



MONTHLY BULLETIN - N° 199 - December 2006

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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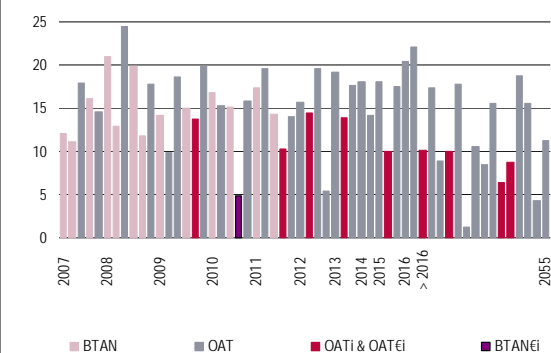
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DEBT GENERAL DATA

French government long- and medium-term negotiable debt on November 30, 2006

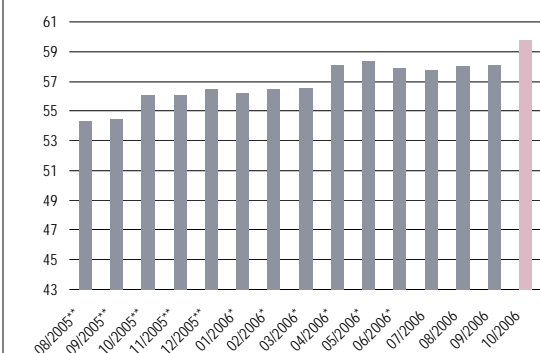
nominal value of each line, €bn



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 2005, the Banque de France has readjusted the outstanding amount related to the negotiable Government debt securities held by non-residents in 2005 (**).

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

PRIMARY MARKET

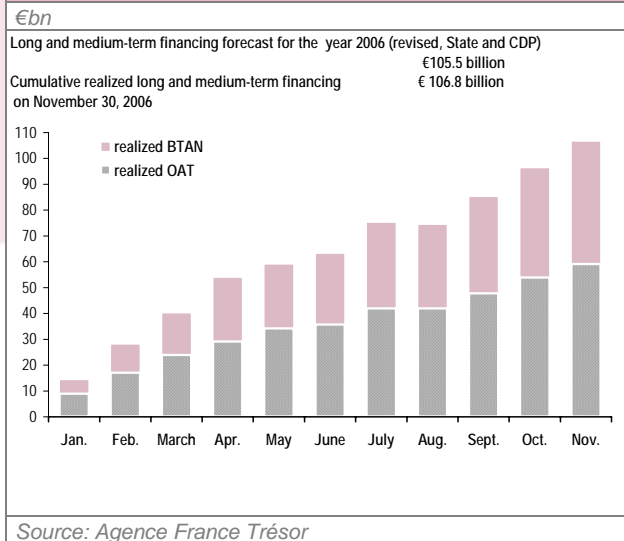
Auction indicative calendar

		BTF					BTAN / index linked OAT		OAT	
December 2006	auction date	4	no auction					no auction		no auction
	settlement date	7	-	-	-	-	-	-	-	
January 2007	auction date	2	8	15	22	29	18	4		
	settlement date	4	11	18	25	1 Feb	23	9		

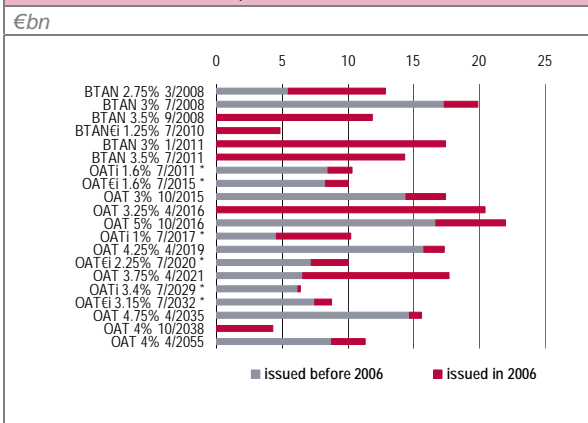
■ anticipated or delayed auctions (bank holidays, etc.)

Source: Agence France Trésor

Long- and medium-term financing over the year on November 30, 2006



OATs and BTANs issues and cumulative total on November 30, 2006



* nominal value

Source: Agence France Trésor

OATs and BTANs: indicative repayment schedule on November 30, 2006



Source: Agence France Trésor

▶ OAT and BTAN auctions – November 2006

€m					
	OAT 10 years	BTAN 2 years	BTAN 5 years	OATi 10 years	OATéi 15 years
	10/25/2016	9/12/2008	7/12/2011	7/25/2017	7/25/2020
	5.00%	3.50%	3.50%	1.00%	2.25%
Auction date	11/2/2006	11/16/2006	11/16/2006	11/16/2006	11/16/2006
Settlement date	11/7/2006	11/21/2006	11/21/2006	11/21/2006	11/21/2006
Amount announced	< 3,000 -----3,500 >	< 4,500 -----5,000 >		< 1,200 -----1,700 >	
Bid amount	7,260	4,895	5,719	2,315	1,735
Amount served	3,040	1,865	2,569	990	630
<i>of which: NCTs before auction</i>	0	0	0	0	0
NCTs after auction			652	143	5
Total issued amount	3,040	1,865	3,221	1,133	635
Bid-to-cover ratio	2.39	2.62	2.23	2.34	2.75
Weighted average price	110.33%	99.64%	99.15%	93.24%	108.04%
Yield to maturity	3.74%	3.70%	3.70%	1.70%	1.59%
Indexation coefficient*	-	-	-	1.02122	1.06648
* as of the settlement date					

Source: Agence France Trésor

▶ BTF auctions – November 2006

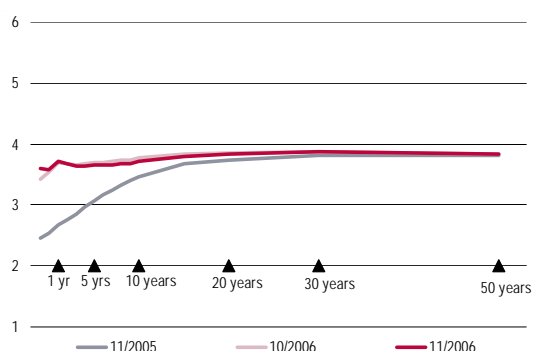
€m					
	BTF	BTF	BTF	BTF	BTF
	Short term	1 month	3 month	6 month	1 year
Auction date			11/6/2006		11/6/2006
Settlement date			11/9/2006		11/9/2006
Maturity			2/8/2007		10/25/2007
Total issued amount			2,006		1,521
Weighted average rate			3.364%		3.692%
Auction date			11/13/2006	11/13/2006	
Settlement date			11/16/2006	11/16/2006	
Maturity			2/8/2007	4/26/2007	
Total issued amount			2,006	1,522	
Weighted average rate			3.402%	3.512%	
Auction date			11/20/2006		11/20/2006
Settlement date			11/23/2006		11/23/2006
Maturity			2/22/2007		10/25/2007
Total issued amount			2,006		1,508
Weighted average rate			3.440%		3.662%
Auction date			11/27/2006		11/27/2006
Settlement date			11/30/2006		11/30/2006
Maturity			2/22/2007		11/22/2007
Total issued amount			1,423		1,437
Weighted average rate			3.458%		3.682%

Source: Agence France Trésor

SECONDARY MARKET

French government yield curve

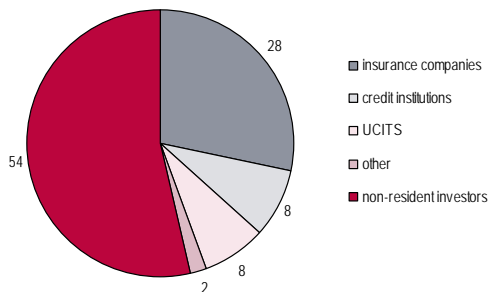
quote at end of the month, in %



Source: Bloomberg

OAT ownership by type of holder second quarter 2006

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 OAT€i 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 OAT€i 3.15% July 2032

Negotiable government debt and swaps

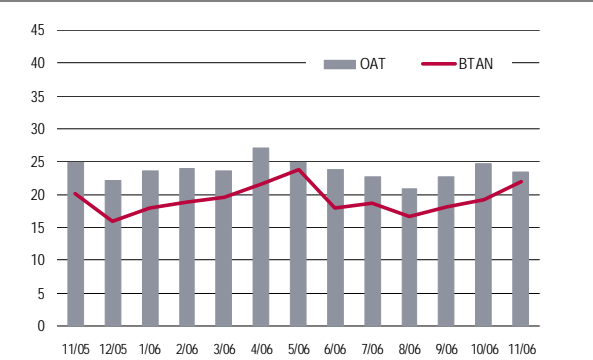
€bn

	end 2000	end 2001	end 2002	end 2003	end 2004	end 2005	October 2006	November 2006
Negotiable government debt outstanding	616	653	717	788	833	877	882	892
OAT	419	443	478	512	552	593	606	611
BTAN	154	158	151	167	184	189	197	202
BTF	43	52	88	109	97	95	78	79
Swaps outstanding	///	37	61	61	61	52	54	48
Average maturity of the negotiable debt								
before swaps	6 years	6 years	5 years	5 years	6 years	6 years	7 years	7 years
	64 days	47 days	343 days	297 days	79 days	267 days	59 days	31 days
after swaps	///	5 years	5 years	5 years	6 years	6 years	7 years	7 years
	///	358 days	266 days	235 days	33 days	228 days	29 days	2 days

Source: Agence France Trésor

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

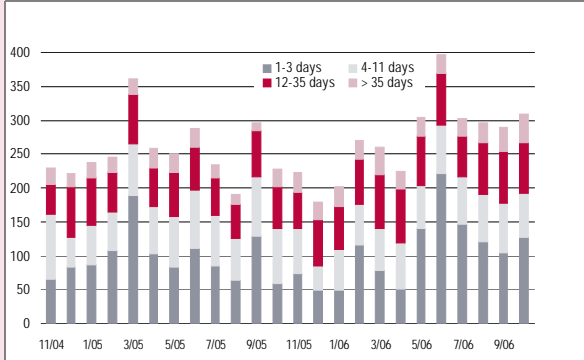
daily average (€bn)



Source: Euroclear France

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

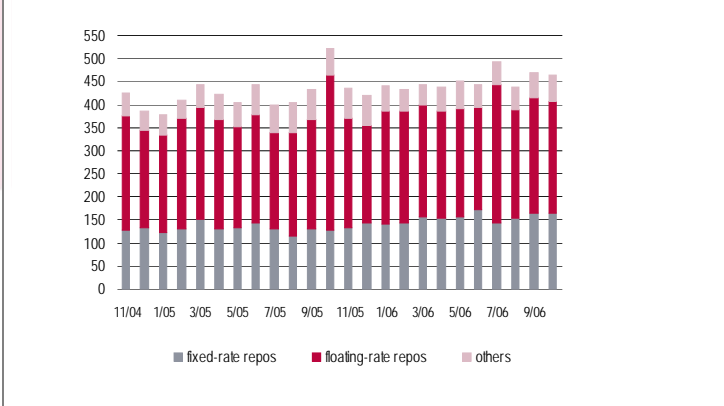
€bn



Source: primary dealers

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

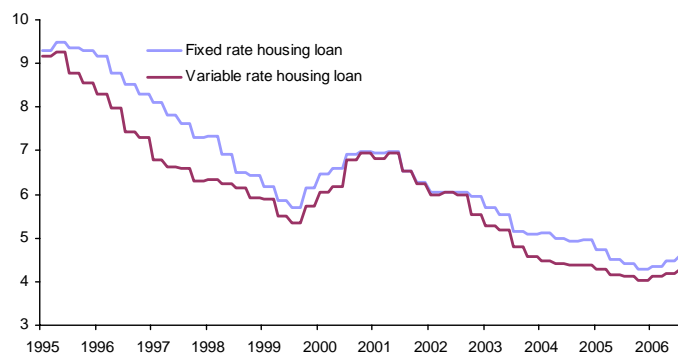
€bn



Source: primary dealers

Focus

▶ **Mortgage interest rates in France remain at record lows (%)**



Source: Banque de France

French housing market – Set for a soft landing

After a period of rapid price increase, when house prices rose 135% since the trough in 1997, 15% Y/Y in 2004 and 2005 on average, house prices have started decelerating. FNAIM – a real estate agent that accounts for about 35% of sales in the housing market – estimates that prices increased by only 0.1% Q/Q or 4.5% Y/Y (vs. 17.5% Y/Y in Q3 04) in Q3 06.

Yet, the housing market appears to be holding up, as both sales turnover and mortgage credit growth continue to rise at levels in line with those observed over the past few years. Growth in sales turnover increased by about 3% in the year until October 2006, (3.8% in October 2005); mortgage credit rose 13% Y/Y in Q2 06, up from 12% Y/Y in Q2 05, and in Q2 06 the Q/Q growth rate reached 13.8% up from 13.7% in Q1.

Since 2004, cyclical and structural factors have supported the French housing market. The cyclical factors include low interest rates, supportive fiscal measures and government support to mortgage credits; most prominent structural factors are a low rate of housing ownership, demographic changes and increased flexibility in the mortgage credit market.

Mortgage rates have been low by historical standard and despite ECB hiking rates, mortgage rates remain low as the yield on the 10 yr rate remains around 4% to 4.10%. Other cyclical factors will be less supportive in the short to medium term. The fiscal measures, Loi Perissol, Loi Besson and Loi Robien I and II, have encouraged investors to buy property for renting out, but these schemes have become less and less generous so that it seems reasonable to believe that they will fade out in the short to medium term. As well, the support provided by the zero interest rate credit provided by the government for low income people, is likely to fade away as the take up reaches its maximum.

The main structural factors which have supported the housing market in France are likely to persist in the medium term. The low proportion of house ownership in France compared to other European countries implies a continuing appetite for housing purchase, especially as French households view home ownership as an insurance against reduced pensions. Demographics, with population and the number of households growing fast (the number of households is increasing faster than the population growth rate at 1.24% per annum on average) provides additional demand for housing. Likewise, the mortgage market has become more flexible, with the repayment period of mortgage loans lengthening from 10.5 years on average in 1991 to 19.7 in September 2006, the number of variable rate mortgages increasing (to about 30% of the existing stock of mortgages) , and monthly repayment more often higher than 30% of the mortgagor's income.

Overall, cyclical factors are becoming less supportive but demographics, low rate of ownership and scope for further mortgage market deregulation suggest that housing demand is likely to remain strong in the medium term.

Market analysis
Laurence Boone
Barclays Capital

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 %			
	2005	2006	2007
French GDP	1.2	< 2 - 2.5 >	< 2 - 2.5 >
Euro zone GDP	1.4	2.5	2.0
Household consumption	2.1	2.8	2.8
Business investment	3.6	3.6	3.6
Exports	3.1	7.9	6.2
Imports	6.1	8.0	6.1
Consumer prices (year-on-year)	1.8	1.8	1.8

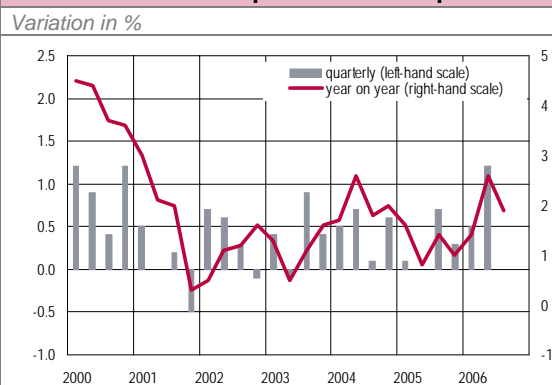
Source: Ministry of the Economy, Finance and Industry, Draft budget bill 2007

► Recent economic indicators

Industrial output*, year-on-year	-0.7%	9/2006
Household consumption*, year-on-year	4.2%	10/2006
Unemployment rate (ILO)	8.8%	10/2006
Consumer prices, year-on-year		
all items	1.1%	10/2006
all items excluding tobacco	1.1%	10/2006
Trade balance, fob-fob, sa	-1.3 EUR bn	9/2006
" "	-2.9 EUR bn	8/2006
Current account balance, sa	-2.1 EUR bn	9/2006
" "	-3.9 EUR bn	8/2006
10-year constant maturity rate (TEC10)	3.75%	11/30/2006
3-month interest rate (Euribor)	3.636%	11/30/2006
EUR / USD	1.3200	11/30/2006
EUR / JPY	153.29	11/30/2006

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

► Gross domestic product at 2000 prices



Source: Insee, quarterly national accounts

► Euro exchange rate



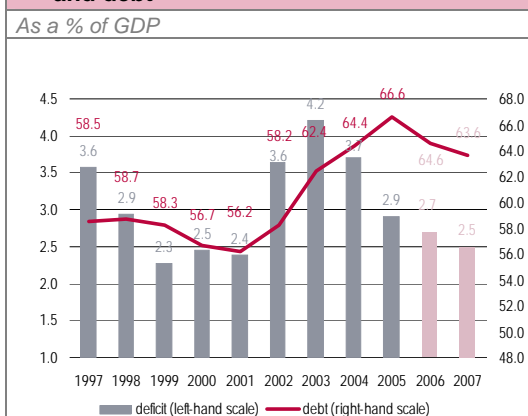
Source: European Central Bank

► Government budget monthly position

€bn	end-of-October level				
	2004	2005	2004	2005	2006
General budget balance	-45.41	-45.15	-48.40	-48.96	-41.61
revenue	242.99	249.11	197.16	199.89	182.54
expenditure	288.40	294.27	245.56	248.85	224.15
Balance of special Treasury accounts	1.53	1.68	-2.57	-4.63	-6.60
General budget outturn	-43.88	-43.47	-50.97	-53.59	-48.21

Source: Ministry of the Economy, Finance and Industry
for more information:
http://www.minefi.gouv.fr/themes/finances_etat/budget/index.htm

► 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

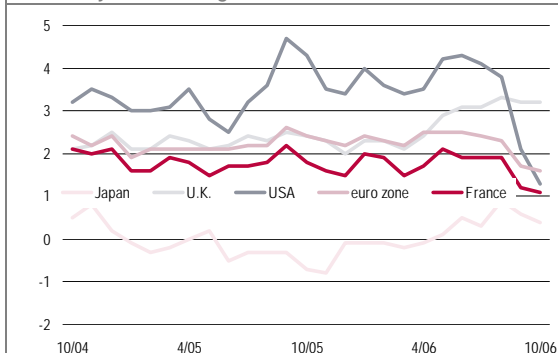
December 2006	January 2007
7 Central government budget: statement at end of October	5 Household confidence survey: December survey
7 Gross foreign exchange reserves in November	8 Gross foreign exchange reserves in December
11 Industrial output in October	10 Central government budget: statement at end of November
12 Foreign trade in October	10 Industrial output in November
13 Consumer prices: index for November	10 Foreign trade in November
14 Payroll employment: final results Q3-2006	12 Cost-of-construction: index Q3-2006
14 Wages: final results Q3-2006	12 Consumer prices: index for December
15 Balance of payments in October	18 Balance of payments in November
22 National quarterly accounts: first results Q3-2006	23 Household consumption of manufactured goods in December
22 Household consumption of manufactured goods in November	25 Industrial trends: monthly survey for January
22 Industrial trends: monthly survey for December	30 Industrial trends: quarterly survey for January
22 Industrial producer prices: November index	30 New building starts in December
27 New building starts in November	31 Household confidence survey: January survey
29 Net foreign exchange reserves in November	31 Industrial producer prices: December index
29 Job seekers in November	31 Job seekers in December
	31 Net foreign exchange reserves in December

Harmonized index of consumer prices – Eurozone (Eurostat)
Index for November: December 15
Index for December: January 17

INTERNATIONAL COMPARISONS

Consumer price index

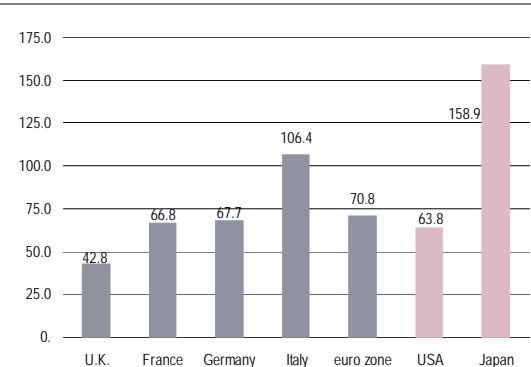
Year-on-year % change



Source: statistical institutes

General government debt in 2005

As a % of GDP



Source: Eurostat, OECD

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

OAT au 30 novembre 2006 / fungible Treasury bonds at November 30, 2006

En euros

CODE ISIN <i>Euroclear France</i>	Libellé de l'emprunt / Bond	Encours / Outstanding	Coefficient d'indexation / indexation coefficient	Valeur nominale/ face value	démembré / stripped	CODE ISIN <i>Euroclear France</i>	Libellé de l'emprunt / Bond	Encours / Outstanding	Coefficient d'indexation / indexation coefficient	Valeur nominale/ face value	démembré / stripped
	Échéance 2007	32 535 826 604					Échéance 2015	45 952 233 453			
FR0000570574	OAT 5,5% 25 avril 2007	17 898 775 424			648 980 000	FR0010163543	OAT 3,5% 25 avril 2015	18 055 313 893			43 750 000
FR0000570590	OAT 5,5% 25 octobre 2007	14 637 051 180			347 880 000	FR0010135525 I	OAT€i 1,6% 25 juillet 2015	10 446 919 560 (1)	1,04511	9 996 000 000	
	Échéance 2008	42 188 093 494				FR0010216481	OAT 3% 25 octobre 2015	17 450 000 000			94 460 000
FR0000570632	OAT 5,25% 25 avril 2008	24 403 932 367			923 910 000		Échéance 2016	42 483 000 000			
FR0000570665	OAT 8,5% 25 octobre 2008	17 784 161 127			4 431 450 000	FR0010288357	OAT 3,25% 25 avril 2016	20 461 000 000			35 700 000
	Échéance 2009	63 980 526 020				FR0000187361	OAT 5% 25 octobre 2016	22 022 000 000			1 279 980 000
FR0000570673 V	OAT TEC10 25 janvier 2009	9 853 044 498				FR0010235176 I	OATi 1% 25 juillet 2017	10 412 365 560 (1)	1,02052	10 203 000 000	
FR0000571432	OAT 4% 25 avril 2009	18 640 258 371			1 683 780 000		Échéance 2017	10 412 365 560			
FR0000571424 I	OATi 3% 25 juillet 2009	15 643 086 113 (1)	1,13262	13 811 416 109		FR0000189151	OAT 4,25% 25 avril 2019	17 344 000 000			160 990 000
FR0000186199	OAT 4% 25 octobre 2009	19 844 137 038			602 450 000	FR0000570921	OAT 8,5% 25 octobre 2019	8 844 392 893			4 124 930 000
	Échéance 2010	31 162 742 970				FR0000570954 C	E.T.A.T 9,82% 31 décembre 2019	12 892 466 (2)		6 692 154	
FR0000186603	OAT 5,5% 25 avril 2010	15 311 719 352			551 570 000		Échéance 2020	10 668 599 620			
FR0000187023	OAT 5,5% 25 octobre 2010	15 851 023 618			1 867 130 000	FR0010050559 I	OAT€i 2,25% 25 juillet 2020	10 668 599 620 (1)	1,06654	10 003 000 000	
	Échéance 2011	44 529 403 742					Échéance 2021	17 711 000 000			
FR0000570731	OAT 6,5% 25 avril 2011	19 572 445 710			847 950 000	FR0010192997	OAT 3,75% 25 avril 2021	17 711 000 000			719 540 000
FR0010094375 I	OATi 1,6% 25 juillet 2011	10 902 071 700 (1)	1,05794	10 305 000 000			Échéance 2022	1 243 939 990			
FR0000187874	OAT 5% 25 octobre 2011	14 054 886 332			520 240 000	FR0000571044	OAT 8,25% 25 avril 2022	1 243 939 990			920 150 000
	Échéance 2012	56 668 058 123					Échéance 2023	10 606 195 903			
FR0000188328	OAT 5% 25 avril 2012	15 654 110 580			1 343 550 000	FR0000571085	OAT 8,5% 25 avril 2023	10 606 195 903			7 178 590 000
FR0000188013 I	OAT€i 3% 25 juillet 2012	15 974 127 280 (1)	1,10212	14 494 000 000			Échéance 2025	8 511 928 118			
FR0000188690	OAT 4,75% 25 octobre 2012	19 554 122 924			867 700 000	FR0000571150	OAT 6% 25 octobre 2025	8 511 928 118			3 248 550 000
FR0000570780	OAT 8,5% 26 décembre 2012	5 485 697 339					Échéance 2028	13 702 119			
	Échéance 2013	51 719 792 188				FR0000571226 C	OAT zéro coupon 28 mars 2028	13 702 119 (3)		46 232 603	
FR0000188989	OAT 4% 25 avril 2013	19 137 183 879			140 900 000		Échéance 2029	22 671 722 424			
FR0000188955 I	OATi 2,5% 25 juillet 2013	14 985 850 630 (1)	1,07488	13 941 882 471		FR0000571218	OAT 5,5% 25 avril 2029	15 500 880 458			2 857 070 000
FR0010011130	OAT 4% 25 octobre 2013	17 596 757 679			113 800 000	FR0000186413 I	OATi 3,4% 25 juillet 2029	7 170 841 966 (1)	1,12782	6 358 144 000	
	Échéance 2014	32 145 724 224					Échéance 2032	28 181 625 570			
FR0010061242	OAT 4% 25 avril 2014	18 039 752 234			35 280 000	FR0000188799 I	OAT€i 3,15% 25 juillet 2032	9 443 625 570 (1)	1,08063	8 739 000 000	
FR0010112052	OAT 4% 25 octobre 2014	14 105 971 990			81 200 000	FR0000187635	OAT 5,75% 25 octobre 2032	18 738 000 000			7 478 300 000
							Échéance 2035	15 614 000 000			
						FR0010070060	OAT 4,75% 25 avril 2035	15 614 000 000			3 279 400 000
							Échéance 2038	4 297 000 000			
						FR0010371401	OAT 4% 25 octobre 2038	4 297 000 000			121 900 000
							Échéance 2055	11 283 000 000			
						FR0010171975	OAT 4% 25 avril 2055	11 283 000 000			1 363 750 000

(1) Encours OAT indexées = valeur nominale x coefficient d'indexation / indexed bonds outstanding = face value x indexation coefficient

(2) y compris intérêts capitalisés au 31/12/2005 / including coupons capitalized at 12/31/2005 ; non offerte à la souscription / not open to subscription

(3) valeur actualisée au 31/03/2006 / actualized value at 03/31/2006 ; 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

Encours démémbré / stripped outstanding

En % des lignes démembrables

As a % of strippable bonds

Durée de vie moyenne

Average maturity

610 781 765 481

47 914 830 000

9,78 %

9 ans et 215 jours

9 years and 215 days

BTAN au 30 novembre 2006

Treasury notes at November 30, 2006

En euros

CODE ISIN	Emprunt / Bond	Encours / Outstanding	Coefficient d'indexation / indexation coefficient	Valeur nominale / face value
Echéance 2007		39 258 000 000		
FR0103840098	BTAN 3,75% 12 janvier 2007	12 108 000 000		
FR0107489959	BTAN 2,25% 12 mars 2007	11 074 000 000		
FR0104446556	BTAN 4,75% 12 juillet 2007	16 076 000 000		
Echéance 2008		65 558 000 000		
FR0105427795	BTAN 3,5% 12 janvier 2008	20 935 000 000		
FR0108197569	BTAN 2,75% 12 mars 2008	12 870 000 000		
FR0105760112	BTAN 3% 12 juillet 2008	19 914 000 000		
FR0109136137	BTAN 3,5% 12 septembre 2008	11 839 000 000		
Echéance 2009		29 078 000 000		
FR0106589437	BTAN 3,5% 12 janvier 2009	14 116 000 000		
FR0106841887	BTAN 3,5% 12 juillet 2009	14 962 000 000		
Echéance 2010		36 915 068 400		
FR0107369672	BTAN 3% 12 janvier 2010	16 821 000 000		
FR0107674006	BTAN 2,5% 12 juillet 2010	15 141 000 000		
FR0108664055.I	BTAN <i>ei</i> 1,25% 25 juillet 2010	4 953 068 400	(1) 1,02548	4 830 000 000
Echéance 2011		31 718 000 000		
FR0108354806	BTAN 3% 12 janvier 2011	17 395 000 000		
FR010884/049	BTAN 3,5% 12 juillet 2011	14 323 000 000		

Total BTAN / total Treasury notes 202 527 068 400

Durée de vie moyenne des BTAN 2 ans et 63 jours

Average maturity of BTANs 2 years and 63 days

Dette négociable de l'Etat au 30 novembre 2006 /

French government negotiable debt at November 30, 2006

Encours total / total outstanding 892 379 833 881

Durée de vie moyenne 7 ans et 31 jours

Average maturity 7 years and 31 days

BTF au 30 novembre 2006

Treasury bills at November 30, 2006

En euros

	Echéance / Maturity	Encours / Outstanding
BTF	7 décembre 2006	3 417 000 000
BTF	14 décembre 2006	4 212 000 000
BTF	21 décembre 2006	3 791 000 000
BTF	28 décembre 2006	4 213 000 000
BTF	11 janvier 2007	4 139 000 000
BTF	18 janvier 2007	4 777 000 000
BTF	25 janvier 2007	3 820 000 000
BTF	1 février 2007	4 219 000 000
BTF	8 février 2007	4 012 000 000
BTF	15 février 2007	4 257 000 000
BTF	22 février 2007	3 429 000 000
BTF	1 mars 2007	4 225 000 000
BTF	15 mars 2007	3 938 000 000
BTF	26 avril 2007	4 449 000 000
BTF	10 mai 2007	3 711 000 000
BTF	5 juillet 2007	4 192 000 000
BTF	2 août 2007	4 137 000 000
BTF	27 septembre 2007	4 220 000 000
BTF	25 octobre 2007	4 476 000 000
BTF	22 novembre 2007	1 437 000 000

Total BTF / total Treasury bills 79 071 000 000

Durée de vie moyenne des BTF 118 jours

Average maturity of BTFs 118 days

Réserve de titres de la Caisse de la dette publique au 30 novembre 2006/

Securities held in reserve by Caisse de la dette publique at November 30, 2006

néant / void