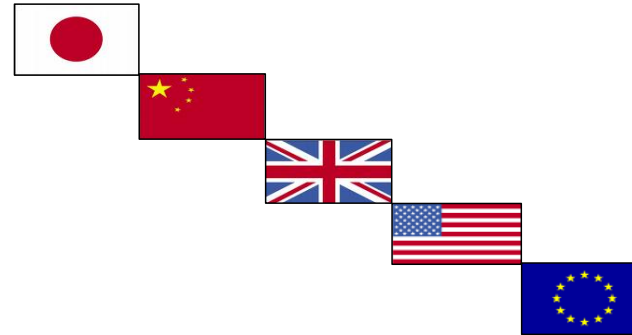


## The Morning Email: Central Banks

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### Recent Updates

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If you see orange on any page, then, it was updated in the last day or two or it's a new item to the email.

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.

## Meeting Dates for 2008

|                  |             |                 |                  |          |                |
|------------------|-------------|-----------------|------------------|----------|----------------|
| January<br>29/30 | February    | March<br>18     | April<br>29/30   | May      | June<br>24/25  |
| July             | August<br>5 | September<br>16 | October<br>28/29 | November | December<br>16 |



The term "monetary policy" refers to the actions undertaken by a central bank, such as the Federal Reserve, to influence the availability and cost of money and credit to help promote national economic goals. The Federal Reserve Act of 1913 gave the Federal Reserve responsibility for setting monetary policy.

The Federal Reserve controls the three tools of monetary policy--open market operations, the discount rate, and reserve requirements.  
-Source: FR

| Born ^       | 2008 Voting Members                              | Policy Inclination | Term Expires | Took Office | Comment |
|--------------|--|--------------------|--------------|-------------|---------|
| Dec-1953     | Ben S. Bernanke, Chairman, Board of Governors    | Moderate/Dove      | 1/31/2020    | 2/1/2006    |         |
| Nov-1942     | Donald L. Kohn, Vice Chairman Board of Governors | Moderate/Hawk      | 1/31/2016    | 8/5/2002    |         |
| Jul-1952     | Elizabeth Duke, Board of Governors               | No bias yet        | 1/31/2012    | 8/5/2008    |         |
| Jun-1962     | Randall S. Kroszner, Board of Governors          | Moderate/Dove      | 1/31/2008    | 3/1/2006    |         |
| Jan-1951     | Vacant, Board of Governors                       | Moderate/Dove      | 1/31/2014    |             |         |
| Apr-1970     | Kevin M. Warsh, Board of Governors               | Moderate/Hawk      | 1/31/2018    | 2/24/2006   |         |
| 08/18/1961   | Timothy F. Geithner, New York                    | Moderate           |              |             |         |
| 09/19/1948   | Charles I. Plosser, Philadelphia                 | Moderate/Hawk      |              | 8/1/2006    |         |
| 1949 ??      | Richard W. Fisher, Dallas                        | Moderate/Hawk      |              | 4/4/2005    |         |
| 11/03/1944   | Gary Stern, Minneapolis                          | Hawk/Moderate      |              | 3/16/1985   |         |
| 08/04/1954   | Sandra Pianalto, Cleveland                       | Moderate           |              | 2/1/2003    |         |
| Born ^       | 2008 Alternate Members (Voters in 2009)          | Policy Inclination |              | Took Office | Comment |
| 09/27/1955   | Jeffrey M. Lacker, Richmond                      | Moderate/Hawk      |              | 8/1/2004    |         |
| 02/01/1947   | Dennis P. Lockhart, Atlanta                      | Moderate/Hawk      |              | 3/1/2007    |         |
| 8/13/1946    | Janet L. Yellen, San Francisco                   | Moderate/Dove      |              | 6/14/2004   |         |
| 01/15/1958   | Charles L. Evans, Chicago                        | Moderate           |              | 9/1/2007    |         |
| Born ^       | 2009 Alternate Members                           | Policy Inclination |              | Took Office | Comment |
| 06/06/1946   | Thomas M. Hoenig, Kansas City                    | Moderate           |              | 10/1/1991   |         |
| 1960 or 1961 | Dr. James B. Bullard, St. Louis                  | Moderate/Hawk      |              | 4/1/2008    |         |
| 06/03/1957   | Eric Rosengren, Boston                           | Moderate/Dove      |              | 7/23/2007   |         |

### Notes

^Reserve Bank presidents are subject to mandatory retirement upon becoming 65 years of age. However, presidents initially appointed after age 55 can, at the option of the board of directors, be permitted to serve until attaining ten years of service in the office or age 70, whichever comes first. [Source: FRB web site]

|                          | Rotation      |               |  |
|--------------------------|---------------|---------------|--|
|                          | 2008          | 2009          |  |
| <b>Members</b>           | New York      | New York      | Committee membership changes at the first regularly scheduled meeting of the year. |
|                          | Cleveland     | Chicago       |  |
|                          | Philadelphia  | Richmond      |  |
|                          | Dallas        | Atlanta       |  |
|                          | Minneapolis   | San Francisco |  |
| <b>Alternate Members</b> | New York†     | New York†     |  |
|                          | Chicago       | Cleveland     |  |
|                          | Richmond      | Boston        |  |
|                          | Atlanta       | St. Louis     |  |
|                          | San Francisco | Kansas City   |  |

| Central Bank                | Rate (%) Benchmark      | Last Rate<br>Change | Amount | Next<br>Meeting | Market Expectations | Policy<br>Strategy | 1 Month<br>OIS Rates            |       |       |
|-----------------------------|-------------------------|---------------------|--------|-----------------|---------------------|--------------------|---------------------------------|-------|-------|
| Bank of England (BOE)       | 4.50 Repo Rate          | 10/8/2008           | (0.50) | BOE             | 11/6/2008           | Ease Possible      | Price Stability                 | 3.796 | BOE   |
| European Central Bank (ECB) | 3.75 Refi (min bid)     | 10/8/2008           | (0.50) | ECB             | 11/6/2008           | Ease Bias          | Price Stability                 | 3.177 | ECB   |
| US Federal Reserve Bank     | 1.00 Fed Funds          | 10/29/2008          | (0.50) | FRB             | 10/16/2008          | Ease Possible      | Price Stability/Full employment | 0.609 | FRB   |
| Bank of Japan (BOJ)         | 0.30 O / N Call Rate    | 10/31/2008          | (0.30) | BOJ             |                     | On Hold            | Price Stability                 | 0.550 | BOJ ^ |
| Bank of Canada (BOC)        | 2.25 O / N Rate         | 10/21/2008          | (0.25) | BOC             | 12/9/2008           | Ease Bias          | Price Stability / ICT           |       | BOC   |
| Swiss National Bank (SNB)   | 1.75 - 2.75 3-Mth Libor | 10/8/2008           | (0.50) | SNB             | 12/11/2008          | Ease Possible      | Price Stability                 |       | SNB   |
| Reserve Bank of Australia   | 6.00 Cash Rate          | 10/7/2008           | (1.00) | RBA             | 11/4/2008           | Easing Bias        | Price Stability / ICT           |       | RBA   |
| Reserve Bank of New Zealand | 6.50 OCR                | 10/23/2008          | (1.00) | RBNZ            | 12/4/2008           | Easing Bias        | Price Stability / ICT           |       | RBNZ  |

mm/dd/yyyy

mm/dd/yyyy

**BOE: 10/09/2008:** Changed from On hold to 'Ease Bias' after global coordinated rate cuts

**BOC: 10/21/2008:** Changed from 'Ease Possible' to Ease Bias after 10/08/2008 global coordinated cuts and 10/21/2008 .25 cut.

**ECB: 10/03/2008:** Changed to ease possible after press conference where Trichet signaled a rate cut was coming. **10/09/2008:** Changed from 'Ease Possible' after global coordinated rate cuts to 'Ease Bias'

**SNB: 10/09/2008:** Changed from On hold to 'Ease Possible' after global coordinated rate cuts

**FRB: 06/25/2008:** Statement is being interpreted as On Hold by the street. The last page of this email has a more 'notes' on the FRB. **09/13/08:** No dissenters.MNI's Beckner states that there is no easing bias though.

**RBA: 08/19/08:** Represents a policy change from 08/18/08 'On Hold'. RBA minutes show an easing bias. UBS is calling for gradual ease of 100bps. **09/03/08: It appears UBS was/is correct. 10/07/08: And again!**

**BOJ: 04/30/2008:** most analyst remove tightening bias. **10/31/08:** Keeping them on hold even after ease. How far can they go? Not far.

**RBNZ: 07/24/08:** unexpected rate cut. Furthermore, in their statement they said: Provided that the outlook for inflation continues to improve and there is no excessive exchange rate depreciation, we would expect to lower the OCR further". Therefore, I'm moving from 'On Hold' to 'Easing Bias'. **09/11/08: 50 bp cut, 10/23/2008: 100 bp cut.**

## Notes

^ BOJ rate is "The Deposit Rate"

Sources for "**Policy Strategy**" can be found at each CB's web site. The FRB's Strategy is stated in the Federal Reserve Act, and on the FRB site at the following web address:[http://www.federalreserve.gov/pf/pdf/pf\\_2.pdf](http://www.federalreserve.gov/pf/pdf/pf_2.pdf)

**Price Stability / ICT:** means that the bank has an 'Inflation Control Target' (ITC) but they also acknowledge price stability as being part of there policy strategy.

**Dates** are mm/dd/yyyy

**Ranges for FOMC Meetings <sup>1</sup>**

|           | <b>Avg Dly Rng <sup>2</sup></b> | <b>Avg 15 Min Range <sup>3</sup></b> |
|-----------|---------------------------------|--------------------------------------|
| <b>30</b> | 6.4                             | 5.3                                  |
| <b>10</b> | 7.3                             | 5.7                                  |
| <b>5</b>  | 9.2                             | 6.5                                  |
| <b>2</b>  | 11.1                            | 8.1                                  |

**Ranges for Humphrey-Hawkins Hearings <sup>4</sup>**

|           | <b>Avg Dly Rng</b> | <b>Avg 30 Min Rng <sup>5</sup></b> |
|-----------|--------------------|------------------------------------|
| <b>30</b> | 7.7                | 4.2                                |
| <b>10</b> | 9.1                | 5.4                                |
| <b>5</b>  | 11.1               | 7.1                                |
| <b>2</b>  | 12.1               | 8.4                                |

## Notes:

- 1) Averages Calculated since 01/31/2006
- 2) Daily range is 7am - 2pm CT
- 3) 15min range is time of release - 1:30 pm CT
- 4) Calculated since Bernanke began as Chairman
- 5) 30min range is time of release - 9:30am CT

**Objective of the Monetary Policy**

The objective of the monetary policy is to maintain the stability of the value of the currency and thereby promote economic growth.

**Management Team of PBC**

**Zhou Xiaochuan** Chairman, Monetary Policy Committee

**Su Ning** Deputy Governor

**Wang Hongzhang** Chief Disciplinary Officer

**Hu Xiaolian** Deputy Governor, and Administrator of State Administration of Foreign Exchange (SAFE)

**Liu Shiyu** Deputy Governor

**Ma Delun** Deputy Governor

**Yi Gang** Deputy Governor

**Du Jinfu** Assistant Governor

The PBC was established on December 1, 1948 based on the consolidation of the former Huabei Bank, Beihai Bank and Xibei Farmer Bank.

In September 1983, the State Council decided to have the PBC function as a central bank.

The Law of the People's Republic of China on the People's Bank of China passed by the Third Plenum of the Eighth National People's Congress on March 18, 1995 legally confirmed the PBC's central bank status.

In March 2003, the First Plenum of the Tenth National People's Congress approved the Decision on Reform of the Organizational Structure of the State Council, separating the supervisory responsibilities of the PBC for the banking institutions, asset management companies, trust and investment companies and other depository financial institutions. Instead, the China Banking Regulatory Commission was established to supervise the financial industry.

On December 27, 2003, the Standing Committee of the Tenth National People's Congress approved at its Sixth Meeting the amendment to the Law of the People's Republic of China on the People's Bank of China, which has strengthened the role of the PBC in the making and implementation of monetary policy, in safeguarding the overall financial stability and in the provision of financial services.

## Members of the Policy Board

| Position                             | Name                                  | Date of appointment |
|--------------------------------------|---------------------------------------|---------------------|
| Governor of the Bank of Japan        | <a href="#">Masaaki Shirakawa</a>     | Apr.09, 2008        |
| Deputy Governor of the Bank of Japan | Vacant                                |                     |
| Deputy Governor of the Bank of Japan | <a href="#">Kiyohiko G. Nishimura</a> | Mar.20, 2008        |
| Member of the Policy Board           | <a href="#">Miyako Suda</a>           | Apr.1, 2006         |
| Member of the Policy Board           | <a href="#">Atsushi Mizuno</a>        | Dec.3, 2004         |
| Member of the Policy Board           | <a href="#">Tadao Noda</a>            | Jun.17, 2006        |
| Member of the Policy Board           | <a href="#">Seiji Nakamura</a>        | Apr.5, 2007         |
| Member of the Policy Board           | <a href="#">Hidetoshi Kamezaki</a>    | Apr.5, 2007         |

The Bank of Japan, as the central bank of Japan, decides and implements monetary policy with the aim of maintaining **price stability**.

The Bank of Japan Law states that the Bank's monetary policy should be "aimed at, through the pursuit of price stability, contributing to the sound development of the national economy."

The Bank releases its views on economic and financial developments, which form the basis of the decision on the guideline for money market operations, in "The Bank's View" in the Monthly Report of Recent Economic and Financial Developments.

|           | Publication of Outlook Report<br>(The Bank's View) |                            |
|-----------|--|----------------------------|
|           | Date of MPM  | Publication of MPM Minutes |
| Jan. 2008 | 21 (Mon.), 22 (Tue.)                               | -- Feb. 20 (Wed.)          |
| Feb.      | 14 (Thur.), 15 (Fri.)                              | -- Mar. 12 (Wed.)          |
| Mar.      | 6 (Thur.), 7 (Fri.)                                | -- Apr. 14 (Mon.)          |
|           | 8 (Tue.), 9 (Wed.)                                 | -- May 23 (Fri.)           |
| Apr.      | 30 (Wed.)  | 30 (Wed.) June 18 (Wed.)   |
| May       | 19 (Mon.), 20 (Tue.)                               | -- June 18 (Wed.)          |
| June      | 12 (Thur.), 13 (Fri.)                              | -- July 18 (Fri.)          |
| July      | 14 (Mon.), 15 (Tue.)                               | -- Aug. 22 (Fri.)          |
| Aug.      | 18 (Mon.), 19 (Tue.)                               | -- Sep. 22 (Mon.)          |
| Sep.      | 16 (Tue.), 17 (Wed.)                               | -- Oct. 10 (Fri.)          |
|           | 6 (Mon.), 7 (Tue.)                                 | -- Nov. 6 (Thur.)          |
| Oct.      | 31 (Fri.)  | 31 (Fri.) Nov. 27 (Thur.)  |
| Nov.      | 20 (Thur.), 21 (Fri.)                              | -- Dec. 25 (Thur.)         |
| Dec.      | 18 (Thur.), 19 (Fri.)                              | -- To be announced         |

**The Governing Council (21)**

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  
 Guy Quaden, Governor, Nationale Bank van België/Banque Nationale de Belgique  
 Axel A. Weber, President, Deutsche Bundesbank  
 John Hurley, Governor, Central Bank and Financial Services Authority of Ireland  
 Nicholas C. Garganas, Governor, Bank of Greece  
 Miguel Fernández Ordóñez, Governor, Banco de España  
 Christian Noyer, Governor, Banque de France  
 Mario Draghi, Governor, Banca d'Italia  
 Athanasios Orphanides, Governor, Central Bank of Cyprus  
 Yves Mersch, Governor, Banque centrale du Luxembourg  
 Michael C. Bonello, Governor, Central Bank of Malta  
 Nout Wellink, President, De Nederlandsche Bank  
 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****EUROZONE (15):**

Austria: Oesterreichische Nationalbank  
 Belgium: Nationale Bank van België/Banque nationale de Belgique  
 Cyprus: Kentrike Trapeza tis Kyprou  
 Finland: Suomen Pankki/Finlands Bank  
 France: Banque de France  
 Germany: Deutsche Bundesbank  
 Greece: Bank of Greece  
 Ireland: Banc Ceannais na hÉireann / Central Bank of Ireland  
 Italy: Banca d'Italia  
 Luxembourg: Banque Centrale du Luxembourg  
 Malta: Central Bank of Malta  
 Netherlands: De Nederlandsche Bank  
 Portugal: Banco de Portugal  
 Slovenia: Banka Slovenije  
 Spain: Banco de España

**NON-EUROZONE (12):**

Bulgaria: Bulgarian National Bank  
 Czech Republic: Česká národní banka  
 Denmark: Danmarks Nationalbank  
 Estonia: Eesti Pank  
 Hungary: Magyar Nemzeti Bank  
 Latvia: Latvijas Banka  
 Lithuania: Lietuvos Bankas  
 Poland: Narodowy Bank Polski  
 Romania: National Bank of Romania  
 Slovakia: Národná banka Slovenska  
 Sweden: Sveriges Riksbank  
 United Kingdom: Bank of England



**EU Central Banks**

|  |   |
|--|---|
| Austria, Oesterreichische Nationalbank                                 | Ewald Nowotny, Oesterreichische Nationalbank (Austria), ECB governing council.                              |
| Belgium, Nationale Bank van België/Banque Nationale de Belgique        | Guy Quaden, ECB Governor, Nationale Bank van België/Banque Nationale de Belgique, ECB governing council.    |
| Bulgaria, Bulgarian National Bank                                      | Ivan Iskrov   |
| Czech, Republic Česká národní banka                                    | Zdeněk Tůma   |
| Cyprus, Central Bank of Cyprus   | Athanasios Orphanides, ECB Governing Council Member, ECB governing council.                                 |
| Denmark, Danmarks Nationalbank   | Nils Bernstein  |
| Estonia, Eesti Pank  | Andres Lipstok  |
| Éire/Ireland, Central Bank and Financial Services Authority of Ireland | John Hurley, ECB Governor, Central Bank and Financial Services Authority of Ireland, ECB governing council. |
| Finland, Suomen Pankki - Finlands Bank                                 | Erkki Liikanen, ECB Governor, Suomen Pankki - Finlands Bank, ECB governing council.                         |
| France, Banque de France   | Christian Noyer, ECB Governor, Banque de France, ECB governing council.                                     |
| Germany, Deutsche Bundesbank   | Axel A. Weber, President, Deutsche Bundesbank, ECB governing council.                                       |
| Greece, Bank of Greece   | Georgios Provopoulos, Governor, Bank of Greece, ECB governing council.                                      |
| Hungary, Magyar Nemzeti Bank   | András Simor  |
| Italy, Banca d'Italia  | Mario Draghi, Governor, Banca d'Italia, ECB governing council.  |
| Latvia, Latvijas Banka   | Ilmārs Rimšēvičs  |
| Lithuania, Lietuvos bankas   | Reinoldijus Šarkinas  |
| Luxembourg, Banque centrale du Luxembourg                              | Yves Mersch, ECB Governor, Banque centrale du Luxembourg, ECB governing council.                            |
| Malta, Central Bank of Malta   | Michael C. Bonello, ECB governing council.  |
| The Netherlands, De Nederlandsche Bank                                 | Nout Wellink, President, De Nederlandsche Bank, ECB governing council.                                      |
| Poland, Narodowy Bank Polski   | Stawomir Skrzypek   |
| Portugal, Banco de Portugal  | Vitor Manuel Ribeiro Constâncio, Governor, Banco de Portugal, ECB governing council.                        |
| Romania, Banca Națională a României                                    | Mugur Isărescu  |
| Slovakia, Národná banka Slovenska                                      | Marko Kranjec, Governor, Banka Slovenije, ECB governing council.  |
| Spain, Banco de España   | Miguel Fernández Ordóñez, Governor, Banco de España, ECB governing council.                                 |
| Sweden, Sveriges Riksbank  | Stefan Ingves   |
| United Kingdom, Bank of England  | Mervyn King   |

**Board Members**

Jean-Claude Trichet , President of the ECB, came from Banque de France, BIS, and World Bank

Lucas D. Papademos, Vice-President of the ECB, came from Bank of Greece

Lorenzo Bini Smaghi, Member of the Executive Board of the ECB, came from Banca d'Italia

José Manuel González-Páramo, Member of the Executive Board of the ECB, came from Banco de España

Jürgen Stark, Member of the Executive Board of the ECB, came from Deutsche Bundesbank

Gertrude Tumpel-Gugerell, Member of the Executive Board of the ECB, came from Oesterreichische Nationalbank

**Notes :**

Represented on the Governing Council

Represented on the General Council

Source: ecb.int

Jim Goulding, jgoulding@ghco.com

The Morning Email: Central Banks

**Introductory statement**

Introductory statement with Q&A  
 Jean-Claude Trichet, President of the ECB,  
 Lucas Papademos, Vice President of the ECB  
 Frankfurt am Main, 2 October 2008  
[Jump to the transcript of the questions and answers](#)

Ladies and gentlemen, the Vice-President and I are very pleased to welcome you to our press conference. We will now report on the outcome of today's meeting of the Governing Council, which was also attended by Commissioner Almunia.

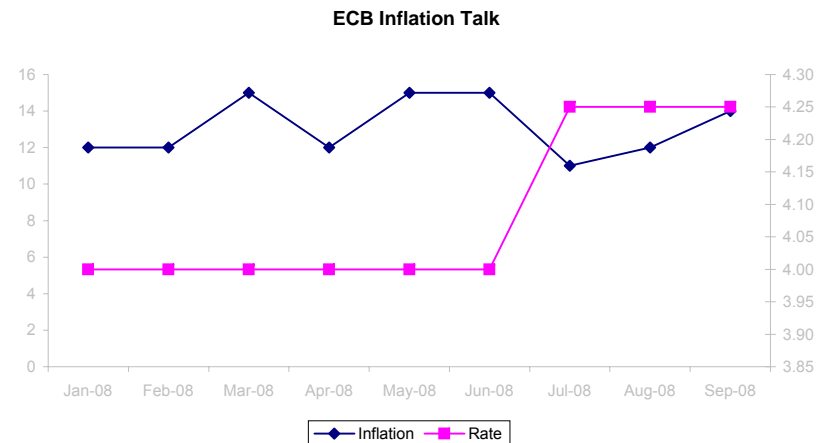
On the basis of its regular economic and monetary analyses, at today's meeting the Governing Council decided to leave the key ECB interest rates unchanged. We discussed extensively the recent intensification of the financial market turmoil and its possible impact on economic activity and inflation, recognising the extraordinarily high level of uncertainty stemming from latest developments. In this context, we stressed the crucial importance of keeping inflation expectations firmly anchored in line with our objective. Price stability fosters an efficient allocation of resources, contains inflation risk premia and longer-term financing costs, and preserves the purchasing power of our currency. In so doing, it supports sustainable growth and employment and contributes to financial stability. The most recent data clearly confirm that economic activity in the euro area is weakening, with contracting domestic demand and tighter financing conditions. At the same time, annual inflation rates are likely to remain well above levels consistent with price stability for some time. With the weakening of demand, upside risks to price stability have diminished somewhat, but they have not disappeared. While the still strong underlying pace of monetary expansion points to upside risks to price stability over the medium term, the growth of broad money and credit aggregates is showing some further signs of moderation. It is imperative to avoid broad-based second-round effects in price and wage-setting. All parties concerned face exceptional challenges and are called upon to meet their responsibilities. Accordingly, we confirm that we remain determined to secure price stability in the medium term and will continue to monitor very closely all developments over the period ahead.

[...] [SOURCE: The ECB]

**Inflation Talk**

Number of times the word inflation was mentioned in the full statement vs Rates

| <u>Date</u> | <u>Inflation Mentions</u> | <u>Rate</u> |
|-------------|---------------------------|-------------|
| Jan-2008    | 12                        | 4.00        |
| Feb-2008    | 12                        | 4.00        |
| Mar-2008    | 15                        | 4.00        |
| Apr-2008    | 12                        | 4.00        |
| May-2008    | 15                        | 4.00        |
| Jun-2008    | 15                        | 4.00        |
| Jul-2008    | 11                        | 4.25        |
| Aug-2008    | 12                        | 4.25        |
| Sep-2008    | 14                        | 4.25        |
| Oct-2008    | 14                        | 4.25        |



Current Bank Rate 5.0 %  
Next due: 09 Oct 2008

Current Inflation 4.7%  
Next due: 14 Oct 2008

Inflation Target 2.0%  
Next due: 12 Nov 2008

News Release  
Bank of England Maintains Bank Rate at 5.0%  
4 September 2008

The Bank of England's Monetary Policy Committee today voted to maintain the official Bank Rate paid on commercial bank reserves at 5.0%.

The minutes of the meeting will be published at 9.30am on Wednesday 17 September.

Note to Editors

The previous change in Bank Rate was a reduction of 0.25 percentage points to 5.0% on 10 April 2008.

[Source: BOE]

| <b>MPC Decision</b> | <b>Minutes</b> | <b>Report</b> |
|---------------------|----------------|---------------|
| 9 & 10 January      | 23-Jan         |               |
| 6 & 7 February      | 20-Feb         | 13-Feb        |
| 5 & 6 March         | 19-Mar         |               |
| 9 & 10 April        | 23-Apr         |               |
| 7 & 8 May           | 21-May         | 14-May        |
| 4 & 5 June          | 18-Jun         |               |
| 9 & 10 July         | 23-Jul         |               |
| 6 & 7 August        | 20-Aug         | 13-Aug        |
| 3 & 4 September     | 17-Sep         |               |
| 8 & 9 October       | 22-Oct         |               |
| 5 & 6 November      | 19-Nov         | 12-Nov        |
| 3 & 4 December      | 17-Dec         |               |

## VOTING BY THE MONETARY POLICY COMMITTEE - 2007

| <i>Last Updated 19 December 2007</i> | Voted to Increase | Voted to Reduce | Voted to Maintain | Meetings Attended |
|--------------------------------------|-------------------|-----------------|-------------------|-------------------|
| Mervyn King, Governor                | 4                 | 1               | 7                 | 12                |
| Rachel Lomax, Deputy Governor        | 1                 | 1               | 10                | 12                |
| Paul Tucker                          | 2                 | 1               | 9                 | 12                |
| Charles Bean                         | 1                 | 1               | 10                | 12                |
| Kate Barker                          | 3                 | 1               | 8                 | 12                |
| Sir John Gieve, Deputy Governor      | 4                 | 2               | 6                 | 12                |
| David Blanchflower                   | 1                 | 4               | 7                 | 12                |
| Tim Besley                           | 6                 | 1               | 5                 | 12                |
| Andrew Sentance                      | 6                 | 1               | 5                 | 12                |

## VOTING BY THE MONETARY POLICY COMMITTEE - 1997 TO PRESENT DATE

| <i>Last Updated 23 July 2008</i> | Voted to Increase | Voted to Reduce | Voted to Maintain | Meetings Attended |         |
|----------------------------------|-------------------|-----------------|-------------------|-------------------|---------|
| Mervyn King                      | 30                | 17              | 90                | 137               |         |
| Rachel Lomax                     | 7                 | 3               | 50                | 60                | Retired |
| Paul Tucker                      | 13                | 4               | 59                | 76                |         |
| Charles Bean                     | 8                 | 16              | 73                | 97                |         |
| Kate Barker                      | 11                | 14              | 64                | 89                |         |
| Sir John Gieve                   | 6                 | 5               | 21                | 32                |         |
| David Blanchflower               | 1                 | 13              | 14                | 28                |         |
| Tim Besley                       | 10                | 2               | 13                | 25                |         |
| Andrew Sentance                  | 8                 | 2               | 14                | 24                |         |
| Spener Dale                      | 0                 | 0               | 3                 | 3                 |         |
| <b>Totals</b>                    | <b>94</b>         | <b>76</b>       | <b>401</b>        | <b>571</b>        |         |

571 Sum Check

## VOTING BY THE MONETARY POLICY COMMITTEE - 2008

| <i>Last Updated 23 July 2008</i> | Voted to Increase | Voted to Reduce | Voted to Maintain | Meetings Attended |     |
|----------------------------------|-------------------|-----------------|-------------------|-------------------|-----|
| Mervyn King, Governor            | 0                 | 2               | 7                 | 9                 |     |
| Rachel Lomax, Deputy Governor    | 0                 | 2               | 4                 | 6                 | RET |
| Paul Tucker                      | 0                 | 2               | 7                 | 9                 |     |
| Charles Bean, Deputy Governor    | 0                 | 2               | 7                 | 9                 |     |
| Kate Barker                      | 0                 | 2               | 7                 | 9                 |     |
| Sir John Gieve, Deputy Governor  | 0                 | 3               | 6                 | 9                 |     |
| David Blanchflower               | 0                 | 8               | 0                 | 9                 |     |
| Tim Besley                       | 1                 | 1               | 6                 | 9                 |     |
| Andrew Sentance                  | 0                 | 1               | 8                 | 9                 |     |
| Spencer Dale                     | 0                 | 0               | 3                 | 3                 |     |

Lomax retires, 30 June 2008  
 Bean takes over Deputy Governor, 01 July 2008  
 Spencer Dale joins MPC, 01 July 2008

**15 Member States of the European Union use the euro as their currency:**

Belgium  
Germany  
Ireland  
Greece  
Spain  
France  
Italy  
Cyprus  
Luxembourg  
Malta  
The Netherlands  
Austria  
Portugal  
Slovenia  
Finland

**Non-participants:**

Bulgaria, Czech Republic, Denmark, Estonia, Latvia, Lithuania, Hungary, Poland, Romania, Slovakia, Sweden and the United Kingdom are EU Member States but do not currently use the single European currency.

[SOURCE: The ECB. Last updated June 10, 2008]

**Country breakdown**

On 1 January 2008 two countries accounted for 44% (3,483) of all MFIs [monetary financial institutions] in the euro area: Germany (26.6%) and France (17.6%). Italy and Austria each accounted for about 10% of the euro area total. Over the last nine years (1999-2008), the following developments in the national MFI sectors of euro area countries have been particularly noteworthy: a considerable increase of 236 units (246%) in Ireland and large decreases in the Netherlands, Spain and Germany (by 48%, 41% and 36% respectively). Since joining the EU on 1 May 2004, the MFI sectors in Malta and Slovenia have increased significantly, namely by 65% and 11% respectively. By contrast, the number of MFIs in Cyprus has decreased by 47% during the same period.

Among the non-euro area countries, Poland has by far the largest number of MFIs (722), representing 7% of the MFI sector in the EU. Since 1999 there have been substantial increases in the MFI sectors of Slovakia (36%), Latvia (33%), Sweden (31%) and Romania (26%), while the size of these sectors in the United Kingdom and the Czech Republic has shrunk by 24% and 15%, respectively.

[SOURCE: The ECB]

## THE EUROSYSTEM



### The European System of Central Banks

- 1) the European Central Bank (ECB) and
  - 2) the national central banks (NCBs) of all 27 EU Member States
- [source: the ecb]

## KEY CHARACTERISTICS OF THE EURO AREA \*



EUROPEAN INTEGRATION

|   |  €-15 |  EU-27 |  |  |
|---|---|---|---|---|
| Population (millions)                     | 319   | 495   | 302   | 128   |
| GDP (PPP, € trillions)                    | 8.9   | 12.6  | 12.0  | 3.7   |
| GDP per capita (PPP, € thousands)         | 27.8  | 25.4  | 39.6  | 29.0  |
| Share of world GDP (PPP, %)               | 16.1  | 22.7  | 21.3  | 6.6   |
| Exports (goods and services, % of GDP) ** | 22.6  | 14.2  | 11.8  | 18.4  |
| Gross fixed capital formation (% of GDP)  | 21.7  | 21.2  | 18.7  | 23.3  |
| Gross saving (% of GDP)                   | 22.5  | 20.8  | 13.4  | 29.6  |

\* 2007 \*\* The figure for the euro area excludes Cyprus and Malta  
Sources: for euro area and EU: ECB, Eurostat, national data, IMF and ECB calculations; for the United States and Japan: national sources, IMF.

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**2007**09/20/2007

Lockhart's first speech indicates he's a moderate/hawk

10/23/2007

Northern Trust says Chicago Fed Pres Evans is dovish

[A note from Jim: I'll move Evans from a Hawk to a Moderate. I'm not convinced someone under Moskow's tutelage is a Dove.]

10/31/2007

Move Hoening to Moderate from Dove after dissent.

12/11/2007

Move Rosengren to a Moderate/Dove for his dissent for a 50bp discount rate cut compared to the 25 bp cut the rest voted for. He was a Moderate/Hawk.

**2008**02/29/2008

More dovish comments from Rosengren. (Comments took place at the Monetary Policy Forum titled 'Leveraged Losses: Lessons from a Mortgage Market Meltdown' in New York)

09/29/2008

Mishkin, gives dovish comments at the Monetary Policy Forum titled 'Leveraged Losses: Lessons from a Mortgage Market Meltdown' in New York. I'll place him in the moderate/dove camp.

06/06/2008: St. Louis Fed President James Bullard "policy is appropriately calibrated at this time but financial mkts are better and thus policy can begin to address pressing inflationary concerns during the remainder of the yr."

"U.S. economy will be able to post stronger growth in the second half of this year despite the ongoing financial crisis and the drag from the housing sector... such growth is likely to make the inflation outlook a more pressing concern for the Fed in the second half of this year."

"breakdown in inflation expectations has not occurred yet, to be sure, but the risk is real and could happen over a very short horizon."

I'll begin Bullard as Moderate Hawk after this speech. Also, his predecessor was moderate/hawk

**2008 (cont)**06/11/2008

Bullard  
"what is new here is relative price trends in food and energy that may plausibly be expected to persist for some time. If it were just a matter of the food and energy components being volatile, I think a theoretical case could be made that these prices contain too much noise and so should be ignored... With relative price trends, the ad hoc approach to this question is becoming increasingly untenable."

"likelihood of a measurable contraction in growth this yr has lessened. These conditions complicate the infl outlook, in which significant econ slack had been seen as helping to keep inflation in check."

09/03/2008

Bullard give hawkish speech stating that lowering rates no wouldn't help. He said this the day before the House votes on the Bail out bill and the financial system is on the brink of collapse. I'm swtiching him from Moderate/Dove to Moderate/Hawk.



04/30/2008

Removal of key statements. The street is interpreting as pause mode. Therefore, I'll move from 'Easing Bias' to 'Pause' (On Hold).

Even after the morning news articles, on May 1st, from Ip and Beckner, I'll stick with On Hold (Pause) until the June meeting.

06/25/2008

Statement is being interpreted as On Hold by the street.