

The Morning Email: Eurodollars & Fed Funds

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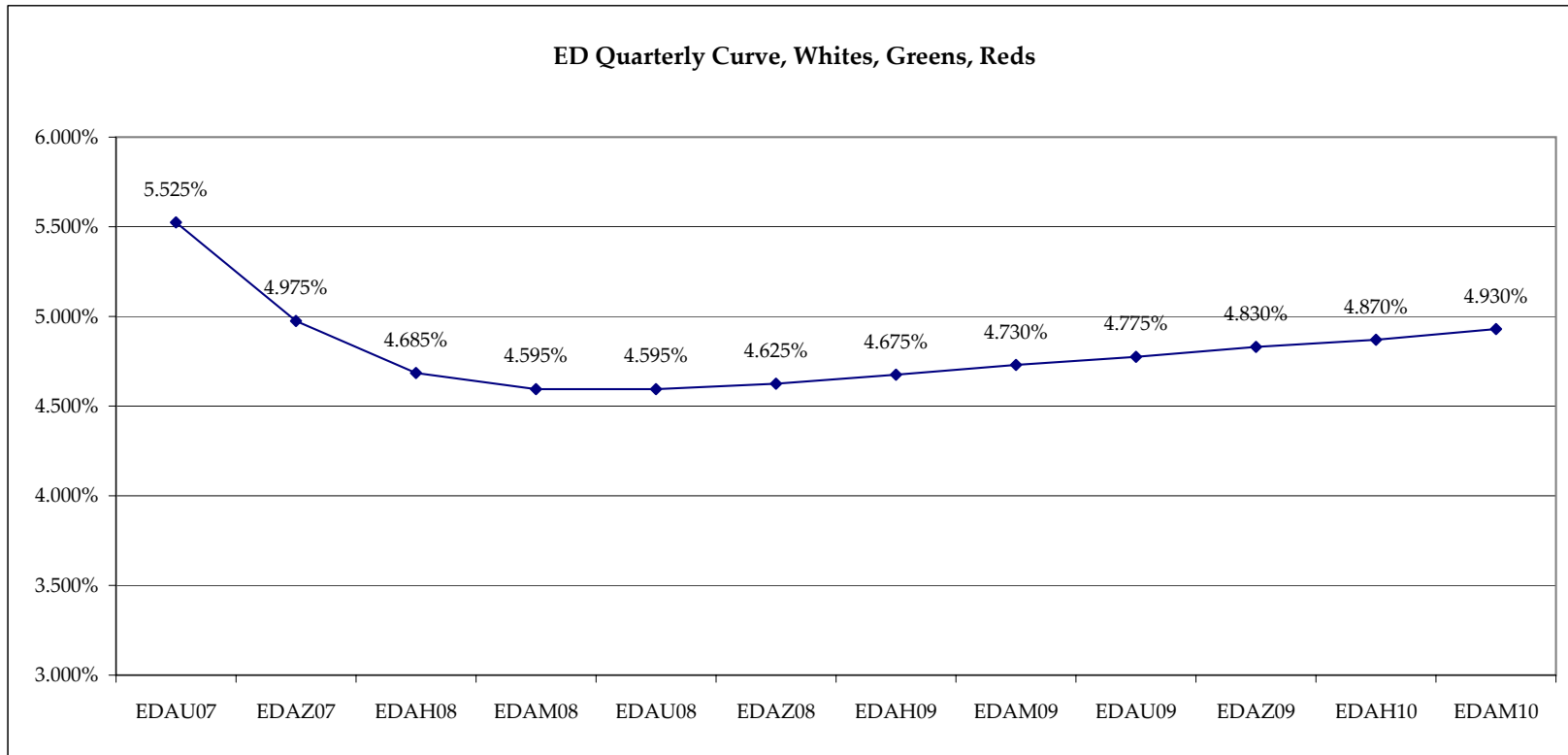
Want something added? Let me know: jgoulding@ghco.com

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	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAU07	94.475	94.515	94.445	94.515	SEP	-7.0	9/17/2007	5.525%	Whites	1st Year
EDAZ07	95.025	95.095	95.000	95.090	DEC	-8.5	12/17/2007	4.975%		
EDAH08	95.315	95.420	95.290	95.415	MAR	-11.5	3/17/2008	4.685%		
EDAM08	95.405	95.525	95.380	95.510	JUN	-12.5	6/16/2008	4.595%		
EDAU08	95.405	95.520	95.370	95.505	SEP	-12.5	9/15/2008	4.595%	Reds	1-2 yrs out
EDAZ08	95.375	95.480	95.335	95.465	DEC	-10.5	12/15/2008	4.625%		
EDAH09	95.325	95.420	95.285	95.410	MAR	-10.5	3/16/2009	4.675%		
EDAM09	95.270	95.360	95.235	95.350	JUN	-9.5	6/15/2009	4.730%		
EDAU09	95.225	95.285	95.190	95.285	SEP	-9.0	9/14/2009	4.775%	Greens	2-3 yrs out
EDAZ09	95.170	95.210	95.120	95.210	DEC	-8.0	12/14/2009	4.830%		
EDAH10	95.130	95.140	95.085	95.140	MAR	-7.0	3/15/2010	4.870%		
EDAM10	95.070	95.075	95.045	95.045	JUN	-9.5	6/14/2010	4.930%		
EDAU10	95.020	95.020	95.020	95.020	SEP	-4.0	9/13/2010	4.980%	Blues	3-4 yrs out
EDAZ10	94.945	94.945	94.945	94.945	DEC	-12.5	12/13/2010	5.055%		
EDAH11	94.940	#VALUE!	#VALUE!	#VALUE!	MAR	-2.0	3/14/2011	5.060%		
EDAM11	94.885	#VALUE!	#VALUE!	#VALUE!	JUN	-13.5	6/13/2011	5.115%		
EDAU11	94.795	94.795	94.795	94.795	SEP	-1.5	9/19/2011	5.205%	Golds	4-5 yrs out
EDAZ11	94.755	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/19/2011	5.245%		
EDAH12	94.720	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.280%		
EDAM12	94.635	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.365%		
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.

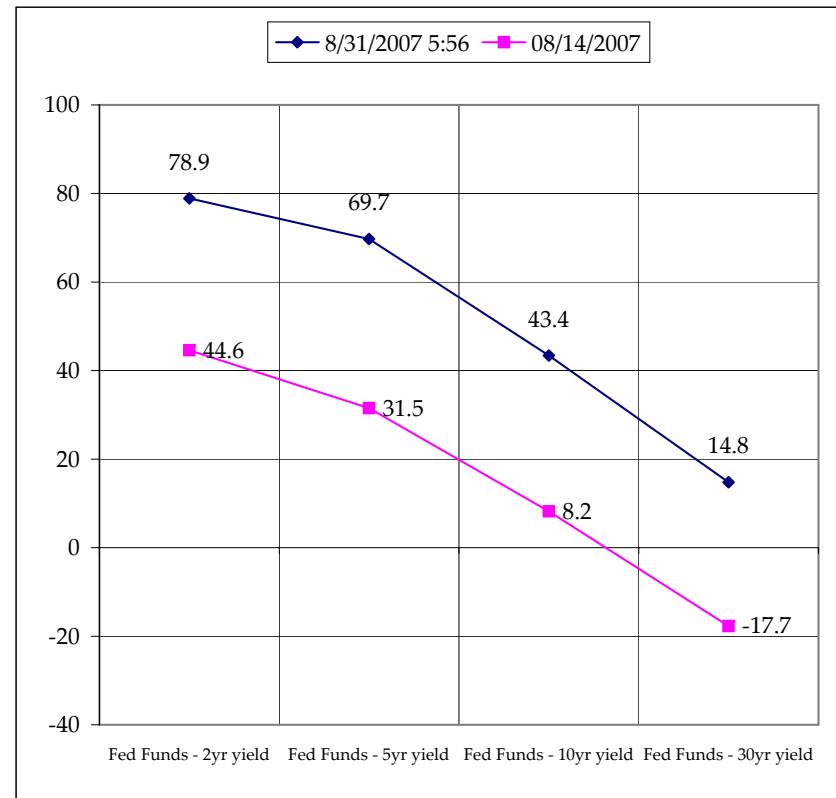
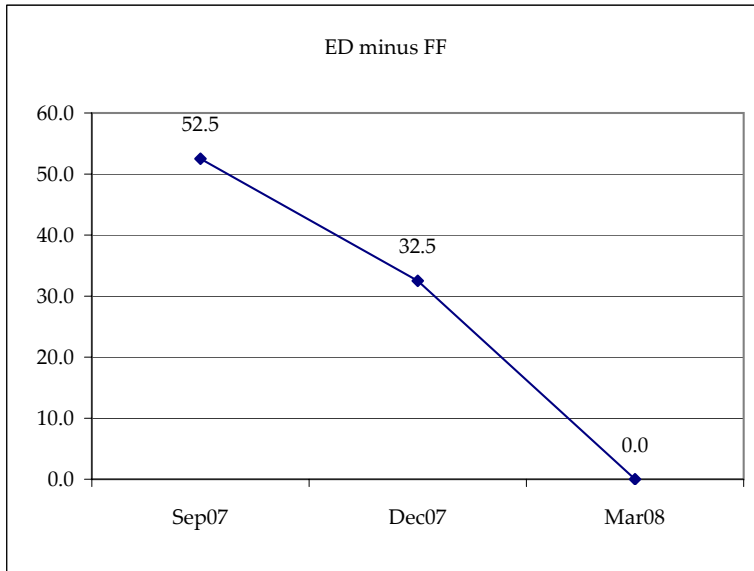


Month	Fed Funds (FF)			Eurodollars (ED)	ED - FF
	Last	Net	Implied	Implied	bps
Sep-07	95.000	-0.300	5.000	5.525	52.5
Oct-07	95.105	-0.550	4.895		
Nov-07	95.240	-1.050	4.760		
Dec-07	95.350	-1.150	4.650	4.975	32.5
Jan-08	95.410	-0.950	4.590		
Feb-08	#VALUE!	#VALUE!	#VALUE!		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.685	#VALUE!
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.595	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.595	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	08/14/2007
Fed Funds - 2yr yield	78.9	-11.6	44.6
Fed Funds - 5yr yield	69.7	-7.6	31.5
Fed Funds - 10yr yield	43.4	-5.8	8.2
Fed Funds - 30yr yield	14.8	-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
8/28/2007	18.6%	26.9%	26.6%	27.7%	0.2%
8/29/2007	26.5%	18.2%	28.2%	27.1%	0.0%

October	450	475	500	525	550	575
8/28/2007	67.5%	0.0%	12.8%	18.8%	0.6%	0.3%
8/29/2007	67.9%	0.0%	13.2%	18.5%	0.0%	0.4%

December	375	400	425	450	475	500	525	550	575
8/28/2007	28.0%	3.0%	5.4%	14.4%	11.4%	20.9%	15.1%	0.0%	1.8%
8/29/2007	26.1%	5.7%	0.0%	6.5%	40.8%	4.2%	13.9%	1.6%	1.2%

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
8/21/2007

Week over Week Change		
Sm Spec	Lg Spec	Commrc
12,182	(70,952)	58,771