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and cash
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under the most
secure
conditions in the
best interest of the
taxpayer.

MONTHLY BULLETIN - N° 180 - May 2005

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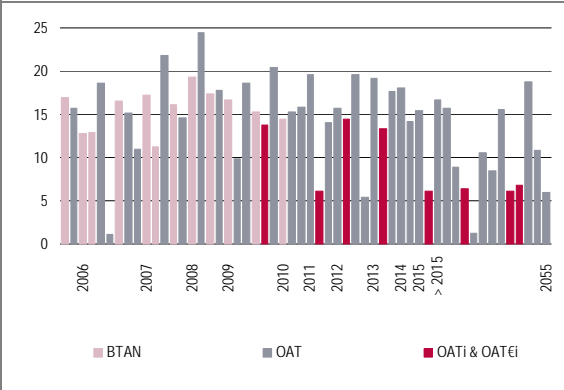
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DEBT GENERAL DATA

French government long- and medium-term negotiable debt on April 30, 2005

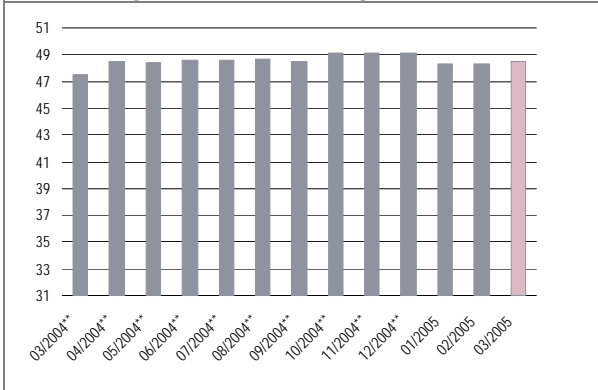
nominal value of each line, €bn



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 2003, the Banque de France has readjusted the outstanding amount related to the negotiable Government debt securities held by non-residents in 2002 and has reevaluated the stock for 2003 (**).

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

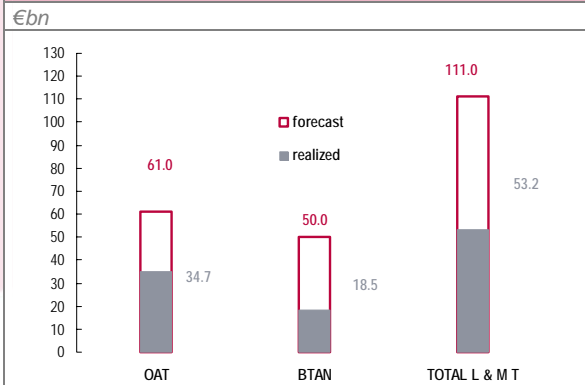
PRIMARY MARKET

▸ Auction indicative calendar

		BTF					BTAN / index linked OAT	OAT
May 2005	auction date	2	9	16	23	30	19	4
	settlement date	4	12	19	26	2-Jun	24	10
June 2005	auction date	6	13	20	27		16	2
	settlement date	9	16	23	30		21	7

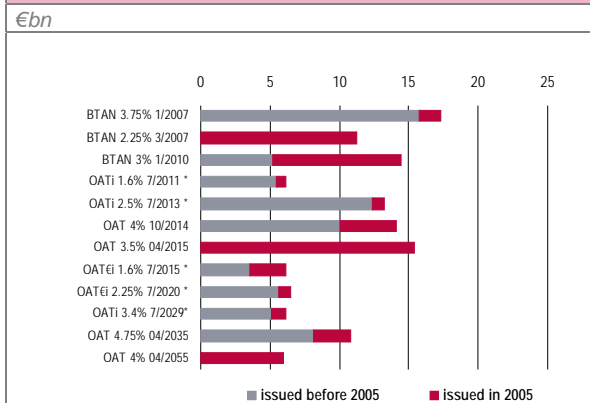
Source: Agence France Trésor

▸ Long- and medium-term financing over the year on April 30, 2005



Source: Agence France Trésor

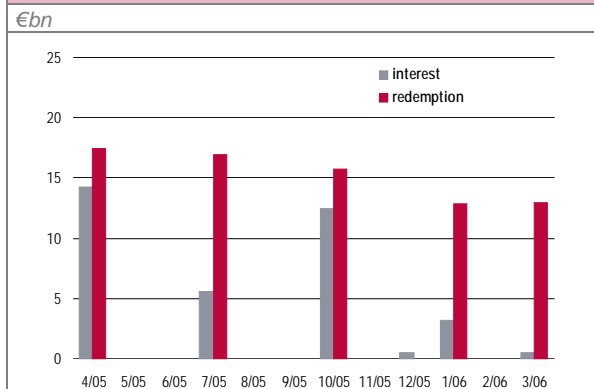
▸ OATs and BTANs issues and cumulative total on April 30, 2005



* nominal value

Source: Agence France Trésor

▸ OATs and BTANs: indicative repayment schedule on April 30, 2005



Source: Agence France Trésor

▶ OAT and BTAN auctions – April 2005

€m					
	OAT 10 years	BTAN 2 years	BTAN 5 years	OATi 30 years	OATéi 10 years
	4/25/2015	3/12/2007	1/12/2010	7/25/2029	7/25/2015
	3.50%	2.25%	3.00%	3.40%	1.60%
Auction date	4/7/2005	4/21/2005	4/21/2005	4/21/2005	4/21/2005
Settlement date	4/12/2005	4/26/2005	4/26/2005	4/26/2005	4/26/2005
Amount announced	<- 4,000-4,500 -->	<- 4,000-4,500 -->		<- 1,000-1,500 -->	
Bid amount	8,225	6,215	6,910	1,665	2,260
Amount served	4,235	2,499	1,990	502	715
<i>of which: NCTs before auction</i>	0	0	0	9	0
NCTs after auction	645	38	474	115	44
Total issued amount	4,880	2,537	2,464	617	759
Bid-to-cover ratio	1.94	2.49	3.47	3.32	3.16
Weighted average price	98.91%	99.94%	100.82%	131.40%	102.13%
Yield to maturity	3.63%	2.28%	2.81%	1.79%	1.38%
Indexation coefficient		-	-	1.09427	1.00436

Source: Agence France Trésor

▶ BTF auctions - April 2005

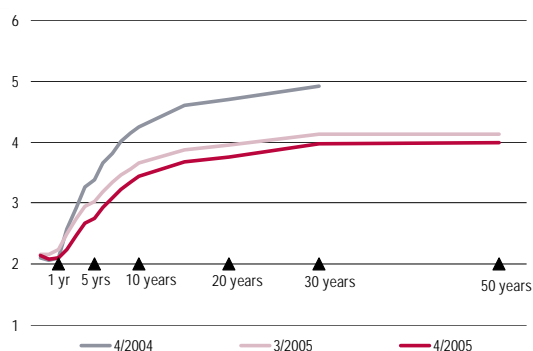
€m				
	BTF	BTF	BTF	BTF
	1 month	3 month	6 month	1 year
Auction date		4/4/2005	4/4/2005	
Settlement date		4/7/2005	4/7/2005	
Maturity		6/30/2005	9/29/2005	
Total issued amount		1,910	1,902	
Weighted average rate		2.016%	2.076%	
Auction date		4/11/2005		4/11/2005
Settlement date		4/14/2005		4/14/2005
Maturity		7/13/2005		4/13/2006
Total issued amount		2,007		1,828
Weighted average rate		2.016%		2.169%
Auction date		4/18/2005		4/18/2005
Settlement date		4/21/2005		4/21/2005
Maturity		7/13/2005		4/13/2006
Total issued amount		2,005		1,827
Weighted average rate		2.003%		2.122%
Auction date		4/25/2005	4/25/2005	
Settlement date		4/28/2005	4/28/2005	
Maturity		7/28/2005	10/13/2005	
Total issued amount		2,006	1,848	
Weighted average rate		2.013%	2.040%	

Source: Agence France Trésor

SECONDARY MARKET

French government yield curve

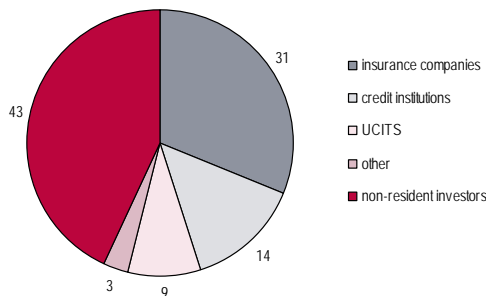
quote at end of the month, in %



Source: Bloomberg

OAT ownership by type of holder fourth quarter 2004

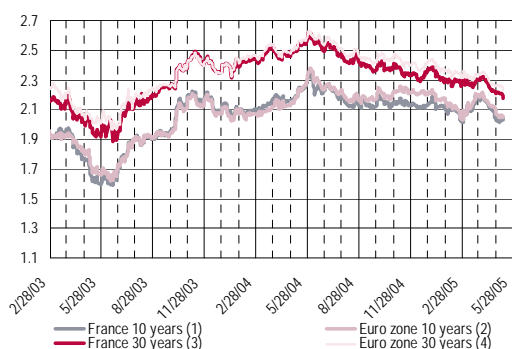
structure in %



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

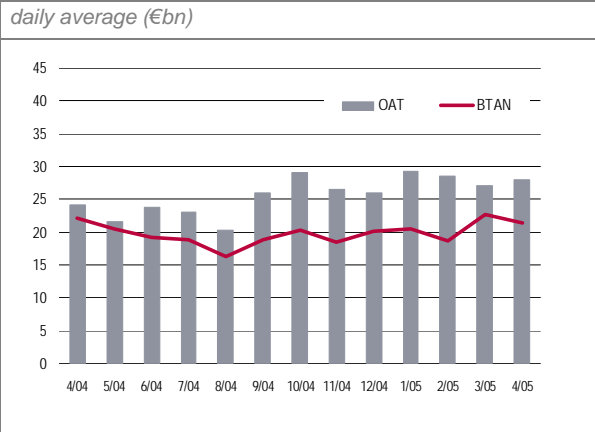
Negotiable government debt and swaps

€bn

	end 2000	end 2001	end 2002	end 2003	end 2004	March 2005	April 2005
Negotiable government debt outstanding	616	653	717	788	833	857	849
OAT	419	443	478	512	552	579	569
BTAN	154	158	151	167	184	183	187
BTF	43	52	88	109	97	95	93
Swaps outstanding	///	37	61	61	61	60	61
Average maturity of the negotiable debt							
before swaps	6 years	6 years	5 years	5 years	6 years	6 years	6 years
after swaps	64 days	47 days	343 days	297 days	79 days	206 days	242 days
	///	5 years	5 years	5 years	6 years	6 years	6 years
	///	358 days	266 days	235 days	33 days	163 days	199 days

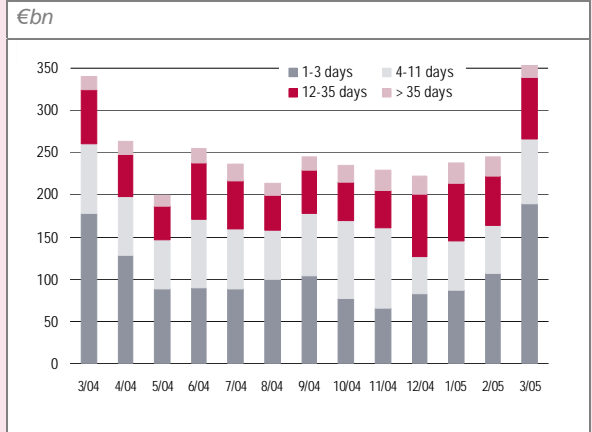
Source: Agence France Trésor

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



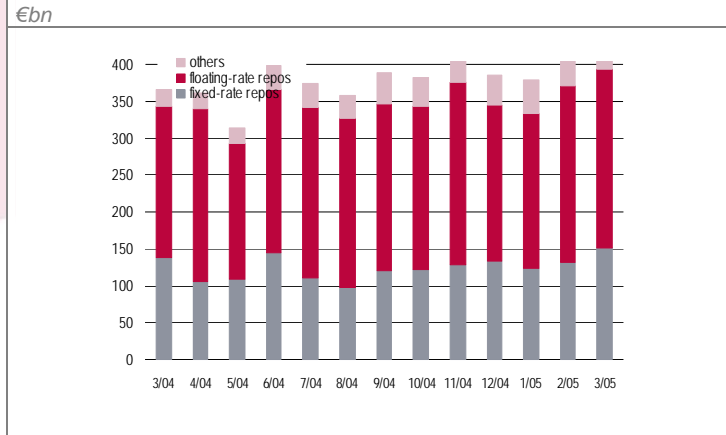
Source: Euroclear France

▶ **Primary dealers, monthly fixed-rate repo transactions**



Source: primary dealers

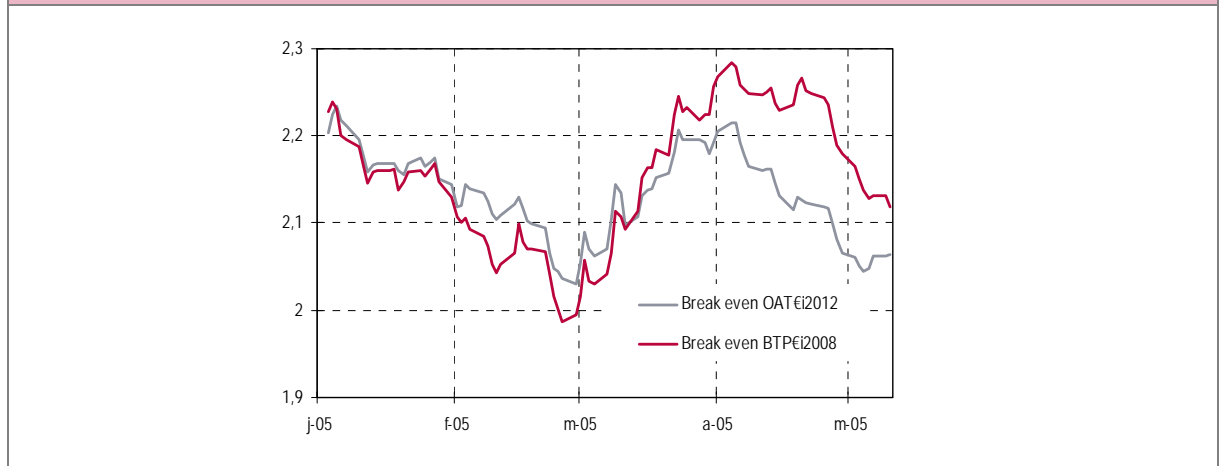
▶ **Primary dealers, repo outstanding at end of month**



Source: primary dealers

Focus

▶ **French and Italian Break Even**



Source: Bloomberg

From consumer prices seasonality to breakeven seasonality

Index-linked securities provide the market with a certainly imperfect but easily available measure for inflation expectations on many different maturities; in a crucial feedback, such measures play an important role in anchoring inflation expectations, which become common knowledge for all market participants. They are therefore not only a monitoring tool with informational value but could also become an anchor for price expectations in the economy, for instance in wage negotiations, providing liquidity is sufficient. To that extent, they offer properties of “public goods” which, although they do not justify per se the development of IL markets, would make it costly in terms of overall social welfare not to have them.

Yet since the beginning of 2005 breakeven inflation rates (simply derived from the difference between nominal and real yields on bonds of close maturities) have displayed very strong volatility, especially so in the past few weeks; the breakeven rate on the OATei 2012 has ranged from 2.24% to 2.02% in 2005, whilst the breakeven rate on the BTPei 2008 has varied between 1.98 and 2.28%. Such volatility is hard to reconcile with statistical properties of the underlying assets, either the harmonized index of consumer prices excluding tobacco or the French consumer price index excluding tobacco. These indices are indeed usually considered as exhibiting a high degree of persistence, which would entail that a forecast revision by around 0.3pp in a few months, as described by short-dated breakeven inflation rates, is rather unlikely.

The explanation of such large changes is to be found in the reflection by the market of a specific statistical property of consumer prices: seasonality. It should be remembered that the consumer price index, to which index-linked OATs are related, is not seasonally adjusted. Monthly inflation due to changes in seasonal factors alone (special sales, fruits and vegetables prices...) can range from -0.4% to +0.4%, when the underlying, seasonally-adjusted inflation trend is close to a monthly 0.15%. This residual source of volatility in an otherwise very stable environment, particularly in terms of nominal short-term rates, is naturally attracting investors. The appetite for this residual source of volatility can lead to breakeven inflation widening or contracting quite dramatically during brief periods of time, as investors compete to take advantage of the seasonal positive inflation carry.

Although seasonality is predictable, it remains subject to uncertainty on its magnitude, which might explain why it still influences the valuation of index-linked bonds. Then, if it is predictable for investors, it should be predictable by issuers, which would give them an incentive to issue more when seasonality is favourable. So far, there is no clear evidence that the seasonality of inflation has influenced the behaviour, as an issuer, of the AFT. Although auctions of index-linked are dominated by short-dated bonds, which are more sensitive to seasonal inflation, no seasonal pattern on the issuing side is emerging: of the four largest auctions of index-linked bonds with a maturity lower than 15 years, one occurred in November, one in June, one in February and one in September.

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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	< 2 - 2.5 >	< 2.25 - 2.75 >
Euro zone GDP	1.8	1.7	2.2
Household consumption	2.2	2.4	2.4
Business investment	3.3	2.8	3.6
Exports	3.2	3.7	5.4
Imports	7.4	6.1	5.7
Consumer prices (year-on-year)	2.1	1.5	1.5

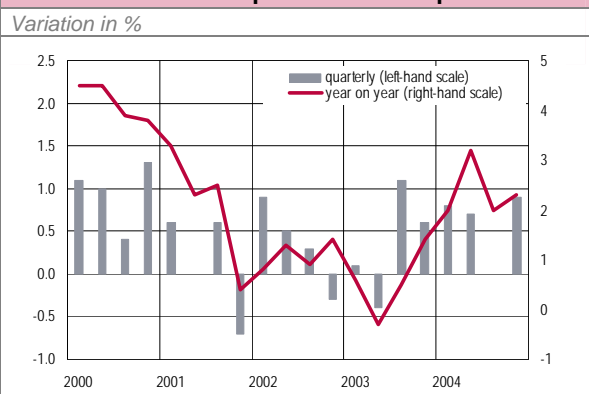
Source: ministry of the Economy, Finance and Industry, Insee

▸ Recent economic indicators

Industrial output*, year-on-year	2.7%	2/2005
Household consumption*, year-on-year	4.0%	3/2005
Unemployment rate (ILO)	10.2%	3/2005
Consumer prices, year-on-year		
all items	1.9%	3/2005
all items excluding tobacco	2.0%	3/2005
Trade balance, fob-fob, sa	-1.5 EUR bn	2/2005
	" -1.2 EUR bn	1/2005
Current account balance, sa	-0.6 EUR bn	2/2005
	" -2.2 EUR bn	1/2005
10-year interest rate (TEC10)	3.43%	04/29/2005
3-month interest rate (Euribor)	2.126%	04/29/2005
EUR / USD	1.2957	04/29/2005
EUR / JPY	136.24	04/29/2005

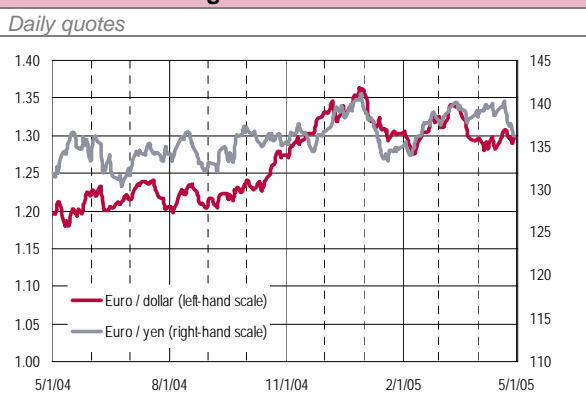
*manufactured goods –
Source: Insee ; Ministry of the Economy, Finance and Industry ; Banque de France

▸ Gross domestic product at 1995 prices



Source: Insee, quarterly national accounts

▸ Euro exchange rate



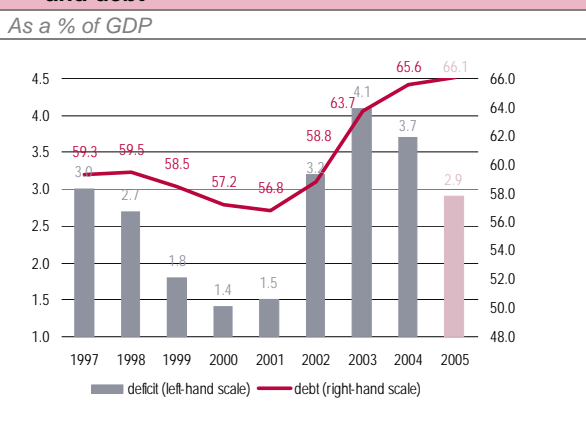
Source: European Central Bank

▸ Government budget monthly position

€bn	end-of-March level				
	2003	2004	2003	2004	2005
General budget balance	-56.71	-45.41	-12.64	-17.62	-16.97
revenue	221.56	242.99	51.35	54.95	54.26
expenditure	278.27	288.40	63.99	72.57	71.23
Balance of special Treasury accounts	-0.23	1.53	-8.85	-8.34	-7.85
General budget outturn	-56.94	-43.88	-21.49	-25.96	-24.82

Source: Ministry of the Economy, Finance and Industry for more information:

▸ Public finance: general government deficit and debt



Source: according to Maastricht Treaty, Insee and 2005 Budget bill

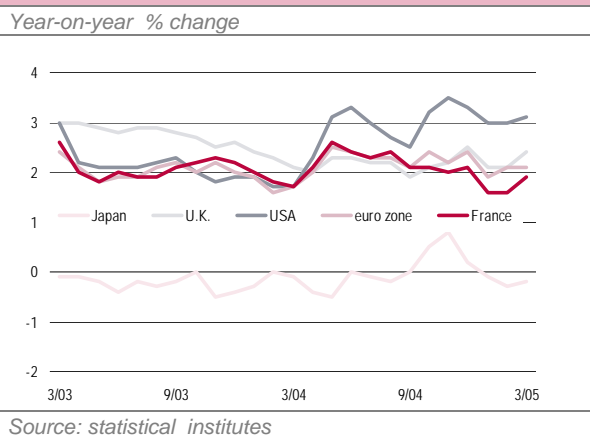
▶ Timetable for the release of French economic indicators

May 2005	June 2005
6 Central government budget: statement at end of March	7 Central government budget: statement at end of April
9 Gross foreign exchange reserves in April	7 Gross foreign exchange reserves in May
11 Industrial output in March	10 Industrial output in April
12 Foreign trade in March	10 Foreign trade in April
13 Consumer prices: final index for April	14 Consumer prices: index for May
13 Payroll employment: provisional results Q1-2005	16 Payroll employment: final results Q1-2005
13 Wages: provisional statistics Q1-2005	17 Balance of payments in April
13 Industrial investments: quarterly April survey	21 Household consumption of manufactured goods in May
19 Balance of payments in March	24 Wages: final statistics Q1-2005
20 Quarterly national accounts: first results Q1-2005	28 New building starts in May
20 Annual national accounts: first results 2004	28 Industrial trends: monthly survey for June
24 Household consumption of manufactured goods in April	29 Industrial producer prices: May index
27 Industrial trends: monthly survey for May	30 Household confidence survey: June survey
27 Industrial producer prices: April index	30 Job seekers in May
31 Household confidence survey: May survey	30 Quarterly national accounts: final results Q1-2005
31 Job seekers in April	30 Net foreign exchange reserves in May
31 New building starts in April	
31 Net foreign exchange reserves in April	

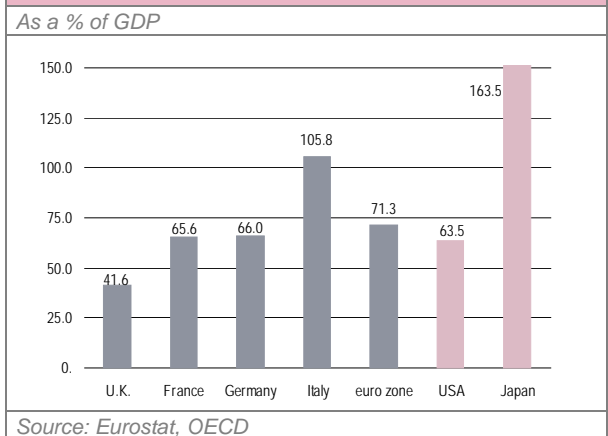
Harmonized index of consumer prices – Eurozone (Eurostat)
 Index for April: May 19
 Index for May: June 16

INTERNATIONAL COMPARISONS

▶ Consumer price index



▶ General government debt in 2004



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

OAT au 30 avril 2005 / fungible Treasury bonds at April 30, 2005

En euros

CODE ISIN Euroclear France	Libellé de l'emprunt / Bond	Encours / Outstanding	Coefficient d'indexation / indexation coefficient	Valeur nominale/ face value	démembré / stripped	CODE ISIN Euroclear France	Libellé de l'emprunt / Bond	Encours / Outstanding	Coefficient d'indexation / indexation coefficient	Valeur nominale/ face value	démembré / stripped
FR0000570467	Echéance 2005 OAT 7,75% 25 octobre 2005	15 701 839 761			2 673 670 000	FR0010061242	Echéance 2014 OAT 4% 25 avril 2014	32 145 724 224			19 980 000
FR0000570491	Echéance 2006 OAT 7,25% 25 avril 2006	45 903 093 816			1 517 910 000	FR0010112052	OAT 4% 25 octobre 2014	18 039 752 234			55 600 000
FR0000570509	OAT 7% 25 avril 2006	18 672 039 415			427 030 000	FR0010133652	OAT 4% 25 octobre 2014 nov. 2004	13 993 205 521			54 605 556
FR0000570533	OAT 6,5% 25 octobre 2006	1 091 244 000			2 078 400 000	FR0010143438	OAT 4% 25 octobre 2014 déc. 2004	37 459 015			20 701 898
FR0000570541 V	OAT TEC10 25 octobre 2006	15 102 140 991			11 037 669 410	FR0010153957	OAT 4% 25 octobre 2014 janv. 2005	20 701 898			
FR0000570574	Echéance 2007 OAT 5,5% 25 avril 2007	36 408 826 604			683 230 000	FR0010163543	Echéance 2015 OAT 3,5% 25 avril 2015	21 565 599 217			
FR0000570590	OAT 5,5% 25 octobre 2007	21 771 775 424			262 080 000	FR0010135525 I	OAT€i 1,6% 25 juillet 2015	15 433 182 757	(1)	1,00482	6 103 000 000
FR0000570632	Echéance 2008 OAT 5,25% 25 avril 2008	42 188 093 494			549 930 000	FR0000187361	Echéance 2016 OAT 5% 25 octobre 2016	16 652 000 000			1 199 680 000
FR0000570665	OAT 8,5% 25 octobre 2008	24 403 932 367			4 935 750 000	FR0000189151	Echéance 2019 OAT 4,25% 25 avril 2019	24 610 132 527			119 300 000
FR0000570673 V	Echéance 2009 OAT TEC10 25 janvier 2009	17 784 161 127			64 097 925 915	FR0000570921	OAT 8,5% 25 octobre 2019	15 754 000 000			4 841 980 000
FR0000571432	OAT 4% 25 avril 2009	9 853 044 498			18 640 258 371	FR0000570954 C	ETAT 9,82% 31 décembre 2019	8 844 392 893			6 692 154
FR0000571424 I	OATI 3% 25 juillet 2009	15 181 243 685	(1)	1,09985	13 803 012 852	FR0010050559 I	Echéance 2020 OAT€i 2,25% 25 juillet 2020	11 739 634	(2)		
FR0010109090 I	OATI 3% 25 juillet 2009 août 2004	2 372 294	(1)	1,09985	2 156 925	FR0010050559 I	Echéance 2022 OAT€i 2,25% 25 juillet 2020	6 618 125 220	(1)	1,02543	6 454 000 000
FR0010113266 I	OATI 3% 25 juillet 2009 sept. 2004	336 056	(1)	1,09985	305 547	FR0000571044	OAT 8,25% 25 avril 2022	1 243 939 990			921 650 000
FR0010125575 I	OATI 3% 25 juillet 2009 oct. 2004	230 694	(1)	1,09985	209 750	FR0000571085	Echéance 2023 OAT 8,5% 25 avril 2023	10 606 195 903			7 709 940 000
FR0010133660 I	OATI 3% 25 juillet 2009 nov. 2004	423 756	(1)	1,09985	385 285	FR0000571150	Echéance 2025 OAT 6% 25 octobre 2025	10 606 195 903			
FR0010143446 I	OATI 3% 25 juillet 2009 déc. 2004	5 879 523	(1)	1,09985	5 345 750	FR0000571150	Echéance 2028 OAT 6% 25 octobre 2025	8 511 928 118			3 180 880 000
FR0000186199	OAT 4% 25 octobre 2009	20 414 137 038			681 950 000	FR0000571226 C	OAT zéro coupon 28 mars 2028	12 965 236			46 232 603
FR0000186603	Echéance 2010 OAT 5,5% 25 avril 2010	31 162 742 970			626 520 000	FR0000571218	Echéance 2029 OAT 5,5% 25 avril 2029	12 965 236	(3)		
FR0000187023	OAT 5,5% 25 octobre 2010	15 311 719 352			2 161 020 000	FR0000186413 I	OATI 3,4% 25 juillet 2029	22 256 231 767			3 220 330 000
FR0000570731	Echéance 2011 OAT 6,5% 25 avril 2011	15 851 023 618			39 975 204 112	FR0000186413 I	OATI 3,4% 25 juillet 2029	15 500 880 458	(1)	1,09520	6 168 144 000
FR0010094375 I	OATI 1,6% 25 juillet 2011	19 572 445 710	(1)	1,02733	6 179 000 000	FR0000188799 I	Echéance 2032 OAT€i 3,15% 25 juillet 2032	6 755 351 309			
FR0000187874	OAT 5% 25 octobre 2011	6 347 872 070			451 050 000	FR0000187635	OAT 5,75% 25 octobre 2032	25 796 762 180	(1)	1,03897	6 794 000 000
FR0000188328	Echéance 2012 OAT 5% 25 avril 2012	14 054 886 332			183 950 000	FR0010070060	OAT 4,75% 25 avril 2035	18 738 000 000			5 162 350 000
FR0000188013 I	OAT€i 3% 25 juillet 2012	56 052 353 003	(1)	1,05964	14 494 000 000	FR0010171975	Echéance 2055 OAT 4% 25 avril 2055	10 792 000 000			862 950 000
FR0000188690	OAT 4,75% 25 octobre 2012	15 654 110 580			474 200 000			10 792 000 000			
FR0000570780	OAT 8,5% 26 décembre 2012	15 358 422 160			57 500 000			6 000 000 000			
FR0000188989	Echéance 2013 OAT 4% 25 avril 2013	5 485 697 339			93 600 000			6 000 000 000			
FR0000188955 I	OATI 2,5% 25 juillet 2013	50 584 213 332	(1)	1,04379	13 269 000 000			6 000 000 000			
FR0010153965 I	OATI 2,5% 25 juillet 2013 janv. 2005	19 137 183 879	(1)	1,04379	70 833						
FR0010165498 I	OATI 2,5% 25 juillet 2013 fév. 2005	13 850 049 510	(1)	1,04379	69 135						
FR0010173294 I	OATI 2,5% 25 juillet 2013 mars 2005	73 935	(1)	1,04379	30 000						
FR0010186445 I	OATI 2,5% 25 juillet 2013 avril 2005	72 162	(1)	1,04379	42 971						
FR0010011130	OAT 4% 25 octobre 2013	31 314	(1)	1,04379							
		44 853	(1)	1,04379							
		17 596 757 679			57 500 000						

(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	568 885 897 389
Encours démembre / stripped outstanding	47 843 060 000
En % des lignes démembrables	10,29%
As a % of strippable bonds	
Durée de vie moyenne	9 ans et 47 jours
Average maturity	9 years and 47 days

► **BTAN au 30 avril 2005 / Treasury notes at April 30, 2005**

En euros

CODE ISIN	Emprunt / Bond	Encours / Outstanding
Échéance 2005		
FR0101659813	BTAN 5% 12 juillet 2005	16 896 000 000
Échéance 2006		
FR0102626779	BTAN 5% 12 janvier 2006	12 839 000 000
FR0106589445	BTAN 2,25% 12 mars 2006	12 913 000 000
FR0103230423	BTAN 4,5% 12 juillet 2006	16 533 000 000
Échéance 2007		
FR0103840098	BTAN 3,75% 12 janvier 2007	17 284 000 000
FR0107489959	BTAN 2,25% 12 mars 2007	11 220 000 000
FR0104446556	BTAN 4,75% 12 juillet 2007	16 076 000 000
Échéance 2008		
FR0105427795	BTAN 3,5% 12 janvier 2008	19 335 000 000
FR0105760112	BTAN 3% 12 juillet 2008	17 336 000 000
Échéance 2009		
FR0106589437	BTAN 3,5% 12 janvier 2009	16 714 000 000
FR0106841887	BTAN 3,5% 12 juillet 2009	15 227 000 000
Échéance 2010		
FR0107369672	BTAN 3% 12 janvier 2010	14 423 000 000

Total BTAN / total Treasury notes **186 796 000 000**

Durée de vie moyenne des BTAN **2 ans et 112 jours**
Average maturity of BTANs 2 years and 112 days

Dette négociable de l'Etat au 30 avril 2005 /

French government negotiable debt at April 30, 2005

Encours total / total outstanding **848 656 897 389**

Durée de vie moyenne **6 ans et 242 jours**
Average maturity 6 years and 242 days

► **BTF au 30 avril 2005 / Treasury bills at April 30, 2005**

En euros

	Échéance / Maturity	Encours / Outstanding
BTF	4 mai 2005	4 139 000 000
BTF	12 mai 2005	3 912 000 000
BTF	19 mai 2005	4 022 000 000
BTF	26 mai 2005	3 847 000 000
BTF	2 juin 2005	4 015 000 000
BTF	9 juin 2005	3 063 000 000
BTF	16 juin 2005	4 059 000 000
BTF	23 juin 2005	3 714 000 000
BTF	30 juin 2005	3 913 000 000
BTF	7 juillet 2005	4 097 000 000
BTF	13 juillet 2005	4 012 000 000
BTF	21 juillet 2005	4 011 000 000
BTF	28 juillet 2005	2 006 000 000
BTF	4 août 2005	4 081 000 000
BTF	18 août 2005	3 810 000 000
BTF	1 septembre 2005	3 870 000 000
BTF	15 septembre 2005	4 312 000 000
BTF	29 septembre 2005	3 733 000 000
BTF	13 octobre 2005	1 848 000 000
BTF	27 octobre 2005	3 971 000 000
BTF	24 novembre 2005	3 159 000 000
BTF	19 janvier 2006	4 016 000 000
BTF	16 février 2006	4 034 000 000
BTF	16 mars 2006	3 676 000 000
BTF	13 avril 2006	3 655 000 000

Total BTF / total Treasury bills **92 975 000 000**

Durée de vie moyenne des BTF **119 jours**
Average maturity of BTFs 119 days

Réserve de titres de la Caisse de la dette publique au 30 avril 2005/

Securities held in reserve by Caisse de la dette publique at April 30, 2005

néant / void