



## 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.

Quotes 1

	32 nds					Volume	Yest Volume	SYM NAME	
	Last	Net	Hi	Low	Open				
TUAZ7	103.195	(0.0)	103.220	103.190	103.220	25,215	262,958	2y Futures	<b>US Futures Market</b>
FVAZ7	107.165	(0.1)	107.215	107.155	107.215	49,649	771,249	5y Futures	
TYAZ7	110.065	(0.1)	110.140	110.060	110.135	95,361	1,364,945	10y Futures	
USAZ7	112.300	(0)	113.090	112.280	113.060	21,708	379,529	30y Futures	



	32 nds					Volume	
	Last	Net	Hi	Low	Open		
BUS02P	100.060	(1.7)	100.087	100.060	100.087	2y	<b>US Cash Treasury Market</b>
BUS05P	100.190	(4.2)	100.242	100.185	100.237	5y	
BUS10P	102.135	(7.5)	102.225	102.125	102.220	10y	
BUS30P	104.180	(13)	104.305	104.155	104.295	30y	

	32 nds					Volume	
	Last	Net	Hi	Low	Open		
BUS02Y	3.890	3.40	3.906	3.835	3.868	2y Yield	<b>US Cash Treasury Market</b>
BUS05Y	4.112	3.30	4.123	4.075	4.089	5y Yield	
BUS10Y	4.440	3.10	4.45	4.401	4.413	10y Yield	
BUS30Y	4.709	3.30	4.719	4.681	4.688	30y Yield	

	Decimal					Volume	Yest Volume	SYM NAME	
	Last	Net	Hi	Low	Open				
DGZ7	103.35	(30.00)	103.37	103.32	103.37	176,664	666,026	Schatz(2Y)	<b>German Futures Markets</b>
DLZ7	107.93	(90.00)	108.00	107.88	108.00	212,476	705,096	Bobl(5Y)	
DBZ7	113.53	(22.00)	113.67	113.47	113.66	428,977	1,610,139	Bund(10Y)	



	Price	Yield			SYM NAME	
	Last	Last	Coupon	Maturity		
T.US.DE040P0909***	99.98	3.990	4.000	9/11/2009	2 yr CTD	<b>German Cash Treasury Market</b>
T.US.DE050P0712***	103.75	4.090	5.000	7/4/2012	5 yr CTD	
T.US.DE040P0716*	98.60	4.186	4.000	7/4/2016	10 yr CTD	
DEP2P	100.01	3.990	4.000	9/11/2009	2yr OTR	
DEP5P	100.71	4.088	4.250	10/12/2012	5yr OTR	
DEP10P	100.29	4.211	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	103.34	103.35	103.35	103.37	103.32	-30.00
DLZ7	107.92	107.93	107.93	108.00	107.88	-90.00
DBZ7	113.52	113.53	113.53	113.67	113.47	-22.00

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo
DGZ7	4.223	4.221	4.223	4.234	4.208
DLZ7	4.210	4.209	4.209	4.219	4.193
DBZ7	4.307	4.306	4.307	4.313	4.290

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng
T.US.DE040P0909***	3.973	4.023	3.990	3.990	4.006	
T.US.DE050P0712***	4.074	4.111	4.090	4.090	4.100	
T.US.DE040P0716*	4.169	4.202	4.186	4.186	4.193	
DEP2P	4.006	3.990	3.990	4.023	3.973	-3
DEP5P	4.097	4.088	4.088	4.109	4.072	-6
DEP10P	4.217	4.211	4.211	4.223	4.193	-13

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

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

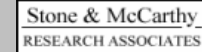
2 yr CTD	German Cash
5 yr CTD	
10 yr CTD	
2yr OTR	
5yr OTR	
10yr OTR	

	Decimal					
	Bid	Ask	Last	Hi	Low	Chng
T.US.DE040P0909***	99.98	100.01		100.04	99.95	-3.00
T.US.DE050P0712***	103.75	103.79		103.86	103.70	-7.00
T.US.DE040P0716*	98.60	98.65		98.77	98.54	-12.00
DEP2P	99.98	100.01	100.01	100.04	99.95	-3.00
DEP5P	100.67	100.71	100.71	100.78	100.62	-6.00
DEP10P	100.24	100.29	100.29	100.43	100.19	-13.00

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

Notes

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



**EMU Bonds Higher; Asset-Allocation Trade, 30-Yr Gilt Switch**  
**by Market News**  
**22 October 2007**

LONDON, Oct. 22 (MNI) - European bond prices are higher on Monday amid risk-aversion buying and asset-allocation trades out of stocks following heightened credit jitters and geo-political tension. Volumes were strong and well above average.

The move comes as the Dow fell 367 pts (-2.64%) on Friday, the third-biggest point loss of the year, taking it to its lowest point since Sept. 17, the day before the Federal Reserve cut interest rates.

The sell-off came on the 20th anniversary of Black Monday in 1987, and now sets up a nervous trading session today after the Nikkei-225 closed down 376pts (-2.24%).

In addition, safe-haven flows are seen in the wake of the heightened tension on the Iraq/Turkey border after the latest attack by Kurdish rebels.

Bunds are also seen underpinned by strong redemption payment from Austria (E8.75bln) and France (E14.64bln), along with coupon payments from Belgium (E4.65bln) and Portugal (E0.28bln).

Traders reported strong stop-loss buying in Dec Bunds on break above 113.80. Around 100k contracts were traded, according to traders.

In the U.K., Gilts are higher but underperformed Bunds amid dearth the of domestic data.

Strong switching out of 30-year Gilts into 30-year Bunds was reported, which in turn is fuelling the long-end Gilt underperformance and steepening the Gilt curve.

The Gilt 2-/10-year yield spread was 1.2 bps steeper at -21.1 bps, whilst the 10-/30-year yield spread was 3.3 bps steeper at -33.2 bps.

Dec Gilts are up 38 ticks at 107.99.

In cross-border flows, Bunds outperformed U.S. Treasuries, as the 10-year UST/Bund yield spread traded at +25.0 bps vs +21.7 bps Friday.

European equity markets are trading sharply lower. In London, the FTSE-100 was down 1.49%. In Paris the CAC was lower by 1.86% and in Frankfurt, the DAX was down 1.28%. U.S. index futures are also trading lower. The S&P Dec contract was down 11.9 at 1493.9 and the Nasdaq Dec contract was down 19.0 points at 2130.75.

The yield on the 4.00% Sept 2009 Schatz was down 6.2 bps at 3.93%. The yield on the 4.25% Oct 2012 Series 151 Bobl was down 6.9 bps at 4.02%. The yield on the benchmark 4.25% July 2017 Bund was down 6.6 bps at 4.16%. The yield on the 4.25% July 2039 Bund down 5.0 bps to 4.44%.

Subsequently, the Bund curve traded steeper from Friday's close, with the 2-/10-year yield spread unchanged at +23 bps, whilst the 10-/30-year yield spread was at +27 bps vs +25 bps.



[Times for Market News International stories are ET]

03:44 10/23 **BUNDS:** The Bund curve is flattening, amid duration extension buying, with 10-/30-year yield spread at +26bps vs +27bps. Early estimates for month-end extensions in EGBs are large, according to early estimates, the iBoxx Euro sovereign index extends by +0.10 yrs into November and is higher than the historical average for this time of the year (+0.08 yrs), according to strategists. Moreover, the front-end of the yield curve is weighed by recovery in stocks, and reversal in recent risk-aversion buying.

03:31 10/23 **GILTS:** In the UK, markets are awaiting proposals today from the UK Department of Work and Pensions and long-dated linkers may come under some pressure if proposals allow employers to cap future inflationary escalation at 2.5% (currently 5%), according to strategists. This comes ahead of the Stg925mln 1.125% Nov index-linked Gilt 2037 tap on Wednesday, and is also seen weighing on long-dated linkers. Elsewhere, the UK Debt Management Office (DMO) today announces size of the 5.00% 2018 Gilt, which is due to be sold on November 1. Strategists expect size to be Stg2.5bln, given the DMO has yet to auction Stg5.082bln in the 2 remaining auctions in mediums for the FY2007-08. Announcement is due at 430GMT

02:10 10/23 **FX:** (European Open) After slipping to \$1.4126 in NY and recovering to lose a choppy day around the \$1.4180 zone, euro-dollar sits back around 1.4200 going into early European dealing after making late Asian highs at \$1.4211. A better day for Asian equities fed through to carry trades, euro-yen trading back above Y163.00 late in the day, some 250 points away from Monday's NY lows. Better demand for the yen crosses in general helped dollar-yen supported from the Y114.24 low, pushing back up to late session highs around Y114.68 and remaining buoyed just off the high at time of writing. Dollar-Canada slipped lower, taking out stops on the way to C\$0.9755 into early Europe, whilst cable trades towards the top-end of the \$2.0308/67 range.

(Cont.)

02:57 10/23 **BONDS: EGBs** are opening lower on Tuesday, taking its direction from profit-taking in US Treasuries towards the Chicago close and gains in stock futures in the wake of better than expected results from Apple in after-hours session. In addition, hawkish comments from ECB member Axel Weber who in an interview with the Boersen-Zeitung said the ECB interrupted the tightening of interest rates because of turmoil in the financial markets. That said, Bunds are seen underpinned by strong reinvestment flows -- notably E14.64bln worth of redemption from France and also month-end extensions, which are large. The iBoxx Euro sovereign index extends by +0.10 yrs into November, which is higher than the historical average for this time of the year (+0.08 yrs). Attention turns to heavy slew of quarterly earnings report, where Amazon.com, AT&T, Juniper Networks, UPS and Whirlpool are amongst the biggest names to report. Italy Oct consumer confidence is due at 0730GMT, Italy Aug retail sales at 0800GMT & eurozone Aug industrial new orders at 0900GMT.

03:48 10/23 **JAPAN:** Japan Post Insurance (Kampo) plans to manage more directly its stock holdings and invest in a wider range of foreign currencies, but any shift will be gradual. (Rtrs interview)

02:25 10/23 **JGB SUMMARY:** Japanese government bond prices were knocked lower in Tokyo trade Tuesday as Japanese stocks moved higher and took some of the attraction away from bond markets. The Nikkei-225 index of Japanese stocks got off to a firm start, following a recovery on Wall street overnight. This placed some pressure on JGBs from the start of trade, although traders said volumes were generally light. The Nikkei held gains through the session, though retreated in late Tokyo to end just 0.07% higher. JGBs, which had only seen yields rise around one basis point in the session remained steady in late trade, failing to gain any support from the late retreat in the Nikkei, however.

-- Benchmark 10-year yield was 1 bps higher at 1.595%.

-- Benchmark 5-year yield was 0.5 bps higher at 1.115%

-- Benchmark 20-year yield was unchanged at 2.150%.

-- Benchmark 30-year yield was 1 bps higher at 2.410%.

-- The Nikkei 225 ended 12.11 points, or 0.07% higher, at 16,450.58.



US Intrinsic's ^				
	M Duration	DV01 32	DV01 \$	DV01(€)
30y	15.60	5.27	\$1,646	€ 2,340
10y	7.74	2.56	\$800	€ 1,137
5y	4.40	1.42	\$444	€ 631
2y	1.84	0.59	\$185	€ 263
ZB	9.89	3.62	\$113	€ 161
ZN	5.81	2.07	\$65	€ 92
ZF	3.89	1.35	\$42	€ 60
ZT	1.84	0.61	\$19	€ 27

^Futures are Based on CTD

German Intrinsic's ^				
	M Duration	DV01(€)	DV01(\$)	CF
Bund	7.11	€ 232	\$163	0.874919
Bobl	4.08	€ 127	\$89	0.960712
Schatz	1.77	€ 53	\$37	0.957701
DE10Y	7.72	€ 1,114	\$784	
DE5Y	4.08	€ 610	\$429	
DE2Y	1.77	€ 253	\$178	

^Futures are Based on CTD

Last

EURUSD 142.13

Tic for Tic Matrix (\$)			
	Bund	Bobl	Schatz
30y	10.07	18.42	44.32
10y	4.89	8.95	21.54
5y	2.72	4.97	11.96
2y	1.13	2.07	4.98
ZB	0.69	1.27	3.05
ZN	0.40	1.34	1.74
ZF	0.26	0.47	1.13
ZT	0.12	0.21	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	2.700	3.000
Bobl (Z)	0.970	1.450	1.570
Shatz (Z)	0.400	0.620	0.680

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	1.65	3.99
Bobl (Z)	0.60	1.00	2.41
Shatz (Z)	0.25	0.41	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	3.898	3.890	3.890
US5y	4.116	4.112	4.112
US10y	4.442	4.440	4.440

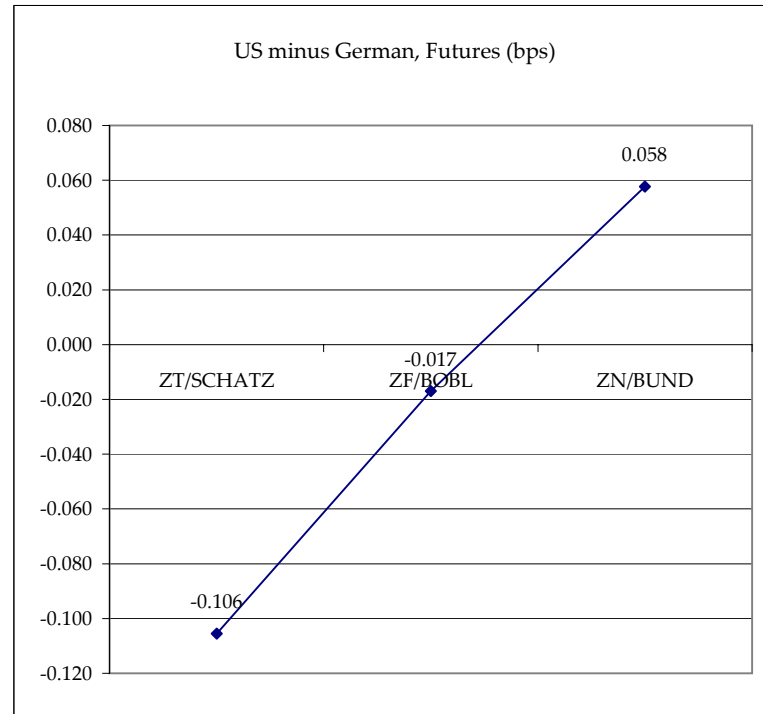
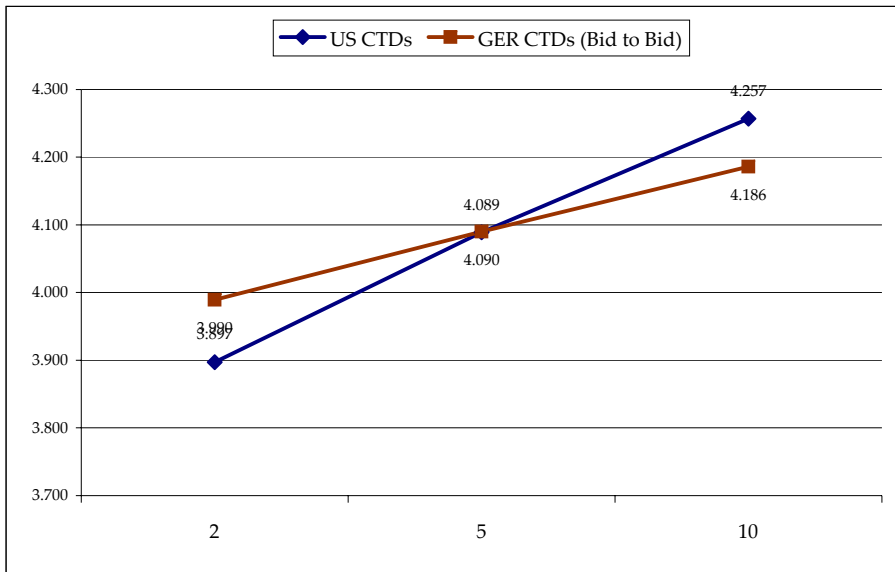
German Cash Treasuries (OTR)			
	Bid	Ask	Last
DE2y	4.006	3.990	3.990
DE5y	4.097	4.088	4.088
DE10y	4.217	4.211	4.211

Spreads	
	Bps
ZT/SCHATZ	-0.106
ZF/BOBL	-0.017
ZN/BUND	0.058

US Cash Treasuries (CTD)			
	Bid	Ask	Last
4 of 09/09	3.897	3.884	3.884
4.625 of 02/12	4.089	4.073	4.073
4.25 of 08/14	4.257	4.244	4.244

German Futures (CTD)			
	Bid	Ask	Last
4.000 of 09/09	3.973	4.023	3.990
5.000 of 07/12	4.074	4.111	4.090
4.000 of 07/16	4.169	4.202	4.186

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

**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.**