

Public Finance and Public Debt Report, February 2005

The public finances and public debt results for February 2005 were released today.

It is worth highlighting the following from this report:

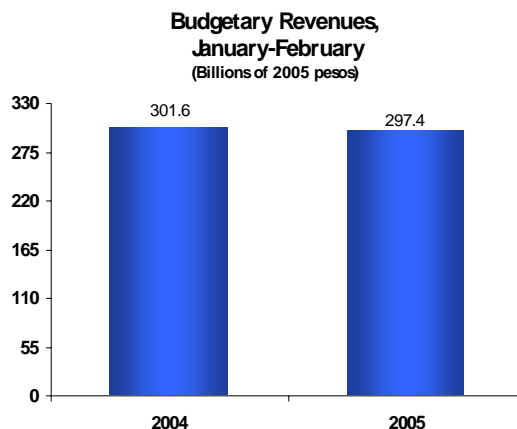
- The public sector posted a deficit of Ps. 0.7 billion, which is in line with the fiscal deficit authorized by Congress for 2005 as a whole.
- The primary balance, defined as total revenues minus non-interest expenditures posted a surplus of Ps. 16.9 billion.
- The public sector's budgetary revenues grew 4.0 per cent in real annual terms. The increase was due mainly to the real revenue growth from public companies under direct budgetary control other than PEMEX (5.6 per cent), to oil-related revenues (5.5 per cent), and to non-oil tax revenues (2.8 per cent).
- Public sector net budgetary expenditures were 8.3 per cent higher in real terms than in the same month of 2004. Expenditure growth in early 2005 is due mainly to relatively higher social security expenses than a year earlier.
- The net balance of the Federal Government's domestic debt was Ps. 4.3 billion lower than in January 2005, while the net balance of the external debt fell US\$ 0.4 billion with respect to the first month of the year.

1. Public Sector Balance in January-February 2005

- The public sector surplus in the first two months of the year was Ps. 0.5 billion, an amount that is Ps. 33.5 billion lower than that registered in the same period a year earlier.
- The primary balance posted a surplus of Ps. 40.1 billion in January, this is 45.3 per cent lower in real terms to that posted in the first two months of 2004.

1.1 Public Sector Budgetary Revenues in January-February 2005

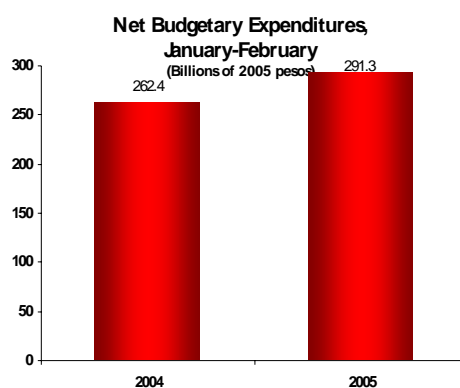
- The public sector's budgetary revenues accumulated in the two months of this year were Ps. 297.4 billion. This figure is 1.4 per cent lower in real annual terms than in the same period of 2004 and is explained by the following:
 - Non-oil tax revenues amounted to Ps. 141.1 billion, which is 4.5 per cent higher in real terms than in January-February 2004. In the first two months of 2005, VAT collection exceeded that observed a year earlier by 10.4 per cent in real terms.
 - Oil-related revenues, which include PEMEX's own revenues, oil related royalties and fees, and the excise tax collection on gasoline and diesel totaled Ps. 97.5 billion, which is 0.7 per cent lower in real terms to that registered a year earlier. This result is related to the extraordinary income for close to Ps. 7 billion from the sale of Repsol shares which took place in January 2004. If that extraordinary income is excluded from the calculation, oil related revenues post a 7.4 real annual growth in the first two months of the year.
 - Non-tax non-oil related revenues were Ps. 8.7 billion. This figure is 62.3 per cent lower than in January-February 2004. The reduction is due to the extraordinary income derived in January 2004 from the Brady bond's collateral (Ps. 13.9 billion).



- Revenues of public companies under direct budgetary control other than PEMEX were Ps. 50.1 billion up to the end of February 2005, which is 10.4 per cent higher in real annual terms with respect to a year earlier.

1.2. Net Budgetary Public Sector Expenditures during January-February 2005

- Net budgetary expenditures of the public sector totaled Ps. 291.3 billion in the first two months of the year. This amount is 11.0 per cent higher in real terms than that observed a year earlier.
- Paid programmable expenditures in January-February of 2005 amounted to Ps. 195.9 billion, which is 13.8 per cent higher in real annual terms than that registered in the same two months a year earlier. This increase is the result of the higher PIDIREGAS and social security expenses with respect to the same period of 2004.



- Federalized expenditures, which include revenue sharing to States and Municipalities, as well as resources transferred to States and Municipalities (Ramo 33), provisions for basic, traditional, technical and adult education (Ramo 25), and the resources directed towards the financial strengthening of States through PAFEF (Ramo 39), registered an increase of 8.1 per cent in real annual terms.
 - Revenue sharing to States and Municipalities was Ps. 52.1 billion, and increased 12.8 per cent in real annual terms.
 - Total resources through Ramo 25, Ramo 33 and Ramo 39 increased 4.1 per cent in real terms with respect to the first two months of 2004
- The Public Sector's financing costs during January-February 2005 totaled Ps. 32.6 billion. The financing cost was 0.4 per cent lower in real terms than that registered in the same period a year earlier.

2. Public Debt Update

- The net balance of the Federal Government's domestic debt was Ps. 1,016.0 billion at the end of February 2005. Domestic debt was Ps. 14.0 billion lower than the balance registered at the end of 2004. The reduction in net domestic debt is due to net borrowings of Ps. 0.5 billion, adjustments to the inflation-indexed debt for Ps. 0.5 billion, and an increase in the Federal Government's financial assets of Ps. 15.1 billion.
- At the end of February 2005 the external debt net balance was US\$ 79.1 billion, US\$ 1.1 billion higher than in December 31st 2004. The increase is due to net indebtedness of US\$ 1.8 billion, downward accounting adjustments for US\$ 0.9 billion, and a reduction in the financial assets abroad of US\$ 0.2 billion.
- It should be pointed out that the increase in the external debt net balance is temporary and it will be reduced gradually in the following months as payments are made. The net external debt will evolve according to the financing program established for 2005 and the target of reducing indebtedness by US\$500 million which was approved by Congress.

More details on Public Finance and Public Debt statistics can be obtained in the Ministry of Finance's web page at:

www.shcp.gob.mx/eofp/index.html.

ANNEX A. PUBLIC FINANCES**Public Sector Overall Balance** **Millions of pesos**

	January-February		Real % growth	Composition %	
	2004	2005 ^{p_/}		2004	2005 ^{p_/}
Overall Public Balance (I+II)	33,978.1	486.9	-98.6		
I. Budgetary Balance (a-b)	37,589.0	6,116.4	-84.4		
a) Revenues	288,901.0	297,390.1	-1.4	100.0	100.0
Federal Government	221,893.1	230,933.2	-0.3	76.8	77.7
Tax	143,705.5	144,727.7	-3.5	49.7	48.7
Non-tax	78,187.7	86,205.5	5.6	27.1	29.0
PEDBC	67,007.9	66,456.9	-5.0	23.2	22.3
Pemex	23,552.7	16,345.7	-33.5	8.2	5.5
Others	43,455.1	50,111.1	10.4	15.0	16.9
b) Expenditures	251,312.0	291,273.7	11.0	100.0	100.0
Programmable	164,909.9	195,936.0	13.8	65.6	67.3
Non programmable	86,402.1	95,337.7	5.7	34.4	32.7
II. PEIBC	-3,610.8	-5,629.5	49.3		
Primary Balance	70,110.8	40,053.9	-45.3		

Note: Figures may not add up due to rounding.

p_/ Preliminary figures.

Source: Ministry of Finance and Public Credit.

A. PUBLIC FINANCES (Cont)**Public Sector Revenues****Millions of pesos**

	January-February		Real % growth	Composition %	
	2004	2005 ^{p./}		2004	2005 ^{p./}
Total (I+II)	288,901.0	297,390.1	-1.4	100.0	100.0
I. Oil related	93,982.8	97,479.6	-0.7	32.5	32.8
a) PEMEX	23,552.7	16,345.7	-33.5	8.2	5.5
b) Federal Government	70,430.1	81,133.8	10.3	24.4	27.3
Rights and Royalties on oil related products	56,079.1	77,506.1	32.4	19.4	26.1
Excise taxes	14,351.0	3,627.7	-75.8	5.0	1.2
II. Non oil related	194,918.2	199,910.5	-1.8	67.5	67.2
c) Federal Government	151,463.0	149,799.4	-5.3	52.4	50.4
Tax	129,354.5	141,100.1	4.5	44.8	47.4
Income tax	66,435.1	69,821.7	0.7	23.0	23.5
VAT	47,501.1	54,769.4	10.4	16.4	18.4
Excise taxes	5,526.1	5,757.3	-0.2	1.9	1.9
Import taxes	3,808.0	4,076.6	2.5	1.3	1.4
Others ^{1./}	6,084.1	6,675.1	5.1	2.1	2.2
Non-tax	22,108.6	8,699.3	-62.3	7.7	2.9
Rights	3,409.4	2,817.5	-20.9	1.2	0.9
Fees	17,785.7	4,392.2	-76.3	6.2	1.5
Others	913.4	1,489.7	56.2	0.3	0.5
d) PEDBC ^{2./}	43,455.1	50,111.1	10.4	15.0	16.9
Memorandum items:					
Total tax related	143,705.5	144,727.7	-3.5	49.7	48.7
Total non-tax related	145,195.5	152,662.3	0.7	50.3	51.3

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-February		Real % growth	Composition %	
	2004	2005 ^{p./}		2004	2005 ^{p./}
TOTAL (I+II)	251,312.0	291,273.7	11.0	100.0	100.0
I. Primary Expenditures (a+b)	219,942.0	258,666.8	12.6	87.5	88.8
a) Programmable	164,909.9	195,936.0	13.8	65.6	67.3
b) Non-programmable	55,032.1	62,730.8	9.2	21.9	21.5
II. Financing Costs ^{1./}	31,370.0	32,606.8	-0.4	12.5	11.2

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

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

Source: Ministry of Finance and Public Credit.

ANNEX B. PUBLIC DEBT**Federal Government Domestic Debt, January-February ^{*/}****Millions of pesos**

	Outstanding December 2004	Indebtedness			Adjustments ^{1/}	Outstanding February 2005 ^{p/}
		Originations	Amort.	Net		
Net domestic debt balance	1,029,964.9					1,016,011.5
Creditor accounts ^{2/}	-69,241.4					-84,282.8
Gross domestic debt stock	1,099,206.3	163,112.2	162,575.6	536.6	551.4	1,100,294.3
Government Securities	1,039,314.1	151,332.1	151,450.1	-118.0	44.6	1,039,240.7
Cetes	241,533.6	120,855.6	115,215.8	5,639.8	0.0	247,173.4
Bondes	310,519.6	4,000.0	20,460.8	-16,460.8	0.0	294,058.8
Fixed rate bonds	402,702.3	22,940.0	0.0	22,940.0	0.0	425,642.3
Udibonos	84,558.6	3,536.5	15,773.5	-12,237.0	44.6	72,366.2
<i>Udibonos udi's</i>	23,922.3	1,000.0	4,460.9	-3,460.9	0.0	20,461.4
S.A.R.	46,607.3	11,753.0	11,090.7	662.3	500.1	47,769.7
Siefores m/n	0.2	0.0	0.0	0.0	0.0	0.2
<i>Siefores udi's</i>	0.1	0.0	0.0	0.0	0.0	0.1
Others	13,284.7	27.1	34.8	-7.7	6.7	13,283.7

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.

Source: Ministry of Finance and Public Credit.

Mexico, March 30, 2005.

ANNEX B. PUBLIC DEBT (Cont)**Public Sector External Debt, January-February ^{*_/}****Millions of dollars**

	Outstanding as of Dec-04	Indebtedness			Fx Adjustments	Outstanding as of Feb-05 ^{p_/}
		Originations	Amort.	Net		
Net external debt	77,990.2					79,104.9
Financial assets abroad ^{1_/}	-1,235.6					-1,045.4
Gross external debt	79,225.8	4,955.9	3,172.2	1,783.7	-859.2	80,150.3
Term structure	79,225.8	4,955.9	3,172.2	1,783.7	-859.2	80,150.3
Long term	77,149.1	1,224.9	1,449.1	-224.2	-857.6	76,067.3
Short term	2,076.7	3,731.0	1,723.1	2,007.9	-1.6	4,083.0
Structure by user	79,225.8	4,955.9	3,172.2	1,783.7	-859.2	80,150.3
Federal Government ^{2_/}	60,084.2	1,045.5	364.5	681.0	-93.6	60,671.6
PEDBC ^{3_/}	11,003.4	3,119.6	1,588.1	1,531.5	-746.5	11,788.4
Development banks	8,138.2	790.8	1,219.6	-428.8	-19.1	7,690.3
Gross external debt						
By financing source	79,225.8	4,955.9	3,172.2	1,783.7	-859.2	80,150.3
Restructured 1989 – 1990	232.3	0.0	9.9	-9.9	-0.1	222.3
Spanish bank bonds	76.5	0.0	0.0	0.0	0.0	76.5
New money 1990 – 1992	155.8	0.0	9.9	-9.9	-0.1	145.8
Non-restructured	2,681.9	469.8	803.7	-333.9	-4.8	2,343.2
Bilateral credit	5,113.6	372.6	510.4	-137.8	-28.6	4,947.2
Publicly placed bonds	51,106.6	1,000.0	600.0	400.0	-56.8	51,449.8
IFIS	17,053.2	65.4	381.3	-315.9	-40.4	16,696.9
Others ^{4_/}	3,038.2	3,048.1	866.9	2,181.2	-728.5	4,490.9

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 C. PUBLICATIONS CALENDAR

Coverage Period:	Release Date
March, 2005	May 2, 2005
April, 2005	May 30, 2005
May, 2005	June 30, 2005
June, 2005	August 1, 2005
July, 2005	August 30, 2005
August, 2005	September 30, 2005
September, 2005	October 31, 2005
October, 2005	November 30, 2005
November, 2005	December 30, 2005
December, 2005	January 30, 2005
January, 2006	March 2, 2005
February, 2006	April 2, 2006