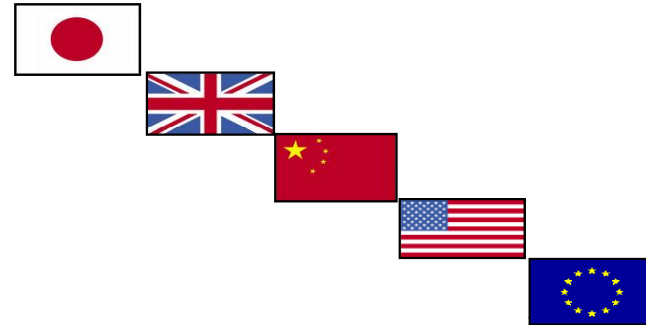


## The Morning Email: Central Banks

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### Recent Updates

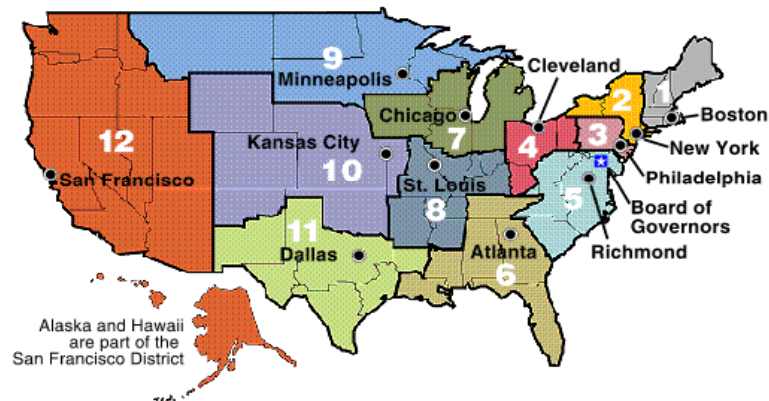
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If you see the color TAN on any page, then, it was updated in the last day or two.

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.

| Meeting Dates for 2009 |                 |                    |                |                 |                   |
|------------------------|-----------------|--------------------|----------------|-----------------|-------------------|
| January<br>27/28       | February        | March<br>17/18     | April<br>28/29 | May             | June<br>23/24     |
| July                   | August<br>11/12 | September<br>22/23 | October        | November<br>3/4 | December<br>15/16 |



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 ^       | 2009 Voting Members                         | Policy Inclination | Term Expires | Took Office | Comment |
|--------------|---|--------------------|--------------|-------------|---------|
| Dec-1953     | Ben S. Bernanke, Chairman, Board of Govs    | Moderate/Dove      | 1/31/2020    | 02/01/2006  |         |
| Nov-1942     | Donald L. Kohn, Vice Chairman Board of Govs | Moderate/Hawk      | 1/31/2016    | 08/05/2002  |         |
| Jul-1952     | Elizabeth Duke, Board of Govs               | No bias yet        | 1/31/2012    | 08/05/2008  |         |
| Jun-1962     | Randall S. Kroszner, Board of Govs          | Moderate/Dove      | 1/31/2008    | 03/01/2006  |         |
| Nov-1952     | Daniel K. Tarullo, Board of Govs            | No bias yet        | 1/31/2022    | 01/28/2009  |         |
| Apr-1970     | Kevin M. Warsh, Board of Govs               | Moderate/Hawk      | 1/31/2018    | 02/24/2006  |         |
| 1953         | William Dudley, New York                    | No bias yet        |              | 01/27/2009  |         |
| 01/15/1958   | Charles L. Evans, Chicago                   | Moderate           |              | 09/01/2007  |         |
| 09/27/1955   | Jeffrey M. Lacker, Richmond                 | Moderate/Hawk      |              | 08/01/2004  |         |
| 02/01/1947   | Dennis P. Lockhart, Atlanta                 | Moderate/Hawk      |              | 03/01/2007  |         |
| 8/13/1946    | Janet L. Yellen, San Francisco              | Moderate/Dove      |              | 06/14/2004  |         |
| Born ^       | 2009 Alternate Members (Voters in 2010)     | Policy Inclination |              | Took Office | Comment |
| 06/06/1946   | Thomas M. Hoenig, Kansas City               | Moderate           |              | 10/01/1991  |         |
| 1960 or 1961 | Dr. James B. Bullard, St. Louis             | Moderate/Hawk      |              | 04/01/2008  |         |
| 06/03/1957   | Eric Rosengren, Boston                      | Moderate/Dove      |              | 07/23/2007  |         |
| 08/04/1954   | Sandra Pianalto, Cleveland                  | Moderate           |              | 02/01/2003  |         |
| Born ^       | 2010 Alternate Members (Voters in 2011)     | Policy Inclination |              | Took Office | Comment |
| 11/03/1944   | Dr. Gary H. Stern, Minneapolis              | Hawk/Moderate      |              | 03/16/1985  |         |
| 1950???      | Richard W. Fisher, Dallas                   | Hawk               |              | 04/04/2005  |         |
| 09/19/1948   | Dr. Charles I. Plosser, Philadelphia        | Hawk/Moderate      |              |             |         |

**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      | 2010         |  |
| <b>Members</b>           | New York     | New York  | New York     | Committee membership changes at the first regularly scheduled meeting of the year. |
|                          | Cleveland    | Chicago   | Cleveland    |  |
|                          | Philadelphia | Richmond  | Boston       |  |
|                          | Dallas       | Atlanta   | St. Louis    |  |
|                          | Minneapolis  | SF        | KC           |  |
| <b>Alternate Members</b> | New York†    | New York† | New York†    | Committee membership changes at the first regularly scheduled meeting of the year. |
|                          | Chicago      | Cleveland | Chicago      |  |
|                          | Richmond     | Boston    | Philadelphia |  |
|                          | Atlanta      | St. Louis | Dallas       |  |
|                          | SF           | KC        | Minneapolis  |  |

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

"QE = the purchase of longer-dated government securities financed by increasing the monetary base..."

| Central Bank                | Rate (%) Benchmark      | Last Rate<br>Change | Amount | Next<br>Meeting | Market Expectations          | Policy<br>Strategy        | 1 Month<br>OIS Rates |
|-----------------------------|-------------------------|---------------------|--------|-----------------|------------------------------|---------------------------|----------------------|
| Bank of England (BOE)       | 0.50 Repo Rate          | 3/5/2009            | (0.50) | BOE             | 7/9/2009 QE *                | Price Stability           | 0.418                |
| European Central Bank (ECB) | 1.00 Refi min bid       | 5/7/2009            | (0.25) | ECB             | 8/6/2009 Ease Bias + QE      | Price Stability           | 0.398                |
| US Federal Reserve Bank     | 0 - 0.25 Fed Funds      | 12/16/2008          | (0.75) | FRB             | 8/12/2009 QE *               | Price Stblty/Full emplmnt | 0.179                |
| Bank of Japan (BOJ)         | 0.10 O / N Call Rt      | 10/31/2008          | (0.30) | BOJ             | 7/15/2009 QE *               | Price Stability           | 0.145                |
| Bank of Canada (BOC)        | 0.25 O / N Rate         | 4/21/2009           | (0.25) | BOC             | 7/21/2009 QE *               | Price Stability / ICT     |                      |
| Swiss National Bank (SNB)   | .00 - 0.750 3-Mth Libor | 3/12/2009           | (0.25) | SNB             | 9/17/2009 QE *               | Price Stability           |                      |
| Reserve Bank of Australia   | 3.00 Cash Rate          | 4/7/2009            | (0.25) | RBA             | 8/4/2009 On Hold / Ease Bias | Price Stability / ICT     |                      |
| Reserve Bank of New Zealand | 2.50 OCR                | 4/30/2009           | (0.50) | RBNZ            | 7/30/2009 Ease Bias          | Price Stability / ICT     |                      |

mm/dd/yyyy

mm/dd/yyyy

\* Quantitative Easing

**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. **03/05/2009 BOE cuts to .50 and states they will be buying bonds/gilts etc. QE begins.**

**BOC: 10/21/2008:** Changed from 'Ease Possible' to Ease Bias after 10/08/2008 global coordinated cuts and 10/21/2008 .25 cut. **03/03/2009 : Cut 50bps & quantitative easing if required**

**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'. **12/16/08:** 2nd CB (ex Japan) to **ZIRP**. **3/18/2008:** FRB announces QE with focus on 2-10 part of the curve.

**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' **11/20/2008:** Surprise 100 bp cut. **12/11/08:** First to ZIRP; **03/12/2009:** QE begins, "...the SNB will buy foreign currency and bonds seeing a spike to Chf." **06/18/2009:** Will try and bring policy to lower end of 00 - 0.75 range (0.25)

**BOJ: 02/19/2009:** Plans to begin the outright purchase of corporate bonds. Will begin March to Sep '09. Up to JPY 1 trn of issues A-rated and above. Also expands Special Funds-Supplying Operations and a series of other existing credit-easing measures. This is a quantitative-easing program. **03/17/2009:** BOJ will increase its monthly Rinban JGB buying operation. **04/07/2009:** BOJ expands QE to include Munis.

**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); 12/02/08** And again! **(1.00)** ; **02/03/09:** Again **(1.00)**; **03/03/2009:** Unched. **04/08/2009 :** cut **(0.25)**. **05/05/2009:** Unched. Change bias to On Hold? **06/16/2009:** On Hold, but with Ease bias .

**ECB: 10/09/2008:** Changed from 'Ease Possible' after global coordinated rate cuts to 'Ease Bias' **05/07/2009:** QE anncnd

**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. 12/04/08: (150) 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](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

## The FOMC: Ranges

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

|        | Avg Dly Rng <sup>2</sup> | Avg 15 Min Range <sup>3</sup> |
|--------|--------------------------|-------------------------------|
| Jan-00 | 8.4                      | 7.3                           |
| Jan-00 | 9.6                      | 8.1                           |
| Jan-00 | 10.7                     | 8.2                           |
| Jan-00 | 11.2                     | 8.6                           |

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

|        | Avg Dly Rng | Avg 30 Min Rng <sup>5</sup> |
|--------|-------------|-----------------------------|
| Jan-00 | 8.1         | 4.4                         |
| Jan-00 | 9.8         | 5.5                         |
| Jan-00 | 11.4        | 6.7                         |
| Jan-00 | 11.4        | 7.5                         |

## 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

**Li Dongrong** Assistant Governor

**Guo Qingping** 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

**Members of the Policy Board**

| <b>Position</b>               | <b>Name</b>                            | <b>Date of appointment</b> |
|-------------------------------|--|----------------------------|
| Governor of the Bank of Japan | <a href="#">Masaaki Shirakawa</a>      | Apr.09, 2008               |
| Deputy Governor of the BOJ    | <a href="#">Mr. Hirohide Yamaguchi</a> | Oct. 27, 2008              |
| Deputy Governor of the BOJ    | <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.

**Bank of Japan Meetings****Date of Annmmt**

|           |            |
|-----------|------------|
| Jan. 2009 | 1/22/2009  |
| Feb.      | 2/19/2009  |
| Mar.      | 3/17/2009  |
| Apr.      | 4/7/2009   |
| May       | 5/22/2009  |
| June      | 6/16/2009  |
| July      | 7/15/2009  |
| Aug.      | 8/11/2009  |
| Sep.      | 9/17/2009  |
| Oct.      | 10/14/2009 |
| Nov.      | 11/20/2009 |
| Dec.      | 12/18/2009 |

**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

**Georgios Provopoulos** , 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

**Ewald Nowotny**, Governor, Oesterreichische Nationalbank

**Vítor Manuel Ribeiro Constâncio**, Governor, Banco de Portugal

**Marko Kranjec** , Governor, Banka Slovenije

**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.

**EU Central Banks****EUROZONE (16):**

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

Slovakia: Národná Banks Slovenska

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



**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   | Sławomir Skrzypek   |
| Portugal, Banco de Portugal  | Vítor 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



Photo: Martin Joppen

### Governing Council of the European Central Bank, 2009

Front row (left to right): John Hurley, Michael C. Bonello, Gertrude Tumpel-Gugerell, Jean-Claude Trichet, Lucas D. Papademos, Miguel Fernández Ordóñez, Yves Mersch

Middle row (left to right): Christian Noyer, Marko Kranjec, Vítor Manuel Ribeiro Constâncio, George A. Provopoulos, Erkki Liikanen, Ewald Nowotny

Back row (left to right): Ivan Šramko, José Manuel González-Páramo, Axel A. Weber, Nout Wellink, Guy Quaden, Lorenzo Bini Smaghi, Jürgen Stark

Note: Mario Draghi and Athanasios Orphanides were not available when the photograph was taken.

#### Board Members

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

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

Jean-Claude Trichet, President of the ECB,  
Lucas Papademos, Vice President of the ECB  
Luxembourg, 2 July 2009

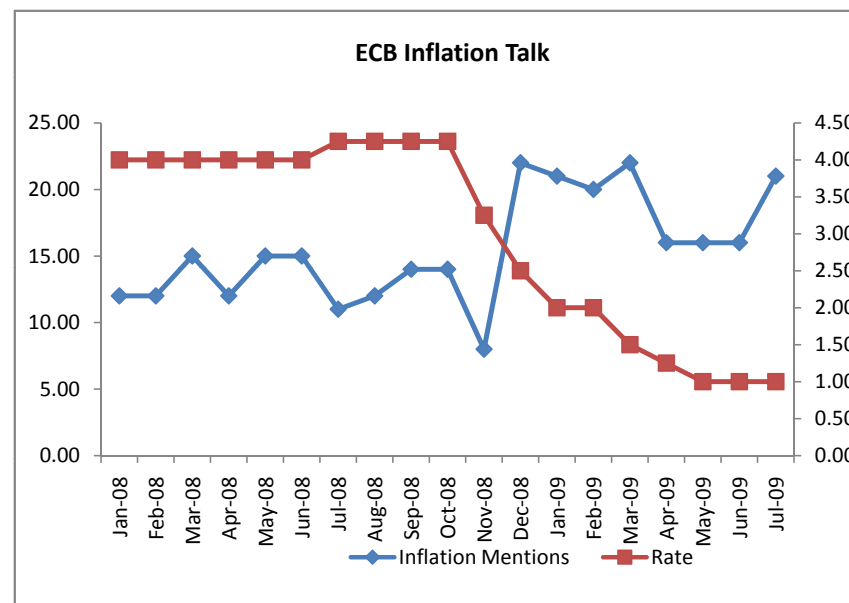
Ladies and gentlemen, the Vice-President and I are very pleased to welcome you to our press conference here in Luxembourg. I would like to thank Governor Mersch for his kind hospitality and to express our special gratitude to his staff for the excellent organisation of the meeting of the Governing Council. 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, the Governing Council decided to leave the key ECB interest rates unchanged. The current rates remain appropriate taking into account all the information and analyses that have become available since our meeting on 4 June 2009. The fall of annual inflation rates into negative territory in June is in line with previous expectations and reflects mainly temporary effects. After a return to positive inflation rates, we expect price developments to remain dampened over the policy-relevant horizon. Recent data releases and survey information provide further indications that economic activity over the remainder of this year is likely to remain weak but should decline less strongly than was the case in the first quarter of 2009. This assessment incorporates adverse lagged effects, such as a further deterioration in labour markets, which are likely to materialise over the coming months. Looking ahead into next year, after a phase of stabilisation, a gradual recovery with positive quarterly growth rates is expected by mid-2010. Available indicators of inflation expectations over the medium to longer term remain firmly anchored in line with the Governing Council's aim of keeping inflation rates below, but close to, 2% over the medium term. The outcome of the monetary analysis corroborates the assessment of low inflationary pressure, as money and credit indicators continue to be weak. Against this background, we expect the current episode of extremely low or negative inflation rates to be short-lived and price stability to be maintained over the medium term, thereby continuing to support the purchasing power of euro area households. [...] [SOURCE: The ECB]

### Inflation Talk

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

| Date     | Inflation Mentions | Rate                             |
|----------|--------------------|----------------------------------|
| Jan-2008 | 12.00              | 4.00                             |
| Feb-2008 | 12.00              | 4.00                             |
| Mar-2008 | 15.00              | 4.00                             |
| Apr-2008 | 12.00              | 4.00                             |
| May-2008 | 15.00              | 4.00                             |
| Jun-2008 | 15.00              | 4.00                             |
| Jul-2008 | 11.00              | 4.25                             |
| Aug-2008 | 12.00              | 4.25                             |
| Sep-2008 | 14.00              | 4.25                             |
| Oct-2008 | 14.00              | 4.25                             |
| Nov-2008 | 8.00               | 3.25 (Cut .50 ~ 10/09 and 11/06) |
| Dec-2008 | 22.00              | 2.50                             |
| Jan-2009 | 21.00              | 2.00                             |
| Feb-2009 | 20.00              | 2.00                             |
| Mar-2009 | 22.00              | 1.50                             |
| Apr-2009 | 16.00              | 1.25                             |
| May-2009 | 16.00              | 1.00                             |
| Jun-2009 | 16.00              | 1.00                             |
| Jul-2009 | 21.00              | 1.00                             |



\*Most comments about inflation in Dec 08 where in regards to the LACK-OF inflation. Same for January...most comments about inflation were about the LACK-OF inflation.

Current Bank Rate 0.5 %  
Next due: 09 Jul 2009

Current Inflation 2.2%  
Next due: 14 Jul 2009

Inflation Target 2.0%  
Next due: 12 Aug 2009

| <u>Schedule for 2009</u> |                    |                         |
|--------------------------|--------------------|-------------------------|
| <b>MPC Decision</b>      | <b>MPC Minutes</b> | <b>Inflation Report</b> |
| 7 & 8 January            | 21-Jan             |                         |
| 4 & 5 February           | 18-Feb             | 11-Feb                  |
| 4 & 5 March              | 18-Mar             |                         |
| 8 & 9 April              | 22-Apr             |                         |
| 6 & 7 May                | 20-May             | 13-May                  |
| 3 & 4 June               | 18-Jun             |                         |
| 8 & 9 July               | 22-Jul             |                         |
| 5 & 6 August             | 19-Aug             | 12-Aug                  |
| 9 & 10 September         | 23-Sep             |                         |
| 7 & 8 October            | 22-Oct             |                         |
| 4 & 5 November           | 18-Nov             | 11-Nov                  |
| 9 & 10 December          | 23-Dec             |                         |

#### News Release

#### Bank of England Maintains Bank Rate at 0.5% and continues with £125 Billion Asset Purchase Programme

4 June 2009

The Bank of England's Monetary Policy Committee today voted to maintain the official Bank Rate paid on commercial bank reserves at 0.5%. The Committee also voted to continue with its programme of asset purchases totalling £125 billion financed by the issuance of central bank reserves.

The Committee expects that the announced programme will take another two months to complete. The scale of the programme will be kept under review.

The minutes of the meeting will be published at 9.30am on Wednesday 17 June.

#### Note to Editors

The previous change in Bank Rate was a reduction of 0.5 percentage points to 0.5% on 5 March 2009. A £75 billion programme of asset purchases financed by the issuance of central bank reserves was initiated on 5 March 2009. The programme was increased to a total of £125 billion on 7 May 2009.

[Source: BOE]

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

|                    | Voted to Increase | Voted to Reduce | Voted to Maintain | Meetings Attended |
|--------------------|-------------------|-----------------|-------------------|-------------------|
| Mervyn King        | 30                | 23              | 93                | 146               |
| Paul Tucker        | 13                | 10              | 62                | 85                |
| Charles Bean       | 8                 | 22              | 76                | 106               |
| Kate Barker        | 11                | 20              | 67                | 98                |
| Sir John Gieve     | 6                 | 10              | 21                | 37                |
| David Blanchflower | 1                 | 19              | 16                | 36                |
| Tim Besley         | 10                | 8               | 16                | 34                |
| Andrew Sentance    | 8                 | 8               | 17                | 33                |
| Spener Dale        | 0                 | 6               | 6                 | 12                |
| Paul Fisher        | 0                 | 1               | 3                 | 4                 |
| David Miles        | 0                 | 0               | 1                 | 1                 |
| <b>Totals</b>      | <b>87</b>         | <b>127</b>      | <b>378</b>        | <b>592</b>        |

592 Sum Check

## VOTING BY THE MONETARY POLICY COMMITTEE - 2009

|   | Voted to Increase | Voted to Reduce | Voted to Maintain | Meetings Attended |
|---|-------------------|-----------------|-------------------|-------------------|
| Mervyn King, Governor                   | 0                 | 3               | 3                 | 6                 |
| Paul Tucker, Deputy Governor            | 0                 | 3               | 3                 | 6                 |
| Charles Bean, Deputy Governor (01 July) | 0                 | 3               | 3                 | 6                 |
| Kate Barker                             | 0                 | 3               | 3                 | 6                 |
| Sir John Gieve, Deputy Governor         | 0                 | 2               | 0                 | 2                 |
| David Blanchflower                      | 0                 | 3               | 2                 | 5                 |
| Tim Besley                              | 0                 | 3               | 2                 | 5                 |
| Andrew Sentance                         | 0                 | 3               | 2                 | 5                 |
| Spencer Dale                            | 0                 | 3               | 3                 | 6                 |
| Paul Fisher                             | 0                 | 1               | 2                 | 3                 |
| David Miles                             | 0                 | 0               | 1                 | 1                 |
| <b>Totals</b>                           | <b>0</b>          | <b>27</b>       | <b>24</b>         | <b>51</b>         |

RET

RET

## VOTING BY THE MONETARY POLICY COMMITTEE - 2008

|                       | Voted to Increase | Voted to Reduce | Voted to Maintain | Meetings Attended | Comment                 |
|-----------------------|-------------------|-----------------|-------------------|-------------------|-------------------------|
| Mervyn King, Governor | 0                 | 5               | 7                 | 12                |                         |
| Rachel Lomax          | 0                 | 2               | 4                 | 6                 | RET; Dep Governor       |
| Paul Tucker           | 0                 | 5               | 7                 | 12                |                         |
| Charles Bean          | 0                 | 5               | 7                 | 12                | Dep Governor            |
| Kate Barker           | 0                 | 5               | 7                 | 12                |                         |
| Sir John Gieve        | 0                 | 6               | 6                 | 12                | Dep Governor            |
| David Blanchflower    | 0                 | 12              | 0                 | 12                | Will Retire in May 2009 |
| Tim Besley            | 2                 | 4               | 6                 | 12                |                         |
| Andrew Sentance       | 0                 | 4               | 8                 | 12                |                         |
| Spencer Dale          | 0                 | 3               | 3                 | 6                 |                         |

## Interest Rates in 2008

Increased 0 times

Reduced 5 times

Maintained 7 times

--Lomax retires, 30 June 2008

--Bean takes over Deputy Governor, 01 July 2008

--Spencer Dale joins MPC, 01 July 2008

--Paul Fisher replaces Geive, 01 March 2009?

\*Fisher, currently head of BoE's FX division.

--David Miles to take over from Blanchflower from June 1, 2009.

--GEIVE retires 01 Mch 2009?

### 16 Member States of the European Union use the euro as their currency

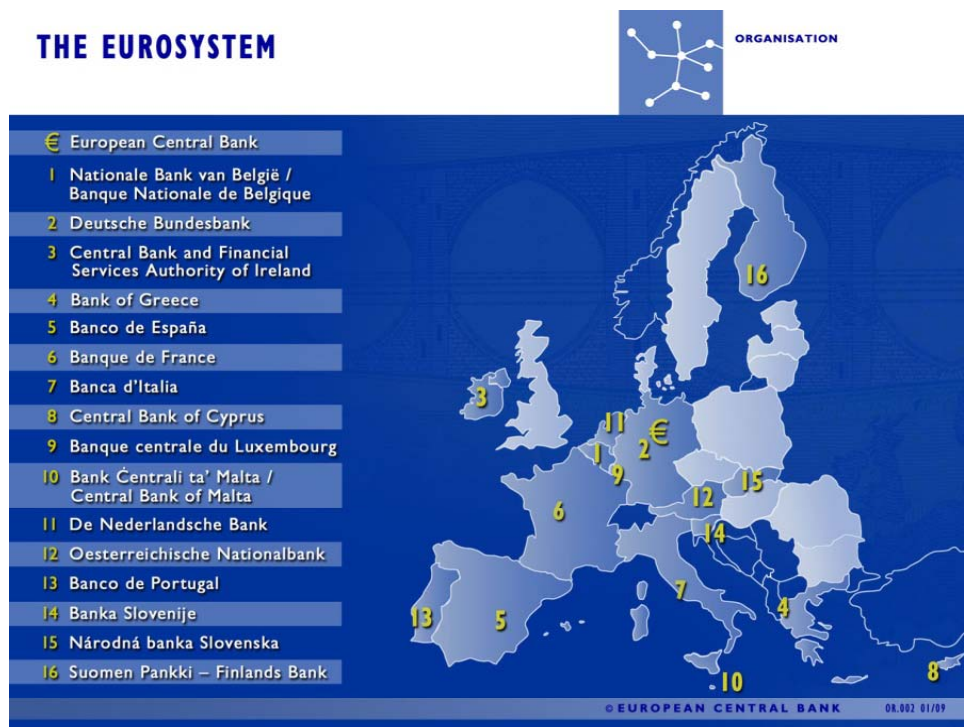
Belgium  
Germany  
Ireland  
Greece  
Spain  
France  
Italy  
Cyprus  
Luxembourg  
Malta  
The Netherlands  
Austria  
Portugal  
Slovenia  
Slovakia  
Finland

### Non-participants

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

[SOURCE: The ECB. Last updated January 02, 2009]

## THE EUROSISTEM



### 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 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]

Table 2 Overview of the comparability of selected indicators

| Euro area headline indicators                        | To be compared with                                  | Assessment   |  |
|--|--|--|--|
|  |  | United States  | Japan  |
| HICP   | CPI excluding imputed rents                          | Comparable (product coverage similar to HICP definition)   | Comparable (product coverage similar to HICP definition)   |
| GDP  | Headline   | Almost comparable (nominal GDP: slight deviations for the treatment of software expenditure, shadow economy, military expenditure, FISIM; GDP volume change: slight deviations for the treatment of quality changes, non-market sectors output and the choice of index number) | Comparable   |
| Consumption  | Headline   | Comparable   | Comparable   |
| Investment   | Headline adjusted (US)                               | More comparable (after adjustment for the treatment of military weapons but no adjustment for the treatment of software capitalisation)  | Comparable   |
| Unit labour costs                                    | Headline adjusted (US)                               | Comparable (after adjustments for volume changes of GDP; expansion of the non-farm business to the whole economy and use of persons employed instead of number of hours worked for employment definition)  | Information not available  |
| Labour cost index                                    | None   | Not comparable (different definition: euro area indicator refers to changes in costs of labour per hour using recent industry and country weights whereas US indicator describes changes in employer costs for a fixed basket of labour eliminating compositional changes)     | Information not available  |
| Unemployment   | Headline   | Almost comparable (unemployment statistics derived from a household survey in line with ILO guidelines but differences in the sample period, target population, treatment of temporary lay-offs and age limit definition)  | Almost comparable (unemployment statistics derived from a household survey in line with ILO guidelines but differences in the sample period, target population and age limit definition) |
| Employment:  | Labour force survey employment (US) Headline (Japan) | More comparable (employment definition based on persons employed but no adjustment for the treatment of the shadow economy)  | Almost comparable (but no adjustment for the treatment of the shadow economy)  |
| Bank credit  | Headline adjusted (US)                               | Comparable (after adjustment for the banking sector coverage)  | Not comparable (no possible adjustment)  |
| Debt security  | None   | Not comparable (different valuation, sector and instrument coverage)   | Information not available  |
| MFI interest rates to households for house purchases | None   | Not comparable (different definition, banking sector coverage and calculation methods)   | Not comparable (different definition).   |
| Households' indebtedness                             | Headline adjusted (US) Headline (Japan)              | More comparable (after adjustment of the households' gross disposable income but no adjustment for the exclusion in households of sole proprietorships and most partnerships without independent legal status)   | Comparable   |

Source: ECB

<http://www.ecb.int/pub/pdf/mobu/mb200504en.pdf>

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**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."

**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.

**Jim's Notes:**

The US Dollar Index is physically settled on the third Wednesday of the expiration month against six component currencies (euro, Japanese yen, British pound, Canadian dollar, Swedish krona and Swiss franc) in their respective percentage weights in the Index. Settlement rates may be quoted to three decimal places. [ICE]

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.