



MONTHLY BULLETIN - N° 186 - November 2005

AGENCE
FRANCE
TRÉSOR
is tasked with
handling
government debt
and cash
management
under the most
secure
conditions in the
best interest of the
taxpayer.

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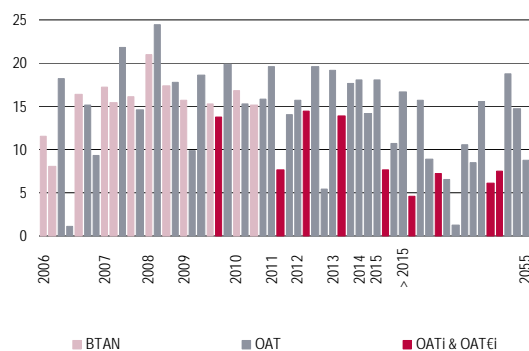
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DEBT GENERAL DATA

French government long- and medium-term negotiable debt on October 31, 2005

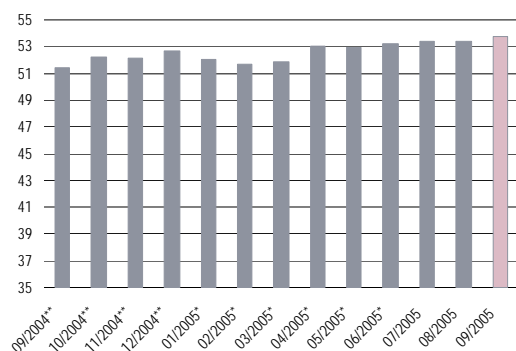
nominal value of each line, €bn



Source: Agence France Trésor

Non-resident holdings of French government negotiable debt securities

as a % of negotiable debt outstanding



Source: balance of payments

Note: following the revised figures of the French securities held by non-residents at the end of 2004, the Banque de France has readjusted the outstanding amount related to the negotiable Government debt securities held by non-residents in 2003 and has reevaluated the stock for 2004 (**).

(*) figures quarterly revised (**) figures annually revised

PRIMARY MARKET

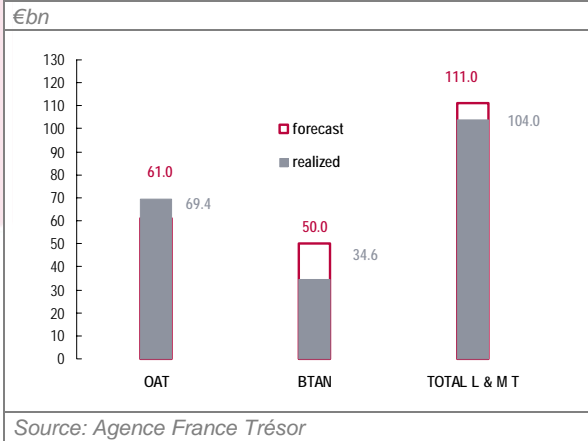
Auction indicative calendar

		BTF				BTAN / index linked OAT	OAT
November 2005	auction date	7	14	21	28	17	3
	settlement date	10	17	24	1-dec	22	8
December 2005	auction date	5	12	19	27		
	settlement date	8	15	22	29		no auction

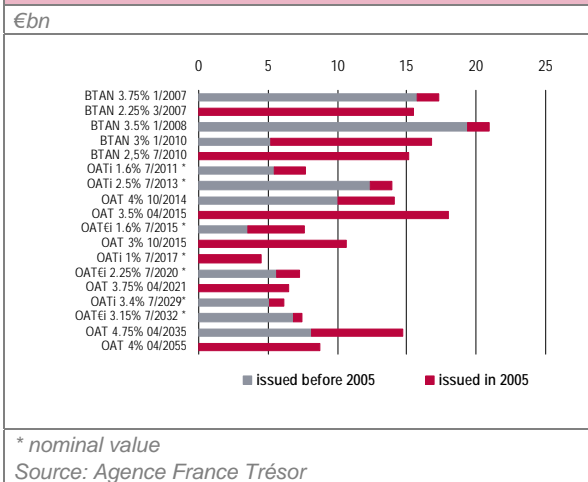
■ anticipated or delayed auctions (bank holidays, etc.)

Source: Agence France Trésor

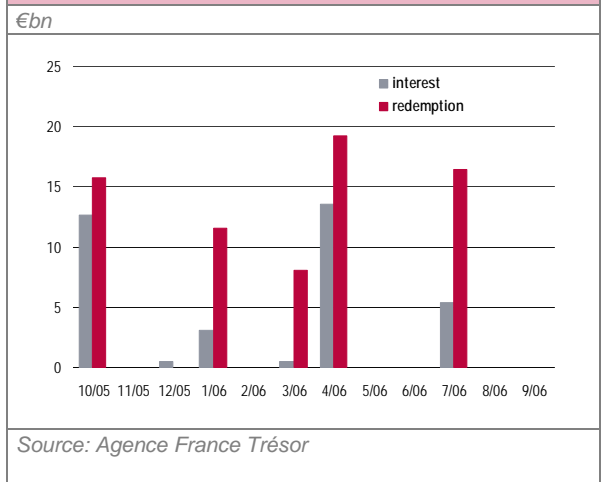
Long- and medium-term financing over the year on October 31, 2005



OATs and BTANs issues and cumulative total on October 31, 2005



OATs and BTANs: indicative repayment schedule on October 31, 2005



▶ OAT and BTAN auctions – October 2005

€m						
	OAT 10 years	OAT 30 years	BTAN 3 years	BTAN 5 years	OATi 10 years	OATéi 30 years
	10/25/2015	4/25/2035	1/12/2008	7/12/2010	7/25/2017	7/25/2032
	3.00%	4.75%	3.50%	2.50%	1.00%	3.15%
Auction date	10/6/2005	10/6/2005	10/20/2005	10/20/2005	10/20/2005	10/20/2005
Settlement date	10/11/2005	10/11/2005	10/25/2005	10/25/2005	10/25/2005	10/25/2005
Amount announced	<- 4,000-4,500 ->		<- 3,500-4,000 ->		<- 1,000-1,500 ->	
Bid amount	6,440	2,932	5,045	4,881	1,570	1,260
Amount served	2,785	1,412	1,600	2,027	800	525
<i>of which: NCTs before auction</i>	50	0	0	21	0	5
NCTs after auction	77	0	0	448	8	143
Total issued amount	2,862	1,412	1,600	2,475	808	668
Bid-to-cover ratio	2.31	2.07	3.15	2.41	1.96	2.40
Weighted average price	98.34%	120.34%	102.09%	98.54%	97.34%	136.90%
Yield to maturity	3.20%	3.62%	2.52%	2.83%	1.24%	1.47%
Indexation coefficient*	-	-	-	-	1.00279	1.05647

* as of the settlement date

Source: Agence France Trésor

▶ BTF auctions – October 2005

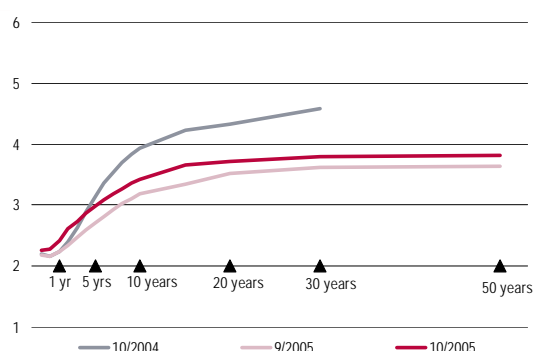
€m				
	BTF	BTF	BTF	BTF
	1 month	3 month	6 month	1 year
Auction date		10/3/2005	10/3/2005	
Settlement date		10/6/2005	10/6/2005	
Maturity		12/29/2005	3/30/2006	
Total issued amount		1,802	2,104	
Weighted average rate		2.037%	2.095%	
Auction date		10/10/2005		10/10/2005
Settlement date		10/13/2005		10/13/2005
Maturity		1/12/2006		9/28/2006
Total issued amount		2,204		1,705
Weighted average rate		2.052%		2.242%
Auction date		10/17/2005	10/17/2005	
Settlement date		10/20/2005	10/20/2005	
Maturity		1/12/2006	3/30/2006	
Total issued amount		2,005	1,921	
Weighted average rate		2.045%	2.131%	
Auction date		10/24/2005		10/24/2005
Settlement date		10/27/2005		10/27/2005
Maturity		1/26/2006		10/26/2006
Total issued amount		2,004		1,902
Weighted average rate		2.053%		2.299%
Auction date		10/31/2005	10/31/2005	
Settlement date * in November		11/3/2005	11/3/2005	
Maturity		1/26/2006	4/27/2006	
Total issued amount		1,974	2,003	
Weighted average rate		2.128%	2.254%	

Source: Agence France Trésor

SECONDARY MARKET

French government yield curve

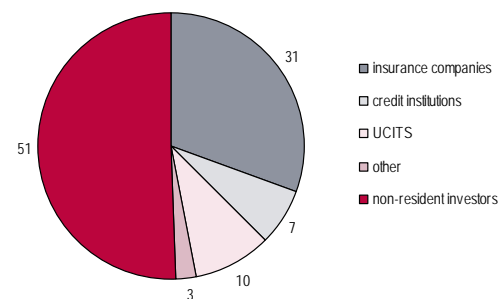
quote at end of the month, in %



Source: Bloomberg

OAT ownership by type of holder second quarter 2005

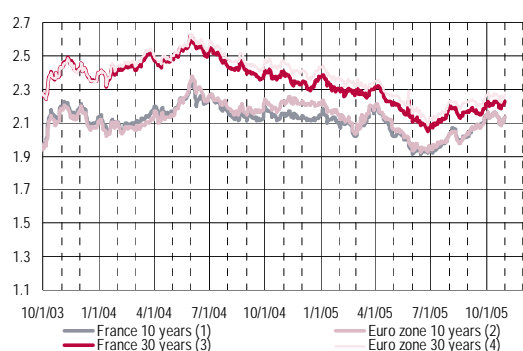
structure in %



Source: Banque de France

Breakeven inflation

daily quotes in %



Source: Bloomberg

- (1) difference between the yield of the OAT 4% April 2013 and the yield of the OATi 2.5% July 2013
 (2) difference between the yield of the OAT 5% April 2012 and the yield of the OATi 3% July 2012
 (3) difference between the yield of the OAT 5.5% April 2029 and the yield of the OATi 3.4% July 2029
 (4) difference between the yield of the OAT 5.75% October 2032 and the yield of the OATi 3.15% July 2032

Negotiable government debt and swaps

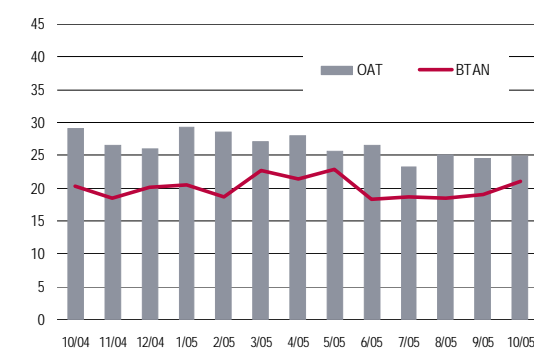
€bn

	end 2000	end 2001	end 2002	end 2003	end 2004	September 2005	October 2005
Negotiable government debt outstanding	616	653	717	788	833	875	866
OAT	419	443	478	512	552	598	588
BTAN	154	158	151	167	184	185	186
BTF	43	52	88	109	97	92	92
Swaps outstanding	///	37	61	61	61	61	61
Average maturity of the negotiable debt							
before swaps	6 years	6 years	5 years	5 years	6 years	6 years	6 years
	64 days	47 days	343 days	297 days	79 days	282 days	327 days
after swaps	///	5 years	5 years	5 years	6 years	6 years	6 years
	///	358 days	266 days	235 days	33 days	241 days	286 days

Source: Agence France Trésor

▶ Turnover on the 5 most liquid OATs and the 4 most liquid BTANs

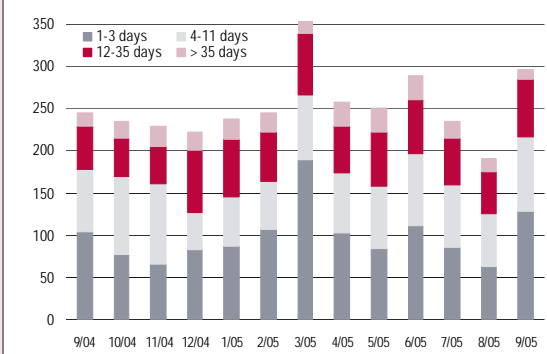
daily average (€bn)



Source: Euroclear France

▶ Primary dealers, monthly fixed-rate repo transactions

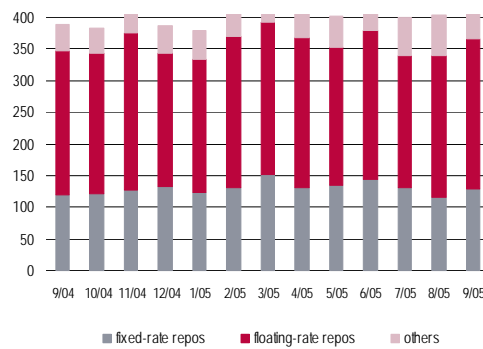
€bn



Source: primary dealers

▶ Primary dealers, repo outstanding at end of month

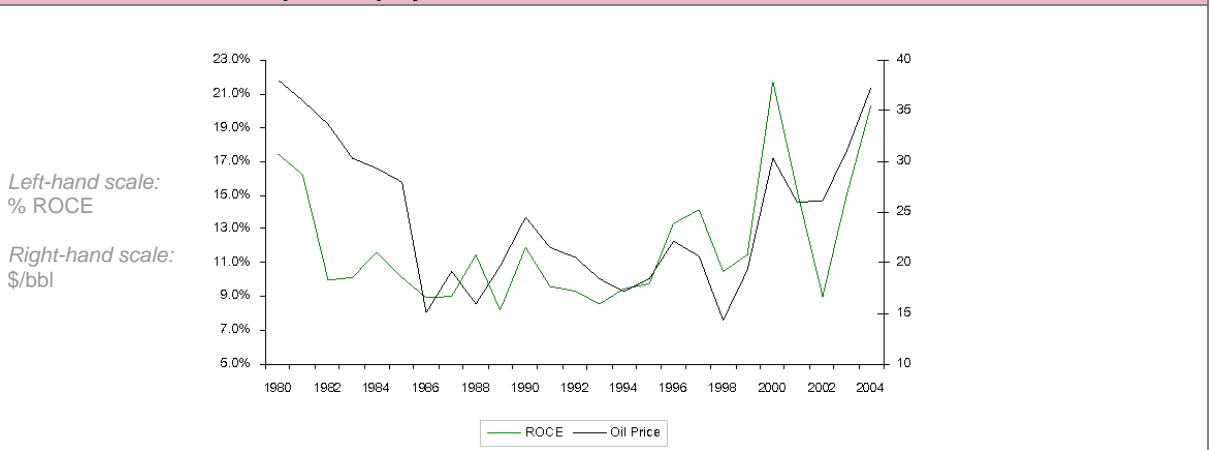
€bn



Source: primary dealers

Focus

▶ Weak Return on Capital Employed – Oil industries



Source: Merrill Lynch Commodity Research, BP

Commodities: new prospects...

Commodities have outperformed other asset classes such as equities or bonds since the start of the year. Strong physical demand growth has put further pressure on a strained global commodity supply chain. We do not expect the current chain of supply bottlenecks to dissipate in the medium term since production constraints are largely the result of 20 years of underinvestment, and project expansion lead-times are long. Consequently, we expect supportive global economic environment during the next 12 months to put further upward pressure on commodity prices, lending support to commodity returns.

Commodities as an asset class will in Merrill Lynch view, remain one of the best macro hedges against a drop in bond or equity prices. They continue to show negative rolling correlation with both equities and bonds. Commodities should continue to offer a great way to diversify tail macro risk going forward, should equity or bond market conditions turn extremely adverse. Historically, commodity returns have been very strong at times when other asset classes perform poorly.

Merrill Lynch expects the ability of commodity producers to expand energy production over the next 12 months to remain severely constrained due to a chronic lack of investment in these sectors. As a result, many part of the commodity supply chain will likely run at, or close to full, capacity utilization, while growing demand will likely continue to soak up new supplies as soon as these come on stream. The massive overbuild in commodity infrastructure of the 1960's and 1970's contributed to depress prices and returns during the 1980's and the 1990's. The substantial spare capacity and low returns attracted little investment to the commodities sector during that period. Capital was therefore redirected toward economic sectors that provided better returns. Today, following two decades of under-investment, the commodities sector is plagued with a chain of supply bottlenecks. Soaring commodity prices over the last two years have greatly contributed to increased returns for commodity companies. For the remainder of the investment cycle, we believe that commodity prices will need to stay high as a way to attract capital back into the commodity sector. Consequently Merrill Lynch sees limited downside risk to commodity prices over the next 12 months. Long construction lead times in most commodity markets can result in several years of stubbornly high commodity prices. These long lead-times support our view that the downside risk to commodity prices is limited in the near term.

We expect global GDP to expand at above-trend rates 4% in 2H2005 and 4.1% in 2006, lending support to consumer demand for transportation fuels and other consumer-related commodities. Chinese commodity demand growth will likely remain strong going forward, although growth rates will likely decelerate further from current levels.

Overall, we expect a robust economic outlook in China and elsewhere to support commodity demand. Further, given the existing chain of supply bottlenecks, we believe that surprises to the economic outlook will likely create asymmetric risks to our commodity price forecasts. If the global economy accelerates unexpectedly, the risks to our commodity price forecasts will likely be significantly skewed to the upside. In contrast, if the economy decelerates faster than we currently envisage the downside risks to our price forecasts are limited, due to existing supply constraints.

Global Debt Market
Loïc Guilloux
Merrill Lynch

NB: this Agence France Trésor forum offers economists an opportunity to express their personal opinion. Thus, the above article strictly reflects the author's view, and should not be construed as expressing the viewpoints of Agence France Trésor or the Ministry of the Economy, Finance and Industry.

THE FRENCH ECONOMY

▸ Macro-economic forecast

Real growth rate as a %			
	2004	2005	2006
French GDP	2.3	< 1.5 - 2 >	< 2 - 2.5 >
Euro zone GDP	2.1	1.4	1.9
Household consumption	2.0	2.0	2.3
Business investment	2.8	3.4	4.3
Exports	3.1	2.5	5.0
Imports	6.9	5.6	5.6
Consumer prices (year-on-year)	2.1	1.8	1.8

Source: 2006 Budget Bill

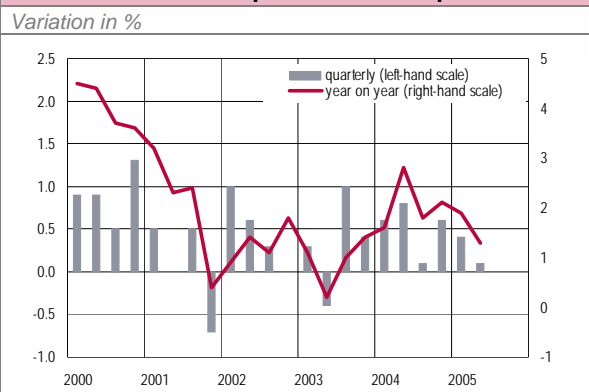
▸ Recent economic indicators

Industrial output*, year-on-year	-0.2%	8/2005
Household consumption*, year-on-year	4.2%	9/2005
Unemployment rate (ILO)	9.8%	9/2005
Consumer prices, year-on-year		
all items	2.2%	9/2005
all items excluding tobacco	2.2%	9/2005
Trade balance, fob-fob, sa	-2.3 EUR bn	8/2005
" "	-2.5 EUR bn	7/2005
Current account balance, sa	-2.3 EUR bn	8/2005
" "	-2.6 EUR bn	7/2005
10-year interest rate (TEC10)	3.42%	10/31/2005
3-month interest rate (Euribor)	2.264%	10/31/2005
EUR / USD	1.2023	10/31/2005
EUR / JPY	139.64	10/31/2005

*manufactured goods –

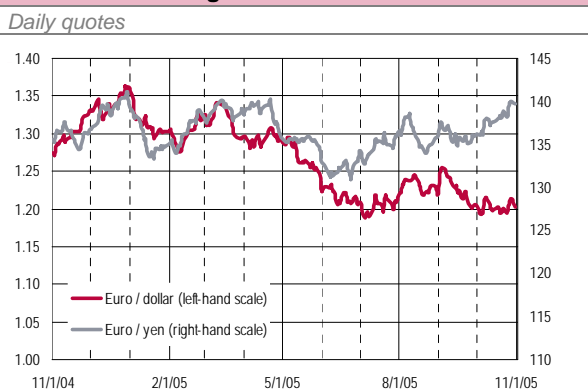
Source: Insee ; Ministry of the Economy, Finance and Industry ; Banque de France

▸ Gross domestic product at 1995 prices



Source: Insee, quarterly national accounts

▸ Euro exchange rate



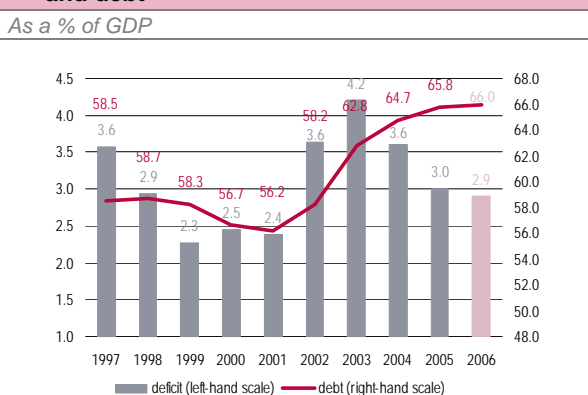
Source: European Central Bank

▸ Government budget monthly position

€bn	end-of-September level				
	2003	2004	2003	2004	2005
General budget balance	-56.71	-45.41	-35.38	-33.80	-33.89
revenue	221.56	242.99	166.56	179.26	182.49
expenditure	278.27	288.40	201.94	213.06	216.38
Balance of special Treasury accounts	-0.23	1.53	-17.24	-13.39	-16.94
General budget outturn	-56.94	-43.88	-52.62	-47.19	-50.83

Source: Ministry of the Economy, Finance and Industry
for more information:
http://www.minefi.gouv.fr/minefi/chiffres/budget_etat/T

▸ Public finance: general government deficit and debt



Source: according to Maastricht Treaty, Insee and Ministry of the Economy, Finance and Industry

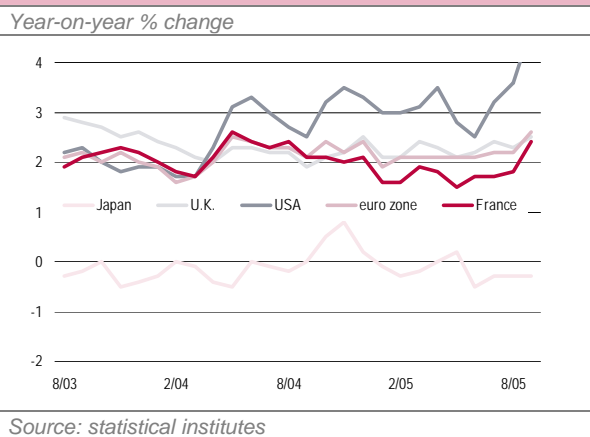
▶ Timetable for the release of French economic indicators

November 2005	December 2005
8 Central government budget: statement at end of September	6 Central government budget: statement at end of October
8 Gross foreign exchange reserves in October	7 Gross foreign exchange reserves in November
10 Industrial output in September	9 Industrial output in October
10 Foreign trade in September	13 Consumer prices: provisional index for November
10 Consumer prices: index for October	13 Foreign trade in October
10 PIB flash estimate Q3-2005	15 Payroll employment: final results Q3-2005
16 Industrial investments: October survey	19 Balance of payments in October
16 Payroll employment: provisional results Q3-2005	21 Household consumption of manufactured goods in November
16 Wages: provisional statistics Q3-2005	23 Wages: final results Q3-2005
18 Balance of payments in September	23 Industrial producer prices: November index
18 National quarterly accounts: first results Q3-2005	23 Industrial trends: monthly survey for December
22 Household consumption of manufactured goods in October	27 New building starts in November
24 Industrial trends: monthly survey for November	30 Net foreign exchange reserves in November
29 Industrial producer prices: October index	30 Job seekers in November
29 New building starts in October	
29 Sales of new dwelling units: Q3-2005	
30 Household confidence survey: November survey	
30 Net foreign exchange reserves in October	
30 Job seekers in October	

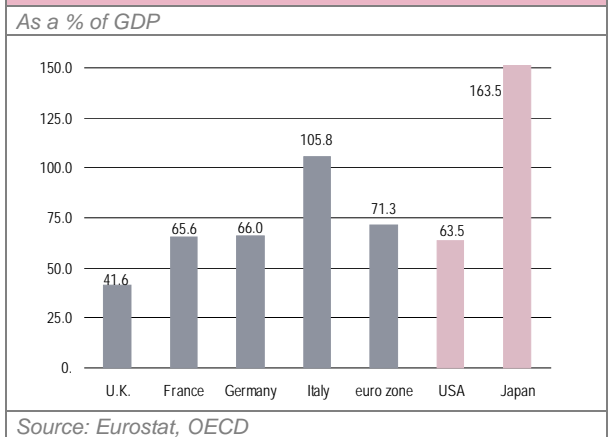
Harmonized index of consumer prices – Eurozone (Eurostat)
Index for October: November 16
Index for November: December 16

INTERNATIONAL COMPARISONS

▶ Consumer price index



▶ General government debt in 2004



FRENCH GOVERNMENT NEGOTIABLE DEBT OUTSTANDING - DETTE NEGOCIABLE DE L'ETAT

► OAT au 31 octobre 2005 / fungible Treasury bonds at October 31, 2005

En euros

CODE ISIN Euroclear France	Libellé de l'emprunt / Bond	Encours / Outstanding	Coefficient d'indexation / indexation coefficient	Valeur nominale/ face value	démembre / stripped	CODE ISIN Euroclear France	Libellé de l'emprunt / Bond	Encours / Outstanding	Coefficient d'indexation / indexation coefficient	Valeur nominale/ face value	démembre / stripped
FR0000570491	Echéance 2006 OAT 7,25% 25 avril 2006	43 708 093 816			1 586 110 000	FR0010163543	Echéance 2015 OAT 3,5% 25 avril 2015	36 488 638 785			11 750 000
FR0000570509	OAT 7% 25 avril 2006	1 091 244 000			422 030 000	FR0010195057	OAT 3,5% 25 avril 2015 mai 2005	18 348 910			
FR0000570533	OAT 6,5% 25 octobre 2006	15 102 140 991			1 950 400 000	FR0010204198	OAT 3,5% 25 avril 2015 juin 2005	9 859 314			
FR0000570541 V	OAT TEC10 25 octobre 2006	9 334 669 410				FR0010216820	OAT 3,5% 25 avril 2015 juillet 2005	12 582 178			
FR0000570574	Echéance 2007 OAT 5,5% 25 avril 2007	36 408 826 604			598 980 000	FR0010223545	OAT 3,5% 25 avril 2015 août 2005	11 069 328			
FR0000570590	OAT 5,5% 25 octobre 2007	21 771 775 424			281 980 000	FR0010233031	OAT 3,5% 25 avril 2015 sept 2005	27 885 945			
FR0000570632	Echéance 2008 OAT 5,25% 25 avril 2008	42 188 093 494			519 930 000	FR0010244186	OAT 3,5% 25 avril 2015 oct 2005	23 755 253			
FR0000570665	OAT 8,5% 25 octobre 2008	24 403 932 367			4 867 200 000	FR0010135525 I	OAT€i 1,6% 25 juillet 2015	7 804 955 100 (1)	1,02226	7 635 000 000	
FR0000570673 V	Echéance 2009 OAT TEC10 25 janvier 2009	63 721 976 311				FR0010216481	OAT 3% 25 octobre 2015	10 661 000 000			28 500 000
FR0000571432	OAT 4% 25 avril 2009	9 853 044 498			1 677 430 000	FR0000187361	Echéance 2016 OAT 5% 25 octobre 2016	16 652 000 000			1 246 380 000
FR0000571424 I	OATi 3% 25 juillet 2009	18 640 258 371	(1)	1,11390	13 811 416 109	FR0010235176 I	Echéance 2017 OATi 1% 25 juillet 2017	4 545 576 140	(1)	1,00366	4 529 000 000
FR0000186199	OAT 4% 25 octobre 2009	15 384 536 404			643 950 000	FR0000189151	Echéance 2019 OAT 4,25% 25 avril 2019	24 610 132 527			163 750 000
FR0000186603	Echéance 2010 OAT 5,5% 25 avril 2010	31 162 742 970			610 670 000	FR0000570921	OAT 8,5% 25 octobre 2019	8 844 392 893			4 457 830 000
FR0000187023	OAT 5,5% 25 octobre 2010	15 851 023 618			2 727 070 000	FR0000570954 C	ETAT 9,82% 31 décembre 2019	11 739 634 (2)		6 692 154	
FR0000570731	Echéance 2011 OAT 6,5% 25 avril 2011	41 621 186 222			954 700 000	FR0010050559 I	Echéance 2020 OAT€i 2,25% 25 juillet 2020	7 551 869 580	(1)	1,04322	7 239 000 000
FR0010094375 I	OATi 1,6% 25 juillet 2011	19 572 445 710	(1)	1,04046	7 683 000 000	FR0010192997	Echéance 2021 OAT 3,75% 25 avril 2021	6 525 000 000			184 240 000
FR0000187874	OAT 5% 25 octobre 2011	7 993 854 180			464 950 000	FR0000571044	Echéance 2022 OAT 8,25% 25 avril 2022	6 525 000 000			921 650 000
FR0000188328	Echéance 2012 OAT 5% 25 avril 2012	56 318 752 723			1 653 450 000	FR0000571085	Echéance 2023 OAT 8,5% 25 avril 2023	1 243 939 990			7 767 690 000
FR0000188013 I	OAT€i 3% 25 juillet 2012	15 654 110 580	(1)	1,07802	14 494 000 000	FR0000571150	Echéance 2025 OAT 6% 25 octobre 2025	10 606 195 903			3 227 080 000
FR0000188690	OAT 4,75% 25 octobre 2012	15 624 821 880			435 000 000	FR0000571226 C	Echéance 2028 OAT zéro coupon 28 mars 2028	8 511 928 118			
FR0000570780	OAT 8,5% 26 décembre 2012	19 554 122 924			73 300 000	FR0000571218	Echéance 2029 OAT 5,5% 25 avril 2029	12 965 236 (3)		46 232 603	
FR0000188989	Echéance 2013 OAT 4% 25 avril 2013	51 462 381 427				FR0000186413 I	OATi 3,4% 25 juillet 2029	22 342 462 420	(1)	1,10918	6 168 144 000
FR0000188955 I	OATi 2,5% 25 juillet 2013	19 137 183 879	(1)	1,05712	13 929 329 230	FR0000188799 I	Echéance 2032 OAT€i 3,15% 25 juillet 2032	15 500 880 458	(1)	1,05700	7 462 000 000
FR0010223560 I	OATi 2,5% 25 juillet 2013 août 2005	14 724 972 516	(1)	1,05712	10 000	FR0000187635	OAT 5,75% 25 octobre 2032	6 841 581 962 (1)			2 637 530 000
FR0010233064 I	OATi 2,5% 25 juillet 2013 sept 2005	10 571 (1)		1,05712	260 000	FR0010244194 I	OATi 2,5% 25 juillet 2013 oct 2005	26 625 334 000			6 186 450 000
FR0010244194 I	OATi 2,5% 25 juillet 2013 oct 2005	274 851 (1)		1,05712	3 010 000	FR0010070060	Echéance 2035 OAT 4,75% 25 avril 2035	7 887 334 000 (1)			1 707 550 000
FR0010011130	OAT 4% 25 octobre 2013	3 181 931 (1)		1,05712	71 800 000	FR0010171975	Echéance 2055 OAT 4% 25 avril 2055	14 664 000 000			903 400 000
FR0010061242	Echéance 2014 OAT 4% 25 avril 2014	32 145 724 224			17 280 000			14 664 000 000			
FR0010112052	OAT 4% 25 octobre 2014	18 039 752 234			65 700 000			8 780 000 000			

(1) Encours OAT indexées = valeur nominale x coefficient d'indexation / indexed bonds outstanding = face value x indexation coefficient
 (2) y compris intérêts capitalisés au 31/12/2004 / including coupons capitalized at 12/31/2004 ; non offerte à la souscription / not open to subscription
 (3) valeur actualisée au 28/03/2005 / actualized value at 03/28/2005 ; non offerte à la souscription / not open to subscription

OATi : OAT indexée sur l'indice français des prix à la consommation (hors tabac) / OAT indexed on the French consumer price index (excluding tobacco)
 OAT€i : OAT indexée sur l'indice des prix à la consommation harmonisé de la zone euro (hors tabac) / OAT indexed on the eurozone harmonized index of consumer price (excluding tobacco)
 TEC 10 : taux de l'échéance constante à 10 ans / yield of 10-year constant maturity Treasury

Total OAT / total fungible Treasury bonds	587 897 820 490
Encours démembré / stripped outstanding	49 065 730 000
En % des lignes démembrables	10,33%
As a % of strippable bonds	
Durée de vie moyenne	9 ans et 138 jours
Average maturity	9 years and 138 days

► **BTAN au 31 octobre 2005 / Treasury notes at October 31, 2005**

En euros

CODE ISIN	Emprunt / Bond	Encours / Outstanding
	Échéance 2006	36 108 000 000
FR0102626779	BTAN 5% 12 janvier 2006	11 587 000 000
FR0106589445	BTAN 2,25% 12 mars 2006	8 088 000 000
FR0103230423	BTAN 4,5% 12 juillet 2006	16 433 000 000
	Échéance 2007	48 836 000 000
FR0103840098	BTAN 3,75% 12 janvier 2007	17 284 000 000
FR0107489959	BTAN 2,25% 12 mars 2007	15 476 000 000
FR0104446556	BTAN 4,75% 12 juillet 2007	16 076 000 000
	Échéance 2008	38 271 000 000
FR0105427795	BTAN 3,5% 12 janvier 2008	20 935 000 000
FR0105760112	BTAN 3% 12 juillet 2008	17 336 000 000
	Échéance 2009	30 913 000 000
FR0106589437	BTAN 3,5% 12 janvier 2009	15 686 000 000
FR0106841887	BTAN 3,5% 12 juillet 2009	15 227 000 000
	Échéance 2010	31 962 000 000
FR0107369672	BTAN 3% 12 janvier 2010	16 821 000 000
FR0107674006	BTAN 2,5% 12 juillet 2010	15 141 000 000
Total BTAN / total Treasury notes		186 090 000 000
Durée de vie moyenne des BTAN		2 ans et 108 jours
<i>Average maturity of BTANs</i>		<i>2 years and 108 days</i>

Dette négociable de l'Etat au 31 octobre 2005 /
French government negotiable debt at October 31, 2005

Encours total / total outstanding	865 892 820 490
Durée de vie moyenne	6 ans et 327 jours
<i>Average maturity</i>	<i>6 years and 327 days</i>

► **BTF au 31 octobre 2005 / Treasury bills at October 31, 2005**

En euros

	Échéance / Maturity	Encours / Outstanding
BTF	3 novembre 2005	3 808 000 000
BTF	10 novembre 2005	3 633 000 000
BTF	17 novembre 2005	3 810 000 000
BTF	24 novembre 2005	3 159 000 000
BTF	1 décembre 2005	3 908 000 000
BTF	8 décembre 2005	4 066 000 000
BTF	15 décembre 2005	4 010 000 000
BTF	29 décembre 2005	3 705 000 000
BTF	5 janvier 2006	3 808 000 000
BTF	12 janvier 2006	4 209 000 000
BTF	19 janvier 2006	4 016 000 000
BTF	26 janvier 2006	2 004 000 000
BTF	2 février 2006	3 828 000 000
BTF	16 février 2006	4 034 000 000
BTF	2 mars 2006	3 813 000 000
BTF	16 mars 2006	3 676 000 000
BTF	30 mars 2006	4 025 000 000
BTF	13 avril 2006	3 655 000 000
BTF	11 mai 2006	3 979 000 000
BTF	8 juin 2006	3 891 000 000
BTF	6 juillet 2006	3 606 000 000
BTF	3 août 2006	3 808 000 000
BTF	31 août 2006	3 841 000 000
BTF	28 septembre 2006	3 711 000 000
BTF	26 octobre 2006	1 902 000 000
Total BTF / total Treasury bills		91 905 000 000
Durée de vie moyenne des BTF		125 jours
<i>Average maturity of BTFs</i>		<i>125 days</i>

Réserve de titres de la Caisse de la dette publique au 31 octobre 2005/

Securities held in reserve by Caisse de la dette publique at October 31, 2005

néant / void