The Morning Email: Eurodollars & Fed Funds

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

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8/23/2007 5:35 **Eurodollars - Electronic Outright Contracts**

	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAU07	94.768	94.878	94.758	94.878	SEP	-11.2	9/17/2007	5.233%	Whites	1st Year
EDAZ07	95.185	95.350	95.180	95.350	DEC	-16.5	12/17/2007	4.815%		
EDAH08	95.405	95.565	95.405	95.560	MAR	-16.5	3/17/2008	4.595%		
EDAM08	95.420	95.555	95.420	95.550	JUN	-14.0	6/16/2008	4.580%		
EDAU08	95.345	95.460	95.340	95.460	SEP	-13.0	9/15/2008	4.655%	Reds	1-2 yrs out
EDAZ08	95.275	95.375	95.255	95.365	DEC	-11.5	12/15/2008	4.725%		
EDAH09	95.220	95.315	95.195	95.315	MAR	-10.0	3/16/2009	4.780%		
EDAM09	95.165	95.230	95.130	95.230	JUN	-9.0	6/15/2009	4.835%		
EDAU09	95.110	95.185	95.075	95.185	SEP	-7.5	9/14/2009	4.890%	Greens	2-3 yrs out
EDAZ09	95.050	95.090	95.005	95.085	DEC	-6.0	12/14/2009	4.950%		
EDAH10	95.010	95.040	94.965	94.990	MAR	-4.5	3/15/2010	4.990%		
EDAM10	94.955	94.980	94.910	94.920	JUN	-3.5	6/14/2010	5.045%		
EDAU10	94.910	94.930	94.855	94.860	SEP	-3.0	9/13/2010	5.090%	Blues	3-4 yrs out
EDAZ10	94.840	94.860	94.785	94.810	DEC	-5.0	12/13/2010	5.160%		
EDAH11	94.820	94.820	94.760	94.810	MAR	-5.0	3/14/2011	5.180%		
EDAM11	94.755	94.765	94.695	94.740	JUN	-0.5	6/13/2011	5.245%		
EDAU11	94.710	94.710	94.665	94.695	SEP	-5.0	9/19/2011	5.290%	Golds	4-5 yrs out
EDAZ11	94.615	94.655	94.610	94.630	DEC	2.5	12/19/2011	5.385%		
EDAH12	94.615	94.615	94.560	94.565	MAR	3.0	3/19/2012	5.385%		
EDAM12	94.570	94.570	94.480	94.480	JUN	3.0	6/18/2012	5.430%		
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.

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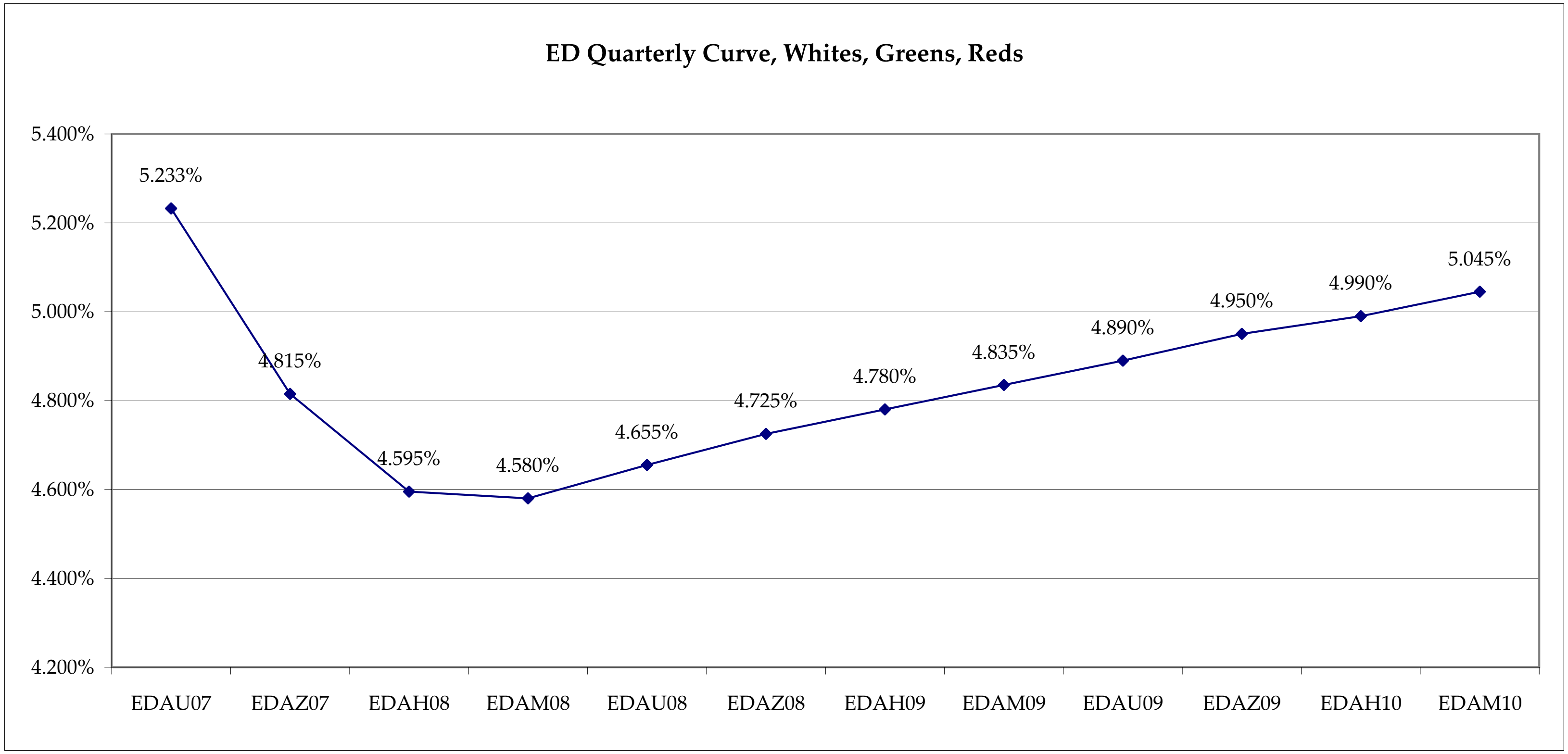

ED Quarterly Curve, Whites, Greens, Reds
5.400%
5.200%
5.000%
4.800%
4.600%
4.400%
4.200%
5.233%
4.815%
4.595%
4.580%
4.655%
4.725%
4.780%
4.835%
4.890%
4.950%
4.990%
5.045%
EDAU07
EDAZ07
EDAH08
EDAM08
EDAU08
EDAZ08
EDAH09
EDAM09
EDAU09
EDAZ09
EDAH10
EDAM10

Fed Fund vs Eurodollars and Treasuries

Month	Fed Funds (FF) Last	Fed Funds (FF) Net	Fed Funds (FF) Implied	Eurodollars (ED) Implied	ED - FF bps
Sep-07	95.060	-0.700	4.940	5.233	29.3
Oct-07	95.125	-1.000	4.875		
Nov-07	95.295	-1.300	4.705		
Dec-07	95.390	-1.150	4.610	4.815	20.5
Jan-08	95.460	-1.050	4.540		
Feb-08	95.565	-1.000	4.435		
Mar-08	95.580	-1.100	4.420	4.595	17.5
Apr-08	95.600	-1.350	4.400		
May-08	95.635	-1.350	4.365		
Jun-08	95.635	-1.350	4.365	4.580	21.5
Jul-08	95.625	-1.350	4.375		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	95.555	-1.350	4.445	4.655	21.0

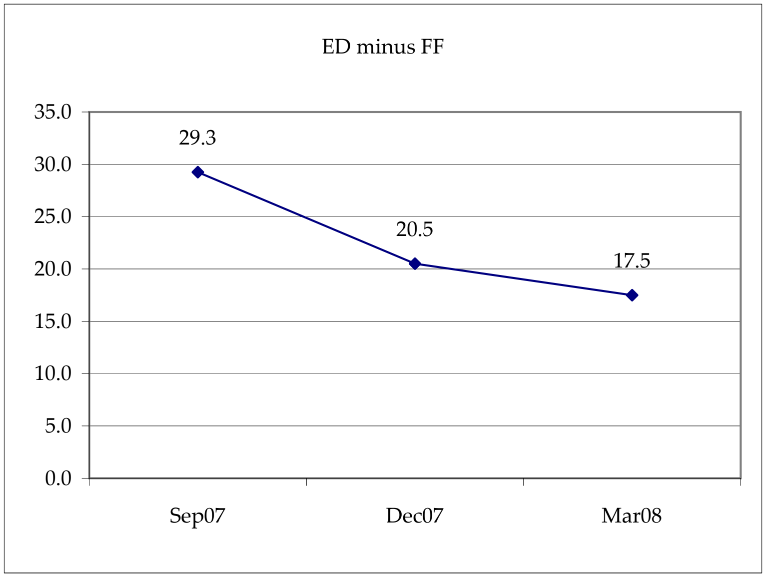
Fed Funds Daily Effective Rate
Minus US Treasury Yields

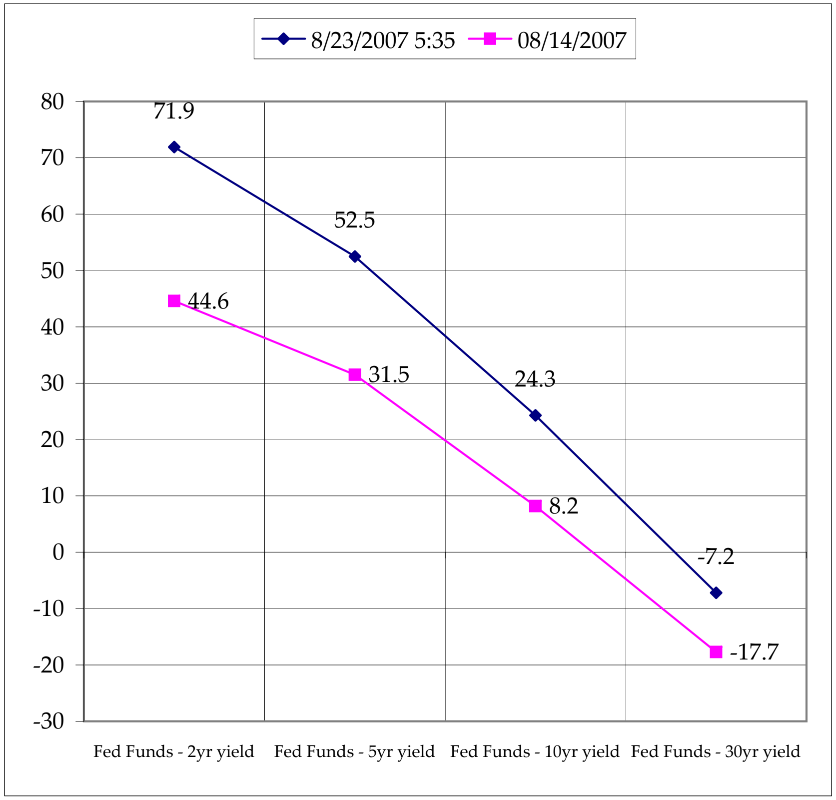
Spread Name	Diff bps	Net Chng	08/14/2007
Fed Funds - 2yr yield	71.9	-28.3	44.6
Fed Funds - 5yr yield	52.5	-25.5	31.5
Fed Funds - 10yr yield	24.3	-19.9	8.2
Fed Funds - 30yr yield	-7.2	-15.7	-17.7
GFER	**4.89**	-14.0	

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.





4.89

Fed Funds Probability of Tightening or Easing

Sept	450	475	500	525	550
8/20/2007	36.7%	17.8%	25.1%	19.8%	0.6%
8/21/2007	50.2%	3.4%	33.1%	12.7%	0.6%

October	450	475	500	525	550	575
8/20/2007	88.4%	0.0%	0.0%	6.2%	5.3%	0.0%
8/21/2007	92.7%	0.0%	0.0%	0.0%	6.3%	1.0%

December	375	400	425	450	475	500	525	550	575
8/20/2007	3.2%	41.6%	0.0%	12.2%	18.1%	14.1%	8.8%	0.0%	2.0%
8/21/2007	0.0%	52.5%	0.0%	6.7%	14.5%	11.3%	9.7%	4.9%	0.3%

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

Eurodollar COT Data

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 8/14/2007

Week over Week Change		
Sm Spec	Lg Spec	Commrcl
90,496	**(122,515)**	**32,018**