



The Morning Email: US & Germany



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Want something added? Let me know: jgoulding@ghco.com
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Quotes 1



32 nds									
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME	
TUAH8	104.262	(0.0)	104.310	104.260	104.275	26,119	309,868	2y Futures	US Futures Market
FVAH8	109.225	(0.0)	110.020	109.220	109.260	55,922	669,963	5y Futures	
TYAH8	112.165	(0.0)	112.310	112.160	112.200	131,126	1,379,422	10y Futures	
USAH8	115.040	0	115.280	115.040	115.050	33,606	430,320	30y Futures	
	Last	Net	Hi	Low	Open	Volume			
BUS02P	99.312	(2.2)	100.042	99.312	100.015	2y			US Cash Treasury Market
BUS05P	99.117	(3.7)	99.227	99.117	99.160	5y			
BUS10P	101.005	(5.0)	101.190	101.005	101.100	10y			
BUS30P	106.225	(4)	107.215	106.235	107.040	30y			
	Last	Net	Hi	Low	Open	Volume			
BUS02Y	3.125	3.20	3.146	3.047	3.117	2y Yield			
BUS05Y	3.512	2.60	3.517	3.432	3.496	5y Yield			
BUS10Y	4.122	2.10	4.126	4.051	4.107	10y Yield			
BUS30Y	4.580	1.30	4.585	4.524	4.564	30y Yield			



Decimal									
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME	
DGH8	103.64	(7.00)	103.74	103.64	103.68	219,577	785,710	Schatz(2Y)	German Futures Markets
DLH8	108.47	(21.00)	108.72	108.46	108.67	259,163	680,703	Bobl(5Y)	
DBH8	113.87	(3.20)	114.36	113.84	114.32	419,254	1,354,685	Bund(10Y)	

	Price	Yield			SYM NAME	
	Last	Last	Coupon	Maturity		
T.US.DE032P0410**	102.85	4.029	5.375	4/1/2010	2 yr CTD	German Cash Treasury Market
T.US.DE042P1012***	101.04	3.997	4.250	10/12/2012	5 yr CTD	
T.US.DE036P0117**	96.60	4.202	3.750	1/4/2017	10 yr CTD	
DEP2P*	100.17	3.889	4.000	9/11/2009	2yr OTR	
DEP5P*	101.08	3.997	4.250	10/12/2012	5yr OTR	
DEP10P*	98.01	4.247	4.000	1/4/2018	10yr OTR	

Notes

- Y = Yield
- DE = German Country Code
- CTD = Cheapest to Deliver
- OTR = On the Run
- * OTR
- ** CTD
- *** CTD & OTR

Quotes 2

This page provided a more detailed look at the quotes for the German Bonds

German Bonds are quoted in decimal, not 32nds.



	Decimal					
	Bid	Ask	Last	Hi	Low	Chng
DGH8	#VALUE!	103.64	103.64	103.74	103.64	-7.00
DLH8	108.47	108.47	108.47	108.72	108.46	-21.00
DBH8	113.86	113.88	113.87	114.36	113.84	-3.20

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo
DGH8		4.068	4.068	4.071	4.017
DLH8	4.094	4.092	4.094	4.095	4.040
DBH8	4.268	4.266	4.266	4.271	4.211

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng
T.US.DE032P0410**	4.042	4.029	4.029	4.042	3.988	
T.US.DE042P1012***	4.006	3.997	3.997	4.009	3.944	
T.US.DE036P0117**	4.209	4.202	4.202	4.211	4.138	
DEP2P*	3.907	3.889	3.889	3.937	3.859	1
DEP5P*	4.006	3.997	3.997	4.009	3.944	-12
DEP10P*	4.253	4.247	4.247	4.257	4.184	-31

	Decimal					
	Bid	Ask	Last	Hi	Low	Chng
T.US.DE032P0410**	102.85	102.88	102.88	102.97	102.85	-5
T.US.DE042P1012***	101.04	101.08	101.08	101.31	101.03	-12
T.US.DE036P0117**	96.60	96.65	96.65	97.11	96.58	-24
DEP2P*	100.14	100.17	100.17	100.22	100.09	1
DEP5P*	101.04	101.08	101.08	101.31	101.03	-12
DEP10P*	97.96	98.01	98.01	98.51	97.93	-31

SYM NAME	
Schatz(2Y)	German Futures
Bobl(5Y)	
Bund(10Y)	

Schatz(2Y)	German Futures
Bobl(5Y)	
Bund(10Y)	

2 yr CTD	German Cash
5 yr CTD	
10 yr CTD	
2yr OTR	
5yr OTR	
10yr OTR	

SYM NAME	
2 yr CTD	German Cash
5 yr CTD	
10 yr CTD	
2yr OTR	
5yr OTR	
10yr OTR	

Notes

Y = Yield

DE = German Country Code

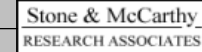
CTD = Cheapest to Deliver

OTR = On the Run

* OTR

** CTD

*** CTD & OTR



Euro Mkt Summary: EGBs Plunge Post US Payrolls
by Niraj Shah

Summary

EGBs were sharply lower on Friday afternoon as stronger than expected US non-farm payrolls data dampened hopes that the Fed would cut rates by 50bps next week. European Bonds had opened weaker after still digesting the fact that ECB President Trichet had revealed that there had been some voices in favour of a hike at Thursday's Governing Council meeting. This is perhaps the first time ever that the Governing Council's decision was revealed not to be unanimous. Trichet also made clear that the ECB had not considered cutting rates at this stage in response to worsening financial market conditions. Further hawkish comments were made on Friday by ECB's Noyer and Liebscher who stressed that inflation remained the ECB's main concern. Bunds were further weighed by continued squeeze higher in European equity bourses, with financials leading the charge in the wake of George Bush's US subprime rescue plan. Attention now turns to comments from ECB President Trichet, who speaks at the award ceremony in Hamburg at 17:00 GMT.

In the forex markets, the dollar was mixed against the major currencies despite the stronger than expected employment number. The EUR/USD was at 1.465 (+0.001), cable at 2.028 (+0.000) and USD/JPY at 111.60 (+0.28).

European equities were higher in afternoon trade. The DAX was trading +0.67%, CAC 40 +0.79% and the FTSE +1.07% on the day. However, US stocks slipped back with the S&P 500 -0.20% and the NASDAQ -0.32%.

Gilts were also down on the back of the strong US non-farm payrolls and the rebound in stocks. Nevertheless, Gilts continued to outperform Bunds following Thursday's Bank of England rate cut. This was the first cut in two years and the beginning of the first rate cutting cycle in eight years. A Halifax report released on Friday also helped Gilts outperform EGBs after showing that house price growth was predicted to be zero in 2008.



[Times for Market News International stories are ET]

06:48 12/10 **LIBOR FIXINGS:** Euro 1-mth Libor at 4.89625% vs 4.87563% Friday

-- Euro 2-mth Libor fixed at 4.89688% vs 4.88375% Friday

-- Euro 3-mth Libor fixed at 4.90375% vs 4.89375% Friday

-- Stg 1-mth Libor fixed at 6.69500% vs 6.65750% Friday

-- Stg 3-mth Libor fixed at 6.61500% vs 6.60625% Friday

-- Dollar 3-mth Libor fixed at 5.13250% vs 5.14063% Friday.

06:35 12/10 **BUNDS:** Traders report unwinding of 2-/10-year Bund yield flattening trades. The 2-/10-year yield spread at +36bps vs +31bps Friday.

06:31 12/10 **BUNDS:** Stop-loss selling impacting Mar Bunds -- around 60k contracts sold in the past 10 minutes, according to traders.

06:13 12/10 **BUND SUMMARY:** Bunds opened higher following overnight gains in US Treasuries after UBS unveiled fresh subprime writedowns of \$10 billion and ahead of the FOMC rate decision on Tuesday. The move also comes after sharp falls on Friday in the wake of the solid U.S. Payrolls data on Friday, which in turn fuelled speculation that the Fed may not be as aggressive in cutting interest rates as previously thought. However, Bunds pared gains following hawkish comments from ECB Executive Board member Juergen Stark, who said that the European Central Bank's Governing Council is concerned eurozone inflation could remain elevated despite recent ECB staff forecasts that show it declining in the medium term. Prices once again recovered off their worst levels, with short-squeeze seen in 4.00% Sept 2009 Schatz issue, on reported strong buying interest from Asian real money accounts. The yield on the 4.00% Sept 2009 Schatz was down 4.3 bps at 3.87%. Traders also reported unwinding of 2-/10-year flattening trades, albeit in thin vol session.

06:22 12/10 **FX:** Sterling took centre stage during European morning trade Monday, with a reported large sell order in euro-sterling for the 0900GMT fixing providing cable the impetus to trigger stops through \$2.0360, then \$2.0410, extending its recovery from Thursday's post MPC lows of \$2.0180 to \$2.0428. Euro-dollar struggled to track the cable rally, meeting stiff resistance from around \$1.4660 to \$1.4680. Dollar-yen managed to trigger an option barrier at Y111.80 in early Europe, before it settled back around Y111.60 for most of the European morning. Euro-yen was also subdued for most of the morning, picking up demand in late morning trade to take it toward Y164.00 from overnight lows of Y163.21.

05:19 12/10 **ECB BINI-SMAGHI:** Reported comments in speech in Florence, Italy.

-- Euro area credit situation may worsen

-- Says credit markets must be monitored

-- Urges banks to clarify credit situation

-- Says credit crisis could cause delay to further banking consolidation

-- Says competition between banks may increase

-- Too early to foresee credit-crunch effects. Bbg

06:18 12/10 **CREDIT:1,** European CDS spreads have seen very limited price action with little change seen across most sectors. Having said that there is a raft of M&A news from the weekend press which has pushed spreads wider in certain single names, however away from these situations markets appear to be largely sidelined ahead of tomorrow's FOMC meeting. Stock markets have provided little inspiration either, although the DAX is a notable exception outperforming its European peers in recent days on upbeat corporate news, breaking back up through the 8,000 level today. M&A has been a big focus and is where all of the interesting price action is today. In basic materials, Rio Tinto is trading 6bps wider at 81bps on a report in the Daily Telegraph that Blackstone Group may lead a bid for the Rio Tinto Group which may include China's sovereign wealth fund.

02:06 12/10 **JGB SUMMARY:** Japanese government bonds ended Monday's session narrowly mixed, bouncing back from early weakness. Prices were marked lower from the off, as the stronger-than-expected machine orders data weighed. However, the lower prices soon tempted dip-buying from City banks and life funds, helping prices rally from their lows. Out to the 10-year sector, prices rallied enough to see them end in positive territory, with ultra-long paper ending modestly lower. Overall volumes were light, though, with many players sidelined ahead of Tuesday's Federal Reserve FOMC rate decision.

-- Benchmark 10-year yield was 0.5 bps lower at 1.570%.

-- Benchmark 5-year yield was 1.5 bps lower at 1.085%.

-- Benchmark 20-year yield was 0.5 bps higher at 2.145%.

-- Benchmark 30-year yield was 0.5 bps higher at 2.385%.

-- Lead Dec JGB futures contract was 0.12 lower at 136.60.

Intrinsics & Tic for Tic Matrix'



US Intrinsic's ^				
	M Duration	DV01 32	DV01 \$	DV01(€)
30y	15.62	5.41	\$1,692	€ 2,485
10y	8.02	2.60	\$813	€ 1,194
5y	4.53	1.45	\$452	€ 664
2y	1.89	0.61	\$190	€ 278
ZB	10.30	3.88	\$121	€ 178
ZN	5.95	2.16	\$67	€ 99
ZF	4.02	1.42	\$44	€ 65
ZT	1.90	0.65	\$20	€ 30

^Futures are Based on CTD

German Intrinsic's ^				
	M Duration	DV01(€)	DV01(\$)	CF
Bund	7.24	€ 251	\$171	0.849146
Bobl	4.27	€ 137	\$93	0.931197
Schatz	2.14	€ 67	\$46	0.947563
DE10Y	7.81	€ 1,167	\$794	
DE5Y	4.27	€ 638	\$435	
DE2Y	2.14	€ 323	\$220	

^Futures are Based on CTD

Last

EURUSD 146.85

Tic for Tic Matrix (\$)			
	Bund	Bobl	Schatz
30y	9.91	18.12	37.19
10y	4.76	8.71	17.87
5y	2.65	4.84	9.93
2y	1.11	2.03	4.17
ZB	0.71	1.30	2.67
ZN	0.40	1.34	1.48
ZF	0.26	0.47	0.97
ZT	0.12	0.22	0.45

Notes

1) CF = Conversion Factor

2) MDuration = Modified Macaulay Duration

3) MDuration & DV01s for Futures are based on proxy issue (CTD)

US Financial Futures / Eurex Bond

	ZN	ZF	ZT
Bund (H)	1.700	2.700	2.900
Bobl (H)	0.960	1.500	1.570
Shatz (H)	0.380	0.580	0.630

Bloomberg
Ratio's

US Treasuries v Eurex Bonds

	2y	5y	10y
Bund (H)	1.7	3.9	7.1
Bobl (H)	3.1	7.1	12.8
Shatz (H)	7.8	15.9	28.8

Bloomberg
Ratio's

Bund (H) Bobl (H) Shatz (H)

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)	1.00	1.67	3.36
Bobl (H)	0.60	1.00	2.02
Shatz (H)	0.30	0.50	1.00

GH Trader's
Ratio's

Note:

Bloomberg hedge ratio's are static. Meaning, I only update them once a week and on rolls. My hedge ratio's are live, meaning, they're updated in real-time. I've managed to get the Eurex to Eurex ratio's updating live as of 07/05/2007. I'll be working on Eurex to the USA ratio's soon. All matrixes are labeled GH Trader's or Bloomberg.

US Cash Treasuries (OTR)			
	Bid	Ask	Last
US2y	3.142	3.125	3.125
US5y	3.515	3.512	3.512
US10y	4.124	4.122	4.122

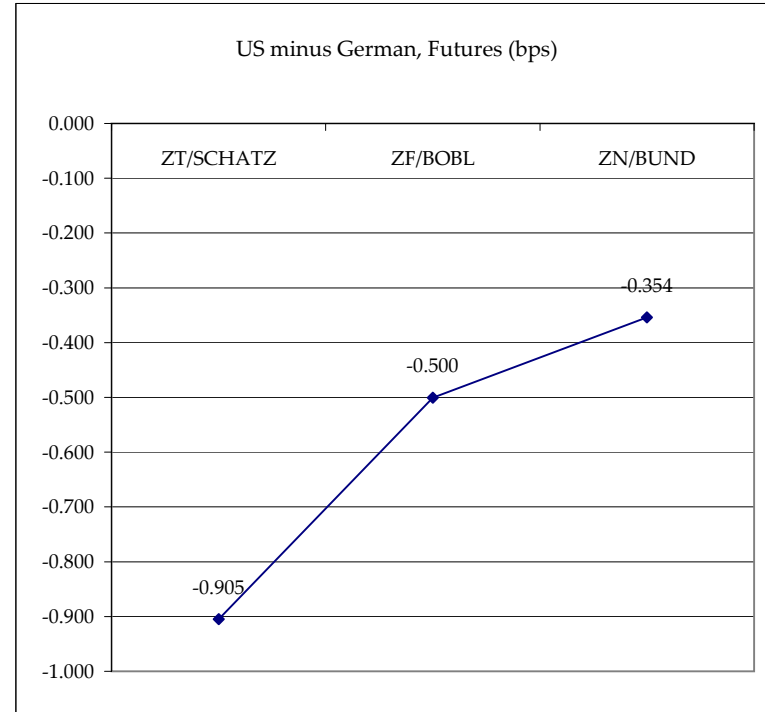
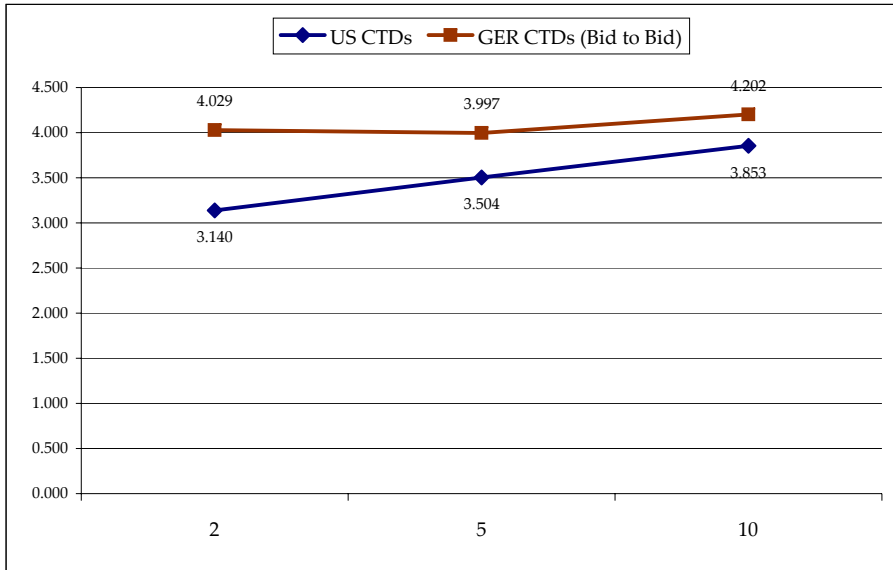
German Cash Treasuries (OTR)			
	Bid	Ask	Last
DE2y	3.907	3.889	3.889
DE5y	4.006	3.997	3.997
DE10y	4.253	4.247	4.247

Spreads	
	Bps
ZT/SCHATZ	-0.905
ZF/BOBL	-0.500
ZN/BUND	-0.354

US Cash Treasuries (CTD)			
	Bid	Ask	Last
3.500 of 12/09	3.140	3.124	3.124
4.750 of 05/12	3.504	3.497	3.497
4.250 of 11/14	3.853	3.848	3.848

German Futures (CTD)			
	Bid	Ask	Last
5.375 of 04/10	4.042	4.029	4.029
4.250 of 10/12	4.006	3.997	3.997
3.750 of 01/17	4.209	4.202	4.202

This chart shows the US futures, ZT, ZF, and ZN as a yield compared to the German Futures, the Schatz (2yr), Bobl (5yr), and Bund (10yr). Cheapest to Deliver (CTD) are used as proxies for the yields.



When does the volume trade? Between what hours of the day? These are the two questions most frequently asked, by new traders to this contract. Of course number releases pertaining to the German economy will produce volume. Past that we can look at a chart of the Bund as determine when volume occurs.

Time	Volume	Volume
	Rises	Drops
1:00 AM CST	x	
7:00 AM CST	x	
10:00 AM CST		x
11:00 AM CST		x
German Econ Release	x	
US Econ Release	x	

Bond Market Characteristics

From The Treasury Bond Basis Book 3rd Edition, by Galen Burghardt

Accrued Interest	Germany	Japan	UK
Coupon (date)	Annual	semi (20th)	semi
Ex-dividend (days)	no	no	yes (7)
Accrual basis	actual	actual	actual
Year Basis	actual	365	actual

Settlement time frame

Domestic	T+2	T+3	T+3
International	T+3	na	na

Trading Basis

Quotation	price	simple yield	price
Tick	decimal	bp	decimal
Tax (resident)	0	0	0
Price/Yield Method	ISMA	Simple	DMO

Repo

Accrual basis	actual	actual	actual
Year basis	360	0	365

The Governing Council

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
 Axel A. Weber, President, Deutsche Bundesbank
 Nout Wellink, President, De Nederlandsche Bank
 Guy Quaden, Governor, Nationale Bank van België/Banque Nationale de Belgique
 Nicholas C. Garganas, Governor, Bank of Greece
 Miguel Fernández Ordóñez, Governor, Banco de España
 Christian Noyer, Governor, Banque de France
 John Hurley, Governor, Central Bank and Financial Services Authority of Ireland
 Mario Draghi, Governor, Banca d'Italia
 Yves Mersch, Governor, Banque centrale du Luxembourg
 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**

Austria, Oesterreichische Nationalbank
 Belgium, Nationale Bank van België/Banque Nationale de Belgique
 Bulgaria, Bulgarian National Bank
 Czech, Republic Česká národní banka
 Cyprus, Central Bank of Cyprus
 Denmark, Danmarks Nationalbank
 Estonia, Eesti Pank
 Éire/Ireland, Central Bank and Financial Services Authority of Ireland
 Finland, Suomen Pankki - Finlands Bank
 France, Banque de France
 Germany, Deutsche Bundesbank
 Greece, Bank of Greece
 Hungary, Magyar Nemzeti Bank
 Italy, Banca d'Italia
 Latvia, Latvijas Banka
 Lithuania, Lietuvos bankas
 Luxembourg, Banque centrale du Luxembourg
 Malta, Central Bank of Malta
 The Netherlands, De Nederlandsche Bank
 Poland, Narodowy Bank Polski
 Portugal, Banco de Portugal
 Romania, Banca Națională a României
 Slovakia, Národná banka Slovenska
 Slovenia, Banka Slovenije
 Spain, Banco de España
 Sweden, Sveriges Riksbank
 United Kingdom, Bank of England

EU Central Banks

Austria, Oesterreichische Nationalbank	Klaus Liebscher, Governor, Oesterreichische Nationalbank
Belgium, Nationale Bank van België/Banque Nationale de Belgique	Guy Quaden, 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, Governor, Central Bank and Financial Services Authority of Ireland
Finland, Suomen Pankki - Finlands Bank	Erkki Liikanen, Governor, Suomen Pankki - Finlands Bank
France, Banque de France	Christian Noyer, 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, 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	Ślawomir 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
Slovenia, Banka Slovenije	Marko Kranjec
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 unshaded 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]

Introductory statement

**Jean-Claude Trichet, President of the ECB,
Lucas Papademos, Vice President of the ECB
Frankfurt am Main, 6 December 2007**

[...]

On the basis of our regular economic and monetary analyses, we decided at today's meeting to leave the key ECB interest rates unchanged. The latest information has confirmed the existence of strong short-term upward pressure on inflation, with the HICP inflation rate reaching 3.0% in November. It has also fully confirmed our assessment that there are upside risks to price stability over the medium term. Against this background, and with money and credit growth remaining very vigorous in the euro area, the Governing Council stands ready to counter upside risks to price stability, as required by its mandate. The economic fundamentals of the euro area remain sound. However, the reappraisal of risk in financial markets is still evolving and is accompanied by continued uncertainty about the potential impact on the real economy. We will therefore monitor very closely all developments. By acting in a firm and timely manner on the basis of our assessment, we will ensure that second-round effects and risks to price stability over the medium term do not materialise. Firmly anchoring medium and long-term inflation expectations in line with price stability is all the more important at times of financial market volatility and increased uncertainty. As regards the financial markets, we will continue to pay great attention to developments over the coming weeks.

[....]










[SOURCE: The ECB]

Stone & McCarthy
RESEARCH ASSOCIATES

Most Recent MPC Meetings:

	King (Gov)	Lomax (Dep Gov)	Gieve (Dep Gov)	Bean	Tucker	Barker	Blanchflower	Besley	Sentance	Result	Level	Vote	Dis-sent bias
Aug-06	+25bps	+25bps	+25bps	+25bps	+25bps	+25bps	unch			+25bps	4.75%	6-1	no chg
Sep-06	unch	unch	unch	unch	unch	unch	unch	unch		unch	4.75%	8-0	none
Oct-06	unch	unch	unch	unch	unch	unch	unch	+25bps	+25bps	unch	4.75%	7-2	tightening
Nov-06	+25bps	unch	+25bps	+25bps	+25bps	+25bps	unch	+25bps	+25bps	+25bps	5.00%	7-2	no chg
Dec-06	unch	unch	unch	unch	unch	unch	unch	unch	unch	unch	5.00%	9-0	none
Jan-07	+25bps	unch	+25bps	unch	unch	+25bps	unch	+25bps	+25bps	+25bps	5.25%	5-4	no chg
Feb-07	unch	unch	unch	unch	unch	unch	unch	+25bps	+25bps	unch	5.25%	7-2	tightening
Mar-07	unch	unch	unch	unch	unch	unch	-25bps	unch	unch	unch	5.25%	8-1	easing
Apr-07	unch	unch	unch	unch	unch	unch	unch	+25bps	+25bps	unch	5.25%	7-2	tightening
May-07	+25bps	+25bps	+25bps	+25bps	+25bps	+25bps	+25bps	+25bps	+25bps	+25bps	5.50%	9-0	none
Jun-07	+25bps	unch	+25bps	unch	unch	unch	unch	+25bps	+25bps	unch	5.50%	5-4	tightening
Jul-07	+25bps	unch	+25bps	unch	+25bps	+25bps	unch	+25bps	+25bps	+25bps	5.75%	6-3	no chg
Aug-07	unch	unch	unch	unch	unch	unch	unch	unch	unch	unch	5.75%	9-0	none
Sep-07	unch	unch	unch	unch	unch	unch	unch	unch	unch	unch	5.75%	9-0	none
Oct-07	unch	unch	unch	unch	unch	unch	-25bps	unch	unch	unch	5.75%	8-1	easing
Nov-07	unch	unch	-25bps	unch	unch	unch	-25bps	unch	unch	unch	5.75%	7-2	easing

BOE HAWKOMETER (November)

	Dissenting Hawkish Votes	Dissenting Dovish Votes	Non-Dissenting Votes	Total Votes	Hawkishness Rating
 Sentance	4	0	10	14	29%
 Besley	4	0	11	15	27%
 King (Gov)	14	0	113	127	11%
 Tucker	6	1	59	66	8%
 Gieve (Dep Gov)	1	1	20	22	0%
 Lomax (Dep Gov)	2	3	48	53	-2%
 Barker	1	4	74	79	-4%
 Bean	0	5	82	87	-6%
 Blanchflower	0	7	11	18	-39%

BOE Hawkometer - Deputy Governor Joins The Rate Cutting Camp
by Niraj Shah
7-2

The Bank of England minutes showed that the Monetary Policy Committee had voted 7:2 to leave rates on hold at the November meeting. Deputy Governor John Gieve unexpectedly joined arch dove David Blanchflower in backing a 25 basis point cut. The minutes revealed that the decision was a closely argued one, with "substantial uncertainty" over the outlook for both growth and inflation a key reason why the MPC held back from cutting rates.

[11/21/2007]

[As of 12/06/2007 6:00 am CT]

Current Bank Rate: 5.5%

Next due: 10 Jan '08

Current Inflation (CPI): 2.1%

Next due: 18 Dec '07

Inflation Target: 2.0%

[As of 12/06/2007 6:00 am CT]

News Release

Bank of England Reduces Bank Rate by 0.25 Percentage Points to 5.5%

6 December 2007

The Bank of England's Monetary Policy Committee today voted to reduce the official Bank Rate paid on commercial bank reserves by 0.25 percentage points to 5.5%.

Although output in the United Kingdom has expanded at a brisk pace for the past two years, there are now signs that growth has begun to slow. Forward-looking surveys of households and businesses suggest spending is moderating, broadly in line with the projections contained in the November Inflation Report. But conditions in financial markets have deteriorated and a tightening in the supply of credit to households and businesses is in train, posing downside risks to the outlook for both output and inflation further ahead.

CPI inflation was 2.1% in October. Higher energy and food prices are expected to keep inflation above the target in the short term. Although upside risks to inflation remain, which the Committee will continue to monitor carefully, slowing demand growth should ease the pressures on supply capacity, bringing inflation back to target in the medium term.

Against that background, the Committee judged that a decrease in Bank Rate of 0.25 percentage points to 5.5% was necessary to meet the 2% target for CPI inflation in the medium term.

The minutes of the meeting will be published at 9.30am on Wednesday 19 December.

Note to Editors

The previous change in Bank Rate was an increase of 0.25 percentage points to 5.75% on 5 July 2007.