

N°379
DECEMBER
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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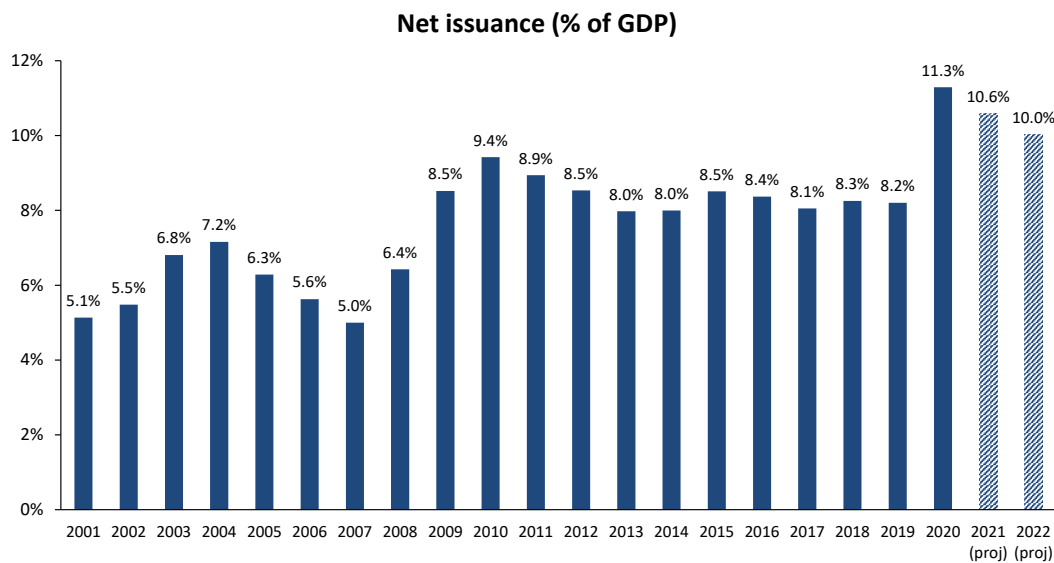
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News at Agence
France Trésor

A STABLE AND REGULAR STATE INDICATIVE FINANCING PROGRAMME IN 2022

Agence France Trésor (AFT) presented its 2022 indicative financing programme on Wednesday, 8 December 2021. This programme calls for issuance of €260bn in medium- and long-term debt, net of buybacks. Issuance volume will remain unchanged since 2020, and decline as a share of France's gross domestic product (see chart below).

The medium- and long-term debt issued will contribute to meeting the State financing requirement, which will stand at €297.6bn in 2022, including €144.4bn for the redemption of maturing bonds. The fiscal deficit will stand at €153.8bn in 2022.



Source: Agence France Trésor

In a market environment where uncertainty remains regarding the speed of monetary policy normalization, AFT will continue its transparent, predictable and regular issuance strategy, while continuing to adjust its issuance to changing market conditions and to meet investor demand, thereby ensuring the greatest possible liquidity for its debt securities.

AFT will issue fixed-rate bonds in 2022, including a new 3-year benchmark, a new 5/6-year benchmark, two new 10-year benchmarks and a new 15-year benchmark. AFT will also consult with primary dealers about the prospects for the syndicated launch of a new 20- to 30-year bond, depending on market conditions.

AFT will maintain its target of issuing "around 10%" of the financing programme in the form of inflation-indexed bonds. Following the creation of two new 10-year benchmark bonds in 2021 (one maturing in 2031 and indexed on European inflation, and the other maturing in 2032 and indexed on French inflation), AFT will launch a new 30-year bond indexed on European inflation (OAT€i) by syndication, if market conditions permit.

In keeping with its tradition of innovation, AFT will consult with primary dealers about the prospects for the syndicated launch of an inflation-indexed green bond with a maturity of 10 to 15 years. AFT will also continue to tap its green OATs (OAT 1.75% 25 June 2039 and OAT 0.50% 25 June 2044) in accordance with market demand and the amount of eligible green expenditure in 2022 which will be announced in January. The outstanding amount of these bonds now stands at €42.3bn.

¹As defined in Section 56 of the Initial Budget Act for 2022 enacted on December 30, 2021

By Camille de Courcel, rate strategist at BNP Paribas

Central banks confirmed their hawkish stance in December with a preliminary rate hike in the United Kingdom, faster tapering by the Fed and the three rate hikes it has signalled to be in the cards in 2022.

In the euro area, the ECB confirmed the end of the PEPP in March, bringing down the curtain on the famous “favourable financing conditions framework”. The ECB’s flexibility from the PEPP will continue through the reinvestment of maturing principal payments, but it will be limited. Another notable development is the expected sharp slowdown in asset purchases, despite a temporary increase in the APP in the second quarter of 2022, with average monthly purchases declining from some €90bn under the APP and PEPP in the fourth quarter of 2021 to €40 billion in the second quarter of 2022 and €20bn in the fourth quarter.

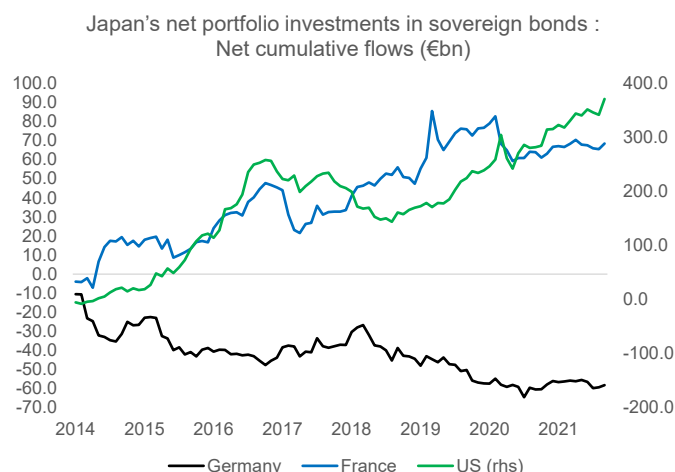
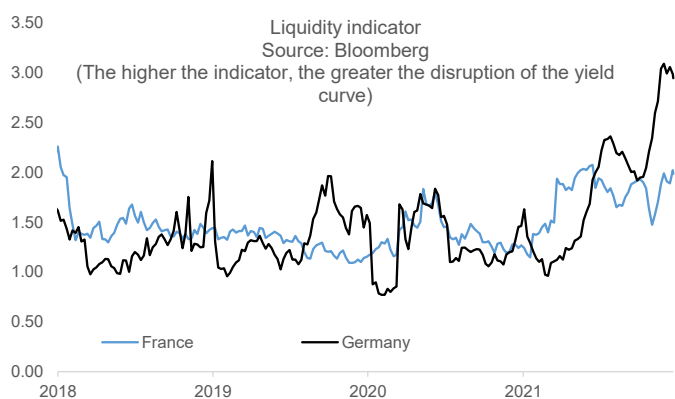
Consequently, bond yields should start to rise in 2022. The ECB’s new measures should lead to a change that will boost term premiums and lead to steeper 2/10-year yield curves. This could mean that 10-year OAT yields rise towards 0.40% again.

In this bearish environment with monetary policy stances returning to normal, we expect risk premiums to climb, especially in peripheral countries. OATs should benefit from their AA rating in a market where fundamentals are ascendant.

Another key element is the liquidity of OATs. The PEPP reduced the liquidity of sovereign bonds from the euro area by shrinking the free float sharply.⁽¹⁾ This was particularly true for German bonds, as the Eurosystem held 43% of Germany’s government debt in the third quarter of 2021, and we estimate that this share could increase to 48% by the end of 2022. On the other hand, OATs remain liquid benchmarks in the euro area, where we calculate that the Eurosystem’s holding of France’s government debt is not more than 35%. This means that the formation of OAT yields is more straightforward and more in line with fundamentals. This constitutes a major advantage for OATs in terms of risk management compared to German bonds, which have become illiquid and prone to many wide swings, according to Bloomberg indicators.

Another liquidity indicator is the bid-ask spread for 10-year OATs. We estimate that it reached a historic minimum in 2021. Liquidity concerns at the end of the year may have been curbed, with an average differential of 0.15bp, versus nearly 0.4bp in Germany.

Foreign investors’ preference for OATs should be even stronger in 2022.



(1) See [Asset Purchases: From Crisis to Recovery](#) (Free-floating EA-4 bond supply and 10-year EA GDP-weighted sovereign yield, p.6). Source : ECB

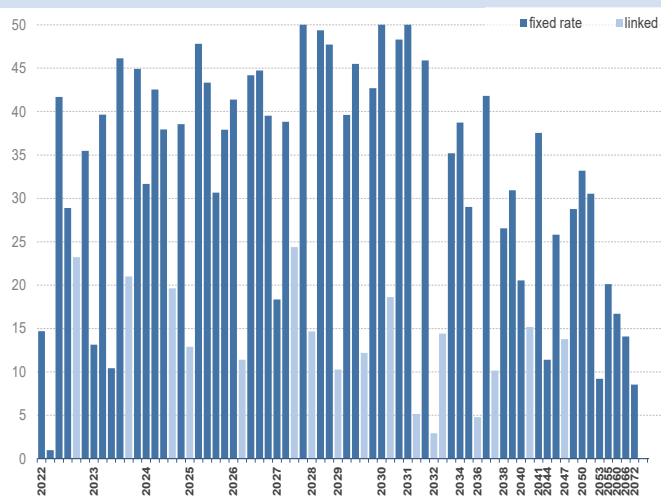
INDICATIVE AUCTION SCHEDULE

		Short-term					Medium-term	Long-term	Index-linked
January 2022	auction date	3	10	17	24	31	20	6	20
	settlement date	5	12	19	26	2 Feb. 2022	24	10	24
February 2022	auction date	7	14	21	28	/	17	3	17
	settlement date	9	16	23	2/03	/	21	7	24

Source: Agence France Trésor

MEDIUM- AND LONG-TERM NEGOTIABLE GOVERNMENT DEBT AT 30 NOVEMBER 2021

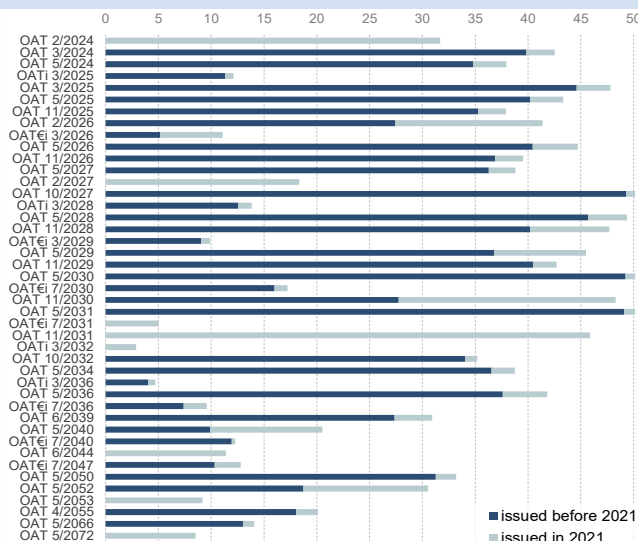
NOMINAL VALUE OF EACH LINE, IN € BILLION



Source: Agence France Trésor

MEDIUM- AND LONG-TERM: SECURITIES ISSUED DURING THE YEAR AND TOTAL ISSUANCE AT 30 NOVEMBER 2021

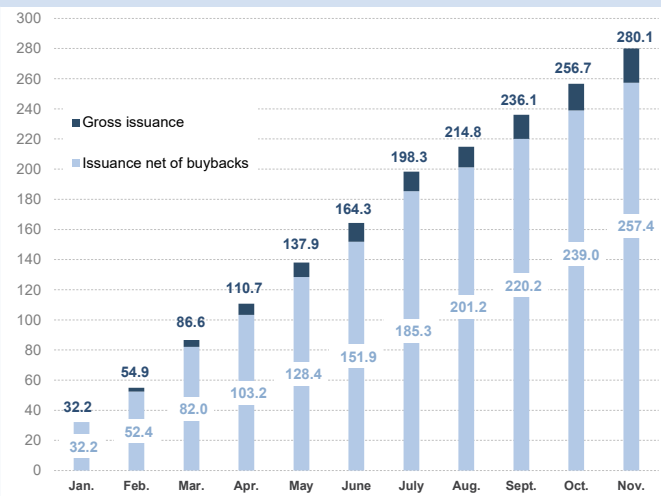
IN € BILLION



Source: Agence France Trésor

ISSUANCE AT 30 NOVEMBER 2021

IN € BILLION



Source: Agence France Trésor

MEDIUM- AND LONG-TERM: PROVISIONAL MATURITY SCHEDULE AT 30 NOVEMBER 2021

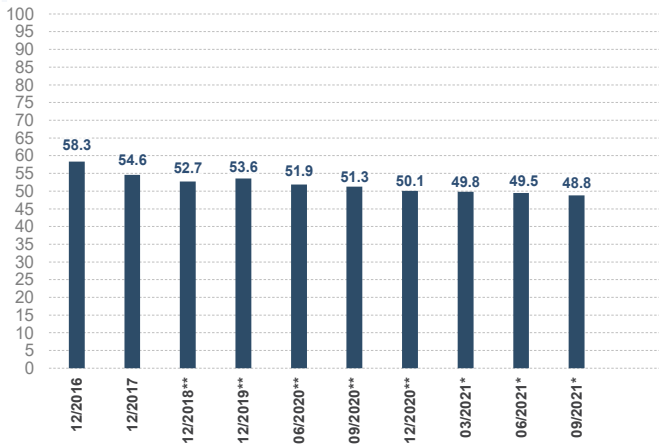
IN € BILLION

Month	Coupon	Redemption
Dec-21		
Jan-22		
Feb-22		14.7
Mar-22	0.1	
Apr-22	10.5	42.7
May-22	8.8	28.8
Jun-22	0.6	
Jul-22	2.5	23.5
Aug-22		
Sep-22		
Oct-22	9.1	35.5
Nov-22	1.5	

Source: Agence France Trésor

NON-RESIDENT HOLDERS OF NEGOTIABLE GOVERNMENT DEBT IN THIRD QUARTER OF 2021

AS A % OF NEGOTIABLE DEBT OUTSTANDING
EXPRESSED IN MARKET VALUE



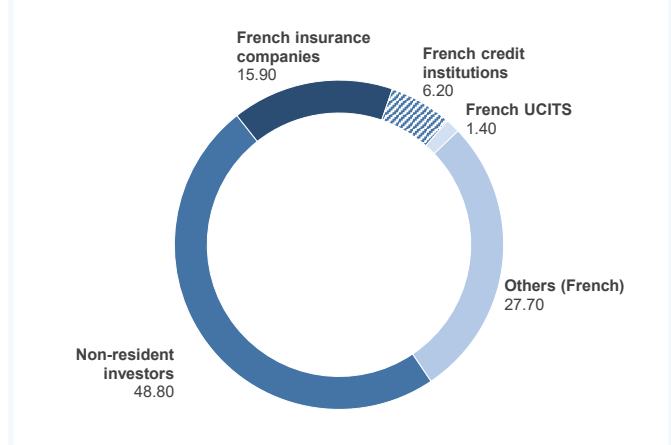
(*) figures quarterly revised

(**) figures annually revised

Source: Banque de France

NEGOTIABLE GOVERNMENT DEBT BY GROUP OF HOLDERS IN THIRD QUARTER OF 2021

STRUCTURE IN % EXPRESSED IN MARKET VALUE



Source: Banque de France

NEGOTIABLE GOVERNMENT DEBT AT 30 NOVEMBER 2021

IN EUROS

Total medium- and long-term debt	1,985,447,668,264
Total stripping activity	58,627,980,500
Average maturity	9 years and 42 days
Total short-term debt	165,797,000,000
Average maturity	117 days
Total outstanding	2,151,244,668,264
Average maturity	8 years and 160 days

Source: Agence France Trésor

NEGOTIABLE GOVERNMENT DEBT SINCE 2018 AT 30 NOVEMBER 2021

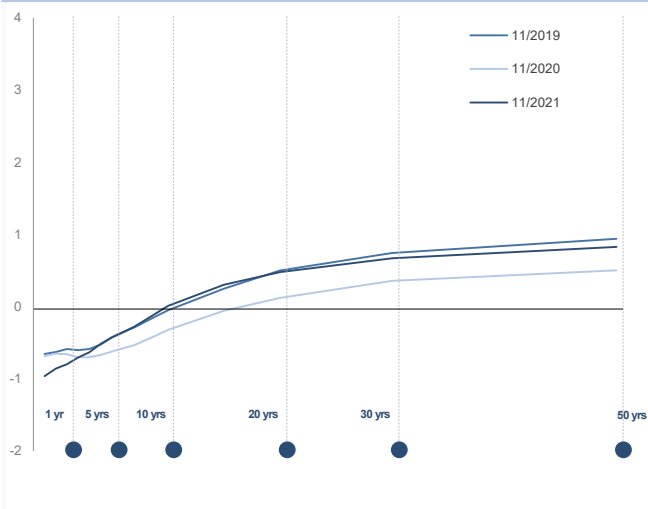
IN € BILLION

	End 2018	End 2019	End 2020	End Oct. 2021	End Nov. 2021
Negotiable government debt outstanding	1,756	1,823	2,001	2,131	2,151
<i>of which index-linked securities</i>	<i>220</i>	<i>226</i>	<i>220</i>	<i>232</i>	<i>235</i>
Medium- and long-term	1,644	1,716	1,839	1,966	1,985
Short-term	113	107	162	165	166
Average maturity of the negotiable debt	7 years	8 years	8 years	8 years	8 years
	336 days	63 days	73 days	176 days	160 days

Source: Agence France Trésor

YIELD CURVE FOR FRENCH GOVERNMENT SECURITIES

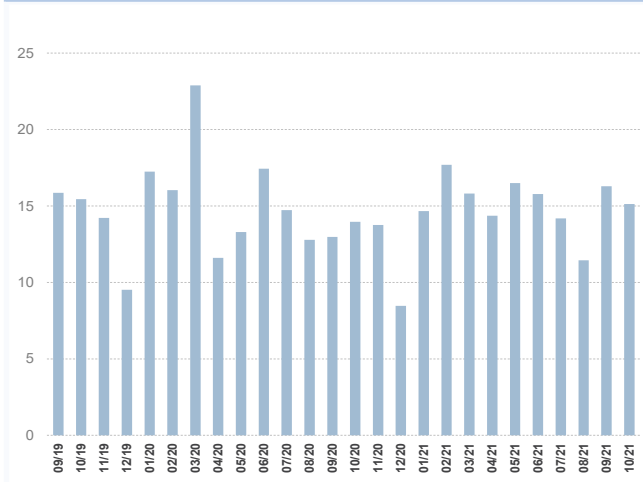
END-OF-MONTH VALUE, %



Source: Bloomberg

AVERAGE DAILY VOLUME OF MEDIUM- AND LONG-TERM TRANSACTIONS

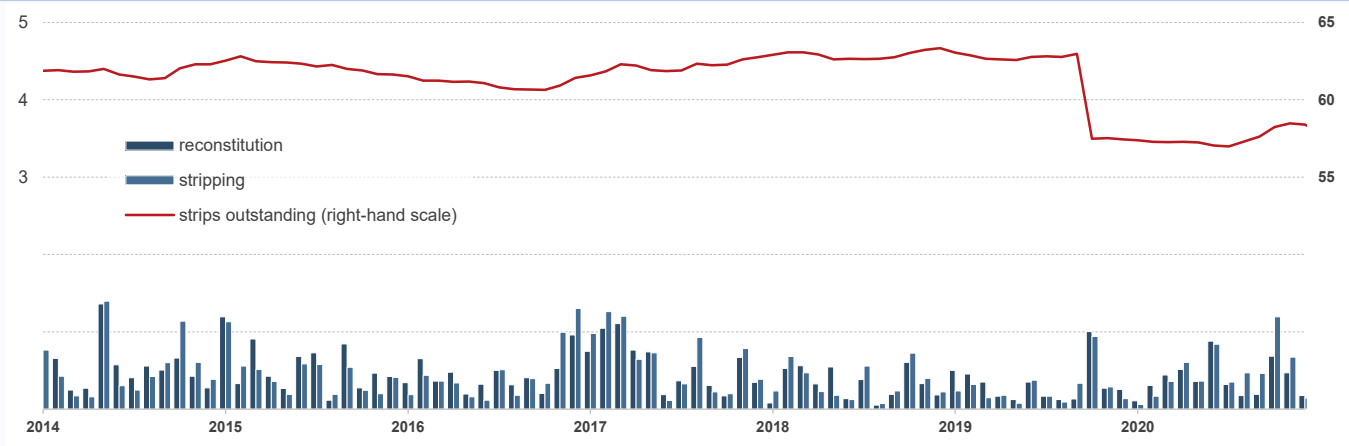
IN € BILLION



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

TOTAL STRIPPING AND RECONSTITUTION

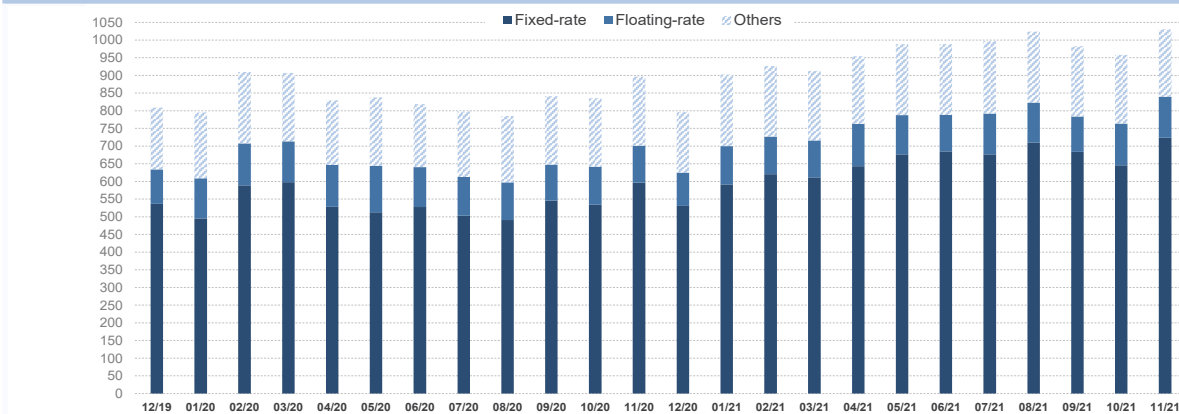
IN € BILLION



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 30 NOVEMBER 2021

ISIN Code	Maturity	Outstanding(€)
FR0126461708	BTF 1 December 2021	4,874,000,000
FR0126893512	BTF 8 December 2021	9,114,000,000
FR0126461815	BTF 15 December 2021	12,046,000,000
FR0126893520	BTF 5 January 2022	9,811,000,000
FR0126893538	BTF 12 January 2022	5,589,000,000
FR0126893603	BTF 19 January 2022	6,550,000,000
FR0126461823	BTF 26 January 2022	7,193,000,000
FR0126893611	BTF 2 February 2022	6,903,000,000
FR0126893546	BTF 9 February 2022	7,771,000,000
FR0126893629	BTF 16 February 2022	6,898,000,000
FR0126461831	BTF 23 February 2022	7,126,000,000
FR0126893595	BTF 9 March 2022	8,201,000,000
FR0126461849	BTF 23 March 2022	8,522,000,000
FR0126893660	BTF 6 April 2022	8,215,000,000
FR0126750787	BTF 21 April 2022	8,328,000,000
FR0126893678	BTF 4 May 2022	1,907,000,000
FR0126750795	BTF 18 May 2022	9,057,000,000
FR0126750803	BTF 15 June 2022	6,988,000,000
FR0126893561	BTF 13 July 2022	6,455,000,000
FR0126893579	BTF 10 August 2022	6,390,000,000
FR0126893587	BTF 7 September 2022	7,122,000,000
FR0126893694	BTF 5 October 2022	6,551,000,000
FR0126893702	BTF 2 November 2022	4,186,000,000

MEDIUM- AND LONG-TERM DEBT (MATURING 2022-2024) AT 30 NOVEMBER 2021

ISIN Code	Bond	Outstanding(€)	Ind. Coeff.	Face value(€)	Stripped(€)	CAC*
Maturity 2022		144,935,986,740				
FR0013398583	OAT 0.00% 25 February 2022	14,686,000,000			0	x
FR0000571044	OAT 8.25% 25 April 2022	960,939,990			0	
FR0011196856	OAT 3.00% 25 April 2022	41,693,000,000			122,509,300	
FR0013219177	OAT 0.00% 25 May 2022	28,902,000,000			0	x
FR0010899765	OAT€i 1.10% 25 July 2022	23,223,046,750 (1)	1.16975	19,853,000,000	0	
FR0011337880	OAT 2.25% 25 October 2022	35,471,000,000			0	
Maturity 2023		175,275,955,583				
FR0013479102	OAT 0.00% 25 February 2023	13,135,000,000			0	x
FR0013283686	OAT 0.00% 25 March 2023	39,645,500,000			0	x
FR0000571085	OAT 8.50% 25 April 2023	10,425,695,903			5,329,365,200	
FR0011486067	OAT 1.75% 25 May 2023	46,141,000,000			0	x
FR0010585901	OATi 2.10% 25 July 2023	21,010,759,680 (1)	1.16416	18,048,000,000	0	
FR0010466938	OAT 4.25% 25 October 2023	44,918,000,000			453,985,000	
Maturity 2024		170,321,830,980				
FR0014001N46	OAT 0.00% 25 February 2024	31,676,000,000			0	x
FR0013344751	OAT 0.00% 25 March 2024	42,533,000,000			0	x
FR0011619436	OAT 2.25% 25 May 2024	37,948,000,000			0	x
FR0011427848	OAT€i 0.25% 25 July 2024	19,628,830,980 (1)	1.09542	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 30 NOVEMBER 2021

ISIN Code	Bond	Outstanding(€)	Ind. Coeff.	Face value(€)	Stripped(€)	CAC*
Maturity 2025		172,600,802,678				
FR0012558310	OATi 0.10% 1 March 2025	12,879,874,560 (1)	1.06112	12,138,000,000	0	x
FR0013415627	OAT 0.00% 25 March 2025	47,814,000,000			0	x
FR0012517027	OAT 0.50% 25 May 2025	43,331,000,000			0	x
FR0000571150	OAT 6.00% 25 October 2025	30,653,928,118			2,814,064,400	
FR0012938116	OAT 1.00% 25 November 2025	37,922,000,000			0	x
Maturity 2026		181,260,165,350				
FR0013508470	OAT 0.00% 25 February 2026	41,396,000,000			0	x
FR0013519253	OAT€i 0.10% 1 March 2026	11,392,165,350 (1)	1.02771	11,085,000,000	0	x
FR0010916924	OAT 3.50% 25 April 2026	44,202,000,000			0	
FR0013131877	OAT 0.50% 25 May 2026	44,743,000,000			0	x
FR0013200813	OAT 0.25% 25 November 2026	39,527,000,000			0	x
Maturity 2027		135,637,190,000				
FR0014003513	OAT 0.00% 25 February 2027	18,332,000,000			0	x
FR0013250560	OAT 1.00% 25 May 2027	38,814,000,000			0	x
FR0011008705	OAT€i 1.85% 25 July 2027	24,392,190,000 (1)	1.15275	21,160,000,000	0	
FR0011317783	OAT 2.75% 25 October 2027	54,099,000,000			62,743,600	
Maturity 2028		111,798,414,937				
FR0013238268	OATi 0.10% 1 March 2028	14,670,017,280 (1)	1.05936	13,848,000,000	0	x
FR0000571226	OAT zero coupon 28 March 2028	31,397,657 (2)		46,232,603	-	
FR0013286192	OAT 0.75% 25 May 2028	49,380,000,000			0	x
FR0013341682	OAT 0.75% 25 November 2028	47,717,000,000			0	x
Maturity 2029		150,271,651,856				
FR0013410552	OAT€i 0.10% 1 March 2029	10,271,799,390 (1)	1.03787	9,897,000,000	0	x
FR0000571218	OAT 5.50% 25 April 2029	39,618,880,458			2,279,946,100	
FR0013407236	OAT 0.50% 25 May 2029	45,491,000,000			0	x
FR0000186413	OATi 3.40% 25 July 2029	12,189,972,008 (1)	1.32714	9,185,144,000	0	
FR0013451507	OAT 0.00% 25 November 2029	42,700,000,000			0	x
Maturity 2030		119,132,823,200				
FR0011883966	OAT 2.50% 25 May 2030	52,189,000,000			0	x
FR0011982776	OAT€i 0.70% 25 July 2030	18,633,823,200 (1)	1.08135	17,232,000,000	0	x
FR0013516549	OAT 0.00% 25 November 2030	48,310,000,000			0	x
Maturity 2031		104,310,529,300				
FR0012993103	OAT 1.50% 25 May 2031	53,267,000,000			58,900,000	x
FR0014001N38	OAT€i 0.10% 25 July 2031	5,147,529,300 (1)	1.02930	5,001,000,000	0	x
FR0014002WK3	OAT 0.00% 25 November 2031	45,896,000,000			0	x
Maturity in 2032 and beyond		519,902,317,640				
FR0014003N51	OATi 0.10% 1 March 2032	2,938,352,040 (1)	1.01814	2,886,000,000	0	x
FR0000188799	OAT€i 3.15% 25 July 2032	14,420,215,680 (1)	1.33323	10,816,000,000	0	
FR0000187635	OAT 5.75% 25 October 2032	35,192,322,600			10,590,157,400	
FR0013313582	OAT 1.25% 25 May 2034	38,746,000,000			0	x
FR0010070060	OAT 4.75% 25 April 2035	29,004,000,000			3,348,737,000	
FR0013524014	OATi 0.10% 1 March 2036	4,781,639,100 (1)	1.01521	4,710,000,000	0	x
FR0013154044	OAT 1.25% 25 May 2036	41,823,000,000			100,000	x
FR0013327491	OAT€i 0.10% 25 July 2036	10,153,315,260 (1)	1.06062	9,573,000,000	0	x
FR0010371401	OAT 4.00% 25 October 2038	26,534,000,000			4,659,641,400	
FR0013234333	OAT 1.75% 25 June 2039	30,941,000,000			0	x
FR0013515806	OAT 0.50% 25 May 2040	20,536,000,000			0	x
FR0010447367	OAT€i 1.80% 25 July 2040	15,165,677,200 (1)	1.23499	12,280,000,000	0	
FR0010773192	OAT 4.50% 25 April 2041	37,558,000,000			5,492,099,000	
FR0014002JM6	OAT 0.50% 25 June 2044	11,402,000,000			0	x
FR0011461037	OAT 3.25% 25 May 2045	25,824,000,000			706,510,000	x
FR0013209871	OAT€i 0.10% 25 July 2047	13,774,795,760 (1)	1.07624	12,799,000,000	0	x
FR0013257524	OAT 2.00% 25 May 2048	28,759,000,000			587,300,000	x
FR0013404969	OAT 1.50% 25 May 2050	33,195,000,000			191,900,000	x
FR0013480613	OAT 0.75% 25 May 2052	30,529,000,000			678,100,000	x
FR0014004J31	OAT 0.75% 25 May 2053	9,199,000,000			10,000,000	x
FR0010171975	OAT 4.00% 25 April 2055	20,118,000,000			11,124,918,000	
FR0010870956	OAT 4.00% 25 April 2060	16,696,000,000			8,833,404,100	
FR0013154028	OAT 1.75% 25 May 2066	14,075,000,000			1,211,200,000	x
FR0014001NN8	OAT 0.50% 25 May 2072	8,537,000,000			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.



AGENCE
FRANCE TRÉSOR

MOST RECENT ECONOMIC INDICATORS

Industrial output, year-on-year	1.2%	Oct. 2021
Household consumption*, year-on-year	0.8%	Oct. 2021
Unemployment rate (ILO)	8.1%	Q3-2021
Consumer prices, year-on-year		
• all items	2.8%	Nov. 2021
• all items excluding tobacco	2.8%	Nov. 2021
Trade balance, fob-fob, sa (€bn)	-€7.5bn	Oct. 2021
" "	-€6.9bn	Sep. 2021
Current account balance, sa (€bn)	-€2.6bn	Oct. 2021
" "	-€2.8bn	Sep. 2021
10-year constant maturity rate (TEC10)	0.10%	31 Dec. 2021
3-month interest rate (Euribor)	-0.57%	31 Dec. 2021
EUR / USD	1.13	31 Dec. 2021
EUR / JPY	130.42	31 Dec. 2021

* manufactured products

Sources: Insee, Minefi, Banque de France

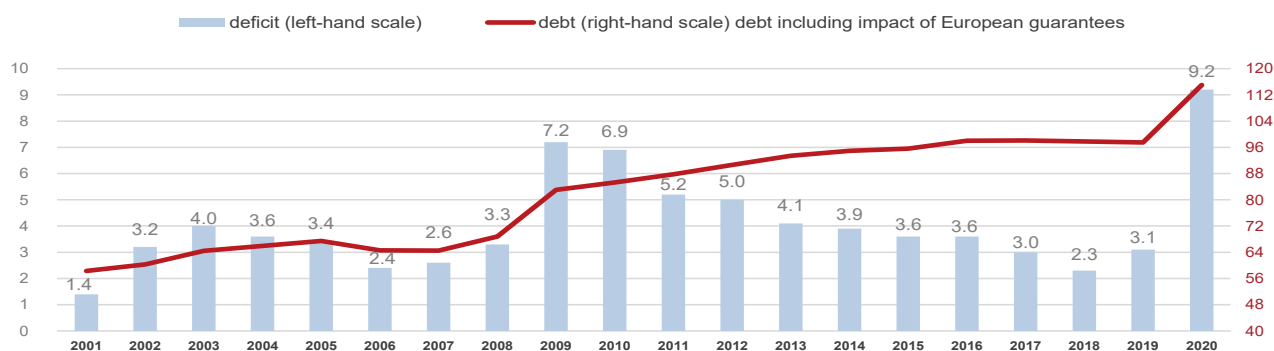
MONTHLY GOVERNMENT BUDGET POSITION

			end of October level		
	2019	2020	2019	2020	2021
General budget balance	-96.91	-172.68	-102.47	-152.24	-168.89
Revenue	301.07	282.69	238.18	219.28	243.89
Expenditure	397.98	455.37	340.64	371.52	412.79
Balance of special Treasury accounts	4.06	-5.42	-5.21	-7.62	-2.73
General budget outturn	-92.69	-178.10	-107.68	-159.85	-171.62

Source: Ministry of the Economy, Finance and the Recovery

PUBLIC FINANCES: DEFICIT AND DEBT

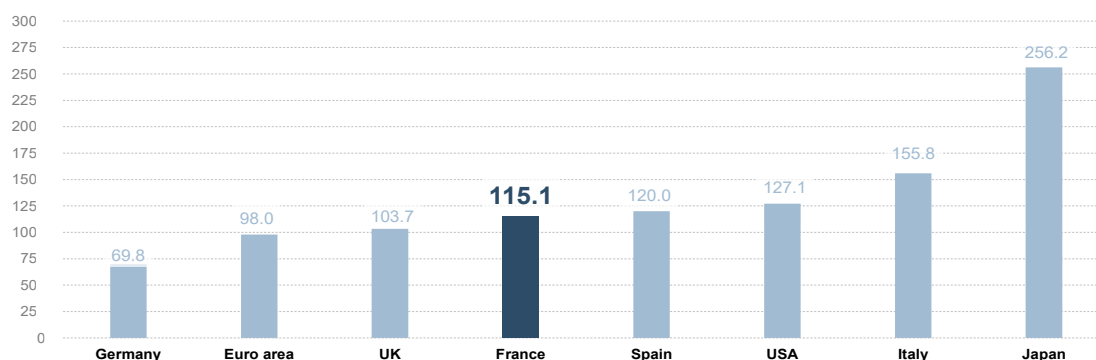
AS % OF GDP




Source: Insee

GENERAL GOVERNMENT DEBT IN 2020


AS % OF GDP



Sources: Eurostat, IMF, Insee

JANUARY 2021 

5 Consumer confidence survey: December survey	7 Industrial production: November index	7 Balance of payments in November	7 Foreign trade by value in November	14 Consumer prices: December index (final)	14 Net international reserves in December
20 Monthly business survey (goods-producing industries) in January	20 Inflation (HICP): December index	20 Quarterly business survey (goods-producing industries) in January	26 Consumer confidence survey: January survey	28 Quarterly national accounts: initial estimate - Q4 2021	28 Industrial producer and import price: December index

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Sources: Insee, Eurostat

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