9/28/2007 9:10

The Morning Email: US & Germany

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

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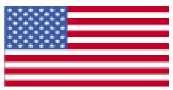
MarketNews International

Stone & McCarthy RESEARCH ASSOCIATES

Quotes 1



US Futures Market

	32 nds							
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME
TUAZ7	103.170	(0.0)	103.190	103.165	103.172	71,570	149,828	2y Futures
FVAZ7	107.040	0.0	107.075	106.315	107.015	209,625	415,371	5y Futures
TYAZ7	109.175	0.1	109.215	109.100	109.135	448,186	1,016,739	10y Futures
USAZ7	111.220	0	111.290	111.090	111.110	121,938	294,466	30y Futures

US Cash Treasury Market

	Last	Net	Hi	Low	Open	Volume
BUS02P	100.027	(0.5)	100.047	100.025	100.032	2y
BUS05P	100.067	19.5	100.105	100.032	100.040	5y
BUS10P	101.200	5.5	101.245	101.120	101.140	10y
BUS30P	103.045	17	103.130	102.195	102.215	30y

	Last	Net	Hi	Low	Open	Volume
BUS02Y	3.951	1.20	3.968	3.914	3.964	2y Yield
BUS05Y	4.201	(1.10)	4.231	4.173	4.222	5y Yield
BUS10Y	4.541	(2.00)	4.579	4.522	4.573	10y Yield
BUS30Y	4.798	(2.90)	4.842	4.783	4.839	30y Yield

German Futures Markets

	Decimal							
	Last	Net	Hi	Low	Open	Volume	Yest Volume	SYM NAME
DGZ7	103.32	10.00	103.36	103.29	103.30	297,785	688,839	Schatz(2Y)
DLZ7	107.58	45.00	107.67	107.47	107.50	354,400	602,346	Bobl(5Y)
DBZ7	112.55	11.00	112.67	112.31	112.38	696,403	1,244,571	Bund(10Y)

German Cash Treasury Market

	Price	Yield			
	Last	Last	Coupon	Maturity	SYM NAME
T.US.DE040P0909*	99.89	4.041	4.000	9/11/2009	2 yr CTD
T.US.DE040P0412	103.42	4.178	5.000	7/4/2012	5 yr CTD
T.US.DE040P0716	97.72	4.309	4.000	7/4/2016	10 yr CTD
DEP2P	99.92	4.041	4.000	9/11/2009	2yr OTR
DEP5P	99.23	4.185	4.000	4/13/2012	5yr OTR
DEP10P	99.26	4.343	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	SYM NAME	
DGZ7	#VALUE!	103.32	103.32	103.36	103.29	10.00	Schatz(2Y)	German Futures
DLZ7	107.58	107.58	107.58	107.67	107.47	45.00	Bobl(5Y)	
DBZ7	112.54	112.55	112.55	112.67	112.31	11.00	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo		
DGZ7		4.234	4.234	4.252	4.213	Schatz(2Y)	German Futures
DLZ7	4.285	4.284	4.284	4.309	4.265	Bobl(5Y)	
DBZ7	4.421	4.420	4.421	4.448	4.406	Bund(10Y)	

	Y Bid	Y Ask	Y Last	Y Hi	Y Lo	Chng		
T.US.DE040P0909*	4.003	4.080	4.041	4.041	4.058		2 yr CTD	German Cash
T.US.DE040P0412	4.155	4.212	4.178	4.178	4.187		5 yr CTD	
T.US.DE040P0716	4.289	4.349	4.309	4.309	4.316		10 yr CTD	
DEP2P	4.058	4.041	4.041	4.080	4.003	3	2yr OTR	
DEP5P	4.195	4.185	4.185	4.215	4.160	10	5yr OTR	
DEP10P	4.349	4.343	4.343	4.382	4.326	31	10yr OTR	

	Decimal							
	Bid	Ask	Last	Hi	Low	Chng	SYM NAME	
T.US.DE040P0909*	99.89	99.92		99.99	99.85	3.00	2 yr CTD	German Cash
T.US.DE040P0412	103.42	103.46		103.56	103.31	10.00	5 yr CTD	
T.US.DE040P0716	97.72	97.77		97.91	97.49	25.00	10 yr CTD	
DEP2P	99.89	99.92	99.92	99.99	99.85	3.00	2yr OTR	
DEP5P	99.19	99.23	99.23	99.33	99.11	10.00	5yr OTR	
DEP10P	99.21	99.26	99.26	99.39	98.95	31.00	10yr OTR	

Y = Yield

CTD = Cheapest to Deliver

DE = German Country Code

OTR = On the Run

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RESEARCH ASSOCIATES

Euro Mkt Summary: EGBs Higher, Longs Dates Outperform on Month End
by Charanjeev Chana
EGBs were trading higher on Friday afternoon, with long dated issues outperforming on month end duration extension buying, in turn flattening the Bund curve. Dec 07 Bunds extended gains in the afternoon session on US personal spending and core PCE data. The market posted moderate losses on the back of a MNI ECB sources report, which said the ECB was still concerned about inflation and leaving the door open for another interest rate hike. EGBs opened higher on the back of overnight gains in JGBs following weak Tokyo core CPI data and weaker stocks. Short dates were underpinned on the get go by much weaker than expected August German Retail sales. Bunds then extended gains on comments by former Fed Chairman Alan Greenspan, who said the "danger of a US recession has risen to just less than 50/50." Meanwhile, month end duration extension buying supported the long end of the curve. EGBs remained higher ahead of afternoon trade following the release of weaker than expected Eurozone economic confidence - which fell to a 16-month low in September.

Attention on Monday will turn to Eurozone manufacturing PMI data. Also eyed will be comments by ECB President Trichet, due to speak on Monday morning.

In the **forex markets**, the dollar traded weaker against the major currencies. The EUR/USD was at 1.419 (+0.005), cable at 2.035 (+0.009) and USD/JPY at 115.24 (-0.52).

European equities were mixed in afternoon trade. The DAX was trading +0.06%, CAC 40 -0.10% and the FTSE -0.36% on the day. US stocks were stronger with the S&P 500 +0.11% and the NASDAQ +0.19%.

Gilts were also trading higher, with short dated Gilts underpinned by weaker then expected GFK consumer confidence - which moderated in September following the demise of mortgage lender Northern Rock. Long dates Gilts were underpinned by reported month-end duration extension buying.

A plethora of data is expected for the UK on Monday. Home track house prices are due ahead of the Gilt open. On the open, the Halifax will provide additional UK house price data. Amidst the barrage of releases due at 09.30 BST, the focus will be on CIPS manufacturing PMI data. Alongside PMI data, mortgage approvals and BOE lending figures are due to be released.

06:52 09/28 **EUROZONE:** Reported comments from eurozone officials Friday,
** ECB: Lent E26mln via marginal lending facility on Sep27, vs E3.9bln Sep26.
** EU ALMINIA: EU Finance head Alminia reported saying France has a reason to be worried by the euro rise, but other factors also behind their trade imbalance.
- Eurogroup must speak with single voice in disciplined way if to be heard by ECB.
- Impact of financial market turmoil on European economy will be minimal in 2007.
- Sees recovery continuing in 2008, but financial market turmoil has increased risks.

8:50 09/28 ECB: The European Central Bank, still worried about inflation, is leaving the door open for another rate hike. But such a move is not imminent given the uncertainty caused by ongoing turbulence in financial markets, well-placed sources have told Market News International. Read the full exclusive on MNI's Mainwire.

MarketNews international

[Times for Market News Internaional stories are ET]

06:51 09/28 **LIBOR FIXINGS:** Sterling o/n Libor fixing -- highest rate since Sept 18.

06:54 09/28 **UK: Data** released in the UK Friday,
** GfK/NOP Sep Consumer Confidence Falls; Hit by N. Rock
- GFK/NOP: UK Sep Consumer Confidence -7 Vs Aug -4
- The demise of mortgage lender Northern Rock hit consumer UK consumer confidence in September, the latest Gfk/NOP survey found. The headline -7 outturn was just below analysts' median forecast for a -6 outturn.
** Sales at John Lewis UK department stores rose by 7.7% in the week to September 22 compared with the comparable week a year earlier, the group announced Friday.

06:45 09/28 **GILT SUMMARY**: Gilts are higher, amid month-end duration extension buying. The iBoxx sterling index extends by around +0.01 yrs, which is seen as a small extension. In turn, Gilts underperformed Bunds, as the 10-year Gilt/Bund yield spread widened 1.5 bps to +75 bps. The short-dated Gilts were underpinned by weaker than expected UK GfK/NOP consumer confidence dropped in September to -7 from -4 in August, hit by the demise of mortgage lender Northern Rock. The Gilt 2-/10-year yield spread was 1.6 bps steeper at -7.5 bps, whilst the 10-/30-year yield spread was 0.6 bps flatter at -42.4 bps. Dec Gilts are up 21 ticks at 106.72.

06:41 09/28 **BUND SUMMARY**: Bunds opened firmer, following gains overnight in Japanese Government Bonds, in the wake of weaker than expected Tokyo core CPI data and weakness in the Nikkei-225, which closed down 47pts (-0.28%). Month-end duration extension buying was also reported, given the The iBoxx Euro sovereign index extends by +0.07 yrs into October, which is higher than the historical average for this time of the year (+0.05 yrs), according to strategists. Bunds were also supported by weak eurozone economic data. Real German retail sales fell s/a 1.4% m/m in August -- the worst since May's 3.2% plunge. French consumer confidence dropped six points in September to a six-month low of -21, in the wake of the presidential elections. Eurozone economic confidence eroded substantially further in September to 107.1 vs revised 109.9 in Aug -- on a slide in sentiment in all sectors except construction. The eurozone Business Climate Indicator (BCI) posted an unusually large fall to +1.09 in Sept vs +1.37 in Aug -- lowest level since May 2006.

(cont.)

06:55 09/28 **EUROZONE: Data** released in the eurozone Friday,
** GERMANY: Growth of real German retail sales slowed sharply in August to a disappointingly low monthly reading of -1.4%.
- The result, the worst since May's 3.2% plunge, fell well short of the low forecast of -1.0% in a Market News survey of analysts that had yielded a median estimate of +0.3%.
** FRANCE: Sept consumer sentiment down 6 points to -21
- Below most analysts' forecasts; MNI survey median -17
** FRANCE: Final 2Q GDP unrevised at +0.3% q/q
- 1Q GDP revised to +0.6% q/q vs +0.5%
** FRANCE: July PPI +0.4% m/m; Aug +0.2% m/m, +1.6% y/y
- August Y/Y above most forecasts; MNI survey median +1.2% m/m
** ITALY: August PPI rose 0.1% m/m and 1.9% y/y, slowing from +2.0% on the year in July and posting the lowest y/y gain since April 2004, when producer prices increased by 1.7%.
** SPAIN: Sep flash HICP +2.7% y/y; Aug +2.2% y/y; July +2.3%

06:59 09/28 **JAPAN: Data** released in Japan Friday,
** Retail sales in Japan rose 0.5% in August from a year earlier following a 2.3% drop in July, the Ministry of Economy, Trade and Industry said. The rise was the first in three months.
** August industrial production +3.4% m/m vs July -0.4%
- Sept industrial production seen -0.8% m/m, Oct +4.1%
- METI says industry output on modest uptrend
- METI previously said industry output trend flat
** August unemployment rate 3.8% vs 3.6% in July
- August household spending +1.6% y/y
** Japan Aug core national CPI -0.1% y/y
- Central Tokyo September core CPI -0.1% y/y
** August housing starts down 43.3% on year.
- August construction orders down 14.2% on year.

Intrinsics & Tic for Tic Matrix'

	US Intrinsic's ^			
	M Duration	DV01 32	DV01 $	DV01(€)
30y	15.56	5.17	$1,615	€ 2,295
10y	7.79	2.55	$796	€ 1,132
5y	4.46	1.43	$447	€ 635
2y	1.90	0.61	$190	€ 271
ZB	9.92	3.58	$112	€ 159
ZN	5.87	2.07	$65	€ 92
ZF	3.95	1.36	$43	€ 60
ZT	1.90	0.63	$20	€ 28

^Futures are Based on CTD

	German Intrinsic's ^			
	M Duration	DV01(€)	DV01($)	CF
Bund	7.16	€ 231	$163	0.868738
Bobl	4.13	€ 128	$90	0.960712
Schatz	1.83	€ 54	$38	0.957701
DE10Y	7.76	€ 1,106	$778	
DE5Y	4.46	€ 663	$467	
DE2Y	2.25	€ 337	$237	

^Futures are Based on CTD

	Last
EURUSD	142.11

	Tic for Tic Matrix ($)		
	Bund	Bobl	Schatz
30y	9.93	17.93	42.19
10y	4.89	8.84	20.80
5y	2.75	4.96	11.68
2y	1.17	2.11	4.97
ZB	0.69	1.24	2.93
ZN	0.40	1.34	1.69
ZF	0.26	0.47	1.11
ZT	0.12	0.22	0.51

Notes

1) CF = Conversion Factor

2) MDuration = Modified Macaulay Duration

3) MDuration & DV01s for Futures are based on proxy issue (CTD)

Hedge Ratio's - Bloomberg/GH Trader's LLC

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	3.85
Bobl (Z)	0.61	1.00	2.36
Shatz (Z)	0.26	0.42	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.

Yields & Spreads

	US Cash Treasuries (OTR)		
	Bid	Ask	Last
US2y	3.956	3.951	3.951
US5y	4.203	4.201	4.201
US10y	4.543	4.541	4.541

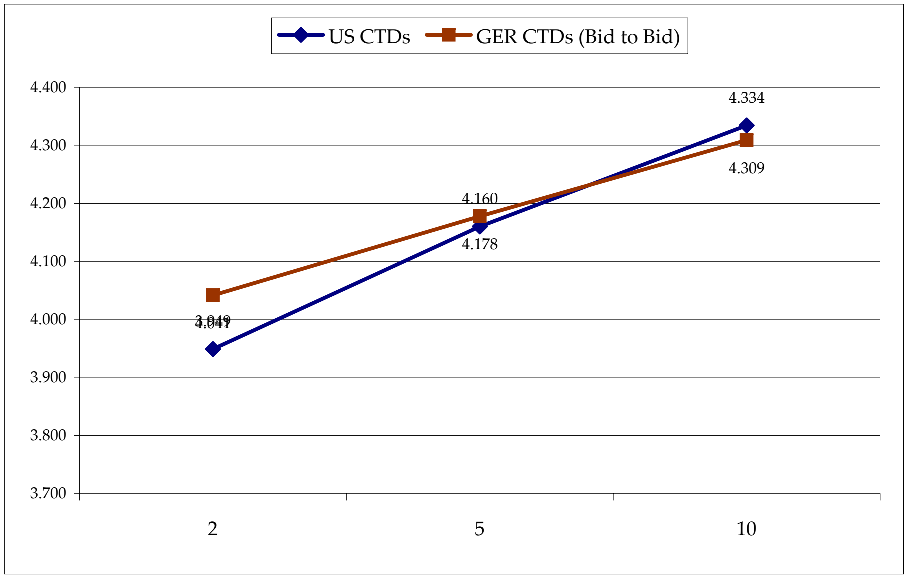
	German Cash Treasuries (OTR)		
	Bid	Ask	Last
DE2y	4.058	4.041	4.041
DE5y	4.195	4.185	4.185
DE10y	4.349	4.343	4.343

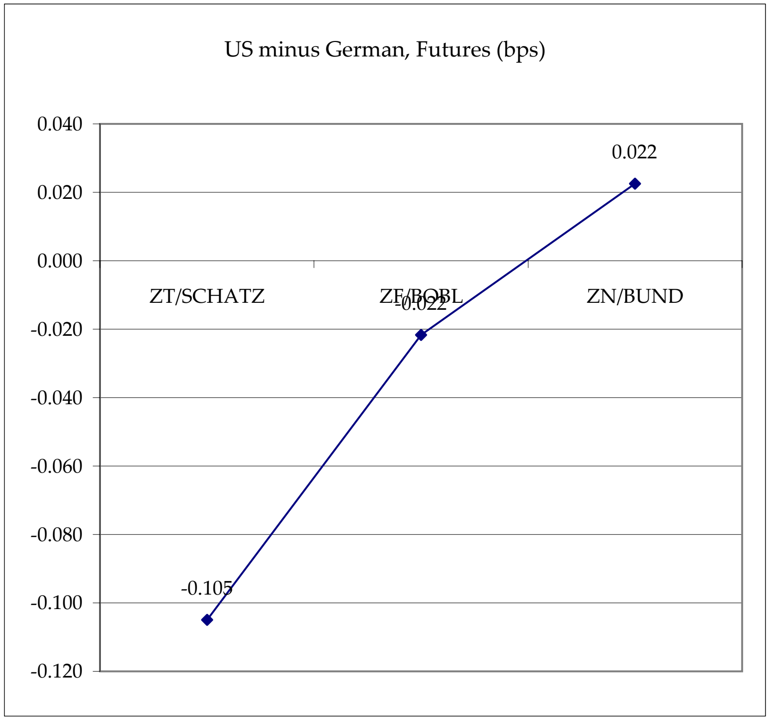
	Spreads
	Bps
ZT/SCHATZ	-0.105
ZF/BOBL	-0.022
ZN/BUND	0.022

	US Cash Treasuries (CTD)		
	Bid	Ask	Last
4 of 09/09	3.949	3.936	3.936
4.625 of 02/12	4.160	4.156	4.156
4.25 of 08/14	4.334	4.332	4.332

	German Futures (CTD)		
	Bid	Ask	Last
4.000 of 09/09	4.003	4.080	4.041
5.000 of 07/12	4.155	4.212	4.178
4.000 of 07/16	4.289	4.349	4.309

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.





Volume Questions & Global Bond Market Characteristics

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 Rises	Volume 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 ECB 1

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 Naţională 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
Sep-07	unch	unch	unch	unch	unch	unch	unch	unch	unch	unch	5.75%	9-0	none

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

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%

[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]