

The Morning Email: Eurodollars & Fed Funds

Table of Contents

- Pg 1 Eurodollars - Electronic Outright Contracts
- Pg 2 ED, Quarterly Curve, Charted
- Pg 3 Fed Fund vs Eurodollars and Treasuries
- Pg 4 Fed Funds Probability of Tightening or Easing
- Pg 5 Eurodollar COT Data

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	95.305	95.335	95.265	95.315	DEC	1.0	12/17/2007	4.695%	Whites	1st Year
EDAH08	95.630	95.665	95.565	95.610	MAR	3.5	3/17/2008	4.370%		
EDAM08	95.800	95.835	95.740	95.770	JUN	5.0	6/16/2008	4.200%		
EDAU08	95.885	95.915	95.825	95.850	SEP	4.5	9/15/2008	4.115%		
EDAZ08	95.875	95.905	95.820	95.840	DEC	5.0	12/15/2008	4.125%	Reds	1-2 yrs out
EDAH09	95.805	95.830	95.745	95.765	MAR	4.0	3/16/2009	4.195%		
EDAM09	95.695	95.720	95.640	95.660	JUN	4.0	6/15/2009	4.305%		
EDAU09	95.600	95.620	95.535	95.565	SEP	4.0	9/14/2009	4.400%		
EDAZ09	95.500	95.525	95.445	95.515	DEC	4.0	12/14/2009	4.500%	Greens	2-3 yrs out
EDAH10	95.430	95.450	95.375	95.435	MAR	3.5	3/15/2010	4.570%		
EDAM10	95.325	95.370	95.305	95.360	JUN	3.5	6/14/2010	4.675%		
EDAU10	95.265	95.290	95.250	95.290	SEP	3.0	9/13/2010	4.735%		
EDAZ10	95.220	95.220	95.180	95.185	DEC	2.5	12/13/2010	4.780%	Blues	3-4 yrs out
EDAH11	95.140	95.140	95.115	95.115	MAR	5.0	3/14/2011	4.860%		
EDAM11	95.070	95.080	95.070	95.080	JUN	6.0	6/13/2011	4.930%		
EDAU11	95.015	95.015	95.015	95.015	SEP	0.0	9/19/2011	4.985%		
EDAZ11	94.940	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/19/2011	5.060%	Golds	4-5 yrs out
EDAH12	94.905	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.095%		
EDAM12	94.825	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.175%		
EDAU12	94.775	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/17/2012	5.225%		
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										

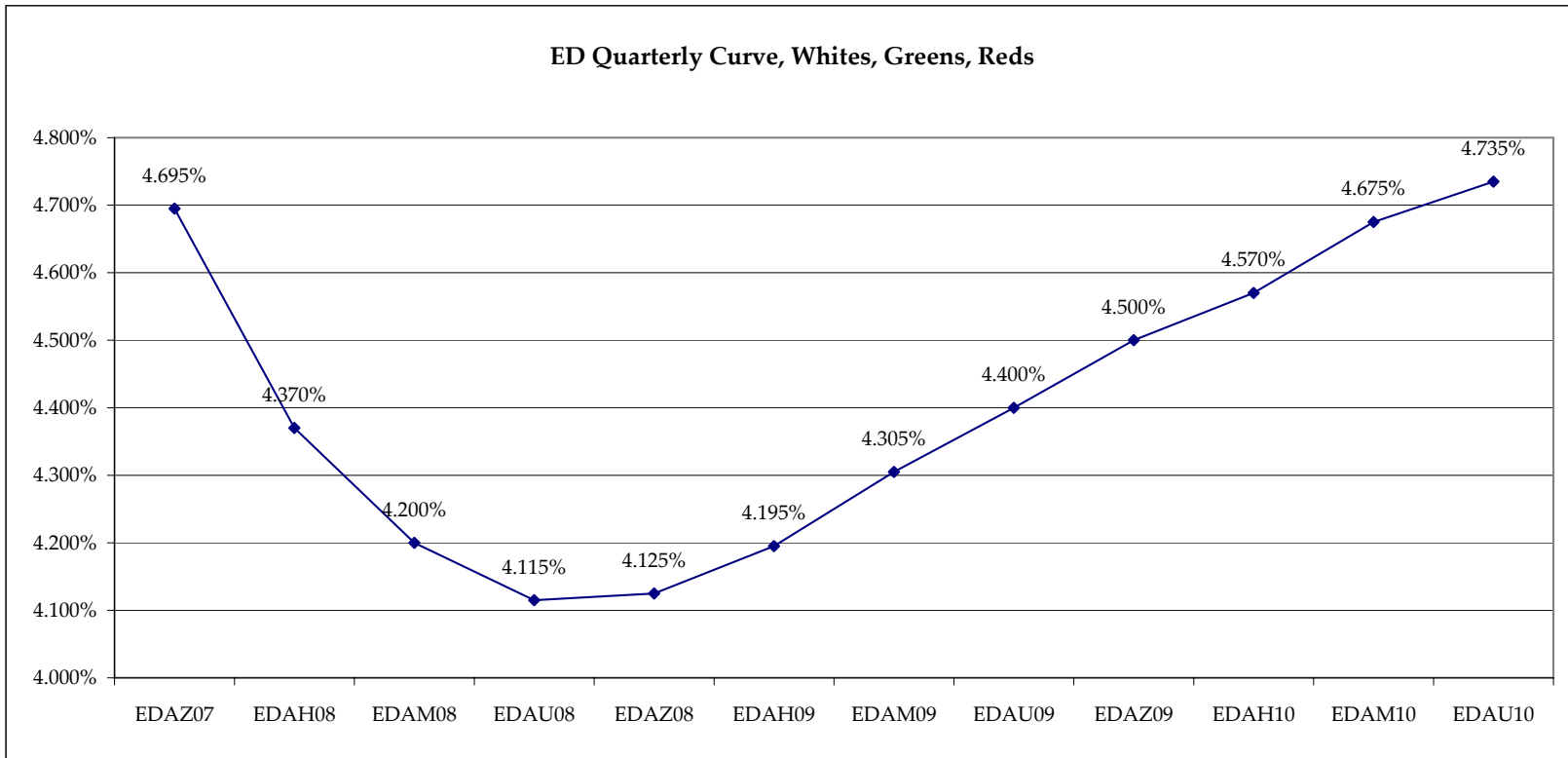
Red Pack is a 2 YR Proxy.
See 'TED' email for pack pricing.

Red/Gold pack is 2/10 Spread Proxy

Gold Pack is a 10 YR Proxy

Red pack is a 2yr proxy
Gold pack is a 10yr proxy
Red /Gold is a 2/10 proxy
Blue pack is a 5yr proxy
Blue/Gold is a 5/10 proxy

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.

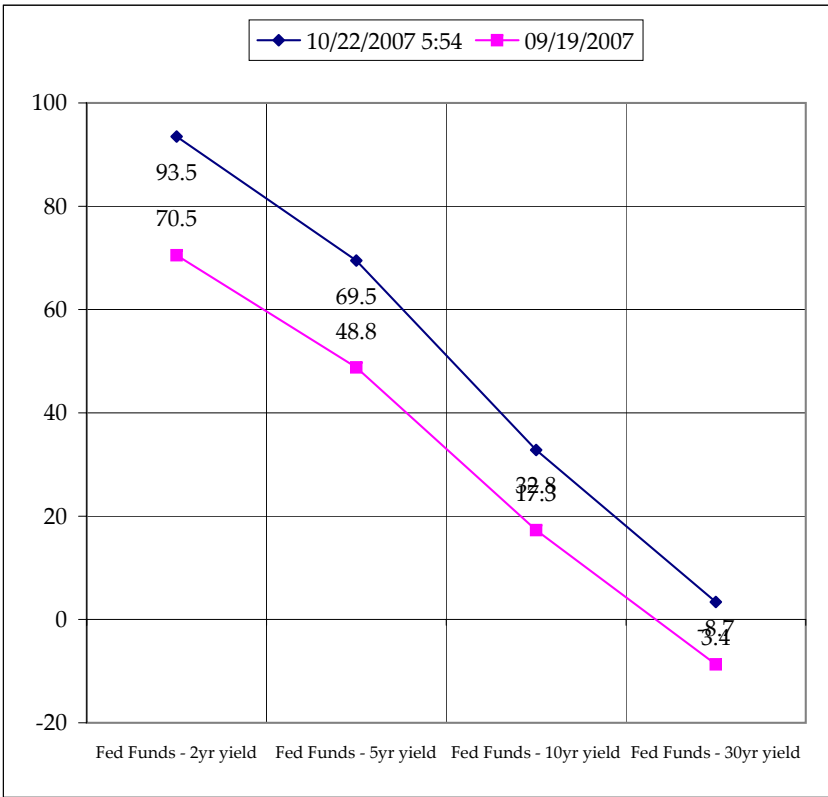
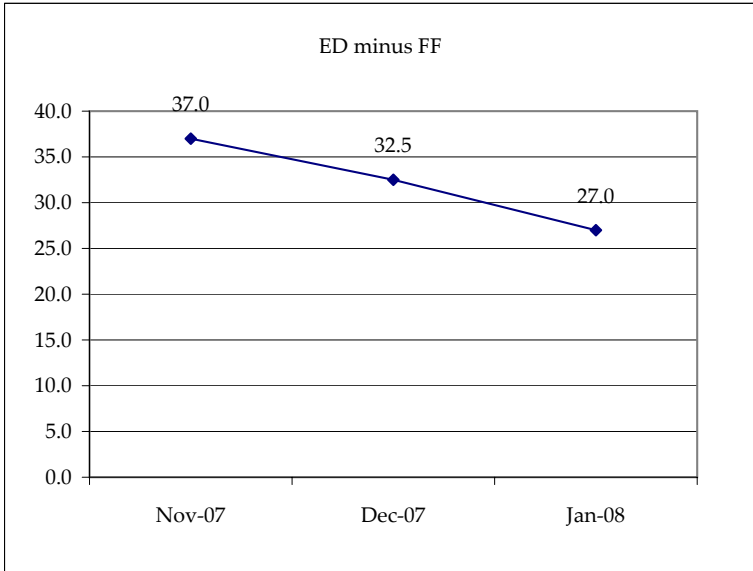


Month	Fed Funds (FF)			ED	ED - FF
	Last	Net	Implied	Implied	bps
Oct-07	95.270	0.050	4.730		
Nov-07	95.485	0.050	4.515	4.885	37.0
Dec-07	95.630	0.250	4.370	4.695	32.5
Jan-08	95.705	0.250	4.295	4.565	27.0
Feb-08	95.800	0.000	4.200		
Mar-08	95.855	0.300	4.145	4.370	22.5
Apr-08	95.910	0.350	4.090		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.200	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.115	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	09/19/2007
Fed Funds - 2yr yield	93.5	3.0	70.5
Fed Funds - 5yr yield	69.5	3.3	48.8
Fed Funds - 10yr yield	32.8	2.6	17.3
Fed Funds - 30yr yield	3.4	3.2	-8.7
GFER	4.69	#VALUE!	

GFER = Fed Funds Daily Effective Rate

Why 10/17/2007?
The morning of the CPI release is a good benchmark. I marked them at 5:30am CT, which was 2 hours before the CPI release.



October	avg target	400	425	450	475	500	525		
10/18/2007	4.572%	0.8%	8.6%	52.3%	38.1%	0.0%	0.3%		
10/19/2007	4.517%	0.8%	16.7%	57.9%	24.3%	0.0%	0.3%		
December	avg target	375	400	425	450	475	500	525	
10/18/2007	4.393%	4.1%	7.1%	36.1%	35.0%	16.3%	1.2%	0.3%	
10/19/2007	4.329%	2.3%	15.9%	38.1%	36.2%	7.1%	0.0%	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

10/22/2007 5:54

Eurodollar COT Data

Page 5

Current Positions								
Small Spec			Large Spec			Commercials		
Long	Short	Net	Long	Short	Net	Long	Short	Net
1,323,125	1,341,375	(18,250)	1,137,628	314,553	823,075	8,694,047	9,498,872	(804,825)

As of
10/9/2007

Week over Week Change		
Sm Spec	Lg Spec	Commrc
14,118	(127,785)	113,663

Jim Goulding, jgoulding@ghco.com

The Morning Email, ED&FF