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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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UNCHANGED CENTRAL GOVERNMENT FINANCING FOLLOWING THE PRESENTATION OF THE REVISED DRAFT BUDGET BILL FOR 2021

A Revised Draft Budget Bill (PLFR) for 2021 was presented to the Council of Ministers on 2 June 2021 for the purpose of funding the government's support measures to boost the economic recovery.

Under these conditions, the central government borrowing requirement will rise by €44.7bn compared to the amount set out in the Initial Budget Act ("LFI") for 2021. The new borrowing requirement will stand at €337.7bn, of which €219.5bn will go to financing the deficit, as compared to €173.3bn under the LFI for 2021.

In € billion	2020 Outturn	2021 Initial Budget Act	2021 Revised Draft Budget Bill
Financing requirements			
Redemption of medium- and long-term	136.1	118.3	118.3
Redemption of medium- and long-term debt (at nominal value)	130.5	117.5	117.5
Supplementary payments at maturity on inflation-linked bonds	5.6	0.8	0.8
Redemption of other debts	0.5	0.0	0.0
SNCF Réseau - redemption	1.7	1.3	1.3
Deficit to be financed	178.1	173.3	219.5
Other cash requirements	-6.9	0.1	-1.4
Total	309.5	293.0	337.7
Financing resources			
Issuance of medium- and long-term debt net of buybacks	260.0	260.0	260.0
Funds allocated to the Caisse de la Dette Publique to reduce debt	0.0	0.0	0.0
Net change in outstanding short-term government securities	54.7	19.5	19.5
Change in correspondents' deposits	27.8	7.0	3.9
Change in cash available in the Treasury's account	-63.4	0.0	47.8
Other cash sources	30.4	6.5	6.5
Total	309.5	293.0	337.7

This increased deficit is the result of the emergency plan to deal with the health crisis. It includes €15 bn of new measures and the consumption of €28.8bn in carry-overs of 2020 credits voted but not yet disbursed.

Indeed, in January 2021, the 2020 budget deficit of €178.1 bn was €45.2bn smaller than the deficit anticipated in the fourth Supplementary Budget Act for 2020 published on 1 December 2020. Support schemes have been less stressed than expected at the end of 2020. As a result, financing resources mobilization led to a €63.4bn increase in the Treasury's available cash balance between the end of 2019 and the end of 2020. Taken as a whole, these 2020 expenditures carried over and 2021 new measures are essentially linked to the solidarity fund for companies, the short-time working scheme, the compensation of social security tax exemption and the strengthening of state participations.

This requirement will be covered by a €47.8bn drawdown of the Treasury's account. The 2021 state financing programme will thus remain unchanged compared to the 2021 LFI: 2021 issuance of medium- and long-term debt, net of buybacks, will stand at €260bn while outstanding short-term government securities (BTF) will increase by additional €19.5bn as planned in the LFI for 2021.

In the first half of 2021, France issued €154.8bn¹ in medium- and long-term debt, net of buybacks, and implemented around 60% of the financing programme, a level comparable to the one at the same time last year. Market conditions remain very favourable: France's medium- and long-term cost of borrowing is -0.04% at the end of June, as against -0.13% for 2020 as a whole.

¹ Issuance at the end of June and buybacks at the end of May, with buyback volumes having been published at M-1.

By Mario Pietrunti, Senior Economist, Morgan Stanley

NGEU cheerleaders....: We have seen the recovery fund as a gamechanger from the start, arguing that joint issuance reduces euro area break up risk and creates a new euro safe asset, and that the targeted focus on investment and the periphery can have an outsized impact on growth, particularly in Italy.

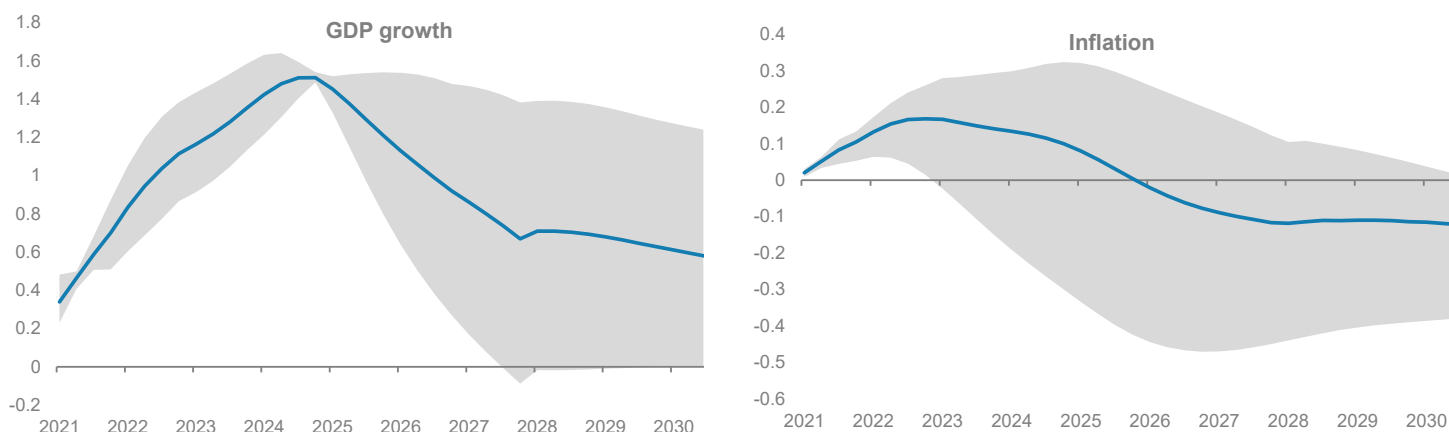
Official Europe has been cautious: However, estimates by the European Commission, the ECB and most national governments are fairly cautious. Both the Commission and the ECB estimate the impact of the recovery fund to peak in 2026, adding about 1.75pp of extra growth in the euro area as a whole. As the recovery fund is approximately 5% of euro area GDP, this implies a «peak» multiplier in the 0.3-0.4 range.

Why we are more upbeat: We have three reasons for thinking that a higher multiplier - around 0.6 - is more plausible, implying about 3pp of extra growth by the end of the programme in 2026, compared to most official forecasts. First, public investment tends to have a larger multiplier effect than increases in current spending or tax cuts, since the stimulus leaks into imports and savings more gradually - and the EC estimate looks conservative to us, well below the CBO, OECD and Juncker Plan estimates of the multiplier on public investment. Second, stimulus in economies with more slack, such as Spain and Italy, tends to have a large multiplier, since there is greater scope for an increase in demand to be met by an increase in supply. Third, the impact of fiscal stimulus is larger when rates are around the lower bound, with little risk of expansion triggering higher rates which crowd out private sector investment. In fact, we think a «crowding in» effect may be material, as investors become more willing to invest in high-debt, low-growth economies when growth prospects improve.

A more nuanced impact on inflation: The NGEU impact on inflation will likely be more ambiguous than the impact on growth. First, the significant slack in the labour market implies stimulus will likely translate to a greater extent into higher real growth rather than higher price pressures - i.e. a higher multiplier implies less inflationary pressure. Second, the recovery fund, through reforms and investment, will lead to an outward shift in aggregate supply over time, boosting potential growth, and exerting a mild downward pressure on prices. For instance, in Italy we think that the reforms implemented as part of the recovery plan can structurally increase the participation rate, increasing slack, and weighing on inflation. Short term, the boost to demand will likely prevail, while the shift in supply should be predominant in the end.

Effects of NGEU on growth and inflation

Sources: Bańkowski et al. (2021), Morgan Stanley Research.



Note: the solid line is the average effect across three different models (EAGLE, ECB-BASE and BMEs), with the shaded area representing the minimum and the maximum.

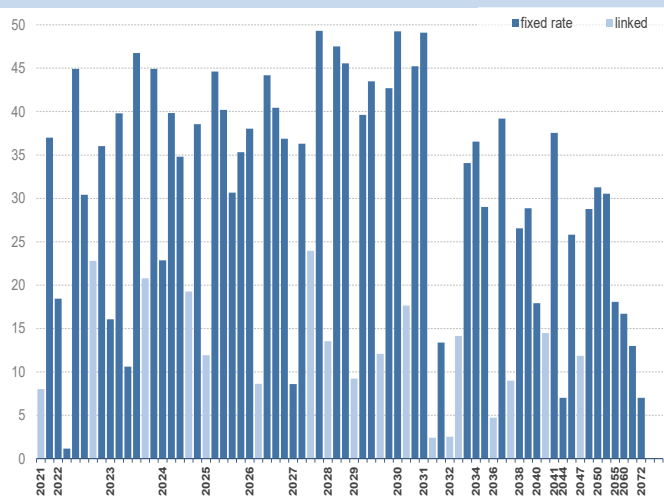
INDICATIVE AUCTION SCHEDULE

		Short-term					Medium-term	Long-term	Index-linked
July 2021	auction date	5	12	19	26	/	15	1	15
	settlement date	7	14	21	28	/	19	5	19
August 2021	auction date	2	9	16	23	30	19	5	19
	settlement date	4	11	18	25	01/09	23	9	23

Source: Agence France Trésor

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

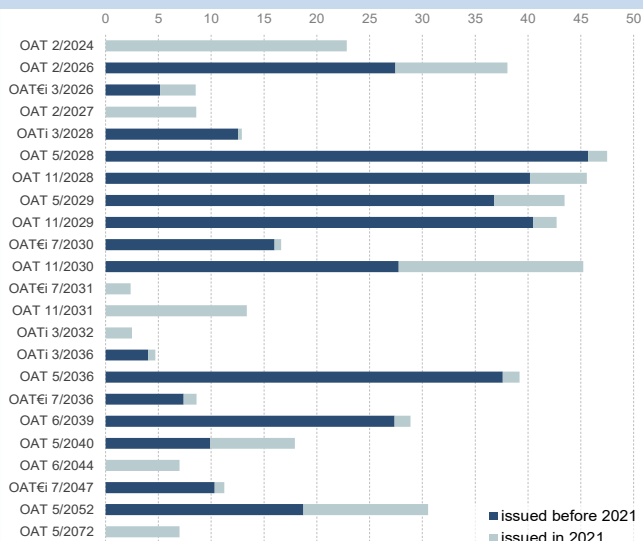
NOMINAL VALUE OF EACH LINE, IN € BILLION



Source: Agence France Trésor

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

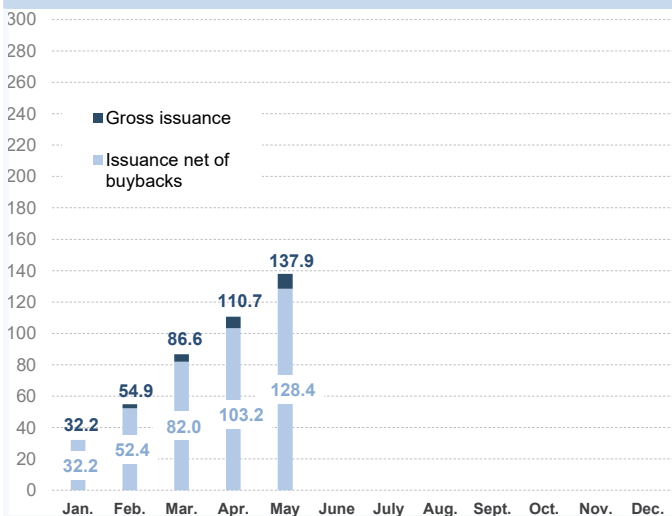
IN € BILLION



Source: Agence France Trésor

ISSUANCE AT 31 MAY 2021

IN € BILLION



Source: Agence France Trésor

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

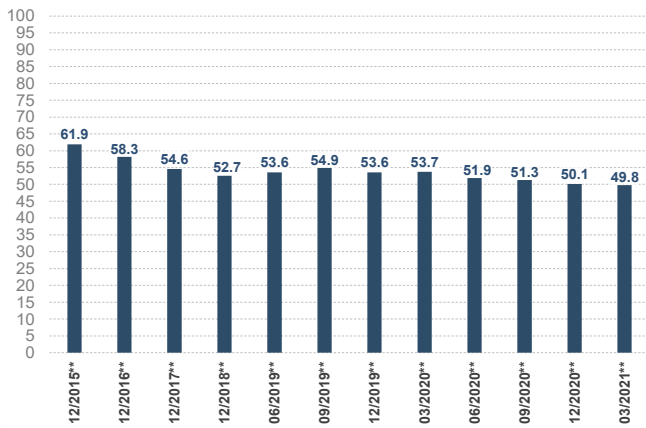
IN € BILLION

Month	Coupon	Redemption
Jun-21	0.5	
Jul-21	2.5	8.0
Aug-21		
Sep-21		
Oct-21	10.1	37.0
Nov-21	1.5	
Dec-21		
Jan-22		
Feb-22		18.4
Mar-22	0.5	
Apr-22	10.5	46.1
May-22	8.3	30.4

Source: Agence France Trésor

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

AS A % OF NEGOTIABLE DEBT OUTSTANDING
EXPRESSED IN MARKET VALUE



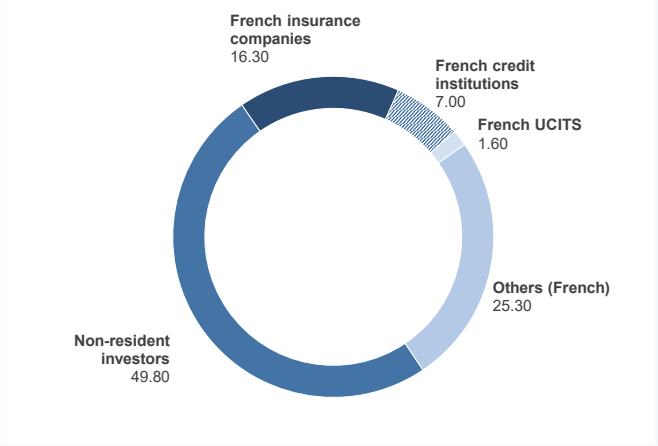
(*) figures quarterly revised

(**) figures annually revised

Source: Banque de France

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

STRUCTURE IN % EXPRESSED IN MARKET VALUE



Source: Banque de France

NEGOTIABLE GOVERNMENT DEBT AT 31 MAY 2021

IN EUROS

Total medium- and long-term debt	1,897,278,531,265
Total stripping activity	58,185,371,200
Average maturity	9 years and 68 days
Total short-term debt	160,201,000,000
Average maturity	125 days
Total outstanding	2,057,479,531,265
Average maturity	8 years and 182 days

Source: Agence France Trésor

NEGOTIABLE GOVERNMENT DEBT SINCE 2018 AT 31 MAY 2021

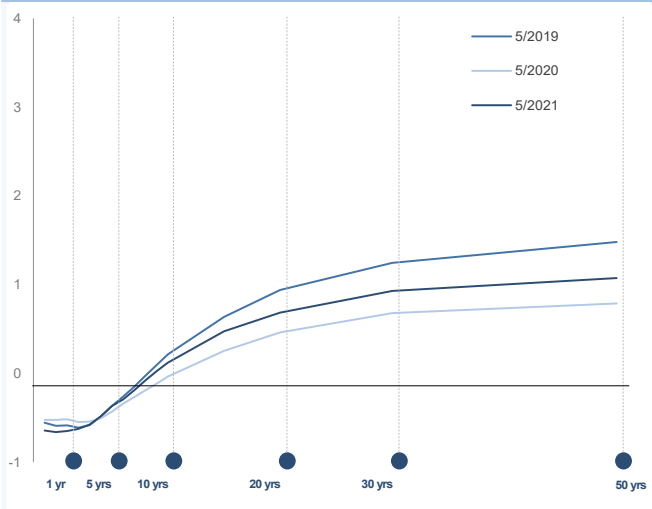
IN € BILLION

	End 2018	End 2019	End 2020	End April 2021	End May 2021
Negotiable government debt outstanding	1,756	1,823	2,001	2,051	2,057
<i>of which index-linked securities</i>	<i>220</i>	<i>226</i>	<i>220</i>	<i>221</i>	<i>227</i>
Medium- and long-term	1,644	1,716	1,839	1,890	1,897
Short-term	113	107	162	161	160
Average maturity of the negotiable debt	7 years	8 years	8 years	8 years	8 years
	336 days	63 days	73 days	169 days	182 days

Source: Agence France Trésor

YIELD CURVE FOR FRENCH GOVERNMENT SECURITIES

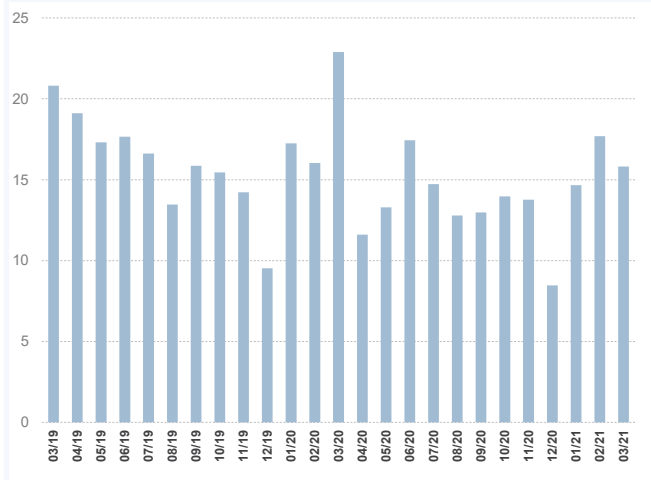
END-OF-MONTH VALUE, %



Source: Bloomberg

AVERAGE DAILY VOLUME OF MEDIUM- AND LONG-TERM TRANSACTIONS

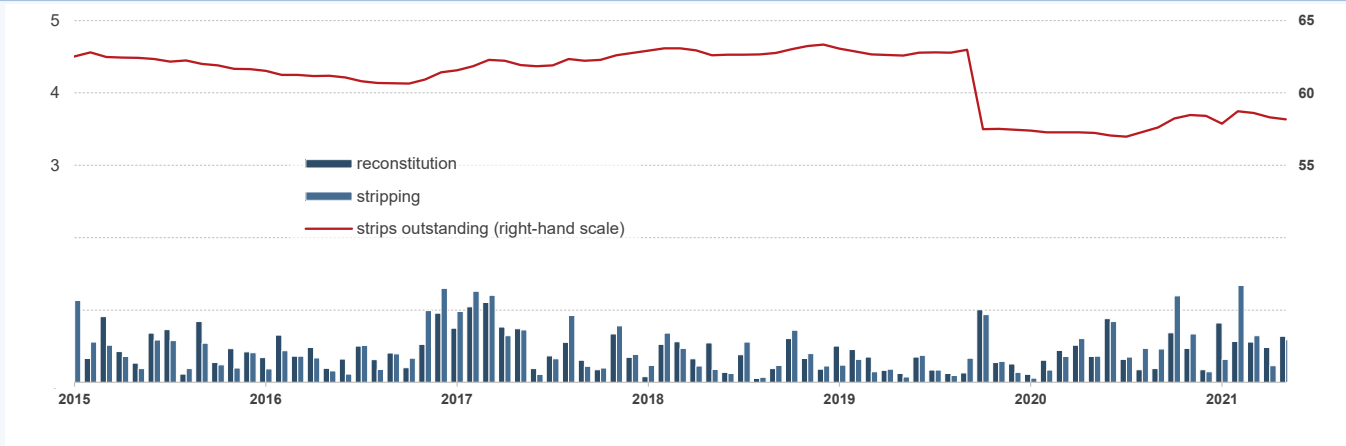
IN € BILLION



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

TOTAL STRIPPING AND RECONSTITUTION

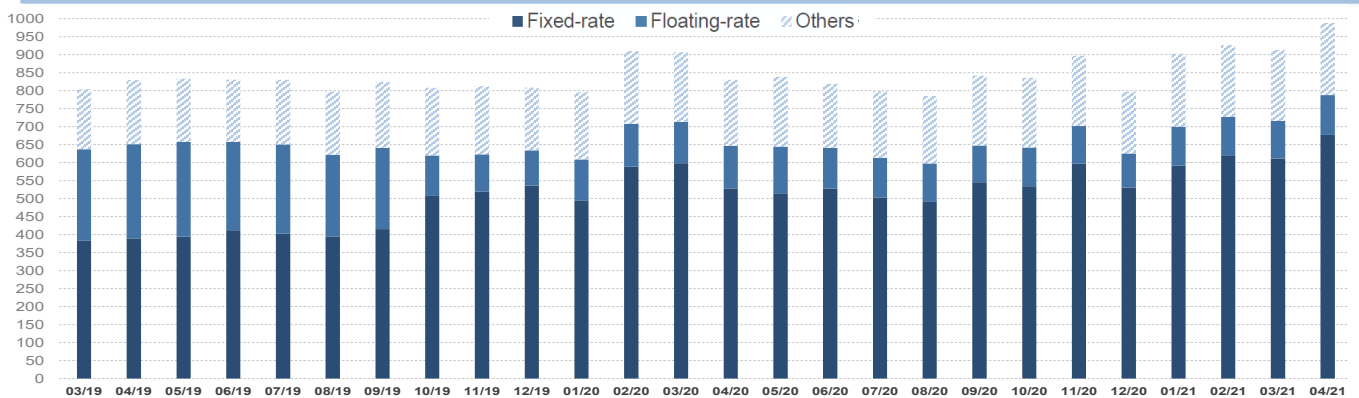
IN € BILLION



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 MAY 2021

ISIN Code	Maturity	Outstanding(€)
FR0126461765	BTF 9 June 2021	6 090 000 000
FR0126001801	BTF 16 June 2021	13 871 000 000
FR0126461773	BTF 23 June 2021	5 132 000 000
FR0126461781	BTF 30 June 2021	5 656 000 000
FR0126750688	BTF 7 July 2021	5 090 000 000
FR0126310285	BTF 14 July 2021	7 449 000 000
FR0126750696	BTF 21 July 2021	5 692 000 000
FR0126461799	BTF 28 July 2021	6 068 000 000
FR0126750704	BTF 4 August 2021	5 446 000 000
FR0126310293	BTF 11 August 2021	6 688 000 000
FR0126750712	BTF 18 August 2021	5 226 000 000
FR0126461807	BTF 25 August 2021	5 982 000 000
FR0126310301	BTF 8 September 2021	8 685 000 000
FR0126750746	BTF 22 September 2021	6 982 000 000
FR0126461682	BTF 6 October 2021	7 109 000 000
FR0126750761	BTF 20 October 2021	5 853 000 000
FR0126461690	BTF 4 November 2021	8 605 000 000
FR0126461708	BTF 1 December 2021	4 874 000 000
FR0126461815	BTF 15 December 2021	6 758 000 000
FR0126461823	BTF 26 January 2022	7 193 000 000
FR0126461831	BTF 23 February 2022	7 126 000 000
FR0126461849	BTF 23 March 2022	7 690 000 000
FR0126750787	BTF 21 April 2022	8 328 000 000
FR0126750795	BTF 18 May 2022	2 608 000 000

MEDIUM- AND LONG-TERM DEBT (MATURING 2021-2024) AT 31 MAY 2021

ISIN Code	Bond	Outstanding(€)	Ind. Coeff.	Face value(€)	Stripped(€)	CAC*
	Maturity 2021	44 992 198 300				
FR0011347046	OATi 0.10% 25 July 2021	8 001 198 300 (1)	1,05906	7 555 000 000	0	
FR0011059088	OAT 3.25% 25 October 2021	36 991 000 000			0	
	Maturity 2022	153 750 544 300				
FR0013398583	OAT 0.00% 25 February 2022	18 441 000 000			0	x
FR0000571044	OAT 8.25% 25 April 2022	1 168 939 990			0	
FR0011196856	OAT 3.00% 25 April 2022	44 908 000 000			0	
FR0013219177	OAT 0.00% 25 May 2022	30 429 000 000			0	x
FR0010899765	OAT <i>i</i> 1.10% 25 July 2022	22 796 604 310 (1)	1,14827	19 853 000 000	0	
FR0011337880	OAT 2.25% 25 October 2022	36 007 000 000			0	
	Maturity 2023	178 947 950 463				
FR0013479102	OAT 0.00% 25 February 2023	16 070 000 000			0	x
FR0013283686	OAT 0.00% 25 March 2023	39 815 000 000			0	x
FR0000571085	OAT 8.50% 25 April 2023	10 606 195 903			5 321 365 200	
FR0011486067	OAT 1.75% 25 May 2023	46 748 000 000			0	x
FR0010585901	OATi 2.10% 25 July 2023	20 790 754 560 (1)	1,15197	18 048 000 000	0	
FR0010466938	OAT 4.25% 25 October 2023	44 918 000 000			443 985 000	
	Maturity 2024	155 305 300 700				
FR0014001N46	OAT 0.00% 25 February 2024	22 852 000 000			0	x
FR0013344751	OAT 0.00% 25 March 2024	39 839 000 000			0	x
FR0011619436	OAT 2.25% 25 May 2024	34 810 000 000			0	x
FR0011427848	OAT <i>i</i> 0.25% 25 July 2024	19 268 300 700 (1)	1,07530	17 919 000 000	0	x
FR0011962398	OAT 1.75% 25 November 2024	38 536 000 000			42 000 000	x

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

* Like all euro area bonds, the bonds issued after 1 March 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 MAY 2021

ISIN Code	Bond	Outstanding(€)	Ind. Coeff.	Face value(€)	Stripped(€)	CAC*
Maturity 2025		162,698,705,138				
FR0012558310	OATi 0.10% 1 March 2025	11,918,777,020 (1)	1.05002	11,351,000,000	0	x
FR0013415627	OAT 0.00% 25 March 2025	44,618,000,000			0	x
FR0012517027	OAT 0.50% 25 May 2025	40,197,000,000			0	x
FR0000571150	OAT 6.00% 25 October 2025	30,653,928,118			2,809,064,400	
FR0012938116	OAT 1.00% 25 November 2025	35,311,000,000			0	x
Maturity 2026		168,184,478,840				
FR0013508470	OAT 0.00% 25 February 2026	38,047,000,000			0	x
FR0013519253	OAT€i 0.10% 1 March 2026	8,623,478,840 (1)	1.00883	8,548,000,000	0	x
FR0010916924	OAT 3.50% 25 April 2026	44,202,000,000			0	
FR0013131877	OAT 0.50% 25 May 2026	40,437,000,000			0	x
FR0013200813	OAT 0.25% 25 November 2026	36,875,000,000			0	x
Maturity 2027		118,145,232,800				
FR0014003513	OAT 0.00% 25 February 2027	8,591,000,000			0	x
FR0013250560	OAT 1.00% 25 May 2027	36,296,000,000			0	x
FR0011008705	OAT€i 1.85% 25 July 2027	23,944,232,800 (1)	1.13158	21,160,000,000	0	
FR0011317783	OAT 2.75% 25 October 2027	49,314,000,000			66,943,600	
Maturity 2028		106,630,659,897				
FR0013238268	OATi 0.10% 1 March 2028	13,535,262,240 (1)	1.04827	12,912,000,000	0	x
FR0000571226	OAT zero coupon 28 March 2028	31,397,657 (2)		46,232,603	-	
FR0013286192	OAT 0.75% 25 May 2028	47,500,000,000			0	x
FR0013341682	OAT 0.75% 25 November 2028	45,564,000,000			0	x
Maturity 2029		147,093,950,557				
FR0013410552	OAT€i 0.10% 1 March 2029	9,239,587,890 (1)	1.01881	9,069,000,000	0	x
FR0000571218	OAT 5.50% 25 April 2029	39,618,880,458			2,288,946,100	
FR0013407236	OAT 0.50% 25 May 2029	43,473,000,000			0	x
FR0000186413	OATi 3.40% 25 July 2029	12,062,482,209 (1)	1.31326	9,185,144,000	0	
FR0013451507	OAT 0.00% 25 November 2029	42,700,000,000			0	x
Maturity 2030		112,092,533,370				
FR0011883966	OAT 2.50% 25 May 2030	49,233,000,000			0	x
FR0011982776	OAT€i 0.70% 25 July 2030	17,634,533,370 (1)	1.06149	16,613,000,000	0	x
FR0013516549	OAT 0.00% 25 November 2030	45,225,000,000			0	x
Maturity 2031		64,880,624,300				
FR0012993103	OAT 1.50% 25 May 2031	49,107,000,000			58,900,000	x
FR0014001N38	OAT€i 0.10% 25 July 2031	2,394,624,300 (1)	1.01039	2,370,000,000	0	x
FR0014002WK3	OAT 0.00% 25 November 2031	13,379,000,000			0	x
Maturity in 2032 and beyond		484,556,352,600				
FR0014003N51	OATi 0.10% 1 March 2032	2,515,677,560 (1)	1.00748	2,497,000,000	0	x
FR0000188799	OAT€i 3.15% 25 July 2032	14,155,331,840 (1)	1.30874	10,816,000,000	0	
FR0000187635	OAT 5.75% 25 October 2032	34,059,322,600			10,660,757,400	
FR0013313582	OAT 1.25% 25 May 2034	36,541,000,000			0	x
FR0010070060	OAT 4.75% 25 April 2035	29,004,000,000			3,395,737,000	
FR0013524014	OATi 0.10% 1 March 2036	4,731,618,900 (1)	1.00459	4,710,000,000	0	x
FR0013154044	OAT 1.25% 25 May 2036	39,188,000,000			0	x
FR0013327491	OAT€i 0.10% 25 July 2036	8,979,832,500 (1)	1.04114	8,625,000,000	0	x
FR0010371401	OAT 4.00% 25 October 2038	26,534,000,000			4,685,841,400	
FR0013234333	OAT 1.75% 25 June 2039	28,874,000,000			0	x
FR0013515806	OAT 0.50% 25 May 2040	17,929,000,000			0	x
FR0010447367	OAT€i 1.80% 25 July 2040	14,483,467,570 (1)	1.21231	11,947,000,000	0	
FR0010773192	OAT 4.50% 25 April 2041	37,558,000,000			5,421,899,000	
FR0014002JM6	OAT 0.50% 25 June 2044	7,000,000,000			0	x
FR0011461037	OAT 3.25% 25 May 2045	25,824,000,000			756,510,000	x
FR0013209871	OAT€i 0.10% 25 July 2047	11,863,101,630 (1)	1.05647	11,229,000,000	0	x
FR0013257524	OAT 2.00% 25 May 2048	28,759,000,000			665,900,000	x
FR0013404969	OAT 1.50% 25 May 2050	31,274,000,000			111,300,000	x
FR0013480613	OAT 0.75% 25 May 2052	30,529,000,000			314,100,000	x
FR0010171975	OAT 4.00% 25 April 2055	18,061,000,000			11,135,018,000	
FR0010870956	OAT 4.00% 25 April 2060	16,696,000,000			8,705,904,100	
FR0013154028	OAT 1.75% 25 May 2066	12,997,000,000			1,270,800,000	x
FR0014001NN8	OAT 0.50% 25 May 2072	7,000,000,000			30,400,000	x

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

(2) Revised on 28 March 2021; not open to subscription

* Like all euro area bonds, the bonds issued after 1 March 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	13.9%	Apr. 2021
Household consumption*, year-on-year	8.0%	May. 2021
Unemployment rate (ILO)	8.1%	Q1-2021
Consumer prices, year-on-year		
• all items	1.4%	May. 2021
• all items excluding tobacco	1.3%	May. 2021
Trade balance, fob-fob, sa (€bn)	-€6.2bn	Apr. 2021
" "	-€6.1bn	Mar. 2021
Current account balance, sa (€bn)	-€1.4bn	Apr. 2021
" "	-€2.2bn	Mar. 2021
10-year constant maturity rate (TEC10)	0.10%	30 Jun. 2021
3-month interest rate (Euribor)	-0.54%	30 Jun. 2021
EUR / USD	1.19	30 Jun. 2021
EUR / JPY	131.36	30 Jun. 2021

MONTHLY GOVERNMENT BUDGET POSITION

IN € BILLION

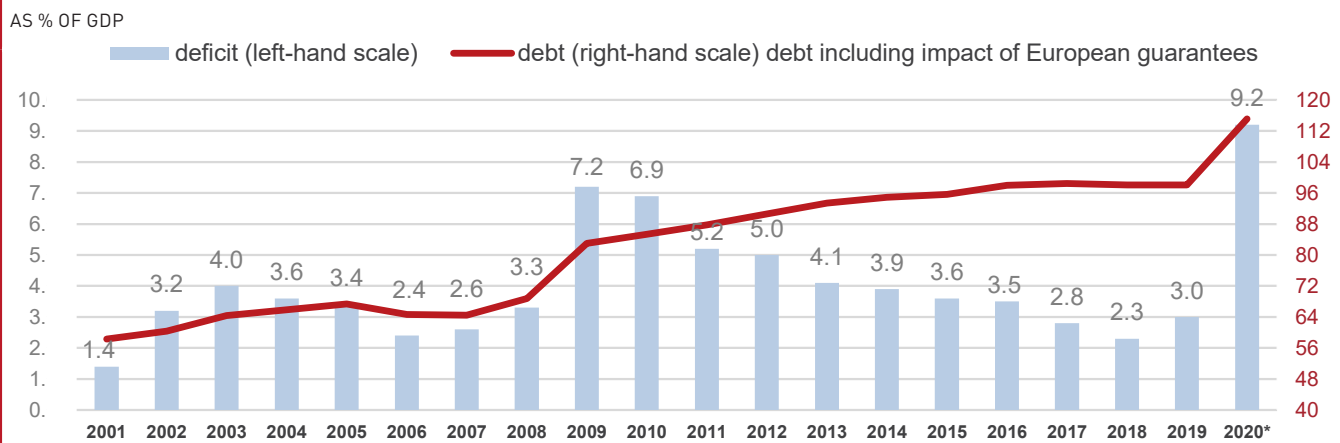
	2019	2020	end of April level		
			2019	2020	2021
General budget balance	-96.91	-172.68	-47.46	-69.67	-77.23
Revenue	301.07	282.69	88.72	80.06	86.24
Expenditure	397.98	455.37	136.18	149.73	163.48
Balance of special Treasury accounts	4.06	-5.42	-19.75	-22.46	-14.13
General budget outturn	-92.69	-178.10	-67.22	-92.12	-91.37

* manufactured products

Sources: Insee, Minefi, Banque de France

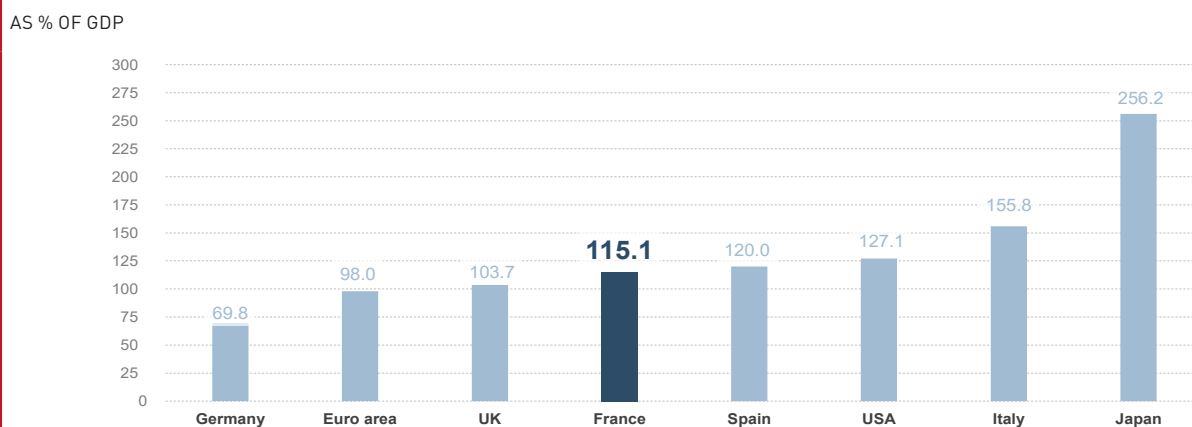
Source: Ministry of the Economy, Finance and the Recovery

PUBLIC FINANCES: DEFICIT AND DEBT



Source: Insee

GENERAL GOVERNMENT DEBT IN 2020



Sources: Eurostat, IMF, Insee

JULY 2021 

7 Foreign trade by value in May	7 Balance of payments in May	9 Industrial production: May index	13 Consumer prices: June index	15 Net international reserves in June	16 Inflation (HICP): June index
23 Monthly business survey (goods-producing industries) in July	23 Quarterly business survey (goods-producing industries) in July	28 Consumer confidence survey: July survey	29 Industrial producer and import price: June indices	30 Quarterly national accounts: initial estimate Q2-2021	

AUGUST 2021 

5 Industrial production: June index	6 Foreign trade results in June 2021	6 Balance of payments in June	6 Flash estimate of payroll employment Q2- 2021	13 Consumer prices July index	13 Net International reserves in July
18 Inflation (HICP): July index	26 Monthly business survey (goods-producing industries) in July	27 Consumer confidence survey: July survey	31 Industrial producer and import price: July indices	31 Consumer prices: July index	31 Quarterly national accounts: final results Q2 -2021

Sources: Insee, Eurostat

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