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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

France enjoying favourable borrowing conditions

France has continued to enjoy favourable borrowing conditions since the beginning of the year. For the first five months of 2014, the average cost of medium- and long-term borrowing was 1.60%, close to the historic low of 1.54% recorded in 2013. The average cost of short-term borrowing (BTF) has settled at 0.17% since the beginning of the year. These low rates reflect the state of the euro area economy and the ECB's stance, once more confirming investors' continuing confidence in the creditworthiness of the French State.

The €173 billion medium- and long-term debt issuance programme, net of buybacks, is proceeding smoothly, with a 56.7% rate of execution (€98.0 billion) at the end of May. The corresponding figure at the same date in 2013 was 55.6%.

- Since January 2014, AFT has issued debt with a nominal value of €89.7 billion, 52.7% of it long-term debt, and 47.3% medium-term. To ensure optimum liquidity for the entire yield curve, AFT has maintained its issuance policy of combining the tapping of benchmark lines with the re-issuance of off-the-run securities based on investor demand. It has auctioned nearly €11 billion in off-the-run lines, equivalent to 10.8% of the nominal debt issued.
- So far in 2014, AFT has issued €8.3 billion in inflation-linked bonds. Issuance of inflation-linked bonds to date represents 8.5% of the net medium- and long-term issuance programme for the year. Despite low euro area inflation, recent auctions of government debt indexed to French and European inflation rates have been a success. This segment's healthy performance is due in part to structural demand from banks and pension funds for index-linked paper. But it also stems from increased demand from central banks not normally very active in the market for these products. We maintain our target of around 10% for inflation-linked securities in 2014.

Agence France Trésor has taken advantage of the current dip in interest rates to create a number of low-coupon benchmark issues. Since the start of the year, it has created a new 2-year OAT (OAT 0.25% 25 November 2016), a new 5-year OAT (OAT 1.00% 25 May 2019) and a new 15-year OAT (OAT 2.50% 25 May 2030). The 15-year OAT, which raised €5 billion at the auction in late April, attracted very brisk demand, confirming investor interest in long-term debt.

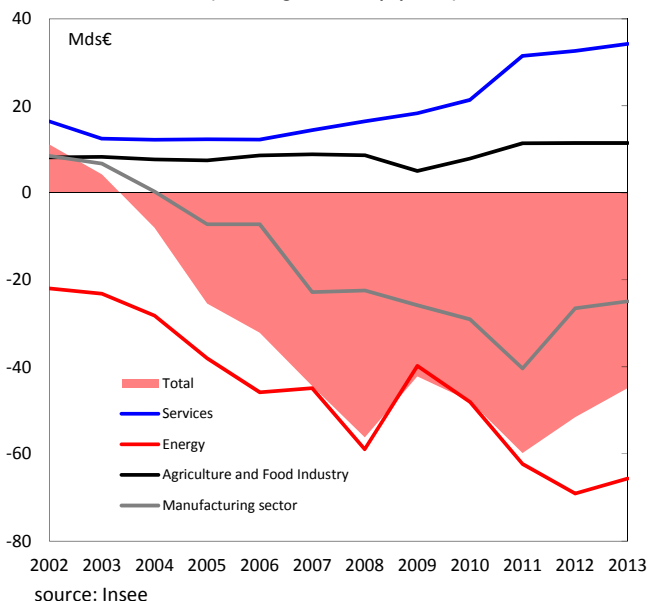
France significantly reduced its external deficits in 2013

France's trade and current account deficits both declined significantly in 2013, according to Eurostat and Banque de France figures published respectively in April and February 2014. Final figures will be outlined in the Annual Report on the Balance of Payments, to be published by the Banque de France in June. Figures already available partly reflect cyclical trends, but they also point to the French economy's improving competitiveness. These positive developments are expected to receive additional support from the Responsibility and Solidarity Pact (cf. Editorial of the AFT Bulletin February 2014 issue).

The deficit in trade in goods shrank by nearly 12%, or €62.2 billion, in 2013 relative to the previous year. The energy deficit continues to account for the bulk (80%) of the trade deficit. Excluding energy and defence equipment, the trade deficit stood at €13.5 billion, down by more than half compared with the record deficit of 2011. The deficit in manufactured goods fell, while the surplus in the food industry remained stable.

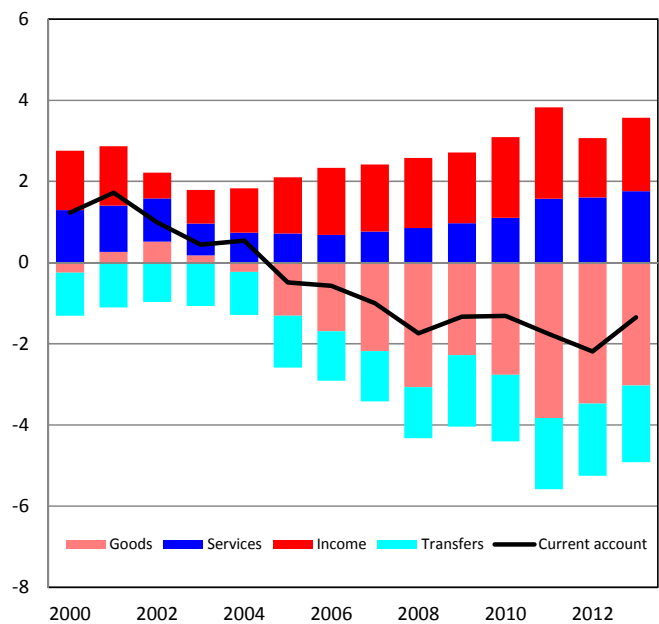
The surplus in the balance of services, a strong suit in France's external trade, rose by 11% to €36.2 billion. Taking the balance of goods and services as a whole, external trade contributed positively to GDP in 2013, with real export growth (2.4%) exceeding the rise in imports (1.9%).

Components of the French balance of trade in goods and services (excluding defence equipment)



Overall, the French current account deficit, which captures all economic transactions between France and the rest of the world, narrowed significantly, from 2.2% of GDP to 1.3% of GDP in 2013, thanks also to the recovery in the surplus on income. This has stabilised the net international investment position of France and its external debt.

Components of the current account balance for France (2000-2013, % of GDP)



Source: Eurostat

Under its 2014-2017 Stability Programme, the French Government expects exports to rise by 3.4% in 2014 and by 4.7% in 2015, driven by reviving global demand and a recovery in France's market share thanks to increased competitiveness as a result of the Responsibility and Solidarity Pact. These factors should enable France to continue to rebalance its external accounts.

General debt-related data

Indicative auction schedule

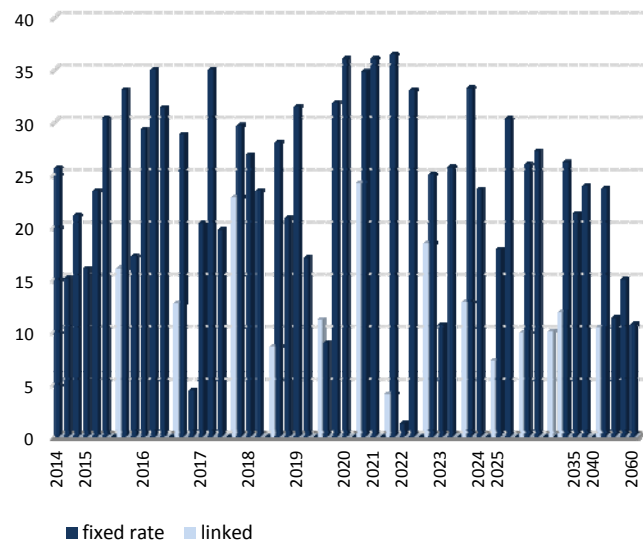
		Short-term					Medium-term	Long-term	Index linked
June 2014	auction date	2	10	16	23	30	19	5	19
	settlement date	5	12	19	26	03 Jul	24	10	24
July 2014	auction date	7	15	21	28		17	3	17
	settlement date	10	17	24	31		22	8	22

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

Source: Agence France Trésor

Medium and long-term negotiable government debt at April 30, 2014

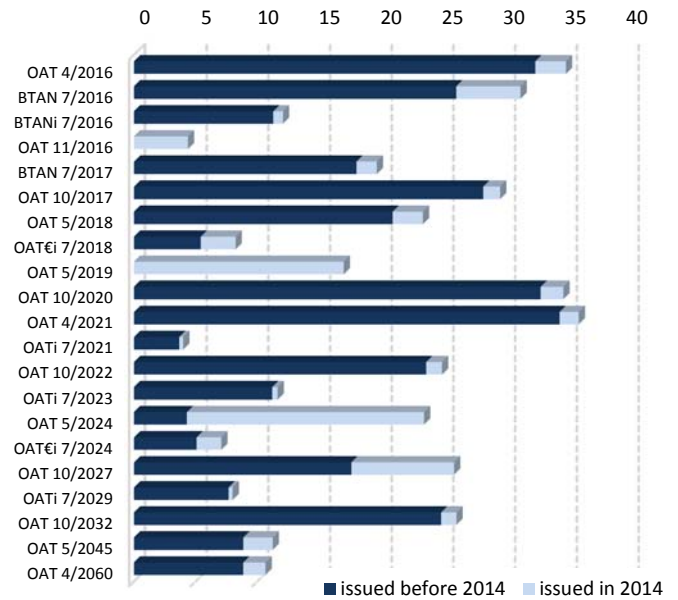
Nominal value of each line, in € billion



Source: Agence France Trésor

Medium and long term: securities issued during the year and total issuance at April 30, 2014

In € billion



Source: Agence France Trésor

Issuance net of buybacks at April 30, 2014

In € billion



Source: Agence France Trésor

Medium and long term: provisional maturity schedule at April 30, 2014

In € billion

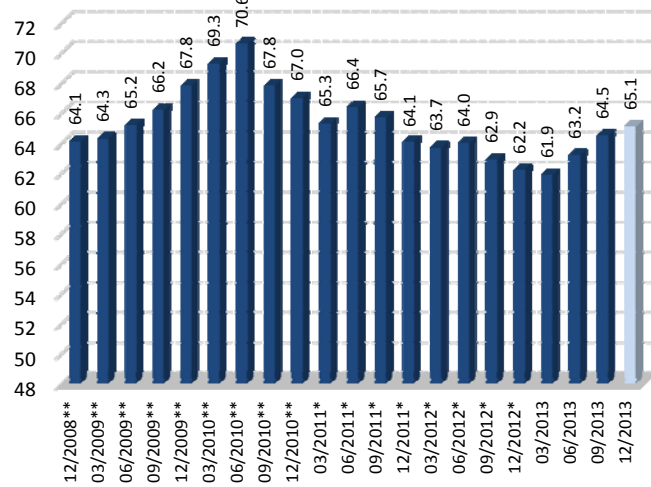
Month	Coupon	Redemption
May-14	1.7	
Jun-14	0.0	0.0
Jul-14	5.2	25.6
Aug-14		
Sep-14	0.1	15.0
Oct-14	15.9	21.1
Nov-14	0.3	
Dec-14		
Jan-15	0.4	15.9
Feb-15	1.0	
Mar-15		
Apr-15	15.9	23.4

Source: Agence France Trésor

**General
debt-related data**

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

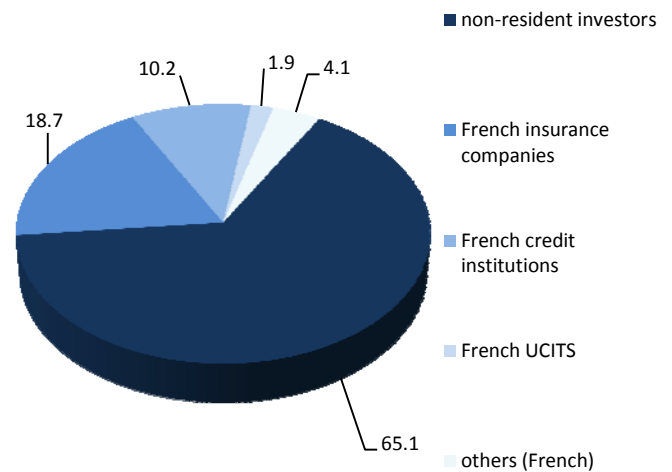
As a % of negotiable debt outstanding expressed in market value



(*) 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 April 30, 2014

In euros

Total medium and long-term debt	1,311,430,822,828
Total stripping activity	61,839,597,500
Average maturity	7 years and 350 days
Total short-term debt	185,631,000,000
Average maturity	123 days
TOTAL OUTSTANDING	1,497,061,822,828
Average maturity	7 years and 5 days

Source: Agence France Trésor

Negotiable government debt and interest rate swaps at April 30, 2014

In € billion

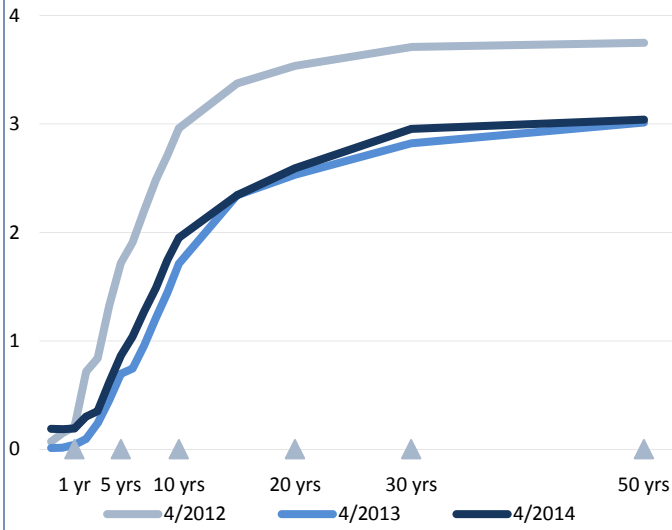
	End 2011	End 2012	End 2013	End Mar. 2014	End Apr. 2014
Negotiable government debt outstanding	1,313	1,386	1,457	1,502	1,497
of which index-linked securities	166	173	174	177	179
Medium and long term	1,135	1,220	1,283	1,316	1,311
short-term	178	167	174	186	186
Swaps outstanding	13	10	7	5	5
Average maturity of the negotiable debt					
before swaps	7 years	7 years	7 years	6 years	7 years
after swaps	57 days	37 days	5 days	343 days	5 days
after swaps	7 years	7 years	7 years	6 years	7 years
after swaps	52 days	34 days	2 days	341 days	3 days

Source: Agence France Trésor

Secondary market

Yield curve for French government securities

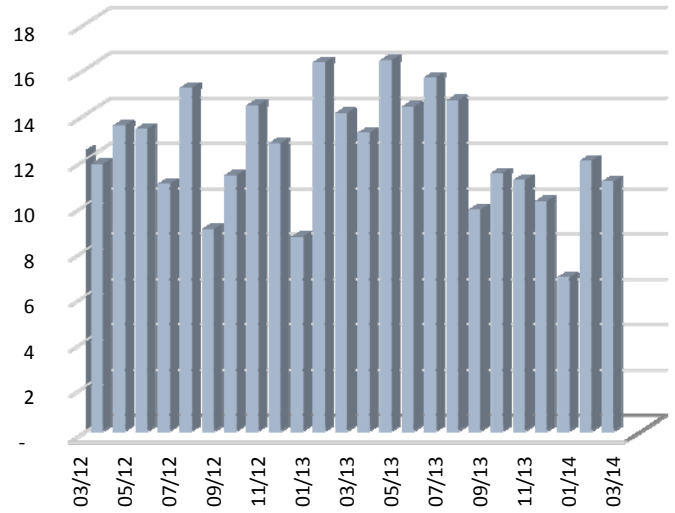
End-of-month value, %



Source: Bloomberg

Average daily volume of medium and long-term transactions

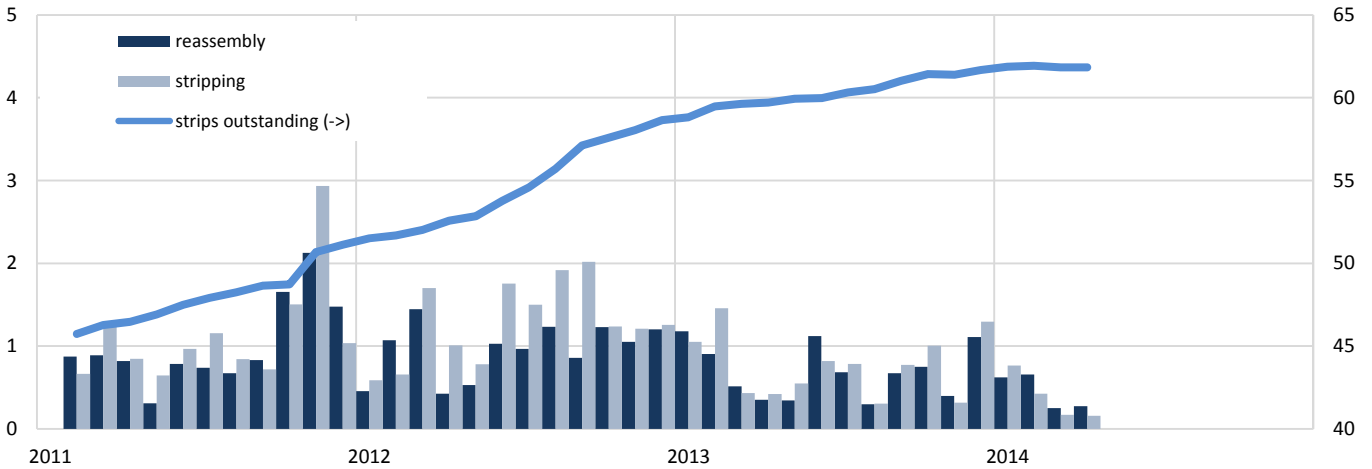
In € billion



Source: reporting by government securities primary dealers

Total stripping and reassembly

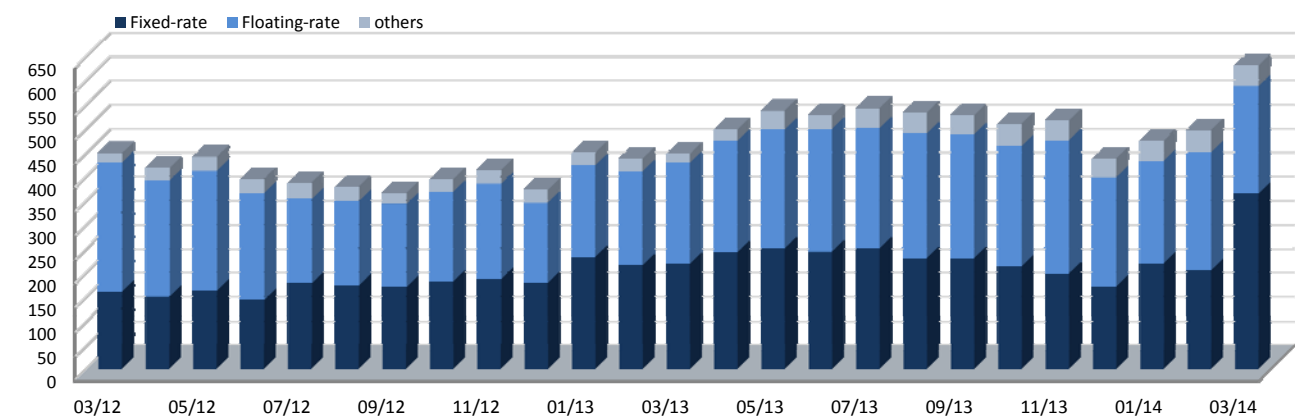
In € billion



Source: Euroclear

Primary dealers, repo outstanding at end of month

In € billion



Source: reporting by government securities primary dealers

Short-term debt at April 30, 2014

	Maturity	Outstanding (€)
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	5 June 2014	8,376,000,000
BTF	12 June 2014	6,589,000,000
BTF	19 June 2014	8,167,000,000
BTF	26 June 2014	8,266,000,000
BTF	3 July 2014	7,828,000,000
BTF	10 July 2014	8,650,000,000
BTF	17 July 2014	8,015,000,000
BTF	24 July 2014	9,478,000,000
BTF	31 July 2014	4,356,000,000
BTF	7 August 2014	7,759,000,000
BTF	21 August 2014	5,234,000,000
BTF	4 September 2014	7,425,000,000
BTF	18 September 2014	6,951,000,000
BTF	2 October 2014	3,970,000,000
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
BTF	5 March 2015	7,872,000,000
BTF	2 April 2015	8,105,000,000
BTF	30 April 2015	2,196,000,000

Medium and long-term debt (maturing 2014–2018) at April 30, 2014

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
	Maturity 2014	61,683,971,990			
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
	Maturity 2015	135,981,040,353			
FR0117836652	BTAN 2.5% 15 January 2015	15,935,000,000			–
FR0010163543	OAT 3.5% 25 April 2015	23,417,313,893			0
FR0118462128	BTAN 2% 12 July 2015	30,378,000,000			–
FR0010135525	OAT€i 1.6% 25 July 2015	16,009,726,460 (1)	1.18573	13,502,000,000	0
FR0010216481	OAT 3% 25 October 2015	33,086,000,000			0
FR0011452721	OAT 0.25% 25 November 2015	17,155,000,000			0
	Maturity 2016	141,425,152,400			
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	31,322,000,000			–
FR0119105791	BTANi 0.45% 25 July 2016	12,641,152,400 (1)	1.04732	12,070,000,000	–
FR0000187361	OAT 5% 25 October 2016	28,789,000,000			303,659,600
FR0011857218	OAT 0.25% 25 November 2016	4,370,000,000			0
	Maturity 2017	127,507,649,450			
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	19,680,000,000			–
FR0010235176	OATi 1% 25 July 2017	22,830,649,450 (1)	1.13051	20,195,000,000	0
FR0010517417	OAT 4.25% 25 October 2017	29,671,000,000			0
	Maturity 2018	107,590,715,920			
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	8,496,715,920 (1)	1.03128	8,239,000,000	0
FR0010670737	OAT 4.25% 25 October 2018	28,047,000,000			0
FR0011523257	OAT 1% 25 November 2018	20,795,000,000			0

(1) face value x indexation coefficient (face value if coefficient < 1)

Medium and long-term debt (maturing in 2019 and beyond) at April 30, 2014

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
	Maturity 2019	100,277,444,772			
FR0000189151	OAT 4.25% 25 April 2019	31,478,000,000			0
FR0011708080	OAT 1% 25 May 2019	17,000,000,000			0
FR0010850032	OATi 1.3% 25 July 2019	11,069,775,450 (1)	1.06389	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	-
	Maturity 2020	95,003,748,750			
FR0010854182	OAT 3.5% 25 April 2020	36,032,000,000			0
FR0010050559	OAT€i 2.25% 25 July 2020	24,170,748,750 (1)	1.21005	19,975,000,000	0
FR0010949651	OAT 2.5% 25 October 2020	34,801,000,000			0
	Maturity 2021	76,533,116,950			
FR0010192997	OAT 3.75% 25 April 2021	36,041,000,000			0
FR0011347046	OATi 0.1% 25 July 2021	4,019,116,950 (1)	1.00755	3,989,000,000	0
FR0011059088	OAT 3.25% 25 October 2021	36,473,000,000			0
	Maturity 2022	77,685,378,190			
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	18,422,438,200 (1)	1.07570	17,126,000,000	0
FR0011337880	OAT 2.25% 25 October 2022	24,957,000,000			0
	Maturity 2023	82,245,361,863			
FR0000571085	OAT 8.5% 25 April 2023	10,606,195,903			6,095,625,000
FR0011486067	OAT 1.75% 25 May 2023	25,660,000,000			0
FR0010585901	OATi 2.1% 25 July 2023	12,750,165,960 (1)	1.09594	11,634,000,000	0
FR0010466938	OAT 4.25% 25 October 2023	33,229,000,000			476,722,000
	Maturity 2024	30,634,945,180			
FR0011619436	OAT 2.25% 25 May 2024	23,506,000,000			0
FR0011427848	OAT€i 0.25% 25 July 2024	7,128,945,180 (1)	1.00734	7,077,000,000	0
	Maturity 2025	17,780,928,118			
FR0000571150	OAT 6% 25 October 2025	17,780,928,118			2,985,226,900
	Maturity 2026	30,306,000,000			
FR0010916924	OAT 3.5% 25 April 2026	30,306,000,000			100,900,000
	Maturity 2027	35,752,975,420			
FR0011008705	OAT€i 1.85% 25 July 2027	9,812,975,420 (1)	1.06006	9,257,000,000	0
FR0011317783	OAT 2.75% 25 October 2027	25,940,000,000			0
	Maturity 2028	21,322,893			
FR0000571226	OAT zéro coupon 28 March 2028	21,322,893 (3)		46,232,603	-
	Maturity 2029	37,156,354,709			
FR0000571218	OAT 5.5% 25 April 2029	27,169,880,458			3,864,749,500
FR0000186413	OATi 3.4% 25 July 2029	9,986,474,251 (1)	1.24938	7,993,144,000	0
	Maturity 2030 and beyond	153,844,715,870			
FR0000188799	OAT€i 3.15% 25 July 2032	11,801,764,780 (1)	1.22603	9,626,000,000	0
FR0000187635	OAT 5.75% 25 October 2032	26,135,322,600			11,673,599,000
FR0010070060	OAT 4.75% 25 April 2035	21,183,000,000			5,350,846,000
FR0010371401	OAT 4% 25 October 2038	23,889,000,000			4,788,950,000
FR0010447367	OAT€i 1.8% 25 July 2040	10,358,628,490 (1)	1.13569	9,121,000,000	0
FR0010773192	OAT 4.5% 25 April 2041	23,650,000,000			7,528,127,000
FR0011461037	OAT 3.25% 25 May 2045	11,244,000,000			0
FR0010171975	OAT 4% 25 April 2055	14,926,000,000			7,374,294,000
FR0010870956	OAT 4% 25 April 2060	10,657,000,000			4,393,100,000

(1) face value x indexation coefficient (face value if coefficient < 1)

(2) Including coupons capitalized at 31/12/2013; not open to subscription

(3) Revised updated on 28/03/2013; not open to subscription



Most recent economic indicators

Industrial output, year-on-year	-2.0%	03/2014
Household consumption*, year-on-year	0.6%	03/2014
Unemployment rate (ILO)	10.2%	12/2013
Consumer prices, year-on-year		
all items	0.7%	04/2014
all items excluding tobacco	0.6%	04/2014
Trade balance, fob-fob, sa (€bn)	-€4.9 bn	03/2014
" "	-€3.8 bn	02/2014
Current account balance, sa (€bn)	-€1.5 bn	03/2014
" "	-€1.4 bn	02/2014
10-year constant maturity rate (TEC10)	1.99%	30/4/2014
3-month interest rate (Euribor)	0.339%	30/4/2014
EUR / USD	1.3850	30/4/2014
EUR / JPY	142.07	30/4/2014

* manufactured products
Source: Insee, Minefi, Banque de France

Monthly government budget position

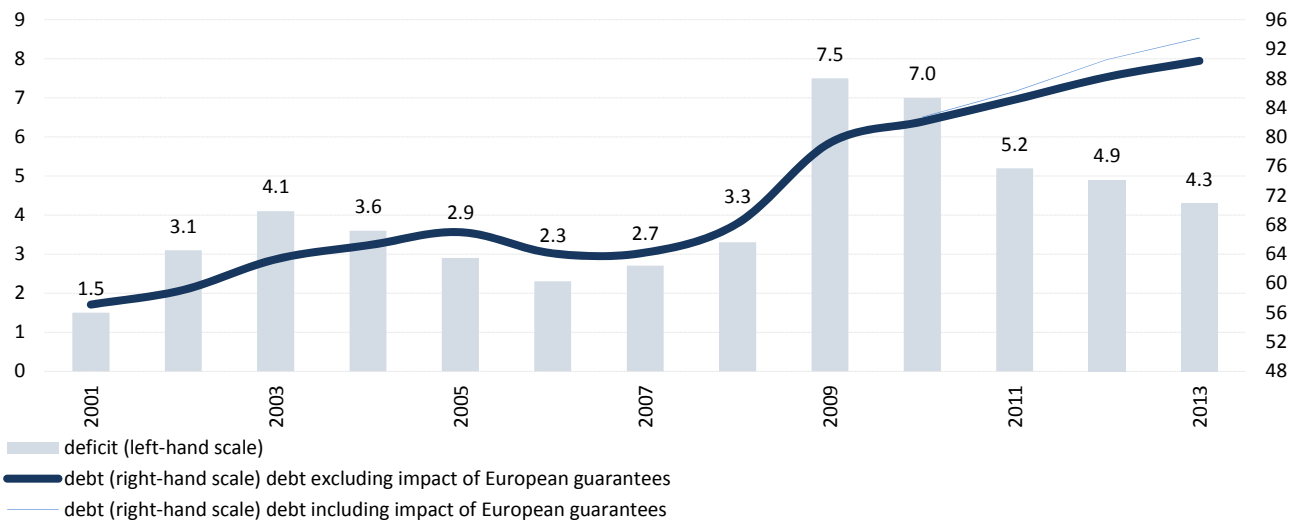
In € billion

	end of March level				
	2012	2013	2012	2013	2014
General budget balance	-88.16	-75.44	-19.04	-20.62	-15.00
revenue	286.01	301.25	68.16	69.63	73.70
expenditure	374.17	376.68	87.20	90.25	88.70
Balance of special Treasury accounts	1.01	0.57	-10.37	-10.40	-13.03
General budget outturn	-87.15	-74.87	-29.41	-31.03	-28.02

Source: Bloomberg

Public finances: deficit and debt

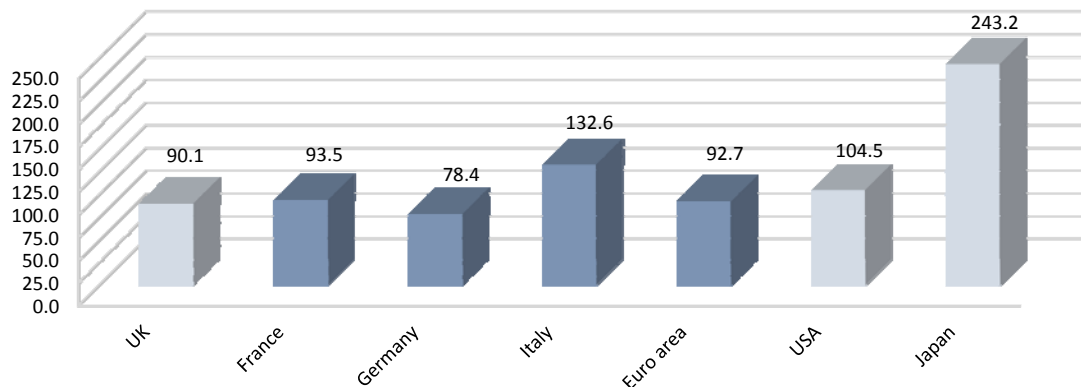
As % of GDP



Source: France's 2014-2017 Stability Programme, Insee

General government debt in 2013

As % of GDP



Sources: Eurostat (04/2014), FMI (04/2014)

French economic indicators timetable

June 2014		July 2014	
5	Job seekers Q1-2014 (BIT)	3	Eurozone economic outlook - 3th Quater 2014
6	Foreign trade in April	8	Foreign trade in May
10	Industrial output in April	10	Industrial output in May
12	Balance of payments in April	10	Consumer prices: index for June
12	Consumer prices: index for May	11	Balance of payments in May
13	Payroll employment: final results Q1-2014	17	Inflation (HICP): June index
16	Inflation (HICP): May index	23	Industrial trends: monthly survey for July
24	New building starts in May	23	Industrial trends: quarterly survey for July
25	Industrial trends: monthly survey for June	25	Job seekers in June
26	Job seekers in May	29	New building starts in June
26	Household confidence survey: June survey	30	Household confidence survey: July survey
27	Quarterly national accounts: final results Q1-2014	31	Industrial producer prices: June index
27	Industrial producer prices: May index	31	Household consumption of manufactured goods in June
27	General government debt Q1-2014	31	Net foreign exchange reserves in June
27	Household consumption of manufactured goods in May		

Sources : Insee, Eurostat