



The Morning Email: US & Germany



Table of Contents

- Pg 1 Quotes 1
- Pg 2 Quotes 2
- Pg 3 News - Yesterday's Recap
- Pg 4 News - Overnight Recap for Euroland & Japan
- Pg 5 Intrinsic's & Tic for Tic Matrix'
- Pg 6 Hedge Ratio's - Bloomberg/GH Trader's LLC
- Pg 7 Yields & Spreads
- Pg 8 Volume Questions & Global Bond Market Characteristics

Pg 9, 10, 11 The ECB **Updated** 10/10/2007

Pg 13, 14 The BOE

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.

Quotes 1

	32 nds					Volume	Yest Volume	SYM NAME	
	Last	Net	Hi	Low	Open				
TUAZ7	103.007	(0.0)	103.015	103.000	103.002	17,826	214,069	2y Futures	US Futures Market
FVAZ7	106.080	(0.0)	106.095	106.065	106.075	33,425	494,159	5y Futures	
TYAZ7	108.145	0.0	108.170	108.125	108.130	80,852	1,099,286	10y Futures	
USAZ7	110.140	0	110.160	110.080	110.100	12,936	345,794	30y Futures	



	32 nds					Volume	
	Last	Net	Hi	Low	Open		
BUS02P	99.182	(0.2)	99.190	99.180	99.182	2y	US Cash Treasury Market
BUS05P	99.087	(0.2)	99.097	99.072	99.077	5y	
BUS10P	100.165	0.0	100.180	100.140	100.160	10y	
BUS30P	101.175	2	101.205	101.115	101.120	30y	

	32 nds					Volume	
	Last	Net	Hi	Low	Open		
BUS02Y	4.227	0.00	4.244	4.197	4.244	2y Yield	
BUS05Y	4.413	0.40	4.429	4.404	4.42	5y Yield	
BUS10Y	4.681	0.40	4.697	4.673	4.685	10y Yield	
BUS30Y	4.898	(0.10)	4.916	4.892	4.903	30y Yield	

	Decimal					Volume	Yest Volume	SYM NAME	
	Last	Net	Hi	Low	Open				
DGZ7	102.92	(10.00)	102.94	102.87	102.94	361,301	884,397	Schatz(2Y)	German Futures Markets
DLZ7	106.87	15.00	106.90	106.76	106.87	239,560	631,212	Bobl(5Y)	
DBZ7	111.73	10.00	111.77	111.54	111.63	396,890	1,318,207	Bund(10Y)	



	Price	Yield			SYM NAME	
	Last	Last	Coupon	Maturity		
T.US.DE040P0909***	99.56	4.225	4.000	9/11/2009	2 yr CTD	German Cash Treasury Market
T.US.DE050P0712***	102.76	4.325	5.000	7/4/2012	5 yr CTD	
T.US.DE040P0716*	97.05	4.406	4.000	7/4/2016	10 yr CTD	
DEP2P	99.59	4.225	4.000	9/11/2009	2yr OTR	
DEP5P	99.68	4.322	4.250	10/12/2012	5yr OTR	
DEP10P	98.63	4.424	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	102.92	102.92	102.92	102.94	102.87	-10.00
DLZ7	#VALUE!	#VALUE!	106.87	106.90	106.76	15.00
DBZ7	111.73	111.74	111.73	111.77	111.54	10.00

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo
DGZ7	4.445	4.442	4.442	4.468	4.432
DLZ7			4.439	4.463	4.432
DBZ7	4.516	4.515	4.515	4.539	4.512

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng
T.US.DE040P0909***	4.214	4.270	4.225	4.225	4.242	
T.US.DE050P0712***	4.316	4.360	4.325	4.325	4.335	
T.US.DE040P0716*	4.401	4.439	4.406	4.406	4.413	
DEP2P	4.242	4.225	4.225	4.270	4.214	-4
DEP5P	4.332	4.322	4.322	4.363	4.320	-4
DEP10P	4.431	4.424	4.424	4.457	4.420	-3

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

Schatz(2Y)	German Futures
Bobl(5Y)	
Bund(10Y)	

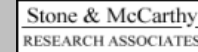
2 yr CTD	German Cash
5 yr CTD	
10 yr CTD	
2yr OTR	
5yr OTR	
10yr OTR	

	Decimal					
	Bid	Ask	Last	Hi	Low	Chng
T.US.DE040P0909***	99.56	99.59		99.61	99.51	-4.00
T.US.DE050P0712***	102.76	102.80		102.84	102.65	-6.00
T.US.DE040P0716*	97.05	97.10		97.13	96.87	-3.00
DEP2P	99.56	99.59	99.59	99.61	99.51	-4.00
DEP5P	99.64	99.68	99.68	99.69	99.50	-4.00
DEP10P	98.58	98.63	98.63	98.66	98.38	-3.00

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

Notes

- Y = Yield
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- CTD = Cheapest to Deliver
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- * OTR
- ** CTD
- *** CTD & OTR



[Posted 6:48 am ET]

LONDON, Oct. 12 (MNI) - European bond prices are trading modestly higher Friday, but off their best levels. Bunds opened higher, after U.S. Treasuries moved higher in late New York trade. Traders said the weakness in European bourses, taking their lead from overnight falls in the U.S. and Asia earlier Friday, was helping underpin gains in Bund futures.

With a lack of follow-through demand, prices slipped from their best levels, as traders looked to square their books ahead of U.S. data later in the day.

The curve flattened modestly, with the shorter-dated end of the curve underperforming.

There was no sovereign issuance Friday, although the French Treasury said it will sell E3.0 billion to E3.5 billion of its 4.0% September 2009 BTAN and its 4.5% July 2012 line at its regular monthly auction at 9:00 GMT next Thursday. Settlement date is October 23.

The Treasury will also offer E800 million to E1.3 billion of its 1.25% HICP-linked BTANei maturing in 2010 and its 1.0% CPI-linked OATi maturing in 2017 at a later auction the same day at 9:50 GMT

Greece confirmed it will sell E1.5 billion of the 10-year 4.3% 2017 on Oct 16.

Eurozone data were thin. Eurozone industrial output expanded more than generally expected in August, with marked gains in all sectors, especially consumer goods. The 1.2% month surge after a 0.7% upturn in July suggests that industry should bolster eurozone growth in 3Q after an abrupt slowdown in 2Q.

French consumer inflation slowed more than generally expected in September, but energy base effects boosted annual rates. After a 0.4% rebound in August, prices edged up only 0.1% on the month, as cheaper cars and seasonal cuts in air fares and vacation lodging offset costlier oil products, fresh foods and clothes.

In the UK, Gilts are lower and extended losses on leverage account selling.

However, the short-dated Gilts outperformed, amid corrective move following recent sharp losses in the wake of hawkish comments from Bank of England Governor Mervyn King on Tuesday.

The short-dated Gilts also underpinned by latest RICS survey overnight showed UK house prices balance decline 14.6% in the 3 Months to September - the fastest pace for two years.

The Gilt 2-/10-year yield spread was 2.2 bps steeper at -24.9 bps, whilst the 10-/30-year yield spread was 0.2 bps flatter at -44.6 bps.

Dec Gilts are down 12 ticks at 106.91.

Hot-money names continued to unwind their cross border trades, although the Bund/T-note spread was little changed. The spread was flat on Thursday's levels, standing at 34 bps.

European equity markets are lower. In London, the FTSE-100 was down 0.9%. In Paris the CAC was lower by 0.6% and in Frankfurt, the DAX was down 0.5%. U.S. index futures are trading lower. The S&P Sep contract was down 5.5 points at 1559.7 and the Nasdaq Sep contract was down 9.25 points at 2157.5.

The yield on the 4.00% Sept 2009 Schatz was up 1 bps at 4.12%. The yield on the 4.25% Oct 2012 Series 151 Bobl was up 1 bps at 4.26%. The yield on the benchmark 4.25% July 2017 Bund was down 1 bps at 4.38%, while the yield on the 4.25% July 2039 Bund was down 1 bps to 4.59%.

Subsequently, the Bund curve traded flatter from Wednesday's close, with the 2-/10-year yield spread at +26 bps vs +28 bps, whilst the 10-/30-year yield spread was unchanged at +21 bps.



[Times for Market News International stories are ET]

06:45 10/15 **LIBOR FIXINGS:** Stg 3-mth Libor fixing is highest since Sept 28.

03:12 10/15 **BONDS: EGBs** are opening lower on Monday after weakness in JGBs overnight following declines in US Treasuries on Friday after strong US Sept retail sales data, with the short-dated issues underperforming -- in turn flattening the Bund curve. The JGB curve is trading steeper ahead of the Y0.6tn of the 30-year JGB auction on Tuesday. A speech by Bank of Japan governor Toshihiko Fukui at the opening of the central bank's branch managers' meeting did not have any significant impact on the market. Focus this week is on G-7 finance ministers and central bankers meeting on Friday on the sidelines of the annual IMF/World Bank meetings in Washington (Oct 20-22). Also eyed are quarterly earnings results, where Citigroup, Wells Fargo, Intel, IBM and Yahoo are among the main companies releasing their Q3 results. Attention is also on the 10-year Note, which came close to breaking above 4.70% yield -- the 38.2% of 5.295% (June 2007 high) to 4.324% (Sept 2007 low). US Treasury Secretary Paulson speaks at 1525GMT, ECB Weber at 1630GMT and BoE King 1730GMT.

05:18 10/15 **CREDIT:** A big talking point of the morning has been the report that large US banks are about to announce/set up a super conduit that would be able to absorb any fire sale type situation that might arise from ongoing credit crises problems. The US treasury has reportedly been talking with Citigroup, Bank of America and JP Morgan about setting up the super-conduit as the Treasury pushed the banks for a private sector solution to recent liquidity problems. there is speculation that the fund size could reach \$100bln, however details are very sketchy. Whether the fund will take CDO/CLO structures and indeed, at what price is unclear with the market unlikely to see too much bullish reaction until these issues are known. Some analysts also point out that the move may be aimed more at ensuring US mortgage market liquidity does not dry up, rather than a means to bail out over-leveraged funds.

05:43 10/15 **SONIA:** SONIA (Sterling Over-Night Index Average) Swap curve is still implying chances of a rate cut from the BoE in coming months, albeit reduced after last week's hawkish BoE Governor King speech. In addition, the strip isn't fully pricing in a 25bps rate cut until end 2008, having previously priced this in by January 2008.

Month	Rate	Probability (25bps cut)	Prob Pre-King Speech
November	5.710%	-16.0%	-50.0%
December	5.702%	-20.0%	-56.0%
January	5.648%	-40.0%	-85.0%
February	5.608%	-55.0%	-110.0%
March	5.600%	-60.0%	-120.0%

05:38 10/15 **EONIA:** EONIA (European Over-Night Index Average) Swap rates imply no chance of a rate cut at the November Governing Council meeting, with the strip now pricing in higher percentage chance of the next move being a rate hike in 2008.

Month	Rate	Probability	Probability (cut) Last week
November	4.019%	0%	-7.0%
December	4.043%	-8.0%	-9.0%
January	4.071%	+8.0%	-22.1%
February	4.103%	+20.0%	-30.0%
March	4.140%	+36.0%	-35.0%

02:42 10/15 **JGB SUMMARY:** Japanese government bond prices ended lower on Monday, following declines in US Treasuries on Friday, while a rise in Japanese stock prices from early trade also weighed. Losses in US Treasury prices following US data on Friday got JGBs off to a weak start, while the firmer Japanese stock market also added to the tone. Japanese shares generally gained following a firm session on Wall Steer Friday, though they dipped into negative territory briefly in the early afternoon session. A speech by Bank of Japan governor Toshihiko Fukui at the opening of the central bank's branch managers' meeting did not have any significant impact on the market.

-- Benchmark 10-year yield was 2 bps higher at 1.720%.

-- Benchmark 5-year yield was 2.5 bps higher at 1.265%.

-- Benchmark 20-year yield was 3 bps higher at 2.260%.

-- Benchmark 30-year yield was 4 bps higher at 2.520%.

-- The Nikkei 225 ended 26.98 points, or 0.16% higher, at 17,358.15.



US Intrinsic's ^				
	M Duration	DV01 32	DV01 \$	DV01(€)
30y	15.41	5.05	\$1,578	€ 2,247
10y	7.73	2.51	\$783	€ 1,116
5y	4.41	1.40	\$439	€ 625
2y	1.86	0.59	\$185	€ 264
ZB	9.84	3.52	\$110	€ 157
ZN	5.82	2.04	\$64	€ 91
ZF	3.90	1.34	\$42	€ 59
ZT	1.86	0.61	\$19	€ 27

^Futures are Based on CTD

German Intrinsic's ^				
	M Duration	DV01(€)	DV01(\$)	CF
Bund	7.11	€ 229	\$161	0.874919
Bobl	4.09	€ 126	\$89	0.960712
Schatz	1.79	€ 53	\$37	0.957701
DE10Y	7.71	€ 1,095	\$769	
DE5Y	4.09	€ 607	\$426	
DE2Y	1.79	€ 254	\$179	

^Futures are Based on CTD

Last

EURUSD 142.41

Tic for Tic Matrix (\$)			
	Bund	Bobl	Schatz
30y	9.82	17.80	42.28
10y	4.87	8.83	20.99
5y	2.73	4.95	11.77
2y	1.15	2.09	4.97
ZB	0.68	1.24	2.95
ZN	0.40	1.34	1.70
ZF	0.26	0.47	1.12
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	3.91
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	4.231	4.227	4.227
US5y	4.415	4.413	4.413
US10y	4.683	4.681	4.681

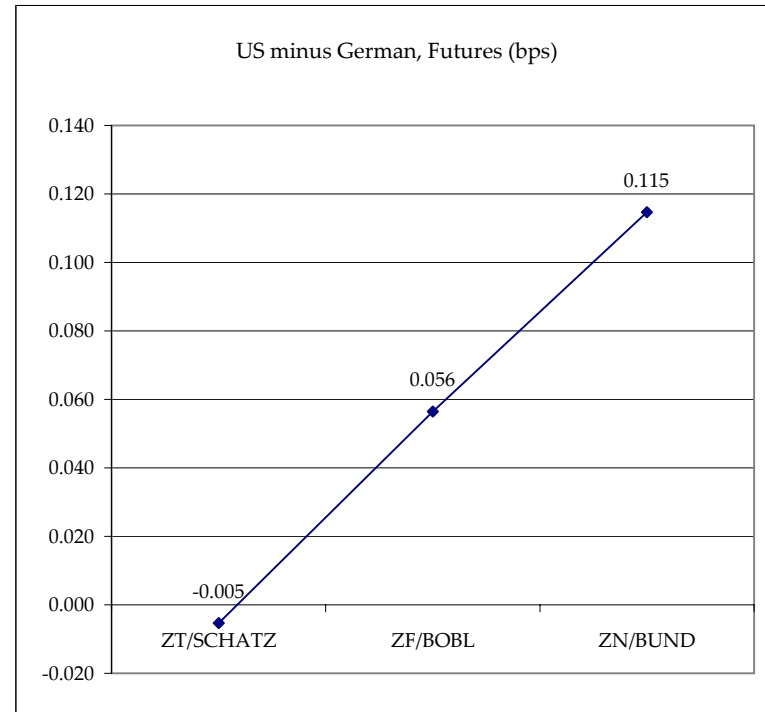
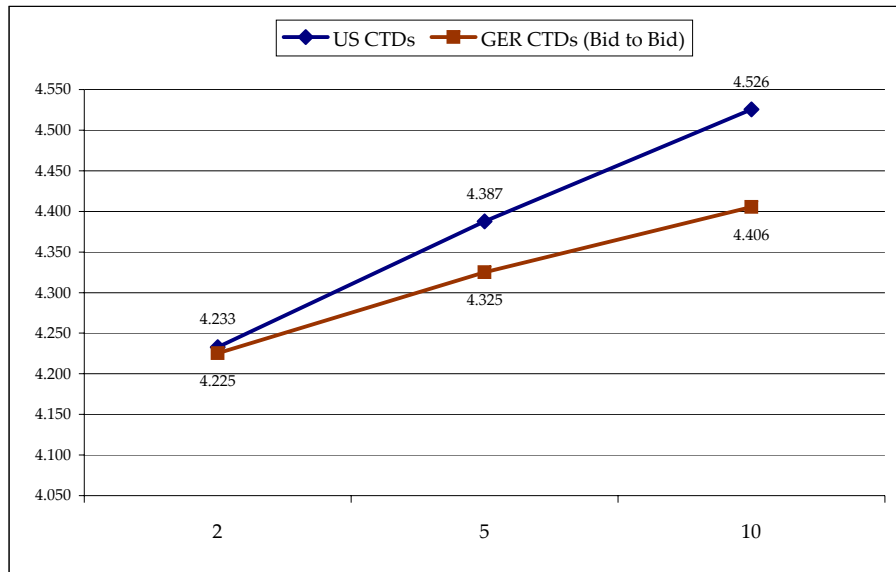
German Cash Treasuries (OTR)			
	Bid	Ask	Last
DE2y	4.242	4.225	4.225
DE5y	4.332	4.322	4.322
DE10y	4.431	4.424	4.424

Spreads	
	Bps
ZT/SCHATZ	-0.005
ZF/BOBL	0.056
ZN/BUND	0.115

US Cash Treasuries (CTD)			
	Bid	Ask	Last
4 of 09/09	4.233	4.220	4.220
4.625 of 02/12	4.387	4.382	4.382
4.25 of 08/14	4.526	4.520	4.520

German Futures (CTD)			
	Bid	Ask	Last
4.000 of 09/09	4.214	4.270	4.225
5.000 of 07/12	4.316	4.360	4.325
4.000 of 07/16	4.401	4.439	4.406

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	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

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	Ślawomir Skrzypek
Portugal, Banco de Portugal	Vítor Manuel Ribeiro Constâncio, Governor, Banco de Portugal
Romania, Banca Națională 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

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	Blanchflower	Besley	Sentance	Result	Level	Vote	Dissent 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

Stone & McCarthy
RESEARCH ASSOCIATES

BOE HAWKOMETER (to September meeting)

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

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 Ordóñez 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.