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## UK OFFICIAL HOLDINGS OF INTERNATIONAL RESERVES:

### Part I: UK Government Foreign Currency Assets and Liabilities – January 2008

1. UK Government net reserves rose by \$1,456 million in January 2008, bringing the end-January total to \$26,122 million (£13,139 million<sup>1</sup>) compared with \$24,667 million (£12,309 million<sup>2</sup>) at end-December 2007.

	US \$ million: market values	
	End December 2007	End January 2008
<b>Gross Reserves<sup>3</sup></b>	57,939	59,259
<b>Liabilities</b>	-33,272	-33,136
<i>of which</i>		
<i>foreign currency forwards and     swaps (net)<sup>4</sup></i>	-21,680	-20,921
<i>repo transactions<sup>5</sup></i>	-5,570	-6,626
<b>Net reserves<sup>6</sup></b>	24,667	26,122
<b>Change in net reserves</b>		1,456
<i>of which</i>		
<b>valuation effects</b>		1,447
<b>transactions against sterling</b>		9
<i>of which</i>		
<i>UK public sector customers</i>		-458
<i>Other</i>		467

2. As set out in the Chancellor's letter of 6 May 1997 to the Governor of the Bank of England, if the Government so instructs, the Bank, acting as its agent, may intervene in the foreign exchange market by buying or selling Government foreign exchange reserves. If intervention is undertaken, the monthly press release will provide details of the amount and date of the intervention and an explanation of why it was undertaken. No intervention operations were undertaken in January.

**Part II: Bank of England Foreign Currency Assets and Liabilities – January 2008.**

1. Bank of England net holdings of foreign currency and gold fell by \$2 million in January 2008, bringing the end-January total to \$2 million (£1 million<sup>1</sup>) compared with \$4 million (£1.9 million<sup>2</sup>) at end-December 2007.

	<b>US \$ million: market values</b>	
	<b>End December 2007</b>	<b>End January 2008</b>
<b>Assets</b> <sup>3</sup> ,	40,308	38,518
<b>Liabilities</b> <sup>*</sup> ,	-40,304	-38,516
<i>of which</i>		
<i>foreign currency forwards and     swaps (net)</i> <sup>4</sup>	-6,693	-6,582
<i>repo transactions</i> <sup>5</sup>	0	-1,084
<b>Net assets</b> <sup>6</sup>	4	2
<b>Change in net holdings</b>		-2
<i>of which</i>		
<b>valuation effects</b>		-8
<b>transactions against sterling</b>		6
<i>of which</i>		
<i>UK public sector customers</i>		-
<i>Other</i>		6

2. As set out in the Chancellor's letter of 6 May 1997 to the Governor of the Bank of England, the Bank may also undertake foreign exchange operations to intervene in support of its monetary policy objective. If intervention is undertaken, the monthly press release will provide details of the amount and date of intervention and an explanation of why it was undertaken. The Bank undertook no such intervention operations in January.

3. Bank of England foreign currency assets and liabilities mainly arise from the Bank's foreign exchange reserves, deposits placed with the Bank by overseas central banks and other customers, assets to facilitate the UK's participation in the TARGET system and other capital items.

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1 When converted at a closing market rate of £1 = \$1.9881 on 31 January.

2 When converted at a closing market rate of £1 = \$2.0039 on 31 December.

3 In this presentation gross reserves in part 1 and assets in part 2 exclude market valuation of foreign currency forwards and swaps. These derivatives are shown (excl sterling leg) within liabilities.

4 Net present value of foreign currency forwards, interest rate and cross currency swaps (excl sterling leg).

5 Market value of liabilities to repay foreign currency received in repo transactions.

6 Figures may not sum due to rounding.

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## **NOTES TO EDITORS**

### **Background**

1. UK international reserves figures are published in accordance with the methodology developed by the International Monetary Fund in the context of revisions to its Special Data Dissemination Standard (SDDS), and the G10 central banks in their report "*Enhancing transparency regarding authorities' foreign currency liquidity position*".

2. The UK began to disclose additional information on its foreign currency assets and liabilities required under the International Monetary Fund Special Data Dissemination Standard (assets, liabilities and derivatives) from July 1999. Past data can be revised; the most up to date historical data for end-July 1999 onwards can be found on the Bank of England website at [www.bankofengland.co.uk/statistics/reserves](http://www.bankofengland.co.uk/statistics/reserves).

### **Methodology and definitions**

3. The Bank of England website also provides information on the methodology now used and definitions of the main conventions employed.

### **A National Statistics publication**

4. **National Statistics** is the official source for authoritative, accurate and relevant information on the economy and society. It brings together a vast range of statistical information overseen by the National Statistician. The National Statistics logo is your assurance of statistics produced to the highest professional standards. For more information about National Statistics visit [www.statistics.gov.uk](http://www.statistics.gov.uk). The release of data in this press notice has followed the National Statistics Code of Practice and Protocol of Release Practices.

### **Internet version**

5. If you have access to the Internet, you can find this news release and other Treasury information at [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk).

### **Next publication date**

6. The figures February 2008 are due for publication on Wednesday 5 March 2008.

## **Enquiries**

7. Media enquiries about this press release should be addressed to the Treasury Press Office on **020 7270 4420**.

8. Public enquiries (non-media) about this press release should be addressed to the Treasury's Correspondence and Enquiry Unit on:

Telephone: **020 7270 4558**

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## **National Statistics Public Enquiry Service**

9. For general enquiries about National Statistics, contact the National Statistics Public Enquiry Service on:

Telephone: **020 7533 5888**

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10. You can also find National Statistics on the Internet at [\*\*www.statistics.gov.uk\*\*](http://www.statistics.gov.uk).