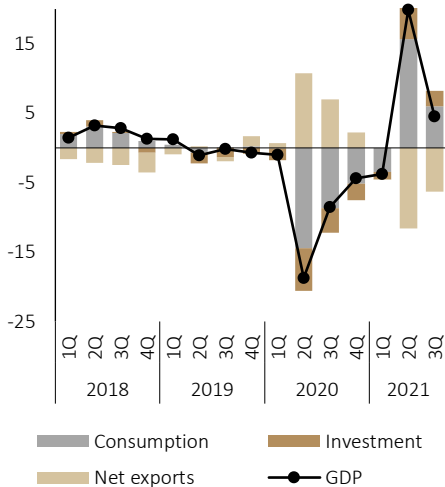




Report on the Public Finances and Public Debt – November 2021

Aggregate Demand

(% YoY, contribution to the annual variation)



Source: INEGI.

Economic Activity

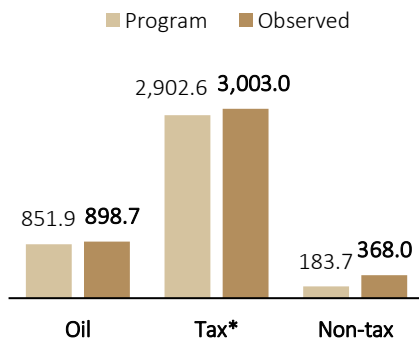
- In 3Q21, total investment stood at 1.3% q/q s.a., resulting in five quarters of consecutive growth and a recovery of 94% of its 4Q19 level. The private component grew 0.9% and reached 93% of its 4Q19 level, up from the 82% observed in 3Q20.
- In October, according to the Global Indicator of Economic Activity, economic activity dropped 0.2% m/m s.a., driven by the 0.5% m/m s.a. decline in the services sector. However, the industrial sector increased 0.6% m/m, despite the supply-chain backlogs and cost-push pressures.
- In November, non-oil exports increased 6.4% m/m s.a., due to the increase in automotive exports by 18.8% m/m s.a. and non-auto exports by 2.2% m/m s.a. Non-oil imports rose 1.3% m/m s.a., with increases in intermediate goods by 0.9% m/m, consumer goods by 1.9% m/m and capital goods by 4.1% m/m s.a.
- Employment rose by 3.7 million in November and the economically active population grew by 3.5 million compared with the same month a year ago. Labor force participation increased to 59.6%, up from 56.9%; meanwhile, the underemployment rate stood at 10.5%, down from 15.8%. Women's employment reached its pre-pandemic level.

Public Finances

- Between January and November 2021, public sector revenues were 204.7 billion (bn) pesos above the program and increased 5.1% in real terms with respect to the same period of the previous year.
- During Jan-Nov 2021, tax collection has been resilient with a real annual increase of 0.6% compared to the same period of 2020. Tax revenues without fuels excise tax were 3.4% higher in real terms compared to Jan-Nov 2020. Particularly, VAT collection increased 9.5% with respect to the same period in 2020.
- As of Nov 2021, programmable expenditure increased 8.5% in real terms compared to Jan-Nov 2020. Additionally, non-programmable expenditure decreased 3.9% in real terms with respect to the same period of 2020 due to lower financial cost and arrears.
- The primary surplus was 74.8 bn pesos, which compares favorably with the projected primary deficit of 59.1 bn pesos. The public deficit was 172.5 bn pesos lower than the programmed deficit of 622.3 bn pesos. Public Sector Borrowing Requirements (PSBR) recorded a deficit of 737.7 bn pesos.

Public Sector Revenues

(January–November 2021, billions MXN)



* Excluding fuels excise tax.

Sovereign Rating Statistics in 2021

(S&P, Fitch and Moody's)

Mexico's credit rating was **ratified** by the three main agencies in 2021 with **investment grade**.

2 Countries in LATAM that fulfilled said conditions in 2021, **out of 15**.

54 **Negative sovereign rating actions** in the world.

40% LATAM countries faced **negative action**.

17 **Downgrades** YTD in LATAM. The most for any region in the world.

Public Debt

- Interest, commissions and other expenses related to public debt were 37.6 bn pesos lower than the program, which decreased the financial cost 10.7% in real terms compared to Jan-Nov 2020.
- As of Nov 2021, Federal Government's net debt stood at 10.2 tn pesos: 77.2% is denominated in national currency and 78.7% is at a fixed rate and long term. The Historical Balance of the PSBR amounted to 13.0 tn pesos.
- On December 7th, S&P Global Ratings ratified Mexico's sovereign rating at BBB. The agency highlighted the prudent management of finances and public debt, as well as sound macroeconomic and financial fundamentals.
- In 2021, Mexico's investment grade was ratified by the eight rating agencies that monitor it. It should be noted that in Latin America only five countries have retained investment grades from the three main rating agencies (Moody's, S&P and Fitch), while 40% suffered negative credit actions from some of these agencies during the year.



Public Sector Financial Situation, January-November

(Billion pesos)

Concept	2020	2021			Real Annual Growth (%)
		Program	Observed ^{p./}	Difference	
	(1)	(2)	(3)	(3-2)	(3/1)
Public balance	-399.3	-622.3	-449.7	172.5	n.s.
Budgetary balance	-418.8	-622.4	-472.9	149.5	n.s.
Budgetary revenues	4,734.3	5,046.6	5,251.3	204.7	5.1
Net budgetary expenditure	5,153.1	5,669.0	5,724.2	55.2	5.3
Programmable expenditure	3,802.2	4,223.0	4,354.7	131.7	8.5
Non-programmable expenditure	1,350.8	1,446.0	1,369.5	-76.5	-3.9
Entities under indirect budgetary control	19.4	0.1	23.2	23.1	13.0
Primary balance	145.7	-59.1	74.8	133.9	-51.3
Public balance by entities	-399.3	-622.3	-449.7	172.5	n.s.
Budgetary balance	-418.8	-622.4	-472.9	149.5	n.s.
Federal Government balance	-355.0	-667.7	-512.5	155.1	n.s.
State productive enterprises	-169.7	-46.8	-51.5	-4.7	n.s.
PEMEX	-210.8	-91.7	-27.6	64.0	n.s.
CFE	41.1	44.9	-23.8	-68.7	n.s.
Entities under direct budgetary control	105.9	92.1	91.1	-1.0	-18.5
IMSS	84.8	85.1	73.4	-11.6	-18.0
ISSSTE	21.1	7.0	17.7	10.7	-20.6
Entities under indirect budgetary control	19.4	0.1	23.2	23.1	13.0
Memorandum items					
PSBR	-660.0		-737.7		n.s.
Primary PSBR	135.2		106.3		-25.5

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

n.s.: Not significant.

Source: Ministry of Finance.



Public Sector Budgetary Revenues, January-November

(Billion pesos)

Concept	2020	2021			Real Annual Growth (%)
		Program	Observed ^{p/}	Difference	
	(1)	(2)	(3)	(3-2)	(3/1)
Total	4,734.3	5,046.6	5,251.3	204.7	5.1
Oil	496.5	851.9	898.7	46.7	71.5
Pemex ^{1/}	298.5	540.2	610.9	70.8	94.0
Federal Government ^{2/}	198.0	311.7	287.7	-24.0	37.7
Non-Oil	4,237.8	4,194.7	4,352.6	158.0	-2.7
Federal Government	3,477.7	3,408.4	3,579.3	170.9	-2.5
Tax	3,024.2	3,224.7	3,211.3	-13.5	0.6
Non-Tax	453.5	183.7	368.0	184.3	-23.1
IMSS	351.2	369.8	383.0	13.2	3.3
ISSSTE	50.1	42.9	40.1	-2.8	-24.1
CFE	358.8	373.5	350.3	-23.2	-7.5

Note: Figures may not add up due to rounding.

p_/ Preliminary figures.

1_/ Pemex's own revenues include net revenues from domestic and external sales, as well as revenues derived from services and equity contributions, among others.

2_/ Includes revenues received by the government through the Mexican Oil Fund and the collection of the income tax from new contracts and allocations in the field of hydrocarbons.

Source: Ministry of Finance.

Public Sector Expenditures, January-November

(Billion pesos)

Concept	2020	2021			Real Annual Growth (%)
		Program	Observed ^{p/}	Difference	
	(1)	(2)	(3)	(3-2)	(3/1)
Total	5,153.1	5,669.0	5,724.2	55.2	5.3
Programmable expenditure	3,802.2	4,223.0	4,354.7	131.7	8.5
<i>Payment's deferral</i>	0.0	0.0	0.0	0.0	0.0
Operating expenditure	1,590.7	1,725.9	1,737.9	12.0	3.5
Wages	1,097.5	1,182.3	1,143.6	-38.6	-1.3
Other operating expenditure	493.2	543.6	594.3	50.6	14.2
Pensions	887.7	992.7	970.7	-22.0	3.6
Subsidies, transfers and contributions	670.1	723.7	728.6	4.9	3.0
Aid and other expenses	33.0	7.5	24.0	16.4	-31.2
Physical investment	545.2	668.3	585.4	-82.8	1.7
Financial investment	75.6	104.9	308.1	203.2	286.4
Non-programmable expenditure	1,350.8	1,446.0	1,369.5	-76.5	-3.9
Federal revenue sharing	777.6	851.0	847.0	-4.1	3.2
Arrears (debts from previous years)	16.1	32.1	-2.6	-34.7	n.s.
Financial cost	557.1	562.8	525.2	-37.6	-10.7

Note: Figures may not add up due to rounding.

p_/ Preliminary figures.

Source: Ministry of Finance.



Domestic Public Sector Debt Balances, January- November * / 1 /

(Billion pesos)

Concept	Balance Dec '20 ^{p/}	Indebtedness			Adj. ^{2/}	Balance Nov '21 ^{p/}
		Borrowing	Amort.	Net		
1. Net Debt (3-2)	7,598.8					8,332.3
2. Assets ^{3/}	380.6					644.3
3. Gross Debt	7,979.4	4,456.2	3,612.0	844.2	153.0	8,976.6
By Term	7,979.4	4,456.2	3,612.0	844.2	153.0	8,976.6
Long-term	7,404.3	2,198.3	1,426.8	771.4	152.8	8,328.5
Short-term	575.1	2,257.9	2,185.1	72.8	0.1	648.1
By User	7,979.4	4,456.2	3,612.0	844.2	153.0	8,976.6
Federal Government	7,461.2	3,671.3	2,912.0	759.3	148.1	8,368.6
Long-term	6,909.6	2,110.7	1,362.4	748.4	148.1	7,806.1
Short-term	551.5	1,560.6	1,549.6	10.9	0.0	562.5
State productive enterprises	287.4	336.2	304.6	31.5	1.7	320.7
Long-term	275.9	10.0	36.0	-26.0	1.7	251.7
Short-term	11.5	326.2	268.6	57.5	0.0	69.0
Development banks	230.8	448.7	395.4	53.4	3.1	287.2
Long-term	218.7	77.5	28.5	49.1	2.9	270.7
Short-term	12.1	371.2	366.9	4.3	0.1	16.5
By Financing Source	7,979.4	4,456.2	3,612.0	844.2	153.0	8,976.6
Issuance of securities	7,454.3	3,450.8	2,650.8	800.0	138.2	8,392.5
Pension funds SAR	152.7	305.2	298.8	6.4	8.2	167.3
Commercial banks	54.9	557.8	503.1	54.8	0.3	109.9
ISSSTE's Obligations by Law ^{4/}	126.5	0.1	11.9	-11.9	7.7	122.3
CFE's Pension Bonds ^{5/}	157.3	0.0	2.4	-2.4	0.0	154.9
Others	33.8	142.2	144.9	-2.7	-1.4	29.8

Note: Figures may not add up due to rounding.

* / Figures subject to revision due to changes and methodological adjustments.

p / Preliminary figures.

1 / It includes Federal Government, the State Productive Enterprises and Development Banks.

2 / It corresponds to the inflationary effect and others.

3 / It includes the national currency denominated net balance of the Federal Treasury's general account, as well as the State Productive Enterprises and Development Banks' availabilities.

4 / Obligations associated with the new ISSSTE Law.

5 / Obligations associated with the Federal Government's financial support to CFE due to the savings in their pension obligations, according to the "Agreement on the general provisions concerning the Federal Government's assumption of the Federal Electricity Commission's pension and retirement obligations" published in the Federal Official Gazette on November 14th, 2016.

Source: Ministry of Finance.



External Public Sector Debt Balances, January-November *_/ 1_/

(Billion dollars)

Concept	Balance Dec '20 ^{p_/}	Indebtedness			Adj. ^{2_/}	Balance Nov '21 ^{p_/}
		Borrowing	Amort.	Net		
1. Net Debt (3-2)	221.5					214.8
2. Assets ^{3_/}	2.1					9.7
3. Gross Debt	223.6	37.6	32.9	4.7	-3.9	224.5
By Term	223.6	37.6	32.9	4.7	-3.9	224.5
Long-term	217.6	19.8	17.3	2.5	-3.7	216.3
Short-term	6.1	17.9	15.7	2.2	-0.2	8.1
By User	223.6	37.6	32.9	4.7	-3.9	224.5
Federal Government	112.3	13.6	9.5	4.1	-2.3	114.2
Long-term	112.3	13.6	9.5	4.1	-2.3	114.2
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
State productive enterprises	100.9	13.6	11.8	1.8	-1.4	101.3
Long-term	97.1	5.5	6.6	-1.1	-1.2	94.8
Short-term	3.8	8.1	5.2	2.9	-0.2	6.5
Development banks	10.4	10.4	11.6	-1.2	-0.2	9.0
Long-term	8.1	0.6	1.2	-0.6	-0.2	7.3
Short-term	2.3	9.8	10.5	-0.7	0.0	1.6
By Financing Source	223.6	37.6	32.9	4.7	-3.9	224.5
Capital markets	172.5	14.4	11.9	2.4	-2.9	172.0
International Financing Institutions	32.8	2.3	2.8	-0.5	-0.8	31.5
International trade	6.1	0.9	0.8	0.1	-0.1	6.0
Commercial banks	12.0	19.7	17.1	2.6	0.0	14.6
Pidiregas	0.3	0.3	0.2	0.0	0.0	0.3

Note: Figures may not add up due to rounding.

*_/ Figures subject to revision due to changes and methodological adjustments.

p_/ Preliminary figures

1_/ It includes Federal Government, the State Productive Enterprises and Development Banks.

2_/ It corresponds mainly to the effect of the exchange rate variation, debt repurchase operations and others.

3_/ It includes the USD denominated net balance of the Federal Treasury's general account as well Pemex, CFE and Development Banks' availabilities.

Source: Ministry of Finance.



Summary of the Main Indicators on Public Finances

(Billion pesos)

Concept	January-November		Growth. % real	Annual			% advance with respect to		
	2020	2021 ^{p/_}		2020	2021		2020	2021	
					Program ^{1/_}	Estimated ^{2/_}		Program ^{1/_}	Estimated ^{2/_}
1. Budgetary revenues	4,734.3	5,251.3	5.1	5,340.0	5,538.9	5,768.7	88.7	94.8	91.0
2. Tax revenues	3,024.2	3,211.3	0.6	3,338.9	3,533.0	3,549.6	90.6	90.9	90.5
3. Tax revenues without fuels excise tax (IEPS)	2,751.7	3,003.0	3.4	3,039.3	3,181.4	3,320.0	90.5	94.4	90.5
4. Total net expenditure without outlays on financial investments, pension payments, non-earmarked transfers, and financial cost	2,855.1	3,073.3	2.0	3,372.6	3,440.5	3,563.3	84.7	89.3	86.2
5. Total net expenditure without outlays on financial investments, pension payments and non-earmarked transfers	3,412.2	3,598.5	-0.1	4,058.7	4,164.4	4,268.7	84.1	86.4	84.3
6. Total net expenditure without outlays on financial investments	5,077.5	5,416.1	1.1	5,856.4	6,149.9	6,258.3	86.7	88.1	86.5
7. Total net expenditure	5,153.1	5,724.2	5.3	5,995.0	6,257.1	6,605.1	86.0	91.5	86.7
8. Current structural expenditure	2,121.0	2,222.1	-0.7	2,487.8	2,490.9	2,490.9	85.3	89.2	89.2
9. Primary balance	145.7	74.8	-51.3	29.7	6.2	-130.4	491.3	-o-	n.a.
10. PSBR	-660.0	-737.7	n.a.	-922.8	-842.4	-1,112.1	71.5	87.6	66.3
11. HBPSBR	11,715.1	13,048.4	5.5	12,082.8	13,404.7	13,280.4	97.0	97.3	98.3
12. Public debt	11,761.0	13,018.8	4.9	12,017.9	13,101.1	12,994.7	97.9	99.4	100.2

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

p/_ Preliminary figures.

n.a.: does not apply; -o-: greater than 500 percent.

1/_ Corresponds to the Federal Revenues Law and the Federal Budget for the fiscal year 2021 approved by Congress.

2/_ Corresponds to the update of the 2021 public finance estimates.

Source: Ministry of Finance.

Consult full document here:

https://www.finanzaspublicas.hacienda.gob.mx/work/models/Finanzas_Publicas/docs/congreso/fp/2021/FP_202111.pdf