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PRIME MINISTER

Excellent

AN ECU BOND ISSUE

In your Mansion House speech last October you announced that we were giving consideration to an ecu bond issue, which would demonstrate our attachment to the ecu and would strengthen London's position in this rapidly growing market.

I have been keeping the possible timing of such an issue under regular review. A key requirement has been to identify an opportunity to launch an issue in generally favourable market conditions and where, specifically, we could do so on terms better than those achieved by France, the current market leader.

That opportunity is now available. 10 year ecu bond yields have fallen from around 10 per cent at the beginning of the year to some 9½ per cent. And it should be possible to price an issue in the range 1-4 basis points better than the comparable French issue. We are therefore planning to launch a 2 billion ecu issue tomorrow afternoon, Wednesday, 13 February. It will be the largest ever single issue in ecu. As such there is every prospect it will become the new 10 year benchmark, so strengthening London's competitive position.

[N.L.]

12 February 1991