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2021

MONTHLY BULLETIN

AGENCE FRANCE TRÉSOR IS TASKED WITH MANAGING THE GOVERNMENT DEBT AND CASH POSITIONS UNDER THE MOST SECURE CONDITIONS IN THE INTEREST OF THE TAXPAYER.

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2020 LEAGUE TABLE: STABLE RANKINGS REFLECT THE CONTINUED COMMITMENT OF PRIMARY DEALERS DURING THE ECONOMIC AND PUBLIC HEALTH CRISIS

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

Scoring is based on a set of parameters that best reflect the tasks that AFT entrusts to primary dealers. Three categories of criteria are used to rank the primary dealers in three separate league tables:

- Primary market performance counts for 40% of the score, based on the primary dealers' duration-weighted market shares at auctions of short-term securities (BTF), medium- and long-term securities (OAT) and inflation-linked securities tracking French inflation (OATi) and European inflation (OATe), as well as their participation in buybacks.
- Secondary market performance counts for 30% of the score, based on the duration-weighted volume of primary dealers' trading with end customers and with 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 score, based on the quality of primary dealers' contributions to the smooth operation of the government securities market, the quality of their advice to AFT, the quality of their analysis of the sovereign debt market and their economic and operations research, and the closeness and stability of their relationships with AFT. On this basis, the overall top 10 ranking for the field of 15 primary dealers in 2020 was as follows:

1	BNP Paribas	6	Citigroup
2	HSBC	7	Deutsche Bank
3	J.P. Morgan	8	Barclays
4	Crédit Agricole	9	BofA Securities Europe SA
5	Société Générale	10	Nomura

The 2020 league table confirms the stability of the group in the top five slots, which has been made up of the same banks since 2016. BNP Paribas has maintained its place at the top of the overall ranking, as it has every year since 2008, with consistent performances on the primary and secondary markets and on qualitative criteria. HSBC came in second, as it has since 2017. J.P. Morgan moved up two places for the quality of the services provided to AFT, confirming its place in the third slot. It was followed by Crédit Agricole, which maintained its ranking on the primary and secondary market.

In the second half of the league table, Citigroup stepped up its commitment to AFT and rose to sixth place in 2020, while Deutsche Bank and Barclays each moved up one slot from 2019 to seventh and eighth place respectively. BofA Securities Europe SA joined the top 10, coming in ninth after climbing two places in the primary market ranking.

The overall stability of the general league table testifies to the primary dealers' determination to maintain their support and partnership. Their long-term commitment is an asset for the French government securities market, particularly in times of crisis. At the same time, the diversity seen in the category-specific rankings shows the variety of interconnecting skills and strategies that these institutions bring to the government securities market, enabling AFT to place all of its securities securely and successfully on capital markets and ensure strong liquidity.

	Primary market		Secondary market		Quality of services
1	BNP Paribas	1	BNP Paribas	1	BNP Paribas
2	HSBC	2	J.P. Morgan	2	Société Générale
3	Crédit Agricole	3	HSBC	3	Crédit Agricole
4	J.P. Morgan	4	Crédit Agricole	4	Natixis
5	Société Générale	5	Deutsche Bank	5	J.P. Morgan
6	Citigroup	6	Citigroup	6	Citigroup
7	BofA Securities Europe SA	7	Nomura	7	Barclays
8	Barclays	8	Barclays	8	HSBC
9	Goldman Sachs	9	Société Générale	9	BofA Securities Europe SA
10	Nomura	10	NatWest Markets	10	Deutsche Bank

Overheating?

The overheating debate is heating up in the US. Comparing output losses with fiscal responses reveals a diverging picture in the euro area. Hopes rest on Next Generation EU (NGEU) and Draghi while the ECB could miss another tightening cycle.

Steps into the unknown

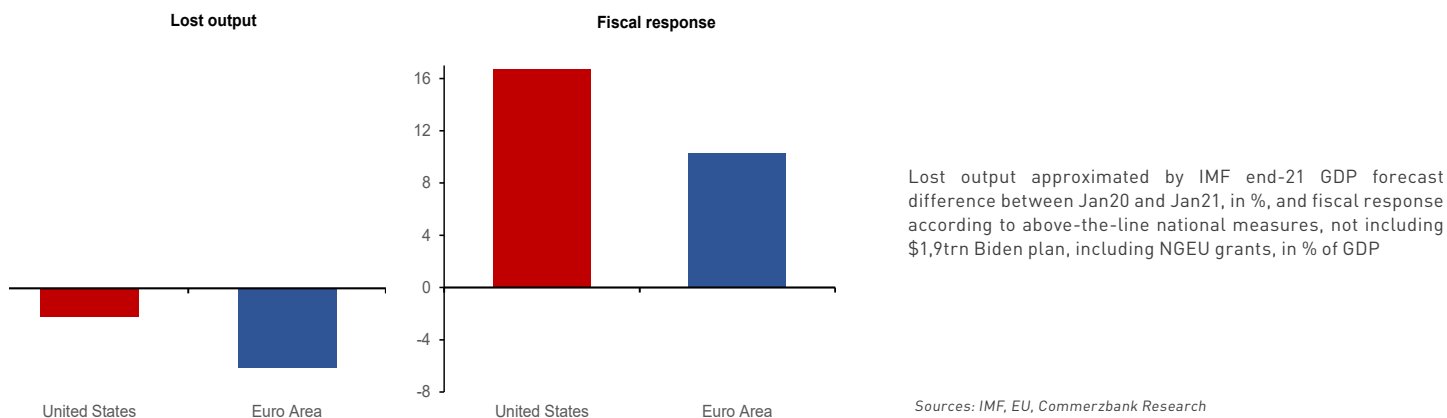
Early in February, former Treasury Secretary Larry Summers described Biden's stimulus plans as «steps into the unknown», which could «set off inflationary pressures of a kind we have not seen in a generation». The dimensions sketched by Summers, using the latest Congressional Budget Office (CBO) projections, are drastic. The enacted stimulus already amounts to more than three times the projected output gap before Biden's \$1.9trn proposal. This compares to fiscal stimulus worth about half the output gap under Obama during the recession following the Great Financial Crisis.

To be sure, any economic projections are subject to large uncertainty and estimates about output gaps are already tricky during normal times. In an environment where the light at the end of the tunnel for the pandemic is brightening and inflation rates are set to pick up swiftly after February, however, markets will probably not be immune to reflation sentiment. Inflation forwards are by now predicting a modest overshooting of the Fed's 2% target and the first rate hike 2 ½ years from now.

If the reflation sentiment runs further, the next market phase will probably be one where Fed tightening expectations are being brought forward. This should then be accompanied by rising real yields (as opposed to inflation break-evens that have been driving the yield increase so far) and more bearish volatility in risky assets.

Europe is different

Once again, the situation is vastly different in Europe. The GDP contraction here has been larger while the fiscal stimulus is smaller. The chart below depicts the lost output due to the pandemic, approximated by the difference in end-2021 GDP using IMF forecasts from January 2020 and January 2021. The fiscal response uses the above-the-line national measures listed in the IMF Fiscal Monitor database plus the NGEU grants for the euro area. It does not yet include the \$1.9trn stimulus proposed by Biden.

Larger contraction, lower fiscal response in the euro area

Besides the larger output loss and smaller fiscal response, the euro area also faces bigger obstacles to delivering the stimulus promptly. To be sure, the \$1.9trn Biden plan is also facing opposition and compromises have to be found in Congress. But compared to the euro area, the implementation should be easier and the \$618bn Republican proposal provides a lower bound of what can be expected.

In the euro area, on the other hand, the coming months should reveal the complexities of making the funds available when member states submit their recovery and resilience plans. Within the euro area we also get a picture where the countries that are suffering less in terms of lost output have announced the boldest fiscal measures. When including the grant support from NGEU, however, the fiscal support looks more uniform.

Key takeaways and strategy

- The overheating debate is getting fiercer but it won't be decided in coming months. With inflation rates not picking up before March, the bearish US steepening may get a breather after 5y5y inflation expectations have increased close to their highest levels since 2014. The reflation sentiment looks set to resume though when the pandemic subsides and US core inflation rises swiftly to 2.5% by summer, as our economists forecast.
- Current inflation forwards are broadly in line with the Fed's new average inflation target. A further increase in inflation expectations should thus give rise to tapering and tightening speculation. This market phase should then lead to higher real yields and more bearish volatility in risky assets.
- In the euro area, the economic hit is larger while the fiscal response is smaller and more protracted. Monetary policy therefore plays a more important role and we expect expectations to grow that the euro area will sit out another tightening cycle.
- The larger output contraction and lower «fiscal space» in the periphery would argue for an uneven economic recovery in the euro area. The flexible ECB support via the PEPP and transfers via NGEU are offsetting factors though. Most relevant for markets is the political signal from large-scale joint issuance and, most recently, from broad-based support of a Draghi-led government, giving rise to expectations of deeper and faster euro area integration. We therefore see more room for euro area yield convergence and expect the spread tightening pressure to shift out on the curve across credit buckets.

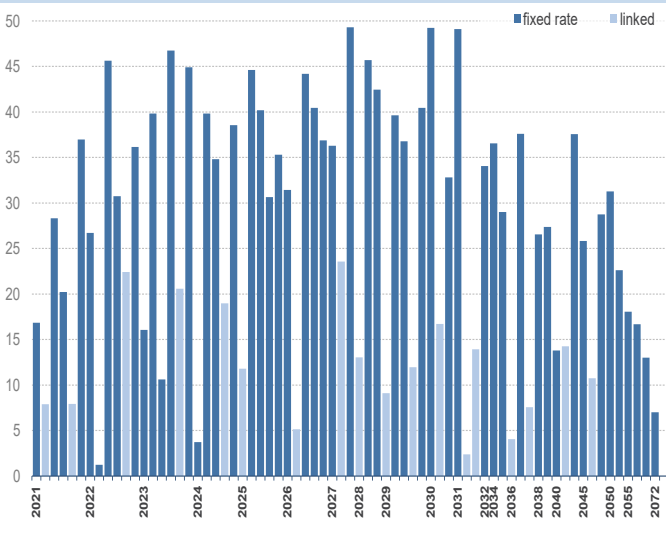
INDICATIVE AUCTION SCHEDULE

		Short-term					Medium-term	Long-term	Index-linked
March 2021	auction date	1	8	15	22	29	18	4	18
	settlement date	3	10	17	24	31	22	8	22
April 2021	auction date	5	12	19	26	/	22	8	22
	settlement date	7	14	21	28	/	26	12	26

Source: Agence France Trésor

MEDIUM- AND LONG-TERM NEGOTIABLE GOVERNMENT DEBT AT 31 JANUARY 2021

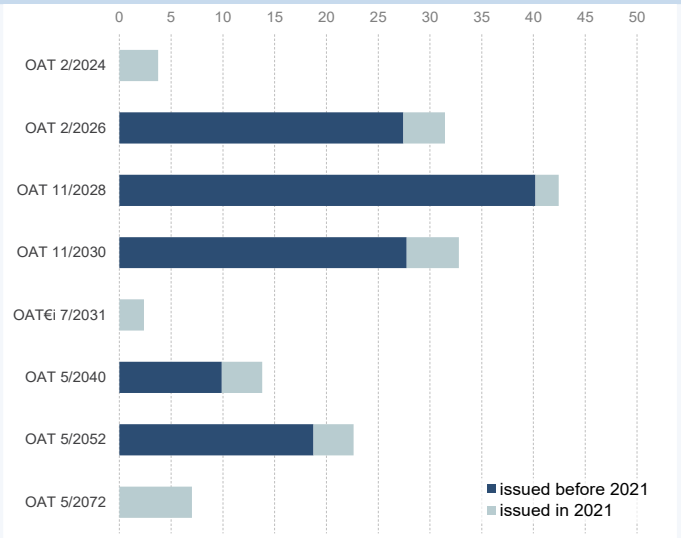
NOMINAL VALUE OF EACH LINE, IN € BILLION



Source: Agence France Trésor

MEDIUM- AND LONG-TERM: SECURITIES ISSUED DURING THE YEAR AND TOTAL ISSUANCE AT 31 JANUARY 2021

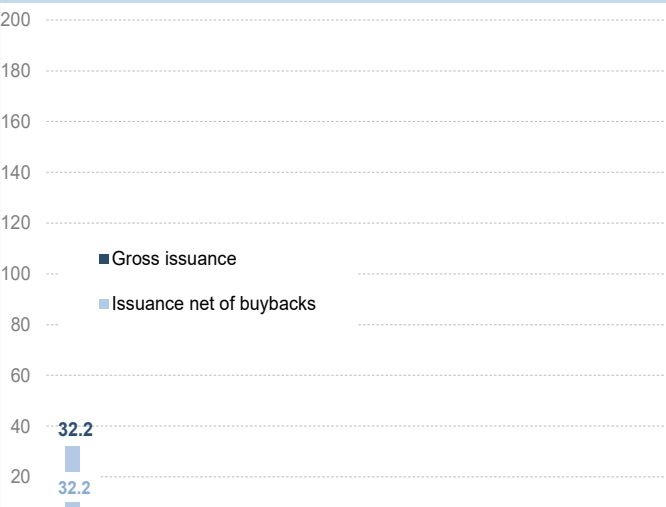
IN € BILLION



Source: Agence France Trésor

ISSUANCE AT 31 JANUARY 2021

IN € BILLION



Source: Agence France Trésor

MEDIUM- AND LONG-TERM: PROVISIONAL MATURITY SCHEDULE AT 31 JANUARY 2021

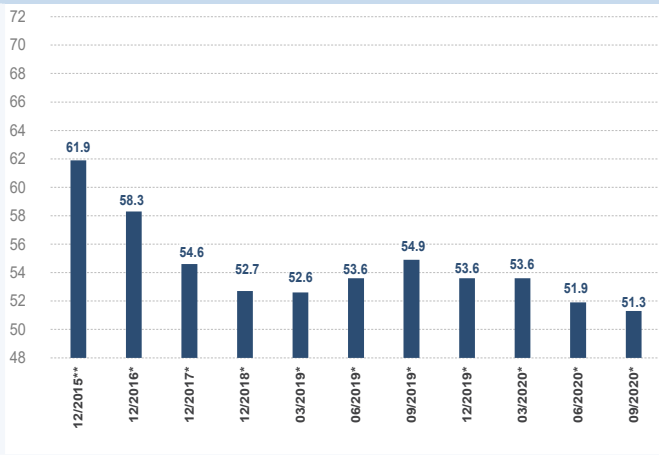
IN € BILLION

Month	Coupon	Redemption
Feb-21		16.8
Mar-21	0.1	7.9
Apr-21	11.6	28.3
May-21	8.2	20.2
Jun-21	0.5	
Jul-21	2.4	8.0
Aug-21		
Sep-21		
Oct-21	10.1	37.0
Nov-21	1.4	
Dec-21		
Jan-22		

Source: Agence France Trésor

NON-RESIDENT HOLDERS OF NEGOTIABLE GOVERNMENT DEBT IN THIRD QUARTER OF 2020

AS A % OF NEGOTIABLE DEBT OUTSTANDING
EXPRESSED IN MARKET VALUE



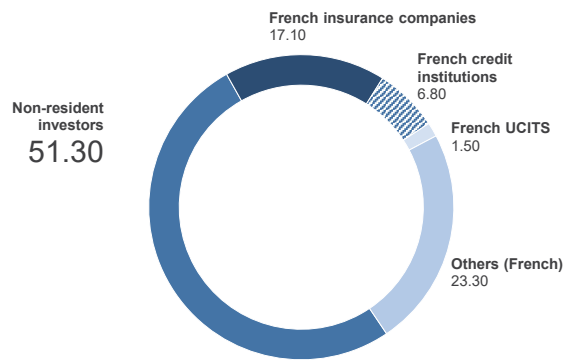
(*) figures quarterly revised

(**) figures annually revised

Source: Banque de France

NEGOTIABLE GOVERNMENT DEBT BY GROUP OF HOLDERS IN THIRD QUARTER OF 2020

STRUCTURE IN % EXPRESSED IN MARKET VALUE



Source: Banque de France

NEGOTIABLE GOVERNMENT DEBT AT 31 JANUARY 2021

IN EUROS

Total medium- and long-term debt	1,871,129,237,173
Total stripping activity	57,881,359,600
Average maturity	9 years and 7 days
Total short-term debt	161,285,000,000
Average maturity	118 days
Total outstanding	2,032,414,237,173
Average maturity	8 years and 120 days

Source: Agence France Trésor

NEGOTIABLE GOVERNMENT DEBT SINCE 2018 AT 31 JANUARY 2021

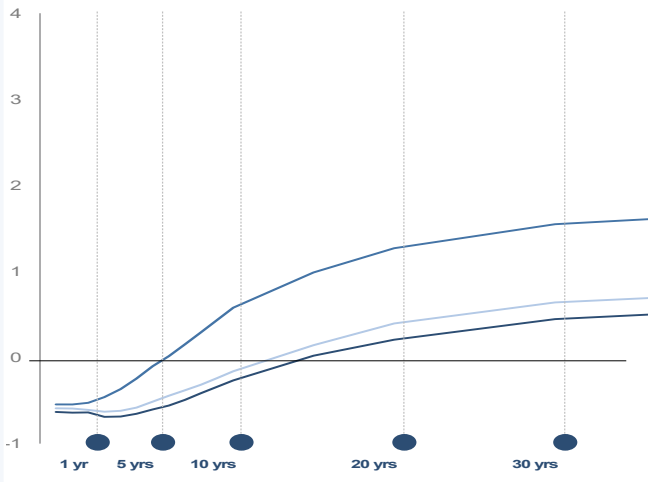
IN € BILLION

	End 2018	End 2019	End 2020	End Dec. 2020	End Jan. 2021
Negotiable government debt outstanding	1,756	1,823	2,001	1,995	2,032
<i>of which index-linked securities</i>	<i>220</i>	<i>226</i>	<i>220</i>	<i>220</i>	<i>222</i>
Medium- and long-term	1,644	1,716	1,839	1,839	1,871
Short-term	113	107	162	162	161
Average maturity of the negotiable debt	7 years	8 years	8 years	8 years	8 years
	336 days	63 days	73 days	73 days	120 days

Source: Agence France Trésor

YIELD CURVE FOR FRENCH GOVERNMENT SECURITIES

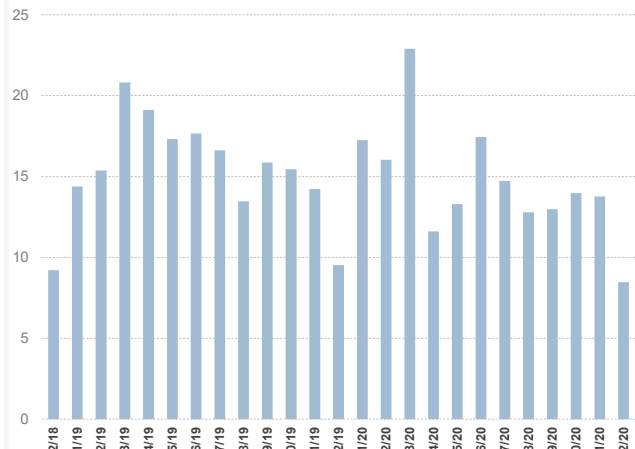
END-OF-MONTH VALUE, %



Source: Bloomberg

AVERAGE DAILY VOLUME OF MEDIUM- AND LONG-TERM TRANSACTIONS

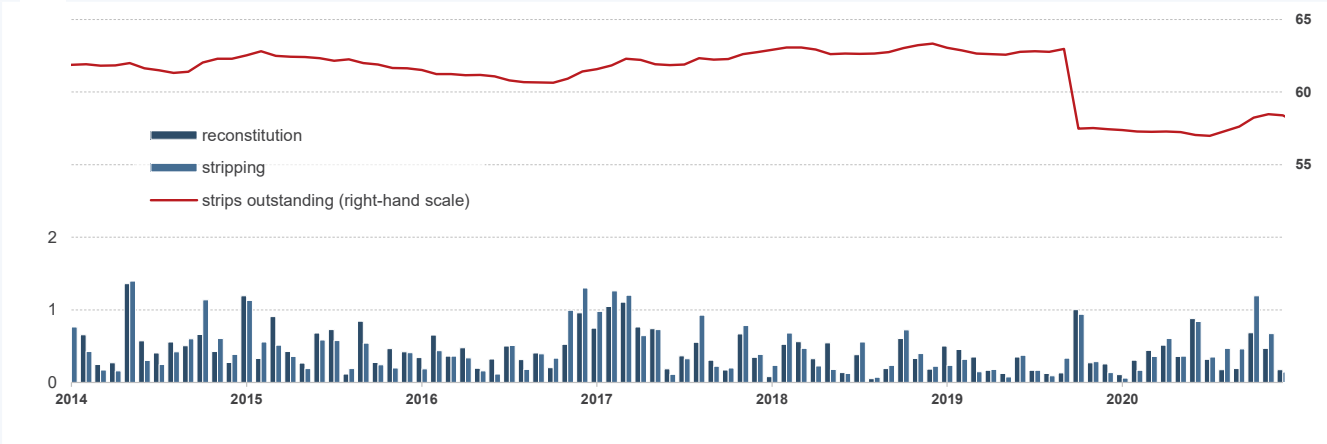
IN € BILLION



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

TOTAL STRIPPING AND RECONSTITUTION

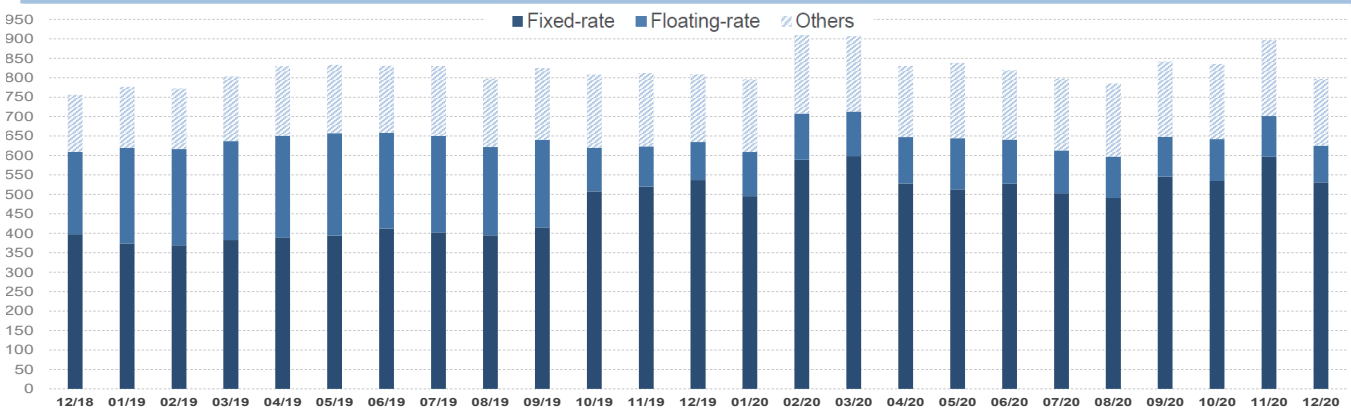
IN € BILLION



Source: Euroclear

PRIMARY DEALERS, CUMULATED REPO OUTSTANDING AT END OF MONTH

IN € BILLION



Source: reporting by primary dealers in government securities

SHORT-TERM DEBT AT 31 JANUARY 2021

ISIN Code	Maturity	Outstanding(€)
FR0126461609	BTF 3 February 2021	6,897,000,000
FR0126310269	BTF 10 February 2021	6,617,000,000
FR0126461617	BTF 17 February 2021	6,743,000,000
FR0125848681	BTF 24 February 2021	6,755,000,000
FR0126461625	BTF 3 March 2021	9,417,000,000
FR0126310277	BTF 10 March 2021	6,283,000,000
FR0125848699	BTF 24 March 2021	8,170,000,000
FR0126461658	BTF 8 April 2021	7,307,000,000
FR0126461724	BTF 14 April 2021	8,495,000,000
FR0126001785	BTF 21 April 2021	10,971,000,000
FR0126461732	BTF 28 April 2021	2,895,000,000
FR0126461666	BTF 5 May 2021	7,411,000,000
FR0126001793	BTF 19 May 2021	8,329,000,000
FR0126001801	BTF 16 June 2021	13,871,000,000
FR0126461781	BTF 30 June 2021	3,035,000,000
FR0126310285	BTF 14 July 2021	7,449,000,000
FR0126310293	BTF 11 August 2021	6,688,000,000
FR0126310301	BTF 8 September 2021	8,685,000,000
FR0126461682	BTF 6 October 2021	6,595,000,000
FR0126461690	BTF 4 November 2021	8,022,000,000
FR0126461708	BTF 1 December 2021	4,389,000,000

MEDIUM- AND LONG-TERM DEBT (MATURING 2021-2023) AT 31 JANUARY 2021

ISIN Code	Bond	Outstanding(€)	Ind. Coeff.	Face value(€)	Stripped(€)	CAC*
Maturity 2021		118,161,455,560				
FR0013311016	OAT 0.00% 25 February 2021	16,847,000,000			0	
FR0013140035	OAT€i 0.10% 1 March 2021	7,883,469,360 (1)	1.04196	7,566,000,000	0	
FR0010192997	OAT 3.75% 25 April 2021	28,307,000,000			0	
FR0013157096	OAT 0.00% 25 May 2021	20,209,000,000			0	
FR0011347046	OATi 0.10% 25 July 2021	7,923,986,200 (1)	1.04884	7,555,000,000	0	
FR0011059088	OAT 3.25% 25 October 2021	36,991,000,000			0	
Maturity 2022		162,933,043,220				
FR0013398583	OAT 0.00% 25 February 2022	26,720,000,000			0	
FR0000571044	OAT 8.25% 25 April 2022	1,243,939,990			248,888,400	
FR0011196856	OAT 3.00% 25 April 2022	45,642,000,000			0	
FR0013219177	OAT 0.00% 25 May 2022	30,738,000,000			0	
FR0010899765	OAT€i 1.10% 25 July 2022	22,432,103,230 (1)	1.12991	19,853,000,000	0	
FR0011337880	OAT 2.25% 25 October 2022	36,157,000,000			0	
Maturity 2023		178,747,256,703				
FR0013479102	OAT 0.00% 25 February 2023	16,070,000,000			0	
FR0013283686	OAT 0.00% 25 March 2023	39,815,000,000			0	
FR0000571085	OAT 8.50% 25 April 2023	10,606,195,903			5,347,565,200	
FR0011486067	OAT 1.75% 25 May 2023	46,748,000,000			0	
FR0010585901	OATi 2.10% 25 July 2023	20,590,060,800 (1)	1.14085	18,048,000,000	0	
FR0010466938	OAT 4.25% 25 October 2023	44,918,000,000			445,085,000	
Maturity 2024		135,886,273,090				
FR0014001N46	OAT 0.00% 25 February 2024	3,741,000,000			0	
FR0013344751	OAT 0.00% 25 March 2024	39,839,000,000			0	
FR0011619436	OAT 2.25% 25 May 2024	34,810,000,000			0	
FR0011427848	OAT€i 0.25% 25 July 2024	18,960,273,090 (1)	1.05811	17,919,000,000	0	
FR0011962398	OAT 1.75% 25 November 2024	38,536,000,000			42,000,000	

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

* 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 2025 AND BEYOND) AT 31 JANUARY 2021

ISIN Code	Bond	Outstanding(€)	Ind. Coeff.	Face value(€)	Stripped(€)	CAC*
Maturity 2025		162 583 605 998				
FR0012558310	OATi 0.10% 1 March 2025	11 803 677 880 (1)	1,03988	11 351 000 000	0	
FR0013415627	OAT 0.00% 25 March 2025	44 618 000 000			0	
FR0012517027	OAT 0.50% 25 May 2025	40 197 000 000			0	
FR0000571150	OAT 6.00% 25 October 2025	30 653 928 118			2 801 064 400	
FR0012938116	OAT 1.00% 25 November 2025	35 311 000 000			0	
Maturity 2026		158 105 000 000				
FR0013508470	OAT 0.00% 25 February 2026	31 440 000 000			0	
FR0013519253	OAT€i 0.10% 1 March 2026	5 151 000 000 (1)	0,99270	5 151 000 000	0	
FR0010916924	OAT 3.50% 25 April 2026	44 202 000 000			0	
FR0013131877	OAT 0.50% 25 May 2026	40 437 000 000			0	
FR0013200813	OAT 0.25% 25 November 2026	36 875 000 000			0	
Maturity 2027		109 171 236 800				
FR0013250560	OAT 1.00% 25 May 2027	36 296 000 000			0	
FR0011008705	OAT€i 1.85% 25 July 2027	23 561 236 800 (1)	1,11348	21 160 000 000	0	
FR0011317783	OAT 2.75% 25 October 2027	49 314 000 000			61 943 600	
Maturity 2028		101 206 567 930				
FR0013238268	OATi 0.10% 1 March 2028	13 030 858 800 (1)	1,03815	12 552 000 000	0	
FR0000571226	OAT zero coupon 28 March 2028	29 709 130 (3)		46 232 603	-	
FR0013286192	OAT 0.75% 25 May 2028	45 707 000 000			0	
FR0013341682	OAT 0.75% 25 November 2028	42 439 000 000			0	
Maturity 2029		137 899 748 922				
FR0013410552	OAT€i 0.10% 1 March 2029	9 091 853 880 (1)	1,00252	9 069 000 000	0	
FR0000571218	OAT 5.50% 25 April 2029	39 618 880 458			2 309 646 100	
FR0013407236	OAT 0.50% 25 May 2029	36 778 000 000			0	
FR0000186413	OATi 3.40% 25 July 2029	11 946 014 584 (1)	1,30058	9 185 144 000	0	
FR0013451507	OAT 0.00% 25 November 2029	40 465 000 000			0	
Maturity 2030		98 748 338 040				
FR0011883966	OAT 2.50% 25 May 2030	49 233 000 000			0	
FR0011982776	OAT€i 0.70% 25 July 2030	16 716 338 040 (1)	1,04451	16 004 000 000	0	
FR0013516549	OAT 0.00% 25 November 2030	32 799 000 000			0	
Maturity 2031		51 477 000 000				
FR0012993103	OAT 1.50% 25 May 2031	49 107 000 000			53 900 000	
FR0014001N38		2 370 000 000 (1)	0,99424	2 370 000 000	0	
Maturity in 2032 and beyond		456 209 710 910				
FR0000188799	OAT€i 3.15% 25 July 2032	13 928 952 960 (1)	1,28781	10 816 000 000	0	
FR0000187635	OAT 5.75% 25 October 2032	34 059 322 600			10 841 757 400	
FR0013313582	OAT 1.25% 25 May 2034	36 541 000 000			0	
FR0010070060	OAT 4.75% 25 April 2035	29 004 000 000			4 054 637 000	
FR0013524014	OATi 0.10% 1 March 2036	4 042 000 000 (1)	0,99489	4 042 000 000	0	
FR0013154044	OAT 1.25% 25 May 2036	37 601 000 000			0	
FR0013327491	OAT€i 0.10% 25 July 2036	7 569 956 610 (1)	1,02449	7 389 000 000	0	
FR0010371401	OAT 4.00% 25 October 2038	26 534 000 000			4 685 841 400	
FR0013234333	OAT 1.75% 25 June 2039	27 375 000 000			0	
FR0013515806	OAT 0.50% 25 May 2040	13 785 000 000			0	
FR0010447367	OAT€i 1.80% 25 July 2040	14 251 815 240 (1)	1,19292	11 947 000 000	0	
FR0010773192	OAT 4.50% 25 April 2041	37 558 000 000			5 865 299 000	
FR0011461037	OAT 3.25% 25 May 2045	25 824 000 000			894 510 000	
FR0013209871	OAT€i 0.10% 25 July 2047	10 733 663 500 (1)	1,03958	10 325 000 000	0	
FR0013257524	OAT 2.00% 25 May 2048	28 759 000 000			616 700 000	
FR0013404969	OAT 1.50% 25 May 2050	31 274 000 000			111 300 000	
FR0013480613	OAT 0.75% 25 May 2052	22 615 000 000			246 000 000	
FR0010171975	OAT 4.00% 25 April 2055	18 061 000 000			9 301 018 000	
FR0010870956	OAT 4.00% 25 April 2060	16 696 000 000			8 679 304 100	
FR0013154028	OAT 1.75% 25 May 2066	12 997 000 000			1 274 900 000	
FR0014001NN8	OAT 0.50% 25 May 2072	7 000 000 000			0	

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

(3) Revised on 28 March 2021, 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	-3.8%	Dec. 2020
Household consumption*, year-on-year	4.5%	Dec. 2020
Unemployment rate (ILO)	8.0%	Q4-2020
Consumer prices, year-on-year		
• all items	0.6%	Jan. 2021
• all items excluding tobacco	0.3%	Jan. 2021
Trade balance, fob-fob, sa (€bn)	-€3.4bn	Dec. 2020
" "	-€3.8bn	Nov. 2020
Current account balance, sa (€bn)	-€1.2bn	Dec. 2020
" "	-€2.0bn	Nov. 2020
10-year constant maturity rate (TEC10)	0.02%	26 Feb. 2021
3-month interest rate (Euribor)	-0.54%	26 Feb. 2021
EUR / USD	1.21	26 Feb. 2021
EUR / JPY	128.99	26 Feb. 2021

MONTHLY GOVERNMENT BUDGET POSITION

IN € BILLION

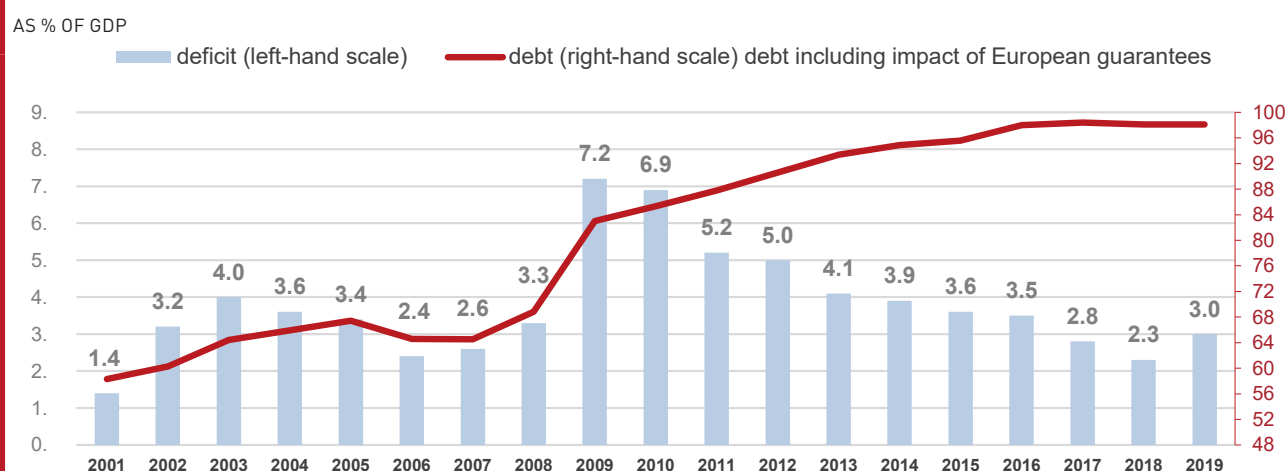
	2018	2019	end of December level		
			2018	2019	2020
General budget balance	-76.91	-96.91	-76.88	-96.91	-172.68
Revenue	313.79	301.07	313.79	301.07	282.69
Expenditure	390.69	397.98	390.69	397.98	455.37
Balance of special Treasury accounts	0.82	4.06	0.82	4.08	-5.42
General budget outturn	-76.00	-92.69	-76.05	-92.84	-178.10

* manufactured products

Sources: Insee, Minefi, Banque de France

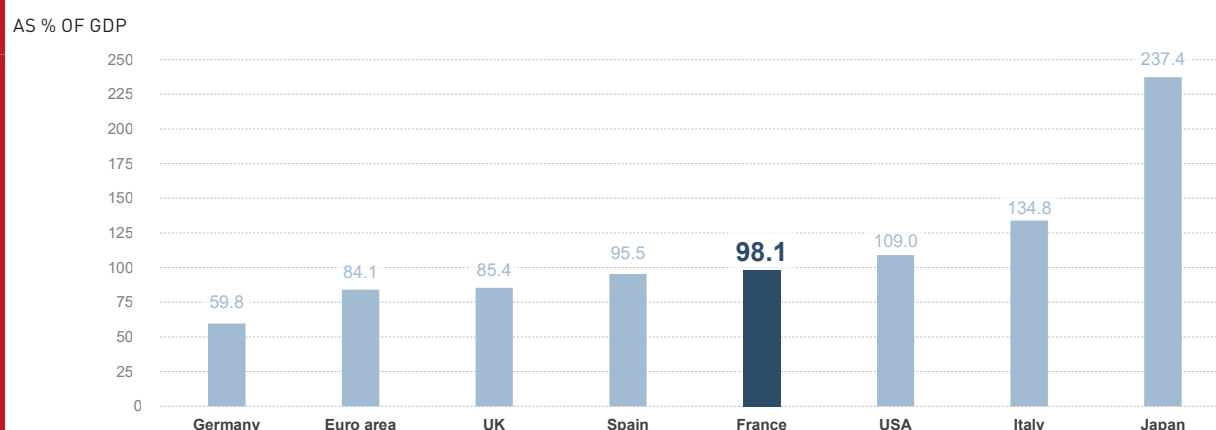
Source: Ministry of the Economy, Finance and the Recovery

PUBLIC FINANCES: DEFICIT AND DEBT



Source: Insee

GENERAL GOVERNMENT DEBT IN 2019



Sources: Eurostat, IMF, Insee

MARCH 2021 

5 Balance of payments in January	15 Net international reserves in February	16 Consumer prices: February index	17 Inflation (HICP): February index	25 Monthly business survey (goods-producing industries) in February	26 Debt of the general government according to Maastricht definition Q4-2020
26 Consumer confidence survey: March survey	31 Household consumption expenditure on goods in February	31 Industrial producer and import price: February indices			

APRIL 2021 

8 Balance of payments in February	9 Industrial production in February	15 Consumer prices: March index	15 Net international reserves in March	16 Inflation (HICP) : March index	22 Monthly business survey (goods-producing industries) in April
22 Quarterly business survey (goods-producing industries) in April	28 Consumer confidence survey: April survey	30 Industrial producer and import price: March indices	30 Quarterly national accounts: initial estimate Q1 2021		

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