• Economic outlook
• Public finances
• Main features of the 2019 Budget
• Funding Program
Growth should remain robust in 2018 and 2019

### Economic forecast - France

*(wda figures, unless otherwise specified)*

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Real GDP</strong> *</td>
<td>2.2</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td><strong>Total CPI</strong></td>
<td>1.0</td>
<td>1.8</td>
<td>1.4</td>
</tr>
<tr>
<td><strong>Core CPI</strong></td>
<td>0.4</td>
<td>0.9</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Private wages and salaries</strong> **</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
</tr>
</tbody>
</table>

*Non wda*

**Non-farm market sector**
Output decelerated in the first quarters of 2018

Quarterly change SA-WDA data

Year-on-Year change

Source: Insee, DG Tresor
Business confidence has stabilized at high levels after a setback during the first semester and personal production expectations are well-oriented.
Oil prices surged in mid-2017 as supply tightened and geopolitical conflicts increased.
The slowdown in consumption results from temporary factors, especially transport strikes in Q2.

### Household consumption and purchasing power

% QoQ, seasonnally and working-day adjusted  
Last point: 2018 T2  
Source: Insee  
Calculations: DG Trésor

- **Household consumption**
- **Purchasing power - right**
- **Household consumption excluding energy and transport services**
The push from Government measures to purchasing power would support household consumption in the second half of the year.

Household purchasing power would be very dynamic by the end of the year, supported by the enforcement of several large tax measures:

- First step of suppression of the « taxe d’habitation » (for 3Bn€)
- Second step of reduction of employee social contributions
Trade has slown down at the beginning of the year, especially in the euro zone, but would remain dynamic in 2018/2019.

**World trade and PMI**

![Graph of world trade and PMI](image)

Latest data points: June (trade), August (PMI)
Sources: CPB World Trade Monitor, Markit

**Growth in world demand for French goods, by area**

![Bar chart showing growth in world demand for French goods](image)

Scope: goods
Source: DG Trésor

Forecast
Export performance would be broadly stable over the forecast horizon...

**Export performances**

- Exports of goods (volume) / World demand for French goods
- Forecast: DG Trésor

**Nominal effective exchange rate - Eurozone**

- Euro NEER
- DBP 2018, SP 2018 and DBP 2019

Source: Insee

Last point: September 18th 2018.

euro appreciation
... and the contribution of foreign trade to growth would be positive in 2018 due to the moderation of imports.
Business investment has remained robust despite the economic slowdown…
... and should keep supporting growth on the back of a favorable financial situation in the corporate sector.
Household investment slows down but would recover gradually as its fundamentals are still well-oriented.
Job creations in the market sector would be dynamic in 2018 and 2019.

Market sector employment

Variation of annual average, in thousands

-200 -100 0 100 200 300


Forecast

- Contribution of labor market policies (CICE, Responsability Pact and hiring subsidy for SMEs)
- Observed series and forecast
Rising oil prices and indirect taxes (energy, tobacco) are boosting inflation but core inflation remains subdued.
Real wages would grow in line with labor productivity.

Real wages and labor productivity

Annual average
Non-farm market sector

Forecasts

Sources: Insee, DG Tresor forecasts

- Real wages (deflated by CPI)
- Labor productivity
- Real compensation including CICE (deflated by value added price)
Household purchasing power would be very dynamic in both 2018 and 2019.
Household consumption would drive growth in 2019.
GDP would return to its potential in 2019
A forecast in line with other organizations

<table>
<thead>
<tr>
<th>GDP Outlook for France</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>annual % change</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td>sept 2018</td>
<td>1,7</td>
</tr>
<tr>
<td>OECD</td>
<td>sept 2018</td>
<td>1,6</td>
</tr>
<tr>
<td>Consensus Forecasts</td>
<td>sept 2018</td>
<td>1,7</td>
</tr>
<tr>
<td>Banque de France</td>
<td>sept 2018</td>
<td>1,6</td>
</tr>
<tr>
<td>IMF</td>
<td>july 2018</td>
<td>1,8</td>
</tr>
<tr>
<td>European Commission</td>
<td>july 2018</td>
<td>1,7</td>
</tr>
<tr>
<td>INSEE</td>
<td>june 2018</td>
<td>1,7</td>
</tr>
<tr>
<td>PStab / DOFP 2018</td>
<td>april/june 2018</td>
<td>2,0</td>
</tr>
</tbody>
</table>
Uncertainties surrounding the forecast

International uncertainties:

• **Effects of US protectionist measures and measures taken in response:** the measures taken have had a limited impact on activity so far, especially in France, but risks of escalation exist. Conversely, trade would benefit from easing tensions.

• **Magnitude of the effects of Brexit:** increasing risk of exit without agreement due to the persistence of blocking points in the negotiations between the EU and the UK; uncertainty about market reactions and the policy mix.

• **Financial risks:** the high level of financial and fiscal imbalances in China could contribute to a more abrupt slowdown; some emerging countries are vulnerable to a rise in Fed rates and risk aversion. The risk of overvaluation of equities remains pronounced in the United States. Conversely, long-term rates could rise more slowly than expected.

• **Economic policy decisions in Italy**

Domestic uncertainties:

• **Companies ability to invest:**
  - upside risk if measures supporting investment (flat tax, revenue tax cutback, etc.) were to bear fruit more quickly than expected;
  - downside risk if companies decided to use the improvement in their margins to reduce their debt.

• **Household consumption:**
  - the distribution of dividends to households could support consumption more than expected;
  - the sluggishness of consumption could continue.
• Economic outlook
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A sustainable return below 3%

- For the first time since 2000:
  - The public deficit should remain below 3% for three consecutive years
  - The public spending real growth rate should be well below 1% both in 2018 and 2019, for two consecutive years

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Government balance</td>
<td>(% GDP)</td>
<td>-2.7</td>
<td>-2.6</td>
</tr>
<tr>
<td>Tax and social contributions rate</td>
<td>(% GDP)</td>
<td>45.3</td>
<td>45.0</td>
</tr>
<tr>
<td>Public expenditure ratio, excl. tax credits</td>
<td>(% GDP)</td>
<td>55.1</td>
<td>54.6</td>
</tr>
<tr>
<td>Public expenditure, excl. tax credits</td>
<td>(nominal growth)</td>
<td>2.4</td>
<td>1.6</td>
</tr>
<tr>
<td></td>
<td>(real growth)</td>
<td>1.4</td>
<td>0.0</td>
</tr>
<tr>
<td>Debt</td>
<td>(% GDP)</td>
<td>98.5</td>
<td>98.7</td>
</tr>
</tbody>
</table>
The Draft Budget Bill 2019 confirms the 2018-2022 public finance programming bill strategy, with a faster reduction of the structural deficit.

- **The 2018 public deficit would be -2.4%** excluding the removal of the 3% dividend tax.

- **The 2019 public deficit would be below 2%, reaching -1.9% of GDP**, excluding the double impact of the Competitiveness Tax Credit (CICE) / Social Security Contributions (SSCs) switch on the nominal deficit.

<table>
<thead>
<tr>
<th>Table: (% GDP - (*) % potential GDP)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Headline balance</strong></td>
<td>-2,7</td>
<td>-2,6</td>
<td>-2,8</td>
</tr>
<tr>
<td><strong>Cyclical component</strong></td>
<td>-0,3</td>
<td>-0,1</td>
<td>0,1</td>
</tr>
<tr>
<td><strong>One-offs (*)</strong></td>
<td>-0,1</td>
<td>-0,2</td>
<td>-0,9</td>
</tr>
<tr>
<td><strong>Structural balance (*)</strong></td>
<td>-2,3</td>
<td>-2,2</td>
<td>-2,0</td>
</tr>
<tr>
<td><strong>Structural adjustment (*)</strong></td>
<td>0,3</td>
<td>0,1</td>
<td>0,3</td>
</tr>
<tr>
<td><strong>Output gap (*)</strong></td>
<td>-0,6</td>
<td>-0,2</td>
<td>0,2</td>
</tr>
</tbody>
</table>
Our strategy remains unchanged: reducing public expenditure and taxation at the same time

- This expenditure reduction effort makes it possible to jointly reduce the public deficit and the tax-to-GDP ratio

- The fact that France Compétences (FC) will be part of public administration from 2019 artificially dilutes the expenditure reduction effort and the impact of discretionary tax measures:
  - The expenditure reduction effort in 2019 would be 0.4 pp of GDP without FC
  - The effect of discretionary measures would be -0.2 pp of GDP without FC

<table>
<thead>
<tr>
<th>(pp potential GDP)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural adjustment</td>
<td>0,3</td>
<td>0,1</td>
<td>0,3</td>
</tr>
<tr>
<td>Structural effort</td>
<td>-0,1</td>
<td>0,0</td>
<td>0,3</td>
</tr>
<tr>
<td><em>Expenditure savings – exc. tax credits</em></td>
<td>-0,1</td>
<td>0,2</td>
<td>0,2</td>
</tr>
<tr>
<td>excl. France Compétences</td>
<td></td>
<td></td>
<td>0,4</td>
</tr>
<tr>
<td><em>Discretionary tax measures</em></td>
<td>-0,1</td>
<td>-0,2</td>
<td>0,0</td>
</tr>
<tr>
<td>excl. France Compétences</td>
<td></td>
<td></td>
<td>-0,2</td>
</tr>
<tr>
<td><em>Tax credits difference between cash and accrual-based measures</em></td>
<td>0,1</td>
<td>0,0</td>
<td>0,1</td>
</tr>
<tr>
<td>Non discretionary component</td>
<td>0,4</td>
<td>0,0</td>
<td>0,0</td>
</tr>
</tbody>
</table>
With a public deficit below 3% in 2017, France exited the excessive deficit procedure in June 2018. In 2018, the public deficit has been contained below 3%, forecasted at around -2.6%; without the negative impact of the removal of the 3% dividend tax, this deficit would even reach -2.4%.

**An unprecedented control of public spending:**
- The Government has taken ambitious measures to reduce the growth of the public wage bill in 2018 (wage freezes, reduction in the number of subsidized contracts) and social expenditure (cuts in housing allowances);
- A contractualization mechanism between central government and local authorities has been implemented: the majority of the main local authorities are now involved, which should result in a slowdown in their current expenditure, starting this year.

**A reduction in labor and capital taxation which aims at supporting household purchasing power and productive investment:**
- The first tax reforms have come into force (first stage of the ‘residence tax’ reform, cuts in the corporate income tax, capital taxation reform).
2019: implementation of the outlines of the economic strategy and consolidation of public finances

• Ambitious expenditure savings measures will be taken in 2019, in particular:
  - Reductions in the State administration workforce (4200)
  - Reductions in housing benefits and subsidised contracts
  - Slowdown in local authorities’ operating expense
  - Controlled increase of social benefits (+0.3%)

✓ Public spending would increase by 1.9% (nominal growth) and by 0.6% (real growth), well below its long term trend; the public spending ratio would decrease by 0.6 pp.

✓ Excluding France Compétences, public spending would increase by 0.3% (real growth) and the public expenditure ratio would decrease by 0.8 pp.

• A decrease in tax and social contributions of EUR 24bn (excl. France Compétences) in order to support economic growth and household income (2nd stage of the residence tax rebate, new reductions in the corporate income tax rate, simplification of labour taxation through the Competitiveness Tax Credit/Social Security Contributions switch)

• Public deficit would amount to -2.8%, with a structural adjustment of 0.3 pp, identical to what was announced in the 2018-2022 public finance programming bill.
Up to 2022, the trajectory confirms the strategy outlined in the 2018-2022 public finance programming bill

- Expenditure-to-GDP ratio (excluding tax credits) will decrease by **more than 3 percentage points**: 51.8% in 2022 vs. 55.1% in 2017

- Tax-to-GDP ratio will decrease by about one percentage point (excluding France Compétences): 44.3% in 2022 vs. 45.3% in 2017 in order to stimulate purchasing power and to free private initiative

- Deficit-to-GDP ratio will decrease by **more than 2 percentage points**: −0.3% in 2022 vs. −2.7% in 2017

- Debt-to-GDP ratio will decrease by **about 5 percentage points**: 92.7% in 2022 vs. 98.5% in 2017
A change in the public spending trend

Public spending growth
excl. tax credits, real growth, constant scope (in %)
The debt-to-GDP ratio would decrease from 2019 onwards
By 2019, the aggregate tax and social security contribution rate will decrease to 44.0%, with more than €20bn in tax cuts. It will then stabilize at 44.2%.

*Aggregate tax and social security contribution rate does not take into account the reclassification of the funding of France Compétences*
# Main discretionary tax measures in 2018 and 2019

<table>
<thead>
<tr>
<th>Main discretionary tax measures (1)</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>In billion euros</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident tax rebate for 80% of households</td>
<td>-3,2</td>
<td>-3,8</td>
</tr>
<tr>
<td>Exemption contribution on overtime work</td>
<td></td>
<td>-0,6</td>
</tr>
<tr>
<td>Instauration of a single fixed levy (PFU)</td>
<td>-1,6</td>
<td>-0,3</td>
</tr>
<tr>
<td>Decrease of the CSG for low pensions</td>
<td></td>
<td>-0,3</td>
</tr>
<tr>
<td>Switch SSC / CSG (2)</td>
<td>4,4</td>
<td>-4,1</td>
</tr>
<tr>
<td>Extension of the energy transition tax credit (CITE)</td>
<td>-3,2</td>
<td>0,8</td>
</tr>
<tr>
<td>Creation of a property wealth tax (IFI)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broadening of the home workers employment tax credit</td>
<td>-1,0</td>
<td></td>
</tr>
<tr>
<td>Suppression of student contributions</td>
<td></td>
<td>-0,2</td>
</tr>
<tr>
<td>Tobacco taxes (net from behavioural effects)</td>
<td>0,6</td>
<td>0,4</td>
</tr>
<tr>
<td>Increase of the energy taxes (impact on households)</td>
<td>2,4</td>
<td>1,9</td>
</tr>
<tr>
<td>Total households</td>
<td>-1,8</td>
<td>-6,0</td>
</tr>
<tr>
<td>Switch CICE / SSC (incl. impact of the 2018 budget law measures)</td>
<td></td>
<td>-20,4</td>
</tr>
<tr>
<td>CICE - impact of measures prior to the 2018 budget law</td>
<td>-3,7</td>
<td>-0,5</td>
</tr>
<tr>
<td>Cutting the corporate taxe rate from 33% to 25%</td>
<td>-1,2</td>
<td>-2,4</td>
</tr>
<tr>
<td>Temporary strenghtening of the 5th corporate income tax instalment</td>
<td></td>
<td>1,5</td>
</tr>
<tr>
<td>0% forfait social rate for firms under 50 employees</td>
<td></td>
<td>-0,5</td>
</tr>
<tr>
<td>Exceptional contribution on corporate tax</td>
<td>-5,1</td>
<td>0,2</td>
</tr>
<tr>
<td>Increase of the energy taxes (impact on firms)</td>
<td>1,3</td>
<td>1,0</td>
</tr>
<tr>
<td>Deletion of TICPE reduced rate for some gasoline users</td>
<td></td>
<td>1,0</td>
</tr>
<tr>
<td>Resources allocated to France Compétences for the financing of Plan d'investissement sur les compétences</td>
<td>0,3</td>
<td>1,3</td>
</tr>
<tr>
<td>Total firms</td>
<td>-8,4</td>
<td>-18,8</td>
</tr>
<tr>
<td>Total households + firms</td>
<td>-10,2</td>
<td>-24,8</td>
</tr>
</tbody>
</table>

(1) Excluding measures of perimeter (France Compétences)
(2) Excluding compensatory premiums for State civil servants
• Economic outlook
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A sharp decrease in central government expenditures, thanks to a greater effort (compared to total public spending)

- Controllable expenditures are managed (real growth: –0.5%, consistent with the Multiyear Public Finance Planning (MPFP) law 2018-2022; nominal growth: +0.8%);
- A greater effort on Central State’s controllable expenditures than on other components of public expenditure (local governments’ operating costs: +1.2%; National Objective of Healthcare expenditures: +2.5%);
- The global State expenditure target (including debt, pensions and contribution to the European budget) is below the MPFP trajectory.
The budget balance is improved after neutralisation of cash flow one-offs

Without cash flow one-offs (CICE switchover into reductions of social security contributions and implementation of the withholding income tax), the 2019 budget balance would be improved compared to 2018.
The Government priorities are financed, as set out in the MPFP law 2018-2022

The five-year effort decided in 2017 to increase the resources of some State’s strategic missions is implemented.
- The appropriations of the Ministry of Defence are up € 1.7 billion, according to the military programming law;
- Additional resources are planned for the home office operational forces (+2,278 jobs) and for justice (+1,300 jobs).

**Giving back purchasing power to the most precarious**
- As part of a controlled increase of social benefits (+0.3% in 2019 and 2020), specific increases of allowance for the disabled, for the poorer elderly, and to foster activity of part-time workers are continuing as planned;
- Launch of a poverty plan with € 8.5 billion over 4 years.

**Fighting effectively against unemployment**
- New reduction of the use of state-aid contracts (-70,000 contracts in 2019) that proved to be ineffective in dealing with the issue of long-term unemployment and the integration of young people into employment;
- In exchange, Government will strengthen active employment policies;
- The law for freedom to choose one’s professional future profoundly reforms the vocational training system. At the same time, the roll-out of the skills investment plan is continuing with an allocation of € 2.5 billion in 2019;
- Reform of unemployment insurance with social partners.

**Transforming housing policy**
- The structural reform of the housing allowances launched in 2017 will be deepened with the implementation of the update of the resource base

**Reform of the public audiovisual sector**
- € 200 million in net savings are planned for the five-year period

**2nd year of the Major Investment Plan** with a deployment according to plan (around € 6bn in state spending in 2019 compared to just over € 3bn in 2018)

**Accelerating the move to a green economy by supporting the most fragile and improving daily communting**
- Financing 75,000 energy-efficient renovations, social energy subsidy increased to € 200 per household per month, higher investment in low carbon transport
A reduction in the State’s headcount

After 3 years of increasing its headcount, the Government has begun to lower its workforce:

• The State and central government agencies headcount will decrease by 4,200 full time equivalents workers next year. This is a clear acceleration of the pace of job cuts, which is set to further increase in 2020.

• Over the next five years, the goal is to achieve an overall headcount reduction of 120,000 full time equivalents workers (covering all three branches of the civil service). For the State and central government agencies, the MPFP sets a target of 50,000 job cuts.
The local governments and the social security funds expenditure will be contained

The concerted reduction of the local government expenditure is beginning to produce results

- 229 local governments are part of a contract (out of 322, ie 71%)
- An operating costs target set at +1.2% to non-signatory local authorities but local investment will grow faster, in line with the electoral cycle (+4.5%)

The social security funds expenditure will continue to be contained in real terms

- The National Objective of Healthcare expenditures (ONDAM) is set at +2.5% in 2019 to contain the growth of health-related spending. This represents 3.8 billion euros in savings:
  - Improving the efficiency of hospital and medico-social expenditure (- € 0.8bn)
  - Shift to ambulatory care (- € 0.4bn)
  - Savings on health products and promotion of generics and biosimilars (€ -1.1bn)
  - Relevance and good use of care (- € 1.3bn)
  - Dynamic management of the medicare basket (- € 0.2bn)
- Controlled rise in social benefits for a total return of € 3.5 billion

Triggering public transformation

- Fund for the transformation of public action:
  - 17 projects selected in the first call for projects;
  - increased commitment appropriations in 2019 with a budget of € 250 million;
- Interdepartmental HR Support Fund: facilitating interdepartmental and cross-functional geographic and functional mobility of the public service and to the private sector.
• Economic outlook
• Public finances
• Main features of the 2019 Budget
• **Funding Program**
# French State funding table for 2018 and 2019

<table>
<thead>
<tr>
<th>BORROWING REQUIREMENT</th>
<th>2018 (Budget Bill)</th>
<th>2018 (revised)</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redemption of medium- and long-term debt</td>
<td>116.6</td>
<td>116.6</td>
<td>130.2</td>
</tr>
<tr>
<td>Face value</td>
<td>115.9</td>
<td>115.9</td>
<td>128.9</td>
</tr>
<tr>
<td>Index-linking supplement paid at maturity (index-linked securities)</td>
<td>0.7</td>
<td>0.7</td>
<td>1.3</td>
</tr>
<tr>
<td>Redemption of other debts</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deficit</td>
<td>85.7</td>
<td>81.3</td>
<td>98.7</td>
</tr>
<tr>
<td>Other cash requirements</td>
<td>0.3</td>
<td>0.6</td>
<td>-1.3</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>202.6</strong></td>
<td><strong>198.5</strong></td>
<td><strong>227.6</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FINANCING RESOURCES</th>
<th>2018 (Budget Bill)</th>
<th>2018 (revised)</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuance of medium- and long-term debt, net of buybacks</td>
<td>195.0</td>
<td>195.0</td>
<td>195.0</td>
</tr>
<tr>
<td>Funds allocated to the “Caisse de la Dette Publique” to reduce debt</td>
<td>1.0</td>
<td>1.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Net change in outstanding short-term securities</td>
<td>-</td>
<td>-7.9</td>
<td>15.0</td>
</tr>
<tr>
<td>Change in correspondents’ deposits</td>
<td>1.0</td>
<td>2.6</td>
<td>11.0</td>
</tr>
<tr>
<td>Change in cash position in the Treasury’s account</td>
<td>2.1</td>
<td>-</td>
<td>1.1</td>
</tr>
<tr>
<td>Other cash requirements</td>
<td>3.5</td>
<td>7.8</td>
<td>3.5</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>202.6</strong></td>
<td><strong>198.5</strong></td>
<td><strong>227.6</strong></td>
</tr>
</tbody>
</table>

Source: Draft Budget Bill 2019
Size of the net funding program in % of GDP

2003: 6.8%  
2004: 7.2%  
2005: 6.3%  
2006: 5.6%  
2007: 5.0%  
2008: 6.4%  
2009: 8.5%  
2010: 9.4%  
2011: 8.9%  
2012: 8.5%  
2013: 8.0%  
2014: 8.0%  
2015: 8.5%  
2016: 8.4%  
2017: 8.1%  
2018: 8.3%  
2019: 8.1%

Source: AFT, Eurostat, DG Trésor
The share of short-term debt stands at a low historical level.

Source: AFT
The debt burden has been decreasing since 2011.

- **2018 initial budget bill**: $+0.5\text{ bn€}$ since initial budget.
  - Inflation higher than expected ($+0.9\text{ bn€}$).
  - Low rates ($-0.4\text{ bn€}$).

- **2019 draft budget bill**:
  - Cautious assumptions.
  - Rates increase.

Source: Draft Budget Bill 2019
Cautious interest rate assumptions

Forecast draft budget bill 2019

Assumption end 2018
1.40%
Assumption end 2019
2.15%

Source: Draft Budget Bill 2019
An inertial debt burden in case of an interest rate shock

Impact of a permanent rate increase of +1% on the debt service

Cost of negotiable debt (*)
Forecasts with budget assumptions and in case of additional shock of +1% over interest rates

(*) annual debt charge / outstanding debt end of previous year