

The Morning Email: Eurodollars & Fed Funds

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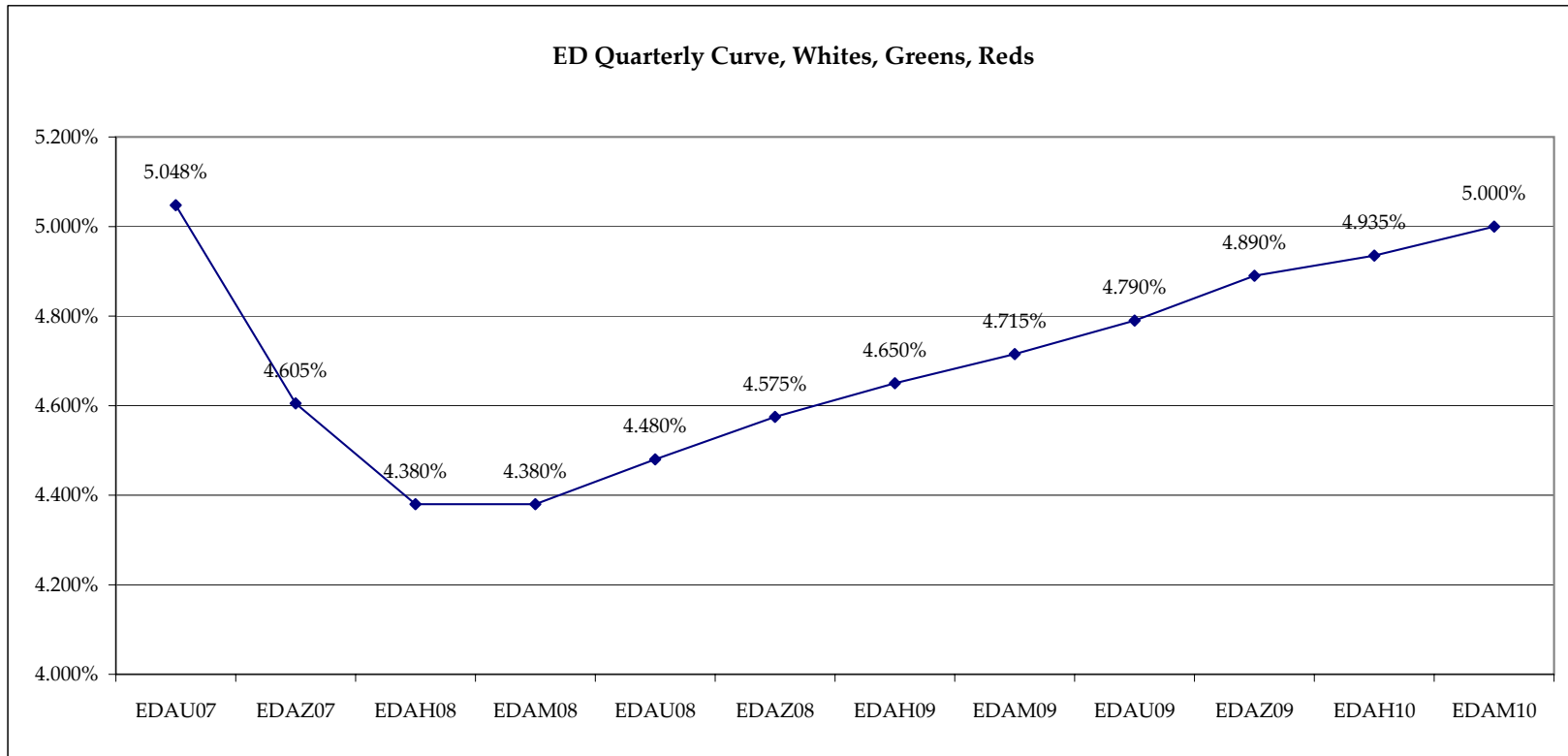
Want something added? Let me know: jgoulding@ghco.com

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	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAU07	94.953	94.955	94.880	94.908	SEP	4.5	9/17/2007	5.048%	Whites	1st Year
EDAZ07	95.395	95.395	95.285	95.310	DEC	9.5	12/17/2007	4.605%		
EDAH08	95.620	95.620	95.520	95.535	MAR	9.5	3/17/2008	4.380%		
EDAM08	95.620	95.620	95.535	95.540	JUN	7.5	6/16/2008	4.380%		
EDAU08	95.520	95.520	95.450	95.450	SEP	7.5	9/15/2008	4.480%	Reds	1-2 yrs out
EDAZ08	95.425	95.425	95.345	95.350	DEC	7.5	12/15/2008	4.575%		
EDAH09	95.350	95.350	95.275	95.280	MAR	8.0	3/16/2009	4.650%		
EDAM09	95.285	95.285	95.205	95.215	JUN	9.0	6/15/2009	4.715%		
EDAU09	95.210	95.210	95.140	95.140	SEP	8.5	9/14/2009	4.790%	Greens	2-3 yrs out
EDAZ09	95.110	95.130	95.065	95.065	DEC	8.5	12/14/2009	4.890%		
EDAH10	95.065	95.065	95.000	95.000	MAR	9.5	3/15/2010	4.935%		
EDAM10	95.000	95.000	95.000	95.000	JUN	8.5	6/14/2010	5.000%		
EDAU10	94.855	#VALUE!	#VALUE!	#VALUE!	SEP	5.5	9/13/2010	5.145%	Blues	3-4 yrs out
EDAZ10	94.785	#VALUE!	#VALUE!	#VALUE!	DEC	8.0	12/13/2010	5.215%		
EDAH11	94.740	#VALUE!	#VALUE!	#VALUE!	MAR	15.0	3/14/2011	5.260%		
EDAM11	94.690	#VALUE!	#VALUE!	#VALUE!	JUN	6.0	6/13/2011	5.310%		
EDAU11	94.625	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/19/2011	5.375%	Golds	4-5 yrs out
EDAZ11	94.570	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/19/2011	5.430%		
EDAH12	94.525	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.475%		
EDAM12	94.470	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.530%		
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.

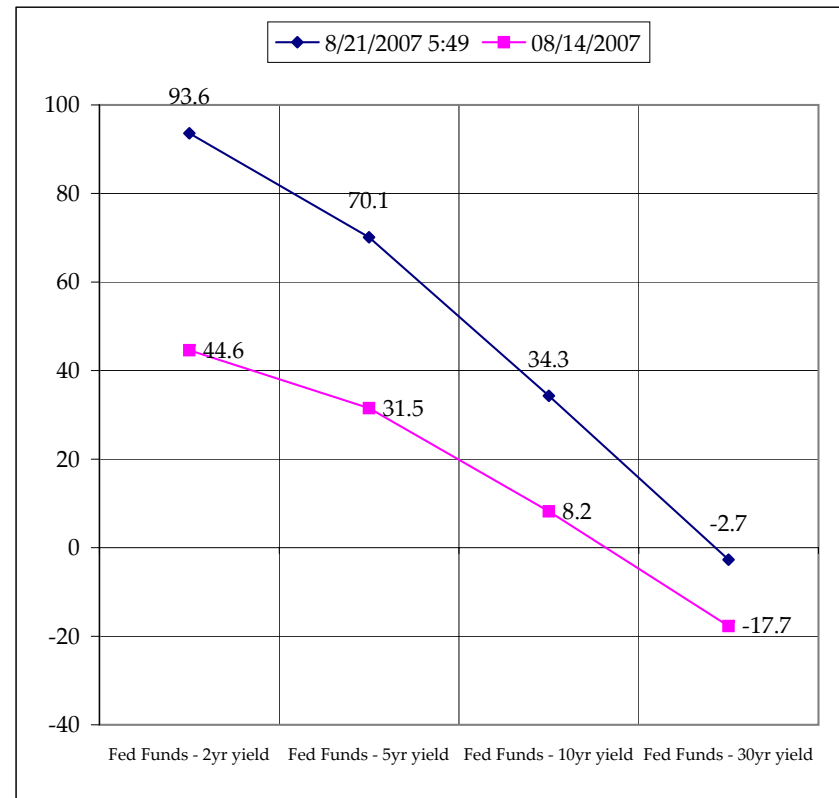
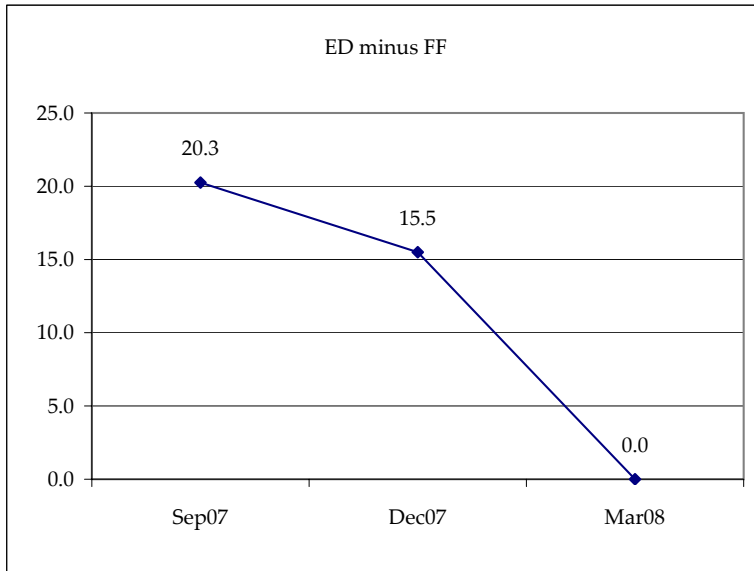


Month	Fed Funds (FF)			Eurodollars (ED)	ED - FF
	Last	Net	Implied	Implied	bps
Sep-07	95.155	0.700	4.845	5.048	20.3
Oct-07	95.255	0.800	4.745		
Nov-07	95.450	0.500	4.550		
Dec-07	95.550	0.650	4.450	4.605	15.5
Jan-08	#VALUE!	#VALUE!	#VALUE!		
Feb-08	#VALUE!	#VALUE!	#VALUE!		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.380	#VALUE!
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.380	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.480	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	08/14/2007
Fed Funds - 2yr yield	93.6	11.0	44.6
Fed Funds - 5yr yield	70.1	8.5	31.5
Fed Funds - 10yr yield	34.3	5.9	8.2
Fed Funds - 30yr yield	-2.7	2.4	-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.



#VALUE!

Sept	450	475	500	525	550
8/16/2007	41.9%	9.1%	20.3%	28.3%	0.3%
8/17/2007	36.1%	16.5%	19.4%	27.4%	0.6%

October	450	475	500	525	550	575
8/16/2007	85.6%	0.0%	0.0%	9.8%	4.7%	0.0%
8/17/2007	83.6%	0.0%	0.0%	11.5%	4.9%	0.0%

December	400	425	450	475	500	525	550	575
8/16/2007	41.2%	14.0%	5.1%	8.1%	15.7%	13.9%	0.1%	1.9%
8/17/2007	39.8%	16.5%	1.8%	10.6%	12.1%	16.0%	1.6%	1.6%

This page shows the month of the FOMC meeting and the probabilities that they will ease/tighten to a certain Fed Funds Target Rate.

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
1,360,963	1,398,510	(37,547)	1,680,178	736,650	943,528	11,417,529	12,323,511	(905,982)

As of	Week over Week Change		
	Sm Spec	Lg Spec	Commrc
8/14/2007	90,496	(122,515)	32,018