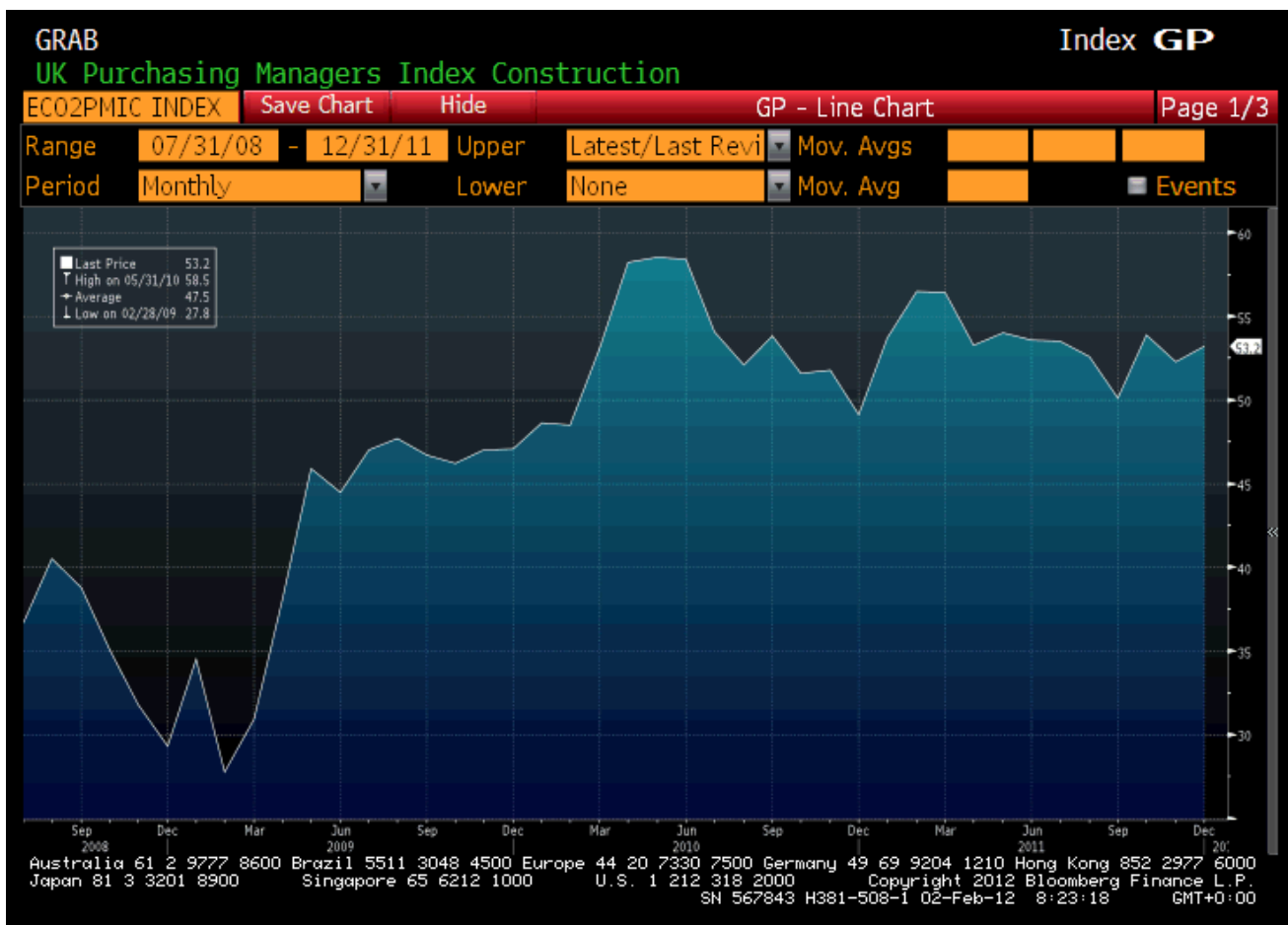




1. MPC Member, Adam Posen, was interviewed this morning and said that Quantitative Easing has helped the U.K. economy by affecting demand and isn't inflationary. He said that inflation will continue to fall as forecast this year, with the Bank of England forecasting it to fall below the 2% target in the second half of the year. He may be vindicated by PMI data; construction figures are due today. He is due to talk again at 14.00.
2. Greece is on the verge of a debt restructuring deal after the International Monetary Fund conceded that the pace of reforms wanted may be too fast. Poul Thomsen, an IMF official overseeing their work in Greece, has said that the emphasis on fiscal consolidation has failed to work and recovery will only come if Greece focuses on structural reform. He added that Greece has achieved a lot since the debt crisis erupted in December 2009 and admitted that there is a "limit" to what society could endure.
3. There are auctions from DMO (£1.25bln IL29), Spain (€4.5bln 2015/16/17) and France (€6.5-8bln 2018/20/22). Hungary 12 month Treasury Bills.
4. Federal Reserve Chairman, Ben Bernanke, testifies before the House Budget Committee on the state of the U.S. economy at 15.00.
5. The Institute for Fiscal Studies (IFS) challenges the Chancellor, George Osborne, to have a plan B as it predicts the U.K. will contract 1.7% in 2012 and 0.9% in 2013 if PIIGS exit the euro. The IFS suggested that Osborne consider emergency tax cuts in his budget as the U.K. is "certain" to enter a recession this year. They suggested National Insurance and VAT could be cut by up to £20 billion, as pressure mounts for him to cut tax in an attempt to revive the deteriorating economy. He is due to deliver the budget on 21 March.

PMI Construction





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Statistics		
UK	EU	US
<p>Thursday (02/02) – PMI Construction. Friday (03/02) – Lloyds Business Barometer, PMI Services, Official Reserves. Monday (06/02) – Lloyds Employment Confidence, New Car Registrations. Tuesday (07/02) – BRC Sales like-for-like YoY. Wednesday (08/02) – BRC Shop Price Index YoY. Thursday (09/02) – Industrial Production, Manufacturing Production, Visible Trade Balance, Trade Balance, Trade Balance Non EU GBP, Total Trade Balance, BOE Asset Purchase Target, BOE Announces Rates, NIESR GDP Estimate.</p>	<p>Thursday (02/02) – Euro-Zone PPI. Friday (03/02) – PMI Composite, PMI Services, Euro-Zone Retail Sales. Monday (06/02) – Sentix Investor Confidence. Tuesday (07/02) – No Statistics. Wednesday (08/02) - No Statistics. Thursday (09/02) – ECB Announces Interest Rates.</p>	<p>Thursday (02/02) – Challenger Jobs Cuts, RBC Consumer Outlook Index, Nonfarm Productivity, Unit Labour Costs, Initial Jobless Claims, Continuing Claims, Bloomberg Consumer Comfort, ICSC Chain Store Sales. Friday (03/02) – Revisions: Establishment Employment Survey Annual Revisions, Change in Non-farm Payrolls, Change in Private Payrolls, Change in Manufact. Payrolls, Unemployment Rate, Avg Hourly Earning All Emp, Avg Weekly Hours All Emp, Chg in Household Survey Empl, Underemployment Rate, ISM Non-Manf. Composite, Factory Orders. Monday (06/02) – No Statistics. Tuesday (07/02) – IBD/TIPP Economic Optimism, JOLTs Job Openings, Consumer Credit. Wednesday (08/02) – MBA Mortgage Applications. Thursday (09/02) – Initial Jobless Claims, Continuing Claims, Bloomberg Consumer Comfort, Wholesale Inventories.</p>
Future Auctions		
UK	Europe	US
<p>02/02/12- UK to Sell £1.25bln 0.125% I/L 2029 07/02/12- UK to Sell £4bln 1.75% 2017 Bonds</p>	<p>02/02/12- France to Sell 4.25% 2018 Bonds France to Sell 2.5% 2020 Bonds France to Sell 3% 2022 Bonds 08/02/12- Germany to Sell Add'l €4bln 5 Year Notes</p>	<p>07/02/12- Fed to Sell \$32bln 3 Year Notes 08/02/12- Fed to Sell \$24bln 10 Year Notes 09/02/12- Fed to Sell \$16bln 30 Year Bonds</p>



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Date	Amount	Stock	Cover	Avg Yld	Tail (bp)
7 June 2011	£1bln	0.625% IL 40	2.33	0.587%	-
15 June 2011	£2.25bln	4.25% 27	1.85	4%	-
21 June 2011	£4.75bln	2% 16	1.56	1.963%	-
23 June 2011	£450mln	0.5% IL 50	2.17	0.499%	-
5 July 2011	£3.25bln	3.75% 21	2.16	3.511%	-
6 July 2011	£1.1bln	1.25% IL 27	1.64	0.613%	-
14 July 2011	£2bln	4.25% 40	1.95	4.176%	-
19 July 2011	£4.75bln	2% 16	1.48	1.789%	-
2 Aug 2011	£2bln	4.5% 34	2.23	3.955%	-
11 Aug 2011	£825mln	0.625% IL 42	1.85	0.527%	-
18 Aug 2011	£4.5bln	1.75% 2017	1.35	1.507%	1.1bps
23 Aug 2011	£1bln	1.875% 2022	2.05	0.065%	-
1 Sept 2011	£3bln	3.75% 2021	1.99	2.762%	-
6 Sept 2011	£1bln	4.75% 2030	1.88	3.426%	-
15 Sept 2011	£900mln	0.75% IL 47	1.49	0.387%	-
22 Sept 2011	£4.75bln	1.75% 2017	1.29	1.394%	-
4 Oct 2011	£3.25bln	3.75% 2021	1.76	2.240%	-
11 Oct 2011	£900mln	1.125% 2037	1.36	0.334%	-
13 Oct 2011	£2bln	4.25% 2039	2.26	3.516%	0.4bps
20 Oct 2011	£4.75mln	1.75% 2017	1.66	1.547%	1.4bps
03 Nov 2011	£2bln	4.25% 2032	1.63	3.108%	0.8bps
08 Nov 2011	£900mln	0.625% IL 40	2.61	0.237%	-
17 Nov 2011	£4bln	5% 2018	1.92	1.434%	0.7bps
01 Dec 2011	£3bln	3.75% 2021	1.61	2.382%	-
06 Dec 2011	£1.75bln	4.25% 2040	1.98	3.287	-
07 Dec 2011	£900mln	1.25% I/L 2032	2.03	0.004%	-
14 Dec 2011	£3bln	4% 2022	1.77	2.21%	-
15 Dec 2011	£4bln	1.75% 2017	1.27	1.125	-
20 Dec 2011	£750mln	4.25% 2027	2.81	2.637%	-
04 Jan 2012	£3.75bln	1.75% 2017	2.02	1.102%	-
10 Jan 2012	£700mln	0.75% IL 2047	1.92	-0.116%	-
11 Jan 2012	£3bln	3.75% 2021	2.15	2.085%	-
19 Jan 2012	£4bln	4% 2015	2.02	0.893%	-
01 Feb 2012	£2.5bln	5% 2025	1.88	2.356%	-



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MPC Meeting Decision Dates	Future ECB Decision Dates	Future FOMC Decision Dates
February 09	February 09	March 13
Official Rates		
UK Base Rate 0.50% (5 Mar 09) 1.00% (5 Feb 09) 1.50% (8 Jan 09) 2.00% (4 Dec 08) 3.00% (6 Nov 08) 4.50% (8 Oct 08) 5.00% (10 Apr 08) 5.25% (7 Feb 08) 5.50% (6 Dec 07) 5.75% (5 July 07) 5.50% (10 May 07) 5.25% (11 Jan 07)	ECB Repo Rate 1.00% (8 Dec 11) 1.25% (3 Nov 11) 1.50% (7 July 11) 1.25% (7 Apr 11) 1.00% (7 May 09) 1.25% (2 Apr 09) 1.50% (5 Mar 09) 2.00% (15 Jan 09) 2.50% (4 Dec 08) 3.25% (6 Nov 08) 3.75% (8 Oct 08) 4.25% (3 Jul 08) 4.00% (6 June 07)	US Fed Funds Rates 0.00%-0.25% (16 Dec 08) 1.00% (29 Oct 08) 1.50% (8 Oct 08) 2.00% (30 Apr 08) 2.25% (18 Mar 08) 3.00% (30 Jan 08)
	BofJ Target Rate 0.00% - 0.10% (10 Aug 10) 0.10% (1 Dec 08) 0.30% (1 Oct 08)	US Discount Rate 0.50% (16 Dec 08) 1.25% (29 Oct 08) 1.75% (8 Oct 08) 2.25% (30 Apr 08)



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