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	94.690	94.720	94.655	94.665	SEP	2.5	9/17/2007	5.310%	Whites	1st Year
EDAZ07	94.945	94.960	94.830	94.855	DEC	7.5	12/17/2007	5.055%		
EDAH08	95.115	95.145	95.000	95.025	MAR	7.5	3/17/2008	4.885%		
EDAM08	95.160	95.205	95.060	95.085	JUN	6.5	6/16/2008	4.840%		
EDAU08	95.150	95.205	95.065	95.080	SEP	5.0	9/15/2008	4.850%	Reds	1-2 yrs out
EDAZ08	95.110	95.175	95.030	95.050	DEC	5.0	12/15/2008	4.890%		
EDAH09	95.060	95.120	94.985	94.995	MAR	4.5	3/16/2009	4.940%		
EDAM09	95.005	95.060	94.935	94.940	JUN	4.0	6/15/2009	4.995%		
EDAU09	94.940	94.975	94.925	94.965	SEP	4.0	9/14/2009	5.060%	Greens	2-3 yrs out
EDAZ09	94.880	94.920	94.805	94.805	DEC	2.5	12/14/2009	5.120%		
EDAH10	94.815	94.865	94.815	94.840	MAR	2.0	3/15/2010	5.185%		
EDAM10	94.770	94.805	94.770	94.785	JUN	1.5	6/14/2010	5.230%		
EDAU10	94.670	#VALUE!	#VALUE!	#VALUE!	SEP	1.0	9/13/2010	5.330%	Blues	3-4 yrs out
EDAZ10	94.610	#VALUE!	#VALUE!	#VALUE!	DEC	0.5	12/13/2010	5.390%		
EDAH11	94.590	#VALUE!	#VALUE!	#VALUE!	MAR	4.0	3/14/2011	5.410%		
EDAM11	94.555	#VALUE!	#VALUE!	#VALUE!	JUN	-1.0	6/13/2011	5.445%		
EDAU11	94.505	#VALUE!	#VALUE!	#VALUE!	SEP	3.5	9/19/2011	5.495%	Golds	4-5 yrs out
EDAZ11	94.460	#VALUE!	#VALUE!	#VALUE!	DEC	-1.5	12/19/2011	5.540%		
EDAH12	94.430	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.570%		
EDAM12	94.395	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.605%		
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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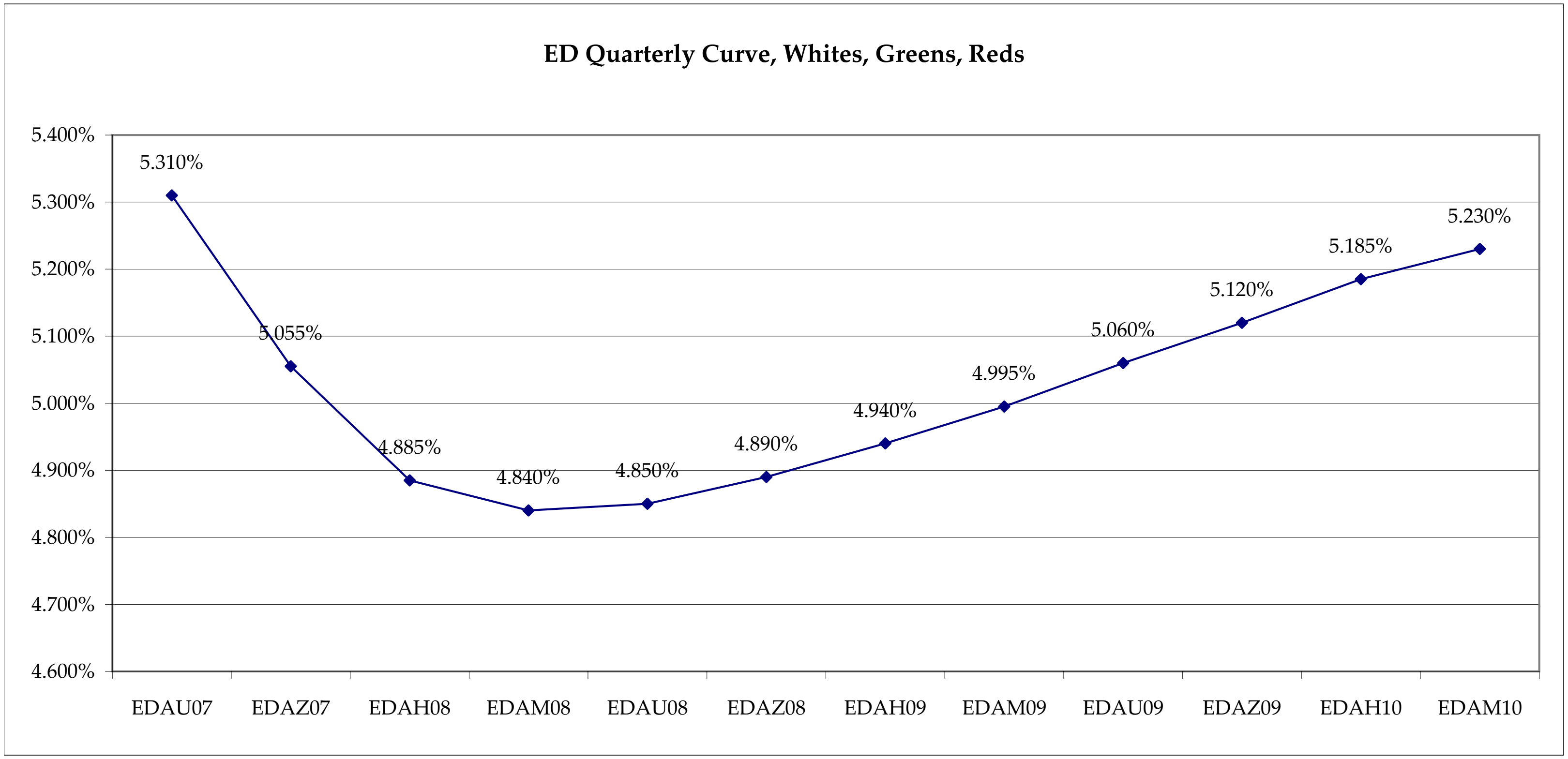

ED Quarterly Curve, Whites, Greens, Reds
5.400%
5.300%
5.200%
5.100%
5.000%
4.900%
4.800%
4.700%
4.600%
5.310%
5.055%
4.885%
4.840%
4.850%
4.890%
4.940%
4.995%
5.060%
5.120%
5.185%
5.230%
EDAU07
EDAZ07
EDAH08
EDAM08
EDAU08
EDAZ08
EDAH09
EDAM09
EDAU09
EDAZ09
EDAH10
EDAM10

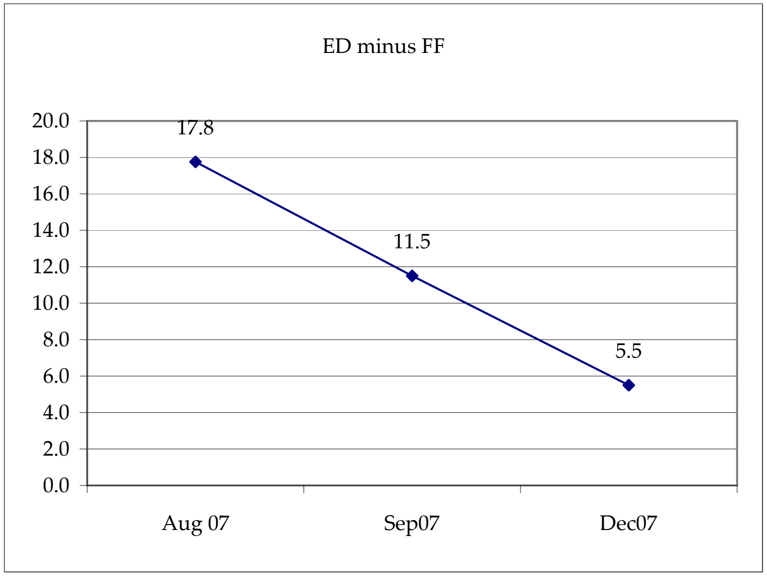
Fed Fund vs Eurodollars and Treasuries

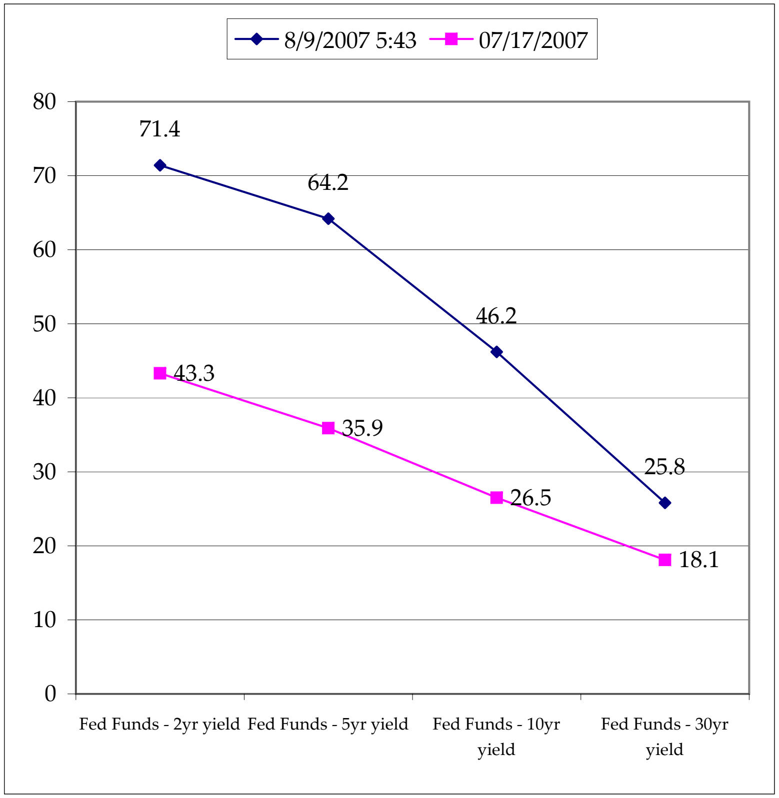
	Fed Funds (FF)			Eurodollars (ED)	ED - FF
Month	Last	Net	Implied	Implied	bps
Aug-07	94.775	0.200	5.225	5.403	17.8
Sep-07	94.805	0.300	5.195	5.310	11.5
Oct-07	94.840	0.400	5.160		
Nov-07	94.910	0.400	5.090		
Dec-07	95.000	0.600	5.000	5.055	5.5
Jan-08	94.960	-0.150	5.040		
Feb-08	#VALUE!	#VALUE!	#VALUE!		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.885	#VALUE!
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.840	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.850	#VALUE!

	Fed Funds Daily Effective Rate Minus US Treasury Yields		
Spread Name	Diff bps	Net Chng	07/17/2007
Fed Funds - 2yr yield	71.4	10.8	43.3
Fed Funds - 5yr yield	64.2	10.1	35.9
Fed Funds - 10yr yield	46.2	8.3	26.5
Fed Funds - 30yr yield	25.8	4.6	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

September/18/2007

Target Rate	Probability
4.75	5.7
5.00	23.8
5.25	70.0
5.50	0.0

October/31/2007

Target Rate	Probability
4.75	24.5
5.00	10.4
5.25	63.8
5.50	1.0

December/11/2007

Target Rate	Probability

as of 08/07/07

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)