

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 |

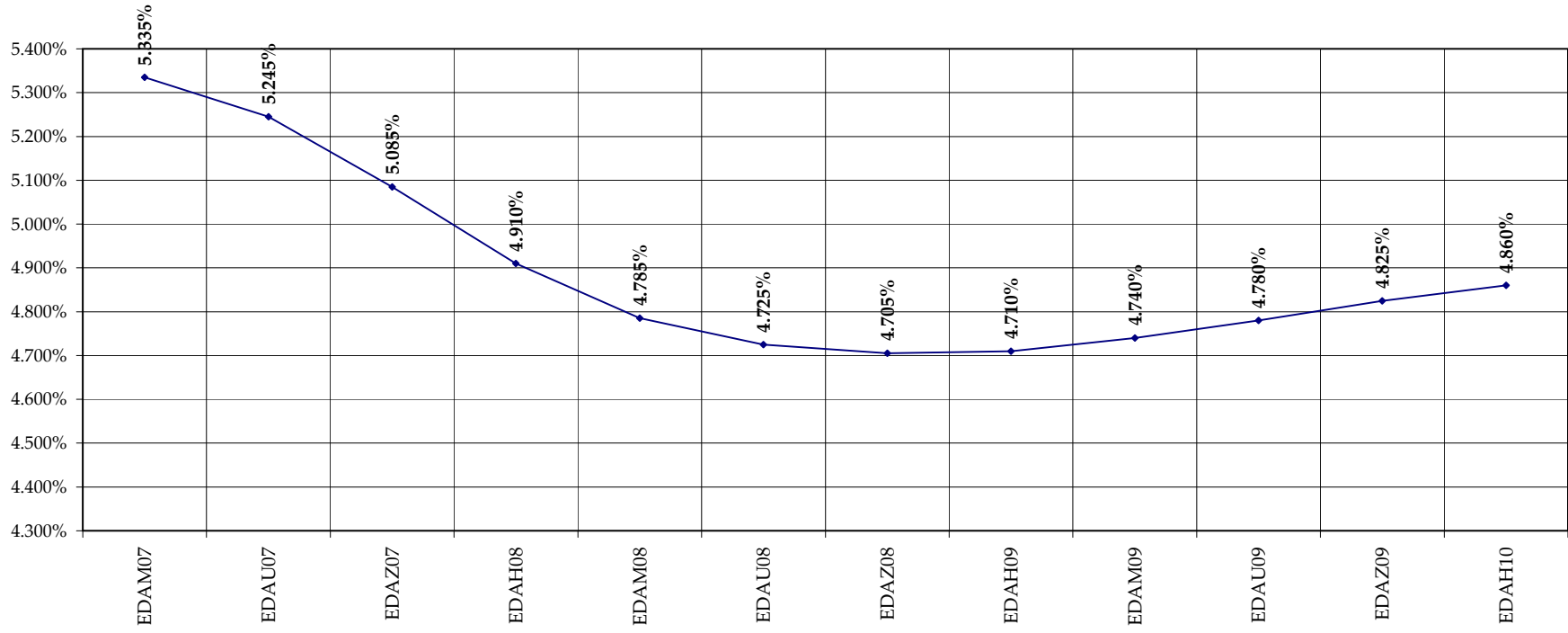
Note: Serial Contracts are not included in color scheme.

(Excluding Serial)

| | Last | High | Low | Open | Month | Net | Exp Date | Implied | | |
|--------|--------|---|---------|---------|-------|---------|------------|---------|---------|--------------|
| EDAM07 | 94.665 | 94.665 | 94.655 | 94.660 | JUN | 0.5 | 6/18/2007 | 5.335% | Whites | 1st Year |
| EDAU07 | 94.755 | 94.760 | 94.745 | 94.750 | SEP | 1.0 | 9/17/2007 | 5.245% | | |
| EDAZ07 | 94.915 | 94.920 | 94.905 | 94.910 | DEC | 1.0 | 12/17/2007 | 5.085% | | |
| EDAH08 | 95.090 | 95.095 | 95.080 | 95.085 | MAR | 0.5 | 3/17/2008 | 4.910% | | |
| EDAM08 | 95.215 | 95.220 | 95.205 | 95.210 | JUN | 0.0 | 6/16/2008 | 4.785% | Reds | 1-2 yrs out |
| EDAU08 | 95.275 | 95.280 | 95.270 | 95.275 | SEP | 0.0 | 9/15/2008 | 4.725% | | |
| EDAZ08 | 95.295 | 95.300 | 95.285 | 95.290 | DEC | -0.5 | 12/15/2008 | 4.705% | | |
| EDAH09 | 95.290 | 95.295 | 95.280 | 95.290 | MAR | 0.0 | 3/16/2009 | 4.710% | | |
| EDAM09 | 95.260 | 95.260 | 95.250 | 95.260 | JUN | 0.0 | 6/15/2009 | 4.740% | Greens | 2-3 yrs out |
| EDAU09 | 95.220 | 95.220 | 95.215 | 95.215 | SEP | 0.0 | 9/14/2009 | 4.780% | | |
| EDAZ09 | 95.175 | 95.175 | 95.170 | 95.170 | DEC | 0.0 | 12/14/2009 | 4.825% | | |
| EDAH10 | 95.140 | 95.145 | 95.140 | 95.145 | MAR | -1.0 | 3/15/2010 | 4.860% | | |
| EDAM10 | 95.115 | #VALUE! | #VALUE! | #VALUE! | JUN | -1.5 | 6/14/2010 | 4.885% | Blues | 3-4 yrs out |
| EDAU10 | 95.080 | #VALUE! | #VALUE! | #VALUE! | SEP | -1.0 | 9/13/2010 | 4.920% | | |
| EDAZ10 | 95.040 | #VALUE! | #VALUE! | #VALUE! | DEC | 1.0 | 12/13/2010 | | | |
| EDAH11 | 95.015 | #VALUE! | #VALUE! | #VALUE! | MAR | 7.0 | 3/14/2011 | 4.985% | | |
| EDAM11 | 94.975 | #VALUE! | #VALUE! | #VALUE! | JUN | -11.5 | 6/13/2011 | 5.025% | Golds | 4-5 yrs out |
| EDAU11 | 94.950 | #VALUE! | #VALUE! | #VALUE! | SEP | 2.0 | 9/19/2011 | 5.050% | | |
| EDAZ11 | 94.905 | #VALUE! | #VALUE! | #VALUE! | DEC | #VALUE! | 12/19/2011 | 5.095% | | |
| EDAH12 | 94.885 | #VALUE! | #VALUE! | #VALUE! | MAR | #VALUE! | 3/19/2012 | 5.115% | | |
| EDAM12 | | I do not keep data on purples through the coppers due to the non-liquidity. | | | | | | | Purples | 5-6 yrs out |
| EDAU12 | | | | | | | | | | |
| EDAZ12 | | | | | | | | | | |
| EDZH13 | | | | | | | | | | |
| EDAM13 | | | | | | | | | Oranges | 6-7 yrs out |
| EDAU13 | | | | | | | | | | |
| EDAZ13 | | | | | | | | | | |
| EDAH14 | | | | | | | | | | |
| RDAM14 | | | | | | | | | 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 | | | | | | | | | | |

Red pack/Gold pack spread, is a 2/10 proxy

GE Curve (Whites, Greens, Reds)



Fed Funds - Outright (Electronically Traded Contracts)

Fed Funds

| | Is | net | Implied | |
|----------|--------|--------|----------|-----------|
| 0 | 0.000 | 0.000 | 100.000% | Apr |
| F.FFAK07 | 94.755 | -0.500 | 5.245% | May |
| F.FFAM07 | 94.750 | -0.500 | 5.250% | June |
| F.FFAN07 | 94.760 | 0.500 | 5.240% | July |
| F.FFAQ07 | 94.785 | 0.000 | 5.215% | August |
| F.FFAU07 | 94.805 | 0.500 | 5.195% | September |
| F.FFAV07 | 94.835 | -0.500 | 5.165% | October |
| F.FFAZ07 | 94.960 | 3.000 | 5.040% | December |

[Note: Table linked to FF % chance]

Fed Funds % Chance of Tightening, Easing

Actual FF Rate

5.25%

| FOMC Meeting Date | FF Rate Projected on X date* | FF Futures Month | % Chance of Change |
|-------------------|------------------------------------|---------------------|-----------------------|
| 5/9/2007 | 5.00% | MAY, 2007 | 3% |
| 6/28/2007 | 5.00% | JUN, 2007 | 0% |
| 8/7/2007 | 5.00% | AUG, 2007 | 17% |
| 9/18/2007 | 5.00% | SEP, 2007 | 41% |
| 10/31/2007 | 5.00% | OCT, 2007 | 100% |
| 12/11/2007 | 4.75% | DEC, 2007 | 53% |

*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

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Eurodollar COT Data

| Current Positions | | | | | | | | |
|-------------------|------------|-----------|-----------|------------|---------|------------|-------------|-------|
| Long | Small Spec | | Long | Large Spec | | Long | Commercials | |
| | Short | Net | | Short | Net | | Short | Net |
| 1,320,102 | 1,615,819 | (295,717) | 1,005,654 | 711,810 | 293,844 | 10,295,311 | 10,293,437 | 1,874 |

| |
|----------|
| As of |
| 5/1/2007 |

| Week over Week Change | | |
|-----------------------|---------|-----------|
| Sm Spec | Lg Spec | Commrc |
| 39,323 | 76,898 | (116,220) |

Eurodollars and Fed Fund Spreads

Implied Eurodollar Rate minus Implied Fed Funds Rate

Spread Price (bps)*

| | |
|----------|---------|
| Apr-2007 | #VALUE! |
| May-2007 | 11.000 |
| Jun-2007 | 8.500 |
| Jul-2007 | #VALUE! |
| Sep-2007 | 5.000 |

* example, 12.250 = 12 1/4 basis points

#Value = No quote being provided by exchange

Fed Funds Outright

| Contract | Imp Rate | Contract Month |
|----------|----------|----------------|
| F.FFAJ07 | #VALUE! | Apr-2007 |
| F.FFAK07 | 5.2450 | May-2007 |
| F.FFAM07 | 5.2500 | Jun-2007 |
| F.FFAN07 | 5.2400 | Jul-2007 |
| F.FFAQ07 | 5.2150 | Aug-2007 |
| F.FFAU07 | 5.1950 | Sep-2007 |
| F.FFAV07 | 5.1650 | Oct-2007 |
| F.FFAX07 | 5.1100 | Nov-2007 |
| F.FFAZ07 | 5.0400 | Dec-2007 |

Eurodollars Outright

| Contract | Imp Rate | Contract Month |
|----------|----------|----------------|
| F.EDAJ07 | #VALUE! | Apr-2007 |
| F.EDAK07 | 5.355 | May-2007 |
| F.EDAM07 | 5.335 | Jun-2007 |
| F.EDAN07 | #VALUE! | Jul-2007 |
| F.EDAU07 | 5.245 | Sep-2007 |
| F.EDAZ07 | 5.085 | Dec-2007 |

