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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 issued a syndicated 30-year OAT€i that was met by strong demand from end investors

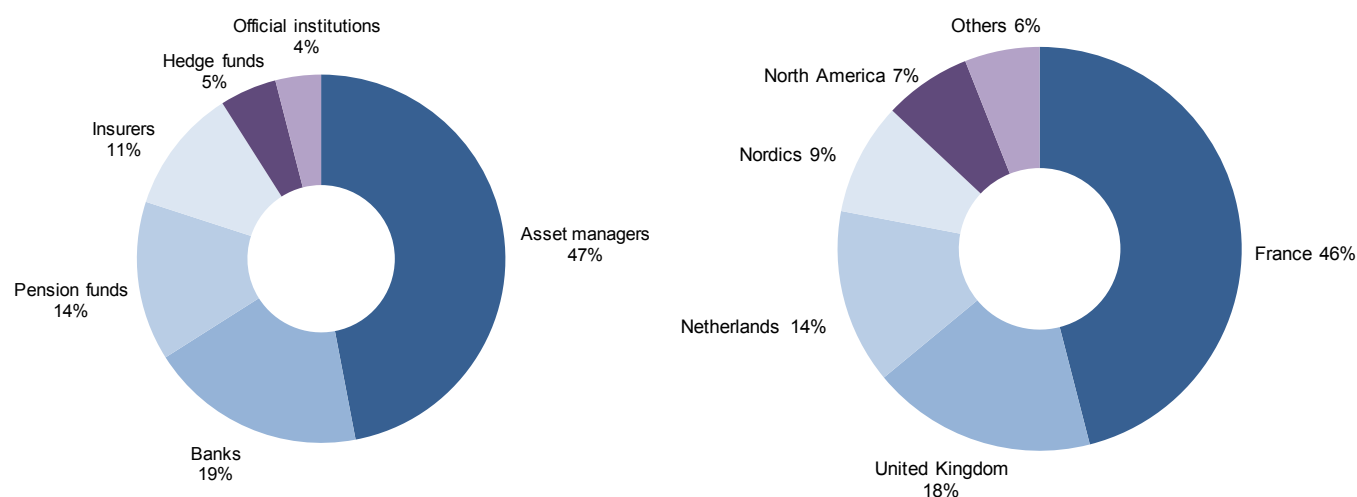
In line with the State financing programme for 2016, which was published in December 2015, France issued a syndicated bond that is linked to the euro area price index (excluding tobacco), the OAT€i 0.1% 25 July 2047. The issuance by syndication was carried out on 28 September 2016 in a favourable market, with strong demand of €8.4bn and allocation of €4bn. The price was set at 111.628%, equivalent to a record-breaking real yield of -0.262%. This yield should be compared to the 1.875% yield offered in March 2007, when the previous syndicated 30-year OAT€i was issued, the OAT€i 1.80% 25 July 2040.

More than 110 end investors took part in the deal. The allocation testifies to the size of the order book with a very diversified investor base, both in terms of the geographical and sector distribution of investors (see charts).

With this issue, France has reaffirmed its status as a benchmark issuer in the euro area for very long-dated index-linked securities. The issue meets investor demand for 30-year bonds and fulfils the objective of good liquidity at every point on the yield curve. The bond will continue to be tapped to ensure good liquidity through sufficient outstanding volume.

The success of the issue is also further proof of investor and market confidence in France's creditworthiness. The issue has provided France with low-cost financing over a long period, featuring a negative real yield.

**Diversified allocation in terms of investor sectors and geographical distribution for the OAT€i 0.1% 25 July 2047:**



Source: Agence France Trésor

At the start of 2011, France's trade balance posted large deficits and market shares continued to decline as they had since the early 1990s. After the 2008 crisis, corporate margins shrank substantially and cost competitiveness and price competitiveness indicators hit their lowest levels since the early 1990s.

Therefore, restoring competitiveness has been a major economic policy priority for the French government since 2012. Competitiveness is a key determinant of the current account balance and it is especially important with France's membership of the euro area, since current account adjustments can no longer be achieved through exchange rates. Excessive divergence takes a particularly heavy toll because it requires asymmetric adjustments of nominal costs and prices.

The situation has improved markedly in the last five years. France's current account is nearly in balance and, even though the trade balance still shows a deficit, it has improved steadily since 2011. Import growth is still strong, as it is in other OECD countries, but export performances have improved. The clear improvement in cost competitiveness accounts for much of the rise in exports, driven by measures to lower labour costs, especially for minimum-wage workers. These measures, which include the Competitiveness and Employment Tax Credit (CICE), combined with large productivity gains, mean that French unit wage costs in

manufacturing have risen more slowly than the euro area average since 2012. More specifically, they have risen less than in Germany, reversing the trend seen before the crisis. Cost containment has greatly improved the financial situation of French companies and, more specifically, corporate margins, which were at a low point in 2013. In addition, the government implemented policies to stimulate productive investment, by facilitating access to financing and introducing a higher depreciation allowance, along with policies to enhance support for R&D and workforce training in order to improve France's price and non-price competitiveness.

The recent improvement in France's competitiveness is analysed in detail in a special section<sup>1</sup> of the French version of the Economic, Social and Financial Report (RESF).

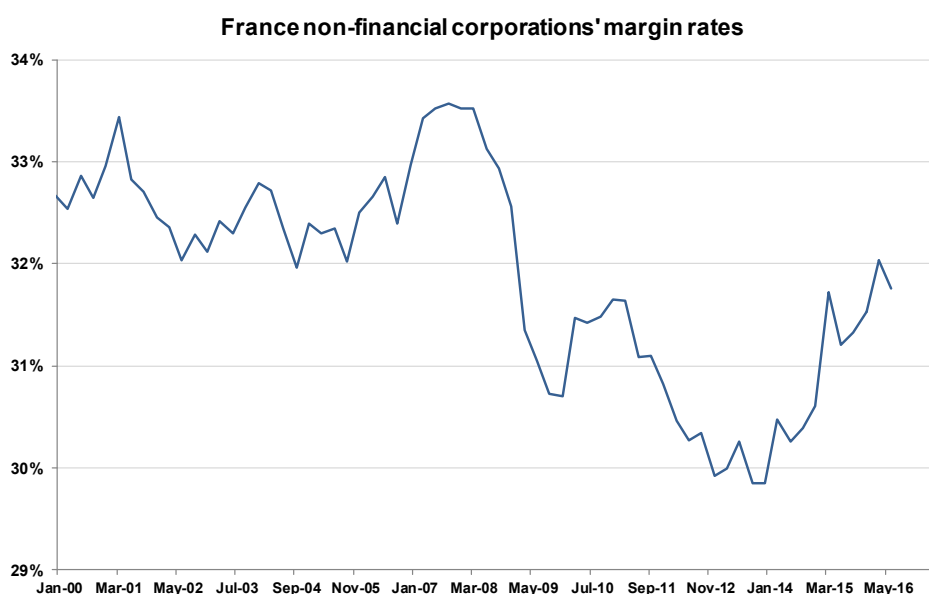
<sup>1</sup>Details about in-depth analyses and measures can be found in:

- The 2017 Economic, Social and Financial Report (pages 119-168):

<http://www.tresor.economie.gouv.fr/File/429128> (in French)

- The PowerPoint document:

<http://www.tresor.economie.gouv.fr/File/428815> (in French)



Sources: Insee.



Indicative auction schedule

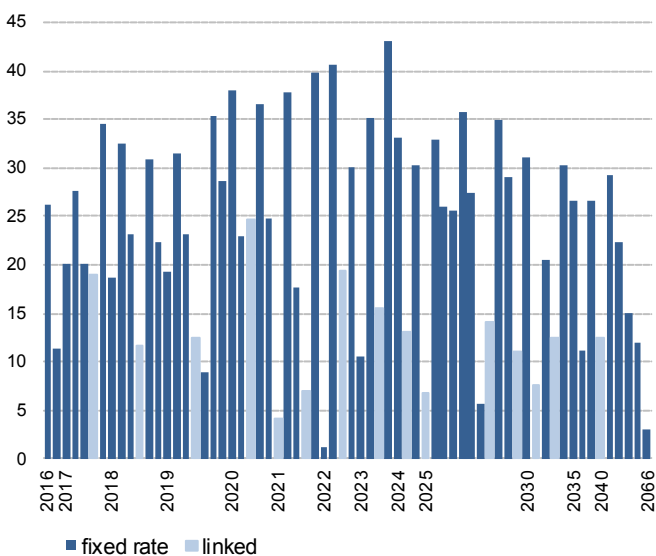
		Short-term				Medium-term	Long-term	Index-linked
November 2016	auction date	7	14	21	28	17	3	17
	settlement date	9	16	23	30	21	7	21
December 2016	auction date	5	12	19	27	//	1	//
	settlement date	7	14	21	29	//	5	//

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

Source: Agence France Trésor

Medium- and long-term negotiable government debt at 30 September 2016

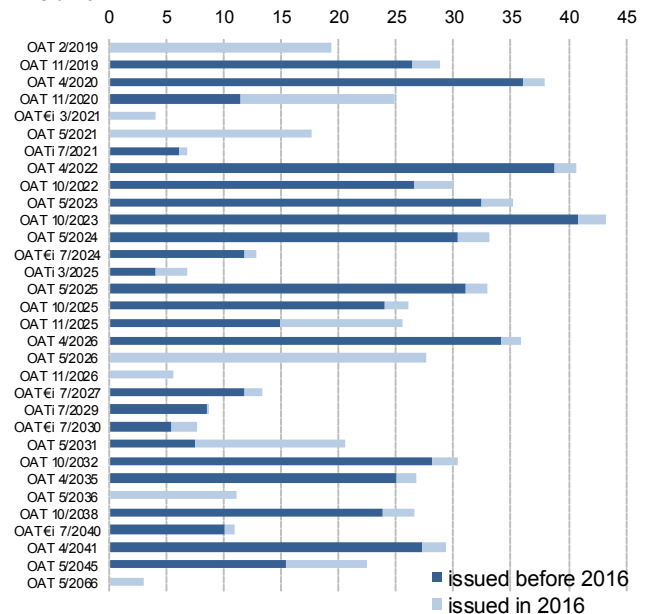
Nominal value of each line, in € billion



Source: Agence France Trésor

Medium- and long-term: securities issued during the year and total issuance at 30 September 2016

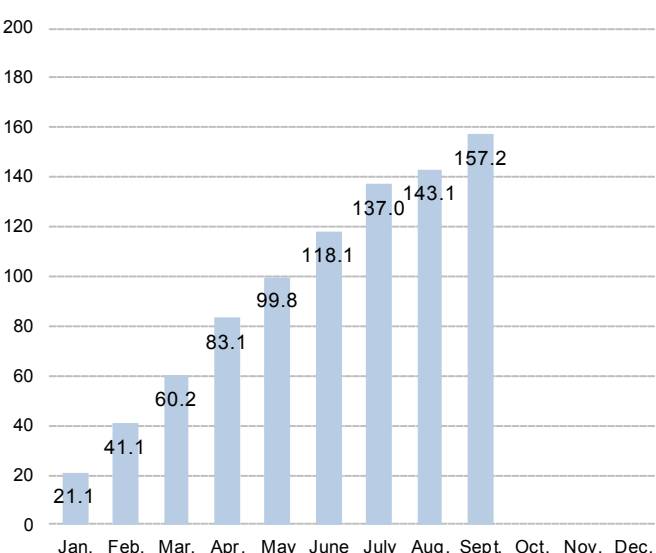
In € billion



Source: Agence France Trésor

Issuance net of buybacks at 30 September 2016

In € billion



Source: Agence France Trésor

Medium- and long-term: provisional maturity schedule at 30 September 2016

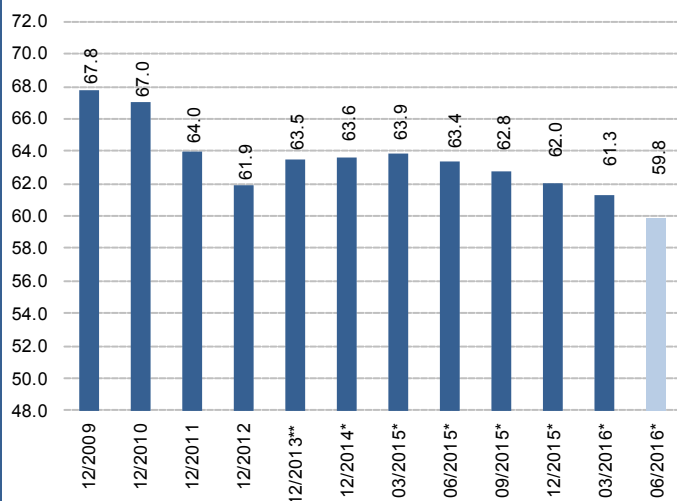
In € billion

Month	Coupon	Redemption
Oct-16	16.2	26.2
Nov-16	1.3	11.4
Dec-16		
Jan-17		
Feb-17	0.4	20.1
Mar-17	0.0	
Apr-17	15.2	27.7
May-17	4.1	
Jun-17		
Jul-17	3.1	39.1
Aug-17		
Sep-17		

Source: Agence France Trésor

### Non-resident holders of negotiable government debt in second quarter of 2016

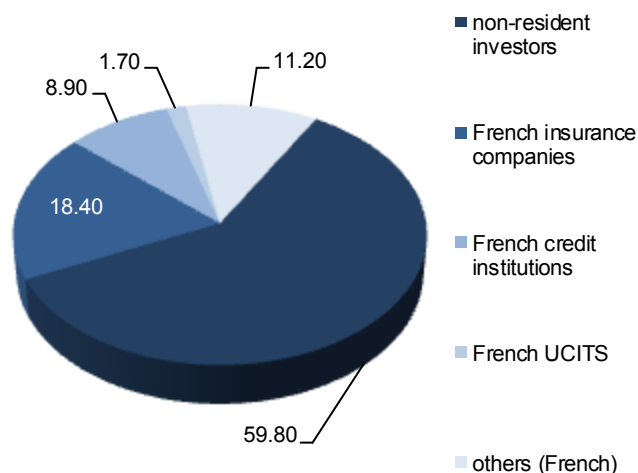
As a % of negotiable debt outstanding expressed in market value



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

### Negotiable government debt by group of holders in second quarter of 2016

Structure in % expressed in market value



Source: Banque de France

### Negotiable government debt at 30 September 2016

In euros

Total medium- and long-term debt	1,493,455,939,063
Total stripping activity	60,660,989,100
Average maturity	8 years and 5 days
Total short-term debt	142,752,000,000
Average maturity	109 days
<b>TOTAL OUTSTANDING</b>	<b>1,636,207,939,063</b>
<b>Average maturity</b>	<b>7 years and 124 days</b>

Source: Agence France Trésor

### Negotiable government debt and interest rate swaps at 30 September 2016

In € billion

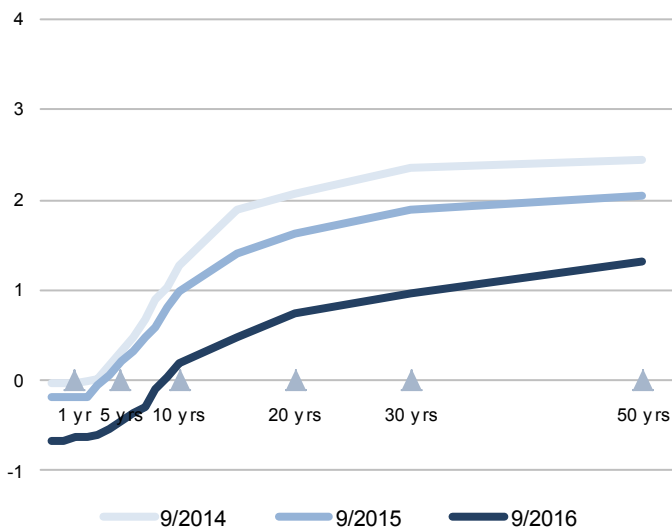
	End 2013	End 2014	End 2015	End Aug. 2016	End Sept. 2016
<b>Negotiable government debt outstanding</b>	<b>1,457</b>	<b>1,528</b>	<b>1,576</b>	<b>1,624</b>	<b>1,636</b>
of which index-linked securities	174	189	190	191	192
Medium- and long-term	1,283	1,352	1,424	1,480	1,493
short-term	174	175	153	143	143
<b>Swaps outstanding</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Average maturity of the negotiable debt</b>					
before swaps	7 years	6 years	7 years	7 years	7 years
after swaps	5 days	363 days	47 days	132 days	124 days
before swaps	7 years	6 years	7 years	7 years	7 years
after swaps	2 days	362 days	47 days	132 days	124 days

Source: Agence France Trésor



### Yield curve for French government securities

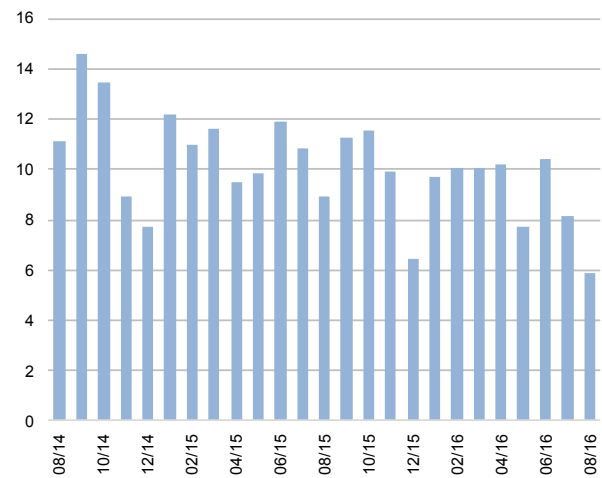
End-of-month value, %



Source: Bloomberg

### Average daily volume of medium- and long-term transactions

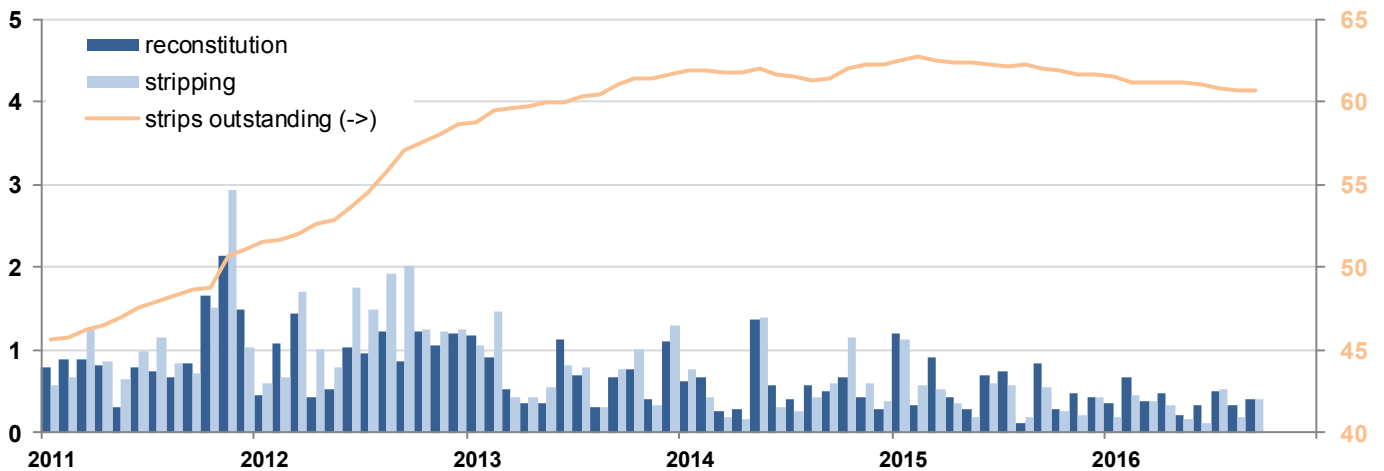
In € billion



Source: reporting by primary dealers in government securities, excluding flows arising from the Eurosystem public sector purchase programme.

### Total stripping and reconstitution

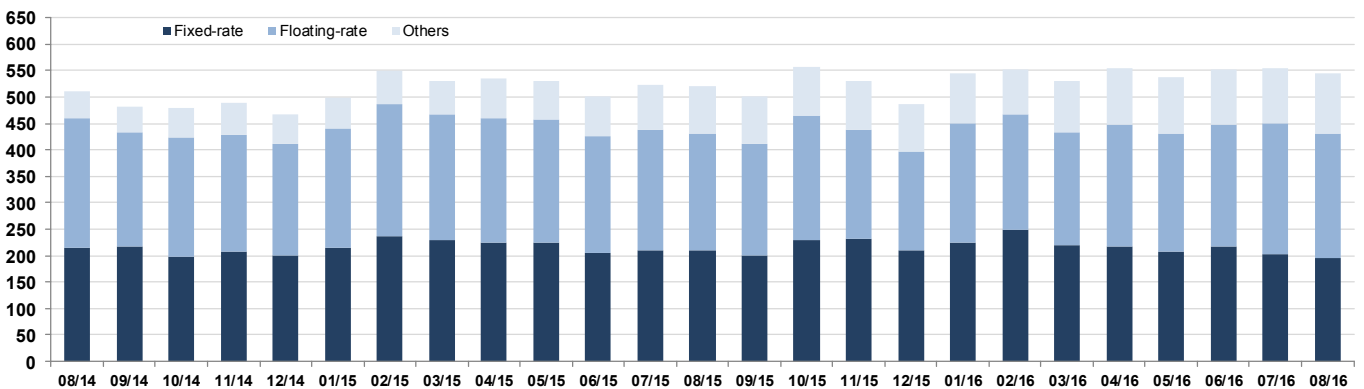
In € billion



Source: Euroclear

### Primary dealers, repo outstanding at end of month

In € billion



Source: reporting by primary dealers in government securities

### Short-term debt at 30 September 2016

	Maturity	Outstanding (€)
BTF	05 October 2016	7,311,000,000
BTF	12 October 2016	8,049,000,000
BTF	19 October 2016	7,190,000,000
BTF	26 October 2016	5,209,000,000
BTF	03 November 2016	6,702,000,000
BTF	09 November 2016	7,161,000,000
BTF	16 November 2016	6,102,000,000
BTF	23 November 2016	6,382,000,000
BTF	30 November 2016	6,676,000,000
BTF	07 December 2016	3,590,000,000
BTF	14 December 2016	6,885,000,000
BTF	21 December 2016	4,283,000,000
BTF	29 December 2016	3,495,000,000
BTF	04 January 2017	7,090,000,000
BTF	18 January 2017	4,172,000,000
BTF	01 February 2017	6,746,000,000
BTF	15 February 2017	6,545,000,000
BTF	01 March 2017	6,366,000,000
BTF	29 March 2017	6,135,000,000
BTF	26 April 2017	5,030,000,000
BTF	24 May 2017	4,972,000,000
BTF	21 June 2017	4,571,000,000
BTF	19 July 2017	3,979,000,000
BTF	17 August 2017	5,088,000,000
BTF	13 September 2017	3,023,000,000

### Medium- and long-term debt (maturing 2016–2019) at 30 September 2016

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
	<b>Maturity 2016</b>	<b>37,607,000,000</b>			
FR0000187361	OAT 5% 25 October 2016	26,204,000,000			220,517,000
FR0011857218	OAT 0.25% 25 November 2016	11,403,000,000			0
	<b>Maturity 2017</b>	<b>121,304,820,810</b>			
FR0120473253	BTAN 1.75% 25 February 2017	20,050,000,000			–
FR0010415331	OAT 3.75% 25 April 2017	27,697,000,000			0
FR0120746609	BTAN 1% 25 July 2017	20,018,000,000			–
FR0010235176	OATi 1% 25 July 2017	18,914,820,810 (1)	1.13623	16,647,000,000	0
FR0010517417	OAT 4.25% 25 October 2017	34,625,000,000			0
	<b>Maturity 2018</b>	<b>139,191,659,030</b>			
FR0012634558	OAT 0% 25 February 2018	18,667,000,000			0
FR0010604983	OAT 4% 25 April 2018	32,457,000,000			0
FR0011394345	OAT 1% 25 May 2018	23,162,000,000			0
FR0011237643	OAT€i 0.25% 25 July 2018	11,693,659,030 (1)	1.03879	11,257,000,000	0
FR0010670737	OAT 4.25% 25 October 2018	30,947,000,000			0
FR0011523257	OAT 1% 25 November 2018	22,265,000,000			0
	<b>Maturity 2019</b>	<b>159,463,519,246</b>			
FR0013101466	OAT 0% 25 février 2019	19,313,000,000			0
FR0000189151	OAT 4.25% 25 April 2019	31,478,000,000			0
FR0011708080	OAT 1% 25 May 2019	23,095,000,000			0
FR0010850032	OATi 1.3% 25 July 2019	12,553,229,800 (1)	1.06927	11,740,000,000	0
FR0000570921	OAT 8.5% 25 October 2019	8,844,392,893			5,456,385,100
FR0010776161	OAT 3.75% 25 October 2019	35,410,000,000			0
FR0011993179	OAT 0.5% 25 November 2019	28,737,000,000			0
FR0000570954	OAT cap. 9.82% 31 December 2019	32,896,553 (2)		6,692,154	–

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

(2) Including coupons capitalised at 31 December 2015; not open to subscription

Medium- and long-term debt (maturing in 2020 and beyond) at 30 September 2016

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
	<b>Maturity 2020</b>	<b>146,995,046,600</b>			
FR0010854182	OAT 3.5% 25 April 2020	37,927,000,000			0
FR0012557957	OAT 0% 25 May 2020	22,969,000,000			0
FR0010050559	OAT€i 2.25% 25 July 2020	24,755,046,600	(1) 1.21886	20,310,000,000	0
FR0010949651	OAT 2.5% 25 October 2020	36,562,000,000			0
FR0012968337	OAT 0.25% 25 November 2020	24,782,000,000			0
	<b>Maturity 2021</b>	<b>106,359,584,000</b>			
FR0013140035	OAT€i 0.1% 1 March 2021	4,082,000,000	(1) 0.99919	4,082,000,000	0
FR0010192997	OAT 3.75% 25 April 2021	37,837,000,000			0
FR0013157096	OAT 0% 25 May 2021	17,613,000,000			0
FR0011347046	OATi 0.1% 25 July 2021	6,936,584,000	(1) 1.01264	6,850,000,000	0
FR0011059088	OAT 3.25% 25 October 2021	39,891,000,000			0
	<b>Maturity 2022</b>	<b>91,337,549,360</b>			
FR0000571044	OAT 8.25% 25 April 2022	1,243,939,990			624,468,400
FR0011196856	OAT 3% 25 April 2022	40,615,000,000			0
FR0010899765	OAT€i 1.1% 25 July 2022	19,426,609,370	(1) 1.08353	17,929,000,000	0
FR0011337880	OAT 2.25% 25 October 2022	30,052,000,000			0
	<b>Maturity 2023</b>	<b>104,650,486,743</b>			
FR0000571085	OAT 8.5% 25 April 2023	10,606,195,903			5,479,400,200
FR0011486067	OAT 1.75% 25 May 2023	35,237,000,000			0
FR0010585901	OATi 2.1% 25 July 2023	15,622,290,840	(1) 1.10148	14,183,000,000	0
FR0010466938	OAT 4.25% 25 October 2023	43,185,000,000			459,585,000
	<b>Maturity 2024</b>	<b>76,448,210,520</b>			
FR0011619436	OAT 2.25% 25 May 2024	33,135,000,000			10,000,000
FR0011427848	OAT€i 0.25% 25 July 2024	13,078,210,520	(1) 1.01468	12,889,000,000	0
FR0011962398	OAT 1.75% 25 November 2024	30,235,000,000			46,000,000
	<b>Maturity 2025</b>	<b>91,337,240,118</b>			
FR0012558310	OATi 0.1% 1 March 2025	6,855,312,000	(1) 1.00400	6,828,000,000	0
FR0012517027	OAT 0.5% 25 May 2025	32,870,000,000			0
FR0000571150	OAT 6% 25 October 2025	26,039,928,118			3,138,464,400
FR0012938116	OAT 1% 25 November 2025	25,572,000,000			0
	<b>Maturity 2026</b>	<b>68,906,000,000</b>			
FR0010916924	OAT 3.5% 25 April 2026	35,814,000,000			157,013,000
FR0013131877	OAT 0.5% 25 May 2026	27,522,000,000			0
FR0013200813	OAT 0.25% 25 November 2026	5,570,000,000			0
	<b>Maturity 2027</b>	<b>49,192,033,920</b>			
FR0011008705	OAT€i 1.85% 25 July 2027	14,163,033,920	(1) 1.06778	13,264,000,000	0
FR0011317783	OAT 2.75% 25 October 2027	35,029,000,000			0
	<b>Maturity 2028</b>	<b>23,815,557</b>			
FR0000571226	OAT zero coupon 28 March 2028	23,815,557	(3)	46,232,603	-
	<b>Maturity 2029</b>	<b>40,059,345,079</b>			
FR0000571218	OAT 5.5% 25 April 2029	29,091,880,458			3,318,109,100
FR0000186413	OATi 3.4% 25 July 2029	10,967,464,621	(1) 1.25570	8,734,144,000	0
	<b>Maturity 2030</b>	<b>38,698,567,320</b>			
FR0011883966	OAT 2.5% 25 May 2030	31,023,000,000			0
FR0011982776	OAT€i 0.7% 25 July 2030	7,675,567,320	(1) 1.00164	7,663,000,000	0
	<b>Maturity 2031</b>	<b>20,581,000,000</b>			
FR0012993103	OAT 1.5% 25 May 2031	20,581,000,000			0
	<b>Maturity 2032 and later</b>	<b>201,300,060,760</b>			
FR0000188799	OAT€i 3.15% 25 July 2032	12,547,193,600	(1) 1.23496	10,160,000,000	0
FR0000187635	OAT 5.75% 25 October 2032	30,284,322,600			11,019,157,400
FR0010070060	OAT 4.75% 25 April 2035	26,678,000,000			5,094,167,000
FR0013154044	OAT 1.25% 25 May 2036	11,155,000,000			0
FR0010371401	OAT 4% 25 October 2038	26,534,000,000			4,849,211,400
FR0010447367	OAT€i 1.8% 25 July 2040	12,567,544,560	(1) 1.14396	10,986,000,000	0
FR0010773192	OAT 4.5% 25 April 2041	29,290,000,000			7,152,039,000
FR0011461037	OAT 3.25% 25 May 2045	22,400,000,000			533,600,000
FR0010171975	OAT 4% 25 April 2055	14,926,000,000			7,328,088,000
FR0010870956	OAT 4% 25 April 2060	11,918,000,000			5,721,784,100
FR0013154028	OAT 1.75% 25 May 2066	3,000,000,000			53,000,000

(1) face value x indexation coefficient (face value if coefficient < 1)  
(3) Revised on 28 March 2016; not open to subscription

### Most recent economic indicators

Industrial output, year-on-year	-0.3%	Aug. 2016
Household consumption*, year-on-year	1.2%	Sep. 2016
Unemployment rate (ILO)	9.9%	Jun. 2016
Consumer prices, year-on-year		
all items	0.4%	Sep. 2016
all items excluding tobacco	0.4%	Sep. 2016
Trade balance, fob-fob, sa (€bn)	-€4.3bn	Aug. 2016
" "	-€4.3bn	Jul. 2016
Current account balance, sa (€bn)	-€2.1bn	Aug. 2016
" "	-€2.9bn	Jul. 2016
10-year constant maturity rate (TEC10)	0.31%	26 Oct. 2016
3-month interest rate (Euribor)	-0.31%	26 Oct. 2016
EUR / USD	1.0922	28 Oct. 2016
EUR / JPY	115.10	28 Oct. 2016

\* manufactured products

Sources: Insee, Minefi, Banque de France

### Monthly government budget position

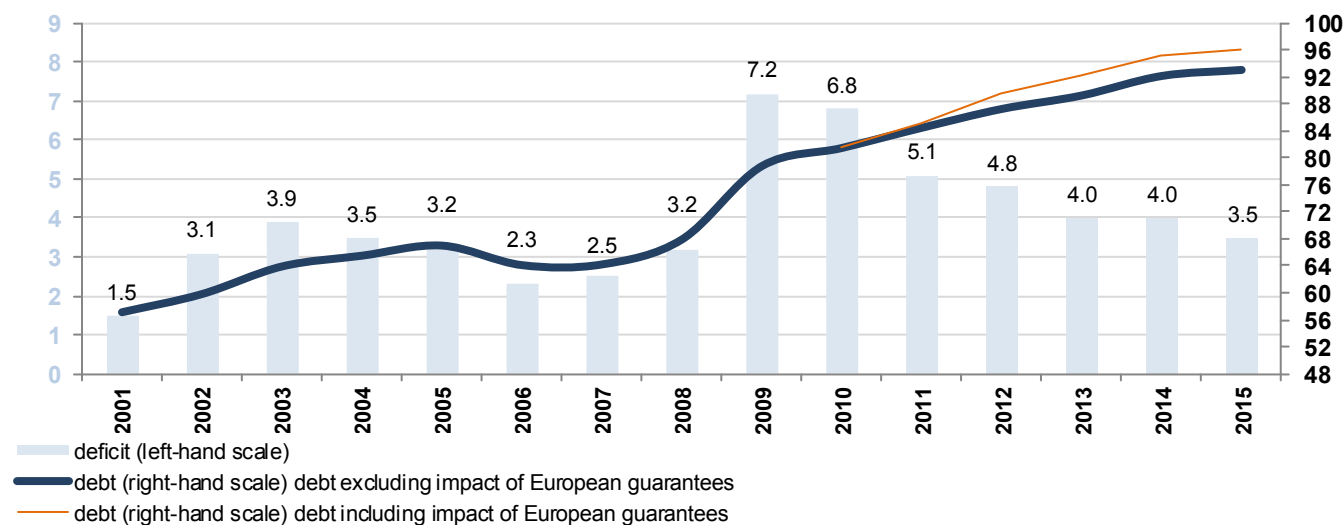
In € billion

	2014	2015	end of August level		
			2014	2015	2016
General budget balance	-85.71	-72.15	-67.77	-60.77	-59.84
revenue	291.95	299.66	186.14	189.17	192.66
expenditure	377.66	371.80	253.90	249.95	252.50
Balance of special Treasury accounts	0.16	1.62	-26.31	-28.88	-36.21
<b>General budget outturn</b>	<b>-85.56</b>	<b>-70.52</b>	<b>-94.08</b>	<b>-89.65</b>	<b>-96.04</b>

Source: Minefi

### Public finances: deficit and debt

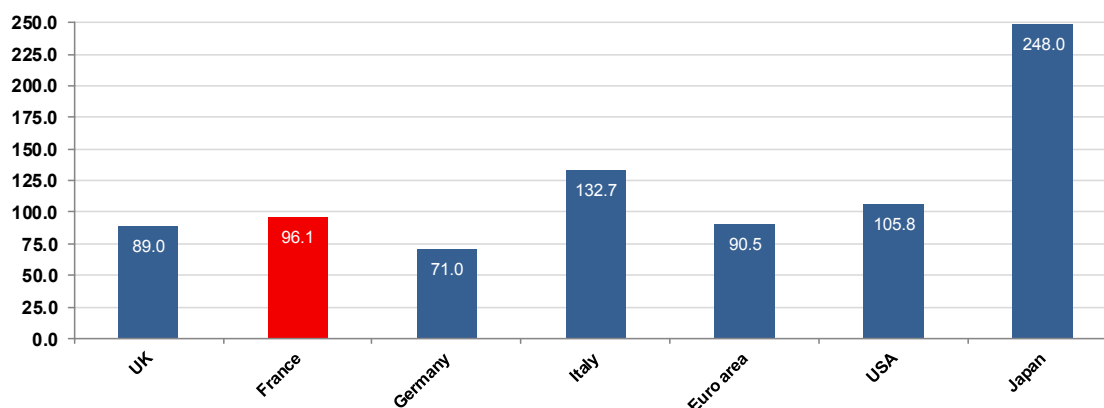
As % of GDP



Source: Eurostat, Insee

### General government debt in 2015

As % of GDP



Sources: Eurostat (2016), IMF (2016), Insee (2016)



## French economic indicators: timetable

November 2016		December 2016	
8	Industrial investments: October 2016 survey	7	Foreign trade by value in October
8	Foreign trade by value September	7	Balance of payments in October
8	Balance of payments in September	8	Payroll employment: Q3-2016
10	Industrial production: September index	9	Industrial production: October index
10	Payroll employment: provisional results Q3-2016	14	Consumer prices: November index
15	Consumer prices: October index	15	Net international reserves in November
15	Net international reserves in October	16	Inflation (HICP): November index
17	Inflation (HICP): October index	16	Monthly business survey (goods-producing industries) in December
24	Monthly business survey (goods-producing industries) in November	21	Industrial producer and import price: november indices
24	Job seekers in October	23	Debt of the general government according to Maastricht definition - Q3-2016
25	Consumer confidence survey: November survey	23	Household consumption expenditure on goods in November
29	Quarterly national accounts: second estimate Q3-2016	23	Quarterly national accounts: final results Q3-2016
29	Housing starts in October	23	Housing starts in November
29	Household consumption expenditure on goods in October	26	Job seekers in November
30	Industrial producer and import price: October indices		

Sources: Insee, Eurostat