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

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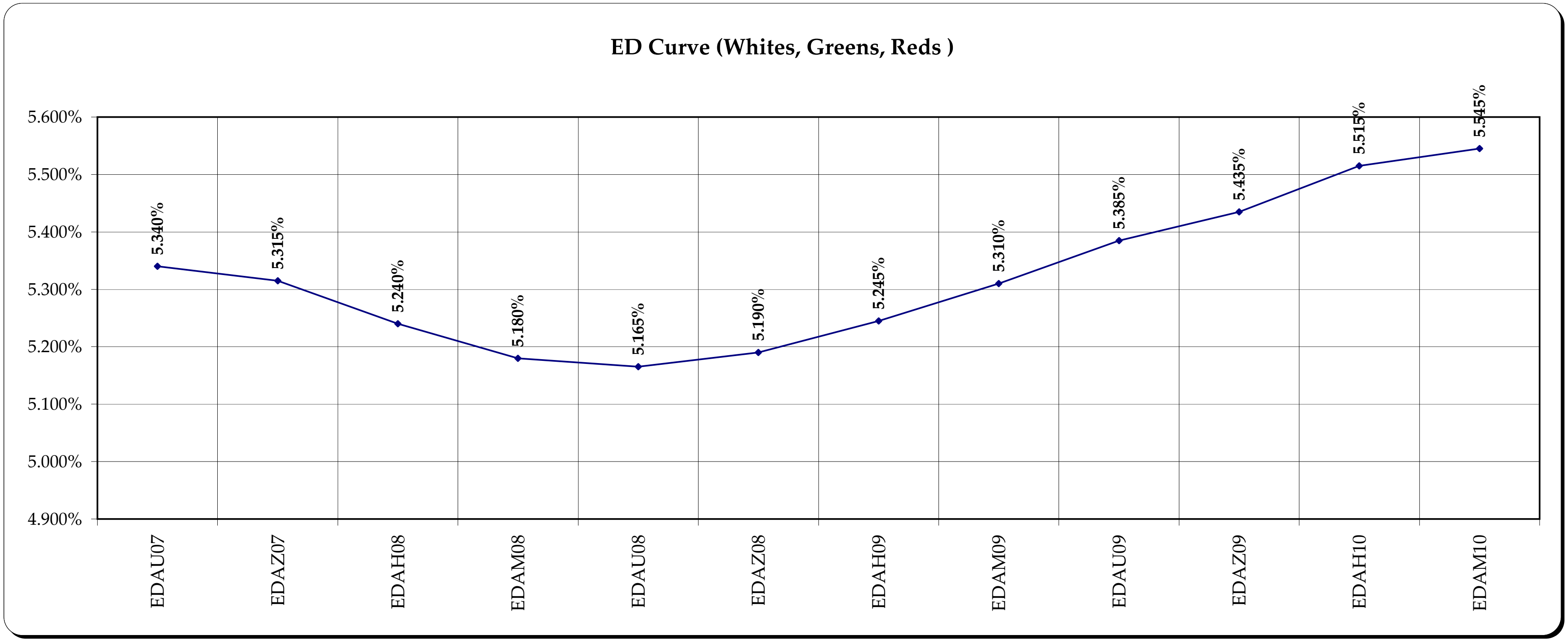
Eurodollars - Electronic Outright Contracts

(Excluding Serial)

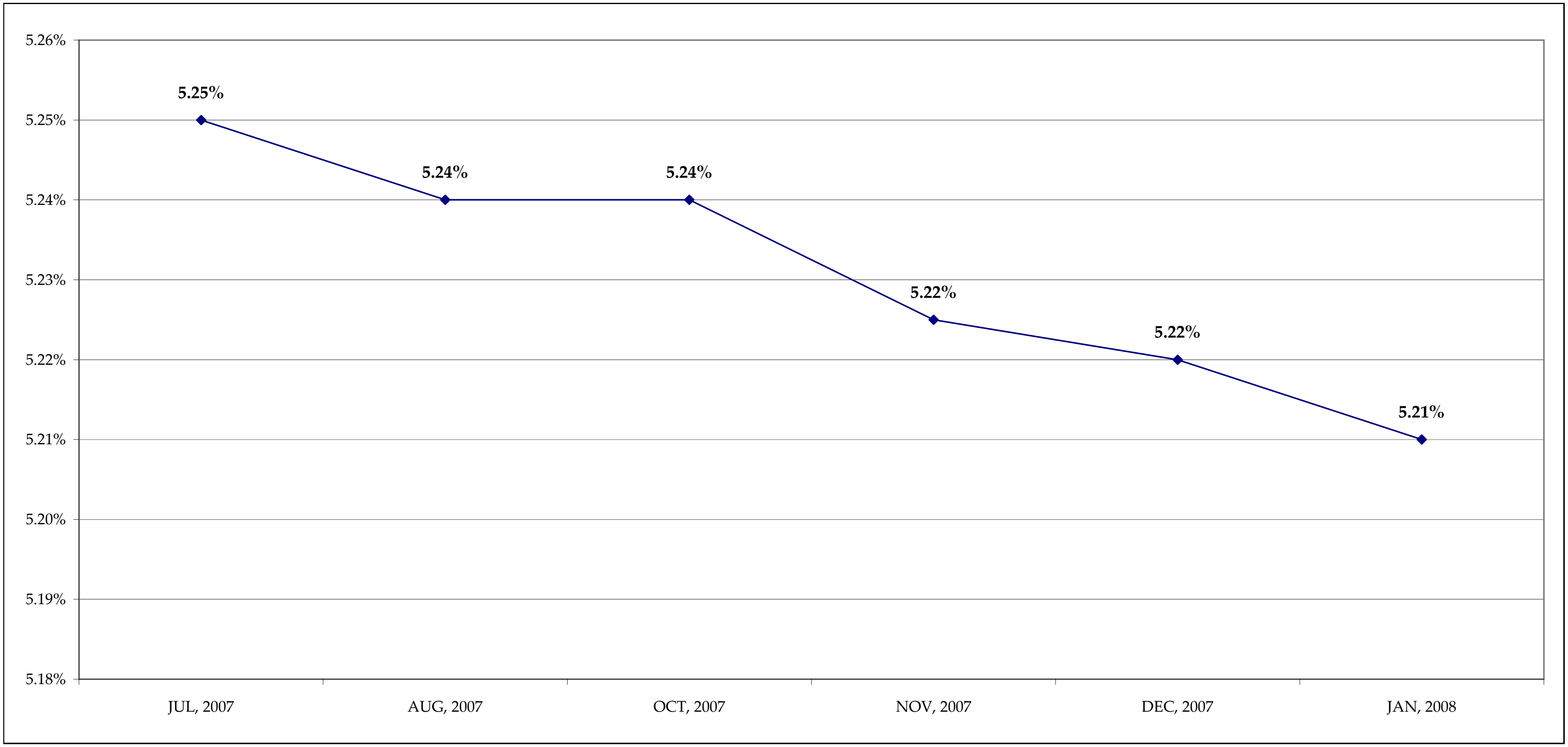
	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAU07	94.660	94.665	94.655	94.660	SEP	0.0	9/17/2007	5.340%	Whites	1st Year
EDAZ07	94.685	94.690	94.665	94.670	DEC	1.0	12/17/2007	5.315%		
EDAH08	94.760	94.770	94.725	94.730	MAR	2.0	3/17/2008	5.240%		
EDAM08	94.820	94.825	94.780	94.785	JUN	2.0	6/16/2008	5.180%		
EDAU08	94.835	94.845	94.795	94.795	SEP	2.5	9/15/2008	5.165%	Reds	1-2 yrs out
EDAZ08	94.810	94.820	94.770	94.775	DEC	2.5	12/15/2008	5.190%		
EDAH09	94.755	94.765	94.710	94.710	MAR	3.0	3/16/2009	5.245%		
EDAM09	94.690	94.695	94.645	94.660	JUN	3.5	6/15/2009	5.310%		
EDAU09	94.615	94.625	94.595	94.600	SEP	2.5	9/14/2009	5.385%	Greens	2-3 yrs out
EDAZ09	94.565	94.565	94.525	94.525	DEC	2.5	12/14/2009	5.435%		
EDAH10	94.485	94.505	94.485	94.500	MAR	2.0	3/15/2010	5.515%		
EDAM10	94.455	94.455	94.455	94.455	JUN	2.0	6/14/2010	5.545%		
EDAU10	94.400	#VALUE!	#VALUE!	#VALUE!	SEP	3.5	9/13/2010	5.600%	Blues	3-4 yrs out
EDAZ10	94.365	#VALUE!	#VALUE!	#VALUE!	DEC	2.5	12/13/2010			
EDAH11	94.340	#VALUE!	#VALUE!	#VALUE!	MAR	5.0	3/14/2011	5.660%		
EDAM11	94.295	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/13/2011	5.705%		
EDAU11	94.280	#VALUE!	#VALUE!	#VALUE!	SEP	0.5	9/19/2011	5.720%	Golds	4-5 yrs out
EDAZ11	94.230	#VALUE!	#VALUE!	#VALUE!	DEC	4.5	12/19/2011	5.770%		
EDAH12	94.215	#VALUE!	#VALUE!	#VALUE!	MAR	0.5	3/19/2012	5.785%		
EDAM12	94.180	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.820%		
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)
5.600%
5.500%
5.400%
5.300%
5.200%
5.100%
5.000%
4.900%
5.340%
5.315%
5.240%
5.180%
5.165%
5.190%
5.245%
5.310%
5.385%
5.435%
5.515%
5.545%
EDAU07
EDAZ07
EDAH08
EDAM08
EDAU08
EDAZ08
EDAH09
EDAM09
EDAU09
EDAZ09
EDAH10
EDAM10

Fed Funds

	Last Price	Imp Rate
JUL, 2007	94.76	5.25%
AUG, 2007	94.76	5.24%
OCT, 2007	94.78	5.24%
NOV, 2007	94.78	5.22%
DEC, 2007	94.79	5.22%
JAN, 2008	94.79	5.21%
FEB, 2008	94.81	5.21%
MCH, 2008	94.83	5.19%



August/07/2007

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

as of 07/09/07

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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)

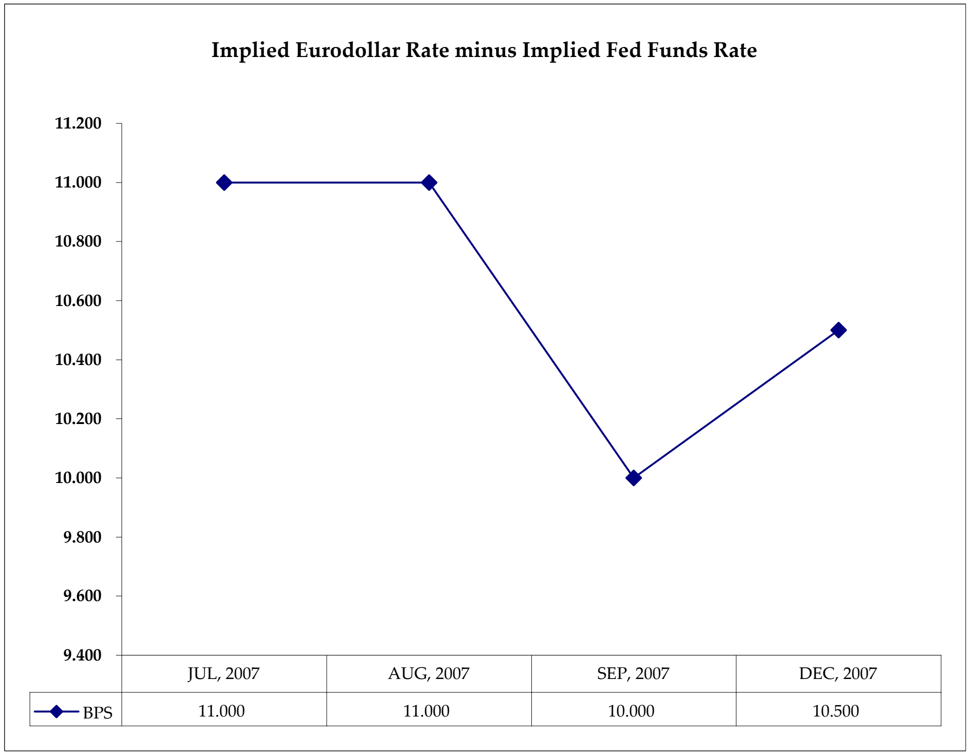
As of 7/3/2007

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

Implied Eurodollar Rate minus Implied Fed Funds Rate

Spread^	Price (bps)^
JUL, 2007	**11.000**
AUG, 2007	**11.000**
SEP, 2007	**10.000**
DEC, 2007	**10.500**
MCH, 2008	**7.000**

^ 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	5.2500	JUL, 2007	F.EDAN07	5.360	JUL, 2007	S
AUG, 2007	5.2400	AUG, 2007	F.EDAQ07	5.350	AUG, 2007	S
SEP, 2007	5.2400	SEP, 2007	F.EDAU07	5.340	SEP, 2007	Q
OCT, 2007	5.2250	OCT, 2007				
NOV, 2007	5.2200	NOV, 2007				
DEC, 2007	5.2100	DEC, 2007	F.EDAZ07	5.315	DEC, 2007	Q
JAN, 2008	5.2100	JAN, 2008				
FEB, 2008	5.1900	FEB, 2008				
MCH, 2008	5.1700	MCH, 2008	F.EDAH08	5.240	MCH, 2008	Q
APR, 2008	#VALUE!	APR, 2008				

Notes:

Q/S = Quarterly or Serial contract

#Value = No quote being given by exchange