

PUBLIC FINANCE AND PUBLIC DEBT REPORT AS OF OCTOBER 2013

In line with this Administration's commitment with macroeconomic stability and the transparency of public finances, the Ministry of Finance releases the preliminary information on the financial situation and the debt of the public sector as of October 2013. The main results are the following:

- During the January–October period, total budgetary revenues of the public sector were similar in real terms than the ones observed during the same period of 2012.
- Oil revenues decreased 1.6% in real terms and total non-oil tax revenues increased 4.5% with respect to the same period of 2012. This result is mainly due to the extraordinary revenues generated by the program for the regularization of tax liabilities for 2013 “Ponte al Corriente” and the extraordinary income tax revenues from the sale of Grupo Modelo.
- In October, programmable expenditures of the public sector increased 8.8% in real terms. Within, allocations towards the CFE, SAGARPA, Transport and Communications, Social Development and Economy observed increases of 77.8, 31.7, 20.4, 12.5 and 9.6%, respectively. Non-earmarked transfers to states increased 13% in real terms during the same period.
- As of October, programmable expenditures exceed the amount established in the Program for 2013 by Ps. 2,756 million.
- The public deficit as of October was Ps. 218.1 billion. Excluding PEMEX's investment, a surplus of Ps. 29.6 billion was observed, which is in line with the deficit approved by Congress within the Economic Program for 2014, given the expected evolution of public revenues and expenditures for November and December of 2013.
- The stock of the federal public sector's domestic debt increased by Ps. 183.3 billion and the stock of external debt increased by USD 7.5 billion, both with respect to December 2012. The financial cost of the public sector decreased 1.2% in real terms with respect to the one registered during the same period of last year.

Evolution of public finances during January–October

As of October 2013, the public sector registered a deficit of Ps. 218.1 billion. The primary balance had a deficit of Ps. 12.1 billion. Excluding PEMEX's investment, a surplus of Ps. 29.6 billion is observed in the public balance.

Public sector budgetary revenues during January–October

The public sector's budgetary revenues were Ps. 2,983.9 billion, which is a similar figure to the one observed in the same period of 2012. The evolution of the main elements of the budgetary revenues was the following:

- Non-oil tax revenues were Ps. 1,365.1 billion, higher by 4.5% in real terms than the ones observed in the same period of last year. This result shows the effect of the program for the regularization of tax liabilities for 2013 “Ponte al Corriente” and the extraordinary income tax revenues from the sale of Grupo Modelo. Within, collections from the income tax (including IETU and tax on cash deposits) and the excise tax (IEPS) increased 13.8 and 4.7% in real terms, respectively.¹
- Oil related revenues –which include PEMEX's own revenues, excise tax collections on gasoline and diesel, royalties and fees on hydrocarbons, and the tax on oil returns– amounted to Ps. 987.5 billion, decreasing 1.6% in real terms with respect to the ones observed in the same period of 2012. This result is mainly explained by the lower average price of the Mexican oil mix (100.3 dollars per barrel (dpb) compared with 103.7 dpb observed during the same period of 2012), lower oil and gas production platforms by 0.7 and 4.8%, respectively, and an appreciation of the exchange rate observed during this period. These effects were partially offset by a higher price of natural gas by 37.4% during the reference period.

¹ The high growth in income tax collections is due to an accounting methodological change regarding the compensations for taxpayers' positive balances with respect to 2012, which makes them non-comparable at a tax level. Up to 2012, almost all of the compensations for positive balances were discounted from the income tax collection (even when they corresponded to another tax). Starting in 2013, compensations are discounted from their respective tax. By adjusting these figures for the methodological change, the income tax shows an increase of 7.4% and the VAT shows an increase of 3.3%, both in real terms.

- Revenues from public entities under direct budgetary control other than PEMEX were Ps. 477.3 billion, which represented a 6.6% decrease in real terms with respect to the ones observed in the same period of last year. This is mainly due to lower electricity sales and other revenues.
- Non-oil non-tax revenues amounted to Ps. 154 billion, amount 5.6% lower in real terms than the one observed in the same period of last year, due to lower fees and duties.

Net public sector budgetary expenditures during January–October

During the January–October period of the current year, net public sector budgetary expenditures were Ps. 3,213.2 billion, which represents a 1.4% increase with respect to the previous year.

- Paid programmable expenditures amounted to Ps. 2,541.4 billion and were 0.8% greater in real terms than the figures from the same period of the previous year.
- Resources allocated to states and municipalities (through non-earmarked transfers, contributions and other transfers) increased 4.7% in real terms.
- The financial cost of the public sector amounted to Ps. 201 billion, which is lower than the amount registered during the same period of the previous year by 1.2% in real terms. This is mainly due to the average appreciation of the exchange rate parity during said period.

In October, programmable expenditures from the public sector increased 8.8% in real terms. Within, allocations towards the CFE, SAGARPA, Transport and Communications, Social Development and Economy observed increases of 77.8, 31.7, 20.4, 12.5 and 9.6%, respectively. Non-earmarked transfers to federal entities increased 13% in real terms during the same period.

PUBLIC SECTOR PROGRAMMABLE EXPENDITURES

(Million pesos)

Concept	October		Real
	2012	2013 ^{p./}	% change
TOTAL	236,105.4	265,597.9	8.8
CFE	14,923.2	27,431.5	77.8
SAGARPA	4,102.1	5,584.9	31.7
Transport and Communications	9,086.4	11,303.5	20.4
Social Development	7,759.1	9,024.9	12.5
Economy	614.4	696.2	9.6
Other	199,620.1	211,557.0	2.5

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

Source: Ministry of Finance and Public Credit.

Stock of public debt as of October

The stock of the Federal Government's net domestic debt as of October was Ps. 3,703.7 billion, amount higher by Ps. 202.6 billion than the one observed at the end of 2012. The change in the stock is explained by a net indebtedness of Ps. 458.8 billion, upward accounting adjustments of Ps. 29 billion and an increase in the Federal Government's financial assets of Ps. 285.2 billion.

The stock of the Federal Government's net external debt at the end of October was USD 69.4 billion, amount USD 3.4 billion higher than the one observed at the end of 2012. This result is explained by a net indebtedness of USD 3.2 billion and by a reduction of the Federal Government's financial assets of USD 0.2 billion.

The stock of the Federal Public Sector's net domestic debt (Federal Government, public entities under direct budgetary control and development banks) at the end of October was Ps. 3,953.3 billion, which implies a Ps. 183.3 billion increase with respect to the stock registered at the end of 2012. This is due to a net domestic indebtedness of Ps. 487.6 billion during the period, upward accounting adjustments of Ps. 30 billion and an increase in domestic financial assets of the Federal Public Sector of Ps. 334.4 billion.

The stock of the federal public sector's net external debt was USD 129.1 billion, amount USD 7.5 billion higher than the one registered at the end of 2012. This result is explained by a net indebtedness of USD 7.1 billion and by a decrease in the federal public sector's financial assets of USD 0.3 billion.

More details on public finance and public debt statistics can be retrieved from the Ministry of Finance's web page at: <http://bit.ly/14miwX2>.

ANNEX I

PUBLIC SECTOR BALANCE

(Million pesos)

Concept	January-October		Real % Growth	Composition %	
	2012	2013 ^{p./}		2012	2013 ^{p./}
PUBLIC BALANCE	-163,833.4	-218,077.1	n.s.		
<i>PUBLIC BALANCE EXCLUDING PEMEX'S INVESTMENT^{p./}</i>	59,671.0	29,576.2	-52.3		
Budgetary Balance	-177,818.2	-229,355.3	n.s.		
Budgetary Revenues	2,873,941.3	2,983,890.8	0.0	100.0	100.0
Oil Related	966,616.7	987,527.8	-1.6	33.6	33.1
Federal Government	620,471.2	651,224.9	1.1	21.6	21.8
PEMEX	346,145.5	336,302.9	-6.4	12.0	11.3
Non oil related	1,907,324.6	1,996,363.0	0.8	66.4	66.9
Federal Government	1,415,027.9	1,519,052.5	3.4	49.2	50.9
Tax	1,257,871.3	1,365,054.6	4.5	43.8	45.7
Non-tax	157,156.5	153,997.9	-5.6	5.5	5.2
PEDBC	492,296.8	477,310.5	-6.6	17.1	16.0
Net Budgetary Expenditures	3,051,759.5	3,213,246.1	1.4	100.0	100.0
Programmable	2,428,831.2	2,541,384.3	0.8	79.6	79.1
Non programmable	622,928.3	671,861.7	3.9	20.4	20.9
PEIBC	13,984.9	11,278.2	-22.3		
Primary Balance	27,002.1	-12,057.1	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.

PUBLIC SECTOR REVENUES

(Million pesos)

Concept	January-October		Real % Growth	Composition %	
	2012	2013 ^{p./}		2012	2013 ^{p./}
BUDGETARY REVENUES (I+II)	2,873,941.3	2,983,890.8	0.0	100.0	100.0
I. Oil Related (a+b)	966,616.7	987,527.8	-1.6	33.6	33.1
a) PEMEX	346,145.5	336,302.9	-6.4	12.0	11.3
b) Federal Government	620,471.2	651,224.9	1.1	21.6	21.8
Rights and royalties	787,276.2	724,967.0	-11.3	27.4	24.3
Excise taxes ^{1/}	-167,122.9	-76,697.1	n.s.	-5.8	-2.6
Tax on Oil Returns	317.9	2,955.1	-o-	0.0	0.1
II. Non-oil related (c+d)	1,907,324.6	1,996,363.0	0.8	66.4	66.9
c) Federal Government	1,415,027.9	1,519,052.5	3.4	49.2	50.9
Tax	1,257,871.3	1,365,054.6	4.5	43.8	45.7
Income Tax, IETU and IDE	669,402.7	790,966.4	13.8	23.3	26.5
Income Tax	633,076.2	758,614.4	15.4	22.0	25.4
IMPAC	-966.9	-1,462.0	n.s.	0.0	0.0
IETU	35,694.4	38,974.8	5.2	1.2	1.3
IDE	1,599.1	-5,160.7	n.s.	0.1	-0.2
VAT	475,636.7	460,485.7	-6.7	16.5	15.4
Excise taxes	60,849.5	66,119.3	4.7	2.1	2.2
Import taxes	24,043.8	24,310.9	-2.6	0.8	0.8
Others ^{2/}	27,938.6	23,172.2	-20.1	1.0	0.8
Non-tax	157,156.5	153,997.9	-5.6	5.5	5.2
Rights	37,178.9	38,410.2	-0.5	1.3	1.3
Fees	114,649.8	108,254.1	-9.0	4.0	3.6
Others	5,327.8	7,333.6	32.6	0.2	0.2
d) PEDBC ^{3/}	492,296.8	477,310.5	-6.6	17.1	16.0
Memorandum items:					
Total tax related	1,091,066.3	1,291,312.5	14.0	38.0	43.3
Total non-tax related	1,782,874.9	1,692,578.3	-8.5	62.0	56.7

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

n.s.: Not significant. -o-: greater than 500%.

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

2_/ Includes taxes on new vehicles, exports and those not included in the aforementioned and accessories.

3_/ Excludes Federal Government's transfers to ISSSTE.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR NET EXPENDITURES

(Million pesos)

Concept	January-October		Real %	Composition %	
	2012	2013 ^{p/_}	Growth	2012	2013 ^{p/_}
TOTAL (I+II)	3,051,759.5	3,213,246.1	1.4	100.0	100.0
I. Primary expenditures (a+b)	2,855,652.8	3,012,198.4	1.6	93.6	93.7
a) Programmable	2,428,831.2	2,541,384.3	0.8	79.6	79.1
b) Non programmable	426,821.6	470,814.1	6.3	14.0	14.7
II. Financial Cost ^{1/_}	196,106.7	201,047.7	-1.2	6.4	6.3

Note: Figures may not add up due to rounding.

p/_ Preliminary figures.

1/_ Includes interests, commissions and other public debt expenditures, as well as expenditures for financial restructuring and to support savers and bank debtors.

Source: Ministry of Finance and Public Credit.

FEDERAL GOVERNMENT DOMESTIC DEBT, OCTOBER ^{*_/}
(Million pesos)

Concept	Outstanding as of December 2012	Indebtedness			Adjustments ^{1_/}	Outstanding as of October 2013 ^{p_/}
		Originations	Amort.	Net		
1. Net Debt (3-2)	3,501,071.6					3,703,665.6
2. Assets ^{2_/}	74,247.0					359,458.0
3. Gross Domestic Debt	3,575,318.6	2,010,997.7	1,552,159.2	458,838.5	28,966.5	4,063,123.6
Government Securities	3,257,765.7	1,871,308.7	1,412,375.2	458,933.5	21,248.6	3,737,947.8
Cetes	531,320.8	1,298,966.9	1,249,431.5	49,535.4	0.0	580,856.2
Bondes "D"	200,353.9	37,285.7	22,600.0	14,685.7	0.0	215,039.6
Fixed Rate Bonds	1,777,929.6	392,013.1	140,320.7	251,692.4	2,549.2	2,032,171.2
Udibonos	747,183.8	140,449.6	0.0	140,449.6	18,655.5	906,288.9
<i>Udibonos udi's</i>	153,280.3	28,415.7	0.0	28,415.7	0.0	181,696.0
Segregated Udibonos	977.6	2,593.4	23.0	2,570.4	43.9	3,591.9
<i>Segregated Udibonos udi's</i>	200.6	524.1	4.6	519.5	0.0	720.1
S.A.R.	85,523.2	137,309.5	126,827.4	10,482.1	2,557.3	98,562.6
Obligations by ISSSTE's Law	168,993.9	25.1	9,138.7	-9,113.6	3,713.7	163,594.0
Others	63,035.8	2,354.4	3,817.9	-1,463.5	1,446.9	63,019.2

Note: Figures may not add up due to rounding.

*_/ Figures subject to revisions and methodological changes.

p_/ Preliminary figures.

1_/ Refers to adjustments for inflation. In the concept of Fixed Rate Bonds the adjustment is due to swap operations.

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

Source: Ministry of Finance and Public Credit.

FEDERAL GOVERNMENT EXTERNAL DEBT, OCTOBER ^{*_/}
(Million dollars)

Concept	Outstanding as of December 2012	Indebtedness			Adjustments	Outstanding as of October 2013 ^{p_/}
		Originations	Amort.	Net		
1. Net Debt (3-2)	66,016.5					69,419.7
2. Assets ^{1_/}	1,444.0					1,231.0
3. Gross Debt	67,460.5	9,139.2	5,940.8	3,198.4	-8.2	70,650.7
Public Bonds	44,588.8	8,330.9	5,317.2	3,013.7	-29.8	47,572.7
IFT's	21,199.4	681.9	567.3	114.6	0.3	21,314.3
Bilateral	1,672.3	126.4	56.3	70.1	21.3	1,763.7

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.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR DOMESTIC DEBT, OCTOBER ^{*_/_1/_}
(Million pesos)

Concept	Outstanding as of December 2012	Indebtedness			Adjustments	Outstanding as of October 2013 ^{p/_}
		Originations	Amort.	Net		
1. Net Debt (3-2)	3,769,999.1					3,953,258.4
2. Assets ^{2/_}	91,093.3					425,483.4
3. Gross Debt	3,861,092.4	2,147,618.	1,659,975.7	487,642.7	30,006.7	4,378,741.8
By Term	3,861,092.4	2,147,618.	1,659,975.7	487,642.7	30,006.7	4,378,741.8
Long-term	3,457,336.9	898,466.3	441,009.5	457,456.8	30,012.7	3,944,806.4
Short-term	403,755.5	1,249,152.	1,218,966.2	30,185.9	-6.0	433,935.4
By User	3,861,092.4	2,147,618.	1,659,975.7	487,642.7	30,006.7	4,378,741.8
Federal Government	3,575,318.6	2,010,997.	1,552,159.2	458,838.5	28,966.5	4,063,123.6
Long-term	3,178,613.6	841,063.3	417,722.3	423,341.0	28,966.5	3,630,921.1
Short-term	396,705.0	1,169,934.	1,134,436.9	35,497.5	0.0	432,202.5
PEDBC's	223,342.6	47,378.7	28,144.4	19,234.3	1,015.6	243,592.5
Long-term	218,342.6	40,400.0	17,254.1	23,145.9	1,015.6	242,504.1
Short-term	5,000.0	6,978.7	10,890.3	-3,911.6	0.0	1,088.4
Development Banks	62,431.2	89,242.0	79,672.1	9,569.9	24.6	72,025.7
Long-term	60,380.7	17,003.0	6,033.1	10,969.9	30.6	71,381.2
Short-term	2,050.5	72,239.0	73,639.0	-1,400.0	-6.0	644.5
By Financing Source	3,861,092.4	2,147,618.	1,659,975.7	487,642.7	30,006.7	4,378,741.8
Bonds Placed in Domestic Markets	3,485,997.0	1,920,708.	1,430,813.9	489,894.8	21,893.5	3,997,785.3
SAR	85,523.2	137,309.5	126,827.4	10,482.1	2,557.3	98,562.6
Commercial Banks	46,873.6	8,003.0	9,848.5	-1,845.5	-20.6	45,007.5
ISSSTE's Law obligations	168,993.9	25.1	9,138.7	-9,113.6	3,713.7	163,594.0
Others	73,704.7	81,572.1	83,347.2	-1,775.1	1,862.8	73,792.4

Note: Figures may not add up due to rounding.

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

p/_ Preliminary figures.

1/_ Includes Federal Government, PEDBC's and Development Banks debt.

2/_ Includes the net balance, denominated in pesos, of the General Account of the Federal Treasury and assets from PEDBC's and Development Banks.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR EXTERNAL DEBT, OCTOBER ^{*/1/}
(Million dollars)

Concept	Outstanding as of December 2012	Indebtedness			Adjustments	Outstanding as of October 2013 ^{p/}
		Originations	Amort.	Net		
1. Net Debt (3-2)	121,659.0					129,110.5
2. Financial Assets in Foreign Currency ^{2/}	4,067.0					3,718.4
3. Gross Debt	125,726.0	31,217.3	24,108.8	7,108.5	-5.6	132,828.9
By Term	125,726.0	31,217.3	24,108.8	7,108.5	-5.6	132,828.9
Long-term	122,601.4	19,039.4	12,203.6	6,835.8	-8.3	129,428.9
Short-term	3,124.6	12,177.9	11,905.2	272.7	2.7	3,400.0
By User	125,726.0	31,217.3	24,108.8	7,108.5	-5.6	132,828.9
Federal Government	67,460.5	9,139.2	5,940.8	3,198.4	-8.2	70,650.7
Long-term	67,460.5	9,139.2	5,940.8	3,198.4	-8.2	70,650.7
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC's	50,064.0	9,882.6	6,095.2	3,787.4	-151.0	53,700.4
Long-term	50,064.0	9,607.3	5,873.0	3,734.3	-151.0	53,647.3
Short-term	0.0	275.3	222.2	53.1	0.0	53.1
Development Banks	8,201.5	12,195.5	12,072.8	122.7	153.6	8,477.8
Long-term	5,076.9	292.9	389.8	-96.9	150.9	5,130.9
Short-term	3,124.6	11,902.6	11,683.0	219.6	2.7	3,346.9
By Financing Source	125,726.0	31,217.3	24,108.8	7,108.5	-5.6	132,828.9
Public Bonds	79,393.5	15,830.9	6,040.7	9,790.2	-114.3	89,069.4
IFT's	25,309.4	963.9	875.3	88.6	223.3	25,621.3
Bilateral	12,311.9	469.4	2,073.0	-1,603.6	-56.0	10,652.3
Commercial Banks	8,394.8	13,677.8	14,897.6	-1,219.8	-26.9	7,148.1
Pidiregas	316.4	275.3	222.2	53.1	-31.7	337.8

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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