

## The Morning Email: Eurodollars & Fed Funds

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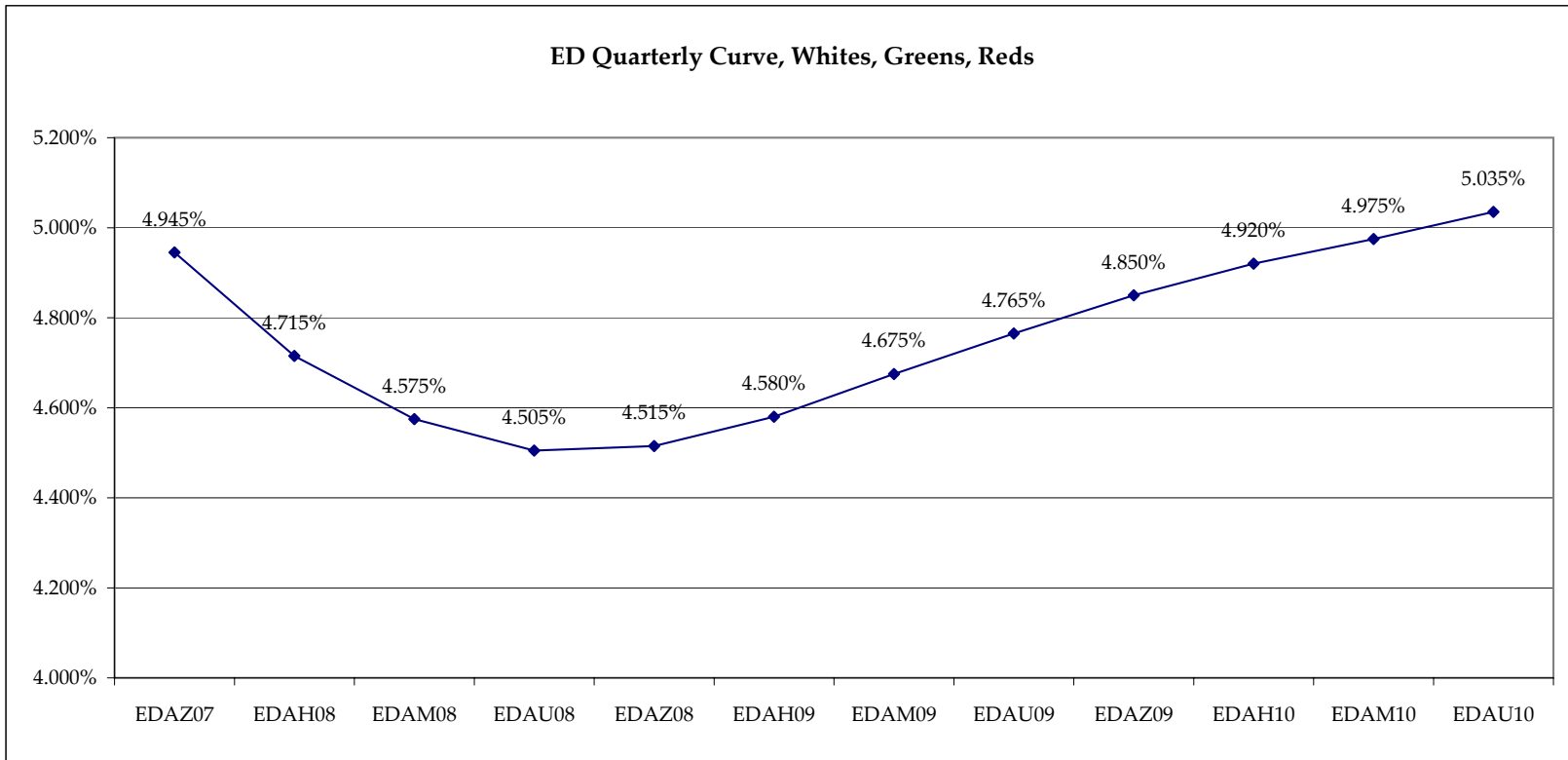
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Want something added? Let me know: [jgoulding@ghco.com](mailto:jgoulding@ghco.com)  
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**Jim Goulding, [jgoulding@ghco.com](mailto:jgoulding@ghco.com)**

	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAZ07	95.055	95.060	95.030	95.035	DEC	0.5	12/17/2007	4.945%	Whites	1st Year
EDAH08	95.285	95.285	95.225	95.245	MAR	3.0	3/17/2008	4.715%		
EDAM08	95.425	95.425	95.355	95.375	JUN	3.0	6/16/2008	4.575%		
EDAU08	95.495	95.495	95.415	95.435	SEP	3.5	9/15/2008	4.505%		
EDAZ08	95.485	95.490	95.410	95.425	DEC	3.5	12/15/2008	4.515%	Reds	1-2 yrs out
EDAH09	95.420	95.420	95.350	95.360	MAR	4.0	3/16/2009	4.580%		
EDAM09	95.325	95.330	95.260	95.280	JUN	3.0	6/15/2009	4.675%		
EDAU09	95.235	95.235	95.175	95.205	SEP	2.5	9/14/2009	4.765%	Greens	2-3 yrs out
EDAZ09	95.150	95.155	95.090	95.110	DEC	2.0	12/14/2009	4.850%		
EDAH10	95.080	95.085	95.040	95.040	MAR	2.0	3/15/2010	4.920%		
EDAM10	95.025	95.025	94.965	94.965	JUN	3.0	6/14/2010	4.975%		
EDAU10	94.965	94.965	94.915	94.915	SEP	1.5	9/13/2010	5.035%	Blues	3-4 yrs out
EDAZ10	94.860	#VALUE!	#VALUE!	#VALUE!	DEC	1.0	12/13/2010	5.140%		
EDAH11	94.810	94.810	94.810	94.810	MAR	0.5	3/14/2011	5.190%		
EDAM11	94.785	#VALUE!	#VALUE!	#VALUE!	JUN	3.5	6/13/2011	5.215%		
EDAU11	94.735	#VALUE!	#VALUE!	#VALUE!	SEP	1.5	9/19/2011	5.265%	Golds	4-5 yrs out
EDAZ11	94.660	#VALUE!	#VALUE!	#VALUE!	DEC	-5.0	12/19/2011	5.340%		
EDAH12	94.610	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.390%		
EDAM12	94.575	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.425%		
EDAU12	94.545	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/17/2012	5.455%	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.

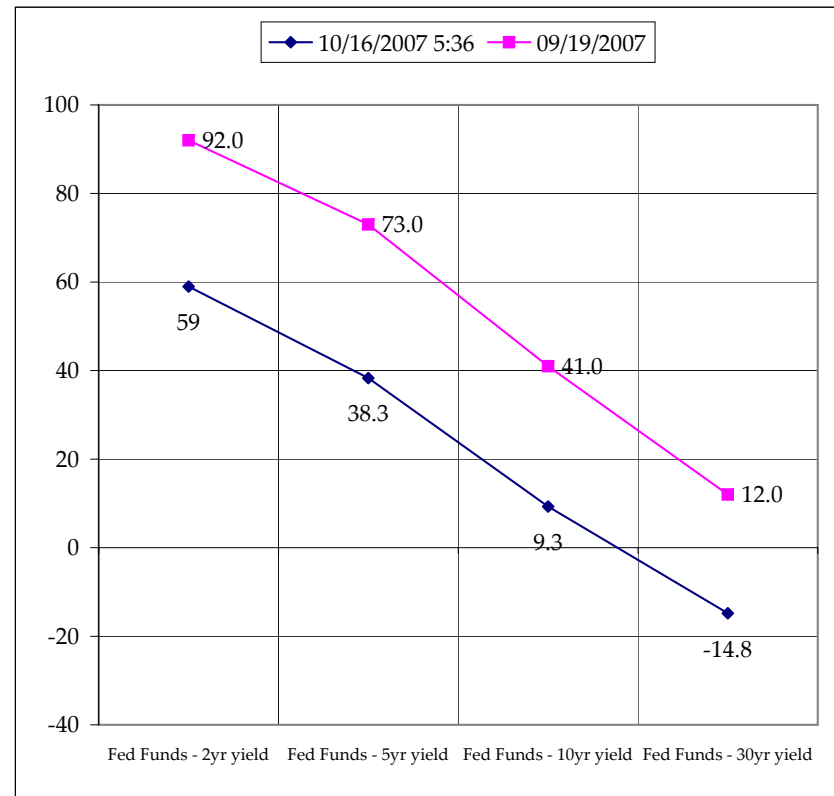
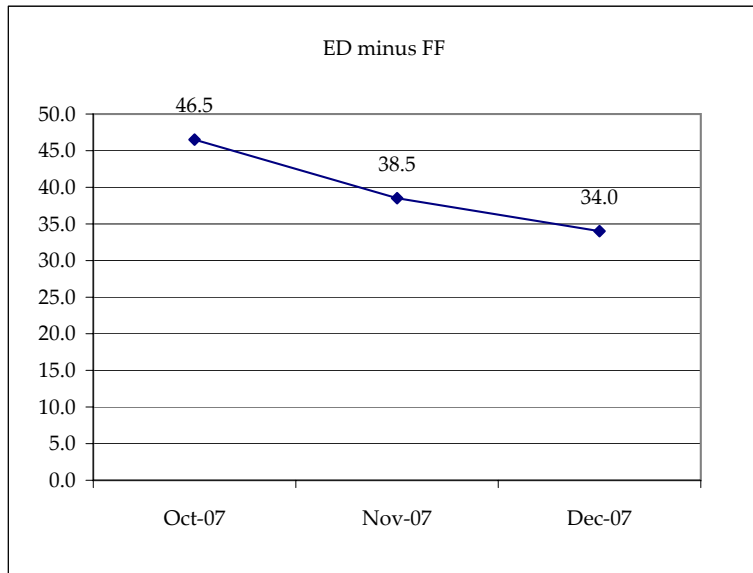


Month	Fed Funds (FF)			ED	ED - FF
	Last	Net	Implied	Implied	bps
Oct-07	95.250	-0.050	4.750	5.215	46.5
Nov-07	95.325	-0.050	4.675	5.060	38.5
Dec-07	95.395	0.000	4.605	4.945	34.0
Jan-08	95.430	0.000	4.570		
Feb-08	95.505	0.000	4.495		
Mar-08	95.510	-0.050	4.490	4.715	22.5
Apr-08	95.535	0.100	4.465		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.575	#VALUE!
Jul-08	95.580	-0.150	4.420		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.505	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	09/19/2007
Fed Funds - 2yr yield	59	5.0	92.0
Fed Funds - 5yr yield	38.3	3.2	73.0
Fed Funds - 10yr yield	9.3	2.0	41.0
Fed Funds - 30yr yield	-14.8	1.4	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).



<b>October</b>	<b>avg target</b>	<b>400</b>	<b>425</b>	<b>450</b>	<b>475</b>	<b>500</b>	<b>525</b>		
<b>10/12/2007</b>	4.667%	0.4%	3.7%	24.6%	71.3%	0.0%	0.0%		
<b>10/15/2007</b>	4.667%	0.0%	3.1%	27.2%	69.6%	0.0%	0.1%		
<b>December</b>	<b>avg target</b>	<b>375</b>	<b>400</b>	<b>425</b>	<b>450</b>	<b>475</b>	<b>500</b>	<b>525</b>	
<b>10/12/2007</b>	4.553%	0.5%	3.8%	13.3%	40.5%	40.0%	1.8%	0.0%	
<b>10/15/2007</b>	4.569%	0.4%	2.7%	14.2%	36.6%	44.2%	1.6%	0.3%	

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

Jim Goulding, [jgoulding@ghco.com](mailto:jgoulding@ghco.com)

The Morning Email, ED&FF