

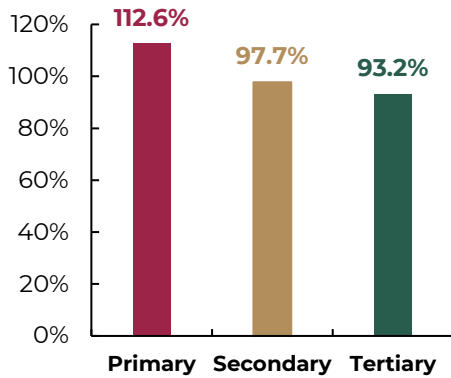


Report on the Public Finances and Public Debt – First quarter of 2021

Follow-up on the status of economic activity and public finances.

Employment by Sector, March 2021

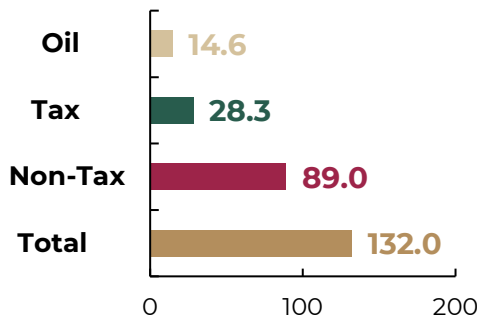
(% of the level of March 2020)



Source: INEGI.

Additional Federal Government Revenues

Budget v.s. observed (Billion pesos)



Differences non-programmable expenditure

Budget v.s. observed

Total:
-37.3 bn pesos

Financial cost
-18.4 bn pesos

Debits from previous years
-28.3 bn pesos

Non-earmarked transfers
+9.4 bn pesos

Economic Activity

- In the first quarter the progress in economic activity and employment offset the temporary effects of the partial suspension of activities in January and the disruptions in the supply of natural gas in February. This resulted in a real increase of GDP of 0.4% Q/Q s.a.
- During this period, Mexico's labor force increased by 956 thousand workers. The employment as of March 2021 is at 96.5% of the level before the pandemic (March 2020).
- Non-oil exports increased 2.7% compared to the first quarter of 2020. In addition, the recovery in domestic demand translated into an annual increase of 7.2% in non-oil imports. The imports of intermediate and capital goods also increased by 7.3% and 7.1%, respectively.

Public Finances

- In the first quarter, all Federal Government revenue items were higher than programmed. Particularly, tax revenues exceeded what was expected by 28.3 billion (bn) pesos. This represents 41.2% of the additional tax revenues estimated for 2021 (68.7 bn pesos) in the Economic Policy Preliminary Guidelines for 2022.
- The Federal Government oil revenues were higher than programmed by 14.6 bn pesos, despite the fiscal benefits provided to Pemex in February. The progress in oil revenues includes the DUC's December payment that was postponed to January 2021.
- Non tax revenues were 89 bn pesos higher than the program. Within, 19 bn pesos correspond to rights and 71 bn pesos to fees. The latter includes 12.6 bn pesos of placement above par of government securities and 33 bn pesos from the recovery of the Health trust to support the health system in compliance with the 2021 Federation Revenues Law.
- Non-programmable expenditure were 37.3 bn pesos below the program as a result of a strategy to minimize financial cost and debits of previous years, which were 18.3 and 28.3 bn pesos below the program, respectively.

Public Debt

- The Historical Balance of the Public Sector Borrowing Requirements (HBPSBR) stood at 12.4 tn pesos at the end of the first quarter; 42.1% of its variation is explained by a higher exchange rate.
- The strategic control of debt is achieved by concrete actions like a refinancing operation in April for 3.25 bn dollars, where external debt amortizations for 2023 were reduced by 69% to improve the country's financial position.





Public Sector Financial Situation, January-March

(Billion pesos)

Concept	2020	2021			Real Annual Growth (%)
		Program	Observed ^{p./}	Difference	
	(1)	(2)	(3)	(3-2)	(3/1)
Public balance	26.9	-186.5	-83.0	103.4	n.s.
Budgetary balance	-18.0	-186.6	-98.2	88.5	n.s.
Budgetary revenues	1,462.9	1,481.2	1,564.1	82.8	2.8
Net budgetary expenditure	1,480.9	1,667.9	1,662.2	-5.6	7.9
Programmable expenditure	1,074.8	1,241.1	1,272.8	31.7	13.9
Non-programmable expenditure	406.1	426.7	389.4	-37.3	-7.8
Entities under indirect budgetary control	44.9	0.2	15.1	15.0	-67.6
Primary balance	136.0	-23.1	54.1	77.2	-61.7
Public balance by entities	26.9	-186.5	-83.0	103.4	n.s.
Budgetary balance	-18.0	-186.6	-98.2	88.5	n.s.
Federal Government balance	26.3	-196.1	-45.1	151.0	n.s.
State productive enterprises	-120.4	-48.2	-132.5	-84.3	n.s.
PEMEX	-124.4	-52.0	-89.2	-37.2	n.s.
CFE	4.0	3.8	-43.3	-47.1	n.s.
Entities under direct budgetary control	76.1	57.6	79.4	21.8	0.4
IMSS	69.1	59.4	61.2	1.7	-14.9
ISSSTE	7.0	-1.8	18.2	20.0	151.2
Entities under indirect budgetary control	44.9	0.2	15.1	15.0	-67.6
Memorandum items					
PSBR	-28.5		-180.8		n.s.
Primary PSBR	193.5		53.4		-73.4

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-March

(Billion pesos)

Concept	2020	2021			Real Annual Growth (%)
		Program	Observed ^{p/}	Difference	
	(1)	(2)	(3)	(3-2)	(3/1)
Total	1,462.9	1,481.2	1,564.1	82.8	2.8
Oil	135.1	234.1	204.6	-29.5	45.6
Pemex ^{1/}	45.3	164.3	120.2	-44.1	155.3
Federal Government ^{2/}	89.8	69.7	84.4	14.6	-9.7
Non-Oil	1,327.9	1,247.2	1,359.5	112.3	-1.5
Federal Government	1,123.7	1,047.3	1,164.6	117.3	-0.3
Tax	1,004.7	995.8	1,024.1	28.3	-2.0
Non-Tax	119.0	51.4	140.5	89.0	13.6
IMSS	98.3	95.8	99.8	4.0	-2.4
ISSSTE	9.8	9.8	9.9	0.1	-2.8
CFE	96.1	94.3	85.2	-9.1	-14.7

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-March

(Billion pesos)

Concept	2020	2021			Real Annual Growth (%)
		Program	Observed ^{p/}	Difference	
	(1)	(2)	(3)	(3-2)	(3/1)
Total	1,480.9	1,667.9	1,662.2	-5.6	7.9
Programmable expenditure	1,074.8	1,241.1	1,272.8	31.7	13.9
<i>Payment's deferral</i>	0.0	0.0	0.0	0.0	0.0
Operating expenditure	409.4	468.5	467.8	-0.6	9.9
Wages	303.7	326.9	312.1	-14.8	-1.2
Other operating expenditure	105.7	141.5	155.7	14.2	41.7
Pensions	244.1	270.8	256.4	-14.4	1.0
Subsidies, transfers and contributions	217.0	258.3	270.6	12.3	19.9
Aid and other expenses	12.8	3.0	11.7	8.8	-11.7
Physical investment	153.8	177.0	154.3	-22.7	-3.5
Financial investment	37.8	63.7	112.0	48.3	184.8
Non-programmable expenditure	406.1	426.7	389.4	-37.3	-7.8
Financial cost	147.6	163.4	145.1	-18.4	-5.5
Non-earmarked transfers	239.1	231.2	240.5	9.4	-3.3
Debits from previous years	19.3	32.1	3.8	-28.3	-81.1

Note: Figures may not add up due to rounding.

p_/ Preliminary figures.

Source: Ministry of Finance.





Domestic Public Sector Debt Balances, January-March */

(Billion pesos)

Concept	Balance Dec '20 ^{p./}	Indebtedness			Adj. ^{2./}	Balance March '21
		Borrowing	Amort.	Net		
1. Net Debt (3-2)	7,598.8					7,775.9
2. Assets ^{1./}	380.6					496.7
3. Gross Debt	7,979.4	1,177.7	932.2	245.5	47.7	8,272.6
By Term	7,979.4	1,177.7	932.2	245.5	47.7	8,272.6
Long-term	7,404.3	549.2	354.4	194.8	47.6	7,646.7
Short-term	575.1	628.5	577.8	50.7	0.1	625.9
By User	7,979.4	1,177.7	932.2	245.5	47.7	8,272.6
Federal Government	7,461.2	946.3	775.0	171.3	46.3	7,678.7
Long-term	6,909.6	532.7	339.0	193.8	46.3	7,149.7
Short-term	551.5	413.5	436.0	-22.5	0.0	529.0
State productive enterprises ^{3./}	287.4	126.9	60.7	66.2	0.7	354.3
Long-term	275.9	0.0	2.1	-2.1	0.7	274.6
Short-term	11.5	126.9	58.6	68.3	0.0	79.8
Development banks	230.8	104.6	96.5	8.1	0.7	239.6
Long-term	218.7	16.5	13.3	3.2	0.6	222.5
Short-term	12.1	88.1	83.2	4.9	0.1	17.1
By Financing Source	7,979.4	1,177.7	932.2	245.5	47.7	8,272.6
Issuance of securities	7,454.3	873.8	696.3	177.5	43.2	7,675.0
Pension funds SAR	152.7	86.3	86.5	-0.3	2.0	154.4
Commercial banks	54.9	173.1	105.9	67.1	0.1	122.1
ISSSTE's Obligations by Law ^{4./}	126.5	0.0	3.6	-3.6	2.7	125.5
CFE's Pension Bonds ^{5./}	157.3	0.0	0.0	0.0	0.0	157.3
Others	33.8	44.6	39.8	4.8	-0.3	38.3

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 the national currency denominated net balance of the Federal Treasury's general account, as well as the State Productive Enterprises and development banks' availabilities.

2./ It corresponds to debt swap operations, inflationary effect and others.

3./ It only includes Pemex and CFE.

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 February 14th, 2016.

Source: Ministry of Finance.





External Public Sector Debt Balances, March ^{*/}

(Billion dollars)

Concept	Balance Dec '20 ^{p_/}	Indebtedness			Adj. ^{2_/}	Balance March '21
		Borrowing	Amort.	Net		
1. Net Debt (3-2)	221.5					223.4
2. Assets ^{1_/}	2.1					5.7
3. Gross Debt	223.6	16.1	8.5	7.6	-2.2	229.1
By Term	223.6	16.1	8.5	7.6	-2.2	229.1
Long-term	217.6	9.8	4.5	5.3	-2.2	220.7
Short-term	6.1	6.3	4.0	2.2	0.0	8.3
By User	223.6	16.1	8.5	7.6	-2.2	229.1
Federal Government	112.3	7.1	3.2	3.9	-1.3	114.9
Long-term	112.3	7.1	3.2	3.9	-1.3	114.9
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
State productive enterprises ^{3_/}	100.9	6.0	2.0	4.0	-0.7	104.2
Long-term	97.1	2.7	1.2	1.5	-0.7	97.9
Short-term	3.8	3.3	0.7	2.5	0.0	6.3
Development banks	10.4	3.0	3.4	-0.3	-0.1	10.0
Long-term	8.1	0.0	0.1	0.0	-0.1	8.0
Short-term	2.3	3.0	3.3	-0.3	0.0	2.0
By Financing Source	223.6	16.1	8.5	7.6	-2.2	229.1
Capital markets	172.5	8.3	4.2	4.1	-1.6	175.0
International Financing Institutions	32.8	0.8	0.2	0.7	-0.5	32.9
International trade	6.1	0.1	0.1	0.0	-0.1	6.0
Commercial banks	12.0	6.6	4.0	2.6	0.0	14.6
Pidiregas	0.3	0.3	0.0	0.2	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 the USD denominated net balance of the Federal Treasury's general account as well Pemex, CFE and development banks' availabilities

^{2_/} It corresponds mainly to the effect of the exchange variation; debt repurchase operations and others.

^{3_/} It includes Pemex and CFE.

Source: Ministry of Finance.

