

Mexico City, August 28<sup>th</sup>, 2015

## PUBLIC FINANCE AND PUBLIC DEBT REPORT AS OF JULY 2015

In order to comply with the dispositions of transparency in the evolution of public finances, the Ministry of Finance and Public Credit releases the preliminary information of the financial situation and debt of the public sector as of July 2015. The main results are the following:

- In July 2015, programmable expenditures decreased 11.1% in real terms with respect to the same month of the previous year. Expenditure from entities of the Public Administration and net paid expenditure decreased 13.6% and 5.8%, respectively. Personal services and other operations expenditures decreased 15.4% and 10.7% in real terms, respectively.
- In July 2015, budgetary revenues were higher by 6% in real terms to the ones observed during the same month of 2014, non-oil tax revenues of the public sector were higher by 28.3% in real terms with respect to those registered in the same month of the previous year and oil revenues decreased 22.6% in real terms.
- In July 2015, public deficit was Ps. 30.4 billion, which is lower to the Ps. 93.3 billion deficit observed during the same month of 2014. For January-July it was Ps. 375.4 billion, which is higher than the Ps. 326.4 billion generated during the same period of 2014. This is mainly explained by two temporary factors that will be offset throughout the year: lower oil revenues excluding benefits from oil hedges which will be received on December of the current year and a one-time contribution to stabilization funds during the first semester.
- Public Sector Borrowing Requirements as of July 2015 amounted to Ps. 386 billion, these results are consistent with the annual objectives approved by Congress for 2015.
- The stock of the federal public sector's domestic debt increased by Ps. 262.1 billion and the stock of external debt increased by USD 12.7 billion, both with respect to December 2014.

## ***Evolution of public finances***

In January-July 2015, the public balance presented a deficit of Ps. 375.4 billion, compared with a deficit of Ps. 326.4 billion generated during the same period of 2014. This is mainly explained by two temporary factors that will be offset throughout the year: lower oil revenues excluding benefits from oil hedges which will be received on December of the current year and a one-time contribution to stabilization funds during the first semester.

The primary balance presented a deficit of Ps. 138.1 billion, and the balance excluding productive investment observed a deficit of Ps. 82.4 billion.

Public Sector Borrowing Requirements (PSBR) amounted to Ps. 386 billion. In compliance with the changes made on the Federal Budget and Fiscal Responsibility Law in 2014 and international guidelines, this measure includes the adjustment due to revenues from net sales of financial assets and net acquisition of liabilities other than public debt, eliminating the registration of non-recurring revenues.

The results observed during the first seven months of 2015 are consistent with the objectives approved for these variables for 2015 by Congress.

## ***Public sector budgetary revenues***

Public sector's budgetary revenues as of July 2015 were Ps. 2,402.8 billion, amount higher by 4.3% in real terms with respect to the one observed during the same period of 2014, excluding revenues from oil hedges that will be received in December of this year. The evolution of the main elements of budgetary revenues was the following:

- Non-oil tax revenues amounted to Ps. 1,415.0 billion, increasing 28.7% with respect to 2014. Collections from excise tax, import tax, income tax and value added tax increased 290.6, 25.7, 23.7 and 3.3% in real terms, respectively. These results are mainly explained by the effect of new tax measures adopted as a result of the Fiscal Reform. Available data shows that the dynamism of tax revenues is partially due one-time effect measures, such as the elimination of the fiscal consolidation regime and the administrative improvements in the withholding of public employees' income tax. This implies that a part of these resources is non-recurrent.
- Non-tax revenues of the Federal Government amounted to Ps. 166.2 billion and includes resources from Banco de México's operational surplus of Ps. 31.4 billion pesos.

- Between January and July 2015, oil revenues amounted to Ps. 470 billion, decreasing 35.9% in real terms with respect to the ones observed in January-July 2014. This result is mainly explained by a lower average price of the Mexican oil mix, 49.9 dollars per barrel (dpb) compared with 94.3 dpb observed during the same period of 2014, a lower oil production by 8.4% with respect to 2014; as well as a lower price of natural gas by 34.5% with respect to January-July 2014. These effects were partially offset with a higher natural gas production by 26.9% and the depreciation of the exchange rate.

### ***Net public sector budgetary expenditures***

In July 2015, net budgetary expenditures amounted to Ps. 398.9 billion, which is lower by 5.8% in real terms with respect to the previous year. Expenditure from entities of the Public Administration decreased 13.6% in real terms and programmable expenditures decreased 11.1% in real terms. During this period, personal services and other operations expenditures decreased 15.4% and 10.7% in real terms, respectively.

In the period January-July 2015, budgetary net expenditures increased 5.3% in real terms, amounting to Ps. 2,797.5 billion. This trend reflects, among other factors, the registration of the contributions to the stabilization funds from the Mexican Oil Fund for Ps. 26.4 billion in January, which equivalent payments were made throughout the year in previous fiscal years.

Within:

- In January-July, capital expenditure increased 6.8% in real terms with respect to the same period of 2014, pensions and retirement increased 9.2% in real terms, and subsidies, transfers and contributions, which support the execution of programs that are subject to operation guidelines, increased 10.1% in real terms. This compares favorably with the decrease of 4.7% and 0.7% in real terms in personal services and operation expenditure during the same period, respectively.
- In the period January-July 2015, resources allocated towards states and municipalities through non-earmarked transfers increased 2.5% in real terms compared to the same period last year.

## ***Stock of public debt***

The stock of the Federal Government's net domestic debt as of July 2015 was Ps. 4,580.2 billion, amount higher by Ps. 256.0 billion than the one observed at the end of December 2014. The change in the stock is explained by a net indebtedness of Ps. 219.2 billion, upward accounting adjustments of Ps. 7.9 billion and a decrease in the Federal Government's financial assets of Ps. 28.9 billion.

The stock of the Federal Government's net external debt at the end of July was USD 81.0 billion, amount USD 3.7 billion higher than the one observed at the end of 2014. This result is explained by a net indebtedness of USD 4.4 billion, by downward accounting adjustments of USD 0.4 billion and by an increase of the Federal Government's financial assets of USD 0.3 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 July was Ps. 5,066.3 billion, which implies a Ps. 262.1 billion increase with respect to the stock registered at the end of 2014. This is due to a net domestic indebtedness of Ps. 274.1 billion during the period, upward accounting adjustments of Ps. 7.6 billion and an increase in domestic financial assets of the federal public sector of Ps. 19.6 billion.

The stock of the federal public sector's net external debt was USD 158.3 billion, amount USD 12.7 billion higher than the one registered at the end of 2014. This result is explained by a net indebtedness of USD 15.9 billion, downward accounting adjustments of USD 1.2 billion and by an increase in the federal public sector's financial assets of USD 2.0 billion.

The Historical Balance of the PSBR amounted to Ps. 8,111.4 billion, which represents an increase of Ps. 665.3 billion with respect to December 2014.

More details on public finance and public debt statistics can be retrieved from the Ministry of Finance's web page at: <http://bit.ly/1wzllqf>.

## ANNEX 1

### PUBLIC SECTOR BALANCE (Million pesos)

Concept	January-July		Real % Growth	Composition %	
	2014 <sup>p./</sup>	2015 <sup>p./</sup>		2014 <sup>p./</sup>	2015 <sup>p./</sup>
<b>PUBLIC BALANCE</b>	<b>-326,417.4</b>	<b>-375,442.1</b>	<b>n.s.</b>		
<b>PUBLIC BALANCE EXCLUDING PRODUCTIVE INVESTMENT<sup>1/</sup></b>	<b>-116,658.0</b>	<b>-82,425.5</b>	<b>n.s.</b>		
Budgetary Balance	-342,652.7	-394,684.4	n.s.		
Budgetary Revenue	2,237,432.8	2,402,810.4	4.3	100.0	100.0
Oil <sup>2/</sup>	711,704.2	469,999.2	-35.9	31.8	19.6
PEMEX	223,974.1	211,396.1	-8.3	10.0	8.8
Federal Government	487,730.1	258,603.1	-48.5	21.8	10.8
Non-oil	1,525,728.7	1,932,811.2	23.0	68.2	80.4
Federal Government	1,174,154.5	1,581,238.0	30.8	52.5	65.8
Tax	1,067,550.1	1,415,023.9	28.7	47.7	58.9
Non-tax	106,604.4	166,214.1	51.4	4.8	6.9
PEDBC	351,574.1	351,573.2	-2.9	15.7	14.6
Net Budgetary Expenditures	2,580,085.6	2,797,494.8	5.3	100.0	100.0
Programmable	2,020,081.5	2,166,376.5	4.2	78.3	77.4
Non programmable	560,004.1	631,118.4	9.5	21.7	22.6
PEIBC	16,235.4	19,242.3	15.1		
Primary Balance	-140,253.1	-138,055.7	n.s.		

Note: Figures may not add up due to rounding

p./ Preliminary figures.

n. s.: Not significant.

1\_/ PEMEX's and CFE's physical investment and high impact investments of the Federal Government are excluded.

2\_/ In 2014 includes revenues from PEMEX and rights on hydrocarbons. In 2015 includes revenues from PEMEX, transfers from the Mexican Oil Fund for Stabilization and Development and income tax on contractors and assignees for the extraction of hydrocarbons.

Source: Ministry of Finance and Public Credit.

## PUBLIC SECTOR BUDGETARY REVENUES (Million pesos)

Concept	January-July		Real % Growth	Composition %	
	2014 <sup>p./</sup>	2015 <sup>p./</sup>		2014 <sup>p./</sup>	2015 <sup>p./</sup>
<b>BUDGETARY REVENUES (I+II)</b>	<b>2,237,432.8</b>	<b>2,402,810.4</b>	<b>4.3</b>	<b>100.0</b>	<b>100.0</b>
I. Oil (a+b) <sup>1./</sup>	711,704.2	469,999.2	-35.9	31.8	19.6
a) PEMEX	223,974.1	211,396.1	-8.3	10.0	8.8
b) Federal Government	487,730.1	258,603.1	-48.5	21.8	10.8
Mexican Oil Fund	0.0	244,509.8	n.s.	0.0	10.2
Income tax from contractors and assignees	0.0	3,924.0	n.s.	0.0	0.2
Existing rights until 2014	487,730.1	10,169.2	-98.0	21.8	0.4
II. Non-oil (c+d)	1,525,728.7	1,932,811.2	23.0	68.2	80.4
c) Federal Government	1,174,154.5	1,581,238.0	30.8	52.5	65.8
Tax	1,067,550.1	1,415,023.9	28.7	47.7	58.9
Income Tax	589,135.1	750,079.8	23.7	26.3	31.2
Value Added Tax	387,477.9	412,227.9	3.3	17.3	17.2
Excise Tax	50,972.3	205,013.7	290.6	2.3	8.5
Import Tax	18,313.9	23,699.2	25.7	0.8	1.0
IAEEH <sup>2./</sup>	0.0	2,041.5	n.s.	0.0	0.1
Other <sup>3./</sup>	21,650.8	21,961.9	-1.5	1.0	0.9
Non-tax	106,604.4	166,214.1	51.4	4.8	6.9
Rights	32,558.5	35,459.0	5.8	1.5	1.5
Fees	70,666.7	127,501.1	75.2	3.2	5.3
Other	3,379.3	3,254.0	-6.5	0.2	0.1
d) PEDBC <sup>4./</sup>	351,574.1	351,573.2	-2.9	15.7	14.6
Memorandum items					
Total tax-related	1,067,550.1	1,418,947.9	29.1	47.7	59.1
Total non-tax related	1,169,882.7	983,862.5	-18.3	52.3	40.9

Note: Partial sums and variations may not add up due to rounding.

p./ Preliminary figures.

n. s.: not significant.

1./ In 2014 includes revenues from PEMEX and rights on hydrocarbons. In 2015 includes revenues from PEMEX, transfers from the Mexican Oil Fund for Stabilization and Development and income tax on contractors and assignees for the extraction of hydrocarbons.

2./ Tax on exploration and hydrocarbon extraction activities.

3./ Includes taxes on new vehicles, exports, oil returns 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-July		Real % Growth	Composition %	
	2014 <sup>p./</sup>	2015 <sup>p./</sup>		2014 <sup>p./</sup>	2015 <sup>p./</sup>
<b>TOTAL (I+II)</b>	<b>2,580,085.6</b>	<b>2,797,494.8</b>	<b>5.3</b>	<b>100.0</b>	<b>100.0</b>
I. Primary expenditures (a+b)	2,393,482.5	2,562,859.5	4.0	92.8	91.6
a) Programmable	2,020,081.5	2,166,376.5	4.2	78.3	77.4
Autonomous Branches	39,880.9	51,050.8	24.3	1.5	1.8
Administrative Branches	635,608.9	698,162.2	6.7	24.6	25.0
General Branches	749,645.1	803,403.8	4.1	29.1	28.7
PEDBC	381,919.1	411,572.1	4.7	14.8	14.7
IMSS	257,640.7	274,775.9	3.6	10.0	9.8
ISSSTE	124,278.4	136,796.2	6.9	4.8	4.9
State Productive Enterprises	480,425.3	499,344.1	0.9	18.6	17.8
PEMEX	312,782.2	335,189.7	4.1	12.1	12.0
CFE	167,643.1	164,154.4	-4.9	6.5	5.9
(-) Compensated operations <sup>1/</sup>	267,397.8	297,156.4	7.9	10.4	10.6
b) Non programmable	373,401.0	396,483.0	3.1	14.5	14.2
Non-earmarked transfers	353,265.3	372,718.0	2.5	13.7	13.3
Adefas and other	20,135.7	23,765.0	14.6	0.8	0.8
II. Financial cost <sup>2/</sup>	186,603.1	234,635.4	22.1	7.2	8.4

Note: Partial sums and variations may not add up due to rounding.

p./ Preliminary figures.

1./ Refers to transactions that represent revenue for social security institutions and an expenditure for the Federal Government, which are eliminated in order to avoid double accounting of revenues and expenditure.

2./ 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, JULY <sup>\*\_/</sup>**  
(Million pesos)

Concept	Outstanding as of December 2014 <sup>p_/</sup>	Indebtedness			Adjustments <sup>1_/</sup>	Outstanding as of July 2015 <sup>p_/</sup>
		Originations	Amort.	Net		
<b>1. Net Debt (3-2)</b>	<b>4,324,120.6</b>					<b>4,580,158.5</b>
2. Assets <sup>2_/</sup>	222,499.0					193,582.0
<b>3. Gross Domestic Debt</b>	<b>4,546,619.6</b>	<b>1,607,747.7</b>	<b>1,388,529.2</b>	<b>219,218.5</b>	<b>7,902.4</b>	<b>4,773,740.5</b>
Government Securities	4,223,281.4	1,482,108.8	1,256,846.5	225,262.3	5,501.7	4,454,045.4
Cetes	678,684.4	1,010,031.3	1,037,978.9	-27,947.6	0.0	650,736.8
Bondes "D"	232,622.0	48,659.2	27,760.0	20,899.2	0.0	253,521.2
Fixed Rate Bonds	2,295,828.3	325,853.8	191,070.9	134,782.9	2,823.0	2,433,434.2
Udibonos	1,011,075.6	97,088.8	0.0	97,088.8	2,665.4	1,110,829.8
<i>Udibonos udi's</i>	<i>191,841.6</i>	<i>18,352.4</i>	<i>0.0</i>	<i>18,352.4</i>	<i>0.0</i>	<i>210,194.0</i>
Segregated Udibonos	5,071.1	475.7	36.7	439.0	13.3	5,523.4
<i>Segregated Udibonos udi's</i>	<i>962.2</i>	<i>89.9</i>	<i>6.9</i>	<i>83.0</i>	<i>0.0</i>	<i>1,045.2</i>
S.A.R.	98,018.4	122,775.8	118,194.2	4,581.6	1,799.2	104,399.2
Obligations by ISSSTE's Law	161,452.0	34.3	10,160.5	-10,126.2	425.7	151,751.5
Others	63,867.8	2,828.8	3,328.0	-499.2	175.8	63,544.4

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, JULY <sup>\*\_/\_</sup>**  
(Million dollars)

Concept	Outstanding as of December 2014 <sup>p_/_</sup>	Indebtedness			Adjustments	Outstanding as of July 2015 <sup>p_/_</sup>
		Originations	Amort.	Net		
<b>1. Net Debt (3-2)</b>	<b>77,352.4</b>					<b>81,047.7</b>
2. Assets <sup>1_/_</sup>	1,221.0					1,515.0
<b>3. Gross Debt</b>	<b>78,573.4</b>	<b>9,083.2</b>	<b>4,709.5</b>	<b>4,373.7</b>	<b>-384.4</b>	<b>82,562.7</b>
Public Bonds	52,926.9	8,365.7	4,243.3	4,122.4	-299.8	56,749.5
International Financial Institutions (IFI's)	23,563.1	703.9	379.4	324.5	-1.3	23,886.3
Bilateral	2,083.4	13.6	86.8	-73.2	-83.3	1,926.9

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, JULY \* 1/**  
(Million pesos)

Concept	Outstanding as of December 2014 <sup>p./</sup>	Indebtedness			Adjustments	Outstanding as of July 2015 <sup>p./</sup>
		Originations	Amort.	Net		
<b>1. Net Debt (3-2)</b>	<b>4,804,250.2</b>					<b>5,066,339.1</b>
2. Assets <sup>2/</sup>	245,283.1					264,914.9
<b>3. Gross Debt</b>	<b>5,049,533.3</b>	<b>1,917,634.1</b>	<b>1,643,517.0</b>	<b>274,117.1</b>	<b>7,603.6</b>	<b>5,331,254.0</b>
<b>By Term</b>	<b>5,049,533.3</b>	<b>1,917,634.1</b>	<b>1,643,517.0</b>	<b>274,117.1</b>	<b>7,603.6</b>	<b>5,331,254.0</b>
Long-term	4,518,242.5	772,695.4	495,038.1	277,657.3	7,603.6	4,803,503.4
Short-term	531,290.8	1,144,938.7	1,148,478.9	-3,540.2	0.0	527,750.6
<b>By User</b>	<b>5,049,533.3</b>	<b>1,917,634.1</b>	<b>1,643,517.0</b>	<b>274,117.1</b>	<b>7,603.6</b>	<b>5,331,254.0</b>
Federal Government	4,546,619.6	1,607,747.7	1,388,529.2	219,218.5	7,902.4	4,773,740.5
Long-term	4,025,828.8	697,880.5	458,656.4	239,224.1	7,902.4	4,272,955.3
Short-term	520,790.8	909,867.2	929,872.8	-20,005.6	0.0	500,785.2
PEDBC's	396,402.7	97,738.6	48,204.0	49,534.6	-431.7	445,505.6
Long-term	396,402.7	60,013.1	28,774.9	31,238.2	-431.7	427,209.2
Short-term	0.0	37,725.5	19,429.1	18,296.4	0.0	18,296.4
Development Banks	106,511.0	212,147.8	206,783.8	5,364.0	132.9	112,007.9
Long-term	96,011.0	14,801.8	7,606.8	7,195.0	132.9	103,338.9
Short-term	10,500.0	197,346.0	199,177.0	-1,831.0	0.0	8,669.0
<b>By Financing Source</b>	<b>5,049,533.3</b>	<b>1,917,634.1</b>	<b>1,643,517.0</b>	<b>274,117.1</b>	<b>7,603.6</b>	<b>5,331,254.0</b>
Bonds Placed in Domestic Markets	4,581,547.3	1,558,421.9	1,291,863.5	266,558.4	5,613.4	4,853,719.1
SAR	98,018.4	122,775.8	118,194.2	4,581.6	1,799.2	104,399.2
Commercial Banks	123,929.7	25,501.8	13,864.7	11,637.1	131.3	135,698.1
ISSSTE's Law obligations	161,452.0	34.3	10,160.5	-10,126.2	425.7	151,751.5
Others	84,585.9	210,900.3	209,434.1	1,466.2	-366.0	85,686.1

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, JULY \*<sub>1</sub>/<sub>1</sub>**  
(Million dollars)

Concept	Outstanding as of December 2014 <sup>p/</sup>	Indebtedness			Adjustments	Outstanding as of July 2015 <sup>p/</sup>
		Originations	Amort.	Net		
<b>1. Net Debt (3-2)</b>	<b>145,617.4</b>					<b>158,300.6</b>
2. Financial Assets in Foreign Currency <sup>2/</sup>	2,048.4					4,094.3
<b>3. Gross Debt</b>	<b>147,665.8</b>	<b>34,902.8</b>	<b>18,954.1</b>	<b>15,948.7</b>	<b>-1,219.6</b>	<b>162,394.9</b>
<b>By Term</b>	<b>147,665.8</b>	<b>34,902.8</b>	<b>18,954.1</b>	<b>15,948.7</b>	<b>-1,219.6</b>	<b>162,394.9</b>
Long-term	142,869.2	22,330.4	7,535.9	14,794.5	-470.2	157,193.5
Short-term	4,796.6	12,572.4	11,418.2	1,154.2	-749.4	5,201.4
<b>By User</b>	<b>147,665.8</b>	<b>34,902.8</b>	<b>18,954.1</b>	<b>15,948.7</b>	<b>-1,219.6</b>	<b>162,394.9</b>
Federal Government	78,573.4	9,083.2	4,709.5	4,373.7	-384.4	82,562.7
Long-term	78,573.4	9,083.2	4,709.5	4,373.7	-384.4	82,562.7
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC's	59,563.1	13,192.2	2,792.0	10,400.2	-519.2	69,444.1
Long-term	58,863.1	12,999.0	2,684.0	10,315.0	180.8	69,358.9
Short-term	700.0	193.2	108.0	85.2	-700.0	85.2
Development Banks	9,529.3	12,627.4	11,452.6	1,174.8	-316.0	10,388.1
Long-term	5,432.7	248.2	142.4	105.8	-266.6	5,271.9
Short-term	4,096.6	12,379.2	11,310.2	1,069.0	-49.4	5,116.2
<b>By Financing Source</b>	<b>147,665.8</b>	<b>34,902.8</b>	<b>18,954.1</b>	<b>15,948.7</b>	<b>-1,219.6</b>	<b>162,394.9</b>
Public Bonds	100,708.1	18,111.0	4,395.1	13,715.9	-935.7	113,488.3
International Financial Institutions (IFI's)	28,186.0	853.9	463.1	390.8	-301.6	28,275.2
Bilateral	9,044.7	328.3	1,044.2	-715.9	-91.7	8,237.1
Commercial Banks	9,533.8	15,416.4	12,943.7	2,472.7	-0.1	12,006.4
Pidiregas	193.2	193.2	108.0	85.2	109.5	387.9

Note: Figures may not add up due to rounding.

\*<sub>1</sub>/<sub>1</sub> Figures subject to revisions and methodological changes.

p/<sub>1</sub> Preliminary figures.

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

2<sub>1</sub> 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.

--- 0 ---