

N°403
DECEMBER
2023

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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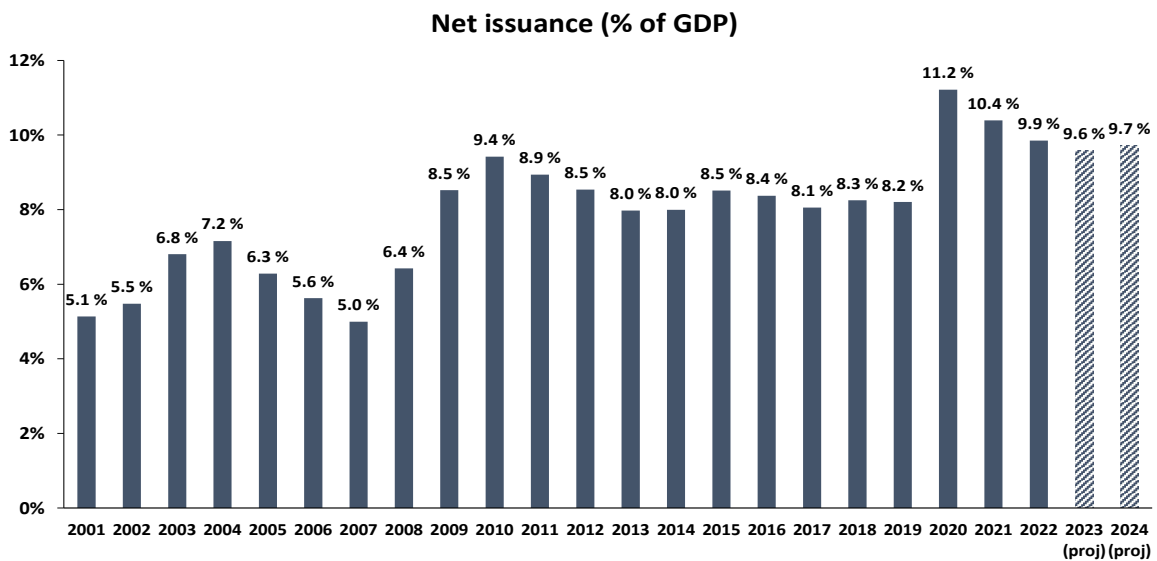
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INDICATIVE STATE FINANCING PROGRAMME FOR 2024

Agence France Trésor (AFT) presented its 2024 indicative financing programme on Wednesday 13 December 2023. This programme calls for issuance of €285 bn in medium- and long-term debt, net of buybacks. Issuance volume will remain stable as a share of France's gross domestic product with regard to 2023 (see chart below).



In 2024, the State's forecast financing requirement will stand at €295.8bn, mainly due to a budget deficit of €144.4bn and €156.4bn of medium- and long-term debt maturing in 2024.

In line with its strategy, AFT will adjust its debt issuance programme to meet demand and guarantee a liquid market for its securities, so as to emit in the best possible conditions for the taxpayers.

In the nominal bond segment, AFT will issue one new 3-year benchmark, one new 5/6-year benchmark and one new 10-year benchmarks via auction. AFT will also examine, together with the primary dealers, the prospect of a syndicated issue of a new 30-year benchmark, depending on market conditions.

In the green bond segment, AFT will examine, together with the primary dealers, the prospect of a syndicated issue of a new long term nominal green bond in the continuity of the previous green OATs, depending on market conditions. AFT will also keep tapping its green bonds according to market demand. All of these issues will be carried out within the limit of eligible green expenditure for 2024, the amount of which will be communicated next January.

The programme also stipulates that bonds linked to French and European inflation indices will account for approximately 10% of net medium- and long-term debt issuance. AFT will consider, depending on market demand, the opportunity of issuing by syndication a 20-year European inflation-linked bond (OAT€i).

Contrasting with 2022, 2023 ends on a sharp fall in long-term rates, supported by a number of positive surprises on inflation. As we take stock and look ahead to 2024, the question arises: is this the end of an era? Will rates resume their secular trend of decline? At this stage we think not, for several reasons.

Yes, inflation is falling fast, but we do not expect a return to pre-Covid levels. First of all, through base effects, total inflation should rebound in December, which would be the first blow to the recent fall in interest rates. As for core inflation, we will have to wait until February before it falls below 3%, but we expect it to return to 2% by the end of 2025. In the short term, geopolitical risks and wage negotiations represent upward risks that the market seems to be underestimating in its expectations of a cut in rates in 2024 (around 150bp compared with 75bp in our central scenario).

The supply of securities will remain strong in 2024, at around EUR 1,228 billion according to our forecasts, net issuance will be lower compared with 2023, at EUR 374 billion compared with EUR 471 billion, but the impact of the reduction of the ECB's balance sheet will be greater, bringing the total amount of bonds to be absorbed to EUR 565 billion compared with EUR 603 billion in 2023.

Expectations of rate cuts led the way, but in a period of weak primary market activity, the term spread decreased. Despite the sharp rise in expectations of rate cuts, the proportion of German yield explained by rate expectations proved relatively resilient (see chart below). Most of the movement can be explained by the destruction of the recently reconstituted term premium. Against a backdrop in which we expect a substantial supply of securities, a neutral rate in the eurozone between 2% and 2.5% and inflation stabilising around the ECB target, we believe that the ingredients for a rebuilding of the term premium are all present.

To conclude, yes, the rate hike cycle is over and the rate cut cycle is approaching, but this does not mean a return to the pre-Covid rate regime. 2024 could mark a return to «normal» rates.


German 10-year yield derived from the ACM model



Source: BNP Paribas

INDICATIVE AUCTION SCHEDULE

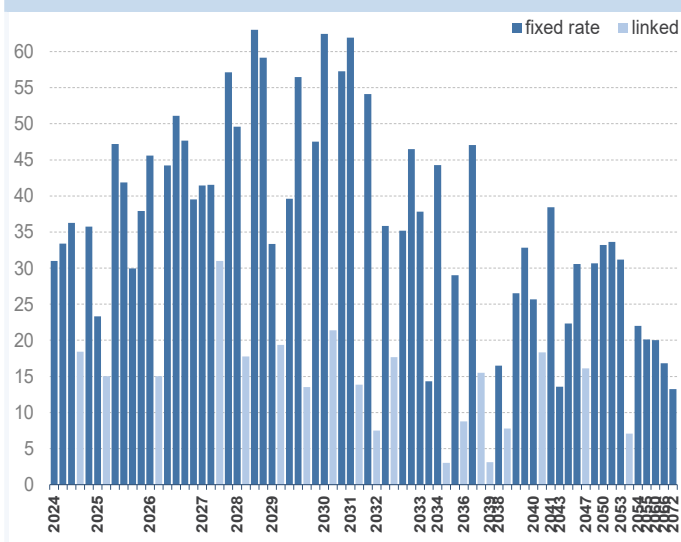
		Short-term					Medium-term	Long-term	Index-linked
January 2024	auction date	2	8	15	22	29	18	4	18
	settlement date	4	10	17	24	31	22	8	22
February 2024	auction date	5	12	19	26	/	15	1	18
	settlement date	7	14	21	28	/	19	5	19

 anticipated or delayed (bank holidays, etc.)

Source: Agence France Trésor

MEDIUM- AND LONG-TERM NEGOTIABLE GOVERNMENT DEBT AT 30 NOVEMBER 2023

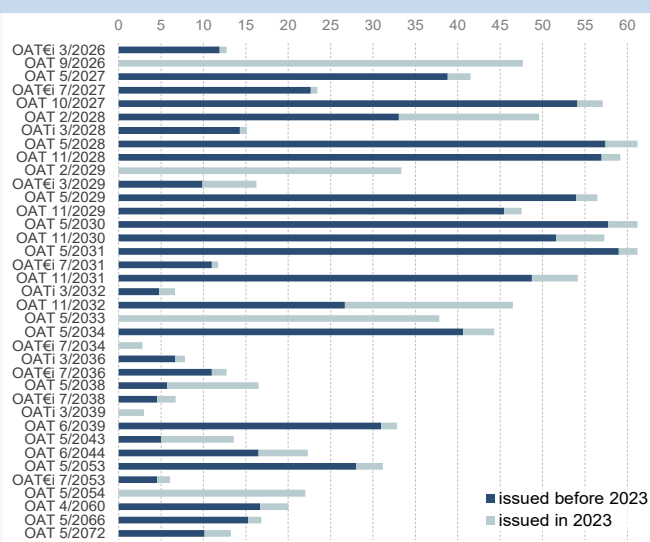
NOMINAL VALUE OF EACH LINE, IN € BILLION



Source: Agence France Trésor

MEDIUM- AND LONG-TERM: SECURITIES ISSUED DURING THE YEAR AND TOTAL ISSUANCE AT 30 NOVEMBER 2023

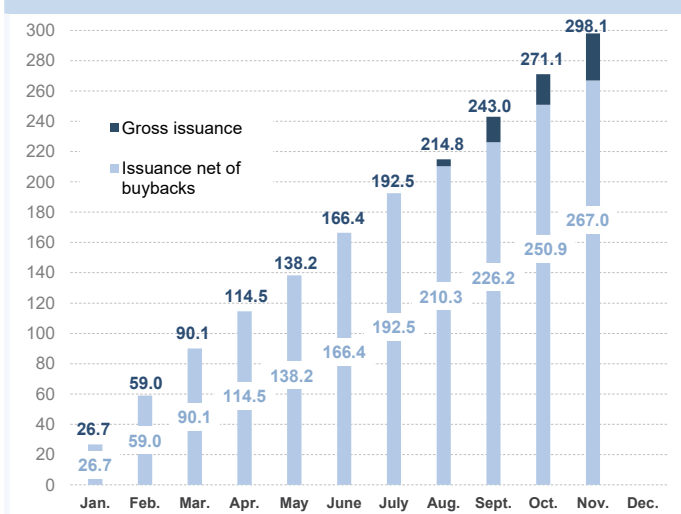
IN € BILLION



Source: Agence France Trésor

ISSUANCE AT 30 NOVEMBER 2023

IN € BILLION



Source: Agence France Trésor

MEDIUM- AND LONG-TERM: PROVISIONAL MATURITY SCHEDULE AT 30 NOVEMBER 2023

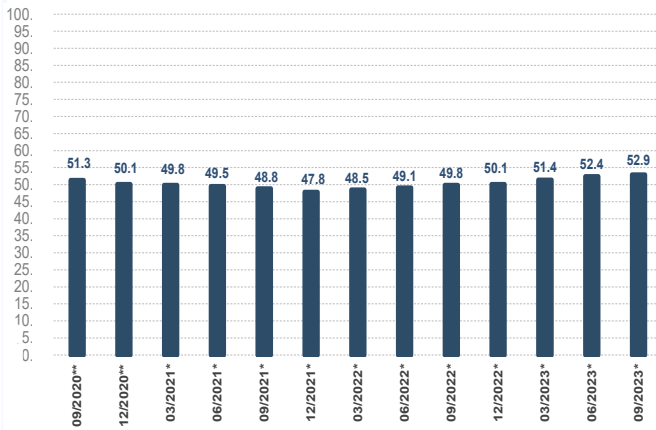
IN € BILLION

Month	Coupon	Redemption
Dec-23		
Jan-24		
Feb-24	1.3	31.0
Mar-24	0.1	33.4
Apr-24	8.4	
May-24	11.5	36.3
Jun-24	0.7	
Jul-24	2.2	18.7
Aug-24		
Sep-24	1.2	
Oct-24	6.5	
Nov-24	3.0	35.8

Source: Agence France Trésor

NON-RESIDENT HOLDERS OF NEGOTIABLE GOVERNMENT DEBT IN THIRD QUARTER OF 2023

AS A % OF NEGOTIABLE DEBT OUTSTANDING
EXPRESSED IN MARKET VALUE



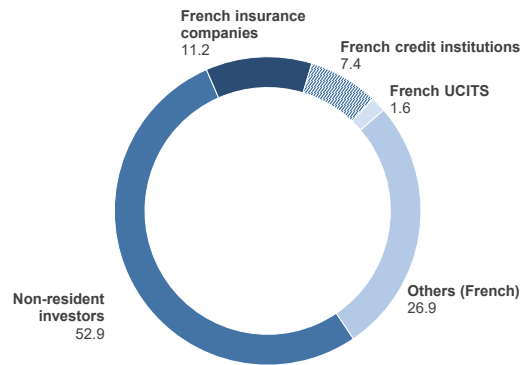
(*) figures quarterly revised

(**) figures annually revised

Source: Banque de France

NEGOTIABLE GOVERNMENT DEBT BY GROUP OF HOLDERS IN THIRD QUARTER OF 2023

STRUCTURE IN % EXPRESSED IN MARKET VALUE



Source: Banque de France

NEGOTIABLE GOVERNMENT DEBT AT 30 NOVEMBER 2023

IN EUROS

Total medium- and long-term debt	2,257,317,096,074
Total stripping activity	47,357,285,000
Average maturity	9 years and 52 days
Total short-term debt	169,117,000,000
Average maturity	124 days
Total outstanding	2,426,434,096,074
Average maturity	8 years and 196 days

Source: Agence France Trésor

NEGOTIABLE GOVERNMENT DEBT SINCE 2020 AT 30 NOVEMBER 2023

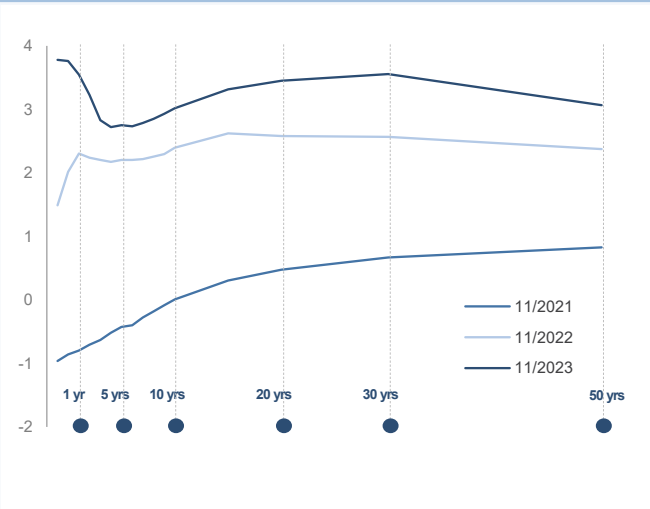
IN € BILLION

	End 2020	End 2021	End 2022	End October 2023	End November 2023
Negotiable government debt outstanding	2,001	2,145	2,278	2,411	2,426
<i>of which index-linked securities</i>	<i>220</i>	<i>236</i>	<i>262</i>	<i>268</i>	<i>270</i>
Medium- and long-term	1,839	1,990	2,129	2,241	2,257
Short-term	162	155	148	171	169
Average maturity of the negotiable debt	8 years	8 years	8 years	8 years	8 years
	73 days	153 days	184 days	189 days	196 days

Source: Agence France Trésor

YIELD CURVE FOR FRENCH GOVERNMENT SECURITIES

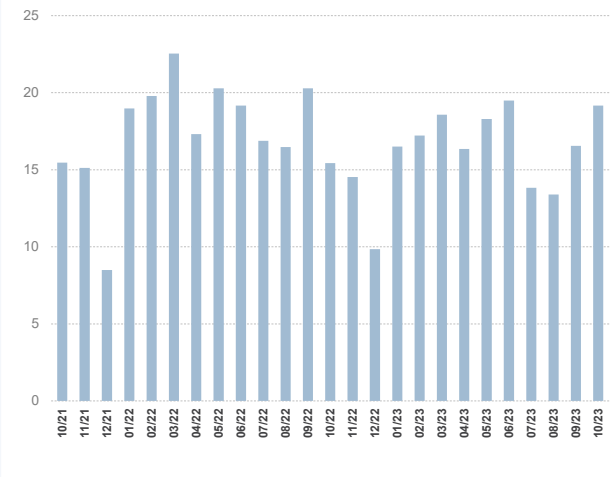
END-OF-MONTH VALUE, %



Source: Bloomberg

AVERAGE DAILY VOLUME OF MEDIUM- AND LONG-TERM TRANSACTIONS

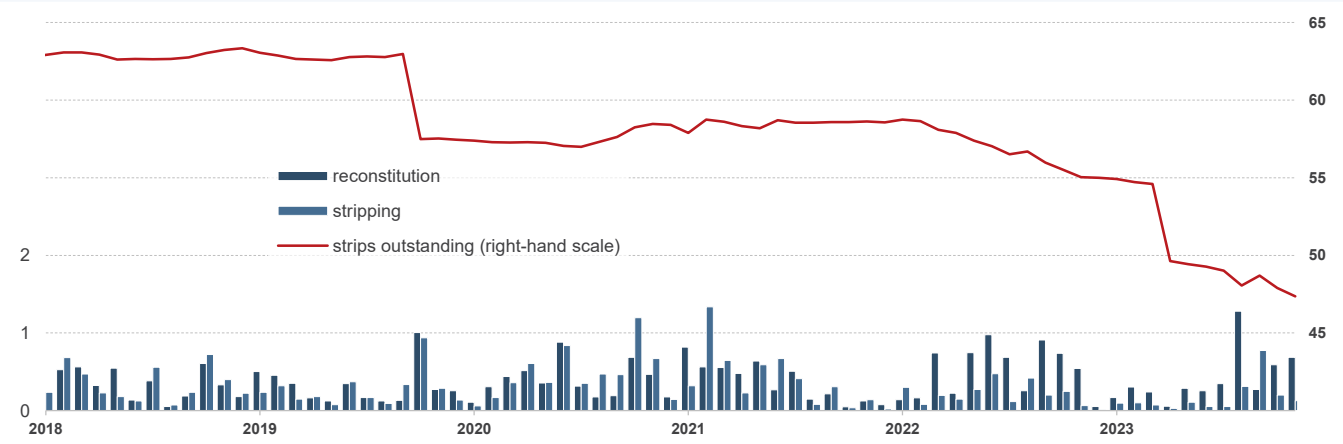
IN € BILLION



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

TOTAL STRIPPING AND RECONSTITUTION

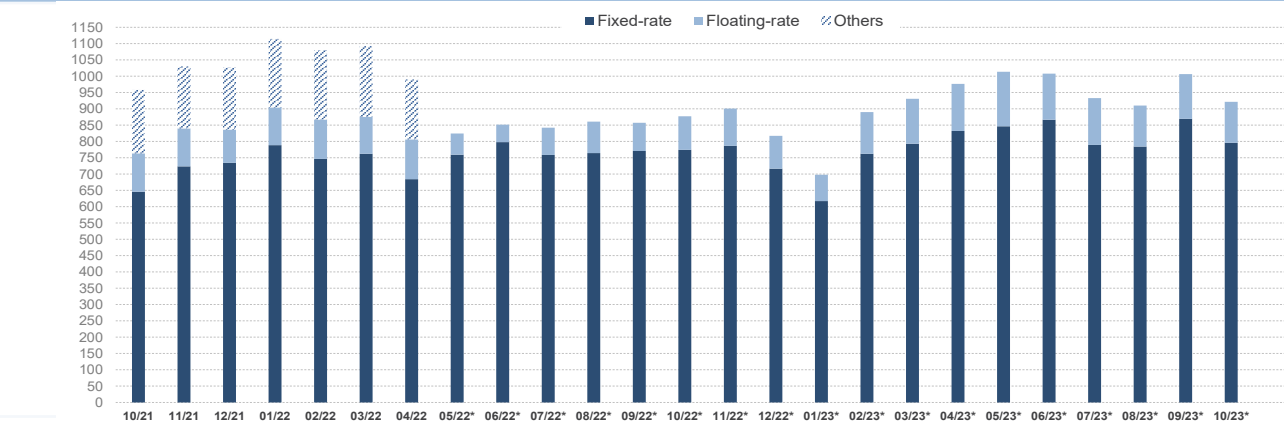
IN € BILLION



Source: Euroclear

PRIMARY DEALERS, CUMULATED REPO OUTSTANDING AT END OF MONTH

IN € BILLION



*new reporting framework now based on face value data

Source: reporting by primary dealers in government securities

SHORT-TERM DEBT AT 30 NOVEMBER 2023

ISIN Code	Maturity	Outstanding(€)
FR0127921254	BTF 6 December 2023	5,074,000,000
FR0127921262	BTF 13 December 2023	7,508,000,000
FR0127921270	BTF 20 December 2023	6,081,000,000
FR0128070952	BTF 4 January 2024	6,621,000,000
FR0127921288	BTF 10 January 2024	7,392,000,000
FR0128070960	BTF 17 January 2024	6,261,000,000
FR0127613497	BTF 24 January 2024	8,829,000,000
FR0128070978	BTF 31 January 2024	5,557,000,000
FR0127921296	BTF 7 February 2024	7,081,000,000
FR0128070986	BTF 14 February 2024	6,055,000,000
FR0127613505	BTF 21 February 2024	6,668,000,000
FR0128070994	BTF 28 February 2024	2,996,000,000
FR0127921304	BTF 6 March 2024	7,760,000,000
FR0127613513	BTF 20 March 2024	8,507,000,000
FR0128227685	BTF 4 April 2024	7,028,000,000
FR0127921064	BTF 17 April 2024	9,076,000,000
FR0128071034	BTF 2 May 2024	3,646,000,000
FR0127921072	BTF 15 May 2024	7,658,000,000
FR0127921080	BTF 12 June 2024	8,472,000,000
FR0127921312	BTF 10 July 2024	9,628,000,000
FR0127921320	BTF 7 August 2024	8,701,000,000
FR0127921338	BTF 4 September 2024	7,855,000,000
FR0128071059	BTF 2 October 2024	6,217,000,000
FR0128071067	BTF 30 October 2024	8,446,000,000

MEDIUM- AND LONG-TERM DEBT (MATURING 2023-2027) AT 30 NOVEMBER 2023

ISIN Code	Bond	Outstanding(€)	Ind. Coeff.	Face value(€)	Stripped(€)	CAC*
	Maturity 2023	0				
	Maturity 2024	154,865,612,360				
FR0014001N46	OAT 0.00% 25 February 2024	31,006,000,000			0	x
FR0013344751	OAT 0.00% 25 March 2024	33,403,000,000			0	x
FR0011619436	OAT 2.25% 25 May 2024	36,268,000,000			0	x
FR0011427848	OAT€i 0.25% 25 July 2024	18,417,612,360 (1)	1.25769	14,644,000,000	0	x
FR0011962398	OAT 1.75% 25 November 2024	35,771,000,000			42,000,000	x
	Maturity 2025	195,308,820,318				
FR0014007TY9	OAT 0.00% 25 February 2025	23,295,000,000			0	x
FR0012558310	OATi 0.10% 1 March 2025	15,036,892,200 (1)	1.17540	12,793,000,000	0	x
FR0013415627	OAT 0.00% 25 March 2025	47,214,000,000			0	x
FR0012517027	OAT 0.50% 25 May 2025	41,885,000,000			0	x
FR0000571150	OAT 6.00% 25 October 2025	29,955,928,118			2,562,334,400	
FR0012938116	OAT 1.00% 25 November 2025	37,922,000,000			0	x
	Maturity 2026	243,120,715,840				
FR0013508470	OAT 0.00% 25 February 2026	45,590,000,000			0	x
FR0013519253	OAT€i 0.10% 1 March 2026	15,027,715,840 (1)	1.17994	12,736,000,000	0	x
FR0010916924	OAT 3.50% 25 April 2026	44,202,000,000			0	
FR0013131877	OAT 0.50% 25 May 2026	51,113,000,000			0	x
FR001400FYQ4	OAT 2.50% 24 September 2026	47,661,000,000			0	x
FR0013200813	OAT 0.25% 25 November 2026	39,527,000,000			0	x
	Maturity 2027	171,105,575,500				
FR0014003513	OAT 0.00% 25 February 2027	41,446,000,000			0	x
FR0013250560	OAT 1.00% 25 May 2027	41,534,000,000			0	x
FR0011008705	OAT€i 1.85% 25 July 2027	31,013,575,500 (1)	1.32350	23,433,000,000	0	
FR0011317783	OAT 2.75% 25 October 2027	57,112,000,000			24,773,600	

(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 2028 AND BEYOND) AT 30 NOVEMBER 2023

ISIN Code	Bond	Outstanding(€)	Ind. Coeff.	Face value(€)	Stripped(€)	CAC*
Maturity 2028		189,829,694,948				
FR001400AIN5	OAT 0.75% 25 February 2028	49,601,000,000			0	x
FR0013238268	OATi 0.10% 1 March 2028	17,750,626,880 (1)	1.17344	15,127,000,000	0	x
FR0000571226	OAT zero coupon 28 March 2028	35,068,068 (2)		46,232,603	–	
FR0013286192	OAT 0.75% 25 May 2028	63,275,000,000			0	x
FR0013341682	OAT 0.75% 25 November 2028	59,168,000,000			0	x
Maturity 2029		209,806,497,258				
FR001400HI98	OAT 2.75% 25 February 2029	33,332,000,000			0	x
FR0013410552	OAT€i 0.10% 1 March 2029	19,370,812,160 (1)	1.19161	16,256,000,000	0	x
FR0000571218	OAT 5.50% 25 April 2029	39,618,880,458			1,333,967,100	
FR0013407236	OAT 0.50% 25 May 2029	56,452,000,000			0	x
FR0000186413	OATi 3.40% 25 July 2029	13,502,804,640 (1)	1.47007	9,185,144,000	0	
FR0013451507	OAT 0.00% 25 November 2029	47,530,000,000			0	x
Maturity 2030		141,132,044,960				
FR0011883966	OAT 2.50% 25 May 2030	62,459,000,000			0	x
FR0011982776	OAT€i 0.70% 25 July 2030	21,394,044,960 (1)	1.24153	17,232,000,000	0	x
FR0013516549	OAT 0.00% 25 November 2030	57,279,000,000			0	x
Maturity 2031		129,924,161,570				
FR0012993103	OAT 1.50% 25 May 2031	61,915,000,000			32,900,000	x
FR0014001N38	OAT€i 0.10% 25 July 2031	13,875,161,570 (1)	1.18177	11,741,000,000	0	x
FR0014002WK3	OAT 0.00% 25 November 2031	54,134,000,000			0	x
Maturity 2032		142,722,214,910				
FR0014003N51	OATi 0.10% 1 March 2032	7,514,398,140 (1)	1.12778	6,663,000,000	0	x
FR0014007L00	OAT 0.00% 25 May 2032	35,865,000,000			0	x
FR0000188799	OAT€i 3.15% 25 July 2032	17,644,494,170 (1)	1.53071	11,527,000,000	0	
FR0000187635	OAT 5.75% 25 October 2032	35,192,322,600			9,010,517,400	
FR001400BKZ3	OAT 2.00% 25 November 2032	46,506,000,000			0	x
Maturity 2033		52,139,000,000				
FR001400H7V7	OAT 3.00% 25 May 2033	37,804,000,000			0	x
FR001400L834	OAT 3.50% 25 November 2033	14,335,000,000			0	x
Maturity in 2034 and beyond		627,362,758,410				
FR0013313582	OAT 1.25% 25 May 2034	44,284,000,000			0	x
FR001400J188	OAT€i 0.60% 25 July 2034	3,023,764,480 (1)	1.07378	2,816,000,000	0	x
FR0010070060	OAT 4.75% 25 April 2035	29,004,000,000			1,721,937,000	
FR0013524014	OATi 0.10% 1 March 2036	8,781,532,860 (1)	1.12454	7,809,000,000	0	x
FR0013154044	OAT 1.25% 25 May 2036	47,051,000,000			0	x
FR0013327491	OAT€i 0.10% 25 July 2036	15,522,404,310 (1)	1.21773	12,747,000,000	0	x
FR0014009O62	OAT 1.25% 25 May 2038	16,502,000,000			0	x
FR001400AQH0	OAT€i 0.10% 25 July 2038	7,786,974,630 (1)	1.16033	6,711,000,000	0	x
FR0010371401	OAT 4.00% 25 October 2038	26,534,000,000			4,343,496,400	
FR001400IKW5	OATi 0.55% 1 March 2039	3,105,030,000 (1)	1.03501	3,000,000,000	0	x
FR0013234333	OAT 1.75% 25 June 2039	32,852,000,000			0	x
FR0013515806	OAT 0.50% 25 May 2040	25,660,000,000			0	x
FR0010447367	OAT€i 1.80% 25 July 2040	18,332,416,970 (1)	1.41793	12,929,000,000	0	
FR0010773192	OAT 4.50% 25 April 2041	38,446,000,000			3,866,499,000	
FR001400CMX2	OAT 2.50% 25 May 2043	13,593,000,000			29,700,000	x
FR0014002JM6	OAT 0.50% 25 June 2044	22,310,000,000			0	x
FR0011461037	OAT 3.25% 25 May 2045	30,557,000,000			889,110,000	x
FR0013209871	OAT€i 0.10% 25 July 2047	16,096,942,820 (1)	1.23566	13,027,000,000	0	x
FR0013257524	OAT 2.00% 25 May 2048	30,644,000,000			620,650,000	x
FR0013404969	OAT 1.50% 25 May 2050	33,195,000,000			159,900,000	x
FR0013480613	OAT 0.75% 25 May 2052	33,622,000,000			723,100,000	x
FR0014004J31	OAT 0.75% 25 May 2053	31,169,000,000			273,000,000	x
FR0014008181	OAT€i 0.10% 25 July 2053	7,075,692,340 (1)	1.16033	6,098,000,000	0	x
FR001400FTH3	OAT 3.00% 25 May 2054	22,022,000,000			645,650,000	x
FR0010171975	OAT 4.00% 25 April 2055	20,118,000,000			10,967,518,000	
FR0010870956	OAT 4.00% 25 April 2060	20,029,000,000			8,876,652,100	
FR0013154028	OAT 1.75% 25 May 2066	16,828,000,000			1,117,480,000	x
FR0014001NN8	OAT 0.50% 25 May 2072	13,218,000,000			116,100,000	x

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

(2) Revised on 28 March 2023; 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%	Oct. 2023
Household consumption*, year-on-year	-1.8%	Oct. 2023
Unemployment rate (ILO)	7.4%	Q3-2022
Consumer prices, year-on-year		
• all items	3.5%	Nov. 2023
• all items excluding tobacco	3.3%	Nov. 2023
Trade balance, fob-fob, sa (€bn)	-€8.6bn	Oct. 2023
" "	-€8.8bn	Sep. 2023
Current account balance, sa (€bn)	-€2.9bn	Oct. 2023
" "	-€2.8bn	Sep. 2023
10-year constant maturity rate (TEC10)	2.54%	30 Dec. 2023
3-month interest rate (Euribor)	3.89%	30 Dec. 2023
EUR / USD	1.11	30 Dec. 2023
EUR / JPY	156.50	30 Dec. 2023

* manufactured products

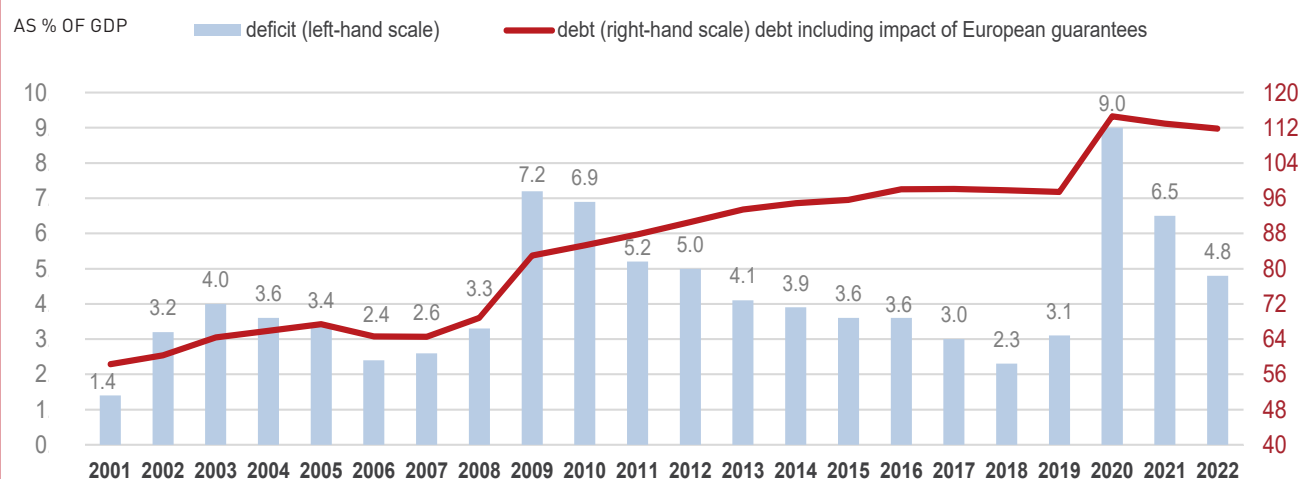
Sources: Insee, MEFSIM, Banque de France

MONTHLY GOVERNMENT BUDGET POSITION

	IN € BILLION				
	2021	2022	end of October level		
	2021	2022	2021	2022	2023
General budget balance	-171.52	-158.20	-168.89	-143.67	-154.58
Revenue	324.95	354.74	243.89	281.16	270.30
Expenditure	496.47	512.94	412.79	424.84	434.88
Balance of special Treasury accounts	0.79	6.73	-27.26	0.46	-13.13
General budget outturn	-170.74	-151.44	-171.62	-143.22	-177.71

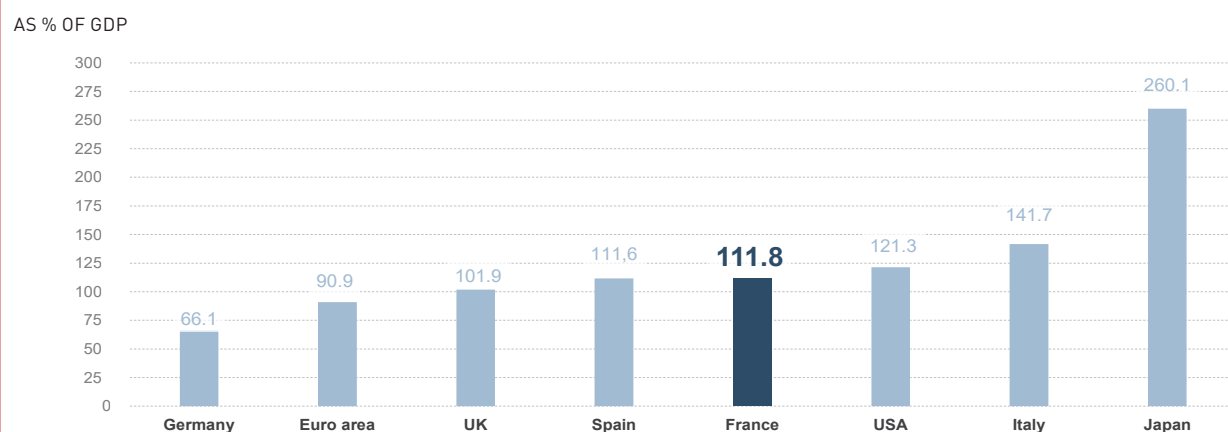
Source: Ministry of the Economy, Finance and Industrial and Digital Sovereignty

PUBLIC FINANCES: DEFICIT AND DEBT




Source: Insee


GENERAL GOVERNMENT DEBT IN 2022



Sources: Eurostat, IMF, Insee

JANUARY 2024 

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Sources: Insee, Eurostat

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