



## 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					Volume	Yest Volume	SYM NAME	
	Last	Net	Hi	Low	Open				
TUAZ7	103.152	(0.0)	103.155	103.127	103.155	16,476	180,241	2y Futures	<b>US Futures Market</b>
FVAZ7	106.265	(0.0)	106.280	106.220	106.275	39,405	422,639	5y Futures	
TYAZ7	109.010	(0.0)	109.025	108.255	109.015	118,997	960,391	10y Futures	
USAZ7	110.240	0	110.250	110.120	110.230	19,129	313,260	30y Futures	



	32 nds					Volume	
	Last	Net	Hi	Low	Open		
BUS02P	100.015	0.5	100.017	99.317	100.012	2y	<b>US Cash Treasury Market</b>
BUS05P	99.125	0.0	99.132	99.082	99.130	5y	
BUS10P	101.000	1.0	101.010	100.245	101.000	10y	
BUS30P	#VALUE!	2	101.240	101.090	101.175	30y	

	Decimal					Volume	Yest Volume	SYM NAME	
	Last	Net	Hi	Low	Open				
BUS02Y	3.972	(0.60)	4.013	3.956	3.992	2y Yield	<b>German Futures Markets</b>		
BUS05Y	4.261	0.10	4.297	4.231	4.276	5y Yield			
BUS10Y	4.618	(0.20)	4.656	4.614	4.634	10y Yield			
BUS30Y	4.887	(0.30)	4.919	4.88	4.898	30y Yield			



	Price	Yield			SYM NAME	
	Last	Last	Coupon	Maturity		
T.US.DE034P1009	98.83	4.099	3.500	10/9/2009	2 yr CTD	<b>German Cash Treasury Market</b>
T.US.DE040P0412	103.29	4.208	5.000	7/4/2012	5 yr CTD	
T.US.DE040P0716	97.46	4.346	4.000	7/4/2016	10 yr CTD	
DEP2P	99.83	4.090	4.000	9/11/2009	2yr OTR	
DEP5P	99.11	4.215	4.000	4/13/2012	5yr OTR	
DEP10P	98.99	4.377	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	103.29	103.29	103.29	103.29	103.20	10.00
DLZ7	107.43	107.44	107.43	107.44	107.25	5.00
DBZ7	112.27	112.28	112.27	112.29	112.03	-2.00

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo
DGZ7	4.252	4.249	4.249	4.296	4.249
DLZ7	4.317	4.315	4.317	4.356	4.315
DBZ7	4.453	4.452	4.453	4.481	4.451

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng
T.US.DE034P1009	4.115	4.099	4.099	4.152	4.083	
T.US.DE040P0412	4.218	4.208	4.208	4.255	4.206	
T.US.DE040P0716	4.353	4.346	4.346	4.381	4.343	
DEP2P	4.107	4.090	4.090	4.129	4.047	-2
DEP5P	4.225	4.215	4.215	4.267	4.212	6
DEP10P	4.384	4.377	4.377	4.412	4.375	4

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	98.83	98.86	98.86	98.89	98.76	1.00
T.US.DE040P0412	103.29	103.33	103.33	103.34	103.13	2.00
T.US.DE040P0716	97.46	97.51	97.51	97.53	97.26	4.00
DEP2P	99.80	99.83	99.83	99.91	99.76	-2.00
DEP5P	99.07	99.11	99.11	99.12	98.90	6.00
DEP10P	98.94	98.99	98.99	99.01	98.72	4.00

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 Lower on Risk Aversion Unwinds, German CPI**  
**by Charanjeev Chana**

**EGBs** traded lower on Wednesday afternoon, with Dec Bunds extending losses to session lows on stronger than expected September CPI data from the German state of North-Rhine Westphalia. Additionally, pre-auction short setting in UST's also weighed on sentiment, ahead of the US\$18B 2Y auction. Bunds opened lower on weakness in long dated US Treasuries overnight, which sold off sharply on the pricing of a long-end municipal deal. The market shrugged off October German GfK consumer confidence data, which fell to a 5-month low. Prices consolidated further in morning trade on stop loss selling and equity gains. The ECB allotted E50bln of 3-month funds at the refinancing operation conducted on Wednesday morning. Demand was strong, with the average rate at which funds were allotted rising to 4.63% - the highest since March 2001, suggesting continued tightness in euro money markets. 5-year supply from Germany was well received. Germany sold E5.44 billion of the new 4.25% Oct 2012 Bobl, covered 1.9 times with price premium of 6 cents. Italy issued linker supply, selling E1.0bln of 1.85% Sept 2012 BTPei, covered 2.007 and E500mln of 2.60% Sept 2023 BTPei, covered 2.190.

In the **forex markets**, the dollar traded stronger against the major currencies. The EUR/USD was at 1.412 (-0.001), cable at 2.016 (-0.001) and USD/JPY at 115.56 (+0.62).

**European equities** were stronger in afternoon trade. The DAX was trading +0.41%, CAC 40 +0.98% and the FTSE +1.23% on the day. US stocks were also stronger with the S&P 500 +0.38% and the NASDAQ +0.64%.

**Gilts** were trading mixed, outperforming trade in Europe, whilst short dated Gilts outperformed on the Gilt curve. UK Q2 GDP was upwardly revised on an annualised basis - showing sustained growth in industries in the second quarter. Short-dated Gilts outperformed following the release of the inaugural credit conditions survey from the Bank of England, which said that lenders had reduced the availability of such credit in Q3 and predicted a substantial further decline in Q4. The Bank of England said no UK banks made use of Stg10bln of 3-month funds offered at 6.75% on Wednesday morning - well above Wednesday's 3-month sterling London interbank rate fix of 6.31625%. In a subsequent statement, the bank admitted that the 3-month auction "looked expensive" after the recent market drop in 3-month rates, adding that the auction was designed as a "safety valve" for banking institutions.

07:31 09/26 UK: **BoE** says no bids received at Stg10.0bln 3-month auction tender.



06:46 09/27 EUROZONE: Reported comments from eurozone officials Thursday....(1),

\*\* **ECB TRICHET:** Reported comments from Interview on Dutch television

- Baseline scenario unaffected by market turmoil
- But uncertainty has increased due to turbulence
- Will continue to gather data to assess monpol
- Too early to judge impact of turmoil on EMU GDP
- Will do what is need to anchor inflation around 2.00%
- Even more crucial to anchor inflation expectations in turmoil.
- Price stability necessary condition for GDP, jobs
- Fully respects Fed's September 18 rate cut decision
- Full confidence in Fed to do their job
- BOE did what was appropriate during Norther Rock crisis
- EMU Finmins totally backed ECB during turmoil
- Note US authorities say strong dollar in US interest
- Excessive forex volatility unwelcome for growth
- European banks healthy but must stay alert

06:00 09/27 **BUNDS:** Dec Bunds surrender gains and down from session high at 112.24 after comments from ECB President Trichet -- baseline scenario unaffected by market turmoil. Sept Bunds are down 4 ticks at 112.18.

06:40 09/27 **GERMAN DATA:** Baden-Wuerttemberg Sep. CPI +0.1% m/m -- above the MNI survey median of flat -- with the annual rate accelerating to 2.5% from 2.0% in August.

02:07 09/27 **FX:** (European Open) European trade opens with the yen crosses again trading with a firm tone on the back of Toushin related demand, despite a relatively disappointing take-up of potential issuance. Euro-yen sits just off the Y163.56 high, the highest level for the cross since early August, though dollar-yen has been unable to get past Wednesday's NY Y115.75 peak, making marginal highs on the day in early Europe around Y115.64. Euro-dollar recovered from early lows at \$1.4124 to trade up to \$1.4150, this week's lifetime highs still holding, with cable now making fresh highs on the day above \$2.0180 after slipping to early lows at \$2.0137. A better than expected Nationwide House Price Survey is driving cable higher, also taking euro-sterling back towards the lows.

(cont.)

04:36 09/27 **CREDIT:1,** Overnight newsflow has centered to large degree on the financial sector, with M&A talk underpinning equities. In the US yesterday, a report that Warren Buffet, Bank of America, Wachovia and two Chinese banks were looking at "investing" in Bear Stearns compounded the bargain hunting mentality that seems to be dominating equity and credit markets this week. The rally in Bear Stearns stock helped underpin other troubled financials and indeed the wider market. The market definitely appears to be in a glass half full sentiment as the news that loans from the KKR/First Data deal sold at a substantial discount (resulting in banks taking a loss on half of the loans sold) had no negative impact.

04:36 09/27 **CREDIT:2, HSBC** chose to hold their share of the deal on balance sheet until the end of next year when they have an option to try to sell the paper at 98c in the dollar or more, but other banks in the syndicate, reportedly sold the paper at between 96-97c in the dollar. However, the market has taken the news well, as just a short while ago, a possible sale of such paper was seen as almost impossible, and the fact that wheels of the leveraged loan market are continuing to get back up to speed (even if paper is trading as a deep discount) is seen as a big plus, compared to the complete paralysis of the summer.

04:35 09/27 **EGBs:** Traders attribute the earlier bounce in Sept Bund futures to reports that the ECB yesterday loaned E3.9bln at 5.00% at the 84-day Refi tender -- the most money at its penalty interest rate since October 2004. Dip buying from real-money accounts was noted and cash is well bid across the curve, say traders.

02:04 09/27 **JAPAN STOCKS:** Japanese stocks ended Thursday's session sharply higher, despite renewed concerns over higher rates. The benchmark Nikkei 225 was higher by 396.48 points, or 2.41%, at 16832.22. The broader-based TOPIX was 39.13 points higher at 1615.15.

02:48 09/27 **JGB SUMMARY:** Japanese government bonds ended Thursday's session sharply lower, weighed by a strongly rallying stock markets and renewed fears on rate hikes from the Bank of Japan. JGBs were lower from the start of trade and ended the morning session modestly lower across the curve. However, comments from a senior BOJ official hit the wires over the lunch break, and the hawkish comments weighed on sentiment in early afternoon trade. Stocks started to rally after lunch, helping push JGB futures to six-week lows. This again pushed yields higher, with the 10-year yield ending at multi-week highs. Solid demand was seen at the Ministry of Finance's 2-year auction, but this failed to offer any support along the curve. The benchmark 10-year yield was 6 bps higher at 1.735%, while the lead Sept JGB contract was down 0.39 at 134.44.

Intrinsics & Tic for Tic Matrix'



US Intrinsic's ^				
	M Duration	DV01 32	DV01 \$	DV01(€)
30y	15.47	5.07	\$1,583	€ 2,241
10y	7.79	2.53	\$791	€ 1,120
5y	4.40	1.40	\$438	€ 621
2y	1.87	0.60	\$187	€ 265
ZB	9.89	3.55	\$111	€ 157
ZN	5.87	2.06	\$64	€ 91
ZF	3.96	1.36	\$42	€ 60
ZT	1.87	0.62	\$19	€ 27

^Futures are Based on CTD

German Intrinsic's ^				
	M Duration	DV01(€)	DV01(\$)	CF
Bund	7.16	€ 230	\$162	0.868738
Bobl	4.14	€ 128	\$90	0.960712
Schatz	1.84	€ 56	\$39	0.957701
DE10Y	7.76	€ 1,098	\$776	
DE5Y	4.46	€ 660	\$467	
DE2Y	2.26	€ 336	\$238	

^Futures are Based on CTD

Last

EURUSD 141.55

Tic for Tic Matrix (\$)			
	Bund	Bobl	Schatz
30y	9.75	17.57	40.29
10y	4.87	8.78	20.13
5y	2.70	4.87	11.16
2y	1.15	2.08	4.77
ZB	0.68	1.23	2.82
ZN	0.40	1.34	1.64
ZF	0.26	0.47	1.08
ZT	0.12	0.22	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	1.63	3.75
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	3.976	3.972	3.972
US5y	4.263	4.261	4.261
US10y	4.622	4.618	4.618

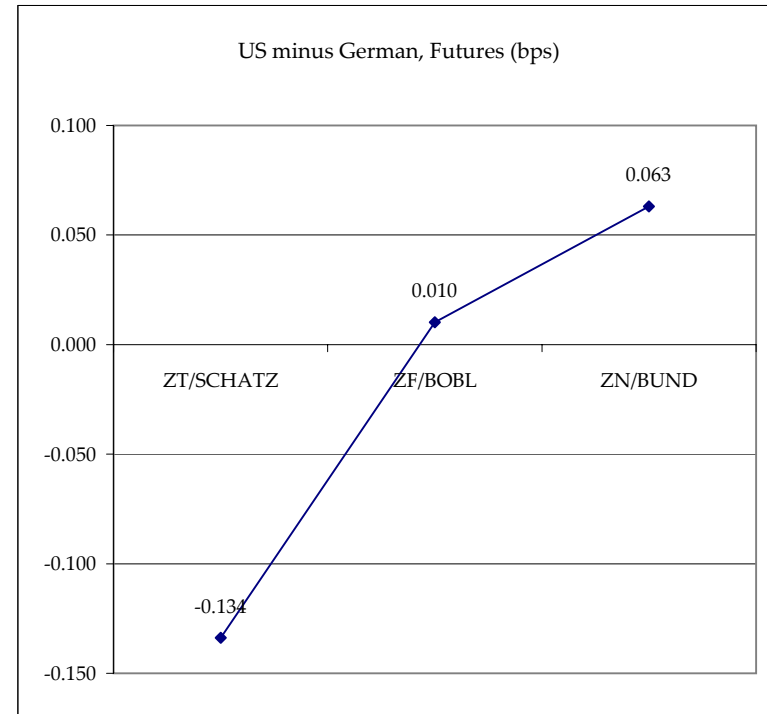
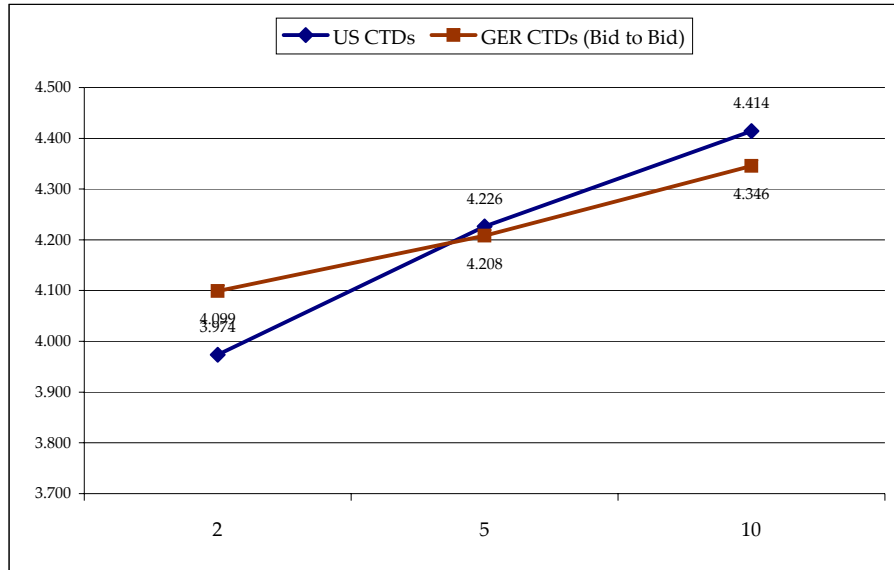
German Cash Treasuries (OTR)			
	Bid	Ask	Last
DE2y	4.107	4.090	4.090
DE5y	4.225	4.215	4.215
DE10y	4.384	4.377	4.377

Spreads	
	Bps
ZT/SCHATZ	-0.134
ZF/BOBL	0.010
ZN/BUND	0.063

US Cash Treasuries (CTD)			
	Bid	Ask	Last
3.375 of 09/09	3.974	3.965	3.965
4.625 of 02/12	4.226	4.218	4.218
4.250 of 08/14	4.414	4.409	4.409

German Futures (CTD)			
	Bid	Ask	Last
3.500 of 10/09	4.115	4.099	4.099
5.000 of 07/12	4.218	4.208	4.208
4.000 of 07/16	4.353	4.346	4.346

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	Hawkishness
	Hawkish	Dovish	Dissenting		
	Votes	Votes	Votes	Votes	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 ]