

## PUBLIC FINANCE AND PUBLIC DEBT REPORT, AUGUST 2012

The public finance and public debt preliminary results as of August 2012 were released today.

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

- The total deficit of the Public Sector was Ps. 167.1 billion. Excluding investment by PEMEX, a surplus of Ps. 1.1 billion is observed. These results are consistent with the approved budget deficit for the year.
- Budgetary revenues were higher by 10.0% in real annual terms. Revenues of public entities under direct budgetary control other than PEMEX, oil revenues and non-oil tax revenues increased by 14.5, 8.5, and 4.5%, respectively.
- Net expenditures were higher by 8.4% in real annual terms. Programmable expenditures increased by 9.3% in real terms.
- Federal resources transferred to federal entities and municipalities increased by 3.9% in real terms. Shared revenues grew by 1.3% in real terms. Adjusting the base of comparison by the effect of the elimination of the vehicle ownership tax, the increases would be 5.5 and 5.2% in real terms, respectively.
- The Federal Public Sector's net domestic debt increased by Ps. 231.8 billion while **the Federal Public Sector's** net external debt increased by USD 7.9 billion, both with respect to the end of 2011.

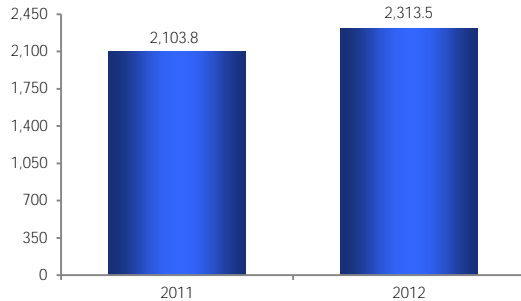
### *Evolution of the Public Finances during January-August*

As of August 2012, the Public Sector posted a deficit of Ps. 167.1 billion. The primary balance posted a surplus of Ps. 20.9 billion. If investment by PEMEX is excluded, the public balance shows a surplus of Ps. 1.1 billion. These results are consistent with the approved deficit for 2012, in compliance with Article 17 of the Federal Budget and Fiscal Responsibility Law.

### *Public Sector Budgetary Revenues during January-August*

The Public Sector's budgetary revenues were Ps. 2,313.5 billion, amount 10.0% higher in real annual terms. The evolution of the main components of budgetary revenues was the following:

**BUDGETARY REVENUES,  
JANUARY-AUGUST**  
(Billion pesos of 2012)



- Non-oil tax revenues were Ps. 1,020.7 billion, higher by 4.5% in real annual terms. By adjusting collections for the elimination of the vehicle ownership tax, non-oil tax revenues increased by 5.8% in real terms. Collections from the VAT, taxes on imports and the income tax (including the IETU and the Tax on Cash Deposits) increased by 9.3, 7.7 and 3.6% in real terms, respectively.
- Oil related revenues –which include **PEMEX’s own revenues, excise tax** collection on gasoline and diesel, royalties and fees, and taxes on oil returns – totaled Ps. 769.9 billion, increasing by 8.5% in real annual terms. This result is explained mainly by the higher price of the Mexican oil mix (104.0 dpb compared with 97.8 dpb observed in the same period of last year), that was partially offset by a lower price of natural gas by 36.8%, a higher value of hydrocarbon imports by 2.4% in real terms and a lower oil production platform by 0.9%, all with respect to the same period of 2011.
- Revenues of public entities under direct budgetary control other than PEMEX were Ps. 392.0 billion, which represents an increase of 14.5% in real annual terms. This is mainly explained by higher revenues from

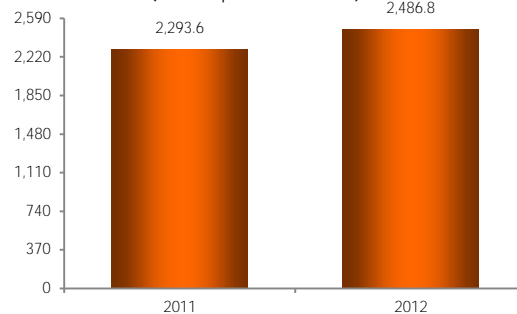
electricity sales, higher social security contributions and other revenues.

- Non-tax non-oil revenues totaled Ps. 130.8 billion, amount higher by 74.7% in real annual terms due to higher non-recurrent revenues and royalties than those observed last year.

**Net Budgetary Public Sector Expenditures during January-August**

During the first eight months of the year, net budgetary expenditures of the Public Sector totaled Ps. 2,486.8 billion, amount higher by 8.4% in real annual terms.

**BUDGETARY NET EXPENDITURES,  
JANUARY-AUGUST**  
(Billion pesos of 2012)



Paid programmable expenditures totaled Ps. 1,947.6 billion, amount higher by 9.3% in real annual terms. Within, worth highlighting are the expenditures allocated to communications; economy, trade and labor; and the energy and healthcare sectors.

Resources transferred to federal entities and municipalities through shared revenues, federal contributions, decentralization agreements and reallocations increased by 3.9% in real terms. Shared revenues increased by 1.3% in real terms and the remainder of the resources transferred to the governments of federal entities and municipalities increased by 5.8%



in real annual terms. Adjusting the base of comparison by the effect of the elimination of the vehicle ownership tax, total resources transferred to federal entities and municipalities and shared revenues would increase by 5.5 and 5.2% in real terms, respectively.

The Public Sector's financial cost was Ps. 182.0 billion, amount higher by 13.2% in real annual terms due to the depreciation of the exchange rate and changes in the seasonality of PEMEX's financial cost.

### *Stock of Public Debt as of August*

The Federal Government's net domestic debt balance as of August was Ps. 3,324.2 billion, amount Ps. 212.1 billion higher than that observed at the end of 2011. The change in the stock is explained by net indebtedness of Ps. 293.6 billion, upward adjustments to the inflation indexed debt by Ps. 23.8 billion (Ps. 21.1 billion from inflation-indexed debt and Ps. 2.7 billion from debt swap operations) and an increase in the Federal Government's financial assets by Ps. 105.3 billion.

The stock of the Federal Government's net external debt at the end of August was USD 65.6 billion, amount USD 5.9 billion higher than the one observed at the end of 2011. This result is explained by a net indebtedness of USD 4.0 billion, upward accounting adjustments by USD 0.5 billion (USD 0.7 billion from debt swaps and USD -0.2 billion from the revaluation of other currencies with respect to the USD) and by the use of Federal Government's assets by Ps. 1.4 billion.

The stock of the Federal Public Sector's net domestic debt (Federal Government, PEDBC's and development banks) at the end of August was Ps. 3,490.3 billion, which implies an increase of Ps. 231.8 billion with respect to the stock recorded at the end of 2011. This is due

to net domestic indebtedness during the period of Ps. 299.4 billion, upward accounting adjustments by Ps. 24.7 billion and an increase in domestic financial assets by Ps. 92.3 billion.

The stock of the Federal Public Sector's net external debt was USD 121.5 billion, amount that is higher by USD 7.9 billion than the one registered at the end of 2011. This result is explained by net indebtedness of USD 6.8 billion, upward accounting adjustments by USD 0.4 billion and the use of Public Sector assets by USD 0.7 billion.

More details on public finance and public debt statistics can be obtained in the Ministry of Finance's web page at:

<http://t.co/pmRnBb1>

## ANNEX I

### PUBLIC SECTOR BALANCE (Million pesos)

Concept	January-August		Real % Growth	Composition %	
	2011	2012 <sup>p_/</sup>		2011	2012 <sup>p_/</sup>
<b>PUBLIC BALANCE</b>	-172,491.0	-167,094.6	n.s.		
<b>PUBLIC BALANCE EXCLUDING PEMEX'S INVESTMENT<sup>1_/</sup></b>	-44,780.0	1,077.7	n.s.		
Budgetary Balance	-182,464.0	-173,303.9	n.s.		
Budgetary Revenues	2,022,305.5	2,313,465.7	10.0	100.0	100.0
Oil Related	682,101.8	769,935.1	8.5	33.7	33.3
Federal Government	467,023.6	487,835.6	0.4	23.1	21.1
PEMEX	215,078.2	282,099.5	26.1	10.6	12.2
Non-oil related	1,340,203.6	1,543,530.6	10.7	66.3	66.7
Federal Government	1,011,239.3	1,151,549.6	9.5	50.0	49.8
Tax	939,257.2	1,020,702.0	4.5	46.4	44.1
Non-tax	71,982.1	130,847.6	74.7	3.6	5.7
PEDBC	328,964.3	391,980.9	14.5	16.3	16.9
Net Budgetary Expenditures	2,204,769.5	2,486,769.6	8.4	100.0	100.0
Programmable	1,712,203.6	1,947,557.6	9.3	77.7	78.3
Non programmable	492,565.9	539,212.0	5.2	22.3	21.7
PEIBC	9,973.0	6,209.4	-40.1		
Primary Balance	-12,945.2	20,942.3	n.s.		

Note: Figures may not add up due to rounding.

p\_/ Preliminary figures.

n.s.: Not significant.

1\_/ PEMEX's physical investment is excluded.

Source: Ministry of Finance and Public Credit.



Press Release

Mexico City, September 28<sup>th</sup>, 2012.

### PUBLIC SECTOR REVENUES (Million pesos)

Concept	January-August		Real % Growth	Composition %	
	2011	2012 <sup>p./</sup>		2011	2012 <sup>p./</sup>
<b>BUDGETARY REVENUES(I+II)</b>	<b>2,022,305.5</b>	<b>2,313,465.7</b>	<b>10.0</b>	<b>100.0</b>	<b>100.0</b>
I. Oil Related (a+b)	682,101.8	769,935.1	8.5	33.7	33.3
a) PEMEX	215,078.2	282,099.5	26.1	10.6	12.2
b) Federal Government	467,023.6	487,835.6	0.4	23.1	21.1
Rights and royalties	552,005.5	629,238.1	9.6	27.3	27.2
Excise taxes <sup>1_/</sup>	-87,506.1	-141,465.1	n.s.	-4.3	-6.1
Tax on Oil Returns	2,524.2	62.6	-97.6	0.1	0.0
II. Non-oil related (c+d)	1,340,203.6	1,543,530.6	10.7	66.3	66.7
c) Federal Government	1,011,239.3	1,151,549.6	9.5	50.0	49.8
Tax	939,257.2	1,020,702.0	4.5	46.4	44.1
Income Tax, IETU and IDE	510,576.2	550,074.6	3.6	25.2	23.8
Income Tax	480,836.7	520,798.6	4.1	23.8	22.5
IMPAC	-566.0	-878.3	n.s.	0.0	0.0
IETU (Unique Rate Corporate Tax)	33,726.0	29,229.0	-16.7	1.7	1.3
IDE (Tax on Cash Deposits)	-3,420.5	925.2	n.s.	-0.2	0.0
VAT	334,500.1	380,025.7	9.2	16.5	16.4
Excise taxes	45,340.0	48,785.9	3.4	2.2	2.1
Import taxes	16,517.0	18,512.2	7.7	0.8	0.8
Others <sup>2_/</sup>	32,324.0	23,303.6	-30.7	1.6	1.0
Non-tax	71,982.1	130,847.6	74.7	3.6	5.7
Rights	26,924.8	33,019.2	17.9	1.3	1.4
Fees	42,230.2	93,362.5	112.5	2.1	4.0
Others	2,827.1	4,465.8	51.8	0.1	0.2
d) PEDBC <sup>3_/</sup>	328,964.3	391,980.9	14.5	16.3	16.9
<b>Memorandum items:</b>					
Total tax related	854,275.3	879,299.5	-1.1	42.2	38.0
Total non-tax related	1,168,030.1	1,434,166.2	18.0	57.8	62.0

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

n.s.: Not significant.

1\_/ The negative sign implies that tax compensations were greater than receipts.

2\_/ Includes taxes on new vehicles, on vehicle ownership, exports, those that do not belong to the aforementioned and accessories.

3\_/ Excludes federal government transfers to the ISSSTE.

Source: Ministry of Finance and Public Credit.



Press Release

Mexico City, September 28<sup>th</sup>, 2012.

### PUBLIC SECTOR NET EXPENDITURES (Million pesos)

Concept	January-August		Real % Growth	Composition %	
	2011	2012 <sup>p./</sup>		2011	2012 <sup>p./</sup>
<b>TOTAL (I+II)</b>	2,204,769.5	2,486,769.6	8.4	100.0	100.0
I. Primary Expenditures (a+b)	2,050,250.1	2,304,729.3	8.1	93.0	92.7
a) Programmable	1,712,203.6	1,947,557.6	9.3	77.7	78.3
b) Non- programmable	338,046.5	357,171.8	1.6	15.3	14.4
II. Financial Cost <sup>1_</sup>	154,519.3	182,040.3	13.2	7.0	7.3

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, as well as expenditures to support savers and bank debtors.

Source: Ministry of Finance and Public Credit.



Press Release

Mexico City, September 28<sup>th</sup>, 2012.

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

Concept	Outstanding as of December 2011	Indebtedness			Adjustments <sup>1_/</sup>	Outstanding as of August 2012 <sup>p_/</sup>
		Originations	Amort.	Net		
<b>1. Net Debt (3-2)</b>	<b>3,112,093.2</b>					<b>3,324,151.3</b>
2. Assets <sup>2_/</sup>	85,610.0					190,944.0
<b>3. Gross Domestic Debt</b>	<b>3,197,703.2</b>	<b>1,562,492.4</b>	<b>1,268,866.1</b>	<b>293,626.3</b>	<b>23,765.8</b>	<b>3,515,095.3</b>
Government Securities	2,882,799.6	1,459,342.5	1,155,182.1	304,160.4	16,270.3	3,203,230.3
Cetes	456,600.8	1,031,930.4	957,275.2	74,655.2	0.0	531,256.0
Bondes "D"	202,473.1	25,618.4	27,300.1	-1,681.7	0.0	200,791.4
Fixed Rate Bonds	1,581,580.5	301,227.4	135,987.1	165,240.3	2,710.9	1,749,531.7
Udibonos	642,145.2	100,566.3	34,619.7	65,946.6	13,559.4	721,651.2
<i>Udibonos udi's</i>	136,922.7	21,173.5	7,311.6	13,861.9	0.1	150,784.7
S.A.R.	81,193.5	101,825.9	102,820.4	-994.5	2,862.5	83,061.5
Obligations from ISSSTE Law	171,932.8	30.4	8,890.8	-8,860.4	3,384.6	166,457.0
Others	61,777.3	1,293.6	1,972.8	-679.2	1,248.4	62,346.5

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 swap adjustments.

2\_/ Represents the net balance, denominated in pesos, of the General Account of the Federal Treasury.

Source: Ministry of Finance and Public Credit.



Press Release

Mexico City, September 28<sup>th</sup>, 2012.

FEDERAL GOVERNMENT EXTERNAL DEBT, AUGUST <sup>\*\_/\_</sup>  
(Million dollars)

Concept	Outstanding as of December 2011	Indebtedness			Adjustments <sup>2_/_</sup>	Outstanding as of August 2012 <sup>p_/_</sup>
		Originations	Amort.	Net		
<b>1. Net Debt (3-2)</b>	<b>59,642.5</b>					<b>65,552.5</b>
<b>2. Assets <sup>1_/_</sup></b>	<b>1,709.0</b>					<b>283.0</b>
<b>3. Gross Debt</b>	<b>61,351.5</b>	<b>8,041.6</b>	<b>4,061.4</b>	<b>3,980.2</b>	<b>503.8</b>	<b>65,835.5</b>
Public Bonds	40,668.5	7,206.2	3,571.1	3,635.1	525.5	44,829.1
IFI's	19,606.7	796.3	464.1	332.2	-0.3	19,938.6
Bilateral	1,076.3	39.1	26.2	12.9	-21.4	1,067.8

Note: Figures may not add up due to rounding.

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

p\_/\_ Preliminary figures.

1\_/\_ Considers the net US Dollar denominated balance of the General Account of the Federal Treasury.

2\_/\_ Includes debt exchange adjustments.

Source: Ministry of Finance and Public Credit.



**PUBLIC SECTOR DOMESTIC DEBT, AUGUST <sup>1</sup>/<sub>p</sub>**  
(Million pesos)

Concept	Outstanding as of December 2011	Indebtedness		Adjustments Net	Outstanding as of August 2012 <sup>1</sup> / <sub>p</sub>	
		Originations	Amort.			
<b>1. Net Debt (3-2)</b>	<b>3,258,479.5</b>				<b>3,490,255.8</b>	
<b>2. Assets <sup>2</sup>/<sub>p</sub></b>	188,329.1				280,636.7	
<b>3. Gross Debt</b>	<b>3,446,808.6</b>	<b>1,612,797.7</b>	<b>1,313,440.1</b>	<b>299,357.6</b>	<b>24,726.3</b>	<b>3,770,892.5</b>
<b>By Term</b>	<b>3,446,808.6</b>	<b>1,612,797.7</b>	<b>1,313,440.1</b>	<b>299,357.6</b>	<b>24,726.3</b>	<b>3,770,892.5</b>
Long-term	3,092,803.3	649,270.5	407,719.9	241,550.6	24,762.1	3,359,116.0
Short-term	354,005.3	963,527.2	905,720.2	57,807.0	-35.8	411,776.5
<b>By User</b>	<b>3,446,808.6</b>	<b>1,612,797.7</b>	<b>1,313,440.1</b>	<b>299,357.6</b>	<b>24,726.3</b>	<b>3,770,892.5</b>
Federal Government	3,197,703.2	1,562,492.4	1,268,866.1	293,626.3	23,765.8	3,515,095.3
Long-term	2,847,897.4	634,268.0	391,156.9	243,111.1	23,765.8	3,114,774.3
Short-term	349,805.8	928,224.4	877,709.2	50,515.2	0.0	400,321.0
<b>PEDBC's</b>	<b>203,641.0</b>	<b>17,934.8</b>	<b>22,043.1</b>	<b>-4,108.3</b>	<b>1,021.7</b>	<b>200,554.4</b>
Long-term	200,141.0	4,500.0	15,900.1	-11,400.1	1,021.7	189,762.6
Short-term	3,500.0	13,434.8	6,143.0	7,291.8	0.0	10,791.8
<b>Development Banks</b>	<b>45,464.4</b>	<b>32,370.5</b>	<b>22,530.9</b>	<b>9,839.6</b>	<b>-61.2</b>	<b>55,242.8</b>
Long-term	44,764.9	10,502.5	662.9	9,839.6	-25.4	54,579.1
Short-term	699.5	21,868.0	21,868.0	0.0	-35.8	663.7
<b>By Financing Source</b>	<b>3,446,808.6</b>	<b>1,612,797.7</b>	<b>1,313,440.1</b>	<b>299,357.6</b>	<b>24,726.3</b>	<b>3,770,892.5</b>
Bonds Placed in Domestic Markets	3,081,872.3	1,469,842.5	1,168,298.5	301,544.0	16,755.6	3,400,171.9
SAR	81,193.5	101,825.9	102,820.4	-994.5	2,862.5	83,061.5
Commercial Banks	42,243.9	9,502.5	3,946.6	5,555.9	-114.0	47,685.8
<b>ISSSTE's Law obligations</b>	<b>171,932.8</b>	<b>30.4</b>	<b>8,890.8</b>	<b>-8,860.4</b>	<b>3,384.6</b>	<b>166,457.0</b>
Others	69,566.1	31,596.4	29,483.8	2,112.6	1,837.6	73,516.3

Note: Figures may not add up due to rounding.

<sup>1</sup>/<sub>p</sub> Figures subject to revisions and methodological changes.

p/ Preliminary figures.

<sup>1</sup>/<sub>p</sub> Including the federal government, PEDBC's and Development Banks debt.

<sup>2</sup>/<sub>p</sub> Includes the net balance, denominated in pesos, of the General Account of the Federal Treasury and assets from PEDB's and Developments Banks.

Source: Ministry of Finance and Public Credit.

**PUBLIC SECTOR EXTERNAL DEBT, AUGUST<sup>\*\_/\_1\_/\_</sup>**  
(Million dollars)

Concept	Outstanding as of December 2011	Indebtedness			Adjustments	Outstanding as of August 2012 <sup>p_/_</sup>
		Originations	Amort.	Net		
<b>1. Net Debt (3-2)</b>	113,631.6					<b>121,519.6</b>
<b>2. Financial Assets in Foreign Currency<sup>2_/_</sup></b>	2,788.6					2,103.1
<b>3. Gross Debt</b>	<b>116,420.2</b>	<b>26,604.5</b>	<b>19,760.8</b>	<b>6,843.7</b>	<b>358.8</b>	<b>123,622.7</b>
<b>By Term</b>	<b>116,420.2</b>	<b>26,604.5</b>	<b>19,760.8</b>	<b>6,843.7</b>	<b>358.8</b>	<b>123,622.7</b>
Long-term	113,650.9	15,227.5	8,051.0	7,176.5	356.9	121,184.3
Short-term	2,769.3	11,377.0	11,709.8	-332.8	1.9	2,438.4
<b>By User</b>	<b>116,420.2</b>	<b>26,604.5</b>	<b>19,760.8</b>	<b>6,843.7</b>	<b>358.8</b>	<b>123,622.7</b>
Federal Government	61,351.5	8,041.6	4,061.4	3,980.2	503.8	65,835.5
Long-term	61,351.5	8,041.6	4,061.4	3,980.2	503.8	65,835.5
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
<b>PEDBC's</b>	<b>47,439.5</b>	<b>7,369.0</b>	<b>3,991.3</b>	<b>3,377.7</b>	<b>-155.8</b>	<b>50,661.4</b>
Long-term	47,439.5	7,082.9	3,822.4	3,260.5	-155.8	50,544.2
Short-term	0.0	286.1	168.9	117.2	0.0	117.2
<b>Development Banks</b>	<b>7,629.2</b>	<b>11,193.9</b>	<b>11,708.1</b>	<b>-514.2</b>	<b>10.8</b>	<b>7,125.8</b>
Long-term	4,859.9	103.0	167.2	-64.2	8.9	4,804.6
Short-term	2,769.3	11,090.9	11,540.9	-450.0	1.9	2,321.2
<b>By Financing Source</b>	<b>116,420.2</b>	<b>26,604.5</b>	<b>19,760.8</b>	<b>6,843.7</b>	<b>358.8</b>	<b>123,622.7</b>
Public Bonds	68,913.6	12,292.8	3,575.4	8,717.4	362.5	77,993.5
<b>IFI's</b>	<b>23,427.8</b>	<b>875.7</b>	<b>567.2</b>	<b>308.5</b>	<b>19.9</b>	<b>23,756.2</b>
Bilateral	14,013.9	2,038.1	2,195.7	-157.6	-40.3	13,816.0
Commercial Banks	9,778.6	11,111.8	13,253.6	-2,141.8	-2.4	7,634.4
Pidiregas	286.3	286.1	168.9	117.2	19.1	422.6

Note: Figures may not add up due to rounding.

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

p\_/\_ Preliminary figures.

1\_/\_ Includes the federal government, PEDBC's and Development Banks debt.

2\_/\_ Considers the net US Dollar denominated balance of the federal treasury's General Account and assets held by PEDBC's and Development Banks.

Source: Ministry of Finance and Public Credit.

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