



AGENCE
FRANCE
TRÉSOR
is tasked with
handling
government debt
and cash
management
under the most
secure
conditions in the
interest of the
taxpayer.

MONTHLY BULLETIN - N° 244 – September 2010

DEBT GENERAL DATA	1
PRIMARY MARKET	2
SECONDARY MARKET	4
TRIBUNE.....	6
THE FRENCH ECONOMY.....	7
INTERNATIONAL COMPARISONS.....	8
FRENCH GOVERNMENT NEGOTIABLE DEBT OUTSTANDING	9

<http://www.aft.gouv.fr>

Bloomberg TRESOR <Go> - Reuters TRESOR - Pages Bridge Menu 2010 – 20078

Available in French and English
Publication manager: Philippe Mills
Editor: Agence France Trésor



DEBT GENERAL DATA

French government long- and medium-term negotiable debt on August 31, 2010

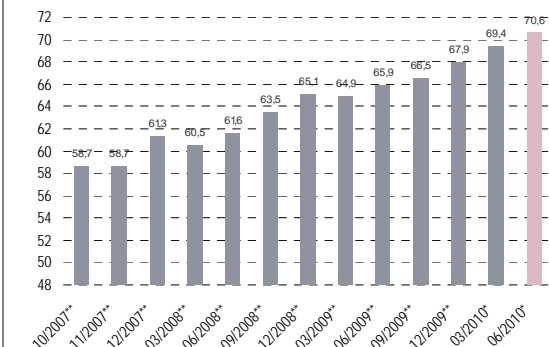
nominal value of each line, €bn



Source: Agence France Trésor

Non-resident holdings of French government negotiable debt securities

as a % of negotiable debt outstanding



Source: Banque de France

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

Auction indicative calendar

		BTF				BTAN / index linked OAT		OAT
September 2010	auction date	6	13	20	27	-	16	2
	settlement date	9	16	23	30	-	21	7
October 2010	auction date	4	11	18	25	-	21	7
	settlement date	7	14	21	28	-	26	12

anticipated or delayed auctions (bank holidays, etc.)

Source: Agence France Trésor

NEWS

Long-term financing conditions at record lows

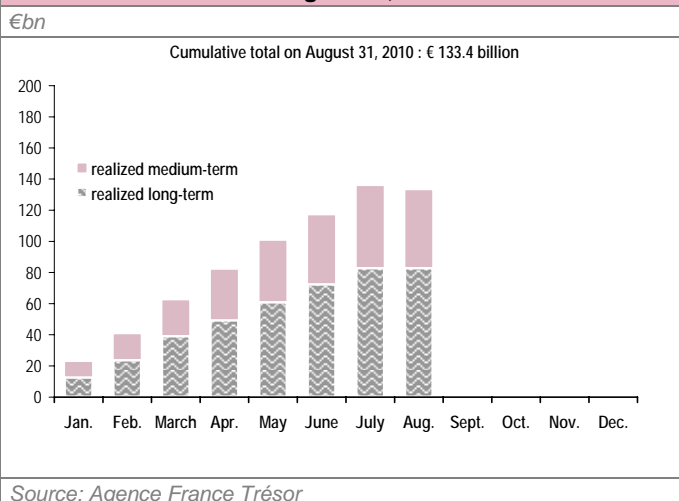
During its September auction of fungible Treasury bonds (OATs), Agence France Trésor (AFT) recorded the lowest rates for long- and very long-term financing ever seen in the history of the French Treasury.

The weighted average yield on 10-year bonds was 2.55% at the 2 September auction, almost 50 basis points lower than the previous record set during the last issue in July. On the 15-year segment, the yield fell by 54 bps between the July and the September auctions. The yield at issuance on 30-year bonds was 3.17%, 67 bps lower than the level obtained when the same bond was tapped in May.

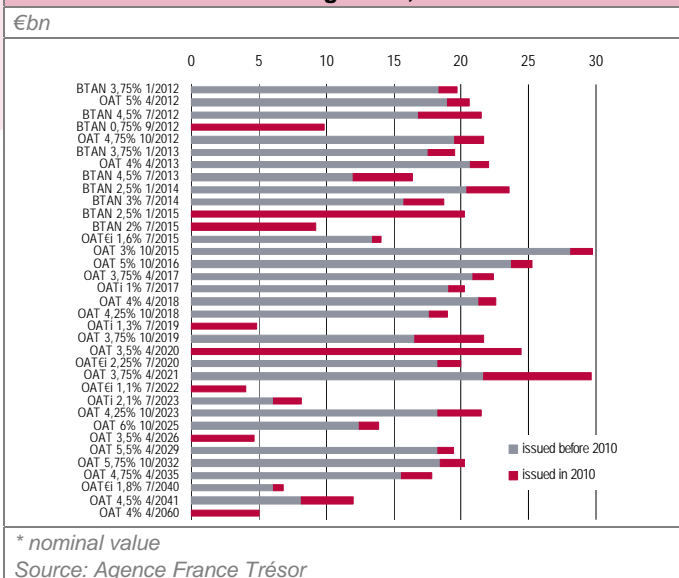
While this significant decline in yields at issuance can be attributed to market conditions, it also reflects strong investor demand for Treasury securities and confidence in France's creditworthiness. By issuing very long-term securities, i.e. 15 years and over, AFT is performing its role of minimising the debt burden and delivering sustainable financing at the lowest possible cost.

PRIMARY MARKET

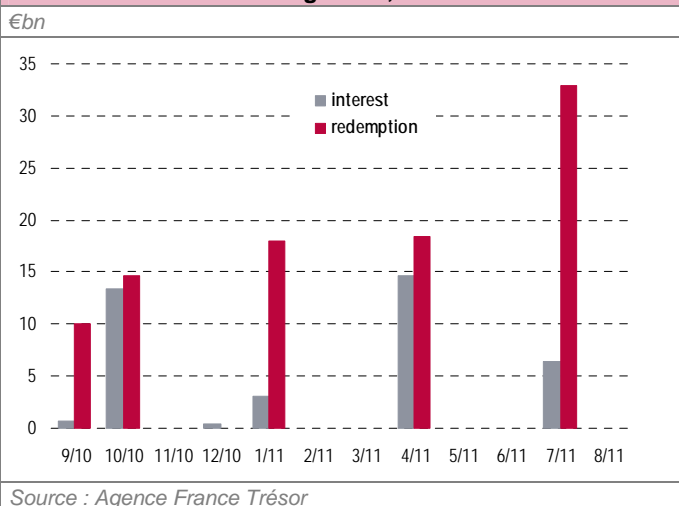
Long- and medium-term financing over the year on August 31, 2010



OATs and BTANs issues and cumulative total on August 31, 2010



OATs and BTANs: indicative repayment schedule on August 31, 2010



▶ OAT and BTAN auctions – August 2010

€m

No auction in August

Source: Agence France Trésor

▶ BTF auctions – August 2010

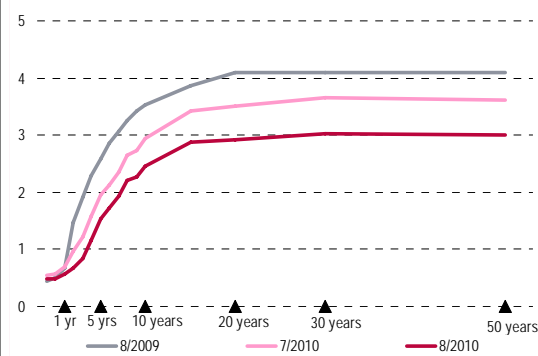
€m

	BTF	BTF	BTF	BTF	BTF	BTF	BTF
	1 month	2 month	3 month	4 month	6 month	9 month	1 year
Auction date			8/2/2010		8/2/2010		8/2/2010
Settlement date			8/5/2010		8/5/2010		8/5/2010
Maturity			10/28/2010		1/27/2011		7/28/2011
Total issued amount			4,874		2,068		2,141
Weighted average rate			0,421%		0,497%		0,675%
Auction date			8/9/2010		8/9/2010		8/9/2010
Settlement date			8/12/2010		8/12/2010		8/12/2010
Maturity			11/10/2010		1/27/2011		7/28/2011
Total issued amount			4,930		2,237		2,233
Weighted average rate			0,425%		0,498%		0,678%
Auction date			8/16/2010		8/16/2010		8/16/2010
Settlement date			8/19/2010		8/19/2010		8/19/2010
Maturity			11/10/2010		2/24/2011		7/28/2011
Total issued amount			4,683		2,006		2,007
Weighted average rate			0,381%		0,481%		0,571%
Auction date			8/23/2010		8/23/2010		8/23/2010
Settlement date			8/26/2010		8/26/2010		8/26/2010
Maturity			11/25/2010		2/24/2011		8/25/2011
Total issued amount			4,551		1,549		2,059
Weighted average rate			0,381%		0,440%		0,561%
Auction date		8/30/2010	8/30/2010		8/30/2010		8/30/2010
Settlement date		9/2/2010	9/2/2010		9/2/2010		9/2/2010
Maturity		10/21/2010	11/25/2010		2/24/2011		8/25/2011
Total issued amount		1,025	4,204		2,135		2,194
Weighted average rate		0,326%	0,382%		0,436%		0,543%

Source: Agence France Trésor

French government yield curve

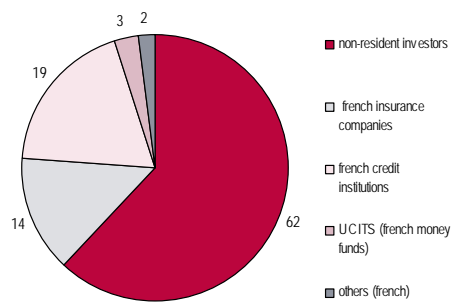
quote at end of the month, in %



Source: Bloomberg

OAT ownership by type of holder second quarter 2010

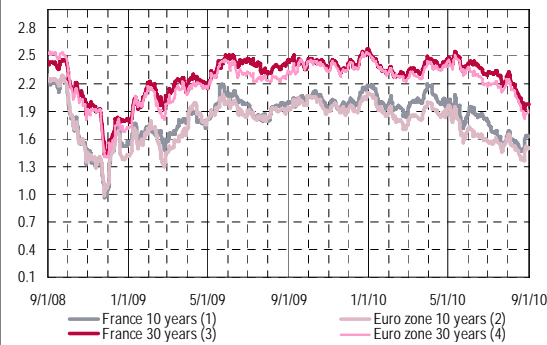
structure in %



Source: Banque de France

Breakeven inflation

daily quotes in %



Source: Bloomberg

- (1) difference between the yield of the OAT 3.75% April 2017 and the yield of the OATi 1% July 2017
- (2) difference between the yield of the OAT 4.25% April 2019 and the yield of the OAT€i 2.25% July 2020
- (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

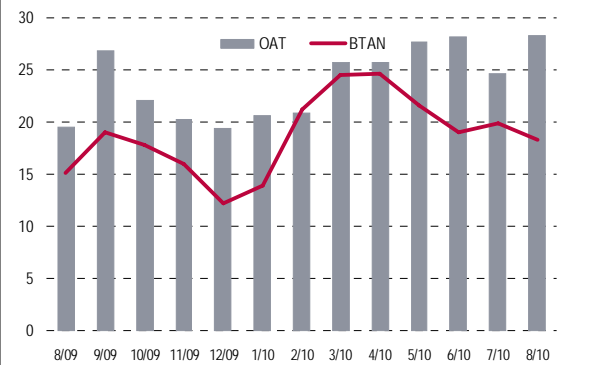
€bn

	end 2003	end 2004	end 2005	end 2006	end 2007	end 2008	end 2009	end of July 2010	end of August 2010
Negotiable government debt outstanding	788	833	877	877	921	1,017	1,148	1,219	1,218
OAT	512	552	593	610	641	681	719	792	792
BTAN	168	184	189	200	202	198	215	222	220
BTF	109	97	95	66	79	138	214	205	206
Swaps outstanding	61	61	52	44	42	28	20	17	17
Average maturity of the negotiable debt									
before swaps	5 years	6 years	6 years	7 years	7 years	6 years	6 years	7 years	6 years
	297 days	79 days	267 days	45 days	51 days	292 days	246 days	12 days	353 days
after swaps	5 years	6 years	6 years	7 years	7 years	6 years	6 years	7 years	6 years
	235 days	34 days	228 days	16 days	29 days	276 days	233 days	3 days	344 days

Source: Agence France Trésor

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

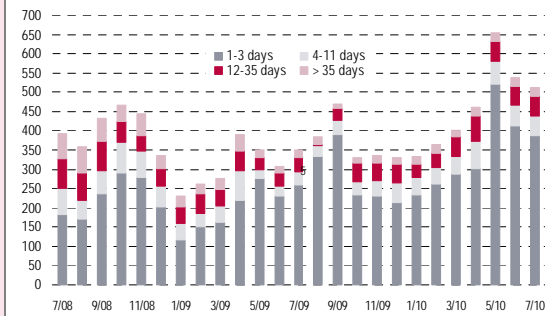
daily average (€bn)



Source: Euroclear France

Primary dealers, monthly fixed-rate repo transactions

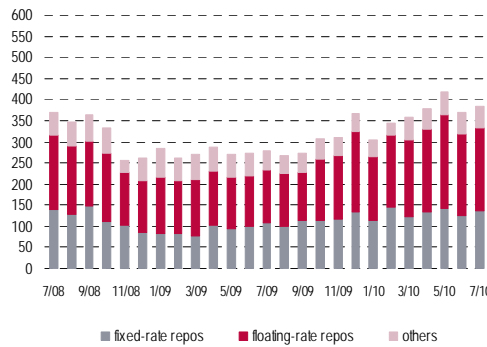
€bn



Source: primary dealers

Primary dealers, repo outstanding at end of month

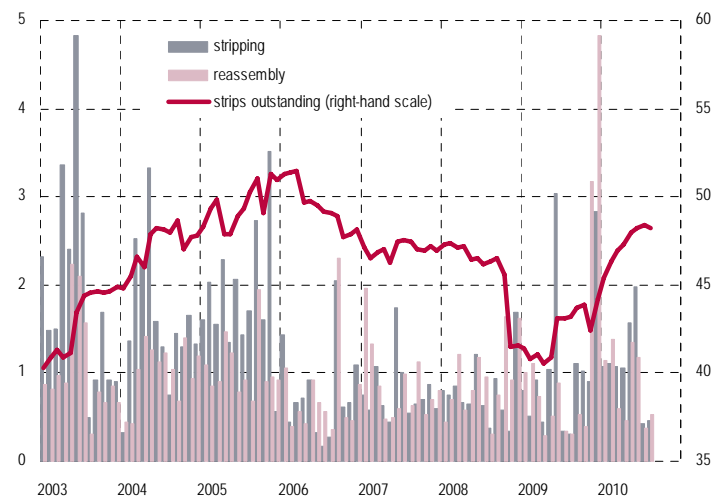
€bn



Source: primary dealers

Stripping and reassembly activity

€bn



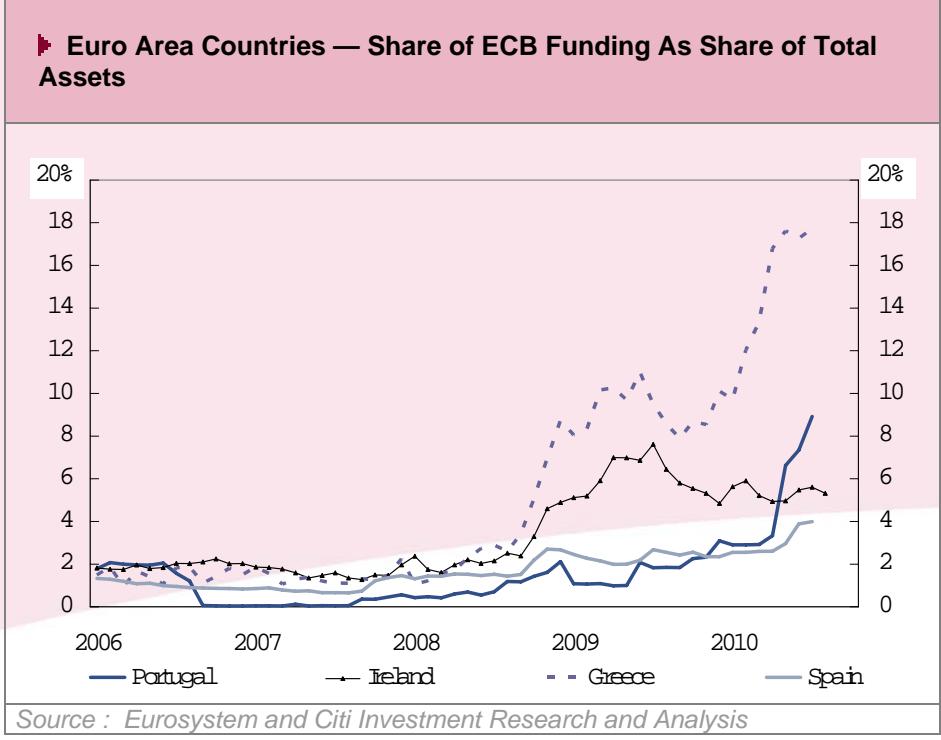
See tab on page 9 for more details on stripped bonds

Source: Euroclear France

Non-conventional monetary policy in Europe: What prospects?

By Jürgen Michels, chief euro-area economist, Citigroup

At its September meeting the ECB's Governing Council extended the existing non-standard policy measures. Hence, apart from the usual collateral requirement, in 4Q banks will have no restrictions by using the ECB's 1-week Main Refinancing Operations (MRO), the 1 month special term operations and the 3-month Long Term Refinancing Operations (LTRO). As ECB rate hikes in 1Q 2011 look extremely unlikely, the announced change in the allotment procedure for the 3M LTRO — from a fixed rate to an average rate of the Main Refinancing Operations (MROs) over the life of the



LTRO — is unlikely to have major implications. Nevertheless, this switch emphasizes the ECB's desire to go ahead with the exit from the non-standard policy measures early next year. As the periphery countries are very unlikely to solve their fiscal problems in the foreseeable future, the ECB probably will continue to provide the full allotment procedure in the 1-week MROs for a long time — probably years. That does not mean that the ECB will keep its interest rate at 1% for years. While the outlook of only modest growth and low inflation suggests that the first ECB rate hike is still far away, we expect a first modest rate hike by the middle of next year, probably in 3Q.

With its September decisions – including three fine-tuning operations, the ECB will try to smooth the expiry of €226bn in the 6M and 12M LTROs up to year-end. As was the case at the expiry of the €442 bn of the first 12M LTRO on July 1, banks are unlikely to replace the whole amount of the expiring very-long liquidity operations. Note that since the expiry of the first 12 M LTRO overall liquidity has shrunk by around €260bn. The main reason for this partial replacement is that banks with good access to the interbank market regard current rates for the 3M LTRO – that are below the ECB's key interest rate – as less attractive than they regarded the rates for the expiring operations (particularly the 12M) when they were provided. (Interbank rates at the allotment of the expiring 12M and 6M operations were above the ECB's key interest rate.) Although we expect a higher replacement-rate for the expiring 6M and 12M LTROs, a further reduction in overall liquidity between €50bn and €80bn by early 2011 looks very likely to us. This is likely to lead to further increases in money market rates.

With the ongoing fiscal problems of the periphery countries, we expect that the banks of those countries will have severe difficulties to get liquidity through the euro area interbank market. Indeed, data up to July highlight the importance of ECB funding for banks in the periphery countries (see figure). Hence, an abnormal market situation is likely to stay with us for a long time.

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, Industry and Employment.

THE FRENCH ECONOMY

► Macro-economic forecast

Real growth rate as a %

	2009	2010	2011
French GDP	-2,6	1,5	2,0
Household consumption	0,6	1,4	1,7
Business investment	-8,0	-0,9	5,5
Exports	-12,4	8,9	7,6
Imports	-10,7	7,1	6,7
Consumer prices (on an annual average basis)	0,1	1,5	1,5

Source: Ministry of the Economy, Industry and Employment

► Recent economic indicators

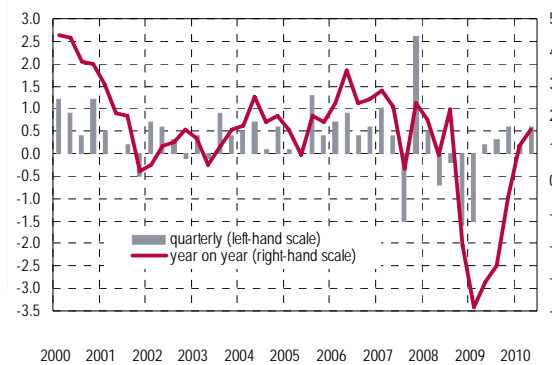
Industrial output*, year-on-year	5.5%	7/2010
Household consumption*, year-on-year	1.2%	8/2010
Unemployment rate (ILO)	9.7%	6/2010
Consumer prices, year-on-year		
all items	1.4%	8/2010
all items excluding tobacco	1.3%	8/2010
Trade balance, fob-fob, sa	-4.2 EUR bn	7/2010
"	-3.7 EUR bn	6/2010
Current account balance, sa	-2.2 EUR bn	7/2010
"	-2.7 EUR bn	6/2010
10-year constant maturity rate (TEC10)	2.50%	08/31/2010
3-month interest rate (Euribor)	0.886%	08/31/2010
EUR / USD	1.268	08/31/2010
EUR / JPY	107.07	08/31/2010

*manufactured goods –

Source: Insee; Ministry of the Economy, Industry and Employment; Banque de France

► Gross domestic product at chain-linked previous year prices

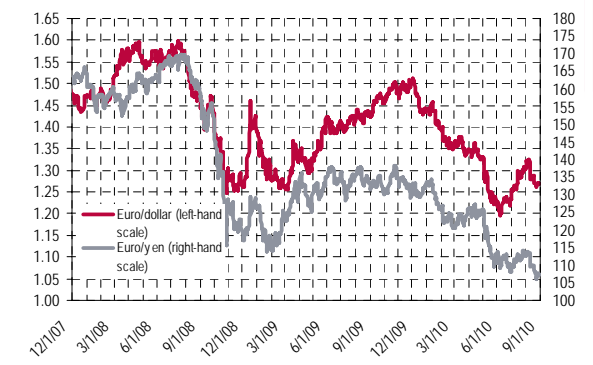
Variation in %



Source: Insee, quarterly national accounts

► Euro exchange rate

Daily quotes



Source: European Central Bank

► Government budget monthly position

€bn

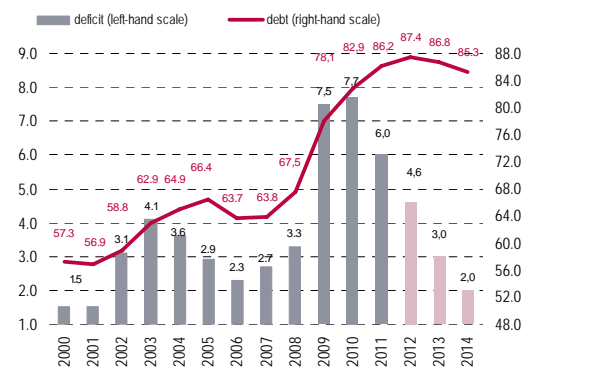
	2008	2009	end of July level		
			2008	2009	2010
General budget balance	-56,99	-129,91	-29,44	-81,48	-76,46
revenue	291,12	237,22	174,95	133,76	159,68
expenditure	348,11	367,13	204,39	215,25	236,14
Balance of special Treasury accounts	0,72	-8,12	-21,59	-27,32	-16,61
General budget outturn	-56,27	-138,03	-51,03	-108,80	-93,07

Source: Ministry of the Budget, Public Accounts and State Reform

for more information: <http://www.budget.gouv.fr/>

► Public finance: general government deficit and debt

As a % of GDP



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

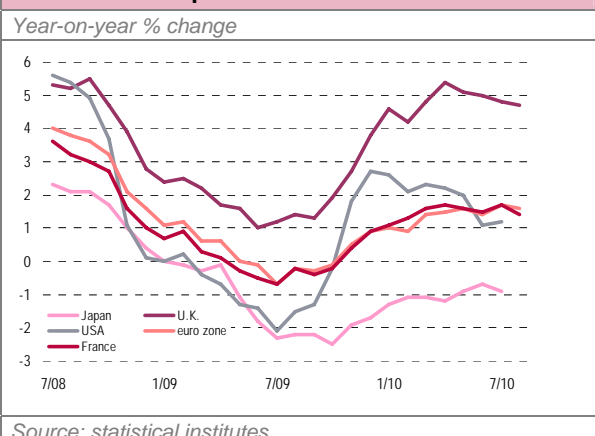
▶ Timetable for the release of French economic indicators

September 2010	October 2010
8 Central government budget: statement at end of July	7 Foreign trade in August
9 Payroll employment: final results Q2-2010	8 Central government budget: statement at end of August
10 Industrial output in July	11 Industrial output in August
13 Balance of payments in July	12 Balance of payments in August
14 Consumer prices: index for August	13 Consumer prices: index for September
23 Industrial trends: monthly survey for September	21 Industrial trends: monthly survey for October
24 Quarterly national accounts: final results Q2-2010	22 Industrial trends: quarterly survey for October
24 Job seekers in August	26 Job seekers in September
28 Household consumption of manufactured goods in July/August	26 New building starts in September
	26 Household confidence survey: September survey
	27 Household consumption of manufactured goods in September
	28 Industrial producer prices: September index

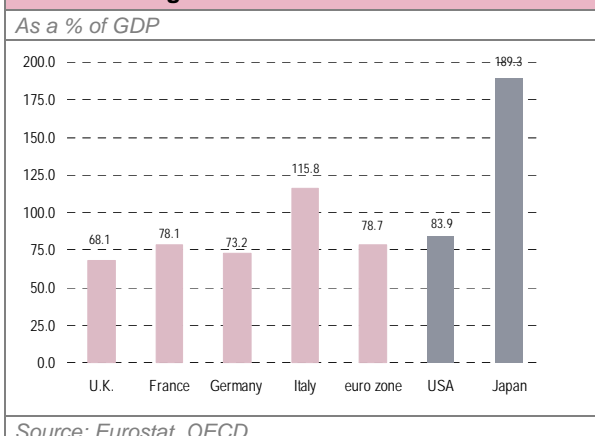
Harmonized index of consumer prices – Eurozone (Eurostat)
Index for August: September 15
Index for September: October 15

INTERNATIONAL COMPARISONS

▶ Consumer price index



▶ General government debt in 2009



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

▶ OAT au 31 août 2010 / *fungible Treasury bonds at August 31, 2010*

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
	Echéance 2010	14 594 023 618					Echéance 2020	47 228 257 750			
FR0000187023	OAT 5,5% 25 octobre 2010	14 594 023 618			397 583 000	FR0010854182	OAT 3,5% 25 avril 2020	24 423 000 000			360 500 000
	Echéance 2011	49 358 059 802				FR0010050559	OAT6i 2,25% 25 juillet 2020	22 805 257 750 (1)	1,14169	19 975 000 000	0
FR0000570731	OAT 6,5% 25 avril 2011	18 401 445 710			470 629 900		Echéance 2021	29 677 000 000			
FR0010094375	OATi 1,6% 25 juillet 2011	15 301 727 760 (1)	1,11912	13 673 000 000	0	FR0010192997	OAT 3,75% 25 avril 2021	29 677 000 000			223 942 700
FR0000187874	OAT 5% 25 octobre 2011	15 654 886 332			124 209 000		Echéance 2022	5 327 003 380			
	Echéance 2012	64 790 662 163				FR0000571044	OAT 8,25% 25 avril 2022	1 243 939 990			763 950 000
FR0000188328	OAT 5% 25 avril 2012	20 576 110 580			179 350 000	FR0010899765	OAT6i 1,1% 25 juillet 2022	4 083 063 390 (1)	1,01493	4 023 000 000	0
FR0000188013	OAT6i 3% 25 juillet 2012	17 099 731 320 (1)	1,17978	14 494 000 000	0		Echéance 2023	40 641 554 993			
FR0000188690	OAT 4,75% 25 octobre 2012	21 629 122 924			81 504 000	FR0000571085	OAT 8,5% 25 avril 2023	10 606 195 903			6 776 725 000
FR0000570780	OAT 8,5% 26 décembre 2012	5 485 697 339				FR0010585901	OATi 2,1% 25 juillet 2023	8 532 359 090 (1)	1,04653	8 153 000 000	0
	Echéance 2013	60 453 959 822				FR0010466938	OAT 4,25% 25 octobre 2023	21 503 000 000			195 352 000
FR0000188989	OAT 4% 25 avril 2013	22 032 183 879			276 250 000		Echéance 2025	13 856 928 118			
FR0000188955	OATi 2,5% 25 juillet 2013	17 872 018 264 (1)	1,13705	15 717 882 471	0	FR0000571150	OAT 6% 25 octobre 2025	13 856 928 118			3 037 326 900
FR0010011130	OAT 4% 25 octobre 2013	20 549 757 679			204 880 000		Echéance 2026	4 690 000 000			
	Echéance 2014	38 988 724 224				FR0010916924	OAT 3,5% 25 avril 2026	4 690 000 000			15 000 000
FR0010061242	OAT 4% 25 avril 2014	20 334 752 234			384 625 000		Echéance 2028	17 092 946			
FR0010112052	OAT 4% 25 octobre 2014	18 653 971 990			194 050 000	FR0000571226	OAT zéro coupon 28 mars 2028	17 092 946 (3)		46 232 603	
	Echéance 2015	64 798 988 893					Echéance 2029	28 354 467 807			
FR0010163543	OAT 3,5% 25 avril 2015	19 388 313 893			236 450 000	FR0000571218	OAT 5,5% 25 avril 2029	19 464 880 458			3 200 515 900
FR0010135525	OAT6i 1,6% 25 juillet 2015	15 720 675 000 (1)	1,11875	14 052 000 000	0	FR0000186413	OATi 3,4% 25 juillet 2029	8 889 587 349 (1)	1,19305	7 451 144 000	0
FR0010216481	OAT 3% 25 octobre 2015	29 690 000 000			2 894 000		Echéance 2032	31 051 100 730			
	Echéance 2016	49 443 000 000				FR0000188799	OAT6i 3,15% 25 juillet 2032	10 837 778 130 (1)	1,15677	9 369 000 000	0
FR0010288357	OAT 3,25% 25 avril 2016	24 223 000 000			382 050 000	FR0000187635	OAT 5,75% 25 octobre 2032	20 213 322 600			8 205 299 000
FR0000187361	OAT 5% 25 octobre 2016	25 220 000 000			838 530 000		Echéance 2035	17 848 000 000			
	Echéance 2017	62 588 310 300				FR0010070060	OAT 4,75% 25 avril 2035	17 848 000 000			3 689 686 000
FR0010415331	OAT 3,75% 25 avril 2017	22 375 000 000			20 650 000		Echéance 2038	23 889 000 000			
FR0010235176	OATi 1% 25 juillet 2017	21 801 310 300 (1)	1,07954	20 195 000 000	0	FR0010371401	OAT 4% 25 octobre 2038	23 889 000 000			4 275 250 000
FR0010517417	OAT 4,25% 25 octobre 2017	18 412 000 000			17 950 000		Echéance 2040	7 301 473 560			
	Echéance 2018	41 565 000 000				FR0010447367	OAT6i 1,8% 25 juillet 2040	7 301 473 560 (1)	1,07154	6 814 000 000	0
FR0010604983	OAT 4% 25 avril 2018	22 545 000 000			299 350 000		Echéance 2041	11 968 000 000			
FR0010670737	OAT 4,25% 25 octobre 2018	19 020 000 000			78 500 000	FR0010773192	OAT 4,5% 25 avril 2041	11 968 000 000			3 533 700 000
	Echéance 2019	63 425 848 065					Echéance 2055	14 926 000 000			
FR0000189151	OAT 4,25% 25 avril 2019	28 002 000 000			93 860 000	FR0010171975	OAT 4% 25 avril 2055	14 926 000 000			3 684 167 000
FR0010850032	OATi 1,3% 25 juillet 2019	4 894 702 560 (1)	1,01592	4 818 000 000	0		Echéance 2060	5 000 000 000			
FR0000570921	OAT 8,5% 25 octobre 2019	8 844 392 893			4 318 286 100	FR0010870956	OAT 4% 25 avril 2060	5 000 000 000			731 000 000
FR0010776161	OAT 3,75% 25 octobre 2019	21 666 000 000			914 500 000						
FR0000570954	OAT cap. 9,82% 31 décembre 2019	18 752 612 (2)		6 692 154							

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

(2) y compris intérêts capitalisés au 31/12/2009 / including coupons capitalized at 12/31/2009 ; non offerte à la souscription / not open to subscription

(3) valeur actualisée au 28/03/2009 / actualized value at 03/28/2009 ; 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)

OAT6i : 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)

Total OAT / total fungible Treasury bonds	791 782 456 171
Encours démembré /stripped outstanding	48 208 515 500
En % des lignes démembrables	6,3 %
As a % of strippable bonds	
Durée de vie moyenne	10 ans et 0 jour
Average maturity	10 years and 0 day

BTAN au 31 août 2010

Treasury notes at August 31, 2010

En euros

CODE ISIN	Emprunt / Bond	Encours / Outstanding
Échéance 2010		9 972 000 000
FR0113872776	BTAN 3,75% 12 septembre 2010	9 972 000 000
Échéance 2011		51 079 510 534
FR0108354806	BTAN 3% 12 janvier 2011	17 965 100 000
FR0108847049	BTAN 3,5% 12 juillet 2011	17 323 410 534
FR0116843519	BTAN 1,5% 12 septembre 2011	15 791 000 000
Échéance 2012		51 034 000 000
FR0109970386	BTAN 3,75% 12 janvier 2012	19 680 000 000
FR0110979186	BTAN 4,5% 12 juillet 2012	21 516 000 000
FR0118153370	BTAN 0,75% 20 septembre 2012	9 838 000 000
Échéance 2013		35 867 000 000
FR0113087466	BTAN 3,75% 12 janvier 2013	19 513 000 000
FR0114683842	BTAN 4,5% 12 juillet 2013	16 354 000 000
Échéance 2014		42 282 000 000
FR0116114978	BTAN 2,5% 12 janvier 2014	23 578 000 000
FR0116843535	BTAN 3% 12 juillet 2014	18 704 000 000
Échéance 2015		29 485 000 000
FR0117836652	BTAN 2,5% 15 janvier 2015	20 270 000 000
FR0118462128	BTAN 2% 12 juillet 2015	9 215 000 000

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

Total BTAN / total Treasury notes **219 719 510 534**

Durée de vie moyenne des BTAN **2 ans et 107 jours**
Average maturity of BTANs 2 years and 107 days

Dette négociable de l'Etat au 31 août 2010 /

French government negotiable debt at August 31, 2010

Encours total / total outstanding **1 217 837 966 705**

Durée de vie moyenne **6 ans et 353 jours**
Average maturity 6 years and 353 days

BTF au 31 août 2010

Treasury bills at August 31, 2010

En euros

	Échéance / Maturity	Encours / Outstanding
BTF	2 septembre 2010	8 125 000 000
BTF	9 septembre 2010	6 141 000 000
BTF	16 septembre 2010	10 070 000 000
BTF	23 septembre 2010	9 417 000 000
BTF	30 septembre 2010	9 962 000 000
BTF	7 octobre 2010	9 716 000 000
BTF	14 octobre 2010	9 508 000 000
BTF	21 octobre 2010	8 143 000 000
BTF	28 octobre 2010	8 943 000 000
BTF	4 novembre 2010	7 448 000 000
BTF	10 novembre 2010	9 613 000 000
BTF	18 novembre 2010	8 452 000 000
BTF	25 novembre 2010	4 551 000 000
BTF	2 décembre 2010	8 640 000 000
BTF	16 décembre 2010	9 467 000 000
BTF	30 décembre 2010	5 051 000 000
BTF	13 janvier 2011	8 799 000 000
BTF	27 janvier 2011	7 952 000 000
BTF	10 février 2011	9 366 000 000
BTF	24 février 2011	3 555 000 000
BTF	10 mars 2011	8 325 000 000
BTF	7 avril 2011	7 565 000 000
BTF	5 mai 2011	7 378 000 000
BTF	1 juin 2011	5 627 000 000
BTF	30 juin 2011	4 005 000 000
BTF	28 juillet 2011	8 458 000 000
BTF	25 août 2011	2 059 000 000

Total BTF / total Treasury bills **206 336 000 000**

Durée de vie moyenne des BTF **111 jours**
Average maturity of BTFs 111 days

Réserve de titres de la Caisse de la dette publique au 31 août 2010 /

Securities held in reserve by Caisse de la dette publique at August 31, 2010

néant / void