

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>
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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

The Stability Programme has adjusted interest rate assumptions with respect to the 2017 Budget Bill

On 12 April 2017, Michel Sapin and Christian Eckert presented the 2017-2020 Stability Programme. The Programme sets out a public finance strategy that is in line with European rules and that carries forward the government's efforts to achieve economic recovery and fiscal consolidation.

The Stability Programme came with new macroeconomic and fiscal forecasts. More specifically, the assumptions* concerning the rates on French debt were updated.

After a rate of 1.2% in 2016, French economic growth is expected to reach 1.5% in 2017 and maintain this momentum in 2018 (1.5%). The hike in oil prices observed starting in late 2016 will lead to higher than expected inflation in 2017: 1.2%, against 0.2% in 2016.

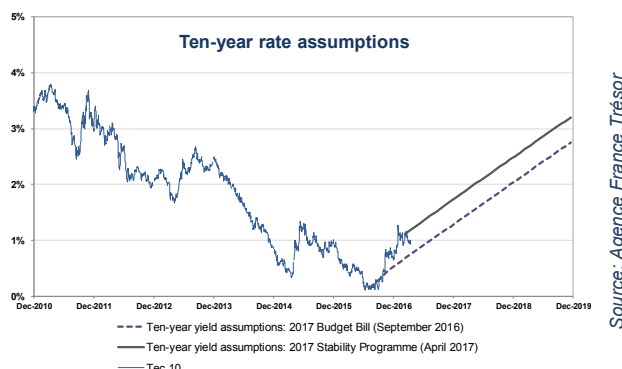
In 2016, France continued to enjoy very favourable borrowing terms as a result of the European Central Bank's accommodative monetary policy and continued investor confidence. Average annual rates at issue of short-term securities (BTFs) stood at -0.53%, while those for securities with maturities of one year were 0.37%, a historically low level.

The rate profile underlying the debt servicing cost forecast assumes that European monetary policy will be tightened starting in 2018, in line with announcements by the ECB. It is also consistent with a macroeconomic scenario calling for higher growth and inflation.

Due to abundant liquidity, short rates (3-month BTFs) are expected to remain close to the ECB's deposit facility interest rate for the period under consideration. The short rate profile is based on the assumption that the deposit facility interest rate will remain stable at -0.40% throughout 2017, followed by a rise starting in mid-2018. Short rates are then expected to increase by 75 basis points per year, reaching 0.00% by the end of 2018 and 0.75% by the end of 2019.

Ten-year rates (Tec 10) stood at 1.00% on 31 March 2017, after a historically low rate of 0.11% in July 2016. Our assumption is that long rates will continue to rise throughout the period under consideration, under the combined effect of the expected improvement in macroeconomic conditions and the end of the moderating effect of the ECB's asset purchase policy starting in 2018. Ten-year rates are thus expected to stand at 1.70% by the end of 2017, then rise by 75 basis points per year, reaching 2.45% by the end of 2018 and 3.20% by the end of 2019.

As a reminder, the 2017 Budget Act was based on the assumption that ten-year rates would be 0.50% by the end of 2016 before reaching 1.25% at the end of 2017, and that short rates (3-month BTFs) would stand at -0.60% at the end of 2016, before rising to -0.20% at the end of 2017.



Source: Agence France Trésor

(*) NB: rate assumptions are not AFT targets or forecasts. Instead, they are intended to contribute to budget programming, which requires a multi-year forecast of debt service costs. These assumptions are consistent with the macroeconomic forecasts underlying France's budget programming and with the leading central banks' forward guidance. They do not necessarily reflect expectations derived from market prices (forward rates).

France's 2017-2020 Stability Programme

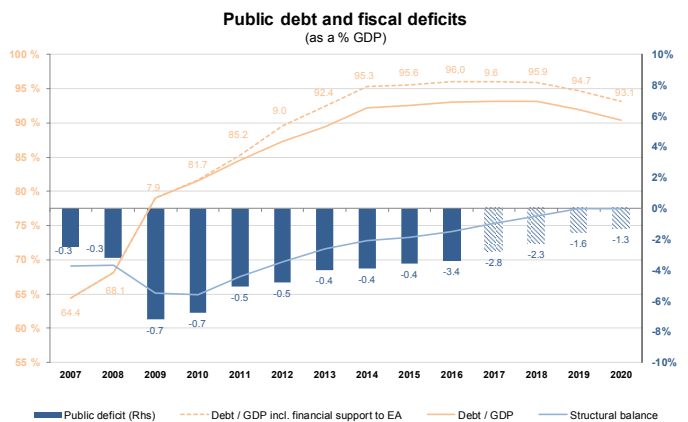
France's 2017-2020 Stability Programme was submitted to the Council of Ministers and sent to Parliament on 12 April. It will be submitted to the European Commission at the end of April 2017. The programme sets out France's fiscal strategy for 2017 to 2020, with economic and budgetary guidelines for reducing the public deficit to less than 3% of GDP. The programme is a regular exercise for all Member States of the European Union (EU) and it contributes to economic and fiscal policy coordination within the EU.

France met its European commitments in 2016, for the third year in a row: its public deficit was down to 3.4% of GDP from 3.6% in 2015, half the size of the deficit during the peak of the crisis in 2009. The objective of a public deficit of less than 3% of GDP in 2017 has been maintained, with projected deficits of 2.8% of GDP in 2017 and 2.3% in 2018, under the assumption of GDP growth of 1.5% in both years. These projections are virtually the same as those in the 2017 budget bill and have been borne out by recent macroeconomic developments. Further reduction of the deficit and economic recovery will reduce the government debt-to-GDP ratio starting in 2018, after the ratio stabilises at a peak of 96% in 2017, which is a lower projection than the 96.5% figure in the 2016 Stability Programme.

Fiscal consolidation relies on continuing efforts to contain expenditure: nominal public expenditure growth, net of tax credits, stood at 1.2% in 2016, which has been the average growth rate since 2013. This is much slower than the growth rate of more than 3.5% seen between 2000 and 2012. Expenditure growth is expected to continue at a similar rate, standing at 1.4% in 2017 and 1.3% in 2018. Consequently, public expenditure, net of tax credits, which fell as a share of GDP by 0.4 percentage points to 54.8% in 2016 and by 1.5 percentage points since 2013, will continue to fall in the coming years. At the same time, the aggregate tax and social security contribution rate declined for the third year in a row in 2016. It will stabilise at 44.3% in 2017, and then fall to 44.1% in 2018. Supplementary measures worth €3.4bn have been included in this Stability Programme to ensure the reduction of the deficit to less than 3% in 2017. These measures adjust for the updated macroeconomic framework¹ and the impact of the new agreement on unemployment insurance signed in March 2017. These measures include a cut of €1.5bn in the Ministries' expenditure target.

One of the major thrusts of France's economic and fiscal

strategy is to back up fiscal consolidation with structural reforms to enhance the outlook for growth. Reforms have continued to ensure the sustainability and quality of public finances, boost cost competitiveness and productivity, improve the business environment and make the labour market more fluid, with the Labour Act of 2016, the Transparency, Anti-corruption and Economic Modernisation Act (Sapin II), the Digital Republic Act, the introduction of withholding at source of personal income tax, implementation of the single staff reporting statement for businesses (DSN) and the first phase of cuts in corporate income tax in 2017. Combined with investment plans for VSEs and SMEs, the continuing effects of the Responsibility and Solidarity Pact and the Competitiveness and Employment Tax Credit will reduce businesses' taxes and contributions by €40bn in 2017. Altogether, the reforms under way since 2012 have produced measureable economic and social results and continue to contribute to a stronger recovery and modernised government. The 2017 National Reform Programme (NRP) describes and assesses these reforms.



Source: France's 2017-2020 Stability Programme

¹Weaker than expected growth rate in 2016 (1.2% versus the projected 1.5% growth in the 2017 budget bill), higher inflation in 2017 (1.2% versus 0.8%) and 10-year rates revised upward to 1.70% at the end of 2017 and 2.45% in 2018.

Indicative auction schedule

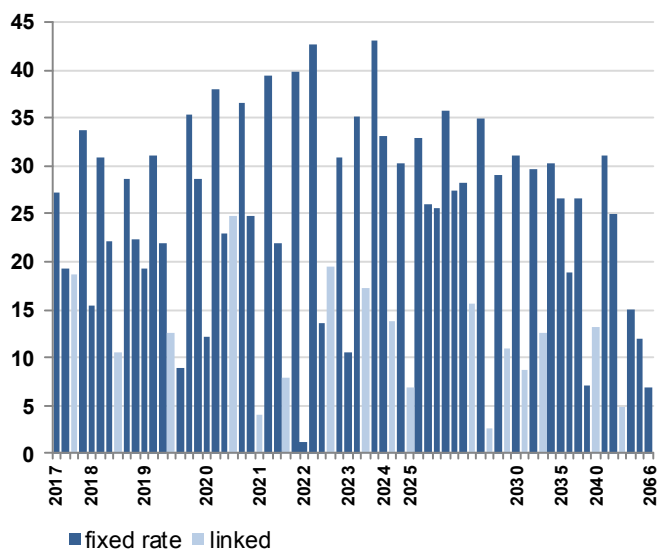
		Short-term					Medium-term	Long-term	Index-linked
May 2017	auction date	2	9	15	22	29	18	4	18
	settlement date	4	11	17	24	31	22	8	22
June 2017	auction date	6	12	19	26	/	15	1	15
	settlement date	8	14	21	28	/	19	5	19

anticipated or delayed auctions (bank holidays, etc.)

Source: Agence France Trésor

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

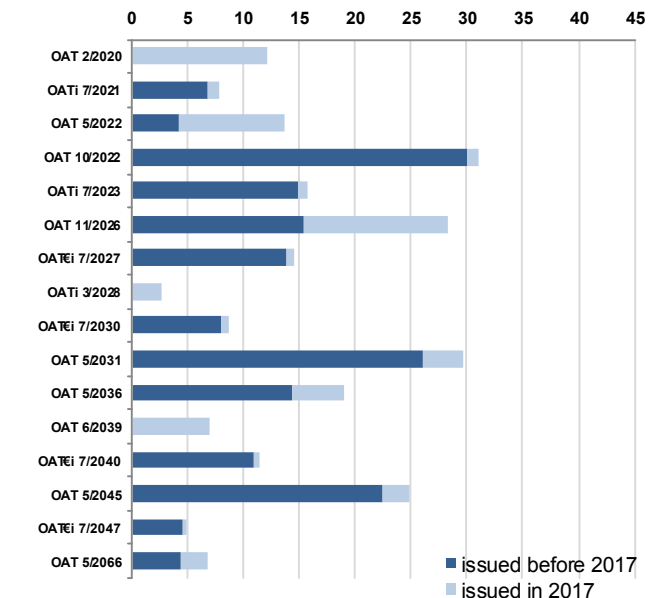
Nominal value of each line, in € billion



Source: Agence France Trésor

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

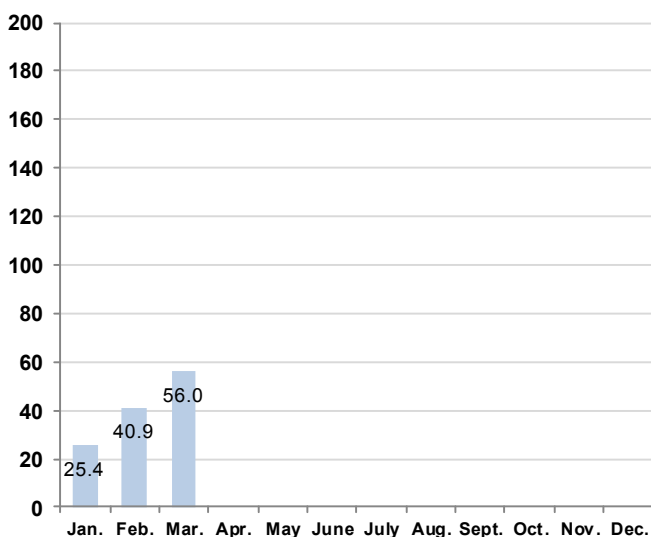
In € billion



Source: Agence France Trésor

Issuance net of buybacks at 31 March 2017

In € billion



Source: Agence France Trésor

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

In € billion

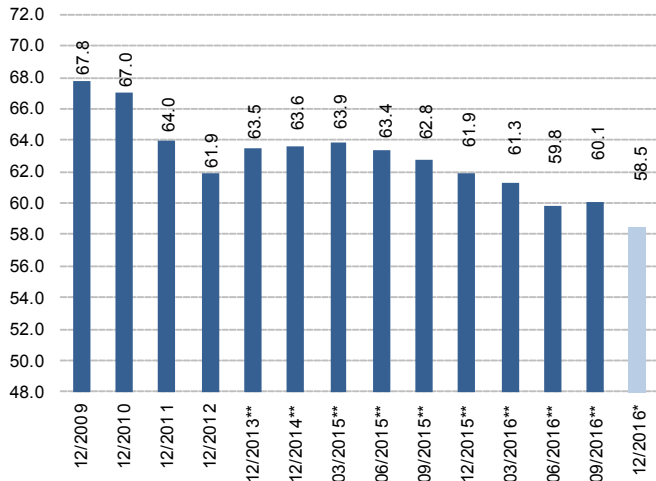
Month	Coupon	Redemption
Apr-17	15.3	27.1
May-17	4.5	
Jun-17	0.1	
Jul-17	3.2	38.2
Aug-17		
Sep-17		
Oct-17	14.8	33.7
Nov-17	1.3	
Dec-17		
Jan-18		
Feb-18		15.5
Mar-18	0.0	

Source: Agence France Trésor



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

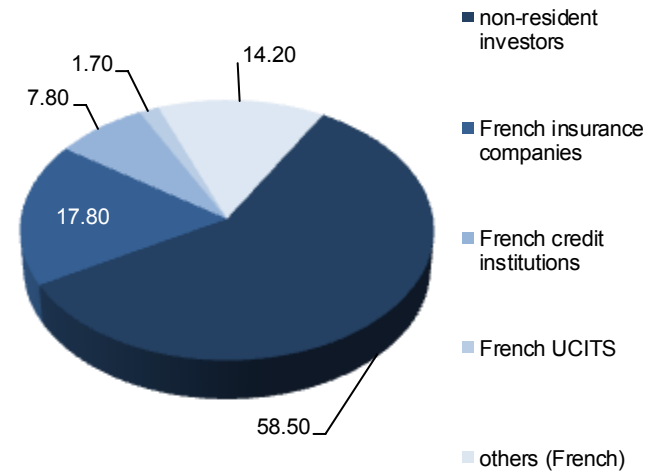
As a % of negotiable debt outstanding expressed in market value



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

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

Structure in % expressed in market value



Source: Banque de France

Negotiable government debt at 31 March 2017

In euros

Total medium- and long-term debt	1,526,181,497,585
Total stripping activity	62,292,422,100
Average maturity	8 years and 86 days
Total short-term debt	147,729,000,000
Average maturity	115 days
TOTAL OUTSTANDING	1,673,910,497,585
Average maturity	7 years and 195 days

Source: Agence France Trésor

Negotiable government debt and interest rate swaps at 31 March 2017

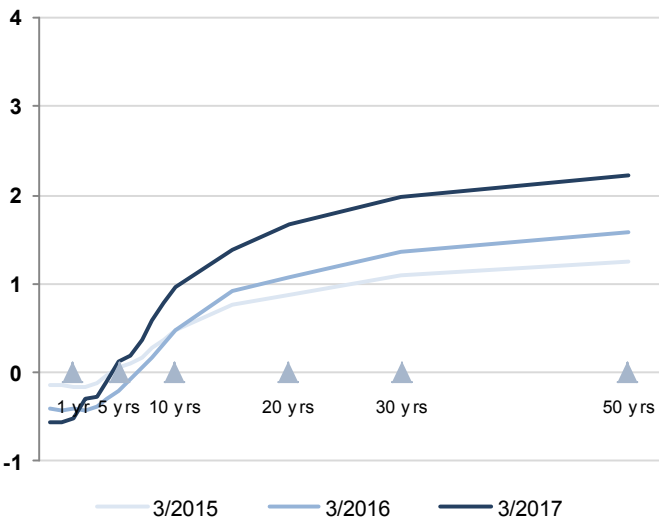
In € billion

	End 2014	End 2015	End 2016	End Feb. 2017	End March 2017
Negotiable government debt outstanding	1,528	1,576	1,621	1,651	1,674
of which index-linked securities	189	190	200	204	205
Medium- and long-term	1,352	1,424	1,487	1,512	1,526
short-term	175	153	134	139	148
Swaps outstanding	6	6	1	1	1
Average maturity of the negotiable debt					
before swaps	6 years	7 years	7 years	7 years	7 years
	363 days	47 days	195 days	223 days	195 days
after swaps	6 years	7 years	7 years	7 years	7 years
	362 days	47 days	195 days	223 days	195 days

Source: Agence France Trésor

Yield curve for French government securities

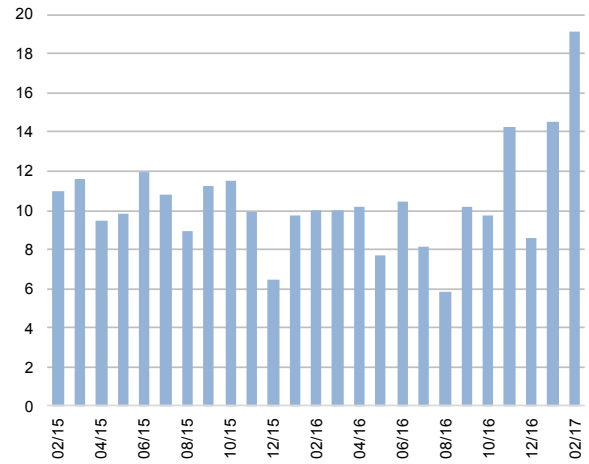
End-of-month value, %



Source: Bloomberg

Average daily volume of medium- and long-term transactions

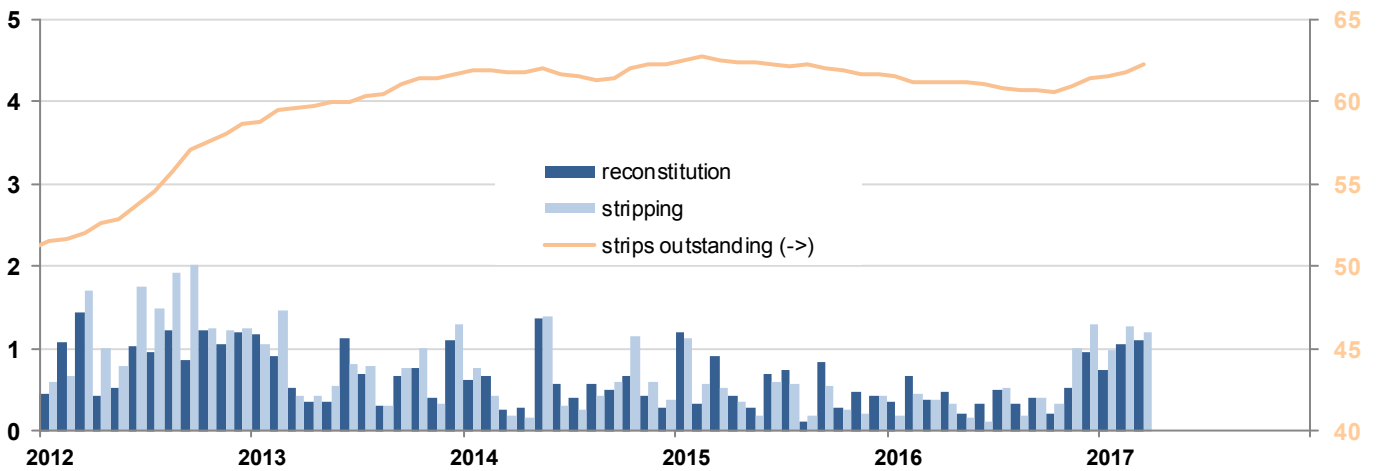
In € billion



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

Total stripping and reconstitution

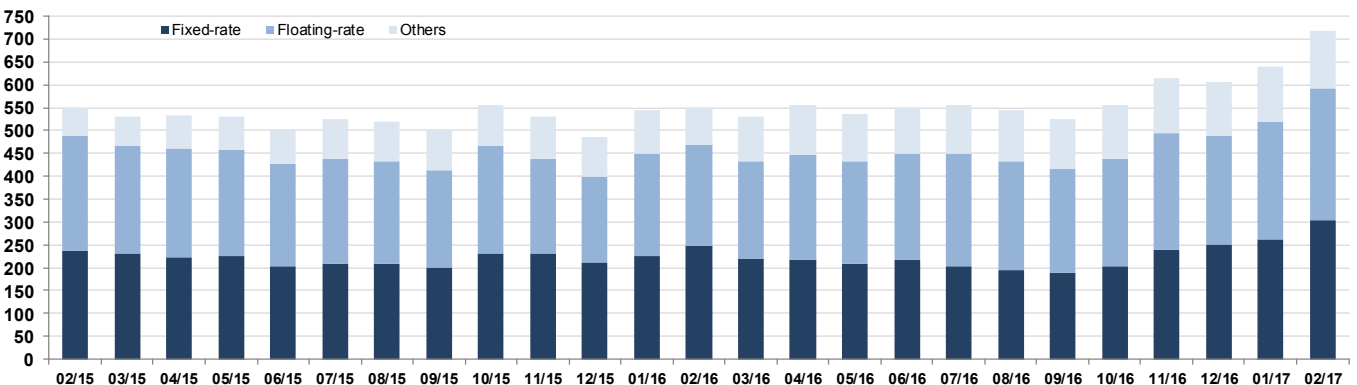
In € billion



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 March 2017

	Maturity	Outstanding (€)
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	04 May 2017	8,322,000,000
BTF	11 May 2017	5,276,000,000
BTF	17 May 2017	6,829,000,000
BTF	24 May 2017	4,972,000,000
BTF	31 May 2017	7,464,000,000
BTF	08 June 2017	5,267,000,000
BTF	14 June 2017	7,183,000,000
BTF	21 June 2017	4,571,000,000
BTF	28 June 2017	3,414,000,000
BTF	05 July 2017	7,990,000,000
BTF	19 July 2017	3,979,000,000
BTF	02 August 2017	6,682,000,000
BTF	17 August 2017	5,088,000,000
BTF	30 August 2017	3,160,000,000
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	8,412,000,000
BTF	31 January 2018	6,936,000,000
BTF	28 February 2018	7,133,000,000

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

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
Maturity 2017		98,816,404,720			
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	18,654,404,720	(1) 1.13788	16,394,000,000	0
FR0010517417	OAT 4.25% 25 October 2017	33,690,000,000			0
Maturity 2018		129,988,575,435			
FR0012634558	OAT 0% 25 February 2018	15,459,000,000			0
FR0010604983	OAT 4% 25 April 2018	30,787,000,000			0
FR0011394345	OAT 1% 25 May 2018	22,166,000,000			0
FR0011237643	OAT€i 0.25% 25 July 2018	10,619,575,435	(1) 1.04231	10,188,500,000	0
FR0010670737	OAT 4.25% 25 October 2018	28,692,000,000			0
FR0011523257	OAT 1% 25 November 2018	22,265,000,000			15,000,000
Maturity 2019		157,999,946,688			
FR0013101466	OAT 0% 25 February 2019	19,313,000,000			0
FR0000189151	OAT 4.25% 25 April 2019	31,128,000,000			0
FR0011708080	OAT 1% 25 May 2019	21,960,000,000			0
FR0010850032	OATi 1.3% 25 July 2019	12,571,426,800	(1) 1.07082	11,740,000,000	0
FR0000570921	OAT 8.5% 25 October 2019	8,844,392,893			5,591,885,100
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		159,147,926,900			
FR0013232485	OAT 0% 25 February 2020	12,069,000,000			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	24,838,926,900	(1) 1.22299	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 March 2017

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
	Maturity 2021	113,097,589,560			
FR0013140035	OAT€i 0.1% 1 March 2021	4,092,531,560 (1)	1.00258	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	7,910,058,000 (1)	1.01411	7,800,000,000	0
FR0011059088	OAT 3.25% 25 October 2021	39,891,000,000			0
	Maturity 2022	108,064,348,790			
FR0000571044	OAT 8.25% 25 April 2022	1,243,939,990			476,468,400
FR0011196856	OAT 3% 25 April 2022	42,703,000,000			0
FR0013219177	OAT 0% 25 May 2022	13,653,000,000			0
FR0010899765	OAT€i 1.1% 25 July 2022	19,492,408,800 (1)	1.08720	17,929,000,000	0
FR0011337880	OAT 2.25% 25 October 2022	30,972,000,000			0
	Maturity 2023	106,341,036,503			
FR0000571085	OAT 8.5% 25 April 2023	10,606,195,903			5,396,040,200
FR0011486067	OAT 1.75% 25 May 2023	35,237,000,000			0
FR0010585901	OATi 2.1% 25 July 2023	17,312,840,600 (1)	1.10308	15,695,000,000	0
FR0010466938	OAT 4.25% 25 October 2023	43,185,000,000			434,585,000
	Maturity 2024	77,234,758,160			
FR0011619436	OAT 2.25% 25 May 2024	33,135,000,000			0
FR0011427848	OAT€i 0.25% 25 July 2024	13,864,758,160 (1)	1.01812	13,618,000,000	0
FR0011962398	OAT 1.75% 25 November 2024	30,235,000,000			46,000,000
	Maturity 2025	91,347,140,718			
FR0012558310	OATi 0.1% 1 March 2025	6,865,212,600 (1)	1.00545	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			2,990,464,400
FR0012938116	OAT 1% 25 November 2025	25,572,000,000			0
	Maturity 2026	91,560,000,000			
FR0010916924	OAT 3.5% 25 April 2026	35,814,000,000			142,513,000
FR0013131877	OAT 0.5% 25 May 2026	27,522,000,000			0
FR0013200813	OAT 0.25% 25 November 2026	28,224,000,000			0
	Maturity 2027	50,606,084,600			
FR0011008705	OAT€i 1.85% 25 July 2027	15,577,084,600 (1)	1.07140	14,539,000,000	0
FR0011317783	OAT 2.75% 25 October 2027	35,029,000,000			0
	Maturity 2028	2,619,940,420			
FR0013238268	OATi 0.1% 1 March 2028	2,594,771,300 (1)	1.00378	2,585,000,000	0
FR0000571226	OAT zero coupon 28 March 2028	25,169,120 (3)		46,232,603	-
	Maturity 2029	40,075,241,221			
FR0000571218	OAT 5.5% 25 April 2029	29,091,880,458			3,153,219,100
FR0000186413	OATi 3.4% 25 July 2029	10,983,360,763 (1)	1.25752	8,734,144,000	0
	Maturity 2030	39,785,943,760			
FR0011883966	OAT 2.5% 25 May 2030	31,023,000,000			0
FR0011982776	OAT€i 0.7% 25 July 2030	8,762,943,760 (1)	1.00504	8,719,000,000	0
	Maturity 2031	29,727,000,000			
FR0012993103	OAT 1.5% 25 May 2031	29,727,000,000			104,000,000
	Maturity 2032	42,873,985,000			
FR0000188799	OAT€i 3.15% 25 July 2032	12,589,662,400 (1)	1.23914	10,160,000,000	0
FR0000187635	OAT 5.75% 25 October 2032	30,284,322,600			11,684,857,400
	Maturity 2033 and later	186,895,575,110			
FR0010070060	OAT 4.75% 25 April 2035	26,678,000,000			5,063,967,000
FR0013154044	OAT 1.25% 25 May 2036	18,954,000,000			0
FR0010371401	OAT 4% 25 October 2038	26,534,000,000			4,870,311,400
FR0013234333	OAT 1.75% 25 June 2039	7,000,000,000			0
FR0010447367	OAT€i 1.8% 25 July 2040	13,169,168,320 (1)	1.14784	11,473,000,000	0
FR0010773192	OAT 4.5% 25 April 2041	31,111,000,000			7,283,439,000
FR0011461037	OAT 3.25% 25 May 2045	24,908,000,000			1,175,600,000
FR0013209871	OAT€i 0.1% 25 July 2047	4,852,406,790 (1)	1.00029	4,851,000,000	0
FR0010171975	OAT 4% 25 April 2055	14,926,000,000			7,354,588,000
FR0010870956	OAT 4% 25 April 2060	11,918,000,000			6,265,384,100
FR0013154028	OAT 1.75% 25 May 2066	6,845,000,000			244,100,000

(1) face value x indexation coefficient (face value if coefficient < 1)
(3) Revised on 28 March 2017; not open to subscription

Most recent economic indicators

Industrial output, year-on-year	0.0%	Feb. 2017
Household consumption*, year-on-year	0.6%	Feb. 2017
Unemployment rate (ILO)	10.0%	Dec. 2016
Consumer prices, year-on-year		
all items	1.1%	Mar. 2017
all items excluding tobacco	1.1%	Mar. 2017
Trade balance, fob-fob, sa (€bn)	-€6.6bn	Feb. 2017
" "	-€8.1bn	Jan. 2017
Current account balance, sa (€bn)	-€3.6bn	Feb. 2017
" "	-€5.8bn	Jan. 2017
10-year constant maturity rate (TEC10)	0.87%	27 Apr. 2017
3-month interest rate (Euribor)	-0.33%	25 Apr. 2017
EUR / USD	1.0881	27 Apr. 2017
EUR / JPY	121.27	27 Apr. 2017

* manufactured products

Sources: Insee, Minefi, Banque de France

Monthly government budget position

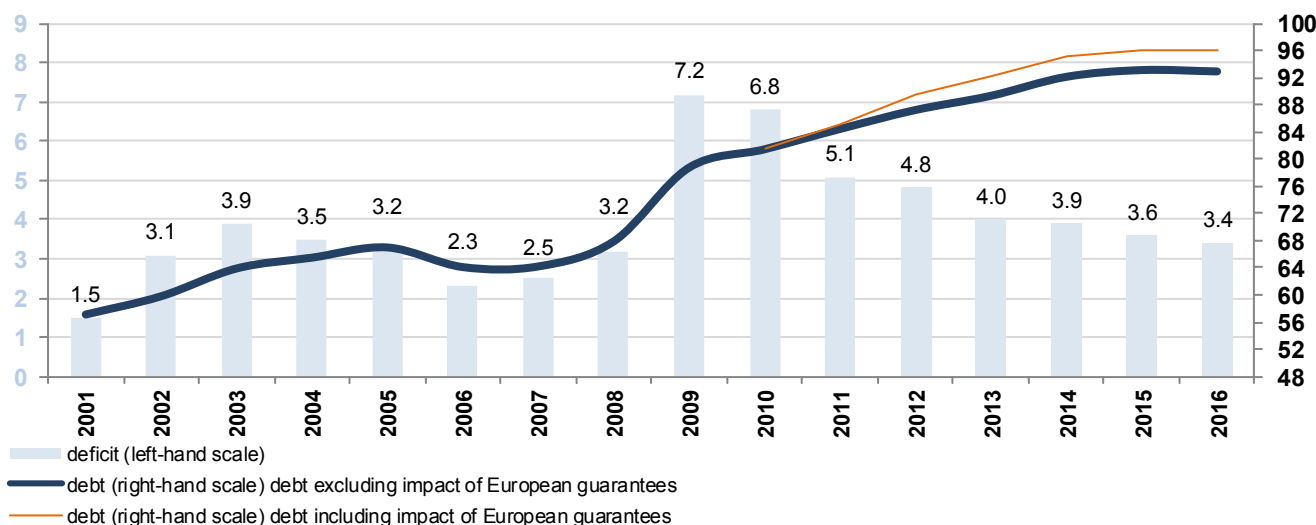
In € billion

	2015	2016	end of February level		
			2015	2016	2017
General budget balance	-72.15	-75.80	-16.26	-12.15	-11.99
revenue	299.66	304.02	47.94	48.43	50.73
expenditure	371.80	379.82	64.20	60.58	62.72
Balance of special Treasury accounts	1.62	6.82	-7.19	-13.43	-9.49
General budget outturn	-70.52	-68.98	-23.45	-25.58	-21.48

Source: Minefi

Public finances: deficit and debt

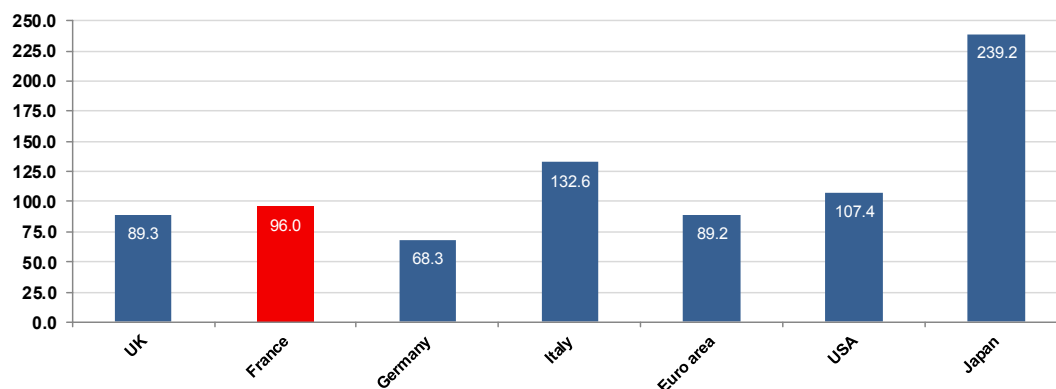
As % of GDP



Source: Eurostat, Insee

General government debt in 2016

As % of GDP



Sources: Eurostat, IMF, Insee

French economic indicators: timetable

May 2017		June 2017	
4	Industrial investments: April survey	8	Foreign trade by value in April
10	Foreign trade by value in March	8	Balance of payments in April
10	Balance of payments in March	9	Industrial production: April index
10	Industrial production: March index	13	Payroll employment: Q1-2017
12	Payroll employment: provisional results Q1-2017	15	Consumer prices: May index
15	Net international reserves in April	15	Net international reserves in May
16	Consumer prices: April index	16	Inflation (HICP): May index
17	Inflation (HICP): April index	22	Monthly business survey (goods-producing industries) in June
18	Job seekers Q1-2017 (ILO)	23	Quarterly national accounts: final results Q1-2017
23	Monthly business survey (goods-producing industries) in May	26	Job seekers in May
24	Job seekers in April	28	Consumer confidence survey: June survey
30	Housing starts in April	28	Housing starts in May
30	Household consumption expenditure on goods in April	30	Debt of the general government according to Maastricht definition Q1-2017
30	Consumer confidence survey: May survey	30	Industrial producer and import price: May indices
30	Quarterly national accounts: second estimate Q1-2017	30	Household consumption expenditure on goods in May
31	Industrial producer and import price: April indices		

Sources: Insee, Eurostat

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