



## 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.

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The Morning Email, US&GER



Quotes 1

32 nds								SYM NAME	
Last	Net	Hi	Low	Open	Volume	Yest Volume			
TUAZ7	103.147	(0.0)	103.160	103.122	103.145	30,172	288,504	2y Futures	<b>US Futures Market</b>
FVAZ7	106.315	(0.0)	107.035	106.275	107.015	46,742	639,175	5y Futures	
TYAZ7	109.115	(0.1)	109.175	109.060	109.160	154,578	1,351,151	10y Futures	
USAZ7	111.140	(0)	111.230	111.060	111.210	31,713	397,089	30y Futures	



32 nds						SYM NAME	
Last	Net	Hi	Low	Open	Volume		
BUS02P	100.000	0.5	100.007	99.302	100.005	2y	<b>US Cash Treasury Market</b>
BUS05P	99.185	(1.2)	99.215	99.142	99.207	5y	
BUS10P	101.155	(5.5)	101.215	101.100	101.215	10y	
BUS30P	102.050	(14)	102.175	101.285	102.175	30y	
Last	Net	Hi	Low	Open	Volume		
BUS02Y	3.995	(0.50)	4.033	3.966	4.004	2y Yield	
BUS05Y	4.219	1.10	4.25	4.187	4.203	5y Yield	
BUS10Y	4.559	2.30	4.587	4.526	4.536	10y Yield	
BUS30Y	4.860	2.40	4.884	4.828	4.832	30y Yield	

Decimal								SYM NAME	
Last	Net	Hi	Low	Open	Volume	Yest Volume			
DGZ7	103.36	35.00	103.37	103.29	103.29	221,244	659,369	Schatz(2Y)	<b>German Futures Markets</b>
DLZ7	107.79	35.00	107.85	107.66	107.68	234,124	754,975	Bobl(5Y)	
DBZ7	113.14	(3.00)	113.24	112.92	112.98	440,654	1,499,423	Bund(10Y)	



	Price	Yield			SYM NAME	
	Last	Last	Coupon	Maturity		
T.US.DE034P1009	98.93	4.040	3.500	10/9/2009	2 yr CTD	<b>German Cash Treasury Market</b>
T.US.DE040P0412	103.66	4.126	5.000	7/4/2012	5 yr CTD	
T.US.DE040P0716	98.22	4.238	4.000	7/4/2016	10 yr CTD	
DEP2P	99.96	4.020	4.000	9/11/2009	2yr OTR	
DEP5P	99.39	4.145	4.000	4/13/2012	5yr OTR	
DEP10P	99.79	4.275	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	103.36	103.36	103.36	103.37	103.29	35.00
DLZ7	107.79	107.80	107.79	107.85	107.66	35.00
DBZ7	113.13	113.14	113.14	113.24	112.92	-3.00

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo
DGZ7	4.216	4.213	4.216	4.249	4.208
DLZ7	4.238	4.237	4.237	4.266	4.225
DBZ7	4.353	4.351	4.353	4.377	4.340

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng
T.US.DE034P1009	4.056	4.040	4.040	4.088	4.040	
T.US.DE040P0412	4.136	4.126	4.126	4.161	4.113	
T.US.DE040P0716	4.245	4.238	4.238	4.273	4.221	
DEP2P	4.036	4.020	4.020	4.058	4.009	5
DEP5P	4.155	4.145	4.145	4.179	4.130	7
DEP10P	4.281	4.275	4.275	4.310	4.259	8

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	98.93	98.96	98.96	98.96	98.87	7.00
T.US.DE040P0412	103.66	103.70	103.70	103.76	103.55	6.00
T.US.DE040P0716	98.22	98.27	98.27	98.39	98.02	6.00
DEP2P	99.93	99.96	99.96	99.98	99.89	5.00
DEP5P	99.35	99.39	99.39	99.45	99.25	7.00
DEP10P	99.74	99.79	99.79	99.91	99.51	8.00

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

**Euro Mkt Summary: EGBs Mixed, Pare Gains on Stocks, ECBs Liebscher**  
by Charanjeev Chana

**EGBs** traded mixed Wednesday afternoon, with short dates outperforming, in turn steepening the Bund curve. Short dates posted moderate gains on the release of weaker than expected August headline US CPI data and August housing starts data. Bunds later pared gains on hawkish comments from ECB Governor Klaus Liebscher who said the ECB must do "what is necessary" to preserve price stability in the euro area, and not be overly influenced by recent actions by the Federal Reserve. Liebscher added that the financial market turbulence could last for a few months and that it was too early to say what impact the turmoil might have on the European economy. The Bund curve opened steeper on Wednesday morning after the US Federal Reserve slashed the federal funds rate by 50bps to 4.75% and downgraded inflation risks considerably in its accompanying statement. Bunds fell to session lows in morning trade on stop-loss selling and asset allocation trades out of bonds into equities.

In the **forex markets**, the dollar was mixed against the major currencies. The EUR/USD was at 1.396 (-0.001), cable at 1.996 (-0.015) and USD/JPY at 116.25 (-0.13).

**European equities** were sharply higher in afternoon trade. The DAX was trading +2.18%, CAC 40 +2.99% and the FTSE +2.93% on the day. US stocks were also higher with the S&P 500 +0.87% and the NASDAQ +0.76%.

**Gilts** were also trading mixed with short dated Gilts outperforming. Gilts pared losses following the release BOE minutes for the September MPC meeting, where the committee voted unanimously to keep interest rates on hold whilst noting "that upside inflation risks probably receded." Dec short sterling futures rallied after the BOE announced today plans to conduct four 3-month auctions at weekly intervals to help alleviate strains in longer maturity money markets, the first of which would take place next week and have size of Stg10bln. The bank added that a wider range of collateral would be accepted.

**08:45 09/19 ECB:** The European Central Bank must do "what is necessary" to preserve price stability in the euro area and cannot be overly influenced by the actions of the U.S. Federal Reserve, ECB Governing Council member Klaus Liebscher told Market News International. In other comments during a lengthy interview in his office at the Austrian National Bank, which he heads, Liebscher conceded that financial market turbulence could last for a few months and that it is too early to say what impact the turmoil might have on Europe's economy. He insisted that the European banking system is "solid," though "surprises" at individual banks cannot be excluded. Read the full exclusive interview on Mainwire.

**10:32 09/19 US BONDS/LIBOR:** Miller Tabak's Tony Crescenzi said that "short-term liquidity markets, where problems in the credit markets have festered, have improved in the U.S. and abroad in the aftermath of the Fed's decision to lower the fed funds rate by 50 basis points. Dollar-based LIBOR, which measures the interest rate that banks charge each other for dollars invested abroad, has fallen 35 basis points for both 1-month and 3-month terms." He added that "the decreases" in US dollar LIBOR "are important" for U.S. dollar denominated debt "given the large amount of debts" tied to US dollar LIBOR. He adds that in the U.K. "where there have been enormous strains in the banking system of late, sterling-based overnight LIBOR has fallen 26 basis points to 5.88%, a normal level given the Bank of England's 5.75% benchmark rate and 58 basis points lower than Monday's level."



05:32 09/20 **BOE KING: Northern Rock** run exposed potential strains in system

- Has to take these judgements in "real time"
- 3-mth money intervention justified after Northern Rock
- Moral hazard has "bought us to where we are"
- Moral hazard has to be taken seriously
- Ignoring moral hazard now will mean future risks.

06:35 09/20 **BUND SUMMARY:** European bond prices are higher on Thursday, with the short-dated issues extending their outperformance as the euro-dollar hits fresh life-time highs at \$1.4066, in turn steepening the Bund yield curve. The move was fuelled by latest Daily Telegraph article highlighting potential for significant dollar sales due to the increasing chance that the Saudis may break the peg with the greenback. This speculation comes after Saudi Arabia refused to cut interest rates in line with the Fed -- for the first time, which has triggered panic that the Kingdom is preparing to break the dollar currency peg. This in turn, raised fears that it will trigger a stampede out of the dollar across the Middle East, say strategists. Bunds were also underpinned by strong auctions from France and Spain. In addition, Bunds were also supported by latest announcement from German Finance Agency that the gross capital market issuance would be reduced to E30 bln -- down by E1.0 bln compared to the original plan.

06:38 09/20 **GILT SUMMARY:** Gilts are moderately higher, with the longer-dated issues outperforming on LDI trades. The short-dated issues were weighed by stronger than expected UK retail sales data, which came in at +0.6% m/m, +4.9% y/y in Aug vs median forecast unchanged m/m, +4.0% y/y. While the figures clearly show continued firm spending on the High Street, most of the rise on the month in Aug came from food sales which were up 1.3% m/m, following a weak June and July. Still, the BoE has recently said there were some signs of a slowdown in the consumer sector, but the retail sales data don't appear to support this. Elsewhere, UK manufacturing remained in robust health in Sept. despite the increasing turmoil seen in financial markets during this period. According to the CBI's latest Industrial Trends survey, total orders balance came in at +6% vs +9% in August, and coming in a little bit above MNI median expectations at +5%. The Gilt 2-/10-year yield spread was 1.1 bps steeper at -17.9 bps, the 10-/30-year yield spread was 1.6 bps flatter.

(cont.)

05:43 09/20 **CREDIT:1,** Euro CDS spreads have seen a broad based tightening move again this morning, led to a large extent by the financial sector, although in the wider market the move also continues to gather pace. The apparent return of confidence this week has resulted in a marked upturn in activity, with the new issues market kicking into gear (higher grade) and a sharp increase in activity in the cash secondary market. It would seem that this uptick is being used to bargain hunt by some of the market, but there is also talk of a number of institutions using the bounce to kick out positions that have been giving concern in the past few weeks. For that reason the longevity of the bounce remains in doubt, however some analysts are predicting that periods of recovery such as this week, mixed with more negative spells will continue into year end as the market tries to re-establish equilibrium.

02:55 09/20 **JGB SUMMARY:** Japanese government bonds ended Thursday's session lower across the board, with the curve steepening as the ultra-long end of the curve led the way. Despite stocks stabilizing around the previous closing levels, JGBs were sharply lower from the off, weighed by light end-investor selling and a lack of fresh buyers. However, trader said volumes were largely muted ahead of the 20-year auction. Prices accelerated to the downside in afternoon trade, with investor demand seen as sluggish. Renewed selling was seen in afternoon trade along the curve, although trader again noted no great rush for the doors. Early economic data from the Ministry of Finance was largely in line with expectations and had limited impact on prices.

- Benchmark 10-year yield was 4 bps higher at 1.640%.
- Benchmark 5-year yield was 3 bps higher at 1.160%.
- Benchmark 20-year yield was 5.5 bps higher at 2.175%.
- Lead Sept JGB futures contract was down 0.32 at 135.30

Intrinsics & Tic for Tic Matrix'



US Intrinsic's ^				
	M Duration	DV01 32	DV01 \$	DV01(€)
30y	15.52	5.10	\$1,593	€ 2,236
10y	7.81	2.55	\$797	€ 1,118
5y	4.42	1.41	\$441	€ 619
2y	1.85	0.59	\$185	€ 260
ZB	9.94	3.59	\$112	€ 157
ZN	5.90	2.08	\$65	€ 91
ZF	3.98	1.37	\$43	€ 60
ZT	1.90	0.63	\$20	€ 28

^Futures are Based on CTD

Tic for Tic Matrix (\$)			
	Bund	Bobl	Schatz
30y	9.71	17.55	40.10
10y	4.85	8.77	20.05
5y	2.69	4.86	11.10
2y	1.13	2.04	4.66
ZB	0.68	1.23	2.82
ZN	0.40	1.34	1.63
ZF	0.26	0.47	1.08
ZT	0.12	0.22	0.49

German Intrinsic's ^				
	M Duration	DV01(€)	DV01(\$)	CF
Bund	7.19	€ 230	\$164	0.868738
Bobl	4.16	€ 127	\$91	0.960712
Schatz	1.86	€ 56	\$40	0.957701
DE10Y	7.80	€ 1,102	\$785	
DE5Y	4.49	€ 660	\$470	
DE2Y	2.28	€ 337	\$240	

^Futures are Based on CTD

Last

EURUSD 140.37

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	1.63	3.75
Bobl (Z)	0.61	1.00	2.29
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	4.000	3.995	3.995
US5y	4.220	4.219	4.219
US10y	4.561	4.559	4.559

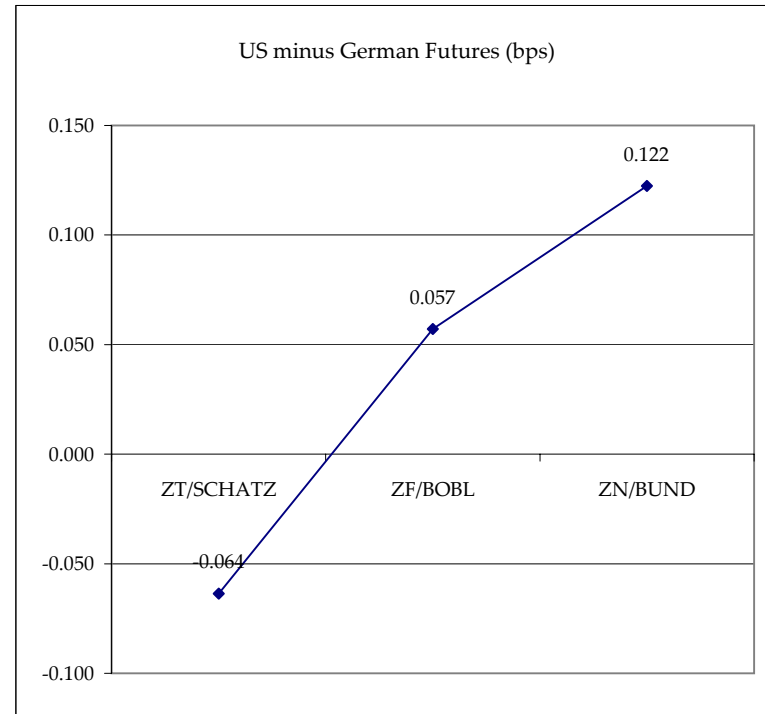
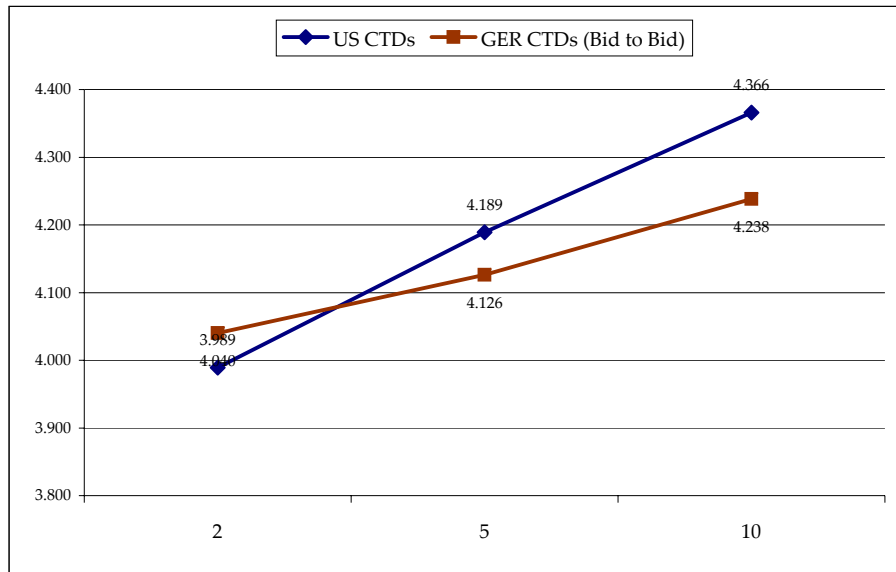
German Cash Treasuries (OTR)			
	Bid	Ask	Last
DE2y	4.036	4.020	4.020
DE5y	4.155	4.145	4.145
DE10y	4.281	4.275	4.275

Spreads	
	Bps
ZT/SCHATZ	-0.064
ZF/BOBL	0.057
ZN/BUND	0.122

US Cash Treasuries (CTD)			
	Bid	Ask	Last
3.375 of 09/09	3.989	3.977	3.977
4.625 of 02/12	4.189	4.183	4.183
4.250 of 08/14	4.366	4.361	4.361

German Futures (CTD)			
	Bid	Ask	Last
3.500 of 10/09	4.056	4.040	4.040
5.000 of 07/12	4.136	4.126	4.126
4.000 of 07/16	4.245	4.238	4.238

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]

**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			<b>+25bps</b>	4.75%	<b>6-1</b>	no chg
Sep-06	unch	unch	unch	unch	unch	unch	unch	unch		<b>unch</b>	4.75%	<b>8-0</b>	none
Oct-06	unch	unch	unch	unch	unch	unch	unch	+25bps	+25bps	<b>unch</b>	4.75%	<b>7-2</b>	tightening
Nov-06	+25bps	unch	+25bps	+25bps	+25bps	+25bps	unch	+25bps	+25bps	<b>+25bps</b>	5.00%	<b>7-2</b>	no chg
Dec-06	unch	unch	unch	unch	unch	unch	unch	unch	unch	<b>unch</b>	5.00%	<b>9-0</b>	none
Jan-07	+25bps	unch	+25bps	unch	unch	+25bps	unch	+25bps	+25bps	<b>+25bps</b>	5.25%	<b>5-4</b>	no chg
Feb-07	unch	unch	unch	unch	unch	unch	unch	+25bps	+25bps	<b>unch</b>	5.25%	<b>7-2</b>	tightening
Mar-07	unch	unch	unch	unch	unch	unch	-25bps	unch	unch	<b>unch</b>	5.25%	<b>8-1</b>	easing
Apr-07	unch	unch	unch	unch	unch	unch	unch	+25bps	+25bps	<b>unch</b>	5.25%	<b>7-2</b>	tightening
May-07	+25bps	+25bps	+25bps	+25bps	+25bps	+25bps	+25bps	+25bps	+25bps	<b>+25bps</b>	5.50%	<b>9-0</b>	none
Jun-07	+25bps	unch	+25bps	unch	unch	unch	unch	+25bps	+25bps	<b>unch</b>	5.50%	<b>5-4</b>	tightening
Jul-07	+25bps	unch	+25bps	unch	+25bps	+25bps	unch	+25bps	+25bps	<b>+25bps</b>	5.75%	<b>6-3</b>	no chg
Aug-07	unch	unch	unch	unch	unch	unch	unch	unch	unch	<b>unch</b>	5.75%	<b>9-0</b>	none
Sep-07	unch	unch	unch	unch	unch	unch	unch	unch	unch	<b>unch</b>	5.75%	<b>9-0</b>	none

Stone & McCarthy  
RESEARCH ASSOCIATES

**BOE HAWKOMETER (to September meeting)**

	Dissenting		Non-	Total Votes	Hawkishness Rating
	Hawkish Votes	Dovish Votes	Dissenting Votes		
 <b>Sentance</b>	4	0	8	12	<b>33%</b>
 <b>Besley</b>	4	0	9	13	<b>31%</b>
 <b>King (Gov)</b>	14	0	111	125	<b>11%</b>
 <b>Tucker</b>	6	1	57	64	<b>8%</b>
 <b>Gieve (Dep Gov)</b>	1	0	19	20	<b>5%</b>
 <b>Lomax (Dep Gov)</b>	2	3	46	51	<b>-2%</b>
 <b>Barker</b>	1	4	72	77	<b>-4%</b>
 <b>Bean</b>	0	5	80	85	<b>-6%</b>
 <b>Blanchflower</b>	0	5	11	16	<b>-31%</b>

BOE Hawkometer – A More Dovish Set of Minutes in September  
by Niraj Shah

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 ]