

N°404
JANUARY
2024

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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France Trésor

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France Trésor

FRANCE CONFIRMS ITS POSITION AS THE WORLD'S LEADING SOVEREIGN ISSUER OF GREEN BONDS

On Tuesday 16th January 2024, Agence France Trésor syndicated the fourth French sovereign green bond with a maturity of 25 years: the Green OAT 3.00% 25 June 2049.

For an order book of over €98 billion, €8 billion were served, a record amount. Robust demand confirms investors' interest in French green bonds.

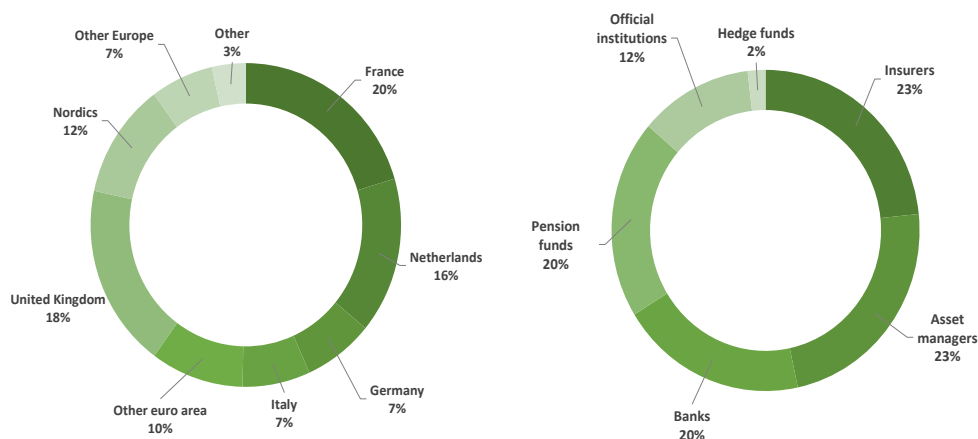
The price has been set at 96.53, reflecting a yield of 3.201% at issuance.

Lead managers for this operation were BNP Paribas, BofA Securities, Crédit Agricole CIB, J.P. Morgan and Société Générale. All primary dealers were part of the syndicate.

The allocation illustrates the diversity and the quality of the investor base of the French sovereign debt. More than 470 final investors took part in the operation and nearly two-thirds were green investors, as estimated by the syndicate members. The syndicated amount has been allocated to asset managers for 23%, insurers for 23%, pension funds for 20%, banks for 20%, official institutions for 12% and hedge funds for 2%.

The geographical breakdown reveals the strong preponderance of European investors for this type of security: 97% were allocated to investors from Europe, including 20% to French investors.

A diversified allocation by investor category and a preponderance of European investors



This new green bond completes France's range of green bonds, which consists of three nominal bonds maturing in 2039, 2044 and 2049 as well as a bond linked to European inflation maturing in 2038. The total outstanding amount of these four green OATs issued to date stands at €70.2 billion, confirming France's position as the world's leading sovereign issuer of green bonds.

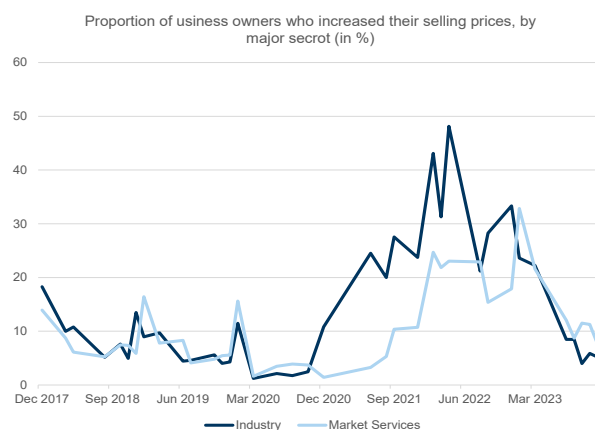
In addition, AFT will continue to tap them according to investors' demand. All of these issues will be within the limit of the amount of Green Eligible Expenditure, which amount to €15 billion for the year 2024. These expenditure mainly include budgetary and fiscal expenditures that will be carried out this year within the framework of the 2024 Budget Act.

By Alexandre Stott, Europe economist at Goldman Sachs - January 2024

Inflation slowed much more than expected at the end of 2023, with the three-month annualised underlying rate (HICP excluding energy and food) standing at 1.2% in December. Executive Board member of the ECB, Isabel Schnabel described this progress on disinflation as «remarkable». Looking beyond the near term, we now see prospects for substantially faster disinflation in the Euro area. In particular, the recent cooling of core inflation suggests that the pass-through effects from the energy crisis into underlying inflation were stronger than expected last year and are now washing out of the data more quickly than anticipated.

Recent economic models that show how “big shocks travel fast” offer a potential explanation. For example, academic economist Francesco Lippi presented a paper at the 2023 Sintra conference which shows that firms reset prices more frequently when inflation is high, predicting that shocks pass into—and out of—inflation more quickly when they are large in magnitude. This runs counter to standard models in which the probability of a price revision is typically constant. As a result, his model is better able to explain the rapid fading of the impact of the energy shock. This intuition is borne out by a survey conducted by the Banque de France, which shows that that firms sharply raised the frequency of price resets when inflation rose but that this has now slowed down notably. (graph 1).

Graph 1: Larger shocks propagate faster



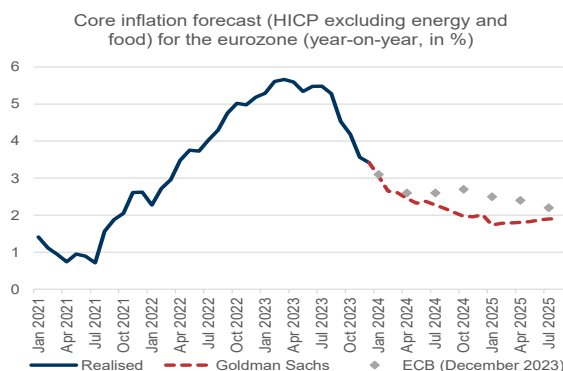
Source: Goldman Sachs Global Investment Research, ECB, Haver Analytics, Banque de France

We therefore explore whether such non-linearities in the pass-through from energy prices to core inflation can help explain the dynamics of core inflation over the last couple of years. We start with a simple Phillips curve that explains sequential core inflation with a lag, inflation expectations and the unemployment rate. Our analysis shows that such a simple specification fits the inflation data poorly over the last two years, failing to predict both the pickup and the recent deceleration.

We then add a term to capture the pass-through from energy and food prices into core inflation by including the lagged difference between headline and core inflation while allowing non-linearity. This addition improves the fit over the last two years substantially. As a robustness check, we estimate the same model for a panel of ten Euro area economies and likewise find strong evidence for non-linear pass-through effects.

We then project that our simulations suggest that sequential core inflation is likely to remain below 2% over the next quarters and thus push down annual core inflation. We therefore lower our near-term core inflation forecast somewhat further with annual core inflation dropping slightly below 2% in October 2024, much more quickly than implied by the September ECB staff projections. (graph 2)

Graph 2: Core inflation forecast



Source: Goldman Sachs Global Investment Research, ECB, Haver Analytics, Banque de France

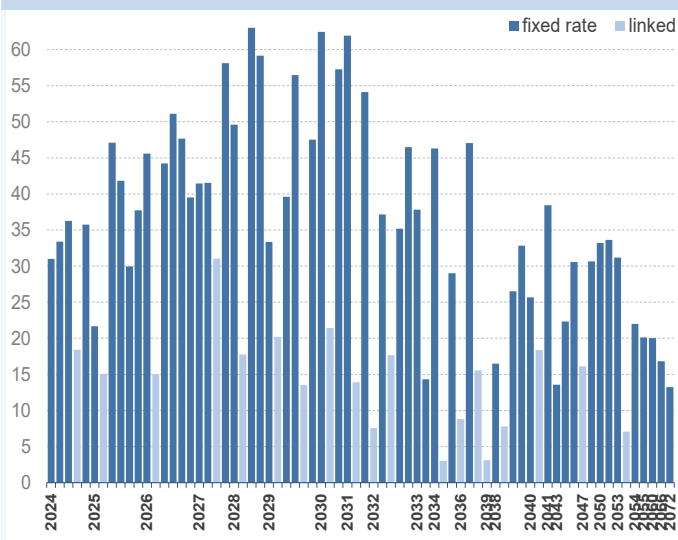
INDICATIVE AUCTION SCHEDULE

		Short-term				Medium-term	Long-term	Index-linked	
February 2024	auction date	5	12	19	26	/	15	1	15
	settlement date	7	14	21	28	/	19	5	19
March 2024	auction date	4	11	18	25	/	21	7	21
	settlement date	6	13	20	27	/	25	11	25

Source: Agence France Trésor

MEDIUM- AND LONG-TERM NEGOTIABLE GOVERNMENT DEBT AT 31 DECEMBER 2023

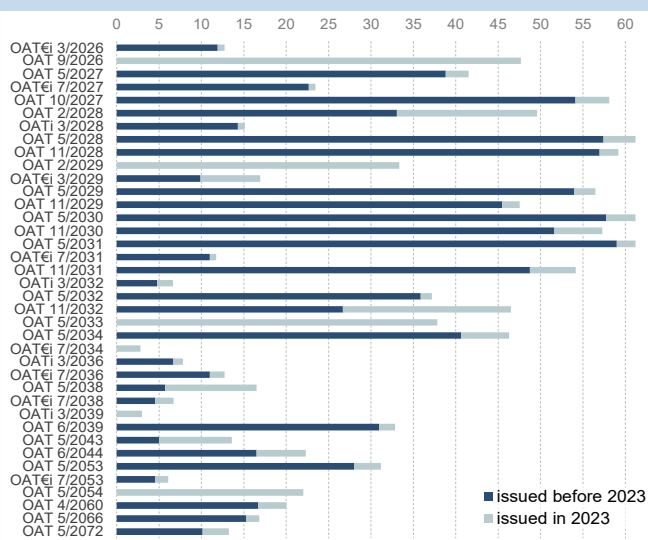
NOMINAL VALUE OF EACH LINE, IN € BILLION



Source: Agence France Trésor

MEDIUM- AND LONG-TERM: SECURITIES ISSUED DURING THE YEAR AND TOTAL ISSUANCE AT 31 DECEMBER 2023

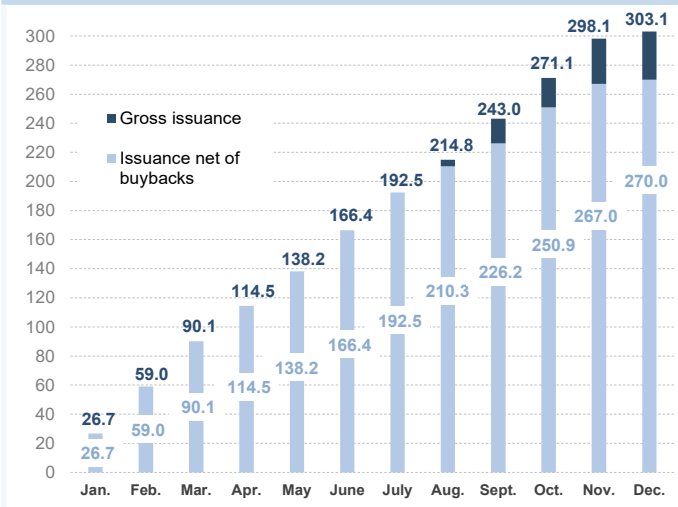
IN € BILLION



Source: Agence France Trésor

ISSUANCE AT 31 DECEMBER 2023

IN € BILLION



Source: Agence France Trésor

MEDIUM- AND LONG-TERM: PROVISIONAL MATURITY SCHEDULE AT 31 DECEMBER 2023

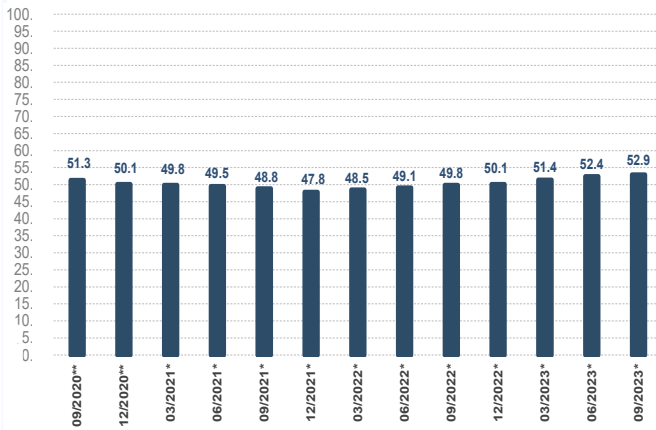
IN € BILLION

Month	Coupon	Redemption
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
Dec-24		

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



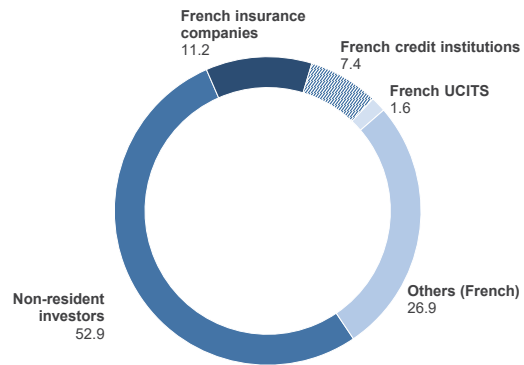
(*) figures quarterly revised

(**) 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 31 DECEMBER 2023

IN EUROS

Total medium- and long-term debt	2,260,756,311,772
Total stripping activity	47,328,635,000
Average maturity	9 years and 25 days
Total short-term debt	169,217,000,000
Average maturity	120 days
Total outstanding	2,429,973,311,772
Average maturity	8 years and 168 days

Source: Agence France Trésor

NEGOTIABLE GOVERNMENT DEBT SINCE 2020 AT 31 DECEMBER 2023

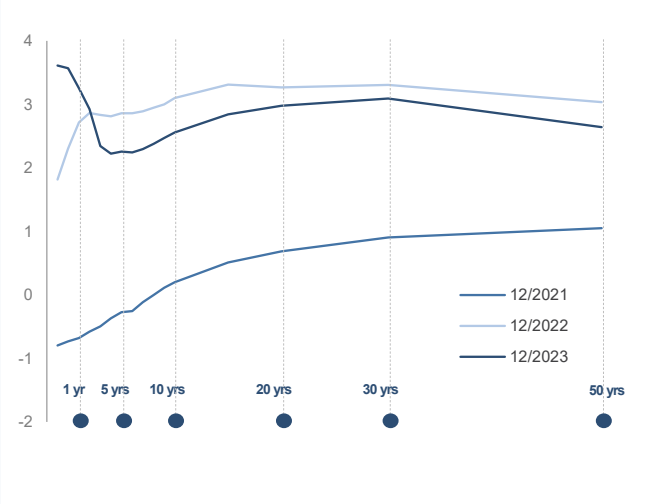
IN € BILLION

	End 2020	End 2021	End 2022	End November 2023	End December 2023
Negotiable government debt outstanding	2,001	2,145	2,278	2,426	2,430
<i>of which index-linked securities</i>	<i>220</i>	<i>236</i>	<i>262</i>	<i>270</i>	<i>271</i>
Medium- and long-term	1,839	1,990	2,129	2,257	2,261
Short-term	162	155	148	169	169
Average maturity of the negotiable debt	8 years	8 years	8 years	8 years	8 years
	73 days	153 days	184 days	196 days	168 days

Source: Agence France Trésor

YIELD CURVE FOR FRENCH GOVERNMENT SECURITIES

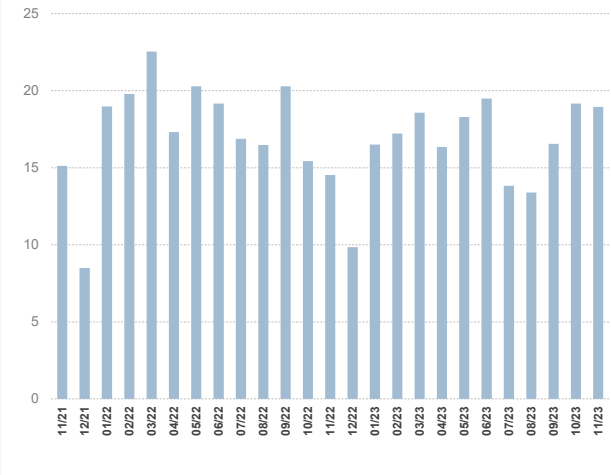
END-OF-MONTH VALUE, %



Source: Bloomberg

AVERAGE DAILY VOLUME OF MEDIUM- AND LONG-TERM TRANSACTIONS

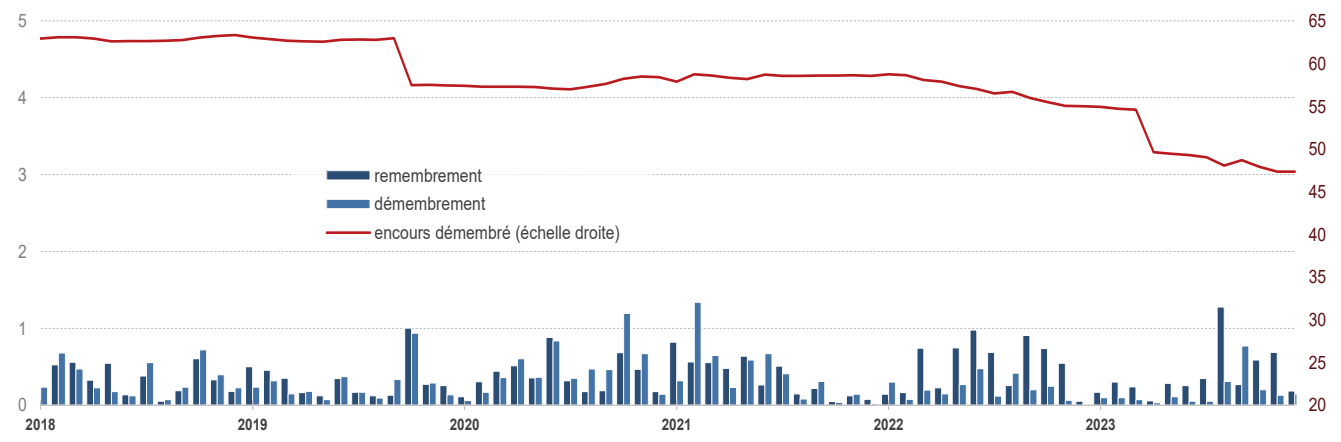
IN € BILLION



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

TOTAL STRIPPING AND RECONSTITUTION

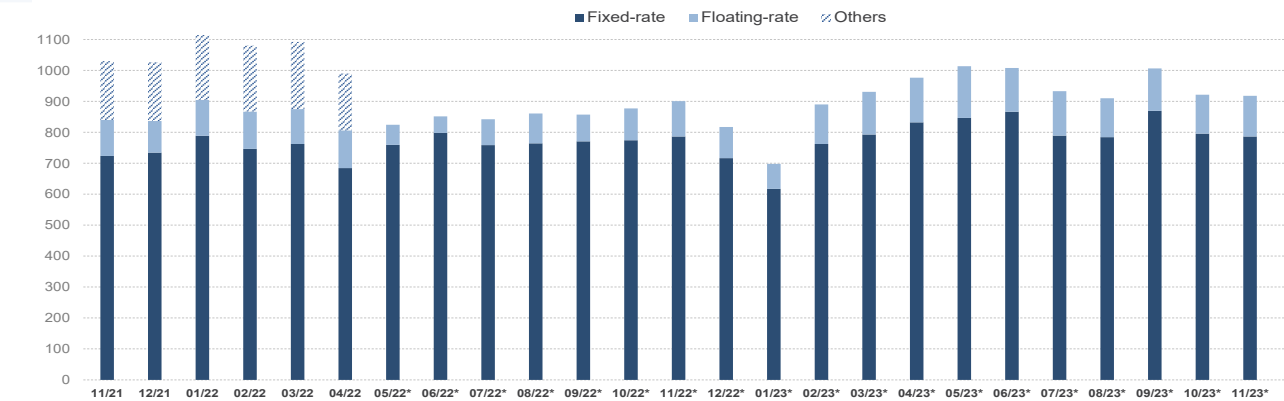
IN € BILLION



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 31 DECEMBER 2023

ISIN Code	Maturity	Outstanding(€)
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	6,075,000,000
FR0127921304	BTF 6 March 2024	7,760,000,000
FR0128071000	BTF 13 March 2024	4,675,000,000
FR0127613513	BTF 20 March 2024	8,906,000,000
FR0128227685	BTF 4 April 2024	7,028,000,000
FR0127921064	BTF 17 April 2024	9,076,000,000
FR0128071034	BTF 2 May 2024	7,814,000,000
FR0127921072	BTF 15 May 2024	7,658,000,000
FR0128071042	BTF 29 May 2024	1,194,000,000
FR0127921080	BTF 12 June 2024	8,472,000,000
FR0127921312	BTF 10 July 2024	10,284,000,000
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
FR0128071075	BTF 27 November 2024	4,592,000,000

MEDIUM- AND LONG-TERM DEBT (MATURING 2024-2027) AT 31 DECEMBER 2023

ISIN Code	Bond	Outstanding(€)	Ind. Coeff.	Face value(€)	Stripped(€)
	Maturity 2024	154,883,331,600			
FR0014001N46	OAT 0.00% 25 February 2024	31,006,000,000			0
FR0013344751	OAT 0.00% 25 March 2024	33,403,000,000			0
FR0011619436	OAT 2.25% 25 May 2024	36,268,000,000			0
FR0011427848	OAT€i 0.25% 25 July 2024	18,435,331,600 (1)	1.25890	14,644,000,000	0
FR0011962398	OAT 1.75% 25 November 2024	35,771,000,000			37,000,000
	Maturity 2025	193,361,242,238			
FR0014007TY9	OAT 0.00% 25 February 2025	21,679,000,000			0
FR0012558310	OATi 0.10% 1 March 2025	15,055,314,120 (1)	1.17684	12,793,000,000	0
FR0013415627	OAT 0.00% 25 March 2025	47,114,000,000			0
FR0012517027	OAT 0.50% 25 May 2025	41,835,000,000			0
FR0000571150	OAT 6.00% 25 October 2025	29,955,928,118			2,563,334,400
FR0012938116	OAT 1.00% 25 November 2025	37,722,000,000			0
	Maturity 2026	243,135,234,880			
FR0013508470	OAT 0.00% 25 February 2026	45,590,000,000			0
FR0013519253	OAT€i 0.10% 1 March 2026	15,042,234,880 (1)	1.18108	12,736,000,000	0
FR0010916924	OAT 3.50% 25 April 2026	44,202,000,000			0
FR0013131877	OAT 0.50% 25 May 2026	51,113,000,000			0
FR001400FYQ4	OAT 2.50% 24 September 2026	47,661,000,000			0
FR0013200813	OAT 0.25% 25 November 2026	39,527,000,000			0
	Maturity 2027	172,123,569,740			
FR0014003513	OAT 0.00% 25 February 2027	41,446,000,000			0
FR0013250560	OAT 1.00% 25 May 2027	41,534,000,000			0
FR0011008705	OAT€i 1.85% 25 July 2027	31,043,569,740 (1)	1.32478	23,433,000,000	0
FR0011317783	OAT 2.75% 25 October 2027	58,100,000,000			19,773,600

(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 31 DECEMBER 2023

ISIN Code	Bond	Outstanding(€)	Ind. Coeff.	Face value(€)	Stripped(€)	CAC*
Maturity 2028		189,851,477,828				
FR001400AIN5	OAT 0.75% 25 February 2028	49,601,000,000			0	x
FR0013238268	OATi 0.10% 1 March 2028	17,772,409,760 (1)	1.17488	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		210,652,709,866				
FR001400HI98	OAT 2.75% 25 February 2029	33,332,000,000			0	x
FR0013410552	OAT€i 0.10% 1 March 2029	20,200,583,360 (1)	1.19276	16,936,000,000	0	x
FR0000571218	OAT 5.50% 25 April 2029	39,618,880,458			1,237,967,100	
FR0013407236	OAT 0.50% 25 May 2029	56,452,000,000			0	x
FR0000186413	OATi 3.40% 25 July 2029	13,519,246,048 (1)	1.47186	9,185,144,000	0	
FR0013451507	OAT 0.00% 25 November 2029	47,530,000,000			0	x
Maturity 2030		141,152,723,360				
FR0011883966	OAT 2.50% 25 May 2030	62,459,000,000			0	x
FR0011982776	OAT€i 0.70% 25 July 2030	21,414,723,360 (1)	1.24273	17,232,000,000	0	x
FR0013516549	OAT 0.00% 25 November 2030	57,279,000,000			0	x
Maturity 2031		129,937,546,310				
FR0012993103	OAT 1.50% 25 May 2031	61,915,000,000			30,900,000	x
FR0014001N38	OAT€i 0.10% 25 July 2031	13,888,546,310 (1)	1.18291	11,741,000,000	0	x
FR0014002WK3	OAT 0.00% 25 November 2031	54,134,000,000			0	x
Maturity 2032		144,066,469,810				
FR0014003N51	OATi 0.10% 1 March 2032	7,523,593,080 (1)	1.12916	6,663,000,000	0	x
FR0014007L00	OAT 0.00% 25 May 2032	37,183,000,000			0	x
FR0000188799	OAT€i 3.15% 25 July 2032	17,661,554,130 (1)	1.53219	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		629,453,006,140				
FR0013313582	OAT 1.25% 25 May 2034	46,294,000,000			0	x
FR001400J188	OAT€i 0.60% 25 July 2034	3,026,693,120 (1)	1.07482	2,816,000,000	0	x
FR0010070060	OAT 4.75% 25 April 2035	29,004,000,000			1,717,587,000	
FR0013524014	OATi 0.10% 1 March 2036	8,792,309,280 (1)	1.12592	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	15,537,445,770 (1)	1.21891	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	7,794,490,950 (1)	1.16145	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	3,108,840,000 (1)	1.03628	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	18,350,129,700 (1)	1.41930	12,929,000,000	0	
FR0010773192	OAT 4.50% 25 April 2041	38,446,000,000			3,853,199,000	
FR001400CMX2	OAT 2.50% 25 May 2043	13,593,000,000			28,700,000	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			888,110,000	x
FR0013209871	OAT€i 0.10% 25 July 2047	16,112,575,220 (1)	1.23686	13,027,000,000	0	x
FR0013257524	OAT 2.00% 25 May 2048	30,644,000,000			613,650,000	x
FR0013404969	OAT 1.50% 25 May 2050	33,195,000,000			157,900,000	x
FR0013480613	OAT 0.75% 25 May 2052	33,622,000,000			722,100,000	x
FR0014004J31	OAT 0.75% 25 May 2053	31,169,000,000			270,000,000	x
FR0014008181	OAT€i 0.10% 25 July 2053	7,082,522,100 (1)	1.16145	6,098,000,000	0	x
FR001400FTH3	OAT 3.00% 25 May 2054	22,022,000,000			693,650,000	x
FR0010171975	OAT 4.00% 25 April 2055	20,118,000,000			11,004,518,000	
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			1,143,480,000	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	0.8%	Nov. 2023
Household consumption*, year-on-year	-1.8%	Nov. 2023
Unemployment rate (ILO)	7.4%	Q3-2022
Consumer prices, year-on-year		
• all items	3.7%	Dec. 2023
• all items excluding tobacco	3.6%	Dec. 2023
Trade balance, fob-fob, sa (€bn)	-€7.4bn	Nov. 2023
" "	-€7.7bn	Oct. 2023
Current account balance, sa (€bn)	-€2.8bn	Nov. 2023
" "	-€3.4bn	Oct. 2023
10-year constant maturity rate (TEC10)	2.71%	31 Jan. 2023
3-month interest rate (Euribor)	3.91%	31 Jan. 2023
EUR / USD	1.08	31 Jan. 2023
EUR / JPY	159.55	31 Jan. 2023

* manufactured products

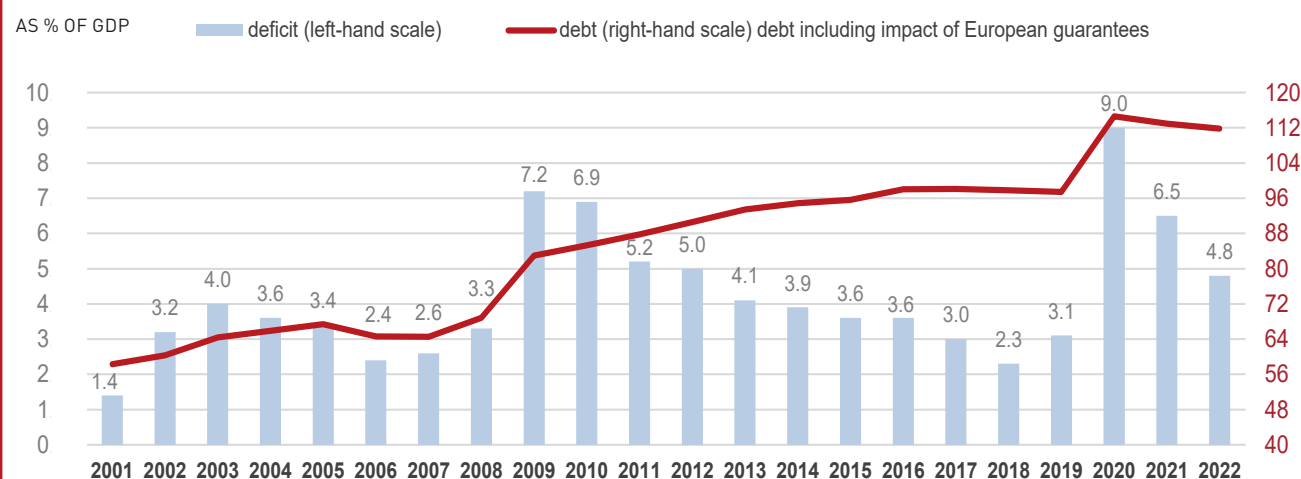
Sources: Insee, MEFSIM, Banque de France

MONTHLY GOVERNMENT BUDGET POSITION

	IN € BILLION				
	2021	2022	end of November level		
	2021	2022	2021	2022	2023
General budget balance	-171.52	-158.20	-175.13	-152.54	-176.09
Revenue	324.95	354.74	272.13	308.57	297.13
Expenditure	496.47	512.94	447.27	461.10	473.22
Balance of special Treasury accounts	0.79	6.73	-5.89	-6.78	-21.87
General budget outturn	-170.74	-151.44	-181.02	-159.32	-197.97

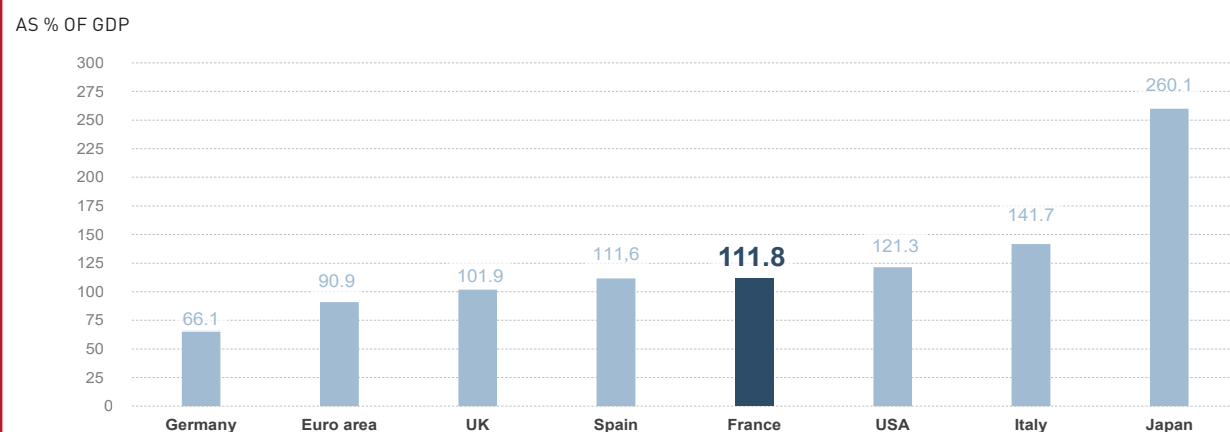
Source: Ministry of the Economy, Finance and Industrial and Digital Sovereignty

PUBLIC FINANCES: DEFICIT AND DEBT



Source: Insee

GENERAL GOVERNMENT DEBT IN 2022



Sources: Eurostat, IMF, Insee

FEBRUARY 2024 

1 Inflation (HICP) : January index (preliminary results)	2 Industrial production: December index	7 Foreign trade by value in December	7 Balance of payments	7 Flash estimate of payroll employment	13 ILO unemployment rate
15 Net international reserves in January	16 Consumer prices: January index (final results)	22 Monthly business survey (goods- producing industries) in February	22 Inflation (HICP): January index (final)	27 Consumer confidence survey: February survey	29 Household consumption expenditures on goods in January
29 Quarterly national accounts: final results Q3	29 Payroll employment	29 Consumer prices: February index (preliminary results)	29 Industrial producer and import price: January indices		

MARCH 2024 

1 Inflation (HICP) : February index (preliminary results)	5 Industrial production: January index	8 Foreign trade by value in January	8 Balance of payments	15 Net international reserves in February	15 Consumer prices: February index (final results)
18 Inflation (HICP): February index (final)	21 Monthly business survey (goods- producing industries) in March	26 Debt of the general government according to Maastricht definition	26 Household consumption expenditures on goods in February	27 Consumer confidence survey: March survey	29 Industrial producer and import price: February indices
29 Consumer prices: March index (preliminary results)					

Sources: Insee, Eurostat

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