

The Morning Email: Eurodollars & Fed Funds

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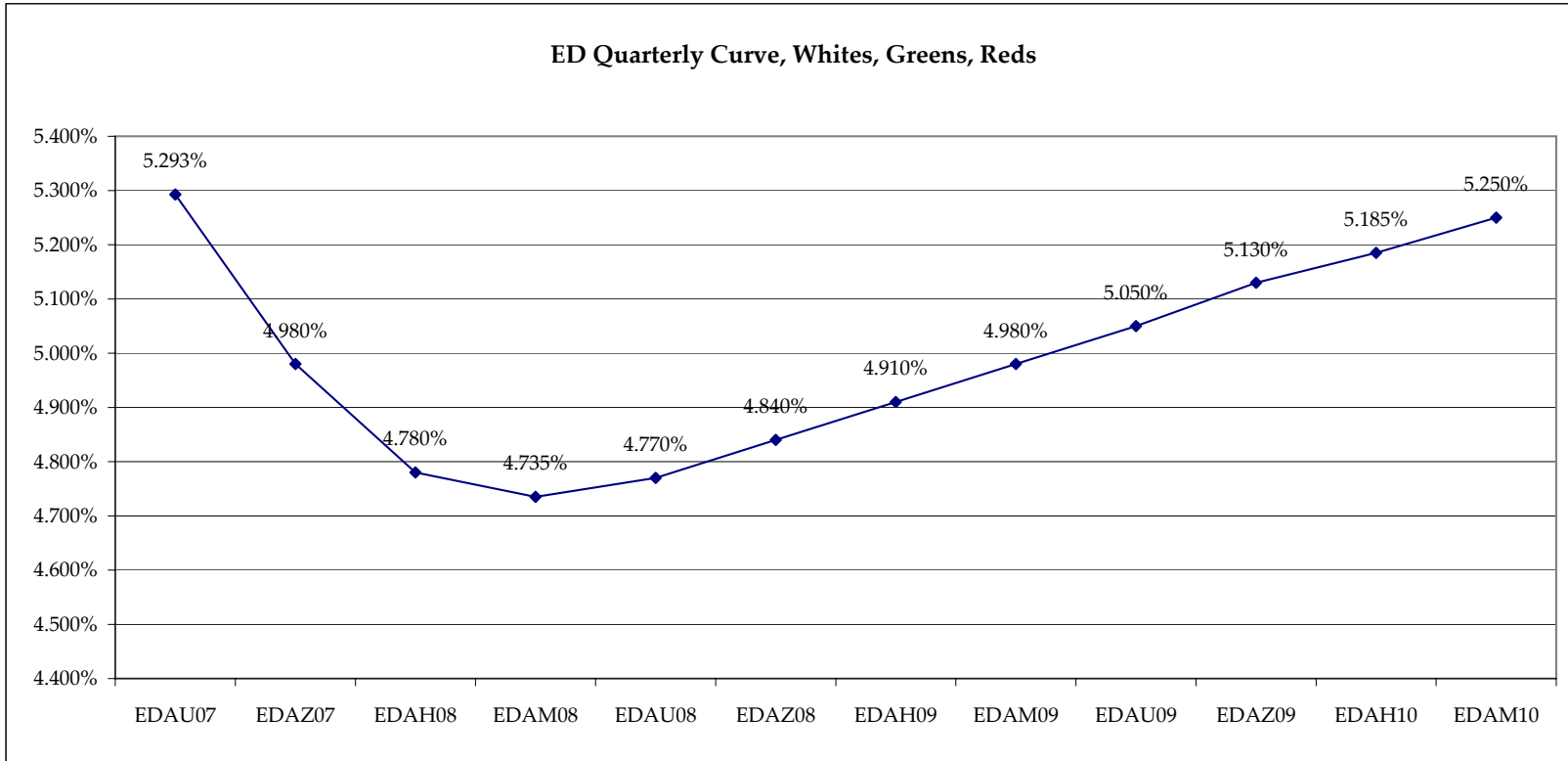
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Want something added? Let me know: jgoulding@ghco.com
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	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAU07	94.708	94.745	94.703	94.740	SEP	-2.5	9/17/2007	5.293%	Whites	1st Year
EDAZ07	95.020	95.080	95.010	95.075	DEC	-1.5	12/17/2007	4.980%		
EDAH08	95.220	95.275	95.205	95.270	MAR	-1.5	3/17/2008	4.780%		
EDAM08	95.265	95.315	95.250	95.305	JUN	-1.0	6/16/2008	4.735%		
EDAU08	95.230	95.275	95.210	95.265	SEP	-1.0	9/15/2008	4.770%	Reds	1-2 yrs out
EDAZ08	95.160	95.205	95.145	95.200	DEC	-1.5	12/15/2008	4.840%		
EDAH09	95.090	95.135	95.080	95.120	MAR	-0.5	3/16/2009	4.910%		
EDAM09	95.020	95.060	95.010	95.050	JUN	-1.0	6/15/2009	4.980%		
EDAU09	94.950	94.980	94.940	94.975	SEP	-1.0	9/14/2009	5.050%	Greens	2-3 yrs out
EDAZ09	94.870	94.905	94.860	94.905	DEC	0.0	12/14/2009	5.130%		
EDAH10	94.815	94.860	94.805	94.860	MAR	-0.5	3/15/2010	5.185%		
EDAM10	94.750	94.760	94.750	94.750	JUN	1.0	6/14/2010	5.250%		
EDAU10	94.720	#VALUE!	#VALUE!	#VALUE!	SEP	-1.5	9/13/2010	5.280%	Blues	3-4 yrs out
EDAZ10	94.650	94.650	94.650	94.650	DEC	2.0	12/13/2010	5.350%		
EDAH11	94.670	94.670	94.670	94.670	MAR	9.5	3/14/2011	5.330%		
EDAM11	94.560	#VALUE!	#VALUE!	#VALUE!	JUN	1.5	6/13/2011	5.440%		
EDAU11	94.510	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/19/2011	5.490%	Golds	4-5 yrs out
EDAZ11	94.460	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/19/2011	5.540%		
EDAH12	94.430	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.570%		
EDAM12	94.380	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.620%		
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.

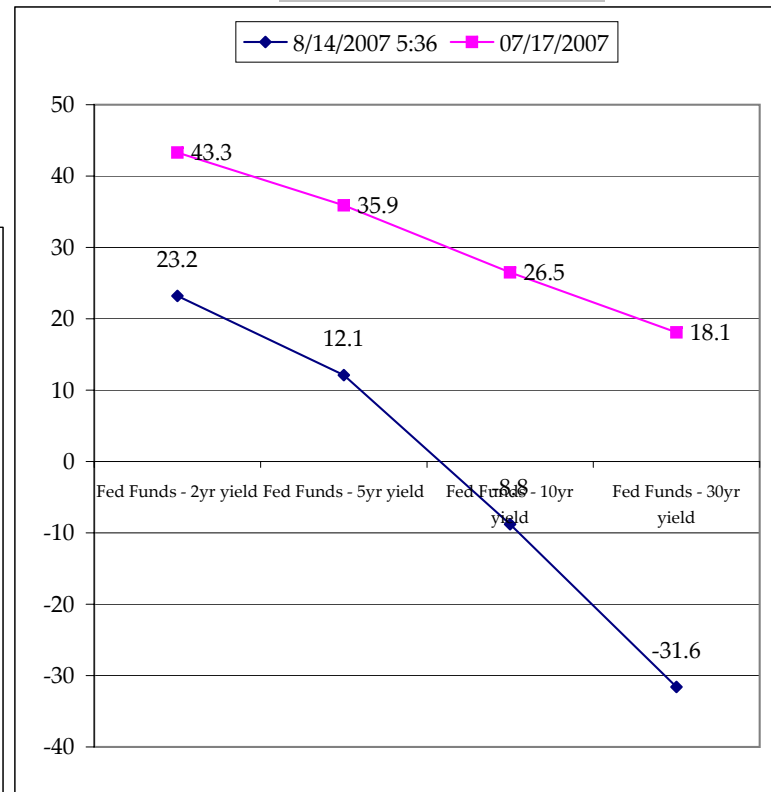
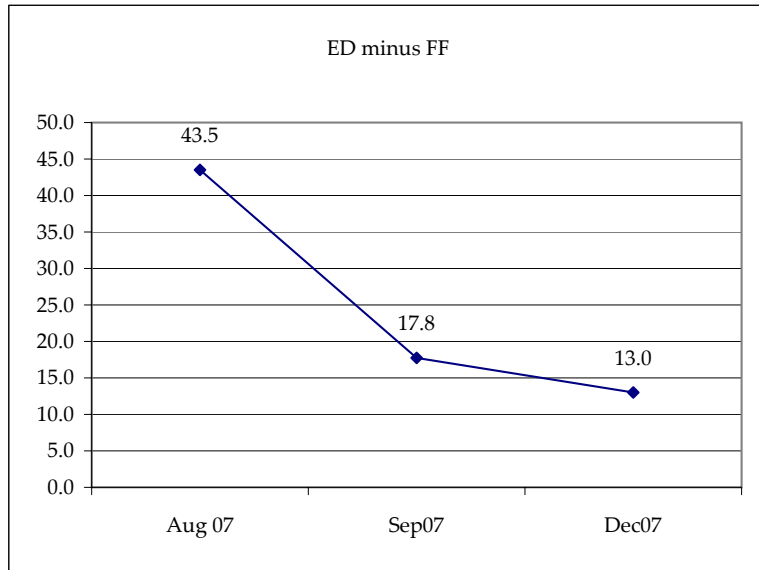


Month	Fed Funds (FF)			Eurodollars (ED)	ED - FF
	Last	Net	Implied	Implied	bps
Aug-07	94.875	0.150	5.125	5.560	43.5
Sep-07	94.885	-0.050	5.115	5.293	17.8
Oct-07	94.940	-0.150	5.060		
Nov-07	95.060	0.000	4.940		
Dec-07	95.150	0.150	4.850	4.980	13.0
Jan-08	95.195	0.100	4.805		
Feb-08	#VALUE!	#VALUE!	#VALUE!		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.780	#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!	4.770	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	07/17/2007
Fed Funds - 2yr yield	23.2	-2.9	43.3
Fed Funds - 5yr yield	12.1	-1.8	35.9
Fed Funds - 10yr yield	-8.8	-0.6	26.5
Fed Funds - 30yr yield	-31.6	0.2	18.1
GFER	#VALUE!	#VALUE!	

GFER = Fed Funds Daily Effective Rate

Why 7/17/2007?
Pre-CPI is a good benchmark.



Fed Meeting Dates					
September/18/2007		October/31/2007		December/11/2007	
Target Rate	Probability	Target Rate	Probability	Target Rate	Probability
4.75	52.0	4.75	74.3	4.25	37.8
5.00	0.0	5.00	0.0	4.50	1.1
5.25	43.8	5.25	17.2	4.75	10.3
5.50	4.0	5.50	8.4	5.00	11.3
				5.25	35.0
				5.50	4.3
				5.75	0.0

Target Rate	Probability
4.75	52.0
5.00	0.0
5.25	43.8
5.50	4.0

Target Rate	Probability
4.75	74.3
5.00	0.0
5.25	17.2
5.50	8.4

Target Rate	Probability
4.25	37.8
4.50	1.1
4.75	10.3
5.00	11.3
5.25	35.0
5.50	4.3
5.75	0.0

as of 08/10/07

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
1,209,319	1,337,362	(128,043)	1,932,516	866,473	1,066,043	11,278,737	12,216,737	(938,000)

As of	Week over Week Change		
	Sm Spec	Lg Spec	Commrcl
8/7/2007	42,818	71,355	(114,173)