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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

2016 primary dealer league table: good performances reflect banking institutions with diversified strengths

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' shares at auctions of short-term securities (BTFs), medium- and long-term securities (OATs) and securities indexed to French and European inflation (OATi and OAT€i), as well as their participation in buybacks;
- performance 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 the 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 advice to AFT, the quality of their analysis of the sovereign debt market and their economic and operations 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 eighteen primary dealers in 2016, is as follows:

- | | |
|---------------------------|---------------------------------------|
| 1 BNP Paribas | 6 Barclays |
| 2 HSBC | 7 Morgan Stanley |
| 3 Société Générale | 8 Citigroup |
| 4 JP Morgan | 9 Natixis |
| 5 Crédit Agricole | 10 NatWest Markets¹ |

The main features of the league table are the continued attachment of French banks, which remain in the top ten, to the government securities market, and a relative stability in the top rankings: the first seven banks are the same as in 2015 although the order has changed slightly due to the respective performances of each bank in the three sub-categories that were assessed.

BNP Paribas continues to lead the general ranking owing to its consistent performance on the primary and secondary markets and its high quality levels. HSBC, which is now the leading primary dealer on the primary market, has climbed three places to second in the general ranking, with Société Générale taking third spot whilst keeping its position at the head of the quality ranking. Buoyed up by its first place on the secondary market, JP Morgan confirmed its improvement by moving up one place to fourth.

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

¹ The Royal Bank of Scotland's new business name since December 2016.



France's economy shows encouraging signs

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

France's upcoming elections should take place in a substantially improved economic climate. We estimate that GDP growth will reach 1.6% in 2017, which should be the highest growth since 2011. Part of this stems from factors that dampened growth in 2016 (falls in tourism and agricultural output) and from the recovery in the construction industry, and part stems from the improvement in companies' net earnings, which reached new highs. Unemployment numbers should continue to improve.

Despite some strong headwinds in 2016 (declining tourism and agricultural output), growth reached 1.1% for the year, which was in line with the growth potential. Foreign tourist numbers dropped off sharply following the terrorist attacks, shaving 0.2 points off GDP for 2016 as a whole, even though the end-of-year data indicated a return to normal. The fall in agricultural output, under the combined effect of spring floods, followed by a summer drought, shaved another 0.2 points off GDP in 2016. Absent these two (hopefully) non-recurring factors, 2016 growth would have reached 1.5%, matching the growth rate for the euro area.

Unemployment should also post a decline in 2016, for the first time since 2010. The French economy probably added 210,000 jobs in 2016, leading to a drop of 70,000 in ILO unemployed. Improved tax revenues mean that the government deficit should stand at 3.2% of GDP, slightly better than the government's target of 3.3%.

Consumer and business confidence surveys show no signs of flagging since the start of 2017. We forecast growth of 1.6% in 2017, matching the euro area growth rate. This would mark a notable change from the period from 2013 to 2016, when France posted growth that was 0.2% lower on average than the euro area growth rate. We can see that the business climate improved significantly after the third quarter of 2016. In January 2017, the French National Statistics Institute (Insee)

published a business climate indicator for the economy as a whole showing a rise from an average of 101.1 in 2016 to 104.1. The Insee Business Climate Survey is a reliable tool based on a sample of 20,000 businesses. Historical data shows that an indicator of 104.1 corresponds to quarter-on-quarter GDP growth of 0.6%, or 2.4% year-on-year growth. These numbers are very encouraging.

The construction sector has been one of the main weak links in France's economy in recent years, reducing GDP growth by 0.4% in 2014 and by 0.3% in 2015. This drag on growth disappeared in 2016 with the budding recovery in residential investment. Double-digit rises in developers' sales and building permits in the second half of 2016 point to a strong recovery in residential investment in 2017. Residential real estate prices were up by some 2.5% in 2016, for the first time since 2011. We expect the rise to continue in 2017. The recovery in the residential sector should be backed up by a recovery in infrastructure spending. The Grand Paris project alone could increase GDP growth by 0.1 points in 2017.

Non-financial corporations' investment should show growth of nearly 4.3% in 2016, which is a very good figure. We expect a lower growth figure this year, but risks are likely to be higher. Tax cuts and lower debt service have boosted corporate earnings significantly over the last two years. Gross savings (earnings after taxes, financial expense and dividends) increased from 16.9% of gross value added in 2013 to 20.7% in 2016. This is much higher than the historical mean of 18.4% and probably marks a historic new thirty-year high. Price surveys show that companies are regaining their capacity to raise prices for the first time since 2011. All these factors should encourage companies to hire more workers in the coming months.

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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.

Indicative auction schedule

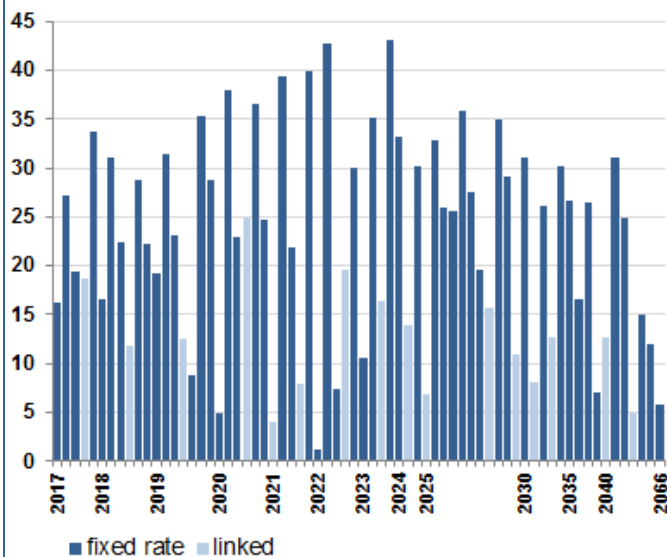
		Short-term				Medium-term	Long-term	Index-linked
March 2017	auction date	6	13	20	27	16	2	16
	settlement date	8	15	22	29	20	6	20
April 2017	auction date	3	10	18	24	20	6	20
	settlement date	5	12	20	26	24	10	24

anticipated or delayed auctions (bank holidays, etc.)

Source: Agence France Trésor

Medium- and long-term negotiable government debt at 31 January 2017

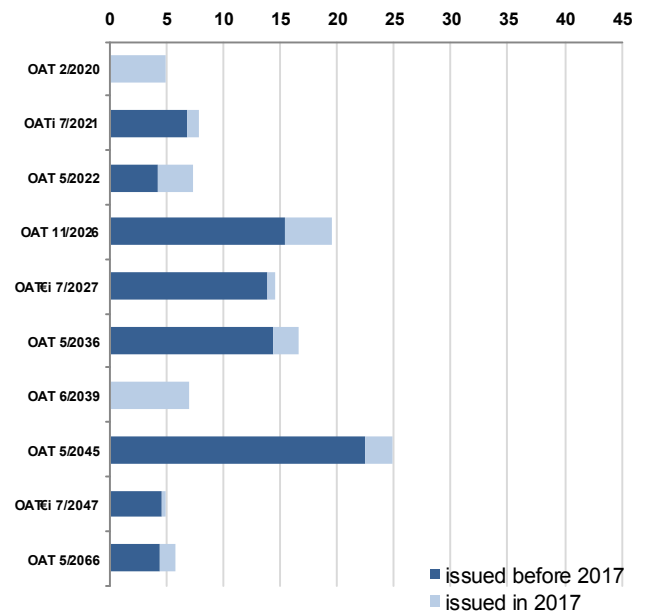
Nominal value of each line, in € billion



Source: Agence France Trésor

Medium- and long-term: securities issued during the year and total issuance at 31 January 2017

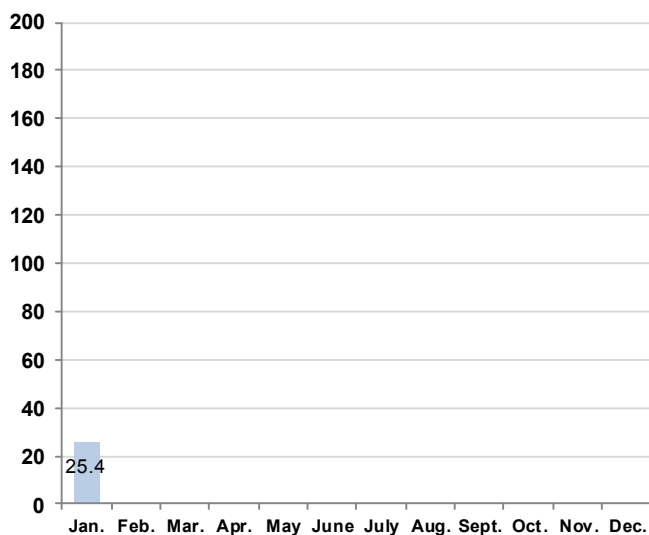
In € billion



Source: Agence France Trésor

Issuance net of buybacks at 31 January 2017

In € billion



Source: Agence France Trésor

Medium- and long-term: provisional maturity schedule at 31 January 2017

In € billion

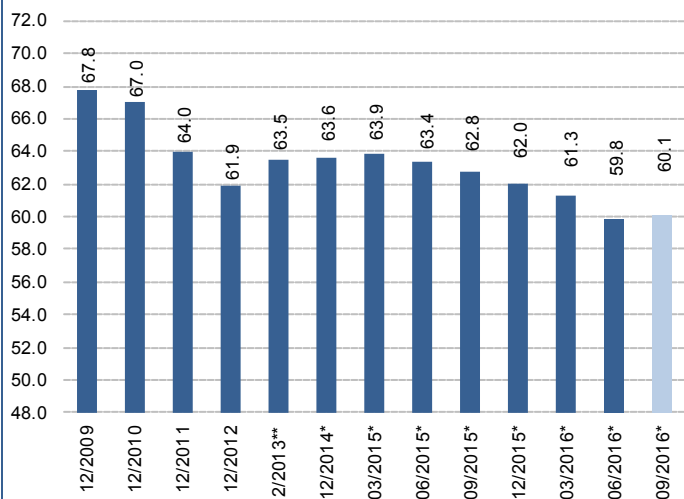
Month	Coupon	Redemption
Feb-17	0.3	16.2
Mar-17	0.0	
Apr-17	15.3	27.1
May-17	4.4	
Jun-17	0.1	
Jul-17	3.1	38.2
Aug-17		
Sep-17		
Oct-17	14.8	33.7
Nov-17	1.3	
Dec-17		
Jan-18		

Source: Agence France Trésor



Non-resident holders of negotiable government debt in third quarter of 2016

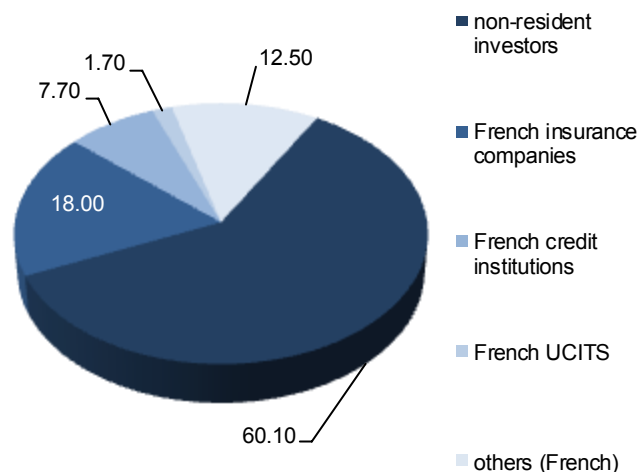
As a % of negotiable debt outstanding expressed in market value



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

Negotiable government debt by group of holders in third quarter of 2016

Structure in % expressed in market value



Source: Banque de France

Negotiable government debt at 31 January 2017

In euros

Total medium- and long-term debt	1,511,989,372,112
Total stripping activity	61,574,022,100
Average maturity	8 years and 91 days
Total short-term debt	136,824,000,000
Average maturity	106 days
TOTAL OUTSTANDING	1,648,813,372,112
Average maturity	7 years and 215 days

Source: Agence France Trésor

Negotiable government debt and interest rate swaps at 31 January 2017

In € billion

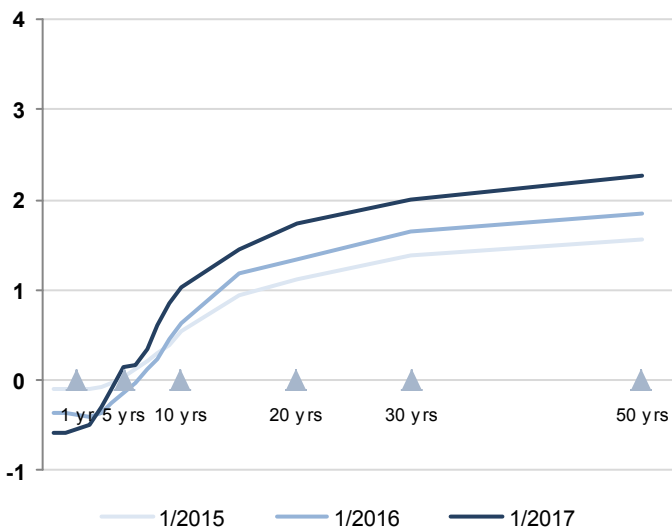
	End 2013	End 2014	End 2015	End Dec. 2016	End Jan. 2017
Negotiable government debt outstanding	1,457	1,528	1,576	1,621	1,649
of which index-linked securities	174	189	190	200	201
Medium- and long-term	1,283	1,352	1,424	1,487	1,512
short-term	174	175	153	134	137
Swaps outstanding	7	6	6	1	1
Average maturity of the negotiable debt					
before swaps	7 years 5 days	6 years 363 days	7 years 47 days	7 years 195 days	7 years 215 days
after swaps	7 years 2 days	6 years 362 days	7 years 47 days	7 years 195 days	7 years 215 days

Source: Agence France Trésor



Yield curve for French government securities

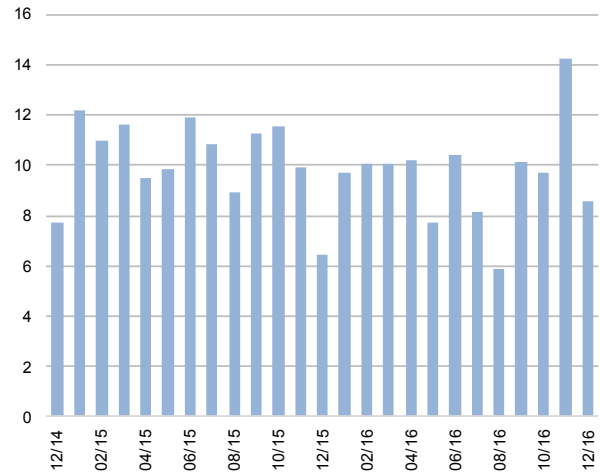
End-of-month value, %



Source: Bloomberg

Average daily volume of medium- and long-term transactions

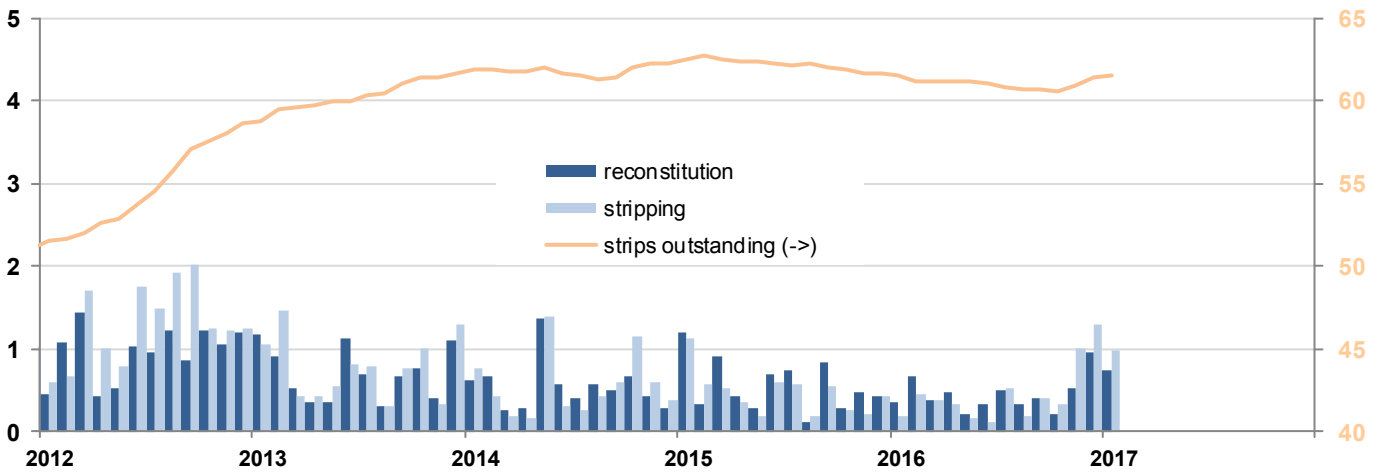
In € billion



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

Total stripping and reconstitution

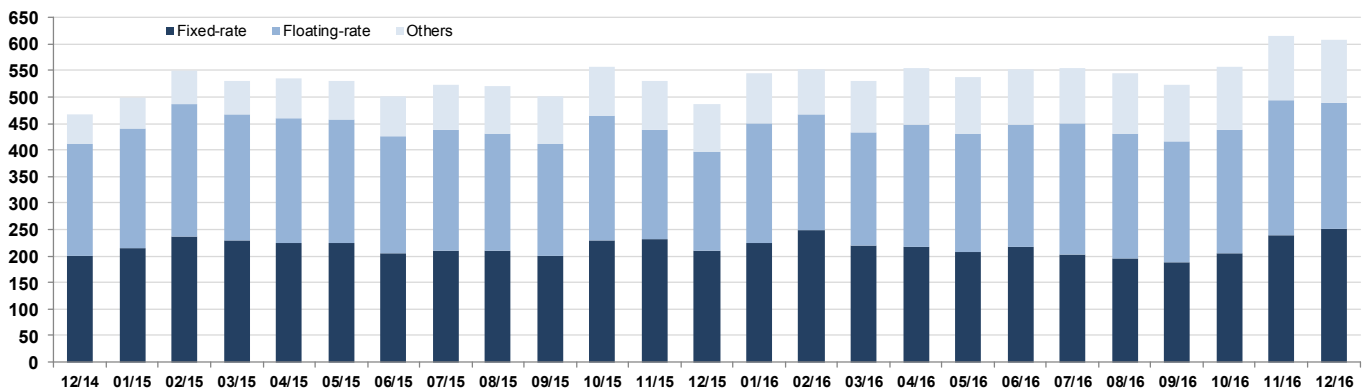
In € billion



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 2017

	Maturity	Outstanding (€)
BTF	01 February 2017	6,746,000,000
BTF	08 February 2017	7,322,000,000
BTF	15 February 2017	6,545,000,000
BTF	22 February 2017	7,279,000,000
BTF	01 March 2017	6,366,000,000
BTF	08 March 2017	7,387,000,000
BTF	15 March 2017	6,090,000,000
BTF	29 March 2017	6,135,000,000
BTF	05 April 2017	7,180,000,000
BTF	12 April 2017	6,122,000,000
BTF	20 April 2017	8,256,000,000
BTF	26 April 2017	5,030,000,000
BTF	11 May 2017	5,276,000,000
BTF	24 May 2017	4,972,000,000
BTF	08 June 2017	5,267,000,000
BTF	21 June 2017	4,571,000,000
BTF	05 July 2017	2,138,000,000
BTF	19 July 2017	3,979,000,000
BTF	17 August 2017	5,088,000,000
BTF	13 September 2017	5,871,000,000
BTF	11 October 2017	6,152,000,000
BTF	08 November 2017	6,440,000,000
BTF	06 December 2017	6,612,000,000

Medium- and long-term debt (maturing 2017–2020) at 31 January 2017

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
	Maturity 2017	114,965,584,680			
FR0120473253	BTAN 1.75% 25 February 2017	16,160,000,000			–
FR0010415331	OAT 3.75% 25 April 2017	27,132,000,000			0
FR0120746609	BTAN 1% 25 July 2017	19,340,000,000			–
FR0010235176	OATi 1% 25 July 2017	18,643,584,680 (1)	1.13722	16,394,000,000	0
FR0010517417	OAT 4.25% 25 October 2017	33,690,000,000			0
	Maturity 2018	132,795,604,390			
FR0012634558	OAT 0% 25 February 2018	16,559,000,000			0
FR0010604983	OAT 4% 25 April 2018	31,007,000,000			0
FR0011394345	OAT 1% 25 May 2018	22,356,000,000			0
FR0011237643	OAT€i 0.25% 25 July 2018	11,766,604,390 (1)	1.04527	11,257,000,000	0
FR0010670737	OAT 4.25% 25 October 2018	28,842,000,000			0
FR0011523257	OAT 1% 25 November 2018	22,265,000,000			15,000,000
	Maturity 2019	159,477,785,288			
FR0013101466	OAT 0% 25 February 2019	19,313,000,000			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	12,564,265,400 (1)	1.07021	11,740,000,000	0
FR0000570921	OAT 8.5% 25 October 2019	8,844,392,893			5,298,885,100
FR0010776161	OAT 3.75% 25 October 2019	35,410,000,000			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	–
	Maturity 2020	151,995,605,700			
FR0013232485	OAT 0% 25 February 2020	4,846,000,000			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	24,909,605,700 (1)	1.22647	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 31 January 2017

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
	Maturity 2021	113,104,658,440			
FR0013140035	OAT€i 0.1% 1 March 2021	4,104,124,440 (1)	1.00542	4,082,000,000	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	7,905,534,000 (1)	1.01353	7,800,000,000	0
FR0011059088	OAT 3.25% 25 October 2021	39,891,000,000			0
	Maturity 2022	100,925,749,400			
FR0000571044	OAT 8.25% 25 April 2022	1,243,939,990			437,468,400
FR0011196856	OAT 3% 25 April 2022	42,703,000,000			0
FR0013219177	OAT 0% 25 May 2022	7,379,000,000			0
FR0010899765	OAT€i 1.1% 25 July 2022	19,547,809,410 (1)	1.09029	17,929,000,000	0
FR0011337880	OAT 2.25% 25 October 2022	30,052,000,000			0
	Maturity 2023	105,412,807,803			
FR0000571085	OAT 8.5% 25 April 2023	10,606,195,903			5,410,650,200
FR0011486067	OAT 1.75% 25 May 2023	35,237,000,000			0
FR0010585901	OATi 2.1% 25 July 2023	16,384,611,900 (1)	1.10245	14,862,000,000	0
FR0010466938	OAT 4.25% 25 October 2023	43,185,000,000			440,585,000
	Maturity 2024	77,274,114,180			
FR0011619436	OAT 2.25% 25 May 2024	33,135,000,000			0
FR0011427848	OAT€i 0.25% 25 July 2024	13,904,114,180 (1)	1.02101	13,618,000,000	0
FR0011962398	OAT 1.75% 25 November 2024	30,235,000,000			46,000,000
	Maturity 2025	91,343,248,758			
FR0012558310	OATi 0.1% 1 March 2025	6,861,320,640 (1)	1.00488	6,828,000,000	0
FR0012517027	OAT 0.5% 25 May 2025	32,870,000,000			0
FR0000571150	OAT 6% 25 October 2025	26,039,928,118			3,005,464,400
FR0012938116	OAT 1% 25 November 2025	25,572,000,000			0
	Maturity 2026	82,844,000,000			
FR0010916924	OAT 3.5% 25 April 2026	35,814,000,000			138,513,000
FR0013131877	OAT 0.5% 25 May 2026	27,522,000,000			0
FR0013200813	OAT 0.25% 25 November 2026	19,508,000,000			0
	Maturity 2027	50,650,283,160			
FR0011008705	OAT€i 1.85% 25 July 2027	15,621,283,160 (1)	1.07444	14,539,000,000	0
FR0011317783	OAT 2.75% 25 October 2027	35,029,000,000			0
	Maturity 2028	23,815,557			
FR0000571226	OAT zero coupon 28 March 2028	23,815,557 (3)		46,232,603	-
	Maturity 2029	40,068,865,296			
FR0000571218	OAT 5.5% 25 April 2029	29,091,880,458			3,289,109,100
FR0000186413	OATi 3.4% 25 July 2029	10,976,984,838 (1)	1.25679	8,734,144,000	0
	Maturity 2030	39,113,333,030			
FR0011883966	OAT 2.5% 25 May 2030	31,023,000,000			0
FR0011982776	OAT€i 0.7% 25 July 2030	8,090,333,030 (1)	1.00789	8,027,000,000	0
	Maturity 2031	26,071,000,000			
FR0012993103	OAT 1.5% 25 May 2031	26,071,000,000			108,000,000
	Maturity 2032	42,909,748,200			
FR0000188799	OAT€i 3.15% 25 July 2032	12,625,425,600 (1)	1.24266	10,160,000,000	0
FR0000187635	OAT 5.75% 25 October 2032	30,284,322,600			11,626,857,400
	Maturity 2033 and later	183,013,168,230			
FR0010070060	OAT 4.75% 25 April 2035	26,678,000,000			5,063,967,000
FR0013154044	OAT 1.25% 25 May 2036	16,609,000,000			0
FR0010371401	OAT 4% 25 October 2038	26,534,000,000			4,867,111,400
FR0013234333	OAT 1.75% 25 June 2039	7,000,000,000			0
FR0010447367	OAT€i 1.8% 25 July 2040	12,645,984,600 (1)	1.15110	10,986,000,000	0
FR0010773192	OAT 4.5% 25 April 2041	31,111,000,000			7,186,539,000
FR0011461037	OAT 3.25% 25 May 2045	24,908,000,000			1,160,600,000
FR0013209871	OAT€i 0.1% 25 July 2047	4,866,183,630 (1)	1.00313	4,851,000,000	0
FR0010171975	OAT 4% 25 April 2055	14,926,000,000			7,441,588,000
FR0010870956	OAT 4% 25 April 2060	11,918,000,000			5,957,684,100
FR0013154028	OAT 1.75% 25 May 2066	5,817,000,000			80,000,000

(1) face value x indexation coefficient (face value if coefficient < 1)
(3) Revised on 28 March 2016; not open to subscription

Most recent economic indicators

Industrial output, year-on-year	0.4%	Dec. 2016
Household consumption*, year-on-year	0.5%	Jan. 2017
Unemployment rate (ILO)	10.0%	Dec. 2016
Consumer prices, year-on-year		
all items	1.3%	Jan. 2017
all items excluding tobacco	1.4%	Jan. 2017
Trade balance, fob-fob, sa (€bn)	-€3.4bn	Dec. 2016
"	-€4.4bn	Nov. 2016
Current account balance, sa (€bn)	-€1.1bn	Dec. 2016
"	-€2.8bn	Nov. 2016
10-year constant maturity rate (TEC10)	0.92%	27 Feb. 2017
3-month interest rate (Euribor)	-0.33%	23 Feb. 2017
EUR / USD	1.0587	27 Feb. 2017
EUR / JPY	118.87	27 Feb. 2017

* manufactured products

Sources: Insee, Minefi, Banque de France

Monthly government budget position

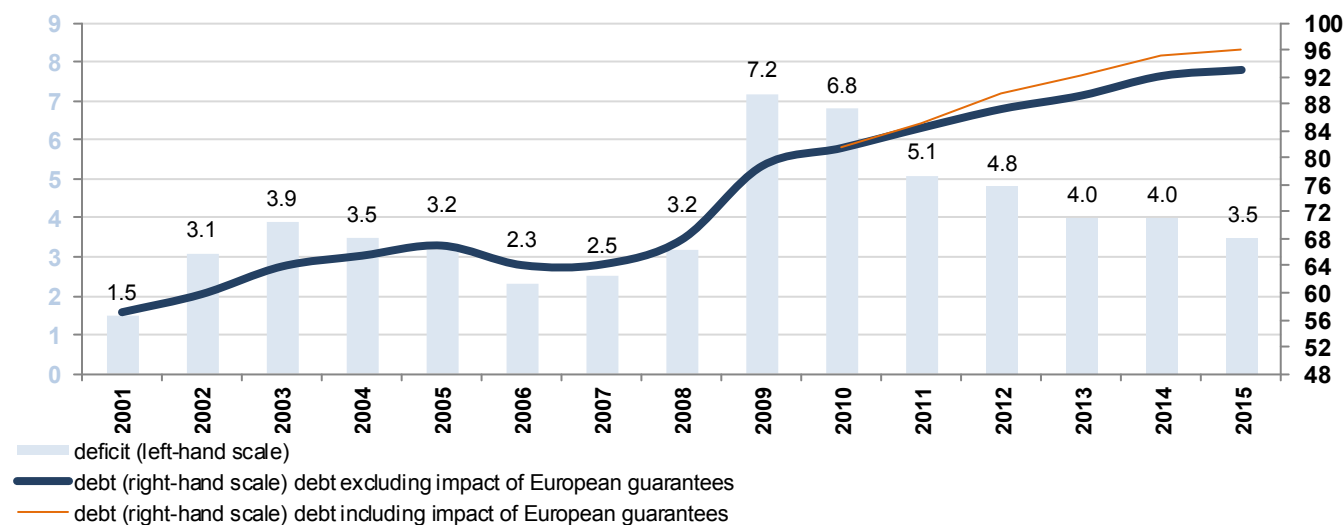
In € billion

	2014	2015	end of December level		
			2014	2015	2016
General budget balance	-85.71	-72.15	-85.71	-72.15	-75.80
revenue	291.95	299.66	291.95	299.66	304.02
expenditure	377.66	371.80	377.66	371.81	379.82
Balance of special Treasury accounts	0.16	1.62	0.16	1.62	6.82
General budget outturn	-85.56	-70.52	-85.56	-70.53	-68.98

Source: Minefi

Public finances: deficit and debt

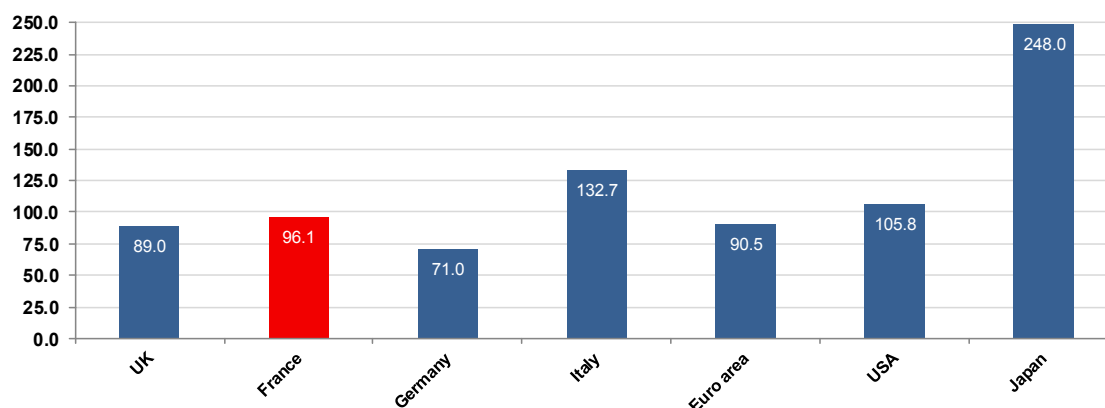
As % of GDP



Source: Eurostat, Insee

General government debt in 2015

As % of GDP



Sources: Eurostat (2016), IMF (2016), Insee (2016)

French economic indicators: timetable

March 2017		April 2017	
 8	Foreign trade by value in January	 7	Balance of payments in February
 8	Balance of payments in January	 7	Industrial production: February index
 9	Payroll employment: final results Q4-2016	 7	Foreign trade by value in February
 10	Industrial production: January index	 11	Eurozone economic outlook Q2-2017
 15	Consumer prices: February index	 13	Consumer prices: March index
 15	Net international reserves in February	 14	Net international reserves in March
 16	Inflation (HICP): February index	 19	Inflation (HICP): March index
 23	Monthly business survey (goods-producing industries) in March	 25	Quarterly business survey (goods-producing industries) in April
 24	Quarterly national accounts: final results Q4-2016	 25	Monthly business survey (goods-producing industries) in April
 24	Debt of the general government according to Maastricht definition Q4-2016	 26	Consumer confidence survey: April survey
 24	Job seekers in February	 26	Job seekers in March
 28	Housing starts in February	 28	Quarterly national accounts: initial estimate Q1-2017
 29	Consumer confidence survey: March survey	 28	Industrial producer and import price: March indices
 31	Household consumption expenditure on goods in February	 28	Household consumption expenditure on goods in March
 31	Industrial producer and import price: February indices	 28	Housing starts in March

Sources: Insee, Eurostat