

The Morning Email: Eurodollars & Fed Funds

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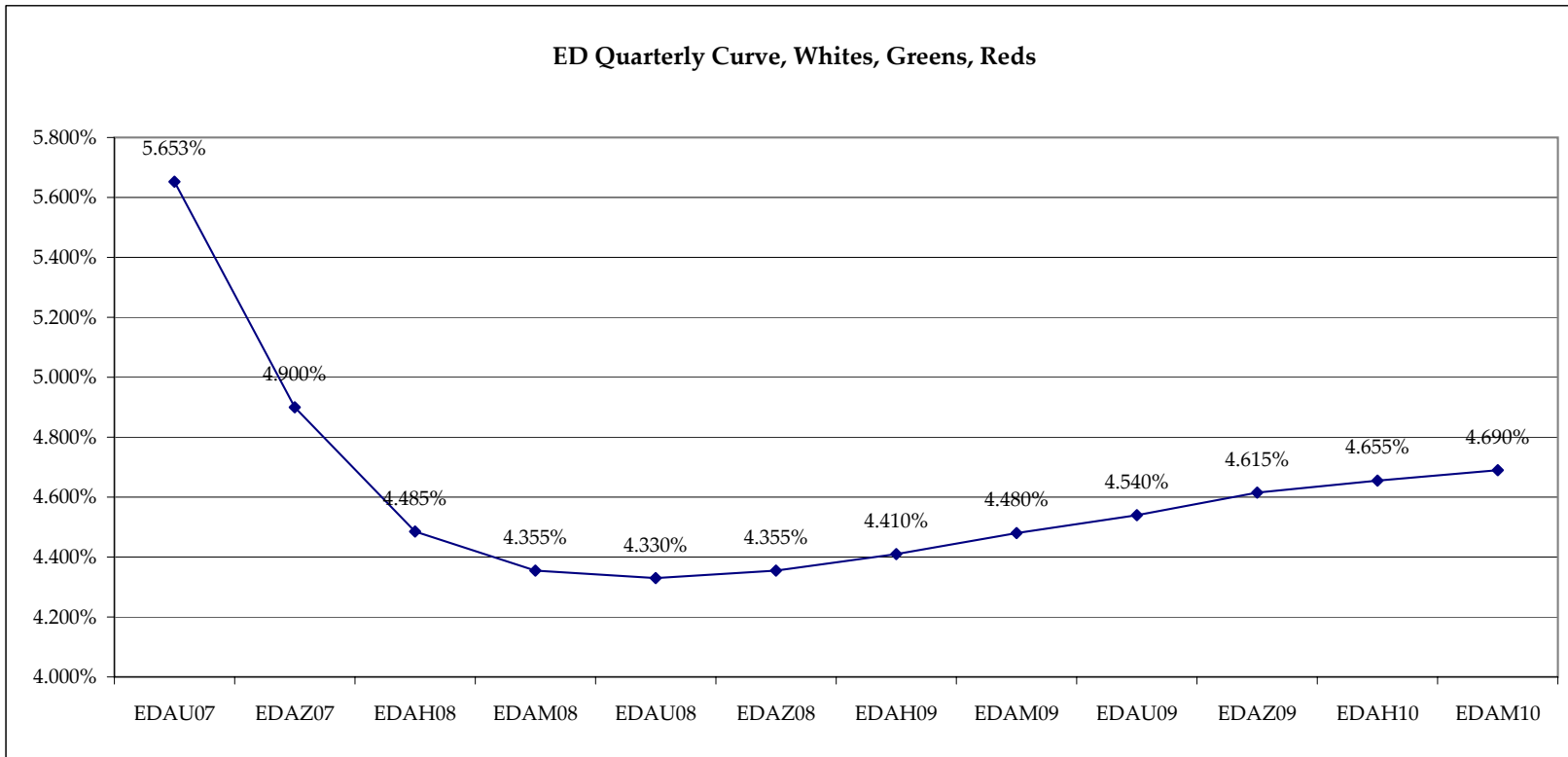
Want something added? Let me know: jgoulding@ghco.com

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	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAU07	94.348	94.363	94.310	94.310	SEP	4.3	9/17/2007	5.653%	Whites	1st Year
EDAZ07	95.100	95.150	95.005	95.025	DEC	7.0	12/17/2007	4.900%		
EDAH08	95.515	95.545	95.475	95.490	MAR	2.5	3/17/2008	4.485%		
EDAM08	95.645	95.695	95.635	95.660	JUN	-1.5	6/16/2008	4.355%		
EDAU08	95.670	95.730	95.660	95.700	SEP	-3.0	9/15/2008	4.330%	Reds	1-2 yrs out
EDAZ08	95.645	95.715	95.635	95.680	DEC	-3.5	12/15/2008	4.355%		
EDAH09	95.590	95.660	95.580	95.625	MAR	-4.0	3/16/2009	4.410%		
EDAM09	95.520	95.590	95.515	95.545	JUN	-3.5	6/15/2009	4.480%		
EDAU09	95.460	95.520	95.450	95.480	SEP	-4.0	9/14/2009	4.540%	Greens	2-3 yrs out
EDAZ09	95.385	95.450	95.385	95.435	DEC	-4.0	12/14/2009	4.615%		
EDAH10	95.345	95.410	95.345	95.370	MAR	-3.5	3/15/2010	4.655%		
EDAM10	95.310	95.350	95.310	95.335	JUN	-2.5	6/14/2010	4.690%		
EDAU10	95.270	#VALUE!	#VALUE!	#VALUE!	SEP	-4.0	9/13/2010	4.730%	Blues	3-4 yrs out
EDAZ10	95.210	#VALUE!	#VALUE!	#VALUE!	DEC	-2.0	12/13/2010	4.790%		
EDAH11	95.160	#VALUE!	#VALUE!	#VALUE!	MAR	0.5	3/14/2011	4.840%		
EDAM11	95.100	#VALUE!	#VALUE!	#VALUE!	JUN	0.5	6/13/2011	4.900%		
EDAU11	95.060	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/19/2011	4.940%	Golds	4-5 yrs out
EDAZ11	94.995	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/19/2011	5.005%		
EDAH12	94.950	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.050%		
EDAM12	94.890	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.110%		
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.

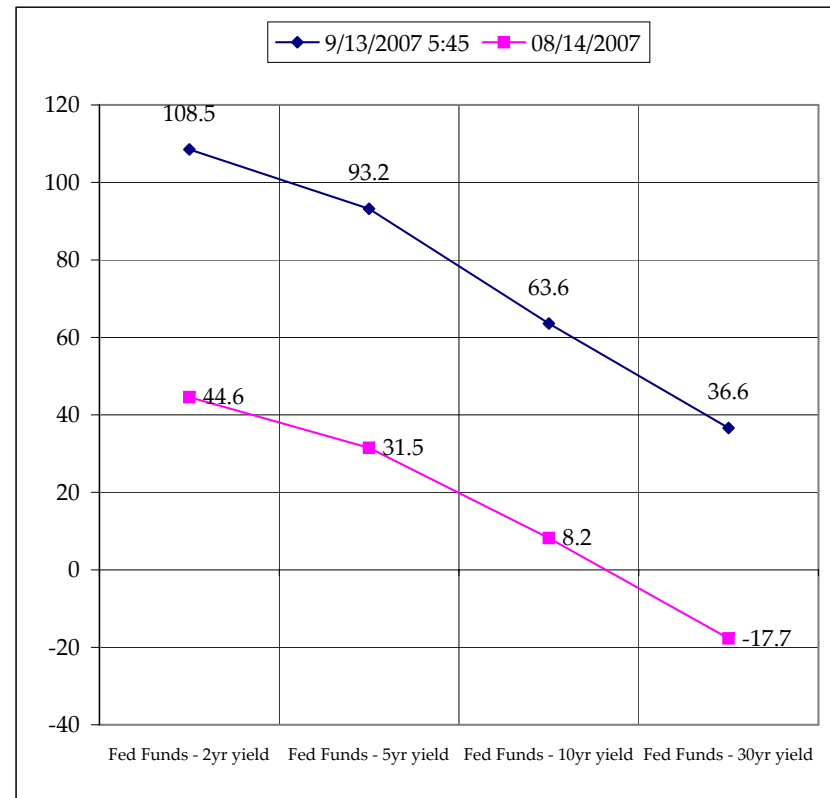
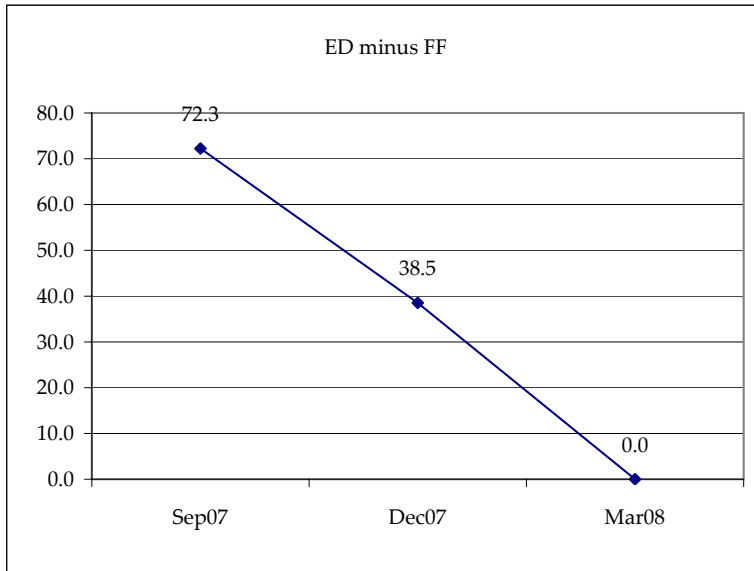


Month	Fed Funds (FF)			Eurodollars (ED)	ED - FF
	Last	Net	Implied	Implied	bps
Sep-07	95.070	-0.100	4.930	5.653	72.3
Oct-07	95.190	0.050	4.810		
Nov-07	95.395	0.100	4.605		
Dec-07	95.485	0.000	4.515	4.900	38.5
Jan-08	95.545	0.150	4.455		
Feb-08	95.670	0.250	4.330		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.485	#VALUE!
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.355	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.330	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	08/14/2007
Fed Funds - 2yr yield	108.5	-2.5	44.6
Fed Funds - 5yr yield	93.2	-2.1	31.5
Fed Funds - 10yr yield	63.6	-1.4	8.2
Fed Funds - 30yr yield	36.6	-0.9	-17.7
GFER	5.19	#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.



Sept	450	475	500	525	550				
9/10/2007	4.810%	15.6%	46.3%	37.2%	0.0%	0.8%			
9/11/2007	4.820%	11.1%	51.6%	36.6%	0.0%	0.8%			
October	avg target	400	425	450	475	500	525		
9/10/2007	4.575%	6.1%	22.2%	33.4%	17.3%	15.9%	5.1%		
9/11/2007	4.610%	3.8%	20.9%	31.3%	20.7%	18.1%	5.2%		
December	avg target	375	400	425	450	475	500	525	
9/10/2007	4.368%	13.8%	19.4%	29.1%	7.8%	9.0%	15.3%	5.7%	
9/11/2007	4.448%	12.7%	14.9%	20.0%	16.9%	9.9%	19.9%	5.7%	

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

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Eurodollar COT Data

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Current Positions								
Small Spec			Large Spec			Commercials		
Long	Short	Net	Long	Short	Net	Long	Short	Net
1,319,942	1,337,749	(17,807)	1,540,155	347,897	1,192,258	10,658,059	11,832,511	(1,174,452)

As of
9/4/2007

Week over Week Change		
Sm Spec	Lg Spec	Commrci
17,258	266,600	(283,858)

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The Morning Email, ED&FF