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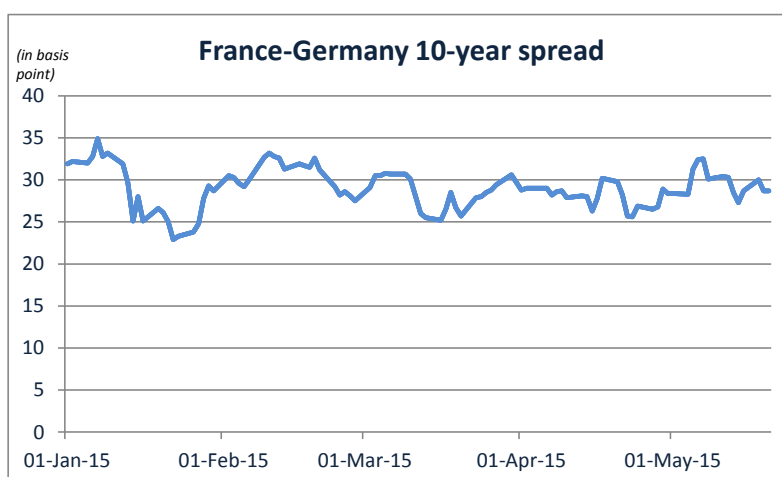
Agence France Trésor is tasked with managing the government debt and cash positions under the most secure conditions in the interest of the taxpayer.

News at Agence
France Trésor

Status report on first two months of the ECB's QE programme

Two months after its launch by the ECB on 9 March, the Public Sector Purchase Programme (PSPP) is producing results consistent with Mario Draghi's announcements. The March and April updates on PSPP progress show that the Eurosystem purchased €95bn in public-sector securities as of 30 April 2015, including €17.4bn in French securities. These include not only French government securities but also securities issued by French agencies eligible for the programme: CADES, Unedic, CDC, BPI and AFD.

PSPP implementation initially generated a six-week decline in euro area interest rates, sending them to all-time lows. Yield curves were generally flattened, with many segments moving into negative territory. French rates, for example, turned negative up to the six-year maturity. This trend has been followed by an adjustment since the end of April. The French ten-year rate returned to its end-2014 level and has stabilised in May at levels fairly close to those prior to the announcement of the Programme. The upturn in rates has been accompanied by expectations of higher inflation and growth in the euro area. Despite these major interest-rate movements, the France-Germany spread has been very stable.



In a related development, the Banque de France and the ECB have announced the operational implementation of a securities lending facility to ensure the smooth functioning of the repo market and support the liquidity of PSPP-eligible securities. Thus far, the implementation of these tools has averted all difficulties with regard to French securities.

In addition to purchases by the Eurosystem, traditional investors in French debt have remained active since the start of the PSPP. AFT's pursuit of a consistent strategy, including in these special circumstances, has enabled the Agency to preserve the wide diversity of its investor base. Since the start of the Programme, AFT has also proven to be highly flexible and responsive to investor needs. Since March, the Agency has added a total €21.5bn—representing 38% of new issues—to ten off-the-run nominal securities.

Faster Income Growth to Support Recovery in Domestic Demand

By Guillaume Menuet, Euro area chief economist, Citi



In March we argued that the sharp fall in the euro (the nominal effective exchange rate was 6% lower since Jan 1) would likely boost export growth and support the ongoing cyclical recovery in the euro area (EA). Based on the release of EA sector accounts, we make three main points.

First, we believe that the combination of a more supportive fiscal stance (we look for a fall of 0.2-0.3pp in 2015-17 in the structural primary balance), faster employment growth, subdued inflation, and rising financial net worth, will translate into a further pick-up in real disposable income growth, supporting the ongoing recovery in private consumption. We estimate the latter will add 1pp per year to our EA real GDP growth forecasts of 1.5% in 2015 and 2.1% in 2016.

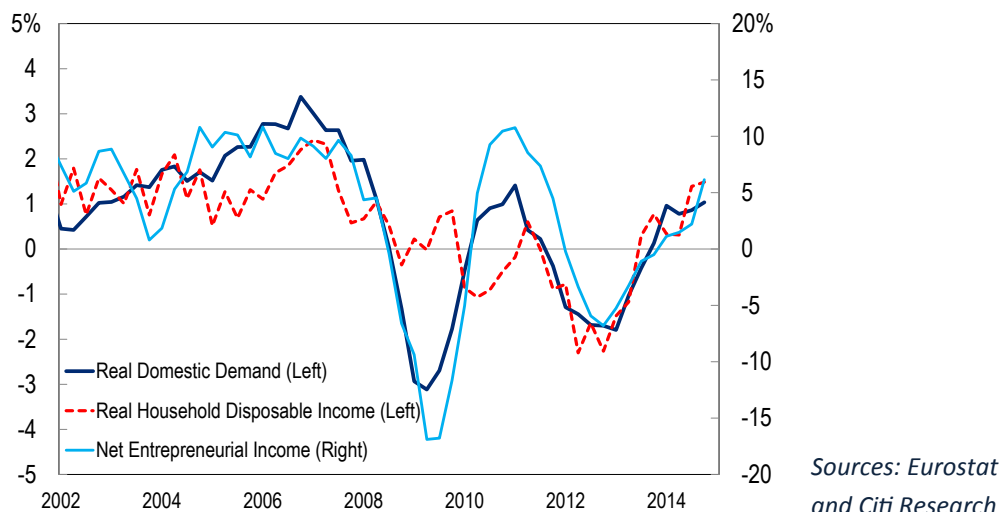
Second, we expect a further fall in borrowing costs across the EA to allow further non-financial corporate (NFC) net debt issuance in coming months. Our proxy of NFC net borrowing, based on borrowing from banks and issuance of securities, confirmed that corporate re-leveraging has

continued in Q1-15. We also argue that the steady easing in bank lending standards and the rising proportion of financing needs related to fixed investment plans highlight some upside to our fixed investment forecasts of 1.3% YY in 2015.

Third, we estimate that NFC profits will likely continue to improve modestly as firms ought to benefit from an increase in sales given the more favourable economic backdrop. While the recent fall in the euro ought to be positive for the profitability of exporting firms, we suspect that low productivity and downward nominal rigidities in wages (despite the low inflation environment) will keep compensation growth on a modest upward trajectory.

As a result, unless the profits picture were to improve much more in coming quarters, we feel comfortable with our baseline that headline inflation will rebound only modestly over the forecast horizon and will struggle to reach the ECB's target at least in the next couple of years.

Euro Area — Real Domestic Demand, Real Household Disposable Income and Net Entrepreneurial Income (% YY), 2002-2014



Note: Domestic demand excludes inventories. Household disposable income deflated by private consumption deflator. Net entrepreneurial income for non-financial corporates.

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NB: this Agence France Trésor forum offers economists an opportunity to express their personal opinion. Thus, the above article strictly reflects the author's view, and should not be construed as expressing the viewpoints of Agence France Trésor or the Ministry of the Economy and Finance.

**General
debt-related data**

Indicative auction schedule

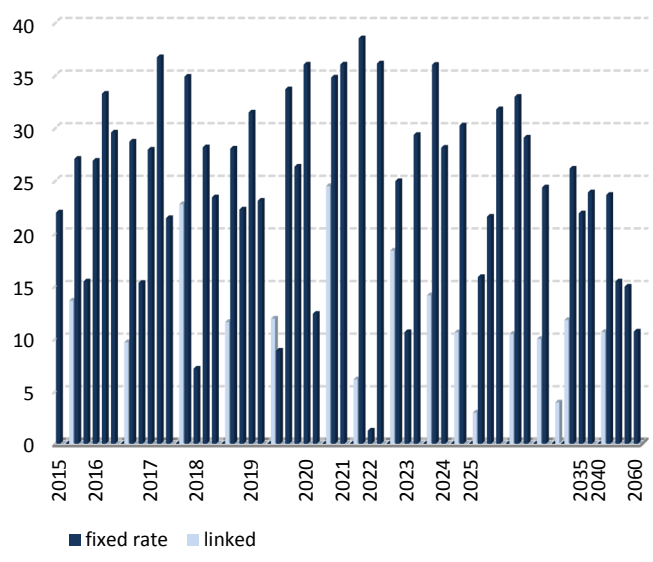
		Short-term					Medium-term	Long-term	Index-linked
June 2015	auction date	1	8	15	22	29	18	4	18
	settlement date	3	10	17	24	01/07	22	8	22
July 2015	auction date	6	13	20	27		16	2	16
	settlement date	8	15	22	29		20	6	20

anticipated or delayed auctions (bank holidays, etc.)

Source: Agence France Trésor

Medium- and long-term negotiable government debt at 30 April, 2015

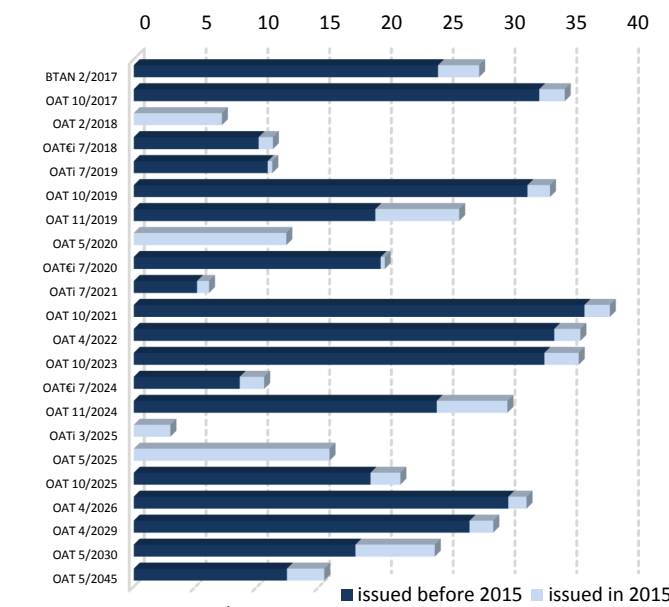
Nominal value of each line, in € billion



Source: Agence France Trésor

Medium- and long-term: securities issued during the year and total issuance at 30 April, 2015

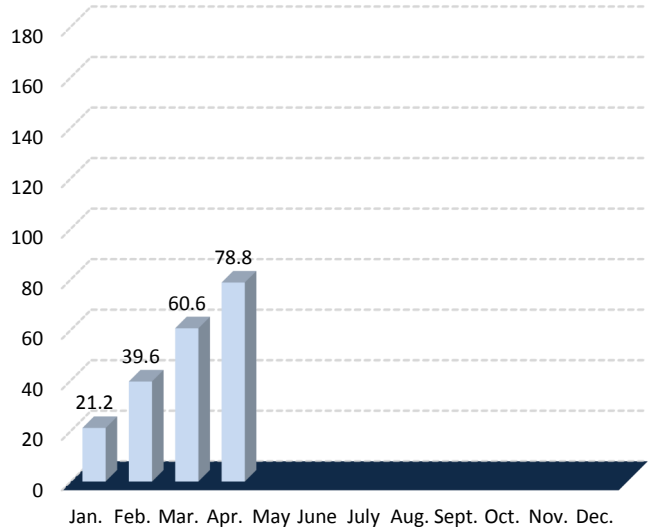
In € billion



Source: Agence France Trésor

Issuance net of buybacks at 30 April, 2015

In € billion



Source: Agence France Trésor

Medium- and long-term: provisional maturity schedule at 30 April, 2015

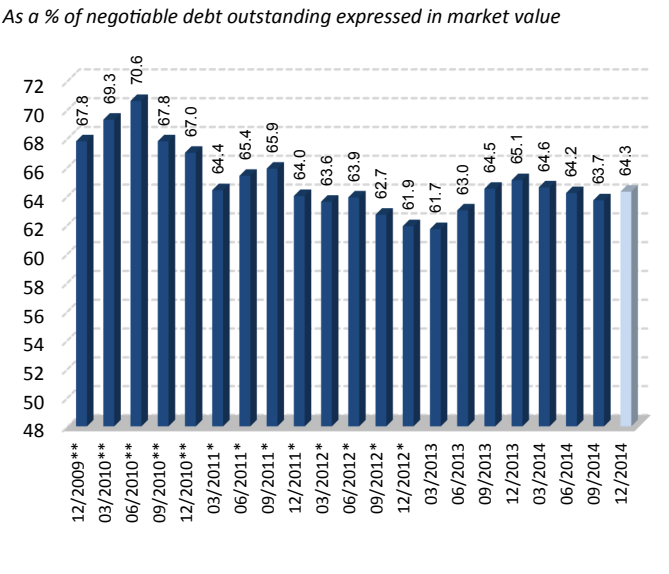
In € billion

Month	Coupon	Redemption
May-15	2.8	
Jun-15		
Jul-15	4.3	35.7
Aug-15		
Sep-15	0.3	
Oct-15	16.0	27.1
Nov-15	1.1	15.4
Dec-15		
Jan-16		
Feb-16	1.1	26.9
Mar-16		
Apr-16	15.5	33.2

Source: Agence France Trésor

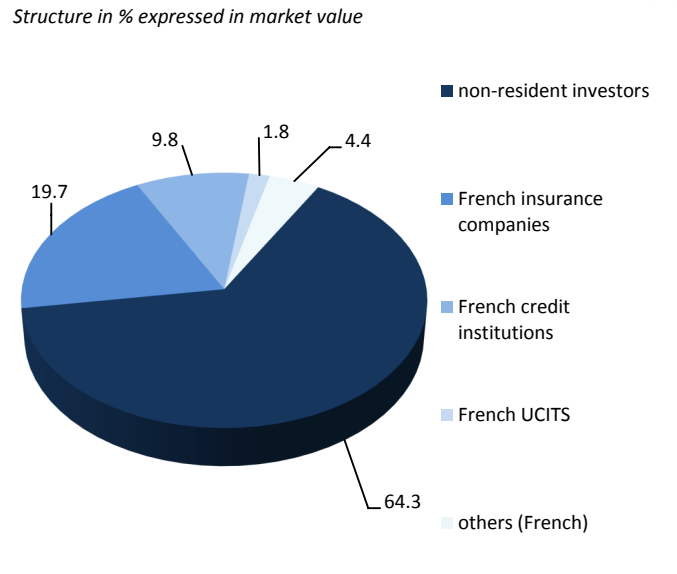
**General
debt-related data**

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



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

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



Source: Banque de France

Negotiable government debt at 30 April, 2015

In euros

Total medium- and long-term debt	1,391,140,870,538
Total stripping activity	62,433,731,100
Average maturity	7 years and 300 days
Total short-term debt	167,212,000,000
Average maturity	119 days
TOTAL OUTSTANDING	1,558,352,870,538
Average maturity	7 years and 7 days

Source: Agence France Trésor

Negotiable government debt and interest rate swaps at 30 April, 2015

In € billion

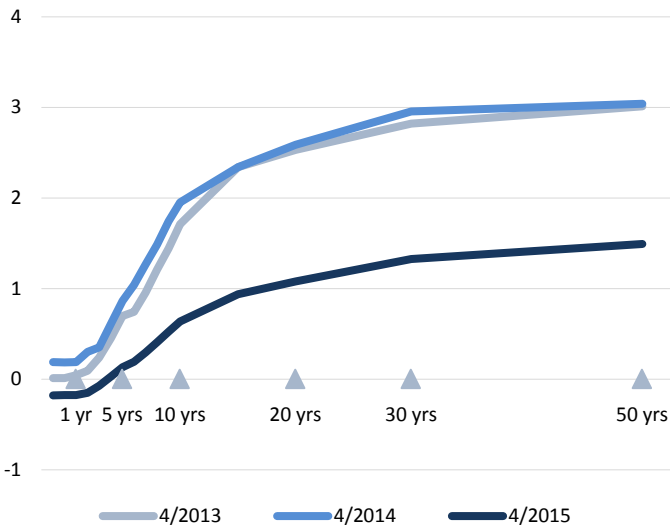
	End 2012	End 2013	End 2014	End March 2015	End April 2015
Negotiable government debt outstanding	1 386	1 457	1 528	1 563	1 558
of which index-linked securities	173	174	189	190	193
Medium- and long-term	1,220	1,283	1,352	1,390	1,391
short-term	167	174	175	172	167
Swaps outstanding	10	7	6	6	6
Average maturity of the negotiable debt					
before swaps	7 years	7 years	6 years	6 years	7 years
after swaps	37 days	5 days	363 days	348 days	7 days
after swaps	7 years	7 years	6 years	6 years	7 years
after swaps	34 days	2 days	362 days	347 days	6 days

Source: Agence France Trésor

Secondary market

Yield curve for French government securities

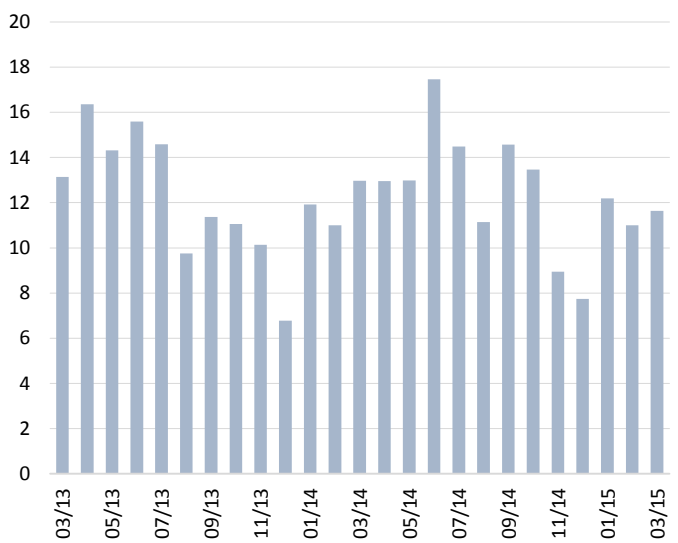
End-of-month value, %



Source: Bloomberg

Average daily volume of medium- and long-term transactions

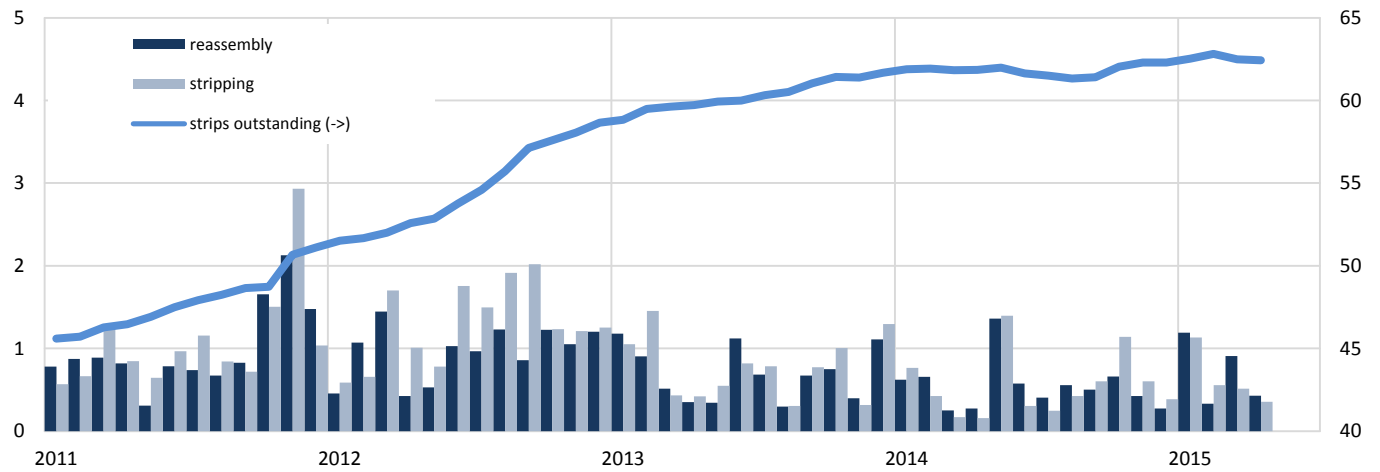
In € billion



Source: reporting by primary dealers in government securities

Total stripping and reassembly

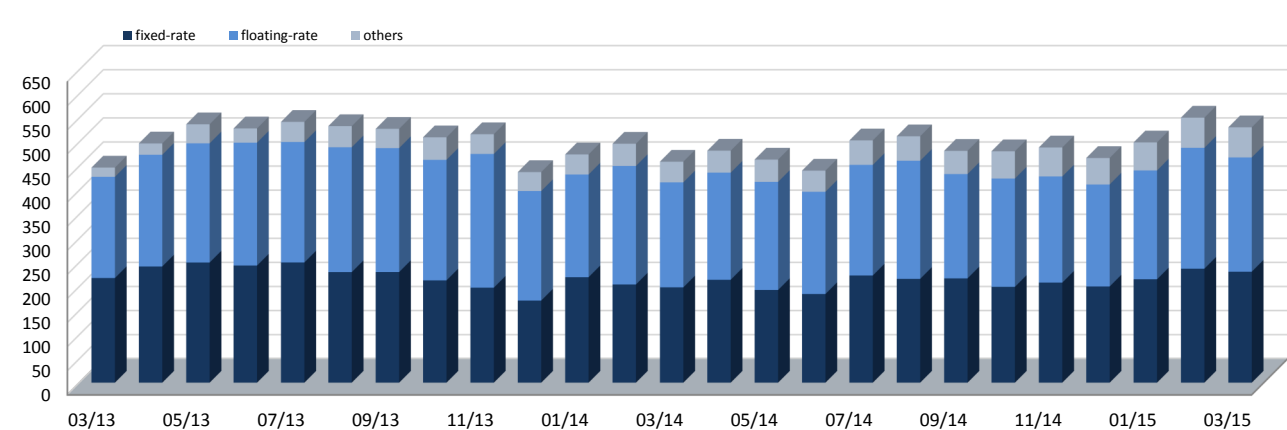
In € billion



Source: Euroclear

Primary dealers, repo outstanding at end of month

In € billion



Source: reporting by primary dealers in government securities

Negotiable
government debt

Short-term debt at 30 April, 2015

	Maturity	Outstanding (€)
BTF	6 May 2015	6,512,000,000
BTF	13 May 2015	6,421,000,000
BTF	20 May 2015	7,559,000,000
BTF	28 May 2015	7,413,000,000
BTF	3 June 2015	8,161,000,000
BTF	10 June 2015	7,529,000,000
BTF	17 June 2015	7,924,000,000
BTF	25 June 2015	7,579,000,000
BTF	1 July 2015	7,793,000,000
BTF	8 July 2015	6,110,000,000
BTF	15 July 2015	6,213,000,000
BTF	23 July 2015	7,254,000,000
BTF	29 July 2015	3,115,000,000
BTF	5 August 2015	7,907,000,000
BTF	20 August 2015	8,310,000,000
BTF	16 September 2015	7,218,000,000
BTF	30 September 2015	6,534,000,000
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	7,441,000,000
BTF	2 March 2016	6,216,000,000
BTF	31 March 2016	6,724,000,000

Medium- and long-term debt (maturing 2015–2018) at 30 April, 2015

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
	Maturity 2015	78,078,507,040			
FR0118462128	BTAN 2% 12 July 2015	21,976,000,000			–
FR0010135525	OAT€i 1.6% 25 July 2015	13,600,507,040 (1)	1.18142	11,512,000,000	0
FR0010216481	OAT 3% 25 October 2015	27,077,000,000			0
FR0011452721	OAT 0.25% 25 November 2015	15,425,000,000			0
	Maturity 2016	143,376,358,960			
FR0119105809	BTAN 2.25% 25 February 2016	26,896,000,000			–
FR0010288357	OAT 3.25% 25 April 2016	33,262,000,000			0
FR0119580050	BTAN 2.5% 25 July 2016	29,575,000,000			–
FR0119105791	BTANi 0.45% 25 July 2016	9,644,358,960 (1)	1.04444	9,234,000,000	–
FR0000187361	OAT 5% 25 October 2016	28,713,000,000			264,017,000
FR0011857218	OAT 0.25% 25 November 2016	15,286,000,000			0
	Maturity 2017	143,773,044,950			
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	22,768,044,950 (1)	1.12741	20,195,000,000	0
FR0010517417	OAT 4.25% 25 October 2017	34,875,000,000			0
	Maturity 2018	120,593,792,640			
FR0012634558	OAT 0% 25 February 2018	7,133,000,000			0
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	11,566,792,640 (1)	1.02752	11,257,000,000	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 30 April, 2015

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
Maturity 2019		135,356,821,568			
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	11,893,473,700 (1)	1.06097	11,210,000,000	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	26,333,000,000			0
FR0000570954	OAT cap. 9.82% 31 December 2019	29,954,975 (2)		6,692,154	-
Maturity 2020		107,665,751,500			
FR0010854182	OAT 3.5% 25 April 2020	36,032,000,000			0
FR0012557957	OAT 0% 25 May 2020	12,346,000,000			0
FR0010050559	OAT€i 2.25% 25 July 2020	24,486,751,500 (1)	1.20565	20,310,000,000	0
FR0010949651	OAT 2.5% 25 October 2020	34,801,000,000			0
Maturity 2021		80,692,119,760			
FR0010192997	OAT 3.75% 25 April 2021	36,041,000,000			0
FR0011347046	OATi 0.1% 25 July 2021	6,121,119,760 (1)	1.00478	6,092,000,000	0
FR0011059088	OAT 3.25% 25 October 2021	38,530,000,000			0
Maturity 2022		80,696,244,270			
FR0000571044	OAT 8.25% 25 April 2022	1,243,939,990			535,668,400
FR0011196856	OAT 3% 25 April 2022	36,140,000,000			0
FR0010899765	OAT€i 1.1% 25 July 2022	18,355,304,280 (1)	1.07178	17,126,000,000	0
FR0011337880	OAT 2.25% 25 October 2022	24,957,000,000			0
Maturity 2023		90,067,736,343			
FR0000571085	OAT 8.5% 25 April 2023	10,606,195,903			5,777,300,200
FR0011486067	OAT 1.75% 25 May 2023	29,346,000,000			0
FR0010585901	OATi 2.1% 25 July 2023	14,107,540,440 (1)	1.09293	12,908,000,000	0
FR0010466938	OAT 4.25% 25 October 2023	36,008,000,000			576,585,000
Maturity 2024		68,955,838,720			
FR0011619436	OAT 2.25% 25 May 2024	28,128,000,000			0
FR0011427848	OAT€i 0.25% 25 July 2024	10,592,838,720 (1)	1.00368	10,554,000,000	0
FR0011962398	OAT 1.75% 25 November 2024	30,235,000,000			46,000,000
Maturity 2025		40,380,928,118			
FR0012558310	OATi 0.1% 1 March 2025	2,964,000,000 (1)	0.99620	2,964,000,000	0
FR0012517027	OAT 0.5% 25 May 2025	15,841,000,000			0
FR0000571150	OAT 6% 25 October 2025	21,575,928,118			3,082,964,400
Maturity 2026		31,784,000,000			
FR0010916924	OAT 3.5% 25 April 2026	31,784,000,000			79,813,000
Maturity 2027		43,398,961,330			
FR0011008705	OAT€i 1.85% 25 July 2027	10,427,961,330 (1)	1.05621	9,873,000,000	0
FR0011317783	OAT 2.75% 25 October 2027	32,971,000,000			0
Maturity 2028		22,534,786			
FR0000571226	OAT zero coupon 28 March 2028	22,534,786 (3)		46,232,603	-
Maturity 2029		39,050,858,293			
FR0000571218	OAT 5.5% 25 April 2029	29,091,880,458			3,551,609,100
FR0000186413	OATi 3.4% 25 July 2029	9,958,977,835 (1)	1.24594	7,993,144,000	0
Maturity 2030		28,289,000,000			
FR0011883966	OAT 2.5% 25 May 2030	24,360,000,000			0
FR0011982776	OAT€i 0.7% 25 July 2030	3,929,000,000 (1)	0.99078	3,929,000,000	0
Maturity 2031 et plus		158,958,372,260			
FR0000188799	OAT€i 3.15% 25 July 2032	11,758,832,820 (1)	1.22157	9,626,000,000	0
FR0000187635	OAT 5.75% 25 October 2032	26,135,322,600			11,443,449,400
FR0010070060	OAT 4.75% 25 April 2035	21,897,000,000			5,319,467,000
FR0010371401	OAT 4% 25 October 2038	23,889,000,000			4,819,011,400
FR0010447367	OAT€i 1.8% 25 July 2040	10,624,216,840 (1)	1.13156	9,389,000,000	0
FR0010773192	OAT 4.5% 25 April 2041	23,650,000,000			7,250,039,000
FR0011461037	OAT 3.25% 25 May 2045	15,421,000,000			698,000,000
FR0010171975	OAT 4% 25 April 2055	14,926,000,000			7,688,438,000
FR0010870956	OAT 4% 25 April 2060	10,657,000,000			5,290,484,100

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

(2) Including coupons capitalised at 31 Dec. 2014; not open to subscription

(3) Revised on 28 March 2015; not open to subscription

Most recent economic indicators

Industrial output, year-on-year	1.0%	Mar. 2015
Household consumption*, year-on-year	2.0%	Apr. 2015
Unemployment rate (ILO)	10.4%	Dec. 2014
Consumer prices, year-on-year		
all items	-0.1%	Apr. 2015
all items excluding tobacco	-0.1%	Apr. 2015
Trade balance, fob-fob, sa (€bn)	-€4.6 bn	Mar. 2015
" "	-€3.6 bn	Feb. 2015
Current account balance, sa (€bn)	-€1.5 bn	Mar. 2015
" "	-€1.8 bn	Feb. 2015
10-year constant maturity rate (TEC10)	0.61%	30 Apr. 2015
3-month interest rate (Euribor)	-0.005%	30 Apr. 2015
EUR / USD	1.1215	30 Apr. 2015
EUR / JPY	133.26	30 Apr. 2015

* manufactured products

Sources: Insee, Minefi, Banque de France

Monthly government budget position

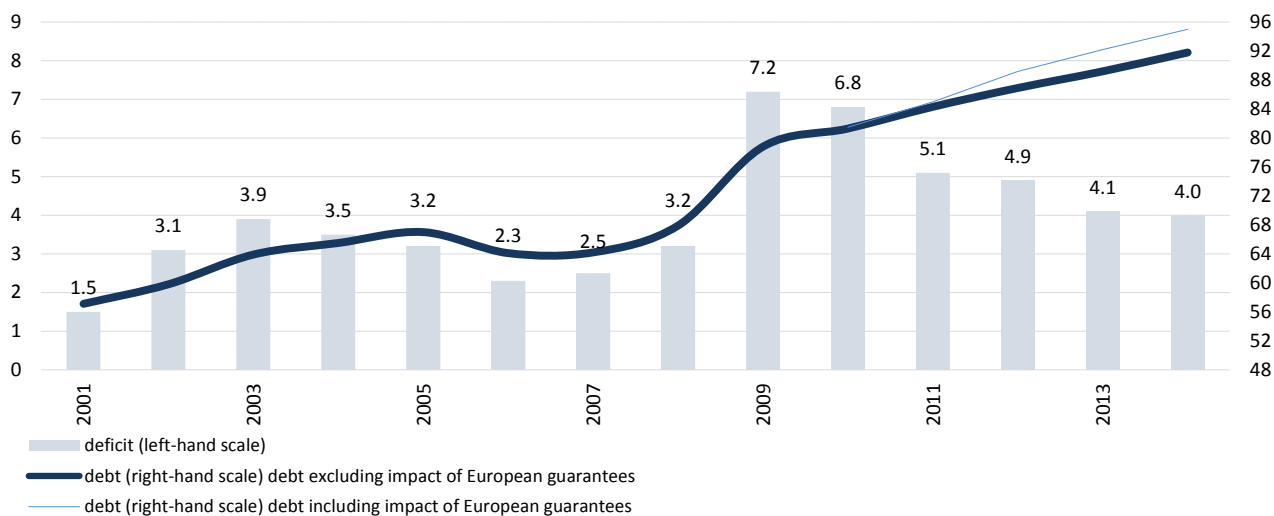
In € billion

			end of March level		
	2013	2014	2013	2014	2015
General budget balance	-75.43	-85.71	-20.62	-14.99	-14.28
revenue	301.24	291.95	69.63	73.70	74.25
expenditure	376.67	377.66	90.25	88.70	88.53
Balance of special Treasury accounts	0.56	0.16	-10.40	-13.03	-12.01
General budget outturn	-74.87	-85.56	-31.03	-28.02	-26.29

Source: Minefi

Public finances: deficit and debt

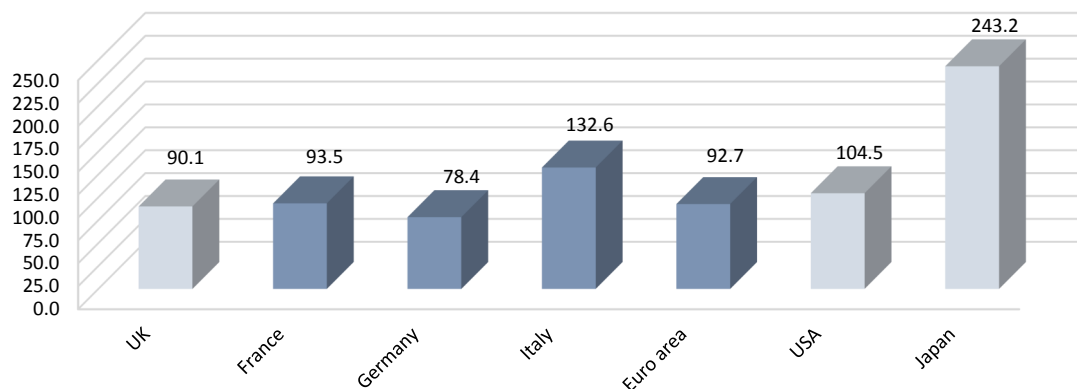
As % of GDP



Source: Insee

General government debt in 2013

As % of GDP



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

French economic indicators: timetable

June 2015		July 2015	
1	Job seekers in April	2	Eurozone economic outlook - 3th Quarter 2015
4	Job seekers Q1-2015 (BIT)	7	Foreign trade in May
5	Foreign trade in April	10	Industrial output in May
10	Industrial output in April	10	Balance of payments in May
11	Balance of payments in April	15	Consumer prices: index for June
11	Consumer prices: index for May	16	Inflation (HICP): June index
17	Inflation (HICP): May index	22	Industrial trends: monthly survey for July
19	Payroll employment: final results Q1-2015	22	Industrial trends: quarterly survey for July
23	Industrial trends: monthly survey for June	27	Job seekers in June
24	Job seekers in May	28	New building starts in June
24	Quarterly national accounts: final results Q1-2015	29	Household confidence survey: July survey
26	Household confidence survey: June survey	31	Industrial producer prices: June index
26	New building starts in May	31	Household consumption of manufactured goods in June
30	Industrial producer prices: May index	31	Net foreign exchange reserves in June
30	General government debt Q1-2015		
30	Household consumption of manufactured goods in May		

Sources: Insee, Eurostat