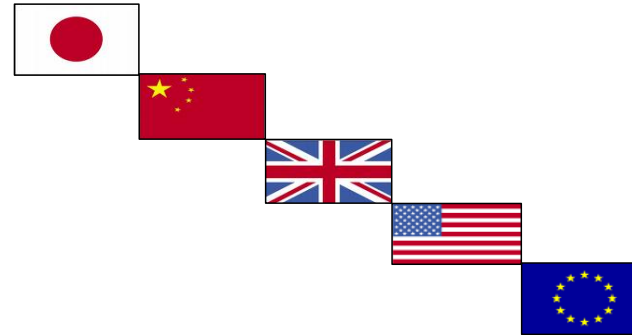


## The Morning Email: Central Banks

### Table of Contents

- Pg 1** The FOMC: Dates and Places
- Pg 2** The FOMC: People
- Pg 3** Top CB Expectations, Dates, and more
- Pg 4** The FOMC: Ranges
- Pg 5** PBOC
- Pg 6** BOJ
- Pg 7** The ECB : People, Objectives
- Pg 8** The ECB: Banks
- Pg 9** The ECB: Statement
- Pg 10** The BOE - Dates, Rates, and Statement
- Pg 11** The BOE - How They Voted
- Pg 12** The EU: Who
- Pg 13** The EU: Map of Central Banks
- Pg 14** The EU: Intrinsic
- Pg 15** Notes on Speeches



### Recent Updates

Page	Date (dd/mm/yyyy)
1, 2, 3	12/2/2008
3, 9, 10	12/4/2008

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)

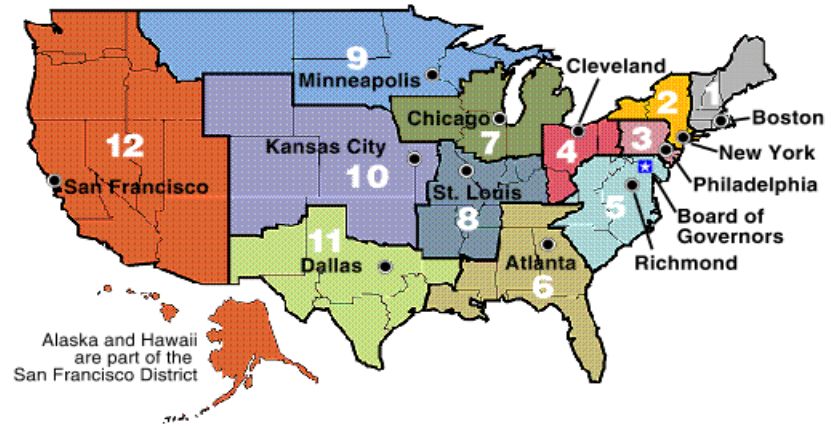
**Disclaimer:** All information within this newsletter is meant for internal use at GH Trader's LLC, only. All information has been recorded to the best of my ability. This material is based upon information that I consider reliable, but I do not represent that it is accurate or complete.

**Meeting Dates for 2008**

January 29/30	February 5	March 18	April 29/30	May November	June 24/25	December 15/16
July	August 16	September 28/29	October			

**Meeting Dates for 2009**

January 27/28	February 11	March 17	April 28/29	May November 3/4	June 23/24	December 15
July	August	September 22	October			



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	WILL NOT VOTE IN DEC 2008		Named to Treas Sec
06/06/1952	Christine M. Cumming, New York 1st VP	???	12/1/2008		Temp take over for Geithner
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 Change	Amount	Next Meeting	Market Expectations	Policy Strategy	1 Month OIS Rates		
Bank of England (BOE)	2.00	Repo Rate	12/4/2008	(1.00)	BOE	1/8/2008	Ease Bias	Price Stability	1.687	BOE
European Central Bank (ECB)	2.50	Refi (min bid)	12/4/2008	(0.75)	ECB	1/15/2008	Ease Bias	Price Stability	2.260	ECB
US Federal Reserve Bank	1.00	Fed Funds	10/29/2008	(0.50)	FRB	12/16/2008	Ease Bias	Price Stability/Full employment	0.271	FRB
Bank of Japan (BOJ)	0.30	O / N Call Rate	10/31/2008	(0.30)	BOJ	12/19/2008	On Hold	Price Stability	0.950	BOJ ^
Bank of Canada (BOC)	2.25	O / N Rate	10/21/2008	(0.25)	BOC	? 12/19/2008	Ease Bias	Price Stability / ICT		BOC
Swiss National Bank (SNB)	.50 - 1.50	3-Mth Libor	11/20/2006	(1.00)	SNB	12/11/2008	Ease Bias	Price Stability		SNB
Reserve Bank of Australia	4.25	Cash Rate	11/3/2008	(1.00)	RBA	2/3/2009	Ease Bias	Price Stability / ICT		RBA
Reserve Bank of New Zealand	5.00	OCR	12/4/2008	(1.50)	RBNZ	1/29/2008	Ease 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.  
**11/06/2008:** Biggest cut in 300 yr history of 150bps.

**ECB: 10/09/2008:** Changed from 'Ease Possible' after global coordinated rate cuts to 'Ease Bias'

**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. **10/29/08:** I'd say Beckner is a little out of touch after they lowered rates .50. Moving to 'Ease Bias'.

**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.

#### 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

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

**SNB: 10/09/2008:** Changed from On hold to 'Ease Possible' after global coordinated rate cuts. **11/06/2008:** Cut was intermeeting and unexpected. Move to 'Ease Bias'  
**11/20/2008:** Surprise 100 bp cut.

**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! (1.00) 11/03/08: And again! (.75); 12/02/08 And again! (1.00)**

**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. 12/04/08: (150) bp cut**

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

	<b>Avg Dly Rng <sup>2</sup></b>	<b>Avg 15 Min Range <sup>3</sup></b>
30	6.4	5.3
10	7.3	5.7
5	9.2	6.5
2	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>
30	7.7	4.2
10	9.1	5.4
5	11.1	7.1
2	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 (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**

**Jean-Claude Trichet, President of the ECB,  
Lucas Papademos, Vice President of the ECB  
Brussels, 4 December 2008**

Ladies and gentlemen, the Vice-President and I are very pleased to welcome you to our press conference here in Brussels. I would like to thank Governor Quaden for his kind hospitality and to express our special gratitude to his staff for the excellent organisation of the meeting of the Governing Council.

We will now report on the outcome of today's meeting, which was also attended by Mrs Lagarde, President of the ECOFIN Council, and Commissioner Almunia.

On the basis of its regular economic and monetary analyses, the Governing Council decided to reduce the key ECB interest rates by a further 75 basis points. This step follows the two 50-basis point reductions in the key ECB interest rates announced on 8 October and 6 November 2008. Overall, since our last meeting, the evidence that inflationary pressures are diminishing further has increased and, looking forward, inflation rates are expected to be in line with price stability over the policy-relevant horizon, supporting the purchasing power of incomes and savings. The decline in inflation rates is due mainly to the fall in commodity prices and the significant slowdown in economic activity. Largely related to the effects of the intensification and broadening of the financial turmoil, both global demand and euro area demand are likely to be dampened for a protracted period of time. At the same time, while the underlying pace of monetary expansion has remained strong, it has continued to decelerate further. All in all, the level of uncertainty remains exceptionally high. The Governing Council will continue to keep inflation expectations firmly anchored in line with its medium-term objective. In so doing, it supports sustainable growth and employment and contributes to financial stability. Accordingly, we will continue to monitor very closely all developments over the period ahead....

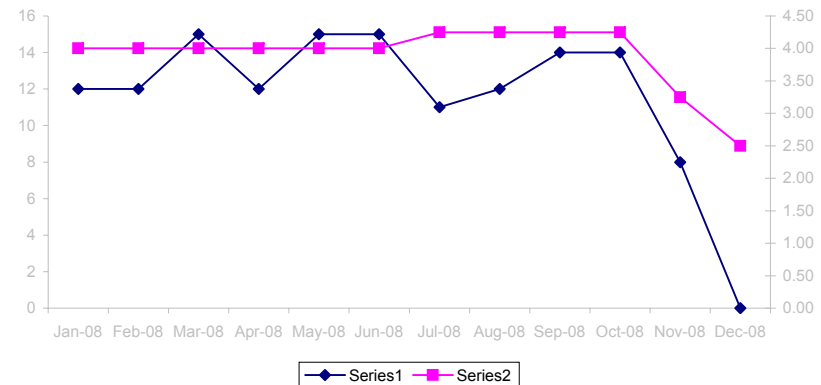
**Inflation Talk**

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
Nov-2008	8	3.25 (Cut .50 ~ 10/09 and 11/06)
Dec-2008	22*	2.50

\*Most comments about inflation in Dec 08 where in regards to the LACK-OF inflation.

ECB Inflation Talk



Current Bank Rate 2.0 %  
Next due: 08 Jan 2009

Current Inflation 4.5%  
Next due: 16 Dec 2008

Inflation Target 2.0%  
Next due: 11 Feb 2009

#### Schedule for 2009

MPC Decision	Minutes	Report
7 & 8 January	21-Jan	
4 & 5 February	18-Feb	11-Feb
4 & 5 March	18-Mar	
8 & 9 April	22-Apr	
6 & 7 May	20-May	13-May
8 & 9 June	18-Jun	
8 & 9 July	22-Jul	
5 & 6 August	19-Aug	12-Aug
9 & 10 September	23-Sep	
7 & 8 October	22-Oct	
4 & 5 November	18-Nov	11-Nov
9 & 10 December	23-Dec	

#### News Release

#### Bank of England Reduces Bank Rate by 1.0 Percentage Points to 2.0% 4 December 2008

The Bank of England's Monetary Policy Committee today voted to reduce the official Bank Rate paid on commercial bank reserves by 1.0 percentage points to 2.0%.

In the United Kingdom, business surveys have weakened further and suggest that the downturn has gathered pace. Consumer spending and business investment have stalled, while residential investment has continued to fall. Activity indicators in the rest of the world have also weakened, though the further depreciation in sterling should moderate the impact of weaker global growth on the United Kingdom. And a number of fiscal measures to boost near-term demand are in train, both in the United Kingdom and overseas. Despite the actions taken to raise bank capital, ease funding and improve liquidity, conditions in money and credit markets remain extremely difficult. The Committee noted that it was unlikely that a normal volume of lending would be restored without further measures.

CPI inflation decreased to 4.5% in October. Cost pressures have also eased. Commodity prices continued to fall back. Pay growth remained subdued. And measures of inflation expectations fell back sharply. CPI inflation is likely to continue to drop back as the contributions from retail energy and food prices decline. The direct effect of the temporary reduction in Value Added Tax will also lower CPI inflation through much of next year, with a corresponding increase in inflation in 2010.

In the November Inflation Report, the Committee's projection for inflation showed a substantial risk of undershooting the 2% CPI inflation target in the medium term. The subsequent decline in market interest rates and the further depreciation in sterling have raised the profile for inflation since then. But the weaker outlook for activity in the near term and the further falls in commodity prices have lowered that profile. Although the temporary reduction in Value Added Tax will lead to some volatility in inflation over the next two years, the new fiscal plans are unlikely to have a significant effect on inflation beyond that horizon.

At its December meeting, the Committee judged that, at the existing level of Bank Rate and looking through the volatility in inflation associated with the movements in Value Added Tax, there remained a substantial risk of undershooting the 2% CPI inflation target in the medium term. Accordingly, the Committee determined that a further reduction in Bank Rate of 1.0 percentage points to 2.0% was necessary in order to meet the target in the medium term.

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

[Source: BOE]

## 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	19	90	139	
Rachel Lomax	7	3	50	60	Retired
Paul Tucker	13	6	59	78	
Charles Bean	8	18	73	99	
Kate Barker	11	16	64	91	
Sir John Gieve	6	7	21	34	
David Blanchflower	1	15	14	30	
Tim Besley	10	4	13	27	
Andrew Sentance	8	4	14	26	
Spener Dale	0	0	3	3	
<b>Totals</b>	<b>94</b>	<b>92</b>	<b>401</b>	<b>587</b>	

587 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	4	7	11	
Rachel Lomax, Deputy Governor	0	2	4	6	RET
Paul Tucker	0	4	7	11	
Charles Bean, Deputy Governor	0	4	7	11	
Kate Barker	0	4	7	11	
Sir John Gieve, Deputy Governor	0	5	6	11	
David Blanchflower	0	11	0	11	
Tim Besley	2	3	6	11	
Andrew Sentance	0	3	8	11	
Spencer Dale	0	2	3	5	

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 EUROSISTEM







### 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.

© EUROPEAN CENTRAL BANK E1.010 01/08

**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.