

Mexico City, November 28th, 2014

PUBLIC FINANCE AND PUBLIC DEBT REPORT AS OF OCTOBER 2014

In line with the commitment of keeping sound public finances and a responsible use of public indebtedness assumed by President Enrique Peña Nieto's Administration, the Ministry of Finance releases the preliminary information of the financial situation and the debt of the public sector as of October 2014. The main results are the following:

- During the first ten months of the year, total net expenditures of the public sector continued to be timely executed and oriented towards supporting productive activity and the welfare of the most vulnerable population.
- During January-October, net budgetary expenditures were 8.4% higher in real terms with respect to the same period of 2013. Expenditures in physical investment increased 19.1% in real terms, and expenditures in subsidies, transfers and contributions increased 17.5%, also in real terms. Operating expenditures decreased 2.4% in real terms.
- Programmable expenditures increased 9.3% in real terms. In particular, expenditures by entities from the Federal Government increased 16.2%. Expenditures increased 78.4% in Energy, 58.4% in Tourism, 39.6% in Ministry of Interior, 37.0% in Transport and Communications, 28.7% in SEMARNAT and 28.4% in Social Development.
- Non-earmarked transfers to states and municipalities increased 5.7% in real terms with respect to January-October of 2013.
- During January-October, budgetary revenues of the public sector were 2.5% higher in real terms than the ones observed during the same period of 2013. Within, tax revenues increased 9.5%, after adjusting by the effect of the program for the regularization of tax liabilities "Ponte al Corriente", which increased the base of comparison during 2013.
- The public deficit during January-October was Ps. 437.1 billion. Excluding PEMEX's investment, a deficit of Ps. 132.9 billion was observed, while Public Sector Borrowing

Requirements (PSBR) amounted to Ps. 545 billion. These results are consistent with the objectives approved by Congress for 2014.

- The stock of the federal public sector's domestic debt increased by Ps. 344.8 billion and the stock of external debt increased by USD 16.5 billion, both with respect to December 2013.

Evolution of public finances during January-October

As of October 2014, the public balance registered a deficit of Ps. 437.1 billion. The primary balance presented a deficit of Ps. 217.4 billion. Excluding PEMEX's investment, a deficit of Ps. 132.9 billion was observed in the public balance. Public Sector Borrowing Requirements (PSBR) amounted to Ps. 545 billion. These results are consistent with the objectives for these variables approved by Congress for 2014.

Public sector budgetary revenues during January-October

The public sector's budgetary revenues were Ps. 3,182.3 billion, amount higher by 2.5% in real terms than the one observed in the same period of 2013. The evolution of the main elements of the budgetary revenues was the following:

- During January-October of 2014, non-oil tax revenues were Ps. 1,509.5 billion, higher by 6.4% in real terms than the amount for the same period of last year, and 9.5% after adjusting by the effect of the program for the regularization of tax liabilities "Ponte al Corriente". During the first half of 2013, this program increased the base of comparison for these revenues by Ps. 38.9 billion.
- Collections from the value added tax increased 16.3% in real annual terms as a result of the current tax structure. The excise tax collections increased 50.6% in real terms, mainly due to the increase in the tax base due to the taxes on sweetened beverages, non-basic food with high caloric content and fossil fuels. Joint collections from the income tax (including IETU and tax on cash deposits) decreased 2.3% in real annual terms in a direct comparison, after adjusting by the effect of the "Ponte al Corriente" program, these increased 1.2% in real terms.

- Oil related revenues –which include PEMEX’s own revenues, excise tax collections on gasoline and diesel, royalties and fees on hydrocarbons, and tax on oil returns– amounted to Ps. 1,008.3 billion, decreasing 1.8% in real terms with respect to the ones observed in the same period of 2013. This result is mainly explained by a lower oil production by 2.7% with respect to 2013¹, a lower natural gas production by 1.9% with respect to the same period of 2013 and a lower average price of the Mexican oil mix, 93.4 dollars per barrel (dpb) compared with 100.2 dpb observed during the same period of 2013. These effects were partially offset with a higher natural gas price by 22.1% in this period.
- Revenues from public entities under direct budgetary control other than PEMEX were Ps. 510.7 billion, which represented a 2.9% increase in real terms with respect to the ones observed in the same period of 2013. This was mainly due to higher electricity sales and social security contributions.
- Non-oil non-tax revenues amounted to Ps. 153.8 billion, 4.4% lower in real terms than the ones observed in the same period of last year, due to lower revenues from rights, fees and duties.

Net public sector budgetary expenditures during January-October

In compliance with the expenditures program, during January-October of 2014, net public sector budgetary expenditures amounted to Ps. 3,635.7 billion, which represented an 8.4% increase in real terms with respect to the previous year.

- Paid programmable expenditures amounted to Ps. 2,902.5 billion and were 9.3% higher in real terms than the figures from the same period of 2013.
- During the first ten months of 2014, expenditures in physical investment increased 19.1% in real terms, while expenditures in subsidies, transfers and contributions increased 17.5% in real terms, both with respect to the same period of 2013.
- Operating expenditures decreased 2.4% in real terms.
- In particular, expenditures in entities from the Federal Government increased 16.2% in real terms during January-October. Expenditures increased 78.4% in Energy, 58.4% in Tourism, 39.6% in Ministry of Interior, 37.0% in Transport and Communications, 28.7% in SEMARNAT and 28.4% in Social Development.

¹ The expected oil production platform for January-October of 2014 was 2,520 thousands of barrels per day while only 2,459 thousands of barrels per day were observed, which represents a difference of 61 thousand barrels per day.

- Resources allocated towards states and municipalities through non-earmarked transfers, contributions and other transfers increased 7.5% in real terms. In particular, non-earmarked transfers increased 5.7% in real terms.

Stock of public debt as of October

The stock of the Federal Government's net domestic debt as of October was Ps. 4,238.6 billion, amount higher by Ps. 344.6 billion than the one observed at the end of December 2013. The change in the stock is explained by a net indebtedness of Ps. 505.3 billion, upward accounting adjustments of Ps. 38.0 billion and an increase in the Federal Government's financial assets of Ps. 198.7 billion.

The stock of the Federal Government's net external debt at the end of October was USD 76.4 billion, amount USD 6.5 billion higher than the one observed at the end of 2013. This result is explained by a net indebtedness of USD 5.6 billion, by downward accounting adjustments of USD 0.9 billion and by a decrease of the Federal Government's financial assets of USD 1.8 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. 4,575.7 billion, which implies a Ps. 344.8 billion increase with respect to the stock registered at the end of 2013. This is due to a net domestic indebtedness of Ps. 581.7 billion during the period, upward accounting adjustments of Ps. 39.2 billion and an increase in domestic financial assets of the federal public sector of Ps. 276.0 billion.

The stock of the federal public sector's net external debt was USD 147.4 billion, amount USD 16.5 billion higher than the one registered at the end of 2013. This result is explained by a net indebtedness of USD 17.3 billion, downward accounting adjustments of USD 2.0 billion and by a decrease in the federal public sector's financial assets of USD 1.1 billion.

The Historical Balance of the PSBR amounted to Ps. 7,066.0 billion, which represents an increase of Ps. 562 billion with respect to December 2013.

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 1

PUBLIC SECTOR BALANCE (Million pesos)

Concept	January-October		Real % growth	Composition %	
	2013	2014 ^{p./}		2013	2014 ^{p./}
PUBLIC BALANCE	-218,077.1	-437,113.1	n.s.		
PUBLIC BALANCE EXCLUDING PEMEX'S INVESTMENT^{1./}	29,547.9	-132,907.8	n.s.		
Budgetary Balance	-241,724.5	-453,451.6	n.s.		
Budgetary Revenue	2,983,963.9	3,182,286.0	2.5	100.0	100.0
Oil Related	987,548.4	1,008,295.8	-1.8	33.1	31.7
Federal Government	651,224.9	674,082.9	-0.5	21.8	21.2
PEMEX	336,323.5	334,212.9	-4.4	11.3	10.5
Non-oil related	1,996,415.5	2,173,990.2	4.7	66.9	68.3
Federal Government	1,519,102.2	1,663,259.7	5.3	50.9	52.3
Tax	1,364,424.0	1,509,491.5	6.4	45.7	47.4
Non-tax	154,678.2	153,768.2	-4.4	5.2	4.8
PEDBC	477,313.3	510,730.6	2.9	16.0	16.0
Net Budgetary Expenditures	3,225,688.4	3,635,737.6	8.4	100.0	100.0
Programmable	2,554,070.9	2,902,467.9	9.3	79.2	79.8
Non programmable	671,617.6	733,269.6	5.0	20.8	20.2
PEIBC	23,647.4	16,338.5	-33.6		
Primary Balance	-24,903.4	-217,407.5	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 %	
	2013	2014 ^{p./}		2013	2014 ^{p./}
BUDGETARY REVENUES (I+II)	2,983,963.9	3,182,286.0	2.5	100.0	100.0
I. Oil Related (a+b)	987,548.4	1,008,295.8	-1.8	33.1	31.7
a) PEMEX	336,323.5	334,212.9	-4.4	11.3	10.5
b) Federal Government	651,224.9	674,082.9	-0.5	21.8	21.2
Rights and royalties	724,967.0	690,950.1	-8.4	24.3	21.7
Excise taxes ^{1./}	-76,697.1	-21,280.6	n.s.	-2.6	-0.7
Tax on Oil Returns	2,955.1	4,413.4	43.6	0.1	0.1
II. Non-oil related (c+d)	1,996,415.5	2,173,990.2	4.7	66.9	68.3
c) Federal Government	1,519,102.2	1,663,259.7	5.3	50.9	52.3
Tax	1,364,424.0	1,509,491.5	6.4	45.7	47.4
Income Tax, IETU and IDE	784,937.5	797,496.0	-2.3	26.3	25.1
Income Tax	752,078.9	820,004.5	4.8	25.2	25.8
IMPAC	-1,196.0	-754.5	n.s.	0.0	0.0
IETU ^{2./}	39,215.4	-10,363.4	n.s.	1.3	-0.3
IDE ^{2./}	-5,160.7	-11,390.7	n.s.	-0.2	-0.4
VAT	459,820.1	556,021.9	16.3	15.4	17.5
Excise taxes	66,121.4	103,526.8	50.6	2.2	3.3
Import taxes	24,465.8	27,969.8	9.9	0.8	0.9
Others ^{3./}	29,079.2	24,476.9	-19.1	1.0	0.8
Non-tax	154,678.2	153,768.2	-4.4	5.2	4.8
Rights	39,034.5	41,229.0	1.6	1.3	1.3
Fees	108,311.5	107,982.9	-4.1	3.6	3.4
Others	7,332.2	4,556.3	-40.2	0.2	0.1
d) PEDBC ^{4./}	477,313.3	510,730.6	2.9	16.0	16.0
Memorandum items:					
Total tax related	1,290,681.9	1,492,624.3	11.2	43.3	46.9
Total non-tax related	1,693,282.0	1,689,661.7	-4.0	56.7	53.1

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 revenues.

2./ The Fiscal and Social Security Reform approved at the end of 2013 eliminated IETU and IDE starting on January 1st, 2014.

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

4./ Excludes Federal Government's transfers to ISSSTE.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR NET EXPENDITURES (Million pesos)

Concept	January-October		Real % Growth	Composition %	
	2013	2014 ^{p./}		2013	2014 ^{p./}
TOTAL (I+II)	3,225,688.4	3,635,737.6	8.4	100.0	100.0
I. Primary expenditures (a+b)	3,024,541.2	3,418,254.7	8.7	93.8	94.0
a) Programmable	2,554,070.9	2,902,467.9	9.3	79.2	79.8
b) Non programmable	470,470.3	515,786.8	5.4	14.6	14.2
II. Financial Cost ^{1./}	201,147.2	217,482.9	4.0	6.2	6.0

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 2013	Indebtedness			Adjustments ^{1_/}	Outstanding as of October 2014 ^{p_/}
		Originations	Amort.	Net		
1. Net Debt (3-2)	3,893,929.4					4,238,576.2
2. Assets ^{2_/}	169,255.0					367,912.0
3. Gross Domestic Debt	4,063,184.4	2,335,021.2	1,829,722.2	505,299.0	38,004.8	4,606,488.2
Government Securities	3,734,084.5	2,185,419.7	1,660,233.3	525,186.4	28,171.0	4,287,441.9
Cetes	635,638.8	1,528,422.6	1,506,681.6	21,741.0	0.0	657,379.8
Bondes "D"	216,594.6	64,914.6	49,581.0	15,333.6	0.0	231,928.2
Fixed Rate Bonds	1,989,572.8	421,396.4	103,935.7	317,460.7	1,082.4	2,308,115.9
Udibonos	888,664.5	169,612.8	0.0	169,612.8	26,969.5	1,085,246.8
<i>Udibonos udi's</i>	175,669.5	33,019.6	0.0	33,019.6	0.0	208,689.1
Segregated Udibonos	3,613.8	1,073.3	35.0	1,038.3	119.1	4,771.2
<i>Segregated Udibonos udi's</i>	714.4	209.9	6.8	203.1	0.0	917.5
S.A.R.	99,920.1	147,100.3	154,921.3	-7,821.0	3,672.3	95,771.4
Obligations by ISSSTE's Law	165,506.3	43.2	10,294.6	-10,251.4	4,406.0	159,660.9
Others	63,673.5	2,458.0	4,273.0	-1,815.0	1,755.5	63,614.0

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. Fixed Rate Bonds include adjustments due to Debt 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 2013	Indebtedness			Adjustments	Outstanding as of October 2014 ^{p_/_}
		Originations	Amort.	Net		
1. Net Debt (3-2)	69,910.4					76,379.7
2. Assets ^{1_/_}	2,270.0					513.0
3. Gross Debt	72,180.4	10,385.8	4,748.7	5,637.1	-924.8	76,892.7
Public Bonds	47,380.3	9,023.9	4,113.2	4,910.7	-839.1	51,451.9
IFI's	22,837.2	1,016.2	565.6	450.6	-1.7	23,286.1
Bilateral	1,962.9	345.7	69.9	275.8	-84.0	2,154.7

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 2013	Indebtedness			Adjustments	Outstanding as of October 2014 ^{p_/_}
		Originations	Amort.	Net		
1. Net Debt (3-2)	4,230,924.9					4,575,722.1
2. Assets ^{2_/_}	177,953.6					453,986.7
3. Gross Debt	4,408,878.5	2,487,780.2	1,906,112.6	581,667.6	39,162.7	5,029,708.8
By Term	4,408,878.5	2,487,780.2	1,906,112.6	581,667.6	39,162.7	5,029,708.8
Long-term	3,921,591.7	1,075,863.8	513,484.5	562,379.3	39,159.7	4,523,130.7
Short-term	487,286.8	1,411,916.4	1,392,628.1	19,288.3	3.0	506,578.1
By User	4,408,878.5	2,487,780.2	1,906,112.6	581,667.6	39,162.7	5,029,708.8
Federal Government	4,063,184.4	2,335,021.2	1,829,722.2	505,299.0	38,004.8	4,606,488.2
Long-term	3,582,551.4	953,582.4	464,729.2	488,853.2	38,004.8	4,109,409.4
Short-term	480,633.0	1,381,438.8	1,364,993.0	16,445.8	0.0	497,078.8
PEDBC's	267,290.2	113,868.4	49,275.6	64,592.8	1,106.9	332,989.9
Long-term	267,290.2	103,820.8	40,383.3	63,437.5	1,106.9	331,834.6
Short-term	0.0	10,047.6	8,892.3	1,155.3	0.0	1,155.3
Development Banks	78,403.9	38,890.6	27,114.8	11,775.8	51.0	90,230.7
Long-term	71,750.1	18,460.6	8,372.0	10,088.6	48.0	81,886.7
Short-term	6,653.8	20,430.0	18,742.8	1,687.2	3.0	8,344.0
By Financing Source	4,408,878.5	2,487,780.2	1,906,112.6	581,667.6	39,162.7	5,029,708.8
Bonds Placed in Domestic Markets	4,013,747.1	2,259,899.0	1,686,518.8	573,380.2	29,044.7	4,616,172.0
SAR	99,920.1	147,100.3	154,921.3	-7,821.0	3,672.3	95,771.4
Commercial Banks	50,101.8	48,102.1	23,426.6	24,675.5	35.7	74,813.0
ISSSTE's Law obligations	165,506.3	43.2	10,294.6	-10,251.4	4,406.0	159,660.9
Others	79,603.2	32,635.6	30,951.3	1,684.3	2,004.0	83,291.5

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 2013	Indebtedness			Adjustments	Outstanding as of October 2014 ^{p_1}
		Originations	Amort.	Net		
1. Net Debt (3-2)	130,949.7					147,409.6
2. Financial Assets in Foreign Currency ^{2_}	3,486.2					2,366.7
3. Gross Debt	134,435.9	41,364.8	24,057.5	17,307.3	-1,966.9	149,776.3
By Term	134,435.9	41,364.8	24,057.5	17,307.3	-1,966.9	149,776.3
Long-term	130,908.7	23,883.0	7,565.5	16,317.5	-1,970.4	145,255.8
Short-term	3,527.2	17,481.8	16,492.0	989.8	3.5	4,520.5
By User	134,435.9	41,364.8	24,057.5	17,307.3	-1,966.9	149,776.3
Federal Government	72,180.4	10,385.8	4,748.7	5,637.1	-924.8	76,892.7
Long-term	72,180.4	10,385.8	4,748.7	5,637.1	-924.8	76,892.7
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC's	53,358.1	13,661.8	2,829.7	10,832.1	-946.9	63,243.3
Long-term	53,358.1	13,374.8	2,652.1	10,722.7	-946.9	63,133.9
Short-term	0.0	287.0	177.6	109.4	0.0	109.4
Development Banks	8,897.4	17,317.2	16,479.1	838.1	-95.2	9,640.3
Long-term	5,370.2	122.4	164.7	-42.3	-98.7	5,229.2
Short-term	3,527.2	17,194.8	16,314.4	880.4	3.5	4,411.1
By Financing Source	134,435.9	41,364.8	24,057.5	17,307.3	-1,966.9	149,776.3
Public Bonds	90,301.7	17,910.3	4,771.1	13,139.2	-1,701.6	101,739.3
IFI's	27,350.1	1,046.9	660.8	386.1	-67.9	27,668.3
Bilateral	10,321.3	1,140.1	1,696.0	-555.9	-116.7	9,648.7
Commercial Banks	6,178.1	20,980.5	16,752.0	4,228.5	10.8	10,417.4
Pidiregas	284.7	287.0	177.6	109.4	-91.5	302.6

Note: Figures may not add up due to rounding.

*_1_ / Figures subject to revisions and methodological changes.

p_1 / 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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