



Public Finance and Public Debt Report, August 2008

The public finance and public debt preliminary results as of August 2008 were released today.

The main results for the January-August period are the following:

- The public sector posted a Ps. 126.0 billion surplus, which is in line with the fiscal balance authorized by Congress for 2008 as a whole.
- Budgetary revenues registered an 8.4 percent increase in real annual terms with respect to the same period of last year, due mainly to higher revenues from oil related activities and non oil tax revenues, which registered an 11.9 and 10.8 percent increase in real annual terms, respectively.
- Income tax collection, which includes the Unique Rate Corporate Tax, posted an 11.7 percent real increase; while revenues from Value Added and Excise taxes posted increases in real annual terms of 9.2 and 6.5 percent, respectively.
- Programmable expenditures registered a 10.3 percent increase in real annual terms with respect to the same period of previous year. Worth noting are the increases in expenditures channeled to physical investment, pensions and social development programs.
- Federalized expenditures increased 15.4 percent in real annual terms with respect to 2007. Shared revenues registered a 22.0 percent increase in real terms.
- The public sector's net domestic debt increased by Ps. 198.4 billion while its external debt decreased by US\$ 12.7 billion, both with respect to December 2007.

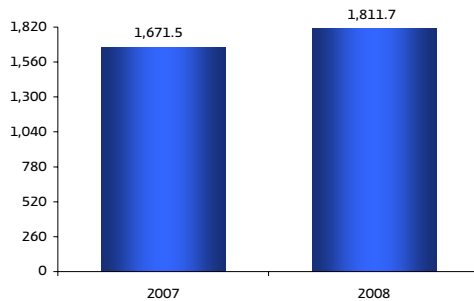
Evolution of the Public Finances during January-August

Up to August 2008, the public sector's balance posted a surplus of Ps. 126.0 billion, amount Ps. 0.7 billion lower than the one registered in the same period of the previous year. The primary balance, defined as total revenues minus non-interest expenditures, posted a Ps. 280.2 billion surplus, amount Ps. 14.8 billion lower than the one registered during the January-August period of 2007. These figures are in line with the balanced budget authorized by Congress for 2008.

Public Sector Budgetary Revenues during January-August

The public sector's budgetary revenues were Ps. 1,811.7 billion, amount which is 8.4 percent higher in real terms than the one registered during the same period of the previous year. The evolution of the main components of budgetary revenues is the following:

**BUDGETARY REVENUES,
JANUARY-AUGUST
(Billion Pesos of 2008)**



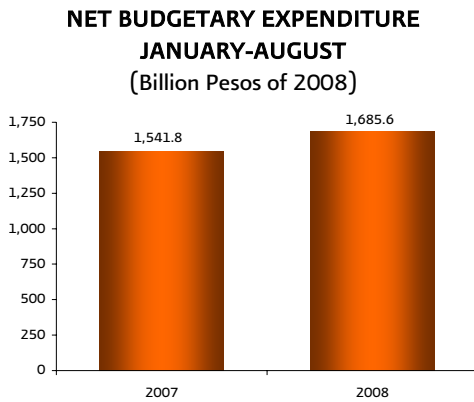
- Non-oil tax revenues were Ps. 830.3 billion, 10.8 percent higher in real terms than those observed during the January-August 2007 period. Worth highlighting is the increase in real annual terms of income tax collection, which includes the Unique Rate Corporate Tax, of 11.7 percent, as well as the increase in VAT, Excise and Import taxes of 9.2, 6.5 and 5.3 percent, respectively
- Oil related revenues (which include PEMEX's own revenues, royalties and fees, excise tax collection on gasoline and diesel, and the tax on oil returns) totaled Ps. 639.6 billion, amount that is 11.9 percent higher in real terms than those registered in the same period of the previous year. This result is explained by the higher price of Mexican oil exports (95.7 dpb compared with 53.5 dpb observed in the same period of last year, which implies a 78.8 percent increase). This compensated for the decrease in the oil export platform of 14.7 percent, the 61.3 percent real increase in the value of imports and the observed exchange rate appreciation of 8.2 percent, all these with respect to the same period of the previous year.

- Revenues of public entities under direct budgetary control other than PEMEX totaled Ps. 282.5 billion, which represents an increase of 4.5 percent with respect to those registered in the same period of 2007.
- Non-tax non-oil revenues were Ps. 59.3 billion, amount that is 25.9 percent lower in real terms than that observed in the same period of the previous year. This result is mainly due to higher non-recurrent revenues obtained in 2007.

Net Budgetary Public Sector Expenditures during January-August

During the first eight months of the year, the net budgetary expenditures of the public sector totaled Ps. 1,685.6 billion, amount that is 9.3 percent higher in real terms than the one observed in the same period of 2007.

Paid programmable expenditures totaled Ps. 1,235.0 billion, which is 10.3 percent higher in real terms than the one observed in the same period of the previous year. The higher expenditures were channeled to social development programs such as education, health, urbanization, housing and regional development, pensions, national and public security and agricultural development; and productive activities, among them higher investment expenditures in CFE and PEMEX and programs of the Ministries of Transport and Communications and Economy, as well as the increase in CFE's operating expenses due to the higher cost of fuel used for the generation of energy.



Federalized expenditures, which include shared revenues allocated to Federal Entities and Municipalities, as well as resources transferred to these entities through wage and economic provisions, decentralization agreements and reallocations increased 15.4 percent in real terms. Shared revenues registered a 22.0 percent increase in real terms, due to a higher collection of Federal shareable revenues while the rest of the resources distributed to Federal Entities and Municipalities registered a 10.2 percent increase in real terms.

The Public Sector's financial cost was Ps. 142.1 billion, amount that is 13.9 percent lower in real terms than the one registered in the same period of last year. It is worth noting that in the Federation's Expenditure Budget for 2008 the reporting methodology of the financial cost of PEDBC's was adjusted to use the same accounting criteria for that of the Federal Government (interest payments on financial liabilities less received interests on available financial assets). After adjusting for the effect of this measure, which does not alter the results of public finances but only their presentation, the financial cost would decrease by 3.9 percent in real terms.

Public debt update to August

At the end of August, the Federal Government's net domestic debt was Ps. 1,926.4 billion, amount that is Ps. 138.0 billion higher than the amount observed at the end of 2007. The change in the stock is explained by net indebtedness of Ps. 116.3 billion, upward adjustments to the inflation-indexed debt by Ps. 13.4 billion and an increase in the Federal Government's financial assets of Ps. 8.4 billion.

The stock of the Federal Government's net external debt at the end of August was US\$ 32.5 billion, US\$ 8.8 billion lower than the one observed on December 31, 2007. The decrease is due to a net amortization of US\$ 1.6 billion, upward accounting adjustments by US\$ 0.2 billion, and an increase in financial assets in foreign currency of US\$ 7.4 billion.

The net domestic debt of the Federal Public Sector (Federal Government, PEDBC's and development banks) at the end of August was Ps. 1,885.2 billion, amount Ps. 198.4 billion higher with respect to the closing balance of 2007. This is due to net domestic borrowing of Ps. 142.6 billion, upward accounting adjustments by Ps. 20.1 billion and a decrease in the Public Sector's financial assets by Ps. 35.7 billion.

The Federal Public Sector's net external debt stood at US\$ 21.8 billion, amount that is lower than that observed in December 2007 by US\$ 12.7 billion. This is due to net external indebtedness by US\$ 0.1 billion, upward accounting adjustments by US\$ 1.0 billion and an increase in foreign financial assets by US\$ 13.8 billion.



Press Release

Mexico City, September 30th, 2008.

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

www.apartados.hacienda.gob.mx/clon_estadisticas/index.html

ANNEX

PUBLIC SECTOR OVERALL BALANCE (Million pesos)

Concept	January-August		Real. % Growth	Composition %	
	2007	2008 ^{p_/}		2007	2008 ^{p_/}
PUBLIC BALANCE	126,739.1	125,992.5	-5.0		
Budgetary Balance	123,850.5	126,029.2	-2.8		
Budgetary Revenues	1,596,829.2	1,811,665.0	8.4	100.0	100.0
Oil Related	546,011.4	639,560.1	11.9	34.2	35.3
Federal Government	332,847.1	517,777.9	48.6	20.8	28.6
PEMEX	213,164.4	121,782.2	-45.4	13.3	6.7
Non-oil related	1,050,817.8	1,172,104.9	6.6	65.8	64.7
Federal Government	792,590.7	889,591.7	7.2	49.6	49.1
Tax	716,154.9	830,303.2	10.8	44.8	45.8
Non-tax	76,435.8	59,288.5	-25.9	4.8	3.3
PEDBC	258,227.1	282,513.2	4.5	16.2	15.6
Net Budgetary Expenditures	1,472,978.8	1,685,635.8	9.3	100.0	100.0
Programmable	1,069,280.9	1,235,016.4	10.3	72.6	73.3
Non programmable	403,697.8	450,619.4	6.6	27.4	26.7
PEIBC	2,888.6	-36.8	n.s.		
Primary Balance	294,984.0	280,217.6	-9.3		

Note: Figures may not add up due to rounding.

p_/ Preliminary Figures

n.s. no significant

Source: Ministry of Finance and Public Credit

PUBLIC SECTOR REVENUES

(Million pesos)

Concept	January-August		Real. % Growth	Composition %	
	2007	2008 ^{p/}		2007	2008 ^{p/}
Budgetary Revenues(I+II)	1,596,829.2	1,811,665.0	8.4	100.0	100.0
I. Oil Related (a+b)	546,011.4	639,560.1	11.9	34.2	35.3
a) PEMEX	213,164.4	121,782.2	-45.4	13.3	6.7
b) Federal Government	332,847.1	517,777.9	48.6	20.8	28.6
Rights and royalties	360,700.6	666,587.5	76.5	22.6	36.8
Excise taxes ^{1/}	-30,769.0	-152,226.8	n.s.	-1.9	-8.4
Tax on Downstream Returns	2,915.4	3,417.3	12.0	0.2	0.2
II. Non-oil related (c+d)	1,050,817.8	1,172,104.9	6.6	65.8	64.7
c) Federal Government	792,590.7	889,591.7	7.2	49.6	49.1
Tax	716,154.9	830,303.2	10.8	44.8	45.8
Income Tax and IETU	365,086.0	426,945.1	11.7	22.9	23.6
Income Tax	354,159.6	390,492.7	5.3	22.2	21.6
IMPAC	10,926.4	1,873.8	-83.6	0.7	0.1
IETU (Unique Rate Corporate Tax)	0.0	34,578.6	n.a.	0.0	1.9
VAT	275,266.4	314,569.5	9.2	17.2	17.4
Excise taxes	27,672.8	30,860.6	6.5	1.7	1.7
Import taxes	20,022.2	22,069.8	5.3	1.3	1.2
IDE (Tax on Cash Deposits)	0.0	4,815.8	n.a.	0.0	0.3
Others ^{2/}	28,107.4	31,042.5	5.5	1.8	1.7
Non-tax	76,435.8	59,288.5	-25.9	4.8	3.3
Rights	17,953.6	20,866.7	11.0	1.1	1.2
Fees	53,841.7	33,996.1	-39.7	3.4	1.9
Others	4,640.5	4,425.6	-8.9	0.3	0.2
d) PEDBC ^{3/}	258,227.1	282,513.2	4.5	16.2	15.6
Memorandum items:					
Total tax related	688,301.4	681,493.6	-5.4	43.1	37.6
Total non-tax related	908,527.9	1,130,171.4	18.8	56.9	62.4

Note: Figures may not add up due to rounding.

p/ Preliminary Figures

n.s no significant

1/ The negative signs imply that compensations were greater than receipts.

2/ Includes new vehicle, vehicle ownership, exports, those which do not belong to these concepts and accessory taxes.

3/ Excludes Federal Government transfers to the ISSSTE.

Source: Ministry of Finance and Public Credit

PUBLIC SECTOR EXPENDITURES
(Million pesos)

Concept	January-August		Real. % Growth	Composition %	
	2007	2008 ^{p_/}		2007	2008 ^{p_/}
TOTAL (I+II)	1,472,978.8	1,685,635.8	9.3	100.0	100.0
I. Primary Expenditures (a+b)	1,315,400.4	1,543,569.2	12.1	89.3	91.6
a) Programmable	1,069,280.9	1,235,016.4	10.3	72.6	73.3
b) Non- programmable	246,119.5	308,552.8	19.8	16.7	18.3
II. Financing Costs ^{1_/}	157,578.3	142,066.6	-13.9	10.7	8.4

Note: Figures may not add up due to rounding

p_/ Preliminary Figures

1_/ Includes interests, commissions and other public debt expenditures associated to debtor support programs.

Source: Ministry of Finance and Public Credit

FEDERAL GOVERNMENT DOMESTIC DEBT, JANUARY-AUGUST^{*_}
(Million pesos)

Concept	Outstanding as of December 2007 ^{p_}	Indebtedness			Adjustments ^{1_}	Outstanding as of August 2008 ^{p_}
		Originations	Amort.	Net		
Net Domestic debt balance	1,788,339.0					1,926,386.1
Assets ^{2_}	107,921.8					99,537.0
Gross Domestic debt stock	1,896,260.8	1,067,993.8	951,727.0	116,266.8	13,395.5	2,025,923.1
Government Securities	1,795,833.3	942,814.8	834,539.0	108,275.8	10,479.0	1,914,588.1
Cetes	340,453.7	655,652.5	675,968.0	-20,315.5	0.0	320,138.2
Bondes	137,509.1	0.0	64,809.1	-64,809.1	0.0	72,700.0
Bondes D	187,490.3	18,700.0	34,103.4	-15,403.4	0.0	172,086.9
Fixed Rate Bonds	895,052.9	212,503.2	57,429.4	155,073.8	2,102.2	1,052,228.9
Udibonos	235,327.3	55,959.1	2,229.1	53,730.0	8,376.8	297,434.1
<i>Udibonos udi's</i>	59,834.3	14,009.9	562.5	13,447.4	60.9	73,342.6
S.A.R.	62,937.8	122,498.2	112,887.3	9,610.9	2,121.4	74,670.1
Siefores (pesos)	879.2	10.2	242.6	-232.4	20.4	667.2
<i>Siefores udi's</i>	223.5	2.6	61.6	-59.0	0.0	164.5
Others	36,610.5	2,670.6	4,058.1	-1,387.5	774.7	35,997.7

Note: Figures may not add up due to rounding.

*_ / Figures subject to revisions and methodological changes.

p_ / Preliminary Figures

1_ / Refers to adjustment for inflation. For Fixed Rate Bonds it refers to the adjustment due to debt exchanges and for Bondes purchase. Udibonos includes a 241.4 million pesos adjustment due to debt exchanges.

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

FEDERAL GOVERNMENT EXTERNAL DEBT, JANUARY-AUGUST^{*_}
(Million Dollars)

Concept	Outstanding as of December 2007 ^{p_}	Indebtedness			Adjustments	Outstanding as of August 2008 ^{p_}
		Originations	Amort.	Net		
Net Debt	41,281.4					32,513.6
Assets ^{1_}	970.0					8,322.0
Gross Debt	42,251.4	1,863.3	3,493.8	-1,630.5	214.7	40,835.6
Public Bonds	35,352.3	1,500.0	3,174.0	-1,674.0	183.8	33,862.1
IFI's	6,622.7	363.3	310.5	52.8	28.0	6,703.5
Bilateral	199.9	0.0	9.3	-9.3	2.9	193.5
Restructured	76.5	0.0	0.0	0.0	0.0	76.5

Note: Figures may not add up due to rounding.

*_ / Figures subject to revisions.

p_ / Preliminary figures.

1_ / Considers the US Dollar denominated balance of the Federal Treasury's General Account and other assets in foreign currency.

Source: Ministry of Finance and Public Credit

PUBLIC SECTOR DOMESTIC DEBT, JANUARY-AUGUST ^{*/}
(Million Pesos)

Concept	Outstanding as of December 2007 ^{p/}	Indebtedness			Adjust.	Outstanding as of August 2008 ^{p/}
		Originations	Amort.	Net		
Net Debt	1,686,787.0					1,885,182.6
Assets ^{1/}	271,205.3					235,510.7
Gross Debt	1,957,992.3	1,226,316.3	1,083,707.2	142,609.1	20,091.9	2,120,693.3
By Term	1,957,992.3	1,226,316.3	1,083,707.2	142,609.1	20,091.9	2,120,693.3
Long-term	1,690,521.3	474,868.0	341,978.0	132,890.0	11,086.9	1,834,498.2
Short-term	267,471.0	751,448.3	741,729.2	9,719.1	9,005.0	286,195.1
By User	1,957,992.3	1,226,316.3	1,083,707.2	142,609.1	20,091.9	2,120,693.3
Federal Government	1,896,260.8	1,067,993.8	951,727.0	116,266.8	13,395.5	2,025,923.1
Long-term	1,634,957.6	466,705.7	338,410.0	128,295.7	13,395.5	1,776,648.8
Short-term	261,303.2	601,288.1	613,317.0	-12,028.9	0.0	249,274.3
PEDBC's	21,120.1	29,916.2	6,902.5	23,013.7	-1,934.3	42,199.5
Long-term	21,120.1	0.0	109.8	-109.8	-1,934.3	19,076.0
Short-term	0.0	29,916.2	6,792.7	23,123.5	0.0	23,123.5
Development Banks	40,611.4	128,406.3	125,077.7	3,328.6	8,630.7	52,570.7
Long-term	34,443.6	8,162.3	3,458.2	4,704.1	-374.3	38,773.4
Short-term	6,167.8	120,244.0	121,619.5	-1,375.5	9,005.0	13,797.3
By Financing Source	1,957,992.3	1,226,316.3	1,083,707.2	142,609.1	20,091.9	2,120,693.3
Bonds Placed in Domestic Markets	1,835,828.8	1,066,206.8	959,603.6	106,603.2	19,147.9	1,961,579.9
SAR	62,937.8	122,498.2	112,887.3	9,610.9	2,121.4	74,670.1
Commercial Banks	974.5	26,514.3	4,122.9	22,391.4	-38.2	23,327.7
Others	58,251.2	11,097.0	7,093.4	4,003.6	-1,139.2	61,115.6

Note: Figures may not add up due to rounding.

^{*/} Figures subject to revisions.

^{p/} Preliminary Figures

^{1/} Considers the domestic currency denominated balance of the Federal Treasury's General Account and other held by PEDBC's and Development Banks.

Source: Ministry of Finance and Public Credit

PUBLIC SECTOR EXTERNAL DEBT, JANUARY-AUGUST^{*/}
(Million Dollars)

Concept	Outstanding as of December 2007 ^{p/}	Indebtedness			Adjust	Outstanding as of August 2008 ^{p/}
		Originations	Amort.	Net		
Net Debt	34,532.5					21,818.6
Financial Assets in Foreign Currency ^{1/}	20,822.4					34,641.8
Gross Debt	55,354.9	13,722.1	13,638.6	83.5	1,022.0	56,460.4
By Term	55,354.9	13,722.1	13,638.6	83.5	1,022.0	56,460.4
Long-term	54,435.0	5,727.5	7,159.9	-	1,011.4	54,014.0
Short-term	919.9	7,994.6	6,478.7	1,432.4	10.6	2,446.4
By User	55,354.9	13,722.1	13,638.6	83.5	1,022.0	56,460.4
Federal Government	42,251.4	1,863.3	3,493.8	-	214.7	40,835.6
Long-term	42,251.4	1,863.3	3,493.8	1,630.5	214.7	40,835.6
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC's	7,857.3	7,858.1	5,575.1	2,283.0	767.1	10,907.4
Long-term	7,857.3	3,721.0	2,651.6	1,069.4	764.3	9,691.0
Short-term	0.0	4,137.1	2,923.5	1,213.6	2.8	1,216.4
Development Banks	5,246.2	4,000.7	4,569.7	-569.0	40.2	4,717.4
Long-term	4,326.3	143.2	1,014.5	-871.3	32.4	3,487.4
Short-term	919.9	3,857.5	3,555.2	302.3	7.8	1,230.0
By Financing Source	55,354.9	13,722.1	13,638.6	83.5	1,022.0	56,460.4
Public Bonds	36,964.0	1,500.0	3,316.5	-	193.4	35,340.9
IFI's	9,154.7	402.2	933.9	1,816.5	44.9	8,667.9
Bilateral	2,932.6	492.3	424.0	-531.7	27.3	3,028.2
Commercial Banks	1,553.5	7,190.7	6,040.7	68.3	9.2	2,712.7
Restructured 1989 - 1990	76.5	0.0	0.0	0.0	0.0	76.5
Others ^{2/}	4,673.6	4,136.9	2,923.5	1,213.4	747.2	6,634.2

Note: Figures may not add up due to rounding

*_/ Figures subject to revisions.

p_/ Preliminary Figures

1_/ Considers the US Dollar denominated balance of the Federal Treasury's General Account and other assets in foreign currency and assets from PEDBC's and Development Banks.

2_/ Represents bonds from Spanish Banks.

Source: Ministry of Finance and Public Credit