



Mexico City, October 30th, 2019

## Reports on Economic Activity, Public Finances, and Public Debt as of the Third Quarter of 2019

- During the third quarter of 2019, the global economy continued to show a slower pace of activity and there was greater synchrony in the slowdown between advanced and emerging economies. Trade tensions contributed more to the slowdown with lower trade intensity, higher uncertainty about trade policies, and reduced investment. The most affected sectors of the economies were those with the greatest exposure to international trade, such as the agricultural and industrial sectors, in particular, manufacturing, specifically, the means of transport and electronic products. Along these same lines, the macroeconomic information corresponding to the closing of the second quarter and the first months of the third quarter of 2019 indicates a slowdown in the growth rate of the Mexican economy.
- The Federal Government reiterates its commitment to macroeconomic stability and fiscal discipline, maintaining certainty in the public finances management and, thus, dealing with the current economic environment in the best way. Thus, by the end of the year, it is estimated to reach the primary surplus of 1.0% of GDP presented in the 2019 Economic Program.
- To strengthen Pemex's financial position and improve its profitability and long-term strategic contribution to the Mexican economy, in September, the Government of Mexico made an equity contribution to the company of Ps. 97.1 billion. This operation will not have an impact on the Public Sector net debt or the Historical Balance of the Public Sector Borrowing Requirements (HBPSBR). With this equity contribution, Pemex made the repurchase of an aggregate amount of approximately USD 5.0 billion in bonds, reducing significantly its debt in US dollars with maturities between January 2020 and September 2023.
- In the third quarter of 2019, the main balances of public finances presented better results than programmed. The primary balance registered a surplus of Ps. 279.9 billion, which compares favorably with a programmed surplus of Ps. 153.1 billion. Likewise, the public balance presented a deficit of Ps. 160.2 billion, which is less than the expected deficit for the period of Ps. 349.5 billion.
- In the first nine months of 2019, public sector budget revenues increased 1.0% in real terms compared to the same period of 2018 and were lower than the program by Ps. 12.0 billion. When excluding the equity contribution to Pemex, budgetary revenues registered a 1.5% reduction in real terms with respect to 2018.



- In January-September 2019 period, the net paid expenditure was lower than the program by Ps. 151.3 billion, as a result of a lower programmable expenditure of Ps. 81.0 billion and a lower non-programmable expenditure of Ps. 70.3 billion compared to the program, respectively. When excluding the equity contribution to Pemex, net paid expenditure was lower than the program by Ps. 248.5 billion.
- In the third quarter of 2019, the Public Sector Borrowing Requirements (PSBRs), which are the broadest measure of balance, registered a deficit of Ps. 172.5 billion, lower than the deficit observed in 2018 of Ps. 304.6 billion.
- The Historical Balance of the Public Sector Borrowing Requirements (HBPSBR) for the third quarter of 2019 was 43.0% of GDP.

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Today, the Ministry of Finance delivered to the Congress the Reports on the Economic Activity, Public Finances, and Public Debt as of the third quarter of 2019, in compliance with the provisions of Article 107 of the Federal Budget and Fiscal Responsibility Law (LFPRH). The reports have also been made available to the public through the website of the Ministry. The main aspects of these reports are presented below.

### Economic Outlook

In the third quarter of 2019, the global economy continued to show signs of a slowdown in line with the economic cycle. Trade tensions and geopolitical conflicts were factors that contributed significantly to the global slowdown. The most affected sectors of the economies were those with the greatest exposure to international trade, such as the agricultural and industrial sectors, in particular, manufacturing, specifically, means of transport and electronic products. In this context, the International Monetary Fund (IMF), in its October update of the World Economic Outlook report revised downward its July estimate for global growth for 2019 from 3.2 to 3.0% and for 2020 from 3.5 to 3.4%.

Despite this context of greater uncertainty in the face of trade and geopolitical tensions and the deceleration of the world economy, employment levels remain strong, with wages growing marginally, although without significant inflationary pressures. In this context, several central banks, both in advanced and emerging economies, have loosened their monetary policy stances to support the expansion of economic activity.

In line with the process of deceleration in global economic activity, the Mexican economy has shown a slowdown. This is evidenced by the contraction in industrial activities, specifically in the mining and construction sectors which have registered three consecutive quarters with negative growth, as well as the significant decrease in public and private investment and the stagnation of consumption.

However, during the third quarter of 2019 the labor market had a stable behavior with a positive job creation, although with a slower rate of expansion. While the trajectories of participation, unemployment and informality rates remained at similar levels to those observed in the second quarter of the year. On the other hand, real wages (contractual and of contribution in the IMSS), as well as real wages per person employed in the manufacturing sector, exhibited annual increases in real terms.

With respect to prices, during the third quarter of 2019, the process of convergence to Banco de Mexico's 3.0% inflation target rate was achieved. The reduction in headline inflation was mainly due to the reductions registered in the non-core component, particularly in energy prices. The core component has remained relatively stable at levels above the 3.0% target, but within the range of variability of



this objective. Consequently, during this quarter, Banco de Mexico reduce twice its reference rate by 25 basis points each, placing it at the end of September at a level of 7.75%.

At the end of the third quarter, the exchange rate registered a depreciation of 2.66%. Additionally, the exchange rate showed greater volatility in the third quarter compared to the previous quarter due to the uncertainty generated by global trade tensions and the possibility of the approval of the United States-Mexico-Canada Agreement (USMCA) by the US Congress.

### Public Finances

Notwithstanding the economic environment, at the end of the third quarter of 2019, the main public finance balances were better than programmed. A surplus was registered in the public sector primary balance, defined as the difference between total revenues and expenses other than the financial cost, of Ps. 279.9 billion, greater than the program of Ps. 153.1 billion and the one recorded in the previous year of Ps. 114.2 billion. This result is in line with the primary surplus estimated in the 2019 General Economic Policy Guidelines of 1.0% of GDP for 2019. In the same period, the public sector deficit was Ps. 160.2 billion, lower than the deficit expected in the program of Ps. 349.5 billion and the deficit of Ps. 311.0 billion registered in the same period of 2018.

The Public Sector Borrowing Requirements (PSBRs), the broadest measure of public sector balance, registered a Ps. 172.5 billion deficit. In the same period of the previous year, the PSBRs registered a deficit of Ps. 304.6 billion.

It should be noted that to strengthen Pemex's financial position and improve its profitability and long-term strategic contribution to the Mexican economy, in September the Federal Government made an equity contribution to the company of Ps. 97.1 billion. This operation will impact neither the Federal Government's net debt nor the Historical Balance of the Public Sector Borrowing (HBPSBR). With this equity contribution, Pemex made the repurchase of an aggregate amount of approximately USD 5.0 billion in bonds, with which reduce significantly its debt in dollars with maturities between January 2020 and September 2023.

In the January-September 2019 period, the public sector budgetary revenues were lower than the program by Ps. 12.0 billion<sup>1</sup> and 1.0% higher in real terms with respect to the same period of last year. The deviation from the program is explained by lower oil revenues of Ps. 62.4 billion, mainly due to a lower platform production and lower internal sales volume of Pemex; CFE's lower revenues in Ps. 8.8 billion; lower tax revenues in Ps. 68.1 billion with respect to the program, mainly due to a lower

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<sup>1</sup> Corresponds to the Agreement that releases the monthly calendar of revenues forecast contained in Article 1 of 2019 Federal Income Law and based on the methodology used to compute such forecast, published on January 21, 2019 in the Official Gazette of the Federation (DOF).



collection of net VAT, which were partially offset by non-tax revenues higher than the program by Ps. 109.6 billion and by higher revenues from the entities under direct budgetary control (IMSS and ISSSTE) of Ps. 17.7 billion. By excluding the Federal Government's equity contribution to Pemex, oil revenues registered a deviation from the approved of Ps. 159.5 billion, which implies a 17.7% drop compared to the third quarter of 2018.

In January-September 2019, the net paid expenditure was Ps. 4.187 trillion, lower than the expected in the program by Ps. 151.3 billion. Within, the programmable expenditure was lower than the program by Ps. 81.0 billion, mainly due to a lower expenditure of Ps. 23.7 billion from the Centralized Public Administration and Ps. 91.8 billion from the IMSS, the ISSSTE and Pemex, which were partially offset by CFE's higher expenditure compared to what was originally planned by Ps. 33.7 billion. By excluding the Federal Government's equity contribution to Pemex, the programmable expenditure of the Centralized Public Administration is lower by Ps. 120.8 billion with respect to the program.

The non-programmable expenditure was lower than the expected in the program by Ps. 70.4 billion, due to lower financial cost of Ps. 37.7 billion; lower non-earmarked transfers to subnational governments of Ps. 24.1 billion and lower payment of commitments acquired by the Federal Government in previous fiscal years (Adefas, by its Spanish acronym) and others for Ps. 8.6 billion.

The public finances results at the end of the third quarter of 2019 ratify the Administration's commitment to sound public finances. For 2019, a primary surplus of 1.0% of GDP is expected as presented in the 2019 Economic Program. Likewise, the PSBRs are expected to represent 2.7% of GDP, a higher level than that presented in the 2019 Economic Program of 2.5% of GDP. This increase is mainly explained by the reduction of financial assets of the Federal Government as a result of the use of the Budgetary Revenues Stabilization Fund (FEIP, by its Spanish acronym) to compensate for the lower Federal Government's revenues with respect to those approved in the 2019 Federal Income Law. The year-end estimate for these variables allows us to anticipate that the Historical Balance of the RFSPs (HBPSBR) will be at 45.3% of GDP, in line with the presented in the 2019 Economic Program.

### Public Debt

The public debt management policy aims to cover the Federal Government financing needs at the lowest possible cost and maintaining an adequate level of risk given the characteristics of the country's public finances. This objective seeks to maintain a solid structure of liabilities in which long-term and fixed-rate liabilities in domestic currency dominate to reduce the risk that adverse shocks in financial variables have over public finances. Likewise, the management of public liabilities is carried out under the principle of transparency, by reporting regularly and in





detail about the evolution and the actions taken in place to improve the structure of public liabilities.

During the third quarter of the year, important actions were taken both in the management of internal and external debt that allowed strengthening the composition of public liabilities.

Regarding internal debt, on August 7<sup>th</sup>, the Federal Government conducted a new 30-year Udibonos issue in the local debt market for an amount of 3 billion UDIs. The auction had a total demand of more than 5.3 billion UDI's, which is equivalent to almost 1.8 times the amount placed. The instrument pays a coupon rate of 4.0% and offered a yield rate of 3.71%. The placement was made through the Udibonos Market Makers through a syndicated auction.

In order to improve the maturity profile and improve the liquidity of the local debt market, on September 4<sup>th</sup>, in a historic exchange of Bonds, the Federal Government made the first cross-swap of M and Udibonos Bonds. In this operation, instruments with maturities in 2019, 2020 and 2021 were exchanged and instruments with maturities between 2022 and 2050 were received, without incurring in additional indebtedness. In total, short-term debt was canceled for Ps. 70.4 billion, reducing amortization for 2019 in Ps. 395 million, 2020 in Ps. 59.6 billion, and 2021 in Ps. 10.3 billion.

On October 2<sup>nd</sup>,<sup>2</sup> the Federal Government placed a new reference of M Bonds at a fixed interest rate at 3 years for a total amount of Ps. 15 billion. The placement of the new reference was carried out under favorable conditions for the Federal Government despite the high volatility that persists in international financial markets and the uncertainty associated with the behavior of the global economy. The new reference bond due in March 2023 will pay a coupon rate of 6.75% and offer a yield rate of 6.71%, 14 basis points below the maximum rate of return offered in the syndicated auction. Domestic and foreign investors participated and a total demand of more than Ps. 28.2 billion was registered, equivalent to 1.9 times the amount placed. The placement was made through the Market Makers through a syndicated auction.

On October 16<sup>th</sup>,<sup>3</sup> the Federal Government made the second cross-swap of government securities to soften the profile of Federal Government debt maturities in domestic currency without incurring in additional indebtedness, and improve the liquidity of the local debt market by offering investors a broader range alternatives for rebalancing their portfolios allowing cross-swap between M and Udibonos bonds. In this operation, the debt of M and Udibonos bonds was

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<sup>2</sup> Although these operations are outside the period of this quarterly report, it is considered relevant to detail them in order to maintain constant communication about the management of public debt.

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exchanged, canceling the debt with maturities between 2020 and 2021 for Ps. 41.1 billion and the placement of government securities for Ps. 38.8 billion was carried out at market interest rates with maturities between 2023 and 2050.

Regarding external debt, on July 24<sup>th</sup>, the Federal Government carried out an exchange of bonds in international markets for around USD 3.6 billion. With this transaction, the Government of Mexico improved both its external market debt maturity profile and the financial position of its debt portfolio. The resources to finance this operation were obtained through: i) the reopening of the dollar bond with a maturity in 2029 and a coupon rate of 4.5% for a total amount of USD 1.5 billion with a yield rate of 3,738% at maturity; and ii) the issuance of a new 30-year reference bond with a maturity in 2050 and a coupon rate of 4.5% for a total amount of USD 2.1 billion and a yield rate of 4.552% at maturity.

With the resources obtained, an exchange of bonds denominated in dollars was made with maturities both in the short part (2019-2026) and in the long part (2031-2047) of the yield curve. The holders of these bonds were offered the possibility of repurchase or exchange of securities, either by the reopening of the dollar bond with a maturity in April 2029 or by the new reference to 30 years. In addition, a bond denominated in dollars with maturity in January 2021 was withdrawn. The transaction reached a maximum demand of USD 9.5 billion, equivalent to 2.6 times the total amount of the transaction and had the participation of 217 institutional investors of America, Europe, Asia, and the Middle East.

To strengthen Pemex's financial stability and improve its profitability and long-term strategic contribution to the Mexican economy, in September the Federal Government made an equity contribution in domestic currency of USD 5 billion to Pemex. This contribution was funded with the financial assets of the Federal Treasury.

Pemex used the funds from the equity contribution for the repurchase of an aggregate amount of approximately USD 5.0 million in bonds. With this operation, the company reduced significantly its debt in dollars with maturities between January 2020 and September 2023, which will give it more liquidity in this period.

At the end of the third quarter of 2019, the main risk indicators of the Federal Government's debt were as follows: regarding the composition of the debt, 76.2% of the Federal Government's net debt is denominated in pesos and the 23.8% in foreign currency. Within the internal debt, the average maturity term of government debt is 7.91 years, of these, 81.7% is at a fixed rate and long term. Within the external debt, the average maturity term of the external market debt is 18.56 years and 100% is at a fixed rate.

The evolution of the debt balances during the third quarter of 2019, are in line with the fiscal policy objectives of this year. At the end of the third quarter of 2019, the



Federal Government's net debt balance stood at Ps 8.353 trillion. On the other hand, the Federal Government's net external debt balance amounted to USD 101.0 billion.

Regarding the Public Sector net debt, which includes the net debt of the Federal Government, the State-Owned Enterprises, and the Development Banks, at the end of the third quarter of 2019, it stood at Ps. 11.036 trillion. The internal component of this net debt stood at Ps. 7.047 trillion and the external component amounted to USD 203.1 billion.

Finally, at the end of the third quarter of 2019, the HBPSBR, an indicator that includes the obligations of the Public Sector in its largest version, amounted to Ps. 10.692 trillion. Within, the internal component was Ps. 6.794 trillion and the external component amounted to USD 198.5 billion. As a proportion of GDP, HBPSBR stood at 43.0%, 1.9 percentage points lower than the level observed at the end of 2018.







## Annexes

### Public Sector Financial Situation (Million pesos)

Concept	January-September			Nominal Difference	Real Growth % 2018 <sup>p./</sup> (1)
	2018 <sup>p./</sup> (1)	2019 Program (2)	2019 Observed <sup>p./</sup> (3)		
<b>Public balance</b>	<b>-311,018.9</b>	<b>-349,533.4</b>	<b>-160,226.3</b>	<b>189,307.1</b>	<b>n.s.</b>
<b>Public balance excluding investment<sup>1/</sup></b>	<b>159,333.3</b>	<b>117,151.0</b>	<b>260,686.0</b>	<b>143,535.0</b>	<b>57.5</b>
Budgetary balance	-319,126.8	-349,833.4	-210,502.1	139,331.3	n.s.
Budgetary revenues	3,791,499.5	3,988,519.7	3,976,514.2	-12,005.5	1.0
Net budgetary expenditure	4,110,626.3	4,338,353.1	4,187,016.4	-151,336.7	-1.9
Programmable expenditure	2,966,967.8	3,097,887.6	3,016,895.4	-80,992.2	-2.1
Non-programmable expenditure	1,143,658.5	1,240,465.5	1,170,121.0	-70,344.5	-1.5
Entities under indirect budgetary control	8,107.9	300.0	50,275.8	49,975.8	497.0
Primary balance	114,202.1	153,092.6	279,868.3	126,775.6	135.9
<b>Public balance by entities</b>	<b>-311,018.9</b>	<b>-349,533.4</b>	<b>-160,226.3</b>	<b>189,307.1</b>	<b>n.s.</b>
Budgetary balance	-319,126.8	-349,833.4	-210,502.1	139,331.3	n.s.
Federal Government balance	-278,436.8	-358,697.8	-280,096.9	78,600.9	n.s.
State productive enterprises	-137,554.2	-51,592.0	-34,466.1	17,125.9	n.s.
PEMEX	-83,802.0	-68,407.4	-9,630.4	58,777.0	n.s.
CFE	-53,752.2	16,815.4	-24,835.7	-41,651.1	n.s.
Entities under direct budgetary control	96,864.3	60,456.4	104,060.9	43,604.5	3.4
IMSS	77,797.8	59,138.9	88,465.8	29,326.8	9.5
ISSSTE	19,066.4	1,317.5	15,595.1	14,277.6	-21.3
Entities under indirect budgetary control	8,107.9	300.0	50,275.8	49,975.8	497.0
<b>Memorandum items</b>					
PSBR	-304,600.9		-172,480.4		n.s.
Primary PSBR	326,457.7		500,261.7		47.5

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

n.s.: Not significant.

1./ Excludes up to 2.0% of the GDP of both State productive enterprises and Federal Government's physical investment as per the Article 1 of the 2018 Federal Income Law.

Source: Ministry of Finance.



Public Sector Budgetary Revenues  
(Million pesos)

Concept	January-September			Nominal Difference (3-2)	Real Growth % (3/1)
	2018 <sup>p./</sup> (1)	2019 Program (2)	2019 Observed <sup>p./</sup> (3)		
<b>Total</b>	<b>3,791,499.5</b>	<b>3,988,519.7</b>	<b>3,976,514.2</b>	<b>-12,005.5</b>	<b>1.0</b>
<b>Oil</b>	<b>713,910.1</b>	<b>770,030.6</b>	<b>707,638.1</b>	<b>-62,392.5</b>	<b>-4.6</b>
State productive enterprises (Pemex)	308,472.6	376,574.0	378,124.0	1,550.0	18.0
Federal Government	405,437.4	393,456.6	329,514.1	-63,942.5	-21.8
Mexican Oil Fund	405,437.6	393,456.6	329,471.8	-63,984.8	-21.8
Income Tax from contractors and assignees	-0.2	0.0	42.3	42.3	n.s.
<b>Non-oil</b>	<b>3,077,589.5</b>	<b>3,218,489.1</b>	<b>3,268,876.2</b>	<b>50,387.1</b>	<b>2.3</b>
Federal Government	2,503,397.5	2,607,536.9	2,649,016.2	41,479.3	1.9
Tax	2,299,285.9	2,513,552.1	2,445,465.5	-68,086.6	2.4
Income Tax	1,256,824.3	1,330,758.4	1,298,010.5	-32,747.9	-0.6
Value Added Tax <sup>1/</sup>	702,799.5	758,059.2	710,774.8	-47,284.4	-2.6
Excise Tax	250,265.9	330,736.5	344,690.3	13,953.8	32.6
Imports	46,494.1	51,882.4	49,134.8	-2,747.6	1.7
Tax on hydrocarbon exploration and extraction activities	3,963.2	3,370.8	4,422.7	1,051.9	7.4
Others	38,938.8	38,744.8	38,432.5	-312.3	-5.0
Non tax	204,111.6	93,984.8	203,550.6	109,565.8	-4.0
Entities under direct budgetary control	294,329.6	294,351.9	312,017.5	17,665.6	2.1
IMSS	255,394.0	267,957.9	279,619.3	11,661.4	5.4
ISSSTE	38,935.6	26,394.0	32,398.2	6,004.2	-19.9
State productive enterprises (CFE)	279,862.4	316,600.3	307,842.5	-8,757.8	5.9
<b>Memorandum items</b>					
Tax revenues excluding fuels Excise Tax	2,170,703.8	2,310,389.3	2,226,521.5	-83,867.8	-1.3

Note: Partial sums and variation may not add up due to rounding.

p./ Preliminary figures.

1./ Corresponds to the Income System collection (ISR + IETU + IDE).

Source: Ministry of Finance.



Public Sector Total Budgetary Expenditure  
(Million pesos)

Concept	January-September			Nominal Difference (3-2)	Real Growth % (3/1)
	2018 p_/ (1)	2019 Program (2)	2019 Observed p_/ (3)		
<b>Total</b>	<b>4,110,626.3</b>	<b>4,338,353.1</b>	<b>4,187,016.4</b>	<b>-151,336.7</b>	<b>-1.9</b>
<b>Primary expenditure</b>	<b>3,689,341.4</b>	<b>3,835,801.5</b>	<b>3,722,129.6</b>	<b>-113,671.9</b>	<b>-2.9</b>
Programmable	2,966,967.8	3,097,887.6	3,016,895.4	-80,992.2	-2.1
Federal Government	2,165,636.6	2,243,497.1	2,205,221.3	-38,275.9	-2.0
Autonomous branches	79,233.7	83,405.2	68,787.5	-14,617.7	-16.4
Administrative branches	875,198.7	869,979.0	902,044.8	32,065.8	-0.8
General branches	1,211,204.2	1,290,112.9	1,234,388.9	-55,724.0	-1.9
Entities under direct budgetary control	688,176.4	801,652.0	760,379.5	-41,272.5	6.4
IMSS	461,482.4	534,822.2	513,579.5	-21,242.7	7.1
ISSSTE	226,694.0	266,829.8	246,799.9	-20,029.8	4.8
State productive enterprises	640,359.7	662,163.6	645,386.2	-16,777.4	-3.0
Pemex	289,992.9	341,069.0	290,553.6	-50,515.4	-3.5
CFE	350,366.8	321,094.6	354,832.6	33,738.0	-2.5
(-) Compensated operations	527,204.9	609,425.2	594,091.5	-15,333.6	8.5
Non-programmable	722,373.6	737,913.9	705,234.2	-32,679.7	-6.0
Non-earmarked transfers	652,786.2	716,168.8	692,101.1	-24,067.7	2.1
Debits of Previous Fiscal Years and others	69,587.4	21,745.1	13,133.1	-8,612.0	-81.8
<b>Financial cost</b>	<b>421,284.9</b>	<b>502,551.6</b>	<b>464,886.8</b>	<b>-37,664.8</b>	<b>6.2</b>
<b>Memorandum items</b>					
Total net expenditure without outlays on financial investments, pension payments, non-earmarked transfers and financial cost <sup>1_</sup>	2,382,354.3	2,423,887.3	2,247,595.6	-176,291.6	-9.2
Total net expenditure without outlays on financial investments, pension payments and non-earmarked transfers	2,803,639.3	2,926,438.9	2,712,482.4	-213,956.5	-6.9
Total net expenditure without outlays on financial investments	4,038,515.8	4,302,056.3	4,041,958.0	-260,098.3	-3.6
Current structural expenditure	1,665,413.2	1,726,480.4	1,611,988.9	-114,491.5	-6.8

Note: Partial sums and variation may not add up due to rounding.

1\_ / If 2018 Debits of Previous Fiscal Years for contributions to the stabilization funds are excluded, total net expenditure decreased by 7.7% in real terms.

p\_ / Preliminary figures.

Source: Ministry of Finance.



Summary of the main indicators on Public finances  
(Billion pesos)

Concept	January-September			Annual			% advance with respect to:		
	2018 <sup>p./</sup> (1)	2019 <sup>p./</sup> (2)	Growth % real (2/1)	2019			2018 (1/3)	2019	
				2018 <sup>p./</sup> (3)	Program <sup>1./</sup> (4)	Estimated <sup>2./</sup> (5)		Program <sup>1./</sup> (2/4)	Estimated <sup>2./</sup> (2/5)
1. Budgetary revenues <sup>3./</sup>	3,791.5	3,976.5	1.0	5,115.1	5,298.2	5,360.0	74.1	75.1	74.2
2. Tax revenues	2,299.3	2,445.5	2.4	3,062. 3	3,311.4	3,237.2	75.1	73.9	75.5
3. Tax revenues without fuels excise tax (IEPS)	2,170.7	2,226.5	-1.3	2,874.7	3,042.1	2,933.4	75.5	73.2	75.9
4. Total net expenditure without outlays on financial investments, pension payments, non-earmarked transfers and financial cost	2,382.4	2,247.6	-9.2	3,232. 0	3,209.7	3,184.1	73.7	70.0	70.6
5. Total net expenditure without outlays on financial investments pension payments and non-earmarked transfers	2,803.6	2,712.5	-6.9	3,847.1	3,958.8	3,892.9	72.9	68.5	69.7
6. Total net expenditure without outlays on financial investments	4,038.5	4,042.0	-3.6	5,483. 8	5,756.1	5,679.7	73.6	70.2	71.2
7. Total net expenditure	4,110.6	4,187.0	-1.9	5,589.4	5,802.0	5,827.1	73.5	72.2	71.9
8. Current structural expenditure	1,665.4	1,612.0	-6.8	2,304.1	2,314.2	2,314.2	72.3	69.7	69.7
9. Primary balance	114.2	279.9	135.9	141.4	245.7	242.3	80.8	113.9	115.5
10. PSBR	-304.6	-172.5	n.a.	-517.0	-629.0	-681.0	58.9	27.4	25.3
11. HBPSBR	10,156.4	10,692.3	1.3	10,551. 7	11,288.3	11,245.7	96.3	94.7	95.1
12. Public debt	10,366.8	11,035.8	2.5	10,829. 9	11,363.9	11,378.0	95.7	97.1	97.0

Note: Partial sums may not add up due to rounding.

p./ Preliminary figures.

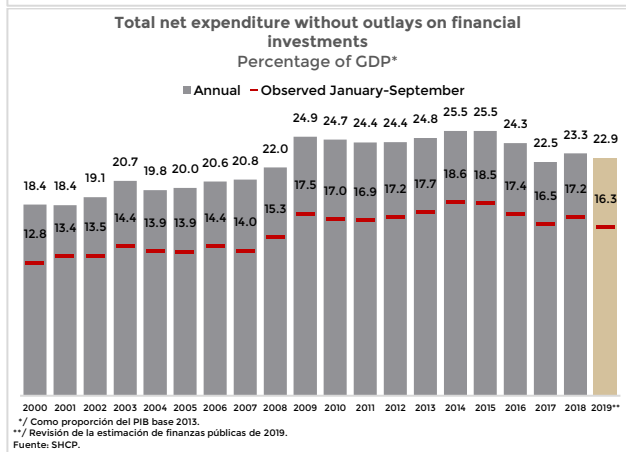
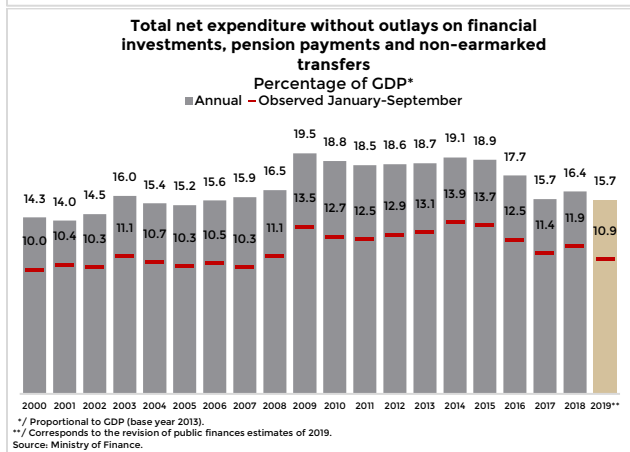
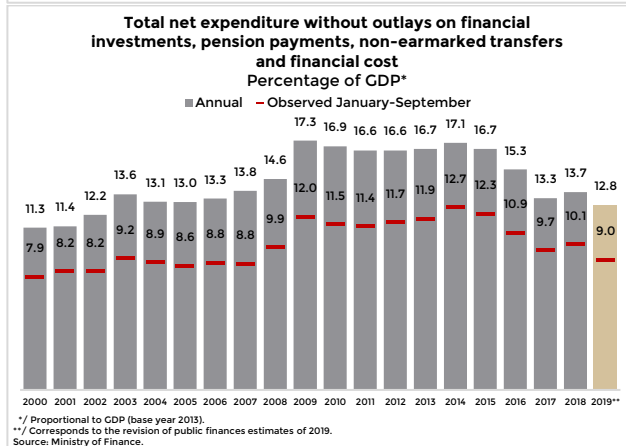
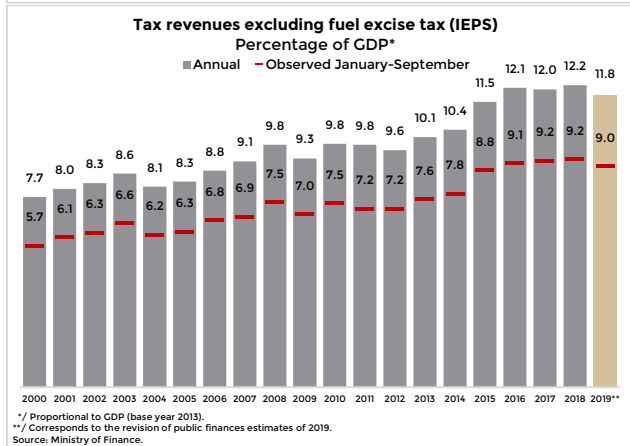
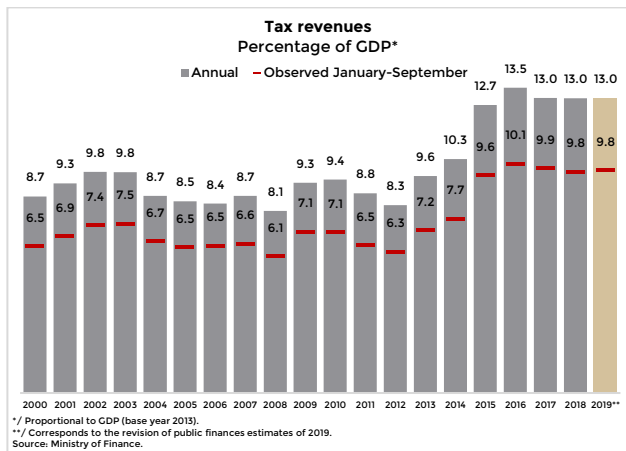
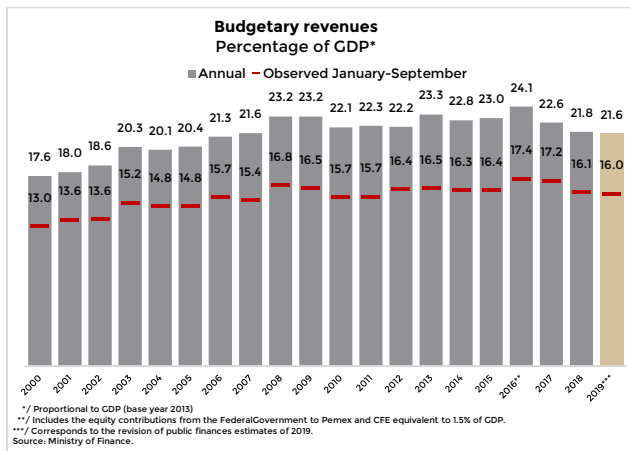
n.a.: Does not apply.

1./ Corresponds to the Federal Income Law and the Federal Budget for the fiscal year 2019 approved by the Congress.

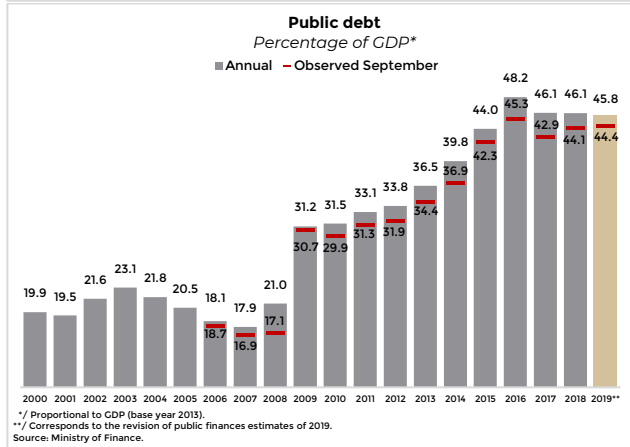
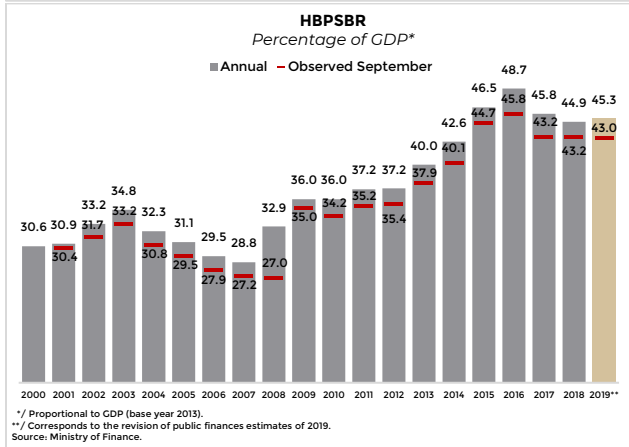
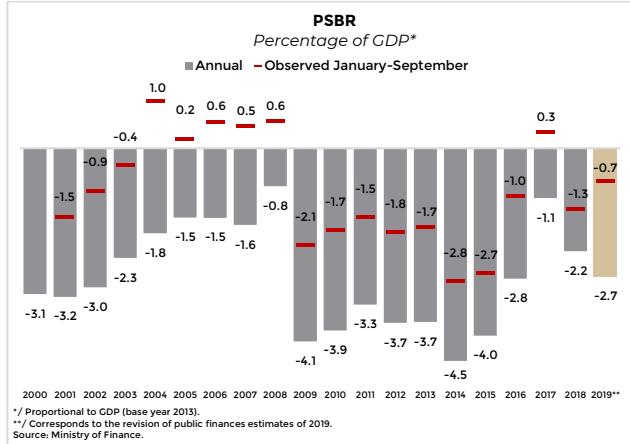
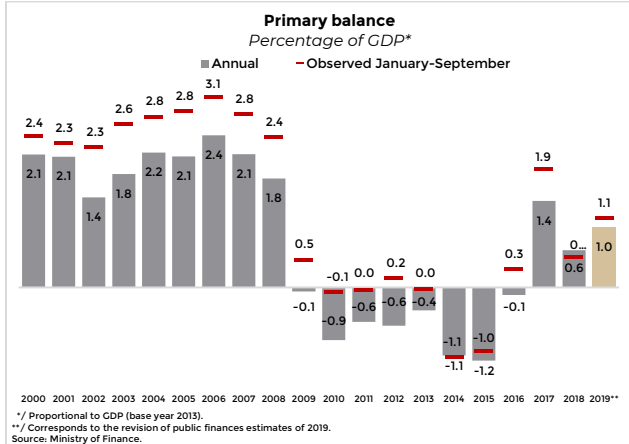
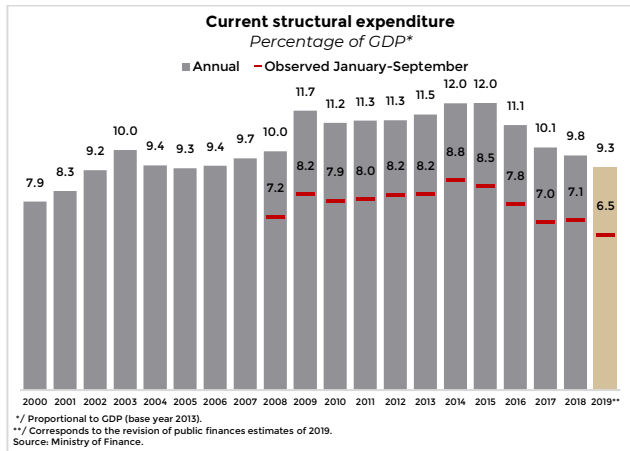
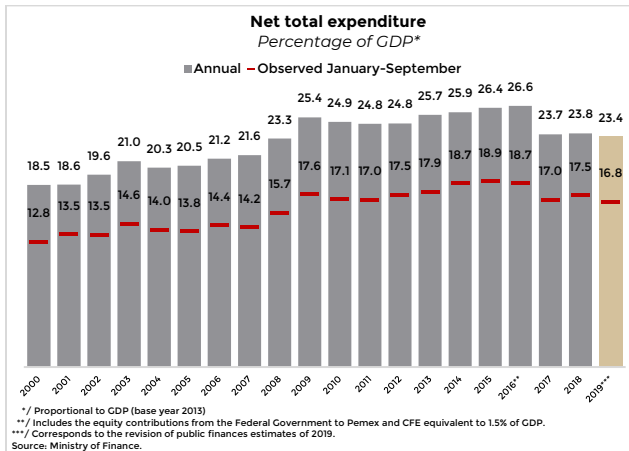
2./ Corresponds to the revision of public finances estimates of 2019.

3./ In accordance with article 21st of the Federal Budget and Fiscal Responsibility Law, 2019 estimated figures include Ps. 149.6 billion from resources of the Budgetary Revenues Stabilization Fund in order to compensate the oil and tax revenues decrease of the Federal Government.

Source: Ministry of Finance.









**Balance of Stabilization funds, 2018-2019**  
(Million pesos)

	<b>Dec-18</b>	<b>Sep-19</b>	<b>Difference</b>
<b>Total</b>	<b>388,771</b>	<b>372,966</b>	<b>-15,805</b>
Budgetary Revenues Stabilization Fund (FEIP)	279,771	260,185	-19,586
Federal Entities Revenues Stabilization Fund (FEIEF)	88,722	92,187	3,465
Mexican Oil Fund for Stabilization and Development (FMP)	20,278	20,593	315

Source: Ministry of Finance.



Federal Public Sector Debt Balances,  
September of 2019 \* \_/  
(Million pesos)

Concept	Balance			% of annual GDP <sup>2_/</sup>			% of GDP QoQ Annualized <sup>3_/</sup>			Percentage Structure		
	Dec-17	Dec-18 <sup>p_/</sup>	Sep-19 <sup>p_/</sup>	Dec-17	Dec-18	Sep-19	Dec-17	Dec-18	Sep-19	Dec-17	Dec-18	Sep-19
Domestic debt:												
Net (Million pesos)	6,284,707.0	6,867,594.7	7,046,699.3	28.7	29.2	28.4	27.5	28.1	28.8	62.3	63.4	63.9
Gross (Million pesos)	6,448,500.8	7,036,273.2	7,404,333.2	29.5	29.9	29.8	28.2	28.7	30.3	62.7	63.9	64.8
External debt:												
Net (Million dollars)	192,344.0	201,307.3	203,148.6	17.4	16.9	16.0	16.7	16.2	16.3	37.7	36.6	36.1
Gross (Million dollars)	193,981.2	202,355.3	204,680.5	17.5	17.0	16.2	16.8	16.3	16.4	37.3	36.1	35.2
Total Debt: <sup>1_/</sup>												
Net (Million pesos)	10,090,560.1	10,829,906.6	11,035,785.3	46.1	46.1	44.4	44.2	44.3	45.1	100.0	100.0	100.0
(Million dollars)	509,966.8	550,219.1	562,009.4									
Gross (Million pesos)	10,286,748.6	11,019,212.3	11,423,500.9	47.0	46.9	46.0	45.0	45.0	46.7	100.0	100.0	100.0
(Million dollars)	519,882.0	559,836.8	581,754.2									

Note: Partial sums and variations may not add up due to rounding.

The concept of Net Debt is obtained by subtracting from the Gross Debt Balance the financial assets of the Federal Government, and the availabilities of both State Productive Enterprises and Development Banks.

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

p\_/ Preliminary figures.

1\_/ Includes liabilities from the Federal Government, State Productive Enterprises and Development Banks.

2\_/ For the year 2019, the annual GDP published in the General Economic Policy Preliminary Guidelines 2020 (PCGPE 2020) was used.

3\_/ For the year 2019, the GDP of the second quarter was used, according to estimates from the Ministry of Finance.

Source: Ministry of Finance.



**Federal Government Domestic Debt, January-September \* \_/**  
(Million pesos)

Concept	Balance as of December 2018	Indebtedness			Adjustments <sup>2_/_</sup>	Balance as of September 2019 <sup>p_/_</sup>
		Origin.	Amort.	Net		
<b>1. Net Debt (3-2)</b>	<b>6,867,594.7</b>					<b>7,046,699.3</b>
2. Assets <sup>1_/_</sup>	168,678.5					357,633.9
<b>3. Gross Debt</b>	<b>7,036,273.2</b>	<b>2,954,449.0</b>	<b>2,615,235.6</b>	<b>339,213.4</b>	<b>28,846.6</b>	<b>7,404,333.2</b>
<b>Structure by Term</b>	<b>7,036,273.2</b>	<b>2,954,449.0</b>	<b>2,615,235.6</b>	<b>339,213.4</b>	<b>28,846.6</b>	<b>7,404,333.2</b>
Long-term	6,463,924.9	1,208,343.5	863,634.6	344,708.	42,865.4	6,851,499.2
Short-term	572,348.3	1,746,105.5	1,751,601.0	-5,495.5	-14,018.8	552,834.0
<b>Structure by User</b>	<b>7,036,273.2</b>	<b>2,954,449.0</b>	<b>2,615,235.6</b>	<b>339,213.4</b>	<b>28,846.6</b>	<b>7,404,333.2</b>
Federal Government	6,429,344.4	2,339,007.4	1,995,387.2	343,620.	21,156.9	6,794,121.5
Long-term	5,911,049.2	1,177,276.6	832,143.6	345,133.0	21,156.9	6,277,339.1
Short-term	518,295.2	1,161,730.8	1,163,243.6	-1,512.8	0.0	516,782.4
State Productive Enterprises <sup>3_/_</sup>	378,073.9	237,910.2	247,106.8	-9,196.6	-713.8	368,163.5
Long-term	366,773.9	2,500.0	23,422.8	-	-713.8	345,137.3
Short-term	11,300.0	235,410.2	223,684.0	11,726.2	0.0	23,026.2
Development Banks	228,854.9	377,531.4	372,741.6	4,789.8	8,403.5	242,048.2
Long-term	186,101.8	28,566.9	8,068.2	20,498.7	22,422.3	229,022.8
Short-term	42,753.1	348,964.5	364,673.4	-15,708.9	-14,018.8	13,025.4
<b>Structure by Source of Financing</b>	<b>7,036,273.2</b>	<b>2,954,449.0</b>	<b>2,615,235.6</b>	<b>339,213.4</b>	<b>28,846.6</b>	<b>7,404,533.2</b>
Issuance of Securities	6,321,902.1	2,144,809.7	1,749,597.8	395,211.9	25,557.0	6,742,671.0
Savings Fund	135,951.0	220,198.6	222,260.9	-2,062.3	3,362.3	137,251.0
Commercial Banks	99,700.5	437,460.3	443,555.0	-6,094.7	-108.4	93,497.4
ISSSTE's Law obligations <sup>4_/_</sup>	141,843.5	54.2	10,650.2	-10,596.0	1,367.6	132,615.1
PEMEX Pension bonds <sup>5_/_</sup>	133,774.4	0.0	32,272.8	-32,272.8	0.0	101,501.6
CFE Pension bonds <sup>6_/_</sup>	160,187.5	0.0	0.0	0.0	0.0	160,187.5
Others	42,914.2	151,926.2	156,898.9	-4,972.7	-1,331.9	36,609.6

Note: Figures may not add up due to rounding.

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

p\_/\_ Preliminary figures.

1\_/\_ Includes the net balance denominated in Mexican pesos, of the Federal Treasury's General Account, as well as assets from State Productive Enterprises and Development Banks.

2\_/\_ Corresponds to debt swaps, inflationary effect and others.

3\_/\_ Includes only PEMEX and CFE.

4\_/\_ Obligations associated with the new ISSSTE law.

5\_/\_ Obligations associated with the financial support from the Federal Government to PEMEX given the savings in their pension obligations, according to the "Agreement on the general provisions concerning the Federal Government's assumption of PEMEX and its Subsidiary Productive Enterprises' pensions and retirement obligations", published in the Federal Official Gazette on December 24th, 2015.

6\_/\_ Obligations associated with the financial support from the Federal Government to CFE given 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 14<sup>th</sup>, 2016.

Source: Ministry of Finance.

**Federal Government External Debt, January-September \*\_/**  
(Million dollars)

Concept	Balance as of December 2018	Indebtedness			Adjustments <sup>2./</sup>	Balance as of September 2019 <sup>p./</sup>
		Obligations	Amort.	Net		
<b>1. Net Debt (3-2)</b>	<b>201,307.3</b>					<b>203,148.6</b>
2. Financial assets in foreign currencies <sup>1./</sup>	1,048.0					1,531.9
<b>3. Gross debt</b>	<b>202,355.3</b>	<b>44,043.8</b>	<b>40,175.0</b>	<b>3,868.8</b>	<b>-1,543.6</b>	<b>204,680.5</b>
<b>Structure by term</b>	<b>202,355.3</b>	<b>44,043.8</b>	<b>40,175.0</b>	<b>3,868.8</b>	<b>-1,543.6</b>	<b>204,680.5</b>
Long-term	198,204.6	27,272.5	22,018.7	5,253.8	-1,425.5	202,032.9
Short-term	4,150.7	16,771.3	18,156.3	-1,385.0	-118.1	2,647.6
<b>Structure by user</b>	<b>202,355.3</b>	<b>44,043.8</b>	<b>40,175.0</b>	<b>3,868.8</b>	<b>-1,543.6</b>	<b>204,680.5</b>
Federal Government	95,845.6	11,650.6	5,065.8	6,584.8	-739.2	101,691.2
Long-term	95,845.6	11,650.6	5,065.8	6,584.8	-739.2	101,691.2
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
State Productive Enterprises <sup>3./</sup>	94,691.2	24,039.3	25,190.6	-1,151.3	-852.8	92,687.1
Long-term	94,391.2	15,403.3	16,717.9	-1,314.6	-852.8	92,223.8
Short-term	300.0	8,636.0	8,472.7	163.3	0.0	463.3
Development Banks	11,818.5	8,353.9	9,918.6	-1,564.7	48.4	10,302.2
Long-term	7,967.8	218.6	235.0	-16.4	166.5	8,117.9
Short-term	3,850.7	8,135.3	9,683.6	-1,548.3	-118.1	2,184.3
<b>Structure by Source of Financing</b>	<b>202,355.3</b>	<b>44,043.8</b>	<b>40,175.0</b>	<b>3,868.8</b>	<b>-1,543.6</b>	<b>204,680.5</b>
Capital markets	155,907.5	24,712.6	20,122.0	4,590.6	-1,412.3	159,085.8
International Financing Institutions (IFI's)	30,214.6	1,772.4	654.3	1,118.1	-68.7	31,264.0
International Trade	5,894.3	422.7	753.8	-331.1	-61.1	5,502.1
Commercial Banks	10,063.8	16,860.1	18,432.2	-1,572.1	5.2	8,496.9
Pidiregas	275.1	276.0	212.7	63.3	-6.7	331.7

Note: Figures may not add up due to rounding.

<sup>1./</sup> Figures subject to revisions and methodological changes.

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

<sup>1./</sup> Considers the net US dollar denominated balance of the General Account of the Federal Treasury as well as the availabilities of State Productive Enterprises.

<sup>2./</sup> Mainly corresponds to debt swaps, inflationary effect and others.

<sup>3./</sup> Includes only PEMEX and CFE.

Source: Ministry of Finance.