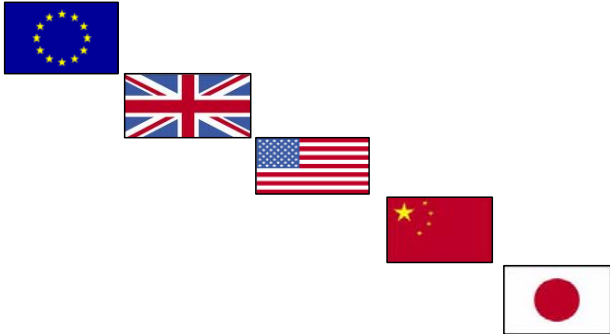


## The Morning Email: Central Banks

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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.

## The FOMC: Dates and Places

### 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

## The FOMC

| <u>Born ^</u> | <u>2008 Voting Members</u>                       | <u>Policy Inclination</u> | <u>Term Expires</u> | <u>Comment</u>           |
|---------------|--|---------------------------|---------------------|--------------------------|
| Dec-1953      | Ben S. Bernanke, Chairman, Board of Governors    | Moderate/Dove             | 1/31/2020           | Took office 02/01/06     |
| Nov-1942      | Donald L. Kohn, Vice Chairman Board of Governors | Moderate/Hawk             | 1/31/2016           | Took office 08/05/2002   |
|               | Vacant, Board of Governors                       |                           | 1/31/2012           | Bies Retired 03/30/2007  |
| Jun-1962      | Randall S. Kroszner, Board of Governors          | Moderate/Dove             | 1/31/2008           | Took office 03/01/06     |
| Jan-1951      | Frederic S. Mishkin, Board of Governors          | Moderate/Dove             | 1/31/2014           | Took office 09/05/06     |
| Apr-1970      | Kevin M. Warsh, Board of Governors               | Moderate/Hawk             | 1/31/2018           | Took office 02/24/06     |
| 08/18/1961    | Timothy F. Geithner, New York                    | Moderate                  |                     |                          |
| 09/19/1948    | Charles I. Plosser, Philadelphia                 | Moderate/Hawk             |                     | Took office 08/01/06     |
| 1949 ??       | Richard W. Fisher, Dallas                        | Moderate/Hawk             |                     | Took office 04/04/05     |
| 11/03/1944    | Gary Stern, Minneapolis                          | Hawk/Moderate             |                     | Took office 03/16/85     |
| 08/04/1954    | Sandra Pianalto, Cleveland                       | Moderate                  |                     | Took office 02/01/03     |
| <u>Born ^</u> | <u>2008 Alternate Members (Voters in 2009)</u>   | <u>Policy Inclination</u> |                     | <u>Comment</u>           |
| 09/27/1955    | Jeffrey M. Lacker, Richmond                      | Moderate/Hawk             |                     | Took office 08/01/04     |
| 02/01/1947    | Dennis P. Lockhart, Atlanta                      | Moderate/Hawk             |                     | Took office 03/01/07     |
| 8/13/1946     | Janet L. Yellen, San Francisco                   | Moderate/Dove             |                     | Took office 06/14/04     |
| 01/15/1958    | Charles L. Evans, Chicago                        | Moderate                  |                     | Took office 09/01/07     |
| <u>Born ^</u> | <u>2009 Alternate Members</u>                    | <u>Policy Inclination</u> |                     | <u>Comment</u>           |
| 06/06/1946    | Thomas M. Hoenig, Kansas City                    | Moderate                  |                     | Took office 10/01/91     |
| 06/19/1937    | William Poole, St. Louis                         | Moderate/Hawk             |                     | <b>Retiring 03/18/08</b> |
| 06/03/1957    | Eric Rosengren, Boston                           | Moderate/Dove             |                     | Took office 07/23/07     |

## 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   |      |  |

†For the Federal Reserve Bank of New York, the First Vice President is the alternate for the President.

| Central Bank                | Rate (%)    | Benchmark      | Last Rate |        |
|-----------------------------|-------------|----------------|-----------|--------|
|                             |             |                | Change    | Amount |
| US Federal Reserve Bank     | 2.25        | Fed Funds      | 3/18/2008 | (0.75) |
| European Central Bank (ECB) | 4.00        | Refi (min bid) | 6/6/2007  | 0.25   |
| Bank of Japan (BOJ)         | 0.50        | O/N Call Rate  | 2/21/2007 | 0.25   |
| Bank of Canada (BOC)        | 3.50        | O/N Rate       | 3/4/2008  | (0.25) |
| Bank of England (BOE)       | 5.25        | Repo Rate      | 2/7/2008  | (0.25) |
| Swiss National Bank (SNB)   | 2.25 - 3.25 | 3-Mth Libor    | 9/13/2007 | 0.25   |
| Reserve Bank of Australia   | 7.25        | Cash Rate      | 3/4/2008  | 0.25   |
| Reserve Bank of New Zealand | 8.25        | OCR            | 7/26/2007 | 0.25   |

mm/dd/yyyy

|      | Next Meeting | Market Expectations  | Policy                          |
|------|--------------|----------------------|---------------------------------|
|      |              |                      | Strategy                        |
| FRB  | 4/30/2008    | Easing Bias          | Price Stability/Full employment |
| ECB  | 4/10/2008    | On Hold              | Price Stability                 |
| BOJ  | 4/9/2008     | On hold <sup>2</sup> | Price Stability                 |
| BOC  | 4/22/2008    | Easing Possible      | Price Stability / ICT           |
| BOE  | 4/10/2008    | Cut Possible         | Price Stability                 |
| SNB  | 6/13/2008    | Hike Possible        | Price Stability                 |
| RBA  | 4/1/2008     | On Hold <sup>1</sup> | Price Stability / ICT           |
| RBNZ | 4/24/2008    | On Hold              | Price Stability / ICT           |

mm/dd/yyyy

1. Represents a policy change from 03/05/08 'Hike Possible'. The post communique is being interpreted as an end to the tightening cycle. The Aussie dollar fell substantially after the communique was released.

2. Reports that the BOJ is leaning towards cutting rates, on 03/12/2008, after release of minutes. Therefore I'll move them from "Hike Possible, On Hold", to "On Hold".

Notes: 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

## The FOMC: Ranges

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

|    | Avg Dly Rng <sup>2</sup> | Avg 15 Min Range <sup>3</sup> |
|----|--------------------------|-------------------------------|
| 30 | 5.7                      | 5.5                           |
| 10 | 6.5                      | 5.7                           |
| 5  | 8.1                      | 6.3                           |
| 2  | 9.6                      | 7.6                           |

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

|    | Avg Dly Rng | Avg 30 Min Rng <sup>5</sup> |
|----|-------------|-----------------------------|
| 30 | 8.1         | 4.7                         |
| 10 | 9.1         | 5.6                         |
| 5  | 10.7        | 6.7                         |
| 2  | 11.3        | 7.6                         |

## 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="#">Toshihiko Fukui</a>       | Mar.1, 2003         |
| Deputy Governor of the Bank of Japan | <a href="#">Toshiro Muto</a>          | Mar.1, 2003         |
| Deputy Governor of the Bank of Japan | <a href="#">Kazumasa Iwata</a>        | Mar.1, 2003         |
| 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="#">Kiyohiko G. Nishimura</a> | Apr.8, 2005         |
| 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.

Bank of Japan

**03/07/08** - Fukui to retire, on 03/19/2008. Muto nominated for Governor. Shirakawa and Ito were nominated Deputy Governors. Now those nominations must be approved.

**03/11/2008**

**Nikkei News** says that the opposition DPJ has decided to reject BOJ deputy gov.

**03/11/2008**

Japan's Upper House voted 129 to 106 to reject the government's proposal to nominate BOJ Deputy Gov Toshiro Muto as the next central bank chief.

They also rejected Ito's nomination for Dep., Gov but accepted Shirakawa's nomination as Dep., Gov. Look for Shirakawa to serve as 'Acting Governor' until the Muto's position can be filled.

|           | Date of MPM           | Publication of Outlook Report (The Bank's View) | 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.**



The European Central Bank

**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                                 | Klaus Liebscher, ECB Governor, 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   | Nicholas C. Garganas, 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  | Vítor 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   |

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 for shaded and un-shaded cells**

Represented on the Governing Council

Represented on the General Council

**Jean-Claude Trichet, President of the ECB,  
Lucas Papademos, Vice President of the ECB  
Frankfurt am Main, 6 March 2008**

Ladies and gentlemen, the Vice-President and I are very pleased to welcome you to our press conference. Let me report on the outcome of our meeting, which was also attended by Mr Bajuk, President of the ECOFIN Council, 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 latest information has confirmed the existence of strong short-term upward pressure on inflation. It has also confirmed the assessment that there are upside risks to price stability over the medium term, in a context of very vigorous money and credit growth. The economic fundamentals of the euro area are sound. Incoming macroeconomic data point to moderating but ongoing real GDP growth. Yet the level of uncertainty resulting from the turmoil in financial markets remains high. Against this background, we emphasise that maintaining price stability in the medium term is our primary objective in accordance with our mandate. Indeed, the firm anchoring of medium to longer-term inflation expectations is of the highest priority to the Governing Council. We believe that the current monetary policy stance will contribute to achieving this objective. The Governing Council remains strongly committed to preventing second-round effects and the materialisation of upside risks to price stability over the medium term. We will continue to monitor very closely all developments over the coming weeks. [...]

**Note from Jim: In the full statements the word inflation was mentioned: Jan – 12x, Feb – 12x, Mch – 15x.**

[SOURCE: The ECB]

#### Bullet points on Trichets release [Thanks Howard!]

- Strong Upward Short-Term Pressure On Inflation
- Maintaining price stability is primary aim (as per ECB mandate)
- ECB committed to preventing second round effect. Will continue to monitor all developments very closely
- Domestic and foreign demand to support growth. Economy being dampened by global slowdown.
- Consumption growth should add to expansion
- ECB sees 2008 GDP growth revised lower ... 2008 growth between 1.3% to 2.1% vs previous 1.5% to 2.5%
- 2009 growth between 1.3% to 2.3% vs previous 1.6% to 2.6%
- Inflation only moderating gradually....
- ECB revises inflation forecasts higher.
- ECB sees 2008 inflation between 2.6% to 3.2% vs previous 2.0% to 3.0%
- Sees 2009 inflation between 1.5% to 2.7% vs previous 1.2% to 2.4%.
- ECB President Trichet: Stronger than expected wage growth may emerge
- ECB President Trichet: Oil is an upside price risk
- Monetary analysis confirms upside price risks. Underlying money and credit growth is still strong.
- ECB is monitoring wage negotiations. Unions and Employers must help to avoid second round effects.

#### Bullet points on Trichets release (cont)

- Inflation only moderating gradually....
- ECB revises inflation forecasts higher.
- ECB sees 2008 inflation between 2.6% to 3.2% vs previous 2.0% to 3.0%
- Sees 2009 inflation between 1.5% to 2.7% vs previous 1.2% to 2.4%.
- ECB President Trichet: Stronger than expected wage growth may emerge
- ECB President Trichet: Oil is an upside price risk
- Monetary analysis confirms upside price risks. Underlying money and credit growth is still strong.
- ECB is monitoring wage negotiations. Unions and Employers must help to avoid second round effects.

[As of 19 March 2008, 6:00 am CT]

Current Bank Rate 5.25 %  
Next due: 10 Apr 2008

Current Inflation 2.5%  
Next due: 15 Apr 2008

Inflation Target 2.0%

| MPC Decision    | Minutes | Report |
|-----------------|---------|--------|
| 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  |        |

[As of 06 March 2008, 6:00 am CT]

#### News Release

#### Bank of England Reduces Bank Rate by 0.25 Percentage Points to 5.25% 07 February 2008

The Bank of England's Monetary Policy Committee today voted to reduce the official Bank Rate paid on commercial bank reserves by 0.25 percentage points to 5.25%.

The prospects for output growth abroad have deteriorated and the disruption to global financial markets has continued. In the United Kingdom, credit conditions for households and businesses are tightening. Consumer spending growth appears to have eased. Although the substantial fall in the sterling exchange rate is likely to promote re-balancing of total demand, output growth has moderated to around its historical average rate and business surveys suggest that further slowing is in prospect. These developments pose downside risks to the outlook for inflation.

CPI inflation, at 2.1% in December, was close to the 2% target, but higher energy and food prices are expected to raise inflation, possibly quite sharply, in the coming months. And the lower level of sterling will boost import costs. The impact on inflation should begin to fade later in the year, but measures of inflation expectations are currently elevated. These developments pose upside risks to the outlook for inflation further ahead.

Given this outlook for inflation, some slowing of demand growth, by reducing the pressure on capacity, is likely to be necessary to return inflation to target in the medium term. The Committee needs to balance the risk that a sharp slowing in activity pulls inflation below the target in the medium term against the risk that elevated inflation expectations keep inflation above target.

Against that background, the Committee judged that a reduction in Bank Rate of 0.25 percentage points to 5.25% was necessary to meet the 2% target for CPI inflation in the medium term.

The Committee's latest inflation and output projections will appear in the Inflation Report to be published on Wednesday 13 February.

The minutes of the meeting will be published at 9.30am on Wednesday 20 February.

#### Note to Editors

The previous change in Bank Rate was a reduction of 0.25 percentage points to 5.5% on 6 December 2007.

## The BOE - How They Voted

## VOTING BY THE MONETARY POLICY COMMITTEE - 2007

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

| <i>Last Updated 19 December 2007</i> | Voted to Increase | Voted to Reduce | Voted to Maintain | Meetings Attended | <i>Last Updated 19 March 2008</i> | Voted to Increase | Voted to Reduce | Voted to Maintain | Meetings Attended |
|--------------------------------------|-------------------|-----------------|-------------------|-------------------|-----------------------------------|-------------------|-----------------|-------------------|-------------------|
| Mervyn King, Governor                | 4                 | 1               | 7                 | 12                | Mervyn King                       | 30                | 16              | 85                | 131               |
| Rachel Lomax, Deputy Governor        | 1                 | 1               | 10                | 12                | Rachel Lomax                      | 7                 | 2               | 48                | 57                |
| Paul Tucker                          | 2                 | 1               | 9                 | 12                | Paul Tucker                       | 13                | 3               | 54                | 70                |
| Charles Bean                         | 1                 | 1               | 10                | 12                | Charles Bean                      | 8                 | 15              | 68                | 91                |
| Kate Barker                          | 3                 | 1               | 8                 | 12                | Kate Barker                       | 11                | 13              | 59                | 83                |
| Sir John Gieve, Deputy Governor      | 4                 | 2               | 6                 | 12                | Sir John Gieve                    | 6                 | 4               | 17                | 26                |
| David Blanchflower                   | 1                 | 4               | 7                 | 12                | David Blanchflower                | 1                 | 7               | 14                | 22                |
| Tim Besley                           | 6                 | 1               | 5                 | 12                | Tim Besley                        | 8                 | 2               | 9                 | 19                |
| Andrew Sentance                      | 6                 | 1               | 5                 | 12                | Andrew Sentance                   | 8                 | 2               | 8                 | 17                |
|                                      |                   |                 |                   |                   | <b>Totals</b>                     | <b>92</b>         | <b>64</b>       | <b>362</b>        | <b>516</b>        |

## VOTING BY THE MONETARY POLICY COMMITTEE - 2008

| <i>Last Updated 19 March 2008</i> | Voted to Increase | Voted to Reduce | Voted to Maintain | Meetings Attended |
|-----------------------------------|-------------------|-----------------|-------------------|-------------------|
| Mervyn King, Governor             | 0                 | 1               | 2                 | 3                 |
| Rachel Lomax, Deputy Governor     | 0                 | 1               | 2                 | 3                 |
| Paul Tucker                       | 0                 | 1               | 2                 | 3                 |
| Charles Bean                      | 0                 | 1               | 2                 | 3                 |
| Kate Barker                       | 0                 | 1               | 2                 | 3                 |
| Sir John Gieve, Deputy Governor   | 0                 | 1               | 1                 | 3                 |
| David Blanchflower                | 0                 | 3               | 0                 | 3                 |
| Tim Besley                        | 0                 | 1               | 2                 | 3                 |
| Andrew Sentance                   | 0                 | 1               | 2                 | 3                 |

12-03-2008 (dd/mm/yyyy)

Paul Tucker, Executive Director for Markets at the Bank of England, has been reappointed for a further three-year term as a member of the Monetary Policy Committee with effect from 1 June 2008.- SOURCE:BOE

**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]

**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



## KEY CHARACTERISTICS OF THE EURO AREA \*



EUROPEAN INTEGRATION

|  | €-15  | EU-27 | USA   | JAPAN |
|--|-------|-------|-------|-------|
| Population (millions)                    | 318.3 | 493.5 | 299.8 | 127.7 |
| GDP (PPP, € trillions)                   | 8.5   | 11.9  | 11.2  | 3.5   |
| GDP per capita (PPP, € thousands)        | 26.6  | 24.1  | 37.3  | 27.5  |
| Share of world GDP (PPP, %)              | 14.3  | 21.0  | 19.7  | 6.3   |
| Exports (goods and services, % of GDP)** | 21.6  | 13.9  | 11.0  | 16.8  |

\* 2006    \*\* 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.