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PUBLIC FINANCE AND PUBLIC DEBT REPORT AS OF JANUARY 2016

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 January 2016. The main results are the following:

- In January 2016, net paid expenditure year-over-year decreased by 11.6% in real terms and so programmable expenditure by 16.8% in real terms. It is noteworthy that the reduction in real terms of spending on personal services was of 6.1% and other operating expenses of 23.0%, both compared to the same period of 2015.
- In January 2016, budgetary revenues decreased by 1.1% in real terms compared to the ones observed during the same month of 2015. Non-oil tax revenues of the public sector were lower by 1.1% in real terms with respect to last year and oil revenues increased by 6.1% in real terms.
- Public deficit in January was Ps. 48.2 billion, Ps. 42.3 billion less than the deficit observed during the same month of 2015 of Ps. 90.4 billion.
- Public Sector Borrowing Requirements as of January 2016 amounted to Ps. 35.8 billion. Along with the public deficit figures, these results are consistent with the annual objectives approved by Congress for 2016.
- The stock of the federal public sector's domestic debt increased by Ps. 117.1 billion and the stock of external debt increased by USD 0.8 billion, both with respect to December 2015, a path consistent with the debt ceiling approved by Congress for 2016.

Evolution of public finances

In January 2016, the public balance registered a deficit of Ps. 48.2 billion, compared with a deficit of Ps. 90.4 billion generated during the same period of 2015.

The primary balance presented a deficit of Ps. 11 billion, and the balance excluding productive investment observed a deficit of Ps. 21.7 billion. Public Sector Borrowing Requirements (PSBR) amounted to Ps. 35.8 billion.

The results observed during the first month of 2016 are consistent with the objectives approved by Congress for 2016.

Public sector budgetary revenues

Public sector's budgetary revenues as of January 2016 were Ps. 370.6 billion, amount lower by 1.1% in real terms with respect to the one observed in January 2015. The evolution of the main elements of budgetary revenues was the following:

- In January 2016, oil revenues amounted to Ps. 62.5 billion, higher by 6.1% in real terms with respect to the ones observed in the same period of the previous year. By the end of the year, it is expected that revenues from oil price hedges will offset lower oil revenues expected for the year. During January, oil revenues were higher due to temporary factors such as collection and the exchange rate, which allowed to offset the effects of the 45.2% reduction in the average price of the Mexican oil mix, from 52.4 dollars per barrel (dpb) in 2015 to 28.7 dpb in 2016; a 3.3% decrease in oil production, from 2,353 thousand barrels per day (MBbl/d) in 2015 to 2,275 MBbl/d in 2016; as well as a reduction of 47.8% in the price of natural gas.
- Non-oil tax revenues amounted to Ps. 244.9 billion, decreasing 1.1% in real terms with respect to 2015. In this result, it is worth noting that income from the excise tax (IEPS) decreased by 18.2%, particularly in gasolines and diesel, the income tax system grew by 2.8%, while the value added tax is in line with last year's level in real terms.
- Non-tax revenues of the Federal Government amounted to Ps. 15 billion, amount lower by 5.5% in real terms with respect to 2015.
- Revenues from IMSS and ISSSTE before fiscal support were Ps. 26.2 billion, amount higher by 5.4% in real terms with respect to 2015.
- Revenues from CFE amounted to Ps. 22 billion, which represent a reduction of 19.3% in real terms, as a result of a decrease in revenues from lower electricity rates.

Net public sector budgetary expenditures

In January 2016, net paid expenditure amounted to Ps. 417.9 billion, which is an amount 11.6% lower in real terms with respect to the same period of 2015. Programmable expenditures decreased 16.8% in real terms during the same period.

The period of January 2016 registered the following:

- A decrease of 6.1% in real terms of expenditure in personal services and 23%, in operating expenses, both with respect to the same period of 2015.
- Pension and retirement expenditure decreased 0.4% in real terms.
- Subsidies, transfers and contributions, which support the execution of social programs, increased 4.1% in real terms.
- Financial costs increased 17.6% in real terms.

Stock of public debt

The stock of the Federal Government's net domestic debt as of January 2016 was Ps. 4,887.6 billion, amount higher by Ps. 73.5 billion than the one observed at the end of December 2015. The change in the stock is explained by a net indebtedness of Ps. 32.4 billion, by upward accounting adjustments of Ps. 8 billion, and a decrease in the Federal Government's financial assets of Ps. 33.1 billion. This evolution is consistent with the debt ceiling approved by Congress for 2016.

The stock of the Federal Government's net external debt at the end of January was USD 83 billion, amount USD 0.7 billion higher than the one observed at the end of 2015. This result is explained by a net indebtedness of USD 2.2 billion, by downward accounting adjustments of USD 0.2 billion, and by an increase of the Federal Government's financial assets of USD 1.3 billion.

The stock of the federal public sector's net domestic debt (Federal Government, State Productive Enterprises, and development banks) was Ps. 5,497 billion, which implies a Ps. 117.1 billion increase with respect to the stock registered at the end of 2015. This is due to a net domestic indebtedness of Ps. 27 billion during the period, upward accounting adjustments of Ps. 13.6 billion, and an decrease in domestic financial assets of the federal public sector of Ps. 76.5 billion.

The stock of the federal public sector's net external debt was USD 162.4 billion, amount USD 0.8 billion higher than the one registered at the end of 2015. This result

is explained by a net indebtedness of USD 4 billion, by downward accounting adjustments of USD 0.6 billion, and by an increase in the federal public sector's financial assets of USD 2.7 billion.

The Historical Balance of the PSBR amounted to Ps. 8,904.7 billion, Ps. 271.2 billion higher with respect to December 2015. From this, about Ps. 194.9 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		Real % Growth	Composition %	
	2015 ^{p./}	2016 ^{p./}		2015 ^{p./}	2016 ^{p./}
PUBLIC BALANCE	-90,426.0	-48,169.9	n.s.		
PUBLIC BALANCE EXCLUDING PRODUCTIVE INVESTMENT^{1./}	-31,164.2	-21,710.1	n.s.		
Budgetary Balance	-95,602.9	-47,271.2	n.s.		
Budgetary Revenue	365,084.9	370,623.7	-1.1	100.0	100.0
Oil ^{2./}	57,420.0	62,522.4	6.1	15.7	16.9
PEMEX	12,927.8	34,930.1	163.3	3.5	9.4
Federal Government	44,492.3	27,592.4	-39.6	12.2	7.4
Non-oil	307,664.9	308,101.3	-2.4	84.3	83.1
Federal Government	256,890.4	259,903.2	-1.4	70.4	70.1
Tax	241,405.8	244,892.2	-1.1	66.1	66.1
Non-tax	15,484.6	15,011.0	-5.5	4.2	4.1
PEDBC	50,774.5	48,198.0	-7.5	13.9	13.0
Net Budgetary Expenditures	460,687.8	417,894.9	-11.6	100.0	100.0
Programmable	360,138.7	307,299.4	-16.8	78.2	73.5
Non programmable	100,549.1	110,595.5	7.2	21.8	26.5
PEIBC	5,176.9	-898.7	n.s.		
Primary Balance	-64,892.3	-10,950.7	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.

PEDBC_/Public Entities under direct budgetary control.

PEIBC_/Public Entities under indirect budgetary control.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR BUDGETARY REVENUES (Million pesos)

Concept	January		Real % Growth	Composition %	
	2015 ^{p./}	2016 ^{p./}		2015 ^{p./}	2016 ^{p./}
BUDGETARY REVENUES (I+II)	365,084.9	370,623.7	-1.1	100.0	100.0
I. Oil (a+b) ^{1./}	57,420.0	62,522.4	6.1	15.7	16.9
a) PEMEX	12,927.8	34,930.1	163.3	3.5	9.4
b) Federal Government	44,492.3	27,592.4	-39.6	12.2	7.4
Mexican Oil Fund	34,323.0	27,592.4	-21.7	9.4	7.4
Income tax from contractors and assignees	0.0	0.0	n.s.	0.0	0.0
Existing rights until 2014	10,169.2	0.0	n.s.	2.8	0.0
II. Non-oil (c+d)	307,664.9	308,101.3	-2.4	84.3	83.1
c) Federal Government	256,890.4	259,903.2	-1.4	70.4	70.1
Tax	241,405.8	244,892.2	-1.1	66.1	66.1
Income Tax	121,396.0	127,995.3	2.8	33.3	34.5
Value Added Tax	75,966.3	77,918.6	0.0	20.8	21.0
Excise Tax	37,900.7	31,820.6	-18.2	10.4	8.6
Import Tax	3,323.8	4,050.6	18.8	0.9	1.1
IAEEH ^{2./}	0.0	340.3	n.s.	0.0	0.1
Other ^{3./}	2,819.0	2,766.7	-4.4	0.8	0.7
Non-tax	15,484.6	15,011.0	-5.5	4.2	4.1
Rights	5,982.3	5,709.8	-7.0	1.6	1.5
Fees	8,912.1	7,161.4	-21.7	2.4	1.9
Other	590.2	2,139.8	253.3	0.2	0.6
d) PEDBC ^{4./}	24,255.7	26,241.8	5.4	6.6	7.1
Memorandum items					
Total tax-related	241,405.8	244,892.2	-1.1	66.1	66.1
Total non-tax related	123,679.1	125,731.5	-0.9	33.9	33.9

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.

PEDBC_/Public Entities under direct budgetary control.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR NET EXPENDITURES (Million pesos)

Concept	January		Real % Growth	Composition %	
	2015 ^{p./}	2016 ^{p./}		2015 ^{p./}	2016 ^{p./}
TOTAL (I+II)	460,687.8	417,894.9	-11.6	100.0	100.0
I. Primary expenditures (a+b)	432,927.9	384,393.0	-13.5	94.0	92.0
a) Programmable	360,138.7	307,299.4	-16.8	78.2	73.5
Autonomous Branches	6,486.1	6,357.3	-4.5	1.4	1.5
Administrative Branches	90,541.0	86,167.1	-7.3	19.7	20.6
General Branches	157,727.4	162,288.3	0.3	34.2	38.8
PEDBC	67,668.5	67,526.2	-2.8	14.7	16.2
IMSS	36,472.2	33,153.1	-11.4	7.9	7.9
ISSSTE	31,196.3	34,373.1	7.4	6.8	8.2
State Productive Enterprises	104,250.2	59,117.0	-44.7	22.6	14.1
PEMEX	77,707.5	35,241.8	-55.8	16.9	8.4
CFE	26,542.7	23,875.2	-12.3	5.8	5.7
(-) Compensated operations ^{1/}	66,534.4	74,156.5	8.6	14.4	17.7
b) Non programmable	72,789.1	77,093.6	3.2	15.8	18.4
Non-earmarked transfers	50,880.6	48,904.1	-6.3	11.0	11.7
Adefas and other	21,908.5	28,189.5	25.4	4.8	6.7
II. Financial cost ^{2/}	27,760.0	33,501.9	17.6	6.0	8.0

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.

PEDBC_/Public Entities under direct budgetary control.

Source: Ministry of Finance and Public Credit.

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

Concept	Outstanding as of December 2015 ^{p_ /}	Indebtedness			Adjustments ^{1_ /}	Outstanding as of January 2016 ^{p_ /}
		Originations	Amort.	Net		
1. Net Debt (3-2)	4,814,120.1					4,887,625.4
2. Assets ^{2_ /}	259,903.0					226,809.0
3. Gross Domestic Debt	5,074,023.1	214,981.6	182,598.7	32,382.9	8,028.4	5,114,434.4
Government Securities	4,701,204.9	187,984.7	160,146.2	27,838.5	6,327.1	4,735,370.5
Cetes	655,750.2	134,044.3	154,674.0	-20,629.7	0.0	635,120.5
Bondes "D"	296,521.9	9,000.3	5,472.2	3,528.1	0.0	300,050.0
Fixed Rate Bonds	2,546,242.3	32,806.8	0.0	32,806.8	0.0	2,579,049.1
Udibonos	1,196,598.9	12,133.3	0.0	12,133.3	6,295.2	1,215,027.4
<i>Udibonos udi's</i>	222,367.6	2,247.5	0.0	2,247.5	0.0	224,615.1
Segregated Udibonos	6,091.6	0.0	0.0	0.0	31.9	6,123.5
<i>Segregated Udibonos udi's</i>	1,132.0	0.0	0.0	0.0	0.0	1,132.0
S.A.R.	107,650.7	25,187.7	22,079.4	3,108.3	579.3	111,338.3
Obligations by ISSSTE's Law ^{3_ /}	153,760.2	0.7	141.8	-141.1	800.4	154,419.5
PEMEX Pension Bonds ^{4_ /}	50,000.0	0.0	0.0	0.0	0.0	50,000.0
Others	61,407.3	1,808.5	231.3	1,577.2	321.6	63,306.1

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.

3_ / Obligations associated with the new ISSSTE law.

4_ / Obligations assumed by the Federal Government, a proportion of the payment obligations of pensions and retirement by Pemex and its subsidiaries.

Source: Ministry of Finance and Public Credit.

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

Concept	Outstanding as of December 2015 ^{p/_}	Indebtedness			Adjustments	Outstanding as of January 2016 ^{p/_}
		Originations	Amort.	Net		
1. Net Debt (3-2)	82,320.3					83,019.0
2. Assets ^{1/_}	268.0					1,612.0
3. Gross Debt	82,588.3	2,250.7	56.7	2,194.0	-151.3	84,631.0
Public Bonds	56,576.8	2,250.0	0.0	2,250.0	-147.7	58,679.1
International Financial Institutions (IFI's)	24,149.1	0.7	28.7	-28.0	-0.1	24,121.0
Bilateral	1,862.4	0.0	28.0	-28.0	-3.5	1,830.9

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, JANUARY*_/1_/
(Million pesos)

Concept	Outstanding as of December 2015 ^{p_/}	Indebtedness			Adjustments	Outstanding as of January 2016 ^{p_/}
		Originations	Amort.	Net		
1. Net Debt (3-2)	5,379,857.1					5,496,954.3
2. Assets ^{2_/}	259,646.8					183,137.5
3. Gross Debt	5,639,503.9	268,089.4	241,131.1	26,958.3	13,629.6	5,680,091.8
By Term	5,639,503.9	268,089.4	241,131.1	26,958.3	13,629.6	5,680,091.8
Long-term	5,123,594.6	92,439.6	56,489.6	35,950.0	9,129.6	5,168,674.2
Short-term	515,909.3	175,649.8	184,641.5	-8,991.7	4,500.0	511,417.6
By User	5,639,503.9	268,089.4	241,131.1	26,958.3	13,629.6	5,680,091.8
Federal Government	5,074,023.1	214,981.6	182,598.7	32,382.9	8,028.4	5,114,434.4
Long-term	4,583,421.6	92,439.2	55,289.6	37,149.6	8,028.4	4,628,599.6
Short-term	490,601.5	122,542.4	127,309.1	-4,766.7	0.0	485,834.8
State Productive Enterprises	447,270.9	9,952.4	9,286.4	666.0	-1,125.0	446,811.9
Long-term	440,270.9	0.0	1,200.0	-1,200.0	-1,125.0	437,945.9
Short-term	7,000.0	9,952.4	8,086.4	1,866.0	0.0	8,866.0
Development Banks	118,209.9	43,155.4	49,246.0	-6,090.6	6,726.2	118,845.5
Long-term	99,902.1	0.4	0.0	0.4	2,226.2	102,128.7
Short-term	18,307.8	43,155.0	49,246.0	-6,091.0	4,500.0	16,716.8
By Financing Source	5,639,503.9	268,089.4	241,131.1	26,958.3	13,629.6	5,680,091.8
Bonds Placed in Domestic Markets	5,103,226.4	187,984.7	160,146.2	27,838.5	8,746.4	5,139,811.3
SAR	107,650.7	25,187.7	22,079.4	3,108.3	579.3	111,338.3
Commercial Banks	141,919.1	0.4	8,200.0	-8,199.6	104.4	133,823.9
ISSSTE's Law obligations ^{3_/}	153,760.2	0.7	141.8	-141.1	800.4	154,419.5
PEMEX Pension Bonds ^{4_/}	50,000.0	0.0	0.0	0.0	0.0	50,000.0
Others	82,947.5	54,915.9	50,563.7	4,352.2	3,399.1	90,698.8

Note: Figures may not add up due to rounding.

*_/ Figures subject to revisions and methodological changes.

p_/ Preliminary figures.

1_/ Includes Federal Government, State Productive Enterprises 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.

3_/ Obligations associated with the new ISSSTE law.

4_/ Obligations assumed by the Federal Government, a proportion of the payment obligations of pensions and retirement by Pemex and its subsidiaries.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR EXTERNAL DEBT, JANUARY*₁
(Million dollars)

Concept	Outstanding as of December 2015 _{p/}	Indebtedness			Adjustments	Outstanding as of January 2016 _{p/}
		Originations	Amort.	Net		
1. Net Debt (3-2)	161,609.5					162,384.7
2. Financial Assets in Foreign Currency ^{2/}	600.0					3,255.1
3. Gross Debt	162,209.5	5,057.9	1,044.6	4,013.3	-583.0	165,639.8
By Term	162,209.5	5,057.9	1,044.6	4,013.3	-583.0	165,639.8
Long-term	159,057.2	3,636.8	134.4	3,502.4	-583.5	161,976.1
Short-term	3,152.3	1,421.1	910.2	510.9	0.5	3,663.7
By User	162,209.5	5,057.9	1,044.6	4,013.3	-583.0	165,639.8
Federal Government	82,588.3	2,250.7	56.7	2,194.0	-151.3	84,631.0
Long-term	82,588.3	2,250.7	56.7	2,194.0	-151.3	84,631.0
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
State Productive Enterprises	69,621.3	1,688.8	45.4	1,643.4	-228.2	71,036.5
Long-term	69,621.3	1,386.1	45.4	1,340.7	-228.2	70,733.8
Short-term	0.0	302.7	0.0	302.7	0.0	302.7
Development Banks	9,999.9	1,118.4	942.5	175.9	-203.5	9,972.3
Long-term	6,847.6	0.0	32.3	-32.3	-204.0	6,611.3
Short-term	3,152.3	1,118.4	910.2	208.2	0.5	3,361.0
By Financing Source	162,209.5	5,057.9	1,044.6	4,013.3	-583.0	165,639.8
Public Bonds	115,202.6	2,250.0	12.5	2,237.5	-233.6	117,206.5
International Financial Institutions (IFI's)	28,646.5	0.7	42.8	-42.1	-201.8	28,402.6
Bilateral	8,313.1	61.0	60.8	0.2	-6.8	8,306.5
Commercial Banks	9,744.6	2,443.5	928.5	1,515.0	0.5	11,260.1
Pidiregas	302.7	302.7	0.0	302.7	-141.3	464.1

Note: Figures may not add up due to rounding.

*₁/ Figures subject to revisions and methodological changes.

p_₁/ Preliminary figures.

1_₁/ Includes the federal government, State Productive Enterprises' and Development Banks debt.

2_₁/ 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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