

Mexico City, March 2nd, 2015

PUBLIC FINANCE AND PUBLIC DEBT REPORT AS OF JANUARY 2015

In line with the commitment of keeping sound public finances and a responsible use of public indebtedness assumed by President Enrique Peña Nieto's Administration, the Ministry of Finance releases the preliminary information of the financial situation and the debt of the public sector as of January 2015. The main results are the following:

- During January, operating expenditures, including personal services, decreased 4.3% in real terms. Net budgetary expenditures were 18.1% higher in real terms with respect to the same period of 2014. Expenditures in physical investment increased 23.6% in real terms.
- Resources allocated towards states and municipalities through non-earmarked transfers, contributions and other transfers increased 6.9% in real terms.
- During January, budgetary revenues of the public sector were 3.4% lower in real terms than the ones observed during the same month of 2014. Within, tax revenues increased 12.7%, while oil revenues decreased 43.5%.
- The public deficit during January was Ps. 91.5 billion. Excluding productive investment to evaluate the balance objective, a deficit of Ps. 32.4 billion was observed. Public Sector Borrowing Requirements amounted to Ps. 68.9 billion. These results are consistent with the objectives approved by Congress for 2015.
- The stock of the federal public sector's domestic debt decreased by Ps. 24.8 billion and the stock of external debt increased by USD 6.8 billion, both with respect to December 2014.

Evolution of public finances

As of January 2015, the public balance presented a deficit of Ps. 91.5 billion, while the primary balance presented a deficit of Ps. 66.6 billion. Excluding productive investment to assess the balance objective of 1.5% of GDP, in compliance with Article 1 of the Federation's Revenues Law for 2015, a deficit of Ps. 32.4 billion was observed in the public balance.

Public Sector Borrowing Requirements (PSBR) amounted to Ps. 68.9 billion. In compliance with the changes made on the Federal Budget and Fiscal Responsibility Law in 2014 and international guidelines, PSBR are measured as the difference between revenues and expenditures other than the net acquisition of financial assets and liabilities, including activities of the private and social sectors acting on behalf of the Federal Government or entities. This measure includes the adjustment due to the net sales of financial assets and the net acquisition of liabilities other than public debt, eliminating the registration of non-recurring revenues.

The results observed during the first month of 2015 are consistent with the objectives approved for these variables for 2015 by Congress.

Public sector budgetary revenues

The public sector's budgetary revenues were Ps. 365 billion, amount lower by 3.4% in real terms with respect to the one observed in January 2014. The evolution of the main elements of the budgetary revenues was the following:

- Oil revenues amounted to Ps. 57 billion, decreasing 43.5% in real terms with respect to the ones observed in January 2014. This result is mainly explained by a lower oil production by 6.5% with respect to 2014, a lower natural gas production by 3.6% with respect to January 2014 and a lower average price of the Mexican oil mix, 52.4 dollars per barrel (dpb) compared with 91.8 dpb observed during the same period of 2014. These effects were partially offset with a higher natural gas price by 12.5% and depreciation of the exchange rate. These results exclude payment of oil hedges acquired by the Government. Under a scenario where the average price of the Mexican oil mix during 2015 is below 79 dpb, the payment of oil hedges will be made on December 2015.
- Non-oil tax revenues amounted to Ps. 241.6 billion, increasing 12.7% with respect to 2014. Collections from the excise tax, the import tax and the Value Added Tax increased 186.1, 14.1 and 6.4% in real terms, respectively. These

favorable results are mainly explained by the implementation of measures within the fiscal and energy reforms, as well as the tax administration measures that were adopted.

- Revenues from CFE, IMSS and ISSSTE were Ps. 51 billion, which represent an increase of 1.2% in real terms with respect to 2014. This is mainly explained by higher electricity sales and higher social security contributions from IMSS.
- Non-tax revenues of the Federal Government were Ps. 15.5 billion, which is higher by 23.9% in real terms due to higher revenues from rights and fees.

Net public sector budgetary expenditures

During January 2015, net public sector budgetary expenditures amounted to Ps. 460.8 billion, which represented an 18.1% increase in real terms with respect to January 2014.

- Paid programmable expenditures amounted to Ps. 359 billion and were 23.3% higher in real terms than the figures from January 2014.
- During the first month of 2015, expenditures in physical investment increased 23.6% in real terms, while expenditures in subsidies, transfers and contributions increased 43.5% in real terms, both with respect to January 2014.
- Operating expenditures, including personal services, decreased 4.3% in real terms.
- In particular, expenditures from Federal Government entities increased 58.1% in real terms with respect to the first month of 2014. Expenditures increased 338.8% in Health, 136.6% in the Ministry of Interior, 135.3% in Tourism, 90.1% in SEMARNAT, 85.6% in the Ministry of Finance, 72.9% in Social Development and 12% in Education.
- Resources allocated towards states and municipalities through non-earmarked transfers, contributions and other transfers increased 6.9% in real terms. In particular, non-earmarked transfers decreased 5.4% in real terms.

Stock of public debt as of January

The stock of the Federal Government's net domestic debt as of January 2015 was Ps. 4,375.3 billion, amount higher by Ps. 51.2 billion than the one observed at the end of December 2014. The change in the stock is explained by a net indebtedness of Ps. 52.3 billion, upward accounting adjustments of Ps. 4.6 billion and an increase in the Federal Government's financial assets of Ps. 5.7 billion.

The stock of the Federal Government's net external debt at the end of January was USD 77.8 billion, amount USD 0.4 billion higher than the one observed at the end of 2014. This result is explained by a net indebtedness of USD 2.4 billion, by downward accounting adjustments of USD 0.1 billion and by an increase of the Federal Government's financial assets of USD 1.9 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 January was Ps. 4,779.4 billion, which implies a Ps. 24.8 billion decrease with respect to the stock registered at the end of 2014. This is due to a net domestic indebtedness of Ps. 61.7 billion during the period, upward accounting adjustments of Ps. 3.3 billion and an increase in domestic financial assets of the federal public sector of Ps. 89.7 billion.

The stock of the federal public sector's net external debt was USD 152.4 billion, amount USD 6.8 billion higher than the one registered at the end of 2014. This result is explained by a net indebtedness of USD 9.8 billion, downward accounting adjustments of USD 0.4 billion and by an increase in the federal public sector's financial assets of USD 2.7 billion.

The Historical Balance of the PSBR amounted to Ps. 7,559 billion, which represents an increase of Ps. 112 billion with respect to December 2014.

More details on public finance and public debt statistics can be retrieved from the Ministry of Finance's web page at: <http://bit.ly/1wzllqf>.

ANNEX 1

PUBLIC SECTOR BALANCE (Million pesos)

Concept	January		Real % Growth	Composition %	
	2014	2015 ^{p./}		2014	2015 ^{p./}
PUBLIC BALANCE	-4,907.9	-91,544.3	n.s.		
PUBLIC BALANCE EXCLUDING PRODUCTIVE INVESTMENT^{1./}	41,777.7	-32,373.1	n.s.		
Budgetary Balance	-11,773.4	-95,776.8	n.s.		
Budgetary Revenue	366,828.6	365,049.4	-3.4	100.0	100.0
Oil	97,902.9	56,994.8	-43.5	26.7	15.6
PEMEX	29,372.3	12,502.6	-58.7	8.0	3.4
Federal Government	68,530.6	44,492.2	37.2	18.7	12.2
Non-oil	268,925.7	308,054.6	11.1	73.3	84.4
Federal Government	220,062.9	257,090.6	13.4	60.0	70.4
Tax	207,946.6	241,612.2	12.7	56.7	66.2
Non-tax	12,116.3	15,478.4	23.9	3.3	4.2
PEDBC	48,862.8	50,963.9	1.2	13.3	14.0
Net Budgetary Expenditures	378,602.0	460,826.2	18.1	100.0	100.0
Programmable	282,378.7	358,960.5	23.3	74.6	77.9
Non programmable	96,223.4	101,865.6	2.7	25.4	22.1
PEIBC	6,865.6	4,232.5	-40.2		
Primary Balance	12,183.5	-66,585.3	n.s.		

Note: Figures may not add up due to rounding

p./ Preliminary figures.

n. s.: Not significant.

1./ PEMEX's and CFE's physical investment and high impact investments of the Federal Government are excluded.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR BUDGETARY REVENUES (Million pesos)

Concept	January		Real % Growth	Composition %	
	2014	2015 ^{p./}		2014	2015 ^{p./}
BUDGETARY REVENUES (I+II)	366,828.6	365,049.4	-3.4	100.0	100.0
I. Oil (a+b)	97,902.9	56,994.8	-43.5	26.7	15.6
a) PEMEX	29,372.3	12,502.6	-58.7	8.0	3.4
b) Federal Government	68,530.6	44,492.2	-37.0	18.7	12.2
Mexican Oil Fund	0.0	34,323.0	n.s.	0.0	9.4
Income tax from contractors and assignees	0.0	0.0	n.s.	0.0	0.0
Existing rights until 2014	68,530.6	10,169.2	-85.6	18.7	2.8
II. Non-oil (c+d)	268,925.7	308,054.6	11.1	73.3	84.4
c) Federal Government	220,062.9	257,090.6	13.4	60.0	70.4
Tax	207,946.6	241,612.2	12.7	56.7	66.2
Income Tax	120,806.5	121,617.4	-2.3	32.9	33.3
Value Added Tax	69,304.9	75,970.3	6.4	18.9	20.8
Excise Tax	12,853.6	37,896.9	186.1	3.5	10.4
Import Tax	2,826.1	3,323.7	14.1	0.8	0.9
IAEEH ^{1./}	0.0	0.0	n.s.	0.0	0.0
Other ^{2./}	2,155.6	2,803.9	26.2	0.6	0.8
Non-tax	12,116.3	15,478.4	23.9	3.3	4.2
d) PEDBC ^{3./}	48,862.8	50,963.9	1.2	13.3	14.0

Note: Partial sums and variations may not add up due to rounding.

p./ Preliminary figures.

n. s.: not significant.

1./ Tax on exploration and hydrocarbon extraction activities.

2./ Includes taxes on new vehicles, exports, oil returns 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		Real % Growth	Composition %	
	2014	2015 ^{p./}		2014	2015 ^{p./}
TOTAL (I+II)	378,602.0	460,826.2	18.1	100.0	100.0
I. Primary expenditures (a+b)	359,028.5	433,067.2	17.0	94.8	94.0
a) Programmable	282,378.7	358,960.5	23.3	74.6	77.9
Autonomous Branches	4,316.3	6,385.0	43.5	1.1	1.4
Administrative Branches	55,558.2	90,541.9	58.1	14.7	19.6
General Branches	128,421.6	157,727.4	19.2	33.9	34.2
PEDBC	68,116.1	67,099.0	-4.4	18.0	14.6
IMSS	39,991.2	36,472.2	-11.5	10.6	7.9
ISSSTE	28,124.8	30,626.8	5.7	7.4	6.6
State Productive Enterprises	86,527.8	103,741.7	16.3	22.9	22.5
PEMEX	65,876.4	77,199.0	13.7	17.4	16.8
CFE	20,651.4	26,542.7	24.7	5.5	5.8
(-) Compensated operations	60,561.3	66,534.4	6.6	16.0	14.4
b) Non programmable	76,649.8	74,106.6	-6.2	20.2	16.1
Non-earmarked transfers	52,192.6	50,862.4	-5.4	13.8	11.0
Adefas and other	24,457.3	23,244.3	-7.8	6.5	5.0
II. Financial cost ^{1./}	19,573.5	27,759.0	37.6	5.2	6.0

Note: Partial sums and variations 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, JANUARY ^{*_J}
(Million pesos)

Concept	Outstanding as of December 2014	Indebtedness			Adjustments ^{1_J}	Outstanding as of January 2015 ^{p_J}
		Originations	Amort.	Net		
1. Net Debt (3-2)	4,324,120.6					4,375,297.8
2. Assets ^{2_J}	222,499.0					228,190.0
3. Gross Domestic Debt	4,546,619.6	217,923.3	165,644.0	52,279.3	4,588.9	4,603,487.8
Government Securities	4,223,281.4	192,796.3	141,027.6	51,768.7	3,119.0	4,278,169.1
Cetes	678,684.4	140,111.3	131,017.6	9,093.7	0.0	687,778.1
Bondes "D"	232,622.0	7,601.4	10,010.0	-2,408.6	0.0	230,213.4
Fixed Rate Bonds	2,295,828.3	31,075.5	0.0	31,075.5	0.0	2,326,903.8
Udibonos	1,011,075.6	14,008.1	0.0	14,008.1	3,103.5	1,028,187.2
<i>Udibonos udi's</i>	191,841.6	2,650.4	0.0	2,650.4	0.0	194,492.0
Segregated Udibonos	5,071.1	0.0	0.0	0.0	15.5	5,086.6
<i>Segregated Udibonos udi's</i>	962.2	0.0	0.0	0.0	0.0	962.2
S.A.R.	98,018.4	23,881.2	20,249.2	3,632.0	788.6	102,439.0
Obligations by ISSSTE's Law	161,452.0	0.7	4,207.1	-4,206.4	486.1	157,731.7
Others	63,867.8	1,245.1	160.1	1,085.0	195.2	65,148.0

Note: Figures may not add up due to rounding.

*_J/ Figures subject to revisions and methodological changes.

p_/ Preliminary figures.

1_/ Refers to adjustments for inflation.

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, JANUARY ^{*_/_}
(Million dollars)

Concept	Outstanding as of December 2014	Indebtedness			Adjustments	Outstanding as of January 2015 ^{p_/_}
		Originations	Amort.	Net		
1. Net Debt (3-2)	77,352.4					77,773.3
2. Assets ^{1_/_}	1,221.0					3,082.0
3. Gross Debt	78,573.4	4,468.4	2,079.3	2,389.1	-107.2	80,855.3
Public Bonds	52,926.9	4,000.0	2,001.5	1,998.5	-42.2	54,883.2
International Financial Institutions (IFI's)	23,563.1	468.4	63.3	405.1	-1.0	23,967.2
Bilateral	2,083.4	0.0	14.5	-14.5	-64.0	2,004.9

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, JANUARY ^{*_1_}
(Million pesos)

Concept	Outstanding as of December 2014	Indebtedness			Adjustments	Outstanding as of January 2015 ^{p_1}
		Originations	Amort.	Net		
1. Net Debt (3-2)	4,804,250.2					4,779,424.7
2. Assets ^{2_1}	245,283.1					335,032.7
3. Gross Debt	5,049,533.3	271,794.9	210,127.6	61,667.3	3,256.8	5,114,457.4
By Term	5,049,533.3	271,794.9	210,127.6	61,667.3	3,256.8	5,114,457.4
Long-term	4,518,242.5	90,211.9	37,800.4	52,411.5	3,256.8	4,573,910.8
Short-term	531,290.8	181,583.0	172,327.2	9,255.8	0.0	540,546.6
By User	5,049,533.3	271,794.9	210,127.6	61,667.3	3,256.8	5,114,457.4
Federal Government	4,546,619.6	217,923.3	165,644.0	52,279.3	4,588.9	4,603,487.8
Long-term	4,025,828.8	90,211.7	34,550.4	55,661.3	4,588.9	4,086,079.0
Short-term	520,790.8	127,711.6	131,093.6	-3,382.0	0.0	517,408.8
PEDBC's	396,402.7	17,221.4	1,833.6	15,387.8	-1,331.1	410,459.4
Long-term	396,402.7	0.0	750.0	-750.0	-1,331.1	394,321.6
Short-term	0.0	17,221.4	1,083.6	16,137.8	0.0	16,137.8
Development Banks	106,511.0	36,650.2	42,650.0	-5,999.8	-1.0	100,510.2
Long-term	96,011.0	0.2	2,500.0	-2,499.8	-1.0	93,510.2
Short-term	10,500.0	36,650.0	40,150.0	-3,500.0	0.0	7,000.0
By Financing Source	5,049,533.3	271,794.9	210,127.6	61,667.3	3,256.8	5,114,457.4
Bonds Placed in Domestic Markets	4,581,547.3	192,796.3	141,027.6	51,768.7	3,239.8	4,636,555.8
SAR	98,018.4	23,881.2	20,249.2	3,632.0	788.6	102,439.0
Commercial Banks	123,929.7	7,000.2	3,250.0	3,750.2	-2.7	127,677.2
ISSSTE's Law obligations	161,452.0	0.7	4,207.1	-4,206.4	486.1	157,731.7
Others	84,585.9	48,116.5	41,393.7	6,722.8	-1,255.0	90,053.7

Note: Figures may not add up due to rounding.

*_1_ Figures subject to revisions and methodological changes.

p_1 Preliminary figures.

1_1 Includes Federal Government, PEDBC's and Development Banks debt.

2_1 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, JANUARY ^{*_/_1_/_}
(Million dollars)

Concept	Outstanding as of December 2014	Indebtedness			Adjustments	Outstanding as of January 2015 _{p./}
		Originations	Amort.	Net		
1. Net Debt (3-2)	145,617.4					152,369.0
2. Financial Assets in Foreign Currency ^{2_/_}	2,048.4					4,714.2
3. Gross Debt	147,665.8	12,999.6	3,185.4	9,814.2	-396.8	157,083.2
By Term	147,665.8	12,999.6	3,185.4	9,814.2	-396.8	157,083.2
Long-term	142,869.2	11,782.1	2,207.1	9,575.0	-394.7	152,049.5
Short-term	4,796.6	1,217.5	978.3	239.2	-2.1	5,033.7
By User	147,665.8	12,999.6	3,185.4	9,814.2	-396.8	157,083.2
Federal Government	78,573.4	4,468.4	2,079.3	2,389.1	-107.2	80,855.3
Long-term	78,573.4	4,468.4	2,079.3	2,389.1	-107.2	80,855.3
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC's	59,563.1	7,446.9	109.7	7,337.2	-302.7	66,597.6
Long-term	58,863.1	7,253.7	106.8	7,146.9	-302.7	65,707.3
Short-term	700.0	193.2	2.9	190.3	0.0	890.3
Development Banks	9,529.3	1,084.3	996.4	87.9	13.1	9,630.3
Long-term	5,432.7	60.0	21.0	39.0	15.2	5,486.9
Short-term	4,096.6	1,024.3	975.4	48.9	-2.1	4,143.4
By Financing Source	147,665.8	12,999.6	3,185.4	9,814.2	-396.8	157,083.2
Public Bonds	100,708.1	10,000.0	2,001.5	7,998.5	-458.8	108,247.8
International Financial Institutions (IFI's)	28,186.0	468.4	66.2	402.2	7.6	28,595.8
Bilateral	9,044.7	60.0	123.8	-63.8	-53.0	8,927.9
Commercial Banks	9,533.8	2,278.0	991.0	1,287.0	-2.1	10,818.7
Pidiregas	193.2	193.2	2.9	190.3	109.5	493.0

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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