The Morning Email: Eurodollars & Fed Funds

Table of Contents

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

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10/3/2007 5:38 **Eurodollars - Electronic Outright Contracts**

	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAZ07	95.080	95.080	95.055	95.070	DEC	0.0	12/17/2007	4.920%	Whites	1st Year
EDAH08	95.445	95.450	95.420	95.420	MAR	2.0	3/17/2008	4.555%		
EDAM08	95.625	95.635	95.600	95.600	JUN	2.0	6/16/2008	4.375%		
EDAU08	95.705	95.715	95.680	95.690	SEP	2.0	9/15/2008	4.295%		
EDAZ08	95.705	95.710	95.680	95.690	DEC	2.0	12/15/2008	4.295%	Reds	1-2 yrs out
EDAH09	95.640	95.640	95.610	95.625	MAR	1.5	3/16/2009	4.360%		
EDAM09	95.535	95.540	95.510	95.520	JUN	1.5	6/15/2009	4.465%		
EDAU09	95.435	95.440	95.415	95.430	SEP	2.0	9/14/2009	4.565%		
EDAZ09	95.345	95.350	95.325	95.330	DEC	1.5	12/14/2009	4.655%	Greens	2-3 yrs out
EDAH10	95.280	95.280	95.260	95.265	MAR	1.5	3/15/2010	4.720%		
EDAM10	95.205	95.210	95.195	95.200	JUN	1.0	6/14/2010	4.795%		
EDAU10	95.140	95.145	95.125	95.125	SEP	1.5	9/13/2010	4.860%		
EDAZ10	95.055	#VALUE!	#VALUE!	#VALUE!	DEC	1.5	12/13/2010	4.945%	Blues	3-4 yrs out
EDAH11	95.000	#VALUE!	#VALUE!	#VALUE!	MAR	2.0	3/14/2011	5.000%		
EDAM11	94.935	#VALUE!	#VALUE!	#VALUE!	JUN	3.0	6/13/2011	5.065%		
EDAU11	94.875	94.875	94.875	94.875	SEP	-2.0	9/19/2011	5.125%		
EDAZ11	94.815	94.815	94.815	94.815	DEC	0.0	12/19/2011	5.185%	Golds	4-5 yrs out
EDAH12	94.775	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.225%		
EDAM12	94.660	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.340%		
EDAU12	94.605	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/17/2012	5.395%		
EDAZ12									Purples	5-6 yrs out
EDZH13										
EDAM13										
EDAU13										
EDAZ13									Oranges	6-7 yrs out
EDAH14										
EDAM14										
EDAU14										
EDAZ14									Pinks	7-8 yrs out
EDAH15										
EDAM15										
EDAU15										
EDAZ15									Grays	8-9 yrs out
EDAH16										
EDAM16										
EDAU16										
EDAZ16									Coppers	8-10 yrs out
EDAH17										
EDAM17										
EDAU17										

The Morning Email, ED&FF

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.

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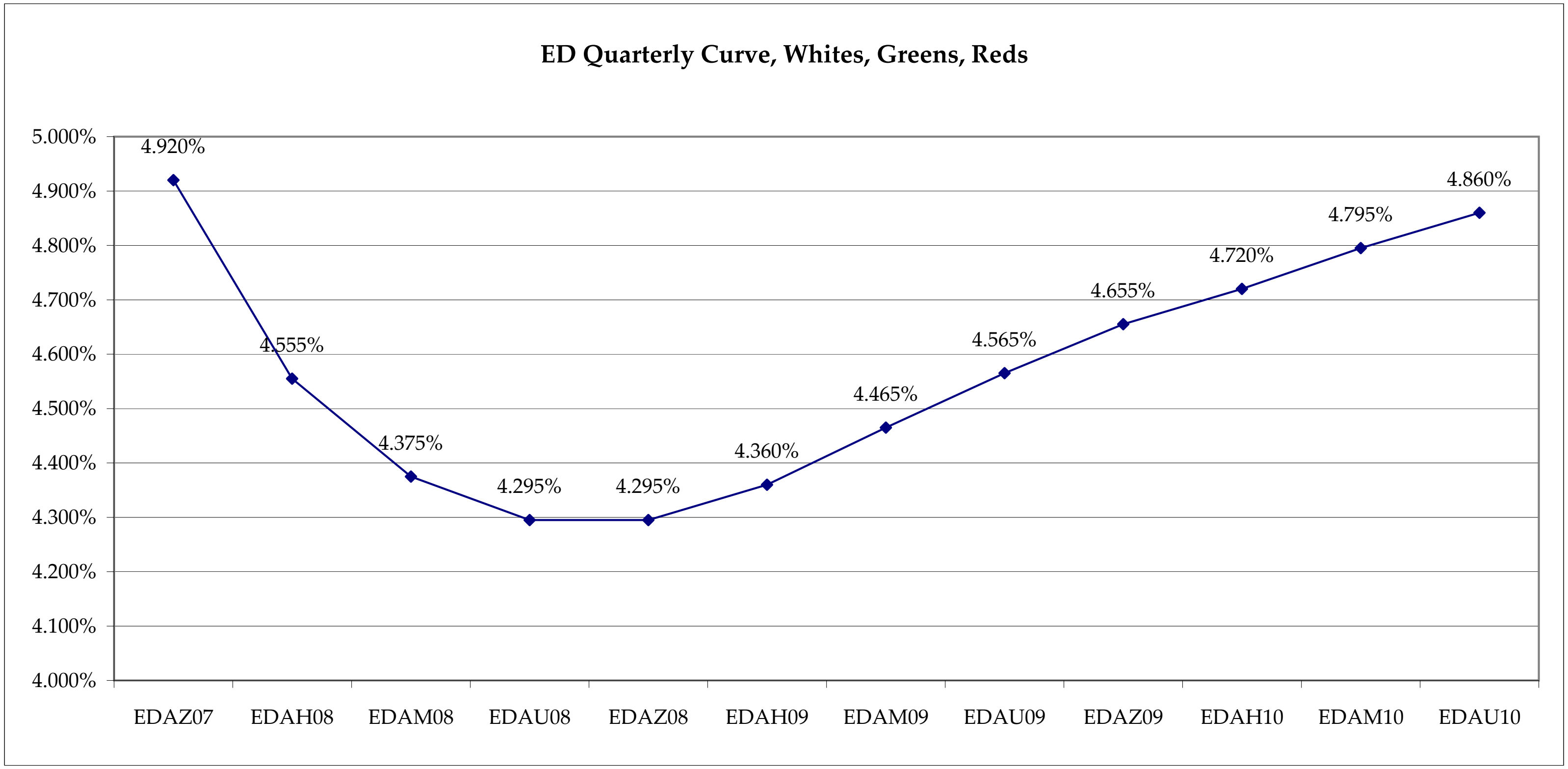
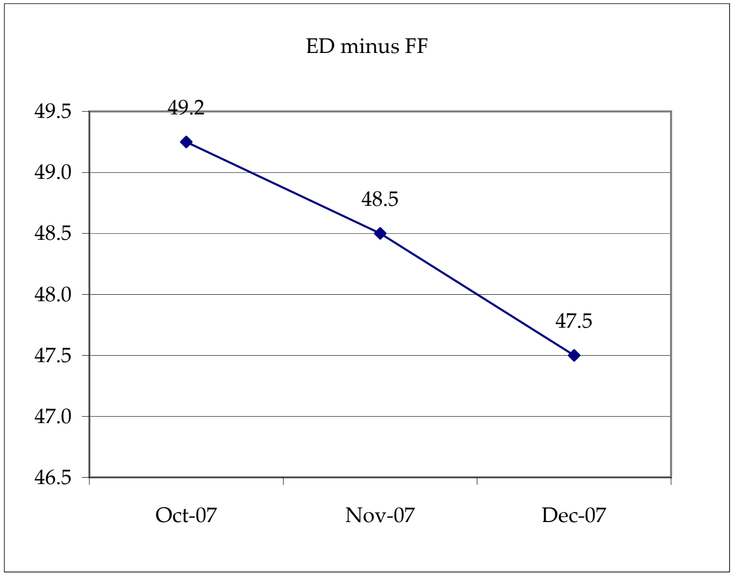

ED Quarterly Curve, Whites, Greens, Reds
5.000%
4.900%
4.800%
4.700%
4.600%
4.500%
4.400%
4.300%
4.200%
4.100%
4.000%
4.920%
4.555%
4.375%
4.295%
4.295%
4.360%
4.465%
4.565%
4.655%
4.720%
4.795%
4.860%
EDAZ07
EDAH08
EDAM08
EDAU08
EDAZ08
EDAH09
EDAM09
EDAU09
EDAZ09
EDAH10
EDAM10
EDAU10

Fed Fund vs Eurodollars and Treasuries

	Fed Funds (FF)			ED	ED - FF
Month	Last	Net	Implied	Implied	bps
Oct-07	95.270	0.000	4.730	5.223	49.2
Nov-07	95.430	-0.050	4.570	5.055	48.5
Dec-07	95.555	-0.050	4.445	4.920	47.5
Jan-08	95.615	0.000	4.385		
Feb-08	95.695	0.000	4.305		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.555	#VALUE!
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.375	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.295	#VALUE!

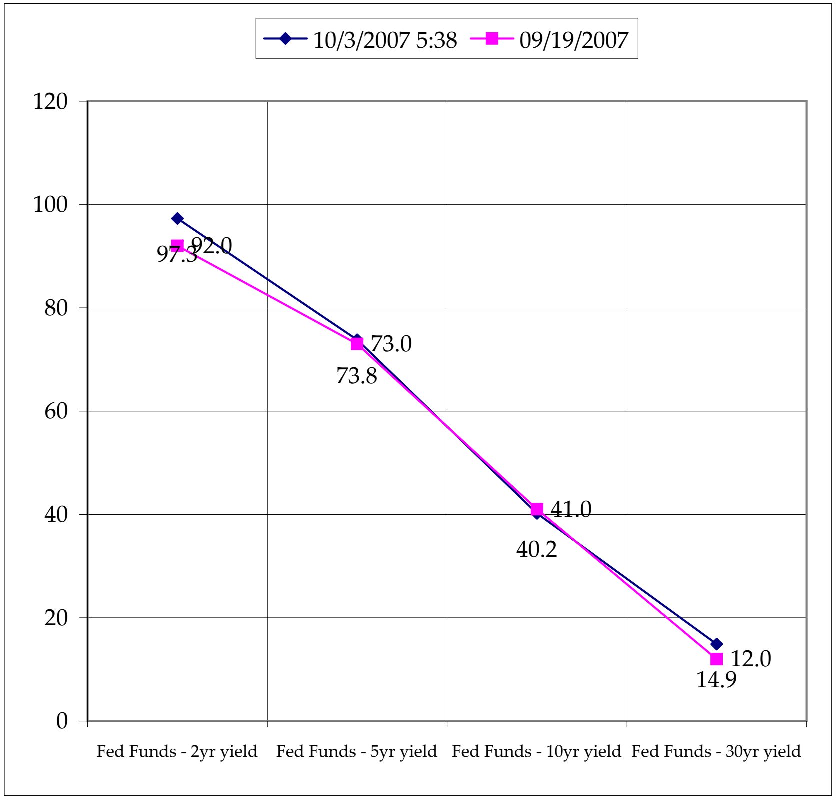


Fed Funds Daily Effective Rate
Minus US Treasury Yields

Spread Name	Diff bps	Net Chng	09/19/2007
Fed Funds - 2yr yield	97.3	2.1	92.0
Fed Funds - 5yr yield	73.8	1.4	73.0
Fed Funds - 10yr yield	40.2	0.2	41.0
Fed Funds - 30yr yield	14.9	-0.3	12.0
GFER	**4.92**	#VALUE!	

GFER = Fed Funds Daily Effective Rate

Why 9/19/2007?
The morning after the last FOMC meeting is a good bechmark.
I marked at 7:00am CT (Before CPI release).



#VALUE!

Fed Funds Probability of Tightening or Easing

October	avg target	400	425	450	475	500	525
9/28/2007	4.537%	2.6%	17.2%	45.0%	34.3%	0.0%	0.9%
10/1/2007	4.562%	1.0%	15.4%	43.9%	38.1%	0.6%	1.0%

December	avg target	375	400	425	450	475	500	525
9/28/2007	4.348%	6.4%	15.8%	32.0%	27.2%	16.6%	0.8%	1.2%
10/1/2007	4.373%	7.5%	9.5%	32.0%	31.9%	16.3%	2.0%	0.8%

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

Eurodollar COT Data

Current Positions								
Small Spec			Large Spec			Commercials		
Long	Short	Net	Long	Short	Net	Long	Short	Net
1,277,947	1,292,978	(15,031)	1,321,138	302,717	1,018,421	9,062,581	10,065,972	(1,003,391)

As of
9/25/2007

Week over Week Change		
Sm Spec	Lg Spec	Commrcl
(3,268)	148,215	(144,948)