



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 & 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

Pg 9, 10 The ECB Updated

Pg 11, 12 The BOE Updated

BIS triennial survey 2007

--At the global level, the euro was the second most actively traded currency in April 2007, as it was on one side of 37% of all foreign exchange transactions. The most traded currency was the US dollar with an 86% share. The Japanese yen, with less than 17%, was third and the pound sterling fourth, with 15%.

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	103.137	(0.0)	103.165	103.132	103.145	25,542	214,258	2y Futures	US Futures Market
FVAZ7	106.240	(0.0)	106.295	106.240	106.260	46,676	481,404	5y Futures	
TYAZ7	108.290	(0.0)	109.035	108.285	108.315	102,081	1,035,675	10y Futures	
USAZ7	110.170	(0)	110.270	110.160	110.210	18,676	281,536	30y Futures	



32 nds							SYM NAME	
Last	Net	Hi	Low	Open	Volume			
BUS02P	99.310	(1.5)	100.020	99.310	100.010	2y	US Cash Treasury Market	
BUS05P	99.105	(2.2)	99.150	99.105	99.122	5y		
BUS10P	100.280	(3.0)	101.035	100.280	100.300	10y		
BUS30P	101.125	(2)	101.230	101.135	101.220	30y		

Decimal								SYM NAME	
Last	Net	Hi	Low	Open	Volume	Yest Volume			
DGZ7	103.36	(20.00)	103.40	103.35	103.36	255,637	537,603	Schatz(2Y)	German Futures Markets
DLZ7	107.60	(50.00)	107.66	107.57	107.62	322,541	586,917	Bobl(5Y)	
DBZ7	112.42	(15.00)	112.61	112.37	112.54	442,960	1,120,070	Bund(10Y)	



	Price	Yield			SYM NAME	
	Last	Last	Coupon	Maturity		
T.US.DE034P1009	98.91	4.056	3.500	10/9/2009	2 yr CTD	German Cash Treasury Market
T.US.DE040P0412	103.45	4.172	5.000	7/4/2012	5 yr CTD	
T.US.DE040P0716	97.61	4.324	4.000	7/4/2016	10 yr CTD	
DEP2P	99.94	4.030	4.000	9/11/2009	2yr OTR	
DEP5P	99.16	4.202	4.000	4/13/2012	5yr OTR	
DEP10P	99.14	4.358	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	103.40	103.35	-20.00
DLZ7	107.59	107.60	107.60	107.66	107.57	-50.00
DBZ7	112.41	112.42	112.42	112.61	112.37	-15.00

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo
DGZ7	4.216	4.213	4.216	4.221	4.195
DLZ7	4.282	4.280	4.280	4.287	4.266
DBZ7	4.437	4.435	4.435	4.441	4.413

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng
T.US.DE034P1009	4.072	4.056	4.056	4.082	4.029	
T.US.DE040P0412	4.181	4.172	4.172	4.190	4.149	
T.US.DE040P0716	4.332	4.324	4.324	4.339	4.299	
DEP2P	4.047	4.030	4.030	4.058	4.003	-6
DEP5P	4.212	4.202	4.202	4.220	4.165	-18
DEP10P	4.364	4.358	4.358	4.373	4.332	-27

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	98.91	98.94	98.94	98.99	98.89	-6.00
T.US.DE040P0412	103.45	103.49	103.49	103.59	103.41	-13.00
T.US.DE040P0716	97.61	97.66	97.66	97.84	97.56	-24.00
DEP2P	99.91	99.94	99.94	99.99	99.89	-6.00
DEP5P	99.12	99.16	99.16	99.31	99.09	-18.00
DEP10P	99.09	99.14	99.14	99.34	99.02	-27.00

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 Higher on Risk Aversion, German IFO
by Charanjeev Chana

EGBs were trading higher on risk aversion, with little bias. Bunds held near session highs following the release of weaker than expected September US consumer confidence. EGBs opened higher, taking cue from risk aversion gains in US Treasuries overnight, after wall street stocks closed lower led by financials following the release of the IMF Global Financial Stability Report. Bunds hit morning session highs and the 2-/10-year Bund yield curve steepened following the release of weaker than expected September German IFO data - which posted its fifth consecutive decline. Short dates pared gains on hawkish comments by ECB official Nicholas Garganas, who suggested the ECB would not follow the Federal Reserve in cutting interest rates, saying "in setting our interest rates, we never look at what other central banks are doing." Garganas added that he believed inflation would accelerate towards the end of the year, and any downward impact of the current credit market crunch on economic growth, would be "marginal." In supply news, Italy sold E2.0bln of the June 2009 CTZ, covered 1.45 times.

In the forex markets, the dollar traded mixed against the major currencies. The EUR/USD was at 1.414 (+0.003), cable at 2.019 (-0.007) and USD/JPY at 114.16 (-0.75).

European equities were weaker in afternoon trade. The DAX was trading -0.68%, CAC 40 -1.42% and the FTSE -1.22% on the day. US stocks were also weaker with the S&P 500 -0.52% and the NASDAQ -0.17%.

Gilts were also trading higher, outperforming trade in Europe, whilst short dated Gilts outperformed on the Gilt curve. The move follows dovish comments on Monday evening from BOE MPC member Andrew Sentance, who said the recent wage data and evidence from business surveys have gone some way towards mitigating previously-held concerns about inflationary pressures. Sentance, widely seen as a "hawk", appeared to move more into the dovish camp, stressing that a strong pound had helped to tone down price pressure whilst welcoming the recent decline in CPI inflation in the UK.

10:49 09/25 **GILT 2037 LINKER AUCTION PREVIEW:** The UK Debt Management Office (DMO) is due to tap the 1.125% Nov 2037 index-linked Gilt on Wednesday for Stg900mln nominal size. Following this auction, the total amount outstanding will rise to Stg3.85bln. Breakevens are no longer at historic wide levels, which was the case at the last tap of this issue, and may attract demand for this 3-month lag Gilt. Pension and institutional funds have in the past shown a strong appetite for this issue, and given the duration on the new 30-year linker is considered a better match for long-term liabilities by pension funds, rather than the ultra-long 50-year linker -- decent demand is anticipated, in line with historic results. That said, this issue will be tapped again on Oct 24, a new 30-year linker is due to be sold on Nov 20 and a tap of the 15-year linker is scheduled on Dec 12, i.e. a heavy quarter of linker issuance. This issue was last tapped on June 26 for Stg1.0bln and then covered 1.71 times vs tap on Apr 24 for Stg950mln covered 1.83 times.

10:39 09/25 **ECB LIEBSCHER:** EMU economy still in good shape
- Downward risks to growth are predominant
- ECB must wait and see further developments

GERMAN BOBL AUCTION PREVIEW: Germany is due to sell a new 4.25% Oct 2012 Bobl issue on Wednesday for up to E6.0bln. Grey market pricing is currently at 4.160% or -34.5bps vs swaps. This equates to a 0.5bps premium to the old Bobl 150. This new Bobl is expected to be become the Cheapest-To-Deliver (CTD) into the March 07 contract, and also will be the new 5-year benchmark. In addition, increased expectations for an ECB rate cut is likely to keep demand buoyant. Historic results have been decent. The old Bobl 150 was last sold on June 20 for E5.0bln and was then covered an impressive 2.26 times. Prior to this, the issue was topped-up on May 2 also for E5.0bln and then covered 1.90 times. The average cover ratio for the past 3 auctions is 2.187 times. This new series Bobl 151 is scheduled to be topped up twice more in Q4 -- by E5bln in Oct and by another E5bln in Nov. Based on past issuance practices, the Finanzagentur will presumably launch the Series 152 issue in March 2008.





03:18 09/26 **BONDS:** **EGBs** are opening lower on Wednesday after the long-end of the US Treasury curve got hit hard late in the day towards the Chicago close, reportedly on the back of the pricing of a long-end municipal deal. Also weighing on prices is the recovery in stocks, which is fuelling the unwinding of the recent risk-aversion bid. In addition, comments from Philadelphia Federal Reserve Bank President Charles Plosser were also noted. Plosser defended the Fed's recent half percentage point interest rate cuts Tuesday evening, but warned they could lead to more rapid inflation. Plosser suggested that if inflation does flare up, or if the economy rebounds more quickly than expected, the Fed would need to take back the rate cuts. Attention turns to slew of supply today, with Germany due to sell a new 5-year Bobl, Italy sells 5 & 15-year BTPei issues and UK taps the 30-year linker Gilt. In the US, sells 2-year Notes. Also eyed is the BoE's 3-month auction for Stg10bln along with the French Budget presentation.

05:19 09/26 **ECB:** ECB allots E50.0bln in 84-day Refis at marginal rate of 4.50%

-- 84-day Refi weighted average allotment rate 4.63%

-- 84-day Refi minimum rate bid 3.99%, maximum rate 4.80%

-- 159 84-day Refi bids received; total amount E85.35bln.

05:16 09/26 **EGB FLOWS:** Traders report selling of 10-year Italian BTP issue into Belgium OLO issue by relative value proprietary account. The move comes ahead of the 4.50% Feb 2018 BTP auction on Thursday where E3.0bln is due to be sold -- more than expected. Traders also note that Belgium bonds have seen strong demand following overbidding for the 2028 OLO in Belgian OLO auction at Monday auction.

05:59 09/26 **BUNDS:** Sell-off in Dec Bunds attributed to stop-loss selling on break below yesterday's low at 112.43 -- around 34k contracts sold on break. Dec Bunds are down 27 ticks at 112.44.

06:42 09/26 **ECB QUADEN:** Reported comments from ECB Guy Quaden

-- Says ECB sees "continued" euro-region economic growth

-- ECB to "wait & see" before taking rate decision

-- Says ECB sees "persisting risks" for inflation

-- Says uncertainties have "strongly increased"

-- ECB against "excessive" or "brutal" FX moves. (Bbg)

[Guy Quaden, Governor, Nationale Bank van België/Banque Nationale de Belgique]

06:43 09/26 **EUROZONE:** Reported comments from eurozone officials Wednesday,

** **FRANCE:** French FinMinChristine Lagarde is reported saying that given recent developments on the forex markets, it might be appropriate for the ECB to loosen monetary policy or at least keep rates unchanged at their its next meet. In an interview with the Daily Telegraph, Lagarde adds "the ECB is an independent body and it would not come into anybody's mind in France to question that independence."

(cont.)

05:25 09/26 **CREDIT:**1, Euro CDS spreads have seen a mildly positive session, with many sectors tightening, if only slightly, however overall the market still appears to be flat-lining this week. A slightly positive start for stocks and mildly upbeat corporate news flow has helped the tone this morning, however in the bigger picture, the fierce spread tightening seen last week does appear to have stalled, with the market now looking for direction. Credit availability remains a hot topic as this morning's BoE Credit Conditions Survey, published for the first time today showed that corporate lending has contracted significantly in the 3Q, and is set to fall further as we head into the 4Q. This coupled with a pick up in volatility in LIBOR rates yesterday kept bank funding chatter to the fore with traders again. itraxx crossover is trading around the 306bps level, in the middle of yesterdays 10bps range.

06:20 09/26 **EUROPEAN BOND AUCTION SUMMARY:**

** **GERMAN BOBL AUCTION RESULTS:** Germany allotted E5.44bln of the new 4.25% Oct 2012 Bobl issue on Wednesday at average yield 4.17%, covered 1.9 times.

** **ITALIAN BTPei AUCTION RESULTS:** Italy sold 5 & 15-year BTPei issues:

-- E1.0bln of 1.85% Sept 2012 BTPei, average yield 2.09%, cover 1.812

-- E500mln of 2.60% Sept 2023 BTPei, average yield 2.49%, cover 2.038.

02:50 09/26 **JGB SUMMARY:** Japanese government bonds ended Wednesday's session modestly higher across the board, although volumes were light with few players prepared to open new position for the first settlement date of the new fiscal half-year. Prices were higher from the getgo, aided by an overnight U.S. Treasury rally. Light buying was seen from life and pension funds at the longer-end of the curve, largely linked to month, quarter and half-year end duration extension trades. Leveraged players were largely absent from the market Weds, traders said, with light public fund demand seen in shorter-dated paper.

-- Benchmark 10-year yield was 1.5 bps lower at 1.680%.

-- Benchmark 5-year yield was 1 bps lower at 1.230%.

-- Benchmark 20-year yield was 2.5 bps lower at 2.190%.

-- Benchmark 30-year yield was 3.5 bps lower at 2.440.

-- Lead Sept JGB futures contract was up 0.25 at 134.83

Intrinsics & Tic for Tic Matrix'



US Intrinsic's ^				
	M Duration	DV01 32	DV01 \$	DV01(€)
30y	15.44	5.04	\$1,575	€ 2,227
10y	7.79	2.53	\$790	€ 1,117
5y	4.40	1.40	\$438	€ 620
2y	1.83	0.59	\$184	€ 259
ZB	9.89	3.54	\$111	€ 156
ZN	5.88	2.06	\$64	€ 91
ZF	3.96	1.36	\$42	€ 60
ZT	1.88	0.62	\$19	€ 27

^Futures are Based on CTD

Tic for Tic Matrix (\$)			
	Bund	Bobl	Schatz
30y	9.69	17.45	39.99
10y	4.86	8.75	20.05
5y	2.69	4.85	11.13
2y	1.13	2.03	4.66
ZB	0.68	1.22	2.81
ZN	0.40	1.34	1.64
ZF	0.26	0.47	1.08
ZT	0.12	0.22	0.49

German Intrinsic's ^				
	M Duration	DV01(€)	DV01(\$)	CF
Bund	7.17	€ 230	\$163	0.868738
Bobl	4.15	€ 128	\$90	0.960712
Schatz	1.84	€ 56	\$39	0.957701
DE10Y	7.77	€ 1,099	\$777	
DE5Y	4.47	€ 661	\$468	
DE2Y	2.26	€ 337	\$238	

^Futures are Based on CTD

Last

EURUSD 141.35

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	3.74
Bobl (Z)	0.61	1.00	2.30
Shatz (Z)	0.27	0.43	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	4.016	4.012	4.012
US5y	4.279	4.277	4.277
US10y	4.640	4.636	4.636

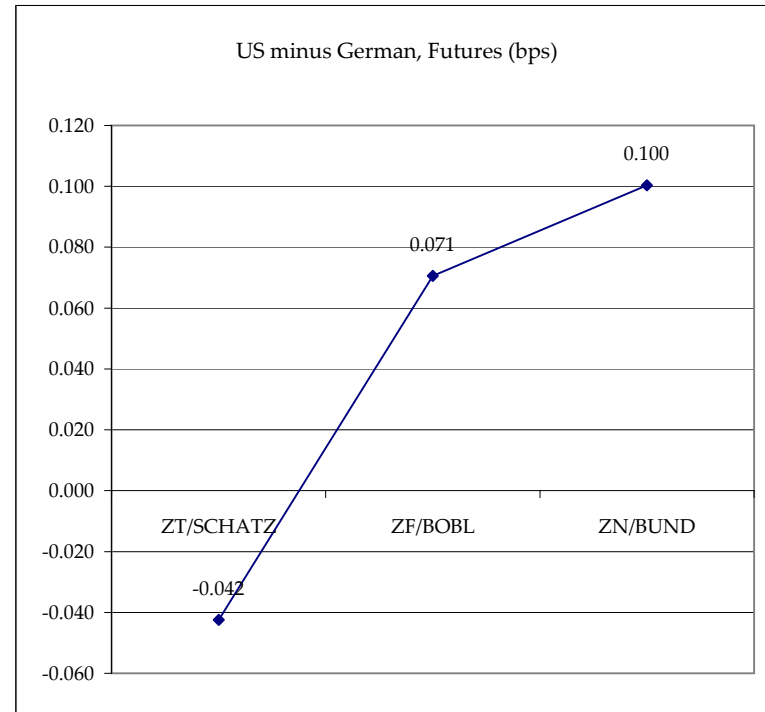
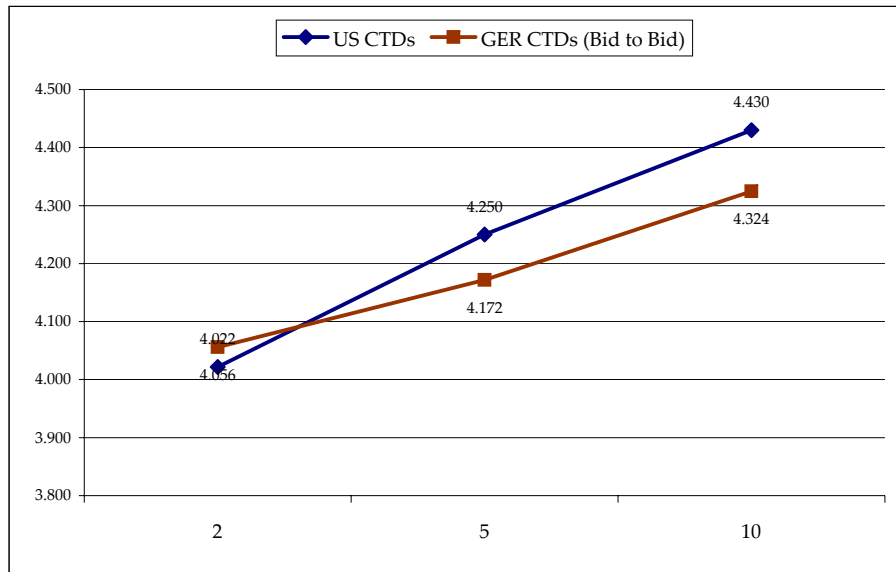
German Cash Treasuries (OTR)			
	Bid	Ask	Last
DE2y	4.047	4.030	4.030
DE5y	4.212	4.202	4.202
DE10y	4.364	4.358	4.358

Spreads	
	Bps
ZT/SCHATZ	-0.042
ZF/BOBL	0.071
ZN/BUND	0.100

US Cash Treasuries (CTD)			
	Bid	Ask	Last
3.375 of 09/09	4.022	4.013	4.013
4.625 of 02/12	4.250	4.242	4.242
4.250 of 08/14	4.430	4.425	4.425

German Futures (CTD)			
	Bid	Ask	Last
3.500 of 10/09	4.072	4.056	4.056
5.000 of 07/12	4.181	4.172	4.172
4.000 of 07/16	4.332	4.324	4.324

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 RELEASE6 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			+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

Stone & McCarthy
RESEARCH ASSOCIATES

BOE HAWKOMETER (to September meeting)

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

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

[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]