

The Morning Email: Eurodollars & Fed Funds

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

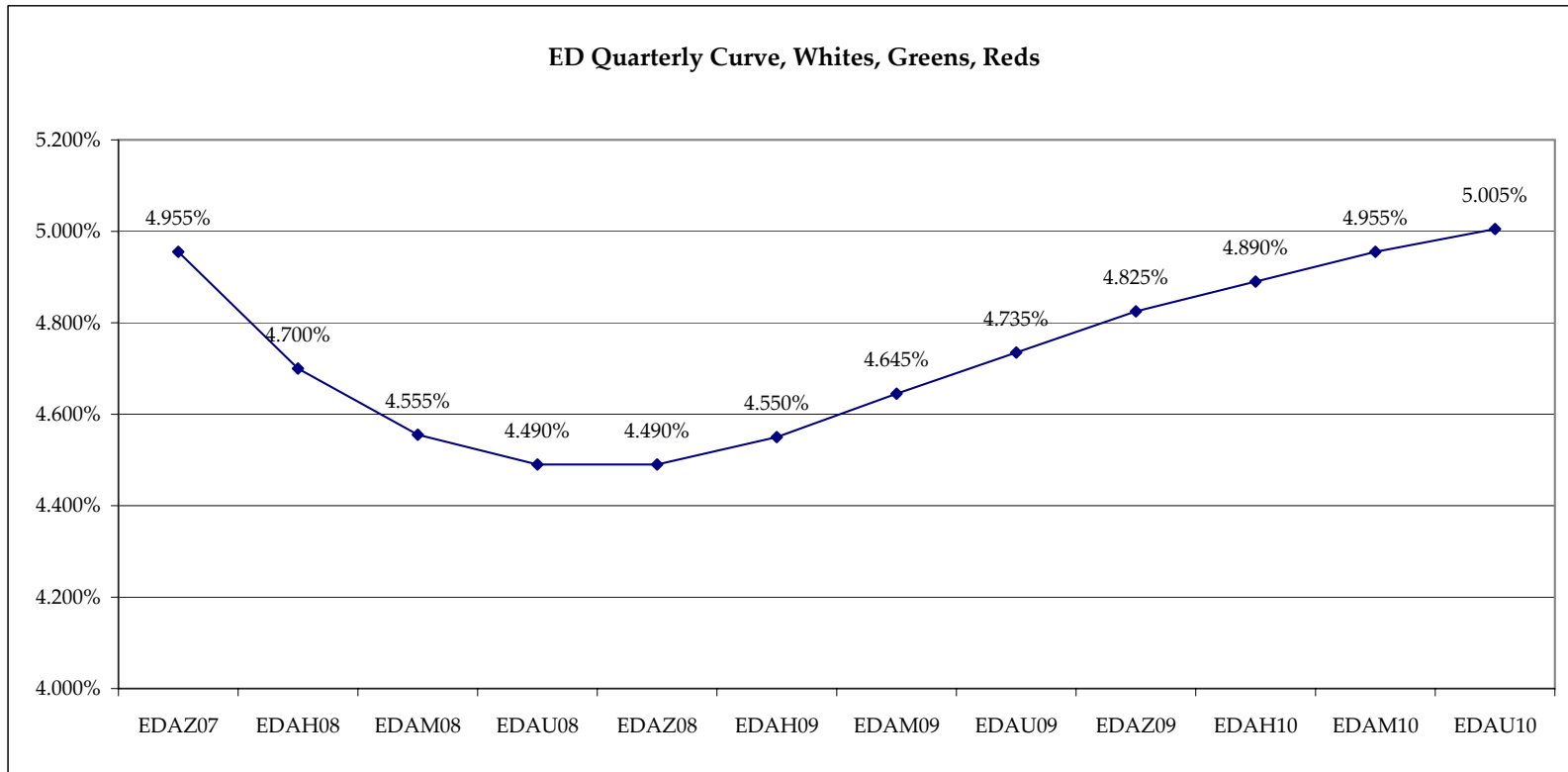
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	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAZ07	95.045	95.090	95.035	95.055	DEC	1.0	12/17/2007	4.955%	Whites	1st Year
EDAH08	95.300	95.335	95.295	95.330	MAR	1.0	3/17/2008	4.700%		
EDAM08	95.445	95.485	95.445	95.485	JUN	0.0	6/16/2008	4.555%		
EDAU08	95.510	95.550	95.510	95.545	SEP	0.5	9/15/2008	4.490%		
EDAZ08	95.510	95.540	95.505	95.535	DEC	1.5	12/15/2008	4.490%	Reds	1-2 yrs out
EDAH09	95.450	95.480	95.450	95.475	MAR	1.5	3/16/2009	4.550%		
EDAM09	95.355	95.385	95.355	95.385	JUN	1.5	6/15/2009	4.645%		
EDAU09	95.265	95.300	95.265	95.295	SEP	2.0	9/14/2009	4.735%		
EDAZ09	95.175	95.200	95.175	95.180	DEC	1.5	12/14/2009	4.825%	Greens	2-3 yrs out
EDAH10	95.110	95.130	95.110	95.130	MAR	1.5	3/15/2010	4.890%		
EDAM10	95.045	95.060	95.045	95.060	JUN	1.0	6/14/2010	4.955%		
EDAU10	94.995	94.995	94.995	94.995	SEP	1.0	9/13/2010	5.005%		
EDAZ10	94.935	#VALUE!	#VALUE!	#VALUE!	DEC	3.0	12/13/2010	5.065%	Blues	3-4 yrs out
EDAH11	94.890	#VALUE!	#VALUE!	#VALUE!	MAR	3.5	3/14/2011	5.110%		
EDAM11	94.830	#VALUE!	#VALUE!	#VALUE!	JUN	4.0	6/13/2011	5.170%		
EDAU11	94.740	#VALUE!	#VALUE!	#VALUE!	SEP	3.5	9/19/2011	5.260%		
EDAZ11	94.710	#VALUE!	#VALUE!	#VALUE!	DEC	3.0	12/19/2011	5.290%	Golds	4-5 yrs out
EDAH12	94.670	#VALUE!	#VALUE!	#VALUE!	MAR	3.0	3/19/2012	5.330%		
EDAM12	94.640	#VALUE!	#VALUE!	#VALUE!	JUN	3.5	6/18/2012	5.360%		
EDAU12	94.585	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/17/2012	5.415%		
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

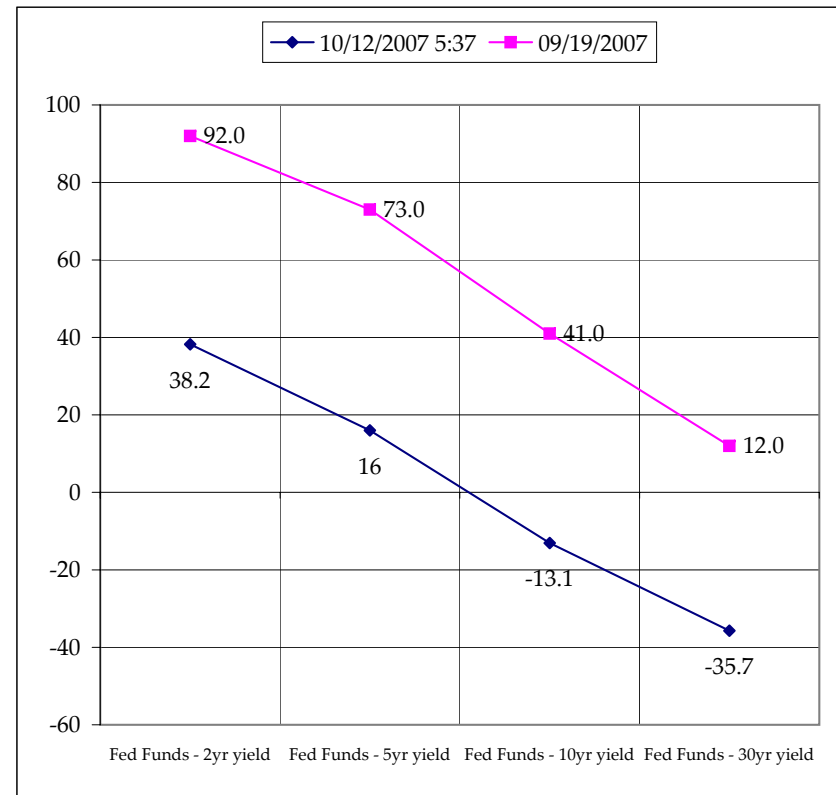
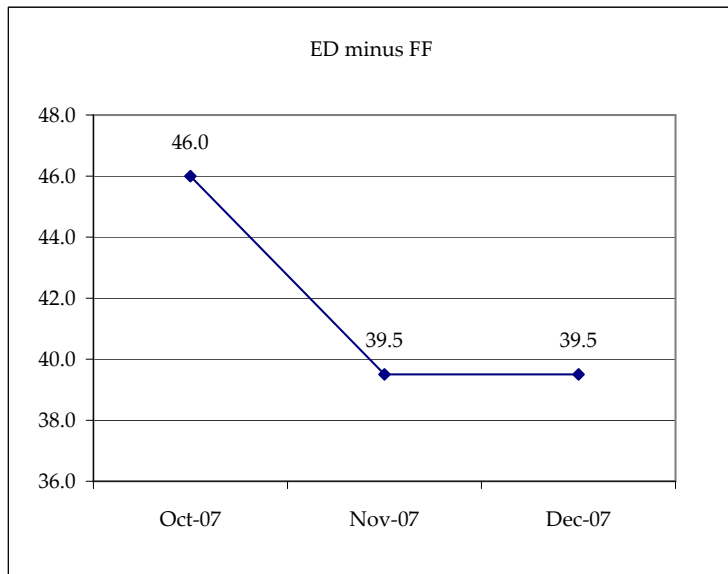


Month	Fed Funds (FF)			ED	ED - FF
	Last	Net	Implied	Implied	bps
Oct-07	95.255	0.000	4.745	5.205	46.0
Nov-07	95.345	-0.050	4.655	5.050	39.5
Dec-07	95.440	0.050	4.560	4.955	39.5
Jan-08	95.485	0.100	4.515		
Feb-08	95.570	0.200	4.430		
Mar-08	95.580	0.200	4.420	4.700	28.0
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.555	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.490	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	09/19/2007
Fed Funds - 2yr yield	38.2	-2.1	92.0
Fed Funds - 5yr yield	16	-1.8	73.0
Fed Funds - 10yr yield	-13.1	-1.3	41.0
Fed Funds - 30yr yield	-35.7	-1.5	12.0
GFER	4.52	#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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