

Humphrey Hawkins Testimony Ranges: Bernanke

Daily Range

	<u>7/19/2006</u>		<u>2/14/2007</u>		<u>7/17/2007</u>	
	bp range	DV01 32	bp range	DV01 32	bp range	DV01 32
30	12.6	4.46	5.8	5.04		
10	13.4	2.44	6.6	2.52		
5	14.8	1.33	7.5	1.40		
2	15.9	0.63	8.0	0.59		

30 minute range after release of speech

	<u>7/19/2006</u>		<u>2/14/2007</u>		<u>7/17/2007</u>	
	bp range	DV01 32	bp range	DV01 32	bp range	DV01 32
30	6.3	4.460	4.0	5.04		
10	8.0	2.440	4.6	2.52		
5	9.4	1.330	5.5	1.4		
2	11.7	0.630	5.5	0.59		

	Avg Daily Range		^Avg 30 Min Range	
30	9.2		5.2	
10	10.0		6.3	
5	11.2		7.5	
2	12.0		8.6	

^30 min from release of testimony

Ranges are for first day's testimony only.

What's the Street Saying?

[Posted 07/13/2007]

Preview Fed Chairman Bernanke Monetary Policy Report Testimony

by Ken Kim

--Stone & McCarthy (Princeton)

"The Federal Reserve's outlook for the U.S. economy will be very similar to the outlook offered in the February 2007 Monetary Policy Report testimony."

"Regarding inflation, Bernanke will acknowledge the recent improvement in core inflation measures. Nevertheless, Bernanke will reiterate that further improvement is needed for the Fed to relinquish its worries about inflation."

"We expect similar remarks on inflation from Bernanke as those remarks he made earlier this year."

11:32 07/13 US VIEW:

Market players eagerly await two days of testimony by Fed Chair Ben Bernanke, who will address the House Financial Services Committee Weds and the Senate Banking Committee Thurs. Matthew Moore of BOA notes that in all three of Bernanke's prior semi-annual testimonies, US yields "have ended the Friday following the testimony lower than they closed on the day preceding the start of the testimony." Also, he says, the "most dovish" aspects of Bernanke's appearance may come in Q&A as the Fed chair is likely asked about risks from sub-prime mortgage delinquencies and foreclosures. the market will await any discussion about inflation and whether the focus may shift from core to headline. "Chairman Bernanke can clarify the issue with his testimony, and we expect him to reiterate the Fed's focus on the core measure." Moore says. (SOURCE: MNI)

What's the Street Saying? (continued)

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If we must find some "fundamental" reason for the dollar to correct, or more likely to consolidate, relative to the EUR we can conjure up the fact that Dr. Bernanke is to appear before the House and the Senate this week. Those appearances (Wednesday before the Senate and Thursday before the House) shall dominate the discussions for the week. The market will be interested to note if Dr. Bernanke is more concerned about inflation than he might be about the economy itself or the housing market in particular. An hint of the former rather than of the latter shall be sufficient to push the dollar higher...

to facilitate the correction as it were. But we should also note that the market is already factoring in his supposed "hawkishness" regarding inflation, so for some material dollar strength to arise Dr. Bernanke is going to have to sound particularly "Bundesbanker-esque" when he speaks before Congress. Given Dr. Bernanke's history and given that his academic focus was on deflation, we suspect shall be rather difficult for him.

What's the Street Saying? (continued)

09:52 07/16 US OUTLOOK: Economist Charles Lieberman at ACM says Bernanke likely "will suggest that monetary policy will remain unchanged for some time to come. While the Fed is likely to retain its ever so subtle bias to hike interest rates, the justification for any near-term rate hike is truly lacking. Therefore, the markets will be driven by the performance of the economy." (SOURCE: MNI)

By Mark Felsenthal Sun Jul 15, 11:53 AM ET

WASHINGTON (Reuters) - Federal Reserve Chairman Ben Bernanke is likely to tell Congress this week the central bank is more worried U.S. inflation will flare than it is that housing market turbulence will seriously damage the economy.

13:19 07/16 US OUTLOOK: From Credit Suisse: "We expect Chairman Bernanke to submit a conventional forecast to Congress that projects growth reverting to potential, or trend, once the drag from housing subsides." The spirit of the forecast will be the same as last time. Also, Fed will not favor watching headline inflation, as it "is often noisy relative to core over short time horizons." (SOURCE: MNI)

Bernanke's Policy Testimony

From Briefing.com

Federal Reserve Chairman Bernanke testifies before the House on Wednesday as part of the semi-annual monetary and economic report.

Bernanke and the Fed policymakers have been locked on hold for a year as Briefing.com doesn't expect any insight on the timing or even the direction of the next policy move which the federal funds futures market has pushed off to late 2008. June's policy statement noted the recent improvement in core inflation but the Fed continues to await signs of a more sustained cooling in inflation pressures. Inflation risks include the low unemployment rate which has the potential to sustain inflationary pressures.