

Public Finance and Public Debt Report, January 2006

The public finances and public debt preliminary results for January 2006 were released today.

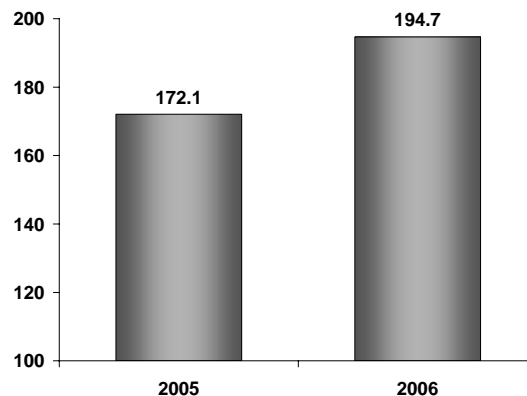
1. Public Sector Balance in January 2006

- The public sector posted a surplus of Ps.11.4 billion, Ps. 10.2 billion higher than that registered in the same month of the previous year. The primary balance, defined as total revenues minus non-interest expenditures, posted a Ps. 36.7 billion surplus, 43 percent higher in real terms than that of January 2005.

1.1 Public Sector Budgetary Revenues in January 2006

- The public sector's budgetary revenues stood at Ps. 194.7 billion in January. This amount is 13.1 percent higher in real terms than that for the same month of 2005. The annual change is explained by the following:
 - Non-oil tax revenues amounted to Ps. 94.5 billion, 7.1 percent higher in real terms than in the same month of the previous year. VAT and income tax collection exceeded the figures observed a year earlier by 11.3 and 7.1 percent in real terms, respectively.
 - Oil-related revenues, which include PEMEX's own revenues, duties and fees, excise tax collection on gasoline and diesel, and the tax on oil returns in accordance with PEMEX's new fiscal regime, totaled Ps. 61.7 billion, 19.8 percent higher in real terms than those registered a year earlier.

**Budgetary Revenues
January 2006
(Billion 2006 pesos)**

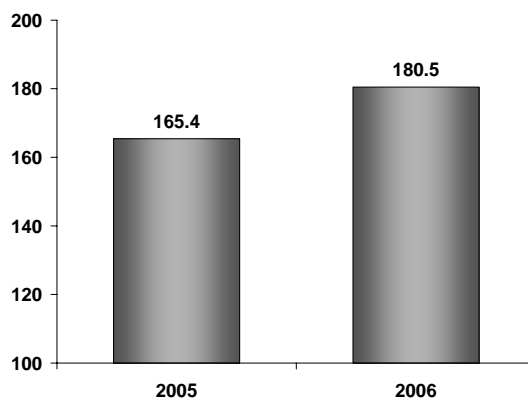


- Non-tax non-oil revenues were Ps. 8.2 billion. This amount is 28.4 percent higher than in the same month of 2005. The increase in the annual comparison is due to the sale of *Grupo Aeroportuario Centro-Norte* in January 2006 while non-recurring revenues were not obtained during the same month of 2005.
- Revenues from public entities under direct budgetary control (PEDBC's) other than PEMEX amounted to Ps. 30.3 billion, 16.4 percent higher in real terms than the amount registered in the first month of last year. This was mainly due to higher energy sales and an increase in contributions to social security.

1.2. Net Budgetary Public Sector Expenditures during January 2006

- Net budgetary expenditures of the public sector totaled Ps. 180.5 billion in the first month of the year. This amount is 9.2 percent higher in real terms than that observed a year earlier.

**Net Budgetary Expenditures
January 2006
(Billion 2006 pesos)**



- Paid programmable expenditures amounted to Ps. 125.1 billion, 12 percent higher in real annual terms than that registered in the same month of 2005. This increase results from higher expenditures programmed for January 2006 with respect to the same month a year earlier, especially in subsidies and transfers other than personnel services, other operational expenditures, public infrastructure works to attend natural disasters and salaries for teachers and medical personnel. On the other hand, PIDIREGAS (physical investment) payments decreased in accordance with the amortization calendar.
- Federalized spending, which includes revenue sharing to States and Municipalities, as well as resources transferred to these entities (*Ramo 33*), provisions for basic, normal, technical and adult education (*Ramo 25*), and the resources directed towards the financial strengthening of States through PAFEF (*Ramo 39*), increased 11.0 percent in real annual terms.
 - Revenue sharing to States and Municipalities was Ps. 25.6 billion, and increased 6.7 percent in real annual terms.

- Total resources through *Ramo 25*, *Ramo 33* and *Ramo 39* increased 13.8 percent in real annual terms.
- The Public Sector's financing costs during January 2006 totaled Ps. 21.9 billion. This amount was 19.2 percent higher in real terms than that registered in the same period a year earlier. This results mainly from higher resources for IPAB in accordance with its Annual Program.

2. Public Debt Update

- The Federal Government's net domestic debt's balance was Ps. 1,203.6 billion at the end of January 2006. This was Ps. 20.2 billion higher than the balance registered at the end of 2005. This is due to net borrowings of Ps. 11.9 billion, adjustments to the inflation-indexed debt for Ps. 1.2 billion, and a reduction in the Federal Government's financial assets of Ps. 7.1 billion.
- At the end of January 2006 the Federal Government's net external debt's balance was US\$ 53.9 billion, US\$ 0.1 billion lower than in December 31st 2005. The decrease is due to a small net indebtedness, upward accounting adjustments for US\$ 0.1 billion, and an increase of the financial assets abroad of US\$ 0.2 billion.
- The Public Sector's (Federal Government, PEDBC's and development banks) net domestic debt's balance was Ps. 1,271.3 billion at the end of the first month of 2006. This was Ps. 21.3 billion higher than the balance registered at the end of 2005. This is due to net borrowings of Ps. 15.3 billion, adjustments to the inflation-indexed debt for Ps. 12.5 billion, and an increase in the Public Sector's financial assets of Ps. 6.5 billion.
- The net Federal Public Sector external debt's balance stood at US\$ 67.4 billion at the end of January 2006, US\$ 1.7 billion higher than in December 31st 2005. This is due to net indebtedness of US\$ 2.9 billion, upward accounting adjustments for US\$ 0.2 billion, and an increase of the financial assets abroad of US\$ 1.4 billion.
- It is worth noting that the net external debt's increase is transitory and its level will decrease gradually as payments are made according to the financing program and the US\$ 500 million net debt reduction ceiling established 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.

Mexico City, March 2nd, 2006.**ANNEX A. PUBLIC FINANCES****PUBLIC SECTOR OVERALL BALANCE, JANUARY**

(Million pesos)

Concept	January		Real % Growth	Composition %	
	2005	2006 p./		2005	2006 p./
OVERALL PUBLIC BALANCE (I+II)	1,162.0	11,354.0	-0-		
I. Budgetary Balance (a-b)	6,496.5	14,140.4	109.4		
a) Budgetary Revenues	165,617.2	194,676.0	13.1	100.0	100.0
Federal Government	130,582.9	143,349.7	5.6	78.8	73.6
Tax	85,482.6	92,893.1	4.5	51.6	47.7
Non-tax	45,100.3	50,456.6	7.6	27.2	25.9
PEDBC	35,034.4	51,326.4	40.9	21.2	26.4
PEMEX	10,039.4	21,074.5	102.0	6.1	10.8
Others	24,995.0	30,251.8	16.4	15.1	15.5
b) Net Budgetary Expenditures	159,120.7	180,535.6	9.2	100.0	100.0
Programmable	107,479.4	125,073.9	12.0	67.5	69.3
Non programmable	51,641.3	55,461.7	3.3	32.5	30.7
II. PEIBC	-5,334.5	-2,786.4	-49.7		
Primary Balance	24,705.7	36,730.2	43.0		

Note: Figures may not add up due to rounding

p./ Preliminary figures

Source: Ministry of Finance and Public Credit

Mexico City, March 2nd, 2006.**A. PUBLIC FINANCES (Cont)**

PUBLIC SECTOR REVENUES, JANUARY					
(Million pesos)					
Concept	January		Real % Growth	Composition %	
	2005	2006 p./		2005	2006 p./
TOTAL (I+II)	165,617.2	194,676.0	13.1	100.0	100.0
I. Oil related(a+b)	49,579.4	61,724.0	19.8	29.9	31.7
a) PEMEX	10,039.4	21,074.5	102.0	6.1	10.8
b) Federal Government	39,540.0	40,649.5	-1.1	23.9	20.9
Rights and royalties on oil products	38,977.4	42,285.1	4.4	23.5	21.7
Excise taxes	562.6	-2,073.7	n.s.	0.3	-1.1
Tax on Oil Returns	0.0	438.1	n.s.	0.0	0.2
II. Non-oil related(c+d)	116,037.8	132,952.0	10.2	70.1	68.3
c) Federal Government	91,042.8	102,700.2	8.5	55.0	52.8
Tax	84,920.0	94,528.7	7.1	51.3	48.6
Income tax	42,102.2	46,848.0	7.1	25.4	24.1
VAT	33,465.1	38,730.3	11.3	20.2	19.9
Excise taxes	3,791.4	3,628.2	-7.9	2.3	1.9
Import taxes	2,190.6	2,349.5	3.2	1.3	1.2
Others ^{1/}	3,370.7	2,972.6	-15.2	2.0	1.5
Non-tax	6,122.9	8,171.5	28.4	3.7	4.2
Rights	2,341.2	2,908.8	19.5	1.4	1.5
Fees	3,111.5	4,696.3	45.2	1.9	2.4
Others	670.1	566.4	-18.7	0.4	0.3
d) PEDBC ^{2/}	24,995.0	30,251.8	16.4	15.1	15.5
Memorandum items:					
Total tax related	85,482.6	92,893.1	4.5	51.6	47.7
Total non-tax related	80,134.7	101,783.0	22.2	48.4	52.3

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 budget control. Excludes Federal Government transfers to the ISSSTE.

Source: Ministry of Finance and Public Credit

ANNEX A. PUBLIC FINANCES (Cont)

PUBLIC SECTOR EXPENDITURES, JANUARY (Million pesos)					
Concept	January		Real % Growth	Composition %	
	2005	2006 p_1		2005	2006 p_1
TOTAL (I+II)	159,120.7	180,535.6	9.2	100.0	100.0
I. Primary expenditures (a+b)	141,451.7	158,650.1	7.9	88.9	87.9
a) Programmable	107,479.4	125,073.9	12.0	67.5	69.3
b) Non-programmable	33,972.3	33,576.1	-4.9	21.3	18.6
II. Financing costs ^{1/}	17,669.0	21,885.6	19.2	11.1	12.1

Note: Figures may not add up due to rounding

p_1/ Preliminary figures

^{1/} Includes interests, commissions and other public debt expenditures associated to debtor support programs.

Source: Ministry of Finance and Public Credit

Mexico City, March 2nd, 2006.**ANNEX B. PUBLIC DEBT****FEDERAL GOVERNMENT DOMESTIC DEBT, JANUARY *_/**

(Million pesos)

Concept	Outstanding	Indebtedness			Adjustment	Outstanding
	As of Dec-2005	Originations	Amort.	Net	s ^{1/}	As of Jan. 2006 p ^{2/}
Net domestic debt balance	1,183,310.7					1,203,560.4
Creditor accounts ^{2/}	-58,843.4					-51,713.8
Gross domestic debt stock	1,242,154.1	102,954.5	91,028.8	11,925.7	1,194.4	1,255,274.2
Government Securities	1,173,307.4	93,067.8	82,006.7	11,061.1	738.2	1,185,106.7
Cetes	288,229.7	72,381.7	68,771.4	3,610.3	0.0	291,840.0
Bondes	287,559.8	0.0	13,235.3	-13,235.3	0.0	274,324.5
Fixed rate bonds	502,186.9	17,040.0	0.0	17,040.0	0.0	519,226.9
Udibonos	95,331.0	3,646.1	0.0	3,646.1	738.2	99,715.3
<i>Udibonos udi's</i>	<i>26,214.4</i>	<i>1,000.0</i>	<i>0.0</i>	<i>1,000.0</i>	<i>0.0</i>	<i>27,214.4</i>
S.A.R.	52,144.3	9,855.6	8,989.2	866.4	377.6	53,388.3
Siefores (pesos)	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	16,702.2	31.1	32.9	-1.8	78.6	16,779.0

Note: Figures may not add up due to rounding

*_/ Figures subject to revisions and methodological changes.

p_/ Preliminary figures

1_/ Refers to adjustment 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

Mexico City, March 2nd, 2006.

FEDERAL PUBLIC SECTOR'S INTERNAL DEBT, JANUARY ^{1/}						
(Million Dollars)						
Concept	Outstanding as of Dec. 2005 ^{p/}	Indebtedness			Adjustments	Outstanding as of Jan. 2006 ^{p/}
		Disp.	Amort.	Net		
Net Debt	53,970.6					53,850.7
Assets ^{1/}	-4,403.0					-4,597.4
Gross Debt	58,373.6	125.0	102.9	22.1	52.4	58,448.1
Issued in International Markets	44,075.0	0.0	0.0	0.0	34.8	44,109.8
International Financial Institutions	13,621.1	125.0	94.1	30.9	13.5	13,665.5
Bilateral	256.1	0.0	8.8	-8.8	3.5	250.8
Commercial Banks	49.3	0.0	0.0	0.0		49.3
Others	372.1	0.0	0.0	0.0	0.6	372.7

Note: Figures may not add up due to rounding

^{1/} Figures subject to revisions.

^{p/} Preliminary figures.

^{1/} Considers the US Dollar denominated balance Of the Federal Treasury's General Account and other assets in foreign currency and assets from PEDBC's and Development Banks.

Source: Ministry of Finance and Public Credit

Mexico City, March 2nd, 2006.

FEDERAL PUBLIC SECTOR'S INTERNAL DEBT, JANUARY *_/
(Million Pesos)

Concept	Outstanding as of Dec. 2005 ^{p_/}	Indebtedness			Adjustments	Outstanding as of Jan. 2006 ^{p_/}
		Disp.	Amort.	Neto		
Net Debt	1,250,046.0					1,271,317.2
Assets ^{1/}	-89,374.2					-95,886.7
Gross Debt	1,339,420.2	107,604.2	92,283.7	15,320.5	12,463.2	1,367,203.9
Structure by Term						
Long-Term	1,085,200.6	35,864.8	32,607.9	3,256.9	12,464.6	1,100,922.1
Federal Government	1,019,432.3	35,860.4	31,826.7	4,033.7	1,194.4	1,024,660.4
PEDBC	5,613.5	0.0	18.3	-18.3	11,074.6	16,669.8
Development Banks	60,154.8	4.4	762.9	-758.5	195.6	59,591.9
Short-Term	254,219.6	71,739.4	59,675.8	12,063.6	-1.4	266,281.8
Federal Government	222,721.8	67,094.1	59,202.1	7,892.0	0.0	230,613.8
PEDBC	0.0	4,645.3	29.7	4,615.6	0.0	4,615.6
Development Banks	31,497.8	0.0	444.0	-444.0	-1.4	31,052.4
By Financing Source	1,339,420.2	107,604.2	92,283.7	15,320.5	12,463.2	1,367,203.9
Privately Placed Bonds	1,264,365.5	93,067.8	83,213.6	9,854.2	951.3	1,275,171.0
SAR	52,144.3	9,855.6	8,989.2	866.4	377.6	53,388.3
Commercial Banks	1,694.8	4.4	18.3	-13.9	-29.6	1,651.3
Others	21,215.6	4,676.4	62.6	4,613.8	11,163.9	36,993.3

Note: Figures may not add up due to rounding

*/ Figures subject to revisions.

p_/ Preliminary figures.

1/ Considers the domestic currency denominated balance Of the Federal Treasury's General Account and other held by PEDBC's and Development Banks.

Source: Ministry of Finance and Public Credit

ANNEX B. PUBLIC DEBT (Cont.)

PUBLIC SECTOR EXTERNAL DEBT, JANUARY *_/						
(Million dollars)						
Concept	Outstanding as of Dec. 2005 ^{p_/}	Indebtedness			Adjustments	Outstanding as of Jan. 2006 ^{p_/}
		Originations	Amort.	Net		
Net Debt	65,722.5					67,403.3
Financial Assets in Foreign Currency ^{1/}	-5,952.0					-7,453.6
Gross Debt	71,674.5	4,166.7	1,221.9	2,944.8	237.6	74,856.9
Structure by Term						
Long-Term	70,888.7	1,473.3	706.0	767.3	236.1	71,892.1
Federal Government	58,373.6	125.0	102.9	22.1	52.4	58,448.1
PEDBC	6,992.1	1,345.2	120.1	1,225.1	178.5	8,395.7
Development Banks	5,523.0	3.1	483.0	-479.9	5.2	5,048.3
Short-Term	785.8	2,693.4	515.9	2,177.5	1.5	2,964.8
Federal Government	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC	6.3	2,401.2	99.7	2,301.5	0.4	2,308.2
Development Banks	779.5	292.2	416.2	-124.0	1.1	656.6
By Financing Source						
Issued in International Markets	46,462.3	0.0	0.0	0.0	37.1	46,499.4
International Financial Institutions	16,827.7	125.0	162.9	-37.9	13.5	16,803.3
Commercial Banks	2,454.6	1,637.2	825.4	811.8	1.7	3,268.1
Bilateral	3,403.9	3.3	133.9	-130.6	17.6	3,290.9
Restructured 1989 - 1990	154.4	0.0	0.0	0.0	0.1	154.5
Spanish Bank Bonds	76.5	0.0	0.0	0.0	0.0	76.5
New Money 1990 - 1992	77.9	0.0	0.0	0.0	0.1	78.0
Others ^{2/}	2,371.6	2,401.2	99.7	2,301.5	167.6	4,840.7

Note: Figures may not add up due to rounding

*_/ Figures subject to revisions.

p_/ Preliminary figures.

^{1/} Considers the US Dollar denominated balance Of the Federal Treasury's General Account and other assets in foreign currency and assets from PEDBC's and Development Banks.

^{2/} Refers to PIDIREGAS debt.

Source: Ministry of Finance and Public Credit