

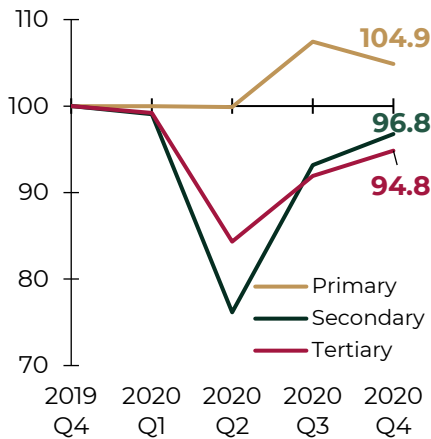


Report on the Public Finances and Public Debt – January 2021

The year started with sound and stable public finances.

Recovery is underway

(Index 2019 4Q=100)



Economic Activity

- According to final figures for Q42020, real GDP increased 3.3% q/q s.a., above the flash estimate of 3.1%. In 2020, GDP declined 8.2% y/y, similar to the Ministry's estimate of -8.0%.
- During Q42020, primary, secondary, and tertiary sectors showed q/q s.a. variations of -2.4, 3.9, and 3.2%, respectively. With these figures, secondary and tertiary sectors reached 96.8 and 94.8%, respectively, of its level in 4Q2019 (primary sector is already above that level).
- Within manufacturing activities, nine subsectors are already above their pre-pandemic values (Q42019), whereas five sub sectors have recovered in services.
- CPI rose 0.86% m/m in January. In annual terms, inflation was 3.54% y/y. The monthly rate is mainly explained by the incidence of the non-core component (energy prices) that contributed 51 basis points to the monthly rate (59%).

Federal Government Revenues, Jan 2021

better than the program
(billion pesos)

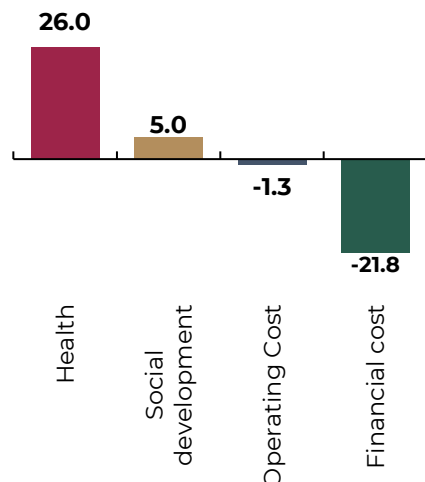
- **Oil***: +4.4 bn pesos.
- **Tax****: +5.4 bn pesos.
- **Non-tax**: +15.3 bn pesos.

* Excluding 13.6 bn pesos of Pemex's Dec. DUC payment which was postponed to Jan.

** Excluding fuel excise tax.

Expenditure, Jan-2021

(Real annual % change)



Public Finances

- In January, Federal Government's revenues were higher than the program by 21.6 bn pesos excluding Pemex's December DUC payment which was postponed to January, as a result of the ongoing economic recovery, the enhancement of the fiscal framework and collection efficiency, and the higher oil prices.
- Programmable expenditure remained constant in real terms with respect to January 2020. Operating expenditure decreased by 1.3%, while expenditure in social development and health increased 5.0 and 26.0%, respectively. Non-programmable expenditure decreased 17.2% in real annual terms, mainly due by a reduction of financial cost of 21.8% in real terms.
- The primary balance was 51.0 bn pesos, and the public deficit was 8.0 bn pesos. The Public Sector Borrowing Requirements (PSBR) stood at 1.1 bn pesos.

Public Debt

- The Federal Government's debt composition remained robust to the risks of financial markets, with 75.9% denominated in domestic currency. Within, 80.8% stood at fixed and long-term rate.
- The Historical Balance of the Public Sector Borrowings Requirements (HBPSBR) amounted to 12.20 trillion pesos and the net debt of the public sector stood at 12.16 trillion pesos.





Public Sector Financial Situation, January (Billion pesos)

Concept	2020 ^{p/}	Program	2021	Difference	Real Annual Growth (%)
	(1)		Observed ^{p/}		
		(2)		(3-2)	(3/1)
Public balance	40.8	-116.8	-8.0	108.8	n.s.
Budgetary balance	35.6	-116.8	-4.5	112.4	n.s.
Budgetary revenues	540.3	507.4	492.5	-14.9	-12.0
Net budgetary expenditure	504.7	624.2	496.9	-127.3	-4.9
Programmable expenditure	360.5	461.6	373.4	-88.2	0.0
Non-programmable expenditure	144.1	162.6	123.5	-39.1	-17.2
Entities under indirect budgetary control	5.2	0.1	-3.5	-3.5	n.s.
Primary balance	100.3	-57.0	51.0	108.0	-50.9
Public balance by entities	40.8	-116.8	-8.0	108.8	n.s.
Budgetary balance	35.6	-116.8	-4.5	112.4	n.s.
Federal Government balance	38.1	-112.0	10.0	122.0	-74.7
State productive enterprises	-47.1	-47.1	-60.5	-13.4	24.1
PEMEX	-46.2	-43.3	-64.0	-20.8	33.9
CFE	-0.9	-3.9	3.5	7.4	n.s.
Entities under direct budgetary control	44.6	42.4	46.1	3.7	-0.3
IMSS	42.6	44.6	39.2	-5.4	-11.1
ISSSTE	2.0	-2.2	6.9	9.1	227.6
Entities under indirect budgetary control	5.2	0.1	-3.5	-3.5	n.s.
Memorandum items					
PSBR	30.1		1.1		-96.4
Primary PSBR	108.0		69.7		-37.6

Figures may not add up due to rounding.

p./ Preliminary figures.

n.s.: Not significant.

Source: Ministry of Finance.





Public Sector Budgetary Revenues, January

(Billion pesos)

Concept	2020 ^p	2021			Real Annual Growth (%)
		Program	Observed ^p	Difference	
	(1)	(2)	(3)	(3-2)	(3/1)
Total	540.3	507.4	492.5	-14.9	-12.0
Oil	55.3	76.3	48.1	-28.2	-16.0
Pemex ^{1/}	19.2	59.5	13.3	-46.2	-33.1
Federal Government ^{2/}	36.1	16.8	34.8	18.0	-7.0
Non-Oil	485.0	431.1	444.4	13.3	-11.5
Federal Government	421.4	365.3	382.5	17.2	-12.3
Tax	364.6	353.6	355.6	1.9	-5.8
Non-Tax	56.8	11.7	27.0	15.3	-54.2
IMSS	31.6	32.4	32.1	-0.3	-1.9
ISSSTE	2.4	2.7	2.6	-0.1	1.9
CFE	29.5	30.7	27.2	-3.5	-11.0

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

(Billion pesos)

Concept	2020 ^p	2021			Real Annual Growth (%)
		Program	Observed ^p	Difference	
	(1)	(2)	(3)	(3-2)	(3/1)
Total	504.7	624.2	496.9	-127.3	-4.9
Programmable expenditure	360.5	461.6	373.4	-88.2	0.0
<i>Payments deferral</i>	0.0	0.0	0.0	0.0	0.0
Operating expenditure	137.5	164.9	140.5	-24.4	-1.3
Wages	107.7	122.7	109.7	-13.0	-1.6
Other operating expenditure	29.8	42.2	30.8	-11.4	-0.2
Pensions	99.6	110.5	100.1	-10.4	-3.0
Subsidies, transfers and contributions	48.3	71.8	53.3	-18.5	6.6
Aid and other expenses	-0.3	0.8	0.2	-0.6	n.s
Physical investment	52.0	80.3	40.1	-40.2	-25.4
Financial investment	23.4	34.0	39.1	5.2	61.5
Non-programmable expenditure	144.1	162.6	123.5	-39.1	-17.2
Financial cost	63.2	59.8	51.2	-8.6	-21.8
Non-earmarked transfers	73.5	70.7	72.3	1.6	-5.0
Debits from previous years	7.5	32.1	0.1	-32.0	-99.2

Figures may not add up due to rounding.

p/ Preliminary figures.

n.s.: Not significant.

Source: Ministry of Finance.





Domestic Public Sector Debt Balances, January */ 1/ (Billion pesos)

Concept	Balance Dec'20 ^{p/}	Indebtedness			Adj ^{2/}	Balance Jan '21
		Borrowing	Amortizations	Net		
1. Net Debt (3-2)	7,615.7					7,645.0
2. Assets ^{3/}	263.7					440.9
3. Gross Debt	7,979.4	385.5	289.5	96.0	10.4	8,085.8
By Term	7,979.4	385.5	289.5	96.0	10.4	8,085.8
Long-term	7,404.3	169.6	119.1	50.5	10.4	7,465.2
Short-term	575.1	215.9	170.4	45.5	0.0	620.7
By User	7,979.4	385.5	289.5	96.0	10.4	8,085.8
Federal Government	7,461.2	303.8	253.8	50.0	10.5	7,521.6
Long-term	6,909.6	169.6	117.5	52.0	10.5	6,972.1
Short-term	551.5	134.2	136.2	-2.1	0.0	549.5
State Productive Enterprises	287.4	61.4	12.6	48.8	-0.3	335.9
Long-term	275.9	0.0	1.5	-1.5	-0.3	274.2
Short-term	11.5	61.4	11.1	50.3	0.0	61.8
Development Banks	230.8	20.3	23.0	-2.7	0.2	228.3
Long-term	218.7	0.0	0.0	0.0	0.2	218.9
Short-term	12.1	20.3	23.0	-2.7	0.0	9.4
By Financing Source	7,979.4	385.5	289.5	96.0	10.4	8,085.8
Issuance of securities	7,454.3	264.6	214.7	49.9	10.2	7,514.4
Pension funds SAR	152.7	36.5	38.7	-2.3	0.1	150.5
Commercial banks	54.9	64.3	23.5	40.8	0.0	95.7
ISSSTE's Obligations by Law ^{4/}	126.5	0.0	0.1	-0.1	0.7	127.1
CFE's Pension Bonds ^{5/}	157.3	0.0	0.0	0.0	0.0	157.3
Others	33.8	20.1	12.4	7.7	-0.5	40.9

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, State Productive Enterprises and development banks debt.

2/ It corresponds to inflationary effect and others.

3/ Includes the net balance of the Federal Treasury's General Account balance in Mexican pesos, and assets from Pemex, CFE and Development Banks.

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*/ 1/ (Billion dollars)

Concept	Balance Dec '20 ^{p/}	Indebtedness			Adj ^{2/}	Balance Jan '21
		Borrowing	Amortizations	Net		
1. Net Debt (3-2)	221.5					223.5
2. Assets^{3/}	2.1					7.0
3. Gross Debt	223.6	11.1	4.0	7.1	-0.3	230.4
By Term	223.6	11.1	4.0	7.1	-0.3	230.4
Long-term	217.6	7.1	2.3	4.8	-0.3	222.0
Short-term	6.1	4.1	1.8	2.3	0.0	8.4
By User	223.6	11.1	4.0	7.1	-0.3	230.4
Federal Government	112.3	7.1	1.4	5.7	-0.2	117.9
Long-term	112.3	7.1	1.4	5.7	-0.2	117.9
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
State Productive Enterprises	100.9	2.9	1.3	1.6	-0.1	102.4
Long-term	97.1	0.0	0.9	-0.9	-0.1	96.1
Short-term	3.8	2.9	0.4	2.5	0.0	6.3
Development Banks	10.4	1.1	1.4	-0.2	0.0	10.2
Long-term	8.1	0.0	0.0	0.0	0.0	8.0
Short-term	2.3	1.1	1.3	-0.2	0.0	2.1
By Financing Source	223.6	11.1	4.0	7.1	-0.3	230.4
Capital markets	172.5	6.3	2.2	4.1	-0.2	176.4
International Financing Institutions	32.8	0.8	0.0	0.8	-0.1	33.4
International trade	6.1	0.0	0.1	-0.1	0.0	6.0
Commercial banks	12.0	3.8	1.8	2.0	0.0	14.1
Pidiregas	0.3	0.3	0.0	0.3	0.0	0.5

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, State Productive Enterprises and development banks debt.

2/ It corresponds mainly to the effect of the exchange 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.

