

## Public Finance and Public Debt Report, January 2005

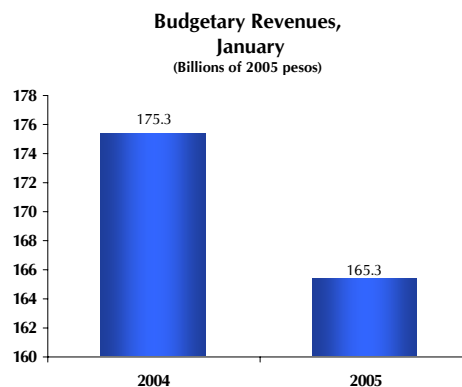
Today, the Quarterly Public Finances and Public Debt results for January 2005 were submitted to Congress. It is worth highlighting the following:

### 1. Public Sector Balance in January 2005

- The public sector surplus in January was Ps. 1.2 billion, an amount that is Ps.24.7 billion lower than that registered in the same month a year earlier.
- The primary balance was Ps. 23.6 billion in January, 55.1 per cent lower in real terms to the one posted in the first month of 2004.

### 1.1 Public Sector Budgetary Revenues in January 2005

- The public sector's budgetary revenues were Ps. 165.3 billion which is 5.7 per cent lower in real annual terms than in 2004. This figure is explained by the following:
  - Non-oil tax revenues were Ps. 85.0 billion, which is 5.5 per cent higher in real terms than in January 2004. It should be pointed out that VAT collections exceeded those observed a year earlier by 14.1 per cent in real terms.



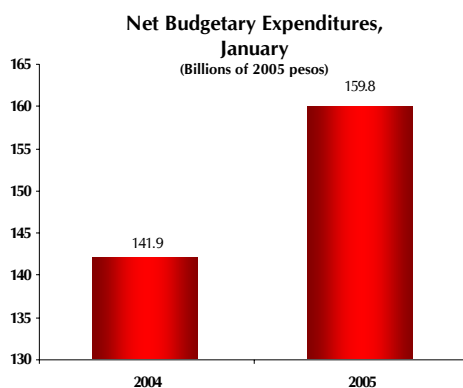
- Oil related revenues, which include PEMEX's own revenues, oil related royalties and fees, and the excise tax collection on gasoline and diesel totaled Ps. 49.2 billion, which is 6.3 per cent lower in real terms to that registered a year earlier. This result is related to the extraordinary income for close to Ps. 7

billion from the sale of Repsol shares. If that extraordinary income is excluded from the calculation, oil related revenues post t 8.6 real annual growth.

- Non-tax non-oil related revenues were Ps. 6.5 billion, which is 68.4 per cent lower than in January 2004. The reduction is due to the income derived from the Brady bond's collateral for Ps. 13.9 billion in January 2004.
- Revenues of public companies under direct budgetary control other than PEMEX were Ps. 24.7 billion in January 2005, 14 per cent higher in real annual terms with respect to a year earlier.

## 1.2. Net Budgetary Public Sector Expenditures during January 2005

- Net budgetary expenditures of the public sector totaled Ps. 159.8 billion in the first month of the year. This amount is 12.6 per cent higher in real terms than that observed a year earlier.



- Programmable expenditures in January 2005 amounted to Ps. 107.5 billion, which is 17.7 per cent higher in real annual terms than that registered in the same month a year earlier. This increase is the result of the larger PIDIREGAS and social security expenses than in this month of 2004.
- Federalized expenditures, which include revenue sharing to States and Municipalities, as well as resources transferred to States and Municipalities (Ramo 33), provisions for basic, traditional, technical and adult education (Ramo 25), and the resources directed towards the financial strengthening of States through PAFEF (Ramo 39), registered an increase of 10.4 per cent in real annual terms.
  - Revenue sharing to States and Municipalities were Ps. 22.9 billion, and increased 16.4 per cent in real annual terms.
  - Total resources through Ramo 25, Ramo 33 and Ramo 39 increased 6.7 per cent in real terms with respect to January
- The Public Sector's financing costs totaled Ps. 17.5 billion in the first month of the year. The financing cost was, therefore, 9.4 per cent lower in real terms than that registered in January a year earlier.

## 2. Public Debt Update

- At the end of January 2005, the net balance of the Federal Government's domestic debt was Ps. 1,020.3 billion, this amount is Ps. 9.7 billion lower than the balance registered at the end of 2004. The reduction in net domestic debt is due to net borrowings of Ps. 5.9 billion, adjustments to the inflation-indexed debt for Ps. 0.4 billion, and an increase in the Federal Government's financial assets of Ps. 16.0 billion.
- At the end of January 2005 the net balance of the external debt was US\$ 79.5 billion, US\$ 1.5 billion higher than in December 31<sup>st</sup> 2004. The increase is due to net indebtedness of US\$ 2.9 billion, downward accounting adjustments for US\$ 0.9 billion, and an increase in the financial assets abroad of US\$ 0.5 billion.
- It should be pointed out that the increase in the external debt net balance is temporary and that it will be reduced gradually as payments are made in the following months. The net external debt will evolve according to the financing program established for 2005 and the target of reducing indebtedness by US\$500 million which was approved by Congress.

More details on Public Finance and Public Debt statistics can be obtained in the Ministry of Finance's web page at:

[www.shcp.gob.mx/eofp/index.html](http://www.shcp.gob.mx/eofp/index.html).

**ANNEX A. PUBLIC FINANCES**

	Public Sector Overall Balance		Millions of pesos		
	January		Real % growth	Composition %	
	2004	2005 <sup>p./</sup>		2004	2005 <sup>p./</sup>
<b>Overall Public Balance (I+II)</b>	25,834.4	1,162.0	-95.7		
I. Budgetary Balance (a-b)	31,929.1	5,554.0	-83.4		
a) Revenues	167,650.1	165,324.2	-5.7	100.0	100.0
Federal Government	133,440.9	131,004.0	-6.1	79.6	79.2
Tax	84,413.2	85,543.7	-3.1	50.4	51.7
Non-tax	49,027.7	45,460.3	-11.3	29.2	27.5
PEDBC	34,209.2	34,320.2	-4.0	20.4	20.8
Pemex	13,486.2	9,634.0	-31.7	8.0	5.8
Others	20,723.0	24,686.2	14.0	12.4	14.9
b) Expenditures	135,721.0	159,770.2	12.6	100.0	100.0
Programmable	87,393.0	107,524.6	17.7	64.4	67.3
Non programmable	48,328.0	52,245.6	3.4	35.6	32.7
II. PEIBC	-6,094.6	-4,392.0	-31.1		
Primary Balance	50,281.8	23,577.0	-55.1		

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

Source: Ministry of Finance and Public Credit.

México, March 2, 2005.

**ANNEX A. PUBLIC FINANCES (CONT)****Public Sector Revenues****Millions of pesos**

	January		Real % growth	Composition %	
	2004	2005 <sup>p./</sup>		2004	2005 <sup>p./</sup>
<b>Total (I+II)</b>	167,650.1	165,324.2	-5.7	100.0	100.0
I. Oil related	50,219.4	49,174.0	-6.3	30.0	29.7
a) PEMEX	13,486.2	9,634.0	-31.7	8.0	5.8
b) Federal Government	36,733.1	39,540.0	3.0	21.9	23.9
Rights and Royalties on oil related products	29,372.2	38,977.4	26.9	17.5	23.6
Excise taxes	7,361.0	562.6	-92.7	4.4	0.3
II. Non oil related	117,430.7	116,150.2	-5.4	70.0	70.3
c) Federal Government	96,707.8	91,464.0	-9.5	57.7	55.3
Tax	77,052.2	84,981.1	5.5	46.0	51.4
Income tax	40,222.2	42,070.6	0.1	24.0	25.4
VAT	28,061.6	33,460.9	14.1	16.7	20.2
Excise taxes	3,547.9	3,736.4	0.7	2.1	2.3
Import taxes	1,883.2	2,223.4	12.9	1.1	1.3
Others <sup>1./</sup>	3,337.4	3,489.8	0.0	2.0	2.1
Non-tax	19,655.5	6,482.9	-68.4	11.7	3.9
Rights	2,377.5	2,460.8	-1.0	1.4	1.5
Fees	16,745.3	3,264.5	-81.4	10.0	2.0
Others	532.7	757.5	36.0	0.3	0.5
d) PEDBC <sup>2./</sup>	20,723.0	24,686.2	14.0	12.4	14.9
Memorandum items:					
Total tax related	84,413.2	85,543.7	-3.1	50.4	51.7
Total non-tax related	83,236.9	79,780.5	-8.3	49.6	48.3

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		Real % growth	Millions of pesos	
	January			Composition %	
	2004	2005 <sup>p./</sup>		2004	2005 <sup>p./</sup>
TOTAL (I+II)	135,721.0	159,770.2	12.6	100.0	100.0
I. Primary Expenditures (a+b)	117,277.8	142,294.1	16.1	86.4	89.1
a) Programmable	87,393.0	107,524.6	17.7	64.4	67.3
b) Non-programmable	29,884.8	34,769.5	11.3	22.0	21.8
II. Financing Costs <sup>1./</sup>	18,443.2	17,476.1	-9.4	13.6	10.9

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.

Source: Ministry of Finance and Public Credit.

**ANNEX B. PUBLIC DEBT****Public Sector External Debt, January <sup>\*\_/</sup>****Millions of dollars**

	Outstanding as of Dec-04	Indebtedness			Fx Adjustments	Outstanding as of Jan-05 <sup>p_/</sup>
		Originations	Amort.	Net		
Net external debt	77,990.2					79,537.0
Financial assets abroad <sup>1_/</sup>	-1,235.6					-1,695.3
Gross external debt	79,225.8	4,681.1	1,805.2	2,875.9	-869.4	81,232.3
Term structure	79,225.8	4,681.1	1,805.2	2,875.9	-869.4	81,232.3
Long term	77,149.1	1,076.8	474.1	602.7	-868.2	76,883.6
Short term	2,076.7	3,604.3	1,331.1	2,273.2	-1.2	4,348.7
Structure by user	79,225.8	4,681.1	1,805.2	2,875.9	-869.4	81,232.3
Federal Government <sup>2_/</sup>	60,084.2	1,000.5	105.9	894.6	-96.3	60,882.5
PEDBC <sup>3_/</sup>	11,003.4	3,099.5	784.5	2,315.0	-759.2	12,559.2
Development banks	8,138.2	581.1	914.8	-333.7	-13.9	7,790.6
Gross external debt						
By financing source	79,225.8	4,681.1	1,805.2	2,875.9	-869.4	81,232.3
Restructured 1989 – 1990	232.3	0.0	0.0	0.0	-0.1	232.2
Spanish bank bonds	76.5	0.0	0.0	0.0	0.0	76.5
New money 1990 – 1992	155.8	0.0	0.0	0.0	-0.1	155.7
Non-restructured	2,681.9	271.3	652.9	-381.6	-4.1	2,296.2
Bilateral credit	5,113.6	350.2	343.3	6.9	-34.5	5,086.0
Publicly placed bonds	51,106.6	1,000.0	0.0	1,000.0	-67.1	52,039.5
IFIS	17,053.2	14.6	129.2	-114.6	-28.4	16,910.2
Supplier credits to public sector entities	0.0	0.0	0.0	0.0	0.0	0.0
Others <sup>4_/</sup>	3,038.2	3,045.0	679.8	2,365.2	-735.2	4,668.2

Note: Figures may not add up due to rounding.

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

Source: Ministry of Finance and Public Credit.

México, March 2, 2005.

**ANNEX B. PUBLIC DEBT (CONT)****Federal Government Domestic Debt, January <sup>\*\_/</sup>****Millions of pesos**

	Outstanding December 2004	Indebtedness			Adjustments <sup>1_/</sup>	Outstanding January 2005 <sup>p_/</sup>
		Originations	Amort.	Net		
Net domestic debt balance	1,029,964.9					1,020,273.7
Creditor accounts <sup>2_/</sup>	-69,241.4					-85,275.8
Gross domestic debt stock	1,099,206.3	85,376.3	79,413.1	5,963.2	380.0	1,105,549.5
Government Securities	1,039,314.1	76,374.4	71,874.0	4,500.4	-16.0	1,043,798.5
Cetes	241,533.6	61,555.9	51,413.2	10,142.7	0.0	251,676.3
Bondes	310,519.6	2,000.0	20,460.8	-18,460.8	0.0	292,058.8
Fixed rate bonds	402,702.3	11,050.0	0.0	11,050.0	0.0	413,752.3
Udibonos	84,558.6	1,768.5	0.0	1,768.5	-16.0	86,311.1
<i>Udibonos udi's</i>	<i>23,922.3</i>	<i>500.0</i>	<i>0.0</i>	<i>500.0</i>	<i>0.0</i>	<i>24,422.3</i>
S.A.R.	46,607.3	8,974.8	7,506.5	1,468.3	398.1	48,473.7
Siefores m/n	0.2	0.0	0.0	0.0	0.0	0.2
<i>Siefores udi's</i>	<i>0.1</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>
Others	13,284.7	27.1	32.6	-5.5	-2.1	13,277.1

Note: Figures may not add up due to rounding.

<sup>\*\_/</sup> Figures subject to revisions.<sup>p\_/</sup> Preliminary figures.<sup>1\_/</sup> Refers to adjustments for inflation.<sup>2\_/</sup> Represents the balance, denominated in pesos, of the General Account of the Federal Treasury and deposits in the national banking system.

Source: Ministry of Finance and Public Credit.



**ANNEX C. PUBLICATIONS CALENDAR****Public Finance Publications Calendar**

<b>Coverage Period:</b>	<b>Release Date</b>
February, 2005	March 30, 2005
March, 2005	May 2, 2005
April, 2005	May 30, 2005
May, 2005	June 30, 2005
June, 2005	August 1, 2005
July, 2005	August 30, 2005
August, 2005	September 30, 2005
September, 2005	October 31, 2005
October, 2005	November 30, 2005
November, 2005	December 30, 2005
December, 2005	January 30, 2005
January, 2006	March 2, 2005