

## The Morning Email: Eurodollars & Fed Funds

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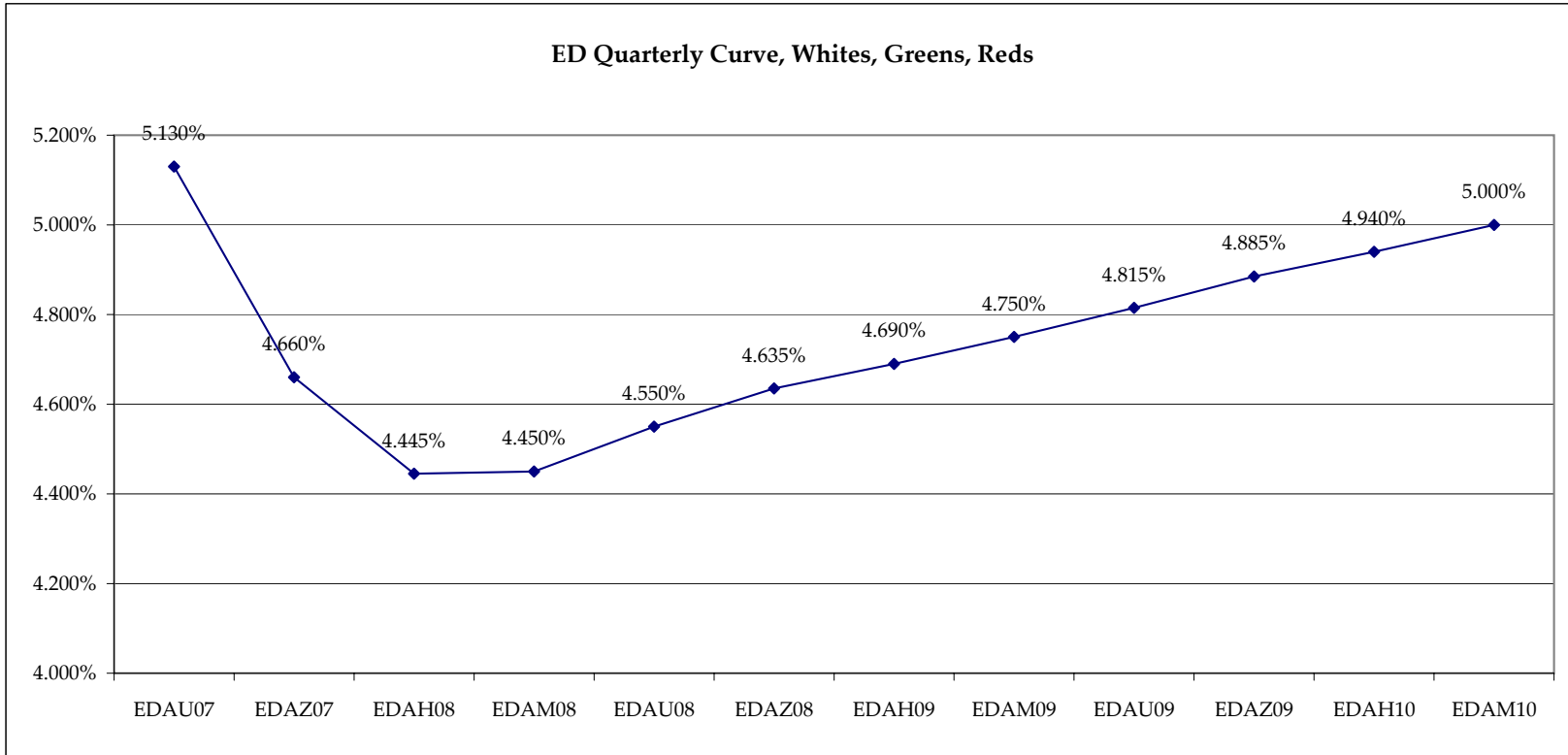
Want something added? Let me know: [jgoulding@ghco.com](mailto:jgoulding@ghco.com)

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	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAU07	94.870	94.878	94.870	94.878	SEP	-0.7	9/17/2007	5.130%	Whites	1st Year
EDAZ07	95.340	95.350	95.340	95.350	DEC	-0.5	12/17/2007	4.660%		
EDAH08	95.555	95.565	95.555	95.560	MAR	-2.0	3/17/2008	4.445%		
EDAM08	95.550	95.555	95.545	95.550	JUN	-2.0	6/16/2008	4.450%	Reds	1-2 yrs out
EDAU08	95.450	95.460	95.450	95.460	SEP	-1.5	9/15/2008	4.550%		
EDAZ08	95.365	95.365	95.365	95.365	DEC	-2.0	12/15/2008	4.635%		
EDAH09	95.310	#VALUE!	#VALUE!	#VALUE!	MAR	-0.5	3/16/2009	4.690%	Greens	2-3 yrs out
EDAM09	95.250	#VALUE!	#VALUE!	#VALUE!	JUN	-2.0	6/15/2009	4.750%		
EDAU09	95.185	#VALUE!	#VALUE!	#VALUE!	SEP	-1.5	9/14/2009	4.815%		
EDAZ09	95.115	#VALUE!	#VALUE!	#VALUE!	DEC	-1.5	12/14/2009	4.885%	Blues	3-4 yrs out
EDAH10	95.060	#VALUE!	#VALUE!	#VALUE!	MAR	3.0	3/15/2010	4.940%		
EDAM10	95.000	#VALUE!	#VALUE!	#VALUE!	JUN	-5.5	6/14/2010	5.000%		
EDAU10	94.935	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/13/2010	5.065%	Golds	4-5 yrs out
EDAZ10	94.865	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/13/2010	5.135%		
EDAH11	94.835	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/14/2011	5.165%		
EDAM11	94.750	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/13/2011	5.250%	Purples	5-6 yrs out
EDAU11	94.700	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/19/2011	5.300%		
EDAZ11	94.635	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/19/2011	5.365%		
EDAH12	94.580	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.420%	Oranges	6-7 yrs out
EDAM12	94.530	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.470%		
EDAU12										
EDAZ12									Pinks	7-8 yrs out
EDZH13										
EDAM13										
EDAU13									Greys	8-9 yrs out
EDAZ13										
EDAH14										
EDAM14									Coppers	8-10 yrs out
EDAU14										
EDAZ14										
EDAH15										
EDAM15										
EDAU15										
EDAZ15										
EDAH16										
EDAM16										
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.

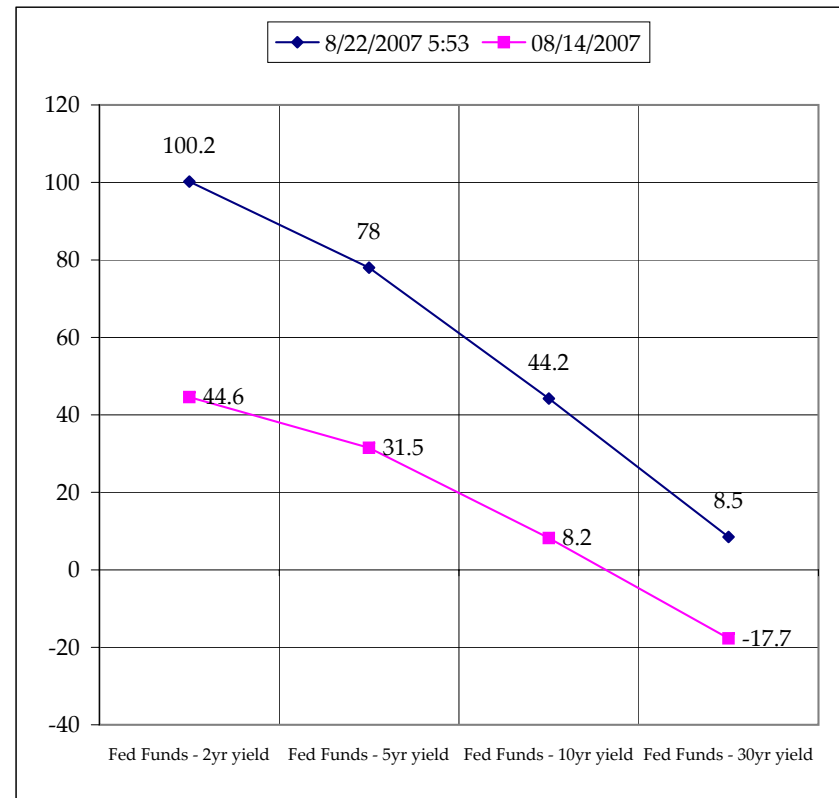
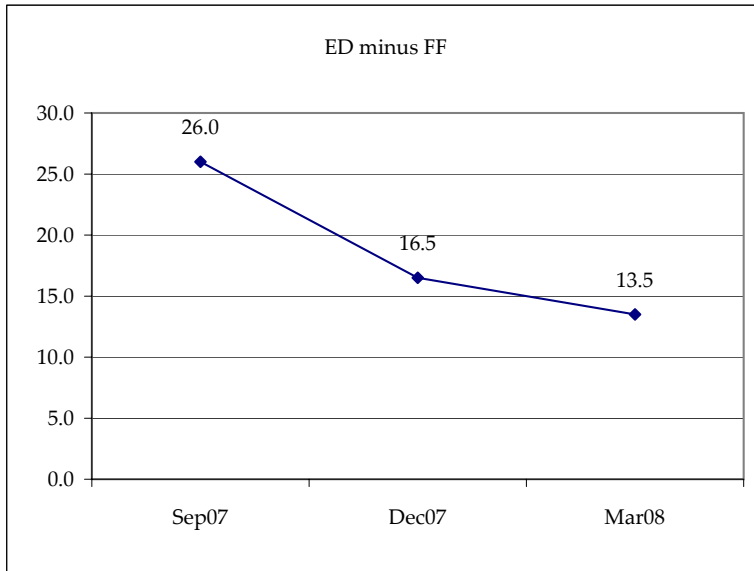


Month	Fed Funds (FF)			Eurodollars (ED)	ED - FF
	Last	Net	Implied	Implied	bps
Sep-07	95.130	0.450	4.870	5.130	26.0
Oct-07	95.225	0.500	4.775		
Nov-07	95.425	0.250	4.575		
Dec-07	95.505	0.200	4.495	4.660	16.5
Jan-08	95.565	0.350	4.435		
Feb-08	95.665	0.350	4.335		
Mar-08	95.690	0.350	4.310	4.445	13.5
Apr-08	95.735	0.350	4.265		
May-08	95.770	0.350	4.230		
Jun-08	95.770	0.350	4.230	4.450	22.0
Jul-08	95.760	0.350	4.240		
Aug-08	95.760	0.350	4.240		
Sep-08	95.690	-0.350	4.310	4.550	24.0

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	08/14/2007
Fed Funds - 2yr yield	100.2	0.0	44.6
Fed Funds - 5yr yield	78	0.0	31.5
Fed Funds - 10yr yield	44.2	0.0	8.2
Fed Funds - 30yr yield	8.5	0.0	-17.7
GFER	5.03	#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