



MEXICO

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MINISTRY OF FINANCE

June 1, 2004

Public Finances and Public Debt Report April, 2004

The Federal Government released preliminary information on public finances and public debt for April 2004.

- The public sector balance registered a surplus of Ps. 27.7 billion pesos in April, this amount was 19.8 percent lower in real terms than that recorded a year earlier. It is important to highlight that this result is consistent with the deficit target for the year.
- The primary balance for April, defined as total revenues minus expenditures other than financing costs of the public sector, recorded a surplus of 46.8 billion pesos.
- Budgetary revenues increased 5.6 percent in real annual terms in April. Higher revenues resulted from the real increase in non-oil tax collection of 9.2 percent, as well as the favorable trend of oil related revenues which expanded at a 12.2 percent real annual rate.
- The Ministry of Finance received the resources related to the Bank of Mexico's operational surplus in April. The resources amounted to Ps. 15 billion, this result was Ps. 921 million lower than that received on the previous year.
- Net budgetary expenditures increased 8.5 percent in real annual terms.
- The net external public debt balance was US \$ 80.1 billion, which was US \$ 0.4 billion lower than that reported for the previous month. Furthermore, the net domestic debt balance of the Federal Government declined by Ps. 33.3 billion with respect to the month of March.

1. Public sector balance in January-April 2004

- The public sector balance registered a surplus of Ps. 75.0 billion in the period January-April, this result compares favorably with the surplus of Ps. 60.5 billion for the same period of 2003.
- The primary balance accumulated a surplus of Ps. 144.5 billion, 2.8

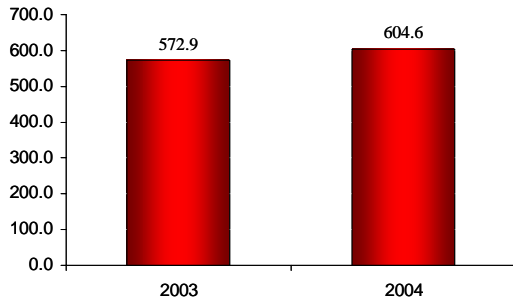
percent higher than that registered in the same period of 2003.

1.1 Public Sector Budgetary Revenues in January-April 2004

- Budgetary revenues of the public sector in January-April were Ps. 604.6 billion. This figure implies a 5.5 percent real increase over the same period a year earlier.

- Non-oil tax revenues were Ps. 272.4 billion, 5.5 percent higher in real terms than those collected in the same period of 2003. It is important to highlight the real increases in VAT and income tax collections of 8.5 percent and 5.8 percent, respectively.
- Oil related revenues, that include Pemex's own revenues, oil related royalties and fees and excise tax collection on gasoline and diesel, amounted to Ps. 193.4 billion, which is 12.3 percent higher in real terms with respect to January-April of 2003.

**BUDGETARY REVENUES,
JANUARY - APRIL
(Billions of 2004 pesos)**

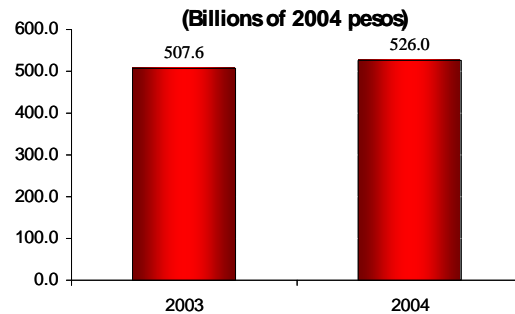


- Non-oil non tax revenues were Ps. 47.2 billion, 6.6 percent lower than those obtained in the same period of 2003. The decline was due, to an extent, to the fees paid by Banobras to the Federal Government on the previous year; as well as to the lower operation surplus paid by the Central Bank, compared to the previous year.
- Revenues of entities other than Pemex totaled Ps. 91.6 billion, representing a 0.4 percent real decline with respect to the same period of 2003.

1.2. Net Public Sector Expenditures during January-April 2004

- Net budgetary expenditures of the public sector for the period January-April amounted to Ps. 526.0 billion, 3.6 percent higher in real terms than those recorded in the same period of 2003.

**NET BUDGETARY EXPENDITURES,
JANUARY - APRIL**



- Programmable expenditures carried out during the first four months of the year totaled Ps. 350.5 billion, 4.0 percent higher in real terms than those carried out during the same period of the previous year.
- Federalized expenditures increased 3.7 percent in real annual terms, Within them, It is worth highlighting the following:
 - Transfers to federal entities and municipalities amounted to Ps. 87.1 billion, 3.4 percent higher in real terms than that registered a year earlier.
 - The sum of federalized expenditures which include transfers to States and Municipalities (Ramo 33), provisions for basic, traditional, technical and adult education (Ramo 25) and resources directed towards financial

strengthening of States through PAFEF (Ramo 39) increased 3.9 percent in real annual terms, amounting to Ps. 100 billion.

- Public sector financing costs were Ps. 63.2 billion; which represents a 14.1 real decline over the same period of the previous year.

2. Public Debt Update

- At the end of April, the net external public debt balance was US \$ 80.1 billion, US \$ 3.0 billion higher than the amount recorded at the end of 2003. This result is explained by net indebtedness of US \$ 0.8 billion and upward accounting adjustments of US \$ 0.6 billion. At the same time, financial assets abroad declined by US \$ 1.6 billion. It is important to highlight the transitory nature of the increase in net external debt. External debt will gradually decline as the amortizations due in the coming months are paid. This will

be in accordance with the financing program for the year, and consistent with the target of reducing net external debt by US \$ 500 million during 2004 which was approved by Congress.

- The net domestic debt balance of the Federal Government at the end of April was Ps. 878.6 billion. This balance was Ps. 48.5 billion pesos below that registered at the end of 2003. The decline is explained by: borrowings of Ps. 35.2 billion, upward accounting adjustments to inflation indexed debt of Ps. 2.7 billion, and an increase of the Federal Government's domestic financial assets of Ps. 86.3 billion.

For more details on Public Finance and Public Debt statistics, please visit the Ministry of Finance's web page at:

<http://shcp.gob.mx/english/index.html>

Annex A. Public Finances

Public Sector Overall Balance

Millions of pesos

	January-April		Real % growth	Composition %	
	2003	2004 ^{p/}		2003	2004 ^{p/}
Overall Public Balance (I+II)	60,457.2	74,952.9	18.9		
I. Budgetary Balance (a-b)	62,660.2	78,590.0	20.3		
a) Revenues	549,343.3	604,600.7	5.5	100.0	100.0
Federal Government	419,033.8	457,794.3	4.8	76.3	75.7
Tax	276,982.8	297,138.1	2.9	50.4	49.1
Non-tax	142,051.0	160,656.2	8.4	25.9	26.6
PEDBC ^{1/}	130,309.5	146,806.4	8.0	23.7	24.3
Pemex	42,078.2	55,168.1	25.7	7.7	9.1
Others	88,231.3	91,638.3	-0.4	16.1	15.2
b) Expenditures	486,683.1	526,010.7	3.6	100.0	100.0
Programmable	323,299.0	350,492.7	4.0	66.4	66.6
Non programmable	163,384.1	175,518.0	3.0	33.6	33.4
II. PEIBC ^{2/}	-2,203.0	-3,637.1	58.3		
Primary Balance	134,876.9	144,535.1	2.8		

Note: Figures may not add up due to rounding.

n.a. not available

1_/ Public entities under direct budgetary control.

2_/ Public entities under indirect budgetary control.

p_/ Preliminary figures.

Source: Ministry of Finance and Public Credit.

Annex A. Public Finances (Cont.)

Public Sector Revenues

Millions of pesos

	January-April		Real % growth	Composition %	
	2003	2004 ^{p./}		2003	2004 ^{p./}
Total (I+II)	549,343.3	604,600.7	5.5	100.0	100.0
I. Oil related	165,031.5	193,357.2	12.3	30.0	32.0
a) PEMEX	42,078.2	55,168.1	25.7	7.7	9.1
b) Federal Government	122,953.2	138,189.0	7.8	22.4	22.9
Rights and Royalties on oil related products	93,544.6	113,422.8	16.3	17.0	18.8
Excise taxes	29,408.6	24,766.3	-19.2	5.4	4.1
II. Non oil related	384,311.8	411,243.5	2.6	70.0	68.0
c) Federal Government	296,080.5	319,605.3	3.5	53.9	52.9
Tax	247,574.2	272,371.8	5.5	45.1	45.0
Income tax	130,494.9	143,955.6	5.8	23.8	23.8
VAT	84,349.5	95,473.9	8.5	15.4	15.8
Excise taxes	10,098.5	10,634.7	1.0	1.8	1.8
Import taxes	8,521.5	8,310.3	-6.5	1.6	1.4
Others ^{1./}	14,109.8	13,997.2	-4.9	2.6	2.3
Non-tax	48,506.4	47,233.5	-6.6	8.8	7.8
Rights	7,278.2	7,478.0	-1.5	1.3	1.2
Fees	39,385.6	37,919.0	-7.7	7.2	6.3
Others	1,842.6	1,836.5	-4.4	0.3	0.3
d) PEDBC ^{2./}	88,231.3	91,638.3	-0.4	16.1	15.2
Memorandum items:					
Total tax related	276,982.8	297,138.1	2.9	50.4	49.1
Total non-tax related	272,360.5	307,462.7	8.2	49.6	50.9

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

1./ Includes new vehicle, vehicle ownership, luxury goods and services and accessory taxes.

2./ Public entities under direct budgetary control. Excludes Federal Government transfers to the ISSSTE.

Source: Ministry of Finance and Public Credit.

Annex A. Public Finances (Cont.)

Public Sector Expenditures Millions of pesos

	January-April		Real % growth	Composition %	
	2003	2004 ^{p./}		2003	2004 ^{p./}
TOTAL (I+II)	486,683.1	526,010.7	3.6	100.0	100.0
I. Primary Expenditures (a+b)	416,158.7	462,809.7	6.6	85.5	88.0
a) Programmable	323,299.0	350,492.7	4.0	66.4	66.6
b) Non-programmable	92,859.7	112,317.0	16.0	19.1	21.4
II. Financing Costs ^{1./}	70,524.4	63,201.0	-14.1	14.5	12.0

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

1./ Includes interest, commissions, and other public debt expenditures associated with debtor support programs. In PEMEX, costs related to exchange rate hedging and financial derivatives, which were subtracted from various revenues are now included in financing costs.

Source: Ministry of Finance and Public Credit.

Annex B. Public Debt

Public Sector External Debt, January-April ^{1/}

Millions of dollars

	Outstanding as of Dec-03	Indebtedness			Fx Adjustments	Outstanding as of Apr-04 ^{p./}
		Originations	Amort.	Net		
Net external debt	77,052.4					80,085.4
Financial assets abroad ^{1./}	-1,971.1					-383.6
Gross external debt	79,023.5	11,087.6	10,307.4	780.2	665.3	80,469.0
Term structure	79,023.5	11,087.6	10,307.4	780.2	665.3	80,469.0
Long term	77,335.7	6,943.0	8,128.2	-1,185.2	666.7	76,817.2
Short term	1,687.8	4,144.6	2,179.2	1,965.4	-1.4	3,651.8
Structure by user	79,023.5	11,087.6	10,307.4	780.2	665.3	80,469.0
Federal Government ^{2./}	58,358.3	5,028.7	4,596.0	432.7	615.6	59,406.6
PEDBC ^{3./}	12,157.7	2,379.8	1,949.9	429.9	105.2	12,692.8
Development banks	8,507.5	3,679.1	3,761.5	-82.4	-55.5	8,369.6
Gross external debt						
By financing source	79,023.5	11,087.6	10,307.4	780.2	665.3	80,469.0
Restructured 1989 – 1990	387.7	0.0	38.9	-38.9	-0.3	348.5
Spanish bank bonds	76.5	0.0	0.0	0.0	0.0	76.5
New money 1990 – 1992	311.2	0.0	38.9	-38.9	-0.3	272.0
Non-restructured	4,310.2	1,929.0	3,072.0	-1,143.0	1.0	3,168.2
Bilateral credit	5,283.6	1,408.2	1,287.9	120.3	-58.6	5,345.3
Publicly placed bonds	48,806.2	5,178.5	4,575.2	603.3	626.5	50,036.0
IFIS	17,948.0	277.7	962.2	-684.5	-39.1	17,224.4
Supplier credits to public sector entities	2.3	0.0	0.0	0.0	0.0	2.3
Others ^{4./}	2,285.5	2,294.2	371.2	1,923.0	135.8	4,344.3

Note: Figures may not add up due to rounding.

^{1./} Figures subject to revisions.^{p./} Preliminary figures.^{1./} Collateral is valued at market prices; includes 18 months worth of interest payments for Brady Bonds and FAFEXT availabilities.^{2./} Includes debt from item XXIV and FAFEXT.^{3./} Public entities under direct budgetary control.^{4./} Refers to PIDIREGAS debt.

Source: Ministry of Finance and Public Credit.

Annex B. Public Debt (Cont.)

Federal Government Domestic Debt, January-April ^{*_/}

Millions of pesos

	Outstanding December 2003	Indebtedness			Adjustments ^{1_/}	Outstanding April 2004 ^{p_/}
		Originations	Amort.	Net		
Net domestic debt balance	927,097.1					878,638.2
Creditor accounts ^{2_/}	-84,792.1					-171,133.5
Gross domestic debt stock	1,011,889.2	343,180.5	307,955.7	35,224.8	2,657.7	1,049,771.7
Government Securities	956,657.0	321,319.3	286,138.5	35,180.8	1,366.7	993,204.5
Cetes	206,416.3	248,969.8	219,460.9	29,508.9	0.0	235,925.2
Bondes	354,720.4	18,300.0	33,601.9	-15,301.9	0.0	339,418.5
Fixed rate bonds	311,664.1	48,970.0	14,997.1	33,972.9	0.0	345,637.0
Udibonos	83,856.2	5,079.5	18,078.6	-12,999.1	1,366.7	72,223.8
<i>Udibonos udi's</i>	25,016.7	1,500.0	5,367.4	-3,867.4	0.0	21,149.3
S.A.R.	40,655.3	21,829.5	20,877.8	951.7	1,047.6	42,654.6
Siefores m/n	0.3	0.0	0.0	0.0	0.0	0.3
<i>Siefores udi's</i>	0.1	0.0	0.0	0.0	0.0	0.1
Others	14,576.6	31.7	939.4	-907.7	243.4	13,912.3

Note: Figures may not add up due to rounding.

*_/ Figures subject to revisions.

p_/ Preliminary figures.

1_/ Refers to adjustments for inflation.

2_/ Represents the balance, denominated in pesos, of the General Account of the Federal Treasury and deposits in the national banking system since December 2002.

Source: Ministry of Finance and Public Credit.

Annex C. Public Finance Indicators Calendar

Public Finance Publications Calendar

Coverage Period:	Release Date
May, 2004	June 30, 2004
June, 2004	August 4, 2004
July, 2004	September 3, 2004
August, 2004	September 30, 2004
September, 2004	November 4, 2004
October, 2004	November 30, 2004
November, 2004	December 30, 2004
December, 2004	February 4, 2005
January, 2004	March 4, 2005
February 2004	April 1, 2005
March, 2004	May 4, 2005
April, 2004	May 31, 2005