



## The Morning Email: US & Germany



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Want something added? Let me know: [jgoulding@ghco.com](mailto:jgoulding@ghco.com)

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The Morning Email, US&GER



Quotes 1

32 nds								SYM NAME	
Last	Net	Hi	Low	Open	Volume	Yest Volume			
TUAZ7	103.132	(0.0)	103.137	103.127	103.127	10,209	154,381	2y Futures	<b>US Futures Market</b>
FVAZ7	106.295	(0.0)	106.310	106.285	106.285	15,767	459,266	5y Futures	
TYAZ7	109.115	(0.0)	109.130	109.100	109.105	50,428	1,092,977	10y Futures	
USAZ7	111.220	(0)	111.240	111.190	111.200	9,844	278,158	30y Futures	



32 nds							SYM NAME	
Last	Net	Hi	Low	Open	Volume			
BUS02P	99.310	0.2	99.315	99.305	99.305	2y	<b>US Cash Treasury Market</b>	
BUS05P	100.005	0.0	100.017	100.002	100.005	5y		
BUS10P	101.155	0.5	101.170	101.150	101.160	10y		
BUS30P	103.045	1	103.080	103.035	103.050	30y		

32 nds							SYM NAME	
Last	Net	Hi	Low	Open	Volume			
BUS02Y	4.013	(0.40)	4.034	3.988	4.025	2y Yield	<b>US Cash Treasury Market</b>	
BUS05Y	4.243	0.00	4.252	4.227	4.243	5y Yield		
BUS10Y	4.557	0.20	4.567	4.547	4.557	10y Yield		
BUS30Y	4.798	(0.10)	4.807	4.791	4.796	30y Yield		

Decimal								SYM NAME	
Last	Net	Hi	Low	Open	Volume	Yest Volume			
DGZ7	103.37	0.00	103.38	103.33	103.37	157,310	414,361	Schatz(2Y)	<b>German Futures Markets</b>
DLZ7	107.67	20.00	107.69	107.61	107.66	146,961	428,999	Bobl(5Y)	
DBZ7	112.60	(1.00)	112.62	112.48	112.57	310,727	1,039,878	Bund(10Y)	



	Price	Yield			SYM NAME	
	Last	Last	Coupon	Maturity		
T.US.DE040P0909*	99.96	4.002	4.000	9/11/2009	2 yr CTD	<b>German Cash Treasury Market</b>
T.US.DE040P0412	103.52	4.152	5.000	7/4/2012	5 yr CTD	
T.US.DE040P0716	97.78	4.301	4.000	7/4/2016	10 yr CTD	
DEP2P	99.99	4.002	4.000	9/11/2009	2yr OTR	
DEP5P	99.36	4.153	4.000	4/13/2012	5yr OTR	
DEP10P	99.40	4.325	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
DGZ7	103.36	103.37	103.37	103.38	103.33	0.00
DLZ7	107.67	107.67	107.67	107.69	107.61	20.00
DBZ7	112.59	112.60	112.60	112.62	112.48	-1.00

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo
DGZ7	4.213	4.211	4.211	4.229	4.203
DLZ7	4.265	4.264	4.264	4.278	4.260
DBZ7	4.415	4.414	4.415	4.428	4.412

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng
T.US.DE040P0909*	3.997	4.046	4.002	4.002	4.019	
T.US.DE040P0412	4.145	4.175	4.152	4.152	4.161	
T.US.DE040P0716	4.295	4.326	4.301	4.301	4.308	
DEP2P	4.019	4.002	4.002	4.046	3.997	3
DEP5P	4.163	4.153	4.153	4.183	4.151	7
DEP10P	4.331	4.325	4.325	4.352	4.319	12

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	

Decimal						
	Bid	Ask	Last	Hi	Low	Chng
T.US.DE040P0909*	99.96	99.99		100.00	99.91	3.00
T.US.DE040P0412	103.52	103.56		103.59	103.46	6.00
T.US.DE040P0716	97.78	97.83		97.87	97.65	9.00
DEP2P	99.96	99.99	99.99	100.00	99.91	3.00
DEP5P	99.32	99.36	99.36	99.37	99.24	7.00
DEP10P	99.35	99.40	99.40	99.44	99.19	12.00

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

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

**Euro Mkt Summary: EGBs Higher on Weak PMIs, Pre-ECB Position Squaring**  
**by Charanjeev Chana**

EGBs were trading higher [I think that should be higher not lower] on Wednesday afternoon with little bias. In the afternoon session, Bunds dipped lower following the release of September US ADP private employment data, which came in above earlier market rumours. Dec07 Bunds then pared gains on the release of September US ISM non-manufacturing data, which came in slightly above consensus estimates. EGBs opened higher on Wednesday morning, led by gains in short dates amid position squaring ahead of the ECB interest rate decision and press conference on Thursday. Volumes were thin, as German market participants were absent whilst observing the Day of Unity public holiday. Bunds rose sharply higher following the release of weaker Eurozone service PMI data - which fell to its lowest level since August 2005. The market posted little reaction to August Eurozone retail sales, which came in at the lower end of expectations in August.

Focus in Europe turns to the ECB interest rate announcement and subsequent press conference delivered by ECB President Trichet on Thursday. On the supply front, the AFT will issue between E3-3.5bln of the 4.25% Oct 2017 OAT and 6.00% Oct 2025 OAT.

In the forex markets, the dollar traded stronger against the major currencies. The EUR/USD was at 1.418 (+0.002), cable at 2.039 (-0.003) and USD/JPY at 116.36 (+0.69).

European equities were stronger in afternoon trade. The DAX was trading +0.47%, CAC 40 +0.61% and the FTSE +0.47% on the day. US stocks were weaker with the S&P 500 -0.05% and the NASDAQ -0.07%.

Gilts were also trading higher with short dated Gilts outperforming slightly on expectations of a November interest rate cut by the BOE. Gilts paid little attention to the September UK CIPS services PMI, which fell to a 13-month low in September to 56.7 from 57.6 in August - as expected.

Attention in the UK turns to the Bank of England interest rate announcement on Thursday. Whilst the BOE is largely expected to leave interest rates unchanged on Thursday, market expectations point to November for a possible interest rate cut by the Bank - which has underpinned the short end of the Gilt curve in recent sessions.

11:02 10/03 **DOLLAR VIEW:** The greenback is romping higher, led by dollar-yen which just hit a six week high near Y116.77. The higher employment component of the ISM non-manufacturing data would seem to underpin market estimates (MNI median +115,000) or even higher non-farm payroll number, which has caused players to pare back their dollar shorts or even flip to a dollar long. Ian Morris of HSBC reminds that the ISM non-mfg series was "an excellent indicator of last month's payroll weakness and may be pointing to a bounce in September." The average of the seven equations HSBC uses to estimate payrolls is 143,000, which is consistent with their official call of +140,000, Morris says.



[Times for Market News International stories are ET]

03:56 10/04 **ECB:** The rate decision from the ECB Governing Council meeting today in Vienna is due at 1145GMT, where the key refi rate is expected to remain on hold at 4.00%. The main focus will be on the ECB's regular press conference and Trichet's message is likely to be similar to the one he gave after the last Council meeting on Sept 6, when he left the door open to another rate hike by saying monetary policy was "still on the accommodative side." Trichet is also expected to say that the ECB will "monitor very closely all developments." Any mention of concerns about upside price risks is likely to hit the short-end of the curve, as market will pare back any expectation of a rate cut. The sharp rise in eurozone headline HICP inflation to 2.1% in Sept - the first reading in 13 months above the ECB's price stability threshold of near but below 2% - is only likely to bolster this view. Less certain is whether Trichet will speak more forcefully about exchange rates and possibly suggest that the euro's current rise is "disorderly" or "brutal".

06:33 10/04 **GILT SUMMARY:** Gilts are higher and continued to extend its outperformance vs Bunds as the 10-year Gilt/Bund yield spread narrowed to +66.3bps vs +69.4bps Wednesday -- level not seen since July 14, 2006. This yield spread has narrowed from +89.0 bps since September 7, and comes amid market speculation that UK lenders have been shunning the BOE and turning instead to the ECB on a massive scale, taking advantage of much lower interest rates and guaranteed anonymity to weather the credit crunch. These UK lenders have reportedly switched the borrowed euro's into sterling, which in turn have been re-invested into UK Gilts. Traders reported Liability Driven Investment (LDI) flows into the long-dated issues as well as swap receiving interest. Focus is on the BoE rate decision at 1100GMT, where consensus expect MPC to leave rates unchanged. However, there are uncertainties surrounding this, and a rate cut can't be ruled out. SONIA swap curve is only implying a 12% chance of shock 25bps rate cut.

06:31 10/04 **BUND SUMMARY:** European bond prices are trading little changed on Thursday, amid thin volume conditions ahead of key interest rates decisions from both the Bank of England at 1100GMT and the European Central Bank at 1145GMT. Bunds opened moderately lower following the strong sell-off in the previous session triggered by a strong rise in the employment component of the US non-manufacturing September ISM report. However, Bunds recovered off lows ahead of the French OAT auctions, where the Agence France Tresor (AFT) sold 1.842bln of the 4.25% Oct 2017 OAT issue at an average yield of 4.44% and covered 3.976 times. E1.16bln of the 6.00% Oct 2025 OAT issue at an average yield of 4.60% and covered 3.815 times. The results were seen as strong, with the total size E3.002bln issued at the bottom end of the E3.0-3.5bln indicative range. In addition to the strong cover ratio's were also decent price premium -- 2017 OAT had a 7 cent premium, and 2025 OAT came in with a 14 cent premium.

(cont.)

03:24 10/04 **BOE:** The Bank of England is expected to leave rates unchanged at today's Monetary Policy Committee meeting -- announcement due at 1100GMT. In addition, no accompanying statement is expected. However, there are uncertainties surrounding this, and a rate cut can't be ruled out, given the BoE's propensity to surprise the markets. In addition, the minutes for the September MPC meeting said that the crisis in financial markets as well as developments in the wider economy meant that the upside risks to inflation had now "probably receded". The question now is when the rate cut will come and, not if. The SONIA curve is pricing in around 20% chance of a 25bps rate cut at today's MPC meeting, with around 70% chance of a similar sized move at the November meeting, where the next BoE Quarterly Inflation Report is due to be published. The OIS curve is fully pricing in a 25bps cut by January 2008 and another 25bps move by June 2008.

02:02 10/04 **JAPAN STOCKS:** Japanese stock indices ended the morning session lower across the curve Thursday, taking their lead from the overnight weakness in the US. The benchmark Nikkei 225 was down 107.40 points, or 0.62%, at 17092.49. Meanwhile, the broader-based TOPIX was down 8.41 points at 1655.60.

04:12 10/04 **JAPAN TSUDA:** Vice FinMin Hiroki Tsuda reported saying,  
 - No change in government stance on forex reserve management  
 - Ensuring safety, liquidity most important for forex management (Rtrs)

01:48 10/04 **IWATA:** Further comments from BOJ Board member  
 -- US economy unlikely to plunge into recession.  
 -- Japan core CPI around +1% on year desirable mid-term.  
 -- ABS trading recovering, with spreads shrinking.  
 -- Japan housing drop to affect FY07 GDP, but technical.  
 -- No good to artificially push up CPI and asset prices.

Intrinsics & Tic for Tic Matrix'



US Intrinsic's ^				
	M Duration	DV01 32	DV01 \$	DV01(€)
30y	15.55	5.17	\$1,614	€ 2,281
10y	7.78	2.54	\$794	€ 1,122
5y	4.45	1.42	\$445	€ 629
2y	1.89	0.61	\$189	€ 267
ZB	9.90	3.58	\$112	€ 158
ZN	5.86	2.06	\$65	€ 91
ZF	3.94	1.36	\$42	€ 60
ZT	1.89	0.63	\$20	€ 28

^Futures are Based on CTD

Tic for Tic Matrix (\$)			
	Bund	Bobl	Schatz
30y	9.93	17.94	42.36
10y	4.88	8.83	20.84
5y	2.74	4.95	11.68
2y	1.16	2.10	4.96
ZB	0.69	1.24	2.93
ZN	0.40	1.34	1.69
ZF	0.26	0.47	1.11
ZT	0.12	0.22	0.51

German Intrinsic's ^				
	M Duration	DV01(€)	DV01(\$)	CF
Bund	7.15	€ 230	\$163	0.868738
Bobl	4.13	€ 127	\$90	0.960712
Schatz	1.82	€ 54	\$38	0.957701
DE10Y	7.75	€ 1,100	\$779	
DE5Y	4.45	€ 659	\$466	
DE2Y	2.24	€ 334	\$236	

^Futures are Based on CTD

Last

EURUSD 141.26

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 (Z)	1.700	2.600	2.800
Bobl (Z)	0.960	1.450	1.570
Shatz (Z)	0.424	0.644	0.690

Bloomberg  
Ratio's

## US Treasuries v Eurex Bonds

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

Bloomberg  
Ratio's

	Bund (Z)	Bobl (Z)	Shatz (Z)
Bund (Z)	1.00	1.63	3.87
Bobl (Z)	0.61	1.00	2.37
Shatz (Z)	0.26	0.42	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	4.017	4.013	4.013
US5y	4.247	4.243	4.243
US10y	4.561	4.557	4.557

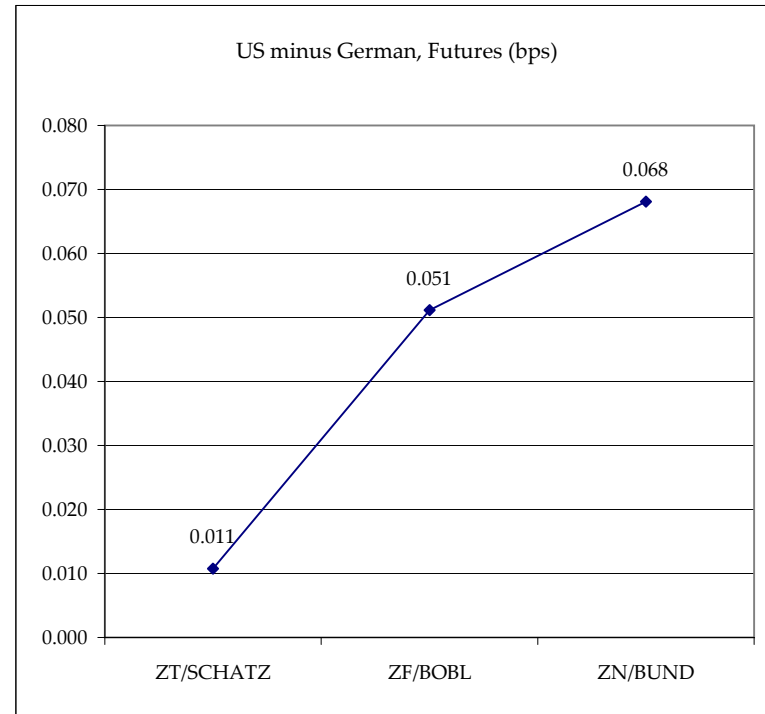
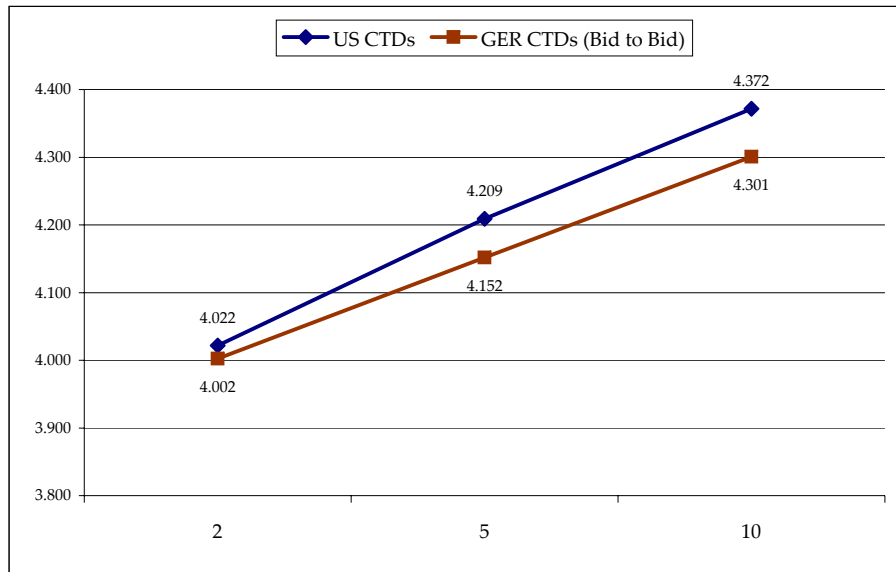
German Cash Treasuries (OTR)			
	Bid	Ask	Last
DE2y	4.019	4.002	4.002
DE5y	4.163	4.153	4.153
DE10y	4.331	4.325	4.325

Spreads	
	Bps
ZT/SCHATZ	0.011
ZF/BOBL	0.051
ZN/BUND	0.068

US Cash Treasuries (CTD)			
	Bid	Ask	Last
4 of 09/09	4.022	4.013	4.013
4.625 of 02/12	4.209	4.203	4.203
4.25 of 08/14	4.372	4.369	4.369

German Futures (CTD)			
	Bid	Ask	Last
4.000 of 09/09	3.997	4.046	4.002
5.000 of 07/12	4.145	4.175	4.152
4.000 of 07/16	4.295	4.326	4.301

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

**Sept 06, 2007**

**Introductory statement**

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

"Ladies and gentlemen, let me welcome you to our press conference and report on the outcome of today's meeting of the ECB's Governing Council. The meeting was also attended by the President of the Eurogroup, Prime Minister Juncker, and Commissioner Almunia.

"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 information that has become available since our previous meeting has confirmed that the medium-term outlook for price stability remains subject to upside risks, as identified by both our economic and monetary analyses. Incoming macroeconomic data also confirm the strong fundamentals of the euro area economy and support a favourable medium-term outlook for real GDP growth. Against this background, our monetary policy stance is still on the accommodative side with, inter alia, money and credit growth vigorous in the euro area. At the same time, the financial market volatility and reappraisal of risk of recent weeks have led to an increase in uncertainty. Given this high level of uncertainty, it is appropriate to gather additional information and to examine new data before drawing further conclusions for monetary policy in the context of our medium-term-oriented monetary policy strategy aimed at delivering price stability. Accordingly, the Governing Council will monitor very closely all developments. On the basis of our assessment, and by acting in a firm and timely manner, we will ensure that risks to price stability over the medium term do not materialise and that medium-term inflation expectations remain firmly anchored in line with price stability. This 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 period to come.

"...To sum up, a cross-check of the information identified under the economic analysis with the outcome of the monetary analysis has confirmed the existence of upside risks to price stability over the medium term – against the background of the strong fundamentals of the euro area economy. Accordingly, our monetary policy stance is still on the accommodative side with, inter alia, money and credit growth vigorous in the euro area. At the same time, given the high level of uncertainty, additional information is needed before further conclusions for monetary policy can be drawn. Accordingly, the Governing Council will monitor very closely all developments. On the basis of our assessment, and by acting in a firm and timely manner, we will ensure that risks to price stability over the medium term do not materialise and that medium-term inflation expectations remain firmly anchored in line with price stability. In the current context, it is all the more important that inflation expectations remain firmly anchored in line with price stability. As regards the financial markets, we will continue to pay great attention to developments over the period to come."

[SOURCE: The ECB]

**PRESS RELEASE**

6 September 2007 - Pre-announcement of supplementary longer-term refinancing operation

The Governing Council of the European Central Bank has today decided to conduct a supplementary liquidity-providing longer-term refinancing operation with a maturity of three months.

This operation aims to support a normalisation of the functioning of the euro money market. It will be conducted in addition to the regular monthly longer-term refinancing operations, which remain unaffected.

The operation will be carried out as a variable rate tender, with no preset allotment amount. A standard tender procedure will be applied, with announcement on Tuesday, 11 September 2007, allotment on Wednesday, 12 September 2007, and settlement on Thursday, 13 September 2007. The operation will mature on Tuesday, 11 December 2007.










[SOURCE: The ECB]

**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			<b>+25bps</b>	4.75%	<b>6-1</b>	no chg
Sep-06	unch	unch	unch	unch	unch	unch	unch	unch		<b>unch</b>	4.75%	<b>8-0</b>	none
Oct-06	unch	unch	unch	unch	unch	unch	unch	+25bps	+25bps	<b>unch</b>	4.75%	<b>7-2</b>	tightening
Nov-06	+25bps	unch	+25bps	+25bps	+25bps	+25bps	unch	+25bps	+25bps	<b>+25bps</b>	5.00%	<b>7-2</b>	no chg
Dec-06	unch	unch	unch	unch	unch	unch	unch	unch	unch	<b>unch</b>	5.00%	<b>9-0</b>	none
Jan-07	+25bps	unch	+25bps	unch	unch	+25bps	unch	+25bps	+25bps	<b>+25bps</b>	5.25%	<b>5-4</b>	no chg
Feb-07	unch	unch	unch	unch	unch	unch	unch	+25bps	+25bps	<b>unch</b>	5.25%	<b>7-2</b>	tightening
Mar-07	unch	unch	unch	unch	unch	unch	-25bps	unch	unch	<b>unch</b>	5.25%	<b>8-1</b>	easing
Apr-07	unch	unch	unch	unch	unch	unch	unch	+25bps	+25bps	<b>unch</b>	5.25%	<b>7-2</b>	tightening
May-07	+25bps	+25bps	+25bps	+25bps	+25bps	+25bps	+25bps	+25bps	+25bps	<b>+25bps</b>	5.50%	<b>9-0</b>	none
Jun-07	+25bps	unch	+25bps	unch	unch	unch	unch	+25bps	+25bps	<b>unch</b>	5.50%	<b>5-4</b>	tightening
Jul-07	+25bps	unch	+25bps	unch	+25bps	+25bps	unch	+25bps	+25bps	<b>+25bps</b>	5.75%	<b>6-3</b>	no chg
Aug-07	unch	unch	unch	unch	unch	unch	unch	unch	unch	<b>unch</b>	5.75%	<b>9-0</b>	none
Sep-07	unch	unch	unch	unch	unch	unch	unch	unch	unch	<b>unch</b>	5.75%	<b>9-0</b>	none

Stone & McCarthy  
RESEARCH ASSOCIATES

**BOE HAWKOMETER (to September meeting)**

	Dissenting Hawkish Votes	Dissenting Dovish Votes	Non- Dissenting Votes	Total Votes	Hawkishness Rating
 <b>Sentance</b>	4	0	8	12	<b>33%</b>
 <b>Besley</b>	4	0	9	13	<b>31%</b>
 <b>King (Gov)</b>	14	0	111	125	<b>11%</b>
 <b>Tucker</b>	6	1	57	64	<b>8%</b>
 <b>Gieve (Dep Gov)</b>	1	0	19	20	<b>5%</b>
 <b>Lomax (Dep Gov)</b>	2	3	46	51	<b>-2%</b>
 <b>Barker</b>	1	4	72	77	<b>-4%</b>
 <b>Bean</b>	0	5	80	85	<b>-6%</b>
 <b>Blanchflower</b>	0	5	11	16	<b>-31%</b>

**Turbulent markets spark dovish tone** Dovish noises made by ECB policy makers over the possible impact of the financial turbulence on Eurozone growth, weighed on the ECB hawkometer readings in September. ECB official Vitor Constancio noted that that the "risk concerning our main scenario [of Eurozone growth remaining near trend potential] has increased." Meanwhile ECB member Ordonez suggested that the ECB "must act with enormous caution" in light of the turmoil in financial markets.  
--by Charanjeev Chana [smra.com, 10/03/07]

[September 6, 2007]

The Bank of England's Monetary Policy Committee today voted to maintain the official Bank Rate paid on commercial bank reserves at 5.75%.

In its August Inflation Report, the Committee's central projection was for inflation to remain close to the 2% target over the forecast period and for output growth to ease, reflecting a slowing in both consumer spending and business investment.

In recent weeks, heightened concerns about a variety of asset-backed securities have led to disruption around the world, not only in markets for those financial instruments but also in money markets more generally. The MPC's mandate is to set interest rates to meet the Government's 2% target for CPI inflation. So the Committee discussed these developments and other economic data in terms of their implications for the outlook for inflation.

CPI inflation fell back to 1.9% in July and may remain around, or a little below, the 2% target for the next few months. Pay pressures remain muted. There are tentative signs of a slowing in consumer spending. But the recent solid pace of output growth has been sustained and the margin of spare capacity appears limited. Indicators of pricing pressure remain somewhat elevated.

It is too soon to tell how far the disruption in financial markets will impair the availability of credit to companies and households. As stated in its August Report, the MPC is monitoring closely the evolution of both credit spreads and the quantities of credit extended, alongside all other data relevant to the outlook for inflation.

Against that background, the Committee judged that no change in Bank Rate was necessary at this meeting to keep inflation on track to meet the target in the medium term.

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

Note to Editors

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