

## Report on the Public Finances and Public Debt – January 2022

### GDP and Employment

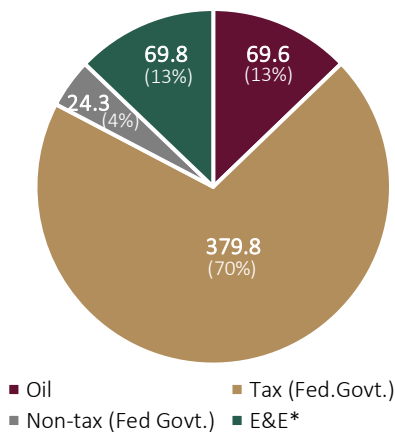
% recovery as of 4Q2019



Source: INEGI.

### Public Sector Revenues

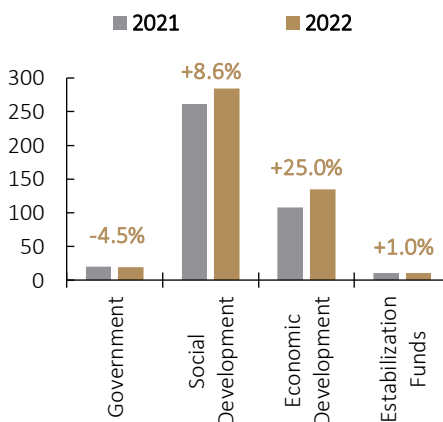
MXN billion, %



\*Entities and Enterprises (IMSS, ISSSTE and CFE).

### Public Sector Expenditure

Real growth vs. Jan 2021, MXN billion



### Economic Activity

- Real GDP was flat during 4Q2021. The industrial sector expanded 0.4% q/q s.a., where the increases in mining (+0.7%) and manufacturing (+0.8%) still reflect the supply chain and intermediate goods disruptions. Meanwhile, the tertiary sector decreased 0.6% q/q due to changes in labor regulation and the evolution of the pandemic that affected those sectors with intensive personal contact.
- 941k formal jobs were added in January, the largest increase recorded by IMSS. However, labor force participation had a minor setback in January with a reduction from 59.5% in December 2021 to 58.3%, while the unemployment rate went from 3.5% to 3.7% and labor absenteeism increased by 2 million in the month due to effects caused by Omicron cases, particularly in the industrial sector.
- In the same month, exports grew 3.8% y/y due to the manufacturer's exports (1.6% y/y), but the automotive exports decreased 20.5% y/y due to the microchip's shortages. Nevertheless, imports increased 18.5% y/y to show that consumption and investment kept growing. It is worth noting that total exports reached a historical high of 494 billion dollars in 2021, increasing 18.5% y/y.
- In 2021, the current account moved into deficit (0.4% GDP) as the recovery of domestic demand from the initial shock of the COVID-19 pandemic outpaced the recovery in external demand.
- Mexican economy continued to attract investment (FDI +8.7% y/y | 32 billion dollars). The FDI increased in 10 sectors: mining, manufacturing, and trade were the top three. The motor vehicle parts industry reached an FDI record of 3,964 million dollars.

### Public Finances

- Public sector revenues stood at 543.5 billion (bn) pesos in January. They showed an increase of 3.1% y/y in real terms, boosted by the recovery in oil revenues, which grew 35.1% y/y in real terms, and the performance of tax revenues. Excluding fuels, excise tax went up by 3.9% y/y in real terms.
- Tax revenues performance is consistent with the observed recovery of economic activity during January. Particularly, in the first month, Personal Income Tax increased 10.6% y/y.
- Reallocation of expenditure to strengthen social safety net continued. In January, public expenditure on economic and social development increased 25.0 and 8.6% y/y in real terms, respectively. Health and social protection expenditure particularly grew 26.6 and 14.5% y/y in real terms.
- The non-programmable expenditure increased 13.3% y/y in real terms, mainly due to higher resources to subnational governments by 26.2% y/y.

### Public Debt

- As every year, Mexico inaugurated the issues of emerging countries in international markets, with two bond operations of 5.8 bn dollars. Additionally, external debt refinancing was carried out for 2.3 bn dollars, which reduced the financial pressure by 70% for 2023. With these operations, the Federal Government achieved 57.3% progress in its external financing program scheduled for 2022.
- On January 9th, Pemex's debt refinancing process was successfully concluded, which allowed to reduce the company's debt by 3.2 bn dollars.
- The IFR Asia awards recognized Mexico with the Niche Market Bond award for its 3 bn dollar Formosa bond issued in 2021. The 50-year bond coupon was Mexico's lowest coupon ever for a bond with a tenor longer than 30 years. Since 2020, Mexico has received seven international awards for its strategic and innovative debt management.

Public Sector Financial Situation, January

(Billion pesos)

Concept	2021	2022			Real Annual Growth (%)
		Program	Observed p_/	Difference	
	(1)	(2)	(3)	(3-2)	(3/1)
<b>Public balance</b>	<b>-8.0</b>	<b>-78.9</b>	<b>-58.8</b>	<b>20.1</b>	<b>n.s.</b>
Budgetary balance	-4.9	-79.0	-55.3	23.7	n.s
Budgetary revenues	492.5	593.2	543.5	-49.7	3.1
Net budgetary expenditure	497.4	672.2	598.8	-73.3	12.4
Programmable expenditure	373.8	503.0	448.8	-54.1	12.2
Non-programmable expenditure	123.6	169.2	150.0	-19.2	13.3
Entities under indirect budgetary control	-3.0	0.1	-3.5	-3.5	8.3
<b>Primary balance</b>	<b>50.0</b>	<b>-23.7</b>	<b>7.2</b>	<b>30.9</b>	<b>-86.6</b>
<b>Public balance by entities</b>	<b>-8.0</b>	<b>-78.9</b>	<b>-58.8</b>	<b>20.1</b>	<b>n.s.</b>
Budgetary balance	-4.9	-79.0	-55.3	23.7	n.s
Federal Government balance	9.9	-80.3	-69.6	10.7	n.s.
State productive enterprises	-60.6	-42.0	-24.3	17.7	n.s.
PEMEX	-64.1	-37.0	-19.4	17.6	n.s.
CFE	3.5	-4.9	-4.8	0.1	n.s.
Entities under direct budgetary control	45.7	43.3	38.6	-4.8	-21.2
IMSS	39.2	47.0	33.1	-13.9	-21.1
ISSSTE	6.5	-3.7	5.5	9.1	-22.0
Entities under indirect budgetary control	-3.0	0.1	-3.5	-3.5	8.3
<b>Memorandum items</b>					
PSBR	-5.6		-64.5		n.s.
Primary PSBR	62.8		11.6		-82.7

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

(Billion pesos)

Concept	2021	2022			Real Annual Growth (%)
		Program	Observed <sup>p/</sup>	Difference	
	(1)	(2)	(3)	(3-2)	(3/1)
<b>Total</b>	<b>492.5</b>	<b>593.2</b>	<b>543.5</b>	<b>-49.7</b>	<b>3.1</b>
<b>Oil</b>	<b>48.1</b>	<b>112.0</b>	<b>69.6</b>	<b>-42.4</b>	<b>35.1</b>
Pemex <sup>1/</sup>	13.3	77.0	66.0	-11.0	364.5
Federal Government <sup>2/</sup>	34.8	35.0	3.5	-31.4	-90.5
<b>Non-Oil</b>	<b>444.4</b>	<b>481.2</b>	<b>473.9</b>	<b>-7.3</b>	<b>-0.4</b>
Federal Government	382.5	413.8	404.1	-9.7	-1.3
Tax	355.6	395.6	379.8	-15.8	-0.2
Non-Tax	27.0	18.2	24.3	6.1	-15.9
IMSS	32.1	33.9	37.8	3.9	10.0
ISSSTE	2.6	2.6	2.4	-0.2	-12.3
CFE	27.2	30.8	29.5	-1.2	1.6

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

(Billion pesos)

Concept	2021	2022			Real Annual Growth (%)
		Program	Observed <sup>p/</sup>	Difference	
	(1)	(2)	(3)	(3-2)	(3/1)
<b>Total</b>	<b>497.4</b>	<b>672.2</b>	<b>598.8</b>	<b>-73.3</b>	<b>12.4</b>
<b>Programmable expenditure</b>	<b>373.8</b>	<b>503.0</b>	<b>448.8</b>	<b>-54.1</b>	<b>12.2</b>
<i>Payment's deferral</i>	0.0	0.0	0.0	0.0	0.0
Operating expenditure	140.8	168.4	158.9	-9.4	5.4
Wages	109.7	122.6	113.4	-9.1	-3.4
Other operating expenditure	31.1	45.8	45.5	-0.3	36.5
Pensions	100.1	123.4	115.7	-7.7	7.9
Subsidies, transfers and contributions	53.3	78.2	68.8	-9.4	20.6
Aid and other expenses	0.2	0.5	2.2	1.7	-o-
Physical investment	40.2	87.7	44.3	-43.4	3.0
Financial investment	39.1	44.9	58.9	14.0	40.6
<b>Non-programmable expenditure</b>	<b>123.6</b>	<b>169.2</b>	<b>150.0</b>	<b>-19.2</b>	<b>13.3</b>
Federal revenue sharing	72.4	83.9	97.8	13.9	26.2
Arrears (debits from previous years)	0.1	30.0	-7.3	-37.3	n.s.
Financial cost	51.2	55.2	59.5	4.3	8.6

Note: Figures may not add up due to rounding.

p\_/ Preliminary figures.

n.s.: Not significant; -o-: greater than 500 percent.

Source: Ministry of Finance.

Domestic Public Sector Debt Balances, January \* 1/

(Billion pesos)

Concept	Balance Dec '21 <sup>p/</sup>	Indebtedness			Adj. <sup>2/</sup>	Balance Jan '22 <sup>p/</sup>
		Borrowing	Amort.	Net		
<b>1. Net Debt (3-2)</b>	<b>8,564.2</b>					<b>8,632.4</b>
<b>2. Assets <sup>3/</sup></b>	<b>363.5</b>					<b>446.0</b>
<b>3. Gross Debt</b>	<b>8,927.7</b>	<b>589.5</b>	<b>447.0</b>	<b>142.4</b>	<b>8.2</b>	<b>9,078.4</b>
<b>By Term</b>	<b>8,927.7</b>	<b>589.5</b>	<b>447.0</b>	<b>142.4</b>	<b>8.2</b>	<b>9,078.4</b>
Long-term	8,354.6	329.2	254.6	74.6	8.2	8,437.4
Short-term	573.2	260.3	192.5	67.8	0.0	641.0
<b>By User</b>	<b>8,927.7</b>	<b>589.5</b>	<b>447.0</b>	<b>142.4</b>	<b>8.2</b>	<b>9,078.4</b>
<b>Federal Government</b>	<b>8,334.5</b>	<b>525.0</b>	<b>404.7</b>	<b>120.3</b>	<b>7.2</b>	<b>8,462.0</b>
Long-term	7,823.0	329.2	250.9	78.3	7.2	7,908.5
Short-term	511.5	195.9	153.9	42.0	0.0	553.5
<b>State productive enterprises</b>	<b>306.1</b>	<b>52.8</b>	<b>30.9</b>	<b>21.9</b>	<b>0.8</b>	<b>328.8</b>
Long-term	253.6	0.0	1.5	-1.5	0.8	252.9
Short-term	52.5	52.8	29.3	23.4	0.0	75.9
<b>Development banks</b>	<b>287.1</b>	<b>11.7</b>	<b>11.4</b>	<b>0.3</b>	<b>0.2</b>	<b>287.5</b>
Long-term	278.0	0.0	2.2	-2.2	0.2	276.0
Short-term	9.1	11.7	9.3	2.4	0.0	11.5
<b>By Financing Source</b>	<b>8,927.7</b>	<b>589.5</b>	<b>447.0</b>	<b>142.4</b>	<b>8.2</b>	<b>9,078.4</b>
Issuance of securities	8,372.0	477.9	364.0	113.9	5.4	8,491.3
Pension funds SAR	164.3	44.4	42.5	1.9	1.9	168.1
Commercial banks	89.5	50.2	33.8	16.4	0.0	105.9
ISSSTE's Obligations by Law <sup>4/</sup>	122.9	0.0	0.1	-0.1	0.3	123.1
CFE's Pension Bonds <sup>5/</sup>	154.9	0.0	0.0	0.0	0.0	154.9
Others	24.1	17.0	6.7	10.4	0.7	35.2

Note: Figures may not add up due to rounding.

\* 1/ 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 14<sup>th</sup>, 2016.

Source: Ministry of Finance.

External Public Sector Debt Balances, January <sup>\*\_/ 1\_/</sup>

(Billion dollars)

Concept	Balance Dec '21 <sup>p_/</sup>	Indebtedness			Adj. <sup>2_/</sup>	Balance Jan '22 <sup>p_/</sup>
		Borrowing	Amort.	Net		
<b>1. Net Debt (3-2)</b>	<b>218.4</b>					<b>218.0</b>
<b>2. Assets <sup>3_/</sup></b>	<b>3.2</b>					<b>7.1</b>
<b>3. Gross Debt</b>	<b>221.6</b>	<b>8.4</b>	<b>4.3</b>	<b>4.0</b>	<b>-0.6</b>	<b>225.1</b>
<b>By Term</b>	<b>221.6</b>	<b>8.4</b>	<b>4.3</b>	<b>4.0</b>	<b>-0.6</b>	<b>225.1</b>
Long-term	213.3	6.8	2.5	4.3	-0.6	217.1
Short-term	8.3	1.6	1.9	-0.3	0.0	8.0
<b>By User</b>	<b>221.6</b>	<b>8.4</b>	<b>4.3</b>	<b>4.0</b>	<b>-0.6</b>	<b>225.1</b>
<b>Federal Government</b>	<b>114.8</b>	<b>6.5</b>	<b>1.7</b>	<b>4.8</b>	<b>-0.3</b>	<b>119.3</b>
Long-term	114.8	6.5	1.7	4.8	-0.3	119.3
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
<b>State productive enterprises</b>	<b>97.1</b>	<b>1.6</b>	<b>1.1</b>	<b>0.5</b>	<b>-0.2</b>	<b>97.4</b>
Long-term	91.1	0.3	0.7	-0.4	-0.2	90.5
Short-term	6.0	1.3	0.4	0.9	0.0	6.9
<b>Development banks</b>	<b>9.7</b>	<b>0.2</b>	<b>1.5</b>	<b>-1.3</b>	<b>0.0</b>	<b>8.4</b>
Long-term	7.3	0.0	0.0	0.0	0.0	7.3
Short-term	2.3	0.2	1.5	-1.2	0.0	1.1
<b>By Financing Source</b>	<b>221.6</b>	<b>8.4</b>	<b>4.3</b>	<b>4.0</b>	<b>-0.6</b>	<b>225.1</b>
Capital markets	168.9	5.8	2.3	3.5	-0.4	171.9
International Financing Institutions	31.6	0.7	0.0	0.7	-0.1	32.2
International trade	6.4	0.0	0.1	-0.1	0.0	6.3
Commercial banks	14.5	1.6	1.9	-0.3	0.0	14.2
Pidiregas	0.3	0.3	0.0	0.3	0.0	0.5

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		Real growth. (%)	Annual		% advance with respect to	
	2021 <sup>p/_</sup>	2022 <sup>p/_</sup>		2021 <sup>p/_</sup>	2022 <sup>1/_</sup>	2021	2022
1. Budgetary revenues	492.5	543.5	3.1	5,960.9	6,172.6	8.3	8.8
2. Tax revenues	355.6	379.8	-0.2	3,566.7	3,944.5	10.0	9.6
3. Tax revenues without fuels excise tax	331.4	368.5	3.9	3,343.9	3,626.3	9.9	10.2
4. Total net expenditure without outlays on financial investments, pension payments, federal revenue sharing and financial cost	234.6	267.0	6.3	3,613.7	3,958.0	6.5	6.7
5. Total net expenditure without outlays on financial investments, pension payments and federal revenue sharing	285.8	326.4	6.7	4,300.7	4,749.5	6.6	6.9
6. Total net expenditure without outlays on financial investments	458.3	539.9	10.0	6,265.4	6,941.3	7.3	7.8
7. Total net expenditure	497.4	598.8	12.4	6,738.9	7,048.2	7.4	8.5
8. Current structural expenditure	176.9	206.9	9.2	2,600.6	2,837.8	6.8	7.3
9. Primary balance	50.0	7.2	-86.6	-71.9	-83.6	-69.5	-8.6
10. PSBR	-5.6	-64.5	n.a.	-996.7	-996.6	0.6	6.5
11. HBPSBR	12,188.0	13,220.4	1.3	13,114.8	14,332.2	92.9	92.2
12. Public debt	12,162.5	13,154.4	1.0	13,060.1	13,974.3	93.1	94.1

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 2022 approved by Congress.

Source: Ministry of Finance.

Consult full document here:

[https://www.finanzaspublicas.hacienda.gob.mx/work/models/Finanzas\\_Publicas/docs/congreso/fp/2022/FP\\_202201.pdf](https://www.finanzaspublicas.hacienda.gob.mx/work/models/Finanzas_Publicas/docs/congreso/fp/2022/FP_202201.pdf)