

Public Finance and Public Debt Report, November 2007

The public finance and public debt preliminary results up to November 2007 were released today.

The main results for November are the following:

- The public sector posted a Ps. 3.6 billion surplus, which is in line with the fiscal balance authorized by Congress for 2007 as a whole.
- The primary balance, defined as total revenues minus non-interest expenditures, posted a Ps. 15.6 billion surplus.
- Budgetary revenues registered a 2.6 percent increase in real annual terms, due mainly to non oil tax revenues which registered a 14.8 percent increase in real annual terms with respect to November 2006. Oil tax revenues and revenues of public entities under direct budgetary control other than PEMEX increased 2.1 and 1.1 percent in real annual terms, respectively.
- Net budgetary expenditures registered a 1.3 percent increase in real annual terms, worth noting is the increase in programmable expenditure of 8.4 percent in real annual terms. This result is mainly explained by higher expenditures channeled to social development programs, health, education and agriculture, as well as higher expenditures on pensions and support for natural disasters.
- The Federal Government's net domestic debt increased by Ps. 26.4 billion while its net external debt did so by US\$ 0.2 billion, both with respect to October 2007.
- The public sector's net domestic debt increased by Ps. 23.9 billion while its external debt decreased US\$ 1.8 billion, both with respect to October 2007.

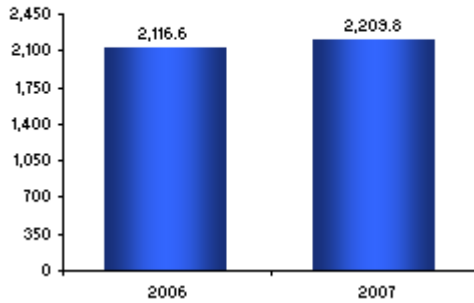
Evolution of the Public Finances during January – November

Up to November 2007, the public sector balance posted a surplus of Ps. 192.1 billion, Ps. 33.6 billion higher than the one registered in the same period of the previous year. The primary balance, defined as total revenues minus non-interest expenditures, posted a Ps. 393.5 billion surplus, Ps. 13.0 billion higher than the one registered in the January-November period of 2006.

Public Sector Budgetary Revenues during January - November

The public sector's budgetary revenues were Ps. 2,209.8 billion, amount which is 4.4 percent higher in real terms than that registered during the same period of the previous year. This behavior is explained by the following:

**BUDGETARY REVENUES,
January - November**
(Billion Pesos of 2007)



- Non-oil tax revenues amounted to Ps. 949.0 billion, 6.2 percent higher in real terms than those observed during the January-November period of the previous year. Worth noting are income tax, excise taxes and VAT increases in real annual terms of 10.1, 9.8 and 2.7 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. 753.2 billion, amount that is 3.2 percent lower in real terms than those registered in the same period of the previous year. This is mainly a result of the decrease, in annual terms, of the oil production and export platform and the reduction in the domestic price of natural gas.
- Revenues of public entities under direct budgetary control other than PEMEX totaled Ps. 364.5 billion, which represents an increase of 0.6 percent with respect to those registered in the same eleven-month period of 2006. This is explained because, until February 2006, the public sector's revenues included the

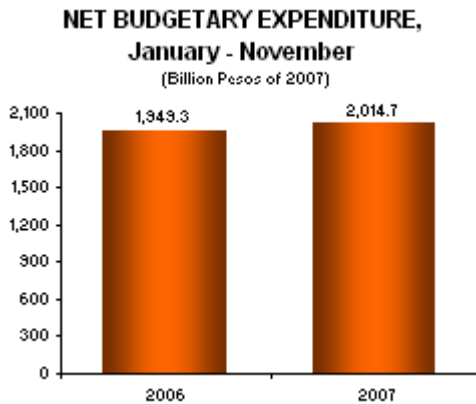
operations of the Housing Fund of ISSSTE, which since March 2006 were excluded according to the reform in article 174 of the ISSSTE's Law. If FOVISSSTE's revenues and expenditures transactions are excluded from the figures, the revenues of public entities other than PEMEX would have observed a 3.8 percent increase in real terms.

- Non-tax non-oil revenues were Ps. 143.2 billion, amount that is 73.3 percent higher, in real terms, than that observed in the same period of the previous year. This is explained by higher non-recurring revenues registered in 2007 from the sale of Grupo Aeroportuario Centro-Norte, the minimum Guaranteed Return from PEMEX, royalty revenues from highway concessions as well as other royalties and fees.

Net Budgetary Public Sector Expenditures during January - November

During the first eleven months of the year, the net budgetary expenditures of the public sector totaled Ps. 2,014.7 billion, amount that is 3.3 percent higher in real terms than the one observed in the same January-November period of 2006.

Paid programmable expenditures totaled Ps. 1,509.5 billion, which is 8.2 percent higher in real terms than the one observed in the same period of the previous year. The higher expenditures in 2007 have been channeled to education, social development, transport and communications and social security; as well as PEDBC's pensions and PEMEX physical investment expenditures.



Federalized spending, which includes shared revenues allocated to Federal Entities and Municipalities, as well as resources transferred to these entities through wage and economic provisions, decentralization agreements and reallocations decreased 0.5 percent in real terms. Shared revenues with States and Municipalities registered a 4.0 percent decrease in real terms due to the reduction in Federal Oil Shareable Revenues and a negative third four-monthly adjustment of 2006. When adjusted by the third four-monthly adjustment and by the shareable federal collection from oil, shareable revenues would increase by 4.3 percent. The rest of the resources distributed to Federal Entities and Municipalities registered a 2.3 percent increase in real terms, compared with those observed in the same period of the previous year.

The Public Sector's financial cost was Ps. 187.1 billion, amount that is 15.3 percent lower in real terms than the one registered in the same period of last year. This is due to the lower requirements of resources by the Institute for the Protection of Bank Savings (IPAB), as well as a smaller cost of the Federal Government's debt.

Public debt update to November

At the end of November, the Federal Government's net domestic debt balance was Ps. 1,594.5 billion, amount that is Ps. 47.4 billion higher than the amount observed at the end of 2006. The change in stocks during the year is explained by net indebtedness of Ps. 229.5 billion, upward adjustments to the inflation-indexed debt of Ps. 9.4 billion and an increase in the Federal Government's financial assets of Ps. 191.5 billion.

The balance of the Federal Government's net external debt at the end of November was US\$ 40.8 billion, US\$ 1.0 billion higher than the amount observed on December 31, 2006. The increase during 2007 is due to a reduction in net debt of US\$ 2.4 billion, upward accounting adjustments by US\$ 2.3 billion, and a decrease in financial assets in foreign currency of US\$ 1.1 billion.

The balance of net domestic debt of the Federal Public Sector (Federal Government, PEDBC's and development banks) at the end of the eleventh month of the year was Ps. 1,500.0 billion, which implies a Ps. 28.3 billion increase with respect to the closing balance of 2006. This is due to net domestic borrowing of Ps. 231.9 billion, upward accounting adjustments by Ps. 11.6 billion and an increase in the Public Sector's financial assets by Ps. 215.2 billion.

The net balance of the Federal Public Sector's external debt stood at US\$ 35.9 billion, amount that is lower than that observed in December 2006 by US\$ 11.4 billion. This is due to a reduction in net external debt of US\$ 2.5 billion during 2007, upward accounting adjustments by



Press Release

Mexico City, December 28th, 2007.

US\$ 3.9 billion and an increase in financial assets abroad by US\$ 12.8 billion.

It is worth noting that these figures are consistent with the financing program for this year and the net external debt decrease 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.apartados.hacienda.gob.mx/clon_estadisticas/index.html

ANNEX

PUBLIC SECTOR OVERALL BALANCE (Million pesos)

Concept	January-November		Real. %	Composition %	
	2006 p./	2007p./	Growth	2006 p./	2007p./
PUBLIC BALANCE	158,512.2	192,097.9	16.5		
Budgetary Balance	160,884.7	195,102.5	16.6		
Budgetary Revenues	2,035,500.1	2,209,814.5	4.4	100.0	100.0
Oil Related	748,010.5	753,153.3	-3.2	36.7	34.1
Federal Government	534,485.6	465,412.5	-16.3	26.3	21.1
PEMEX	213,524.9	287,740.8	29.6	10.5	13.0
Non-oil related	1,287,489.6	1,456,661.2	8.8	63.3	65.9
Federal Government	939,059.1	1,092,197.9	11.8	46.1	49.4
Tax	859,582.1	948,984.8	6.2	42.2	42.9
Non-tax	79,477.0	143,213.1	73.3	3.9	6.5
PEDBC	348,430.5	364,463.3	0.6	17.1	16.5
Net Budgetary Expenditures	1,874,615.4	2,014,712.0	3.3	100.0	100.0
Programmable	1,342,033.1	1,509,540.7	8.2	71.6	74.9
Non programmable	532,582.3	505,171.3	-8.8	28.4	25.1
PEIBC	-2,372.6	-3,004.5	n.s.		
Primary Balance	380,411.5	393,455.0	-0.5		

Note: Figures may not add up due to rounding.

p./ Preliminary Figures

n.s. no significant

Source: Ministry of Finance and Public Credit

PUBLIC SECTOR REVENUES

(Million pesos)

Concept	January-November		Real. % Growth	Composition %	
	2006 ^{p./}	2007 ^{p./}		2006 ^{p./}	2007 ^{p./}
Budgetary Revenues(I+II)	2,035,500.1	2,209,814.5	4.4	100.0	100.0
I. Oil Related (a+b)	748,010.5	753,153.3	-3.2	36.7	34.1
a) PEMEX	213,524.9	287,740.8	29.6	10.5	13.0
b) Federal Government	534,485.6	465,412.5	-16.3	26.3	21.1
Rights and royalties	570,446.5	505,515.5	-14.8	28.0	22.9
Excise taxes ^{1./}	-37,570.1	-43,622.3	n.s.	-1.8	-2.0
Tax on Oil Returns	1,609.3	3,519.3	110.3	0.1	0.2
II. Non-oil related (c+d)	1,287,489.6	1,456,661.2	8.8	63.3	65.9
c) Federal Government	939,059.1	1,092,197.9	11.8	46.1	49.4
Tax	859,582.1	948,984.8	6.2	42.2	42.9
Income Tax	414,261.0	474,423.4	10.1	20.4	21.5
VAT	349,935.5	373,681.6	2.7	17.2	16.9
Excise taxes	34,099.1	38,947.2	9.8	1.7	1.8
Import taxes	29,416.8	29,291.8	-4.2	1.4	1.3
Others ^{2./}	31,869.7	32,640.7	-1.5	1.6	1.5
Non-tax	79,477.0	143,213.1	73.3	3.9	6.5
Rights	19,578.4	25,419.0	24.9	1.0	1.2
Fees	53,419.0	111,582.4	100.9	2.6	5.0
Others	6,479.6	6,211.7	-7.8	0.3	0.3
d) PEDBC ^{3./}	348,430.5	364,463.3	0.6	17.1	16.5
Memorandum items:					
Total tax related	823,621.3	908,881.8	6.1	40.5	41.1
Total non-tax related	1,211,878.8	1,300,932.7	3.2	59.5	58.9

Note: Figures may not add up due to rounding.

p./ Preliminary Figures

n.s no significant

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

2./ Includes new vehicle, vehicle ownership, exports, those which do not belong to these concepts and accessory taxes.

3./ Excludes Federal Government transfers to the ISSSTE.

Source: Ministry of Finance and Public Credit

PUBLIC SECTOR EXPENDITURES

(Million pesos)

Concept	January-November		Real. % Growth	Composition %	
	2006 p./	2007 p./		2006 p./	2007 p./
TOTAL (I+II)	1,874,615.4	2,014,712.0	3.3	100.0	100.0
I. Primary Expenditures (a+b)	1,662,103.9	1,827,569.0	5.7	88.7	90.7
a) Programmable	1,342,033.1	1,509,540.7	8.2	71.6	74.9
b) Non- programmable	320,070.8	318,028.4	-4.5	17.1	15.8
II. Financing Costs ^{1/}	212,511.4	187,143.0	-15.3	11.3	9.3

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

FEDERAL GOVERNMENT DOMESTIC DEBT, JANUARY- NOVEMBER^{1/}
(Million pesos)

Concept	Outstanding as of December 2006 ^{p/}	Indebtedness			Adjustments ^{1/}	Outstanding as of November 2007 ^{p/}
		Originations	Amort.	Net		
Net Domestic debt balance	1,547,112.1					1,594,527.9
Assets ^{2/}	-125,670.3					-317,207.7
Gross Domestic debt stock	1,672,782.4	1,423,603.9	1,194,103.6	229,500.3	9,452.9	1,911,735.6
Government Securities	1,569,926.4	1,331,358.9	1,097,111.9	234,247.0	6,235.7	1,810,409.1
Cetes	346,004.6	931,839.3	941,075.4	-9,236.1	0.0	336,768.5
Bondes	214,822.0	0.0	77,312.9	-77,312.9	0.0	137,509.1
Bondes D	144,801.4	75,850.0	40,000.0	35,850.0	0.0	180,651.4
Fixed Rate Bonds	708,971.5	257,862.4	38,723.6	219,138.8	97.6	928,207.9
Udibonos	155,326.9	65,807.2	0.0	65,807.2	6,138.1	227,272.2
<i>Udibonos udi's</i>	<i>41,014.4</i>	<i>17,121.6</i>	<i>0.0</i>	<i>17,121.6</i>	<i>0.0</i>	<i>58,136.0</i>
S.A.R.	59,499.5	85,710.2	83,731.4	1,978.8	2,385.9	63,864.2
Siefores (pesos)	0.2	1,867.8	916.1	951.7	6.7	958.6
<i>Siefores udi's</i>	<i>0.1</i>	<i>479.7</i>	<i>234.6</i>	<i>245.1</i>	<i>0.0</i>	<i>245.2</i>
Others	43,356.3	4,667.0	12,344.2	-7,677.2	824.6	36,503.7

Note: Figures may not add up due to rounding.

^{1/} Figures subject to revisions and methodological changes.

^{p/} Preliminary Figures

^{1/} Refers to adjustment for inflation. For Fixed Rate Bonds it refers to the adjustment due to debt exchanges.

^{2/} 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

FEDERAL GOVERNMENT EXTERNAL DEBT, JANUARY - NOVEMBER ^{*_/}
(Million Dollars)

Concept	Outstanding as of December 2006 ^{p_/}	Indebtedness			Adjustments	Outstanding as of November 2007 ^{p_/}
		Originations	Amort.	Net		
Net Debt	39,806.6					40,829.0
Assets ^{1_/}	2,129.7					-1,023.3
Gross Debt	41,936.3	4,421.9	6,851.0	-2,429.1	2,345.1	41,852.3
Public Bonds	36,212.5	3,266.6	6,333.0	-3,066.4	2,272.8	35,418.9
IFI's	5,389.2	1,155.3	445.6	709.7	54.9	6,153.8
Bilateral	203.2	0.0	17.8	-17.8	17.7	203.1
Restructured	131.4	0.0	54.6	-54.6	-0.3	76.5

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 from PEDBC's and Development Banks.

Source: Ministry of Finance and Public Credit

PUBLIC SECTOR DOMESTIC DEBT, JANUARY-NOVEMBER ^{*_/}
(Million Pesos)

Concept	Outstanding as of December 2006 ^{p_/}	Indebtedness			Adjust.	Outstanding as of November 2007 ^{p_/}
		Originations	Amort.	Net		
Net Debt	1,471,714.9					1,499,989.2
Assets ^{1_/}	-269,692.7					-484,883.4
Gross Debt	1,741,407.6	1,507,124.2	1,275,250.6	231,873.6	11,591.4	1,984,872.6
By Term	1,741,407.6	1,507,124.2	1,275,250.6	231,873.6	11,591.4	1,984,872.6
Long-term	1,460,601.5	565,364.2	333,469.1	231,895.1	11,591.2	1,704,087.8
Short-term	280,806.1	941,760.0	941,781.5	-21.5	0.2	280,784.8
By User	1,741,407.6	1,507,124.2	1,275,250.6	231,873.6	11,591.4	1,984,872.6
Federal Government	1,672,782.4	1,423,603.9	1,194,103.6	229,500.3	9,452.9	1,911,735.6
Long-term	1,400,725.3	565,364.2	326,898.2	238,466.0	9,452.9	1,648,644.2
Short-term	272,057.1	858,239.7	867,205.4	-8,965.7	0.0	263,091.4
PEDBC's	19,353.0	21,220.3	17,877.0	3,343.3	1,838.7	24,535.0
Long-term	19,353.0	0.0	182.1	-182.1	1,838.7	21,009.6
Short-term	0.0	21,220.3	17,694.9	3,525.4	0.0	3,525.4
Development Banks	49,272.2	62,300.0	63,270.0	-970.0	299.8	48,602.0
Long-term	40,523.2	0.0	6,388.8	-6,388.8	299.6	34,434.0
Short-term	8,749.0	62,300.0	56,881.2	5,418.8	0.2	14,168.0
By Financing Source	1,741,407.6	1,507,124.2	1,275,250.6	231,873.6	11,591.4	1,984,872.6
Bonds Placed in Domestic Markets	1,618,589.6	1,393,658.9	1,160,359.1	233,299.8	6,504.5	1,858,393.9
SAR	59,499.5	85,710.2	83,731.4	1,978.8	2,385.9	63,864.2
Commercial Banks	1,170.3	0.0	204.9	-204.9	31.0	996.4
Others	62,148.2	27,755.1	30,955.2	-3,200.1	2,670.0	61,618.1

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

PUBLIC SECTOR EXTERNAL DEBT, JANUARY-NOVEMBER^{*_/}
(Million Dollars)

Concept	Outstanding as of December 2006 ^{p_/}	Indebtedness			Adjust	Outstanding as of November 2007 ^{p_/}
		Originations	Amort.	Net		
Net Debt	47,247.2					35,891.3
Financial Assets in Foreign Currency ^{1_/}	-7,519.1					-20,350.4
Gross Debt	54,766.3	13,892.8	16,352.7	-2,459.9	3,935.3	56,241.7
By Term	54,766.3	13,892.8	16,352.7	-2,459.9	3,935.3	56,241.7
Long-term	53,921.6	5,765.5	8,771.8	-3,006.3	3,899.1	54,814.4
Short-term	844.7	8,127.3	7,580.9	546.4	36.2	1,427.3
By User	54,766.3	13,892.8	16,352.7	-2,459.9	3,935.3	56,241.7
Federal Government	41,936.3	4,421.9	6,851.0	-2,429.1	2,345.1	41,852.3
Long-term	41,936.3	4,421.9	6,851.0	-2,429.1	2,345.1	41,852.3
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC's	7,212.0	4,946.1	4,591.4	354.7	1,509.9	9,076.6
Long-term	7,202.8	1,281.8	1,371.5	-89.7	1,505.5	8,618.6
Short-term	9.2	3,664.3	3,219.9	444.4	4.4	458.0
Development Banks	5,618.0	4,524.8	4,910.3	-385.5	80.3	5,312.8
Long-term	4,782.5	61.8	549.3	-487.5	48.5	4,343.5
Short-term	835.5	4,463.0	4,361.0	102.0	31.8	969.3
By Financing Source	54,766.3	13,892.8	16,352.7	-2,459.9	3,935.3	56,241.7
Public Bonds	38,558.0	3,266.6	7,083.4	-3,816.8	2,295.4	37,036.6
IFI's	8,255.4	1,197.1	858.1	339.0	65.7	8,660.1
Bilateral	3,139.2	896.8	963.1	-66.3	78.9	3,151.8
Commercial Banks	1,578.0	4,895.4	4,264.8	630.6	35.3	2,243.9
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
Others ^{2_/}	3,159.2	3,636.9	3,183.3	453.6	1,460.0	5,072.8

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

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