

## The Morning Email: Eurodollars & Fed Funds

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**"Fed Funds Probability of Tightening or Easing" page is under construction. It's time to update the formula's for better predictability. Everyone has the Fed Funds day count formula which is extracted from the daily Fed Fund futures at the CBOT. There's better indicators out there and I'm going to start using an indicator that takes option pricing into account. I'll be rebuilding this page over the next several days.**

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

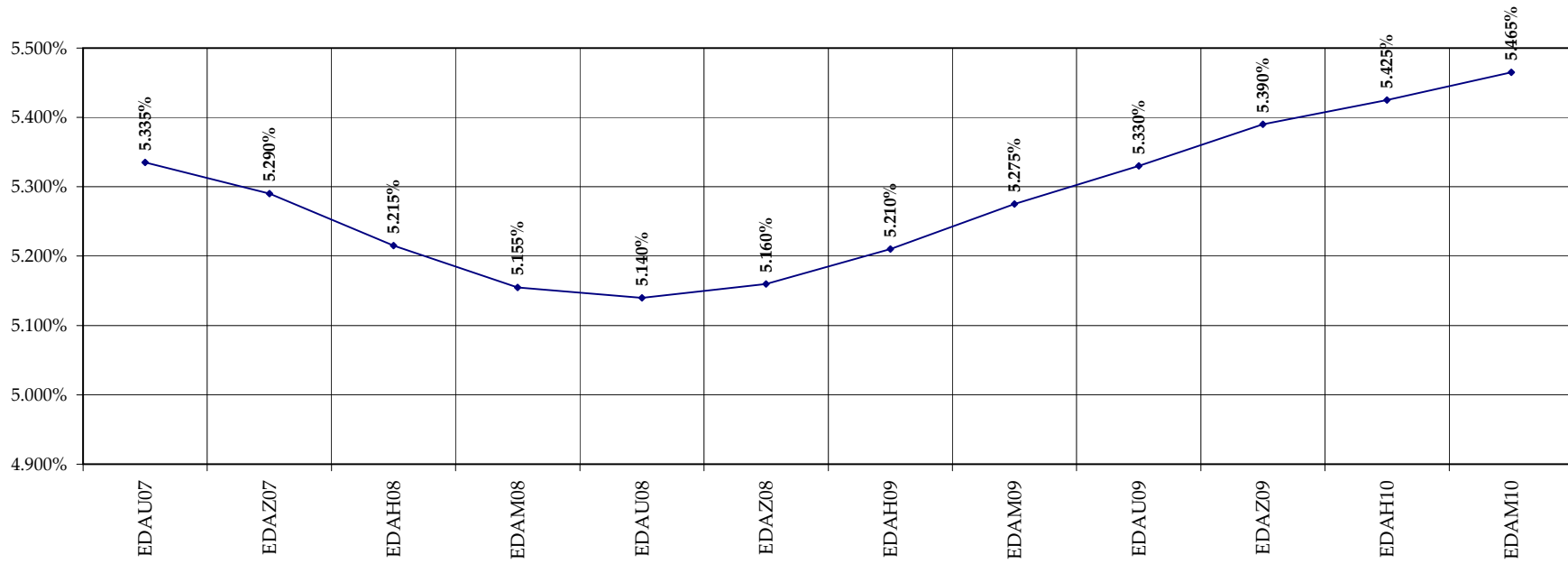
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(Excluding Serial)

	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAU07	94.665	94.680	94.660	94.665	SEP	0.5	9/17/2007	5.335%	Whites	1st Year
EDAZ07	94.710	94.730	94.695	94.705	DEC	1.5	12/17/2007	5.290%		
EDAH08	94.785	94.820	94.765	94.780	MAR	2.0	3/17/2008	5.215%		
EDAM08	94.845	94.880	94.820	94.830	JUN	3.0	6/16/2008	5.155%		
EDAU08	94.860	94.895	94.835	94.845	SEP	3.5	9/15/2008	5.140%	Reds	1-2 yrs out
EDAZ08	94.840	94.875	94.810	94.825	DEC	4.0	12/15/2008	5.160%		
EDAH09	94.790	94.825	94.770	94.775	MAR	4.0	3/16/2009	5.210%		
EDAM09	94.725	94.760	94.705	94.710	JUN	3.5	6/15/2009	5.275%		
EDAU09	94.670	94.695	94.650	94.650	SEP	4.0	9/14/2009	5.330%	Greens	2-3 yrs out
EDAZ09	94.610	94.645	94.595	94.595	DEC	3.0	12/14/2009	5.390%		
EDAH10	94.575	94.600	94.565	94.600	MAR	2.5	3/15/2010	5.425%		
EDAM10	94.535	94.535	94.525	94.530	JUN	2.5	6/14/2010	5.465%		
EDAU10	94.490	94.490	94.480	94.490	SEP	2.0	9/13/2010	5.510%	Blues	3-4 yrs out
EDAZ10	94.430	94.430	94.430	94.430	DEC	5.0	12/13/2010			
EDAH11	94.400	#VALUE!	#VALUE!	#VALUE!	MAR	5.5	3/14/2011	5.600%		
EDAM11	94.365	#VALUE!	#VALUE!	#VALUE!	JUN	5.5	6/13/2011	5.635%		
EDAU11	94.335	#VALUE!	#VALUE!	#VALUE!	SEP	4.5	9/19/2011	5.665%	Golds	4-5 yrs out
EDAZ11	94.300	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/19/2011	5.700%		
EDAH12	94.275	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.725%		
EDAM12	94.250	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.750%		
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										

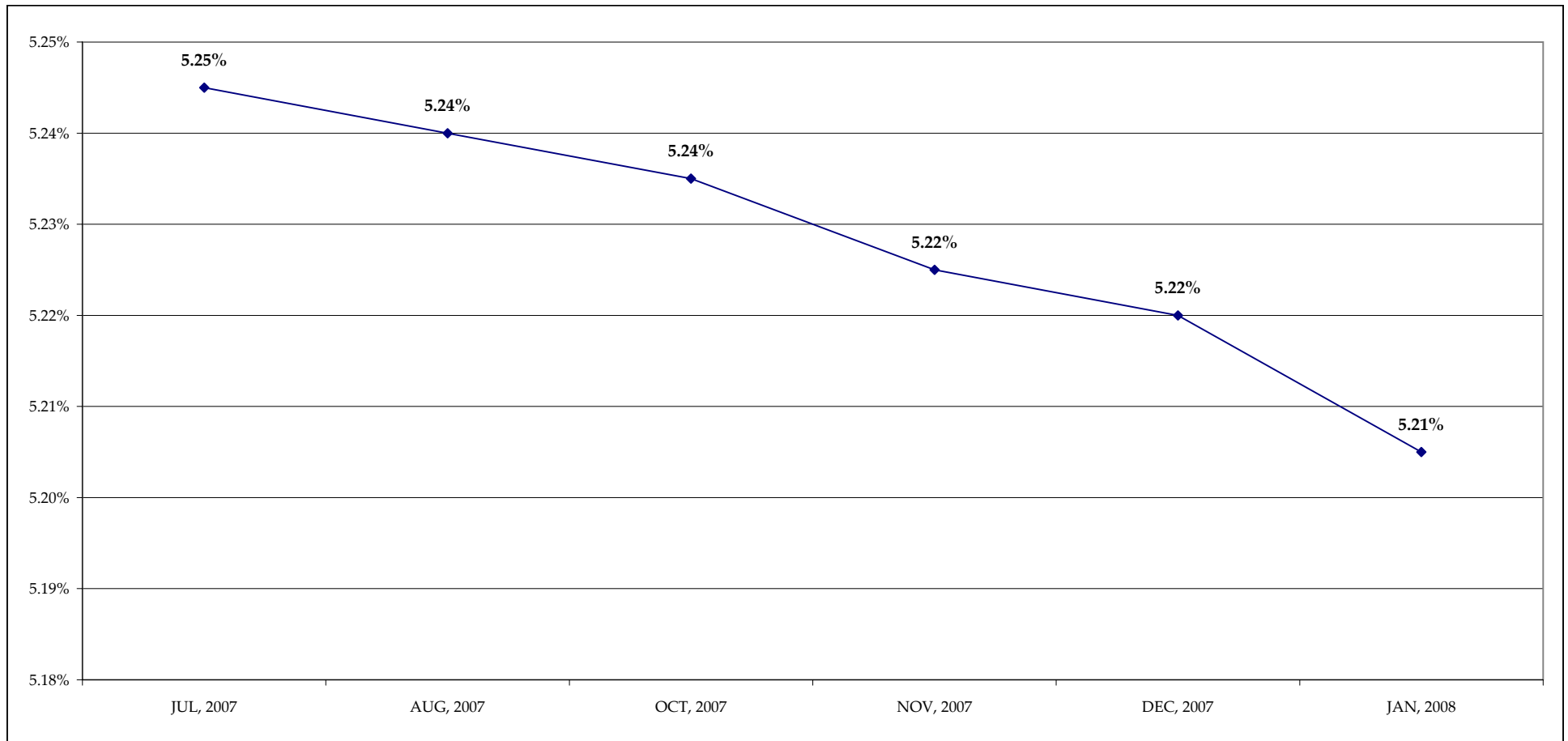
I do not keep stats on purples through coppers due to lack of volume

ED Curve (Whites, Greens, Reds )



## Fed Funds

	Last Price	Imp Rate
JUL, 2007	94.76	5.25%
AUG, 2007	94.77	5.24%
OCT, 2007	94.78	5.24%
NOV, 2007	94.78	5.22%
DEC, 2007	94.80	5.22%
JAN, 2008	94.80	5.21%
FEB, 2008	94.83	5.20%
MCH, 2008	94.83	5.17%



**August/07/2007**

Target Rate	Probabilitiy
4.50	4.9
4.75	-9.0
5.00	6.5
5.25	97.8
5.50	-1.6
5.75	1.4

**September/18/2007**

Target Rate	Probabiltiy
4.50	0.0
4.75	1.7
5.00	4.5
5.25	90.6
5.50	3.7
5.75	-0.1

**October/31/2007**

Target Rate	Probabilitiy
4.50	0.9
4.75	1.7
5.00	3.8
5.25	90.2
5.50	2.1
5.75	1.3

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**Model Probability Distribution Of Alternative Fed Funds Rates**

Current Positions								
Small Spec			Large Spec			Commercials		
Long	Short	Net	Long	Short	Net	Long	Short	Net
1,140,138	1,489,830	(349,692)	1,189,314	780,960	408,354	10,168,270	10,226,958	(58,688)

As of  
7/3/2007

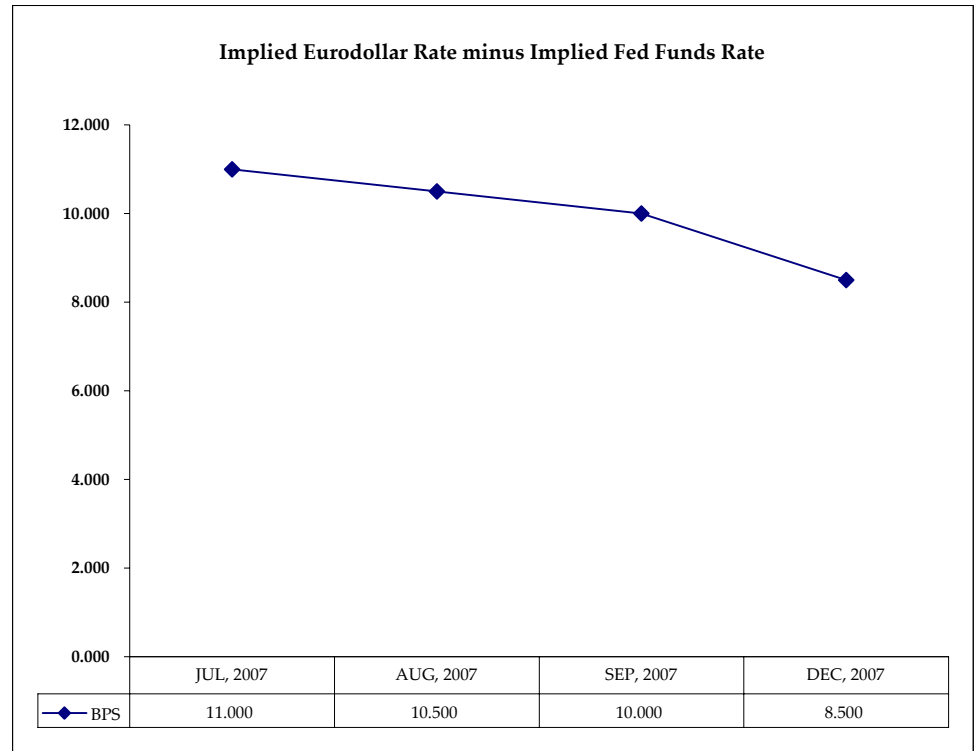
Week over Week Change		
Sm Spec	Lg Spec	Commrci
36,761	353,667	(390,453)

**Implied Eurodollar Rate minus Implied Fed Funds Rate  
Spread^ Price (bps)^**

JUL, 2007	<b>11.000</b>
AUG, 2007	<b>10.500</b>
SEP, 2007	<b>10.000</b>
DEC, 2007	<b>8.500</b>
MCH, 2008	<b>4.500</b>

^ Example: 12.250 = 12 1/4 basis points

Fed Funds Outright			Eurodollars Outright			
Contract	Imp Rate	Month	Contract	Imp Rate	Month	Q/S
JUL, 2007	5.2450	JUL, 2007	F.EDAN07	5.355	JUL, 2007	S
AUG, 2007	5.2400	AUG, 2007	F.EDAQ07	5.345	AUG, 2007	S
SEP, 2007	5.2350	SEP, 2007	F.EDAU07	5.335	SEP, 2007	Q
OCT, 2007	5.2250	OCT, 2007				
NOV, 2007	5.2200	NOV, 2007				
DEC, 2007	5.2050	DEC, 2007	F.EDAZ07	5.290	DEC, 2007	Q
JAN, 2008	5.2000	JAN, 2008				
FEB, 2008	5.1700	FEB, 2008				
MCH, 2008	5.1700	MCH, 2008	F.EDAH08	5.215	MCH, 2008	Q
APR, 2008	#VALUE!	APR, 2008				



**Notes:**

Q/S = Quarterly or Serial contract

#Value = No quote being given by exchange