

## The Morning Email: Central Banks

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If you see orange on any page, then, it was updated in the last day or two or it's a new item to the email.

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

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## Meeting Dates for 2008

January 29/30	February	March 18	April 29/30	May	June 24/25
July	August 5	September 16	October 28/29	November	December 16



The term "monetary policy" refers to the actions undertaken by a central bank, such as the Federal Reserve, to influence the availability and cost of money and credit to help promote national economic goals. The Federal Reserve Act of 1913 gave the Federal Reserve responsibility for setting monetary policy.

The Federal Reserve controls the three tools of monetary policy--open market operations, the discount rate, and reserve requirements.  
-Source: FR

Born ^	2008 Voting Members	Policy Inclination	Term Expires	Took Office	Comment
Dec-1953	Ben S. Bernanke, Chairman, Board of Governors	Moderate/Dove	1/31/2020	2/1/2006	
Nov-1942	Donald L. Kohn, Vice Chairman Board of Governors	Moderate/Hawk	1/31/2016	8/5/2002	
Jul-1952	Elizabeth Duke, Board of Governors	No bias yet	1/31/2012	8/5/2008	
Jun-1962	Randall S. Kroszner, Board of Governors	Moderate/Dove	1/31/2008	3/1/2006	
Jan-1951	Frederic S. Mishkin, Board of Governors	Moderate/Dove	1/31/2014	9/5/2006	Steps downAug 31st, 2008
Apr-1970	Kevin M. Warsh, Board of Governors	Moderate/Hawk	1/31/2018	2/24/2006	
08/18/1961	Timothy F. Geithner, New York	Moderate			
09/19/1948	Charles I. Plosser, Philadelphia	Moderate/Hawk		8/1/2006	
1949 ??	Richard W. Fisher, Dallas	Moderate/Hawk		4/4/2005	
11/03/1944	Gary Stern, Minneapolis	Hawk/Moderate		3/16/1985	
08/04/1954	Sandra Pianalto, Cleveland	Moderate		2/1/2003	
Born ^	2008 Alternate Members (Voters in 2009)	Policy Inclination		Took Office	Comment
09/27/1955	Jeffrey M. Lacker, Richmond	Moderate/Hawk		8/1/2004	
02/01/1947	Dennis P. Lockhart, Atlanta	Moderate/Hawk		3/1/2007	
8/13/1946	Janet L. Yellen, San Francisco	Moderate/Dove		6/14/2004	
01/15/1958	Charles L. Evans, Chicago	Moderate		9/1/2007	
Born ^	2009 Alternate Members	Policy Inclination		Took Office	Comment
06/06/1946	Thomas M. Hoenig, Kansas City	Moderate		10/1/1991	
1960 or 1961	Dr. James B. Bullard, St. Louis	Moderate/Dove		4/1/2008	
06/03/1957	Eric Rosengren, Boston	Moderate/Dove		7/23/2007	

### Notes

^Reserve Bank presidents are subject to mandatory retirement upon becoming 65 years of age. However, presidents initially appointed after age 55 can, at the option of the board of directors, be permitted to serve until attaining ten years of service in the office or age 70, whichever comes first. [Source: FRB web site]

		Rotation		
		2008	2009	
<b>Members</b>	New York	New York		Committee membership changes at the first regularly scheduled meeting of the year.
	Cleveland	Chicago		
	Philadelphia	Richmond		
	Dallas	Atlanta		
	Minneapolis	San Francisco		
<b>Alternate Members</b>	New York†	New York†		
	Chicago	Cleveland		
	Richmond	Boston		
	Atlanta	St. Louis		
	San Francisco	Kansas City		

†For the Federal Reserve Bank of New York, the First Vice President is the alternate for the President.

Central Bank	Rate (%) Benchmark	Last Rate		Next Meeting	Market Expectations	Policy Strategy	1 Month		
		Change	Amount				OIS Rates		
Bank of England (BOE)	5.00 Repo Rate	4/10/2008	(0.25)	BOE	9/4/2008	On Hold	Price Stability	5.019	BOE
European Central Bank (ECB)	4.25 Refi (min bid)	7/3/2008	0.25	ECB	9/4/2008	On Hold	Price Stability	4.298	ECB
US Federal Reserve Bank	2.00 Fed Funds	4/30/2008	(0.25)	FRB	9/16/2008	On Hold	Price Stability/Full employment	1.998	FRB
Bank of Japan (BOJ)	0.50 O / N Call Rate	2/21/2007	0.25	BOJ	9/17/2008	On Hold	Price Stability	0.585	BOJ ^
Bank of Canada (BOC)	3.00 O / N Rate	4/22/2008	(0.50)	BOC	9/3/2008	On Hold	Price Stability / ICT		BOC
Swiss National Bank (SNB)	2.25 - 3.25 3-Mth Libor	9/13/2007	0.25	SNB	9/18/2008	On Hold	Price Stability		SNB
Reserve Bank of Australia	7.25 Cash Rate	3/4/2008	0.25	RBA	9/2/2008	Easing Bias	Price Stability / ICT		RBA
Reserve Bank of New Zealand	8.00 OCR	7/24/2008	(0.25)	RBNZ	9/11/2008	Easing Bias	Price Stability / ICT		RBNZ

mm/dd/yyyy

mm/dd/yyyy

**BOE: 04/10/2008;** Changed from 'Ease Possible'. After the rate cut on 04/10/2008, the analysts are stating they think the BOE will stand pat in May. The June SONIA Curve is pricing in a 80% chance of .25 cut and July is pricing in 100% chance. □

**ECB: 07/03/2008;** Changed from Hike Possible after July 3rd 25bp hike. Press conference was interpreted as 'one-and-done'.

**FRB: 06/25/2008;** Statement is being interpreted as On Hold by the street. The last page of this email has a more 'notes' on the FRB.

**BOJ: 03/21/2008;** Reports that the BOJ is leaning towards cutting rates, on 03/12/2008, after release of minutes. Therefore I'll move them from "Hike Possible, On Hold", to "On Hold".  
**04/30/2008,** most analyst remove tightening bias. □

**BQC: 07/12/2008;** Statement is being interpreted as On Hold by the street. Therefore I'm changing from 'Easing Bias' to 'On Hold'.

**SNB: 06/19/2008;** Move to 'On Hold, after June 19th quarterly monetary policy assessment report.

**RBA: 08/19/08;** Represents a policy change from 08/18/08 'On Hold'. RBA minutes show an easing bias. UBS is calling for gradual ease of 100bps.

**RBNZ: 07/24/08;** unexpected rate cut. Furthermore, in their statement they said: Provided that the outlook for inflation continues to improve and there is no excessive exchange rate depreciation, we would expect to lower the OCR further". Therefore, I'm moving from 'On Hold' to 'Easing Bias'.

## Notes

^ BOJ rate is "The Deposit Rate"

Sources for "**Policy Strategy**" can be found at each CB's web site. The FRB's Strategy is stated in the Federal Reserve Act, and on the FRB site at the following web address:[http://www.federalreserve.gov/pf/pdf/pf\\_2.pdf](http://www.federalreserve.gov/pf/pdf/pf_2.pdf)

**Price Stability / ICT:** means that the bank has an 'Inflation Control Target' (ITC) but they also acknowledge price stability as being part of their policy strategy.

**Dates** are mm/dd/yyyy

**Ranges for FOMC Meetings <sup>1</sup>**

	<b>Avg Dly Rng <sup>2</sup></b>	<b>Avg 15 Min Range <sup>3</sup></b>
<b>30</b>	6.1	5.3
<b>10</b>	6.7	5.5
<b>5</b>	8.4	6.2
<b>2</b>	10.4	7.7

**Ranges for Humphrey-Hawkins Hearings <sup>4</sup>**

	<b>Avg Dly Rng</b>	<b>Avg 30 Min Rng <sup>5</sup></b>
<b>30</b>	7.7	4.2
<b>10</b>	9.1	5.4
<b>5</b>	11.1	7.1
<b>2</b>	12.1	8.4

## Notes:

- 1) Averages Calculated since 01/31/2006
- 2) Daily range is 7am - 2pm CT
- 3) 15min range is time of release - 1:30 pm CT
- 4) Calculated since Bernanke began as Chairman
- 5) 30min range is time of release - 9:30am CT

**Objective of the Monetary Policy**

The objective of the monetary policy is to maintain the stability of the value of the currency and thereby promote economic growth.

**Management Team of PBC**

**Zhou Xiaochuan** Chairman, Monetary Policy Committee

**Su Ning** Deputy Governor

**Wang Hongzhang** Chief Disciplinary Officer

**Hu Xiaolian** Deputy Governor, and Administrator of State Administration of Foreign Exchange (SAFE)

**Liu Shiyu** Deputy Governor

**Ma Delun** Deputy Governor

**Yi Gang** Deputy Governor

**Du Jinfu** Assistant Governor

**The PBC** was established on December 1, 1948 based on the consolidation of the former Huabei Bank, Beihai Bank and Xibei Farmer Bank.

In September 1983, the State Council decided to have the PBC function as a central bank.

The Law of the People's Republic of China on the People's Bank of China passed by the Third Plenum of the Eighth National People's Congress on March 18, 1995 legally confirmed the PBC's central bank status.

In March 2003, the First Plenum of the Tenth National People's Congress approved the Decision on Reform of the Organizational Structure of the State Council, separating the supervisory responsibilities of the PBC for the banking institutions, asset management companies, trust and investment companies and other depository financial institutions. Instead, the China Banking Regulatory Commission was established to supervise the financial industry.

On December 27, 2003, the Standing Committee of the Tenth National People's Congress approved at its Sixth Meeting the amendment to the Law of the People's Republic of China on the People's Bank of China, which has strengthened the role of the PBC in the making and implementation of monetary policy, in safeguarding the overall financial stability and in the provision of financial services.

## Members of the Policy Board

Position	Name	Date of appointment
Governor of the Bank of Japan	<a href="#">Masaaki Shirakawa</a>	Apr.09, 2008
Deputy Governor of the Bank of Japan	Vacant	
Deputy Governor of the Bank of Japan	<a href="#">Kiyohiko G. Nishimura</a>	Mar.20, 2008
Member of the Policy Board	<a href="#">Miyako Suda</a>	Apr.1, 2006
Member of the Policy Board	<a href="#">Atsushi Mizuno</a>	Dec.3, 2004
Member of the Policy Board	<a href="#">Tadao Noda</a>	Jun.17, 2006
Member of the Policy Board	<a href="#">Seiji Nakamura</a>	Apr.5, 2007
Member of the Policy Board	<a href="#">Hidetoshi Kamezaki</a>	Apr.5, 2007

The Bank of Japan, as the central bank of Japan, decides and implements monetary policy with the aim of maintaining **price stability**.

The Bank of Japan Law states that the Bank's monetary policy should be "aimed at, through the pursuit of price stability, contributing to the sound development of the national economy."

The Bank releases its views on economic and financial developments, which form the basis of the decision on the guideline for money market operations, in "The Bank's View" in the Monthly Report of Recent Economic and Financial Developments.

	Publication of Outlook Report (The Bank's View)	
	Date of MPM	Publication of MPM Minutes
Jan. 2008	21 (Mon.), 22 (Tue.)	-- Feb. 20 (Wed.)
Feb.	14 (Thur.), 15 (Fri.)	-- Mar. 12 (Wed.)
Mar.	6 (Thur.), 7 (Fri.)	-- Apr. 14 (Mon.)
	8 (Tue.), 9 (Wed.)	-- May 23 (Fri.)
Apr.	30 (Wed.)	30 (Wed.) June 18 (Wed.)
May	19 (Mon.), 20 (Tue.)	-- June 18 (Wed.)
June	12 (Thur.), 13 (Fri.)	-- July 18 (Fri.)
July	14 (Mon.), 15 (Tue.)	-- Aug. 22 (Fri.)
Aug.	18 (Mon.), 19 (Tue.)	-- Sep. 22 (Mon.)
Sep.	16 (Tue.), 17 (Wed.)	-- Oct. 10 (Fri.)
	6 (Mon.), 7 (Tue.)	-- Nov. 6 (Thur.)
Oct.	31 (Fri.)	31 (Fri.) Nov. 27 (Thur.)
Nov.	20 (Thur.), 21 (Fri.)	-- Dec. 25 (Thur.)
Dec.	18 (Thur.), 19 (Fri.)	-- To be announced

**The Governing Council (21)**

Jean-Claude Trichet , President of the ECB  
 Lucas D. Papademos, Vice-President of the ECB  
 Lorenzo Bini Smaghi, Member of the Executive Board of the ECB  
 José Manuel González-Páramo, Member of the Executive Board of the ECB  
 Jürgen Stark, Member of the Executive Board of the ECB  
 Gertrude Tumpel-Gugerell, Member of the Executive Board of the ECB  
 Guy Quaden, Governor, Nationale Bank van België/Banque Nationale de Belgique  
 Axel A. Weber, President, Deutsche Bundesbank  
 John Hurley, Governor, Central Bank and Financial Services Authority of Ireland  
 Nicholas C. Garganas, Governor, Bank of Greece  
 Miguel Fernández Ordóñez, Governor, Banco de España  
 Christian Noyer, Governor, Banque de France  
 Mario Draghi, Governor, Banca d'Italia  
 Athanasios Orphanides, Governor, Central Bank of Cyprus  
 Yves Mersch, Governor, Banque centrale du Luxembourg  
 Michael C. Bonello, Governor, Central Bank of Malta  
 Nout Wellink, President, De Nederlandsche Bank  
 Klaus Liebscher, Governor, Oesterreichische Nationalbank  
 Vítor Manuel Ribeiro Constâncio, Governor, Banco de Portugal  
 Marko Kranjec, Governor, Banka Slovenije  
 Erkki Liikanen, Governor, Suomen Pankki - Finlands Bank

**The Governing Council usually meets twice a month at the Eurotower in Frankfurt am Main, Germany.**

At its first meeting each month, the Governing Council assesses monetary and economic developments and takes its monthly monetary policy decision. At its second meeting, the Council discusses mainly issues related to other tasks and responsibilities of the ECB and the Eurosystem.

The minutes of the meetings are not published, but the monetary policy decision is announced at a press conference held shortly after the first meeting each month. The President, assisted by the Vice-President, chairs the press conference.

**The primary objective of the ECB's monetary policy is to maintain price stability. The ECB aims at inflation rates of below, but close to, 2% over the medium term.**

**EU Central Banks****EUROZONE (15):**

Austria: Oesterreichische Nationalbank  
 Belgium: Nationale Bank van België/Banque nationale de Belgique  
 Cyprus: Kentrike Trapeza tis Kyprou  
 Finland: Suomen Pankki/Finlands Bank  
 France: Banque de France  
 Germany: Deutsche Bundesbank  
 Greece: Bank of Greece  
 Ireland: Banc Ceannais na hÉireann / Central Bank of Ireland  
 Italy: Banca d'Italia  
 Luxembourg: Banque Centrale du Luxembourg  
 Malta: Central Bank of Malta  
 Netherlands: De Nederlandsche Bank  
 Portugal: Banco de Portugal  
 Slovenia: Banka Slovenije  
 Spain: Banco de España

**NON-EUROZONE (12):**

Bulgaria: Bulgarian National Bank  
 Czech Republic: Česká národní banka  
 Denmark: Danmarks Nationalbank  
 Estonia: Eesti Pank  
 Hungary: Magyar Nemzeti Bank  
 Latvia: Latvijas Banka  
 Lithuania: Lietuvos Bankas  
 Poland: Narodowy Bank Polski  
 Romania: National Bank of Romania  
 Slovakia: Národná banka Slovenska  
 Sweden: Sveriges Riksbank  
 United Kingdom: Bank of England

**EU Central Banks**

Austria, Oesterreichische Nationalbank	Klaus Liebscher, ECB Governor, Oesterreichische Nationalbank (Austria), ECB governing council.
Belgium, Nationale Bank van België/Banque Nationale de Belgique	Guy Quaden, ECB Governor, Nationale Bank van België/Banque Nationale de Belgique, ECB governing council.
Bulgaria, Bulgarian National Bank	Ivan Iskrov
Czech, Republic Česká národní banka	Zdeněk Tůma
Cyprus, Central Bank of Cyprus	Athanasios Orphanides, ECB Governing Council Member, ECB governing council.
Denmark, Danmarks Nationalbank	Nils Bernstein
Estonia, Eesti Pank	Andres Lipstok
Éire/Ireland, Central Bank and Financial Services Authority of Ireland	John Hurley, ECB Governor, Central Bank and Financial Services Authority of Ireland, ECB governing council.
Finland, Suomen Pankki - Finlands Bank	Erkki Liikanen, ECB Governor, Suomen Pankki - Finlands Bank, ECB governing council.
France, Banque de France	Christian Noyer, ECB Governor, Banque de France, ECB governing council.
Germany, Deutsche Bundesbank	Axel A. Weber, President, Deutsche Bundesbank, ECB governing council.
Greece, Bank of Greece	Georgios Provopoulos, Governor, Bank of Greece, ECB governing council. (20/06/2008, mm/dd/yyyy)
Hungary, Magyar Nemzeti Bank	András Simor
Italy, Banca d'Italia	Mario Draghi, Governor, Banca d'Italia, ECB governing council.
Latvia, Latvijas Banka	Ilmārs Rimšēvičs
Lithuania, Lietuvos bankas	Reinoldijus Šarkinas
Luxembourg, Banque centrale du Luxembourg	Yves Mersch, ECB Governor, Banque centrale du Luxembourg, ECB governing council.
Malta, Central Bank of Malta	Michael C. Bonello, ECB governing council.
The Netherlands, De Nederlandsche Bank	Nout Wellink, President, De Nederlandsche Bank, ECB governing council.
Poland, Narodowy Bank Polski	Stawomir Skrzypek
Portugal, Banco de Portugal	Vitor Manuel Ribeiro Constâncio, Governor, Banco de Portugal, ECB governing council.
Romania, Banca Națională a României	Mugur Isărescu
Slovakia, Národná banka Slovenska	Marko Kranjec, Governor, Banka Slovenije, ECB governing council.
Spain, Banco de España	Miguel Fernández Ordóñez, Governor, Banco de España, ECB governing council.
Sweden, Sveriges Riksbank	Stefan Ingves
United Kingdom, Bank of England	Mervyn King

**Board Members**

Jean-Claude Trichet , President of the ECB, came from Banque de France, BIS, and World Bank

Lucas D. Papademos, Vice-President of the ECB, came from Bank of Greece

Lorenzo Bini Smaghi, Member of the Executive Board of the ECB, came from Banca d'Italia

José Manuel González-Páramo, Member of the Executive Board of the ECB, came from Banco de España

Jürgen Stark, Member of the Executive Board of the ECB, came from Deutsche Bundesbank

Gertrude Tumpel-Gugerell, Member of the Executive Board of the ECB, came from Oesterreichische Nationalbank

**Notes :**

Represented on the Governing Council

Represented on the General Council

Source: ecb.int

Jim Goulding, jgoulding@ghco.com

The Morning Email: Central Banks

**Introductory statement**

**Jean-Claude Trichet, President of the ECB,  
Lucas Papademos, Vice President of the ECB  
Frankfurt am Main, 7 August 2008**

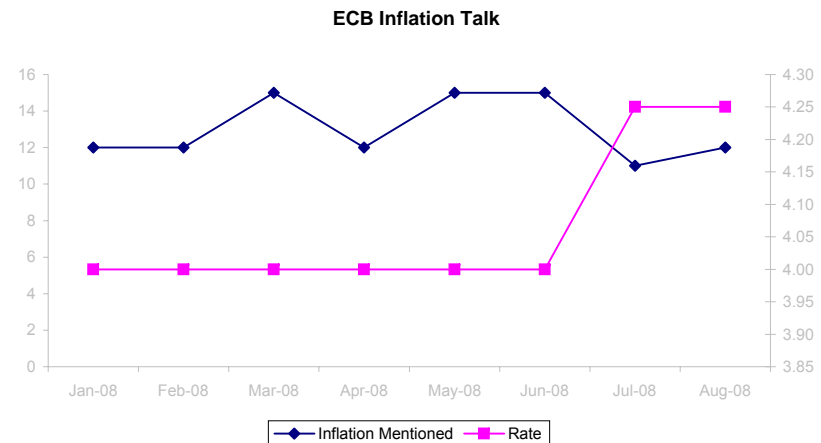
Ladies and gentlemen, the Vice-President and I are very pleased to welcome you to our press conference. We will now report on the outcome of today's meeting of the Governing Council.

On the basis of our regular economic and monetary analyses, we decided at today's meeting to leave the key ECB interest rates unchanged. The information that has become available since our previous meeting has further underpinned the reasoning behind our decision to increase interest rates in July. It has confirmed that annual inflation rates are likely to remain well above levels consistent with price stability for a protracted period of time and that risks to price stability over the medium term remain on the upside. This assessment is underpinned by continued vigorous money growth, with so far no signs of significant constraints on bank loan supply. In such a context, it remains crucial to avoid broadly based second-round effects in wage and price-setting. The latest economic data point to a weakening of real GDP growth in mid-2008, which in part was expected after the exceptionally strong growth in the first quarter. Against this background and in full accordance with our mandate, we emphasise that maintaining price stability in the medium term is our primary objective and that it is our strong determination to keep medium and long-term inflation expectations firmly anchored in line with price stability. This will preserve purchasing power in the medium term and support sustainable growth and employment. On the basis of our assessment, the current monetary policy stance will contribute to achieving our objective. We will continue to monitor very closely all developments over the period ahead. [...] [SOURCE: The ECB]

**Inflation Talk**

Number of times the word inflation was mentioned in the full statement vs Rates

<u>Date</u>	<u>Inflation Mentions</u>	<u>Rate</u>
Jan-2008	12	4.00
Feb-2008	12	4.00
Mar-2008	15	4.00
Apr-2008	12	4.00
May-2008	15	4.00
Jun-2008	15	4.00
Jul-2008	11	4.25
Aug-2008	12	4.25



Current Bank Rate 5.0 %  
Next due: 04 Sep 2008

Current Inflation 4.4%  
Next due: 16 Sep 2008

Inflation Target 2.0%  
Next due: 12 Nov 2008

News Release  
Bank of England Maintains Bank Rate at 5.0%  
7 August 2008

The Bank of England's Monetary Policy Committee today voted to maintain the official Bank Rate paid on commercial bank reserves at 5.0%.

The Committee's latest inflation and output projections will appear in the Inflation Report to be published on Wednesday 13 August.

The minutes of the meeting will be published at 9.30am on Wednesday 20 August.

Note to Editors

The previous change in Bank Rate was a reduction of 0.25 percentage points to 5.0% on 10 April 2008.

(Source: BOE)

MPC Decision	Minutes	Report
9 & 10 January	23-Jan	
6 & 7 February	20-Feb	13-Feb
5 & 6 March	19-Mar	
9 & 10 April	23-Apr	
7 & 8 May	21-May	14-May
4 & 5 June	18-Jun	
9 & 10 July	23-Jul	
6 & 7 August	20-Aug	13-Aug
3 & 4 September	17-Sep	
8 & 9 October	22-Oct	
5 & 6 November	19-Nov	12-Nov
3 & 4 December	17-Dec	

## VOTING BY THE MONETARY POLICY COMMITTEE - 2007

<i>Last Updated 19 December 2007</i>	Voted to Increase	Voted to Reduce	Voted to Maintain	Meetings Attended
Mervyn King, Governor	4	1	7	12
Rachel Lomax, Deputy Governor	1	1	10	12
Paul Tucker	2	1	9	12
Charles Bean	1	1	10	12
Kate Barker	3	1	8	12
Sir John Gieve, Deputy Governor	4	2	6	12
David Blanchflower	1	4	7	12
Tim Besley	6	1	5	12
Andrew Sentance	6	1	5	12

## VOTING BY THE MONETARY POLICY COMMITTEE - 1997 TO PRESENT DATE

<i>Last Updated 23 July 2008</i>	Voted to Increase	Voted to Reduce	Voted to Maintain	Meetings Attended
Mervyn King	30	17	89	136
Rachel Lomax	7	3	50	60
Paul Tucker	13	4	58	75
Charles Bean	8	16	72	96
Kate Barker	11	14	63	88
Sir John Gieve	6	5	20	31
David Blanchflower	1	12	14	27
Tim Besley	10	2	12	24
Andrew Sentance	8	2	13	23
Spener Dale	0	0	2	2
<b>Totals</b>	<b>94</b>	<b>75</b>	<b>393</b>	<b>562</b>

562 Sum Check

## VOTING BY THE MONETARY POLICY COMMITTEE - 2008

<i>Last Updated 23 July 2008</i>	Voted to Increase	Voted to Reduce	Voted to Maintain	Meetings Attended
Mervyn King, Governor	0	2	6	8
Rachel Lomax, Deputy Governor	0	2	4	6
Paul Tucker	0	2	6	8
Charles Bean, Deputy Governor	0	2	6	8
Kate Barker	0	2	6	8
Sir John Gieve, Deputy Governor	0	3	5	8
David Blanchflower	0	8	0	8
Tim Besley	1	1	5	8
Andrew Sentance	0	1	7	8
Spencer Dale	0	0	2	2

Lomax retires, 30 June 2008  
 Bean takes over Deputy Governor, 01 July 2008  
 Spencer Dale joins MPC, 01 July 2008

**15 Member States of the European Union use the euro as their currency:**

Belgium  
Germany  
Ireland  
Greece  
Spain  
France  
Italy  
Cyprus  
Luxembourg  
Malta  
The Netherlands  
Austria  
Portugal  
Slovenia  
Finland

**Non-participants:**

Bulgaria, Czech Republic, Denmark, Estonia, Latvia, Lithuania, Hungary, Poland, Romania, Slovakia, Sweden and the United Kingdom are EU Member States but do not currently use the single European currency.

[SOURCE: The ECB. Last updated June 10, 2008]

**Country breakdown**

On 1 January 2008 two countries accounted for 44% (3,483) of all MFIs [monetary financial institutions] in the euro area: Germany (26.6%) and France (17.6%). Italy and Austria each accounted for about 10% of the euro area total. Over the last nine years (1999-2008), the following developments in the national MFI sectors of euro area countries have been particularly noteworthy: a considerable increase of 236 units (246%) in Ireland and large decreases in the Netherlands, Spain and Germany (by 48%, 41% and 36% respectively). Since joining the EU on 1 May 2004, the MFI sectors in Malta and Slovenia have increased significantly, namely by 65% and 11% respectively. By contrast, the number of MFIs in Cyprus has decreased by 47% during the same period.

Among the non-euro area countries, Poland has by far the largest number of MFIs (722), representing 7% of the MFI sector in the EU. Since 1999 there have been substantial increases in the MFI sectors of Slovakia (36%), Latvia (33%), Sweden (31%) and Romania (26%), while the size of these sectors in the United Kingdom and the Czech Republic has shrunk by 24% and 15%, respectively.

[SOURCE: The ECB]

## THE EUROSISTEM







### The European System of Central Banks

- 1) the European Central Bank (ECB) and
  - 2) the national central banks (NCBs) of all 27 EU Member States
- [source: the ecb]

## KEY CHARACTERISTICS OF THE EURO AREA \*



EUROPEAN INTEGRATION

	 €-15	 EU-27		
Population (millions)	319	495	302	128
GDP (PPP, € trillions)	8.9	12.6	12.0	3.7
GDP per capita (PPP, € thousands)	27.8	25.4	39.6	29.0
Share of world GDP (PPP, %)	16.1	22.7	21.3	6.6
Exports (goods and services, % of GDP) **	22.6	14.2	11.8	18.4
Gross fixed capital formation (% of GDP)	21.7	21.2	18.7	23.3
Gross saving (% of GDP)	22.5	20.8	13.4	29.6

\* 2007 \*\* The figure for the euro area excludes Cyprus and Malta  
Sources: for euro area and EU: ECB, Eurostat, national data, IMF and ECB calculations; for the United States and Japan: national sources, IMF.

© EUROPEAN CENTRAL BANK E1.010 01/08

**2007**09/20/2007

Lockhart's first speech indicates he's a moderate/hawk

10/23/2007

Northern Trust says Chicago Fed Pres Evans is dovish

[A note from Jim: I'll move Evans from a Hawk to a Moderate. I'm not convinced someone under Moskow's tutelage is a Dove.]

10/31/2007

Move Hoening to Moderate from Dove after dissent.

12/11/2007

Move Rosengren to a Moderate/Dove for his dissent for a 50bp discount rate cut compared to the 25 bp cut the rest voted for. He was a Moderate/Hawk.

**2008**02/29/2008

More dovish comments from Rosengren. (Comments took place at the Monetary Policy Forum titled 'Leveraged Losses: Lessons from a Mortgage Market Meltdown' in New York)

09/29/2008

Mishkin, gives dovish comments at the Monetary Policy Forum titled 'Leveraged Losses: Lessons from a Mortgage Market Meltdown' in New York. I'll place him in the moderate/dove camp.

06/06/2008: St. Louis Fed President James Bullard "policy is appropriately calibrated at this time but financial mkts are better and thus policy can begin to address pressing inflationary concerns during the remainder of the yr."

"U.S. economy will be able to post stronger growth in the second half of this year despite the ongoing financial crisis and the drag from the housing sector... such growth is likely to make the inflation outlook a more pressing concern for the Fed in the second half of this year."

"breakdown in inflation expectations has not occurred yet, to be sure, but the risk is real and could happen over a very short horizon."

I'll begin Bullard as Moderate Hawk after this speech. Also, his predecessor was moderate/hawk

**2008 (cont)**06/11/2008

Bullard  
"what is new here is relative price trends in food and energy that may plausibly be expected to persist for some time. If it were just a matter of the food and energy components being volatile, I think a theoretical case could be made that these prices contain too much noise and so should be ignored... With relative price trends, the ad hoc approach to this question is becoming increasingly untenable."

"likelihood of a measurable contraction in growth this yr has lessened. These conditions complicate the infl outlook, in which significant econ slack had been seen as helping to keep inflation in check."

04/30/2008

Removal of key statements. The street is interpreting as pause mode. Therefore, I'll move from 'Easing Bias' to 'Pause' (On Hold).

Even after the morning news articles, on May 1st, from Ip and Beckner, I'll stick with On Hold (Pause) until the June meeting.

06/25/2008

Statement is being interpreted as On Hold by the street.