

Table of Contents

Chapter 1: Introduction	1
From nowhere to world leader	1
Well established in world market	2
The first Ecu	2
The emergence of the Ecu	2
The Werner report	3
The European monetary system	3
The Delors report	4
The first stage	5
The second and third stages	5
Chapter 2: A Definition	7
Ecu exchange rate	7
Divergence in the Ecu/basket exchange rate	9
Ecu weights	11
Ecu revisions	11
Chapter 3: Maastricht and All That	13
What was agreed	13
Some won't be ready	16
The pain of Maastricht	16
Who qualifies and who doesn't?	18
Arguments surface over the Ecu	19
Chapter 4: The Ecu and the Bond Markets	21
The growth of the Ecu bond market	21
Issuing procedures	23
Ecu bond trading	24
The issuers	24
Sovereign borrowers and benchmark issues	26
Future pattern in sovereign Ecu bond issues	28
Maturity profile	28
Credit ratings	29
Ecu bond investors	29
Chapter 5: The Valuation of Ecu Bonds	31
<i>Jim O'Neill, head of capital markets and treasury research, Swiss Bank Corp, London</i>	
The theoretical yield technique	31
Convergence approach	32
Real yield approach	34
The SBC Ecu 4 model	35
Conclusion	37

Chapter 6: The Ecu and the Money Markets	39
The size of the Ecu money market	39
Money market instruments	43
Treasury bills	43
Certificates of deposit	44
The commercial paper market	45
Ecu medium-term notes	45
The Ecu repo market	46
The Ecu clearing and settlement system	47
Chapter 7: Derivatives and the Ecu	49
The derivative exchanges	50
Ecu bond futures	51
The Ecu swap market	52
Other OTC derivatives	53
Chapter 8: The Ecu in Commercial Use	55
The attractions for business of the Ecu	55
The problems of the Ecu in commercial use	56
Business scepticism	58
The Ecu enthusiasts	59
After Maastricht	60
Chapter 9: The Prospects for a European Payments Union	63
EPU—a possible model	64
The EBA working group	65
Conclusion	67
Case Studies	73
Alcatel	75
Arianespace	77
Company A	79
Eurocontrol	82
The European Bank for Reconstruction and Development	84
Fiat	88
Firestone France	89
General Electric Capital Corp	91
Istituto Bancario San Paolo di Torino	93
Mattel	95
Nippon Life Insurance	97
Paribas Capital Markets	99
Saint Gobain	102
Tioxide	104
UBS Phillips & Drew	106