

The Morning Email: Eurodollars & Fed Funds

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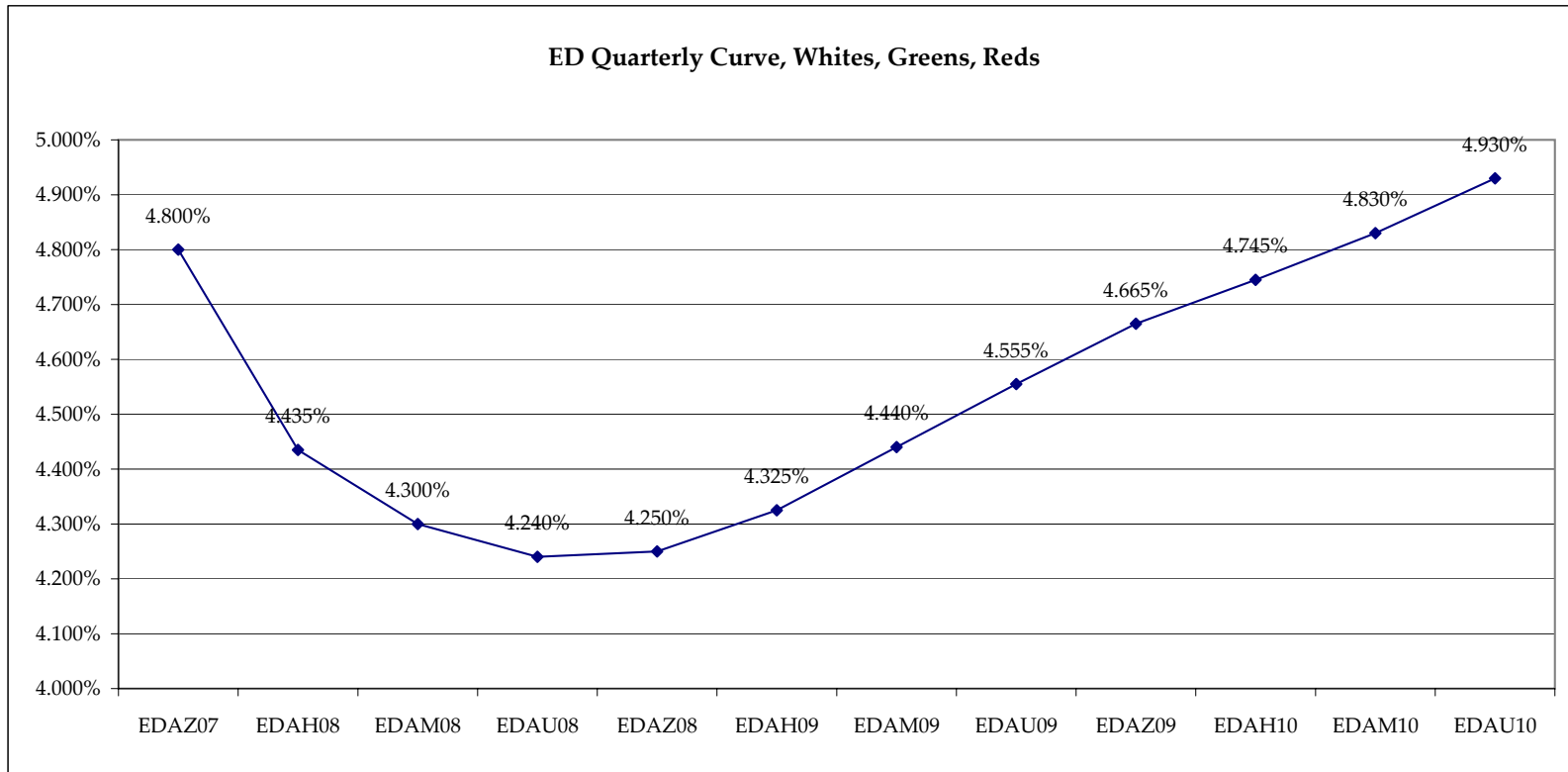
Want something added? Let me know: jgoulding@ghco.com

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	Last	High	Low	Open	Month	Net	Exp Date	Implied		
EDAZ07	95.200	95.200	95.175	95.190	DEC	0.5	12/17/2007	4.800%	Whites	1st Year
EDAH08	95.565	95.570	95.535	95.545	MAR	2.0	3/17/2008	4.435%		
EDAM08	95.700	95.705	95.670	95.675	JUN	1.0	6/16/2008	4.300%		
EDAU08	95.760	95.770	95.730	95.740	SEP	2.0	9/15/2008	4.240%		
EDAZ08	95.750	95.755	95.720	95.730	DEC	2.5	12/15/2008	4.250%	Reds	1-2 yrs out
EDAH09	95.675	95.680	95.645	95.650	MAR	2.5	3/16/2009	4.325%		
EDAM09	95.560	95.565	95.530	95.540	JUN	1.5	6/15/2009	4.440%		
EDAU09	95.445	95.450	95.420	95.430	SEP	1.5	9/14/2009	4.555%		
EDAZ09	95.335	95.345	95.315	95.325	DEC	1.0	12/14/2009	4.665%	Greens	2-3 yrs out
EDAH10	95.255	95.260	95.235	95.240	MAR	1.0	3/15/2010	4.745%		
EDAM10	95.170	95.170	95.155	95.155	JUN	2.0	6/14/2010	4.830%		
EDAU10	95.070	95.075	95.070	95.075	SEP	0.5	9/13/2010	4.930%		
EDAZ10	94.980	94.995	94.980	94.995	DEC	2.0	12/13/2010	5.020%	Blues	3-4 yrs out
EDAH11	94.950	94.950	94.950	94.950	MAR	0.5	3/14/2011	5.050%		
EDAM11	94.880	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/13/2011	5.120%		
EDAU11	94.810	#VALUE!	#VALUE!	#VALUE!	SEP	0.0	9/19/2011	5.190%		
EDAZ11	94.760	#VALUE!	#VALUE!	#VALUE!	DEC	#VALUE!	12/19/2011	5.240%	Golds	4-5 yrs out
EDAH12	94.705	#VALUE!	#VALUE!	#VALUE!	MAR	#VALUE!	3/19/2012	5.295%		
EDAM12	94.650	#VALUE!	#VALUE!	#VALUE!	JUN	#VALUE!	6/18/2012	5.350%		
EDAU12	94.595	#VALUE!	#VALUE!	#VALUE!	SEP	#VALUE!	9/17/2012	5.405%		
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.

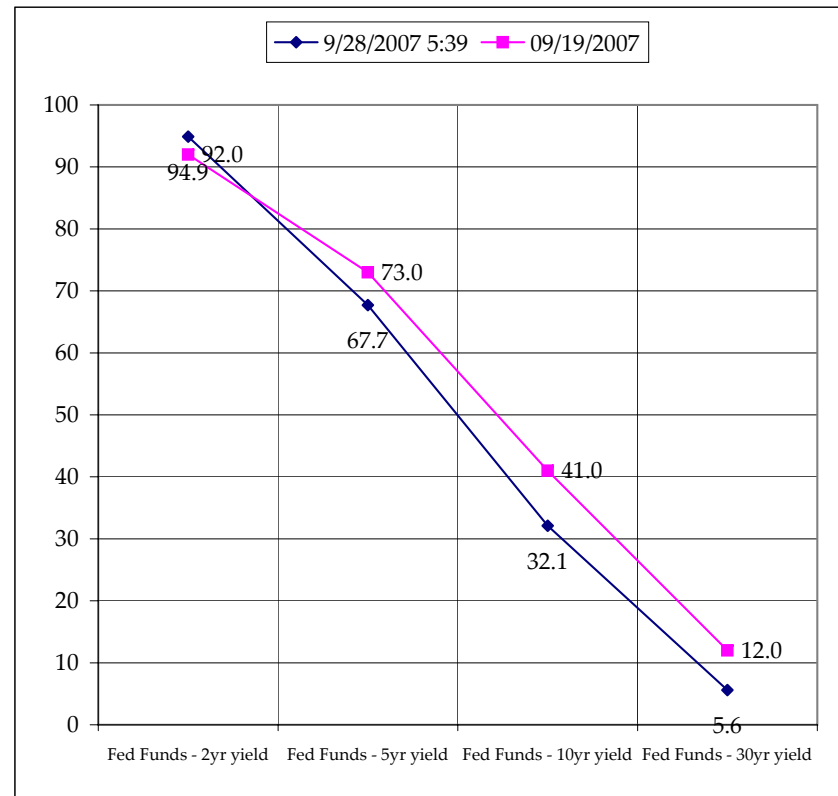
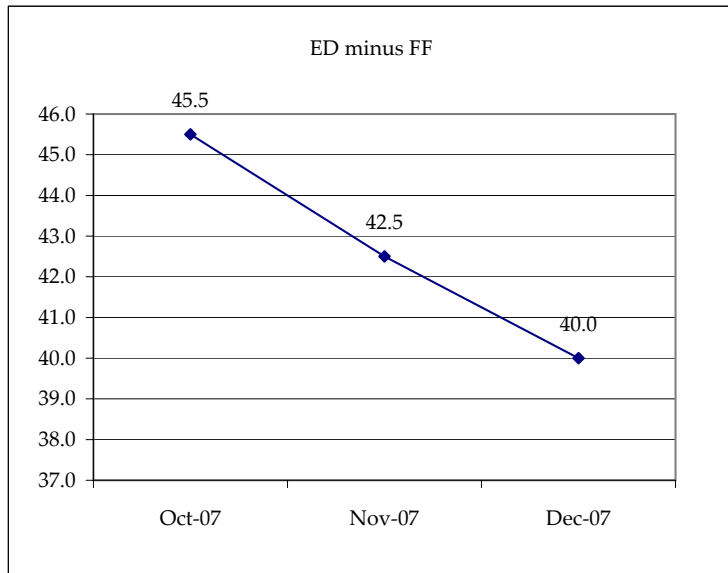


Month	Fed Funds (FF)			ED	ED - FF
	Last	Net	Implied	Implied	bps
Oct-07	95.285	0.000	4.715	5.170	45.5
Nov-07	95.470	0.000	4.530	4.955	42.5
Dec-07	95.600	0.050	4.400	4.800	40.0
Jan-08	95.660	0.050	4.340		
Feb-08	#VALUE!	#VALUE!	#VALUE!		
Mar-08	#VALUE!	#VALUE!	#VALUE!	4.435	#VALUE!
Apr-08	#VALUE!	#VALUE!	#VALUE!		
May-08	#VALUE!	#VALUE!	#VALUE!		
Jun-08	#VALUE!	#VALUE!	#VALUE!	4.300	#VALUE!
Jul-08	#VALUE!	#VALUE!	#VALUE!		
Aug-08	#VALUE!	#VALUE!	#VALUE!		
Sep-08	#VALUE!	#VALUE!	#VALUE!	4.240	#VALUE!

Fed Funds Daily Effective Rate Minus US Treasury Yields			
Spread Name	Diff bps	Net Chng	09/19/2007
Fed Funds - 2yr yield	94.9	0.8	92.0
Fed Funds - 5yr yield	67.7	0.9	73.0
Fed Funds - 10yr yield	32.1	0.2	41.0
Fed Funds - 30yr yield	5.6	0.3	12.0
GFER	4.88	#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	
9/24/2007	4.567%	0.0%	15.7%	43.8%	39.6%	0.0%	1.0%		
9/25/2007	4.526%	2.4%	18.8%	45.3%	33.3%	0.0%	0.2%		
December		avg target	375	400	425	450	475	500	525
9/24/2007	4.376%	15.9%	0.0%	36.8%	17.1%	25.2%	5.0%	0.0%	
9/25/2007	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