

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 confirms the growth of the French economy as yields remain low

Bruno Le Maire and Gérald Darmanin presented the 2018-2022 Stability Programme on 11 April 2018. The Programme sets out France's fiscal strategy, which continues the Government's action to boost the French economy and achieve fiscal consolidation.

Brighter macroeconomic and fiscal forecasts

With growth in 2017 standing at 2.0%, versus the 1.7% growth forecast in September 2017, the growth forecast for 2018 has been revised upward to 2.0%. Deficit and government debt forecasts have been revised downward. The 2017 outturn was better than expected, with a public deficit equivalent to 2.6% of GDP. The deficit is now expected to stay below the 3.0% threshold for each year covered by the Programme, standing at 2.3% in 2018. General government debt is expected to fall from 97.0% of GDP in 2017 to 96.4% in 2018. It is expected to shrink by 7.8 points over the Government's five-year term to stand at 89.2% of GDP in 2022.

French yield assumptions* have been updated

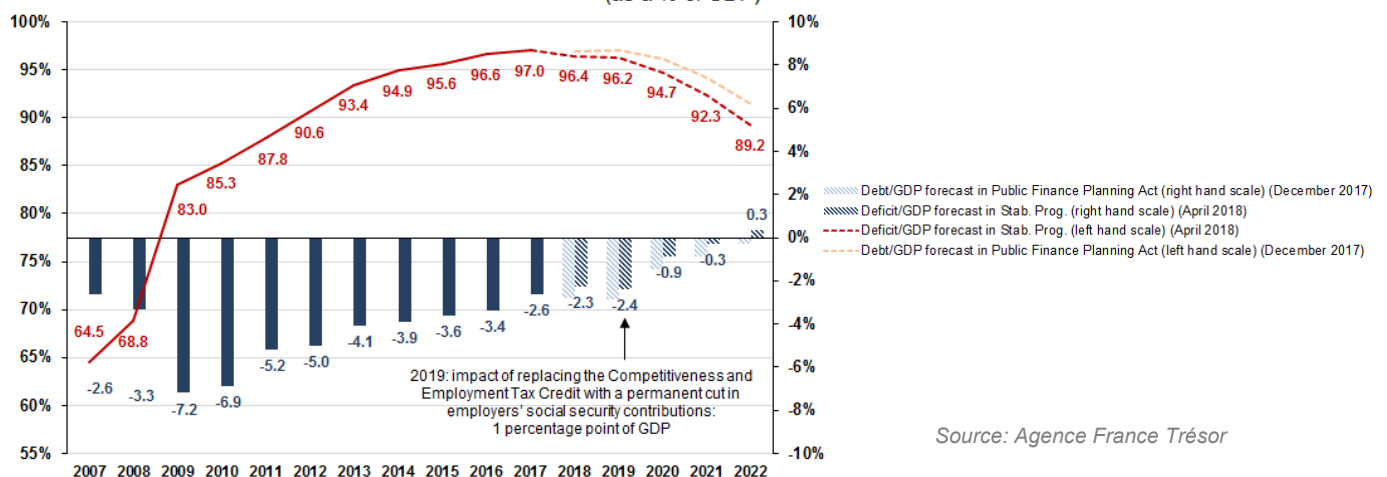
In 2017, France continued to enjoy very favourable borrowing terms as a result of the European Central Bank's accommodative monetary policy and steady investor confidence in France's economic policies. The cost of borrowing using short-term securities (BTFs) hit new lows with negative yields of 0.62%, while yields on medium- and long-term securities issuance (OATs) remained at historic lows, averaging 0.65% over the year.

The interest rate structure underlying the debt servicing cost forecast is consistent with the macroeconomic scenario of consolidation of growth and inflation. The scenario assumes that European monetary policy will be tightened, as announced by the ECB.

If the ECB starts to raise its key rates gradually in 2019, short-term yields should start rising again in 2018. The yield on 3-month BTFs is expected to stand at a negative 0.10% at the end of 2018. It should then start to gain about 80 basis points per year, to reach 0.70% at the end of 2019 and 1.50% at the end of 2020.

The 10-year yield (Tec10), which stood at 0.71% on 29 March 2018, is expected to rise to 1.60% by the end of 2018, and then gain 75 basis points per year to stand at 2.35% at the end of 2019 and 3.10% at the end of 2020.

General government deficit and general government debt
(as a % of GDP)



Source: Agence France Trésor

* NB: the yield 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).

National Reform Programme

Agence France Trésor and Directorate General of the Treasury

Every April, France presents a Stability Programme and a National Reform Programme (NRP).

All Member States participate in this exercise, which was introduced with the implementation of the European Semester in 2011. It constitutes one of the main instruments for coordination of economic and fiscal policies within the European Union. The NRP is a valuable guidance tool, both at the European level and at the domestic level. The 2018 NRP is the first for France's new administration and is of special importance because it reflects the implementation of the Presidential programme and it provides details about the roadmap announced in the Prime Minister's general policy speech in the third quarter of 2017. The speech set out the Government's strategy to achieve in-depth transformation of France's economic and social model in order to unleash its full potential. The Government's reforms and the timetable are presented around four thrusts of the Government's economic and social policies:

1. Unleashing the full potential of the French economy.

The Government launched sweeping labour market reforms with the September 2017 orders on strengthening industrial relations, which make collective bargaining a central element, especially at the company level. Taxes were cut and simplified to stimulate investment in production and the upscaling of the French economy: the corporate income tax rate will be cut to 25% by 2022, the wealth tax will be replaced by a property wealth tax, investment income will be taxed at a flat 30% rate, and the Competitiveness and Employment Tax Credit (CICE) will be replaced by a permanent cut in employers' social security contributions. The business environment will be streamlined to boost business growth, with the Business Growth and Transformation Action Plan (PACTE), which will be presented in May 2018.

2. Developing the growth model of tomorrow.

The Great Investment Plan (*Grand plan d'investissement* – GPI) worth €57bn will stimulate investment in the sectors of the future, focussing on: energy transition, training and skill-building, agricultural transformation, digital transformation of government administration. The plan will be backed up by a massive effort for education and skills training (halving the size of first-grade classes in priority education areas, reform of upper secondary schools

and universities, reform of vocational training and apprenticeships). The Climate Plan will step up progress towards the Paris Agreement objectives, with a €20bn renovation plan for energy-inefficient buildings under the energy transition section of the GPI. At the same time, a €10bn Innovation and Industry Fund will help fund the development of disruptive innovations. Sector reforms, especially in housing and rail transport, will modernise certain key sectors of the French economy.

3. Recasting the social model to build a fairer and more mobile society.

The Government wants to make work more rewarding by replacing employees' social security contributions with the General Social Security Contribution and by eliminating the residence tax. Minimum benefits will also be raised over five years to help the least well-off. Various plans will address geographical disparities, including a plan to fight "medical deserts", a nation-wide very high-speed broadband plan and a "city centre revitalisation" plan.

4. Transforming central government and balancing public finances.

The "Public Action 2022" programme will examine the scope and operation of government to identify structural savings. Action plans for this purpose will be deployed over the Government's five-year term. At the same time, the Government will adhere to a fiscal path that ensures fiscal consolidation without jeopardising the recovery now under way. The public deficit is now under the 3% threshold for good, standing at 2.6% in 2017. This was made possible in part by the emergency measures implemented in the third quarter of 2017. By the end of the Government's five-year term, public expenditure will have been cut by more than 3 percentage points of GDP and the aggregate tax and social security contributions ratio will have been cut by 1 percentage point of GDP. The debt-to-GDP ratio will also start to decline in 2018.

Indicative auction schedule

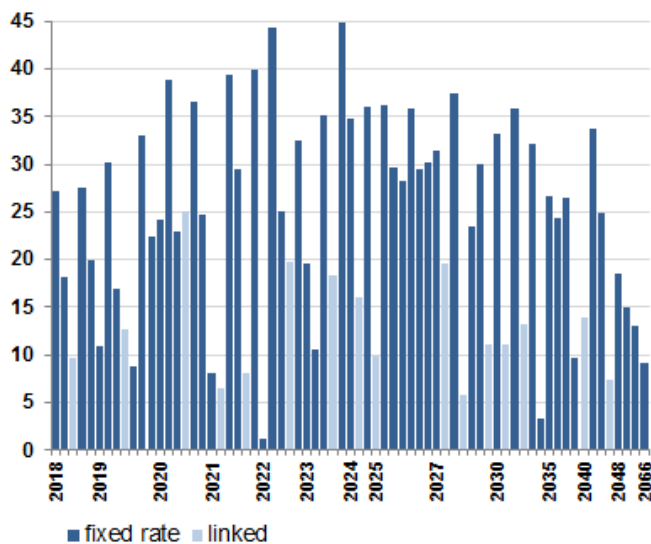
		Short-term				Medium-term	Long-term	Index-linked
May 2018	auction date	7	14	22	28	17	3	17
	settlement date	9	16	24	30	21	7	21
June 2018	auction date	4	11	18	25	21	7	21
	settlement date	6	13	20	27	25	11	25

Source: Agence France Trésor

■ anticipated or delayed auctions (bank holidays, etc.)

Medium- and long-term negotiable government debt at 31 March 2018

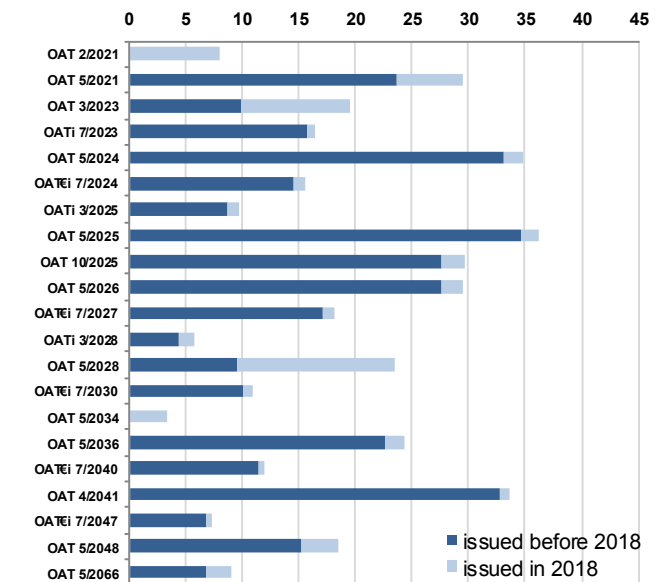
Nominal value of each line, in € billion



Source: Agence France Trésor

Medium- and long-term: securities issued during the year and total issuance at 31 March 2018

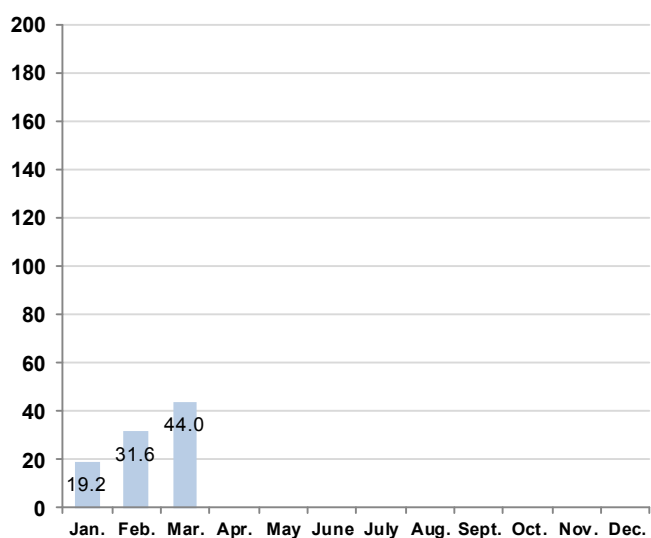
In € billion



Source: Agence France Trésor

Issuance net of buybacks at 31 March 2018

In € billion



Source: Agence France Trésor

Medium- and long-term: provisional maturity schedule at 31 March 2018

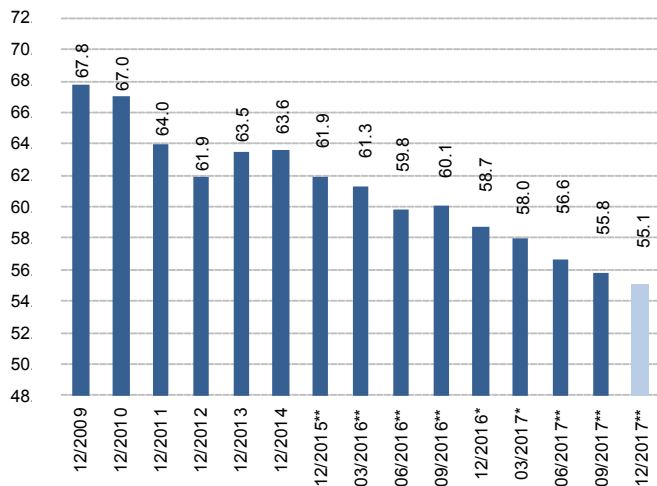
In € billion

Month	Coupon	Redemption
Apr-18	14.4	27.3
May-18	5.6	18.2
Jun-18	0.2	0
Jul-18	2.9	9.9
Aug-18	0	0
Sep-18	0	0
Oct-18	13.7	27.5
Nov-18	1.4	19.9
Dec-18	0	0
Jan-19	0	0
Feb-19	0	10.9
Mar-19	0.0	0

Source: Agence France Trésor

Non-resident holders of negotiable government debt in fourth quarter of 2017

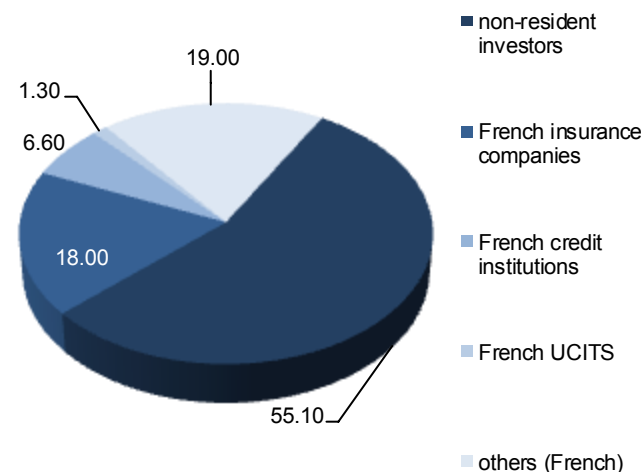
As a % of negotiable debt outstanding expressed in market value



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

Negotiable government debt by group of holders in fourth quarter of 2017

Structure in % expressed in market value



Source: Banque de France

Negotiable government debt at 31 March 2018

In euros

Total medium- and long-term debt	1,589,818,712,707
Total stripping activity	63,073,034,700
Average maturity	8 years and 155 days
Total short-term debt	135,122,000,000
Average maturity	108 days
TOTAL OUTSTANDING	1,724,940,712,707
Average maturity	7 years and 288 days

Source: Agence France Trésor

Negotiable government debt since 2015 at 31 March 2018

In € billion

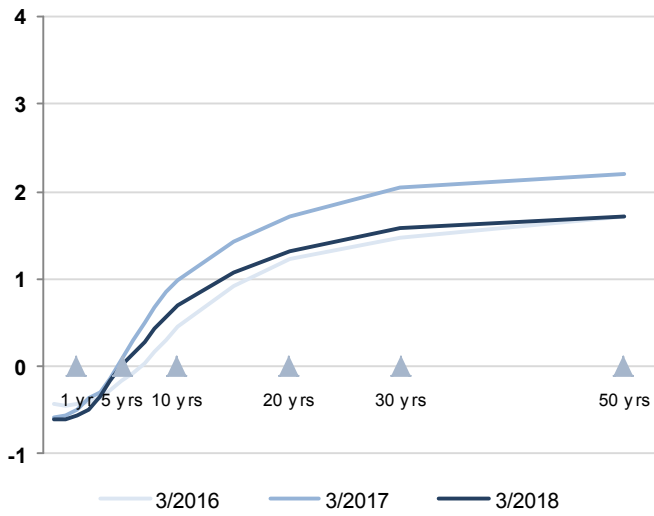
	End 2015	End 2016	End 2017	End Feb. 2018	End March 2018
Negotiable government debt outstanding	1,576	1,621	1,686	1,709	1,725
<i>of which index-linked securities</i>	190	200	202	207	208
Medium- and long-term	1,424	1,487	1,560	1,579	1,590
short-term	153	134	126	130	135
Average maturity of the negotiable debt					
	7 years	7 years	7 years	7 years	7 years
	47 days	195 days	296 days	310 days	288 days

Source: Agence France Trésor



Yield curve for French government securities

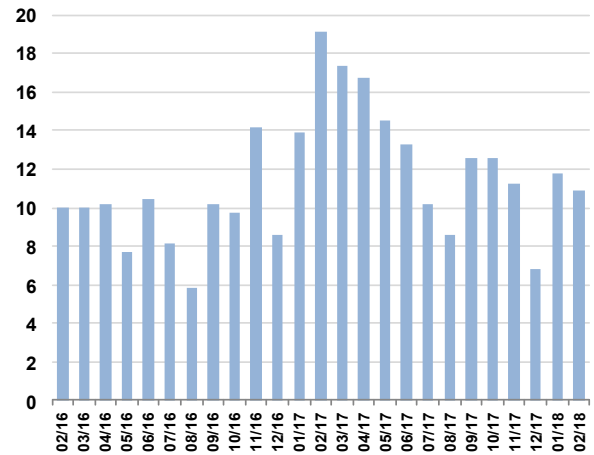
End-of-month value, %



Source: Bloomberg

Average daily volume of medium- and long-term transactions

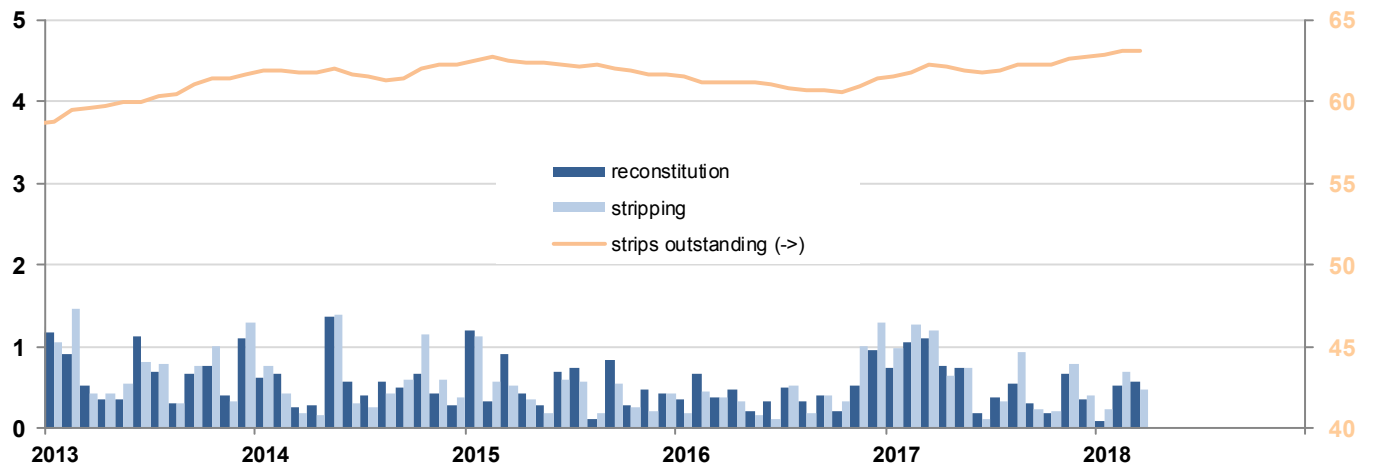
In € billion



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

Total stripping and reconstitution

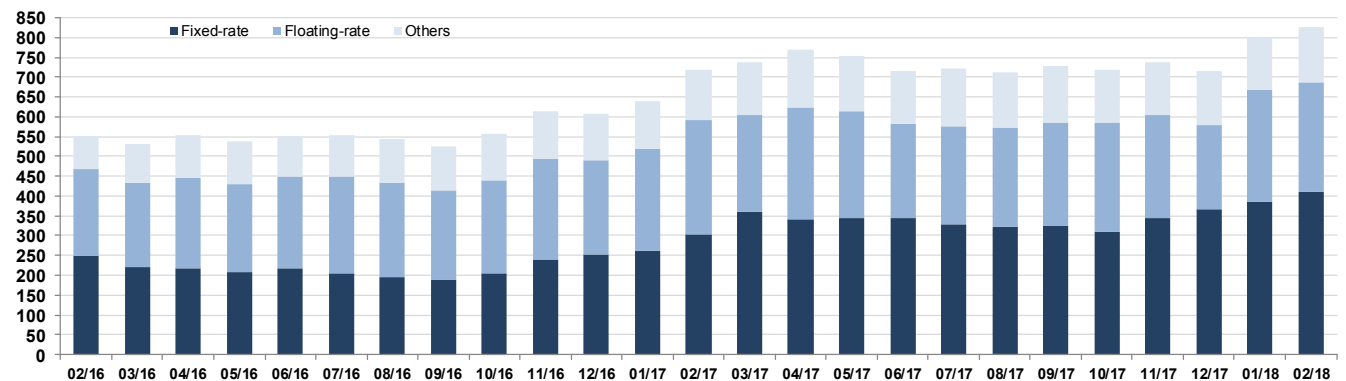
In € billion



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 2018

	Maturity	Outstanding (€)
BTF	5 April 2018	6,780,000,000
BTF	11 April 2018	5,623,000,000
BTF	18 April 2018	7,180,000,000
BTF	25 April 2018	5,795,000,000
BTF	3 May 2018	6,377,000,000
BTF	9 May 2018	5,682,000,000
BTF	16 May 2018	6,814,000,000
BTF	24 May 2018	6,928,000,000
BTF	30 May 2018	7,794,000,000
BTF	13 June 2018	8,240,000,000
BTF	20 June 2018	9,282,000,000
BTF	27 June 2018	3,499,000,000
BTF	4 July 2018	6,333,000,000
BTF	18 July 2018	3,632,000,000
BTF	1 August 2018	7,636,000,000
BTF	15 August 2018	4,089,000,000
BTF	29 August 2018	2,793,000,000
BTF	12 September 2018	1,947,000,000
BTF	10 October 2018	4,734,000,000
BTF	7 November 2018	4,847,000,000
BTF	5 December 2018	2,175,000,000
BTF	4 January 2019	5,257,000,000
BTF	30 January 2019	6,145,000,000
BTF	27 February 2019	5,540,000,000

Medium- and long-term debt (maturing 2018-2021) at 31 March 2018

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
	Maturity 2018	102,658,559,550			
FR0010604983	OAT 4.00% 25 April 2018	27,277,000,000			0
FR0011394345	OAT 1.00% 25 May 2018*	18,191,000,000			0
FR0011237643	OAT€i 0.25% 25 July 2018	9,733,559,550 (1)	1.05530	9,223,500,000	0
FR0010670737	OAT 4.25% 25 October 2018	27,527,000,000			0
FR0011523257	OAT 1.00% 25 November 2018*	19,930,000,000			20,000,000
	Maturity 2019	135,022,575,559			
FR0013101466	OAT 0.00% 25 February 2019*	10,880,000,000			0
FR0000189151	OAT 4.25% 25 April 2019	30,198,000,000			0
FR0011708080	OAT 1.00% 25 May 2019*	16,880,000,000			0
FR0010850032	OATi 1.30% 25 July 2019	12,728,508,000 (1)	1.08420	11,740,000,000	0
FR0000570921	OAT 8.50% 25 October 2019	8,844,392,893			5,631,585,100
FR0010776161	OAT 3.75% 25 October 2019	33,075,000,000			0
FR0011993179	OAT 0.50% 25 November 2019*	22,377,000,000			5,000,000
FR0000570954	OAT cap. 9.82% 31 December 2019	39,674,666 (2)		6,692,154	-
	Maturity 2020	172,616,654,400			
FR0013232485	OAT 0.00% 25 February 2020*	24,209,000,000			0
FR0010854182	OAT 3.50% 25 April 2020	38,946,000,000			0
FR0012557957	OAT 0.00% 25 May 2020*	22,969,000,000			0
FR0010050559	OAT€i 2.25% 25 July 2020	25,148,654,400 (1)	1.23824	20,310,000,000	0
FR0010949651	OAT 2.50% 25 October 2020	36,562,000,000			0
FR0012968337	OAT 0.25% 25 November 2020*	24,782,000,000			0
	Maturity 2021	131,317,727,760			
FR0013311016	OAT 0.00% 25 February 2021*	8,043,000,000			0
FR0013140035	OAT€i 0.10% 1 March 2021*	6,518,843,760 (1)	1.01508	6,422,000,000	0
FR0010192997	OAT 3.75% 25 April 2021	39,352,000,000			0
FR0013157096	OAT 0.00% 25 May 2021*	29,504,000,000			0
FR0011347046	OATi 0.10% 25 July 2021	8,008,884,000 (1)	1.02678	7,800,000,000	0
FR0011059088	OAT 3.25% 25 October 2021	39,891,000,000			0

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

(2) Including coupons capitalised at 31 December 2017; not open to subscription

* Like all euro area bonds, the bonds issued after 1 January 2013 have collective action clauses (CACs), which means that they are not fungible with bonds issued prior to this date.

Medium- and long-term debt (maturing in 2022 and beyond) at 31 March 2018

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
	Maturity 2022	122,888,466,030			
FR0000571044	OAT 8.25% 25 April 2022	1,243,939,990			508,888,400
FR0011196856	OAT 3.00% 25 April 2022	44,359,000,000			0
FR0013219177	OAT 0.00% 25 May 2022*	25,105,000,000			0
FR0010899765	OAT€i 1.10% 25 July 2022	19,735,526,040	(1) 1.10076	17,929,000,000	0
FR0011337880	OAT 2.25% 25 October 2022	32,445,000,000			0
	Maturity 2023	128,631,284,203			
FR0013283686	OAT 0.00% 25 March 2023*	19,548,000,000			0
FR0000571085	OAT 8.50% 25 April 2023	10,606,195,903			5,363,565,200
FR0011486067	OAT 1.75% 25 May 2023*	35,237,000,000			0
FR0010585901	OATi 2.10% 25 July 2023	18,322,088,300	(1) 1.11686	16,405,000,000	0
FR0010466938	OAT 4.25% 25 October 2023	44,918,000,000			434,585,000
	Maturity 2024	86,807,370,140			
FR0011619436	OAT 2.25% 25 May 2024*	34,810,000,000			0
FR0011427848	OAT€i 0.25% 25 July 2024*	15,971,370,140	(1) 1.03081	15,494,000,000	0
FR0011962398	OAT 1.75% 25 November 2024*	36,026,000,000			51,000,000
	Maturity 2025	103,955,136,578			
FR0012558310	OATi 0.10% 1 March 2025*	9,898,208,460	(1) 1.01802	9,723,000,000	0
FR0012517027	OAT 0.50% 25 May 2025*	36,156,000,000			0
FR0000571150	OAT 6.00% 25 October 2025	29,593,928,118			2,853,064,400
FR0012938116	OAT 1.00% 25 November 2025*	28,307,000,000			0
	Maturity 2026	95,504,000,000			
FR0010916924	OAT 3.50% 25 April 2026	35,814,000,000			0
FR0013131877	OAT 0.50% 25 May 2026*	29,476,000,000			0
FR0013200813	OAT 0.25% 25 November 2026*	30,214,000,000			0
	Maturity 2027	88,531,562,680			
FR0013250560	OAT 1.00% 25 May 2027*	31,451,000,000			0
FR0011008705	OAT€i 1.85% 25 July 2027	19,626,562,680	(1) 1.08476	18,093,000,000	0
FR0011317783	OAT 2.75% 25 October 2027	37,454,000,000			75,543,600
	Maturity 2028	29,323,868,414			
FR0013238268	OATi 0.10% 1 March 2028*	5,808,268,800	(1) 1.01632	5,715,000,000	0
FR0000571226	OAT zero coupon 28 March 2028	26,599,614	(3)	46,232,603	-
FR0013286192	OAT 0.75% 25 May 2028*	23,489,000,000			0
	Maturity 2029	41,154,454,623			
FR0000571218	OAT 5.50% 25 April 2029	30,033,880,458			2,949,046,100
FR0000186413	OATi 3.40% 25 July 2029	11,120,574,165	(1) 1.27323	8,734,144,000	0
	Maturity 2030	44,272,038,610			
FR0011883966	OAT 2.50% 25 May 2030*	33,208,000,000			0
FR0011982776	OAT€i 0.70% 25 July 2030*	11,064,038,610	(1) 1.01757	10,873,000,000	0
	Maturity 2031	35,834,000,000			
FR0012993103	OAT 1.50% 25 May 2031*	35,834,000,000			93,000,000
	Maturity 2032	45,442,157,750			
FR0000188799	OAT€i 3.15% 25 July 2032	13,279,835,150	(1) 1.25459	10,585,000,000	0
FR0000187635	OAT 5.75% 25 October 2032	32,162,322,600			11,340,757,400
	Maturity 2033 and later	225,858,856,410			
FR0013313582	OAT 1.25% 25 Mai 2034*	3,310,000,000			0
FR0010070060	OAT 4.75% 25 April 2035	26,678,000,000			4,904,437,000
FR0013154044	OAT 1.25% 25 May 2036*	24,283,000,000			0
FR0010371401	OAT 4.00% 25 October 2038	26,534,000,000			4,826,931,400
FR0013234333	OAT 1.75% 25 June 2039*	9,697,000,000			0
FR0010447367	OAT€i 1.80% 25 July 2040	13,884,206,050	(1) 1.16215	11,947,000,000	0
FR0010773192	OAT 4.50% 25 April 2041	33,670,000,000			7,254,499,000
FR0011461037	OAT 3.25% 25 May 2045*	24,908,000,000			1,146,710,000
FR0013209871	OAT€i 0.10% 25 July 2047*	7,353,650,360	(1) 1.01276	7,261,000,000	0
FR0013257524	OAT 2.00% 25 May 2048*	18,453,000,000			666,000,000
FR0010171975	OAT 4.00% 25 April 2055	14,926,000,000			7,781,818,000
FR0010870956	OAT 4.00% 25 April 2060	13,055,000,000			6,929,504,100
FR0013154028	OAT 1.75% 25 May 2066*	9,107,000,000			237,100,000

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

(3) Revised on 28 March 2018; not open to subscription

* Like all euro area bonds, the bonds issued after 1 January 2013 have collective action clauses (CACs), which means that they are not fungible with bonds issued prior to this date.

Most recent economic indicators

Industrial output, year-on-year	4.0%	Feb. 2018
Household consumption*, year-on-year	1.0%	Mar. 2018
Unemployment rate (ILO)	8.9%	Q4-2017
Consumer prices, year-on-year		
all items	1.6%	Mar. 2018
all items excluding tobacco	1.3%	Mar. 2018
Trade balance, fob-fob, sa (€bn)	-€5.2bn	Feb. 2018
" "	-€5.4bn	Jan. 2018
Current account balance, sa (€bn)	-€2.0bn	Feb. 2018
" "	-€2.0bn	Jan. 2018
10-year constant maturity rate (TEC10)	0.78%	27 Apr. 2018
3-month interest rate (Euribor)	-0.33%	27 Apr. 2018
EUR / USD	1.21	27 Apr. 2018
EUR / JPY	131.95	27 Apr. 2018

* manufactured products

Sources: Insee, Minefi, Banque de France

Monthly government budget position

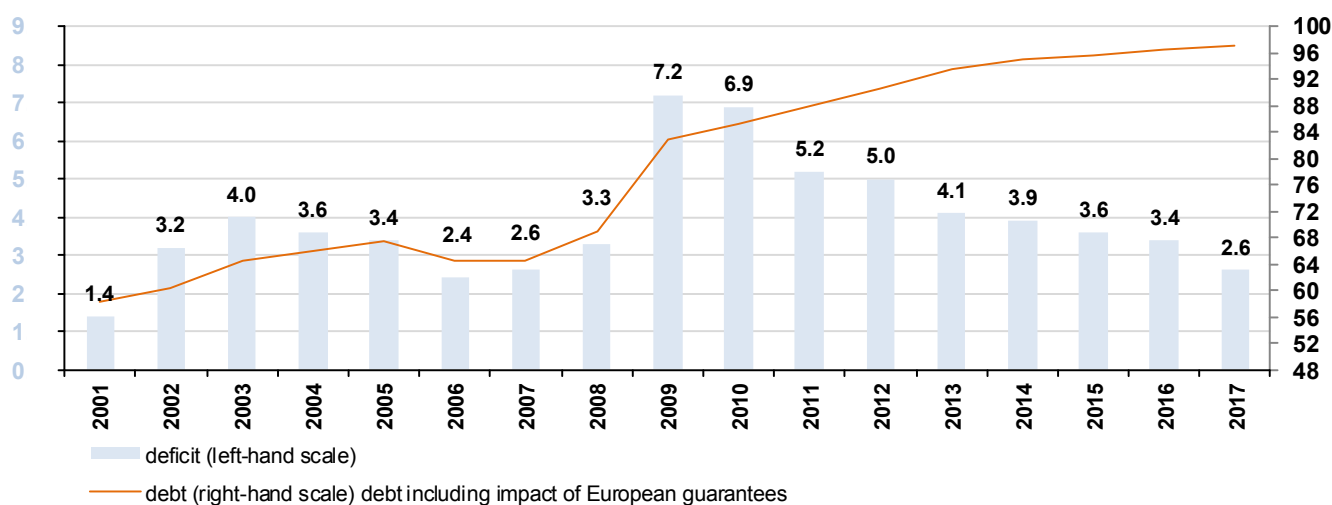
In € billion

			end of February level		
	2016	2017	2016	2017	2018
General budget balance	-75.85	-73.35	-12.15	-11.99	-14.34
revenue	303.97	313.59	48.43	50.73	48.93
expenditure	379.82	386.94	60.58	62.72	63.28
Balance of special Treasury accounts	6.80	5.56	-13.43	-9.49	-14.14
General budget outturn	-69.05	-67.79	-25.58	-21.48	-28.48

Source: Minefi

Public finances: deficit and debt

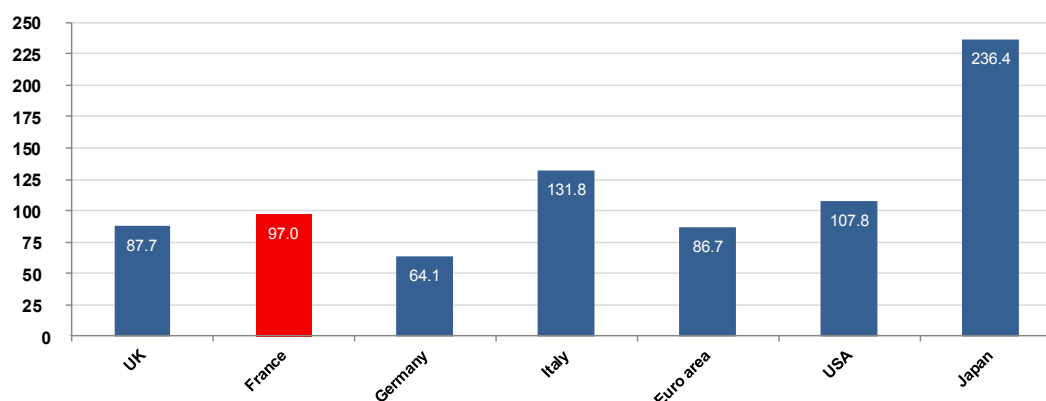
As % of GDP



Source: Insee

General government debt in 2017

As % of GDP



Sources: Eurostat, IMF

French economic indicators: timetable

May 2018		June 2018	
4	Industrial investments: April survey	7	Foreign trade by value in April
4	Foreign trade by value in March	7	Balance of payments in April
4	Balance of payments in March	8	Industrial production: April index
9	Industrial production: March index	12	Payroll employment: Q1-2018
15	Flash estimate of payroll employment: Q1 2018	14	Consumer prices: May index
15	Consumer prices: April index	15	Net international reserves in May
15	Net international reserves in April	15	Inflation (HICP): May index
16	Inflation (HICP): April index	21	Monthly business survey (goods-producing industries) in June
23	Job seekers Q1-2018 (ILO)	22	Quarterly national accounts: final results Q1-2018
24	Monthly business survey (goods-producing industries) in May	27	Consumer confidence survey: June survey
29	Housing starts in April	28	Housing starts in May
29	Consumer confidence survey: May survey	29	Debt of the general government according to Maastricht definition Q1 2018
30	Quarterly national accounts: second estimate Q1 2018	29	Industrial producer and import price: May indices
30	Household consumption expenditure on goods in April	29	Household consumption expenditure on goods in May
31	Industrial producer and import price: April indices		

Sources: Insee, Eurostat