

The Morning Email: Eurodollars & Fed Funds

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NEW

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

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	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAZ07	95.275	95.320	95.260	95.320	DEC	-4.0	12/17/2007	4.725%	Whites	1st Year
EDAH08	95.605	95.635	95.585	95.630	MAR	-3.5	3/17/2008	4.395%		
EDAM08	95.745	95.770	95.725	95.760	JUN	-2.0	6/16/2008	4.255%		
EDAU08	95.825	95.850	95.810	95.840	SEP	-2.0	9/15/2008	4.175%		
EDAZ08	95.835	95.855	95.820	95.850	DEC	-2.0	12/15/2008	4.165%	Reds	1-2 yrs out
EDAH09	95.775	95.800	95.765	95.795	MAR	-1.5	3/16/2009	4.225%		
EDAM09	95.675	95.695	95.665	95.690	JUN	-1.0	6/15/2009	4.325%		
EDAU09	95.570	95.590	95.565	95.585	SEP	-1.5	9/14/2009	4.430%		
EDAZ09	95.470	95.485	95.460	95.485	DEC	-2.0	12/14/2009	4.530%	Greens	2-3 yrs out
EDAH10	95.390	95.400	95.375	95.395	MAR	-1.5	3/15/2010	4.610%		
EDAM10	95.300	95.320	95.290	95.290	JUN	-2.0	6/14/2010	4.700%		
EDAU10	95.235	95.235	95.215	95.230	SEP	-0.5	9/13/2010	4.765%		
EDAZ10	95.150	95.150	95.150	95.150	DEC	-6.5	12/13/2010	4.850%	Blues	3-4 yrs out
EDAH11	95.095	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/14/2011	4.905%		
EDAM11	95.035	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/13/2011	4.965%		
EDAU11	94.990	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/19/2011	5.010%		
EDAZ11	94.905	94.905	94.905	94.905	DEC	0.0	12/19/2011	5.095%	Golds	4-5 yrs out
EDAH12	94.860	94.870	94.860	94.870	MAR	0.0	3/19/2012	5.140%		
EDAM12	94.820	94.820	94.820	94.820	JUN	1.0	6/18/2012	5.180%		
EDAU12	94.770	94.770	94.770	94.770	SEP	1.0	9/17/2012	5.230%		
EDAZ12	#VALUE!								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										

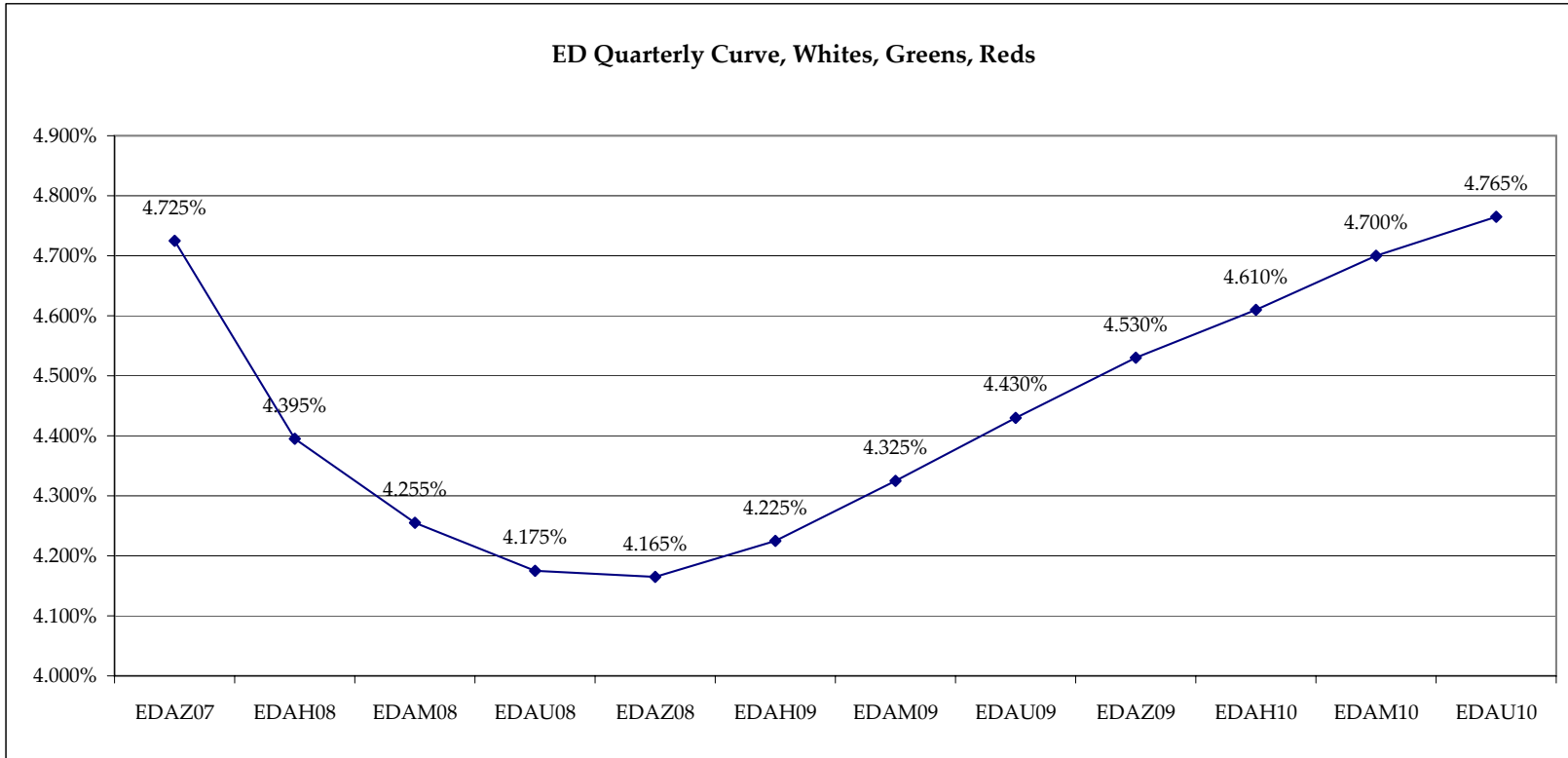
Red Pack is a 2 YR Proxy.
See pg 6 for pack pricing

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.

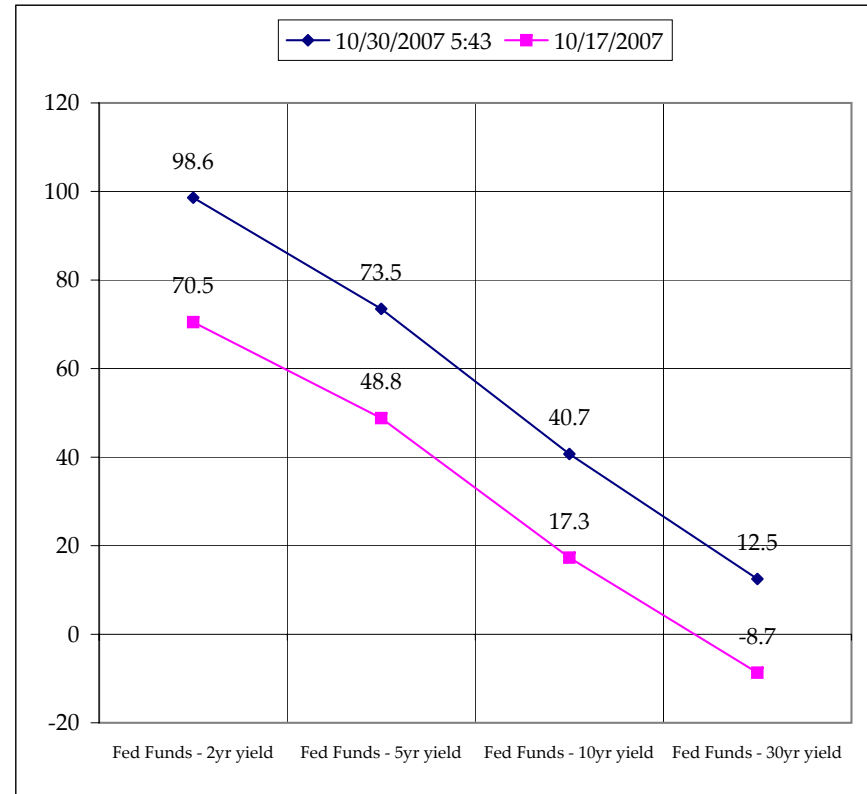
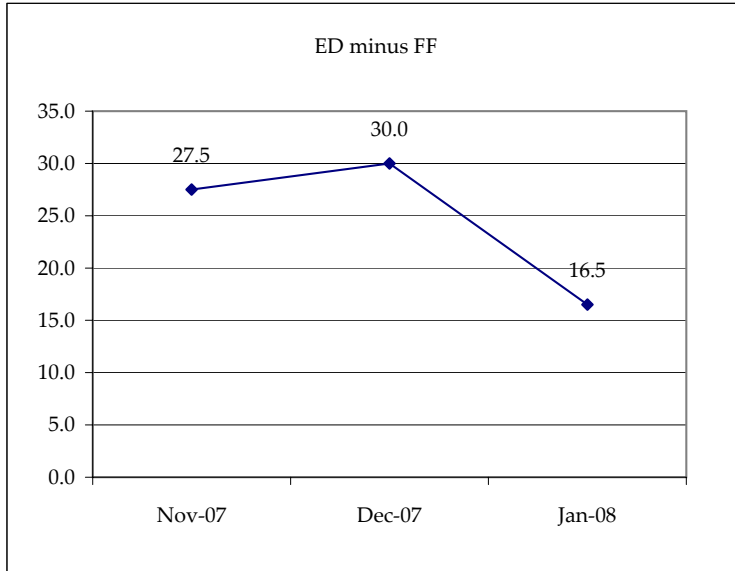


Month	Fed Funds (FF)			ED	ED - FF
	Last	Net	Implied	Implied	bps
Oct-07	95.245	-0.100	4.755		
Nov-07	95.465	-0.300	4.535	4.810	27.5
Dec-07	95.575	-0.350	4.425	4.725	30.0
Jan-08	95.635	-0.300	4.365	4.530	16.5
Feb-08	95.755	-0.300	4.245		
Mar-08	95.785	-0.350	4.215	4.395	18.0
Apr-08	95.880	-0.150	4.120		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.255	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.175	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	10/17/2007
Fed Funds - 2yr yield	98.6	-1.6	70.5
Fed Funds - 5yr yield	73.5	-1.7	48.8
Fed Funds - 10yr yield	40.7	-1.2	17.3
Fed Funds - 30yr yield	12.5	-0.9	-8.7
GFER	4.80	#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	
10/26/2007	4.477%	0.6%	19.6%	68.7%	10.8%	0.0%	0.2%	
10/29/2007	4.502%	1.9%	10.7%	72.6%	14.5%	0.0%	0.3%	
December	avg target	375	400	425	450	475	500	525
10/26/2007	4.288%	0.0%	20.0%	47.3%	30.7%	1.7%	0.3%	0.0%
10/29/2007	4.329%	0.0%	13.9%	41.3%	44.6%	0.0%	0.0%	0.2%

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
1,383,592	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
EDAP1	(300)	(250)	(225)	(425)	(300)	(225)	12/17/2007	400	1,938	White Pack	1yr
EDAP2	(200)	(25)	25	(250)	(200)	(175)	12/15/2008	299	2,936	Red Pack	2yr
EDAP3	(75)	(150)	25	(150)	(75)	(150)	12/14/2009	175	1,420	Green Pack	5yr
EDAP4		125		0			12/13/2010	0	735	Blue Pack	5yr
EDAP5	50	50	125	0	50	75	12/19/2011	90	428	Gold Pack	10yr
BUNDLES											
EDAB2	(250)	(200)	(75)	(325)	(250)	(300)	12/17/2007	196	5,594	2yr Bundle	2yr
EDAB3	(225)	(275)		(250)	(225)		12/17/2007	0	537	3yr Bundle	3yr
EDAB4		(200)		0			12/17/2007	0	2	4yr Bundle	4yr
EDAB5		(600)		0			12/17/2007	0	0	5yr Bundle	5yr
CAL SPREADS											
EDAS3	1000	1050	1050	1050	(50)	1050	9/14/2009	34	1,581		
EDAS6	(2300)	(2250)	(2150)	(2350)	(200)	(2150)	3/17/2008	2,589	13,590		
EDAS9	(350)	(350)	(300)	(400)	(100)	(350)	6/16/2008	576	3,027		
EDAS12	(1800)	(1750)	(1700)	(1900)	(200)	(1700)	3/17/2008	371	7,782		

