

N°359
APRIL
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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News at Agence France Trésor

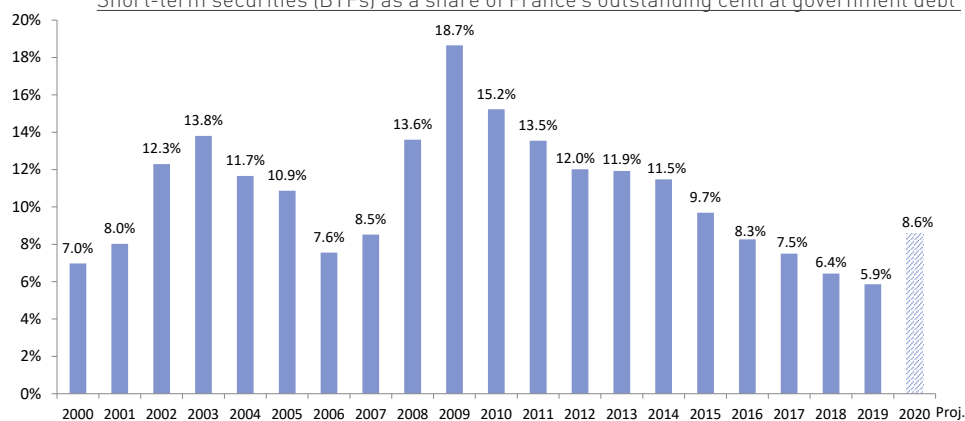
ASSESSMENT OF CENTRAL GOVERNMENT FINANCING FOLLOWING THE PRESENTATION OF THE SECOND REVISED BUDGET ACT FOR 2020

The second revised Budget Act for 2020 was promulgated on 25 April for the purpose of funding the government's measures to address the coronavirus crisis and its economic impact. Under the terms of this second revised Budget Act, the central government borrowing requirement will rise by €78.5bn compared to the amount set out in the first revised Budget Act for 2020. The new borrowing requirement will stand at €324.6bn, of which €185.5bn will go to financing the deficit, as compared to €109.0bn under the first revised Budget Act.

In € billion	2020 Initial Budget Act	2020 Revised Budget Act 1	2020 Revised Budget Act 2
Financing requirements			
Redemption of medium- and long-term	136.4	136.4	136.2
Redemption of medium- and long-term debt (at nominal value)	130.5	130.5	130.5
Supplementary payments at maturity on inflation-linked bonds	5.9	5.9	5.7
Redemption of other debts	0.5	0.5	0.5
SNCF Réseau - redemption	1.8	1.7	1.7
Deficit to be financed	93.1	109.0	185.5
Other cash requirements	-1.3	-1.5	-1.5
Total	230.5	246.1	324.6
Financing resources			
Issuance of medium- and long-term debt net of buybacks	205.0	210.0	245.0
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	10.0	27.5	64.1
Change in correspondents' deposits	6.4	0.0	0.0
Change in cash available in the Treasury's account	3.6	4.1	9.0
Other cash sources	3.5	4.5	6.5
Total	230.5	246.1	324.6

Compared to the first revised Budget Act for 2020, the larger borrowing requirement will be met by (i) increasing issuance of medium- and long-term debt net of buybacks by €35bn, (ii) raising the outstanding amount of short-term Treasury securities (BTFs) by €36.6bn and (iii) withdrawing a further €4.9bn in cash from the Treasury's account. As was the case during the 2008-2009 financial crisis, short-term borrowing (BTFs) will increase to cover most of the cost of the economic support measures, rising by a total of €64.1bn in 2020. The outstanding amount of short-term debt securities has been reduced significantly since the end of the financial crisis, both as a share of outstanding debt (see chart) and in absolute terms. Such borrowing shrank from €200bn at the end of 2009 to €107bn at the end of 2019. Consequently, the financial capacity to absorb the impact of a crisis had been fully reconstituted.

Short-term securities (BTFs) as a share of France's outstanding central government debt



AFT's gross issuance of medium- and long-term debt (OATs) came to €246bn in 2019, and issuance net of buybacks came to €200bn. AFT is not under any constraint to buy back securities. Its buybacks came to less than €3bn in the first quarter of 2020. Therefore, achieving the planned net issuance of €245bn in 2020 does not necessarily require a much greater amount of gross issuance than in 2019. Furthermore, investor demand will be closely monitored to ensure that issuance operations are successful and that the central government's cost of borrowing remains low. As of the end of April 2020, France had issued €97.9bn in medium- and long-term debt under exceptional borrowing terms. The weighted average yield since the beginning of 2020 stood at -0.07%, continuing the negative trend seen since the third quarter of 2019.

AN 8% GDP CONTRACTION FORECAST IN 2020

Presentation of the new economic scenario drafted by the second Revised Budget Act by the Directorate General of the Treasury and AFT

In the Revised Budget Bill submitted to the National Assembly on 15 April 2020, the government assumes that the measures restricting activity and movements imposed in France by the coronavirus will be maintained for a total of eight weeks. It also assumes that our main partners would adopt measures of commensurable duration and scope, with similar economic effects. The French economy would be strongly affected in the first half of 2020 by the Covid-19 epidemic and its recovery would only be gradual after the end of the period of strict health restrictions.

Overall, GDP would decline by 8% in 2020. CPI inflation would fall to +0.5% in 2020, after +1.1% in 2019, on the back of energy prices. However, these forecasts remain highly uncertain, depending in particular on the nature and duration of the measures taken to fight the epidemic, developments in the international environment and the speed at which domestic consumption catches up.

Leading indicators point to a very marked slowdown in activity. In March, the PMI index recorded its sharpest contraction since the survey was created, and the trend continued in April. The INSEE business climate indicators began to deteriorate in March and experienced a fall of unprecedented magnitude in April. The 15% drop in electricity consumption in the second half of March compared with the same period in 2018 and 2019 and the nearly 72% decline in new passenger car registrations year-on-year in March both illustrate the importance of the shock.

In addition to the sectors shut down by decree (restaurants, non-essential shops), some others are forced to reduce their supply in the face of a significant fall in demand, particularly in the transport, hotel and automotive sectors. At the same time, other branches are facing a supply shock. Some report labour shortages, for example in agriculture, where seasonal workers would face difficulties to travel, in the food industry, or in the construction industry, in connection with the need to define and provide ex-ante sufficient protection measures for employees. Supply difficulties would also affect production, as reported in particular in the agricultural and automotive sectors. Conversely, some sectors, such as distribution, chemicals, health and personal assistance, are experiencing peaks in activity and are under great strain. Finally, the rapidity of the crisis has pushed most employees in the tertiary sector to work from home, in an improvised way.

As a result of the restrictive measures, household consumption would be severely constrained in the first half of the year, leading to excess savings. Even taking into account the fall in inflation, household purchasing power would decline due to the fall in earned income for employees and self-employed. The support measures implemented by the government, combined with the tax measures already planned, would, however, make it possible to cushion the shock on incomes. In the second half of the year, they would contribute to a gradual rebound in consumption. Also, household investment would fall sharply in 2020, penalised by the almost complete standstill in construction during the period of application of the restrictive measures.

Business investment would also fall, affected by the high level of uncertainty and the decline in activity. The measures taken by the ECB and the government would, however, limit the severity and duration of the negative effects of the decline in activity on the financial situation and investment capacity of companies. In addition, the decline in oil prices would support their margins when business picks up. Furthermore, as often in periods of sharp slowdown, companies would respond to a large part of demand by running down inventories in 2020, something that would weigh on growth. This destocking may also reflect supply constraints due to the restrictive measures and the disruption of global production chains.

On the trade side, exports would decline in line with the slump in activity of our euro area partners and the rest of the world. However, imports would also fall sharply, owing to lower domestic demand.


Forecasts for France

Average annual % change, contributions in GDP points	2019*	2020
Gross domestic product (working day adjusted)	1.3	-8.0
Household final consumption	1.2	-10.0
GFCF of non-financial corporations	4.3	-17.0
Imports	2.2	-13.4
Exports	1.9	-12.9
Contribution of domestic demand (excl. stocks)	1.8	-7.3
Contribution of changes in stocks	-0.4	-1.0
Contribution of external trade	-0.1	0.2
CPI	1.1	0.5

*Quarterly national accounts (detailed results for Q4 2019)

INDICATIVE AUCTION SCHEDULE

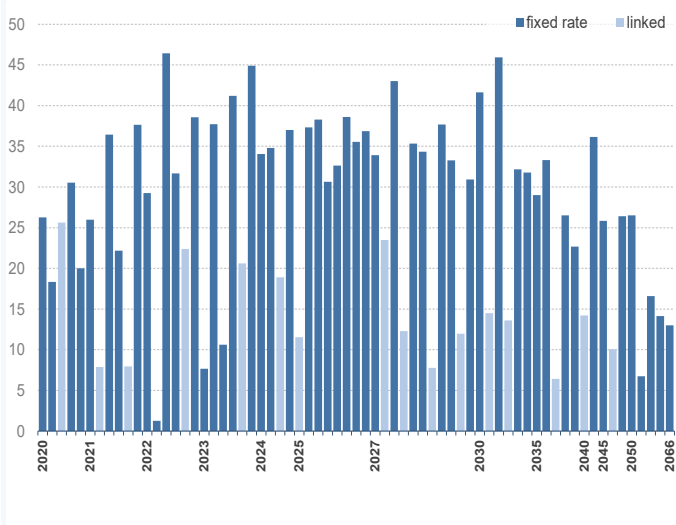
		Short-term					Medium-term	Long-term	Index-linked
May 2020	auction date	4	11	18	25	/	20	7	20
	settlement date	6	13	20	27	/	25	11	25
June 2020	auction date	2	8	15	22	29	18	4	18
	settlement date	4	10	17	24	1/07	22	11	22

 anticipated or delayed (bank holidays, etc.)

Source: Agence France Trésor

MEDIUM- AND LONG-TERM NEGOTIABLE GOVERNMENT DEBT AT 31 MARCH 2020

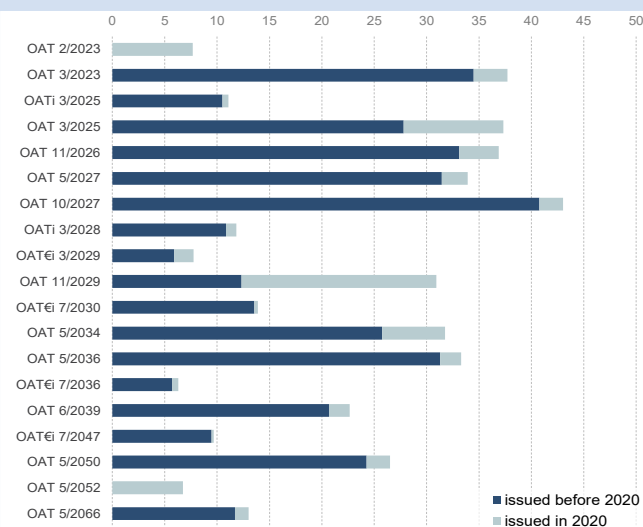
NOMINAL VALUE OF EACH LINE, IN € BILLION



Source: Agence France Trésor

MEDIUM- AND LONG-TERM: SECURITIES ISSUED DURING THE YEAR AND TOTAL ISSUANCE AT 31 MARCH 2020

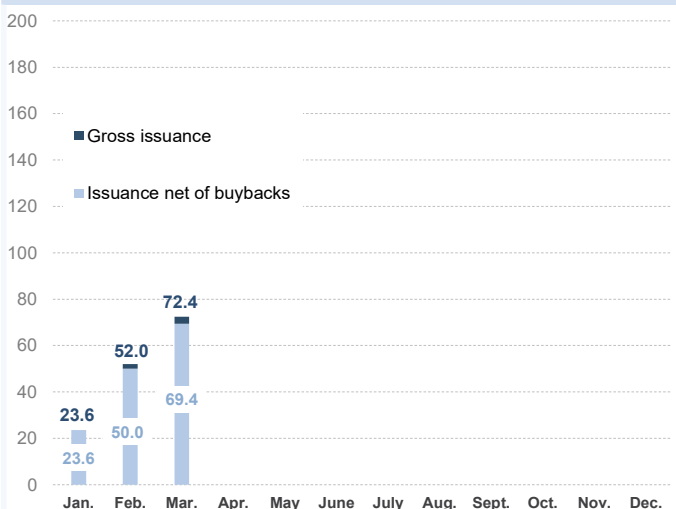
IN € BILLION



Source: Agence France Trésor

ISSUANCE AT 31 MARCH 2020

IN € BILLION



Source: Agence France Trésor

MEDIUM- AND LONG-TERM: PROVISIONAL MATURITY SCHEDULE AT 31 MARCH 2020

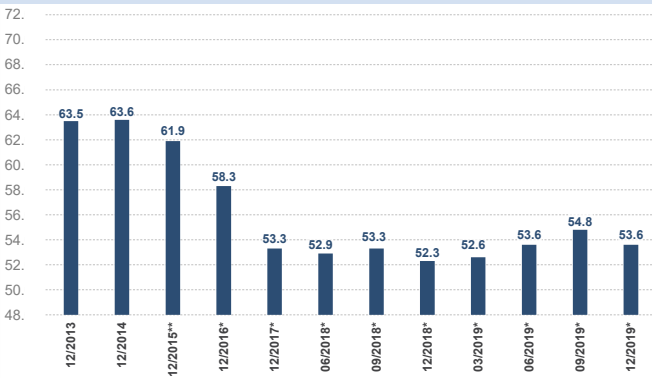
IN € BILLION

Month	Coupon	Redemption
Apr-20	12.3	26.3
May-20	7.2	18.3
Jun-20	0.4	
Jul-20	3.0	25.8
Aug-20		
Sep-20		
Oct-20	10.7	30.5
Nov-20	1.4	20.0
Dec-20		
Jan-21		
Feb-21		26.0
Mar-21	0.0	8.0

Source: Agence France Trésor

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

AS A % OF NEGOTIABLE DEBT OUTSTANDING
EXPRESSED IN MARKET VALUE

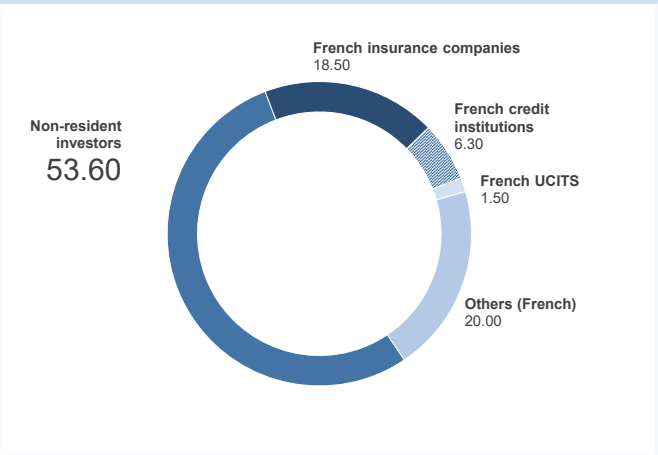


(*) figures quarterly revised

(**) figures annually revised

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

STRUCTURE IN % EXPRESSED IN MARKET VALUE



Source: Banque de France

NEGOTIABLE GOVERNMENT DEBT AT 31 MARCH 2020

IN EUROS

Total medium- and long-term debt	1,768,585,007,828
Total stripping activity	57,274,359,600
Average maturity	8 years and 235 days
Total short-term debt	104,153,000,000
Average maturity	113 days
Total outstanding	1,872,738,007,828
Average maturity	8 years and 66 days

Source: Agence France Trésor

NEGOTIABLE GOVERNMENT DEBT SINCE 2017 AT 31 MARCH 2020

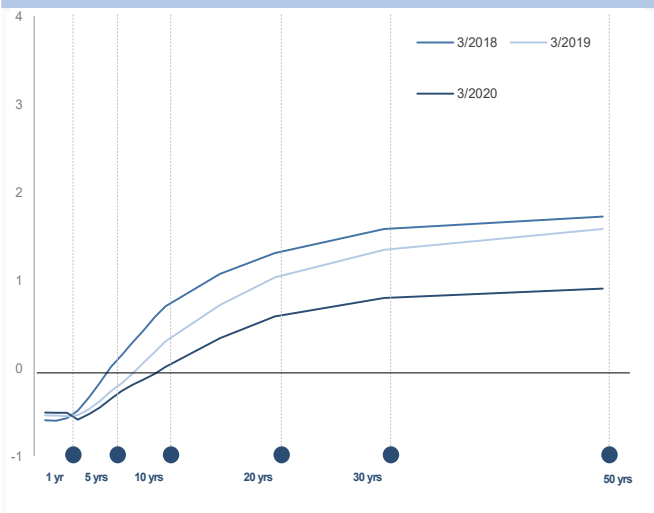
IN € BILLION

	End 2017	End 2018	End 2019	End Feb. 2020	End Mar. 2020
Negotiable government debt outstanding	1,686	1,756	1,823	1,848	1,873
<i>of which index-linked securities</i>	202	220	226	231	229
Medium- and long-term	1,560	1,644	1,716	1,751	1,769
Short-term	126	113	107	97	104
Average maturity of the negotiable debt	7 years	7 years	8 years	8 years	8 years
	296 days	336 days	63 days	95 days	66 days

Source: Agence France Trésor

YIELD CURVE FOR FRENCH GOVERNMENT SECURITIES

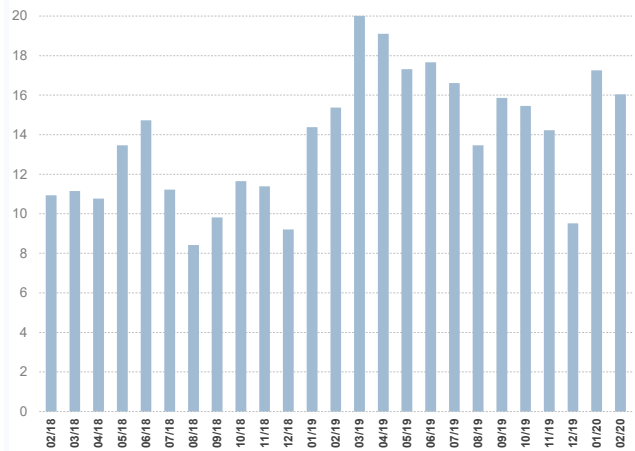
END-OF-MONTH VALUE, %



Source: Bloomberg

AVERAGE DAILY VOLUME OF MEDIUM- AND LONG-TERM TRANSACTIONS

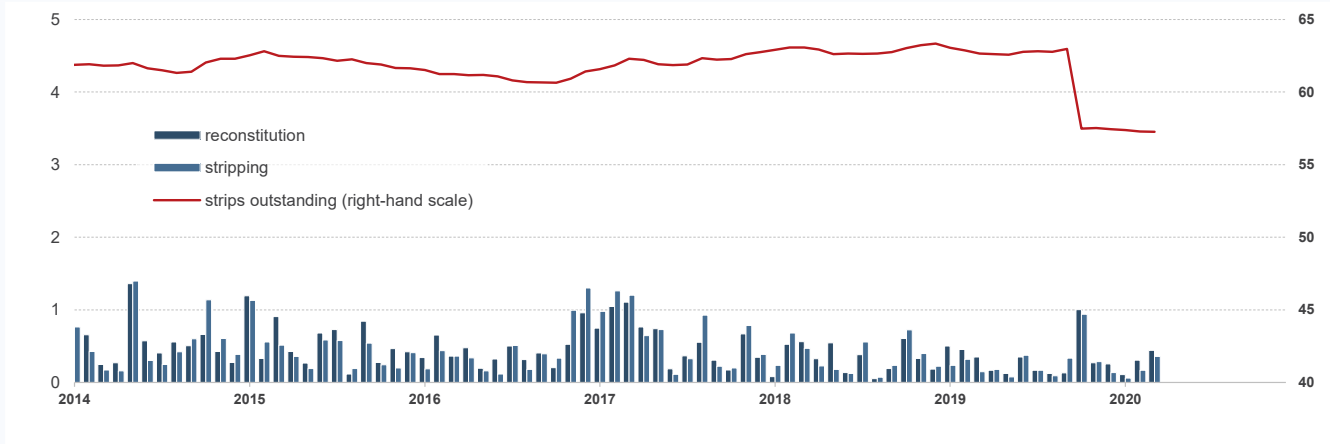
IN € BILLION



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

TOTAL STRIPPING AND RECONSTITUTION

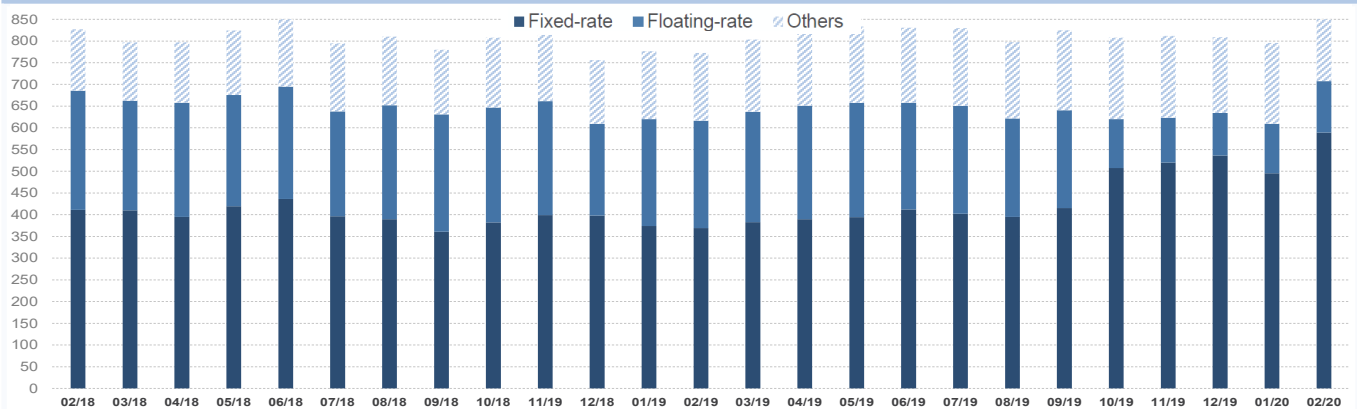
IN € BILLION



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 MARCH 2020

ISIN Code	Maturity	Outstanding(€)
FR0125848558	BTF 8 April 2020	6,503,000,000
FR0125848582	BTF 16 April 2020	4,595,000,000
FR0125533127	BTF 22 April 2020	4,897,000,000
FR0125848590	BTF 29 April 2020	5,032,000,000
FR0125848566	BTF 6 May 2020	3,275,000,000
FR0125848608	BTF 13 May 2020	5,095,000,000
FR0125533135	BTF 20 May 2020	4,669,000,000
FR0125848616	BTF 27 May 2020	4,936,000,000
FR0125848624	BTF 10 June 2020	5,611,000,000
FR0125533143	BTF 17 June 2020	5,561,000,000
FR0125848632	BTF 24 June 2020	2,999,000,000
FR0125848640	BTF 1 July 2020	4,850,000,000
FR0125692451	BTF 15 July 2020	5,158,000,000
FR0125848657	BTF 29 July 2020	4,156,000,000
FR0125692469	BTF 12 August 2020	5,267,000,000
FR0125848665	BTF 26 August 2020	2,792,000,000
FR0125692477	BTF 9 September 2020	4,087,000,000
FR0125848467	BTF 7 October 2020	6,160,000,000
FR0125848475	BTF 4 November 2020	5,688,000,000
FR0125848483	BTF 2 December 2020	3,979,000,000
FR0125848673	BTF 27 January 2021	3,624,000,000
FR0125848681	BTF 24 February 2021	5,219,000,000

MEDIUM- AND LONG-TERM DEBT (MATURING 2020-2023) AT 31 MARCH 2020

ISIN Code	Bond	Outstanding(€)	Ind. Coeff.	Face value(€)	Stripped(€)	CAC*
Maturity 2020		120,777,206,500				
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€i 2.25% 25 July 2020	25,619,206,500 (1)	1.26765	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		138,005,977,190				
FR0013311016	OAT 0.00% 25 February 2021	25,982,000,000			0	x
FR0013140035	OAT€i 0.10% 1 March 2021	7,862,511,540 (1)	1.03919	7,566,000,000	0	x
FR0010192997	OAT 3.75% 25 April 2021	36,430,000,000			0	
FR0013157096	OAT 0.00% 25 May 2021	22,159,000,000			0	x
FR0011347046	OATi 0.10% 25 July 2021	7,931,465,650 (1)	1.04983	7,555,000,000	0	
FR0011059088	OAT 3.25% 25 October 2021	37,641,000,000			0	
Maturity 2022		169,539,285,690				
FR0013398583	OAT 0.00% 25 February 2022	29,253,000,000			0	x
FR0000571044	OAT 8.25% 25 April 2022	1,243,939,990			629,888,400	
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€i 1.10% 25 July 2022	22,372,345,700 (1)	1.12690	19,853,000,000	0	
FR0011337880	OAT 2.25% 25 October 2022	38,582,000,000			0	
Maturity 2023		162,734,748,543				
FR0013479102	OAT 0.00% 25 February 2023	7,668,000,000			0	x
FR0013283686	OAT 0.00% 25 March 2023	37,713,000,000			0	x
FR0000571085	OAT 8.50% 25 April 2023	10,606,195,903			5,393,665,200	
FR0011486067	OAT 1.75% 25 May 2023	41,220,000,000			0	x
FR0010585901	OATi 2.10% 25 July 2023	20,609,552,640 (1)	1.14193	18,048,000,000	0	
FR0010466938	OAT 4.25% 25 October 2023	44,918,000,000			450,085,000	

(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 MARCH 2020

ISIN Code	Bond	Outstanding(€)	Ind. Coeff.	Face value(€)	Stripped(€)	CAC*
Maturity 2024		124 812 920 700				
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	18 909 920 700 (1)	1,05530	17 919 000 000	0	×
FR0011962398	OAT 1.75% 25 November 2024	37 025 000 000			42 000 000	×
Maturity 2025		150 458 106 378				
FR0012558310	OATi 0.10% 1 March 2025	11 544 178 260 (1)	1,04086	11 091 000 000	0	×
FR0013415627	OAT 0.00% 25 March 2025	37 325 000 000			0	×
FR0012517027	OAT 0.50% 25 May 2025	38 297 000 000			0	×
FR0000571150	OAT 6.00% 25 October 2025	30 653 928 118			2 831 064 400	
FR0012938116	OAT 1.00% 25 November 2025	32 638 000 000			0	×
Maturity 2026		111 020 000 000				
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	36 875 000 000			0	×
Maturity 2027		100 442 603 200				
FR0013250560	OAT 1.00% 25 May 2027	33 924 000 000			0	×
FR0011008705	OAT€i 1.85% 25 July 2027	23 498 603 200 (1)	1,11052	21 160 000 000	0	
FR0011317783	OAT 2.75% 25 October 2027	43 020 000 000			54 043 600	
Maturity 2028		82 022 538 770				
FR0013238268	OATi 0.10% 1 March 2028	12 290 829 640 (1)	1,03913	11 828 000 000	0	×
FR0000571226	OAT zero coupon 28 March 2028	29 709 130 (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		121 615 100 917				
FR0013410552	OAT€i 0.10% 1 March 2029	7 768 000 000 (1)	0,99985	7 768 000 000	0	×
FR0000571218	OAT 5.50% 25 April 2029	37 680 880 458			2 507 846 100	
FR0013407236	OAT 0.50% 25 May 2029	33 281 000 000			0	×
FR0000186413	OATi 3.40% 25 July 2029	11 957 220 459 (1)	1,30180	9 185 144 000	0	
FR0013451507	OAT 0.00% 25 November 2029	30 928 000 000			0	×
Maturity 2030		56 118 019 040				
FR0011883966	OAT 2.50% 25 May 2030	41 642 000 000			0	×
FR0011982776	OAT€i 0.70% 25 July 2030	14 476 019 040 (1)	1,04174	13 896 000 000	0	×
Maturity 2031		45 948 000 000				
FR0012993103	OAT 1.50% 25 May 2031	45 948 000 000			51 900 000	×
Maturity 2032		45 757 590 750				
FR0000188799	OAT€i 3.15% 25 July 2032	13 595 268 150 (1)	1,28439	10 585 000 000	0	
FR0000187635	OAT 5.75% 25 October 2032	32 162 322 600			10 919 757 400	
Maturity in 2033 and beyond		339 332 910 150				
FR0013313582	OAT 1.25% 25 May 2034	31 774 000 000			0	×
FR0010070060	OAT 4.75% 25 April 2035	29 004 000 000			4 567 437 000	
FR0013154044	OAT 1.25% 25 May 2036	33 300 000 000			0	×
FR0013327491	OAT€i 0.10% 25 July 2036	6 435 107 460 (1)	1,02177	6 298 000 000	0	×
FR0010371401	OAT 4.00% 25 October 2038	26 534 000 000			4 684 941 400	
FR0013234333	OAT 1.75% 25 June 2039	22 659 000 000			0	×
FR0010447367	OAT€i 1.80% 25 July 2040	14 213 943 250 (1)	1,18975	11 947 000 000	0	
FR0010773192	OAT 4.50% 25 April 2041	36 152 000 000			6 161 899 000	
FR0011461037	OAT 3.25% 25 May 2045	25 824 000 000			1 409 010 000	×
FR0013209871	OAT€i 0.10% 25 July 2047	10 048 859 440 (1)	1,03682	9 692 000 000	0	×
FR0013257524	OAT 2.00% 25 May 2048	26 409 000 000			689 900 000	×
FR0013404969	OAT 1.50% 25 May 2050	26 515 000 000			103 600 000	×
FR0013480613	OAT 0.75% 25 May 2052	6 744 000 000			0	×
FR0010171975	OAT 4.00% 25 April 2055	16 583 000 000			8 338 118 000	
FR0010870956	OAT 4.00% 25 April 2060	14 140 000 000			7 520 304 100	
FR0013154028	OAT 1.75% 25 May 2066	12 997 000 000			915 900 000	×

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

(3) Revised on 28 March 2020, 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	-2.4%	Feb. 2020
Household consumption*, year-on-year	-22.4%	Mar. 2020
Unemployment rate (ILO)	8.1%	Q4-2019
Consumer prices, year-on-year		
• all items	0.7%	Mar. 2020
• all items excluding tobacco	0.4%	Mar. 2020
Trade balance, fob-fob, sa (€bn)	-€5.5bn	Feb. 2020
" "	-€5.0bn	Jan. 2020
Current account balance, sa (€bn)	-€3.8bn	Feb. 2020
" "	-€3.1bn	Jan. 2020
10-year constant maturity rate (TEC10)	0.00%	29 Apr. 2020
3-month interest rate (Euribor)	-0.23%	28 Apr. 2020
EUR / USD	1.09	29 Apr. 2020
EUR / JPY	116.01	29 Apr. 2020

MONTHLY GOVERNMENT BUDGET POSITION

			end of February level		
	2018	2019	2018	2019	2020
General budget balance	-76.91	-96.91	-14.34	-27.44	-24.83
Revenue	313.79	301.07	48.93	36.65	40.01
Expenditure	390.69	397.98	63.28	64.09	64.84
Balance of special Treasury accounts	0.82	4.08	-14.14	-9.46	-10.38
General budget outturn	-76.00	-92.84	-28.48	-36.90	-35.21

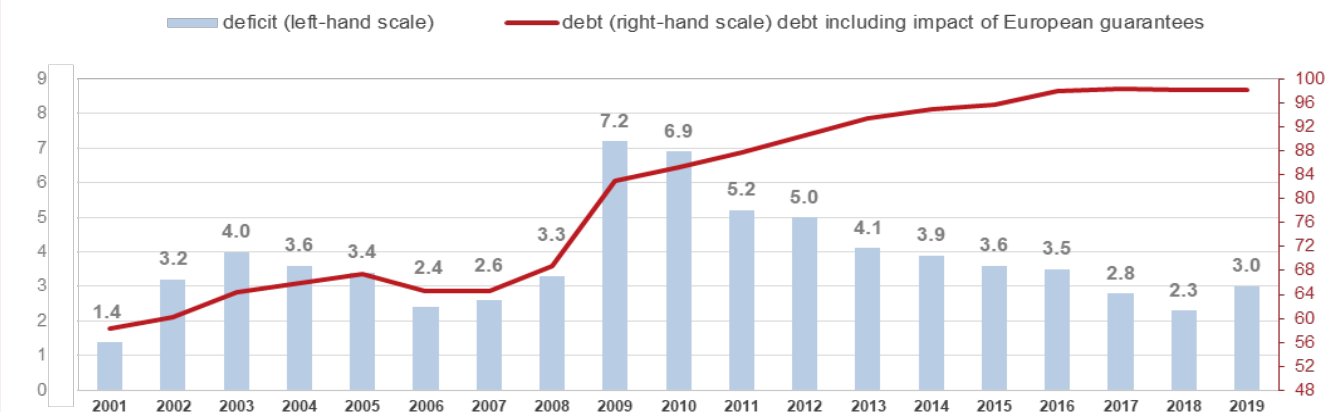
* manufactured products

Sources: Insee, Minefi, Banque de France

Source: Ministry of Public Action and Accounts

PUBLIC FINANCES: DEFICIT AND DEBT

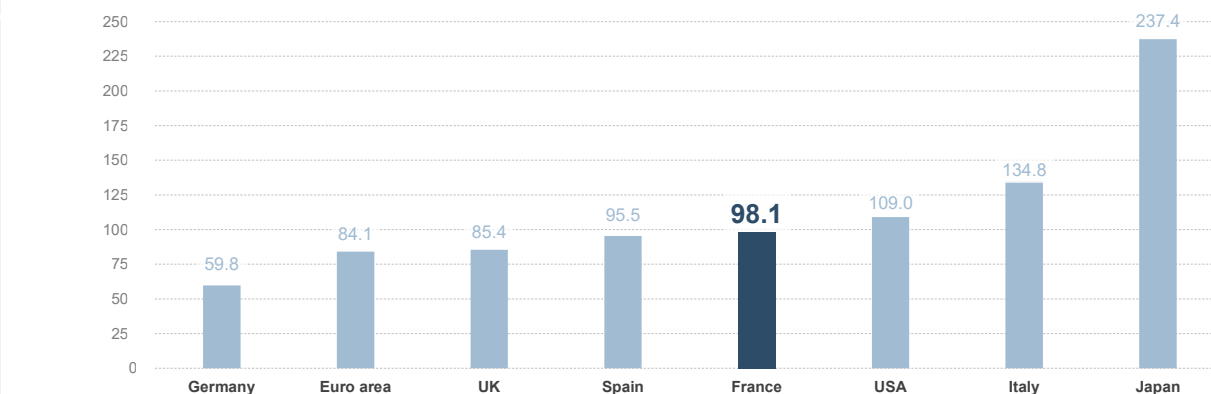
AS % OF GDP




Source: Insee

GENERAL GOVERNMENT DEBT IN 2019


AS % OF GDP



Sources: Eurostat, FMI, Insee

MAY 2020 

7 Foreign trade by value in March	7 Flash estimate of payroll employment: Q1 2020	7 Industrial investments: April survey	7 Balance of payments in March	7 Industrial production: March index	15 Consumer prices: April index
15 Net international reserves in April	20 Inflation (HICP): April index	26 Monthly business survey (goods-producing industries) in May	27 Household consumption expenditure on goods in May	29 Industrial producer and import price: April indices	29 Quarterly national accounts: final results Q1 2020
29 Household consumption expenditure on goods in April					

JUNE 2020 

9 Foreign trade by value in April	9 Balance of payments in April	10 Industrial production: April index	12 Consumer prices: May index	15 Net international reserves in May	17 Inflation (HICP): May index
19 Debt of the general government according to Maastricht definition Q1 2020	26 Monthly business survey (goods-producing industries) in June	26 Consumer confidence survey: June survey	30 Household consumption expenditure on goods in May	30 Industrial producer and import price: May indices	

Sources: Insee, Eurostat

Publication manager: Anthony Requin
 Editor: Agence France Trésor
 Available in English, French, and also in Japanese, Russian, Spanish, Arabic, Chinese on request

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Bloomberg: TREX<GO> • REUTERS: <TRESOR> • 

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