

The Morning Email: Eurodollars & Fed Funds

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

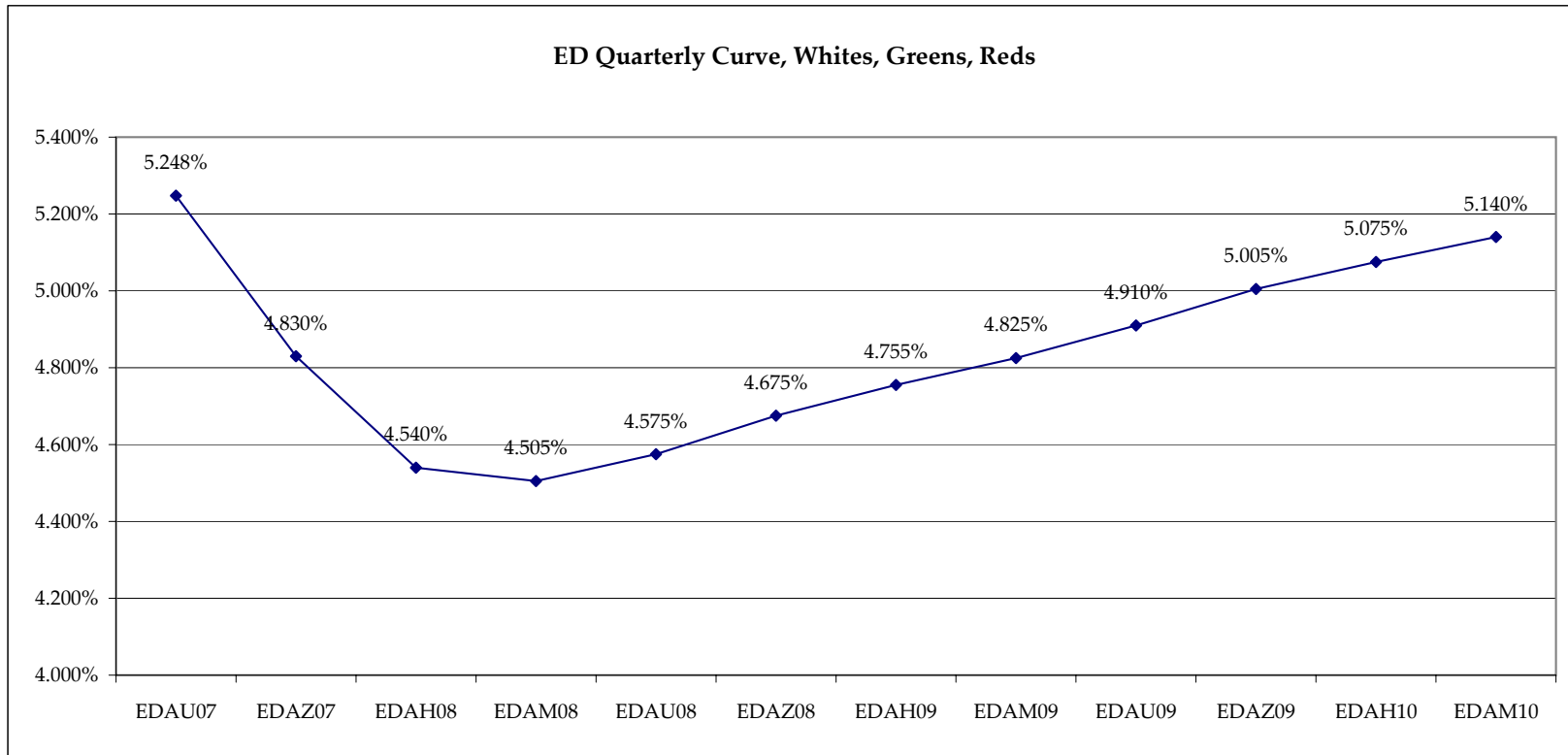
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	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAU07	94.753	94.785	94.700	94.740	SEP	1.5	9/17/2007	5.248%	Whites	1st Year
EDAZ07	95.170	95.180	95.090	95.120	DEC	4.0	12/17/2007	4.830%		
EDAH08	95.460	95.490	95.380	95.385	MAR	8.5	3/17/2008	4.540%		
EDAM08	95.495	95.530	95.410	95.410	JUN	9.0	6/16/2008	4.505%	Reds	1-2 yrs out
EDAU08	95.425	95.455	95.345	95.345	SEP	8.0	9/15/2008	4.575%		
EDAZ08	95.325	95.355	95.260	95.260	DEC	6.0	12/15/2008	4.675%		
EDAH09	95.245	95.265	95.200	95.205	MAR	5.0	3/16/2009	4.755%		
EDAM09	95.175	95.190	95.120	95.120	JUN	5.0	6/15/2009	4.825%	Greens	2-3 yrs out
EDAU09	95.090	95.115	95.055	95.065	SEP	5.5	9/14/2009	4.910%		
EDAZ09	94.995	94.995	94.980	94.990	DEC	5.5	12/14/2009	5.005%		
EDAH10	94.925	94.935	94.915	94.935	MAR	5.5	3/15/2010	5.075%		
EDAM10	94.860	94.860	94.855	94.855	JUN	4.0	6/14/2010	5.140%	Blues	3-4 yrs out
EDAU10	94.765	#VALUE!	#VALUE!	#VALUE!	SEP	1.5	9/13/2010	5.235%		
EDAZ10	94.700	#VALUE!	#VALUE!	#VALUE!	DEC	1.0	12/13/2010	5.300%		
EDAH11	94.650	#VALUE!	#VALUE!	#VALUE!	MAR	0.5	3/14/2011	5.350%		
EDAM11	94.590	#VALUE!	#VALUE!	#VALUE!	JUN	4.5	6/13/2011	5.410%	Golds	4-5 yrs out
EDAU11	94.580	#VALUE!	#VALUE!	#VALUE!	SEP	4.5	9/19/2011	5.420%		
EDAZ11	94.530	#VALUE!	#VALUE!	#VALUE!	DEC	4.5	12/19/2011	5.470%		
EDAH12	94.490	#VALUE!	#VALUE!	#VALUE!	MAR	4.5	3/19/2012	5.510%		
EDAM12	94.445	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.555%	Purples	5-6 yrs out
EDAU12										
EDAZ12										
EDZH13										
EDAM13									Oranges	6-7 yrs out
EDAU13										
EDAZ13										
EDAH14										
EDAM14									Pinks	7-8 yrs out
EDAU14										
EDAZ14										
EDAH15										
EDAM15									Grays	8-9 yrs out
EDAU15										
EDAZ15										
EDAH16										
EDAM16									Coppers	8-10 yrs out
EDAU16										
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.

The Morning Email, ED&FF

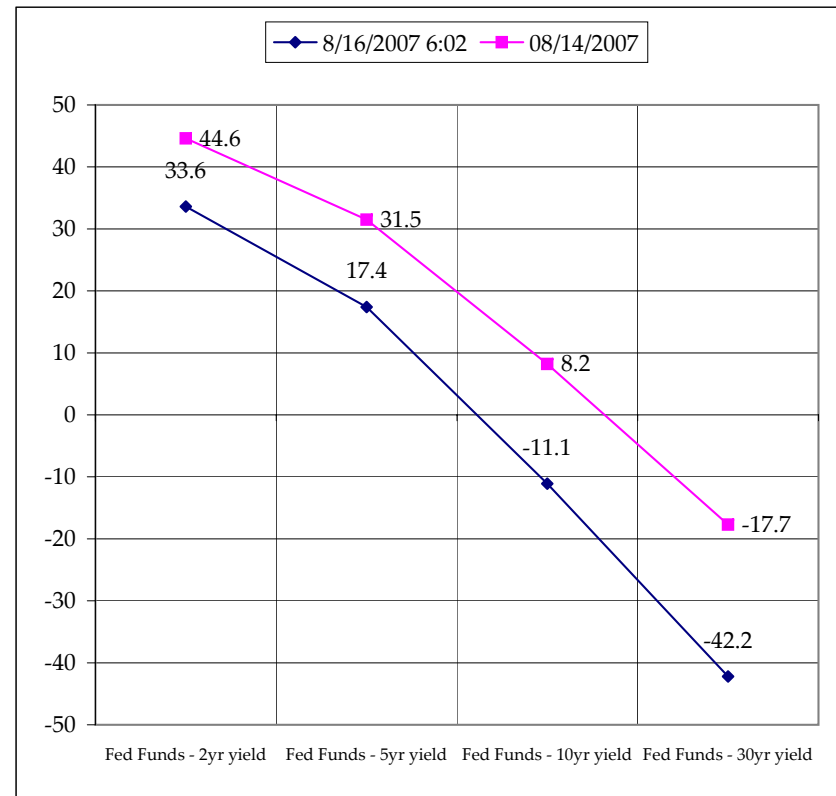
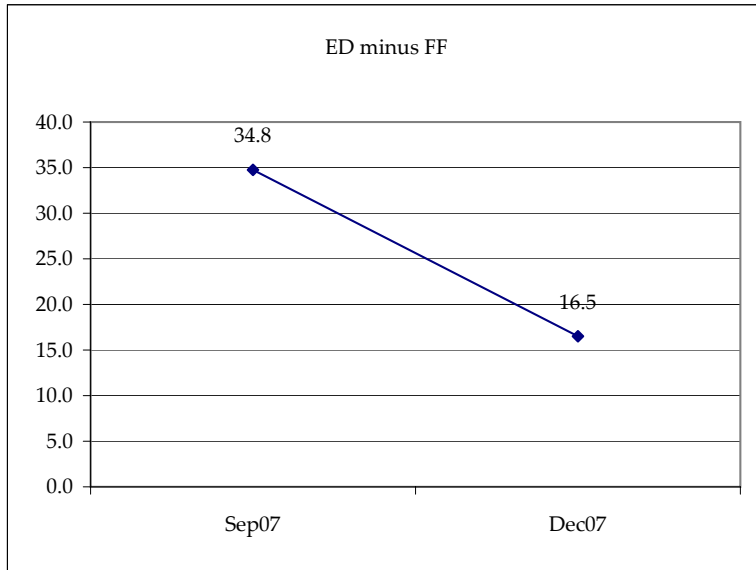


Month	Fed Funds (FF)			Eurodollars (ED)	ED - FF
	Last	Net	Implied	Implied	bps
Sep-07	95.100	0.500	4.900	5.248	34.8
Oct-07	95.160	0.700	4.840		
Nov-07	95.280	0.650	4.720		
Dec-07	95.335	0.300	4.665	4.830	16.5
Jan-08	95.400	0.350	4.600		
Feb-08	95.530	0.650	4.470		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.540	#VALUE!
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.505	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.575	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	08/14/2007
Fed Funds - 2yr yield	33.6	8.8	44.6
Fed Funds - 5yr yield	17.4	7.8	31.5
Fed Funds - 10yr yield	-11.1	7.1	8.2
Fed Funds - 30yr yield	-42.2	6.3	-17.7
GFER	#VALUE!	#VALUE!	

GFER = Fed Funds Daily Effective Rate

Why 8/14/2007?
Pre-CPI & Post PPI is a good benchmark when the FED is focused on inflation.



Sept	450	475	500	525	550
8/13/2007	19.4%	0.0%	22.9%	57.6%	0.0%
8/14/2007	20.9%	0.0%	24.2%	54.8%	0.0%

October	450	475	500	525	550	575
8/13/2007	37.2%	0.0%	15.8%	45.9%	0.8%	0.3%
8/14/2007	43.3%	0.0%	12.4%	44.0%	0.0%	0.2%

December	400	425	450	475	500	525	550	575
8/13/2007	12.0%	0.0%	16.6%	26.9%	12.5%	26.5%	5.6%	0.0%
8/14/2007	16.1%	0.0%	20.6%	22.1%	7.7%	29.8%	3.2%	0.6%

I'm switching to this type of view instead of the other one. I think this is better because we have a day to day comparison that we can see instantly.

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	Commrc
8/7/2007	42,818	71,355	(114,173)