

ECU-EMS information

5 □ 1994 Monthly

Study of the ecu yield curve

The February issue contained a description of the Commission ecu yield curve, the philosophy behind the project and its specific qualities. To recap, this third-degree curve is obtained by regression and constitutes a continuous function which shows a yield for each maturity considered.

This issue presents the figures obtained and provides an interpretation of them.

1) Long-term perspective: from September 1992 to the present

Between September 1992 and the beginning of January 1994, there was a general downward trend in ecu yield rates, irrespective of the maturity. Since last January rates having been strongly rising. The upward curve is steeper than the downward one..



Looking in closer detail, it can be seen that between September 1992 and 11 October 1992, the structure of the rates was reversed, i.e. long-term yields were lower than short-term yields. The date of 12 October is a

turning point. The curve was virtually flat. After that date there was a "normal" structure, with long-term rates higher than the short-term rates. This pattern tended to become more marked over time. The curve became steeper and the gaps between the maturities grew.



2) Short-term perspective: between the end of February 1994 and 13 May 1994

Over this period the trend in long-term was up with however, a drop from the beginning of May. There were sometimes weekly variations in rates, amounting to +20/25 basis points, which corresponds to big price differences of around 200 basis points. These large fluctuations coincided each time with the Federal Reserve's decisions to raise its key interest rates. This had the effect of depressing the US bond market, which had repercussions on the European markets, including that of the ecu.

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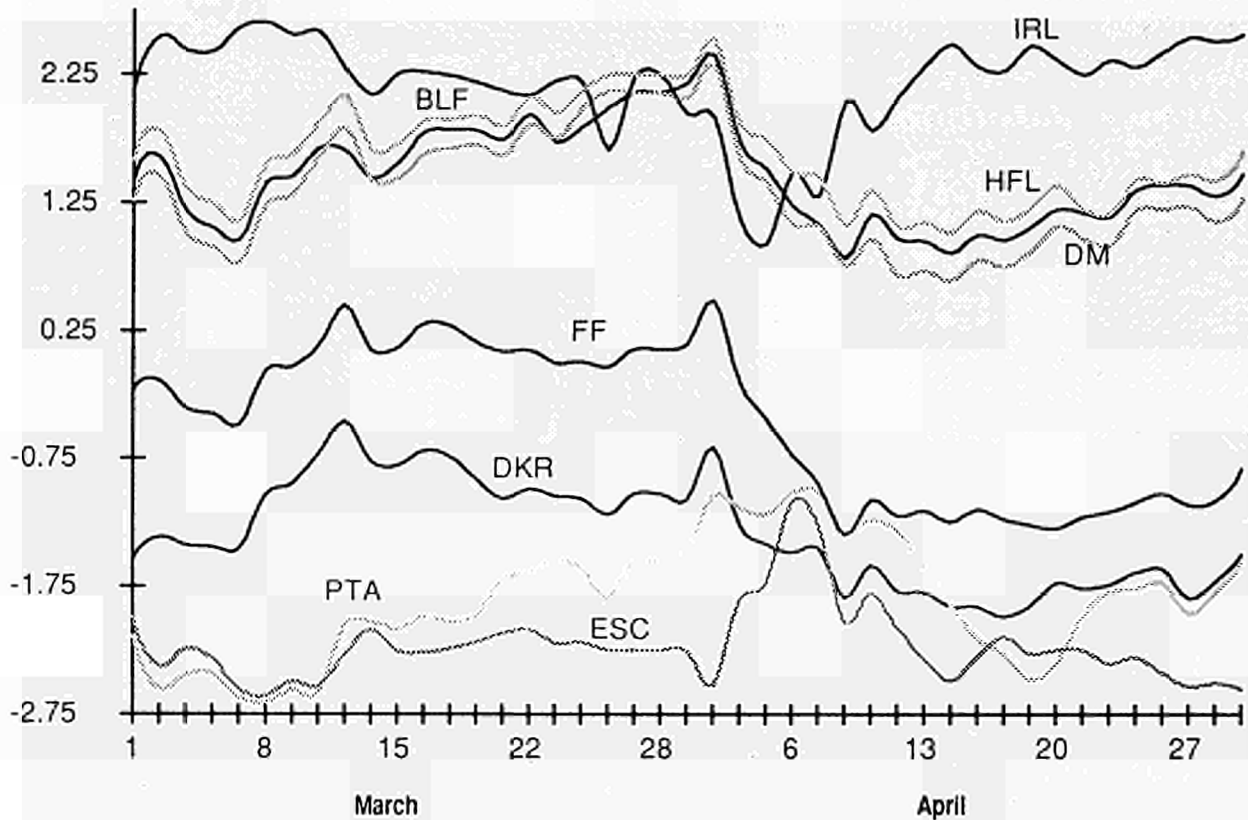
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TABLE I
BILATERAL FLUCTUATIONS OF THE ERM CURRENCIES



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
February	1 850	1 725	550	950	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

(*) 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								
April	8.50	8.89	8.72	8.31	7.78	7.92	7.57	7.79
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

(*) 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
30/04/1994 27/05/1994	Credit Local de FRANCE	100	93.185	5 1/4	5 7M	29/12/1999	6.90	Société Générale Morris Lynch	LX	Swap

Listing: LX = Luxembourg

TABLE V

CONSUMER PRICE INDICES IN NATIONAL CURRENCY

1985=100

	1980	1990	1988	1989	1990	1991	1992	1993	1993				1994		
									09	10	11	12	01	02	03
B	71.2	111.0	104.1	107.3	111.0	114.6	117.3	120.6	121.2	121.4	121.5	121.7	122.2	122.6	122.6
DK	68.3	121.2	112.7	118.1	121.2	124.1	126.7	128.3	128.8	129.2	129.4	129.1	129.2	129.6	129.7
D	82.6	107.0	101.4	104.2	107.0	110.7	115.1	119.8	120.3	120.6	120.9	121.1	122.2	122.6	122.8
ELL	39.1	222.6	162.5	184.9	222.6	264.7	308.1	352.6	358.5	365.4	368.3	371.9	369.3	370.1	381.0
E	56.2	136.8	120.0	128.2	136.8	145.0	153.5	160.6	162.4	163.0	163.3	164.0	165.6	165.7	166.2
F	63.3	116.3	108.7	112.7	116.3	120.0	123.0	125.6	126.1	126.4	126.5	126.4	126.6	126.9	127.2
IRL	56.1	117.6	109.4	113.9	117.6	121.3	125.1	126.9	127.3	127.7	127.7	127.7	128.5	128.5	128.5
I	52.5	131.8	116.5	123.7	131.8	140.2	147.4	153.9	154.9	155.8	156.3	156.4	157.4	158.0	158.3
L	70.3	109.0	101.7	105.1	109.0	112.4	115.9	120.1	120.7	121.1	121.5	121.6	121.6	122.0	122.0
NL	81.8	104.3	100.6	101.7	104.3	108.4	112.5	114.9	116.0	116.0	116.0	115.5	115.9	116.5	117.2
P	35.2	170.9	133.9	150.8	170.9	189.5	206.7	220.0	222.2	223.5	225.0	225.6	227.4	228.8	229.3
UK	70.7	133.3	113.0	121.8	133.3	141.1	146.4	148.7	150.0	149.9	149.7	150.0	149.4	150.3	150.7
EUR 12	65.3	123.0	110.7	116.4	123.0	129.1	134.6	139.1	140.0	140.4	140.6	140.8	141.3	141.8	142.2
ERM	66.7	116.9	107.6	111.9	116.9	122.4	127.2	131.6	131.4	133.4	133.6	133.6	134.1	134.3	134.4

Annual rate of increase (%)

	71-80	81-90	1988	1989	1990	1991	1992	1993	1993				1994		
									09	10	11	12	01	02	03
B	7.4	4.6	1.2	3.1	3.4	3.2	2.4	2.8	2.8	2.7	2.5	2.7	2.4	2.5	2.3
DK	9.8	5.9	4.6	4.8	2.6	2.4	2.1	1.3	1.2	1.5	1.5	1.5	1.8	1.8	1.7
D	5.1	2.6	1.2	2.8	2.7	3.5	4.0	4.1	4.0	3.9	3.6	3.7	3.5	3.4	3.2
ELL	14.5	19.0	13.5	13.8	20.4	18.9	16.4	14.5	12.8	12.3	12.3	12.1	11.1	11.0	10.2
E	15.4	9.3	4.8	6.8	6.7	6.0	5.9	4.6	4.3	4.6	4.8	4.9	5.0	5.0	5.0
F	9.7	6.3	2.7	3.7	3.2	3.2	2.5	2.1	2.3	2.2	2.2	2.1	1.9	1.8	1.5
IRL	13.7	7.8	2.1	4.1	3.2	3.1	3.1	1.4	1.3	1.5	1.5	1.5	1.7	1.7	1.7
I	14.1	9.7	5.1	6.2	6.5	6.4	5.1	4.5	4.5	4.6	4.3	4.3	4.4	4.4	4.3
L	6.7	4.5	1.4	3.3	3.7	3.1	3.1	3.6	3.7	3.5	3.5	3.6	2.6	2.6	2.3
NL	7.4	2.5	0.9	1.1	2.5	3.9	3.8	2.1	2.0	2.8	2.8	2.6	3.0	3.0	2.9
P	18.7	17.3	9.6	12.6	13.3	10.9	9.1	6.5	5.9	6.3	6.6	6.4	6.4	6.1	6.1
UK	13.8	6.6	4.9	7.8	9.4	5.9	3.8	1.6	1.8	1.4	1.4	1.9	2.5	2.4	2.3
EUR 12	9.9	6.6	3.6	5.1	5.7	5.0	4.3	3.4	3.4	3.3	3.2	3.4	3.4	3.3	3.2
ERM	8.4	5.4	2.7	4.0	4.5	4.7	4.1	3.3	3.2	3.2	1.9	3.2	3.1	3.1	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	1.3	1.4	1.4	1.3	1.1	1.1	1.1
ERM	3.0	2.5	1.4	1.4	1.8	1.4	0.9	1.0	0.9	1.0	0.9	1.0	0.9	0.9	0.9
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	2.2	2.0	1.9	1.8	1.7	1.6	1.7
ERM	3.3	2.9	1.9	2.9	2.3	2.3	2.0	2.1	2.0	2.0	1.8	1.7	1.4	1.4	1.2

TABLE VI

CONSUMER PRICE INDICES IN ECU

1985=100

	1980	1990	1988	1989	1990	1991	1992	1993	1993				1994		
									09	10	11	12	01	02	03
B	78.7	117.5	107.6	111.1	117.5	121.9	126.7	133.8	132.6	131.4	133.5	135.6	136.0	137.7	138.3
DK	70.0	123.7	113.7	117.7	123.7	125.8	130.1	135.5	131.9	134.3	135.8	136.8	137.4	137.3	137.5
D	72.9	116.1	108.8	112.1	116.1	120.2	126.9	137.8	140.1	140.8	140.2	139.6	140.8	140.6	141.6
ELL	68.6	114.9	100.9	107.5	114.9	122.2	129.8	136.6	136.2	137.6	139.4	139.7	137.8	137.5	140.7
E	72.7	136.4	112.5	126.8	136.4	145.5	149.6	139.3	135.9	136.7	135.9	133.5	133.9	135.4	135.2
F	73.1	114.3	105.0	108.9	114.3	116.9	122.3	128.7	128.1	128.3	128.8	130.1	130.4	130.7	131.3
IRL	58.5	109.3	100.6	104.4	109.3	112.7	117.4	113.4	110.9	112.2	113.5	114.8	117.4	116.5	115.5
I	63.8	125.2	109.6	118.5	125.2	132.2	133.9	120.9	121.0	121.0	120.4	118.7	120.1	121.2	120.2
L	77.7	115.4	105.2	108.8	115.4	119.6	125.2	133.3	132.1	131.1	133.5	135.5	135.4	136.9	137.6
NL	74.4	113.2	108.2	109.4	113.2	117.8	124.2	132.6	135.7	136.2	135.3	134.3	133.9	134.5	135.7
P	65.8	122.6	102.3	112.9	122.6	138.4	153.8	152.1	147.2	147.2	148.9	148.7	150.6	151.7	149.9
UK	69.7	110.0	100.2	106.6	110.0	118.5	117.3	112.2	114.2	114.0	115.6	116.6	117.8	117.0	115.8
EUR 12	70.9	117.8	106.8	112.5	117.8	123.3	127.2	127.9	128.5	128.7	128.9	128.8	129.7	129.9	129.9
ERM	71.3	119.0	108.0	112.9	119.0	123.2	127.0	134.0	129.0	126.9	127.4	127.0	127.8	126.9	126.2
ECU	71.7	117.0	106.9	111.3	117.0	122.0	126.8	131.0	131.8	132.1	132.3	132.4	133.2	133.5	133.8

Annual rate of increase (%)

	71-80	81-90	1988	1989	1990	1991	1992	1993	1993				1994		
									09	10	11	12	01	02	03
B	9.9	4.1	0.2	3.2	5.8	3.7	4.0	5.6	3.5	0.1	1.4	2.7	2.3	2.6	2.8
DK	9.8	5.9	3.6	3.5	5.1	1.7	3.4	4.2	0.3	-0.2	0.6	1.7	2.0	0.4	0.2
D	9.4	4.8	1.1	3.0	3.6	3.5	5.6	8.6	9.0	7.0	6.1	5.2	4.9	3.5	3.7
ELL	7.4	5.5	5.8	6.5	6.9	6.4	5.7	5.2	3.9	3.5	4.3	4.9	4.2	3.3	2.9
E	11.8	6.6	8.3	12.7	7.6	6.7	2.8	-6.9	-8.7	-4.8	-4.6	-7.3	-8.5	-7.6	-8.2
F	9.3	4.6	1.1	3.7	5.1	2.3	4.7	5.4	4.3	1.7	1.9	3.3	2.6	1.4	1.7
IRL	8.6	6.6	2.1	3.8	4.7	3.1	4.2	-3.4	-6.3	-6.8	-6.0	-5.4	-3.4	3.0	2.0
I	7.2	7.0	2.2	8.1	5.7	5.6	1.3	9.6	-8.6	-2.7	-6.3	-4.2	-0.4	1.4	2.8
L	9.2	4.1	0.5	3.5	6.1	3.6	4.7	6.5	4.4	0.9	2.4	3.6	2.5	2.7	2.7
NL	10.7	4.3	0.9	1.1	3.5	4.1	5.4	6.8	7.1	5.0	4.4	3.5	3.7	3.4	3.5
P	9.2	6.6	4.7	10.4	8.6	12.9	11.5	-1.1	-4.7	-5.8	-4.9	-5.2	-4.6	-4.2	-4.3
UK	10.3	4.9	11.2	6.6	3.2	7.7	-1.1	-4.3	-1.5	4.8	7.9	7.5	8.6	11.4	7.8
EUR 12	9.3	5.2	3.6	5.3	4.7	4.7	3.2	0.6	0.8	2.2	1.8	2.0	2.6	3.0	2.6
ERM	9.0	5.3	1.4	4.5	5.4	3.5	3.1	4.4	3.6	2.4	2.3	2.0	1.4	0.8	0.8
ECU	9.2	5.0	2.5	4.1	5.1	4.3	3.9	4.1	3.4	3.2	3.1	3.2	3.3	3.1	2.9

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													
93/04	40.1018	7.48447	1.94816	265.453	180.714	6.58705	2.18936	0.798933	1872.31	141.185	0.789258	1.22106	137.028
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	158.437	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
Daily rates: April													
04/05	39.7870	7.58118	1.93121	283.844	197.236	6.60019	2.16833	0.804934	1860.15	156.879	0.777009	1.14003	117.617
04/06	39.8561	7.57695	1.93527	283.810	195.704	6.61072	2.17139	0.799284	1866.18	156.412	0.768310	1.12811	118.113
04/07	39.8906	7.56931	1.93431	283.865	195.930	6.62201	2.17088	0.800372	1856.51	156.305	0.769806	1.13085	117.891
04/08	39.9123	7.58361	1.93649	284.121	197.055	6.63488	2.17444	0.792506	1844.19	156.481	0.766728	1.13146	118.939
04/11	39.8714	7.58293	1.93685	284.193	197.065	6.63328	2.17358	0.796405	1837.78	156.706	0.768666	1.13432	117.119
04/12	39.8583	7.58108	1.93825	283.957	197.161	6.62656	2.17530	0.792363	1847.45	156.503	0.766031	1.12722	116.779
04/13	39.8902	7.58684	1.93856	283.800	197.768	6.62776	2.17577	0.790825	1847.85	157.058	0.763562	1.12740	116.968
04/14	39.8652	7.58392	1.93713	283.754	197.808	6.62390	2.17411	0.788161	1847.64	157.266	0.766790	1.13117	117.924
04/15	39.8425	7.58977	1.93546	283.501	197.615	6.62272	2.17230	0.790355	1850.06	157.832	0.767758	1.13052	117.371
04/18	39.8386	7.59210	1.93578	283.432	197.210	6.62500	2.17292	0.790177	1847.04	157.940	0.767555	1.13138	116.984
04/19	39.8049	7.58836	1.93359	283.233	197.517	6.62906	2.17114	0.788662	1849.04	158.288	0.769172	1.13607	116.901
04/20	39.7967	7.58339	1.93216	282.943	197.693	6.63884	2.16969	0.790649	1852.94	158.298	0.768100	1.13925	117.707
04/21	39.8122	7.58740	1.93421	283.306	197.693	6.63369	2.17424	0.791691	1853.09	157.714	0.766008	1.14518	117.793
04/22	39.8158	7.58372	1.93493	283.599	197.882	6.62962	2.17471	0.790552	1851.74	157.389	0.766944	1.14290	118.770
04/25	39.7891	7.58739	1.93208	283.433	198.074	6.63430	2.17170	0.792115	1851.49	157.569	0.770006	1.15039	118.467
04/26	39.7989	7.59077	1.93342	283.533	198.461	6.63411	2.17399	0.791620	1847.64	157.612	0.768613	1.14777	118.312
04/27	39.7894	7.60584	1.93219	283.931	198.598	6.63836	2.17158	0.790465	1858.63	157.946	0.765815	1.15424	118.598
04/28	39.8003	7.59213	1.93364	284.147	198.451	6.63309	2.17159	0.790257	1853.37	157.598	0.767641	1.15338	117.760
04/29	39.7937	7.58793	1.93324	284.166	198.876	6.62667	2.16998	0.791123	1854.48	157.499	0.769775	1.16390	117.496

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).

	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 :											
1ecu =	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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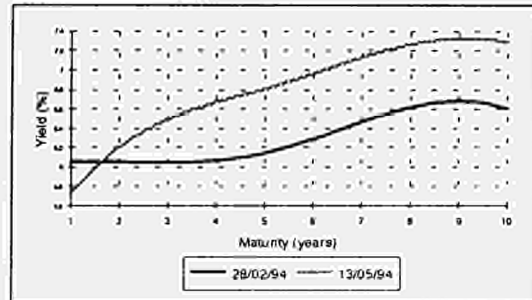
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The shape of the curve changed, becoming a normal type of curve after starting out as an S shape in which the 5-year rates were abnormally low and the 9-year rates abnormally high.

The change in shape and the upward movement of the curve were accompanied by an increase in the differential: on 25 February the 10-year/3-year spread was 60 basis points. On 13 May the gap was 79 basis points. This trend is even more marked if one looks at the short-term part of the curve, which is always drawn downwards by the cuts in the key rates of the European central banks. While the 10-year rate rose by 80 basis points over the period, the 1-year rate fell by 40 basis points.



Since 9 May rates have begun falling again. At the same time, the 10-year/2-year gap has narrowed, i.e. the curve has flattened out. There are several possible reasons for this: operators consider the market to be over-sold and therefore cheap, particularly compared with the theoretical rates; the drop in European key rates has an effect on the long-term rates of the component currencies and hence on the long term rates for the ecu, and the prospect of US inflation appears to have been brought under control. The rise in US money market rates has also boosted the bond market in dollars and consequently other world markets.

18/05/94

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