



## Reports on the Economic Situation, Public Finances and Public Debt – 4th quarter of 2020.

### PSBR

2020: -3.9% of GDP  
0.9 pp ↓ than Q3 estimate

### HBPSBR

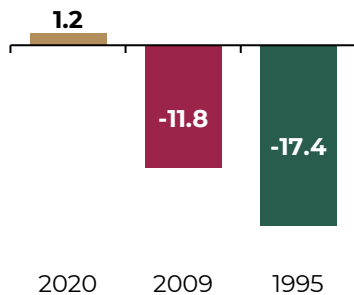
2020: 52.2% of GDP  
2.5 pp ↓ than Q3 estimate

### Primary balance

0.1% of GDP  
No change vs Q3 estimate

### Tax revenues\*

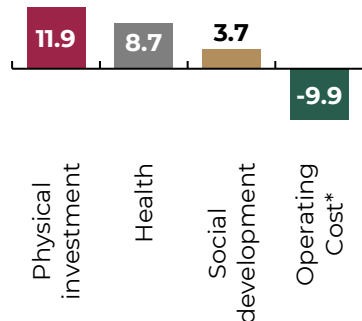
Real annual % change



\*Without excise fuel taxes.

### Expenditure

Real annual % change



\*Excluding wages.

*An effective and responsible fiscal policy underpinned macroeconomic stability. Economic recovery is underway, supporting better than anticipated fiscal figures for year-end.*

### Economic activity

- GDP preliminary estimate increased 3.1% q/q s.a. and decreased 8.3% y/y overall in 2020, similar to 2021 Economic Package's estimates.
- 9.5 million jobs or 77% of those lost since April's lockdown had been recovered by year end, supporting an increase in private consumption of 18.1% as of end-October, from its minimum in May.
- Economic recovery has been led by the less contact-intensive sectors. The secondary sector reached 96.6% of its 2019 level in the fourth quarter of 2020, while the figure for the tertiary sector was 94.7%.
- Inflation rate was 3.15% y/y in December and the peso appreciated 27.34% compared to the minimum observed in March.

### Public finances

- Tax revenues increased 0.8% in real annual terms in 2020, on the back of legal framework enhancements implemented since 2019.
- The Federal Government<sup>1</sup> programmable expenditure increased 168.2 bn pesos or 5.7% compared to the 2020 budget, aiming to balance support to the economic activity and fiscal responsibility.
- Public Sector Borrowing Requirements (PSBR) reached 3.9% of GDP, 0.9 percentage points (pp) lower than third quarter estimates mainly due to better-than-expected tax revenues.

### Public debt

- The Historical Balance of the Public Sector Borrowing Requirements (HBPSBR) or the net debt amounted to 52.2% of GDP, 2.5 pp lower than third quarter estimates mainly due to an 11.1% q/q appreciation of the peso and the reduction in the PSBR.
- The Federal Government debt composition remained solid, with 76.4% denominated in domestic currency. Within, 80.7% stood at fixed and long-term rate.
- Last year's strategic liability management operations by the Federal Government reduced domestic debt maturities for 2020 and 2021 by 200 bn pesos and external debt maturities for 2021 and 2022 by 4.8 bn dollars.
- The commitment to fiscal sustainability and a strong macro policy framework led to the renewal of IMF's Flexible Credit Line of 64 bn dollars and the reaffirmation of Mexico's investment grade credit rating by Fitch and S&P Global.

<sup>1</sup> Excluding other branches and autonomous bodies.



### Public Sector Budgetary Revenues

(Billion pesos)

Concept	2019	2020			Real Annual Growth (%)
		Program	Observed	Difference	
	(1)	(2)	(3)	(3-2)	(3/1)
<b>Total</b>	<b>5,385.0</b>	<b>5,523.3</b>	<b>5,339.9</b>	<b>-183.3</b>	<b>-4.1</b>
<b>Oil</b>	<b>955.7</b>	<b>987.3</b>	<b>605.8</b>	<b>-381.5</b>	<b>-38.7</b>
Pemex <sup>1/</sup>	523.8	574.5	407.5	-167.0	-24.7
Federal Government <sup>2/</sup>	431.9	412.8	198.3	-214.5	-55.6
<b>Non-Oil</b>	<b>4,429.3</b>	<b>4,535.9</b>	<b>4,734.1</b>	<b>198.1</b>	<b>3.4</b>
Federal Government	3,574.2	3,671.3	3,890.2	218.9	5.3
Tax	3,202.6	3,505.8	3,338.9	-166.9	0.8
Non-Tax	371.5	165.5	551.3	385.8	43.5
IMSS	381.5	400.9	390.2	-10.7	-1.1
ISSSTE	45.1	45.3	56.2	10.9	20.6
CFE	428.5	418.4	397.5	-20.9	-10.3

1/ Pemex's own revenues include net revenues from domestic and external sales, as well as revenues derived from services and equity contributions, among others.

2/ Includes revenues received by the government through the Mexican Oil Fund and the collection of the income tax from new contracts and allocations in the field of hydrocarbons.

Source: Ministry of Finance.

### Public Sector Expenditures

(Billion pesos)

Concept	2019	2020			Real Annual Growth (%)
		Program	Observed	Difference	
	(1)	(2)	(3)	(3-2)	(3/1)
<b>Total</b>	<b>5,792.6</b>	<b>6,070.4</b>	<b>6,000.0</b>	<b>-70.4</b>	<b>0.2</b>
<b>Programmable expenditure</b>	<b>4,232.6</b>	<b>4,370.1</b>	<b>4,455.2</b>	<b>85.1</b>	<b>1.8</b>
<i>Payments Deferral</i>	0.0	-37.3	0.0	37.3	0.0
Operating expenses	1,874.0	1,945.4	1,906.5	-38.9	-1.6
Wages and Salaries	1,216.7	1,318.7	1,294.2	-24.5	2.9
Other Operating Expenses	657.4	626.7	612.3	-14.4	-9.9
Pensions	876.9	965.2	954.5	-10.7	5.3
Subsidies, Transfers and Contributions	713.3	729.7	762.5	32.7	3.4
Aid and other expenses	37.3	5.5	39.7	34.3	3.0
Physical Investment	564.5	654.7	653.3	-1.4	11.9
Financial Investment	166.6	106.9	138.6	31.7	-19.5
<b>Non-programmable expenditure</b>	<b>1,560.0</b>	<b>1,700.3</b>	<b>1,544.9</b>	<b>-155.5</b>	<b>-4.2</b>
Financial Cost	666.5	727.4	686.1	-41.3	-0.4
Non-earmarked transfers	879.0	951.5	843.8	-107.6	-7.2
Debits from previous years	14.5	21.5	14.9	-6.6	-0.6

Source: Ministry of Finance.





### Public Sector Borrowing Requirements

Concept	Billion pesos			% of GDP		
	2019	2020		2019	2020	
		Program	Observed		Program	Observed
<b>Public Sector Borrowing Requirements (I+II)</b>	<b>-569.3</b>	<b>-678.5</b>	<b>-897.1</b>	<b>-2.3</b>	<b>-2.6</b>	<b>-3.9</b>
<b>I. Out of the Budget Financing Needs</b>	<b>-175.6</b>	<b>-131.3</b>	<b>-222.9</b>	<b>-0.7</b>	<b>-0.5</b>	<b>-1.0</b>
Long-term Productive Investment Projects (PIDIREGAS)	12.6	-24.8	12.2	0.1	-0.1	0.1
Bank Savings Protection System (IPAB)	0.1	-27.7	-0.6	0.0	-0.1	0.0
National Infrastructure Fund (FONADIN)	3.4	-13.5	-12.4	0.0	-0.1	-0.1
Debtors Program	2.7	-3.1	-2.4	0.0	0.0	0.0
Development Banks	7.2	25.2	0.3	0.0	0.1	0.0
Adjustment to budget records	-201.7	-87.4	-219.9	-0.8	-0.3	-1.0
<b>II. Public Balance (i+ii+iii+iv+v+vi)</b>	<b>-393.6</b>	<b>-547.1</b>	<b>-674.2</b>	<b>-1.6</b>	<b>-2.1</b>	<b>-2.9</b>
i. Federal Government	-498.7	-532.3	-595.6	-2.0	-2.0	-2.6
ii. Pemex	27.2	-62.6	-111.0	0.1	-0.2	-0.5
iii. Federal Electricity Commission (CFE)	6.0	0.0	0.0	0.0	0.0	0.0
iv. Mexican Social Security Institute (IMSS)	56.4	33.4	38.5	0.2	0.1	0.2
v. Institute for Social Security and Services for State Workers (ISSSTE)	1.5	14.4	8.0	0.0	0.1	0.0
vi. Entities under Indirect Budgetary Control	14.0	0.0	-14.1	0.1	0.0	-0.1
<b>Primary Balance</b>	<b>268.0</b>	<b>180.7</b>	<b>31.7</b>	<b>1.1</b>	<b>0.7</b>	<b>0.1</b>

### Public Sector Debt Balances

Concept	Balance (billion pesos)			% of GDP		
	Dec '18	Dec '19	Dec '20	Dec '18	Dec '19	Dec '20
<b>Domestic Debt</b>						
Net (Billion pesos)	6,867.6	7,188.5	7,711.3	29.2	29.4	33.3
Gross (Billion pesos)	7,036.3	7,570.6	7,979.4	29.9	31.0	34.5
<b>External Debt</b>						
Net (Billion USD)	201.3	203.7	221.5	16.8	15.7	19.1
Gross (Billion USD)	202.4	204.7	223.6	16.9	15.8	19.3
<b>Total Debt:</b> <sup>1/</sup>						
Net (Billion pesos)	10,829.9	11,027.4	12,130.4	46.0	45.1	52.4
(Billion USD)	550.2	585.2	608.1			
Gross (Billion pesos)	11,019.2	11,428.0	12,440.9	46.8	46.8	53.8
(Billion USD)	559.8	606.4	623.6			

<sup>1/</sup> Includes Federal Government, Pemex, CFE and Development Banks.

Source: Ministry of Finance.





## Domestic Public Sector Debt Balances

(Billion pesos)

Concept	Balance Dec '19	Indebtedness			Adjustments <sup>2/</sup>	Balance Dec '20
		Borrowing	Amortizations	Net		
<b>1. Net Debt (3-2)</b>	<b>7,188.5</b>					<b>7,711.3</b>
2. Assets <sup>1/</sup>	382.2					268.1
<b>3. Gross Debt</b>	<b>7,570.6</b>	<b>4,327.8</b>	<b>4,003.1</b>	<b>324.7</b>	<b>84.1</b>	<b>7,979.4</b>
<b>By Term</b>	<b>7,570.6</b>	<b>4,327.8</b>	<b>4,003.1</b>	<b>324.7</b>	<b>84.1</b>	<b>7,979.4</b>
Long-term	6,885.3	1,894.5	1,458.2	436.3	82.7	7,404.3
Short-term	685.4	2,433.3	2,544.9	-111.6	1.4	575.1
<b>By User</b>	<b>7,570.6</b>	<b>4,327.8</b>	<b>4,003.1</b>	<b>324.7</b>	<b>84.1</b>	<b>7,979.4</b>
<b>Federal Government</b>	<b>6,955.4</b>	<b>3,718.7</b>	<b>3,293.2</b>	<b>425.5</b>	<b>80.3</b>	<b>7,461.2</b>
Long-term	6,339.6	1,858.0	1,368.2	489.8	80.3	6,909.6
Short-term	615.8	1,860.7	1,925.0	-64.3	0.0	551.5
<b>State Productive Enterprises <sup>3/</sup></b>	<b>369.7</b>	<b>209.4</b>	<b>293.5</b>	<b>-84.1</b>	<b>1.8</b>	<b>287.4</b>
Long-term	318.2	10.0	52.9	-42.9	0.6	275.9
Short-term	51.5	199.4	240.6	-41.2	1.2	11.5
<b>Development Banks</b>	<b>245.5</b>	<b>399.6</b>	<b>416.4</b>	<b>-16.8</b>	<b>2.1</b>	<b>230.8</b>
Long-term	227.5	26.4	37.1	-10.7	1.9	218.7
Short-term	18.1	373.1	379.3	-6.1	0.2	12.1
<b>By Financing Source</b>	<b>7,570.6</b>	<b>4,327.8</b>	<b>4,003.1</b>	<b>324.7</b>	<b>84.1</b>	<b>7,979.4</b>
Issuance of securities	6,880.1	3,440.0	2,938.0	502.0	72.2	7,454.3
Pension funds SAR	142.2	300.0	297.1	2.9	7.6	152.7
Commercial banks	117.1	431.6	494.3	-62.7	0.4	54.9
ISSSTE's Obligations by Law <sup>4/</sup>	134.3	11.1	22.5	-11.4	3.5	126.5
PEMEX's Pension Bonds <sup>5/</sup>	101.5	0.0	101.5	-101.5	0.0	0.0
CFE's Pension Bonds <sup>6/</sup>	159.0	0.0	1.7	-1.7	0.0	157.3
Others	36.3	145.0	148.0	-3.0	0.4	33.8

1/ Includes the net balance of the Federal Treasury's General Account balance in Mexican pesos, and assets from Pemex, CFE and Development Banks.

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

3/ Pemex and CFE.

4/ Obligations associated with the new ISSSTE law.

5/ Obligations associated with the Federal Government's financial support to Pemex due to 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 Federal Government's financial support to CFE due to the savings in their pension obligations, according to the "Agreement on the general provisions concerning the Federal Government's assumption of the Federal Electricity Commission's pension and retirement obligations" published in the Federal Official Gazette on November 14th, 2016.

Source: Ministry of Finance.







## External Public Sector Debt Balances

(Billion dollars)

Concept	Balance Dec '19	Indebtedness			Adjustments <sup>2/</sup>	Balance Dec '20
		Borrowing	Amortizations	Net		
<b>1. Net Debt (3-2)</b>	<b>203.7</b>					<b>221.5</b>
2. Assets <sup>1/</sup>	1.0					2.1
<b>3. Gross Debt</b>	<b>204.7</b>	<b>56.9</b>	<b>42.6</b>	<b>14.3</b>	<b>4.7</b>	<b>223.6</b>
<b>By Term</b>	<b>204.7</b>	<b>56.9</b>	<b>42.6</b>	<b>14.3</b>	<b>4.7</b>	<b>223.6</b>
Long-term	201.0	33.0	21.2	11.8	4.8	217.6
Short-term	3.7	23.9	21.4	2.5	-0.1	6.1
<b>By User</b>	<b>204.7</b>	<b>56.9</b>	<b>42.6</b>	<b>14.3</b>	<b>4.7</b>	<b>223.6</b>
<b>Federal Government</b>	<b>99.6</b>	<b>21.6</b>	<b>12.2</b>	<b>9.4</b>	<b>3.3</b>	<b>112.3</b>
Long-term	99.6	21.5	12.1	9.4	3.3	112.3
Short-term	0.0	0.1	0.1	0.0	0.0	0.0
<b>State Productive Enterprises <sup>3/</sup></b>	<b>93.7</b>	<b>24.7</b>	<b>18.9</b>	<b>5.7</b>	<b>1.5</b>	<b>100.9</b>
Long-term	93.0	10.7	8.1	2.6	1.5	97.1
Short-term	0.7	14.0	10.9	3.1	0.0	3.8
<b>Development Banks</b>	<b>11.4</b>	<b>10.7</b>	<b>11.5</b>	<b>-0.9</b>	<b>-0.1</b>	<b>10.4</b>
Long-term	8.4	0.8	1.0	-0.3	0.0	8.1
Short-term	3.0	9.9	10.5	-0.6	-0.1	2.3
<b>By Financing Source</b>	<b>204.7</b>	<b>56.9</b>	<b>42.6</b>	<b>14.3</b>	<b>4.7</b>	<b>223.6</b>
Capital markets	157.6	29.3	18.4	10.9	4.1	172.5
International	31.5	2.0	1.1	0.9	0.4	32.8
Financing Institutions	5.4	1.5	0.9	0.6	0.1	6.1
International trade	10.0	23.8	21.9	2.0	0.1	12.0
Commercial banks	0.3	0.3	0.3	0.0	0.0	0.3
Pidiregas	0.0	0.1	0.1	0.0	0.0	0.0
Others						

<sup>1/</sup> It includes the USD denominated net balance of the Federal Treasury's general account as well as the availabilities Pemex, CFE and Development Banks.

<sup>2/</sup> It corresponds mainly to the effect of the exchange variation; debt repurchase operations and others.

<sup>3/</sup> Pemex and CFE.

Source: Ministry of Finance.

