

The Morning Email: Eurodollars & Fed Funds

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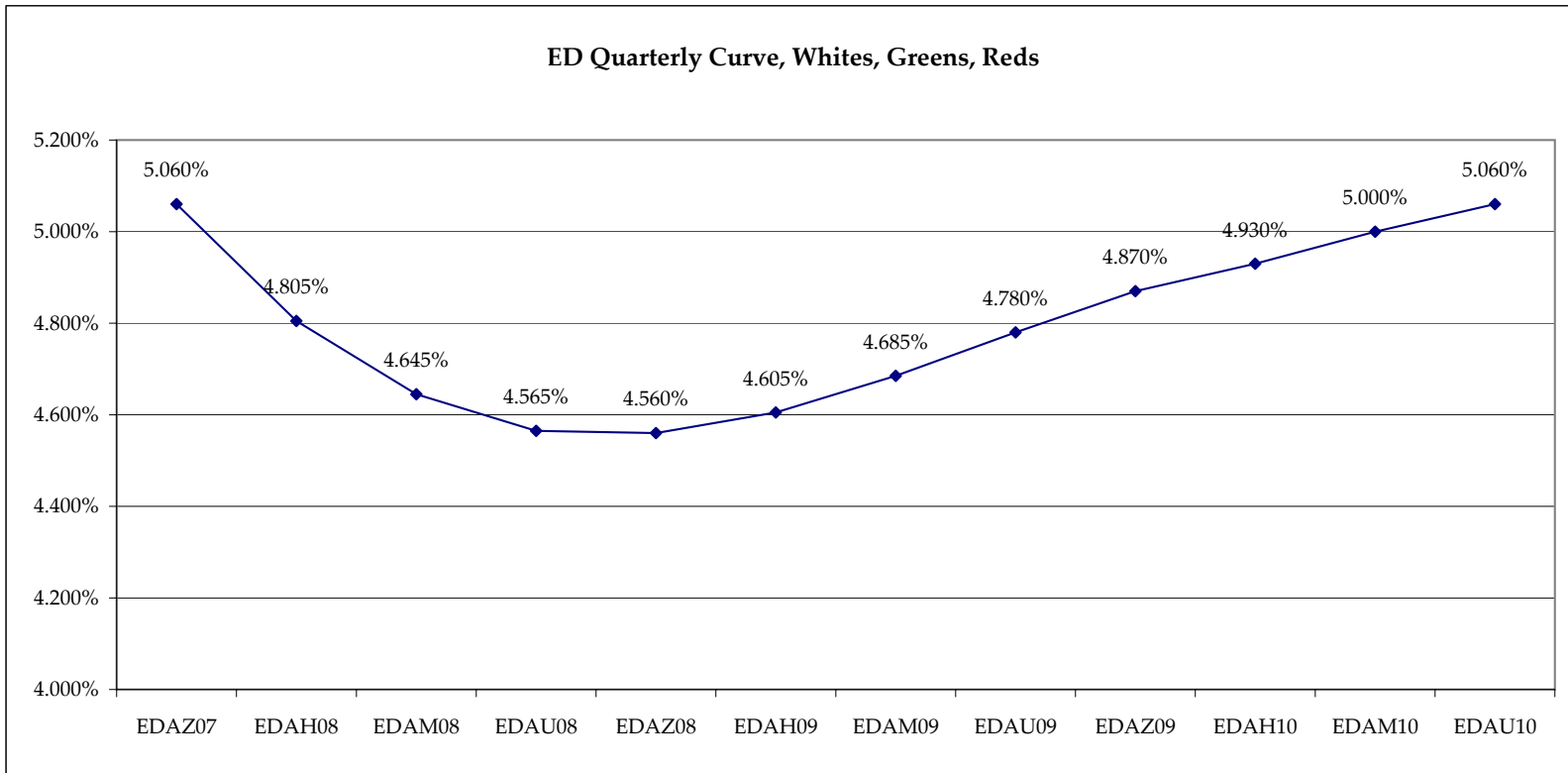
Want something added? Let me know: jgoulding@ghco.com

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	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAZ07	94.940	94.950	94.930	94.945	DEC	-1.0	12/17/2007	5.060%	Whites	1st Year
EDAH08	95.195	95.210	95.190	95.210	MAR	-1.0	3/17/2008	4.805%		
EDAM08	95.355	95.370	95.350	95.370	JUN	-1.5	6/16/2008	4.645%		
EDAU08	95.435	95.455	95.430	95.450	SEP	-2.0	9/15/2008	4.565%		
EDAZ08	95.440	95.460	95.440	95.455	DEC	-3.0	12/15/2008	4.560%	Reds	1-2 yrs out
EDAH09	95.395	95.415	95.395	95.415	MAR	-3.0	3/16/2009	4.605%		
EDAM09	95.315	95.325	95.310	95.325	JUN	-2.0	6/15/2009	4.685%		
EDAU09	95.220	95.235	95.220	95.235	SEP	-1.5	9/14/2009	4.780%		
EDAZ09	95.130	95.140	95.125	95.140	DEC	-1.0	12/14/2009	4.870%	Greens	2-3 yrs out
EDAH10	95.070	95.070	95.060	95.060	MAR	-0.5	3/15/2010	4.930%		
EDAM10	95.000	95.010	94.995	95.000	JUN	-1.5	6/14/2010	5.000%		
EDAU10	94.940	94.955	94.940	94.955	SEP	-1.0	9/13/2010	5.060%		
EDAZ10	94.885	#VALUE!	#VALUE!	#VALUE!	DEC	-2.0	12/13/2010	5.115%	Blues	3-4 yrs out
EDAH11	94.840	#VALUE!	#VALUE!	#VALUE!	MAR	0.5	3/14/2011	5.160%		
EDAM11	94.780	#VALUE!	#VALUE!	#VALUE!	JUN	0.5	6/13/2011	5.220%		
EDAU11	94.730	#VALUE!	#VALUE!	#VALUE!	SEP	0.5	9/19/2011	5.270%		
EDAZ11	94.680	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/19/2011	5.320%	Golds	4-5 yrs out
EDAH12	94.660	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.340%		
EDAM12	94.610	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.390%		
EDAU12	94.575	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/17/2012	5.425%		
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.

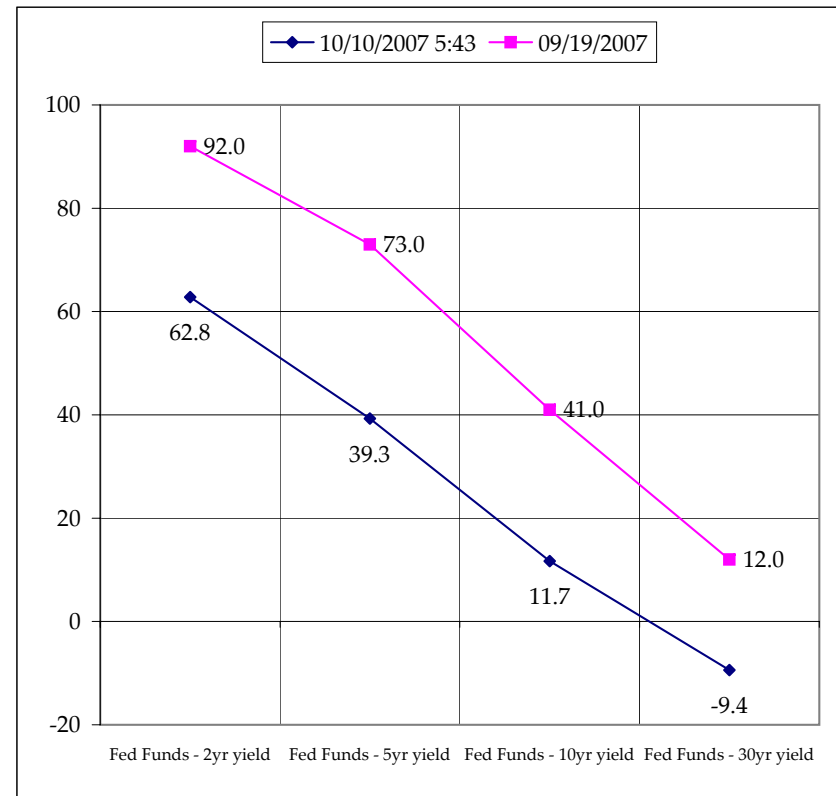
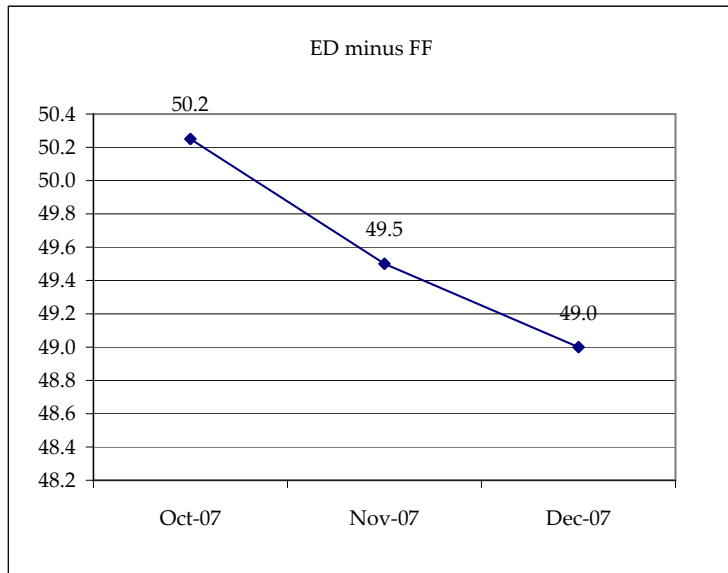


Month	Fed Funds (FF)			ED	ED - FF
	Last	Net	Implied	Implied	bps
Oct-07	95.255	-0.050	4.745	5.248	50.2
Nov-07	95.335	-0.050	4.665	5.160	49.5
Dec-07	95.430	-0.050	4.570	5.060	49.0
Jan-08	95.470	-0.100	4.530		
Feb-08	95.545	-0.150	4.455		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.805	#VALUE!
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.645	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.565	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	09/19/2007
Fed Funds - 2yr yield	62.8	-0.9	92.0
Fed Funds - 5yr yield	39.3	-0.3	73.0
Fed Funds - 10yr yield	11.7	-0.4	41.0
Fed Funds - 30yr yield	-9.4	-0.4	12.0
GFER	4.77	#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	
10/4/2007	4.566%	0.4%	11.4%	49.9%	38.2%	0.0%	0.1%	
10/5/2007	4.626%	0.5%	3.3%	41.5%	54.7%	0.0%	0.0%	
December	avg target	375	400	425	450	475	500	525
10/4/2007	4.400%	6.2%	5.5%	37.1%	31.2%	13.9%	5.7%	0.5%
10/5/2007	4.476%	5.6%	0.0%	27.4%	38.2%	22.8%	5.9%	0.0%

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
1,276,052	1,288,472	(12,420)	1,426,902	321,561	1,105,341	9,010,363	10,103,284	(1,092,921)

As of
10/2/2007

Week over Week Change		
Sm Spec	Lg Spec	Commrci
2,611	86,920	(89,530)

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The Morning Email, ED&FF