



The Morning Email: US & Germany



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Want something added? Let me know: jgoulding@ghco.com
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Quotes 1

	32 nds					Volume	Yest Volume	SYM NAME	
	Last	Net	Hi	Low	Open				
TUAZ7	103.275	(0.0)	103.287	103.260	103.275	20,357	209,087	2y Futures	US Futures Market
FVAZ7	107.285	(0.0)	107.310	107.260	107.290	48,993	688,334	5y Futures	
TYAZ7	110.230	(0.0)	110.250	110.195	110.220	88,013	1,238,676	10y Futures	
USAZ7	113.180	(0)	113.200	113.130	113.150	16,011	326,361	30y Futures	



	32 nds					Volume	
	Last	Net	Hi	Low	Open		
BUS02P	99.230	0.0	99.245	99.220	99.240	2y	US Cash Treasury Market
BUS05P	99.092	(121.2)	99.112	99.077	99.110	5y	
BUS10P	102.300	2.0	103.005	102.270	102.305	10y	
BUS30P	105.070	7	105.080	105.020	105.060	30y	

	32 nds					Volume	
	Last	Net	Hi	Low	Open		
BUS02Y	3.769	(0.40)	3.798	3.74	3.785	2y Yield	US Cash Treasury Market
BUS05Y	4.030	(0.10)	4.048	4.009	4.023	5y Yield	
BUS10Y	4.375	(0.80)	4.393	4.364	4.379	10y Yield	
BUS30Y	4.670	(1.50)	4.683	4.667	4.677	30y Yield	

	Decimal					Volume	Yest Volume	SYM NAME	
	Last	Net	Hi	Low	Open				
DGZ7	103.49	0.00	103.50	103.45	103.48	188,504	579,606	Schatz(2Y)	German Futures Markets
DLZ7	108.26	25.00	108.29	108.15	108.16	171,659	515,044	Bobl(5Y)	
DBZ7	114.00	5.00	114.06	113.78	113.85	417,791	1,065,486	Bund(10Y)	



	Price	Yield			SYM NAME	
	Last	Last	Coupon	Maturity		
T.US.DE040P0909***	100.11	3.916	4.000	9/11/2009	2 yr CTD	German Cash Treasury Market
T.US.DE050P0712***	104.06	4.016	5.000	7/4/2012	5 yr CTD	
T.US.DE040P0716*	99.02	4.127	4.000	7/4/2016	10 yr CTD	
DEP2P	100.14	3.916	4.000	9/11/2009	2yr OTR	
DEP5P	101.02	4.018	4.250	10/12/2012	5yr OTR	
DEP10P	100.75	4.152	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	#VALUE!	103.49	103.49	103.50	103.45	0.00
DLZ7	108.25	108.26	108.26	108.29	108.15	25.00
DBZ7	113.99	114.00	114.00	114.06	113.78	5.00

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo
DGZ7		4.146	4.146	4.169	4.141
DLZ7	4.140	4.138	4.140	4.162	4.131
DBZ7	4.253	4.252	4.252	4.277	4.245

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng
T.US.DE040P0909***	3.904	3.949	3.916	3.916	3.933	
T.US.DE050P0712***	4.004	4.049	4.016	4.016	4.025	
T.US.DE040P0716*	4.122	4.165	4.127	4.127	4.134	
DEP2P	3.933	3.916	3.916	3.949	3.904	-4
DEP5P	4.027	4.018	4.018	4.052	4.007	0
DEP10P	4.158	4.152	4.152	4.189	4.146	-1

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

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

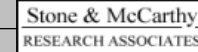
2 yr CTD	German Cash
5 yr CTD	
10 yr CTD	
2yr OTR	
5yr OTR	
10yr OTR	

	Decimal					
	Bid	Ask	Last	Hi	Low	Chng
T.US.DE040P0909***	100.11	100.14		100.16	100.08	-4.00
T.US.DE050P0712***	104.06	104.10		104.15	103.96	0.00
T.US.DE040P0716*	99.02	99.07		99.11	98.80	-1.00
DEP2P	100.11	100.14	100.14	100.16	100.08	-4.00
DEP5P	100.98	101.02	101.02	101.07	100.87	0.00
DEP10P	100.70	100.75	100.75	100.80	100.46	-1.00

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 Lower On Profit-Taking, German Ifo Survey ,by Market News, 25 October 2007**

LONDON, Oct. 25 (MNI) - European bond prices are lower on Thursday on profit-taking and in the wake of better than expected German Ifo business sentiment survey results. However, strong redemption payment from France and duration extension buying underpinned sentiment, albeit in thin volume session.

Bunds opened lower, on profit-taking following sharp gains the previous session, after Merrill Lynch suffered a ratings downgrade in the wake of reporting a \$2.24-billion Q3 loss, or \$2.82/share, with a \$7.9bln writedown in collateralized debt obligations (CDOs). Prices extended their fall following the release of stronger than expected German Ifo business sentiment survey results, where the headline Ifo reading fell to 103.9 from an unrevised 104.2 in September.

The index for current conditions fell to 109.6 compared to 109.9 in September -- the second drop in a row but above expectations. The six-month outlook eased to 98.6 from 98.7 -- the fifth straight decline but also above the median forecast in an MNI poll of economists. However, Bunds were supported by a large E14.64bln redemption payment of the 5.50% Oct 2007 OAT, which was due today. In addition, coupon payments from France for around E11.65bln, Austria for E0.95bln and Greece for E1.0bln are also due this week and seen underpinning prices.

Traders reported long-end duration demand, as early estimates for month-end extensions in European Government Bonds 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). Traders also reported a large E1.0bln buyer of 2037 Bund and a switch out of 30-year Gilts. The 30-year Gilt/Bund yield spread is wider at +10bps.

In the U.K., Gilts are lower in line with Bunds, with the short-dated issues outperforming following the release of the Bank of England's latest Financial Stability Report released overnight. The report warned that the financial system remains vulnerable to further problems arising from the market turmoil, and to new shocks, from such things as the falling dollar and fragile equity markets. However, the report also said that the U.K. economic outlook remains "robust" despite the stress inflicted on the financial system by recent market turmoil. In addition, the mortgage approvals for house purchase fell to 52,685 in September from 61,051 in August, marking the weakest September in seven years, which also underpinned short-dates.

However, the long-dated issues reversed underperformance, amid late duration extension trades and Liability Driven Investment (LDI) flows.

The Gilt 2-/10-year yield spread was 0.2 bp flatter at -23.5 bps, whilst the 10-/30-year yield spread was 0.8 bp flatter at -36.5 bps.

Dec Gilts are down 23 ticks at 107.78.

In cross-border flows, U.S. Treasuries are little changed against Bunds as the 10-year UST/Bund yield spread trades at +23.9. This yield spread narrowed to +21.2 bps last week, which was the narrowest level seen since October 2004.

European equity markets are higher. In London, the FTSE-100 was up 1.02%. In Paris the CAC was higher by 1.02.% and in Frankfurt, the DAX was up 0.93%. U.S. index futures are trading little changed. The S&P Dec contract was also higher 0.1 point at 1522.0 and the Nasdaq Dec contract was up 4.5 points at 2207.5.

The yield on the 4.00% Sept 2009 Schatz was up 2.8 bps at 3.94%. The yield on the 4.25% Oct 2012 Series 151 Bobl was up 1.3 bps at 4.04%. The yield on the benchmark 4.25% July 2017 Bund was up 1.7 bps at 4.17%. The yield on the 4.25% July 2039 Bund up 1.7 bps to 4.44%.

Subsequently, the Bund curve traded flatter from Wednesday's close, with the 2-/10-year yield spread at +23 bps vs +24 bps, whilst the 10-/30-year yield spread was unchanged at +26 bps.

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[Times for Market News International stories are ET]

03:01 10/26 **BONDS: EGBs** are opening lower on Friday on continued profit-taking amid asset-allocation trades back into stocks. WTI Nymex crude oil this morning hits fresh record highs above \$92.00 level, amid geo-political jitters, supply worries ahead of the winter season and the continued weakness in the dollar. The move comes after Bush administration tightens financial sanctions on Iran and issues new warnings about Tehran's nuclear program. In addition, tensions between Turkey and Kurds in northern Iraq, are also supporting the safe-haven bid. In addition, Bunds are seen underpinned by duration buying, as early estimates for month-end extensions in EGBs 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 today remains on stock price movements, with German states continue releasing Oct CPI figures. Eurozone M3 is due at 0800GMT. US data includes Michigan Consumer Sentiment at 1400GMT & Fed Mishkin speaks at 1545GMT

05:36 10/26 **EGB FLOWS:** Traders are reporting strong buying of European breakevens this morning, which has been a theme over the last few days, amid continued rise in oil and food prices. Traders also note that most of the structural short positions in breakevens have been unwound.

05:40 10/26 **CREDIT:**1, Euro CDS spreads have seen a mixed morning, with prices little changed in many sectors. After a choppy week filled with rumour, speculation, and then more rumour on structured product write-downs, markets have arguably weathered the storm fairly well. However some traders have questioned whether the wider markets would have fared so well if we did not have the prospect of a Fed rate cut around the corner. Financials have certainly been an underperformer this week (although most of the damage was done early in the week) with the Merrill write-down and talk of other financial institutions to report further losses in the near future. Analysts appear to be becoming increasingly expectant of the whole sub-prime/write-down saga continuing into the 4Q, which could mean ongoing volatility.

(Cont.)

02:22 10/26 **JGB SUMMARY:** Japanese government bond prices were knocked lower on Friday as money flowed into equities and Japanese stocks gained 1.36%. Mixed data from Japan had little additional impact on prices in early trade, with JGBs slipping from the open. The market built larger losses for JGBs through the session as the Nikkei-225 extended gains into the close. Higher oil prices also weighed on bond markets, traders said.

- Benchmark 10-year yield was 2.5 bps higher at 1.615%.
- Benchmark 5-year yield was 3 bps higher at 1.110%
- Benchmark 20-year yield was 3 bps higher at 2.195%.
- Benchmark 30-year yield was 3 bps higher at 2.460%.
- The Nikkei 225 ended 221.46 points, or 1.36% higher, at 16,505.63.

02:12 10/26 **FX: (European Open)** European trade opens with euro-dollar still buoyed on a \$1.43 handle having traded just shy of the record \$1.4349 high in NY on the back of the weaker US durable good data. Asian trade was contained within \$1.4317/39, with rate pressuring the highs going into early European dealing. Dollar-yen trades just off the Y114.41 high after being lifted from the Y113.92 low in Asia on demand from a Japanese securities house, whilst euro-yen was also higher, currently around Y163.90 after topping out just ahead of Thursday's Y164.02 high. Cable remains buoyed on a \$2.05 handle, though as yet unable to take out Thursday's peak at \$2.0555, while Aussie has surged to multi-decade highs above \$0.9100 with traders reporting demand for topside in the options market helping to lift the pair.



US Intrinsic's ^				
	M Duration	DV01 32	DV01 \$	DV01(€)
30y	15.63	5.32	\$1,661	€ 2,386
10y	7.74	2.57	\$804	€ 1,155
5y	4.42	1.41	\$441	€ 633
2y	1.93	0.62	\$195	€ 280
ZB	9.89	3.64	\$114	€ 164
ZN	5.81	2.08	\$65	€ 93
ZF	3.88	1.35	\$42	€ 61
ZT	1.83	0.61	\$19	€ 27

^Futures are Based on CTD

German Intrinsic's ^				
	M Duration	DV01(€)	DV01(\$)	CF
Bund	7.11	€ 236	\$164	0.874919
Bobl	4.07	€ 129	\$90	0.960712
Schatz	1.76	€ 53	\$37	0.957701
DE10Y	7.71	€ 1,131	\$787	
DE5Y	4.07	€ 618	\$430	
DE2Y	1.76	€ 254	\$177	

^Futures are Based on CTD

Last

EURUSD 143.65

Tic for Tic Matrix (\$)			
	Bund	Bobl	Schatz
30y	10.12	18.56	44.94
10y	4.90	8.98	21.75
5y	2.68	4.92	11.92
2y	1.19	2.17	5.27
ZB	0.69	1.27	3.08
ZN	0.40	1.34	1.75
ZF	0.26	0.47	1.14
ZT	0.12	0.21	0.52

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	1.66	4.03
Bobl (Z)	0.60	1.00	2.43
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	3.773	3.769	3.769
US5y	4.034	4.030	4.030
US10y	4.377	4.375	4.375

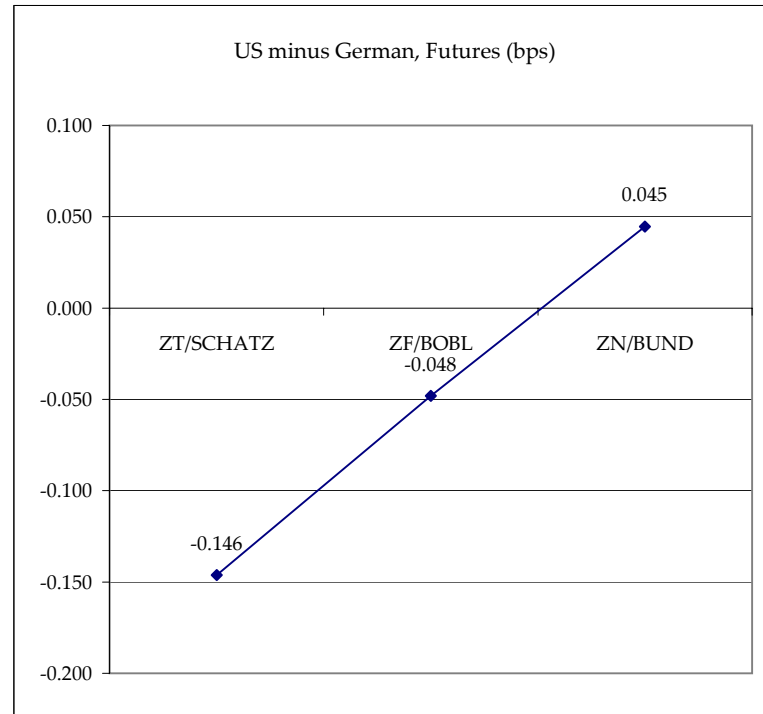
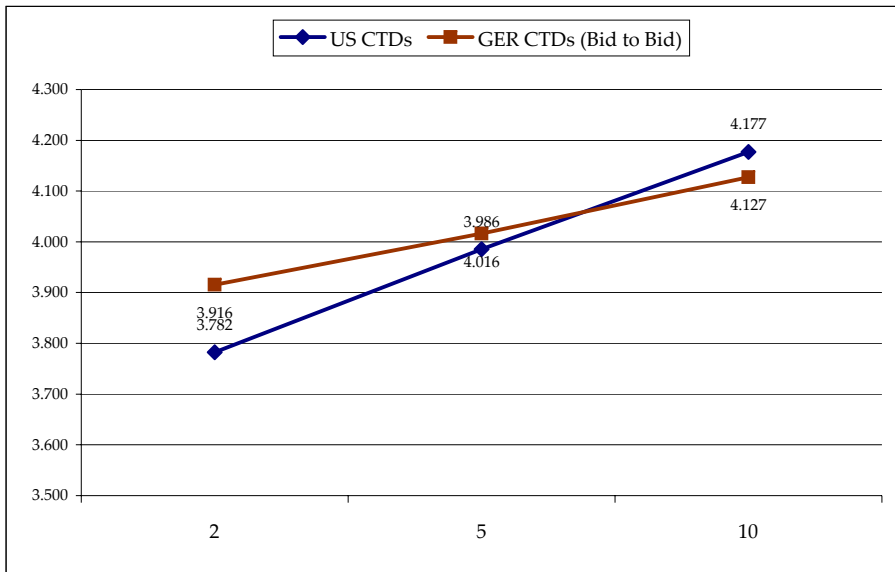
German Cash Treasuries (OTR)			
	Bid	Ask	Last
DE2y	3.933	3.916	3.916
DE5y	4.027	4.018	4.018
DE10y	4.158	4.152	4.152

Spreads	
	Bps
ZT/SCHATZ	-0.146
ZF/BOBL	-0.048
ZN/BUND	0.045

US Cash Treasuries (CTD)			
	Bid	Ask	Last
4 of 09/09	3.782	3.769	3.769
4.625 of 02/12	3.986	3.968	3.968
4.25 of 08/14	4.177	4.172	4.172

German Futures (CTD)			
	Bid	Ask	Last
4.000 of 09/09	3.904	3.949	3.916
5.000 of 07/12	4.004	4.049	4.016
4.000 of 07/16	4.122	4.165	4.127

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.