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Agence France Trésor is tasked with managing the government debt and cash positions under the most secure conditions in the interest of the taxpayer.

News at Agence  
France Trésor

## Publication of AFT's 2013 annual report

At the beginning of March, Agence France Trésor published its 2013 annual report in a new and shorter digital format. At the end of April, it will add to this its detailed statistical and financial reports.

### Highlights

The government borrowed at record low rates in 2013: the medium and long-term cost of financing reached a floor level of 1.54% compared with 1.86% in 2012 and an average of 4.15% from 1998 to 2007. Under these conditions, AFT issued a new syndicated 30-year bond at a historically low rate of 3.26% in March 2013 (see April 2013 monthly bulletin No. 275) and continued to apply its strategy based on flexible auctions (see May 2013 monthly bulletin No. 276, and December 2013 monthly bulletin No. 283) and excellent investor relations (see June 2013 monthly bulletin No. 277).

### Key data on debt

AFT issued medium and long-term debt securities amounting to €169 billion, net of redemptions.

Total outstanding short-term securities (BTFs) amounted to €173.8 billion at the end of 2013, representing 11.9% of total negotiable debt compared with 12.0% in 2012. These securities were issued at rates of 0.04% and 0.13% respectively, maturing in 3 months and 1 year.

The total negotiable debt outstanding was €1,457 billion at December 31, 2013.

At the end of the third quarter, 64.5% of negotiable debt at market value was held by non-resident investors.

The average maturity of the debt at year-end was 7 years and 5 days, which is high in relation to the majority of large debt issuers, and has remained relatively stable since 2010.

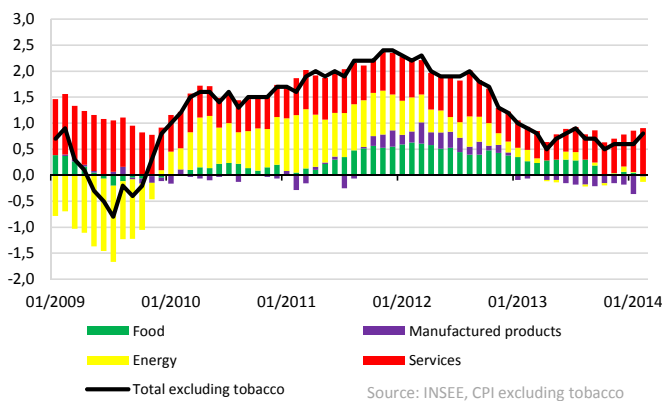
### Main points concerning the proactive management of the government's cash position

2013 saw a normalisation of the number of daily cash investments, reflecting an easing of the interbank market. Treasury account depositors continued to take a keen interest in the predictability of their flows, allowing for detailed day-to-day management. A strict cash management approach meant that targets were reached; at the same time, it led to greater demand for cooperation from other governments keen to learn more about AFT's cash management techniques.

## The inflation trend in France and the index-linked bond market

**Inflation has been falling in the euro area since 2012, particularly in France.** In February 2014, it had slid to 0.8% year-on-year as measured by the consumer price index excluding tobacco, showing a rebound on the January level due to the timing of the prices that were collected for the index and of the winter sales. It remains at a low level and has been below the 1% threshold since February 2013, mainly due to the

Inflation rate (% year-on-year) and contributions (%) in metropolitan France since 2008

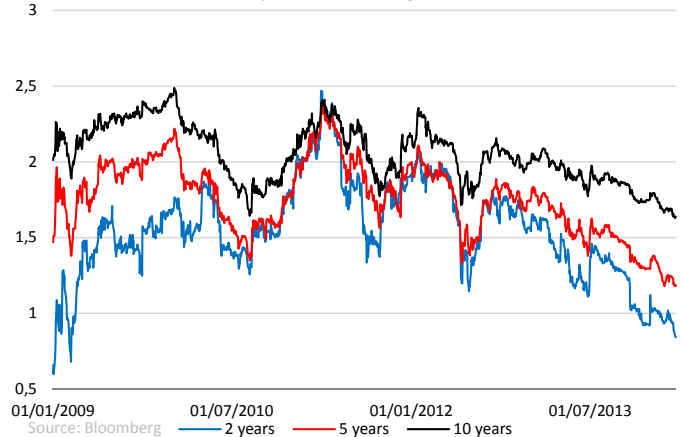


dip in food and energy prices triggered in particular by commodity price swings and the euro's appreciation since mid-2012. Core inflation, which excludes certain items that face volatile price movements, was recorded at 0.7% year-on-year in February, net of tax measures: manufactured product prices are sensitive to the reduction in the price of euro-denominated imports, which also fed through to industrial production prices, while activity levels remain below trend. If we include the impact of the VAT hike introduced on 1 January 2014, it stood at 1.3% in February. This VAT hike had a visible impact over the first two months of the year, primarily on the price of certain services, such as restaurants, cafes and transport, which were affected by the highest increase, that of the intermediate rate, from 7% to 10%. Euro area inflation, as measured by the harmonised consumer price index, was below the ECB target of just below 2% announced at the end of 2012.

**That said, we would not describe the current situation as one of deflation, i.e. a self-sustained decrease in prices.**

Firstly because medium-term inflationary anticipations are anchored in positive territory, despite having fallen since 2013, as shown by inflation swap rates, a derivative used by investors to hedge against inflation risk. And secondly because the slowdown in inflation is not solely the

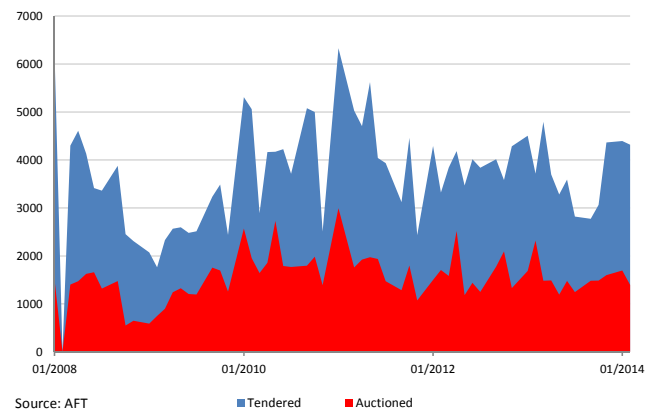
Euro-denominated inflation swap rates (CPI excluding tobacco, %)



result of weak demand, but is also largely due to the appreciation of the euro, the change in commodity prices and competitiveness policies.

**Price movements have an impact on AFT's management of government debt because they directly impact the French and European inflation-indexed bond markets.** The current disinflation may have prompted investors to seek less protection against the risk of inflation. As it was, demand remained strong during the recent French government index-linked bond auctions, a sign that investors appreciate the

Volumes tendered and auctioned during inflation-linked bond auctions (€bn)



liquidity offered by this market and, going forward, that they still expect inflation to return to the ECB target level. Moreover, the diversity of the securities issued by the AFT means we can capture different investor bases, with 53% of non-resident investors holding European inflation-indexed bonds and 39% holding French inflation-indexed bonds in the fourth quarter of 2013.

Indicative auction schedule

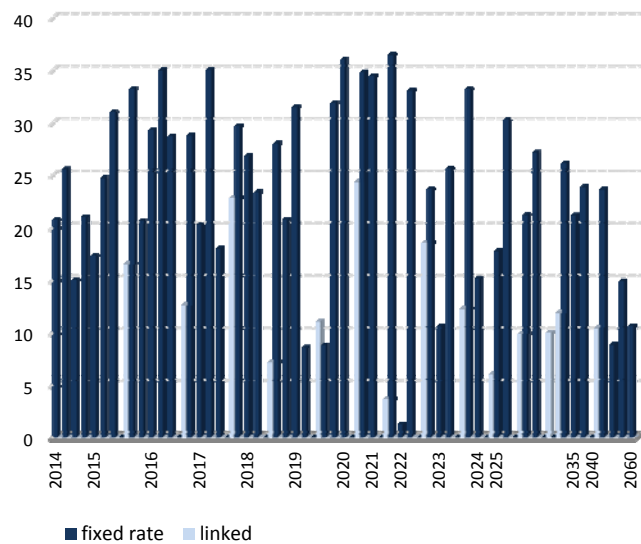
		Short-term				Medium-term	Long-term	Index linked
April 2014	auction date	7	14	22	28	17	3	17
	settlement date	10	17	24	30	23	8	23
May 2014	auction date	5	12	19	26	15	30-Apr	15
	settlement date	7	15	22	28	20	6	20

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

Source: Agence France Trésor

Medium and long-term negotiable government debt at February 28, 2014

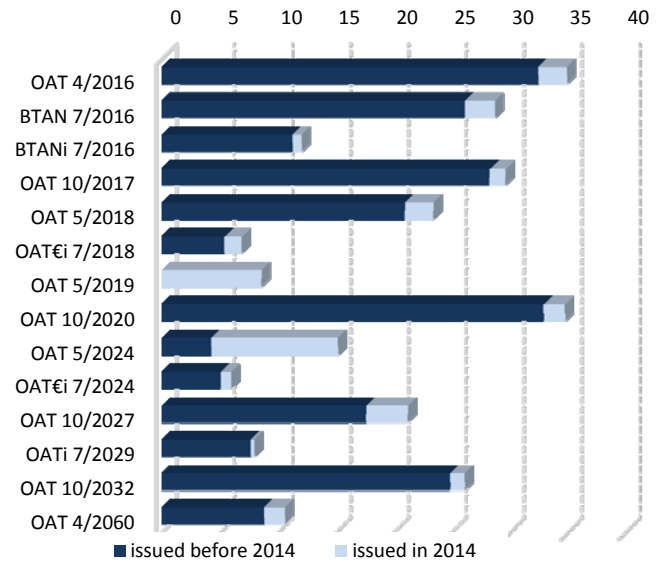
nominal value of each line, in € billion



Source: Agence France Trésor

Medium and long term: securities issued during the year and total issuance at February 28, 2014

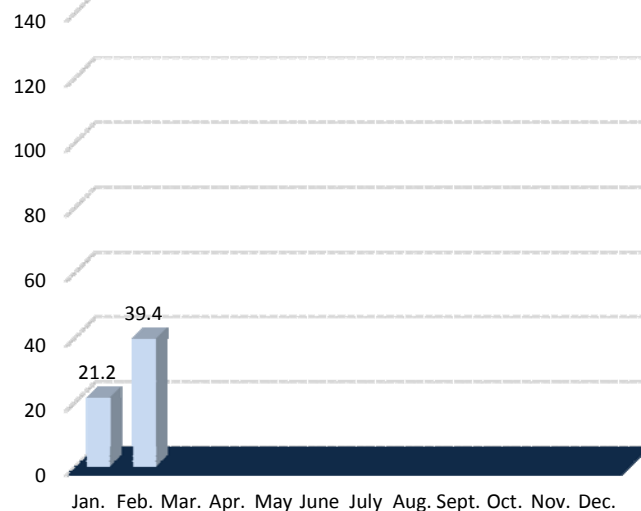
In € billion



Source: Agence France Trésor

Net issuance at February 28, 2014

In € billion



Source: Agence France Trésor

Medium and long term: provisional maturity schedule at February 28, 2014

In € billion

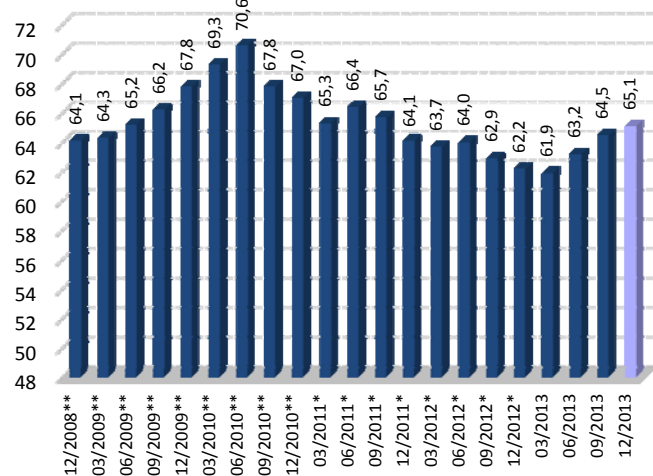
Month	Interests	Redemptions
Mar-14		
Apr-14	16.8	20.7
May-14	1.4	
Jun-14		
Jul-14	5.1	25.6
Aug-14		
Sep-14	0.1	15.0
Oct-14	15.8	21.1
Nov-14	0.3	
Dec-14		
Jan-15	0.4	17.3
Feb-15	1.0	

Source: Agence France Trésor

**General  
debt-related data**

**Non-resident holders of negotiable government debt in fourth quarter of 2013**

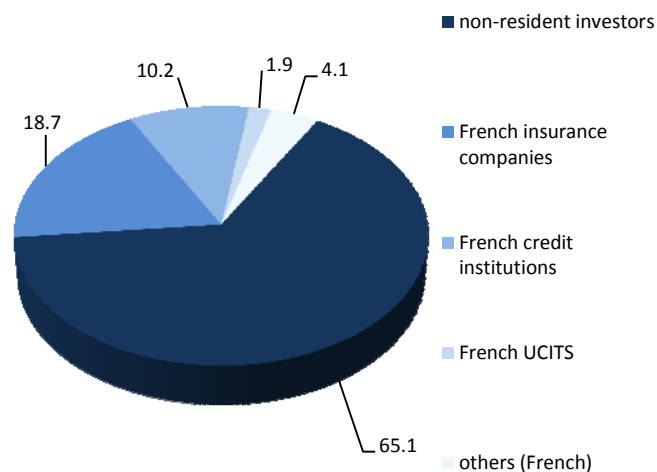
as a % of negotiable debt outstanding expressed in market value



(\* ) figures revised quarterly (\*\* ) figures revised annually  
Source: Banque de France

**Negotiable government debt by group of holders in fourth quarter of 2013**

Structure in % expressed in market value



Source: Banque de France

**Negotiable government debt at February 28, 2014**

in euros

Total medium and long-term debt	1,302,037,846,091
Total stripping activity	61,921,897,500
Average maturity	7 years and 344 days
Total short-term debt	176,075,000,000
Average maturity	123 days
<b>TOTAL OUTSTANDING</b>	<b>1,478,112,846,091</b>
<b>Average maturity</b>	<b>7 years and 13 days</b>

Source: Agence France Trésor

**Negotiable government debt and interest rate swaps at February 28, 2014**

In € billion

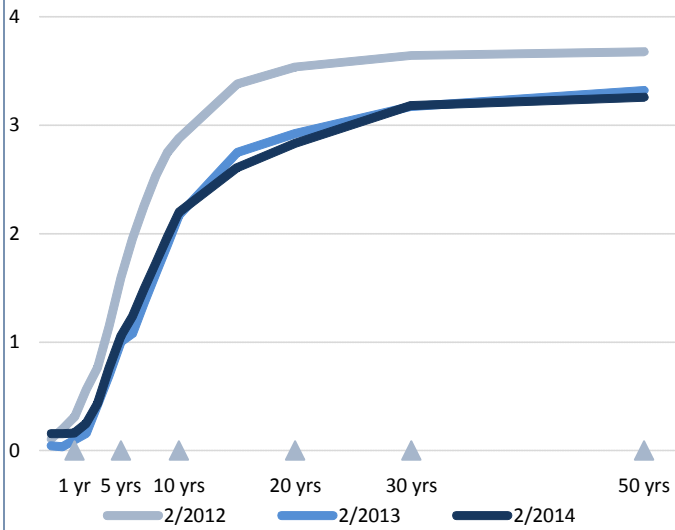
	End 2011	End 2012	End 2013	End Feb. 2014	End Mar. 2014
<b>Negotiable government debt outstanding</b>	<b>1 313</b>	<b>1 386</b>	<b>1 457</b>	<b>1 478</b>	<b>1 502</b>
of which index-linked securities	166	173	174	178	177
Medium and long term	1 135	1 220	1 283	1 302	1 316
short-term	178	167	174	176	186
<b>Swaps outstanding</b>	<b>13</b>	<b>10</b>	<b>7</b>	<b>6</b>	<b>5</b>
<b>Average maturity of the negotiable debt</b>					
before swaps	7 years	7 years	7 years	7 years	6 years
	57 days	37 days	5 days	13 days	343 days
after swaps	7 years	7 years	7 years	7 years	6 years
	52 days	34 days	2 days	10 days	341 days

Source: Agence France Trésor

Secondary market

Yield curve for French government securities

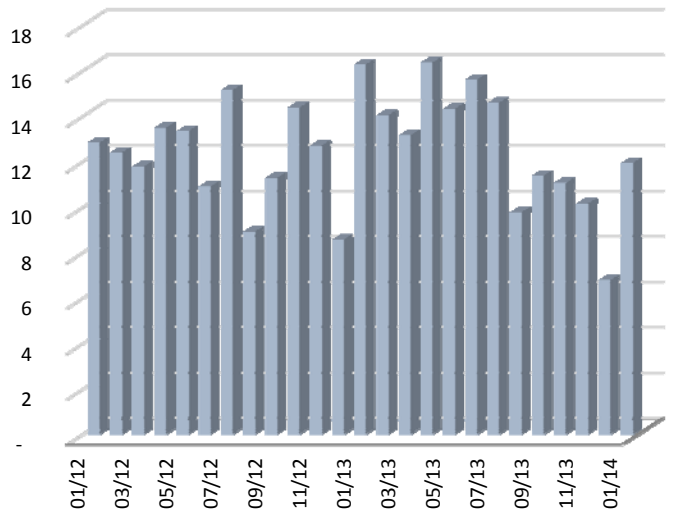
End-of-month value, %



Source: Bloomberg

Average daily volume of medium and long-term transactions

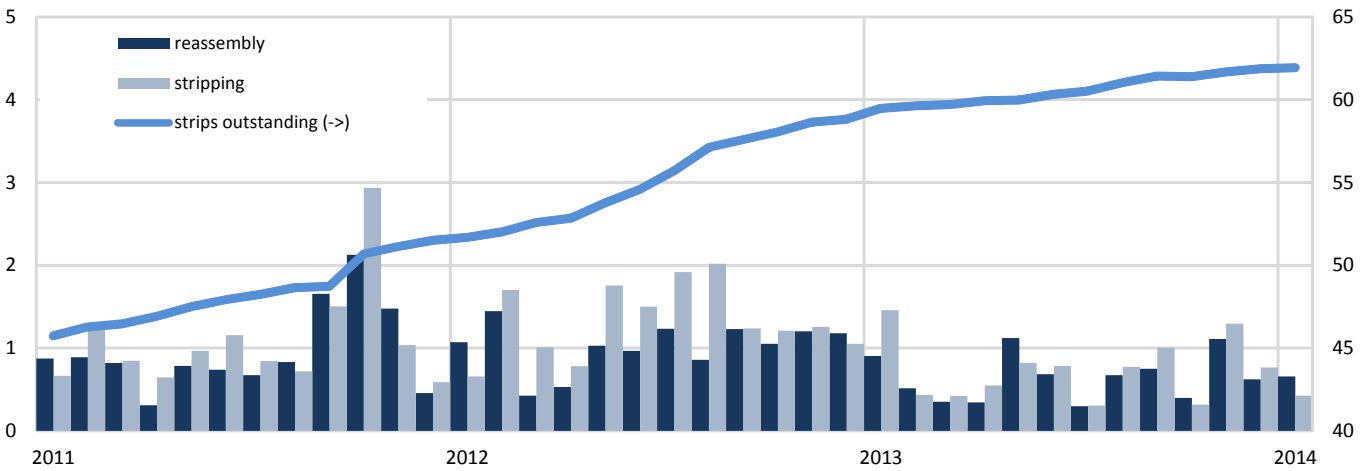
In € billion



Source: disclosures by government securities primary dealers

Total stripping and reassembly

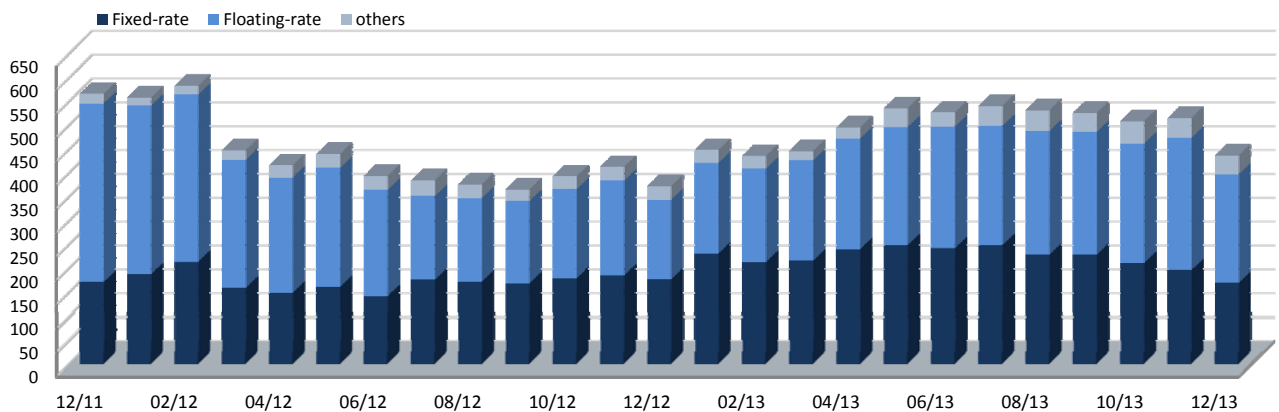
In € billion



Source: Euroclear

Primary dealers, repo outstanding at end of month

In € billion



Source: Bloomberg

Short-term debt

	Maturity	Outstanding (€)
BTF	6 March 2014	5,319,000,000
BTF	13 March 2014	6,986,000,000
BTF	20 March 2014	7,035,000,000
BTF	27 March 2014	2,418,000,000
BTF	3 April 2014	8,117,000,000
BTF	10 April 2014	8,990,000,000
BTF	17 April 2014	6,493,000,000
BTF	24 April 2014	9,405,000,000
BTF	30 April 2014	7,444,000,000
BTF	7 May 2014	8,141,000,000
BTF	15 May 2014	6,975,000,000
BTF	22 May 2014	9,194,000,000
BTF	28 May 2014	7,105,000,000
BTF	12 June 2014	6,589,000,000
BTF	26 June 2014	8,266,000,000
BTF	10 July 2014	8,650,000,000
BTF	24 July 2014	9,478,000,000
BTF	7 August 2014	2,306,000,000
BTF	21 August 2014	5,234,000,000
BTF	18 September 2014	6,951,000,000
BTF	16 October 2014	8,432,000,000
BTF	13 November 2014	6,367,000,000
BTF	11 December 2014	3,147,000,000
BTF	8 January 2015	8,857,000,000
BTF	5 February 2015	8,176,000,000

Medium and long-term debt (maturing 2014–2018)

ISIN Code	Bond Maturity 2014	Outstanding (€) 82,433,074,224	Ind. Coeff.	Face value	Stripped (€)
FR0010061242	OAT 4% 25 April 2014	20,749,102,234			0
FR0116843535	BTAN 3% 12 July 2014	25,586,000,000			–
FR0120634490	BTAN 0,75% 25 September 2014	15,044,000,000			–
FR0010112052	OAT 4% 25 October 2014	21,053,971,990			0
<b>Maturity 2015</b>		<b>143,596,920,693</b>			
FR0117836652	BTAN 2,5% 15 January 2015	17,335,000,000			–
FR0010163543	OAT 3,5% 25 April 2015	24,742,313,893			0
FR0118462128	BTAN 2% 12 July 2015	31,028,000,000			–
FR0010135525	OAT€i 1,6% 25 July 2015	16,565,606,800 (1)	1.19590	13,852,000,000	0
FR0010216481	OAT 3% 25 October 2015	33,236,000,000			0
FR0011452721	OAT 0,25% 25 November 2015	20,690,000,000			0
<b>Maturity 2016</b>		<b>134,466,981,000</b>			
FR0119105809	BTAN 2,25% 25 February 2016	29,296,000,000			–
FR0010288357	OAT 3,25% 25 April 2016	35,007,000,000			0
FR0119580050	BTAN 2,5% 25 July 2016	28,722,000,000			–
FR0119105791	BTANi 0,45% 25 July 2016	12,652,981,000 (1)	1.04830	12,070,000,000	–
FR0000187361	OAT 5% 25 October 2016	28,789,000,000			303,659,600
<b>Maturity 2017</b>		<b>125,877,854,200</b>			
FR0120473253	BTAN 1,75% 25 February 2017	20,302,000,000			–
FR0010415331	OAT 3,75% 25 April 2017	35,024,000,000			0
FR0120746609	BTAN 1% 25 July 2017	18,029,000,000			–
FR0010235176	OATi 1% 25 July 2017	22,851,854,200 (1)	1.13156	20,195,000,000	0
FR0010517417	OAT 4,25% 25 October 2017	29,671,000,000			0
<b>Maturity 2018</b>		<b>106,272,908,240</b>			
FR0010604983	OAT 4% 25 April 2018	26,840,000,000			0
FR0011394345	OAT 1% 25 May 2018	23,412,000,000			0
FR0011237643	OAT€i 0,25% 25 July 2018	7,178,908,240 (1)	1.04012	6,902,000,000	0
FR0010670737	OAT 4,25% 25 October 2018	28,047,000,000			0
FR0011523257	OAT 1% 25 November 2018	20,795,000,000			0

Medium and long-term debt (maturing in 2019 and beyond)

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
<b>Maturity 2019</b>		<b>91,890,745,722</b>			
FR0000189151	OAT 4,25% 25 April 2019	31,478,000,000			0
FR0011708080	OAT 1% 25 May 2019	8,603,000,000			0
FR0010850032	OATi 1,3% 25 July 2019	11,080,076,400 (1)	1.06488	10,405,000,000	0
FR0000570921	OAT 8,5% 25 October 2019	8,844,392,893			6,193,930,100
FR0010776161	OAT 3,75% 25 October 2019	31,858,000,000			0
FR0000570954	OAT cap. 9,82% 31 December 2019	27,276,429 (2)		6,692,154	-
<b>Maturity 2020</b>		<b>95,210,889,500</b>			
FR0010854182	OAT 3,5% 25 April 2020	36,032,000,000			0
FR0010050559	OAT€i 2,25% 25 July 2020	24,377,889,500 (1)	1.22042	19,975,000,000	0
FR0010949651	OAT 2,5% 25 October 2020	34,801,000,000			0
<b>Maturity 2021</b>		<b>74,663,132,830</b>			
FR0010192997	OAT 3,75% 25 April 2021	34,492,000,000			0
FR0011347046	OATi 0,1% 25 July 2021	3,698,132,830 (1)	1.00849	3,667,000,000	0
FR0011059088	OAT 3,25% 25 October 2021	36,473,000,000			0
<b>Maturity 2022</b>		<b>76,563,279,910</b>			
FR0000571044	OAT 8,25% 25 April 2022	1,243,939,990			709,868,400
FR0011196856	OAT 3% 25 April 2022	33,062,000,000			0
FR0010899765	OAT€i 1,1% 25 July 2022	18,580,339,920 (1)	1.08492	17,126,000,000	0
FR0011337880	OAT 2,25% 25 October 2022	23,677,000,000			0
<b>Maturity 2023</b>		<b>81,780,050,943</b>			
FR0000571085	OAT 8,5% 25 April 2023	10,606,195,903			6,130,625,000
FR0011486067	OAT 1,75% 25 May 2023	25,660,000,000			0
FR0010585901	OATi 2,1% 25 July 2023	12,284,855,040 (1)	1.09696	11,199,000,000	0
FR0010466938	OAT 4,25% 25 October 2023	33,229,000,000			476,722,000
<b>Maturity 2024</b>		<b>21,250,432,560</b>			
FR0011619436	OAT 2,25% 25 May 2024	15,183,000,000			0
FR0011427848	OAT€i 0,25% 25 July 2024	6,067,432,560 (1)	1.01598	5,972,000,000	0
<b>Maturity 2025</b>		<b>17,780,928,118</b>			
FR0000571150	OAT 6% 25 October 2025	17,780,928,118			2,980,226,900
<b>Maturity 2026</b>		<b>30,306,000,000</b>			
FR0010916924	OAT 3,5% 25 April 2026	30,306,000,000			95,900,000
<b>Maturity 2027</b>		<b>31,108,121,550</b>			
FR0011008705	OAT€i 1,85% 25 July 2027	9,897,121,550 (1)	1.06915	9,257,000,000	0
FR0011317783	OAT 2,75% 25 October 2027	21,211,000,000			0
<b>Maturity 2028</b>		<b>20,176,175</b>			
FR0000571226	OAT zéro coupon 28 March 2028	20,176,175 (3)		46,232,603	-
<b>Maturity 2029</b>		<b>37,165,626,756</b>			
FR0000571218	OAT 5,5% 25 April 2029	27,169,880,458			3,886,749,500
FR0000186413	OATi 3,4% 25 July 2029	9,995,746,298 (1)	1.25054	7,993,144,000	0
<b>Maturity 2032</b>		<b>38,038,256,640</b>			
FR0000188799	OAT€i 3,15% 25 July 2032	11,902,934,040 (1)	1.23654	9,626,000,000	0
FR0000187635	OAT 5,75% 25 October 2032	26,135,322,600			11,704,899,000
<b>Maturity 2035</b>		<b>21,183,000,000</b>			
FR0010070060	OAT 4,75% 25 April 2035	21,183,000,000			5,376,846,000
<b>Maturity 2038</b>		<b>23,889,000,000</b>			
FR0010371401	OAT 4% 25 October 2038	23,889,000,000			4,788,950,000
<b>Maturity 2040</b>		<b>10,447,467,030</b>			
FR0010447367	OAT€i 1,8% 25 July 2040	10,447,467,030 (1)	1.14543	9,121,000,000	0
<b>Maturity 2041</b>		<b>23,650,000,000</b>			
FR0010773192	OAT 4,5% 25 April 2041	23,650,000,000			7,540,127,000
<b>Maturity 2045</b>		<b>8,860,000,000</b>			
FR0011461037	OAT 3,25% 25 May 2045	8,860,000,000			0
<b>Maturity 2055</b>		<b>14,926,000,000</b>			
FR0010171975	OAT 4% 25 April 2055	14,926,000,000			7,454,294,000
<b>Maturity 2060</b>		<b>10,657,000,000</b>			
FR0010870956	OAT 4% 25 April 2060	10,657,000,000			4,279,100,000



### Most recent economic indicators

Industrial output, year-on-year	0.6%	01/2014
Household consumption*, year-on-year	1.1%	02/2014
Unemployment rate (ILO)	10.2%	12/2013
Consumer prices, year-on-year		
all items	0.9%	02/2014
all items excluding tobacco	0.8%	02/2014
Trade balance, fob-fob, sa (€bn)	-€5.7 bn	01/2014
" "	-€5.2 bn	12/2013
Current account balance, sa (€bn)	-€4.5 bn	01/2014
" "	-€0.8 bn	12/2013
10-year constant maturity rate (TEC10)	2.06%	28/2/2014
3-month interest rate (Euribor)	0.286%	28/2/2014
EUR / USD	1.3813	28/2/2014
EUR / JPY	140.63	28/2/2014

\* manufactured products

Source: Insee, Minefi, Banque de France

### Monthly government budget position

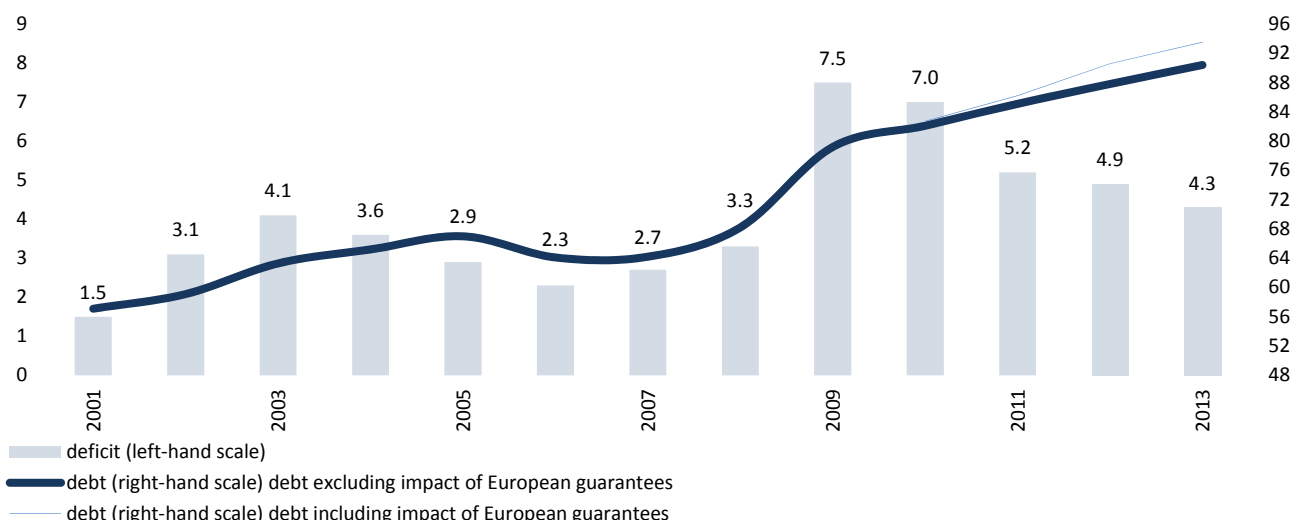
In € billion

			end of January level		
	2012	2013	2012	2013	2014
General budget balance	-88.16	-75.44	-9.48	-10.23	-9.40
revenue	286.01	301.25	23.37	21.91	23.24
expenditure	374.17	376.68	32.85	32.14	32.64
Balance of special Treasury accounts	1.01	0.57	-3.05	-2.59	-3.34
<b>General budget outturn</b>	<b>-87.15</b>	<b>-74.87</b>	<b>-12.53</b>	<b>-12.82</b>	<b>-12.73</b>

source: Bloomberg

### Public finances: deficit and debt

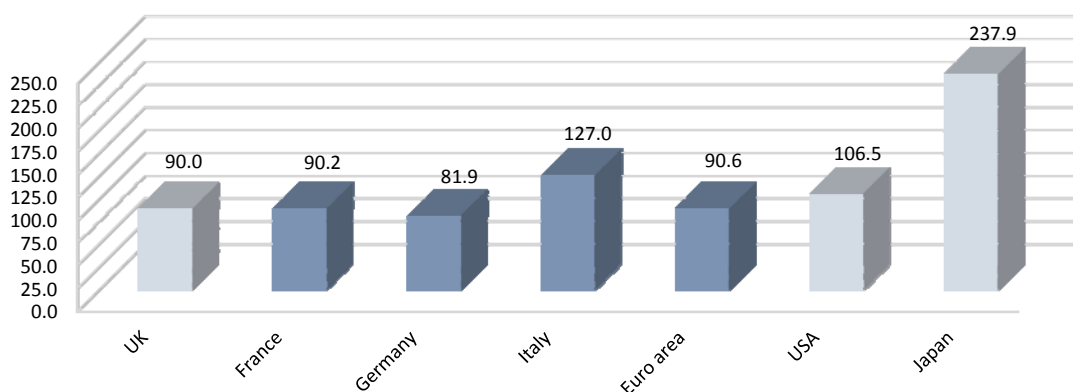
As % of GDP



Source: Insee, 2013-2017 Stability Programme (04/17/2013)

### General government debt in 2012

As % of GDP



Sources: Eurostat (04/2013), FMI (04/2013), Insee (04/2013)



French economic indicators timetable

April 2014		May 2014	
4	Eurozone economic outlook - 2nd quarter 2014	6	Industrial investments: April
8	Foreign trade in February	7	Foreign trade in March
10	Industrial output in February	7	Industrial output in March
10	Consumer prices: index for March	13	Balance of payments in March
11	Balance of payments in February	14	Consumer prices: index for April
16	Inflation (HICP): index for March	15	Quarterly national accounts: first results Q1-2014
24	Industrial outlook: monthly survey for April	15	Inflation (HICP): index for April
24	Industrial outlook: quarterly survey in April	16	Payroll employment: provisional results Q1-2014
25	Job seekers in March	22	Industrial outlook: monthly survey for May
29	Household confidence survey: April survey	27	Household confidence survey: Mai survey
29	New building starts in March	27	New building starts in April
30	Household consumption of manufactured products in March	28	Job seekers in April

Sources : Insee, Eurostat