



## Economic Activity Observatory

June 30, 2009

### Accrued budgetary income in May fell 6.9% (-2.3%) revised by hedging oil revenue) and expenditure rose 4.3% (-1.2% once the Pemex investment is eliminated)

- During the first five months of the year, oil revenue (hedging) fell by 10% as a result of the decline in exported volume, and non-oil revenue posted a 1.8% increase. However, within non-oil revenue, tax income dropped almost 15% compared to the same period last year, which was offset by non-tax income which is non-recurring.
- As for expenditure, financial spending grew dramatically at +12% in real terms, but only represents 6% of the total, and primary expenditure grew 3.8% for a total of 4.3%
- The public balance sheet with a 10 billion peso deficit (+126.4 billion peso revised) is within the budget and therefore does not represent any pressure
- Outlook: The economic recession and the health emergency have considerably affected tax revenue, especially Income Tax and VAT, which reduces the room for maneuver for the fiscal policy in the current climate, but does not put goals in the fiscal balance sheet (-1.8%) at risk for the present year.

#### Public Sector Overall Balance

(Billion pesos)

	Jan-may 2009p		Real % growth	
	Unadjusted	Adjusted	Unadjusted	Adjusted
Public balance	-10.0	126.4	ns	-11.1
Budgetary balance	-5.4	131.0	ns	-10.1
Budget Revenues	1,116.2	1,171.5	-6.9	-2.3
Oil related	308.3	363.6	-24.0	-10.3
Non-oil related	807.9	807.9	1.8	1.8
Federal Government	639.0	639.0	4.1	4.1
Taxes	488.8	488.8	-14.9	-14.9
Non-tax	150.1	150.1	279.3	279.3
State-owned Companies	168.9	168.9	-5.8	-5.8
Net Budgetary Expenditures	1,121.6	1,040.5	4.3	-1.2
Non-budgetary balance	-4.6	-4.6	n.s.	n.s.

#### Public Sector Revenues

(Billion pesos)

	Jan-may 2009		Real % growth	
	Unadjusted	Adjusted1	Unadjusted	Adjusted1
Budgetary Revenues	1,116.2	1,171.5	-6.9	-2.3
Oil related	308.3	363.6	-24.0	-10.3
IEPS	18.3	18.3	ns	ns
Non-oil related	807.9	807.9	1.8	1.8
Federal Government	639.0	639.0	4.1	4.1
Tax	488.8	488.8	-14.9	-14.9
Income Tax and IETL	269.0	269.0	-12.8	-12.8
VAT	165.0	165.0	-20.0	-20.0
Others	54.8	54.8	-7.1	-7.1
Non-tax	150.1	150.1	279.3	279.3
State-owned Companies	168.9	168.9	-5.8	-5.8

#### Public Sector Expenditures

(Billion pesos)

	Jan - may 2009		Real % Change
	2008	2009	
Total	1,013.4	1,121.6	4.3
Primary Expenditures	954.9	1,052.1	3.8
Programmable	739.1	886.4	13.0
Non-programmable	215.8	165.7	-27.7
Financing costs	58.5	69.5	12.0

#### Public Sector External Debt

(Million dollars)

	Balance at:	
	Dec 2008	May 2009
Net Debt (without Pidiregas)	24,319.4	29,267.7
Net Debt (with Pidiregas)	24,319.4	84,358.1
Financial assets in:		
Foreign currency (1)	32,619.8	1,538.9
Gross Debt	56,939.2	85,897.0

1) Net balance in dollars of the Federal Treasury's General Account

Source: BBVA Bancomer with SHCP data