

The Morning Email: Eurodollars & Fed Funds

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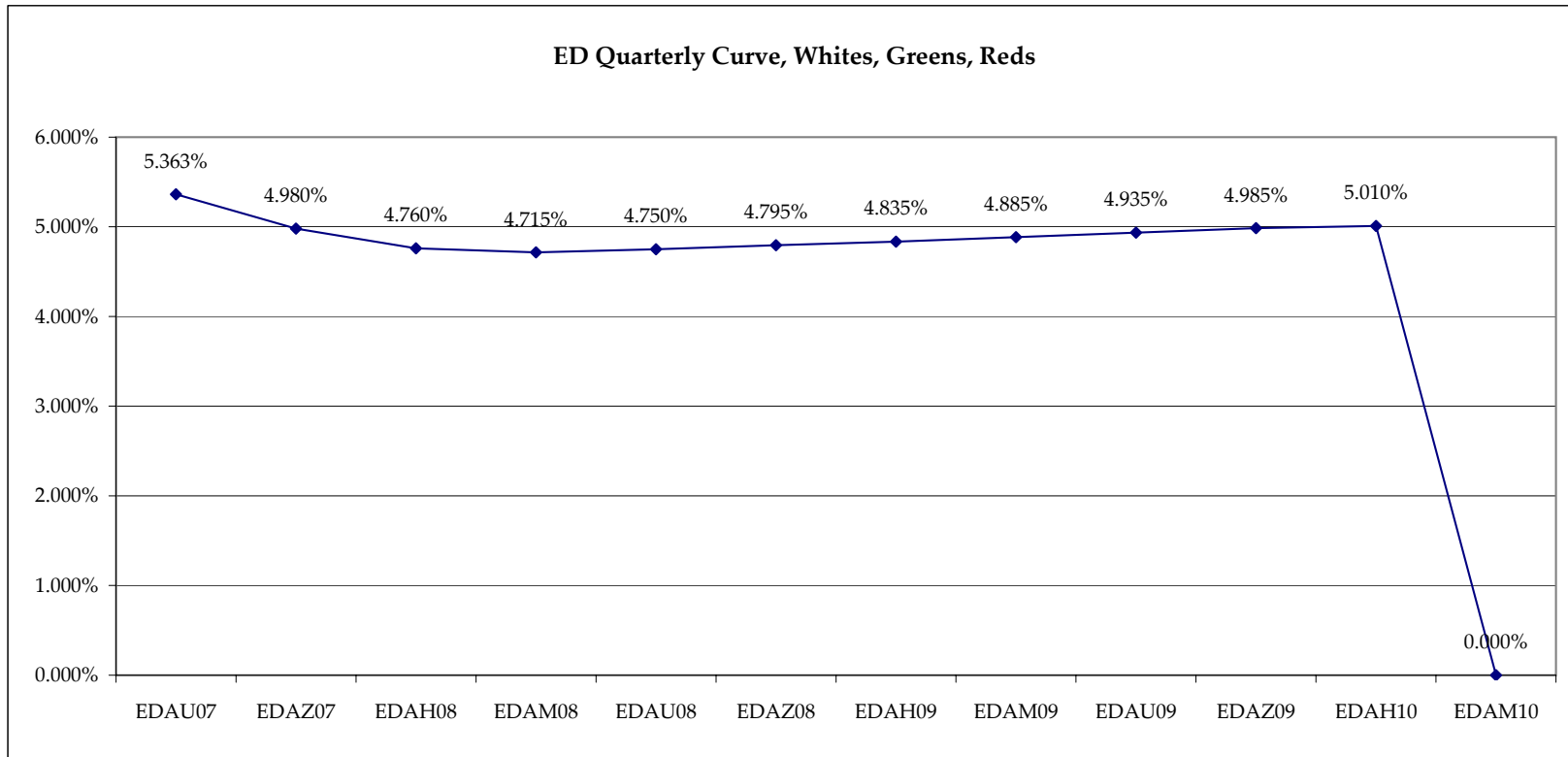
Want something added? Let me know: jgoulding@ghco.com

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	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAU07	94.638	94.683	94.638	94.670	SEP	-3.0	9/17/2007	5.363%	Whites	1st Year
EDAZ07	95.020	95.040	95.015	95.040	DEC	-1.5	12/17/2007	4.980%		
EDAH08	95.240	95.275	95.230	95.265	MAR	-2.0	3/17/2008	4.760%		
EDAM08	95.285	95.325	95.270	95.320	JUN	-2.0	6/16/2008	4.715%		
EDAU08	95.250	95.300	95.235	95.295	SEP	-2.0	9/15/2008	4.750%	Reds	1-2 yrs out
EDAZ08	95.205	95.255	95.200	95.255	DEC	-1.0	12/15/2008	4.795%		
EDAH09	95.165	95.215	95.160	95.215	MAR	-1.0	3/16/2009	4.835%		
EDAM09	95.115	95.170	95.110	95.170	JUN	-1.0	6/15/2009	4.885%		
EDAU09	95.065	95.105	95.060	95.100	SEP	-2.0	9/14/2009	4.935%	Greens	2-3 yrs out
EDAZ09	95.015	95.030	95.010	95.030	DEC	-2.5	12/14/2009	4.985%		
EDAH10	94.990	94.990	94.990	94.990	MAR	-2.5	3/15/2010	5.010%		
EDAM10	#VALUE!	#VALUE!	#VALUE!	#VALUE!	JUN	-2.0	6/14/2010	#VALUE!		
EDAU10	#VALUE!	#VALUE!	#VALUE!	#VALUE!	SEP	-0.5	9/13/2010	#VALUE!	Blues	3-4 yrs out
EDAZ10	#VALUE!	#VALUE!	#VALUE!	#VALUE!	DEC	-3.0	12/13/2010	#VALUE!		
EDAH11	94.865	#VALUE!	#VALUE!	#VALUE!	MAR	-3.0	3/14/2011	5.135%		
EDAM11	94.825	#VALUE!	#VALUE!	#VALUE!	JUN	-4.5	6/13/2011	5.175%		
EDAU11	94.775	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/19/2011	5.225%	Golds	4-5 yrs out
EDAZ11	94.705	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/19/2011	5.295%		
EDAH12	94.680	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.320%		
EDAM12	94.640	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.360%		
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.

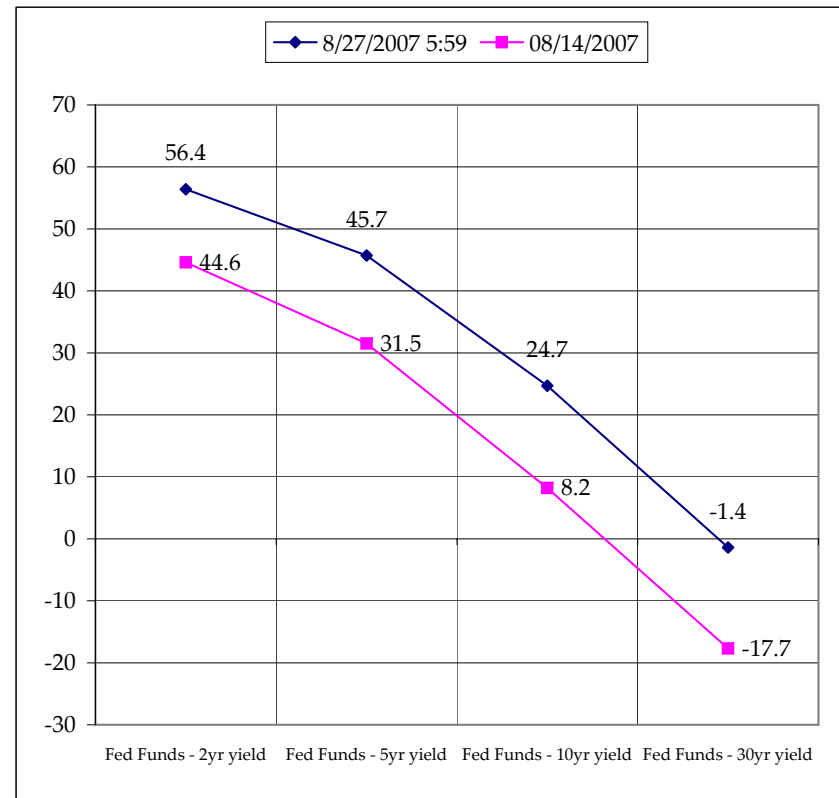
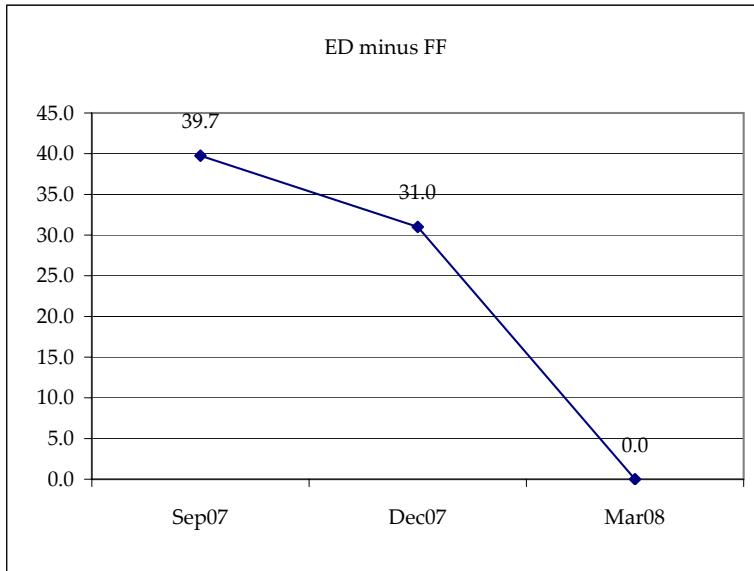


Month	Fed Funds (FF)			Eurodollars (ED)	ED - FF
	Last	Net	Implied	Implied	bps
Sep-07	95.035	-0.200	4.965	5.363	39.7
Oct-07	95.100	-0.050	4.900		
Nov-07	95.205	-0.150	4.795		
Dec-07	95.330	0.400	4.670	4.980	31.0
Jan-08	#VALUE!	#VALUE!	#VALUE!		
Feb-08	#VALUE!	#VALUE!	#VALUE!		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.760	#VALUE!
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.715	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.750	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	08/14/2007
Fed Funds - 2yr yield	56.4	-4.2	44.6
Fed Funds - 5yr yield	45.7	-1.8	31.5
Fed Funds - 10yr yield	24.7	-2.3	8.2
Fed Funds - 30yr yield	-1.4	-0.9	-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
8/20/2007	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

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