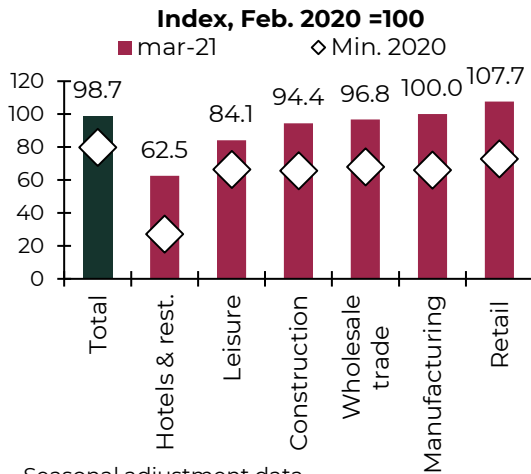




Report on the Public Finances and Public Debt – April 2021

Public Finances remain sound as a result of the ongoing economic recovery.

Heterogeneous recovery
between activities
(Most affected economic activities)



Seasonal adjustment data.
Source: INEGI

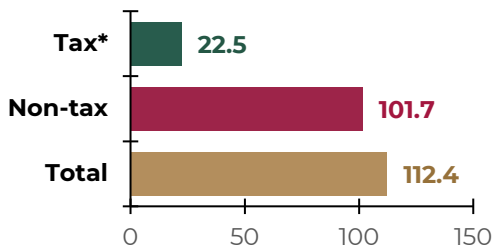
Economic Activity

- The final reading of GDP growth for the 1q2021 ended in 0.8% q/q S.A., upwards from a preliminary estimate of 0.4% and a result of a positive revision across all sectors.
- The decrease in COVID-19 cases and the vaccination rollout contributed to March's economic activity, which overall grew at 2.6% m/m S.A. with broad-based increments in all sectors. In real annual terms, the IGAE grew 0.4% y/y, driven by a real growth of 1.5% y/y in secondary activities.
- The latest figures show that fifteen sectors, contributing 33.9% to total GDP, are growing and have recovered their pre-pandemic levels. Meanwhile, the most affected sectors by the pandemic are expected to accelerate their recovery in 2021 with the vaccination progress.

Public Finances

- Total revenues as of April reached a historical maximum of 2 trillion pesos¹, and were better than expected by 55.6 bn pesos.
- The sustained economic recovery and the strengthening of the tax framework resulted in higher tax revenues (excluding fuel excise tax) in 22.5 bn pesos compared to the program, boosted by a higher-than-expected VAT collection by 47.4 bn pesos and even considering the deferral to submit the annual tax statement to May 31st, and a 16% increase in real terms in income tax refunds.
- Expenditure by the Centralized Public Administration was higher by 19.2 bn pesos compared to expected, and in 9.7% in real terms compared to 2020.
- Non-programmable expenditure was 33.7 bn pesos lower than expected, a result of the strategy to minimize financial cost and debits of previous years by 22.8 and 29.9 bn pesos, respectively. On the other hand, non-earmarked transfers to States were higher by 19.0 bn pesos.

Federal Government Revenues
better than program
Budget vs. observed (billion pesos)



*Excluding Fuel Excise Tax

Sovereign debt's credit rating
above investment grade
(As of April)

Agency	Grade	Outlook
Fitch	BBB-	Stable
DBRS	BBB	Negative
Morningstar	BBB	Negative
Kroll Bond	BBB	Negative
HR Ratings	BBB+	Negative
Moody's	Baa1	Negative

Public Debt

- On April 7, the Federal Government carried out an operation in international markets to reduce 69.0% of the repayments of foreign market debt scheduled for 2023, in accordance with the proactive and efficient strategy of liability management.
- The Federal Government's debt portfolio composition is robust to risks: 76.3% is denominated in domestic currency and 81.1% stood at a fixed and long-term rate.
- On April 29, Moody's affirmed Mexico's Baa1 rating with a negative outlook, highlighting fiscal strength supported by prudent management of public finances. The Agency maintained Mexico's long-term foreign currency issuer ratings at Baa1, 3 notches above the investment grade category.

¹ Excluding Banxico's operating surplus.





Public Sector Financial Situation, January-April

(Billion pesos)

Concept	2020	2021			Real Annual Growth (%)
		Program	Observed ^{p./}	Difference	
	(1)	(2)	(3)	(3-2)	(3/1)
Public balance	-73.9	-215.4	-109.7	105.7	n.s.
Budgetary balance	-88.3	-215.6	-131.8	83.7	n.s.
Budgetary revenues	1,869.3	1,944.4	2,000.1	55.6	2.4
Net budgetary expenditure	1,957.6	2,160.0	2,131.9	-28.1	4.2
Programmable expenditure	1,402.8	1,603.2	1,608.7	5.6	9.7
Non-programmable expenditure	554.8	556.8	523.2	-33.7	-9.8
Entities under indirect budgetary control	14.4	0.2	22.2	22.0	47.2
Primary balance	114.7	-16.4	52.9	69.3	-55.9
Public balance by entities	-73.9	-215.4	-109.7	105.7	n.s.
Budgetary balance	-88.3	-215.6	-131.8	83.7	n.s.
Federal Government balance	-35.9	-247.1	-111.6	135.5	n.s.
State productive enterprises	-138.9	-36.0	-104.4	-68.4	n.s.
PEMEX	-152.9	-49.4	-92.0	-42.6	n.s.
CFE	14.0	13.4	-12.4	-25.8	n.s.
Entities under direct budgetary control	86.4	67.6	84.2	16.6	-6.8
IMSS	80.2	68.5	63.0	-5.5	-24.8
ISSSTE	6.3	-0.9	21.2	22.1	223.7
Entities under indirect budgetary control	14.4	0.2	22.2	22.0	47.2
Memorandum items					
PSBR	-83.3		-219.4		n.s.
Primary PSBR	174.2		64.2		-64.7

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-April

(Billion pesos)

Concept	2020	2021			Real Annual Growth (%)
		Program	Observed ^{p_/}	Difference	
	(1)	(2)	(3)	(3-2)	(3/1)
Total	1,869.3	1,944.4	2,000.1	55.6	2.4
Oil	157.7	313.1	271.6	-41.5	64.8
Pemex ^{1/}	59.8	216.3	168.3	-48.0	169.2
Federal Government ^{2/}	97.8	96.8	103.3	6.5	1.0
Non-Oil	1,711.6	1,631.3	1,728.5	97.1	-3.4
Federal Government	1,435.4	1,360.3	1,466.2	105.9	-2.3
Tax	1,277.8	1,293.4	1,297.6	4.2	-2.8
Non-Tax	157.5	66.9	168.6	101.7	2.4
IMSS	129.2	129.5	133.4	3.9	-1.2
ISSSTE	13.9	14.3	13.9	-0.3	-4.1
CFE	133.1	127.2	114.9	-12.4	-17.5

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-April

(Billion pesos)

Concept	2020	2021			Real Annual Growth (%)
		Program	Observed ^{p_/}	Difference	
	(1)	(2)	(3)	(3-2)	(3/1)
Total	1,957.6	2,160.0	2,131.9	-28.1	4.2
Programmable expenditure	1,402.8	1,603.2	1,608.7	5.6	9.7
<i>Payment's deferral</i>	0.0	0.0	0.0	0.0	0.0
Operating expenditure	539.3	608.3	604.0	-4.3	7.2
Wages	383.5	417.1	398.8	-18.3	-0.5
Other operating expenditure	155.8	191.2	205.3	14.0	26.1
Pensions	319.2	354.1	338.1	-16.0	1.3
Subsidies, transfers and contributions	278.7	318.4	324.9	6.6	11.6
Aid and other expenses	10.9	4.0	11.5	7.4	1.3
Physical investment	206.1	241.3	208.4	-32.8	-3.2
Financial investment	48.7	77.1	121.8	44.7	139.4
Non-programmable expenditure	355.0	357.8	346.9	-10.9	-6.5
Non-earmarked transfers	337.4	325.7	344.7	19.0	-2.2
Debits from previous years	17.5	32.1	2.2	-29.9	-88.2
Financial cost	199.8	199.0	176.3	-22.8	-15.6

Note: Figures may not add up due to rounding.

p_/ Preliminary figures.

Source: Ministry of Finance.





Domestic Public Sector Debt Balances, January-April ^{*/1/}

(Billion pesos)

Concept	Balance Dec '20 ^{p/}	Indebtedness			Adj. ^{2/}	Balance April '21
		Borrowing	Amort.	Net		
1. Net Debt (3-2)	7,598.8					7,805.6
2. Assets ^{3/}	380.6					607.6
3. Gross Debt	7,979.4	1,497.9	1,126.2	371.6	62.2	8,413.2
By Term	7,979.4	1,497.9	1,126.2	371.6	62.2	8,413.2
Long-term	7,404.3	691.2	385.2	306.0	62.3	7,772.6
Short-term	575.1	806.7	741.1	65.6	-0.1	640.6
By User	7,979.4	1,497.9	1,126.2	371.6	62.2	8,413.2
Federal Government	7,461.2	1,214.1	911.7	302.4	60.3	7,823.9
Long-term	6,909.6	674.7	363.6	311.1	60.3	7,281.0
Short-term	551.5	539.4	548.1	-8.7	0.0	542.9
State productive enterprises	287.4	148.4	82.3	66.1	1.1	354.7
Long-term	275.9	0.0	3.6	-3.6	1.1	273.4
Short-term	11.5	148.4	78.6	69.8	0.0	81.3
Development banks	230.8	135.3	132.2	3.1	0.7	234.6
Long-term	218.7	16.5	17.9	-1.4	0.8	218.1
Short-term	12.1	118.8	114.3	4.5	-0.1	16.5
By Financing Source	7,979.4	1,497.9	1,126.2	371.6	62.2	8,413.2
Issuance of securities	7,454.3	1,128.0	812.8	315.2	56.0	7,825.5
Pension funds SAR	152.7	99.9	103.2	-3.4	3.0	152.3
Commercial banks	54.9	214.4	147.1	67.2	-0.1	122.0
ISSSTE's Obligations by Law ^{4/}	126.5	0.1	11.5	-11.5	3.5	118.5
CFE's Pension Bonds ^{5/}	157.3	0.0	0.0	0.0	0.0	157.3
Others	33.8	55.6	51.6	4.0	-0.2	37.6

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 debt of the Federal Government State Productive Enterprises and development banks' availabilities.

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 14th, 2016.

Source: Ministry of Finance.





External Public Sector Debt Balances, April ^{*/1/}

(Billion dollars)

Concept	Balance Dec '20 ^{p/}	Indebtedness			Adj. ^{2/}	Balance April '21
		Borrowing	Amort.	Net		
1. Net Debt (3-2)	221.5					224.9
2. Assets ^{3/}	2.1					7.7
3. Gross Debt	223.6	20.6	10.7	9.8	-0.8	232.6
By Term	223.6	20.6	10.7	9.8	-0.8	232.6
Long-term	217.6	13.1	5.5	7.6	-0.9	224.3
Short-term	6.1	7.5	5.3	2.2	0.0	8.3
By User	223.6	20.6	10.7	9.8	-0.8	232.6
Federal Government	112.3	10.3	4.1	6.3	-0.5	118.1
Long-term	112.3	10.3	4.1	6.3	-0.5	118.1
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
State productive enterprises	100.9	6.3	2.3	4.0	-0.4	104.5
Long-term	97.1	2.7	1.3	1.4	-0.4	98.2
Short-term	3.8	3.5	1.0	2.5	0.0	6.3
Development banks	10.4	4.0	4.3	-0.4	0.0	10.0
Long-term	8.1	0.0	0.1	-0.1	0.0	8.0
Short-term	2.3	3.9	4.3	-0.3	0.0	2.0
By Financing Source	223.6	20.6	10.7	9.8	-0.8	232.6
Capital markets	172.5	11.5	5.1	6.5	-0.6	178.4
International Financing Institutions	32.8	0.8	0.2	0.6	-0.3	33.1
International trade	6.1	0.1	0.1	0.0	0.0	6.1
Commercial banks	12.0	7.8	5.3	2.5	0.0	14.5
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 debt of the Federal Government, State Productive Enterprises and development banks.

^{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.

