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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.

News at Agence
France Trésor

page 1

Economic
news

page 2

General debt-related
data

page 3

Secondary
Market

page 5

Negotiable
government debt

page 6

The French economy and
international comparisons

page 8

News at Agence
France Trésor

IMPLEMENTATION OF THE 2022 STATE FINANCING PROGRAMME

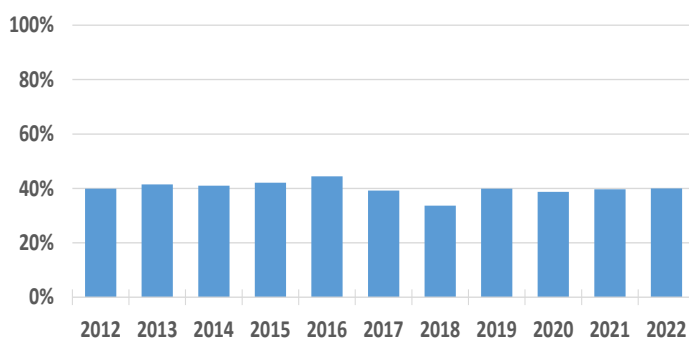
In a time of rapid evolution of inflation and monetary policy expectations, resilient Eurozone and French sovereign debt markets have enabled Agence France Trésor (AFT) to complete 40% of its annual financing programme. By the end of April, AFT had borrowed more than €107bn through medium- and long-term issuance on the market, within the framework of the 2022 State financing programme which provides for a borrowing of €260bn net of buybacks, an unchanged amount since 2020.

Against this background, AFT has launched four new bonds since the beginning of the year, in accordance with the [2022 financing programme](#): (i) the [OAT 0.00% 25 May 2032](#), a new 10-year benchmark launched by auction on 6 January with an outstanding amount that already has reached €23.5bn, (ii) the [OAT 0.00% 25 February 2025](#), a new 3-year benchmark launched by auction on 20 January with an outstanding amount that now stands at €13.5bn, (iii) the [OAT€i 0.10% 25 July 2053](#), a new European inflation-linked 30-year benchmark bond with a syndicated launch of €3bn on 25 January and (iv) the [OAT 1.25% 25 May 2038](#), a new 15-year benchmark launched by auction on 7 April with an outstanding amount of €3.5bn.

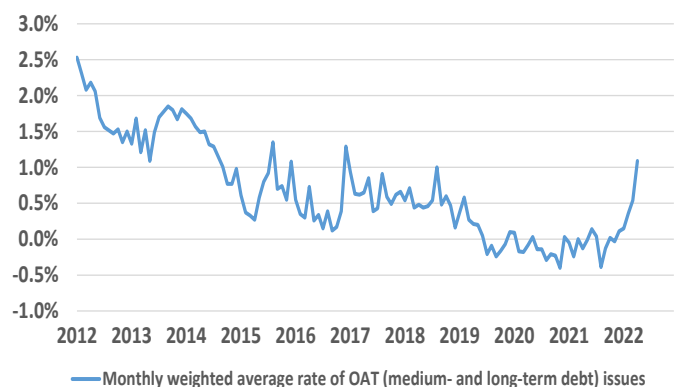
For the rest of the year, AFT plans to issue, by auction, a new 5- to 6-year benchmark and a new 10-year benchmark, and, by syndication, in consultation with primary dealers, a new 20- to 30-year bond, depending on market conditions. Finally, AFT examines with the primary dealers the prospect of a syndicated issue of a 10- to 15 year inflation-indexed Green OAT.

The completion rate of AFT's 2022 issuance programme stands 40% by the end of April, in line with previous years, illustrating the predictability and the regularity of the State's financing operations on the medium- and long-term debt market.

Net execution of the financing programme by the end of April, from 2012 to 2022



Weighted average yield on medium and long-term government debt issues



Source : Agence France Trésor

The increase in market interest rates is reflected in the evolution of the average yield on OAT issuance since the beginning of the year. This weighted average yield is 0.52% at the end of April, up from an exceptional negative yield of -0.05% for all of 2021, and has reached 1.09% for April OAT issuance. The rise in rates stems from higher inflation expectations while real yields remain negative. The average real yield on inflation-indexed OATs stood at -1.24% at 30 April 2022.

Marc de Muizon, Economist at Deutsche Bank, published on 14 April 2022

The pace of wage inflation at the end of 2021 in the euro area was around 2.0% yoy (see Chart 1). We expect the euro area wage inflation pace to average 2.5% yoy in 2022, back to its pre-pandemic rate. It could reach close to 3.0% yoy at the end of the year. This view is based on the observation that the current labour market is as tight as it has historically been: the unemployment rate is below 7% and expected to average 6.5% in 2022 in our latest forecasts (see Chart 2), participation is back to its pre-pandemic trend and the job vacancy rate is also at record highs. Currently elevated inflation expectations also add to our confidence in this wage outlook. Professional forecasters and financial markets expect average inflation above 4.0% over the next 2 years. Our in-house surveys of household inflation expectations show euro area household inflation expectations over the next year have jumped to 3.5% yoy and their long-term expectations have jumped just under 3.0% yoy when both were just above 2.0% in Sep-21 (see Chart 3).

Across member states, we expect core and semi-core countries to be the main drivers of the wage pick-up. In Germany the wage negotiations in Q4-2022 will be followed closely to gauge the momentum for wage inflation beyond 2022. In addition to that, we expect the German minimum wage boost to 12€ in October 2022 to increase the wage inflation rate by 1pp in the euro area over 12 months (so a 3.0% wage pace based on economic factors at end-2022 would be boosted to 4.0% yoy in official figures). In the periphery and Italy in particular, while job creation was dynamic it was concentrated in the temporary employment sector which should limit the wage growth there.

Wage inflation is particularly important for the ECB as this is the missing piece so far on evidence of inflation second-round effects. In the medium-term, wage inflation trending around 3.0% yoy is necessary for the inflation rate to settle around 2.0% yoy, in line with the ECB's target. Our inflation outlook expects inflation to shift to a higher regime than pre-pandemic as firms increase the pass-through from wages to domestic consumer prices. We are already seeing evidence of this. The components of the HICP basket that is particularly sensitive to the wage impulse, are experiencing an inflation rate of 2.4% yoy, its highest in a decade. Once wage inflation picks up, this domestically-generated inflation should be boosted further.

Finally, despite the historically elevated headline inflation rates experienced currently we do not expect a repeat of the 1970s wage-price spirals. Automatic wage indexation is far less common today than in the 1970s and social partners seem aware of the risks of such dynamics. For example, German wage negotiators are showing a willingness to compromise in the short term in the face of the current economic uncertainty, as the bridging agreement in the chemical industry shows. In addition, measures to secure jobs, such as making working hours more flexible, are increasingly playing a more important role in the agreements.

Chart 1: Wage growth in euro area 2.0% yoy at end 2021



Source: Deutsche Bank, Eurostat, Haver analytics LP.

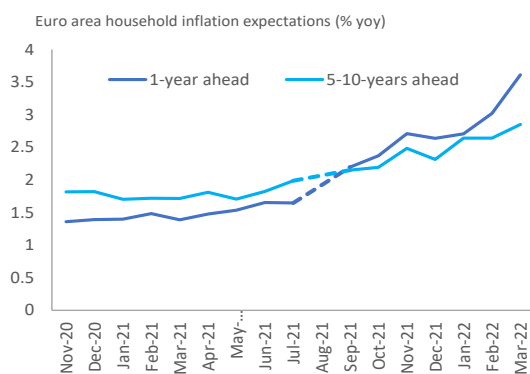
Note: between q2-2020 and q2-2021 we use a 2y averaged yoy% rate to remove the large volatility of the Covid shock on yoy% rates

Chart 2: Unemployment at historical lows



Source: Deutsche Bank, Eurostat, Haver analytics LP.

Chart 3: Household inflation expectations have jumped



Source: Deutsche Bank's dbDIG household survey. Interpolated missing August data in dotted line

Chart 4: Wage sensitive part of the HICP basket at highest inflation rate in a decade



Source: Deutsche Bank, Eurostat, Haver analytics LP

NB: this Agence France Trésor forum offers economists an opportunity to express their personal opinion. Accordingly, the above article strictly reflects the author's view, and should not be construed as expressing the viewpoints of Agence France Trésor or the Ministry of the Economy, Finance and the Recovery. Please note that the author is economist in the research department of Deutsche Bank and the views expressed in this article are consistent with their published views at the time of submission to the paper.

INDICATIVE AUCTION SCHEDULE

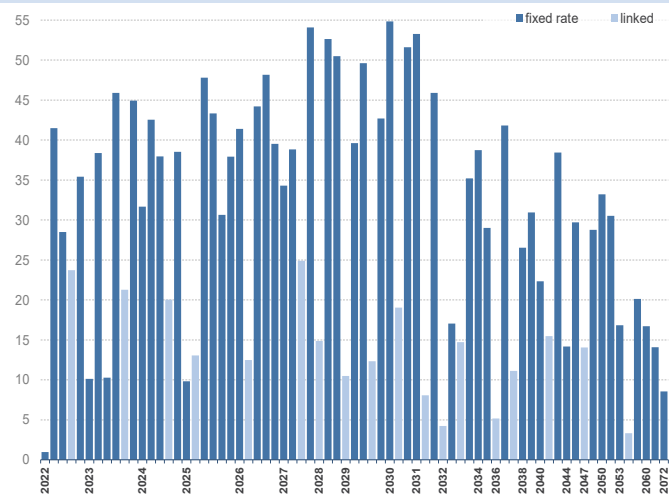
		Short-term					Medium-term	Long-term	Index-linked
May 2022	auction date	2	9	16	23	30	19	5	19
	settlement date	4	11	18	25	01/06	23	9	23
June 2022	auction date	7	13	20	27	/	16	2	16
	settlement date	9	15	22	29	/	20	6	20

anticipated or delayed (bank holidays, etc.)

Source: Agence France Trésor

MEDIUM- AND LONG-TERM NEGOTIABLE GOVERNMENT DEBT AT 31 MARCH 2022

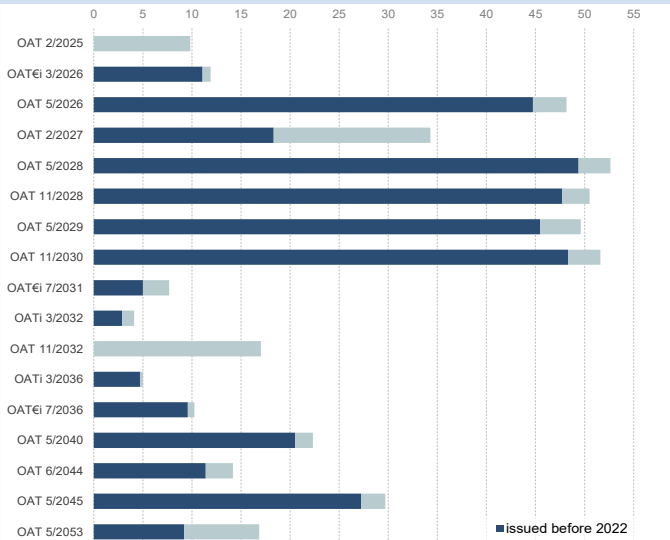
NOMINAL VALUE OF EACH LINE, IN € BILLION



Source: Agence France Trésor

MEDIUM- AND LONG-TERM: SECURITIES ISSUED DURING THE YEAR AND TOTAL ISSUANCE AT 31 MARCH 2022

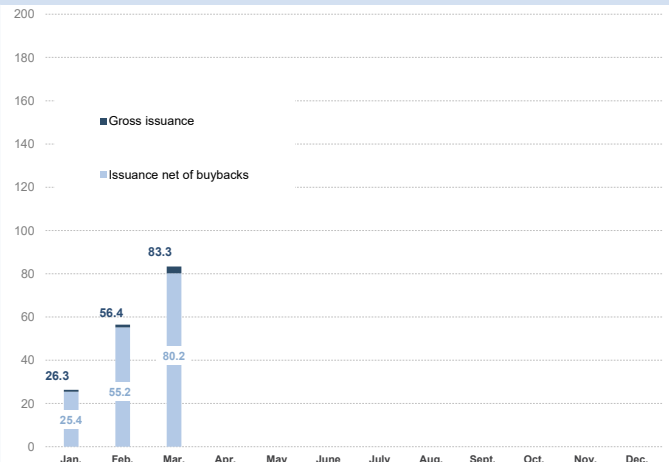
IN € BILLION



Source: Agence France Trésor

ISSUANCE AT 31 MARCH 2022

IN € BILLION



Source: Agence France Trésor

MEDIUM- AND LONG-TERM: PROVISIONAL MATURITY SCHEDULE AT 31 MARCH 2022

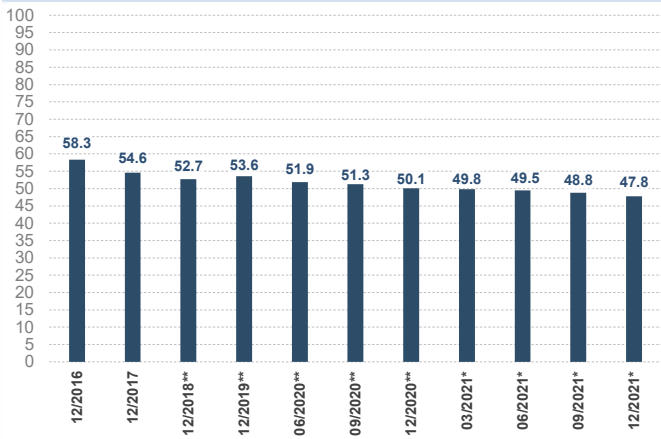
IN € BILLION

Month	Coupon	Redemption
Apr-22	10.5	42.4
May-22	9.1	28.5
Jun-22	0.6	
Jul-22	2.6	24.1
Aug-22		
Sep-22		
Oct-22	9.1	35.4
Nov-22	1.5	
Dec-22		
Jan-23		
Feb-23		10.1
Mar-23	0.1	38.4

Source: Agence France Trésor

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

AS A % OF NEGOTIABLE DEBT OUTSTANDING
EXPRESSED IN MARKET VALUE



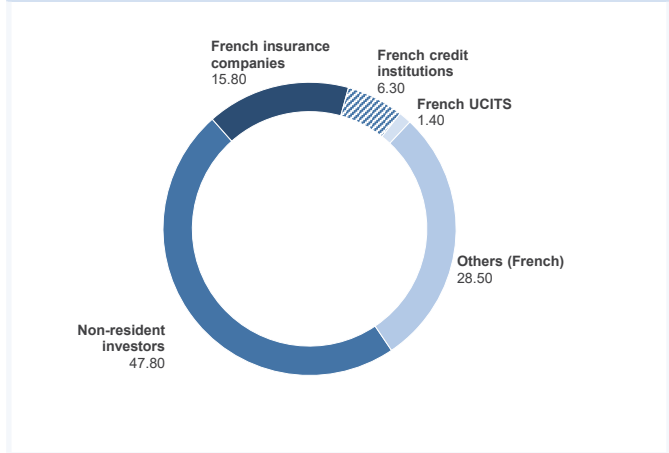
(*) figures quarterly revised

(**) figures annually revised

Source: Banque de France

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

STRUCTURE IN % EXPRESSED IN MARKET VALUE



Source: Banque de France

NEGOTIABLE GOVERNMENT DEBT AT 31 MARCH 2022

IN EUROS

Total medium- and long-term debt	2,058,376,700,767
Total stripping activity	58,089,680,500
Average maturity	8 years and 358 days
Total short-term debt	151,152,000,000
Average maturity	116 days
Total outstanding	2,209,528,700,767
Average maturity	8 years and 141 days

Source: Agence France Trésor

NEGOTIABLE GOVERNMENT DEBT SINCE 2019 AT 31 MARCH 2022

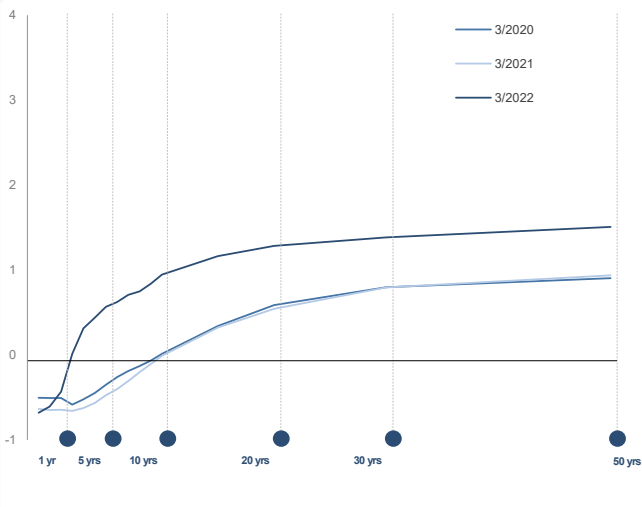
IN € BILLION

	End 2019	End 2020	End 2021	End Feb. 2022	End March 2022
Negotiable government debt outstanding	1,823	2,001	2,145	2,179	2,209
<i>of which index-linked securities</i>	<i>226</i>	<i>220</i>	<i>236</i>	<i>246</i>	<i>248</i>
Medium- and long-term	1,716	1,839	1,990	2,033	2,058
Short-term	107	162	155	146	151
Average maturity of the negotiable debt	8 years 63 days	8 years 73 days	8 years 153 days	8 years 161 days	8 years 141 days

Source: Agence France Trésor

YIELD CURVE FOR FRENCH GOVERNMENT SECURITIES

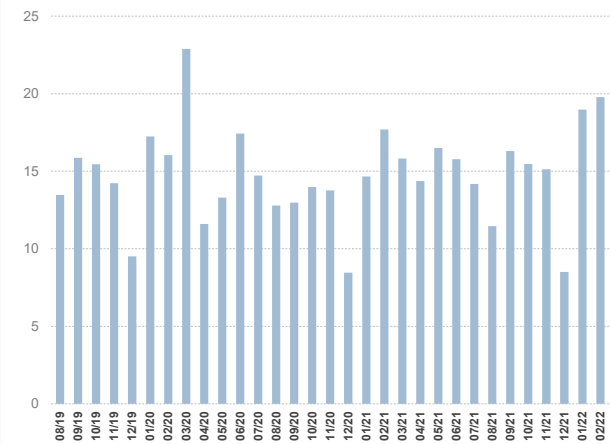
END-OF-MONTH VALUE, %



Source: Bloomberg

AVERAGE DAILY VOLUME OF MEDIUM- AND LONG-TERM TRANSACTIONS

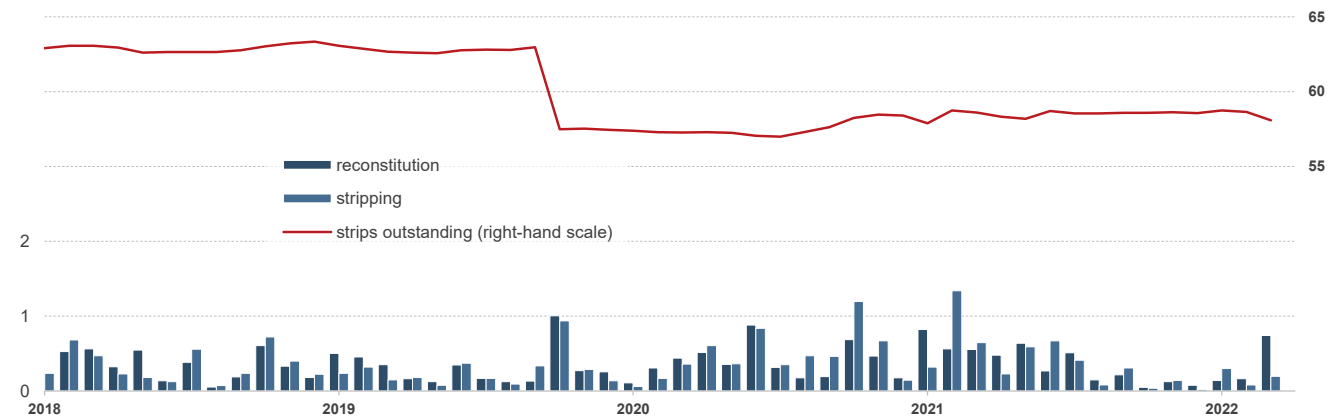
IN € BILLION



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

TOTAL STRIPPING AND RECONSTITUTION

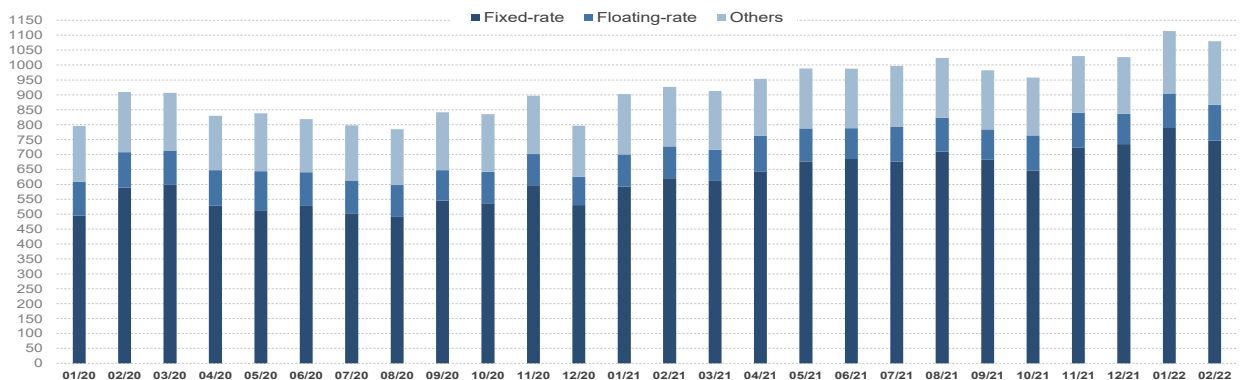
IN € BILLION



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 MARCH 2022

ISIN Code	Maturity	Outstanding(€)
FR0126893660	BTF 6 April 2022	8,215,000,000
FR0127034603	BTF 13 April 2022	5,510,000,000
FR0126750787	BTF 21 April 2022	8,328,000,000
FR0127034611	BTF 27 April 2022	5,510,000,000
FR0126893678	BTF 4 May 2022	5,786,000,000
FR0127034629	BTF 11 May 2022	6,492,000,000
FR0126750795	BTF 18 May 2022	9,057,000,000
FR0127034637	BTF 25 May 2022	6,015,000,000
FR0126893686	BTF 1 June 2022	3,335,000,000
FR0127034645	BTF 9 June 2022	6,558,000,000
FR0126750803	BTF 15 June 2022	6,988,000,000
FR0127034652	BTF 22 June 2022	6,079,000,000
FR0127034660	BTF 29 June 2022	6,260,000,000
FR0126893561	BTF 13 July 2022	6,455,000,000
FR0127034678	BTF 27 July 2022	6,552,000,000
FR0126893579	BTF 10 August 2022	6,805,000,000
FR0127034686	BTF 24 August 2022	4,024,000,000
FR0126893587	BTF 7 September 2022	7,122,000,000
FR0126893694	BTF 5 October 2022	7,026,000,000
FR0126893702	BTF 2 November 2022	6,031,000,000
FR0126893710	BTF 30 November 2022	2,651,000,000
FR0127034694	BTF 4 January 2023	7,040,000,000
FR0127034702	BTF 25 January 2023	5,965,000,000
FR0127034710	BTF 22 February 2023	6,050,000,000
FR0127034728	BTF 22 March 2023	1,298,000,000

MEDIUM- AND LONG-TERM DEBT (MATURING 2022-2025) AT 31 MARCH 2022

ISIN Code	Bond	Outstanding(€)	Ind. Coeff.	Face value(€)	Stripped(€)	CAC*
	Maturity 2022	130,067,010,230				
FR0000571044	OAT 8.25% 25 April 2022	960,939,990			0	
FR0011196856	OAT 3.00% 25 April 2022	41,478,000,000			122,809,300	
FR0013219177	OAT 0.00% 25 May 2022	28,502,000,000			0	x
FR0010899765	OAT€i 1.10% 25 July 2022	23,706,070,240 (1)	1.19408	19,853,000,000	0	
FR00111337880	OAT 2.25% 25 October 2022	35,420,000,000			0	
	Maturity 2023	170,831,207,743				
FR0013479102	OAT 0.00% 25 February 2023	10,109,000,000			0	x
FR0013283686	OAT 0.00% 25 March 2023	38,378,500,000			0	x
FR0000571085	OAT 8.50% 25 April 2023	10,263,695,903			5,327,465,200	
FR0011486067	OAT 1.75% 25 May 2023	45,891,000,000			0	x
FR0010585901	OATi 2.10% 25 July 2023	21,271,011,840 (1)	1.17858	18,048,000,000	0	
FR0010466938	OAT 4.25% 25 October 2023	44,918,000,000			448,985,000	
	Maturity 2024	170,730,025,800				
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	20,037,025,800 (1)	1.11820	17,919,000,000	0	x
FR0011962398	OAT 1.75% 25 November 2024	38,536,000,000			42,000,000	x
	Maturity 2025	182,594,417,378				
FR0014007TY9	OAT 0.00% 25 February 2025	9,834,000,000			0	x
FR0012558310	OATi 0.10% 1 March 2025	13,039,489,260 (1)	1.07427	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			2,813,064,400	
FR0012938116	OAT 1.00% 25 November 2025	37,922,000,000			0	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 2026 AND BEYOND) AT 31 MARCH 2022

ISIN Code	Bond	Outstanding(€)	Ind. Coeff.	Face value(€)	Stripped(€)	CAC*
Maturity 2026		185,775,052,000				
FR0013508470	OAT 0.00% 25 February 2026	41,396,000,000			0	x
FR0013519253	OAT€i 0.10% 1 March 2026	12,484,052,000 (1)	1.04908	11,900,000,000	0	x
FR0010916924	OAT 3.50% 25 April 2026	44,202,000,000			0	
FR0013131877	OAT 0.50% 25 May 2026	48,166,000,000			0	x
FR0013200813	OAT 0.25% 25 November 2026	39,527,000,000			0	x
Maturity 2027		152,109,395,200				
FR0014003513	OAT 0.00% 25 February 2027	34,297,000,000			0	x
FR0013250560	OAT 1.00% 25 May 2027	38,814,000,000			0	x
FR0011008705	OAT€i 1.85% 25 July 2027	24,899,395,200 (1)	1.17672	21,160,000,000	0	
FR0011317783	OAT 2.75% 25 October 2027	54,099,000,000			61,743,600	
Maturity 2028		118,016,885,191				
FR0013238268	OATi 0.10% 1 March 2028	14,851,703,040 (1)	1.07248	13,848,000,000	0	x
FR0000571226	OAT zero coupon 28 March 2028	33,182,151 (2)		46,232,603	–	
FR0013286192	OAT 0.75% 25 May 2028	52,627,000,000			0	x
FR0013341682	OAT 0.75% 25 November 2028	50,505,000,000			0	x
Maturity 2029		154,765,423,705				
FR0013410552	OAT€i 0.10% 1 March 2029	10,485,475,620 (1)	1.05946	9,897,000,000	0	x
FR0000571218	OAT 5.50% 25 April 2029	39,618,880,458			2,308,946,100	
FR0013407236	OAT 0.50% 25 May 2029	49,620,000,000			0	x
FR0000186413	OATi 3.40% 25 July 2029	12,341,067,627 (1)	1.34359	9,185,144,000	0	
FR0013451507	OAT 0.00% 25 November 2029	42,700,000,000			0	x
Maturity 2030		125,482,370,880				
FR0011883966	OAT 2.50% 25 May 2030	54,855,000,000			0	x
FR0011982776	OAT€i 0.70% 25 July 2030	19,021,370,880 (1)	1.10384	17,232,000,000	0	x
FR0013516549	OAT 0.00% 25 November 2030	51,606,000,000			0	x
Maturity 2031		107,229,223,900				
FR0012993103	OAT 1.50% 25 May 2031	53,267,000,000			58,900,000	x
FR0014001N38	OAT€i 0.10% 25 July 2031	8,066,223,900 (1)	1.05070	7,677,000,000	0	x
FR0014002WK3	OAT 0.00% 25 November 2031	45,896,000,000			0	x
Maturity 2032		71,178,504,560				
FR0014003N51	OATi 0.10% 1 March 2032	4,227,146,760 (1)	1.03076	4,101,000,000	0	x
FR0014007L00	OAT 0.00% 25 May 2032	17,039,000,000			0	x
FR0000188799	OAT€i 3.15% 25 July 2032	14,720,035,200 (1)	1.36095	10,816,000,000	0	
FR0000187635	OAT 5.75% 25 October 2032	35,192,322,600			10,590,157,400	
Maturity in 2033 and beyond		489,597,184,180				
FR0013313582	OAT 1.25% 25 May 2034	38,746,000,000			0	x
FR0010070060	OAT 4.75% 25 April 2035	29,004,000,000			2,939,437,000	
FR0013524014	OATi 0.10% 1 March 2036	5,159,505,800 (1)	1.02779	5,020,000,000	0	x
FR0013154044	OAT 1.25% 25 May 2036	41,823,000,000			0	x
FR0013327491	OAT€i 0.10% 25 July 2036	11,112,627,520 (1)	1.08268	10,264,000,000	0	x
FR0010371401	OAT 4.00% 25 October 2038	26,534,000,000			4,652,641,400	
FR0013234333	OAT 1.75% 25 June 2039	30,941,000,000			0	x
FR0013515806	OAT 0.50% 25 May 2040	22,332,000,000			0	x
FR0010447367	OAT€i 1.80% 25 July 2040	15,481,027,600 (1)	1.26067	12,280,000,000	0	
FR0010773192	OAT 4.50% 25 April 2041	38,446,000,000			5,193,999,000	
FR0014002JM6	OAT 0.50% 25 June 2044	14,186,000,000			0	x
FR0011461037	OAT 3.25% 25 May 2045	29,702,000,000			676,510,000	x
FR0013209871	OAT€i 0.10% 25 July 2047	14,061,237,380 (1)	1.09862	12,799,000,000	0	x
FR0013257524	OAT 2.00% 25 May 2048	28,759,000,000			620,300,000	x
FR0013404969	OAT 1.50% 25 May 2050	33,195,000,000			190,900,000	x
FR0013480613	OAT 0.75% 25 May 2052	30,529,000,000			682,100,000	x
FR0014004J31	OAT 0.75% 25 May 2053	16,841,000,000			167,000,000	x
FR0014008181	OAT€i 0.10% 25 July 2053	3,318,785,880 (1)	1.03164	3,217,000,000	0	x
FR0010171975	OAT 4.00% 25 April 2055	20,118,000,000			11,123,818,000	
FR0010870956	OAT 4.00% 25 April 2060	16,696,000,000			8,778,004,100	
FR0013154028	OAT 1.75% 25 May 2066	14,075,000,000			1,199,700,000	x
FR0014001NN8	OAT 0.50% 25 May 2072	8,537,000,000			91,200,000	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	0.4%	Feb. 2022
Household consumption*, year-on-year	-1.6%	Mar. 2022
Unemployment rate (ILO)	7.4%	Q4-2021
Consumer prices, year-on-year		
• all items	4.5%	Mar. 2022
• all items excluding tobacco	4.6%	Mar. 2022
Trade balance, fob-fob, sa (€bn)	-€10.3bn	Feb. 2022
" "	-€8.0bn	Jan. 2022
Current account balance, sa (€bn)	-€1.1bn	Feb. 2022
" "	-€1.3bn	Jan. 2022
10-year constant maturity rate (TEC10)	1.40%	29 Apr. 2022
3-month interest rate (Euribor)	-0.45%	29 Apr. 2022
EUR / USD	1.06	29 Apr. 2022
EUR / JPY	137.59	29 Apr. 2022

* manufactured products

Sources: Insee, Minefi, Banque de France

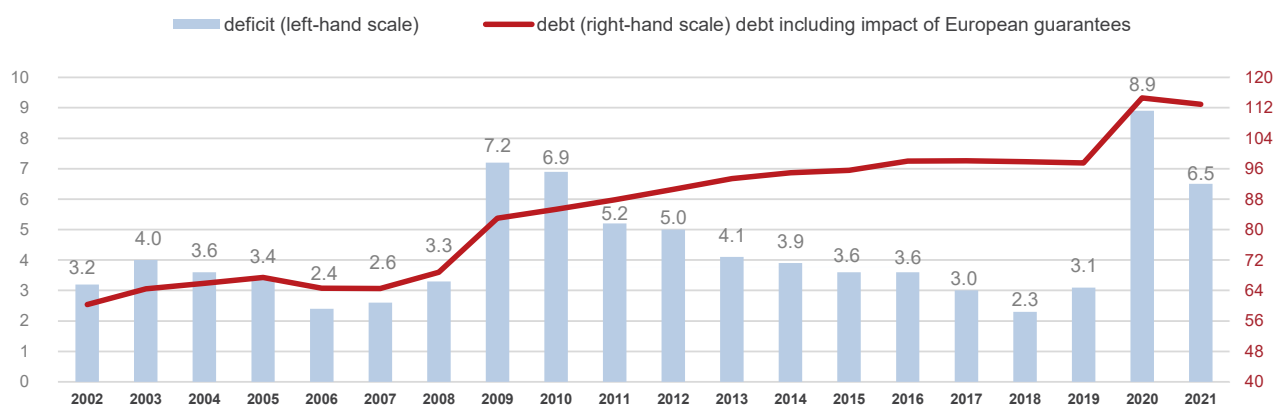
MONTHLY GOVERNMENT BUDGET POSITION

IN € BILLION	end of February level				
	2020	2021	2020	2021	2022
General budget balance	-172.68	-171.52	-24.83	-35.49	-30.25
Revenue	282.69	324.95	40.01	39.93	38.49
Expenditure	455.37	496.47	64.84	75.41	68.73
Balance of special Treasury accounts	-5.42	0.79	-10.38	-11.98	-7.38
General budget outturn	-178.07	-170.73	-35.21	-47.47	-37.63

Source: Ministry of the Economy, Finance and the Recovery

PUBLIC FINANCES: DEFICIT AND DEBT

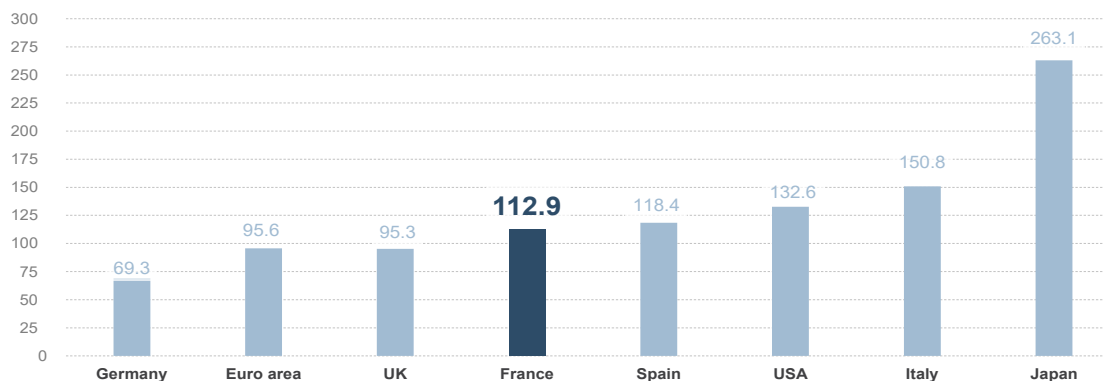
AS % OF GDP



Source: Insee (preliminary estimates)

GENERAL GOVERNMENT DEBT IN 2021*


AS % OF GDP



Sources: Eurostat, IMF, Insee (*Data are subject to change with the May 31, 2022 release of the 2021 national accounts)

MAY 2022 

5 Industrial production: March index	6 Flash estimate of payroll employment: Q1 2022	9 Balance of payments in March	9 Foreign trade by value in March	13 Consumer prices: April index (final)	13 Net international reserves in April
17 ILO unemployment rate Q1 2022	18 Inflation (HICP): April index (final)	24 Monthly business survey (goods-producing industries) in May	25 Consumer confidence survey: May survey	31 Quarterly national accounts: final results Q1 2022	31 Household consumption expenditure on goods in April
31 Consumer prices: May index (preliminary results)	31 Industrial producer and import price: April indices	31 Inflation (HICP): May index (preliminary results)			

JUNE 2022 

3 Industrial production: April index	8 Balance of payments in April	8 Foreign trade by value in April	9 Payroll employment Q1 2022	15 Consumer prices: May index (final)	15 Net international reserves in May
17 Inflation (HICP): May index (final)	23 Monthly business survey (goods-producing industries) in June	24 Debt of the general government according to Maastricht definition	28 Consumer confidence survey: June survey	30 Household consumption expenditure on goods in May	30 Consumer prices: June index (preliminary results)
30 Industrial producer and import price in May					

Sources: Insee, Eurostat

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