The Morning Email: Eurodollars & Fed Funds

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

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Eurodollars - Electronic Outright Contracts

	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAZ07	95.330	95.335	95.320	95.335	DEC	-2.0	12/17/2007	4.670%	**Whites**	**1st Year**
EDAH08	95.650	95.665	95.640	95.655	MAR	-2.5	3/17/2008	4.350%		
EDAM08	95.780	95.795	95.770	95.785	JUN	-2.5	6/16/2008	4.220%		
EDAU08	95.860	95.875	95.850	95.860	SEP	-3.0	9/15/2008	4.140%		
EDAZ08	95.870	95.885	95.855	95.870	DEC	-2.5	12/15/2008	4.130%	**Reds**	**1-2 yrs out**
EDAH09	95.810	95.830	95.800	95.805	MAR	-2.0	3/16/2009	4.190%		
EDAM09	95.705	95.720	95.695	95.710	JUN	-2.0	6/15/2009	4.295%		
EDAU09	95.595	95.605	95.585	95.590	SEP	-2.0	9/14/2009	4.405%		
EDAZ09	95.490	95.490	95.475	95.485	DEC	-2.5	12/14/2009	4.510%	**Greens**	**2-3 yrs out**
EDAH10	95.390	95.405	95.385	95.385	MAR	-2.5	3/15/2010	4.610%		
EDAM10	95.305	95.310	95.305	95.310	JUN	-1.5	6/14/2010	4.695%		
EDAU10	95.225	95.230	95.225	95.230	SEP	-1.5	9/13/2010	4.775%		
EDAZ10	#VALUE!	#VALUE!	#VALUE!	#VALUE!	DEC	0.0	12/13/2010	#VALUE!	**Blues**	**3-4 yrs out**
EDAH11	#VALUE!	#VALUE!	#VALUE!	#VALUE!	MAR	-3.5	3/14/2011	#VALUE!		
EDAM11	95.015	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/13/2011	4.985%		
EDAU11	#VALUE!	#VALUE!	#VALUE!	#VALUE!	SEP	-5.5	9/19/2011	#VALUE!		
EDAZ11	94.910	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/19/2011	5.090%	**Golds**	**4-5 yrs out**
EDAH12	94.830	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.170%		
EDAM12	94.810	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.190%		
EDAU12	94.790	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/17/2012	5.210%		
EDAZ12	94.785								**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 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.

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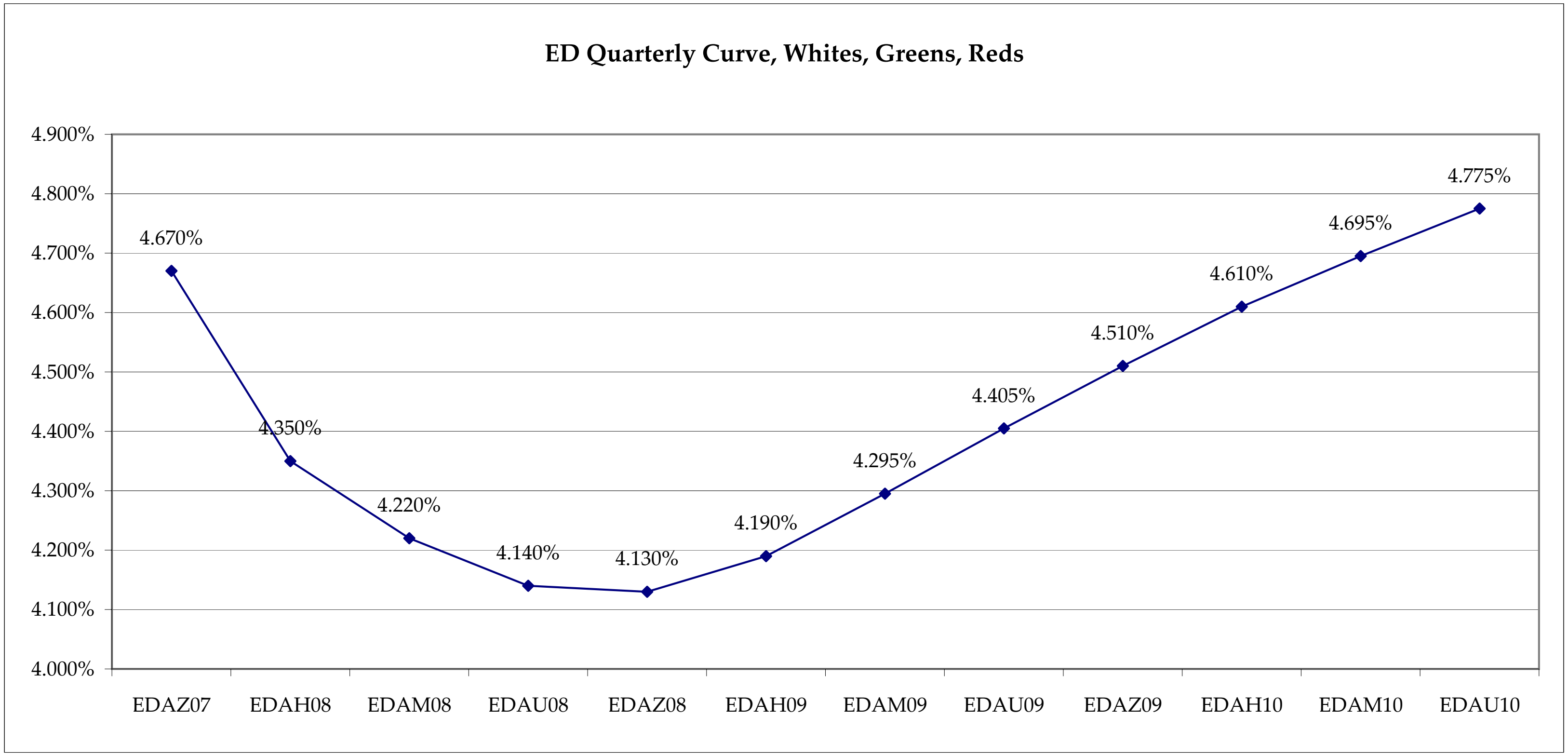
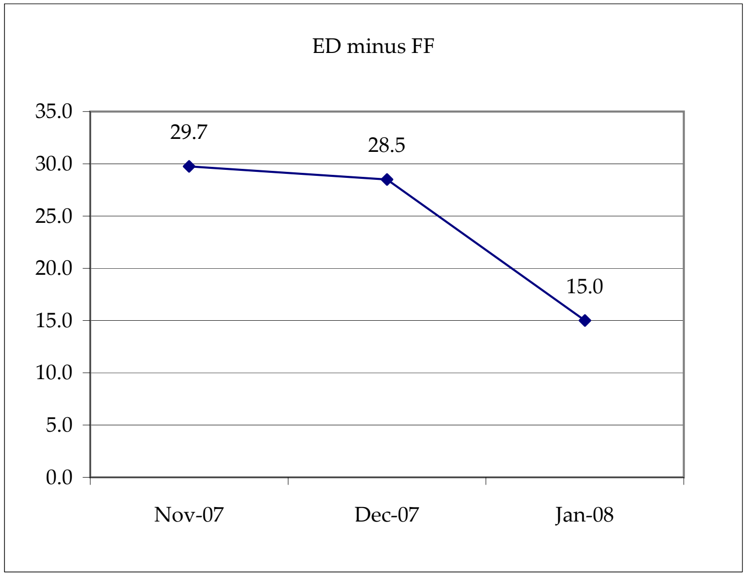

ED Quarterly Curve, Whites, Greens, Reds
4.900%
4.800%
4.700%
4.600%
4.500%
4.400%
4.300%
4.200%
4.100%
4.000%
4.670%
4.350%
4.220%
4.140%
4.130%
4.190%
4.295%
4.405%
4.510%
4.610%
4.695%
4.775%
EDAZ07
EDAH08
EDAM08
EDAU08
EDAZ08
EDAH09
EDAM09
EDAU09
EDAZ09
EDAH10
EDAM10
EDAU10

Fed Fund vs Eurodollars and Treasuries

Month	Fed Funds (FF) Last	Net	Implied	ED Implied	ED - FF bps
Oct-07	95.255	-0.050	4.745		
Nov-07	95.500	-0.200	4.500	4.798	29.7
Dec-07	95.615	-0.300	4.385	4.670	28.5
Jan-08	95.675	-0.300	4.325	4.475	15.0
Feb-08	95.800	-0.200	4.200		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.350	#VALUE!
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.220	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.140	#VALUE!

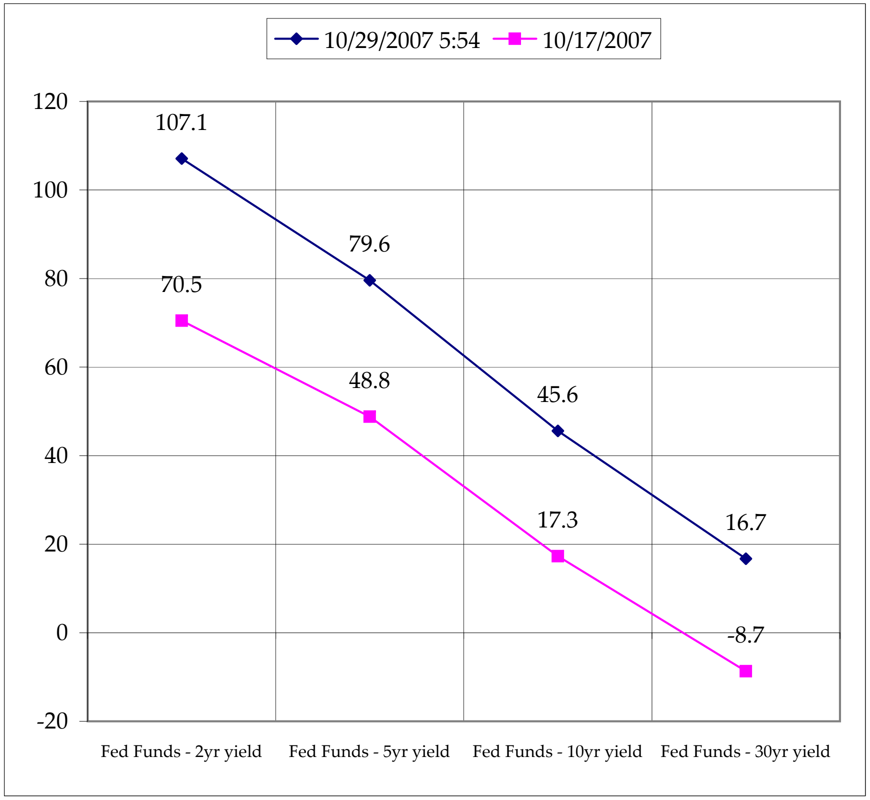


Fed Funds Daily Effective Rate Minus US Treasury Yields

Spread Name	Diff bps	Net Chng	10/17/2007
Fed Funds - 2yr yield	107.1	-3.2	70.5
Fed Funds - 5yr yield	79.6	-2.0	48.8
Fed Funds - 10yr yield	45.6	-0.7	17.3
Fed Funds - 30yr yield	16.7	0.1	-8.7
GFER	4.86	#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.



#VALUE!

Fed Funds Probability of Tightening or Easing

October	avg target	400	425	450	475	500	525
10/25/2007	4.462%	1.0%	21.7%	69.0%	8.0%	0.0%	0.2%
10/26/2007	4.477%	0.6%	19.6%	68.7%	10.8%	0.0%	0.2%

December	avg target	375	400	425	450	475	500	525
10/25/2007	4.272%	0.0%	21.9%	48.2%	29.5%	0.0%	0.4%	0.0%
10/26/2007	4.288%	0.0%	20.0%	47.3%	30.7%	1.7%	0.3%	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

Eurodollar COT Data

Current Positions								
Small Spec			Large Spec			Commercials		
Long	Short	Net	Long	Short	Net	Long	Short	Net
1,383,592	1,363,516	20,076	1,307,274	364,402	942,872	9,138,131	10,101,079	(962,948)

As of 10/9/2007

Week over Week Change		
Sm Spec	Lg Spec	Commrcl
38,326	119,797	(158,123)

SYMBOL	Last Quote	Last Trade	High	Low	Net	Open	Expiration	Today's Volume	Yesterday's Volume	Name	Proxy
PACKS											
EDAP1	(275)	(225)	(175)	(300)	(275)	(225)	12/17/2007	71	4,076	White Pack	1yr
EDAP2	(275)	(175)	(125)	(275)	(275)	(200)	12/15/2008	30	7,165	Red Pack	2yr
EDAP3	(300)	(850)		(250)	(300)		12/14/2009	0	4,122	Green Pack	
EDAP4		(925)					12/13/2010	0	2,210	Blue Pack	5yr
EDAP5		(925)					12/19/2011	0	1,794	Gold Pack	10yr
BUNDLES											
EDAB2	(225)	(250)	(150)	(275)	(225)	(250)	12/17/2007	75	7,706	2yr Bundle	2yr
EDAB3	(300)	(200)	(200)	(250)	(300)	(200)	12/17/2007	25	989	3yr Bundle	3yr
EDAB4		(675)					12/17/2007	0	41	4yr Bundle	4yr
EDAB5		(600)					12/17/2007	0	92	5yr Bundle	5yr
CAL SPREADS											
EDAS3	1150	1150	1150	1150	0	1150	9/14/2009	42	3,737		
EDAS6	(2050)	(2100)	(2000)	(2200)	50	(2050)	3/17/2008	1,895	15,812		
EDAS9	(350)	(300)	(250)	(350)	(50)	(250)	6/16/2008	288	9,207		
EDAS12	(1650)	(1600)	(1500)	(1700)	(50)	(1500)	3/17/2008	775	5,352		