

## Public Finances and Public Debt as of October 2017

The main results of the Public Sector financial situation as of October are the following:

- During the January-October period of 2017, budgetary revenues increased by 1.2 percent in real terms compared to the same period in 2016, and were higher than programmed by Ps. 538.8 billion when including Banco de México's Operating Surplus (BMOS) of Ps. 321.7 billion. Excluding BMOS and the equity contributions of the Federal Government to Pemex, budgetary revenues increased 4.1 percent in real terms and were higher than the expected in the program by Ps. 217.1 billion.
- Total net budgetary expenditures were 6.9 percent lower in real terms relative to the same period in 2016, and Ps. 15.9 billion lower than programmed, when excluding the acquisition of financial assets with BMOS resources. This Ps. 96.4 billion transfers are registered as an expenditure, but represent an improvement on the Federal Government's financial position. When considering them, total net budgetary expenditures were lower by 6.3 percent in real terms compared to the same period of 2016, and were Ps. 80.6 billion higher than programmed.
- Public Sector Borrowing Requirements (PSBRs) registered a Ps. 93.7 billion surplus, this represents an improvement of Ps. 333 billion compared to the deficit observed during the same period in 2016. This result is consistent with the objective of achieving a deficit of 1.4 percent of GDP when considering the BMOS, and achieving a deficit of 2.9 percent of GDP if excluding BMOS at the end of 2017.
- As of October 2017, the evolution of public debt is consistent with the objective of reducing the Historical Balance of the Public Sector Borrowing Requirements (HBPSBR) as a percentage of GDP. Considering GDP previous base year (2008) and excluding resources from the BMOS a decrease from 50.1 to 49.5 was expected, and to 48.0 when including the BMOS. Considering GDP figures with the new base year (2013), a decrease from 48.7 at the end of 2016 to 48.2 percent is expected if excluding BMOS, and to 46.7 percent when including these resources, both by year-end 2017.

### Base year change from 2008 to 2013 published by INEGI on October 31<sup>st</sup>.

INEGI published the information of Mexico's System of National Accounts (SCNM) with the change of base year from 2008 to 2013 according to the best international standards.

The base year is the benchmark period through which the dimension and relative structure of economic activities is identified. The main objective of this modification is that the figures capture these changes and better reflect the economic reality.

The base year change represented normal changes in the measurement of growth and size of the economy, therefore, the figures for Public Finances previously reported as a percentage of GDP will reflect changes as a result of the above mentioned. With the aim of promoting transparency in public finances, from this release onwards, public finances figures as a percentage of GDP will use the new base year (2013).

Today, the Ministry of Finance delivered to the Congress the Information on Public Finances and Public Debt for the January-October period of 2017, in compliance with the provisions of Article 107 of the Federal Budget and Fiscal Responsibility Law (LFPRH). The reports have also been made available to the public through the website of the Ministry. The main aspects of these reports are presented below:

### ***Recent developments in public finances***

As of October 2017, the Public Sector Borrowing Requirements (PSBRs) registered a surplus of Ps. 93.7 billion, an improvement of Ps. 333 billion compared to the deficit in the same period of 2016. This result reflects the fiscal consolidation efforts included in the economic program for the current year, the favorable evolution of tax revenues, and the receipt of Banco de México's Operating Surplus (BMOS).

The cumulative public sector balance registered a Ps. 108.5 billion surplus, which compares favorably with the Ps. 222.4 billion deficit registered during the same period in the previous year, and with the expected deficit for the period of Ps. 384.1 billion.

Primary balance stood at Ps. 480.8 billion, 4.7 times larger than the Ps. 102.2 billion surplus registered in 2016, and which contrasts favorably with the expected surplus for the period of Ps. 5.0 billion. This result is consistent with the objective of achieving the first primary surplus since 2008.

Public balance that excludes investment of high economic and social impact, registered a Ps. 390.1 billion surplus during the January-October period of 2017. This surplus is Ps. 471.1 billion higher than the expected for the period.

### ***Public sector budgetary revenues***

During the January-October period of 2017, Public Sector's budgetary revenues stood at Ps. 4.15 trillion, and were Ps. 538.8 billion higher than those expected in the program<sup>1</sup>. Within, oil revenues were higher by Ps. 27.6 billion, tax revenues were higher by Ps. 93.1 billion, revenues from entities different from Pemex were higher by Ps. 39.9 billion, and non-tax revenues were higher by Ps. 378.1 billion (Ps. 321.7 billion correspond to the BMOS).

Compared to the January-October period in 2016, budgetary revenues were 1.2 percent higher in real terms, and 4.1 percent higher if excluding the BMOS in both years and the Federal Government's equity contributions to Pemex in 2016.<sup>2</sup> The evolution of the main components of these revenues was as follows:

- Oil revenues stood at Ps. 678.5 billion and were 8.2 percent lower in real terms relative to the same period in the previous year, due to the Federal Government's equity contributions to Pemex in 2016 by Ps. 160.7 billion. Excluding this operation, oil revenues were 19.2 percent higher in real terms. This gain is mainly explained by a 33.7 percent increase in the average export price of the Mexican oil mix (33 dollars per barrel -dpb- in 2016 versus 44.1 dpb in 2017) and a higher price of natural gas, which increased in 44.3 percent. However, this effect was partially offset by a 9.7 percent decrease in oil production (2,191 thousand barrels daily -kbd- in 2016 versus 1,977 kbd in 2017), a 4.9 percent decrease in oil exports (1,165 thousand barrels daily -kbd- in 2016 versus 1,108 kbd in 2017), and a 0.7 percent appreciation of the exchange rate adjusted by inflation.

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<sup>1</sup> Corresponds to the Agreement that displays the monthly calendar of revenue forecast contained in Article 1 of the 2017 Federal Revenues Law and based on the methodology used to make such forecast, published on December, 7 of 2016 in the Federal Official Gazette (DOF).

<sup>2</sup> In 2016, two compensated operations were performed for Ps. 295.3 billion associated with the financial support that the Federal Government granted to Pemex for Ps. 134.2 billion (August) and to the Federal Electricity Commission (CFE) for Ps. 161.1 billion (December), as established in the Energy Reform, equivalent to the savings that both companies achieved in their pension liabilities. This as a result of the applied changes to their pension and retirement schemes. In addition, the Federal Government provided resources to PEMEX for Ps. 26.5 billion to strengthen its liquidity. The fiscal registration of these resources is recorded as Federal Government's expenditure in financial investment and income of the State Productive Enterprises by equivalent amounts.

- CFE revenues amounted to Ps. 296.4 billion and were 14.0 percent higher in real terms compared to the same period in the previous year. This is mainly explained by the economic performance and the evolution of electricity rates for commercial and industrial use.
- Non-oil tax revenues amounted to Ps. 2.39 trillion and were 0.7 percent higher in real terms with respect to the same period in 2016. If excluding fuels excise tax (IEPS), tax collection increased by 4.2 percent in real terms. Within tax revenues there was a 4.6 percent increase in real terms of the income tax system, a 3.4 percent increase of value-added tax (VAT), and a 5.5 percent increase in fuels excise tax (IEPS).
- IMSS and ISSSTE revenues added to Ps. 296.1 billion. This amount is 2.9 percent higher in real terms relative to the same period in 2016, and was mainly explained by larger social security contributions and financial products.
- Federal Government non-tax revenues amounted to Ps. 491.2 billion. These revenues were higher than the figures in the previous year by 10.5 percent in real terms due to larger contributions of duties and exploitation rights. Excluding the BMOS in both years, a decrease of 11.3 percent in real terms is observed compared to the same period in 2016.

### ***Public sector net budgetary expenditures***

During January-October of 2017, net budgetary expenditures stood at Ps. 4.076 trillion, and were Ps 80.6 billion higher than the expected in the program<sup>3</sup>. As of October 2017, the Federal Government has registered as expenditure the acquisition of financial assets by Ps 96.4 billion, which come from the 30 percent share of the BMOS, as per the Article 19 of the Federal Budget and Fiscal Responsibility Law. These expenditures have been registered as follows: a Ps. 80.0 billion transfer to the Budgetary Revenues Stabilization Fund (FEIP), a Ps. 13.6 billion transfer to the Protection against Catastrophic Expenditures Fund (FPGC) of the Social Security Protection System Trust, and a Ps. 2.8 billion contribution to international organizations of which Mexico is member. If this non-recurrent operation is excluded, net budgetary expenditures were Ps. 15.9 billion lower compared to those expected in the program.

Excluding these transfers, programmable expenditures were lower by Ps. 32.4 billion with respect to the program, of which Ps. 32.6 billion correspond to the Central Public Administration, Ps. 22.8 billion correspond to Pemex and Ps. 27.7 billion to IMSS and ISSSTE; which was partially offset by CFE's higher operating expenditure of Ps. 47.2 billion. On the other hand, non-programmable expenditures increased by Ps. 16.5 billion due to a higher payment of non-earmarked transfers of Ps. 32.5 billion, which is explained by the good dynamics of federal tax collection.

Relative to the January-October period of 2016, net paid expenditures, primary expenditures and programmable expenditures were lower in 6.3, 7.7 and 10.6 percent in real terms for each case<sup>4</sup>. During this period, it is worth noting the following:

- Total net expenditures excluding financial investment, pensions, non-earmarked transfers and financial cost decreased 8.2 percent in real terms. Current structural expenditure was lower in 7.3 percent in real terms. Both indicators reveal the effort regarding public expenditure containment.
- Subsidies, transfers and non-earmarked transfers were 14.8 percent lower in real terms.

<sup>3</sup>Corresponds to the Authorized Budget Calendar for 2017 Fiscal Year, published on December 14, 2016 in the Federal Official Gazette (DOF).

<sup>4</sup> Excluding this non-recurrent operations from the ROBM and the Federal Government's equity contribution to Pemex in 2016, net paid expenditures, primary expenditures and the programmable expenditures were 3.1, 4.2 and 6.7 percent lower in real terms for each case.

- Physical investment decreased by 24.6 percent in real terms.
- Pensions and retirement payments increased by 2.0 percent in real terms.
- Operating expenditures increased by 2.4 percent in real terms, due to CFE's higher operating costs driven by an increase in the price of fuels for power generation
- Non-earmarked transfers to the states increased by 6.7 percent in real terms due to the third four-month period adjustment for 2016 and the favorable evolution of tax collection.
- Financial cost of debt increased by 9.6 percent in real terms.

### ***Public Debt Balance***

At the end of October 2017, the Federal Government's net debt balance stood at Ps. 7.135 trillion. Within, the Federal Government net domestic debt amounted Ps. 5.41 trillion, while the external debt stood at USD 90.3 billion (equivalent to Ps. 1.73 trillion).

As of October 2017, the Federal Public Sector net debt balance (Federal Government, State Productive Enterprises, and development banks) stood at Ps. 9.56 trillion. The Federal Public Sector net domestic debt stood at Ps. 5.92 trillion, while the Federal Public Sector external debt amounted USD 189.9 billion (equivalent to Ps. 3.64 trillion).

Finally, the Historical Balance of the Public Sector Borrowing Requirements (HBPSBRs), the broadest measure of public debt, amounted to Ps. 9.62 trillion in October 2017. The domestic component of the HBPSBR stood at Ps 6.043 trillion, while the external component amounted to USD 186.6 billion (equivalent to Ps. 3.57 trillion).

The evolution of the public debt is consistent with the aim to reduce the Historical Balance of the Public Sector Borrowing Requirements (HBPSBRs) as percentage of GDP. Considering the GDP with base year 2008, a reduction of 50.1 to 49.5 percent was expected when excluding the BMOS and to 48.0 percent when considering it. With figures that consider the GDP new base year, it is expected that the HBPSBR will decrease from 48.7 percent at the end of 2016 to 48.2 percent when excluding the BMOS and to 46.7 percent when considering these resources, both for year-end 2017.

### **Relevant Debt Management Operations**

#### ***Domestic Market***

As part of the debt reduction program, on October 26, the Ministry of Finance bought back Ps. 65.85 billion of government securities, using part of the 70 percent of the BMOS aimed at reducing the Federal Government indebtedness in 2017. This operation involved the buyback of M-Bonds maturing between 2018 and 2021 and the inflation-linked bond (Udibono) maturing in 2019, which contributes to the improvement of the maturity profile of the Federal Government. The participation of various investors allowed the Federal Government to buyback only the positions that adequately reflected the conditions of financial markets.

Additionally, on November 16, the Ministry of Finance bought back Ps. 34.91 billion of government securities. This operation involved the buyback of M-Bonds maturing between 2018 and 2021 and the inflation-linked bond (Udibono) maturing in 2019, which contributes to the improvement of the maturity profile of the Federal Government. The participation of various investors allowed the Federal Government to buyback only those positions that adequately reflected the conditions of financial markets.<sup>5</sup>

Details regarding the amounts allocated for each instrument are included in the following table:

Instrument	Bought-back Amount (Ps. million)	Distribution (%)
M Bond Jun-18	1,705	4.9
M Bond Dec-18	31,243	89.5
M Bond Dec-19	0	0.0
M Bond Jun-21	700	2.0
Udibono Jun-19	1,265 <sup>6</sup>	3.6
<b>Total</b>	<b>34,913</b>	<b>100</b>

### *External Market*

Regarding the external debt operations, as part of the strategy for reducing the HBPSBR ratio as a percentage of GDP, on October 2, the Federal Government conducted a liability refinancing operation on international markets by issuing USD 1.9 billion through a new 30 year benchmark. With this operation, 51 percent of the external debt amortizations of the Federal Government scheduled for 2020 are covered in advance without incurring in further indebtedness. This transaction not only improves the external debt maturity profile but also reduces the financial cost by substituting debt for lower interest rate obligations, since the bond which was early amortized was expected to pay a coupon rate of 5.125 percent, while the new benchmark will pay a 4.6 percent coupon rate.

### *Progress in the use of Banco de Mexico's Operating Surplus*

On March 28, 2017, Banco de Mexico deposited into the Federal Treasury Ps. 321.7 billion coming from Banco de Mexico's Operating Surplus for fiscal year 2016. As per the Federal Budget and Fiscal Responsibility Law (LFPRH), the Federal Government must use 70 percent of the resources for the amortization of the public debt or for the reduction of the financing requirements of the current year.

As mentioned in the March 29 press release published by the Ministry of Finance, the strategy for the allocation of Banco de México's Surplus in 2017 is anchored in three guiding principles: increasing the efficiency of the government's debt portfolio, improving the debt maturity profile, and strengthening the Federal Government's financial position<sup>7</sup>

Finally, it is worth noting that with the November buyback operation, the government concluded the use of the 70 percent of BMOS aimed at reducing the Federal Government indebtedness in 2017.

<sup>5</sup> Although this operation was conducted out of the period referred in this document, detailing it is considered relevant for maintaining constant communication regarding the management of public debt.

<sup>6</sup> Equivalent to 215.6 million udís.

<sup>7</sup> <https://www.gob.mx/shcp/es/prensa/comunicado-no-058-la-secretaria-de-hacienda-y-credito-publico-anuncia-la-recepcion-del-remanente-de-operacion-2016-del-banco-de-mexico?idiom=es> (only available in Spanish)

**70% share of Banco de Mexico's Operating Surplus aimed at reducing the Federal Government indebtedness.**

Concept	Amount (Ps. million)
Buyback operation of May 25 <sup>8</sup>	39,071
Reduction in Placement Program as of the 3Q 2017. <sup>9</sup>	5,618
No External Indebtedness in 2017.	74,480
Buyback operation of October 25 <sup>10</sup>	65,489
Reduction in Placement Program as of the 4Q 2017. <sup>11</sup>	5,870
Buyback operation of Nov 16.	34,629
<b>Total</b>	<b>225,157</b>

More details on the statistics of public finances and public debt is available on the Ministry of Finance's website: <http://bit.ly/1MJmqZ>

<sup>8</sup>Although a total of Ps. 40 billion in debt were written off, for the use of BMOS it is consider the buyback price for securities priced below par and the nominal value (Ps. 100) for the buyback securities above par. Thus, the total amount from BMOS resources used in this operation amounted Ps. 39.071 billion.

<sup>9</sup> On June 29, 2017, the Federal Government announced in the third quarter auction program a downward adjustment in the total amount of placement by approximately Ps. 5.62 billion relative to the amount of indebtedness originally forecast in the absence of BMOS.

<sup>10</sup> Although a total of Ps. 65.85 billion in debt were written off, for the use of BMOS it is consider the buyback price for securities priced below par and the nominal value (Ps. 100) for the buyback securities above par. Thus, the total amount from BMOS resources used in this operation amounted Ps. 65.5 billion

<sup>11</sup> This figure is still approximate, thus the amount of resources used as a result of the reduction in the placement program for the fourth quarter of 2017 is still an estimated figure.

## ANNEX 1

### SUMMARY OF INDICATORS ON THE DEVELOPMENTS IN PUBLIC FINANCES (Billion pesos)

Concept	January-October		Growth % real	Annual			Progress % with respect to:		
	2016 <sup>p/</sup>	2017 <sup>p/</sup>		2016	2017		2016	2017	
					Program <sup>1/</sup>	Estimated <sup>2/</sup>		Program <sup>1/</sup>	Estimated <sup>2/</sup>
1. Budgetary revenues <sup>3/</sup>	3,873.5	4,150.0	1.2	4,845.5	4,360.9	4,876.5	79.9	95.2	85.1
2. Tax revenues	2,238.5	2,387.9	0.7	2,716.0	2,739.4	2,794.1	82.4	87.2	85.5
3. Tax revenues without fuels excise tax (IEPS)	1,998.5	2,205.8	4.2	2,438.7	2,454.9	2,579.6	81.9	89.9	85.5
4. Total net expenditures without outlays on financial investments, pension payments, transfers and financial cost.	2,418.6	2,352.1	-8.2	3,078.6	2,803.2	2,931.4	78.6	83.9	80.2
5. Total net expenditures without outlays on financial investments, pension payments and transfers	2,739.3	2,724.5	-6.1	3,551.6	3,375.7	3,492.6	77.1	80.7	78.0
6. Total net expenditures without outlays on financial investments	3,855.0	3,958.4	-3.0	4,893.9	4,838.4	4,995.3	78.8	81.8	79.2
7. Net total expenditures <sup>3/</sup>	4,109.7	4,076.1	-6.3	5,347.8	4,855.8	5,146.2	76.8	83.9	79.2
8. Current structural expenditure	1,726.2	1,694.6	-7.3	2,227.4	2,061.3	2,373.2	77.5	82.2	71.4
9. Primary balance	102.2	480.8	344.3	-25.0	78.2	292.0	-408.9	614.9	164.7
10. PSBR	-239.2	93.7	n.a.	-559.4	-596.7	-306.2	42.8	-12.3	-24.0
11. HBPSBR	9,054.4	9,619.4	0.3	9,797.4	10,197.7	10,203.4	92.4	94.3	94.3
12. Public debt	8,965.3	9,560.0	0.7	9,693.2	9,828.9	10,178.2	92.5	97.3	93.9

Note: Figures may not add up due to rounding.

p\_/ Preliminary figures.

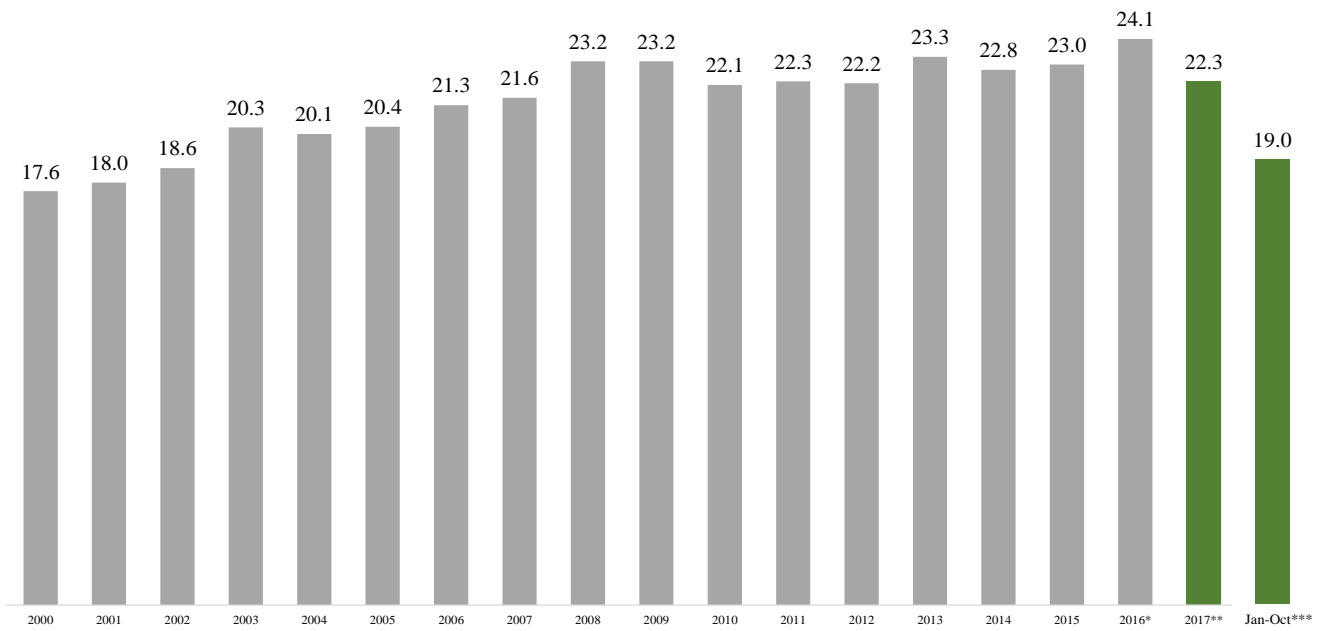
1\_/ Corresponds to the Federal Law on Income and Budget of Expenditures for the fiscal year 2017 approved by Congress.

2\_/ Corresponds to the review presented in Report on Economic Situation, Public Finances and Public Debt in the Third Quarter of 2017.

3\_/ The 2016 annual data includes resources for the support of the Federal Government for pension payments of Pemex and CFE via non-earmarked transfers' contribution of Ps. 134.23 and Ps. 161.08 billion, respectively.

Source: Ministry of Finance

**Budgetary Revenues**  
*Percentage of GDP*



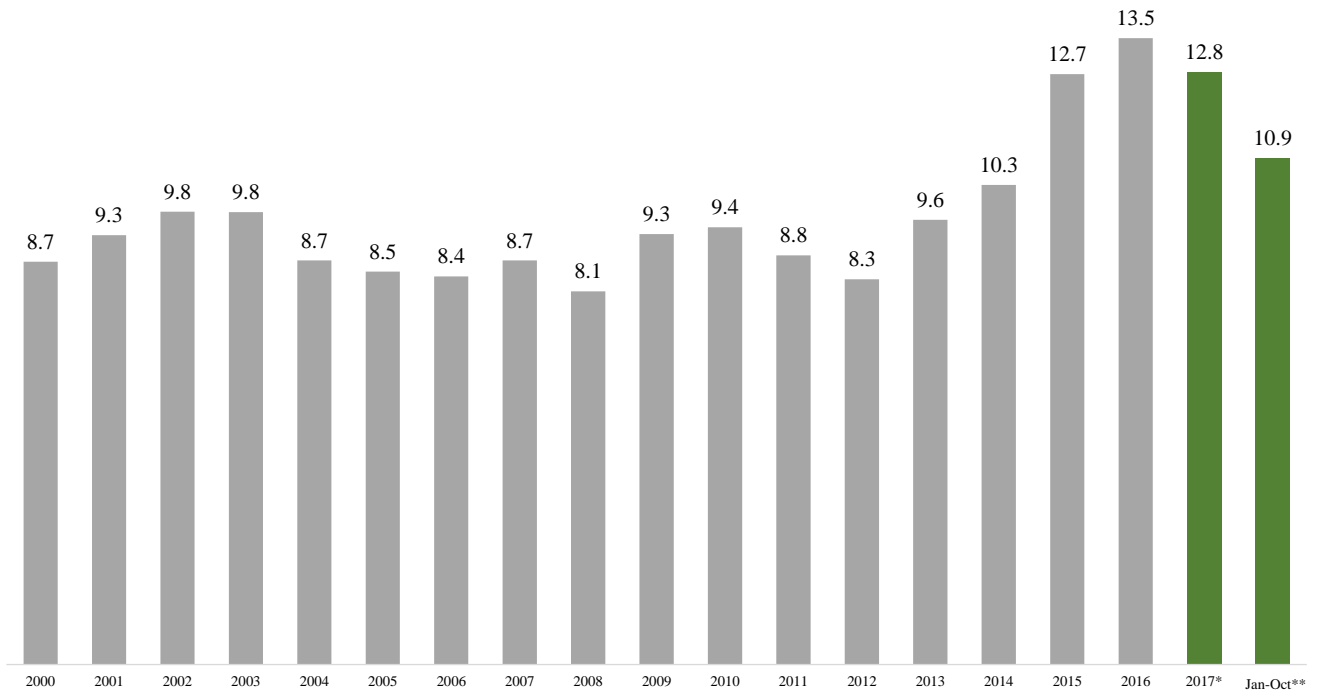
\*/ Including the resources from the Federation given to PEMEX and CFE equivalent to 1.5% of GDP.

\*\*/ Estimated.

\*\*\* / Proportional to annual GDP

Source: Ministry of Finance.

**Tax Revenues**  
*Percentage of GDP*



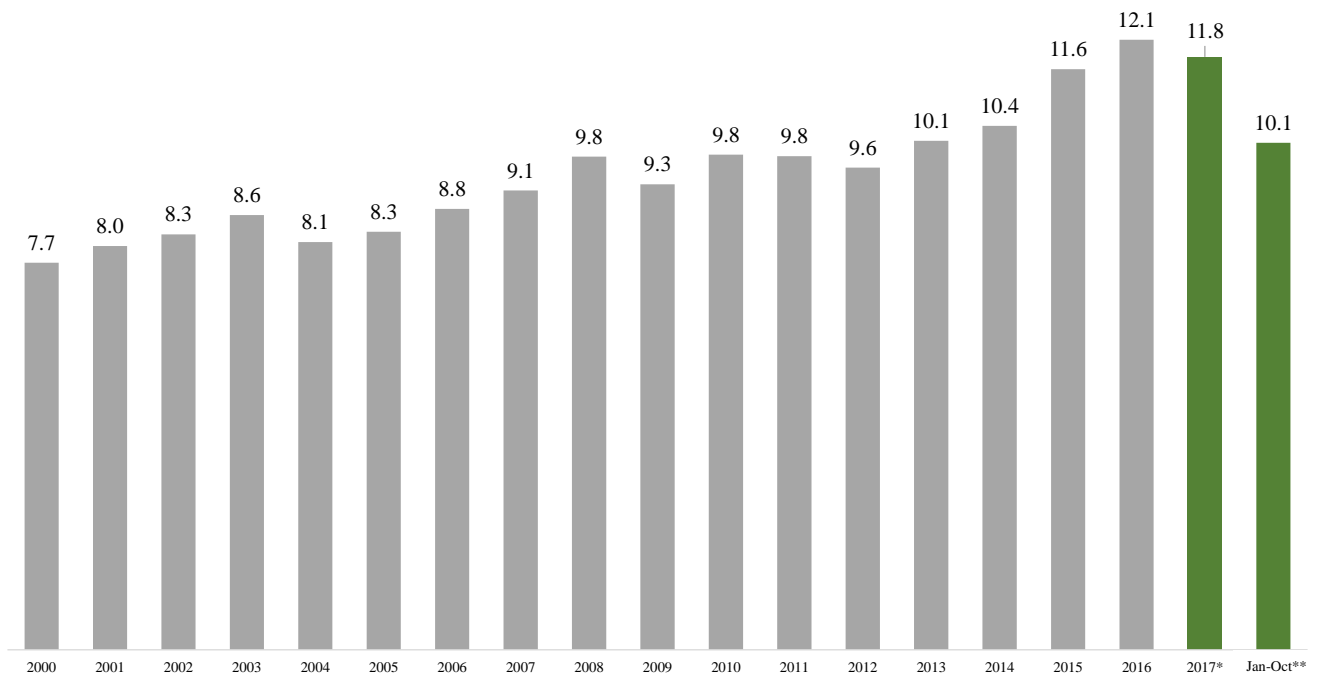
\*/ Estimated.

\*\* / Proportional to annual GDP.

Source: Ministry of Finance.

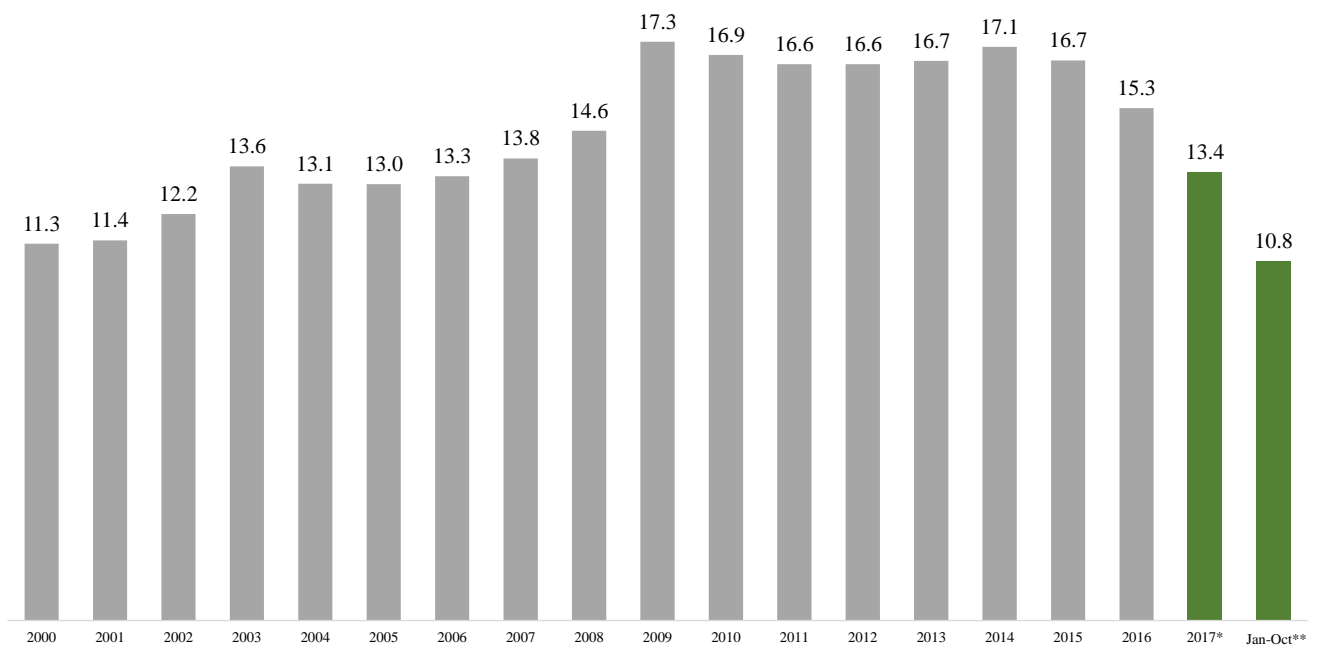


**Tax revenues excluding fuel excise tax (IEPS)**  
*Percentage of GDP*



\*/ Estimated.  
 \*\*/ Proportional to annual GDP.  
 Source: Ministry of Finance.

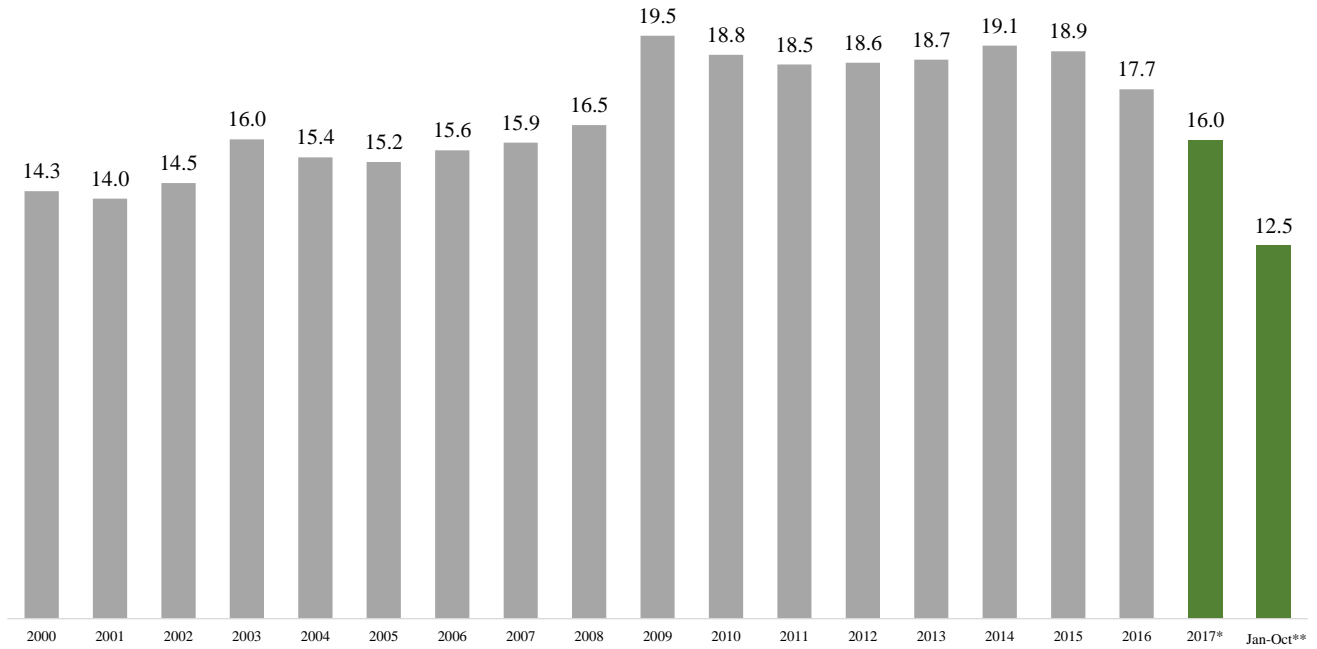
**Total net expenditure without outlays on financial investments, pension payments and non-earmarked transfers and financial cost**  
*Percentage of GDP*



\*/ Estimated.  
 \*\*/ Proportional to annual GDP.  
 Source: Ministry of Finance.

**Total net expenditures without outlays on financial investments, pension payments and non-earmarked transfers**

*Percentage of GDP*



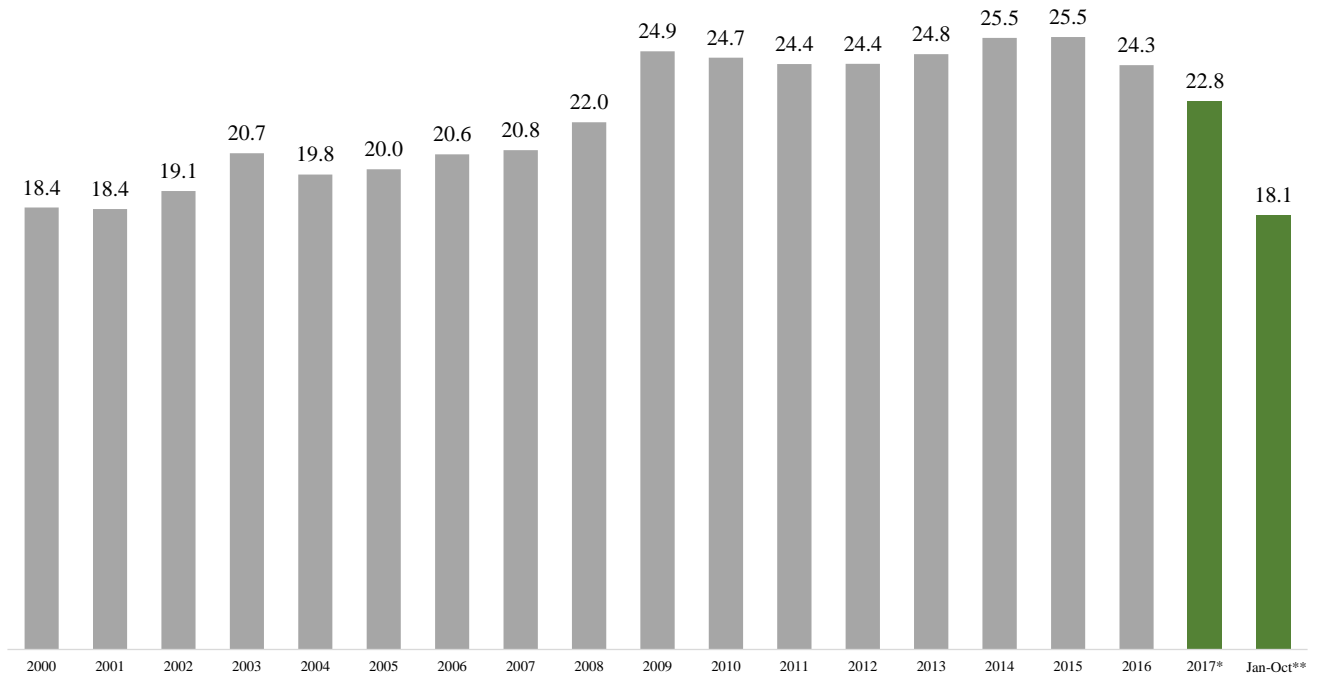
\*/ Estimated.

\*\*/ Proportional to annual GDP.

Source: Ministry of Finance.

**Total net expenditure without outlays on financial investments**

*Percentage of GDP*

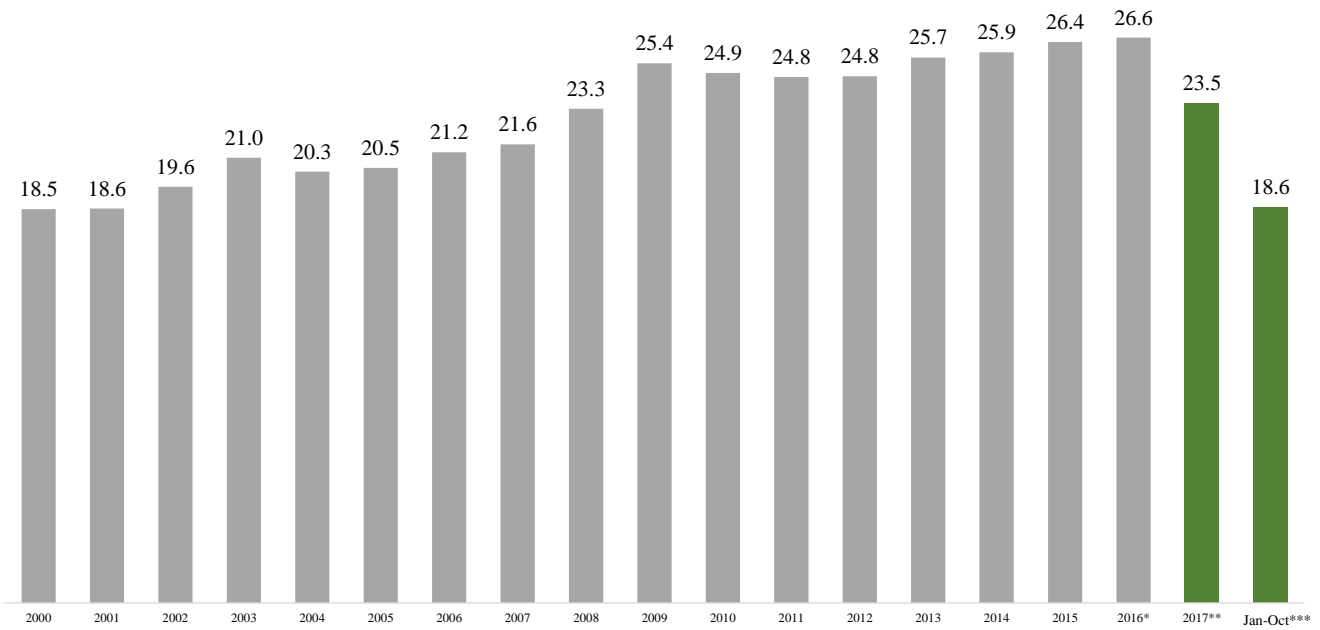


\*/ Estimated.

\*\*/ Proportional to annual GDP.

Source: Ministry of Finance.

**Net total expenditure**  
*Percentage of GDP*



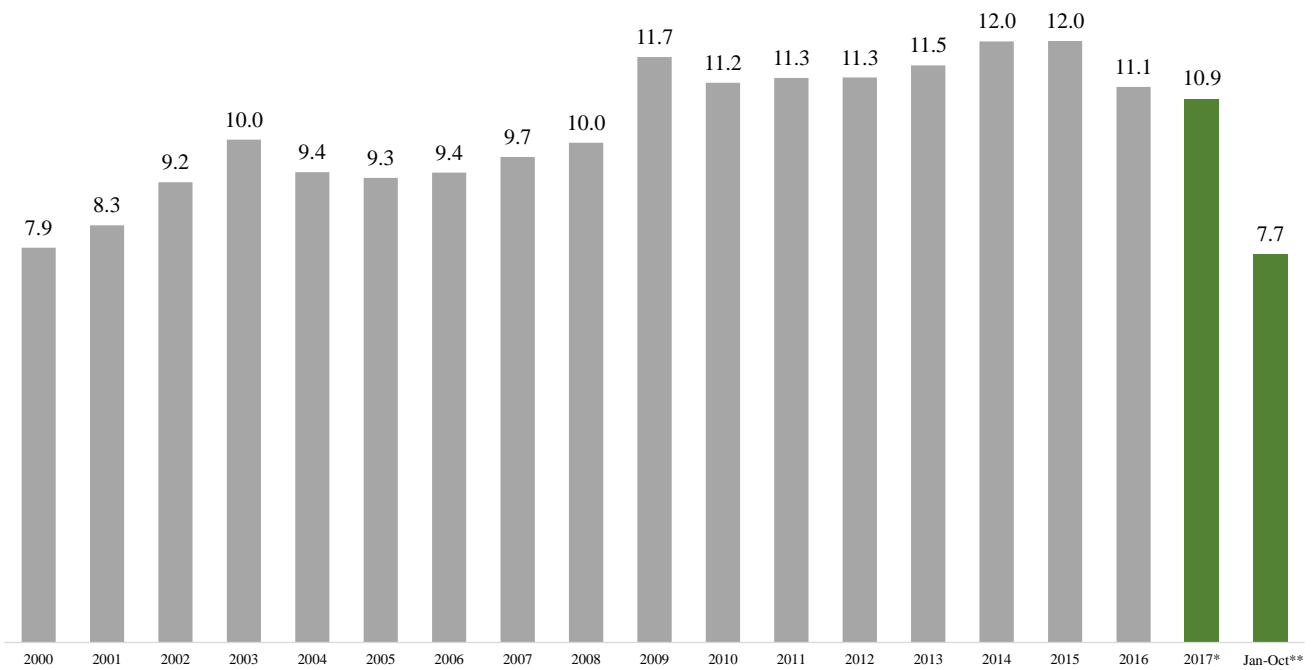
\*/ Including the resources from the Federal Government given to PEMEX and CFE equivalent to 1.5% of GDP.

\*\*/ Includes the use of BMOS, registered in terms of accounting as an expenditure, but represents a saving and an improvement on the Federal Government's financial position.

\*\*\*/ Proportional to annual GDP.

Source: Ministry of Finance.

**Current Structural Expenditure**  
*Percentage of GDP*

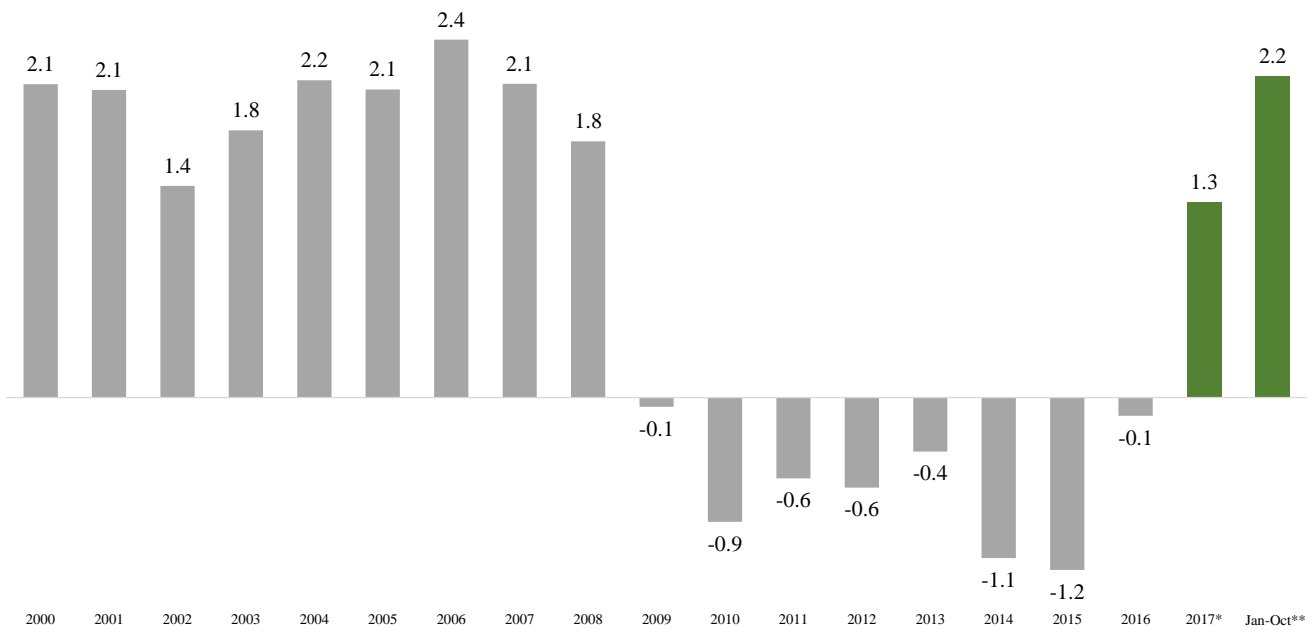


\*/ Estimated.

\*\*/ Proportional to annual GDP.

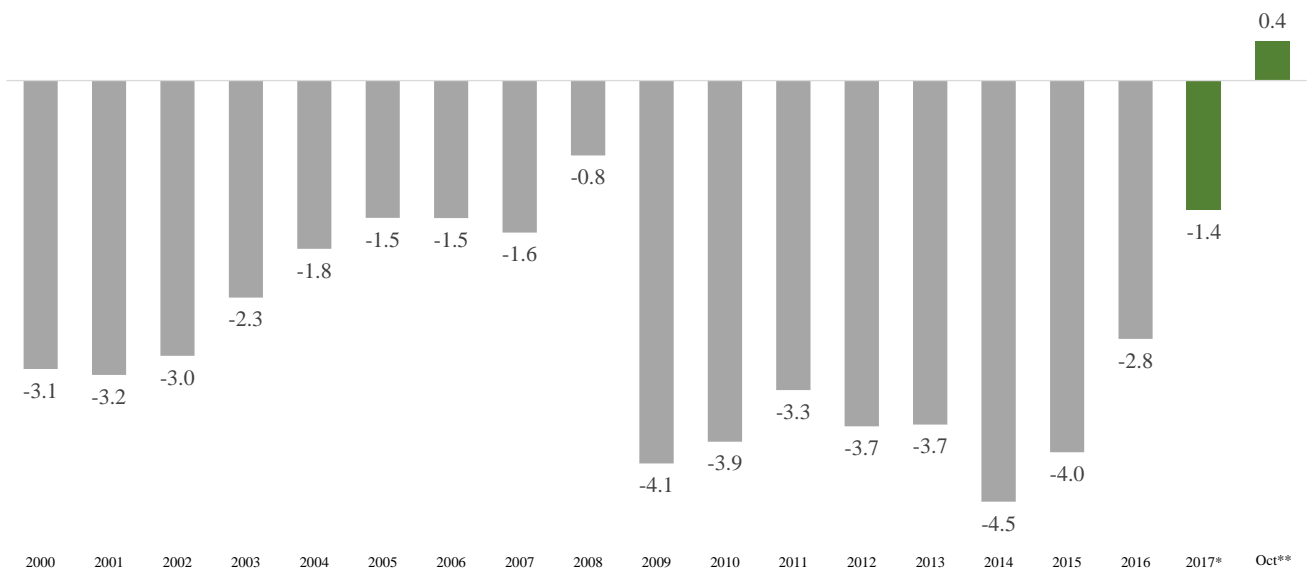
Source: Ministry of Finance.

**Primary Balance**  
Percentage of GDP



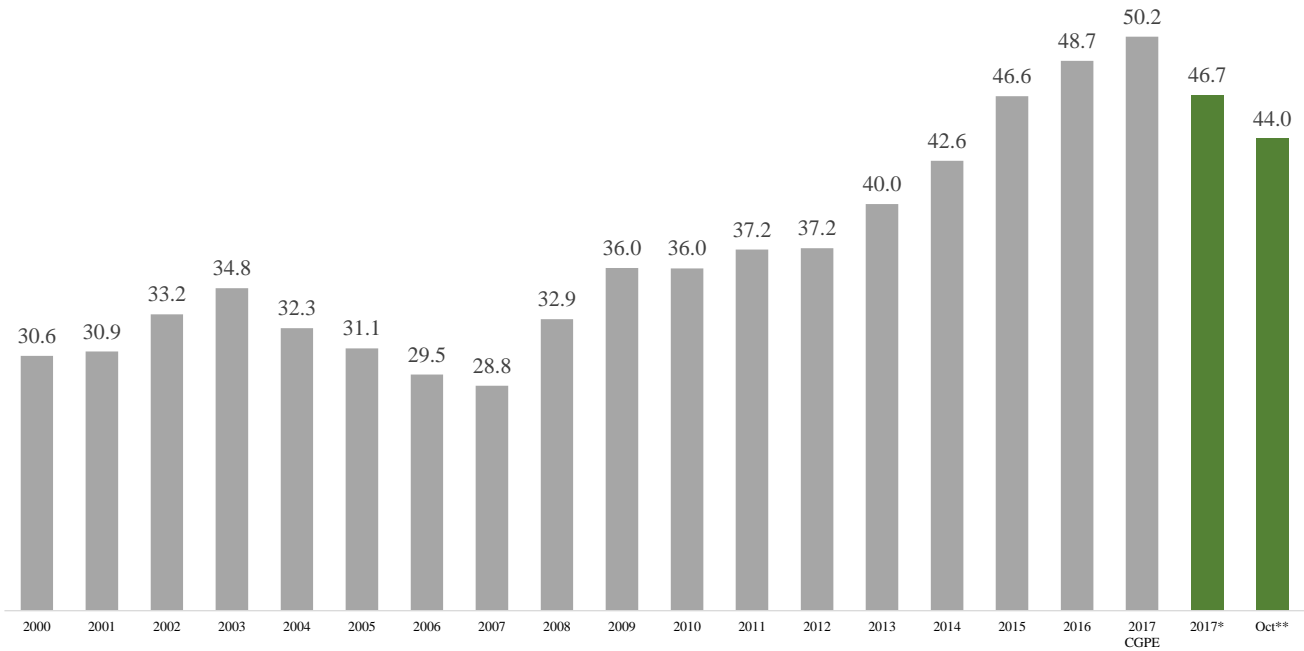
\*/ Estimated.  
 \*\*/ Proportional to annual GDP.  
 Source: Ministry of Finance.

**PSBR**  
Percentage of GDP



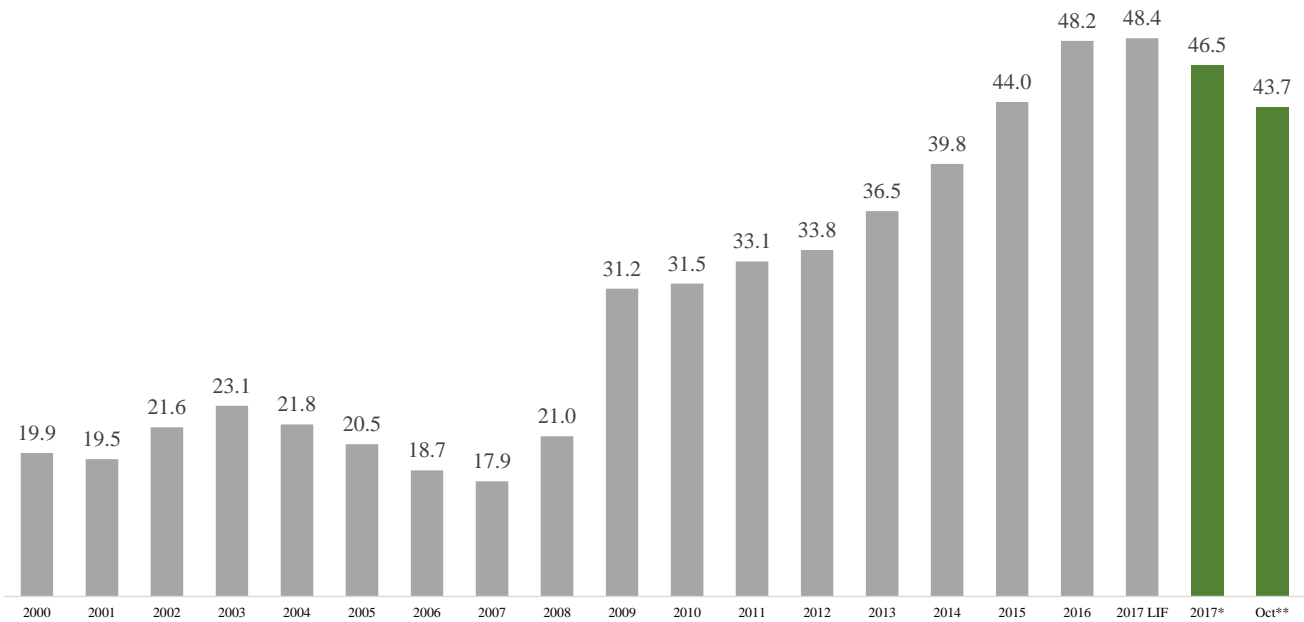
\*/ Estimated.  
 \*\*/ Proportional to annual GDP.  
 Source: Ministry of Finance.

**HBPSBR**  
*Percentage of GDP*



\*/ Estimated.  
 \*\*/ Proportional to annual GDP.  
 Source: Ministry of Finance.

**Public Debt**  
*Percentage of GDP*



\*/ Estimated.  
 \*\*/ Proportional to annual GDP.  
 Source: Ministry of Finance.

## PUBLIC SECTOR BALANCE

(Million pesos)

Concept	January-October			Nominal Difference (3-2)	Growth% real (3/1)
	2016 (1)	2017			
		Program <sup>1_/</sup> (2)	Observed <sup>p_/</sup> (3)		
<b>PUBLIC BALANCE</b>	<b>-222,386.1</b>	<b>-384,082.5</b>	<b>108,533.1</b>	<b>492,615.6</b>	<b>n.s.</b>
<b><i>PUBLIC BALANCE EXCLUDING PRODUCTIVE INVESTMENT<sup>2_/</sup></i></b>	<b>201,504.5</b>	<b>-81,036.1</b>	<b>390,071.0</b>	<b>471,107.1</b>	<b>82.8</b>
I. Budgetary Balance	-236,275.0	-384,282.5	73,892.7	458,175.2	n.s.
a) Budgetary Revenues	3,873,458.6	3,611,232.7	4,149,983.7	538,751.0	1.2
Oil <sup>3_/</sup>	698,163.6	650,839.0	678,460.6	27,621.7	-8.2
PEMEX	428,106.8	325,462.5	317,223.4	-8,239.1	-30.0
Federal Government	270,056.8	325,376.4	361,237.2	35,860.8	26.3
Non-oil	3,175,295.0	2,960,393.7	3,471,523.1	511,129.3	3.2
Federal Government	2,658,154.7	2,407,822.0	2,879,022.5	471,200.5	2.3
Tax	2,238,541.2	2,294,745.6	2,387,869.3	93,123.7	0.7
Non-tax	419,613.4	113,076.4	491,153.2	378,076.7	10.5
PEDBC	517,140.3	552,571.7	592,500.6	39,928.9	8.2
b) Net Budgetary Expenditures	4,109,733.6	3,995,515.2	4,076,091.0	80,575.8	-6.3
Programmable	3,193,525.1	2,958,758.3	3,022,790.7	64,032.4	-10.6
Non-programmable	916,208.5	1,036,756.9	1,053,300.3	16,543.4	8.6
II. PEIBC	13,888.9	200.0	34,640.4	34,440.4	135.5
<b>PRIMARY BALANCE</b>	<b>102,181.4</b>	<b>5,043.7</b>	<b>480,826.4</b>	<b>475,782.6</b>	<b>344.3</b>

Note: Figures may not add up due to rounding.

p\_/ Preliminary figures. n. s.: Not significant.

1\_/ Corresponds to the calendars of the Law on Income and Expenditure Budget for fiscal year 2017 approved by the Congress and published in the Federal Official Gazette on December 7 and December 14 of 2016 respectively.

2\_/ Excludes the physical investment of Pemex, CFE and high impact investments of the Federal Government.

3\_/ Includes revenues from PEMEX, transfers from the Mexican Oil Fund for Stabilization and Development, the income tax on contractors and assignees for the extraction of hydrocarbons.

Source: Ministry of Finance

## PUBLIC SECTOR BUDGETARY REVENUES

(Million pesos)

Concept	January-October			Nominal Difference (3-2)	Growth% real (3/1)
	2016 (1)	2017			
		Program <sup>1/</sup> (2)	Observed <sup>p/</sup> (3)		
<b>INGRESOS PRESUPUESTARIOS (I+II)</b>	<b>3,873,458.6</b>	<b>3,611,232.7</b>	<b>4,149,983.7</b>	<b>538,751.0</b>	<b>1.2</b>
I. Oil (a+b) <sup>2/</sup>	698,163.6	650,839.0	678,460.6	27,621.7	-8.2
a) PEMEX	428,106.8	325,462.5	317,223.4	-8,239.1	-30.0
b) Federal Government	270,056.8	325,376.4	361,237.2	35,860.8	26.3
Mexican Oil Fund	269,837.3	325,376.4	366,765.0	41,388.5	28.3
Income tax from contractors and assignees	219.5	0.0	-5,527.8	-5,527.8	n.s.
Existing rights until 2014	0.0	0.0	0.0	0.0	n.s.
II. Non-oil (c+d+e)	3,175,295.0	2,960,393.7	3,471,523.1	511,129.3	3.2
c) Federal Government	2,658,154.7	2,407,822.0	2,879,022.5	471,200.5	2.3
Tax	2,238,541.2	2,294,745.6	2,387,869.3	93,123.7	0.7
Income Tax	1,171,459.0	1,199,251.4	1,297,997.8	98,746.4	4.6
Value Added Tax	637,895.8	664,248.9	698,221.1	33,972.2	3.4
Excise Tax	353,508.8	360,441.0	308,844.3	-51,596.8	-17.5
Import Tax	41,733.1	38,209.4	43,489.3	5,279.9	-1.6
IAEEH <sup>3/</sup>	3,170.9	3,428.9	3,572.6	143.6	6.4
Other <sup>4/</sup>	30,773.6	29,166.0	35,744.4	6,578.4	9.7
Non-tax	419,613.4	113,076.4	491,153.2	378,076.7	10.5
Duties	51,014.6	42,133.2	57,128.3	14,995.1	5.7
Fees	361,716.3	65,834.8	427,783.9	361,949.1	11.7
Others	6,882.5	5,108.4	6,240.9	1,132.5	-14.4
d) PEDBC <sup>5/</sup>	271,626.3	281,983.0	296,068.0	14,085.0	2.9
IMSS	234,475.5	242,956.6	256,830.5	13,873.9	3.4
ISSSTE	37,150.8	39,026.4	39,237.4	211.0	-0.3
e) State Productive Enterprise (CFE)	245,514.0	270,588.7	296,432.6	25,843.9	14.0
<b>Memorandum items</b>					
Total tax-related	2,238,760.7	2,294,745.6	2,382,341.6	87,596.0	0.5
Total non-tax related	1,634,697.9	1,316,487.1	1,767,642.1	451,155.0	2.1

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

p\_/ Preliminary figures. n. s.: not significant.

1\_/ Corresponds to the calendars of the Law on Revenue for fiscal year 2017 approved by the Congress and published in the Federal Official Gazette on December 7, 2016.

2\_/ Includes revenues from PEMEX, transfers from the Mexican Oil Fund for Stabilization and Development, the income tax on contractors and assignees for the extraction of hydrocarbons.

3\_/ Tax on hydrocarbon exploration and extraction activities (Impuesto por la actividad de exploración y extracción de hidrocarburos in Spanish).

4\_/ Includes taxes on new vehicles, exports, petroleum spread, not included in the aforementioned sections and accessories.

5\_/ PEDBC: Public Entities under Direct Budgetary Control. Excludes Federal Government's transfers to ISSSTE

Source: Ministry of Finance.

## PUBLIC SECTOR BUDGETARY NET EXPENDITURES

(Million pesos)

Concept	January-October			Nominal Difference	Growth% real
	2016	2017			
		Program <sup>1/</sup>	Observed <sup>p./</sup>		
	(1)	(2)	(3)	(3-2)	(3/1)
<b>TOTAL (I+II)</b>	<b>4,109,733.6</b>	<b>3,995,515.2</b>	<b>4,076,091.0</b>	<b>80,575.8</b>	<b>-6.3</b>
I. Primary expenditures	3,788,980.1	3,606,605.0	3,703,749.3	97,144.3	-7.7
Programmable	3,193,525.1	2,958,758.3	3,022,790.7	64,032.4	-10.6
Autonomous Branches	70,918.3	93,473.5	74,992.9	-18,480.6	-0.2
Administrative Branches	1,101,258.0	842,573.1	852,992.7	10,419.6	-26.9
General Branches	1,232,411.6	1,273,498.0	1,326,965.7	53,467.7	1.7
PEDBC	624,638.3	710,781.5	683,082.3	-27,699.2	3.3
IMSS	416,072.5	472,174.4	459,303.1	-12,871.3	4.2
ISSSTE	208,565.8	238,607.2	223,779.2	-14,827.9	1.3
State Productive Enterprises	653,700.5	601,117.5	630,025.8	28,908.3	-9.0
Pemex	406,343.1	331,931.5	309,135.4	-22,796.1	-28.2
CFE	247,357.4	269,186.0	320,890.4	51,704.4	22.5
(-)Compensated operations <sup>2/</sup>	489,401.5	562,685.3	545,268.6	-17,416.6	5.2
Non-programmable	595,455.1	647,846.6	680,958.5	33,111.9	8.0
Non-earmarked transfers	581,562.0	624,471.0	656,943.1	32,472.2	6.7
Adefas and other	13,893.1	23,375.7	24,015.4	639.7	63.2
II. Financial Cost <sup>3/</sup>	320,753.5	388,910.3	372,341.7	-16,568.5	9.6

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

p./ Preliminary figures.

1./ Corresponds to the calendars of the Law on Revenue for fiscal year 2017 approved by the Congress and published in the Federal Official Gazette on December 14, 2016.

2./ Refers to transactions that represent a revenue for social security institutions and an expenditure for the Federal Government, which are eliminated to avoid double accounting of revenues and expenditure.

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

Source: Ministry of Finance



**FEDERAL GOVERNMENT DOMESTIC DEBT, OCTOBER \*\_/**

(Million pesos)

Concept	Outstanding as of December 2016	Indebtedness			Adjustments <sup>1_/</sup>	Outstanding as of October 2017 <sup>p_/</sup>
		Originations	Amort.	Net		
<b>1. Net Debt (3-2)</b>	<b>5,396,301.4</b>					<b>5,406,219.4</b>
2. Assets <sup>2_/</sup>	224,044.0					586,698.7
<b>3. Gross Debt</b>	<b>5,620,345.4</b>	<b>2,515,672.2</b>	<b>2,223,384.2</b>	<b>292,288.0</b>	<b>80,284.7</b>	<b>5,992,918.1</b>
Government Securities	4,915,318.3	2,320,034.1	1,897,051.0	422,983.1	65,559.8	5,403,861.2
Cetes	634,660.9	1,580,616.6	1,516,080.5	64,536.1	0.0	699,197.0
Bondes "D"	397,881.9	95,900.8	31,503.0	64,397.8	0.0	462,279.7
Fixed Rate Bonds	2,652,075.1	475,767.3	330,484.8	145,282.5	2,027.8	2,799,385.4
Udibonos	1,223,498.0	167,749.4	18,943.8	148,805.6	63,178.2	1,435,481.8
<i>Udibonos udi's</i>	219,996.6	29,212.0	3,250.5	25,961.5	47.5	246,005.6
Segregated Udibonos	7,202.4	0.0	38.9	-38.9	353.8	7,517.3
Segregated <i>Udibonos udi's</i>	1,295.1	0.0	6.8	-6.8	0.0	1,288.3
Savings Fund S.A.R.	115,163.3	193,437.6	194,295.9	-858.3	6,127.3	120,432.3
Obligations by ISSSTE's Law	147,532.8	61.9	11,431.1	-11,369.2	6,954.1	143,117.7
PEMEX Pension Bonds <sup>4_/</sup>	137,639.7	0.0	1,512.3	-1,512.3	0.0	136,127.4
CFE Pension Bonds <sup>5_/</sup>	161,080.2	0.0	0.0	0.0	0.0	161,080.2
Others	143,611.1	2,138.6	119,093.9	-116,955.3	1,643.5	28,299.3

Note: Figures may not add up due to rounding.

\*\_/ Figures subject to revisions and methodological changes.

p\_/ Preliminary figures.

1\_/ Corresponds mainly to the inflation adjustment. For Fixed Rate Development Bonds (Bondes "D"), includes adjustments for debt swap transactions.

2\_/ Includes the net balance denominated in Mexican pesos, of the Federal Treasury's General Account.

3\_/ Obligations associated with the new ISSSTE law.

4\_/ Obligations associated with the financial support by the Federal Government to PEMEX given the savings in their pensions obligations, pursuant to the provisions of the "Agreement on the general provisions concerning the Federal Government's assumption of PEMEX and its Subsidiary Productive Enterprises' pension and retirement obligations", published in the Federal Official Gazette on December 24, 2015.

5\_/ Obligations associated with the financial support by the Federal Government to CFE given the savings in their pension obligations, pursuant to the provisions of the "Agreement on the general provisions concerning the Federal Government's assumption of the Federal Electricity Commission' pension and retirement obligations," published in the Federal Official Gazette on November 14, 2016.

Source: Ministry of Finance.

## FEDERAL GOVERNMENT EXTERNAL DEBT, OCTOBER <sup>\*\_/</sup>

(Million dollars)

Concept	Outstanding as of December 2016	Indebtedness			Adjustments	Outstanding as of October 2017 <sup>p_/</sup>
		Originations	Amort.	Net		
<b>1. Net debt (3-2)</b>	<b>86,666.0</b>					<b>90,301.4</b>
2. Assets <sup>1_/</sup>	1,491.0					2,014.1
<b>3. Gross Debt</b>	<b>88,157.0</b>	<b>6,750.0</b>	<b>4,452.7</b>	<b>2,297.3</b>	<b>1,861.2</b>	<b>92,315.5</b>
Public Bonds	61,429.3	5,030.4	3,773.7	1,256.7	1,750.9	64,436.9
International Financial Institutions (IFI's)	24,853.1	1,610.7	555.9	1,054.8	1.1	25,909.0
Bilateral	1,874.6	108.9	123.1	-14.2	109.2	1,969.6

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 Federal Treasury's General Account.

Source: Ministry of Finance.

**PUBLIC SECTOR DOMESTIC DEBT, OCTOBER <sup>\*\_1\_</sup>**

(Million pesos)

Concept	Outstanding as of December 2016	Indebtedness			Adjustments	Outstanding as of October 2017 <sup>p_</sup>
		Originations.	Amort.	Net		
<b>1. Net Debt (3-2)</b>	<b>6,009,403.1</b>					<b>5,923,803.4</b>
2. Assets <sup>2_</sup>	172,847.6					618,840.9
<b>3. Gross Debt</b>	<b>6,182,250.7</b>	<b>2,876,197.4</b>	<b>2,603,234.2</b>	<b>272,963.2</b>	<b>87,430.4</b>	<b>6,542,644.3</b>
<b>By Term</b>	<b>6,182,250.7</b>	<b>2,876,197.4</b>	<b>2,603,234.2</b>	<b>272,963.2</b>	<b>87,430.4</b>	<b>6,542,644.3</b>
Long-term	5,552,529.1	1,155,460.4	800,017.9	355,442.5	87,565.2	5,995,536.8
Short-term	629,721.6	1,720,737.0	1,803,216.3	-82,479.3	-134.8	547,107.5
<b>By user</b>	<b>6,182,250.7</b>	<b>2,876,197.4</b>	<b>2,603,234.2</b>	<b>272,963.2</b>	<b>87,430.4</b>	<b>6,542,644.3</b>
Federal Government	5,620,345.4	2,515,672.2	2,223,384.2	292,288.0	80,284.7	5,992,918.1
Long-term	5,026,440.4	1,077,537.0	725,359.5	352,177.5	80,284.7	5,458,902.6
Short-term	593,905.0	1,438,135.2	1,498,024.7	-59,889.5	0.0	534,015.5
State Productive Enterprises	431,176.8	61,174.9	94,264.1	-33,089.2	7,348.5	405,436.1
Long-term	416,176.8	43,508.9	64,785.0	-21,276.1	7,348.5	402,249.2
Short-term	15,000.0	17,666.0	29,479.1	-11,813.1	0.0	3,186.9
Development Banks	130,728.5	299,350.3	285,585.9	13,764.4	-202.8	144,290.1
Long-term	109,911.9	34,414.5	9,873.4	24,541.1	-68.0	134,385.0
Short-term	20,816.6	264,935.8	275,712.5	-10,776.7	-134.8	9,905.1
<b>By Financing Source</b>	<b>6,182,250.7</b>	<b>2,876,197.4</b>	<b>2,603,234.2</b>	<b>272,963.2</b>	<b>87,430.4</b>	<b>6,542,644.3</b>
Bonds Placed in Domestic Markets	5,312,876.2	2,372,334.0	1,913,809.8	458,524.2	68,487.1	5,839,887.5
Savings Fund S.A.R	115,163.3	193,437.6	194,295.9	-858.3	6,127.3	120,432.3
Commercial Banks	142,087.0	44,611.2	94,196.7	-49,585.5	-275.7	92,225.8
ISSSTE's Law obligations <sup>3_</sup>	147,532.8	61.9	11,431.1	-11,369.2	6,954.1	143,117.7
PEMEX Pension Bonds <sup>4_</sup>	137,639.7	0.0	1,512.3	-1,512.3	0.0	136,127.4
CFE Pension Bonds <sup>5_</sup>	161,080.2	0.0	0.0	0.0	0.0	161,080.2
Others	165,871.5	265,752.7	387,988.4	-122,235.7	6,137.6	49,773.4

Note: Figures may not add up due to rounding.

\*\_ / Note: Partial sums and variations may not add up due to rounding.

p\_ / Preliminary figures.

1\_ / Includes the Federal Government debt, State Productive Enterprises and Development Banks.

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

3\_ / Obligations associated with the new ISSSTE law.

4\_ / Obligations associated with the financial support by the Federal Government to PEMEX given the savings in their pensions obligations, pursuant to the provisions of the "Agreement on the general provisions concerning the Federal Government's assumption of PEMEX and its Subsidiary Productive Enterprises' pension and retirement obligations", published in the Federal Official Gazette on December 24, 2015.

5\_ / Obligations associated with the financial aid by the Federal Government to CFE due to the savings in their pension obligations according to the provisions of the "Agreement on the general provisions concerning the Federal Government's assumption of the Federal Electricity Commission' pension and retirement obligations," published in the Federal Official Gazette on November 14, 2016.

Source: Ministry of Finance.

**PUBLIC SECTOR EXTERNAL DEBT, OCTOBER <sup>\*\_1\_</sup>**

(Million dollars)

Concept	Outstanding as of December 2016	Indebtedness			Adjustments	Outstanding as of October 2017 <sup>p_</sup>
		Originations	Amort.	Net		
<b>1. Net Debt (3-2)</b>	<b>177,692.5</b>					<b>189,905.3</b>
2. Financial Assets in Foreign Currency <sup>2_</sup>	3,293.5					3,671.0
<b>3. Gross Debt</b>	<b>180,986.0</b>	<b>37,365.9</b>	<b>28,118.7</b>	<b>9,247.2</b>	<b>3,343.1</b>	<b>193,576.3</b>
<b>By Term</b>	<b>180,986.0</b>	<b>37,365.9</b>	<b>28,118.7</b>	<b>9,247.2</b>	<b>3,343.1</b>	<b>193,576.3</b>
Long-term	177,892.8	24,510.5	14,587.5	9,923.0	3,328.3	191,144.1
Short-term	3,093.2	12,855.4	13,531.2	-675.8	14.8	2,432.2
<b>By user</b>	<b>180,986.0</b>	<b>37,365.9</b>	<b>28,118.7</b>	<b>9,247.2</b>	<b>3,343.1</b>	<b>193,576.3</b>
Federal Government	88,157.0	6,750.0	4,452.7	2,297.3	1,861.2	92,315.5
Long-term	88,157.0	6,750.0	4,452.7	2,297.3	1,861.2	92,315.5
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
State Productive Enterprises	82,687.8	17,254.9	10,084.3	7,170.6	1,270.0	91,128.4
Long-term	82,687.8	17,042.7	9,929.8	7,112.9	1,270.0	91,070.7
Short-term	0.0	212.2	154.5	57.7	0.0	57.7
Development Banks	10,141.2	13,361.0	13,581.7	-220.7	211.9	10,132.4
Long-term	7,048.0	717.8	205.0	512.8	197.1	7,757.9
Short-term	3,093.2	12,643.2	13,376.7	-733.5	14.8	2,374.5
<b>By Financing Source</b>	<b>180,986.0</b>	<b>37,365.9</b>	<b>28,118.7</b>	<b>9,247.2</b>	<b>3,343.1</b>	<b>193,576.3</b>
Public Bonds	136,902.4	14,767.5	7,027.4	7,740.1	2,899.2	147,541.7
International Financial Institutions (IFI's)	28,601.6	1,965.8	702.9	1,262.9	188.8	30,053.3
Bilateral	7,279.4	354.4	969.6	-615.2	116.2	6,780.4
Commercial Banks	8,023.0	20,066.0	19,264.3	801.7	69.2	8,893.9
Pidiregas	179.6	212.2	154.5	57.7	69.7	307.0

Note: Figures may not add up due to rounding.

\*\_ / Figures subject to revisions and methodological changes.

p\_ / Preliminary figures.

1\_ / Includes the Federal Government debt, State Productive Enterprises and Development Banks.

2\_ / Considers the net US Dollar denominated balance of the Federal Treasury's General Account and assets held by State Productive Enterprises and Development Banks.

Source: Ministry of Finance.

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