

PUBLIC FINANCE AND PUBLIC DEBT

REPORT AS OF JULY 2013

In line with this Administration's commitment with macroeconomic stability and the transparency of public finances, the Ministry of Finance releases the preliminary information on public finance and public debt as of July 2013. The main results are the following:

- **During the January – July period, total budgetary revenues were 0.1% higher in real terms than the ones observed during the same period of 2012.**
- **During January – July, tax revenues increased 5.8% with respect to the same period of 2012 and are currently in line with the Federal Government's Revenues Law.**
- **In July, programmable expenditures of the Federal Government increased 0.5% in real terms. Within, allocations towards Transport and Communications, Economy, Non-earmarked transfers to federal entities and municipalities and Public Education registered increases of 76.6, 33.7, 13.8 and 6.8%, respectively. Non-earmarked transfers to federal entities increased 4.3% in real terms.**
- **The public deficit as of July was Ps. 123.7 billion. Excluding PEMEX's investment, a surplus of Ps. 36.1 billion was observed. Both figures are consistent with the balanced budget target approved by Congress.**
- **The stock of the federal public sector's domestic debt increased by Ps. 110.1 billion and the stock of external debt increased by USD 4.9 billion, both with respect to December 2012. The financial cost of the public sector decreased 1.9% in real terms with respect to the one registered during the same period of last year.**

Evolution of public finances during January–July

As of July 2013, the public sector registered a deficit of Ps. 123.7 billion. The primary balance had a surplus of Ps. 56.7 billion. If PEMEX's investment is excluded, the public balance shows a surplus of Ps. 36.1 billion. These results are consistent with the balanced budget target approved by Congress.

Public sector budgetary revenues during January–July

The public sector's budgetary revenues were Ps. 2,099.8 billion, amount 0.1% higher in real terms than the one observed in the same period of 2012. The evolution of the main elements of the budgetary revenues was the following:

- Non-oil tax revenues were Ps. 981.2 billion, higher by 5.8% in real terms than the ones observed in the same period of last year. This result evidences the effect of the *Ponte al Corriente* program for the regularization of tax liabilities for 2013. Within, collections from the income tax (including IETU and tax on cash deposits) and the excise tax (IEPS) increased 15.8 and 6.3% in real terms, respectively.¹
- Oil related revenues –which include PEMEX's own revenues, excise tax collections on gasoline and diesel, royalties and fees on hydrocarbons, and taxes on oil returns – amounted to Ps. 669.5 billion, decreasing 5.1% in real terms with respect to the ones observed in the same period of 2012. This result is mainly explained by the lower average price of the Mexican oil mix (100 dollars per barrel (dpb) compared with 105 dpb observed during the same period of 2012), lower oil and gas production platforms by 0.4 and 5.6%, respectively, and an appreciation of the exchange rate observed during this period. These effects were partially offset by a higher price of natural gas by 42.1% during the reference period.

¹ The high growth in income tax collections is due to an accounting methodological change regarding the compensations for taxpayers' positive balances with respect to those of 2012, which makes them non-comparable individually. Up to 2012, almost all of the compensations for positive balances were discounted from the income tax collection (even when they corresponded to another tax). Starting in 2013, compensations are discounted from their respective tax. By adjusting these figures for the methodological change, the income tax shows a growth of 9.9% in real terms.

- Revenues of public entities under direct budgetary control other than PEMEX were Ps. 328.8 billion, which represented a 7.1% decrease in real terms with respect to the ones observed in the same period of last year. This is mainly due to lower electricity sales.
- Non-oil non-tax revenues amounted to Ps. 120.3 billion, amount 8.4% higher in real terms than the one observed in the same period of last year, due to higher fees and duties.

Net public sector budgetary expenditures during January-July

During the first seven months of the year, net public sector budgetary expenditures were Ps. 2,234.4 billion. On the other hand, programmable expenditures amounted to Ps. 1,724.9 billion.

- In July, programmable expenditures from the Federal Government increased 0.5% in real terms. Within, expenditures towards Transport and Communications, Non-earmarked transfers to federal entities and municipalities and Public Education increased 76.6, 33.7, 13.8 and 6.8%, respectively. Non-earmarked transfers to federal entities increased 4.3% in real terms.

During January-July, the public sector's financial cost was Ps. 176.0 billion, amount 1.9% lower in real terms than the one observed in the same period of last year, mainly due to the appreciation of the exchange rate parity.

FEDERAL GOVERNMENT NET EXPENDITURES

(Million pesos)

Concept	July		Real
	2012	2013 ^{p./}	% change
TOTAL	193,819.6	201,605.8	0.5
Transport and communications	5,008.5	9,151.9	76.6
Economy	1,777.1	2,459.4	33.7
Non-earmarked transfers	58,994.0	69,447.3	13.8
Public education	20,513.6	22,665.5	6.8
Other	107,526.5	97,881.6	-12.0

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

n. s.: not significant.

Source: Ministry of Finance and Public Credit.

Stock of public debt as of July

The stock of the Federal Government's net domestic debt as of July was Ps. 3,630.2 billion, amount higher by Ps. 129.1 billion than the one observed at the end of 2012. The change in the stock is explained by a net indebtedness of Ps. 264.9 billion, upward accounting adjustments of Ps. 18.6 billion and an increase in the Federal Government's financial assets of Ps. 154.4 billion.

The stock of the Federal Government's net external debt at the end of July was USD 67.8 billion, amount USD 1.7 billion higher than the one observed at the end of 2012. This result is explained by a net indebtedness of USD 0.9 billion, downward accounting adjustments of USD 0.5 billion and by a reduction of the Federal Government's financial assets of USD 1.3 billion.

The stock of the Federal Public Sector's net domestic debt (Federal Government, public entities under direct budgetary control and development banks) at the end of July was Ps. 3,880.1 billion, which implies a Ps. 110.1 billion increase with respect to the stock registered at the end of 2012. This is due to a net domestic indebtedness of Ps. 271.7 billion during the period, upward accounting adjustments of Ps. 19.2 billion and an increase in domestic financial assets of the Federal Public Sector of Ps. 180.8 billion.

The stock of the Federal Public Sector's net external debt was USD 126.5 billion, amount USD 4.9 billion higher than the one registered at the end of 2012. This result is explained by a net indebtedness of USD 2.9 billion, by downward accounting adjustments of USD 0.7 billion and by a decrease in the Federal Public Sector's financial assets of USD 2.7 billion.

More details on public finance and public debt statistics can be retrieved from the Ministry of Finance's web page at: <http://bit.ly/14miwX2>.

ANNEX I

PUBLIC SECTOR BALANCE

(Million pesos)

Concept	January-July		Real %	Composition %	
	2012	2013 ^{p./}	Growth	2012	2013 ^{p./}
PUBLIC BALANCE	-200,971.5	-123,746.0	n.s.		
PUBLIC BALANCE EXCLUDING PEMEX'S INVESTMENT^{p./}	-54,750.6	36,087.0	n.s.		
Budgetary Balance	-202,158.0	-134,590.1	n.s.		
Budgetary Revenues	2,017,588.2	2,099,764.5	0.1	100.0	100.0
Oil Related	678,725.8	669,524.2	-5.1	33.6	31.9
Federal Government	446,981.6	449,672.0	-3.3	22.2	21.4
PEMEX	231,744.2	219,852.2	-8.8	11.5	10.5
Non oil related	1,338,862.4	1,430,240.3	2.7	66.4	68.1
Federal Government	998,441.9	1,101,472.6	6.1	49.5	52.5
Tax	891,722.8	981,189.1	5.8	44.2	46.7
Non-tax	106,719.1	120,283.5	8.4	5.3	5.7
PEDBC	340,420.5	328,767.7	-7.1	16.9	15.7
Net Budgetary Expenditures	2,219,746.1	2,234,354.6	-3.2	100.0	100.0
Programmable	1,739,105.8	1,724,933.3	-4.6	78.3	77.2
Non programmable	480,640.3	509,421.4	1.9	21.7	22.8
PEIBC	1,186.5	10,844.1	-o-		
Primary Balance	-17,678.2	56,704.4	n.s.		

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

n.s.: Not significant. -o-: greater than 500%.

1./ PEMEX's physical investment is excluded.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR REVENUES

(Million pesos)

Concept	January-July		Real % Growth	Composition %	
	2012	2013 ^{p./}		2012	2013 ^{p./}
BUDGETARY REVENUES (I+II)	2,017,588.2	2,099,764.5	0.1	100.0	100.0
I. Oil Related (a+b)	678,725.8	669,524.2	-5.1	33.6	31.9
a) PEMEX	231,744.2	219,852.2	-8.8	11.5	10.5
b) Federal Government	446,981.6	449,672.0	-3.3	22.2	21.4
Rights and royalties	566,186.4	504,999.7	-14.2	28.1	24.1
Excise taxes ^{1./}	-119,145.9	-57,906.0	n.s.	-5.9	-2.8
Tax on Oil Returns	-59.0	2,578.3	n.s.	0.0	0.1
II. Non-oil related (c+d)	1,338,862.4	1,430,240.3	2.7	66.4	68.1
c) Federal Government	998,441.9	1,101,472.6	6.1	49.5	52.5
Tax	891,722.8	981,189.1	5.8	44.2	46.7
Income Tax, IETU and IDE	486,104.4	585,331.3	15.8	24.1	27.9
Income Tax	460,316.4	558,291.3	16.6	22.8	26.6
IMPAC	-783.0	-1,017.3	n.s.	0.0	0.0
IETU	26,622.4	31,281.2	13.0	1.3	1.5
IDE	-51.4	-3,224.0	n.s.	0.0	-0.2
VAT	326,612.8	315,841.0	-7.0	16.2	15.0
Excise taxes	42,197.3	46,656.0	6.3	2.1	2.2
Import taxes	15,948.7	15,806.0	-4.7	0.8	0.8
Others ^{2./}	20,859.7	17,554.8	-19.1	1.0	0.8
Non-tax	106,719.1	120,283.5	8.4	5.3	5.7
Rights	29,098.0	30,176.5	-0.3	1.4	1.4
Fees	73,562.7	84,224.1	10.1	3.6	4.0
Others	4,058.4	5,883.0	39.4	0.2	0.3
d) PEDBC ^{3./}	340,420.5	328,767.7	-7.1	16.9	15.7
Memorandum items:					
Total tax related	772,518.0	925,861.4	15.3	38.3	44.1
Total non-tax related	1,245,070.2	1,173,903.1	-9.3	61.7	55.9

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

n.s.: Not significant.

1./ The negative sign implies that tax compensations were greater than revenues.

2./ Includes taxes on new vehicles, exports and those not included in the aforementioned and accessories.

3./ Excludes Federal Government's transfers to ISSSTE.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR NET EXPENDITURES

(Million pesos)

Concept	January-July		Real % Growth	Composition %	
	2012	2013 ^{p_/}		2012	2013 ^{p_/}
TOTAL (I+II)	2,219,746.1	2,234,354.6	-3.2	100.0	100.0
I. Primary expenditures (a+b)	2,047,192.1	2,058,317.9	-3.3	92.2	92.1
a) Programmable	1,739,105.8	1,724,933.3	-4.6	78.3	77.2
b) Non programmable	308,086.3	333,384.7	4.1	13.9	14.9
II. Financial Cost ^{1_/}	172,554.0	176,036.7	-1.9	7.8	7.9

Note: Figures may not add up due to rounding.

p_/ Preliminary figures.

1_/ Includes interests, commissions and other public debt expenditures, as well as expenditures for financial restructuring and to support savers and bank debtors.

Source: Ministry of Finance and Public Credit.

FEDERAL GOVERNMENT DOMESTIC DEBT, JULY *_/
(Million pesos)

Concept	Outstanding as of December 2012	Indebtedness			Adjustments ^{1_/}	Outstanding as of July 2013 ^{p_/}
		Originations	Amort.	Net		
1. Net Debt (3-2)	3,501,071.6					3,630,197.0
2. Assets ^{2_/}	74,247.0					228,652.0
3. Gross Domestic Debt	3,575,318.6	1,349,936.3	1,085,026.9	264,909.4	18,621.0	3,858,849.0
Government Securities	3,257,765.7	1,243,586.1	981,059.3	262,526.8	12,898.3	3,533,190.8
Cetes	531,320.8	864,533.4	846,198.4	18,335.0	0.0	549,655.8
Bondes "D"	200,353.9	23,184.9	17,000.0	6,184.9	0.0	206,538.8
Fixed Rate Bonds	1,777,929.6	255,202.4	117,837.9	137,364.5	1,383.3	1,916,677.4
Udibonos	747,183.8	98,525.6	0.0	98,525.6	11,497.0	857,206.4
<i>Udibonos udi's</i>	153,280.3	19,966.8	0.0	19,966.8	0.0	173,247.1
Segregated Udibonos	977.6	2,139.8	23.0	2,116.8	18.0	3,112.4
<i>Segregated Udibonos udi's</i>	200.6	433.0	4.6	428.4	0.0	629.0
S.A.R.	85,523.2	103,975.6	91,892.3	12,083.3	2,363.4	99,969.9
Obligations by ISSSTE's Law	168,993.9	25.1	8,983.3	-8,958.2	2,416.6	162,452.3
Others	63,035.8	2,349.5	3,092.0	-742.5	942.7	63,236.0

Note: Figures may not add up due to rounding.

*_/ Figures subject to revisions and methodological changes.

p_/ Preliminary figures.

1_/ Refers to adjustments for inflation. In the concept of Fixed Rate Bonds the adjustment is due to swap operations.

2_/ Represents the net balance, denominated in pesos, of the General Account of the Federal Treasury.

Source: Ministry of Finance and Public Credit.

FEDERAL GOVERNMENT EXTERNAL DEBT, JULY *_/
(Million dollars)

Concept	Outstanding as of December 2012	Indebtedness			Adjustments	Outstanding as of July 2013 ^{p./}
		Originations	Amort.	Net		
1. Net Debt (3-2)	66,016.5					67,765.9
2. Assets ^{1./}	1,444.0					130.0
3. Gross Debt	67,460.5	4,277.5	3,344.9	932.6	-497.2	67,895.9
Public Bonds	44,588.8	3,609.6	2,877.0	732.6	-498.2	44,823.2
IFI's	21,199.4	548.2	418.6	129.6	-0.2	21,328.8
Bilateral	1,672.3	119.7	49.3	70.4	1.2	1,743.9

Note: Figures may not add up due to rounding.

*_/ Figures subject to revisions and methodological changes.

p./ Preliminary figures.

1./ Considers the net US Dollar denominated balance of the General Account of the Federal Treasury.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR DOMESTIC DEBT, JULY ^{*/1/}
(Million pesos)

Concept	Outstanding as of December 2012	Indebtedness			Adjustments	Outstanding as of July 2013 ^{p/}
		Originations	Amort.	Net		
1. Net Debt (3-2)	3,769,999.1					3,880,060.7.9
2. Assets ^{2/}	91,093.3					271,932.3
3. Gross Debt	3,861,092.4	1,441,345.	1,169,682.0	271,663.2	19,237.4	4,151,993.0
By Term	3,861,092.4	1,441,345.	1,169,682.0	271,663.2	19,237.4	4,151,993.0
Long-term	3,457,336.9	609,947.2	351,125.9	258,821.3	19,251.3	3,735,409.5
Short-term	403,755.5	831,398.0	818,556.1	12,841.9	-13.9	416,583.5
By User	3,861,092.4	1,441,345.	1,169,682.0	271,663.2	19,237.4	4,151,993.0
Federal Government	3,575,318.6	1,349,936.	1,085,026.9	264,909.4	18,621.0	3,858,849.0
Long-term	3,178,613.6	580,945.1	331,260.6	249,684.5	18,621.0	3,446,919.1
Short-term	396,705.0	768,991.2	753,766.3	15,224.9	0.0	411,929.9
PEDBC's	223,342.6	25,892.8	26,796.6	-903.8	619.7	223,058.5
Long-term	218,342.6	17,000.0	16,920.8	79.2	619.7	219,041.5
Short-term	5,000.0	8,892.8	9,875.8	-983.0	0.0	4,017.0
Development Banks	62,431.2	65,516.1	57,858.5	7,657.6	-3.3	70,085.5
Long-term	60,380.7	12,002.1	2,944.5	9,057.6	10.6	69,448.9
Short-term	2,050.5	53,514.0	54,914.0	-1,400.0	-13.9	636.6
By Financing Source	3,861,092.4	1,441,345.	1,169,682.0	271,663.2	19,237.4	4,151,993.0
Bonds Placed in Domestic Markets	3,485,997.0	1,272,586.	996,448.0	276,138.1	13,326.9	3,775,462.0
SAR	85,523.2	103,975.6	91,892.3	12,083.3	2,363.4	99,969.9
Commercial Banks	46,873.6	2.1	9,476.6	-9,474.5	-44.2	37,354.9
ISSSTE's Law obligations	168,993.9	25.1	8,983.3	-8,958.2	2,416.6	162,452.3
Others	73,704.7	64,756.3	62,881.8	1,874.5	1,174.7	76,753.9

Note: Figures may not add up due to rounding.

*_/ Figures subject to revisions and methodological changes.

p_/ Preliminary figures.

1_/ Includes Federal Government, PEDBC's and Development Banks debt.

2_/ Includes the net balance, denominated in pesos, of the General Account of the Federal Treasury and assets from PEDBC's and Development Banks.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR EXTERNAL DEBT, JULY ^{*/1/}
(Million dollars)

Concept	Outstanding as of December 2012	Indebtedness			Adjustments	Outstanding as of July 2013 ^{p/}
		Originations	Amort.	Net		
1. Net Debt (3-2)	121,659.0					126,534.0
2. Financial Assets in Foreign Currency ^{2/}	4,067.0					1,391.3
3. Gross Debt	125,726.0	18,502.5	15,644.0	2,858.5	-659.2	127,925.3
By Term	125,726.0	18,502.5	15,644.0	2,858.5	-659.2	127,925.3
Long-term	122,601.4	10,292.2	7,230.9	3,061.3	-661.1	125,001.6
Short-term	3,124.6	8,210.3	8,413.1	-202.8	1.9	2,923.7
By User	125,726.0	18,502.5	15,644.0	2,858.5	-659.2	127,925.3
Federal Government	67,460.5	4,277.5	3,344.9	932.6	-497.2	67,895.9
Long-term	67,460.5	4,277.5	3,344.9	932.6	-497.2	67,895.9
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC's	50,064.0	6,031.2	3,751.9	2,279.3	-350.1	51,993.2
Long-term	50,064.0	5,729.0	3,553.1	2,175.9	-350.1	51,889.8
Short-term	0.0	302.2	198.8	103.4	0.0	103.4
Development Banks	8,201.5	8,193.8	8,547.2	-353.4	188.1	8,036.2
Long-term	5,076.9	285.7	332.9	-47.2	186.2	5,215.9
Short-term	3,124.6	7,908.1	8,214.3	-306.2	1.9	2,820.3
By Financing Source	125,726.0	18,502.5	15,644.0	2,858.5	-659.2	127,925.3
Public Bonds	79,393.5	8,709.6	2,941.3	5,768.3	-778.8	84,383.0
IFT's	25,309.4	825.2	689.7	135.5	258.4	25,703.3
Bilateral	12,311.9	239.7	1,661.0	-1,421.3	-79.5	10,811.1
Commercial Banks	8,394.8	8,425.8	10,153.2	-1,727.4	-27.6	6,639.8
Pidiregas	316.4	302.2	198.8	103.4	-31.7	388.1

Note: Figures may not add up due to rounding.

*_/ Figures subject to revisions and methodological changes.

p_/ Preliminary figures.

1_/ Includes the federal government, PEDBC's and Development Banks debt.

2_/ Considers the net US Dollar denominated balance of the federal treasury's General Account and assets held by PEDBC's and Development Banks.

Source: Ministry of Finance and Public Credit.

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