

<b>News at Agence France Trésor</b>  <span style="color: white; font-weight: normal;">page 1</span>	<b>Economic news</b>  <span style="color: white; font-weight: normal;">page 2</span>	<b>General debt-related data</b>  <span style="color: white; font-weight: normal;">page 3</span>	<b>Secondary market</b>  <span style="font-weight: normal;">page 5</span>	<b>Negotiable government debt</b>  <span style="font-weight: normal;">page 6</span>	<b>The French economy and international comparisons</b>  <span style="font-weight: normal;">page 8</span>
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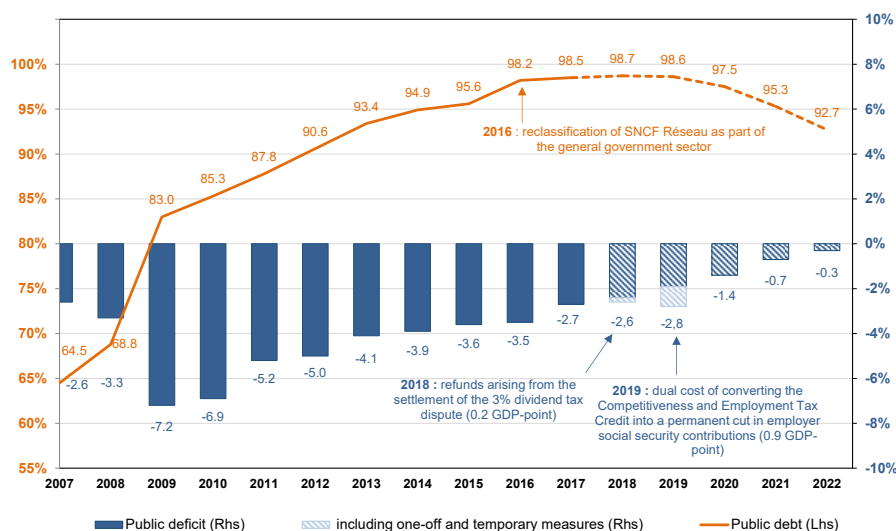
Agence France Trésor is tasked with managing the government debt and cash positions under the most secure conditions in the interest of the taxpayer.

**News at Agence France Trésor**

## The 2019 Draft Budgetary Plan (DBP) upholds France's European commitments

The 2019 DBP, which was submitted to France's National Assembly on 24 September, maintains fiscal consolidation efforts. The deficit will stand at 2.6% of GDP in 2018 and 2.8% of GDP in 2019, with two one-off and temporary measures deepening the deficit in those years. In 2018, refunds arising from the settlement of the 3% dividend tax dispute will add 0.2 percentage points of GDP to the deficit and, in 2019, the dual cost of converting the Competitiveness and Employment Tax Credit into a permanent cut in employer social security contributions will add 0.9 percentage points of GDP to the deficit. Without these one-off and temporary measures, the "underlying" deficit would be 2.4% of GDP in 2018 and 1.9% of GDP in 2019, as the deficit-reduction efforts made since 2010 continue (see chart).

**Public Finance Trajectory (% of GDP)**



Source: INSEE, 2019 Draft Budgetary Plan

The structural adjustment efforts are unchanged overall from those set out in the 2018-2022 Public Finance Planning Act, reflecting the desired balance between support for economic recovery and fiscal consolidation. The 2019 Draft Budgetary Plan is consistent with the Government's multiyear strategy and its goals for 2022: (i) reducing public expenditure by three percentage points of GDP, (ii) lowering the aggregate tax and social security contribution rate by one percentage point of GDP<sup>1</sup>, (iii) reducing the debt ratio by five percentage points of GDP. The European Commission will assess this adjustment in the third quarter, with particular reference to the bold structural reforms introduced by France affecting the labour market and rail system, and business law reform under the *Pacte Act*. These reforms are in line with the recommendations of the European Commission, IMF and OECD.

The fiscal estimates set out in the 2019 Draft Budgetary Plan are based on a realistic growth scenario that is consistent with the consensus forecast. This scenario includes a temporary slowing of economic activity in the first half of 2018, partly as a result of temporary factors affecting private consumption, such as transport strikes. Growth will remain robust in 2019, at 1.7%. It will be driven by brisk household demand, underpinned by dynamic purchasing power, and by business investment, sustained by a favourable financial situation.

<sup>1</sup>On 6 September 2018, France's National Institute of Statistics and Economic Studies (INSEE) announced its decision to "reclassify SNCF Réseau as part of the general government sector as of 1 January 2016. This change automatically affected the deficit and debt figures for 2016 and 2017. It increased the deficit announced in 2016 by €3.2 billion and added €2.2 billion to the 2017 deficit. Maastricht debt was increased by €37.0 billion at the end of 2016 and by €39.5 billion at the end of 2017. These amounts are smaller than the gross debt of SNCF Réseau, since a fraction of the company's debt (some €10 billion) was already recognised as central government debt in the national accounts. For more details, visit the [INSEE](#) website.

## No change to the government's economic policy strategy

**The first year of President Macron's five-year term in office was focused on adopting and implementing cross-cutting, structural reforms to boost employment and investment**, first and foremost labour law (orders) and tax reform (elimination of the wealth tax and introduction of a single flat-rate levy of 30% on capital income).

**In 2019, the Government will continue its tax reforms.**

The basic corporation tax rate will fall to 31% for all companies and some 20 low-yield taxes will be eliminated to streamline the tax system. On 1 January 2019, the Competitiveness and Employment Tax Credit (CICE) will be changed into a permanent reduction of employer social security contributions. From 1 October 2019, the overall reduction of contributions will be bolstered on low salaries with a further cut of around 4% at statutory minimum wage level, at a decreasing rate up to 1.6 times the minimum wage. This will therefore lead to total exemption from employer contributions at minimum wage level.

**In 2019, the emphasis will be placed on making employment more appealing and assisting those looking for jobs.**

Several strong measures are intended to make work more rewarding: the reduction in employee social security contributions was stepped up in October 2018 and will produce its full effects in 2019; the *forfait social* (a reduced contribution on profit-sharing and employee incentive schemes) is being eliminated for SMEs to encourage them to set up employee profit-sharing, and in September 2019, employee social security contributions will be eliminated on overtime pay. Efforts will be made to transition towards higher-quality employment. The Plan for investment in job skills targeting lower-skilled jobseekers will be rolled out with €2.5 billion invested in 2019, as the vocational training and apprenticeship reforms also take effect.

**France is reforming its social model, and major reforms have already been passed.** These include **securing career paths** (with vocational training and apprenticeships, extending unemployment benefits to people who have resigned from their jobs and for the self-employed) and **improved education and guidance for students** (smaller first and second grade class sizes in priority education networks; reorganised university courses). Other reforms are on the horizon to **fight poverty, improve the healthcare system, and modernise unemployment insurance and the pension system.**

**At the same time, the transformation of all levels of government will continue as part of the Public Action 2022 plan.**

A reform plan will be drawn up for each public policy to make it more agile and adapted to citizens' needs, thus boosting the quality of public services and reducing their cost (overhaul of the existing tax and customs recovery system, public broadcasting reforms, public-sector human resources management, the digital transformation, etc.).



Indicative auction schedule

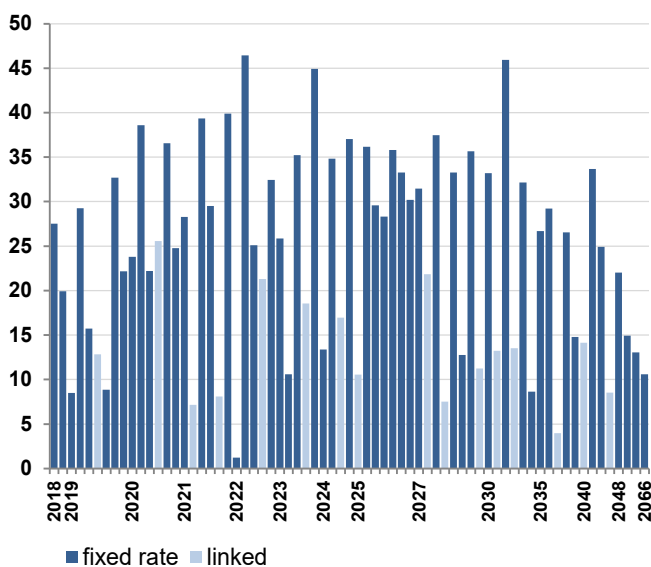
		Short-term				Medium-term	Long-term	Index-linked
November 2018	auction date	5	12	19	26	22	8	22
	settlement date	7	14	21	28	26	12	26
December 2018	auction date	3	10	17	24	6	6	6
	settlement date	5	12	19	28	10	10	10

auctions the second and the fourth Thursday of the month  
 optional auctions

Source: Agence France Trésor

Medium- and long-term negotiable government debt at 30 September 2018

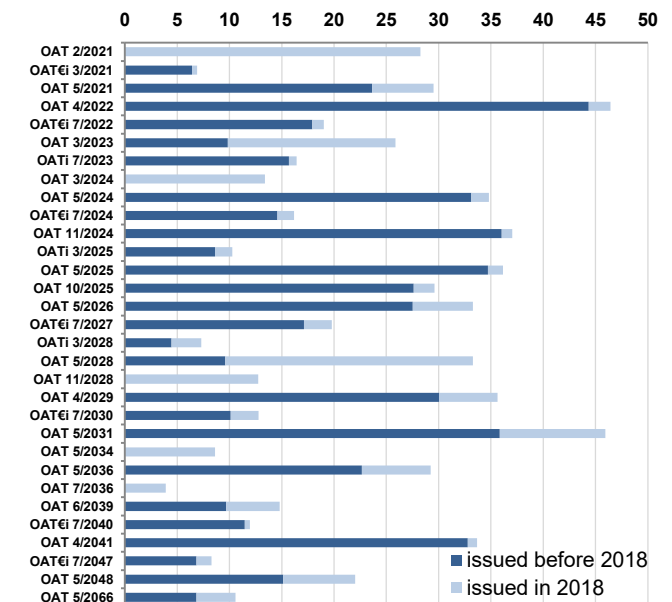
Nominal value of each line, in € billion



Source: Agence France Trésor

Medium- and long-term: securities issued during the year and total issuance at 30 September 2018

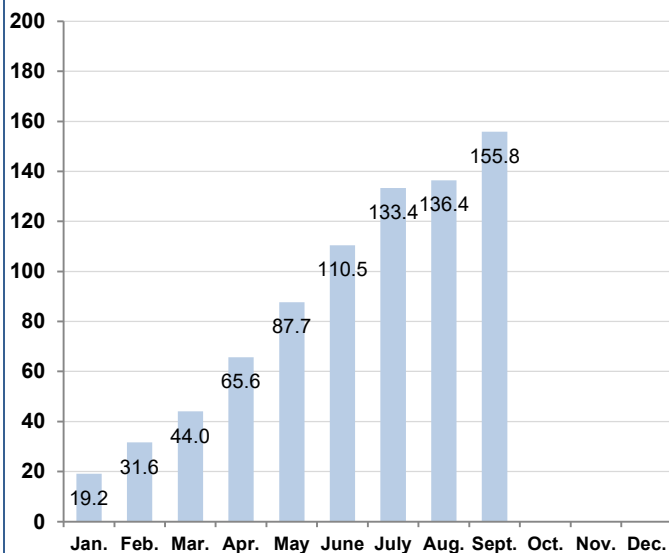
In € billion



Source: Agence France Trésor

Issuance net of buybacks at 30 September 2018

In € billion



Source: Agence France Trésor

Medium- and long-term: provisional maturity schedule at 30 September 2018

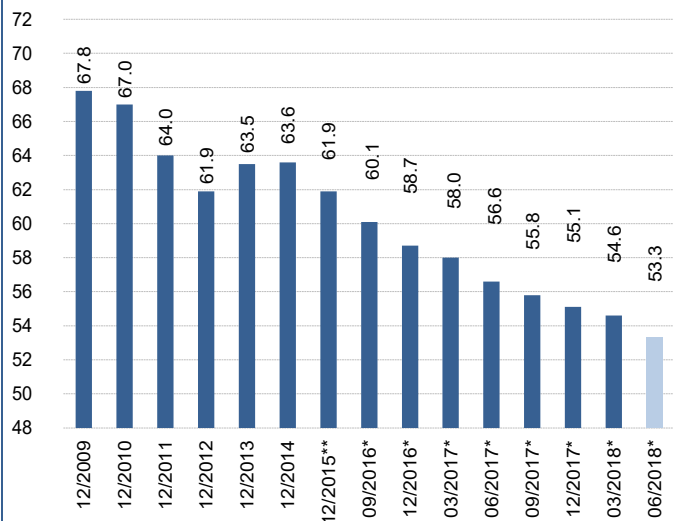
In € billion

Month	Coupon	Redemption
Oct-18	13.7	27.5
Nov-18	1.5	19.9
Dec-18	0	0
Jan-19	0	0
Feb-19	0	8.5
Mar-19	0.0	0
Apr-19	13.6	29.3
May-19	5.9	15.7
Jun-19	0.3	0
Jul-19	3.0	13.0
Aug-19	0	0
Sep-19	0	0

Source: Agence France Trésor

### Non-resident holders of negotiable government debt in second quarter of 2018

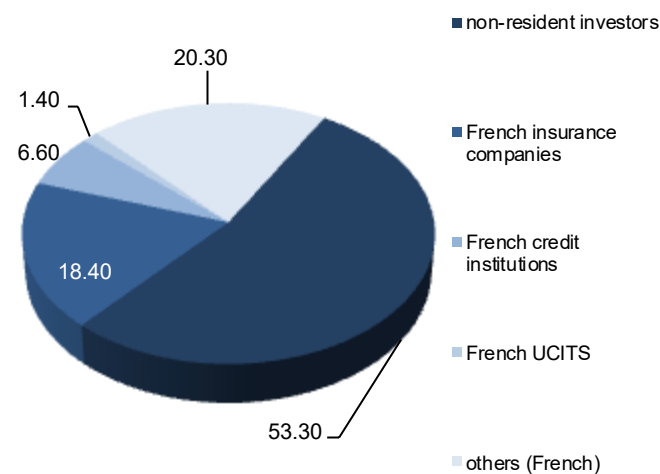
As a % of negotiable debt outstanding expressed in market value



(\* ) figures quarterly revised  
(\*\* ) figures annually revised  
Source: Banque de France

### Negotiable government debt by group of holders in second quarter of 2018

Structure in % expressed in market value



Source: Banque de France

### Negotiable government debt at 30 September 2018

In euros

Total medium- and long-term debt	1,650,069,309,596
Total stripping activity	62,759,034,700
Average maturity	8 years and 147 days
Total short-term debt	121,564,000,000
Average maturity	109 days
<b>TOTAL OUTSTANDING</b>	<b>1,771,633,309,596</b>
<b>Average maturity</b>	<b>7 years and 309 days</b>

Source: Agence France Trésor

### Negotiable government debt since 2015 at 30 September 2018

In € billion

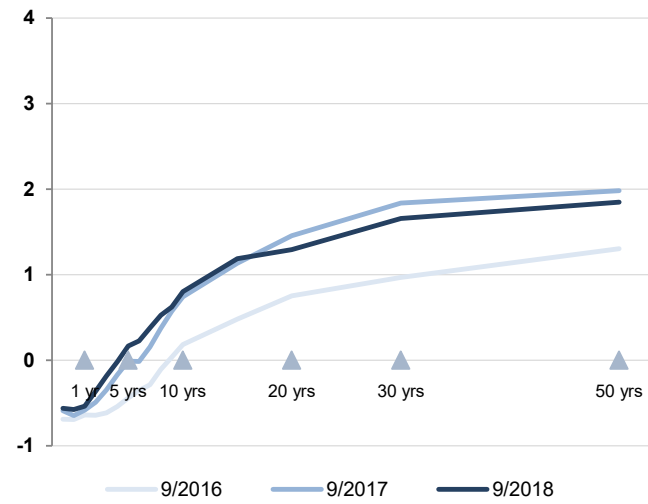
	End 2015	End 2016	End 2017	End Aug. 2018	End Sept. 2018
<b>Negotiable government debt outstanding</b>	<b>1,576</b>	<b>1,621</b>	<b>1,686</b>	<b>1,751</b>	<b>1,772</b>
<i>of which index-linked securities</i>	190	200	202	214	215
Medium- and long-term	1,424	1,487	1,560	1,631	1,650
short-term	153	134	126	120	122
<b>Average maturity of the negotiable debt</b>					
	7 years	7 years	7 years	7 years	7 years
	47 days	195 days	296 days	325 days	309 days

Source: Agence France Trésor



### Yield curve for French government securities

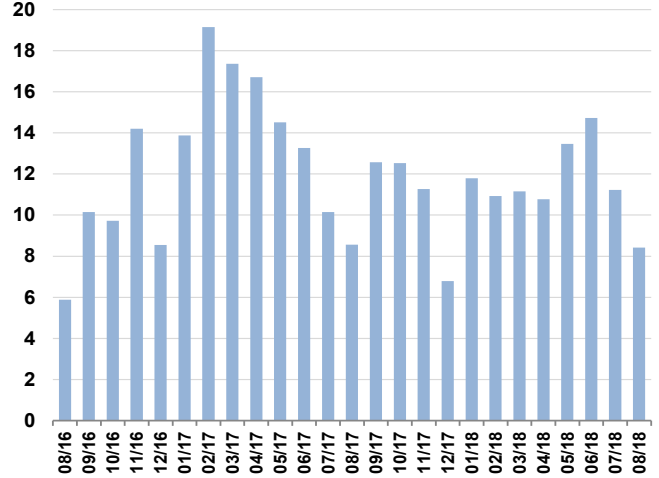
End-of-month value, %



Source: Bloomberg

### Average daily volume of medium- and long-term transactions

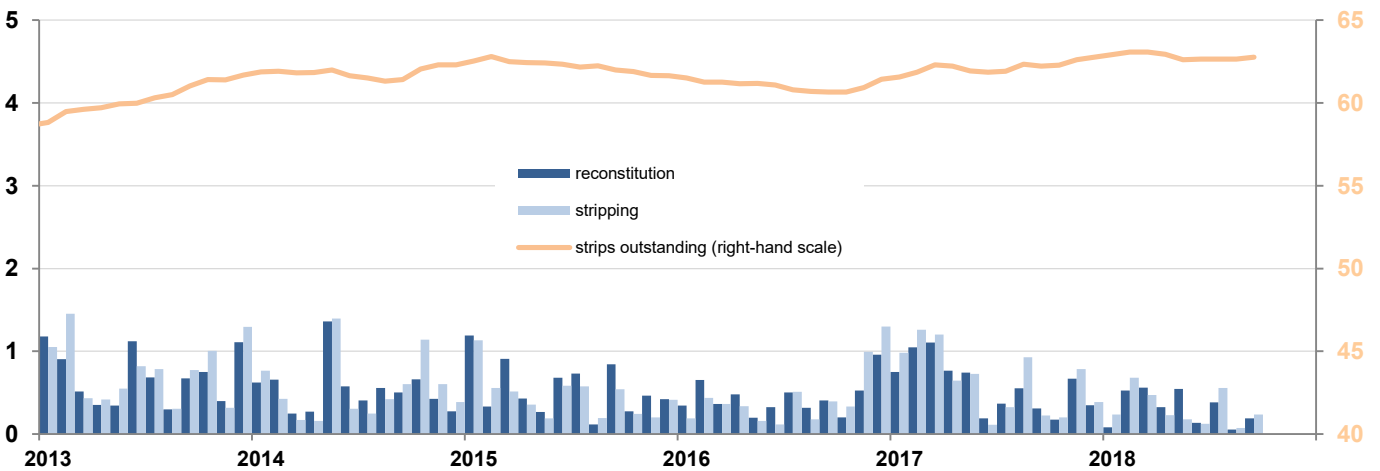
In € billion



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

### Total stripping and reconstitution

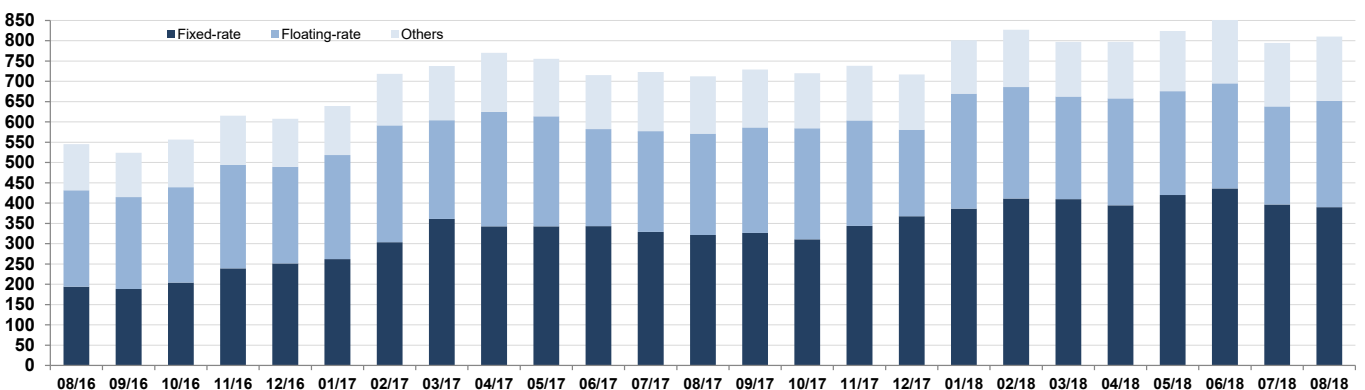
In € billion



Source: Euroclear

### Primary dealers, repo outstanding at end of month

In € billion



Source: reporting by primary dealers in government securities

### Short-term debt at 30 September 2018

	Maturity	Outstanding (€)
BTF	3 October 2018	6,744,000,000
BTF	10 October 2018	4,734,000,000
BTF	17 October 2018	6,216,000,000
BTF	24 October 2018	5,685,000,000
BTF	31 October 2018	5,844,000,000
BTF	7 November 2018	4,847,000,000
BTF	14 November 2018	6,260,000,000
BTF	21 November 2018	4,010,000,000
BTF	28 November 2018	6,223,000,000
BTF	5 December 2018	2,175,000,000
BTF	12 December 2018	9,059,000,000
BTF	19 December 2018	4,150,000,000
BTF	4 January 2019	5,257,000,000
BTF	16 January 2019	5,380,000,000
BTF	30 January 2019	6,145,000,000
BTF	13 February 2019	4,559,000,000
BTF	27 February 2019	5,540,000,000
BTF	27 March 2019	4,755,000,000
BTF	25 April 2019	4,890,000,000
BTF	22 May 2019	4,752,000,000
BTF	19 June 2019	3,745,000,000
BTF	17 July 2019	4,369,000,000
BTF	14 August 2019	4,235,000,000
BTF	11 September 2019	1,990,000,000

### Medium- and long-term debt (maturing 2018-2021) at 30 September 2018

ISIN Code	Bond	Outstanding (€)	Ind. Coeff.	Face value	Stripped (€)
	<b>Maturity 2018</b>	<b>47 457 000 000</b>			
FR0010670737	OAT 4.25% 25 October 2018	27 527 000 000			0
FR0011523257	OAT 1.00% 25 November 2018*	19 930 000 000			20 000 000
	<b>Maturity 2019</b>	<b>130 079 336 859</b>			
FR0013101466	OAT 0.00% 25 February 2019*	8 480 000 000			0
FR0000189151	OAT 4.25% 25 April 2019	29 273 000 000			0
FR0011708080	OAT 1.00% 25 May 2019*	15 735 000 000			0
FR0010850032	OATi 1.30% 25 July 2019	12 835 269 300 (1)	1,09797	11 690 000 000	0
FR0000570921	OAT 8.50% 25 October 2019	8 844 392 893			5 369 585 100
FR0010776161	OAT 3.75% 25 October 2019	32 695 000 000			0
FR0011993179	OAT 0.50% 25 November 2019*	22 177 000 000			5 000 000
FR0000570954	OAT cap. 9.82% 31 December 2019	39 674 666 (2)		6 692 154	-
	<b>Maturity 2020</b>	<b>171 524 866 700</b>			
FR0013232485	OAT 0.00% 25 February 2020*	23 809 000 000			0
FR0010854182	OAT 3.50% 25 April 2020	38 571 000 000			0
FR0012557957	OAT 0.00% 25 May 2020*	22 219 000 000			0
FR0010050559	OAT€i 2.25% 25 July 2020	25 581 866 700 (1)	1,25957	20 310 000 000	0
FR0010949651	OAT 2.50% 25 October 2020	36 562 000 000			0
FR0012968337	OAT 0.25% 25 November 2020*	24 782 000 000			0
	<b>Maturity 2021</b>	<b>152 266 780 960</b>			
FR0013311016	OAT 0.00% 25 February 2021*	28 268 000 000			0
FR0013140035	OAT€i 0.10% 1 March 2021*	7 141 184 960 (1)	1,03256	6 916 000 000	0
FR0010192997	OAT 3.75% 25 April 2021	39 352 000 000			0
FR0013157096	OAT 0.00% 25 May 2021*	29 504 000 000			0
FR0011347046	OATi 0.10% 25 July 2021	8 110 596 000 (1)	1,03982	7 800 000 000	0
FR0011059088	OAT 3.25% 25 October 2021	39 891 000 000			0

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

(2) Including coupons capitalised at 31 December 2017; not open to subscription

\* Like all euro area bonds, the bonds issued after 1 January 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 2022 and beyond) at 30 September 2018

ISIN Code	Bond Maturity 2022	Outstanding (€) 126,505,176,350	Ind. Coeff.	Face value	Stripped (€)
FR0000571044	OAT 8.25% 25 April 2022	1,243,939,990			508,888,400
FR0011196856	OAT 3.00% 25 April 2022	46,422,000,000			0
FR0013219177	OAT 0.00% 25 May 2022*	25,105,000,000			0
FR0010899765	OAT€i 1.10% 25 July 2022	21,289,236,360	(1) 1.11972	19,013,000,000	0
FR0011337880	OAT 2.25% 25 October 2022	32,445,000,000			0
<b>Maturity 2023</b>		<b>135,176,907,103</b>			
FR0013283686	OAT 0.00% 25 March 2023*	25,861,000,000			0
FR0000571085	OAT 8.50% 25 April 2023	10,606,195,903			5,370,565,200
FR0011486067	OAT 1.75% 25 May 2023*	35,237,000,000			0
FR0010585901	OATi 2.10% 25 July 2023	18,554,711,200	(1) 1.13104	16,405,000,000	0
FR0010466938	OAT 4.25% 25 October 2023	44,918,000,000			435,085,000
<b>Maturity 2024</b>		<b>102,176,231,190</b>			
FR0013344751	OAT 0.00% 25 March 2024*	13,389,000,000			0
FR0011619436	OAT 2.25% 25 May 2024*	34,810,000,000			0
FR0011427848	OAT€i 0.25% 25 July 2024*	16,952,231,190	(1) 1.04857	16,167,000,000	0
FR0011962398	OAT 1.75% 25 November 2024*	37,025,000,000			51,000,000
<b>Maturity 2025</b>		<b>104,631,279,698</b>			
FR0012558310	OATi 0.10% 1 March 2025*	10,574,351,580	(1) 1.03094	10,257,000,000	0
FR0012517027	OAT 0.50% 25 May 2025*	36,156,000,000			0
FR0000571150	OAT 6.00% 25 October 2025	29,593,928,118			2,860,064,400
FR0012938116	OAT 1.00% 25 November 2025*	28,307,000,000			0
<b>Maturity 2026</b>		<b>99,302,000,000</b>			
FR0010916924	OAT 3.50% 25 April 2026	35,814,000,000			0
FR0013131877	OAT 0.50% 25 May 2026*	33,274,000,000			0
FR0013200813	OAT 0.25% 25 November 2026*	30,214,000,000			0
<b>Maturity 2027</b>		<b>90,747,792,750</b>			
FR0013250560	OAT 1.00% 25 May 2027*	31,451,000,000			0
FR0011008705	OAT€i 1.85% 25 July 2027	21,842,792,750	(1) 1.10345	19,795,000,000	0
FR0011317783	OAT 2.75% 25 October 2027	37,454,000,000			87,043,600
<b>Maturity 2028</b>		<b>53,588,417,064</b>			
FR0013238268	OATi 0.10% 1 March 2028*	7,528,817,450	(1) 1.02923	7,315,000,000	0
FR0000571226	OAT zero coupon 28 March 2028	26,599,614	(3)	46,232,603	–
FR0013286192	OAT 0.75% 25 May 2028*	33,272,000,000			0
FR0013341682	OAT 0.75 % 25 November 2028*	12,761,000,000			0
<b>Maturity 2029</b>		<b>46,906,685,732</b>			
FR0000571218	OAT 5.50% 25 April 2029	35,644,880,458			2,987,146,100
FR0000186413	OATi 3.40% 25 July 2029	11,261,805,274	(1) 1.28940	8,734,144,000	0
<b>Maturity 2030</b>		<b>46,436,578,000</b>			
FR0011883966	OAT 2.50% 25 May 2030*	33,208,000,000			0
FR0011982776	OAT€i 0.70% 25 July 2030*	13,228,578,000	(1) 1.03510	12,780,000,000	0
<b>Maturity 2031</b>		<b>45,948,000,000</b>			
FR0012993103	OAT 1.50% 25 May 2031*	45,948,000,000			65,500,000
<b>Maturity 2032</b>		<b>45,671,005,450</b>			
FR0000188799	OAT€i 3.15% 25 July 2032	13,508,682,850	(1) 1.27621	10,585,000,000	0
FR0000187635	OAT 5.75% 25 October 2032	32,162,322,600			11,303,157,400
<b>Maturity 2033 and later</b>		<b>251,651,251,740</b>			
FR0013313582	OAT 1.25% 25 May 2034*	8,634,000,000			0
FR0010070060	OAT 4.75% 25 April 2035	26,678,000,000			4,885,337,000
FR0013154044	OAT 1.25% 25 May 2036*	29,226,000,000			0
FR0013327491	OAT€i 0.10% 25 July 2036*	3,975,758,160	(1) 1.01526	3,916,000,000	0
FR0010371401	OAT 4.00% 25 October 2038	26,534,000,000			4,778,931,400
FR0013234333	OAT 1.75% 25 June 2039*	14,793,000,000			0
FR0010447367	OAT€i 1.80% 25 July 2040	14,123,384,990	(1) 1.18217	11,947,000,000	0
FR0010773192	OAT 4.50% 25 April 2041	33,670,000,000			6,892,799,000
FR0011461037	OAT 3.25% 25 May 2045*	24,908,000,000			1,179,710,000
FR0013209871	OAT€i 0.10% 25 July 2047*	8,529,108,590	(1) 1.03021	8,279,000,000	0
FR0013257524	OAT 2.00% 25 May 2048*	22,018,000,000			611,100,000
FR0010171975	OAT 4.00% 25 April 2055	14,926,000,000			7,680,218,000
FR0010870956	OAT 4.00% 25 April 2060	13,055,000,000			7,167,804,100
FR0013154028	OAT 1.75% 25 May 2066*	10,581,000,000			500,100,000

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

(3) Revised on 28 March 2018; not open to subscription

\* Like all euro area bonds, the bonds issued after 1 January 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	1.6%	Aug. 2018
Household consumption*, year-on-year	-0.8%	Sep. 2018
Unemployment rate (ILO)	9.1%	Q2-2018
Consumer prices, year-on-year		
all items	2.2%	Sep. 2018
all items excluding tobacco	1.9%	Sep. 2018
Trade balance, fob-fob, sa (€bn)	-€5.6bn	Aug. 2018
" "	-€3.4bn	Jul. 2018
Current account balance, sa (€bn)	-€1.6bn	Aug. 2018
" "	€0.3bn	Jul. 2018
10-year constant maturity rate (TEC10)	0.74%	29 Oct. 2018
3-month interest rate (Euribor)	-0.32%	29 Oct. 2018
EUR / USD	1.14	29 Oct. 2018
EUR / JPY	127.92	29 Oct. 2018

\* manufactured products

Sources: Insee, Minefi, Banque de France

### Monthly government budget position

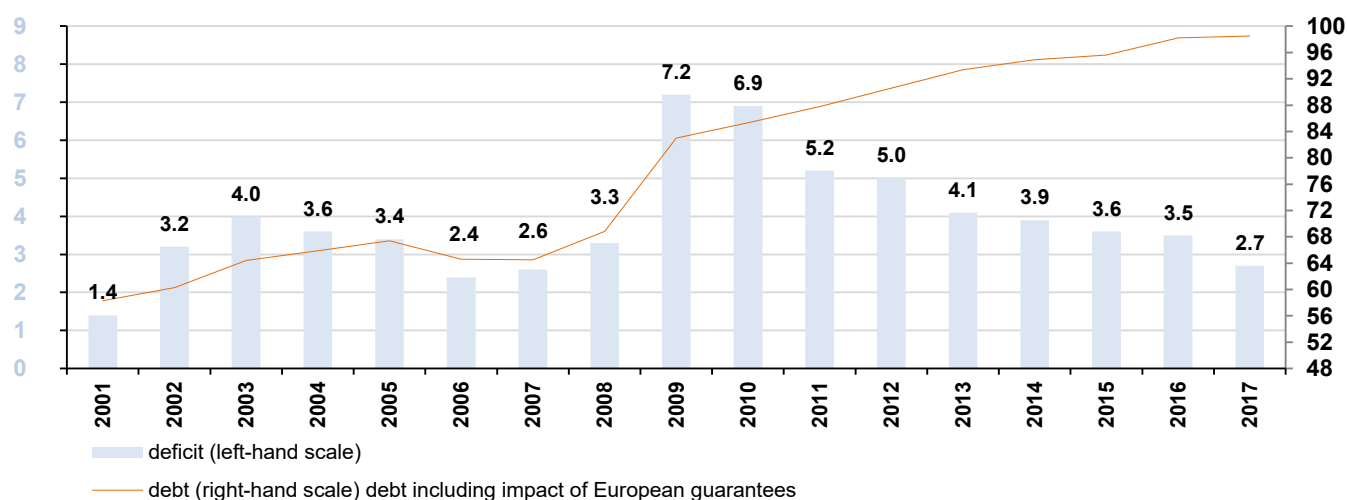
In € billion

	2016	2017	end of August level		
			2016	2017	2018
General budget balance	-75.85	-73.35	-59.84	-60.89	-65.99
revenue	303.97	313.59	192.66	201.50	197.70
expenditure	379.82	386.94	252.50	262.39	263.69
Balance of special Treasury accounts	6.80	5.53	-36.21	-32.11	-31.31
<b>General budget outturn</b>	<b>-69.05</b>	<b>-67.67</b>	<b>-96.05</b>	<b>-93.00</b>	<b>-97.30</b>

Source: Minefi

### Public finances: deficit and debt

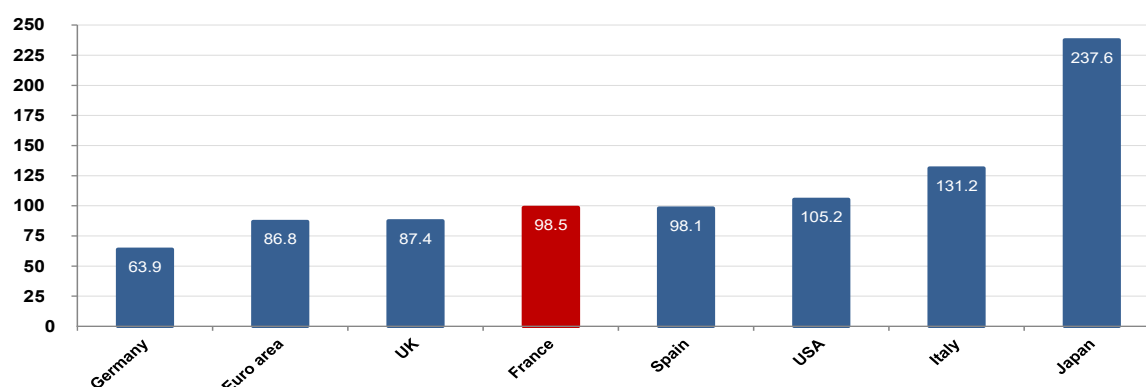
As % of GDP



Source: Insee

### General government debt in 2017

As % of GDP



Sources: Eurostat, IMF, Insee



## French economic indicators: timetable

November 2018		December 2018	
8	Industrial investments: October survey	7	Foreign trade by value in October
8	Foreign trade by value in September	7	Balance of payments in October
8	Balance of payments in September	11	Payroll employment: Q3-2018
9	Industrial production: September index	14	Net international reserves in November
13	Flash estimate of payroll employment: Q3-2018	17	Inflation (HICP): November index
14	Consumer prices: October index	21	Debt of the general government according to Maastricht definition Q3-2018
15	Net international reserves in October	21	Quarterly national accounts: final results Q3 2018
16	Inflation (HICP): October index		
20	Job seekers Q3-2018 (ILO)		
22	Monthly business survey (goods-producing industries) in November		
27	Consumer confidence survey: November survey		
28	Housing starts in October		
29	Household consumption expenditure on goods in October		
29	Quarterly national accounts: second estimate Q3-2018		
30	Industrial producer and import price: October indices		

Sources: Insee, Eurostat

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English translation: Centre de traduction des ministères économiques et financiers