



## The Morning Email: US & Germany



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

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The Morning Email, US&GER



Quotes 1

32 nds								SYM NAME	
Last	Net	Hi	Low	Open	Volume	Yest Volume			
TUAZ7	103.140	0.0	103.145	103.112	103.130	36,400	242,271	2y Futures	<b>US Futures Market</b>
FVAZ7	107.070	0.1	107.075	107.010	107.040	55,993	589,173	5y Futures	
TYAZ7	109.305	0.1	109.310	109.225	109.260	118,215	1,193,099	10y Futures	
USAZ7	112.290	0	112.310	112.200	112.260	22,390	331,903	30y Futures	



32 nds							SYM NAME	
Last	Net	Hi	Low	Open	Volume			
BUS02P	99.312	1.0	99.315	99.292	99.310	2y	<b>US Cash Treasury Market</b>	
BUS05P	99.282	3.5	99.285	99.230	99.272	5y		
BUS10P	102.115	3.0	102.125	102.050	102.110	10y		
BUS30P	104.100	1	104.140	104.010	104.130	30y		

Yield							SYM NAME	
Last	Net	Hi	Low	Open	Volume			
BUS02Y	4.004	(1.70)	4.067	3.996	4.067	2y Yield	<b>US Cash Treasury Market</b>	
BUS05Y	4.150	(2.40)	4.195	4.146	4.195	5y Yield		
BUS10Y	4.449	(1.30)	4.482	4.445	4.48	10y Yield		
BUS30Y	4.726	(0.10)	4.747	4.717	4.737	30y Yield		

Decimal								SYM NAME	
Last	Net	Hi	Low	Open	Volume	Yest Volume			
DGZ7	103.53	85.00	103.54	103.45	103.49	248,429	737,050	Schatz(2Y)	<b>German Futures Markets</b>
DLZ7	108.34	140.00	108.39	108.22	108.30	226,206	637,350	Bobl(5Y)	
DBZ7	114.26	22.00	114.32	114.06	114.19	409,670	1,248,825	Bund(10Y)	



	Price	Yield			SYM NAME	
	Last	Last	Coupon	Maturity		
T.US.DE034P1009	99.07	3.963	3.500	10/9/2009	2 yr CTD	<b>German Cash Treasury Market</b>
T.US.DE040P0412	104.19	4.008	5.000	7/4/2012	5 yr CTD	
T.US.DE040P0716	99.18	4.104	4.000	7/4/2016	10 yr CTD	
DEP2P	100.80	4.002	4.500	6/12/2009	2yr OTR	
DEP5P	99.89	4.022	4.000	4/13/2012	5yr OTR	
DEP10P	100.88	4.137	4.250	7/4/2017	10yr OTR	

Y = Yield  
 CTD = Cheapest to Deliver  
 DE = German Country Code

**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	103.53	#VALUE!	103.53	103.54	103.45	85.00
DLZ7	108.34	108.35	108.34	108.39	108.22	140.00
DBZ7	114.25	114.26	114.26	114.32	114.06	22.00

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo
DGZ7	4.128		4.128	4.169	4.120
DLZ7	4.120	4.119	4.120	4.147	4.111
DBZ7	4.224	4.222	4.222	4.245	4.215

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng
T.US.DE034P1009	3.978	3.963	3.963	4.030	3.952	
T.US.DE040P0412	4.018	4.008	4.008	4.045	3.997	
T.US.DE040P0716	4.111	4.104	4.104	4.135	4.096	
DEP2P	4.014	4.002	4.002	4.062	4.002	9
DEP5P	4.032	4.022	4.022	4.061	4.012	17
DEP10P	4.143	4.137	4.137	4.170	4.132	26

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.DE034P1009	99.07	99.10	99.10	99.12	98.97	12.00
T.US.DE040P0412	104.19	104.23	104.23	104.28	104.07	18.00
T.US.DE040P0716	99.18	99.23	99.23	99.29	99.01	18.00
DEP2P	100.78	100.80	100.80	100.80	100.70	9.00
DEP5P	99.85	99.89	99.89	99.93	99.73	17.00
DEP10P	100.83	100.88	100.88	100.92	100.62	26.00

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

Y = Yield  
 CTD = Cheapest to Deliver  
 DE = German Country Code  
 OTR = On the Run




**Financial Times:** A clear divide between the world's leading central banks over how best to respond to the credit squeeze emerged after Mervyn King, Bank of England governor, warned that efforts by his counterparts to shore up the financial system could sow "the seeds of a future financial crisis."

08:09 09/13 **LIBOR:** For the third session this week, the 3 month Libor set lower, at 5.6944%, -0.87 bps, -3.06 bps for the week, while for the fourth consecutive session the 1 month Libor set lower, at 5.7525%, -4.75 bps, -7.13 bps for the week.

Net weekly recap:

	3-Month Libor	1-Month Libor
Aug 27-31	+11.57 bps	+21.75 bps
Aug 20-24	+1.00 bps	-0.75 bps
Aug 13-17	-7.50 bps	-10.88 bps
August 6-10	+21.50 bps	+36.63 bps

10:28 09/13 **SWITZERLAND:** The SNB raised the 3-mos Libor target range to 2.25%-3.25%, from 2.0%-3.0%, in somewhat of a surprise move. The majority of analysts were leaning towards the SNB remaining on hold given market turmoil. The SNB meets quarterly, reminds Dustin Reid of ABN AMRO. "They may have decided it was more prudent to continue the tightening cycle now than to wait and then continue it inter-meeting," he says. Reid notes that while the Swiss franc got a lift initially on the SNB announcement, with interest rates still low, Swissy will not lose its allure as a funding currency for carry trades. Indeed, euro-Swiss holds at Chf1.6472 - on the high side of a Chf1.6407/Chf1.6481 range. "The SNB would probably like the cross below Chf1.6000 and is uncomfortable with it over Chf1.6500," Reid says. "On margin, that lends itself towards more hikes," he adds. So far in September, euro-Swiss has stalled just under Chf1.6500, after peaking at Chf1.6685/90 in late July.

11:03 09/13 **EGB CLOSING SUMMARY:** EGBs were trading lower with short dates underperforming, in turn flattening the Bund curve. The market was largely unchanged following US initial jobless claims data, however continued to edge lower after US equities opened on a stronger footing. EGBs opened higher, taking cue from overnight gains in UST. Weaker stocks and continued strength in euro-dollar currency, which rose to near record highs, underpinned the front end of the curve. Bunds however pared gains on stop-loss selling, and after the BoE offered an extra Stg4.4bln to markets in its weekly money market operation. The Bank also widened the target for bank reserves held at the BOE, making more funds available at 5.75%. The market came under further pressure after the 3-month Euro Libor fixed lower at 4.73% vs. 4.74% yesterday. Supply factors also weighed on sentiment. Bunds were dragged lower by Gilts following a large tail for the Stg2.5bln 5.25% June 2012 Gilt auction. Italy sold E2.5bln 4.00% Apr 2012 BTP and covered 1.56 times.

### Euro Mkt Summary: EGBs Lower On Supply, Stocks & BOE by Charanjev Chana

In the forex markets, the dollar was weaker against the major currencies. The EUR/USD was at 1.389 (-0.001), cable at 2.028 (-0.001) and USD/JPY at 115.35 (+1.10).

European equities were stronger in afternoon trade. The DAX was trading +0.64%, CAC 40 +1.00% and the FTSE +0.78% on the day.

11:16 09/13 ECB: **ECB's Stark;** We distinguish clearly between financial stability and monopoli. We will fulfill our price stability mandate, Cash injections not a bailout.

11:10 09/13 ECB: **ECB's Stark,** confidence and real economic data show upturn continuing but there are risks for economic growth in EMU. Risks have increased, mainly due to financial market turmoil.

11:13 09/13 **EUROZONE:** Ongoing financial market turbulence is unlikely to disappear soon, but there is reason to hope it will gradually vanish, as the extreme risk aversion being seen is fundamentally not justified, Bundesbank Vice President Franz-Christoph Zeidler said Thursday.



06:30 09/14 UK: Rightmove **UK Sept house prices** -2.6% m/m, +9.6% y/y  
 -- m/m fall in Sept, targets since Jan 2002  
 -- Rightmove says big impact from HIPS disrupting housing activity.

06:06 09/14 **BUNDS**: Dec Bunds squeeze higher on back of Gilt rally.

06:05 09/14 **GILTS**: Dec Gilts hit session high on Rightmove house price leak  
 -- Dec Gilts hit 108.36; record high for Dec contract.

05:00 09/14 **EMU DATA**: Eurozone HICP was revised down to +1.7% y/y (from +1.8%)  
 in August after +1.8% in July and +1.9% in June.  
 --August HICP below MNI median forecast (+1.8%)  
 --August HICP +0.1% m/m; matches MNI median forecast  
 --Ex-energy/food/alcohol/tobacco HICP +1.9% y/y; July +1.9%  
 --Ex-energy/unprocessed food HICP +2.0% y/y; July +1.9%  
 --Ex-energy/seasonal foods HICP +2.0% y/y; July +1.9%  
 --Ex-energy HICP +2.0% y/y, July +2.0%; June +2.0%

04:58 09/14 **EGBs**: Traders report some soft selling of core issues -- notably France  
 and Holland -- and switching into German Bunds. Dutch spreads are around 0.2bps  
 wider. Also reported is selling in peripheral markets, i.e. Italy and Greece, which are  
 1bps wider, with street selling noted.

04:51 09/14 **BUNDS**: Markets are stuck between a "Rock" and a hard place at the  
 moment. Traders say that there has been no follow through opening buying from  
 investors, with risk of resumption of safe-haven unwinds as focus turns back to Libor  
 fixings and perhaps more importantly the FOMC meeting next week. Sept Bunds are up  
 11 ticks at 114.19.

03:25 09/14 **JGB SUMMARY**: Japanese government bonds ended Friday's session lower  
 across the board, weighed by a stronger domestic stockmarket and a overnight sell-off in the  
 U.S. Treasury market. However, traders said volumes were light, with many players sidelined  
 ahead of the long holiday weakness. Also, the Federal Reserve and Bank of Japan rate meets,  
 along the LDP election for a new leader and de facto Prime Minister - all due next week - were  
 helping dampen volumes.

-- Benchmark 10-year yield was 1.5 bps higher at 1.550%.  
 -- Benchmark 5-year yield was 2 bps higher at 1.080%.  
 -- Benchmark 20-year yield was 1.5 bps higher at 2.115%.  
 -- Benchmark 30-year yield was 1 bps higher at 2.340%.  
 -- Lead Sept JGB futures contract was down 0.25 at 135.97

03:04 09/14 **BONDS**: **EGBs** opened higher on Friday, amid risk-aversion buying following  
 news about Northern Rock bailout. Northern Rock is the latest victim to the liquidity squeeze in  
 the banking sector, which has received emergency funding by the BoE. The BoE has released  
 a statement this morning and said that it stands ready to provide help to other  
 institutions facing short-term difficulties. This is the first time the BoE has acted as lender of  
 the last resort to a major bank since 1998, when it revised the rules for helping bank in  
 financial difficulty. The risk remains on further safe-haven bid in bond markets as the precise  
 nature and scale of the Bank of England bailout operation is still unclear at this stage, and how  
 the current credit crunch/problems in money market are impacting other lenders. Looking  
 ahead, comments from ECB member Draghi eyed today along with eurogroup meeting of  
 eurozone finance ministers is scheduled for Porto, Portugal. The current market  
 turmoil is likely to dominate.

Intrinsics & Tic for Tic Matrix'



US Intrinsic's ^				
	M Duration	DV01 32	DV01 \$	DV01(€)
30y	15.68	5.26	\$1,643	€ 2,280
10y	7.84	2.58	\$806	€ 1,118
5y	4.43	1.42	\$443	€ 615
2y	1.86	0.60	\$186	€ 258
ZB	9.99	3.63	\$114	€ 158
ZN	5.91	2.09	\$65	€ 91
ZF	3.99	1.37	\$43	€ 60
ZT	1.91	0.63	\$20	€ 27

^Futures are Based on CTD

Tic for Tic Matrix (\$)			
	Bund	Bobl	Schatz
30y	9.88	17.94	41.04
10y	4.85	8.80	20.13
5y	2.67	4.84	11.08
2y	1.12	2.03	4.65
ZB	0.68	1.24	2.84
ZN	0.39	1.34	1.63
ZF	0.26	0.47	1.07
ZT	0.12	0.22	0.49

German Intrinsic's ^				
	M Duration	DV01(€)	DV01(\$)	CF
Bund	7.22	€ 231	\$166	0.868738
Bobl	4.18	€ 127	\$92	0.960712
Schatz	1.87	€ 56	\$40	0.957701
DE10Y	7.83	€ 1,105	\$796	
DE5Y	4.51	€ 659	\$475	
DE2Y	2.29	€ 335	\$241	

^Futures are Based on CTD

Last

EURUSD 138.79

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	3.77
Bobl (Z)	0.61	1.00	2.30
Shatz (Z)	0.27	0.44	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	4.012	4.004	4.004
US5y	4.151	4.150	4.150
US10y	4.452	4.449	4.449

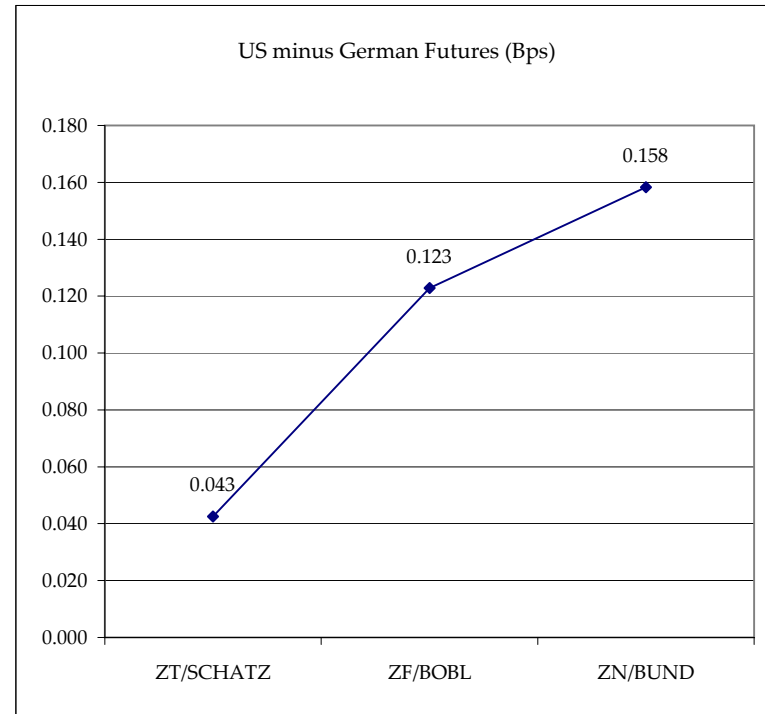
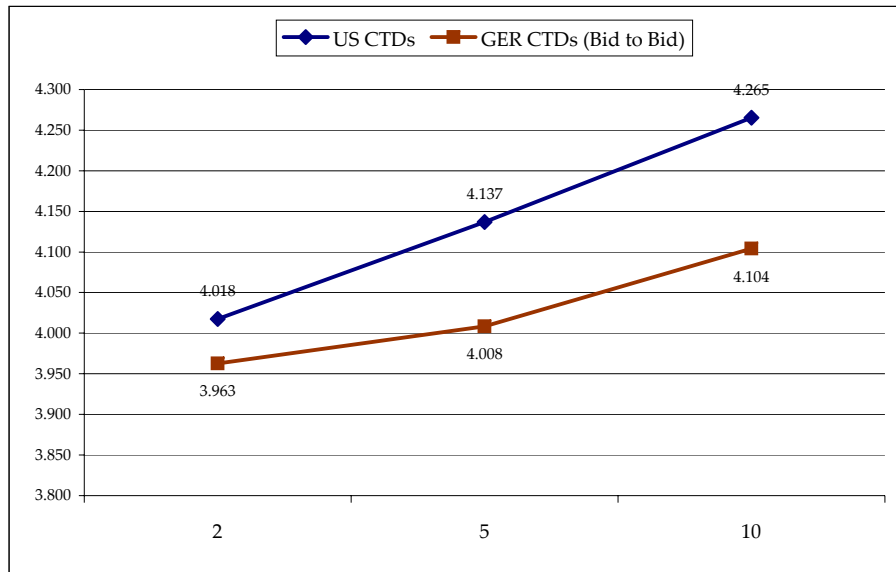
German Cash Treasuries (OTR)			
	Bid	Ask	Last
DE2y	4.014	4.002	4.002
DE5y	4.032	4.022	4.022
DE10y	4.143	4.137	4.137

Spreads	
	Bps
ZT/SCHATZ	0.043
ZF/BOBL	0.123
ZN/BUND	0.158

US Cash Treasuries (CTD)			
	Bid	Ask	Last
3.375 of 09/09	4.018	4.005	4.005
4.625 of 02/12	4.137	4.131	4.131
4.250 of 08/14	4.265	4.263	4.263

German Futures (CTD)			
	Bid	Ask	Last
3.500 of 10/09	3.978	3.963	3.963
5.000 of 07/12	4.018	4.008	4.008
4.000 of 07/16	4.111	4.104	4.104

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

**Sept 06, 2007****Introductory statement**Jean-Claude Trichet, President of the ECB, Lucas Papademos, Vice President of the ECB Frankfurt am Main, 6 September 2007

"Ladies and gentlemen, let me welcome you to our press conference and report on the outcome of today's meeting of the ECB's Governing Council. The meeting was also attended by the President of the Eurogroup, Prime Minister Juncker, and Commissioner Almunia.

"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 medium-term outlook for price stability remains subject to upside risks, as identified by both our economic and monetary analyses. Incoming macroeconomic data also confirm the strong fundamentals of the euro area economy and support a favourable medium-term outlook for real GDP growth. Against this background, our monetary policy stance is still on the accommodative side with, inter alia, money and credit growth vigorous in the euro area. At the same time, the financial market volatility and reappraisal of risk of recent weeks have led to an increase in uncertainty. Given this high level of uncertainty, it is appropriate to gather additional information and to examine new data before drawing further conclusions for monetary policy in the context of our medium-term-oriented monetary policy strategy aimed at delivering 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-term inflation expectations remain firmly anchored in line with price stability. This 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.

"...To sum up, a cross-check of the information identified under the economic analysis with the outcome of the monetary analysis has confirmed the existence of upside risks to price stability over the medium term – against the background of the strong fundamentals of the euro area economy. Accordingly, our monetary policy stance is still on the accommodative side with, inter alia, money and credit growth vigorous in the euro area. At the same time, given the high level of uncertainty, additional information is needed before further conclusions for monetary policy can be drawn. 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-term inflation expectations remain firmly anchored in line with price stability. In the current context, it is all the more important that inflation expectations remain firmly anchored in line with price stability. As regards the financial markets, we will continue to pay great attention to developments over the period to come."

[SOURCE: The ECB]

**PRESS RELEASE**6 September 2007 - Pre-announcement of supplementary longer-term refinancing operation

The Governing Council of the European Central Bank has today decided to conduct a supplementary liquidity-providing longer-term refinancing operation with a maturity of three months.

This operation aims to support a normalisation of the functioning of the euro money market. It will be conducted in addition to the regular monthly longer-term refinancing operations, which remain unaffected.

The operation will be carried out as a variable rate tender, with no preset allotment amount. A standard tender procedure will be applied, with announcement on Tuesday, 11 September 2007, allotment on Wednesday, 12 September 2007, and settlement on Thursday, 13 September 2007. The operation will mature on Tuesday, 11 December 2007.










[SOURCE: The ECB]

Stone & McCarthy  
RESEARCH ASSOCIATES

**Most Recent MPC Meetings:**

	King (Gov)	Lomax (Dep Gov)	Gieve (Dep Gov)	Bean	Tucker	Barker	Blanch- flower	Besley	Sent- ance	Result	Level	Vote	Dis- sent bias
Aug-06	+25bps	+25bps	+25bps	+25bps	+25bps	+25bps	unch			+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

**BOE HAWKOMETER (to August 2007 meeting)**

	Dissenting Hawkish Votes	Dissenting Dovish Votes	Non- Dissenting Votes	Total Votes	Hawkishness Rating
 Sentance	4	0	7	11	36%
 Besley	4	0	8	12	33%
 King (Gov)	14	0	110	124	11%
 Tucker	6	1	56	63	8%
 Gieve (Dep Gov)	1	0	18	19	5%
 Lomax (Dep Gov)	2	3	45	50	-2%
 Barker	1	4	71	76	-4%
 Bean	0	5	79	84	-6%
 Blanchflower	0	5	10	15	33%

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 ]