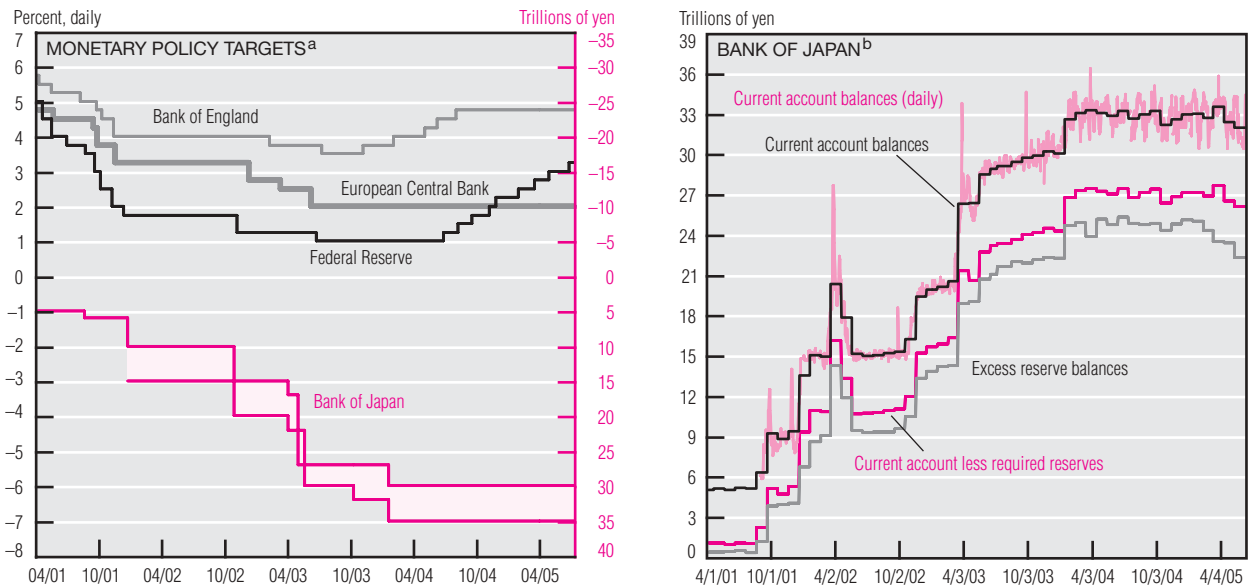


Foreign Central Banks



African Currency Unions

| | Central bank | Member countries |
|---|------------------------------------|---|
| West African Economic and Monetary Union | Bank of the West African States | Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, Togo |
| Economic and Monetary Community of Central Africa | Bank of the Central African States | Cameroon, Central African Republic, Chad, Republic of the Congo, Equatorial Guinea, Gabon |
| Common Monetary Area | South African Reserve Bank | Lesotho, Namibia, South Africa, Swaziland |
| West African Monetary Zone ^c | | The Gambia, Guinea, Ghana, Liberia, Sierra Leone, Nigeria |

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. 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.

c. Postponed from July 1, 2005 to December 1, 2009.

SOURCES: Board of Governors of the Federal Reserve System; Bank of England; Bank of Japan; European Central Bank; and www.banknotes.com.

As expected, the Federal Open Market Committee raised its overnight federal funds rate target from 3% to 3.25% at the end of June. The Bank of England's repo rate, maintained at 4.75% in early June, has been unchanged since August of last year. In mid-June, the Bank of Japan retained its target for current account balances at ¥30–¥35 trillion, where it has stood since January 2004. The European Central Bank left its deposit, repo, and loan rates unchanged at 1%, 2%, and 3% respectively, levels first established in June 2003.

Rejection of the proposed European constitution, inability to agree on a multiyear budget for the European Union, and actual or potential breaches of the Union's debt and deficit guidelines triggered only incidental concerns about the euro's durability as the common currency of European nations.

Commitment to a common currency is not unique to Europe. Three actual and one intended common currency areas operate in Africa. Each parallel central bank of the West African and Central African states administers its own CFA franc that is

pegged to the euro and guaranteed by the Bank of France but accepted only in its own region. The South African Reserve Bank administers the rand for the Common Monetary Area, although each of the other three members still issues its own currency pegged to the rand. The Anglophone nations of the West African Monetary Zone recently postponed for four years the introduction of the common eco currency, which will operate on a par with the CFA franc and be administered by a West African Central Bank.