

Mexico City, June 30th, 2015

PUBLIC FINANCE AND PUBLIC DEBT REPORT AS OF MAY 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 May 2015. The main results are the following:

- **In May 2015, programmable expenditures increased 0.9% in real terms with respect to the same month of the previous year. In May 2015 Non-earmarked transfers for states increased 5.5% in real terms with respect to the same month of previous year. As a result, net paid expenditure was higher by 3.2% in real terms with respect to the same month of 2014.**
- **In May 2015, budgetary revenues were similar to the ones observed during the same month of 2014, non-oil tax revenues of the public sector were higher by 24.8% in real terms with respect to those registered in the same month of the previous year and oil revenues decreased 27.3% in real terms.**
- **In May 2015, public deficit was Ps. 59.1 billion, which is higher to the Ps. 42 billion deficit observed during the same month of 2014. For January-May it was Ps. 180.7 billion, which is higher than the Ps. 79.2 billion generated during the same period of 2014. This is mainly explained by two temporary factors that will be compensated throughout the year: contributions to stabilization funds during January and lower oil revenues which exclude benefits from oil hedges which will be received on December of the current year.**
- **Public Sector Borrowing Requirements as of May 2015 amounted to Ps. 233.7 billion. Along with the deficit, these results are consistent with the annual objectives approved by Congress for 2015.**
- **The stock of the federal public sector's domestic debt decreased by Ps. 40.3 billion and the stock of external debt increased by USD 13.0 billion, both with respect to December 2014.**

Evolution of public finances

In January-May 2015, the public balance presented a deficit of Ps. 180.7 billion, compared with a deficit of Ps. 79.2 billion generated during the same period of 2014. This is mainly explained by two temporary factors that will be compensated throughout the year: contributions to stabilization funds during January by Ps. 26.4 billion and lower oil revenues which exclude benefits from oil hedges which will be received on December of the current year.

The primary balance presented a deficit of Ps. 96.3 billion, while the balance excluding productive investment observed a surplus of Ps. 35.1 billion.

Public Sector Borrowing Requirements (PSBR) amounted to Ps. 233.7 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 five 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 May 2015 were Ps. 1,720.4 billion, amount higher by 3.9% 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 if the average price of the Mexican oil mix is below 79 dollars per barrel. The evolution of the main elements of budgetary revenues was the following:

- Non-oil tax revenues amounted to Ps. 1,040.8 billion, increasing 28.2% with respect to 2014. Collections from excise tax, income tax and import tax increased 341.4, 24 and 21% in real terms, respectively. These results are mainly explained by the effect of the tax dispositions and the tax administration measures that were adopted as a result of the Fiscal Reform. Available data shows that the dynamism of tax revenues is partially due to measures with a one-time effect, 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 are non-recurrent.
- Non-tax revenues of the Federal Government amounted to Ps. 123.8 billion and include the resources from Banco de México's operational surplus for Ps. 31.4 billion pesos.

- Between January and May 2015, oil revenues amounted to Ps. 305.8 billion, decreasing 40.6% in real terms with respect to the ones observed in January-May 2014. This result is mainly explained by a lower average price of the Mexican oil mix, 47.8 dollars per barrel (dpb) compared with 92.9 dpb observed during the same period of 2014, a lower oil production by 8.1% with respect to 2014; as well as a lower price of natural gas by 31.2% with respect to January-May 2014. These effects were partially offset with a higher natural gas production by 25.4% and the depreciation of the exchange rate.
- Revenues from CFE, IMSS and ISSSTE were Ps. 250 billion, which represent a decrease of 1.1% in real terms with respect to 2014. This is mainly explained by lower revenues from electricity sales.

Net public sector budgetary expenditures

In May 2015, net budgetary expenditures amounted to Ps. 364.8 billion, which is higher by 3.2 % in real terms with respect to the previous year. Non-earmarked transfers to states increased 5.5% in real terms and programmable expenditures increased 0.9%, which is lower than the 9.1% increase in real terms observed in January-April. During this period, operation expenditure decreased 1.6% in real terms.

In January-May 2015 budgetary net expenditures increased 8.5% in real terms, amounting to Ps. 1,909 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 payments were made throughout the year in previous years.

Within:

- In January-May, capital expenditure increased 5.7% in real terms with respect to the same period of 2014, pensions and retirement increased 6% in real terms, and subsidies, transfers and contributions, which support the execution of programs that are subject to operation guidelines, increased 19.2% in real terms. This compares favorably with the decrease of 1.5% in real terms in personal services expenditure during the same period.
- In January-May, resources allocated towards states and municipalities through non-earmarked transfers, contributions and other transfers increased 3.1% in real terms. In May alone, transfers increased 5.5% in real terms with respect to the same month of the previous year.

Stock of public debt

The stock of the Federal Government's net domestic debt as of May 2015 was Ps. 4,390.5 billion, amount higher by Ps. 66.4 billion than the one observed at the end of December 2014. The change in the stock is explained by a net indebtedness of Ps. 191.4 billion, upward accounting adjustments of Ps. 7.9 billion and an increase in the Federal Government's financial assets of Ps. 132.9 billion.

The stock of the Federal Government's net external debt at the end of May was USD 80.7 billion, amount USD 3.3 billion higher than the one observed at the end of 2014. This result is explained by a net indebtedness of USD 5.4 billion, by downward accounting adjustments of USD 0.4 billion and by an increase of the Federal Government's financial assets of USD 1.6 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 May was Ps. 4,764.0 billion, which implies a Ps. 40.3 billion decrease with respect to the stock registered at the end of 2014. This is due to a net domestic indebtedness of Ps. 217.2 billion during the period, upward accounting adjustments of Ps. 7.5 billion and an increase in domestic financial assets of the federal public sector of Ps. 265 billion.

The stock of the federal public sector's net external debt was USD 158.6 billion, amount USD 13.0 billion higher than the one registered at the end of 2014. This result is explained by a net indebtedness of USD 16.0 billion, downward accounting adjustments of USD 1.2 billion and by an increase in the federal public sector's financial assets of USD 1.8 billion.

The Historical Balance of the PSBR amounted to Ps. 7,755.8 billion, which represents an increase of Ps. 309.8 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-May		Real % Growth	Composition %	
	2014 ^{p./}	2015 ^{p./}		2014 ^{p./}	2015 ^{p./}
PUBLIC BALANCE	-79,232.6	-180,693.0	n.s.		
PUBLIC BALANCE EXCLUDING PRODUCTIVE INVESTMENT^{1/}	71,264.9	35,149.3	-52.1		
Budgetary Balance	-100,616.0	-188,545.5	n.s.		
Budgetary Revenue	1,606,832.4	1,720,405.0	3.9	100.0	100.0
Oil ^{2/}	499,353.9	305,821.7	-40.6	31.1	17.8
PEMEX	162,824.3	134,456.5	-19.8	10.1	7.8
Federal Government	336,529.6	171,365.2	-50.6	20.9	10.0
Non-oil	1,107,478.6	1,414,583.2	24.0	68.9	82.2
Federal Government	862,204.5	1,164,610.3	31.1	53.7	67.7
Tax	788,189.9	1,040,768.2	28.2	49.1	60.5
Non-tax	74,014.7	123,842.0	62.4	4.6	7.2
PEDBC	245,274.0	249,973.0	-1.1	15.3	14.5
Net Budgetary Expenditures	1,707,448.4	1,908,950.4	8.5	100.0	100.0
Programmable	1,371,135.2	1,516,769.4	7.4	80.3	79.5
Non programmable	336,313.2	392,181.1	13.2	19.7	20.5
PEIBC	21,383.3	7,852.5	-64.4		
Primary Balance	-22,774.3	-96,292.0	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-May		Real % Growth	Composition %	
	2014 ^{p./}	2015 ^{p./}		2014 ^{p./}	2015 ^{p./}
BUDGETARY REVENUES (I+II)	1,606,832.4	1,720,405.0	3.9	100.0	100.0
I. Oil (a+b) ^{1./}	499,353.9	305,821.7	-40.6	31.1	17.8
a) PEMEX	162,824.3	134,456.5	-19.8	10.1	7.8
b) Federal Government	336,529.6	171,365.2	-50.6	20.9	10.0
Mexican Oil Fund	0.0	158,580.0	n.s.	0.0	9.2
Income tax from contractors and assignees	0.0	2,616.0	n.s.	0.0	0.2
Existing rights until 2014	336,529.6	10,169.2	-97.1	20.9	0.6
II. Non-oil (c+d)	1,107,478.6	1,414,583.2	24.0	68.9	82.2
c) Federal Government	862,204.5	1,164,610.3	31.1	53.7	67.7
Tax	788,189.9	1,040,768.2	28.2	49.1	60.5
Income Tax	445,197.7	568,571.0	24.0	27.7	33.0
Value Added Tax	281,089.3	287,137.1	-0.9	17.5	16.7
Excise Tax	33,363.2	151,732.8	341.4	2.1	8.8
Import Tax	12,871.7	16,050.2	21.0	0.8	0.9
IAEEH ^{2./}	0.0	1,361.0	n.s.	0.0	0.1
Other ^{3./}	15,668.0	15,916.1	-1.4	1.0	0.9
Non-tax	74,014.7	123,842.0	62.4	4.6	7.2
Rights	24,856.5	28,026.0	9.4	1.5	1.6
Fees	46,678.9	93,527.3	94.5	2.9	5.4
Other	2,479.2	2,288.7	-10.4	0.2	0.1
d) PEDBC ^{4./}	245,274.0	249,973.0	-1.1	15.3	14.5
Memorandum items					
Total tax-related	788,189.9	1,043,384.2	28.5	49.1	60.6
Total non-tax related	818,642.6	677,020.7	-19.7	50.9	39.4

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-May		Real % Growth	Composition %	
	2014 ^{p./}	2015 ^{p./}		2014 ^{p./}	2015 ^{p./}
TOTAL (I+II)	1,707,448.4	1,908,950.4	8.5	100.0	100.0
I. Primary expenditures (a+b)	1,647,329.3	1,825,246.2	7.5	96.5	95.6
a) Programmable	1,371,135.2	1,516,769.4	7.4	80.3	79.5
Autonomous Branches	28,204.9	36,877.5	26.9	1.7	1.9
Administrative Branches	415,813.0	493,876.2	15.3	24.4	25.9
General Branches	515,118.3	557,431.2	5.0	30.2	29.2
PEDBC	265,085.4	286,750.7	5.0	15.5	15.0
IMSS	176,446.9	186,225.3	2.4	10.3	9.8
ISSSTE	88,638.4	100,525.4	10.1	5.2	5.3
State Productive Enterprises	341,612.3	358,692.2	1.9	20.0	18.8
PEMEX	228,714.8	244,123.1	3.6	13.4	12.8
CFE	112,897.5	114,569.0	-1.5	6.6	6.0
(-) Compensated operations ^{1/}	194,698.7	216,858.3	8.1	11.4	11.4
b) Non programmable	276,194.1	308,476.9	8.4	16.2	16.2
Non-earmarked transfers	258,197.9	271,967.3	2.2	15.1	14.2
Adefas and other	17,996.2	36,509.6	96.9	1.1	1.9
II. Financial cost ^{2/}	60,119.1	83,704.2	35.1	3.5	4.4

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, MAY ^{*/}
(Million pesos)

Concept	Outstanding as of December 2014 ^{p./}	Indebtedness			Adjustments ^{1./}	Outstanding as of May 2015 ^{p./}
		Originations	Amort.	Net		
1. Net Debt (3-2)	4,324,120.6					4,390,478.5
2. Assets ^{2./}	222,499.0					355,391.0
3. Gross Domestic Debt	4,546,619.6	1,097,686.3	906,334.7	191,351.6	7,898.3	4,745,869.5
Government Securities	4,223,281.4	1,006,364.3	809,095.7	197,268.6	5,137.4	4,425,687.4
Cetes	678,684.4	709,766.8	752,350.5	-42,583.7	0.0	636,100.7
Bondes "D"	232,622.0	34,658.1	22,760.0	11,898.1	0.0	244,520.1
Fixed Rate Bonds	2,295,828.3	191,839.7	33,985.2	157,854.5	733.7	2,454,416.5
Udibonos	1,011,075.6	69,624.0	0.0	69,624.0	4,381.4	1,085,081.0
<i>Udibonos udi's</i>	<i>191,841.6</i>	<i>13,150.5</i>	<i>0.0</i>	<i>13,150.5</i>	<i>0.0</i>	<i>204,992.1</i>
Segregated Udibonos	5,071.1	475.7	0.0	475.7	22.3	5,569.1
<i>Segregated Udibonos udi's</i>	<i>962.2</i>	<i>89.9</i>	<i>0.0</i>	<i>89.9</i>	<i>0.0</i>	<i>1,052.1</i>
S.A.R.	98,018.4	90,042.6	86,121.8	3,920.8	1,799.2	103,738.4
Obligations by ISSSTE's Law	161,452.0	34.3	10,023.1	-9,988.8	683.4	152,146.6
Others	63,867.8	1,245.1	1,094.1	151.0	278.3	64,297.1

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, MAY ^{*_/}
(Million dollars)

Concept	Outstanding as of December 2014 ^{p_/_}	Indebtedness			Adjustments	Outstanding as of May 2015 ^{p_/_}
		Originations	Amort.	Net		
1. Net Debt (3-2)	77,352.4					80,673.4
2. Assets ^{1_/_}	1,221.0					2,809.0
3. Gross Debt	78,573.4	8,899.4	3,541.0	5,358.4	-449.4	83,482.4
Public Bonds	52,926.9	8,365.7	3,227.9	5,137.8	-357.9	57,706.8
International Financial Institutions (IFI's)	23,563.1	520.1	288.0	232.1	-1.5	23,793.7
Bilateral	2,083.4	13.6	25.1	-11.5	-90.0	1,981.9

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, MAY *_/1_/

(Million pesos)

Concept	Outstanding as of December 2014 ^{p_/}	Indebtedness			Adjustments	Outstanding as of May 2015 ^{p_/}
		Originations	Amort.	Net		
1. Net Debt (3-2)	4,804,250.2					4,763,968.8
2. Assets ^{2_/}	245,283.1					510,260.8
3. Gross Debt	5,049,533.3	1,303,404.8	1,086,183.6	217,221.2	7,475.1	5,274,229.6
By Term	5,049,533.3	1,303,404.8	1,086,183.6	217,221.2	7,475.1	5,274,229.6
Long-term	4,518,242.5	502,165.9	260,982.7	241,183.2	7,475.1	4,766,900.8
Short-term	531,290.8	801,238.9	825,200.9	-23,962.0	0.0	507,328.8
By User	5,049,533.3	1,303,404.8	1,086,183.6	217,221.2	7,475.1	5,274,229.6
Federal Government	4,546,619.6	1,097,686.3	906,334.7	191,351.6	7,898.3	4,745,869.5
Long-term	4,025,828.8	463,073.7	235,550.2	227,523.5	7,898.3	4,261,250.6
Short-term	520,790.8	634,612.6	670,784.5	-36,171.9	0.0	484,618.9
PEDBC's	396,402.7	54,473.3	27,298.1	27,175.2	-482.5	423,095.4
Long-term	396,402.7	24,291.0	17,825.7	6,465.3	-482.5	402,385.5
Short-term	0.0	30,182.3	9,472.4	20,709.9	0.0	20,709.9
Development Banks	106,511.0	151,245.2	152,550.8	-1,305.6	59.3	105,264.7
Long-term	96,011.0	14,801.2	7,606.8	7,194.4	59.3	103,264.7
Short-term	10,500.0	136,444.0	144,944.0	-8,500.0	0.0	2,000.0
By Financing Source	5,049,533.3	1,303,404.8	1,086,183.6	217,221.2	7,475.1	5,274,229.6
Bonds Placed in Domestic Markets	4,581,547.3	1,057,455.3	827,112.7	230,342.6	5,290.6	4,817,180.5
SAR	98,018.4	90,042.6	86,121.8	3,920.8	1,799.2	103,738.4
Commercial Banks	123,929.7	7,501.2	12,415.5	-4,914.3	57.2	119,072.6
ISSSTE's Law obligations	161,452.0	34.3	10,023.1	-9,988.8	683.4	152,146.6
Others	84,585.9	148,371.4	150,510.5	-2,139.1	-355.3	82,091.5

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, MAY *₁/₁
(Million dollars)

Concept	Outstanding as of December 2014 ^{p/}	Indebtedness			Adjustments	Outstanding as of May 2015 ^{p/}
		Originations	Amort.	Net		
1. Net Debt (3-2)	145,617.4					158,621.2
2. Financial Assets in Foreign Currency ^{2/}	2,048.4					3,846.8
3. Gross Debt	147,665.8	28,962.9	12,974.0	15,988.9	-1,186.7	162,468.0
By Term	147,665.8	28,962.9	12,974.0	15,988.9	-1,186.7	162,468.0
Long-term	142,869.2	20,191.8	5,775.6	14,416.2	-435.7	156,849.7
Short-term	4,796.6	8,771.1	7,198.4	1,572.7	-751.0	5,618.3
By User	147,665.8	28,962.9	12,974.0	15,988.9	-1,186.7	162,468.0
Federal Government	78,573.4	8,899.4	3,541.0	5,358.4	-449.4	83,482.4
Long-term	78,573.4	8,899.4	3,541.0	5,358.4	-449.4	83,482.4
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC's	59,563.1	11,417.9	2,229.5	9,188.4	-584.1	68,167.4
Long-term	58,863.1	11,224.7	2,148.4	9,076.3	115.9	68,055.3
Short-term	700.0	193.2	81.1	112.1	-700.0	112.1
Development Banks	9,529.3	8,645.6	7,203.5	1,442.1	-153.2	10,818.2
Long-term	5,432.7	67.7	86.2	-18.5	-102.2	5,312.0
Short-term	4,096.6	8,577.9	7,117.3	1,460.6	-51.0	5,506.2
By Financing Source	147,665.8	28,962.9	12,974.0	15,988.9	-1,186.7	162,468.0
Public Bonds	100,708.1	16,886.0	3,302.9	13,583.1	-1,061.4	113,229.8
International Financial Institutions (IFI's)	28,186.0	520.1	338.9	181.2	-136.6	28,230.6
Bilateral	9,044.7	235.5	535.9	-300.4	-96.5	8,647.8
Commercial Banks	9,533.8	11,128.1	8,715.2	2,412.9	-1.7	11,945.0
Pidiregas	193.2	193.2	81.1	112.1	109.5	414.8

Note: Figures may not add up due to rounding.

*₁/₁ 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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