

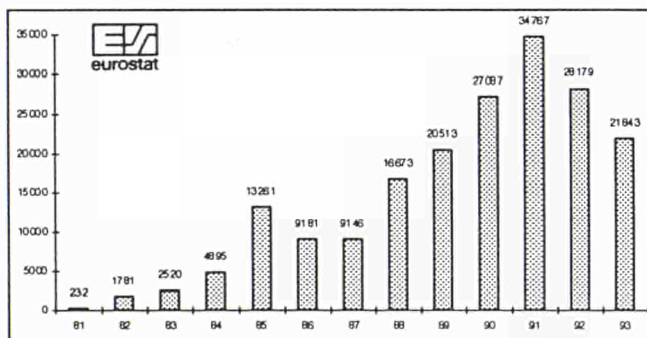
ECU-EMS information

6 □ 1994 Monthly

The ecu bond market: historical background

Eurostat has for several years been managing a database on bonds denominated in ecus. This base now contains approximately 1 200 issues, already amortized or still in circulation, and about 20 fields are filled in for each issue. The purpose of the following study is to present some of the observations which this database makes possible.

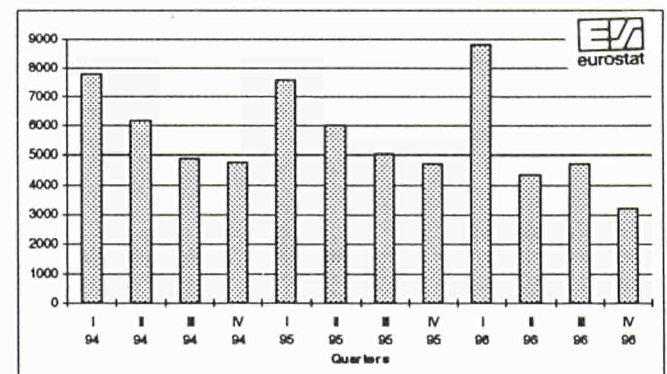
If we look at the gross nominal value of ecu bonds issued since 1981, the year this market came into being, we can distinguish three periods. First of all, a phase of exponential growth from 1981 to 1985: from ECU 232 million in 1981, the volume of issues rose to ECU 13 261 million four years later. Growth of the market slowed down in 1986 and 1987, with approximately ECU 9 100 million each year. From 1987 to 1991 the volume of issues increased fourfold, making the ecu the fifth most widely used world currency for bonds..



It must be added that the market is stimulated by any prospects of progress in the institutional field. Since 1991 there has been a drop in the volume issued as a result of political events, particularly the Danish "no" in the May 1992 referendum and the close-run "yes" in the French referendum, or of monetary events such as the withdrawal of the pound sterling from the exchange rate mechanism and the devaluations of the peseta and the escudo, or again the widening of the bands in the system last August.

The size of the issues has changed over the years, reflecting the phases of maturity of the market and the identity of borrowers. Until 1987, for example, there were at most six issues a year worth 200 million or more. In 1990, by which time the market had increased its depth and attracted the interest of many sovereign borrowers, there were no fewer than 18 issues worth 500 million or more. Since 1991 proved to be a very active year, the following year saw the arrival on the market of many "small" private borrowers: in 1992 there were 106 loans under 200 million. This was in contrast to 1993, which was a difficult year: there were only 45 small issues, since private companies only rarely thought it worthwhile to venture into this market. This leaves the traditional pillars, mainly sovereign and supranational borrowers, who needed to borrow large amounts to meet considerable financing requirements. Thus, from 1988 on, the volume accounted for by major issues (500 or more) has exceeded that of small issues (from 0 to 100). In 1990 large issues exceeded small ones by a ratio of three to one.

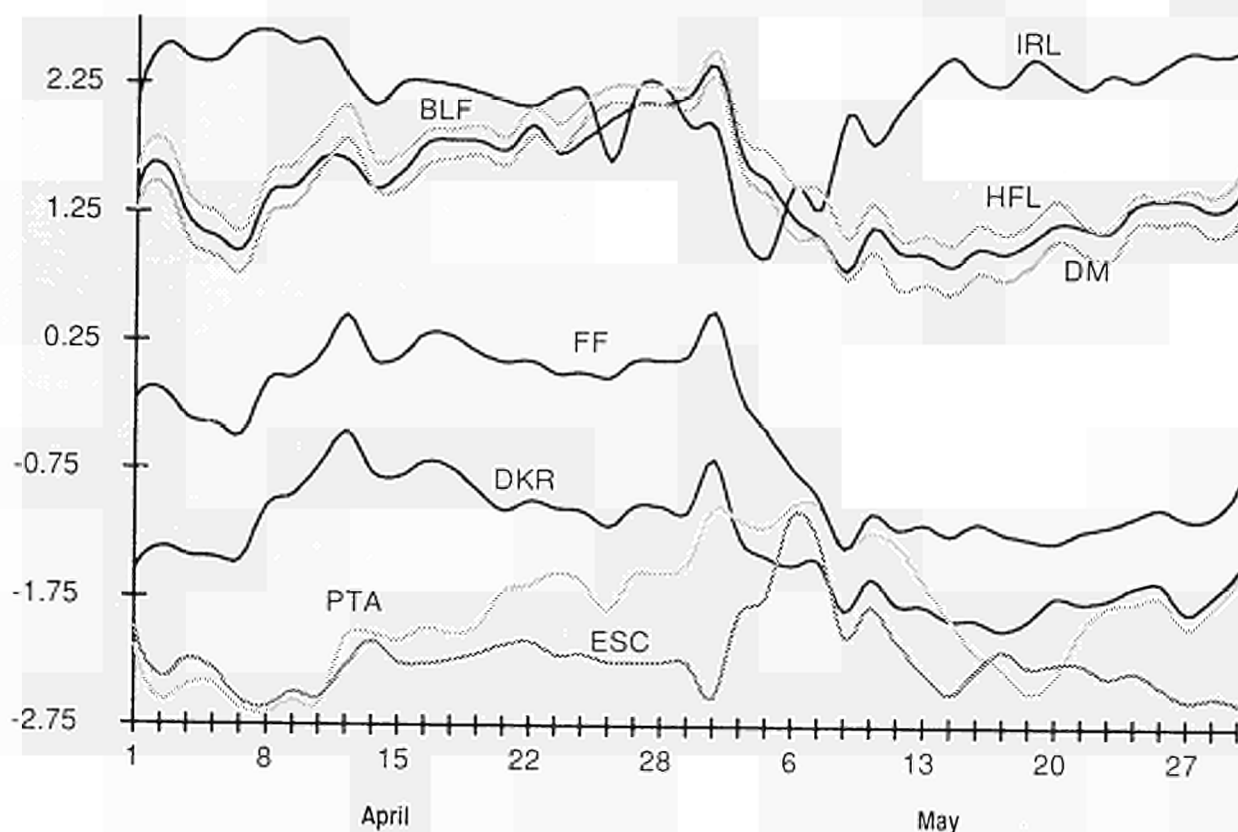
This increase in the average size of bond issues should be seen in the context of the expected redemption flows. For 1994, 1995 and 1996 expected redemptions are of the order of 20 000 million per year.



This means that in three years from now almost half of the amount currently outstanding will have been redeemed.

TABLE I

BILATERAL FLUCTUATIONS OF THE ERM CURRENCIES




CENTRAL RATES AND INTERVENTION LIMIT RATES, IN FORCE SINCE 2 AUGUST 1993, FOR THE CURRENCIES OF COUNTRIES PARTICIPATING IN THE EMS EXCHANGE MECHANISM.

	1 ecu =	100 BLF =	100 DKR =	100 DM =	100 PTA =	100 FF =	1 IRL =	100 HFL =	100 ESC =	
BLF	40.2123	S	-	627.880	2395.20	30.2715	714.030	57.7445	2125.60	24.2120
		C	-	540.723	2062.55	26.0696	614.977	49.7289	1830.54	20.8512
		B	-	465.665	1776.20	22.4510	529.660	42.8260	1576.45	17.9570
DKR	7.43679	S	21.4747	-	442.968	5.59850	132.066	10.67920	393.105	4.47770
		C	18.4938	-	381.443	4.82126	113.732	9.19676	338.537	3.85618
		B	15.9266	-	328.461	4.15190	97.9430	7.92014	291.544	3.32090
DM	1.94964	S	5.63000	30.4450	-	1.46800	34.6250	2.80000	(103.058)(1)	1.17400
		C	4.84837	26.2162	-	1.26395	29.8164	2.41105	88.7526	1.01094
		B	4.17500	22.5750	-	1.08800	25.6750	2.07600	(76.4326)(1)	0.87100
PTA	154.250	S	445.418	2408.50	9191.20	-	2739.30	221.503	8153.70	92.8760
		C	383.589	2074.15	7911.72	-	2358.98	190.755	7021.83	79.9828
		B	330.342	1786.20	6812.00	-	2031.50	164.276	6047.10	68.8800
FF	6.53883	S	18.8800	102.100	389.480	4.92260	-	9.38950	345.650	3.93700
		C	16.2608	87.9257	335.386	4.23911	-	8.08631	297.661	3.39056
		B	14.0050	75.7200	288.810	3.65050	-	6.96400	256.350	2.91990
IRL	0.808628	S	2.33503	12.6261	48.1696	0.608731	14.3599	-	42.7439	0.486881
		C	2.01090	10.8734	41.4757	0.524232	12.3666	-	36.8105	0.419295
		B	1.73176	9.36403	35.7143	0.451462	10.6500	-	31.7007	0.361092
HFL	2.19672	S	6.34340	34.3002	(130.834)(1)	1.65368	39.0091	3.15450	-	1.32266
		C	5.46286	29.5389	112.673	1.42413	33.5953	2.71662	-	1.13906
		B	4.70454	25.4385	(97.0325)(1)	1.22644	28.9381	2.33952	-	0.98094
ESC	192.854	S	556.890	3011.20	11481.1	145.180	3424.80	276.938	10194.30	-
		C	479.590	2593.24	9891.77	125.027	2949.37	238.495	8779.18	-
		B	413.020	2233.30	8517.90	107.670	2540.00	205.389	7560.50	-

(1) These buying and selling rates will not be operational. Reflecting a bilateral agreement between the German and the Dutch monetary authorities, the following rates will continue to apply: selling rate Fl. 100 in Frankfurt: DM 90.7700; buying rate Fl. 100 in Frankfurt: DM 86.7800; selling rate DM 100 in Amsterdam: Fl. 115.235; buying rate DM 100 in Amsterdam: Fl. 110.1675. The Greek drachma, the Pound Sterling and the Italian Lira do not participate in the exchange mechanism.

TABLE II


ECU BOND ISSUES (Mio ECU) *

	TOTAL	European Community				Non-European Community			
		Total	Business sector	Governments	Institutions	Total	Business sector	Governments	Institutions
1988	9 248	5 335	3 390	100	1 845	3 913	3 138	575	200
1989	11 127	6 461	4 400	500	1 561	4 666	4 141	425	100
1990	15 040	10 525	3 990	5 000	1 535	4 515	3 565	550	400
1991	27 163	19 266	6 581	7 900	4 785	7 897	3 932	3 790	175
1992	19 242	11 675	4 870	2 475	4 330	7 567	3 902	2 850	815
1993	6 870	5 020	1 565	250	3 205	1 850	250	1 600	0
II	7 585	4 663	1 388	2 075	1 200	2 922	1 572	750	600
III	1 375	880	280	0	600	495	480	0	15
IV	80	80	80	0	0	0	0	0	0
1993									
I	1 980	1 480	300	0	1 180	500	0	500	0
II	1 130	630	130	250	250	500	0	500	0
III	1 070	770	720	0	50	300	200	100	0
IV	2 690	2 140	415	0	1 725	550	50	500	0
1994									
I	2 410	2 285	910	1 150	225	125	125	0	0
March	360	360	360	0	0	0	0	0	0
April	350	250	250	0	0	100	100	0	0
May	350	250	250	0	0	100	100	0	0

(*) Recording based on the payment date

TABLE III

OPERATIONS RATES OF THE EMCF (CALCULATION MONTH, APPLICABLE THE FOLLOWING MONTH) AND INTEREST RATES AND YIELDS OF ECU INVESTMENTS (%)

	EMCF	Deposits				Bonds		
		1 month	3 months	6 months	1 year	< 5 years	5-7 years	> 7 years
1990	10.52	10.07	10.32	10.55	10.69	10.83	10.42	10.37
1991	10.06	9.73	9.80	9.84	9.83	9.73	9.19	9.15
1992	10.29	10.43	10.41	10.27	10.01	9.70	9.22	9.02
1993	7.88 *	8.27 *	7.99 *	7.65 *	7.11 *	7.32 *	7.16 *	7.43 *
1993								
May	7.75	7.92	7.66	7.48	7.17	7.62	7.50	7.77
June	7.50	7.83	7.38	7.16	6.78	7.24	7.29	7.43
July	7.50	8.01	7.65	7.16	6.63	6.97	7.02	7.44
August	7.50	7.89	7.61	7.16	6.63	6.82	6.83	7.23
September	7.25	7.73	7.50	6.98	6.38	6.78	6.63	6.91
October	7.00	7.36	7.30	6.94	6.40	6.71	6.48	6.72
November	6.75 *	7.01 *	6.86 *	6.59 *	6.06 *	6.25 *	6.31 *	6.69 *
December	6.25	6.71	6.37	6.09	5.68	5.92	6.09	6.49
1994								
January	6.25	6.52	6.29	6.03	5.57	5.56	5.82	6.19
February	6.25	6.43	6.27	6.10	5.76	5.99	6.04	6.38
March	6.00	6.30	6.18	6.06	5.93	6.34	6.45	6.88
April	6.00	6.12	6.05	5.97	5.91	6.40	6.74	7.19
May	5.75	5.96	5.75	5.70	5.70	6.43	7.03	7.38

(*) See explanatory notes

TABLE IV

LAST MONTH'S ECU BOND ISSUES

Issue Payment Date	Borrower (country)	Issued (Mio Ecu)	Issue Price	Coupon	Term (years)	Maturity	Yields %	Lead Manager	Listing	Notice
17/05/1994 17/06/1994	G.E.C.C. (U.S.A.)	100	97.900	6 1/8	5	13/04/1999	6.63	C.C.F.	LX	
17/05/1994 28/06/1994	Crédit Local de FRANCE	65	98.230	6	4 1/4	28/09/1998	6.49	S.B.C.	LX	

Listing: LX = Luxembourg



TABLE V

CONSUMER PRICE INDICES IN NATIONAL CURRENCY

1985=100

eurostat	1980	1990	1988	1989	1990	1991	1992	1993	1993				1994			
									10	11	12	01	02	03	04	
									B	71.2	111.0	104.1	107.3	111.0	114.6	117.3
DK	68.3	121.2	112.7	118.1	121.2	124.1	126.7	128.3	129.2	129.4	129.1	129.2	129.6	129.8	130.3	
D	82.6	107.0	101.4	104.2	107.0	110.7	115.1	119.8	120.6	120.9	121.1	122.2	122.6	122.8	123.1	
ELL	39.1	222.6	162.5	184.9	222.6	264.7	308.1	352.6	365.4	368.3	371.9	369.3	370.1	381.0	386.8	
E	56.2	136.8	120.0	128.2	136.8	145.0	153.5	160.6	163.0	163.3	164.0	165.6	165.7	166.2	166.9	
F	63.3	116.3	108.7	112.7	116.3	120.0	123.0	125.6	126.4	126.5	126.4	126.6	126.9	127.2	127.5	
IRL	56.1	117.6	109.4	113.9	117.6	121.3	125.1	126.9	127.7	127.7	127.7	128.5	128.5	128.5	129.5	
I	52.5	131.8	116.5	123.7	131.8	140.2	147.4	153.9	155.8	156.3	156.4	157.4	158.0	158.3	158.7	
L	70.3	109.0	101.7	105.1	109.0	112.4	115.9	120.1	121.1	121.5	121.6	121.6	122.0	121.9	122.0	
NL	81.8	104.3	100.6	101.7	104.3	108.4	112.5	114.9	116.0	116.0	115.5	115.9	116.5	117.3	117.5	
P	35.2	170.9	133.9	150.8	170.9	189.5	206.7	220.0	223.5	225.0	225.6	227.4	228.8	229.3	230.6	
UK	70.7	133.3	113.0	121.8	133.3	141.1	146.4	148.7	149.9	149.7	150.0	149.4	150.3	150.7	152.5	
EUR 12	65.3	123.0	110.7	116.4	123.0	129.1	134.6	139.1	140.4	140.6	140.8	141.3	141.8	142.2	142.9	
ERM	66.7	116.9	107.6	111.9	116.9	122.4	127.2	131.6	133.4	133.6	133.6	134.1	134.3	134.4	134.6	

Annual rate of increase (%)

eurostat	71-80	81-90	1988	1989	1990	1991	1992	1993	1993				1994			
									10	11	12	01	02	03	04	
									B	7.4	4.6	1.2	3.1	3.4	3.2	2.4
DK	9.8	5.9	4.6	4.8	2.6	2.4	2.1	1.3	1.5	1.5	1.5	1.8	1.8	1.7	2.0	
D	5.1	2.6	1.2	2.8	2.7	3.5	4.0	4.1	3.9	3.6	3.7	3.5	3.4	3.2	3.1	
ELL	14.5	19.0	13.5	13.8	20.4	18.9	16.4	14.5	12.3	12.3	12.1	11.1	11.0	10.2	10.4	
E	15.4	9.3	4.8	6.8	6.7	6.0	5.9	4.6	4.6	4.8	4.9	5.0	5.0	5.0	4.9	
F	9.7	6.3	2.7	3.7	3.2	3.2	2.5	2.1	2.2	2.2	2.1	1.9	1.8	1.5	1.7	
IRL	13.7	7.8	2.1	4.1	3.2	3.1	3.1	1.4	1.5	1.5	1.5	1.7	1.7	1.7	2.7	
I	14.1	9.7	5.1	6.2	6.5	6.4	5.1	4.5	4.6	4.3	4.3	4.4	4.4	4.2	4.1	
L	6.7	4.5	1.4	3.3	3.7	3.1	3.1	3.6	3.5	3.5	3.6	2.6	2.6	2.3	2.1	
NL	7.4	2.5	0.9	1.1	2.5	3.9	3.8	2.1	2.8	2.8	2.6	3.0	3.0	2.9	2.8	
P	18.7	17.3	9.6	12.6	13.3	10.9	9.1	6.5	6.3	6.6	6.4	6.4	6.1	6.0	6.0	
UK	13.8	6.6	4.9	7.8	9.4	5.9	3.8	1.6	1.4	1.4	1.9	2.5	2.4	2.3	2.6	
EUR 12	9.9	6.6	3.6	5.1	5.7	5.0	4.3	3.4	3.3	3.2	3.4	3.4	3.3	3.2	3.2	
ERM	8.4	5.4	2.7	4.0	4.5	4.7	4.1	3.3	3.2	1.9	3.2	3.1	3.1	2.9	2.9	
Average deviation around the mean																
EUR 12	3.5	2.4	1.8	2.2	2.7	1.8	1.2	1.4	1.4	1.4	1.3	1.1	1.1	1.1	1.1	
ERM	3.0	2.5	1.4	1.4	1.8	1.4	0.9	1.0	1.0	0.9	1.0	0.9	0.9	0.9	0.8	
Disparity between the average and the minimum																
EUR 12	4.8	4.1	2.8	4.1	3.5	2.7	2.3	2.2	2.0	1.9	1.8	1.7	1.6	1.7	1.5	
ERM	3.3	2.9	1.9	2.9	2.3	2.3	2.0	2.1	2.0	1.8	1.7	1.4	1.4	1.2	0.9	

TABLE VI

CONSUMER PRICE INDICES IN ECU

1985=100


eurostat	1980	1990	1988	1989	1990	1991	1992	1993	1993			1994			
									10	11	12	01	02	03	04
B	78.7	117.5	107.6	111.1	117.5	121.9	126.7	133.8	131.4	133.5	135.6	136.0	137.7	138.3	138.5
DK	70.0	123.7	113.7	117.7	123.7	125.8	130.1	135.5	134.3	135.8	136.8	137.4	137.3	137.5	137.8
D	72.9	116.1	108.8	112.1	116.1	120.2	126.9	137.8	140.8	140.2	139.6	140.8	140.6	141.6	141.7
ELL	68.6	114.9	100.9	107.5	114.9	122.2	129.8	136.6	137.6	139.4	139.7	137.8	137.5	140.7	141.9
E	72.7	136.4	112.5	126.8	136.4	145.5	149.6	139.3	136.7	135.9	133.5	133.9	135.4	135.2	136.8
F	73.1	114.3	105.0	108.9	114.3	116.9	122.3	128.7	128.3	128.8	130.1	130.4	130.7	131.3	130.7
IRL	58.5	109.3	100.6	104.4	109.3	112.7	117.4	113.4	112.2	113.5	114.8	117.4	116.5	115.5	116.2
I	63.8	125.2	109.6	118.5	125.2	132.2	133.9	120.9	121.0	120.4	118.7	120.1	121.2	120.1	123.9
L	77.7	115.4	105.2	108.8	115.4	119.6	125.2	133.3	131.1	133.5	135.5	135.4	136.9	137.6	137.6
NL	74.4	113.2	108.2	109.4	113.2	117.8	124.2	132.6	136.2	135.3	134.3	133.9	134.5	135.7	135.8
P	65.8	122.6	102.3	112.9	122.6	138.4	153.8	152.1	147.2	148.9	148.7	150.6	151.7	149.9	151.6
UK	69.7	110.0	100.2	106.6	110.0	118.5	117.3	112.2	114.0	115.6	116.6	117.8	117.0	115.8	116.8
EUR 12	70.9	117.8	106.8	112.5	117.8	123.3	127.2	127.9	128.7	128.9	128.8	129.7	129.9	129.9	130.9
ERM	71.3	119.0	108.0	112.9	119.0	123.2	127.0	134.0	126.9	127.4	127.0	127.8	126.9	127.2	128.3
ECU	71.7	117.0	106.9	111.3	117.0	122.0	126.8	131.0	132.1	132.3	132.4	133.2	133.5	133.8	134.3

Annual rate of increase (%)

eurostat	71-80	81-90	1988	1989	1990	1991	1992	1993	1993			1994			
									10	11	12	01	02	03	04
B	9.9	4.1	0.2	3.2	5.8	3.7	4.0	5.6	0.1	1.4	2.7	2.3	2.6	2.8	3.1
DK	9.8	5.9	3.6	3.5	5.1	1.7	3.4	4.2	-0.2	0.6	1.7	2.0	0.4	0.2	0.7
D	9.4	4.8	1.1	3.0	3.6	3.5	5.6	8.6	7.0	6.1	5.2	4.9	3.5	3.7	3.8
ELL	7.4	5.5	5.8	6.5	6.9	6.4	5.7	5.2	3.5	4.3	4.9	4.2	3.3	2.9	3.3
E	11.8	6.6	8.3	12.7	7.6	6.7	2.8	-6.9	-4.8	-4.6	-7.3	-8.5	-7.6	-8.2	-5.8
F	9.3	4.6	1.1	3.7	5.1	2.3	4.7	5.4	1.7	1.9	3.3	2.6	1.4	1.7	1.1
IRL	8.6	6.6	2.1	3.8	4.7	3.1	4.2	-3.4	-6.8	-6.0	-5.4	-3.4	3.0	2.0	2.8
I	7.2	7.0	2.2	8.1	5.7	5.6	1.3	-9.6	-2.7	-6.3	-4.2	-0.4	1.4	2.7	5.2
L	9.2	4.1	0.5	3.5	6.1	3.6	4.7	6.5	0.9	2.4	3.6	2.5	2.7	2.7	2.8
NL	10.7	4.3	0.9	1.1	3.5	4.1	5.4	6.8	5.0	4.4	3.5	3.7	3.4	3.5	3.6
P	9.2	6.6	4.7	10.4	8.6	12.9	11.5	-1.1	-5.8	-4.9	-5.2	-4.6	-4.2	-4.3	-3.0
UK	10.3	4.9	11.2	6.6	3.2	7.7	-1.1	-4.3	4.8	7.9	7.5	8.6	11.4	7.8	5.4
EUR 12	9.3	5.2	3.6	5.3	4.7	4.7	3.2	0.6	2.2	1.8	2.0	2.6	3.0	2.6	2.8
ERM	9.0	5.3	1.4	4.5	5.4	3.5	3.1	4.4	2.4	2.3	2.0	1.4	0.8	0.8	1.1
ECU	9.2	5.0	2.5	4.1	5.1	4.3	3.9	4.1	3.2	3.1	3.2	3.3	3.1	2.9	3.0

TABLE VII

ECU EXCHANGE RATES

	B/LFR	DKR	DM	DRA	ESC	FF	HFL	IRL	LIT	PTA	UKL	USD	YEN
Yearly averages													
1985	44.9137	8.01877	2.22632	105.739	130.252	6.79503	2.51101	0.715168	1447.99	129.135	0.588977	0.763088	180.559
1986	43.7979	7.93565	2.12819	137.425	147.088	6.79976	2.40090	0.733526	1461.88	137.456	0.671543	0.984167	164.997
1987	43.0410	7.88472	2.07153	156.268	162.616	6.92910	2.33418	0.775448	1494.91	142.165	0.704571	1.15444	166.598
1988	43.4285	7.95152	2.07440	167.576	170.059	7.03644	2.33479	0.775672	1537.33	137.601	0.664434	1.18248	151.459
1989	43.3806	8.04929	2.07015	178.840	173.413	7.02387	2.33526	0.776818	1510.47	130.406	0.673302	1.10175	151.938
1990	42.4257	7.85652	2.05209	201.412	181.109	6.91412	2.31212	0.767768	1521.98	129.411	0.713851	1.27343	183.660
1991	42.2233	7.90859	2.05076	225.216	178.614	6.97332	2.31098	0.767809	1533.24	128.469	0.701012	1.23916	166.493
1992	41.5932	7.80925	2.02031	247.026	174.714	6.84839	2.27482	0.760718	1595.51	132.526	0.737650	1.29810	164.223
1993	40.4713	7.59359	1.93639	268.568	188.370	6.63368	2.17521	0.799952	1841.23	149.124	0.779988	1.17100	130.147
Monthly averages													
93/05	40.1919	7.51093	1.95497	265.225	184.557	6.59068	2.19301	0.802074	1796.56	147.263	0.785848	1.21723	134.423
93/06	40.2060	7.49122	1.95633	266.402	186.246	6.58549	2.19419	0.801888	1778.29	150.332	0.783888	1.18495	127.134
93/07	40.2940	7.55659	1.95094	266.971	190.384	6.64476	2.19395	0.806562	1801.86	153.043	0.760394	1.13847	122.498
93/08	40.7313	7.83353	1.92126	269.231	196.343	6.72284	2.16155	0.814538	1818.89	157.310	0.759607	1.13327	117.641
93/09	41.0548	7.83300	1.91165	273.811	196.052	6.68994	2.14690	0.821195	1848.48	154.071	0.773298	1.17906	124.263
93/10	41.4857	7.71285	1.90647	276.322	197.089	6.69015	2.14278	0.811468	1862.92	153.730	0.774015	1.16391	124.471
93/11	40.8884	7.63939	1.91956	274.968	196.356	6.66990	2.15423	0.803976	1881.91	154.939	0.762344	1.12884	121.748
93/12	40.3146	7.56812	1.93091	276.996	197.082	6.60200	2.16293	0.795770	1905.67	158.437	0.757207	1.12886	124.129
94/01	40.3580	7.54171	1.94163	278.817	196.212	6.59620	2.17397	0.778069	1894.30	159.461	0.746390	1.11415	124.100
94/02	40.0000	7.56953	1.94082	280.085	195.976	6.59455	2.17642	0.787265	1884.77	157.849	0.755633	1.11759	118.803
94/03	39.7980	7.56754	1.93113	281.644	198.705	6.58226	2.17017	0.795832	1904.10	158.483	0.765454	1.14190	120.004
94/04	39.8323	7.58603	1.93467	283.714	197.568	6.62762	2.17251	0.792764	1851.43	157.331	0.768121	1.13924	117.764
94/05	39.7402	7.55863	1.93076	285.832	199.416	6.61117	2.16677	0.791644	1857.15	158.988	0.774348	1.16441	120.752
Daily rates: May													
05/02	39.8012	7.57006	1.93364	283.585	198.854	6.61971	2.16997	0.790940	1854.58	157.593	0.770949	1.16822	119.100
05/03	39.7244	7.56435	1.92964	284.163	198.862	6.61272	2.16687	0.794658	1860.57	158.018	0.776195	1.17268	118.757
05/04	39.7159	7.54964	1.92966	284.163	198.872	6.61054	2.16671	0.796601	1860.79	158.782	0.775472	1.16949	118.411
05/05	39.7236	7.55625	1.92927	283.964	197.717	6.61482	2.16685	0.796646	1867.71	159.194	0.772187	1.15442	118.732
05/06	39.7519	7.55538	1.93106	284.287	198.867	6.61848	2.16807	0.795128	1854.20	158.800	0.773177	1.15667	119.079
05/09	39.7206	7.55262	1.92960	284.362	199.115	6.61254	2.16660	0.796183	1850.46	158.568	0.778496	1.16346	119.488
05/10	39.7638	7.55921	1.93191	284.670	199.407	6.61872	2.16897	0.795604	1843.01	158.604	0.775145	1.15752	120.209
05/11	39.7584	7.55800	1.93160	284.906	199.482	6.62065	2.16826	0.791229	1847.78	159.114	0.773394	1.14942	120.057
05/12	:	:	:	:	:	:	:	:	:	:	:	:	:
05/13	39.7632	7.55700	1.93199	285.357	198.998	6.62595	2.16857	0.790658	1848.16	159.203	0.771541	1.15515	121.256
05/16	39.7652	7.55764	1.93198	285.935	199.167	6.62484	2.16876	0.787218	1856.29	159.580	0.768766	1.15446	120.606
05/17	39.7687	7.56646	1.93190	286.497	199.179	6.62369	2.16867	0.786976	1853.18	159.977	0.769020	1.15607	121.156
05/18	39.7734	7.56638	1.93281	286.729	199.329	6.61739	2.16881	0.786693	1848.30	159.639	0.771223	1.16084	120.496
05/19	39.7349	7.56399	1.93186	287.555	199.352	6.61306	2.16761	0.787405	1849.58	159.278	0.774299	1.16764	120.991
05/20	39.7540	7.55293	1.93138	291.059	199.750	6.60509	2.16706	0.787417	1851.80	159.648	0.774800	1.17018	122.108
05/23	:	:	:	:	:	:	:	:	:	:	:	:	:
05/24	39.7038	7.55209	1.92929	286.115	199.379	6.60266	2.16413	0.792556	1862.10	158.920	0.777864	1.17068	121.985
05/25	39.7295	7.55763	1.93086	285.478	199.824	6.60242	2.16558	0.790779	1863.66	158.790	0.775034	1.16774	122.263
05/26	39.6904	7.55432	1.92819	289.228	200.283	6.59609	2.16290	0.790767	1871.22	159.020	0.777719	1.17358	122.310
05/27	39.7287	7.55501	1.93020	287.602	200.658	6.59430	2.16451	0.791081	1866.02	159.020	0.776300	1.17159	122.607
05/30	39.7247	7.55962	1.93008	285.588	200.714	6.59429	2.16408	0.791620	1864.99	158.922	0.777196	1.17294	122.573
05/31	39.7069	7.56405	1.92833	285.389	200.521	6.59548	2.16248	0.792727	1868.61	159.098	0.778189	1.17546	122.859

EXPLANATORY NOTES

Bilateral currency deviation (graph on page 3).

The various curves should be compared in pairs. To find the differential between two currencies, subtract the (positive or negative) values along the y-axis corresponding to each currency.

The graph is drawn with the curve of the strongest currency above that of the weakest. It shows therefore the relative position of each currency vis-à-vis the other currencies.

When two curves intersect or merge over a period of time there is no differential between the two currencies and their market exchange rate equals their bilateral central rate.

The graph is drawn within a horizontal band corresponding to the maximum 15% margin of fluctuation applying at any given moment to market exchange rates and the bilateral central rates of the ERM currencies. This band is divided symmetrically by a horizontal axis along which the points would be plotted if all currencies were at their bilateral central rate and there were therefore no fluctuations.

The daily market exchange rates of all currencies are compared with the relevant bilateral central rates and the differentials between the two calculated.

The maximum fluctuation between two currencies is shown within the band, symmetrical with the horizontal axis. The fluctuations of the other currencies in relation to either of the two currencies in question are shown within the maximum permissible fluctuation.

The curves are drawn by linking the daily points showing the relative positions of each currency.

Exchange rate grid (Table I).

The intervention limit rates fixed in the official grid do not always correspond exactly to + or - 15 % of the central rates, since for each currency pair (whose exchange rates are inversely proportional to one another) the lower limit of the one corresponds to the upper limit of the other.

Ecu bond issues (Table II & IV).

In table II, issues are recorded as at the payment date. This bulletin only covers international and foreign issues in ecus, including ecu issues offering the option of conversion into other currencies. Main source: International Financing Review

Table II shows, under the headings:

-Business sector and Governments: national issuers, both private and public.

-Institutions: the European Investment Bank and the Commission of the European Communities (EEC, ECSC, Euratom).

-Organizations: the specialist institutions of the United Nations, the World Bank, the Council of Europe, etc.....

Table IV shows detailed information of the latest known issues, whatever the payment date.

Interest rates and yields on ecu investments (Table III).

The interest rates for 1, 3, 6, months and 1 year deposits are calculated on the basis of the London market rates LIBID as follows:

- until October 1993 : (source: Financial Times, Friday rate).

- from November 1993 : (source : Bank of England, British Banker's Association, daily rates).

The bonds are classified according to three types of maturities: under 5 years, from 5 to 7 years and more than 7 years. The redemption yields of ecu bonds are calculated each Wednesday from a sample of fixed interest bonds, denominated in ecus and listed on the Luxembourg Stock Exchange. These yields are weighted by the amounts in circulation. (source: Luxembourg Stock Exchange).

The monthly and yearly averages are the arithmetic means of these weekly interest rates and bond yields.

Operations rates of the EMCF (Table III).

The interest rate for transactions in EMCF (European Monetary Cooperation Fund) ecus, is the weighted average of the most representative rates on the domestic money market of the countries whose currencies make up the ecu basket. It is based on the weighting of the currencies in the ecu basket as derived from the ecu central rates in force. The rate thus calculated for a given month applies to EMCF transactions for the following month. In table 3, this rate relates to the month upon which the calculations are based and not to the (following) month during which it is used by the EMCF.

Consumer price indices in national currency (Table V).

The consumer price indices in the national currency of each country measure changes in the purchasing power of one unit of national currency spent in the country concerned.

Two composite indices are calculated, covering all the Member States of the Community (EUR 12) and the nine Member States with currencies participating in the European Monetary System exchange rate mechanism (ERM). (Although the peseta has been participating in the exchange rate mechanism since 19/06/89 and has been included in the calculation of the ecu since 21/09/89, it is only taken into account in the indices relating to the ERM which are included in this bulletin for data after 30/09/89.)

These indices are calculated as weighted arithmetic means (chain indices) of the national indices, the weighting for each Member State being its relative share in the final consumption of households of the group of countries in question (EUR 12, ERM), expressed in purchasing power standards, at current prices and purchasing power parities.

At the foot of the table, the average weighted fluctuations around the mean and the minimum are given for the same groups of countries, with the same weightings. (These are calculated as weighted averages of the absolute fluctuations in relation to the mean and the minimum respectively). They show the degree to

Consumer price indices in ecus (Table VI).


For each country the index of consumer prices in ecus is calculated by dividing the national consumer price index by the average movement of the national currency in relation to the ecu during the month. It measures the change in the purchasing power of one ecu in the country concerned.

Three composite indices are calculated, covering all the Member States of the Community (EUR 12 and ECU), the 9 Member States participating in the European Monetary System exchange rate mechanism (ERM). (Although the peseta has been participating in the exchange rate mechanism since 19/06/89 and has been included in the calculation of the ecu since 21/09/89, it is only taken into account in the indices relating to the ERM which are included in this bulletin for data after 30/09/89.)

These three indices are calculated as weighted arithmetic means (chain-indices). The weightings are defined as follows: for the EUR 12 and ERM indices, the relative share of each Member State in the final consumption of households for the group of countries in question (EUR 12 or ERM), expressed in ecus at current prices and exchange rates (annual weighting). For the ECU index, the relative share of each Member State's currency in the calculation of the ecu (monthly weighting).

Ecu exchange rates (Table VII).

The exchange rates for the ecu against the national currencies of the Member States of the Community, the USD and yen are shown as annual averages, monthly averages (for the current year), and daily rates (for the latest available month).

 eurostat	BFR	DKR	DM	DRA*	ESC	FF	HFL	IRL	LFR	LIT*	PTA	UKL*
	From 21/09/89 the ecu basket has been made up as follows :											
1 ecu =	3.301	0.1976	0.6242	1.44	1.393	1.332	0.2198	0.008552	0.13	151.8	6.885	0.08784
	Ecu central rates from 14/05/93											
	40.2123	7.43679	1.94964	264.513	192.854	6.53883	2.19672	0.808628	40.2123	1793.19	154.250	0.786749
	Weights of currencies on 14/05/93, calculated on the basis of current central rates, expressed in % :											
100 =	8.21	2.66	32.02	0.54	0.72	20.37	10.01	1.06	0.32	8.47	4.46	11.16

* does not participate in the exchange rate mechanism.

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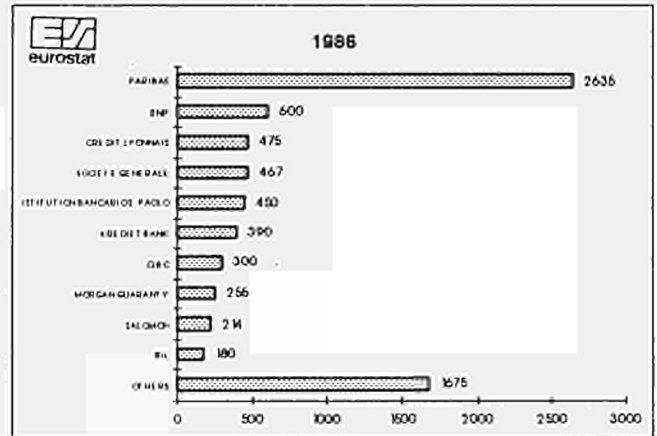
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The bonds thus amortised were often issued several years ago and represent relatively modest unit amounts. Since redemptions in ecus received by bondholders are for the most part reinvested in ecus and supply the primary market, it is probable that we shall witness a transformation of the amount outstanding, since the small lines will be recycled into deeper lines. Furthermore, it can be seen that the cycle favours the first half of the year as regards both issues and redemptions

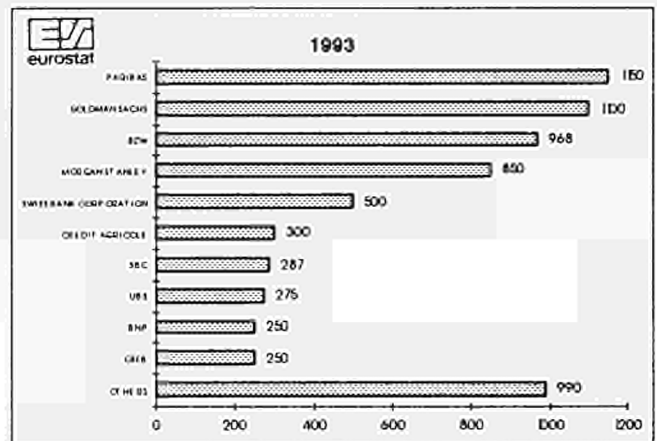
Looking at the identity of borrowers, we see the following main features: they are mainly European, although this varies from year to year. In 1982, when the first Italian ecu Treasury bonds were issued, 93% of the volume was taken up by Europeans. 1985, 1986, and 1987 saw the highest level of international participation, with 31%, 28% and 33% of the respective volumes taken up by non-Europeans. 1993 saw a certain return to the borrowers' traditional base, with an increased proportion of domestic loans.

Institutional borrowers, i.e. governments and international institutions, form the main group with on average 56% of the volumes issued since 1981. In the private sector, since 1992 banks have accounted for an average of almost 20% of ecu bond issues compared with 14% for industrial companies, which corroborates the view that the ecu was seen more as a financial instrument than as a unit for settling commercial transactions, especially since numerous loans raised by industrial companies have been swapped for other currencies. There is a greater proportion of private borrowers when the market outlook is clear: in 1985, a particularly promising year, they were responsible for 55% of the volumes issued, while in 1993, which was perceived as sluggish, they accounted for only 5%

The lead banks for ecu Euro-issues have not always been the same. In the first few years it was Belgian banks that led the field. Then the market was chiefly in the hands of French banks. In 1986, for example, all four front-runners were French.



Between 1985 and 1993 Paribas obtained the most mandates in terms of volume. Behind Paribas, however, the French banks were rapidly ousted from their leading position by the major international banks active on the Euro-market for other currencies. These banks included UPS, Morgan Stanley, Goldman Sachs, Deutsche Bank and SBC.



Some banks tried out the market and then withdrew. After a phase in which there were a large number of lead banks - in 1985 the share of "other" banks, i.e. those not among the first ten, was larger than that of the three leaders together - the market once again became more concentrated, which indicated its maturity. There were thus a number of fairly large lead banks and a smaller volume of issues was handled by banks not specialising in the ecu market.

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