



## **REPORT ON PUBLIC FINANCES AND PUBLIC DEBT THIRD QUARTER OF 2008**

- *During the third quarter of 2008, the international environment was unfavorable due to the observed international financial volatility and the deterioration in economic perspectives of industrialized countries.*
- *The negative impact of this situation on the Mexican economy has been limited. Production and domestic expenditures continue to grow, albeit moderately.*
- *Close to 340,000 formal jobs have been created this year up to the third quarter.*
  - *Direct bank credit continued to grow at high rates.*
  - *Public Finances recorded a surplus.*
- *Government revenues grew 11.5 percent in real terms during January-September of 2008, due to oil and non-oil tax revenues.*
- *Programmable expenditures expanded 15.8 percent in real terms during the first nine months of 2008. Significant increases were observed in budgetary physical investment (23.5 percent), shared revenues allocated to Federal Entities (21.9 percent) and expenditures on economic development (29.5 percent).*
  - *By the end of the third quarter of 2008, the Public Sector net debt was 17.0 percent of GDP, 0.4 percentage points lower than the one observed at the end of 2007. During the same period, the average maturity of domestic debt increased by 298 days.*
  - *Up to September 30<sup>th</sup> of 2008, the Historical Balance of the Public Sector's Borrowing Requirements was 29.0 percent of GDP, 0.8 percentage points lower than the one observed at the end of 2007.*

The Report on Public Finances and Public Debt for the third quarter of 2008 was published today. The following are worth noting:

- **GDP is estimated to have grown at an annual rate close to 1.7 percent during the third quarter of the year, implying positive growth in seasonally adjusted terms.**
- **During the July-August period of 2008, primary activities and services grew 0.3 and 2.8 percent respectively in annual terms, while industrial production decreased by 0.1 percent.**
- **During the third quarter, sales of the main departmental and supermarket stores grew by 4.2 percent in real annual terms and the nominal value of manufacturing exports grew by 7.5 percent in real annual terms. In July 2008, gross fixed capital investment increased by 12.3 percent in annual terms.**



- **By the end of September 2008 the number of workers registered at the IMSS was 14 million 440 thousand 76, implying an annual increase of 233 thousand 85 formal jobs (1.6 percent). During 2008, close to 340 thousand 677 formal jobs have been created.**
- **Direct bank credit to households and firms increased at a real annual rate of 11.3 percent in August 2008.**
- **Up to the third quarter of 2008, the public balance recorded a surplus of Ps. 139.9 billion, 3.4 percent lower in real terms to the one observed during the same period in 2007. The Public Sector's Borrowing Requirements registered a surplus of Ps. 20.4 billion, 0.2 percent of the estimated GDP for 2008.**
- **During January-September 2008, the Public Sector's revenues increased 11.5 percent in real annual terms with respect to 2007. Oil-related and non-oil tax revenues increased 19.7 and 11.3 percent in real annual terms, respectively.**
- **The increase in oil revenues derived from a higher oil price was partially compensated by lower oil production, lower exports, higher gasoline imports, and the observed appreciation of the currency.**
- **Regarding non-oil tax revenues, the Income Tax-Unique Rate Corporate Tax, VAT collection, and taxes on imports stand out with annual increases of 11.6, 10.0 and 5.9 percent, respectively.**
- **Net budgetary expenditures for the public sector were 13.2 percent higher in real annual terms than those registered during the same period in 2007. Programmable expenditures expanded by 15.8 percent in real annual terms. Economic and social development expenditures posted real annual increases of 29.5 and 7.9 percent, respectively, as compared to same period of 2007.**
- **Physical investment fostered by the public sector increased 14.4 percent in real terms and physical budgetary investment grew 23.5 percent compared to January-September period of 2007.**
- **Up to September, Federal resources transferred to states and municipalities increased 16.3 percent in real annual terms. In particular, shared revenues increased 21.9 percent in real annual terms.**
- **The public sector's financial cost was 16.1 percent lower as compared to January-September period of 2007.**



- **By the end of the third quarter, the Public Sector's net debt, which includes the Federal Government's net debt, PEDBC's and development bank's net debt, was 17.0 percent of GDP. Domestic debt was 15.1 percent of GDP, while external debt was 1.9 percent of GDP.<sup>1</sup>**
- **Up to September 30<sup>th</sup>, the Historical Balance of the Public Sector's Borrowing Requirements, the broadest definition of the Public Sector's liabilities, was 29.0 percent of GDP, 0.8 percentage points lower than the one observed at the end of 2007.**

---

<sup>1</sup> These GDP proportions are calculated using the series of GDP with a new base year (2003), published in May 2008 by the National Institute of Statistics, Geography and Informatics (INEGI).



### **Economic Outlook**

During the third quarter of 2008, conditions in international financial markets deteriorated significantly and productive activity worldwide had begun to show signs of further weakening. The negative impact of this situation on Mexican real economic variables has been limited. This is attributed, first, to stronger macroeconomic fundamentals as a result of the implementation of disciplined and responsible fiscal and monetary policies as well as the adoption of countercyclical policies which helped strengthen the domestic market. Secondly, since domestic financial institutions did not acquire low-quality mortgage-backed securities from abroad, they were able to keep their capitalization and solvency levels. Therefore, productive activity, domestic expenditures, and formal employment in Mexico continue to grow, although at a more moderate pace than in previous quarters.

GDP is estimated to have grown at an annual rate of close to 1.7 percent during the third quarter of the year, which implies a positive expansion in seasonally adjusted terms.

This estimation is based on the following results:

- During the July-August bimonthly period of 2008 the Global Economic Activity Index (IGAE), the GDP proxy, grew 1.3 percent in real annual terms. The evolution by sector was the following:
  - ✓ Primary activities increased at an annual rate of 0.3 percent.
  - ✓ Industrial production decreased by 1.0 percent in real annual terms. At a more disaggregated level:
    - Mining production decreased at an annual rate of 5.3 percent.
    - Manufacturing production registered a negative growth rate of 0.3 percent.
    - Construction decreased at an annual rate of 0.6 percent.
    - The electricity, gas, and water sectors expanded 2.8 percent in annual terms.
  - ✓ The supply of services grew 2.8 percent in real annual terms.
  
- The components of aggregate demand kept growing:
  - ✓ During the third quarter of 2008, the real value of sales of stores affiliated to ANTAD grew 4.2 percent in annual terms.
  - ✓ In July 2008, gross fixed capital investment grew 12.3 percent in real annual terms.
  - ✓ During the third quarter of 2008, the nominal US dollar value of total exports grew by 12.1 percent in annual terms. Oil related exports increased 32.3 percent, while



agricultural, mining and manufacturing exports increased 41.7, 10.5 and 7.5 percent, respectively. Imports of goods posted an annual increase of 16.8 percent; capital, consumer and intermediate goods imports grew 24.9, 21.4 and 14.6 percent, respectively.

By the end of September 2008, the number of workers registered at the IMSS was 14 million 440 thousand 764 people, implying an expansion of 233 thousand 85 formal jobs (1.6 percent). During the year, 340,677 formal jobs have been created.

In September 2008, annual headline inflation was 5.47 percent, 0.21 percentage points higher than the one registered at the end of the second quarter of the year (5.26 percent).

During the third quarter of 2008, the stock market index (IPyC) of the Mexican Stock Market (BMV) maintained a downward trend, due to the volatility in global stock markets, higher risk aversion and the deterioration of global economic perspectives. By the end of the third quarter, the stock market index (IPyC) posted a 15.3 percent nominal decrease with respect to the closing value of June 2008, reaching 24,889 units.

The spot exchange rate was 10.95 pesos per USD on September 30<sup>th</sup>, which implied a nominal depreciation of 6.2 percent with respect to the closing value as of June 2008.

Banking credit to households and firms posted an increase of 11.3 percent in real annual terms in August (a Ps. 235.3 billion expansion in flow terms). At a more disaggregated level, credit for housing, firms and individuals with entrepreneurial activities grew 10.8 and 20.0 percent in real annual terms, respectively, while consumer credit increased 1.4 percent in real annual terms.<sup>2</sup>

### **Public Finances**

During the January-September period of 2008 the public balance recorded a surplus of Ps.139.9 billion, amount lower by 3.4 percent with respect to that observed during the same period in 2007 and consistent with the annual target of a balanced budget. The primary surplus up to September was Ps. 295.4 billion, amount Ps. 41.6 billion lower than the one registered in 2007.

The public sector's budgetary revenues were Ps. 2,073.1 billion, 11.5 percent higher in real terms than the ones registered in the January-September period of 2007. Budgetary revenues were of Ps. 146.4 billion higher with respect to the programmed calendar published on December 28, 2007 in the Official Gazette of the Federation, during January-September 2008.

---

<sup>2</sup> Since March 2008, statistics of credit to consumption have been affected due to the transfer of the loan portfolio of Banamex credit cards to the SOFOM "Banamex cards". The reported growth rate is adjusted by this operation.



Oil revenues increased 19.7 percent in real terms due to the following factors: an increase in the price of oil of 78.3 percent, a decrease in the oil export platform of 14.5 percent, a real increase of 59.2 percent in the value of imports, and the observed exchange rate appreciation of 7.9 percent in real terms. Non-oil tax revenues grew by 11.3 percent in real annual terms with respect to January-September of 2007. Worth noting are the real growth rates of 11.6, 10.0 and 5.9 percent in the Income Tax-Unique Rate Corporate tax, Value-Added Tax and taxes on imports, respectively. Revenues from public entities under budgetary control other than PEMEX had a real increase of 5.7 percent with respect to the previous year. The Federal Government's non-tax non-oil revenues were 26.3 percent lower, in real terms, than those observed in the same period of the previous year, mainly due to significantly higher non-recurrent revenues obtained in 2007.

During the January-September period of 2008 the net budgetary expenditures of the public sector totaled Ps. 1,940.5 billion, 13.2 percent higher in real terms compared with the amount observed in the same period of 2007. Programmable expenditures were Ps. 1,447.6 billion, which implies a 15.8 percent increase with respect to the January-September period of 2007. Regarding public sector expenditures during the first nine months of 2008, the following elements are worth highlighting:

- Expenditures channeled to social development were 7.9 percent higher in real terms with respect to the same period of 2007; worth noting are the real increases in social assistance expenditures, urbanization and housing, regional development and education (80.3, 16.2 and 9.0 percent in real terms, respectively).
- Expenditures on economic development increased 29.5 percent in real annual terms compared to the January-September period of 2007.
- Budgetary physical investment expenditures increased at a real annual rate of 23.5 percent, and physical investment fostered by the public sector grew by 14.4 percent in real annual terms.
- Federal resources transferred to states and municipalities through federal contributions, shared revenues, wage and economic provisions, agreements of decentralization and reallocations increased 16.3 percent in real terms. In particular, shared revenues increased 21.9 percent in real terms.
- Expenditures on personnel services grew 4.4 percent as a result of the increases in activities related with social security, order, security and justice, education and energy (42.4, 26.0, 4.7 and 9.6, percent respectively). Expenditures on other governmental activities increased only 2.9 percent in real terms.
- Pension expenditures registered a real increase of 4.4 percent with respect to the January-September period of 2007.
- The public sector's financing cost decreased 16.1 percent in real terms compared with the same period of last year. Worth noting is that from 2008, the concept of financial cost for state entities will be standardized to that of the Federal Government (interest on financial liabilities minus interest on available financial assets). The public sector's financing cost would be 4.3 percent lower if the effect of this measure is excluded.



Up to September, the ministries and entities of the Federal Public Administration saved up to Ps. 3.0 billion as a result of the Savings and Rationalization Measures for the 2008 fiscal year. This savings are maintained in the proposed Federal Expenditures Budget 2009.

Worth highlighting is that in the context of the Annual Evaluation Program of 2007, 103 evaluations of consistency and results and 13 design evaluations were concluded for 119 subsidy programs that are subject to operation rules. These results are embedded in the program improvements included in the proposed Federal Expenditures Budget for 2009. This will allow us to proceed towards a greater use of federal public resources based on efficiency, economy, efficacy, and quality criteria.

### **Public Debt**

The actions in terms of public debt management in the third quarter have been conducted following the guidelines established in the Annual Financing Plan 2008. At the domestic level, measures to strengthen real and nominal yield curves were implemented through the continuation of bonds and Unibonos repurchase programs.

The public debt structure constitutes an element of fortitude for the government finances because its composition in terms of rates, term and cost ensures an orderly evolution of public liabilities payments, thus avoiding pressures on government finances when disturbances in global financial markets occur. The public debt strategy has led to most of the debt being denominated in domestic currency, with a large part of it in fixed rates. Its maturity has increased considerably. Additionally, the ratio of external debt relative to GDP is at its lowest levels in recent economic history. Thus, fluctuations in the exchange rate have a marginal effect on the debt's financial cost.

By the end of the third quarter of 2008, the Federal Government's net debt balance was Ps. 2,284.7 billion, of which 84.5 percent corresponds to domestic debt and 15.5 percent to external debt. As a percentage of GDP, the Federal Government's debt stood at 18.5 percent (15.6 percentage points of GDP corresponds to domestic debt and 2.9 percentage points to external debt), an amount lower than the 18.9 percent level observed at the end of 2007.

Domestic net debt of the Federal Government at the end of the third quarter amounted to Ps. 1,931.7 billion, a level higher by Ps. 143.3 billion than the one at the end of 2007. This was the result of: a) Ps. 151.3 billion of net borrowing, b) an increase in Federal Government assets by Ps. 23.9 billion, and c) upward accounting adjustments by Ps. 15.9 billion, derived from the inflationary impact in indexed domestic debt.

The share of long-term fixed-rate Government securities increased from 54.2 percent at the end of 2007 to 58.9 percent at the end of the third quarter of 2008 and the average maturity of domestic debt increased by 0.82 years (298 days), from 5.59 to 6.41 years.



Press Release

Mexico City, October 30<sup>th</sup> 2008

At the end of the third quarter, the net external debt of the Federal Government stood at USD 32.7 billion (2.9 percent of GDP), USD 8.6 billion lower than at the end of 2007.

At the end of the third quarter of 2008, the Federal Public Sector's net debt -which includes debt from the Federal Government, Public Entities under Direct Budgetary Control and the Development Banks- stood at 17.0 percent of GDP, 0.4 percentage points lower than the one at the end of 2007. Domestic debt stood at 15.1 of GDP, 0.9 percentage points higher than the one observed at the end of 2007. The ratio of net external debt to GDP was 1.9 percent, 1.3 percentage points lower than the one observed at the end of 2007.

At the end of the third quarter of 2008, the Historical Balance of the Public Sector's Borrowing Requirements, the broadest definition of the Public Sector's liabilities, was Ps. 3,577.2 billion, amount equivalent to 29.0 percent of GDP, which is 0.8 GDP percentage points lower than the one at the end of 2007.



## ANNEX

PUBLIC SECTOR OVERALL BALANCE (Million pesos)					
Concept	January-September		Real % Growth	Composition %	
	2007 <sup>p./</sup>	2008 <sup>p./</sup>		2007	2008
<b>PUBLIC BALANCE (I+II)</b>	<b>138,205.7</b>	<b>139,852.8</b>	<b>-3.4</b>		
I. Budgetary Balance (a-b)	138,977.5	132,551.7	-9.0		
a) Budgetary Revenues	1,774,577.7	2,073,010.7	11.5	100.0	100.0
Oil related	607,993.5	762,534.1	19.7	34.3	36.8
Federal Government	372,351.3	572,691.5	46.8	21.0	27.6
PEMEX	235,642.1	189,842.6	-23.1	13.3	9.2
Non-oil related	1,166,584.2	1,310,476.6	7.2	65.7	63.2
Federal Government	874,130.9	986,568.2	7.7	49.3	47.6
Tax	791,349.9	922,660.1	11.3	44.6	44.5
Non-tax	82,781.0	63,908.1	-26.3	4.7	3.1
PEDBC	292,453.3	323,908.4	5.7	16.5	15.6
b) Net Budgetary Expenditures	1,635,600.2	1,940,459.0	13.2	100.0	100.0
Programmable	1,193,154.3	1,447,616.6	15.8	72.9	74.6
Non programmable	442,445.8	492,842.4	6.3	27.1	25.4
II. PEIBC	-771.8	7,301.1	n.s.		
Primary Balance	321,721.1	295,409.5	-12.4		

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

n.s.: not significant

Source: Ministry of Finance and Public Credit.



**PUBLIC SECTOR REVENUES**  
(Million pesos)

Concept	January-September		Real % growth	Composition %	
	2007 <sup>p./</sup>	2008 <sup>p./</sup>		2007 <sup>p./</sup>	2008 <sup>p./</sup>
<b>BUDGETARY REVENUES (I+II)</b>	<b>1,774,577.7</b>	<b>2,073,010.7</b>	<b>11.5</b>	<b>100.0</b>	<b>100.0</b>
I. Oil related (a+b)	607,993.5	762,534.1	19.7	34.3	36.8
a) PEMEX	235,642.1	189,842.6	-23.1	13.3	9.2
b) Federal Government	372,351.3	572,691.5	46.8	21.0	27.6
Rights and royalties on oil products	404,201.4	745,738.1	76.1	22.8	36.0
Excise taxes	-34,951.3	-176,697.2	n.s.	-2.0	-8.5
Tax on Downstream Returns	3,101.2	3,650.6	12.4	0.2	0.2
II. Non-oil related (c+d)	1,166,584.2	1,310,476.6	7.2	65.7	63.2
c) Federal Government	874,130.9	986,568.2	7.7	49.3	47.6
Tax	791,349.9	922,660.1	11.3	44.6	44.5
Income Tax and IETU	400,350.0	468,082.6	11.6	22.6	22.6
Income tax	388,128.6	428,612.8	5.4	21.9	20.7
IMPAC	12,221.4	1,834.4	-85.7	0.7	0.1
IETU (Unique Rate Corporate Tax)	0.0	37,635.4	n.a.	0.0	1.8
VAT	307,011.1	353,666.0	10.0	17.3	17.1
Excise taxes	31,194.4	34,625.0	6.0	1.8	1.7
Import taxes	22,975.9	25,482.5	5.9	1.3	1.2
IDE (Tax on cash deposits) <sup>1./</sup>	0.0	7,996.7	n.a.	0.0	0.4
Others <sup>2./</sup>	29,818.5	32,807.4	5.0	1.7	1.6
Non-tax	82,781.0	63,908.1	-26.3	4.7	3.1
Rights	19,294.2	22,424.3	10.9	1.1	1.1
Fees	58,364.4	36,601.4	-40.1	3.3	1.8
Others	5,122.4	4,882.4	-9.0	0.3	0.2
d) PEDBC <sup>3./</sup>	292,453.3	323,908.4	5.7	16.5	15.6
<b>Memorandum items:</b>					
Total tax related	759,499.8	749,613.5	-5.8	42.8	36.2
Total non-tax related	1,015,077.9	1,323,397.2	24.5	57.2	63.8

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

n.s: not significant, n.a.: not available

1./ Does not discount accreditations by contributors to whom financial institutions retained this tax. These accreditations are discounted, in particular income tax.

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

3./ Excludes Federal Government transfers to ISSSTE.

Source: Ministry of Finance and Public Credit.



**BUDGETARY REVENUES, JANUARY-SEPTEMBER OF 2008**  
(Million Pesos)

	Programmed	Observed <sup>p_/</sup>	Difference
<b>TOTAL (I+II)</b>	<b>1,926,642.8</b>	<b>2,073,010.7</b>	<b>146,367.9</b>
I. Oil related (a+b)	646,768.8	762,534.1	115,765.3
a) PEMEX	235,065.2	189,842.6	-45,222.6
b) Federal Government	411,703.6	572,691.5	160,987.9
Rights and royalties on oil products	405,076.8	745,738.1	340,661.3
Excise taxes	2,880.1	-176,697.2	-179,577.3
Tax on Downstream Returns	3,746.7	3,650.6	-96.1
II. Non-oil related (c+d)	1,279,874.0	1,310,476.6	30,602.6
c) Federal Government	974,940.6	986,568.2	11,627.6
Tax	927,086.1	922,660.1	-4,426.0
Income Tax and IETU	504,958.1	468,082.6	-36,875.5
Income tax	453,725.8	428,612.8	-25,113.0
IMPAC	741.5	1,834.4	1,092.9
IETU (Unique Rate Corporate Tax)	50,490.8	37,635.4	-12,855.4
VAT	338,779.6	353,666.0	14,886.4
Excise taxes	34,104.3	34,625.0	520.7
Import taxes	17,592.6	25,482.5	7,889.9
IDE (Tax on cash deposits) <sup>1_/</sup>	1,137.1	7,996.7	6,859.6
Others <sup>2_/</sup>	30,514.4	32,807.4	2,293.0
Non-tax	47,854.5	63,908.1	16,053.6
Rights	9,317.3	22,424.3	13,107.0
Fees	33,525.5	36,601.4	3,075.9
Others	5,011.7	4,882.4	-129.3
d) PEDBC <sup>3_/</sup>	304,933.4	323,908.4	18,975.0
<b>Memorandum items:</b>			
Total tax related	933,712.9	749,613.5	-184,099.4
Total non-tax related	992,929.9	1,323,397.2	330,467.3

Note: Figures may not add up due to rounding.

p\_/ Preliminary figures.

1\_/ Does not discount accreditations by contributors to whom financial institutions retained this tax. These accreditations are discounted, in particular income tax.

2\_/ Includes new vehicle, vehicle property, luxury goods and services and other.

3\_/ Excludes Federal Government transfers to ISSSTE.

Source: Ministry of Finance and Public Credit.



Press Release

Mexico City, October 30<sup>th</sup> 2008

PUBLIC SECTOR BUDGETARY EXPENDITURES					
(Million pesos)					
Concept	January- September		Real % Growth	Composition %	
	2007p_/	2008 p_/		2007p_/	2008 p_/
<b>TOTAL (I+II)</b>	1,635,600.2	1,940,459.0	13.2	100.0	100.0
I. Primary expenditures (a+b)	1,465,353.3	1,790,819.8	16.7	89.6	92.3
a) Programmable	1,193,154.3	1,447,616.6	15.8	72.9	74.6
b) Non-programmable	272,198.9	343,203.2	20.4	16.6	17.7
II. Financing Cost <sup>1_/</sup>	170,246.9	149,639.2	-16.1	10.4	7.7

Note: Figures may not add up due to rounding.

p\_/ Preliminary figures.

<sup>1\_/</sup> Includes interests, commissions and other public debt expenditures associated to debt support programs.

Source: Ministry of Finance and Public Credit.



Press Release

Mexico City, October 30<sup>th</sup> 2008

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

CONCEPT	Outstanding as of			% of GDP			Structure ( % )		
	Dec. 06	Dec. 07	Sep. 08 <sup>p_</sup>	Dec. 06	Dec. 07	Sep 08	Dec. 06	Dec 07	Sep. 08
<b>DOMESTIC DEBT :</b>									
NET (Mill. pesos)	1,547,112.1	1,788,339.0	1,931,661.4	14.5	15.1	15.6	78.1	79.9	84.5
GROSS (Mill. pesos)	1,672,782.4	1,896,260.8	2,063,458.4	15.6	16.0	16.7	78.6	80.5	82.5
<b>EXTERNAL DEBT:</b>									
NET (Million USD)	39,806.6	41,281.4	32,713.9	4.0	3.8	2.9	21.9	20.1	15.5
GROSS (Million USD)	41,936.3	42,251.4	40,515.9	4.3	3.9	3.5	21.4	19.5	17.5
<b>TOTAL DEBT:</b>									
NET (Million pesos)	1,980,247.7	2,236,911.0	2,284,706.5	18.5	18.9	18.5	100.0	100.0	100.0
(Million USD)	181,991.3	205,859.5	211,705.7						
GROSS (Million pesos)	2,129,091.3	2,355,373.0	2,500,701.9	19.9	19.9	20.2	100.0	100.0	100.0
(Million USD)	195,670.6	216,761.4	231,720.3						

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

The Net Debt results from subtracting the Federal Government's financial assets from the Gross Debt.

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

p\_ / Preliminary

Source: Ministry of Finance and Public Credit.



Press Release

Mexico City, October 30<sup>th</sup> 2008

**FEDERAL GOVERNMENT DOMESTIC DEBT, JANUARY-SEPTEMBER <sup>\*\_/</sup>**  
**(Million pesos)**

Concept	Outstanding December 2007	Indebtedness			Adjustments <sup>1_/</sup>	Outstanding September 2008 <sup>p_/</sup>
		Disp.	Amort.	Net		
<b>Net Domestic debt balance</b>	<b>1,788,339.0</b>					<b>1,931,661.4</b>
Assets <sup>2_/</sup>	107,921.8					131,797.0
<b>Gross Domestic debt balance</b>	<b>1,896,260.8</b>	<b>1,185,390.4</b>	<b>1,034,132.5</b>	<b>151,257.9</b>	<b>15,939.7</b>	<b>2,063,458.4</b>
Government Securities	1,795,833.3	1,044,814.1	903,873.6	140,940.5	12,438.7	1,949,212.5
Cetes	340,453.7	731,055.6	745,302.6	-14,247.0	0.0	326,206.7
Bondev	137,509.1	0.0	64,809.1	-64,809.1	0.0	72,700.0
Bondev "D"	187,490.3	20,700.0	34,103.4	-13,403.4	0.0	174,086.9
Fixed rate development bonds	895,052.9	230,933.2	57,429.4	173,503.8	2,102.2	1,070,658.9
Udibonos	235,327.3	62,125.3	2,229.1	59,896.2	10,336.5	305,560.0
<i>Udibonos udi's</i>	<i>59,834.3</i>	<i>15,525.0</i>	<i>562.5</i>	<i>14,962.5</i>	<i>60.9</i>	<i>74,857.7</i>
S.A.R. saving funds	62,937.8	137,598.7	124,279.8	13,318.9	2,538.6	78,795.3
Siefos (pesos)	879.2	11.4	424.4	-413.0	24.4	490.6
<i>Siefos udi's</i>	<i>223.5</i>	<i>2.9</i>	<i>106.2</i>	<i>-103.3</i>	<i>0.0</i>	<i>120.2</i>
Others	36,610.5	2,966.2	5,554.7	-2,588.5	938.0	34,960.0

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

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

p\_/ Preliminary..

1\_/ Adjustment for inflation. For the Fixed rate development bonds concept it refers to the debt exchange adjustment. For the Udibonos concept it includes an adjustment by Ps. 241.4 million for exchange debt.

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

Source: Ministry of Finance and Public Credit



Press Release

Mexico City, October 30<sup>th</sup> 2008

**FEDERAL GOVERNMENT EXTERNAL DEBT, JANUARY-SEPTEMBER\*<sub>✓</sub>**  
**(Million USD)**

Concept	Outstanding December 2007	Indebtedness			Adjustments	Outstanding June 2008 <sup>p<sub>✓</sub></sup>
		Disp.	Amort.	Net		
<b>Net Debt</b>	<b>41,281.4</b>					<b>32,713.9</b>
Assets <sup>1<sub>✓</sub></sup>	970.0					7,802.0
<b>Gross Debt</b>	<b>42,251.4</b>	<b>1,975.6</b>	<b>3,649.1</b>	<b>-1,673.5</b>	<b>-62.0</b>	<b>40,515.9</b>
Capital Markets	35,352.3	1,500.0	3,257.2	-1,757.2	-81.4	33,513.7
IFI'S	6,622.7	475.6	380.3	95.3	20.7	6,738.7
Bilateral Credit	199.9	0.0	11.6	-11.6	-1.3	187.0
Others	76.5	0.0	0.0	0.0	0.0	76.5

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

\*<sub>✓</sub> Figures subject to revisions due to changes and methodological modifications..

p<sub>✓</sub> Preliminary

1<sub>✓</sub> 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



Press Release

Mexico City, October 30<sup>th</sup> 2008

### FEDERAL PUBLIC SECTOR DEBT, SEPTEMBER <sup>\* /</sup>

CONCEPT	Outstanding as of			% of GDP			Structure ( % )		
	Dec. 06	Dec. 07	Sep. 08 <sup>P /</sup>	Dec. 06	Dec. 07	Sep. 08	Dec. 06	Dec. 07	Sep. 08
<b>DOMESTIC DEBT :</b>									
NET (Mill. pesos)	1,471,714.9	1,686,787.0	1,872,853.0	13.8	14.2	15.1	74.1	81.8	89.0
GROSS (Mill. pesos)	1,741,407.6	1,957,992.3	2,178,255.6	16.3	16.6	17.6	74.5	76.5	78.3
<b>EXTERNAL DEBT:</b>									
NET (Mill. USD)	47,247.2	34,532.5	21,442.3	4.8	3.2	1.9	25.9	18.2	11.0
GROSS (Mill. USD)	54,766.3	55,354.9	55,922.7	5.5	5.1	4.9	25.5	23.5	21.7
<b>TOTAL DEBT: <sup>1 /</sup></b>									
NET (Million pesos)	1,985,812.1	2,062,023.8	2,104,256.0	18.6	17.4	17.0	100.0	100.0	100.0
(Million USD)	182,502.7	189,765.0	194,984.8						
GROSS (Million pesos)	2,337,319.7	2,559,489.7	2,781,767.8	21.8	21.7	22.5	100.0	100.0	100.0
(Million USD)	214,807.4	235,546.0	257,764.4						

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

The Net Debt results from subtracting the Federal Government's financial assets from the Gross Debt., public entities and Development Banks assets.

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

P / Preliminary.

1 / Includes liabilities from the Federal Government, PEDBC's and Development Banks.

Source: Ministry of Finance and Public Credit.



Press Release

Mexico City, October 30<sup>th</sup> 2008

**FEDERAL PUBLIC SECTOR DOMESTIC DEBT, JANUARY-SEPTEMBER<sup>1/</sup>**  
**(Million pesos)**

Concept	Outstanding Dec. 2007	Indebtedness			Adjusts	Outstanding Sep. 2008
		Disp.	Amort.	Net		
<b>1. Net Debt (3-2)</b>	<b>1,686,787.0</b>					<b>1,872,853.0</b>
2. Assets <sup>1/</sup>	271,205.3					305,402.6
<b>3. Gross Debt</b>	<b>1,957,992.3</b>	<b>1,352,212.5</b>	<b>1,171,950.8</b>	<b>180,261.7</b>	<b>40,001.6</b>	<b>2,178,255.6</b>
<b>Structure by Term</b>	<b>1,957,992.3</b>	<b>1,352,212.5</b>	<b>1,171,950.8</b>	<b>180,261.7</b>	<b>40,001.6</b>	<b>2,178,255.6</b>
Long-term	1,690,521.3	522,747.8	355,056.3	167,691.5	31,156.1	1,889,368.9
Short-term	267,471.0	829,464.7	816,894.5	12,570.2	8,845.5	288,886.7
<b>Structure by User</b>	<b>1,957,992.3</b>	<b>1,352,212.5</b>	<b>1,171,950.8</b>	<b>180,261.7</b>	<b>40,001.6</b>	<b>2,178,255.6</b>
Federal Government	1,896,260.8	1,185,390.4	1,034,132.5	151,257.9	15,939.7	2,063,458.4
Long-term	1,634,957.6	514,584.1	351,473.2	163,110.9	15,939.7	1,814,008.2
Short-term	261,303.2	670,806.3	682,659.3	-11,853.0	0.0	249,450.2
PEDBC's	21,120.1	32,041.0	12,464.7	19,576.3	-1,825.5	38,870.9
Long-term	21,120.1	0.0	124.9	-124.9	-1825.5	19,169.7
Short-term	0.0	32,041.0	12,339.8	19,701.2	0.0	19,701.2
Development Banks	40,611.4	134,781.1	125,353.6	9,427.5	25,887.4	75,926.3
Long-term	34,443.6	8,163.7	3,458.2	4,705.5	17,041.9	56,191.0
Short-term	6,167.8	126,617.4	121,895.4	4,722.0	8,845.5	19,735.3
<b>Structure by Source</b>	<b>1,957,992.3</b>	<b>1,352,212.5</b>	<b>1,171,950.8</b>	<b>180,261.7</b>	<b>40,001.6</b>	<b>2,178,255.6</b>
Bonds placed in the local market	1,835,828.8	1,174,579.5	1,029,214.1	145,365.4	38,330.0	2,019,524.2
SAR	62,937.8	137,598.7	124,279.8	13,318.9	2,538.6	78,795.3
Commercial Banks	974.5	28,515.7	8,138.0	20,377.7	-3.9	21,348.3
Others	58,251.2	11,518.6	10,318.9	1,199.7	-863.1	58,587.8

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

<sup>1/</sup> Figures subject to revisions due to changes and methodological modifications.

P\_/ Preliminary.

<sup>1/</sup> 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



Press Release

Mexico City, October 30<sup>th</sup> 2008

## DEUDA EXTERNA DEL SECTOR PÚBLICO FEDERAL, ENERO-SEPTIEMBRE <sup>1/</sup>

### (Millones de dólares)

Concept	Outstanding Dec. 2007	Indebtedness			Adjusts	Outstanding Sep. 2008 <sub>P_</sub>
		Disp.	Amort.	Net		
<b>1. Net Debt (3-2)</b>	<b>34,532.5</b>					<b>21,442.3</b>
2. Financial Assets Denominated in Foreign Currency <sup>1/</sup>	20,822.4					34,480.4
<b>3. Gross Debt</b>	<b>55,354.9</b>	<b>14,615.4</b>	<b>14,796.8</b>	<b>-181.4</b>	<b>749.2</b>	<b>55,922.7</b>
<b>Structure by Term</b>	<b>55,354.9</b>	<b>14,615.4</b>	<b>14,796.8</b>	<b>-181.4</b>	<b>749.2</b>	<b>55,922.7</b>
Long-term	54,435.0	5,899.9	7,372.6	-1,472.7	740.3	53,702.6
Short-term	919.9	8,715.5	7,424.2	1,291.3	8.9	2,220.1
<b>Structure by User</b>	<b>55,354.9</b>	<b>14,615.4</b>	<b>14,796.8</b>	<b>-181.4</b>	<b>749.2</b>	<b>55,922.7</b>
Federal Government	42,251.4	1,975.6	3,649.1	-1,673.5	-62.0	40,515.9
Long-term	42,251.4	1,975.6	3,649.1	-1,673.5	-62.0	40,515.9
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC's	7,857.3	7,934.6	5,741.1	2,193.5	778.4	10,829.2
Long-term	7,857.3	3,781.0	2,679.6	1,101.4	774.8	9,733.5
Short-term	0.0	4,153.6	3,061.5	1,092.1	3.6	1,095.7
Development Banks	5,246.2	4,705.2	5,406.6	-701.4	32.8	4,577.6
Long-term	4,326.3	143.3	1,043.9	-900.6	27.5	3,453.2
Short-term	919.9	4,561.9	4,362.7	199.2	5.3	1,124.4
<b>Structure by Source</b>	<b>55,354.9</b>	<b>14,615.4</b>	<b>14,796.8</b>	<b>-181.4</b>	<b>749.2</b>	<b>55,922.7</b>
Publicly Place Bonds	36,964.0	1,500.0	3,399.7	-1,899.7	-64.1	35,000.2
IFI'S	9,154.7	514.5	1,017.4	-502.9	23.4	8,675.2
Bilateral	2,932.6	552.4	495.0	57.4	23.2	3,013.2
Commercial Banks	1,553.5	7,895.1	6,823.2	1,071.9	7.5	2,632.9
Restructured	76.5	0.0	0.0	0.0	0.0	76.5
Pidiregas	4,673.6	4,153.4	3,061.5	1,091.9	759.2	6,524.7

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.

Source: Ministry of Finance and Public Credit

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