

Report on Public Finance and Public Debt Second Quarter of 2007

- *The pace of economic activity increased with respect to the performance of the previous quarter. Domestic demand maintained its dynamism and external demand had a clear improvement.*
- *During the second quarter, 214,058 formal jobs were created.*
 - *Direct banking credit and all its components continued growing at high rates.*
 - *Public Finances recorded a surplus. Public sector revenues registered real growth mainly due to non-oil tax collection. In addition, a significant increase in social expenditure was observed.*
- ✓ *The Federal Government's net domestic debt was 19.8 percent of the GDP. The average maturity of the government's debt increased.*

The results of the Report on Public Finances and Public Debt for the second quarter of 2007 were published today. The following results stand out:

- **During the second quarter of 2007, the rate of expansion of economic activity in Mexico recovered as consequence of the maintained dynamism of the domestic demand, higher growth of manufacturing production in the U.S. and the recovery of the automotive sector. It is estimated that the economy grew at an annual rate of close to 2.8 percent. If this is observed, the economy would have expanded by a quarterly rate of approximately 1.4 percent considering seasonally adjusted data, a substantially higher rate than the 0.2 percent growth rate registered in the first quarter of the year. This result is consistent with anticipated growth of 3.3 percent for 2007.**
- **During April-May 2007, agricultural production and services increased 3.9 and 3.8 percent in real annual terms, respectively. Industrial production increased by 1.2 percent.**

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- **Domestic demand maintained its dynamism. The real value of the sales of the main departmental and supermarket stores grew at annual rates above 8.0 percent in real terms during the quarter.**
- **During the quarter, 214,058 formal jobs were created, which implies a job creation of 470,335 jobs during the year. Up to June, the annual increase of employees registered in IMSS was 803,530 (5.9 percent increase).**
- **Annual inflation was 3.98 percent in June 2007, 23 basis points lower than that the one registered in March 2007 (4.21 percent).**
- **Direct banking credit to the private sector increased at an annual rate of 24.5 percent in May 2007. Within, housing credit grew 25.0 percent, consumption credit expanded 28.7 percent and banking credit to businesses and people with entrepreneurial activities increased 23.8 percent, all in real annual terms.**
- **In the first half of 2007, the public balance recorded a surplus of Ps. 111.4 billion, amount that is Ps. 24.9 billion greater than the one registered in the same period of the previous year.**
- **The Public Sector's Borrowing Requirements recorded a surplus of Ps 66.12 billion, 0.7 percent of the estimated GDP for 2007.**
- **The Public Sector's revenues increased 2.3 percent in real terms with respect to the first quarter of 2006, reflecting the dynamism of non-oil tax revenues (8.6 percent in real terms). Within them, the income tax, vehicle property tax, the Special Production and Services Tax (IEPS) and VAT collection, stand out with annual increases of 12.4, 7.5, 6.1 and 5.7 percent, respectively. Oil-related revenues decreased 6.2 percent in real terms as a result of lower oil exports and prices, as well as the decrease in domestic prices of natural gas, fuel oil and petrochemicals.**
- **Net budgetary expenditures of the public sector were 0.6 percent lower in real terms compared with the amount observed in the same period of 2006. Primary expenditures, defined as total expenditure net of financing costs, posted an increase of 1.9 percent in real terms with respect to the one observed in same period of the previous year. Programmable expenditures expanded 5.7 percent in real terms. Within them, those**

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channeled to social development posted a real increase of 5.5 percent with respect to the one observed in the first quarter of 2006. It is worth noting that both social security and education expenditures increased at 10.6 and 7.7 percent in real terms, respectively.

- Federal resources transferred to States and Municipalities were lower by 2.6 percent in real terms. Revenue sharing to Federal Entities and Municipalities decreased 7.5 percent due to the real reduction in Federal Shareable Revenues and due to the third four-monthly negative adjustment of 2006. When adjusted by the third four-monthly adjustment and by the shareable federal collection from oil, the shareable revenue would increase by 6.6 percent. The resources allocated through contributions, wage and economic provisions, decentralized agreements and reallocations increased by 1.9 percent in real terms.
- By the end of the quarter the Public Sector's net debt was 19.1 percent of GDP, 2.1 percent lower than that at the end of 2006. The Federal Government's debt was 19.8 percent of GDP, 1.3 percentage points lower than that at the end of the previous year. The average maturity of the Federal Government's domestic debt increased by 0.58 years in this period.
- At the end of the first quarter of 2007, the Historical Balance of the Public Sector's Borrowing Requirements, which constitutes the broadest definition of the public sector's liabilities, reached 33.0 percent of GDP.

Economic Outlook

During the second quarter of 2007, the Mexican economy registered a better performance than the one observed during the first quarter of the year. The dynamism of industrial production had an important upturn as consequence of higher growth in manufacturing and automotive sector activity in the U.S. In addition, the components of the domestic demand had a more dynamic performance.

It is estimated that during the second quarter of 2007 the Mexican economy will grow at an annual rate of close to 2.8 percent. In this case, the economy would have grown at a quarterly rate of approximately 1.4 percent in seasonally adjusted

terms, a substantially higher rate than the 0.2 percent growth rate registered in the first quarter of the year.

These estimations rest on the following results:

- In April-May of 2007, the Global Economic Activity Index (IGAE), the GDP proxy, grew 3.1 percent in real annual terms. It implies a bimonthly rate increase of 1.1 percent considering seasonally adjusted data. Within, the different productive sectors behaved according to the following:
 - ✓ Primary activities increased at an annual rate of 3.9 percent. Considering seasonally adjusted data, the agricultural sector grew at a bimonthly rate of 7.6 percent.
 - ✓ The real value of industrial production grew at an annual rate of 1.2 percent, which implies a bimonthly increase of 1.1 percent according to seasonally adjusted data. Within, the results are the following:
 - Mining production grew at an annual rate of 1.2 percent.
 - Manufacturing production registered annual growth of 1.0 percent.
 - Construction increased at an annual rate of 1.3 percent.
 - Electricity, gas and water sector expanded 3.4 percent in annual terms.
 - ✓ The supply of services grew 3.8 percent annually, which in terms of seasonally adjusted data implies a 1.1 percent bimonthly increase.
- Domestic aggregate demand complemented the recovery of external demand:
 - ✓ During the second quarter of 2007, household consumption continued growing at high rates. The real sales value of the main retail and departmental stores grew at annual rates higher than 8.0 percent.
 - ✓ In April 2007, fixed capital investment grew 6.9 percent in real annual terms, which is higher than the 4.9 percent growth rate observed during the first quarter of the year. In terms of seasonally adjusted data, investment had a 3.2 percent monthly increase.
 - ✓ During the second quarter of 2007, the nominal US dollar value of total exports grew at an annual rate of 6.2 percent in comparison with 2.2 percent growth in the first quarter. Imports increased at an annual rate

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of 9.7 percent, while during the January-March period they grew 8.0 percent.

During June of 2007, the number of employees registered at IMSS grew to 14 million 435 thousand 893, which implies a quarterly increase of 214 thousand 58 formal jobs and a first semester increase of 470 thousand 335 formal jobs. In annual terms, the number of employees affiliated to the IMSS grew by 803 thousand 530 people (5.9 percent).

Annual headline inflation was 3.98 percent at the end of the second quarter of 2007, a lower figure than the annual rate of 4.21 percent registered at the end of March 2007. This result is mainly explained by the observed decrease in both the inflation rate of fruits and vegetables' prices and in services' prices.

During the second quarter of 2007, international financial markets had a performance that can be separated in two different periods. During most of the quarter they observed a more favorable performance than the one registered in the previous quarter, mainly due to the positive news on the U.S. economy. With this, Mexico's country-risk premium reached an historical minimum. At the end of the quarter, although the favorable perspective on the U.S. economy was maintained, investor's risk-aversion increased due to the evolution observed in the mortgage market in U.S., causing similar financial conditions to those observed at the beginning of the quarter. Within this context, the Federal Reserve maintained its monetary policy unchanged.

On April 27th, Banxico increased the reference rate by 25 basis points. It maintained its monetary policy unchanged during the remainder of the second quarter. With this, the reference rate was 7.25 percent at the end of June 2007, 25 basis points higher than the one observed at the end of March 2007.

During the second quarter the stock market index (IPyC) posted an 8.4 percent nominal increase with respect to the closing of March of 2006, reaching 31,151 units. During the first half of 2007 the market posted a 17.8 percent nominal increase.

The exchange rate showed a trend towards appreciation, due to the higher demand for peso-denominated assets and to oil price increases. The spot exchange rate was 10.81 pesos per USD on June 29th, which implied a nominal appreciation of 2.1 percent with respect to the closing value of March 2007.

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Banking and non-banking credit to households and firms continued registering high growth, posting an increase of 24.5 percent in real annual terms in May of 2007, a Ps. 280.6 billion increase. Within, all of its components grew: housing credit increased by 25.0 percent, consumption credit grew by 28.7 percent and credit to firms and people with entrepreneurial activities grew 23.8 percent, all in real annual terms.

Public Finance

During the first quarter of 2007, the public balance recorded a surplus of Ps.111.4 billion, an amount Ps. 24.9 billion higher than that observed in the same period of 2006. The accumulated primary surplus in June was Ps. 237.9 billion, a Ps. 10.7 billion increase with respect to the one registered in the first half of 2006.

The public sector's budgetary revenues were Ps. 1,192.6 billion, 2.3 percent higher in real terms than that ones registered in the January-June period of 2006. With respect to the amount approved in the calendar published on January 17, 2007 in the Official Gazette of the Federation, budgetary revenues registered an increase of Ps. 41.6 billion (3.6 percent) in the first half of 2007.

Excess Revenues, January-June 2007 (Million pesos)			
	Program	Actual	Difference
Revenues	1,150,954.6	1,192,612.7	41,658.1
Oil revenues	408,987.6	395,367.2	-13,620.4
Non-Oil Revenues	741,967.0	797,245.5	55,278.05
Tax revenues	527,548.4	553,899.1	26,350.7
Non-tax revenues	29,526.0	54,866.9	25,340.9
PEDBC's other than Pemex	184,892.6	188,479.4	3,586.8

Non-oil tax revenues grew by 8.6 percent in real annual terms. Worth noting are real growth rates of 12.4, 7.5, 6.1 and 5.7 percent in the income tax, vehicle property tax collection, the Special Production and Services Tax (IEPS) and VAT, all compared to the figures of the same period of 2006. The Federal Government non-tax revenues increased by 38.2 percent in real terms due to higher non-recurring revenues collected during the period. On the other hand, revenues from public entities under budgetary control other than PEMEX reported a 3.4 percent

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real reduction. This is explained because until February 2006, the public sector's revenues included the operations of the Housing Fund of ISSSTE, which since March 2006 were excluded in line with the reform to Article 174 of ISSSTE's law. Oil revenues posted a 6.2 percent decrease in real terms as result of both lower oil production and prices, as well as the decrease in domestic prices of natural gas, fuel oil and petrochemicals.

During the first half of 2007, the level of public expenditures was consistent with the availability of resources and with the objective of a balanced budget approved by Congress. At the same time, public spending was oriented towards government programs for reducing poverty, employment creation and public security.

During the January-June period of 2007, the net budgetary expenditures of the public sector totaled Ps. 1,082.3 billion, 0.6 percent higher in real terms compared with the amount observed in the same period of 2006. Primary expenditure, defined as total expenditure net of financing costs, was higher by 1.9 percent in real terms with respect to the ones observed in the same period of the previous year. Programmable expenditures grew by 5.7 percent in real terms. In relation to public expenditures up to June 2007, the following stand out:

- Programmable expenditures channeled to social development posted a real increase of 5.5 percent with respect to 2006. Within, the real increases of expenditure on social security and education (10.6 and 7.7 percent, respectively) stand out.
- Investment fostered by the public sector decreased at a real annual rate of 10.2 percent. It is worth noting that in the first half of 2006 an important amount of resources were allocated to cover the damages from hurricanes observed in late 2005 and to construction works for Terminal Two of Mexico City's International Airport.
- Federal resources transferred to States and Municipalities through federal contributions, shared revenue, wage and economic provisions, agreements of decentralization and reallocation decreased 2.6 percent in real terms. Shared revenues decreased 7.5 percent in real terms due to the real reduction in the Federal Shareable Revenue collection and because of a negative third four-monthly adjustment of 2006. When adjusted by the third four-monthly adjustment and by the shareable federal collection from oil, the shareable revenue would increase by 6.6 percent. The rest of the resources transferred to the Federal Entities and municipalities increased 1.9 percent in real terms. It is worth noting that in May, Ps. 918 million were transferred to the federal entities corresponding to the first quarter of 2007 from the Extraordinary Right on Crude

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Oil Exports, resources which are generated once the oil price exceeds USD 42.8 per barrel.

- A Ps. 4.3 billion contribution to the Oil Revenues Stabilization Fund was made, collected from the Right on Hydrocarbons for the Oil Revenues Stabilization Fund, according to the 2007 Budgetary and Financial Responsibility Law and the Federal Revenues Law.
- Expenditures on personnel services during the first quarter of 2007 increased 5.2 percent due mainly to increases in expenditures related to sovereign, education and energy functional activities. In contrast, expenditures in administrative and government functional activities decreased 8.2 percent in real terms.
- Pension expenditures registered a real increase of 15.0 percent.
- The public sector's financing cost decreased 8.9 percent in real terms compared to the same period of last year.

Since the previous quarter, local governments inform Congress, through the Federal Executive, about the execution, allocation and results obtained with federal budgetary resources related to federal contributions, coordination agreements for decentralization or reassignments and subsidies, in accordance to the Fiscal Law of Coordination and the Budget Decree for 2007.

In order to support the federal entities, municipalities and the territorial demarcations of Mexico City in the compliance with these dispositions, the Ministry of Finance designed and presented an information electronic system, by which these governments can send the referred information. In addition, the Ministry of Finance trained and provided technical assistance to more than 5 thousand local public workers for the integration processes of the information reports corresponding to the first and second quarters, through events organized in different cities around the country and in a permanent manner through different mechanisms of communication and technical and normative assistance.

Public Debt

In line with the Annual Financing Program for 2007, public debt management in the second quarter of 2007 focused on strengthening the Federal Government's liabilities structure. The announcement of the issuance program for the third quarter is among the most relevant actions for this purpose. Such program established a six-week frequency for auctioning nominal fixed-rate bonds of 10, 20 and 30 years. This is in accordance with the Economic Program approved by

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Congress, and is intended to increase the liquidity and efficiency of the government bond market.

As of June 30th 2007, the net Federal Government's debt balance was Ps. 2,002.97 billion. Of this amount, 77.8 percent was domestic debt and the rest was external. As percentage of GDP, the Federal Government debt stood at 19.8 percent, 1.3 percentage points lower than the level observed at the end of 2006.

Within the Federal Government's debt balance at the end of June, domestic net debt was Ps. 1,558.85 billion, amount greater by Ps. 11.74 billion than that at the end of 2006. It is worth noting that the share of long-term fixed-rate Government securities increased from 49.9 percent at the end of 2006 to 52.0 percent at the end of the second quarter of 2007 and that the average maturity of domestic debt increased by 0.58 years in the same period. On the other hand, external net debt stood at USD 40.87 billion, USD 1.06 billion higher than at the end of 2006.

At the end of June, the Federal Public Sector's net debt stood at 19.1 percent of GDP, 2.1 percentage points lower than the one posted at the end of 2006.¹ On the other hand, the Historical Balance of the Public Sector's Borrowing Requirements, the broadest definition of the Public Sector's liabilities, was Ps. 3,330.9 billion, which represents 33.0 percent of GDP.

¹ Includes debt from the Federal Government, Public Entities under Direct Budgetary Control and the Development Banks.

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ANNEX

PUBLIC SECTOR OVERALL BALANCE					
(Million pesos)					
Concept	January-June		Real % Growth	Composition %	
	2006 p./	2007 p./		2006	2007
PUBLIC BALANCE (I+II)	83,064.9	111,363.9	28.9		
I. Budgetary Balance (a-b)	87,021.5	110,310.0	21.8		
a) Budgetary Revenues	1,120,965.4	1,192,612.7	2.3	100.0	100.0
Oil related	404,925.7	395,367.2	-6.2	36.1	33.2
Federal Government	344,337.0	239,393.4	-33.2	30.7	20.1
PEMEX	60,588.7	155,973.8	147.4	5.4	13.1
Non-oil related	716,039.7	797,245.5	7.0	63.9	66.8
Federal Government	528,468.6	608,766.0	10.7	47.1	51.0
Tax	490,313.1	553,899.1	8.6	43.7	46.4
Non-tax	38,155.5	54,866.9	38.2	3.4	4.6
PEDBC	187,571.1	188,479.4	-3.4	16.7	15.8
b) Net Budgetary Expenditures	1,033,943.9	1,082,302.7	0.6	100.0	100.0
Programmable	691,657.6	760,343.7	5.7	66.9	70.3
Non programmable	342,286.3	321,959.1	-9.6	33.1	29.7
II. PEIBC	-3,956.6	1,053.9	n.s.		
Primary Balance	218,471.0	237,969.7	4.7		

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

Source: Ministry of Finance and Public Credit.

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PUBLIC SECTOR REVENUES (Million pesos)					
Concept	January-June		Real % Growth	Composition %	
	2006p_/	2007 p_/		2006 p/	2007 p_/
TOTAL (I+II)	1,120,965.4	1,192,612.7	2.3	100.0	100.0
I. Oil related (a+b)	404,925.7	395,367.2	-6.2	36.1	33.2
a) PEMEX	60,588.7	155,973.8	147.4	5.4	13.1
b) Federal Government	344,337.0	239,393.4	-33.2	30.7	20.1
Rights and royalties on oil products	354,733.4	258,273.4	-30.0	31.6	21.7
Excise taxes	-12,805.7	-21,377.2	n.s.	-1.1	-1.8
Tax on Oil Returns	2,409.3	2,497.2	-0.4	0.2	0.2
II. Non-oil related (c+d)	716,039.7	797,245.5	7.0	63.9	66.8
c) Federal Government	528,468.6	608,766.0	10.7	47.1	51.0
Tax	490,313.1	553,899.1	8.6	43.7	46.4
Income tax	244,185.8	285,594.7	12.4	21.8	23.9
VAT	190,672.7	209,762.7	5.7	17.0	17.6
Excise taxes	18,599.6	20,523.3	6.1	1.7	1.7
Import taxes	14,861.0	14,249.7	-7.8	1.3	1.2
Others ^{1/}	21,994.0	23,768.8	3.9	2.0	2.0
Non-tax	38,155.5	54,866.9	38.2	3.4	4.6
Rights	10,026.5	12,426.8	19.1	0.9	1.0
Fees	25,100.2	39,003.4	49.4	2.2	3.3
Others	3,028.8	3,436.8	9.1	0.3	0.3
d) PEDBC ^{2/}	187,571.1	188,479.4	-3.4	16.7	15.8
Memorandum items:					
Total tax related	479,916.7	535,019.2	7.2	42.8	44.9
Total non-tax related	641,048.8	657,593.5	-1.4	57.2	55.1

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.

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BUDGETARY REVENUES, JANUARY-JUNE OF 2007

(Million pesos)

	Programmed	Observed ^{p./}	Difference
TOTAL (I+II)	1,150,954.6	1,192,612.7	41,658.1
I. Oil related (a+b)	408,987.6	395,367.2	-13,620.4
a) PEMEX	171,103.7	155,973.8	-15,129.9
b) Federal Government	237,883.9	239,393.4	1,509.5
Rights and royalties on oil products	234,321.1	258,273.4	23,952.3
Excise taxes	2,358.2	-21,377.2	-23,735.4
Tax on Oil Returns	1,204.6	2,497.2	1,292.6
II. Non-oil related (c+d)	741,967.0	797,245.5	55,278.5
c) Federal Government	557,074.4	608,766.0	51,691.6
Tax	527,548.4	553,899.1	26,350.7
Income tax	248,300.0	285,594.7	37,294.7
VAT	221,118.5	209,762.7	-11,355.8
Excise taxes	21,582.0	20,523.3	-1,058.7
Import taxes	13,660.1	14,249.7	589.6
Others ^{1./}	22,887.8	23,768.8	881.0
Non-tax	29,526.0	54,866.9	25,340.9
Rights	6,592.8	12,426.8	5,834.0
Fees	19,315.8	39,003.4	19,687.6
Others	3,617.4	3,436.8	-180.6
d) PEDBC ^{2./}	184,892.6	188,479.4	3,586.8
Memorandum items:			
Total tax related			
Total non-tax related	531,111.2	535,019.2	3,908.0

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

1./ Includes new vehicle, vehicle property, luxury goods and services and other.

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

Source: Ministry of Finance and Public Credit.

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PUBLIC SECTOR BUDGETARY EXPENDITURES					
(Million pesos)					
Concept	January- June		Real % Growth	Composition %	
	2006p_/	2007 p_/		2006p_/	2007 p_/
TOTAL (I+II)	1,033,943.9	1,082,302.7	0.6	100.0	100.0
I. Primary expenditures (a+b)	908,600.5	963,440.3	1.9	87.9	89.0
a) Programmable	691,657.6	760,343.7	5.7	66.9	70.3
b) Non-programmable	216,942.9	203,096.6	-10.0	21.0	18.8
II. Financing Cost ^{1/}	125,343.4	118,862.4	-8.9	12.1	11.0

Note: Figures may not add up due to rounding.

p_/ Preliminary figures.

^{1/} Includes interests, commissions and other public debt expenditures associated to debt support programs.

Source: Ministry of Finance and Public Credit

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FEDERAL GOVERNMENT DEBT*									
Concept	Outstanding as of			% of GDP			Structure (%)		
	Dec-05	Dec-06	Jun-07 ^{p./}	Dec-05	Dec-06	Jun-07 ^{p./}	Dec-05	Dec-06	Jun-07 ^{p./}
INTERNAL DEBT :									
NET (Million Pesos) ^{1./}	1,183,310.7	1,547,112.1	1,558,854.7	13.2	16.5	15.4	67.0	78.1	77.8
GROSS (Million Pesos)	1,242,154.1	1,672,782.4	1,790,040.8	13.8	17.8	17.7	66.4	78.6	80.0
EXTERNAL DEBT:									
NET (Million USD) ^{1./}	53,970.6	39,806.6	40,872.4	6.5	4.6	4.4	33.0	21.9	22.2
GROSS (Million USD)	58,373.6	41,936.3	41,286.7	7.0	4.9	4.4	33.6	21.4	20.0
TOTAL DEBT:									
NET (Million Pesos) ^{1./}	1,764,989.6	1,980,247.7	2,002,978.3	19.7	21.1	19.8	100.0	100.0	100.0
(Million USD) ^{1./}	163,763.1	181,991.3	184,332.8						
GROSS (Million Pesos)	1,871,287.2	2,129,091.3	2,238,666.2	20.8	22.7	22.2	100.0	100.0	100.0
(Million USD)	173,625.8	195,670.6	206,023.0						

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

*_/ 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: Ministry of Finance and Public Credit.

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FEDERAL GOVERNMENT DOMESTIC DEBT
JANUARY - JUNE 2007
 (Million Pesos*)

Concept	Outstanding Dec-06	Indebtedness			Adjustments	Outstanding Jun.-07 ^{p./}
		Disp.	Amort.	Net		
NET DOMESTIC DEBT BALANCE	1,547,112.1					1,558,854.7
ASSETS ^{1/}	-125,670.3					-231,186.1
GROSS DOMESTIC DEBT BALANCE	1,672,782.4	761,767.0	647,330.8	114,436.2	2,822.2	1,790,040.8
Government Securities	1,569,926.4	714,241.2	600,212.5	114,028.7	1,338.6	1,685,293.7
Cetes	346,004.6	0.0	0.0	0.0	0.0	340,785.6
Bondes	214,822.0	509,369.0	514,588.0	-5,219.0	0.0	167,921.1
Bondes "D"	144,801.4	0.0	46,900.9	-46,900.9	0.0	183,251.4
Fixed Rate Development Bonds	708,971.5	38,450.0	0.0	38,450.0	0.0	801,391.6
Udibonos	155,326.9	131,046.1	38,723.6	92,322.5	97.6	191,944.0
<i>Udibonos (million UDI's)</i>	41,014.4	35,376.1	0.0	35,376.1	1,241.0	50,264.4
SAR	59,499.5	0.0	0.0	0.0	0.0	62,474.0
Siefores (Pesos)	0.2	42,858.8	41,149.7	1,709.1	1,265.4	0.2
Siefores UDI's	0.1	0.0	0.0	0.0	0.0	0.1
Others	43,356.3	0.0	0.0	0.0	0.0	42,272.9

* / 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: Ministry of Finance and Public Credit

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FEDERAL GOVERNMENT EXTERNAL DEBT
SECOND QUARTER 2007
 (Million USD*)

Concept	Outstanding Dec-06	Indebtedness			Adjustments	Outstanding Jun-07 ^{p/}
		Disp.	Amort.	Net		
Net Debt	39,806.6					40,872.4
Assets ^{1/}	-2,129.7					-414.3
Gross Debt	41,936.3	2,805.2	4,953.1	-2,147.9	1,498.3	41,286.7
Publicly placed Bonds	36,212.5	2,266.6	4,645.7	-2,379.1	1,502.1	35,335.5
IFI's	5,389.2	538.6	242.5	296.1	-5.0	5,680.3
Bilateral Credit	203.2	0.0	10.3	-10.3	1.5	194.4
Others	131.4	0.0	54.6	-54.6	-0.3	76.5

* / 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: Ministry of Finance and Public Credit

Mexico City, July 30th 2007.

FEDERAL PUBLIC SECTOR DEBT* 1/									
Concept	Outstanding as of			% of GDP			Structure (%)		
	Dec-05	Dec-06	Jun-07 ^{p/}	Dec-05	Dec-06	Jun-07 ^{p/}	Dec-05	Dec-06	Jun-07 ^{p/}
INTERNAL DEBT :									
NET (Million Pesos) ^{2/}	1,250,046.0	1,471,714.9	1,456,779.7	13.9	15.7	14.4	63.8	74.1	75.3
GROSS (Million Pesos)	1,339,420.2	1,741,407.6	1,857,943.4	14.9	18.6	18.4	63.4	74.5	74.7
EXTERNAL DEBT:									
NET (Million USD) ^{2/}	65,722.5	47,247.2	43,867.4	7.9	5.5	4.7	36.2	25.9	24.7
GROSS (Million USD)	71,674.5	54,766.3	57,838.7	8.6	6.3	6.2	36.6	25.5	25.3
TOTAL DEBT:									
NET (Million Pesos) ^{2/}	1,958,383.1	1,985,812.1	1,933,447.4	21.8	21.2	19.1	100.0	100.0	100.0
(Million USD) ^{2/}	181,707.0	182,502.7	177,933.9	0.0	0.0	0.0	0.0	0.0	0.0
GROSS (Million Pesos)	2,111,906.5	2,337,319.7	2,486,424.5	23.5	24.9	24.6	100.0	100.0	100.0
(Million USD)	195,951.5	214,807.4	228,824.0	0.0	0.0	0.0	0.0	0.0	0.0

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: Ministry of Finance and Public Credit

Mexico City, July 30th 2007.

FEDERAL PUBLIC SECTOR DOMESTIC DEBT, JANUARY-JUNE 2007

(Million pesos*)

Concept	Outstanding Dec-06	Indebtedness			Adjust.	Outstanding Jun-07 ^{P./}
		Disp.	Amort.	Net		
NET DEBT	1,471,714.9					1,456,779.7
Assets ^{1/}	-269,692.7					-401,163.7
GROSS DEBT	1,741,407.6	800,713.1	675,051.9	125,661.2	-9,125.4	1,857,943.4
STRUCTURE BY TERM	1,741,407.6	800,713.1	675,051.9	125,661.2	-9,125.4	1,857,943.4
Long-term	1,460,601.5	290,744.3	171,768.3	118,976.0	-9,125.4	1,570,452.1
Short-term	280,806.1	509,968.8	503,283.6	6,685.2	0.0	287,491.3
STRUCTURE BY USER	1,741,407.6	800,713.1	675,051.9	125,661.2	-9,125.4	1,857,943.4
Federal Government	1,672,782.4	761,767.0	647,330.8	114,436.2	2,822.2	1,790,040.8
Long-term	1,400,725.3	290,744.3	169,871.8	120,872.5	2,822.2	1,524,420.0
Short-term	272,057.1	471,022.7	477,459.0	-6,436.3	0.0	265,620.8
PEDBC's	19,353.0	19,146.1	2,550.2	16,595.9	-12,407.3	23,541.6
Long-term	19,353.0	0.0	103.9	-103.9	-12,407.3	6,841.8
Short-term	0.0	19,146.1	2,446.3	16,699.8	0.0	16,699.8
Development Banks	49,272.2	19,800.0	25,170.9	-5,370.9	459.7	44,361.0
Long-term	40,523.2	0.0	1,792.6	-1,792.6	459.7	39,190.3
Short-term	8,749.0	19,800.0	23,378.3	-3,578.3	0.0	5,170.7
STRUCTURE BY SOURCE	1,741,407.6	800,713.1	675,051.9	125,661.2	-9,125.4	1,857,943.4
Bonds placed in the local market	1,618,589.6	734,041.2	625,371.4	108,669.8	1,784.0	1,729,043.4
SAR	59,499.5	42,858.8	41,149.7	1,709.1	1,265.4	62,474.0
Commercial Banks	1,170.3	0.0	115.9	-115.9	14.3	1,068.7
Others	62,148.2	23,813.1	8,414.9	15,398.2	-12,189.1	65,357.3

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: Ministry of Finance and Public Credit

Mexico City, July 30th 2007.

FEDERAL PUBLIC SECTOR EXTERNAL DEBT, JANUARY-JUNE 2007

(Million Dollars*)

Concept	Outstanding Dec-06	Indebtedness			Adjust.	Outstanding Jun-07 ^{p./}
		Disp.	Amort.	Net		
NET DEBT	47,247.2					43,867.4
Financial Assets Denominated in Foreign Currency 1_/	-7,519.1					-13,971.3
GROSS DEBT	54,766.3	9,789.0	9,256.7	532.3	2,540.1	57,838.7
STRUCTURE BY TERM	54,766.3	9,789.0	9,256.7	532.3	2,540.1	57,838.7
Long-term	53,921.6	4,026.7	5,538.2	-1,511.5	2,524.1	54,934.2
Short-term	844.7	5,762.3	3,718.5	2,043.8	16.0	2,904.5
STRUCTURE BY USER	54,766.3	9,789.0	9,256.7	532.3	2,540.1	57,838.7
Federal Government	41,936.3	2,805.2	4,953.1	-2,147.9	1,498.3	41,286.7
Long-term	41,936.3	2,805.2	4,953.1	-2,147.9	1,498.3	41,286.7
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC's	7,212.0	4,443.5	1,621.4	2,822.1	1,043.7	11,077.8
Long-term	7,202.8	1,179.1	290.9	888.2	1,043.3	9,134.3
Short-term	9.2	3,264.4	1,330.5	1,933.9	0.4	1,943.5
Development Banks	5,618.0	2,540.3	2,682.2	-141.9	-1.9	5,474.2
Long-term	4,782.5	42.4	294.2	-251.8	-17.5	4,513.2
Short-term	835.5	2,497.9	2,388.0	109.9	15.6	961.0
STRUCTURE BY SOURCE	54,766.3	9,789.0	9,256.7	532.3	2,540.1	57,838.7
Publicly Placed Bonds	38,558.0	2,266.6	4,712.3	-2,445.7	1,491.4	37,603.7
IFI's	8,255.4	571.1	489.4	81.7	-6.5	8,330.6
Commercial Banks	1,578.0	2,930.3	2,014.5	915.8	13.6	2,507.4
Bilateral	3,139.2	784.0	719.2	64.8	-15.5	3,188.5
Restructured 1989-1990	76.5	0.0	0.0	0.0	0.0	76.5
Spanish Bank Bonds	76.5	0.0	0.0	0.0	0.0	76.5
Other ^{2./}	3,159.2	3,237.0	1,321.3	1,915.7	1,057.1	6,132.0

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

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

p./ Preliminary.

1./ Includes the 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: Ministry of Finance and Public Credit