

The Morning Email: Eurodollars & Fed Funds

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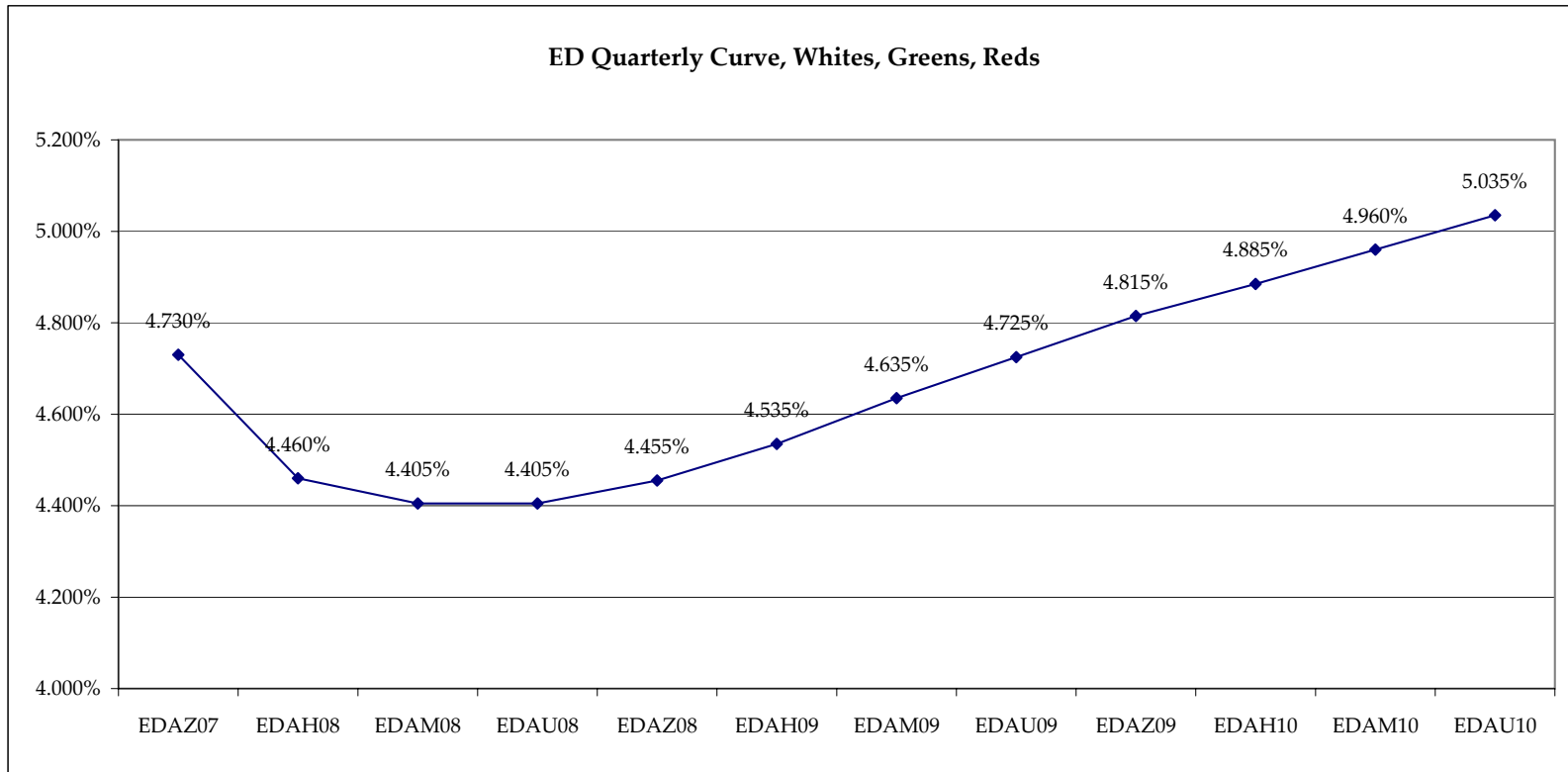
Want something added? Let me know: jgoulding@ghco.com

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	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAZ07	95.270	95.285	95.250	95.255	DEC	0.0	12/17/2007	4.730%	Whites	1st Year
EDAH08	95.540	95.555	95.495	95.505	MAR	2.0	3/17/2008	4.460%		
EDAM08	95.595	95.615	95.535	95.545	JUN	2.5	6/16/2008	4.405%		
EDAU08	95.595	95.620	95.535	95.545	SEP	2.0	9/15/2008	4.405%		
EDAZ08	95.545	95.575	95.485	95.495	DEC	2.5	12/15/2008	4.455%	Reds	1-2 yrs out
EDAH09	95.465	95.490	95.395	95.410	MAR	2.0	3/16/2009	4.535%		
EDAM09	95.365	95.385	95.295	95.300	JUN	1.5	6/15/2009	4.635%		
EDAU09	95.275	95.295	95.200	95.205	SEP	1.5	9/14/2009	4.725%		
EDAZ09	95.185	95.200	95.125	95.125	DEC	2.5	12/14/2009	4.815%	Greens	2-3 yrs out
EDAH10	95.115	95.125	95.070	95.070	MAR	2.0	3/15/2010	4.885%		
EDAM10	95.040	95.055	95.000	95.000	JUN	2.0	6/14/2010	4.960%		
EDAU10	94.965	94.990	94.940	94.940	SEP	1.5	9/13/2010	5.035%		
EDAZ10	94.880	94.880	94.880	94.880	DEC	3.5	12/13/2010	5.120%	Blues	3-4 yrs out
EDAH11	94.765	#VALUE!	#VALUE!	#VALUE!	MAR	2.5	3/14/2011	5.235%		
EDAM11	94.700	#VALUE!	#VALUE!	#VALUE!	JUN	3.0	6/13/2011	5.300%		
EDAU11	94.640	#VALUE!	#VALUE!	#VALUE!	SEP	3.0	9/19/2011	5.360%		
EDAZ11	94.580	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/19/2011	5.420%	Golds	4-5 yrs out
EDAH12	94.575	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.425%		
EDAM12	94.665	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.335%		
EDAU12	94.465	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/17/2012	5.535%		
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.

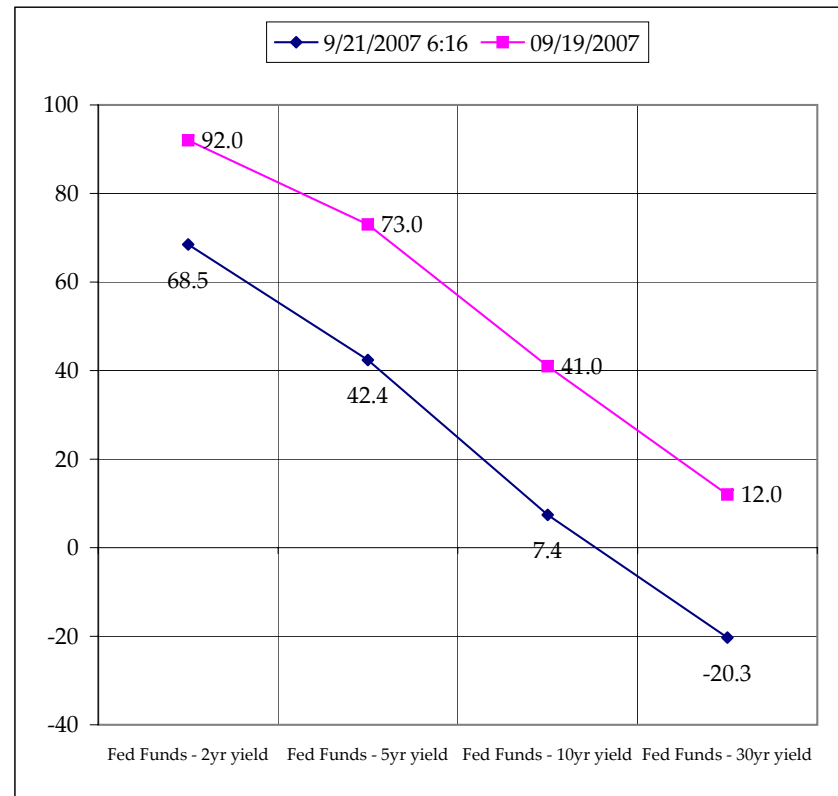
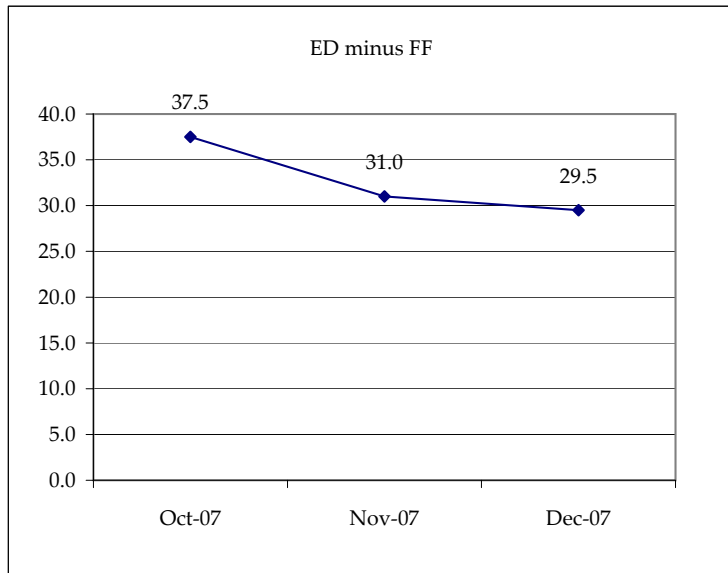


Month	Fed Funds (FF)			ED	ED - FF
	Last	Net	Implied	Implied	bps
Oct-07	95.280	0.000	4.720	5.095	37.5
Nov-07	95.430	0.000	4.570	4.880	31.0
Dec-07	95.565	0.050	4.435	4.730	29.5
Jan-08	95.630	0.100	4.370		
Feb-08	95.725	0.000	4.275		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.460	#VALUE!
Apr-08	#VALUE!	#VALUE!	#VALUE!		
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!	4.405	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	09/19/2007
Fed Funds - 2yr yield	68.5	5.0	92.0
Fed Funds - 5yr yield	42.4	3.8	73.0
Fed Funds - 10yr yield	7.4	3.2	41.0
Fed Funds - 30yr yield	-20.3	2.2	12.0
GFER	4.74	#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
9/19/2007	4.546%	6.5%	8.7%	47.9%	34.5%	1.6%	0.8%	
9/20/2007	4.566%	3.0%	11.1%	45.6%	38.3%	1.0%	1.0%	

December		avg target	375	400	425	450	475	500	525
9/19/2007	4.334%	20.0%	1.8%	38.5%	5.8%	31.9%	1.9%	0.0%	
9/20/2007	4.369%	17.4%	0.0%	38.1%	9.5%	32.4%	2.7%	0.0%	

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