

## The Morning Email: Eurodollars & Fed Funds

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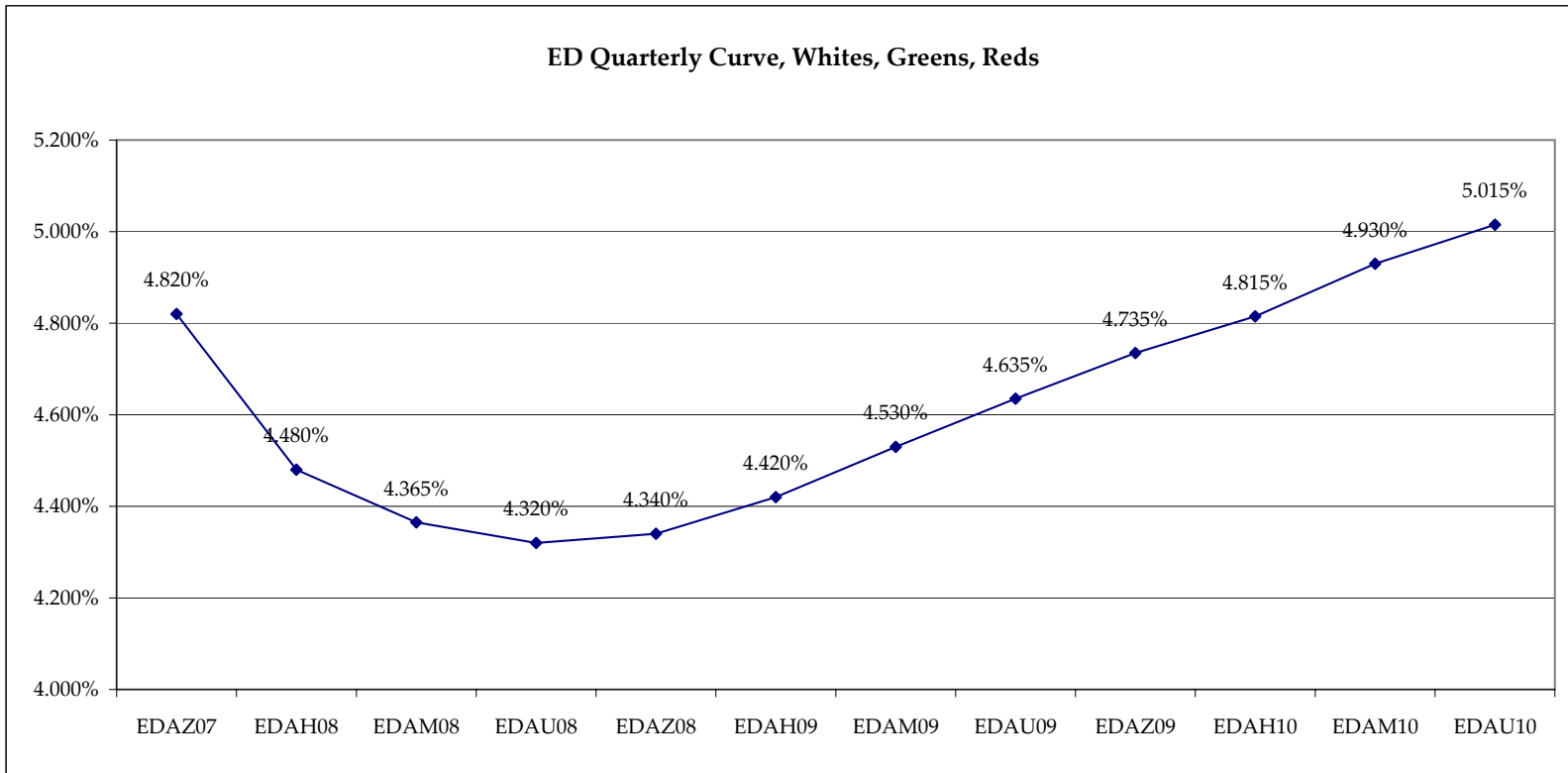
Want something added? Let me know: [jgoulding@ghco.com](mailto:jgoulding@ghco.com)

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	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAZ07	95.180	95.195	95.140	95.180	DEC	1.0	12/17/2007	4.820%	Whites	1st Year
EDAH08	95.520	95.525	95.480	95.525	MAR	0.5	3/17/2008	4.480%		
EDAM08	95.635	95.645	95.590	95.645	JUN	0.0	6/16/2008	4.365%		
EDAU08	95.680	95.705	95.635	95.685	SEP	0.0	9/15/2008	4.320%		
EDAZ08	95.660	95.670	95.610	95.670	DEC	0.0	12/15/2008	4.340%	Reds	1-2 yrs out
EDAH09	95.580	95.585	95.535	95.580	MAR	0.5	3/16/2009	4.420%		
EDAM09	95.470	95.470	95.420	95.465	JUN	1.0	6/15/2009	4.530%		
EDAU09	95.365	95.380	95.315	95.380	SEP	1.0	9/14/2009	4.635%		
EDAZ09	95.265	95.265	95.215	95.245	DEC	0.5	12/14/2009	4.735%	Greens	2-3 yrs out
EDAH10	95.185	95.185	95.135	95.160	MAR	0.5	3/15/2010	4.815%		
EDAM10	95.070	95.085	95.045	95.085	JUN	0.0	6/14/2010	4.930%		
EDAU10	94.985	94.985	94.975	94.985	SEP	0.0	9/13/2010	5.015%		
EDAZ10	94.890	94.895	94.890	94.895	DEC	1.0	12/13/2010	5.110%	Blues	3-4 yrs out
EDAH11	94.875	#VALUE!	#VALUE!	#VALUE!	MAR	1.5	3/14/2011	5.125%		
EDAM11	94.750	94.755	94.750	94.755	JUN	-2.5	6/13/2011	5.250%		
EDAU11	94.700	94.700	94.700	94.700	SEP	-2.0	9/19/2011	5.300%		
EDAZ11	94.665	#VALUE!	#VALUE!	#VALUE!	DEC	-2.5	12/19/2011	5.335%	Golds	4-5 yrs out
EDAH12	94.615	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.385%		
EDAM12	94.550	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.450%		
EDAU12	94.505	#VALUE!	#VALUE!	#VALUE!	SEP	-2.5	9/17/2012	5.495%		
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.

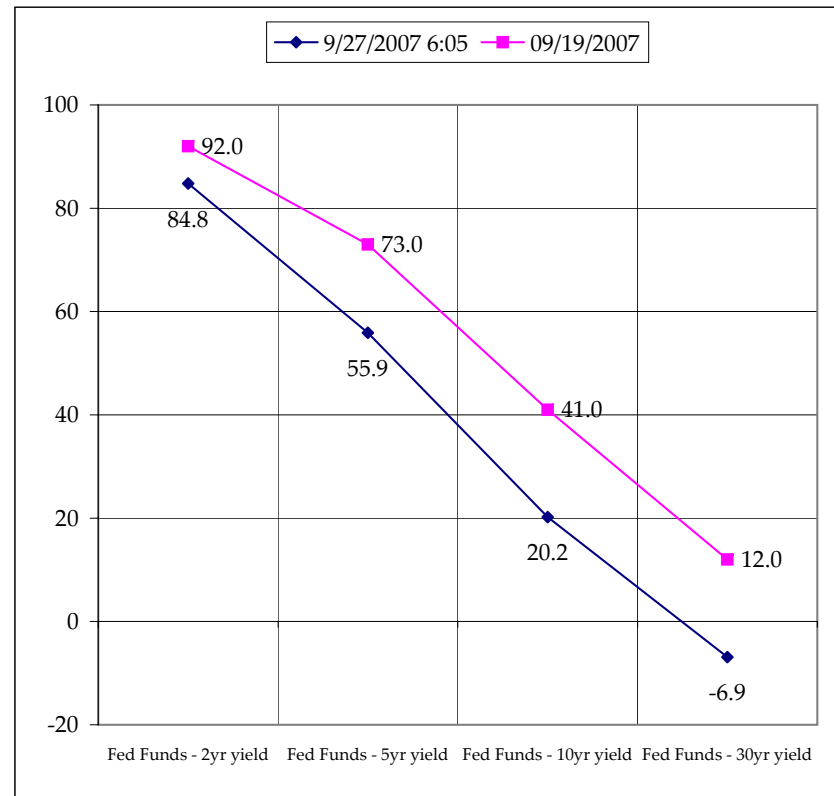
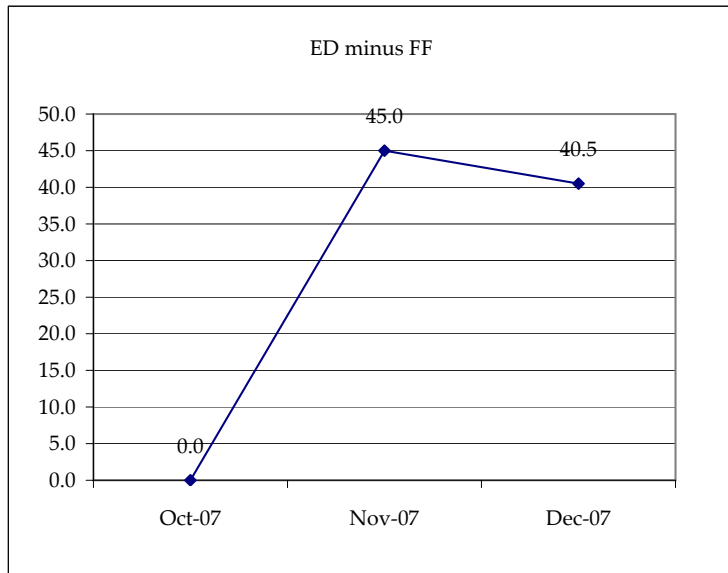


Month	Fed Funds (FF)			ED	ED - FF
	Last	Net	Implied	Implied	bps
Oct-07	#VALUE!	#VALUE!	#VALUE!	5.190	#VALUE!
Nov-07	95.455	-0.100	4.545	4.995	45.0
Dec-07	95.585	-0.100	4.415	4.820	40.5
Jan-08	95.650	-0.050	4.350		
Feb-08	95.740	-0.100	4.260		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.480	#VALUE!
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.365	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.320	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	09/19/2007
Fed Funds - 2yr yield	84.8	0.6	92.0
Fed Funds - 5yr yield	55.9	-0.1	73.0
Fed Funds - 10yr yield	20.2	0.2	41.0
Fed Funds - 30yr yield	-6.9	0.1	12.0
GFER	4.82	#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).



<b>October</b>		<b>avg target</b>	<b>400</b>	<b>425</b>	<b>450</b>	<b>475</b>	<b>500</b>	<b>525</b>	
<b>9/24/2007</b>	4.567%	0.0%	15.7%	43.8%	39.6%	0.0%	1.0%		
<b>9/25/2007</b>	4.526%	2.4%	18.8%	45.3%	33.3%	0.0%	0.2%		
<b>December</b>		<b>avg target</b>	<b>375</b>	<b>400</b>	<b>425</b>	<b>450</b>	<b>475</b>	<b>500</b>	<b>525</b>
<b>9/24/2007</b>	4.376%	15.9%	0.0%	36.8%	17.1%	25.2%	5.0%	0.0%	
<b>9/25/2007</b>	4.306%	16.8%	6.3%	40.8%	14.2%	17.8%	3.3%	0.6%	

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
1,227,978	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