

Report on Public Finance and Public Debt First Quarter of 2006

- ✓ *Economic growth accelerated substantially.*
 - ✓ *Public finances posted a surplus.*
- ✓ *Public revenues grew considerably due to oil related revenues, tax receipts and revenues from privatizations.*
- ✓ *Public investment, social expenditure and resources destined to States and Municipalities grew considerably.*
- ✓ *Direct banking credit continued growing at fast rates, especially credit destined for housing.*
- ✓ *The public sector debt was 23.3 percent of GDP and its average maturity increased.*

The results of the Report on Public Finances and Public Debt for the first quarter of 2006 were published today. It is worth noting the following:

- **Economic growth accelerated substantially. It is estimated that during the first quarter of 2006 the economy grew at an annual rate above 5.0%. The 5.5% expected growth for non-agricultural GDP stands out.**
- **Employment opportunities in the formal sector grew accordingly. A total of 266 thousand 799 formal jobs were created during the first quarter of 2006, the highest rate for a similar period during the last 8 years. Consequently, the number of employees insured by IMSS increased by 739 thousand 999, 5.9 percent, during the last year.**
- **The dynamism of aggregate demand has been due primarily to investment and external demand. In January of 2006 gross fixed capital investment grew at an annual rate of 13.4% in real terms. Additionally, the nominal value in US dollars of total exports grew at an annual rate of 25.8% during the first three months of the year.**
- **Annual inflation closed the quarter at 3.41%. This was the result of a prudent monetary policy and the favorable evolution of agricultural and administered prices.**
- **Direct banking credit to the private sector increased at an annual rate of 27.5% in February of 2006. The most dynamic components were housing credit which grew 82.2% and credit for consumption which grew 46.4% both in real annual terms. Banking credit to businesses expanded at a rate of 7.4% annually in the same period.**

- In the first quarter of 2006, the public balance recorded a surplus of Ps. 51.6 billion and the primary balance registered a surplus of Ps. 112.2 billion. This is 88.3% and 31.5% higher than in the first quarter of 2005.
- The public sector's borrowing requirements (PSBR) posted a surplus of Ps. 16.6 billion, 0.2 pp of the estimated GDP for 2006.
- Public sector revenues increased 17.3% in real terms, reflecting the dynamism of both oil and non-oil related revenues. Within the non-oil tax revenues, VAT collection stands out with an annual increase of 19.1%.
- Budgetary investment and the investment fostered by the public sector increased at real annual rates of 15.0% and 35.4%, respectively, against the first quarter of 2005.
- Programmable expenditure channeled to social development posted a real increase of 12.8% with respect to the same three months of 2005. Expenditures destined to personnel services during the first quarter increased 5.5% due to increases in expenditures destined to social and economic development in spite of a real decrease in personnel expenditures for Government functions.
- Federal resources transferred to States and Municipalities through federal contributions, shared revenue and the Federal Program for the Strengthening of Entities (PAFEF) increased by 9.5% in real terms.
- The Federal Government's net debt to GDP ratio stood at 20.7% at the end of the third quarter. The Public Sector's net debt, which includes the net debt of the Federal Government, Public Entities under Direct Budgetary Control (PEDBC) and Development Banks stood at 22.7% of GDP.
- With respect to the domestic debt, its average maturity increased 121 days from 1,211 at the end of 2005 to 1,332 days at the end of the first quarter of 2006.

Economic Outlook

The economic conditions sustained during the first three months of 2006 favored a vigorous expansion of most productive activities. Both internal and external factors contributed to an increased aggregate demand which resulted in more formal employment opportunities and lower unemployment rates.

GDP growth for the first quarter of 2006 is estimated at a real annual rate above 5.0%. This forecast is based on the favorable development shown recently by both the industrial and service sectors, since agricultural production is expected to have grown only marginally. Non-agricultural GDP is expected to post an annual growth in excess of 5.5% in real terms.

These estimations rest on the following results:

- In January-February, the Global Economic Activity Index (IGAE), the GDP proxy, grew 5.1% in real annual terms. The non-agricultural component of this indicator grew 5.4%.

During the same period, industrial production grew at an annual rate of 5.7%, implying an annualized bimonthly growth rate of 8.4%, according to seasonally adjusted data. Within industrial production the results are the following:

- ✓ During January-February, construction and mining production grew at annual rates of 7.7% and 6.0%, respectively.
- ✓ Manufacturing production grew at an annual rate of 5.5% due to the vigorous development of automotive production. During the first quarter of 2006, the number of vehicles assembled in Mexico grew at an annual rate of 54.3%.
- ✓ The electricity, gas and water sector registered an annual expansion of 2.8%.

In January-February, the real value of services grew 5.3% annually due to an increase of 4.9% in services provided by businesses, restaurants and hotels while other services grew 5.4%.

In this same period, agricultural production increased at an annual rate of 3.5%. Increases in the production of wheat, soy, and beans, amongst others, contributed to this.

Aggregate demand strengthened and significantly favored economic growth.

- During the first quarter of 2006, the nominal US dollar value of total exports grew at an annual rate of 25.8%. Within these, oil, agricultural and manufacturing exports grew at annual rates of 52.3%, 41.2% and 20.9%, respectively. Additionally, imports increased 19.2% with respect to the same period of the previous year due mainly to increases of 25.7%, 19.5% and 18.0% in consumption, capital and intermediate imports, in that order.

- During the first quarter, consumption expenditures from households continued growing at high rates. ANTAD's sales grew 10.4% annually, while the real value of Wal-Mart's sales grew at an annual rate of 12.9%. According to INEGI, retail sales grew at a bimonthly annual rate of 3.1% in January-February while wholesale sales grew 1.0% in the same period.
- In January, fixed capital investment grew 13.4 % in real annual terms. Within, investment in imported and domestic machinery and equipment grew at annual rates of 25.9% and 8.1%, respectively. Additionally, investment in construction grew 6.6%.

During the first quarter of 2006, the strong economic expansion increased the formal job opportunities and decreased unemployment rates.

- During this period, the number of employees registered at IMSS grew by 266 thousand 799 people, the highest increase for a similar period during the last 8 years. At the end of March, the number of workers insured by IMSS stood at 13 million 352 thousand 824. This implies the creation of 739 thousand 999 formal jobs, a relative growth of 5.9%, during the last 12 months.
- This resulted in a reduction of unemployment levels during the last quarter. The unemployment rate represented 3.52% of the Economically Active Population, 0.33 percentage points below that registered in 2005 (3.85%). Urban unemployment was 4.52%, 0.54 percentage points less than that posted during the first quarter of 2005 (5.06%). It is worth noting that these reductions took place during a period in which the net economic participation rate grew 0.7pp from 57.5 during the first quarter of 2005 to 58.2 in the same period of 2006.

Annual headline inflation was 3.41%. This reflects the prudent management of monetary policy and the favorable behavior of agricultural and administered prices.

During the first quarter, the international financial markets reflected two phenomena: 1) the upward revision to expected global growth rates for the following quarters, particularly in the US, and, 2) the perception that the US Federal Funds target rate would increase more than what had been previously expected and the expectation that the tightening cycle would accelerate in Europe and start in Japan. The lower liquidity levels in financial markets affected the financial conditions faced by emerging markets. Consequently, the spreads paid by emerging market sovereign debt increased in March after diminishing to historical minimum levels at the beginning of the year. It is worth mentioning that Mexico's spread posted a minimum level of 95 basis points on February 27th.

During this quarter, Banxico allowed the funding rate to decrease three times accumulating a total reduction of 100 basis points (one of 50bp and two of 25bp on January 27th, February 24th, and March 24th, respectively). After the period covered by this report, on April 21st, another 25bp decrease was allowed. These measures responded to decreases in both headline and core inflation and to favorable expectations for global growth. It is worth mentioning that the Board announced that there is no room left for additional reductions in the foreseeable future.

The stock market index continued its upward trend and closed the first quarter with a nominal gain of 8.26% with respect to the end of 2005. The exchange rate was 10.90 pesos per dollar on March 31st, accumulating a nominal depreciation of 2.58% with respect to the end of 2005.

The stable macroeconomic environment, the favorable external financial conditions and the reduction in interest rates favored the strong growth rate of outstanding direct banking credit to the private sector, posting a 27.5% annual growth rate in February. Within this item, credit for housing was the most dynamic component growing 82.2% annually during the period, followed by credit for consumption which grew 46.4% in real annual terms and direct credit to businesses, which grew 7.4% annually.

Public Finances

In the first quarter of 2006, the public balance posted a surplus of Ps. 51.6 billion, 88.3% higher in real terms than the one registered in 2005. The primary balance up to March posted a Ps. 112.2 billion surplus, 31.5% above the one registered for the previous year.

The public sector's budgetary revenues were Ps. 565.3 billion, 17.3% higher in real terms than those of 2005. Budgetary revenues were Ps. 63.5 billion higher than those considered in the Revenues Law for 2006. Of this amount Ps. 16.4 billion come from oil revenues, Ps. 16.3 billion from PEDBC's other than PEMEX, Ps. 15.8 billion from non-tax revenues and Ps. 14.9 billion from non-oil tax revenues.

Excess Revenues, 2006			
(Million pesos)			
	Program	Actual	Difference
Total	501,784.6	565,249.5	63,464.9
Oil related	179,327.1	195,753.0	16,425.9
Non-Oil Related	322,457.5	369,496.5	47,039.1
Tax	228,141.8	243,079.7	14,937.9
Non-tax	11,343.5	27,151.0	15,807.5
PEDBC	82,972.2	99,265.8	16,293.7

Oil revenues grew 19.4% in real terms, due mainly to higher oil prices. Non-oil tax revenues increased 9.3% in real annual terms. Amongst these, VAT collection stands out with an annual growth rate of 19.1%. The Federal Government's non-tax revenues increased 82.1% in real terms due to the resources obtained from the sale of *Grupo Aeroportuario Centro-Norte* and *Grupo Aeroportuario del Pacífico*. Additionally, resources from PEDBC's other than PEMEX increased 22.9% in real annual terms.

During the first quarter of 2006, government expenditures complied with both the availability of resources and the balanced budget target approved by Congress. This allowed the continuation of the public policies and programs that benefit the general population in areas such as education, health, social security, poverty reduction, public safety, justice and job creation according to what was approved by Congress in the Budget, while maintaining macroeconomic strength and stability.

Consequently, during the first quarter of 2006, total public budgetary expenditures reached Ps. 512.4 billion, in real terms this is 14.3% more than in 2005. Primary expenditure, defined as total expenditure net of financing costs, increased 14.9% in real terms with respect to 2005 and reached Ps. 457.0 billion. The dynamism shown by public expenditures in the first quarter of 2006 is due primarily to three factors: first the Federation's Budget for 2006 considers a higher oil price (36.5dpb in 2006 vs. 27 dpb in 2005); second, efforts were made to smooth spending throughout the year with higher expenditures in the first half in comparison to previous years and, third, the increased spending by electoral organisms associated with the electoral process to be carried out in July of 2006. In relation to public expenditures during 2006, the following is worth noting:

- Budgetary investment and Investment fostered by the public sector grew 15.0% and 35.4% in real terms, respectively.

- Social development expenditures grew 12.8% with respect to the first quarter of 2005 and represented 61.7% of total programmable expenditures. Social investment grew 8.1% in real terms with respect to the previous year.¹
- Expenditures channeled to agricultural and forestry development and communications and transport development increased 60.1% and 61.4%, respectively, in real terms with respect to the same period of 2005.
- The Federal Electoral Institute's expenditures increased 141.0% in real terms. Most of this corresponds to the additional expenditures required for the electoral process.
- Transfers to states and municipalities increased 9.5% in real terms.
- Personnel services expenditures grew 5.5% in real terms with respect to the first quarter of 2005. This is due to an increase in spending channeled to social and economic development by the Federal Executive of 5.1% and 7.5%, respectively, and in the Legislative and Judicial branches and autonomous entities of 19.3%. In contrast, expenditures on activities related to government functions decreased 0.7%.

Finally, the public sector's financing cost during the first three months of 2005 increased 9.2% in real terms compared to the same period of last year. This was primarily due to higher expenditures on lenders and borrowers support programs and on interest payments related to financed investment projects (PIDIREGAS) according to the approved Budget.

Public Debt

The public debt management strategy has focused on improving the balance between internal and external debt, increasing at the same time the duration of the public debt portfolio. This strategy has been aimed at reducing further the vulnerability of public finances to adverse shocks in domestic and international financial variables. The management of public liabilities has remained a key element for the development of domestic financial markets and for the consolidation of investors' confidence in the future of the Mexican economy.

This is illustrated by the rating upgrade granted to Mexican long-term debt, both in foreign and domestic currency, by the Japan Credit Rating (JCR) in the first quarter. Also noteworthy is that markets welcomed the bond repurchase offer financed by the placement of a new global bond in international markets, as well as

¹ This concept includes programmable expenditures of the public sector branches and entities destined to strengthen the society's human and physical capital. It also includes expenditures devoted to improve the quality of public services such as the salaries of personnel dedicated to social development and security: teachers, doctors, nurses, policemen and the armed forces.

the Federal Government's announcement of a new program for placing bonds in the in the US retail markets (*InterNotes*).

To improve the communication with investors and the general public on the debt strategy, management, and latest developments, the Federal Government has taken a number of steps in recent months. As part of this effort, from the first quarter of 2006 onwards a new format will be used to report the public debt information. This format classifies and reports the structure and evolution of public liabilities in greater detail, starting at the Federal Government's debt level and then adding that of PEDBCs and development banks to report the Federal Public Sector debt as a whole. This allows for a better understanding of the evolution of the different components of public debt, thus simplifying its analysis and the evaluation of the impact of debt management each component.

At the end of the first quarter, the Federal Government's net debt stood at 20.7 percent of GDP. Domestic debt amounted to 14.0 percent of GDP and net external debt reached 6.7 percent. It is worth mentioning that external debt as a proportion of total debt decreased from 33.0 percent at the end of 2005 to 32.5 percent at the end of the first quarter of 2006.

At the end of March 2006, the Federal Government's outstanding net domestic debt was Ps. 1.2 trillion, Ps. 39.4 billion higher than at the end of 2005. This increase was due to the following factors: a) net indebtedness of Ps. 40.1 billion, b) an increase in the Federal Government's domestic financial assets of Ps. 3.1 billion, and c) upward accounting adjustments of inflation indexed debt of Ps. 2.4 billion.

The domestic debt strategy for 2006 follows three main guidelines: a) favoring the net domestic indebtedness through long-term fixed nominal interest rate bonds issuance; b) start placing long-term inflation-linked bonds to complement the current 10-year placements; c) continue placing long-term fixed nominal interest rate bonds by reopening previous placements, thus minimizing the number of reference instruments and increasing their supply. As a result, the percentage of fixed nominal interest rate instruments with maturities equal to or greater than one year in total domestic public debt went from 48.4 percent at the end of 2005 to 49.9 percent at the end of the first quarter of 2006. The domestic debt's average maturity increased 121 days, from 1,211 in December 2005 to 1,332 at the end of March 2006.

By the end of the first quarter of 2006, the Federal Government's net external debt was USD 53.7 billion, USD 255.4 million less than that posted at the end of 2005. This resulted from a) an external debt net reduction of USD 1.8 billion, b) a USD

1.3 billion decrease in the Federal Government's financial assets abroad and, c) upward accounting adjustments for USD 329.7 million.

The results of the repurchase and cancellation in advance of external market debt, as well as the placement of a new global bond in international financial markets, were reported in March. This operation consisted on the placement of a new global bond denominated in US dollars, linked to an offer to repurchase and cancel bonds previously issued in international financial markets. It is worth noting that the spread achieved with this bond is the lowest attained by the Federal Government for issuances with a similar maturity. This operation helped improve the composition of the external debt portfolio.

The results of the second debt exchange warrants offering were also reported in March. Warrants are titles that give the holder the right, though not the obligation, to tender, on the exercise date, certain Euro denominated bonds issued by the Federal Government in international markets for Development Bonds of the Federal Government Bearing a Fixed Interest Rate denominated in pesos and issued in Mexico (M Bonds). Demand reached about EURO 1.5 billion and warrants were issued for a debt exchange of EURO 600 million. This operation was part of the general liability management strategy outlined in the National Program to Finance Development (PRONAFIDE) to reduce the relative importance of external debt in total debt. After this operation, the Federal Government's debt remains unchanged because the instruments issued offer the possibility of exchanging external debt for domestic debt.

At the end of the first quarter of 2006, the Public Sector's net debt, which includes the net debt of the Federal Government, PEDBC's and Development Banks stood at 22.7 percent of GDP. Within, domestic net debt totaled 14.7 percent of GDP and external net debt reached 8.0 percent.

The balance of the Public Sector's net domestic debt closed the first quarter at Ps. 1.3 trillion, Ps. 28.0 billion higher than at the end of 2005. Additionally, the external public sector debt balance stood at USD 64.0 billion at the end of March 2006, exceeding by USD 1.7 billion the level posted at the end of 2005.

The historical balance of the PSBR's, the widest indicator of the public sector's obligations, stood at 37.7 percent of GDP at the end of the first quarter of 2006.

Mexico City's public debt registered a net decrease of Ps. 18.8 million; the acquisition of new debt for the year is limited to Ps. 1.6 billion.

ANNEX

PUBLIC SECTOR OVERALL BALANCE (Million pesos)

Concept	January-March		Real % Growth	Composition %	
	2005	2006 p./		2005	2006 p./
PUBLIC BALANCE (I+II)	26,403.5	51,553.0	88.3		
I. Budgetary Balance (a-b)	32,378.5	52,866.1	57.4		
a) Budgetary Revenues	464,792.4	565,249.5	17.3	100.0	100.0
Oil related	158,075.2	195,753.0	19.4	34.0	34.6
Federal Government	114,011.5	128,480.2	8.7	24.5	22.7
PEMEX	44,063.7	67,272.8	47.2	9.5	11.9
Non-oil related	306,717.2	369,496.5	16.2	66.0	65.4
Federal Government	228,819.8	270,230.7	13.9	49.2	47.8
Tax	214,442.6	243,079.6	9.3	46.1	43.0
Non-tax	14,377.2	27,151.1	82.1	3.1	4.8
PEDBC	77,897.4	99,265.8	22.9	16.8	17.6
b) Net Budgetary Expenditures	432,414.0	512,383.4	14.3	100.0	100.0
Programmable	293,877.2	348,889.6	14.5	68.0	68.1
Non programmable	138,536.8	163,493.8	13.8	32.0	31.9
II. PEIBC	-5,974.9	-1,313.1	-78.8		
Primary Balance	82,294.9	112,238.7	31.5		

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR REVENUES (Million pesos)

Concept	January-March		Real % Growth	Composition %	
	2005	2006 p./		2005	2006 p./
TOTAL (I+II)	464,792.4	565,249.5	17.3	100.0	100.0
I. Oil related (a+b)	158,075.2	195,753.0	19.4	34.0	34.6
a) PEMEX	44,063.7	67,272.8	47.2	9.5	11.9
b) Federal Government	114,011.5	128,480.2	8.7	24.5	22.7
Rights and royalties on oil products	105,632.5	132,835.4	21.3	22.7	23.5
Excise taxes	8,379.0	-5,556.5	n.a.	1.8	-1.0
Tax on Oil Returns	0.0	1,201.3	n.a.	0.0	0.2
II. Non-oil related (c+d)	306,717.2	369,496.5	16.2	66.0	65.4
c) Federal Government	228,819.8	270,230.7	13.9	49.2	47.8
Tax	214,442.6	243,079.6	9.3	46.1	43.0
Income tax	109,493.0	117,403.1	3.4	23.6	20.8
VAT	78,613.5	97,122.5	19.1	16.9	17.2
Excise taxes	8,403.8	9,164.1	5.2	1.8	1.6
Import taxes	6,048.6	7,241.3	15.4	1.3	1.3
Others ^{1/}	11,883.7	12,148.6	-1.4	2.6	2.1
Non-tax	14,377.2	27,151.1	82.1	3.1	4.8
Rights	3,712.9	5,313.1	38.0	0.8	0.9
Fees	8,882.3	20,270.0	120.1	1.9	3.6
Others	1,782.0	1,568.0	-15.2	0.4	0.3
d) PEDBC ^{2/}	77,897.4	99,265.8	22.9	16.8	17.6
Memorandum items:					
Total tax related	222,821.6	238,724.4	3.3	47.9	42.2
Total non-tax related	241,970.8	326,525.1	30.1	52.1	57.8

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

1./ Includes new vehicle, vehicle ownership, luxury goods and services and accessory taxes.

2./ Public entities under direct budgetary control. Excludes Federal Government transfers to ISSSTE.

Source: Ministry of Finance and Public Credit.

BUDGETARY REVENUES, JANUARY-MARCH OF 2006
(Million pesos)

	Programmed	Observed ^{p./}	Difference
TOTAL (I+II)	501,784.6	565,249.5	63,464.9
I. Oil related (a+b)	179,327.1	195,753.0	16,425.9
a) PEMEX	70,383.0	67,272.8	-3,110.2
b) Federal Government	108,944.1	128,480.2	19,536.1
Rights and royalties on oil products	107,191.3	132,835.4	25,644.1
Excise taxes	551.4	-5,556.5	-6,107.9
Tax on Oil Returns	1,201.4	1,201.3	-0.1
II. Non-oil related (c+d)	322,457.5	369,496.5	47,039.0
c) Federal Government	239,485.3	270,230.7	30,745.4
Tax	228,141.8	243,079.6	14,937.8
Income tax	116,283.4	117,403.1	1,119.7
VAT	85,603.9	97,122.5	11,518.6
Excise taxes	9,041.4	9,164.1	122.7
Import taxes	4,798.9	7,241.3	2,442.4
Others ^{1./}	12,414.2	12,148.6	-265.6
Non-tax	11,343.5	27,151.1	15,807.6
Rights	2,463.4	5,313.1	2,849.7
Fees	7,232.2	20,270.0	13,037.8
Others	1,647.9	1,568.0	-79.9
d) PEDBC ^{2./}	82,972.2	99,265.8	16,293.7
Memorandum items:			
Total tax related	229,894.6	238,724.4	8,829.8
Total non-tax related	271,890.0	326,525.1	54,635.1

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

1./ Includes new vehicle, vehicle ownership, luxury goods and services and accessory taxes.

2./ Public entities under direct budgetary control. Excludes Federal Government transfers to ISSSTE.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR BUDGETARY EXPENDITURES
(Million pesos)

Concept	January- March		Real % Growth	Composition %	
	2005	2006 p_/		2005	2006 p_/
TOTAL (I+II)	432 414.0	512 383.4	14.3	100.0	100.0
I. Primary expenditures (a+b)	383.493.0	456.962.7	14.9	88.7	89.2
a) Programmable	293.877.2	348.889.6	14.5	68.0	68.1
b) Non-programmable	89.615.8	108.073.1	16.3	20.7	21.1
II. Financing Cost ^{1/}	48.920.9	55.420.7	9.2	11.3	10.8

Note: Figures may not add up due to rounding.

p_/ Preliminary figures.

^{1/} Includes interests, commissions and other public debt expenditures associated to debtor support programs.

Source: Ministry of Finance and Public Credit

FEDERAL GOVERNMENT DEBT*									
Concept	Outstanding as of			% of GDP			Structure (%)		
	31-Dec-04	31-Dec-05 ^{p,j}	31-Mar-06 ^{p,j}	31-Dec-04	31-Dec-05 ^{p,j}	31-Mar-06 ^{p,j}	31-Dec-04	31-Dec-05 ^{p,j}	31-Mar-06 ^{p,j}
INTERNAL DEBT :									
NET (Million Pesos) ^{1,j}	1,029,964.9	1,183,310.7	1,222,748.5	12.4	13.1	14.0	60.9	67.0	67.5
GROSS (Million Pesos)	1,099,206.3	1,242,154.1	1,284,643.3	13.2	13.8	14.7	61.9	66.4	67.4
EXTERNAL DEBT:									
NET (Million USD) ^{1,j}	58,616.5	53,970.6	53,715.2	7.9	6.5	6.7	39.1	33.0	32.5
GROSS (Million USD)	60,084.2	58,373.6	56,865.2	8.1	7.0	7.1	38.1	33.6	32.6
TOTAL DEBT:									
NET (Million Pesos) ^{1,j}	1,690,268.1	1,764,989.6	1,810,983.6	20.3	19.6	20.7	100.0	100.0	100.0
(Million USD) ^{1,j}	150,048.7	163,763.1	165,371.5						
GROSS (Million Pesos)	1,776,042.8	1,871,287.2	1,907,374.1	21.3	20.8	21.8	100.0	100.0	100.0
(Million USD)	157,663.1	173,625.8	174,173.5						

Note: Figures may not add-up due to rounding.

*_/ Figures subject to revisions due to changes and methodological modifications.

p_/ Preliminary.

1_/ The Net Debt results from subtracting the Federal Government's financial assets from the Gross Debt.

Source: Secretaría de Hacienda y Crédito Público.

**FEDERAL GOVERNMENT DOMESTIC DEBT
FIRST QUARTER 2006
(Million Pesos*)**

Concept	Outstanding 31-Dec-05 ^{p./}	Indebtedness				Outstanding 31-Mar-06 ^{p./}
		Disp.	Amort.	Net	Others ^{1./}	
NET DOMESTIC DEBT BALANCE	1,183,310.7					1,222,748.5
ASSETS ^{2./}	-58,843.4					-61,894.8
GROSS DOMESTIC DEBT BALANCE	1,242,154.1	335,873.3	295,743.4	40,129.9	2,359.3	1,284,643.3
Government Securities	1,173,307.4	298,082.1	274,533.3	23,548.8	1,201.1	1,198,057.3
Cetes	288,229.7	231,110.3	225,648.3	5,462.0	0.0	293,691.7
Bonds	287,559.8	0.0	27,078.0	-27,078.0	0.0	260,481.8
Fixed Rate Development Bonds	502,186.9	54,505.0	21,807.0	32,698.0	0.0	534,884.9
Udibonos	95,331.0	12,466.8	0.0	12,466.8	1,201.1	108,998.9
<i>Udibonos (million UDI's)</i>	<i>26,214.4</i>	<i>3,400.0</i>	<i>0.0</i>	<i>3,400.0</i>	<i>0.0</i>	<i>29,614.4</i>
SAR	52,144.3	22,760.1	20,022.0	2,738.1	1,032.3	55,914.7
Siefores (Pesos)	0.2	0.0	0.0	0.0	0.0	0.2
Siefores UDI's	0.1	0.0	0.0	0.0	0.0	0.1
Others	16,702.2	15,031.1	1,188.1	13,843.0	125.9	30,671.1

*_/ Figures subject to revisions due to changes and methodological modifications.

p./ Preliminary.

1./ Adjustment due to inflation.

2./ Includes the balance, denominated in pesos, of the General Account of the Federal Treasury and deposits in the national banking system

Source: Secretaría de Hacienda y Crédito Público.

**FEDERAL GOVERNMENT EXTERNAL DEBT
FIRST QUARTER 2006
(Million USD*)**

Concept	Outstanding 31-Dec-05 ^{p./}	Indebtedness				Outstanding 31-Mar-06 ^{p./}
		Disp.	Amort.	Net	Others ^{1./}	
Net Debt	53,970.6					53,715.2
Assets ^{1./}	-4,403.0					-3,150.0
Gross Debt	58,373.6	3,201.0	5,039.1	-1,838.1	329.7	56,865.2
Publicly placed Bonds	44,075.0	3,008.2	4,540.3	-1,532.1	314.1	42,857.0
IFI's	13,621.1	192.8	402.4	-209.6	11.9	13,423.4
Bilateral Credit	256.1	0.0	17.5	-17.5	2.8	241.4
Comercial Banks	49.3	0.0	12.3	-12.3	0.0	37.0
Others	372.1	0.0	66.6	-66.6	0.9	306.4

*_/ Figures subject to revisions due to changes and methodological modifications.

p./ Preliminary.

1./ Includes the balance, denominated in USD, of the General Account of the Federal Treasury and other assets denominated in foreign currency.

Source: Secretaría de Hacienda y Crédito Público.

FEDERAL PUBLIC SECTOR DEBT* 1/

Concept	Outstanding as of			% of GDP			Structure (%)		
	31-Dec-04	31-Dec-05 ^{p/}	31-Mar-06 ^{p/}	31-Dec-04	31-Dec-05 ^{p/}	31-Mar-06 ^{p/}	31-Dec-04	31-Dec-05 ^{p/}	31-Mar-06 ^{p/}
INTERNAL DEBT :									
NET (Million Pesos) ^{2/}	1,075,824.2	1,250,046.0	1,278,006.1	12.9	13.9	14.7	55.8	63.8	64.6
GROSS (Million Pesos)	1,181,311.4	1,339,420.2	1,399,008.1	14.2	14.8	16.0	57.0	63.4	63.9
EXTERNAL DEBT:									
NET (Million USD) ^{2/}	75,713.1	65,722.5	64,063.5	10.3	7.8	8.0	44.2	36.2	35.4
GROSS (Million USD)	79,225.8	71,674.5	72,048.4	10.7	8.6	9.1	43.0	36.6	36.1
TOTAL DEBT:									
NET (Million Pesos) ^{2/}	1,928,716.6	1,958,383.1	1,979,565.5	23.2	21.7	22.7	100.0	100.0	100.0
(Million USD) ^{2/}	171,216.3	181,707.0	180,765.6						
GROSS (Million Pesos)	2,073,774.2	2,111,906.5	2,188,010.1	24.9	23.4	25.1	100.0	100.0	100.0
(Million USD)	184,093.3	195,951.5	199,800.0						

Note: Figures may not add-up due to rounding.

^{*/} Figures subject to revisions due to changes and methodological modifications.

^{p/} Preliminary.

1/ Includes the Liabilities of of the Federal Government, PEDBC's and Development Banks.

2/ The Net Debt results from subtracting the financial assets of the Federal Government, PEDBC's and Development Banks from the Gross Debt.

Source: Secretaría de Hacienda y Crédito Público.

**FEDERAL PUBLIC SECTOR DOMESTIC DEBT
FIRST QUARTER 2006
(Million Pesos*)**

Concept	Outstanding 31-Dec-05 ^{p_/}	Indebtedness				Outstanding 31-Mar-06 ^{p_/}
		Disp.	Amort.	Net	Others ^{1_/}	
NET DOMESTIC DEBT	1,250,046.0					1,278,006.1
Assets ^{1_/}	-89,374.2					-121,002.0
GROSS DOMESTIC DEBT	1,339,420.2	343,600.4	297,700.0	45,900.4	13,687.5	1,399,008.1
TERM STRUCTURE	1,339,420.2	343,600.4	297,700.0	45,900.4	13,687.5	1,399,008.1
Long-Term	1,085,200.6	122,672.3	91,417.3	31,255.0	13,688.9	1,130,144.5
Federal Government	1,019,432.3	122,630.2	90,499.1	32,131.1	2,359.3	1,053,922.7
PEDBC's	5,613.5	29.5	146.7	-117.2	11,130.9	16,627.2
Development Banks	60,154.8	12.6	771.5	-758.9	198.7	59,594.6
Short-Term	254,219.6	220,928.1	206,282.7	14,645.4	-1.4	268,863.6
Federal Government	222,721.8	213,243.1	205,244.3	7,998.8	0.0	230,720.6
PEDBC's	0.0	4,685.0	594.4	4,090.6	0.0	4,090.6
Development Banks	31,497.8	3,000.0	444.0	2,556.0	-1.4	34,052.4
STRUCTURE BY SOURCE	1,339,420.2	343,600.4	297,700.0	45,900.4	13,687.5	1,399,008.1
Publicly placed bonds	1,264,365.5	301,082.1	275,740.2	25,341.9	1,421.7	1,291,129.1
SAR	52,144.3	22,760.1	20,022.0	2,738.1	1,032.3	55,914.7
Commercial Banks	1,694.8	42.1	155.3	-113.2	-18.4	1,563.2
Others	21,215.6	19,716.1	1,782.5	17,933.6	11,251.9	50,401.1

*_/ Figures subject to revisions due to changes and methodological modifications.

p_/ Preliminary.

1_/ Includes the balance, denominated in pesos, of the General Account of the Federal Treasury and deposits in the national banking system as well as assets from PEDBC's and Development Banks.

Source: Secretaría de Hacienda y Crédito Público.

**FEDERAL PUBLIC SECTOR EXTERNAL DEBT
FIRST QUARTER 2006
(Million USD*)**

Concept	Outstanding 31-Dec-05 ^{p_/}	Indebtedness				Outstanding 31-Mar-06 ^{p_/}
		Disp.	Amort.	Net	Others ^{1_/}	
NET EXTERNAL DEBT	65,722.5					64,063.5
Financial Assets Denominated in Foreign Currency ^{1_/}	-5,952.0					-7,984.9
GROSS EXTERNAL DEBT	71,674.5	8,188.6	8,326.6	-138.0	511.9	72,048.4
TERM STRUCTURE	71,674.5	8,188.6	8,326.6	-138.0	511.9	72,048.4
Long-Term	70,888.7	4,787.9	6,849.6	-2,061.7	505.1	69,332.1
Federal Government	58,373.6	3,201.0	5,039.1	-1,838.1	329.7	56,865.2
PEDBC's	6,992.1	1,423.1	1,067.8	355.3	172.3	7,519.7
Development Banks	5,523.0	163.8	742.7	-578.9	3.1	4,947.2
Short-Term	785.8	3,400.7	1,477.0	1,923.7	6.8	2,716.3
Federal Government	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC's	6.3	2,401.2	443.1	1,958.1	2.8	1,967.2
Development Banks	779.5	999.5	1,033.9	-34.4	4.0	749.1
STRUCTURE BY SOURCE	71,674.5	8,188.6	8,326.6	-138.0	511.9	72,048.4
Restructured 1989-1990	154.4	0.0	19.5	-19.5	0.1	135.0
Spanish Bank Bonds	76.5	0.0	0.0	0.0	0.0	76.5
New Money 1990-1992	77.9	0.0	19.5	-19.5	0.1	58.5
Comercial Banks	2,454.6	2,403.9	2,365.5	38.4	6.9	2,499.9
Bilateral Credit	3,403.9	142.1	315.6	-173.5	11.6	3,242.0
Publicly placed Bonds	46,462.3	3,008.2	4,648.6	-1,640.4	315.0	45,136.9
IFI's	16,827.7	233.2	539.8	-306.6	11.5	16,532.6
Others ^{3_/}	2,371.6	2,401.2	437.6	1,963.6	166.8	4,502.0

*_/ Figures subject to revisions due to changes and methodological modifications.

p_/ Preliminary.

1/ Includes the balance, denominated in pesos, of the General Account of the Federal Treasury and assets from the Federal Government as well as PEDBC's and Development Banks.

3_/ Refers to movements of direct debt associated to the PIDIREGA projects.

Source: Secretaría de Hacienda y Crédito Público.