The Bank of England maintained a 4.75% repo rate at its early July meeting, although only by the slimmest of margins: Four of the nine members wanted to cut the rate in anticipation of a “softer [growth] outlook going forward.” At about the same time, the European Central Bank left its deposit, repo, and loan rates unchanged despite “risks to growth on the downside” because of “risks to inflation on the upside.” The Federal Reserve’s Open Market Committee meets on August 9 to reconsider its current 3.25% federal funds rate target. The Bank of Japan has not changed its policy setting since January 2004, nor has it allowed the supply of current account balances to fall below ¥30 trillion since early June.

Both the Venezuelan and the Chinese monetary authorities have been making large purchases of foreign exchange to combat currency appreciation. Ninety-eight percent of assets in the Banco Central de Venezuela are now denominated in foreign currencies, as are 60% of the Chinese monetary authority’s (compared to about 6% for the Federal Reserve Banks). Both countries issue domestic securities to drain some of the base money created by their foreign exchange purchases, and policy changes in July may also affect their practices: China allowed its currency to appreciate slightly against the dollar; Venezuela stopped routing dollar petroleum earnings to the central bank, sending them to a government development agency instead.