



Mexico, City , March, 2nd, 2007

# Public Finance and Public Debt Report, January 2007

**The Public Finances and Public Debt preliminary results up to January 2007 were released today.**

## ***Evolution of the Public Finances during January***

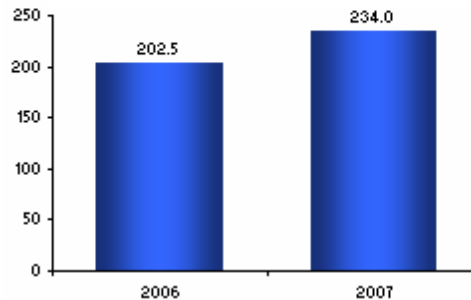
In January 2007 the Public Sector Balance registered a Ps. 51.5 billion surplus, higher than that posted in the same month of the previous year of Ps. 40.2 billion. The primary balance registered a Ps. 77.2 billion surplus, 97.7 percent higher in real terms to the one registered in the same period of 2006.

## ***Public Sector Budgetary Revenues in January***

The public sector's budgetary revenues reached Ps. 234.0 billion, an amount which is 15.6 percent higher, in real terms, than the one registered during the same month of the previous year. This behavior is explained by the following factors:

- Non-oil tax revenues amounted to Ps 109.6 billion, 11.3 percent higher in real terms than those registered during the same month of last year. Worth noting are the real increases in VAT and income tax receipts of 16.5 percent and 5.7 percent, respectively.
- Oil-related revenues, which include PEMEX's own revenues, royalties and fees, excise tax collection on gasoline and diesel, and the tax on oil returns, totaled Ps 63.7 billion, a 2.2 percent decrease in real terms with respect to those registered in the same month of 2006. This figure is a result of the decrease of the oil production platform observed during 2006 and the reduction in the domestic price of natural gas of 24.1 percent in cash flow terms.

**Budgetary Revenues  
January  
(Billion Pesos of 2007)**

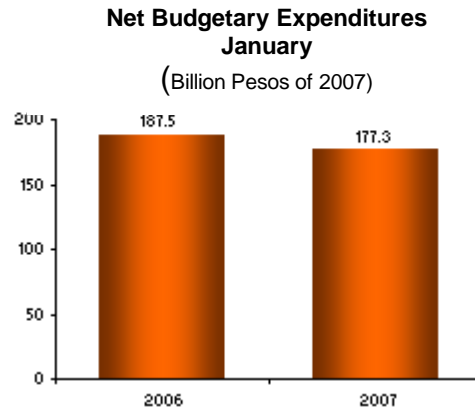


- Revenues from public entities other than PEMEX totaled Ps. 30.8 billion, which implies a 0.5 percent increase in real terms compared with the same month of the previous year. This is explained by the exclusion of the operations of the Housing Fund of ISSSTE, given the reform to article 174 of ISSSTE's Law, that removes from the Institute's assets the resources of the Fund as they are considered the property of the employees.<sup>1</sup>
- Non-tax non-oil revenues were Ps. 29.9 billion, amount that is 265.3 percent higher, in real terms, than the observed in the previous year during the same period. This is mainly explained by higher non-recurring revenues in January 2007 from the sale of Grupo Aeroportuario Centro-Norte, the minimum Guaranteed Return from PEMEX and other fees.

***Net Budgetary Public Sector Expenditures during January***

During the first month of the year, the net budgetary expenditures of the public sector totaled Ps. 177.3 billion, that is a 5.4 percent decrease in real terms compared with the value observed in January 2006. This result is explained, mainly, by a reduction in non-programmable expenditure of 16.6 percent in real terms.

<sup>1</sup> Excluding the FOVISSSTE's operations from revenues in January 2006, the revenues of public entities other than PEMEX would have observed a 3.8 percent increase in real terms.



Paid programmable expenditures totaled Ps. 127.3 billion, which is a slightly lower amount in real terms to the one observed in the same month of the previous year (-0.2 percent). This result is explained mainly because additional resources to the Natural Disasters Trust Fund were allocated in January of 2006 to cover the damages from hurricanes observed in 2005 and to construction works for the Second Terminal of the Mexico City International Airport. Also, CFE made lower expenditures on financial services and energy generating costs (fuel consumption) with respect to the previous year.

Federalized spending, which includes revenue sharing allocated to States and Municipalities, as well as resources transferred to these entities (Ramo 33)<sup>2</sup>, and provisions for basic, normal, technical and adult education (Ramo 25) registered a 7.6 percent decrease in real terms. Revenue sharing to States and Municipalities totaled Ps. 21.3 billion, which represents a decrease in real terms of 20.4 percent. This reduction reflects the evolution of the Federal Shareable Revenue according to the Fiscal Coordination Law. It is worth noting that available information suggests this event is temporary. On the other hand, total resources distributed through Ramo 25 and Ramo 33 registered an annual real increase of 0.3 percent.

The Public Sector's financial cost was Ps. 19.3 billion, amount that is 15.9 percent lower in real terms than the one registered in the same period of last year. This is due to smaller requirements of resources by the Institute for the Protection of Bank Savings (IPAB), according to the approved amount and the payments calendar, as well as a smaller cost of the domestic debt of the Federal Government with respect to the previous year.

<sup>2</sup> According to the Fiscal Coordination Law published on December 27th, 2006, in the Official Gazette of the Federation, starting this year the program directed to the financial strengthening of States (PAFEF) was transformed into a contributions fund of Ramo 33. With the purpose of facilitating comparison between years, PAFEF's 2006 information is included in Ramo 33.

### ***Public Debt Update to January***

The Federal Government's net domestic debt balance was Ps. 1,514.1 billion, amount that is Ps. 33.0 billion lower than the amount observed at the end of 2006. This difference of stocks is explained by net indebtedness of Ps. 20.5 billion, upward adjustments to the inflation-indexed debt for Ps. 1.4 billion and an increase in the Federal Government's financial assets of Ps. 54.9 billion.

The balance of the Federal Government's net external debt at the end of January was US\$ 40.0 billion, US\$ 0.2 billion higher than the amount observed on December 31<sup>st</sup>, 2006. This increase is due to a reduction in net debt of US\$ 2.0 billion, upward accounting adjustments for US\$ 1.2 billion, and a decrease of financial assets abroad of US\$ 1.0 billion.

The balance of net domestic debt of the Federal Public Sector (Federal Government, PEDBC's and development banks) was Ps. 1,450.7 billion by the end of the first month of the year, which implies a Ps. 21.2 billion reduction from the closing balance of 2006. This is due to net domestic borrowing of Ps. 38.4 billion, downward accounting adjustments for Ps. 11.3 billion and an increase in the Public Sector's financial assets by Ps. 48.3 billion.

The net balance of the Federal Public Sector's external debt stood at US\$ 52.1 billion, amount that exceeded by US\$ 4.8 billion that observed in December 2006. This is due to an increase in net external debt of US\$ 2.2 billion, upward accounting adjustments by US\$ 2.2 billion and a decrease of the financial assets abroad of US\$ 0.4 billion.

It is worth noting that the increase of the net external debt is transitory and this will decrease gradually according to the profile of debt maturing in the following months, consisting with the financing program for this year and the upper limit of a net external debt decrease of US\$ 0.5 billion 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.sse.gob.mx/contenidos/informacion\\_economica/temas/estadisticas\\_oportunas/index.html](http://www.shcp.sse.gob.mx/contenidos/informacion_economica/temas/estadisticas_oportunas/index.html)

## ANNEX

### PUBLIC SECTOR OVERALL BALANCE (Million pesos)

Concept	January		Real. % Growth	Composition %	
	2006	2007 p_/		2006	2007 p_/
<b>PUBLIC BALANCE</b>	11,354.0	51,523.5	336.4		
Budgetary Balance	14,484.7	56,712.2	276.5		
Budgetary Revenues	194,762.4	234,011.4	15.6	100.0	100.0
Oil Related	62,647.3	63,701.4	-2.2	32.2	27.2
Federal Government	40,649.5	45,204.5	6.9	20.9	19.3
PEMEX	21,997.8	18,496.9	-19.1	11.3	7.9
Non-oil related	132,115.2	170,310.1	24.0	67.8	72.8
Federal Government	102,597.3	139,475.0	30.7	52.7	59.6
Tax	94,733.2	109,601.0	11.3	48.6	46.8
Non-tax	7,864.0	29,874.0	265.3	4.0	12.8
PEDBC	29,517.9	30,835.1	0.5	15.2	13.2
Net Budgetary Expenditures	180,277.7	177,299.3	-5.4	100.0	100.0
Programmable	122,592.0	127,270.2	-0.2	68.0	71.8
Non programmable	57,685.7	50,029.1	-16.6	32.0	28.2
PEIBC	-3,130.7	-5,188.7	59.4		
<b>Primary Balance</b>	37,548.0	77,191.4	97.7		

Note: Figures may not add up due to rounding.

p\_/ Preliminary Figures

Source: Ministry of Finance and Public Credit

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**PUBLIC SECTOR REVENUES**  
**(Million pesos)**

Concept	January		Real % Growth	Composition %	
	2006	2007 p_/		2006	2007 p_/
<b>Budgetary Revenues(I+II)</b>	<b>194,762.4</b>	<b>234,011.4</b>	<b>15.6</b>	<b>100.0</b>	<b>100.0</b>
I. Oil Related (a+b)	62,647.3	63,701.4	-2.2	32.2	27.2
a) PEMEX	21,997.8	18,496.9	-19.1	11.3	7.9
b) Federal Government	40,649.5	45,204.5	6.9	20.9	19.3
Rights and royalties	42,285.1	50,496.1	14.8	21.7	21.6
Excise taxes <sup>1/</sup>	-2,073.7	-5,510.6	155.6	-1.1	-2.4
Tax on Oil Returns	438.1	219.0	-51.9	0.2	0.1
II. Non-oil related (c+d)	132,115.2	170,310.1	24.0	67.8	72.8
c) Federal Government	102,597.3	139,475.0	30.7	52.7	59.6
Tax	94,733.2	109,601.0	11.3	48.6	46.8
Income Tax	46,864.8	51,499.8	5.7	24.1	22.0
VAT	38,745.7	46,939.9	16.5	19.9	20.1
Excise taxes	3,628.2	4,616.6	22.4	1.9	2.0
Import taxes	2,350.0	2,499.0	2.3	1.2	1.1
Others <sup>2/</sup>	3,144.5	4,045.6	23.7	1.6	1.7
Non-tax	7,864.0	29,874.0	265.3	4.0	12.8
Rights	2,834.6	3,140.9	6.6	1.5	1.3
Fees	4,609.9	25,870.2	439.7	2.4	11.1
Others	419.5	863.0	97.8	0.2	0.4
d) PEDBC <sup>3/</sup>	29,517.9	30,835.1	0.5	15.2	13.2
Memorandum items:					
Total tax related	93,097.6	104,309.4	7.8	47.8	44.6
Total non-tax related	101,664.8	129,702.0	22.7	52.2	55.4

Note: Figures may not add up due to rounding.

p\_/ Preliminary Figures

1\_/ The negative signs imply that compensations were greater than receipts.

2\_/ Includes new vehicle, vehicle ownership, luxury goods and services and accessory taxes.

3\_/ Excludes Federal Government transfers to the ISSSTE.

Source: Ministry of Finance and Public Credit

Mexico, City , March, 2nd, 2007

**PUBLIC SECTOR EXPENDITURES**  
**(Million pesos)**

Concept	January		Real. % Growth	Composition %	
	2006	2007 p /		2006	2007 p /
<b>TOTAL (I+II)</b>	180.277.7	177.299.3	-5.4	100.0	100.0
<b>I. Primary Expenditures (a+b)</b>	158.273.7	158.046.6	-4.0	87.8	89.1
a) Programmable	122.592.0	127.270.2	-0.2	68.0	71.8
b) Non- programmable	35.681.7	30.776.3	-17.0	19.8	17.4
<b>II. Financing Costs <sup>1/</sup></b>	22.004.1	19.252.7	-15.9	12.2	10.9

Note: Figures may not add up due to rounding

p\_/ 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, 2007

**FEDERAL GOVERNMENT DOMESTIC DEBT, JANUARY<sup>\*\_J</sup>**

(Million pesos)

Concept	Outstanding as of December 2006 <sup>p_J</sup>	Indebtedness			Adjustments <sup>1_J</sup>	Outstanding as of January 2007 <sup>p_J</sup>
		Originations.	Amort.	Net		
<b>Net Domestic debt balance</b>	<b>1,547,112.1</b>					<b>1,514,127.9</b>
Assets <sup>2_J</sup>	-125,670.3					-180,557.8
<b>Gross Domestic debt stock</b>	<b>1,672,782.4</b>	<b>113,304.1</b>	<b>92,792.6</b>	<b>20,511.5</b>	<b>1,391.8</b>	<b>1,694,685.7</b>
Government Securities	1,569,926.4	102,379.3	82,500.1	19,879.2	931.8	1,590,737.4
Cetes	346,004.6	76,539.5	67,982.0	8,557.5	0.0	354,562.1
Bondes	214,822.0	0.0	14,518.1	-14,518.1	0.0	200,303.9
Bondes D	144,801.4	4,650.0	0.0	4,650.0	0.0	149,451.4
Fixed Rate Bonds	708,971.5	16,825.0	0.0	16,825.0	0.0	725,796.5
Udibonos	155,326.9	4,364.8	0.0	4,364.8	931.8	160,623.5
<i>Udibonos udi's</i>	41,014.4	1,150.0	0.0	1,150.0	0.0	42,164.4
S.A.R.	59,499.5	10,840.0	10,255.3	584.7	312.9	60,397.1
Siefores (pesos)	0.2	0.0	0.0	0.0	0.0	0.2
<i>Siefores udi's</i>	0.1	0.0	0.0	0.0	0.0	0.1
Others	43,356.3	84.8	37.2	47.6	147.1	43,551.0

Note: Figures may not add up due to rounding.

\*\_J/ Figures subject to revisions and methodological changes.

p\_J/ Preliminary Figures

1\_J/ Refers to adjustment for inflation .Fixed Rate Bonds refers to the adjustment due to debt changes.

2\_J/ 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



Mexico, City , March, 2nd, 2007

**FEDERAL GOVERNMENT EXTERNAL DEBT, JANUARY <sup>\*\_</sup>**  
**(Million Dollars)**

Concept	Outstanding as of December 2006 p_ <sub>1</sub>	Indebtedness			Adjustments	Outstanding as of January 2007p_ <sub>1</sub>
		Disp.	Amort.	Net		
<b>Net Debt</b>	<b>39,806.6</b>					<b>40,036.7</b>
Assets <sup>1_</sup>	-2,129.7					-1,082.1
<b>Gross Debt</b>	<b>41,936.3</b>	<b>2,417.5</b>	<b>4,441.6</b>	<b>-2,024.1</b>	<b>1,206.6</b>	<b>41,118.8</b>
Privately Placed Bonds	36,212.5	2,266.6	4,394.8	-2,128.2	1,217.4	35,301.7
IFI's	5,389.2	150.9	45.9	105.0	-8.4	5,485.8
Bilateral	203.2	0.0	0.9	-0.9	-2.4	199.9
Restructured	131.4	0.0	0.0	0.0	0.0	131.4

Note: Figures may not add up due to rounding.

\*\_<sub>1</sub> Figures subject to revisions.

p\_<sub>1</sub> Preliminary figures.

<sup>1\_</sup> Considers the US Dollar denominated balance of the Federal Treasury's General Account and other assets from PEDBC's and Development Banks.

Source: Ministry of Finance and Public Credit

**PUBLIC SECTOR DOMESTIC DEBT, JANUARY <sup>\*/</sup>**  
**(Million Pesos)**

Concept	Outstanding as of December 2006 p_/	Indebtedness			Adjust.	Outstanding as of January 2007p_/
		Disp.	Amort.	Net		
<b>Net Debt</b>	<b>1,471,942.8</b>					<b>1,450,695.1</b>
Assets <sup>1/</sup>	-269,464.8					-317,784.4
<b>Gross Debt</b>	<b>1,741,407.6</b>	<b>137,004.7</b>	<b>98,634.9</b>	<b>38,369.8</b>	<b>-11,297.9</b>	<b>1,768,479.5</b>
<b>By Term</b>	<b>1,741,407.6</b>	<b>137,004.7</b>	<b>98,634.9</b>	<b>38,369.8</b>	<b>-11,297.9</b>	<b>1,768,479.5</b>
Long-term	1,460,601.5	42,352.0	24,813.5	17,538.5	-11,298.8	1,466,841.2
Short-term	280,806.1	94,652.7	73,821.4	20,831.3	0.9	301,638.3
<b>By User</b>	<b>1,741,407.6</b>	<b>137,004.7</b>	<b>98,634.9</b>	<b>38,369.8</b>	<b>-11,297.9</b>	<b>1,768,479.5</b>
Federal Government	1,672,782.4	113,304.1	92,792.6	20,511.5	1,391.8	1,694,685.7
Long-term	1,400,725.3	42,352.0	24,803.8	17,548.2	1,391.8	1,419,665.3
Short-term	272,057.1	70,952.1	67,988.8	2,963.3	0.0	275,020.4
PEDBC's	19,353.0	18,900.6	139.4	18,761.2	-12,784.8	25,329.4
Long-term	19,353.0	0.0	9.7	-9.7	-12,784.8	6,558.5
Short-term	0.0	18,900.6	129.7	18,770.9	0.0	18,770.9
Development Banks	49,272.2	4,800.0	5,702.9	-902.9	95.1	48,464.4
Long-term	40,523.2	0.0	0.0	0.0	94.2	40,617.4
Short-term	8,749.0	4,800.0	5,702.9	-902.9	0.9	7,847.0
<b>By Financing Source</b>	<b>1,741,407.6</b>	<b>137,004.7</b>	<b>98,634.9</b>	<b>38,369.8</b>	<b>-11,297.9</b>	<b>1,768,479.5</b>
Privately Placed Bonds	1,618,589.6	107,179.3	88,200.1	18,979.2	1,011.3	1,638,580.1
SAR	59,499.5	10,840.0	10,255.3	584.7	312.9	60,397.1
Commercial Banks <sup>l</sup>	1,170.3	0.0	12.6	-12.6	15.6	1,173.3
Others	62,148.2	18,985.4	166.9	18,818.5	-12,637.7	68,329.0

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

Mexico, City , March, 2nd, 2007

**PUBLIC SECTOR EXTERNAL DEBT, JANUARY<sup>\*\_/</sup>**  
**(Million Dollars)**

Concept	Outstanding as of December 2006 p /	Indebtedness			Adjust	Outstanding as of January 2007p /
		Disp.	Amort.	Net		
<b>Net Debt</b>	<b>47,247.2</b>					<b>52,066.6</b>
Financial Assets in Foreign Currency <sup>1_/</sup>	-7,519.1					-7,152.0
<b>Gross Debt</b>	<b>54,766.3</b>	<b>7,206.2</b>	<b>4,965.6</b>	<b>2,240.6</b>	<b>2,211.7</b>	<b>59,218.6</b>
<b>By Term</b>	<b>54,766.3</b>	<b>7,206.2</b>	<b>4,965.6</b>	<b>2,240.6</b>	<b>2,211.7</b>	<b>59,218.6</b>
Long-term	53,921.6	3,218.9	4,540.2	-1,321.3	2,211.9	54,812.2
Short-term	844.7	3,987.3	425.4	3,561.9	-0.2	4,406.4
<b>By User</b>	<b>54,766.3</b>	<b>7,206.2</b>	<b>4,965.6</b>	<b>2,240.6</b>	<b>2,211.7</b>	<b>59,218.6</b>
Federal Government	41,936.3	2,417.5	4,441.6	-2,024.1	1,206.6	41,118.8
Long-term	41,936.3	2,417.5	4,441.6	-2,024.1	1,206.6	41,118.8
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC's	7,212.0	4,039.3	166.1	3,873.2	1,014.4	12,099.6
Long-term	7,202.8	798.6	67.4	731.2	1,017.2	8,951.2
Short-term	9.2	3,240.7	98.7	3,142.0	-2.8	3,148.4
Development Banks	5,618.0	749.4	357.9	391.5	-9.3	6,000.2
Long-term	4,782.5	2.8	31.2	-28.4	-11.9	4,742.2
Short-term	835.5	746.6	326.7	419.9	2.6	1,258.0
<b>By Financing Source</b>	<b>54,766.3</b>	<b>7,206.2</b>	<b>4,965.6</b>	<b>2,240.6</b>	<b>2,211.7</b>	<b>59,218.6</b>
Privately Placed Bonds	38,558.0	2,266.6	4,394.8	-2,128.2	1,213.0	37,642.8
IFI's	8,255.4	150.9	65.5	85.4	-13.1	8,327.7
Commercial Banks	1,578.0	1,179.0	343.1	835.9	1.8	2,415.7
Bilateral	3,139.2	396.4	63.8	332.6	-17.1	3,454.7
Restructured 1989 - 1990	76.5	0.0	0.0	0.0	0.0	76.5
Spanish Bank Bonds	76.5	0.0	0.0	0.0	0.0	76.5
New Money 1990 - 1992	0.0	0.0	0.0	0.0	0.0	0.0
Others <sup>2_/</sup>	3,159.2	3,213.3	98.4	3,114.9	1,027.1	7,301.2

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\_/ Considers direct debt due to Projects of Productive Infrastructure of Long-term (PIDIREGAS).

Source: Ministry of Finance and Public Credit