

## The Morning Email: Eurodollars & Fed Funds

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**NEW**

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

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	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAZ07	95.365	95.375	95.345	95.355	DEC	0.0	12/17/2007	4.635%	Whites	1st Year
EDAH08	95.670	95.705	95.655	95.675	MAR	-2.0	3/17/2008	4.330%		
EDAM08	95.815	95.860	95.810	95.830	JUN	-3.0	6/16/2008	4.185%		
EDAU08	95.905	95.950	95.895	95.920	SEP	-3.5	9/15/2008	4.095%		
EDAZ08	95.915	95.965	95.910	95.940	DEC	-2.5	12/15/2008	4.085%	Reds	1-2 yrs out
EDAH09	95.860	95.915	95.855	95.885	MAR	-3.5	3/16/2009	4.140%		
EDAM09	95.760	95.815	95.760	95.785	JUN	-2.5	6/15/2009	4.240%		
EDAU09	95.660	95.715	95.655	95.685	SEP	-3.0	9/14/2009	4.340%		
EDAZ09	95.555	95.605	95.555	95.580	DEC	-3.0	12/14/2009	4.445%	Greens	2-3 yrs out
EDAH10	95.475	95.510	95.475	95.500	MAR	-3.0	3/15/2010	4.525%		
EDAM10	95.410	95.440	95.405	95.405	JUN	-3.5	6/14/2010	4.590%		
EDAU10	95.320	95.340	95.320	95.335	SEP	-3.5	9/13/2010	4.680%		
EDAZ10	95.265	95.265	95.265	95.265	DEC	-1.0	12/13/2010	4.735%	Blues	3-4 yrs out
EDAH11	95.170	95.175	95.170	95.175	MAR	-3.5	3/14/2011	4.830%		
EDAM11	95.060	95.060	95.060	95.060	JUN	-1.5	6/13/2011	4.940%		
EDAU11	95.030	95.030	95.030	95.030	SEP	-1.5	9/19/2011	4.970%		
EDAZ11	94.985	#VALUE!	#VALUE!	#VALUE!	DEC	-1.5	12/19/2011	5.015%	Golds	4-5 yrs out
EDAH12	94.935	#VALUE!	#VALUE!	#VALUE!	MAR	-1.5	3/19/2012	5.065%		
EDAM12	94.870	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.130%		
EDAU12	94.845	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/17/2012	5.155%		
EDAZ12	94.725								Purples	5-6 yrs out
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
EDAZ16										
EDAH16										
EDAM16										
EDAU16									Coppers	8-10 yrs out
EDAZ17										
EDAH17										
EDAM17										
EDAU17										

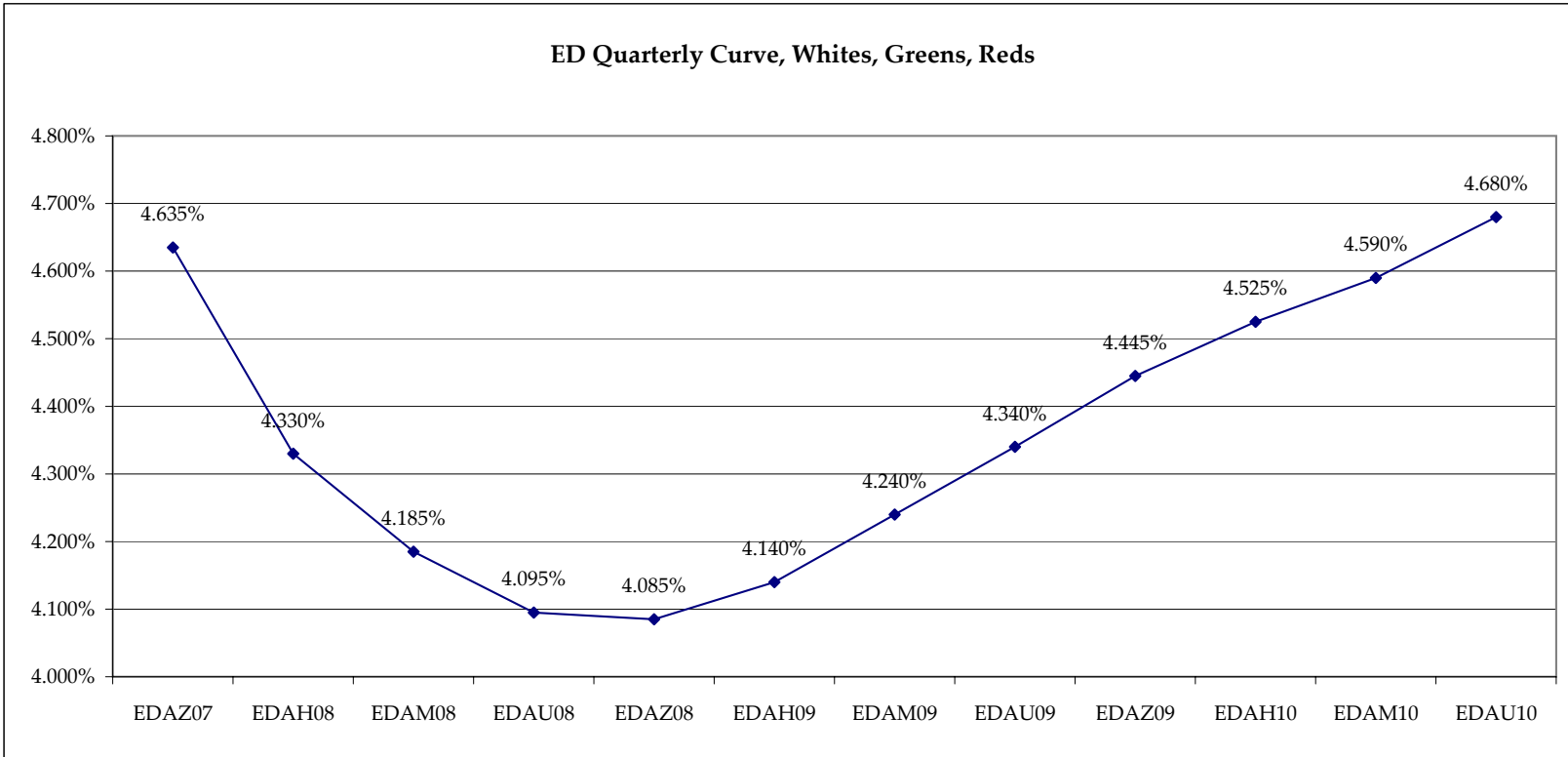
Red Pack is a 2 YR Proxy.  
See pg 6 for pack pricing

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.

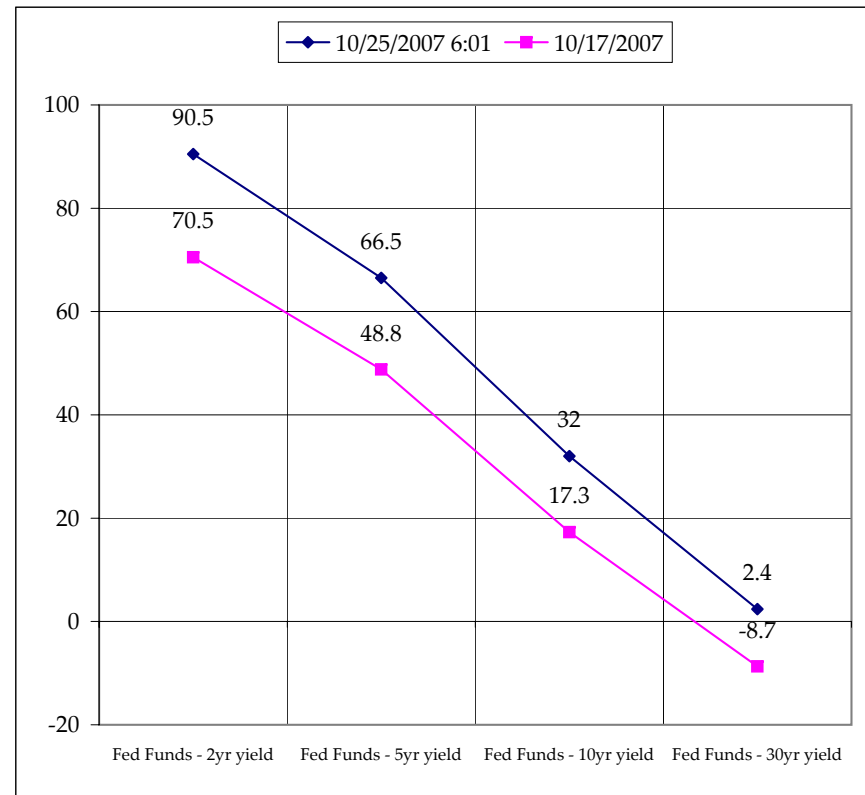
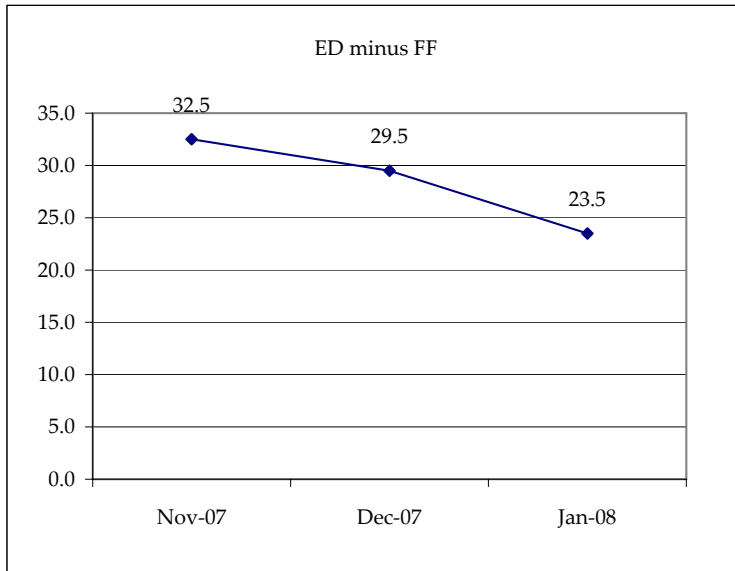


Month	Fed Funds (FF)			ED	ED - FF
	Last	Net	Implied	Implied	bps
Oct-07	95.270	0.000	4.730		
Nov-07	95.530	-0.050	4.470	4.795	32.5
Dec-07	95.660	0.000	4.340	4.635	29.5
Jan-08	95.735	0.050	4.265	4.500	23.5
Feb-08	95.855	-0.050	4.145		
Mar-08	95.890	0.000	4.110	4.330	22.0
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.185	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.095	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	10/17/2007
Fed Funds - 2yr yield	90.5	-2.8	70.5
Fed Funds - 5yr yield	66.5	-1.9	48.8
Fed Funds - 10yr yield	32	-0.5	17.3
Fed Funds - 30yr yield	2.4	0.3	-8.7
GFER	4.67	#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.



<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>10/19/2007</b>	4.517%	0.8%	16.7%	57.9%	24.3%	0.0%	0.3%		
<b>10/22/2007</b>	4.532%	0.5%	12.2%	61.8%	25.4%	0.0%	0.2%		
<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>10/19/2007</b>	4.329%	2.3%	15.9%	38.1%	36.2%	7.1%	0.0%	0.3%	
<b>10/22/2007</b>	4.329%	3.0%	9.6%	50.0%	28.4%	8.7%	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

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

SYMBOL	Last Quote	Last Trade	High	Low	Net	Open	Expiration	Today's Volume	Yesterday's Volume	Name	Proxy
EDAP1	(200)	(200)	25	(250)	(200)	(175)	12/17/2007	95	6,577	White Pack	1yr
EDAP2	(275)	(250)	125	(325)	(275)	(200)	12/15/2008	253	5,399	Red Pack	2yr
EDAP3	(325)	(325)	75	(325)	(325)	(50)	12/14/2009	22	2,053	Green Pack	3yr
EDAP4	(100)	700	0	(225)	(100)		12/13/2010	0	840	Blue Pack	5yr
EDAP5		575					12/19/2011	0	663	Gold Pack	10yr
<b>BUNDLES</b>											
EDAB2	(275)	(200)	75	(275)	(275)	25	12/17/2007	895	9,164	2yr Bundle	2yr
EDAB3	(300)	(200)	50	(275)	(300)	(150)	12/17/2007	50	2,078	3yr Bundle	3yr
EDAB4		850					12/17/2007	0	9	4yr Bundle	4yr
EDAB5		775					12/17/2007	0	134	5yr Bundle	5yr
<b>CAL SPREADS</b>											
EDAS3	1050	1000	1000	1000	50	1000	9/14/2009	583	7,590		
EDAS6	(2400)	(2350)	(2300)	(2500)	50	(2400)	3/17/2008	2,135	20,095		
EDAS9	(450)	(400)	(400)	(600)	0	(550)	6/16/2008	570	11,038		
EDAS12	(1850)	(1900)	(1900)	(2150)	150	(2100)	3/17/2008	269	13,835		









