



Economic Activity Observatory

August 28, 2009

Public Finances: from January to July, income pressures continued (-4.3% real) but expenditure growth remained positive (1.0%)¹

- The public balance sheet (adjusted for oil revenue to be received for hedges and Pemex expenditure) recorded an accumulated 40 billion pesos surplus in July.
- Over the period, revenues saw a 4.3% contraction (adjusted), as oil income and taxes saw major falls which were partially compensated by extraordinary income.
- Net adjusted budget spending grew at 1% real (6.8% without adjustment) with expansion in adjusted projected spending at 7.4% (15.2% without adjustment) and a contraction in non-projected spending at 15.2%, specifically in securities (-23.7%).
- Outlook: the change in spending seasonality and adjustments already announced to maintain the authorized public balance sheet will necessarily put pressure on expenditure at year-end.

Public Sector Overall Balance

(Billion pesos)

	Jan-July 2009p		Real % growth	
	Unadjusted	Adjusted	Unadjusted	Adjusted
Public balance	-143.9	40.0	ns	-68.6
Budgetary balance	-153.8	30.0	ns	-74.7
Budget Revenues	1,541.5	1,602.7	-8.0	-4.3
Oil related	467.6	467.6	-19.0	-19.0
Non-oil related	1,073.9	1,135.1	-2.2	3.4
Federal Government	837.6	898.8	-0.1	7.2
Taxes	672.3	672.3	-13.6	-13.6
Non-tax	165.2	226.5	175.6	277.7
State-owned Companies	236.3	236.3	-8.9	-8.9
Net Budgetary Expenditures	1,695.3	1,572.7	6.8	1.0
Non-budgetary balance	10.0	10.0	15.6	15.6

p = Preliminar

Public Sector Revenues

(Billion pesos)

	Jan-july 2009		Real % growth	
	Unadjusted	Adjusted	Unadjusted	Adjusted
Budgetary Revenues	1,541.5	1,602.7	-8.0	-4.3
Oil related	467.6	467.6	-19.0	-19.0
IEPS	22.9	22.9	ns	ns
Non-oil related	1,073.9	1,135.1	-2.2	3.4
Federal Government	837.6	898.8	4.1	7.2
Tax	672.3	672.3	-13.6	-13.6
Income Tax and IETL	365.8	365.8	-10.3	-10.3
VAT	232.3	232.3	-20.1	-20.1
Others	74.2	74.2	-6.3	-6.3
Non-tax	165.2	226.5	175.6	277.7
State-owned Companies	236.3	236.3	-8.9	-8.9

(Billion pesos)

	Jan - july 2009		Real % Change
	2008	2009	
Total	1,497.2	1,695.3	6.8
Primary Expenditures	1,368.2	1,539.9	6.2
Programmable	1,083.7	1,323.6	15.2
Non-programmable	284.5	216.3	-28.3
Financing costs	129.1	155.4	13.6

Public Sector External Debt

(Million dollars)

	Balance at:	
	Dec 2008	July 2009
Net Debt (without Pidiregas)	24,319.4	29,837.7
Net Debt (with Pidiregas)	24,319.4	84,373.8
Financial assets in foreign currency (1)	32,619.8	1,967.3
Gross Debt	56,939.2	86,341.1

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

Source: BBVA Bancomer with SHCP data

¹ Public finances need to be evaluated in the context of changes in legislation and oil revenue hedges