

<b>News at Agence France Trésor</b>  <i>page 1</i>	<b>Economic news</b>  <i>page 2</i>	<b>General debt-related data</b>  <i>page 3</i>	<b>Secondary market</b>  <i>page 5</i>	<b>Negotiable government debt</b>  <i>page 6</i>	<b>The French economy and international comparisons</b>  <i>page 8</i>
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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**

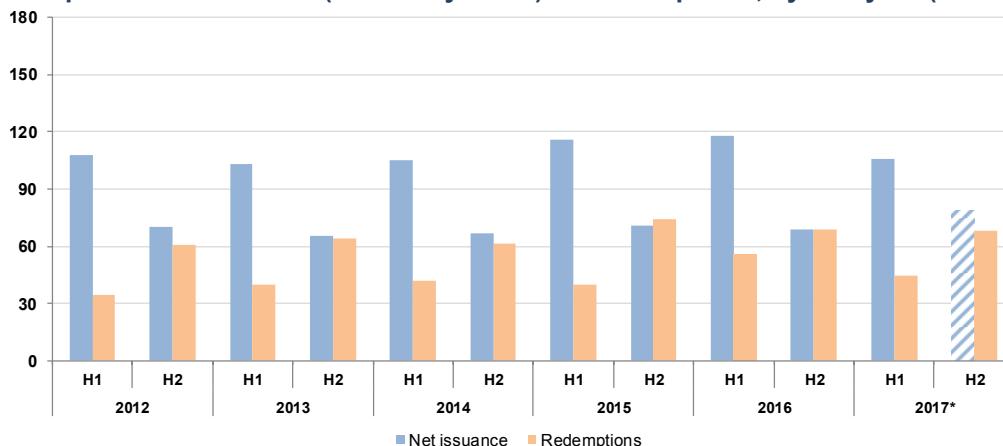
## The seasonal effect in the quarterly public debt ratio

According to the latest data from Insee, French public debt stood at €2,231.7 billion, i.e. 99.2% of GDP, as of 30 June 2017. This represents an increase of €22.0 billion compared to the end of the first quarter.

The public debt ratio, expressed as a percentage of GDP, typically peaks at the end of the first half before declining in the second half of the year. This seasonal effect is notably attributable to the auction and redemption calendars for central government debt.

Consistent with Agence France Trésor's strategy, government debt is issued on a steady basis. Each month features two auctions of medium-term and long-term debt, with the exceptions of August and December, when only one such auction is held at most and it is optional, depending on market demand. Accordingly, the amount of gross medium- and long-term issuances is generally higher in the first half of the year than the second. Moreover, redemptions are higher in the second half of the year than the first (see chart below). Overall, the central government debt in euro terms increases only slightly, or even decreases, over the second half of the year. Incidentally, this seasonal profile is adapted to the financing requirement of the French State, whose deficit is higher in the first half than in the second.

**Comparison of issuance (net of buybacks) vs. redemptions, by half-year (in €bn)**



\* projection for the second half, assuming €185bn in issuances net of buybacks for the full year, in compliance with the 2017 financing programme

Source: AFT.

Public debt, three-quarters of which is made up of negotiable debt securities, therefore tends to rise sharply over the first half of the year before being more stable in the second half. This trend is likely to hold true in 2017, as shown in the chart above.

In parallel, as economic activity measured by GDP continues to expand due to inflation and real economic growth, the public debt ratio tends to decline in the second half.

Thus, the public debt ratio peaked at the end of the second quarter. In 2017, this ratio came to 99.2% at the end of the second quarter, and is expected to decrease to 96.8% at end December.

## France's economic policy strategy

Excerpts from the 2018 DBP – Directorate General of the Treasury



### The four main pillars of France's economic policy strategy

The French government has launched a programme to transform France's economic and social model. This programme is underpinned by four main pillars:

- i. **free up** activity through **structural reform of the labour market**, a **reduction in the tax burden**, and **streamlining the business environment**;
- ii. **invest** in both **private-sector innovation** and in the **public sector**, via an **investment plan** for future growth aimed at transforming our industrial fabric and creating a new growth model;
- iii. **protect** our citizens and share opportunities in order to strengthen **social inclusion** and to tackle the **geographic divide**, by revamping our social model and forging new kinds of social protection adapted to today's economy;
- iv. **return our public finances to a sound footing** and modernise government action.

### Economic outlook: overview

**After reaching 1.1% in 2016, growth is expected to increase markedly to 1.7% in both 2017 and 2018. This deliberately conservative growth scenario is close to recent projections by other forecasters (international organisations and Consensus Forecasts).** The ongoing recovery in the euro area and, more generally, the upswing in world demand for French exports should help boost economic activity in France. The ECB's monetary policy is expected to remain accommodative, which would support both household and business investment. Positive developments on the labour market, with nearly 300,000 new jobs created over the last year, the upswing in corporate margins since 2013, and renewed household and business optimism (as visible in confidence surveys) are expected to support private domestic demand. After regaining momentum in 2016, household investment in construction is expected to continue on its upward path over the forecast period, with building permits reaching levels close to those recorded in 2010 and 2011. Economic conditions are marked by the sluggish increase in prices, which should rise by 1.0% in 2017 and 1.1% in 2018, after +0.2% in 2016. **In the medium term, public finance projections assume growth of 1.7% p.a. over 2019-2021, then 1.8% in 2022.** This projection in turn assumes potential growth of 1.25% p.a. over 2017-2020, 1.3% in 2021 and 1.35% in 2022.

### Fiscal strategy

**The government intends to ensure fiscal sustainability and live up to its European commitments, with a deficit of less than 3% of GDP in 2017 and shrinking gradually after that until 2022.** The government's forceful consolidation measures in 2017 should bring the deficit down to less than 3% of GDP. The **headline deficit** is expected to fall from 3.4% of GDP in 2016 to **2.9% in 2017 and 2.6% in 2018**, as economic conditions continue to brighten. Containment of general government expenditure will make tax cuts possible to boost employment, purchasing power, investment and the competitiveness of French businesses, thereby raising the long-term growth rate of our economy. **In the medium term**, public finances sustainability should be achieved while ring-fencing "investments for the future" that will boost potential growth. Thus, the government is implementing a strategy with the following five objectives by 2022:

- cut the headline deficit by 2.7 percentage points to 0.2% of GDP;
- reduce aggregate tax and social security contributions by 1.1 percentage points to 43.6% of GDP;
- lower the ratio of government expenditure to GDP by 3.7 percentage points (excluding tax credits) to 50.9% of GDP;
- decrease the debt-to-GDP ratio by 5.4 percentage points to 91.4% of GDP;
- review government functions and public expenditure, overhauling governance and budget monitoring tools, with the aim of streamlining local government expenditure and the government wage bill, as well as improving multiyear planning of expenditure.

To consult the RESF mentioned in this article, please visit the website of the Directorate General of the Treasury: <https://www.tresor.economie.gouv.fr/Ressources/Rapport-economique-social-et-financier> (French Version only). To consult the DBP mentioned in this article, please visit the website of the European Commission: [https://ec.europa.eu/info/sites/info/files/2018\\_dbp\\_fr\\_en.pdf](https://ec.europa.eu/info/sites/info/files/2018_dbp_fr_en.pdf).



Indicative auction schedule

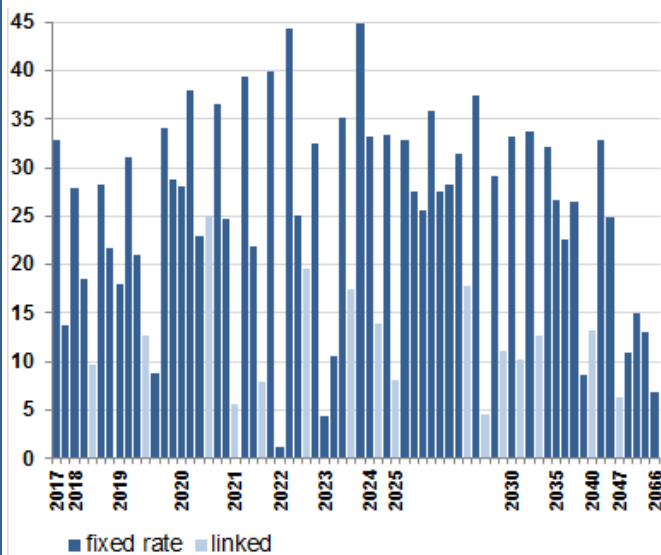
		Short-term				Medium-term	Long-term	Index-linked
November 2017	auction date	6	13	20	27	16	2	16
	settlement date	8	15	22	29	20	6	20
December 2017	auction date	4	11	18	27	7	7	7
	settlement date	6	13	20	28	11	11	11

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

Source: Agence France Trésor

Medium- and long-term negotiable government debt at 30 September 2017

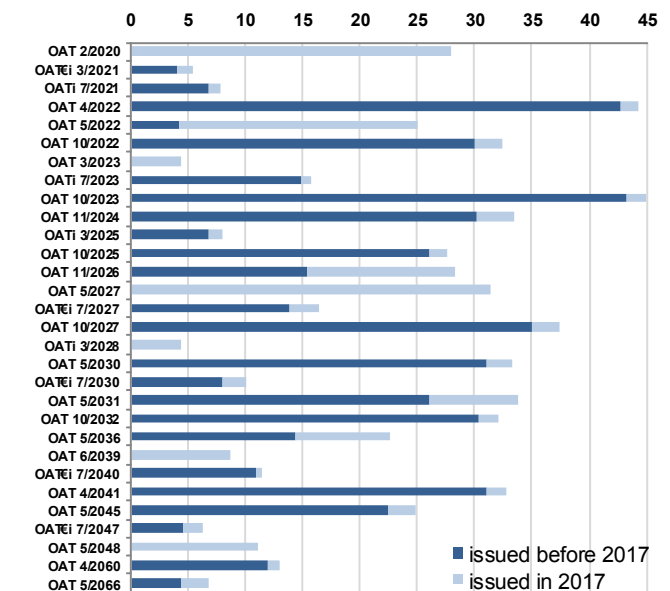
Nominal value of each line, in € billion



Source: Agence France Trésor

Medium- and long-term: securities issued during the year and total issuance at 30 September 2017

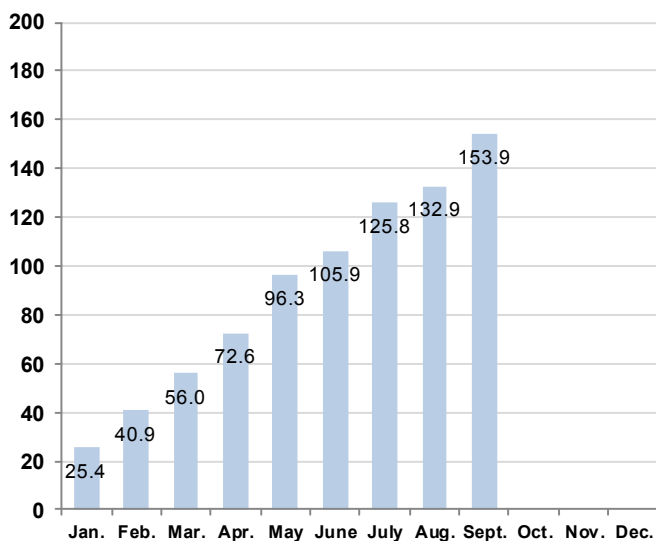
In € billion



Source: Agence France Trésor

Issuance net of buybacks at 30 September 2017

In € billion



Source: Agence France Trésor

Medium- and long-term: provisional maturity schedule at 30 September 2017

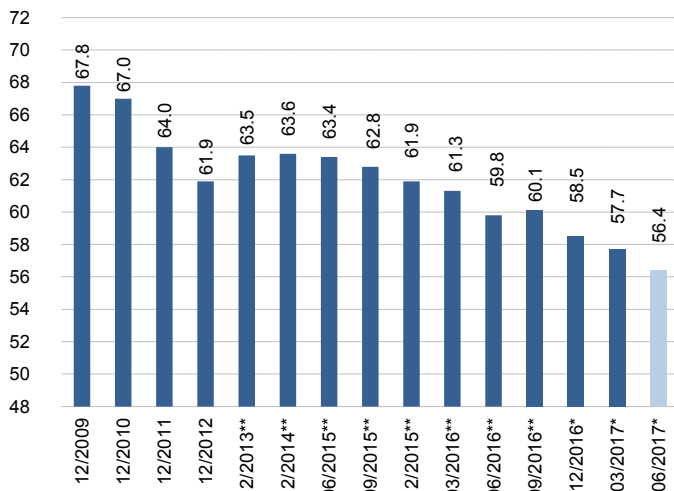
In € billion

Month	Coupon	Redemption
Oct-17	15.1	32.8
Nov-17	1.3	
Dec-17		
Jan-18		
Feb-18		13.7
Mar-18	0.0	
Apr-18	14.3	28.0
May-18	5.1	18.6
Jun-18	0.2	
Jul-18	2.9	9.9
Aug-18		
Sep-18	13.7	28.2

Source: Agence France Trésor

### Non-resident holders of negotiable government debt in second quarter of 2017

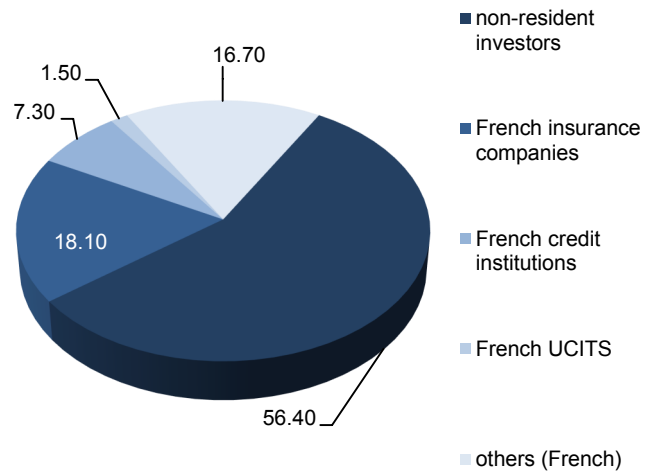
As a % of negotiable debt outstanding expressed in market value



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

### Negotiable government debt by group of holders in second quarter of 2017

Structure in % expressed in market value



Source: Banque de France

### Negotiable government debt at 30 September 2017

In euros

Total medium- and long-term debt	1,559,773,373,362
Total stripping activity	62,230,534,700
Average maturity	8 years and 141 days
Total short-term debt	144,077,000,000
Average maturity	108 days
<b>TOTAL OUTSTANDING</b>	<b>1,703,850,373,362</b>
<b>Average maturity</b>	<b>7 years and 257 days</b>

Source: Agence France Trésor

### Negotiable government debt and interest rate swaps at 30 September 2017

In € billion

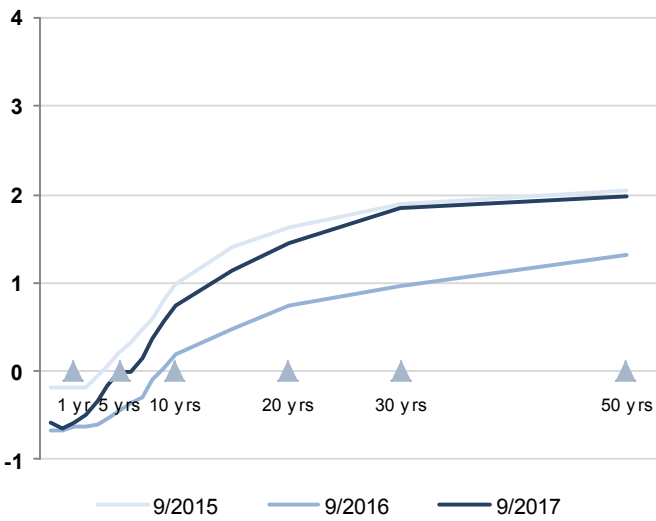
	End 2014	End 2015	End 2016	End August 2017	End Sept. 2017
<b>Negotiable government debt outstanding</b>	<b>1,528</b>	<b>1,576</b>	<b>1,621</b>	<b>1,687</b>	<b>1,704</b>
of which index-linked securities	189	190	200	195	196
Medium- and long-term	1,352	1,424	1,487	1,540	1,560
short-term	175	153	134	148	144
<b>Swaps outstanding</b>	<b>6</b>	<b>6</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Average maturity of the negotiable debt</b>					
before swaps	6 years 363 days	7 years 47 days	7 years 195 days	7 years 260 days	7 years 257 days
after swaps	6 years 362 days	7 years 47 days	7 years 195 days	7 years 260 days	7 years 257 days

Source: Agence France Trésor



### Yield curve for French government securities

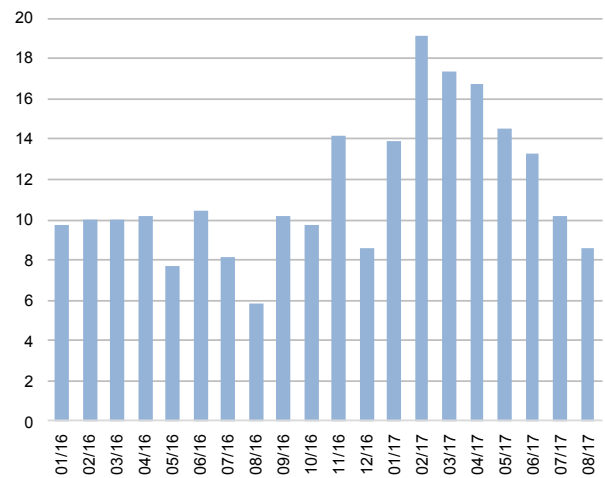
End-of-month value, %



Source: Bloomberg

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

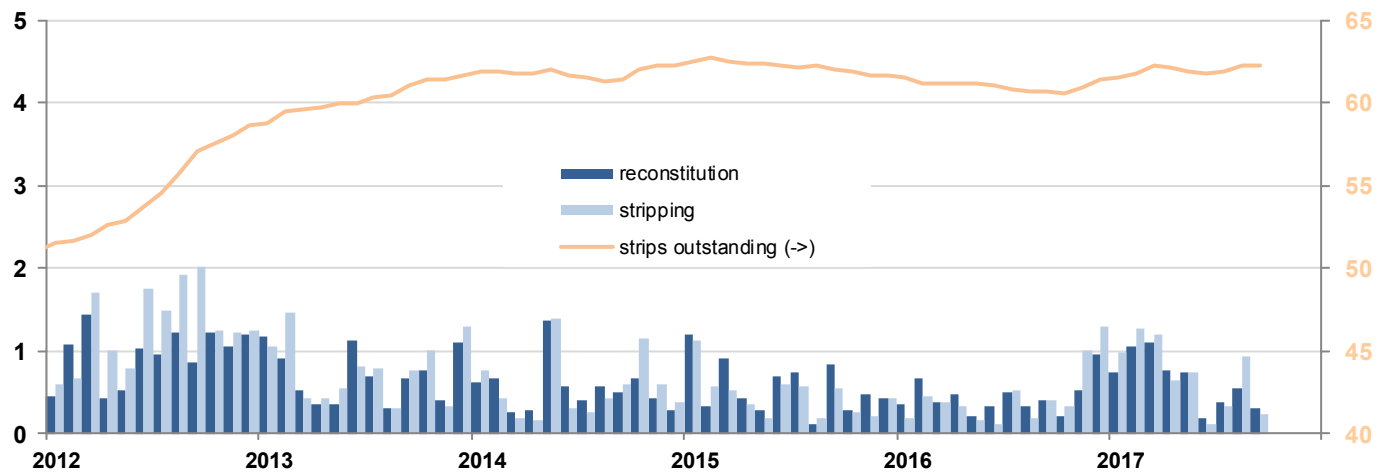
In € billion



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

### Total stripping and reconstitution

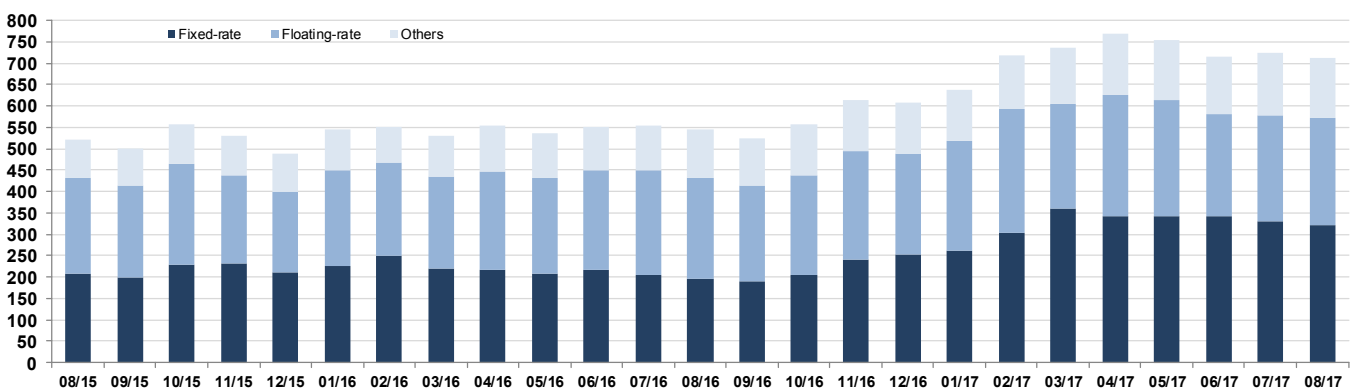
In € billion



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 2017

	Maturity	Outstanding (€)
BTF	04 October 2017	6,780,000,000
BTF	11 October 2017	6,152,000,000
BTF	18 October 2017	7,427,000,000
BTF	25 October 2017	6,991,000,000
BTF	01 November 2017	6,960,000,000
BTF	08 November 2017	6,440,000,000
BTF	15 November 2017	6,446,000,000
BTF	22 November 2017	6,091,000,000
BTF	29 November 2017	6,316,000,000
BTF	06 December 2017	8,412,000,000
BTF	13 December 2017	5,886,000,000
BTF	20 December 2017	6,139,000,000
BTF	28 December 2017	2,994,000,000
BTF	17 January 2018	5,974,000,000
BTF	31 January 2018	7,467,000,000
BTF	14 February 2018	6,309,000,000
BTF	28 February 2018	7,133,000,000
BTF	28 March 2018	6,272,000,000
BTF	25 April 2018	5,795,000,000
BTF	24 May 2018	6,928,000,000
BTF	20 June 2018	5,497,000,000
BTF	18 July 2018	3,632,000,000
BTF	15 August 2018	4,089,000,000
BTF	12 September 2018	1,947,000,000

### Medium- and long-term debt (maturing 2017-2020) at 30 September 2017

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
	<b>Maturity 2017</b>	<b>32,840,000,000</b>			
FR0010517417	OAT 4.25% 25 October 2017	32,840,000,000			0
	<b>Maturity 2018</b>	<b>119,911,753,060</b>			
FR0012634558	OAT 0% 25 February 2018	13,734,000,000			0
FR0010604983	OAT 4% 25 April 2018	27,957,000,000			0
FR0011394345	OAT 1% 25 May 2018	18,591,000,000			0
FR0011237643	OAT€i 0.25% 25 July 2018	9,702,753,060 (1)	1.05196	9,223,500,000	0
FR0010670737	OAT 4.25% 25 October 2018	28,172,000,000			0
FR0011523257	OAT 1% 25 November 2018	21,755,000,000			20,000,000
	<b>Maturity 2019</b>	<b>154,466,864,688</b>			
FR0013101466	OAT 0% 25 February 2019	18,023,000,000			0
FR0000189151	OAT 4.25% 25 April 2019	31,028,000,000			0
FR0011708080	OAT 1% 25 May 2019	20,985,000,000			0
FR0010850032	OATi 1.3% 25 July 2019	12,638,344,800 (1)	1.07652	11,740,000,000	0
FR0000570921	OAT 8.5% 25 October 2019	8,844,392,893			5,460,585,100
FR0010776161	OAT 3.75% 25 October 2019	34,175,000,000			0
FR0011993179	OAT 0.5% 25 November 2019	28,737,000,000			0
FR0000570954	OAT cap. 9.82% 31 December 2019	36,126,995 (2)		6,692,154	-
	<b>Maturity 2020</b>	<b>175,317,836,100</b>			
FR0013232485	OAT 0% 25 February 2020	28,009,000,000			0
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	25,068,836,100 (1)	1.23431	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

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

(2) Including coupons capitalised at 31 December 2016; not open to subscription



Medium- and long-term debt (maturing in 2021 and beyond) at 30 September 2017

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
	<b>Maturity 2021</b>	<b>114,573,879,320</b>			
FR0013140035	OAT€i 0.1% 1 March 2021	5,526,779,320	(1)	5,462,000,000	0
FR0010192997	OAT 3.75% 25 April 2021	39,352,000,000			0
FR0013157096	OAT 0% 25 May 2021	21,852,000,000			0
FR0011347046	OATi 0.1% 25 July 2021	7,952,100,000	(1)	7,800,000,000	0
FR0011059088	OAT 3.25% 25 October 2021	39,891,000,000			0
	<b>Maturity 2022</b>	<b>122,825,893,820</b>			
FR0000571044	OAT 8.25% 25 April 2022	1,243,939,990			380,708,400
FR0011196856	OAT 3% 25 April 2022	44,359,000,000			0
FR0013219177	OAT 0% 25 May 2022	25,105,000,000			0
FR0010899765	OAT€i 1.1% 25 July 2022	19,672,953,830	(1)	17,929,000,000	0
FR0011337880	OAT 2.25% 25 October 2022	32,445,000,000			0
	<b>Maturity 2023</b>	<b>112,504,166,153</b>			
FR0013283686	OAT 0% 25 March 2023	4,338,000,000			0
FR0000571085	OAT 8.5% 25 April 2023	10,606,195,903			5,369,565,200
FR0011486067	OAT 1.75% 25 May 2023	35,237,000,000			0
FR0010585901	OATi 2.1% 25 July 2023	17,404,970,250	(1)	15,695,000,000	0
FR0010466938	OAT 4.25% 25 October 2023	44,918,000,000			420,585,000
	<b>Maturity 2024</b>	<b>80,529,039,720</b>			
FR0011619436	OAT 2.25% 25 May 2024	33,135,000,000			0
FR0011427848	OAT€i 0.25% 25 July 2024	13,993,039,720	(1)	13,618,000,000	0
FR0011962398	OAT 1.75% 25 November 2024	33,401,000,000			46,000,000
	<b>Maturity 2025</b>	<b>94,060,507,318</b>			
FR0012558310	OATi 0.1% 1 March 2025	8,009,579,200	(1)	7,924,000,000	0
FR0012517027	OAT 0.5% 25 May 2025	32,870,000,000			0
FR0000571150	OAT 6% 25 October 2025	27,608,928,118			2,887,664,400
FR0012938116	OAT 1% 25 November 2025	25,572,000,000			0
	<b>Maturity 2026</b>	<b>91,560,000,000</b>			
FR0010916924	OAT 3.5% 25 April 2026	35,814,000,000			0
FR0013131877	OAT 0.5% 25 May 2026	27,522,000,000			0
FR0013200813	OAT 0.25% 25 November 2026	28,224,000,000			0
	<b>Maturity 2027</b>	<b>86,751,105,280</b>			
FR0013250560	OAT 1% 25 May 2027	31,451,000,000			0
FR0011008705	OAT€i 1.85% 25 July 2027	17,846,105,280	(1)	16,504,000,000	0
FR0011317783	OAT 2.75% 25 October 2027	37,454,000,000			47,043,600
	<b>Maturity 2028</b>	<b>4,526,853,440</b>			
FR0013238268	OATi 0.1% 1 March 2028	4,501,684,320	(1)	4,461,000,000	0
FR0000571226	OAT zero coupon 28 March 2028	25,169,120	(3)	46,232,603	-
	<b>Maturity 2029</b>	<b>40,133,585,303</b>			
FR0000571218	OAT 5.5% 25 April 2029	29,091,880,458			3,176,946,100
FR0000186413	OATi 3.4% 25 July 2029	11,041,704,845	(1)	8,734,144,000	0
	<b>Maturity 2030</b>	<b>43,470,077,780</b>			
FR0011883966	OAT 2.5% 25 May 2030	33,208,000,000			0
FR0011982776	OAT€i 0.7% 25 July 2030	10,262,077,780	(1)	10,117,000,000	0
	<b>Maturity 2031</b>	<b>33,749,000,000</b>			
FR0012993103	OAT 1.5% 25 May 2031	33,749,000,000			98,000,000
	<b>Maturity 2032</b>	<b>44,868,520,200</b>			
FR0000188799	OAT€i 3.15% 25 July 2032	12,706,197,600	(1)	10,160,000,000	0
FR0000187635	OAT 5.75% 25 October 2032	32,162,322,600			11,405,157,400
	<b>Maturity 2033 and later</b>	<b>207,684,291,180</b>			
FR0010070060	OAT 4.75% 25 April 2035	26,678,000,000			4,954,937,000
FR0013154044	OAT 1.25% 25 May 2036	22,657,000,000			0
FR0010371401	OAT 4% 25 October 2038	26,534,000,000			4,878,711,400
FR0013234333	OAT 1.75% 25 June 2039	8,632,000,000			0
FR0010447367	OAT€i 1.8% 25 July 2040	13,291,011,580	(1)	11,473,000,000	0
FR0010773192	OAT 4.5% 25 April 2041	32,780,000,000			7,305,039,000
FR0011461037	OAT 3.25% 25 May 2045	24,908,000,000			1,168,100,000
FR0013209871	OAT€i 0.1% 25 July 2047	6,372,279,600	(1)	6,312,000,000	0
FR0013257524	OAT 2% 25 May 2048	11,006,000,000			176,500,000
FR0010171975	OAT 4% 25 April 2055	14,926,000,000			7,635,988,000
FR0010870956	OAT 4% 25 April 2060	13,055,000,000			6,635,904,100
FR0013154028	OAT 1.75% 25 May 2066	6,845,000,000			163,100,000

(1) face value x indexation coefficient (face value if coefficient < 1)  
(3) Revised on 28 March 2017; not open to subscription



### Most recent economic indicators

Industrial output, year-on-year	1.1%	Aug. 2017
Household consumption*, year-on-year	1.3%	Aug. 2017
Unemployment rate (ILO)	9.5%	Q2-2017
Consumer prices, year-on-year		
all items	1.0%	Sep. 2017
all items excluding tobacco	0.9%	Sep. 2017
Trade balance, fob-fob, sa (€bn)	-€4.5bn	Aug. 2017
" "	-€5.9bn	Jul. 2017
Current account balance, sa (€bn)	-€1.5bn	Aug. 2017
" "	-€4.3bn	Jul. 2017
10-year constant maturity rate (TEC10)	0.68%	27 Oct. 2017
3-month interest rate (Euribor)	-0.33%	27 Oct. 2017
EUR / USD	1.16	27 Oct. 2017
EUR / JPY	132.52	27 Oct. 2017

\* manufactured products

Sources: Insee, Minefi, Banque de France

### Monthly government budget position

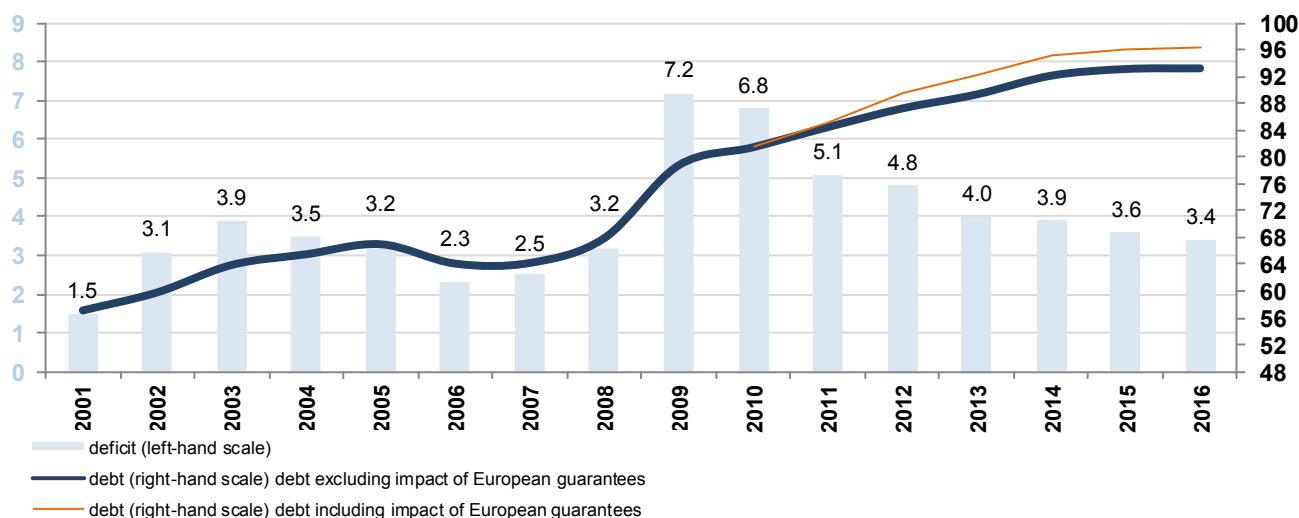
In € billion

	2015	2016	end of August level		
			2015	2016	2017
General budget balance	-72.15	-75.85	-60.77	-59.84	-60.89
revenue	299.66	303.97	189.17	192.66	201.50
expenditure	371.81	379.82	249.95	252.50	262.39
Balance of special Treasury accounts	1.62	6.80	-28.88	-36.21	-32.11
<b>General budget outturn</b>	<b>-70.53</b>	<b>-69.06</b>	<b>-89.65</b>	<b>-96.05</b>	<b>-93.00</b>

Source: Minefi

### Public finances: deficit and debt

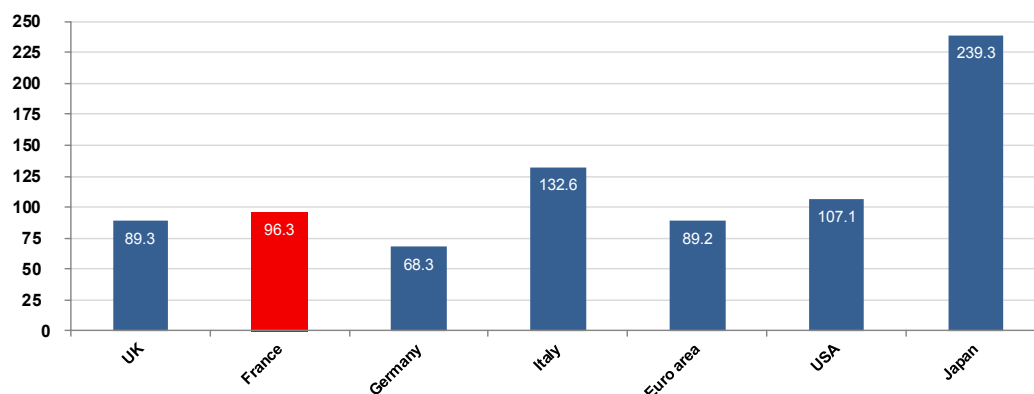
As % of GDP



Source: Eurostat, Insee

### General government debt in 2016

As % of GDP



Sources: Eurostat, IMF, Insee



## French economic indicators: timetable

November 2017		December 2017	
7	Industrial investments: October survey	7	Balance of payments in October
8	Foreign trade by value in September	7	Foreign trade by value in October
8	Balance of payments in September	8	Industrial production: October index
10	Flash estimate of payroll employment: Q3-2017	14	Consumer prices: November index
10	Industrial production: September index	15	Net international reserves in November
15	Consumer prices: October index	18	Inflation (HICP): November index
15	Net international reserves in October	21	Monthly business survey (goods-producing industries) in December
16	Inflation (HICP): October index	22	Industrial producer and import price: November indices
16	Job seekers Q3-2017 (ILO)	22	Debt of the general government according to Maastricht definition Q3-2017
23	Monthly business survey (goods-producing industries) in November	22	Quarterly national accounts: final results Q3-2017
24	Job seekers in October	22	Household consumption expenditure on goods in November
28	Consumer confidence survey: November survey	27	Job seekers in November
28	Housing starts in October	28	Housing starts in November
29	Household consumption expenditure on goods in October		
29	Quarterly national accounts: second estimate Q3-2017		
30	Industrial producer and import price: October indices		

Sources: Insee, Eurostat

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