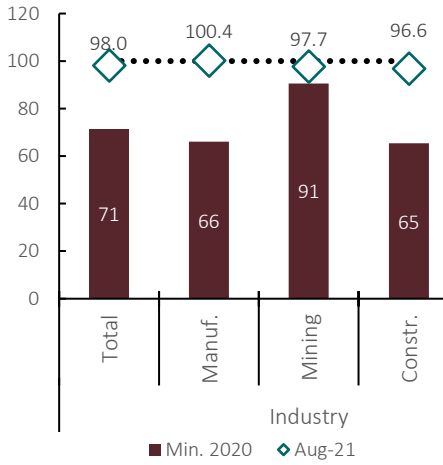




**Report on the Public Finances and Public Debt – 3Q2021**

*A solid domestic market supports economic activity in the context of sound public finances*

**IGAE Industrial Sector**  
(Index, Feb 2020=100)



Source: INEGI. Seasonal adjusted series.

**Economic Activity**

- The preliminary estimate of GDP growth for the 3Q2021 stood at -0.2% q/q S.A. Most sectors continued their recovery phase while others decelerated, mainly due to global factors such as the COVID-19 “third wave” and the supply-chain disruption in the manufacturing sector.
- As a August’s Global Indicator of Economic Activity 25 activities had fully recovered from the April-May 2020 lockdowns, and four were closing the gap. Meanwhile, only ten stood below prepandemic levels such as transport and information, cultural and sports entertainment, accommodation and food preparation, and professionals, scientists and technicians services.
- Despite a challenging global environment, in August the industrial sector came in at +0.4% m/m S.A., with some activities outperforming: construction and non-oil mining at 1.9 and 1.1% m/m, respectively. Meanwhile, services sector decreased 2.5% m/m due to the pandemic. Food and accommodation increased +1.3% m/m, retail +0.3% m/m, and financing and real estate and rental and leasing +0.2% m/m.
- In September, the COVID-19 “third wave” negatively affected the labor market, particularly the services sector, with a m/m decrease of 732K jobs. However, there was a m/m growth of 223K jobs in the industrial sector. Within the later, +178K jobs were added to the manufacturing sector to reach its pre-pandemic level of employment. On the other hand, the construction sector added +38K jobs and stands at 99.0% of its pre-COVID levels.
- In September, total exports increased +3.0% m/m S.A. Particularly, automotive exports improved +6.0% m/m, non-automotive +3.3% m/m and agriculture exports +3.2% m/m. Although total imports decrease at the margin (-0.5% m/m), non-oil imports grew +0.4% m/m and capital goods rose by +1.1% m/m.

**Public Sector Revenues Composition**

(Difference between 2018 and 2021)

Concept	Sept 2018 (%)	Sept 2021 (%)	Diff.
<b>Tax</b>	60.6	62.5	1.9
<b>Oil</b>	18.8	15.9	-2.9
<b>Non-tax (Federal Govt.)</b>	5.4	7.1	1.7
<b>CFE, IMSS and ISSSTE</b>	15.1	14.5	-0.7

\*Figures may not add up due to rounding

**Non-programmable Expenditure**  
(January-September 2021)

Concept	Diff. vs program (bn pesos)	Real growth (%)
<b>Financial cost</b>	-46.1	-7.8
<b>Arrears</b>	-31.6	n.s.
<b>Federal Revenue Sharing</b>	-0.5	4.3

\* Real annual variation with respect to the period January-September 2020.  
n.s. not significant.

**Public Finances**

- Public Sector revenues reached 4.3 trillion (tn) pesos, 146.5 bn above the program and 5.6% higher in real terms than the 3Q2020. The composition of budget revenues reflects the strengthening of the most permanent sources.
- Tax revenues excluding excise taxes on fuels were 91.6 bn above the program and grew 4.8% in real terms compared to 3Q2020, in line with the sustained recovery of the economy and the enhanced legal framework.
- The increase of VAT, which was 116.9 bn above the program and grew 13.5% compared to January-September of 2020, is consistent with the recovery of private consumption and the performance of the digital economy’s tax collection.
- Total net expenditure amounted to 4.7 tn pesos, 24.0 bn pesos above the program and 5.6% higher in real terms compared to 3Q2020. Programmable expenditure was higher than the calendar by 102.2 bn while non-programmable decreased by 78.2 bn, explained by lower-than-expected financial cost and arrears.
- As of 3Q2021 the public deficit was 362.0 bn pesos, which compares favorably with the programmed deficit of 505.8 bn pesos and the primary surplus stood at 107.6 bn pesos, 94.6 bn pesos above the calendar.

**Public Debt**

- The public debt stood at 12.6 trillion, in line with the 51.0% of GDP year-end estimate. In addition, from January to September the financial cost decreased by 46.1 bn pesos with respect to the program, and by 7.8% in real annual terms, as a result of the implementation of active strategies to improve the maturity profile.
- The Federal Government’s debt portfolio maintains a low and controlled risk exposure: 78.5% is denominated in domestic currency and within 79.6% stood at a fixed and long-term rate, with an average maturity term of 7.2 years.



### Public Sector Financial Situation, January-September

(Billion pesos)

Concept	2020	2021			Real Annual Growth (%)
		Program	Observed <sup>p./</sup>	Difference	
	(1)	(2)	(3)	(3-2)	(3/1)
<b>Public balance</b>	<b>-308.5</b>	<b>-505.8</b>	<b>-362.0</b>	<b>143.8</b>	<b>11.5</b>
Budgetary balance	-344.3	-506.1	-383.6	122.5	5.9
Budgetary revenues	3,888.9	4,175.7	4,322.3	146.5	5.6
Net budgetary expenditure	4,233.3	4,681.9	4,705.9	24.0	5.6
Programmable expenditure	3,084.7	3,421.2	3,523.5	102.2	8.5
Non-programmable expenditure	1,148.5	1,260.6	1,182.4	-78.2	-2.2
Entities under indirect budgetary control	35.9	0.3	21.6	21.3	-42.8
<b>Primary balance</b>	<b>154.3</b>	<b>13.0</b>	<b>107.6</b>	<b>94.6</b>	<b>-33.7</b>
<b>Public balance by entities</b>	<b>-308.5</b>	<b>-505.8</b>	<b>-362.0</b>	<b>143.8</b>	<b>11.5</b>
Budgetary balance	-344.3	-506.1	-383.6	122.5	5.9
Federal Government balance	-263.3	-518.5	-363.2	155.3	31.1
State productive enterprises	-184.4	-70.2	-97.9	-27.7	-49.6
PEMEX	-218.0	-115.6	-81.9	33.7	-64.3
CFE	33.6	45.3	-16.0	-61.3	n.s.
Entities under direct budgetary control	103.4	82.6	77.5	-5.1	-28.8
IMSS	82.8	78.2	60.9	-17.2	-30.0
ISSSTE	20.6	4.4	16.5	12.1	-23.9
Entities under indirect budgetary control	35.9	0.3	21.6	21.3	-42.8
<b>Memorandum items</b>					
PSBR	-514.4		-544.1		n.s.
Primary PSBR	161.9		161.3		-5.3

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-September

(Billion pesos)

Concept	2020	2021			Real Annual Growth (%)
		Program	Observed <sup>p/</sup>	Difference	
	(1)	(2)	(3)	(3-2)	(3/1)
<b>Total</b>	<b>3,888.9</b>	<b>4,175.7</b>	<b>4,322.3</b>	<b>146.5</b>	<b>5.6</b>
<b>Oil</b>	<b>396.5</b>	<b>687.2</b>	<b>686.9</b>	<b>-0.3</b>	64.6
Pemex <sup>1/</sup>	232.9	440.2	472.4	32.2	92.8
Federal Government <sup>2/</sup>	163.7	247.1	214.5	-32.6	24.5
<b>Non-Oil</b>	<b>3,492.4</b>	<b>3,488.5</b>	<b>3,635.3</b>	<b>146.8</b>	<b>-1.1</b>
Federal Government	2,876.8	2,846.4	3,009.4	163.0	-0.6
Tax	2,505.1	2,689.5	2,702.2	12.7	2.5
Non-Tax	371.7	156.9	307.2	150.3	-21.5
IMSS	286.5	302.7	309.5	6.8	2.6
ISSSTE	42.6	34.8	32.9	-1.9	-26.7
CFE	286.4	304.6	283.6	-21.1	-5.9

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-September

(Billion pesos)

Concept	2020	2021			Real Annual Growth (%)
		Program	Observed <sup>p/</sup>	Difference	
	(1)	(2)	(3)	(3-2)	(3/1)
<b>Total</b>	<b>4,233.3</b>	<b>4,681.9</b>	<b>4,705.9</b>	<b>24.0</b>	<b>5.6</b>
<b>Programmable expenditure</b>	<b>3,084.7</b>	<b>3,421.2</b>	<b>3,523.5</b>	<b>102.2</b>	<b>8.5</b>
<i>Payment's deferral</i>	0.0	0.0	0.0	0.0	0.0
Operating expenditure	1,275.3	1,400.6	1,400.8	0.1	4.4
Wages	879.5	950.2	912.7	-37.6	-1.4
Other operating expenditure	395.8	450.4	488.1	37.7	17.2
Pensions	691.3	774.8	756.3	-18.5	3.9
Subsidies, transfers and contributions	547.2	576.3	596.5	20.1	3.6
Aid and other expenses	25.2	6.6	23.8	17.2	-10.4
Physical investment	469.8	563.3	493.2	-70.0	-0.2
Financial investment	76.0	99.6	252.9	153.3	216.3
<b>Non-programmable expenditure</b>	<b>1,148.5</b>	<b>1,260.6</b>	<b>1,182.4</b>	<b>-78.2</b>	<b>-2.2</b>
Federal revenue sharing	646.2	709.8	709.2	-0.5	4.3
Arrears (debits from previous years)	15.0	32.1	0.5	-31.6	-96.8
Financial cost	487.3	518.8	472.7	-46.1	-7.8

Note: Figures may not add up due to rounding.

p\_/ Preliminary figures.

Source: Ministry of Finance.



Domestic Public Sector Debt Balances, January- September <sup>\*/</sup>

(Billion pesos)

Concept	Balance Dec '20 <sup>p/</sup>	Indebtedness			Adj. <sup>2/</sup>	Balance Sept '21 <sup>p/</sup>
		Borrowing	Amort.	Net		
<b>1. Net Debt (3-2)</b>	<b>7,598.8</b>					<b>8,249.3</b>
<b>2. Assets <sup>1/</sup></b>	<b>380.6</b>					<b>528.9</b>
<b>3. Gross Debt</b>	<b>7,979.4</b>	<b>3,491.8</b>	<b>2,805.7</b>	<b>686.2</b>	<b>112.6</b>	<b>8,778.2</b>
<b>By Term</b>	<b>7,979.4</b>	<b>3,491.8</b>	<b>2,805.7</b>	<b>686.2</b>	<b>112.6</b>	<b>8,778.2</b>
Long-term	7,404.3	1,642.3	1,034.4	607.9	112.7	8,124.9
Short-term	575.1	1,849.5	1,771.3	78.2	-0.1	653.3
<b>By User</b>	<b>7,979.4</b>	<b>3,491.8</b>	<b>2,805.7</b>	<b>686.2</b>	<b>112.6</b>	<b>8,778.2</b>
<b>Federal Government</b>	<b>7,461.2</b>	<b>2,869.4</b>	<b>2,258.7</b>	<b>610.7</b>	<b>108.0</b>	<b>8,179.8</b>
Long-term	6,909.6	1,581.8	992.9	588.9	108.0	7,606.5
Short-term	551.5	1,287.6	1,265.8	21.8	0.0	573.3
<b>State productive enterprises <sup>3/</sup></b>	<b>287.4</b>	<b>249.9</b>	<b>205.3</b>	<b>44.6</b>	<b>2.4</b>	<b>334.4</b>
Long-term	275.9	10.0	15.5	-5.5	2.4	272.8
Short-term	11.5	239.9	189.8	50.1	0.0	61.6
<b>Development banks</b>	<b>230.8</b>	<b>372.5</b>	<b>341.6</b>	<b>30.9</b>	<b>2.2</b>	<b>264.0</b>
Long-term	218.7	50.5	25.9	24.6	2.3	245.6
Short-term	12.1	322.0	315.7	6.3	-0.1	18.3
<b>By Financing Source</b>	<b>7,979.4</b>	<b>3,491.8</b>	<b>2,805.7</b>	<b>686.2</b>	<b>112.6</b>	<b>8,778.2</b>
Issuance of securities	7,454.3	2,676.5	2,027.0	649.5	99.9	8,203.7
Pension funds SAR	152.7	250.7	250.3	0.4	6.9	160.0
Commercial banks	54.9	446.6	398.6	48.0	0.0	102.9
ISSSTE's Obligations by Law <sup>4/</sup>	126.5	0.1	11.9	-11.8	5.7	120.3
CFE's Pension Bonds <sup>5/</sup>	157.3	0.0	0.0	0.0	0.0	157.3
Others	33.8	118.0	117.9	0.1	0.1	34.0

Note: Figures may not add up due to rounding.

<sup>\*/</sup> Figures subject to revision due to changes and methodological adjustments.

<sup>p/</sup> Preliminary figures.

<sup>1/</sup> 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.

<sup>2/</sup> It corresponds to the inflationary effect and others.

<sup>3/</sup> It includes only Pemex and CFE.

<sup>4/</sup> Obligations associated with the new ISSSTE law.

<sup>5/</sup> 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 February 14th, 2016.

Source: Ministry of Finance.



External Public Sector Debt Balances, January-September <sup>\*\_/</sup>  
(Billion dollars)

Concept	Balance Dec '20 <sup>p_/</sup>	Indebtedness			Adj. <sup>2_/</sup>	Balance Sept '21 <sup>p_/</sup>
		Borrowing	Amort.	Net		
<b>1. Net Debt (3-2)</b>	<b>221.5</b>					<b>213.3</b>
<b>2. Assets <sup>1_/</sup></b>	<b>2.1</b>					<b>12.6</b>
<b>3. Gross Debt</b>	<b>223.6</b>	<b>32.8</b>	<b>28.0</b>	<b>4.8</b>	<b>-2.5</b>	<b>225.9</b>
<b>By Term</b>	<b>223.6</b>	<b>32.8</b>	<b>28.0</b>	<b>4.8</b>	<b>-2.5</b>	<b>225.9</b>
Long-term	217.6	17.6	15.1	2.4	-2.3	217.7
Short-term	6.1	15.2	12.9	2.4	-0.2	8.3
<b>By User</b>	<b>223.6</b>	<b>32.8</b>	<b>28.0</b>	<b>4.8</b>	<b>-2.5</b>	<b>225.9</b>
<b>Federal Government</b>	<b>112.3</b>	<b>11.8</b>	<b>7.5</b>	<b>4.3</b>	<b>-1.5</b>	<b>115.2</b>
Long-term	112.3	11.8	7.5	4.3	-1.5	115.2
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
<b>State productive enterprises <sup>3_/</sup></b>	<b>100.9</b>	<b>11.7</b>	<b>10.0</b>	<b>1.7</b>	<b>-1.0</b>	<b>101.6</b>
Long-term	97.1	5.2	6.5	-1.3	-0.8	95.0
Short-term	3.8	6.5	3.5	3.0	-0.2	6.6
<b>Development banks</b>	<b>10.4</b>	<b>9.3</b>	<b>10.5</b>	<b>-1.2</b>	<b>-0.1</b>	<b>9.2</b>
Long-term	8.1	0.5	1.1	-0.6	-0.1	7.5
Short-term	2.3	8.8	9.3	-0.6	0.0	1.7
<b>By Financing Source</b>	<b>223.6</b>	<b>32.8</b>	<b>28.0</b>	<b>4.8</b>	<b>-2.5</b>	<b>225.9</b>
Capital markets	172.5	14.4	11.9	2.5	-1.9	173.1
International Financing Institutions	32.8	0.8	0.8	0.0	-0.5	32.2
International trade	6.1	0.6	0.8	-0.2	-0.1	5.7
Commercial banks	12.0	16.8	14.3	2.5	0.0	14.5
Pidiregas	0.3	0.3	0.2	0.1	0.0	0.3

Note: Figures may not add up due to rounding.

<sup>\*\_/</sup> Figures subject to revision due to changes and methodological adjustments.

<sup>p\_/</sup> Preliminary figures

<sup>1\_/</sup> It includes the USD denominated net balance of the Federal Treasury's general account as well Pemex, CFE and Development Banks' availabilities

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

<sup>3\_/</sup> It includes only Pemex and CFE.

Source: Ministry of Finance.

### Summary of the Main Indicators on Public Finances

(Billion pesos)

Concept	January-September		Growth. % real	Annual			% advance with respect to		
	2020	2021 <sup>p_</sup>		2020	2021		2020	2021	
					Program <sup>1_</sup>	Estimated <sup>2_</sup>		Program <sup>1_</sup>	Estimated <sup>2_</sup>
1. Budgetary revenues	3,888.9	4,322.3	5.6	5,340.0	5,538.9	5,768.7	72.8	78.0	74.9
2. Tax revenues	2,505.1	2,702.2	2.5	3,338.9	3,533.0	3,549.6	75.0	76.5	76.1
3. Tax revenues without fuels excise tax (IEPS)	2,282.1	2,516.8	4.8	3,039.3	3,181.4	3,320.0	75.1	79.1	75.8
4. Total net expenditure without outlays on financial investments, pension payments, non-earmarked transfers, and financial cost	2,332.5	2,514.8	2.4	3,372.6	3,440.5	3,563.3	69.2	73.1	70.6
5. Total net expenditure without outlays on financial investments, pension payments and non-earmarked transfers	2,819.8	2,987.5	0.7	4,058.7	4,164.4	4,268.7	69.5	71.7	70.0
6. Total net expenditure without outlays on financial investments	4,157.3	4,453.0	1.8	5,856.4	6,149.9	6,258.3	71.0	72.4	71.2
7. Total net expenditure	4,233.3	4,705.9	5.6	5,995.0	6,257.1	6,605.1	70.6	75.2	71.2
8. Current structural expenditure	1,716.8	1,800.5	-0.4	2,487.8	2,490.9	2,490.9	69.0	72.3	72.3
9. Primary balance	154.3	107.6	-33.7	29.7	6.2	-130.4	-o-	-o-	-82.5
10. PSBR	-514.4	-544.1	n.a.	-922.8	-842.4	-1,112.1	55.7	64.6	48.9
11. HBPSBR	12,159.3	12,640.9	-1.2	12,082.8	13,404.7	13,280.4	100.6	94.3	95.2
12. Public debt	12,281.4	12,581.6	-2.7	12,017.9	13,101.1	12,994.7	102.2	96.0	96.8

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.