

## Report on Public Finances and Public Debt First Quarter of 2008

- ***The pace of economic growth shows a similar performance to the one observed at the end of 2007: both the industrial and service sectors showed significant growth, as did exports, consumption and investment.***
- ***During the first three months of the year, more than 126,000 formal jobs were created.***
- ***Direct bank credit and all its components continued growing at high rates.***
  - ***Public Finances recorded a surplus.***
- ***Government revenues grew 6.1 percent in real annual terms, mainly due to non-oil tax revenues.***
- ***Programmable expenditures expanded 7.9 percent in real annual terms during the first quarter of 2008. Significant increases in fostered physical investment (10.6 percent), shared revenues allocated to Federal Entities (37.4 percent), and higher expenditures on economic development (19.7 per cent) were observed.***
- ***By the end of the first quarter of 2008, the Public Sector's net domestic debt was 19.4 percent of GDP, 0.5 percentage points lower than the one observed at the end of the previous year. The average maturity of the government's internal debt increased by 126 days.***

The results of the Report on Public Finances and Public Debt for the first quarter of 2008 were published today. The following results stand out:

- **The rate of expansion of economic activity in Mexico shows a similar pace to the one observed at the end of 2007. GDP is estimated to have grown at an annual rate of close to 3.0 percent during the first quarter of the year. It is worth noting that this growth is affected downwards due to the Easter holiday, adjusting by this effect the annual growth rate could be one percent higher.**

- **During the first bimonthly period of 2008, industrial production and the supply of services grew by 4.0 and 5.3 percent, respectively, in real annual terms, while primary activities increased at an annual rate of 2.1 percent.**
- **During the first quarter of the year, sales of the main departmental and supermarket stores grew by 11.1 percent in real annual terms and the nominal value of manufacturing exports grew by 10.5 percent in real annual terms. In January 2008, fixed capital investment increased by 10.5 percent in real annual terms.**
- **By the end of March 2008 the number of workers registered in IMSS was 14 million 848 thousand, which implies an annual increase of 626 thousand 370 formal jobs (when adjusted by the Easter holiday an increase of 4.7 percent would be observed). During the year more than 126,000 jobs were created.**
- **Direct bank credit to the private sector increased at a real annual rate of 24.6 percent in February 2008. Within, all its components continued growing at high rates.**
- **During the first quarter of 2008, the public balance recorded a surplus of Ps. 100.8 billion, amount that is slightly lower than the one registered in the same period of the previous year, in real terms.**
- **The Public Sector's Borrowing Requirements were Ps 66.2 billion, 0.6 percent of the estimated GDP for 2008.**
- **The Public Sector's revenues increased 6.1 percent in real annual terms with respect to 2007. Oil-related and non-oil tax revenues increased 4.2 and 17.1 percent in real annual terms, respectively.**
- **The increase in oil revenues derived from a higher oil price was limited as result of both lower oil production and exports, an increase in gasoline imports and the observed exchange rate appreciation.**
- **Within non-oil tax revenues, the Income Tax-Unique Rate Corporate Tax, Imports, and VAT collection stand out with annual increases of 26.3, 11.5 and 8.8 percent, respectively.**

- **The Federal Government announced, on February 6<sup>th</sup>, the creation of the National Infrastructure Fund 2008 and, on March 3<sup>rd</sup>, the Program to Support the Economy, Investment and Employment. These two elements together with the Federation's Expenditure Budget for 2008 are the counter-cyclical policy components implemented to face the uncertain and volatile international environment.**
- **Net budgetary expenditures of the public sector were 9.5 percent higher in real annual terms than those registered during the same period of 2007. Programmable expenditures expanded by 7.9 percent in real annual terms. Within them, those channeled to economic development posted a real annual increase of 19.7 percent with respect to those observed during the first quarter of 2007.**
- **Physical investment fostered by the public sector increased 10.6 percent in real terms and physical budgetary investment grew 48.8 percent compared to the first quarter of 2007.**
- **Up to March, the Federal resources transferred to States and Municipalities increased 17.5 percent in real annual terms. In particular, shareable revenues allocated to Federal Entities and Municipalities increased 37.4 percent in real annual terms.**
- **The public sector's financial cost was Ps. 35.5 billion, 24.3 real percent lower with respect to the first quarter of 2007.**
- **By the end of the first quarter, the Public Sector's net debt, which includes the Federal Government, PEDBC's and development banks net debts, was 19.4 percent of GDP. Within, domestic debt was 15.8 percent of GDP, while external debt was 3.6 percent of GDP.**

### **Economic Outlook**

The available information suggests that during the first quarter of 2008 domestic production continued to expand at relatively high annual rates, due to the prevailing dynamism of the formal labor market, direct bank credit, exports with non-U.S. destination, as well as the counter-cyclical policy adopted by the Federal Government. GDP is estimated to have grown at an annual rate of close to 3.0 percent during the first quarter of the year. It is worth noting that this growth is

affected downwards due to the Easter holiday, when adjusting for this effect the annual growth rate could be one percent higher.

These estimations are based on the following results:

- During the first bimonthly period of 2008 the Global Economic Activity Index (IGAE), the GDP proxy, grew 4.7 percent in real annual terms. Within, the different productive sectors behaved according to the following:
  - ✓ Primary activities increased at an annual rate of 2.1 percent.
  - ✓ Industrial production grew by 4.0 percent in real annual terms. Within:
    - Mining production decreased at an annual rate of 4.1 percent.
    - Manufacturing production registered annual growth of 6.2 percent.
    - Construction increased at an annual rate of 3.6 percent.
    - The electricity, gas and water sector expanded 7.5 percent in annual terms.
  - ✓ The supply of services grew 5.3 percent in real annual terms.
- The components of aggregate demand kept growing at high rates:
  - ✓ During the first quarter of 2008, sales of the main retail and departmental stores grew at an 11.1 percent real annual rate.
  - ✓ In January 2008, fixed capital investment grew 10.5 percent in real annual terms.
  - ✓ During the first quarter of 2008, the nominal US dollar value of total exports grew by 16.4 percent in annual terms. Oil related exports expanded 50.3 percent, while primary activities, mining and manufacturing exports increased 15.9, 11.7 and 10.5 percent, respectively. Within total non-oil exports, those with U.S. destination increased 7.7 percent while those to the rest of the world grew 25.9 percent in real annual terms. In the first quarter, imports of goods posted an annual increase of 17.5 percent; capital, consumer and intermediate goods imports grew 35.0, 22.1 and 13.7 percent, respectively.

By the end of March 2008 the number of workers registered with IMSS was 14 million 848 thousand, implying an expansion of 626 thousand 370 formal jobs, for an annual increase of 4.4 percent. When adjusted by the Eastern holiday an increase of 4.7 percent would be observed. During the year more than 126,000 jobs were created.

Annual headline inflation was 4.25 percent at the end of the first quarter of 2008, 49 basis points higher than the one registered in December 2007 (3.76 percent). This figure is explained by the observed pressures arising from the international prices of primary activities raw materials, energy and metals.

During the first quarter of 2008, international financial markets were characterized by high volatility. Some countries' Central Banks coordinated operations to boost liquidity which, combined with lower interest rates, contributed to partially mitigate the tensions of higher credit restrictions. Worth noting is the fiscal package approved by the United States Government to stimulate the economy.

Since the middle of January 2008, the stock market index (IPyC) maintained an upward trend. In this context, during the first quarter the stock market index (IPyC) posted a 4.66 percent nominal increase with respect to the closing value of December 2007, reaching 30,913 units.

The spot exchange rate was 10.64 pesos per USD on March 31st, which implied a nominal appreciation of 2.5 percent with respect to the closing value of December 2007.

Macroeconomic stability has contributed to the continuing expansion of banking credit to households and firms posting an increase of 24.6 percent in real annual terms in February, a Ps. 339.5 billion expansion in flow terms. Within, credit for consumption, housing and firms and individuals with entrepreneurial activities grew 18.3, 23.9 and 30.9 percent in real annual terms, respectively.

### **Public Finances**

During the first quarter of 2008 the public balance recorded a surplus of Ps.100.81 billion, amount that is Ps. 5.6 billion lower than the amount observed at the end of 2007. The primary surplus up to March was Ps. 140.3 billion, amount Ps. 21.9 billion lower than the one registered in 2007.

The public sector's budgetary revenues were Ps. 674.6 billion, 6.1 percent higher in real terms than the ones registered in the January-March period of 2007. With respect to the programmed calendar published on December 28, 2007 in the Official Gazette of the Federation, budgetary revenues registered an increase of Ps. 20.4 billion (3.1 percent) during the first quarter of the year.

Non-oil tax revenues grew by 17.1 percent in real annual terms with respect to the first quarter of 2007. Worth noting are real growth rates of 26.3, 11.5 and 8.8 percent in the Income Tax-Unique Rate Corporate tax, Imports tax and VAT collection, respectively. Oil revenues increased 4.2 percent in real terms due to the increase in the domestic price of oil by 69.9 percent which compensated for decreases in oil production and export platforms of 4.5 and 10.7 percent, respectively; higher imports of gasoline whose volume increased 37.4 percent, which along with the increases in energy prices in international markets led to a 79.0 percent real increase in the value of imports, and the observed exchange rate appreciation of 5.4 percent in real terms. Revenues from public entities under budgetary control other than PEMEX showed a real increase of 1.8 percent with respect to the previous year. The Federal Government's non-tax non-oil revenues were 47.8 percent lower, in real terms, than those observed in the same period of the previous year, mainly due to significantly higher non-recurrent revenues obtained in 2007.

The Federal Government announced, on February 6<sup>th</sup>, the creation of the National Infrastructure Fund and, on March 3<sup>rd</sup>, the Program to Support the Economy, Investment and Employment. These two elements together with the Federation's Expenditure Budget for 2008 are the components of the counter-cyclical policy implemented by the Federal Government. More details on these announcements can be obtained in the Press Releases 013/2008 and 021/2008 of the Ministry of Finance.

During the January-March period of 2008 the net budgetary expenditures of the public sector totaled Ps. 574.3 billion, 9.5 percent higher in real terms compared with the amount observed in the same period of 2007. Primary expenditure, defined as total expenditure net of financing costs, was Ps. 538.8 billion, 12.8 percent higher with respect to 2006. Programmable expenditure was Ps. 410.5 billion, which implies a 7.9 percent increase with respect to the first quarter of 2007. Regarding public sector expenditures during the first quarter of 2008, the following elements are worth highlighting:

- Within the expenditures channeled to social development, it is worth highlighting the real increases of expenditure on social security; social assistance, and urbanization, housing and regional development (2.2, 27.9 and 22.6 percent in real terms, respectively).
- Expenditure on economic development increased 19.7 percent in real annual terms compared to the first quarter of 2007.

- Capital expenditure increased 37.4 percent in real annual terms. In particular, physical investment increased at a real annual rate of 48.8 percent, and physical investment fostered by the public sector increased by 10.6 percent in real annual terms.
- Federal resources transferred to States and Municipalities through federal contributions, shareable revenues, wage and economic provisions, agreements of decentralization and reassignments increased 17.5 percent in real terms. In particular, shareable revenues increased 37.4 percent in real terms.
- Expenditures on personnel services increased 0.9 percent as a result of the containment measures that were implemented.
- Pension expenditures registered a real increase of 15.7 percent.
- The public sector's financing cost decreased 24.3 percent in real terms compared with the same period of last year. When adjusting for the 2008 methodological change which consists of discounting received interests on available financial assets of public entities, the financing cost reduction would be 8.6 percent.

In accordance to Article 61 of the Federal Budget and Fiscal Responsibility Law, a Medium-Term Program (MTP) will be established to promote higher efficiency and effectiveness of the Federal Public Administration through measures to modernize and improve the performance of public services, promote productivity in government entities and reduce operating expenses. The MTP includes, as main component, the program to reduce expenditures referred to in the second transitory article of Law. Once the MTP is established, progress and results will be informed each quarter.

In addition, the Executive Branch made progress in the implementation of results-based budgeting and the performance evaluation system. The budget for 2008 approved by Congress was prepared in accordance with the Federal Budget and Fiscal Responsibility Law so as to establish the elements to verify and monitor the fulfillment of the programs' objectives and targets, based on strategic and administrative indicators, in order to evaluate the results on the use of federal resources, the social impact of the programs and projects, and identify the efficiency, economy, effectiveness and quality of spending by the Federal Public Administration.

In this context, based on the terms and schedule included in the Law, the Executive, through the Ministry of Finance and Public Credit and the Ministry of Public Administration, published the agreement that establishes the guidelines of the Performance Evaluation System.

Additionally, the Federal Government through the Ministry of Finance and Public Credit, provided the Federal Entities with various normative documents, including the following:

- The general operation guidelines for the delivery of resources corresponding to the Ramo General 33, Federal Contributions to Federal Entities and Municipalities, through which the mechanisms for the definition of the performance indicators are established in order to monitor and evaluate the results of the use of these resources by those levels of Government. It is worth noting that the coordinating ministries of each Ramo 33 Federal Contributions Fund, in coordination with the Federal Entities governments, integrated the indicators for the monitoring progress.
- Guidelines to report the use, destination and results of the federal resources transferred to Federal Entities, were informed to local governments. This with respect to the resources they receive through federal contributions, subsidies and agreements.
- Rules of Operation of the Metropolitan Fund, through which studies, programs, projects and actions to boost economic competitiveness and productive capacities of metropolitan areas will be developed, as well as to support the implementation of infrastructure projects that contribute to their viability and mitigate their vulnerability to risks associated to natural phenomena, the environment and those caused by economic and demographic dynamics. In the 2008 Budget resources for the metropolitan areas of the Valley of Mexico, the cities of Guadalajara, Monterrey, León, Puebla, Querétaro and La Laguna were approved. These will constitute a Metropolitan Development Council and a Trust whose resources will be used in high priority and impact infrastructure-investment programs and projects for the development of the mentioned cities.

### **Public Debt**

The central objective of the actions in terms of managing public debt is to satisfy the funding needs of the Federal Government at the lowest possible cost, maintaining a level of risk consistent with the healthy evolution of public finances and the development of local financial markets. In line with this objective, the Public Debt strategy described in the Annual Financing Plan 2008 is based in two main guidelines: i) continue favoring the use of long term debt in pesos to finance the



Federal Government's deficit and ii) implement a liabilities policy focused on improving the cost and term structure of external debt, setting a net indebtedness target, except for the debt issued with international financial organisms.

During the first quarter of 2008 the actions undertaken to manage debt led to additional strengthening of the structure of both domestic and external debt. In this sense worth noting are, in terms of domestic debt, Bonos and Udibonos swap transactions and, in terms of external debt, the issuance of a global fixed-rate bond with maturity in 2040 and the early amortization of bonds in the international markets. The latter action enabled a further strengthening of the cost and term structure of the Federal Government external debt and carries particular importance as, despite the volatility in international markets, it was possible to conduct such operations successfully and on advantageous terms for the country, reflecting the positive outlook of the international financial community about the soundness of public finances and Mexico's economic prospects.

By the end of the first quarter of 2008, the Federal Government's net debt balance was Ps. 2,161.6 billion. As a percentage of GDP, the Federal Government's debt stood at 20.5 percent, 1.1 percentage points lower than the one observed at the end of 2007. Within, 16.3 percent of GDP corresponds to domestic debt and 4.2 percent of GDP to external debt.

Domestic net debt of the Federal Government at the end of the first quarter amounted to Ps. 1,714.4 billion, a level higher by Ps. 74 billion than that at the end of 2007. This was the result of: a) Ps. 57.2 billion of net borrowing, b) an increase in Federal Government assets by Ps. 138.5 billion c) upward accounting adjustments by Ps. 7.3 billion pesos, derived from the inflationary impact in indexed domestic debt.

The share of long-term fixed-rate Government securities increased from 54.2 percent at the end of 2007 to 56.0 percent at the end of the first quarter of 2008 and the average maturity of domestic debt increased by 0.34 years (126 days), from 5.59 to 5.93 years.

At the end of the first quarter, the net external debt of the Federal Government stood at USD 41.7 billion, USD 0.5 billion higher than at the end of 2007. This was the result of: a) USD 1.3 billion of net indebtedness, b) upward accounting adjustments by USD 0.8 billion, reflecting both the dollar exchange rate adjustment against other currencies in which the debt is issued, as well as the change of the market value of

the liabilities and b) a decrease in Federal Government assets in foreign currency by USD 0.97 billion.

At the end of the first quarter of 2008, the Federal Public Sector's net debt -which includes debt from the Federal Government, Public Entities under Direct Budgetary Control and the Development Banks- stood at 19.4 percent of GDP, 0.5 percentage points lower than the one at the end of 2007. Domestic Debt stood at 15.8 of GDP, 0.5 percentage points higher than the one observed at the end of 2007. Net external debt was 3.6 percent of GDP, exactly the same level as the one posted at the end of 2007.

At the end of the first quarter the Historical Balance of the Public Sector's Borrowing Requirements, the broadest definition of the Public Sector's liabilities, was Ps. 3,463.1 billion, amount equivalent to 32.9 percent of GDP, which is 1.1 GDP percentage points lower than the one at the end of 2007.

## ANNEX

PUBLIC SECTOR OVERALL BALANCE					
(Million pesos)					
Concept	January-March		Real % Growth	Composition %	
	2007 p./	2008 p./		2007	2008
<b>PUBLIC BALANCE (I+II)</b>	<b>102,436.3</b>	<b>100,814.9</b>	<b>-5.3</b>		
I. Budgetary Balance (a-b)	106,888.8	100,276.0	-9.7		
a) Budgetary Revenues	611,843.3	674,628.4	6.1	100.0	100.0
Oil related	196,661.9	212,944.4	4.2	32.1	31.6
Federal Government	128,488.0	201,305.1	50.8	21.0	29.8
PEMEX	68,173.8	11,639.3	-83.6	11.1	1.7
Non-oil related	415,181.5	461,684.1	7.0	67.9	68.4
Federal Government	321,432.5	362,553.1	8.6	52.5	53.7
Tax	279,360.6	339,737.0	17.1	45.7	50.4
Non-tax	42,071.9	22,816.1	-47.8	6.9	3.4
PEDBC	93,749.0	99,131.0	1.8	15.3	14.7
b) Net Budgetary Expenditures	504,954.6	574,352.4	9.5	100.0	100.0
Programmable	365,651.5	410,050.2	7.9	72.4	71.4
Non programmable	139,303.1	164,302.3	13.5	27.6	28.6
II. PEIBC	-4,452.4	538.9	n.s.		
Primary Balance	156,088.5	140,268.1	-13.5		

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 %	
	2007 p./	2008 p./		2007 p./	2008 p./
<b>TOTAL (I+II)</b>	<b>611,843.3</b>	<b>674,628.4</b>	<b>6.1</b>	<b>100.0</b>	<b>100.0</b>
I. Oil related (a+b)	196,661.9	212,944.4	4.2	32.1	31.6
a) PEMEX	68,173.8	11,639.3	-83.6	11.1	1.7
b) Federal Government	128,488.0	201,305.1	50.8	21.0	29.8
Rights and royalties on oil products	140,149.8	253,576.9	74.2	22.9	37.6
Excise taxes	-13,555.1	-54,827.4	n.s.	-2.2	-8.1
Tax on Downstream Returns	1,893.2	2,555.5	29.9	0.3	0.4
II. Non-oil related (c+d)	415,181.5	461,684.1	7.0	67.9	68.4
c) Federal Government	321,432.5	362,553.1	8.6	52.5	53.7
Tax	279,360.6	339,737.0	17.1	45.7	50.4
Income tax	134,641.7	160,195.4	14.5	22.0	23.7
IETU (Unique Rate Corporate Tax)	0.0	14,244.9	n.s.	0.0	2.1
VAT	112,313.3	126,969.2	8.8	18.4	18.8
Excise taxes	10,196.8	11,324.3	6.9	1.7	1.7
Import taxes	7,214.7	8,357.3	11.5	1.2	1.2
Others <sup>1/</sup>	0.0	0.0	n.s.	0.0	0.0
Non-tax	14,994.2	18,645.8	19.7	2.5	2.8
Rights	42,071.9	22,816.1	-47.8	6.9	3.4
Fees	6,232.4	6,404.8	-1.1	1.0	0.9
Others	34,186.3	14,789.8	-58.4	5.6	2.2
d) PEDBC <sup>2/</sup>	1,653.3	1,621.5	-5.6	0.3	0.2
VAT	93,749.0	99,131.0	1.8	15.3	14.7
Memorandum items:					
Total tax related	267,698.8	287,465.1	3.4	43.8	42.6
Total non-tax related	344,144.5	387,163.3	8.3	56.2	57.4

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 2008**  
 (Million Pesos)

	Programmed	Observed <sup>p./</sup>	Difference
<b>TOTAL (I+II)</b>	<b>654,199.4</b>	<b>674,628.4</b>	<b>20,429.0</b>
I. Oil related (a+b)	221,438.7	212,944.4	-8,494.3
a) PEMEX	47,538.2	11,639.3	-35,898.9
b) Federal Government	173,900.5	201,305.1	27,404.6
Rights and royalties on oil products	165,583.9	253,576.9	87,993.0
Excise taxes	7,070.0	-54,827.4	-61,897.4
Tax on Downstream Returns	1,246.6	2,555.5	1,308.9
II. Non-oil related (c+d)	432,760.7	461,684.1	28,923.4
c) Federal Government	334,996.6	362,553.1	27,556.5
Tax	321,052.7	339,737.0	18,684.3
Income tax	157,242.4	160,195.4	2,953.0
IETU (Unique Rate Corporate Tax)	12,031.5	14,244.9	2,213.4
VAT	119,241.9	126,969.2	7,727.3
Excise taxes	11,176.3	11,324.3	148.0
Import taxes	5,768.2	8,357.3	2,589.1
IDE	0.0	0.0	0.0
Others <sup>1./</sup>	15,592.4	18,645.8	3,053.4
Non-tax	13,943.9	22,816.1	8,872.2
Rights	2,757.6	6,404.8	3,647.2
Fees	9,964.0	14,789.8	4,825.8
Others	1,222.3	1,621.5	399.2
d) PEDBC <sup>2./</sup>	97,764.1	99,131.0	1,366.9
Memorandum items:			
Total tax related	329,369.3	287,465.1	-41,904.2
Total non-tax related	324,830.1	387,163.3	62,333.2

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

1./ Includes new vehicle, vehicle property, luxury goods and services and other.

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 %	
	2007p_/	2008 p_/		2007p_/	2008 p_/
<b>TOTAL (I+II)</b>	504,954.6	574,352.4	9.5	100.0	100.0
I. Primary expenditures (a+b)	459,871.7	538,881.3	12.8	91.1	93.8
a) Programmable	365,651.5	410,050.2	7.9	72.4	71.4
b) Non-programmable	94,220.3	128,831.1	31.6	18.7	22.4
II. Financing Cost <sup>1/</sup>	45,082.9	35,471.2	-24.3	8.9	6.2

Note: Figures may not add up due to rounding.

p\_/ Preliminary figures.

<sup>1/</sup> Includes interests, commissions and other public debt expenditures associated to debt support programs.

Source: Ministry of Finance and Public Credit.

<b>FEDERAL GOVERNMENT DEBT, MARCH * /</b>									
<b>CONCEPT</b>	<b>Outstanding as of</b>			<b>% of GDP</b>			<b>Structure (%)</b>		
	<b>Dec. 06</b>	<b>Dec. 07</b>	<b>Mar. 08 p./</b>	<b>Dec. 06</b>	<b>Dec. 07</b>	<b>Mar 08</b>	<b>Dec. 06</b>	<b>Dec 07</b>	<b>Mar. 08</b>
<b>DOMESTIC DEBT :</b>									
NET (Mill. pesos)	1,547,112.1	1,788,339.0	1,714,367.3	16.5	17.3	16.3	78.1	79.9	79.3
GROSS (Mill. pesos)	1,672,782.4	1,896,260.8	1,960,788.1	17.8	18.3	18.6	78.6	80.5	81.4
<b>EXTERNAL DEBT:</b>									
NET (Million USD)	39,806.6	41,281.4	41,761.4	4.6	4.3	4.2	21.9	20.1	20.7
GROSS (Million USD)	41,936.3	42,251.4	41,761.4	4.9	4.4	4.2	21.4	19.5	18.6
<b>TOTAL DEBT:</b>									
NET (Million pesos)	1,980,247.7	2,236,911.0	2,161,055.6	21.1	21.6	20.5	100.0	100.0	100.0
(Million USD)	181,991.3	205,859.5	202,039.6						
GROSS (Million pesos)	2,129,091.3	2,355,373.0	2,407,476.4	22.7	22.7	22.8	100.0	100.0	100.0
(Million USD)	195,670.6	216,761.4	225,077.7						

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

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

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

p./ Preliminary

Source: Ministry of Finance and Public Credit.

## FEDERAL GOVERNMENT DOMESTIC DEBT, JANUARY-MARCH \*\_/

(Million pesos)

Concept	Outstanding December 2007	Disp.	Indebtness Amort.	Net	Adjustments <sup>1</sup> - /	Outstanding March 2008 p./
<b>Net Domestic debt balance</b>	<b>1,788,339.0</b>					<b>1,714,367.3</b>
Assets <sup>2</sup> /	-107,921.8					-246,420.8
<b>Gross Domestic debt balance</b>	<b>1,896,260.8</b>	<b>392,848.2</b>	<b>335,638.4</b>	<b>57,209.8</b>	<b>7,317.5</b>	<b>1,960,788.1</b>
Government Securities	1,795,833.3	363,354.9	318,688.9	44,666.0	5,934.6	1,846,433.9
Cetes	340,453.7	246,066.9	262,318.2	-16,251.3	0.0	324,202.4
Bondes	137,509.1	0.0	33,009.1	-33,009.1	0.0	104,500.0
Bondes "D"	187,490.3	7,700.0	0.0	7,700.0	0.0	195,190.3
Fixed rate development bonds	895,052.9	88,182.0	21,132.5	67,049.5	2,288.0	964,390.4
Udibonos	235,327.3	21,406.0	2,229.1	19,176.9	3,646.6	258,150.8
<i>Udibonos udi's</i>	<i>59,834.3</i>	<i>5,409.9</i>	<i>562.5</i>	<i>4,847.4</i>	<i>60.9</i>	<i>64,742.6</i>
S.A.R. saving funds	62,937.8	29,397.1	15,531.6	13,865.5	1,020.8	77,824.1
Siefores (pesos)	879.2	4.6	242.3	-237.7	9.3	650.8
<i>Siefores udi's</i>	<i>223.5</i>	<i>1.1</i>	<i>61.4</i>	<i>-60.3</i>	<i>0.0</i>	<i>163.2</i>
Others	36,610.5	91.6	1,175.6	-1,084.0	352.8	35,879.3

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

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

p./ Preliminary..

1\_/ Adjustment for inflation.

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

Source: Ministry of Finance and Public Credit



**FEDERAL GOVERNMENT EXTERNAL DEBT, JANUARY-MARCH\* /**  
**(Million USD)**

Concept	Outstanding December 2007	Disp.	Indebtness Amort.	Net	Adjustments	Outstanding March 2008 p./
<b>Net Debt</b>	<b>41,281.4</b>					<b>41,761.4</b>
Assets <sup>1/</sup>	-970.0					0.0
<b>Gross Debt</b>	<b>42,251.4</b>	<b>1,577.0</b>	<b>2,853.4</b>	<b>-1,276.4</b>	<b>786.4</b>	<b>41,761.4</b>
Capital Markets	35,352.3	1,500.0	2,717.5	-1,217.5	694.6	34,829.4
IFI'S	6,622.7	77.0	132.6	-55.6	75.0	6,642.1
Bilateral Credit	199.9	0.0	3.3	-3.3	16.8	213.4
Others	76.5	0.0	0.0	0.0	0.0	76.5

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

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

p./ Preliminary

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

Source: Ministry of Finance and Public Credit

FEDERAL PUBLIC SECTOR DEBT, MARCH <sup>1/</sup>

CONCEPT	Outstanding as of			% of GDP			Structure (%)		
	Dec. 06	Dec. 07	Mar. 08 <sup>P./</sup>	Dec. 06	Dec. 07	Mar. 08	Dec. 06	Dec. 07	Mar. 08
<b>DOMESTIC DEBT :</b>									
NET (Mill. pesos)	1,471,714.9	1,686,787.0	1,658,527.2	15.7	16.3	15.8	74.1	81.8	81.1
GROSS (Mill. pesos)	1,741,407.6	1,957,992.3	2,039,598.6	18.6	18.9	19.4	74.5	76.5	76.2
<b>EXTERNAL DEBT:</b>									
NET (Mill. USD)	47,247.2	34,532.5	36,246.0	5.5	3.6	3.6	25.9	18.2	18.9
GROSS (Mill. USD)	54,766.3	55,354.9	59,578.7	6.3	5.8	6.0	25.5	23.5	23.8
<b>TOTAL DEBT: <sup>1/</sup></b>									
NET (Million pesos)	1,985,812.1	2,062,023.8	2,046,221.4	21.2	19.9	19.4	100.0	100.0	100.0
(Million USD)	182,502.7	189,765.0	191,303.6						
GROSS (Million pesos)	2,337,319.7	2,559,489.7	2,676,864.3	24.9	24.7	25.4	100.0	100.0	100.0
(Million USD)	214,807.4	235,546.0	250,263.1						

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

The Net Debt results from subtracting the Federal Government's financial assets from the Gross Debt., public entities and Development Banks assets.

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

P./ Preliminary.

<sup>1/</sup> 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: Ministry of Finance and Public Credit.

## FEDERAL PUBLIC SECTOR DOMESTIC DEBT, JANUARY-MARCH 2008

(Million pesos\*)

Concept	Outstanding Dec-07	Indebtedness			Adjust.	Outstanding Mar-08 <sup>p_/</sup>
		Disp.	Amort.	Net		
<b>NET DEBT</b>	<b>1,686,787.0</b>					<b>1,658,527.2</b>
Assets <sup>1/</sup>	-271,205.3					-381,071.4
<b>GROSS DEBT</b>	<b>1,957,992.3</b>	<b>447,210.3</b>	<b>379,485.4</b>	<b>67,724.9</b>	<b>13,881.4</b>	<b>2,039,598.6</b>
<b>STRUCTURE BY TERM</b>	<b>1,957,992.3</b>	<b>447,210.3</b>	<b>379,485.4</b>	<b>67,724.9</b>	<b>13,881.4</b>	<b>2,039,598.6</b>
Long-term	1,690,521.3	163,759.3	99,414.4	64,344.9	4,881.8	1,759,748.0
Short-term	267,471.0	283,451.0	280,071.0	3,380.0	8,999.6	279,850.6
<b>STRUCTURE BY USER</b>	<b>1,957,992.3</b>	<b>447,210.3</b>	<b>379,485.4</b>	<b>67,724.9</b>	<b>13,881.4</b>	<b>2,039,598.6</b>
Federal Government	1,896,260.8	392,848.2	335,638.4	57,209.8	7,317.5	1,960,788.1
Long-term	1,634,957.6	163,752.1	99,369.3	64,382.8	7,317.5	1,706,657.9
Short-term	261,303.2	229,096.1	236,269.1	-7,173.0	0.0	254,130.2
PEDBC's	27,120.1	8,354.9	1,836.6	6,518.3	-2,064.6	25,573.8
Long-term	21,120.1	0.0	37.5	-37.5	-2,064.6	19,018.0
Short-term	0.0	8,354.9	1,799.1	6,555.8	0.0	6,555.8
Development Banks	40,611.4	46,007.2	42,010.4	3,996.8	8,628.5	53,236.7
Long-term	34,443.6	7.2	7.6	-0.4	-371.1	34,072.1
Short-term	6,167.8	46,000.0	42,002.8	3,997.2	8,999.6	19,164.6
<b>STRUCTURE BY SOURCE</b>	<b>1,957,992.3</b>	<b>447,210.3</b>	<b>379,485.4</b>	<b>67,724.9</b>	<b>13,881.4</b>	<b>2,039,598.6</b>
Bonds placed in the local market	1,835,828.8	409,354.9	360,688.9	48,666.0	14,572.0	1,899,066.8
SAR	62,937.8	29,397.1	15,531.6	13,865.5	1,020.8	77,824.1
Commercial Banks	974.5	7.2	47.9	-40.7	-8.9	924.9
Others	58,251.2	8,451.1	3,217.0	5,234.1	-1,702.5	61,782.8

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

\*\_/ 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: Ministry of Finance and Public Credit

## FEDERAL PUBLIC SECTOR EXTERNAL DEBT, JANUARY-MARCH 2008

(Million Dollars\*)

Concept	Outstanding Dec-07	Indebtedness			Adjust.	Outstanding Mar-08 <sup>p/</sup>
		Disp.	Amort.	Net		
NET DEBT	34,532.5					36,246.0
Financial Assets Denominated in Foreign Currency 1_/	-20,822.4					-23,332.7
GROSS DEBT	55,354.9	8,665.9	6,049.4	2,616.5	1,607.3	59,578.7
STRUCTURE BY TERM	55,354.9	8,665.9	6,049.4	2,616.5	1,607.3	59,578.7
Long-term	54,435.0	3,518.2	3,572.6	-54.4	1,594.7	55,975.3
Short-term	919.9	5,147.7	2,476.8	2,670.9	12.6	3,603.4
STRUCTURE BY USER	55,354.9	8,665.9	6,049.4	2,616.5	1,607.3	59,578.7
Federal Government	42,251.4	1,577.0	2,853.4	-1,276.4	786.4	41,761.4
Long-term	42,251.4	1,577.0	2,853.4	-1,276.4	786.4	41,761.4
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC's	7,857.3	6,040.6	1,563.9	4,476.7	742.7	13,076.7
Long-term	7,857.3	1,936.0	251.4	1,684.6	735.2	10,277.1
Short-term	0.0	4,104.6	1,312.5	2,792.1	7.5	2,799.6
Development Banks	5,246.2	1,048.3	1,632.1	-583.8	78.2	4,740.6
Long-term	4,326.3	5.2	467.8	-462.6	73.1	3,936.8
Short-term	919.9	1,043.1	1,164.3	-121.2	5.1	803.8
STRUCTURE BY SOURCE	55,354.9	8,665.9	6,049.4	2,616.5	1,607.3	59,578.7
Publicly Placed Bonds	36,964.0	1,500.0	2,855.7	-1,355.7	733.8	36,342.1
IFI's	9,154.7	77.0	274.8	-197.8	87.8	9,044.7
Commercial Banks	1,553.5	2,968.1	1,377.9	1,590.2	10.1	3,153.8
Bilateral	2,932.6	16.2	228.5	-212.3	112.2	2,832.5
Restructured 1989-1990	76.5	0.0	0.0	0.0	0.0	76.5
Pidiregas	4,673.6	4,104.6	1,312.5	2,792.1	663.4	8,129.1

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

\*\_/ 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: Ministry of Finance and Public Credit