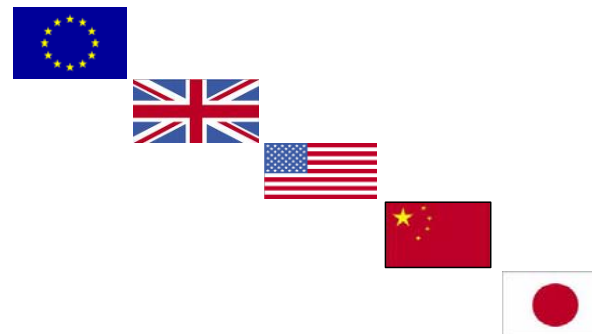


## The Morning Email: Central Banks

### Table of Contents

- Pg 1 The FOMC: Dates and Places
- Pg 2 The FOMC: People
- Pg 3 Top CB Expectations, Dates, and more
- Pg 4 The FOMC: Ranges
- Pg 5 PBOC
- Pg 6 BOJ
- Pg 7 The ECB : People, Objectives
- Pg 8 The ECB: Banks
- Pg 9 The ECB: Statements, Country Breakdown
- Pg 10 The BOE - Dates, Rates, and Statement
- Pg 11 The BOE - How They Voted
- Pg 12 The EU: Who
- Pg 13 The EU: Map of Banks
- Pg 14 The EU: Intrinsic
- Pg 15 The Central Banking System



Recent Updates	
Page	Date
11	1/10/2008
9	1/24/2008
5	1/29/2008
6	1/29/2008
3, 4	2/4/2008

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

**Disclaimer:** All information within this newsletter is meant for internal use at GH Trader's LLC, only. All information has been recorded to the best of my ability. This material is based upon information that I consider reliable, but I do not represent that it is accurate or complete.

**The FOMC: Dates and Places****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

**The FOMC**

<u>Born ^</u>	<u>2008 Voting Members</u>	<u>Policy Inclination</u>	<u>Term Expires</u>	<u>Comment</u>
Dec-1953	Ben S. Bernanke, Chairman, Board of Governors	Moderate/Dove	1/31/2020	Took office 02/01/06
Nov-1942	Donald L. Kohn, Vice Chairman Board of Governors	Moderate/Hawk	1/31/2016	Took office 08/05/2002
	Vacant, Board of Governors		1/31/2012	Bies Retired 03/30/2007
Jun-1962	Randall S. Kroszner, Board of Governors	Moderate/Dove	1/31/2008	Took office 03/01/06
Jan-1951	Frederic S. Mishkin, Board of Governors		1/31/2014	Took office 09/05/06
Apr-1970	Kevin M. Warsh, Board of Governors	Moderate/Hawk	1/31/2018	Took office 02/24/06
08/18/1961	Timothy F. Geithner, New York	Moderate		
09/19/1948	Charles I. Plosser, Philadelphia	Moderate/Hawk		Took office 08/01/06
1949 ??	Richard W. Fisher, Dallas	Moderate/Hawk		Took office 04/04/05
11/03/1944	Gary Stern, Minneapolis	Hawk/Moderate		Took office 03/16/85
08/04/1954	Sandra Pianalto, Cleveland	Moderate		Took office 02/01/03
<u>Born ^</u>	<u>2008 Alternate Members (Voters in 2009)</u>	<u>Policy Inclination</u>		<u>Comment</u>
09/27/1955	Jeffrey M. Lacker, Richmond	Moderate/Hawk		Took office 08/01/04
02/01/1947	Dennis P. Lockhart, Atlanta	Moderate/Hawk ?^^		Took office 03/01/07
8/13/1946	Janet L. Yellen, San Francisco	Moderate/Dove		Took office 06/14/04
01/15/1958	Charles L. Evans, Chicago	Moderate		Took office 09/01/07
<u>Born ^</u>	<u>2009 Alternate Members</u>	<u>Policy Inclination</u>		<u>Comment</u>
06/06/1946	Thomas M. Hoenig, Kansas City	Moderate		Took office 10/01/91
06/19/1937	William Poole, St. Louis	Moderate/Hawk		Took office 03/23/98
06/03/1957	Eric Rosengren, Boston	Moderate/Dove		Took office 07/23/07

13:32 10/23/2007 FED: Northern Trust says Chicago Fed Pres Evans is dovish. Evans's speech last night said "the uncertainties about how financial conditions might evolve and affect the real economy." NT concludes he "is most likely to favor a lower federal funds rate at the October 30-31 FOMC meeting."  
[SOURCE: MNI]

[A note from Jim: After that speech (see note above) 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  
 Rosengren is now 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.

**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]  
 ^^First speech since taking office (2007-09-06 ) indicates moderate hawk.

		<u>Rotation</u>		
		<u>2008</u>	<u>2009</u>	
<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	
			Change	Amount
US Federal Reserve Bank	3.00	Fed Funds	1/31/2008	(0.50)
European Central Bank (ECB)	4.00	Refi (min bid)	6/6/2007	0.25
Bank of Japan (BOJ)	0.50	O/N Call Rate	2/21/2007	0.25
Bank of Canada (BOC)	4.00	O/N Rate	1/22/2007	(0.25)
Bank of England (BOE)	5.50	Repo Rate	12/6/2007	(0.25)
Swiss National Bank (SNB)	2.25 - 3.25	3-Mth Libor	9/13/2007	0.25
Reserve Bank of Australia	7.00	Cash Rate	2/5/2008	0.25
Reserve Bank of New Zealand	8.25	OCR	7/26/2007	0.25

	Next Meeting	Market Expectations	Policy
			Strategy
FRB	3/18/2008	Easing Bias	Price Stability
ECB	2/7/2008	Tighten Bias, but on hold	Price Stability
BOJ	2/15/2008	Tighten Bias, but on hold	Price Stability
BOC	2/14/2008	Easing Possible	Price Stability / ICT
BOE	2/7/2008	Cut Possible	Price Stability
SNB	3/13/2008	Hike Possible	Price Stability
RBA	3/4/2008	Hike Possible	Price Stability / ICT
RBNZ	3/6/2008	On Hold	Price Stability / ICT

Notes: 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 there policy strategy.

Avg Daily Range		Avg 15 Min Range		Exact Time of last Statement Release	
30	8.2	30	4.7	1/31/2008	13:17:00 CDT
10	8.8	10	5.9	Averages Calculated since 01/31/2006	
5	9.5	5	7.0	which is date of Greenspan's final meeting	
2	10.2	2	7.7	Daily: 7am - 2pm cdt	
				15 min: Release to 1:30pm cdt	

Specific ranges for last FOMC Meeting - 32nds					
	5y	10y	ZNH8	ZBH8	Date
FOMC High	100.1450	105.0900	117.0000	119.2700	1/31/2008
FOMC Low	100.0625	104.3000	116.2100	119.0800	1/31/2008

Notes: Cash and futures are adjusted for roll.

Release times are from release to 2pm cdt

{Dec07 to Mch08 Futures roll: ZF = (-12); ZN = (-25); ZB = (+1) [tics]}

ZBZ7 Final Settle = 115.23, ZBH8 Settled at 115.29 same day.

**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="#">Toshihiko Fukui</a>	Mar.20, 2003
Deputy Governor of the Bank of Japan	<a href="#">Toshiro Muto</a>	Mar.20, 2003
Deputy Governor of the Bank of Japan	<a href="#">Kazumasa Iwata</a>	Mar.20, 2003
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="#">Kiyohiko G. Nishimura</a>	Apr.8, 2005
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.

**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.**



The European Central Bank

**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)
Belgium, Nationale Bank van België/Banque Nationale de Belgique	Guy Quaden, ECB Governor, Nationale Bank van België/Banque Nationale de Belgique
Bulgaria, Bulgarian National Bank	Ivan Iskrov
Czech, Republic Česká národní banka	Zdeněk Tůma
Cyprus, Central Bank of Cyprus	Athanasios Orphanides
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
Finland, Suomen Pankki - Finlands Bank	Erkki Liikanen, ECB Governor, Suomen Pankki - Finlands Bank
France, Banque de France	Christian Noyer, ECB Governor, Banque de France
Germany, Deutsche Bundesbank	Axel A. Weber, President, Deutsche Bundesbank
Greece, Bank of Greece	Nicholas C. Garganas, Governor, Bank of Greece
Hungary, Magyar Nemzeti Bank	András Simor
Italy, Banca d'Italia	Mario Draghi, Governor, Banca d'Italia
Latvia, Latvijas Banka	Ilmārs Rimšēvičs
Lithuania, Lietuvos bankas	Reinoldijus Šarkinas
Luxembourg, Banque centrale du Luxembourg	Yves Mersch, ECB Governor, Banque centrale du Luxembourg
Malta, Central Bank of Malta	Michael C. Bonello
The Netherlands, De Nederlandsche Bank	Nout Wellink, President, De Nederlandsche Bank
Poland, Narodowy Bank Polski	Sławomir Skrzypek
Portugal, Banco de Portugal	Vítor Manuel Ribeiro Constâncio, Governor, Banco de Portugal
Romania, Banca Națională a României	Mugur Isărescu
Slovakia, Národná banka Slovenska	Marko Kranjec, Governor, Banka Slovenije
Spain, Banco de España	Miguel Fernández Ordóñez, Governor, Banco de España
Sweden, Sveriges Riksbank	Stefan Ingves
United Kingdom, Bank of England	Mervyn King

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 for shaded and un-shaded cells**

Represented on the Governing Council

Represented on the General Council

ECB Introductory Statement [ First paragraph only. You can view the full statement at [www.ecb.int](http://www.ecb.int) ]

**Jean-Claude Trichet, President of the ECB,  
Lucas Papademos, Vice President of the ECB  
Frankfurt am Main, 10 January 2008**

Ladies and gentlemen, the Vice-President and I are very pleased to welcome you to our first press conference of 2008. Let me therefore wish you all a very Happy New Year. I would also like to take this opportunity to welcome Cyprus and Malta as countries which have adopted the euro as their currency. With Cyprus and Malta, the euro area now comprises 15 EU Member States. Accordingly, Mr Orphanides, the Governor of the Central Bank of Cyprus, and Mr Bonello, the Governor of the Central Bank of Malta, became members of the Governing Council on 1 January 2008.

[....]

**[Note from Jim: The word inflation was mentioned 12 times in the statement. ]**

[SOURCE: The ECB]

#### **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]

[As of 06 January 2008, 6:00 am CT]

Current Bank Rate 5.5 %

Next due: 7 Feb '08

Current Inflation 2.1%

Next due: 12 Feb '08

Inflation Target 2.0%

[As of 06 January 2008, 6:00 am CT]

**News Release**

**Bank of England Maintains Bank Rate at 5.5%  
10 January 2008**

The Bank of England's Monetary Policy Committee today voted to maintain the official Bank Rate paid on commercial bank reserves at 5.5%.

The minutes of the meeting will be published at 9.30am on Wednesday 23 January.

**Note to Editors**

The previous change in Bank Rate was a reduction of 0.25 percentage points to 5.5% on 6 December 2007.

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	

## The BOE - How They Voted

## VOTING BY THE MONETARY POLICY COMMITTEE - 2007

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

<i>Last Updated 19 December 2007</i>	Voted to Increase	Voted to Reduce	Voted to Maintain	Meetings Attended	<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	Mervyn King	30	15	84	129
Rachel Lomax, Deputy Governor	1	1	10	12	Rachel Lomax	7	1	47	55
Paul Tucker	2	1	9	12	Paul Tucker	13	2	53	68
Charles Bean	1	1	10	12	Charles Bean	8	14	67	89
Kate Barker	3	1	8	12	Kate Barker	11	12	58	81
Sir John Gieve, Deputy Governor	4	2	6	12	Sir John Gieve	6	2	16	24
David Blanchflower	1	4	7	12	David Blanchflower	1	5	14	20
Tim Besley	6	1	5	12	Tim Besley	8	1	8	17
Andrew Sentance	6	1	5	12	Andrew Sentance	8	1	7	16
					<b>Totals</b>	<b>92</b>	<b>53</b>	<b>354</b>	<b>499</b>

## VOTING BY THE MONETARY POLICY COMMITTEE - 2008

<i>Last Updated 23 January 2008</i>	Voted to Increase	Voted to Reduce	Voted to Maintain	Meetings Attended
Mervyn King, Governor	0	0	1	1
Rachel Lomax, Deputy Governor	0	0	1	1
Paul Tucker	0	0	1	1
Charles Bean	0	0	1	1
Kate Barker	0	0	1	1
Sir John Gieve, Deputy Governor	0	0	1	1
David Blanchflower	0	1	0	1
Tim Besley	0	0	1	1
Andrew Sentance	0	0	1	1

**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]







## THE EUROSISTEM



## KEY CHARACTERISTICS OF THE EURO AREA \*



EUROPEAN INTEGRATION

	 €-15	 EU-27		
Population (millions)	318.3	493.5	299.8	127.7
GDP (PPP, € trillions)	8.5	11.9	11.2	3.5
GDP per capita (PPP, € thousands)	26.6	24.1	37.3	27.5
Share of world GDP (PPP, %)	14.3	21.0	19.7	6.3
Exports (goods and services, % of GDP)**	21.6	13.9	11.0	16.8

\* 2006    \*\* 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.

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