

Measures Taken by Central Banks in the United States and Europe

(1) Federal Reserve

Aug. 17	Unscheduled Federal Open Market Committee Meeting Reduction in the primary credit rate by 0.5 percentage point to 5.75 percent. Statement: <ul style="list-style-type: none"> • "Tighter credit conditions and increased uncertainty have the potential to restrain economic growth going forward." • "Although recent data suggest that the economy has continued to expand at a moderate pace, the Federal Open Market Committee judges that the downside risks to growth have increased appreciably." • "The Committee is monitoring the situation and is prepared to act as needed to mitigate the adverse effects on the economy arising from the disruptions in financial markets."
Aug. 21	Reduction in the fee charged for lending Treasury securities by 0.5 percentage point.
Aug. 22	Announcement by four major U.S. banks of their decisions to borrow from the discount window.
Aug. 23	Clarification of discount window collateral. <ul style="list-style-type: none"> • Clarification that asset-backed commercial paper (ABCP) is eligible for discount window collateral. • Change in the discount window collateral policy: a depository institution could pledge ABCP of issuers to whom it also provides liquidity enhancements.
Aug. 31	Announcement by President Bush of measures for homeownership financing. <ul style="list-style-type: none"> • Expansion of mortgage insurance services offered by the Federal Housing Administration. • Proposal of tax relief for homeowners facing foreclosure by temporarily changing the federal tax code. • Introduction of a new foreclosure avoidance initiative.
Sep. 18	Federal Open Market Committee Meeting Reduction in the federal funds rate target by 0.5 percentage point to 4.75 percent. Statement: <ul style="list-style-type: none"> • "The tightening of credit conditions has the potential to intensify the housing correction and to restrain economic growth more generally." • "Today's action is intended to help forestall some of the adverse effects on the broader economy that might otherwise arise from the disruptions in financial markets and to promote moderate growth over time."

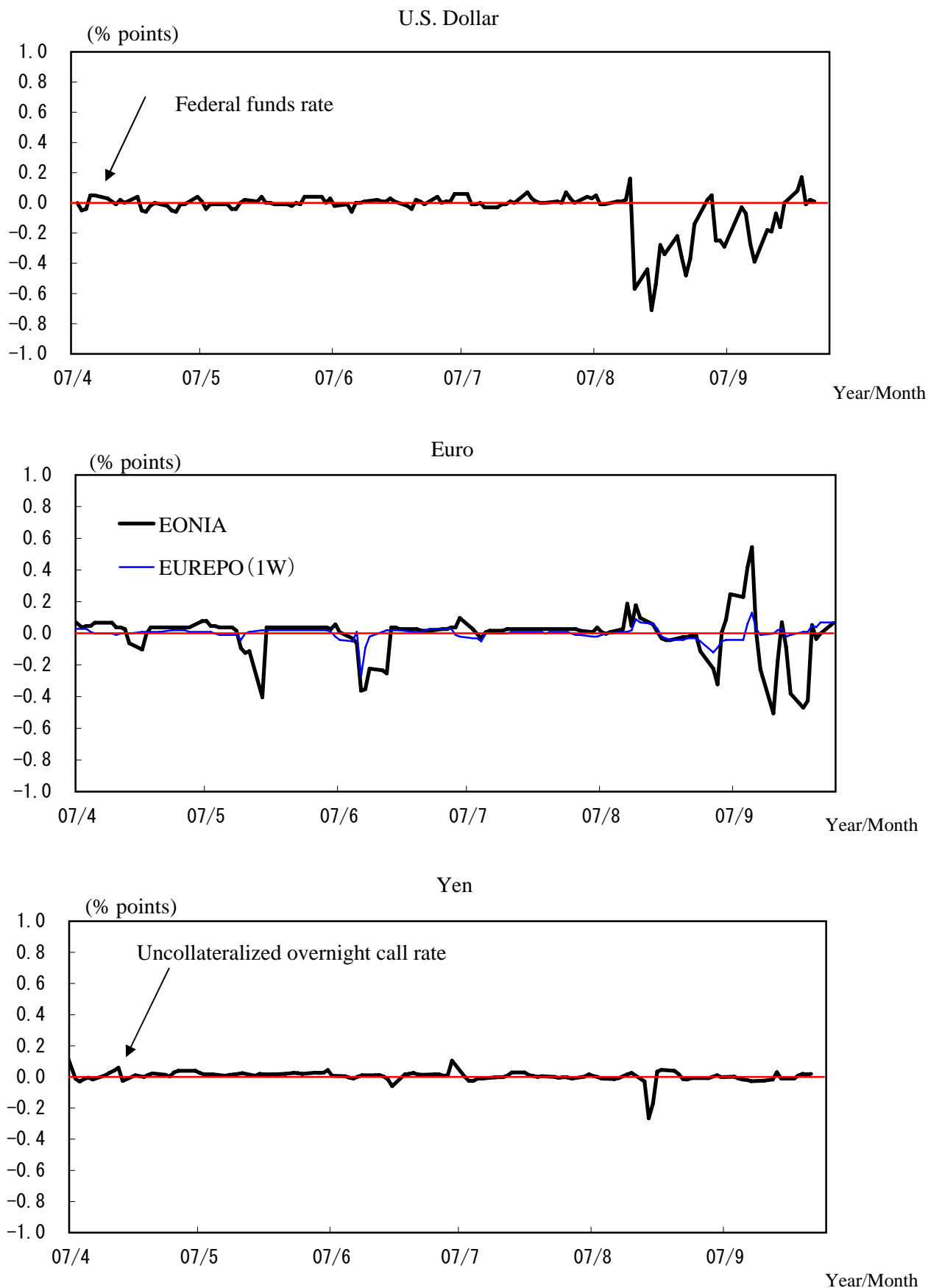
Amount Outstanding of Primary Credit Borrowing through the Discount Window mil. U.S. dollars

	Week ended Aug. 1	Week ended Aug. 8	Week ended Aug. 15	Week ended Aug. 22	Week ended Aug. 29	Week ended Sep. 5	Week ended Sep. 12	Week ended Sep. 19
Average of week	2	1	11	1,200	1,315	1,103	2,932	2,179
End of week	2	0	4	2,001	1,101	1,106	7,152	1,115

(2) European Central Bank

	Temporary operations		Regular operations	
	Alloted amount (bil. euros)	Duration (days)	Alloted amount (bil. euros)	Duration (days)
Aug. 9	94.8	1		
Aug. 10	61.1	3		
Aug. 13	47.7	1		
Aug. 14	7.7	1	310.0	7
Aug. 21			275.0	7
Aug. 23	40.0	91		
Aug. 28			210.0	7
Aug. 29			50.0	91
Sep. 4			256.0	7
Sep. 6	42.2	1		
Sep. 11	-60.0	1	269.0	7
Sep. 12	75.0	90		
Sep. 18			155.0	7

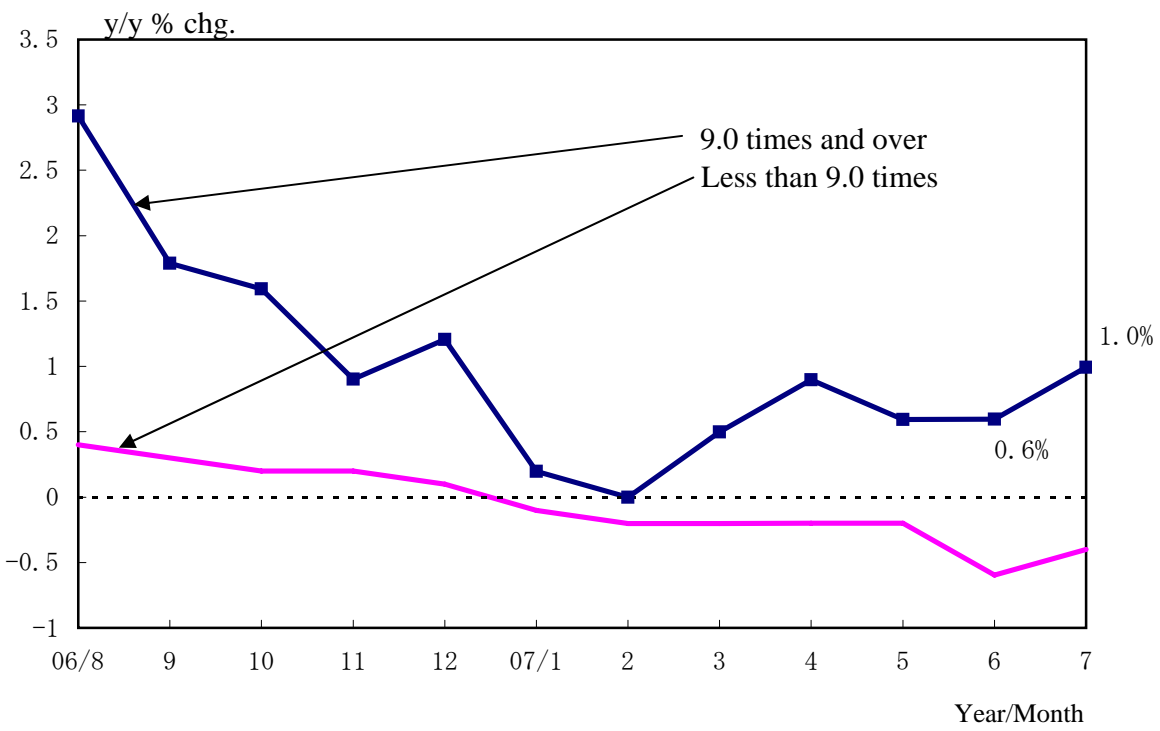
Deviations from Target Interest Rates



Note: The figures for EUREPO (1 week) and EONIA (Euro OverNight Index Average) are adjusted for their average deviations from the policy interest rate for the period from April through July 2007. The most recent dates of the figures are September 24 for the euro and September 21 for the U.S. dollar and the yen.

Sources: Bloomberg; Bank of Japan.

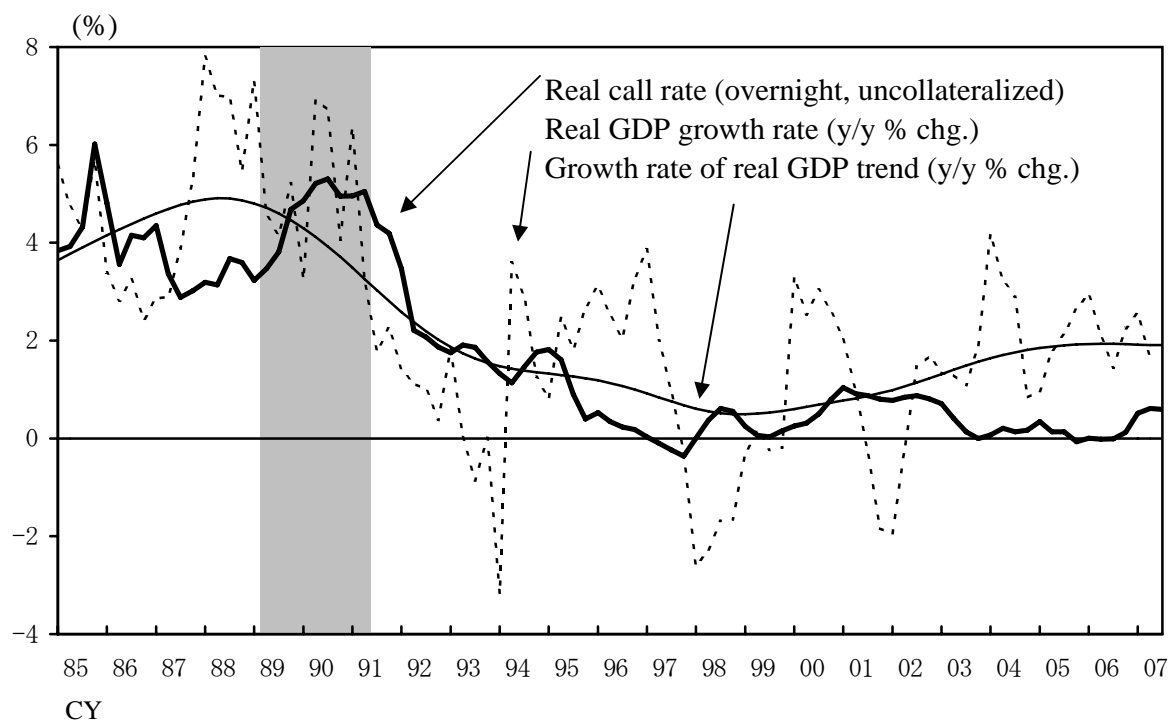
CPI Classified by Annual Purchase Frequency



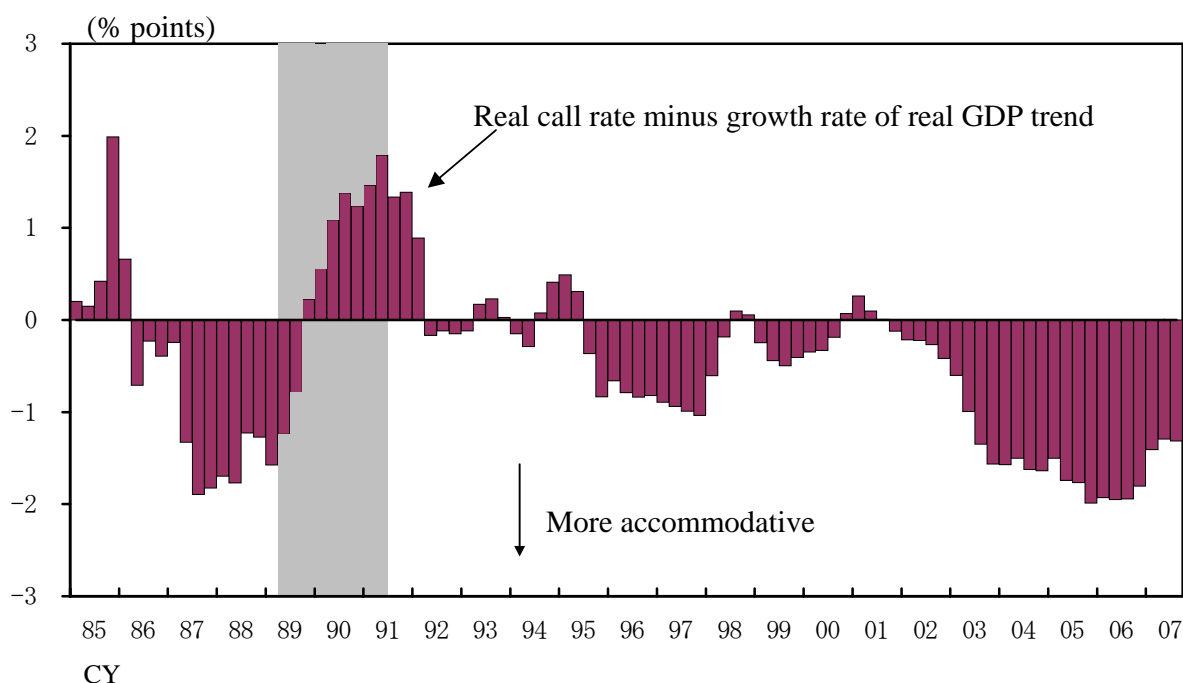
Source: Ministry of International Affairs and Communications, "Consumer Price Index."

Interest Rates and Economic Activity

(1) Short-Term Real Interest Rate and Real GDP Growth Rate



(2) Difference between Real Call Rate and Growth Rate of Real GDP Trend



Notes: 1. The real call rate is deflated by the CPI (excluding fresh food). The collateralized call rate is applied to the period through the second quarter of 1985. The figure for the third quarter of 2007 is the average of the July-August period. The year-on-year rate of change in the CPI for August 2007 is assumed to have been unchanged from July.

2. The real GDP trend is calculated by applying the HP filter. The figure for the third quarter of 2007 is calculated based on the assumption that it remains unchanged from the second quarter.

3. The shaded area indicates the period of monetary policy tightening from May 1989 to June 1991.