



[Times for Market News International stories are ET]

07:00 12/06 UK: BOE MPC cuts key interest rates 25 basis points

- Bank rate moves to 5.50%
- Arguments between a cut and unchanged were viewed as balanced into the announcement.
- One in three analysts had predicted a rate cut at today's Bank of England Monetary Policy Committee meeting, according to an updated Market News survey released ahead of the decision.
- SONIA were pricing in a 90% chance for a 25bp cut.

07:03 12/06 REACTS: Mar short-sterling little changed following decision by the BoE to cut interest rates by 25bps to 5.50%. Cable is down 60 pips, euro-sterling is up 10pips at Stg0.7207.

07:03 12/06 BOE: Signs that growth is beginning to slow

- Household and business surveys show spending moderating
- Financial market conditions have deteriorated
- Tightening of credit supply to households in train
- Higher energy, food prices to keep CPI above target in near term
- Upside risks to inflation remain

07:05 12/06 BOE: Slowing demand growth should ease capacity pressure

- Easing cap. pressure should bring CPI back to aim near-term
- Rate cut was needed to meet 2.0% CPI target medium-term

07:07 12/06 SHORT-STERLING: Mar short-sterling reverses gains on hawkish BoE accompanying statement.

07:45 12/06 ECB: Leaves rates unchanged, as widely expected

- Min. bid rate at refi tender remains at 4.00%
- Marginal lending rate 5.00%, Deposit rate 3.00%
- * Focus turns to the ECB press briefing which begins at 1330GMT

08:55 12/06 BUNDS: The Bund curve is maintaining steepening bias, in the wake of the squeeze in the 4.00% Sept 2009 Schatz issue, which is the cheapest-to-deliver into the expired Dec 07 Schatz contract. Thin volumes and lack of liquidity also contributed to the squeeze. The 2-/10-year Bund yield spread is 7bps steeper at +33bps.

08:38 12/06 ECB TRICHET: Strong upward pressure on inflation

- Data fully confirm price stability subject to upside risks
- Stands ready to counter upside risks to price stability
- but continued uncertainty due financial market turmoil

08:38 12/06 ECB TRICHET: ECB will closely monitor all developments

08:39 12/06 ECB TRICHET: Does not repeat that med-term economic outlook favourable

08:40 12/06 ECB TRICHET: ECB Staff see 2007 GDP range 2.4%-2.8% vs Sep 2.2%-2.8%

- Sees 2008 GDP range 1.5%-2.5% vs Sep 1.8%-2.8%

08:43 12/06 ECB TRICHET: Inflation up strongly in Nov; oil, food, base effects

- HICP to moderate only gradually in 2008

08:45 12/06 ECB TRICHET: ECB Staff sees 2007 HICP range 2.0%-2.2% vs Sep 1.9%-2.1%

- Sees 2008 HICP range 2.0%-3.0% vs Sep 1.5%-2.5%

- Sees 2009 HICP range 1.2%-2.4% (first estimate)

08:47 12/06 ECB TRICHET: Underlying rate of monetary growth strong despite distortion. Monetary developments require very careful monitoring.

08:50 12/06 EURIBOR: Mar euribor now down 1 tick at 95.565 after ECB President Jean-Claude Trichet says monetary analysis confirms upside risks to inflation.

08:58 12/06 ECB TRICHET: Absolutely decisive that no second round effects

- Will do all that's necessary to avoid second round effects

09:29 12/06 ECB TRICHET: Ends monthly press conference