

The Morning Email: Eurodollars & Fed Funds

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

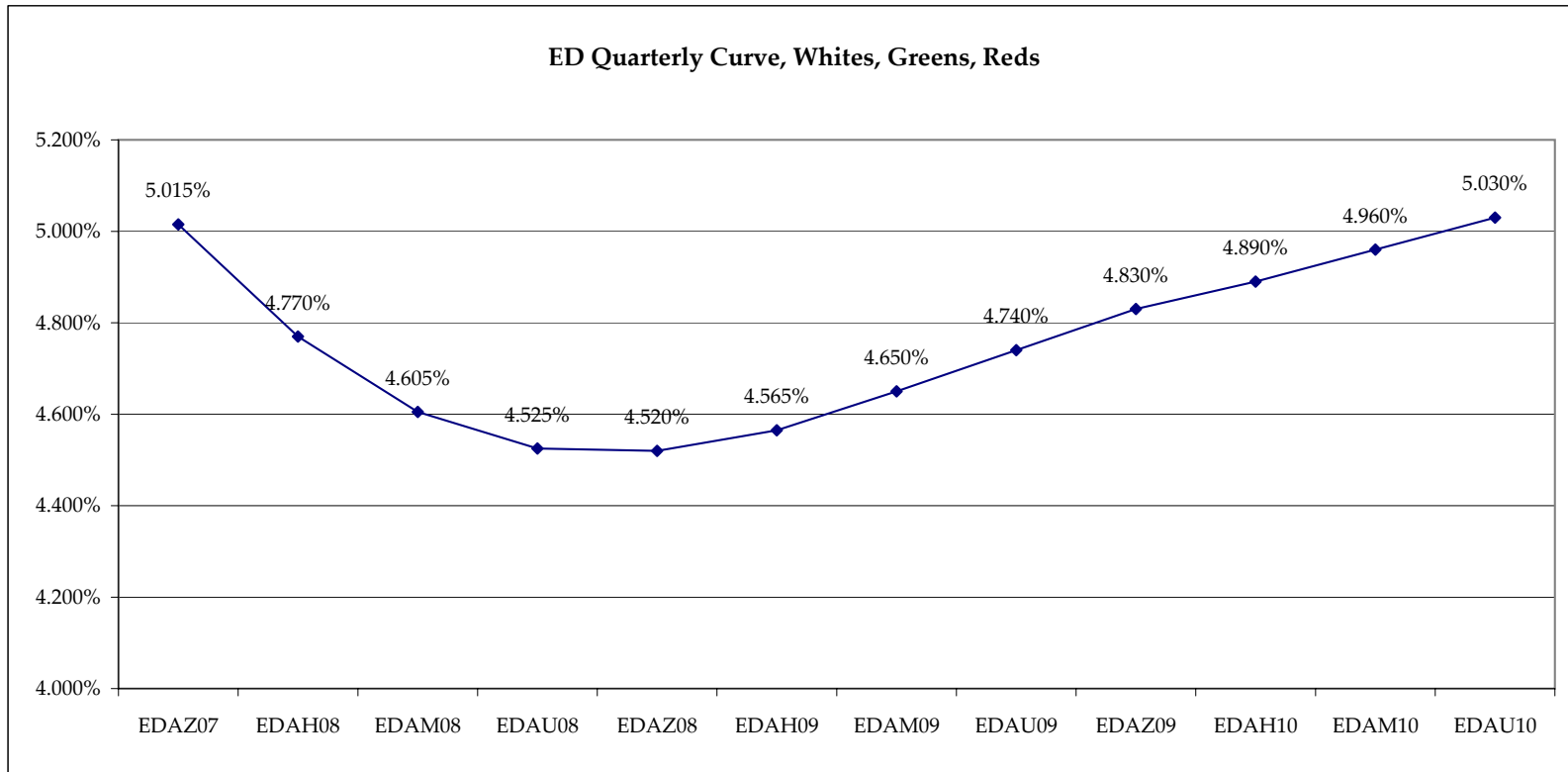
Disclaimer: All information within this newsletter is meant for internal use at GH Trader's LLC, only. All information has been recorded to the best of my ability. This material is based upon information that I consider reliable, but I do not represent that it is accurate or complete.

Jim Goulding, jgoulding@ghco.com

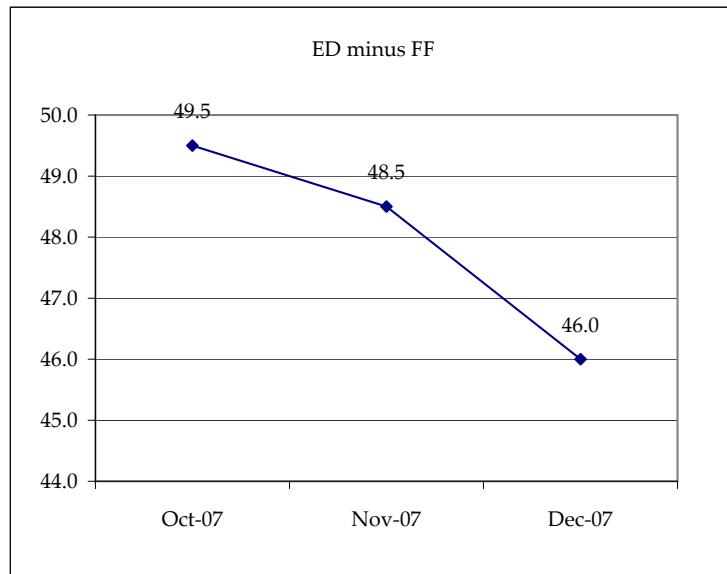
	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAZ07	94.985	94.985	94.945	94.965	DEC	3.0	12/17/2007	5.015%	Whites	1st Year
EDAH08	95.230	95.240	95.195	95.220	MAR	2.5	3/17/2008	4.770%		
EDAM08	95.395	95.410	95.360	95.390	JUN	2.0	6/16/2008	4.605%		
EDAU08	95.475	95.495	95.445	95.465	SEP	1.0	9/15/2008	4.525%		
EDAZ08	95.480	95.500	95.450	95.475	DEC	0.5	12/15/2008	4.520%	Reds	1-2 yrs out
EDAH09	95.435	95.455	95.410	95.435	MAR	0.5	3/16/2009	4.565%		
EDAM09	95.350	95.365	95.320	95.345	JUN	1.5	6/15/2009	4.650%		
EDAU09	95.260	95.275	95.235	95.245	SEP	1.5	9/14/2009	4.740%		
EDAZ09	95.170	95.180	95.150	95.155	DEC	1.5	12/14/2009	4.830%	Greens	2-3 yrs out
EDAH10	95.110	95.110	95.080	95.095	MAR	2.0	3/15/2010	4.890%		
EDAM10	95.040	95.050	95.015	95.030	JUN	2.5	6/14/2010	4.960%		
EDAU10	94.970	94.970	94.960	94.960	SEP	2.0	9/13/2010	5.030%		
EDAZ10	94.900	#VALUE!	#VALUE!	#VALUE!	DEC	2.5	12/13/2010	5.100%	Blues	3-4 yrs out
EDAH11	94.865	94.865	94.865	94.865	MAR	3.5	3/14/2011	5.135%		
EDAM11	94.805	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/13/2011	5.195%		
EDAU11	94.750	#VALUE!	#VALUE!	#VALUE!	SEP	2.5	9/19/2011	5.250%		
EDAZ11	94.670	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/19/2011	5.330%	Golds	4-5 yrs out
EDAH12	94.650	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.350%		
EDAM12	94.605	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.395%		
EDAU12	94.560	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/17/2012	5.440%		
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



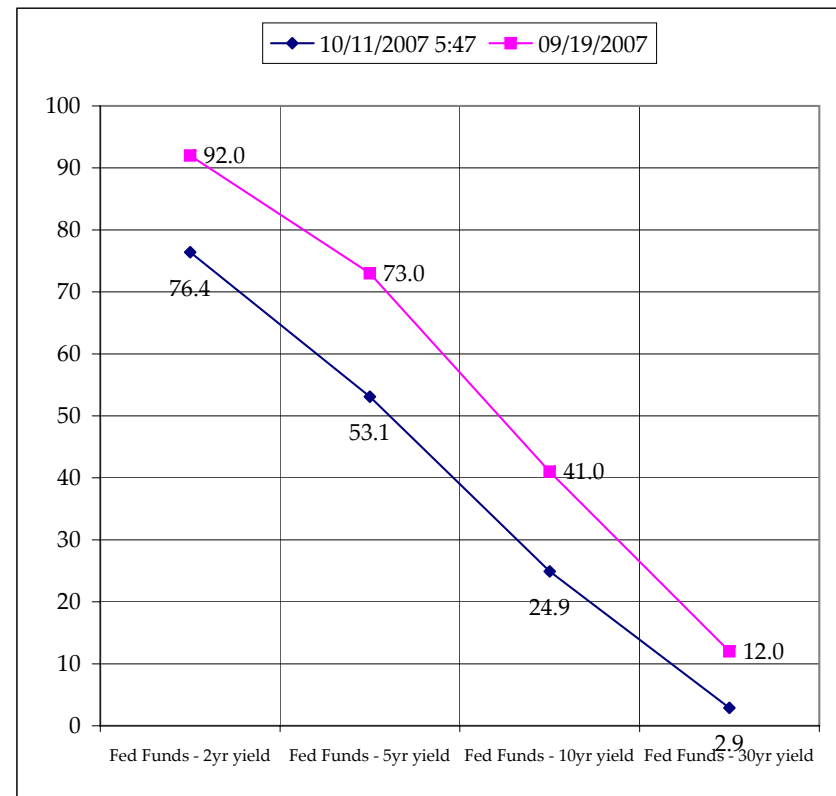
Month	Fed Funds (FF)			ED	ED - FF
	Last	Net	Implied	Implied	bps
Oct-07	95.265	0.100	4.735	5.230	49.5
Nov-07	95.355	0.150	4.645	5.130	48.5
Dec-07	95.445	0.100	4.555	5.015	46.0
Jan-08	95.480	0.000	4.520		
Feb-08	95.555	0.000	4.445		
Mar-08	95.565	0.000	4.435	4.770	33.5
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.605	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.525	#VALUE!



Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	09/19/2007
Fed Funds - 2yr yield	76.4	0.0	92.0
Fed Funds - 5yr yield	53.1	-0.9	73.0
Fed Funds - 10yr yield	24.9	-1.0	41.0
Fed Funds - 30yr yield	2.9	-1.4	12.0
GFER	4.91	#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)

Jim Goulding, jgoulding@ghco.com

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