

The Morning Email: Eurodollars & Fed Funds

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

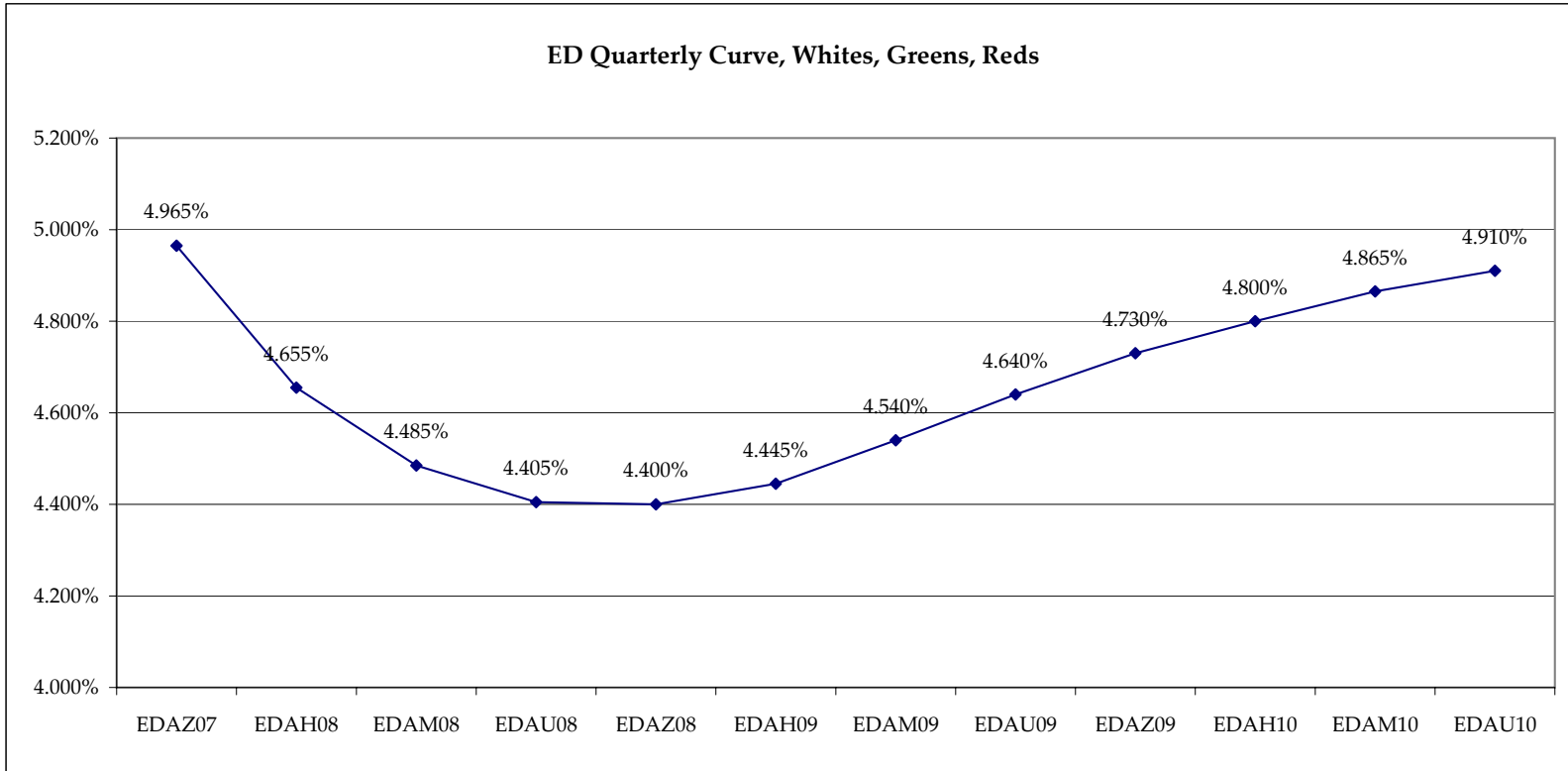
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	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAZ07	95.035	95.055	95.020	95.050	DEC	-1.0	12/17/2007	4.965%	Whites	1st Year
EDAH08	95.345	95.385	95.340	95.375	MAR	-3.0	3/17/2008	4.655%		
EDAM08	95.515	95.560	95.505	95.555	JUN	-3.5	6/16/2008	4.485%		
EDAU08	95.595	95.645	95.590	95.645	SEP	-5.0	9/15/2008	4.405%		
EDAZ08	95.600	95.650	95.595	95.650	DEC	-4.0	12/15/2008	4.400%	Reds	1-2 yrs out
EDAH09	95.555	95.600	95.550	95.600	MAR	-3.5	3/16/2009	4.445%		
EDAM09	95.460	95.505	95.455	95.505	JUN	-3.5	6/15/2009	4.540%		
EDAU09	95.360	95.405	95.355	95.405	SEP	-4.0	9/14/2009	4.640%		
EDAZ09	95.270	95.305	95.265	95.305	DEC	-4.0	12/14/2009	4.730%	Greens	2-3 yrs out
EDAH10	95.200	95.240	95.200	95.240	MAR	-4.0	3/15/2010	4.800%		
EDAM10	95.135	95.165	95.130	95.165	JUN	-4.5	6/14/2010	4.865%		
EDAU10	95.090	95.105	95.090	95.105	SEP	-4.0	9/13/2010	4.910%		
EDAZ10	95.010	95.035	95.010	95.035	DEC	-4.5	12/13/2010	4.990%	Blues	3-4 yrs out
EDAH11	94.985	94.985	94.985	94.985	MAR	7.0	3/14/2011	5.015%		
EDAM11	94.930	94.930	94.930	94.930	JUN	-1.0	6/13/2011	5.070%		
EDAU11	94.865	94.875	94.865	94.875	SEP	-8.0	9/19/2011	5.135%		
EDAZ11	94.820	94.820	94.820	94.820	DEC	0.0	12/19/2011	5.180%	Golds	4-5 yrs out
EDAH12	94.780	#VALUE!	#VALUE!	#VALUE!	MAR	-0.5	3/19/2012	5.220%		
EDAM12	94.715	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.285%		
EDAU12	94.675	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/17/2012	5.325%		
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										

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.

The Morning Email, ED&FF

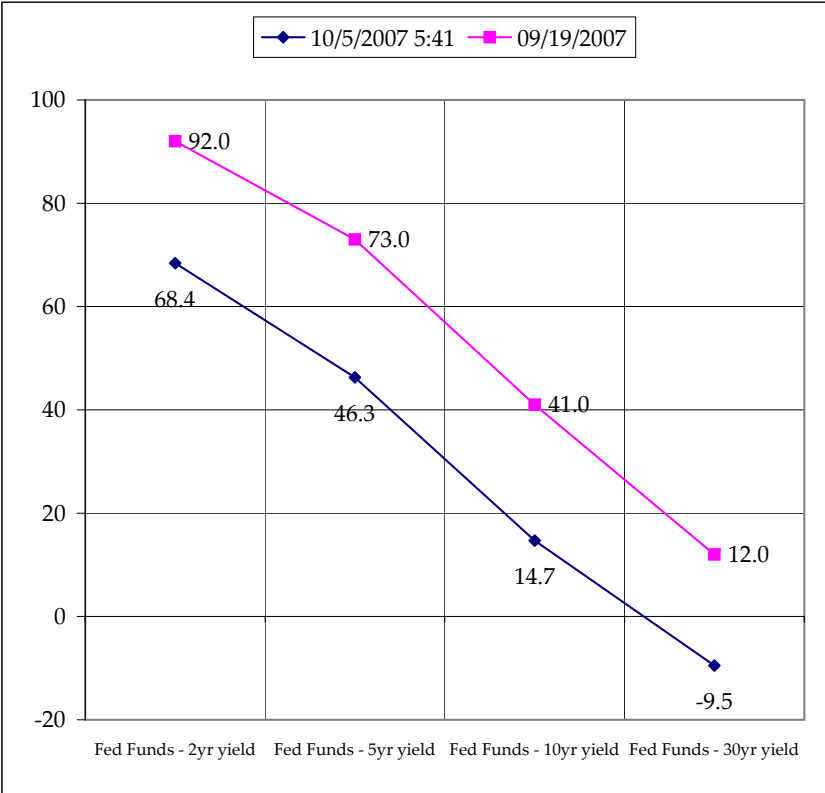
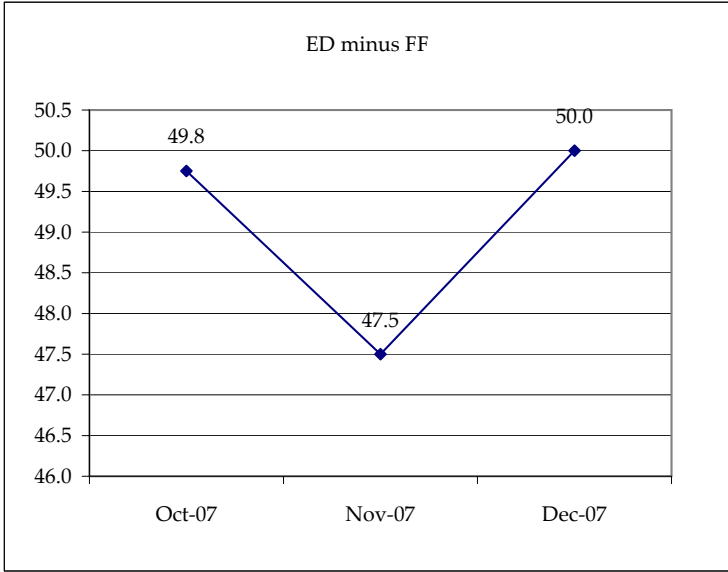


Month	Fed Funds (FF)			ED	ED - FF
	Last	Net	Implied	Implied	bps
Oct-07	95.275	0.050	4.725	5.223	49.8
Nov-07	95.415	-0.150	4.585	5.060	47.5
Dec-07	95.535	-0.050	4.465	4.965	50.0
Jan-08	95.590	-0.100	4.410		
Feb-08	#VALUE!	#VALUE!	#VALUE!		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.655	#VALUE!
Apr-08	95.725	0.000	4.275		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.485	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.405	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	09/19/2007
Fed Funds - 2yr yield	68.4	-2.9	92.0
Fed Funds - 5yr yield	46.3	-1.9	73.0
Fed Funds - 10yr yield	14.7	-2.1	41.0
Fed Funds - 30yr yield	-9.5	-1.8	12.0
GFER	4.68	#VALUE!	

GFER = Fed Funds Daily Effective Rate

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



October		avg target	400	425	450	475	500	525	
10/1/2007	4.562%	1.0%	15.4%	43.9%	38.1%	0.6%	1.0%		
10/2/2007	4.561%	0.9%	16.2%	41.8%	40.5%	0.0%	0.7%		
December		avg target	375	400	425	450	475	500	525
10/1/2007	4.373%	7.5%	9.5%	32.0%	31.9%	16.3%	2.0%	0.8%	
10/2/2007	4.373%	6.1%	11.2%	32.9%	31.6%	15.0%	2.2%	1.0%	

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

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Eurodollar COT Data

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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	Commrci
(3,268)	148,215	(144,948)

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