



## The Morning Email: US & Germany



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



Quotes 1

		32 nds							
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME	
TUAZ7	103.060	(0.0)	103.070	103.052	103.065	24,760	159,177	2y Futures	
FVAZ7	106.120	(0.0)	106.135	106.100	106.115	41,889	409,813	5y Futures	
TYAZ7	108.195	(0.0)	108.220	108.180	108.195	62,021	767,159	10y Futures	
USAZ7	110.240	(0)	110.280	110.220	110.240	12,995	236,795	30y Futures	

**US  
Futures  
Market**



		32 nds							
	Last	Net	Hi	Low	Open	Volume			
BUS02P	99.230	(0.5)	99.242	99.227	99.242	2y	<b>US Cash Treasury Market</b>		
BUS05P	99.137	(0.5)	99.152	99.122	99.145	5y			
BUS10P	100.240	(0.5)	100.265	100.225	100.250	10y			
BUS30P	102.025	(2)	102.065	102.020	102.025	30y			
	Last	Net	Hi	Low	Open	Volume			
BUS02Y	4.142	0.90	4.163	4.117	4.154	2y Yield			
BUS05Y	4.377	0.30	4.393	4.365	4.383	5y Yield			
BUS10Y	4.653	0.40	4.663	4.642	4.659	10y Yield			
BUS30Y	4.864	0.40	4.871	4.856	4.864	30y Yield			

		Decimal							
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME	
DGZ7	103.24	(5.00)	103.28	103.22	103.24	327,146	490,966	Schatz(2Y)	
DLZ7	107.48	(20.00)	107.56	107.43	107.49	177,641	434,595	Bobl(5Y)	
DBZ7	112.45	(4.00)	112.57	112.38	112.48	391,118	993,502	Bund(10Y)	

**German  
Futures  
Markets**



	Price	Yield				
	Last	Last	Coupon	Maturity	SYM NAME	
T.US.DE040P0909***	99.85	4.063	4.000	9/11/2009	2 yr CTD	<b>German Cash Treasury Market</b>
T.US.DE050P0712***	103.36	4.186	5.000	7/4/2012	5 yr CTD	
T.US.DE040P0716*	97.65	4.320	4.000	7/4/2016	10 yr CTD	
DEP2P	99.88	4.063	4.000	9/11/2009	2yr OTR	
DEP5P	100.28	4.187	4.250	10/12/2012	5yr OTR	
DEP10P	99.27	4.341	4.250	7/4/2017	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
DGZ7	103.24	103.25	103.24	103.28	103.22	-5.00
DLZ7	107.48	107.48	107.48	107.56	107.43	-20.00
DBZ7	112.45	112.46	112.45	112.57	112.38	-4.00

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo
DGZ7	4.275	4.273	4.273	4.288	4.257
DLZ7	4.306	4.305	4.305	4.317	4.289
DBZ7	4.432	4.431	4.432	4.440	4.418

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng
T.US.DE040P0909***	4.052	4.102	4.063	4.063	4.080	
T.US.DE050P0712***	4.170	4.207	4.186	4.186	4.196	
T.US.DE040P0716*	4.304	4.337	4.320	4.320	4.327	
DEP2P	4.080	4.063	4.063	4.102	4.052	-3
DEP5P	4.196	4.187	4.187	4.209	4.171	-10
DEP10P	4.348	4.341	4.341	4.359	4.326	-17

	Decimal					
	Bid	Ask	Last	Hi	Low	Chng
T.US.DE040P0909***	99.85	99.88		99.90	99.81	-3.00
T.US.DE050P0712***	103.36	103.40		103.47	103.31	-11.00
T.US.DE040P0716*	97.65	97.70		97.81	97.58	-18.00
DEP2P	99.85	99.88	99.88	99.90	99.81	-3.00
DEP5P	100.24	100.28	100.28	100.35	100.18	-10.00
DEP10P	99.22	99.27	99.27	99.39	99.13	-17.00

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	

Notes

Y = Yield

CTD = Cheapest to Deliver

DE = German Country Code

\* OTR

\*\* CTD

\*\*\* CTD & OTR

OTR = On the Run



### EMU Bonds Mixed; Curve Flatter In Thin Volume Session

LONDON, Oct. 9 (MNI) - European bond prices are mixed on Tuesday, with long-dated issues outperforming on duration-extension buying, albeit in thin volume session. Focus now turns to the FOMC minutes for the September 18 meeting to see the Fed thinking about why it cut Fed funds rate by 50bps. Later this session, there are plenty of Fed speakers, which includes Poole (voter), Yellen (non-voter) and Pianalto (non-voter).

Bunds opened higher, in corrective mood following losses the previous session, induced in thin volume session, given U.S./Japan holidays.

Sentiment is seen underpinned by a leak of an IMF draft report in The Times newspaper, which gives a gloomy outlook for the U.S. economy, suggesting that it will see little or no recovery next year from its present downturn, as its housing market slumps and the global credit squeeze continues to take a toll on growth.

The IMF report due next week, shows that it will cut its forecast for U.S. growth next year to 1.9% versus the consensus forecasts of 2.0% this year.

Traders reported duration-extension trades by real money accounts, with leverage accounts unwinding curve steepening trades.

...Bunds eased moderately after German industrial output rose much more than expected in August, with the 1.7% monthly rise -- the second in a row -- leaving total production in August and July 1.6% above the 2Q average, which rose by +0.3% on the quarter after 1.8% in 1Q.

In the U.K., Gilts are higher, with long-dated issues outperforming the curve, and in turn flattening the curve, albeit in thin volume session. The short-dates Gilt issues were weighed in early trade by upbeat BRC retail sales monitor overnight, which showed like-for-like sales rising 3.0% on the year and total sales up 4.9% over the same period. The data suggest that the September run on Northern Rock bank did not have a dramatic or immediate impact on consumer spending. Gilts paid little attention to U.K. trade data, where the global goods trade gap narrowed in August to Stg6.853 bln, in line with analysts' forecasts, after hitting a record high in July. Analysts' median forecast was for a Stg6.8 bln outturn.

Attention now turns to the U.K. Chancellor of the Exchequer Alistair Darling's first Pre-Budget Report and the Comprehensive Spending Review at 1445GMT. A sharp decline in borrowing in cash terms so far this fiscal year has left the door ajar to an announcement of a cut in planned gilt issuance following the Pre-Budget Report Tuesday.

The central government net cash requirement (CGNCR) -- a key measure in determining gilt issuance -- was a cumulative Stg6.269 bln less in the fiscal year to August compared to the same period a year ago. While some of this reduction is due to special factors, analysts nevertheless believe it is likely the CGNCR will undershoot the Treasury's forecast in the March Budget Report of Stg37.6 billion for this fiscal year. The Gilt 2-/10-year yield spread was 4.1 bps flatter at -19.0 bps, whilst the 10-/30-year yield spread was 0.5 bp flatter at -41.2 bps. Dec Gilts are up 19 tick at 107.44.

In other cross border flows, Bunds outperformed U.S. Treasuries as the 10-year UST/Bund yield spread widened to +34.5 bps vs +34.0 bps.

European equity bourses are mixed. The FTSE-100 was up 0.78%. In Paris the CAC was lower by 0.03% and in Frankfurt, the DAX was up 0.01%. U.S. index futures are also trading higher. The S&P Dec contract was up 1.9 points at 1564.7 and the Nasdaq Dec contract was up 2.75 points at 2183.0.

The yield on the 4.00% Sept 2009 Schatz was up 0.9 bp at 4.05%. The yield on the 4.25% Oct 2012 Series 151 Bobl was unchanged at 4.18%. The yield on the benchmark 4.25% July 2017 Bund was down 0.7 bp at 4.35%. The yield on the 4.25% July 2039 Bund down 1.5 bps to 4.56%.

Subsequently, the Bund curve traded flatter from Monday's close, with the 2-/10-year yield spread at +29 bps versus +31 bps, whilst the 10-/30-year yield spread was at +22 bps versus +23 bps.



[Times for Market News International stories are ET]

03:39 10/10 **SHORT-STERLING:** Short-sterling strip is taking a beating at the open on Wednesday in the wake of the FOMC minutes for the September 18 meeting, where all members agreed inflation risks remain and should be watched. In addition, hawkish comments from BoE Governor Mervyn King late Tuesday are also weighing on sentiment. King said output growth needs to slow moderately over the next year to keep inflation on target, and the Monetary Policy Committee of the Bank of England will not set interest rates to "insulate the banking sector from the re-pricing of risk". In a speech in Belfast, King said that although the current market crisis is "not over" the committee would remain focused on the key upside risks to inflation, namely rising inflation expectations, commodity prices and the strength of firms' pricing intentions. A November rate cut from the BoE now appears less likely, and SONIA is now paring back the 38% implied probability of a 25bps cut. Dec short-sterling is down 6 ticks at 93.820.

06:30 10/10 **GILT SUMMARY:** Gilts are lower, and underperformed Bunds after the risk to the public finances appears greater following Chancellor of the Exchequer Alistair Darling's decision to revise up heavily estimates for borrowing over the next few years at Tuesday's Pre-Budget Report. Worrying for the Gilt market are the upward revisions to the CGNCR forecasts by Stg8.0bln in 2008/09, Stg4bln in 2009/10 and 2010/11, Stg3bln in 2011/12. In addition, hawkish comments from BoE Governor Mervyn King late Tuesday also weighed on sentiment. King said output growth needs to slow moderately over the next year to keep inflation on target. In a speech in Belfast, King said that although the current market crisis is "not over" the committee would remain focused on the key upside risks to inflation, namely rising inflation expectations, commodity prices and the strength of firms' pricing intentions. The Gilt 2-/10-year yield spread was 5.3 bps flatter at -26.2 bps, whilst the 10-/30-year yield spread was 2.6 bps flatter at -43.5 bps.

06:27 10/10 **BUND SUMMARY:** Bunds opened lower, taking their cue from eakness in USTs overnight after the release of the Sept. 18 FOMC meeting minutes, which were interpreted to mean that there will not be a string of continuous rate cuts in the future. However, Bunds recovered off their worst levels, underpinned by switch trades out of 10-year US Treasury futures and also deal related buying. The short-dated issues reversed earlier underperformance after strong German Schatz top-up auction results, where E5.474ln of the 4.00% Sept 2009 Schatz issue was allotted at an ave yield of 4.04% and covered 4.0 times -- highest cover ratio since July 10, 2002 and above 1.4 cover at the Sept 12 inaugural auction. The Bund 2-/10-year Bund yield curve reversed earlier flattening move and steepened 1bps to +28bps following strong German 2-year Schatz auction results and also continued recovery in the euro-dollar to \$1.4145 area. In other supply news, Portugal sold E1.0bln of the 5.45% Sept 2013 PGB issue at ave yield of 4.27%, covered 2.746.

(cont.)

05:02 10/10 **BOE:** No lending via Special Lending Facility Tuesday.

06:04 10/10 **CREDIT:** Euro CDS spreads are seeing a pretty widespread tightening move this morning, with many sectors moving back to, or through the tightest levels of the month. This is in contrast to the past week or so, which has seen narrow range trade (coupled with some divergence between high and low grade sectors), however the tightening today is almost uniform across sectors. The bulls have been boosted by a strong rally in US and Asian stocks (although Europe equities have seen little follow through) and even recent underperformers, such as high beta financials are tighter trough the sector by 3-4bps. High grade cyclical and TMT are trading 1-2bps better and crossover indices are at 277bps, 6-7bps better on the day. The market seems to have a strong correlation with US stock prices at present, and the upcoming 3Q earnings data will be an interesting litmus test for how long the relationship will last. However, traders suggest that the market may resume a gentle tightening trend so as long macro economic/credit crisis concerns continue to be perceived as contained.

05:41 10/10 **GARGANAS:** Reported comments from ECB board member

-- International economic environment remains broadly positive.

-- Market impact from US subprime problems seen limited.

-- ECB sees risks that inflation could come in above target in 2008.

05:30 10/10 **ECB DRAGHI:** FX intervention not easy, results not guaranteed

-- Impact of market turmoil lower than at first thought

-- Events show strength of financial institutions

-- Warns turmoil not over; could still be surprises.

03:03 10/10 **JGB SUMMARY:** Japanese government bonds ended Wednesday's lower across the board, as traders looked to square their books ahead of the Bank of Japan's policy decision due Thursday. However, traders said overall volumes were light, with little in the way of fresh trading incentives.

-- Benchmark 10-year yield was 1.5 bps higher at 1.735%.

-- Benchmark 5-year yield was 1.5 bps higher at 1.275%.

-- Benchmark 20-year yield was 1.5 bps higher at 2.275%.

-- Benchmark 30-year yield was 1.5 bps higher at 2.475%.

-- Lead Sept JGB futures contract was down 0.02 at 134.31.



US Intrinsic's ^				
	M Duration	DV01 32	DV01 \$	DV01(€)
30y	15.46	5.09	\$1,590	€ 2,248
10y	7.75	2.52	\$786	€ 1,112
5y	4.43	1.41	\$441	€ 624
2y	1.87	0.60	\$187	€ 265
ZB	9.86	3.54	\$111	€ 156
ZN	5.83	2.04	\$64	€ 90
ZF	3.92	1.34	\$42	€ 59
ZT	1.87	0.62	\$19	€ 27

^Futures are Based on CTD

German Intrinsic's ^				
	M Duration	DV01(€)	DV01(\$)	CF
Bund	7.13	€ 229	\$162	0.874919
Bobl	4.11	€ 127	\$90	0.960712
Schatz	1.80	€ 53	\$38	0.957701
DE10Y	7.73	€ 1,098	\$776	
DE5Y	4.11	€ 609	\$430	
DE2Y	1.80	€ 256	\$181	

^Futures are Based on CTD

Last

EURUSD 141.45

Tic for Tic Matrix (\$)			
	Bund	Bobl	Schatz
30y	9.81	17.75	42.11
10y	4.85	8.78	20.83
5y	2.72	4.92	11.68
2y	1.15	2.09	4.95
ZB	0.68	1.23	2.93
ZN	0.39	1.34	1.69
ZF	0.26	0.47	1.11
ZT	0.12	0.22	0.51

**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	1.64	3.90
Bobl (Z)	0.61	1.00	2.38
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	4.150	4.142	4.142
US5y	4.379	4.377	4.377
US10y	4.655	4.653	4.653

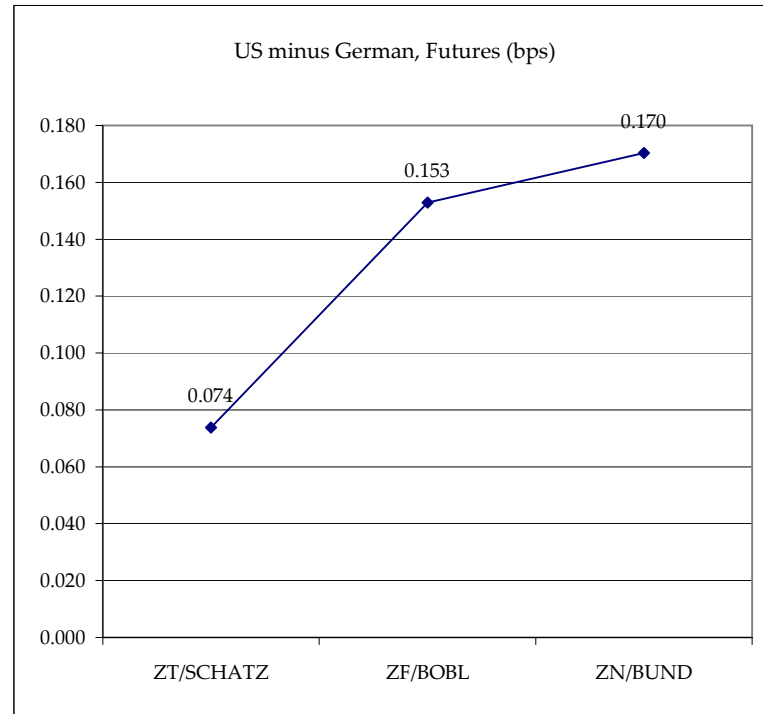
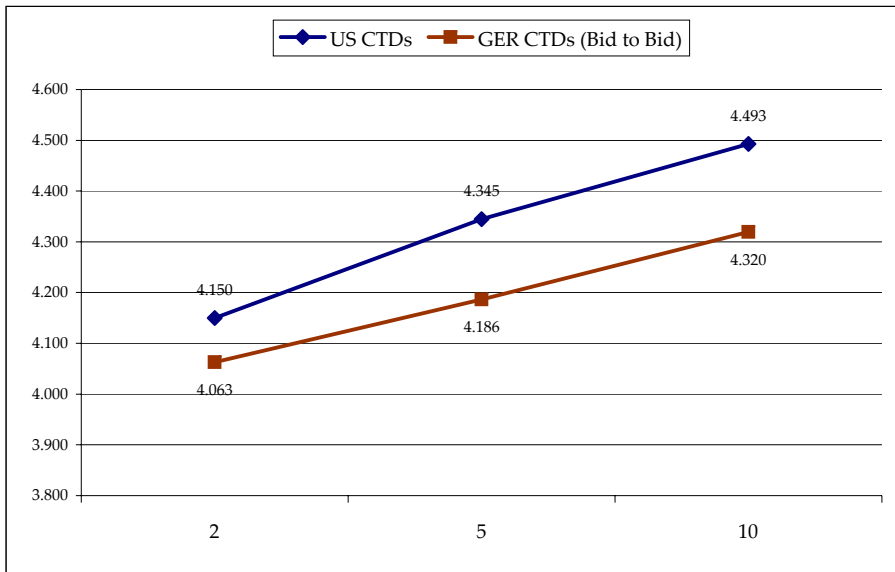
German Cash Treasuries (OTR)			
	Bid	Ask	Last
DE2y	4.080	4.063	4.063
DE5y	4.196	4.187	4.187
DE10y	4.348	4.341	4.341

Spreads	
	Bps
ZT/SCHATZ	0.074
ZF/BOBL	0.153
ZN/BUND	0.170

US Cash Treasuries (CTD)			
	Bid	Ask	Last
4 of 09/09	4.150	4.137	4.137
4.625 of 02/12	4.345	4.339	4.339
4.25 of 08/14	4.493	4.490	4.490

German Futures (CTD)			
	Bid	Ask	Last
4.000 of 09/09	4.052	4.102	4.063
5.000 of 07/12	4.170	4.207	4.186
4.000 of 07/16	4.304	4.337	4.320

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

**4 October 2007 - Monetary policy decisions**

At today's meeting, which was held in Vienna, the Governing Council of the ECB decided that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.00%, 5.00% and 3.00% respectively.

The President of the ECB will comment on the considerations underlying these decisions at a press conference starting at 2.30 p.m. (CEST) today.

[SOURCE: The ECB]

**ECB Introductory Statement**

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 outlook for price stability over the medium term is subject to upside risks. Against this background, and with money and credit growth vigorous in the euro area, our monetary policy stands ready to counter upside risks to price stability, as required by our primary objective. >>>

The fundamentals of the euro area economy support a favourable medium-term outlook for economic activity. In particular, corporate earnings and profitability have been sustained, employment growth has been robust and unemployment has fallen. However, given the financial market volatility and the reappraisal of risk seen in recent weeks, this assessment is surrounded by heightened uncertainty. In view of the only limited range of new economic data that have become available since our meeting in early September, particular caution needs to be exercised when assessing any potential impact of the financial market developments on the real economy. Hence, it remains necessary to gather additional information and examine new data before drawing further conclusions for monetary policy in the context of our medium-term-oriented monetary policy strategy focused on maintaining 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 and long-term inflation expectations remain firmly anchored in line with price stability, thereby favouring an environment conducive to sustained economic growth, well-functioning markets and job creation. Providing such an anchor for medium and long-term inflation expectations 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.










[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 ]

As of 10/04/2007 7:00 am CT

Current Bank Rate 5.75

Next due: 8 Nov '07

Current Inflation (CPI) 1.8%

Next due: 16 Oct '07

Inflation Target 2.0%

[As of 10/04/2007 7:00 am CT]

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

**The minutes of the meeting will be published at 9.30am on Wednesday 17 October.**