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JANUARY
2020

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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2019 BUDGET OUTTURN

The fiscal deficit for 2019 is expected to reach €92.8bn, which is €14.8bn less than the deficit projected in the Initial Budget Act for 2019. Most of the sharp improvement stems from increased tax revenue, which was up by €7.8bn, particularly revenue from personal income tax, corporate income tax and stamp duties. Discretionary expenditure came in at €1.0bn less than the amount set out in the 2019 Initial Budget Act, as expected. The cost of debt service was down by €1.8bn, which also contributed to shrinking the 2019 fiscal deficit, along with non-tax revenue, up by €1.5bn, and the balance on special accounts, including the proceeds of €1.9bn from the sale of the lottery corporation *Française des Jeux*.

Consequently, the central government borrowing requirement was down by €16.1bn in 2019, compared to the amount set out in the Initial Budget Act, standing at €220.5bn, including €98.2bn to finance the deficit and €130.2bn to redeem medium- and long-term central government debt maturing during the year.

In € billion	2019 Initial Budget Act	2019 Supplementary Budget Act	Outturn 2019 (provisional figures)
Financing requirements			
Redemption of medium- and long-term	130.2	130.2	130.2
Redemption of medium- and long-term debt (at nominal value)	128.9	128.9	128.9
Supplementary payments at maturity on inflation-linked bonds	1.3	1.3	1.3
Redemption of other debts	0.0	0.0	0.0
Deficit to be financed	107.7	97.7	92.8
Other cash requirements	-1.3	-1.0	-2.5
Total	236.6	226.9	220.5
Financing resources			
Issuance of medium- and long-term debt net of buybacks	200.0	200.0	200.0
Funds allocated to the Caisse de la Dette Publique to reduce debt	2.0	0.0	0.0
Net change in outstanding short-term government securities	15.0	0.0	-6.0
Change in correspondents' deposits	11.0	5.0	11.5
Change in cash available in the Treasury's account	5.1	4.4	-5.7
Other cash sources	3.5	17.5	20.7
Total	236.6	226.9	220.5

Source: Agence France Trésor, DDCFP at 15 January 2020

Financing resources were provided by AFT's issuance of €245.6bn of medium- and long-term OATs. AFT also bought back €45.6bn in securities maturing in 2020 and 2021. The amount of debt issued, net of buybacks, came to €200bn, in accordance with the Initial Budget Act.

As yields remained at historic lows, large issuance premiums received in cash continued to boost other cash sources in 2019, which stood at €20.7bn, compared to the €3.5bn figure in the Initial Budget Act.

These cash sources were used to pay down short-term debt. The stock of outstanding BTFs was cut by €6bn. BTFs as a percentage of outstanding debt fell to 5.9% at the end of the year, which was the lowest level since 2000.

Treasury correspondents' deposits were up by €11.5bn compared to the end of 2018, instead of by €11.0bn, as projected in the Initial Budget Act. As a result of these changes, the amount of cash available in the Treasury's account at the end of the year was up by €5.7bn, in contrast to the decrease of €5.1bn projected in the Initial Budget Act.

The 2019 central government budget outturn shows that the Government met its objectives. The 2019 general government deficit will be announced at the end of March 2020 and incorporate the financial results of the social security administrations and local government.

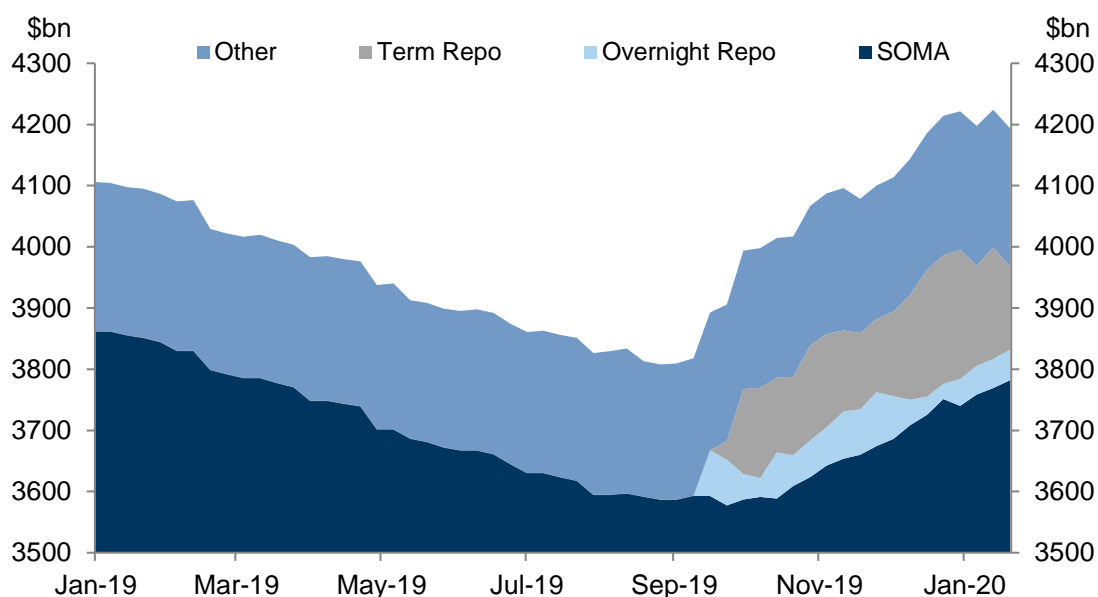
PULLBACK IN FED BALANCE SHEET WON'T DISRUPT FUNDING CONDITIONS

By William Marshall, Interest Rates Strategist at Goldman Sachs

The Fed's balance sheet grew \$400bn from its mid-September trough to the end of 2019. This was in response to the significant funding market volatility in September that pushed the Fed to undertake a combination of temporary open market operations (TOMOs, consisting of overnight and term repo) and permanent open market operations (POMOs, consisting of bill purchases) to boost the level of reserves and restore stability (Exhibit). In addition to the open market operations, the Fed made a technical adjustment to the foreign repo pool's rate that made the facility (the growth of which absorbs reserves) a less attractive option. In aggregate, reserves rose \$340bn from our estimate of the mid-September lows to the last week of December (with growth in other non-reserve liabilities eating into some of the Fed's liquidity injections).

Exhibit 1: The Fed's balance sheet grew by about \$400bn from the mid-September trough to the year-end peak before reversing somewhat to start 2020

Fed asset composition



Source: Goldman Sachs

Following the period of rapid growth into year-end, the balance sheet contracted by \$24bn in the first week of 2020. Some modest further reversal of the size of the Fed's balance sheet in Q1 is possible, but should not be any cause for alarm; rather, it would likely reflect further easing in funding conditions. Any drop in balance sheet size will take place on the back of shrinking TOMOs, driven by (offsetting) ongoing POMOs as well as improved dealer balance sheet elasticity now that year-end is in the rearview mirror. We think TOMOs outstanding should fall towards \$50bn (or less) by the end of Q1 (from \$255bn at year-end), which would be offset by \$180bn in T-bill purchases, leaving the Fed's balance sheet some \$25-50bn smaller on net this quarter. We expect reserves to rise as high as ~\$1.75tn during Q1, driven mainly by a decline in Treasury cash balances due to tax refund payments in February.

In the months ahead, the Fed will have decisions to make regarding the parameters of its liquidity injections that will impact the broader short-term rate complex. For TOMOs these will include adjustments to both the size and pricing of operations with the ultimate goal of moving away from active use of repo in supplying reserves. In terms of outright purchases, current Fed communication indicates that the \$60bn per month of purchases for reserve management will run "at least into Q2", which we read to suggest at least through mid-April. At that point we expect reserves will have durably reached the "ample" levels desired by the Fed, allowing the Fed to taper its outright purchases to a pace consistent with the growth of non-reserve liabilities, which we estimate to be \$10bn per month. For markets, the sum of the parts suggests broadly easier funding conditions that might benefit further from the possibility that the Fed makes some tweaks to rules or supervisory practices to address intermediation bottlenecks (we see this as a more likely step than a standing repo facility given Chair Powell's comments in December).

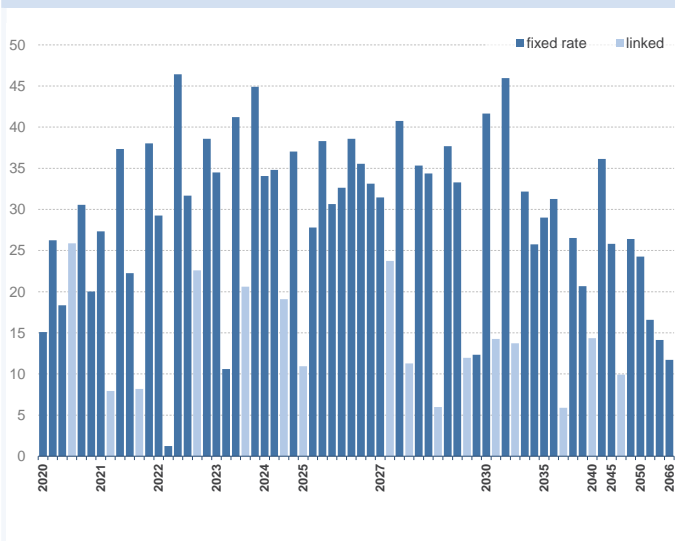
INDICATIVE AUCTION SCHEDULE

		Short-term					Medium-term	Long-term	Index-linked
February 2020	auction date	3	10	17	24	/	20	6	20
	settlement date	5	12	19	26	/	24	10	24
March 2020	auction date	2	9	16	23	30	19	5	19
	settlement date	4	11	18	25	01/04	23	9	23

Source: Agence France Trésor

MEDIUM- AND LONG-TERM NEGOTIABLE GOVERNMENT DEBT AT 31 DECEMBER 2019

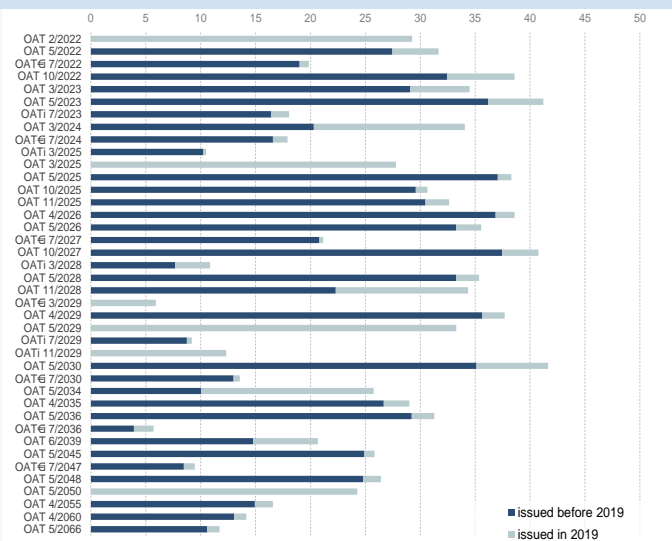
NOMINAL VALUE OF EACH LINE, IN € BILLION



Source: Agence France Trésor

MEDIUM- AND LONG-TERM: SECURITIES ISSUED DURING THE YEAR AND TOTAL ISSUANCE AT 31 DECEMBER 2019

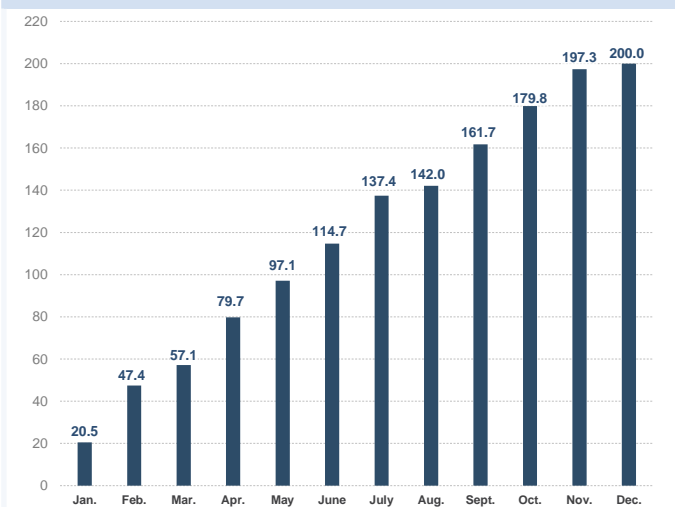
IN € BILLION



Source: Agence France Trésor

ISSUANCE NET OF BUYBACKS AT 31 DECEMBER 2019

IN € BILLION



Source: Agence France Trésor

MEDIUM- AND LONG-TERM: PROVISIONAL MATURITY SCHEDULE AT 31 DECEMBER 2019

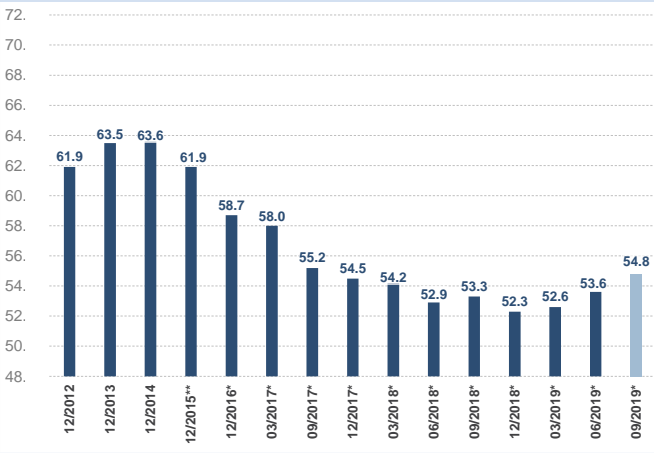
IN € BILLION

Month	Coupon	Redemption
Jan-20		
Feb-20		15.1
Mar-20	0.0	
Apr-20	12.4	26.3
May-20	7.0	18.3
Jun-20	0.4	
Jul-20	3.0	26.1
Aug-20		
Sep-20		
Oct-20	10.6	30.5
Nov-20	1.4	20.0
Dec-20		

Source: Agence France Trésor

NON-RESIDENT HOLDERS OF NEGOTIABLE GOVERNMENT DEBT IN THIRD QUARTER OF 2019

AS A % OF NEGOTIABLE DEBT OUTSTANDING
EXPRESSED IN MARKET VALUE

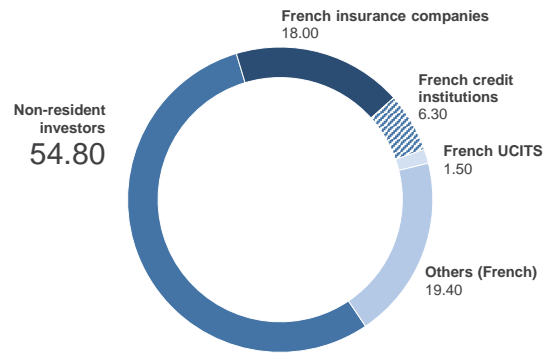


(*) figures quarterly revised

(**) figures annually revised

NEGOTIABLE GOVERNMENT DEBT BY GROUP OF HOLDERS IN THIRD QUARTER OF 2019

STRUCTURE IN % EXPRESSED IN MARKET VALUE



Source: Banque de France

NEGOTIABLE GOVERNMENT DEBT AT 31 DECEMBER 2019

IN EUROS

Total medium- and long-term debt	1,715,872,311,037
Total stripping activity	57,452,659,600
Average maturity	8 years and 242 days
Total short-term debt	106,933,000,000
Average maturity	108 days
Total outstanding	1,822,805,311,037
Average maturity	8 years and 63 days

Source: Agence France Trésor

NEGOTIABLE GOVERNMENT DEBT SINCE 2015 AT 31 DECEMBER 2019

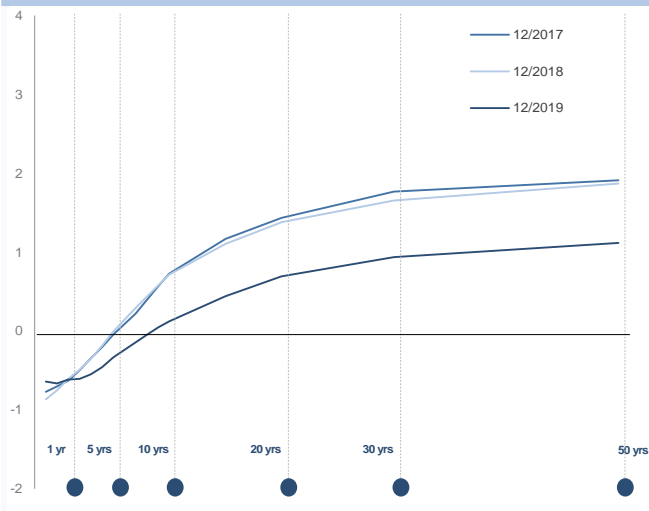
IN € BILLION

	End 2016	End 2017	End 2018	End Nov 2019	End Dec. 2019
Negotiable government debt outstanding	1,621	1,686	1,756	1,826	1,823
<i>of which index-linked securities</i>	<i>200</i>	<i>202</i>	<i>220</i>	<i>226</i>	<i>226</i>
Medium- and long-term	1,487	1,560	1,644	1,713	1,716
Short-term	134	126	113	113	107
Average maturity of the negotiable debt	7 years	7 years	7 years	8 years	8 years
	195 days	296 days	336 days	72 days	63 days

Source: Agence France Trésor

YIELD CURVE FOR FRENCH GOVERNMENT SECURITIES

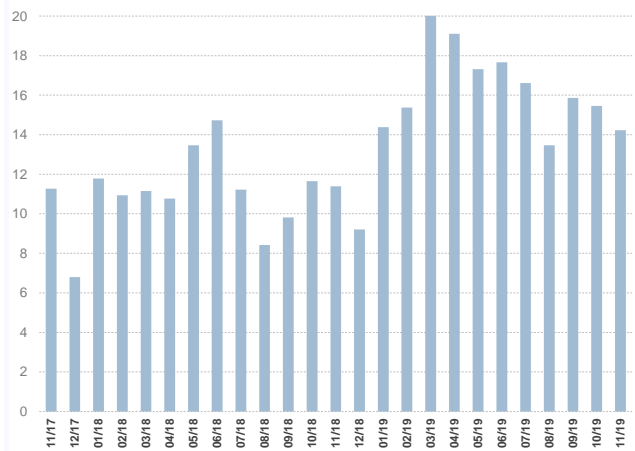
END-OF-MONTH VALUE, %



Source: Bloomberg

AVERAGE DAILY VOLUME OF MEDIUM- AND LONG-TERM TRANSACTIONS

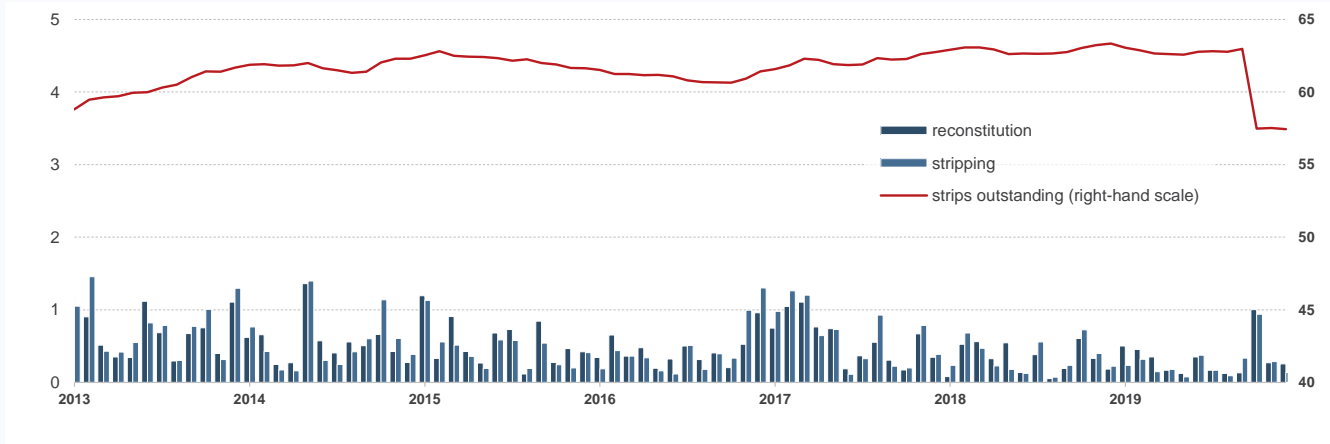
IN € BILLION



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

TOTAL STRIPPING AND RECONSTITUTION

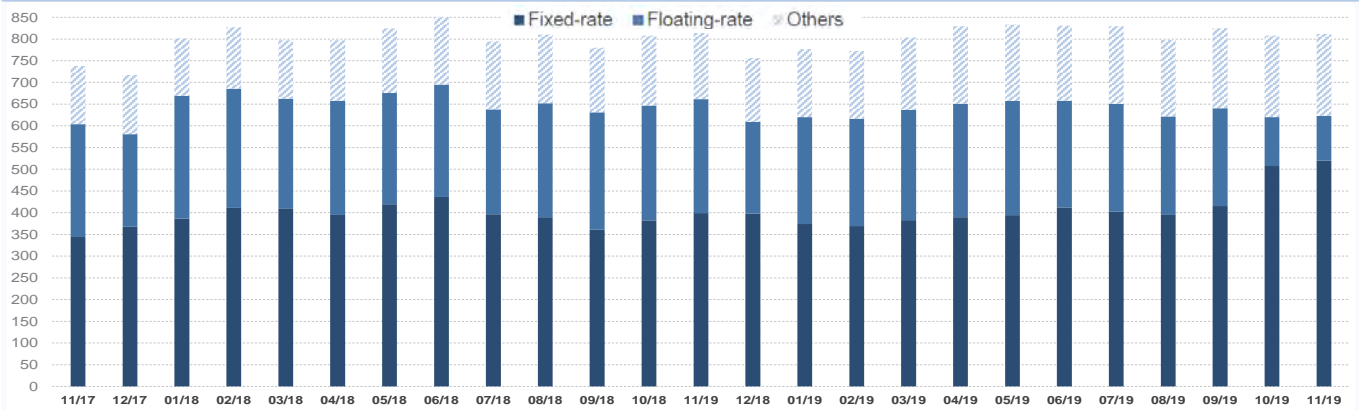
IN € BILLION



Source: Euroclear

PRIMARY DEALERS, REPO OUTSTANDING AT END OF MONTH

IN € BILLION



Source: reporting by primary dealers in government securities

SHORT-TERM DEBT AT 31 DECEMBER 2019

ISIN Code	Maturity	Outstanding(€)
FR0125375099	BTF 2 January 2020	4,991,000,000
FR0125848491	BTF 8 January 2020	5,192,000,000
FR0125692428	BTF 15 January 2020	5,122,000,000
FR0125848509	BTF 22 January 2020	5,533,000,000
FR0125375107	BTF 29 January 2020	4,440,000,000
FR0125848517	BTF 5 February 2020	5,337,000,000
FR0125692436	BTF 12 February 2020	4,184,000,000
FR0125848525	BTF 19 February 2020	5,438,000,000
FR0125375115	BTF 26 February 2020	4,483,000,000
FR0125848533	BTF 4 March 2020	5,551,000,000
FR0125692444	BTF 11 March 2020	4,480,000,000
FR0125533119	BTF 25 March 2020	5,811,000,000
FR0125848558	BTF 8 April 2020	4,008,000,000
FR0125533127	BTF 22 April 2020	4,897,000,000
FR0125848566	BTF 6 May 2020	3,275,000,000
FR0125533135	BTF 20 May 2020	4,669,000,000
FR0125533143	BTF 17 June 2020	4,616,000,000
FR0125692451	BTF 15 July 2020	5,158,000,000
FR0125692469	BTF 12 August 2020	5,267,000,000
FR0125692477	BTF 9 September 2020	4,087,000,000
FR0125848467	BTF 7 October 2020	5,263,000,000
FR0125848475	BTF 4 November 2020	5,131,000,000

MEDIUM- AND LONG-TERM DEBT (MATURING 2019-2022) AT 31 DECEMBER 2019

ISIN Code	Bond	Outstanding(€)	Ind. Coeff.	Face value(€)	Stripped(€)	CAC*
Maturity 2020		136,130,744,900				
FR0013232485	OAT 0.00% 25 February 2020	15,090,000,000			0	x
FR0010854182	OAT 3.50% 25 April 2020	26,261,000,000			0	
FR0012557957	OAT 0.00% 25 May 2020	18,332,000,000			0	x
FR0010050559	OAT€ 2.25% 25 July 2020	25,882,744,900 (1)	1.28069	20,210,000,000	0	
FR0010949651	OAT 2.50% 25 October 2020	30,547,000,000			0	
FR0012968337	OAT 0.25% 25 November 2020	20,018,000,000			3,000,000	x
Maturity 2021		141,086,952,080				
FR0013311016	OAT 0.00% 25 February 2021	27,342,000,000			0	x
FR0013140035	OAT€ 0.10% 1 March 2021	7,943,392,080 (1)	1.04988	7,566,000,000	0	x
FR0010192997	OAT 3.75% 25 April 2021	37,335,000,000			0	
FR0013157096	OAT 0.00% 25 May 2021	22,259,000,000			0	x
FR0011347046	OATi 0.10% 25 July 2021	8,191,560,000 (1)	1.05020	7,800,000,000	0	
FR0011059088	OAT 3.25% 25 October 2021	38,016,000,000			0	
Maturity 2022		169,769,381,960				
FR0013398583	OAT 0.00% 25 February 2022	29,253,000,000			0	x
FR0000571044	OAT 8.25% 25 April 2022	1,243,939,990			676,888,400	
FR0011196856	OAT 3.00% 25 April 2022	46,422,000,000			0	
FR0013219177	OAT 0.00% 25 May 2022	31,666,000,000			0	x
FR0010899765	OAT€ 1.10% 25 July 2022	22,602,441,970 (1)	1.13849	19,853,000,000	0	
FR0011337880	OAT 2.25% 25 October 2022	38,582,000,000			0	

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

(2) Including coupons capitalised at 31 December 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.

MEDIUM- AND LONG-TERM DEBT (MATURING IN 2024 AND BEYOND) AT 31 DECEMBER 2019

ISIN Code	Bond	Outstanding(€)	Ind. Coeff.	Face value(€)	Stripped(€)	CAC*
Maturity 2023		151 848 148 223				
FR0013283686	OAT 0.00% 25 March 2023	34 487 000 000			0	×
FR0000571085	OAT 8.50% 25 April 2023	10 606 195 903			5 388 665 200	
FR0011486067	OAT 1.75% 25 May 2023	41 220 000 000			0	×
FR0010585901	OATi 2.10% 25 July 2023	20 616 952 320 (1)	1,14234	18 048 000 000	0	
FR0010466938	OAT 4.25% 25 October 2023	44 918 000 000			445 085 000	
Maturity 2024		125 007 341 850				
FR0013344751	OAT 0.00% 25 March 2024	34 068 000 000			0	×
FR0011619436	OAT 2.25% 25 May 2024	34 810 000 000			0	×
FR0011427848	OAT€i 0.25% 25 July 2024	19 104 341 850 (1)	1,06615	17 919 000 000	0	×
FR0011962398	OAT 1.75% 25 November 2024	37 025 000 000			42 000 000	×
Maturity 2025		140 327 278 038				
FR0012558310	OATi 0.10% 1 March 2025	10 941 349 920 (1)	1,04124	10 508 000 000	0	×
FR0013415627	OAT 0.00% 25 March 2025	27 797 000 000			0	×
FR0012517027	OAT 0.50% 25 May 2025	38 297 000 000			0	×
FR0000571150	OAT 6.00% 25 October 2025	30 653 928 118			2 836 964 400	
FR0012938116	OAT 1.00% 25 November 2025	32 638 000 000			0	×
Maturity 2026		107 269 000 000				
FR0010916924	OAT 3.50% 25 April 2026	38 595 000 000			0	
FR0013131877	OAT 0.50% 25 May 2026	35 550 000 000			0	×
FR0013200813	OAT 0.25% 25 November 2026	33 124 000 000			0	×
Maturity 2027		95 944 462 000				
FR0013250560	OAT 1.00% 25 May 2027	31 451 000 000			0	×
FR0011008705	OAT€i 1.85% 25 July 2027	23 740 462 000 (1)	1,12195	21 160 000 000	0	
FR0011317783	OAT 2.75% 25 October 2027	40 753 000 000			53 043 600	
Maturity 2028		81 015 962 911				
FR0013238268	OATi 0.10% 1 March 2028	11 285 851 500 (1)	1,03950	10 857 000 000	0	×
FR0000571226	OAT zero coupon 28 March 2028	28 111 411 (3)		46 232 603	-	
FR0013286192	OAT 0.75% 25 May 2028	35 344 000 000			0	×
FR0013341682	OAT 0.75% 25 November 2028	34 358 000 000			0	×
Maturity 2029		101 224 385 895				
FR0013410552	OAT€i 0.10% 1 March 2029	5 973 967 960 (1)	1,01014	5 914 000 000	0	×
FR0000571218	OAT 5.50% 25 April 2029	37 680 880 458			2 500 846 100	
FR0013407236	OAT 0.50% 25 May 2029	33 281 000 000			0	×
FR0000186413	OATi 3.40% 25 July 2029	11 961 537 477 (1)	1,30227	9 185 144 000	0	
FR0013451507	OAT 0.00% 25 November 2029	12 327 000 000			0	×
Maturity 2030		55 910 064 650				
FR0011883966	OAT 2.50% 25 May 2030	41 642 000 000			0	×
FR0011982776	OAT€i 0.70% 25 July 2030	14 268 064 650 (1)	1,05245	13 557 000 000	0	×
Maturity 2031		45 948 000 000				
FR0012993103	OAT 1.50% 25 May 2031	45 948 000 000			53 500 000	×
Maturity 2032		45 897 418 600				
FR0000188799	OAT€i 3.15% 25 July 2032	13 735 096 000 (1)	1,29760	10 585 000 000	0	
FR0000187635	OAT 5.75% 25 October 2032	32 162 322 600			10 942 757 400	
Maturity in 2033 and beyond		318 493 169 930				
FR0013313582	OAT 1.25% 25 May 2034	25 759 000 000			0	×
FR0010070060	OAT 4.75% 25 April 2035	29 004 000 000			4 583 637 000	
FR0013154044	OAT 1.25% 25 May 2036	31 286 000 000			0	×
FR0013327491	OAT€i 0.10% 25 July 2036	5 878 834 600 (1)	1,03228	5 695 000 000	0	×
FR0010371401	OAT 4.00% 25 October 2038	26 534 000 000			4 713 941 400	
FR0013234333	OAT 1.75% 25 June 2039	20 677 000 000			0	×
FR0010447367	OAT€i 1.80% 25 July 2040	14 360 174 530 (1)	1,20199	11 947 000 000	0	
FR0010773192	OAT 4.50% 25 April 2041	36 152 000 000			6 325 599 000	
FR0011461037	OAT 3.25% 25 May 2045	25 824 000 000			1 409 010 000	×
FR0013209871	OAT€i 0.10% 25 July 2047	9 909 160 800 (1)	1,04748	9 460 000 000	0	×
FR0013257524	OAT 2.00% 25 May 2048	26 409 000 000			704 100 000	×
FR0013404969	OAT 1.50% 25 May 2050	24 265 000 000			138 600 000	×
FR0010171975	OAT 4.00% 25 April 2055	16 583 000 000			8 371 118 000	
FR0010870956	OAT 4.00% 25 April 2060	14 140 000 000			7 550 304 100	
FR0013154028	OAT 1.75% 25 May 2066	11 712 000 000			713 600 000	×

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

(3) Revised on 28 March 2019, 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	0.5%	Nov. 2019
Household consumption*, year-on-year	0.3%	Oct. 2019
Unemployment rate (ILO)	8.6%	Q3-2019
Consumer prices, year-on-year		
• all items	1.5%	Dec. 2019
• all items excluding tobacco	1.2%	Dec. 2019
Trade balance, fob-fob, sa (€bn)	-€5.6bn	Nov. 2019
" "	-€4.9bn	Oct. 2019
Current account balance, sa (€bn)	€0.5bn	Nov. 2019
" "	-€2.1bn	Oct. 2019
10-year constant maturity rate (TEC10)	-0.12%	29 Jan. 2020
3-month interest rate (Euribor)	-0.40%	27 Jan. 2020
EUR / USD	1.10	29 Jan. 2020
EUR / JPY	120.06	29 Jan. 2020

MONTHLY GOVERNMENT BUDGET POSITION

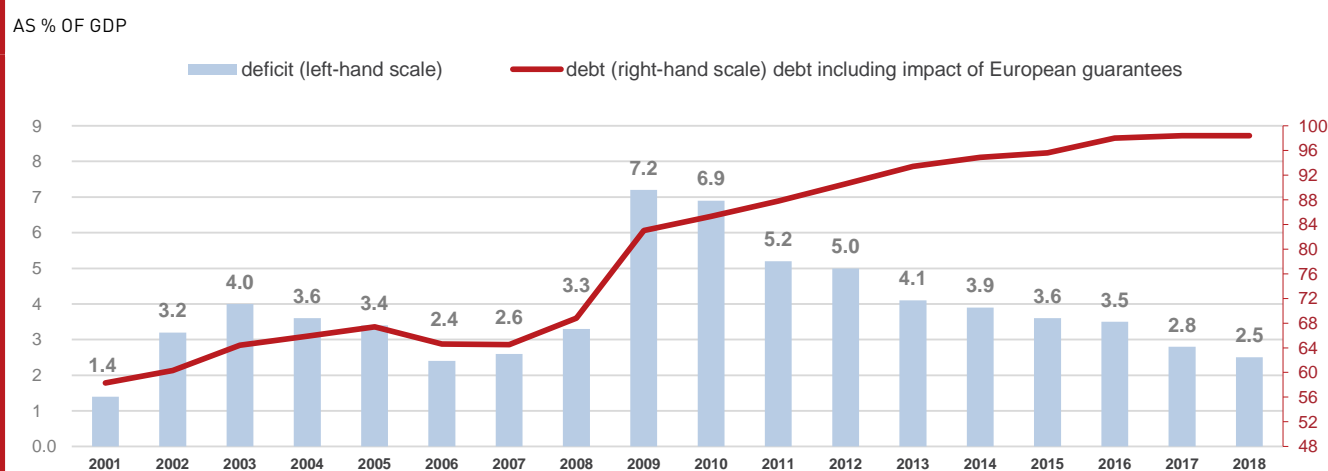
	end of November level				
	2017	2018	2017	2018	2019
General budget balance	-73.35	-76.91	-74.77	-88.88	-109.72
Revenue	313.59	313.77	280.50	272.21	256.39
Expenditure	386.94	390.69	355.27	361.10	366.11
Balance of special Treasury accounts	5.53	0.82	-9.98	-6.76	-4.21
General budget outturn	-67.67	-76.00	-84.75	-95.64	-113.93

* manufactured products

Source: Ministry of Public Action and Accounts

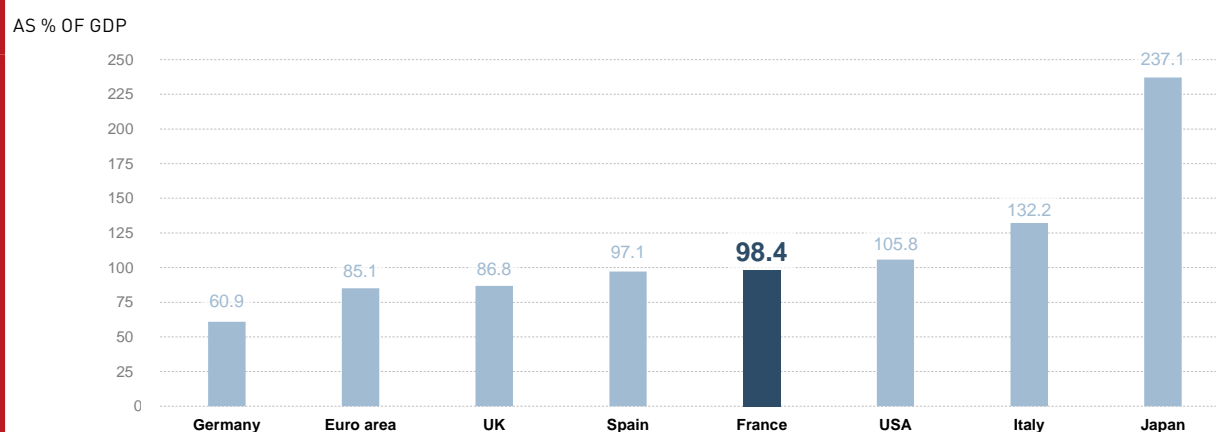
Sources: Insee, Minefi, Banque de France

PUBLIC FINANCES: DEFICIT AND DEBT



Source: Insee


GENERAL GOVERNMENT DEBT IN 2018



Sources: Eurostat, FMI, Insee

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7 Industrial production: December index	7 Foreign trade by value in December	7 Flash estimate of payroll employment: Q4-2019	7 Balance of payments in December	14 Net international reserves in December	20 Consumer prices: January index
21 Inflation (HICP): January index	25 Monthly business survey (goods-producing industries) in February	26 Consumer confidence survey: February survey	28 Industrial producer and import price: January indices	28 Household consumption expenditure on goods in January	

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6 Foreign trade by value in January	6 Balance of payments in January	10 Industrial production: January index	13 Net international reserves in February	13 Consumer prices: February index	18 Inflation (HICP) : February index
26 Debt of the general government according to Maastricht definition Q4 2019	26 Monthly business survey (goods-producing industries) in March	27 Consumer confidence survey: March survey	31 Industrial producer and import price: February indices	31 Household consumption expenditure on goods in February	

Sources: Insee, Eurostat

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