

Public Finance and Public Debt Report, January 2008

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

The main results for January are the following:

- The public sector posted a Ps. 37.8 billion surplus, which is in line with the fiscal balance authorized by Congress for 2008 as a whole.
- Budgetary revenues registered a 4.8 percent decrease in real annual terms, due mainly to the higher non-recurring revenues registered in 2007 from the sale of Grupo Aeroportuario Centro-Norte, the minimum Guaranteed Return from PEMEX, as well as other royalties and fees. After adjusting for those resources, budgetary revenues would show an increase of 5.6 percent.
- Income tax and VAT revenues posted increases in real annual terms of 8.2 and 5.8 percent, respectively.
- Programmable expenditures registered a 10.0 percent increase in real annual terms
- Federalized spending increased 20.2 percent in real annual terms.
- The public sector's net domestic debt increased by Ps. 16.2 billion while its external debt balance increased US\$ 4.5 billion, both with respect to December 2007. The increase in external indebtedness is transitory and will gradually decrease as debt is amortized in the coming months.

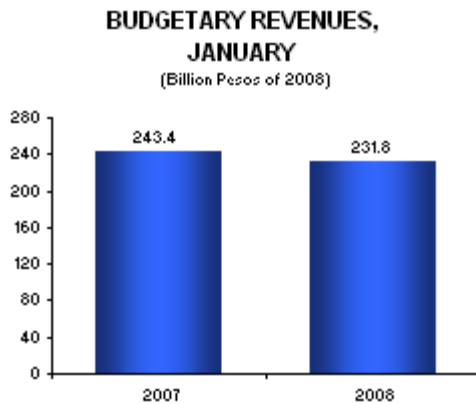
Evolution of the Public Finances during January

Up to January 2008, the public sector balance posted a surplus of Ps. 37.8 billion, Ps. 13.8 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. 58.4 billion surplus, Ps. 21.6 billion lower than the one registered in January 2007.

Public Sector Budgetary Revenues during January

The public sector's budgetary revenues were Ps. 231.8 billion, amount which is 4.8 percent lower in real terms than that registered during the same period of the previous year. This behavior is explained by higher non-recurring revenues registered in 2007 from the sale of Grupo Aeroportuario Centro-Norte, the minimum Guaranteed Return from PEMEX, as well as other royalties and fees which were not observed this year. After adjusting for

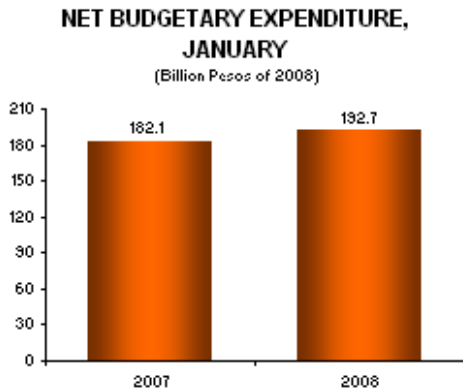
those resources, budgetary revenues would show an increase of 5.6 percent in real annual terms. The evolution of the main components of budgetary revenues is the following:



- Revenues of public entities under direct budgetary control other than PEMEX totaled Ps. 30.9 billion, which represents a decrease of 3.3 percent with respect to those registered in the same month of 2007. This figure is explained by the following: lower revenues from energy sales; the new ISSSTE Law which modifies the frequency of pension contributions from a biweekly to a bimonthly period, and the fact that CFE will account its financial cost using the same accounting criteria as the Federal Government (interest payments on financial liabilities less received interests on available financial assets).
- Non-tax non-oil revenues were Ps. 8.1 billion, amount that is 74.9 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 resources obtained in 2007.
- Non-oil tax revenues amounted to Ps. 122.9 billion, 8.2 percent higher in real terms than those observed during January 2007. Worth noting are income tax and VAT increases in real annual terms of 8.2 and 5.8 percent, respectively. The collection of the Unique Rate Corporate Tax (IETU) and the Tax on cash deposits will be reflected in the fiscal accounts of February, time of the year when taxpayers made the first provisional payments for these new contributions which came into effect starting in January, 2008.
- 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. 69.9 billion, amount that is 6.5 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.

Net Budgetary Public Sector Expenditures during January

During the first month of the year, the net budgetary expenditures of the public sector totaled Ps. 192.7 billion, amount that is 5.8 percent higher in real terms than the one observed in the same month of 2007.



Paid programmable expenditures totaled Ps. 140.9 billion, which is 10.0 percent higher in real terms than the one observed in the same period of the previous year. The higher expenditures have been channeled to social development programs such as education, urbanization, housing and regional development; pensions, national and public security; and productive activities, among them higher investment expenditures in CFE and PEMEX and programs of the Ministry of Economy.

Federalized spending, which includes 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 20.2 percent in real terms. Shared revenues registered a 47.8 percent increase in real terms, due to a higher collection of Federal shared revenues while the rest of the resources distributed to Federal Entities and Municipalities registered a 6.8 percent increase in real terms.

The Public Sector's financial cost was Ps. 17.5 billion, amount that is 12.4 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 publication 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 result of public finances only its presentation, the financial cost would decrease by 4.6 percent.

Public debt update to January

At the end of January, the Federal Government's net domestic debt balance was Ps. 1,761 billion, amount that is Ps. 27.4 billion lower than the amount observed at the end of 2007. The change in balance is explained by net indebtedness of Ps. 15.6 billion, upward adjustments to the inflation-indexed debt of Ps. 4.3 billion and an increase in the Federal Government's financial assets of Ps. 47.3 billion.

The balance of the Federal Government's net external debt at the end of January was US\$ 41.9 billion, US\$ 0.6 billion higher than the amount observed on December 31, 2007. The increase is due to net indebtedness by US\$ 1.5 billion, upward accounting adjustments by US\$ 0.1 billion, and an increase in financial assets in foreign currency of US\$ 1.0 billion.

The balance of net domestic debt of the Federal Public Sector (Federal Government, PEDBC's and development



banks) at the end of the first month of the year was Ps. 1,730.8 billion, which implies a Ps. 16.2 billion increase with respect to the closing balance of 2007. This is due to net domestic borrowing of Ps. 36.9 billion, upward accounting adjustments by Ps. 10.7 billion and an increase in the Public Sector's financial assets by Ps. 31.4 billion.

The net balance of the Federal Public Sector's external debt stood at US\$ 39.1 billion, amount that is higher than that observed in December 2007 by US\$ 4.5 billion. This is due to net external indebtedness by US\$ 5.4 billion during 2007, upward accounting adjustments by

US\$ 0.8 billion and an increase in financial assets abroad by US\$ 1.7 billion.

It is worth noting that the increase in external indebtedness is transitory and will gradually decrease as debt is amortized in the coming months, which is consistent with the financing program for this year and the net external debt decrease 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.apartados.hacienda.gob.mx/clon_estadisticas/index.html

ANNEX

PUBLIC SECTOR OVERALL BALANCE (Million pesos)

Concept	January		Real. % Growth	Composition %	
	2007 p./	2008p./		2007/ p./	2008p./
PUBLIC BALANCE	51,523.5	37,762.5	-29.3		
Budgetary Balance	59,080.0	39,113.5	-36.2		
Budgetary Revenues	234,713.8	231,815.1	-4.8	100.0	100.0
Oil Related	63,327.2	69,916.4	6.5	27.0	30.2
Federal Government	45,204.6	47,892.1	2.2	19.3	20.7
PEMEX	18,122.6	22,024.3	17.2	7.7	9.5
Non-oil related	171,386.6	161,898.7	-8.9	73.0	69.8
Federal Government	140,573.6	130,990.7	-10.1	59.9	56.5
Tax	109,485.3	122,888.0	8.2	46.6	53.0
Non-tax	31,088.2	8,102.7	-74.9	13.2	3.5
PEDBC	30,813.0	30,908.1	-3.3	13.1	13.3
Net Budgetary Expenditures	175,633.8	192,701.6	5.8	100.0	100.0
Programmable	123,540.3	140,920.7	10.0	70.3	73.1
Non programmable	52,093.5	51,780.8	-4.1	29.7	26.9
PEIBC	-7,556.5	-1,351.0	n.s.		
Primary Balance	80,023.1	58,412.9	-29.6		

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		Real. % Growth	Composition %	
	2007 ^{p./}	2008 [/]		2007 ^{p./}	2008 ^{p./}
Budgetary Revenues(I+II)	234,713.8	231,815.1	-4.8	100.0	100.0
I. Oil Related (a+b)	63,327.2	69,916.4	6.5	27.0	30.2
a) PEMEX	18,122.6	22,024.3	17.2	7.7	9.5
b) Federal Government	45,204.6	47,892.1	2.2	19.3	20.7
Rights and royalties	50,496.1	54,657.2	4.4	21.5	23.6
Excise taxes ^{1./}	-5,510.6	-7,169.2	25.5	-2.3	-3.1
Tax on Oil Returns	219.0	404.1	77.9	0.1	0.2
II. Non-oil related (c+d)	171,386.6	161,898.7	-8.9	73.0	69.8
c) Federal Government	140,573.6	130,990.7	-10.1	59.9	56.5
Tax	109,485.3	122,888.0	8.2	46.6	53.0
Income Tax	51,368.9	57,617.9	8.2	21.9	24.9
IETU (Unique Rate Corporate Tax)	0.0	0.0	0.0	0.0	0.0
VAT	46,933.6	51,512.5	5.8	20.0	22.2
Excise taxes	4,628.5	5,233.7	9.0	2.0	2.3
Import taxes	2,497.1	3,091.0	19.4	1.1	1.3
IDE (Tax on Cash Deposits)	0.0	0.0	0.0	0.0	0.0
Others ^{2./}	4,057.3	5,432.9	29.1	1.7	2.3
Non-tax	31,088.2	8,102.7	-74.9	13.2	3.5
Rights	3,271.1	4,337.5	27.9	1.4	1.9
Fees	26,991.5	3,342.7	-88.1	11.5	1.4
Others	825.7	422.5	-50.6	0.4	0.2
d) PEDBC ^{3./}	30,813.0	30,908.1	-3.3	13.1	13.3
Memorandum items:					
Total tax related	104,193.8	116,122.9	7.5	44.4	50.1
Total non-tax related	130,519.9	115,692.2	-14.5	55.6	49.9

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		Real. % Growth	Composition %	
	2007 ^{p./}	2008 ^{p./}		2007 ^{p./}	2008 ^{p./}
TOTAL (I+II)	175,633.8	192,701.6	5.8	100.0	100.0
I. Primary Expenditures (a+b)	156,381.4	175,206.7	8.0	89.0	90.9
a) Programmable	123,540.3	140,920.7	10.0	70.3	73.1
b) Non- programmable	32,841.1	34,285.9	0.7	18.7	17.8
II. Financing Costs ^{1/}	19,252.4	17,494.9	-12.4	11.0	9.1

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 ^{*_/}
(Million pesos)

Concept	Outstanding as of December 2007 ^{p_/}	Indebtedness			Adjustments ^{1_/}	Outstanding as of January 2008 ^{p_/}
		Originations	Amort.	Net		
Net Domestic debt balance	1,788,339.0					1,760,972.2
Assets ^{2_/}	-107,921.8					-155,204.0
Gross Domestic debt stock	1,896,260.8	162,464.2	146,814.4	15,649.8	4,265.6	1,916,176.2
Government Securities	1,795,833.3	150,322.1	135,425.7	14,896.4	3,673.7	1,814,403.4
Cetes	340,453.7	98,358.1	105,345.4	-6,987.3	0.0	333,466.4
Bondes	137,509.1	0.0	16,500.0	-16,500.0	0.0	121,009.1
Bondes D	187,490.3	3,700.0	0.0	3,700.0	0.0	191,190.3
Fixed Rate Bonds	895,052.9	40,567.7	13,580.3	26,987.4	2,335.8	924,376.1
Udibonos	235,327.3	7,696.3	0.0	7,696.3	1,337.9	244,361.5
<i>Udibonos udi's</i>	<i>59,834.3</i>	<i>1,952.7</i>	<i>0.0</i>	<i>1,952.7</i>	<i>0.0</i>	<i>61,787.0</i>
S.A.R.	62,937.8	12,048.2	11,112.4	935.8	445.4	64,319.0
Siefores (pesos)	879.2	2.3	238.5	-236.2	4.0	647.0
<i>Siefores udi's</i>	<i>223.5</i>	<i>0.6</i>	<i>60.5</i>	<i>-59.9</i>	<i>0.0</i>	<i>163.6</i>
Others	36,610.5	91.6	37.8	53.8	142.5	36,806.8

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.

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^{*_/}
(Million Dollars)

Concept	Outstanding as of December 2007 ^{p_/_}	Indebtedness			Adjustments	Outstanding as of January 2008 ^{p_/_}
		Originations	Amort.	Net		
Net Debt	41,281.4					41,871.5
Assets ^{1_/_}	-970.0					-1,964.4
Gross Debt	42,251.4	1,505.1	49.2	1,455.9	128.6	43,835.9
Public Bonds	35,352.3	1,500.0	0.0	1,500.0	100.7	36,953.0
IFI's	6,622.7	5.1	49.1	-44.0	23.3	6,602.0
Bilateral	199.9	0.0	0.1	-0.1	4.6	204.4
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 from PEDBC's and Development Banks.

Source: Ministry of Finance and Public Credit

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

Concept	Outstanding as of December 2007 ^{p_/}	Indebtedness			Adjust.	Outstanding as of January 2008 ^{p_/}
		Originations	Amort.	Net		
Net Debt	1,687,575.8					1,703,783.7
Assets ^{1_/}	-270,416.5					-301,766.8
Gross Debt	1,957,992.3	196,375.0	159,491.8	36,883.2	10,675.0	2,005,550.5
By Term	1,957,992.3	196,375.0	159,491.8	36,883.2	10,675.0	2,005,550.5
Long-term	1,690,521.3	69,517.5	54,042.9	15,474.6	1,675.1	1,707,671.0
Short-term	267,471.0	126,857.5	105,448.9	21,408.6	8,999.9	297,879.5
By User	1,957,992.3	196,375.0	159,491.8	36,883.2	10,675.0	2,005,550.5
Federal Government	1,896,260.8	162,464.2	146,814.4	15,649.8	4,265.6	1,916,176.2
Long-term	1,634,957.6	69,514.9	54,034.5	15,480.4	4,265.6	1,654,703.6
Short-term	261,303.2	92,949.3	92,779.9	169.4	0.0	261,472.6
PEDBC's	21,120.1	20,908.2	177.4	20,730.8	-2,212.2	39,638.7
Long-term	21,120.1	0.0	8.4	-8.4	-2,212.2	18,899.5
Short-term	0.0	20,908.2	169.0	20,739.2	0.0	20,739.2
Development Banks	40,611.4	13,002.6	12,500.0	502.6	8,621.6	49,735.6
Long-term	34,443.6	2.6	0.0	2.6	-378.3	34,067.9
Short-term	6,167.8	13,000.0	12,500.0	500.0	8,999.9	15,667.7
By Financing Source	1,957,992.3	196,375.0	159,491.8	36,883.2	10,675.0	2,005,550.5
Bonds Placed in Domestic Markets	1,835,828.8	163,322.1	147,925.7	15,396.4	12,296.5	1,863,521.7
SAR	62,937.8	12,048.2	11,112.4	935.8	445.4	64,319.0
Commercial Banks	974.5	2.6	8.4	-5.8	-1.2	967.5
Others	58,251.2	21,002.1	445.3	20,556.8	-2,065.7	76,742.3

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



Press Release

Mexico City, February 29th, 2008.

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

Concept	Outstanding as of December 2007 ^{p_/}	Indebtedness			Adjust	Outstanding as of January 2008 ^{p_/}
		Originations	Amort.	Net		
Net Debt	34,532.5					39,070.8
Financial Assets in Foreign Currency ^{1_/}	-20,822.4					-22,529.7
Gross Debt						
By Term	55,354.9	6,436.5	1,016.5	5,420.0	825.6	61,600.5
Long-term	54,435.0	1,505.1	467.2	1,037.9	820.3	56,293.2
Short-term	919.9	4,931.4	549.3	4,382.1	5.3	5,307.3
By User	55,354.9	6,436.5	1,016.5	5,420.0	825.6	61,600.5
Federal Government	42,251.4	1,505.1	49.2	1,455.9	128.6	43,835.9
Long-term	42,251.4	1,505.1	49.2	1,455.9	128.6	43,835.9
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC's	7,857.3	4,673.6	212.7	4,460.9	664.1	12,982.3
Long-term	7,857.3	0.0	67.0	-67.0	660.8	8,451.1
Short-term	0.0	4,673.6	145.7	4,527.9	3.3	4,531.2
Development Banks	5,246.2	257.8	754.6	-496.8	32.9	4,782.3
Long-term	4,326.3	0.0	351.0	-351.0	30.9	4,006.2
Short-term	919.9	257.8	403.6	-145.8	2.0	776.1
By Financing Source	55,354.9	6,436.5	1,016.5	5,420.0	825.6	61,600.5
Public Bonds	36,964.0	1,500.0	0.0	1,500.0	117.7	38,581.7
IFI's	9,154.7	5.1	92.9	-87.8	28.3	9,095.2
Bilateral	2,932.6	0.0	160.7	-160.7	40.6	2,812.5
Commercial Banks	1,553.5	257.8	617.2	-359.4	4.1	1,198.2
Restructured 1989 - 1990	76.5	0.0	0.0	0.0	0.0	76.5
Others ^{2_/}	4,673.6	4,673.6	145.7	4,527.9	634.9	9,836.4

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_/ Considers direct debt due to Projects of Productive Infrastructure of Long-term (PIDIREGAS).

Source: Ministry of Finance and Public Credit

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