

The Morning Email: Eurodollars & Fed Funds

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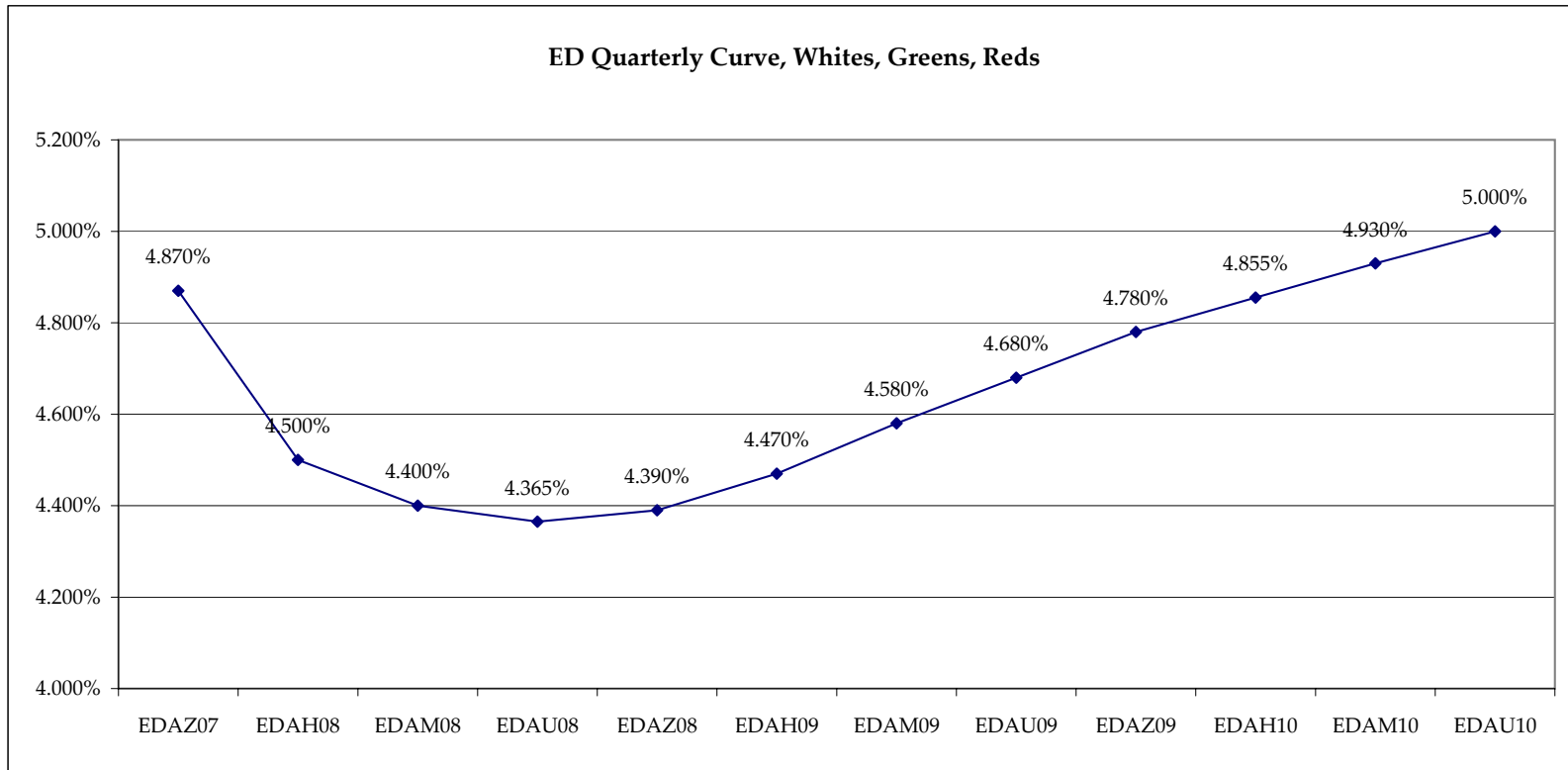
Want something added? Let me know: jgoulding@ghco.com

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	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAZ07	95.130	95.140	95.105	95.120	DEC	0.0	12/17/2007	4.870%	Whites	1st Year
EDAH08	95.500	95.515	95.470	95.480	MAR	0.0	3/17/2008	4.500%		
EDAM08	95.600	95.630	95.590	95.595	JUN	-1.0	6/16/2008	4.400%		
EDAU08	95.635	95.670	95.630	95.635	SEP	-2.0	9/15/2008	4.365%		
EDAZ08	95.610	95.645	95.605	95.615	DEC	-1.5	12/15/2008	4.390%	Reds	1-2 yrs out
EDAH09	95.530	95.565	95.520	95.530	MAR	-1.5	3/16/2009	4.470%		
EDAM09	95.420	95.445	95.405	95.410	JUN	-1.5	6/15/2009	4.580%		
EDAU09	95.320	95.340	95.305	95.310	SEP	-1.5	9/14/2009	4.680%		
EDAZ09	95.220	95.235	95.215	95.225	DEC	-0.5	12/14/2009	4.780%	Greens	2-3 yrs out
EDAH10	95.145	95.165	95.140	95.165	MAR	-0.5	3/15/2010	4.855%		
EDAM10	95.070	95.090	95.065	95.090	JUN	-1.5	6/14/2010	4.930%		
EDAU10	95.000	95.000	94.985	94.985	SEP	-2.5	9/13/2010	5.000%		
EDAZ10	94.925	#VALUE!	#VALUE!	#VALUE!	DEC	-0.5	12/13/2010	5.075%	Blues	3-4 yrs out
EDAH11	94.875	#VALUE!	#VALUE!	#VALUE!	MAR	-3.0	3/14/2011	5.125%		
EDAM11	94.810	#VALUE!	#VALUE!	#VALUE!	JUN	0.0	6/13/2011	5.190%		
EDAU11	94.730	#VALUE!	#VALUE!	#VALUE!	SEP	8.5	9/19/2011	5.270%		
EDAZ11	94.670	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/19/2011	5.330%	Golds	4-5 yrs out
EDAH12	94.655	#VALUE!	#VALUE!	#VALUE!	MAR	1.0	3/19/2012	5.345%		
EDAM12	94.625	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.375%		
EDAU12	94.570	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/17/2012	5.430%		
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.

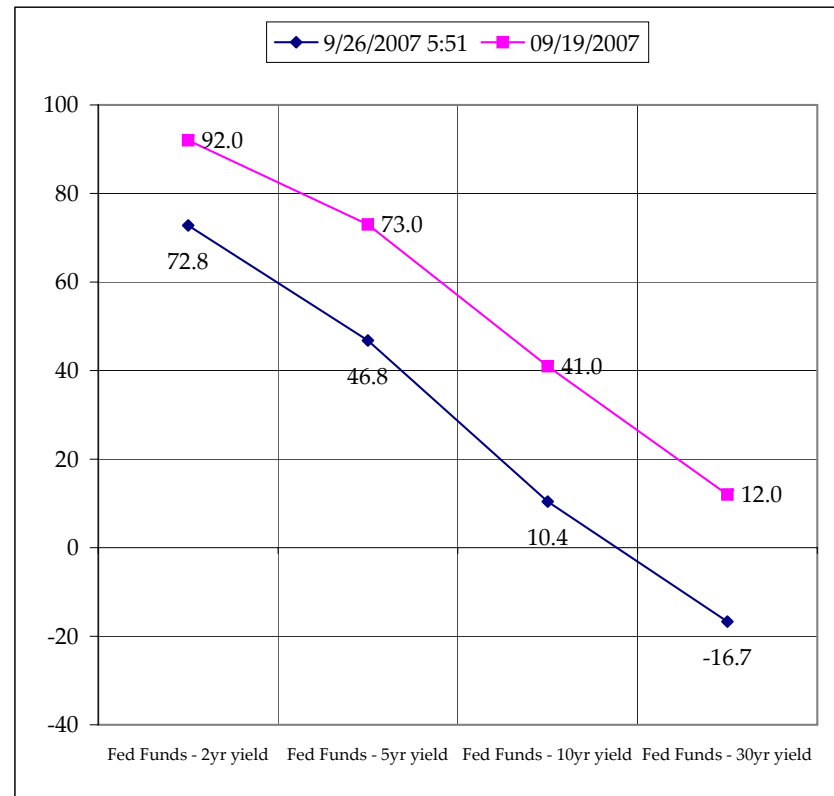
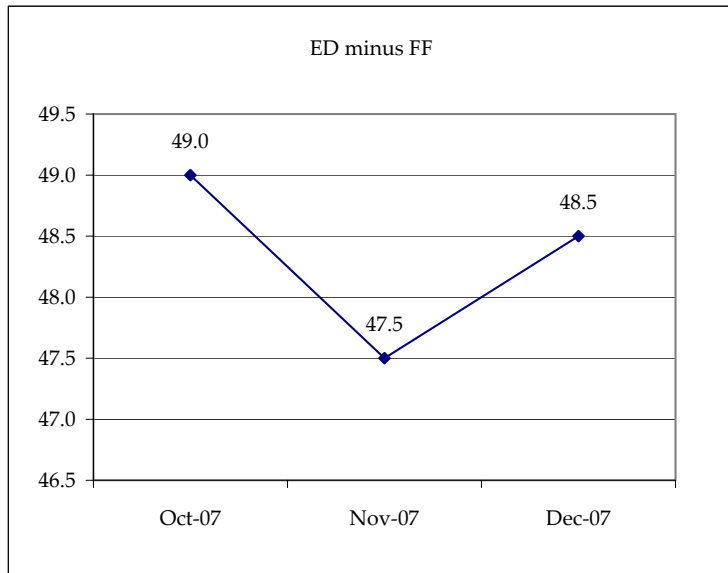


Month	Fed Funds (FF)			ED	ED - FF
	Last	Net	Implied	Implied	bps
Oct-07	95.280	0.000	4.720	5.210	49.0
Nov-07	95.465	-0.050	4.535	5.010	47.5
Dec-07	95.615	0.000	4.385	4.870	48.5
Jan-08	95.685	0.050	4.315		
Feb-08	95.765	-0.100	4.235		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.500	#VALUE!
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.400	#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	09/19/2007
Fed Funds - 2yr yield	72.8	-2.1	92.0
Fed Funds - 5yr yield	46.8	-1.1	73.0
Fed Funds - 10yr yield	10.4	-1.4	41.0
Fed Funds - 30yr yield	-16.7	-0.7	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	
9/20/2007	4.566%	3.0%	11.1%	45.6%	38.3%	1.0%	1.0%		
9/21/2007	4.567%	0.0%	19.3%	37.2%	42.0%	0.4%	1.0%		
December		avg target	375	400	425	450	475	500	525
9/20/2007	4.369%	17.4%	0.0%	38.1%	9.5%	32.4%	2.7%	0.0%	
9/21/2007	4.369%	16.5%	2.6%	34.7%	13.9%	28.1%	4.3%	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

Current Positions								
Small Spec			Large Spec			Commercials		
Long	Short	Net	Long	Short	Net	Long	Short	Net
1,227,978	1,239,741	(11,763)	1,311,068	440,862	870,206	9,255,681	10,114,124	(858,443)

As of
9/11/2007

Week over Week Change		
Sm Spec	Lg Spec	Commrci
(45,035)	(280,950)	325,985

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The Morning Email, ED&FF