

Mexico City, November 30<sup>th</sup>, 2015

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

In order to comply with transparency provisions 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 October 2015. The main results are the following:

- In October, net paid expenditure decreased by 7.6% in real terms with respect to the same month of 2014, which meant that the cumulative growth rate of net expenditure went from 3.9% in the period January-September to 2.8% in real terms in January-October. Expenditure from entities of the Public Administration decreased 9.2% in October 2015 and non-earmarked transfers for states increased 1.4% in real terms.
- In October 2015, non-oil tax revenues of the public sector were higher by 19% in real terms and oil revenues decreased 48.5% in real terms. Budgetary revenues were lower by 10.5% in real terms to the ones observed during the same month of 2014. In the first ten months of the year, annual revenues were higher 2% in real terms.
- In October 2015, public deficit was Ps. 51.7 billion, Ps. 24.5 billion higher than the deficit observed during the same month of 2014 of Ps. 27.2 billion. For January-October it was Ps. 490.5 billion, which is higher than the Ps. 433 billion generated during the same period of 2014. This is mainly explained by a temporary factor 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.
- Public Sector Borrowing Requirements as of October 2015 amounted to Ps. 469.7 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 increased by Ps. 392.1 billion and the stock of external debt increased by USD 15.2 billion, both with respect to December 2014, a path consistent with the debt ceiling approved for 2015.

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

In January-October 2015, the public balance presented a deficit of Ps. 490.5 billion, compared with a deficit of Ps. 433 billion generated during the same period of 2014. This is mainly explained by a lower level of oil revenues excluding benefits from oil hedges which will be received on December of the current year.

The primary balance presented a deficit of Ps. 213.5 billion, and the balance excluding productive investment observed a deficit of Ps. 110 billion. Public Sector Borrowing Requirements (PSBR) amounted to Ps. 469.7 billion.

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

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

Public sector's budgetary revenues as of October 2015 were Ps. 3,337.9 billion, amount higher by 2% in real terms with respect to the one observed during the period January-October 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. 1,966.4 billion, increasing 28.1% in real terms with respect to 2014. Collections from the excise tax (IEPS), imports tax, income tax, and value added tax increased 24.1, 27.6, 23.8 and 3.7% in real terms, respectively. These results are mainly explained by the effect of changes to the fiscal framework and new tax measures adopted as a result of the Fiscal Reform. Available data shows that the evolution of tax revenues is partially due to 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. 210.3 billion and includes resources from Banco de México's operational surplus of Ps. 31.4 billion pesos.
- Between January and October 2015, oil revenues amounted to Ps. 654 billion, decreasing 38% in real terms with respect to the ones observed in the same period. This result is mainly explained by a decrease in the average price of the Mexican oil mix by 49.3%, from 93.1 dollars per barrel (dpb) during the same period in 2014 to 47.2 dpb in 2015, a lower oil production by 7.6% with respect

to 2014; as well as a lower price of natural gas by 33.6%. These effects were partially offset by the depreciation of the exchange rate.

- Revenues from CFE, IMSS and ISSSTE were Ps. 507.3 billion, which represent a decrease of 3.3% in real terms with respect to 2014. This is mainly explained by lower revenues from electricity sales.

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

In October 2015, net paid expenditure amounted to Ps. 343.5 billion, lower by 7.6% in real terms to the same month of the previous year. Expenditure from entities of the Public Administration decreased 9.2% in real terms and non-earmarked transfers for states increased 1.4% in real terms with respect to the same month of the previous year.

In the period January-October 2015, budgetary net expenditures amounted to Ps. 3,842.2 billion, which meant a cumulative growth rate of net expenditure of 2.8% in real terms with respect to the same period of 2014 and resulted lower from the one registered in January-September of 3.9% in real terms. Programmable expenditures increased 1% in real terms during the same period, a slower rate in real terms than the 2.4% registered in the period January-September.

Within:

- In January-October, capital expenditure decreased 3.1% in real terms with respect to the same period of 2014, pensions and retirement increased 6.5% in real terms, and subsidies, transfers and contributions, which support the execution of programs that are subject to operation guidelines, increased 6.5% in real terms. This compares favorably with the decrease of 2.2% in real terms in personal services during the same period.
- In the period January-October 2015, resources allocated towards states and municipalities through non-earmarked transfers increased 4% 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 October 2015 was Ps. 4,657.3 billion, amount higher by Ps. 333.1 billion than the one observed at the end of December 2014. The change in the stock is explained by a net indebtedness of Ps. 361.9 billion, upward accounting adjustments of Ps. 19.6 billion and an increase in the Federal Government's financial assets of Ps. 48.4 billion.

The stock of the Federal Government's net external debt at the end of October was USD 82.3 billion, amount USD 5 billion higher than the one observed at the end of 2014. This result is explained by a net indebtedness of USD 4.6 billion, by downward accounting adjustments of USD 0.2 billion and by a decrease of the Federal Government's financial assets of USD 0.6 billion.

The stock of the federal public sector's net domestic debt (Federal Government, public entities under direct budgetary control and development banks) was Ps. 5,196.3 billion, which implies a Ps. 392.1 billion increase with respect to the stock registered at the end of 2014. This is due to a net domestic indebtedness of Ps. 422.1 billion during the period, upward accounting adjustments of Ps. 19.8 billion and an increase in domestic financial assets of the federal public sector of Ps. 49.8 billion.

The stock of the federal public sector's net external debt was USD 160.8 billion, amount USD 15.2 billion higher than the one registered at the end of 2014. This result is explained by a net indebtedness of USD 17.4 billion, downward accounting adjustments of USD 1.1 billion and by an increase in the federal public sector's financial assets of USD 1.2 billion.

The Historical Balance of the PSBR amounted to Ps. 8,296.8 billion, which represents an increase of Ps. 850.8 billion with respect to December 2014. About Ps. 265 billion are explained by fluctuations in the exchange rate.

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

## ANNEX 1 PUBLIC SECTOR BALANCE (Million pesos)

Concept	January-October		Real % Growth	Composition %	
	2014 <sup>p./</sup>	2015 <sup>p./</sup>		2014 <sup>p./</sup>	2015 <sup>p./</sup>
<b>PUBLIC BALANCE</b>	-433,001.9	-490,539.8	n.s.		
<b>PUBLIC BALANCE EXCLUDING PRODUCTIVE INVESTMENT<sup>1/</sup></b>	-128,892.4	-110,044.4	n.s.		
Budgetary Balance	-453,881.3	-504,310.2	n.s.		
Budgetary Revenue	3,182,051.1	3,337,857.4	2.0	100.0	100.0
Oil <sup>2/</sup>	1,025,339.7	654,031.7	-38.0	32.2	19.6
PEMEX	334,389.7	286,031.2	-16.8	10.5	8.6
Federal Government	690,950.1	368,000.6	-48.2	21.7	11.0
Non-oil	2,156,711.3	2,683,825.7	21.0	67.8	80.4
Federal Government	1,646,319.4	2,176,508.7	28.6	51.7	65.2
Tax	1,492,552.5	1,966,233.5	28.1	46.9	58.9
Non-tax	153,766.9	210,275.2	33.0	4.8	6.3
PEDBC	510,391.9	507,317.0	-3.3	16.0	15.2
Net Budgetary Expenditures	3,635,932.4	3,842,167.6	2.8	100.0	100.0
Programmable	2,902,740.1	3,016,010.2	1.0	79.8	78.5
Non programmable	733,192.3	826,157.4	9.6	20.2	21.5
PEIBC	20,879.5	13,770.4	-35.9		
Primary Balance	-217,000.0	-213,545.9	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-October		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>3,182,051.1</b>	<b>3,337,857.4</b>	<b>2.0</b>	<b>100.0</b>	<b>100.0</b>
I. Oil (a+b) <sup>1./</sup>	1,025,339.7	654,031.7	-38.0	32.2	19.6
a) PEMEX	334,389.7	286,031.2	-16.8	10.5	8.6
b) Federal Government	690,950.1	368,000.6	-48.2	21.7	11.0
Mexican Oil Fund	0.0	352,381.1	n.s.	0.0	10.6
Income tax from contractors and assignees	0.0	5,232.0	n.s.	0.0	0.2
Existing rights until 2014	690,950.1	10,387.4	-98.5	21.7	0.3
II. Non-oil (c+d)	2,156,711.3	2,683,825.7	21.0	67.8	80.4
c) Federal Government	1,646,319.4	2,176,508.7	28.6	51.7	65.2
Tax	1,492,552.5	1,966,233.5	28.1	46.9	58.9
Income Tax	797,496.0	1,015,369.6	23.8	25.1	30.4
Value Added Tax	556,021.9	593,098.2	3.7	17.5	17.8
Excise Tax	82,173.2	288,164.2	241.0	2.6	8.6
Import Tax	27,969.7	36,705.2	27.6	0.9	1.1
IAEEH <sup>2./</sup>	0.0	3,062.2	n.s.	0.0	0.1
Other <sup>3./</sup>	28,891.6	29,834.1	0.4	0.9	0.9
Non-tax	153,766.9	210,275.2	33.0	4.8	6.3
Rights	41,227.9	43,845.9	3.4	1.3	1.3
Fees	107,982.9	161,775.4	45.7	3.4	4.8
Other	4,556.1	4,653.8	-0.7	0.1	0.1
d) PEDBC <sup>4./</sup>	510,391.9	507,317.0	-3.3	16.0	15.2
Memorandum items					
Total tax-related	1,492,552.5	1,971,465.5	28.4	46.9	59.1
Total non-tax related	1,689,498.6	1,366,391.9	-21.4	53.1	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-October		Real % Growth	Composition %	
	2014 <sup>p./</sup>	2015 <sup>p./</sup>		2014 <sup>p./</sup>	2015 <sup>p./</sup>
<b>TOTAL (I+II)</b>	3,635,932.4	3,842,167.6	2.8	100.0	100.0
I. Primary expenditures (a+b)	3,418,449.4	3,573,008.6	1.6	94.0	93.0
a) Programmable	2,902,740.1	3,016,010.2	1.0	79.8	78.5
Autonomous Branches	60,881.6	72,320.0	15.5	1.7	1.9
Administrative Branches	928,209.6	970,774.1	1.7	25.5	25.3
General Branches	1,049,264.4	1,135,292.9	5.2	28.9	29.5
PEDBC	554,413.9	583,641.4	2.4	15.2	15.2
IMSS	372,337.4	395,312.4	3.2	10.2	10.3
ISSSTE	182,076.5	188,329.0	0.6	5.0	4.9
State Productive Enterprises	696,526.2	681,505.1	-4.9	19.2	17.7
PEMEX	447,815.2	434,869.0	-5.6	12.3	11.3
CFE	248,711.0	246,636.1	-3.6	6.8	6.4
(-) Compensated operations <sup>1/</sup>	386,555.6	427,523.2	7.6	10.6	11.1
b) Non programmable	515,709.3	556,998.4	5.0	14.2	14.5
Non-earmarked transfers	494,755.6	528,921.4	4.0	13.6	13.8
Adefas and other	20,953.6	28,077.0	30.3	0.6	0.7
II. Financial cost <sup>2/</sup>	217,483.0	269,159.0	20.4	6.0	7.0

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, OCTOBER <sup>\*\_/</sup>**  
(Million pesos)

Concept	Outstanding as of December 2014 <sup>p_/</sup>	Indebtedness			Adjustments <sup>1_/</sup>	Outstanding as of October 2015 <sup>p_/</sup>
		Originations	Amort.	Net		
<b>1. Net Debt (3-2)</b>	<b>4,324,120.6</b>					<b>4,657,262.5</b>
2. Assets <sup>2_/</sup>	222,499.0					270,901.0
<b>3. Gross Domestic Debt</b>	<b>4,546,619.6</b>	<b>2,224,770.0</b>	<b>1,862,838.0</b>	<b>361,932.0</b>	<b>19,611.9</b>	<b>4,928,163.5</b>
Government Securities	4,223,281.4	2,059,053.0	1,688,172.2	370,880.8	14,913.7	4,609,075.9
Cetes	678,684.4	1,423,788.1	1,465,304.6	-41,516.5	0.0	637,167.9
Bondes "D"	232,622.0	79,659.5	31,760.0	47,899.5	0.0	280,521.5
Fixed Rate Bonds	2,295,828.3	421,067.5	191,070.9	229,996.6	2,823.0	2,528,647.9
Udibonos	1,011,075.6	133,762.9	0.0	133,762.9	12,029.5	1,156,868.0
<i>Udibonos udi's</i>	191,841.6	25,266.2	0.0	25,266.2	0.0	217,107.8
Segregated Udibonos	5,071.1	775.0	36.7	738.3	61.2	5,870.6
<i>Segregated Udibonos udi's</i>	962.2	146.4	6.9	139.5	0.0	1,101.7
S.A.R.	98,018.4	162,853.9	160,458.1	2,395.8	2,343.6	102,757.8
Obligations by ISSSTE's Law	161,452.0	34.3	10,317.1	-10,282.8	1,659.6	152,828.8
Others	63,867.8	2,828.8	3,890.6	-1,061.8	695.0	63,501.0

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

Concept	Outstanding as of December 2014 <sup>p_/_</sup>	Indebtedness			Adjustments	Outstanding as of October 2015 <sup>p_/_</sup>
		Originations	Amort.	Net		
<b>1. Net Debt (3-2)</b>	<b>77,352.4</b>					<b>82,309.2</b>
2. Assets <sup>1_/_</sup>	1,221.0					598.0
<b>3. Gross Debt</b>	<b>78,573.4</b>	<b>9,512.5</b>	<b>4,951.0</b>	<b>4,561.5</b>	<b>-227.7</b>	<b>82,907.2</b>
Public Bonds	52,926.9	8,365.7	4,325.3	4,040.4	-143.9	56,823.4
International Financial Institutions (IFI's)	23,563.1	1,133.2	525.7	607.5	-1.3	24,169.3
Bilateral	2,083.4	13.6	100.0	-86.4	-82.5	1,914.5

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 2014 <sup>p./</sup>	Indebtedness			Adjustments	Outstanding as of October 2015 <sup>p./</sup>
		Originations	Amort.	Net		
<b>1. Net Debt (3-2)</b>	<b>4,804,250.2</b>					<b>5,196,322.5</b>
2. Assets <sup>2./</sup>	245,283.1					295,084.4
<b>3. Gross Debt</b>	<b>5,049,533.3</b>	<b>2,635,275.8</b>	<b>2,213,223.9</b>	<b>422,051.9</b>	<b>19,821.7</b>	<b>5,491,406.9</b>
<b>By Term</b>	<b>5,049,533.3</b>	<b>2,635,275.8</b>	<b>2,213,223.9</b>	<b>422,051.9</b>	<b>19,821.7</b>	<b>5,491,406.9</b>
Long-term	4,518,242.5	1,042,059.8	591,960.3	450,099.5	19,821.7	4,988,163.7
Short-term	531,290.8	1,593,216.0	1,621,263.6	-28,047.6	0.0	503,243.2
<b>By User</b>	<b>5,049,533.3</b>	<b>2,635,275.8</b>	<b>2,213,223.9</b>	<b>422,051.9</b>	<b>19,821.7</b>	<b>5,491,406.9</b>
Federal Government	4,546,619.6	2,224,770.0	1,862,838.0	361,932.0	19,611.9	4,928,163.5
Long-term	4,025,828.8	938,326.6	530,463.4	407,863.2	19,611.9	4,453,303.9
Short-term	520,790.8	1,286,443.4	1,332,374.6	-45,931.2	0.0	474,859.6
PEDBC's	396,402.7	131,140.2	85,683.8	45,456.4	51.6	441,910.7
Long-term	396,402.7	80,913.6	53,840.8	27,072.8	51.6	423,527.1
Short-term	0.0	50,226.6	31,843.0	18,383.6	0.0	18,383.6
Development Banks	106,511.0	279,365.6	264,702.1	14,663.5	158.2	121,332.7
Long-term	96,011.0	22,819.6	7,656.1	15,163.5	158.2	111,332.7
Short-term	10,500.0	256,546.0	257,046.0	-500.0	0.0	10,000.0
<b>By Financing Source</b>	<b>5,049,533.3</b>	<b>2,635,275.8</b>	<b>2,213,223.9</b>	<b>422,051.9</b>	<b>19,821.7</b>	<b>5,491,406.9</b>
Bonds Placed in Domestic Markets	4,581,547.3	2,162,283.5	1,733,189.2	429,094.3	15,434.4	5,026,076.0
SAR	98,018.4	162,853.9	160,458.1	2,395.8	2,343.6	102,757.8
Commercial Banks	123,929.7	40,002.7	38,979.9	1,022.8	151.7	125,104.2
ISSSTE's Law obligations	161,452.0	34.3	10,317.1	-10,282.8	1,659.6	152,828.8
Others	84,585.9	270,101.4	270,279.6	-178.2	232.4	84,640.1

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, OCTOBER\* / 1 /**  
(Million dollars)

Concept	Outstanding as of December 2014 <sup>p/</sup>	Indebtedness			Adjustments	Outstanding as of October 2015 <sup>p/</sup>
		Originations	Amort.	Net		
<b>1. Net Debt (3-2)</b>	<b>145,617.4</b>					<b>160,768.5</b>
2. Financial Assets in Foreign Currency <sup>2/</sup>	2,048.4					3,243.0
<b>3. Gross Debt</b>	<b>147,665.8</b>	<b>42,755.8</b>	<b>25,324.6</b>	<b>17,431.2</b>	<b>-1,085.5</b>	<b>164,011.5</b>
<b>By Term</b>	<b>147,665.8</b>	<b>42,755.8</b>	<b>25,324.6</b>	<b>17,431.2</b>	<b>-1,085.5</b>	<b>164,011.5</b>
Long-term	142,869.2	26,287.9	8,846.3	17,441.6	-337.6	159,973.2
Short-term	4,796.6	16,467.9	16,478.3	-10.4	-747.9	4,038.3
<b>By User</b>	<b>147,665.8</b>	<b>42,755.8</b>	<b>25,324.6</b>	<b>17,431.2</b>	<b>-1,085.5</b>	<b>164,011.5</b>
Federal Government	78,573.4	9,512.5	4,951.0	4,561.5	-227.7	82,907.2
Long-term	78,573.4	9,512.5	4,951.0	4,561.5	-227.7	82,907.2
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC's	59,563.1	15,687.5	3,843.6	11,843.9	-511.9	70,895.1
Long-term	58,863.1	15,494.3	3,693.6	11,800.7	188.1	70,851.9
Short-term	700.0	193.2	150.0	43.2	-700.0	43.2
Development Banks	9,529.3	17,555.8	16,530.0	1,025.8	-345.9	10,209.2
Long-term	5,432.7	1,281.1	201.7	1,079.4	-298.0	6,214.1
Short-term	4,096.6	16,274.7	16,328.3	-53.6	-47.9	3,995.1
<b>By Financing Source</b>	<b>147,665.8</b>	<b>42,755.8</b>	<b>25,324.6</b>	<b>17,431.2</b>	<b>-1,085.5</b>	<b>164,011.5</b>
Public Bonds	100,708.1	19,111.0	4,570.9	14,540.1	-764.9	114,483.3
International Financial Institutions (IFI's)	28,186.0	1,283.2	655.3	627.9	-344.1	28,469.8
Bilateral	9,044.7	1,418.2	1,461.0	-42.8	-87.3	8,914.6
Commercial Banks	9,533.8	20,750.2	18,487.4	2,262.8	1.3	11,797.9
Pidiregas	193.2	193.2	150.0	43.2	109.5	345.9

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.

--- 0 ---