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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

## 2015 primary dealer league table: top ten rankings are stable and more uniform

Every year since 1999, Agence France Trésor (AFT) has published a league table of the most active primary dealers in French government securities (SVTs) during the previous year.

The assessment considers all of the primary dealers' tasks. The primary dealers are then ranked in three separate league tables according to three categories of criteria:

- primary market performance counts for 40% of the ranking, based on the primary dealers' market shares at auctions of short-term securities (BTFs), medium- and long-term securities (OATs) and securities tracking French inflation (OATis) and European inflation (OAT€i), as well as their participation in buybacks;
- activity on the secondary market counts for 30% of the ranking, based on the volume of primary dealers' trading with end customers and other market makers in all types of government securities, including strips and repo transactions;
- the quality of advice and services provided to AFT counts for 30% of the ranking, based on the quality of primary dealers' contributions to the security of operations on the government securities market, which includes the quality of their middle- and back-office functions, the quality of their advices to AFT, the quality of their analysis of the sovereign debt market and their economic and operational research, along with the closeness and stability of their relationship with AFT.

Based on this assessment, the general ranking of the top ten banks, out of the nineteen primary dealers in 2015, is as follows:

1 BNP Paribas	7 Morgan Stanley
2 Société Générale	8 Natixis
3 Crédit Agricole	9 Nomura
4 Barclays Capital	10 Royal Bank of Scotland
5 JP Morgan	10ex Citigroup
5ex HSBC	

The top rankings in the league table are stable, particularly for French banks, which shows their attachment to the French government debt market. As was the case in 2014, BNP Paribas, Société Générale and Crédit Agricole lead the table, followed by Barclays, which remains in fourth place. American banks have climbed in the rankings: JP Morgan moved up four places since 2014 to tie with HSBC in fifth place, while Morgan Stanley moved up one place and Citigroup returned to the top ten, tying with RBS for tenth place. Natixis and Nomura ranked eighth and ninth respectively.

The 2015 ranking by market share shows that performance is less concentrated among the top five primary dealers, and that primary dealers ranked in the second five are catching up. This means that the group of primary dealers in the first to tenth positions is more uniform.

Primary market	Secondary market	Quality of service
1 BNP Paribas	1 BNP Paribas	1 Société Générale
2 Morgan Stanley	2 Société Générale	2 BNP Paribas
3 Crédit Agricole	3 JP Morgan	3 Barclays
4 Société Générale	4 Crédit Agricole	4 Crédit Agricole
5 HSBC	5 Barclays	5 Natixis
6 Barclays	6 Nomura	6 HSBC
7 Natixis	7 HSBC	7 JP Morgan
8 JP Morgan	8 Morgan Stanley	7ex Morgan Stanley
9 Royal Bank of Scotland	9 Citigroup	9 Goldman Sachs
10 Citigroup	10 Royal Bank of Scotland	10 Royal Bank of Scotland
		10ex Citigroup

# The end of the underperformance of the French economy

Michel Martinez, Chief euro Economist, Société Générale Corporate & Investment Banking



The French economy has underperformed the euro area since 2014. While acknowledging the downside risks related to the current market turmoil, the French economy is improving and we expect its growth profile to gradually converge with that of the euro area this year (1.1-1.3%). This is because: 1) the drag from the construction sector that reduced GDP by 0.3pp over the past two years is coming to an end thanks to an improving residential sector; and 2) tax cuts and lower debt servicing costs have boosted gross corporate savings (profits net of taxes, debt servicing and dividends), and this should have a positive impact on capex and hiring.

Uncertainty over China and capital outflows, low oil prices, concerns on the commodity and EM complex, concerns on US economic growth, Fed tightening, renewed concerns on euro area banks, global concerns on the dark side of the low and negative interest rate environment and concerns on the strength of monetary policy multipliers (both in terms of market impact and real economy impact) are all factors that have weighed on markets.

These factors should not be neglected, due to their impact on global trade. Because of these concerns, we believe that the contribution of net external trade will be negative, both in the euro area and in France, therefore capping the strength of the recovery. Yet we observe that French business and consumer surveys have improved materially since last summer. In January, the INSEE business sentiment index for the whole economy printed at 102.4, up from 99.9 in September, and it is now above its long-term average (100). The INSEE business survey is a reliable tool that uses a sample of 20,000 companies. Historically, a reading of 102.4 is consistent with GDP growth of 0.6% qoq (2.5% yoy!). Importantly, business confidence in the manufacturing sector has carried on improving despite disappointing global trade. This suggests that domestic demand still has some momentum, with capex growth gradually taking over from consumption to lead the recovery. Below we list the reasons why France will stop underperforming the euro area.

- First half 2016 will have three working days more than in 2015 (29 February, plus the 1 and 8 May national holidays will fall on a Sunday). According to our estimates, this could add about 0.1pp to GDP in

first half 2016.

- The construction sector has been one of the key weaknesses of the French economy, reducing GDP by 0.4pp in 2014 and 0.3pp in 2015. This drag is set to stop this year thanks to the nascent recovery in residential investment. The rise in housing permits observed in second half 2015 suggests that residential investment should start to recover in first half 2016, although its contribution to GDP growth will be modest in 2016. Moreover, we believe that housing prices and the stock of new homes for sale have now fallen enough to lead to a sustained recovery in residential investment. Housing prices already increased significantly (+4%) in second half 2015 and we believe the increase can continue this year. We even estimate that property prices are undervalued by 6-7% on the basis of household borrowing capacity (French banking practices prevent debt servicing costs from exceeding 35% of household income, and borrowing capacity is a function of household income, interest rates and loan duration). In contrast, cuts in state subsidies to local authorities will likely lead to a further drop in public investment (infrastructure, civil engineering) this year, albeit by less than in 2014-2015.
- Non-financial corporate investment increased for the sixth quarter in a row in fourth quarter 2015 (3.2% yoy). We expect it to keep the same pace this year. First, the January INSEE quarterly survey of manufacturing investment showed that business leaders in this sector anticipate a 7% rebound in investment in 2016 (in nominal terms). Secondly, the lower oil burden and corporate tax cut have helped profit margins to improve materially in 2015. Gross savings (profits net of taxes, debt servicing and dividends) rose from 16.9% of GVA in 2013 to 17.4% of GVA in 2014 and to 20.4% in third quarter 2015, with the latter figure being significantly higher than the historical average of 18.4%. The reduced corporate tax burden has been responsible for 60% of the improvement in profits, with the rest largely attributable to lower debt servicing costs.

**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.

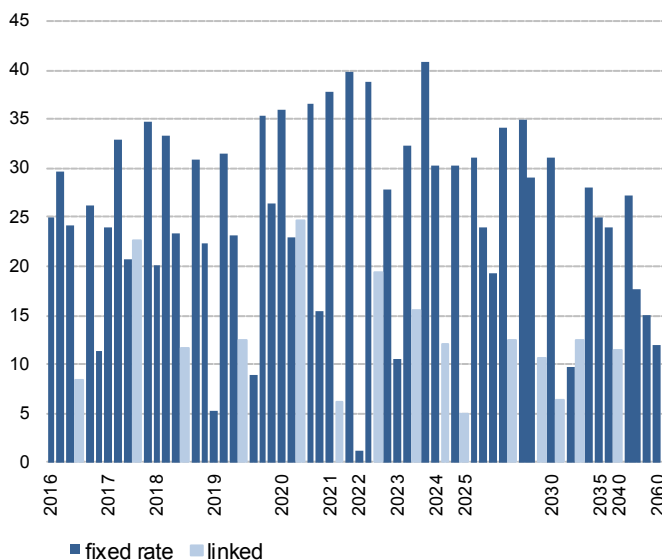
Indicative auction schedule

		Short-term				Medium-term	Long-term	Index-linked
March 2016	auction date	7	14	21	29	17	3	17
	settlement date	9	16	23	31	21	7	21
April 2016	auction date	4	11	18	25	21	7	21
	settlement date	6	13	20	27	25	11	25

Source: Agence France Trésor

Medium- and long-term negotiable government debt at 31 January 2016

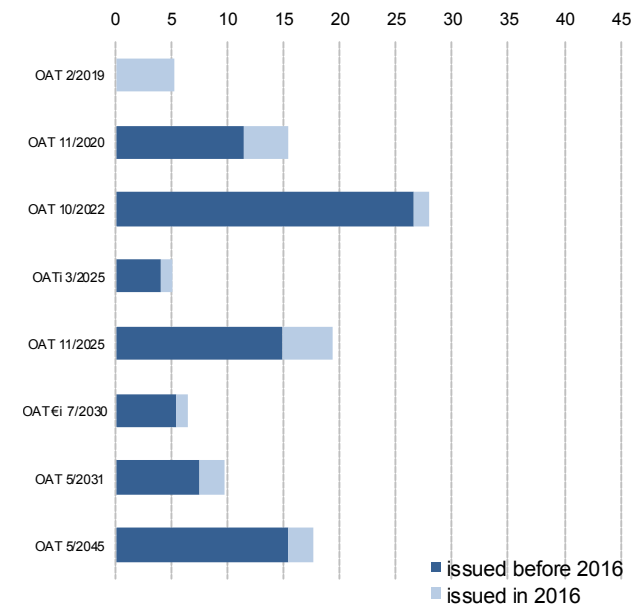
Nominal value of each line, in € billion



Source: Agence France Trésor

Medium- and long-term: securities issued during the year and total issuance at 31 January 2016

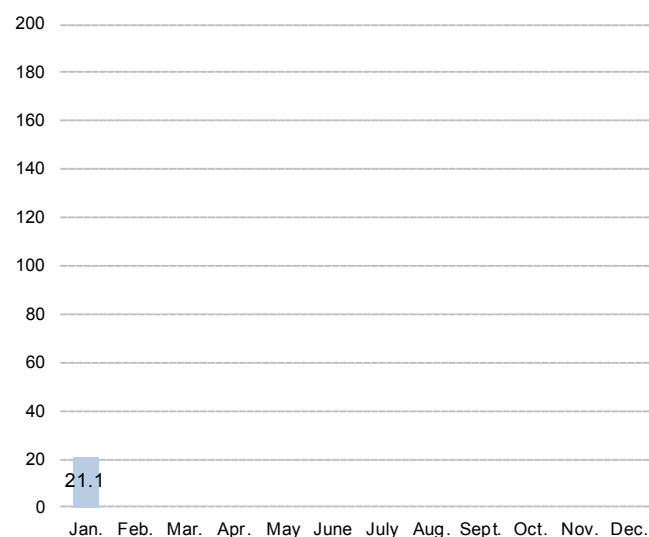
In € billion



Source: Agence France Trésor

Issuance net of buybacks at 31 January 2016

In € billion



Source: Agence France Trésor

Medium- and long-term: provisional maturity schedule at 31 January 2016

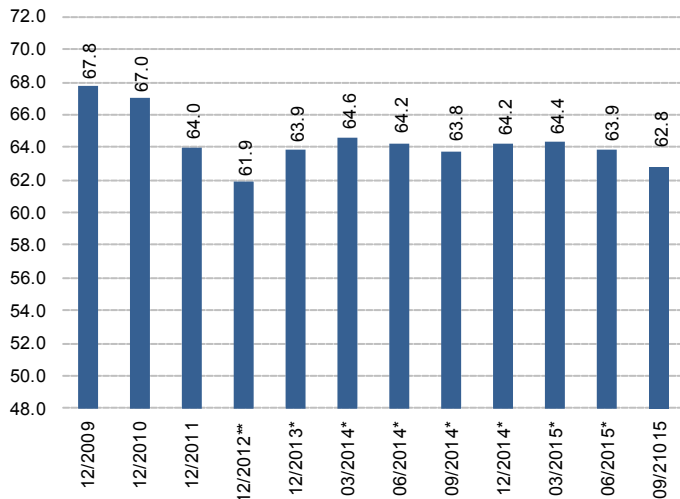
In € billion

Month	Coupon	Redemption
Feb-16	1.0	24.9
Mar-16	0.0	
Apr-16	16.0	29.7
May-16	3.4	
Jun-16		
Jul-16	3.7	32.2
Aug-16		
Sep-16		
Oct-16	15.7	26.2
Nov-16	1.1	11.4
Dec-16		
Jan-17		

Source: Agence France Trésor

### Non-resident holders of negotiable government debt in third quarter of 2015

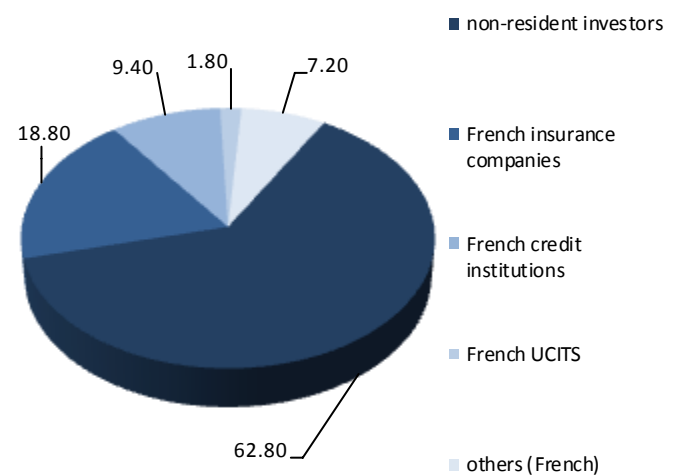
As a % of negotiable debt outstanding expressed in market value



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

### Negotiable government debt by group of holders in third quarter of 2015

Structure in % expressed in market value



Source: Banque de France

### Negotiable government debt at 31 January 2016

In euros

Total medium- and long-term debt	1,444,516,299,723
Total stripping activity	61,515,989,100
Average maturity	7 years and 295 days
Total short-term debt	151,543,000,000
Average maturity	113 days
<b>TOTAL OUTSTANDING</b>	<b>1,596,059,299,723</b>
<b>Average maturity</b>	<b>7 years and 35 days</b>

Source: Agence France Trésor

### Negotiable government debt and interest rate swaps at 31 January 2016

In € billion

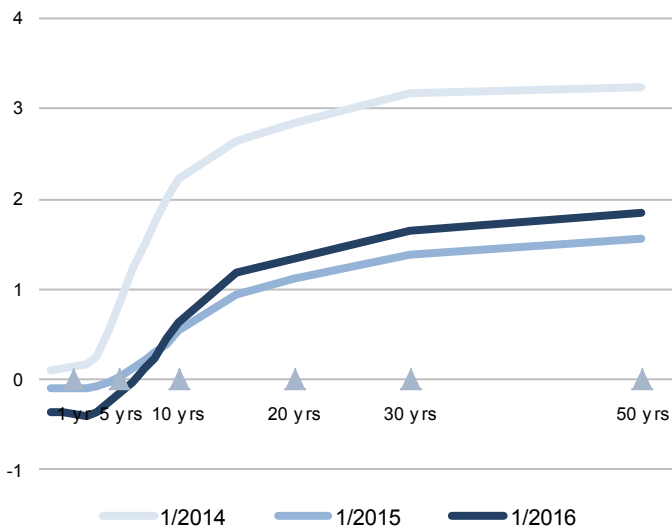
	End 2012	End 2013	End 2014	End Dec. 2015	End Jan. 2015
<b>Negotiable government debt outstanding</b>	<b>1,386</b>	<b>1,457</b>	<b>1,528</b>	<b>1,576</b>	<b>1,596</b>
of which index-linked securities	173	174	189	190	192
Medium- and long-term	1,220	1,283	1,352	1,424	1,445
short-term	167	174	175	153	152
<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 47 days	7 years 35 days
after swaps	7 years 34 days	7 years 2 days	6 years 362 days	7 years 47 days	7 years 35 days

Source: Agence France Trésor



Yield curve for French government securities

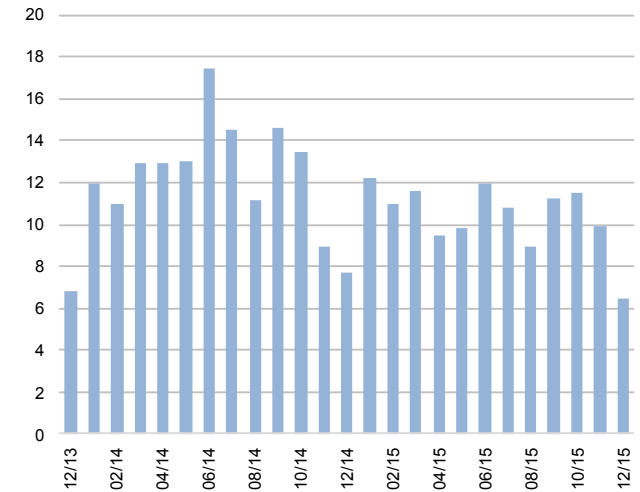
End-of-month value, %



Source: Bloomberg

Average daily volume of medium- and long-term transactions

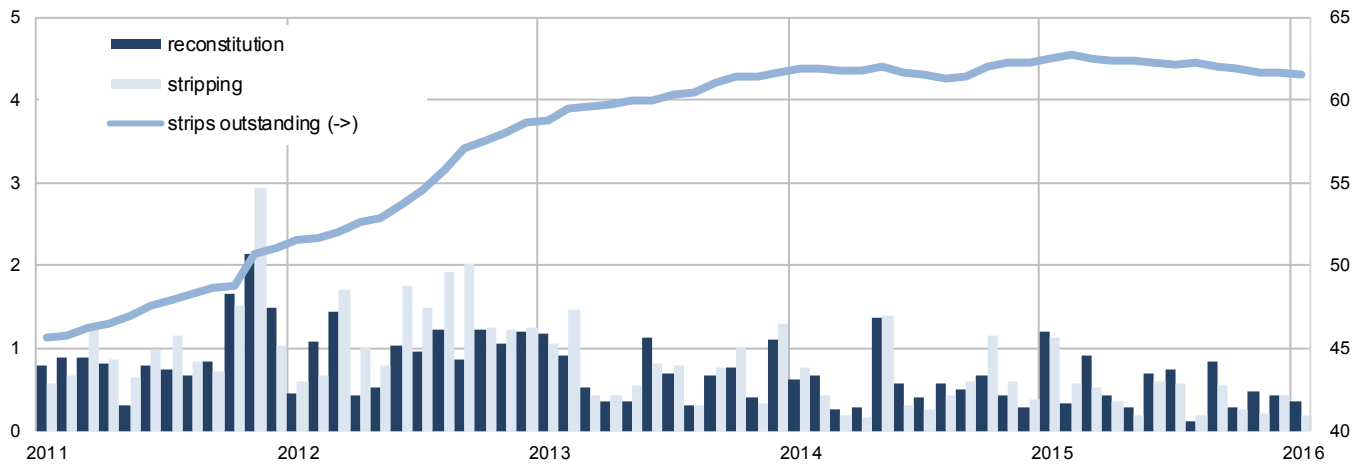
In € billion



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

Total stripping and reconstitution

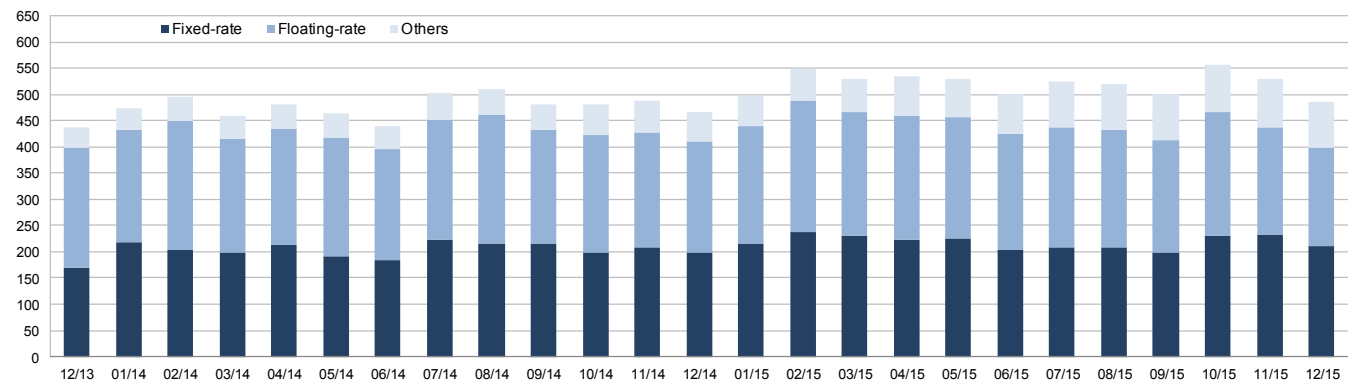
In € billion



Source: Euroclear

Primary dealers, repo outstanding at end of month

In € billion



Source: reporting by primary dealers in government securities

### Short-term debt at 31 January 2016

	Maturity	Outstanding (€)
BTF	03 February 2016	7,950,000,000
BTF	10 February 2016	7,855,000,000
BTF	17 February 2016	6,097,000,000
BTF	24 February 2016	8,450,000,000
BTF	02 March 2016	6,216,000,000
BTF	09 March 2016	8,243,000,000
BTF	16 March 2016	7,467,000,000
BTF	31 March 2016	6,724,000,000
BTF	06 April 2016	7,289,000,000
BTF	13 April 2016	7,019,000,000
BTF	20 April 2016	6,381,000,000
BTF	27 April 2016	5,876,000,000
BTF	11 May 2016	6,018,000,000
BTF	25 May 2016	4,895,000,000
BTF	08 June 2016	5,454,000,000
BTF	22 June 2016	7,262,000,000
BTF	06 July 2016	1,586,000,000
BTF	20 July 2016	5,332,000,000
BTF	18 August 2016	5,862,000,000
BTF	14 September 2016	5,555,000,000
BTF	12 October 2016	8,049,000,000
BTF	09 November 2016	7,161,000,000
BTF	07 December 2016	3,590,000,000
BTF	04 January 2017	5,212,000,000

### Medium- and long-term debt (maturing 2016–2019) at 31 January 2016

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
	<b>Maturity 2016</b>	<b>124,848,711,190</b>			
FR0119105809	BTAN 2.25% 25 February 2016	24,902,500,000			–
FR0010288357	OAT 3.25% 25 April 2016	29,725,000,000			0
FR0119580050	BTAN 2.5% 25 July 2016	24,221,500,000			–
FR0119105791	BTANi 0.45% 25 July 2016	8,392,711,190 (1)	1.04791	8,009,000,000	–
FR0000187361	OAT 5% 25 October 2016	26,204,000,000			263,517,000
FR0011857218	OAT 0.25% 25 November 2016	11,403,000,000			0
	<b>Maturity 2017</b>	<b>135,359,258,300</b>			
FR0120473253	BTAN 1.75% 25 February 2017	24,020,000,000			–
FR0010415331	OAT 3.75% 25 April 2017	32,991,000,000			0
FR0120746609	BTAN 1% 25 July 2017	20,793,000,000			–
FR0010235176	OATi 1% 25 July 2017	22,730,258,300 (1)	1.13114	20,095,000,000	0
FR0010517417	OAT 4.25% 25 October 2017	34,825,000,000			0
	<b>Maturity 2018</b>	<b>141,654,690,890</b>			
FR0012634558	OAT 0% 25 February 2018	20,057,000,000			0
FR0010604983	OAT 4% 25 April 2018	33,269,000,000			0
FR0011394345	OAT 1% 25 May 2018	23,412,000,000			0
FR0011237643	OAT€i 0.25% 25 July 2018	11,704,690,890 (1)	1.03977	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>142,997,402,046</b>			
FR0013101466	OAT 0% 25 février 2019	5,307,000,000			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	12,497,112,600 (1)	1.06449	11,740,000,000	0
FR0000570921	OAT 8.5% 25 October 2019	8,844,392,893			5,764,885,100
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	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 31 January 2016

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
<b>Maturity 2020</b>		<b>135,736,403,100</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	24,778,403,100 (1)	1.22001	20,310,000,000	0
FR0010949651	OAT 2.5% 25 October 2020	36,562,000,000			0
FR0012968337	OAT 0.25% 25 November 2020	15,395,000,000			0
<b>Maturity 2021</b>		<b>83,869,406,120</b>			
FR0010192997	OAT 3.75% 25 April 2021	37,837,000,000			0
FR0011347046	OATi 0.1% 25 July 2021	6,141,406,120 (1)	1.00811	6,092,000,000	0
FR0011059088	OAT 3.25% 25 October 2021	39,891,000,000			0
<b>Maturity 2022</b>		<b>87,328,016,230</b>			
FR0000571044	OAT 8.25% 25 April 2022	1,243,939,990			617,468,400
FR0011196856	OAT 3% 25 April 2022	38,725,000,000			0
FR0010899765	OAT€i 1.1% 25 July 2022	19,445,076,240 (1)	1.08456	17,929,000,000	0
FR0011337880	OAT 2.25% 25 October 2022	27,914,000,000			0
<b>Maturity 2023</b>		<b>99,398,564,553</b>			
FR0000571085	OAT 8.5% 25 April 2023	10,606,195,903			5,557,900,200
FR0011486067	OAT 1.75% 25 May 2023	32,358,000,000			0
FR0010585901	OATi 2.1% 25 July 2023	15,552,368,650 (1)	1.09655	14,183,000,000	0
FR0010466938	OAT 4.25% 25 October 2023	40,882,000,000			483,585,000
<b>Maturity 2024</b>		<b>72,614,161,960</b>			
FR0011619436	OAT 2.25% 25 May 2024	30,355,000,000			10,000,000
FR0011427848	OAT€i 0.25% 25 July 2024	12,024,161,960 (1)	1.01564	11,839,000,000	0
FR0011962398	OAT 1.75% 25 November 2024	30,235,000,000			46,000,000
<b>Maturity 2025</b>		<b>79,362,928,118</b>			
FR0012558310	OATi 0.1% 1 March 2025	4,987,000,000 (1)	0.99951	4,987,000,000	0
FR0012517027	OAT 0.5% 25 May 2025	31,065,000,000			0
FR0000571150	OAT 6% 25 October 2025	23,968,928,118			3,186,964,400
FR0012938116	OAT 1% 25 November 2025	19,342,000,000			0
<b>Maturity 2026</b>		<b>34,114,000,000</b>			
FR0010916924	OAT 3.5% 25 April 2026	34,114,000,000			134,313,000
<b>Maturity 2027</b>		<b>47,537,049,370</b>			
FR0011008705	OAT€i 1.85% 25 July 2027	12,508,049,370 (1)	1.06879	11,703,000,000	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>39,678,987,990</b>			
FR0000571218	OAT 5.5% 25 April 2029	29,091,880,458			3,515,109,100
FR0000186413	OATi 3.4% 25 July 2029	10,587,107,532 (1)	1.25008	8,469,144,000	0
<b>Maturity 2030</b>		<b>37,412,506,070</b>			
FR0011883966	OAT 2.5% 25 May 2030	31,023,000,000			0
FR0011982776	OAT€i 0.7% 25 July 2030	6,389,506,070 (1)	1.00259	6,373,000,000	0
<b>Maturity 2031</b>		<b>9,644,000,000</b>			
FR0012993103	OAT 1.5% 25 May 2031	9,644,000,000			0
<b>Maturity 2032 and later</b>		<b>172,937,679,000</b>			
FR0000188799	OAT€i 3.15% 25 July 2032	12,558,979,200 (1)	1.23612	10,160,000,000	0
FR0000187635	OAT 5.75% 25 October 2032	28,114,322,600			11,082,357,400
FR0010070060	OAT 4.75% 25 April 2035	25,004,000,000			5,228,167,000
FR0010371401	OAT 4% 25 October 2038	23,889,000,000			4,870,511,400
FR0010447367	OAT€i 1.8% 25 July 2040	11,513,377,200 (1)	1.14504	10,055,000,000	0
FR0010773192	OAT 4.5% 25 April 2041	27,307,000,000			7,390,539,000
FR0011461037	OAT 3.25% 25 May 2045	17,707,000,000			500,600,000
FR0010171975	OAT 4% 25 April 2055	14,926,000,000			7,305,588,000
FR0010870956	OAT 4% 25 April 2060	11,918,000,000			5,558,484,100

(1) face value x indexation coefficient (face value if coefficient < 1)  
(3) Revised on 28 March 2015; not open to subscription

### Most recent economic indicators

Industrial output, year-on-year	2.0%	Dec 2015
Household consumption*, year-on-year	1.2%	Jan 2016
Unemployment rate (ILO)	10.6%	Sep 2015
Consumer prices, year-on-year		
all items	0.2%	Jan 2016
all items excluding tobacco	0.2%	Jan 2016
Trade balance, fob-fob, sa (€bn)	-€3.9bn	Dec 2015
" "	-€4.5bn	Nov 2015
Current account balance, sa (€bn)	-€0.7bn	Dec 2015
" "	-€1.5bn	Nov 2015
10-year constant maturity rate (TEC10)	0.54%	26 Feb. 2016
3-month interest rate (Euribor)	-0.2%	23 Feb. 2016
EUR / USD	1.1006	26 Feb. 2016
EUR / JPY	124.42	26 Feb. 2016

\* manufactured products

Sources: Insee, Minefi, Banque de France

### Monthly government budget position

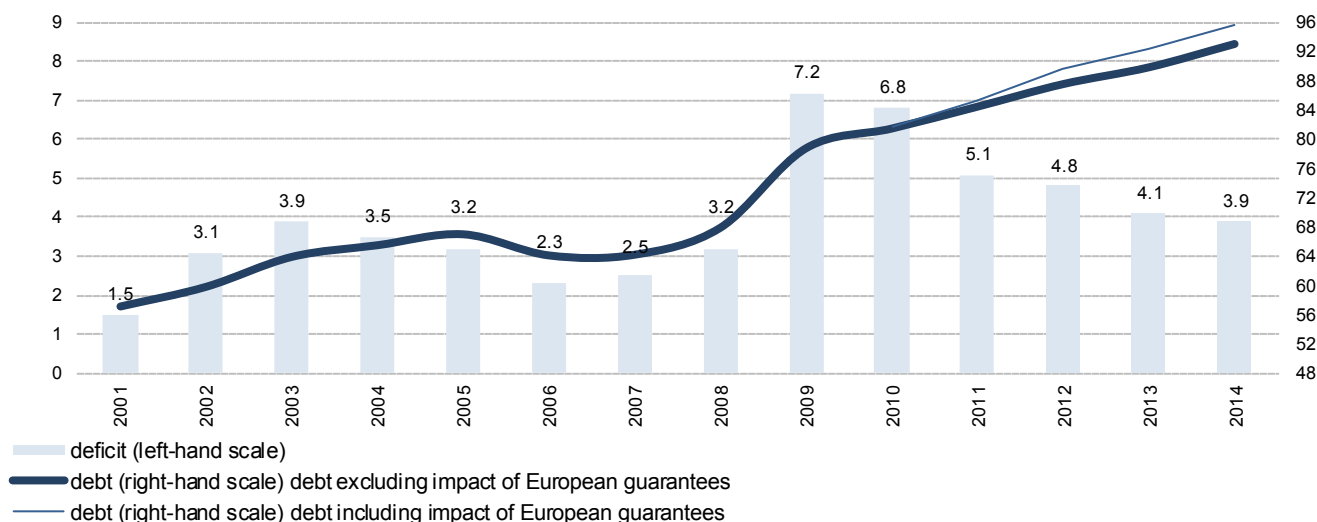
In € billion

	2013	2014	end of December level		
			2013	2014	2015
General budget balance	-75.43	-85.71	-75.43	-85.71	-72.15
revenue	301.24	291.95	301.24	291.95	299.66
expenditure	376.67	377.66	376.67	377.66	371.80
Balance of special Treasury accounts	0.56	0.16	0.56	0.16	1.62
<b>General budget outturn</b>	<b>-74.87</b>	<b>-85.56</b>	<b>-74.87</b>	<b>-85.56</b>	<b>-70.52</b>

Source: Minefi

### Public finances: deficit and debt

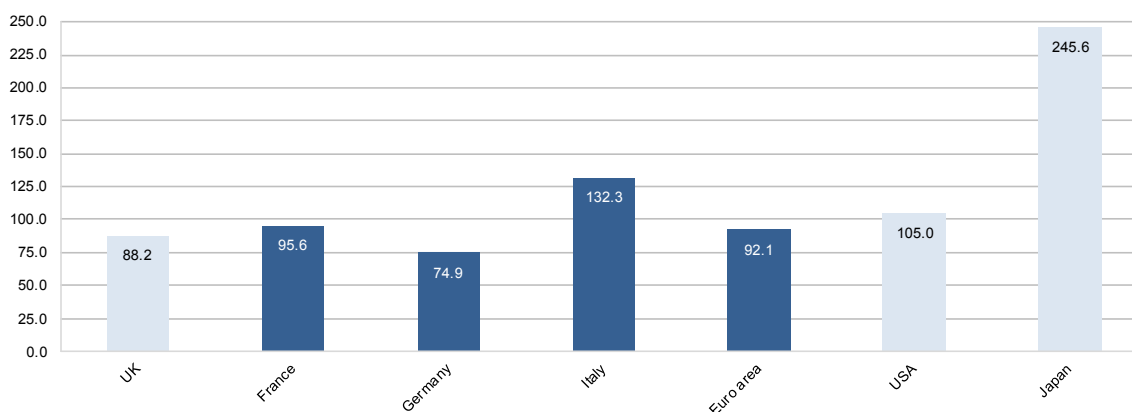
As % of GDP



Source: Eurostat, Insee

### General government debt in 2014

As % of GDP



Sources: Eurostat (2016), FMI (2015)



## French economic indicators: timetable

March 2016		April 2016	
	Job seekers Q4-2015 (ILO)		Balance of payments in February
	Foreign trade in January		Foreign trade in February
	Industrial output in January		Industrial output in February
	Payroll employment: final results Q4-2015		Eurozone economic outlook - Q2-2016
	Balance of payments in January		Consumer prices: index for March
	Consumer prices: index for February		Inflation (HICP): index for March
	Inflation (HICP): February index		Industrial outlook: monthly survey for April
	Industrial trends: monthly survey for March		Industrial outlook: quarterly survey in April
	Job seekers in February		Job seekers in March
	Debt of the general gvt according to Maastricht definition - Q4 2015		Household confidence survey: April survey
	Quarterly national accounts: final results Q4-2015		New building starts in March
	Household confidence survey: March survey		Household consumption of manufactured products in March
	New building starts in February		Net foreign exchange reserves in March
	Household consumption of manufactured goods in February		Quarterly national accounts: first results Q1-2016
	Industrial producer prices: February index		
	Net foreign exchange reserves in February		

Sources: Insee, Eurostat

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