The Morning Email: Eurodollars & Fed Funds

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

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9/24/2007 5:50

Eurodollars - Electronic Outright Contracts

	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAZ07	95.225	95.255	95.220	95.245	DEC	-3.0	12/17/2007	4.775%	Whites	1st Year
EDAH08	95.515	95.540	95.505	95.530	MAR	-1.0	3/17/2008	4.485%		
EDAM08	95.585	95.625	95.580	95.620	JUN	-2.5	6/16/2008	4.415%		
EDAU08	95.605	95.645	95.600	95.645	SEP	-2.0	9/15/2008	4.395%		
EDAZ08	95.565	95.600	95.555	95.600	DEC	-2.5	12/15/2008	4.435%	Reds	1-2 yrs out
EDAH09	95.470	95.505	95.460	95.495	MAR	-2.5	3/16/2009	4.530%		
EDAM09	95.360	95.400	95.350	95.375	JUN	-1.5	6/15/2009	4.640%		
EDAU09	95.265	95.295	95.255	95.275	SEP	-1.5	9/14/2009	4.735%		
EDAZ09	95.165	95.200	95.165	95.200	DEC	-2.0	12/14/2009	4.835%	Greens	2-3 yrs out
EDAH10	95.105	95.125	95.100	95.125	MAR	-2.0	3/15/2010	4.895%		
EDAM10	95.025	95.045	95.025	95.045	JUN	-2.0	6/14/2010	4.975%		
EDAU10	94.940	94.970	94.940	94.970	SEP	-4.0	9/13/2010	5.060%		
EDAZ10	#VALUE!	#VALUE!	#VALUE!	#VALUE!	DEC	-5.0	12/13/2010	#VALUE!	Blues	3-4 yrs out
EDAH11	#VALUE!	#VALUE!	#VALUE!	#VALUE!	MAR	-4.5	3/14/2011	#VALUE!		
EDAM11	94.810	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/13/2011	5.190%		
EDAU11	94.745	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/19/2011	5.255%		
EDAZ11	94.665	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/19/2011	5.335%	Golds	4-5 yrs out
EDAH12	94.610	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.390%		
EDAM12	94.550	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.450%		
EDAU12	94.520	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/17/2012	5.480%		
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.

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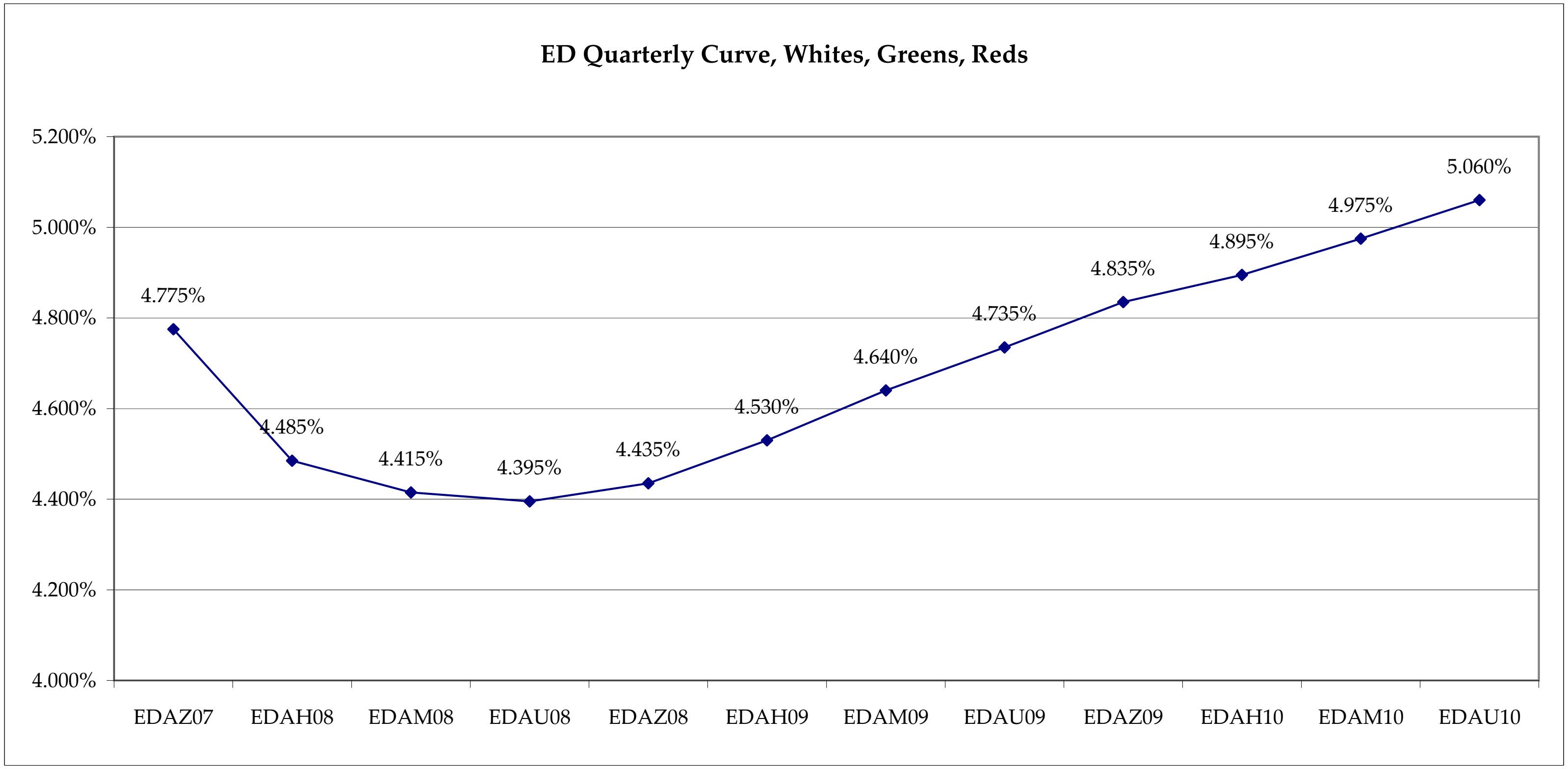
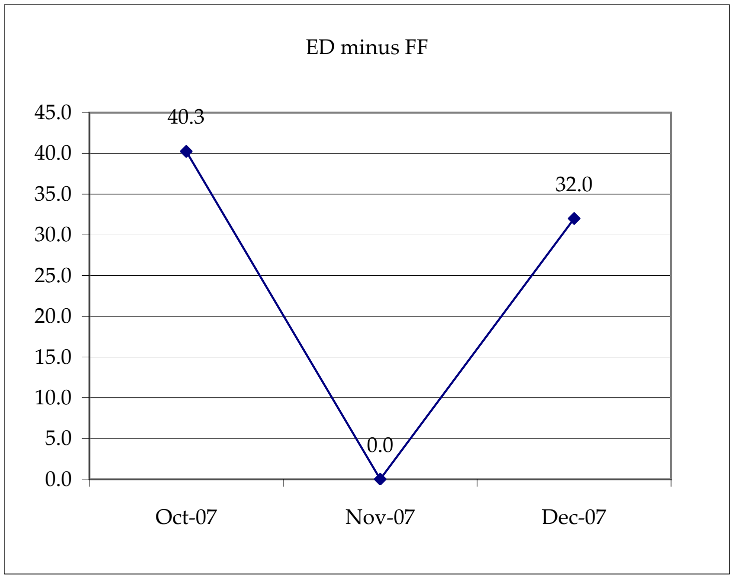

ED Quarterly Curve, Whites, Greens, Reds
5.200%
5.000%
4.800%
4.600%
4.400%
4.200%
4.000%
4.775%
4.485%
4.415%
4.395%
4.435%
4.530%
4.640%
4.735%
4.835%
4.895%
4.975%
5.060%
EDAZ07
EDAH08
EDAM08
EDAU08
EDAZ08
EDAH09
EDAM09
EDAU09
EDAZ09
EDAH10
EDAM10
EDAU10

Fed Fund vs Eurodollars and Treasuries

Month	Fed Funds (FF) Last	Net	Implied	ED Implied	ED - FF bps
Oct-07	95.280	0.000	4.720	5.123	40.3
Nov-07	95.415	-0.150	4.585	#VALUE!	#VALUE!
Dec-07	95.545	-0.150	4.455	4.775	32.0
Jan-08	#VALUE!	#VALUE!	#VALUE!		
Feb-08	#VALUE!	#VALUE!	#VALUE!		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.485	#VALUE!
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.415	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.395	#VALUE!

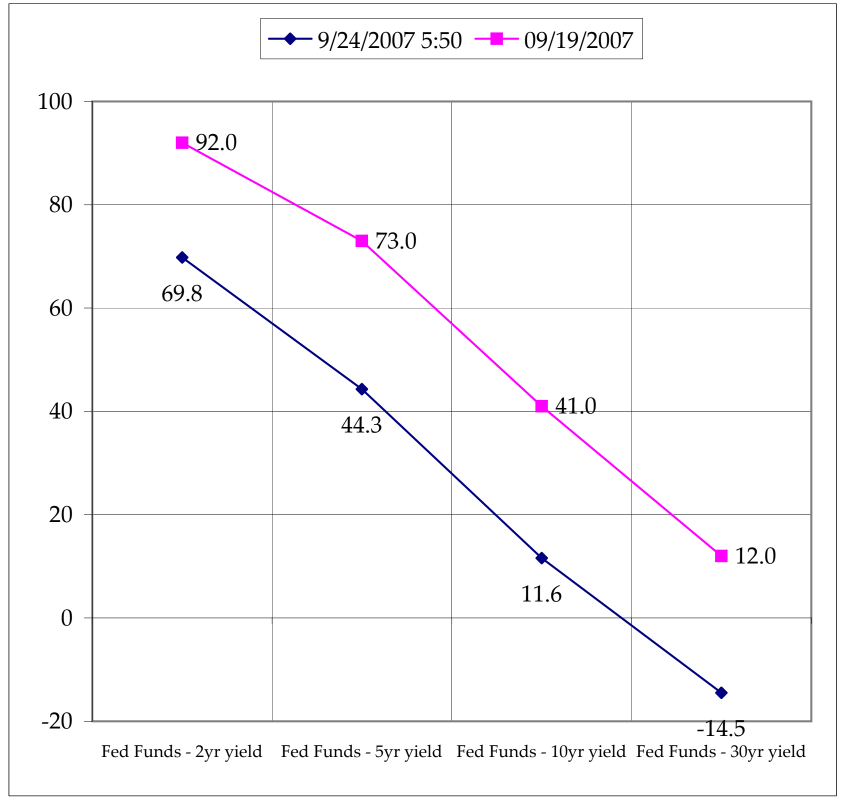


Fed Funds Daily Effective Rate
Minus US Treasury Yields

Spread Name	Diff bps	Net Chng	09/19/2007
Fed Funds - 2yr yield	69.8	-2.6	92.0
Fed Funds - 5yr yield	44.3	-3.2	73.0
Fed Funds - 10yr yield	11.6	-3.0	41.0
Fed Funds - 30yr yield	-14.5	-3.1	12.0
GFER	**4.77**	#VALUE!	

GFER = Fed Funds Daily Effective Rate

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



#VALUE!

Fed Funds Probability of Tightening or Easing

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

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)