



PUBLIC FINANCE AND PUBLIC DEBT REPORT, OCTOBER 2010

The public finance and public debt preliminary results as of October 2010 were released today.

The main results during the January-October period are the following:

- The total Public Sector deficit and that without investment by Pemex were Ps. 203.0 and Ps. 17.4 billion, respectively, results consistent with the approved public deficit for the year.
- Budgetary revenues were higher by 1.1% in real terms with respect to the same period in 2009. The moderate increase is due to the non-recurrent revenues that were registered in 2009 associated with the remnant of operation of Banco de Mexico and the use of resources from the Oil Revenues Stabilization Fund (FEIP), as well as the fiscal benefits provided in 2010 **to the areas affected by hurricane "Alex"** and tropical storm **"Karl"**. When excluding the remnant of operation of Banco de Mexico and the resources from the FEIP from the comparison base in 2009, budgetary revenues register an increase of 8.7% in real terms.
- Non-oil tax revenues, revenues of public entities under direct budgetary control other than PEMEX and oil revenues increased by 12.2, 5.9 and 4.4% in real annual terms, respectively.
- Net expenditures were higher by 1.7% in real annual terms. Worth highlighting within programmable expenditures are the resources channeled to health, social security, education, social assistance, access to drinking water and sewerage.
- Shared revenues increased by 12.8% in real annual terms.
- The Federal Public **Sector's** net domestic debt increased by Ps. 208.0 billion and the Federal Public **Sector's** net external debt increased by USD 7.3 billion with respect to the end of 2009.

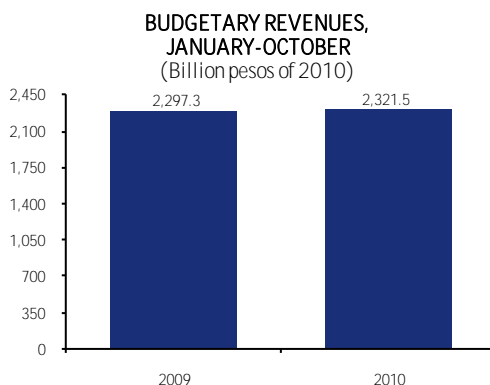
Evolution of the Public Finances during January-October

As of October 2010, the balance of the Public Sector posted a deficit of Ps. 203.0 billion. The primary balance posted a deficit of Ps. 31.1

billion. If investment by PEMEX is excluded, the balance of the Public Sector would register a deficit of Ps. 17.4 billion. These results are consistent with the approved deficit for 2010, in compliance with Article 17 of the Federal Budget and Fiscal Responsibility Law.

Public Sector Budgetary Revenues during January-October

The Public Sector's budgetary revenues were Ps. 2,321.5 billion, amount 1.1% higher in real annual terms. The moderate increase in the period is due to the non-recurrent revenues registered in the same period of 2009 associated with the remnant of operation of Banco de Mexico by Ps. 95.0 billion in April and the use of resources from the FEIP by Ps. 60.5 billion in August, as well as the effect during 2010 of the fiscal benefits provided to **areas that were affected by hurricane "Alex" and tropical storm "Karl"** in the states of Coahuila, Nuevo Leon, Tamaulipas and Veracruz. When the remnant of operation of Banco de Mexico and the resources from the FEIP are excluded from the comparison base in 2009, budgetary revenues register an increase of 8.7% in real annual terms. The evolution of the main components of budgetary revenues was the following:

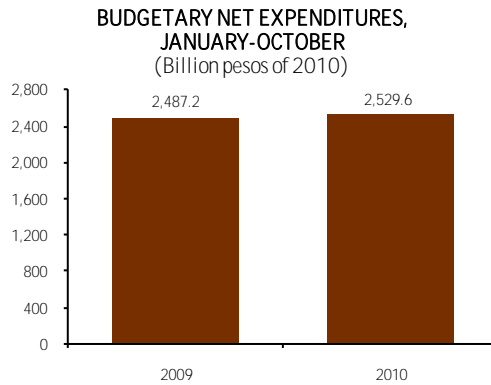


- Non-oil tax revenues were Ps. 1,098.1 billion, amount 12.2% higher in real terms than that observed during the January-October period of the previous year. Excise tax collection, VAT and Income tax collection (which includes the IETU and the Tax on Cash Deposits) increased by 24.3, 18.1 and 10.4% in real terms, 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. 746.3 billion, amount that is 4.4% higher in real annual terms. This result is explained mainly by the higher price of the Mexican oil mix (70.4 dpb compared with 51.3 dpb observed in the same period of last year), that was partially offset by the real appreciation of the exchange rate by 10.3% with respect to the same period of the previous year, the higher value of imports of hydrocarbons by 36.4% in real terms and the decline in the oil production platform of 1.3%.
- Revenues of public entities under direct budgetary control other than PEMEX were Ps. 375.4 billion, which represented an increase of 5.9% in real annual terms. This is mainly explained by the higher value of electricity sales and higher fees and social security contributions.
- Non-tax non-oil revenues totaled Ps. 101.7 billion, amount lower by 59.2% in real annual terms, due mainly to the fact that as of October 2009 non-recurrent revenues by Ps. 155.5 billion had been received from the remnant of operation of Banco de Mexico and the use of the FEIP.

Net Budgetary Public Sector Expenditures during January-October

During the first ten months of the year, net budgetary expenditures of the Public Sector totaled Ps. 2,529.6 billion, amount higher by 1.7% in real annual terms.



Paid programmable expenditures totaled Ps. 1,972.8 billion, amount higher by 0.9% in real annual terms. Within this item, worth highlighting are the resources channeled to health, social security, education, social assistance, access to drinking water and sewerage.

Resources transferred to federal entities and municipalities through shared revenues, decentralization agreements and reallocations increased by 6.0% in real terms. Shared revenues increased by 12.8% in real terms due to higher federal shareable revenues, while the remainder of the resources distributed to federal entities and municipalities increased by 1.3% in real annual terms.

The Public Sector's financial cost was Ps. 167.7 billion, amount 13.4% lower in real terms than the one registered in the same period of last year due to the reduction in the resources allocated to support programs for debtors and creditors of the banking system, lower interest rates and the appreciation of the exchange rate.

Stock of Public Debt as of October

At the end of October, the Federal Government's net domestic debt was Ps. 2,682.6 billion, amount Ps. 211.3 billion higher than that observed at the end of 2009. The

change in the stock is explained by net indebtedness of Ps. 236.2 billion, by upward adjustments to the inflation indexed debt by Ps. 24.8 billion and an increase in the federal Government's financial assets by Ps. 49.7 billion.

The stock of the Federal Government's net external debt in October was USD 51.9 billion, amount USD 5.7 billion higher than the one observed at the end of 2009. This result is explained by a net indebtedness by USD 5.4 billion, by upward accounting adjustments by USD 0.2 billion and a decrease in financial assets in foreign currency by USD 0.1 billion.

The stock of the Federal Public Sector's net domestic debt (Federal Government, PEDBC's and development banks) at the end of October was Ps. 2,802.1 billion, which implies an increase of Ps. 208.0 billion with respect to the stock recorded at the end of 2009. This is due to net domestic indebtedness during the period of Ps. 234.3 billion, upward accounting adjustments by Ps. 26.5 billion and an increase in the non-financial Public Sector's assets by Ps. 52.9 billion.

The stock of the Federal Public Sector's net external debt was USD 99.1 billion, amount that is higher by USD 7.3 billion than the one registered at the end of 2009. This result is explained by net external borrowing by USD 5.4 billion, upward accounting adjustments by USD 0.4 billion and a decrease in foreign financial assets by USD 1.5 billion.

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/estadisticas_oportunas/ing/index.html

ANNEX

PUBLIC SECTOR BALANCE (Million pesos)

Concept	January - October		Real % Growth	Composition %	
	2009	2010 ^{p./}		2009	2010 ^{p./}
PUBLIC BALANCE^{1_/}	-179,597.3	-203,007.4	n.s.		
PUBLIC BALANCE EXCLUDING PEMEX'S INVESTMENT^{2_/}	16,309.3	-17,385.1	n.s.		
Budgetary Balance	-182,396.9	-208,104.8	n.s.		
Budgetary Revenues	2,206,453.2	2,321,477.1	1.1	100.0	100.0
Oil Related	686,350.5	746,261.9	4.4	31.1	32.1
Federal Government	399,833.9	489,452.1	17.6	18.1	21.1
PEMEX	286,516.6	256,809.8	-13.9	13.0	11.1
Non-oil related	1,520,102.7	1,575,215.2	-0.5	68.9	67.9
Federal Government	1,179,696.9	1,199,804.9	-2.3	53.5	51.7
Tax	940,231.3	1,098,089.1	12.2	42.6	47.3
Non-tax	239,465.7	101,715.8	-59.2	10.9	4.4
PEDBC	340,405.7	375,410.2	5.9	15.4	16.2
Net Budgetary Expenditures	2,388,850.0	2,529,581.9	1.7	100.0	100.0
Programmable	1,878,111.5	1,972,814.6	0.9	78.6	78.0
Non programmable	510,738.5	556,767.3	4.7	21.4	22.0
PEIBC	2,799.6	5,097.4	74.9		
Primary Balance	8,910.4	-31,137.5	n.s.		

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

n.s.: No significant.

1_/ In 2009, the liabilities of long term productive infrastructure projects (PIDIREGAS) were converted, in an exceptional manner, into PEMEX's direct public debt with liabilities. The information presented excludes the effect of this conversion because their inclusion would complicate the evaluation of public finance results throughout the year.

2_/ In 2009 and 2010, PEMEX's physical investment is excluded.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR REVENUES
(Million pesos)

Concept	January-October		Real % Growth	Composition %	
	2009	2010 ^{p_/_}		2009	2010 ^{p_/_}
Budgetary Revenues(I+II)	2,206,453.2	2,321,477.1	1.1	100.0	100.0
I. Oil Related (a+b)	686,350.5	746,261.9	4.4	31.1	32.1
a) PEMEX	286,516.6	256,809.8	-13.9	13.0	11.1
b) Federal Government	399,833.9	489,452.1	17.6	18.1	21.1
Rights and royalties	387,492.6	536,861.3	33.1	17.6	23.1
Excise taxes ^{1_/_}	11,379.3	-49,485.4	n.s.	0.5	-2.1
Tax on Oil Returns	962.0	2,076.2	107.3	0.0	0.1
II. Non-oil related (c+d)	1,520,102.7	1,575,215.2	-0.5	68.9	67.9
c) Federal Government	1,179,696.9	1,199,804.9	-2.3	53.5	51.7
Tax	940,231.3	1,098,089.1	12.2	42.6	47.3
Income Tax, IETU and IDE	496,745.9	571,182.6	10.4	22.5	24.6
Income Tax	442,382.4	521,624.4	13.3	20.0	22.5
IMPAC	-2,489.2	-487.1	n.s.	-0.1	0.0
IETU (Unique Rate Corporate Tax)	40,129.1	39,306.2	-5.9	1.8	1.7
IDE (Tax on Cash Deposits)	16,723.6	10,739.1	-38.3	0.8	0.5
VAT	339,123.1	416,857.9	18.1	15.4	18.0
Excise taxes	38,926.4	50,395.3	24.3	1.8	2.2
Import taxes	24,994.8	19,726.7	-24.2	1.1	0.8
Others ^{2_/_}	40,441.2	39,926.7	-5.2	1.8	1.7
Non-tax	239,465.7	101,715.8	-59.2	10.9	4.4
Rights	24,977.2	27,223.3	4.7	1.1	1.2
Fees	208,786.4	70,975.8	-67.3	9.5	3.1
Others	5,702.1	3,516.8	-40.8	0.3	0.2
d) PEDBC ^{3_/_}	340,405.7	375,410.2	5.9	15.4	16.2
Memorandum items:					
Total tax related	952,572.5	1,050,680.0	5.9	43.2	45.3
Total non-tax related	1,253,880.6	1,270,797.1	-2.7	56.8	54.7

Note: Figures may not add up due to rounding.

p_/_ Preliminary figures.

n.s.: No significant.

1_/_ The negative sign implies that tax 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 NET EXPENDITURES
(Million pesos)**

Concept	January-October		Real % Growth	Composition %	
	2009	2010 ^{p_/}		2009	2010 ^{p_/}
TOTAL (I+II)	2,388,850.0	2,529,581.9	1.7	100.0	100.0
I. Primary Expenditures (a+b)	2,202,923.7	2,361,880.7	3.0	92.2	93.4
a) Programmable	1,878,111.5	1,972,814.6	0.9	78.6	78.0
b) Non- programmable	324,812.1	389,066.1	15.0	13.6	15.4
II. Financial Cost ^{1_/}	185,926.4	167,701.2	-13.4	7.8	6.6

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, as well as expenditures to support savers and bank debtors.

Source: Ministry of Finance and Public Credit.

FEDERAL GOVERNMENT DOMESTIC DEBT, OCTOBER*_{2/}
(Million pesos)

Concept	Outstanding as of December 2009 ^{1/}	Indebtedness			Adjustments _{2/}	Outstanding as of October 2010 ^{p_2/}
		Originations	Amort.	Net		
I. Net Debt (III-II)	2,471,343.7					2,682,621.6
II. Assets ^{3/}	231,436.0					281,174.8
III. Gross Domestic Debt	2,702,779.7	1,780,808.9	1,544,626.8	236,182.1	24,834.6	2,963,796.4
Government Securities	2,379,349.7	1,671,566.3	1,431,890.6	239,675.7	15,589.4	2,634,614.8
Cetes	498,759.8	1,239,384.5	1,287,291.3	-47,906.8	0.0	450,853.0
Bondes	20,600.0	0.0	20,600.0	-20,600.0	0.0	0.0
Bondes "D"	222,889.3	33,066.8	74,500.0	-41,433.2	0.0	181,456.1
Fixed Rate Bonds	1,206,516.2	294,324.3	40,787.7	253,536.6	1,430.6	1,461,483.4
Udibonos	430,584.4	104,790.7	8,711.6	96,079.1	14,158.8	540,822.3
<i>Udibonos udi's</i>	99,209.2	23,681.9	1,965.0	21,716.9	183.0	121,109.1
S.A.R.	92,222.3	106,549.4	97,147.0	9,402.4	3,653.2	105,277.9
Obligations from ISSSTE Law	193,859.2	18.8	7,854.5	-7,835.7	4,936.4	190,959.9
Others	37,348.5	2,674.4	7,734.7	-5,060.3	655.6	32,943.8

Note: Figures may not add up due to rounding.

*_ / Figures subject to revisions and methodological changes.

p_ / Preliminary figures.

1_ / The net debt balances differ from those published in the "Report on Public Finances and Public Debt Fourth Quarter of 2009", due to the modifications of the balances of bank accounts of December 2009 made by the federal treasury in February 2010.

2_ / Refers to adjustment for inflation. In the Udibonos and the development bonds at fixed rate entries adjustments are included for debt swap operations.

3_ / Represents the balance, denominated in pesos, of the General Account of the federal treasury.

Source: Ministry of Finance and Public Credit.

FEDERAL GOVERNMENT EXTERNAL DEBT, OCTOBER*₁
(Million Dollars)

Concept	Outstanding as of December 2009 ¹ / _p	Indebtedness			Adjustments	Outstanding as of October 2010 ² / _p
		Originations	Amort.	Net		
I. Net Debt (III-II)	46,207.8					51,907.6
II. Assets ² / _p	2,500.0					2,385.5
III. Gross Debt	48,707.8	8,286.6	2,899.9	5,386.7	198.6	54,293.1
Public Bonds	34,961.7	6,969.3	2,359.9	4,609.4	164.5	39,735.6
IFI's	13,496.5	942.2	443.3	498.9	-0.5	13,994.9
Bilateral	173.1	375.1	20.2	354.9	34.6	562.6
Restructured	76.5	0.0	76.5	-76.5	0.0	0.0

Note: Figures may not add up due to rounding.

*₁/_p Figures subject to revisions and methodological changes.

_p/_p Preliminary figures.

¹/₁ The net debt balances differ from those published in the "Report on Public Finances and Public Debt Fourth Quarter of 2009", due to the modifications of the balances of bank accounts of December 2009 made by the federal treasury in February 2010.

²/₂ Considers the US Dollar denominated balance of the federal treasury's General Account.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR DOMESTIC DEBT, OCTOBER*_{1/}
(Million Pesos)

Concept	Outstanding as of December 2009 ^{2/}	Indebtedness		Adjustments Net	Outstanding as of October 2010 ^{3/}	
		Originations	Amort.			
I. Net Debt (III-II)	2,594,133.2				2,802,087.0	
II. Assets ^{3/}	293,746.9				346,597.0	
III. Gross Debt	2,887,880.1	1,885,908.8	1,651,645.8	234,263.0	26,540.9	3,148,684.0
By Term	2,887,880.1	1,885,908.8	1,651,645.8	234,263.0	26,540.9	3,148,684.0
Long-term	2,474,856.6	675,954.0	381,687.9	294,266.1	26,618.4	2,795,741.1
Short-term	413,023.5	1,209,954.8	1,269,957.9	-60,003.1	-77.5	352,942.9
By User	2,887,880.1	1,885,908.8	1,651,645.8	234,263.0	26,540.9	3,148,684.0
Federal Government	2,702,779.7	1,780,808.9	1,544,626.8	236,182.1	24,834.6	2,963,796.4
Long-term	2,314,221.4	635,193.4	360,314.2	274,879.2	24,834.6	2,613,935.2
Short-term	388,558.3	1,145,615.5	1,184,312.6	-38,697.1	0.0	349,861.2
PEDBC's	141,653.5	39,560.0	28,865.1	10,694.9	1,797.5	154,145.9
Long-term	134,235.5	33,757.4	18,726.2	15,031.2	1,797.5	151,064.2
Short-term	7,418.0	5,802.6	10,138.9	-4,336.3	0.0	3,081.7
Development Banks	43,446.9	65,539.9	78,153.9	-12,614.0	-91.2	30,741.7
Long-term	26,399.7	7,003.2	2,647.5	4,355.7	-13.7	30,741.7
Short-term	17,047.2	58,536.7	75,506.4	-16,969.7	-77.5	0.0
By Financing Source	2,887,880.1	1,885,908.8	1,651,645.8	234,263.0	26,540.9	3,148,684.0
Bonds Placed in Domestic Markets	2,493,795.2	1,708,573.7	1,453,141.4	255,432.3	16,085.9	2,765,313.4
SAR	92,222.3	106,549.4	97,147.0	9,402.4	3,653.2	105,277.9
Commercial Banks	58,897.0	3,753.2	15,130.6	-11,377.4	-148.9	47,370.7
ISSSTE's Law obligations	193,859.2	18.8	7,854.5	-7,835.7	4,936.4	190,959.9
Others	49,106.4	67,013.7	78,372.3	-11,358.6	2,014.3	39,762.1

Note: Figures may not add up due to rounding.

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

p_{1/} Preliminary figures.

1_{1/} Including the federal government, PEDBC's and Development Banks Debt.

2_{1/} The net debt balances differ from those published in the "Report on Public Finances and Public Debt Fourth Quarter of 2009", due to the modifications reported by the development banks on their financial assets of December 2009 made by the federal treasury in February 2010.

3_{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, OCTOBER^{*_1/}
(Million Dollars)

Concept	Outstanding as of December 2009 ^{2/}	Indebtedness			Adjustments	Outstanding as of October 2010 ^{p_1/}
		Originations	Amort.	Net		
I. Net Debt (III-II)	91,721.9					99,059.9
II. Financial Assets in Foreign Currency ^{3/}	4,631.8					3,122.9
III. Gross Debt	96,353.7	28,853.5	23,455.2	5,398.3	430.8	102,182.8
By Term	96,353.7	28,853.5	23,455.2	5,398.3	430.8	102,182.8
Long-term	94,599.6	16,476.5	11,256.3	5,220.2	432.5	100,252.3
Short-term	1,754.1	12,377.0	12,198.9	178.1	-1.7	1,930.5
By User	96,353.7	28,853.5	23,455.2	5,398.3	430.8	102,182.8
Federal Government	48,707.8	8,286.6	2,899.9	5,386.7	198.6	54,293.1
Long-term	48,707.8	8,286.6	2,899.9	5,386.7	198.6	54,293.1
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC's	41,101.2	8,396.8	8,416.8	-20.0	128.1	41,209.3
Long-term	41,101.2	8,060.0	8,148.2	-88.2	128.1	41,141.1
Short-term	0.0	336.8	268.6	68.2	0.0	68.2
Development Banks	6,544.7	12,170.1	12,138.5	31.6	104.1	6,680.4
Long-term	4,790.6	129.9	208.2	-78.3	105.8	4,818.1
Short-term	1,754.1	12,040.2	11,930.3	109.9	-1.7	1,862.3
By Financing Source	96,353.7	28,853.5	23,455.2	5,398.3	430.8	102,182.8
Public Bonds	58,731.2	12,109.1	7,058.2	5,050.9	162.2	63,944.3
IFI's	17,143.8	1,045.7	611.0	434.7	16.3	17,594.8
Bilateral	12,287.6	3,071.7	3,276.2	-204.5	174.5	12,257.6
Commercial Banks	7,791.4	12,290.2	12,164.7	125.5	67.9	7,984.8
Restructured	76.5	0.0	76.5	-76.5	0.0	0.0
Pidiregas	323.2	336.8	268.6	68.2	9.9	401.3

Note: Figures may not add up due to rounding.

*_/ Figures subject to revisions and methodological changes.

p_/ Preliminary figures.

1_/ Including the federal government, PEDBC's and Development Banks Debt.

2_/ The net debt balances differ from those published in the "Report on Public Finances and Public Debt Fourth Quarter of 2009", due to the modifications of the balances of bank accounts of December 2009 made by the federal treasury in February 2010.

3_/ Considers the US Dollar denominated balance of the federal treasury's General Account and other federal government assets in foreign currency, as well as other held by PEDBC's and Development Banks.

Source: Ministry of Finance and Public Credit.

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