MEXICO

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MINISTRY OF FINANCE

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Quarterly Report on Public Finances and Public Debt Third Quarter of 2004

- **The Mexican economic recovery strengthened during the third quarter of 2004. GDP is estimated to have grown approximately 4.0 percent in real annual terms with respect to the same quarter in 2003.**
- **More than 137 thousand non-agricultural formal sector jobs were added to payrolls in these three months, according to the records in the Mexican Institute of Social Security. As a result, 361 thousand non-farm formal sector jobs have been created during the first nine months of the year, and considering the payroll gains in October, more than 459 thousand jobs have been added in the year.**
- **The public sector registered a surplus of Ps. 79.9 billion, and a primary surplus of Ps. 242.9 billion, in the first three quarters of 2004.**
- **Budgetary fixed capital investment increased 10.8 percent in real annual terms in the first three quarters of the year. Furthermore, the public sector's overall fixed capital investment, which includes those projects financed by the private sector through Pidiregas, grew 7.9 percent in real annual terms.**
- **With the information available up to September and the annual excess revenue estimates, for the year as a whole, a total of Ps. 15.7 billion pesos will be channeled to State government's programs and infrastructure projects. This is in conformity with Article 23(j) of the Federation's Expenditure Decree for 2004.**
- **The Federal Government will pre-pay 13 outstanding loans to the World Bank, as well as 2 loans from the International Fund for Agricultural Development (FIDA) with the US $ 500 million obtained in the August bond re-issuance and the accumulated liquidity. These loans had a combined outstanding balance in excess of US $ 500 million.**

1. *Macroeconomic Update*

1.1. *Economic Activity*

- The Mexican economic recovery strengthened in the third quarter of 2004. A variety of factors have generated the upturn. Among these, the following are worth highlighting: (1) The rebound of private capital expenditure, particularly in machinery and equipment; (2) the vigor of private consumption; and, (3) the favorable performance in US manufacturing activity.

- The recent performance of several economic indicators foresees that GDP grew approximately 4.0 percent in real annual terms during the third quarter of the year with respect to the same quarter in 2003.

- The following macroeconomic indicators underlie the growth expectation for the third quarter of 2004:

  - Total exports in US dollars expanded at an annual rate of 16.3 percent in the third quarter. Manufacturing exports increased 13.8 percent and oil related exports grew 35.1 percent.

  - Gross Fixed Capital Formation expanded at a 7.0 percent real annual rate in June. This was the eighth consecutive month with positive year on year real growth rates. In seasonally adjusted monthly terms, capital expenditures grew 1.8 percent, which implies an annualized growth of 23.9 percent.

  - The economy's expansion was balanced between industry and services in July and August. Industrial and services production increased 4.6 and 4.5 percent in real annual terms in the first two months of the third quarter of 2004. In contrast, agricultural real production declined 1.3 percent in this same period, due to the negative effect of weather on several crops.

  - Manufacturing production increased 5.1 percent in real annual terms in those same two months. The expansion of the manufacturing industry was due to the 10.1 and 4.6 percent growth in the maquiladora and non-maquiladora manufacturing firms, respectively.

  - The construction sector remained sturdy. In particular, housing, schools, industrial complex, commercial and services buildings, hospitals, and public infrastructure works in transportation had a significant positive impact on the sector. As a result, in the July-August period, construction sector output increased 4.6 percent in real annual terms. In seasonally adjusted terms construction activity increased 1.1 percent in this two months, this implies an annualized increase of 6.8 percent.

  - In July-August, the IGAE index, that serves as a GDP proxy, grew at an annual rate of 4.2 percent. As a result, during the first eight months of the year IGAE accumulated a growth rate of 4.0 percent.

  - The positive trend of formal sector employment continues. During the third quarter, 137,208 formal jobs were created according to employees registered with the Mexican Institute of Social Security (IMSS). Affiliates to the IMSS increased by 361,230 during the first nine months of 2004. Considering the payroll gains in October more than 459,232 jobs have been added in the year, the best employment figure recorded in the past four years.

  - Domestic sales benefited for the balanced economic recovery and the improvement in employment figures. The National Association of Retail Stores (ANTAD) reported that during the third quarter sales increased 10.0 percent in annual terms. During the July-August period, the figures published by INEGI state that wholesale and retail store sales increased 9.9 and 4.5 percent, respectively.

- Trade and current accounts remain at sustainable levels which have been more than matched by long-term capital inflows. The third quarter's trade balance deficit was US $2.1 billion, and the current account deficit reached US $ 2.3 billion in the first semester of 2004. The current account deficit in the first-half of 2004 is substantially lower than the Foreign Direct Investment (FDI) inflow of the same period, US $10.3 billion. In annual terms, FDI increased 55.4 percent over the first half of 2003.

1.2. Inflation and financial markets

- External conditions increased consumer price inflation in Mexico during the third quarter of 2004. The raise in international prices for energy, commodities, and agricultural products pushed domestic prices up. Therefore, several prices not included in core inflation have contributed to maintain headline inflation above the inflation target. At the end of the third quarter of 2004, annual consumer price inflation reached 5.06 percent, while annual core inflation was 3.76 percent.

- Domestic financial markets adjusted to the restrictive monetary policy implemented during the third quarter of 2004, both within and outside Mexico. Short-term domestic interest rates increased more than 70 basis points in the third quarter, with respect to the previous quarter's average. Long-term interest rates registered smaller increases due to expectations of a global economic slowdown and the perception that the pickup in inflation is transitory.

- Domestic financial indicators reflect the favorable perception of the Mexican economy and the favorable financing conditions available for emerging markets. Stock prices in the Mexican Stock Exchange increased, as a result of the favorable performance and expectations of a positive outlook for the corporations listed. The Mexican stock price index (IPyC) grew over 6.5 percent in the third quarter. Additionally, country risk, measured by sovereign bond spreads, declined 25 basis points during the third quarter, and was lower than the level observed at the end of 2003. The peso-dollar exchange rate stood at 11.38 at the end of September; strengthening 1.2 percent during the third quarter of 2004.

- The macroeconomic stability achieved, and changes to the financial system's legal framework have contributed to the deepening of domestic financial markets. As a result, domestic savings have increased and credit availability for households and firms has expanded. Corporate financing through medium and long term certificados bursátiles issuance increased during the third quarter, after slowing in the previous quarter. In the same period, commercial bank financing to households increased over 40 percent for consumption, while mortgage financing increased more than 15 percent, both in real annual terms.

2. Public Finances

- During the first nine months of the year, the public sector balance registered a surplus of Ps. 79.9 billion pesos, 68.8 percent higher than that registered in the same period of 2003.

- Additionally, in the first nine months of the year the primary surplus was Ps. 242.9 billion, which implies a real annual increase of 12.3 percent. These figures mainly result from the increase in the price of oil in international markets.

2.1 Public sector revenues

- Budgetary revenues of the public sector totaled Ps. 1,309.5 billion, 5.0 percent higher in real terms than those obtained up to the third quarter of the previous year. In this way, budgetary revenues exceeded the projections published in the Official Gazette on January 30th, 2004 by Ps. 94.8 billion. Out of this total, Ps. 86.6 billion resulted from oil related revenues, Ps. 11.8 billion come from revenues of public entities under direct budgetary control other than PEMEX, and Ps. 144 million were non-oil related tax revenues; partially offset by a decline in the Federal Government's non-tax revenues of Ps. 3.5 billion.
- It is worth pointing out that royalties for infrastructure projects (Aprovechamientos para Obras de Infraestructura, AOI) totaled Ps. 12.6 billion. These revenues were transferred to PEMEX in accordance with Article 7 Fraction XI of the Federation's Revenues Law for 2004.
- Similarly, with the information available up to September and the annual net excess revenue estimates, for the year as a whole, the revenues channeled to Federal Entities for programs and infrastructure projects totaled Ps. 15.7 billion pesos, as established by Article 23 (j) of the Federation's Expenditure Decree for 2004. Up to September, Ps. 8.2 billion had already been transferred to the Trust for Infrastructure in States (Fideicomiso para Infraestructura en los Estados, FIES). Additionally, Ps. 4 billion were channeled in October, and the additional Ps. 3.5 billion will be deposited in the coming days.
- Oil related revenues increased 14 percent in real terms, due to the increase in international oil prices, and larger oil-export volumes. Non-oil related tax revenues increased 0.5 percent. Within these, VAT collection increased 6.0 per cent in real annual terms, while import tax collections increased 2.2 per cent in real terms.

2.2. Public sector expenditures

- During the first nine months of 2004, expenditure policies focused on supporting social and human development programs, as well as fostering productive activities. These goals were achieved within a prudent and disciplined fiscal stance. Expenditure policies continued to be carried out under rationalization and efficiency criteria, due to the limited availability of resources.
- As established in Article 30 of the Expenditure Decree, savings and austerity measures were implemented in administrative expenses, as well as in information and communication expenses as established by Article 31 of the decree. As a result of the Special Program to Reduce Costs and Downsize Administrative Structures, savings of Ps. 3.8 billion were achieved up to the ninth month of the year. This savings represent 83.6 percent of the annual targeted amount. Additionally, expenditures related to information and communications were cut by Ps. 424 million, which is equivalent to 98.6 percent of the target for the ongoing year.

- It is important to highlight that these programs have been implemented without adversely affecting priority programs in education, healthcare, social security, social and productive infrastructure, public security and justice procurement and administration.
- In this context, total expenditures carried out by the budgetary public sector by September 2004 totaled Ps. 1,234.1 billion, 2.9 percent higher in real terms than the amount reported for the first nine months of 2003. Primary expenditures, defined as total expenses excluding financing costs, reached Ps. 1,075.7 billion, which implies a 3.8 real increase over the same period of 2003.
- Within primary expenditures, those channeled through federal entities and municipalities through transfers (items 25 and 33), decentralized expenditure agreements (item 39), and the Program to Support the Strengthening of Federal Entities (PAFEF), which includes the State Infrastructure Trust Fund (FIES) increased 6.3 percent in real annual terms. Similarly, within programmable expenditures it is important to emphasize the 8.0 percent real increase of expenses destined for social development.
- Budgetary fixed capital investment increased 10.8 percent in real annual terms in the first three quarters of the year. Furthermore, the public sector's overall fixed capital investment, which includes those projects financed by the private sector through Pidiregas, increased 7.9 percent in real annual terms.1.
- Social investment increased 8.2 per cent. This concept includes all programmable expenditures that increase society's physical and human capital, as well as those that improve the quality of public services, including the payrolls of teachers, nurses, police and armed forces, and infrastructure and subsidies which improve the living standards of the population.
- Expenditures on public employees' wages increased 1.4 per cent in real annual terms in the first nine months of the year. This growth is explained by the resources destined to education, health, social security, energy, and national sovereignty. The rest of the government's functions have decreased their public employees' wage expenditures in 14.8 per cent.
- Finally, the financial cost of the public sector decreased 3.0 per cent in the first nine months of the year with respect to the same period a year earlier. This reduction is the result of lower interest rates than in the first three quarters of 2003.

3. ***Public Debt***

- At the end of the third quarter of 2004, the net public debt balance represented 26.2 percent of GDP. This figure is one percentage point higher than the amount registered at the end of 2003. The variation is due to the following factors:
  a) An increase in the net external debt balance of 0.5 percentage points of GDP with respect to the end of 2003; which is mainly explained by the 1.6 percent depreciation of

[1] New concepts of budgetary capital expenditure and total public capital expenditures were introduced in the Ministry of Finance's First Quarter Report on Public Finances 2004. These changes had the objective of reflecting the impact of public programs on society's productive assets, independently of them being publicly or privately-owned. This report shows results based on the former and the new methodologies with the objective of maintaining comparability with the figures reported a year earlier.

the peso with respect to the dollar in this nine month period, as well as a decline in the Federal Government's financial assets abroad, pre-financing of an important part of debt maturing in 2005, and upward accounting adjustments. Excluding the impact of the exchange rate movement, the net external debt to GDP ratio would have increased by 0.3 percent.

b) A 0.5 percentage point of GDP increase in the net domestic debt to GDP ratio, compared with the level registered at the end of 2003. As previously announced, in accordance with the Federation's Revenue Law for 2004, all of the Federal Government's deficit will be financed in the domestic market.

- At the end of the third quarter of the year, the net external debt balance was US $ 79.6 billion, US $2.5 billion higher than that registered at the end of 2003. This resulted from debt prepayments of US $ 504.2 million, upward accounting adjustments of US $ 1.4 billion, and a US $ 1.6 billion decline in the Federal Government's financial assets abroad.
- In the same period, the net domestic debt balance of the Federal Government was Ps. 970.3 billion, Ps. 43.2 billion higher than the amount recorded at the end of the previous year. (Ps. 927.1 billion). This increase is due to a) net borrowings of Ps. 68.9 billion, b) an increase in the Federal Government's financial assets of Ps. 29.7 billion, c) upward accounting adjustments to inflation indexed debt of Ps. 4.1 billion.
- Among the external debt management operations carried out in the quarter it is worth highlighting the following:
  - o The 2009 floating rate bond which had been issued in January, was reopened to place an additional US $ 500 million in August. This transaction was carried out under extremely favorable conditions for the Federal Government, as estimates suggest that the yield to maturity for the additional placement will be equivalent to a fixed rate of 4.40 percent, which compares favorably to the 4.80 percent estimated yield of the original issuance.
  - o It is important to highlight that the resources obtained in this operation, and the Federal Government's accumulated liquidity will be used to prepay 13 outstanding loans to the World Bank with a balance of over US $ 500 million, as well as 2 loans from the International Fund for Agricultural Development, which have outstanding balance of US $ 9 million.
  - o In the month of September, the Federal Government placed a global bond totaling US $ 1.5 billion. The bond has a 30 year maturity (September 2034), and pays a fixed rate of 6.75 percent. The estimated yield to maturity is 6.878 percent, which represents a 210 basis point spread over US Treasury bonds. The yield paid by this issue is the lowest ever by a 30 year bond issued by the Federal Government.
- The total amount issued by the Federal Government in international capital markets during the period January-September 2004 is US $ 6.8 billion. From the total amount issued, US $ 5.3

billion were used to refinance liabilities that matured in 2004 as well as for liability management transactions, the remaining US $ 1.5 billion is pre-financing for 2005.

- The weighted average yield of the Federal Government's issuance in the first nine months of 2004 is 175 basis points higher than US Treasury yields, this is 61 basis points lower than in the same period of 2003. These lower yields were achieved even though the weighted average maturity of this issuance is 20.1 years, 7.7 years longer than that of the same period of 2003.

- Regarding domestic debt, the Federal Government's strategy continues to focus on promoting the development of the domestic market. This strategy has resulted in a larger share of issues with a maturity of one or more years and an increase in the share of fixed interest rate debt from 14.5 percent in 2000 to 44.1 percent at the end of the third quarter of 2004. Accordingly, the average maturity of government securities increased by 118 days, going from 907 days at the end of 2003, to 1,025 days at the end of the reporting period.

- The Federal Government announced the government securities issuance calendar that will be valid for the fourth quarter of the year. This calendar will be consistent with the net indebtedness ceiling established in the Federation's Revenues Law for 2004, which is consistent with the public deficit target of 0.3 percent of GDP.

- The issuance calendar for the fourth quarter is consistent with the domestic debt strategy for 2004, which was presented at the beginning of the year. The four pillars of this strategy are: 1) decrease financing costs, 2) increasing the average maturity, 3) reducing public finance vulnerability to interest rate shocks, and 4) reducing the impact of external disturbances on international market liquidity.

- Regarding the debt of Mexico City, it is important to mention that a decline in net indebtedness of Ps. 1.5 billion took place. The City's indebtedness ceiling for the year is Ps. 500 million.

For more details on public finance and public debt statistics, please refer to the Ministry of Finance's web page:

http://shcp.gob.mx/english/index.html

Annex A. Public Finances

Public Sector Overall Balance **Millions of pesos**

	January-September		Real %	Composition %	
	2003	2004 p_/	growth	2003	2004 p_/
Overall Public Balance (I+II)	**45,327.5**	**79,932.0**	**68.8**		
I. Budgetary Balance (a-b)	45,343.3	75,343.7	59.1		
a) Revenues	1,193,864.2	1,309,482.9	5.0	100.0	100.0
Oil related	388,160.1	462,195.7	14.0	32.5	35.3
Federal Government	267,178.9	314,085.3	12.5	22.4	24.0
Pemex	120,981.2	148,110.5	17.2	10.1	11.3
Non-oil related	805,704.1	847,287.1	0.7	67.5	64.7
Federal Government	593,324.6	623,398.5	0.6	49.7	47.6
Tax	520,588.1	546,721.1	0.5	43.6	41.8
Non-tax	72,736.5	76,677.4	0.9	6.1	5.9
PEDBC 1_/	212,379.5	223,888.7	0.9	17.8	17.1
b) Expenditures	1,148,520.9	1,234,139.2	2.9	100.0	100.0
Programmable	803,270.9	861,981.4	2.7	69.9	69.8
Non programmable	345,250.0	372,157.8	3.2	30.1	30.2
II. PEIBC 2_/	-15.8	4,588.3	n.a.		
Primary Balance	207,150.2	242,939.6	12.3		

Note: Figures may not add up due to rounding.
n.a. not applicable
p_/ Preliminary figures.
Source: Ministry of Finance and Public Credit.

Annex A. Public Finances (cont.)

Public Sector Revenues — **Millions of pesos**

	January-September		Real %	Composition %	
	2003	2004 p_/	growth	2003	2004 p_/
Total (I+II)	**1,193,864.2**	**1,309,482.9**	**5.0**	**100.0**	**100.0**
I. Oil related	388,160.1	462,195.7	14.0	32.5	35.3
a) PEMEX	120,981.2	148,110.5	17.2	10.1	11.3
b) Federal Government	267,178.9	314,085.3	12.5	22.4	24.0
Rights and Royalties on oil related products	200,314.1	268,435.3	28.3	16.8	20.5
Excise taxes	66,864.8	45,650.0	-34.6	5.6	3.5
II. Non oil related	805,704.1	847,287.1	0.7	67.5	64.7
c) Federal Government	593,324.6	623,398.5	0.6	49.7	47.6
Tax	520,588.1	546,721.1	0.5	43.6	41.8
Income tax	261,819.8	269,763.4	-1.4	21.9	20.6
VAT	190,895.5	211,289.5	6.0	16.0	16.1
Excise taxes	22,864.4	24,034.1	0.6	1.9	1.8
Import taxes	19,322.0	20,635.8	2.2	1.6	1.6
Others 1_/	25,686.3	20,998.2	-21.7	2.2	1.6
Non-tax	72,736.5	76,677.4	0.9	6.1	5.9
Rights	14,683.5	12,618.0	-17.7	1.2	1.0
Fees	54,085.8	60,115.9	6.4	4.5	4.6
Others	3,967.3	3,943.6	-4.9	0.3	0.3
d) PEDBC 2_/	212,379.5	223,888.7	0.9	17.8	17.1
Memorandum items:					
Total tax related	587,452.9	592,371.1	-3.5	49.2	45.2
Total non-tax related	606,411.3	717,111.8	13.2	50.8	54.8

Note: Figures may not add up due to rounding.

p_/ Preliminary figures.

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

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

Source: Ministry of Finance and Public Credit.

Annex A. Public Finances (cont.)

Budgetary Revenues, January-September **Millions of pesos**

	Programmed	Observed p_/	Difference
Total (I+II)	**1,214,657.4**	**1,309,482.9**	**94,825.4**
I. Oil related	375,584.5	462,195.7	86,611.2
a) PEMEX	109,781.7	148,110.5	38,328.8
b) Federal Government	265,802.8	314,085.3	48,282.5
Rights and Royalties on oil related products	187,351.5	268,435.3	81,083.8
Excise taxes	78,451.3	45,650.0	-32,801.3
II. Non oil related	839,072.9	847,287.1	8,214.2
c) Federal Government	626,259.5	623,398.5	-2,861.0
Tax	546,577.6	546,721.1	143.5
Income tax	279,698.2	269,763.4	-9,934.8
VAT	204,933.4	211,289.5	6,356.1
Excise taxes	22,985.1	24,034.1	1,049.0
Import taxes	17,243.4	20,635.8	3,392.4
Others 1_/	21,717.5	20,998.2	-719.3
Non-tax	79,681.9	76,677.4	-3,004.5
Rights	10,650.3	12,618.0	1,967.7
Fees	64,449.8	60,115.9	-4,333.9
Others	4,581.8	3,943.6	-638.2
d) PEDBC 2_/	212,813.4	223,888.7	11,075.2
Memorandum items:			
Total tax related	625,028.9	592,371.1	-32,657.8
Total non-tax related	589,628.5	717,111.8	127,483.3

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 the ISSSTE.

Source: Ministry of Finance and Public Credit.

Annex A. Public Finances (cont.)

Public Sector Expenditures **Millions of pesos**

	January-September		Real %	Composition %	
	2003	2004 p_/	growth	2003	2004 p_/
TOTAL (I+II)	**1,148,520.9**	**1,234,139.2**	**2.9**	**100.0**	**100.0**
I. Primary Expenditures (a+b)	992,183.3	1,075,664.9	3.8	86.4	87.2
a) Programmable	803,270.9	861,981.4	2.7	69.9	69.8
b) Non-programmable	188,912.4	213,683.6	8.3	16.4	17.3
II. Financing Costs 1_/	156,337.6	158,474.2	-3.0	13.6	12.8

Note: Figures may not add up due to rounding.

p_/ Preliminary figures.

1_/ Includes interest, comissions, and other public debt expenditures associated with debtor support programs.

Source: Ministry of Finance and Public Credit.

Annex B. Public Sector Debt

Public Sector External Debt, January-September *_/ **Millions of dollars**

	Outstanding as of Dec-03	Indebtedness			Fx Adjustments	Outstanding as of Sep-04 p_/
		Originations	Amort.	Net		
Net external debt	77,052.4					79,563.8
Financial assets abroad 1_/	-1,971.1					-373.6
Gross external debt	79,023.5	17,224.4	17,728.6	-504.2	1,418.1	79,937.4
Term structure	79,023.5	17,224.4	17,728.6	-504.2	1,418.1	79,937.4
Long term	77,335.7	11,057.6	12,958.9	-1,901.3	1,419.2	76,853.6
Short term	1,687.8	6,166.8	4,769.7	1,397.1	-1.1	3,083.8
Structure by user	79,023.5	17,224.4	17,728.6	-504.2	1,418.1	79,937.4
Federal Government 2_/	58,358.3	7,545.0	7,179.1	365.9	741.7	59,465.9
PEDBC 3_/	12,157.7	3,299.9	3,653.5	-353.6	725.5	12,529.6
Development banks	8,507.5	6,379.5	6,896.0	-516.5	-49.1	7,941.9
Gross external debt						
By financing source	79,023.5	17,224.4	17,728.6	-504.2	1,418.1	79,937.4
Restructured 1989 – 1990	387.7	0.0	116.6	-116.6	0.0	271.1
Spanish bank bonds	76.5	0.0	0.0	0.0	0.0	76.5
New money 1990 – 1992	311.2	0.0	116.6	-116.6	0.0	194.6
Non-restructured	4,310.2	3,703.7	5,384.7	-1,681.0	1.0	2,630.2
Bilateral credit	5,283.6	2,759.6	2,854.9	-95.3	-37.0	5,151.3
Publicly placed bonds	48,806.2	7,178.5	6,319.0	859.5	740.9	50,406.6
IFIS	17,948.0	829.7	1,665.3	-835.6	-30.4	17,082.0
Supplier credits to public sector entities	2.3	0.0	2.3	-2.3	0.0	0.0
Others 4_/	2,285.5	2,752.9	1,385.8	1,367.1	743.6	4,396.2

Note: Figures may not add up due to rounding.

*_/ Figures subject to revisions.

p_/ Preliminary figures.

1_/ Collateral is valued at market prices; includes 18 months worth of interest payments for Brady Bonds and FAFEXT availabilities.

2_/ Includes debt from item XXIV and FAFEXT.

3_/ Public entities under direct budgetary control.

4_/ Refers to PIDIREGAS debt.

Source: Ministry of Finance and Public Credit.

Annex B. Public Sector Debt (cont.)

Federal Government Domestic Debt, January-September *_/ **Millions of pesos**

	Outstanding December 2003 p_/	Indebtedness			Adjustments 1_/	Outstanding Sept. 2004 p_/
		Originations	Amort.	Net		
Net domestic debt balance	927,097.1					970,325.7
Creditor accounts 2_/	-84,792.1					-114,496.5
Gross domestic debt stock	1,011,889.2	781,905.9	713,040.1	68,865.8	4,067.2	1,084,822.2
Government Securities	956,657.0	723,252.9	655,452.3	67,800.6	2,320.8	1,026,778.4
Cetes	206,416.3	567,960.6	529,809.0	38,151.6	0.0	244,567.9
Bondes	354,720.4	32,500.0	67,724.0	-35,224.0	0.0	319,496.4
Fixed rate bonds	311,664.1	110,860.0	37,355.2	73,504.8	0.0	385,168.9
Udibonos	83,856.2	11,932.3	20,564.1	-8,631.8	2,320.8	77,545.2
Udibonos udi's	25,016.7	3,500.0	6,094.4	-2,594.4	0.0	22,422.3
S.A.R.	40,655.3	53,543.0	50,564.7	2,978.3	1,344.8	44,978.4
Siefores (pesos)	0.3	0.0	0.0	0.0	0.0	0.3
Siefores udi´s	0.1	0.0	0.0	0.0	0.0	0.1
Others	14,576.6	5,110.0	7,023.1	-1,913.1	401.6	13,065.1

Note: Figures may not add up due to rounding.
*_/ Figures subject to revisions.
p_/ Preliminary figures.
1_/ Refers to adjustments for inflation.
2_/ Represents the balance, denominated in pesos, of the General Account of the Federal Treasury and deposits in the national banking system since December 2002.
Source: Ministry of Finance and Public Credit.

Annex C. Public Sector Borrowing Requirements

PUBLIC SECTOR BORROWING REQUIREMENTS BY INSTITUTIONAL SECTOR
January-September p_/
(Millions of pesos)

	PSBR			
	2002	2003	2004	
			without interchange of Fobaproa promissory note	with interchange of Fobaproa promissory note
Public sector total excluding non-recurrent revenu	-77,044.1	-70,893.2	-16,313.5	-16,313.5
I. Non-recurrent revenues	28,247.1	36,361.4	32,106.2	95,868.7
II. Public sector total (A+B)	-48,796.9	-34,531.8	15,792.7	79,555.2
A. Non- financial public sector	-45,872.5	-14,135.4	-1.8	-1.8
Federal Government	-74,064.2	-27,657.9	-40,649.6	-40,649.6
Budgetary	-65,072.6	-24,667.0	-34,876.7	-34,876.7
Adjustments to Budgetary Recordings	-8,991.6	-2,991.0	-5,772.9	-5,772.9
Bodies and Enterprises	43,137.3	15,096.0	52,161.5	52,161.5
Budgetary	78,373.4	69,994.5	114,808.7	114,808.7
PIDIREGAS	-35,236.1	-54,898.5	-62,647.2	-62,647.2
FARAC	-14,945.6	-1,573.4	-11,513.7	-11,513.7
B. Financial public sector	-2,924.4	-20,396.4	15,794.5	79,557.0
Development Banks and Public Funds	3,504.6	-10,414.1	8,771.9	8,771.9
IPAB	-11,424.8	-10,073.7	-1,361.2	62,401.3
Debtors Support Programs	4,995.8	91.4	8,383.8	8,383.8

Note: Partial sums may differ due to the round of figures

p_/ Preliminary figures.

*_/ On July 15th 2004 was formalize the new program to that article Fifth transitory of the Law of Protection to Banking Saving talks about. Under this program, Fobaproa promissory note (PCCC) will be replaced by a new obligation under IPAB responsible, whose net value is minor to the amount as of March 31st 2004. In this figure, numbers with and without the impact of the mentioned program in the PSBR appear. Preliminary figures subject to revision.

Note: In the PSBR and the balance the negative sign (-) indicate a deficit and the positive sign (+) indicate a surplus.

Source: Ministry of Finance and Public Credit

Annex D. Public Debt Amortization Calendar

EXTERNAL PUBLIC SECTOR
DEBT AMORTIZATION SCHEDULE p_/

Millions of dollars at the end of period*

	2004	2005	2006	2007	2008-2034
TOTAL	3,657.9	10,494.3	6,754.4	5,914.1	53,116.7
CAPITAL MARKET	461.0	3,023.6	2,991.6	3,113.6	40,816.8
Bonds	0.0	500.8	1,038.4	2,813.5	11,417.1
Notes	461.0	2,522.8	1,953.2	300.1	29,399.7
COMMERCIAL BANKS	156.7	704.4	890.1	542.3	277.2
Banks	131.1	342.4	198.8	227.7	102.8
Syndicated	25.6	362.0	691.3	314.6	174.4
RESTRUCTURED	123.3	354.8	325.0	54.6	76.7
Spanish bank bonds	0.0	0.0	0.0	0.0	76.5
New money	38.9	77.9	77.8	0.0	0.0
World Bank Guarantees	54.6	147.5	147.5	54.6	0.2
Eximbank Guarantees	0.0	99.7	99.7	0.0	0.0
Others	29.8	29.7	0.0	0.0	0.0
EXTERNAL TRADE	1,051.1	1,377.3	458.4	296.9	1,768.2
Eximbank	145.6	301.7	223.2	136.0	1,162.7
Bilateral Loans	905.5	1,075.6	235.2	160.9	605.5
INTERNATIONAL FINANCIAL INSTITUTIONS	500.1	2,003.7	2,089.3	1,906.7	10,177.8
IBD	106.9	627.4	696.4	696.3	4,985.2
World Bank	393.2	1,376.3	1,392.9	1,210.4	5,192.6
OTHERS 1_/	1,365.7	3,030.5	0.0	0.0	0.0

Note: The figures with relation to the contractual balances as of September 30, 2004.

p_/ Preliminar figures.

1_/ Refers to movements in direct debt, related to Long Term Productive Infrastructure projects (PIDIREGAS).

*_/ Figures subject to revision due to changes and methodological adjustments..

Source: Ministry of Finance and Public Credit.

Annex D. Public Debt Amortization Calendar

Public Sector Domestic Debt Amortizations Calendar **Millions of pesos**

	2004	2005	2006	2007	2008-2030
Total	201,887.9	248,744.4	142,513.5	141,489.7	350,186.7
Securities	189,750.7	214,002.0	140,662.7	139,638.9	342,724.1
Cetes	151,737.2	92,830.7	0.0	0.0	0.0
28 days	17,280.0	0.0	0.0	0.0	0.0
3 months	68,222.2	0.0	0.0	0.0	0.0
6 months	45,495.4	45,864.2	0.0	0.0	0.0
1 year	20,739.6	46,966.5	0.0	0.0	0.0
Bondes	14,976.9	44,559.7	72,737.8	77,312.9	109,909.1
3 years	14,976.9	20,460.7	0.0	0.0	0.0
5 years	0.0	24,099.0	72,737.8	77,312.9	109,909.1
Fixed Rate Bonds	23,036.6	61,184.1	67,924.9	62,326.0	170,697.3
3 years	23,036.6	34,340.0	26,820.0	0.0	0.0
5 years	0.0	26,844.1	41,104.9	62,326.0	27,540.0
7 years	0.0	0.0	0.0	0.0	58,267.9
10 years	0.0	0.0	0.0	0.0	73,339.4
20 years	0.0	0.0	0.0	0.0	11,550.0
Udibonos	0.0	15,427.5	0.0	0.0	62,117.7
5 years	0.0	15,427.5	0.0	0.0	0.0
10 years	0.0	0.0	0.0	0.0	62,117.7
SAR	12,100.0	32,878.4	0.0	0.0	0.0
Others	37.2	1,864.0	1,850.8	1,850.8	7,462.6

Note: Figures based on the outstanding balance as of September 30 2004, using the value of the Udi at the end of March 2004 for the conversion of Udibonos into pesos. The calendar is constructed based on contracts. In case there is not a preestablished calendar in the contracts, as in the case of the SAR account, the figures included in the calendar are estimates.

Source: Ministry of Finance and Public Credit.

Annex E. Public Finance Publication Calendar

Public Finance Publications Calendar

Coverage Period:	Release Date
October, 2004	November 30, 2004
November, 2004	December 30, 2004
December, 2004	February 4, 2005
January, 2005	March 4, 2004
February, 2005	April 1, 2005
March, 2005	May 4, 2005
April, 2005	May 31, 2005
May, 2005	June 30, 2005
June, 2005	August 4, 2005
July, 2005	September 2, 2005
August, 2005	September 30, 2005
September, 2005	November 4, 2005