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Government debt markets in African developing countries: recent developments and main challenges

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Since 1995, the principal local currency government bond markets in Africa have posted sustained growth. Outstanding government debt amounted to an average of 22% of GDP over the period 2001-2007, as against 15% over the period 1995-2000. However, compared with government bond markets in emerging countries, which often exceed 40% of GDP, African markets appear less significant and show considerable differences in their respective stages of development: in South Africa, Morocco and Mauritius, they are relatively sophisticated, whereas in low-income countries, they are more recent and still very rudimentary.

However, up until the recent financial crisis, African government debt markets were able to take advantage of the favourable economic environment thanks to the improvement of the macroeconomic framework on the African continent and the debt write-offs, which improved the solvency of a large number of countries. The increased interest on the part of foreign investors reflected the attractiveness of these budding markets, which represented an opportunity for diversification in a context where risk premia on sovereign assets had declined significantly overall.

With regard to the advantages of deepening or creating local currency government bond markets to finance development in Africa, it now appears essential to make sure they continue to grow in a balanced and sustainable manner.

However, African government debt markets are still fragile and hampered by structural problems, in particular high default risk, insufficient critical mass, weak infrastructures and insufficient capacities and know how on the side of regulators but also of issuers and subscribers. These obstacles are heightened by the fact that some prerequisites (in the field of public finance or monetary policy management), which are necessary for a contained development of markets, are not always met.

Targeted actions are thus needed to ensure the continued development of government bond markets in Africa.[1] An approach that focuses both on regional integration in monetary unions (in order to lift the size constraints) and on pragmatism (to make

NB: The authors would like to thank Bernard J. Laurens, from the Monetary and Capital Markets Department of the IMF, for his remarks and suggestions.

1 During their meeting on 3 April 2008, the Finance Ministers and Governors of the Franc Zone approved a series of recommendations for the development of government debt markets in their area.

headway in an orderly manner on the basis of a few key priorities) seems especially appropriate. Specific instruments, such as guarantee mechanisms for sovereign and corporate issuance, foreign exchange risk coverage instruments or regional investment funds, could also be considered, with the support of international financial institutions or bilateral development partners. Deepening these markets becomes particularly relevant in the context of the financial crisis, which shall lead to a fall in external financing flows on the one hand, and highlights the risks incurred if domestic savings are recycled abroad on the other.

Keywords: government debt securities; African financial markets; African securities markets; financing of Sub-Saharan Africa debt; Sub-Saharan Africa (SSA).

JEL codes: . E44, H63, O23, O55.

1| Strong growth in African government debt markets since 1995

1|1 A steady increase in local currency government bond markets

The development of local currency domestic debt markets is not a recent phenomenon in Africa. From the 1980s onwards, a large number of African countries started to carry out reforms to promote the emergence of this type of financing. It should nevertheless be noted that, after remaining broadly unchanged from 1980 to 1995, the growth rate of outstanding debt increased significantly as from the mid-1990s[2] (see Table 1).

While the ratio of outstanding government debt to GDP remained stable in Sub-Saharan Africa (SSA) at around 11% on average from 1980 to 1994, it reached 15% over the 1995-2000 period then 22% on average between 2001

Table 1 Outstanding government debt in Africa since 1980

(on average by sub-period, as a % of GDP)

	1980 to 1989	1990 to 1994	1995 to 2000	2001 to 2007
South Africa	30	37	45	30
Benin	0	0	0	1
Botswana	0	0	0	19
Burkina Faso	0	0	0	1
Burundi	3	2	6	1
Ivory Coast	0	0	0	2
Ethiopia	16	19	10	24
Ghana	12	8	24	19
Guinea-Bissau	0	0	0	2
Kenya	21	23	22	23
Malawi	13	8	9	15
Mali	0	0	0	1
Morocco	nd	nd	nd	42
Mauritius	27	29	33	52
Niger	0	0	0	0
Nigeria	28	29	16	13
Uganda	2	1	2	11
Rwanda	8	9	5	4
Senegal	0	0	0	2
Tanzania	26	6	12	9
Togo	0	0	0	1
Tunisia	nd	nd	nd	14
Average SSA*	11	12	15	22
Average SSA HIPC**	9	6	8	8
Average SSA non-HIPC	14	18	23	26

**SSA: Sub-Saharan Africa.*
***HIPC: Low income countries eligible for the HIPC (Heavily Indebted Poor Countries) initiative.*
Sources: Christensen (2005) for the period 1980-2000; Banque de France for the period 2001-2007.

2 See methodological note in the appendix.

and 2007, corresponding to a seven point increase compared to the previous period. Together with Morocco and Tunisia, outstanding government debt accounted for, on average, 24% of GDP of sample countries over the 2001-2007 period (see Table 1).

These overall developments are the result of government policies implemented by African countries, which have sought to diversify their financing methods and equip themselves with more flexible tools to meet their needs. This market-based financing also corresponds to a broader objective of modernising local financial systems, often based on narrow and relatively oligopolistic banking sectors. The development of government bond markets was intended to provide economic agents with alternative financing methods and heighten competition between the different financing channels. In a large number of countries, in particular Ghana, Kenya, Nigeria and WAEMU countries, another factor underlying the growth of domestic debt markets has been the phasing out (encouraged by the international financial community) of the direct advances made by central banks to the government, against the backdrop of a general move towards greater central bank independence. Lastly, in some countries (Botswana for example), the development of government debt markets essentially served monetary policy objectives, with central banks issuing Treasury bills to sterilise the increase in reserves with a view to absorbing the excess liquidity.

However, despite the increase recorded since 1995, African government debt markets are still smaller than those of other emerging countries. According to data from the Bank for International Settlements[3] the local currency debt markets of the major emerging economies accounted for roughly 34% of GDP at end-2005, although in some countries, such as Brazil, South Korea, Turkey and Venezuela, this figure was over 50%. In industrialised countries, the ratio stood at roughly 43% at end-2005.

In addition, the size of African markets remains highly heterogeneous. Apart from the specific case of countries that have not yet set up their own government debt market (in particular Angola, the Democratic Republic of Congo, São Tomé and Principe, and CEMAC countries),[4] three groups may be distinguished. In the first group, which comprises South Africa, Morocco and Mauritius, government debt markets have roughly the same relative size as in the large emerging economies, with ratios of securitised debt to GDP of over 30%. In the second group, which brings together middle-income countries (Botswana, Kenya, Nigeria) and some low-income countries (Ethiopia, Ghana, Malawi, Uganda), the ratio of outstanding government debt to GDP ranges from 10% to 25%. The last group comprises the other low income countries where the size of government debt markets

3 Committee on the Global Financial System, Financial stability and local currency bond markets, June 2007.
4 Cameroon, Chad, Congo (Republic of), Equatorial Guinea, Gabon and Central African Republic (CAR).

is still very small, accounting for 1 to 10% of GDP. For the third group, average amounts of outstanding debt in 2001-2007 remained close to those in 1995-2000 at around 8% of GDP.

1|2 Common characteristics

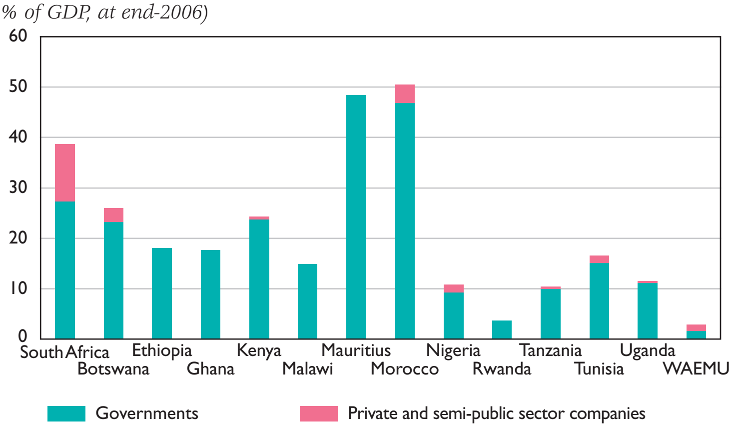
Despite this heterogeneity in terms of relative size, African debt securities markets have a certain number of common characteristics:

• They are mainly government bond markets (see Chart 1). These are almost exclusively made up of securities issued by governments, in some cases also by local authorities (Nigeria) or central banks (Botswana, Malawi, Rwanda). The outstanding amount of securities issued by private sector companies and public enterprises only represent a small share of the total outstanding amount, most often less than 10%, except in the case of South Africa (where private debt accounted for 30% of total outstanding debt securities at end-2006). In the vast majority of countries, private debt securities issuance can essentially be attributed to financial institutions.

• African markets are characterised by a narrow investor base, largely dominated by financial institutions (mainly banks and, to a lesser extent, insurance companies) (see Table 2). At end-2007, these institutions held on average almost 63% of the outstanding amount of government securities, while the non-financial sector and central banks held 32% and 4% respectively. Non-financial sector investors are primarily public and semi-public companies; the share of domestic debt securities held by private

Chart 1 African debt securities markets: breakdown of outstandings by issuer

(as a % of GDP, at end-2006)



Source: Banque de France.

Table 2 Breakdown of outstanding amounts of government securities by holder

(as a %, at end-2007)

	Financial sector			Non-financial sector
	Central bank	Banks	Non-banking financial institutions	
South Africa	2	19	34	45
Botswana	0	90	2	8
Burundi	0	91	7	2
Ethiopia	42	50	8	0
Ghana	10	43	8	39
Kenya	8	44	19	29
Malawi	28	27	12	33
Morocco	0	19	66	16
Mauritius	1	42	15	42
Nigeria	14	65	0	21
Uganda	21	55	10	15
Rwanda	0	54	26	20
Tanzania	19	43	35	3
Tunisia	5	32	21	42
WAEMU	1	80	14	5
Average Africa	4	30	33	32
Average SSA	6	34	24	37
Average SSA HIPC	19	52	14	15
Average SSA non-HIPC	4	32	25	39

Source: Banque de France.

non-financial corporations and private individuals is small, except in a few markets (South Africa, Mauritius, Tunisia). In low-income countries, banks are the primary holders of securities (52% of outstandings), followed by central banks (19%).

• African markets are relatively illiquid given the absence in almost all countries of active secondary markets. This can be attributed to several factors, among which: the small size and lack of depth of these markets, the importance of excess liquidity and the shortage of investment instruments, which lead investors to hold securities until maturity (buy and hold strategy), the very strong concentration in the investor base, and an insufficient market culture, which results in a lack of arbitrage, etc.

While these characteristics appear as permanent features of African countries over the long term, the recent period has brought to light a number of developments that are a sign of greater maturity:

• The term structure of outstanding securities has progressively been rising, as certain African countries, including low-income countries (for example Ghana and WAEMU countries), are now regularly issuing bonds with maturities of over five years (see Table 3). Although the small size of the sample in this study (due to the lack of available data) and the weight

Table 3 Average maturity of government debt securities

(in months)

	2000	2007
South Africa	58.3	97.0
Botswana	2.2	14.1
Burundi	2.6	2.7
Ghana	4.1	19.3
Kenya	12.7	61.7
Morocco	87.6	123.0
Nigeria	7.6	50.9
Tunisia	24.4	52.0
WAEMU	17.5	40.1
Average Africa	43.6	76.6
Average SSA	38.2	52.1
Average SSA HIPC	15.1	35.3
Average SSA non-HIPC	41.9	49.2
By way of comparison:		
Latin America (Argentina, Brazil, Columbia, Mexico, Venezuela)	28.8	46.8
Emerging Asia (China, India, Korea, Taiwan)	32.4	73.2
Central Europe (Hungary, Poland, Czech Republic, Russia)	31.2	43.2
Average emerging economies	38.4	54.0
Average industrialised countries	76.8	68.4

Sources: Christensen (2005) for data at end-December 2000; Banque de France for data at end-December 2007 and data on Morocco, Tunisia and WAEMU; BIS for emerging and industrialised economies

of certain countries, such as South Africa and Nigeria, create biases in the analysis of the average term structure, Table 3 shows the general dynamics over the 2000-2007 period. The average maturity of government debt securities in some African countries is now similar to that in emerging economies, whereas before 2000 African countries mainly issued debt securities with maturities ranging between three months and one year.

- African local currency debt markets are still relatively closed to non-resident investors due to foreign exchange controls and various administrative barriers to the free movement of capital. However, in recent years, these investors have been increasingly participating in these markets. Around 15% of the negotiable public debt of South Africa is held by non-residents. South Africa has, for a long time, been the most attractive issuer of government debt securities in Africa, but other markets have also managed to arouse interest from foreign investors, such as Botswana, Ghana and Tanzania. At end-2005, the share of government debt securities held by non-residents in Nigeria and Zambia amounted to 18% and 16% respectively. Low-income countries have also decided to open up further their market to non-residents. In Ghana, Malawi and Uganda, for instance, close to 10% of government securities were held by foreign investors at end-December 2007. Unsurprisingly, the most attractive countries are those that also issue on international markets and that have few foreign exchange controls.

2| The development of these markets, a response to a large number of challenges

2|1 A favourable economic context

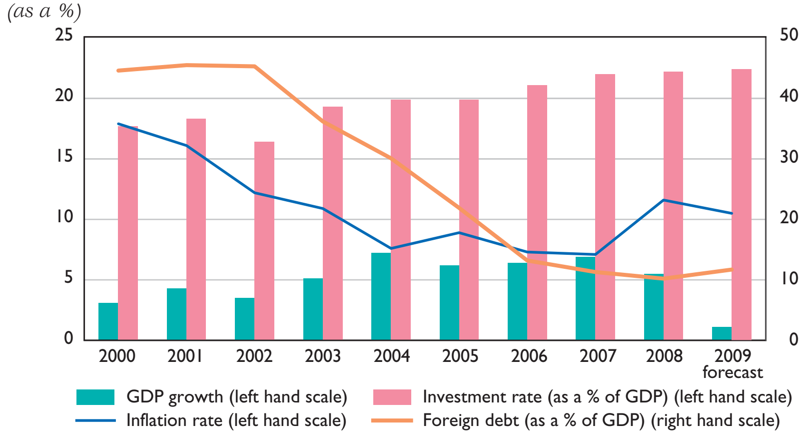
Since the end of the 1990s, the growth of African financial markets has been underpinned by a favourable economic climate, characterised by a significant improvement in the macroeconomic environment in Africa (see Chart 2). Inflation has steadily declined since the start of the century, slipping, in Sub-Saharan Africa, from 15% in 2000 to 7.1% in 2007. However, inflationary pressures increased at the end of 2007 as a result of the rise in food and oil prices. According to the IMF, this led to a significantly higher double-digit inflation rate in 2008, of roughly 11.6% (10.5% in 2009).

Since 2000, GDP growth in Sub-Saharan countries has been less volatile and, from 2004 to 2007, it exceeded 6% per year, a historical performance for the region. According to the IMF, economic growth started to slow down in 2008, with real GDP in SSA countries growing by 5.5%, followed by a 1.1% GDP growth rate in 2009 as a consequence of the worldwide economic downturn. The ratio of investment to GDP, which had stood at an average of 18.7% over the 1997-2002 period, picked up to reach 22.2% in 2007-2008 and is expected to stabilise at this level in 2009 (22.4%).

Government accounts also reflect the efforts made towards establishing a more rigorous management of public finances. After recording an overall fiscal deficit of roughly 2.6% on average over the 1997-2002 period, SSA countries posted a fiscal surplus from 2005 onwards. It stood at 1.3%

Chart 2 Sub-Saharan Africa: a few macroeconomic indicators

(as a %)



Source: IMF, Regional Economic Outlook, October 2008.

of GDP in 2008. This trend came to an end in 2009, with an expected fiscal deficit of 4.8% of GDP.

In addition, the implementation of the HIPC (Heavily Indebted Poor Countries) and MDRI (Multilateral Debt Relief Initiative) initiatives has contributed to improving the solvency of African countries taking part in these arrangements. The vigilance of the international community with regard to the indebtedness of African countries, which took the form of a greater share of donations in aid flows, also played a role in speeding up the process. The external debt ratio of SSA countries vis-à-vis their official creditors dropped from 44.4% of GDP over the 1997-2002 period to 10.2% in 2008 (11.7% in 2009 according to the IMF). This development gives recipient countries room for manoeuvre to look for new funding, provided that this new borrowing is done in a cautious manner and is sustainable over the medium term.

Lastly, it should be noted that the balance of payments of SSA countries improved. After having posted a deficit of 2.5% of GDP on average between 1997 and 2002, the current account of SSA countries registered a surplus from 2006 to 2008. A deficit of 3.1% of GDP is expected in 2009. Foreign exchange reserves increased: at the end of 2008 they represented around 5.3 months of imports of goods and services (5.8 months expected in 2009), compared with an average of 3.8 months between 1997 and 2002. These factors contributed to reducing the volatility of nominal exchange rates of African countries.

In this context, African debt markets were met with renewed interest on the part of non-resident institutional investors. For this category of investors, these markets represented opportunities in terms of yields and investment portfolio diversification, in a period marked by a fall in interest rates on developed and emerging markets and the decline in risk premia on sovereign assets.

African countries' increased recourse to external ratings (for example, Gabon and Kenya made a request for an external rating for the first time at end-2007)[5] has also contributed to making macroeconomic policies more transparent and to fuelling the interest of foreign investors.

While the severe financial market turmoil in developed and emerging countries has opened up a period of uncertainty for African government debt markets, it is, more than ever, important to safeguard the achievement that the existence of financial markets represents for the financing of development and to enable them to continue to grow in a sound and sustainable manner.

5 *In the framework of issues on international markets in dollars.*

2|2 An appropriate response to the challenges of financing development

Having greater recourse to domestic government debt markets makes it possible to pursue several objectives that are particularly relevant in the framework of a sustainable and balanced growth strategy.

The development of domestic government debt markets enables governments to diversify their sources of financing and allows a gradual substitution of monetary financing. Central bank financing has, for a long time, been a standard financing channel in African countries, but there is now a broad consensus on the fact that it has a negative effect on inflation and is permissive in terms of the management of public finances, creating moral hazard. This has led governments to look for alternative methods of financing, an approach which has been encouraged in all IMF programmes across Africa. A growing number of African governments have gradually given up the monetary financing of public deficits, in favour of debt securities financing (e.g. in WAEMU countries, attempts underway in the CEMAC).

Compared to external or bank financing, market financing offers a number of advantages for the management of public finances, in terms of controlling access to resources (how timetables, amounts and payment dates are set), predictability (no conditions attached to funding) and improved governance. On this last point, having recourse to bond markets encourages governments to be more transparent in the management of public finances and to conduct more rigorous fiscal and cash management policies (given the need for the government to maintain its credibility domestically and the risk of market sanctions). Admittedly, the conditions imposed by external lenders, particularly those that provide budget aid, have the same objectives, but the ownership of domestic economic agents is generally less strong.

Compared to bank financing, market financing also contributes to greater transparency, for the following reasons: first, financing conditions are public; second, it involves the diffusion of independent analyses on public finances. It also avoids possible conflicts of interest, which may arise from the close relations between banking institutions and governments that are both regulators and borrowers.

In addition, market financing helps to extend the maturity of government debt. These objectives of diversification and optimisation of government financing become secondary in two cases:

• when the government budget shows a structural surplus and its net position vis-à-vis the banking system is positive, which is the case for some oil-exporting countries;

• when financing the balance of payments is more of a problem than financing the budget; in this situation, the primary objective of public debt issuance shall be to attract non-resident investors.

Lastly, the case of highly-dollarised countries calls for a slightly different approach, which may justify the issuance of foreign currency denominated government securities. These issues may allow the channelling of foreign currency savings to the government in a situation where wariness about the domestic currency is greater than wariness with regard to the government. However, if conditions are met to expect a decline in the rate of dollarisation, public authorities may give priority to local currency denominated issues, including an indexation clause either to inflation or to another nominal anchor, which will contribute to supporting demand for the local currency.

Achieving rapid growth in private debt markets is generally the second key objective of a government securities issuance strategy.

Issuance of government securities is generally the first stage in the development of a sufficiently structured and liquid bond market, which is often a prerequisite for the growth of a private debt market (through the setting-up of appropriate market infrastructures, the learning benefits for market players, and the constitution of a benchmark securities portfolio). Issuance of government securities thus helps diversify the means of financing the economy by promoting the emergence of a new channel of funding for companies, which is particularly useful as the banking sector is generally narrow and oligopolistic.

However, the development of debt securities markets in African countries is also a source of both microeconomic and macroeconomic efficiency gains. These advantages stem in particular from:

• The coverage of the private sector's long-term financing needs. The long-term financing needs of developing economies are insufficiently met, or not at all, by their banking sectors, which most often give priority to short-term assets on account of the structure of their liabilities and their risk exposure, but also the inertia of practices due to the lack of incentives to carry out maturity transformation. The development of debt securities markets is a way of channelling local savings into medium and long-term investments.

Indeed, Equity markets are underdeveloped, in particular due to the weak stock market culture, in particular on the part of issuers, the risk aversion of local investors, the limited development of institutional investors, in particular due to the undercapitalisation of local private companies, the vulnerability of their environment to external shocks and the lack of diversification of the productive base. The development of debt securities markets compensates for these inadequacies and offers the private sector an alternative source of financing.

- The improvement of sovereign risk assessment, as well as the risk associated with private issuers. The development of debt securities markets helps increase the number of players involved in risk assessment. Otherwise this assessment would be conducted solely by the banking sector, whose generally high degree of concentration and mode of operation in Africa lead to biases in risk assessment.

- The stimulation of local savings, discouraged by low returns on traditional products (mainly deposits) due to the lack of competition between banks and the absence or scarcity of long-term investment products, resulting in large capital outflows.

- The fulfilment of the needs of institutional investors. Even more so than households, institutional investors (i.e. insurance companies, pension funds, mutual funds, etc.) and, in some cases, governments require new investment products to diversify their risks and increase their income.

- The improvement in the capital account of the balance of payments. The development of debt securities markets helps to attract new non-resident investors and contributes to containing capital flight.

- The search for greater monetary policy efficiency. In the long run, developing domestic debt markets and improving their liquidity and depth should enable central banks to conduct more efficient monetary policies by giving them a pool of collateral for their interventions on money markets and making the key rate transmission channels more effective.

- The improvement in government and corporate cash management. By raising the opportunity cost of liquidity, the development of debt securities markets fosters investment arbitrage and contributes to improving cash management.

- A better breakdown of counterparty and transformation risks. The development of debt securities markets helps to better spread counterparty and maturity mismatch risks by transferring part of them to the investors, thus reducing the exposure of the banking system and increasing the possibility for large borrowers, hitherto limited by risk division ratios, to obtain financing on the local market.

- Lastly, for both public and private borrowers, local currency financing offers considerable advantages compared to foreign currency financing:

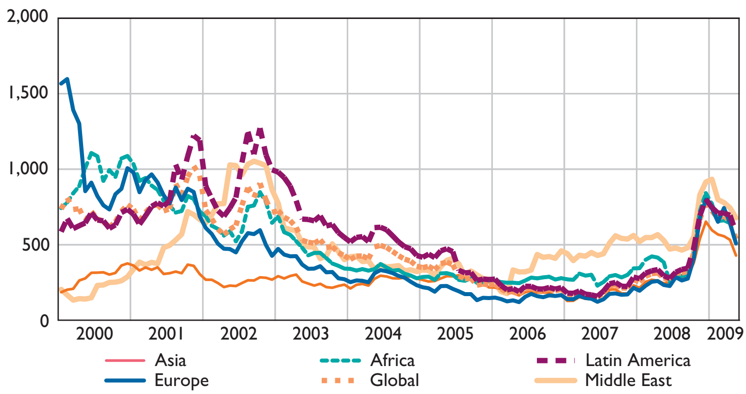
  – by eliminating exchange rate risk, in a context where the volatility of exchange rates is, albeit declining, still very strong (see Table 4);

Table 4 Comparative volatilities (a) of nominal effective exchange rates

	1998-2002	2003-2008
SSA excl. Franc Zone (b)	36.0	9.6
Asia (c)	6.6	5.9
Latin America (d)	14.9	6.8

(a) Standard deviation with monthly data.
(b) South Africa, Democratic Republic of Congo, Ghana, Malawi, Zambia.
(c) China, Korea, India, Malaysia, Pakistan, Philippines, Thailand.
(d) Argentina, Brazil, Chile, Columbia, Mexico, Peru, Venezuela.
Sources: IMF; Banque de France.

Chart 3 Spreads on EMBI indices from 2000 to 2008
5-year bond yields



– by reducing costs, as spreads on African countries are still high on international markets, even though they had dropped significantly before the last financial crisis (see Chart 3).

3| Structural obstacles to further development requiring targeted actions

3|1 Structural obstacles

The further development of African debt securities markets could come up against certain obstacles linked to the vulnerability of developing economies. Indeed, African markets display a certain number of common weaknesses, including:

• The high default risk of both public and private issuers. As regards public issuers, although sovereign risk has declined due to the improved management of public finances, local investors have a specific perception of risk in view of the payment history of African countries, characterised by the accumulation of major domestic payment arrears. In the case of non-resident investors, the risk of default is heightened by non-transfer risk. In addition, this high level of default risk is not always appropriately rewarded since the information required to evaluate such risks is often insufficient (lack of transparency of public finances, company accounts not certified, scarcity of assessments by recognised rating agencies, etc.).

- Insufficient critical mass in terms of the liquidity and depth of existing markets, leading to high issuance costs and, in particular, high transaction costs due to the high level of fixed costs. The absence or lack of depth of secondary markets, including on the interbank segment, also accounts for the high liquidity risk and price volatility.

- A shortage of reliable and structured data. This shortage stems from a lack of market culture and, more fundamentally, the low level and, in some cases, the deterioration of information systems (national accounts, macro economic statistics, company accounts, etc.). It results in the absence or insufficiency of reliable, accessible and regularly published data and a limited use of ratings.

- The banking system's structural excess liquidity. This is a consequence, in particular, of foreign exchange controls; these increase the risk of interest rate misalignment, which is already high in nascent markets.

- Weak local demand[6] due to:

  - a low financial savings rate, which results from a very inequitable distribution of income, a bias towards investment abroad on the part of the richest and the lack of collective savings mechanisms, in particular pension systems;

  - the underdevelopment of institutional investors, with the exception of banks.

- An institutional, legal and regulatory framework which is, in some respects, ill-adapted: inadequate rules on transparency and on government and corporate governance; market access dependent on lengthy administrative procedures, or on certain regulations (for instance, in WAEMU, non-sovereign issuers are required to provide 100% collateral) constitute obstacles to the development of debt markets.

6 The situation of excess liquidity that has prevailed in most African countries in recent years and which, besides, has triggered renewed interest in local currency debt markets, should not divert attention from the fact that the low level of demand has, in the past, been one of the main obstacles to the development of debt markets.

• A lack of know-how and skills on the supply side (issuers), on the demand side (institutional investors, but also ill-informed individual investors) and, above all, of intermediaries, as a result of the underdevelopment of the financial system, which is liable to exacerbate and protract the malfunctions traditionally associated with nascent markets (e.g. institutional investors that do not use arbitrage but rather a buy and hold strategy, thus hampering the development of the secondary market).

3|2 Preliminary reforms essential to the balanced development of African financial markets

Experience shows that a certain number of fundamental pre-requisites need to be met in order to ensure the sustainable and balanced development of debt markets. The key requirements for achieving a successful shift to market financing are an appropriate preparation and programming of the establishment of domestic financial markets.

The main preliminary stages concern:

• The management of public finances: the central government budget should meet minimum transparency criteria. Issuing governments should regularly publish high-quality, reliable and transparent data on the government budgetary position. Preliminary reforms in the field of cash management are also needed. Governments should, in particular, have good means of forecasting their short and medium term financing needs, on the basis of regularly updated cash flow plans. This is indeed essential for a proper calibration of issuance and the establishment of reliable issuance programmes.

• The functioning of credit markets: interest rates, as well as the access of financial institutions to central bank lending, need to have been widely liberalised.

• Monetary policy conduct: it must be capable of actively managing the level of liquidity, in order to prevent the situation of excess liquidity from distorting the setting of interest rates and risk assessment. The development of an active interbank market is also an essential prerequisite for a broader use of market financing mechanisms by economic players. The monetary financing of governments should be banned, or at least strictly controlled, and the transmission to the monetary authorities of information on fiscal policy should be strengthened (at least with respect to liquidity forecasts).

In addition, without being a precondition, the liberalisation of capital movements may create incentives to modernise monetary policy and liberalise financial markets. It is a key element of the opening-up to non-residents of local currency debt markets.

3|3 The need for targeted actions

The inherent limitations of African markets require the implementation of specific actions, which could more specifically be based on:

• A regional approach in order to remove the obstacles linked to the lack of critical mass and improve the governance of market regulators by strengthening their independence. This approach is particularly appropriate in the case of a monetary union (the Franc Zone, for example), provided, however, that the obstacles to intra-regional capital flows are removed and co-ordinated efforts are made to facilitate the development of other sub-regional financial markets (interbank market, stock market, etc.), without focusing exclusively on the government debt market. While WAEMU and CEMAC countries have adopted this approach, other countries that do not belong to the same monetary area may also foster the development of their local markets by promoting a greater convergence of their regulations, by removing certain administrative barriers to the free movement of capital or by setting up common – or at least compatible – market infrastructures. Some countries in southern Africa, in the framework of the Southern African Development Community, and eastern Africa have been seeking since 2006-2007 to establish ties between their financial markets to benefit from regional dynamics.

• A pragmatic approach. The creation and development of local debt securities markets should be underpinned by pragmatic strategies, based on limited but carefully ordered objectives. These could be the following:

– developing a primary market by giving priority to short-term issues, before progressively extending maturities and setting up a bond segment;

– giving priority to regular operations rather than large-value, albeit one-off, operations;

– ensuring the creditworthiness of issuers, in particular governments, by defining cash management strategies, adopting transparent issuance procedures, setting up credible and efficient primary dealers, complying with issuance programmes, systematically disseminating detailed information on operations to the market;

– setting up appropriate market infrastructures (settlement systems, central securities depositories) corresponding to the trading volumes to be processed.[7] In the case of nascent markets, these tasks may have to be carried out by public structures, either directly (central banks or ad-hoc structures) or indirectly (through subsidies or tax breaks), before entrusting them to private entities;

– avoiding all forms of over-regulation that are likely to generate distortions in the behaviour of issuers and subscribers, without being really effective. When markets are starting up, it is essential that the set of regulations be simple, transparent, sufficiently flexible and easily understandable by all players in order to prevent excessively restrictive effects on the supply of securities.

• The extension of the guarantee mechanisms for government and corporate bond issuance, by the signature of institutions specialised in development financing, such as the African Development Bank (AfDB), the *Agence française de développement* (AFD), the entrepreneurial development bank of the Netherlands (FMO), the International Finance Corporation (IFC) or PROPARCO.

• The setting-up of multilateral instruments for hedging foreign exchange risk. Like the Currency Exchange Fund (TCX) created by FMO at end-2007, these funds, supplemented by multilateral development agencies, could provide investors buying local currency securities with protection against foreign exchange risk, in the form of currency swaps or futures contracts, when these products are not provided by the private sector.

• The creation of pools of official foreign reserves to be invested in local-currency long-term debt securities in order to overcome the problem of the existence of different, non-convertible currencies and develop intra-regional flows. In the case of countries whose currency is inconvertible and vulnerable, it is desirable to consider ways of reducing risks, for investors for example by limiting the investments of these funds to issues including an indexation clause or a guarantee. In any case, it is important to ensure a prudent management of foreign reserves, by defining strict rules governing the fund management mandate. The initiative launched at the end of 2007 by the AfDB with a view to creating an African bond fund, which would bring together African central banks, is a step in the right direction.

• The gradual opening of the capital account. The opening of local markets to non-resident issuers and investors may be useful for structuring the market and benefiting from learning effects on the one hand, and increasing capital inflows on the other. However, the consequences of such liberalisation must be carefully analysed,[8] in particular with the help of international financial institutions. It may also be necessary to put in place, at least in the beginning, arrangements to limit the impact of this measure on the exchange rate system and exchange rate volatility.

7 *Oversized infrastructures entail large transaction costs that hamper market development.*
8 *Although it does not, in theory, represent a necessary condition for the opening of markets to non-resident investors, the opening of the capital account is, in practice, a key factor for generating significant demand without any excessive risk premium. The opening of markets to non-residents does not imply an opening of the capital account if the proceeds of the issues are invested locally. In addition, the existence of foreign exchange controls creates pockets of liquidity, which may attract non-resident issuers.*

Appendix

Methodological note

There is little available aggregated data on African government debt markets covering the recent period. The most comprehensive work on the subject was published by J. Christensen (2005). It offers a series of detailed data that cover 27 countries from Sub-Saharan Africa over the 1980-2000 period. Countries from the Franc Zone are not included in the analysis.

This study therefore aims at addressing, to the extent possible, the lack of available data since 2000.

To this end, two data sources were used:

– the data released by African central banks, most of which publish relatively precise information about their domestic debt markets on their website. Failing this, the study relied on information provided by the annual reports of central banks;

– the survey conducted by the foreign network of economic missions of the French Ministry of Economy, Industry and Employment for the purpose of this study. This survey collected data on African government securities markets, mainly in countries where there are few or no statistics on the subject, and identified the chief characteristics of the different regulatory frameworks in force.

The sample was defined so as to come close to that chosen by Christensen, in order to extend up to 2007, without any significant methodological break, the series of collected data over the 1980-2000 period. The eight West African countries of the Franc Zone (WAEMU)[1] were nevertheless included in the sample as the financial market conditions in these countries have radically changed compared to the previous period of analysis. Similarly, the main securities markets of North Africa (Morocco, Tunisia) were also taken into account.

Aggregated data were thus provided for four groups of countries:

– the low-income countries of Sub-Saharan Africa (SSA) eligible for the Heavily Indebted Poor Countries (HIPC) Initiative: Benin, Burkina Faso, Burundi, Ivory Coast, Ethiopia, Ghana, Guinea-Bissau, Malawi, Mali, Niger, Uganda, Rwanda, Senegal, Tanzania, Togo;

– the middle-income countries of SSA not eligible for the HIPC Initiative: South Africa, Botswana, Kenya, Mauritius, Nigeria;

1 Benin, Burkina Faso, Ivory Coast, Guinea-Bissau, Mali, Niger, Senegal and Togo.

– Sub-Saharan Africa, including all these countries;

– Africa, including Morocco and Tunisia.

The collected data concerned outstanding government debt, including Treasury notes, bonds and securities issued by central banks. The specific categories of government securitised debt, however, were not taken into account in this study. Statistics were also collected on the maturity structure of outstanding debt securities and on holder categories by economic sector. Insurance companies, pension funds and mutual funds, as well as public and para-public financial bodies (such as the Caisse des dépôts) were included in the non-bank financial sector. The non-financial sector was made up of commercial enterprises from the private and para-public sectors, private individuals and non-residents.

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Payment periods and corporate trade credit between 1990 and 2008

Companies Directorate
Companies Observatory

The Banque de France regularly publishes information on corporate trade credit.[1] This article presents the first results for 2008 over a long-term horizon based on the historical data collected by the Bank (1990-2008), and simulates the cash earnings that may be derived following the application of the Loi de modernisation de l'économie *(law on the modernisation of the economy – LME), which came into force on 1 January 2009.*

On the basis of the data available in August 2009, payment periods declined significantly in 2008. Days sales outstandings (DSO) stood, on average, at 54 days, compared with 56 in 2007, while average days payable outstandings (DPO) reached 61 days, against 65 in 2007. Unlike previous years, this fall concerns all companies, irrespective of their sector of activity and their size.

This decline in payment periods suggests that a large number of companies had already started preparing in 2008 for the application of Article 21 of the LME, which was adopted in August 2008. The LME should in principle lead to an optimisation of working capital requirements. During a transition phase, the application of the new measures will generate important trade credit shifts.

A simulation of the move of all companies to an average payment period of a maximum of 60 days per year highlights the scope of the financial shifts involved. Overall, cash flows transferred to companies that are paid more rapidly by their clients are expected to reach EUR 118 billion, and cash flows to suppliers from companies that pay their bills more rapidly are expected to stand at EUR 106 billion.

Net cash expenses should, consequently, be reduced by roughly EUR 12 billion for companies as a whole. Companies with less than 250 employees should benefit from the application of the LME to the detriment of large companies: the business services sector should benefit the most from the measure.

The amounts of financial shifts generated by the reduction in payment periods may be compared with total corporate bank debt measured using companies' financial statements. Particular attention should be paid to companies with a DPO exceeding 60 days of sales; these companies are highly indebted and account for three fifths of all bank debt.

By shortening settlement deadlines, the LME should eventually contribute to lowering companies' exposure to counterparty risk and thus limiting the risk of triggering a chain of failures.

Keywords: payment periods, days sales outstanding (DSO), days payable outstanding (DPO), trade credit, LME.
JEL codes: L14, L29.

1 *See the statistics section on the Banque de France website (in French only):* http://www.banque-france.fr/fr/stat_conjoncture/statent/delais.htm

A strong decline in payment periods in 2008

On the basis of the data available in August 2009, days receivable and days payable declined across the board in 2008, irrespective of the size of the companies (see Table 1). In 2008, days sales outstandings (DSO) for VSBs and SMEs stood at 50 and 61 days respectively, down by approximately two days of sales compared with 2007. Days receivable for companies with over 250 employees dropped by roughly four days.

At the same time, days payable outstandings (DPO) also decreased. They fell by more than four days of purchases for VSBs and SMEs. The decline was slightly more pronounced for companies with over 250 employees.

Table 1 Days sales outstanding, days payable outstanding and trade credit balance for the whole economy

(averages of individual ratios and standard deviations in brackets)

		Companies with 0 to 19 employees	Companies with 20 to 249 employees	Companies with 250 to 499 employees	Companies with 500 employees and over	Total
DSO, in days of sales	2006	52.9	64.0	67.8	65.0	56.9
		(0.1)	(0.2)	(0.9)	(0.9)	(0.1)
	2007	52.5	63.4	66.2	64.3	56.2
		(0.1)	(0.2)	(0.9)	(0.9)	(0.1)
	2008*	**50.3**	**61.1**	**62.6**	**60.6**	**53.8**
		(0.1)	**(0.2)**	**(0.9)**	**(1.0)**	**(0.1)**
DPO, in days of purchases	2006	64.3	68.6	73.1	75.0	65.9
		(0.1)	(0.1)	(0.7)	(0.8)	(0.1)
	2007	63.0	67.6	73.2	74.9	64.7
		(0.1)	(0.1)	(0.8)	(0.9)	(0.1)
	2008*	**59.2**	**63.2**	**67.1**	**70.0**	**60.6**
		(0.1)	**(0.1)**	**(0.8)**	**(0.8)**	**(0.1)**
Trade credit balance, in days of sales	2006	12.2	21.8	21.7	18.5	15.6
		(0.1)	(0.2)	(0.9)	(0.9)	(0.1)
	2007	13.1	22.0	21.1	18.3	16.1
		(0.1)	(0.2)	(0.9)	(0.9)	(0.1)
	2008*	**13.7**	**22.3**	**21.1**	**17.9**	**16.4**
		(0.1)	**(0.2)**	**(1.0)**	**(1.2)**	**(0.1)**

** Provisional data.*
NB: At August 2009, the collection rate of 2008 corporate financial statements in FIBEN is roughly 90%. The ratios presented here are thus likely to be adjusted, in particular for the population of companies with over 250 employees.
Source: Banque de France – FIBEN – Data available at early August 2009.

Large companies are less involved in trade credit financing

Compared with the early 1990s, large companies have considerably cut back their trade credit financing (see Charts 1). The payment terms by their clients have improved, leading to a reduction in days receivable of almost fourteen days. Over the same period, days payable posted a smaller decline, dropping by only four days. Their trade credit balance, expressed in days of sales, has consequently decreased. However, in the case of SMEs, days payable outstandings have recorded a sharper decline than days sales outstandings and their financing needs have consequently increased.

Charts 1 Days sales outstanding, days payable outstanding and trade credit balance

(averages of individual ratios)

NB: At August 2009, the collection rate of 2008 corporate financial statements in FIBEN is roughly 90%. The ratios presented here are thus likely to be adjusted, in particular for the population of companies with over 250 employees, which is smaller and therefore much more sensitive to the coverage rate.

Source: Banque de France – FIBEN – Data available at early August 2009.

Table 2 Days sales outstanding, days payable outstanding and trade credit balance for the whole economy by sector

Sector	DSO in days of sales			DPO in days of purchases			Trade credit balance in days of sales		
	2006	2007	2008*	2006	2007	2008*	2006	2007	2008*
Agriculture, forestry, fishing	65.7	66.2	63.8	79.3	78.9	73.3	17.6	18.5	18.9
Agri-food industry	44.8	44.1	40.7	56.4	57.3	52.2	4.2	2.9	3.2
Consumer goods	72.9	71.1	68.4	72.5	70.3	66.7	26.8	26.5	26.0
Automotive industry	67.9	67.3	61.3	78.5	78.8	70.4	11.9	10.3	10.9
Capital goods	83.8	82.5	79.8	80.1	77.0	72.9	33.3	33.7	33.6
Intermediate goods	77.2	74.8	70.1	76.5	73.8	67.3	28.3	27.6	27.2
Construction	77.9	76.7	73.4	75.1	71.7	66.9	30.7	31.8	31.5
Trade	35.1	34.5	32.3	54.3	53.1	49.7	-7.4	-7.2	-6.6
Transport	59.4	56.7	53.4	51.8	50.0	45.0	27.1	25.6	25.1
Real-estate	44.3	42.8	39.4	64.7	62.8	62.6	11.6	11.2	7.7
Business services	83.7	83.7	80.2	82.3	82.5	78.4	50.6	51.0	50.8
Services to households	14.3	14.3	13.1	54.9	54.7	50.6	-13.0	-12.9	-12.3

** Provisional data.*
NB: At August 2009, the collection rate of 2008 corporate financial statements in FIBEN is roughly 90%. The ratios presented here are thus likely to be adjusted, in particular for the population of companies with over 250 employees, which is smaller and therefore much more sensitive to the coverage rate.
Source: Banque de France – FIBEN – Data available at early August 2009.

Companies' payment behaviour is strongly determined by their sector of activity

Some sectors are major lenders, such as business services (51 days of sales), capital goods (34 days) and intermediate goods (27 days) (see Table 2). Conversely, other sectors show a structurally negative trade credit balance, i.e. they benefit from financing resources. This is the case for services to households and, especially, retail trade, which includes supermarkets and hypermarkets. These activities, directly related to private customers, have a small DSO and a large DPO.

All sectors registered a decline in payment periods. The automotive industry recorded a significant fall, both in its DSO and its DPO.[2] The agri-food and transport sectors are taking much less time to pay their suppliers (five days); in the intermediate goods sector, days sales outstandings dropped by more than four days.

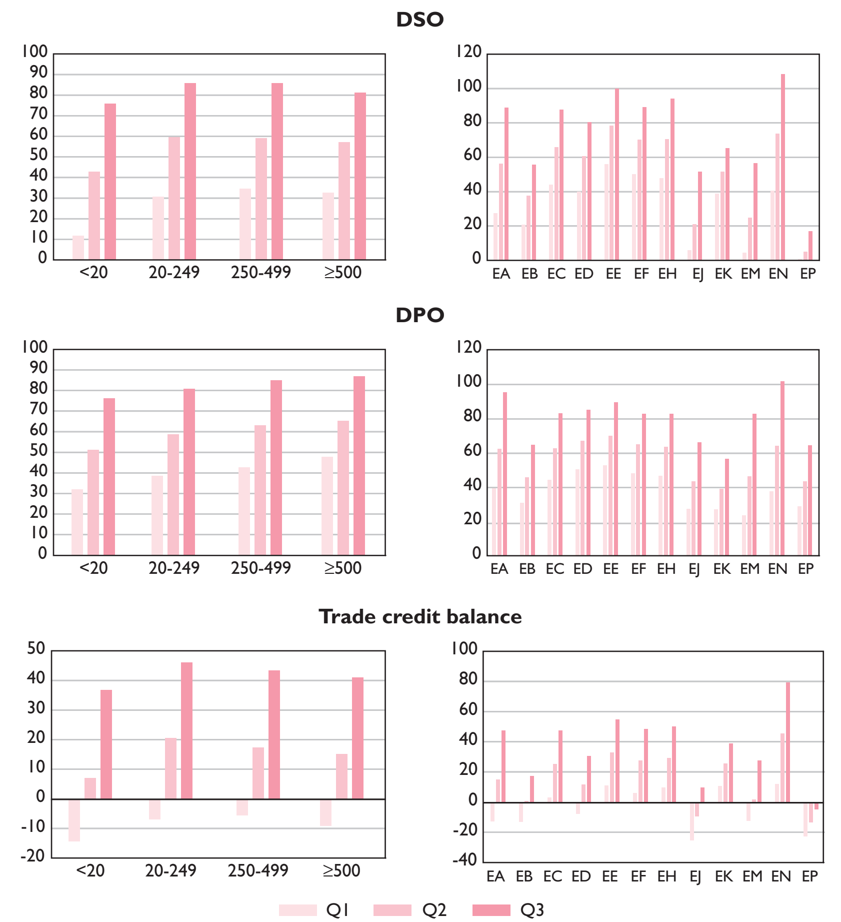
2 *This sector is organised around two major car manufacturers. Interpreting the data for this sector is thus particularly tricky due to the double counting that results from the fact that intra-group accounting cannot be removed when accounts are aggregated.*

For almost half of companies, payment periods still exceed 60 days

Even for a given size category, companies may display very different situations, and the dispersion of payment periods and the trade credit balance is high (see Charts 2). The study of this dispersion within each size category confirms that payment times have declined. In each category,

Charts 2 Dispersion of days sales outstanding, days payable outstanding and the trade credit balance in 2008

(by size, number of employees) *(by sector)*



EA: agriculture, forestry, fishing
EB: agri-food industry
EC: consumer goods
ED: automotive industry
EE: capital goods
EF: intermediate goods
EH: construction
EJ: trade
EK: transport
EM: real-estate
EN: business services
EP: services to households

NB: At August 2009, the collection rate of 2008 corporate financial statements in FIBEN is roughly 90%. The ratios presented here are thus likely to be adjusted, in particular for the population of companies with over 250 employees, which is smaller and therefore much more sensitive to the coverage rate.
Source: Banque de France – FIBEN – Data available at early August 2009.

Box 1

Sources, definitions and methodology

The Companies Observatory of the Banque de France has analysed changes in payment periods and the trade credit balance using the FIBEN companies database of the Banque de France for the past fifteen years. This database includes approximately 250,000 financial statements of companies with a turnover of over EUR 0.75 million.

Companies are divided into four categories: those with less than 20 employees, those with 20 to 249 employees, those with 250 to 499 employees and those with 500 employees and over. Given the minimum turnover threshold (EUR 0.75 million) in the FIBEN database, companies with less than 20 employees comprise few micro-enterprises. In this article, unless VSBs are specifically mentioned, the term SME covers all companies with less than 250 employees, in accordance with the new implementing decree of December 2008 defining the different categories of companies.

***Accounting data** are used to measure the apparent payment times at the end of the accounting period, but not the possible existence of late payments in commercial transactions.*

The variables analysed do not include advances and down-payments made to suppliers and advances and down-payments received from clients. These amounts are relatively small in most sectors. However, advances from clients play an important role in sectors with a long operating cycle, such as the capital goods sector and the construction sector.

Under accounts receivable and accounts payable are not only recorded business-to-business transactions, but also transactions between companies and general government, local authorities, households and non-residents.

***The ratio "days sales outstanding (DSO)"** is the ratio of accounts receivable (including unmatured discounted bills) over sales including taxes (multiplied by 360 to be expressed in days of sales).*

***The ratio "days payable outstanding (DPO)"** is the ratio of accounts payable over purchases and other external expenses including taxes (multiplied by 360 to be expressed in days of purchases).*

***The trade credit balance** is the balance of accounts receivable and accounts payable expressed in days of sales (or the difference between the ratios "days sales outstanding" and "days payable outstanding" adjusted for the ratio purchases/sales). It indicates whether the company is a lender or a borrower.*

***The average of individual ratios** (or unweighted average) gives every company the same weighting. This microeconomic approach enables us to take better account of the heterogeneity of individual observations.*

75% of companies are paid within less than 90 days, which was not the case in 2006 (see Companies Directorate (2007)). However, apart from companies with less than 20 employees, in all other three categories, half of companies are still paid within more than 60 days; similarly, almost half of companies pay their suppliers within more than 60 days.

The sectoral approach confirms these results: in a large number of sectors, roughly half of companies are paid within more than 60 days or pay their suppliers within more than 60 days. Thus, despite the progress recorded in many sectors in 2008 and irrespective of the size of the companies, the application of the LME means that many companies will need to make significant efforts; this justifies the implementation of a timetable in some sectors in order to progressively meet this objective by 1 January 2012.

The LME has capped payment periods at 60 days since 1 January 2009

The LME, published in France's *Journal officiel* of 4 August 2008, includes a provision on the reduction of companies' payment times, which came into force on 1 January 2009. Article 21 of this Act caps payment times at 45 days at month-end or 60 days from the date of emission of the invoice. In addition, the new legislation provides stiffer penalties in the event of late payments at an interest rate equal to three times the official rate or to the ECB rate applied to its most recent refinancing operation plus 10 points. However, longer payment periods than those laid down in the LME may temporarily be granted to certain sectors.

The LME changes the conditions for settling trade credit in France. After years of discussions and agreements, in particular in various sectors, after an Act in the transport sector, the reform has officially been extended to the whole economy. The Banque de France's Trade Credit Observatory has on numerous occasions stressed the reasons underlying the implementation of the LME:

- France lags behind other European countries in terms of payment times; this situation is particularly detrimental to SMEs;

- The negotiated approach has not yielded tangible results, as economic players have sought to find ways out or obtain longer deadlines and derogations. In reality, negotiation often tends to freeze positions and slow the implementation of mutually beneficial solutions, in particular speeding up the payment systems dematerialisation process;

- SMEs are always weakened with partial solutions, since deadlines are longer and negotiated solutions must be compensated for.

The LME confirms that the payment period applicable under ordinary law remains capped at 30 days (Article L. 441-6 paragraph 8), but breaks new ground by establishing a new ceiling for conventional payment periods of 60 days from the date of emission of the invoice (Article L. 441-6 paragraph 9) and 45 days at month-end.

Large transfers between companies[3]

The new legislation will generate considerable trade credit shifts in the coming months.

From an accounting point of view, the total amount of companies' accounts receivable and that of their accounts payable should cancel each other out in a closed economy. However, not only are there inevitable distortions between companies' incoming flows (accounts receivable) and outgoing flows (accounts payable), but other economic players, such as households, general government and foreign companies, have to be taken into account. Overall, this disrupts the balance in favour of non-company accounts receivable. Financing this trade credit balance thus falls to companies.[4]

In addition and, conversely, taking account of advances and down-payments received and made by subtracting them from accounts receivable and accounts payable reduces this imbalance: accounts receivable stand at EUR 443 billion and accounts payable at EUR 416 billion (see Table 3).

Table 3 Macroeconomic framework accounts receivable/accounts payable and bank debt at end-2007

(EUR billions)

	Accounts receivable	Accounts payable	Bank debt
Total	**528**	**444**	**446**
Total net of advances and down-payments (received and made)	443	416	
Amounts for which the related payment period* exceeds 60 days, net of advances and down-payments	118	106	

**Days sales outstanding for accounts receivable, days payable outstanding for accounts payable.*
Source: Banque de France – FIBEN – Data available at early August 2009.

3 *A first assessment was conducted by the Companies Observatory in February 2008 in the framework of the work of the Trade Credit Observatory.*
4 *The* Observatoire économique de l'achat public *(OEAP), attached to the Ministry of the Economy, has drawn up a list of the contracts notified by general government and local authorities in 2007. They totalled 108,677, for a total value of EUR 55.4 billion.*

A simulation of the shift of all companies to an average payment period of a maximum of 60 days, which was conducted using end-2007 financial statements, highlights the importance of the financial shifts that are taking place: EUR 118 billion on the side of accounts receivable, EUR 106 billion on the side of accounts payable (see Appendix).

This shift to an average payment period of 60 days should result in a reduction of roughly EUR 12 billion in net cash expenses for companies as a whole.

Among the EUR 118 billion of trade account receivable exceeding 60 days, EUR 77 billion are concentrated in companies of less than 250 employees. The cash requirements of these companies are expected to be considerably reduced as a result of the shortening of days receivable.

Among the EUR 106 billion of trade account payable exceeding 60 days, only EUR 60 billion are concentrated in SMEs. On average and in terms of the client/supplier balance, these companies would show substantial revenues of roughly EUR 17 billion. This is why SMEs would benefit the most from the shortening of payment times to 60 days.

A variable impact depending on the sector of activity

Given that this method is applied to every company, it not only provides an overall assessment of the transfers of cash expenses, but also points out the sectors that are the most impacted. For four sectors, the reduction in payment times is expected to generate cash flow shifts of over EUR 10 billion.

The sectors most affected by a fall in days sales outstandings are business services, trade, intermediate goods and construction. These sectors are also the most impacted by a reduction in days payable outstandings. As regards the effect on cash positions, the business services sector should benefit the most from the measure, with cash earnings of around EUR 8 billion, followed by the intermediate goods and real estate sectors, with cash earnings between EUR 3 and 4 billion (see Table 4).

Overall, the winners would be the sectors upstream from the retail trade sector, which would record a faster decline in their expenses stemming from the customer credit, while the losers would be the sectors downstream, close to the end consumer, whose revenues provided by the supplier credit would fall. The retail trade sector plays a pivotal role in the economy. It comprises the majority of accounts payable and would therefore lose out quite substantially.

Table 4 Impact of the reduction in payment periods net of advances and down-payments at end-2007

(EUR billions)

Sector	Cash flow gains (+) or losses (-) according to the size of the companies following the reduction in payment periods currently above 60 days				
	Companies with 0 to 19 employees	SMEs with 20 to 249 employees	Companies with 250 to 499 employees	Large companies with 500 employees and over	Total
Agri-food industry	-0.3	-0.4	0.0	-0.7	-1.3
Consumer goods	0.2	1.1	0.1	-0.3	1.1
Automotive industry	-0.1	0.0	-0.1	-1.5	-1.7
Capital goods	0.3	1.2	0.3	-0.2	1.6
Intermediate goods	0.6	2.0	0.4	0.2	3.3
Energy	0.2	0.2	0.1	0.3	0.9
Construction	1.2	1.9	-0.1	-1.3	1.7
Trade	-1.2	1.0	-0.1	-2.9	-3.1
Transport	-1.0	0.4	0.1	-1.0	-1.5
Real-estate	2.4	0.4	0.3	-0.2	2.9
Business services	1.0	6.0	1.4	0.1	8.4
Services to households	0.0	-0.2	0.0	-0.4	-0.6
Total (all sectors)	**3.6**	**13.9**	**2.5**	**-7.9**	**12.0**

Source: FIBEN 2007 – Banque de France – Data available at early August 2009.

Different financing strategies depending on the companies' position vis-à-vis their clients and suppliers

The sums involved are quite considerable, both during the transition period and once the law will have been applied to all companies. They may be compared to the short-term total outstandings of these companies, which stand at roughly EUR 50 billion. However, in order to obtain a better estimate of these amounts at the company level, a distinction must be made between accounts receivable and accounts payable by crossing their DSO and their DPO (see Tables 5 and 6). Three categories of companies may be identified:

- The first group of companies, with both large DSOs and DPOs, will be at the centre of major financial transfers, but their counterparty risk will be considerably reduced.

Table 5 Accounts receivable exceeding 60 days, according to the DPO and DSO at end-2007

(EUR billions)

DPO	DSO	Total	Construction*	Trade*	Business services*
Less than 60 days		24.0	1.1	6.0	5.9
Between 60 and 90 days	Between 60 and 90 days	10.6	0.9	2.3	1.5
	More than 90 days	21.9	2.6	3.2	6.6
More than 90 days	Between 60 and 90 days	7.2	1.2	1.4	1.2
	More than 90 days	54.2	7.2	7.3	16.8
Total		**117.9**	**13.0**	**20.1**	**32.0**

** Only the three sectors with the largest amounts are mentioned.*
Source: Banque de France – FIBEN – Data available at early August 2009.

• The second group of companies, which are already paid within a short timeframe by their clients, will have to find new sources of financing.

• The third group comprises companies that will immediately record a net gain as they take a long time to collect revenue from their clients and take little time to pay their suppliers.

As mentioned above, overall, some sectors will come off better and others will lose out. Nevertheless, this analysis in terms of DSO and DPO shows that these three categories of companies may be found in all sectors.

The advantaged companies

Companies with both large DSOs and DPOs exceeding 90 days are expected to be at the centre of major financial transfers during the adaptation phase: EUR 54 billion under accounts receivable and EUR 38 billion

Table 6 Accounts payable exceeding 60 days, according to the DSO and DPO at end-2007

(EUR billions)

DSO	DPO	Total	Construction*	Trade*	Business services*
Less than 60 days	Between 60 and 90 days	10.4	0.5	4.3	0.8
	More than 90 days	26.0	2.1	5.4	7.5
Between 60 and 90 days	Between 60 and 90 days	9.6	0.6	2.0	0.6
	More than 90 days	17.7	2.7	3.8	3.4
More than 90 days	Between 60 and 90 days	4.4	0.6	0.8	0.9
	More than 90 days	37.9	4.8	7.0	10.4
Total		**105.9**	**11.3**	**23.3**	**23.6**

** Only the three sectors with the largest amounts are mentioned.*
Source: Banque de France – FIBEN – Data available at early August 2009.

under accounts payable. This mainly concerns companies in the business services, trade and construction sectors. For these companies, the principal effect of the LME will be to reduce their counterparty risk.

The "losers"

Companies with a DPO of more than 90 days and whose DSO is smaller than their DPO will have to make particularly important payment efforts. The reform will provide them with little or no additional revenues through a faster settlement by their clients, yet they will need to find new sources of financing to pay their suppliers more rapidly. Bank financing is a solution even if, in the longer term, other sources of financing may be provided under the LME. Total accounts payable amount to EUR 44 billion, while total accounts receivable total EUR 7 billion.[5] Cash expenses for these companies are thus around EUR 37 billion. Like in the previous case, this mainly concerns companies in the business services, trade and construction sectors, but also the different industrial sectors with lower expenses.

The "winners"

Companies with a DSO of more than 90 days and a DPO of between 60 and 90 days will record large inflows of roughly EUR 18 billion. This is the case for certain companies in the business services sector, but also in the intermediate goods and capital goods sectors. These companies will also record a significant fall in their risk exposure.

A significant share of bank debt is borne by companies practising late payments

Comparing trade credit transfers with corporate bank debt provides some insights into the financial resources – some of which may be temporary – needed to reach the new equilibrium.

- Accounts receivable held by companies that are currently paid within more than 60 days account for almost 60% of their bank debt. Two fifths of total bank debt recorded on financial statements are borne by companies with a DSO of over 60 days of sales.

- Accounts payable held by companies that take more than 60 days to pay their suppliers account for roughly one third of their bank debt. Three fifths of total bank debt are borne by companies with a DPO of over 60 days of purchases.

5 *Accounts payable of EUR 44 billion = 26+18. This corresponds to the accounts receivable that need to be settled to ensure that clients are settled within 60 days (see Table 6).*

• This new equilibrium, once it has been reached, will be more favourable to SMEs and will contribute to reducing their exposure to risk. Three quarters of bank debt borne by companies paid within more than 60 days by their clients concern SMEs. Similarly, two thirds of bank debt borne by companies that take more than 60 days to pay their suppliers concern SMEs.

The signing of interprofessional agreements with scaled timetables up until 1 January 2012: the derogations

To establish a new equilibrium based to a much lesser extent on trade credit, an adaptation phase is required to enable companies to search for alternative sources of financing and reorganise information and invoicing systems. This phase should be longer in those sectors with particularly long payment periods and large inventories. Interprofessional agreements have thus been signed with a view to gradually reducing payment periods over the 2009-2012 period.

The LME provides for several adjustments: a series of interprofessional agreements in a given sector define a maximum payment period greater than that specified in paragraph 9 of Article L. 441-6 of the *Code de commerce*. These agreements must:

• have an economic rationale accepted by the authorities: objective and sector-specific economic reasons;

• involve a progressive reduction in the derogation deadline towards the statutory deadline;

• include the application of interest on late payment if the derogation deadline specified in the agreement is not met;

• lastly and most importantly, the length of the agreement is limited: its ultimate expiry date is 1 January 2012.

The interprofessional agreements had to be signed before 1 March 2009. They are examined by the French General Directorate for Competition Policy, Consumer Affairs and Fraud Control (DGCCRF) of the Ministry of the Economy. The agreements are approved by Decree following the opinion of the Competition Council. The Decree may extend the derogation deadline to all professionals whose activity comes within the ambit of the professional organisations that are signatories to the agreement.

39 interprofessional agreements were presented to the DGCCRF on 1 March (an exhaustive list is available on its website). Following the positive opinion issued by the Competition Council on these various agreements, the professional organisations are waiting for the agreements

to be approved by Decree. In early September 2009, 15 homologation decrees had been published in the *Journal officiel* (see Table 7 for the list of timetables by sector). The number of interprofessional agreements seems large, but they concern very specific sectors. The General Directorate for Competitiveness, Industry and Services (DGCIS) of the Ministry of the Economy has assessed the weight of these agreements; they account for roughly 20% of the market economy, of which 10% in construction and civil engineering.

Application of the LME: the first lessons

A survey conducted by Altares provides some preliminary information on the application of the new law, which came into force in early 2009. However, it is not possible, at this stage, to present precise statistics on the reduction of payment times brought about by the reform.

Allegedly, 40% of companies are already applying the LME and 60% not yet or not entirely. In addition, and this shows that the financial aspects of the law have an impact on companies' commercial policy, 43% of the clients of surveyed companies have asked for a compensation for the reduction in payment times. As regards the processing of the derogation agreements, 55% of companies concerned have anticipated the promulgation of the decrees and have applied the LME since 1 January 2009.

Another indicator of companies' present payment behaviour is the study on late payments in Europe published by the Altares Institute every quarter. The concept of late payments differs from that of payment times: it means a payment made after the contractual deadline. In 2008, France distinguished itself by stabilising its late payments, while in the rest of Europe they were on an uptrend. In the first quarter of 2009, France was the only European country to reduce its late payments. This suggests that, despite some reticence, companies in France had prepared for the application of the LME and that they are paying greater attention to meeting contractual payment deadlines.

As regards the LME, two points are regularly raised by company managers in the various surveys and during the numerous debates on the subject. The first point concerns the complexity of the derogation agreements. From now on, companies will have to identify among their partners (i.e. clients and suppliers) those that may benefit from a derogation, and, if so, which one. Companies will thus require an adaptation period to apply the law. The second point concerns the application of the statutory ceiling, in particular with regard to foreign trade. The DGCCRF provides some answers to these questions on its website.

The situation is therefore not yet stabilised: on the one hand, the more mature companies, probably the largest ones, have already started applying the LME; on the other, a number of companies are awaiting clarification or have not yet finished adjusting their practices. The implementation of the new legislation brings to light new constraints that need to be resolved by providing more information and better organisation.

Lastly, some companies have found ways to bypass the law. These may concern contractual changes, the creation of settlement centres abroad, requests for reinvoicing or price compensations, the interpretation of the derogation agreements in order to extend the sectoral scope of application of the agreements, etc. The DGCCRF, which is responsible for upholding the economic public order, specifies that "it will make sure that French creditors do not have abnormally long payment periods imposed on them by their debtors, in particular those who use settlement centres abroad for the sole purpose of bypassing the French national legislation" (DGCCRF, 2009b). Similarly, the *Commission d'examen des pratiques commerciales* (CEPC), a consultative committee on business practices, has issued several opinions to complete the Q&A framework on the implementation of the LME.[6]

6 http://www.pratiques-commerciales.minefi.gouv.fr/

Table 7 Timetables set by the decrees according to the type of professional organisation

Sectors of activity*	Measure of the payment period	at 01/01/09	at 01/01/10	at 01/01/11	at 01/01/12
DIY	Month-end	If payment time >90 days in 2008: 75 days	If payment time >90 days in 2008: 65 days	If payment time >90 days in 2008: 55 days	If payment time >90 days in 2008: 45 days
	Month-end	If payment <90 days in 2008: 15-day reduction	If payment <90 days in 2008: 10-day reduction	If payment <90 days in 2008: 10-day reduction	If payment <90 days in 2008: 10-day reduction
Toys	Upon invoicing	October to December 120 days	October to December 100 days	October to December 80 days	October to December 60 days
	Upon invoicing	January to September 180 days	January to September 140 days	January to September 100 days	January to September 60 days
Clocks, jewellery, silverware	Month-end at 1 July	90 days	60 days	45 days at 31/12/11	45 days
Construction and civil engineering	Month-end	70 days	60 days	50 days	45 days
Bathroom equipment/ heating and electrical equipment	Month-end	70 days	65 days	50 days	45 days
Publishing	Month-end	180 days	150 days	120 days	45 days
Tyres	Month-end	75 days	65 days	55 days	45 days
	Month-end	for *winter* tyres 90 days	for *winter* tyres 75 days	for *winter* tyres 60 days	for *winter* tyres 45 days
Packaging and metallic seals of canned food	Month-end	75 days	45 days		
Pet trade	Month-end	If payment time >90 days in 2008: 75 days	If payment time >90 days in 2008: 65 days	If payment time >90 days in 2008: 55 days	If payment time >90 days in 2008: 45 days
	Month-end	If payment <75 days and >45 days in 2008: 5-day reduction	If payment <75 days and >45 days in 2008: 5-day reduction	If payment <75 days and >45 days in 2008: 5-day reduction	If payment <75 days and >45 days in 2008: 5-day reduction

.../...

Table 7 Timetables set by the decrees according to the type of professional organisation (continued)

Sectors of activity*	Measure of the payment period	at 01/01/09	at 01/01/10	at 01/01/11	at 01/01/12
Motorised two/ three-wheel vehicles and quads	Month-end	90 to 120 days	90 to 120 days	70 to 90 days	45 days at month-end
Stationery, office supplies, office automation	Month-end	75 days	60 days	45 days	
Amateur gardening	Month-end	If payment time >90 days in 2008: 75 days	If payment time >90 days in 2008: 65 days	If payment time >90 days in 2008: 55 days	If payment time >90 days in 2008: 45 days
	Month-end	If payment <90 days in 2008: 15-day reduction	If payment <90 days in 2008: 10-day reduction	If payment <90 days in 2008: 10-day reduction	If payment <90 days in 2008: 10-day reduction
Agro-equipment	Month-end	Green space equipment: 120 days	Green space equipment: 90 days	Green space equipment: 60 days	Green space equipment: 45 days
	Month-end	Agricultural equipment: 270 days	Agricultural equipment: 180 days	Agricultural equipment: 120 days	Agricultural equipment: 45 days
Wholesale of automotive tools	Month-end	70 days	60 days	45 days	
Hunting arms and munitions	Upon invoicing	January to March: 150 days	January to March: 120 days	January to March: 90 days	January to March: 60 days
	Upon invoicing	April to June: 120 days	April to June: 90 days	April to June: 60 days	

** The exact title of the sectors concerned is much more precise than that mentioned in the table.*
Source: DGCCRF.

Appendix

Impact measurement methodology

An overview of the macroeconomic impact of the new legislation on the reduction of payment periods

We first calculate days sales outstandings (DSO) and days payable outstandings (DPO) respectively in days of sales and days of purchases using the balance sheet data for companies presented in Box 1. All payment periods above 60 days are then brought down to this limit. We then calculate, for each company, the shares of accounts receivable and accounts payable that need to be settled in order to reach the ceiling of 60 days. These data are then cumulated by sector and by size. This methodology enables us to identify, by sector and size, the categories of companies that are the most affected, both positively and negatively, by the new legislation.

We obtain an estimate of real payment periods by considering that accounts receivable and accounts payable at year-end are a proxy for the amounts renewed from period to period during the year. This measurement is close to the notion of the payment of an invoice at 60 days upon receipt of the invoice. However, in practice, measuring payment periods using balance sheet data overestimates payment periods calculated in net days.

The difficulties of the exercise[1]

In theory, estimating the impact of the reduction in payment periods seems relatively simple. The problem is that we do not know the distribution of each company's payments (i.e. from whom to whom). We only have an average using balance sheet data.

The situation is not symmetrical between debtors and creditors

From the start, the situation is not symmetrical: according to FIBEN, total accounts receivable of non-financial corporations amounted to EUR 514 billion at end-2007; total accounts payable of non-financial corporations stood at EUR 435 billion at end-2007. Thus, at first glance, the gap between accounts receivable and accounts payable of non-financial corporations is substantial: it amounts to one sixth of companies' accounts receivable, i.e. roughly EUR 80 billion. This gap can be attributed to several factors:

• The advances and down-payments are not taken into account and represent a considerable amount, notably in some sectors and in particular

1 Section developed, in the 2008 report of the Observatory, by the SESSI using the Ficus database of INSEE. It is re-worked in this article using the FIBEN data and emphasising the importance of taking account of advances and down-payments.

with respect to accounts receivable: capital goods, construction, business services and, to a lesser extent, trade.

- A proportion of these accounts receivable corresponds to trade relations with natural persons and legal entities other than companies: general government, households and non-resident companies.

- The rest of the accounts receivable, which are claims on companies, is not recorded in a fully symmetrical manner in the debtor's accounts.

Taking account of advances and down-payments received and paid: it considerably reduces the gap between accounts receivable and accounts payable: net accounts receivable decline by EUR 80 billion and net accounts payable by EUR 25 billion. The reduction in accounts receivable is much more significant as general government and households come under the clients of companies and not their suppliers. The concepts of accounts receivable and accounts payable, net of advances and down-payments, are thus close to the purely business-to-business relation. The difference between net accounts receivable and net accounts payable is roughly EUR 26 billion.

General government only pays once the transaction has been completed, i.e. when the product or service has been delivered and invoiced and there is no dispute between the supplier and the customer. According to an estimate of the Ministry of the Economy (SESSI) based on national accounts, the "customer credit" of general government – current expenditure in the form of intermediate consumption or investment – amounts to roughly EUR 14 billion for a payment period of 45 days, quite common in 2006.

Households, i.e. private individuals, usually pay their suppliers cash. The main exception is the payment of companies in the construction industry, both for the construction of new housing and maintenance work.

The relations between resident companies and non-resident companies generate divergences between accounts receivable and accounts payable. However, the 2007 report of the Trade Credit Observatory had shown that, in general, companies' import and export behaviours were relatively symmetrical. The determining factor is rather the behaviour of the partner country: northern OECD countries pay and are paid more rapidly; southern OECD countries take longer to pay and collect payment and the practices of non-OECD countries are very variable. External relations do not therefore seem to have an impact on the divergence between accounts receivable and accounts payable of companies in France.

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National Financial Accounts in 2008: a further rise in non-financial sector debt

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In 2008, the economic downturn and financial pressures significantly impacted the borrowing and investment behaviour of non-financial agents. Households favoured liquid and low-risk savings instruments. The decline in life insurance investment continued at a more pronounced pace. Non-financial corporations also showed a greater preference for less risky and more liquid assets. Households and firms continued to take on debt, albeit at a much more moderate pace, in particular in the second half of the year. Their debt ratios rose further, with the rate of increase in their debt remaining higher than that of their income. In order to finance their investments, non-financial corporations reduced bank borrowings and issued more debt securities. They nevertheless reduced their share issuance. In the context of heightened financial market uncertainty and a sharp stock market correction, non-money market mutual funds recorded significant outflows.

Keywords: National financial accounts, provisional financial account, non-financial agents, households, non-financial corporations, general government, insurance corporations and mutual funds, credit institutions, non-residents, financing and investment, debt, deposits, interbank refinancing, debt securities, loans, equities, mutual fund shares, life insurance, Treasury bills, bonds, housing savings schemes (PELs), euro-denominated/unit-linked policies.

JEL code: G00.

1 *For further details, the following papers can be consulted in French:*
« Endettement des agents non financiers », *Banque de France, StatInfo, Q4 2008*
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1| Households further increased their debt ratios and reduced their investments

In 2008, household debt continued to rise but less than in 2007. Households' net flows of bank loans (new loans minus redemptions) stood at EUR 65.3 billion, compared with EUR 87.6 billion in 2007 (see Table 1).

Table 1 Key financial data for households

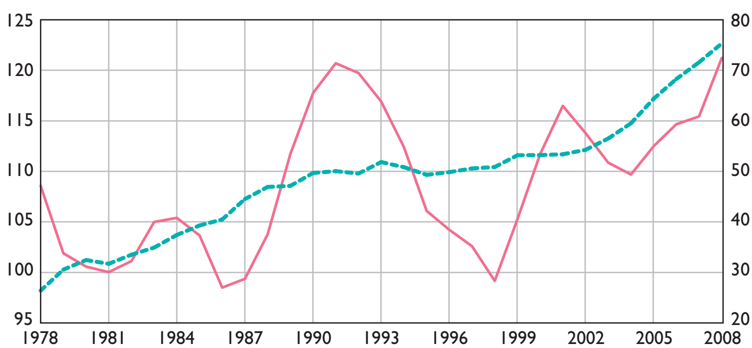
(EUR billions)

	2006	2007	2008
Investments	**136.8**	**131.5**	**88.8**
Currency	3.9	3.2	5.3
Overnight deposits	9.1	7.2	-3.4
Overnight investment *(livrets A, bleus, jeunes, livrets d'épargne populaire…)*	25.5	22.2	48.4
Term investment (term accounts)	7.1	24.0	17.9
Contractual saving schemes	-21.7	-17.7	-24.8
Life insurance investment	110.1	89.5	65.7
Bonds	2.1	2.2	-1.8
Money market funds	1.2	14.2	7.2
Non-money market funds	1.2	-10.3	-23.1
Quoted shares	-1.7	-2.9	-2.6
Debt flows	**84.3**	**87.6**	**65.3**
o/w lending for house purchases	75.2	75.0	56.4
Debt ratio (as a % of gross disposable income)	**68.4**	**71.7**	**74.4**

Source: National Accounts, base 2000, Banque de France (DSMF).
Data to 15 May 2009

Debt ratios: households and non-financial corporations

(%)



Debt ratio of non-financial corporations: loans and debt securities over value added (left-hand scale)
Debt ratio of households: loans over gross disposable income (right-hand scale)

Sources: National Accounts, base 2000, INSEE, Banque de France (DSMF).

This decline can mainly be attributed to the fall in lending for house purchases (56.4 billion, after 75.0 billion). Their debt to disposable income ratio increased further to reach 74.4 % at end-2008, compared with 71.7% at end-2007 (see Chart). At the same time, their financial investment shrank considerably (88.8 billion, after 131.5 billion).

The intensification of the financial crisis that started in summer 2007 and the rate of returns offered on regulated assets largely influenced households' financial investment choices, prompting them to favour liquid, risk-free products. As a result, overnight investment, i.e. different passbook savings accounts, rose to 48.4 billion from 22.2 billion in 2007. The *Livret A* saving account reservation campaign launched by banks in the run-up to 1 January 2009, when all banks were permitted to market this product, may have also contributed to strength of *Livret A* balances. However, households somewhat reduced their term account deposits (17.9 billion, after 24.0 billion) and their purchases of money market fund shares (7.2 billion, after 14.2 billion). They also decreased their holdings of overnight deposits (-3.4 billion, compared with 7.2 billion) and stepped up their withdrawals on various contractual savings products such as *Plans d'épargne logement* and *Plans d'épargne populaires* (-24.8 billion, after -17.7 billion).

Against the backdrop of high financial market volatility, households increased their net sales of non-money market mutual fund shares (-23.1 billion, compared with -10.3 billion), encouraged by government measures to boost purchasing power, which enabled them to make early withdrawals from employee investment funds. They were also net sellers of quoted shares and bonds (-4.4 billion, after -0.7 billion). Lastly, they substantially scaled back their life insurance investment (65.7 billion, compared with 89.5 billion), with outstandings returning to their pre-2004 level. This decline chiefly reflects the reduction in investment in unit-linked policies, although investment in euro-denominated policies fell only slightly.

2| Non-financial corporations reduced bank borrowings and issued more debt securities

In 2008, the financing gap of non-financial corporations continued to widen (-71.3 billion, after -56.8 billion): investment and inventory changes rose (214.5 billion, after 208.4 billion, see Table 2), while their savings ebbed (143.2 billion, after 151.6 billion). At the same time, their net acquisitions of financial assets declined (84.2 billion, after 101.8 billion) despite direct investment abroad largely outstripping inward direct investment, with resident non-financial corporations lending more to foreign subsidiaries than they received from their non-resident parent companies.

Their net cash investment also rose (37.1 billion, after 22.8 billion): they increased their money market fund subscriptions (18.1 billion, after -18.2 billion, see Table 3) and, more generally, enhanced their monetary asset formation (30.6 billion, after 20.2 billion). Conversely, they further reduced their bond and non-money market fund holdings (-16.3 billion, after -8.2 billion), and cut back their equity purchases (64.6 billion, after 87.2 billion).

As a result, the net borrowing flows of non-financial corporations remained at a high level (90.9 billion, after 96.7 billion). In 2008, their debt outstanding (sum of bank loans and debt securities) rose faster than their value added. Their debt ratios therefore climbed by almost 6 percentage points to reach 121.4%, exceeding the peak observed at the start of the 1990s (see Chart above). Non-financial corporations increased their debt securities issuance: net issuance reached 16.9 billion, after 4.8 billion in 2007. The growth in their net issuance of negotiable debt securities,[1] 21.1 billion, after 8.7 billion, largely exceeds the slight rise in their net redemption of bonds (4.2 billion, after 3.9 billion). New bank loans to non-financial corporations dropped, especially as of the second half of the year, but remained substantial (74.0 billion, after 92.0 billion). Conversely, against the backdrop of ailing stock markets, issuance of shares and other equity plummeted by almost 40% to stand at 67.5 billion, after 109.5 billion.

Table 2 Main financial and non-financial items of non-financial corporations

(EUR billions)

	2006	2007	2008
Uses			
Investment and inventory changes	185.6	208.4	214.5
Cash investment	26.8	22.8	37.1
Bonds and non-money market funds	17.9	-8.2	-16.3
Shares and other equity	68.1	87.2	64.6
o/w outward direct investment (equity capital and reinvested earnings)	*57.3*	*58.8*	*56.6*
Resources			
Savings	131.2	151.6	143.2
Financing	154.5	206.2	158.3
Debt	72.9	96.7	90.9
• *negotiable debt securities and similar securities*	*15.6*	*8.7*	*21.1*
• *bonds*	*-8.0*	*-3.9*	*-4.2*
• *loans from financial institutions*	*65.3*	*92.0*	*74.0*
Shares and other equity	81.7	109.5	67.5
o/w inward direct investment (equity capital and reinvested earnings)	*28.7*	*34.0*	*21.6*
Debt ratio (as a % of value added)	**114.5**	**115.4**	**121.4**

Source: National Accounts, base 2000, Banque de France (DSMF).
Data to 15 May 2009

1 *Negotiable debt securities: short-term debt securities (commercial paper, certificates of deposit, Treasury bills, negotiable medium-term notes and Euro Medium Term Notes)*

3| The general government borrowing requirement increased and its financial debt rose

In 2008, the general government[2] borrowing requirement stood at 66.2 billion, after 51.7 billion in 2007. This deterioration can mainly be ascribed to central government (the State and central government agencies, -56.7 billion, after -43.5 billion) and, to a lesser extent, to local government (-8.6 billion, after -7.2 billion). Social security funds registered only a marginal financing requirement (-0.9 billion, after -0.4 billion).

There was a very sharp rise in the net issuance of general government securities (123.1 billion, after 43.9 billion). This was partly due to the government plan to support the financing of the economy launched in October 2008. The *Société de financement de l'économie française* (SFEF[3]) issued bonds to the tune of 13.0 billion and the additional increase in government bond issuance to cover the super-subordinated securities subscribed by the *Société de prises de participation de l'État* (SPPE[3]) amounted to 10.5 billion. In all, general government gross financial debt rose by 170.5 billion, from 1,235.7 billion at end-2007 to 1,406.2 billion at end-2008. This debt differs notably from that defined in the Maastricht Treaty in that the securities are reported at market value and the data are not consolidated. This increase would have been lower without the sharp fall in long-term rates in the fourth quarter that swelled outstandings by almost 40 billion.

General government increased its net issuance of negotiable debt securities (67.6 billion, after 15.5 billion, the majority of which was in the form of Treasury bills, 58.4 billion, after 13.4 billion). It also upped bond issuance (55.5 billion, after 28.4 billion). Conversely, it made net repayments of bank loans (-0.9 billion, after 15.5 billion): the Social Security Debt Redemption Fund (CADES) and the State acquired and then repaid the debts of the Central Agency of Social Security Organisations (ACOSS) and the Finance Fund for Agricultural Social Security Benefits (FFIPSA) to the tune of 10.1 billion and 8.0 billion respectively.

At the same time, general government assets rose sharply (60.9 billion, after 8.4 billion): they include notably the assets of the SFEF and the SPPE. The latter broadly break down as follows: debt securities – bond mutual fund shares, negotiable debt securities with an agreed maturity of up to two years and bonds – (22.2 billion, after 9.0 billion) and deposits (11.7 billion, after 3.2 billion). Moreover, equity investment returned to positive territory (3.9 billion, after -4.6 billion).

2 *General government: sector of the national accounts comprising the State, various central government agencies, local authorities and social security agencies.*
3 *Entities created in October 2008 and classified under various central government agencies.*

4| The resources of insurance corporations declined while non-money market funds saw sizeable withdrawals

Households' appetite for life insurance products waned: while remaining substantial, financing flows of life insurance corporations declined significantly relative to 2007 (74.1 billion, after 97.5 billion).

In return, there was a marked contraction in investment by these companies (63.4 billion, after 122.1 billion). It was particularly pronounced for non-money market mutual fund shares (8.4 billion, after 47.6 billion) and negotiable debt securities (13.3 billion, after 58.2 billion). Conversely, net acquisitions of equity-type investments remained almost stable (6.9 billion, after 8.1 billion) whereas net-money market fund subscriptions picked up (6.1 billion, after net buybacks of 2.0 billion) and net bond purchases grew (28.7 billion, after 10.3 billion).

Mutual funds were subject to major withdrawals (-45.4 billion, after 41.2 billion), the worst affected being money market mutual funds (-88.1 billion, after 35.5 billion). These redemptions were split between households, non-financial corporations, financial intermediaries, non-residents and the mutual funds themselves while insurance corporations reduced their net subscriptions. However, inflows to money market funds picked up in 2008 (42.7 billion, after 5.7 billion) after contracting sharply in 2007. Non-financial corporations and insurance corporations, which had made net redemptions in 2007, became net buyers again in 2008. Conversely, net purchases by households and the mutual funds themselves declined.

Table 3 Equity, mutual fund and debt securities flows

(EUR billions)

	2006	2007	2008
Equities	**214.4**	**186.7**	**192.0**
Net issuance			
Residents	106.4	120.1	87.6
o/w: Non-financial corporations	*81.7*	*109.5*	*67.5*
Insurance corporations	*6.4*	*4.5*	*1.7*
Credit institutions, other financial institutions	*11.8*	*5.5*	*17.4*
Rest of the world (net issues subscribed by residents)	108.0	66.5	104.4
Net acquisitions			
Residents	137.9	151.1	168.3
o/w: Households	*68.1*	*87.2*	*64.6*
Non-financial corporations	*-15.0*	*-4.6*	*3.9*
General government	*20.6*	*8.1*	*6.9*
Insurance corporations	*20.7*	*-0.5*	*13.9*
Mutual funds	*44.3*	*58.3*	*74.8*
Rest of the world	76.5	35.6	23.7
Mutual fund subscriptions	**168.8**	**41.2**	**-45.4**
Money market funds	**38.5**	**5.7**	**42.7**
o/w: Non-financial corporations	*9.4*	*-18.2*	*18.1*
Insurance corporations	*5.3*	*-2.0*	*6.1*
Mutual funds	*13.7*	*13.8*	*3.5*
Non-money market funds	**130.3**	**35.5**	**-88.1**
o/w: Non-financial corporations	*7.2*	*-19.8*	*-7.3*
Insurance corporations	*44.5*	*47.6*	*8.4*
Mutual funds	*38.1*	*3.2*	*-22.1*
Credit institutions, other financial institutions	*20.6*	*2.3*	*-33.5*
Rest of the world	16.1	13.3	-10.1
Bonds	**216.6**	**168.2**	**111.0**
Net issuance			
Residents	43.1	74.5	93.9
o/w: Non-financial corporations	*-8.0*	*-3.9*	*-4.2*
Insurance corporations	*20.2*	*28.4*	*55.5*
Mutual funds	*28.2*	*48.6*	*38.1*
Rest of the world (net issues subscribed by residents)	173.5	93.7	17.1
Net acquisitions			
Residents	165.5	134.5	30.6
o/w: Non-financial corporations	*10.7*	*11.5*	*-9.0*
Insurance corporations	*23.3*	*10.3*	*28.7*
Mutual funds	*44.7*	*-21.4*	*-70.4*
Credit institutions, other financial institutions	*66.8*	*108.2*	*34.6*
Rest of the world	51.1	33.7	80.5
Negotiable debt securities	**222.8**	**195.7**	**218.0**
Net issuance			
Residents	145.1	174.0	170.6
o/w: Non-financial corporations	*15.6*	*8.7*	*21.1*
General government	*-15.0*	*15.5*	*67.6*
Credit institutions, other financial institutions	*143.8*	*149.1*	*78.3*
Rest of the world (net issues subscribed by residents)	77.6	21.7	47.4
Net acquisitions			
Residents	145.8	151.2	123.8
o/w: Non-financial corporations	*-1.9*	*16.1*	*-1.0*
Insurance corporations	*42.4*	*58.2*	*13.3*
Money market funds	*6.7*	*7.5*	*46.2*
Non-money market funds	*30.8*	*-7.8*	*-8.1*
Credit institutions, other financial institutions	*36.1*	*42.2*	*41.9*
Rest of the world	77.0	44.4	94.2
Total	**822.6**	**591.8**	**475.7**

Source: National Accounts, base 2000, Banque de France (DSMF).
Data to 15 May 2009

5| Credit institutions stepped up their central bank refinancing

After rising sharply for three years, loans from credit institutions and miscellaneous financial institutions[4] to resident non-financial agents[5] decreased (132.4 billion, after 187.8 billion). At the same time, deposit flows from resident non-financial agents remained fairly stable (55.4 billion, after 55.1 billion, see Table 4).

On securities markets, the balance between net issuance and net purchases became positive again (12.4 billion, after -6.4 billion). Securities issuance (equities, negotiable debt securities and bonds) fell from 203.2 billion in 2007 to 133.9 billion in 2008, with a particularly sharp decline for negotiable debt securities (78.3 billion, after 149.1 billion). On the assets side, the decrease in net purchases was even more pronounced (121.5 billion, after 209.6 billion): bond purchases shrank by two-thirds (34.6 billion, after 108.2 billion) and credit institutions were net sellers of non-money market funds (-33.5 billion, after 2.3 billion).

Overall, credit institutions' other sources of financing declined from 139.2 billion in 2007 to 64.7 billion in 2008. In 2007, non-residents had largely contributed to their funding. In 2008, net central bank refinancing accounted for the greatest share (115.7 billion, after 12.1 billion).

Table 4 Financing and investment of credit institutions and miscellaneous financial institutions

(EUR billions)

	2006	2007	2008
Uses			
Loans to non-financial agents	146.2	187.8	132.4
Securities purchased	169.1	209.6	121.5
Resources			
Deposits of the non-financial sector	8.8	55.1	55.4
Securities issued	183.8	203.2	133.9
Other sources of financing	122.7	139.2	64.7
• Net refinancing from the Banque de France (a)	-6.5	12.1	115.7
• Net refinancing from financial institutions other than central bank	149.3	145.0	-51.5
o/w non-resident financial institutions	*150.0*	*125.4*	*-83.0*
• Other net financing	-20.0	-17.9	-0.4

(a) Mainly, net monetary policy lending in euro and foreign currency denominated lending.
Source: National Accounts, base 2000, Banque de France (DSMF).
Data to 15 May 2009

4 *Miscellaneous financial institutions: sub-sector of the national accounts comprising financial intermediaries (for example, investment firms and securitisation structures).*
5 *Resident non-financial agents: households, non-financial corporations and general government.*

6| Non-residents invested more in French markets than residents in foreign markets

In 2008, French residents were a little less active on foreign markets: they purchased securities issued by non-residents (equities – including direct investment – bonds and negotiable debt securities) to the tune of 168.9 billion in 2008, after 181.9 billion in 2007 and 359.2 billion in 2006. The decline was therefore less steep than the previous year and concerned solely purchases by residents of bonds issued by non-residents (17.1 billion, after 93.7 billion). Conversely, investments in foreign equities rose substantially (104.4 billion, after 66.5 billion) as did investments in foreign negotiable debt securities (47.4 billion, after 21.7 billion).

Non-resident investors, for their part, significantly increased their purchases of debt securities issued by residents, both in terms of negotiable debt securities (94.2 billion, after 44.4 billion) and bonds (80.5 billion, after 33.7 billion). However, they scaled back their net purchases of French equities (23.7 billion, after 35.6 billion).

Non-residents' equity holdings in French CAC 40 companies at end-2008

François Servant
Balance of Payments Directorate
Securities Division

At 31 December 2008, non-residents held 39.2% of the market capitalisation of French CAC 40 companies.[1] The holding rate was down by two percentage points compared with end-2007.[2]

In a market that recorded sharp losses in value, notably at the end of the year – the fall in the CAC 40 index totalled 42.7% during 2008 – price effects accounted for more than half of the drop in the holding rate (1.1 percentage points).

The fall attributable to net sales by non-residents amounted to 0.4 percentage point. The contribution of other effects, obtained by deduction, was 0.5 percentage point.

Euro area shareholders are foremost among non-resident investors in the capital of French CAC 40 companies, with a 15.4% share in the index's market capitalisation.

Direct investment (consisting of stakes of 10% or more in a company's capital) accounts for 6.1% of non-residents' holdings in French CAC 40 companies.

Keywords: stock markets, portfolio investment, holding rate, non-residents, CAC 40.
JEL codes: F21, F23, F36, G15, G34.

1 *The population used, the list of which is reproduced in Appendix 3, comprises 36 resident companies (the head offices of EADS, Mittal Arcelor, Dexia and ST Microelectronics – which are also part of the CAC 40 index – being located abroad). There has only been one change to this population since end-2007: following the merger of Suez with GDF at the start of the first half-year of 2008, Suez ceased to be one of the companies whose shares make up the CAC 40 and was replaced by Suez-Environnement, which was formed by the flotation of 65% of Suez's environmental arm.*

2 *Revised figure (cf. footnote 4).*

1| Second consecutive fall in the holding rate for non-residents

The share in the market capitalisation[3] of French companies that make up the CAC 40 index held by non-residents stood at 39.2% at end-2008, representing a total amount of EUR 299.7 billion. The box at the end of the article sets out the sources and calculation method used.

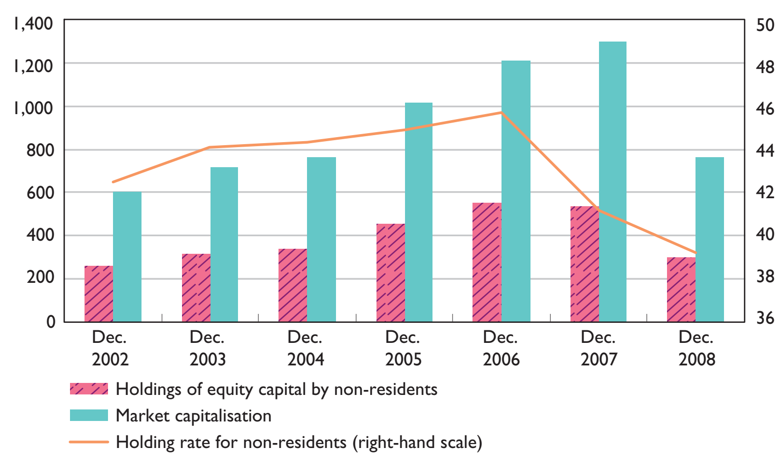
Having risen steadily up to 2006, the holding rate fell by 2% in 2008, following a 4.6% drop of in 2007.[4]

The share of the capital of resident CAC 40 companies held by non-residents varies from company to company (see Table 1). In the light of the developments recorded in 2008, the distribution is as follows: 13 out of the 36 companies (compared with 15 in 2007) have a holding rate for non-residents in their capital of over 50%; 12 (compared with 13 in 2007) have stakes held by non-residents of between 25% and 50%, while 11 (compared with 8 in 2007) have less than 25% of their capital held by non-residents.

The bulk of non-residents' holdings of shares in French CAC 40 companies continues to consist of investment whereby the non-resident investor holds less than a 10% stake in the capital of the company concerned

Chart 1 Holding rate for non-residents in the capital of French CAC 40 companies

(EUR billions) (%)



Source: Banque de France – Balance of Payments Directorate, Euronext.

3 Total market capitalisation is deemed to be the number of shares multiplied by the share price. It is higher than the shares outstanding used to weight the CAC 40, which are in close connection with the free float amount outstanding.

4 Figure revised following the detection and correction for a change in the scope of the data gathered from custodians between end-2006 and end-2007. The holding rate of shares issued by resident CAC 40 companies at end-2007 has therefore been revised upwards to 41.1% (as opposed to 38.5% as first published).

Table 1 Average holding rate for non-residents in French CAC 40 companies according to the size of the stake held

(rate as a %)

Share of capital held by non-residents	Number of companies invested in		Average holding rate for non-residents	
	2007	2008	2007	2008
0-25%	8	11	8.9	15.7
25.01-50%	13	12	40.6	40.0
50.01-75%	15	13	57.3	55.7
Over 75%	0	0	–	–
Total	**36**	**36**	**–**	**–**

Source: Banque de France – Balance of Payments Directorate.

(portfolio investment in balance of payments statistics terms).[5] This investment constituted 93.9% of the total amount (compared with 93.5% in 2007).

2| Factors determining changes in the holding rate

The methods used to measure the different factors determining changes in the holding rate are set out in Appendix 1.

The decisive role of price effects

At constant prices compared with 2007, the share of non-resident investors in the total market capitalisation of French CAC 40 companies stood at 40.3% at end-2008. The price effect therefore contributed slightly more than half of the reduction in the holding rate (i.e. 1.1 percentage points), in a market that experienced strong downward pressure from the autumn onwards.

In year-on-year terms, the CAC 40 index posted a fall of 42.7% in 2008. The year-on-year drop in the 36 French stocks totalled 40.4% when weighted by the total market capitalisation of the stocks concerned and 42.9% when weighted by the outstanding shares held by non-residents.

A weaker impact of portfolio flows recorded in the balance of payments in 2008

Net sales of shares by non-residents[6] totalled EUR 4.3 billion in 2008 and accounted for one-fifth of the fall in the holding rate observed in 2008 (i.e. 0.4 percentage point).

5 *This predominance of portfolio investment in non-residents holdings is more marked for these shares (93.9%) than in the case of non-residents' holdings of listed French shares across the board (91.0%).*

6 *This consists of the balance of the purchases and sales by French holders of securities from/to non-resident counterparties recorded in the balance of payments (direct investment + portfolio investment) with respect to the 36 shares concerned. Transactions between resident entities, even if one of these is under foreign control, are not included.*

The portfolio flows recorded during 2008 were very unevenly distributed across the different shares under review and reflected changes in investor portfolios. Nineteen shares contributed relatively homogenously to net purchases of EUR 19.8 billion,[7] while three stocks saw net outflows of EUR 19.6 billion.

Other factors

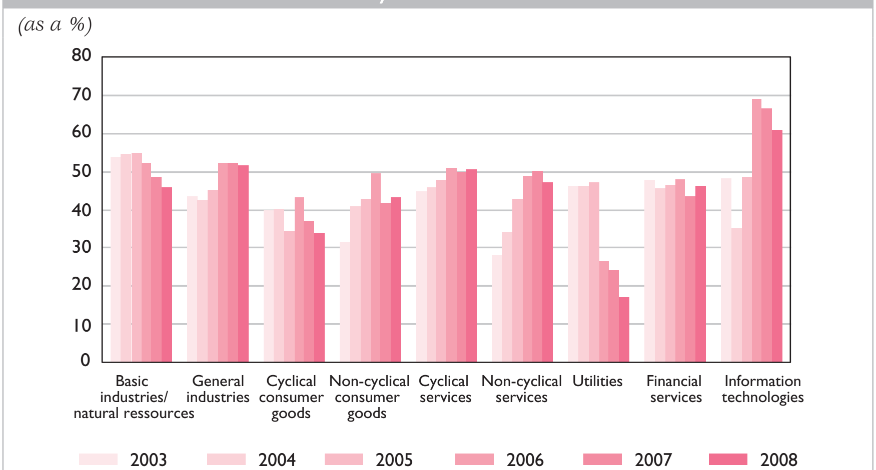
The contribution of other effects to changes in the holding rate amounted by deduction to 0.5 percentage point (effects other than those linked to price and flow developments, including structural effects in particular).

3| Distribution of non-residents' investment by sector of activity

The fall in the holding rate for non-residents is observable for six out of the nine economic sectors defined in our analysis.

In 2008, non-residents thus stepped up the reduction, started in 2007, of their exposures in the areas of utilities (down by 7 percentage points) and information technologies (down by 5.8 percentage points). They also continued to withdraw, although to a lesser extent, from the following

Chart 2 Holding rate for non-residents in the capital of French CAC 40 companies by sector
Based on the classification used by Euronext



Source: Banque de France – Balance of Payments Directorate.

7 *With average net purchases of EUR 1 billion.*

sectors: cyclical consumer goods (down by 3.4 percentage points), basic industries (down by 2.8 percentage points) and general industries (down by 0.5 percentage point).

By contrast, three sectors recorded an increase in investment by non-residents. Holding rates for stocks in the financial services and non-cyclical consumer goods sectors, which had seen outflows with respect to non-residents in 2007, recovered in 2008, with investment in the two sectors up by 2.5 and 1.5 percentage points respectively. The cyclical services sector posted a more modest rise of 0.4 percentage point.

4| Geographical origin of non-resident investors

The coordinated portfolio investment survey (CPIS) conducted each year by the IMF[8] makes it possible to estimate the geographical breakdown of non-resident holders of all French listed shares, with the proviso that some countries, notably in Asia, do not participate in it.

The data of the 2007 CPIS[9] – the latest available – highlight that the shift back to France regarding the shareholders of French CAC 40 companies resulted from a trend involving all of the countries of origin of non-resident investors, with no non-resident geographical region recording a significant increase relative to 2006.

The euro area remains in first position as regards the geographical origin of non-resident investors in the capital of the companies under review (with 15.4% of market capitalisation). It is closely followed by the United States (14%). The share of British investors, which is stable at 3.1%, is in third position.

Table 2 Geographical origin of holders of French CAC 40 shares

(rate as a %)

	Holding rate			
	At end-2005	At end-2006	At end-2007	At end-2008*
Outstandings held by non-residents	44.9	45.7	41.1	39.2
O/w: Euro area	*19.5*	*19.0*	*16.1*	*15.4*
United States	*15.2*	*16.4*	*14.7*	*14.0*
United Kingdom	*4.4*	*4.3*	*3.2*	*3.1*

* *Projection based on the relative weight of non-residents at end 2007.*
Sources: Banque de France - Balance of Payments Directorate, IMF.

8 *Coordinated at global level by the IMF, the CPIS on cross-border portfolio investment gathers from all participating countries their foreign securities holdings broken down by country. These data are available on the IMF's website at the following address: http://www.imf.org/external/np/sta/pi/geo.htm.*
9 *Owing to the time required for the collection (among participating countries) and processing of data by the IMF, 2008 data will not be available before end-2009.*

BOX

Sources and method for calculating non-residents' holdings of French CAC 40 shares

Since the end of 2007, the main source used for this calculation is the security-by-security data collection conducted each quarter among resident custody account-keepers (PROTIDE reporting system). The latter report security-by-security both their resident and non-resident customers' positions that fall into the category of portfolio investment, excluding the holdings of other custody account-keepers, to avoid double accounting. This collection also covers registered shares administered by intermediaries. It is completed by an ad hoc survey of non-administered registered shares.

Non-residents' investment in French CAC 40 stocks analysed in this article is obtained by adding non-residents' direct investment in balance of payments terms (i.e. investment that constitutes more than 10% of the capital of the company being invested in) to non-residents' holdings as recorded in PROTIDE, having cancelled out repurchase agreements. As the PROTIDE collection only covers customers' holdings managed in France, the holding statistics derived from them are necessarily incomplete as both residents and non-residents can have their holdings managed by institutions located outside France. Transfers may be observed, as was the case in early 2007, when there was a shift abroad of the custody of non-residents' positions amounting to EUR 69.6 billion, i.e. 5.0% of the total market capitalisation of French CAC 40 companies. The representativeness of holding rates needs therefore to be measured as the ratio of total recorded investments to outstandings issued. It was stable at end-2007 and at end-2008, at 89%.

Appendix 1

Change in the holding rate for non-residents in French CAC 40 shares

Calculations related to the contributions of effects resulting from price and flow variations in portfolio investment

Interaction between flows/stocks/valuation

Interaction between flows/stocks/valuation

	2007 stock	NRs' net flows in 2008	2008 stock
	S07 (07)	+ $F_{NR}08$ (07)	= S08 (07)
Change in stock excluding price variations in 2007	532.5	-4.3	= 528.2
	V_S07 (07)	V_$F_{NR}08$ (07)	= Sum total 1 (V)
Change in stock due to price effects in 2008	-227.4	-1.1	= -228.5
	S07 (08)	+ $F_{NR}08$ (08)	= S08 (08)
Change in stock with price variations	305.1	-5.4	= 299.7

	2007 capitalisation	Residents' net flows in 2008	NRs' net flows in 2008	2008 capitalisation
	C07 (07)	+ F_R08 (07)	+ $F_{NR}08$ (07)	= C08 (07)
Change in capitalisation excluding price variations	1,294.1	+21,9	-4,3	= 1, 311.7
	V_C07 (07)	V_F_R08 (07)	V_$F_{NR}08$ (07)	= Sum total 2 (V)
Change in capitalisation due to price effects in 2007	-537.9	-8.1	-1.1	= 547.0
	C07 (08)	+ F_R08 (08)	+ $F_{NR}08$ (08)	= C08 (08)
Change in capitalisation with price variations	756.3	+13.8	-5.4	= 764.7

R: residents.
NR: non-residents.

Measurement of the effects of price and flow variations on the holding rate for non-residents

Measurement of the effects of price and flow variations on the holding rate for non-residents

(rate as a %)

Prices	NRs' flows	Calculation formula for holding rate	Rate	
Constant prices	With NRs' flows	S08 (07) / C08 (07)	40.27	R1
Current prices	Excl. NRs' flows	S07 (08) / [C07 (08) + F_R08 (08)]	39.62	R2
Current prices	With NRs' flows	S08 (08) / C08 (08)	39.19	R3

The effects of prices on the change in the holding rate are measured as the differential between R3 and R1, i.e. 1.1 percentage points.

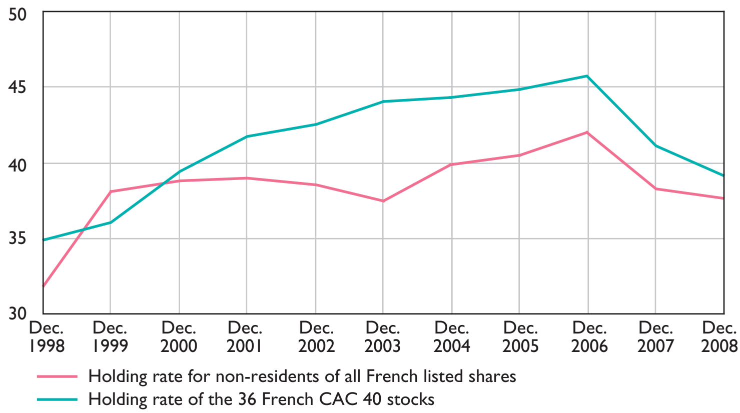
The effects of NRs' flows on the change in the holding rate are measured as the differential between R3 and R2, i.e. 0.4 percentage point.

Other effects are estimated by deduction at 0.5 percentage point.

Appendix 2

Change in the holding rate for non-residents in all French listed shares

(as a %)



Source: Banque de France – Balance of Payments Directorate – Securities Division.

Appendix 3

List of the 36 French companies in the CAC 40 at 31 December 2008

Accor
Air France-KLM
Air liquide
Alcatel-Lucent
Alstom
AXA
BNP Paribas
Bouygues
Cap Gemini
Carrefour
Crédit Agricole
Danone
EDF
Essilor International
France Telecom
GDF Suez
Lafarge
Lagardère
L'Oréal
LVMH
Michelin
Pernod-Ricard
Peugeot SA
PPR
Renault
Saint-Gobain
Sanofi-Aventis
Schneider Electric SA
Société Générale
Suez environnement
Total
Unibail-Rodamco
Vallourec
Veolia Environnement
Vinci
Vivendi

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Financial markets and interest rates

Other statistics

Nota bene

In Figures 5 and 9, data are henceforth expressed in billions of euro.

In Table 14, two items have been merged ("A" and "Blue" passbooks) and pages S39 and S40 have been modified.

The data in this section are updated on a monthly basis on the Banque de France's website.

Table 1
Industrial activity indicators – Monthly Business Survey – France

(seasonally-adjusted data)

	2009						
	April	**May**	**June**	**July**	**Aug.**	**Sept.**	**Oct.**
Changes in production from the previous month (a)							
Total	**-9**	**0**	**-9**	**0**	**0**	**1**	**6**
Intermediate goods	-12	0	-10	7	-3	1	6
Capital goods	-11	-10	-21	0	-6	0	-4
Automotive industry	-9	16	19	4	2	-1	13
Consumer goods	-5	3	-6	9	5	2	11
Agri-food industry	6	15	-7	0	-3	5	3
Production forecasts (a)							
Total	**-4**	**-4**	**-1**	**4**	**-1**	**2**	**2**
Intermediate goods	-11	-9	-6	-1	-1	2	1
Capital goods	-8	-12	-9	-2	-6	-8	-5
Automotive industry	32	35	21	36	25	22	28
Consumer goods	10	16	17	17	6	19	15
Agri-food industry	8	5	6	9	3	9	10
Changes in orders from the previous month (a)							
Total	**-6**	**0**	**-4**	**4**	**6**	**-2**	**11**
Foreign	-11	-7	-6	-2	0	1	5
Order books (a)							
Total	**-50**	**-49**	**-44**	**-41**	**-37**	**-32**	**-27**
Intermediate goods	-81	-76	-73	-65	-57	-50	-42
Capital goods	-14	-18	-18	-16	-18	-19	-16
Consumer goods	-20	-19	-21	-18	-15	-1	-2
Agri-food industry	-21	-22	-16	-17	-21	-20	-21
Inventories of finished goods (a)							
Total	**7**	**4**	**5**	**6**	**4**	**3**	**1**
Intermediate goods	7	7	5	2	1	-3	-4
Capital goods	10	8	7	7	8	6	4
Automotive industry	8	-2	8	24	2	8	-1
Consumer goods	3	-3	1	6	3	1	2
Agri-food industry	10	9	3	10	12	14	10
Capacity utilisation rate (b)							
Total	**69.8**	**69.9**	**70.3**	**71.0**	**71.0**	**71.6**	**72.0**
Staff levels (a)							
Changes from the previous month	-10	-9	-9	-7	-1	-2	-2
Forecast for the coming month	-14	-13	-13	-8	-10	-8	-8
Business sentiment indicator (c)							
	76	**82**	**85**	**88**	**90**	**93**	**95**

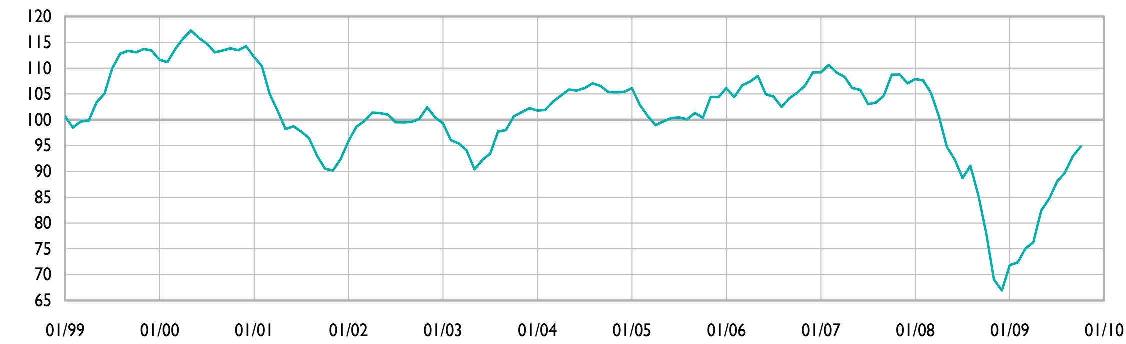
(a) Data given as a balance of opinions. Forecast series are adjusted for bias when it is statistically significant.
(b) Data given as a percentage.
(c) The indicator summarises industrial managers' sentiment regarding business conditions. The higher the indicator is, the more positive the assessment. The indicator is calculated using a principal component analysis of survey data smoothed over three months. By construction, the average is 100.

Source: Banque de France. *Produced 24 November 2009*

Table 2
Industrial activity indicators – Monthly Business Survey – France (seasonally-adjusted data)

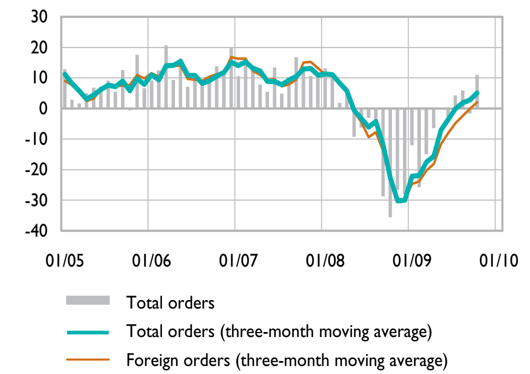
Business sentiment indicator

(100 = 1981-last value)



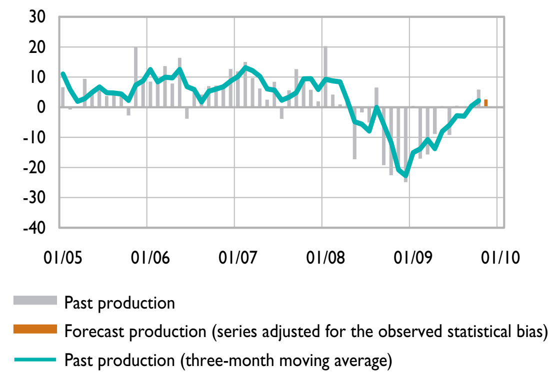
Orders (balance of opinions)

(monthly change)



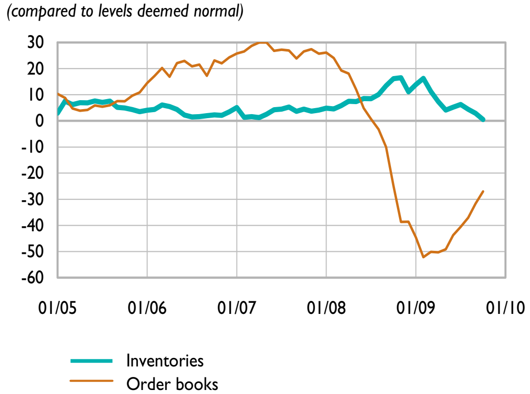
Production (balance of opinions)

(monthly change)



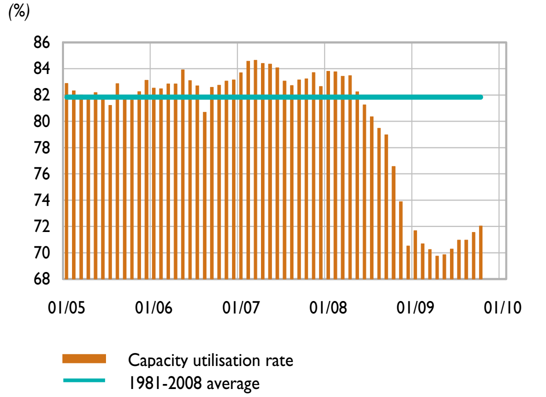
Inventories and order books (balance of opinions)

(compared to levels deemed normal)



Capacity utilisation rate

(%)



Source: Banque de France. *Produced 24 November 2009*

Table 3
Consumer price index

(annual % change)

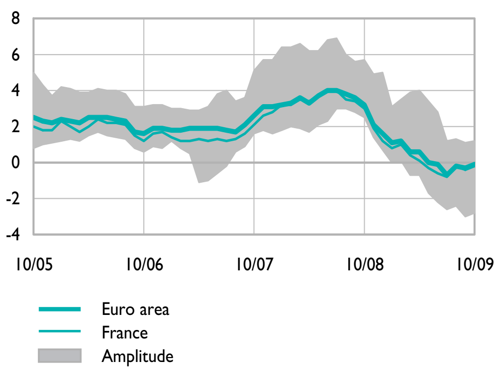
	2009								
	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.
France	1.0	0.4	0.1	-0.3	-0.6	-0.8	-0.2	-0.4	-0.2
Germany	1.0	0.4	0.8	0.0	0.0	-0.7	-0.1	-0.5	-0.1
Italy	1.5	1.1	1.2	0.8	0.6	-0.1	0.1	0.4	0.3
Euro area	1.2	0.6	0.6	0.0	-0.1	-0.7	-0.2	-0.3	-0.1
United Kingdom	3.2	2.9	2.3	2.2	1.8	1.8	1.6	1.1	na
European Union	1.8	1.4	1.3	0.8	0.6	0.2	0.6	0.3	0.5
United States	0.2	-0.4	-0.7	-1.3	-1.4	-2.1	-1.5	-1.3	-0.2
Japan	-0.1	-0.3	-0.1	-1.1	-1.8	-2.2	-2.2	-2.2	na

(annual average) *(seasonally-adjusted monthly % change)*

	2006	2007	2008	2009					
				May	June	July	Aug.	Sept.	Oct.
France	1.9	1.6	3.2	-0.1	0.1	-0.1	0.3	-0.1	0.1
Germany	1.8	2.3	2.8	-0.1	0.3	-0.3	0.4	-0.3	0.2
Italy	2.2	2.0	3.5	-0.1	0.0	-0.3	0.4	0.3	0.0
Euro area	2.2	2.1	3.3	0.0	0.3	-0.1	0.2	-0.1	0.1
United Kingdom	2.3	2.3	3.6	0.3	0.2	0.3	0.3	0.2	na
European Union	2.3	2.4	3.7	na	na	na	na	na	na
United States	3.2	2.9	3.8	0.1	0.7	0.0	0.4	0.2	0.3
Japan	0.2	0.1	1.4	-0.4	-0.2	-0.1	-0.1	-0.1	na

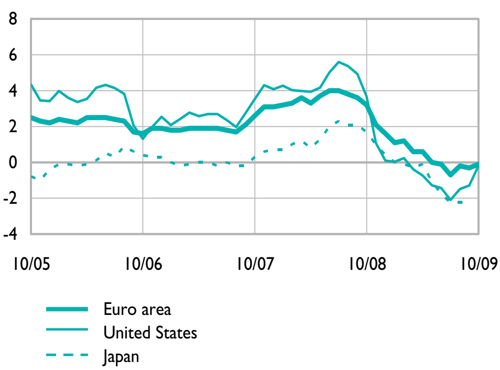
France and the euro area

(annual % change)



International comparisons

(annual % change)

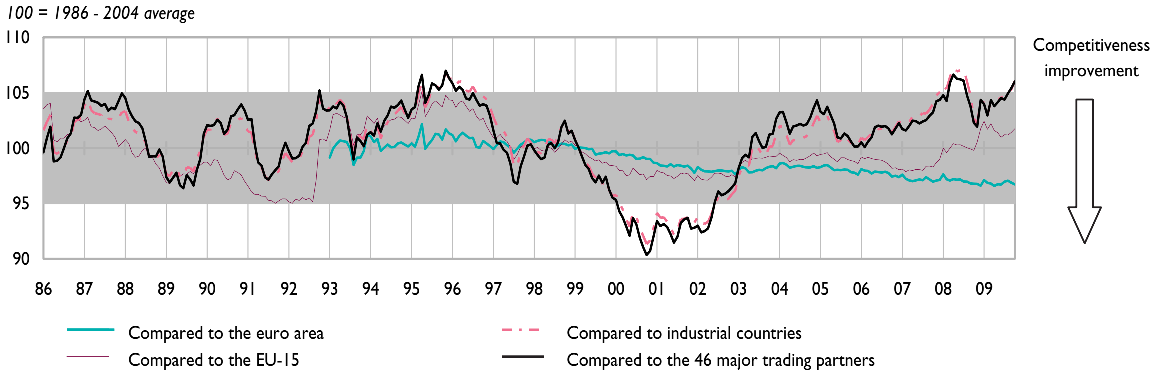


Harmonised indices except for the United States and Japan.
Amplitude = extreme values of the indices of harmonised prices observed in the euro area.

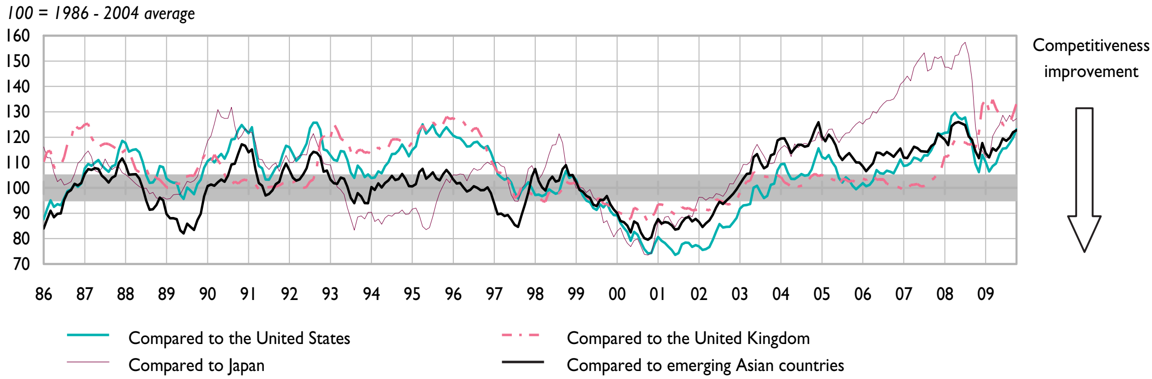
Sources: National data, Eurostat. *Produced 24 November 2009*

Table 4
The competitiveness of France's economy

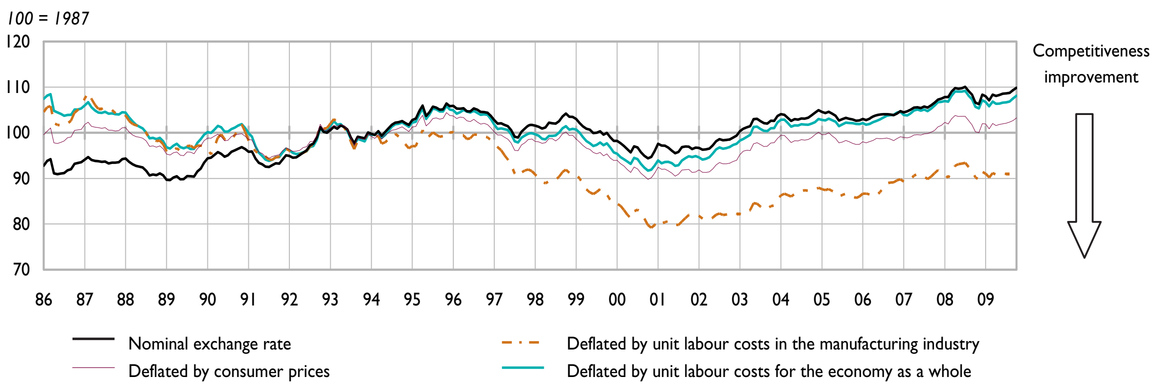
Indicators deflated by consumer prices



Indicators deflated by consumer prices



Indicators of competitiveness compared to 22 OECD countries



Grey area: change in competitiveness compared to long-term average less than 5%.

Sources: National data, Banque de France, ECB, IMF, INSEE, OECD, Thomson Financial Datastream.

Calculations: Banque de France. *Produced 24 November 2009*

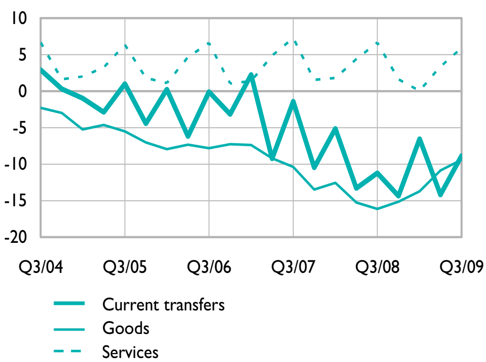
Table 5
Balance of payments – Main components (quarterly data) – France

(unadjusted data, EUR billions)

	2007	2008	2008		2009		
			Q3	Q4	Q1	Q2	Q3
	(a)	(a)	(a)	(a)	(a)	(a)	(b)
Current account	**-18.9**	**-44.0**	**-11.2**	**-14.4**	**-6.5**	**-14.2**	**-8.8**
Goods	-40.5	-59.1	-16.2	-15.1	-13.7	-10.9	-9.4
Services	15.0	14.5	6.7	1.6	0.0	3.4	5.9
Income	29.3	24.8	5.0	7.9	10.8	-0.9	1.0
Current transfers	-22.7	-24.2	-6.7	-8.8	-3.6	-5.8	-6.3
Capital account	**1.9**	**0.7**	**0.2**	**-0.1**	**0.0**	**0.3**	**0.0**
Financial account	**37.6**	**78.1**	**26.1**	**56.0**	**35.2**	**-7.5**	**28.3**
Direct investment	-47.6	-70.4	-11.9	-14.4	-28.7	-14.8	-2.2
French direct investment abroad	*-123.5*	*-136.8*	*-35.6*	*-17.9*	*-32.8*	*-37.8*	*-21.1*
Foreign direct investment in France	*75.9*	*66.3*	*23.7*	*3.5*	*4.1*	*22.9*	*18.9*
Portfolio investment	-121.0	89.4	43.3	92.2	102.5	82.7	24.1
Assets	*-206.8*	*-76.6*	*16.9*	*35.2*	*8.9*	*-30.3*	*-11.8*
Liabilities	*85.8*	*166.1*	*26.4*	*57.0*	*93.5*	*113.1*	*35.9*
Financial derivatives	44.8	-7.0	1.6	-20.8	-9.0	2.7	2.8
Other investment	162.0	57.6	-9.2	-6.1	-36.8	-76.3	4.4
Reserve assets	-0.5	8.5	2.3	5.1	7.2	-1.8	-0.7
Net errors and omissions	**-20.6**	**-34.8**	**-15.1**	**-41.5**	**-28.7**	**21.4**	**-19.5**

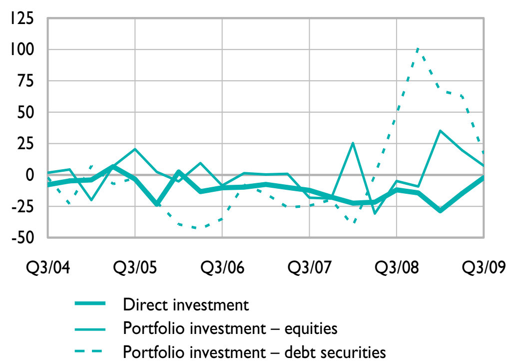
Current account balance

(unadjusted data, EUR billions)



Financial account balance

(unadjusted data, EUR billions)



(a) Semi-final figures.
(b) Provisional figures.

Source: Banque de France. *Produced 24 November 2009*

Table 6
Balance of payments – Current and capital accounts (quarterly data) – France

(unadjusted data, EUR billions)

	2007	2008	2008		2009		
			Q3	Q4	Q1	Q2	Q3
	(a)	(a)	(a)	(a)	(a)	(a)	(b)
Current account	**-18.9**	**-44.0**	**-11.2**	**-14.4**	**-6.5**	**-14.2**	**-8.8**
Goods	**-40.5**	**-59.1**	**-16.2**	**-15.1**	**-13.7**	**-10.9**	**-9.4**
Exports	*399.2*	*410.6*	*100.4*	*96.7*	*83.4*	*83.2*	*82.7*
Imports	*439.7*	*469.7*	*116.6*	*111.9*	*97.1*	*94.1*	*92.1*
General merchandise	-38.4	-56.5	-15.4	-14.8	-13.4	-10.5	-9.0
Goods procured in ports by carriers	-1.3	-2.7	-0.8	-0.5	-0.4	-0.3	-0.5
Goods for processing and repairs on goods	-0.7	0.1	0.1	0.2	0.1	0.0	0.1
Services	**15.0**	**14.5**	**6.7**	**1.6**	**0.0**	**3.4**	**5.9**
Exports	*109.4*	*111.7*	*32.0*	*25.5*	*22.2*	*26.0*	*29.3*
Imports	*94.4*	*97.2*	*25.4*	*23.9*	*22.1*	*22.6*	*23.4*
Transportation	-0.3	-0.9	-0.1	-0.2	-0.5	-0.1	0.7
Travel	12.8	8.5	5.1	-0.3	0.5	2.3	5.1
Communications services	1.2	1.0	0.3	0.2	0.2	0.2	0.1
Construction services	2.3	2.8	0.7	0.9	0.7	0.6	0.7
Insurance services	-0.8	-0.8	-0.1	-0.1	-0.5	-0.1	-0.1
Financial services	-0.1	0.0	0.1	0.0	0.0	0.0	0.1
Computer and information services	-0.3	-0.4	-0.1	-0.2	0.0	-0.1	-0.1
Royalties and license fees	3.0	3.7	0.7	1.0	0.8	0.8	0.6
Other business services	-2.0	1.7	0.4	0.6	-0.8	0.1	-0.8
Personal, cultural and recreational services	-0.9	-1.0	-0.2	-0.2	-0.3	-0.2	-0.2
Government services	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0
Income	**29.3**	**24.8**	**5.0**	**7.9**	**10.8**	**-0.9**	**1.0**
Compensation of employees	8.8	9.2	2.3	2.3	2.4	2.4	2.1
Investment income	20.5	15.7	2.7	5.6	8.4	-3.3	-1.2
Direct investment	*23.1*	*16.5*	*1.4*	*4.5*	*6.1*	*2.5*	*-1.5*
Portfolio investment	*6.6*	*8.6*	*3.9*	*2.6*	*3.2*	*-4.8*	*1.2*
Other investment	*-9.2*	*-9.4*	*-2.6*	*-1.5*	*-0.9*	*-1.0*	*-0.9*
Current transfers	**-22.7**	**-24.2**	**-6.7**	**-8.8**	**-3.6**	**-5.8**	**-6.3**
General government	-13.8	-15.3	-4.3	-6.5	-1.0	-3.4	-4.3
Other sectors	-8.9	-8.9	-2.3	-2.3	-2.6	-2.4	-2.0
of which workers' remittances	*-2.6*	*-2.6*	*-0.7*	*-0.6*	*-0.5*	*-0.5*	*-0.6*
Capital account	**1.9**	**0.7**	**0.2**	**-0.1**	**0.0**	**0.3**	**0.0**

(a) Semi-final figures.
(b) Provisional figures.

Source: Banque de France. *Produced 24 November 2009*

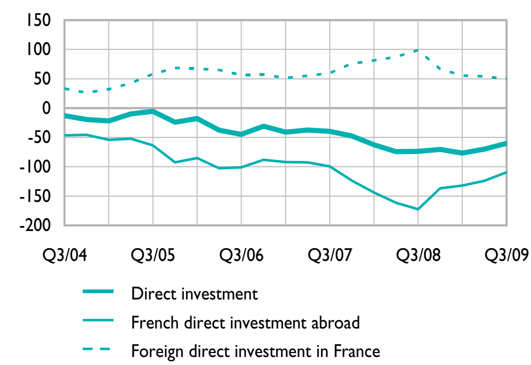
Table 7
Balance of payments – Financial flows (quarterly data) – France

(unadjusted data, EUR billions)

	2007	2008	2008		2009		
			Q3	Q4	Q1	Q2	Q3
	(a)	(a)	(a)	(a)	(a)	(a)	(b)
Financial account	**37.6**	**78.1**	**26.1**	**56.0**	**35.2**	**-7.5**	**28.3**
Direct investment	-47.6	-70.4	-11.9	-14.4	-28.7	-14.8	-2.2
French direct investment abroad	-123.5	-136.8	-35.6	-17.9	-32.8	-37.8	-21.1
of which equity capital and reinvested earnings	*-79.7*	*-65.3*	*-17.6*	*-11.4*	*-4.7*	*-22.6*	*-5.6*
Foreign direct investment in France	75.9	66.3	23.7	3.5	4.1	22.9	18.9
of which equity capital and reinvested earnings	*34.5*	*22.4*	*4.7*	*8.9*	*2.1*	*9.5*	*4.0*
Portfolio investment	-121.0	89.4	43.3	92.2	102.5	82.7	24.1
Assets	-206.8	-76.6	16.9	35.2	8.9	-30.3	-11.8
Equity securities	*-28.9*	*-9.5*	*4.9*	*-11.8*	*23.1*	*-0.7*	*2.1*
Bonds and notes	*-185.4*	*-36.5*	*10.3*	*14.9*	*13.0*	*-11.6*	*8.4*
Money market instruments	*7.4*	*-30.6*	*1.7*	*32.2*	*-27.2*	*-18.0*	*-22.3*
Liabilities	85.8	166.1	26.4	57.0	93.5	113.1	35.9
Equity securities	*-7.0*	*-9.9*	*-9.7*	*2.6*	*12.1*	*20.4*	*5.2*
Bonds and notes	*82.3*	*125.5*	*15.7*	*46.0*	*55.9*	*67.6*	*16.4*
Money market instruments	*10.5*	*50.5*	*20.5*	*8.4*	*25.6*	*25.0*	*14.3*
Financial derivatives	44.8	-7.0	1.6	-20.8	-9.0	2.7	2.8
Other investment	162.0	57.6	-9.2	-6.1	-36.8	-76.3	4.4
of which MFIs excl. Banque de France (net flows)	*96.4*	*-101.3*	*-4.4*	*-82.3*	*0.6*	*-26.7*	*-17.4*
Reserve assets	-0.5	8.5	2.3	5.1	7.2	-1.8	-0.7
Net errors and omissions	**-20.6**	**-34.8**	**-15.1**	**-41.5**	**-28.7**	**21.4**	**-19.5**

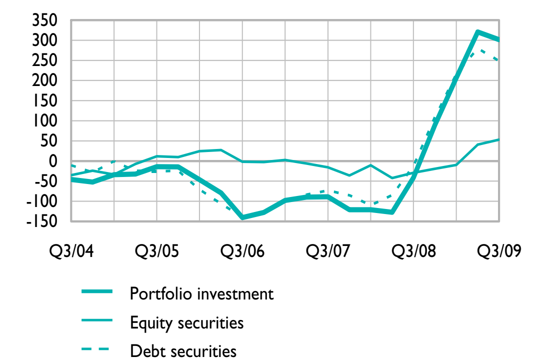
Direct investment account

(cumulated flows over 4 quarters)



Portfolio investment account

(cumulated flows over 4 quarters)



(a) Semi-final figures.
(b) Provisional figures.

Source: Banque de France.

Produced 24 November 2009

Table 8
Balance of payments – Geographical breakdown (quarterly data) – France

(unadjusted data, EUR billions)

	2nd quarter 2009					
	EMU (a)	EU-27 excl. EMU (b)	USA	Japan	Switzerland	China
Current account	**na**	**na**	**na**	**na**	**na**	**na**
Receipts	*72.1*	*20.0*	*11.2*	*2.2*	*5.9*	*3.2*
Expenditure	*na*	*na*	*na*	*na*	*na*	*na*
Goods	-13.9	1.6	-0.5	0.2	0.0	-2.3
Receipts	*40.1*	*10.9*	*4.9*	*1.2*	*2.5*	*2.0*
Expenditure	*54.0*	*9.3*	*5.4*	*1.0*	*2.4*	*4.3*
Services	1.1	0.3	1.2	-0.1	0.3	0.4
Receipts	*9.3*	*3.3*	*3.4*	*0.3*	*1.3*	*1.0*
Expenditure	*8.2*	*2.9*	*2.2*	*0.4*	*1.0*	*0.6*
Income	na	na	na	na	na	na
Receipts	*21.9*	*4.6*	*2.8*	*0.6*	*1.9*	*0.1*
Expenditure	*na*	*na*	*na*	*na*	*na*	*na*
Current Transfers	-1.3	-2.0	-0.1	0.0	-0.3	0.0
Financial account	**na**	**na**	**na**	**na**	**na**	**na**
Direct investment	-8.0	-4.6	0.0	0.2	-1.0	-0.2
French direct investment abroad	*-23.7*	*-8.2*	*-1.0*	*0.1*	*-1.1*	*-0.2*
Foreign direct investment in France	*15.7*	*3.6*	*0.9*	*0.1*	*0.1*	*0.0*
Portfolio investment (c)	na	na	na	na	na	na
Assets	-27.7	-6.7	-6.8	3.9	-1.2	-0.5
Equity securities	*1.6*	*-2.4*	*-0.4*	*-2.8*	*-0.9*	*-0.5*
Bonds and notes	*-14.8*	*-3.4*	*-4.8*	*4.0*	*0.0*	*0.0*
Money market instruments	*-14.5*	*-0.9*	*-1.6*	*2.6*	*-0.2*	*0.0*
Other investment	-37.6	-8.2	-13.2	1.9	-1.6	3.8
of which MFIs excluding Banque de France (net flows)	*-0.9*	*-2.0*	*-11.5*	*2.8*	*-2.3*	*3.7*

(a) 16 Member States (including Slovakia as of 1 January 2009).
(b) Denmark, United Kingdom, Sweden, European Institutions and New Member States (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Bulgaria, Romania).
(c) The geographical breakdown is not available for liabilities.

Source: Banque de France. *Produced 24 November 2009*

Table 9
Balance of payments (monthly data) – France

(unadjusted data, EUR billions)

	2008	2009			12-month total 2008	12-month total 2009
	Sept. (a)	July (b)	Aug. (b)	Sept. (b)	Sept. (a)	Sept. (b)
Current account	**-3.6**	**-1.4**	**-3.4**	**-4.1**	**-40.1**	**-43.9**
Goods	-5.6	-1.5	-4.6	-3.3	-57.4	-49.1
Services	2.0	2.4	1.8	1.7	14.4	11.0
Income	2.1	-0.1	1.4	-0.3	25.7	18.7
Current transfers	-2.1	-2.3	-2.0	-2.1	-22.8	-24.5
Capital account	**0.0**	**0.0**	**0.0**	**0.0**	**1.0**	**0.2**
Financial account	**11.8**	**-15.4**	**3.0**	**40.7**	**-8.3**	**112.0**
Direct investment	-5.9	-0.7	-1.7	0.1	-73.8	-60.1
French direct investment abroad	*-10.9*	*-7.6*	*-5.2*	*-8.4*	*-172.3*	*-109.5*
Equity capital	*-5.1*	*-2.1*	*-0.2*	*-0.5*	*-66.9*	*-32.5*
Reinvested earnings	*-1.1*	*-1.0*	*-1.0*	*-1.0*	*-15.0*	*-11.7*
Other capital	*-4.7*	*-4.5*	*-4.1*	*-7.0*	*-90.4*	*-65.3*
Foreign direct investment in France	*5.0*	*6.9*	*3.5*	*8.5*	*98.6*	*49.4*
Equity capital	*1.5*	*0.9*	*0.5*	*1.3*	*19.3*	*18.8*
Reinvested earnings	*0.6*	*0.4*	*0.4*	*0.4*	*8.2*	*5.6*
Other capital	*2.9*	*5.5*	*2.6*	*6.8*	*71.0*	*24.9*
Portfolio investment	43.8	-6.8	-5.5	36.4	-41.3	301.5
Assets	*51.0*	*-19.1*	*-11.7*	*19.0*	*-159.8*	*2.0*
Equity securities	*13.4*	*-2.7*	*2.6*	*2.2*	*-17.1*	*12.7*
Bonds and notes	*13.8*	*0.2*	*-5.0*	*13.2*	*-82.4*	*24.6*
Money market instruments	*23.8*	*-16.6*	*-9.4*	*3.6*	*-60.3*	*-35.3*
Liabilities	*-7.3*	*12.2*	*6.3*	*17.4*	*118.4*	*299.5*
Equity securities	*-6.2*	*0.3*	*2.2*	*2.6*	*-11.9*	*40.3*
Bonds and notes	*2.2*	*4.0*	*3.6*	*8.7*	*87.0*	*185.8*
Money market instruments	*-3.2*	*7.9*	*0.4*	*6.0*	*43.3*	*73.3*
Financial derivatives	-6.3	2.0	-0.7	1.4	36.9	-24.3
Other investment	-22.2	-8.9	11.4	1.9	63.3	-114.8
of which MFIs excl. Banque de France (net flows)	*-10.8*	*-15.1*	*0.8*	*-3.2*	*-34.9*	*-125.7*
Reserve assets	2.4	-1.1	-0.4	0.8	6.6	9.7
Net errors and omissions	**-8.2**	**16.8**	**0.3**	**-36.6**	**47.3**	**-68.3**

(a) Semi-final figures.
(b) Provisional figures.

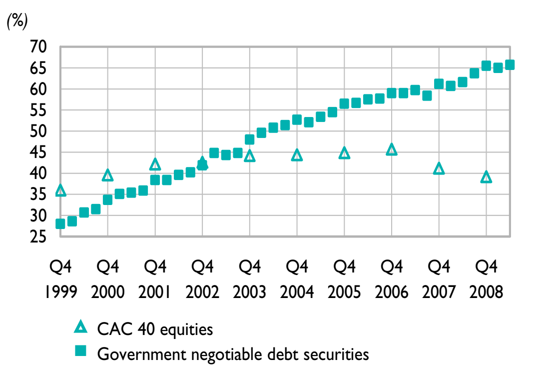
Source: Banque de France. *Produced 24 November 2009*

Table 10
France's international investment position (direct investment measured at book value)

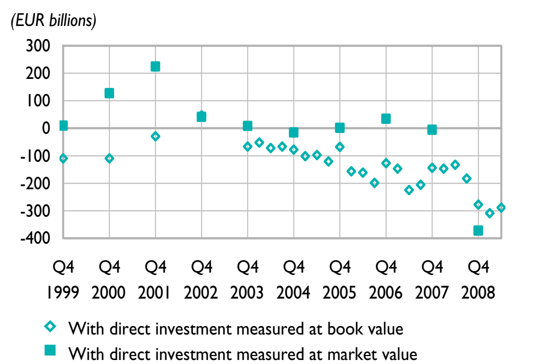
(EUR billions)

	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Q2
Assets	**2,883.5**	**3,573.4**	**4,061.1**	**4,541.8**	**4,408.3**	**4,384.7**
French direct investment abroad	620.6	736.2	793.0	877.4	1,003.8	1,079.2
Equity capital and reinvested earnings	*418.0*	*491.3*	*548.8*	*595.7*	*649.3*	*681.1*
Other capital	*202.6*	*244.8*	*244.3*	*281.7*	*354.5*	*398.1*
Portfolio investment	1,285.3	1,587.9	1,870.9	2,036.0	1,817.2	1,844.0
(foreign securities held by residents)						
MFIs (resident security-holding sector)	*562.3*	*665.9*	*755.0*	*743.1*	*718.5*	*720.6*
Non-MFIs (resident security-holding sector)	*722.8*	*922.0*	*1,115.9*	*1,292.9*	*1,098.8*	*1,123.5*
Financial derivatives	116.9	124.5	159.2	229.7	237.8	188.4
Other investment	803.9	1,061.8	1,163.3	1,320.1	1,275.5	1,200.1
MFIs	*578.9*	*840.7*	*945.6*	*1,094.7*	*1,058.6*	*984.4*
Non-MFIs	*225.0*	*221.1*	*217.7*	*225.4*	*216.9*	*215.7*
Reserve assets	56.8	63.0	74.6	78.6	74.0	72.9
Liabilities	**-2,961.2**	**-3,641.3**	**-4,188.3**	**-4,685.6**	**-4,685.6**	**-4,673.0**
Foreign direct investment in France	-471.2	-532.4	-578.7	-645.6	-712.3	-740.0
Equity capital and reinvested earnings	*-295.2*	*-325.0*	*-348.7*	*-378.2*	*-400.6*	*-412.2*
Other capital	*-176.0*	*-207.3*	*-230.0*	*-267.4*	*-311.8*	*-327.8*
Portfolio investment	-1,459.8	-1,764.8	-1,963.0	-1,987.9	-1,896.2	-2,077.6
(French securities held by non-residents)						
MFIs (resident security-issuing sector)	*-325.5*	*-414.5*	*-484.4*	*-505.4*	*-502.9*	*-486.1*
Non-MFIs (resident security-issuing sector)	*-1,134.3*	*-1,350.3*	*-1,478.6*	*-1,482.5*	*-1,393.3*	*-1,591.5*
Financial derivatives	-136.6	-147.4	-188.9	-304.2	-305.3	-249.7
Other investment	-893.7	-1,196.8	-1,457.7	-1,748.0	-1,771.7	-1,605.8
MFIs	*-740.4*	*-1,016.1*	*-1,245.0*	*-1,465.6*	*-1,345.2*	*-1,244.4*
Non-MFIs	*-153.3*	*-180.6*	*-212.7*	*-282.4*	*-426.5*	*-361.4*
Net position	**-77.8**	**-67.9**	**-127.2**	**-143.8**	**-277.3**	**-288.3**

Non-resident holdings of CAC 40 equities and government negotiable debt securities



France's international investment position



Source: Banque de France. *Produced 24 November 2009*

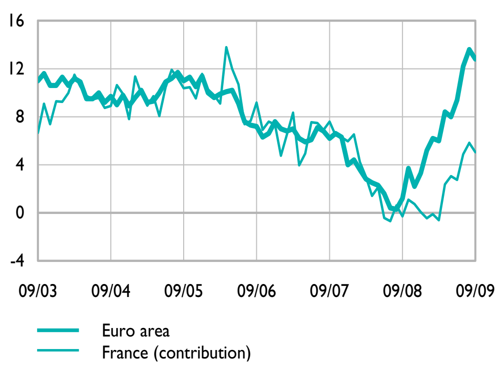
Table 11
Main monetary and financial aggregates – France and the euro area

(annual percentage growth rate)

	2006	2007	2008	2008	2009						
	Dec.	Dec.	Dec.	Sept.	March	April	May	June	July	Aug.	Sept.
M1											
Euro area (a)	7.6	4.0	3.3	1.2	6.0	8.4	8.0	9.4	12.2	13.6	12.8
France (contribution)	7.4	6.0	0.1	-0.3	-0.6	2.4	3.0	2.7	4.9	5.8	5.0
M2											
Euro area (a)	9.4	10.2	8.3	9.0	6.2	6.0	5.1	4.9	4.7	4.6	3.6
France (contribution)	8.4	13.9	8.1	9.9	2.7	3.8	3.2	1.8	1.7	2.2	1.4
M3											
Euro area (a)	9.9	11.6	7.5	8.7	5.1	4.9	3.8	3.6	3.0	2.6	1.8
France (contribution)	10.7	15.7	5.3	7.6	2.8	2.8	1.8	1.0	-0.7	-1.2	-2.5
Loans to the private sector											
Euro area (a)	10.8	11.2	5.7	8.5	3.1	2.3	1.8	1.4	0.6	0.1	-0.3
France (b)	12.7	14.9	7.0	8.9	3.0	2.0	1.8	1.1	0.2	0.1	-0.3

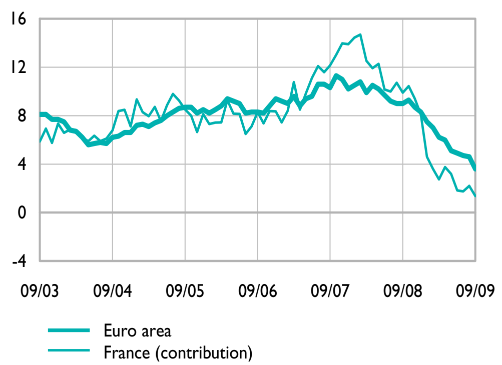
M1

(annual percentage growth rate)



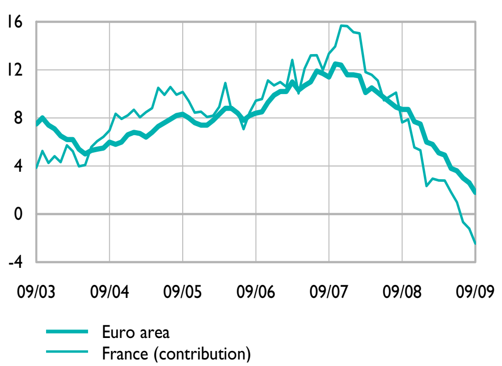
M2

(annual percentage growth rate)



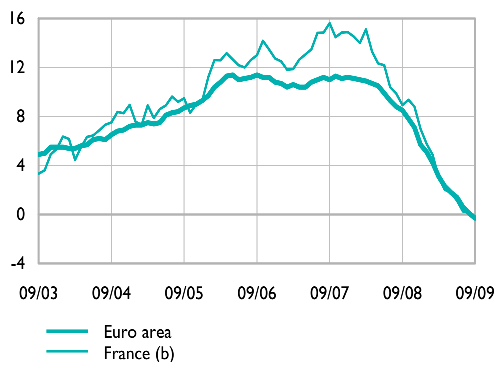
M3

(annual percentage growth rate)



Loans to the private sector

(annual percentage growth rate)



(a) Seasonal and calendar effect adjusted data.
(b) Loans extended by MFIs resident in France to euro area residents excluding MFIs and central government.

Sources: Banque de France, European Central Bank. *Produced 24 November 2009*

Table 12
Balance sheet of the Banque de France

(outstanding amounts at the end of the period, EUR billions)

	2006	2007	2008	2008	2009			
	Dec.	**Dec.**	**Dec.**	**Sept.**	**June**	**July**	**Aug.**	**Sept.**
Assets								
National territory	31.7	101.6	266.5	112.9	208.7	201.2	191.7	189.5
Loans	23.6	87.3	199.0	96.1	140.5	133.4	122.3	119.3
MFIs	*23.3*	*87.1*	*198.8*	*95.9*	*140.3*	*133.3*	*122.1*	*119.1*
Central government	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Private sector	*0.2*	*0.2*	*0.2*	*0.2*	*0.1*	*0.1*	*0.1*	*0.1*
Securities other than shares	8.1	14.3	67.5	16.8	68.3	67.7	69.4	70.2
MFIs	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Central government	*8.1*	*14.3*	*67.5*	*16.8*	*68.3*	*67.7*	*69.4*	*70.2*
Private sector	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shares and other equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other euro area countries	9.1	9.1	9.1	9.1	9.0	9.0	9.0	9.0
Rest of the world	33.7	57.1	102.6	110.1	92.7	92.0	88.1	86.3
Gold	42.2	47.6	49.8	51.0	52.3	52.3	52.3	53.5
Not broken down by geographical area (a)	118.1	148.5	129.0	161.1	117.3	118.7	124.7	123.5
Total	**234.9**	**363.8**	**557.1**	**444.2**	**480.0**	**473.2**	**465.8**	**461.8**
Liabilities								
National territory – Deposits	30.5	53.4	82.0	52.9	50.3	47.6	43.1	41.4
MFIs	29.8	52.4	71.2	52.2	46.2	46.3	41.9	40.2
Central government	0.0	0.3	10.3	0.3	3.1	0.3	0.3	0.3
Other sectors (overnight deposits)	0.8	0.7	0.5	0.4	1.0	1.0	0.9	0.9
Other euro area countries – Deposits	0.0	11.9	117.7	54.3	50.2	49.2	74.9	92.3
MFIs	0.0	11.9	117.7	54.3	50.2	49.2	74.9	92.3
Other sectors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rest of the world – Deposits	23.2	73.5	99.0	110.8	99.7	102.2	96.5	89.9
Not broken down by geographical area	181.1	225.0	258.5	226.2	279.9	274.3	251.3	238.2
Currency in circulation (b)	122.3	131.1	147.3	132.3	145.6	147.4	146.4	146.3
Debt securities issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital and reserves	48.0	55.2	58.6	58.8	63.0	63.0	63.0	63.7
Other	10.8	38.7	52.6	35.2	71.3	63.9	41.9	28.2
Total	**234.9**	**363.8**	**557.1**	**444.2**	**480.0**	**473.2**	**465.8**	**461.8**

(a) Including adjustments for the new accounting method for banknotes on the liability side of the Banque de France balance sheet since January 2002.
(b) Since January 2002, banknotes in circulation have been treated according to specific euro area accounting conventions. 8% of the total value of euro banknotes in circulation is allocated to the European Central Bank. The remaining 92% is broken down between the NCBs in proportion to their share in the paid-up capital of the ECB.

Source: Banque de France. *Produced 24 November 2009*

Table 13
Balance sheet of monetary financial institutions (MFIs) excluding the Banque de France

(outstanding amounts at the end of the period in EUR billions)

	2006	2007	2008	2008	2009			
	Dec.	Dec.	Dec.	Sept.	June	July	Aug.	Sept.
Assets								
National territory	3,593.1	4,128.8	4,517.7	4,326.8	4,575.6	4,602.8	4,547.3	4,496.0
Loans	2,745.1	3,211.3	3,493.6	3,381.0	3,519.1	3,552.8	3,492.2	3,458.9
MFIs	*1,062.0*	*1,310.6*	*1,480.2*	*1,351.4*	*1,513.2*	*1,550.0*	*1,492.4*	*1,452.7*
General government	*155.7*	*168.5*	*173.8*	*187.2*	*176.8*	*174.3*	*180.3*	*179.9*
Private sector	*1,527.4*	*1,732.2*	*1,839.6*	*1,842.5*	*1,829.1*	*1,828.5*	*1,819.6*	*1,826.4*
Securities other than shares	481.2	535.2	636.2	549.1	667.7	662.9	654.7	640.4
MFIs ≤ 2 years	*172.4*	*207.3*	*242.6*	*216.8*	*261.7*	*255.6*	*240.6*	*228.1*
MFIs > 2 years	*65.7*	*75.8*	*121.8*	*76.6*	*117.3*	*117.1*	*116.6*	*114.8*
General government	*152.7*	*150.0*	*149.7*	*150.2*	*173.4*	*173.5*	*179.1*	*178.0*
Private sector	*90.3*	*102.2*	*122.1*	*105.4*	*115.3*	*116.6*	*118.4*	*119.5*
Money market fund shares/units	77.3	81.4	90.3	92.0	89.3	89.3	89.0	84.7
Shares and other equity	289.5	300.8	297.7	304.6	299.5	297.9	311.5	312.0
Other euro area countries	848.9	1,011.5	1,006.4	1,055.4	1,021.3	1,034.4	1,053.9	1,032.5
Rest of the world	963.4	1,004.3	926.0	988.0	848.5	868.5	859.9	848.3
Not broken down by geographical area	766.8	975.8	1,260.4	1,067.4	1,352.7	1,371.7	1,343.4	1,330.1
Total	**6,172.3**	**7,120.4**	**7,710.6**	**7,437.5**	**7,798.0**	**7,877.4**	**7,804.5**	**7,707.0**
Liabilities								
National territory – Deposits	2,302.6	2,649.7	3,043.5	2,793.8	3,066.3	3,104.0	3,047.8	3,033.1
MFIs	1,055.4	1,303.2	1,605.1	1,397.9	1,564.2	1,615.0	1,570.7	1,542.9
Central government	16.0	16.3	23.4	32.1	48.0	23.7	18.6	27.5
Other sectors	1,231.2	1,330.2	1,415.0	1,363.8	1,454.1	1,465.3	1,458.5	1,462.7
Overnight deposits	*419.1*	*445.8*	*434.4*	*425.2*	*429.4*	*437.3*	*431.0*	*435.4*
Deposits with agreed maturity ≤ 2 years	*64.2*	*127.8*	*185.3*	*171.6*	*133.5*	*133.0*	*132.7*	*133.0*
Deposits with agreed maturity > 2 years	*297.3*	*277.2*	*260.9*	*259.0*	*336.0*	*343.6*	*343.1*	*348.0*
Deposits redeemable at notice ≤ 3 months	*416.7*	*437.6*	*486.0*	*462.5*	*503.0*	*501.4*	*503.3*	*500.3*
Repos	*33.9*	*41.7*	*48.5*	*45.5*	*52.2*	*50.1*	*48.4*	*46.0*
Other euro area countries – Deposits	327.5	396.1	377.6	421.0	360.2	356.2	370.5	347.6
MFIs	265.8	296.9	277.6	309.0	257.1	255.1	255.9	234.7
Other sectors	61.7	99.2	100.1	112.0	103.1	101.1	114.5	113.0
Rest of the world – Deposits	933.3	1,088.4	985.3	1,067.5	905.1	899.7	880.0	878.8
Not broken down by geographical area	2,608.9	2,986.2	3,304.1	3,155.2	3,466.4	3,517.5	3,506.3	3,447.5
Debt securities issued ≤ 2 years	*335.6*	*447.5*	*458.6*	*480.7*	*454.4*	*440.2*	*410.0*	*385.5*
Debt securities issued > 2 years	*531.2*	*604.1*	*689.3*	*649.2*	*690.5*	*698.1*	*710.4*	*708.8*
Money market fund shares/units	429.6	428.5	483.3	467.7	524.1	531.5	534.5	510.8
Capital and reserves	367.9	392.5	416.1	413.3	432.7	430.3	439.6	437.1
Other	944.6	1,113.5	1,256.8	1,144.3	1,364.7	1,417.3	1,411.8	1,405.3
Total	**6,172.3**	**7,120.4**	**7,710.6**	**7,437.5**	**7,798.0**	**7,877.4**	**7,804.5**	**7,707.0**

NB: Since July 2003, financial transactions carried out by La Poste have been accounted for in the balance sheet of monetary financial institutions. This has resulted in an increase in the item "Shares and other equity" in Assets, and in "Overnight deposits" and "Capital and reserves" in Liabilities.

Source: Banque de France. *Produced 24 November 2009*

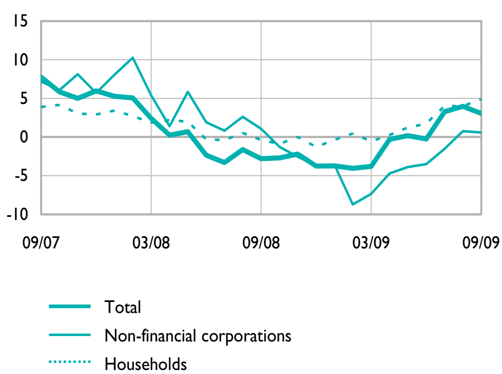
Table 14
Deposits – France

(outstanding amounts at the end of the period in EUR billions – % growth)

	2006	2007	2008	2008	2009			
	Dec.	Dec.	Dec.	Sept.	June	July	Aug.	Sept.
Overnight deposits								
Total non-financial sectors (excluding central government)	448,0	463,3	447,8	432,0	436,7	443,4	442,1	447,2
Households and similar	*240,0*	*246,8*	*243,7*	*242,4*	*247,8*	*256,3*	*253,9*	*254,2*
Non-financial corporations	*151,9*	*159,7*	*154,5*	*147,4*	*146,0*	*142,7*	*144,1*	*148,2*
General government (excl. central government)	*56,1*	*56,8*	*49,6*	*42,3*	*42,9*	*44,4*	*44,2*	*44,9*
Other sectors	25,4	37,2	33,6	31,8	32,4	35,0	30,1	30,0
Total – Outstanding amounts	**473,4**	**500,4**	**481,4**	**463,8**	**469,2**	**478,4**	**472,3**	**477,3**
Total – Growth rate	**5,7**	**6,0**	**-3,8**	**-2,8**	**-0,3**	**3,3**	**4,0**	**3,0**
Passbook savings accounts								
"A" and "Blue" passbooks	133,7	140,8	164,4	154,5	185,1	184,0	184,1	183,1
Housing savings accounts	38,4	38,1	36,7	37,4	36,6	36,7	37,0	36,8
Sustainable development passbook accounts	51,1	63,1	70,2	68,6	70,5	70,3	70,3	69,6
People's savings passbooks	58,2	60,6	62,0	62,2	59,8	59,6	59,8	59,6
Youth passbooks	6,7	7,1	7,4	7,3	7,2	7,2	7,3	7,4
Taxable passbooks	128,6	128,0	145,4	132,4	143,8	143,5	144,8	143,9
Total – Outstanding amounts	**416,7**	**437,6**	**486,0**	**462,5**	**503,0**	**501,4**	**503,3**	**500,3**
Total – Growth rate	**6,2**	**5,0**	**11,1**	**7,8**	**10,6**	**9,7**	**9,0**	**8,2**

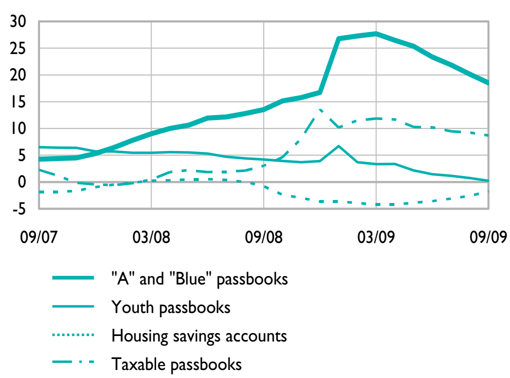
Overnight deposits

(annual growth rate)



Passbook savings accounts

(annual growth rate)



Source: Banque de France.

Produced 24 November 2009

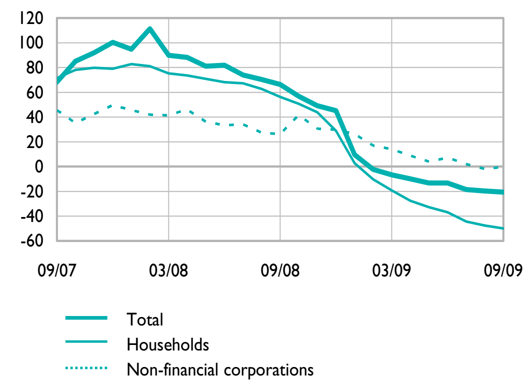
Table 15
Time deposits – France

(outstanding amounts at the end of the period in EUR billions – % growth)

	2006	2007	2008	2008	2009			
	Dec.	Dec.	Dec.	Sept.	June	July	Aug.	Sept.
Deposits with agreed maturity up to two years								
Total non-financial sectors (excl. central government)	58.0	94.0	121.9	120.0	90.9	89.9	87.5	86.3
Households and similar	*27.2*	*48.2*	*62.4*	*66.5*	*37.4*	*36.0*	*34.9*	*33.3*
Non-financial corporations	*30.4*	*45.1*	*58.8*	*52.6*	*52.7*	*53.2*	*52.0*	*52.4*
General government (excl. central government)	*0.5*	*0.6*	*0.8*	*0.9*	*0.8*	*0.7*	*0.7*	*0.6*
Other sectors	6.3	33.8	63.4	51.6	42.6	43.1	45.2	46.6
Total – Outstanding amounts	**64.2**	**127.8**	**185.3**	**171.6**	**133.5**	**133.0**	**132.7**	**133.0**
Total – Growth rate	**21.3**	**100.4**	**45.1**	**66.4**	**-13.3**	**-18.5**	**-19.6**	**-20.5**
Deposits with agreed maturity of over two years								
Total non-financial sectors (excl. central government)	273.6	255.0	236.5	238.2	249.9	252.5	254.2	255.6
Households and similar	*260.1*	*245.2*	*223.2*	*226.7*	*230.7*	*232.0*	*233.1*	*234.1*
PEL	*206.1*	*190.4*	*168.7*	*172.5*	*167.0*	*167.1*	*167.6*	*168.1*
PEP	*35.0*	*32.4*	*29.3*	*29.9*	*29.0*	*28.8*	*28.8*	*28.7*
Other	*19.1*	*22.4*	*25.1*	*24.3*	*34.8*	*36.1*	*36.7*	*37.3*
Non-financial corporations	*13.4*	*9.8*	*13.3*	*11.5*	*18.8*	*20.2*	*20.7*	*21.1*
General government (excl. central government)	*0.0*	*0.0*	*0.1*	*0.0*	*0.3*	*0.3*	*0.3*	*0.3*
Other sectors	23.7	22.2	24.4	20.7	86.1	91.1	88.9	92.4
Total – Outstanding amounts	**297.3**	**277.2**	**260.9**	**259.0**	**336.0**	**343.6**	**343.1**	**348.0**
Total – Growth rate	**-4.7**	**-6.7**	**-5.9**	**-7.0**	**25.5**	**29.6**	**30.3**	**33.7**

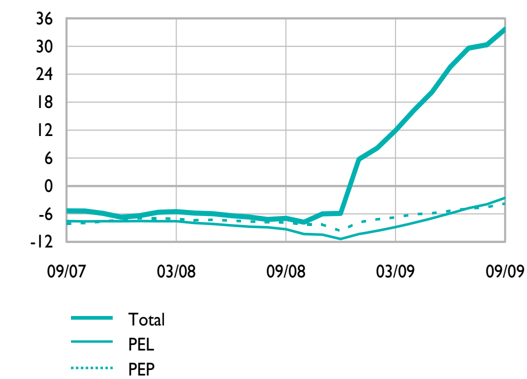
Deposits up to 2 years

(annual percentage growth rate)



Deposits over 2 years

(annual percentage growth rate)



Sources: Banque de France, European Central Bank.

Produced 24 November 2009

Table 16
Loans extended by credit institutions established in France to French residents – France

(outstanding amounts at the end of the period in EUR billions – % growth)

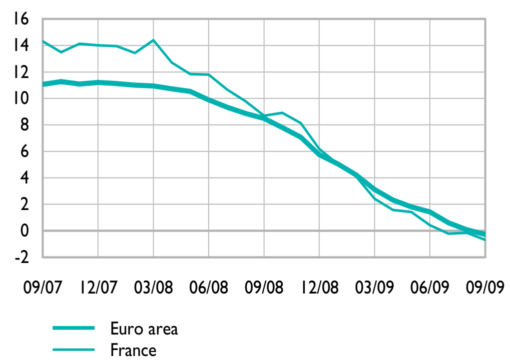
	2006	2007	2008	2008	2009				
	Dec.	Dec.	Dec.	Sept.	May	June	July	Aug.	Sept.
Loans from monetary financial institutions									
Private sector	1,527.6	1,732.4	1,839.8	1,842.6	1,833.3	1,829.2	1,828.6	1,819.7	1,826.5
General government	155.8	168.5	173.8	187.2	170.4	176.8	174.3	180.3	179.9
Total – Outstanding amounts	**1,683.4**	**1,900.9**	**2,013.5**	**2,029.8**	**2,003.8**	**2,006.1**	**2,003.0**	**2,000.0**	**2,006.4**
Private sector	11.7	14.0	6.2	8.7	1.4	0.4	-0.2	-0.1	-0.7
General government	3.3	8.2	3.1	11.1	-4.7	-3.3	-4.1	-2.2	-3.9
Total – Growth rate	**10.9**	**13.5**	**5.9**	**8.9**	**0.9**	**0.1**	**-0.6**	**-0.3**	**-1.0**
Loans from credit institutions to non-financial corporations									
Fixed investment	250.7	279.5	312.6	306.3	317.4	318.1	320.7	320.4	320.6
Inventories and working capital	171.4	199.1	216.2	215.4	204.1	196.2	194.6	189.0	185.3
Other lending	208.4	234.7	252.9	247.1	257.8	257.0	257.8	257.2	257.4
Total – Outstanding amounts	**630.5**	**713.3**	**781.6**	**768.9**	**779.3**	**771.2**	**773.1**	**766.6**	**763.3**
Total – Growth rate	**10.0**	**13.7**	**9.5**	**12.3**	**4.2**	**2.3**	**1.3**	**0.4**	**-0.5**
Loans from credit institutions to households									
Loans for house purchase	578.6	652.9	710.0	698.3	711.6	716.0	720.2	722.5	726.5
Consumer loans	134.7	141.2	145.5	144.3	143.2	145.8	145.6	144.3	144.5
Other lending	79.4	83.0	84.7	85.1	86.1	86.2	86.5	86.6	86.7
Total – Outstanding amounts	**792.7**	**877.1**	**940.1**	**927.6**	**940.9**	**948.0**	**952.3**	**953.4**	**957.7**
Total – Growth rate	**11.6**	**11.0**	**7.3**	**8.8**	**4.7**	**4.3**	**3.8**	**3.7**	**3.5**

Source: Banque de France. *Produced 24 November 2009*

Table 17
Loans from credit institutions broken down by counterpart and by financing purpose – France (a) and euro area

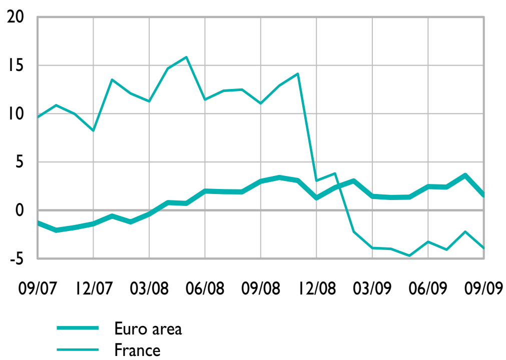
Loans to the private sector

(annual percentage growth rate)



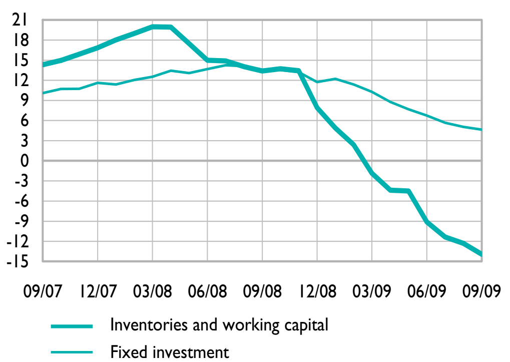
Loans to the public sector

(annual percentage growth rate)



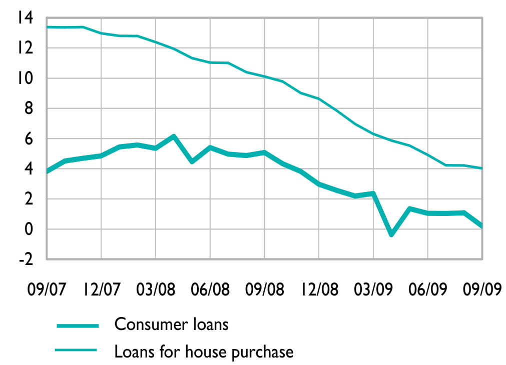
Loans to non-financial corporations – France

(annual percentage growth rate)



Loans to households – France

(annual percentage growth rate)



(a) Loans extended by credit institutions established in France to French residents.

Sources: Banque de France, European Central Bank.

Produced 24 November 2009

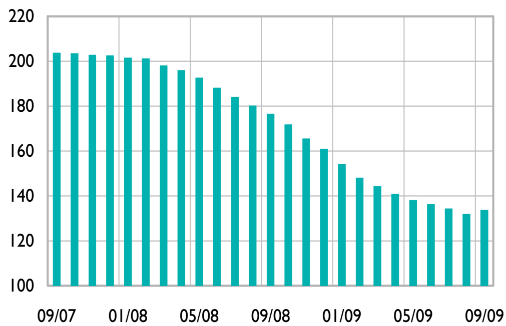
Table 18
New loans to residents – France

(excl. overdrafts, cumulative amounts over 12 months in EUR billions)

	2008			2009		
	July	Aug.	Sept.	July	Aug.	Sept.
Total – new loans	**489.5**	**488.0**	**484.6**	**387.7**	**373.8**	**371.4**
Loans to households	**184.1**	**180.2**	**176.5**	**134.3**	**131.9**	**133.7**
Consumer loans (excl. overdrafts)	55.3	54.8	54.9	50.7	50.8	50.9
Loans for house purchase with an IRFP ≤ 1 year (a)	17.5	16.6	15.6	8.0	7.7	7.8
Loans for house purchase with an IRFP > 1 year (a)	111.3	108.8	106.0	75.6	73.5	75.0
Loans to non-financial corporations	**305.4**	**307.9**	**308.1**	**253.4**	**241.8**	**237.7**
Loans with an IRFP ≤ 1 year (excl. overdrafts) (a)	196.8	199.3	200.4	173.9	166.7	163.5
Loans with an IRFP > 1 year (a)	108.6	108.6	107.7	79.4	75.1	74.2

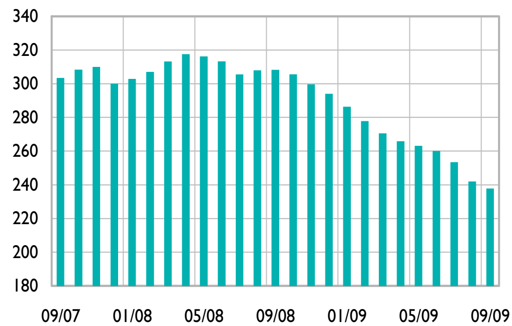
Loans to households

(EUR billions)



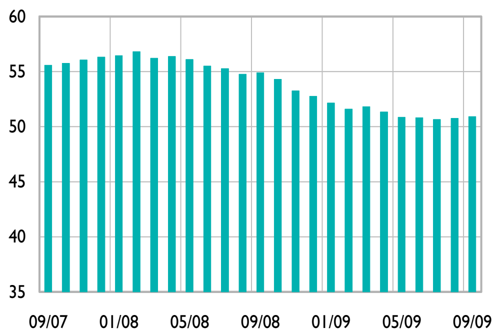
Loans to non-financial corporations

(EUR billions)



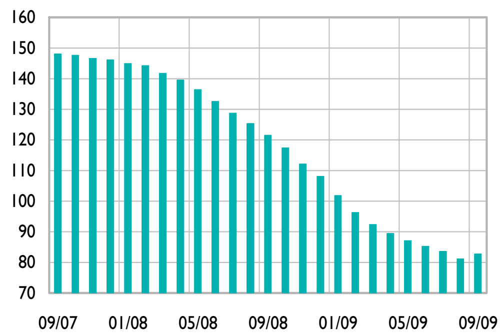
Consumer loans to households (excl. overdrafts)

(EUR billions)



Loans for house purchase

(EUR billions)



Data revised over the entire period.

(a) IRFP: initial rate fixation period i.e. the period for which the rate of a loan is fixed.
IRFP ≤ 1 year: loans for which the rate is adjusted at least once a year + fixed-rate loans with an initial maturity of up to 1 year.
IRFP > 1 year: loans for which the rate is adjusted less than once a year + fixed-rate loans with an initial maturity of over 1 year.

Sources: Banque de France, European Central Bank. *Produced 24 November 2009*

Table 19
Investment and financing – Insurance corporations and pension funds – Euro area and France

(EUR billions)

Euro area	Cumulated transaction flows over 4 quarters					Outstanding amounts
	2008			2009		2009
	Q2	Q3	Q4	Q1	Q2	June
Financial assets						
Currency and deposits	48.7	32.0	57.0	28.4	23.0	857.8
of which deposits included in M3 (a)	*35.1*	*32.3*	*56.9*	*18.1*	*12.4*	*197.6*
Short-term debt securities	33.4	16.9	15.3	7.1	4.7	352.3
Long-term debt securities	93.4	100.6	80.3	94.3	50.2	2,030.1
Loans	12.0	13.5	23.2	0.6	15.2	371.9
Shares and other equity	63.2	47.6	33.1	20.7	75.8	1,951.3
of which quoted shares	*-2.1*	*-10.9*	*-11.5*	*-8.2*	*-10.3*	*439.5*
Remaining net assets	-18.6	1.7	30.8	0.6	25.6	242.0
Financing						
Debt securities	5.1	5.4	9.3	9.9	7.0	40.0
Loans	3.5	-7.4	22.2	-10.4	6.3	213.0
Shares and other equity	-3.1	-8.7	-1.4	0.9	0.8	414.9
Insurance technical reserves	246.5	233.1	191.6	168.6	163.7	5,275.8
Life insurance	*236.5*	*217.8*	*177.1*	*160.4*	*157.5*	*4,585.4*
Non-life insurance	*10.0*	*15.4*	*14.5*	*8.2*	*6.3*	*690.4*
Net lending/net borrowing (B9B)	**-20.1**	**-10.1**	**18.1**	**-17.4**	**16.5**	

(EUR billions)

France	Cumulated transaction flows over 4 quarters					Outstanding amounts
	2008			2009		2009
	Q2	Q3	Q4	Q1	Q2	June
Financial assets						
Currency and deposits	5.5	-0.1	3.1	1.3	-0.3	22.4
of which deposits included in M3 (a)	*2.7*	*0.5*	*2.4*	*0.1*	*-1.2*	*12.0*
Short-term debt securities	30.7	13.8	13.3	9.4	11.4	314.9
Long-term debt securities	31.1	42.3	28.7	22.2	37.9	639.7
Loans	1.6	-0.5	0.0	-0.2	2.5	39.9
Shares and other equity	36.2	20.2	21.4	13.8	1.3	579.3
of which quoted shares	*5.5*	*0.8*	*1.2*	*0.3*	*-1.1*	*50.3*
Remaining net assets	-9.6	-5.6	3.5	-1.9	3.2	13.6
Financing						
Debt securities	3.5	3.7	8.2	6.9	5.2	26.3
Loans	-3.1	-15.0	-6.4	-14.2	-8.2	53.2
Shares and other equity	2.0	0.5	1.7	2.0	1.9	119.8
Insurance technical reserves	84.9	80.5	72.4	74.3	78.8	1,453.1
Life insurance	*78.2*	*73.9*	*65.7*	*67.7*	*72.1*	*1,296.2*
Non-life insurance	*6.7*	*6.6*	*6.6*	*6.7*	*6.7*	*156.9*
Net lending/net borrowing (B9B)	**8.2**	**0.4**	**-5.9**	**-24.5**	**-21.8**	

(a) Deposits with agreed maturity up to 2 years and redeemable at notice up to 3 months of insurance corporations held with MFIs and central government.

Sources: Banque de France, European Central Bank. *Produced 24 November 2009*

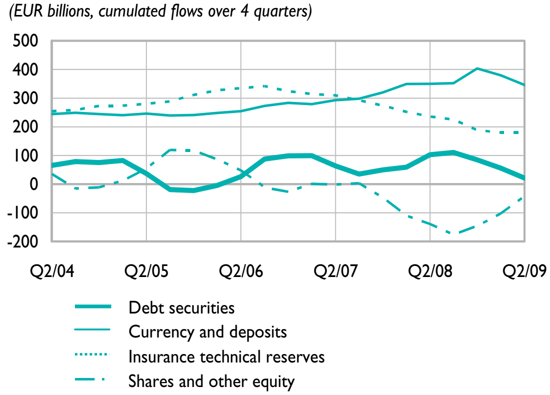
Table 20
Investment and financing – Households – Euro area

(EUR billions)

	Cumulated transaction flows over 4 quarters					Outstanding amounts
	2008			2009		2009
	Q2	Q3	Q4	Q1	Q2	June
Financial assets						
Currency and deposits	350.4	352.4	404.1	379.6	345.9	6,316.6
of which deposits included in M3 (a)	*355.5*	*361.7*	*384.4*	*344.8*	*284.4*	*4,908.0*
Short-term debt securities	21.1	19.4	9.3	-9.7	-25.0	45.7
Long-term debt securities	81.4	91.1	75.7	65.7	45.8	1,344.0
Shares and other equity	-139.0	-176.0	-146.1	-102.3	-42.8	3,758.0
Quoted shares	-39.8	-46.0	-15.5	4.6	14.6	633.3
Unquoted shares and other equity	15.0	4.1	7.6	-1.1	15.9	1,797.8
Mutual fund shares	-114.1	-134.1	-138.2	-105.8	-73.4	1,326.9
of which money market fund shares	*10.5*	*13.5*	*-9.1*	*-4.0*	*-24.9*	*312.0*
Insurance technical reserves	236.1	225.4	188.2	180.2	181.1	5,288.7
Remaining net assets	-20.6	-3.9	-33.0	-30.6	-9.7	-293.0
Financing						
Loans	287.8	252.2	205.4	147.7	112.1	5,746.9
of which from euro area MFIs	*199.0*	*183.2*	*81.6*	*18.8*	*9.1*	*4,899.9*
Revaluation of financial assets						
Shares and other equity	-1,007.0	-1,051.3	-1,403.6	-1,090.8	-624.5	
Insurance technical reserves	-132.9	-188.3	-269.0	-210.5	-119.9	
Other flows	-10.5	-81.8	-96.1	-60.5	-8.3	
Change in net financial worth	**-908.6**	**-1,065.4**	**-1,475.8**	**-1,026.5**	**-369.5**	

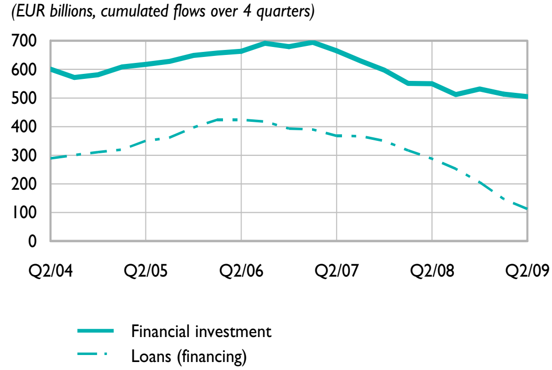
Investment flows

(EUR billions, cumulated flows over 4 quarters)



Investment and financing flows

(EUR billions, cumulated flows over 4 quarters)



(a) Deposits with agreed maturity up to 2 years and redeemable at notice up to 3 months of households held with MFIs and central government.

Source: European Central Bank. *Produced 24 November 2009*

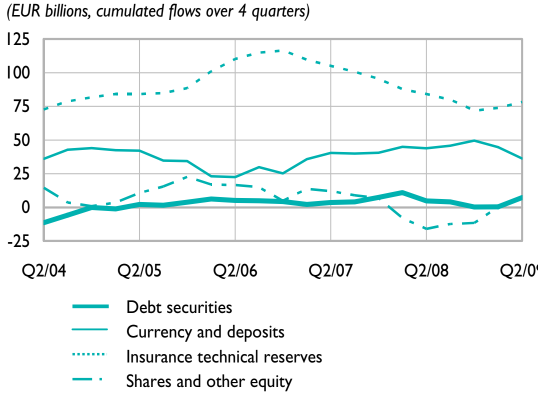
Table 21
Investment and financing – Households – France

(EUR billions)

	Cumulated transaction flows over 4 quarters					Outstanding amounts
	2008			2009		2009
	Q2	Q3	Q4	Q1	Q2	June
Financial assets						
Currency and deposits	43.8	45.8	49.6	44.7	36.2	1,105.2
of which deposits included in M3 (a)	*57.3*	*59.4*	*63.9*	*50.0*	*33.0*	*829.3*
Short-term debt securities	3.5	2.5	2.1	1.6	1.8	23.9
Long-term debt securities	1.2	1.5	-1.8	-1.2	5.4	46.5
Shares and other equity	-16.0	-12.5	-11.5	0.3	6.1	818.9
Quoted shares	-7.1	-4.7	-2.6	3.7	5.8	105.0
Unquoted shares and other equity	4.6	4.9	6.9	14.7	16.8	416.5
Mutual fund shares	-13.5	-12.7	-15.9	-18.0	-16.5	297.4
of which money market fund shares	*14.5*	*10.9*	*7.2*	*0.7*	*-4.3*	*66.4*
Insurance technical reserves	84.1	79.9	71.8	73.8	78.2	1,428.7
Remaining net assets	26.6	37.9	17.9	-0.2	-9.7	-72.9
Financing						
Loans	76.9	74.3	65.8	50.7	40.3	997.2
of which from resident MFIs	*74.7*	*71.3*	*52.0*	*36.8*	*32.1*	*950.5*
Revaluation of financial assets						
Shares and other equity	-171.4	-164.8	-247.0	-207.8	-110.6	
Insurance technical reserves	-39.8	-42.3	-57.1	-42.2	-25.3	
Other flows	49.6	47.6	1.1	0.4	2.7	
Change in net financial worth	**-95.3**	**-78.6**	**-240.8**	**-181.4**	**-55.4**	

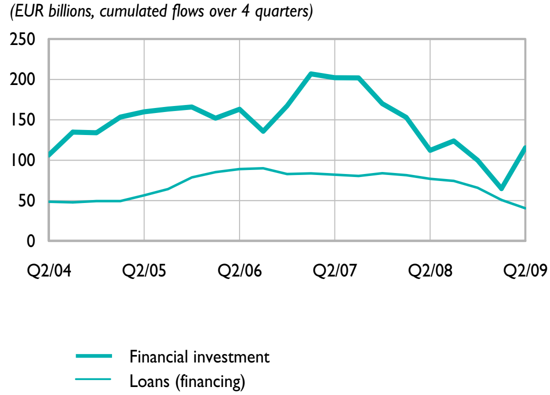
Investment flows

(EUR billions, cumulated flows over 4 quarters)



Investment and financing flows

(EUR billions, cumulated flows over 4 quarters)



(a) Deposits with agreed maturity up to 2 years and redeemable at notice up to 3 months of households held with MFIs and central government.

Source: Banque de France. *Produced 24 November 2009*

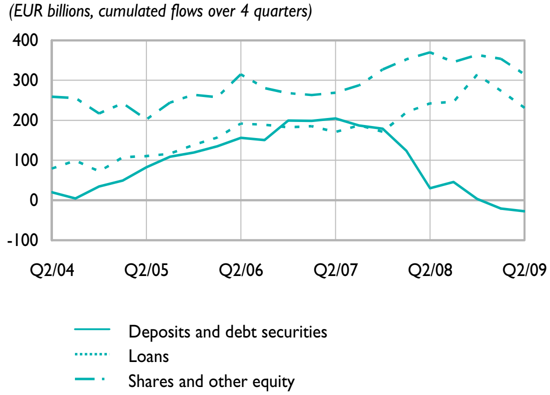
Table 22
Investment and financing – Non-financial corporations – Euro area

(EUR billions)

	Cumulated transaction flows over 4 quarters					Outstanding amounts
	2008			2009		2009
	Q2	Q3	Q4	Q1	Q2	June
Financial assets						
Currency and deposits	94.5	92.5	25.0	8.7	39.2	1,743.8
of which deposits included in M3 (a)	*106.7*	*81.9*	*3.6*	*-17.7*	*-0.7*	*1,448.4*
Debt securities	-64.4	-46.9	-22.1	-29.5	-66.8	266.9
Loans	242.2	246.3	314.4	273.7	231.0	2,641.7
Shares and other equity	369.9	345.8	363.5	354.0	314.7	6,239.6
Insurance technical reserves	4.7	4.0	2.3	-1.1	0.3	144.2
Remaining net assets	42.4	-34.2	-92.6	-168.5	-132.6	372.2
Financing						
Debt	743.5	760.6	692.5	579.6	393.7	9,362.3
Loans	729.3	716.5	635.7	509.5	308.8	8,198.1
of which from euro area MFIs	*561.8*	*513.1*	*419.8*	*279.6*	*126.2*	*4,803.3*
Debt securities	12.3	41.7	55.1	68.4	82.9	832.7
Pension fund reserves	1.9	2.4	1.8	1.8	2.0	331.5
Shares and other equity	259.5	191.0	248.5	189.8	255.3	10,327.7
Quoted shares	*-12.1*	*-29.7*	*2.2*	*12.1*	*45.2*	*2,843.1*
Unquoted shares and other equity	*271.5*	*220.7*	*246.3*	*177.8*	*210.0*	*7,484.6*
Net lending/net borrowing (B9B)	**-313.6**	**-344.0**	**-350.6**	**-332.2**	**-263.1**	

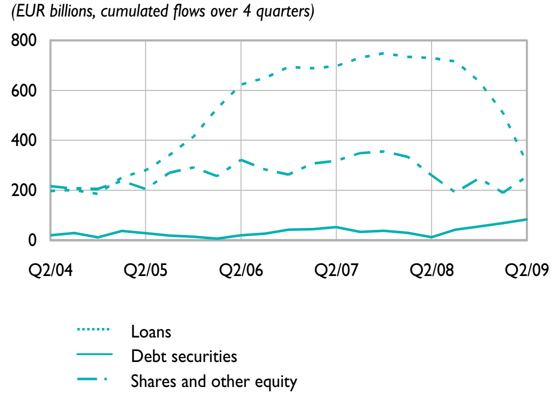
Investment flows

(EUR billions, cumulated flows over 4 quarters)



Financing flows

(EUR billions, cumulated flows over 4 quarters)



(a) Deposits with agreed maturity up to 2 years and redeemable at notice up to 3 months of non-financial corporations held with MFIs and central government.

Source: European Central Bank.

Produced 24 November 2009

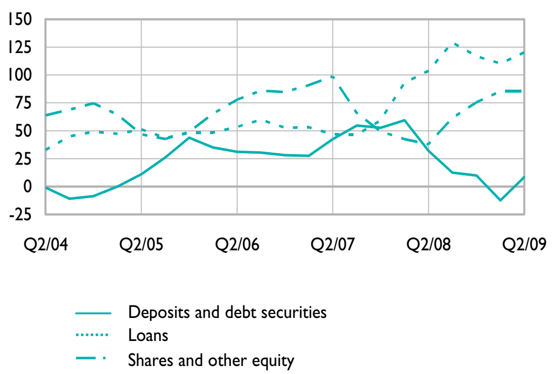
Table 23
Investment and financing – Non-financial corporations – France

(EUR billions)

	Cumulated transaction flows over 4 quarters					Outstanding amounts
	2008			2009		2009
	Q2	Q3	Q4	Q1	Q2	June
Financial assets						
Currency and deposits	21.8	15.5	20.0	6.4	15.2	273.0
of which deposits included in M3 (a)	*14.6*	*13.0*	*10.1*	*0.3*	*2.7*	*211.9*
Debt securities	10.2	-3.0	-10.0	-18.7	-6.7	75.4
Loans	103.7	129.3	116.8	110.3	120.2	889.1
Shares and other equity	38.0	61.7	75.4	85.5	85.4	2,181.8
Insurance technical reserves	0.6	0.6	0.5	0.5	0.5	19.7
Remaining net assets	17.9	5.8	-28.9	5.8	-20.9	94.9
Financing						
Debt	175.1	197.9	178.1	173.1	129.3	2,049.3
Loans	178.7	195.1	161.2	138.7	90.6	1,700.0
of which from resident MFIs	*91.8*	*84.3*	*68.1*	*46.8*	*17.5*	*780.6*
Debt securities	-3.6	2.8	16.9	34.4	38.7	349.3
Shares and other equity	71.3	62.6	67.5	81.3	98.6	3,131.8
Quoted shares	*16.0*	*9.6*	*5.3*	*5.6*	*17.7*	*855.0*
Unquoted shares and other equity	*55.2*	*53.0*	*62.2*	*75.7*	*80.9*	*2,276.8*
Net lending/net borrowing (B9B)	**-54.1**	**-50.6**	**-71.6**	**-64.6**	**-34.1**	

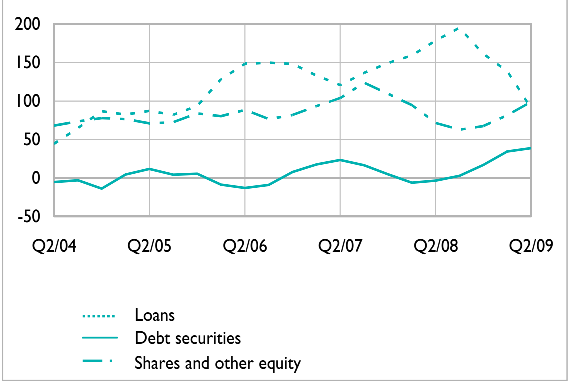
Investment flows

(EUR billions, cumulated flows over 4 quarters)



Financing flows

(EUR billions, cumulated flows over 4 quarters)



(a) Deposits with agreed maturity up to 2 years and redeemable at notice up to 3 months of non-financial corporations held with MFIs and central government.

Source: Banque de France. *Produced 24 November 2009*

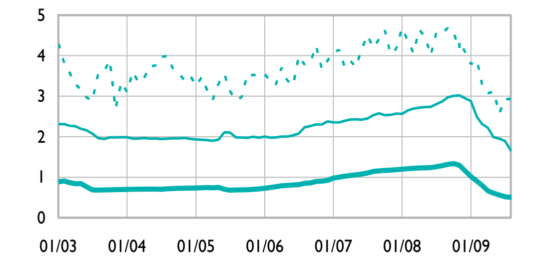
Table 24
Interest rates on deposits – France and the euro area

(average monthly rates – %)

	2007	2008	2008	2009				
	Dec.	Dec.	Sept.	May	June	July	Aug.	Sept.
Euro area								
Overnight deposits – households	1.18	1.16	1.32	0.61	0.56	0.52	0.50	0.48
Deposits redeemable at notice up to 3 months – households	2.57	2.95	2.97	1.98	1.95	1.86	1.64	1.60
Time deposits with agreed maturity over 2 years – non-financial corporations	4.17	4.08	4.69	3.11	2.57	2.93	2.93	2.73
France								
"A" passbooks (end of period)	3.00	4.00	4.00	1.75	1.75	1.75	1.25	1.25
Regulated savings deposits	3.07	3.96	3.95	1.78	1.78	1.78	1.28	1.28
Market rate savings deposits	2.94	3.73	3.51	1.95	1.92	1.76	1.37	1.38
Deposits with agreed maturity up to 2 years	4.11	4.44	4.48	3.16	3.18	2.85	2.80	2.66
Deposits with agreed maturity over 2 years	3.54	3.50	3.59	3.50	3.59	3.52	3.48	3.52

Euro area

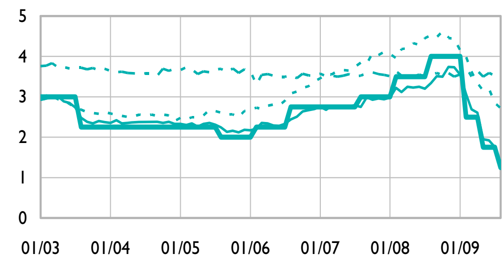
(monthly average rates – %)



Overnight deposits – households
Deposits redeemable at notice up to 3 months – households
Time deposits with agreed maturity over 2 years – non-financial corporations

France

(monthly average rates – %)



"A" passbooks
Market rate savings deposits
Deposits with agreed maturity up to 2 years
Deposits with agreed maturity over 2 years

Sources: Banque de France, European Central Bank. *Produced 24 November 2009*

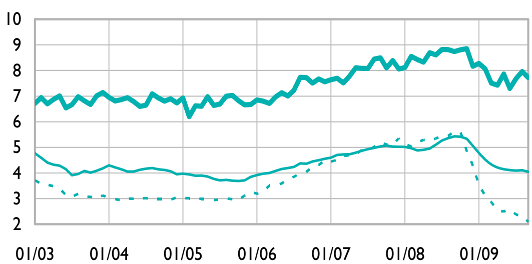
Table 25
Cost of credit – France and the euro area

(average monthly rate – %)

	2008			2009								
	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.
Euro area												
Consumer loans												
Floating rate and IRFP of up to 1 year (a)	8.81	8.85	8.16	8.27	8.06	7.51	7.43	7.87	7.30	7.67	7.96	7.72
Loans for house purchase												
Floating rate and IRFP of between 1 and 5 years	5.42	5.34	5.06	4.77	4.54	4.34	4.21	4.15	4.12	4.09	4.10	4.05
Non financial corporations of over EUR 1 million												
IRFP of up to 1 year (a)	5.59	4.86	4.29	3.52	3.12	2.85	2.55	2.49	2.57	2.38	2.32	2.09
France												
Consumer loans	**7.47**	**7.50**	**7.47**	**7.49**	**7.26**	**7.01**	**6.96**	**6.92**	**6.68**	**6.77**	**6.78**	**6.57**
Loans for house purchase												
IRFP of up to 1 year (a)	5.22	5.27	5.38	5.11	4.65	4.49	4.13	3.98	3.85	3.65	3.59	3.49
IRFP of over 1 year (a)	5.06	5.13	5.19	5.07	4.90	4.71	4.55	4.35	4.27	4.17	4.14	4.13
Non-financial corporations												
IRFP of up to 1 year (a)	5.56	4.62	4.21	3.13	2.78	2.56	2.16	2.18	2.15	1.96	1.88	2.14
IRFP of over 1 year (a)	5.48	5.27	5.10	4.89	4.68	4.40	4.30	4.10	3.82	3.94	3.70	3.67

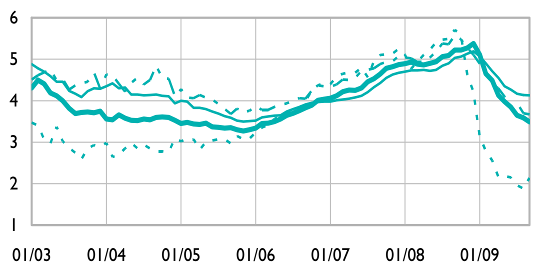
Euro area

(percentage points)



France

(percentage points)



(a) IRFP: initial rate fixation period i.e. the period for which the rate of a loan is fixed.
IRFP ≤ 1 year: loans for which the rate is adjusted at least once a year + fixed-rate loans with an initial maturity of up to 1 year.
IRFP > 1 year: loans for which the rate is adjusted less than once a year + fixed-rate loans with an initial maturity of over 1 year.

Sources: Banque de France, European Central Bank. *Produced 24 November 2009*

Table 26
Cost of credit – France

(%)

	2008		2009		
	Q3	Q4	Q1	Q2	Q3
Households – Average overall effective interest rate					
Consumer loans					
Overdrafts, revolving loans and instalment plans of over EUR 1,524	15.54	15.83	15.69	15.47	15.15
Personal loans over EUR 1,524	7.33	7.44	7.53	7.07	6.90
Loans for house purchase					
Fixed-rate loans	5.52	5.85	5.87	5.26	5.04
Floating-rate loans	5.60	5.85	5.95	5.27	4.59

Usury ceilings in effect from the 1st day of the mentioned period	2008	2009			
	Oct.	Jan.	April	July	Oct.
Households – Usury rate					
Consumer loans					
Overdrafts, revolving loans and instalment plans of over EUR 1,524	20.72	21.11	20.92	20.63	20.20
Personal loans over EUR 1,524	9.77	9.92	10.04	9.43	9.20
Loans for house purchase					
Fixed-rate loans	7.36	7.80	7.83	7.01	6.72
Floating-rate loans	7.46	7.80	7.93	7.03	6.12

	2008		2009		
	Q3	Q4	Q1	Q2	Q3
Business credit, loans to enterprises					
Discount					
up to 15,245 EUR	6.62	6.69	4.12	3.10	1.75
EUR 15,245 to EUR 45,735	7.21	7.27	5.64	4.47	2.90
EUR 45,735 to EUR 76,225	6.92	6.77	4.67	3.81	2.79
EUR 76,225 to EUR 304,898	6.46	6.38	4.26	3.37	2.81
EUR 304,898 to EUR 1,524,490	5.68	5.54	3.36	2.45	2.12
over EUR 1,524,490	5.20	5.18	3.06	1.98	1.48
Overdrafts					
up to 15,245 EUR	10.24	10.54	10.52	9.74	9.77
EUR 15,245 to EUR 45,735	8.39	8.62	8.02	6.93	7.21
EUR 45,735 to EUR 76,225	7.26	7.41	5.98	4.92	4.42
EUR 76,225 to EUR 304,898	6.27	6.22	4.88	3.55	3.06
EUR 304,898 to EUR 1,524,490	5.85	5.71	4.03	2.78	2.15
over EUR 1,524,490	5.12	5.40	3.45	2.46	1.82
Other short-term loans					
up to 15,245 EUR	6.02	5.90	5.69	4.52	4.03
EUR 15,245 to EUR 45,735	6.20	6.17	5.50	3.72	3.91
EUR 45,735 to EUR 76,225	6.41	6.63	5.02	3.63	3.50
EUR 76,225 to EUR 304,898	6.11	6.28	4.24	3.26	2.75
EUR 304,898 to EUR 1,524,490	5.82	5.82	3.54	2.50	2.02
over EUR 1,524,490	5.37	5.58	3.11	2.09	1.67
Medium and long-term loans					
up to 15,245 EUR	5.44	5.72	5.29	4.48	4.06
EUR 15,245 to EUR 45,735	5.28	5.57	5.20	4.38	4.11
EUR 45,735 to EUR 76,225	5.18	5.42	5.10	4.39	4.12
EUR 76,225 to EUR 304,898	5.10	5.34	5.03	4.41	4.04
EUR 304,898 to EUR 1,524,490	5.23	5.36	4.63	3.88	3.70
over EUR 1,524,490	5.56	5.50	3.74	2.83	2.81

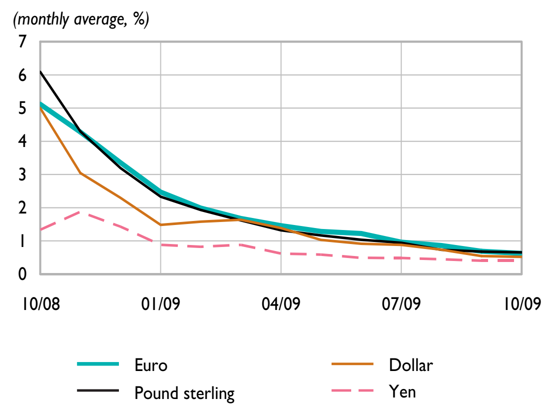
Source: Banque de France. *Produced 24 November 2009*

Table 27
Interest rates

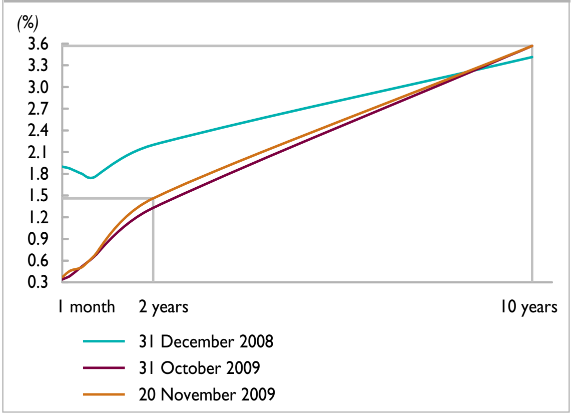
(%)

	Monthly average (a) 2009										Key interest rates at 20/11/09
	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	
Short-term interbank interest rates											
Euro											1.00
Overnight	1.81	1.28	0.98	0.75	0.72	0.64	0.30	0.31	0.34	0.34	
3-month	2.47	1.99	1.68	1.46	1.28	1.23	0.96	0.86	0.69	0.63	
1-year	2.64	2.16	1.95	1.81	1.63	1.59	1.41	1.35	1.19	1.18	
Pound sterling											0.50
Overnight	1.47	1.06	0.65	0.51	0.44	0.48	0.50	0.48	0.47	0.50	
3-month	2.33	1.93	1.62	1.32	1.17	1.04	0.94	0.73	0.68	0.65	
1-year	2.64	2.41	2.17	1.99	1.76	1.74	1.63	1.45	1.34	1.38	
Dollar											0.25
Overnight	0.17	0.28	0.28	0.25	0.22	0.25	0.24	0.22	0.20	0.20	
3-month	1.48	1.58	1.64	1.39	1.03	0.92	0.88	0.74	0.55	0.52	
1-year	2.14	2.18	2.25	1.99	1.60	1.59	1.48	1.40	1.27	1.08	
Yen											0.10
Overnight	0.40	0.21	0.29	0.27	0.37	0.29	0.34	0.32	0.31	0.23	
3-month	0.88	0.82	0.88	0.62	0.59	0.49	0.49	0.45	0.41	0.40	
1-year	1.23	0.96	1.02	0.90	0.84	0.73	0.77	0.73	0.71	0.69	
10-year benchmark government bond yields											
France	3.60	3.68	3.65	3.66	3.80	3.90	3.73	3.59	3.59	3.56	
Germany	3.09	3.16	3.06	3.18	3.44	3.55	3.37	3.34	3.29	3.23	
Euro area	4.11	4.20	4.15	4.09	4.14	4.32	4.09	3.89	3.86	3.80	
United Kingdom	3.38	3.57	3.19	3.36	3.62	3.82	3.81	3.69	3.66	3.54	
United States	2.48	2.87	2.85	2.90	3.33	3.75	3.58	3.62	3.43	3.39	
Japan	1.25	1.29	1.31	1.44	1.44	1.47	1.35	1.38	1.32	1.33	

3-month interbank market rates



Yield curve for French government bonds



(a) Short-term: the interbank average of rates situated in the middle of the range between bid and ask rates. Quotes taken from Reuters, posted at 4.30pm for the euro and 11.30am for other currencies.
Benchmark bonds: rates posted by Reuters at 4.30pm.

Sources: Banque de France, European Central Bank. *Produced 24 November 2009*

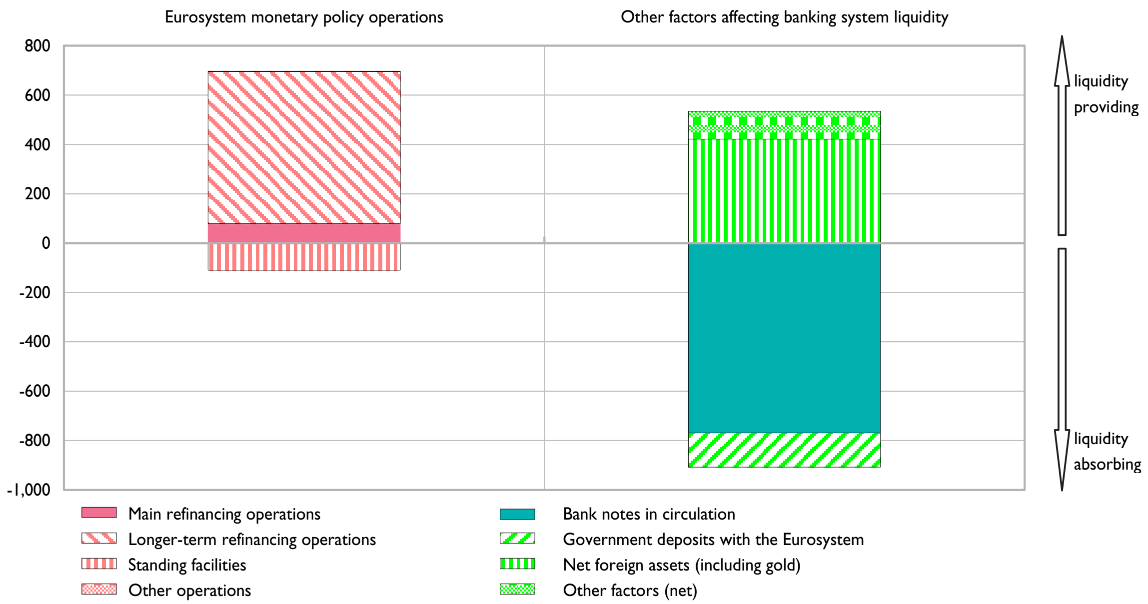
Table 28
Banking system liquidity and refinancing operations – Euro area

(EUR billions, daily average for the reserve maintenance period from 9 September to 13 October 2009)

	Liquidity providing	Liquidity absorbing	Net contribution
Contribution to banking system liquidity			
(a) Eurosystem monetary policy operations	**710.6**	**122.5**	**588.0**
Main refinancing operations	79.1		79.1
Longer-term refinancing operations	616.9		616.9
Standing facilities	0.3	109.6	-109.3
Other	14.3	12.9	1.3
(b) Other factors affecting banking system liquidity	**534.5**	**907.8**	**-373.3**
Banknotes in circulation		768.8	-768.8
Government deposits with the Eurosystem	**0.0**	139.0	-139.0
Net foreign assets (including gold)	421.4		421.4
Other factors (net)	113.1	0.0	113.1
(c) Reserves maintained by credit institutions (a) + (b)			**214.7**
including reserve requirements			*213.7*

Net contribution to banking system liquidity

(EUR billions, daily average for the reserve maintenance period from 9 September to 13 October 2009)



Sources: Banque de France, European Central Bank. *Produced 24 November 2009*

Table 29
Eurosystem key rates; minimum reserves

(%)

Key rates for the Eurosystem (latest changes)						
Main refinancing operations			Standing facilities			
Date of		Fixed rate	Date of		Deposit	Marginal lending
decision	settlement		decision	settlement		
05/03/09	11/03/09	1.50	05/03/09	11/03/09	0.50	2.50
02/04/09	08/04/09	1.25	02/04/09	08/04/09	0.25	2.25
07/05/09	13/05/09	1.00	07/05/09	13/05/09	0.25	1.75

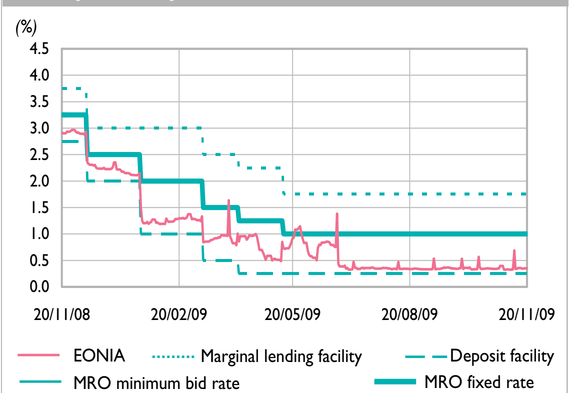
(%)

Main refinancing operations	Marginal rate	Weighted average rate	Longer-term refinancing operations	Marginal rate
2009 14 October (a)	1.00	1.00	2009 1 October	1.00
21 October	1.00	1.00	8 October	1.00
28 October	1.00	1.00	14 October	1.00
4 November	1.00	1.00	29 October	1.00
11 November	1.00	1.00	11 November	1.00
18 November	1.00	1.00	12 November	1.00

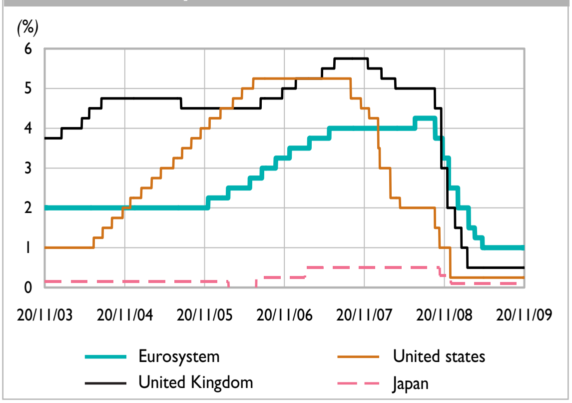
(EUR billions – rates as a %)

Minimum reserves (daily averages)							
Reserve maintenance period ending on	Required reserves		Current accounts		Excess reserves		Interest rate on minimum reserves
	Euro area	France	Euro area	France	Euro area	France	
2009 12 May	219.71	40.73	220.80	41.06	1.09	0.32	1.25
9 June	216.68	40.04	217.86	40.35	1.18	0.31	1.00
7 July	218.09	40.48	219.21	40.79	1.12	0.31	1.00
11 August	216.00	39.78	216.89	39.94	0.89	0.17	1.00
8 September	215.92	39.10	216.89	39.24	0.97	0.14	1.00
13 October	213.67	38.67	214.72	38.79	1.05	0.12	1.00

Eurosystem key rates and EONIA



Central bank key rates



(a) Fixed rate tender procedure.

Sources: European Central Bank, ESCB. *Produced 24 November 2009*

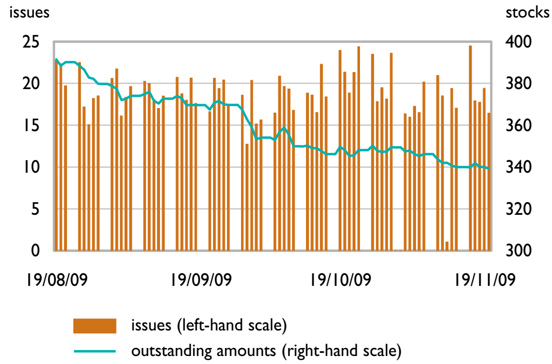
Table 30
Negotiable debt securities – France

Certificates of deposit

	EUR billions (a)		Number of issuers
	Issues	Stocks	
22/08/09 to 28/08/09	91.51	379.79	199
29/08/09 to 04/09/09	96.43	374.13	199
05/09/09 to 11/09/09	93.83	372.72	201
12/09/09 to 18/09/09	95.75	369.66	202
19/09/09 to 25/09/09	94.64	369.74	201
26/09/09 to 02/10/09	82.53	354.05	200
03/10/09 to 09/10/09	93.13	349.95	200
10/10/09 to 16/10/09	94.66	346.15	201
17/10/09 to 23/10/09	109.88	348.05	199
24/10/09 to 30/10/09	102.58	349.44	197
31/10/09 to 06/11/09	86.38	346.15	197
07/11/09 to 13/11/09	76.97	339.98	197
14/11/09 to 20/11/09	96.03	339.24	197

Certificates of deposit

(unadjusted data, EUR billions)

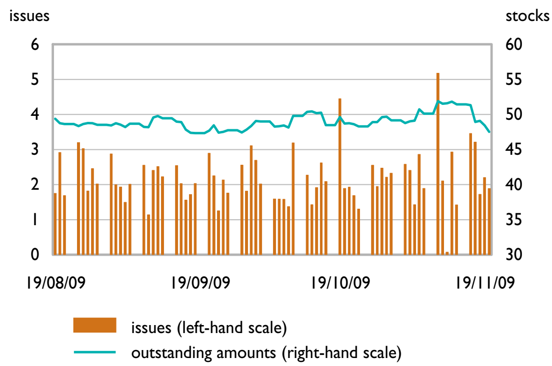


Commercial paper

	EUR billions (a)		Number of issuers
	Issues	Stocks	
22/08/09 to 28/08/09	12.52	48.52	77
29/08/09 to 04/09/09	10.31	48.67	73
05/09/09 to 11/09/09	10.84	49.45	75
12/09/09 to 18/09/09	9.88	47.34	75
19/09/09 to 25/09/09	10.29	47.75	76
26/09/09 to 02/10/09	12.19	49.01	74
03/10/09 to 09/10/09	9.32	49.79	76
10/10/09 to 16/10/09	10.32	48.48	75
17/10/09 to 23/10/09	11.25	48.28	75
24/10/09 to 30/10/09	11.50	49.15	77
31/10/09 to 06/11/09	11.17	50.12	77
07/11/09 to 13/11/09	11.70	51.45	77
14/11/09 to 20/11/09	12.48	47.52	78

Commercial paper

(unadjusted data, EUR billions)

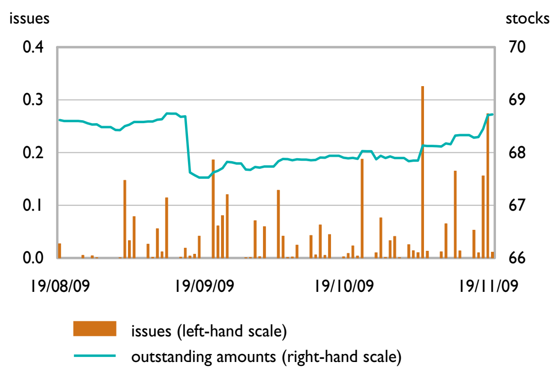


Negotiable medium-term notes

	EUR billions (a)		Number of issuers
	Issues	Stocks	
22/08/09 to 28/08/09	0.01	68.48	132
29/08/09 to 04/09/09	0.26	68.58	132
05/09/09 to 11/09/09	0.21	68.74	132
12/09/09 to 18/09/09	0.07	67.52	132
19/09/09 to 25/09/09	0.45	67.81	132
26/09/09 to 02/10/09	0.14	67.74	132
03/10/09 to 09/10/09	0.20	67.87	132
10/10/09 to 16/10/09	0.16	67.94	132
17/10/09 to 23/10/09	0.23	68.03	132
24/10/09 to 30/10/09	0.16	67.90	132
31/10/09 to 06/11/09	0.39	68.12	132
07/11/09 to 13/11/09	0.26	68.33	132
14/11/09 to 20/11/09	0.50	68.72	132

Negotiable medium-term notes

(unadjusted data, EUR billions)



(a) Issues in euro are cumulative over the reference period. Outstanding amounts are calculated from the cut-off date (the last day of the period under review).

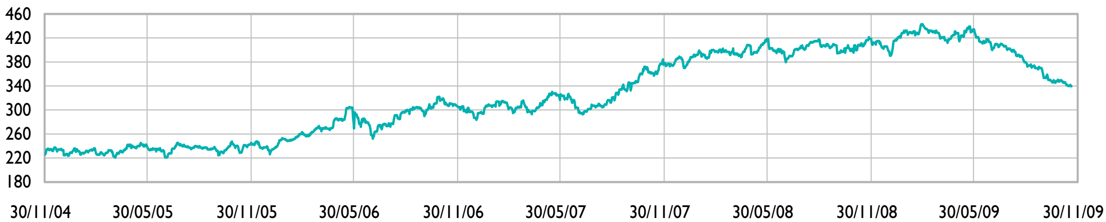
Source: Banque de France.

Produced 24 November 2009

Table 31
Negotiable debt securities – France

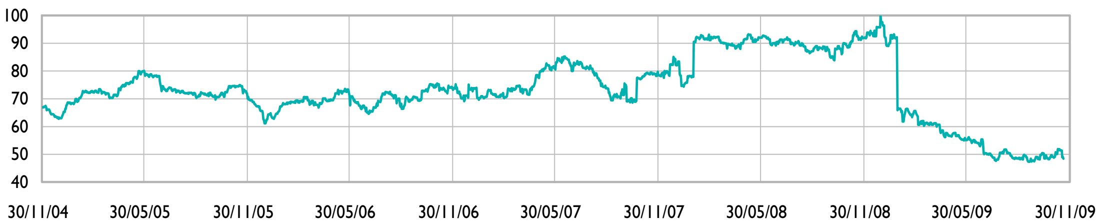
Certificates of deposit

(daily outstanding amounts in EUR billions)



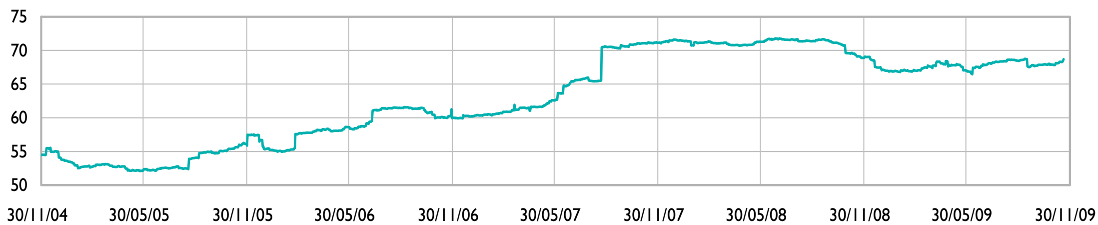
Commercial paper

(daily outstanding amounts in EUR billions)



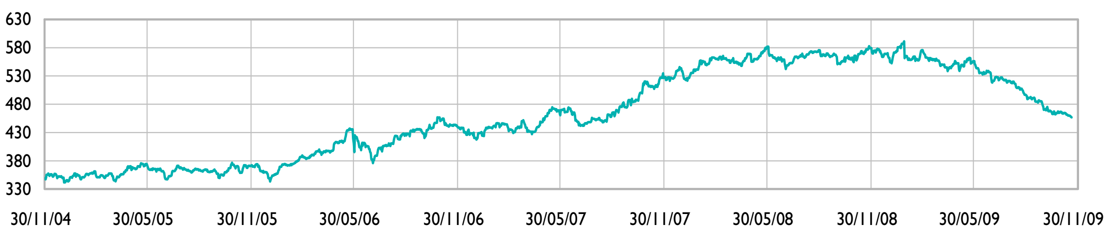
Negotiable medium-term notes

(daily outstanding amounts in EUR billions)



Negotiable debt securities, cumulated outstandings

(daily outstanding amounts in EUR billions)



Source: Banque de France. *Produced 24 November 2009*

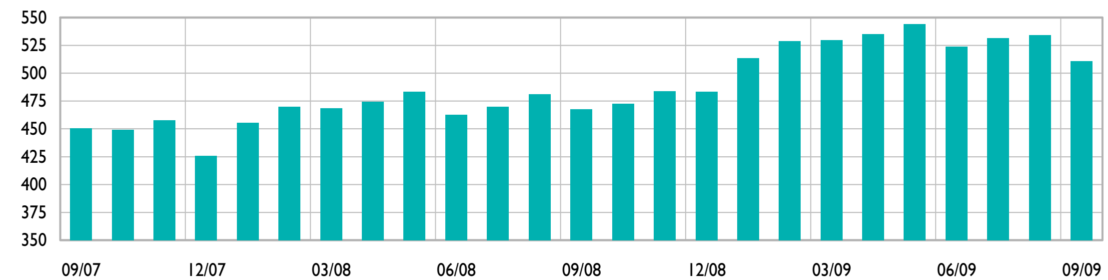
Table 32
Mutual fund shares/units – France

(EUR billions)

	2008	2009		2009
	Dec.	March	June	Sept.
Net assets of mutual fund shares/units by category				
Money-market funds	483.29	529.64	524.11	510.80
Bond mutual funds	153.98	155.46	163.33	
Equity mutual funds	190.00	172.21	203.11	
Mixed funds	221.26	211.35	226.59	
Funds of alternative funds	21.75	18.46	16.89	
Guaranteed-performance mutual funds	0.01	0.01	0.01	
Structured funds ("fonds à formule")	70.34	69.64	68.50	

Net assets of money-market funds

(EUR billions)



Source: Banque de France. *Produced 24 November 2009*

Table 33
Debt securities and quoted shares issued by French residents

(EUR billions)

	Outstanding amounts (a)		Net issues (b)			
	2008	2009	12-month	2009		
	Sept. (c)	Sept.	total	July (c)	Aug. (c)	Sept.
Debt securities issued by French residents						
Total	**2,536.9**	**2,835.2**	**302.3**	**13.3**	**-7.2**	**13.4**
Non-financial corporations	284.6	338.4	55.9	6.3	2.9	9.5
Short-term (≤ 1 year)	*26.9*	*23.4*	*-3.5*	*-0.1*	*-0.1*	*-0.1*
Long-term (> 1 year)	*257.7*	*315.0*	*59.4*	*6.4*	*3.0*	*9.6*
General government	1,064.5	1,236.4	171.4	8.5	8.9	12.3
Short-term (≤ 1 year)	*129.5*	*236.3*	*107.2*	*10.6*	*7.4*	*10.6*
Long-term (> 1 year)	*935.0*	*1,000.0*	*64.2*	*-2.1*	*1.5*	*1.7*
Monetary financial institutions	1,074.1	1,064.7	-9.3	-9.4	-20.7	-12.6
Short-term (≤ 1 year)	*378.5*	*303.3*	*-75.2*	*-16.8*	*-26.7*	*-16.7*
Long-term (> 1 year)	*695.6*	*761.4*	*65.9*	*7.3*	*5.9*	*4.2*
Non-monetary financial institutions (d)	113.7	195.8	84.3	7.9	1.8	4.1

(EUR billions)

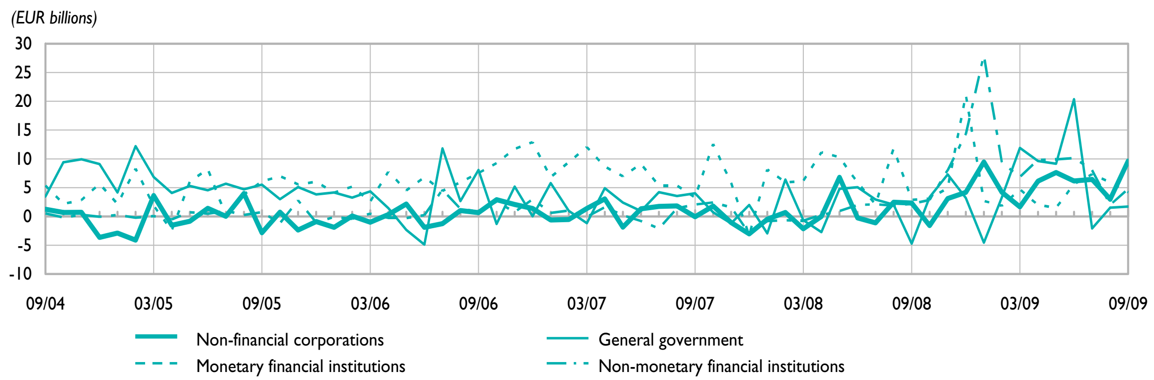
	Outstanding amounts (e)		Net issues (b)			Gross issues (f)	Repurchases (f)
	2008	2009	12-month	2009		12-month	12-month
	Sept.	Sept.	total	Aug.	Sept.	total	total
French quoted shares							
Total	**1,251.6**	**1,232.4**	**25.3**	**0.4**	**0.0**	**21.9**	**2.6**
Non-financial corporations	1,043.7	1,029.2	16.7	0.5	0.2	18.6	2.1
Monetary financial institutions	141.3	145.7	8.1	0.0	-0.2	2.8	0.5
Non-monetary financial institutions	66.6	57.4	0.5	-0.1	0.1	0.5	0.0

(a) Nominal values for outstanding amounts of debt securities.
(b) Monthly data are seasonally adjusted. The 12-month total is unadjusted.
(c) Data possibly revised.
(d) Including units issued by SPVs.
(e) Market values for outstanding amounts of quoted shares.
(f) Non-seasonally adjusted data.

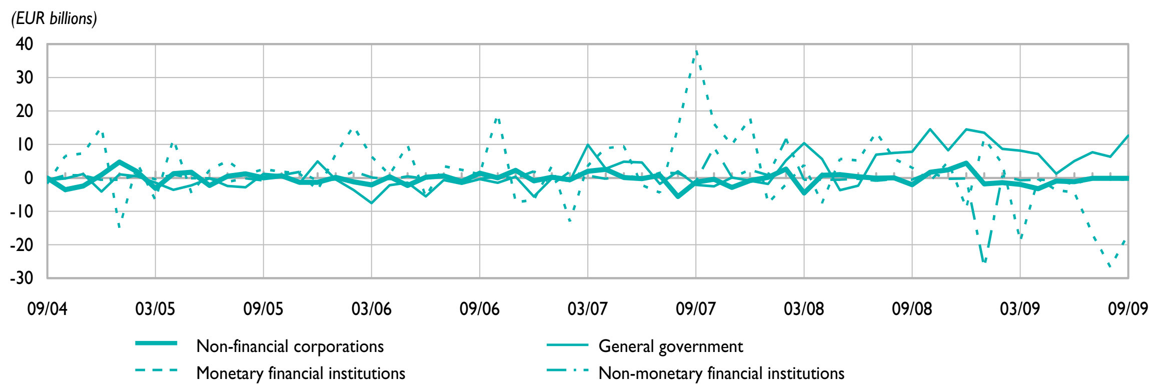
Source: Banque de France. *Produced 24 November 2009*

Table 34
Debt securities and quoted shares issued by French residents, by sector

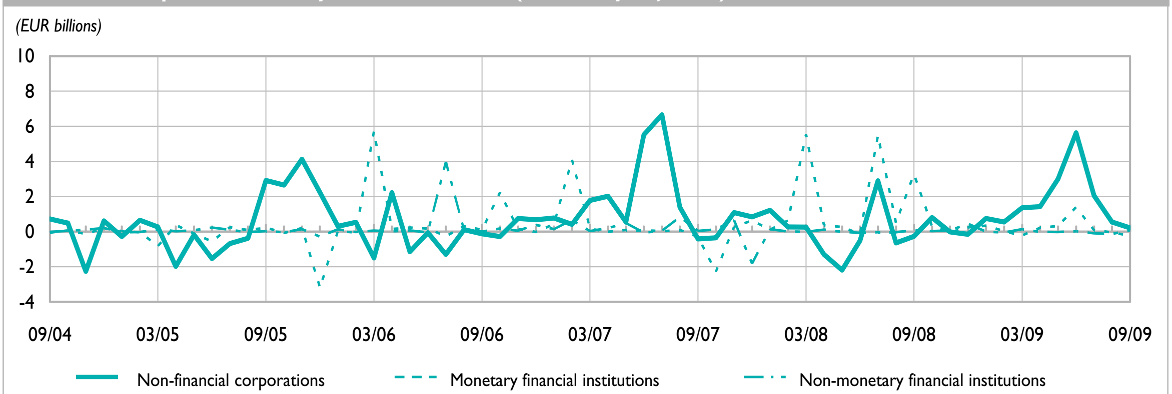
Net issues of long-term debt securities by French residents (seasonally adjusted)



Net issues of short-term debt securities by French residents (seasonally adjusted)



Net issues of quoted shares by French residents (seasonally adjusted)



Source: Banque de France. *Produced 24 November 2009*

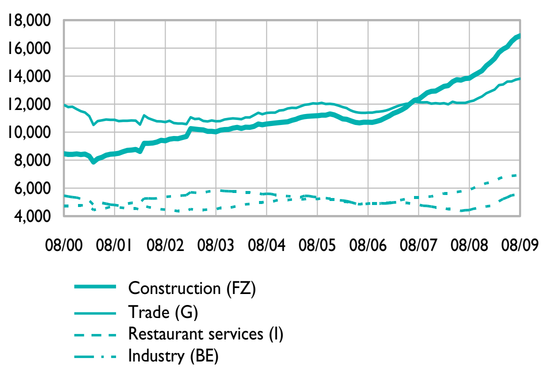
Table 35
Company failures by economic sector – France

(number of companies, unadjusted data, 12-month total)

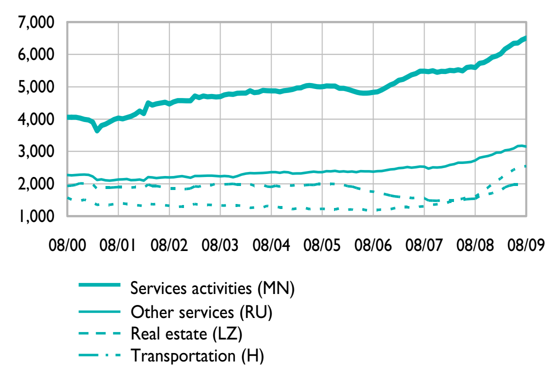
	2008					2009							
	Aug.	**Sept.**	**Oct.**	**Nov.**	**Dec.**	**Jan.**	**Feb.**	**March**	**April**	**May**	**June**	**July**	**Aug.**
Agriculture, Forestry and Fishing (AZ)	1,315	1,306	1,297	1,295	1,325	1,331	1,323	1,366	1,355	1,354	1,345	1,339	1,358
Industry (BE)	4,440	4,525	4,582	4,614	4,705	4,740	4,850	5,062	5,215	5,338	5,485	5,532	5,574
Construction (FZ)	13,852	14,044	14,212	14,384	14,740	14,977	15,245	15,693	15,929	16,090	16,486	16,747	16,871
Trade and automotive repair (G)	12,178	12,245	12,409	12,551	12,780	12,903	13,042	13,362	13,409	13,600	13,619	13,744	13,818
Transportation and storage (H)	1,538	1,615	1,656	1,682	1,705	1,767	1,803	1,891	1,943	1,974	1,976	1,986	2,009
Accomodation and restaurant services (I)	5,888	5,996	6,135	6,246	6,360	6,410	6,486	6,676	6,769	6,817	6,878	6,896	6,958
Information and communication sector (JZ)	1,420	1,454	1,459	1,471	1,490	1,486	1,496	1,525	1,561	1,557	1,564	1,606	1,624
Financial and insurance activities (KZ)	855	853	870	874	893	923	954	996	1,020	1,060	1,090	1,110	1,116
Real estate activities (LZ)	1,606	1,696	1,790	1,886	1,984	2,093	2,166	2,292	2,356	2,434	2,495	2,530	2,548
Services activities (MN)	5,596	5,724	5,749	5,818	5,910	5,947	6,021	6,163	6,246	6,342	6,351	6,446	6,506
Education, health and social work (OQ)	1,435	1,415	1,415	1,420	1,416	1,409	1,375	1,367	1,323	1,350	1,376	1,349	1,358
Other services activities (RU)	2,723	2,806	2,839	2,860	2,895	2,963	2,969	3,033	3,052	3,090	3,164	3,175	3,152
Sector unknown	68	75	78	81	91	100	109	122	125	124	125	129	132
Total - sectors	**52,914**	**53,754**	**54,491**	**55,182**	**56,294**	**57,049**	**57,839**	**59,548**	**60,303**	**61,130**	**61,954**	**62,589**	**63,024**

Company failures – 12-month total

(number of companies - unadjusted data)



(number of companies - unadjusted data)



NB: The two-letter codes correspond to the aggregation level A10, and the one-letter codes to revised NAF sections 2 A21.

Source: Banque de France. *Produced 24 November 2009*

Table 36
Retail payment systems – France

(daily average in EUR millions, % share for the last month)

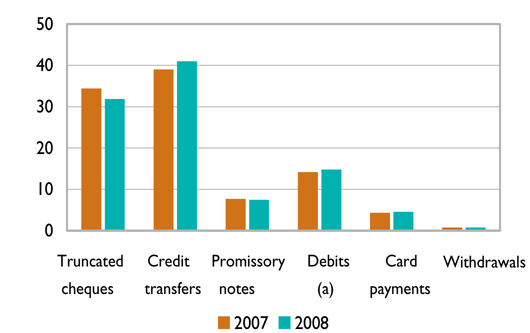
	2005	2006	2007	2008	2009			2009
					July	Aug.	Sept.	Share
Cheques	6,974	7,132	6,974	6,533	6,298	4,521	5,274	28.2
Credit transfers	6,648	7,342	7,904	8,413	8,581	7,453	8,283	44.3
of which SEPA credit transfers	-	-	-	29	99	78	90	0.5
Promissory notes	1,595	1,593	1,555	1,523	1,235	1,080	1,110	5.9
Direct debits	1,574	1,705	1,739	1,814	1,681	1,525	1,813	9.7
Interbank payment orders	157	155	150	147	76	63	191	1.0
Electronic payment orders	660	842	975	1,061	993	891	980	5.2
Card payments	760	819	864	921	966	935	903	4.8
ATM withdrawals	134	139	140	142	152	155	138	0.7
Total	**18,501**	**19,727**	**20,300**	**20,554**	**19,982**	**16,624**	**18,693**	**100.0**

(daily average in thousands of transactions, % share for the last month)

	2005	2006	2007	2008	2009			2009
					July	Aug.	Sept.	Share
Cheques	12,585	12,159	11,561	10,996	10,264	8,412	9,852	20.2
Credit transfers	6,929	7,239	7,344	7,425	7,349	6,572	7,527	15.4
of which SEPA credit transfers	-	-	-	13	37	29	36	0.1
Promissory notes	394	390	370	355	335	303	290	0.6
Direct debits	7,067	7,628	7,863	7,864	7,924	7,497	8,659	17.7
Interbank payment orders	503	491	458	425	339	292	425	0.9
Electronic payment orders	17	27	38	47	58	37	52	0.1
Card payments	16,247	17,339	18,146	19,219	20,853	20,456	19,675	40.2
ATM withdrawals	2,437	2,497	2,467	2,462	2,521	2,528	2,413	4.9
Total	**46,180**	**47,771**	**48,248**	**48,794**	**49,642**	**46,096**	**48,893**	**100.0**

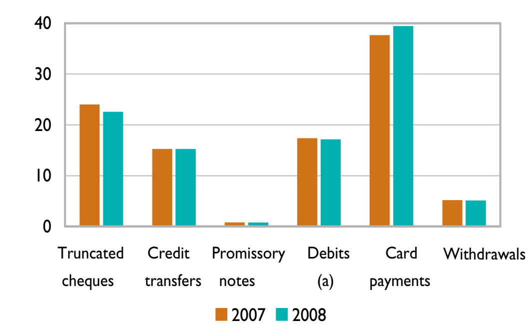
Market share developments for main non-cash means of payment

(% of amounts exchanged)



Market share developments for main non-cash means of payment

(% of volumes exchanged)



(a) Debits: direct debits, interbank payment orders and electronic payment orders.

Sources: GSIT, STET.

Produced 24 November 2009

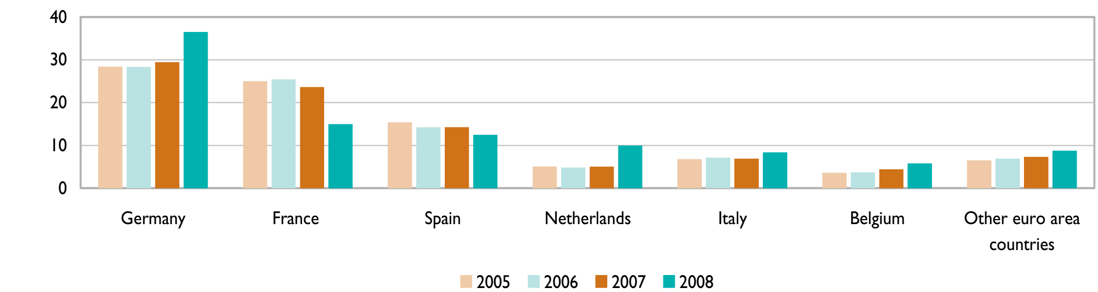
Table 37
Large-value payment systems – EU

(daily average in EUR billions, % share for the last month)

	2005	2006	2007	2008	2009			2009
					April	May	June	Share
France	474	530	569	398	420	383	387	18.9
Germany	539	591	711	972	563	530	511	25.0
Austria	27	31	35	59	30	30	27	1.3
Belgium	67	76	104	152	130	120	111	5.4
Cyprus	–	–	–	1	2	1	2	0.1
Spain	291	296	344	331	378	365	384	18.8
Finland	13	15	24	33	32	29	27	1.3
Greece	22	27	33	30	40	34	40	1.9
Ireland	22	26	29	32	31	29	31	1.5
Italy	128	148	165	221	137	130	134	6.6
Luxembourg	26	31	39	60	43	42	41	2.0
Malta	–	–	–	0	0	0	0	0.0
Netherlands (a)	96	100	121	264	251	256	265	13.0
Portugal	13	13	13	16	14	13	17	0.8
Slovakia	–	–	–	–	3	3	3	0.1
Slovenia	–	–	2	2	2	2	2	0.1
Total TARGET2 euro area (b)	**1,718**	**1,884**	**2,189**	**2,571**	**2,077**	**1,968**	**1,982**	**96.8**
Non-euro area	185	208	229	96	79	69	65	3.2
Total TARGET2 EU (b)	**1,902**	**2,092**	**2,419**	**2,667**	**2,156**	**2,037**	**2,047**	**100.0**
Euro1 (c)	**167**	**189**	**228**	**287**	**276**	**262**	**262**	

Market share of each financial centre in the TARGET2 system

(% of turnover)



The sum of the components may not be equal to the total (or to 100) due to rounding.
Since January 2009, a new methodology for collecting and reporting statistics has been established on the TARGET2 data to improve data quality. This must be taken into account when comparing 2009 data with previous data.
(a) Since 19 May 2008, the operations of the United Kingdom pass in transit by this country.
(b) Variable composition according to the countries which participate in the systems of payment in euro.
(c) Euro1 (EBA): clearing system of the Euro Banking Association. Euro1 data include retail payments recorded in STEP1.

Sources: Banque de France, European Central Bank. *Produced 24 November 2009*

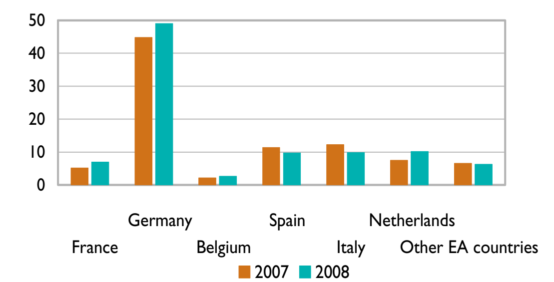
Table 38
Large-value payment systems – EU

(daily average in number of transactions, % share for the last month)

	2005	2006	2007	2008	2009			2009
					April	May	June	Share
France	16 823	17 953	19 192	25 992	31 894	28 614	31 567	9,3
Germany	139 195	148 613	164 187	181 625	184 722	174 598	171 536	50,4
Austria	11 406	13 073	15 222	14 199	6 537	6 234	6 036	1,8
Belgium	6 874	6 802	7 993	9 884	9 006	7 747	8 077	2,4
Cyprus	–	–	–	392	338	361	384	0,1
Spain	26 307	37 439	41 792	36 167	31 741	30 788	30 513	9,0
Finland	1 136	1 223	1 392	1 587	1 653	1 655	1 682	0,5
Greece	5 425	5 951	6 334	5 117	5 780	5 944	5 778	1,7
Ireland	4 274	4 775	5 334	5 139	4 954	4 678	4 676	1,4
Italy	40 406	42 934	45 111	36 491	35 797	35 299	34 164	10,0
Luxembourg	2 011	2 631	3 399	3 037	3 160	2 920	2 835	0,8
Malta	–	–	–	50	56	60	58	0,0
Netherlands (a)	17 467	17 849	27 685	37 745	35 224	33 520	32 361	9,5
Portugal	4 225	4 190	4 774	5 072	4 240	4 185	4 222	1,2
Slovakia	–	–	–	–	664	599	617	0,2
Slovenia	–	–	3 152	3 018	3 197	3 055	3 005	0,9
Total TARGET2 euro area (b)	**275 548**	**303 433**	**345 569**	**365 514**	**358 964**	**340 257**	**337 511**	**99,2**
Non-euro area	20 758	22 763	20 611	4 453	2 938	2 653	2 677	0,8
Total TARGET2 EU (b)	**296 306**	**326 196**	**366 179**	**369 967**	**361 902**	**342 910**	**340 188**	**100,0**
Euro1 (c)	**180 595**	**187 163**	**211 217**	**250 766**	**243 336**	**230 235**	**229 368**	

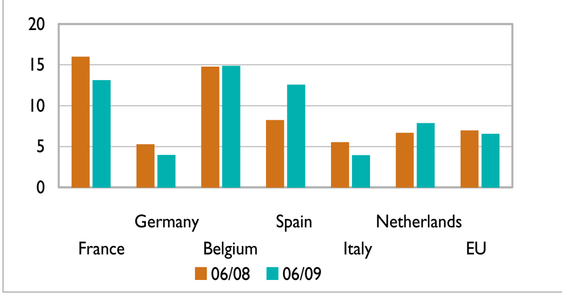
Market share of each financial centre in the TARGET2 system

(% of volumes traded)



Average transaction amount in the TARGET2 system half-year on half-year

(EUR millions)



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(c) Euro1 (EBA): clearing system of the Euro Banking Association. Euro1 data include retail payments recorded in STEP1.

Sources: Banque de France, European Central Bank. *Produced 24 November 2009*

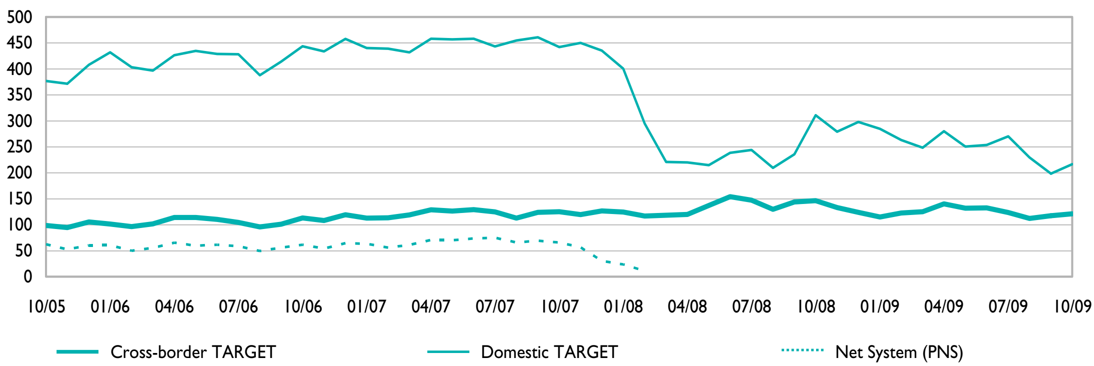
Table 39
Large-value payment systems – France

(daily average in EUR billions, % share for the last month)

	2005	2006	2007	2008	2009			2009
					Aug.	Sept.	Oct.	Share
Collateral used in domestic TARGET (b)								
French negotiable securities	14.6	14.2	11.5	51.2	116.2	114.6	111.5	34.7
Private claims	6.3	7.4	18.6	79.9	125.7	124.6	124.8	38.8
Securities collateralised through CCBM	7.4	7.2	7.2	62.8	80.6	81.2	78.0	24.3
Other securities (c)	5.6	8.4	8.8	8.2	7.8	7.7	7.3	2.3
Total	**33.9**	**37.2**	**46.1**	**202.1**	**330.3**	**328.1**	**321.6**	**100.0**

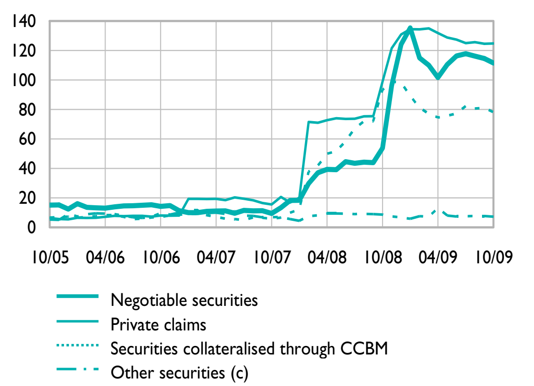
Monthly change in amounts exchanged in French payment systems (a)

(EUR billions, daily average)

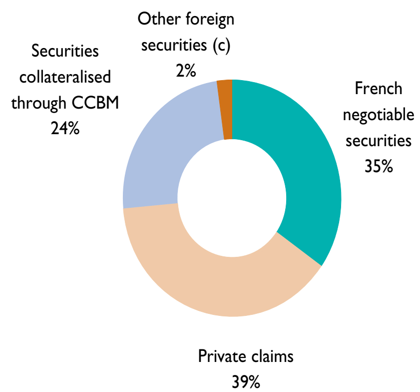


Monthly change in collateral (b)

(EUR billions, daily average)



Collateral used in October 2009 (b)



(a) Since 18 February 2008, TBF (the French component of TARGET) and PNS systems have been replaced by TARGET2-Banque de France, the single French large-value payment system.
(b) Until 15 February 2008, the indicated amounts corresponded to collateral used for intraday credit in TBF. Since the go-live of the "3G" system (Global management of collateral) and TARGET2-Banque de France on 18 February 2008, the amounts represent the collateral posted in a single pool of assets and that can be used for monetary policy and/or intraday credit operations.
(c) Other foreign securities submitted via links between securities settlement systems.

Source: Banque de France. *Produced 24 November 2009*

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