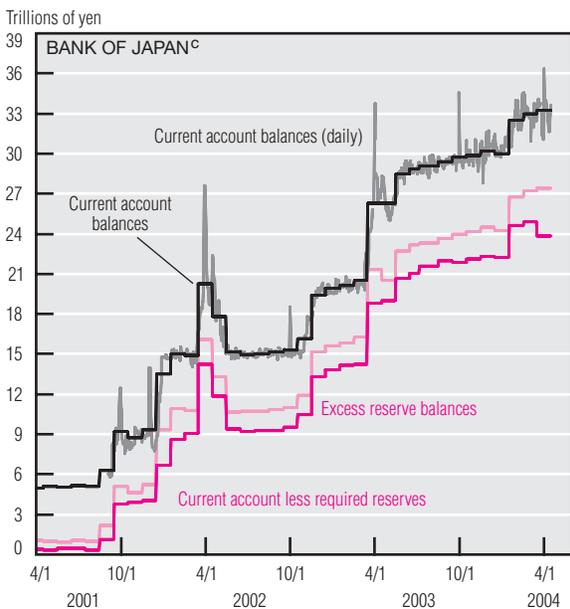
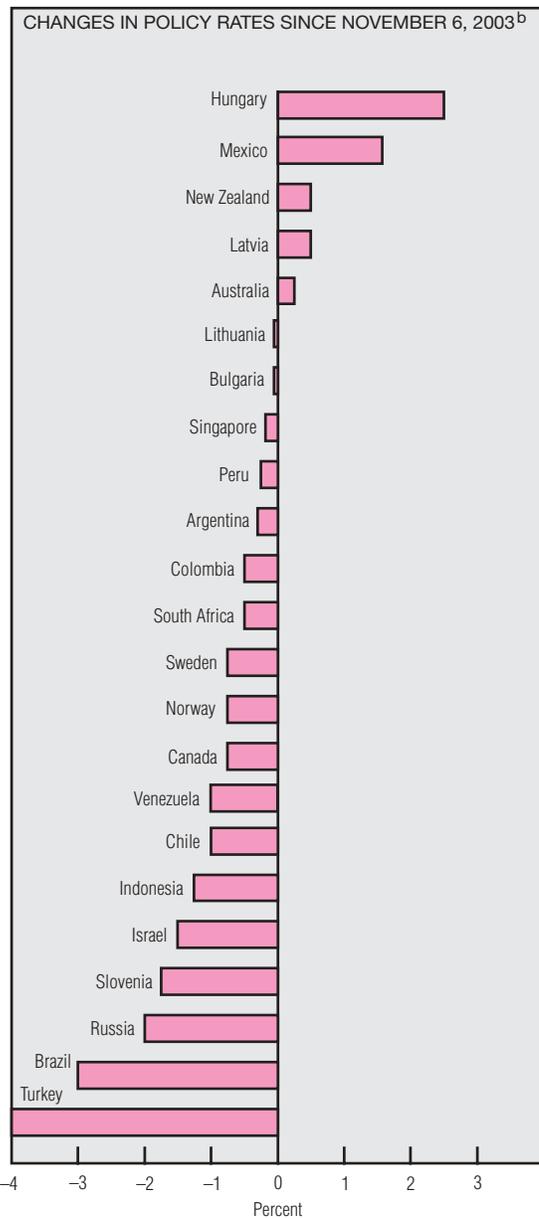
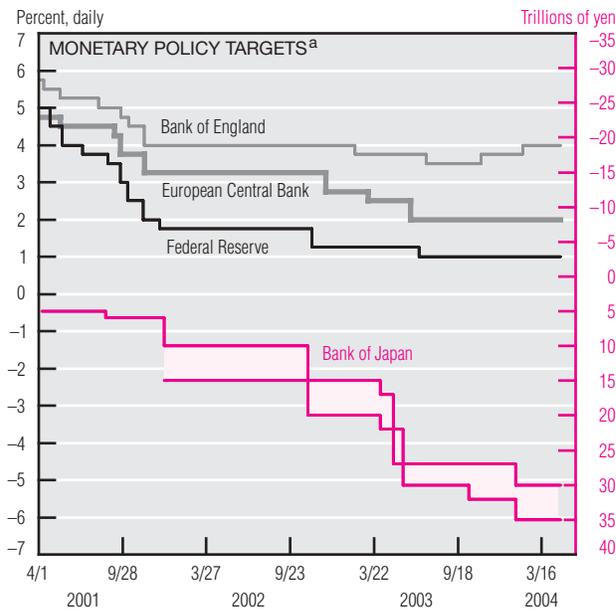


# Foreign Central Banks



a. Federal Reserve: overnight interbank rate. Bank of Japan: a quantity of current account balances (since December 19, 2001, a range of quantity of current account balances). Bank of England and European Central Bank: repo rate.  
 b. Date of the first of the Bank of England's recent rate increases.  
 c. Current account balances at the Bank of Japan are required and excess reserve balances at depository institutions subject to reserve requirements plus the balances of certain other financial institutions not subject to reserve requirements. Reserve requirements are satisfied on the basis of the average of a bank's daily balances at the Bank of Japan starting the sixteenth of one month and ending the fifteenth of the next.  
 SOURCES: Board of Governors of the Federal Reserve System; Bank of Japan; European Central Bank; Bank of England; and Bloomberg Financial Information Services.

Public discussion of expected monetary tightening has begun to spread around the globe, although the four major central banks left their policy settings unchanged in April. In Europe, the Governing Council of the European Central Bank concluded that an unchanged policy rate was "in line with the maintenance of price stability over the medium term," while officials outside the bank continued to press for a cut in its main refinancing rate.

The Bank of England's Monetary Policy Committee, noting that "global economic recovery still seemed to be developing broadly as expected," left its policy rate unchanged in April after raising it 50 basis points since October. Federal Reserve Chairman Alan Greenspan's remark that deflation "was no longer an issue" in the U.S. triggered spirited public speculation about the timing of potential future increases in the policy rate. Economic recovery and lower excess reserves led to talk of an end to

the Bank of Japan's policy of quantitative easing. Governor Fukui, however, reiterated that for this to happen, the bank would need to see both past and prospective core CPI measures at or above zero and might continue the policy "even if these two conditions are fulfilled." The Bank of China continued to battle rapid growth and potential inflationary pressures in April by raising reserve requirements for the second consecutive month.