The Morning Email: Eurodollars & Fed Funds

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

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9/17/2007 5:57 **Eurodollars - Electronic Outright Contracts**

	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAU07	94.395	94.418	94.385	94.408	SEP	-1.0	9/17/2007	5.605%	Whites	1st Year
EDAZ07	95.120	95.150	95.105	95.120	DEC	1.5	12/17/2007	4.880%		
EDAH08	95.475	95.520	95.450	95.485	MAR	-1.0	3/17/2008	4.525%		
EDAM08	95.595	95.635	95.560	95.610	JUN	-1.0	6/16/2008	4.405%		
EDAU08	95.635	95.670	95.590	95.645	SEP	-0.5	9/15/2008	4.365%	Reds	1-2 yrs out
EDAZ08	95.615	95.650	95.575	95.625	DEC	-1.0	12/15/2008	4.385%		
EDAH09	95.560	95.595	95.515	95.570	MAR	-0.5	3/16/2009	4.440%		
EDAM09	95.480	95.515	95.435	95.460	JUN	0.0	6/15/2009	4.520%		
EDAU09	95.415	95.440	95.365	95.365	SEP	-0.5	9/14/2009	4.585%	Greens	2-3 yrs out
EDAZ09	95.335	95.365	95.295	95.320	DEC	0.0	12/14/2009	4.665%		
EDAH10	95.280	95.315	95.250	95.250	MAR	-0.5	3/15/2010	4.720%		
EDAM10	95.230	95.265	95.210	95.210	JUN	0.0	6/14/2010	4.770%		
EDAU10	95.185	95.200	95.185	95.200	SEP	0.0	9/13/2010	4.815%	Blues	3-4 yrs out
EDAZ10	95.105	95.105	95.105	95.105	DEC	0.0	12/13/2010	4.895%		
EDAH11	95.060	95.060	95.060	95.060	MAR	0.0	3/14/2011	4.940%		
EDAM11	95.010	95.015	95.010	95.015	JUN	1.0	6/13/2011	4.990%		
EDAU11	94.960	94.960	94.960	94.960	SEP	0.0	9/19/2011	5.040%	Golds	4-5 yrs out
EDAZ11	94.860	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/19/2011	5.140%		
EDAH12	94.810	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.190%		
EDAM12	#VALUE!	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	#VALUE!		
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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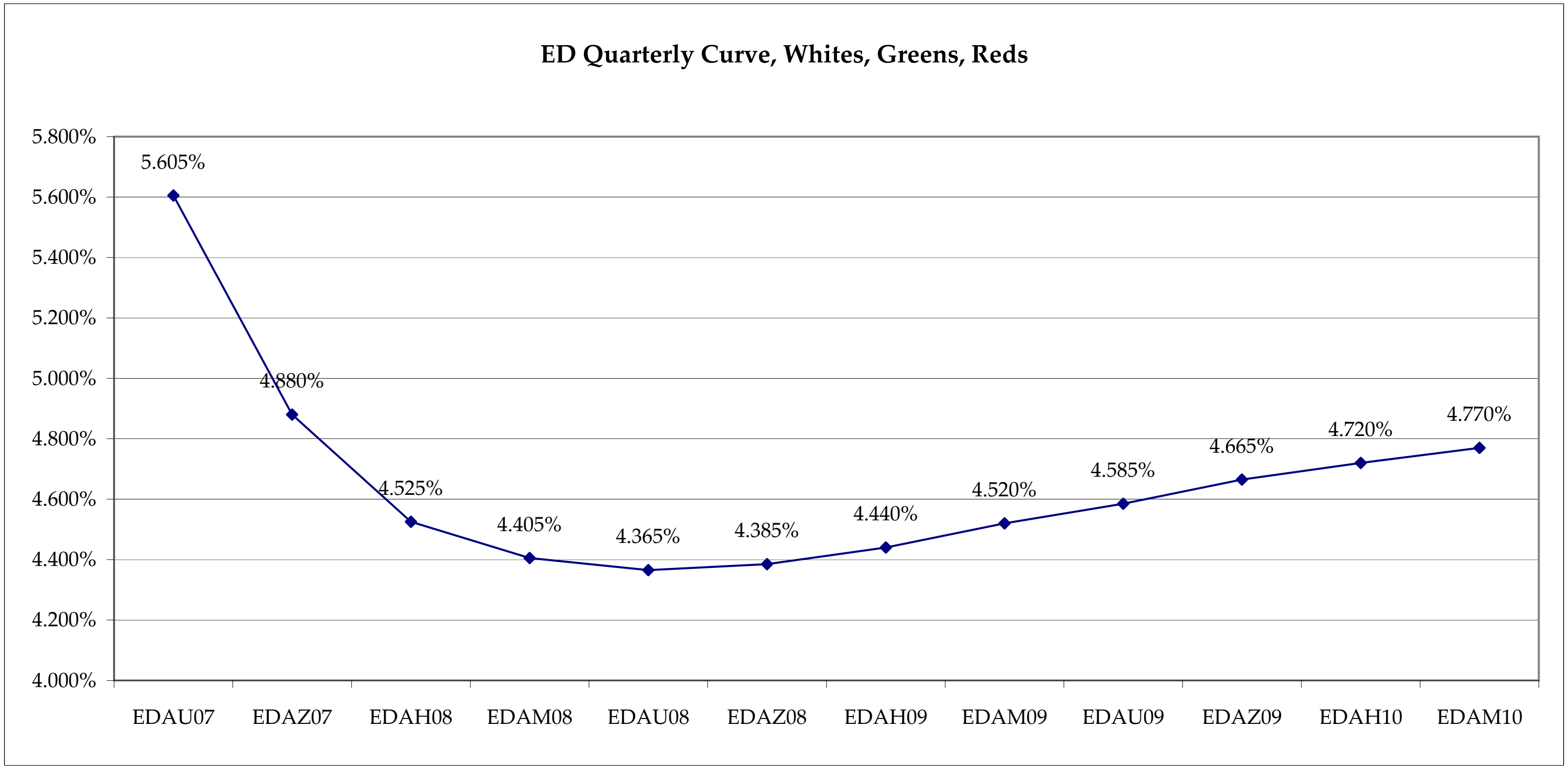

ED Quarterly Curve, Whites, Greens, Reds
5.800%
5.600%
5.400%
5.200%
5.000%
4.800%
4.600%
4.400%
4.200%
4.000%
5.605%
4.880%
4.525%
4.405%
4.365%
4.385%
4.440%
4.520%
4.585%
4.665%
4.720%
4.770%
EDAU07
EDAZ07
EDAH08
EDAM08
EDAU08
EDAZ08
EDAH09
EDAM09
EDAU09
EDAZ09
EDAH10
EDAM10

Fed Fund vs Eurodollars and Treasuries

Month	Fed Funds (FF) Last	Fed Funds (FF) Net	Fed Funds (FF) Implied	ED Implied	ED - FF bps
Sep-07	95.015	-0.150	4.985	5.605	62.0
Oct-07	95.145	0.000	4.855		
Nov-07	95.320	0.050	4.680		
Dec-07	95.405	0.000	4.595	4.880	28.5
Jan-08	95.490	0.350	4.510		
Feb-08	#VALUE!	#VALUE!	#VALUE!		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.525	#VALUE!
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.405	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.365	#VALUE!

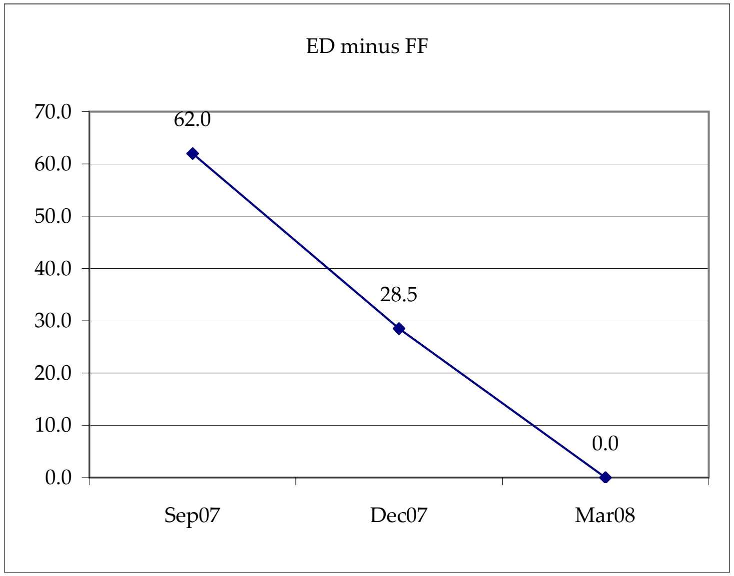
Fed Funds Daily Effective Rate
Minus US Treasury Yields

Spread Name	Diff bps	Net Chng	08/14/2007
Fed Funds - 2yr yield	104	-1.7	44.6
Fed Funds - 5yr yield	91.6	-0.3	31.5
Fed Funds - 10yr yield	64	0.1	8.2
Fed Funds - 30yr yield	37.8	0.6	-17.7
GFER	**5.09**	#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	avg target	450	475	500	525	550
9/13/2007	4.855%	6.2%	48.1%	44.5%	0.0%	1.2%
9/14/2007	4.855%	5.0%	50.5%	43.3%	0.0%	1.2%

October	avg target	400	425	450	475	500	525
9/13/2007	4.670%	3.7%	17.1%	27.2%	15.8%	31.8%	4.4%
9/14/2007	4.685%	4.3%	11.3%	30.3%	19.8%	28.7%	5.5%

December	avg target	375	400	425	450	475	500	525
9/13/2007	4.530%	12.0%	13.3%	4.8%	16.0%	34.5%	13.7%	5.8%
9/14/2007	4.552%	11.7%	8.7%	7.9%	16.7%	34.5%	14.7%	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

Eurodollar COT Data

Current Positions								
Small Spec			Large Spec			Commercials		
Long	Short	Net	Long	Short	Net	Long	Short	Net
1,328,048	1,337,749	(17,807)	1,540,155	347,897	1,192,258	10,658,059	11,832,511	(1,174,452)

As of 9/11/2007

Week over Week Change		
Sm Spec	Lg Spec	Commrcl
51,079	266,600	(283,858)