

Publication manager: Anthony Requin

Editor: Agence France Trésor

Available in French and in English

<http://www.aft.gouv.fr> • Bloomberg TREX<GO> • Reuters <TRESOR>

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

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

French debt and quantitative easing in the euro area

Since the launch of the Public Sector Purchase Programme (PSPP) by national central banks in the euro area, AFT has relied on the strengths of its issuance strategy to ensure smooth functioning of the French debt market.

The European Central Bank (ECB) and the national central banks launched the Public Sector Purchase Programme on 9 March 2015 following approval by the ECB Governing Council on 22 January 2015. Daily average purchases stood at €3.3bn on 20 March 2015. As of 24 March 2015, Banque de France had purchased €5.7bn in French government securities. Sovereign yields in the euro area have plunged to historic lows; the May 2025 OAT, for example, was trading at 0.44% at closing on 20 March 2015, having lost more than 20 basis points compared to the opening rate on 9 March.

Implementation of the PSPP also implies strong demand from the Eurosystem, with €60bn in securities purchases each month in all maturities from 2 to 30 years. For France, this represents estimated monthly purchases of €8bn to €9bn. Under the circumstances, AFT is taking special care to maintain a high level of liquidity for its debt over the entire yield curve. In keeping with its transparent and flexible issuance strategy, AFT adjusts issuance to market demand as near as possible to the auction dates, after consulting with the nineteen primary dealers. More specifically, it may tap existing securities, including benchmark and off-the-run, if necessary. Since the beginning of the year, AFT has auctioned 18 medium-term and long-term securities, tapping 10 benchmark securities and reopening 8 off-the-run securities. AFT has also responded to requests for longer maturities from investors seeking higher yields in an environment of low short-term and medium-term yields.

AFT's flexible issuance strategy can also be seen in the broadening of the maturities issued at auctions of medium-term securities on the third Thursday of each month. These auctions now feature maturities from 2 to 7 years and not just 2 to 5 years. For the first time, AFT issued bonds with maturities of 6 and 7 years at such auctions in January and in March. The demand for these issues was sustained, making it possible to sell securities with these maturities for historically low yields.

AFT is also focused on the French debt repo market, which increases the liquidity of securities and improves the functioning of the secondary market. In the same vein, the Eurosystem has committed itself to boosting liquidity by establishing a securities lending facility for the duration of its asset purchase programme.

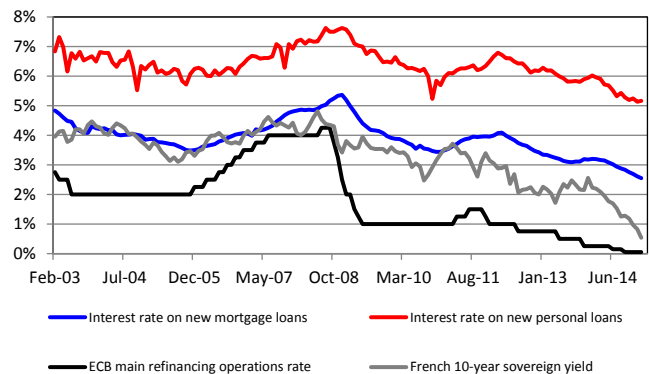
Historically low sovereign yields and their impact on the real economy

On 20 March 2015, France's 10-year yield hit a historic low of 0.44%, compared to more than 2% in January 2014. Several factors explain this spectacular drop, which has been seen in all of the other euro-area countries as well. These factors include a steadier outlook for growth that will still be moderate compared to the long-run average, the international economic climate, where lower inflation in most developed countries, despite accommodative monetary policies, is continuing to hold American, British and Japanese long-term yields down, and, most importantly, the ECB's implementation of unconventional monetary policy measures to purchase assets. These measures were officially announced on 22 January, but the markets had been expecting them for several months.

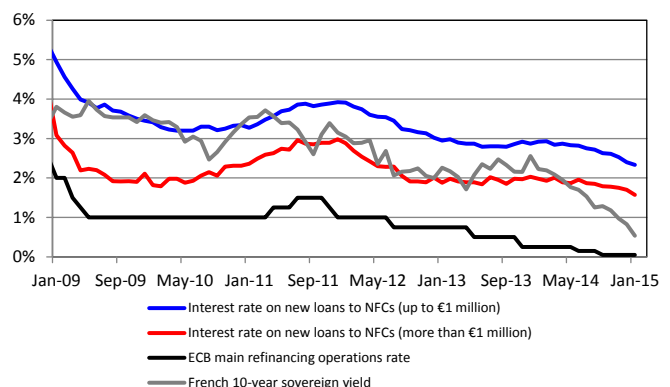
The ECB is showing its determination to attain its target of 2% inflation in the medium term by means of a liquidity injection to stimulate demand. It will achieve this through monthly purchases of €60bn in covered bank bonds, asset-backed securities and, most importantly, government bonds. The purchases will be proportionate to the euro-area central banks' shares in the ECB's capital. As it is, the ECB's key interest rates are already at their lowest (main refinancing operations rate at 0.05%, deposit facility rate at -0.20% and the marginal lending facility rate at 0.30%). The stimulus will work through two main channels: foreign exchange rates and interest rates.

Lower interest rates stimulate demand by making credit cheaper, whether it is used for investment, consumption or cash loans. Therefore, lower interest rates have an impact in the short term, but they can also have a medium-term impact, by making it possible to increase the economy's production capacities.

Interest rates on new mortgages and personal loans have declined steadily since 2011 to reach historic lows of 2.55% and 5.16% respectively in December 2014. These low rates helped maintain healthy lending rates. In December 2014, mortgage loans granted had increased by 2.2% year-on-year, while personal loans had grown by 2.1%.



The decline in interest rates on new loans to non-financial corporations was mainly seen in the second half of 2014, with rates of 1.6% on loans of more than €1 million and 2.3% on loans of less than €1 million (mainly loans to SMEs). Once again, corporate lending is still showing strong growth with loans for capital expenditure posting year-on-year growth of 2.4%.



The ECB's monetary policy and lower long-term sovereign yields do have a positive effect on the real economy through the lower interest rates granted on loans to private borrowers which help to underpin domestic demand. In view of the low levels of household and corporate debt in France compared to other countries, this situation could have a positive impact in 2015 and boost the rebound in growth.

Indicative auction schedule

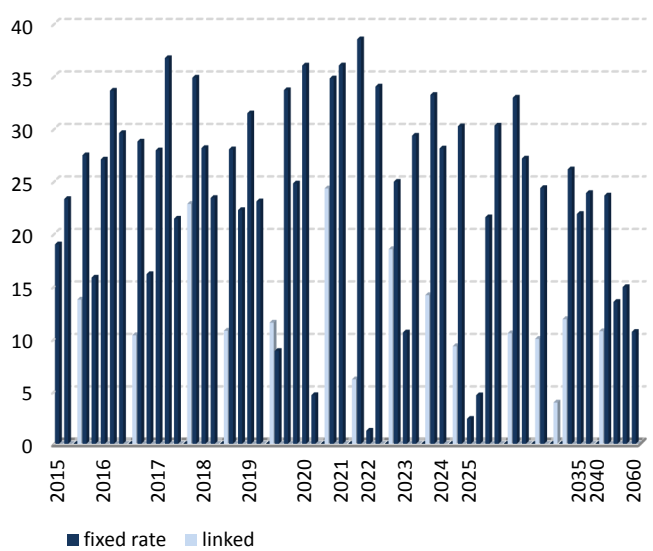
		Short-term				Medium-term	Long-term	Index-linked
April 2015	auction date	7	13	20	27	16	2	16
	settlement date	9	15	22	29	20	8	20
May 2015	auction date	4	11	18	26	21	7	21
	settlement date	6	13	20	28	26	11	26

anticipated or delayed auctions (bank holidays, etc.)

Source: Agence France Trésor

Medium- and long-term negotiable government debt at 28 February, 2015

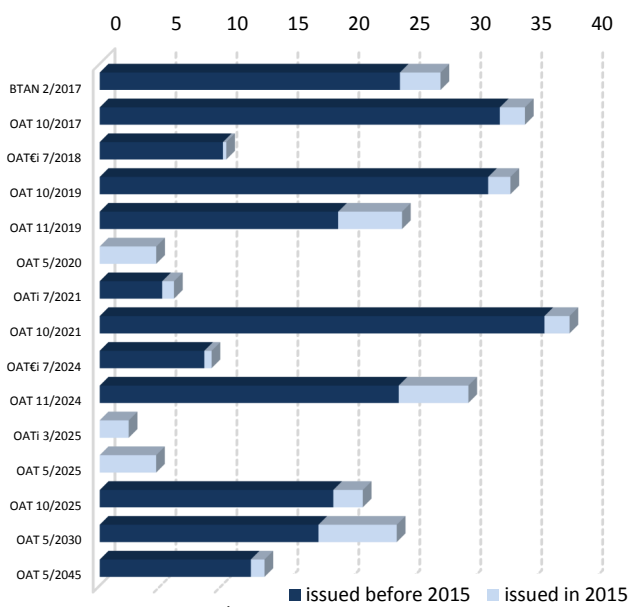
Nominal value of each line, in € billion



Source: Agence France Trésor

Medium- and long-term: securities issued during the year and total issuance at 28 February, 2015

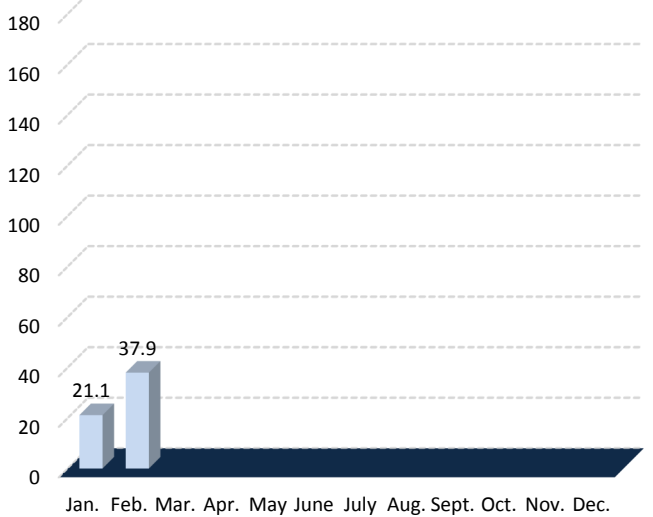
In € billion



Source: Agence France Trésor

Issuance net of buybacks at 28 February, 2015

In € billion



Source: Agence France Trésor

Medium- and long-term: provisional maturity schedule at 28 February, 2015

In € billion

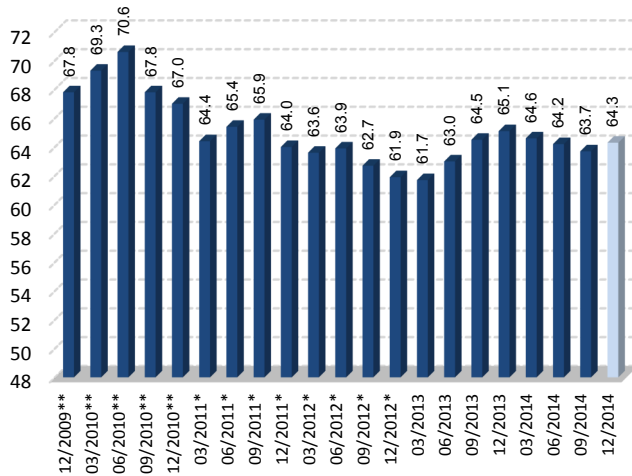
Month	Coupon	Redemption
Mar-15		
Apr-15	16.0	18.1
May-15	2.8	
Jun-15	0.7	
Jul-15	4.4	34.8
Aug-15		
Sep-15	0.4	
Oct-15	15.6	27.5
Nov-15	1.1	15.8
Dec-15		
Jan-16		
Feb-16	1.0	22.5

Source: Agence France Trésor

**General
debt-related data**

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

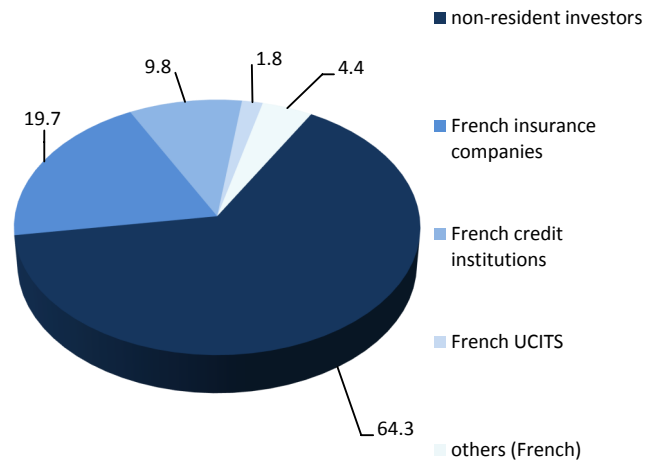
As a % of negotiable debt outstanding expressed in market value



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

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

Structure in % expressed in market value



Source: Banque de France

Negotiable government debt at 28 February, 2015

In euros

Total medium- and long-term debt	1,374,386,265,924
Total stripping activity	62,806,976,100
Average maturity	7 years and 309 days
Total short-term debt	168,292,000,000
Average maturity	119 days
TOTAL OUTSTANDING	1,542,678,265,924
Average maturity	7 years and 9 days

Source: Agence France Trésor

Negotiable government debt and interest rate swaps at 28 February, 2015

In € billion

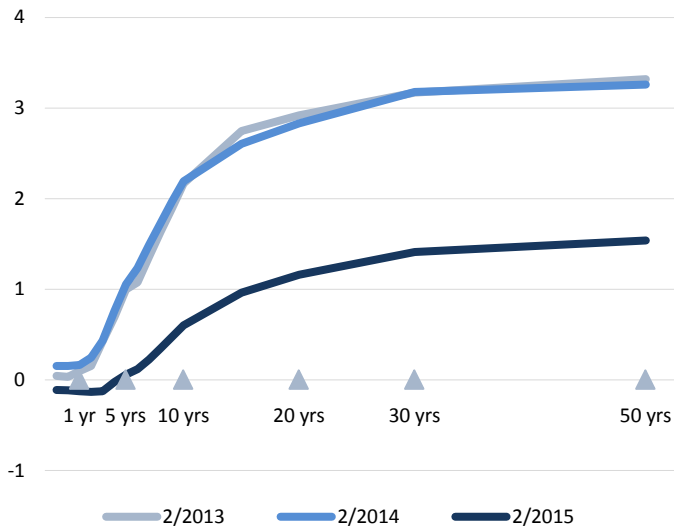
	End 2011	End 2012	End 2013	End 2014	End February 2015
Negotiable government debt outstanding	1,313	1,386	1,457	1,528	1,543
of which index-linked securities	166	173	174	189	191
Medium- and long-term	1,135	1,220	1,283	1,352	1,374
short-term	178	167	174	175	168
Swaps outstanding	13	10	7	6	6
Average maturity of the negotiable debt					
before swaps	7 years 57 days	7 years 37 days	7 years 5 days	6 years 363 days	7 years 9 days
after swaps	7 years 52 days	7 years 34 days	7 years 2 days	6 years 362 days	7 years 8 days

Source: Agence France Trésor

Secondary market

Yield curve for French government securities

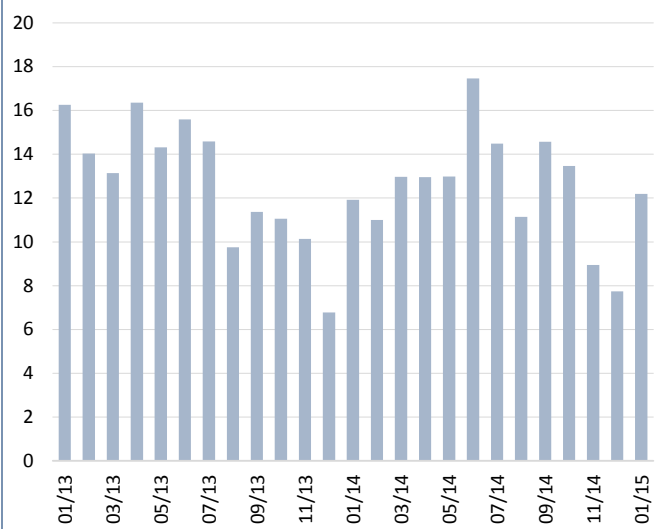
End-of-month value, %



Source: Bloomberg

Average daily volume of medium- and long-term transactions

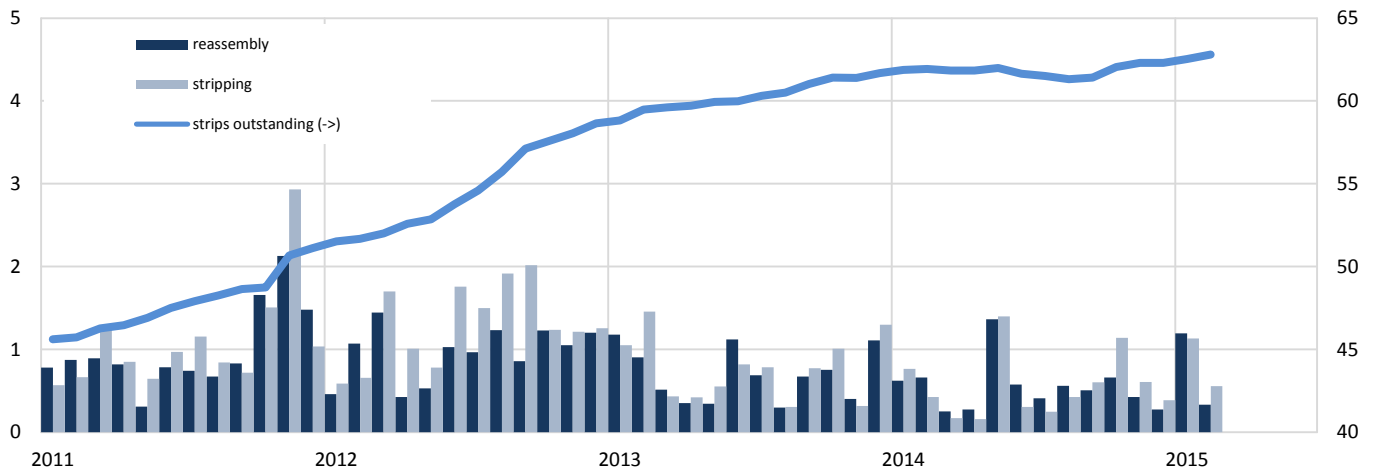
In € billion



Source: reporting by primary dealers in government securities

Total stripping and reassembly

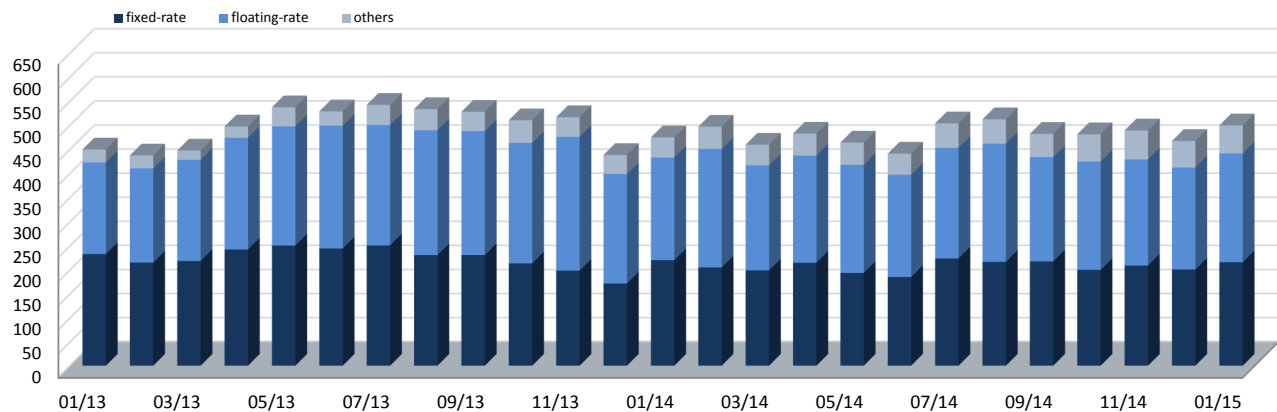
In € billion



Source: Euroclear

Primary dealers, repo outstanding at end of month

In € billion



Source: reporting by primary dealers in government securities

Short-term debt at 28 February, 2015

	Maturity	Outstanding (€)
BTF	5 March 2015	7,872,000,000
BTF	11 March 2015	7,948,000,000
BTF	18 March 2015	7,437,000,000
BTF	2 April 2015	8,105,000,000
BTF	9 April 2015	8,183,000,000
BTF	15 April 2015	6,966,000,000
BTF	22 April 2015	7,567,000,000
BTF	30 April 2015	8,483,000,000
BTF	6 May 2015	7,350,000,000
BTF	13 May 2015	6,571,000,000
BTF	20 May 2015	7,670,000,000
BTF	28 May 2015	7,413,000,000
BTF	10 June 2015	7,529,000,000
BTF	25 June 2015	7,579,000,000
BTF	8 July 2015	6,110,000,000
BTF	23 July 2015	7,254,000,000
BTF	20 August 2015	8,310,000,000
BTF	16 September 2015	7,218,000,000
BTF	14 October 2015	6,592,000,000
BTF	11 November 2015	6,573,000,000
BTF	9 December 2015	6,698,000,000
BTF	6 January 2016	7,416,000,000
BTF	3 February 2016	5,448,000,000

Medium- and long-term debt (maturing 2015–2018) at 28 February, 2015

ISIN Code	Bond Maturity 2015	Outstanding (€) 99,354,043,973	Ind. Coeff.	Face value	Stripped (€)
FR0010163543	OAT 3.5% 25 April 2015	18,994,313,893			0
FR0118462128	BTAN 2% 12 July 2015	23,311,000,000			–
FR0010135525	OAT€i 1.6% 25 July 2015	13,737,730,080 (1)	1.19334	11,512,000,000	0
FR0010216481	OAT 3% 25 October 2015	27,481,000,000			0
FR0011452721	OAT 0.25% 25 November 2015	15,830,000,000			0
Maturity 2016		145,609,771,390			
FR0119105809	BTAN 2.25% 25 February 2016	27,081,000,000			–
FR0010288357	OAT 3.25% 25 April 2016	33,633,000,000			0
FR0119580050	BTAN 2.5% 25 July 2016	29,600,000,000			–
FR0119105791	BTANi 0.45% 25 July 2016	10,345,771,390 (1)	1.04831	9,869,000,000	–
FR0000187361	OAT 5% 25 October 2016	28,789,000,000			259,017,000
FR0011857218	OAT 0.25% 25 November 2016	16,161,000,000			0
Maturity 2017		143,857,258,100			
FR0120473253	BTAN 1.75% 25 February 2017	27,950,000,000			–
FR0010415331	OAT 3.75% 25 April 2017	36,737,000,000			0
FR0120746609	BTAN 1% 25 July 2017	21,443,000,000			–
FR0010235176	OATi 1% 25 July 2017	22,852,258,100 (1)	1.13158	20,195,000,000	0
FR0010517417	OAT 4.25% 25 October 2017	34,875,000,000			0
Maturity 2018		112,666,260,310			
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	10,772,260,310 (1)	1.03789	10,379,000,000	0
FR0010670737	OAT 4.25% 25 October 2018	28,047,000,000			0
FR0011523257	OAT 1% 25 November 2018	22,265,000,000			0

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

Medium- and long-term debt (maturing in 2019 and beyond) at 28 February, 2015

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
Maturity 2019		133,467,928,768			
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	11,544,580,900 (1)	1.06490	10,841,000,000	0
FR0000570921	OAT 8.5% 25 October 2019	8,844,392,893			6,010,885,100
FR0010776161	OAT 3.75% 25 October 2019	33,683,000,000			0
FR0011993179	OAT 0.5% 25 November 2019	24,793,000,000			0
FR0000570954	OAT cap. 9.82% 31 December 2019	29,954,975 (2)		6,692,154	-
Maturity 2020		99,794,754,750			
FR0010854182	OAT 3.5% 25 April 2020	36,032,000,000			0
FR0012557957	OAT 0% 25 May 2020	4,636,000,000			0
FR0010050559	OAT€i 2.25% 25 July 2020	24,325,754,750 (1)	1.21781	19,975,000,000	0
FR0010949651	OAT 2.5% 25 October 2020	34,801,000,000			0
Maturity 2021		80,714,782,000			
FR0010192997	OAT 3.75% 25 April 2021	36,041,000,000			0
FR0011347046	OATi 0.1% 25 July 2021	6,143,782,000 (1)	1.00850	6,092,000,000	0
FR0011059088	OAT 3.25% 25 October 2021	38,530,000,000			0
Maturity 2022		78,771,547,590			
FR0000571044	OAT 8.25% 25 April 2022	1,243,939,990			549,668,400
FR0011196856	OAT 3% 25 April 2022	34,030,000,000			0
FR0010899765	OAT€i 1.1% 25 July 2022	18,540,607,600 (1)	1.08260	17,126,000,000	0
FR0011337880	OAT 2.25% 25 October 2022	24,957,000,000			0
Maturity 2023		87,341,013,743			
FR0000571085	OAT 8.5% 25 April 2023	10,606,195,903			5,962,300,200
FR0011486067	OAT 1.75% 25 May 2023	29,346,000,000			0
FR0010585901	OATi 2.1% 25 July 2023	14,159,817,840 (1)	1.09698	12,908,000,000	0
FR0010466938	OAT 4.25% 25 October 2023	33,229,000,000			570,585,000
Maturity 2024		67,663,601,200			
FR0011619436	OAT 2.25% 25 May 2024	28,128,000,000			0
FR0011427848	OAT€i 0.25% 25 July 2024	9,300,601,200 (1)	1.01380	9,174,000,000	0
FR0011962398	OAT 1.75% 25 November 2024	30,235,000,000			46,000,000
Maturity 2025		28,579,928,118			
FR0012558310	OATi 0.1% 1 March 2025	2,379,000,000 (1)	0.99989	2,379,000,000	0
FR0012517027	OAT 0.5% 25 May 2025	4,625,000,000			0
FR0000571150	OAT 6% 25 October 2025	21,575,928,118			3,094,964,400
Maturity 2026		30,306,000,000			
FR0010916924	OAT 3.5% 25 April 2026	30,306,000,000			73,813,000
Maturity 2027		43,504,108,780			
FR0011008705	OAT€i 1.85% 25 July 2027	10,533,108,780 (1)	1.06686	9,873,000,000	0
FR0011317783	OAT 2.75% 25 October 2027	32,971,000,000			0
Maturity 2028		21,322,893			
FR0000571226	OAT zero coupon 28 March 2028	21,322,893 (3)		46,232,603	-
Maturity 2029		37,165,786,619			
FR0000571218	OAT 5.5% 25 April 2029	27,169,880,458			3,846,909,100
FR0000186413	OATi 3.4% 25 July 2029	9,995,906,161 (1)	1.25056	7,993,144,000	0
Maturity 2030		28,292,064,620			
FR0011883966	OAT 2.5% 25 May 2030	24,360,000,000			0
FR0011982776	OAT€i 0.7% 25 July 2030	3,932,064,620 (1)	1.00078	3,929,000,000	0
Maturity 2031 et plus		157,276,093,070			
FR0000188799	OAT€i 3.15% 25 July 2032	11,877,425,140 (1)	1.23389	9,626,000,000	0
FR0000187635	OAT 5.75% 25 October 2032	26,135,322,600			11,463,083,400
FR0010070060	OAT 4.75% 25 April 2035	21,897,000,000			5,336,467,000
FR0010371401	OAT 4% 25 October 2038	23,889,000,000			4,806,011,400
FR0010447367	OAT€i 1.8% 25 July 2040	10,731,345,330 (1)	1.14297	9,389,000,000	0
FR0010773192	OAT 4.5% 25 April 2041	23,650,000,000			7,269,550,000
FR0011461037	OAT 3.25% 25 May 2045	13,513,000,000			698,000,000
FR0010171975	OAT 4% 25 April 2055	14,926,000,000			7,655,238,000
FR0010870956	OAT 4% 25 April 2060	10,657,000,000			5,164,484,100

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

(2) Including coupons capitalised at 31 Dec. 2013; not open to subscription

(3) Revised on 28 March 2013; not open to subscription

Most recent economic indicators

Industrial output, year-on-year	-0.9%	Jan. 2015
Household consumption*, year-on-year	2.4%	Feb. 2015
Unemployment rate (ILO)	10.4%	Dec. 2014
Consumer prices, year-on-year		
all items	-0.3%	Feb. 2015
all items excluding tobacco	-0.3%	Feb. 2015
Trade balance, fob-fob, sa (€bn)	-€3.7 bn	Jan. 2015
" "	-€3.3 bn	Dec. 2014
Current account balance, sa (€bn)	-€0.3 bn	Jan. 2015
" "	-€2.0 bn	Dec. 2014
10-year constant maturity rate (TEC10)	0.56%	27 Feb. 2015
3-month interest rate (Euribor)	0.039%	27 Feb. 2015
EUR / USD	1.1240	27 Feb. 2015
EUR / JPY	134.05	27 Feb. 2015

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

Monthly government budget position

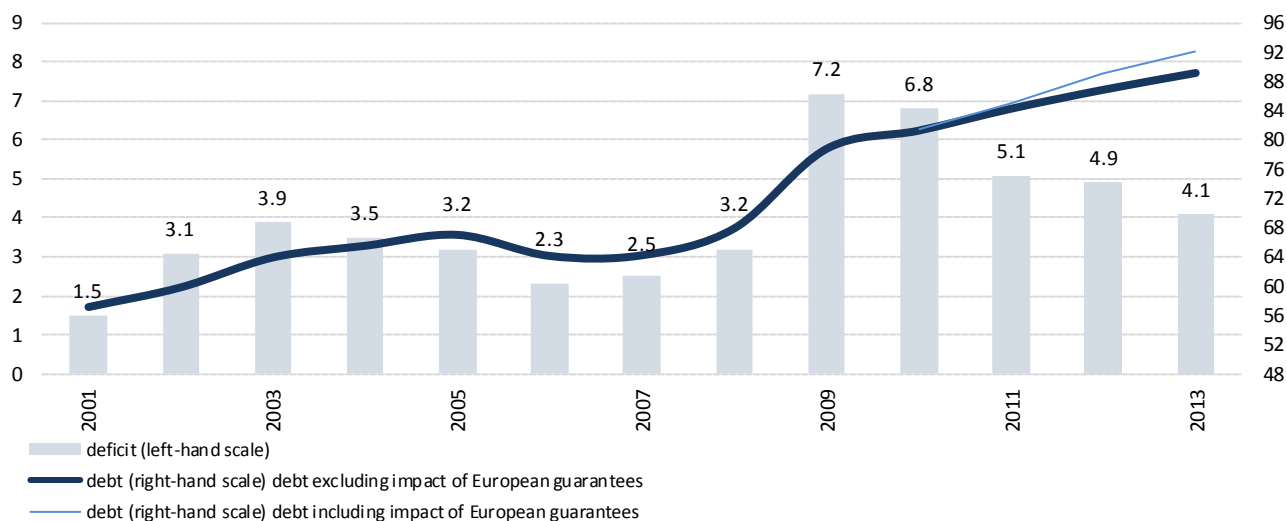
In € billion

			end of January level		
	2013	2014	2013	2014	2015
General budget balance	-75.43	-85.69	-10.23	-9.40	-6.33
revenue	301.24	291.97	21.91	23.24	24.76
expenditure	376.67	377.66	32.14	32.64	31.09
Balance of special Treasury accounts	0.56	0.13	-2.59	-3.34	-3.07
General budget outturn	-74.87	-85.56	-12.82	-12.73	-9.40

Source: Minefi

Public finances: deficit and debt

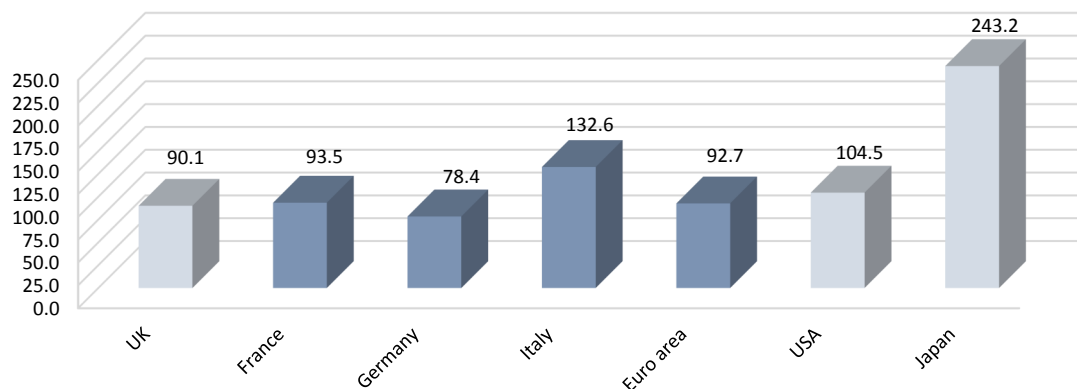
As % of GDP



Source: Insee


General government debt in 2013

As % of GDP



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

French economic indicators: timetable

April 2015		May 2015	
 7	Eurozone economic outlook - 2nd quarter 2015	 6	Industrial investments: April
 8	Foreign trade in February	 7	Foreign trade in March
 10	Industrial output in February	 7	Industrial output in March
 13	Balance of payments in February	 13	Balance of payments in March
 15	Consumer prices: index for March	 13	Consumer prices: index for April
 17	Inflation (HICP): index for March	 13	Quarterly national accounts: first results Q1-2015
 23	Industrial outlook: monthly survey for April	 13	Payroll employment: provisional results Q1-2015
 23	Industrial outlook: quarterly survey in April	 19	Inflation (HICP): index for April
 27	Job seekers in March	 22	Industrial outlook: monthly survey for May
 28	Household confidence survey: April survey	 27	Household confidence survey: Mai survey
 28	New building starts in March	 29	New building starts in April
 30	Household consumption of manufactured products in March		

Sources: Insee, Eurostat