



The Morning Email: US & Germany



Table of Contents

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

WSJ Headlines

Pg 9, 10 The ECB Updated

Pg 11, 12 The BOE Updated

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

Disclaimer: All information within this newsletter is meant for internal use at GH Trader's LLC, only. All information has been recorded to the best of my ability. This material is based upon information that I consider reliable, but I do not represent that it is accurate or complete.

Jim Goulding, jgoulding@ghco.com

The Morning Email, US&GER



Quotes 1

32 nds								SYM NAME	
Last	Net	Hi	Low	Open	Volume	Yest Volume			
TUAZ7	103.102	(0.0)	103.120	103.100	103.102	27,067	156,880	2y Futures	US Futures Market
FVAZ7	107.000	(0.0)	107.035	107.000	107.000	35,000	376,574	5y Futures	
TYAZ7	109.235	(0.0)	109.290	109.230	109.245	80,202	785,579	10y Futures	
USAZ7	112.250	(0)	113.030	112.250	112.310	13,325	198,162	30y Futures	



32 nds							SYM NAME	
Last	Net	Hi	Low	Open	Volume			
BUS02P	99.275	(0.2)	99.287	99.272	99.277	2y	US Cash Treasury Market	
BUS05P	99.190	(1.2)	99.222	99.197	99.200	5y		
BUS10P	102.045	(4.5)	102.120	102.050	102.090	10y		
BUS30P	104.155	(7)	104.280	104.165	104.275	30y		

32 nds							SYM NAME	
Last	Net	Hi	Low	Open	Volume			
BUS02Y	4.067	0.00	4.088	4.042	4.084	2y Yield	US Cash Treasury Market	
BUS05Y	4.215	0.90	4.217	4.188	4.208	5y Yield		
BUS10Y	4.476	1.40	4.481	4.446	4.466	10y Yield		
BUS30Y	4.714	1.40	4.718	4.685	4.701	30y Yield		

Decimal								SYM NAME	
Last	Net	Hi	Low	Open	Volume	Yest Volume			
DGZ7	103.42	(45.00)	103.48	103.41	103.47	163,026	428,530	Schatz(2Y)	German Futures Markets
DLZ7	108.19	(180.00)	108.39	108.16	108.37	190,823	380,597	Bobl(5Y)	
DBZ7	114.05	(23.00)	114.32	114.00	114.30	396,563	899,671	Bund(10Y)	



	Price	Yield			SYM NAME	
	Last	Last	Coupon	Maturity		
T.US.DE034P1009	98.97	4.016	3.500	10/9/2009	2 yr CTD	German Cash Treasury Market
T.US.DE040P0412	104.03	4.044	5.000	7/4/2012	5 yr CTD	
T.US.DE040P0716	99.02	4.126	4.000	7/4/2016	10 yr CTD	
DEP2P	100.02	3.988	4.000	9/11/2009	2yr OTR	
DEP5P	99.74	4.059	4.000	4/13/2012	5yr OTR	
DEP10P	100.66	4.165	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	103.42	103.42	103.42	103.48	103.41	-45.00
DLZ7	108.18	108.19	108.19	108.39	108.16	-180.00
DBZ7	114.04	114.05	114.05	114.32	114.00	-23.00

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo
DGZ7	4.185	4.182	4.182	4.190	4.151
DLZ7	4.155	4.153	4.155	4.160	4.110
DBZ7	4.248	4.246	4.248	4.252	4.215

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng
T.US.DE034P1009	4.032	4.016	4.016	4.037	3.990	
T.US.DE040P0412	4.053	4.044	4.044	4.062	4.010	
T.US.DE040P0716	4.133	4.126	4.126	4.139	4.096	
DEP2P	4.004	3.988	3.988	4.015	3.972	-2
DEP5P	4.069	4.059	4.059	4.073	4.022	-10
DEP10P	4.171	4.165	4.165	4.177	4.140	-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.DE034P1009	98.97	99.00	99.00	99.05	98.96	-4.00
T.US.DE040P0412	104.03	104.07	104.07	104.22	103.99	-12.00
T.US.DE040P0716	99.02	99.07	99.07	99.29	98.98	-19.00
DEP2P	99.99	100.02	100.02	100.05	99.97	-2.00
DEP5P	99.70	99.74	99.74	99.89	99.68	-10.00
DEP10P	100.61	100.66	100.66	100.86	100.56	-18.00

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

Stone & McCarthy
RESEARCH ASSOCIATES**Euro Mkt Summary: EGBs Mixed, Pare Gains as Equities Recover**
by Charanjeev Chana

EGBs were trading mixed with long dates outperforming, in turn flattening the Bund curve. The market pared earlier risk aversion gains as equity bourses traded higher in afternoon trade. Bunds posted little reaction to September NY Fed Empire state index data, which came in mixed. EGBs opened moderately lower on Monday morning, taking cue from a reversal US Treasury gains on Friday after market participants pared expectations of an aggressive Federal Reserve rate cut. Short dates extended losses on comments by ECB official Lucas Papademos, who said he saw "upside risk to price stability at the moment" adding "the ECB's baseline scenario for Eurozone GDP growth remains intact." Bunds reversed opening losses in morning trade on risk aversion buying as European equity bourses came under pressure, led by weakness in financial stocks. The move lower came as Northern Rock extended losses on reports that the recent run of withdrawals were likely to exacerbate the lenders funding problems.

Attention on Tuesday will turn to the release of the September German ZEW survey...

In the **forex** markets, the dollar was mixed against the major currencies. The EUR/USD was at 1.387 (-0.001), cable at 2.001 (-0.006) and USD/JPY at 115.10 (-0.21).

European equities were stronger in afternoon trade. The DAX was trading -1.16%, CAC 40 -1.71% and the FTSE -1.31% on the day.

Gilts were trading mixed on Monday afternoon, with long dates underperforming. Gilts outperformed Bunds din morning trade on news that the Bank of England provided access to emergency lending to UK lender Northern Rock. Gilt prices eased after the 3-month sterling Libor fixed lower at 6.75125% versus 6.82375% on Friday.

Northern Rock Woes Hit European Shares

from WSJ.com: News Europe -- European shares weakened, with banks under pressure as U.K. mortgage-lender Northern Rock's woes continue to weigh on the sector, bringing fears of a credit crunch back to the fore.



06:49 09/18 UK: UK PM Brown expresses full confidence in BoE's King

06:35 09/18 **LIBOR FIXINGS:** Sterling o/n Libor fixed at 6.14250% vs 6.46875% Monday

- Sterling 3-mth Libor fixed at 6.75000% vs 6.75125% Monday
- Euro 3-mth Libor fixed at 4.73188% vs 4.73188% Monday.

06:01 09/18 **BOE:** BoE allots Stg2.85bln in variable long-term Repo ops

- BoE allots Stg1.5bln 3-mth Repo at 5.819%; maturing Dec 19, 2007
- BoE says cover ratio of 3-mth Repo at 3.53
- BoE allots Stg750mln in 6-mth Repos at 5.736%; maturing Mar 18, 2008
- BoE says cover ratio of 6-mth Repo at 1.82
- BoE allots Stg400mln in 9-mth Repos at 5.680%; maturing June 18, 2008
- BoE says cover ratio on 9-mth at 2.00
- BoE allots Stg200mln in 12-mth Repo at 5.70%; maturing Sept 17, 2008
- BoE says cover ratio on 12-mth repo at 3.00.

06:40 09/18 **ECB WEBER:** Expects economic pick up in 3Q and 4Q

- Labour market developments are positive
- Concerned about inflation in Germany
- VAT hike part of reason for German inflation
- Concerned about high oil prices
- Concerned about food prices too
- May see higher inflation pressure in 2nd half
- Central bankers must keep price stability, price stability in sight.

05:02 09/18 **ZEW's** expectations for Germany economy fell to -18.1 in Sept, below the median of MNI survey of -16.0, from -6.9 in Aug. --Current conditions index fell to +74.4 (MNI median +75.0) from +80.2. --ZEW polls financial analysts on views and outlook for German economy.

05:04 09/18 **ZEW KOHLER:** Reported comments from CNBC interview

- Dollar depreciation factor in weak German ZEW
- Main driving force in survey financial crisis in US
- Does not see further ECB rate hike.

03:14 09/18 **BONDS 1: EGBs** are opening firmer on Tuesday, taking their direction from gains in US Treasuries and JGBs overnight in the wake of sharp losses in Japanese stocks. The Nikkei-225 closed down 325pts (-2.02%). The fall in stocks comes after further strong selling in Northern Rock yesterday and also a sharp selloff in another UK mortgage lenders Alliance & Leicester/Bradford & Bingley towards the market close. The former issued a statement late yesterday, insisting that it had not sought assistance from the BoE and insisting it was not facing the same problems at the Northern Rock. The focus today is on the FOMC rate decision, where markets expect a cut in the Fed funds rate by 25bps to 5.00%, with possible change in the Discount rate. However, some in the market expect a bigger 50bps rate cut in the Fed funds rate. The accompanying statement will also be scrutinised, to give clues to see if the Fed will take a gradualist approach to cutting rates, or whether inflation remains its predominant concern.

06:46 09/18 **FX:** The dollar was marginally firmer versus the yen and the euro on Tuesday morning, though traders said the moves lacked conviction ahead of the key US FOMC interest rate announcement later today. Euro-dollar slipped under Friday's base en-route to a \$1.3828 low, later recovering back above \$1.3870, with a weaker ZEW survey having little impact. Dollar-yen pushed back above Y115.00, trading within a tight range overall, with gains limited to Y115.22. Euro-yen recovered from early losses under Y159.00, pressing back above the Asian highs. A recovery in UK mortgage lender stocks was the catalyst for a recovery in sterling, cable pushing back from Asian lows at \$1.9880, the move gathering momentum through \$1.9920 on Asian sovereign demand, with rate pushing up strongly to \$1.9884. Slightly weaker than expected UK Aug CPI data dented the rally, cable ending the morning in the middle of the day's range around \$1.9925, though still over 400 points off last week's highs.

02:26 09/18 **JGB SUMMARY:** Japanese government bonds ended Tuesday's session higher across the curve, as falling stocks helped underpin the market. However, traders said flows appeared largely inter-dealer, with many end-user accounts sidelined ahead of the Federal Reserve's rate decision due Tuesday and the Bank of Japan decision Wednesday. Prices were little changed in the morning session, but safe haven flows in the afternoon boosted bonds as stocks slumped. The Benchmark 10-year yield was 2 bps higher at 1.530%, while the lead Sept JGB futures contract was up 0.38 at 136.20.

Intrinsics & Tic for Tic Matrix'



US Intrinsic's ^				
	M Duration	DV01 32	DV01 \$	DV01(€)
30y	15.69	5.27	\$1,647	€ 2,284
10y	7.83	2.57	\$803	€ 1,114
5y	4.42	1.41	\$441	€ 612
2y	1.85	0.59	\$185	€ 257
ZB	9.98	3.63	\$114	€ 158
ZN	5.90	2.08	\$65	€ 90
ZF	3.98	1.37	\$43	€ 59
ZT	1.90	0.63	\$20	€ 27

^Futures are Based on CTD

German Intrinsic's ^				
	M Duration	DV01(€)	DV01(\$)	CF
Bund	7.21	€ 230	\$166	0.868738
Bobl	4.17	€ 127	\$91	0.960712
Schatz	1.87	€ 55	\$40	0.957701
DE10Y	7.82	€ 1,101	\$794	
DE5Y	4.50	€ 656	\$473	
DE2Y	2.28	€ 334	\$241	

^Futures are Based on CTD

Last

EURUSD 138.68

Tic for Tic Matrix (\$)			
	Bund	Bobl	Schatz
30y	9.93	18.04	41.32
10y	4.84	8.80	20.15
5y	2.66	4.83	11.07
2y	1.12	2.03	4.65
ZB	0.68	1.24	2.85
ZN	0.39	1.34	1.63
ZF	0.26	0.47	1.07
ZT	0.12	0.21	0.49

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)	0.26	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	4.084	4.067	4.067
US5y	4.217	4.215	4.215
US10y	4.480	4.476	4.476

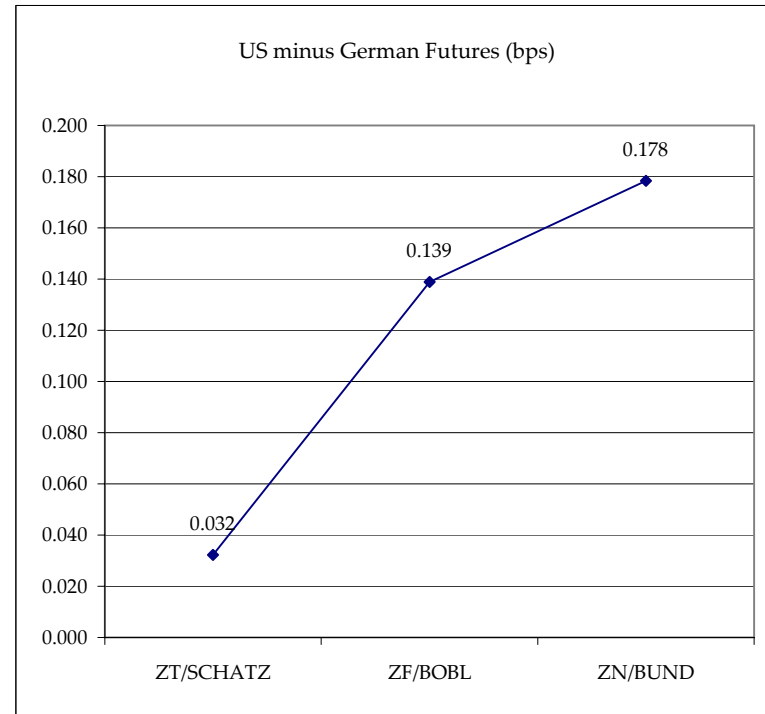
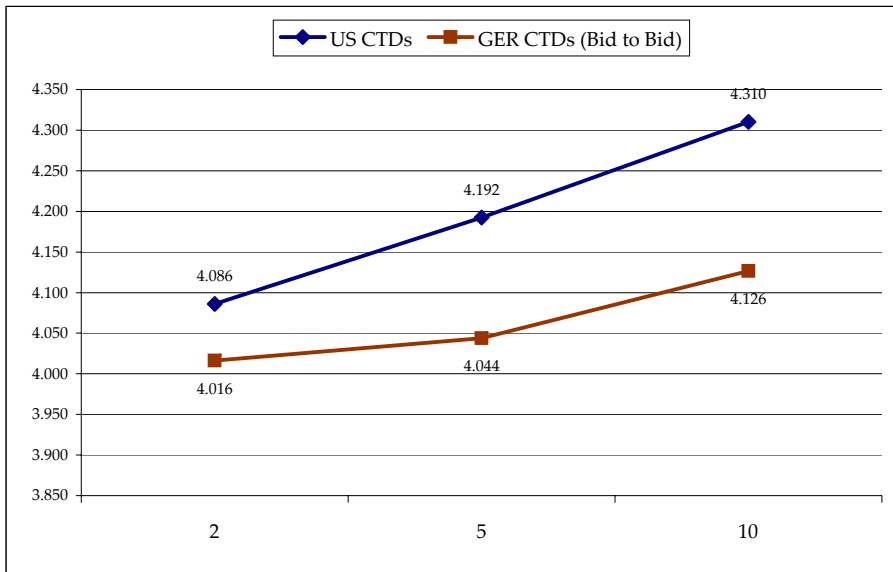
German Cash Treasuries (OTR)			
	Bid	Ask	Last
DE2y	4.004	3.988	3.988
DE5y	4.069	4.059	4.059
DE10y	4.171	4.165	4.165

Spreads	
	Bps
ZT/SCHATZ	0.032
ZF/BOBL	0.139
ZN/BUND	0.178

US Cash Treasuries (CTD)			
	Bid	Ask	Last
3.375 of 09/09	4.086	4.048	4.048
4.625 of 02/12	4.192	4.183	4.183
4.250 of 08/14	4.310	4.305	4.305

German Futures (CTD)			
	Bid	Ask	Last
3.500 of 10/09	4.032	4.016	4.016
5.000 of 07/12	4.053	4.044	4.044
4.000 of 07/16	4.133	4.126	4.126

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

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]