



MONTHLY BULLETIN - N° 202 – March 2007

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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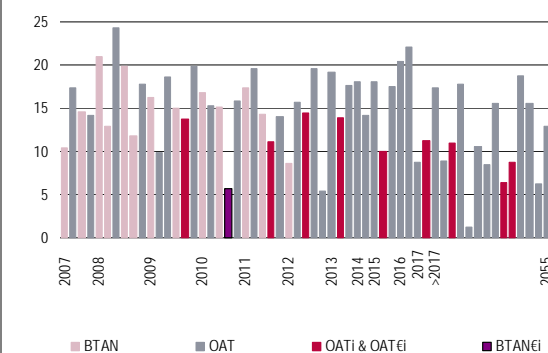
Available in French and English
Publication manager: Benoît Coeuré
Editor: Agence France Trésor



DEBT GENERAL DATA

French government long- and medium-term negotiable debt on February 28, 2007

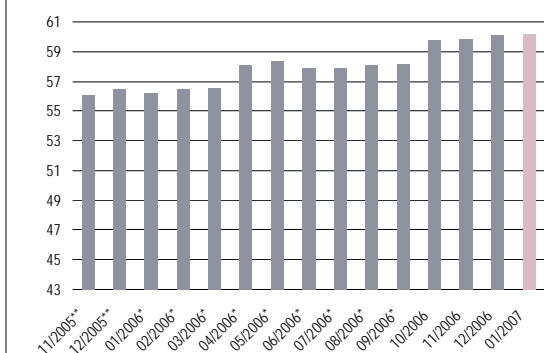
nominal value of each line, €bn



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

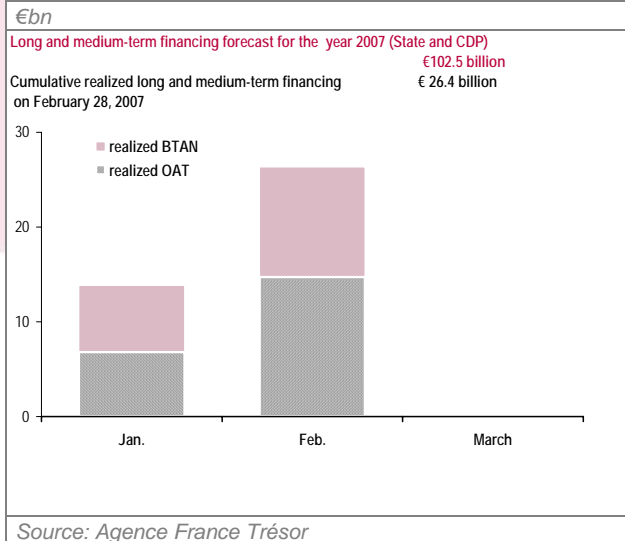
Auction indicative calendar

		BTF					BTAN / index linked OAT	OAT
March 2007	auction date	5	12	19	26	-	15	1 Mar.
	settlement date	8	15	22	29	-	20	6
April 2007	auction date	2	10	16	23	30	19	5
	settlement date	5	12	19	26	3 May.	24	11

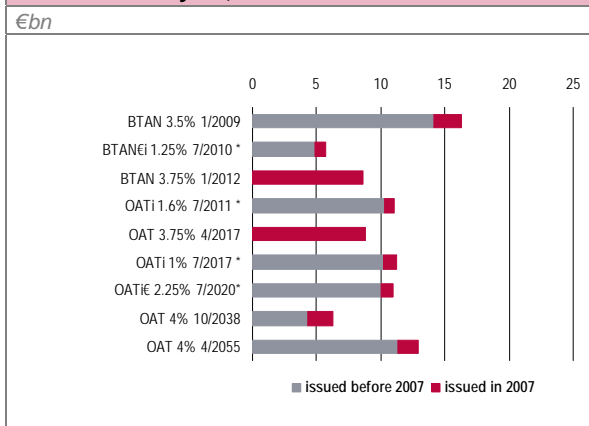
■ anticipated or delayed auctions (bank holidays, etc.)

Source: Agence France Trésor

Long- and medium-term financing over the year on February 28, 2007



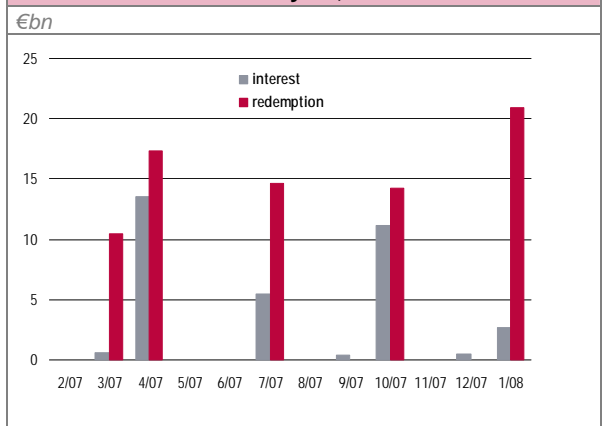
OATs and BTANs issues and cumulative total on February 28, 2007



* nominal value

Source: Agence France Trésor

OATs and BTANs: indicative repayment schedule on February 28, 2007



Source: Agence France Trésor

▶ OAT and BTAN auctions – February 2007

€m							
	OAT 10 years	OAT 30 years	OAT 50 years	BTAN 2 years	BTAN 5 years	OATi 5 years	OATi 15 years
	4/25/2017	10/25/2038	4/25/2055	1/12/2009	1/12/2012	7/25/2011	7/25/2020
	3.75%	4.00%	4.00%	3.50%	3.75%	1.60%	2.25%
Auction date	2/1/2007	2/1/2007	2/1/2007	2/15/2007	2/15/2007	2/15/2007	2/15/2007
Settlement date	2/6/2007	2/6/2007	2/6/2007	2/20/2007	2/20/2007	2/20/2007	2/20/2007
Amount announced	< 5,000--5,500 >			< 4,500--5,000 >		< 1,000--1,500 >	
Bid amount	7,880	4,680	3,090	7,840	9,085	3,115	2,150
Amount served	2,780	1,485	1,220	2,189	2,435	0,744	0,750
<i>of which: NCTs before auction</i>	0	0	0	0	0	0	0
NCTs after auction	4	456	375				216
Total issued amount	2,784	1,941	1,595	2,189	2,435	0,744	0,966
Bid-to-cover ratio	2.83	3.15	2.53	3.58	3.73	4.19	2.23
Weighted average price	96.97%	95.79%	95.99%	99.17%	98.84%	98.19%	103.21%
Yield to maturity	4.12%	4.24%	4.19%	3.96%	4.01%	2.03%	1.97%
Indexation coefficient*	-	-	-	-	-	1.05838	1.07017

* as of the settlement date

Source: Agence France Trésor

▶ BTF auctions – February 2007

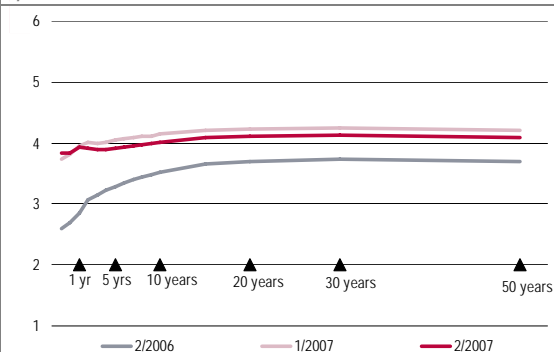
€m				
	BTF	BTF	BTF	BTF
	Short term	1 month	3 month	1 year
Auction date			2/5/2007	2/5/2007
Settlement date			2/8/2007	2/8/2007
Maturity			5/3/2007	7/19/2007
Total issued amount			1,803	1,703
Weighted average rate			3.640%	3.728%
Auction date			2/12/2007	2/12/2007
Settlement date			2/15/2007	2/15/2007
Maturity			5/16/2007	2/14/2008
Total issued amount			1,711	1,712
Weighted average rate			3.680%	3.941%
Auction date			2/19/2007	2/19/2007
Settlement date			2/22/2007	2/22/2007
Maturity			5/16/2007	9/13/2007
Total issued amount			1,806	1,786
Weighted average rate			3.685%	3.841%
Auction date			2/26/2007	2/26/2007
Settlement date			3/1/2007	3/1/2007
Maturity			5/31/2007	2/14/2008
Total issued amount			2,025	2,150
Weighted average rate			3.722%	3.935%

Source: Agence France Trésor

SECONDARY MARKET

French government yield curve

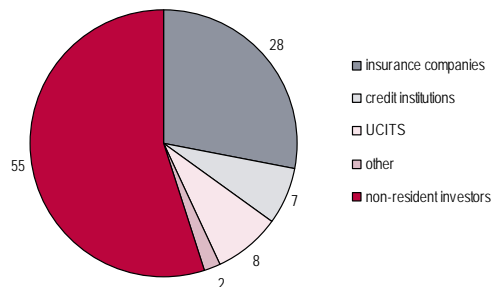
quote at end of the month, in %



Source: Bloomberg

OAT ownership by type of holder third quarter 2006

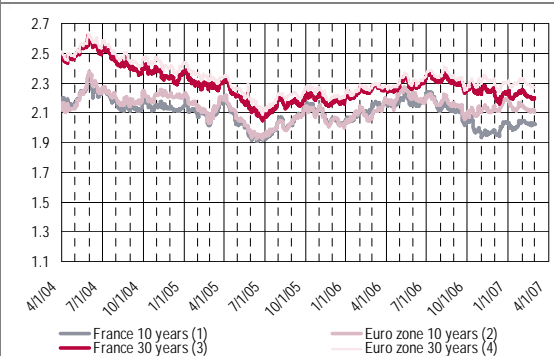
structure in %



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

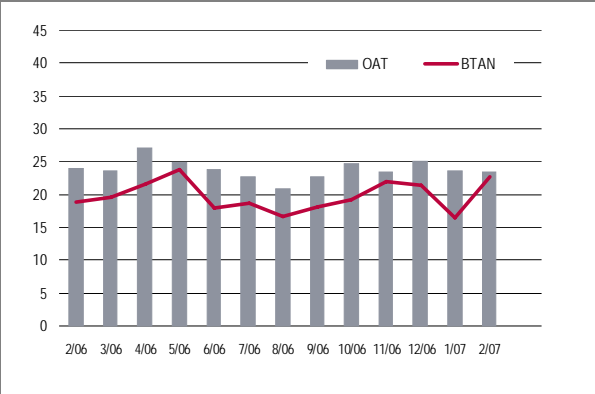
€bn

	end 2000	end 2001	end 2002	end 2003	end 2004	end 2005	end 2006	January 2007	February 2007
Negotiable government debt									
outstanding	616	653	717	788	833	877	877	883	895
OAT	419	443	478	512	552	593	610	617	625
BTAN	154	158	151	167	184	189	200	195	200
BTF	43	52	88	109	97	95	66	71	70
Swaps outstanding	///	37	61	61	61	52	44	44	44
Average maturity of the negotiable debt									
before swaps	6 years	6 years	5 years	5 years	6 years	6 years	7 years	7 years	7 years
	64 days	47 days	343 days	297 days	79 days	267 days	45 days	41 days	66 days
after swaps	///	5 years	5 years	5 years	6 years	6 years	7 years	7 years	7 years
	///	358 days	266 days	235 days	33 days	228 days	16 days	12 days	38 days

Source: Agence France Trésor

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

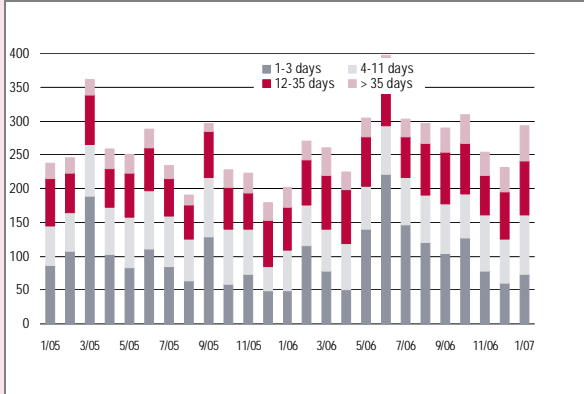
daily average (€bn)



Source: Euroclear France

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

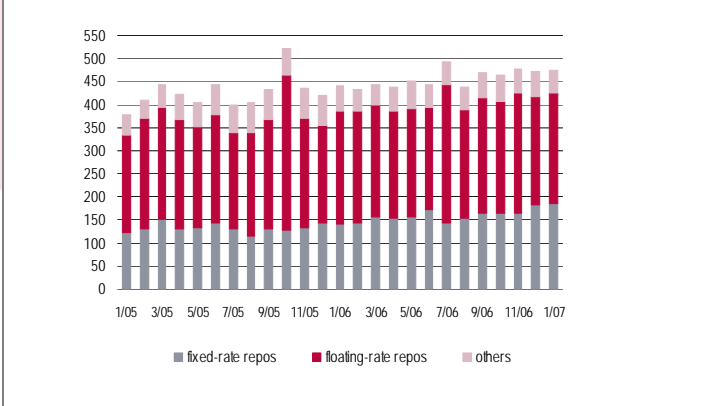
€bn



Source: primary dealers

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

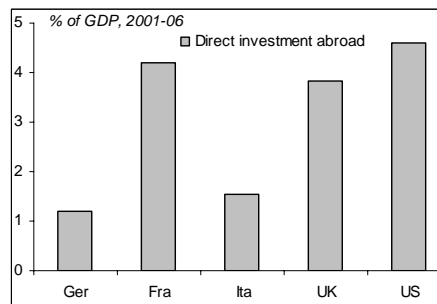
€bn



Source: primary dealers

Focus

▶ **Going global**



Source: Deutsche Bank

Corporate France goes global

Much has been said, more than often for good reasons, about France's poor export performance, rather unflattering relative to that of its main euro-area partners. Yet this has led some commentators to conclude all at once that the country was losing ground, worryingly so, on the world economic scene in the current globalization process. This assessment we believe is not really warranted when considering that the export showing offers only a partial view of a country's performance. When taking into account foreign direct investment flows, the picture is quite different.

A few points help characterize the economy's performance on this ground. The first one, undisputable, is that French corporates have invested quite substantially abroad, at least over the last six years, either through external growth or by expanding their local operational base. To put things in perspective, French FDI has been some four times higher than those seen from Germany and Italy, corresponding to the level of foreign activity seen from Anglo-Saxon enterprises (see chart).

These investment flows are sometimes taken as a sign of the failure of the domestic economy to retain business activities within the country (for cost reasons as well as for lack of flexibility), as businesses argue that maintaining and boosting profits requires relocating abroad. Notwithstanding this reason, most studies show that this has not been the primary driver of the trend, but rather to be present in those regions where the demand potential is strong. A strong argument supporting the view is that the momentum in FDI has been *encouraged*, rather than resisted, by policy makers (which could *a priori* prove reluctant to such developments). This is how one should read the traditional government policy of promoting 'national' champions so as, in particular, to allow these to expand their industrial base abroad. This has sometimes taken the route of privatization, and has been particularly the case in the telecommunication (1) sector for example (and in the banking industry) and more recently for power companies.

The most compelling argument though, that these FDI flows do not reflect a particular problem of the domestic economy is that inward FDI flows have been rather high (2) relative to what they have been elsewhere in the region, at least in France's two biggest neighbors. (It should be kept in mind however that while fairly large by Continental European standards, inward FDI remain significantly lower than those seen in the big Anglo-Saxon economies.)

One can draw two consequences from this French peculiarity. The country, being, as the U.K. and the U.S., more service oriented the way to benefit world-wide from this specialization is obviously to invest on world markets – the best example being the distributive sector in fast-growing economies. The benefit of this strategy is threefold: (i) making strong profits, (3) in line with global growth, especially in emerging markets (witness the 2006 record earnings published by large corporates recently); maintaining a high level of competitiveness at those corporates that have to compete on world markets; (iii) on a lower scale, generating domestic activities (and jobs). While one could argue that a model more oriented towards exports, such as the German one, could ensure that the economy retrieve the labour share too, these also registered a trend towards relocating an increasing share of the production process abroad, which limits the benefits in terms of employment.

Last point, but certainly the most problematic for the economy currently, this outward bias has not prevented the country from underperforming, by a significant margin, its main neighbors, whilst it used to stand previously at the top end of the growth league.

(1) A good example in this sector has been the decision by the French government to grant UMTS licenses in 2000 at a low price which was seen at the time as a way to boost corporate resources to make acquisitions outside the country.

(2) Over the 2001-06 period; as noted by some commentators one has to be careful that differences in the statistical treatment of FDI stocks (market vs book value) can introduce large distortions. To avoid such bias the data referred to here are simply flows (as a % of GDP).

(3) It may be that for some reasons, especially fiscal ones, some corporates can choose to retain their profits abroad, but the Repatriation Act in the United States, which generated very large flows backward, shows that this is most often temporary.

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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 %			
	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

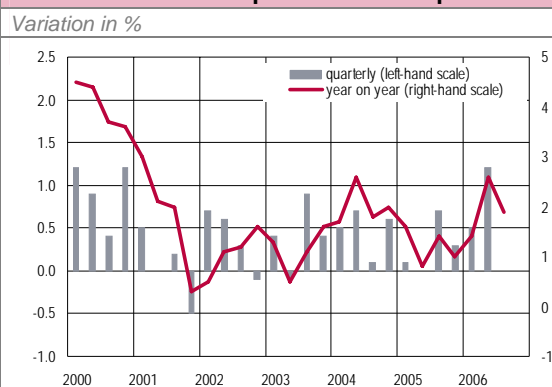
Source: Ministry of the Economy, Finance and Industry, Draft budget bill 2007

► Recent economic indicators

Industrial output*, year-on-year	0.4%	12/2006
Household consumption*, year-on-year	7.1%	1/2007
Unemployment rate (ILO)	8.5%	1/2007
Consumer prices, year-on-year		
all items	1.2%	1/2007
all items excluding tobacco	1.3%	1/2007
Trade balance, fob-fob, sa	-2.6 EUR bn	12/2006
" "	-2.4 EUR bn	11/2006
Current account balance, sa	-2.9 EUR bn	12/2006
" "	-2.2 EUR bn	11/2006
10-year constant maturity rate (TEC10)	3.99%	02/28/2007
3-month interest rate (Euribor)	3.848%	02/28/2007
EUR / USD	1.3211	02/28/2007
EUR / JPY	156.45	02/28/2007

*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



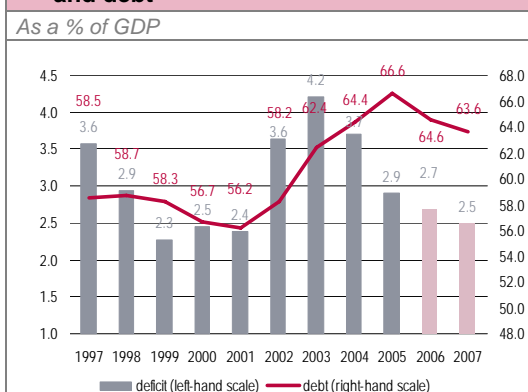
Source: European Central Bank

► Government budget monthly position

€bn	2005	2006	end-of-January level		
			2005	2006	2007
General budget balance	-45.15	-42.38	-9.74	-1.35	-0.66
revenue	249.11	230.50	15.07	15.39	20.14
expenditure	294.27	272.88	24.81	16.73	20.80
Balance of special Treasury accounts	1.68	2.95	-2.56	-5.40	-4.89
General budget outturn	-43.47	-39.43	-12.30	-6.75	-5.55

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

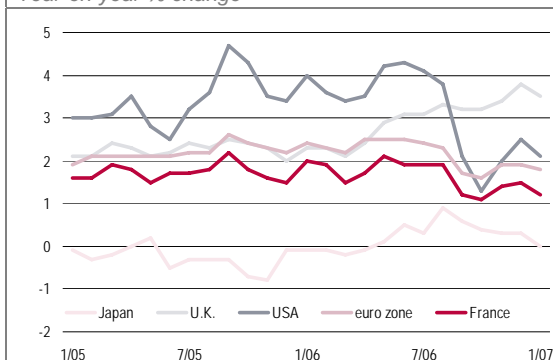
March 2007	April 2007
7 Gross foreign exchange reserves in February	6 Central government budget: statement at end of February
8 Central government budget: statement at end of January	6 Gross foreign exchange reserves in March
9 Industrial output in January	6 Cost-of-construction: index Q4-2006
9 Foreign trade in January	10 Industrial output in February
14 Consumer prices: final index for February	11 Foreign trade in February
15 Payroll employment: final results Q4-2006	13 Consumer prices: index for March
16 Balance of payments in January	18 Balance of payments in February
23 Household consumption of manufactured goods in February	20 Household consumption of manufactured goods in March
23 Wages: final statistics Q4-2006	26 Industrial trends: April survey
26 Industrial trends: monthly survey for March	27 Industrial producer prices: March index
27 New building starts in February	27 Household confidence survey: April survey
30 Industrial producer prices: February index	27 Job seekers in March
30 Household confidence survey: March survey	30 Net foreign exchange reserves in March
30 Job seekers in February	30 Industrial trends: quarterly survey for April
30 Net foreign exchange reserves in February	
30 Quarterly national accounts: final results Q4-2006	

Harmonized index of consumer prices – Eurozone (Eurostat)
 Index for February: March 15
 Index for March: April 16

INTERNATIONAL COMPARISONS

▶ Consumer price index

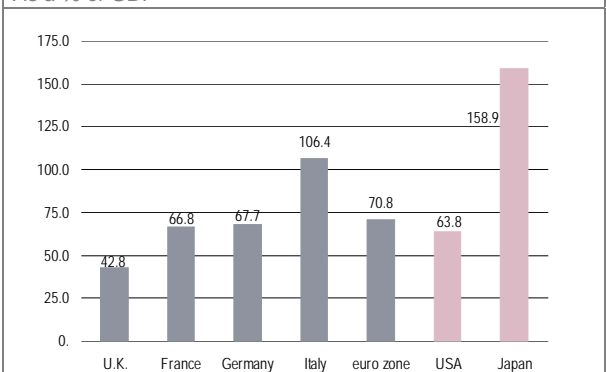
Year-on-year % change



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 28 février 2007 / fungible Treasury bonds at February 28, 2007

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
	Echéance 2007	31 584 826 604					Echéance 2016	42 483 000 000			
FR0000570574	OAT 5,5% 25 avril 2007	17 377 775 424			623 110 000	FR0010288357	OAT 3,25% 25 avril 2016	20 461 000 000			56 700 000
FR0000570590	OAT 5,5% 25 octobre 2007	14 207 051 180			322 880 000	FR0000187361	OAT 5% 25 octobre 2016	22 022 000 000			1 288 730 000
	Echéance 2008	42 088 093 494					Echéance 2017	20 253 857 460			
FR0000570632	OAT 5,25% 25 avril 2008	24 303 932 367			922 710 000	FR0010415331	OAT 3,75% 25 avril 2017	8 778 000 000			38 000 000
FR0000570665	OAT 8,5% 25 octobre 2008	17 784 161 127			4 305 450 000	FR0010235176 I	OATi 1% 25 juillet 2017	11 475 857 460 (1)	1,02162	11 233 000 000	
	Echéance 2009	63 997 237 834					Echéance 2019	26 202 551 399			
FR0000570673 V	OAT TEC10 25 janvier 2009	9 853 044 498				FR0000189151	OAT 4,25% 25 avril 2019	17 344 000 000			177 990 000
FR0000571432	OAT 4% 25 avril 2009	18 640 258 371			1 590 480 000	FR0000570921	OAT 8,5% 25 octobre 2019	8 844 392 893			3 985 090 000
FR0000571424 I	OATi 3% 25 juillet 2009	15 659 797 927 (1)	1,13383	13 811 416 109		FR0000570954 C	ETAT 9,82% 31 décembre 2019	14 158 506 (2)		6 692 154	
FR0000186199	OAT 4% 25 octobre 2009	19 844 137 038			638 750 000		Echéance 2020	11 752 076 910			
	Echéance 2010	31 162 742 970				FR0010050559 I	OAT€i 2,25% 25 juillet 2020	11 752 076 910 (1)	1,07139	10 969 000 000	
FR0000186603	OAT 5,5% 25 avril 2010	15 311 719 352			570 920 000		Echéance 2021	17 711 000 000			
FR0000187023	OAT 5,5% 25 octobre 2010	15 851 023 618			1 750 130 000	FR0010192997	OAT 3,75% 25 avril 2021	17 711 000 000			554 290 000
	Echéance 2011	45 329 106 962					Echéance 2022	1 243 939 990			
FR0000570731	OAT 6,5% 25 avril 2011	19 572 445 710			769 950 000	FR0000571044	OAT 8,25% 25 avril 2022	1 243 939 990			920 150 000
FR0010094375 I	OATi 1,6% 25 juillet 2011	11 701 774 920 (1)	1,05908	11 049 000 000			Echéance 2023	10 606 195 903			
FR0000187874	OAT 5% 25 octobre 2011	14 054 886 332			397 940 000	FR0000571085	OAT 8,5% 25 avril 2023	10 606 195 903			7 025 590 000
	Echéance 2012	56 740 673 063					Echéance 2025	8 511 928 118			
FR0000188328	OAT 5% 25 avril 2012	15 654 110 580			1 235 150 000	FR0000571150	OAT 6% 25 octobre 2025	8 511 928 118			3 193 450 000
FR0000188013 I	OAT€i 3% 25 juillet 2012	16 046 742 220 (1)	1,10713	14 494 000 000			Echéance 2028	13 702 119			
FR0000188690	OAT 4,75% 25 octobre 2012	19 554 122 924			833 700 000	FR0000571226 C	OAT zéro coupon 28 mars 2028	13 702 119 (3)		46 232 603	
FR0000570780	OAT 8,5% 26 décembre 2012	5 485 697 339					Echéance 2029	22 679 415 778			
	Echéance 2013	51 735 964 772				FR0000571218	OAT 5,5% 25 avril 2029	15 500 880 458			2 631 690 000
FR0000188989	OAT 4% 25 avril 2013	19 137 183 879			140 900 000	FR0000186413 I	OATi 3,4% 25 juillet 2029	7 178 535 320 (1)	1,12903	6 358 144 000	
FR0000188955 I	OATi 2,5% 25 juillet 2013	15 002 023 214 (1)	1,07604	13 941 882 471			Echéance 2032	28 224 534 060			
FR0010011130	OAT 4% 25 octobre 2013	17 596 757 679			134 300 000	FR0000188799 I	OAT€i 3,15% 25 juillet 2032	9 486 534 060 (1)	1,08554	8 739 000 000	
	Echéance 2014	32 145 724 224				FR0000187635	OAT 5,75% 25 octobre 2032	18 738 000 000			7 262 000 000
FR0010061242	OAT 4% 25 avril 2014	18 039 752 234			43 780 000		Echéance 2035	15 614 000 000			
FR0010112052	OAT 4% 25 octobre 2014	14 105 971 990			81 200 000	FR0010070060	OAT 4,75% 25 avril 2035	15 614 000 000			3 038 870 000
	Echéance 2015	45 999 714 453					Echéance 2038	6 238 000 000			
FR0010163543	OAT 3,5% 25 avril 2015	18 055 313 893			43 750 000	FR0010371401	OAT 4% 25 octobre 2038	6 238 000 000			435 500 000
FR0010135525 I	OAT€i 1,6% 25 juillet 2015	10 494 400 560 (1)	1,04986	9 996 000 000			Echéance 2055	12 878 000 000			
FR0010216481	OAT 3% 25 octobre 2015	17 450 000 000			69 960 000	FR0010171975	OAT 4% 25 avril 2055	12 878 000 000			1 433 550 000

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

(2) y compris intérêts capitalisés au 31/12/2006 / including coupons capitalized at 12/31/2006 ; 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 démembré / stripped outstanding

625 196 286 113

46 516 660 000

En % des lignes démembrables
As a % of strippable bonds

9,28 %

Durée de vie moyenne

9 ans et 197 jours

Average maturity

9 years and 197 days

► **BTAN au 28 février 2007**

Treasury notes at February 28, 2007

En euros

CODE ISIN	Emprunt / Bond	Encours / Outstanding	Coefficient d'indexation / indexation coefficient	Valeur nominale / face value
Echéance 2007		25 050 000 000		
FR0107489959	BTAN 2,25% 12 mars 2007	10 424 000 000		
FR0104446556	BTAN 4,75% 12 juillet 2007	14 626 000 000		
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		31 267 000 000		
FR0106589437	BTAN 3,5% 12 janvier 2009	16 305 000 000		
FR0106841887	BTAN 3,5% 12 juillet 2009	14 962 000 000		
Echéance 2010		37 890 455 700		
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 1,25% 25 juillet 2010	5 928 455 700	(1) 1,03014	5 755 000 000
Echéance 2011		31 718 000 000		
FR0108354806	BTAN 3% 12 janvier 2011	17 395 000 000		
FR0108847049	BTAN 3,5% 12 juillet 2011	14 323 000 000		
Echéance 2012		8 615 000 000		
FR0109970386	BTAN 3,75% 12 janvier 2012	8 615 000 000		

Total BTAN / total Treasury notes **200 098 455 700**

Durée de vie moyenne des BTAN **2 ans et 73 jours**
Average maturity of BTANs *2 years and 73 days*

Dettes négociables de l'Etat au 28 février 2007 /

French government negotiable debt at February 28, 2007

Encours total / total outstanding **894 861 741 813**

Durée de vie moyenne **7 ans et 66 jours**
Average maturity *7 years and 66 days*

► **BTF au 28 février 2007**

Treasury bills at February 28, 2007

En euros

	Echéance / Maturity	Encours / Outstanding
BTF	1 mars 2007	4 225 000 000
BTF	8 mars 2007	3 204 000 000
BTF	15 mars 2007	3 938 000 000
BTF	5 avril 2007	3 410 000 000
BTF	19 avril 2007	4 036 000 000
BTF	26 avril 2007	4 449 000 000
BTF	3 mai 2007	3 809 000 000
BTF	10 mai 2007	3 711 000 000
BTF	16 mai 2007	3 517 000 000
BTF	21 juin 2007	3 409 000 000
BTF	5 juillet 2007	4 192 000 000
BTF	19 juillet 2007	3 707 000 000
BTF	2 août 2007	4 137 000 000
BTF	13 septembre 2007	1 786 000 000
BTF	27 septembre 2007	4 220 000 000
BTF	25 octobre 2007	4 476 000 000
BTF	22 novembre 2007	3 482 000 000
BTF	17 janvier 2008	4 147 000 000
BTF	14 février 2008	1 712 000 000

Total BTF / total Treasury bills **69 567 000 000**

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 28 février 2007 /

Securities held in reserve by Caisse de la dette publique at February 28, 2007

néant / void