



MONTHLY BULLETIN - N° 194 - July 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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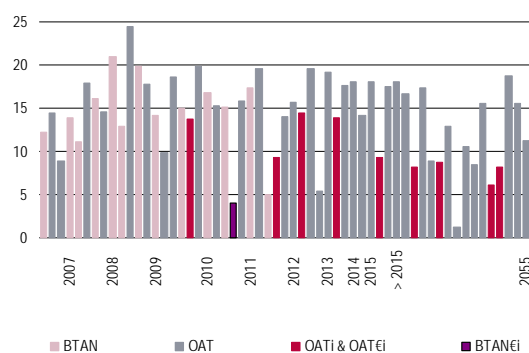
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Editor: Agence France Trésor



DEBT GENERAL DATA

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

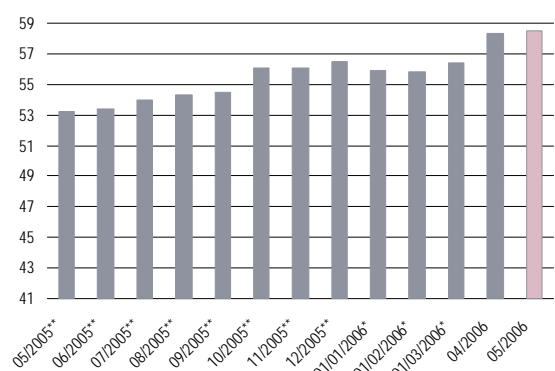
nominal value of each line, €bn



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

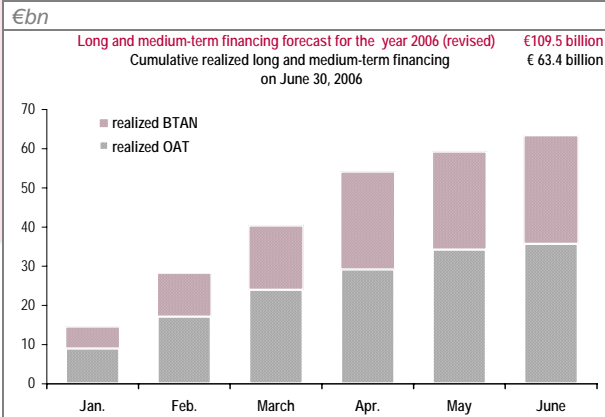
Auction indicative calendar

		BTF					BTAN / index linked OAT	OAT
July 2006	auction date	3	10	17	24	31	20	6
	settlement date	6	13	20	29	3-aug	25	11
August 2006	auction date	7	14	21	28	-	no auction	no auction
	settlement date	10	17	24	31	-	-	-

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

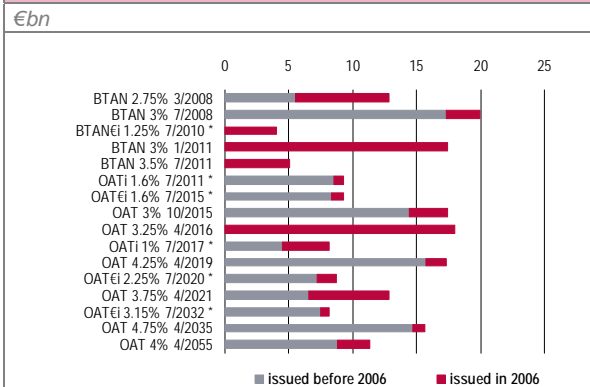
Source: Agence France Trésor

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



Source: Agence France Trésor

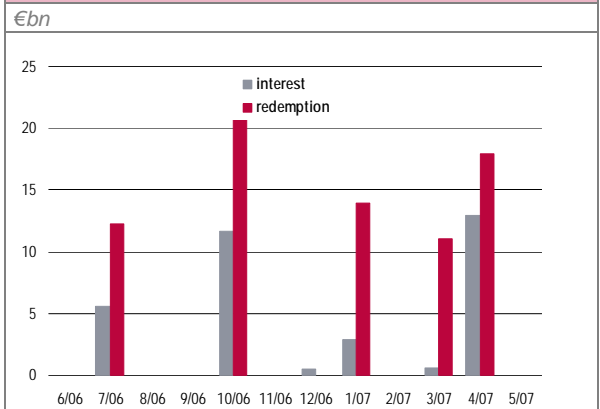
OATs and BTANs issues and cumulative total on June 30, 2006



* nominal value

Source: Agence France Trésor

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



Source: Agence France Trésor

▶ OAT and BTAN auctions – June 2006

€m				
	OAT 10 years	BTAN 5 years	BTANci 5 years	OATi 10 years
	25/4/2016	7/12/2011	7/25/2010	7/25/2017
	3.25%	3.50%	1.25%	1.00%
Auction date	6/1/2006	6/15/2006	6/15/2006	6/15/2006
Settlement date	6/6/2006	6/20/2006	6/20/2006	6/20/2006
Amount announced	< 2,500 ----- 3,000 >	< 5,000 ----- 5,500 >	< 1,200 ----- 1,700 >	
Bid amount	6,245	9,365	2,445	3,390
Amount served	2,650	5,049	425	1,220
<i>of which: NCTs before auction</i>	0	27	0	0
NCTs after auction	409	0	0	0
Total issued amount	3,059	5,049	425	1,220
Bid-to-cover ratio	2.36	1.85	5.75	2.78
Weighted average price	93.85%	99.07%	99.41%	91.93%
Yield to maturity	4.02%	3.70%	1.40%	1.81%
Indexation coefficient*	-	-	1.01975	1.01499
* as of the settlement date				

Source: Agence France Trésor

▶ BTF auctions – June 2006

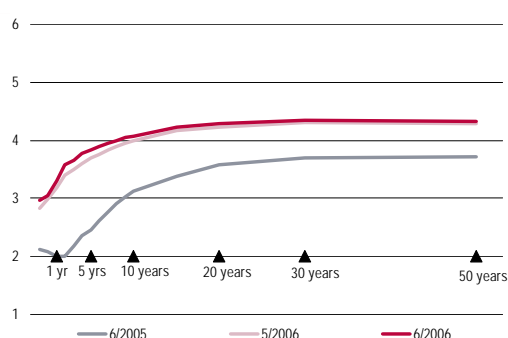
€m				
	BTF	BTF	BTF	BTF
	1 month	3 month	6 month	1 year
Auction date		6/6/2006		6/6/2006
Settlement date		6/8/2006		6/8/2006
Maturity		9/7/2006		5/10/2007
Total issued amount		1,806		1,205
Weighted average rate		2.749%		3.197%
Auction date		6/12/2006	6/12/2006	
Settlement date		6/15/2006	6/15/2006	
Maturity		9/7/2006	12/7/2006	
Total issued amount		1,807	1,204	
Weighted average rate		2.732%	2.925%	
Auction date		6/19/2006		
Settlement date		6/22/2006		
Maturity		9/21/2006		
Total issued amount		2,001		
Weighted average rate		2.770%		
Auction date		6/26/2006		
Settlement date		6/29/2006		
Maturity		9/21/2006		
Total issued amount		1,805		
Weighted average rate		2.813%		

Source: Agence France Trésor

SECONDARY MARKET

French government yield curve

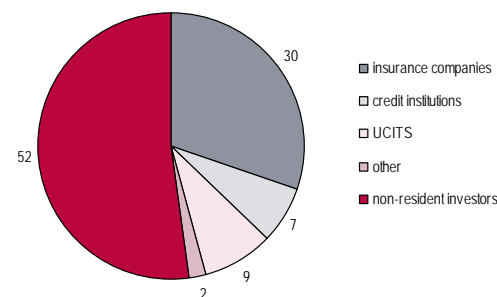
quote at end of the month, in %



Source: Bloomberg

OAT ownership by type of holder fourth quarter 2005

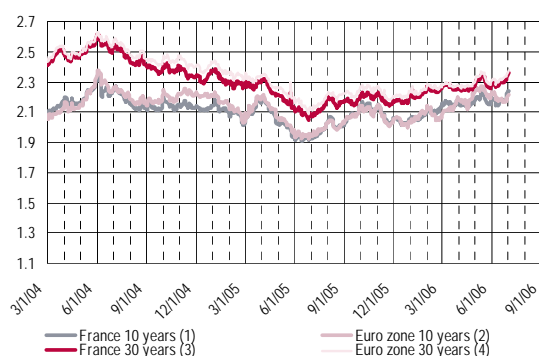
structure in %



Source: Banque de France

Breakeven inflation

daily quotes in %



Source: Bloomberg

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

Negotiable government debt and swaps

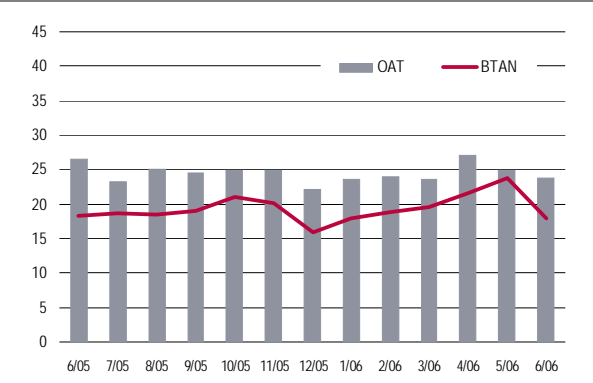
€bn

	end 2000	end 2001	end 2002	end 2003	end 2004	end 2005	May 2006	June 2006
Negotiable government debt outstanding	616	653	717	788	833	877	885	887
OAT	419	443	478	512	552	593	609	611
BTAN	154	158	151	167	184	189	192	195
BTF	43	52	88	109	97	95	84	82
Swaps outstanding	///	37	61	61	61	52	54	55
Average maturity of the negotiable debt								
before swaps	6 years	6 years	5 years	5 years	6 years	6 years	7 years	7 years
after swaps	64 days	47 days	343 days	297 days	79 days	267 days	11 days	5 days
	///	5 years	5 years	5 years	6 years	6 years	6 years	6 years
	///	358 days	266 days	235 days	33 days	228 days	343 days	338 days

Source: Agence France Trésor

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

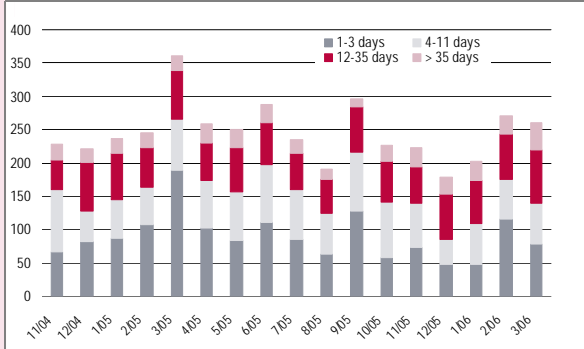
daily average (€bn)



Source: Euroclear France

▶ Primary dealers, monthly fixed-rate repo transactions

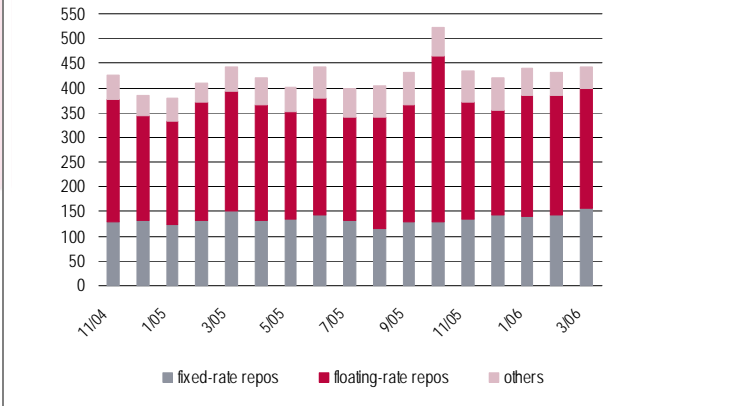
€bn



Source: primary dealers

▶ Primary dealers, repo outstanding at end of month

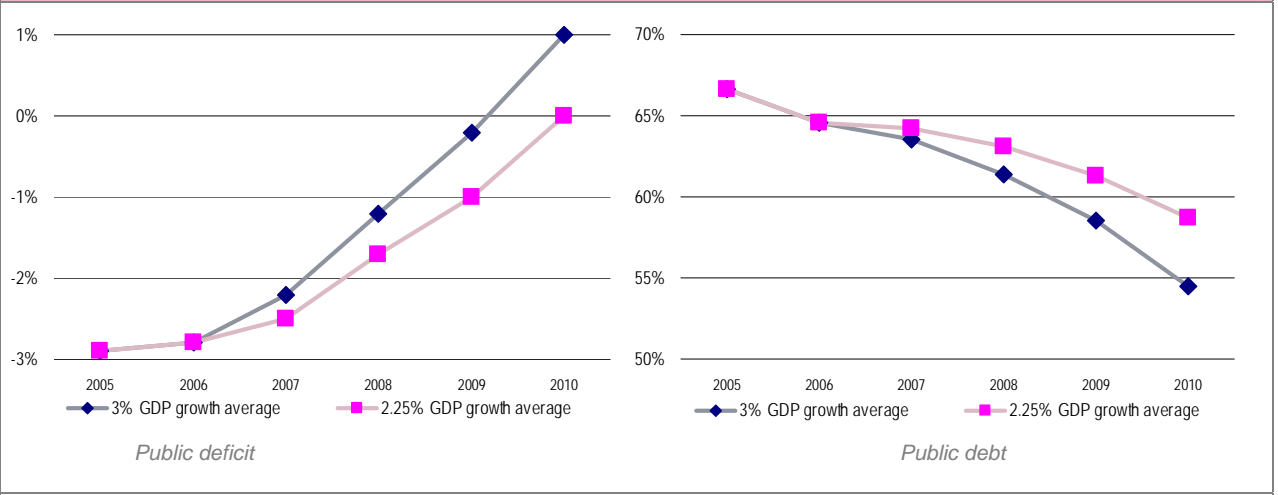
€bn



Source: primary dealers

Focus

▶ French national debt reduction commitment presented by the Government to the Parliament during the fiscal policy debate – June 2006



Source: Minefi

Fiscal-policy debate – French national debt-reduction commitment

On June 29, 2006, the Minister of Economy and the Minister Delegate for the Budget presented to the French Senate the public-finance guidelines for 2007. Highlights of this fiscal-policy debate included (1) a national debt-reduction commitment, following on the Pébereau Commission findings, and (2) incorporation of social-security policy guidelines and social-security budget bill (PLFSS).

The French economy performed well in Q1 2006: GDP rose 0.5% and its composition indicates buoyant household consumption and an upturn in exports. All the economic surveys confirm this pattern and point to total growth of 2% in 2006 as well as a good figure for 2007. The growth numbers should also enable France to meet encouraging targets for employment (INSEE, the National Statistical Institute, forecasts 9% unemployment).

France is the only one of the four major European Union countries to have brought its public deficit below 3% of GDP in 2005: the commitment was kept thanks to strict spending controls despite economic conditions less favorable than expected. In 2006, France will continue and intensify its efforts to reduce its public debt to 64.6% of GDP by year-end. For this purpose, it will use three approaches:

1. Proceeds from asset sales will be predominantly allocated to debt reduction. This notably includes the €10bn in sales of motorway concessions and €2bn in sales of Alstom and Aéroports de Paris (ADP) shares. Between January 1 and May 31, 2006, Agence France Trésor has already repaid a total €8.6bn of national debt, chiefly with divestment proceeds.
2. The central government will refine its cash-flow management by launching a new financing instrument: the very-short-term Treasury bill (BTF), with a maturity of 2-6 weeks. This will enable the central government to minimize its "safety cushion". All players—including social-insurance agencies, local-government bodies, the Social Debt Amortization Fund (CADES), and the Old-Age Solidarity Fund (FSV)—will be involved in this effort through an inter-ministry committee on general-government cash flow, coordinated by the Director-General of the Treasury and Economic Policy.
3. For the first time in 20 years, France will reduce its market borrowings of OAT and BTAN by €10bn, from €119.5bn to €109.5bn in 2006. Moreover, the BTF outstanding was reduced by around €11.3bn between December 31, 2005 and May 31, 2006.

France is also sparing no effort to reduce its public deficit, which it is committed to bringing under the deficit-stabilization threshold, i.e., 2.5% for economic growth on the order of 2.25%. In 2007, central-government expenditures will rise by one percentage point less than inflation, and the ceiling on the number of civil servants will be lowered by 15,032. Starting in 2008, the pursuit of the 2010 equilibrium target will require zero growth in central-government expenditures in value terms ("0 valeur"), growth in social spending of no more than 1% by volume ("+1 volume"), and growth in local-government expenditures tending toward zero in volume terms ("0 volume"). This will be made possible by a new, stabler, and more virtuous governance of public finance thanks to the Constitutional Bylaw on Budget Acts (LOLF) and to audits, which will open new paths for central-government reform.

Macroeconomics unit
Agence France Trésor

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	1.3	2.0	1.9
Household consumption	2.1	2.3	2.5
Business investment	3.6	3.9	4.2
Exports	3.9	6.5	6.1
Imports	6.6	6.8	6.1
Consumer prices (year-on-year)	1.8	1.7	1.7

Source: Ministry of the Economy, Finance and Industry, Perspectives économiques 2006-2007

► Recent economic indicators

Industrial output*, year-on-year	-0.3%	4/2006
Household consumption*, year-on-year	5.6%	5/2006
Unemployment rate (ILO)	9.1%	5/2006
Consumer prices, year-on-year		
all items	2.1%	5/2006
all items excluding tobacco	2.1%	5/2006
Trade balance, fob-fob, sa	-2.3 EUR bn	4/2006
" "	-1.8 EUR bn	3/2006
Current account balance, sa	-0.9 EUR bn	4/2006
" "	-2.1 EUR bn	3/2006
10-year constant maturity rate (TEC10)	4.09%	06/30/2006
3-month interest rate (Euribor)	3.560%	06/30/2006
EUR / USD	1.2713	06/30/2006
EUR / JPY	145.75	06/30/2006

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

► Gross domestic product at 2000 prices

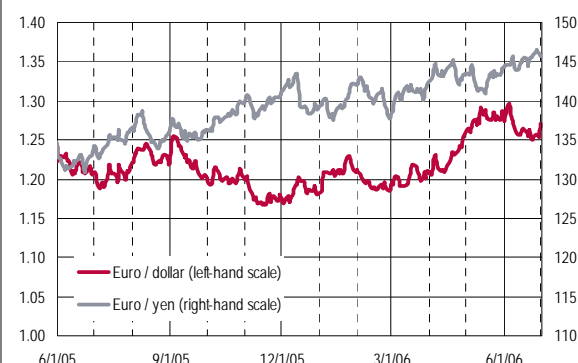
Variation in %



Source: Insee, quarterly national accounts

► Euro exchange rate

Daily quotes



Source: European Central Bank

► Government budget monthly position

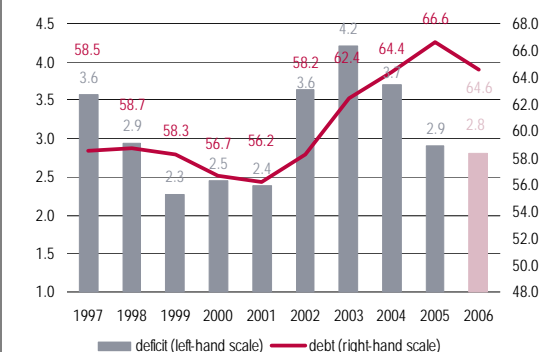
€bn

	2004	2005	end-of-May level		
			2004	2005	2006
General budget balance	-45.41	-45.15	-28.31	-35.20	-23.42
revenue	242.99	249.11	96.74	93.06	87.58
expenditure	288.40	294.26	125.05	128.26	111.00
Balance of special Treasury accounts	1.53	1.68	-14.96	-16.27	-18.58
General budget outturn	-43.88	-43.47	-43.27	-51.47	-42.00

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

As a % of GDP



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

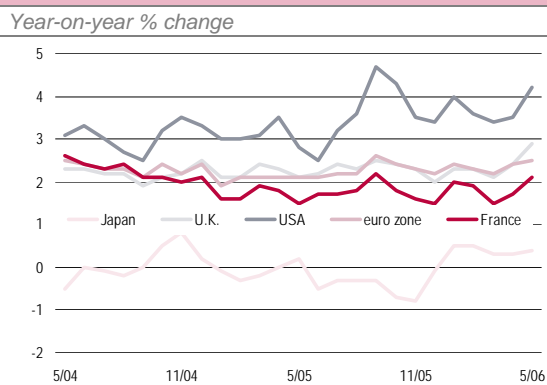
▶ Timetable for the release of French economic indicators

July 2006		August 2006	
5	Central government budget: statement at end of May	7	Gross foreign exchange reserves in July
7	Gross foreign exchange reserves in June	9	Central government budget: statement at end of June
10	Industrial output in May	10	Industrial output in June
11	Cost-of-construction: index Q1-2006	10	Foreign trade in June
11	Foreign trade in May	11	PIB flash estimate Q2-2006
13	Consumer prices: index for June	11	Consumer prices: provisional index for July
20	Balance of payments in May	18	Payroll employment: provisional results Q2-2006
21	Household consumption of manufactured goods in June	18	Wages: provisional statistics Q2-2006
25	Industrial trends: monthly survey for July	18	Balance of payments in June
28	Industrial producer prices: June index	22	Quarterly national accounts: first results Q2-2006
28	Industrial trends: quarterly survey for July	25	Industrial investments: July survey
28	Household confidence survey: July survey	29	New building starts in July
28	Job seekers in June	29	Sales of new dwelling units: Q2-2006
31	Net foreign exchange reserves in June	31	Job seekers in July
		31	Net foreign exchange reserves in July

Harmonized index of consumer prices – Eurozone (Eurostat)
Index for June: July 17
Index for July: August 17

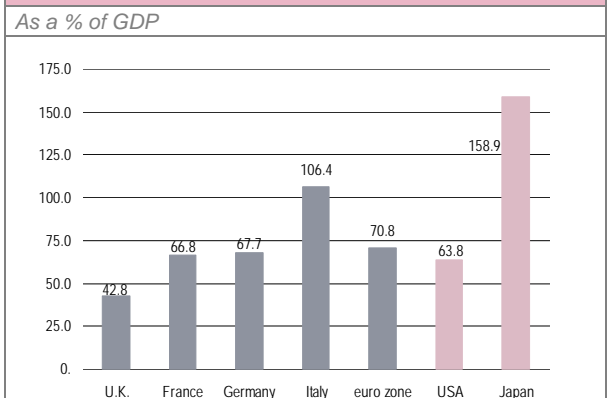
INTERNATIONAL COMPARISONS

▶ Consumer price index



Source: statistical institutes

▶ General government debt in 2005



Source: Eurostat, OECD

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

▶ OAT au 30 juin 2006 / *fungible Treasury bonds at June 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 / <i>stripped</i>	CODE ISIN <i>Euroclear France</i>	Libellé de l'emprunt / Bond	Encours / Outstanding	Coefficient d'indexation / indexation coefficient	Valeur nominale/ face value	démembré / <i>stripped</i>
Echéance 2006		23 328 810 401				Echéance 2015		45 156 964 813			
FR0000570533	OAT 6.5% 25 octobre 2006	14 484 140 991			1 827 140 000	FR0010163543	OAT 3.5% 25 avril 2015	18 055 313 893			22 750 000
FR0000570541 V	OAT TEC10 25 octobre 2006	8 844 669 410				FR0010135525 I	OAT€i 1.6% 25 juillet 2015	9 651 650 920 (1)	1,04162	9 266 000 000	
Echéance 2007		32 535 826 604				FR0010216481	OAT 3% 25 octobre 2015	17 450 000 000			94 660 000
FR0000570574	OAT 5.5% 25 avril 2007	17 898 775 424			652 380 000	Echéance 2016		34 655 000 000			
FR0000570590	OAT 5.5% 25 octobre 2007	14 637 051 180			277 580 000	FR0010288357	OAT 3.25% 25 avril 2016	18 003 000 000			35 200 000
Echéance 2008		42 188 093 494				FR0000187361	OAT 5% 25 octobre 2016	16 652 000 000			1 228 780 000
FR0000570632	OAT 5.25% 25 avril 2008	24 403 932 367			769 110 000	Echéance 2017		8 316 430 260			
FR0000570665	OAT 8.5% 25 octobre 2008	17 784 161 127			4 736 950 000	FR0010235176 I	OATi 1% 25 juillet 2017	8 316 430 260 (1)	1,01643	8 182 000 000	
Echéance 2009		63 917 822 191				Echéance 2019		26 201 285 359			
FR0000570673 V	OAT TEC10 25 janvier 2009	9 853 044 498				FR0000189151	OAT 4.25% 25 avril 2019	17 344 000 000			156 290 000
FR0000571432	OAT 4% 25 avril 2009	18 640 258 371			1 718 680 000	FR0000570921	OAT 8.5% 25 octobre 2019	8 844 392 893			4 137 930 000
FR0000571424 I	OATi 3% 25 juillet 2009	15 580 382 284 (1)	1,12808	13 811 416 109		FR0000570954 C	ETAT 9.82% 31 décembre 2019	12 892 466 (2)		6 692 154	
FR0000186199	OAT 4% 25 octobre 2009	19 844 137 038			532 450 000	Echéance 2020		9 270 248 580			
Echéance 2010		31 162 742 970				FR0010050559 I	OAT€i 2.25% 25 juillet 2020	9 270 248 580 (1)	1,06298	8 721 000 000	
FR0000186603	OAT 5.5% 25 avril 2010	15 311 719 352			567 770 000	Echéance 2021		12 849 000 000			
FR0000187023	OAT 5.5% 25 octobre 2010	15 851 023 618			2 242 630 000	FR0010192997	OAT 3.75% 25 avril 2021	12 849 000 000			525 040 000
Echéance 2011		43 410 936 542				Echéance 2022		1 243 939 990			
FR0000570731	OAT 6.5% 25 avril 2011	19 572 445 710			929 250 000	FR0000571044	OAT 8.25% 25 avril 2022	1 243 939 990			911 650 000
FR001094375 I	OATi 1.6% 25 juillet 2011	9 783 604 500 (1)	1,05370	9 285 000 000		Echéance 2023		10 606 195 903			
FR0000187874	OAT 5% 25 octobre 2011	14 054 886 332			538 640 000	FR0000571085	OAT 8.5% 25 avril 2023	10 606 195 903			7 280 690 000
Echéance 2012		56 614 720 203				Echéance 2025		8 511 928 118			
FR0000188328	OAT 5% 25 avril 2012	15 654 110 580			1 464 550 000	FR0000571150	OAT 6% 25 octobre 2025	8 511 928 118			3 319 050 000
FR0000188013 I	OAT€i 3% 25 juillet 2012	15 920 789 360 (1)	1,09844	14 494 000 000		Echéance 2028		13 702 119			
FR0000188690	OAT 4.75% 25 octobre 2012	19 554 122 924			413 950 000	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		22 429 556 613			
Echéance 2013		51 659 702 675				FR0000571218	OAT 5.5% 25 avril 2029	15 500 880 458			2 831 370 000
FR0000188989	OAT 4% 25 avril 2013	19 137 183 879			145 900 000	FR0000186413 I	OATi 3.4% 25 juillet 2029	6 928 676 155 (1)	1,12330	6 168 144 000	
FR0000188955 I	OATi 2.5% 25 juillet 2013	14 912 321 994 (1)	1,07057	13 929 329 230		Echéance 2032		27 540 484 460			
FR0010223560 I	OATi 2.5% 25 juillet 2013 août 2005	10 706 (1)	1,07057	10 000		FR0000188799 I	OAT€i 3.15% 25 juillet 2032	8 802 484 460 (1)	1,07702	8 173 000 000	
FR0010233064 I	OATi 2.5% 25 juillet 2013 sept 2005	278 348 (1)	1,07057	260 000		FR0000187635	OAT 5.75% 25 octobre 2032	18 738 000 000			7 432 100 000
FR0010244194 I	OATi 2.5% 25 juillet 2013 oct 2005	3 222 416 (1)	1,07057	3 010 000		Echéance 2035		15 614 000 000			
FR0010253203 I	OATi 2.5% 25 juillet 2013 nov 2005	4 320 499 (1)	1,07057	4 035 700		FR0010070060	OAT 4.75% 25 avril 2035	15 614 000 000			3 178 150 000
FR0010263293 I	OATi 2.5% 25 juillet 2013 déc 2005	5 607 154 (1)	1,07057	5 237 541		Echéance 2055		11 283 000 000			
FR0010011130	OAT 4% 25 octobre 2013	17 596 757 679			103 800 000	FR0010171975	OAT 4% 25 avril 2055	11 283 000 000			1 348 500 000
Echéance 2014		32 145 724 224									
FR0010061242	OAT 4% 25 avril 2014	18 039 752 234			35 280 000						
FR0010112052	OAT 4% 25 octobre 2014	14 105 971 990			60 700 000						

- (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	610 656 115 519
Encours démembré /stripped outstanding	49 518 920 000
En % des lignes démembrables <i>As a % of strippable bonds</i>	10,16%
Durée de vie moyenne <i>Average maturity</i>	9 ans et 152 jours <i>9 years and 152 days</i>

BTAN au 30 juin 2006

Treasury notes at June 30, 2006

En euros

CODE ISIN	Emprunt / Bond	Encours / Outstanding	Coefficient d'indexation / indexation coefficient	Valeur nominale / face value
	Echéance 2006	12 234 000 000		
FR0103230423	BTAN 4,5% 12 juillet 2006	12 234 000 000		
	Echéance 2007	41 065 000 000		
FR0103840098	BTAN 3,75% 12 janvier 2007	13 915 000 000		
FR0107489959	BTAN 2,25% 12 mars 2007	11 074 000 000		
FR0104446556	BTAN 4,75% 12 juillet 2007	16 076 000 000		
	Echéance 2008	53 719 000 000		
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		
	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	36 110 500 950		
FR0107369672	BTAN 3% 12 janvier 2010	16 821 000 000		
FR0107674006	BTAN 2,5% 12 juillet 2010	15 141 000 000		
FR0108664055	BTAN€1 1,25% 25 juillet 2010	4 148 500 950 (1) 1,02205		4 059 000 000
	Echéance 2011	22 444 000 000		
FR0108354806	BTAN 3% 12 janvier 2011	17 395 000 000		
FR0108847049	BTAN 3,5% 12 juillet 2011	5 049 000 000		

Total BTAN / total Treasury notes 194 650 500 950

Durée de vie moyenne des BTAN 2 ans et 114 jours
Average maturity of BTANs 2 years and 114 days

Dettes négociables de l'Etat au 30 juin 2006 /

French government negotiable debt at June 30, 2006

Encours total / total outstanding 887 300 616 469

Durée de vie moyenne 7 ans et 5 jours
Average maturity 7 years and 5 days

BTF au 30 juin 2006

Treasury bills at June 30, 2006

En euros

Echéance / Maturity	Encours / Outstanding
BTF 6 juillet 2006	3 606 000 000
BTF 13 juillet 2006	4 019 000 000
BTF 20 juillet 2006	3 704 000 000
BTF 27 juillet 2006	4 059 000 000
BTF 3 août 2006	3 808 000 000
BTF 10 août 2006	4 027 000 000
BTF 24 août 2006	4 008 000 000
BTF 31 août 2006	3 841 000 000
BTF 7 septembre 2006	3 613 000 000
BTF 14 septembre 2006	4 297 000 000
BTF 21 septembre 2006	3 806 000 000
BTF 28 septembre 2006	3 711 000 000
BTF 12 octobre 2006	3 657 000 000
BTF 26 octobre 2006	3 803 000 000
BTF 23 novembre 2006	4 144 000 000
BTF 7 décembre 2006	3 417 000 000
BTF 21 décembre 2006	3 791 000 000
BTF 18 janvier 2007	4 777 000 000
BTF 15 février 2007	4 257 000 000
BTF 15 mars 2007	3 938 000 000
BTF 10 mai 2007	3 711 000 000

Total BTF / total Treasury bills 81 994 000 000

Durée de vie moyenne des BTF 110 jours
Average maturity of BTFs 110 days

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

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

néant / void