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**BANQUE DE FRANCE  
BULLETIN**

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## ARTICLES

# Monetary and credit developments in 2012 Credit distribution grew more quickly in France than in the euro area

Kloé Masselier

**Monetary and Financial Statistics Directorate**

Monetary Analyses and Statistics Division

*Portfolio choices favoured short-term investments.*

After two years of moderate growth (1.1% in 2010 and 1.5% in 2011), the euro area M3 monetary aggregate increased by 3.3% in 2012, driven mainly by Germany's positive contribution. The slowdown in France's contribution to M3 became more pronounced, as the growth rate fell from 6.6% in 2010 to 2.7% in 2011 and 2.4% in 2012.

In the euro area and France alike, economic agents' portfolio choices were reflected in substantial changes in the composition of monetary aggregates. Compared with previous years, households and non-financial corporations (NFCs) had a more marked preference for highly liquid investments, particularly overnight deposits, which explains the surge in M1 across the euro area overall, although Germany was primarily responsible for the increase. In France, higher ceilings for Livret A and sustainable development passbooks led to strong growth in total passbook outstandings (9.4% in 2012). The additional outstandings came largely from unregulated bank passbooks and overnight deposits. Outstanding marketable instruments (chiefly shares and units in money market funds (MMFs) and negotiable debt securities with a maturity of less than two years) contracted sharply, both in the euro area (-7.6% over one year) and in France (-5.6%).

Lending to the private sector, the main source of monetary creation, gradually slowed in 2012 in France and the euro area. This was true for lending to households and NFCs. Outstanding loans to the private sector continued to grow in nominal terms in France, while contracting slightly in the euro area.

Key words: money, home loans, business lending

JEL codes: D14, D21, E51

## I | Growth in monetary assets picked up in the euro area

Growth in euro area M3 picked up, reaching an annual rate of 3.3% at end-December 2012, after 1.1% in 2010 and 1.5% in 2011<sup>1</sup> (see Table). In contrast, the growth rate of France's contribution to M3 eased to 2.4% in 2012, continuing the slowdown that began in 2011 (2.7%, after 6.6% in 2010). After running higher than euro area M3 growth until July 2010, it was weaker after August 2012 (see Chart 1).

The pick-up in euro area M3 growth was mainly due to the surge in M1 (6.2%, after 1.8% in 2011), particularly in Germany, which recorded a 14.4%

Euro area and French monetary aggregates, 2010-2011-2012								
	Euro area <sup>a)</sup>			France <sup>c)</sup>				
	Dec. 2012	Gross annual growth rate <sup>b)</sup>		Dec. 2012	Gross annual growth rate <sup>b)</sup>			
		Dec. 2010	Dec. 2011	Dec. 2012		Dec. 2010	Dec. 2011	Dec. 2012
<b>Monetary aggregates (seasonally-adjusted) or main money market investments <sup>c)</sup></b>								
Currency in circulation	864	4.8	6.2	2.5				
+ Overnight deposits	4,222	4.3	0.9	7.0	576	8.6	5.7	3.0
= M1	<b>5,086</b>	<b>4.4</b>	<b>1.8</b>	<b>6.2</b>				
+ Other money market deposits o/w: deposits redeemable at notice of up to 3 months o/w: deposits with agreed maturity up to 2 years	3,884	-0.4	1.9	2.1	765	3.2	8.1	7.4
	2,077	6.2	1.9	5.9	614	3.6	7.3	9.4
	1,808	-6.6	1.9	-1.9	151	1.6	11.1	-1.0
	<b>8,970</b>	<b>2.2</b>	<b>1.8</b>	<b>4.4</b>				
+ Marketable instruments o/w: MMF shares/units o/w: debt securities up to 2 years <sup>d)</sup> = M3	770	-8.3	-1.1	-7.6	429	4.3	-7.2	-5.6
	469	-15.2	-5.1	-4.4	304	-11.3	-8.9	0.0
	178	-13.7	24.0	-13.1	92	97.1	-4.5	-17.2
	<b>9,741</b>	<b>1.1</b>	<b>1.5</b>	<b>3.3</b>				
<b>French contribution to M3 <sup>e)</sup></b>					<b>1,839</b>	<b>6.6</b>	<b>2.7</b>	<b>2.4</b>

a) Transactions of euro area monetary financial institutions (MFIs) with other euro area residents.  
b) Changes adjusted for reclassifications and other valuations.  
c) Transactions of French MFIs with other French residents.  
d) Securities issued by resident MFIs.  
e) French resident MFI liabilities maturing in less than 2 years (excl. currency in circulation) towards the euro area money-holding sector (euro area residents excl. MFIs, central government and CCP) and, by extension, the deposits held by this sector with central government.

Sources: Banque de France and European Central Bank.

<sup>1</sup> The French contribution to M3 corresponds to the portion of M3 managed by French MFIs.

**Chart I M3: euro area aggregate and French contribution**

( % annual growth rate )



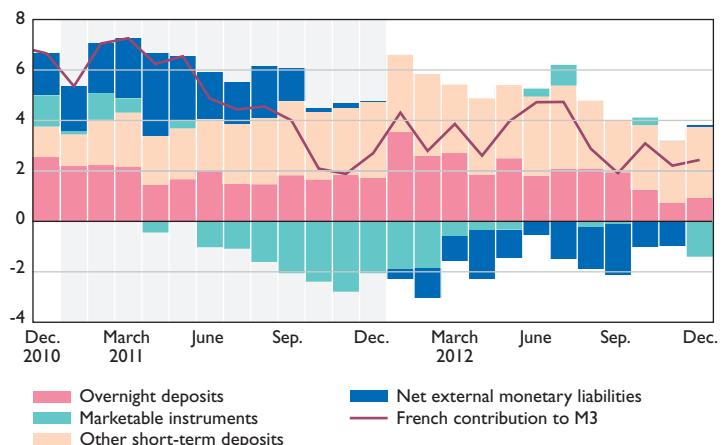
Sources: Banque de France and European Central Bank.

increase in 2012, and to growth in deposits redeemable at notice of up to three months included in M2-M1 (5.9%, after 1.9% in 2011), especially in Spain, where growth was 28.3% in 2012. Conversely, outstanding deposits with agreed maturity up to two years and marketable instruments contracted over 2012, by 1.9% and 7.6% respectively.

As in the euro area, short-term deposits included in M2-M1 continued to increase sharply in France in 2012 (7.4%, after 8.1% in 2011), mainly due to growth in passbooks<sup>2</sup> (see Chart 2).

**Chart 2 Components of the French contribution to M3**

(contributions to M3 growth, as a %)

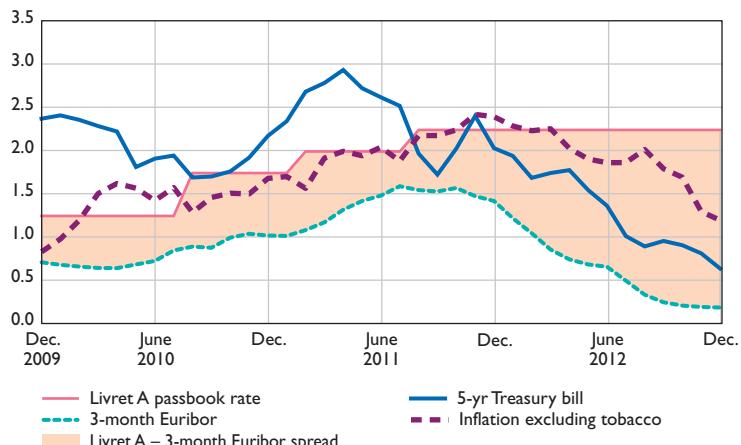


Source: Banque de France.

2 In European statistics, French passbook accounts are included under deposits redeemable at notice of up to three months.

**Chart 3 Return on Livret A passbooks**

(as a %)

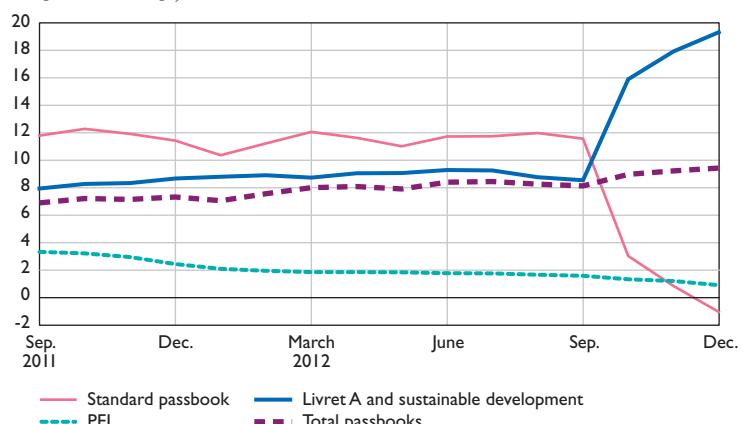


Source: Banque de France.

This surge notably reflected the increase in October 2012 in the ceiling for Livret A passbooks (from EUR 15,300 to EUR 19,125) and sustainable development passbooks (from EUR 6,000 to EUR 12,000). Another factor was the steady interest rate on these passbooks of 2.25% throughout 2012 (see Chart 3), an attractive rate in comparison with short-term interest rates. This prompted households to adjust the distribution of their investments in favour of these products. The overall year-on-year growth rate for Livret A and sustainable development passbooks rose to 19.3% in December 2012, compared with 8.6% in 2011 (see Chart 4).

**Chart 4 Passbooks, France**

(year-on year % change)

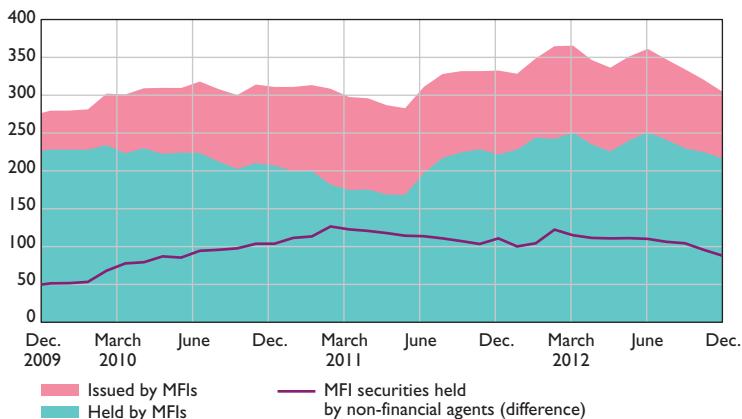


Note: Livret A interest rate = 2.25%

Source: Banque de France.

### Chart 5 Debt securities in France

(outstandings in EUR billion)



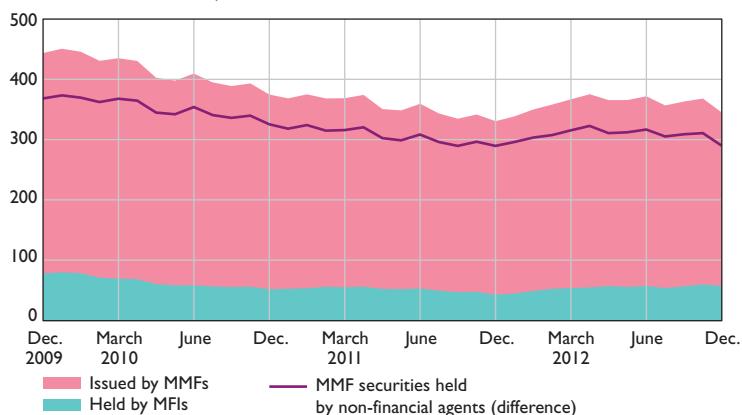
Source: Banque de France.

Other household deposits felt the backlash of the increased appeal of regulated passbooks, which boast good high interest rates and are liquid, government-backed and tax-exempt. Outstandings in standard passbooks fell by 1.1% in 2012, after growing 11.4% in 2011, while deposits with agreed maturity up to two years declined by 1.6%, even though the annual growth rate was still 8.5% in late September 2012. Household overnight deposits were also down at the year's end, contracting by 1.8% in 2012, after increasing 1.1% in 2011.

In marketable instruments, outstanding debt securities maturing in up to two years issued by MFIs tumbled 17.2% over 2012, while MMFs, which were the subject of net withdrawals by households in 2011 (-8.9%), held steady in 2012 (see Charts 5 and 6).

### Chart 6 Money market funds in France

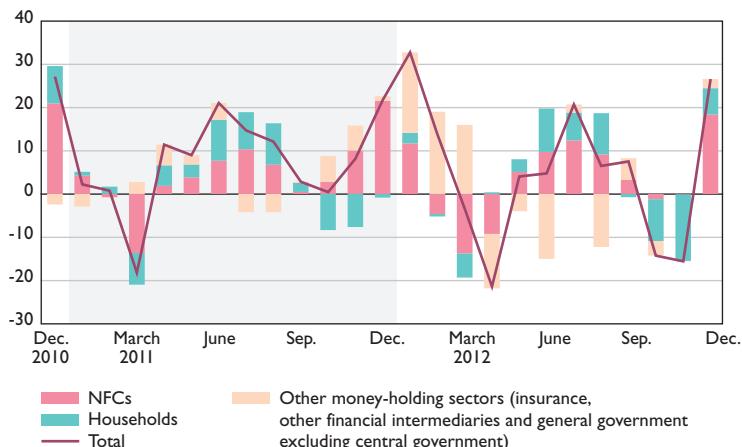
(outstandings in EUR billion)



Source: Banque de France.

**Chart 7 Overnight deposits of money-holding agents in France**

(quarterly flows, EUR billion)



Source: Banque de France.

In Q4 2012, the decline in overnight deposits was mainly caused by net withdrawals by households in favour of regulated passbooks, while NFCs overall increased their cash holdings with banks (see Chart 7). Over the year as a whole, total net external monetary liabilities did not change much, increasing by 2.8%, after contracting by just 0.6% in 2011. These liabilities correspond to all monetary transactions of French MFIs with euro area customers outside France (i.e. transactions up to two years with households, NFCs, insurers, pension funds, other financial intermediaries and general government other than central government).

**Box****Changes to the calculation of M3**

*Transactions by banks via clearing houses have greatly increased since 2007 owing to the crisis, which prompted banks and companies to seek greater security for their transactions, but also because of changes in prudential regulations, which encourage transactions to go through clearing houses by giving them a favourable weighting in bank solvency ratios. These transactions take the form of repurchase agreements (repos) and reverse repos, consisting of a sale of securities together with a promise to repurchase at maturity. The clearing house acts as the intermediary in these transactions, determining net settlement amounts and making payments for participating banks. Through its equity and the mutual guarantee funds provided by the counterparties that use its services, the clearing house ensures that transactions are properly completed. In France, LCH.Clearnet SA has bank status and is subject to all prudential regulations as well as Banque de France supervision. Other European clearing houses do not have this status.*

.../...

Previously, these transactions were counted in the monetary aggregates. But the clearing house borrows from and lends to banks, acting merely as an intermediary on the interbank market. When, for various reasons, particularly security, banks are loaned more funds through a clearing house without bank status, the result is an increase in M3, since the borrowing bank records an accounting liability with a non-bank. But in reality, it is borrowing from another bank and the money supply is unaffected. After discussions with experts, the Governing Council of the ECB decided on 5 July 2012 to change the method of calculating the M3 aggregate to exclude these transactions conducted via clearing houses. This decision took effect from September 2012 in official ECB publications (press releases, Monthly Bulletin).

## 2| Lending to NFCs slowed in France and declined in the euro area

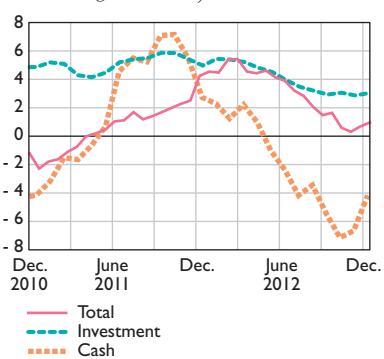
In France, the annual growth rate in lending to non-financial corporations (NFCs) stood at 1.0% in 2012, compared with 4.4% in 2011. Changes varied across components: investment lending continued to rise at a fairly sustained pace (3.0%, after 5.0% in 2011) while cash loans contracted by 4.2%, after increasing by 2.7% in 2011 (see Chart 8a).

Loans to NFCs in France grew at a brisker pace than the euro area average, where outstandings fell by 1.3% in 2012 after an increase of 1.3% in 2011. Growth remained positive in Germany (1.1%), but there was a pronounced contraction in Italy (-2.2%) and an even larger decrease in Spain (-8.0%). In the United Kingdom, the reduction in outstandings accelerated to -4.2% in 2012, after -2.0% in 2011 (see Chart 8b).

**Charts 8 Lending to NFCs corrected for securitisation**

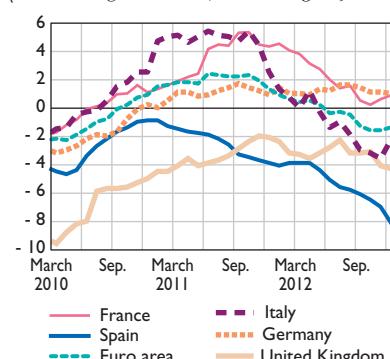
**a) France**

(% annual growth rate)



**b) Euro area and United Kingdom**

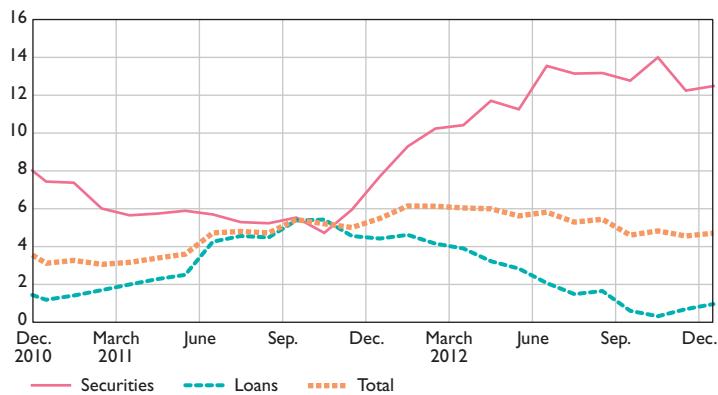
(% annual growth rate, seasonally-adjusted)



Sources: Banque de France, European Central Bank and Bank of England.

**Chart 9 Debt of NFCs in France, by instrument**

(% annual growth rate)



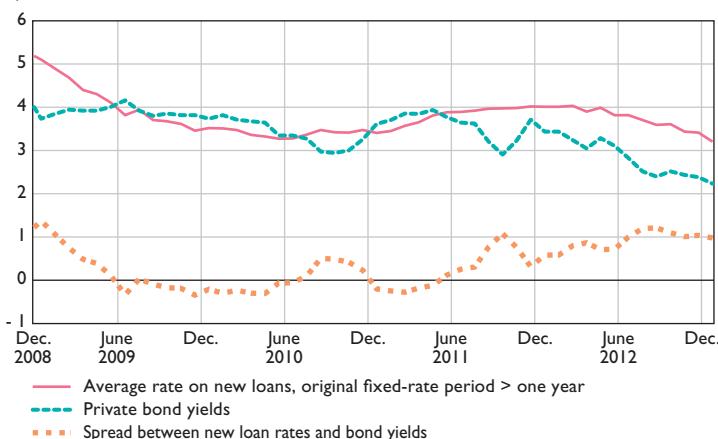
Source: Banque de France.

In France, large companies and some mid-sized companies with access to the markets financed themselves essentially through securities issuance in 2012: over the year, they replaced their bank loans, especially long-term loans, with debt securities (commercial paper, medium-term negotiable notes and bonds). The 12-month growth rate in total outstanding securities issued increased from 5.9% in November 2011 to 12.5% in December 2012 (see Chart 9).

Increased use of market financing was particularly due to the decline in 2012 in the cost of bond issuance, which fell markedly below the cost of bank loans with an original fixed-rate period of more than one year (see Chart 10).

**Chart 10 Average interest rate on new loans to NFCs (original fixed-rate period > one year) and long-term bond yields in France**

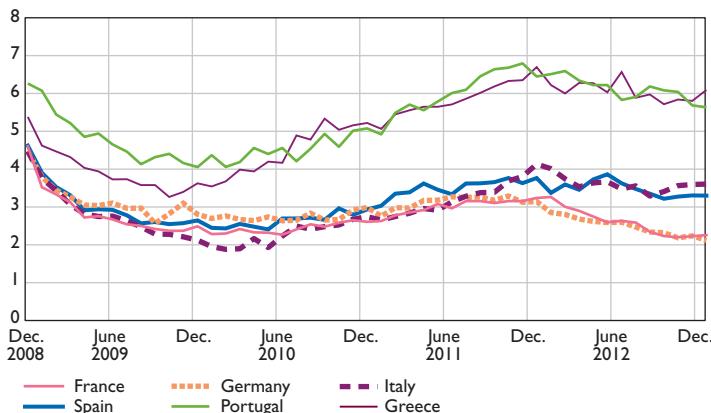
(as a %)



Source: Banque de France.

### Chart 11 Average interest rate on lending to NFCs in several euro area countries

(as a %)



Sources: Banque de France and European Central Bank.

More generally, bank financing terms improved in France in 2012 for NFCs overall: the average interest rate on new loans to NFCs was 2.30% in December 2012, compared with 3.29% one year earlier (see Chart 11). Lending terms remain similar to those observed in Germany. However, because of the sovereign debt crisis, the cost of lending to businesses remained at a high level in some other euro area countries. In Italy and Spain, countries that had rates on a par with those of Germany and France until end-2011, the cuts to the official Eurosystem rate in November and December 2011 and then again in July 2012 were only partly passed on. In Portugal and Greece, rates stood at 5.69% and 6.14% respectively at the end of 2012.

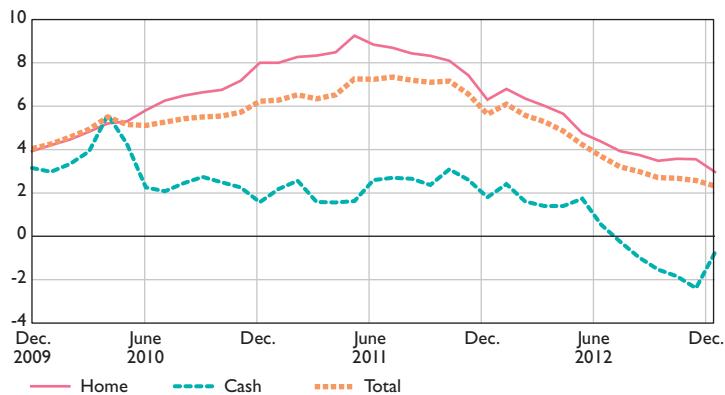
### 3| Growth in lending to households remained stronger in France than in the euro area overall

The annual growth rate of lending to households fell regularly in France from mid-2011 onwards. It declined from 7.3% in May 2011 to 2.3% at end-2012, as the slowdown in home lending combined with the contraction in consumer credit (see Chart 12).

In the last two years, growth in lending to households has been stronger in France than in other large euro area countries (see Chart 13). In Germany, growth has been very modest, varying between 0.4 and 1.4% for the past three years. In Italy, the annual change has been slightly negative since October 2012, after reaching 3.7% in December 2011 and 6.6% in 2010. In Spain, the contraction in outstanding loans became more pronounced

**Chart I2 Lending to households corrected for securitisation in France**

(% annual growth rate)



Source: Banque de France.

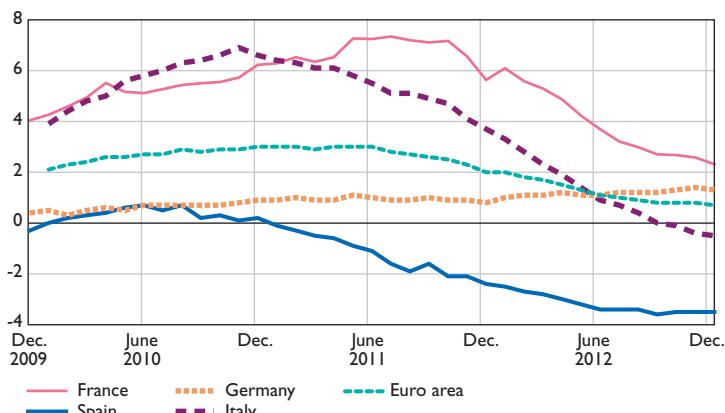
over 2012, ending at -3.5% over the year. All in all, for the euro area as a whole, outstanding lending to households increased by 0.7% in 2012, compared with 2.0% in 2011.

**3 | I Home lending continued to slow in France**

After peaking at 9.3% in May 2011, the annual growth rate in home lending in France fell back to 6.3% at end-2011, then 3.0% at end-2012 (see Chart 12). The slowdown took place as tax incentives for property

**Chart I3 Household lending in the euro area**

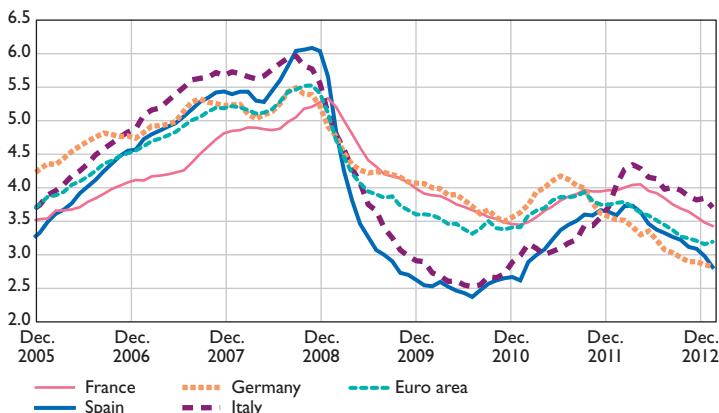
(% annual growth rate)



Sources: Banque de France and European Central Bank.

### Chart 14 Interest rates on new home loans in the euro area

(as a %)



Sources: Banque de France and European Central Bank.

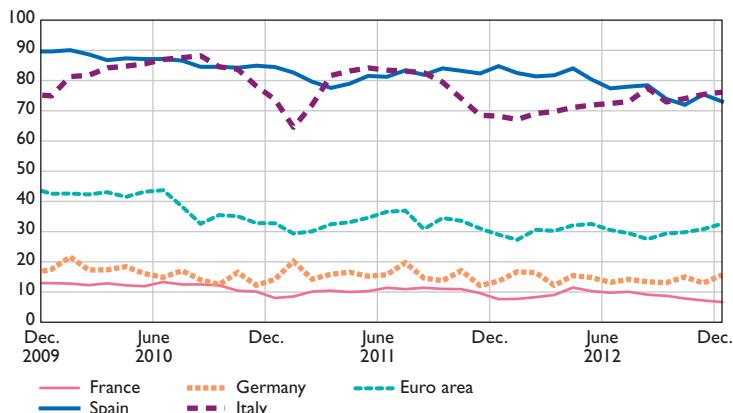
investments were rolled back (the Scellier scheme was initially restricted and then phased out on 31 March 2013 and replaced with the Duflot scheme), tighter requirements were introduced for obtaining zero-rate loans (means testing, restricted to financing for new properties), and property prices in certain urban areas remained high. Uncertainties about the future direction of the property market may also have affected demand for property loans from banks.

Lending terms at banks were more favourable to borrowers, however. The average rate on home loans for euro area households fell in 2012, reaching 3.18% at the end of the year, compared with 3.76% one year earlier (see Chart 14). France saw a similar decline, as rates fell from 3.95% at end-2011 to 3.42% at end-2012. The fact that the average rate was slightly higher in France than in the euro area reflects the large proportion of fixed-rate lending,<sup>3</sup> which generally appears more costly – i.e. at the outset – than variable-rate loans. Variable-rate loans accounted for a mere 7% of new home loans granted in France in 2012, compared with over 70% in Spain and Italy (see Chart 15). French borrowers seem reluctant to expose themselves to the risk of higher rates. It may also be that French banks do not try to promote variable-rate loans, which create uncertainty about borrowers' future solvency.

<sup>3</sup> In France as in other euro area countries, fixed-rate loans are counted using loans whose original fixed-rate period is over one year; those whose original fixed-rate period is one year or less are considered to be variable-rate loans.

**Chart 15 Share of variable-rate home loans in the euro area**

(as a %)

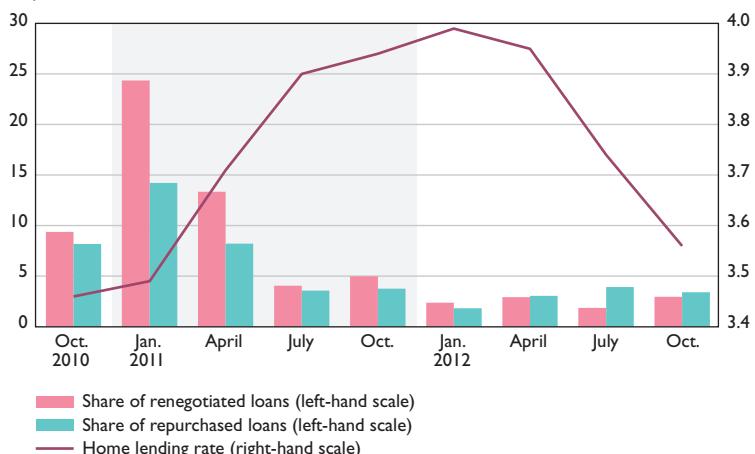


Sources: Banque de France and European Central Bank.

The further decline in rates was not enough however to stimulate loan repurchases and renegotiations, which continue to make up a small share of new home lending in France. Whereas in January 2011, 24% of new loans resulted from loan repurchases and 14% from renegotiations, these percentages had fallen by October 2012 to 3.0% and 3.5% respectively<sup>4</sup> (see Chart 16).

**Chart 16 Share of loan repurchases and renegotiations in new home lending in France**

(as a %)



Source: Banque de France.

<sup>4</sup> Information available for each first month in the quarter.

## 3 | 2 Consumer loans declined

In France, outstanding consumer loans contracted by 0.8% in 2012, after increasing 1.8% in 2011 (see Chart 12). The reversal reflected implementation of the Lagarde Act of 1 July 2010, which entered into force effectively in May 2011. The new legislation placed stricter requirements on revolving loans, setting a maximum term of 36 months for loans under EUR 3,000 and 60 months for larger loans. In addition, for any loan over EUR 1,000, the law requires banks to offer customers an alternative in the form of a reducing-balance loan.

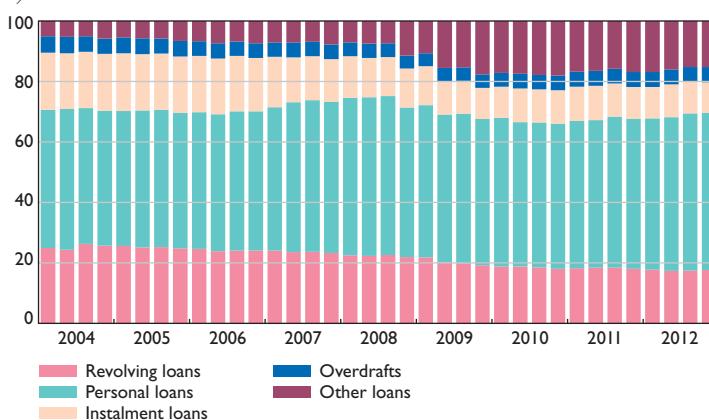
As a result, personal loans gradually replaced revolving loans, whose share of total short-term lending shrank from 18.8% in mid-2010 to 17.6% at the end of 2012 (see Chart 17).

Changes were also made to the procedures for determining the usury ceiling. The personal and revolving loan categories will be removed in April 2013, following a two-year transition period, and replaced by new categories defined based on the loan amount (under EUR 3,000, between EUR 3,000 and EUR 6,000, and over EUR 6,000).

The Lagarde Act essentially encourages reducing-balance loans. These are viewed as sounder than revolving loans, which may lead to overindebtedness.

**Chart 17 Share of different loan categories in cash lending to households in France**

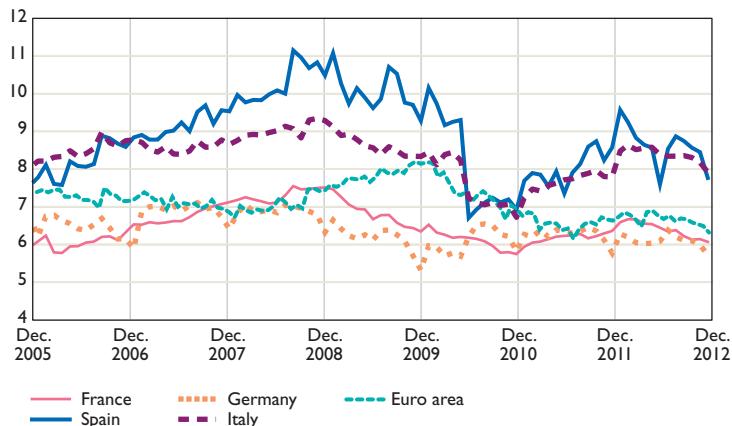
(as a %)



Source: Banque de France.

### Chart 18 Average interest rate on new consumer lending in the euro area

(as a %)



Sources: Banque de France and European Central Bank.

The average interest rate on new consumer loans fell by around 30 basis points in France between end-2011 (6.35%) and end-2012 (6.07%). It also declined somewhat in the euro area, from 6.47% in December 2011 to 6.31% in December 2012. Levels vary from country to country, although in Spain and Italy they are much higher than the European average (see Chart 18).<sup>5</sup>

<sup>5</sup> More detailed information about consumer credit and the effects of the 1 July 2010 Act is provided in the report issued by the Usury Reform Monitoring Committee, which is posted on the Banque de France's website at <http://www.banque-france.fr/economie-et-statistiques/charges-et-taux-taux-dusure.html> (in French).

## Glossary

### Collective investment schemes (CIS)

Investment funds established as open-end investment companies (SICAVs) or common funds (FCPs). The purpose of these schemes is to manage a portfolio of securities, such as shares and bonds. A distinction is drawn between money market funds, which are included in MFIs, and non-money market funds, which are included in other financial institutions.

### Deposits redeemable at notice of up to three months

Liquid savings deposits that offer less immediate liquidity than overnight deposits. In France, these include Livret A and Bleu passbooks, sustainable development passbooks, home savings accounts, popular savings passbooks, youth passbooks and taxable passbooks.

### Deposits with agreed maturity

Deposits that cannot be converted into cash before an agreed fixed term or whose early conversion into cash entails a total or partial reduction of the agreed remuneration.

### General government

All non-market producers of a country, including central government, local government and social security funds. The general government sector is mainly financed by compulsory payments. From a monetary analysis perspective, central government is considered to be neutral, while local government and social security funds are included in money-holding sectors.

### Households

Institutional sector comprising individuals, sole proprietors and non-profit institutions serving households.

## Institutional sector

Set of institutional units displaying similar economic behaviour characterised by their main function and the nature of their activity.

### Monetary aggregates

M1: currency in circulation and overnight deposits

M2: M1 + deposits redeemable at notice of up to three months + deposits with an agreed maturity of up to two years

M3: M2 + repos + money market fund shares/units + debt securities with a maturity of up to two years issued by MFIs

Only positions vis-à-vis euro area residents that are not MFIs or central government institutions are included in M1, M2 and M3. All assets included in M3 are considered as monetary assets.

### Monetary financial institutions (MFIs)

Group mainly made up of central banks, credit institutions and money market funds.

### Money-holding sector

Other financial intermediaries, insurance companies and pension funds as well as non-financial agents, i.e. non-central general government, non-financial corporations and households.

### Money-issuing sector

In France, this sector comprises the Banque de France, credit institutions as defined by the Banking Act with the exception of mutual guarantee companies, Caisse des dépôts and consignations, money market funds and Caisse nationale d'épargne. Payment institutions are not part of this sector.

### Neutral sector

Central government. Central government is considered neither to hold nor to issue money. However, the most liquid portion of central government's liabilities in deposits is included in the monetary aggregates.

## Non-financial corporations (NFCs)

Units with legal personality that are market producers whose main activity consists in producing non-financial goods and services. NFCs may be publicly or privately owned.

## Other financial institutions

All financial institutions that are not classified as monetary financial institutions (MFIs, see above). They chiefly include insurance companies, non-money market funds and investment firms.

## Repurchase agreement (repo)

An arrangement whereby an asset is sold while the seller simultaneously obtains the right and obligation to repurchase it at a specific price on a future date or on demand.<sup>1</sup>

## Residents

Legal entities established in a given territory (France or euro area).

## Debt securities

Securities including bonds, which are securities that represent a long-term claim (over three years), and money market instruments, which are securities that represent a claim for a specified period and that may be traded on a regulated market or over the counter. Short-term debt securities include Treasury bills, commercial paper, deposit certificates and other short-term negotiable debt securities. Long-term debt securities include bonds and equivalent and medium-term notes (and their foreign equivalents).

<sup>1</sup> Cf. ECB (February 2004) "General documentation on Eurosystem monetary policy instruments and procedures" – Glossary (page 76).



# France's inward foreign direct investment from 2005 to 2011

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*Inflows of foreign direct investment (FDI) in France are affected by economic ups and downs, resulting in large variations from one year to the next. The decline in equity investment as a share of direct investment seems to be a more structural phenomenon. Various factors contribute to this decline, including the strong and long-standing presence of foreign groups in France, which enables these groups to borrow locally to finance their business and their expansion.*

*No matter how it is measured, the direct investment position of emerging countries in France is still minor. On the other hand, the new geographical breakdown by ultimate investing countries shows that French groups are major direct investors in France through their foreign subsidiaries. What is behind these “FDI loops”? In some cases, they stem from the industrial organisation of groups on an international scale, while in other cases they may stem from a financial or tax planning strategy.*

Key words: foreign direct investment, FDI, international group, balance of payments, international investment position, competitiveness, profit

JEL codes: E62, F21, F23, F36, G34, L25

## I | A downward trend in equity investment since the 2000s

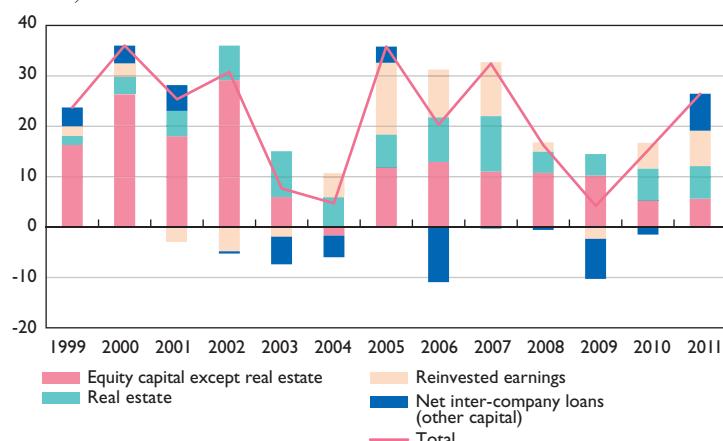
The scale of France's inward FDI is limited compared to the scale of its outward FDI and compared to other flows on the financial account of the balance of payments. France's cumulative FDI inflows since 1999 come to EUR 279 billion, or an average of EUR 21 billion per year, compared to EUR 868 billion in cumulative FDI outflows, for an average of EUR 67 billion per year. FDI inflows are also volatile, ranging from EUR 5 billion in 2004 and 2009 to EUR 36 billion in 2000 and 2005 (see Chart 1). FDI inflows seem to be correlated to France's GDP growth, and to stock market performances as well.

### The four components of foreign direct investment inflows

- **Equity investment** (excluding real-estate investment) may take several forms, including setting up a new subsidiary or recapitalising or increasing the capital of an existing subsidiary. It may also take the form of the acquisition of an equity interest in an enterprise with no prior links to the direct investor, which is usually classified as a merger or an acquisition.
- **Real-estate investment** corresponds to non-residents' purchases and sales of residential and business real estate located in France.

**Chart I Main components of foreign direct investment inflows in France**

(EUR billions)



Source: Banque de France

## Methodological Note

In the annual flows and stocks data presented here, inter-company loans have been reclassified according to the extended directional principle, in accordance with the methodology of the Sixth Balance of Payments Manual.<sup>1</sup> Geographical breakdowns are by the ultimate investing country, which means reallocating investments by shell companies located in transit countries, such as the Netherlands, Luxembourg or Belgium, to the initiating country. As a result, a significant share of inward FDI flows and stocks are ultimately attributed to French investors. The reallocation by ultimate investing country is not perfect, however. Transactions in 2011 by financial companies set up for this purpose are often allocated to the immediate investing country, because it is impossible to link the financial companies in question to a group. Moreover, some international groups have disparate and complex structures that make it impossible to treat them for statistical purposes as a coherent whole with a controlling parent located in a specific country. The breakdowns by industrial sector are determined after reallocating investments in holding companies to the sector of the parent company of the investing group, whenever possible.

<sup>1</sup> Under the conventional methodology, inter-company loans are recorded in the same way as other balance of payments financial flows, i.e. on the basis of resident companies' assets and liabilities vis-à-vis non-residents. Under the "extended directional principle" rule, loans between fellow enterprises in the same international group (meaning companies with no direct equity capital links or where one company holds less than a 10% equity interest in the other) are classified as outward foreign direct investment or inward foreign direct investment, depending on whether the parent company of the group is resident in France or another country, regardless of which company grants the loan. This new method will be the standard for presenting FDI statistics in Europe starting in 2014. The Banque de France has already implemented it.

- **Reinvested earnings** are the share of direct investment enterprises' current earnings accruing to direct investors that is not distributed. Retained earnings are calculated as the difference between the direct investment enterprises' net current income for the year and the dividends paid for the same year, which usually depend on the previous year's figure. They are seen as both foreign direct investment income recorded on the current account, and as an FDI transaction, recorded with the opposite sign on the financial account. The latter account is the mirror account in the balance of payments for the current account. This means that reinvested earnings automatically balance out in the balance of payments.
- **Net intercompany loans** from non-resident direct investors to their resident affiliates, as well as loans between fellow companies belonging to the same group with a foreign-based parent, constitute the final component of FDI inflows.

### Highly volatile reinvested earnings

Not all components of FDI follow the same pattern in the short or medium term, where they respond to cyclical shocks, or in the long term. Reinvested earnings are highly volatile during swings in the cycle. The net balance is usually positive, but may be reversed. For example, non-residents' reinvested earnings were negative from 2001 to 2003 and again in 2009, whereas they were positive from 2004 to 2008 and again in 2010.

### The balance of inter-company loans is affected by cash requirements

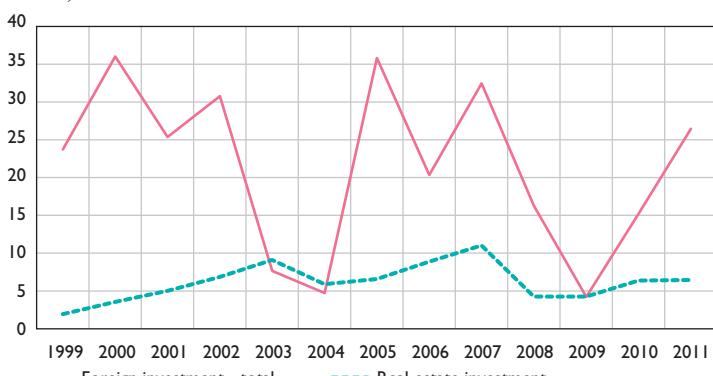
The annual balance of inter-company loans may be positive, meaning that resident subsidiaries of foreign groups were net borrowers from their parent companies or other foreign companies in their groups, using the loans to finance investment or expansion. This is the most frequent pattern. However, in 2003 and 2004, and again in 2006 and 2009, the balance was sharply negative and French subsidiaries of foreign groups lent cash to non-resident entities in their group. This pattern sometimes stems from macro-economic or macro-financial events, as was the case in 2009. Under other circumstances, it stems from individual deals by a few large groups that affect the overall flows.

### Relative stability of real-estate investment

Over the last ten years, foreign investment in real estate has been very stable, with net flows ranging from 4 billion to 11 billion since 2001. These flows do not seem to be very sensitive to fluctuations and crises in French and international real-estate markets. In 2003, 2004 and 2009, they accounted for the entire net FDI inflow for the year (see Chart 2).

**Chart 2 Real-estate accounts for a large share of France's inward FDI**

(EUR billions)



Source: Banque de France

### A structural decline in equity investment transactions

Equity investment (excluding real estate) accounted for more than two thirds of France's inward FDI between 1999 and 2003. This figure has been declining since the middle of the last decade. Some of the decline is bound to be structural: as stocks of FDI in France increase, major multinational groups have more possibilities to finance their organic and external growth using their own local resources and bank borrowing by their French subsidiaries, without needing to rely on foreign financing provided by the group. The decline may also stem from the growing role of foreign investment funds as direct investors in France. Since such funds are usually reluctant to use equity to finance acquisitions, they prefer to finance most of their acquisitions with debt in order to benefit from leverage and make their deals more profitable.

A look at FDI flows in Germany's balance of payments reveals a similar pattern. Even though they were greater than France's over the whole period from 1999 to 2011, Germany's FDI inflows in the form of equity have still shown a steady decline from one year to the next since 2007 (see Charts in Appendix 1).

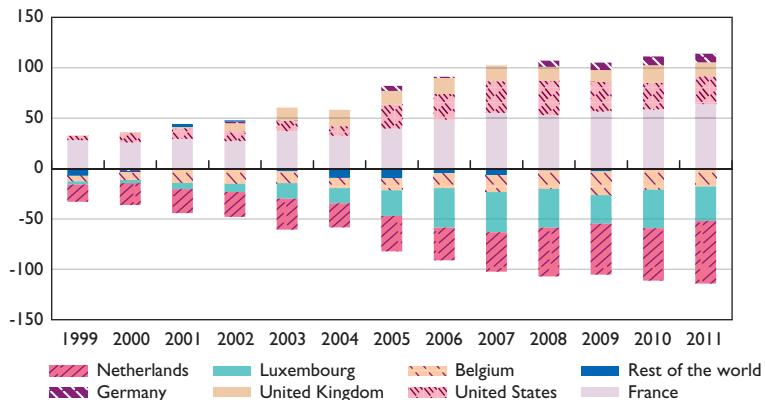
## 2| Despite an increase over the last two years, flows from emerging countries are still minor

Industrialised countries account for the bulk of France's inward FDI. Since 2005, groups from the European Union accounted for 47% of total net FDI inflows, groups from other industrialised countries (such as the United States and Switzerland) accounted for 27% and groups and investors from emerging and developing countries accounted for only 9%. It is only in the last two years that emerging countries have come to account for a significant share of France's inward FDI (see Chart 4 *infra*).

On the other hand, the switch from the conventional allocation, by immediate investing country, to the allocation by ultimate investing country has increased the shares of France's inward FDI from the United States, Germany and the United Kingdom and reduced the share from European transit countries, such as Luxembourg, the Netherlands and Belgium which host the headquarters of international groups or holding companies and are used as reinvestment hubs.<sup>1</sup> The change in allocation by country also has a marked impact on stocks of FDI in France's (see Chart 3 *infra*).

<sup>1</sup> These three countries were involved in two thirds of the main foreign merger and acquisition deals in France in 2011 and accounted for nearly 60% of FDI flows over the last four years. Their share by ultimate investing country stands at 22% of net flows between 2005 and 2011.

**Chart 3 Main differences in direct investment positions in France by country once they are allocated by the country of the ultimate investor  
(EUR billions)**



Source: Banque de France

**Two thirds of FDI inflows are invested in financial activities or holding companies**

The allocation by sector shows that foreign investors prefer financial activities, which have accounted for nearly two thirds of net inflows since 2005, with 18% for banks and financial services, 17% for insurance companies, and 28% for holding companies.<sup>2</sup>

Manufacturing has accounted for 30% of net FDI inflows since 2005 (23 billion), with the chemical industry receiving 11% of the total and the pharmaceutical industry receiving 10%. In contrast, non-residents disposed of 11% of their investments in the manufacturing of other transport equipment.<sup>3</sup>

Outside of financial activities and manufacturing, foreign investors favoured the real-estate sector<sup>4</sup> perhaps because of the attractive tax rules applying to listed real-estate investment companies (SIIICs) introduced between 2003 and 2006, and professional, scientific and technical businesses.<sup>5</sup> On the other hand, foreign investors have disposed of major investments in the wholesale and retail trade sector, particularly wholesale, since 2005.

2 Despite the work on sector reclassifications indicated in the methodological note in Part I, the investment allocated to the holding company sector is probably overestimated because it is impossible in some cases to identify the activity of head company of the direct investor group clearly.

3 The disposals are largely due to complex financial flows in recent years within the EADS/Airbus group. The French company, Airbus, centralises the funds received (loans, government subsidies) and redistributes them in the form of inter-company loans to its foreign subsidiaries.

4 Excluding purchases of real estate in the strictest sense, which is already recorded elsewhere.

5 The laws governing these companies provide tax breaks for companies where the main business is holding rental properties. As long as they value their properties at market prices, companies listed on a resident regulated market can opt for these rules. Their choice implies pass-through taxation. Taxation is transferred from the company (corporate income tax) to the final investors (personal income tax on dividends and capital gains tax). This pass-through tax system applies only to earnings from eligible business activities (real estate) naturally. In the case of groups, such a pass-through tax system already existed by means of tax consolidation under the parent-subsidiary rules, but the laws governing SIIICs made it generally available.

## French groups account for a significant share of France's inward FDI

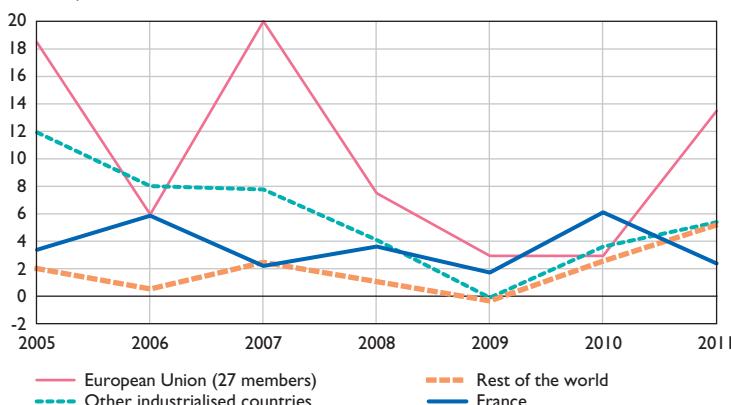
Since 2005, equity FDI and reinvested earnings of foreign subsidiaries of French groups have accounted for between 2 billion and 6 billion per year and represent nearly 17% of the cumulative total net inflows (see Chart 4). This investment can be classified in two categories. Private equity funds (PAI Partners, Axa Private Equity, etc.), financial groups (Bolloré, Eurazeo, Wendel, Financière Marc Ladreit de Lacharrière, etc.) and family holding companies often invest through acquisition vehicles located in Luxembourg and the Netherlands, probably for tax or financial planning purposes. In addition, investment in manufacturing is made by foreign branches of French groups to which some of the group's businesses have been spun off. For example, Merial (United States) represents the animal nutrition business of Sanofi-Aventis and Electrabel (Belgium) heads up the energy production business for the GDF-Suez group.

## French groups prefer investment in manufacturing, particularly in pharmaceuticals and chemicals

France's inward FDI from French groups goes primarily to manufacturing. This sector has received nearly 18 billion since 2005, or 70% of the total, with 24% invested in pharmaceuticals, 17% in chemicals, 6% in the manufacture of computer, electronic and optical equipment and 5% in automotive manufacturing. These flows correspond primarily to the reinvested earnings of French subsidiaries of major French groups.

**Chart 4 France's foreign direct investment inflows by investing country**

(EUR billions)



Note: The breakdown by country of residence of the head company in the group, which is the classification used here, allocates FDI from foreign companies that are ultimately controlled by a French group to France.

Source: Banque de France

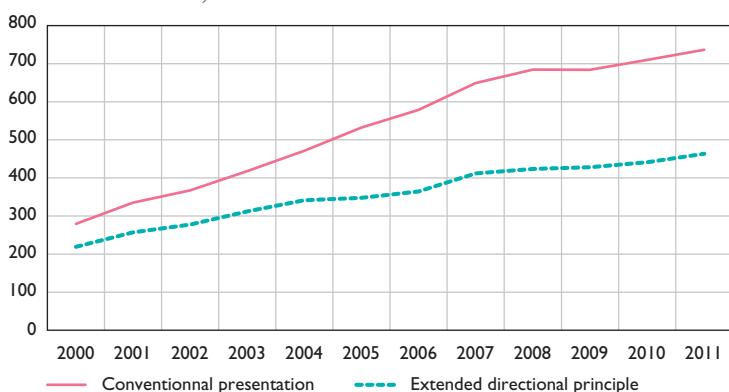
The other sectors that French groups have favoured since 2005 are financial and insurance activities (11% of cumulative flows), information and communication (9%) and transport and storage (9%). On the other hand, French groups have disposed of their investments in the wholesale and retail trade sector in recent years, especially in 2008.

### 3| The structure of direct investment positions in France by country is highly concentrated

The measured amounts of France's inward and outward FDI flows and stocks have been reduced by statistical restatements for the switch to the extended directional principle.<sup>6</sup> These restatements do not affect equity investment. Instead they offset inter-company loans between French and foreign companies belonging to the same groups. These restatements have had a bigger impact, since groups have largely internationalised their financial structures and strategies in recent years.<sup>7</sup> Stocks of foreign direct investment in France had been overestimated by 60 billion (or 27%) under the prior method at the end of 2000. They would have been overestimated by 273 billion, or 59%, at the end of 2011, if the extended directional principle had not been applied to cross-border inter-company loans (see Chart 5).

**Chart 5 Impact of the switch from the conventional methodology to the extended directional principle on direct investment stocks in France**

(book value in EUR billions)



Source: Banque de France

<sup>6</sup> All of the FDI stocks data presented in this section and the following section are expressed at book value.

<sup>7</sup> More specific hypotheses state that multinational groups investing in France are increasingly engaging in tax planning strategies. They substitute investment financed by debt for equity contributions, since the latter produce taxable profits in France, whereas the interest on the debt can be deducted from the taxable income in France, thereby reducing the profit subject to French corporate income tax. The interest paid to non-residents under this strategy enable the groups to shift profits to various financial companies and cash centres located in low-tax companies, thereby reducing the group's overall tax burden.

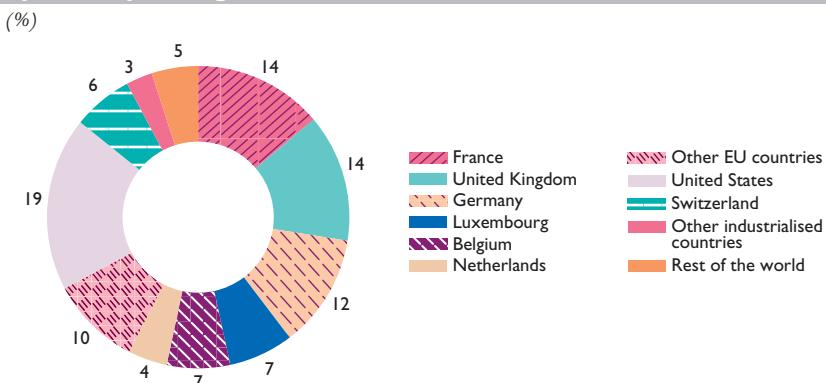
A small number of industrialised countries account for almost the whole stock of foreign direct investment in France

Only four countries account for virtually all of the stocks of foreign direct investment in France. The United States owes its ranking to its long-standing presence and the more recent aggressiveness of American investment funds, with a large and diversified stock of direct investment worth 86 billion, or 19% of the total. American groups have a particularly strong presence in financial activities and insurance, manufacturing, particularly farming and food industries, pharmaceuticals and "other transport equipment", professional, scientific and technical activities, and accommodation and catering activities.

British groups have also been doing business for a long time in France. The United Kingdom accounts for 14% (63 billion) of foreign direct investment in France, with a strong presence in financial activities and insurance, real estate (especially ownership of real estate in the strictest sense), retail trade, but a fairly small presence in manufacturing, with the exception of pharmaceuticals.

The third ranking investor country is Germany, with 12% of the stocks of foreign direct investment in France (56 billion). Germany has a strong presence in real estate, financial activities and insurance, wholesale and retail trade, pharmaceuticals and chemicals, as well as information and communication. The top four are followed by Luxembourg, Belgium, Switzerland and the Netherlands, in that order (see Chart 6 and Appendix 2).<sup>8</sup>

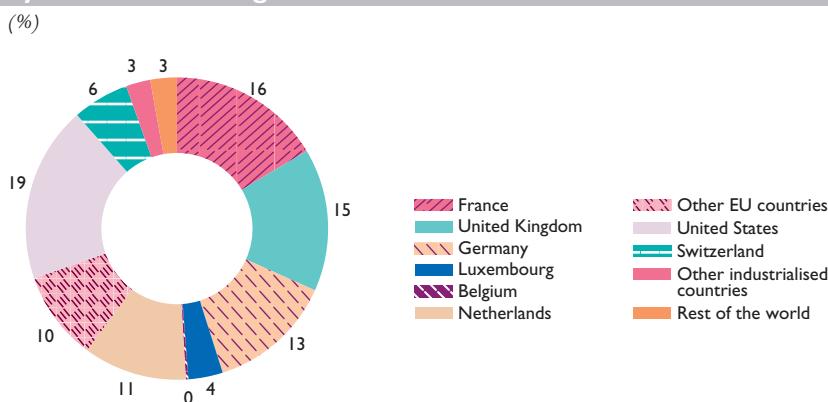
**Chart 6 Foreign direct investors in France by country of origin at the end of 2011**



Source: Banque de France

<sup>8</sup> In the case of Luxembourg, FDI is overestimated because of the share of real-estate investment in the strictest sense (nearly 25% of the total) is too high since it is impossible to determine the ultimate investor and because some of the stocks are held by investment funds and acquisition vehicles with no known origin. Even though it has been substantially reduced from its share according to the immediate investing country, Luxembourg's share of FDI invested in France is still overestimated.

**Chart 7 Cumulative income from direct investment in France by ultimate investing countries from 2005 to 2011**



Source: Banque de France

### Emerging countries still account for only a minor share of stocks of foreign direct investment in France

The available data show that emerging countries accounted for some 5% of stocks of foreign direct investment in France at the end of 2011, once the stocks are reallocated by ultimate investing country. Their real share may be slightly larger, because of the difficulty in identifying the ultimate investor in some cases. These countries only became significant direct investors at the international level towards 2005 and prefer deals in other emerging or developing countries.

China holds approximately 1% (3 billion) of stocks of foreign direct investment in France and did not become a significant direct investor until 2011, when its sovereign fund, China Investment Corporation, acquired a 30% equity stake in GDF Suez E & P International. These figures contrast with some recent statements or press articles that estimate that the amount of China's direct investment in France is between 15 billion and 20 billion. Other countries, such as Kuwait and, more recently, Qatar, prefer portfolio investment and account for a minor share of stocks of foreign direct investment in France, despite the number and scale of their recent deals in France.

France is the source of 14% of its stocks of inward direct investment when allocated by ultimate investing country. The investment sectors are the ones that have seen large flows since 2005: with manufacturing accounting for 43% of the stocks, with pharmaceuticals accounting for 21%, chemicals for 7% and automotive manufacturing for 5%. Financial activities account for 14% of the stocks, wholesale and retail trade and repairs account for 8%, information and communication, construction and real-estate activities account for 7% each.

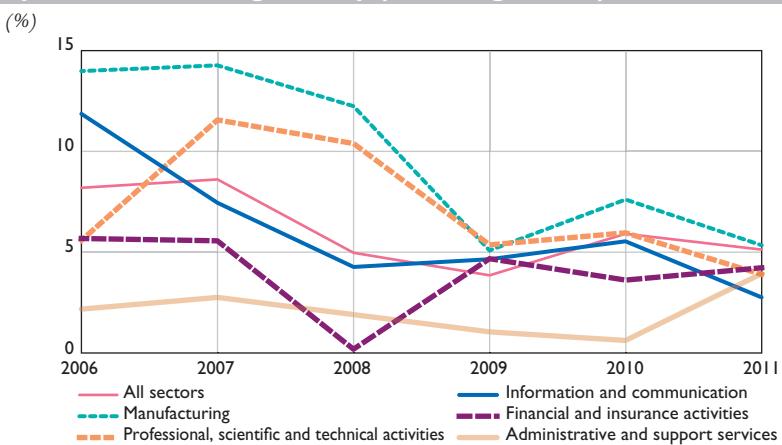
## 4| The distribution of income from foreign direct investment in France's by country<sup>9</sup>

The distribution of income by country over the last seven years broadly echoes the allocation of stocks by book value at the end of 2011. The differences between the two allocations (such as the 16% share of income going to French investors, who hold 14% of the stocks, or the 3% share of rest of the world investors over seven years, in contrast to their 5% share of stocks at the end of 2011) stem either from differences in the sector composition or the age of the stocks.

### A sharp drop in the apparent rate of return on most inward FDI since 2007<sup>10</sup>

Between 2006 and 2011, the apparent return on stocks of foreign direct investment in France stood at 6.1% on average and ranged from 3.8% to 8.6% depending on the year (this rate has been calculated for all sectors except real estate and French groups' direct investment).<sup>11</sup> After exceeding 8% in 2006 and 2007, the return posted a sharp drop in 2008, which continued in 2009. It bounced back in 2010, but only to 5.9%, far short of the levels in 2006 and 2007 and under the overall rate of return on France's outward FDI stocks (7.6% in 2010). The rates of return for the main sectors have followed comparable patterns since 2006 (see Chart 8).

**Chart 8 Apparent return for foreign direct investors in France by ultimate investing country (excluding France)**



Source: Banque de France

9 FDI income is usually classified according to the country of the immediate counterparty, as is the case for all balance of payments flows. For the sake of harmonising geographical breakdowns of flows and stocks presented in this article, income on France's inward FDI stocks has been broken down by the ultimate investing country for the first time. In order to mitigate the impact of economic shocks on income, cumulative income between 2005 and 2011 is shown by country and by zone in Chart 7 and analysed.

10 The breakdown of the stocks of direct investment in France and the associated income is used to calculate apparent rates of return by sector (by comparing the income for year n in sector i to the stock of direct investment in France at the end of year n-1). Before undertaking any analysis, we need to know if the stocks are calculated according to the book value of the direct investment enterprises, which is sometimes quite unrelated to the acquisition prices paid and recorded in FDI flows. The profitability or return on investment measurements presented in this article are therefore not robust and may not be significant. They should be interpreted as showing a trend.

11 The 2011 data are estimates and should be considered provisional.

## **ARTICLES**

*France's inward foreign direct investment from 2005 to 2011*

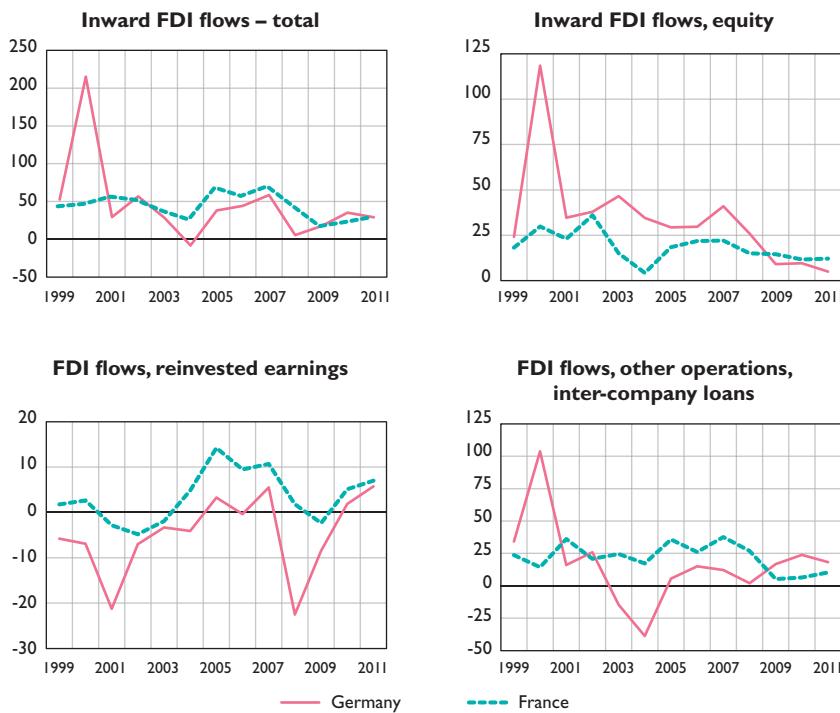
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Based on our current knowledge and an examination of the FDI data only, it is difficult to determine whether the declining rate of return on stocks of direct investment in France has anything to do with the shrinking profit margins of non-financial corporations noted by France's National Statistics Institute (Insee) or whether it stems from financial factors (higher interest rates and other financial expenses) that may affect resident subsidiaries of foreign companies more than other resident enterprises.

## Appendix I

### France's and Germany's inward foreign direct investment flows, by heading

(EUR billions)



Sources: Deutsche Bundesbank and Banque de France

Note: The data for France presented in the charts above are not the same as the data presented in the body of this article. To make the comparison with Germany meaningful, "inter-company loans" and the total had to be made consistent with the current methodology used to present the balance of payments.

## ARTICLES

France's inward foreign direct investment from 2005 to 2011

## Appendix 2

Stocks of direct investment in France				
(EUR billions)	France	European Union		
	Total	of which:		
		United Kingdom	Germany	
<b>Agriculture, forestry and fishing</b>	<b>0.1</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>
<b>Mining and quarrying</b>	<b>0.3</b>	<b>-0.5</b>	<b>-0.7</b>	<b>0.0</b>
of which: Extraction of crude petroleum and natural gas	0.3	-0.5	-0.7	0.0
<b>Manufacturing</b>	<b>27.4</b>	<b>54.6</b>	<b>5.3</b>	<b>12.9</b>
of which : Manufacture of food products	0.4	9.8	1.0	0.5
Textiles and wearing apparel	0.5	0.7	0.0	0.0
Wood, publishing and printing	0.6	1.9	0.0	0.1
Coke and refined petroleum products	0.2	-0.2	-0.2	0.0
Chemicals and chemical products	4.7	11.4	0.7	4.1
Pharmaceutical products	13.3	8.4	2.5	4.4
Rubber and plastic products	1.1	1.0	0.0	0.5
Basic metals and fabricated metal products	0.6	6.2	0.3	0.9
Computer, electronic & optical products	0.7	3.0	0.1	0.5
Machinery and equipment	1.2	0.6	0.0	0.9
Manufacture of motor vehicles, trailers and semitrailers	2.9	1.7	0.0	0.5
Manufacture of other transport equipment	0.8	0.5	0.0	0.0
<b>Electricity, gas, steam and air conditioning supply</b>	<b>2.5</b>	<b>0.9</b>	<b>0.0</b>	<b>0.7</b>
<b>Water supply, sewerage, waste management and remediation activities</b>	<b>0.2</b>	<b>0.1</b>	<b>0.0</b>	<b>-0.1</b>
of which : Water collection, treatment and supply	0.2	0.0	0.0	0.0
<b>Construction</b>	<b>4.6</b>	<b>0.7</b>	<b>0.0</b>	<b>0.0</b>
<b>Wholesale and retail trade and repairs</b>	<b>5.4</b>	<b>4.2</b>	<b>5.1</b>	<b>4.6</b>
Dont : Wholesale trade	1.2	-4.8	0.6	2.8
Retail trade	4.1	8.2	4.6	1.7
<b>Transport and storage</b>	<b>0.7</b>	<b>4.5</b>	<b>0.2</b>	<b>0.1</b>
of which : Land transport and transport via pipelines	0.0	3.7	0.0	0.0
Water transport	0.0	0.2	0.2	0.0
Air transport	0.0	0.1	0.0	0.0
Warehousing and support activities for transport	0.6	0.5	0.0	0.0
<b>Accommodation and food service activities</b>	<b>1.3</b>	<b>1.4</b>	<b>0.9</b>	<b>0.1</b>
<b>Information and communication</b>	<b>4.8</b>	<b>8.0</b>	<b>1.9</b>	<b>3.5</b>
of which : Motion pictures, video and television programme activities	2.4	0.1	0.0	0.0
Telecommunications	0.4	1.6	0.4	0.0
<b>Financial and insurance activities</b>	<b>9.1</b>	<b>86.3</b>	<b>27.3</b>	<b>12.6</b>
of which : Financial services	7.7	63.7	23.8	3.9
of which: Activities of holding companies	4.1	27.2	8.8	3.1
Insurance	0.3	13.5	3.2	7.4
<b>Real-estate activities</b>	<b>4.3</b>	<b>7.3</b>	<b>0.7</b>	<b>1.2</b>
<b>Professional, scientific and technical activities</b>	<b>2.2</b>	<b>7.4</b>	<b>0.6</b>	<b>0.6</b>
of which : Legal and accounting activities	0.0	0.3	0.0	0.0
Activities of head offices	1.4	6.8	0.3	0.6
Architecture, engineering, testing	0.2	-0.1	0.1	-0.1
Scientific research and development	0.4	0.2	0.1	0.0
Advertising	0.1	0.2	0.1	0.0
<b>Administrative and support service activities</b>	<b>0.8</b>	<b>4.5</b>	<b>2.5</b>	<b>0.3</b>
<b>Education</b>	<b>0.0</b>	<b>0.4</b>	<b>0.0</b>	<b>0.0</b>
<b>Arts, entertainment and recreation</b>	<b>0.1</b>	<b>0.6</b>	<b>0.0</b>	<b>0.1</b>
<b>Other service activities</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>
<b>Amounts not allocated</b>	<b>0.0</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>
<b>Total excluding real estate</b>	<b>0.0</b>	<b>2.7</b>	<b>1.1</b>	<b>0.3</b>
<b>Total hors immobilier</b>	<b>64.0</b>	<b>183.6</b>	<b>45.1</b>	<b>37.1</b>
Real estate	0.0	63.8	18.3	19.2
<b>Total</b>	<b>64.0</b>	<b>247.4</b>	<b>63.4</b>	<b>56.4</b>

## by ultimate investing country and by sector

EU (27 members)			Other industrialised countries			Rest of the world	Total
Luxembourg	Belgium	Netherlands	Total	of which:			
			United States	Switzerland			
0.1	0.0	0.0	0.1	0.0	0.1	0.0	0.4
0.0	0.0	0.2	1.4	0.2	0.1	0.0	1.3
0.0	0.0	0.2	0.4	0.2	0.0	0.0	0.2
7.6	6.7	13.3	45.9	36.4	3.4	1.1	128.9
1.6	0.1	4.7	7.8	8.2	-1.1	0.0	18.2
0.1	0.1	0.0	1.0	0.6	0.5	0.0	2.3
0.0	0.1	0.0	1.7	1.3	0.0	0.6	4.7
0.0	0.0	0.0	-0.4	-0.1	-0.2	0.0	-0.4
0.4	5.9	0.2	1.5	0.9	0.3	0.2	17.9
0.6	0.0	0.3	8.2	7.4	0.3	0.0	29.9
0.0	0.2	0.1	0.5	0.3	0.1	0.0	2.6
4.5	0.1	-0.1	0.6	0.3	0.2	-0.1	7.3
0.1	0.0	2.2	2.0	1.2	0.0	0.0	5.7
0.0	0.0	-1.3	0.9	-0.2	0.5	0.0	2.7
0.0	0.0	0.0	2.7	0.9	0.0	0.0	7.3
-0.1	0.0	0.5	6.6	6.5	0.0	0.1	7.9
0.0	0.0	0.1	1.1	1.0	0.2	2.4	7.0
0.0	-0.1	0.1	0.0	0.0	0.0	0.0	0.3
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
0.0	0.0	0.2	0.2	0.3	-0.1	0.0	5.6
0.1	-0.9	-10.0	1.0	-1.8	1.4	1.0	11.6
0.1	-1.8	-10.0	0.6	-1.8	1.1	1.2	-1.8
0.0	0.3	0.0	0.9	0.6	0.2	0.1	13.2
0.5	0.2	0.0	0.4	0.3	0.0	1.8	7.4
0.4	0.0	0.0	0.0	0.0	0.0	0.0	3.7
0.0	0.0	0.0	0.0	0.0	-0.1	1.8	1.9
0.0	0.0	0.0	0.2	0.2	0.0	0.0	0.3
0.1	0.1	0.0	0.2	0.1	0.0	0.0	1.4
0.1	0.0	0.1	4.0	4.0	0.0	0.0	6.8
0.3	0.1	0.8	2.2	2.2	0.1	0.1	15.0
0.0	0.0	0.1	0.3	0.4	0.0	0.0	2.8
0.2	0.0	0.2	0.3	0.3	0.0	0.1	2.3
12.5	20.0	5.6	40.0	27.7	10.0	5.8	141.2
5.6	19.7	5.4	29.3	23.0	4.1	4.8	105.5
5.1	4.2	3.8	22.0	18.1	2.7	2.8	56.1
-0.1	0.0	0.1	3.1	1.6	1.5	0.9	17.9
1.9	0.0	1.2	2.0	1.7	0.1	0.0	13.6
1.7	0.8	1.5	10.2	8.3	0.6	0.2	20.0
0.0	0.0	0.0	0.4	0.1	-0.1	0.0	0.7
1.7	0.7	1.1	6.4	5.6	0.2	0.3	14.9
0.0	0.0	0.2	1.7	1.5	0.1	-0.2	1.7
0.0	0.0	0.1	1.6	1.2	0.3	0.0	2.3
0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.4
-0.2	0.0	1.7	4.1	1.6	2.8	-0.1	9.3
0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.4
0.3	0.2	0.0	0.1	0.1	0.0	0.0	0.8
0.0	0.0	0.0	0.4	0.3	0.0	0.0	0.7
0.0	0.0	0.0	0.1	0.1	0.0	0.1	0.3
-0.1	0.0	0.5	0.3	-0.1	0.3	4.1	7.1
24.8	27.1	15.6	113.5	82.4	19.1	16.6	377.7
7.3	4.2	4.0	15.3	3.2	10.6	6.5	85.7
32.1	31.4	19.5	128.8	85.6	29.7	23.1	463.4



# **Assisted microcredit**

## **Summary of the symposium organised by the Banque de France on 12 December 2012**

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*On 12 December 2012, the Banque de France organised a symposium on assisted microcredit. It was attended by 150 participants, mainly comprising representatives of banks and associations.*

*In his opening speech, Governor Christian Noyer explained that the Banque de France had decided to award two prizes each year to reward the exemplary nature and quality of projects benefiting from a personal and professional assisted microcredit and that it had started to collect statistics with a view to monitoring these transactions.*

*Three round tables addressed different aspects of assisted microcredit:*

- its nature, its performances and its regulation, chaired by Catherine Barbaroux, Chairwoman of the Association for the right to economic initiative (Association pour le droit à l'initiative économique);*
- its role in preventing overindebtedness, chaired by René Didi, Director of societal commitment, governance and history at the National Federation of French Savings Banks (Fédération nationale des Caisses d'épargne);*
- its links with access to banking services, chaired by Michel Camdessus, Chairman of the Microfinance Observatory and the Social Cohesion Fund (Fonds de cohésion sociale), and Emmanuel Constans, Chair of the Advisory Committee on the Financial Sector (Comité consultatif du secteur financier – CCSF).*

*Lastly, François Bourguignon, Director of the Paris School of Economics, closed the event by addressing the question of the economic microcredit model in developing countries.*

*This article presents a summary of these discussions. These exchanges highlighted the useful role that personal and professional microcredit plays in social and professional integration, provided that it is underpinned by an assistance structure.*

Key words: assisted microcredit, Banque de France symposium of 12 December 2012

JEL codes: G2, G21

**M**icrocredit consists of granting small-value loans to borrowers who do not have access to traditional bank credit. They do not usually exceed EUR 3,000 and EUR 25,000 for personal and professional loans respectively. Professional microcredit is used to finance professional integration projects, in particular via the creation or take-over of a business. Personal microcredit aims to foster social integration, often via the purchase of a vehicle, or help for housing access.

Microcredit targets less-favoured people with a lack of knowledge about financial mechanisms. Therefore, they require assistance with the application procedure and, where necessary, throughout the whole loan repayment period, which is closely monitored. In this way, payment incidents can be prevented and the beneficiaries can acquire the personal and financial autonomy they need to succeed in their integration project. This then allows them to gain access to traditional banking services. This assistance often also includes the provision of direct or indirect guarantees.

Assistance is provided by different bodies: voluntary assistants and organisations, social workers, banks and specialised structures. The Social Cohesion Fund and microinsurance companies may act as guarantors.

More generally, the objectives of assisted microcredit are to reduce poverty, help integrate disadvantaged people, and facilitate financial inclusion. At the international level, the latter objective has increasingly become a focus of attention for governments and central banks. Indeed, access to banking services is considered essential for promoting and supporting employment, growth and financial stability.

At the international level, during its meetings in November 2012, the Irving Fisher Committee<sup>1</sup> stressed the essential role of measurement indicators to promote relevant policies on financial inclusion. The Alliance for Financial Inclusion (AFI)<sup>2</sup> is also pursuing this objective.

In France, the multi-year anti-poverty plan, presented last December by the Prime Minister at the last National Conference on Ending Poverty, provides for an assistance policy to prevent overindebtedness.

The Banque de France has long provided services to the national community in order to improve access to banking services and fight overindebtedness.

<sup>1</sup> The Irving Fisher Committee on Central Bank Statistics (IFC) is a forum of central bank economists and statisticians, as well as others who want to participate in discussing statistical issues of interest to central banks. The IFC is established and governed by the international central banking community and operates under the auspices of the Bank for International Settlements (BIS).

<sup>2</sup> Created in 2008, the Alliance for Financial Inclusion is a global network of financial policymakers from developing and emerging countries working to increase access to appropriate financial services for the poor.

The Bank was entrusted with the management of the *Fichier central des chèques* (FCC – Central Cheque Register), the *Fichier des incidents de crédits aux particuliers* (FICP – National Register of Household Credit Repayment Incidents) and the *Fichier national des chèques irréguliers* (FNCI – National Register of Irregular Cheques).<sup>3</sup>

The Bank's missions were gradually extended to include the processing of household debt files, and regulations on the right to a bank account.

Moreover, the Banque de France developed Infobanque<sup>4</sup> to inform the public about banking regulations and set up a Microfinance Observatory, which aims to broaden knowledge of this business sector and publishes an annual report.

Building on the work carried out by the *Conseil national de l'information statistique* (National Council for Statistical Information – CNIS), it has recently started to collect regular statistics on microcredit. This data collection, which is unique in the euro area, provides insight into the main features of microcredit.<sup>5</sup>

This microcredit symposium brought together at the head office of the Banque de France around 150 professionals: researchers and academics, representatives of associations and structures specialised in microcredit, microinsurance, and banks.

## I | The Banque de France and access to banking and financial services

In his opening speech, the Governor highlighted the work that the Banque de France has carried out for many years to promote access to banking and financial services.

Under legislation conferring the right to a bank account, the Banque de France is responsible for appointing a bank that must provide an account to all natural and legal persons to whom a bank account has been refused. The basic banking services required for the functioning of the account are also granted in such cases. Current statistical monitoring of this procedure will be enhanced in order to measure the implementation of the regulation and assess its progress over the year following its initiation.

3 See link on the Banque de France website: <http://www.banque-france.fr/la-banque-de-france/missions/protection-du-consommateur/fichiers-dincident-bancaire.html>.

4 See link on the Banque de France website: <http://www.banque-france.fr/la-banque-de-france/missions/protection-du-consommateur/infobanque-votre-banque-et-vous.html>.

5 Additional information can be obtained from the Banque de France's Directorate General of Statistics.

Over the past five years, Household Debt Commissions have received around 200,000 overindebtedness applications, of which 40% submitted by persons who have already been overindebted. Alongside the encouraging results of the Consumer Credit Act of 1 July 2010, preventive action should be continued, while seeking to identify, as early as possible, the causes of overindebtedness.

Assisted microcredit is one of the means to foster financial inclusion. This means of financing involves assistance networks that work together with credit institutions and welfare organisations to develop the financial literacy of low-income households and individuals seeking to start or take over a business.

To show the Banque de France's support for this type of financing, the Governor announced the creation of two prizes to reward the exemplary nature and quality of projects benefiting from a personal and professional assisted microcredit. These prizes will be awarded annually starting from autumn 2013.

## 2| Assisted microcredit and microinsurance

The first round table, chaired by Catherine Barbaroux, Chairwoman of the *Association pour le droit à l'initiative économique* (ADIE), highlighted the structuring nature of microcredit for people experiencing personal or professional difficulties and stressed its favourable impact on their integration. The amounts are small but they have significant economic, social and societal leverage effects. The assistance provided by specific structures, in which financial partners, welfare organisations and volunteers participate, is an important factor for success. Microinsurance, whose use remains fairly limited, should develop to ensure the soundness of projects. Lastly, the round table emphasised the contribution of fund-collecting partner organisations in the area of vocational training and gave an example of the public authorities' action, through its NACRE<sup>6</sup> scheme for job seekers.

In line with the Governor's introduction, Catherine Barbaroux recalled that the question of microcredit came within the broader field of the fight against poverty, and was central to integration, financial inclusion, access to credit and the right to economic initiative. Assistance, training and helping job seekers and microentrepreneurs are key concepts in the drafting of the *loi sur l'économie sociale et solidaire* (Social and Solidarity Economy Act), the setting-up of the *Banque publique d'investissement*

<sup>6</sup> New assistance for individuals seeking to start or take over a business. See the link: <http://www.emploi.gouv.fr/nacre/>.

(Public Investment Bank), and the report by the *Cour des comptes* on assisting business creation. Assisted microcredit, be it personal or professional, and microinsurance are insufficiently known and used given the needs, but they are likely to benefit from the new interest in these subjects.

Daniel Gabrielli, Deputy Director of the Monetary and Financial Statistics Directorate of the Banque de France, presented the results of the Banque de France's new statistical data collection following the recommendations made by a working group of the CNIS on microcredit. This data collection is carried out with the help of associations, banks and the Social Cohesion Fund. It compiles data, at a half-yearly frequency, on new lending flows and interest rates and, once a year, on loan outstandings and a number of other variables, including performances relating to these loans in terms of default and risk quality.

The preliminary results show that microcredit outstandings (around EUR 700 million at 31 December 2012), appeared to be very low compared to total loans to enterprises (EUR 810 billion) and to households (EUR 1,083 billion). According to available international comparisons, France is nonetheless in first position, with a proportion of around 30% of microcredit outstandings in Europe.

Professional microcredit finances above all the creation and, to a lesser extent, the take-over of businesses or their development. It is mainly made up of quasi-equity loans (accounting for almost two-thirds of outstandings). Personal microcredit, aimed at facilitating the return to employment and mobility, for its part, accounts for a small share. Average loan amounts are around EUR 6,600 for professional microcredit and around EUR 2,200 for personal microcredit.

Interest rates on professional microcredit are much higher than those on traditional bank loans whereas those on personal microcredit are far lower.

The forthcoming improvements to data collection will aim to enhance the understanding of the performance of these loans, broaden the scope of remittance and ensure a better monitoring of the complementary loans granted by banks.

Bertrand Corbeau, CEO of the *Fédération nationale du Crédit agricole*, then illustrated the concept of assistance through the example of the system known as "*points passerelle*" set up by the *Crédit agricole*. Intended for people in difficulty, it was implemented as part of the partnership approaches with all the stakeholders, associations and volunteers that oversee the process.

10,000 applications are processed each year by around 120 specialised advisers, accompanied by almost 500 volunteers. Out of a sample of

50,000 people, the success rate was very high, standing at 80% of the applications processed. An overall assessment is made in collaboration with social workers and welfare organisations. Loans are not always considered to be a solution. Indeed, they were only granted in 20% of cases.

More generally, *Crédit agricole* is present in the microcredit sector. Personal microcredit, aimed at financing the search for employment, vocational training or geographical mobility, accounts for half of the applications processed. Professional microcredit, for its part, mainly finances business creation, with the aid of structures such as ADIE, *France Initiative*, and *France Active*.

Luc Mayaux, Chairman of the association *Entrepreneurs de la Cité*, then presented the microinsurance sector. It covers 500 million people worldwide, of which 3,500 in France. It is a rapidly developing sector with great potential given the population benefiting from a microcredit (130,000) and the risks involved: 15% of microentrepreneurs cease their activity due to an accidental event.

Microinsurance is intended for the same population as microcredit, but it has a larger scope. This insurance must be cheap, sold at cost price, and cover limited amounts.

The difficulties faced by this sector are linked to the type of client, i.e. a fragile population exposing lenders to high financial risks. For the performance and equilibrium of microinsurance portfolios, diversification is necessary in order to better pool risk. Yet, potential policy holders are not yet sufficiently informed despite the high risks to which they are exposed.

In order to foster the development of microinsurance, the persons concerned must be better informed and more aware of the risks they might incur. It is also necessary to establish a partnership with microcredit professionals, create tailored products and provide assistance to policyholders.

### **3| Assisted microcredit and the prevention of overindebtedness**

The participants in the second round table, chaired by René Didi, Director of societal commitment, governance and history at the *Fédération nationale des Caisses d'Épargne*, recommended improving the detection of problems and pursuing solutions as soon as the first difficulties are encountered. In this respect, assisted microcredit may be a remedy especially if provided before the overindebtedness procedure and before situations become compromised.

Jean-Luc Vatin, Director of the Banque de France's Directorate for Private Individuals, started by offering an overview of the changes in the characteristics of overindebtedness over time. When the procedure was first introduced, the difficulties encountered by households stemmed from low-start mortgages or excessive consumer debt. Two types of situation were then identified: passive overindebtedness, whose causes are exogenous and stem from an unpredictable decline in income, and active overindebtedness, resulting from not anticipating or ignoring the situation. The government, estimating the number of households concerned at around 200,000, thought that the problem would clear up by itself after the debt rescheduling agreements were introduced. Yet the number of subsequent files submitted increased continuously, despite the different changes introduced into the system: around 200,000 applications are now made each year, of which 35 to 40% have already benefited from the procedure.

Furthermore, the nature of overindebtedness has also changed. The distinction that was made between active and passive overindebtedness is today outdated, with most cases originating from changes in the socio-professional situation, notably related to job losses. Complete debt write-offs, made possible under the Borloo Act, currently account for 30% of the measures adopted, testifying to the impoverishment of the population.

Jean-Louis Kiehl, Chairman of the French Federation of associations Crésus (Regional Chamber for Social Overindebtedness), gave a presentation of his association, which has assisted almost 40,000 households, with a total debt of EUR 3 billion.

He observes that many of the overindebtedness situations arise from an excessive use of credit: in 62% of the cases treated, the number of loans varied between 10 and 20. Moreover, 30% of overindebted households account for 70% of these loans. He also notes that overindebtedness has a social and economic cost, damaging the health of individuals, their productivity at work, the family fabric and children's future.

He stressed the importance of the early detection of overindebtedness situations and of providing households with assistance in order to deal with situations as soon as they show the first signs of deteriorating. Personal microcredit is a good tool for inclusion but it is often implemented too late and when other help or solutions are no longer possible. Jean-Louis Kiehl advocates encouraging banks to offer microcredit when they identify risky situations. In this way, the volume and the quality of these loans could be enhanced. Microcredit plays a virtuous and educational role for very fragile persons. By improving education, providing assistance and preventing overindebtedness, with the aid of a credit register, it should be possible to find solutions at an early stage in the process.

Catherine Sainz, Delegate General of the Cetelem foundation for Personal Finance Education, returned to the increase in the number of applications to the household debt commissions. Overindebtedness is most often caused by a deterioration in the economic situation of households, who cannot meet their instalments anymore due to a decline in their income.

The implementation of the procedure requires greater explanations and more exchanges with people in order to reduce misunderstandings. Also, sometimes it is necessary to monitor the social and budget situation of overindebted persons over the long term. Furthermore, Catherine Sainz gives the example of a credit institution in which a process to detect and assist households in difficulties has been set up using a score system that identifies the clients who risk two or more late payments in the following three to six months. A unit comprising specialist advisers carries out an in-depth budget analysis, makes an assessment and decides whether the person is fragile. Three types of help can be provided: assistance and advice concerning personal budgeting, financial intermediation and, if necessary, assistance with submitting an application to the debt commission.

## 4| Microcredit and financial inclusion

The third round table, co-chaired by Michel Camdessus, Honorary Governor of the Banque de France, Chairman of the Microfinance Observatory and the Social Cohesion Fund, and Emmanuel Constans, Chairman of the CCSF, examined the role of assisted microcredit as a factor for banking inclusion. This type of loan improves access to all banking services and contributes to the economic and financial education of disadvantaged people. How can its contribution be enhanced? With what objectives and based on which indicators? This international concern has led to the construction of indicators that enable cross-country comparisons and make it possible to measure the effects of policies in terms of economic development.

Jacques Fournier, Director General of Statistics at the Banque de France and member of the executive board of the Irving Fisher Committee, put an international perspective on the question of financial inclusion and the effects of the assistance policies. Opinion converged on the need to construct harmonised and adapted indicators and compare the different situations across countries. The following criteria are often selected: access to banking services, measured by the number of branches and staff devoted to the provision of financial services;<sup>7</sup> the use made of these services by citizens; lastly, the quality, i.e. the level of personal budgeting and financial education of the population, users' knowledge and understanding of the basic mechanisms.

7 Distribution by internet must also be taken into account.

A number of countries, including emerging economies, are gradually putting in place tools to measure financial inclusion, multi-year programmes, monitoring and a regulation policy. But this is also important for developed countries that must have relevant performance indicators. The Banque de France contributes to this subject through its statistical collection and analysis.

How does microcredit fit into this debate in relation to other financial inclusion factors? In developed countries, it constitutes an important segment that requires work. This subject has not yet been fully defined in international fora: the economic model remains to be determined, in particular concerning the level of interest rates and loan amounts. From the macroeconomic viewpoint, the development of microcredit is a factor for growth, provided that it does not result in excessive borrowing that could create insolvency situations in the longer term.

Alain Bernard, Head of the Employment and Social Solidarity department of the *Secours catholique* and Mouna Aoun, Adviser to fragile clients at the *Banque Postale*, showed how microcredit fosters financial inclusion and under which conditions. They discussed monitoring indicators and avenues for improvement. Alain Bernard believes that microcredit should be part of banking services, used alongside other tools. It is necessary to set standards for selecting applications, in order to make decisions more objective and to better define the notion of assistance. He raised questions about monitoring repayments and measuring the performance of lenders.

Mouna Aoun recalled that the *Banque Postale* has a specific mission to promote access to banking services, set out by the Economic Modernisation Act (LME).<sup>8</sup> Microcredit is used to supplement existing welfare mechanisms and benefits from assistance with personal budgeting and finances. Microcredit is not a traditional banking product in that the procedures are customised and cannot be standardised. It plays a role in preventing overindebtedness by replacing revolving credit, provided that risky situations are detected. The economic model for personal microcredit must therefore be reconsidered from the point of view of interest rates, amounts and the purpose of financing. A project or purpose-based approach could be developed, with avenues to explore in the areas of energy or mobility. An experiment of this type is being conducted in the Provence-Alpes-Côte d'Azur region to improve housing.

Alain Bernard also wished to see developments in the Social Cohesion Fund's procedures for granting guarantees, its client base and its means of financing. A financial inclusion policy, in which microcredit is a tool, requires a better identification of fragile populations and specific monitoring indicators.

<sup>8</sup> Article 145, No. 2008-776 of the Economic Modernisation Act of 4 August 2008.

In conclusion, François Bourguignon, Director of the Paris School of Economics, presented a number of experiments and studies carried out in developing countries. Here, microcredit appeared to contribute to reducing inequalities, fostering the banking integration of disadvantaged people and promoting economic development. However, even though we observe its development in emerging and developing countries, reflections on the economic model, interest rates, amounts distributed and regulation policy should be pursued to make it more efficient.

In developing countries, microcredit is a means of financing the poorest people to help them to rise above the poverty threshold. It also encourages sole proprietorships and business initiatives. At present, there are 723,000 microcredit institutions in these countries, for a little fewer than 200 million borrowers, of which 90% are classified as "poor". Among this population, 140 million are women. Microcredit allows them to enjoy a preferential treatment aiming to compensate for the discrimination to which they are often exposed.

Can we consider that this expansion in microcredit has been favourable for development? Does microcredit foster financial integration in a much broader sense?

First, as information provided to lenders on micro-projects is incomplete, the granting of microcredit loans remains contingent upon guarantees.

This lack of visibility of projects is detrimental to both the effectiveness of these loans and their fairness. Developments in the techniques used by banks, such as the use of more effective scoring methods and sophisticated contracts, constitute progress but do not eliminate the problems of information asymmetries and the effects stemming from the lack of guarantees. Moreover, it is necessary to consider interest rates, maturities, and repayment terms. All forms of microcredit are not equally effective for fighting poverty.

Is microcredit a factor for development at the macroeconomic level?

In emerging countries, there is a correlation between the increase in credit and the level of income or the growth of these economies. We also observe that credit is more widely used and that it is gradually reaching the poorer social sectors, helping to reduce inequalities. These types of loans improve access to banking services and thus promote financial inclusion. This financial integration process facilitates economic transactions and makes the economy more efficient and fairer. But the role of microcredit in this development is probably secondary compared with the extension of the traditional banking sector to the middle classes.

# **Oil and the macroeconomy**

## **Summary of the Banque de France workshop on 14 November 2012**

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*The aim of the workshop organised by the Banque de France on 14 November 2012 was to bring together some of the most influential academic researchers and policymakers from international institutions and central banks to present recent analytical work on the causes and effects of oil price fluctuations. The workshop, which included six presentations, was concluded by the keynote lecture given by James Hamilton, Professor at the University of California, San Diego. Two main lines of discussion were put forward during the workshop. First, the debate focused on the determinants of the oil price surge during the last decade, with the aim of disentangling the role of economic fundamentals from that of the increased “financialisation” of oil futures markets. Second, participants strongly debated the future prospects of the oil market, particularly emphasising the effects that investors’ increased perception of oil as an exhaustible resource at the global level might have on prices.*

*Overall, the discussion in the workshop reflected the rapid developments in research in this area. In particular, one of the main conclusions of the workshop was that there is now a deeper understanding of the reasons underlying the large swing in oil prices during the period 2003-2008. A broad consensus has indeed emerged in the literature on the fact that market fundamentals have been the main cause behind these fluctuations. Since the early 2000s, world oil demand, especially from newly industrialised economies, has grown substantially and this has largely surprised market participants. As the supply of crude oil was not able to adjust, the oil market tightened considerably, putting upward pressures on prices. According to many participants, market fundamentals, together with the recognition of the finiteness of this resource at the global level, offer a plausible explanation for the most recent developments in the oil market.*

Key words: oil price fluctuations, speculation, market fundamentals, forecasting.

JEL codes: C53, G15, Q43, Q47

## I | Oil prices, speculation and market fundamentals

The role of speculation in driving the recent fluctuations in spot prices of oil has been highly debated in recent years, both in policy and academic circles. After 2003, financial investors, such as index funds, entered oil and non-oil futures markets. Spot and futures prices of crude oil started to increase, reaching a peak in mid-2008. According to Michael Masters and George Soros<sup>1</sup> who testified before the US Congress, financial investors were taking speculative positions that caused oil futures prices to increase. As higher oil futures prices signal expectations of higher spot prices in the future, this would have driven up the demand for oil inventories, which in turn was responsible for the surge in the spot price of oil.

Lutz Kilian presented a survey of studies on the effect of speculation on oil prices and reviewed the evidence behind the so-called "Masters' hypothesis".<sup>2</sup> According to Kilian, the run-up of oil prices since 2003 cannot be attributed to speculation, but it is mainly due to market fundamentals. Even though there is clear evidence of an increased *financialisation* of oil futures markets, Masters' argument is based on the idea that financial traders' positions can predict changes in oil futures prices. Kilian argued that to the extent that any evidence of predictive power from index fund holdings to oil futures prices has been established, that evidence has not been based on rigorous real-time analysis. Moreover, evidence of predictability is not evidence of causation as the predictive power may occur simply from traders' positions responding to underlying oil market fundamentals. Second, if, as Masters argued, increases in oil futures prices pave the way to increases in spot prices, oil futures prices should significantly improve the forecast accuracy of the spot price of oil. However, recent studies (see, e.g. Alquist and Kilian, 2010 and Alquist, Kilian and Vigfusson, 2012) show that the oil futures prices are less accurate than no-change forecasts, while models based on economic fundamentals help forecast the spot price of oil, out-of-sample. Kilian also noted that the simple static model that has been used to explain how financial investors may cause an increase in spot prices is inconsistent with the economic theory whereby spot and futures prices are both jointly and endogenously determined. Finally, structural models of the oil market that also include speculative demand provide strong evidence of speculation at various times, such as in 1979, 1986, 1990, and late 2002. However, they do not support speculation as being an important determinant of the real price of oil during 2003 and mid-2008 (Kilian and Murphy, 2011). The evidence in Kilian and Murphy (2011) instead suggests that both spot and futures prices

<sup>1</sup> [http://www.cftc.gov/ucm/groups/public/@newsroom/documents/file/hearing080509\\_masters.pdf](http://www.cftc.gov/ucm/groups/public/@newsroom/documents/file/hearing080509_masters.pdf).

<sup>2</sup> Fattouh, Kilian and Mahadeva (2012), The Role of Speculation in Oil Markets: What Have We Learned So Far?, WP University of Michigan.

were caused by unexpected increases in world oil demand, in particular from emerging Asia.

Leduc, Moran and Vigfusson investigated the reasons underlying the deviation of oil futures prices from spot prices.<sup>3</sup> The authors related the so-called futures price spread to the persistence of changes in oil market fundamentals and the inability of market participants to observe those changes immediately. While a strand of literature attributes the recent developments in the futures markets to the increased financialisation of commodity markets (e.g. Hamilton and Wu, 2012), Leduc, Moran and Vigfusson (2012) provided an alternative explanation based on market participants' gradual learning about the underlying sources of oil price fluctuations. The authors provided anecdotal evidence that in the early 2000s, when spot prices started to increase, futures market prices remained muted. Only a few years later, futures prices started to increase rapidly and eventually converged to the level of spot prices. Robert Vigfusson presented a small dynamic stochastic general equilibrium model where, due to imperfect information regarding the underlying sources of price fluctuations, investors are initially surprised by the persistence of spot price increases and they learn about it only gradually. Thus, according to this paper, in the early 2000s, the deviations of futures prices from spot prices can be explained by market participants' perception of the temporary nature of spot price increases. This in turn led to expectations of lower prices in the future, as reflected by a downward sloping path of the futures curve.

## 2| Forecasting the real price of oil

The real price of oil is one of the key variables in the model-based macroeconomic projections generated by central banks, private sector forecasters and international organisations. In a recent paper, Baumeister and Kilian have shown that the real price of oil can be predicted in real-time at horizons up to one year. In particular, reduced-form vector autoregressive (VAR) models that include key relevant variables for the determination of the real price of oil, such as global oil production, global real economic activity and above-ground crude oil inventories improve the out-of-sample forecast accuracy. Even though real-time forecast accuracy is certainly relevant, it is also crucial for policymakers to explore how much the oil price forecast would change relative to the unconditional baseline forecast under alternative scenarios about future oil demand and oil supply conditions. Such scenario analysis is of central importance to assess the risks underlying oil price forecasts. Baumeister and Kilian illustrated how forecast scenarios about future oil demand and oil supply

<sup>3</sup> Leduc, Moran and Vigfusson (2012), Learning about future oil prices, mimeo.

conditions can be constructed from recent structural VAR models of the global oil market. Using real-time data, they showed how these tools could correctly predict the development pattern of the real price of oil from 2011 to date, whereas conventional forecasts based on the random walk model or based on oil futures prices could not.<sup>4</sup>

Jaromir Benes also presented a forecasting model for the real price of oil (see, Benes, Chauvet, Kamenik, Kumhof, Laxton, Mursula and Selody, 2012). Benes discussed how the ability to forecast future oil price developments can be improved using a non-linear econometric model for the world oil market that takes into account both geological and technological aspects of oil supply. In particular, from a geological point of view, physical constraints could dominate future developments in oil output and prices. This interpretation is supported by the fact that world oil production has flattened since 2005 despite historically high prices, and that spare capacity has been close to historical lows. However, higher oil prices could also boost oil production by encouraging technological improvements in oil extraction. In his presentation, Jaromir Benes showed that the model is able to predict oil production better than the historical track record of official energy agencies and that it can also predict oil prices out-of-sample better than the random walk assumption. According to their projections, the real oil price would double over the coming decade. However, the uncertainty regarding this forecast is high, reflecting differing judgments on ultimately recoverable reserves and on future price elasticities of oil demand and supply.

### 3| Oil exporting countries and economic growth

Most empirical studies on the macroeconomic effects of oil revenues have focused on the effects of oil revenues on the real exchange rate and the distributional effects of government expenditure from oil revenues. The literature, known as the "Dutch disease" (a phenomenon first experienced in the Netherlands after a large, but short-lived, discovery of gas in the 1960s), considers foreign exchange revenues stemming from the resource discovery as temporary and postulates that an exogenous unexpected increase in foreign exchange revenues from these resources will result in a real exchange rate appreciation and a fall in output and employment in the non-resource traded goods sector, often manufacturing. Esfahani, Mohaddes and Pesaran argue that this approach is appropriate only for countries with a limited amount of oil reserves, but not for major oil-exporting countries, such as Iran and Saudi Arabia,

<sup>4</sup> Baumeister and Kilian (2012), Real-time analysis of the oil price risks using forecast scenarios, mimeo.

where oil income is likely to remain a major source of foreign exchange revenues over a relatively extended period of time.<sup>5</sup> The authors develop a stochastic growth model for oil exporters in which oil export revenues can potentially affect the growth rate of income in the long run. The empirical validity of the long-run theory is then tested on eight large oil economies, with a variety of development experiences and political systems, showing that the long-run output equation derived in the paper applies equally to OPEC and OECD oil exporters. Their estimates support the theory and the existence of a long-run relation between real domestic output, real oil income, and real foreign output (all measured in terms of domestic currency) for six of the eight economies considered. According to the authors, the exceptions, Mexico and Norway, do not have sufficient oil reserves for their oil income to have lasting impacts on their steady-state output growths.

## 4| Long-run fundamentals of the oil market

The workshop was closed by the keynote lecture given by James Hamilton.<sup>6</sup> In his talk, he discussed the long-term perspectives for the oil market. He started from the evidence that production in various oil-producing regions is not characterised by a pattern of continuing increases driven by technological progress. By contrast, in all these regions, oil production has always been characterised by an initial expansion after the discovery of new fields, followed by a subsequent decline. A similar pattern can be found, for instance, in the United States where, despite the surge in oil production in recent years, the current level of production is well below the peak reached during the 1970s. Instead, at the global level, oil production has grown over time. While production in some areas has declined due to geological depletion, new fields, such as those in the North Sea and Mexico, have helped to more than offset the reduced supply from these mature fields. According to this historical analysis, James Hamilton observed that if production growth is due to drilling in new geological areas, this process might inevitably come to an end. The depletion from mature fields, together with the sustained growth in demand from emerging countries, can produce a shift in how the price of oil is determined, as the perception of oil as a limited resource could play a bigger role nowadays than it has historically.

5 Esfahani, Mohaddes and Pesaran (2012), An empirical growth model for major oil exporters, *Journal of applied econometrics*.

6 James Hamilton presentation was based on Hamilton (2012), Oil prices, exhaustible resources and economic growth, *Handbook of energy and climate change*.

**Box****Speakers and discussants**

**Lutz Kilian** (*University of Michigan*), “The role of speculation in oil markets: What have we learned so far?”

Discussant: **Bahattin Buyuksahin** (*International Energy Agency*)

**Christiane Baumeister** (*Bank of Canada*), “Real-time analysis of oil price risks using forecast scenarios”

Discussant: **Domenico Giannone** (*Université Libre de Bruxelles*)

**Jaromir Benes** (*International Monetary Fund*), “The future of oil: Geology versus technology”

Discussant: **Yannick Kalantzis** (*Banque de France*)

**Robert Vigfusson** (*Federal Reserve Board*), “Learning about future oil prices”

Discussant: **Simona Delle Chiaie** (*Banque de France*)

**Kamiar Mohaddes** (*University of Cambridge*), “An empirical growth model for major oil exporters”

Discussant: **Galo Nuño** (*European Central Bank*)

**James Hamilton** (*University of California at San Diego*), “Oil prices, speculation and long-run fundamentals”

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"Forecasting the price of oil", forthcoming in: G. Elliott and A. Timmermann (eds.), *Handbook of economic forecasting*, 2, Amsterdam: North-Holland.

**Baumeister (C.) and Kilian (L.) (2012)**

"Real-time analysis of the oil price risks using forecast scenarios", mimeo.

**Benes (J.), Chauvet (M.), Kamenik (O.), Kumhof (M.), Laxton (D.), Mursula (S.) and Selody (J.) (2012)**

"The future of oil: Geology versus technology", IMF WP/12/109.

**Esfahani (H. S.), Mohaddes (K.) and Pesaran (M. H.) (2012)**

"An empirical growth model for major oil exporters", *Journal of applied econometrics*.

**Fattouh (B.), Kilian (L.) and Mahadeva (L.) (2012)**

"The role of speculation in oil markets: What have we learned so far?", *Working paper*, University of Michigan.

**Hamilton (J.) (2012)**

"Oil prices, exhaustible resources and economic growth", *Handbook of energy and climate change*.

**Hamilton (J.) and Wu (C.) (2012)**

"Effects of index-fund investing on commodity futures prices", mimeo.

**Kilian (L.) and Murphy (D. P.) (2011)**

"The role of inventories and speculative trading in the global market for crude oil", *Working paper*, University of Michigan.

**Leduc (S.), Moran (K.) and Vigfusson (R. J.) (2012)**

"Learning about future oil prices", mimeo.



### Quarterly Selection of Articles

#### **Autumn 2005**

- The single monetary policy and the interest rate channel in France and the euro area
- Fourth Economic Policy Forum: Productivity and monetary policy
- Measuring corporate profitability

#### **Winter 2005/2006**

- Some hypotheses regarding an inflation regime change in France
- Inflation dynamics in France
- Price-setting in the French and euro area manufacturing sectors: specific survey results

#### **Spring 2006**

- "Productivity, competitiveness and globalisation" – Banque de France international symposium – Concluding remarks
- Interaction between regional economic integration and institutional integration: the European experience
- The weaknesses of Chinese financial markets: reforms essential to diversifying the financing of the economy
- An analysis of business and credit cycles: the cases of Poland, Hungary, the Czech Republic and the euro area

#### **Summer 2006**

- Re-examining the money demand function for the euro area
- Target2: from concept to reality
- French households' financial investment: comparison with Europe (1995-2004)

#### **Autumn 2006**

- Are we heading towards a heightening of global inflationary pressures?
- A national central bank within a federal system
- Progress towards the Single Euro Payments Area
- Are house prices in the United States and Europe sustainable?
- Banque de France scores: development, applications, and maintenance

## **Winter 2006/2007**

- Monetary policy making in the euro area and in the United States
- Adjustment scenarios for the US current account balance: an assessment based on different NiGEM calibrations
- Risk contagion through defaults on trade bills

## **Spring 2007**

- The credibility of monetary policy from a New Keynesian perspective
- Perspectives on productivity and potential output growth: a summary of the joint Banque de France/Bank of Canada workshop, April 2006
- New borrowing post-debt relief: risks and challenges for developing countries

## **Summer 2007**

- Debt retrenchment strategies and control of public spending
- Estimating the sacrifice ratio for the euro area
- The position of industrial firms in 2005

## **Autumn 2007**

- National Financial Accounts in 2006: further increase in private sector debt, central government debt on the decline
- The geographical breakdown of direct investment: a group-based approach
- DSGE models and their importance to central banks

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- Issues regarding euroisation in regions neighbouring the euro area
- France's balance of payments and international investment position in 2006
- The position of manufacturing firms in 2006
- Labour market flexibility: what does Banque de France research tell us?

## **Spring 2008**

- The macroeconomic impact of structural reforms
- Recent trends in productivity: structural acceleration in the euro area and deceleration in the United States?
- Productivity decomposition and sectoral dynamics

## **Summer 2008**

- TARGET2 and European financial integration
- Supplementing settlement functions with a decision-support system in TARGET2
- Globalisation, inflation and monetary policy Banque de France's international symposium
- The Euro-Mediterranean economic and financial partnership
- Foreign investors' participation in emerging market economies' domestic bond markets
- The composition of household wealth between 1997 and 2003

## **Autumn 2008**

- France's balance of payments and international investment position in 2007
- Why calculate a business sentiment indicator for services?
- OPTIM: a quarterly forecasting tool for French GDP
- The contribution of cyclical turning point indicators to business cycle analysis
- Is credit growth in central and eastern European countries excessive?
- Migrant workers' remittances: what is the impact on the economic and financial development of Sub-Saharan African countries?

## **Summer 2009**

- Developments in money and credit in France in 2008
- France's national economic assets, 1978-2007: 30 years shaped by real estate and stock market capital gains
- The position of firms in France at end-2008 – Recent developments
- The impact of the financial crisis on transfer systems
- Situations of overindebtedness: a typology

## **Autumn 2009**

- Government debt markets in African developing countries: recent developments and main challenges
- Payment periods and corporate trade credit between 1990 and 2008
- National Financial Accounts in 2008: a further rise in non-financial sector debt
- Non-residents' equity holdings in French CAC 40 companies at end-2008

## **Winter 2009-2010**

- Measuring banking activity in France
- Analysis of the scope of the results of the bank lending survey in relation to credit data
- The position of firms in 2008
- Credit Mediation
- Recent developments in the structure of insurers' investments
- A new standard for compiling and disseminating foreign direct investment statistics

## **Spring 2010**

- Firms' wage policies during the crisis: survey findings
- The economic impact of business failures in 2008 and 2009
- Housing markets after the crisis: lessons for the macroeconomy
- Borrowing requirements and external debt sustainability of Sub-Saharan African countries
- Valuation of unquoted foreign direct investment stocks at market value: methods and results for France

## **Summer 2010**

- National financial accounts in 2009: a shift in financing flows towards general government
  - Non-residents' equity holdings in French CAC 40 companies at end-2009
  - SMEs in the manufacturing sector in France – an intermediate position compared with eight other European countries
  - Developments in France's foreign trade in services: analysis by sector and by country
  - The Banque de France rating system: an asset for the Central Bank and a tool for commercial banks
  - Economic linkages, spillovers and the financial crisis.
- Summary of the BdF/PSE/IMF conference of 28 and 29 January 2010

## **Autumn 2010**

- France's national economic wealth declined in 2009 for the second year in a row
- Developments in regulated savings since the reform of the "A" passbook savings account distribution network
- The financial position of SMEs in 2009: a financial structure that has proven resilient to the crisis
- Post-crisis monetary policy strategies
- Cohesion policy and the new Member States of the European Union

## **Winter 2010-2011**

- The position of firms in 2009: a decline in business and a reluctance to invest during the crisis
  - Payment periods in 2009 – One year on from the Economic Modernisation Act
  - French outward and inward foreign direct investment in 2009
  - The future of monetary policy – Summary of the conference held in Rome on 30 September and 1 October 2010
  - New challenges for public debt in advanced economies.
- Summary of the conference held in Strasbourg on 16-17 September 2010

## **Spring 2011**

- The impact of the earthquake of March 11<sup>th</sup> on the Japanese economy and the rest of the world
- Monetary and credit developments in France: 2010, the year of the recovery
- Inventories in the crisis
- Structural reforms, crisis exit strategies and growth – OCDE-Banque de France Workshop, 9 and 10 December 2010
- Structural analysis in times of crisis – Banque de France symposium, 29 and 30 November 2010
- The Banque de France in European and international organisations

## **Summer 2011**

- Summary of the international symposium organised by the Banque de France "What is the appropriate regulatory response to global imbalances?"
- The relationship between capital flows and financial development: a review of the literature
- Households' savings and portfolio choices: micro and macroeconomic approaches
- National financial accounts in 2010: recovery in lending and ongoing rise in debt ratio
- Household savings behaviour in 2010

## **Autumn 2011**

- SMEs see a pick-up in business in 2010, but delay investment
  - Companies after the crisis – Banque de France seminar, 28 June 2011
  - Fiscal and monetary policy challenges in the short and long run
- Summary of the Banque de France-Bundesbank conference held on 19 and 20 May 2011 in Hamburg
- After the collapse, the reshaping of international trade.
- Summary of the Banque de France/PSE/CEPII conference of 25 and 26 May 2011
- Insurance companies' investments at the end of 2010

## **Winter 2011-2012**

- The cost of business credit by firm category
  - Companies in France in 2010: a mixed picture
  - Payment periods in 2010: the efforts made since the implementation of the LME have lost momentum
  - France's national economic wealth showed a marked rebound in 2010 due to higher land prices
  - French overseas territories and the euro
  - Summary of the international workshop on microfinance organised by the Banque de France on 8 July 2011
  - Forecasting the business cycle
- Summary of the 8<sup>th</sup> International Institute of Forecasters workshop hosted by the Banque de France on 1-2 December 2011 in Paris
- Fiscal and monetary policy in the aftermath of the financial crisis.
- Summary of the BDF/EABCN/EJ/PSE conference on 8-9 December 2011

## Spring 2012

- High-growth SMEs
- The financial situation of the major French groups remained sound in the first half of 2011
- Leveraged buy-outs in France: substantial differences between small and medium-sized targets
- Monetary and credit developments in 2011
- Has the 2008-2009 recession increased the structural share of unemployment in the euro area?
- The measurement of systemic risk (Summary of a lecture given by Robert F. Engle, winner of the Nobel Prize in Economics, Banque de France, 25 January 2012)
- United States then, Europe now (Summary of a lecture given by Thomas J. Sargent, winner of the Nobel Prize in Economics, Banque de France, 1 March 2012)

## Summer 2012

- Holdings of French investment funds
- SMEs in Europe: disparities between countries and sectors were greater in 2010 than before the crisis
- Analysis of banking activity by business line
- Firms' financing and default risk during and after the crisis (Summary of a conference hosted by the Banque de France and OSEO on 9 and 10 February 2012)
- 18<sup>th</sup> international panel data conference: a brief synthesis

## Autumn 2012

- Current account imbalances in the euro area: competitiveness or demand shock?
- Non-residents' equity holdings in French CAC 40 companies at end-2011
- New housing loans to households: recent trends
- Insurance institutions' investments at end-2011

## Winter 2012-2013

- French companies in 2011: expanding activity but shrinking profits
- The financial situation of the major listed groups remained sound in the first half of 2012 despite a difficult environment
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### Nota bene

*In the reform of usury rates, the seven former tranches will be replaced by three new tranches for cash loans to households (Figure 24).*

*Statistical data are updated monthly on the Banque de France's website.*

**Table I**  
**Industrial activity indicators – Monthly Business Survey – France**

(NAF revision 2; seasonally-adjusted data)

	2012			2013			
	Oct.	Nov.	Dec.	Jan.	Feb.	March	April
<b>Changes in production from the previous month<sup>a)</sup></b>							
<b>Total manufacturing</b>	-3	0	3	-3	3	2	5
Food products and beverages	0	0	20	1	2	4	5
Electrical, electronic and computer equipment and other machinery	-5	0	-5	0	4	-2	5
Automotive industry	-54	-4	-7	-21	-10	6	16
Other transport equipment	2	7	-7	2	8	2	11
Other manufacturing	0	-1	2	-3	4	0	2
<b>Production forecasts<sup>a)</sup></b>							
<b>Total manufacturing</b>	-1	-1	1	2	0	1	-1
Food products and beverages	4	9	4	9	6	7	7
Electrical, electronic and computer equipment and other machinery	-2	-1	9	2	2	5	-1
Automotive industry	4	-6	-1	4	-2	6	-8
Other transport equipment	2	4	6	6	4	6	2
Other manufacturing	0	-1	4	0	-1	-1	-1
<b>Changes in orders from the previous month<sup>a)</sup></b>							
<b>Total manufacturing</b>	-7	-1	11	-4	2	-2	3
Foreign	-5	2	9	0	3	-4	4
<b>Order books<sup>a)</sup></b>							
<b>Total manufacturing</b>	-8	-9	-7	-10	-10	-11	-10
Food products and beverages	1	3	6	6	5	0	1
Electrical, electronic and computer equipment and other machinery	-5	-8	-7	-6	-7	-14	-11
Automotive industry	-69	-67	-66	-65	-58	-53	-53
Other transport equipment	35	23	35	43	44	50	47
Other manufacturing	-11	-10	-9	-15	-14	-15	-13
<b>Inventories of finished goods<sup>a)</sup></b>							
<b>Total manufacturing</b>	3	0	2	2	2	2	3
Food products and beverages	1	1	6	2	1	1	3
Electrical, electronic and computer equipment and other machinery	7	5	6	5	6	6	5
Automotive industry	-1	-26	0	0	-2	-1	0
Other transport equipment	2	3	4	4	5	-1	0
Other manufacturing	3	1	1	1	1	1	2
<b>Capacity utilisation rate<sup>b)</sup></b>							
<b>Total manufacturing</b>	76.2	76.3	76.2	75.3	75.5	75.4	75.9
<b>Staff levels (total manufacturing)<sup>a)</sup></b>							
Changes from the previous month	-2	-3	-1	-1	-2	-2	-1
Forecast for the coming month	-3	-3	-2	-3	-2	-2	-2
<b>Business sentiment indicator<sup>c)</sup></b>							
	92	91	94	95	96	93	94

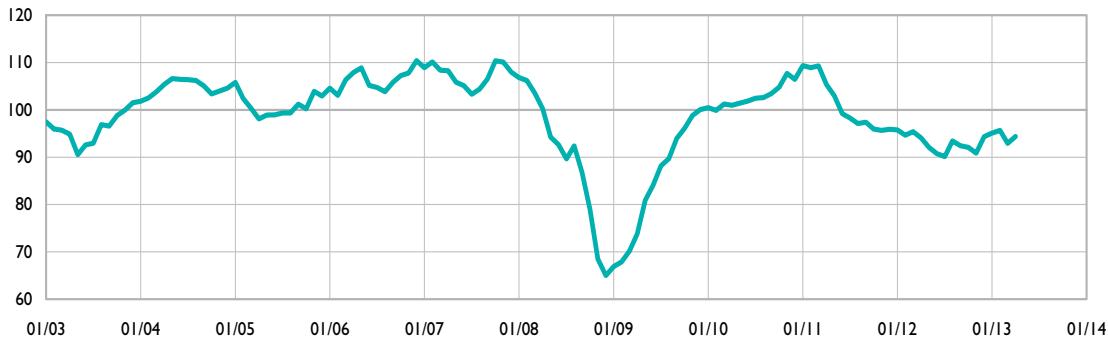
a) Data given as a balance of opinions. Forecast series are adjusted for bias when it is statistically significant.

b) Data given as a percentage.

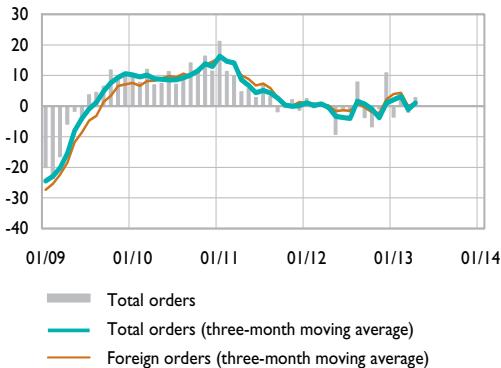
c) The indicator summarises industrial managers' sentiment regarding business conditions. The higher the indicator is, the more positive the assessment. The indicator is calculated using a principal component analysis of survey data smoothed over three months. By construction, the average is 100.

**Table 2****Industrial activity indicators – Monthly Business Survey – France (NAF revision 2; seasonally-adjusted data)****Business sentiment indicator**

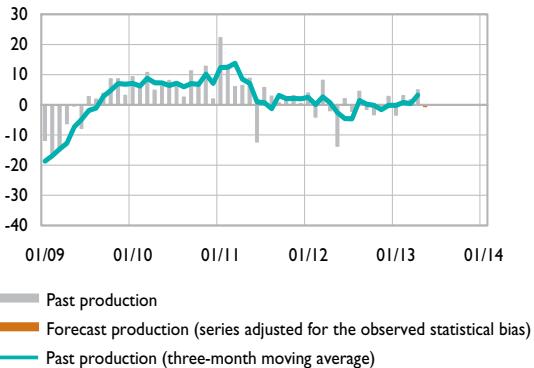
(100 = 1981 – last value)

**Orders<sup>a)</sup>**

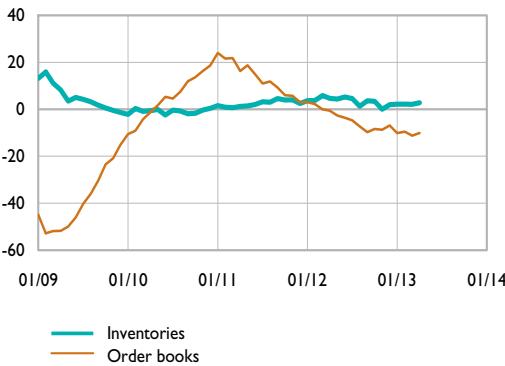
(balance of opinions; monthly change)

**Production<sup>a)</sup>**

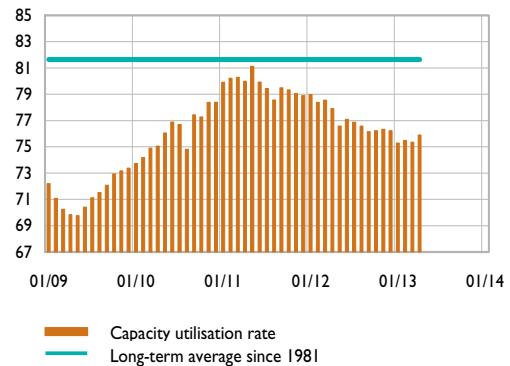
(balance of opinions; monthly change)

**Inventories and order books<sup>a)</sup>**

(balance of opinions; compared to levels deemed normal)

**Capacity utilisation rate<sup>a)</sup>**

(%)



a) Manufacturing.

Source: Banque de France.

Produced 22 May 2013

**Table 3**  
**Consumer price index<sup>a)</sup>**

(annual % change)

	2012					2013			
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April
France	2.4	2.2	2.1	1.6	1.5	1.4	1.2	1.1	0.8
Germany	2.2	2.1	2.1	1.9	2.0	1.9	1.8	1.8	1.1
Italy	3.3	3.4	2.8	2.6	2.6	2.4	2.0	1.8	1.3
Euro area	2.6	2.6	2.5	2.2	2.2	2.0	1.8	1.7	1.2
United Kingdom	2.5	2.2	2.7	2.7	2.7	2.7	2.8	2.8	na
European Union	2.7	2.7	2.6	2.4	2.3	2.1	2.0	1.9	1.4
United States	1.7	2.0	2.2	1.8	1.7	1.6	2.0	1.5	1.1
Japan	-0.5	-0.3	-0.4	-0.2	-0.1	-0.3	-0.6	-0.9	na

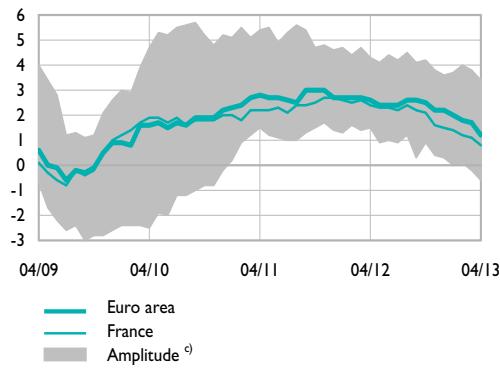
(annual average)

(seasonally-adjusted monthly % change)

	2010	2011	2012	2012		2013			
				Nov.	Dec.	Jan.	Feb.	March	April
France	1.7	2.3	2.2	-0.1	0.1	0.0	0.0	0.1	-0.1
Germany	1.2	2.5	2.1	0.1	0.1	0.1	0.2	0.3	-0.5
Italy	1.6	2.9	3.3	0.2	0.1	0.1	0.0	0.2	-0.1
Euro area	1.6	2.7	2.5	-0.1	0.1	0.2	0.2	0.1	-0.3
United Kingdom	3.3	4.5	2.8	0.2	0.2	0.1	0.3	0.3	na
European Union <sup>b)</sup>	2.1	3.1	2.6	—	—	—	—	—	—
United States	1.6	3.2	2.1	-0.2	0.0	0.0	0.7	-0.2	-0.4
Japan	-0.7	-0.3	0.0	0.0	0.2	-0.1	-0.1	-0.2	na

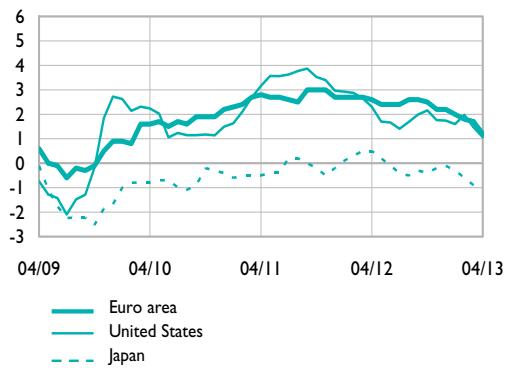
### France and the euro area

(annual % change)



### International comparisons

(annual % change)



a) Harmonised indices except for the United States and Japan (national indices).

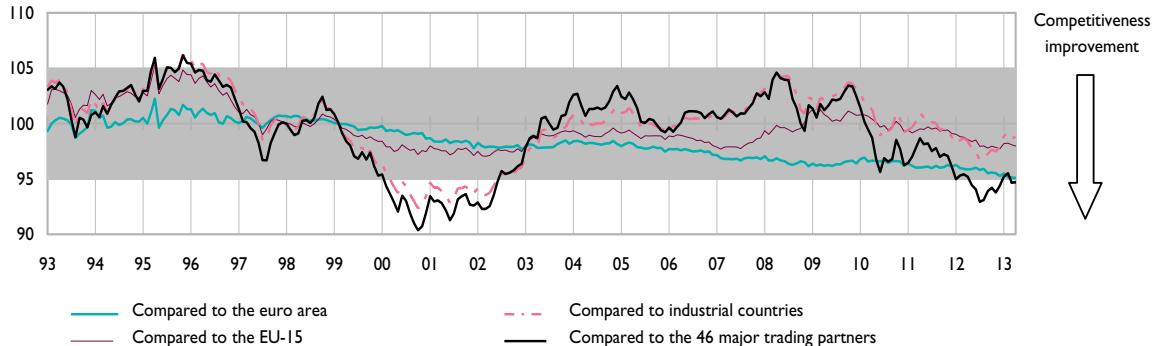
b) The series of seasonally adjusted monthly changes in the HIPC is not available for the European Union.

c) Gap between the extreme values of harmonised price indices observed in the euro area (changing composition).

**Table 4**  
**The competitiveness of France's economy**

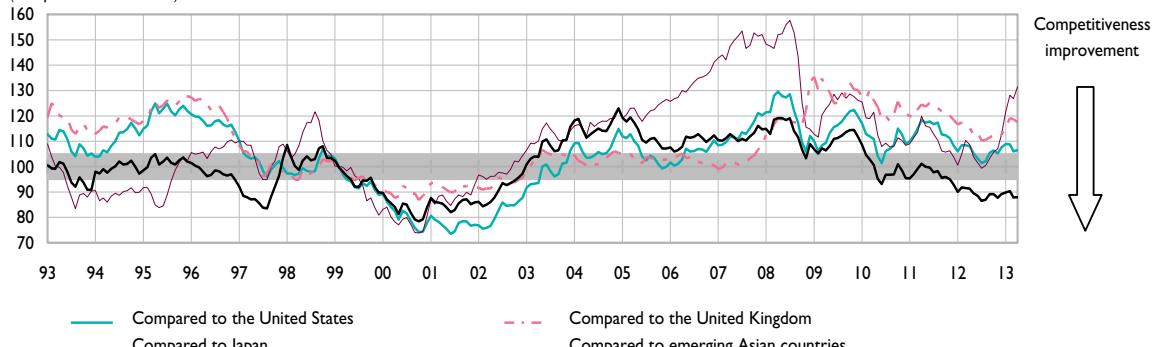
**Indicators deflated by consumer prices**

(1st quarter 1999 = 100)



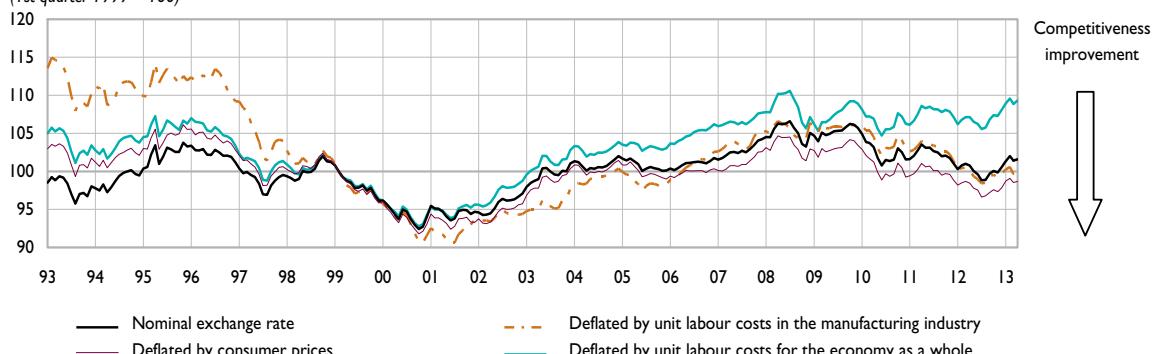
**Indicators deflated by consumer prices**

(1st quarter 1999 = 100)



**Indicators of competitiveness compared to 24 OECD countries**

(1st quarter 1999 = 100)



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

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

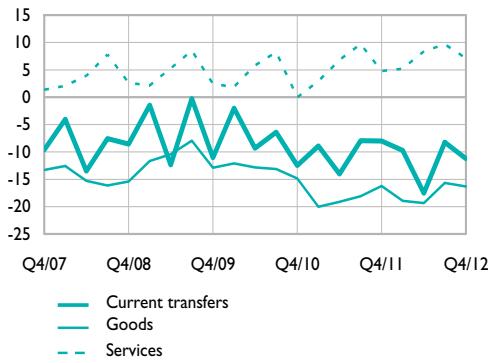
**Table 5**  
**Balance of payments – Main components (quarterly data) – France**

(unadjusted data, EUR billions)

	2011	2012	2011	2012			
			Q4	Q1	Q2	Q3	Q4
<b>Current account</b>	<b>-38.9</b>	<b>-46.7</b>	<b>-8.0</b>	<b>-9.7</b>	<b>-17.6</b>	<b>-8.2</b>	<b>-11.2</b>
Goods	-73.5	-70.2	-16.2	-18.9	-19.3	-15.6	-16.3
Services	24.2	30.3	4.8	5.2	8.3	9.7	7.1
Income	46.9	30.4	14.0	11.6	3.4	7.6	7.8
Current transfers	-36.6	-37.2	-10.6	-7.7	-10.0	-9.8	-9.8
Capital account	-0.1	-0.2	0.5	0.0	-0.1	-0.5	0.3
<b>Financial account</b>	<b>58.1</b>	<b>98.3</b>	<b>47.1</b>	<b>1.6</b>	<b>16.0</b>	<b>31.7</b>	<b>49.1</b>
Direct investment	-35.4	1.2	-0.2	-2.2	4.9	-5.2	3.8
French direct investment abroad	-64.8	-40.7	-14.6	-13.1	-13.9	-10.6	-3.2
Foreign direct investment in France	29.5	42.0	14.4	10.9	18.8	5.4	6.9
Portfolio investment	251.6	37.5	104.0	24.6	28.2	-9.5	-5.8
Assets	177.5	5.9	113.0	-3.6	9.9	16.6	-17.0
Liabilities	74.1	31.6	-9.1	28.2	18.3	-26.1	11.2
Financial derivatives	13.8	4.3	2.3	-1.9	4.9	0.2	1.1
Other investment	-177.3	59.2	-61.1	-19.1	-21.1	46.6	52.8
Reserve assets	5.5	-4.0	2.1	0.2	-0.9	-0.5	-2.8
<b>Net errors and omissions</b>	<b>-19.1</b>	<b>-51.3</b>	<b>-39.6</b>	<b>8.1</b>	<b>1.6</b>	<b>-23.0</b>	<b>-38.1</b>

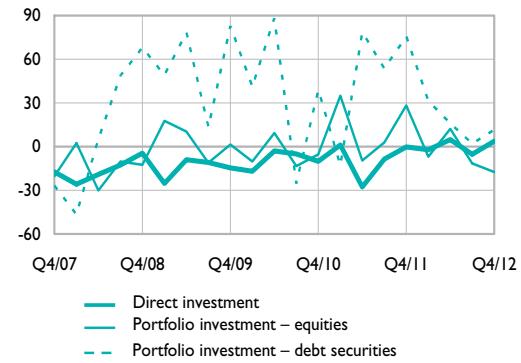
### Current account balance

(unadjusted data, EUR billions)



### Financial account balance

(unadjusted data, EUR billions)



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

(unadjusted data, EUR billions)

	2011	2012	2011	2012			
			Q4	Q1	Q2	Q3	Q4
<b>Current account</b>	<b>-38.9</b>	<b>-46.7</b>	<b>-8.0</b>	<b>-9.7</b>	<b>-17.6</b>	<b>-8.2</b>	<b>-11.2</b>
<b>Goods</b>	<b>-73.5</b>	<b>-70.2</b>	<b>-16.2</b>	<b>-18.9</b>	<b>-19.3</b>	<b>-15.6</b>	<b>-16.3</b>
Exports	424.0	437.3	109.1	111.8	109.3	105.2	111.0
Imports	497.5	507.5	125.4	130.7	128.6	120.8	127.3
General merchandise	-73.6	-69.6	-16.4	-18.8	-19.2	-15.3	-16.3
Goods procured in ports by carriers	-2.8	-3.1	-0.7	-0.9	-0.7	-0.7	-0.8
Goods for processing and repairs on goods	2.9	2.4	0.9	0.8	0.5	0.4	0.7
<b>Services</b>	<b>24.2</b>	<b>30.3</b>	<b>4.8</b>	<b>5.2</b>	<b>8.3</b>	<b>9.7</b>	<b>7.1</b>
Exports	161.5	164.5	39.1	35.8	42.3	45.7	40.8
Imports	137.2	134.2	34.3	30.6	33.9	36.0	33.8
Transportation	-5.3	-3.2	-0.9	-0.9	-0.6	-0.6	-1.0
Travel	7.5	12.9	-0.3	1.7	3.9	5.7	1.6
Communications services	1.3	0.9	0.4	0.2	0.3	0.2	0.2
Construction services	2.2	2.1	0.7	0.4	0.4	0.4	0.9
Insurance services	1.6	2.1	0.3	0.3	0.5	0.5	0.7
Financial services	2.1	1.3	0.6	0.4	0.4	0.3	0.2
Computer and information services	-0.7	-0.9	-0.2	-0.3	-0.2	-0.2	-0.2
Royalties and license fees	4.1	3.1	1.2	1.0	0.8	0.5	0.8
Other business services	10.9	11.5	3.0	2.3	2.7	2.7	3.7
Personal, cultural and recreational services	0.3	0.1	0.1	0.1	0.0	0.0	0.1
Government services	0.2	0.3	0.0	0.1	0.1	0.1	0.0
<b>Income</b>	<b>46.9</b>	<b>30.4</b>	<b>14.0</b>	<b>11.6</b>	<b>3.4</b>	<b>7.6</b>	<b>7.8</b>
Compensation of employees	12.4	13.8	3.1	3.3	3.5	3.5	3.5
Investment income	34.6	16.6	10.9	8.4	-0.1	4.0	4.3
Direct investment	39.7	34.2	11.1	9.7	9.9	7.7	7.0
Portfolio investment	-5.8	-18.3	-0.6	-1.5	-10.3	-3.6	-2.9
Other investment	0.7	0.6	0.5	0.2	0.3	-0.1	0.2
<b>Current transfers</b>	<b>-36.6</b>	<b>-37.2</b>	<b>-10.6</b>	<b>-7.7</b>	<b>-10.0</b>	<b>-9.8</b>	<b>-9.8</b>
General government	-19.3	-18.9	-6.1	-2.8	-5.4	-5.6	-5.2
Other sectors	-17.3	-18.3	-4.4	-4.8	-4.6	-4.3	-4.6
of which workers' remittances	-9.0	-9.1	-2.2	-2.3	-2.3	-2.3	-2.3
Capital account	-0.1	-0.2	0.5	0.0	-0.1	-0.5	0.3

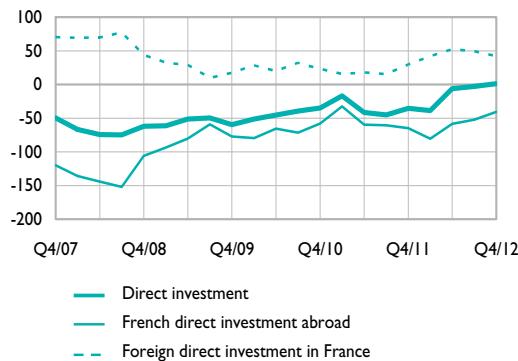
**Table 7**  
**Balance of payments – Financial flows (quarterly data) – France**

(unadjusted data, EUR billions)

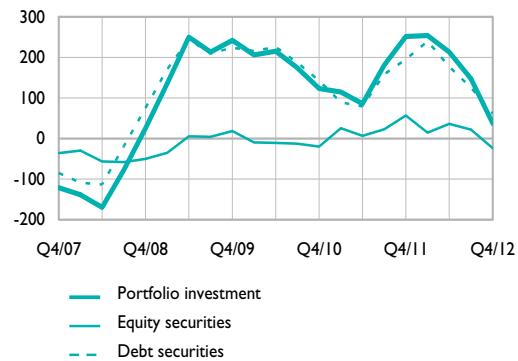
	2011	2012	2011	2012			
			Q4	Q1	Q2	Q3	Q4
<b>Financial account</b>	<b>58.1</b>	<b>98.3</b>	<b>47.1</b>	<b>1.6</b>	<b>16.0</b>	<b>31.7</b>	<b>49.1</b>
Direct investment	-35.4	1.2	-0.2	-2.2	4.9	-5.2	3.8
French direct investment abroad	-64.8	-40.7	-14.6	-13.1	-13.9	-10.6	-3.2
of which equity capital and reinvested earnings	-48.3	-38.1	-14.8	-10.5	-10.4	-10.2	-6.9
Foreign direct investment in France	29.5	42.0	14.4	10.9	18.8	5.4	6.9
of which equity capital and reinvested earnings	19.1	25.3	12.4	2.6	5.9	4.9	11.9
Portfolio investment	251.6	37.5	104.0	24.6	28.2	-9.5	-5.8
Assets	177.5	5.9	113.0	-3.6	9.9	16.6	-17.0
Equity securities	54.0	-53.3	33.9	-10.7	4.2	-12.2	-34.7
Bonds and notes	80.8	79.9	62.3	35.8	7.1	28.5	8.5
Short-term debt securities	42.7	-20.7	16.8	-28.8	-1.4	0.2	9.2
Liabilities	74.1	31.6	-9.1	28.2	18.3	-26.1	11.2
Equity securities	2.5	29.5	-5.7	3.8	8.0	0.6	17.2
Bonds and notes	96.0	38.9	24.3	26.0	10.1	-11.4	14.2
Short-term debt securities	-24.4	-36.8	-27.7	-1.7	0.2	-15.2	-20.2
Financial derivatives	13.8	4.3	2.3	-1.9	4.9	0.2	1.1
Other investment	-177.3	59.2	-61.1	-19.1	-21.1	46.6	52.8
Reserve assets	5.5	-4.0	2.1	0.2	-0.9	-0.5	-2.8
<b>Net errors and omissions</b>	<b>-19.1</b>	<b>-51.3</b>	<b>-39.6</b>	<b>8.1</b>	<b>1.6</b>	<b>-23.0</b>	<b>-38.1</b>

**Direct investment account**

(cumulated flows over 4 quarters)

**Portfolio investment account**

(cumulated flows over 4 quarters)



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

(unadjusted data, EUR billions)

	4th quarter 2012					
	EMU <sup>a)</sup>	EU-27 excl. EMU <sup>b)</sup>	USA	Japan	Switzerland	China
<b>Current account</b>	<b>-7.4</b>	<b>0.4</b>	<b>-2.5</b>	<b>0.2</b>	<b>1.3</b>	<b>na</b>
Receipts	83.1	26.6	12.0	3.0	8.1	5.4
Expenditure	90.5	26.2	14.5	2.9	6.8	na
Goods	-10.8	0.5	-0.8	0.0	0.0	-6.7
Receipts	50.0	13.8	6.7	1.9	3.3	3.5
Expenditure	60.8	13.4	7.4	1.9	3.2	10.2
Services	0.4	0.9	-0.4	0.3	0.2	0.6
Receipts	14.4	6.0	3.0	0.6	1.7	1.6
Expenditure	14.0	5.1	3.3	0.4	1.5	0.9
Income	4.7	2.8	-1.4	0.0	1.7	na
Receipts	17.5	5.6	2.1	0.5	2.7	0.2
Expenditure <sup>c)</sup>	12.7	2.9	3.5	0.5	1.0	na
Current Transfers	-1.8	-3.8	0.0	0.0	-0.6	-0.1
<b>Financial account</b>						
Direct investment	-3.3	3.9	7.4	2.0	-2.3	-0.3
French direct investment abroad	1.1	2.0	4.7	0.3	-3.7	-0.3
Foreign direct investment in France	-4.4	1.9	2.7	1.7	1.4	0.0
Portfolio investment – Assets <sup>d)</sup>	-3.7	0.3	0.7	-11.9	0.7	-1.7
Equity securities	-11.1	-9.3	-3.9	-6.7	0.7	-1.7
Bonds and notes	-2.6	2.9	4.2	3.9	0.0	0.0
Short-term debt securities	10.0	6.7	0.4	-9.1	0.0	0.0
Other investment	70.5	-44.3	30.0	-6.8	-11.3	4.8

a) 17 Member States (including Estonia as of 1 January 2011).

b) Denmark, United Kingdom, Sweden, European Institutions and New Member States (Czech Republic, Hungary, Latvia, Lithuania, Poland, Bulgaria, Romania).

c) Geographical breakdown of portfolio investment income based on data compiled by the IMF (Coordinated Portfolio Investment Survey); data not available for China.

d) The geographical breakdown is not available for liabilities.

**Table 9**  
**Balance of payments (monthly data) – France**

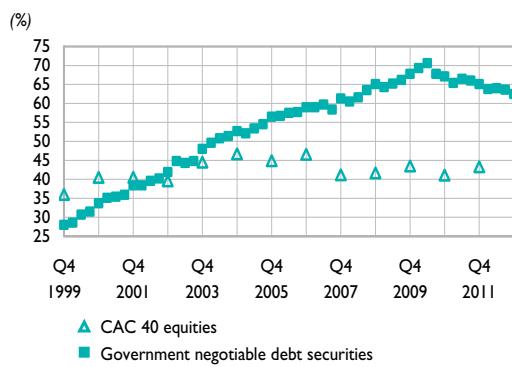
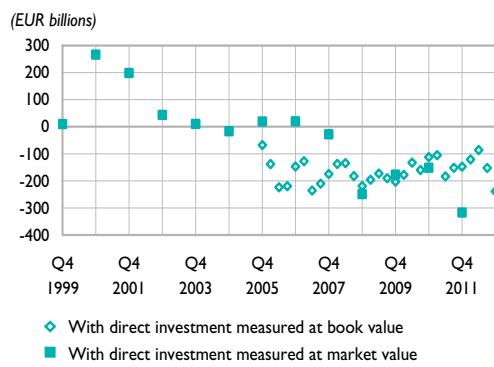
(unadjusted data, EUR billions)

	2012	2013			12-month total	
		March	Jan.	Feb.	March	March
	-2.2	-4.8	-5.9	-4.3	-39.7	-52.0
<b>Current account</b>						
Goods	-4.8	-7.8	-6.3	-4.1	-72.4	-69.5
Services	1.8	1.9	1.2	1.8	26.5	29.9
Income	4.7	2.4	2.3	1.9	44.1	25.3
Current transfers	-3.9	-1.3	-3.1	-3.9	-38.0	-37.8
<b>Capital account</b>	0.0	0.0	0.0	0.0	-0.1	-0.4
<b>Financial account</b>	<b>-40.4</b>	<b>-10.2</b>	<b>-1.2</b>	<b>19.2</b>	<b>91.3</b>	<b>104.5</b>
Direct investment	0.5	-1.2	0.9	4.3	-38.7	7.5
French direct investment abroad	-3.7	-3.3	0.4	2.1	-80.5	-28.5
Equity capital	0.5	-0.9	-0.2	1.9	-28.6	-9.7
Reinvested earnings	-2.4	-1.9	-0.6	-0.5	-27.6	-20.2
Other capital	-1.8	-0.5	1.2	0.7	-24.3	1.4
Foreign direct investment in France	4.2	2.1	0.5	2.3	41.8	36.0
Equity capital	1.5	0.5	-0.1	1.5	10.8	17.6
Reinvested earnings	0.8	0.8	0.1	0.1	7.6	8.0
Other capital	1.9	0.8	0.5	0.7	23.3	10.5
Portfolio investment	-1.5	-1.8	-5.8	21.9	254.0	27.3
Assets	-5.3	-15.0	-19.0	9.9	196.1	-14.5
Equity securities	-3.5	4.3	-0.3	-2.1	18.5	-40.8
Bonds and notes	21.3	-11.8	-11.8	0.0	150.3	20.5
Short-term debt securities	-23.1	-7.5	-6.9	12.0	27.3	5.7
Liabilities	3.8	13.2	13.2	12.0	57.9	41.8
Equity securities	2.6	-3.0	4.9	-0.9	-3.8	26.8
Bonds and notes	-6.2	5.2	0.8	11.8	105.8	30.7
Short-term debt securities	7.3	10.9	7.5	1.1	-44.1	-15.7
Financial derivatives	-0.4	-0.8	4.0	3.3	8.3	12.7
Other investment	-39.7	-3.7	-2.3	-11.6	-141.1	60.8
Reserve assets	0.8	-2.8	2.0	1.3	8.8	-3.7
<b>Net errors and omissions</b>	<b>42.5</b>	<b>15.0</b>	<b>7.1</b>	<b>-14.8</b>	<b>-51.5</b>	<b>-52.2</b>

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

(EUR billions)

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2012</b>
	<b>Dec.</b>	<b>Dec.</b>	<b>Dec.</b>	<b>Dec.</b>	<b>Dec.</b>	<b>Q4</b>
<b>Assets</b>	<b>4,414.1</b>	<b>4,661.2</b>	<b>5,597.8</b>	<b>5,877.4</b>	<b>5,995.6</b>	<b>5,995.6</b>
French direct investment abroad	975.3	1,036.0	1,149.6	1,222.3	1,259.9	1,259.9
<i>Equity capital and reinvested earnings</i>	658.6	726.1	820.2	872.7	908.5	908.5
<i>Other capital</i>	316.7	309.9	329.4	349.6	351.3	351.3
Portfolio investment (foreign securities held by residents)	1,857.4	2,049.9	2,090.4	1,828.9	1,960.8	1,960.8
Financial derivatives	234.0	273.5	867.5	1,214.5	1,277.1	1,277.1
Other investment	1,273.5	1,209.5	1,365.9	1,478.7	1,358.0	1,358.0
Reserve assets	74.0	92.4	124.5	133.1	139.9	139.9
<b>Liabilities</b>	<b>-4,633.3</b>	<b>-4,864.1</b>	<b>-5,709.8</b>	<b>-6,025.2</b>	<b>-6,234.3</b>	<b>-6,234.3</b>
Foreign direct investment in France	-684.5	-683.9	-709.8	-736.7	-778.6	-778.6
<i>Equity capital and reinvested earnings</i>	-395.3	-408.4	-422.9	-437.9	-463.3	-463.3
<i>Other capital</i>	-289.2	-275.5	-286.9	-298.8	-315.3	-315.3
Portfolio investment (French securities held by non-residents)	-1,872.5	-2,299.7	-2,431.8	-2,451.8	-2,625.0	-2,625.0
Financial derivatives	-289.3	-311.8	-905.5	-1,253.7	-1,309.5	-1,309.5
Other investment	-1,787.0	-1,568.6	-1,662.7	-1,583.0	-1,521.2	-1,521.2
<b>Net position</b>	<b>-219.2</b>	<b>-202.8</b>	<b>-111.9</b>	<b>-147.8</b>	<b>-238.7</b>	<b>-238.7</b>

**Non-resident holdings of CAC 40 equities and government negotiable debt securities****France's international investment position**

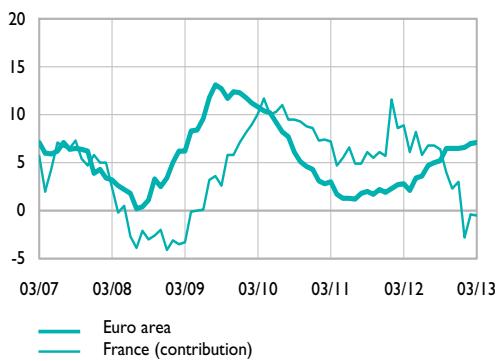
**Table II****Main monetary and financial aggregates – France and the euro area**

(annual percentage growth rate)

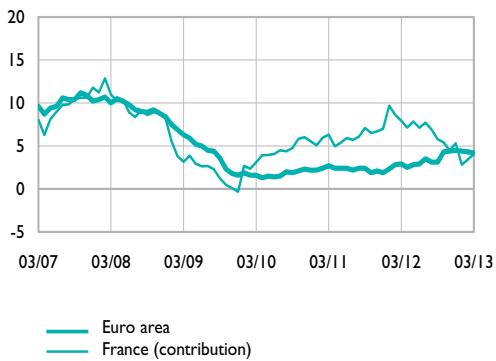
	2010	2011	2012	2012	2012				2013		
	Dec.	Dec.	Dec.	March	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March
<b>M1</b>											
Euro area <sup>a)</sup>	4.3	1.9	6.5	2.8	5.2	6.5	6.5	6.5	6.6	7.0	7.1
France (contribution)	8.6	5.7	3.0	8.9	6.4	4.0	2.3	3.0	-2.8	-0.4	-0.5
<b>M2</b>											
Euro area <sup>a)</sup>	2.2	1.9	4.5	2.9	3.1	4.3	4.4	4.5	4.4	4.3	4.2
France (contribution)	5.5	7.0	5.3	7.9	5.8	5.4	4.5	5.3	2.8	3.4	4.1
<b>M3</b>											
Euro area <sup>a)</sup>	1.1	1.6	3.5	2.8	2.7	3.9	3.7	3.5	3.5	3.1	2.6
France (contribution)	6.4	3.0	2.6	3.9	2.3	3.1	2.4	2.6	2.0	3.1	2.5
<b>Loans to the private sector</b>											
Euro area <sup>a)</sup>	1.7	0.9	-0.7	0.2	-0.9	-0.8	-0.8	-0.7	-0.9	-0.8	-0.8
France <sup>b)</sup>	4.7	3.1	2.5	3.0	0.5	1.0	1.4	2.5	2.1	2.2	2.4

**M1**

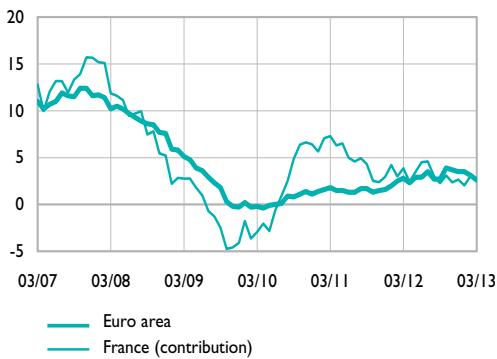
(annual percentage growth rate)

**M2**

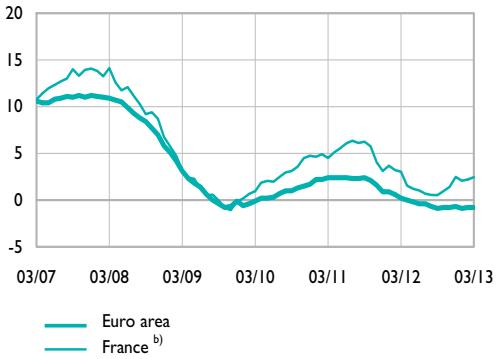
(annual percentage growth rate)

**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 22 May 2013

**Table I2**  
**Banque de France Monthly Statement <sup>a)</sup>**

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

	2010	2011	2012	2012	2013			
	Dec.	Dec.	Dec.	April	Jan.	Feb.	March	April
<b>Assets</b>								
National territory	103.4	295.8	326.4	323.5	264.1	253.5	271.1	246.9
Loans	56.3	218.4	234.2	228.3	172.5	170.8	187.5	163.8
MFIs <sup>b)</sup>	56.1	218.2	234.0	228.1	172.3	170.6	187.3	163.6
General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other sectors	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Securities other than shares	46.6	76.9	92.1	94.8	91.6	82.6	83.6	83.0
MFIs	24.3	34.1	32.2	40.9	31.6	25.5	25.7	25.5
General government	22.3	42.9	59.9	53.9	59.9	57.0	57.9	57.5
Other sectors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shares and other equity	0.5	0.5	0.1	0.4	0.1	0.1	0.1	0.1
Other euro area countries <sup>b)</sup>	102.5	106.8	87.6	101.5	89.8	90.5	92.6	94.0
Rest of the world <sup>b)</sup>	99.1	110.5	114.9	107.4	113.7	115.6	105.9	106.5
Gold	82.6	95.3	98.8	98.4	96.1	95.0	98.0	87.4
Not broken down by geographical area <sup>c)</sup>	97.7	105.3	109.6	100.8	106.7	101.3	104.8	103.0
<b>Total</b>	<b>485.3</b>	<b>713.6</b>	<b>737.3</b>	<b>731.6</b>	<b>670.4</b>	<b>655.8</b>	<b>672.4</b>	<b>637.8</b>
<b>Liabilities</b>								
National territory – Deposits	51.6	185.6	200.3	257.5	142.8	138.2	172.5	124.5
MFIs	49.6	176.2	194.8	224.1	140.7	136.6	159.8	122.0
General government	1.5	8.9	4.9	33.0	1.4	0.9	12.0	1.8
Other sectors	0.4	0.5	0.6	0.5	0.7	0.6	0.7	0.7
Other euro area countries – Deposits	28.3	79.6	73.9	26.3	85.8	79.6	46.2	73.5
Rest of the world – Deposits	122.9	143.4	146.0	141.7	133.0	134.0	140.6	139.0
Not broken down by geographical area	282.5	305.0	317.1	306.0	308.9	304.0	313.0	300.8
Banknotes and coins in circulation <sup>d)</sup>	160.1	169.0	173.5	166.2	167.9	167.4	170.6	171.5
of which coins <sup>e)</sup>	2.7	2.8	2.9	2.8	2.9	2.9	2.9	2.9
Debt securities issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital reserves and revaluation account	97.6	112.4	117.0	117.4	114.2	115.1	118.8	107.9
Other liabilities	24.8	23.6	26.5	22.4	26.7	21.5	23.6	21.5
<b>Total</b>	<b>485.3</b>	<b>713.6</b>	<b>737.3</b>	<b>731.6</b>	<b>670.4</b>	<b>655.8</b>	<b>672.4</b>	<b>637.8</b>

a) These statistics are transmitted to the European Central Bank, on the 15th working day following the end of the month to which they relate, within the production of the consolidated balance sheet of the monetary financial institutions (Regulation ECB/2008/32).

b) This item includes the outstanding amounts of market operations.

c) Including the adjustment linked to the method of accounting used for measuring the euro notes on the liability side of the balance sheet of the Banque de France since January 2002.

d) Since January 2002, banknotes in circulation are treated according to specific euro area accounting conventions to bring them in line with the capital key share. 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.

e) Coins in circulation are not a liability of MFIs in the participating Member States, but a liability of the central government. However, coins are part of the monetary aggregates and, by convention, this liability is to be entered under the category 'currency in circulation'. The counterpart to this liability is to be included within 'remaining assets' (Regulation ECB/2008/32).

f) The total of the balance sheet at end 2012 published in March 2013 (731.8 bn) can be calculated by subtracting from the total of the Monthly Statement at end December 2012 (737.3 bn): coins (2.9 bn) and miscellaneous amounts linked to the accounting gap between the statement established in the early January 2013 and the Annual Accounts, which include all the year-end entries (2.6 bn).

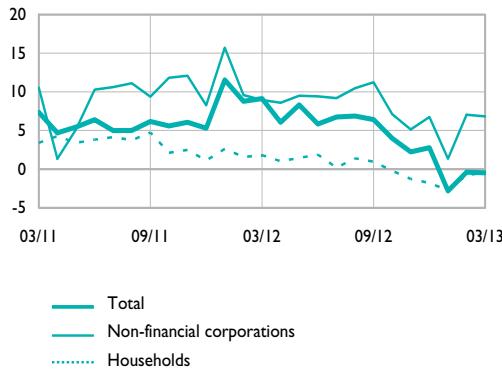
**Table I3**  
**Deposits – France**

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

	2010	2011	2012	2012	2012	2013		
	Dec.	Dec.	Dec.	March	Dec.	Jan.	Feb.	March
<b>Overnight deposits</b>								
Total non-financial sectors (excluding central government)	516.3	546.3	555.9	521.3	555.9	528.1	521.4	531.9
Households and similar	278.4	284.4	279.2	279.0	279.2	277.7	273.9	277.6
Non-financial corporations	182.5	203.3	214.7	189.4	214.7	196.3	194.9	200.6
General government (excl. central government)	55.4	58.6	62.0	52.9	62.0	54.0	52.5	53.7
Other sectors	39.1	39.3	42.5	52.2	42.5	45.4	40.7	38.6
<b>Total – Outstanding amounts</b>	<b>555.1</b>	<b>585.1</b>	<b>598.0</b>	<b>572.9</b>	<b>598.0</b>	<b>573.1</b>	<b>561.7</b>	<b>570.1</b>
<b>Total – Growth rate</b>	<b>8.0</b>	<b>5.3</b>	<b>2.8</b>	<b>9.1</b>	<b>2.8</b>	<b>-2.8</b>	<b>-0.4</b>	<b>-0.5</b>
<b>Passbook savings accounts</b>								
"A" and "Blue" passbooks	193.5	214.7	247.0	222.0	247.0	255.6	257.2	258.8
Housing savings accounts	36.1	36.1	35.2	36.3	35.2	35.0	34.8	34.7
Sustainable development passbook accounts	68.0	69.4	91.9	70.9	91.9	95.1	95.9	96.8
People's savings passbooks	54.4	52.4	51.7	51.8	51.7	49.6	49.8	49.9
Youth passbooks	7.0	7.0	7.0	6.8	7.0	6.8	6.8	6.8
Taxable passbooks	159.8	179.7	179.1	187.8	179.1	180.0	178.5	179.8
<b>Total – Outstanding amounts</b>	<b>518.8</b>	<b>559.3</b>	<b>611.7</b>	<b>575.6</b>	<b>611.7</b>	<b>622.0</b>	<b>622.8</b>	<b>626.7</b>
<b>Total – Growth rate</b>	<b>3.5</b>	<b>7.3</b>	<b>9.4</b>	<b>7.9</b>	<b>9.4</b>	<b>9.6</b>	<b>9.1</b>	<b>8.9</b>

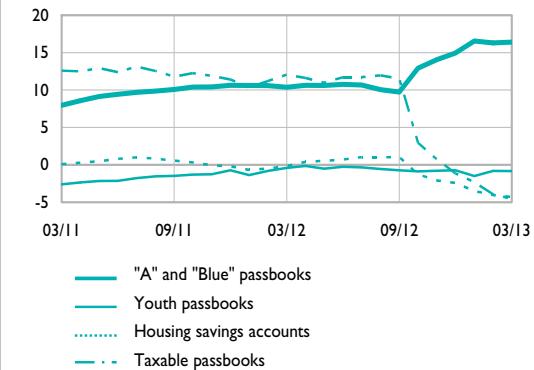
### Overnight deposits

(annual growth rate)



### Passbook savings accounts

(annual growth rate)



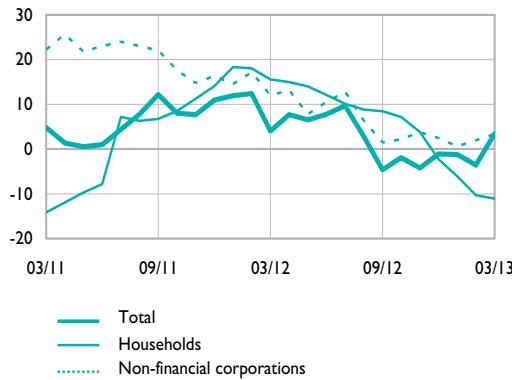
**Table 14**  
**Time deposits – France**

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

	2010	2011	2012	2012	2012	2013		
	Dec.	Dec.	Dec.	March	Dec.	Jan.	Feb.	March
<b>Deposits with agreed maturity up to two years</b>								
Total non-financial sectors (excl. central government)	89.1	108.1	111.8	114.0	111.8	109.7	112.4	113.9
Households and similar	24.5	31.7	30.9	33.9	30.9	30.7	30.3	30.2
Non-financial corporations	63.9	75.5	79.9	79.0	79.9	78.0	81.2	82.8
General government (excl. central government)	0.7	1.0	0.9	1.1	0.9	0.9	0.9	0.9
Other sectors	44.2	42.7	40.7	36.7	40.7	41.8	40.3	41.9
<b>Total – Outstanding amounts</b>	<b>133.4</b>	<b>150.9</b>	<b>152.5</b>	<b>150.7</b>	<b>152.5</b>	<b>151.5</b>	<b>152.7</b>	<b>155.8</b>
<b>Total – Growth rate</b>	<b>1.6</b>	<b>10.9</b>	<b>-1.1</b>	<b>4.0</b>	<b>-1.1</b>	<b>-1.2</b>	<b>-3.6</b>	<b>3.4</b>
<b>Deposits with agreed maturity of over two years</b>								
Total non-financial sectors (excl. central government)	282.6	306.7	328.9	318.0	328.9	329.9	331.0	331.3
Households and similar	248.0	259.0	269.4	265.8	269.4	269.6	268.9	268.5
PEL	182.3	186.6	188.2	186.6	188.2	188.4	188.5	188.8
PEP	26.6	24.4	24.0	24.2	24.0	24.0	23.8	23.7
Other	39.1	48.0	57.2	55.0	57.2	57.2	56.5	56.0
Non-financial corporations	34.0	46.6	58.1	51.0	58.1	59.0	60.6	61.3
General government (excl. central government)	0.6	1.1	1.4	1.2	1.4	1.3	1.5	1.5
Other sectors	94.4	177.0	154.7	177.0	154.7	158.7	160.4	163.5
<b>Total – Outstanding amounts</b>	<b>377.0</b>	<b>483.7</b>	<b>483.5</b>	<b>495.0</b>	<b>483.5</b>	<b>488.6</b>	<b>491.4</b>	<b>494.8</b>
<b>Total – Growth rate</b>	<b>3.5</b>	<b>18.8</b>	<b>0.3</b>	<b>17.9</b>	<b>0.3</b>	<b>-1.1</b>	<b>-1.5</b>	<b>-0.1</b>

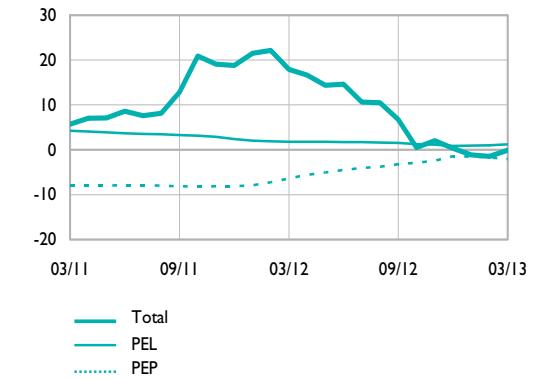
### Deposits up to 2 years

(annual percentage growth rate)



### Deposits over 2 years

(annual percentage growth rate)



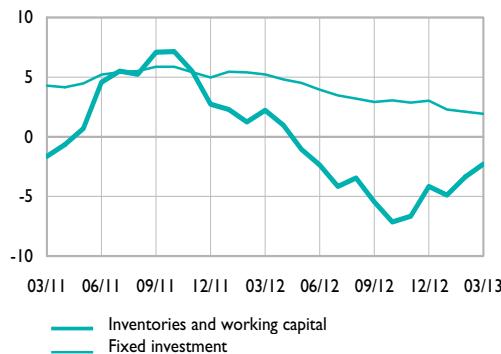
**Table 15****Loans extended by credit institutions established in France to French residents – France**

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

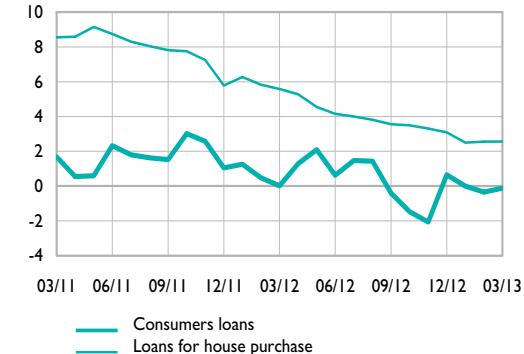
	2010	2011	2012	2012	2012		2013		
	Dec.	Dec.	Dec.	March	Nov.	Dec.	Jan.	Feb.	March
<b>Loans to resident clients</b>									
Private sector	1,976.4	2,053.7	2,100.0	2,071.1	2,090.4	2,100.0	2,109.6	2,108.9	2,114.3
General government	214.8	195.1	206.8	194.3	206.3	206.8	209.2	207.2	206.5
<b>Total – Outstanding amounts</b>	<b>2,191.2</b>	<b>2,248.7</b>	<b>2,306.7</b>	<b>2,265.3</b>	<b>2,296.7</b>	<b>2,306.7</b>	<b>2,318.8</b>	<b>2,316.1</b>	<b>2,320.8</b>
Private sector	4.7	3.1	2.5	3.0	1.4	2.5	2.1	2.2	2.4
General government	9.5	-6.7	6.1	-4.7	8.4	6.1	6.1	5.8	6.0
<b>Total – Growth rate</b>	<b>5.2</b>	<b>2.2</b>	<b>2.8</b>	<b>2.3</b>	<b>2.0</b>	<b>2.8</b>	<b>2.4</b>	<b>2.5</b>	<b>2.8</b>
<b>Loans to non-financial companies</b>									
Fixed investment	525.0	547.1	563.0	552.3	559.5	563.0	563.0	562.5	561.1
Inventories and working capital	179.7	187.5	174.1	185.9	175.5	174.1	172.9	173.0	175.6
Other lending	76.1	81.2	82.0	79.9	79.4	82.0	79.9	79.1	81.2
<b>Total – Outstanding amounts</b>	<b>780.8</b>	<b>815.9</b>	<b>819.1</b>	<b>818.1</b>	<b>814.4</b>	<b>819.1</b>	<b>815.8</b>	<b>814.6</b>	<b>817.9</b>
<b>Total – Growth rate</b>	<b>1.2</b>	<b>4.4</b>	<b>1.0</b>	<b>3.9</b>	<b>0.7</b>	<b>1.0</b>	<b>0.5</b>	<b>1.0</b>	<b>1.1</b>
<b>Loans to households</b>									
Loans for house purchase	798.1	847.0	874.2	855.9	872.2	874.2	875.7	877.8	880.9
Consumer loans	164.4	161.1	160.4	159.5	156.7	160.4	158.9	157.1	157.6
Other lending	88.0	92.8	92.1	92.6	92.4	92.1	92.1	92.2	92.4
<b>Total – Outstanding amounts</b>	<b>1,050.5</b>	<b>1,100.9</b>	<b>1,126.7</b>	<b>1,108.0</b>	<b>1,121.3</b>	<b>1,126.7</b>	<b>1,126.6</b>	<b>1,127.2</b>	<b>1,130.9</b>
<b>Total – Growth rate</b>	<b>6.2</b>	<b>5.6</b>	<b>2.3</b>	<b>5.3</b>	<b>2.6</b>	<b>2.3</b>	<b>1.7</b>	<b>1.8</b>	<b>1.9</b>

**Loans to non-financial companies – France**

(annual percentage growth rate)

**Loans to households – France**

(annual percentage growth rate)



## STATISTICS

### Money, investment and financing

**Table 16**

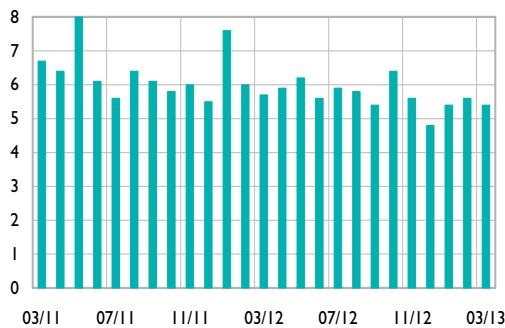
#### New loans to residents, (excl. overdrafts) – France

(monthly flows - seasonally adjusted - in euro billions)

	2012			2013		
	Jan.	Feb.	March	Jan.	Feb.	March
<b>Loans to non-financial corporations</b>						
Loans ≤ 1 million euro <sup>a)</sup>	7.6	6.0	5.7	5.4	5.6	5.4
Loans > 1 million euro <sup>a)</sup>	12.5	13.1	12.5	14.5	10.0	12.4
<b>Loans to households</b>						
Cash loans to sole traders and individuals (excl. revolving consumer credit)	4.2	4.2	4.3	4.1	4.0	3.8
Housing loans	12.4	7.3	6.8	10.2	9.3	9.7

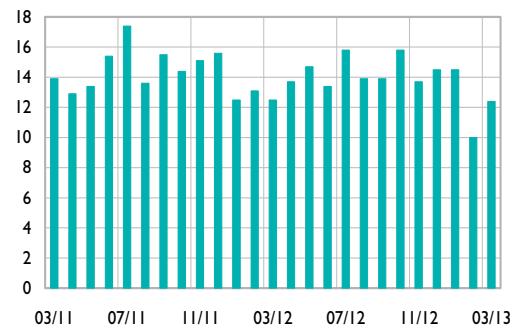
#### Non-financial corporations – Loans ≤ 1 million euro

(monthly flows - seasonally adjusted - in euro billions)



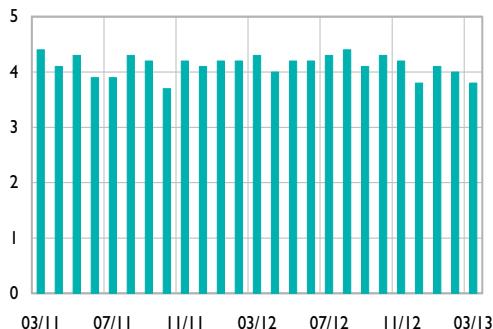
#### Non-financial corporations – Loans > 1 million euro

(monthly flows - seasonally adjusted - in euro billions)



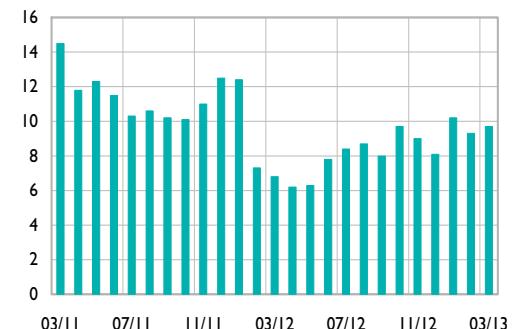
#### Households - Cash loans

(monthly flows - seasonally adjusted - in euro billions)



#### Households - Housing loans

(monthly flows - seasonally adjusted - in euro billions)



a) All initial rate fixation periods.

**Table 17****Investment and financing – Insurance corporations and pension funds – Euro area and France**

(EUR billions)

Euro area	Cumulated transaction flows over 4 quarters					Outstanding amounts 2012 Dec.	
	2011		2012				
	Q4	Q1	Q2	Q3	Q4		
<b>Financial assets</b>							
Currency and deposits	21.6	25.4	9.9	-12.1	-0.9	800.3	
of which deposits included in M3 <sup>a)</sup>	14.3	29.0	15.2	2.6	15.6	207.8	
Short-term debt securities	23.9	11.8	13.2	10.4	-6.2	67.4	
Long-term debt securities	54.5	26.9	42.2	73.7	124.9	2,966.2	
Loans	9.5	5.8	0.1	13.3	12.8	490.6	
Shares and other equity	85.7	104.8	98.4	74.4	97.1	2,681.0	
of which quoted shares	-12.4	-15.6	-12.6	-15.4	-3.7	406.4	
Remaining net assets	-51.3	-57.0	-18.2	-14.0	-45.4	244.8	
<b>Financing</b>							
Debt securities	2.6	4.6	1.2	2.6	6.0	53.8	
Loans	5.8	-2.5	1.1	4.0	-11.8	273.5	
Shares and other equity	1.7	0.9	2.8	2.2	0.1	463.3	
Insurance technical reserves	114.8	103.5	108.8	124.1	149.5	6,463.4	
Life insurance	110.3	100.0	97.5	108.7	125.9	5,629.6	
Non-life insurance	4.6	3.5	11.3	15.4	23.6	833.8	
<b>Net lending/net borrowing (B9B)</b>	<b>18.8</b>	<b>11.3</b>	<b>31.7</b>	<b>12.9</b>	<b>38.4</b>		

(EUR billions)

France	Cumulated transaction flows over 4 quarters					Outstanding amounts 2012 Dec.	
	2011		2012				
	Q4	Q1	Q2	Q3	Q4		
<b>Financial assets</b>							
Currency and deposits	9.1	10.1	6.2	3.2	3.0	29.8	
Short-term debt securities	18.3	9.0	9.7	9.3	-9.4	27.1	
Long-term debt securities	-7.3	-20.7	-16.8	-8.9	33.8	1,237.9	
Loans	1.0	0.9	0.7	0.8	1.0	35.4	
Shares and other equity	16.5	25.1	33.4	24.8	15.8	649.7	
of which quoted shares	0.2	-7.4	-5.2	-7.5	-9.2	68.3	
Remaining net assets	-6.2	-9.7	-11.7	-15.5	-16.2	4.2	
<b>Financing</b>							
Debt securities	1.6	1.3	0.0	0.0	0.6	9.1	
Loans	1.3	-3.1	-5.0	-3.2	7.2	83.2	
Shares and other equity	0.0	0.8	1.0	1.7	2.1	102.6	
Insurance technical reserves	35.2	16.3	8.6	7.6	21.8	1,724.5	
Life insurance and pension funds	28.0	13.8	5.3	4.7	16.1	1,469.8	
Non-life insurance	7.1	2.5	3.3	2.9	5.7	254.7	
<b>Net lending/net borrowing (B9B)</b>	<b>2.3</b>	<b>4.4</b>	<b>21.2</b>	<b>11.2</b>	<b>2.9</b>		

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.

## STATISTICS

### Money, investment and financing

**Table 18**

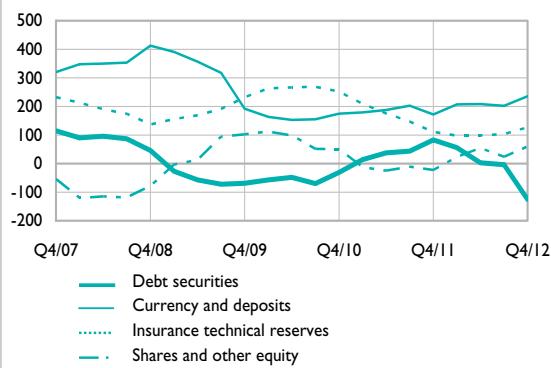
### Investment and financing – Households – Euro area

(EUR billions)

	Cumulated transaction flows over 4 quarters					<b>Outstanding amounts</b>	
	2011		2012				
	Q4	Q1	Q2	Q3	Q4		
<b>Financial assets</b>							
Currency and deposits	172.2	207.5	208.5	202.6	235.4	7,034.7	
of which deposits included in M3 <sup>a)</sup>	83.0	123.6	133.2	152.1	215.0	5,325.9	
Short-term debt securities	27.8	15.3	13.9	21.9	-3.4	48.1	
Long-term debt securities	54.8	40.8	-11.3	-25.8	-122.2	1,290.8	
Shares and other equity	-22.1	22.9	54.2	23.7	60.2	4,399.0	
Quoted shares	23.8	18.6	34.3	7.5	4.5	758.3	
Unquoted shares and other equity	21.5	59.7	66.1	61.7	60.5	2,228.8	
Mutual fund shares	-67.4	-55.4	-46.2	-45.5	-4.8	1,411.9	
of which money market fund shares	-21.2	-22.4	-20.1	-27.4	-30.0	120.5	
Insurance technical reserves	110.9	98.4	98.7	103.2	126.8	6,222.1	
Remaining net assets	6.7	-22.5	-32.3	-42.6	-35.4	7.3	
<b>Financing</b>							
Loans	84.5	68.1	39.3	18.7	15.2	6,192.1	
of which from euro area MFIs	81.1	33.8	12.6	1.0	25.5	5,291.0	
<b>Revaluation of financial assets</b>							
Shares and other equity	-345.6	-302.0	-349.8	247.1	241.1		
Insurance technical reserves	25.6	110.1	109.3	185.3	171.7		
Other flows	-5.5	47.9	-11.3	43.1	81.2		
<b>Change in net financial worth</b>	<b>-59.8</b>	<b>150.2</b>	<b>40.6</b>	<b>739.8</b>	<b>740.2</b>		

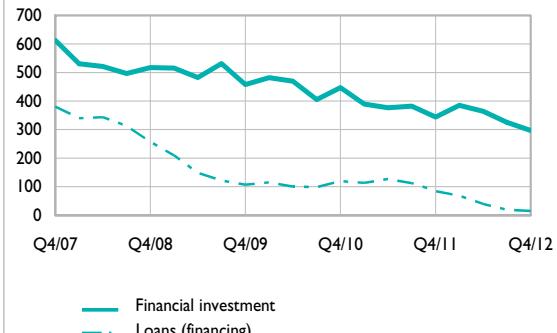
### Investment flows

(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.

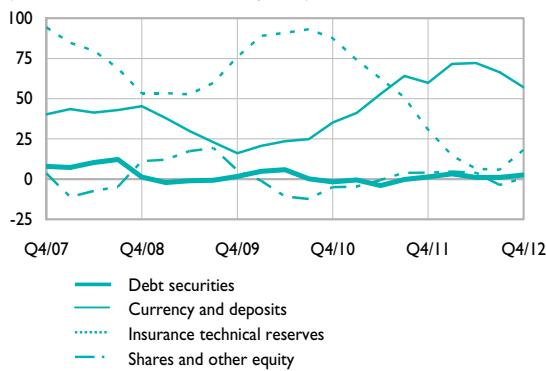
**Table 19**  
**Investment and financing – Households – France**

(EUR billions)

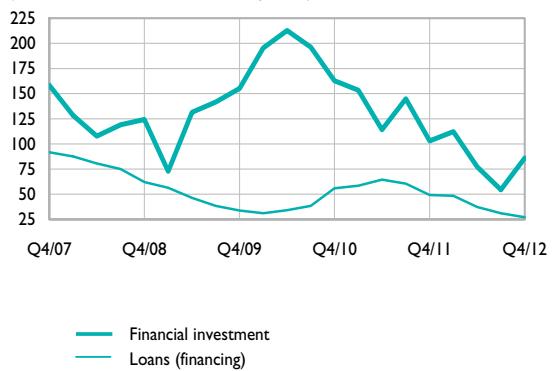
	Cumulated transaction flows over 4 quarters					Outstanding amounts 2012 Dec.	
	2011		2012				
	Q4	Q1	Q2	Q3	Q4		
<b>Financial assets</b>							
Currency and deposits	59.8	71.5	72.1	66.3	57.0	1,273.7	
Short-term debt securities	0.2	-0.5	-0.2	-0.3	-0.7	1.1	
Long-term debt securities	1.1	3.7	1.3	1.3	3.3	65.3	
Shares and other equity	4.0	4.7	4.0	-3.7	0.7	1,000.2	
Quoted shares	5.7	-1.4	0.4	-5.0	-6.1	149.8	
Unquoted shares and other equity	10.3	16.2	12.9	14.6	18.5	552.5	
Mutual fund shares	-12.1	-10.1	-9.4	-13.4	-11.7	297.9	
of which money market fund shares	-7.3	-6.1	-3.8	-6.9	-8.3	23.4	
Insurance technical reserves	30.6	14.6	6.5	5.8	18.2	1,561.7	
Remaining net assets	14.4	26.0	6.0	14.8	5.7	49.3	
<b>Financing</b>							
Loans	49.2	48.3	37.2	31.1	27.0	1,151.9	
<b>Revaluation of financial assets</b>							
Shares and other equity	-68.7	-44.9	-78.6	76.4	86.9		
Insurance technical reserves	-9.7	-3.0	-12.9	19.3	23.7		
Other flows	-0.2	2.0	1.8	8.9	8.4		
<b>Change in net financial worth</b>	<b>-17.6</b>	<b>25.9</b>	<b>-37.2</b>	<b>157.7</b>	<b>176.3</b>		

**Investment flows**

(EUR billions, cumulated flows over 4 quarters)

**Investment and financing flows**

(EUR billions, cumulated flows over 4 quarters)



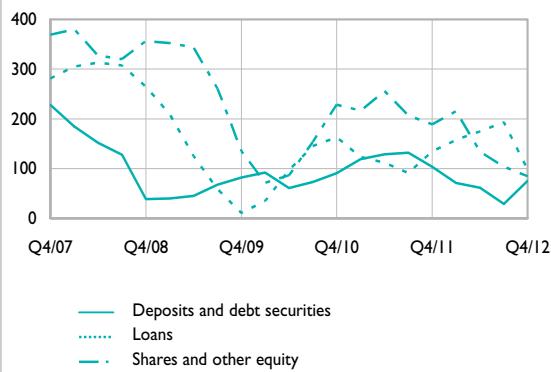
**Table 20****Investment and financing – Non-financial corporations – Euro area**

(EUR billions)

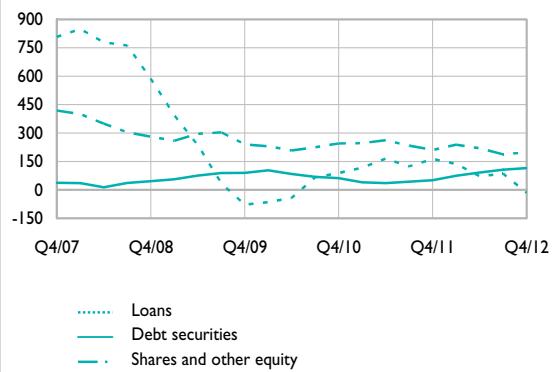
	Cumulated transaction flows over 4 quarters					Outstanding amounts	
	2011		2012				
	Q4	Q1	Q2	Q3	Q4		
<b>Financial assets</b>							
Currency and deposits	93.8	61.1	37.3	11.8	73.8	2,157.2	
of which deposits included in M3 <sup>a)</sup>	1.0	10.6	10.4	32.8	72.2	1,662.2	
Debt securities	9.5	9.9	24.0	17.1	1.4	392.1	
Loans	134.0	157.5	174.6	193.2	98.1	3,023.2	
Shares and other equity	188.7	215.3	133.8	103.8	84.4	7,964.7	
Insurance technical reserves	9.5	8.3	5.5	3.3	1.6	175.0	
Remaining net assets	-63.0	-69.4	-49.5	56.2	58.4	-73.3	
<b>Financing</b>							
Debt	218.0	215.5	167.7	196.2	102.3	9,735.5	
Loans	163.0	136.3	71.3	85.2	-16.1	8,347.4	
of which from euro area MFIs	56.6	12.3	-30.1	-71.6	-107.3	4,542.5	
Debt securities	50.3	74.5	91.7	106.3	114.6	1,039.5	
Pension fund reserves	4.7	4.8	4.8	4.6	3.9	348.6	
Shares and other equity	210.3	237.7	219.6	187.3	198.4	13,207.9	
Quoted shares	26.6	19.4	15.0	15.5	26.4	3,747.3	
Unquoted shares and other equity	183.7	218.2	204.6	171.7	172.0	9,460.6	
<b>Net lending/net borrowing (B9B)</b>	<b>-55.7</b>	<b>-70.7</b>	<b>-61.7</b>	<b>2.0</b>	<b>17.0</b>		

**Investment flows**

(EUR billions, cumulated flows over 4 quarters)

**Financing flows**

(EUR billions, cumulated flows over 4 quarters)

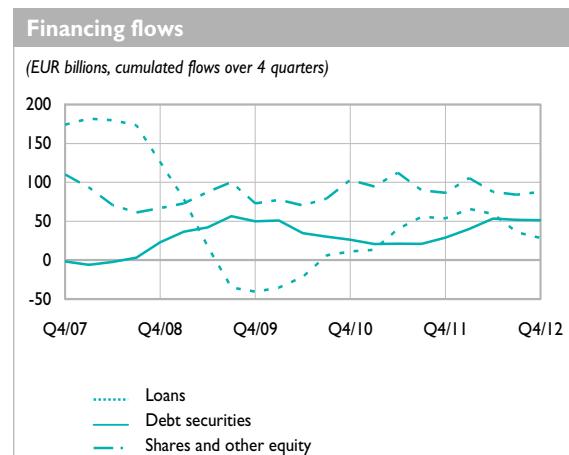
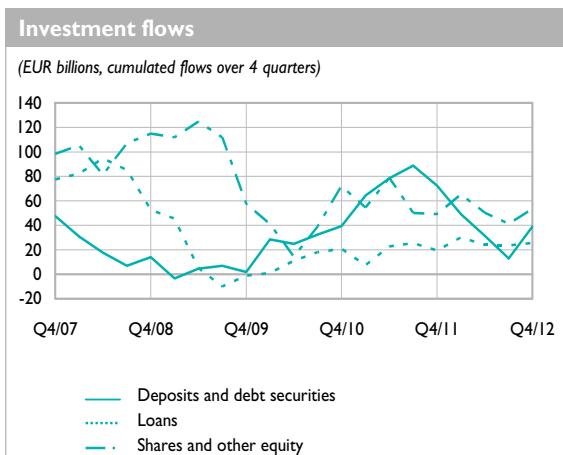


a) Deposits with agreed maturity up to 2 years and redeemable at notice up to 3 months of non-financial corporations held with MFIs and central government.

**Table 21****Investment and financing – Non-financial corporations – France**

(EUR billions)

	Cumulated transaction flows over 4 quarters					Outstanding amounts	
	2011		2012				
	Q4	Q1	Q2	Q3	Q4		
<b>Financial assets</b>							
Currency and deposits	64.9	42.5	33.1	23.5	41.3	459.8	
Debt securities	7.5	6.7	-1.7	-10.6	-2.3	70.6	
Loans	19.3	30.0	23.9	23.5	25.5	798.2	
Shares and other equity	49.2	65.0	50.2	41.2	53.5	2,767.1	
Insurance technical reserves	0.1	0.1	0.5	0.4	0.7	51.9	
Remaining net assets	-24.7	-29.1	-9.7	19.1	-2.6	-30.0	
<b>Financing</b>							
Debt	82.5	106.0	112.8	87.7	79.8	2,202.0	
Loans	53.7	65.7	59.4	36.0	28.5	1,699.6	
Debt securities	28.8	40.2	53.4	51.7	51.4	502.5	
Shares and other equity	86.4	105.3	87.8	84.1	87.6	4,264.4	
Quoted shares	10.3	10.6	7.0	6.7	10.4	1,114.2	
Unquoted shares and other equity	76.1	94.7	80.8	77.4	77.3	3,150.2	
<b>Net lending/net borrowing (B9B)</b>	<b>-52.6</b>	<b>-96.0</b>	<b>-104.4</b>	<b>-74.8</b>	<b>-51.4</b>		



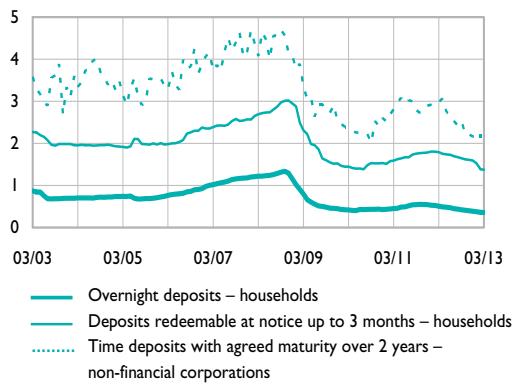
**Table 22****Interest rates on bank deposits – France and the euro area**

(average monthly rates – %)

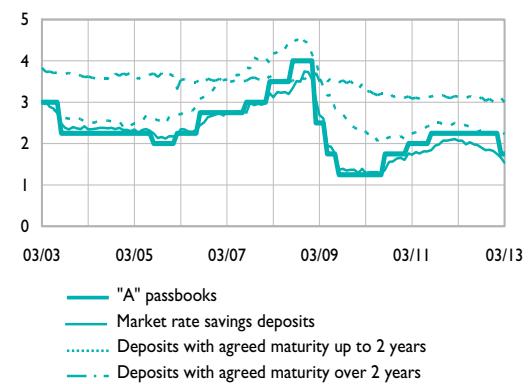
	2011	2012	2012	2012			2013		
	Dec.	Dec.	March	Nov.	Dec.	Jan.	Feb.	March	
<b>Euro area</b>									
Overnight deposits – households	0.54	0.39	0.51	0.40	0.39	0.38	0.36	0.36	
Deposits redeemable at notice up to 3 months – households	1.79	1.59	1.79	1.61	1.59	1.53	1.39	1.37	
Time deposits with agreed maturity over 2 years – non-financial corporations	2.90	2.16	2.98	2.21	2.16	2.16	2.08	1.99	
<b>France</b>									
"A" passbooks (end of period)	2.25	2.25	2.25	2.25	2.25	2.25	1.75	1.75	
Regulated savings deposits	2.25	2.25	2.25	2.25	2.25	2.25	1.77	1.77	
Market rate savings deposits	2.07	1.82	2.07	1.85	1.82	1.75	1.66	1.54	
Deposits with agreed maturity up to 2 years	2.47	2.26	2.44	2.28	2.26	2.23	2.27	2.23	
Deposits with agreed maturity over 2 years	3.12	3.01	3.13	3.08	3.01	3.00	3.10	3.00	

**Euro area**

(average monthly rates – %)

**France**

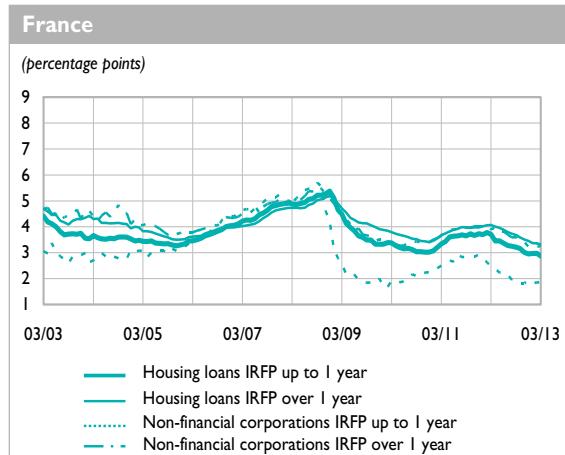
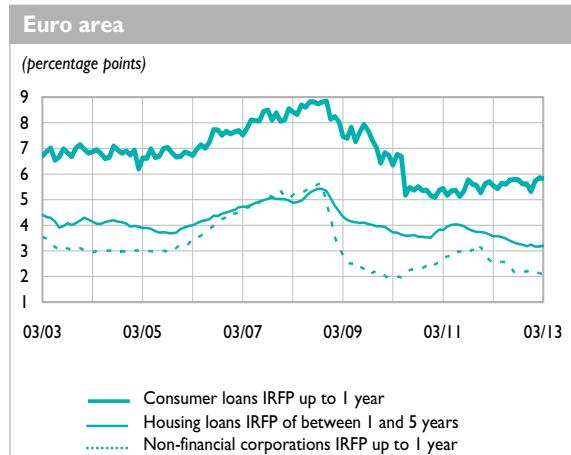
(average monthly rates – %)



**Table 23****Interest rates on bank loans – France and the euro area**

(average monthly rate – %)

	2012											2013		
	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March		
<b>Euro area</b>														
<b>Consumer loans</b>														
Floating rate and IRFP of up to 1 year <sup>a)</sup>	5.43	5.65	5.61	5.76	5.79	5.78	5.62	5.62	5.32	5.73	5.85	5.83		
<b>Loans for house purchase</b>														
Floating rate and IRFP of between 1 and 5 years	3.58	3.54	3.48	3.40	3.33	3.27	3.24	3.18	3.24	3.17	3.17	3.19		
<b>Non financial corporations of over EUR 1 million</b>														
IRFP of up to 1 year <sup>a)</sup>	2.55	2.58	2.56	2.40	2.16	2.21	2.22	2.18	2.28	2.20	2.12	2.11		
<b>France</b>														
<b>Consumer loans</b>	<b>6.53</b>	<b>6.52</b>	<b>6.43</b>	<b>6.34</b>	<b>6.37</b>	<b>6.21</b>	<b>6.12</b>	<b>6.14</b>	<b>6.07</b>	<b>6.17</b>	<b>6.08</b>	<b>6.08</b>		
<b>Loans for house purchase</b>														
IRFP of up to 1 year <sup>a)</sup>	3.45	3.46	3.37	3.28	3.25	3.21	3.16	3.01	2.95	2.97	2.97	2.87		
IRFP of over 1 year <sup>a)</sup>	4.01	3.96	3.89	3.80	3.73	3.68	3.59	3.51	3.45	3.37	3.36	3.32		
<b>Non-financial corporations</b>														
IRFP of up to 1 year <sup>a)</sup>	2.39	2.23	2.22	2.15	1.95	1.87	1.83	1.83	1.92	1.82	1.85	1.86		
IRFP of over 1 year <sup>a)</sup>	3.98	3.81	3.81	3.70	3.59	3.60	3.43	3.41	3.23	3.25	3.21	3.26		



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.

**Table 24****Usury rates on loans to households and cost of business credit – France**

(%)

Usury ceiling with effect from the 1st day of the reference period	2012		2013	
	July	Oct.	Jan.	April
<b>Loans to households under Articles L312-1 to L312-36 of the french Consumer Code (housing loans)</b>				
Fixed-rate loans	6.36	5.99	5.72	5.43
Floating-rate loans	5.81	5.64	5.37	5.01
Bridge loans	6.32	5.89	5.79	5.55
<b>Loans to households not within the scope of Articles L312-1 to L312-36 of the French Consumer Code (consumer loans)</b>				
Loans up to EUR 3,000				20.29
Loans comprised between EUR 3,000 and EUR 6,000				16.25
Loans over EUR 6,000				11.48
Loans to enterprises	2012			
	Jan.	April	July	Oct.
<b>Discount</b>				
up to EUR 15,245	3.30	3.22	3.29	2.70
EUR 15,245 to EUR 45,735	3.61	3.27	3.32	3.12
EUR 45,735 to EUR 76,225	3.33	3.09	3.10	3.07
EUR 76,225 to EUR 304,898	3.17	2.74	2.26	2.14
EUR 304,898 to EUR 1,524,490	2.27	1.74	1.53	1.20
over EUR 1,524,490	1.87	1.40	0.75	0.76
<b>Overdrafts</b>				
up to EUR 15,245	9.96	9.85	9.76	9.73
EUR 15,245 to EUR 45,735	7.21	6.62	6.48	6.26
EUR 45,735 to EUR 76,225	5.57	5.21	5.12	4.93
EUR 76,225 to EUR 304,898	3.69	3.33	3.18	2.97
EUR 304,898 to EUR 1,524,490	2.53	2.18	2.17	1.89
over EUR 1,524,490	1.98	1.70	1.58	1.34
<b>Other short-term loans</b>				
up to EUR 15,245	4.18	3.90	3.70	3.76
EUR 15,245 to EUR 45,735	3.91	3.49	3.37	3.30
EUR 45,735 to EUR 76,225	3.48	3.18	2.88	2.68
EUR 76,225 to EUR 304,898	3.01	2.69	2.49	2.07
EUR 304,898 to EUR 1,524,490	2.52	2.04	1.90	1.66
over EUR 1,524,490	2.38	1.98	1.95	1.57
<b>Medium and long-term loans</b>				
up to EUR 15,245	4.21	4.13	4.01	3.63
EUR 15,245 to EUR 45,735	3.98	3.80	3.62	3.34
EUR 45,735 to EUR 76,225	3.97	3.77	3.58	3.31
EUR 76,225 to EUR 304,898	4.00	3.83	3.60	3.38
EUR 304,898 to EUR 1,524,490	3.95	3.61	3.44	3.26
over EUR 1,524,490	3.23	2.84	2.83	2.64

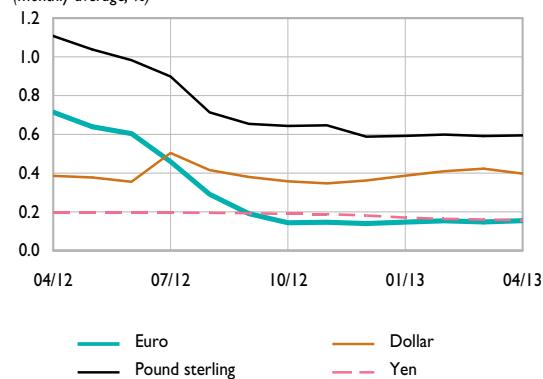
**Table 25**  
**Interest rates**

(%)

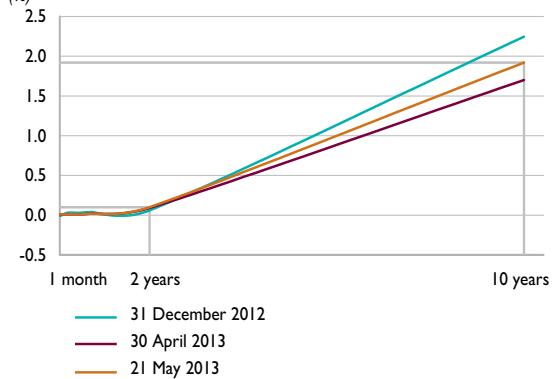
	Monthly average <sup>a)</sup>										Key interest rates at 21/05/13	
	2012					2013						
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April		
<b>Short-term interbank interest rates</b>												
<b>Euro</b>												
Overnight	0.14	0.07	0.05	0.05	0.04	0.02	0.02	0.01	0.03	0.06	0.50	
3-month	0.46	0.29	0.19	0.14	0.15	0.14	0.15	0.15	0.15	0.15		
1-year	1.00	0.79	0.69	0.54	0.51	0.47	0.51	0.54	0.50	0.51		
<b>Pound sterling</b>											0.50	
Overnight	0.55	0.49	0.49	0.47	0.47	0.44	0.45	0.46	0.47	0.48		
3-month	0.90	0.71	0.65	0.64	0.65	0.59	0.59	0.60	0.59	0.59		
1-year	1.51	1.21	1.20	0.98	1.01	1.02	0.92	0.89	0.90	0.90		
<b>Dollar</b>											0.25	
Overnight	0.10	0.11	0.13	0.13	0.11	0.12	0.14	0.15	0.17	0.18		
3-month	0.50	0.42	0.38	0.36	0.35	0.36	0.39	0.41	0.42	0.40		
1-year	1.11	1.14	1.09	1.00	0.95	0.89	0.87	0.76	0.87	0.81		
<b>Yen</b>											0.10	
Overnight	0.10	0.10	0.10	0.10	0.09	0.09	0.09	0.09	0.09	0.10		
3-month	0.20	0.19	0.19	0.19	0.19	0.18	0.17	0.16	0.16	0.16		
1-year	0.52	0.65	0.62	0.58	0.53	0.46	0.45	0.38	0.38	0.38		
<b>10-year benchmark government bond yields <sup>b)</sup></b>												
France	2.28	2.12	2.24	2.19	2.14	2.01	2.17	2.24	2.07	1.80		
Germany	1.31	1.42	1.54	1.52	1.39	1.35	1.57	1.60	1.41	1.25		
Euro area	3.25	3.01	2.43	2.31	2.25	2.10	2.40	2.86	3.03	2.86		
United Kingdom	1.55	1.57	1.77	1.81	1.79	1.84	2.05	2.11	1.90	1.71		
United States	1.51	1.67	1.70	1.73	1.65	1.70	1.89	1.98	1.96	1.73		
Japan	0.78	0.81	0.80	0.78	0.74	0.74	0.78	0.75	0.61	0.58		

**3-month interbank market rates**

(monthly average, %)

**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.

b) Benchmark bonds: rates posted by Reuters at 4.30pm.

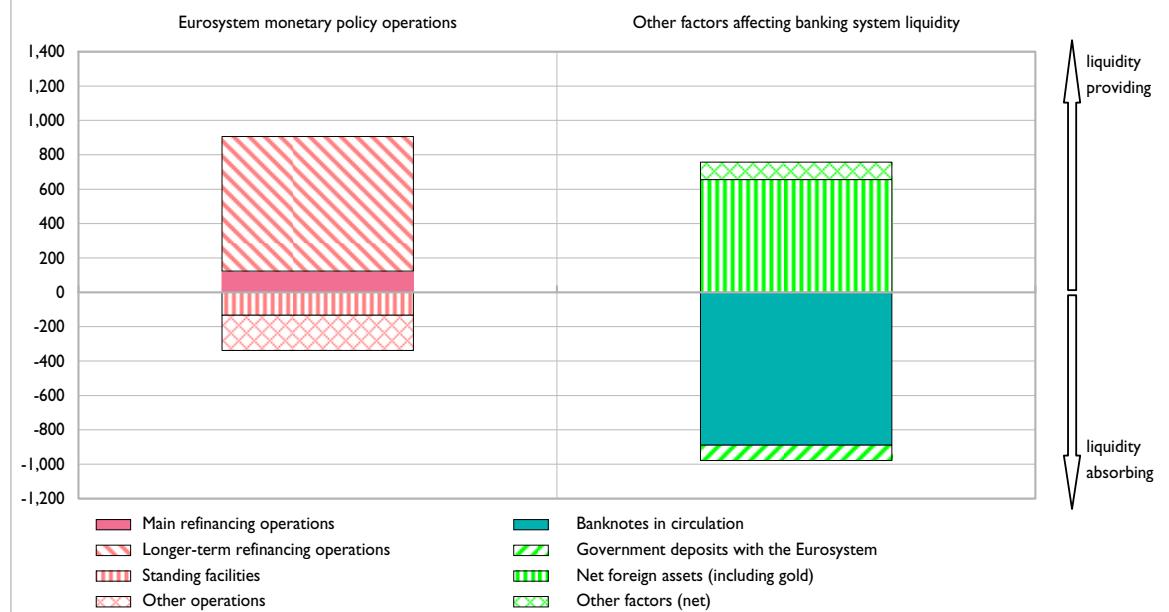
**Table 26****Banking system liquidity and refinancing operations – Euro area**

(EUR billions, daily average for the reserve maintenance period from 13 March to 9 April 2013)

	Liquidity providing	Liquidity absorbing	Net contribution
<b>Contribution to banking system liquidity</b>			
<b>(a) Eurosystem monetary policy operations</b>	<b>907.1</b>	<b>339.3</b>	<b>567.8</b>
Main refinancing operations	123.7		123.7
Longer-term refinancing operations	782.9		782.9
Standing facilities	0.5	133.8	-133.3
Other	0.0	205.5	-205.5
<b>(b) Other factors affecting banking system liquidity</b>	<b>757.1</b>	<b>978.9</b>	<b>-221.8</b>
Banknotes in circulation		889.2	-889.2
Government deposits with the Eurosystem		89.7	-89.7
Net foreign assets (including gold)	656.8		656.8
Other factors (net)	100.4		100.4
<b>(c) Reserves maintained by credit institutions (a) + (b) including reserve requirements</b>			<b>346.0</b>
			<i>104.9</i>

**Net contribution to banking system liquidity**

(EUR billions, daily average for the reserve maintenance period from 13 March to 9 April 2013)



**Table 27**  
**Eurosystem key rates; minimum reserves**

(%)

**Key rates for the Eurosystem (latest changes)**

Main refinancing operations			Standing facilities			
Date of decision		Fixed rate	Date of decision		Deposit	Marginal lending
decision	settlement		decision	settlement		
08/12/2011	14/12/2011	1.00	08/12/2011	14/12/2011	0.25	1.75
05/07/2012	11/07/2012	0.75	05/07/2012	11/07/2012	0.00	1.50
02/05/2013	08/05/2013	0.50	02/05/2013	08/05/2013	0.00	1.00

(%)

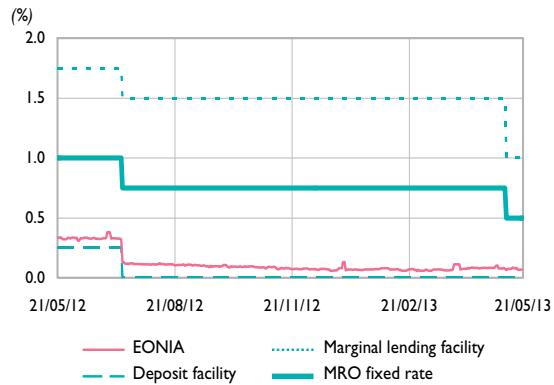
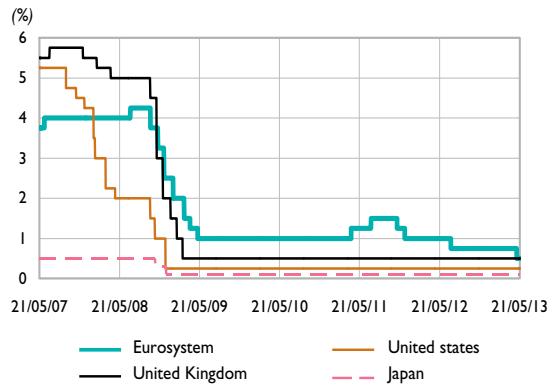
**Main refinancing operations**

Main refinancing operations			Longer-term refinancing operations			Marginal rate
		Marginal rate	Weighted average rate			
2013	3 April <sup>a)</sup>	0.75	0.75	0.75	2013	26 July
	10 April	0.75	0.75	0.75		11 July
	17 April	0.75	0.75	0.75		28 June
	24 April	0.75	0.75	0.75		13 June
	2 May	0.75	0.75	0.75		31 May
	8 May	0.50	0.50	0.50		9 May

(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		
2012	13 November	106.43	19.74	529.15	83.28	422.72	63.54	0.75
	11 December	106.35	19.54	509.87	66.97	403.52	47.43	0.75
2013	15 January	106.11	19.36	489.00	75.92	382.89	56.55	0.75
	12 February	105.40	19.00	466.20	71.90	360.80	52.90	0.75
	12 March	105.60	19.50	403.00	47.10	297.40	27.60	0.75
	9 April	104.90	19.60	346.00	45.60	241.10	26.00	0.75

**Eurosystem key rates and EONIA****Central bank key rates**

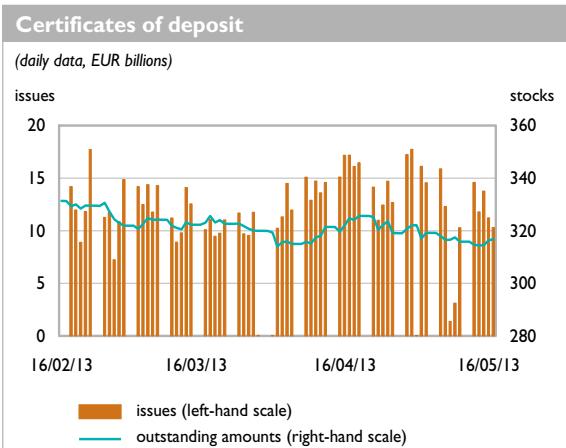
a) Fixed rate tender procedure.

Sources: European Central Bank, ESCB.

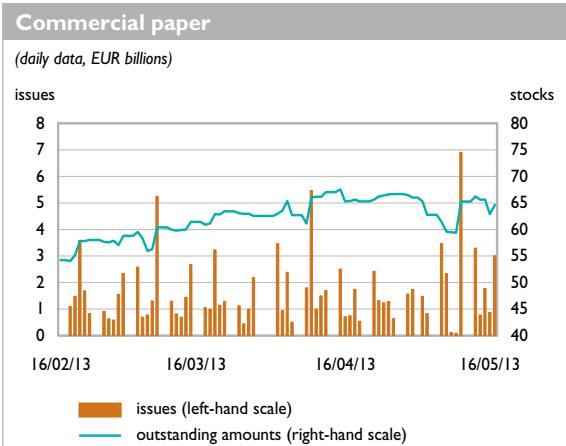
Produced 22 May 2013

**Table 28**  
**Negotiable debt securities – France**

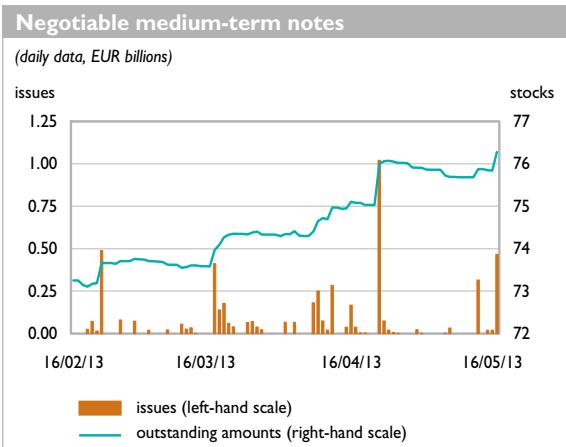
<b>Certificates of deposit</b>			
	<b>EUR billions <sup>a)</sup></b>		<b>Number of issuers</b>
	<b>Issues</b>	<b>Stocks</b>	
16/02/13 to 22/02/13	64.59	329.46	160
23/02/13 to 01/03/13	55.94	321.92	158
02/03/13 to 08/03/13	67.10	324.20	158
09/03/13 to 15/03/13	56.53	322.24	158
16/03/13 to 22/03/13	51.41	322.66	157
23/03/13 to 29/03/13	42.72	319.96	156
30/03/13 to 05/04/13	48.01	314.96	156
06/04/13 to 12/04/13	70.87	321.44	153
13/04/13 to 19/04/13	82.02	325.62	153
20/04/13 to 26/04/13	64.97	319.10	152
27/04/13 to 03/05/13	65.66	319.13	150
04/05/13 to 10/05/13	42.94	315.83	151
11/05/13 to 17/05/13	61.65	316.71	151



<b>Commercial paper</b>			
	<b>EUR billions <sup>a)</sup></b>		<b>Number of issuers</b>
	<b>Issues</b>	<b>Stocks</b>	
16/02/13 to 22/02/13	8.67	58.02	85
23/02/13 to 01/03/13	6.02	58.80	87
02/03/13 to 08/03/13	10.60	60.40	89
09/03/13 to 15/03/13	6.93	61.44	88
16/03/13 to 22/03/13	7.72	63.43	87
23/03/13 to 29/03/13	4.74	62.56	86
30/03/13 to 05/04/13	7.29	62.69	89
06/04/13 to 12/04/13	11.46	67.05	88
13/04/13 to 19/04/13	6.24	65.27	89
20/04/13 to 26/04/13	6.90	66.65	89
27/04/13 to 03/05/13	5.60	62.76	91
04/05/13 to 10/05/13	12.90	65.26	90
11/05/13 to 17/05/13	9.73	64.63	92



<b>Negotiable medium-term notes</b>			
	<b>EUR billions <sup>a)</sup></b>		<b>Number of issuers</b>
	<b>Issues</b>	<b>Stocks</b>	
16/02/13 to 22/02/13	0.60	73.66	118
23/02/13 to 01/03/13	0.16	73.76	118
02/03/13 to 08/03/13	0.04	73.62	118
09/03/13 to 15/03/13	0.12	73.59	118
16/03/13 to 22/03/13	0.83	74.35	118
23/03/13 to 29/03/13	0.20	74.33	118
30/03/13 to 05/04/13	0.13	74.31	118
06/04/13 to 12/04/13	0.81	74.97	118
13/04/13 to 19/04/13	0.25	75.03	118
20/04/13 to 26/04/13	1.12	76.02	118
27/04/13 to 03/05/13	0.02	75.86	118
04/05/13 to 10/05/13	0.04	75.68	118
11/05/13 to 17/05/13	0.82	76.28	118



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 22 May 2013

**Table 29**  
**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)



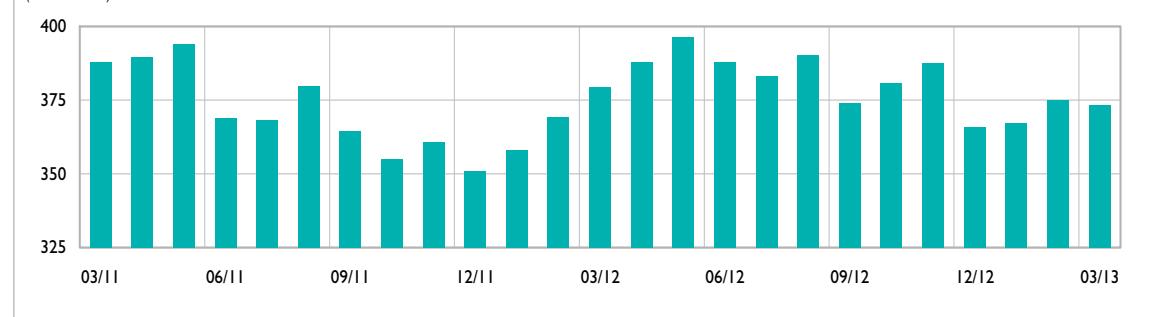
**Table 30**  
**Mutual fund shares/units – France**

(EUR billions)

	2012			2013
	June	Sept.	Dec.	March
<b>Net assets of mutual fund shares/units by category</b>				
Money-market funds	387.89	374.01	365.76	373.17
Bond mutual funds	201.31	207.95	212.81	
Equity mutual funds	223.54	230.22	234.76	
Mixed funds	237.74	248.26	256.38	
Funds of alternative funds	15.09	14.61	14.14	
Guaranteed-performance mutual funds	0.00	0.00	0.00	
Structured funds ("fonds à formule")	49.12	48.73	47.82	

**Net assets of money-market funds**

(EUR billions)



**Table 31**  
**Debt securities and quoted shares issued by French residents**

(EUR billions)

	Outstanding amounts <sup>a)</sup>		12-month total	Net issues <sup>b)</sup>		
	2012	2013		2013		
	March <sup>c)</sup>	March <sup>c)</sup>		Jan. <sup>c)</sup>	Feb. <sup>c)</sup>	March <sup>c)</sup>
<b>Debt securities issued by French residents</b>						
<b>Total</b>	<b>3,341.6</b>	<b>3,347.3</b>	<b>5.7</b>	<b>-8.8</b>	<b>-11.0</b>	<b>16.2</b>
Non-financial corporations	448.1	488.2	40.1	0.9	1.0	1.6
Short-term ( $\leq$ 1 year)	37.5	38.6	1.0	0.1	0.8	-1.4
Long-term ( $>$ 1 year)	410.6	449.6	39.0	0.9	0.2	2.9
General government	1,538.7	1,585.9	47.2	-2.5	4.0	19.4
Short-term ( $\leq$ 1 year)	234.7	208.4	-26.3	-2.4	0.6	12.8
Long-term ( $>$ 1 year)	1,304.1	1,377.5	73.4	-0.1	3.5	6.6
Monetary financial institutions <sup>d)</sup>	1,198.5	1,131.0	-67.5	-8.9	-15.9	-5.9
Short-term ( $\leq$ 1 year)	353.7	287.8	-65.9	-2.6	-12.2	-9.6
Long-term ( $>$ 1 year) <sup>d)</sup>	844.8	843.2	-1.6	-6.3	-3.7	3.7
Non-monetary financial institutions <sup>e)</sup>	156.2	142.2	-14.1	1.7	-0.1	1.1

(EUR billions)

	Outstanding amounts <sup>f)</sup>		12-month total	Net issues <sup>b)</sup>		Gross issues <sup>g)</sup>	Repurchases <sup>g)</sup>		
	2012	2013		2013					
	March	March		Feb.	March				
<b>French quoted shares</b>									
<b>Total</b>	<b>1,210.5</b>	<b>1,328.1</b>	<b>10.8</b>	<b>-0.2</b>	<b>0.0</b>	<b>15.8</b>	<b>4.9</b>		
Non-financial corporations	1,075.6	1,174.6	9.4	-0.2	-0.1	13.8	4.4		
Monetary financial institutions	88.7	102.9	0.7	0.0	0.0	1.3	0.5		
Non-monetary financial institutions	46.3	50.6	0.7	0.0	0.1	0.7	0.0		

a) Nominal values for outstanding amounts of debt securities.

b) Monthly data are seasonally adjusted. The 12-month total is unadjusted.

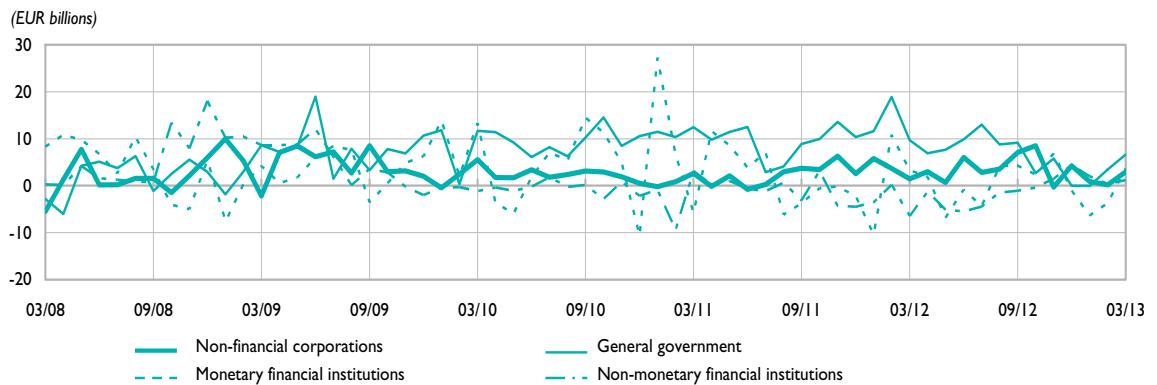
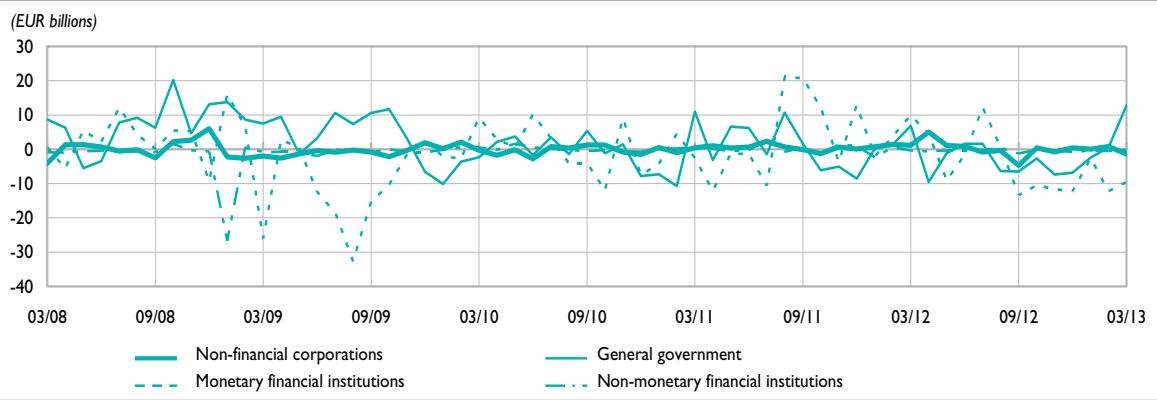
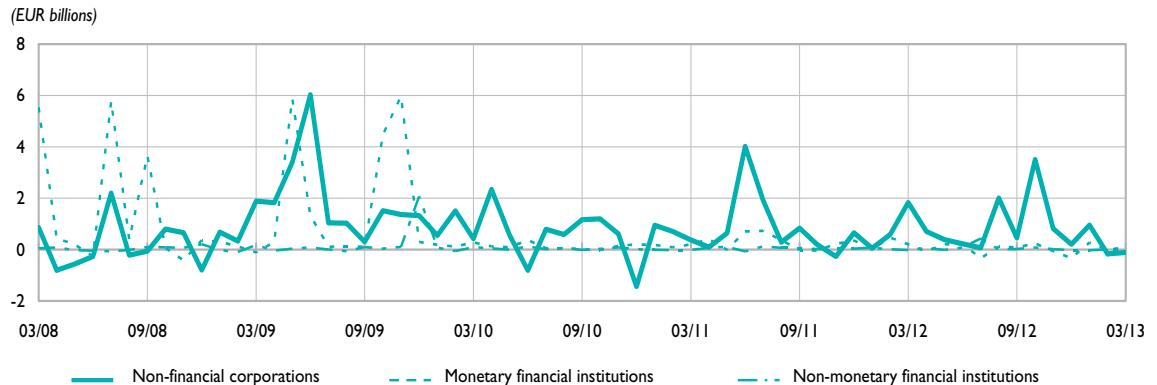
c) Data possibly revised.

d) Excluding the impact of intra-group transactions between banks.

e) Including units issued by SPVs.

f) Market values for outstanding amounts of quoted shares.

g) Non-seasonally adjusted data.

**Table 32****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)**

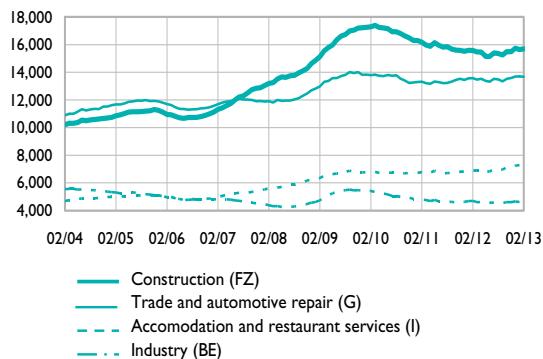
**Table 33**  
**Company failures by economic sector – France**

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

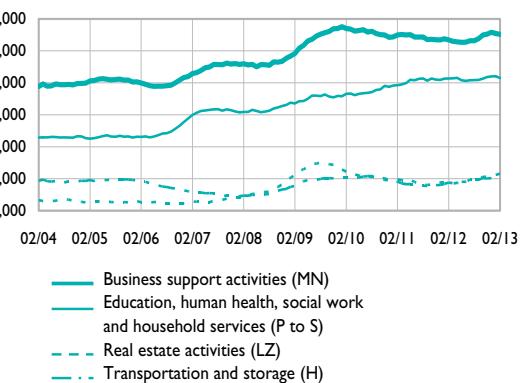
	2012												2013	
	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	
Agriculture, forestry and fishing (AZ)	1,269	1,254	1,265	1,259	1,244	1,257	1,251	1,219	1,234	1,243	1,244	1,261	1,250	
Industry (BE)	4,701	4,607	4,620	4,516	4,574	4,589	4,560	4,532	4,617	4,610	4,672	4,619	4,592	
Construction (FZ)	15,576	15,475	15,458	15,148	15,150	15,395	15,353	15,248	15,493	15,476	15,738	15,648	15,691	
Trade and automotive repair (G)	13,577	13,461	13,521	13,371	13,321	13,519	13,481	13,347	13,530	13,579	13,689	13,699	13,676	
Transportation and storage (H)	1,875	1,864	1,921	1,903	1,897	1,957	1,964	1,962	2,017	2,002	2,020	1,997	1,966	
Accommodation and restaurant services (I)	6,875	6,918	6,919	6,824	6,838	6,962	6,988	6,967	7,123	7,139	7,248	7,296	7,280	
Information and communication sector (JZ)	1,588	1,537	1,552	1,561	1,561	1,574	1,564	1,565	1,580	1,574	1,560	1,535	1,510	
Financial and insurance activities (KZ)	1,197	1,170	1,183	1,162	1,190	1,205	1,199	1,165	1,172	1,164	1,168	1,136	1,115	
Real estate activities (LZ)	1,862	1,845	1,874	1,851	1,897	1,971	1,974	2,005	2,057	2,068	2,101	2,123	2,156	
Business support activities (MN)	6,340	6,293	6,280	6,265	6,271	6,316	6,317	6,381	6,496	6,521	6,582	6,543	6,520	
Education, human health, social work and household services (P to S)	5,135	5,139	5,155	5,078	5,056	5,079	5,085	5,087	5,131	5,179	5,202	5,207	5,148	
Sector unknown	103	103	104	97	98	96	96	93	97	101	103	98	91	
<b>Total sectors</b>	<b>60,098</b>	<b>59,666</b>	<b>59,852</b>	<b>59,035</b>	<b>59,097</b>	<b>59,920</b>	<b>59,832</b>	<b>59,571</b>	<b>60,547</b>	<b>60,656</b>	<b>61,327</b>	<b>61,162</b>	<b>60,995</b>	

### 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.

**Table 34**  
**Retail payment systems – France**

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

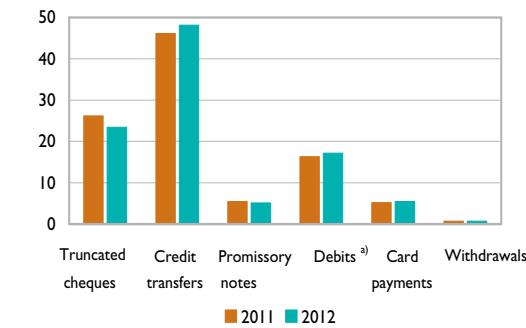
	2009	2010	2011	2012	2013			2013 Share
					Feb.	March	April	
Cheques	5,700	5,590	5,478	4,947	4,084	3,875	4,472	19.4
Credit transfers	8,473	8,865	9,646	10,167	10,234	10,564	11,962	51.8
of which SEPA credit transfers	95	683	2,555	4,130	4,656	5,107	5,828	25.2
Promissory notes	1,250	1,138	1,142	1,079	949	1,039	999	4.3
Direct debits	1,801	1,827	1,938	2,004	2,140	2,098	2,210	9.6
Interbank payment orders	143	133	130	131	151	78	90	0.4
Electronic payment orders	1,082	1,141	1,343	1,491	1,508	1,607	1,906	8.3
Card payments	957	1,009	1,085	1,152	1,090	1,111	1,302	5.6
ATM withdrawals	143	140	145	146	132	136	161	0.7
<b>Total</b>	<b>19,550</b>	<b>19,844</b>	<b>20,907</b>	<b>21,116</b>	<b>20,287</b>	<b>20,506</b>	<b>23,102</b>	<b>100.0</b>

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

	2009	2010	2011	2012	2013			2013 Share
					Feb.	March	April	
Cheques	10,206	9,507	9,112	8,588	8,083	7,741	8,800	15.1
Credit transfers	7,500	7,356	7,549	7,593	7,835	7,976	8,397	14.4
of which SEPA credit transfers	39	270	1,400	2,154	2,453	2,825	3,139	5.4
Promissory notes	332	311	303	291	272	295	291	0.5
Direct debits	8,165	8,194	8,502	8,680	9,224	9,130	9,855	16.9
Interbank payment orders	394	364	342	320	296	250	263	0.5
Electronic payment orders	56	66	76	101	107	70	137	0.2
Card payments	20,420	21,505	22,969	24,489	23,658	23,972	27,860	47.8
ATM withdrawals	2,456	2,375	2,422	2,407	2,209	2,271	2,644	4.5
<b>Total</b>	<b>49,530</b>	<b>49,677</b>	<b>51,275</b>	<b>52,469</b>	<b>51,684</b>	<b>51,704</b>	<b>58,245</b>	<b>100.0</b>

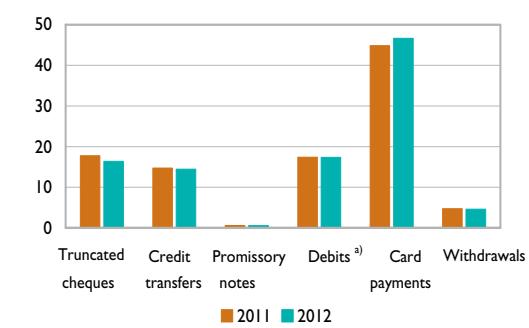
**Market share developments  
for main non-cash means of payment**

(% 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.

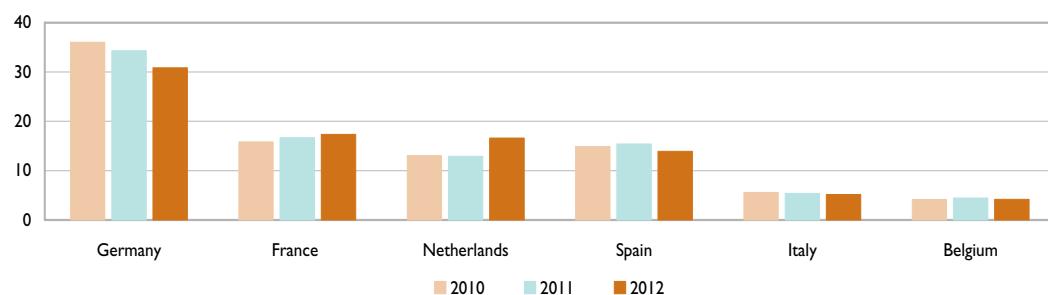
**Table 35**  
**Large-value payment systems – EU**

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

	2009	2010	2011	2012	2013			Share
					Feb.	March	April	
France	367	365	398	431	307	328	292	16.0
Germany	669	829	818	764	579	602	551	30.1
Austria	28	27	27	25	18	19	18	1.0
Belgium	106	95	106	104	81	86	77	4.2
Cyprus	2	2	2	3	1	1	1	0.0
Spain	356	342	367	345	268	266	255	14.0
Estonia	—	—	1	1	1	1	1	0.1
Finland	28	35	47	85	39	44	37	2.0
Greece	29	28	23	20	38	37	36	2.0
Ireland	30	30	21	17	14	15	13	0.7
Italy	126	129	129	128	144	143	137	7.5
Luxembourg	40	40	57	70	71	73	68	3.7
Malta	0	0	0	1	0	0	0	0.0
Netherlands <sup>a)</sup>	287	300	308	412	295	274	281	15.4
Portugal	17	20	22	14	11	10	10	0.6
Slovakia	3	3	3	3	3	3	3	0.2
Slovenia	2	2	2	3	3	3	2	0.1
EPM-ECB	47	37	36	35	31	29	29	1.6
<b>Total TARGET2 euro area <sup>b)</sup></b>	<b>2,137</b>	<b>2,283</b>	<b>2,368</b>	<b>2,462</b>	<b>1,903</b>	<b>1,934</b>	<b>1,813</b>	<b>99.1</b>
Non-euro area	16	16	15	15	19	18	17	0.9
<b>Total TARGET2 EU <sup>b)</sup></b>	<b>2,153</b>	<b>2,299</b>	<b>2,383</b>	<b>2,477</b>	<b>1,921</b>	<b>1,951</b>	<b>1,830</b>	<b>100.0</b>
<b>Euro1 <sup>c)</sup></b>	<b>255</b>	<b>241</b>	<b>249</b>	<b>226</b>	<b>203</b>	<b>210</b>	<b>na</b>	

#### 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.

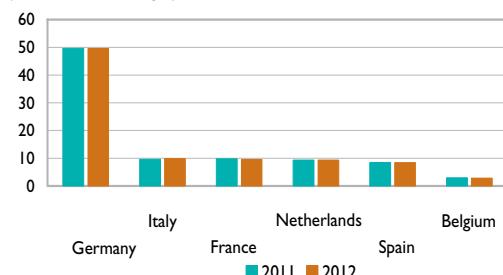
**Table 36**  
**Large-value payment systems – EU**

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

	2009	2010	2011	2012	2013			2013
					Feb.	March	April	
France	39,441	31,850	34,141	33,830	34,635	36,803	32,985	9.7
Germany	174,602	173,218	172,884	175,611	174,199	182,816	165,904	49.0
Austria	6,539	5,266	6,294	6,711	4,703	4,831	4,479	1.3
Belgium	8,517	9,454	10,265	9,955	8,747	9,060	8,330	2.5
Cyprus	389	466	515	613	667	424	635	0.2
Spain	29,580	29,195	29,509	29,760	30,929	31,971	29,456	8.7
Estonia	–	–	329	360	377	393	359	0.1
Finland	1,652	1,589	1,571	1,611	1,567	1,619	1,492	0.4
Greece	5,692	5,904	5,861	4,335	3,673	3,697	3,498	1.0
Ireland	4,824	4,961	4,376	4,012	3,612	3,656	3,440	1.0
Italy	33,824	33,649	33,643	34,837	40,311	41,555	38,392	11.3
Luxembourg	2,847	3,033	3,229	3,509	4,536	4,473	4,320	1.3
Malta	59	65	72	157	179	174	171	0.1
Netherlands <sup>a)</sup>	36,930	33,304	32,490	33,144	31,890	32,912	30,372	9.0
Portugal	4,190	4,206	4,165	4,166	4,153	4,227	3,956	1.2
Slovakia	606	582	730	1,090	1,165	1,246	1,110	0.3
Slovenia	3,073	3,023	3,039	2,786	2,572	2,639	2,450	0.7
EPM-ECB	312	333	379	553	568	572	541	0.2
<b>Total TARGET2 euro area <sup>b)</sup></b>	<b>353,076</b>	<b>340,099</b>	<b>343,490</b>	<b>347,040</b>	<b>348,483</b>	<b>363,067</b>	<b>333,003</b>	<b>98.4</b>
Non-euro area	-7,304	3,281	5,015	7,145	6,988	7,464	5,540	1.6
<b>Total TARGET2 EU <sup>b)</sup></b>	<b>345,772</b>	<b>343,380</b>	<b>348,505</b>	<b>354,185</b>	<b>355,471</b>	<b>370,531</b>	<b>338,544</b>	<b>100.0</b>
<b>Euro1 <sup>c)</sup></b>	<b>227,674</b>	<b>230,124</b>	<b>242,499</b>	<b>260,135</b>	<b>254,200</b>	<b>265,109</b>	na	

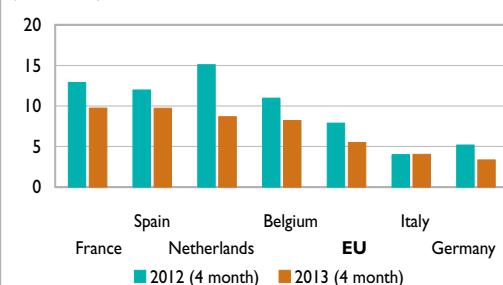
**Market share of each financial centre  
in the TARGET2 system**

(% of volumes exchanged)



**Average transaction amount  
in the TARGET2 system**

(EUR millions)



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.

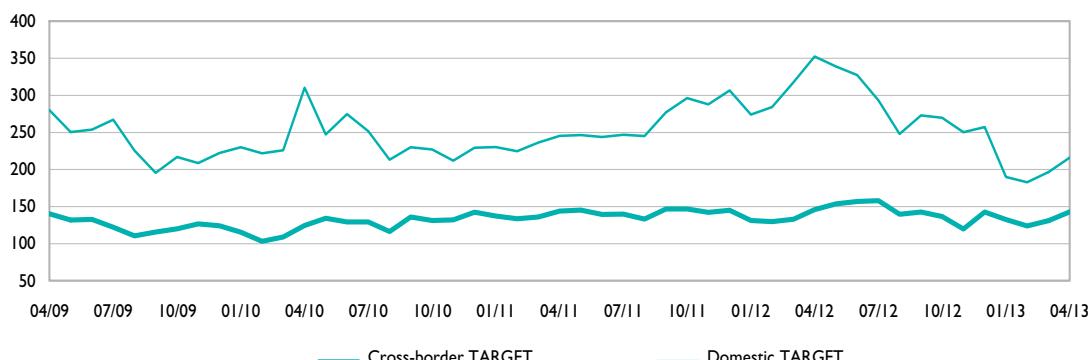
**Table 37**  
**Large-value payment systems – France**

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

	2009	2010	2011	2012	2013			2013 Share
					Feb.	March	April	
<b>Collateral used in domestic TARGET<sup>b)</sup></b>								
French negotiable securities	114.6	105.7	81.6	127.3	113.7	108.9	107.6	29.1
Private claims	129.0	149.8	146.4	188.7	198.4	203.1	192.4	52.0
Securities collateralised through CCBM	79.9	76.9	60.5	53.9	68.5	64.4	66.4	17.9
Other securities <sup>c)</sup>	7.9	5.9	3.5	2.7	2.4	2.8	3.8	1.0
<b>Total</b>	<b>331.3</b>	<b>338.3</b>	<b>292.0</b>	<b>372.6</b>	<b>383.0</b>	<b>379.2</b>	<b>370.2</b>	<b>100.0</b>

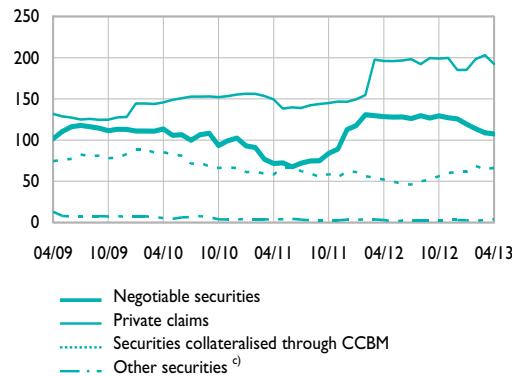
### Monthly change in amounts exchanged in French payment systems<sup>a)</sup>

(EUR billions, daily average)

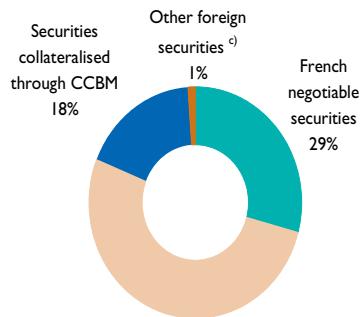


### Monthly change in collateral<sup>b)</sup>

(EUR billions, daily average)



### Collateral used in April 2013<sup>b)</sup>



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.



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**Published by**

Banque de France  
39 rue Croix des Petits-Champs  
75001 Paris

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**Orders**

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**Imprint**

Banque de France

**Registration of copyright**

June 2013

**Internet**

<http://www.banque-france.fr/en/publications/banque-de-france-bulletins/quarterly-selection-of-articles.html>

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