



The Morning Email: US & Germany



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08:25 07/17 **ECB GARGANAS:** Sees 'further withdrawal of monetary accomodation'

- Inflation risks are increasing
- Won't be surprised if ECB raises 2007 growth forecast
- Volatile euro 'undesirable' for economic growth
- Doesn't want to change market expectations. (Bbg interview)



Want something added? Let me know: 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.

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The Morning Email, US&GER

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| SYM NAME | Symbol | US Cash Treasuries | | | US Bonds/Notes (CBOT) | | | Symbol | SYM NAME |
|------------|--------|--------------------|---------|---------|-----------------------|-------|-------|--------|------------|
| | | 2yr | 5yr | 10yr | ZT | ZF | ZN | | |
| Schatz(2Y) | DGU7 | (87.98) | (92.38) | (90.21) | 95.00 | 94.53 | 93.66 | DGU7 | Schatz(2Y) |
| Bobl(5Y) | DLU7 | (91.83) | (95.42) | (94.12) | 96.75 | 97.50 | 96.79 | DLU7 | Bobl(5Y) |
| Bund(10Y) | DBU7 | (95.16) | (96.84) | (97.44) | 95.41 | 97.21 | 97.43 | DBU7 | Bund(10Y) |

Correlation is based on 10 day historical

Correlations for the US Cash Treasuries are done on a YIELD basis. Therefore, you'll see negative values. The reason for this is due to the new issues. Every new issue takes too long to 'catch up' because the correlation formula looks back 10days.

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-----RESISTANCE-----
111.47 38.2% of the Apr - Jun down-leg
111.44 07/02 pivot high
111.32 07/11 pivot high, highest Jul close
111.23 top Bollinger band
111.21 07/02 - 07/11 downtrend (triangle resistance)
111.10 07/16 pivot top
110.89 40-DMA
110.76 +.05 07/17 Settlement
110.52/.55 5-DMA/Bollinger band center line
110.41 10-DMA
110.34 07/13 - 07/16 gap bottom
110.11 76.4% of the 07/09 - 07/11 up-move
110.07 07/13 pivot low
109.99 07/09 close
109.82 lower Bollinger band (daily)
109.79 Oct '02 corrective lows
109.75/.77 07/06 & 07/09 lows
109.66 06/13 pivot low
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Technical Commentary -EUREX Sep 2007 10yr Euro-Bund by Mike Sacchitello, CMT

Short-term: While positioned above the laterally tracking 20-day Bollinger band center line, Sep Bund eyes the gap up to the top band, which is fortified by 07/02 - 07/11 declining resistance (see table above for levels).
Secondarily, neutral momentum studies measuring 10 and 14 days offer no protection in either direction.

Near-term, a key range has developed between 109.81 and 111.21 (confirmation at 111.32). Move below the former suggests a new leg lower (initially to 108.30) for the prevailing downtrend, while a sustained break of the latter would confirm a minor double bottom to 112.85.

(Please see opening table for full liquidity ladder).

Longer-term, our proprietary trading system (a near to long-term trend following system), which entered its final short position on 04/13, would not see its first protective stop triggered until settlement above 111.18.

Quotes 1

| | 32 nds | | | | | Volume | Yest Volume | SYM NAME | |
|-------|---------|-----|---------|---------|---------|---------|-------------|-------------|----------------------------------|
| | Last | Net | Hi | Low | Open | | | | |
| TUAU7 | 101.285 | 2.2 | 101.307 | 101.282 | 101.297 | 26,128 | 169,930 | 2y Futures | US Futures Market |
| FVAU7 | 104.025 | 5.5 | 104.070 | 104.015 | 104.020 | 54,301 | 476,613 | 5y Futures | |
| TYAU7 | 105.190 | 8.0 | 105.255 | 105.180 | 105.185 | 202,462 | 1,453,067 | 10y Futures | |
| USAU7 | 107.220 | 13 | 107.310 | 107.190 | 107.210 | 52,282 | 470,344 | 30y Futures | |



| | 32 nds | | | | | Volume | |
|--------|---------|-----|---------|---------|---------|--------|--|
| | Last | Net | Hi | Low | Open | | |
| BUS02P | 100.002 | 0.5 | 100.020 | 100.002 | 100.010 | 2y | US Cash Treasury Market |
| BUS05P | 99.222 | 2.2 | 99.267 | 99.217 | 99.247 | 5y | |
| BUS10P | 95.270 | 2.5 | 96.020 | 95.265 | 95.305 | 10y | |
| BUS30P | 94.085 | 5 | 94.210 | 94.060 | 94.130 | 30y | |

| | 32 nds | | | | | Volume | |
|--------|--------|--------|-------|-------|-------|-----------|--|
| | Last | Net | Hi | Low | Open | | |
| BUS02Y | 4.862 | (1.70) | 4.908 | 4.828 | 4.908 | 2y Yield | US Cash Treasury Market |
| BUS05Y | 4.943 | (1.40) | 4.974 | 4.909 | 4.974 | 5y Yield | |
| BUS10Y | 5.039 | (0.80) | 5.066 | 5.007 | 5.066 | 10y Yield | |
| BUS30Y | 5.126 | (0.90) | 5.146 | 5.097 | 5.146 | 30y Yield | |

| | Decimal | | | | | Volume | Yest Volume | SYM NAME | |
|------|---------|-------|--------|--------|--------|---------|-------------|------------|---------------------------------------|
| | Last | Net | Hi | Low | Open | | | | |
| DGU7 | 102.47 | 25.00 | 102.53 | 102.46 | 102.47 | 270,067 | 615,784 | Schatz(2Y) | German Futures Markets |
| DLU7 | 106.01 | 90.00 | 106.19 | 105.98 | 106.06 | 300,836 | 641,911 | Bobl(5Y) | |
| DBU7 | 110.82 | 11.00 | 111.18 | 110.75 | 110.99 | 548,620 | 1,624,971 | Bund(10Y) | |



| | Price | Yield | | | SYM NAME | |
|-----------------|--------|-------|--------|-----------|-----------|--|
| | Last | Last | Coupon | Maturity | | |
| T.US.DE032P0409 | 99.98 | 4.520 | 4.500 | 7/4/2009 | 2 yr CTD | German Cash Treasury Market |
| T.US.DE050P0712 | 97.64 | 4.579 | 4.000 | 4/13/2012 | 5 yr CTD | |
| T.US.DE042P0717 | 95.96 | 4.552 | 4.000 | 7/4/2016 | 10 yr CTD | |
| DEP2P | 100.00 | 4.494 | 4.500 | 6/12/2009 | 2yr OTR | |
| DEP5P | 97.68 | 4.553 | 4.000 | 4/13/2012 | 5yr OTR | |
| DEP10P | 97.49 | 4.569 | 4.250 | 7/4/2017 | 10yr OTR | |

Y = Yield
 CTD = Cheapest to Deliver
 DE = German Country Code

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 |
| DGU7 | 102.47 | 102.47 | 102.47 | 102.53 | 102.46 | 25.00 |
| DLU7 | 106.00 | 106.01 | 106.01 | 106.19 | 105.98 | 90.00 |
| DBU7 | 110.82 | 110.83 | 110.82 | 111.18 | 110.75 | 11.00 |

| | Y Bid | Y Ask | Y Last | Y Hi | Y Lo | |
|------|-------|-------|--------|-------|-------|--|
| DGU7 | 4.680 | 4.678 | 4.678 | 4.683 | 4.649 | |
| DLU7 | 4.628 | 4.626 | 4.626 | 4.634 | 4.588 | |
| DBU7 | 4.624 | 4.623 | 4.624 | 4.633 | 4.581 | |

| | Y Bid | Y Ask | Y Last | Y Hi | Y Lo | Chng |
|-----------------|-------|-------|--------|-------|-------|------|
| T.US.DE032P0409 | 4.508 | 4.492 | 4.520 | 4.547 | 4.465 | 0 |
| T.US.DE050P0712 | 4.563 | 4.553 | 4.579 | 4.608 | 4.513 | 0 |
| T.US.DE042P0717 | 4.559 | 4.552 | 4.552 | 4.616 | 4.518 | 0 |
| DEP2P | 4.506 | 4.494 | 4.494 | 4.517 | 4.472 | 1 |
| DEP5P | 4.563 | 4.553 | 4.553 | 4.570 | 4.509 | 11 |
| DEP10P | 4.575 | 4.569 | 4.569 | 4.585 | 4.524 | 20 |

| | Decimal | | | | | |
|-----------------|---------|--------|--------|--------|-------|-------|
| | Bid | Ask | Last | Hi | Low | Chng |
| T.US.DE032P0409 | 99.98 | 100.01 | 100.01 | 100.04 | 99.92 | 5.00 |
| T.US.DE050P0712 | 97.64 | 97.68 | 97.68 | 97.86 | 97.61 | 11.00 |
| T.US.DE042P0717 | 95.96 | 96.01 | 96.01 | 96.31 | 95.88 | 20.00 |
| DEP2P | 99.98 | 100.00 | 100.00 | 100.04 | 99.96 | 1.00 |
| DEP5P | 97.64 | 97.68 | 97.68 | 97.86 | 97.61 | 11.00 |
| DEP10P | 97.44 | 97.49 | 97.49 | 97.84 | 97.37 | 20.00 |

Y = Yield
 CTD = Cheapest to Deliver
 DE = German Country Code

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

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

| SYM NAME | |
|-----------|-------------|
| 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 | |

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| 17/07/2007 | 14:52 | EURO | chg | USA | chg | UK | chg |
|-----------------|-----------------|-------------|-------|--------|-------|--------|--------|
| Futures | Bond | 110.69 | -0.02 | 107.44 | -0.28 | 103.61 | -0.04 |
| | STIR | 95.43 | 0.00 | 94.67 | -0.02 | 93.67 | -0.06 |
| Cash | 3mth | 4.22 | 0.00 | 5.36 | 0.00 | 6.03 | 0.02 |
| | 2yr | 4.50 | 0.01 | 4.91 | 0.04 | 5.77 | 0.04 |
| | 5yr | 4.57 | 0.01 | 4.99 | 0.04 | 5.68 | 0.03 |
| | 10yr | 4.59 | 0.01 | 5.07 | 0.03 | 5.47 | 0.02 |
| | 30yr | 4.69 | 0.01 | 5.15 | 0.02 | 4.83 | 0.00 |
| | 10yr-2yr | 0.09 | 0.00 | 0.16 | -0.01 | -0.30 | -0.02 |
| Spreads | 2yr | -- | -- | 0.47 | 0.03 | 1.36 | 0.03 |
| | vs euro | 10yr | -- | -- | 0.55 | 0.02 | 0.96 |
| FX | USD | 1.379 | 0.000 | -- | -- | 2.045 | 0.009 |
| | EUR | -- | -- | -- | -- | 0.674 | -0.003 |
| | YEN | 168.57 | 0.50 | 122.30 | 0.30 | 250.13 | 1.76 |
| Equities | | 4530.5 | -0.5% | 1553.9 | -0.2% | 6650.5 | % |

[cont]

Euribor futures were unchanged to 2 ticks lower with the Sep-07 contract at 95.620/0.000 (4.380% implied). Sep-07 Bunds were 2 ticks lower at 110.69. In cash, German government benchmark yields were 1bp lower across the curve. The 2s/10s spread was unchanged at 9bps and the 10s/30s spread was unchanged 10bps.

Gilts were trading lower on Tuesday afternoon, underperforming their European counterparts. 2-year Gilts underperformed significantly following the release of stronger than expected CPI inflation data.

Short sterling futures were 4bps to 6bps lower higher with the Sep-07 contract at 93.800/-0.050 (6.200% implied). Jun-07 Gilts were 4 ticks lower at 103.61. In cash, UK government benchmark yields were flat to 4bps higher. The 2s/10s spread was -30bps vs. -28bps and the 10s/30s spread was -64bps vs. -62bps.

Headlines

EGBs higher with little bias, pare gains on core US PPI data

EGBs open higher on renewed subprime concerns

July German ZEW Survey 10.4 vs. 19.5 expected

ECB's Garganas: Sees "further withdrawal of monetary accommodation"

Euro Mkt Summary: EGBs Lower on US Core PPI, Garganas by Charanjeev Chana

European government bonds were trading lower on Monday afternoon, with little bias. The market weakened on stronger than expected US core producer prices, whilst paying little attention to the more benign headline PPI reading. Bunds fell to session lows and were unchanged on the release of US industrial production data, which came in line with expectations. EGBs opened higher, taking cue from overnight gains in US Treasuries prompted by renewed subprime concerns.

Bunds pared opening gains in early trade on profit taking, reversing losses on risk-aversion/safe-haven buying after European equity bourses opened weaker. The market extended gains and short dates outperformed on the release of the German ZEW survey, which posted its second straight deterioration in expectations after seven prior months of improvement. Short dates then came under pressure from hawkish comments by ECB official Nicholas Garganas, who said he saw "further withdrawal of monetary accommodation" by the ECB.

Little key data is scheduled for release on Wednesday, leaving market focus firmly on US inflation data and Fed Chairman Ben Bernanke's semi-annual testimony before the House Financial Services Committee, due on Wednesday afternoon.

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[All Times Eastern]

06:03 07/18 EGBs: European bond prices are trading higher across the board Wed, taking their lead from the late overnight rally in the UST market. With markets again unnerved by the happenings in the sub-prime and CDO markets, global bonds were all boosted by a safe-haven flow. Bund futures opened sharply higher, with the front-month Sept Bund contract hitting an early high at 111.18, before a lack of follow-through buying saw the contract retreat from the highs. The yield on the benchmark 10-Year bund fell to 4.54%, down 5 bps on overnight levels. With a lack of fresh eurozone data, traders continued to focus on both credit spreads and the weaker stock markets, helping keep markets buoyant in the New York open. The was no sovereign issuance Wednesday and sovereign supply kicks off on Thursday, with France due to tap the 4.00% Sept 2009 BTAN and 4.50% July 2012 BTAN issue for between E3.5-4.0bln. Also on Thursday, Spain taps the 3.80% Jan 2017 5Y issue for an estimated size of between E1.2-1.5bln.

03:30 07/18 BUNDS: Bunds still holding onto gains of around 40 ticks, having slipped from the initial peaks around 111.18. However, a lack of a sustained follow-through after breaching tech levels at 111.13 saw the Sep Bund contract reverse from those lofty levels on intraday profit-taking, settling just below 111.00.

(continued)

04:30 07/18 BOE JULY MINUTES: MPC Split 6 - 3 To Hike Rates In July

- Bean, Blanchflower, Lomax Voted To Leave Rates On Hold
- MPC Hawks, Doves Differ Over Reasons For Policy Decisions
- Some MPC Hawks Warned No Clear Presumption More Hikes Needed

 The BOE MPC split 6 to 3 in favour of the July rate hike. David Blanchflower and Rachel Lomax had both previously made clear their opposition to further near term tightening. The vote of Chief Economist Charles Bean, opposing the hike, is more surprising. The minutes reveal differences within both hawks and doves' camps, with some hawks seeing no clear presumption for further rate hikes. Overall the minutes leave it unclear whether there will be another hike in August.

02:46 07/18 JGB SUMMARY: Japanese government bonds ended Tuesday's session modestly higher across the curve, boosted by short-covering after a successful 30-year auction. Traders said overall volumes were modest, but a post-auction rally was enough to get the market into the black for the session.

- Benchmark 10-year yield was 1.5 bps lower at 1.915%.
- Benchmark 5-year yield was 0.5 bps lower at 1.525%.
- Benchmark 20-year yield was 1 bps lower at 2.335%.
- Benchmark 30-year yield was 1 bps lower at 2.570%.
- Lead June JGB futures contract was 0.12 higher at 131.64.



| US Intrinsic's ^ | | | | |
|------------------|------------|---------|---------|---------|
| | M Duration | DV01 32 | DV01 \$ | DV01(€) |
| 30y | 15.05 | 4.64 | \$1,450 | € 2,000 |
| 10y | 7.74 | 2.39 | \$748 | € 1,032 |
| 5y | 4.34 | 1.39 | \$434 | € 598 |
| 2y | 1.94 | 0.61 | \$192 | € 265 |
| ZB | 9.61 | 3.36 | \$105 | € 145 |
| ZN | 5.71 | 1.95 | \$61 | € 84 |
| ZF | 3.89 | 1.30 | \$41 | € 56 |
| ZT | 1.80 | 1.18 | \$37 | € 51 |

^Futures are Based on CTD

| German Intrinsic's ^ | | | | |
|----------------------|------------|---------|----------|----------|
| | M Duration | DV01(€) | DV01(\$) | CF |
| Bund | 7.33 | € 113 | \$82 | 0.872569 |
| Bobl | 4.17 | € 62 | \$45 | 0.959013 |
| Schatz | 1.83 | € 46 | \$34 | 0.966386 |
| DE10Y | 7.57 | € 1,002 | \$726 | |
| DE5Y | 4.17 | € 567 | \$411 | |
| DE2Y | 1.64 | € 223 | \$162 | |

^Futures are Based on CTD

Last

EURUSD 137.92

| Tic for Tic Matrix (\$) | | | |
|-------------------------|-------|-------|--------|
| | Bund | Bobl | Schatz |
| 30y | 17.77 | 32.37 | 43.23 |
| 10y | 9.17 | 16.70 | 22.31 |
| 5y | 5.31 | 9.68 | 12.93 |
| 2y | 2.35 | 4.28 | 5.72 |
| ZB | 1.29 | 2.34 | 3.13 |
| ZN | 0.75 | 1.34 | 1.81 |
| ZF | 0.50 | 0.91 | 1.21 |
| ZT | 0.45 | 0.82 | 1.10 |

| Box for Box Matrix | | | |
|--------------------|------|------|--------|
| | Bund | Bobl | Schatz |
| 30y | | | |
| 10y | | | |
| 5y | | | |
| 2y | | | |
| ZB | | | |
| ZN | | | |
| ZF | | | |
| ZT | | | |

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 (U) | 1.800 | 2.700 | 2.900 |
| Bobl (U) | 1.000 | 1.500 | 1.600 |
| Shatz (U) | 0.410 | 0.610 | 0.670 |

Bloomberg
Ratio's

US Treasuries v Eurex Bonds

| | 2y | 5y | 10y |
|-----------|-----|------|------|
| Bund (U) | 1.6 | 3.9 | 6.7 |
| Bobl (U) | 3.0 | 7.0 | 12.1 |
| Shatz (U) | 7.3 | 17.1 | 29.4 |

Bloomberg
Ratio's

Bund (U) Bobl (U) Shatz (U)

| | Bund (U) | Bobl (U) | Shatz (U) |
|-----------|----------|----------|-----------|
| Bund (U) | 1.00 | 1.77 | 4.50 |
| Bobl (U) | 0.57 | 1.00 | 2.55 |
| Shatz (U) | 0.22 | 0.39 | 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 GHCO or Bloomberg.

| US Cash Treasuries (OTR) | | | |
|--------------------------|-------|-------|-------|
| | Bid | Ask | Last |
| US2y | 4.870 | 4.862 | 4.862 |
| US5y | 4.945 | 4.943 | 4.943 |
| US10y | 5.041 | 5.039 | 5.039 |

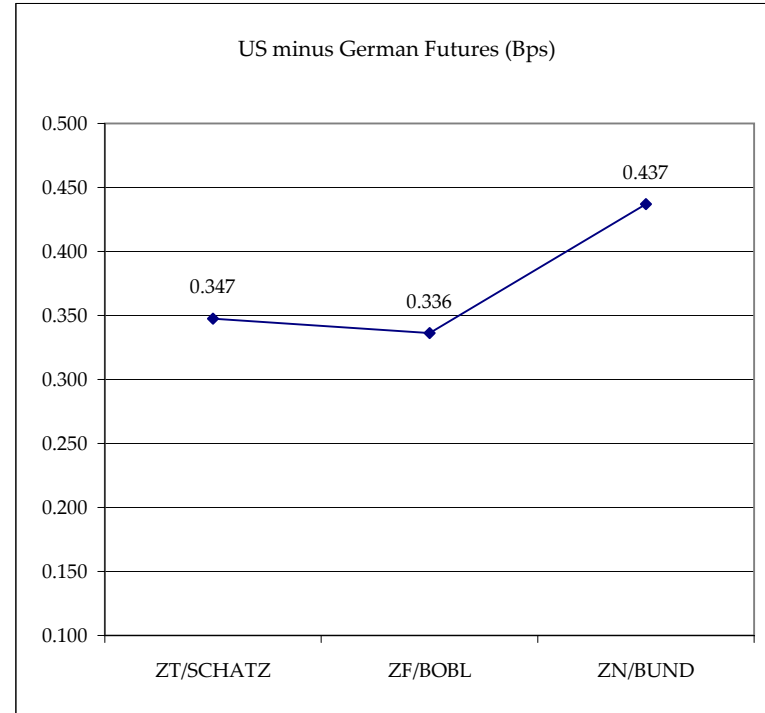
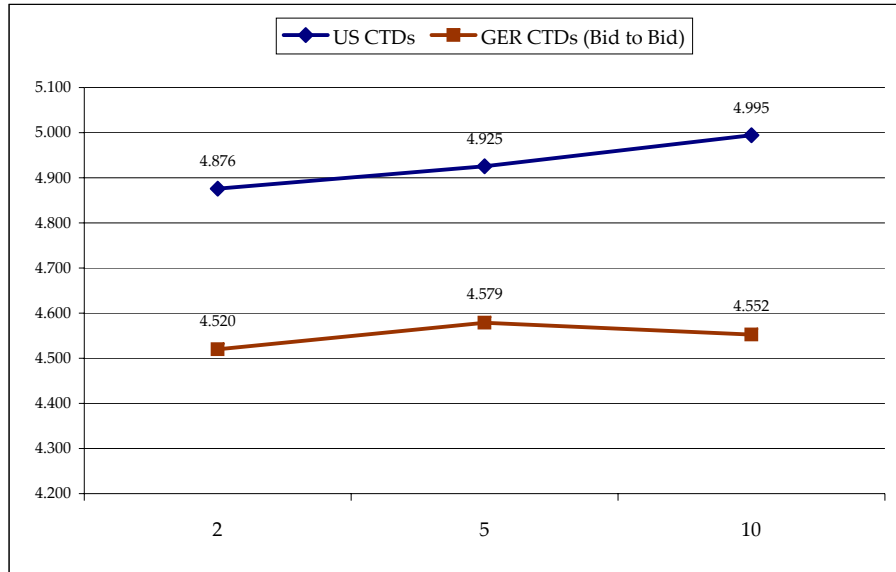
| German Cash Treasuries (OTR) | | | |
|------------------------------|-------|-------|-------|
| | Bid | Ask | Last |
| DE2y | 4.506 | 4.494 | 4.494 |
| DE5y | 4.563 | 4.553 | 4.553 |
| DE10y | 4.575 | 4.569 | 4.569 |

| Spreads | |
|-----------|-------|
| | Bps |
| ZT/SCHATZ | 0.347 |
| ZF/BOBL | 0.336 |
| ZN/BUND | 0.437 |

| US Cash Treasuries (CTD) | | | |
|--------------------------|-------|-------|-------|
| | Bid | Ask | Last |
| 4.000 of 06/09 | 4.876 | 4.867 | 4.867 |
| 4.500 of 11/11 | 4.925 | 4.915 | 4.915 |
| 4.750 of 05/14 | 4.995 | 4.989 | 4.989 |

| German Futures (CTD) | | | |
|----------------------|-------|-------|-------|
| | Bid | Ask | Last |
| 4.500 of 07/09 | 4.508 | 4.492 | 4.520 |
| 4.000 of 04/12 | 4.563 | 4.553 | 4.579 |
| 4.000 of 07/16 | 4.559 | 4.552 | 4.552 |

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 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 | 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 |

[07/05/2007]

BOE Governor Gets His Way as Rates Rise to 5.75% in Julyby **Niraj Shah**

-- Stone & McCarthy (London) --

The BOE Governor got his way as the Bank of England hiked interest rates by 25bps to 5.75% as widely expected. Interest rates have now risen five times in a year to put rates at a level not seen since March 2001.

The rate hike did not come as a surprise given that the MPC had come very close to hiking in June. Indeed, the June minutes had shown that the MPC voted by the narrowest of margins of 5-4 against a rate hike in June, with King finding himself being outvoted for only the second time as Governor. In fact, the May minutes had already been unusually explicit in highlighting that interest rates were likely to rise again in order to meet the 2% inflation target in the medium term. It was therefore a case of when rather than if rates were going to rise.

BOE Statement

In a statement, the BOE MPC justified the move, citing a number of factors including survey evidence of elevated price pressures, strong money growth and limited spare capacity, all of which pose inflation risks. Critically, the statement noted that 'relative to the 2% target, the balance of risks to the outlook for inflation in the medium term continued to lie to the upside'.

However, we do not believe that the latest decision will have been unanimous with Deputy Governor Lomax and Blanchflower likely to have dissented against monetary tightening. In evidence to the Treasury Select Committee, Blanchflower and Lomax both set out a clear case against tightening in the near term. In fact, Deputy Governor Lomax made absolutely clear that she will not be in the rate hike camp at July's meeting, and may well not be on board for a near-term rate hike at all. Markets will now focus on the MPC minutes released on 18th July to see how individual MPC members voted.

GO to next page to learn more
about the ECB

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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 |
|--------|---------------|-----------------------|-----------------------|--------|--------|--------|-------------------|--------|---------------|--------|-------|------|----------------------|
| Jul-06 | unch | unch | unch | unch | unch | unch | unch | | | unch | 4.50% | 7-0 | none |
| 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 |