12/14/2007 5:36

The Morning Email: US & Germany

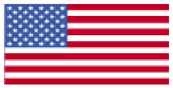
Table of Contents

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

Quotes 1

US Futures Market (32 nds)

	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME
TUAH8	104.235	(0.0)	104.245	104.210	104.227	13,903	295,271	2y Futures
FVAH8	109.160	(0.0)	109.190	109.100	109.130	37,028	627,110	5y Futures
TYAH8	112.080	(0.0)	112.110	112.005	112.030	80,384	1,215,325	10y Futures
USAH8	114.060	(0)	114.100	114.000	114.040	15,924	326,607	30y Futures



US Cash Treasury Market

	Last	Net	Hi	Low	Open	Volume
BUS02P	99.260	1.5	99.272	99.242	99.252	2y
BUS05P	99.067	3.5	99.087	99.020	99.050	5y
BUS10P	100.155	4.5	100.195	100.090	100.125	10y
BUS30P	105.240	3	105.300	105.190	105.280	30y

	Last	Net	Hi	Low	Open	Volume
BUS02Y	3.221	(2.40)	3.262	3.196	3.254	2y Yield
BUS05Y	3.548	(2.50)	3.585	3.533	3.58	5y Yield
BUS10Y	4.186	(1.70)	4.218	4.172	4.217	10y Yield
BUS30Y	4.637	(0.70)	4.652	4.624	4.649	30y Yield

German Futures Markets (Decimal)

	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME
DGH8	103.37	(3.00)	103.40	103.35	103.38	105,468	523,180	Schatz(2Y)
DLH8	108.01	(8.00)	108.08	107.98	108.04	116,050	646,660	Bobl(5Y)
DBH8	113.11	(0.60)	113.19	113.03	113.13	186,490	1,061,526	Bund(10Y)

German Cash Treasury Market

	Price	Yield			
	Last	Last	Coupon	Maturity	SYM NAME
T.US.DE032P0410**	102.57	4.148	5.375	4/1/2010	2 yr CTD
T.US.DE042P1012***	100.60	4.098	4.250	10/12/2012	5 yr CTD
T.US.DE036P0117**	96.02	4.283	3.750	1/4/2017	10 yr CTD
DEP2P*	100.03	3.983	4.000	12/11/2009	2yr OTR
DEP5P*	100.64	4.098	4.250	10/12/2012	5yr OTR
DEP10P*	97.47	4.315	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						SYM NAME	
	Bid	Ask	Last	Hi	Low	Chng		
DGH8	103.37	103.37	103.37	103.40	103.35	-3.00	Schatz(2Y)	German Futures
DLH8	108.00	108.01	108.01	108.08	107.98	-8.00	Bobl(5Y)	
DBH8	113.10	113.11	113.11	113.19	113.03	-0.60	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		
DGH8	4.211	4.208	4.208	4.221	4.195	Schatz(2Y)	German Futures
DLH8	4.193	4.192	4.192	4.198	4.176	Bobl(5Y)	
DBH8	4.356	4.355	4.355	4.364	4.346	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng		
T.US.DE032P0410**	4.161	4.148	4.148	4.175	4.139		2 yr CTD	German Cash
T.US.DE042P1012***	4.107	4.098	4.098	4.121	4.084		5 yr CTD	
T.US.DE036P0117**	4.290	4.283	4.283	4.302	4.273		10 yr CTD	
DEP2P*	3.999	3.983	3.983	4.015	3.972	-3	2yr OTR	
DEP5P*	4.107	4.098	4.098	4.121	4.084	-4	5yr OTR	
DEP10P*	4.322	4.315	4.315	4.337	4.308	-12	10yr OTR	

	Decimal						SYM NAME	
	Bid	Ask	Last	Hi	Low	Chng		
T.US.DE032P0410**	102.57	102.60	102.60	102.62	102.54	-2	2 yr CTD	German Cash
T.US.DE042P1012***	100.60	100.64	100.64	100.70	100.54	-4	5 yr CTD	
T.US.DE036P0117**	96.02	96.07	96.07	96.14	95.93	-8	10 yr CTD	
DEP2P*	100.00	100.03	100.03	100.05	99.97	-3	2yr OTR	
DEP5P*	100.60	100.64	100.64	100.70	100.54	-4	5yr OTR	
DEP10P*	97.42	97.47	97.47	97.53	97.30	-12	10yr OTR	

Notes

Y = Yield

DE = German Country Code

CTD = Cheapest to Deliver

OTR = On the Run

* OTR

** CTD

*** CTD & OTR

MarketNews international

Stone & McCarthy RESEARCH ASSOCIATES

Euro Mkt Summary: EGBs Mixed, Pare Gains on US Data
by Charanjeev Chana

EGBs were trading mixed on Thursday afternoon, with short dates underperforming following the release of US data, in turn flattening the Bund curve. Bunds posted sharp losses in the afternoon session following the release of stronger than expected November producer prices and retail sales data. EGBs opened higher on Thursday morning, in response to reversal lower in Asian stocks, amid scepticism over the coordinated central bank year-end special funding plans announced the previous session. The market extended gains following Euribor fixings, which were only marginally lower despite coordinated central bank efforts overnight. The market paid little attention to hawkish comments by ECB official Marko Kranjec, who said that the stronger euro and tighter spreads have done only some of the ECB's work, and that real interest rates may not even have really risen given the increase in inflation. Dec Bunds eased lower following poor Spanish Bono auction results. The 4.00% Jan 2010 Bono was sold for E1.462bln at an average yield of 4.049%, covered 1.6 times with a large tail of 1.8bps.

Attention in Europe will turn to the release of final CPI data for Germany on the market open on Friday morning, which will be followed by the final Eurozone HICP number. Speaker wise, ECB's Mersch and Liebscher are both due to speak on Friday morning.

In the forex markets, the dollar traded stronger against the major currencies. The EUR/USD was at 1.460 (-0.012), cable at 2.037 (-0.012) and USD/JPY at 112.38 (+0.19).

European equities were weaker in afternoon trade. The DAX was trading -1.24%, CAC 40 -2.39% and the FTSE -2.30% on the day. US stocks were also weaker with the S&P 500 -0.88% and the NASDAQ -0.92%.

Gilts were trading higher on Thursday afternoon, outperforming Bunds with long dated Gilts outperforming on the Gilt curve. Gilts were underpinned by RICS house price data, which revealed the most negative house price balance in November since May 2005. Long dates were underpinned by ALM receiving interest and on speculation that the DMO will reduce long-dated conventional issuance next year. Gilts paid little attention to November CBI industrial trends data, which showed manufacturing orders softening alongside the expected prices balance.

The UK sees no key data releases on Friday.

[Times for Market News International stories are ET]

02:37 12/14 **BOE LOMAX: MPC** has factored 2008 mortgage resettings into forecasts
02:36 12/14 **BOE LOMAX:** Economy 'not as bad as sometimes painted'

02:43 12/14 **BONDS: EGBs** are opening lower on Friday, taking direction from weaker JGBs overnight on the back of profit-taking ahead of the weekend. JGBs were also unable to find support from the weaker Bank of Japan "Tankan" Survey and also fall in Nikkei-225 overnight. Also weighing on prices is Germany's harmonized inflation (HICP) annual rate, which was confirmed at its all-time high of 3.3% in November, and well above the European Central Bank's price stability threshold for the third month in a row. This now increases the likelihood the eurozone HICP will also be unrevised at the highest rate since May 2001 when data are published today at 1000GMT. That said, the markets still remain skeptical about the coordinated central bank year-end special funding plans announced on Wednesday, to address elevated pressures in short-term funding markets. The LIBOR rates were fixed only marginally lower yesterday and global stocks also closed lower. A repeat of this, is seen triggering risk-aversion trades into the weekend.

04:00 12/14 **ECB:** The European Central Bank is prepared to ward off dangers to medium-term price stability in the eurozone, Governing Council member and Luxembourg Central Bank head Yves Mersch said. Noting the "strong short-term inflationary tensions" that led to a 3.0% spike in HICP last month, Mersch - writing in the BCL's most recent bulletin - said the latest information "has also fully confirmed that the upside risks are weighing on medium-term price stability."

04:14 12/14 **BOE BARKER**: (correct) Notes concerns about growth 'falling away'
04:12 12/14 **BOE BARKER:** There are concerns on inflation and growth fronts

05:17 12/14 **CREDIT:1)** European CDS spreads are seeing a mixed session although the financial sector has continued to build on gains from earlier this week with spreads in most single name benchmarks set to end the week on the best levels since late October. Over the past few weeks we have seen European banks lead the way in terms of taking affiliated SIV assets on to their balance sheets and the overnight news that Citigroup will take-over 7 troubled SIVs and assume $58 bln of debt (resulting in a Moody's downgrade of the bank's long term rating to Aa3 from Aa2) has effectively put an end to any hopes of a market based solution through the creation of a 'Super-SIV'.

02:15 12/14 FX: (European Open) European trade opens with dollar-yen still buoyed on a Y112 handle, the pair having been given an additional boost overnight thanks to the weaker than expected Japanese Tankan survey. Rate currently trades around Y112.30 after pushing up to Y112.66. After paring the majority of losses made in the wake of strong US data in NY trade, euro-dollar has pushed higher again into early Europe, now back above $1.4650, triggering a few stops en-route and now sitting 80-pointsoff the US base. Cable triggered stops under $2.0400 in Asia, sliding to $2.0386, though the generally softer tone in the greenback at time of writing has seen rate come back to make highs just shy of $2.0450. Elsewhere, dollar-Canada lost 40-points in Asia down to C$1.0175, traders again seeing good interest to sell rallies above C$1.0200, particularly from corporate names.

02:10 12/14 JGB SUMMARY: Japanese government bonds ended Friday's session lower across the board, unable to find support from the weaker Bank of Japan "Tankan" Survey. The market snapped a three-day winning streak, as profit-taking weighed ahead of the weekend. Selling was seen from both onshore and offshore accounts, although volumes were light. Prices were lower from the getgo, taking their lead from weaker U.S. Treasuries overnight and failed to find any bounce from the Tankan reading. even a late reversal by the Nikkei 225, which ended in negative territory, failed to offer any support.
-- Benchmark 10-year yield was 3 bps higher at 1.550%.
-- Benchmark 5-year yield was 1.5 bps higher at 1.070%.
-- Benchmark 20-year yield was 3 bps higher at 2.150%.
-- Benchmark 30-year yield was 3.5 bps higher at 2.385%.
-- Lead JGB futures contract was 0.28 lower at 136.46.

Intrinsics & Tic for Tic Matrix'

	US Intrinsic's ^			
	M Duration	DV01 32	DV01 $	DV01(€)
30y	15.54	5.34	$1,670	€ 2,420
10y	8.00	2.58	$807	€ 1,169
5y	4.51	1.44	$450	€ 652
2y	1.88	0.60	$188	€ 272
ZB	10.26	3.84	$120	€ 174
ZN	5.94	2.15	$67	€ 97
ZF	4.00	1.41	$44	€ 64
ZT	1.91	0.64	$20	€ 29

^Futures are Based on CTD

	German Intrinsic's ^			
	M Duration	DV01(€)	DV01($)	CF
Bund	7.21	€ 245	$169	0.849146
Bobl	4.25	€ 134	$93	0.931197
Schatz	2.12	€ 65	$45	0.947563
DE10Y	7.78	€ 1,142	$788	
DE5Y	4.25	€ 625	$431	
DE2Y	2.12	€ 315	$218	

^Futures are Based on CTD

	Last
EURUSD	144.93

	Tic for Tic Matrix ($)		
	Bund	Bobl	Schatz
30y	9.87	18.04	37.09
10y	4.77	8.71	17.92
5y	2.66	4.86	9.99
2y	1.11	2.03	4.17
ZB	0.71	1.30	2.66
ZN	0.40	1.34	1.49
ZF	0.26	0.48	0.98
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)

Hedge Ratio's - Bloomberg/GH Trader's LLC

US Financial Futures / Eurex Bond

Bloomberg Ratio's

	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

US Treasuries v Eurex Bonds

Bloomberg Ratio's

	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

GH Trader's Ratio's

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)	1.00	1.67	3.37
Bobl (H)	0.60	1.00	2.02
Shatz (H)	0.30	0.49	1.00

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.

Yields & Spreads

US Cash Treasuries (OTR)	Bid	Ask	Last
US2y	3.229	3.221	3.221
US5y	3.550	3.548	3.548
US10y	4.189	4.186	4.186

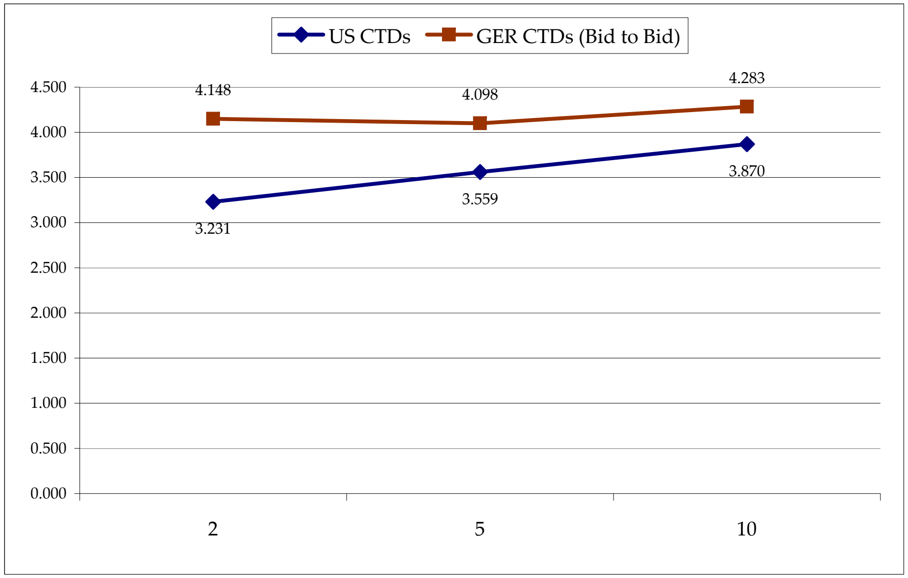
German Cash Treasuries (OTR)	Bid	Ask	Last
DE2y	3.999	3.983	3.983
DE5y	4.107	4.098	4.098
DE10y	4.322	4.315	4.315

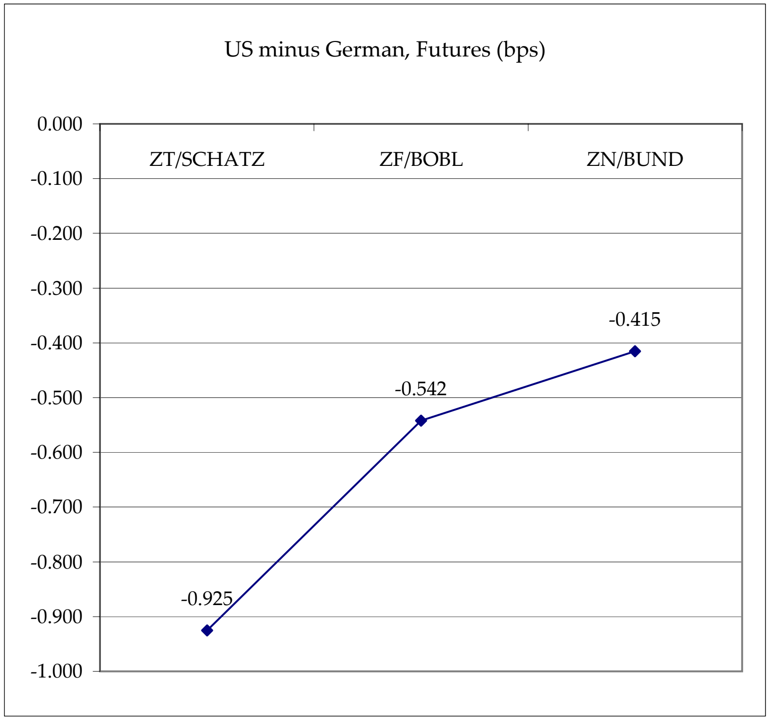
Spreads	Bps
ZT/SCHATZ	-0.925
ZF/BOBL	-0.542
ZN/BUND	-0.415

US Cash Treasuries (CTD)	Bid	Ask	Last
3.500 of 12/09	3.231	3.222	3.222
4.750 of 05/12	3.559	3.556	3.556
4.250 of 11/14	3.870	3.867	3.867

German Futures (CTD)	Bid	Ask	Last
5.375 of 04/10	4.161	4.148	4.148
4.250 of 10/12	4.107	4.098	4.098
3.750 of 01/17	4.290	4.283	4.283

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.





Volume Questions & Global Bond Market Characteristics

When does the volume trade? Between what ours 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 Rises	Volume 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 ECB 1

<u>The Governing Council</u>
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, ECB Governor, Banque de France
John Hurley, ECB Governor, Central Bank and Financial Services Authority of Ireland
Mario Draghi, ECB Governor, Banca d'Italia
Yves Mersch, ECB Governor, Banque centrale du Luxembourg
Klaus Liebscher, ECB Governor, Oesterreichische Nationalbank (Austria)
Vítor Manuel Ribeiro Constâncio, ECB Governor, Banco de Portugal
Marko Kranjec, ECB Governor, Banka Slovenije
Erkki Liikanen, ECB 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	Sławomir Skrzypek
Portugal, Banco de Portugal	Vítor Manuel Ribeiro Constâncio, Governor, Banco de Portugal
Romania, Banca Naţională 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:

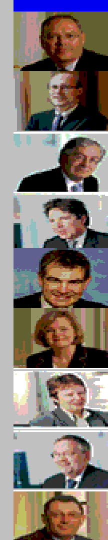
	King (Gov)	Lomax (Dep Gov)	Gieve (Dep Gov)	Bean	Tucker	Barker	Blanch-flower	Besley	Sent-ance	Result	Level	Vote	Dis-sent bias
Aug-06	+25bps	+25bps	+25bps	+25bps	+25bps	+25bps	unch			+25bps	4.75%	6-1	no chg
Sep-06	unch	unch	unch	unch	unch	unch	unch	unch		unch	4.75%	8-0	none
Oct-06	unch	unch	unch	unch	unch	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 - 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]

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%

[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.