



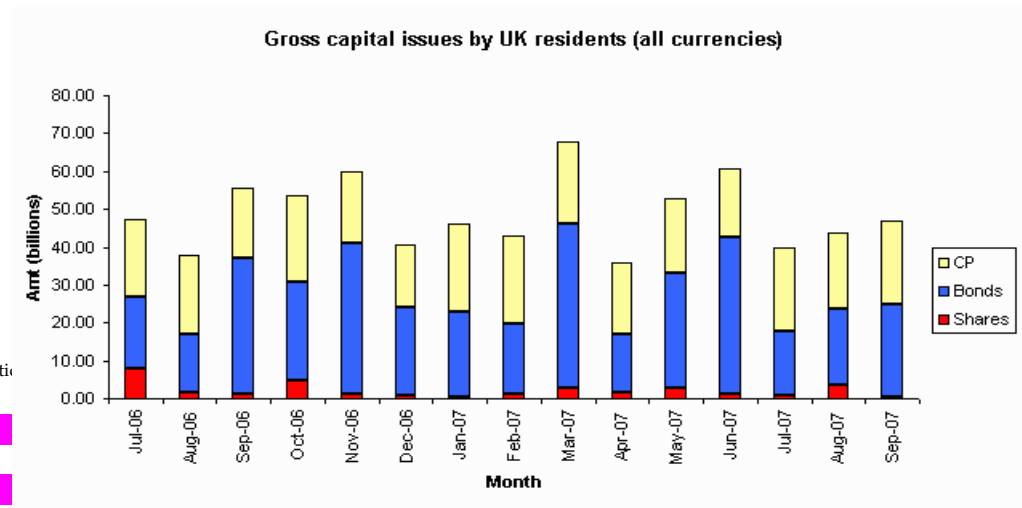
# The Morning Email: US & Germany



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Source: BOE

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.

Quotes 1

	32 nds					Volume	Yest Volume	SYM NAME	
	Last	Net	Hi	Low	Open				
TUAZ7	103.175	(0.0)	103.222	103.170	103.185	43,633	268,558	2y Futures	<b>US Futures Market</b>
FVAZ7	107.125	0.0	107.200	107.120	107.130	61,355	539,886	5y Futures	
TYAZ7	109.305	0.0	110.070	109.280	109.280	126,915	1,108,873	10y Futures	
USAZ7	112.100	0	112.210	112.060	112.060	24,369	300,630	30y Futures	



	32 nds					Volume	
	Last	Net	Hi	Low	Open		
BUS02P	100.045	(0.5)	100.087	100.045	100.050	2y	<b>US Cash Treasury Market</b>
BUS05P	100.147	0.7	100.217	100.147	100.147	5y	
BUS10P	102.015	1.5	102.100	101.310	101.315	10y	
BUS30P	103.250	5	104.070	103.185	103.185	30y	

	32 nds					Volume	
	Last	Net	Hi	Low	Open		
BUS02Y	3.919	0.70	3.941	3.844	3.941	2y Yield	<b>US Cash Treasury Market</b>
BUS05Y	4.140	(0.60)	4.161	4.093	4.161	5y Yield	
BUS10Y	4.487	(0.60)	4.509	4.452	4.509	10y Yield	
BUS30Y	4.757	(1.00)	4.782	4.73	4.782	30y Yield	

	Decimal					Volume	Yest Volume	SYM NAME	
	Last	Net	Hi	Low	Open				
DGZ7	103.27	30.00	103.36	103.26	103.32	300,452	906,264	Schatz(2Y)	<b>German Futures Markets</b>
DLZ7	107.62	90.00	107.80	107.61	107.67	297,613	784,507	Bobl(5Y)	
DBZ7	112.75	12.00	112.96	112.71	112.79	516,330	1,397,789	Bund(10Y)	



	Price	Yield			SYM NAME	
	Last	Last	Coupon	Maturity		
T.US.DE040P0909***	99.90	4.035	4.000	9/11/2009	2 yr CTD	<b>German Cash Treasury Market</b>
T.US.DE050P0712***	103.47	4.156	5.000	7/4/2012	5 yr CTD	
T.US.DE040P0716*	97.92	4.282	4.000	7/4/2016	10 yr CTD	
DEP2P	99.93	4.035	4.000	9/11/2009	2yr OTR	
DEP5P	100.39	4.161	4.250	10/12/2012	5yr OTR	
DEP10P	99.58	4.301	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	103.27	103.28	103.27	103.36	103.26	30.00
DLZ7	107.62	107.62	107.62	107.80	107.61	90.00
DBZ7	112.74	112.75	112.75	112.96	112.71	12.00

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo
DGZ7	4.260	4.257	4.257	4.265	4.213
DLZ7	4.276	4.275	4.276	4.278	4.236
DBZ7	4.398	4.397	4.398	4.401	4.372

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng
T.US.DE040P0909***	3.984	4.057	4.035	4.035	4.052	
T.US.DE050P0712***	4.112	4.168	4.156	4.156	4.166	
T.US.DE040P0716*	4.255	4.295	4.282	4.282	4.289	
DEP2P	4.052	4.035	4.035	4.057	3.984	3
DEP5P	4.170	4.161	4.161	4.172	4.118	6
DEP10P	4.308	4.301	4.301	4.313	4.278	18

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

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

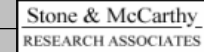
2 yr CTD	German Cash
5 yr CTD	
10 yr CTD	
2yr OTR	
5yr OTR	
10yr OTR	

	Decimal					
	Bid	Ask	Last	Hi	Low	Chng
T.US.DE040P0909***	99.90	99.93		100.02	99.89	3.00
T.US.DE050P0712***	103.47	103.51		103.70	103.46	7.00
T.US.DE040P0716*	97.92	97.97		98.16	97.88	16.00
DEP2P	99.90	99.93	99.93	100.02	99.89	3.00
DEP5P	100.35	100.39	100.39	100.58	100.34	6.00
DEP10P	99.53	99.58	99.58	99.76	99.49	18.00

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

Notes

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- DE = German Country Code
- CTD = Cheapest to Deliver
- OTR = On the Run
- \* OTR
- \*\* CTD
- \*\*\* CTD & OTR



**Euro Mkt Summary: EGBs Higher on Risk Aversion, Weak Q3 Earnings**  
**by Charanjeev Chana**

EGBs were trading higher on risk-aversion buying with short dates outperforming, in turn steepening the Bund curve. Bunds hit session highs in afternoon trade after Bank of America reported a sharp decline in Q3 profits as capital market losses offset solid revenue growth in overall business. Prices also advanced higher following the release of US initial claims data, which rose above expectations, with the contagion from the fall out in the housing and mortgage markets noted for the surge in claims. Bunds then pared gains slightly on hawkish comments by ECB official Axel Weber, who said inflation risks in the euro area have increased since the most recent Eurosystem staff projections were published in early September, which could require further action on interest rates by the ECB. EGBs opened higher amidst reports of switch trades out of US Treasuries. The market extended gains in morning trade as European equity bourses pared gains from the open. Safe haven buying was also noted on geo-political jitters following reports that the Turkish parliament granted permission to its troops to initiate an attack against Kurdish rebels in Iraq. Strong demand for BTAN supply from France also underpinned sentiment. The AFT sold E1.365bln of 4.00% Sept 2009 BTAN, covered 5.513 times and E1.810bln of 4.50% July 2012 BTAN, covered 4.030 times.

German producer prices are due on the open on Friday morning and Belgian consumer confidence is expected on Friday afternoon. Speaker-wise, attention will turn to comments from ECB officials Gonzalez-Paramo and Axel Weber, due to speak on Friday afternoon.

In the forex markets, the dollar traded weaker against the major currencies. The EUR/USD was at 1.429 (+0.008), cable at 2.048 (+0.008) and USD/JPY at 115.71 (-1.05).

European equities were weaker in afternoon trade. The DAX was trading -0.82%, CAC 40 -1.01% and the FTSE -0.13% on the day. US stocks were also weaker with the S&P 500 -0.31% and the NASDAQ -0.31%.

Gilts were also trading higher, but underperforming trade in Europe. Stronger than expected UK retail sales, which rose at the fastest pace since September 2004 on an annualised basis, weighed on the Gilt curve on Thursday morning. The strength of the data heightened speculation of a pause in rates by the Bank of England in November, before making a decision to cut interest rates in 2008. Sources noted that volumes were light, with focus on G7 meeting and the Rugby World Cup final on Saturday between England and South Africa.

Attention in the UK on Friday will turn to the first estimate for Q3 GDP. We expect an inline reading to prompt little market impact.



[Times for Market News International stories are ET]

05:31 10/19 **BUNDS**: The Bund curve is trading steeper, with 2-/10-year yield spread at +27bps vs +26bps yesterday, with short-dated issues outperforming on risk-aversion buying and also underpinned by euro-dollar strength, which earlier hit fresh life-time highs at \$1.4319.

04:31 10/19 **REACTS: Dec short-sterling** is 3 tick lower following release of stronger than expected first estimate of UK Q3 GDP data. Dec Gilts pare gains by 5 ticks. Cable is up 20 pips at \$2.0450.

03:03 10/19 **BONDS: EGBs** are opening higher on Friday, taking direction from gains in US Treasuries and JGBs, amid risk-aversion buying following sharp losses on Nikkei-225. Stock markets are seen trading nervous today, given it is the anniversary of the 1987 stock market crash, where the Dow fell almost 22% in a single-day. Traders note many parallels with the market back then, i.e it was also a pre-election year, the dollar was also weak then, and there was also a relatively new Fed Chairman. Also, program-trading was key behind the sell-off back then and many now blame risk-management models behind the huge quantitative strategies related to the current problems in credit market. The Bund curve is trading steeper, with 2-/10-yr yield spread at +28bps vs +26bps yesterday, with short-dated issues outperforming and underpinned by euro-dollar strength, which hit fresh life-time highs above \$1.4311. Attention turns to the G-7 FinMin and central bankers meeting today on the sidelines of the annual IMF/World Bank meetings in Washington.

05:44 10/19 **CREDIT:2)** Elsewhere, the WSJ reports this morning that a US real estate fund is suing HSBC, alleging that the UK bank's US mortgage trading operations took advantage of the credit market turmoil in the summer to profit at the expense of the fund by placing an improperly low valuation on nine sub-prime mortgage bonds. Added to the mix is the report that Northern Rock borrowed a further Stg3 bln from the Bank of England last week taking the total to about Stg16 bln just five weeks after the mortgage lender first asked for support. This raft of downbeat news has been compounded by negative macro data concerning the US housing market and some mixed corporate earnings which has dragged down equity markets and added to the edgy feel in the credit markets. With the return of a higher level of volatility, although as yet nowhere as marked as the turmoil seen in the summer months, the markets seem to be pinning hopes on a Fed cut later this month to restore some sense of renewed calm to the proceedings, but in the meantime we look set for a softer feel to both the equity and credit markets.

(Cont.)

03:20 10/19 **GREENSPAN**: Former Fed chair Greenspan warns that plans to launch a so-called credit market "super fund" could have dire repercussions. In an interview with Emerging Markets magazine, Greenspan said that the \$75 bln Master Liquidity Enhancement Conduit (MLEC) runs the risk of further undermining already brittle confidence in besieged markets. Greenspan drew a distinction between the bail-out of a single large hedge fund to prevent the widespread sell-off of assets - as happened with LTCM in 1998 - and efforts to prop up an entire asset class, as in the case of the proposed superfund.

03:06 10/19 **JGB SUMMARY**: Japanese government bonds ended Friday's session higher across the board, boosted by the strength of the yen and the weaker domestic stock markets. The sell-off in the stockmarket helped push 10-year yields to three-month lows. Prices were higher from the getgo, helped by further overnight U.S. Treasury gains and prices continued to gain as stocks slid into the afternoon session. But JGBs ended off their worst levels, as late profit-taking weighed.

-- Benchmark 10-year yield was 3 bps lower at 1.615%.

-- Benchmark 5-year yield was 1 bps lower at 1.160%.

-- Benchmark 20-year yield was 2.5 bps lower at 2.170%.

-- Benchmark 30-year yield was 1.5 bps lower at 2.435%.

-- Lead Sept JGB futures contract was up 0.33 at 135.70



US Intrinsic's ^				
	M Duration	DV01 32	DV01 \$	DV01(€)
30y	15.55	5.21	\$1,628	€ 2,326
10y	7.74	2.55	\$797	€ 1,138
5y	4.41	1.42	\$444	€ 634
2y	1.85	0.59	\$185	€ 265
ZB	9.87	3.60	\$112	€ 161
ZN	5.82	2.06	\$65	€ 92
ZF	3.90	1.35	\$42	€ 60
ZT	1.85	0.61	\$19	€ 27

^Futures are Based on CTD

Tic for Tic Matrix (\$)			
	Bund	Bobl	Schatz
30y	10.04	18.26	43.77
10y	4.91	8.93	21.42
5y	2.74	4.98	11.93
2y	1.14	2.08	4.98
ZB	0.69	1.26	3.02
ZN	0.40	1.34	1.73
ZF	0.26	0.47	1.13
ZT	0.12	0.21	0.51

German Intrinsic's ^				
	M Duration	DV01(€)	DV01(\$)	CF
Bund	7.11	€ 232	\$162	0.874919
Bobl	4.08	€ 127	\$89	0.960712
Schatz	1.78	€ 53	\$37	0.957701
DE10Y	7.71	€ 1,110	\$777	
DE5Y	4.08	€ 612	\$428	
DE2Y	1.78	€ 254	\$178	

^Futures are Based on CTD

Last

EURUSD 142.83

**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	3.96
Bobl (Z)	0.61	1.00	2.40
Shatz (Z)	0.25	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	3.924	3.919	3.919
US5y	4.147	4.140	4.140
US10y	4.489	4.487	4.487

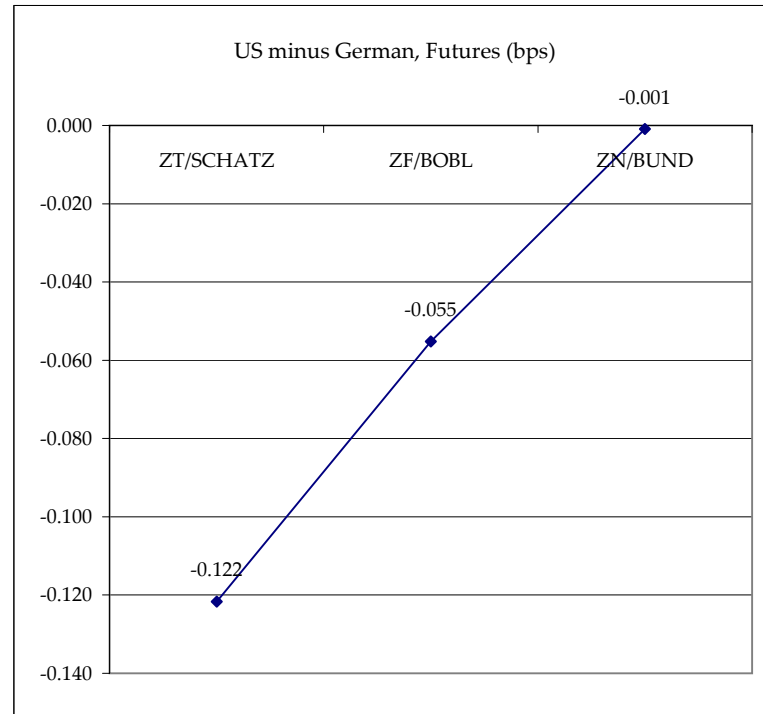
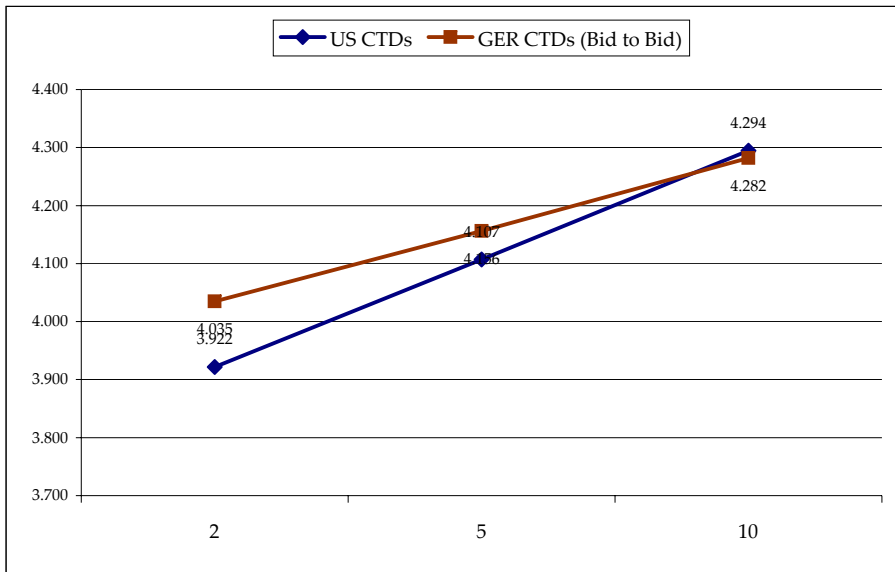
German Cash Treasuries (OTR)			
	Bid	Ask	Last
DE2y	4.052	4.035	4.035
DE5y	4.170	4.161	4.161
DE10y	4.308	4.301	4.301

Spreads	
	Bps
ZT/SCHATZ	-0.122
ZF/BOBL	-0.055
ZN/BUND	-0.001

US Cash Treasuries (CTD)			
	Bid	Ask	Last
4 of 09/09	3.922	3.913	3.913
4.625 of 02/12	4.107	4.101	4.101
4.25 of 08/14	4.294	4.281	4.281

German Futures (CTD)			
	Bid	Ask	Last
4.000 of 09/09	3.984	4.057	4.035
5.000 of 07/12	4.112	4.168	4.156
4.000 of 07/16	4.255	4.295	4.282

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]

Stone & McCarthy  
RESEARCH ASSOCIATES










**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
Oct-07	unch	unch	unch	unch	unch	unch	-25bps	unch	unch	unch	5.75%	8-1	easing

**BOE Hawkometer - Blanchflower Voted for an October Rate Cut by Niraj Shah [Stone & McCarthy]**

8-1  
The Bank of England minutes showed that the Monetary Policy Committee had voted 8:1 to leave rates on hold at the October meeting. The sole dissenter was Blanchflower who voted for an immediate rate cut. The arch dove argued for a cut on the basis that the BOE's August growth forecast had been a "little high" anyway and that since then growth risks had "increased or even crystallised". The Committee as a whole discussed the case for a "precautionary" cut in rates given the shift in the balance of risks to growth. However, the MPC noted that some slowdown in the economy was needed anyway to meet the inflation target and that there was also a danger that an easing would be "misinterpreted". The November Inflation Report will be instrumental in seeing how far CPI and growth forecasts are revised. However, unless there is a sharp revision lower in growth projections, we still do not envisage the Bank cutting rates before 2008.  
[10/17/2007]

**BOE HAWKOMETER (October)**

	Dissenting Hawkish Votes	Dissenting Dovish Votes	Non-Dissenting Votes	Total Votes	Hawkishness Rating
 Sentance	4	0	9	13	31%
 Besley	4	0	10	14	29%
 King (Gov)	14	0	112	126	11%
 Tucker	6	1	58	65	8%
 Gieve (Dep Gov)	1	0	20	21	5%
 Lomax (Dep Gov)	2	3	47	52	-2%
 Barker	1	4	73	78	-4%
 Bean	0	5	81	86	-6%
 Blanchflower	0	6	11	17	-35%

[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.**