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		
EDAU07	94.410	94.450	94.400	94.443	SEP	-3.2	9/17/2007	5.590%	Whites	1st Year
EDAZ07	95.070	95.100	95.040	95.090	DEC	-3.0	12/17/2007	4.930%		
EDAH08	95.485	95.495	95.440	95.485	MAR	-1.0	3/17/2008	4.515%		
EDAM08	95.580	95.605	95.535	95.590	JUN	-1.0	6/16/2008	4.420%		
EDAU08	95.580	95.595	95.540	95.590	SEP	-0.5	9/15/2008	4.420%	Reds	1-2 yrs out
EDAZ08	95.540	95.555	95.500	95.550	DEC	0.5	12/15/2008	4.460%		
EDAH09	95.480	95.500	95.445	95.495	MAR	0.0	3/16/2009	4.520%		
EDAM09	95.420	95.435	95.380	95.425	JUN	0.0	6/15/2009	4.580%		
EDAU09	95.360	95.370	95.325	95.370	SEP	0.5	9/14/2009	4.640%	Greens	2-3 yrs out
EDAZ09	95.300	95.300	95.260	95.295	DEC	0.5	12/14/2009	4.700%		
EDAH10	95.260	95.260	95.235	95.235	MAR	0.5	3/15/2010	4.740%		
EDAM10	95.165	95.180	95.165	95.180	JUN	1.0	6/14/2010	4.835%		
EDAU10	95.155	#VALUE!	#VALUE!	#VALUE!	SEP	0.5	9/13/2010	4.845%	Blues	3-4 yrs out
EDAZ10	95.060	95.060	95.060	95.060	DEC	0.5	12/13/2010	4.940%		
EDAH11	95.050	#VALUE!	#VALUE!	#VALUE!	MAR	0.5	3/14/2011	4.950%		
EDAM11	94.995	#VALUE!	#VALUE!	#VALUE!	JUN	-2.5	6/13/2011	5.005%		
EDAU11	94.935	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/19/2011	5.065%	Golds	4-5 yrs out
EDAZ11	94.890	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/19/2011	5.110%		
EDAH12	94.800	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.200%		
EDAM12	94.715	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.285%		
EDAU12									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										

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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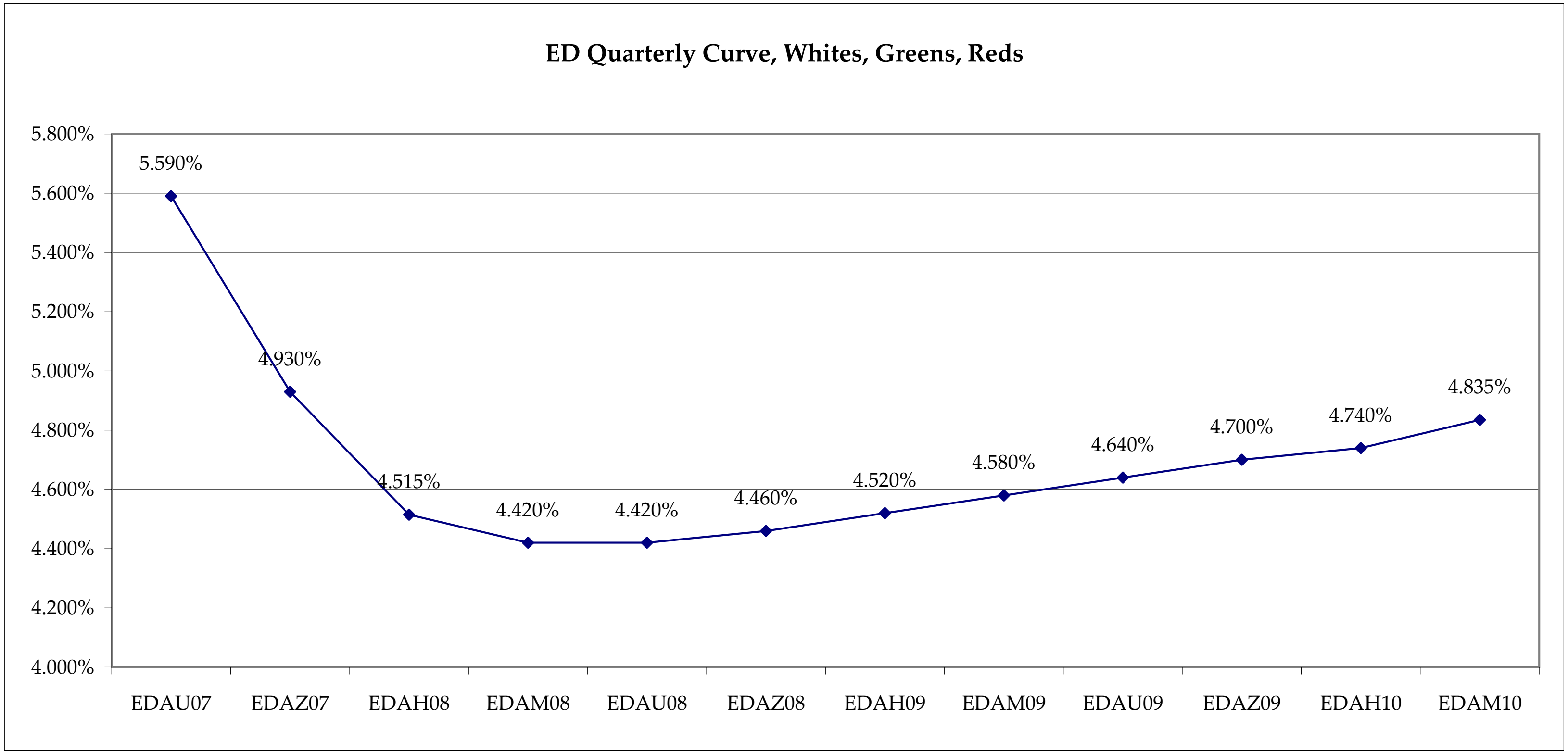

ED Quarterly Curve, Whites, Greens, Reds
5.800%
5.600%
5.400%
5.200%
5.000%
4.800%
4.600%
4.400%
4.200%
4.000%
5.590%
4.930%
4.515%
4.420%
4.420%
4.460%
4.520%
4.580%
4.640%
4.700%
4.740%
4.835%
EDAU07
EDAZ07
EDAH08
EDAM08
EDAU08
EDAZ08
EDAH09
EDAM09
EDAU09
EDAZ09
EDAH10
EDAM10

Fed Fund vs Eurodollars and Treasuries

	Fed Funds (FF)			Eurodollars (ED)	ED - FF
Month	Last	Net	Implied	Implied	bps
Sep-07	95.040	-0.050	4.960	5.590	63.0
Oct-07	95.170	-0.100	4.830		
Nov-07	95.350	-0.050	4.650		
Dec-07	95.470	0.050	4.530	4.930	40.0
Jan-08	95.540	0.150	4.460		
Feb-08	#VALUE!	#VALUE!	#VALUE!		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.515	#VALUE!
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.420	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.420	#VALUE!

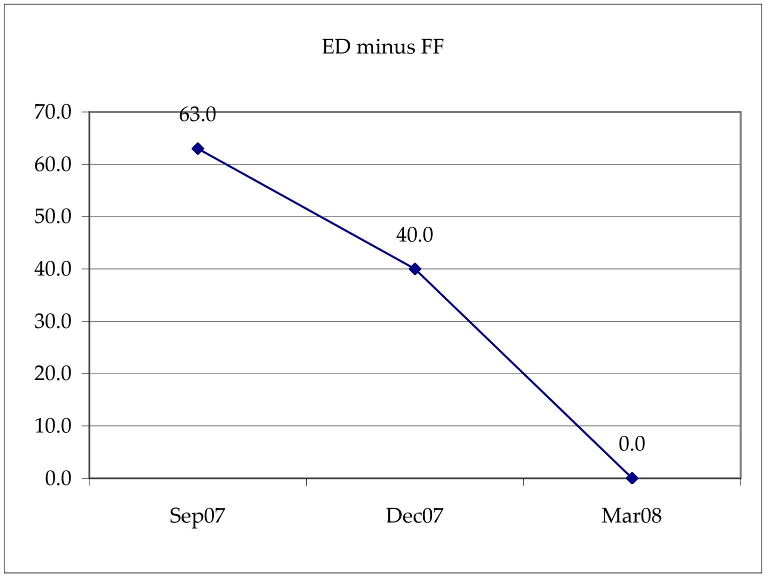
Fed Funds Daily Effective Rate
Minus US Treasury Yields

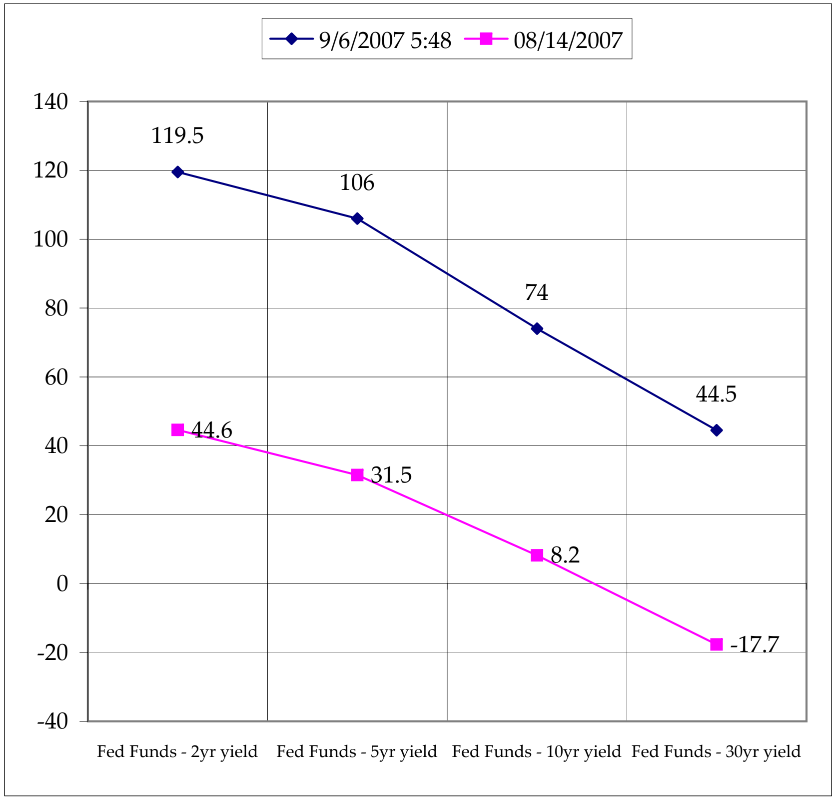
Spread Name	Diff bps	Net Chng	08/14/2007
Fed Funds - 2yr yield	119.5	-2.5	44.6
Fed Funds - 5yr yield	106	-1.4	31.5
Fed Funds - 10yr yield	74	-1.9	8.2
Fed Funds - 30yr yield	44.5	-0.3	-17.7
GFER	**5.22**	#VALUE!	

GFER = Fed Funds Daily Effective Rate

Why 8/14/2007?

Pre-CPI (& Post PPI) is a good benchmark when the FED is focused on inflation.





#VALUE!

Fed Funds Probability of Tightening or Easing

Sept	450	475	500	525	550
8/31/2007	23.2%	18.9%	39.1%	18.4%	0.5%
9/4/2007	20.8%	30.7%	30.6%	17.6%	0.3%

October	450	475	500	525	550	575
8/31/2007	69.1%	0.0%	11.2%	19.4%	0.0%	0.3%
9/4/2007	72.8%	0.0%	10.1%	16.8%	0.0%	0.3%

December	375	400	425	450	475	500	525	550	575
8/31/2007	19.4%	9.9%	0.0%	20.4%	23.0%	10.3%	14.3%	1.6%	1.1%
9/4/2007	17.7%	12.5%	0.0%	30.3%	11.9%	16.4%	8.7%	1.4%	1.2%

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

Eurodollar COT Data

Current Positions								
Small Spec			Large Spec			Commercials		
Long	Short	Net	Long	Short	Net	Long	Short	Net
1,288,457	1,323,522	(35,065)	1,368,536	442,878	925,658	10,858,709	11,749,303	(890,594)

As of
8/21/2007

Week over Week Change		
Sm Spec	Lg Spec	Commrcl
(9,700)	53,082	(43,383)