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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

Interim assessment of State borrowing conditions in 2014 and preparations for 2015

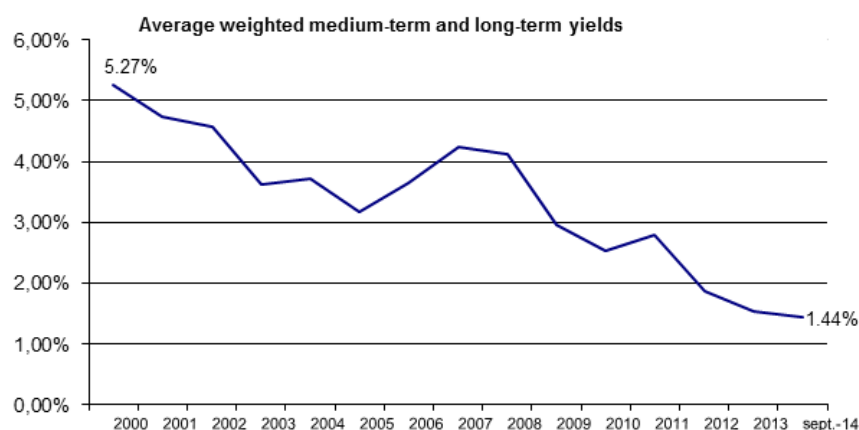
The State enjoyed particularly favourable borrowing conditions between 1 January and 30 September 2014. France's borrowing cost stood at a historic low of 1.44%, compared to 1.54% in 2013 and a historical average of 4.15% between 1998 and 2007. Agence France Trésor issued € 162.4 billion in medium-term and long-term securities, equivalent to 94% of the issuance programme amount of € 173 billion, net of buybacks.

As of 30 September 2014, AFT continued to pre-finance the next two issuance programmes by buying back €25.7 billion in securities maturing in 2015 and 2016, as part of its proactive debt management approach.

The amount of the 2014 medium-term and long-term debt issuance programme has remained unchanged at €173 billion. The borrowing requirement was revised upward to €182.3 billion, versus €176.4 billion under the Initial Budget Act of 31 December 2013, as tax revenue fell short of expectations. The requirement will primarily be met by a slight increase in short-term resources, which will increase by €4.2 billion, and by other cash resources and issuance premiums generated by lower-than-expected yields.

The 2015 State borrowing requirement will stand at €196.6 billion, including €119.5 billion in redemption of medium-term and long-term debt and a fiscal deficit of €75.7 billion. The financing will come primarily from medium-term and long-term debt issuance of €188 billion, €4 billion in new funds from the State's equity interests and €4.1 billion from the Treasury's cash holdings.

The government expects a gradual rise in long-term interest rates and inflation in 2015, as the economy recovers. Three-month yields are expected to stand at 0.05% and 10 year yields at an average of 2.2% in 2015. Under the circumstances the fiscal cost of the debt is expected to be €44.3 billion.



The 2015 Budget Bill and the 2014-2019 Public Finance Planning Act confirm the Government's commitment to continue consolidating public finances

The 2015 Budget Bill and the 2014-2019 Public Finance Planning Act were submitted to the Cabinet on 1 October and will soon be debated in Parliament.

The 2015 Budget Bill is based on the assumption that GDP will grow by 1% and the inflation rate will stand at 0.9% in 2015. Against this backdrop, the Government's expenditure savings efforts will lead to a decrease in general government expenditure as a percentage of GDP, from 56.5% to 56.1% in 2015. In concrete terms, expenditure savings efforts will limit the growth of general government expenditure to 0.2% in real terms in 2015.

The aggregate tax and social security contribution rate will ease from 44.7% to 44.6% of GDP as a consequence of the implementation of the Responsibility Pact. The government deficit will fall from 4.3% of GDP in 2014 to 4.2% in 2015, while government debt, according to the Maastricht definition, will increase from 95.3% of GDP in 2014 to 97.2% of GDP in 2015 (or 94% if financial assistance for the euro area is excluded).

The 2014-2019 Public Finance Planning Act provides a medium-term perspective for the Government's action. It assumes that both growth and inflation will pick up again gradually up until 2019. After reaching 1% in 2015, growth should stand at 1.7% in 2016, 1.9% in 2017 and then 2% in 2018 and 2019. Meanwhile, the inflation rate should stand at 0.9% in 2015, 1.4% in 2016 and then 1.75% starting in 2017.

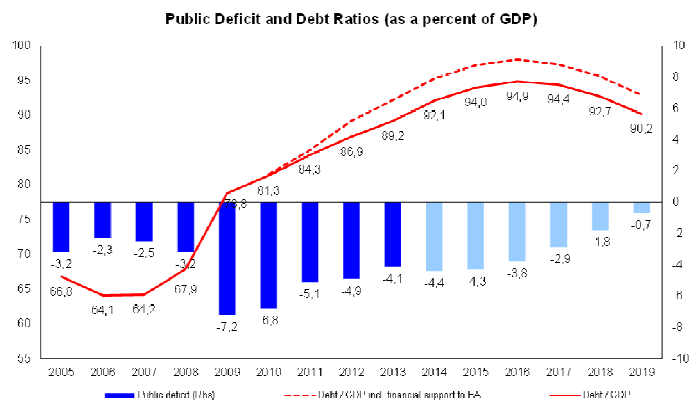
Continuing expenditure savings efforts will lead to 0.6% growth of general government expenditure in real terms in 2016, no change in 2017 and a reduction starting in 2018, with a contraction of 0.1% in 2018 and 0.2% in 2019. Consequently, the simultaneous falls in general government expenditure as a percentage of GDP and the tax burden will continue. In 2017, they will stand at 54.5% and 44.3% respectively, and then ease to 52.4% and 44.2% in 2019.

The EUR 50bn of public expenditure savings on the 2015-2017 period will be frontloaded, with EUR 21bn in 2015. They will be spread as follows: EUR 19bn for central government and state agencies (EUR 7.7bn in 2015), EUR 11bn for

local government (EUR 3.7bn in 2015), EUR 10bn for the health insurance system (EUR 3.1bn in 2015), and EUR 10bn for Social security excluding healthcare (EUR 6.4bn in 2015). The accompanying documents to the Budget Bill give full details about the expenditure savings plan.

The 2015 Budget Bill and the 2014-2019 Public Finance Planning Act confirm the Government's commitment to continue gradual consolidation of public finances. Government expenditure savings are a major component of this programme, with action on an unprecedented scale.

Chart: Government Deficit and Debt as a Percentage of GDP



Indicative auction schedule

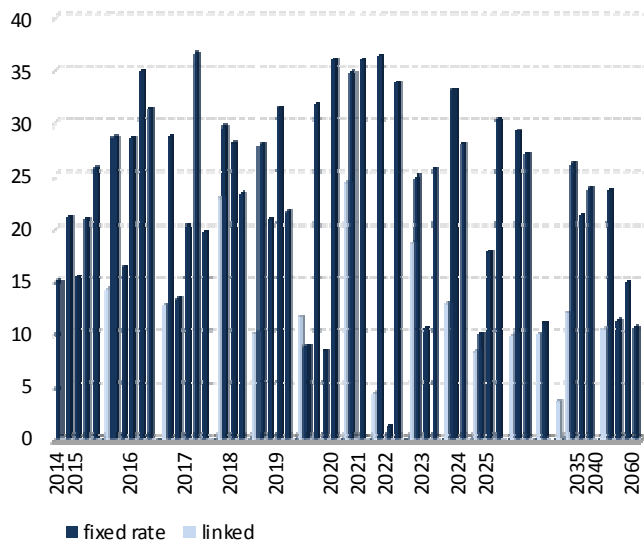
		Short-term				Medium-term	Long-term	Index linked
October 2014	auction date	6	13	20	27	16	2	16
	settlement date	8	15	22	29	20	7	20
November 2014	auction date	3	10	17	24	20	6	20
	settlement date	5	13	19	26	24	10	24

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

Source: Agence France Trésor

Medium and long-term negotiable government debt at August 31, 2014

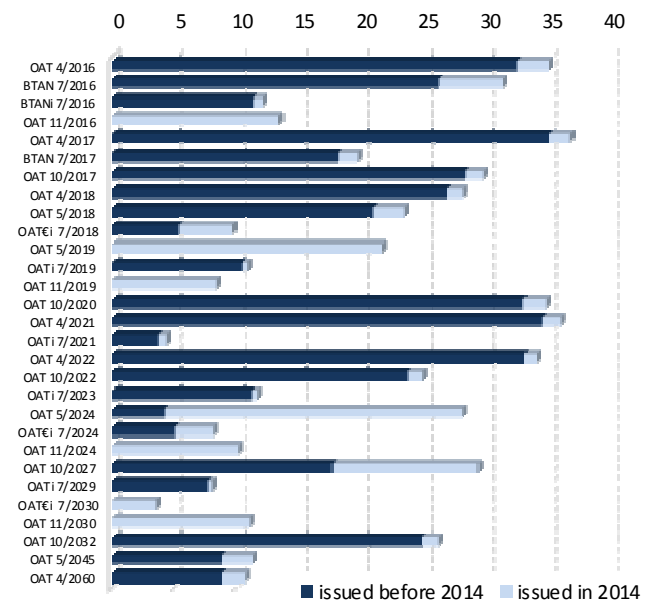
Nominal value of each line, In € billion



Source: Agence France Trésor

Medium and long term: securities issued during the year and total issuance at August 31, 2014

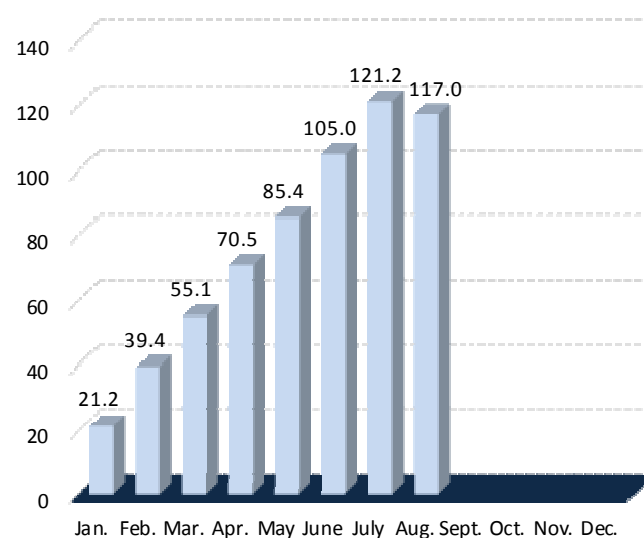
In € billion



Source: Agence France Trésor

Issuance net of buybacks at August 31, 2014

In € billion



Source: Agence France Trésor

Medium and long term: provisional maturity schedule at August 31, 2014

In € billion

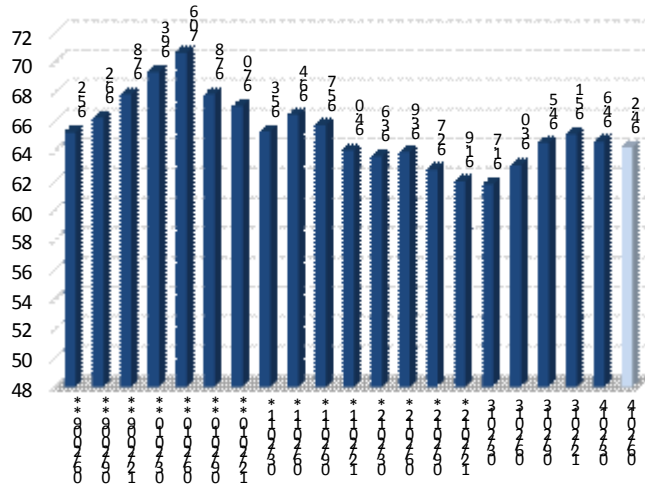
Month	Coupon	Redemption
Sep-14	0.1	15.0
Oct-14	15.9	21.1
Nov-14	0.4	
Dec-14		
Jan-15	0.4	15.7
Feb-15	1.0	
Mar-15		
Apr-15	15.9	20.9
May-15	2.1	
Jun-15		
Jul-15	4.4	42.5
Aug-15		

Source: Agence France Trésor

**General
debt-related data**

Non-resident holders of negotiable government debt in second quarter of 2014

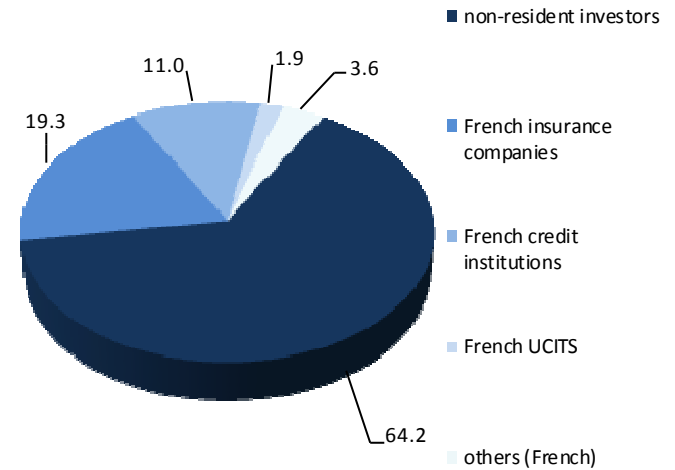
As a % of negotiable debt outstanding expressed in market value



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

Negotiable government debt by group of holders in second quarter of 2014

Structure in % expressed in market value



Source: Banque de France

Negotiable government debt at August 31, 2014

In euros

Total medium and long-term debt	1,333,625,452,882
Total stripping activity	61,321,459,100
Average maturity	7 years and 330 days
Total short-term debt	190,136,000,000
Average maturity	119 days
TOTAL OUTSTANDING	1,523,761,452,882
Average maturity	6 years and 350 days

Source: Agence France Trésor

Negotiable government debt and interest rate swaps at August 31, 2014

In € billion

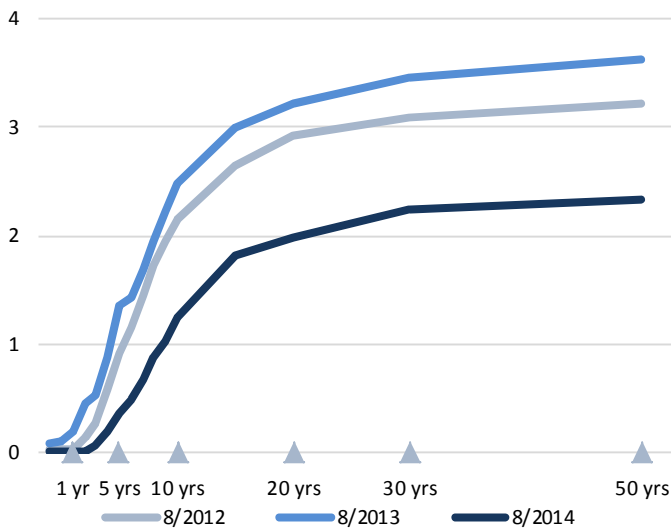
	End 2011	End 2012	End 2013	End July 2014	End August 2014
Negotiable government debt outstanding	1,313	1,386	1,457	1,525	1,524
of which index-linked securities	166	173	174	186	186
Medium and long term	1,135	1,220	1,283	1,334	1,334
short-term	178	167	174	190	190
Swaps outstanding	13	10	7	3	3
Average maturity of the negotiable debt					
before swaps	7 years	7 years	7 years	7 years	6 years
	57 days	37 days	5 days	11 days	350 days
after swaps	7 years	7 years	7 years	7 years	6 years
	52 days	34 days	2 days	9 days	348 days

Source: Agence France Trésor

Secondary market

Yield curve for French government securities

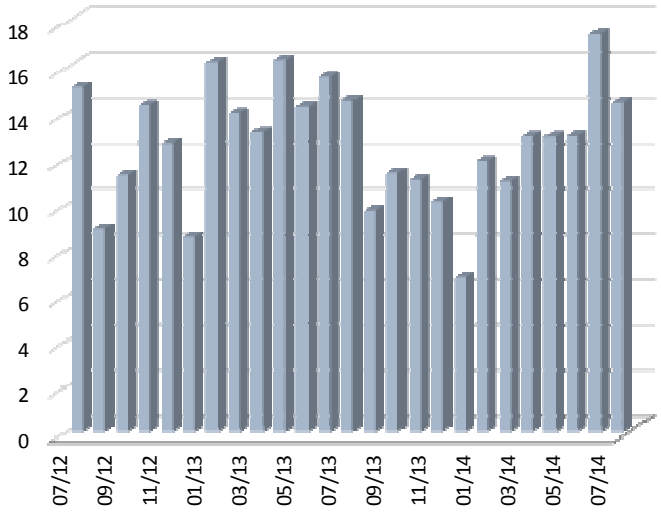
End-of-month value, %



Source: Bloomberg

Average daily volume of medium and long-term transactions

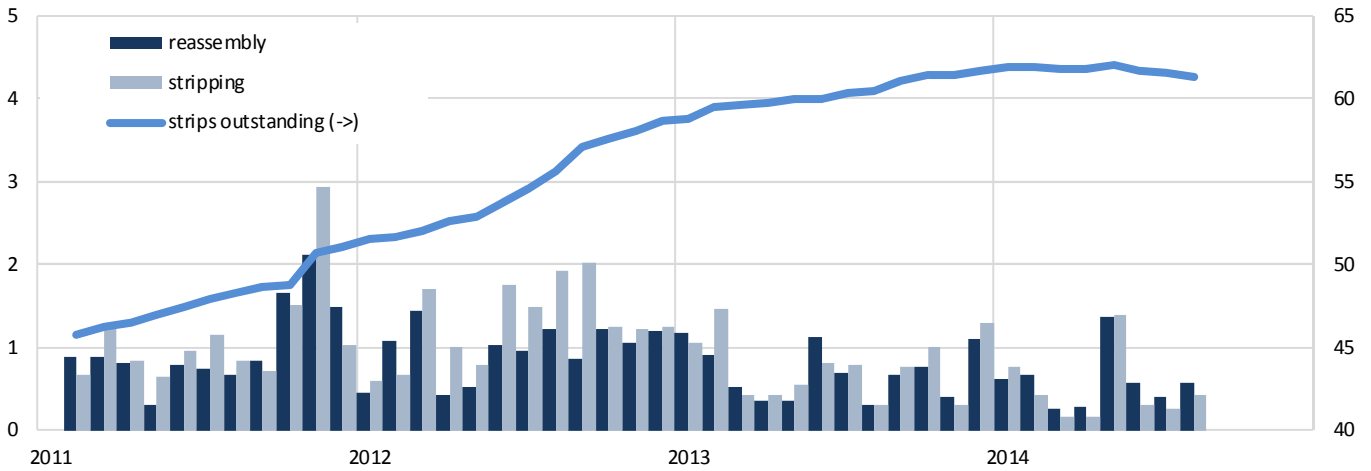
In € billion



Source: reporting by government securities primary dealers

Total stripping and reassembly

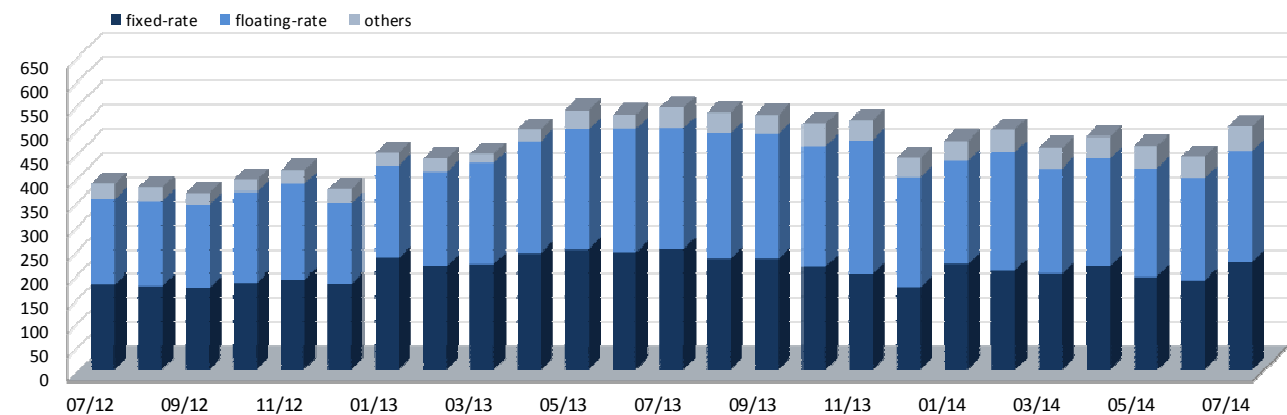
In € billion



Source: Euroclear

Primary dealers, repo outstanding at end of month

In € billion



Source: reporting by government securities primary dealers

Short-term debt at August 31, 2014

	Maturity	Outstanding (€)
BTF	4 September 2014	7,425,000,000
BTF	11 September 2014	8,515,000,000
BTF	18 September 2014	6,951,000,000
BTF	25 September 2014	8,554,000,000
BTF	2 October 2014	8,209,000,000
BTF	9 October 2014	8,907,000,000
BTF	16 October 2014	8,432,000,000
BTF	23 October 2014	8,805,000,000
BTF	30 October 2014	8,317,000,000
BTF	6 November 2014	8,937,000,000
BTF	13 November 2014	6,367,000,000
BTF	20 November 2014	8,181,000,000
BTF	27 November 2014	7,320,000,000
BTF	11 December 2014	3,147,000,000
BTF	24 December 2014	7,922,000,000
BTF	8 January 2015	8,857,000,000
BTF	22 January 2015	6,279,000,000
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	8,483,000,000
BTF	28 May 2015	7,413,000,000
BTF	25 June 2015	7,579,000,000
BTF	23 July 2015	7,254,000,000
BTF	20 August 2015	4,129,000,000

Medium and long-term debt (maturing 2014–2018) at August 31, 2014

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
	Maturity 2014	36,097,971,990			
FR0120634490	BTAN 0.75% 25 September 2014	15,044,000,000			–
FR0010112052	OAT 4% 25 October 2014	21,053,971,990			0
	Maturity 2015	121,395,273,413			
FR0117836652	BTAN 2.5% 15 January 2015	15,515,000,000			–
FR0010163543	OAT 3.5% 25 April 2015	20,842,313,893			0
FR0118462128	BTAN 2% 12 July 2015	25,676,000,000			–
FR0010135525	OAT€i 1.6% 25 July 2015	14,341,959,520 (1)	1.19896	11,962,000,000	0
FR0010216481	OAT 3% 25 October 2015	28,715,000,000			0
FR0011452721	OAT 0.25% 25 November 2015	16,305,000,000			0
	Maturity 2016	149,764,863,900			
FR0119105809	BTAN 2.25% 25 February 2016	28,686,000,000			–
FR0010288357	OAT 3.25% 25 April 2016	34,907,000,000			0
FR0119580050	BTAN 2.5% 25 July 2016	31,322,000,000			–
FR0119105791	BTANi 0.45% 25 July 2016	12,694,863,900 (1)	1.05177	12,070,000,000	–
FR0000187361	OAT 5% 25 October 2016	28,789,000,000			271,357,000
FR0011857218	OAT 0.25% 25 November 2016	13,366,000,000			0
	Maturity 2017	129,317,787,400			
FR0120473253	BTAN 1.75% 25 February 2017	20,302,000,000			–
FR0010415331	OAT 3.75% 25 April 2017	36,737,000,000			0
FR0120746609	BTAN 1% 25 July 2017	19,680,000,000			–
FR0010235176	OATi 1% 25 July 2017	22,927,787,400 (1)	1.13532	20,195,000,000	0
FR0010517417	OAT 4.25% 25 October 2017	29,671,000,000			0
	Maturity 2018	110,490,998,120			
FR0010604983	OAT 4% 25 April 2018	28,170,000,000			0
FR0011394345	OAT 1% 25 May 2018	23,412,000,000			0
FR0011237643	OAT€i 0.25% 25 July 2018	10,066,998,120 (1)	1.04278	9,654,000,000	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 August 31, 2014

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
	Maturity 2019	113,671,302,132			
FR0000189151	OAT 4.25% 25 April 2019	31,478,000,000			0
FR0011708080	OAT 1% 25 May 2019	21,545,000,000			0
FR0010850032	OATi 1.3% 25 July 2019	11,582,632,810 (1)	1.06841	10,841,000,000	0
FR0000570921	OAT 8.5% 25 October 2019	8,844,392,893			6,062,530,100
FR0010776161	OAT 3.75% 25 October 2019	31,858,000,000			0
FR0011993179	OAT 0.5% 25 November 2019	8,336,000,000			0
FR0000570954	OAT cap. 9.82% 31 December 2019	27,276,429 (2)		6,692,154	-
	Maturity 2020	95,273,411,250			
FR0010854182	OAT 3.5% 25 April 2020	36,032,000,000			0
FR0010050559	OAT€i 2.25% 25 July 2020	24,440,411,250 (1)	1.22355	19,975,000,000	0
FR0010949651	OAT 2.5% 25 October 2020	34,801,000,000			0
	Maturity 2021	76,904,330,370			
FR0010192997	OAT 3.75% 25 April 2021	36,041,000,000			0
FR0011347046	OATi 0.1% 25 July 2021	4,390,330,370 (1)	1.01183	4,339,000,000	0
FR0011059088	OAT 3.25% 25 October 2021	36,473,000,000			0
	Maturity 2022	78,858,890,190			
FR0000571044	OAT 8.25% 25 April 2022	1,243,939,990			455,868,400
FR0011196856	OAT 3% 25 April 2022	34,030,000,000			0
FR0010899765	OAT€i 1.1% 25 July 2022	18,627,950,200 (1)	1.08770	17,126,000,000	0
FR0011337880	OAT 2.25% 25 October 2022	24,957,000,000			0
	Maturity 2023	82,299,576,303			
FR0000571085	OAT 8.5% 25 April 2023	10,606,195,903			6,074,776,200
FR0011486067	OAT 1.75% 25 May 2023	25,660,000,000			0
FR0010585901	OATi 2.1% 25 July 2023	12,804,380,400 (1)	1.10060	11,634,000,000	0
FR0010466938	OAT 4.25% 25 October 2023	33,229,000,000			506,722,000
	Maturity 2024	46,377,300,150			
FR0011619436	OAT 2.25% 25 May 2024	28,128,000,000			0
FR0011427848	OAT€i 0.25% 25 July 2024	8,235,300,150 (1)	1.01859	8,085,000,000	0
FR0011962398	OAT 1.75% 25 November 2024	10,014,000,000			0
	Maturity 2025	17,780,928,118			
FR0000571150	OAT 6% 25 October 2025	17,780,928,118			2,992,154,400
	Maturity 2026	30,306,000,000			
FR0010916924	OAT 3.5% 25 April 2026	30,306,000,000			189,857,000
	Maturity 2027	39,240,485,730			
FR0011008705	OAT€i 1.85% 25 July 2027	9,922,485,730 (1)	1.07189	9,257,000,000	0
FR0011317783	OAT 2.75% 25 October 2027	29,318,000,000			0
	Maturity 2028	21,322,893			
FR0000571226	OAT zéro coupon 28 March 2028	21,322,893 (3)		46,232,603	-
	Maturity 2029	37,198,798,303			
FR0000571218	OAT 5.5% 25 April 2029	27,169,880,458			3,878,273,100
FR0000186413	OATi 3.4% 25 July 2029	10,028,917,845 (1)	1.25469	7,993,144,000	0
	Maturity 2030 et plus	168,626,212,620			
FR0011883966	OAT 2.5% 25 May 2030	11,015,000,000			0
FR0011982776	OAT€i 0.7% 25 July 2030	3,519,250,000 (1)	1.00550	3,500,000,000	0
FR0000188799	OAT€i 3.15% 25 July 2032	11,933,448,460 (1)	1.23971	9,626,000,000	0
FR0000187635	OAT 5.75% 25 October 2032	26,135,322,600			11,563,027,400
FR0010070060	OAT 4.75% 25 April 2035	21,183,000,000			5,413,890,000
FR0010371401	OAT 4% 25 October 2038	23,889,000,000			4,775,911,400
FR0010447367	OAT€i 1.8% 25 July 2040	10,474,191,560 (1)	1.14836	9,121,000,000	0
FR0010773192	OAT 4.5% 25 April 2041	23,650,000,000			7,212,715,000
FR0011461037	OAT 3.25% 25 May 2045	11,244,000,000			0
FR0010171975	OAT 4% 25 April 2055	14,926,000,000			7,355,374,000
FR0010870956	OAT 4% 25 April 2060	10,657,000,000			4,569,003,100

(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	-1.4%	07/2014
Household consumption*, year-on-year	1.4%	08/2014
Unemployment rate (ILO)	10.2%	06/2014
Consumer prices, year-on-year		
all items	0.4%	08/2014
all items excluding tobacco	0.4%	08/2014
Trade balance, fob-fob, sa (€bn)	-€5.5 bn	07/2014
" "	-€5.6 bn	06/2014
Current account balance, sa (€bn)	-€2.2 bn	07/2014
" "	-€7.2 bn	06/2014
10-year constant maturity rate (TEC10)	1.20%	31/8/2014
3-month interest rate (Euribor)	0.163%	31/8/2014
EUR / USD	1.3188	31/8/2014
EUR / JPY	137.11	31/8/2014

* manufactured products

Source: Insee, Minefi, Banque de France

Monthly government budget position

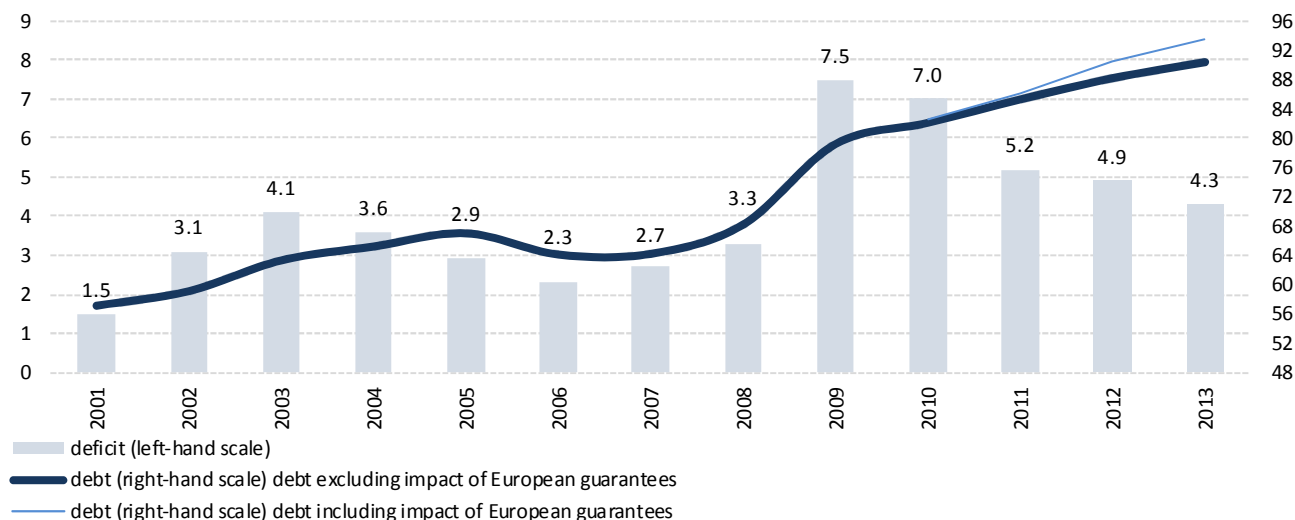
In € billion

			end of July level		
	2012	2013	2012	2013	2014
General budget balance	-88.16	-75.43	-63.76	-59.00	-63.40
revenue	286.01	301.24	162.26	176.45	170.11
expenditure	374.17	376.67	226.02	235.45	233.51
Balance of special Treasury accounts	1.01	0.56	-21.78	-21.82	-20.70
General budget outturn	-87.15	-74.87	-85.54	-80.82	-84.10

Source: Minefi

Public finances: deficit and debt

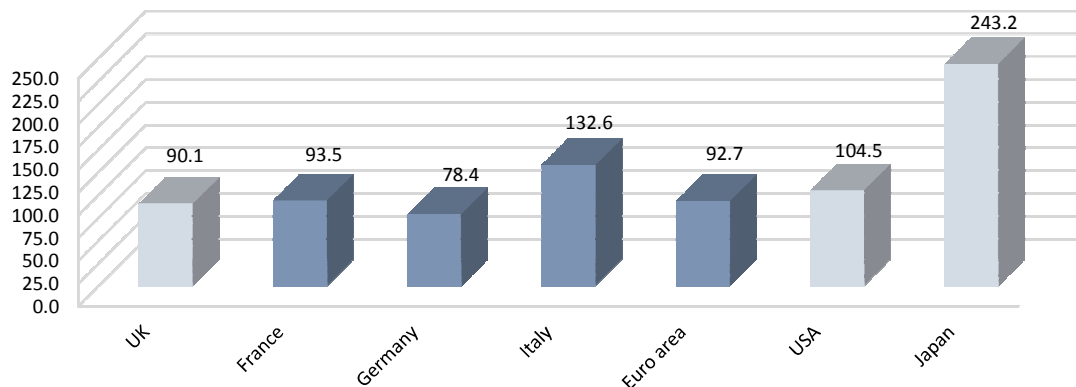
As % of GDP



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

October 2014		November 2014	
 3	Eurozone economic outlook - Q3-2013	 7	Industrial investments: October 2014
 9	Foreign trade in August	 7	Industrial output in September
 10	Industrial output in August	 7	Foreign trade in September
 14	Balance of payments in August	 13	Balance of payments in September
 14	Consumer prices: index for September	 13	Consumer prices: index for October
 16	Inflation (HICP): September index	 14	Payroll employment: provisional results Q3-2014
 23	Industrial trends: quarterly survey for October	 14	Quarterly national accounts: first results Q3-2014
 23	Industrial trends: monthly survey for October	 14	Inflation (HICP): October index
 24	Job seekers in September	 25	Industrial trends: monthly survey for November
 28	New building starts in September	 25	New building starts in November
 29	Household confidence survey: October survey	 26	Household confidence survey: November survey
 31	Industrial producer prices: September index	 27	Job seekers in October
 31	Household consumption of manufactured goods in September	 28	Household consumption of manufactured goods in October
		 28	Industrial producer prices: October index

Sources : Insee, Eurostat