

## The Morning Email: Eurodollars & Fed Funds

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### Eurodollar Color Codes for Individual Year Strips:

| Color  | Year  | Contracts |
|--------|-------|-----------|
| White  | One   | 1 – 4     |
| Red    | Two   | 5 – 8     |
| Green  | Three | 9 – 12    |
| Blue   | Four  | 13 – 16   |
| Gold   | Five  | 17 – 20   |
| Purple | Six   | 21 – 24   |
| Orange | Seven | 25 – 28   |
| Pink   | Eight | 29 – 32   |
| Silver | Nine  | 33 – 36   |
| Copper | Ten   | 37 – 40   |

Note: Serial Contracts are not included in color scheme.

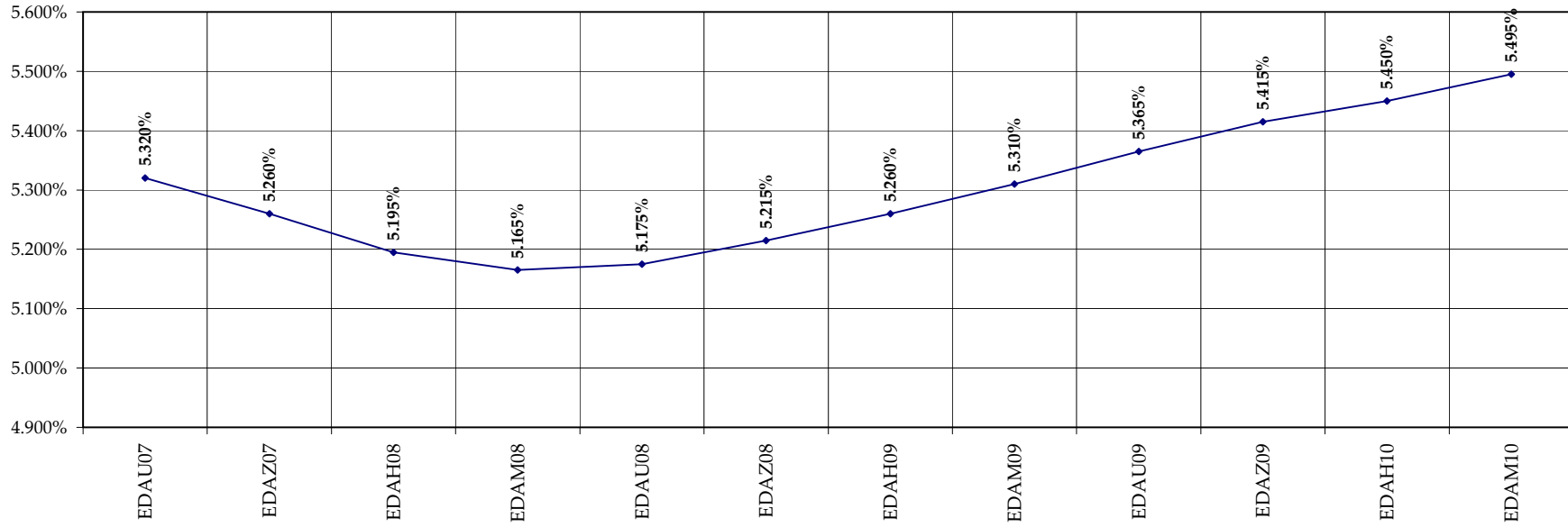
Want something added? Let me know: [jgoulding@ghco.com](mailto:jgoulding@ghco.com)  
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(Excluding Serial)

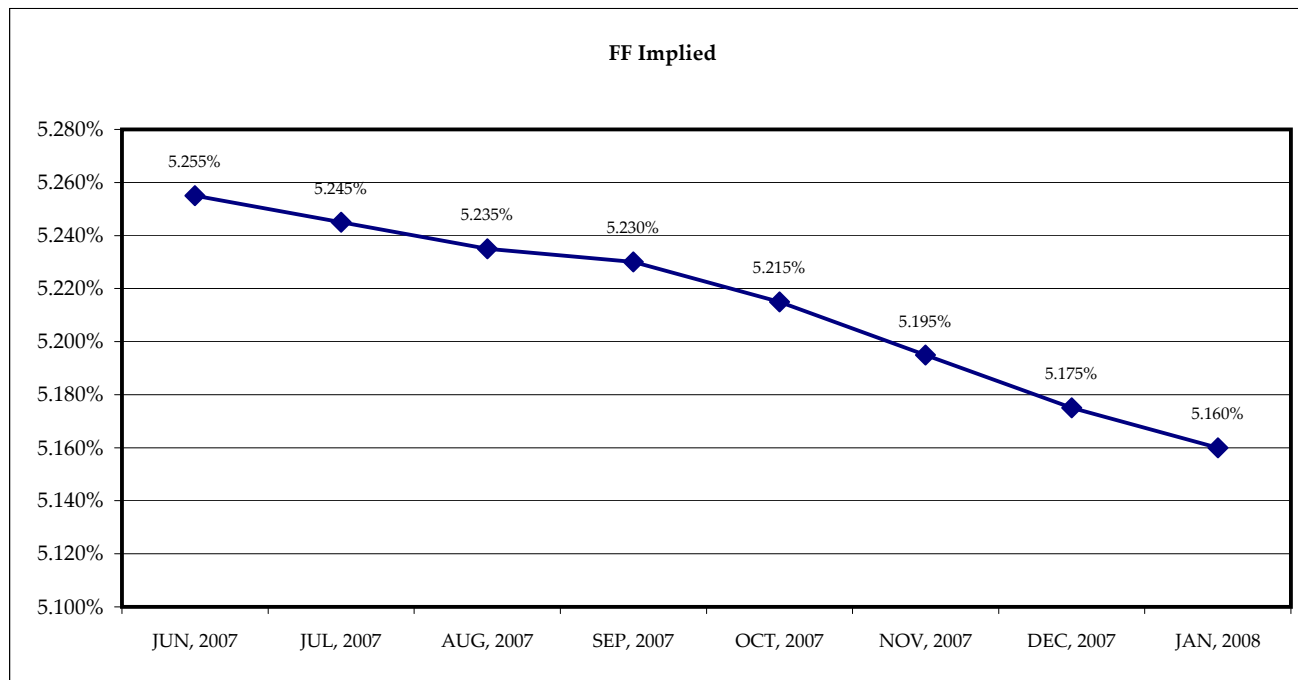
|        | Last    | High    | Low     | Open    | Month | Net     | Exp Date   | Implied |         |              |
|--------|---------|---------|---------|---------|-------|---------|------------|---------|---------|--------------|
| EDAU07 | 94.680  | 94.685  | 94.680  | 94.685  | SEP   | 0.0     | 9/17/2007  | 5.320%  | Whites  | 1st Year     |
| EDAZ07 | 94.740  | 94.750  | 94.730  | 94.735  | DEC   | 0.5     | 12/17/2007 | 5.260%  |         |              |
| EDAH08 | 94.805  | 94.825  | 94.785  | 94.795  | MAR   | 0.5     | 3/17/2008  | 5.195%  |         |              |
| EDAM08 | 94.835  | 94.855  | 94.810  | 94.820  | JUN   | 0.5     | 6/16/2008  | 5.165%  |         |              |
| EDAU08 | 94.825  | 94.845  | 94.795  | 94.805  | SEP   | 1.5     | 9/15/2008  | 5.175%  | Reds    | 1-2 yrs out  |
| EDAZ08 | 94.785  | 94.800  | 94.755  | 94.765  | DEC   | 1.0     | 12/15/2008 | 5.215%  |         |              |
| EDAH09 | 94.740  | 94.755  | 94.715  | 94.715  | MAR   | 1.0     | 3/16/2009  | 5.260%  |         |              |
| EDAM09 | 94.690  | 94.705  | 94.665  | 94.665  | JUN   | 1.0     | 6/15/2009  | 5.310%  |         |              |
| EDAU09 | 94.635  | 94.655  | 94.615  | 94.615  | SEP   | 0.5     | 9/14/2009  | 5.365%  | Greens  | 2-3 yrs out  |
| EDAZ09 | 94.585  | 94.600  | 94.560  | 94.565  | DEC   | 0.0     | 12/14/2009 | 5.415%  |         |              |
| EDAH10 | 94.550  | 94.565  | 94.530  | 94.530  | MAR   | 0.0     | 3/15/2010  | 5.450%  |         |              |
| EDAM10 | 94.505  | 94.505  | 94.505  | 94.505  | JUN   | 0.0     | 6/14/2010  | 5.495%  |         |              |
| EDAU10 | 94.470  | 94.470  | 94.470  | 94.470  | SEP   | -0.5    | 9/13/2010  | 5.530%  | Blues   | 3-4 yrs out  |
| EDAZ10 | 94.405  | 94.405  | 94.405  | 94.405  | DEC   | -1.5    | 12/13/2010 |         |         |              |
| EDAH11 | 94.395  | #VALUE! | #VALUE! | #VALUE! | MAR   | -0.5    | 3/14/2011  | 5.605%  |         |              |
| EDAM11 | 94.355  | #VALUE! | #VALUE! | #VALUE! | JUN   | -0.5    | 6/13/2011  | 5.645%  |         |              |
| EDAU11 | 94.325  | #VALUE! | #VALUE! | #VALUE! | SEP   | 2.0     | 9/19/2011  | 5.675%  | Golds   | 4-5 yrs out  |
| EDAZ11 | #VALUE! | #VALUE! | #VALUE! | #VALUE! | DEC   | -9.0    | 12/19/2011 | #VALUE! |         |              |
| EDAH12 | #VALUE! | #VALUE! | #VALUE! | #VALUE! | MAR   | -9.5    | 3/19/2012  | #VALUE! |         |              |
| EDAM12 | 94.240  | #VALUE! | #VALUE! | #VALUE! | JUN   | #VALUE! | 6/18/2012  | 5.760%  |         |              |
| 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 |        |         |         |           |
|-----------|--------|---------|---------|-----------|
|           | Is     | net     | Implied |           |
| F.FFAM07  | 94.745 | (0.500) | 5.255%  | JUN, 2007 |
| F.FFAN07  | 94.755 | 0.500   | 5.245%  | JUL, 2007 |
| F.FFAQ07  | 94.765 | 0.500   | 5.235%  | AUG, 2007 |
| F.FFAU07  | 94.770 | 0.500   | 5.230%  | SEP, 2007 |
| F.FFAV07  | 94.785 | (0.500) | 5.215%  | OCT, 2007 |
| F.FFAX07  | 94.805 | 0.500   | 5.195%  | NOV, 2007 |
| F.FFAZ07  | 94.825 | 0.000   | 5.175%  | DEC, 2007 |
| F.FFAF08  | 94.840 | #VALUE! | 5.160%  | JAN, 2008 |
| F.FFAG08  | 94.855 | #VALUE! | 5.145%  | FEB, 2008 |
| F.FFAH08  | 94.850 | #VALUE! | 5.150%  | MCH, 2008 |



Actual FF Rate

5.25%

| FOMC Meeting Date | FF Rate              |                  | % Chance of Change |
|-------------------|----------------------|------------------|--------------------|
|                   | Projected on X date* | FF Futures Month |                    |
| 6/28/2007         | 5.00%                | JUN, 2007        | -42%               |
| 8/7/2007          | 5.00%                | AUG, 2007        | 8%                 |
| 9/18/2007         | 5.00%                | SEP, 2007        | 18%                |
| 10/31/2007        | 5.00%                | OCT, 2007        | 10%                |
| 12/11/2007        | 5.00%                | DEC, 2007        | 40%                |
| 1/30/2008         |                      | JAN, 2008        |                    |

\*FF Rate Projected X date is provided by me. Meaning, I'm asking the question, "what are the odds in the FF Futures that the fed will raise/lower to X percent FF Rate, from the current (Actual) FF Rate?"

Volume is non-existent or too small to evaluate anything past 7 months out. This is why I'm only going out that far.

Table is Day Count Equation

| Current Positions |                     |           |           |                     |        |           |                      |         |
|-------------------|---------------------|-----------|-----------|---------------------|--------|-----------|----------------------|---------|
| Long              | Small Spec<br>Short | Net       | Long      | Large Spec<br>Short | Net    | Long      | Commercials<br>Short | Net     |
| 1,151,589         | 1,538,042           | (386,453) | 1,078,338 | 1,023,651           | 54,687 | 9,943,770 | 9,612,005            | 331,765 |

As of  
6/19/2007

| Week over Week Change |           |         |
|-----------------------|-----------|---------|
| Sm Spec               | Lg Spec   | Commrci |
| (75,241)              | (107,238) | 182,477 |

**Implied Eurodollar Rate minus Implied Fed Funds Rate**

**Spread<sup>^</sup> Price (bps)<sup>^</sup>**

|           |               |
|-----------|---------------|
| JUL, 2007 | <b>10.500</b> |
| AUG, 2007 | <b>10.000</b> |
| SEP, 2007 | <b>9.000</b>  |
| DEC, 2007 | <b>8.500</b>  |
| MCH, 2008 | <b>4.500</b>  |

<sup>^</sup> Example: 12.250 = 12 1/4 basis points

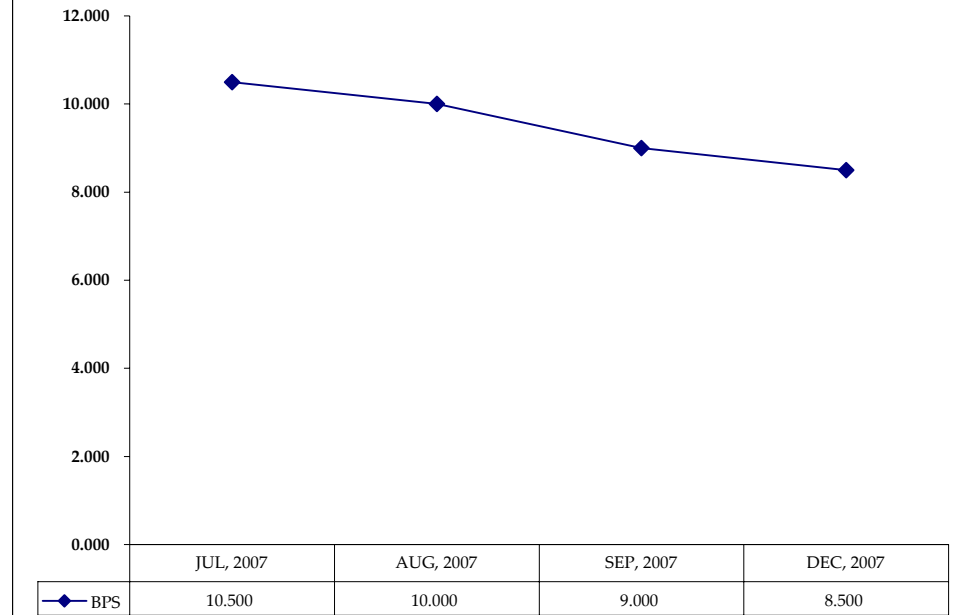
**Fed Funds Outright**

| Contract | Imp Rate | Month     |
|----------|----------|-----------|
| F.FFAM07 | 0.0526   | JUN, 2007 |
| F.FFAN07 | 5.2450   | JUL, 2007 |
| F.FFAQ07 | 5.2350   | AUG, 2007 |
| F.FFAU07 | 5.2300   | SEP, 2007 |
| F.FFAV07 | 5.2150   | OCT, 2007 |
| F.FFAX07 | 5.1950   | NOV, 2007 |
| F.FFAZ07 | 5.1750   | DEC, 2007 |
| F.FFAF08 | 5.1600   | JAN, 2008 |
| F.FFAG08 | 5.1450   | FEB, 2008 |
| F.FFAH08 | 5.1500   | MCH, 2008 |
| F.FFAJ08 | 5.1650   | APR, 2008 |

**Eurodollars Outright**

| Contract | Imp Rate | Month     | Q/S |
|----------|----------|-----------|-----|
| F.EDAN07 | 5.350    | JUL, 2007 | S   |
| F.EDAQ07 | 5.335    | AUG, 2007 | S   |
| F.EDAU07 | 5.320    | SEP, 2007 | Q   |
| F.EDAZ07 | 5.260    | DEC, 2007 | Q   |
| F.EDAH08 | 5.195    | MCH, 2008 | Q   |

**Implied Eurodollar Rate minus Implied Fed Funds Rate**



**Notes:**

Q/S = Quarterly or Serial contract

#Value = No quote being given by exchange









