

The Morning Email: Eurodollars & Fed Funds

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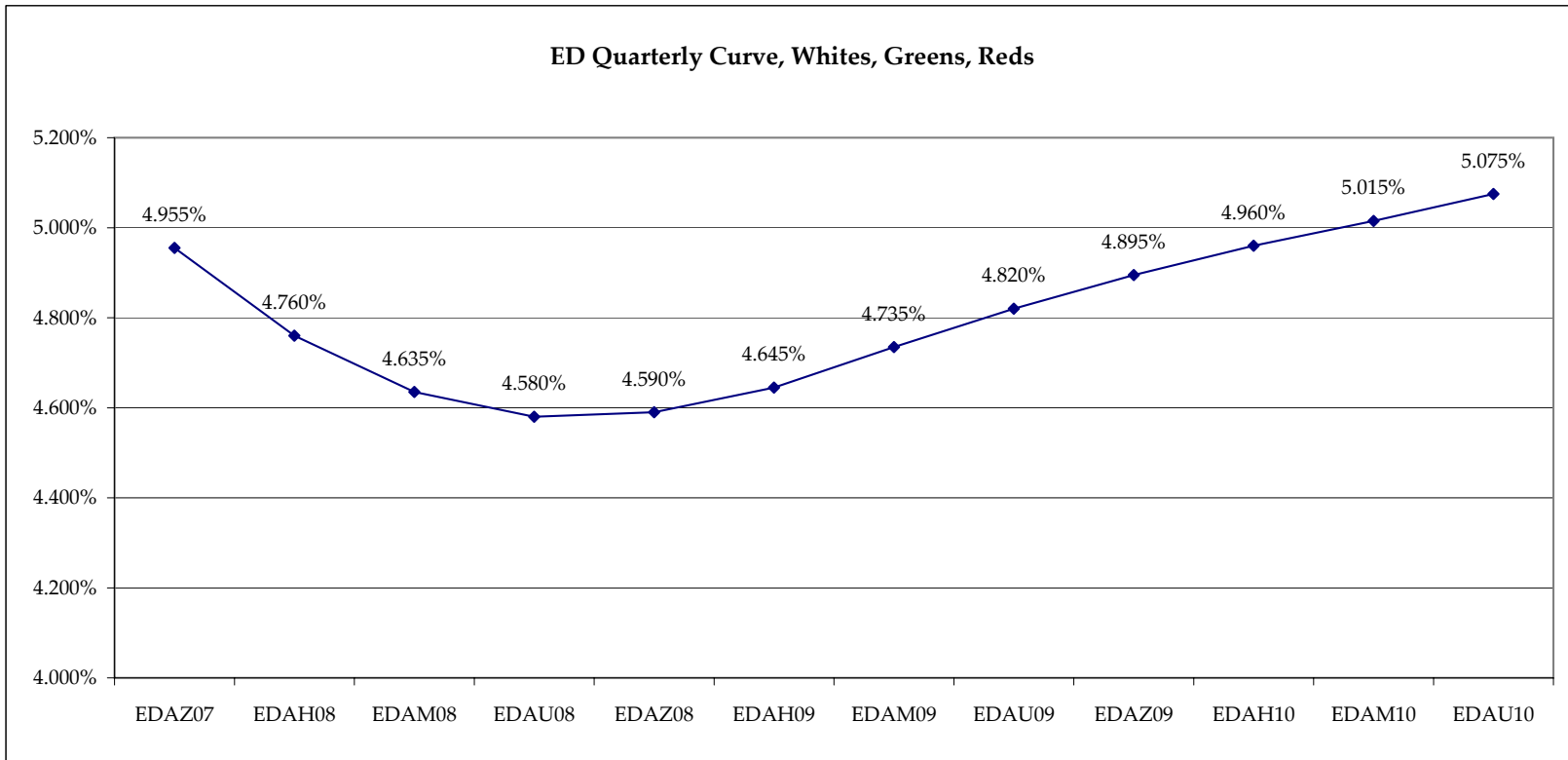
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Want something added? Let me know: jgoulding@ghco.com
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	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAZ07	95.045	95.060	95.035	95.035	DEC	0.5	12/17/2007	4.955%	Whites	1st Year
EDAH08	95.240	95.245	95.225	95.235	MAR	0.0	3/17/2008	4.760%		
EDAM08	95.365	95.375	95.350	95.365	JUN	-0.5	6/16/2008	4.635%		
EDAU08	95.420	95.435	95.410	95.420	SEP	0.0	9/15/2008	4.580%		
EDAZ08	95.410	95.425	95.400	95.400	DEC	0.0	12/15/2008	4.590%	Reds	1-2 yrs out
EDAH09	95.355	95.360	95.340	95.340	MAR	-0.5	3/16/2009	4.645%		
EDAM09	95.265	95.275	95.250	95.255	JUN	-0.5	6/15/2009	4.735%		
EDAU09	95.180	95.195	95.165	95.175	SEP	0.0	9/14/2009	4.820%	Greens	2-3 yrs out
EDAZ09	95.105	95.105	95.090	95.095	DEC	-0.5	12/14/2009	4.895%		
EDAH10	95.040	95.045	95.025	95.045	MAR	-0.5	3/15/2010	4.960%		
EDAM10	94.985	94.985	94.975	94.975	JUN	0.5	6/14/2010	5.015%		
EDAU10	94.925	94.935	94.915	94.915	SEP	-0.5	9/13/2010	5.075%	Blues	3-4 yrs out
EDAZ10	#VALUE!	#VALUE!	#VALUE!	#VALUE!	DEC	2.5	12/13/2010	#VALUE!		
EDAH11	#VALUE!	#VALUE!	#VALUE!	#VALUE!	MAR	18.0	3/14/2011	#VALUE!		
EDAM11	#VALUE!	#VALUE!	#VALUE!	#VALUE!	JUN	-3.0	6/13/2011	#VALUE!		
EDAU11	#VALUE!	#VALUE!	#VALUE!	#VALUE!	SEP	-2.0	9/19/2011	#VALUE!	Golds	4-5 yrs out
EDAZ11	94.675	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/19/2011	5.325%		
EDAH12	94.635	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.365%		
EDAM12	94.595	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.405%		
EDAU12	94.560	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/17/2012	5.440%	Purples	5-6 yrs out
EDAZ12										
EDZH13										
EDAM13										
EDAU13									Oranges	6-7 yrs out
EDAZ13										
EDAH14										
EDAM14										
EDAU14									Pinks	7-8 yrs out
EDAZ14										
EDAH15										
EDAM15										
EDAU15									Grays	8-9 yrs out
EDAZ15										
EDAH16										
EDAM16										
EDAU16									Coppers	8-10 yrs out
EDAZ16										
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.

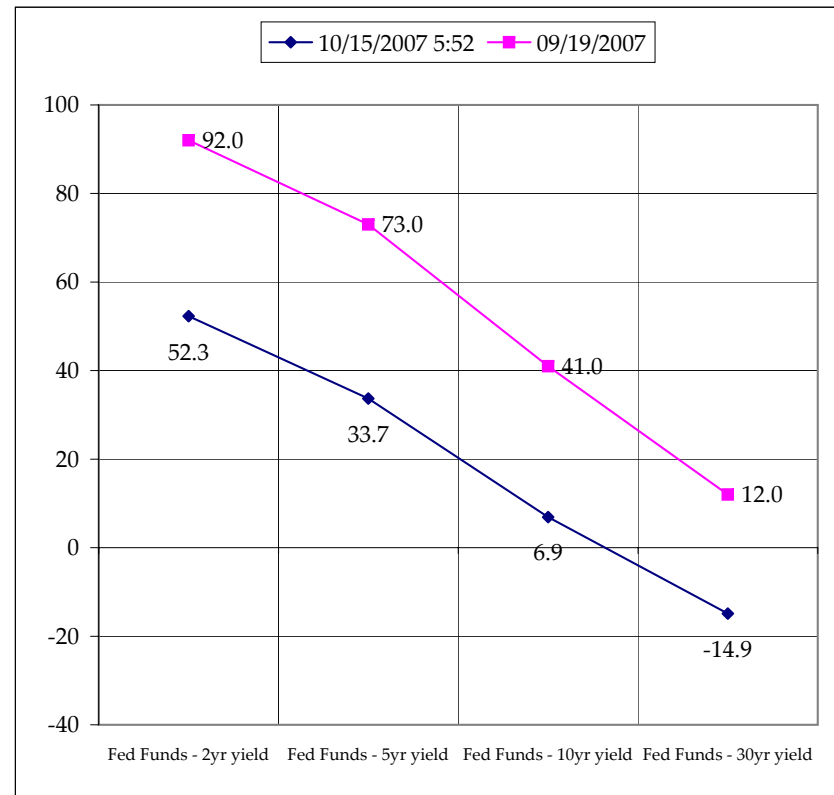
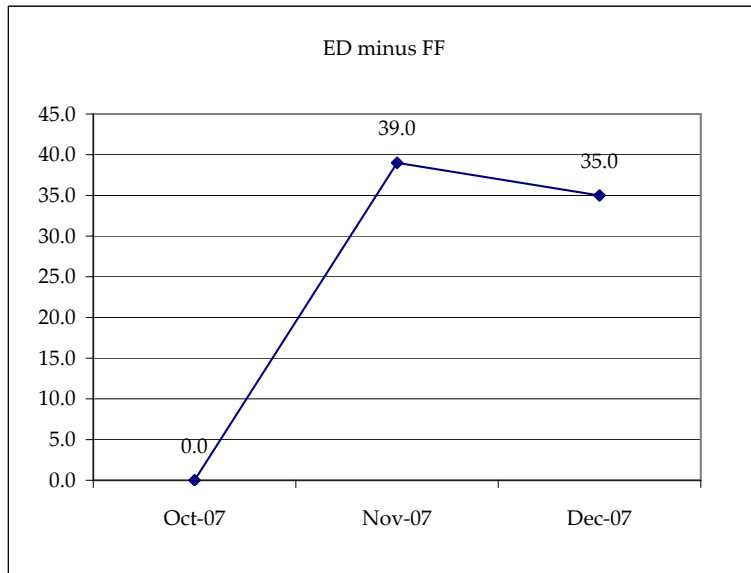


Month	Fed Funds (FF)			ED	ED - FF
	Last	Net	Implied	Implied	bps
Oct-07	#VALUE!	#VALUE!	#VALUE!	5.215	#VALUE!
Nov-07	95.325	-0.050	4.675	5.065	39.0
Dec-07	95.395	-0.100	4.605	4.955	35.0
Jan-08	95.440	-0.050	4.560		
Feb-08	95.515	-0.100	4.485		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.760	#VALUE!
Apr-08	95.540	-0.050	4.460		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.635	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.580	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	09/19/2007
Fed Funds - 2yr yield	52.3	0.0	92.0
Fed Funds - 5yr yield	33.7	-0.4	73.0
Fed Funds - 10yr yield	6.9	-0.4	41.0
Fed Funds - 30yr yield	-14.9	0.0	12.0
GFER	4.75	#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		
10/10/2007	4.657%	0.0%	3.6%	30.6%	65.6%	0.0%	0.2%		
10/11/2007	4.646%	0.0%	4.6%	32.6%	62.7%	0.0%	0.2%		
December	avg target	375	400	425	450	475	500	525	
10/10/2007	4.514%	2.1%	1.3%	22.6%	41.1%	29.2%	3.2%	0.5%	
10/11/2007	4.519%	1.3%	3.0%	20.3%	40.7%	32.5%	1.8%	0.5%	

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
1,289,455	1,321,823	(32,368)	1,256,555	305,695	950,860	8,886,914	9,805,402	(918,488)

As of
10/9/2007

Week over Week Change		
Sm Spec	Lg Spec	Commrc
(19,948)	(154,481)	174,433

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The Morning Email, ED&FF