



FRENCH GOVERNMENT SECURITIES

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AUGUST 1998 - N° 99

EURO FLASH

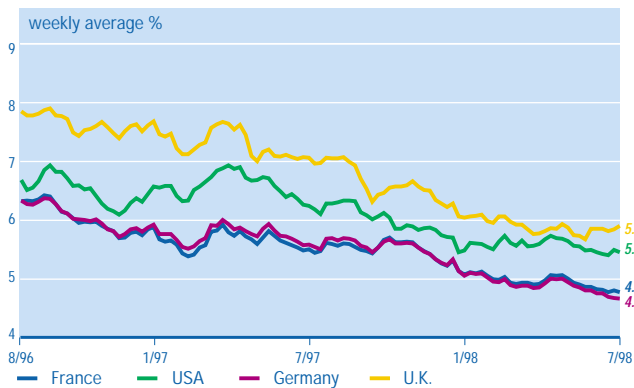
French government debt news in July

① **Strong demand for ECU-denominated bonds in July.** For the first time in the same month, in order to meet growing demand for ECU securities, the Treasury auctioned its three benchmark fungible issues simultaneously in French francs and ECU: OAT 5.25% 04/2008; BTAN 4.0% 07/2000, BTAN 4.0% 07/2003. A total amount of ECU 1,534 million was thus issued in July with respective bid-cover ratios of 2.8 for the OAT and over 4.5 for the two BTANs.

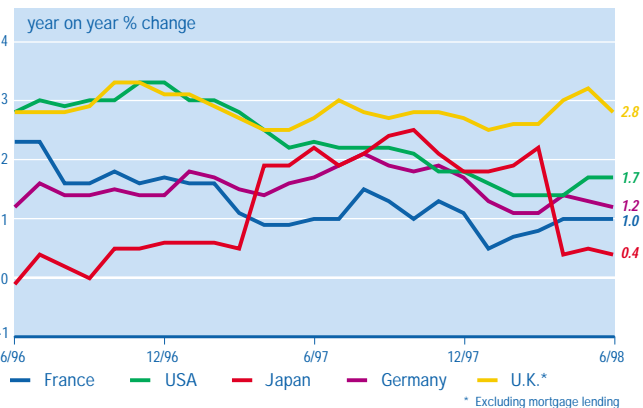
② **The Treasury is actively preparing for its first issue of inflation-indexed OATs.** Dominique Strauss-Kahn announced on July 2, 1998 that the first issue of indexed OATs would be launched in September 1998, market conditions permitting.

THE FRENCH ECONOMY

10-YEAR GOVERNMENT BOND RATES



CONSUMER PRICES

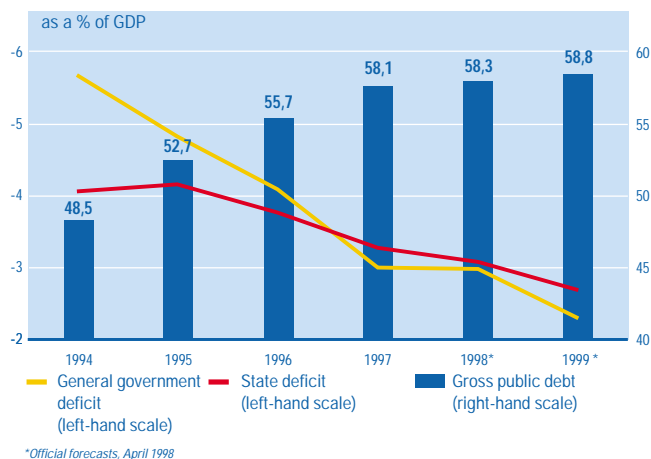


MAIN ECONOMIC INDICATORS

	real gross rate %							
	1996	1997	Carry-over 1998	1997 1 st Q	1997 2 nd Q	1997 3 rd Q	1997 4 th Q	1998 1 st Q
GDP	1.6	2.3	1.9	0.2	1.1	0.9	0.8	0.6
Imports	3.0	7.8	6.3	-0.1	4.3	3.6	1.0	2.7
Total resources	1.9	3.6	2.9	0.2	1.9	1.5	0.8	1.1
Household's consumption	2.0	0.9	2.0	0.1	0.3	1.2	0.9	0.6
General government consumption	2.6	1.2	0.5	0.2	0.2	0.2	0.2	0.2
Total investment (GFCF)	-0.5	0.3	1.6	-0.9	1.3	0.6	-0.1	1.1
Exports	5.2	12.2	5.3	1.4	6.0	3.4	1.9	0.7
Inventory changes (FRF billion)	-10.9	-7.0	-	-2.3	-1.4	-1.2	-2.1	3.3
Total domestic demand	0.9	1.0	2.2	-0.2	0.6	0.9	0.5	1.2
Non-farm payrolls	-0.1	1.2	0.1	0.3	0.2	0.5	0.7	

Source: INSEE

PUBLIC FINANCE



FRENCH GOVERNMENT SECURITIES

AUCTIONS OF GOVERNMENT SECURITIES

AUCTION CALENDAR

3/8/98	Settlement on	10/8/98	Settlement on	17/8/98	Settlement on	20/8/98	Settlement on	24/8/98	Settlement on	31/8/98	Settlement on	3/9/98	Settlement on
BTF		BTF		BTF		BTAN		BTF		BTF		OAT	
13 w.	6/8/98	13 w.	13/8/98	13 w.	20/8/98	2 years	27/8/98	13 w.	27/8/98	13 w.	3/9/98		10/9/98
BTF		BTF		BTF		BTAN		BTF		BTF			
26 w.	6/8/98	41 w.	13/8/98	29 w.	20/8/98	5 years	27/8/98	28 w.	27/8/98	52 w.	3/9/98		

LAST AUCTION OAT

FRF million	OAT		ECU million
	OAT	OAT	OAT ECU
Auction date	6/8/98	6/8/98	6/8/98
	October 2008	April 2029	April 2008
	8.50%	5.50%	5.25%
Issued volume announced	from 14 000 to 16 000		from 700 to 900
Amount bid	25 100	8 691	3 115
Amount served	11 610	3 741	892
incl. non-competitive bids	-	191	5
Bid-cover ratio	2.2	2.3	3.5
Stop price	130.22%	103.72%	104.05%
Weighted average rate	4.70%	5.25%	4.72%
Previous auction	2/7/98	4/6/98	2/7/98
Weighted average rate	4.82%	5.45%	4.86%

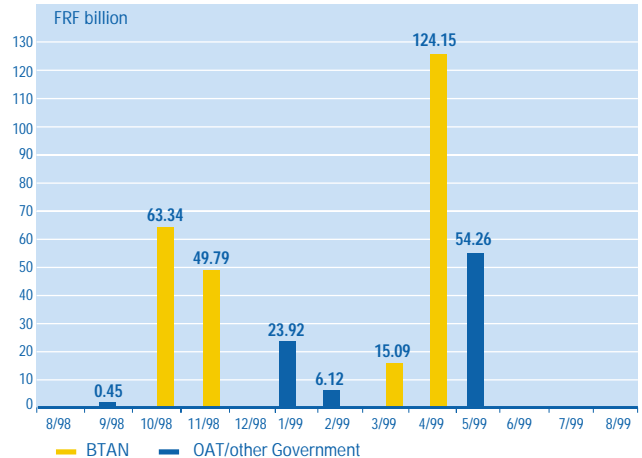
LAST AUCTION BTAN

FRF million	ECU million			
	BTAN 2 years	BTAN 5 years	BTAN ECU 2 years	BTAN ECU 5 years
Auction date	16/7/98	16/7/98	16/7/98	16/7/98
	July 2000	July 2003	July 2000	July 2003
	4.00%	4.50%	4.00%	4.50%
Issued volume announced	from 14 000 to 16 000		from 600 to 800	
Amount bid	26 400	23 950	1 805	1 785
Amount served	7 673	8 424	388	390
incl. non-competitive bids	823	494	20	4
Bid-cover ratio	3.4	2.8	4.7	4.6
Stop price	100%	100.44%	99.77%	100.24%
Weighted average rate	4.00%	4.40%	4.12%	4.44%
Previous auction	18/6/98	18/6/98	20/5/98	18/6/98
Weighted average rate	4.14%	4.51%	4.38%	4.54%

LAST AUCTION BTF

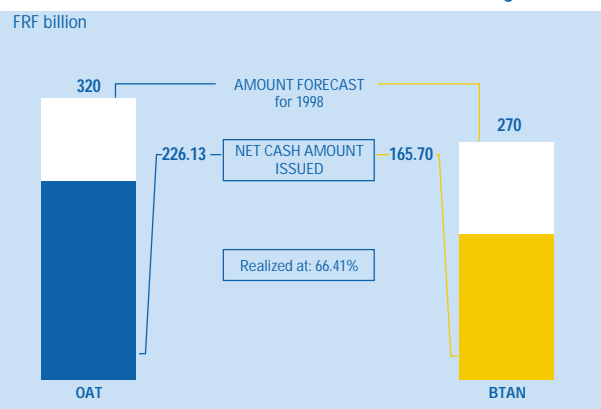
FRF million	BTF	BTF	BTF	BTF
	6 w.	13 w.	24 to 29 w.	40 to 52 w.
6/7/98				
Average amount		14 744		4 142
Weighted average rate		3.40%		3.66%
15/7/98				
Average amount		15 688		4 020
Weighted average rate		3.41%		3.66%
20/7/98				
Average amount		18 172	5 217	
Weighted average rate		3.41%	3.52%	
27/7/98				
Average amount	6 000	20 009		4 004
Weighted average rate	3.35%	3.43%		3.67%

MONTHLY REDEMPTION OATs, OTHER GOVERNMENT BONDS AND BTANs



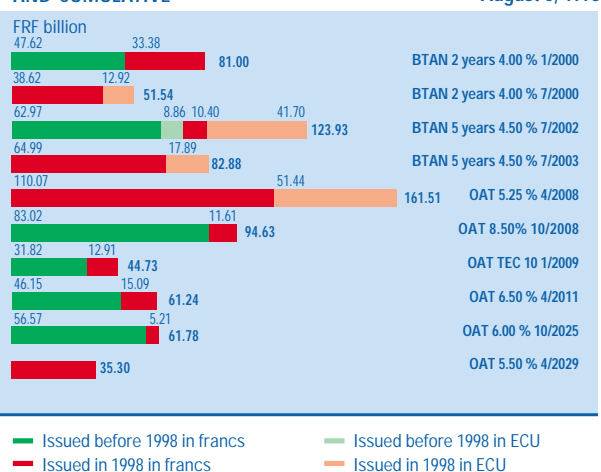
LONG AND MEDIUM TERM FINANCING FOR 1998

August 6, 1998



1998 ISSUES AND CUMULATIVE

August 6, 1998

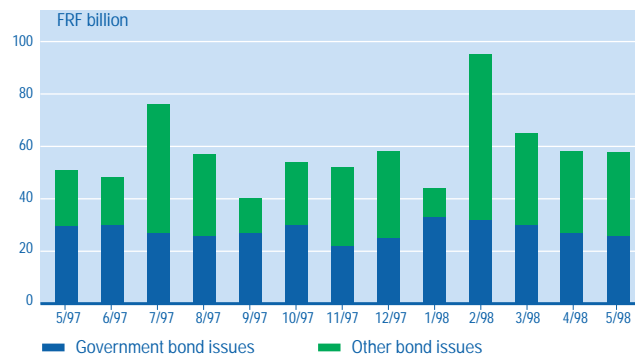


GOVERNMENT DEBT

FRF billion	1994	1995	1996	1997	1998 July
Negotiable debt excluding FSR	2 480	2 826	3 112	3 377	3 601
Long-term debt	1 559	1 774	2 022	2 170	2 258
of which OAT	1 421	1 655	1 921	2 161	2 252
Short & medium-term					
Treasury notes	921	1 052	1 090	1 207	1 343
of which BTF	239	292	271	270	345
of which BTAN	682	760	819	937	998
Non-negotiable debt	424	425	430	411	nc
Total Government debt	2 904	3 251	3 541	3 788	nc
% of GDP excluding securities issued on behalf of the FSR	39.4%	42.6%	45.2%	46.8%	nc
Average life	6 years	6 years	6 years	6 years	6 years
of negotiable debt	176 days	95 days	47 days	57 days	50 days

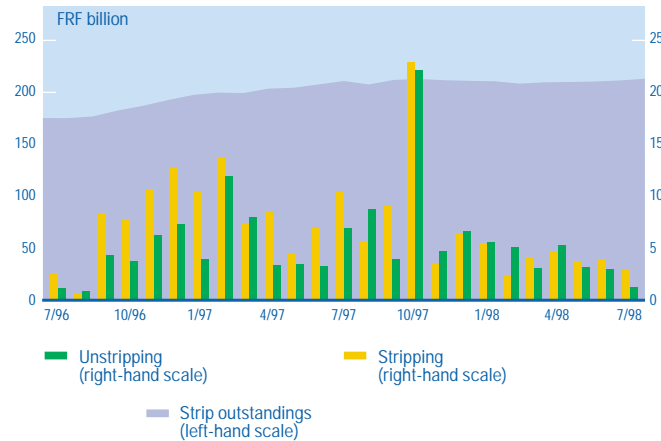
Source: SROT on 31/12/94, 95, 96 and 97

GOVERNMENT SHARE OF GROSS BOND ISSUES



Source: Banque de France

STRIPPING ACTIVITY



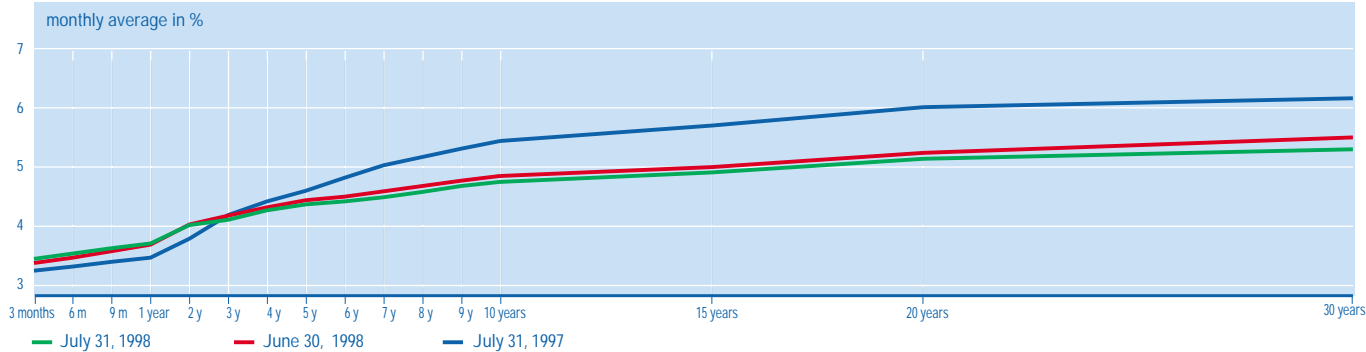
10-YEAR CONSTANT MATURITY TREASURY (TEC 10)



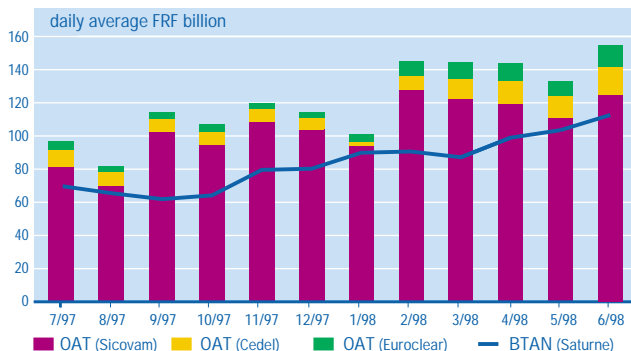
FRENCH GOVERNMENT SECURITIES

GOVERNMENT BOND MARKET

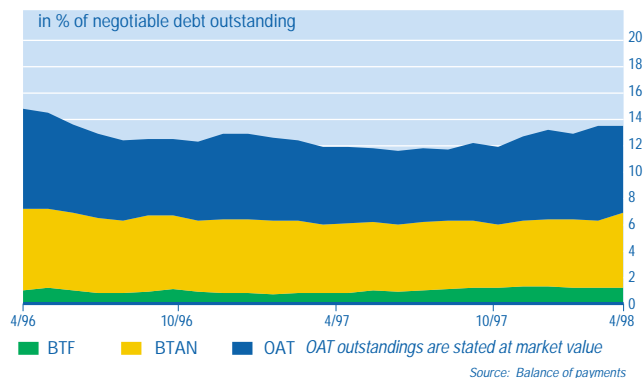
FRENCH GOVERNMENT YIELD CURVE



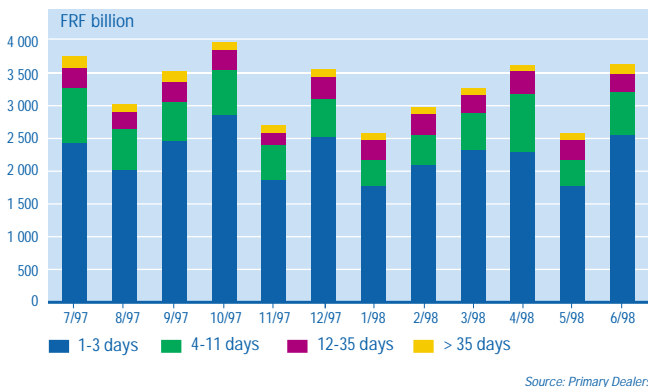
TURNOVER ON 5 MOST LIQUID OATs AND 4 MOST LIQUID BTANs



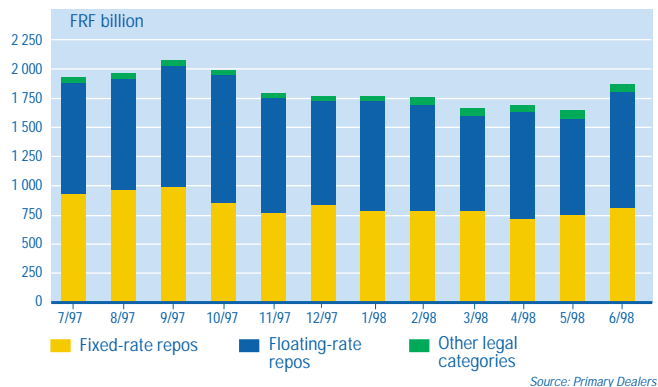
NON-RESIDENT HOLDINGS OF BTFs, BTANs AND OATs



PRIMARY DEALERS, MONTHLY FIXED-RATE TRANSACTIONS



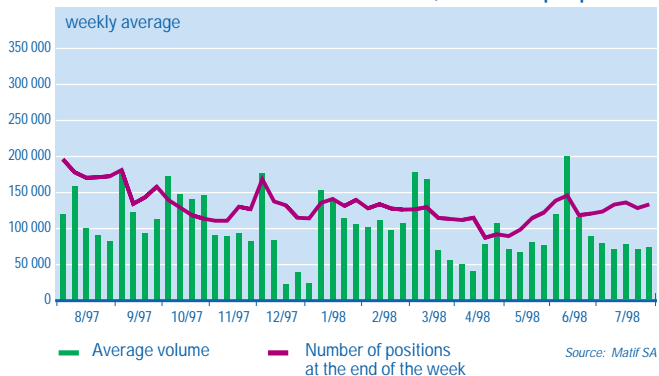
PRIMARY DEALERS, OUTSTANDING AT END OF MONTH



FUTURES MARKET

10 YEAR NOTIONAL

Volumes, number of open positions



KEY FIGURES

July	Notional	Matif 5 years	Pibor 3 months	ECU
Number of daily contracts monthly average	75 636	5 599	11 185	-
Number of open positions at month end	134 992	36 469	237 999	-
Prices on most liquid issue:	Sept. 98	Sept. 98	Sept. 98	-
• high	105,38	100,57	96,42	-
• low	103,61	99,74	96,31	-
• last	105,32	100,27	96,38	-

Source: Matif SA/FMA

TRANSITION TO THE EURO... ...TRANSITION TO THE EURO

EMU EVENTS

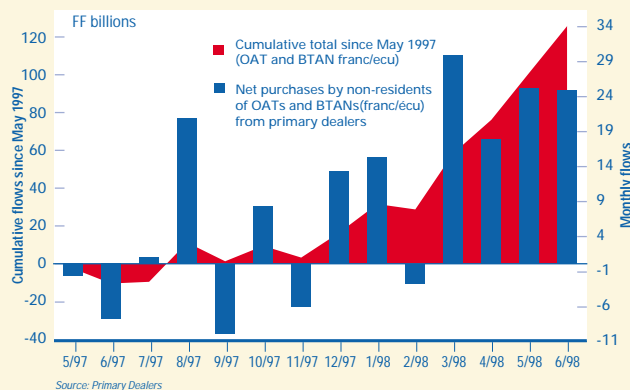
- ▶ **JULY 6, 1998** Second meeting of the Euro-11. Mr. Duisenberg, President of the ECB, took part in the meeting. The ministers arrived at a consensus as to the international economic situation, in particular the context of vigorous growth and low inflation prevailing in the Euro area. The ministers also discussed the outlook for 1999 Euro-11 budgets, and noted the progress made toward the adjustment of the instruments for economic management within the Euro area.
- ▶ **JULY 7, 1998** Meeting of the ECB Governing Council. Preparations for Stage III of EMU are being actively pursued. The ECB decided on the introduction of a minimum reserve system by the ESCB as from January 1, 1999. Minimum reserve holdings are to be remunerated at a level corresponding to the rate of ECB's main refinancing operations. The reserve ratio is defined within a range of 1.5% - 2.5%. A decision has been reached on the size and form of the initial transfer of foreign reserve assets to the ECB: on January 1, 1999, the eleven national central banks in the euro zone will transfer a total of Euro 39.46 bn to the ECB, 15% of which will be in gold.

FRENCH GOVERNMENT DEBT GEAR UP FOR THE EURO

- ▶ **JULY 2 AND 12, 1998** A new step for the issuing policy of fungible ECU/euro securities: in July 1998 for the very first time all three benchmark securities - 2, 5 and 10 years maturities - were issued both in French franc and ECU (OAT 5.25% 04/2008; BTAN 4.0%, 07/2000; BTAN 4.0% 07/2003). Demand for ECU securities has been very steady, with bid-cover ratios of over 4.5 for the BTANs and 2.8 for the OAT. The total outstanding value of French government fungible securities thus grew by Euro 5.66 bn in July.
- ▶ **JULY 3, 1998** The law authorizing issuance of inflation-indexed securities was promulgated on July 3, 1998. The Treasury will launch the first issue of inflation-indexed OATs in September 1998, market conditions permitting. While these securities are not aimed at becoming a key instrument of French government's borrowing policy, they will benefit from the commitment to regularity and liquidity characterizing all French government securities.

This new financial instrument is designed for all investors wishing to protect the purchasing power of their investments, to improve asset-liability management or to diversify their portfolios. It is addressed to resident, non-resident institutional investors as well as retail investors.

NON-RESIDENTS ARE SHOWING RENEWED INTEREST FOR FRENCH GOVERNMENT SECURITIES



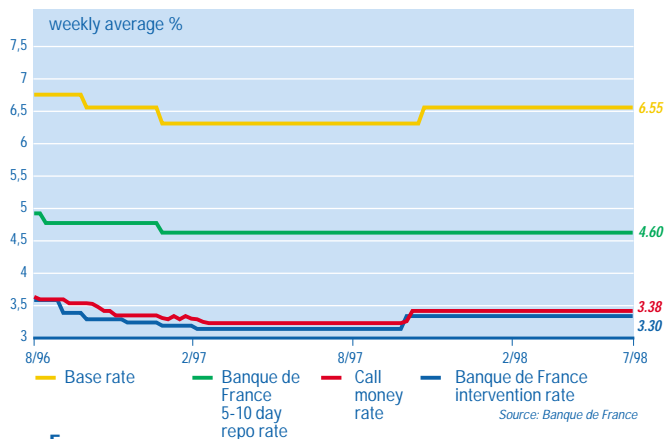
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THE FRENCH ECONOMY

SHORT-TERM INTEREST RATES

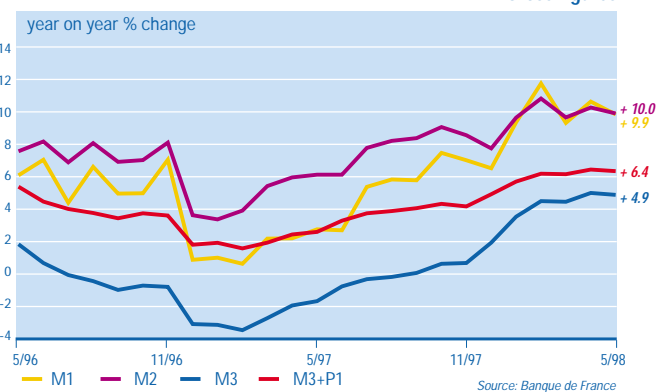


FOREIGN TRADE

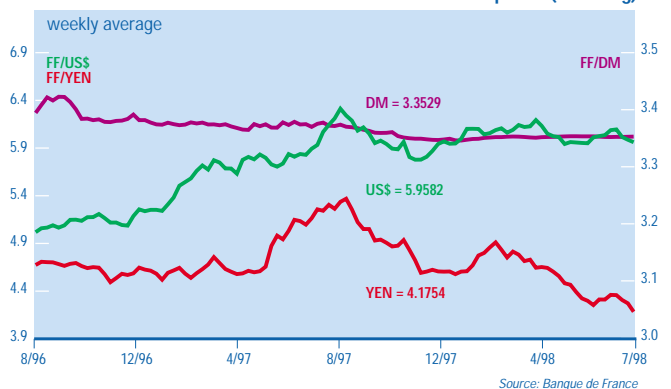
	seasonally adjusted Fob/Fob data (FRF billion)							
	1996	1997	April 1998	May 1998	Cumulative since 1/1/98	April 1997	May 1997	Cumulative since 1/1/97
Imports	1 391.9	1 521.8	134.3	134.3	674.0	123.5	122.7	608.6
Exports	1 478.1	1 691.7	149.2	148.7	744.3	138.0	138.2	670.5
Trade balance	86.2	169.9	14.9	14.3	70.4	14.5	15.5	61.9
Current account balance	105.0	228.5	21.1	-	75.5	22.8	23.3	89.2

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

MONETARY AGGREGATES



SPOT EXCHANGE RATES



TIMETABLE FOR THE RELEASE OF FRENCH ECONOMIC INDICATORS

Indicator	August 1998	September 1998	October 1998	Last published result
Consumer prices	July 98 Provisional: 11/8 Definitive: 25/8	August 98 Provisional: 11/9 Definitive: 25/9	September 98 Provisional: 13/10 Definitive: 26/10	June 98 Definitive: 1.0% y.o.y.
Industrial output	June 98: 28/8	—	July/August 98: 21/10	May 98: 107.1 (s.a.)
Industrial trends: monthly index quarterly index	— July 98: 6/8	September 98: 28/9 —	October 98: 28/10 —	July 98: 29/7 July 98: 6/8
Industrial investment	—	—	—	Year 1998 Forecast: + 10% (nominal)
National accounts	—	First results Second quarter 98: 3/9	Detailed results Second quarter 98: 9/10	Detailed results First quarter 98: 9/7
Household consumption of manufactured goods	—	July/August 98: 24/9	September 98: 29/10	June 98: + 0.2%
Consumer confidence survey	July 98: 5/8	—	September 98: 8/10	June 98: - 16
Industrial sales prices	June 98: 3/8	—	July/August 98: 2/10	June 98: 3/8
Jobless claims	July 98: 28/8	August 98: 30/9	September 98: 30/10	May 98: 11.9%
Non-farm payrolls	Second quarter 98 Provisional: 14/8	Second quarter 98 Definitive: 15/9	—	Definitive results First quarter 98: + 0.7%
Wage quarterly statistics	Second quarter 98 Provisional: 14/8	Second quarter 98 Definitive: 23/9	—	First quarter 98 Definitive: 19/6
Foreign trade	June 98: 25/8	July 98: 22/9	August 98: 21/10	Provisional result May 98: + FRF 14.3 bn
Balance of payments	May 98: 7/8	June 98: 11/9	July 98: 14/10	April 98: + FRF 21.1 bn
Foreign exchange reserves	July 98: 14/8	August 98: 11/9	September 98: 9/10	June 98: 10/7
New construction	July 98: 25/8	August 98: 29/9	September 98: 27/10	June 98: 28/7
Sales of new residential units	Second quarter 98: 25/8	—	—	First quarter 98: 26/5

All figures are released at 8:45 am, Paris time.

Source: INSEE

CONTENTS	The French economy and the changeover to the euro	pp. 1 and 4
	French Government Securities	pp. 2 and 3
	Negotiable government debt outstanding	pp. 5 and 6
	Communiqué	pp. 7 and 8

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FRENCH GOVERNMENT SECURITIES

Redenomination of French Government debt into euros: Safety, Efficiency, Transparency

At the Madrid summit, European leaders decided that EMU Member States should issue their new debt in euro from 1 January 1999 on, and would be free to choose how to redenominate their stock of outstanding negotiable debt into euros after 1999.

France was the first European country to announce that its entire negotiable debt (OATs, BTANs and BTFs) would be converted into euros on 1 January 1999, and presented the redenomination method, on 8 July 1997. Outstanding issues formerly denominated in French francs or ECU will thus be completely fungible with the new ones denominated in euros. This total and immediate redenomination will even improve the liquidity of the French government securities market, already recognized as one of the best in the world together with the US government securities market.

The technical redenomination conditions, worked out in close collaboration with all parties concerned on the Paris financial markets, have been outlined for several months. During the weekend of 1 January 1999, amounts of bonds held in French Francs will be multiplied by the agreed conversion rate to the euro (with six significant figures, including five decimals) and then rounded down to the nearest euro. The remainder will be paid to holders in the form of a compensatory marked-to-market cash payment. At the same date, ECU-denominated securities will be automatically redenominated into euro, on a one-for-one basis.

Example

- an investor holds 1,000 OATs with a unit value of FRF 2,000, valued by the market at 134.00% ;
- the FRF/euro conversion rate is set for example at 6.40541 FRF/ euro 1 ;
 - conversion in euros : $\frac{1,000 \times 2,000}{6.40541} = 312, 236.06295$.
 - the investor receives **312,236 OATs of one euro** and a net cash payment of **0.08 euro** (0.06295 x 134.00% = 0.08435).

Redenomination of French government debt should go without a hitch given optimum safety, efficiency and transparency, underpinned by the following five factors:

1 The conception of the French redenomination method makes it the easiest and most transparent conversion method, both for final investors and for intermediaries:

- Conversion will take place **at the level of each securities account, line by line**. Investors do not have to worry about redenomination of overall debt; they merely have to apply the method line by line to their account. Thanks to the simplicity of this method (simple division, rounded down to the next lower euro), there will be no difference between the result at the intermediary who keeps the account and the investor's calculation. **This guarantees a balanced accounting adjustment.**
- The redenomination method **will be the same for all French government securities and for all public and private FRF-denominated securities** to be converted in euros. This is made possible by the fact that all these securities are paperless, which is one of the great strengths of the French market. Moreover, as the French method is extremely simple for intermediaries, the proportion of issuers who will redenominate their debt in euros at the outset of 1999 is likely to be higher in France than in other countries of the euro area, **which will generate the momentum needed to foster rapid growth of the euro-denominated bond market.**
- **Rounding to the next lower euro will make it possible to use whole amounts of securities in the systems**, avoiding the need for processing decimals. Moreover, as the secondary market systems have been adapted to process amounts in euro units, the market will immediately be able to use redenominated amounts: In other words, **there will be no need to group and subsequently recycle fractions.** By contrast, in countries which have



FRENCH GOVERNMENT SECURITIES

opted for rounding to a hundredth of the euro, it will be necessary to group fractions after conversion in order to eliminate them from the secondary market.

- The method of rounding down to the next lower euro guarantees **that the total sum of clients' accounts in an institution is never greater than total holdings of the institution with the Central Security Depository.**
- **This is the best method for the French market because of its design structure:** it takes advantage of the fact that French securities are paperless, avoids the need for adaptation of securities chains and aligns with high speed dvp system (RGV) operating rules.

② Payment of cash adjustments will be transparent for final investors: their amount is negligible and will be entirely borne by depositories and intermediaries.

- A cash adjustment is paid to make sure that a portfolio's economic value is **carefully** preserved during conversion in order to respect the holders' rights to the letter. **Cash payment for any given line will in any case be less than one euro, regardless of the amount of the line** (see the above example). The payment will therefore be extremely marginal given the amounts held, notably by institutional investors.
- Investors will not have to worry about calculating or demanding the cash adjustment: **the amounts will be directly calculated and credited by Sicovam SA** to the intermediaries concerned, which will transfer them to the holders' designated cash and securities accounts.

③ The redenomination method is ready, including every technical aspect, and all special cases are anticipated thanks to extensive preparation.

- Conversion of STRIPS and transactions straddling the conversion weekend, notably repos, is fully provided for. Special mechanisms have been worked out to prevent breakdowns due to rounding problems, such as securities reserves at intermediaries and final investors.
- Technical conversion details have been published by Sicovam SA (general documentation and a technical circular) and are available from the web sites of the French Treasury (<http://www.oat.finances.gouv.fr>) and Sicovam (<http://www.sicovam.com>), and from Bloomberg (SICOVAM Help / documents).

④ Preparation of the players continues according to plan and is approaching completion. Market tests will be conducted to make sure changeover operations will go without a hitch. These preparations exceed anything done in the other countries of the euro area.

Preparation of the Paris market notably distinguishes itself by the following factors:

- *The "group of 40":* this is a group of main redenomination players (issuers, intermediaries and investors), all of whom are **individually monitored by a consultant** (Coopers & Lybrand), in order to make sure that they are fully prepared for changeover. The conclusions and recommendations of this group are of course available to all market players, who will be able to use them for their own preparations.
- *Market tests:* three market tests are scheduled for September, October and November respectively. These are actually designed as **"dress rehearsals" with all market players**, including final clients who want to participate. These tests will show up any difficulties in advance and ensure perfect preparation of the market.
- *The professionalism and experience of all players on the Paris market,* who have proven their expertise by completing large-scale technical projects, **notably implementation of RGV.**

⑤ French market conventions are already adapted to the harmonized market conventions currently recommended for the euro area. This will ensure that redenomination will not be accompanied by a change in conventions for French government debt, notably calculation of accrued interest or the method used to count days.



LES VALEURS DU TRÉSOR

DETTE NÉGOCIABLE DE L'ÉTAT NEGOTIABLE GOVERNMENT DEBT OUTSTANDING

OAT ET EMPRUNTS À MOYEN ET LONG TERME - Au 31 JUILLET 1998 OAT AND LONG AND MEDIUM TERM DEBT - JULY 31, 1998

N° SICOVAM	Libellé de l'emprunt/Bond	ECU 000	FF 000	N° SICOVAM	Libellé de l'emprunt/Bond	ECU 000	FF 000
4326	ÉCHÉANCE/MATURITY 1998 OAT TRA 09-1998		447 MF 446 520	20752	ÉCHÉANCE/MATURITY 2007 OAT 5,5% 04-2007	4 834 MECU	211 643 MF 111 104 524 (1 409 000)
10249	ÉCHÉANCE/MATURITY 1999 OAT TMB 01-1999		84 307 MF 23 920 834	20757	<i>encours démembrés/stripped bonds</i> OAT ECU 5,5% 04-2007	4 834 000	
11994	emprunt 11% 02-1985 prorogé		6 121 904		réserve FSR	50 000	
11348	OAT 8,125% 05-1999		54 264 072		<i>encours démembrés/stripped bonds</i>	(144 130)	
11641	ÉCHÉANCE/MATURITY 2000 OAT 8,5% 03-2000	532 MECU	98 522 MF 57 645 000	20798	OAT 5,5% 10-2007		99 048 614 (1 604 000)
11720	OAT ECU 9,5% 04-2000	531 520		22116	<i>encours démembrés/stripped bonds</i> OAT 5,5% 10-2007 Particuliers nov.		812 276
	réserve FSR	50 000		22119	OAT 5,5% 10-2007 Particuliers déc.		677 978
	<i>encours démembrés/stripped bonds</i>	(64 220)					
4266	OAT 10% 05-2000		19 827 654	20865	ÉCHÉANCE/MATURITY 2008 OAT 5,25% 04-2008	6 893 MECU	193 086 MF 107 632 148 (40 000)
4097	OAT 6,57% 07-84		2 649 030		<i>encours démembrés/stripped bonds</i>		
4267	OAT TRA 09-2000		18 399 974		OAT 5,25% 04-2008 particuliers avril directement assimilable		
11350	ÉCHÉANCE/MATURITY 2001 OAT TIME 01-2001	159 MECU	106 554 MF 24 654 000	22129	OAT 5,25% 04-2008 particuliers mai		840 020
11878	OAT 9,5% 01-2001		64 290 000	22132	OAT 5,25% 04-2008 particuliers juin		723 864
11860	OAT ECU 10% 02-2001	158 673		22137	OAT 5,25% 04-2008 particuliers juillet		872 038
	réserve FSR	50 000		20866	OAT ECU 5,25% 04-2008	6 892 644	
10145	OAT 7,5% 07-2001		17 610 462		réserve FSR	50 000	
					<i>encours démembrés/stripped bonds</i>	(10 000)	
11930	ÉCHÉANCE/MATURITY 2002 OAT ECU 8,5% 03-2002	1 619 MECU	103 709 MF 742 607	19377	OAT 8,5% 10-2008		83 018 272 (23 510 200)
	réserve FSR	50 000			<i>encours démembrés/stripped bonds</i>		
19600	OAT ECU 6,75% 04-2002	875 928		20765	ÉCHÉANCE/MATURITY 2009 OAT TEC 10 01-2009		44 730 MF 44 730 000
	réserve FSR	50 000		19759	ÉCHÉANCE/MATURITY 2011 OAT 6,5% 04-2011		61 236 MF 61 236 000 (2 621 000)
	<i>encours démembrés/stripped bonds</i>	(47 910)			<i>encours démembrés/stripped bonds</i>		
10247	OAT 8,5% 11-2002		103 708 946	10248	ÉCHÉANCE/MATURITY 2012 OAT 8,5% 12-2012		35 984 MF 35 983 816
19385	ÉCHÉANCE/MATURITY 2003 OAT 8,5% 04-2003	499 MECU	200 809 MF 101 706 306	11349	ÉCHÉANCE/MATURITY 2019 OAT 8,5% 10-2019		62 425 MF 61 327 998 (40 775 150)
	<i>encours démembrés/stripped bonds</i>		(10 505 670)	11703	<i>encours démembrés/stripped bonds</i>		1 097 043
19440	OAT ECU 8% 04-2003	498 617		19328	ÉCHÉANCE/MATURITY 2022 OAT ECU 8,25% 04-2022	1 500 MECU	0 MF
	réserve FSR	50 000			réserve FSR	1 500 000	
	<i>encours démembrés/stripped bonds</i>	(23 730)			<i>encours démembrés/stripped bonds</i>	(315 700)	
19465	OAT 6,75% 10-2003		99 103 000 (3 175 500)	19313	ÉCHÉANCE/MATURITY 2023 OAT 8,5% 04-2023		87 952 MF 87 952 000 (53 637 500)
	<i>encours démembrés/stripped bonds</i>				<i>encours démembrés/stripped bonds</i>		
11351	ÉCHÉANCE/MATURITY 2004 OAT 8,25% 02-2004	1 953 MECU	233 773 MF 59 257 000	19579	ÉCHÉANCE/MATURITY 2025 OAT 6% 10-2025		61 771 MF 61 771 000 (15 156 160)
19537	OAT 5,5% 04-2004		101 121 000 (1 756 000)	20904	ÉCHÉANCE/MATURITY 2028 OAT zéro coupon 03-2028 (non offerte à la souscription)		58 MF 57 757
	<i>encours démembrés/stripped bonds</i>			20891	ÉCHÉANCE/MATURITY 2029 OAT 5,5% 04-2029		31 554 MF 31 554 000 (3 335 000)
19520	OAT ECU 6% 04-2004	1 953 143			<i>encours démembrés/stripped bonds</i>		
	réserve FSR	50 000					
	<i>encours démembrés/stripped bonds</i>	(20 900)					
19603	OAT 6,75% 10-2004		73 395 000 (7 759 500)				
	<i>encours démembrés/stripped bonds</i>						
19643	ÉCHÉANCE/MATURITY 2005 OAT 7,5% 04-2005	2 131 MECU	211 154 MF 108 156 858				
	<i>encours démembrés/stripped bonds</i>		(14 925 350)				
19719	OAT ECU 7,5% 04-2005	2 131 000					
	réserve FSR	50 000					
	<i>encours démembrés/stripped bonds</i>	(77 010)					
19699	OAT 7,75% 10-2005		102 997 318 (15 535 000)				
	<i>encours démembrés/stripped bonds</i>						
19734	ÉCHÉANCE/MATURITY 2006 OAT 7,25% 04-2006	1 091 MECU	288 122 MF 111 080 018				
	<i>encours démembrés/stripped bonds</i>		(8 579 000)				
19783	OAT ECU 7% 04-2006	1 091 244					
	réserve FSR	50 000					
	<i>encours démembrés/stripped bonds</i>	(96 500)					
19775	OAT 6,5% 10-2006		99 063 552 (3 632 000)				
	<i>encours démembrés/stripped bonds</i>						
19780	OAT TEC 10 10-2006		77 978 000				

Durée de vie moyenne des obligations :

8 ans et 337 jours

Average maturity of OATs:

8 years and 337 days

TOTAL *

réserve FSR

Total général en francs*

encours démembrés/stripped bonds

en % des lignes démembrables

as a % of strippable bonds

21 209 MECU

550 MECU

2 257 987,34 MF

800 MECU

3,94 %

2 117 836 MF

0 MF

207 956 MF

13,85 %

TMB : moyenne arithmétique des taux de rendement moyens mensuels de BTF à 13 semaines constatés au cours de l'année précédant la date de mise en paiement du coupon.

TRA : taux révisable, en fonction des taux de rendement des emprunts d'État à taux fixe d'échéance supérieure à 7 ans, publiés par la Caisse des Dépôts et Consignations.

TME : moyenne arithmétique des taux de rendement moyens mensuels des emprunts d'État à taux fixe d'échéance supérieure à 7 ans sur l'année précédant la date de mise en paiement du coupon.

TEC 10 : taux de l'échéance constante à 10 ans.

TMB : the coupon rate on payment date is the arithmetic mean of the monthly average of the 13-week T-Bill auctioned weekly throughout the previous calendar year.

TRA : variable rate based on the yields of all fixed-rate French Government bonds (EE and OATs included) with maturities greater than 7 years, as published by the CDC.

TME : the coupon rate is the arithmetic mean of the monthly average of all fixed-rate French Government bonds (EE and OATs included) with maturities greater than 7 years. The coupon rate is fixed every January based on the previous calendar year.

TEC 10 : 10-year constant maturity Treasury.

* Hors FSR, Excluding FSR

1 ECU = 6,6080 FF, sur la base du cours indicatif de la BDF au 31/07/98

based on BDF guideline rate on 31/07/98.

Source : Ministère de l'Economie, des Finances et de l'Industrie

BTAN - Au 31 JUILLET 1998
TREASURY NOTES - JULY 31, 1998

	Échéance Maturity	Coupon nominal Rate	ECU 000	FF 000
ÉCHÉANCE/MATURITY 1998				113 128 MF
BTAN	12/10/98	4,50%		63 337 000
BTAN	12/11/98	5,75%		49 791 000
ÉCHÉANCE/MATURITY 1999			2 283 MECU	182 854 MF
BTAN ECU	16/03/99	5,00%	2 283 000	
réserve FSR			50 000	
BTAN	12/04/99	4,75%		124 152 000
BTAN	12/11/99	7,00%		58 702 000
ÉCHÉANCE/MATURITY 2000			1 955 MECU	238 643 MF
BTAN	12/01/00	4,00%		80 995 000
BTAN	12/04/00	7,75%		63 514 000
BTAN	12/07/00	4,00%		38 616 000
BTAN	12/07/00	4,00%	1 954 783	
BTAN	12/10/00	7,00%		55 518 000
ÉCHÉANCE/MATURITY 2001			731 MECU	148 752 MF
BTAN	12/03/01	5,75%		69 198 000
BTAN ECU	16/03/01	6,00%	731 023	
réserve FSR			50 000	
BTAN	12/10/01	5,50%		79 554 000
ÉCHÉANCE/MATURITY 2002			7 652 MECU	148 021 MF
BTAN	12/03/02	4,75%		74 651 000
BTAN	12/07/02	4,50%		73 370 000
BTAN ECU	12/07/02	4,50%	7 652 160	
réserve FSR			50 000	
ÉCHÉANCE/MATURITY 2003			2 707 MECU	64 989 MF
BTAN	12/07/03	4,50%		64 989 000
BTAN ECU	12/07/03	4,50%	2 706 987	
réserve FSR			50 000	

Durée de vie moyenne des BTAN : 1 an et 314 jours
Average maturity of BTANs: 1 year and 314 days

TOTAL* (a)	15 328 MECU	896 387 MF
réserve FSR	200 MECU	0 MF
Total général en francs*	997 674 MF	

BTF - Au 31 JUILLET 1998
TREASURY BILLS - JULY 31, 1998

	Échéance Maturity	FF 000
BTAN	06/08/98	21 172 000
BTAN	13/08/98	13 781 000
BTAN	20/08/98	13 664 000
BTAN	27/08/98	11 469 000
BTAN	03/09/98	31 145 000
BTAN	10/09/98	17 357 000
BTAN	17/09/98	14 017 000
BTAN	24/09/98	25 056 000
BTAN	01/10/98	14 011 000
BTAN	08/10/98	14 744 000
BTAN	15/10/98	15 688 000
BTAN	22/10/98	26 539 000
BTAN	29/10/98	21 939 000
BTAN	19/11/98	9 225 000
BTAN	03/12/98	21 852 000
BTAN	24/12/98	13 398 000
BTAN	04/02/99	5 217 000
BTAN	25/02/99	28 400 000
BTAN	27/05/99	25 911 000

Durée de vie moyenne des BTF : 94 jours
Average maturity of BTFs: 94 days

TOTAL	344 585 MF
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**Durée de vie moyenne totale de la dette
au 31/07/98 : 6 ans et 50 jours**
Average maturity of debt at 31/07/98:
6 years and 50 days

Total* (a)	36 537 MECU	3 358 808 MF
Total général de la dette négociable*	3 600 246 MF	
réserve FSR	750 MECU	0 MF

* Hors FSR, Excluding FSR

(a) 1 ECU = 6,6080 FF, sur la base du cours indicatif de la BDF au 31/07/98
based on BDF guideline rate on 31/07/98.

Source : Ministère de l'Economie, des Finances et de l'Industrie



FRENCH GOVERNMENT SECURITIES

INDICATIVE CALENDAR Auction and settlement dates Third quarter 1998

Dates	BTF			BTAN*		OAT*
	13 w.	semestrial	annual	2 years 4.00% 12/07/2000	5 years 4.50% 12/07/2003	
Thursday 02/07						◇
Monday 06/07	▽		□			◇
Thursday 09/07	▲		■			◆
Wednesday 15/07	▽		□			
Thursday 16/07	▲		■	∩	∪	
Monday 20/07	▽	○		∩	∪	
Thursday 23/07	▲	●		∩	∪	
Monday 27/07	▽		□			
Thursday 30/07	▲		■			
Monday 03/08	▽	○				◇
Thursday 06/08	▲	●				
Monday 10/08	▽		□			◇
Thursday 13/08	▲		■			◆
Monday 17/08	▽	○				
Thursday 20/08	▲	●		∩	∪	
Monday 24/08	▽	○		∩	∪	
Thursday 27/08	▲	●		∩	∪	
Monday 31/08	▽		□			◇
Thursday 03/09	▲		■			◆
Monday 07/09	▽	○				◇
Thursday 10/09	▲	●				◆
Monday 14/09	▽		□			
Thursday 17/09	▲		■	∩	∪	
Monday 21/09	▽	○		∩	∪	
Thursday 24/09	▲	●		∩	∪	
Monday 28/09	▽		□			
Settlement on	01/10/1998		01/10/1998			

	Auction		Settlement
B T F	13 weeks	▽	▲ Following Thursday **
	semester	○	● Following Thursday **
	1 year	□	■ Following Thursday **
B* T A N	July 12/2000	∩	∩ Following Thursday **
	July 12/2003	∪	∪ Following Thursday **
O* A T		◇	◆ Following Thursday **

* Auction of lines in French francs or ECU
** or the previous or following working day

FRENCH GOVERNMENT SECURITIES

1998 auction calendar

OAT AUCTION CALENDAR FOR THE YEAR	OAT in French francs or ECU 1 st Thursday of the month	A fixed-rate 10-year line, of either the existing 5.25% April 2008 OAT or another OAT line to be opened, dated; if market conditions permit, other fixed-rate or floating-rate lines, either existing or to be opened, or indexed
SEMESTERLY AUCTION CALENDAR	BTAN in French francs or ECU 3 rd Thursday of the month	Lines auctioned during the first half-year of 1998 • BTAN July 12/2000 • BTAN 4.50% July 12/2003
BTF QUARTERLY CALENDAR	Each Monday	BTF 13 weeks, semester, or 1 year according to the calendar on the other side.

The Treasury reserves the right to cancel an auction listed on the calendar if exceptional market conditions warrant it or to hold an extra auction according to its borrowing needs and market trends.

Furthermore, the Treasury reserves the right to create new, long- or medium-term French franc or ECU issues during the year, or to issue further tranches of previous issues in accordance with market conditions. The Treasury also reserves the right to use banking syndicate issue procedures.

The exact nature of the Treasury issues will be communicated to the market in the days preceding each auction with information on the volume of the issues.

Reuters pages on French Government Securities

INDEX TRESOR	MENU: TRESORMENU					
SVT	BTF	BTAN	OAT FF	OAT/BTAN ECU	STRIPS	REPO
ABN-AMRO FIXED INCOME FRANCE	AAFIBTF	AABOAT01/02	AAOAT01/02	AABECU	AABSTR/FR/EC	AAFIREPO
BANQUE CPR	CPRCT	CPRF	CPRA/B	CPRECU	CPRSTRIP	CPRCT
BANQUE D'ESCOMPTE	BEPG	BEPG	BEPF	BEPU	-	BEPS
BANQUE LEHMAN BROTHERS S.A.	LB8TF1	LB8TAN1/2	LBOAT1/2	LBECU1/2	-	LBWE
BANQUE PARIBAS	PBSTFRF	PBBTAN	PBOAT01/02	PBXEGOV	PBSTRIP01/02/03	PBAL
BARCLAYS CAPITAL FRANCE S.A.	BZWPL	BZWT	BZVU/V	BZWT	BZVTR/S	BZWPL
BNP FINANCE	TBNS	TBNQ/S	OBNG/P	BNB/C	OBNE/F	OBNO
CDC MARCHES	CDCFRF	CDCBTAN	CDCOAT1	CDCFCU1	CDCSTRIP1	CDCFRF
CREDIT AGRICOLE INDOSUEZ	CAIBTF01	CAIBTAN01	CAIOAT01/02/CAIVAR01	CAIXEU01	CAISTRIP01/02/03	CAIREPO
CREDIT COMMERCIAL DE FRANCE	CCFBTF	CCFBTAN	CCFOAT	CCFCU1	CCFSTRIP	CCFREPO
CREDIT LYONNAIS	CLBTF	CLBTAN	CLOAT1-5	CLOAT05	CLSTRIP01/02	CLREPO
DEUTSCHE BANK FRANCE S.A.	DBBTF	DBBTAN1	DBOAT1/2-DBVW	DBECU	DMGFRSTRIP	DBPPL
DRESNER KLEINWORT BENSON	DRBTF	DRBBTAN	DRBOAT1/2	DRBECU	DRBSTRIP1/2	DRBREPO
GOLDMAN SACHS PARIS INC. & Cie	GSPK	GSPC/B	GSPD/E/F	GECU	GSPH/I/J	GSPFREPO
HSBC MARKETS	HSBCBTF	HSBCBTAN	HSBCOAT01/02	HSBCECU	-	HSBCBTF
J.P. MORGAN & Cie S.A.	MGPK	JPMFR01	JPMFR02/MGTEC	JPMXE01/02	JPMSTRIPFR	MMQU
MERRILL LYNCH FINANCE S.A.	MLFRONT	MLFBTAN	MLFOAT	MLFECU	MLFSTRIP	MLFRONT
MORGAN STANLEY S.A.	MSFRD	MSFRB/D	MSFRB/C	MSFRF	MSFRE	MSFRR
SOCIETE GENERALE	SGFR01	SGFR02	SGFR03/04	SGXE01	SGFR05	BSGY
UNION EUROPEENNE DE CIC	CICBTF	CICBTAN	CICOAT1/2	CICECU	CICSTRIP	CICREPO

Daily bench-marks on Treasury bills published by Banque de France SVTF-G-H

Telerte pages on French Government Securities

INDEX TRESOR	MENU: 20010 - 20078				
SVT	BTF	BTAN	OAT FF	OAT/BTAN ECU	STRIPS
BANQUE CPR	8 325	2 526	8320/21	-	-
BANQUE PARIBAS	20 106/107	20 106	20 105	21 152	-
BNP FINANCE	41 414	41 414	41411/12	41424/25	41415/16
CDC MARCHES	2 521	2 520	-	-	-
CREDIT AGRICOLE INDOSUEZ	2 528	2 532	2533/34/35	2 510	2 511
CREDIT COMMERCIAL DE FRANCE	20 082	20 081/82	20 080	3 239/40	20 086
CREDIT LYONNAIS	21 891	21 888	21 885/86/87	21 906/07	21 902
DRESNER KLEINWORT BENSON	47 401	47 402	47 403/4	47 405	-
J.P. MORGAN & Cie	-	21 482	21 483/5	21 494	21 486
SOCIETE GENERALE	42 161	42 162	42 163/4	-	-
UNION EUROPEENNE DE CIC	20 121	-	20 124/25/26	-	-

Daily bench-marks on Treasury bills published by Banque de France 20018-19

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