

Report on Public Finance and Public Debt Second Quarter of 2006

- ✓ *The economy continued growing at a fast pace.*
 - ✓ *Public finances posted a surplus.*
- ✓ *Public revenues grew considerably due to oil related revenues and tax receipts.*
- ✓ *Public investment and federal resources destined to States and Municipalities grew significantly.*
- ✓ *Direct banking credit continued growing at fast rates, especially credit destined for housing.*
- ✓ *The public sector debt was 21.9 percent of GDP and its average maturity increased.*

The results of the Report on Public Finances and Public Debt for the second quarter of 2006 were published today. It is worth noting the following:

- **The Mexican economy continues expanding. It is estimated that during the second quarter of 2006 the economy grew at an annual rate above 4.0%.**
- **Employment opportunities in the formal sector grew accordingly. During the 12 months ending in June, the number of employees insured by IMSS increased by 832 thousand 580, the largest increase during the last 9 years.**
- **The evolution of the main components of aggregate demand remained favorable during the second quarter of 2006. The nominal value in US dollars of total exports grew at a rate of 18.1% with respect to the same period of 2005. Various indicators point towards important expansions of investment expenditures by businesses and purchases by households.**
- **Annual inflation closed the quarter at 3.18%, 23 basis points lower than that registered at the end of the previous quarter (3.41%).**
- **Direct banking credit to the private sector increased at an annual rate of 30.8% in May of 2006. The most dynamic components were housing credit which grew 85.3% and credit for consumption which grew 48.3%, both in real annual terms. Banking credit to businesses expanded at an annual rate of 11.4% in the same period.**

- In the first half of 2006, the public balance recorded a surplus of Ps. 82.2 billion and the primary balance registered a surplus of Ps. 215.2 billion. These figures are 93.5% and 36.3% higher than those registered in the same period of 2005.
- The public sector's borrowing requirements (PSBR) posted a surplus of Ps. 55.7 billion, 0.6 pp of the estimated GDP for 2006.
- Public sector revenues increased 14.8% in real terms, reflecting the dynamism of both oil and non-oil related revenues. Within the non-oil tax revenues, import, VAT, and income tax collection stand out with annual increases of 17.1%, 16.7% and 11.1%, respectively.
- Budgetary investment and the investment fostered by the public sector increased at real annual rates of 28.6% and 30.6%, respectively, against the first half of 2005.
- Programmable expenditure channeled to social development posted a real increase of 4.4% with respect to the same six months of 2005. Expenditures destined to personnel services during the first half of 2006 decreased 7.6% because the advanced payment for school teachers' vacation period was registered in June of 2005 while this year it will be made in July.
- Federal resources transferred to States and Municipalities through federal contributions, shared revenue, decentralization agreements and the Federal Program for the Strengthening of Entities (PAFEF) increased by 5.7% in real terms. The 20.0% increase in contributions to States stands out.
- It is worth mentioning that an advanced payment was made in May corresponding to the first quarter of 2006 from the Duty on Oil Revenues (ARE) and the Extraordinary Right on Crude Oil Exports for prices above 36.5 USD per barrel, in accordance with Article 24 of the Federation's Expenditures Budget for 2006.
- The Federal Government's net debt to GDP ratio stood at 19.9% at the end of the second quarter. The Public Sector's net debt, which includes the net debt of the Federal Government, Public Entities under Direct Budgetary Control (PEDBC) and Development Banks stood at 21.9% of GDP.

- **With respect to the Federal Government's domestic debt, its average maturity increased 0.52 years (192 days) from 3.32 years at the end of 2005 to 3.84 days at the end of the second quarter of 2006.**

Economic Outlook

During the second quarter of 2006, the Mexican economy continued growing at a fast pace underpinned by a substantial increase in the components of aggregate demand. The economic expansion resulted in an important increase in formal employment.

External demand was key for growth during the quarter. Manufacturing exports grew at an annual rate of 15.3%, supported by the 23.2% increase in the automotive sector's exports. Domestic expenditure also contributed strongly to the economic expansion. Fixed capital formation, mainly imported machinery and equipment purchases, and the private sector's consumption grew at high rates.

GDP growth for the second quarter of 2006 is estimated at a real annual rate above 4.0%, even though the period had 4 workdays less than the same quarter of 2005. Once this is discounted, the economy's growth would have been above 5.2%.

These estimations rest on the following results:

- In April-May, the Global Economic Activity Index (IGAE), the GDP proxy, grew 3.9% in real annual terms. Within, the following is worth noting.

During the same period, industrial production grew at an annual rate of 2.4%. This was affected by the lower number of workdays. Once corrected the growth rate increases to 5.2%. According to seasonally adjusted data, industrial production grew at a bimonthly rate of 1.6%, implying an annualized growth rate of 9.9%. Within industrial production the results are the following:

- ✓ During April-May, the electricity, gas and water sector and the construction sector grew at annual rates of 4.7% and 3.9%, respectively.
- ✓ Manufacturing production grew at an annual rate of 2.1%. During the second quarter of 2006, the number of vehicles assembled in Mexico grew at an annual rate of 26.3%.
- ✓ Mining production decreased at an annual rate of 0.5%.

In April-May, the real value of services grew 4.9% annually due to the increase of 3.5% in services provided by businesses, restaurants and hotels while other services grew 5.7%.

In this same period, agricultural production increased at an annual rate of 2.9%. Increases in the production of beans, grapes and soy, amongst others, contributed to this.

Aggregate demand strengthened and significantly favored economic growth.

- During the second quarter of 2006, the nominal US dollar value of total exports grew at an annual rate of 18.1%. Within these, oil, and manufacturing exports grew at annual rates of 36.4%, and 15.3%, respectively. Additionally, imports increased 16.9% with respect to the same period of the previous year due mainly to increases of 20.6%, 18.0% and 16.0% in consumption, capital and intermediate imports, in that order.
- During the second quarter, consumption expenditures by households continued growing at high rates. ANTAD's sales grew 16.5% annually, while the real value of Wal-Mart's sales grew at an annual rate of 17.3%. According to INEGI, wholesale sales grew 6.7% in April-May and retail sales grew 1.3% in the same period.
- In April, fixed capital investment grew 3.6% in real annual terms. Within, investment in imported machinery and equipment grew at an annual rate of 9.7%. Additionally, investment in construction grew 0.9%. On the other hand, investment in domestic machinery and equipment fell 2.8%. It is worth mentioning that these figures were impacted by the Easter Week. Once discounting this effect, fixed capital formation increased 12.1% and purchases of imported and domestic machinery and equipment grew 24.3% and 5.3%, respectively, while investments in construction increased at an annual rate of 5.7%.

During the first quarter of 2006, the strong economic expansion increased the formal job opportunities. From April 1st to June 30th, the number of employees registered at IMSS grew by 279 thousand 539 people, the highest increase for a similar period on record (since 1982). At the end of June, the number of workers insured by IMSS stood at 13 million 632 thousand 363. This implies the creation of 832 thousand 580 formal jobs, a relative growth of 6.5%, during the last 12 months. This is the largest annual increase since 1997.

During this quarter, the unemployment rate represented 3.17% of the Economically Active Population, 0.36 percentage points below that registered in 2005 (3.53%). Urban unemployment decreased from 4.69%, during the second quarter of 2005 to 4.25% during the same period of 2006.

Annual headline inflation was 3.18% in June, 23 basis points lower than the one registered at the end of the first quarter. This reflects the favorable behavior of agricultural and administered prices and of the core merchandise sub-index whose annual rates of inflation decreased 9.24, 0.40 and 0.17 percentage points, respectively.

During the second quarter, the international financial markets were affected by the increase in inflation and the slowdown of the US economy. This generated an uncertainty about further hikes in the US Federal Funds target rate. In this sense, this higher risk perception resulted in adjustments in asset markets and therefore in higher volatility and increases in yield differentials for sovereign debt from Latin America and Emerging Europe.

Consequently, the stock market index (IPyC) posted a downward trend throughout most of the second quarter and closed with a nominal loss of 0.7% with respect to the end of March 2006. The exchange rate was 11.31 pesos per dollar on June 30th, accumulating a nominal depreciation of 3.72% during the quarter.

In spite of this, the stable macroeconomic environment and the continuous development of financial markets has allowed banking and non-banking credit to households and businesses to continue growing; posting a 30.8% annual growth rate in May. Within, credit for housing was the most dynamic component growing 85.3% annually in May, followed by credit for consumption which grew 48.3% in real annual terms and direct credit to businesses, which grew 11.4% annually.

Public Finances

In the first half of 2006, the public balance posted a surplus of Ps. 82.2 billion, 93.5% higher in real terms than the one registered in 2005. The primary balance up to June posted a Ps. 215.2 billion surplus, 36.3% above the one registered for the same period of the previous year.

The public sector's budgetary revenues were Ps. 1.122 trillion, 14.8% higher in real terms than those obtained during the same period of 2005. Budgetary revenues were Ps. 132.5 billion higher than those considered in the calendar published in the Official Gazette on January 24th 2006. Of this amount Ps. 38.0 billion come from oil revenues, Ps. 54.6 billion from non-oil tax revenues, Ps. 20.0 billion from non-tax revenues and Ps. 19.8 billion from PEDBC's other than PEMEX.

Excess Revenues, 2006			
(Million pesos)			
	Program	Actual	Difference
Total	989,257.1	1,121,773.8	132,516.7
Oil related	367,534.4	405,583.4	38,049.1
Non-Oil Related	621,722.8	716,190.4	94,467.6
Tax	435,096.7	489,743.1	54,646.4
Non-tax	18,621.7	38,632.5	20,010.8
PEDBC	168,004.4	187,814.9	19,810.5

It is worth mentioning that in May an advanced payment was made corresponding to the first quarter of 2006 from the Duty on Oil Revenues (ARE) and the Extraordinary Right on Crude Oil Exports for prices above 36.5 USD per barrel, in accordance with Article 24 of the Federation's Expenditures Budget for 2006.

Oil revenues grew 17.2% in real terms, due mainly to higher oil prices. Non-oil tax revenues increased 13.0% in real annual terms. Within these, import, VAT, and income tax collection stand out with annual increases of 17.1%, 16.7% and 11.1%, respectively. The Federal Government's non-tax revenues increased 23.9% in real terms due to higher non-recurring revenues. Additionally, resources from PEDBC's other than PEMEX increased 12.6% in real annual terms.

During the first half of 2006, government expenditures complied with both the availability of resources and the balanced budget target approved by Congress. This allowed the continuation of the public policies and programs that benefit the general population in areas such as education, health, social security, poverty reduction, public safety, justice and job creation according to what was approved by Congress in the Budget, while maintaining macroeconomic strength and stability.

Consequently, during the first half of 2006, total public budgetary expenditures reached Ps. 1.038 trillion, in real terms this is 11.1% more than in the first half of 2005. Primary expenditure, defined as total expenditure net of financing costs, increased 10.9% in real terms with respect to 2005 and reached Ps. 912.9 billion. The dynamism shown by public expenditures in the first quarter of 2006 is due primarily to three factors: first the Federation's Budget for 2006 considers a higher oil price (36.5dpb in 2006 vs. 27 dpb in 2005); second, efforts were made to smooth spending throughout the year with higher expenditures in the first half in comparison to previous years and, third, the increased spending by electoral organisms associated with the electoral process. In relation to public expenditures during 2006, the following is worth noting:

- Budgetary investment and Investment fostered by the public sector grew 28.6% and 30.6% in real terms, respectively.
- Social development expenditures grew 4.4% with respect to the first half of 2005 and represented 62.8% of total programmable expenditures. Social investment grew 2.8% in real terms with respect to the previous year.¹
- Expenditures channeled to communications and transport, and to agricultural and forestry development increased 32.6% and 12.1%, respectively, in real terms with respect to the same period of 2005.
- The Federal Electoral Institute's expenditures increased 154.5% in real terms. Most of this corresponds to the additional expenditures required for the electoral process.
- Transfers to states and municipalities increased 5.7% in real terms. The 20.0% increase in contributions to States stands out.
- Expenditures in personnel services during the first half of 2006 decreased 7.6% because the advanced payment for school teachers' vacation period was registered in June of 2005 while this year it will be made in July.

Finally, the public sector's financing cost during the first six months of 2006 increased 12.5% in real terms compared to the same period of last year. This was primarily due to higher expenditures on lenders and borrowers support programs and on interest payments related to financed investment projects (PIDIREGAS) according to the approved Budget.

Public Debt

During the second quarter of 2006, the public debt management strategy maintained its main objective of satisfying the public sector's financing needs at the lowest financial cost possible and with a prudent degree of risk. In this sense, public debt management was in line with the public debt strategy established in the Economic Policy Guidelines for 2006. Actions intended to strengthen the debt portfolio structure and diminish the financing costs, particularly through a better composition of debt, stand out amongst the policies undertaken during the second quarter.

At the end of the second quarter, the Federal Government's net debt stood at Ps. 1.795 trillion, 19.9% of GDP. Of this, domestic debt makes up 64.8%, 12.9% of GDP, while external debt makes up the remaining 35.2%, 7.0% of GDP

¹ This concept includes programmable expenditures of the public sector branches and entities destined to strengthen the society's human and physical capital. It also includes expenditures devoted to improve the quality of public services such as the salaries of personnel dedicated to social development and security: teachers, doctors, nurses, policemen and the armed forces.

At the end of June 2006, the Federal Government's outstanding net domestic debt was Ps. 1.164 trillion, Ps. 19.5 billion lower than at the end of 2005.

The domestic debt strategy for 2006 follows three main guidelines: a) favoring the net domestic indebtedness through long-term fixed nominal interest rate bonds issuance; b) start regularly placing long-term inflation-linked bonds (Udibonos); c) continue placing long-term fixed nominal interest rate bonds by reopening previous placements. As a result, the percentage of fixed nominal interest rate instruments with maturities equal to or greater than one year in total domestic public debt went from 48.4 percent at the end of 2005 to 52.0 percent at the end of the second quarter of 2006. The domestic debt's average maturity increased 0.52 years (192 days), from 3.32 years in December 2005 to 3.84 years at the end of June 2006.

By the end of the second quarter of 2006, the Federal Government's net external debt was USD 55.4 billion, USD 1.6 billion less than that posted at the end of 2005. This resulted in an increase of USD 1.4 billion during the first half of 2006 with respect to the level posted at the end of 2005. As a percentage of GDP, the Federal Government's net external debt reached 7.0%.

At the end of the second quarter of 2006, the Public Sector's net debt, which includes the net debt of the Federal Government, PEDBC's and Development Banks stood at 21.9 percent of GDP. Within, domestic net debt totaled Ps. 1.247 trillion, Ps. 2.8 billion less than its level at the end of 2005. Additionally, the external public sector debt balance stood at USD 64.3 billion at the end of June 2006, USD 1.4 billion lower than the level posted at the end of 2005. As a percentage of GDP, internal debt reached 13.8% while external debt was 8.1%.

At the end of the second quarter of 2006, the Historical Balance of the Public Sector Borrowing Requirements, the broadest definition of the public sector's liabilities, represented 36.6% of GDP

ANNEX

PUBLIC SECTOR OVERALL BALANCE (Million pesos)

Concept	January-June		Real % Growth	Composition %	
	2005	2006 p./		2005	2006 p./
PUBLIC BALANCE (I+II)	41,077.1	82,207.9	93.5		
I. Budgetary Balance (a-b)	40,950.7	83,459.2	97.1		
a) Budgetary Revenues	945,003.0	1,121,773.9	14.8	100.0	100.0
Oil related	334,506.6	405,583.5	17.2	35.4	36.2
Federal Government	235,670.0	344,994.8	41.6	24.9	30.8
PEMEX	98,836.6	60,588.7	-40.7	10.5	5.4
Non-oil related	610,496.3	716,190.4	13.4	64.6	63.8
Federal Government	449,259.3	528,375.6	13.7	47.5	47.1
Tax	419,110.5	489,743.1	13.0	44.4	43.7
Non-tax	30,148.8	38,632.4	23.9	3.2	3.4
PEDBC	161,237.0	187,814.9	12.6	17.1	16.7
b) Net Budgetary Expenditures	904,052.2	1,038,314.7	11.1	100.0	100.0
Programmable	634,538.6	703,193.7	7.2	70.2	67.7
Non programmable	269,513.6	335,121.0	20.2	29.8	32.3
II. PEIBC	126.3	-1,251.3	n.s.		
Primary Balance	152,661.6	215,224.6	36.3		

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR REVENUES (Million pesos)

Concept	January-June		Real % Growth	Composition %	
	2005	2006 p./		2005	2006 p./
TOTAL (I+II)	945,003.0	1,121,773.9	14.8	100.0	100.0
I. Oil related (a+b)	334,506.6	405,583.5	17.2	35.4	36.2
a) PEMEX	98,836.6	60,588.7	-40.7	10.5	5.4
b) Federal Government	235,670.0	344,994.8	41.6	24.9	30.8
Rights and royalties on oil products	223,468.5	353,818.8	53.1	23.6	31.5
Excise taxes	12,201.6	-12,148.2	n.s.	1.3	-1.1
Tax on Oil Returns		3,324.2	n.s.	0.0	0.3
II. Non-oil related (c+d)	610,496.3	716,190.4	13.4	64.6	63.8
c) Federal Government	449,259.3	528,375.6	13.7	47.5	47.1
Tax	419,110.5	489,743.1	13.0	44.4	43.7
Income tax	212,626.8	244,201.7	11.1	22.5	21.8
VAT	157,572.4	190,186.0	16.7	16.7	17.0
Excise taxes	17,011.6	18,576.6	5.6	1.8	1.7
Import taxes	12,282.7	14,869.8	17.1	1.3	1.3
Others ^{1./}	19,616.9	21,909.0	8.0	2.1	2.0
Non-tax	30,148.8	38,632.4	23.9	3.2	3.4
Rights	9,944.2	10,617.0	3.2	1.1	0.9
Fees	17,158.4	24,890.3	40.3	1.8	2.2
Others	3,046.2	3,125.2	-0.8	0.3	0.3
d) PEDBC ^{2./}	161,237.0	187,814.9	12.6	17.1	16.7
Memorandum items:					
Total tax related	431,312.1	480,919.2	7.8	45.6	42.9
Total non-tax related	513,690.9	640,854.8	20.6	54.4	57.1

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

1./ Includes new vehicle, vehicle ownership, luxury goods and services and accessory taxes.

2./ Public entities under direct budgetary control. Excludes Federal Government transfers to ISSSTE.

Source: Ministry of Finance and Public Credit.

BUDGETARY REVENUES, JANUARY-JUNE OF 2006
(Million pesos)

	Programmed	Observed ^{p_/}	Difference
TOTAL (I+II)	989,257.2	1,121,773.9	132,516.7
I. Oil related (a+b)	367,534.4	405,583.5	38,049.1
a) PEMEX	132,867.4	60,588.7	-72,278.7
b) Federal Government	234,667.0	344,994.8	110,327.8
Rights and royalties on oil products	226,871.6	353,818.8	126,947.2
Excise taxes	5,386.1	-12,148.2	-17,534.3
Tax on Oil Returns	2,409.3	3,324.2	914.9
II. Non-oil related (c+d)	621,722.8	716,190.4	94,467.7
c) Federal Government	453,718.4	528,375.6	74,657.2
Tax	435,096.7	489,743.1	54,646.4
Income tax	214,960.7	244,201.7	29,241.0
VAT	170,406.7	190,186.0	19,779.3
Excise taxes	18,527.2	18,576.6	49.4
Import taxes	9,883.7	14,869.8	4,986.1
Others ^{1_/}	21,318.4	21,909.0	590.6
Non-tax	18,621.7	38,632.4	20,010.7
Rights	5,782.2	10,617.0	4,834.8
Fees	9,612.3	24,890.3	15,278.0
Others	3,227.2	3,125.2	-102.0
d) PEDBC ^{2_/}	168,004.4	187,814.9	19,810.5
Memorandum items:			
Total tax related	442,892.1	480,919.2	38,027.1
Total non-tax related	546,365.1	640,854.8	94,489.7

Note: Figures may not add up due to rounding.

p_/ Preliminary figures.

1_/ Includes new vehicle, vehicle ownership, luxury goods and services and accessory taxes.

2_/ Public entities under direct budgetary control. Excludes Federal Government transfers to ISSSTE.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR BUDGETARY EXPENDITURES
(Million pesos)

Concept	January- June		Real % Growth	Composition %	
	2005	2006 p_/		2005	2006 p_/
TOTAL (I+II)	904.052.2	1.038.314.7	11.1	100.0	100.0
I. Primary expenditures (a+b)	796.307.7	912.927.1	10.9	88.1	87.9
a) Programmable	634.538.6	703.193.7	7.2	70.2	67.7
b) Non-programmable	161.769.1	209.733.4	25.4	17.9	20.2
II. Financing Cost ^{1/}	107.744.6	125.387.7	12.5	11.9	12.1

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.

Source: Ministry of Finance and Public Credit

FEDERAL GOVERNMENT DEBT*

Concept	Outstanding as of			% of GDP			Structure (%)		
	31-Dec-04	31-Dec-05 ^{p./}	30-Jun-06 ^{p./}	31-Dec-04	31-Dec-05 ^{p./}	30-Jun-06 ^{p./}	31-Dec-04	31-Dec-05 ^{p./}	30-Jun-06 ^{p./}
INTERNAL DEBT :									
NET (Million Pesos) ^{1./}	1,029,964.9	1,183,310.7	1,163,774.9	12.4	13.1	12.9	60.9	67.0	64.8
GROSS (Million Pesos)	1,099,206.3	1,242,154.1	1,380,168.5	13.2	13.8	15.3	61.9	66.4	68.3
EXTERNAL DEBT:									
NET (Million USD) ^{1./}	58,616.5	53,970.6	55,353.6	7.9	6.5	7.0	39.1	33.0	35.2
GROSS (Million USD)	60,084.2	58,373.6	56,219.3	8.1	7.0	7.1	38.1	33.6	31.7
TOTAL DEBT:									
NET (Million Pesos) ^{1./}	1,690,268.1	1,764,989.6	1,794,656.5	20.3	19.6	19.9	100.0	100.0	100.0
(Million USD) ^{1./}	150,048.7	163,763.1	157,463.3						
GROSS (Million Pesos)	1,776,042.8	1,871,287.2	2,020,916.7	21.3	20.8	22.4	100.0	100.0	100.0
(Million USD)	157,663.1	173,625.8	177,315.4						

Note: Figures may not add-up due to rounding.

^{1./} Figures subject to revisions due to changes and methodological modifications.

^{p./} Preliminary.

^{1./} The Net Debt results from subtracting the Federal Government's financial assets from the Gross Debt.

Source: Secretaría de Hacienda y Crédito Público.

**FEDERAL GOVERNMENT DOMESTIC DEBT
SECOND QUARTER 2006
(Million Pesos*)**

Concept	Outstanding 31-Dec-05 ^{p_/}	Indebtedness				Outstanding 30-Jun-06 ^{p_/}
		Disp.	Amort.	Net	Others	
NET DOMESTIC DEBT BALANANCE	1,183,310.7					1,163,774.9
ASSETS ^{1_/}	-58,843.4					-216,393.6
GROSS DOMESTIC DEBT BALANANCE	1,242,154.1	705,082.0	569,475.4	135,606.6	2,407.8	1,380,168.5
Government Securities	1,173,307.4	612,502.4	513,457.1	99,045.3	1,070.5	1,273,423.2
Cetes	288,229.7	466,204.5	439,517.6	26,686.9	0.0	314,916.6
Bondes	287,559.8	0.0	43,080.2	-43,080.2	0.0	244,479.6
Fixed Rate Development Bonds	502,186.9	118,361.0	30,859.3	87,501.7	52.3 ^{2_/}	589,740.9
Udibonos	95,331.0	27,936.9	0.0	27,936.9	1,018.2 ^{3_/}	124,286.1
<i>Udibonos (million UDI's)</i>	26,214.4	7,600.0	0.0	7,600.0	0.0	33,814.4
SAR	52,144.3	39,090.0	36,946.8	2,143.2	1,272.8 ^{3_/}	55,560.3
Siefores (Pesos)	0.2	0.0	0.0	0.0	0.0	0.2
Siefores UDI's	0.1	0.0	0.0	0.0	0.0	0.1
Others	16,702.2	53,489.6	19,071.5	34,418.1	64.5 ^{3_/}	51,184.8

*_/ Figures subject to revisions due to changes and methodological modifications.

p_/ Preliminary.

1_/ Includes the balance, denominated in pesos, of the General Account of the Federal Treasury and deposits in the national banking system

2_/ Adjustment for debt exchange

3_/ Adjustment for inflation

Source: Secretaría de Hacienda y Crédito Público.

**FEDERAL GOVERNMENT EXTERNAL DEBT
SECOND QUARTER 2006
(Million USD*)**

Concept	Outstanding 31-Dec-05 ^{p./}	Indebtedness				Outstanding 30-Jun-06 ^{p./}
		Disp.	Amort.	Net	Adjustments	
Net Debt	53,970.6					55,353.6
Assets ^{1./}	-4,403.0					-865.7
Gross Debt	58,373.6	3,829.1	6,452.0	-2,622.9	468.6	56,219.3
Publicly placed Bonds	44,075.0	3,008.2	5,437.5	-2,429.3	395.4	42,041.1
IFI's	13,621.1	820.9	835.9	-15.0	59.2	13,665.3
Bilateral Credit	256.1	0.0	32.8	-32.8	11.6	234.9
Comercial Banks	49.3	0.0	24.6	-24.6	0.0	24.7
Others	372.1	0.0	121.2	-121.2	2.4	253.3

*_/ Figures subject to revisions due to changes and methodological modifications.

p./ Preliminary.

1./ Includes the balance, denominated in USD, of the General Account of the Federal Treasury and other assets denominated in foreign currency.

Source: Secretaría de Hacienda y Crédito Público.

FEDERAL PUBLIC SECTOR DEBT* ^{1/}										
Concept	Outstanding as of			% of GDP			Structure (%)			
	31-Dec-04	31-Dec-05 ^{2/}	30-Jun-06 ^{2/}	31-Dec-04	31-Dec-05 ^{2/}	30-Jun-06 ^{2/}	31-Dec-04	31-Dec-05 ^{2/}	30-Jun-06 ^{2/}	
INTERNAL DEBT :										
NET (Million Pesos) ^{2/}	1,075,824.2	1,250,046.0	1,247,225.5	12.9	13.9	13.8	55.8	63.8	63.0	
GROSS (Million Pesos)	1,181,311.4	1,339,420.2	1,476,525.4	14.2	14.8	16.4	57.0	63.4	64.0	
EXTERNAL DEBT:										
NET (Million USD) ^{2/}	75,713.1	65,722.5	64,342.2	10.3	7.8	8.1	44.2	36.2	37.0	
GROSS (Million USD)	79,225.8	71,674.5	73,002.5	10.7	8.6	9.2	43.0	36.6	36.0	
TOTAL DEBT:										
NET (Million Pesos) ^{2/}	1,928,716.6	1,958,383.1	1,980,553.3	23.2	21.7	21.9	100.0	100.0	100.0	
(Million USD) ^{2/}	171,216.2	181,707.0	173,773.9							
GROSS (Million Pesos)	2,073,774.2	2,111,906.5	2,308,556.8	24.9	23.4	25.6	100.0	100.0	100.0	
(Million USD)	184,093.3	195,951.5	202,553.0							

Note: Figures may not add-up due to rounding.

*_/ Figures subject to revisions due to changes and methodological modifications.

p_/ Preliminary.

1_/ Includes the Liabilities of of the Federal Government, PEDBC's and Development Banks.

2_/ The Net Debt results from subtracting the financial assets of the Federal Government, PEDBC's and Development Banks from the Gross Debt.

Source: Secretaría de Hacienda y Crédito Público.

FEDERAL PUBLIC SECTOR DOMESTIC DEBT, JANUARY-JUNE 2006
(Million pesos*)

Concept	Outstanding 31-Dec-05	Indebtedness				Outstanding 30-Jun-06 ^{p./}
		Disp.	Amort.	Net	Adjust	
NET DEBT	1,250,046.0					1,247,225.5
Assets ^{1/}	-89,374.2					-229,299.9
GROSS DEBT	1,339,420.2	735,443.6	625,474.5	109,969.1	27,136.1	1,476,525.4
STRUCTURE BY TERM	1,339,420.2	735,443.6	625,474.5	109,969.1	27,136.1	1,476,525.4
Long-term	1,085,200.6	258,735.6	171,474.7	87,260.9	20,633.3	1,193,094.8
Short-term	254,219.6	476,708.0	453,999.8	22,708.2	6,502.8	283,430.6
STRUCTURE BY USER	1,339,420.2	735,443.6	625,474.5	109,969.1	27,136.1	1,476,525.4
Federal Government	1,242,154.1	705,082.0	569,475.4	135,606.6	2,407.8	1,380,168.5
Long-term	1,019,432.3	258,643.0	142,934.5	115,708.5	2,407.8	1,137,548.6
Short-term	222,721.8	446,439.0	426,540.9	19,898.1	0.0	242,619.9
PEDBC's	5,613.5	4,835.4	2,016.6	2,818.8	11,309.8	19,742.1
Long-term	5,613.5	66.4	311.6	-245.2	11,309.8	16,678.1
Short-term	0.0	4,769.0	1,705.0	3,064.0	0.0	3,064.0
Development Banks	91,652.6	25,526.2	53,982.5	-28,456.3	13,418.5	76,614.8
Long-term	60,154.8	26.2	28,228.6	-28,202.4	6,915.7	38,868.1
Short-term	31,497.8	25,500.0	25,753.9	-253.9	6,502.8	37,746.7
STRUCTURE BY SOURCE	1,339,420.2	735,443.6	625,474.5	109,969.1	27,136.1	1,476,525.4
Bonds placed in the local market	1,264,365.5	638,002.4	567,431.0	70,571.4	14,470.7	1,349,407.6
SAR	52,144.3	39,090.0	36,946.8	2,143.2	1,272.8	55,560.3
Commercial Banks	1,694.8	92.6	320.2	-227.6	33.9	1,501.1
Others	21,215.6	58,258.6	20,776.5	37,482.1	11,358.7	70,056.4

Note: Figures may not add-up due to rounding.

*_/ Figures subject to revisions due to changes and methodological modifications.

p_/ Preliminary.

1_/ Includes the balance, denominated in pesos, of the General Account of the Federal Treasury and deposits in the national banking system as well as assets from PEDBC's and Development Banks.

Source: Secretaría de Hacienda y Crédito Público.

FEDERAL PUBLIC SECTOR EXTERNAL DEBT, JANUARY-JUNE 2006
(Million Dollars*)

Concept	Outstanding 31-Dec-05	Indebtedness				Outstanding 30-Jun-06 ^{p./}
		Disp.	Amort.	Net	Adjust	
NET DEBT	65,722.5					64,342.2
Financial Assets Denominated in Foreign Currency 1_/	-5,952.0					-8,660.3
GROSS DEBT	71,674.5	12,998.9	12,407.3	591.6	736.4	73,002.5
STRUCTURE BY TERM	71,674.5	12,998.9	12,407.3	591.6	736.4	73,002.5
Long-term	70,888.7	8,186.3	8,774.0	-587.7	718.0	71,019.0
Short-term	785.8	4,812.6	3,633.3	1,179.3	18.4	1,983.5
STRUCTURE BY USER	71,674.5	12,998.9	12,407.3	591.6	736.4	73,002.5
Federal Government	58,373.6	3,829.1	6,452.0	-2,622.9	468.6	56,219.3
Long-term	58,373.6	3,829.1	6,452.0	-2,622.9	468.6	56,219.3
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC's	6,998.4	6,422.8	2,520.3	3,902.5	226.5	11,127.4
Long-term	6,992.1	4,003.4	1,359.5	2,643.9	221.5	9,857.5
Short-term	6.3	2,419.4	1,160.8	1,258.6	5.0	1,269.9
Development Banks	6,302.5	2,747.0	3,435.0	-688.0	41.3	5,655.8
Long-term	5,523.0	353.8	962.5	-608.7	27.9	4,942.2
Short-term	779.5	2,393.2	2,472.5	-79.3	13.4	713.6
STRUCTURE BY SOURCE	71,674.5	12,998.9	12,407.3	591.6	736.4	73,002.5
Restructured 1989-1990	154.4	0.0	58.0	-58.0	0.0	96.4
Spanish Bank Bonds	76.5	0.0	0.0	0.0	0.0	76.5
New Money 1990-1992	77.9	0.0	58.0	-58.0	0.0	19.9
Commercial Banks	2,454.6	6,403.3	3,788.7	2,614.6	18.7	5,087.9
Bilateral	3,403.9	261.0	687.9	-426.9	56.9	3,033.9
Publicly Placed Bonds	46,462.3	3,008.2	5,641.1	-2,632.9	405.5	44,234.9
IFI's	16,827.7	907.0	1,079.8	-172.8	68.8	16,723.7
Other ^{2./}	2,371.6	2,419.4	1,151.8	1,267.6	186.5	3,825.7

Note: Figures may not add-up due to rounding.

*_/ Figures subject to revisions due to changes and methodological modifications.

p./ Preliminary.

1./ Includes the balance, denominated in pesos, of the General Account of the Federal Treasury and deposits in the national banking system as well as assets from PEDBC's and Development Banks.

2./ Refers to movements of direct debt associated to the PIDIREGA projects.

Source: Secretaría de Hacienda y Crédito Público.