

Mexico City, December 19<sup>th</sup> 2017.

## **The Ministry of Finance and Public Credit presents its 2018 Annual Borrowing Plan**

- *The Ministry of Finance and Public Credit presented its 2018 Annual Borrowing Plan, which contains the objectives of the public debt policy and strategic guidelines to achieve them*
- *For 2018, the broadest measure of public the debt (HBPSBR), as a percentage of GDP, is expected to consolidate the downward trajectory that it begun in 2017*

As part of the fiscal consolidation program, the broadest measure of public debt, the Historical Balance of Public Sector Borrowing Requirements (HBPSBR), is expected to decrease from 48.7 percent of Gross Domestic Product (GDP) in 2016 to 46.7 percent in 2017, and in 2018 consolidate a downward trajectory, reaching 46.1 percent of GDP.

The Federal Government's financing needs for 2018, in compliance with the Economic Program approved by the Congress, consider a net indebtedness of 2.0 percent of GDP, lower than the 2018 figure which was 2.3 percent of GDP; and debt amortizations of 4.6 percent of GDP, lower than the 2018 figure which was 6.7 percent of GDP.

Prudent debt management is a fundamental element of the economic policy. The central objectives of the public debt policy are the following:

- i) Cover the Federal Government's financing needs at reduced costs, at a long-term horizon and at a low level of risk.
- ii) Preserve the diversity of access to a wide range of debt markets.
- iii) Promote liquid and deep markets with yield curves that facilitate access to financing for other market participants (public and private).

In order to cover the Federal Government's needs, in 2018 financing will take place mainly through the local debt market. External credit will be used as complementary financing when favorable conditions in international markets prevail and diversify financing sources.

In pursuance of strengthening the Federal Government's debt portfolio, the debt strategy will seek to carry out liability management operations frequently, which will also allow to adjust the use of diverse instruments to prevailing conditions in financial markets.

In summary, the Federal Government's public debt policy will continue to enhance the strengthening of macroeconomic fundamentals of Mexico, and will maintain flexibility to adapt to the circumstances, seeking to cover the financing needs at an adequate cost and risk.

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