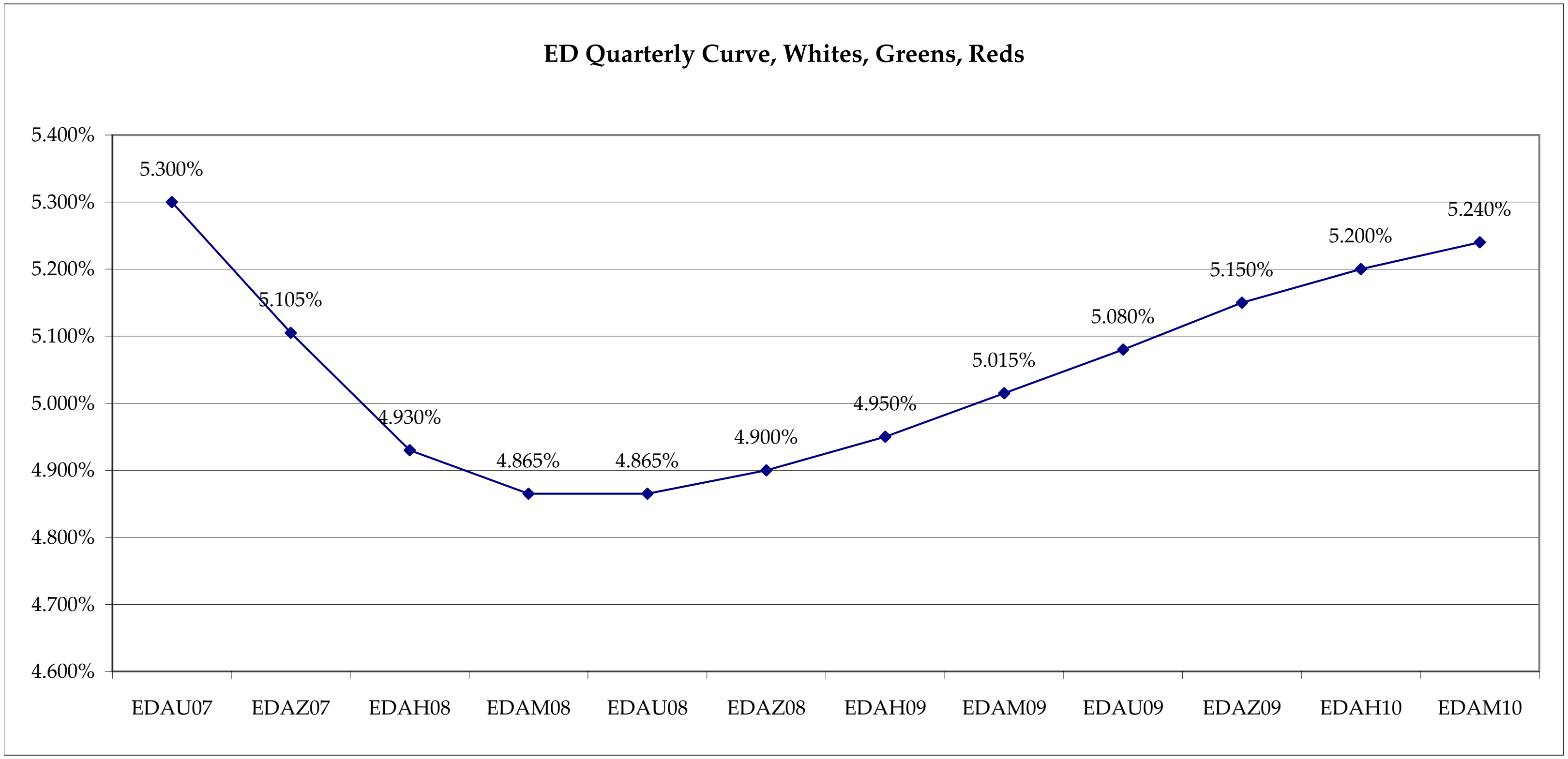
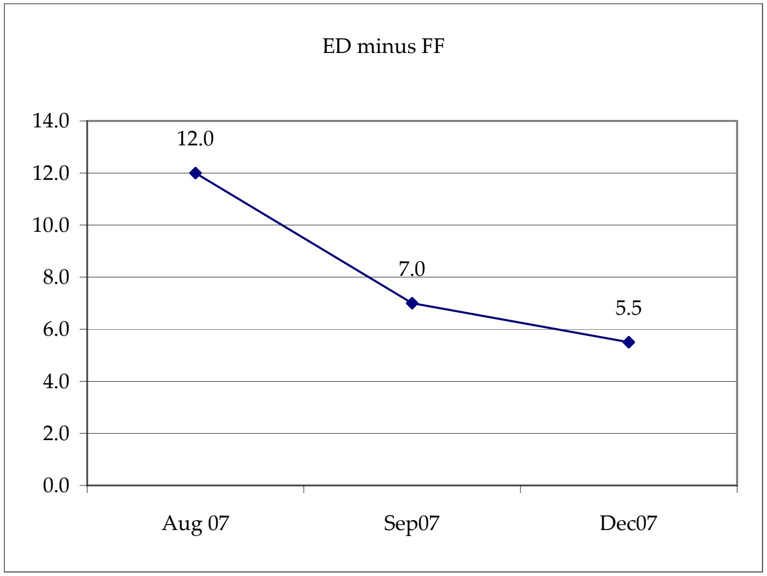

ED Quarterly Curve, Whites, Greens, Reds
5.400%
5.300%
5.200%
5.100%
5.000%
4.900%
4.800%
4.700%
4.600%
5.300%
5.105%
4.930%
4.865%
4.865%
4.900%
4.950%
5.015%
5.080%
5.150%
5.200%
5.240%
EDAU07
EDAZ07
EDAH08
EDAM08
EDAU08
EDAZ08
EDAH09
EDAM09
EDAU09
EDAZ09
EDAH10
EDAM10

Fed Fund vs Eurodollars and Treasuries

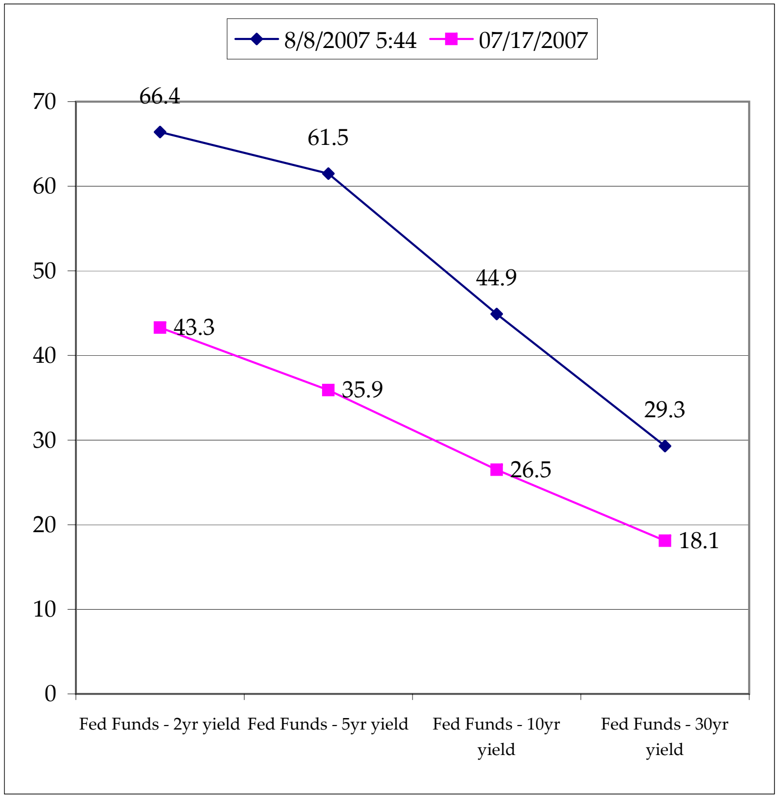
	Fed Funds (FF)			Eurodollars (ED)	ED - FF
Month	Last	Net	Implied	Implied	bps
Aug-07	94.750	-0.050	5.250	5.370	12.0
Sep-07	94.770	-0.050	5.230	5.300	7.0
Oct-07	94.800	-0.100	5.200		
Nov-07	94.880	-0.150	5.120		
Dec-07	94.950	-0.150	5.050	5.105	5.5
Jan-08	94.995	-0.200	5.005		
Feb-08	95.095	-0.300	4.905		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.930	#VALUE!
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.865	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.865	#VALUE!



Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	07/17/2007
Fed Funds - 2yr yield	66.4	-3.3	43.3
Fed Funds - 5yr yield	61.5	-3.9	35.9
Fed Funds - 10yr yield	44.9	-2.9	26.5
Fed Funds - 30yr yield	29.3	-2.7	18.1
GFER	#VALUE!	#VALUE!	

GFER = Fed Funds Daily Effective Rate

Why 7/172007?
Pre-CPI is a good benchmark.



Fed Funds Probability of Tightening or Easing

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

Eurodollar COT Data

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	Commrcl
28,248	451,202	(479,451)