



## Public Finance and Public Debt Report, February 2008

The public finance and public debt preliminary results as of February 2008 were released today.

The main results for the January-February period are the following:

- The public sector posted a Ps. 50.1 billion surplus, which is in line with the fiscal balance authorized by Congress for 2008 as a whole.
- Budgetary revenues registered a 4.2 percent increase in real annual terms with respect to the same period of last year, due mainly to non oil tax revenues and revenues from oil related activities, which registered a 14.9 and 8.5 percent increase in real annual terms, respectively.
- Income tax and VAT revenues posted increases in real annual terms of 9.0 and 10.8 percent, respectively.
- The collection from the Unique Rate Corporate Tax (IETU) during February was Ps. 8.5 billion, amount which is 47.9 percent higher than the one expected for the period.
- Programmable expenditures registered a 14.8 percent increase in real annual terms. Worth noting is the dynamism of higher expenditures channeled to physical investment, pensions and social development programs.
- Federalized spending increased 14.1 percent in real annual terms with respect to 2007.
- The public sector's net domestic debt increased by Ps. 11.4 billion while its external debt balance increased US\$ 3.2 billion, both with respect to December 2007. The increase in external indebtedness is transitory and will gradually decrease as debt is amortized in the coming months.

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

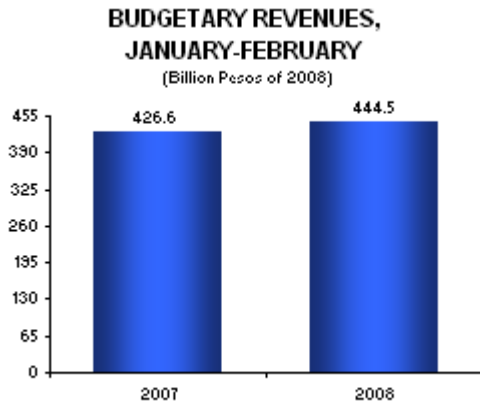
Up to February 2008, the public sector's balance posted a surplus of Ps. 50.1 billion, Ps. 30.0 billion lower than the one registered in the same period of the previous year. The primary balance, defined as total revenues minus non-

interest expenditures, posted a Ps. 81.2 billion surplus, Ps. 36.8 billion lower than the one registered in February 2007.

### ***Public Sector Budgetary Revenues during January-February***

The public sector's budgetary revenues were Ps. 444.5 billion, amount which is 4.2 percent higher in real terms than that

registered during the same period of the previous year. The evolution of the main components of budgetary revenues is the following:



- Non-oil tax revenues amounted to Ps. 222.8 billion, 14.9 percent higher in real terms than those observed during the January-February 2007 period. Worth noting are income tax and VAT increases in real annual terms of 9.0 and 10.8 percent, respectively. In February, the first provisional payments of the Unique Rate Corporate Tax (IETU) were made totaling Ps. 8.5 billion, Ps. 2.8 billion higher than the amount expected for the period.
- 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. 139.4 billion, amount that is 8.5 percent higher in real terms than those registered in the same period of the previous year. This result is explained by the higher price of Mexican oil exports.
- Revenues of public entities under direct budgetary control other than

PEMEX totaled Ps. 65.7 billion, which represents an increase of 0.6 percent with respect to those registered in the same bimonthly period of 2007. This figure is explained by the following: higher revenues from energy sales compensated the negative effects from the new ISSSTE Law which modifies the frequency of pension contributions from a biweekly to a bimonthly period, and the fact that CFE will report its financial cost using the same accounting criteria as the Federal Government (interest payments on financial liabilities less received interests on available financial assets).

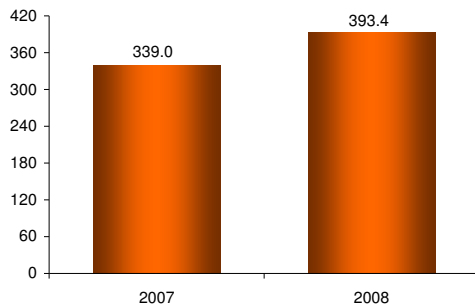
- Non-tax non-oil revenues were Ps.16.6 billion, amount that is 57.3 percent lower, in real terms, than that observed in the same period of the previous year. This result is mainly due to higher non-recurrent revenues obtained in 2007.

#### ***Net Budgetary Public Sector Expenditures during January-February***

During the first two months of the year, the net budgetary expenditures of the public sector totaled Ps. 393.4 billion, amount that is 16.1 percent higher in real terms than the one observed in the same period of 2007.

**NET BUDGETARY EXPENDITURE,  
JANUARY-FEBRUARY**

(Billion Pesos of 2008)



Paid programmable expenditures totaled Ps. 278.4 billion, which is 14.8 percent higher in real terms than the one observed in the same period of the previous year. The higher expenditures have been channeled to social development programs such as education, urbanization, housing and regional development; pensions, national and public security; and productive activities, among them higher investment expenditures in CFE and PEMEX and programs of the Ministries of Transport and Communications, Public Education, Social Development and Economy.

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 increased 14.1 percent in real terms. Shared revenues registered a 27.3 percent increase in real terms, due to a higher collection of Federal shareable revenues while the rest of the resources distributed to Federal Entities and Municipalities registered a 4.8 percent increase in real terms.

The Public Sector's financial cost was Ps. 26.1 billion, amount that is 19.4 percent lower in real terms than the one registered in the same period of last year. It is worth noting that in the Federation's Expenditure Budget for 2008 the reporting methodology of the financial cost of PEDBC's was adjusted to use the same accounting criteria for that of the Federal Government (interest payments on financial liabilities less received interests on available financial assets). After adjusting for the effect of this measure, which does not alter the results of public finances only their presentation, the financial cost would decrease by 10.9 percent.

***Public debt update to February***

At the end of February, the Federal Government's net domestic debt balance was Ps. 1,741 billion, amount that is Ps. 46.9 billion lower than the amount observed at the end of 2007. The change in balance is explained by net indebtedness of Ps. 43.5 billion, upward adjustments to the inflation-indexed debt by Ps. 5.5 billion and an increase in the Federal Government's financial assets of Ps. 95.9 billion.

The balance of the Federal Government's net external debt at the end of February was US\$ 42.7 billion, US\$ 1.4 billion higher than the amount observed on December 31, 2007. The increase is due to net indebtedness by US\$ 1.3 billion, upward accounting adjustments by US\$ 0.4 billion, and an increase in financial assets in foreign currency of US\$ 0.3 billion.



The balance of net domestic debt of the Federal Public Sector (Federal Government, PEDBC's and development banks) at the end of the second month of the year was Ps. 1,698.9 billion, which implies an Ps. 11.4 billion increase with respect to the closing balance of 2007. This is due to net domestic borrowing of Ps. 68.7 billion, upward accounting adjustments by Ps. 12.0 billion and an increase in the Public Sector's financial assets by Ps. 69.3 billion.

The net balance of the Federal Public Sector's external debt stood at US\$ 37.8 billion, amount that is higher than that observed in December 2007 by US\$ 3.2 billion. This is due to net external

indebtedness by US\$ 6.0 billion, upward accounting adjustments by US\$ 1.1 billion and an increase in financial assets abroad by US\$ 3.8 billion.

It is worth noting that the increase in external indebtedness is transitory and will gradually decrease as debt is amortized in the coming months, which is 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](http://www.apartados.hacienda.gob.mx/clon_estadisticas/index.html)

## ANNEX

### PUBLIC SECTOR OVERALL BALANCE (Million pesos)

Concept	January-February		Real. %	Composition %	
	2007 p./	2008p./	Growth	2007/ p./	2008p./
<b>PUBLIC BALANCE</b>	80,161.6	50,117.7	-39.7		
Budgetary Balance	84,475.1	51,066.2	-41.7		
Budgetary Revenues	411,322.3	444,475.7	4.2	100.0	100.0
Oil Related	123,817.5	139,377.9	8.5	30.1	31.4
Federal Government	83,601.3	105,417.2	21.6	20.3	23.7
PEMEX	40,216.2	33,960.7	-18.6	9.8	7.6
Non-oil related	287,504.7	305,097.8	2.3	69.9	68.6
Federal Government	224,509.4	239,393.9	2.8	54.6	53.9
Tax	186,969.5	222,766.2	14.9	45.5	50.1
Non-tax	37,539.9	16,627.6	-57.3	9.1	3.7
PEDBC	62,995.3	65,704.0	0.6	15.3	14.8
Net Budgetary Expenditures	326,847.1	393,409.5	16.1	100.0	100.0
Programmable	233,798.2	278,399.3	14.8	71.5	70.8
Non programmable	93,048.9	115,010.2	19.2	28.5	29.2
PEIBC	-4,313.5	-948.4	n.s.		
<b>Primary Balance</b>	117,989.8	81,207.6	-33.6		

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-February		Real. % Growth	Composition %	
	2007 <sup>p./</sup>	2008 <sup>/</sup>		2007 <sup>p./</sup>	2008 <sup>p./</sup>
<b>Budgetary Revenues(I+II)</b>	<b>411,322.3</b>	<b>444,475.7</b>	<b>4.2</b>	<b>100.0</b>	<b>100.0</b>
I. Oil Related (a+b)	123,817.5	139,377.9	8.5	30.1	31.4
a) PEMEX	40,216.2	33,960.7	-18.6	9.8	7.6
b) Federal Government	83,601.3	105,417.2	21.6	20.3	23.7
Rights and royalties	90,773.0	115,778.2	23.0	22.1	26.0
Excise taxes <sup>1./</sup>	-7,576.6	-11,155.5	n.s.	-1.8	-2.5
Tax on Downstream Returns	404.9	794.5	89.2	0.1	0.2
II. Non-oil related (c+d)	287,504.7	305,097.8	2.3	69.9	68.6
c) Federal Government	224,509.4	239,393.9	2.8	54.6	53.9
Tax	186,969.5	222,766.2	14.9	45.5	50.1
Income Tax	88,026.7	99,468.4	9.0	21.4	22.4
IETU (Unique Rate Corporate Tax)	0.0	8,524.3	n.a.	0.0	1.9
VAT	79,167.1	90,966.1	10.8	19.2	20.5
Excise taxes	7,459.1	8,125.0	5.0	1.8	1.8
Import taxes	4,734.4	6,048.5	23.2	1.2	1.4
IDE (Tax on Cash Deposits)	0.0	0.0	n.a.	0.0	0.0
Others <sup>2./</sup>	7,582.3	9,633.8	22.5	1.8	2.2
Non-tax	37,539.9	16,627.6	-57.3	9.1	3.7
Rights	4,590.2	6,068.1	27.5	1.1	1.4
Fees	31,759.5	9,600.3	-70.9	7.7	2.2
Others	1,190.2	959.2	-22.3	0.3	0.2
d) PEDBC <sup>3./</sup>	62,995.3	65,704.0	0.6	15.3	14.8
Memorandum items:					
Total tax related	179,797.8	212,405.2	13.9	43.7	47.8
Total non-tax related	231,524.4	232,070.5	-3.3	56.3	52.2

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-February		Real. % Growth	Composition %	
	2007 <sup>p./</sup>	2008 <sup>p./</sup>		2007 <sup>p./</sup>	2008 <sup>p./</sup>
<b>TOTAL (I+II)</b>	326,847.1	393,409.5	16.1	100.0	100.0
<b>I. Primary Expenditures (a+b)</b>	295,598.8	367,278.7	19.8	90.4	93.4
a) Programmable	233,798.2	278,399.3	14.8	71.5	70.8
b) Non- programmable	61,800.6	88,879.3	38.7	18.9	22.6
<b>II. Financing Costs <sup>1/</sup></b>	31,248.3	26,130.9	-19.4	9.6	6.6

Note: Figures may not add up due to rounding

p./ Preliminary Figures

<sup>1/</sup> Includes interests, commissions and other public debt expenditures associated to debtor support programs.

Source: Ministry of Finance and Public Credit

**FEDERAL GOVERNMENT DOMESTIC DEBT, FEBRUARY<sup>1/</sup>**

(Million pesos)

Concept	Outstanding as of December 2007 <sup>p/</sup>	Indebtedness			Adjustments <sup>1/</sup>	Outstanding as of February 2008 <sup>p/</sup>
		Originations	Amort.	Net		
<b>Net Domestic debt balance</b>	<b>1,788,339.0</b>					<b>1,741,398.2</b>
Assets <sup>2/</sup>	-107,921.8					-203,854.7
<b>Gross Domestic debt stock</b>	<b>1,896,260.8</b>	<b>267,845.6</b>	<b>224,330.3</b>	<b>43,515.3</b>	<b>5,476.8</b>	<b>1,945,252.9</b>
Government Securities	1,795,833.3	252,273.1	209,117.4	43,155.7	4,542.4	1,843,531.4
Cetes	340,453.7	172,050.5	176,808.0	-4,757.5	0.0	335,696.2
Bondes	137,509.1	0.0	16,500.0	-16,500.0	0.0	121,009.1
Bondes D	187,490.3	5,700.0	0.0	5,700.0	0.0	193,190.3
Fixed Rate Bonds	895,052.9	58,942.7	13,580.3	45,362.4	2,335.8	942,751.1
Udibonos	235,327.3	15,579.9	2,229.1	13,350.8	2,206.6	250,884.7
<i>Udibonos udi's</i>	<i>59,834.3</i>	<i>3,942.6</i>	<i>562.5</i>	<i>3,380.1</i>	<i>60.9</i>	<i>63,275.3</i>
S.A.R.	62,937.8	15,477.3	14,844.9	632.4	720.9	64,291.1
Siefores (pesos)	879.2	3.6	242.3	-238.7	5.6	646.1
<i>Siefores udi's</i>	<i>223.5</i>	<i>0.9</i>	<i>61.4</i>	<i>-60.5</i>	<i>0.0</i>	<i>163.0</i>
Others	36,610.5	91.6	125.7	-34.1	207.9	36,784.3

Note: Figures may not add up due to rounding.

<sup>1/</sup> Figures subject to revisions and methodological changes.

<sup>p/</sup> Preliminary Figures

<sup>1/</sup> Refers to adjustment for inflation. For Fixed Rate Bonds it refers to the adjustment due to debt exchanges.

<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



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

Concept	Outstanding as of December 2007 <sup>p_</sup>	Indebtedness			Adjustments	Outstanding as of February 2008 <sup>p_</sup>
		Originations	Amort.	Net		
<b>Net Debt</b>	41,281.4					42,701.9
Assets <sup>1_</sup>	-970.0					-1,245.9
<b>Gross Debt</b>	<b>42,251.4</b>	<b>1,562.1</b>	<b>214.8</b>	<b>1,347.3</b>	<b>349.1</b>	<b>43,947.8</b>
Public Bonds	35,352.3	1,500.0	149.4	1,350.6	294.4	36,997.3
IFI's	6,622.7	62.1	65.3	-3.2	45.7	6,665.2
Bilateral	199.9	0.0	0.1	-0.1	9.0	208.8
Restructured	76.5	0.0	0.0	0.0	0.0	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, FEBRUARY <sup>1/</sup>**  
**(Million Pesos)**

Concept	Outstanding as of December 2007 <sup>p/</sup>	Indebtedness			Adjust.	Outstanding as of February 2008 <sup>p/</sup>
		Originations	Amort.	Net		
<b>Net Debt</b>	<b>1,687,575.8</b>					<b>1,698,940.7</b>
Assets <sup>1/</sup>	-270,416.5					-339,740.6
<b>Gross Debt</b>	<b>1,957,992.3</b>	<b>323,319.7</b>	<b>254,614.1</b>	<b>68,705.6</b>	<b>11,983.4</b>	<b>2,038,681.3</b>
<b>By Term</b>	<b>1,957,992.3</b>	<b>323,319.7</b>	<b>254,614.1</b>	<b>68,705.6</b>	<b>11,983.4</b>	<b>2,038,681.3</b>
Long-term	1,690,521.3	106,975.4	60,109.3	46,866.1	2,983.8	1,740,371.2
Short-term	267,471.0	216,344.3	194,504.8	21,839.5	8,999.6	298,310.1
<b>By User</b>	<b>1,957,992.3</b>	<b>323,319.7</b>	<b>254,614.1</b>	<b>68,705.6</b>	<b>11,983.4</b>	<b>2,038,681.3</b>
Federal Government	1,896,260.8	267,845.6	224,330.3	43,515.3	5,476.8	1,945,252.9
Long-term	1,634,957.6	106,970.4	60,080.4	46,890.0	5,476.8	1,687,324.4
Short-term	261,303.2	160,875.2	164,249.9	-3,374.7	0.0	257,928.5
PEDBC's	21,120.1	20,969.1	273.4	20,695.7	-2,113.7	39,702.1
Long-term	21,120.1	0.0	21.3	-21.3	-2,113.7	18,985.1
Short-term	0.0	20,969.1	252.1	20,717.0	0.0	20,717.0
Development Banks	40,611.4	34,505.0	30,010.4	4,494.6	8,620.3	53,726.3
Long-term	34,443.6	5.0	7.6	-2.6	-379.3	34,061.7
Short-term	6,167.8	34,500.0	30,002.8	4,497.2	8,999.6	19,664.6
<b>By Financing Source</b>	<b>1,957,992.3</b>	<b>323,319.7</b>	<b>254,614.1</b>	<b>68,705.6</b>	<b>11,983.4</b>	<b>2,038,681.3</b>
Bonds Placed in Domestic Markets	1,835,828.8	286,773.1	239,117.4	47,655.7	13,169.7	1,896,654.2
SAR	62,937.8	15,477.3	14,844.9	632.4	720.9	64,291.1
Commercial Banks	974.5	5.0	31.7	-26.7	-7.0	940.8
Others	58,251.2	21,064.3	620.1	20,444.2	-1,900.2	76,795.2

Note: Figures may not add up due to rounding.

<sup>1/</sup> Figures subject to revisions.

<sup>p/</sup> Preliminary Figures

<sup>1/</sup> 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, FEBRUARY <sup>\*\_/</sup>**  
**(Million Dollars)**

Concept	Outstanding as of December 2007 <sup>p_/</sup>	Indebtedness			Adjust	Outstanding as of February 2008 <sup>p_/</sup>
		Originations	Amort.	Net		
<b>Net Debt</b>	<b>34,532.5</b>					<b>37,763.8</b>
Financial Assets in Foreign Currency <sup>1_/</sup>	-20,822.4					-24,663.8
<b>Gross Debt</b>						
<b>By Term</b>	<b>55,354.9</b>	<b>8,650.8</b>	<b>2,682.9</b>	5,967.9	<b>1,104.8</b>	<b>62,427.6</b>
Long-term	54,435.0	3,496.3	740.8	2,755.5	1,096.5	58,287.0
Short-term	919.9	5,154.5	1,942.1	3,212.4	8.3	4,140.6
<b>By User</b>	<b>55,354.9</b>	<b>8,650.8</b>	<b>2,682.9</b>	5,967.9	<b>1,104.8</b>	<b>62,427.6</b>
Federal Government	42,251.4	1,562.1	214.8	1,347.3	349.1	43,947.8
Long-term	42,251.4	1,562.1	214.8	1,347.3	349.1	43,947.8
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC's	7,857.3	6,402.4	1,262.5	5,139.9	705.4	13,702.6
Long-term	7,857.3	1,929.0	88.3	1,840.7	700.7	10,398.7
Short-term	0.0	4,473.4	1,174.2	3,299.2	4.7	3,303.9
Development Banks	5,246.2	686.3	1,205.6	-519.3	50.3	4,777.2
Long-term	4,326.3	5.2	437.7	-432.5	46.7	3,940.5
Short-term	919.9	681.1	767.9	-86.8	3.6	836.7
<b>By Financing Source</b>	<b>55,354.9</b>	<b>8,650.8</b>	<b>2,682.9</b>	<b>5,967.9</b>	<b>1,104.8</b>	<b>62,427.6</b>
Public Bonds	36,964.0	1,500.0	149.4	1,350.6	318.8	38,633.4
IFI's	9,154.7	62.1	193.8	-131.7	54.9	9,077.9
Bilateral	2,932.6	9.2	184.0	-174.8	66.6	2,824.4
Commercial Banks	1,553.5	2,606.1	981.5	1,624.6	6.7	3,184.8
Restructured 1989 - 1990	76.5	0.0	0.0	0.0	0.0	76.5
Others <sup>2_/</sup>	4,673.6	4,473.4	1,174.2	3,299.2	657.8	8,630.6

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

---0---