

The Morning Email: Eurodollars & Fed Funds

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

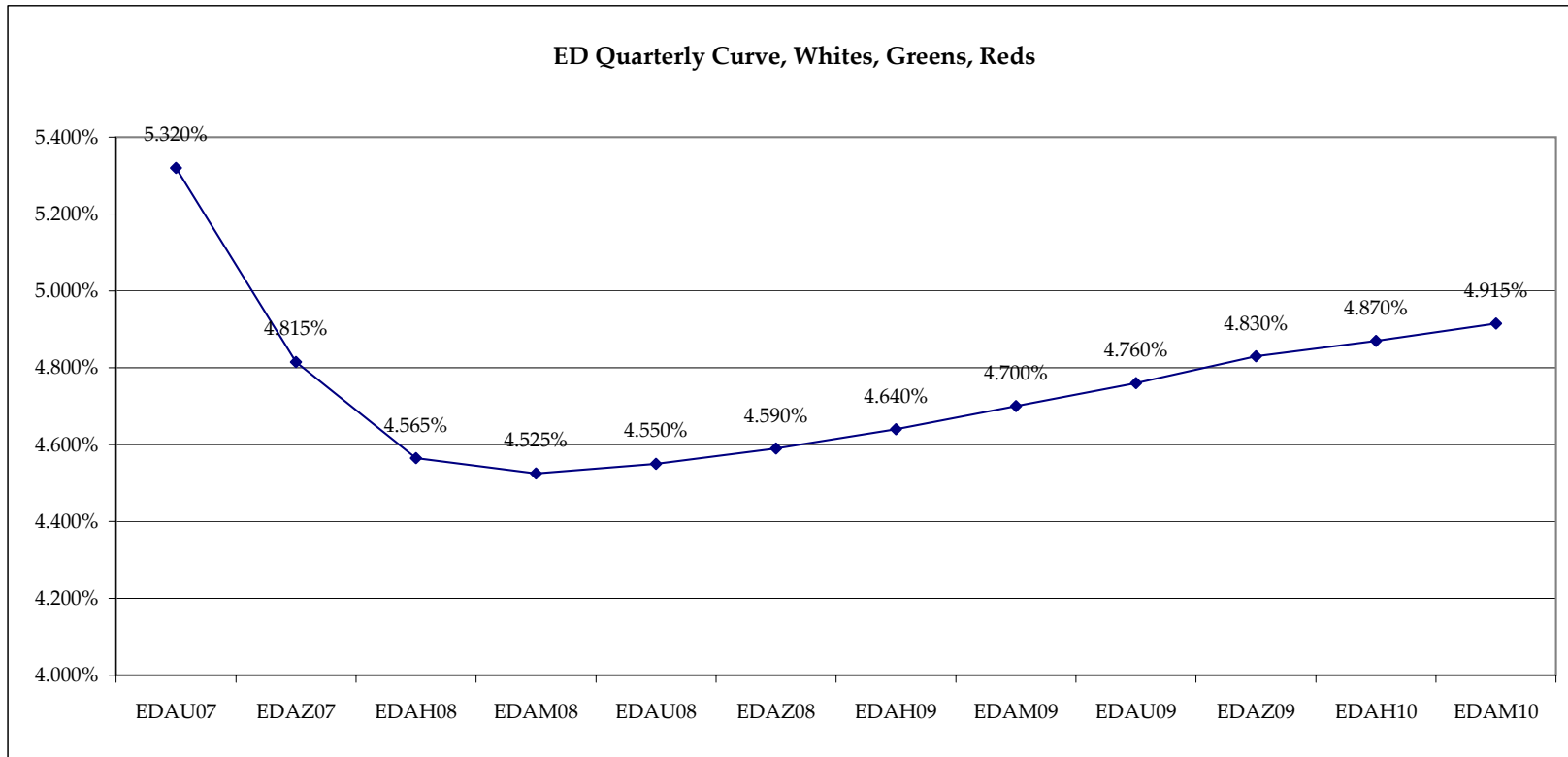
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	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAU07	94.680	94.690	94.655	94.688	SEP	0.5	9/17/2007	5.320%	Whites	1st Year
EDAZ07	95.185	95.195	95.085	95.115	DEC	10.0	12/17/2007	4.815%		
EDAH08	95.435	95.450	95.350	95.385	MAR	9.0	3/17/2008	4.565%		
EDAM08	95.475	95.490	95.395	95.435	JUN	9.5	6/16/2008	4.525%	Reds	1-2 yrs out
EDAU08	95.450	95.460	95.365	95.400	SEP	9.5	9/15/2008	4.550%		
EDAZ08	95.410	95.415	95.320	95.345	DEC	11.0	12/15/2008	4.590%		
EDAH09	95.360	95.370	95.270	95.300	MAR	10.0	3/16/2009	4.640%		
EDAM09	95.300	95.310	95.215	95.240	JUN	9.5	6/15/2009	4.700%	Greens	2-3 yrs out
EDAU09	95.240	95.245	95.170	95.190	SEP	9.0	9/14/2009	4.760%		
EDAZ09	95.170	95.185	95.110	95.110	DEC	8.0	12/14/2009	4.830%		
EDAH10	95.130	95.145	95.075	95.075	MAR	8.0	3/15/2010	4.870%		
EDAM10	95.085	95.100	95.040	95.040	JUN	6.5	6/14/2010	4.915%	Blues	3-4 yrs out
EDAU10	95.040	95.040	94.995	94.995	SEP	6.0	9/13/2010	4.960%		
EDAZ10	94.980	94.995	94.935	94.935	DEC	5.0	12/13/2010	5.020%		
EDAH11	94.935	94.935	94.900	94.900	MAR	4.5	3/14/2011	5.065%		
EDAM11	94.880	94.885	94.855	94.855	JUN	4.0	6/13/2011	5.120%	Golds	4-5 yrs out
EDAU11	94.855	94.855	94.810	94.810	SEP	2.5	9/19/2011	5.145%		
EDAZ11	94.785	94.785	94.750	94.760	DEC	2.0	12/19/2011	5.215%		
EDAH12	94.750	94.750	94.710	94.725	MAR	0.5	3/19/2012	5.250%		
EDAM12	94.700	94.700	94.675	94.680	JUN	-2.5	6/18/2012	5.300%	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

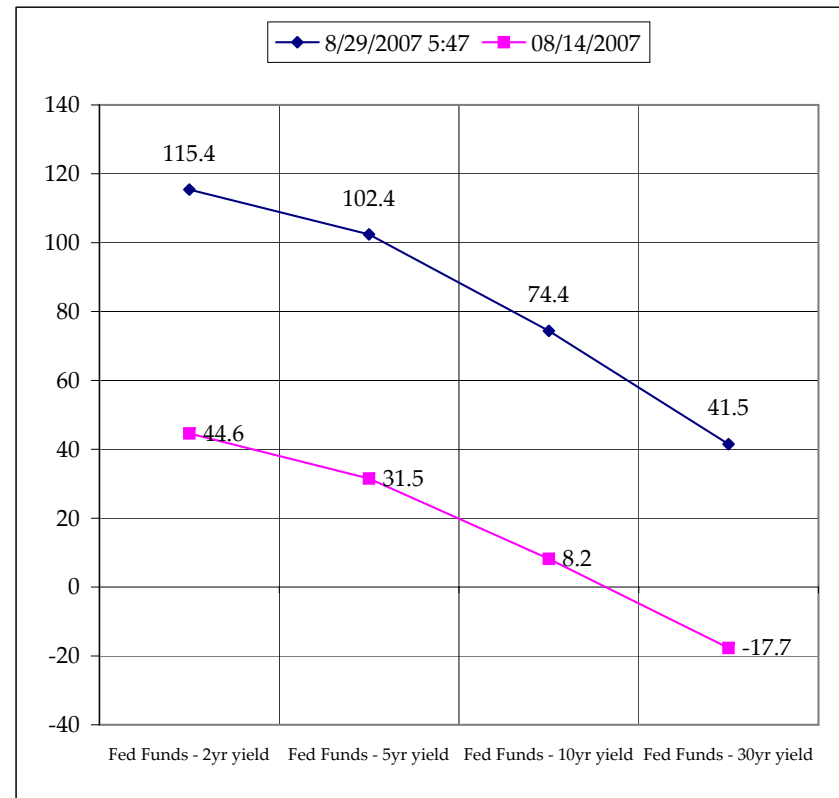
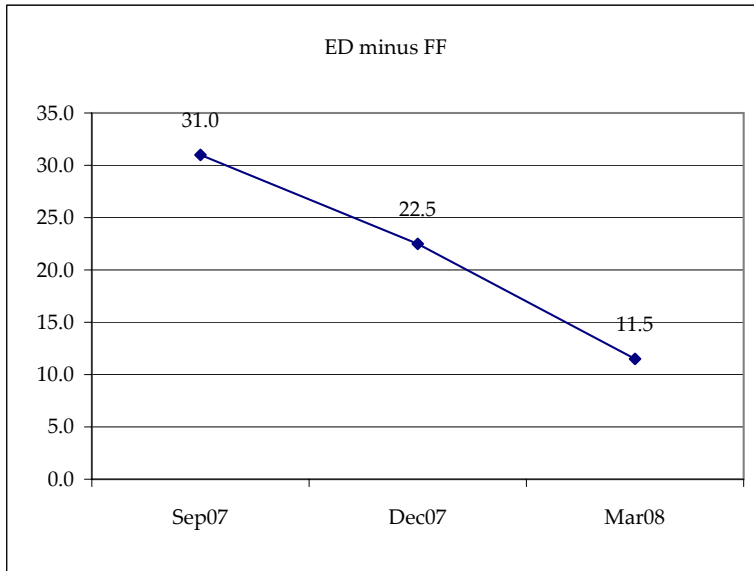


Month	Fed Funds (FF)			Eurodollars (ED)	ED - FF
	Last	Net	Implied	Implied	bps
Sep-07	94.990	0.050	5.010	5.320	31.0
Oct-07	95.095	0.250	4.905		
Nov-07	95.285	0.650	4.715		
Dec-07	95.410	0.900	4.590	4.815	22.5
Jan-08	95.470	1.100	4.530		
Feb-08	95.550	1.150	4.450		
Mar-08	95.550	1.000	4.450	4.565	11.5
Apr-08	95.565	0.650	4.435		
May-08	95.605	0.650	4.395		
Jun-08	95.640	1.000	4.360	4.525	16.5
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.550	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	08/14/2007
Fed Funds - 2yr yield	115.4	25.8	44.6
Fed Funds - 5yr yield	102.4	24.3	31.5
Fed Funds - 10yr yield	74.4	19.9	8.2
Fed Funds - 30yr yield	41.5	16.0	-17.7
GFER	5.27	16.0	

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.



5.27

Sept	450	475	500	525	550
8/23/2007	18.4%	30.3%	28.5%	22.8%	0.0%
8/24/2007	24.4%	22.9%	24.3%	28.4%	0.0%

October	450	475	500	525	550	575
8/23/2007	63.1%	0.0%	13.8%	19.6%	3.5%	0.0%
8/24/2007	53.0%	4.7%	19.3%	19.7%	3.3%	0.0%

December	375	400	425	450	475	500	525	550	575
8/23/2007	17.1%	16.5%	0.0%	7.2%	22.3%	18.3%	18.0%	0.0%	0.6%
8/24/2007	23.3%	0.1%	0.0%	7.8%	26.1%	19.4%	20.1%	2.9%	0.2%

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
1,416,138	1,441,503	(25,365)	1,494,327	621,751	872,576	11,250,455	12,097,666	(847,211)

As of	Week over Week Change		
	Sm Spec	Lg Spec	Commrc
8/21/2007	12,182	(70,952)	58,771