

The Morning Email: Central Banks

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| 3 | 11/6/2008 |

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

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.

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 | Vacant, Board of Governors | Moderate/Dove | 1/31/2014 | | |
| 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/Hawk | | 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 | |
| Members | 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 | |
| Alternate Members | 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 | Next Meeting | Market Expectations | Policy Strategy | 1 Month OIS Rates | | |
|-----------------------------|-------------|-----------------|---------------------|--------|-----------------|---------------------|--------------------|---------------------------------|-------|-------|
| Bank of England (BOE) | 3.00 | Repo Rate | 11/6/2006 | (1.50) | BOE | 12/4/2008 | Ease Bias | Price Stability | 2.339 | BOE |
| European Central Bank (ECB) | 3.25 | Refi (min bid) | 11/6/2008 | (0.50) | ECB | 12/4/2008 | Ease Bias | Price Stability | 2.859 | ECB |
| US Federal Reserve Bank | 1.00 | Fed Funds | 10/29/2008 | (0.50) | FRB | 12/16/2008 | Ease Bias | Price Stability/Full employment | 0.472 | FRB |
| Bank of Japan (BOJ) | 0.30 | O / N Call Rate | 10/31/2008 | (0.30) | BOJ | 11/21/2008 | On Hold | Price Stability | 0.750 | BOJ ^ |
| Bank of Canada (BOC) | 2.25 | O / N Rate | 10/21/2008 | (0.25) | BOC | 12/9/2008 | Ease Bias | Price Stability / ICT | | BOC |
| Swiss National Bank (SNB) | 1.50 - 2.50 | 3-Mth Libor | 11/6/2006 | (0.50) | SNB | 12/11/2008 | Ease Bias | Price Stability | | SNB |
| Reserve Bank of Australia | 5.25 | Cash Rate | 11/3/2008 | (0.75) | RBA | 12/2/2008 | Ease Bias | Price Stability / ICT | | RBA |
| Reserve Bank of New Zealand | 6.50 | OCR | 10/23/2008 | (1.00) | RBNZ | 12/10/2008 | Ease Bias | Price Stability / ICT | | RBNZ |

mm/dd/yyyy

mm/dd/yyyy

BOE: 10/09/2008: Changed from On hold to 'Ease Bias' after global coordinated rate cuts. **11/06/2008:** Biggest cut in 300 yr history of 150bps. □

BOC: 10/21/2008: Changed from 'Ease Possible' to Ease Bias after 10/08/2008 global coordinated cuts and 10/21/2008 .25 cut.

ECB: 10/09/2008: Changed from 'Ease Possible' after global coordinated rate cuts to 'Ease Bias'

SNB: 10/09/2008: Changed from On hold to 'Ease Possible' after global coordinated rate cuts. **11/06/2008:** Cut was intermeeting and unexpected. Move to 'Ease Bias'

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. **09/13/08:** No dissenters.MNI's Beckner states that there is no easing bias though. **10/29/08:** I'd say Beckner is a little out of touch after they lowered rates .50. Moving to 'Ease Bias'.

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. **09/03/08: It appears UBS was/is correct. 10/07/08: And again! (1.00) 11/03/08: And again! .75**

BOJ: 04/30/2008: most analyst remove tightening bias. **10/31/08:** Keeping them on hold even after ease. How far can they go? Not far. □

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'. **09/11/08: 50 bp cut, 10/23/2008: 100 bp cut.**

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

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.

Dates are mm/dd/yyyy

Ranges for FOMC Meetings ¹

| | Avg Dly Rng ² | Avg 15 Min Range ³ |
|-----------|---------------------------------|--------------------------------------|
| 30 | 6.4 | 5.3 |
| 10 | 7.3 | 5.7 |
| 5 | 9.2 | 6.5 |
| 2 | 11.1 | 8.1 |

Ranges for Humphrey-Hawkins Hearings ⁴

| | Avg Dly Rng | Avg 30 Min Rng ⁵ |
|-----------|--------------------|------------------------------------|
| 30 | 7.7 | 4.2 |
| 10 | 9.1 | 5.4 |
| 5 | 11.1 | 7.1 |
| 2 | 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 | Masaaki Shirakawa | Apr.09, 2008 |
| Deputy Governor of the Bank of Japan | Vacant | |
| Deputy Governor of the Bank of Japan | Kiyohiko G. Nishimura | Mar.20, 2008 |
| Member of the Policy Board | Miyako Suda | Apr.1, 2006 |
| Member of the Policy Board | Atsushi Mizuno | Dec.3, 2004 |
| Member of the Policy Board | Tadao Noda | Jun.17, 2006 |
| Member of the Policy Board | Seiji Nakamura | Apr.5, 2007 |
| Member of the Policy Board | Hidetoshi Kamezaki | 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 | Ewald Nowotny, 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. |
| 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, 6 November 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, which was also attended by the President of the Eurogroup, Prime Minister Juncker, and Commissioner Almunia.

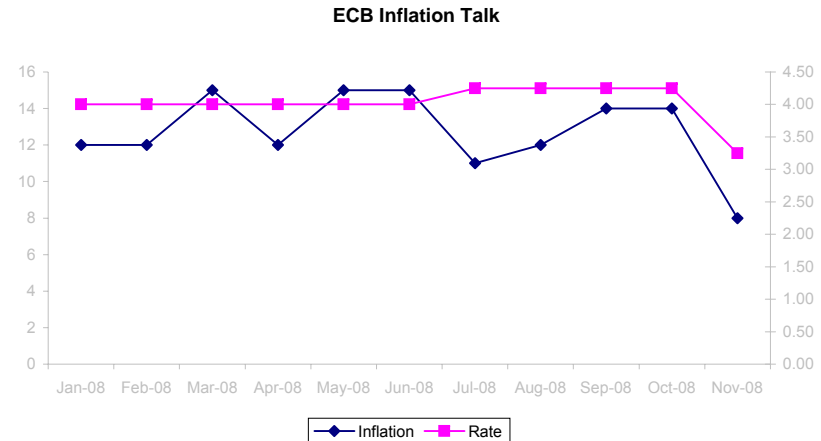
On the basis of its regular economic and monetary analyses, at today's meeting the Governing Council decided to reduce the key ECB interest rates further by 50 basis points, following the previous coordinated interest rate cut on 8 October 2008. The outlook for price stability has improved further. Inflation rates are expected to continue to decline in the coming months, reaching a level in line with price stability during the course of 2009. The intensification and broadening of the financial market turmoil is likely to dampen global and euro area demand for a rather protracted period of time. In such an environment, taking into account the strong fall in commodity prices over recent months, price, cost and wage pressures in the euro area should also moderate. At the same time, the underlying pace of monetary expansion has remained strong but has continued to show further signs of deceleration. All in all, the information available and our current analysis indicate a further alleviation of upside risks to price stability at the policy-relevant medium-term horizon, even though they have not disappeared completely. At this juncture, it is therefore crucial that all parties, including public authorities, price-setters and social partners, fully live up to their responsibilities. The level of uncertainty stemming from financial market developments remains extraordinarily high and exceptional challenges lie ahead. We expect the banking sector to make its contribution to restore confidence. The Governing Council will continue to keep inflation expectations firmly anchored in line with its medium-term objective. In so doing, it supports sustainable growth and employment and contributes to financial stability. Accordingly, we will continue to monitor very closely all developments over the period ahead.

FOR 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 |
| Sep-2008 | 14 | 4.25 |
| Oct-2008 | 14 | 4.25 |
| Nov-2008 | 8 | 3.25 (Cut .50 ~ 10/09 and 11/06) |



Current Bank Rate 5.0 %
Next due: 09 Oct 2008

Current Inflation 4.7%
Next due: 14 Oct 2008

Inflation Target 2.0%
Next due: 12 Nov 2008

News Release
Bank of England Maintains Bank Rate at 5.0%
4 September 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 minutes of the meeting will be published at 9.30am on Wednesday 17 September.

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 | 90 | 137 | |
| Rachel Lomax | 7 | 3 | 50 | 60 | Retired |
| Paul Tucker | 13 | 4 | 59 | 76 | |
| Charles Bean | 8 | 16 | 73 | 97 | |
| Kate Barker | 11 | 14 | 64 | 89 | |
| Sir John Gieve | 6 | 5 | 21 | 32 | |
| David Blanchflower | 1 | 13 | 14 | 28 | |
| Tim Besley | 10 | 2 | 13 | 25 | |
| Andrew Sentance | 8 | 2 | 14 | 24 | |
| Spener Dale | 0 | 0 | 3 | 3 | |
| Totals | 94 | 76 | 401 | 571 | |

571 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 | 7 | 9 | |
| Rachel Lomax, Deputy Governor | 0 | 2 | 4 | 6 | RET |
| Paul Tucker | 0 | 2 | 7 | 9 | |
| Charles Bean, Deputy Governor | 0 | 2 | 7 | 9 | |
| Kate Barker | 0 | 2 | 7 | 9 | |
| Sir John Gieve, Deputy Governor | 0 | 3 | 6 | 9 | |
| David Blanchflower | 0 | 8 | 0 | 9 | |
| Tim Besley | 1 | 1 | 6 | 9 | |
| Andrew Sentance | 0 | 1 | 8 | 9 | |
| Spencer Dale | 0 | 0 | 3 | 3 | |

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.

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200709/20/2007

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.

200802/29/2008

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."

09/03/2008

Bullard give hawkish speech stating that lowering rates no wouldn't help. He said this the day before the House votes on the Bail out bill and the financial system is on the brink of collapse. I'm switching him from Moderate/Dove to Moderate/Hawk.

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.