The Morning Email: Eurodollars & Fed Funds

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

Jim Goulding, jgoulding@ghco.com

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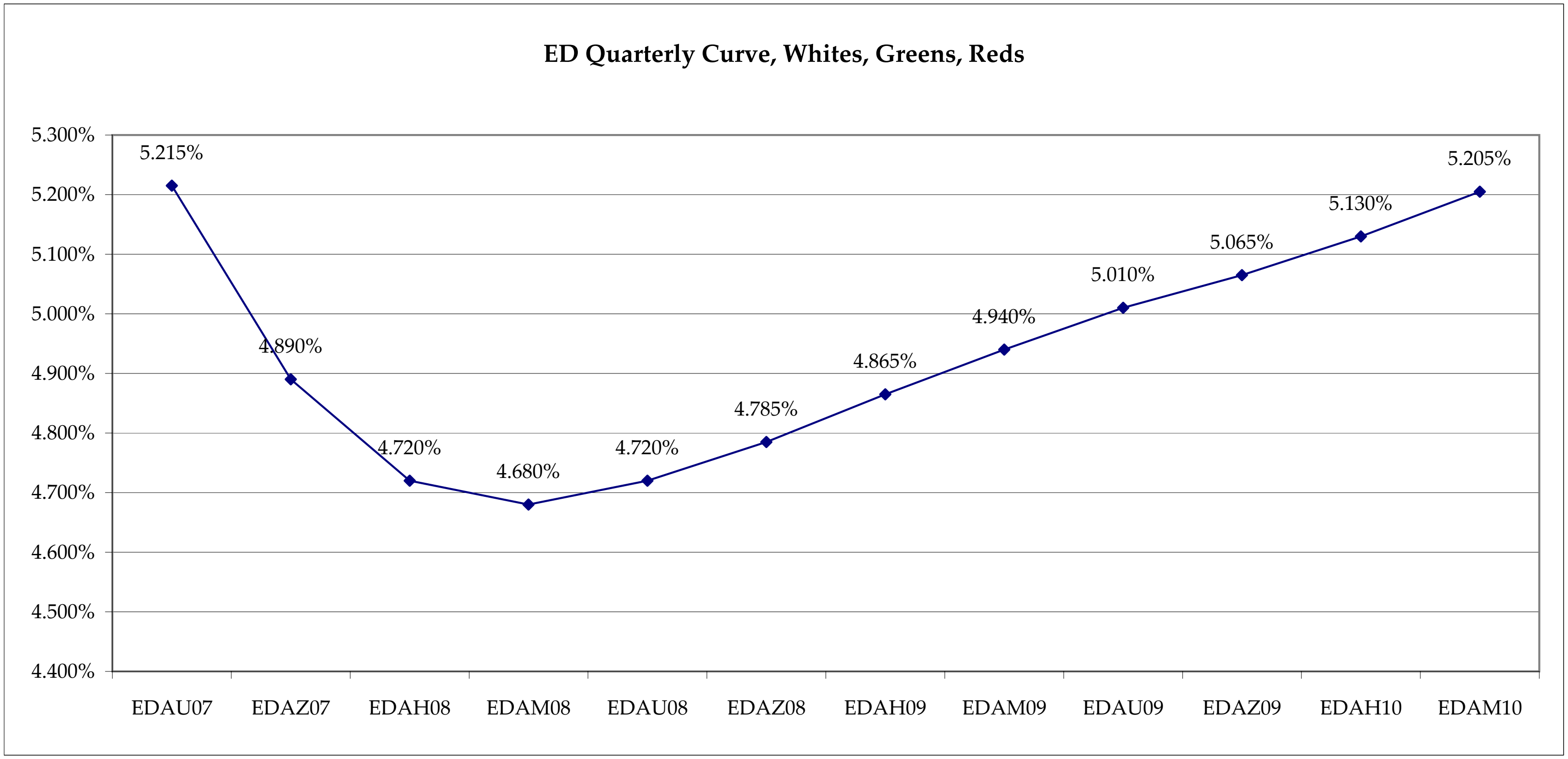
	Last	**High**	**Low**	**Open**	**Month**	**Net**	**Exp Date**	**Implied**		
EDAU07	94.785	94.830	94.755	94.765	SEP	2.5	9/17/2007	5.215%	**Whites**	**1st Year**
EDAZ07	95.110	95.160	95.060	95.060	DEC	6.5	12/17/2007	4.890%		
EDAH08	95.280	95.335	95.235	95.240	MAR	5.5	3/17/2008	4.720%		
EDAM08	95.320	95.370	95.280	95.285	JUN	4.5	6/16/2008	4.680%		
EDAU08	95.280	95.330	95.250	95.250	SEP	5.0	9/15/2008	4.720%	**Reds**	**1-2 yrs out**
EDAZ08	95.215	95.270	95.175	95.185	DEC	4.0	12/15/2008	4.785%		
EDAH09	95.135	95.200	95.100	95.130	MAR	2.5	3/16/2009	4.865%		
EDAM09	95.060	95.125	95.020	95.055	JUN	2.5	6/15/2009	4.940%		
EDAU09	94.990	95.050	94.955	95.010	SEP	2.0	9/14/2009	5.010%	**Greens**	**2-3 yrs out**
EDAZ09	94.935	94.945	94.885	94.935	DEC	2.5	12/14/2009	5.065%		
EDAH10	94.870	94.920	94.835	94.885	MAR	3.0	3/15/2010	5.130%		
EDAM10	94.795	94.830	94.775	94.830	JUN	4.0	6/14/2010	5.205%		
EDAU10	94.725	94.725	94.725	94.725	SEP	4.0	9/13/2010	5.275%	**Blues**	**3-4 yrs out**
EDAZ10	94.700	#VALUE!	#VALUE!	#VALUE!	DEC	4.5	12/13/2010	5.300%		
EDAH11	94.655	#VALUE!	#VALUE!	#VALUE!	MAR	5.0	3/14/2011	5.345%		
EDAM11	94.625	#VALUE!	#VALUE!	#VALUE!	JUN	5.0	6/13/2011	5.375%		
EDAU11	94.580	#VALUE!	#VALUE!	#VALUE!	SEP	4.5	9/19/2011	5.420%	**Golds**	**4-5 yrs out**
EDAZ11	94.535	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/19/2011	5.465%		
EDAH12	94.470	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.530%		
EDAM12	94.475	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.525%		
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.

Jim Goulding, jgoulding@ghco.com


ED Quarterly Curve, Whites, Greens, Reds
5.300%
5.200%
5.100%
5.000%
4.900%
4.800%
4.700%
4.600%
4.500%
4.400%
5.215%
4.890%
4.720%
4.680%
4.720%
4.785%
4.865%
4.940%
5.010%
5.065%
5.130%
5.205%
EDAU07
EDAZ07
EDAH08
EDAM08
EDAU08
EDAZ08
EDAH09
EDAM09
EDAU09
EDAZ09
EDAH10
EDAM10

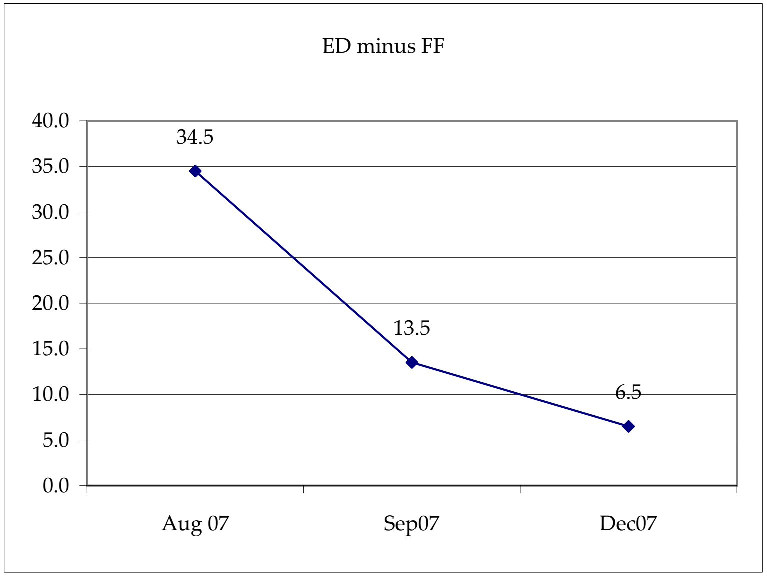
Fed Fund vs Eurodollars and Treasuries

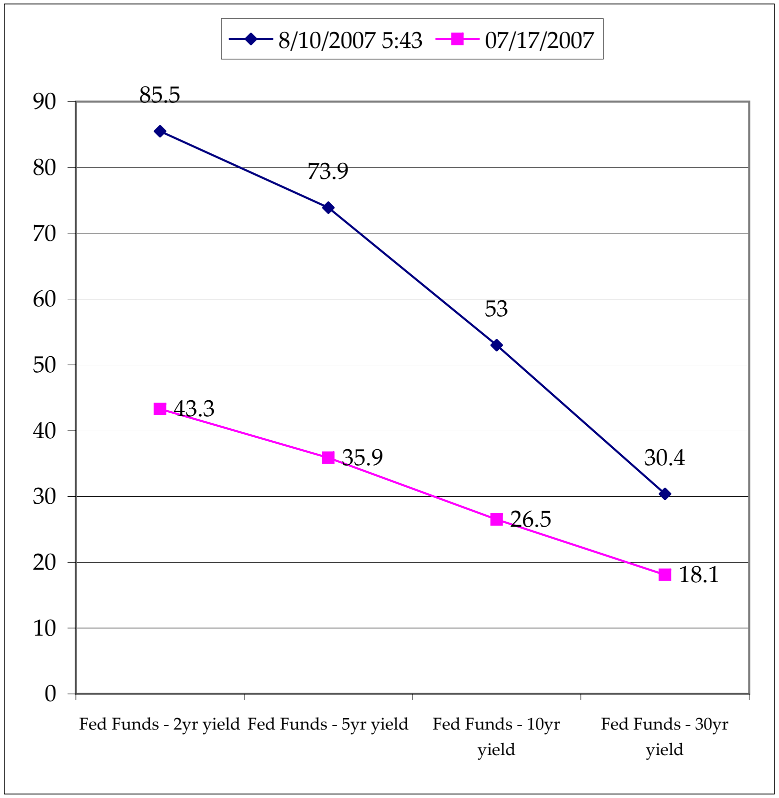
	Fed Funds (FF)			Eurodollars (ED)	ED - FF
Month	Last	Net	Implied	Implied	bps
Aug-07	94.830	0.350	5.170	5.515	34.5
Sep-07	94.920	0.450	5.080	5.215	13.5
Oct-07	94.975	0.450	5.025		
Nov-07	95.090	0.600	4.910		
Dec-07	95.175	0.750	4.825	4.890	6.5
Jan-08	#VALUE!	#VALUE!	#VALUE!		
Feb-08	#VALUE!	#VALUE!	#VALUE!		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.720	#VALUE!
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	95.405	0.000	4.595	4.680	8.5
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.720	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	07/17/2007
Fed Funds - 2yr yield	85.5	3.0	43.3
Fed Funds - 5yr yield	73.9	4.4	35.9
Fed Funds - 10yr yield	53	3.8	26.5
Fed Funds - 30yr yield	30.4	5.7	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

September/18/2007

Target Rate	Probability
4.75	4.0
5.00	12.4
5.25	82.4
5.50	0.9

October/31/2007

Target Rate	Probability
4.75	21.5
5.00	7.0
5.25	69.5
5.50	1.7

December/11/2007

Target Rate	Probability
4.25	1.8
4.50	15.5
4.75	15.1
5.00	9.2
5.25	51.9
5.50	5.1
5.75	0.0

as of 08/08/07

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)