

The Morning Email: Eurodollars & Fed Funds

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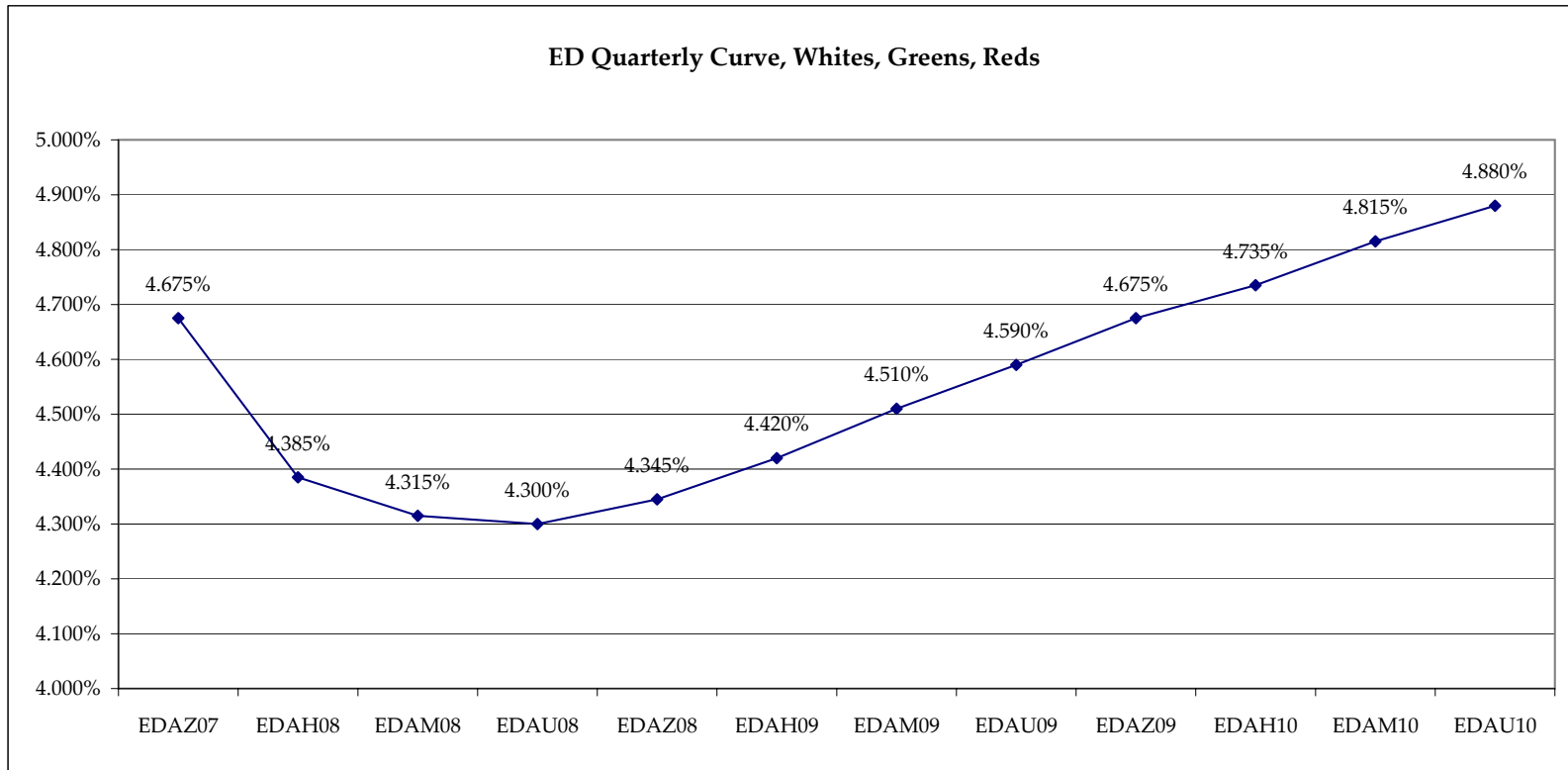
Want something added? Let me know: jgoulding@ghco.com

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	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAZ07	95.325	95.345	95.315	95.335	DEC	-2.5	12/17/2007	4.675%	Whites	1st Year
EDAH08	95.615	95.630	95.580	95.605	MAR	-2.0	3/17/2008	4.385%		
EDAM08	95.685	95.695	95.650	95.670	JUN	-2.0	6/16/2008	4.315%		
EDAU08	95.700	95.710	95.660	95.695	SEP	-2.0	9/15/2008	4.300%		
EDAZ08	95.655	95.675	95.620	95.670	DEC	-3.0	12/15/2008	4.345%	Reds	1-2 yrs out
EDAH09	95.580	95.605	95.545	95.590	MAR	-2.5	3/16/2009	4.420%		
EDAM09	95.490	95.520	95.460	95.505	JUN	-2.5	6/15/2009	4.510%		
EDAU09	95.410	95.435	95.380	95.425	SEP	-3.0	9/14/2009	4.590%		
EDAZ09	95.325	95.350	95.300	95.340	DEC	-3.0	12/14/2009	4.675%	Greens	2-3 yrs out
EDAH10	95.265	95.275	95.230	95.275	MAR	-2.0	3/15/2010	4.735%		
EDAM10	95.185	95.205	95.180	95.205	JUN	-2.0	6/14/2010	4.815%		
EDAU10	95.120	95.140	95.110	95.140	SEP	-3.0	9/13/2010	4.880%		
EDAZ10	95.070	95.070	95.070	95.070	DEC	-5.0	12/13/2010	4.930%	Blues	3-4 yrs out
EDAH11	95.020	95.020	95.020	95.020	MAR	5.0	3/14/2011	4.980%		
EDAM11	94.960	94.960	94.960	94.960	JUN	-7.0	6/13/2011	5.040%		
EDAU11	94.900	94.900	94.900	94.900	SEP	-1.0	9/19/2011	5.100%		
EDAZ11	94.870	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/19/2011	5.130%	Golds	4-5 yrs out
EDAH12	94.800	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.200%		
EDAM12	94.740	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.260%		
EDAU12	94.685	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/17/2012	5.315%		
EDAZ12									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										

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.

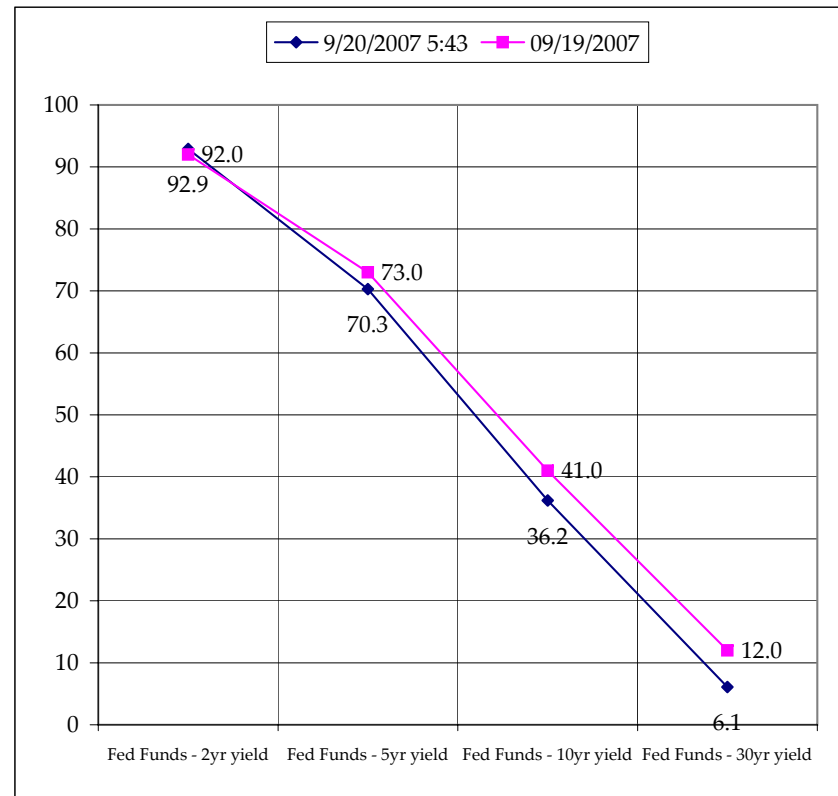
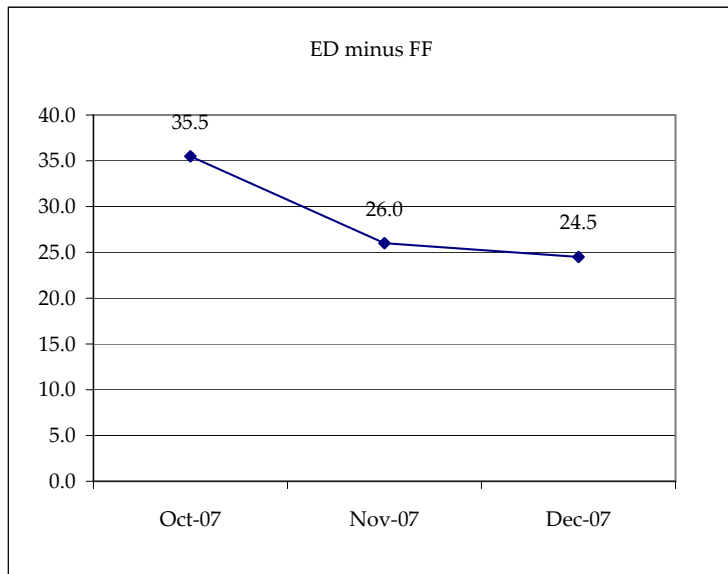


Month	Fed Funds (FF)			ED	ED - FF
	Last	Net	Implied	Implied	bps
Oct-07	95.280	-0.050	4.720	5.075	35.5
Nov-07	95.430	-0.200	4.570	4.830	26.0
Dec-07	95.570	-0.200	4.430	4.675	24.5
Jan-08	95.650	-0.150	4.350		
Feb-08	95.760	-0.250	4.240		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.385	#VALUE!
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.315	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.300	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	09/19/2007
Fed Funds - 2yr yield	92.9	0.9	92.0
Fed Funds - 5yr yield	70.3	-0.9	73.0
Fed Funds - 10yr yield	36.2	-2.2	41.0
Fed Funds - 30yr yield	6.1	-2.3	12.0
GFER	4.92	#VALUE!	

GFER = Fed Funds Daily Effective Rate

Why 9/19/2007?
 The morning after the last FOMC meeting is a good benchmark. I marked at 7:00am CT (Before CPI release).



October		avg target	400	425	450	475	500	525	
9/17/2007	4.685%	4.3%	11.3%	30.4%	19.6%	29.1%	5.3%		
9/18/2007	4.525%	0.0%	16.2%	60.6%	21.7%	0.0%	1.5%		
December		avg target	375	400	425	450	475	500	525
9/18/2007	4.363%	18.3%	0.0%	21.1%	44.5%	13.7%	0.0%	2.4%	

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
1,328,048	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	Commrci
51,079	266,600	(283,858)

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The Morning Email, ED&FF