The Morning Email: Eurodollars & Fed Funds

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

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	Last	High	Low	Open	Month	Net	Exp Date	Implied			
EDAU07	94.388	94.398	94.380	94.388	SEP	-1.7	9/17/2007	5.613%	Whites	1st Year	
EDAZ07	95.040	95.065	95.035	95.040	DEC	-2.0	12/17/2007	4.960%			
EDAH08	95.445	95.450	95.420	95.430	MAR	0.5	3/17/2008	4.555%			
EDAM08	95.550	95.555	95.525	95.530	JUN	0.5	6/16/2008	4.450%			
EDAU08	95.550	95.560	95.530	95.530	SEP	1.0	9/15/2008	4.450%	Reds	1-2 yrs out	
EDAZ08	95.515	95.525	95.485	95.485	DEC	0.5	12/15/2008	4.485%			
EDAH09	95.450	95.460	95.425	95.430	MAR	1.0	3/16/2009	4.550%			
EDAM09	95.385	95.390	95.360	95.365	JUN	0.0	6/15/2009	4.615%			
EDAU09	95.330	95.335	95.310	95.310	SEP	0.5	9/14/2009	4.670%	Greens	2-3 yrs out	
EDAZ09	95.270	95.275	95.250	95.250	DEC	-0.5	12/14/2009	4.730%			
EDAH10	95.235	95.240	95.220	95.235	MAR	-1.0	3/15/2010	4.765%			
EDAM10	95.185	95.190	95.170	95.190	JUN	-0.5	6/14/2010	4.815%			
EDAU10	95.120	#VALUE!	#VALUE!	#VALUE!	SEP	-0.5	9/13/2010	4.880%	Blues	3-4 yrs out	
EDAZ10	95.055	#VALUE!	#VALUE!	#VALUE!	DEC	-1.0	12/13/2010	4.945%			
EDAH11	95.025	#VALUE!	#VALUE!	#VALUE!	MAR	-0.5	3/14/2011	4.975%			
EDAM11	94.955	#VALUE!	#VALUE!	#VALUE!	JUN	-0.5	6/13/2011	5.045%			
EDAU11	94.925	#VALUE!	#VALUE!	#VALUE!	SEP	1.0	9/19/2011	5.075%	Golds	4-5 yrs out	
EDAZ11	94.865	94.865	94.865	94.865	DEC	1.5	12/19/2011	5.135%			
EDAH12	94.815	#VALUE!	#VALUE!	#VALUE!	MAR	2.5	3/19/2012	5.185%			
EDAM12	94.780	#VALUE!	#VALUE!	#VALUE!	JUN	6.0	6/18/2012	5.220%			
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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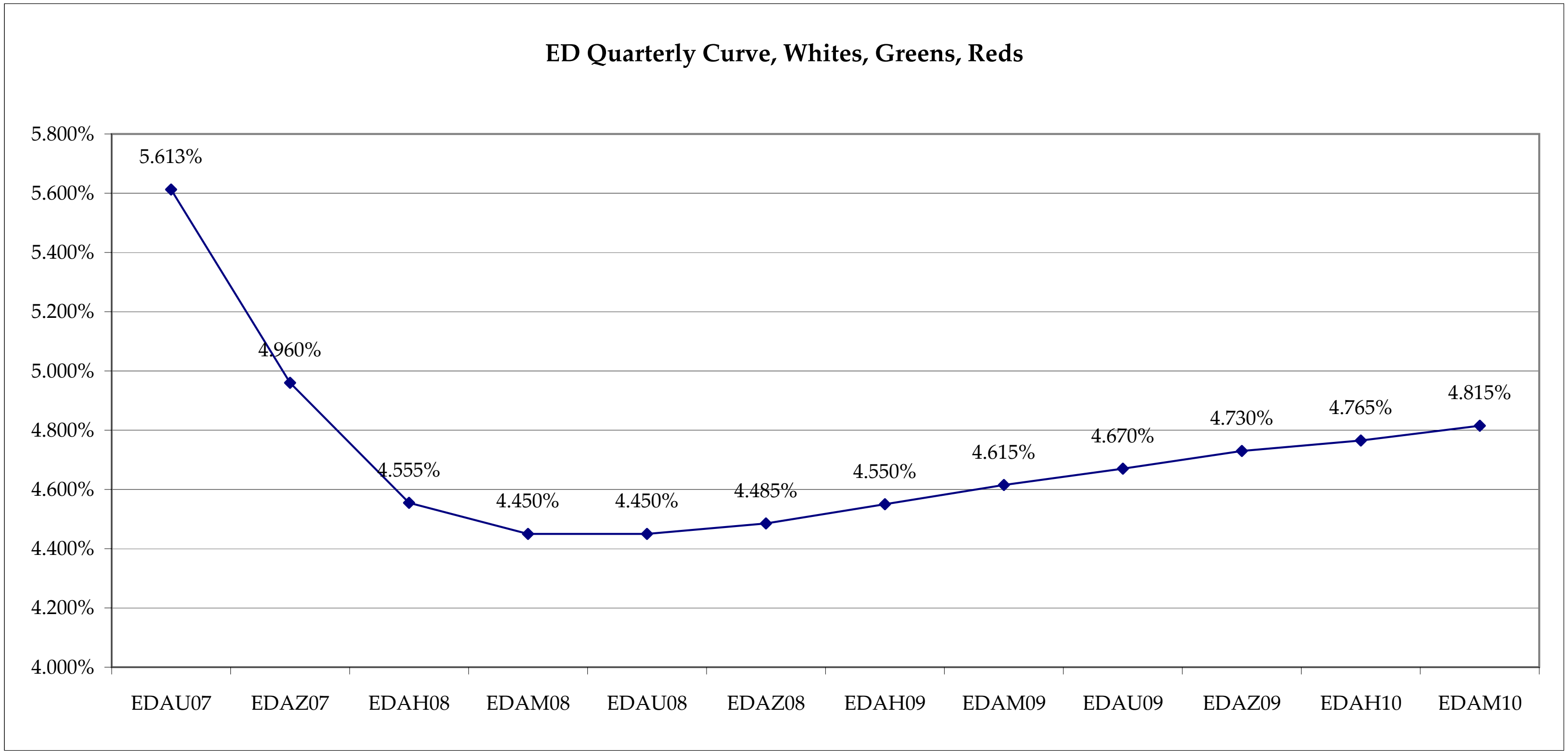
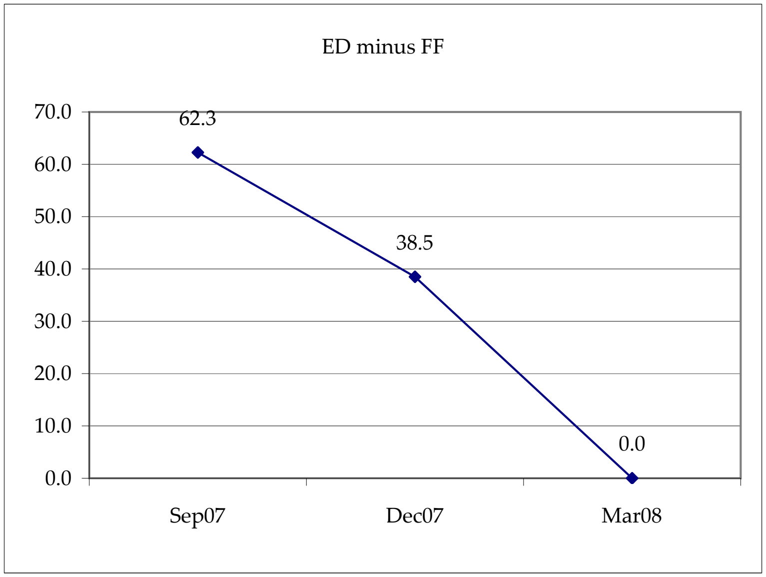

ED Quarterly Curve, Whites, Greens, Reds
5.800%
5.600%
5.400%
5.200%
5.000%
4.800%
4.600%
4.400%
4.200%
4.000%
5.613%
4.960%
4.555%
4.450%
4.450%
4.485%
4.550%
4.615%
4.670%
4.730%
4.765%
4.815%
EDAU07
EDAZ07
EDAH08
EDAM08
EDAU08
EDAZ08
EDAH09
EDAM09
EDAU09
EDAZ09
EDAH10
EDAM10

Fed Fund vs Eurodollars and Treasuries

	Fed Funds (FF)			Eurodollars (ED)	ED - FF
Month	Last	Net	Implied	Implied	bps
Sep-07	95.010	0.000	4.990	5.613	62.3
Oct-07	95.110	0.050	4.890		
Nov-07	95.310	0.050	4.690		
Dec-07	95.425	0.000	4.575	4.960	38.5
Jan-08	95.475	0.000	4.525		
Feb-08	#VALUE!	#VALUE!	#VALUE!		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.555	#VALUE!
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.450	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.450	#VALUE!



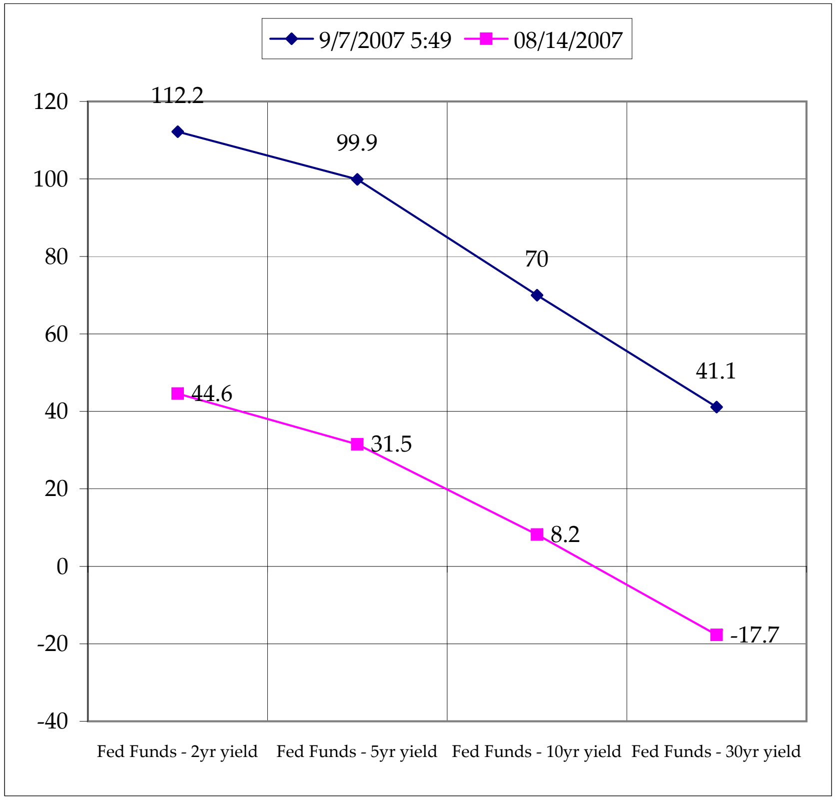
Fed Funds Daily Effective Rate Minus US Treasury Yields

Spread Name	Diff bps	Net Chng	08/14/2007
Fed Funds - 2yr yield	112.2	2.9	44.6
Fed Funds - 5yr yield	99.9	3.4	31.5
Fed Funds - 10yr yield	70	3.3	8.2
Fed Funds - 30yr yield	41.1	3.2	-17.7
GFER	**5.18**	#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
9/4/2007	20.8%	30.7%	30.6%	17.6%	0.3%
9/5/2007	26.1%	32.8%	29.1%	11.0%	1.0%

October	450	475	500	525	550	575
9/4/2007	72.8%	0.0%	10.1%	16.8%	0.0%	0.3%
9/5/2007	79.4%	0.0%	4.3%	15.9%	0.0%	0.3%

December	375	400	425	450	475	500	525	550	575
9/4/2007	17.7%	12.5%	0.0%	30.3%	11.9%	16.4%	8.7%	1.4%	1.2%
9/5/2007	16.5%	15.3%	10.1%	17.7%	11.7%	17.9%	8.8%	0.5%	1.5%

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 8/28/2007

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