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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

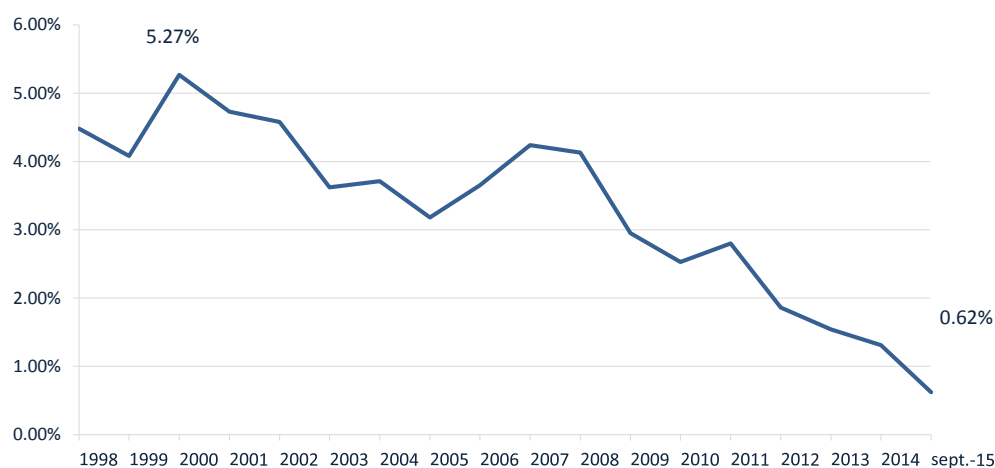
## Interim assessment of state borrowing conditions in 2015 and preparations for 2016

The state enjoyed particularly favourable borrowing conditions between 1 January and 30 September 2015. France's borrowing cost stood at 0.62% compared to 1.31% in 2014 and a historical average of 4.15% between 1998 and 2007. Agence France Trésor issued €178.2 billion in medium- and long-term securities, equivalent to 95.3% of the issuance programme total of €187 billion, net of buybacks. As a result, AFT was able to continue pre-financing future issuance programmes as part of its proactive debt management strategy through buybacks of securities maturing in 2016 and 2017.

Despite a slight downward revision to the borrowing requirement to €192.0 billion versus €192.3 billion set out in the Initial Budget Act of December 2014, the 2015 medium- and long-term issuance programme remains unchanged at €187 billion. BTF outstanding at end-2015 will record a net fall of €14.8 billion; in the Initial Budget Act, they were forecast to remain stable. This figure has been revised downward as a result of a net upward adjustment in other cash resources to €17 billion compared to the Initial Budget Act figure of €0.5 billion, due chiefly to the recording of net premiums on medium- and long-term bond issues since the start of the year as market yields have almost always been lower than coupons paid over the same period. Tapping previous issues to guarantee their liquidity as part of the Eurosystem public sector purchase programme has also helped inflate these premiums.

The 2016 state borrowing requirement will stand at €200.2 billion, including €127 billion in redemption of medium- and long-term debt and a fiscal deficit of €72 billion. The financing will come primarily from the €187 billion issuance programme for medium- and long-term debt, unchanged compared to 2015, €2 billion in new funds from the State's equity interests and €10.7 billion from the Treasury's cash holdings. The government's cost of debt service forecast for 2016 is based on the assumption that long-term interest rates and inflation will gradually pick up as the expected economic recovery takes hold. Three-month yields are forecast at 0.1% and 10-year yields at an average of 1.9% in 2016. Based on these assumptions, the cost of debt service is expected to reach €44.5 billion.

Weighted average yield on medium- and long-term debt issues



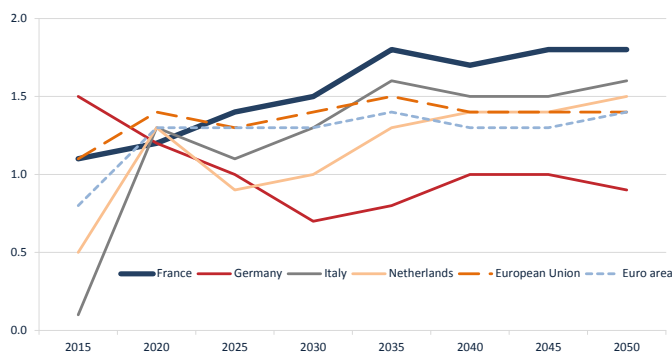
Source: Agence France Trésor

## France's economic performance from a government debt management perspective

Ahead of October's parliamentary budget debate, and as the agency responsible for managing France's government debt, we feel it necessary to issue a timely reminder to investors and the financial markets of a few salient and objective points regarding the country's economic and financial outlook.

First, GDP growth in France dipped by less than the euro area average in the wake of the 2009 financial crisis, and has since recovered at a faster rate. According to the IMF, France's economy is expected to grow by 1.9% up to 2020, again outstripping the euro area (1.5%) and its G7 counterparts (1.7%). In the longer run, the European Commission expects France's potential GDP growth (1.8%) in 2050 to still significantly outstrip that of the euro area (1.4%).

Potential GDP growth (%)



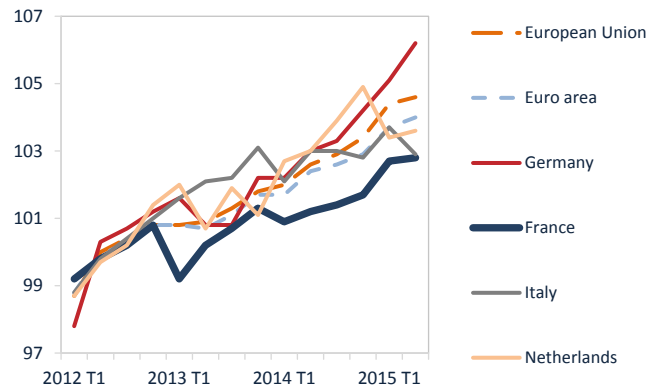
Source: European Commission 2015 Ageing Report

Second, this type of performance over the period in question can only be achieved on the back of structural advantages. With the highest birth rate in the European Union (1.99 in 2013), and boasting higher per capita wealth and R&D investment than the euro area average, France has been implementing structural reforms in the last few years that are beginning to produce tangible results.

For example, the country's economic competitiveness is recovering as a result of the government supply-side policies introduced (Competitiveness and Employment Tax Credit, Responsibility and Solidarity Pact, reforms to the market for goods and services, and labour market reform). As a result, the IMF has forecast that France's current account balance to GDP will be brought down to -0.3 by 2020.

In addition, labour costs in France have risen at a slower rate since 2012 compared to the EU and euro area average, thus helping the corporate operating margin to recover; in Q1-2015, it climbed to 31.2%, a four-year high, before settling at 31.1% in Q2-2015. Furthermore, the OECD now believes that the French labour market is less "rigid" than several of its EU partners for employees with permanent contracts, enabling companies to better adapt to changes in the economic climate.

Cost of labour (2012 = 100)



Source: Eurostat

Third, fiscal consolidation efforts are already feeding through. France's government deficit to GDP has fallen in the last five years and is forecast to contract by half between 2015 (3.8%) and 2018 (1.9%) according to the Stability Programme. As regards government debt, which has risen at a slower pace in France since the crisis compared to several of its neighbours, ongoing efforts to reduce the deficit should help bring debt back down from its peak of 97% of GDP in 2016 to 95.5% in 2018. Lastly, persistently low interest rates will help keep the overall interest burden under control, lower on average in France (2.2% of GDP in 2014) than elsewhere in the EU or euro area.

On the whole, maintaining our structural advantages, the economic recovery and the fiscal consolidation efforts taken will all help to boost the effectiveness of the structural reforms introduced in the last few years, which should be maintained to ensure that jobs are created as part of the growth cycle.

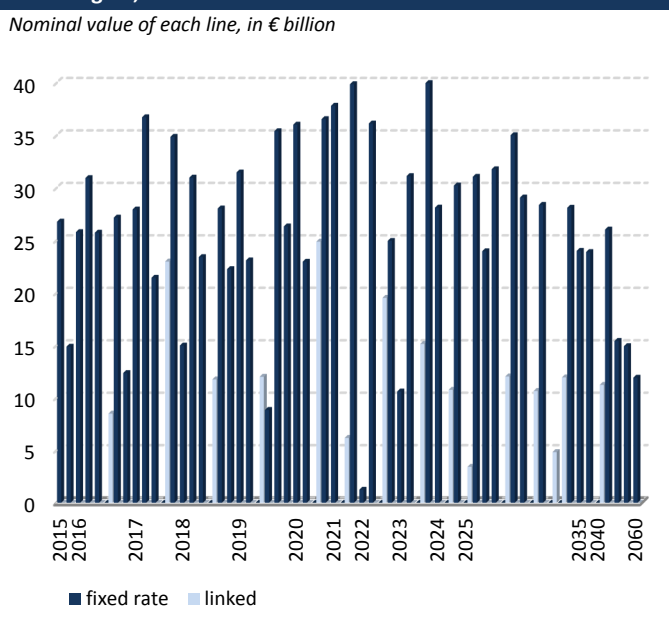
**General  
debt-related data**

**Indicative auction schedule**

		Short-term					Medium-term	Long-term	Index-linked
<b>October 2015</b>	auction date	5	12	19	26	//	15	1	15
	settlement date	7	14	21	28	//	19	5	19
<b>November 2015</b>	auction date	2	9	16	23	30	19	5	19
	settlement date	4	11	18	25	2/12	23	9	23

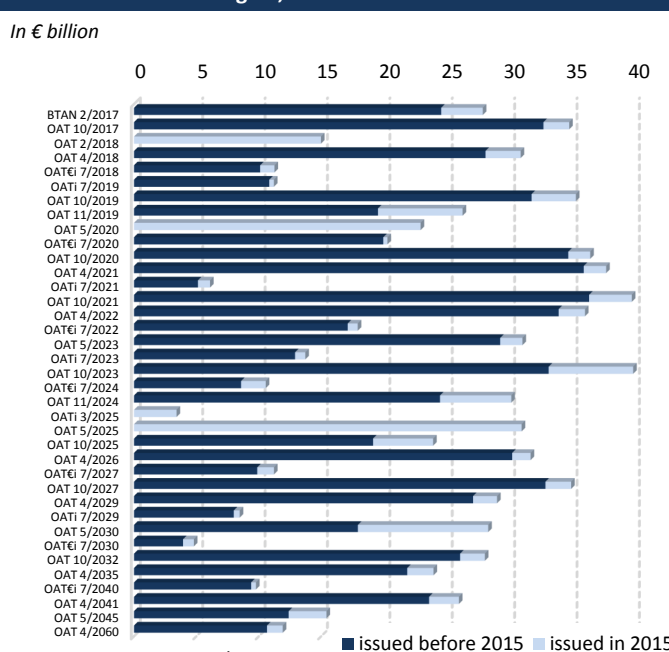
Source: Agence France Trésor

**Medium- and long-term negotiable government debt at 31 August, 2015**



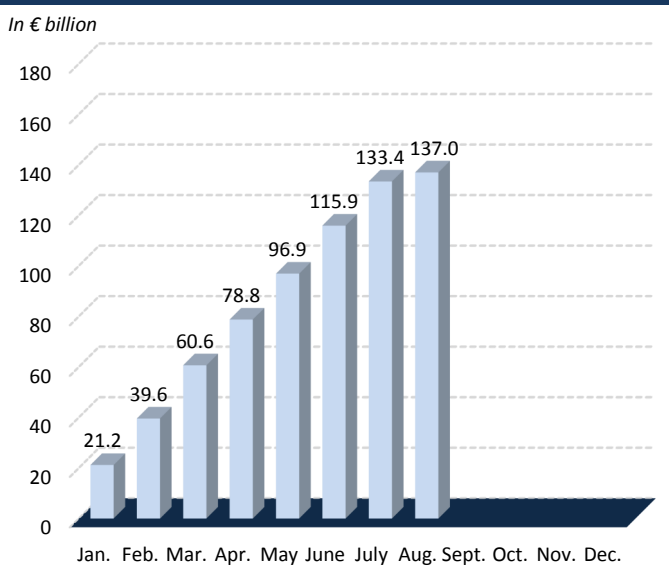
Source: Agence France Trésor

**Medium- and long-term: securities issued during the year and total issuance at 31 August, 2015**



Source: Agence France Trésor

**Issuance net of buybacks at 31 August, 2015**



Source: Agence France Trésor

**Medium- and long-term: provisional maturity schedule at 31 August, 2015**

In € billion

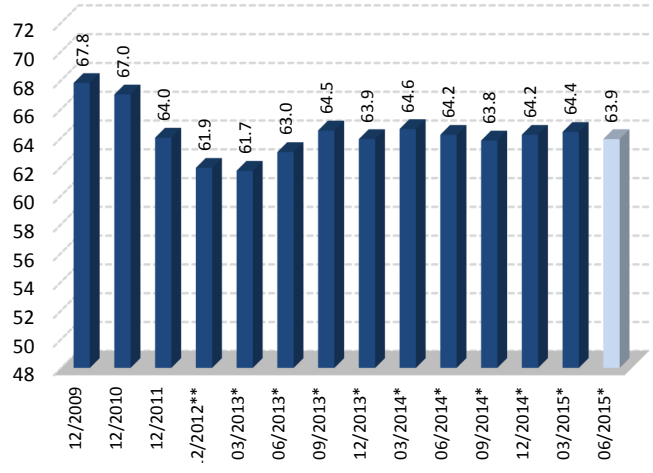
Month	Coupon	Redemption
Sep-15		
Oct-15	16.5	26.8
Nov-15	1.0	14.9
Dec-15		
Jan-16		
Feb-16	1.1	25.8
Mar-16		
Apr-16	15.8	30.9
May-16	3.0	
Jun-16		
Jul-16	3.7	34.1
Aug-16		

Source: Agence France Trésor

**General  
debt-related data**

**Non-resident holders of negotiable government debt in second quarter of 2015**

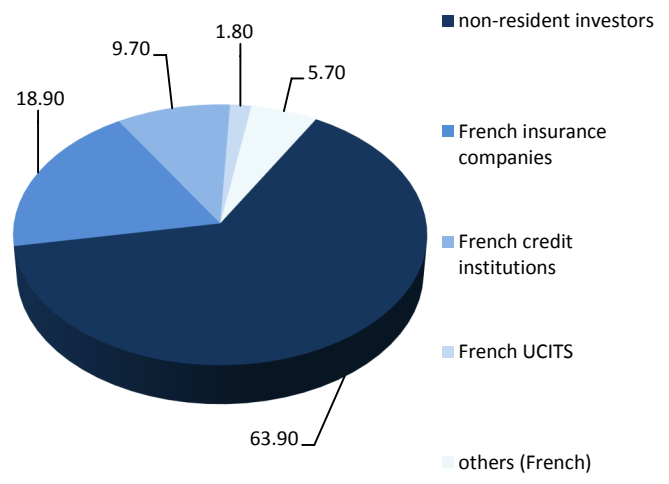
As a % of negotiable debt outstanding expressed in market value



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

**Negotiable government debt by group of holders in second quarter of 2015**

Structure in % expressed in market value



Source: Banque de France

**Negotiable government debt at 31 August, 2015**

In euros

Total medium- and long-term debt	1,415,728,630,882
Total stripping activity	62,248,689,100
Average maturity	7 years and 309 days
Total short-term debt	158,387,000,000
Average maturity	110 days
<b>TOTAL OUTSTANDING</b>	<b>1,574,115,630,882</b>
<b>Average maturity</b>	<b>7 years and 32 days</b>

Source: Agence France Trésor

**Negotiable government debt and interest rate swaps at 31 August, 2015**

In € billion

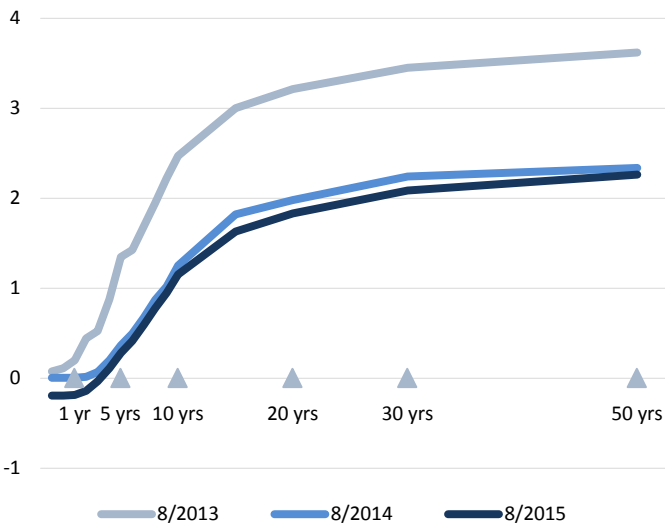
	End 2012	End 2013	End 2014	End July 2015	End Aug. 2015
<b>Negotiable government debt outstanding</b>	<b>1,386</b>	<b>1,457</b>	<b>1,528</b>	<b>1,571</b>	<b>1,574</b>
of which index-linked securities	173	174	189	186	186
Medium- and long-term	1,220	1,283	1,352	1,412	1,416
short-term	167	174	175	158	158
<b>Swaps outstanding</b>	<b>10</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Average maturity of the negotiable debt</b>					
before swaps	7 years 37 days	7 years 5 days	6 years 363 days	7 years 38 days	7 years 32 days
after swaps	7 years 34 days	7 years 2 days	6 years 362 days	7 years 37 days	7 years 31 days

Source: Agence France Trésor

Secondary market

Yield curve for French government securities

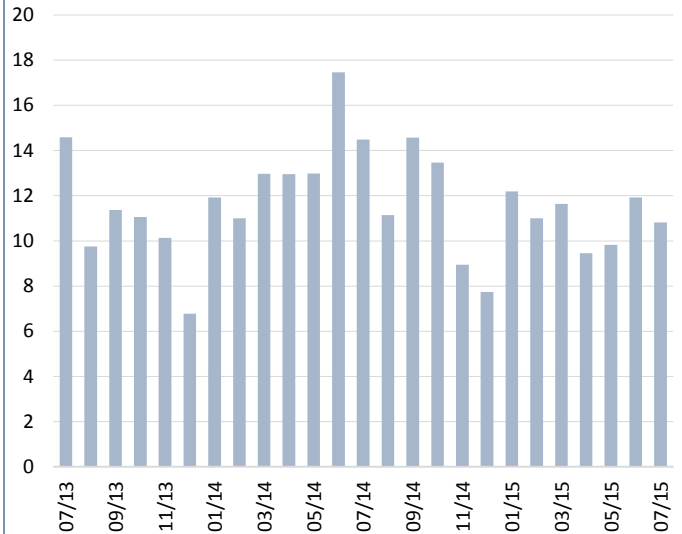
End-of-month value, %



Source: Bloomberg

Average daily volume of medium- and long-term transactions

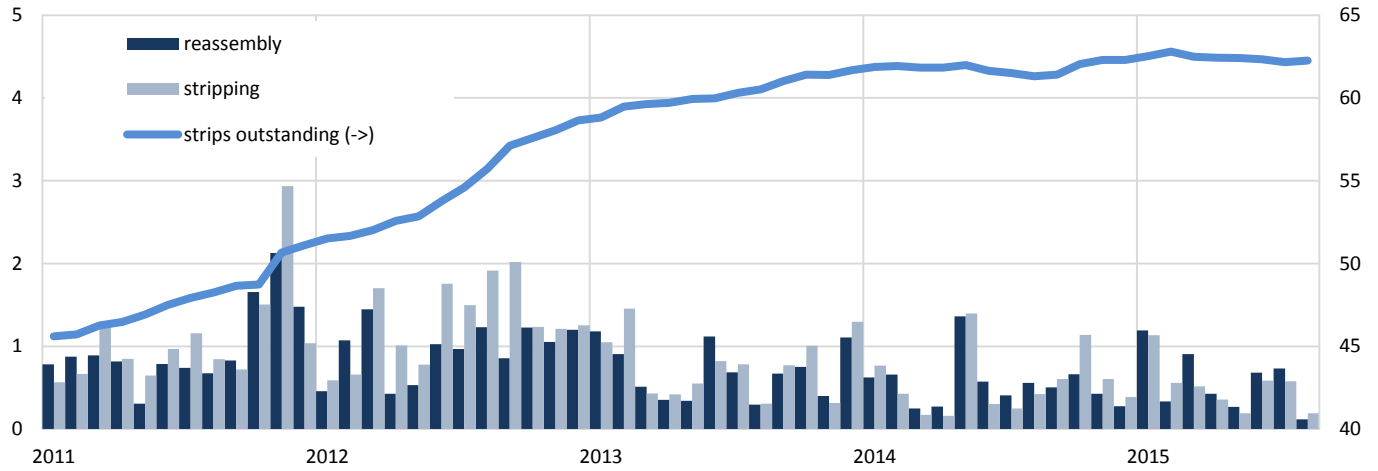
In € billion



Source: reporting by primary dealers in government securities

Total stripping and reassembly

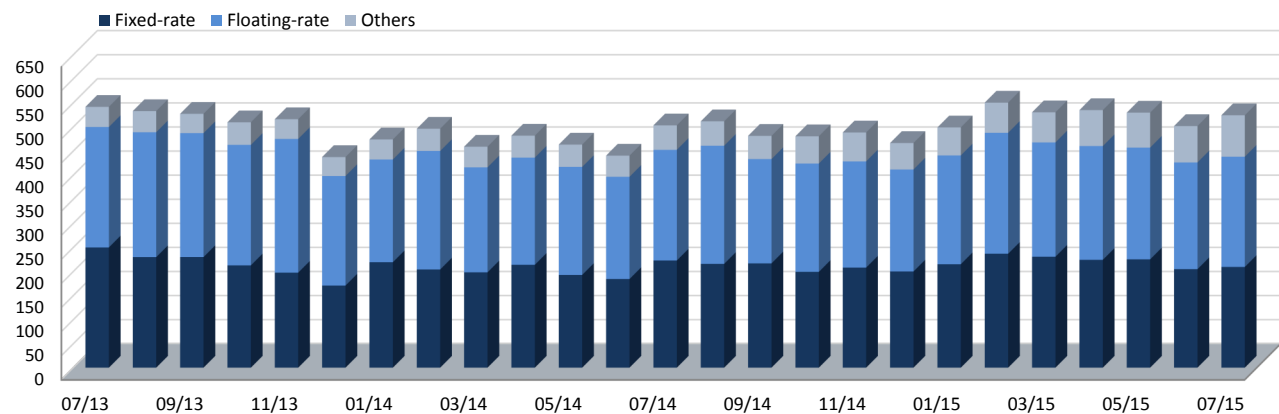
In € billion



Source: Euroclear

Primary dealers, repo outstanding at end of month

In € billion



Source: reporting by primary dealers in government securities

### Short-term debt at 31 August, 2015

	Maturity	Outstanding (€)
BTF	09 September 2015	7,387,000,000
BTF	16 September 2015	7,218,000,000
BTF	23 September 2015	8,297,000,000
BTF	30 September 2015	8,167,000,000
BTF	07 October 2015	8,374,000,000
BTF	14 October 2015	6,592,000,000
BTF	21 October 2015	8,187,000,000
BTF	28 October 2015	8,081,000,000
BTF	04 November 2015	7,816,000,000
BTF	11 November 2015	6,573,000,000
BTF	18 November 2015	8,084,000,000
BTF	25 November 2015	5,502,000,000
BTF	09 December 2015	6,698,000,000
BTF	23 December 2015	6,196,000,000
BTF	06 January 2016	7,416,000,000
BTF	20 January 2016	4,053,000,000
BTF	03 February 2016	7,441,000,000
BTF	02 March 2016	6,216,000,000
BTF	31 March 2016	6,724,000,000
BTF	27 April 2016	5,876,000,000
BTF	25 May 2016	4,895,000,000
BTF	22 June 2016	7,262,000,000
BTF	20 July 2016	5,332,000,000

### Medium- and long-term debt (maturing 2015–2018) at 31 August, 2015

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
	<b>Maturity 2015</b>	<b>41,667,000,000</b>			
FR0010216481	OAT 3% 25 October 2015	26,794,000,000			0
FR0011452721	OAT 0.25% 25 November 2015	14,873,000,000			0
	<b>Maturity 2016</b>	<b>130,504,537,860</b>			
FR0119105809	BTAN 2.25% 25 February 2016	25,792,000,000			–
FR0010288357	OAT 3.25% 25 April 2016	30,942,000,000			0
FR0119580050	BTAN 2.5% 25 July 2016	25,740,000,000			–
FR0119105791	BTANi 0.45% 25 July 2016	8,498,537,860 (1)	1.05454	8,059,000,000	–
FR0000187361	OAT 5% 25 October 2016	27,174,000,000			264,017,000
FR0011857218	OAT 0.25% 25 November 2016	12,358,000,000			0
	<b>Maturity 2017</b>	<b>143,992,968,500</b>			
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	22,987,968,500 (1)	1.13830	20,195,000,000	0
FR0010517417	OAT 4.25% 25 October 2017	34,875,000,000			0
	<b>Maturity 2018</b>	<b>131,446,022,810</b>			
FR0012634558	OAT 0% 25 February 2018	14,982,000,000			0
FR0010604983	OAT 4% 25 April 2018	30,984,000,000			0
FR0011394345	OAT 1% 25 May 2018	23,412,000,000			0
FR0011237643	OATe 0.25% 25 July 2018	11,756,022,810 (1)	1.04433	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 31 August, 2015

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
	<b>Maturity 2019</b>	<b>137,198,724,068</b>			
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	12,008,376,200 (1)	1.07122	11,210,000,000	0
FR0000570921	OAT 8.5% 25 October 2019	8,844,392,893			5,869,885,100
FR0010776161	OAT 3.75% 25 October 2019	35,410,000,000			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	-
	<b>Maturity 2020</b>	<b>120,450,264,700</b>			
FR0010854182	OAT 3.5% 25 April 2020	36,032,000,000			0
FR0012557957	OAT 0% 25 May 2020	22,969,000,000			0
FR0010050559	OAT€i 2.25% 25 July 2020	24,887,264,700 (1)	1.22537	20,310,000,000	0
FR0010949651	OAT 2.5% 25 October 2020	36,562,000,000			0
	<b>Maturity 2021</b>	<b>83,908,273,080</b>			
FR0010192997	OAT 3.75% 25 April 2021	37,837,000,000			0
FR0011347046	OATi 0.1% 25 July 2021	6,180,273,080 (1)	1.01449	6,092,000,000	0
FR0011059088	OAT 3.25% 25 October 2021	39,891,000,000			0
	<b>Maturity 2022</b>	<b>81,871,358,270</b>			
FR0000571044	OAT 8.25% 25 April 2022	1,243,939,990			608,668,400
FR0011196856	OAT 3% 25 April 2022	36,140,000,000			0
FR0010899765	OAT€i 1.1% 25 July 2022	19,530,418,280 (1)	1.08932	17,929,000,000	0
FR0011337880	OAT 2.25% 25 October 2022	24,957,000,000			0
	<b>Maturity 2023</b>	<b>97,764,596,153</b>			
FR0000571085	OAT 8.5% 25 April 2023	10,606,195,903			5,726,300,200
FR0011486067	OAT 1.75% 25 May 2023	31,131,000,000			0
FR0010585901	OATi 2.1% 25 July 2023	15,145,400,250 (1)	1.10349	13,725,000,000	0
FR0010466938	OAT 4.25% 25 October 2023	40,882,000,000			582,585,000
	<b>Maturity 2024</b>	<b>69,129,135,400</b>			
FR0011619436	OAT 2.25% 25 May 2024	28,128,000,000			21,000,000
FR0011427848	OAT€i 0.25% 25 July 2024	10,766,135,400 (1)	1.02010	10,554,000,000	0
FR0011962398	OAT 1.75% 25 November 2024	30,235,000,000			58,000,000
	<b>Maturity 2025</b>	<b>58,461,796,758</b>			
FR0012558310	OATi 0.1% 1 March 2025	3,427,868,640 (1)	1.00583	3,408,000,000	0
FR0012517027	OAT 0.5% 25 May 2025	31,065,000,000			0
FR0000571150	OAT 6% 25 October 2025	23,968,928,118			3,204,464,400
	<b>Maturity 2026</b>	<b>31,784,000,000</b>			
FR0010916924	OAT 3.5% 25 April 2026	31,784,000,000			75,813,000
	<b>Maturity 2027</b>	<b>47,068,190,350</b>			
FR0011008705	OAT€i 1.85% 25 July 2027	12,039,190,350 (1)	1.07349	11,215,000,000	0
FR0011317783	OAT 2.75% 25 October 2027	35,029,000,000			0
	<b>Maturity 2028</b>	<b>22,534,786</b>			
FR0000571226	OAT zero coupon 28 March 2028	22,534,786 (3)		46,232,603	-
	<b>Maturity 2029</b>	<b>39,745,894,227</b>			
FR0000571218	OAT 5.5% 25 April 2029	29,091,880,458			3,640,609,100
FR0000186413	OATi 3.4% 25 July 2029	10,654,013,769 (1)	1.25798	8,469,144,000	0
	<b>Maturity 2030</b>	<b>33,215,517,050</b>			
FR0011883966	OAT 2.5% 25 May 2030	28,387,000,000			0
FR0011982776	OAT€i 0.7% 25 July 2030	4,828,517,050 (1)	1.00699	4,795,000,000	0
	<b>Maturity 2031 and later</b>	<b>167,497,816,870</b>			
FR0000188799	OAT€i 3.15% 25 July 2032	11,951,160,300 (1)	1.24155	9,626,000,000	0
FR0000187635	OAT 5.75% 25 October 2032	28,114,322,600			11,324,057,400
FR0010070060	OAT 4.75% 25 April 2035	24,004,000,000			5,228,967,000
FR0010371401	OAT 4% 25 October 2038	23,889,000,000			4,892,511,400
FR0010447367	OAT€i 1.8% 25 July 2040	11,237,333,970 (1)	1.15007	9,771,000,000	0
FR0010773192	OAT 4.5% 25 April 2041	26,037,000,000			7,267,539,000
FR0011461037	OAT 3.25% 25 May 2045	15,421,000,000			480,000,000
FR0010171975	OAT 4% 25 April 2055	14,926,000,000			7,526,788,000
FR0010870956	OAT 4% 25 April 2060	11,918,000,000			5,477,484,100

(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	0.7%	Jul 2015
Household consumption*, year-on-year	2.2%	Aug 2015
Unemployment rate (ILO)	10.3%	Jun 2015
Consumer prices, year-on-year		
all items	0.0%	Aug 2015
all items excluding tobacco	0.0%	Aug 2015
Trade balance, fob-fob, sa (€bn)	-€3.3bn	Jul 2015
" "	-€2.7bn	Jun 2015
Current account balance, sa (€bn)	-€0.4bn	Jul 2015
" "	€0.8bn	Jun 2015
10-year constant maturity rate (TEC10)	1.07%	31 Aug. 2015
3-month interest rate (Euribor)	-0.033%	31 Aug. 2015
EUR / USD	1.1215	31 Aug. 2015
EUR / JPY	136.07	31 Aug. 2015

\* manufactured products

Sources: Insee, Minefi, Banque de France

### Monthly government budget position

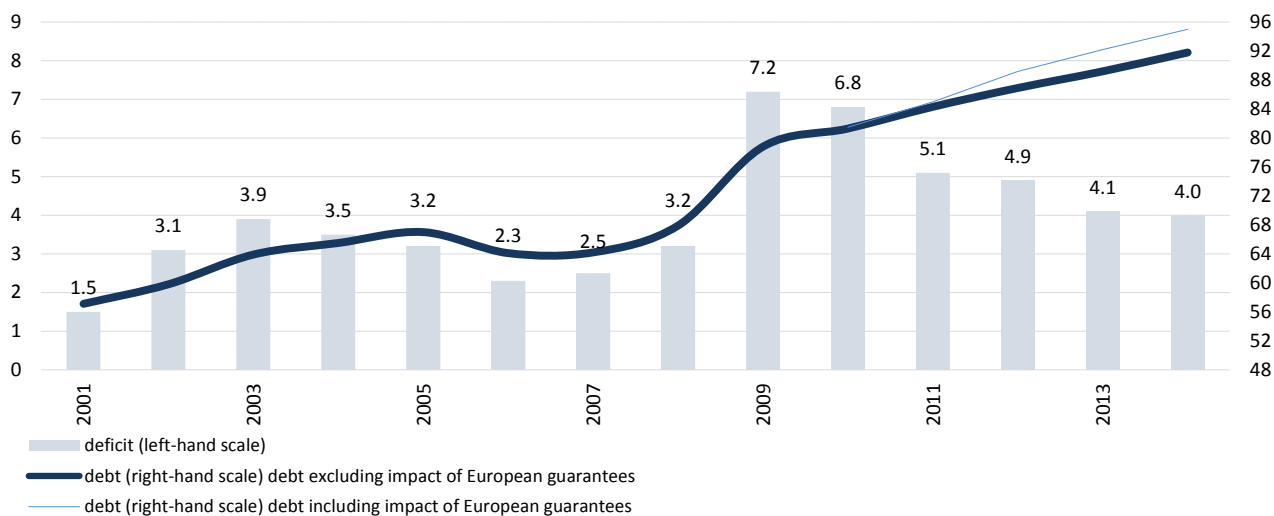
In € billion

			end of July level		
	2013	2014	2013	2014	2015
General budget balance	-75.43	-85.71	-59.00	-63.40	-56.29
revenue	301.24	291.95	176.45	170.11	172.98
expenditure	376.67	377.66	235.45	233.51	229.27
Balance of special Treasury accounts	0.56	0.16	-21.82	-20.70	-23.52
<b>General budget outturn</b>	<b>-74.87</b>	<b>-85.56</b>	<b>-80.82</b>	<b>-84.10</b>	<b>-79.81</b>

Source: Minefi

### Public finances: deficit and debt

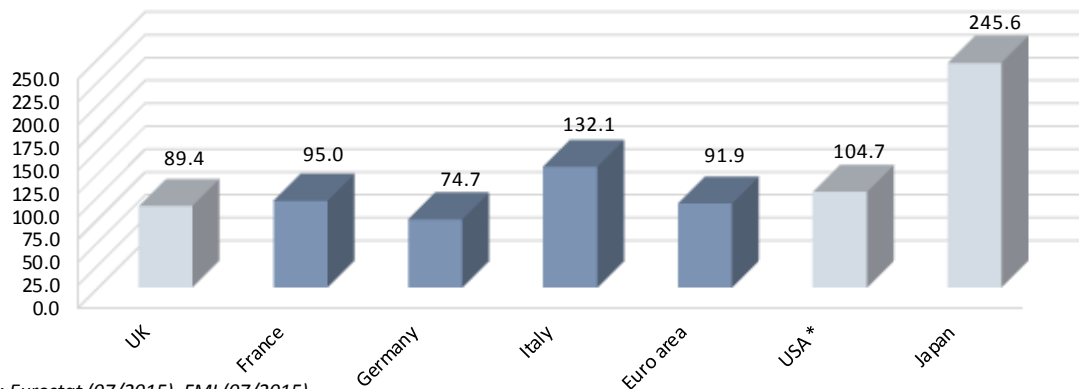
As % of GDP



Source: Insee

### General government debt in 2014

As % of GDP



























Sources: Eurostat (07/2015), FMI (07/2015)

\* IMF estimate



French economic indicators: timetable

October 2015		November 2015	
 6	Eurozone economic outlook - Q4-2015	 6	Industrial investments: October 2015
 7	Foreign trade in August	 6	Foreign trade in September
 9	Industrial output in August	 10	Industrial output in September
 12	Balance of payments in August	 12	Balance of payments in September
 14	Consumer prices: index for September	 12	Consumer prices: index for October
 16	Inflation (HICP): September index	 13	Payroll employment: provisional results Q3-2015
 22	Industrial trends: quarterly survey for October	 13	Quarterly national accounts: first results Q3-2015
 22	Industrial trends: monthly survey for October	 16	Inflation (HICP): October index
 26	Job seekers in September	 24	Industrial trends: monthly survey for November
 28	New building starts in September	 25	Household confidence survey: November survey
 29	Household confidence survey: October survey	 26	Job seekers in October
 30	Industrial producer prices: September index	 27	New building starts in October
 30	Household consumption of manufactured goods in September	 27	Household consumption of manufactured goods in October
		 27	Industrial producer prices: October index

Sources: Insee, Eurostat