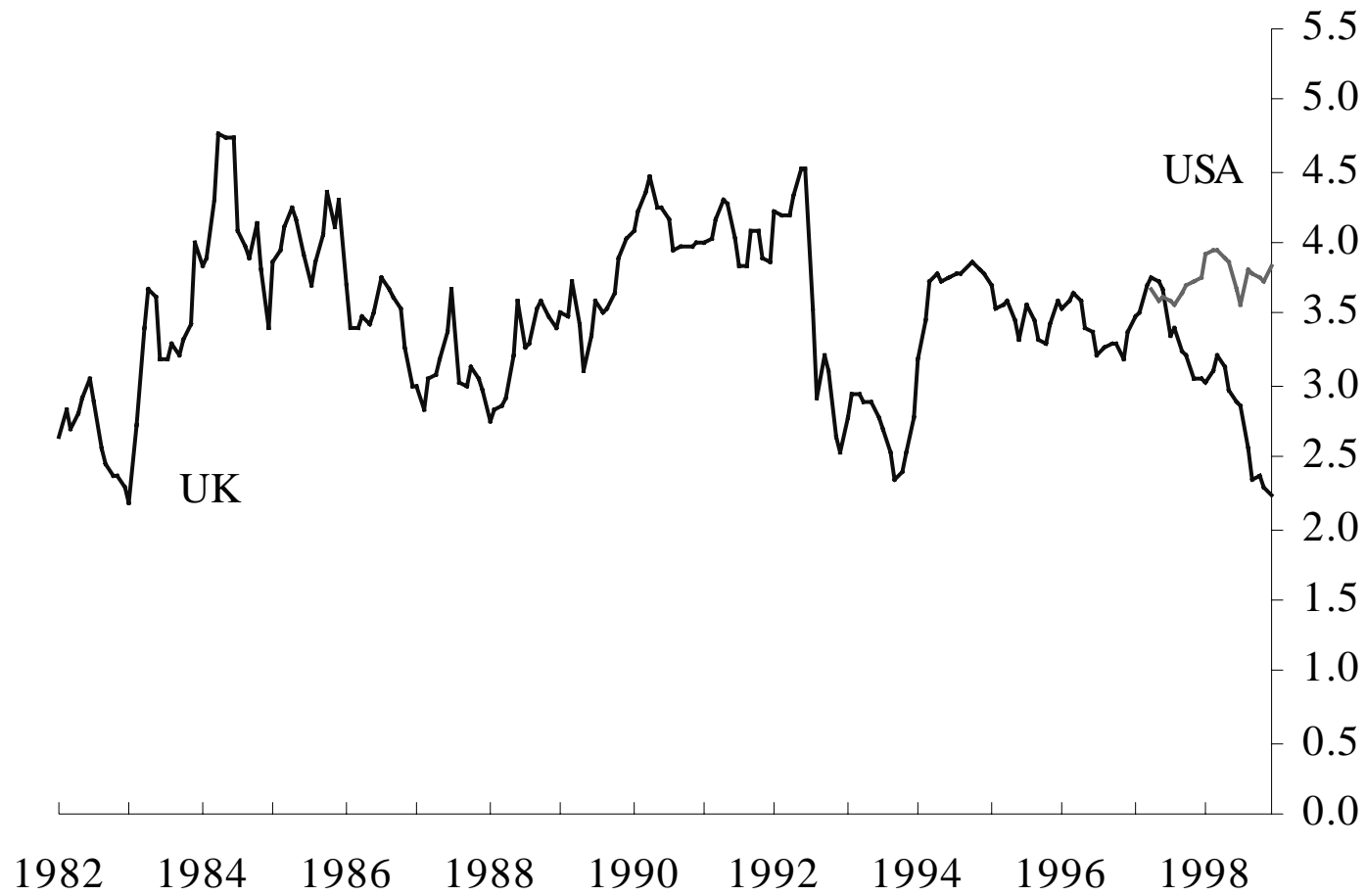


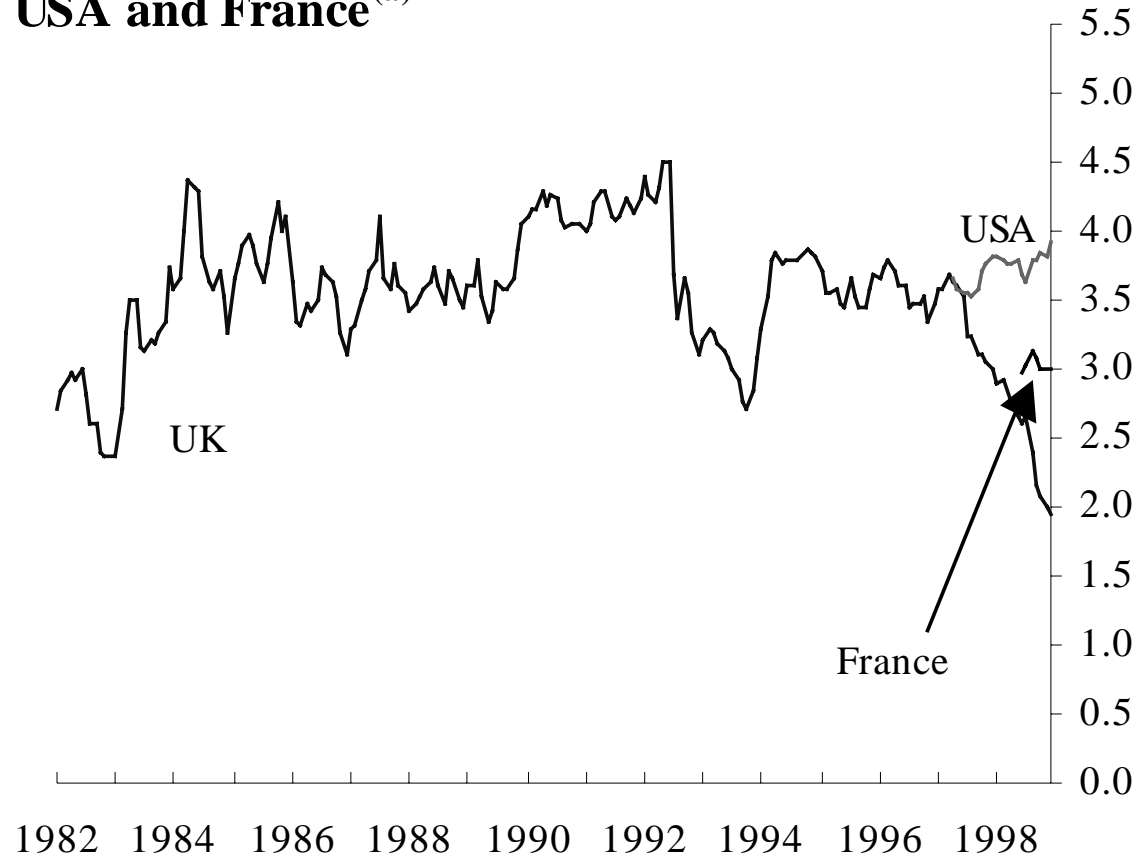
Five year real interest rates in the UK and USA^(a)



(a) US bonds mature in 2002

Chart 3

Long term year real interest rates in the UK, USA and France^(a)



(a) UK bonds mature in 2009, US bonds in 2008, French bonds in 20

Chart 4

Bank rate, inflation and £/\$ exchange rate, 1945 to date

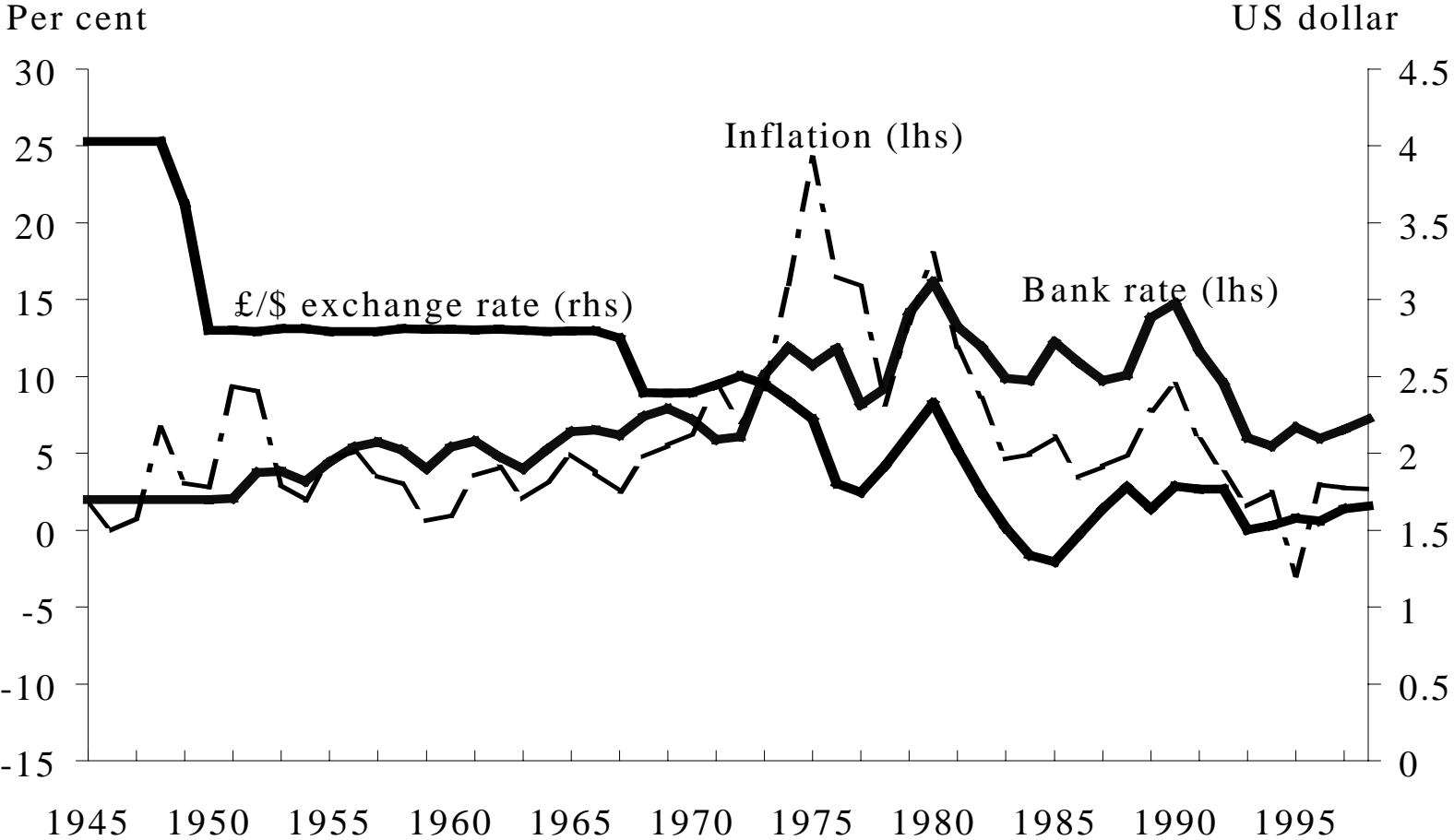


Chart 5

Price Level and Inflation, UK 1800-1914

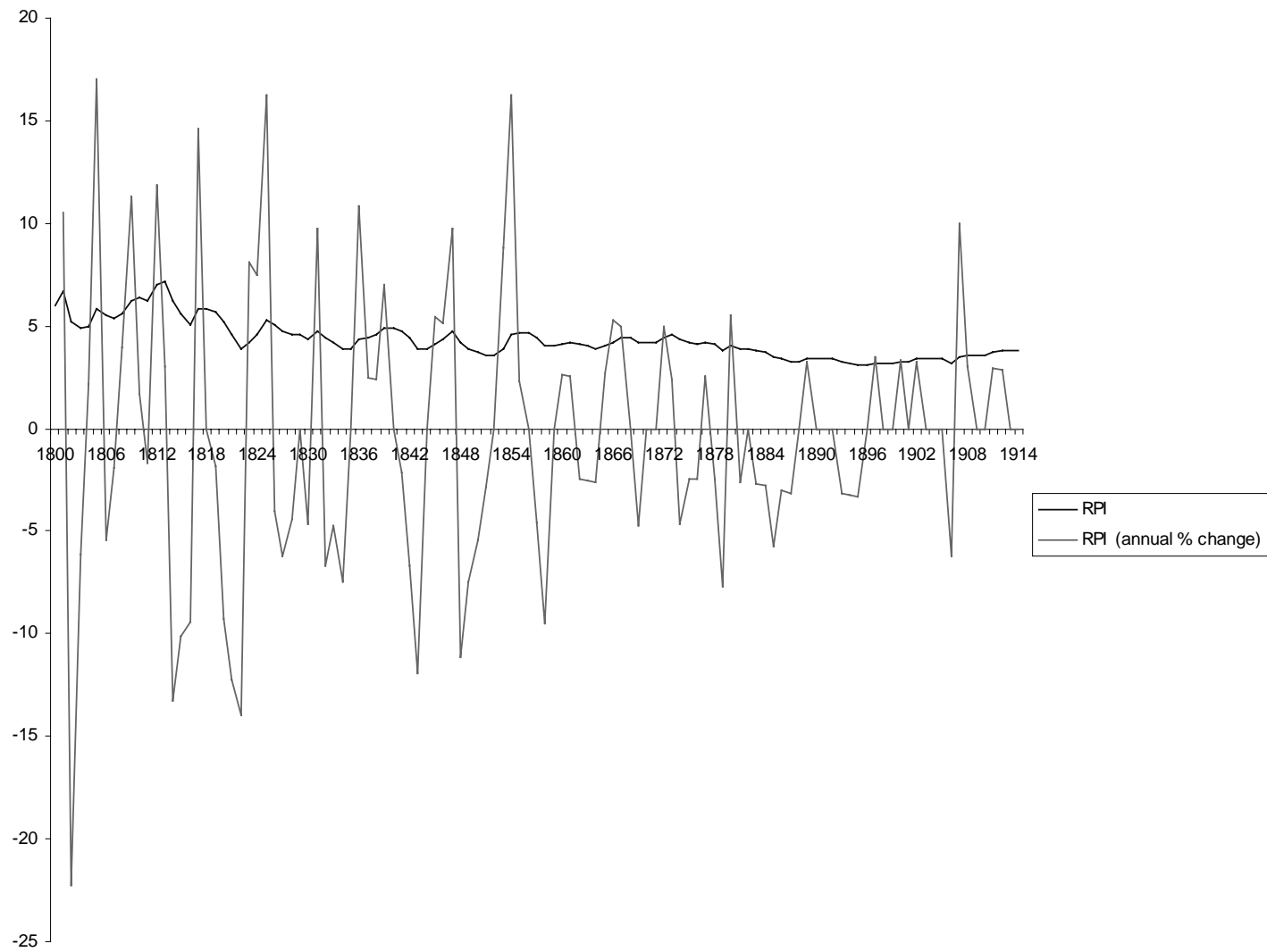


Chart 6

Bank rate, inflation and £/\$ exchange rate, 1817-1914

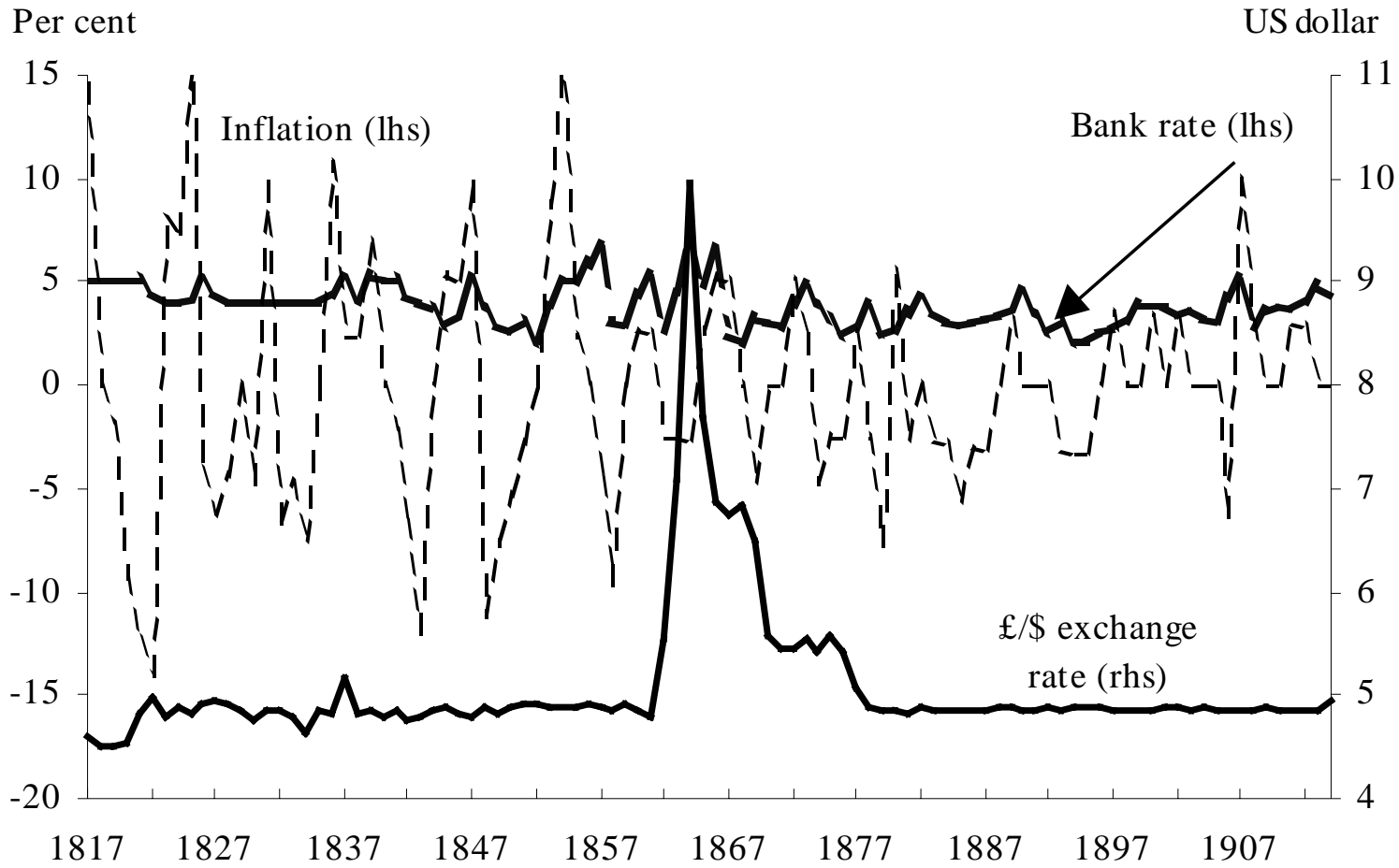


Chart 7

Short-Sterling Futures Options(LIFFE)*

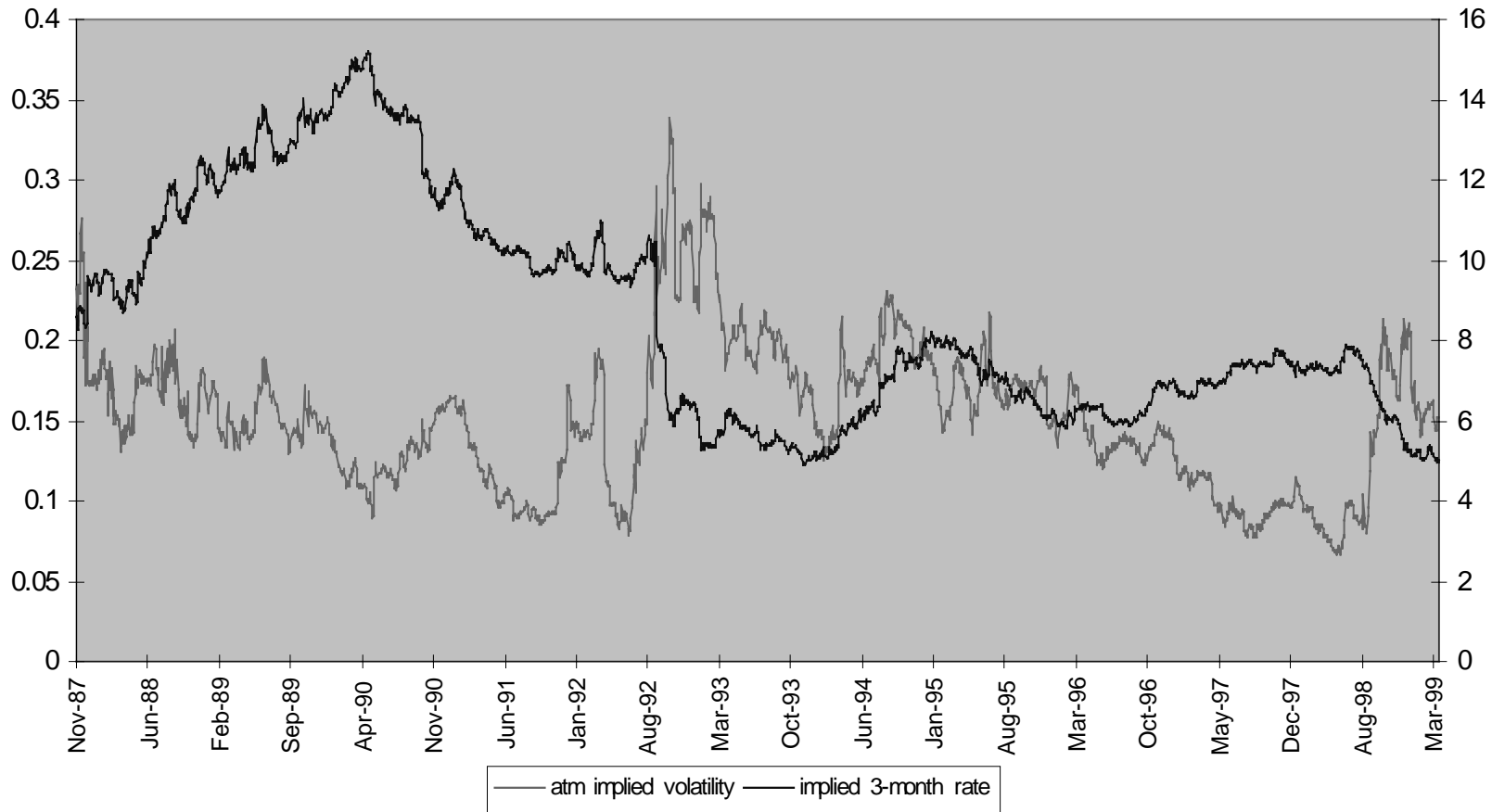


Chart 8

Correlation 1987-1999: -0.26 , 95% confidence intervals: -0.22 -0.30

Correlation 1993-1999: -0.41 , 95% confidence intervals: -0.35 -0.46

*Constant maturity of 6 months

Chart 9

UK Base Rate 1800-1999

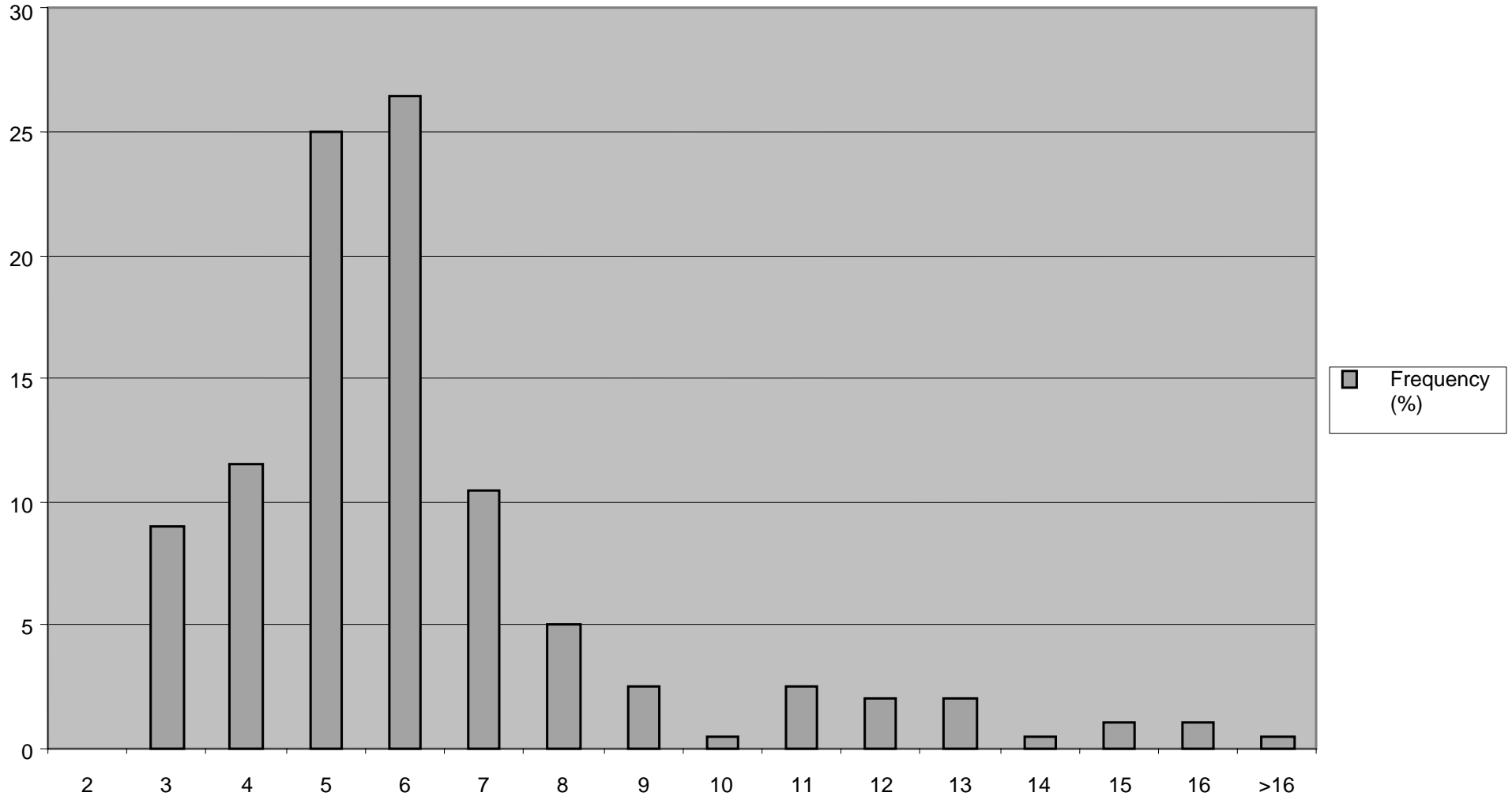


Chart 10

Histogram of Standardised Residuals: UK 3-month interbank rate 1975-1999

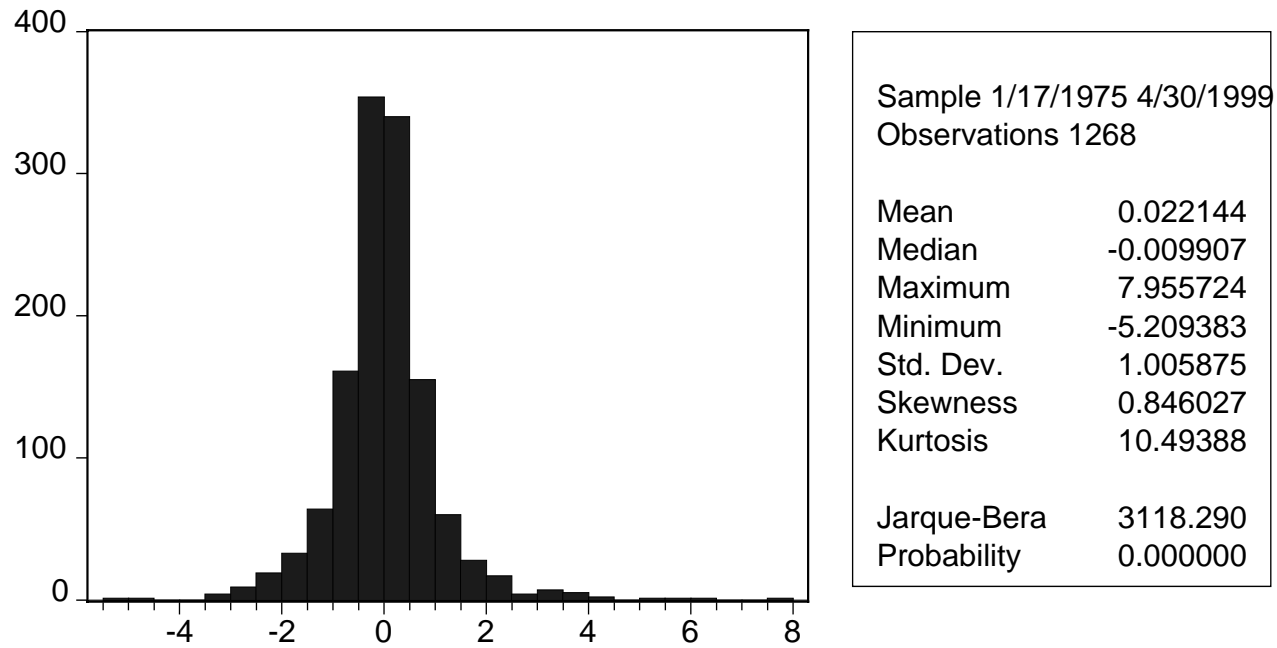
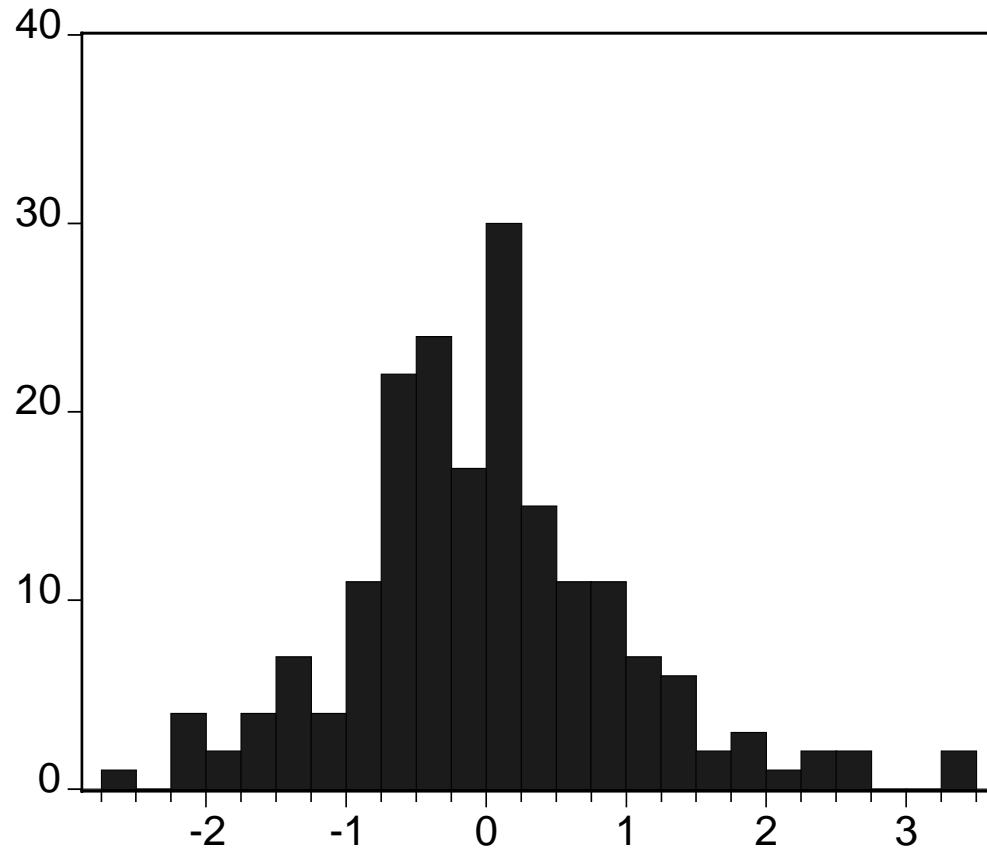


Chart 11

Histogram of Standardised Residuals: UK base rate 1800-1998



Sample 1811 1998
Observations 188

Mean	-0.008235
Median	-0.056227
Maximum	3.380759
Minimum	-2.702496
Std. Dev.	0.991252
Skewness	0.496179
Kurtosis	4.196770
Jarque-Bera	18.93341
Probability	0.000077

Time Series Model

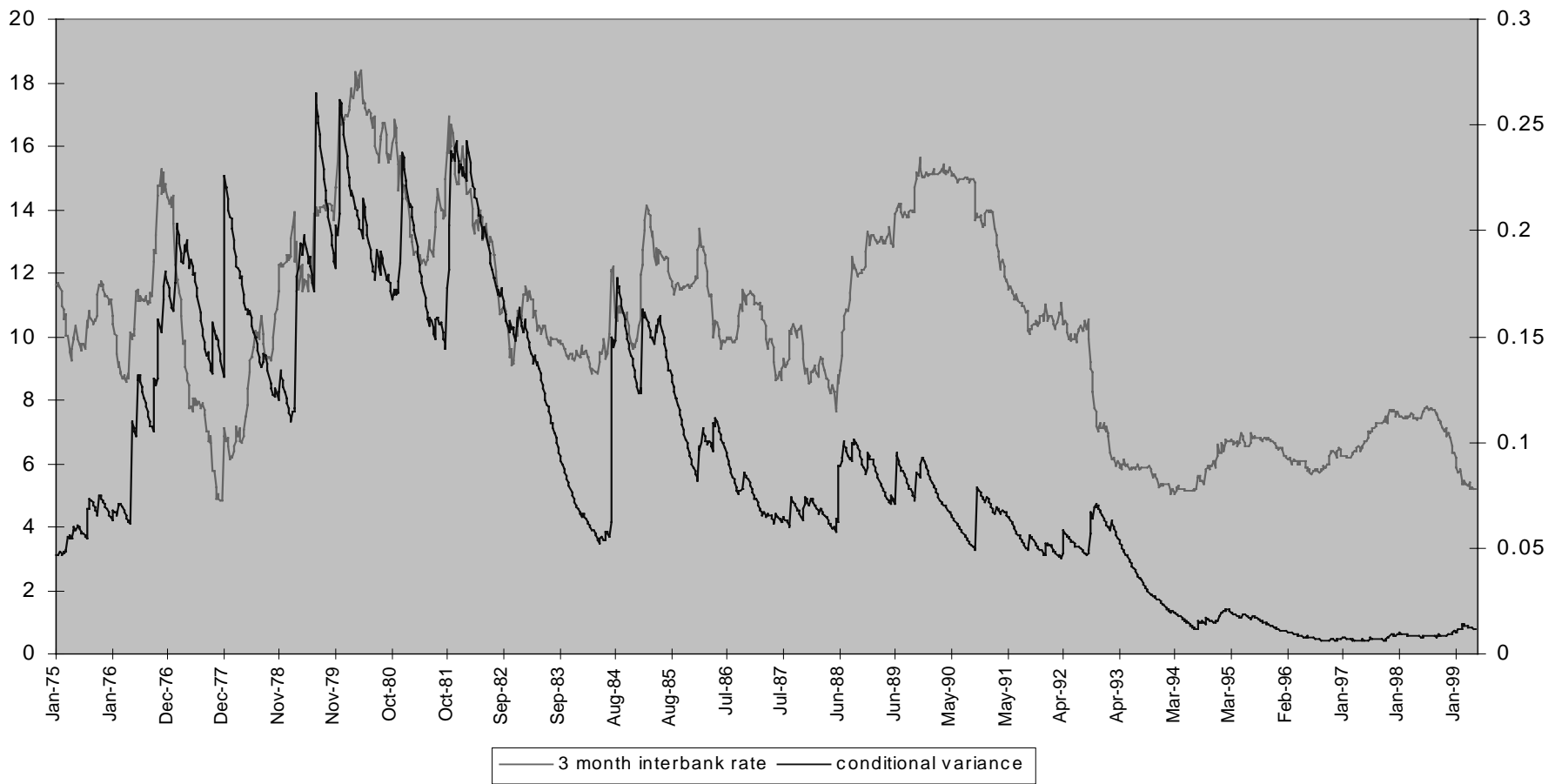


Chart 12

Correlation 1975-1999: 0.66 , 95% confidence intervals: 0.72 0.59
Correlation 1993-1999: -0.26 , 95% confidence intervals: -0.13 , -0.38

Steady state 3-month interbank rate: 7.55 ; 95% confidence intervals: 4.02 , 14.41

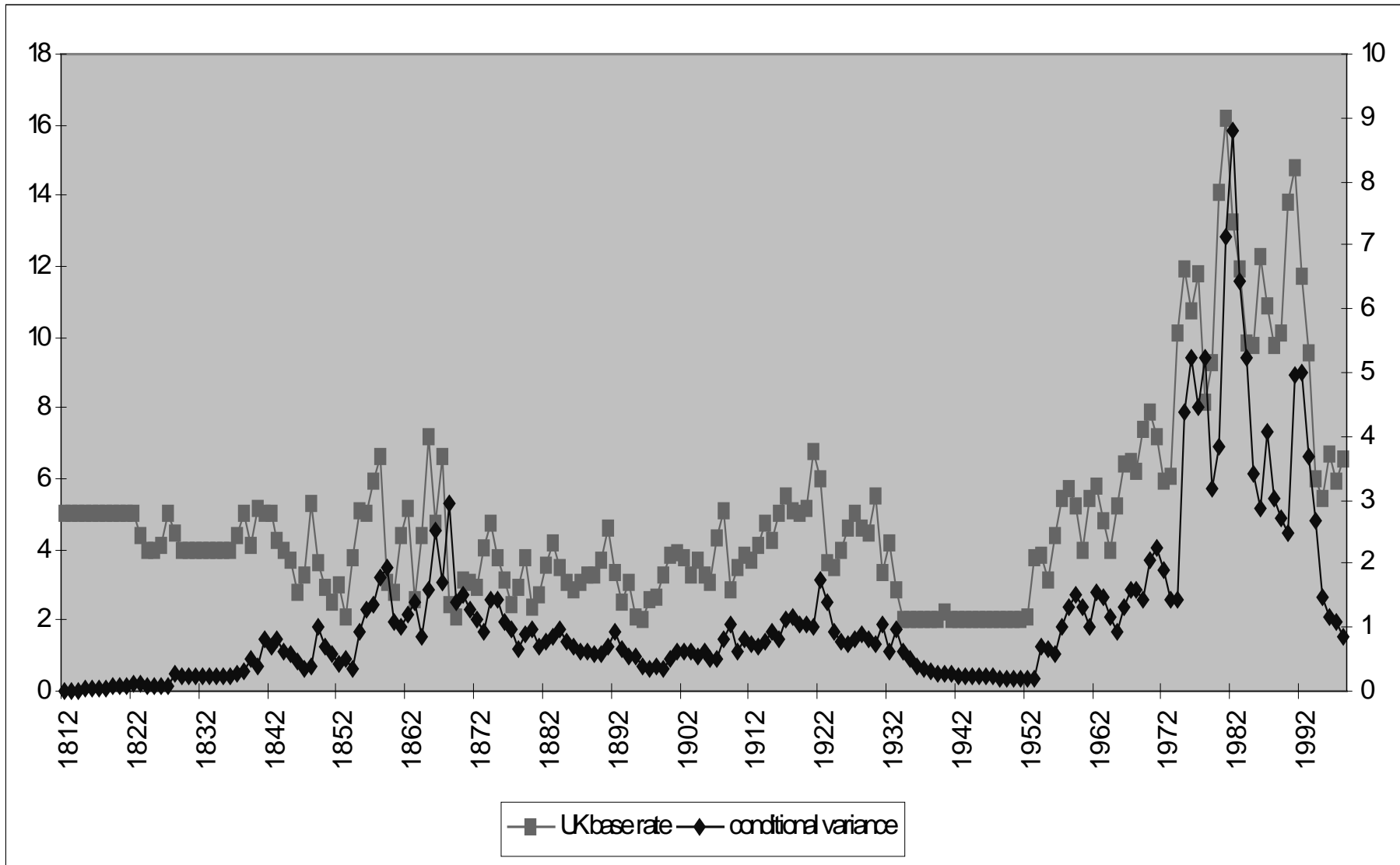


Chart 13

Steady state base rate: 4.88%; 95% confidence intervals: 1.02% , 10.10%
 Correlation 0.81, 95% ; confidence intervals: 0.66 , 0.97

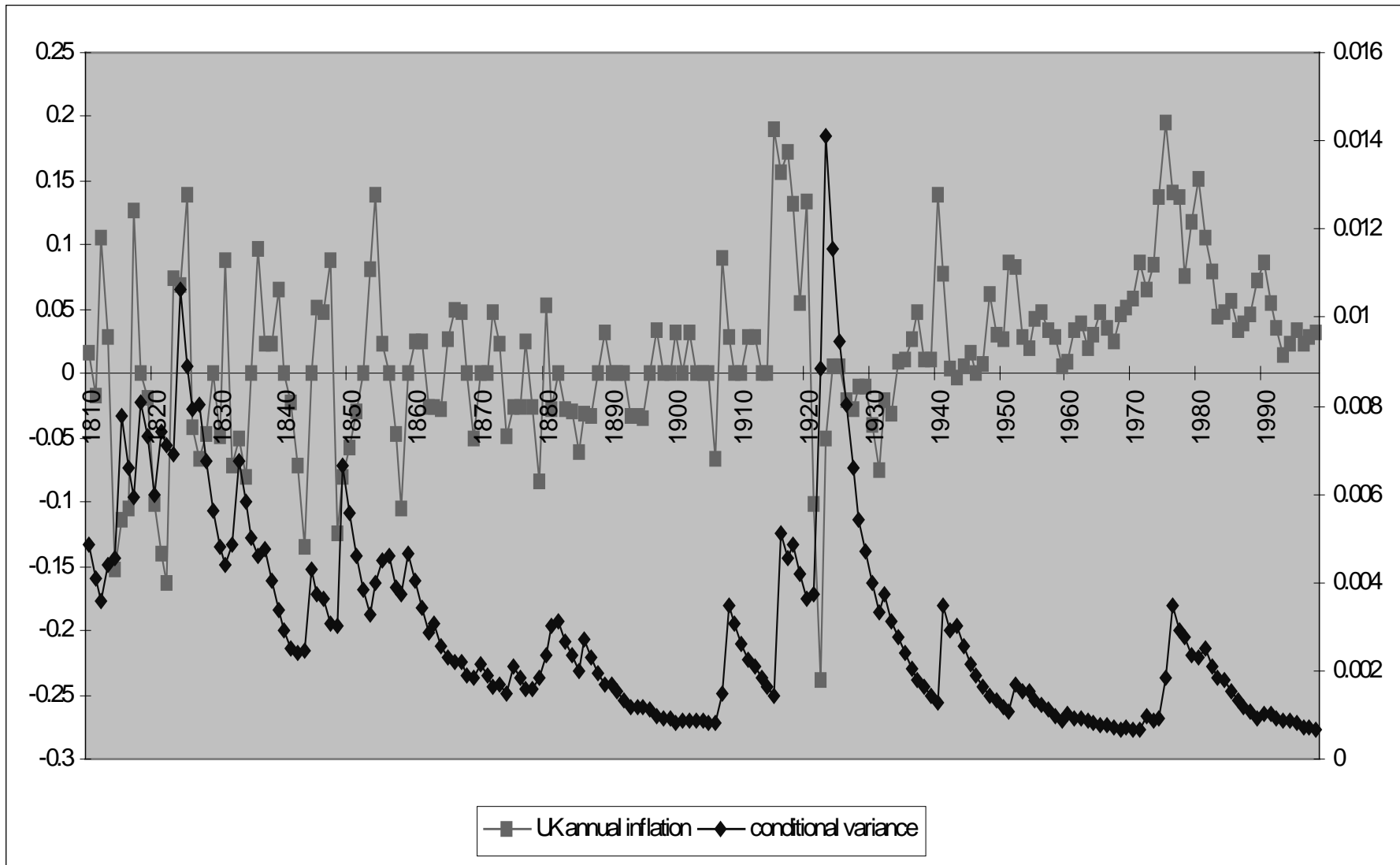


Chart 14

Steady state inflation 2.7%; 95% confidence intervals: -10.7% , 21.0%

Correlation: -0.27 ; 95% confidence intervals: -0.43 , -0.12

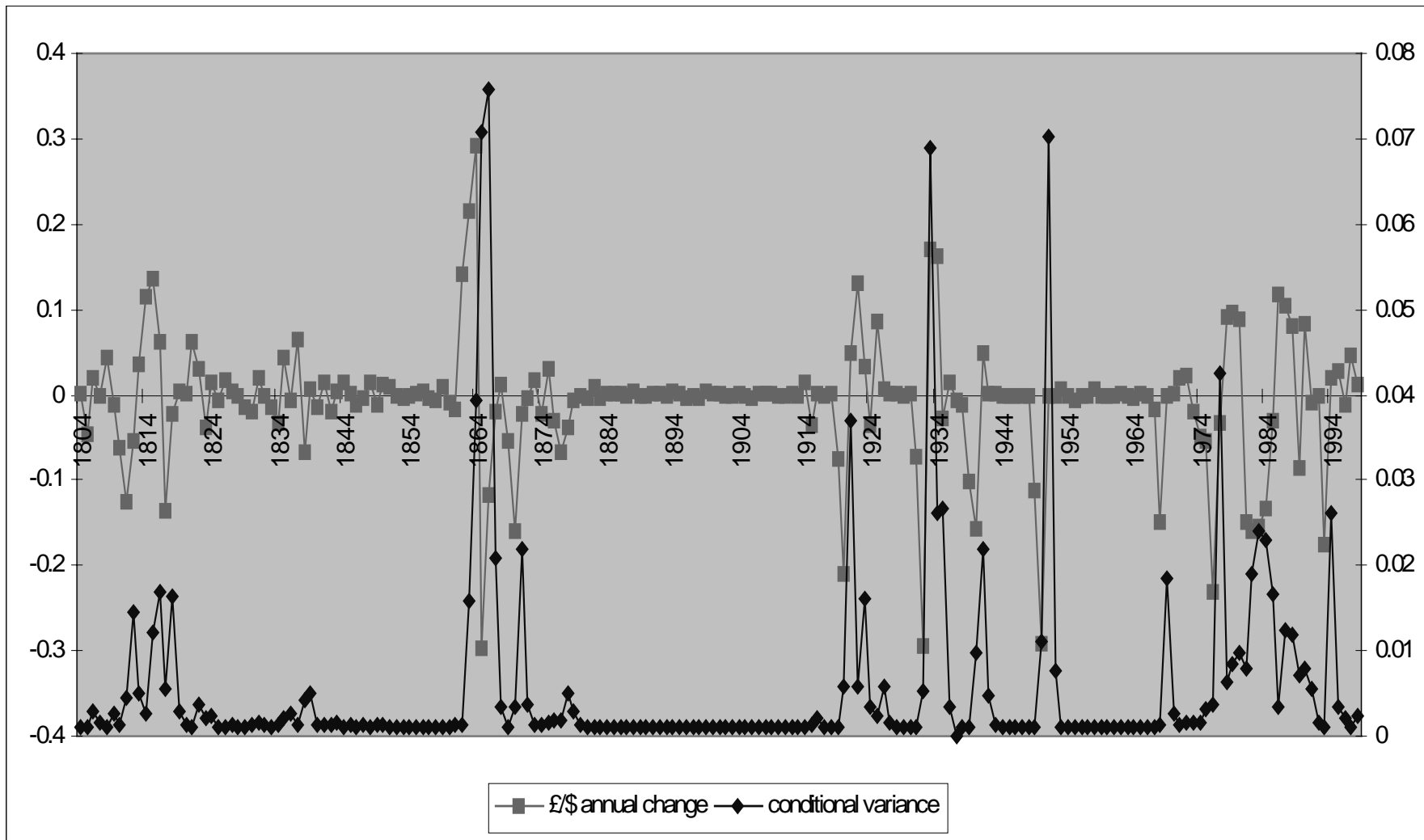


Chart 15

Steady state £/\$ annual change: -0.8%; 95% confidence intervals: -10.6% , 4.2%
 Correlation: -0.03; 95% confidence intervals: -0.19 , 0.13

Scatter plot of the standard deviation and average level of treasury bill rates in 59 countries, January 1988 - January 1999
(source:IFS)

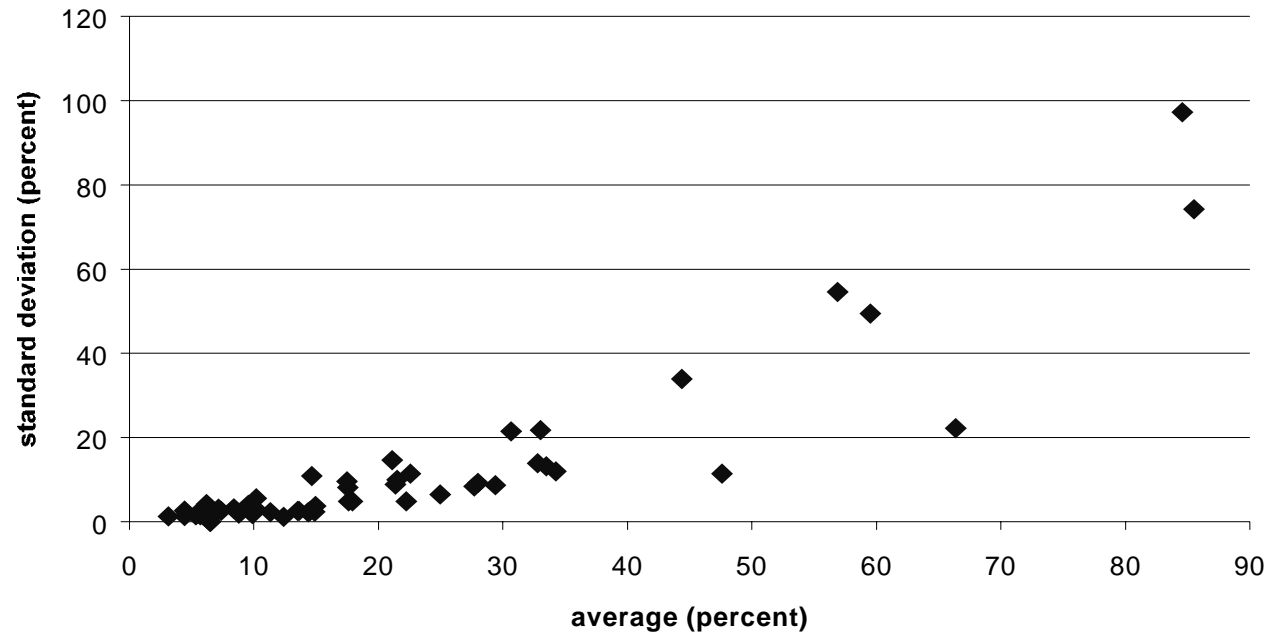


Chart 16

Correlation: 0.89