Annual Report

2009

BANCO DE MÉXICO

APRIL 2010

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Annual Report
Submitted to the President and the Mexican Congress
according to Article 51, Section III, of Banco de México’s Law

FOREWARNING

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Figures are preliminary and subject to changes. Although data is consistent within each section, comparing figures from different sections may differ because they have been estimated according to different sources and methodologies.

Contents

I. Introduction 11

II. International Environment 14

III. Developments in the Mexican Economy: General Overview 22

- III.1. Economic Activity 22
- III.2. Public Finances 32
- III.3. Financial Saving and Financing 40
- III.4. Inflation 47

IV. Monetary and Exchange Rate Policy 58

- IV.1. Monetary Policy 58
- IV.2. Exchange Rate Policy 65

V. Final Remarks 69

Appendices 71

Appendix 1 71

- Mexico’s Relationship with International Financial Institutions 71

Appendix 2 75

- Public Sector Borrowing Requirements (PSBR) 75

Statistical Appendix 81

Balance Sheet 140

I. Introduction

World economic activity started to recover in the second quarter of 2009, after having declined substantially during the six preceding months. The economic rebound responded to the fiscal and monetary stimulus measures implemented in most advanced economies and some emerging economies, as well as different measures adopted to stabilize the international financial system. Nevertheless, in spite of these measures, the global economy fell 0.6 percent during the year as a whole, its first contraction in the postwar period.

The world economy recovered differently among countries and regions. The U.S. economy experienced significant growth during the second half of 2009, while economic activity in the Eurozone and Japan also rebounded, although at slower rates. The strongest expansion was observed in emerging economies, particularly those of Asia, mainly due to the growth of domestic demand and exports.

At the start of the year, financial markets continued to show signs of weakness as a consequence of the crisis that broke out at the end of 2008. The coordinated response of the monetary and fiscal authorities of the major advanced and emerging economies helped to prevent the collapse of the financial system and later led to an improvement in financial market conditions, especially from the second quarter of 2009 onwards. The aforementioned resulted in a positive feedback between financial conditions and economic activity growth. Nevertheless, financial markets did not fully return to normal.

World inflation remained at low levels during 2009, although it rebounded slightly during the second half of the year. Annual inflation in most of the major advanced economies continued to post negative figures during the first half of the year, reflecting the prevailing economic slackness and the lower decline in commodity prices as compared with 2008. However, the increase in energy prices during the second half of 2009 pushed annual inflation into positive ground in most of these countries, except Japan. In emerging economies, annual inflation followed a downward pattern for most of 2009; nevertheless, towards the end of the year, it rebounded in response to a significant expansion of domestic demand in some of these economies and the impact of adverse weather conditions on food prices in others.

The absence of inflationary pressures allowed the major advanced economies' central banks to continue implementing extraordinarily accomodative monetary policies. During the first half of 2009, reference interest rates were either cut aggressively or kept at historically low levels, and then kept at those levels for the rest of the year. Although to a lesser degree, most emerging economies' central banks also relaxed their monetary policy stances either by reducing policy interest rate cuts or leaving them unchanged.

The negative trend of capital flows to emerging economies during most of 2008 and the first few months of 2009 reverted. The latter resulted from the large spread between interest rates in advanced economies and those in emerging economies, combined with expectations of this situation continuing for a long period, greater appetite for risk, and better prospects for growth in most emerging economies. The return of capital inflows allowed for a recovery of exchange rates against the US dollar and financial asset prices in general, and a decline in emerging economies' sovereign risk indicators.

Under such an international environment, the Mexican economy was influenced throughout 2009 by a sharp decline in external demand, a deterioration of its terms of trade, and extremely tight conditions in international financial markets. As a result, GDP contracted 6.5 percent in annual terms, figure similar to that registered during the 1995 crisis. During 2009, productive activity in Mexico underwent two different phases:

1. During the first half of the year, economic activity fell substantially in response to the contraction of external demand and the pass-though of this shock to the domestic market, as well as the impact of other temporary factors on production. Noteworthy among the latter were the outbreak of the influenza A (H1N1) virus and the temporary shutdown in Mexico of two American car makers that began bankruptcy proceedings.

2. In contrast, during the second half of the year, manufacturing exports rebounded mainly as a result of gradually improving external conditions. This behavior, combined with the fading of the shocks which had affected the economy during the second quarter of the year, contributed to the positive pattern followed by economic activity. Nevertheless, domestic demand stemming from the private sector recovered but less vigorously. As a result, the current account deficit remained low and economic conditions slackened.

A number of countercyclical measures were implemented in Mexico to reduce the effects of the international environment on domestic economic activity. On the one hand, sound public finances allowed for fiscal policy, through higher public expenditure, to take an active role in offsetting the fall in aggregate demand. On the other, Banco de México's Board of Governors loosened its monetary policy stance in a setting where medium and long-term inflation expectations remained well anchored.

During the first few months of 2009, concerns arose regarding the Mexican economy's sources of external financing. This was due to the deteriorating prospects for external revenues, particularly oil revenues, which together with the astringency in international capital markets raised the levels of uncertainty. The Ministry of Finance and Banco de México responded to this situation by adopting a series of coordinated measures. As for exchange rate policies, the Foreign Exchange Commission implemented different mechanisms to sell US dollars in order to prevent this market from facing liquidity problems.[1] Access to international liquidity facilities was also agreed with the U.S. Federal Reserve and the International Monetary Fund. These measures improved confidence, fostering more orderly conditions in foreign exchange and financial markets in general.

Headline inflation in Mexico followed a downward path during 2009, in an environment characterized by the absence of demand-related pressures due to weak economic activity. This behavior resulted from a combination of different factors which affected both core and non-core price indices. In particular, the

[1] The Foreign Exchange Commission is composed of officials from the Ministry of Finance (the Secretary and two Under Secretaries, one of which is directly appointed by the Secretary), Banco de México's Governor, and two members of the central bank's governing board appointed by the Governor.

supply shocks which had exerted a significant upward influence on inflation during 2008, especially those associated with international commodity prices, were finally absorbed. The same way, the Mexican government's policy of administered and regulated prices also contributed significantly to the decline in inflation, particularly the reduction and freezing of different energy goods' prices within the framework of the National Agreement in Favor of the Household Economy and Employment. In general terms, the main factor limiting the decline in inflation during 2009 was the effect of the depreciation of the exchange rate -which took place towards the end of 2008 and at the start of 2009- on tradable goods' prices. As a result, annual headline inflation fell from 6.53 to 3.57 percent between the end of 2008 and December 2009, while core inflation from 5.73 to 4.46 percent during the same period.

Thus, during the first half of the year, the balance of risks faced by monetary policy was more influenced by the behavior of economic activity than by inflation's trajectory. Banco de México took preventive monetary policy actions aimed at reducing the unfavorable effects of the external shock. Banco de México's Board of Governors decided to reduce the target for the Overnight Interbank Rate by a total of 375 basis points, from 8.25 percent at the end of 2008 to 4.50 percent on July 17, 2009. After taking into account the anticipated temporary effects of the fiscal measures on inflation and economic activity, the Board of Governors kept the referred target unchanged for the rest of 2009. Banco de México was at all times alert to prevent the Mexican economy's price formation process from becoming contaminated and ensure that medium and long-term inflation expectations remained well anchored.

II. International Environment

The world economy shrank 0.6 percent during 2009 (the previous year it had expanded 3.0 percent, Table 1). The recessive phase of the business cycle which had begun by the end of 2008 continued during the first quarter of 2009. The rest of the year, the world economy recovered gradually. This rebound was buoyed by the joint efforts of different countries' macroeconomic and financial policies, as well as the improvement in world trade. Nevertheless, economic recovery varied among regions and countries. Advanced economies contracted substantially during the year, while emerging economies, except those in Latin America, expanded. Although world inflation was relatively low in 2009, it rebounded slightly during the second half of the year in several advanced and emerging economies. International financial conditions began to improve during the second quarter but remained fragile as commercial banks in the major advanced nations continued the process of improving their balance sheets, which reduced the availability of credit.

Table 1
GDP and World Trade
Annual change (percent)

	2005	2006	2007	2008	2009
World GDP	**4.5**	**5.1**	**5.2**	**3.0**	**-0.6**
Advanced economies	2.6	3.0	2.7	0.5	-3.2
U.S.	3.1	2.7	2.1	0.4	-2.4
Eurozone	1.7	2.9	2.7	0.6	-4.1
Japan	1.9	2.0	2.4	-1.2	-5.2
Asian NICs 1/	4.7	5.6	5.7	1.8	-0.9
Developing and emerging market economies	7.1	7.9	8.3	6.1	2.4
Africa	5.7	6.1	6.3	5.5	2.1
Asia	9.0	9.8	10.6	7.9	6.6
Middle East	5.5	5.8	6.2	5.1	2.4
Latin America and the Caribbean	4.7	5.7	5.7	4.3	-1.8
World Trade of Goods and Services	7.8	9.1	7.3	2.8	-10.7

Source: World Economic Outlook, IMF, April 2010.
1/ Includes Hong Kong, South Korea, Singapore, and Taiwan.

Economic contraction in the U.S. slowed during the second quarter of 2009 and economic activity began to rebound in the following two quarters. The latter did not prevent GDP from falling 2.4 percent during the year, its largest drop in more than sixty years (Table 2). The components with the most negative impact on economic growth during 2009 were private fixed investment (2.7 percentage points) and inventories (0.7 points). Private consumption declined for the second consecutive year due to the deterioration of household finances, the sharp rise in unemployment, and the lower availability of credit. Net exports and government expenditure made positive contributions to growth and attenuated the decline of GDP. During the second half of the year, economic activity rebounded in response to a gradual growth of private consumption, investment in equipment and software, residential investment, and slower inventory deaccumulation.

Table 2
U.S. Aggregate Supply and Demand
Annualized annual and quarterly change (percent)

	2007	2008	2009	2009 I	2009 II	2009 III	2009 IV
GDP	**2.1**	**0.4**	**-2.4**	**-6.4**	**-0.7**	**2.2**	**5.6**
Domestic absorption 1/	1.7	-0.4	-2.8	-6.5	-1.0	2.3	1.7
Private consumption	2.6	-0.2	-0.6	0.6	-0.9	2.8	1.6
Private fixed investment	-2.1	-5.1	-18.3	-39.0	-12.5	-1.3	5.0
Non-residential	6.2	1.6	-17.8	-39.2	-9.6	-5.9	5.3
Residential	-18.5	-22.9	-20.5	-38.2	-23.3	18.9	3.8
Government expenditure	1.7	3.1	1.8	-2.6	6.7	2.6	-1.3
Exports of goods and services	8.7	5.4	-9.6	-29.9	-4.1	17.8	22.8
Imports of goods and services	2.0	-3.2	-13.9	-36.4	-14.7	21.3	15.8
Contribution to GDP Growth				**Percentage points**			
Net exports	0.63	1.20	1.07	2.64	1.65	-0.81	0.27
Fixed private investment	-0.35	-0.81	-2.74	-6.62	-1.68	-0.15	0.61
Change in inventories	-0.30	-0.37	-0.71	-2.36	-1.42	0.69	3.79

Source: Bureau of Economic Analysis (BEA).
1/ Excluding inventories.

Industrial production recovered during the second half of 2009 partly as a result of higher exports, lower inventory liquidation, and government car purchase support programs. Nevertheless, industrial production ended the year at a level similar to that recorded in 2002. Meanwhile, economic activity in the services sector continued to decline for most of 2009.

Although the economic recovery was underway, employment continued to contract in 2009. Almost five million jobs were lost during the year, while unemployment reached double digits in October (10.1 percent). The growth of production combined with job cuts implied a sharp increase in output per worker during the second half of the year.

The U.S. economy is therefore expected to operate under slack conditions for some time due to the high levels of unused capacity in both the industrial and services sectors, as well as the high levels of unemployment.[2]

Economic growth also recovered in other advanced nations during the second half of 2009, although at a slower pace than in the U.S. The Eurozone was significantly affected by the world financial crisis and, despite the substantial macroeconomic stimulus measures implemented by the region's main economies, its GDP fell 4.1 percent during the year. The most affected economies were those which had experienced large domestic and current account imbalances. The U.K. economy did not start to recover until the last quarter of the year, suffering its worst slump of the postwar period as GDP dropped 5 percent. A considerable decline in Japan's exports contributed to the sharp contraction of its economy during the first quarter of 2009 (GDP fell 5.2 percent during the year). Economic activity in that country started to rebound during the last quarter in response to increased exports and, to a lesser degree, consumption.

[2] See IMF, World Economic Outlook, April 2010.

Emerging economies, particularly those of Asia, exhibited stronger growth than advanced countries after the second quarter of 2009. Such performance obeyed to increases in their domestic demand and exports. China's economy grew 8.7 percent in 2009, figure slightly below that recorded during the previous year (9.6 percent). This result reflected to a large extent the continuation of stimulus measures implemented by the Chinese authorities. The Indian economy also slowed during 2009, although it continued to expand significantly (5.7 percent compared to 7.3 percent in 2008). In contrast, Russia's economy was seriously affected by the global recession and contracted 7.9 percent in 2009, a decline which more than reverted the growth registered during the previous year (5.6 percent).

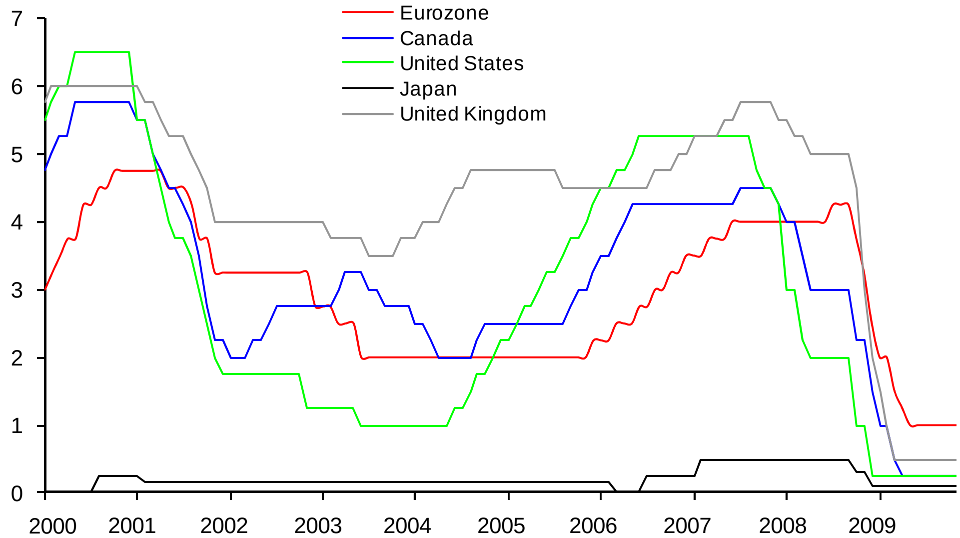
In Latin America and the Caribbean, GDP declined 1.8 percent in 2009 (compared to the 4.3 percent recorded in the preceding year). Most Latin American economies performed favorably during the second quarter, mainly in response to domestic demand. However, this was not enough to prevent an almost widespread contraction of economic activity in the region as a whole within the context of an international financial crisis. Although Brazil's economy began to recover during the second quarter, it still shrank 0.2 percent during the year as a whole, its first annual decline since 1992. The Chilean economy started to pick up in the third quarter, but accumulated a fall of 1.5 percent during the year.

Despite high inventory levels, commodity prices began to rise during the second quarter of 2009, and continued an upward trajectory for the remainder of the year mainly in response to the economic expansion in emerging economies. International oil prices started to increase during the second quarter of 2009.The price of the West Texas Intermediate (WTI) oil reached 81 US dollars per barrel in October and ended the year at 79.4 US dollars (an increase of 78 percent as compared with the end of 2008). Non-energy commodity prices also followed an upward pattern. According to the International Monetary Fund (IMF), non-energy commodity prices rose 27.0 percent in annual terms in December 2009, the 44.5 percent increase in metal prices being particularly noteworthy.

In 2009, inflation mostly responded to each economy's position in the business cycle. In some advanced nations annual CPI inflation declined during most of the year due to high levels of economic slackness and the impact of the fall in commodity prices during 2008. Nevertheless, the higher levels of energy prices during the second half of 2009 led to a rebound in inflation, although it remained at modest levels. Reduced inflationary pressures, the stability of inflation expectations, and the weakness of economic activity were the main factors behind the decisions of the major central banks to cut their policy interest rates or keep them on hold at historically low levels (Graph 1).

After having been in negative territory for most of 2009, annual CPI inflation in the U.S. posted positive figures in the last quarter of that year in response to higher energy prices. Thus, at the end of 2009 annual headline inflation was 2.7 percent, while annual core inflation, limited by the output gap, fluctuated between 1.4 and 1.9 percent during the year. The Federal Reserve Bank kept its federal funds rate target at a range of between 0 and 25 basis points.

Graph 1
Monetary Policy Rates of the Main Advanced Economies' Central Banks
Percent



Source: Central banks.

In the Eurozone, CPI inflation also fell for several months during 2009, ending the year at 0.9 percent in annual terms. Meanwhile, core inflation was 1.1 percent in December 2009. The European Central Bank (ECB) cut its policy interest rate by 25 basis points to 1.0 percent in May, and kept it at that level for the rest of the year. Annual headline inflation in the U.K. was 2.8 percent at the end of 2009. The Bank of England cut its reference interest rate from 1.0 to 0.5 percent in March. In Japan, the economy entered a new episode of deflation and the country's core price subindex was the only one among those of advanced economies to register a negative variation for most of the year. The Bank of Japan's reference interest rate remained at 0.10 percent throughout 2009.

In some emerging economies annual CPI inflation was higher in 2009 than in 2008, particularly during the fourth quarter. This resulted from a sharp increase in domestic demand and the effect of adverse weather conditions on food prices. Annual headline inflation in China shifted from 1.2 percent in December 2008 to 1.9 percent in December 2009. In India, the annual growth of wholesale prices rose from 6.2 to 8.1 percent during the same period. In Latin America, inflation was higher during the last quarter of 2009. In Brazil, annual CPI inflation rose slightly in October, ending the year at 4.3 percent (5.9 percent in 2008). Nevertheless, at the end of 2009 inflation was still below or within the main Latin American economies' inflation targets for that year. Worth mentioning is the fact that Chile started to experience deflation in August. Thus, most emerging economies' central banks either moderated the cuts in their reference interest rates or left such rates unchanged.[3]

[3] In 2009, the People's Bank of China kept the interest rate on loans of financial institutions at 5.31 percent, while the Reserve Bank of India cut its reference repo rate by 25 basis points to 4.75 percent in April, holding it at this level for the rest of the year. The Central Bank of Brazil made several cuts to its policy interest rate reducing it from 13.75 percent at the start of 2009 to 8.75 percent at the end of the year.

The coordinated response of authorities, in both major advanced nations and emerging economies, contributed to prevent the collapse of the financial system and avoided extremely tight credit market conditions from continuing. Despite these measures, however, financial markets remained volatile and bank credit continued to contract.

During 2009, authorities in the main advanced economies continued to implement measures to address financial system difficulties. In the U.S., the Department of the Treasury together with the Federal Reserve Bank and other bank supervisors, unveiled the Financial Stability Plan in February. The plan included the application of the Supervisory Capital Assessment Program (SCAP) to assess the capitalization requirements of the 19 largest banks in the U.S. The results of the stress tests carried out as part of the SCAP and published at the start of May, significantly boosted confidence in financial markets.

As part of the Financial Stability Plan, the Federal Reserve Bank also implemented different measures designed to foster economic activity and the smooth functioning of the financial system:

- The Term Asset-Backed Securities Loan Facility (TALF) began operating in March 2009.[4] In the middle of 2009 the authorities extended this program to include commercial mortgage-backed securities (CMBS) as eligible collateral.
- In March, the Federal Reserve also announced it would increase the purchase of mortgage-backed securities (MBS) from Government Sponsored Enterprises (GSEs) for up to 1.25 trillion dollars in 2009 and purchase debt issued by these institutions for up to 200 billion dollars. The Federal Reserve also announced its intention to purchase up to 300 billion dollars of long-term Treasury Bills.

As conditions improved, the Federal Reserve scaled back some special liquidity facilities, while maintaining or adapting those it still considered necessary. Thus, towards the end of June 2009 the Federal Reserve announced the extension and modification of several programs. Worth mentioning is the extension to February 1, 2010 of several programs designed to reestablish the functioning of some segments of financial markets.[5] The swap facilities established with other central banks, including Banco de México, were also extended.

From the beginning of 2009 other advanced economies strengthened measures designed to bolster their financial systems.[6] In addition to these measures there were also international cooperation efforts, such as the actions

[4] The Federal Reserve Bank of New York granted loans for up to a total of 200 billion dollars to holders of securities backed by car loans, student loans and credit cards, as well as to small companies.

[5] These include Asset-backed Commercial Paper Money Market Fund Liquidity Facility (AMLF); the Commercial Paper Funding Facility (CPFF); the Primary Dealer Credit Facility (PDCF); and, the Term Securities Lending Facility (TSLF). Furthermore, tighter conditions of access to the AMLF were introduced, the amount of funding auctioned under the Term Auction Facility (TAF) was reduced, TSLF coverage was decreased, and authorization for the Money Market Investor Funding Facility (MMIFF) was not renewed.

[6] For instance, Japan and the U.K. extended their liquidity facilities for financial intermediaries and created new corporate sector funding facilities. The central banks of these countries also announced the purchase of government bonds in order to increase money supply and boost liquidity conditions and financial system stability. Furthermore, at the end of 2009, the Bank of Japan unveiled a new liquidity facility designed to further support monetary loosening.

announced by the Group of 20 (G20) at the start of April (which aimed at strengthening the international regulatory and supervisory framework for the financial sector, substantially increasing funding for the main international financial organizations), and the establishment of the Financial Stability Board to give continuity to the Financial Stability Forum.

In June 2009, the European Central Bank (ECB) announced the purchase of up to 60 billion euros of covered bonds issued in the Eurozone. Towards the end of the year the ECB also modified several of its refinancing programs.

Among the most noteworthy of the international cooperation efforts were the fiscal stimulus measures adopted by different countries' authorities to prevent a generalized collapse of the financial markets, particularly in advanced economies. This contributed to restore confidence and established the foundations for economic recovery. Nevertheless, fiscal support measures implied substantial increases in both deficits and public sector debt, especially in developed countries (Graph 2). The contraction of economic activity and the stimulus policies in these economies were reflected in a significant deterioration of their fiscal positions. According to the International Monetary Fund, government debt in advanced economies rose from an average of 1.1 percent of GDP in 2007 to around 9 percent of GDP in 2009. Furthermore, the debt to GDP ratio rose from 73.7 percent to 91.3 percent during the same period.

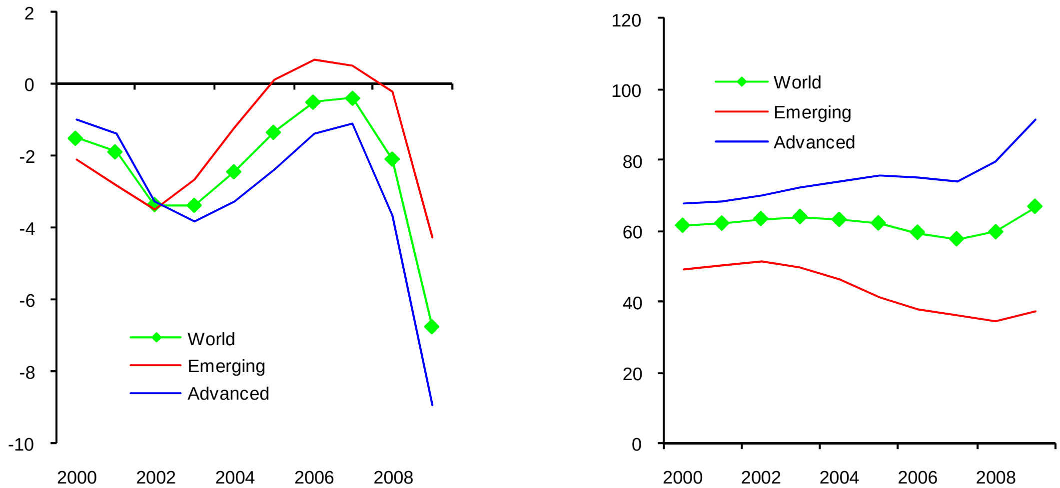
World financial markets faced conditions more favorable to their recovery from the second quarter of 2009. This translated into a positive feedback between economic growth and financial conditions. However, sudden changes in market confidence were observed throughout the year in response to changing perceptions of world economic conditions and global risk. In this regard, the episodes of volatility in international financial markets at the end of the year were related to the situation in Greece.

Among the signs of improvement in the world financial system was the expansion of financial activity in certain specific segments such as the markets for commercial paper and asset-backed financial instruments. In the same way, since the end of the first quarter of 2009, improved liquidity conditions began to be observed which were reflected in a narrowing spread between the London Inter-Bank Rate in US dollars (LIBOR) and the indicator of expectations for the U.S. federal funds rate (the Overnight Index Swap, OIS).

As for perceptions regarding the vulnerability of the U.S. banking sector, credit default swaps decreased in response to favorable financial results during the second and third quarters, as well as the continuation of programs supporting this sector. Meanwhile, the net percentage of institutions reporting a tightening of credit conditions declined gradually throughout the year.

Graph 2
Public Finances
Percent of GDP

a) Fiscal Balance   b) Public Debt



Source: IMF.   Source: IMF.

Under this setting, interest rates on long-term U.S. Treasury bills rose significantly during the year. Short-term interest rates remained anchored at low levels due to their close relationship with the policy rate. As a result, the yield curve reached historically high levels at the end of 2009.

As mentioned previously, monetary policy in advanced and emerging economies remained accomodative in 2009. Nonetheless, the relative stances and their bias varied according to each country's macroeconomic conditions. The lesser impact of the international financial crisis on emerging economies meant policy interest rates in these countries were higher and more likely to increase than those in the major advanced countries. This, together with the greater appetite for risk fostered by the return of more stable conditions in financial markets and expectations that emerging economies' currencies will continue to appreciate, has translated into financial investment opportunities and the resurgence of "carry trade" operations.[7]

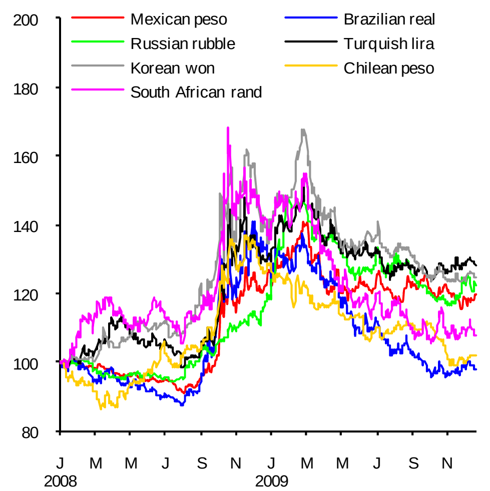
The negative trend observed in capital flows to emerging economies reverted during the second quarter of 2009, but it did not prevent a reduction in net capital inflows for the year as a whole. The return of capital since March was reflected in the appreciation of emerging economies' exchange rates against the US dollar (Graph 3a). Many emerging economies' stock markets, which had dropped significantly at the height of the crisis, registered higher gains than those in advanced countries (Graph 3b). Emerging economies' sovereign debt margins (EMBI Global) narrowed from the levels reached in 2008 in response to lower risk aversion after the second quarter (Graph 4). In some countries, such as Brazil,

[7] "Carry-trade" operations basically consist of obtaining financing in currencies with low interest rates and investing the balance in another currency with a higher interest rate. The yield from this type of operation comes from the relative appreciation between currencies (appreciation of the currency in which an investor goes "long" as compared to the currency used to fund the operation, i.e. the currency in which the investor goes "short") and the interest rate spread. The main risk in this type of operations is if the exchange rate moves in the opposite direction to that anticipated in such a way that any profit gained from the interest rate spread is stripped.

India, Korea and Taiwan, large capital inflows raised concern among their authorities, leading them to implement control mechanisms to prevent any undesired appreciation of their currencies.

Graph 3
Financial Indicators of Emerging Economies
Indices

a) Exchange Rate
Index 31/12/2007=100



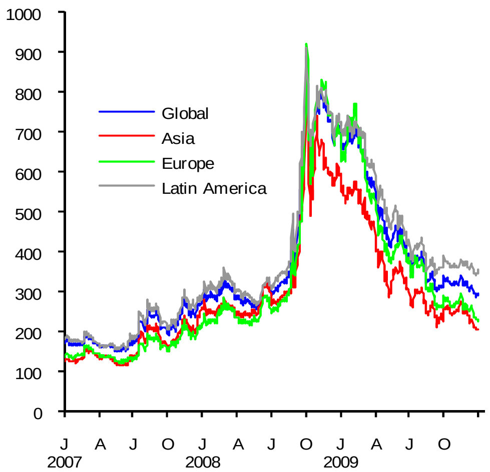
Source: Bloomberg.

b) Stock Exchanges
Index 31/12/2007=100

Source: Bloomberg.

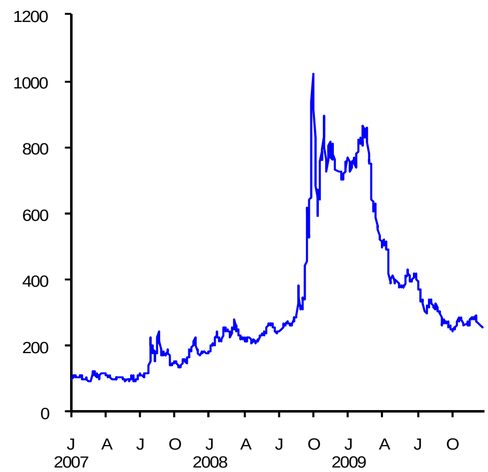
Graph 4
Risk Indicators

a) Sovereign Risk Spreads of Emerging Economies (EMBI Global)
Basis points



Source: Bloomberg.

b) Credit Default Swaps (CDS) of Emerging Economies
Basis points



Source: Bloomberg.

III. Developments in the Mexican Economy: General Overview

III.1. Economic Activity

The international environment described in the previous section meant Mexico faced significant falls in demand for its manufacturing exports and revenues from other current account items in 2009, as well as a sharp reduction in external financing and a shock in its terms of trade, as crude oil export prices fell significantly. The effect of the latter on external revenues from crude oil sales was exacerbated by the negative trend exhibited by export volumes of this fuel. Another factor which also intensified the decline in economic activity during the second quarter of the year was the outbreak of the influenza A (H1N1) virus and the consequences it had for demand in several sectors.

As a result of these events, economic activity in Mexico shrank 6.5 percent in annual terms in the year analyzed by this report, figure comparable with the contraction of GDP recorded during the crisis of 1995 (6.2 percent). However, throughout the year the Mexican economy underwent two clearly different phases. First, most of the contraction of economic activity in Mexico took place in the first half of the year, when industrial production in the U.S. was still in negative territory. In contrast, the gradual improvement of external conditions during the second half of the year and, specially, the return to higher levels of industrial activity in the U.S., led to a rebound in Mexican manufactured goods' exports. This, combined with the fading of the temporary shocks affecting the economy during the second quarter, resulted in a positive trend in economic activity during second half of the year.

Regarding the above, it is important to mention that, once the depth and duration of the external shock became evident, it was natural for the economy to adjust given expectations that it would face a significant fall in external demand and tighter conditions for financing domestic expenditure. Under this environment, the implementation of a series of stimulus measures, as well as adjustments in the economy's relative prices through the depreciation of the real exchange rate, were the main factors reducing the impact of the external environment on the Mexican economy and its cost for the population.

In the year analyzed in this Report, the federal government implemented a series of measures designed to reduce the impact of the international crisis on production and employment, as well as on the disposable income of the most vulnerable sectors of the population. The referred measures were first unveiled in the Program to Foster Growth and Employment (*Programa de Impulso al Crecimiento y al Empleo*, PICE) and later in the National Agreement in Favor of the Household Economy and Employment (*Acuerdo Nacional en Favor de la Economía Familiar y el Empleo*, ANEFE). Public expenditure was substantially increased, particularly investment spending, in order to partly offset the fall in private and external demand. In this regard it is important to mention that, unlike other economies currently facing fiscal substainable difficulties stemming from stimulus measures implemented during the crisis, Mexico's initial fiscal policy response was followed up with a strategy to strengthen public finances, which was explicit in the Mexican government's fiscal adjustments for 2010.

Among the measures designed to reduce the impact of the crisis it is also important to mention the work of development banks to loosen astringent credit conditions resulting from the international financial crisis by providing financing to different sectors facing problems of access to credit. Furthermore, a more structural measure designed to foster the economy's productivity was the closing of Mexico's center region power company (*Luz y Fuerza del Centro*). This institution was not just characterized by high costs and large energy losses but also its unsustainable financial situation meant it received an increasing amount of budget transfers. These transfers were mainly used to pay labor benefits and did not result in service quality improvements. Under these conditions, its closure might foster higher productivity in firms located in Mexico's center region and encourage the installation of new establishments in the region. Its positive influence on public finances will also allow a more efficient distribution of taxpayers' money.

The price mechanism through which an economy normally adjusts to the external shocks experienced during an international crisis is the depreciation of the real exchange rate, such as that observed at the end of 2008 and beginning of 2009 (Graph 5a).[8] This depreciation translates into price increases of internationally traded goods as compared to non-tradable goods, which raises the profitability of exports such as manufactured goods. The aforementioned price adjustment therefore leads to a transfer of resources to these sectors. Thus, although the external shocks suffered by the Mexican economy might initially lead to a significant fall in the production of tradable goods, particularly manufactures, as time passes this shock would tend to pass on to sectors producing non-tradable goods. Once external demand would start to recover, just as in the second half of 2009, activity in the manufacturing sectors would also be expected to recover more rapidly than the rest of the economy (Graph 5b).

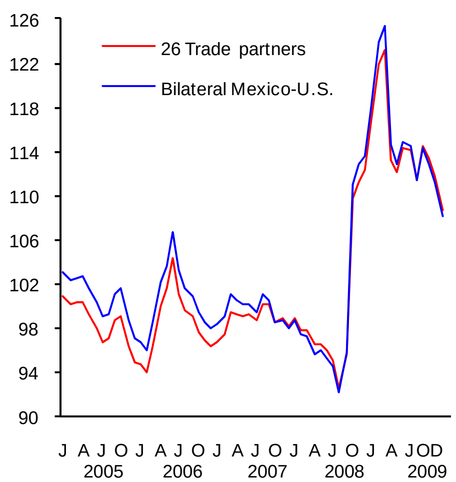
The behavior of economic activity in Mexico during 2009 was in line with the above considerations. In fact, as mentioned previously, during the first half of the year economic activity in Mexico fell considerably in response to the contraction of external demand and the pass-through of this shock to the domestic market. This fall was worsened by several events with an adverse, if temporary, impact on the Mexican economy. First, the outbreak of the influenza A (H1N1) virus at the end of April meant activities considered as being an important source of contagion, such as restaurants, hotels, leisure and retail, registered an additional decline to that which would have been observed only as a result of reasons associated with the phase of the business cycle. Second, although there had already been temporary shutdowns of automobile plants in Mexico since January 2009 in response to lower demand, the fact that two American car makers with plants in Mexico began bankruptcy proceedings led to a more pronounced drop of activity in that sector during the second quarter of the year. Under these conditions, during the first half of 2009 Mexican economic growth

[8] The real exchange rate index is comprised of all 26 main trading partners used in Graph 5a and includes Germany, Argentina, Belgium, Brazil, Canada, Chile, China, Colombia, South Korea, Costa Rica, Ecuador, El Salvador, Spain, United States, France, Guatemala, Holland, India, Italy, Japan, Panama, Peru, United Kingdom, Dominican Republic, Switzerland, and Venezuela. These countries were chosen because they are Mexico's main export markets, accounting for around 97 percent of the country's total exports.

contracted sharply, 8.9 percent in annual terms. This fall resulted from seasonally adjusted quarterly GDP variations of -6.9 and 0.3 percent during the first two quarters of the year, respectively.

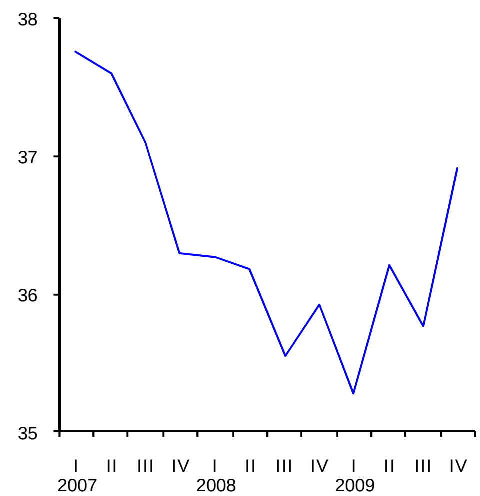
Graph 5
Real Exchange Rate Indices and Production of Tradable and Non-tradable Goods

a) Real Exchange Rate Index of Main Trading Partners [1/]
Index 2008=100



Source: Banco de México and IMF.
1/ An increase in the index represents a depreciation of the exchange rate in real terms.

b) Ratio GDP of Tradable Goods to GDP of Non-tradable Goods[2/]



Source: INEGI.
2/ Tradable GDP includes primary activities, mining and manufacturing. Non-tradable GDP includes electricity, construction and tertiary activities. Seasonally adjusted series.

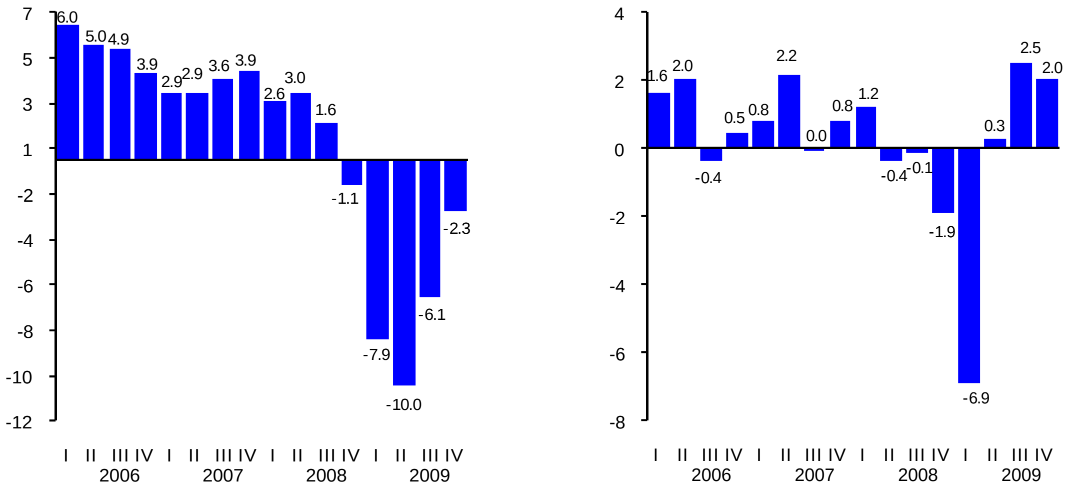
Economic activity in Mexico began to recover during the second half of 2009 (Graph 6). In fact, seasonally adjusted GDP grew 2.5 and 2 percent in the last two quarters of the year, respectively. The pace of the annual contraction of GDP therefore slowed considerably during the second half of 2009, falling 4.2 percent from the level registered in the second half of 2008.

The rebound of economic activity during the second half of 2009 was mainly a consequence of the start of a phase of recovery of the world economy and, particularly, of U.S. industrial production. The latter translated into a rebound of Mexican manufacturing exports and thereby meant manufacturing production returned to a positive trajectory during the second half of the year (Graph 7). These results also benefitted from the fading of the impact of the flu outbreak and, especially, from the higher levels of activity in the automotive industry (which was in turn influenced by the effects of the “Car Allowance Rebate System” implemented by the U.S. authorities on Mexican vehicle exports to that country). However, the expansion of manufacturing activity was relatively widespread. In fact, as can be seen in Graph 8, the recovery of this sector during the second half of 2009 resulted from both higher levels of activity in the automotive sector and higher exports of the remaining manufactures.

Graph 6
GDP Growth

a) Original Figures
Annual change in percent

b) Seasonally Adjusted Figures
Quarterly change in percent

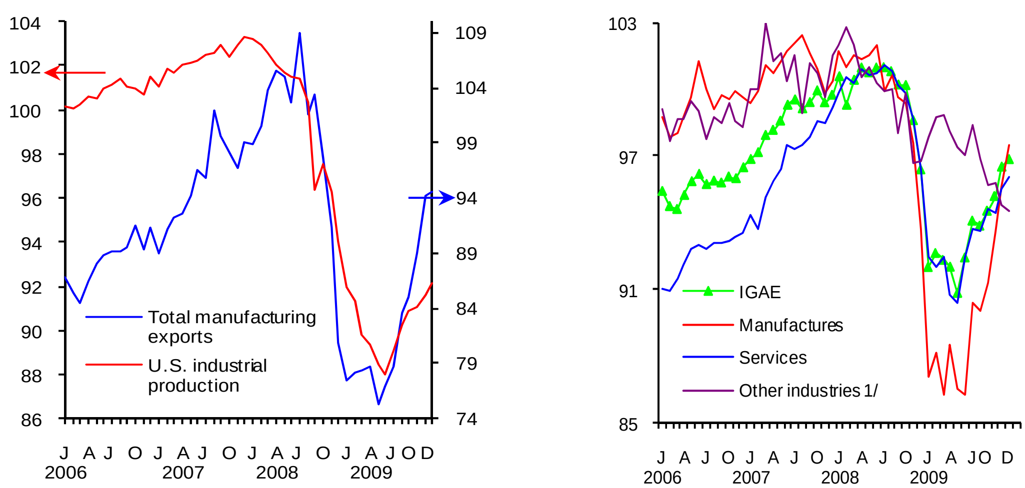


Source: Mexico's National Accounts, INEGI.

Graph 7
Manufacturing Exports, U.S. Industrial Production, and Economic Activity Indicators
Index 2008=100; seasonally adjusted figures

a) Manufacturing Exports and U.S. Industrial Production

b) Economic Activity Indicator and Industrial Production



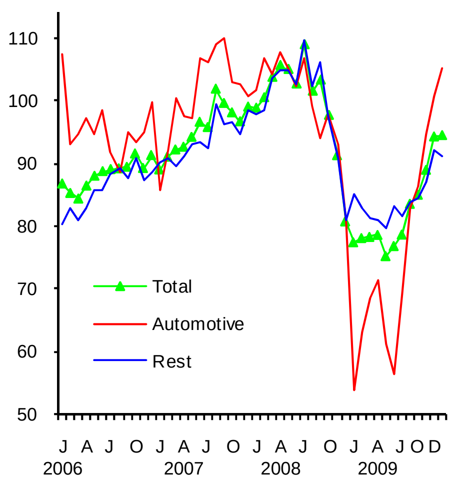
Source: Banco de México and U.S. Federal Reserve.

Source: INEGI.
1/ Includes construction, mining and electricity, and water and gas supply.

In contrast, domestic demand recovered only modestly during the second half of 2009. This mostly reflected the behavior of private sector spending given that the public component of domestic expenditure rose substantially during the year as a result of the federal government's stimulus measures to reduce the impact of the international financial crisis on the economy. Although private consumption began a phase of expansion in seasonally adjusted terms during the second quarter of the year, its quarterly growth during the rest of the year was relatively low and it therefore remained at levels below those observed before the recession (Graph 9a). Private consumption thus contracted 6.1 percent during the year as a whole, exhibiting particularly large annual declines during the second half of the year. This performance contrasts with public consumption registering positive annual variations throughout the year (Table 3). Total investment in Mexico remained in a slump until the end of 2009. Once again, such behavior resulted from a combination of the persistent negative trend in private investment during the year and the upward path followed by public sector expenditure in capital formation throughout 2009 (Graph 9b).

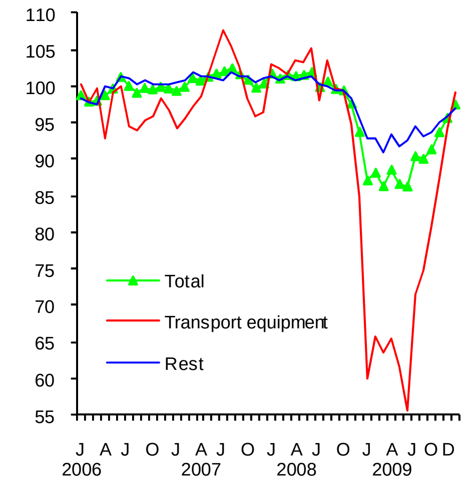
Graph 8
Manufacturing Industry (Exports and Production)
Index 2008=100; seasonally adjusted figures

a) Exports



Source: Banco de México.

b) Production



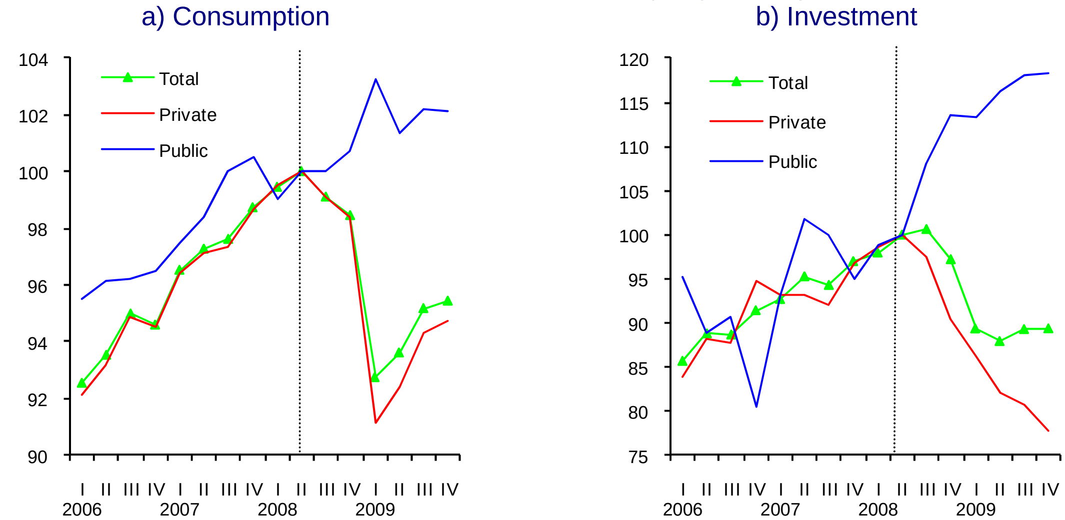
Source: INEGI.

Table 3
Aggregate Supply and Demand
Annual change (percent) in relation to the same period of the previous year

	2006	2007	2008	2009				
				I	II	III	IV	Annual
Aggregate Supply	6.7	4.3	1.8	-12.1	-14.5	-9.4	-1.7	-9.5
GDP	4.9	3.3	1.5	-7.9	-10.0	-6.1	-2.3	-6.5
Imports	12.6	7.1	2.8	-24.6	-27.6	-18.8	-0.1	-18.2
Aggregate Demand	6.7	4.3	1.8	-12.1	-14.5	-9.4	-1.7	-9.5
Total consumption	5.1	3.9	1.7	-6.8	-6.5	-3.7	-3.1	-5.0
Private	5.6	4.0	1.9	-8.5	-7.7	-4.5	-3.8	-6.1
Public	1.9	3.1	0.9	4.2	1.4	2.2	1.4	2.3
Total investment	9.9	6.9	4.4	-6.4	-14.3	-11.3	-8.1	-10.1
Private	12.9	5.9	3.1	-10.2	-20.5	-16.7	-13.8	-15.4
Public	-1.1	11.3	9.5	13.5	15.6	9.4	4.7	9.7
Exports	10.9	5.7	0.5	-23.3	-24.7	-15.8	7.3	-14.8

Source: Mexico's National Accounts, INEGI.

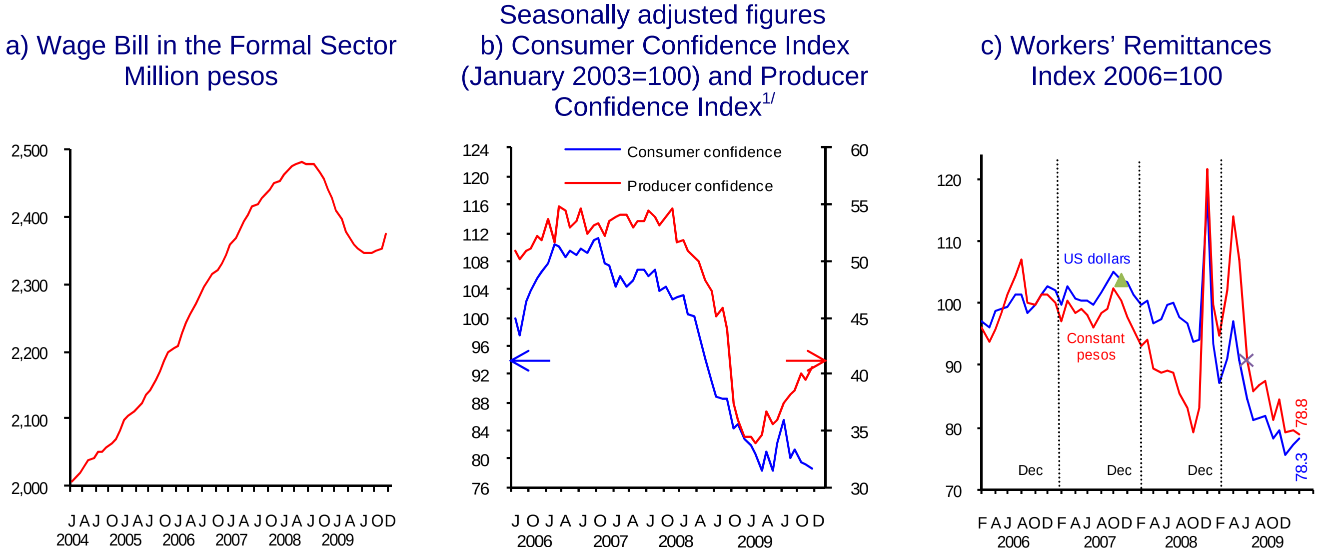
Graph 9
Consumption and Investment
Second Quarter of 2008=100; seasonally adjusted figures



Source: Prepared by Banco de México with data from INEGI.

The weak recovery of domestic demand during the second half of the year mainly responded to the relatively unfavorable performance of several determinants of private expenditure (Graph 10). In particular, the real wage bill continued to contract in annual terms; consumer and producer confidence indices remained particularly low; the negative trend in workers' remittances continued throughout the year and, as shown further in this Report, commercial banks' credit to both consumption and firms followed a negative pattern.

Graph 10
Wage Bill, Consumer and Producer Confidence Indices, and Workers' Remittances
Seasonally adjusted figures



Source: Prepared by Banco de México with data from IMSS.

Source: INEGI and Banco de México.
1/ With 50 point reference.

Source: Banco de México.

As for Mexico's external accounts, their behavior during 2009 was mostly determined by the performance of external demand and domestic expenditure, as well as by the conditions prevailing in international financial markets. In fact, despite the significant contraction in exports of goods and services, both trade balance and current account deficit decreased during the first half of the year (during the second quarter of the year these balances had even reported surplus). The latter was a consequence of the substantial reduction in imports of goods and services, which in turn responded to the contraction of domestic demand and the decrease in imports of products used as inputs in the production of export goods. Later, the recovery of exports and economic activity during the second half of 2009 as well as, to a lesser extent, domestic expenditure, was reflected in higher merchandise imports. Nonetheless, despite higher imports, the rebound in exports during this period was significant enough for the trade balance and current account deficit to remain at modest, albeit higher, levels than those registered during the first half of the year. For the year as a whole, these deficit amounted to 4.7 and 5.2 billion US dollars, respectively (0.5 and 0.6 percent of GDP, in the same order) (Table 4).

Table 4
Current Account
Million US dollars

	2008	2009				
	Annual	**Q-I**	**Q-II**	**Q-III**	**Q-IV**	**Annual**
Current Account	**-15,889**	**-1,243**	**396**	**-3,700**	**-690**	**-5,238**
Trade balance	**-17,260**	**-1,961**	**777**	**-3,145**	**-348**	**-4,678**
Exports	291,343	49,996	54,339	58,162	67,211	229,708
Imports	308,603	51,957	53,562	61,307	67,559	234,385
Non-factor services	-7,080	-1,074	-1,755	-2,684	-2,512	-8,025
Factor services	-17,010	-3,747	-4,323	-3,321	-2,661	-14,052
Transfers	25,461	5,539	5,697	5,450	4,831	21,517
Oil Trade Balance	**14,979**	**1,695**	**2,742**	**2,115**	**3,866**	**10,418**
Non-oil Trade Balance	**-32,239**	**-3,656**	**-1,966**	**-5,260**	**-4,214**	**-15,096**

Source: Banco de México.

The capital account of the balance of payments behaved differently in the first and second halfs of the year. In an environment of increased astringency in financial markets, this account recorded a net outflow of resources during the first half of the year. However, as market conditions loosened, access to external resources increased. This led to significant inflows of resources during the second half of the year, which resulted in a capital account surplus totaling 14,526 million US dollars for the year as a whole (Table 5). Among the factors explaining this result worth mentioning are the capital inflows associated with public sector's foreign financing; Banco de México's activation of the swap line with the U.S. Federal Reserve; the allocation of Special Drawing Rights by the International Monetary Fund; and, the end of the federal government's oil revenue hedging in international markets. The performance of the balance of payments' current and capital accounts described above, combined with a negative flow of 3,954 million US dollars in errors and omissions, led to an increase of 5,397 million US dollars in Banco de México's net international reserves in 2009.

To conclude this section it is important to make some considerations regarding the slackness in the Mexican economy during the year analyzed by this Report. The sharp contraction of aggregate demand, above all during the first half of the year, meant the economy was operating below its potential growth levels, which resulted in a considerably negative output gap. Although exports of goods and services rebounded during the second half of the year, they remained below the levels registered before the world economy's recession. This, together with the modest recovery of private expenditure, meant economic activity continued at levels below potential GDP during the second half of 2009 (Graph 11).

Table 5
Balance of Payments
Million US dollars

	2008	2009				
	Annual	Q-I	Q-II	Q-III	Q-IV	Annual
Current Account	**-15,889**	**-1,243**	**396**	**-3,700**	**-690**	**-5,238**
Capital Account	**24,548**	**-2,686**	**-3,041**	**6,455**	**13,798**	**14,526**
Liabilities	**33,628**	**2,860**	**6,334**	**12,720**	**11,174**	**33,088**
Debt	8,008	-1,914	1,114	6,802	7,983	13,985
Development banks	-496	106	-342	-34	1,064	794
Commercial banks	-1,160	-835	-330	-195	1,335	-25
Banco de México	0	0	3,221	4,008	0	7,229
Non-bank public sector	-3,432	441	182	4,481	4,534	9,638
Non-bank private sector	243	-1,626	-1,617	-1,458	1,050	-3,651
Pidiregas *	12,853	0	0	0	0	0
Foreign investment	25,620	4,774	5,220	5,918	3,191	19,103
Direct	23,170	3,975	5,125	1,583	735	11,418
Portfolio	2,450	799	95	4,335	2,456	7,685
Equity	-3,503	1,297	147	2,098	627	4,169
Money market	5,953	-498	-52	2,237	1,829	3,516
Assets	**-9,080**	**-5,546**	**-9,375**	**-6,265**	**2,624**	**-18,562**
Direct investment abroad	-1,157	-2,846	-1,022	-1,373	-2,357	-7,598
Other	-7,923	-2,700	-8,353	-4,892	4,981	-10,964
Errors and Omissions	**-1,221**	**-2,668**	**-2,032**	**-835**	**1,580**	**-3,954**
Change in Net International Reserves	**7,450**	**-6,585**	**-4,675**	**1,941**	**14,716**	**5,397**
Valuation Adjustments	**-12**	**-12**	**-2**	**-21**	**-28**	**-63**

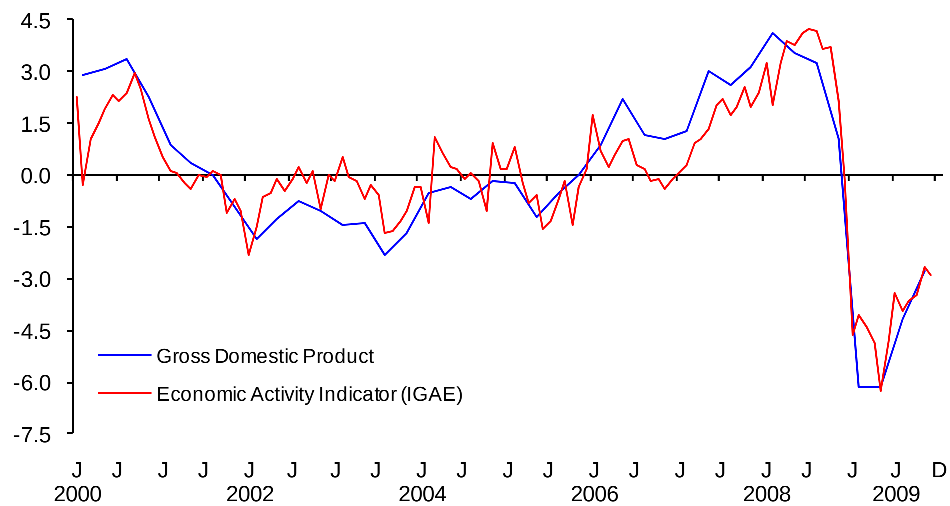
* From 2009 onwards, Pidiregas foreign financing is registered as part of Non-bank public sector financing.
Source: Banco de México.

The fact that aggregate expenditure in Mexico remained below the country's potential output during 2009 was also evident in different indicators for the labor market, the economy's capacity use, and the external sector. In particular:

a) Regarding the labor market, the slump in economic activity towards the end of 2008 and the first half of 2009 translated into a reduced demand for labor. The number of IMSS-insured workers decreased by 608,306 in seasonally adjusted terms, from the maximum levels recorded from August 2008 to July 2009. In line with the recovery of the economy during the second half of the year, the number of IMSS-insured workers began to follow a positive trend in August 2009. Nevertheless, by the end of the year, seasonally adjusted figures were still below the previous maximum levels by 412,937 (Graph 12a). Under this environment, the labor market remained slackened as reflected by unemployment and underemployment indicators, which continued at high levels until the end of 2009 (Graph 12b). It is important to mention that among the measures implemented during the year to reduce the decline in disposable income of formal workers who suddenly found themselves out of work, the increase in the amount available for withdrawal from the Subaccount for Retirement, Advanced and Old Age Severance due to unemployment was noteworthy.[9]

Regarding labor market conditions, the results of INEGI's Occupation and Employment Survey (*Encuesta Nacional de Ocupación y Empleo*, ENOE) at the end of 2009 show that in terms of workers' income, most jobs created during the last few months of the year were on average lower-paid than those lost at the start of the recession (Graph 12c). Furthermore, according to the results of Banco de México's Monthly Survey of Manufacturing Sector Activity, the manufacturing industry did not face difficulties to hire skilled labor for its production, administration, and sales areas during 2009 (Graph 12d).

Graph 11
Output Gap[1/]
Annual change in percent

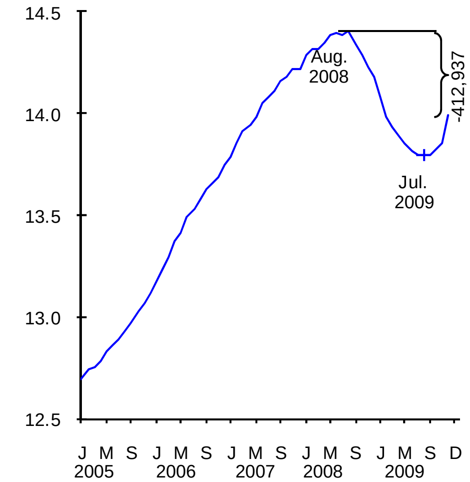


Source: Banco de México.
1/ Estimated using the Hodrick-Prescott (HP) with tail correction method; see Banco de México (2009), "Inflation Report April – June 2009", p.69.

9 In May 2009, the maximum amount allowed to be withdrawn from the SAR for reasons of unemployment was raised. This amount increased from being whichever is the lowest between 75 minimum daily wages and 10 percent of the Subaccount for Retirement, Advanced and Old Age Severance, to whichever is the lowest between 90 minimum daily wages or 11.5 percent of the referred subaccount. This benefit was backdated for workers who had lost their jobs after October 2008.

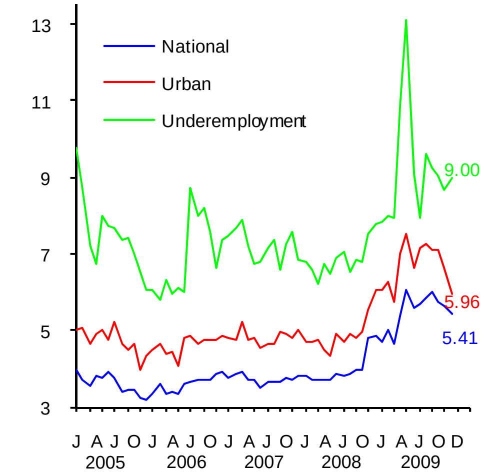
Graph 12
Labor Market

a) Million IMSS-insured Workers
Seasonally adjusted figures



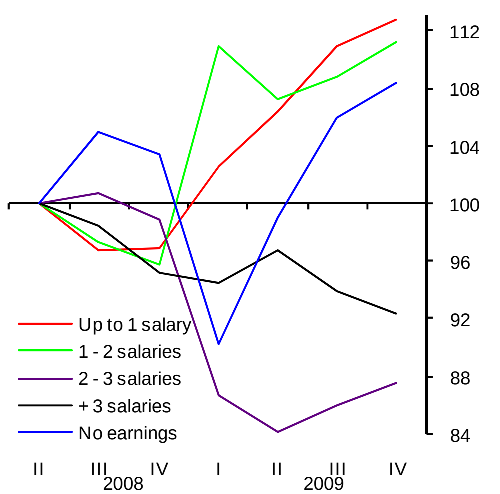
Source: IMSS. Seasonal adjustments by Banco de México.

b) Unemployment and Underemployment Rates
Percent; seasonally adjusted figures



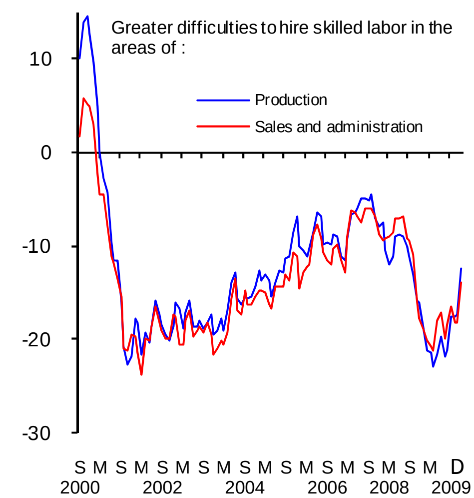
Source: INEGI.

c) Employment by Minimum Wage Range
Second quarter of 2008=100



Source: INEGI.

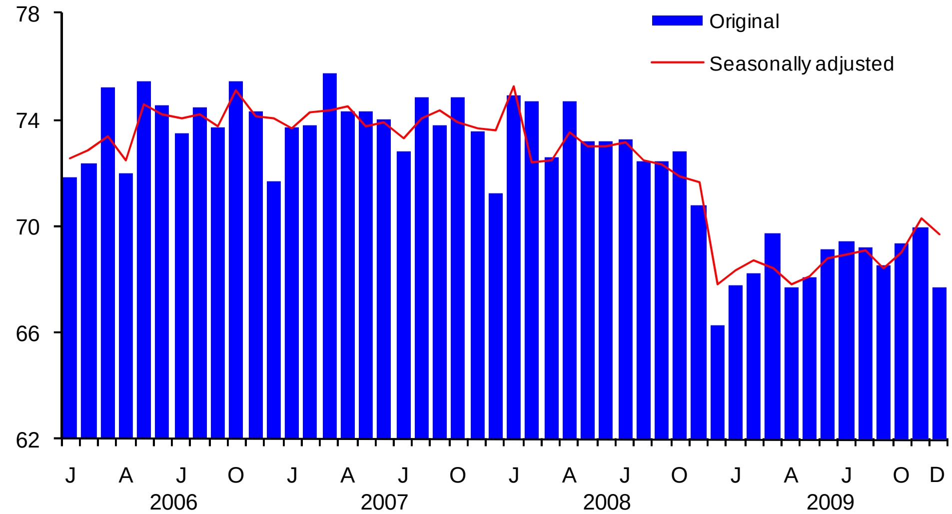
d) Labor Shortage
Two-month moving average of balance of responses



Source: Banco de México.

b) As for installed capacity utilization, indicators from Banco de México's Monthly Survey of Manufacturing Sector Activity suggest that although this sector was the first to recover during the second half of the year, its use of installed productive capacity remained significantly below that observed at the start of the international financial crisis (Graph 13).

Graph 13
Installed Capacity Utilization (Manufacturing Sector)



Source: Banco de México.

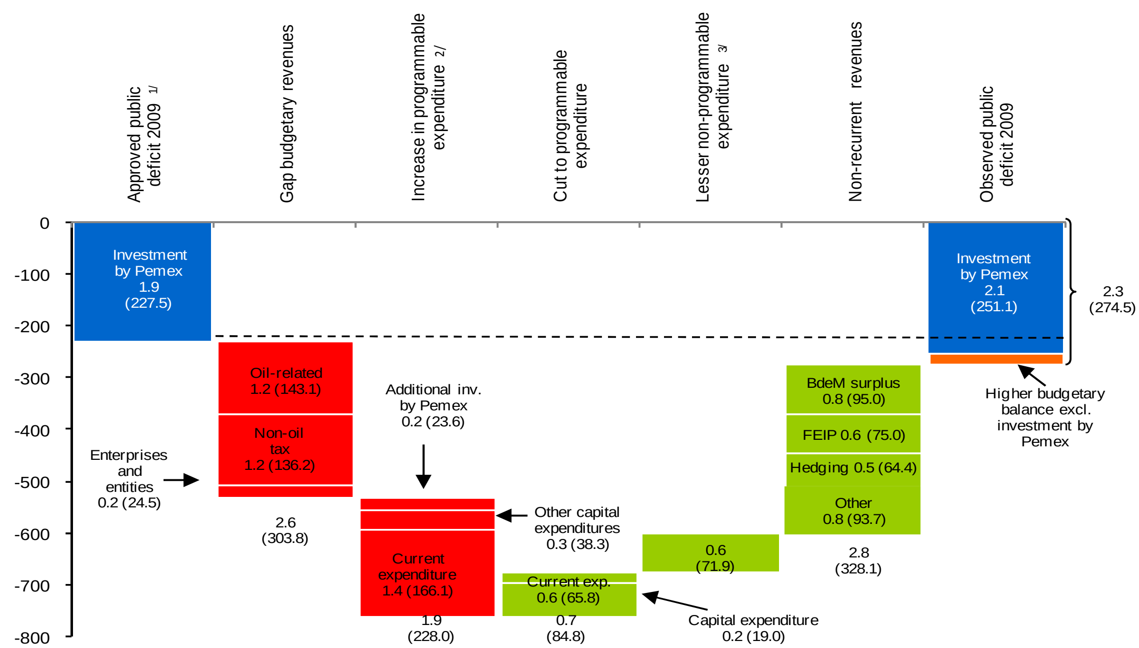
c) Finally, as mentioned previously, despite the sharp fall in several external revenue items, such as total exports and workers' remittances, the current account deficit declined significantly in 2009 as compared to 2008. This result suggests that the adjustment of aggregate expenditure totally offset the decline of external revenues. For this reason, it is possible to conclude that domestic demand did not constitute a source of pressure on Mexico's external accounts in 2009.

III.2. Public Finances

During 2009, budgetary revenues were affected by the sharp downturn in domestic economic activity and the relatively low international oil prices resulting from the international financial crisis. This situation worsened due to lower crude oil extraction and reduced oil exports. As a result of the aforementioned, both oil and non-oil tax revenues fell as compared to those in 2008 as well as to those originally considered in the Federal Revenues Law for 2009 (*Ley de Ingresos de la Federación 2009*, LIF-2009). Despite this reduction in public revenues, the federal government made a substantial effort to implement the stimulus policies established in the Program to Foster Employment and Growth (*Programa para Impulsar el Crecimiento y el Empleo*, PICE) and those outlined in the fiscal measures approved by the Mexican Congress, as well as the additional economic stimulus measures proposed in the National Agreement in Favor of the Household Economy and Employment (ANEFE, for its acronym in Spanish). This effort was bolstered by the presence of high non-recurrent revenues and the adoption of fiscal adjustment measures which allowed public expenditure to be in line with the proposed fiscal stimulus without affecting the annual target for the public balance (Graph 14).

The fiscal adjustments approved for 2009 included a series of countercyclical measures designed to foster domestic demand in the face of a deteriorating economic outlook forecasted for that year. Among the measures implemented, those that stand out are the modification of the public balance set out in the Federal Budget and Fiscal Responsibility Law (*Ley Federal de Presupuesto y Responsabilidad Hacendaria*, LFPyRH), allowing it to shift from balance to deficit and thereby opening space for higher expenditure to be used to support economic activity and employment. In particular, the change to the LFPyRH consisted of eliminating Pemex's Pidiregas investment and excluding the state enterprise's physical investment from the budget balance target, which opened a fiscal space to promote public investment in infrastructure. This allowed for a fiscal deficit totaling 227.5 thousand million pesos to be approved for 2009 (equal to 1.9 percent of GDP in that year).[10]

Graph 14
Fiscal Balance in 2009: Approved vs Observed
Percent of GDP (thousand million pesos)



Source: Ministry of Finance (SHCP).
1/ For comparison purposes, the approved deficit is expressed in terms of observed GDP for 2009.
2/ Includes mainly greater outlays due to the new ISSSTE, greater expenditure from Pemex, an increase in IMSS and ISSSTE pensions, and the cost of liquidating *Luz y Fuerza del Centro*.
3/ Includes an increase in the non-budgetary balance of 0.01% of GDP (0.8 tmp).
Note: BdeM surplus= excess operation revenues from Banco de México; FEIP = *Fondo de Estabilización de los Ingresos Petroleros* (Oil Revenue Stabilization Fund).

Among other countercyclical measures worth mentioning are those implemented through development banks. Development banks' function within the framework of the PICE focused on reducing credit restrictions resulting from the international financial crisis, providing financing to sectors facing most difficulties to obtain it (e.g. micro, small and medium-sized firms, agriculture, and low-cost housing), either directly or through guarantees. Furthermore, given the extremely tight conditions in financial markets during the first half of 2009, development banks also offset the absence of long-term private financing for infrastructure projects, preventing them from being delayed.

[10] In 2008, Pemex's budgetary investment accounted for only11.8 percent of its total physical investment, while the rest corresponded to Pidiregas.

In addition to the policies included in the fiscal measures for 2009, and as the scale of the shock faced by the Mexican economy became evident, the scope of approved stimulus measures was extended, while other complementary countercyclical and emergency actions were also adopted. Among the latter, worth mentioning is the National Agreement in favor of the Household Economy and Employment (ANEFE, for its acronym in Spanish) in January, and the emergency stimulus package implemented to face the outbreak of the influenza A (H1N1) virus in May.[11] The ANEFE contained: i) measures to support employment, which sought to raise and preserve current sources of employment, as well as to protect individuals who had lost their jobs; ii) measures to bolster households' financial situation, with actions designed to prevent households' income from deteriorating and provide supports to purchase low-cost housing, as well as the freezing of gasoline prices and the reduction of LP gas prices; iii) policies to improve firms' competitiveness and support small and medium-sized companies by lowering their production costs (fixing a reduction in electricity tariffs) and widening development bank financing; iv) measures to promote the expansion of infrastructure; and, v) policies to make public expenditure more timely and efficient. Meanwhile, the support measures implemented in response to the flu outbreak revolved around reducing the fiscal burden of sectors most affected by the public health contingency as well as offering them financial aid through development banks in order to solve their liquidity problems.

Table 6
Public Balance in 2007 – 2009 1/

	Thousand million pesos 2009			Percent of GDP		
	2007	2008	2009	2007	2008	2009
Economic Balance	**5.3**	**-8.4**	**-274.5**	**0.04**	**-0.07**	**-2.32**
Budgetary balance	**3.6**	**-12.3**	**-275.3**	**0.03**	**-0.10**	**-2.33**
Federal government	-241.8	-202.7	-261.5	-1.95	-1.59	-2.21
Entities and enterprises (1+2)	245.4	190.4	-13.8	1.98	1.49	-0.12
1 Pemex	187.7	152.5	-33.2	1.51	1.19	-0.28
2 Other	57.7	38.0	19.4	0.47	0.30	0.16
Non-budgetary balance	**1.7**	**3.9**	**0.8**	**0.01**	**0.03**	**0.01**
Economic Balance Excluding Investment by Pemex	**48.1**	**65.3**	**-23.4**	**0.39**	**0.51**	**-0.20**
Primary Balance	**273.4**	**228.0**	**-10.6**	**2.20**	**1.78**	**-0.09**
Primary Balance Excluding Investment by Pemex	**316.1**	**301.7**	**240.5**	**2.55**	**2.36**	**2.03**

Source: Ministry of Finance (SHCP).
1/ Deficit (-), surplus (+).
Note: Figures may not add up due to rounding.

As a result of the abovementioned measures, at the end of 2009, the economic balance had a deficit equal to 2.3 percent of GDP.[12] If Pemex physical investment is excluded, this deficit was equivalent to 0.2 percent of GDP, figure within the limits established by LFPyRH Regulations (Table 6).[13] The primary balance (defined as revenues less expenditures other than financial costs) recorded a deficit equivalent to 0.1 percent of GDP (a surplus of 2.0 percent of GDP if Pemex investment is excluded).

[11] See the President's announcement of the National Agreement in favor of the Household Economy and Employment on January 7, 2009, and Ministry of Finance press release 023/2009 (available only in Spanish).

[12] The economic balance reflects public sector's net financial position and is the indicator commonly used for evaluating the non-financial sector's budget exercise.

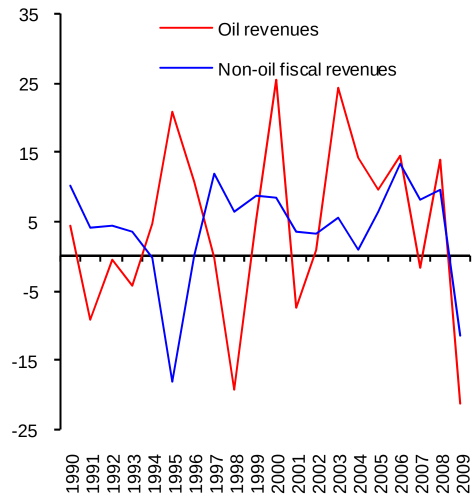
[13] This Regulation establishes a maximum deviation of one percent of programmed budgetary expenditure during the year (30.5 thousand million pesos for 2009).

In 2009, budgetary revenues amounted to 2,816.3 thousand million pesos (23.8 percent of GDP), implying a real decrease of 6.5 percent compared to those recorded in 2008 (Table 7 and Graph 16a). Unlike during other falls in public revenues, in 2009 declines were recorded in both oil (21.4 percent) and non-oil tax revenues (11.5 percent, Graph 15a).[14]

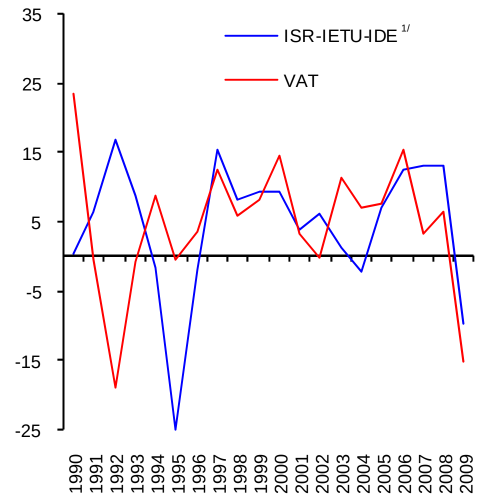
The drop in oil revenues as compared to 2008 mainly resulted from a deterioration in income from external sources. The price of the Mexican crude oil export mix decreased by 33.8 US dollars per barrel (dpb), while oil extraction and oil exports were 198 and 188 thousand barrels per day lower, respectively. Worth mentioning is that during 2008 the gasoline price subsidy was reduced under the form of a negative Excise Tax (*Impuesto Especial sobre Produccion y Servicios*, IEPS).

Graph 15
Public Sector Budgetary Revenues in 1990 – 2009

a) Oil and Non-oil Budgetary Revenues
Real annual change in percent



b) Non-oil Budgetary Revenues
Real annual change in percent



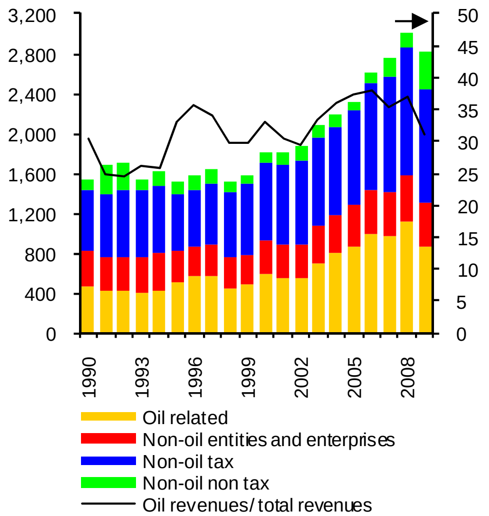
Source: Ministry of Finance (SHCP).
1/ Includes the asset tax (*Impuesto al Activo*, IMPAC).

The decline in non-oil tax revenues was a result of the sharp economic downturn. Worth mentioning are the reductions in revenues from income taxes (ISR-IETU-IDE) and the VAT, 9.9 percent and 15.3 percent in real annual terms, respectively (Graph 15b). Slower economic activity also affected revenues of entities and enterprises other than Pemex (which contracted 7.8 percent in real annual terms), mostly due to lower energy sales by the Federal Electricity Commission (*Comisión Federal de Electricidad,* CFE) and lower social security contributions to the IMSS.

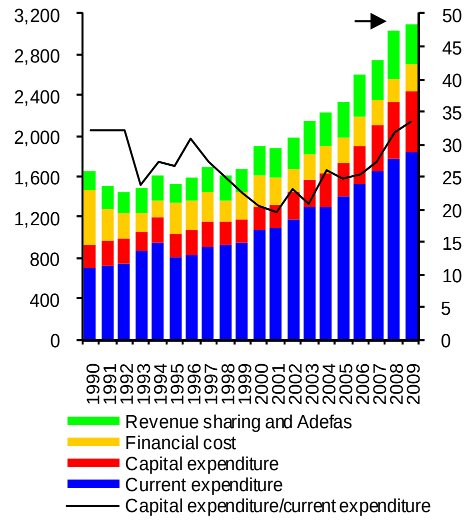
[14] Oil revenues include Pemex revenues, oil duties and benefits, the tax on oil production plus the Excise Tax (*Impuesto Especial sobre Produccion y Servicios,* IEPS) on gasoline and diesel.

Graph 16
Public Sector Budgetary Revenues and Expenditures (1990- 2009)

a) Revenues (Tmp of 2009) and Percent of Total



b) Expenditures (Tmp of 2009) and Percent of Total



Source: Ministry of Finance (SHCP).

In 2009, budgetary revenues (excluding non-recurrent revenues) were 303.8 thousand million pesos below those programmed in the LIF-2009. This shortfall originated from (Graph 14):

a) 143.1 thousand million pesos from less oil revenues, due mainly to lower oil extraction and reduced oil exports, as well as the freezing of gasoline prices.[15]

b) 136.2 thousand million pesos from less tax revenues as a result of the economic contraction.

c) 24.5 thousand million pesos from less revenues from entities and enterprises other than Pemex, mainly as a result of lower energy sales by the CFE.

Lower oil and non-oil tax revenues were offset by high non-recurrent revenues totaling 328.1 thousand million pesos (Graph 14). The sources of these revenues were: i) 95.0 thousand million pesos of excess revenues from Banco de México; ii) 75.0 thousand million pesos from part use of the Oil Revenues Stabilization Fund; iii) 64.4 thousand million pesos from oil hedging; and, iv) 93.7 thousand million pesos from other items. These revenues meant total budgetary revenues were 24.3 thousand million pesos above their approved level (Table 7).

[15] In 2009, the average price of Mexico's crude oil export mix was 16.1 US dollars per barrel below the programmed level; while extraction and exports were 160 and 131 thousand barrels per day lower.

Table 7
Public Balance in 2008 and 2009[1/]

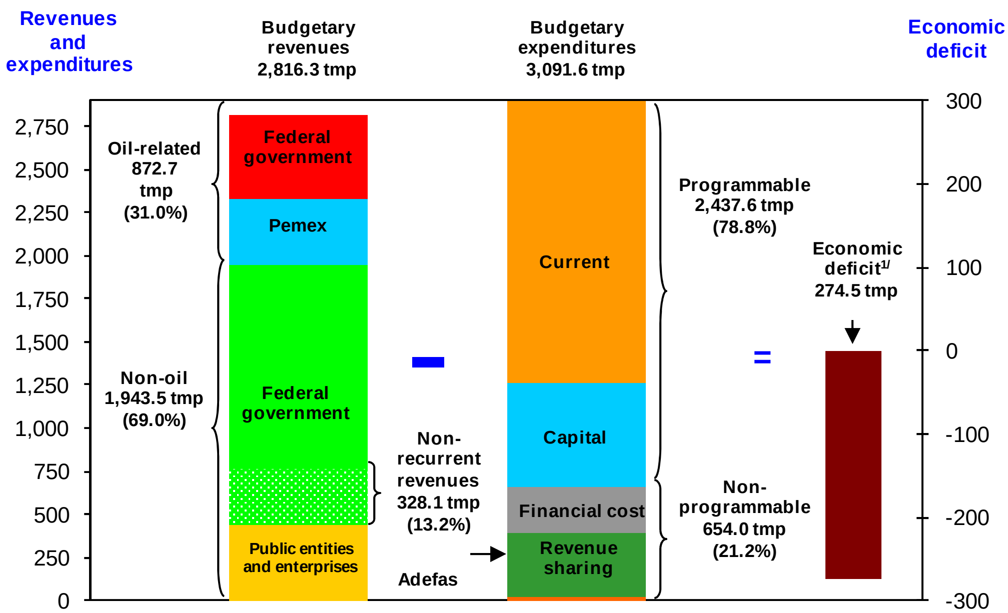
	Thousand million pesos				Real Growth %
	2008	2009			
	Observed	Approved	Observed	Difference	
	(1)	(2)	(3)	(3-2)	(3/1)
Economic Balance	**-7.9**	**-227.5**	**-274.5**	**-47.0**	**d.n.a.**
Non-budgetary balance	3.7	0.0	0.8	0.8	-80.2
Budgetary balance	-11.7	-227.5	-275.3	-47.8	d.n.a.
Budgetary Revenues	**2,860.9**	**2,792.0**	**2,816.3**	**24.3**	**-6.5**
Oil	**1,054.6**	**1,015.9**	**872.7**	**-143.1**	**-21.4**
Federal government	692.1	600.2	492.2	-108.0	-32.5
PEMEX	362.5	415.7	380.5	-35.2	-0.3
Non-oil	**1,806.3**	**1,776.1**	**1,943.5**	**167.4**	**2.2**
Federal government	**1,357.8**	**1,316.2**	**1,508.2**	**192.0**	**5.5**
Tax revenues	1,207.7	1,261.3	1,125.1	-136.2	-11.5
ISR-IETU-IDE	626.5	659.0	594.7	-64.3	-9.9
Income tax (*ISR*) [2/]	562.2	596.1	534.1	-61.9	-9.8
Flat rate business tax (*IETU*)	46.6	55.4	44.6	-10.8	-9.0
Tax on cash deposits (*IDE*)	17.7	7.5	15.9	8.4	-14.7
VAT (*IVA*)	457.2	490.5	407.8	-82.7	-15.3
Excise tax on merchandise and services (*IEPS*)	49.3	46.2	47.2	0.9	-9.1
Imports	35.8	27.6	30.2	2.6	-19.9
Other	38.9	38.0	45.4	7.4	10.7
Non-tax revenues	150.1	54.9	383.0	328.2	142.3
Duties	29.3	13.8	30.4	16.5	-1.4
Proceeds	6.9	6.7	6.7	0.0	-8.0
Benefits	114.0	34.4	346.0	311.6	188.3
Public entities and enterprises	**448.5**	**459.9**	**435.4**	**-24.5**	**-7.8**
Net Paid Budgetary Expenditures	**2,872.6**	**3,019.5**	**3,091.6**	**72.1**	**2.2**
Programmable	**2,210.2**	**2,294.4**	**2,437.6**	**143.2**	**4.7**
Deferred payments	d.n.a.	-26.0	d.n.a.	d.n.a.	d.n.a.
Programmable accrued expenditures	2,210.2	2,320.4	2,437.6	117.2	4.7
Current expenditures	1,678.2	1,728.5	1,828.8	100.4	3.5
Personal services	709.8	784.6	765.5	-19.1	2.4
Other	968.4	943.9	1,063.4	119.5	4.3
Capital expenditures	532.0	591.9	608.7	16.8	8.7
Fixed investment	374.0	534.3	551.3	17.0	40.0
Financial investment	158.0	57.6	57.4	-0.2	-65.5
Non-programmable	**662.4**	**725.1**	**654.0**	**-71.1**	**-6.2**
Financial cost	227.1	289.9	263.0	-26.9	10.0
Federal government	170.1	214.0	200.2	-13.9	11.8
Public entities and enterprises	27.0	31.0	31.8	0.8	11.8
Debtor and savings support program	30.0	44.9	31.1	-13.8	-1.8
Revenue sharing	423.5	430.2	375.7	-54.5	-15.7
Adefas and other	11.8	5.0	15.2	10.2	22.3
Memo:					
Economic Balance excl. Investment by Pemex	62.1	0.0	-23.4	-23.4	-135.8
Budgetary Revenues excl. Non-recurrent Revenues [3/]	2,773.2	2,792.0	2,488.2	-303.8	-14.8

Source: Ministry of Finance (SHCP).
1/ Deficit (-), surplus (+).
2/ Includes the tax on assets (*Impuesto al Activo*, IMPAC).
3/ The Federal Revenue Law 2009 (*Ley de Ingresos de la Federación*, *LIF-2009*) did not consider income from non-recurrent revenues.
d.n.a. Does not apply.
Note: Figures may not add up due to rounding; real growth is estimated using yearly average inflation.

One final point worth mentioning about public revenues is the Mexican Congress' approval of the 2009 fiscal reform, designed to improve the permanent sources of government revenues. This reform is expected to deliver additional tax revenues of around 1 percent of GDP in 2010.[16]

In 2009, public expenditure adjusted to the availability of public revenues and the approved target for the economic balance (Graph 17). In this regard, despite the decline in oil and tax revenues, larger non-recurrent revenues allowed the financing of programmable expenditure equal to 143.2 thousand million pesos above that established in the Federal Budget for 2009 (PEF-2009, Graph 14 and Table 7).[17]

Graph 17
Revenues, Expenditures and Economic Balance in 2009
Thousand million pesos



Source: Ministry of Finance (SHCP).
1/ Includes the surplus of the non-budgetary sector for 0.8 tmp.
Note: Figures may not add up due to rounding.

In 2009, budgetary expenditures totaled 3,091.6 thousand million pesos (26.1 percent of GDP), which implied a 2.2 percent growth in real terms as

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16 The Federal Revenues Law for 2010 includes the following changes: i) the Value Added Tax was raised from 15 to 16 percent and from 10 to 11 percent in northern border cities; ii) the Excise Tax on some goods and services was increased (in the case of beer this tax was temporarily raised from 25 to 26.5 percent (it will be reduced to 26 percent in 2012 and return to 25 percent in 2013); for alcoholic beverages of more than 20° G.L., the tax increased from 50 to 53 percent; and for tobacco an additional fixed fee of 4 cents per cigarette or its equivalent in weight was added to the existing tax); iii) income tax (*Impuesto Sobre la Renta*, ISR) paid by individuals was temporarily increased from 28 to 30 percent, the same level as the flat rate paid by firms, (this will decrease to 29 percent in 2013 and 28 percent in 2014); and, iv) the tax on cash deposits (*Impuesto a los Depósitos en Efectivo*, IDE) was raised from 2 to 3 percent and the amount exempt was reduced from 25 to 15 thousand pesos per month. Changes were also made to the fiscal consolidation regime and a new 3 percent tax on some telecommunications services was established. The Flat Rate Business Tax (*Impuesto Empresarial a Tasa Única*, IETU) was also increased to 17.5 percent, as had been planned since its introduction in 2007 (see Ministry of Finance press release 068/2009)(available only in Spanish).

17 Higher programmable expenditure resulted from the combination of expenditure totaling 228 thousand million pesos and cuts amounting to 84.8 thousand million pesos. The latter was announced in July 2009 in response to the possibility that revenues forecasted for the year would not be enough to cover the target approved for the economic balance.

compared to 2008 (Table 7 and Graph 16b). Current expenditure rose 3.5 percent in real terms during 2009, as a result of larger outlays in personal services (2.4 percent); pensions and retirements (8.0 percent); and subsidies and transfers (8.7 percent). The latter include federal government transfers to states and municipalities as well as to social and economic-development programs.

In 2009, capital expenditure grew 8.7 percent at constant prices as compared to 2008 and accounted for 5.1 percent of GDP. Within capital outlays it is important to mention physical investment, which rose 40 percent as compared to 2008. Such growth was influenced by the fact that starting in 2009 all Pemex investment will be carried out with budgetary revenues, as Pideregas investment in this public entity is cancelled. The growth of capital expenditure boosted investment and as a result the latter grew 3.0 percent in real terms as compared to 2008, reaching a level equal to 4.8 percent of GDP.[18] This was due to an increase in budgetary physical investment channeled mainly to the energy, communications and transport sectors, as well as to finance local government infrastructure projects.

In 2009, non-programmable expenditure decreased 6.2 percent at constant prices as compared to 2008, due to a reduction in federal revenue sharing (15.7 percent), and higher financial costs (10.0 percent). The increase in financial costs partly resulted from the depreciation of the exchange rate, which raised the cost, in pesos, of paying external interest rates.

The decline of budgetary revenues other than non-recurrent revenues also affected federal revenue sharing, which dropped 15.7 percent in real terms as compared to the previous year and was 54.5 thousand million pesos lower than programmed. As a result, total federal revenues channeled to states and municipalities fell 10.8 percent in real terms as compared to 2008.[19] In order to offset the decrease in revenues from those established in the PEF-2009, resources from the State Revenues Stabilization Fund (*Fondo de Estabilización de los Ingresos de las Entidades Federativas*, FEIEF) were used. Part of these revenues was channeled directly to the referred governments and another part (around 13.2 thousand million pesos) was used to boost the fund's resources.[20] The latter increase meant state governments' received financing totaling 32 thousand million pesos, implying they obtained additional revenues amounting to 44.9 thousand million pesos from the FEIEF. Thus, after taking into account the total distribution of FEIEF revenues, revenue sharing and federalized expenditures contracted only 5.6 and 6.5 percent, respectively, in real terms as compared to 2008.

[18] Fostered investment includes net budgetary physical investment (excluding capital amortizations to Pidiregas) and non-budgetary financed investment. It is therefore not affected by the cancellation of Pemex's Pideregas scheme.

[19] Federal revenues include contributions, revenue shares, decentralization agreements and reallocated expenditure, as well as other types of transfers.

[20] See Ministry of Finance press release 048/2009 (available only in Spanish).

III.3. Financial Saving and Financing

III.3.1. Financial Saving

In 2009, financial funding for the Mexican economy grew at a slower rate in response to a reduction in its domestic sources. At the end of the year total financial saving (M4 less banknotes and coins held by the public) posted a real annual variation of 2.7 percent as compared to 6.2 percent in 2008. This result mainly stemmed from a reduction in the growth of Mexican residents' financial saving, which grew 2.2 percent at a real annual rate during 2009 (5.6 percent in 2008, Graph 18a).[21]

As for the components of Mexican residents' financial saving, the economic environment in 2009 affected compulsory and voluntary saving differently. Compulsory financial saving (retirement and housing fund resources invested in monetary aggregate instruments) registered a favorable behavior during the second half of 2009 (Graph 18c) as it benefitted from improved financial market conditions. Thus, during such period, prices of financial assets recovered, increasing the value of the Siefores portfolio, which is mostly composed of medium and long-term government securities.[22] This rise in the value of retirement funds offset the adverse impact of the fall in the total wage bill on worker contributions. In 2009, compulsory saving grew 11 percent in real annual terms, while during 2008, a year in which the Siefores portfolio sustained significant losses, this saving had contracted 1.5 percent in real annual terms. In contrast, voluntary financial saving decelerated mainly in response to the economic downturn, as well as the negative effect of low interest rates on the flow of Mexican residents' savings. At the end of 2009, total voluntary saving contracted 0.5 percent in real annual terms as compared to the real annual growth of 6.5 percent observed in December 2008 (Graph 18c).

In the first half of 2009, non-residents' financial saving contracted substantially in response to the negative impact of the international financial crisis on capital flows to emerging economies. However, during the second half of the year, the performance of this saving was positively affected by lower risk aversion and investors' search for higher yields, taking advantage of low financing costs in advanced countries in order to invest in emerging economies (Graph 18a and b). At the end of 2009, this type of saving grew 10.7 percent in real annual terms (16.7 percent in 2008).

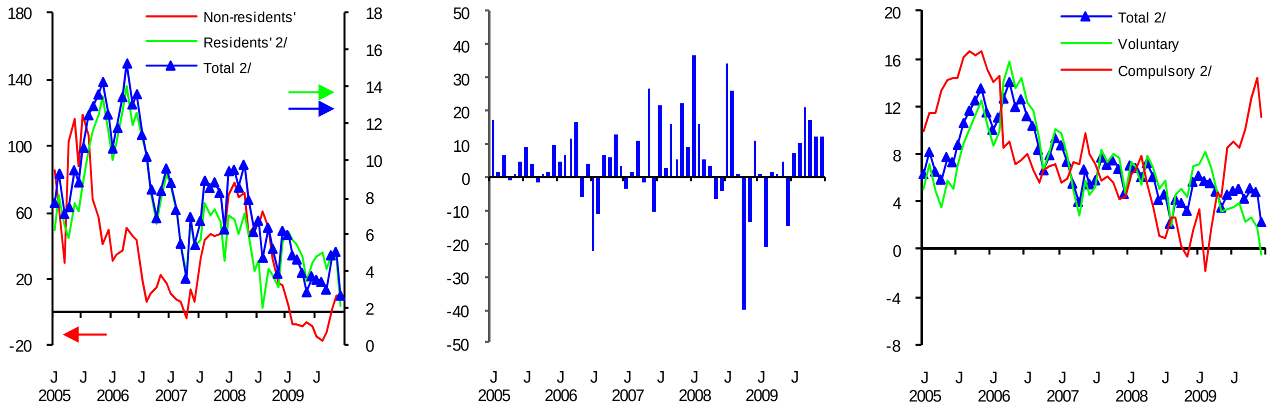
[21] Figures shown in this section exclude the effect of the ISSSTE Law reform on monetary aggregates after December 2008.
[22] In December 2009, medium and long-term government securities accounted for 58.7 percent of the Siefores portfolio invested in M4 instruments.

Graph 18
Financial Saving [1/]

a) Total Financial Savings
Real annual change in percent

b) Non-residents' Financial Savings
Monthly change in thousand million pesos

c) Residents' Financial Savings
Real annual change in percent



Source: Banco de México.
1/ Defined as monetary aggregate M4 less the stock of banknotes and coins held by the public.
2/ Figures adjusted to elimate the effect of the new ISSSTE law.

III.3.2. Financing to the Private Sector

The international financial crisis affected Mexico's financial system to a much lesser degree than in other countries, where uncertainty and worsening financial conditions paralyzed some markets. In fact, financial institutions and markets in Mexico remained solid and commercial banks' exposure to so-called toxic assets was practically nonexistent, as they remained well capitalized and did not face external funding problems given that they obtain their financial resources in the domestic market.

During 2009, total financing to the non-financial private sector slowed down due to the weakness of commercial banks' credit. In contrast, financing through debt markets improved significantly during the second half of 2009. Since external and domestic debt markets react more rapidly to the economic and financial environment than commercial bank credit, debt markets deteriorated faster during the period of financial turbulence and then recovered rapidly as international financial conditions improved. Nevertheless, greater access to financing through these markets did not offset the sharp contraction in domestic and external commercial bank credit observed during the same period (Table 16 and Graph 19a).

External financing to non-financial private firms contracted during 2009. During the first half of the year, risk aversion conditions prevailing in international financial markets made it difficult for firms to access credit through debt placements in these markets. However, the improvement in international financial market conditions and lower risk aversion fostered a substantial recovery in financing through this market. In December 2009, expressed in US dollars, securities placed in international financial markets rose 7.9 percent in annual terms. Nevertheless, the recovery in international financial markets did not imply the reestablishment of direct foreign financing -mainly commercial banks' credit- to firms. Consequently, foreign financing in US dollars declined 4.6 percent in annual terms (Graph 19b).

Domestic financing to the non-financial private sector also contracted during 2009, falling 2.1 percent in real annual terms (Graph 19c). Just like external financing, this reduction resulted from the contraction in commercial banks' credit, which was not fully offset by the debt market dynamism towards the end of the year.

Table 8
Total Financing to the Non-financial Private Sector

	Stocks in thousand million pesos			Percent of GDP			Real annual ahange in percent	
	Dec.07	Dec.08	Dec.09	Dec.07	Dec.08	Dec.09	Dec-08-Dec.07	Dec.09-Dec.08
Total Financing	**3,331.4**	**3,849.2**	**3,794.2**	**29.7**	**31.7**	**32.1**	**8.5**	**-4.8**
By Sources of Financing								
External	**736.5**	**967.0**	**871.5**	**6.6**	**8.0**	**7.4**	**23.3**	**-13.0**
Foreign direct financing 1/	488.7	690.7	589.8	4.4	5.7	5.0	32.7	-17.5
Foreign debt issuance 2/	247.7	276.3	281.7	2.2	2.3	2.4	4.7	-1.6
Domestic	**2,594.9**	**2,882.2**	**2,922.7**	**23.2**	**23.8**	**24.7**	**4.3**	**-2.1**
From commercial banks 3/	1,462.3	1,657.6	1,624.3	13.0	13.7	13.7	6.4	-5.4
From development banks 3/	50.4	69.4	84.7	0.4	0.6	0.7	29.2	17.9
From other intermediaries 4/	237.8	210.2	167.0	2.1	1.7	1.4	-17.0	-23.3
Debt issuance	187.8	222.2	257.8	1.7	1.8	2.2	11.1	12.0
From INFONAVIT 5/	533.2	585.8	639.5	4.8	4.8	5.4	3.1	5.4
From FOVISSSTE 6/	123.4	137.1	149.4	1.1	1.1	1.3	4.2	5.2
In US dollars								
Foreign financing 1/ 2/	67.5	69.9	66.7				3.6	-4.6
By Sector								
Households	**1,557.8**	**1,642.1**	**1,643.0**	**13.9**	**13.5**	**13.9**	**-1.1**	**-3.4**
Consumption	526.7	530.9	473.5	4.7	4.4	4.0	-5.4	-13.9
Mortgage	1,031.1	1,111.2	1,169.5	9.2	9.2	9.9	1.2	1.6
Firms 7/	**1,773.5**	**2,207.2**	**2,151.2**	**15.8**	**18.2**	**18.2**	**16.8**	**-5.9**
Foreign financing	736.5	967.0	871.5	6.6	8.0	7.4	23.3	-13.0
Domestic financing	1,037.1	1,240.1	1,279.7	9.3	10.2	10.8	12.3	-0.4

Source: Banco de México.
Note: Figures subject to revision. Stocks expressed as a percentage of annual average GDP. Stocks and figures as a percent of GDP may not add up due to rounding.
1/ Includes firms' foreign suppliers, credit granted by foreign banks, and other creditors. Source: Balance of Payments. Does not include Pidiregas-Pemex.
2/ Commercial paper, bonds and issues placed abroad. Source: Balance of Payments. Does not include Pidiregas-Pemex.
3/ Including total credit portfolio and accrued interests, and portfolio related with debt-restructuring programs (UDIs and IPAB-Fobaproa and ADES). Credit granted by commercial banks is consolidated with that granted by their Regulated Entity (*Entidad Regulada*, E.R.) Sofomes.
4/ Includes credit granted by financial factoring companies, financial leasing companies, credit unions, savings and loans entities (SAPS), and Special-purpose financial companies (*Sociedades Financieras de Objeto Limitado*, Sofoles), and Sofomes E.R. which are not subsidiaries of commercial banks. Excludes financial intermediaries that became Unregulated (*No Regulada*, N.R.) Sofomes.
5/ Refers to performing and non-performing mortgage loans from the Public Housing Institute (*Instituto del Fondo Nacional de la Vivienda para los Trabajadores*, INFONAVIT).
6/ Refers to performing and non-performing mortgage loans from the ISSSTE Housing Fund (*Fondo de la Vivienda del ISSSTE*, FOVISSSTE).
7/ Includes individuals engaged in business activities.

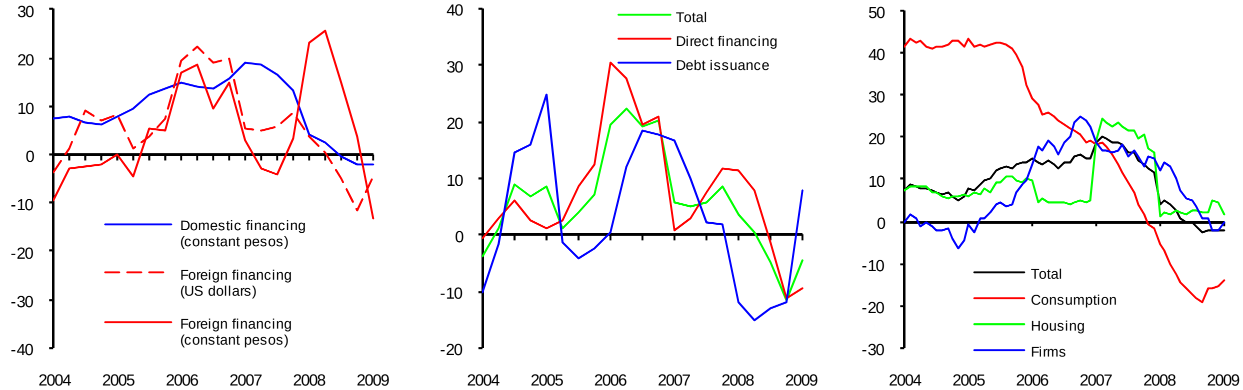
In the first half of 2009, astringent conditions in the non-financial private sector domestic debt market led to a reduction in financing through this market and implied large spreads between its interest rates and risk free rates (28-day TIIE for short-term securities and 5-year government bonds for medium-term securities, Graph 20a). Later, the gradual improvement of conditions in financial markets led to a recovery of financing, particularly medium-term, in the domestic market. The reduction of interest rate spreads on short and medium-term debt placements, together with lower reference interest rates, allowed the cost of financing in this market to decline. Firms' medium-term debt placement recovered significantly, growing 20 percent in real annual terms at the end of 2009, figure higher than the 1.2 percent observed in 2008 (Graph 20b).

Graph 19
Total Financing to the Non-financial Private Sector

a) Total Financing
Annual change

b) Foreign Financing
Annual change in US dollars

c) Domestic Financing [1/]
Real annual change

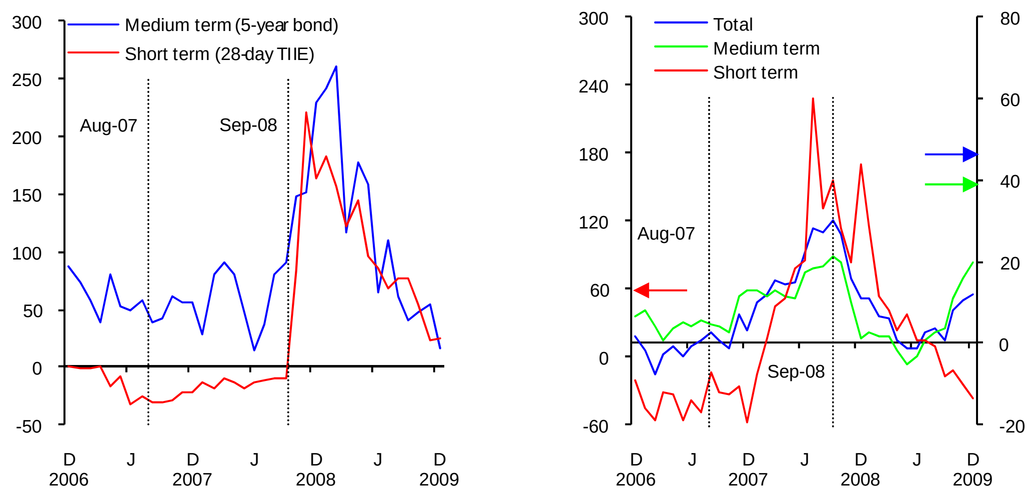


Source: Banco de México.
1/ Includes total portfolio (performing and non-performing) from commercial banks, development banks, Infonavit, Fovissste, and other non-bank financial intermediaries, as well as debt issue. Figures are affected by the conversion of some non-bank financial intermediaries to unregulated (*No Regulada*, N.R.) Sofomes.

Graph 20
Domestic Issuance of Non-financial Private Firm Securities

a) Interest Rate Spread of Non-financial Private Firm Securities in the Domestic Market [1/]
Basis points

b) Stock of Non-financial Private Firm Securities in the Domestic Market
Real annual change in percent



Source: Banco de México.
1/ Spread in relation to 28-day Equilibrium Interbank Interest Rate (28-day TIIE) and 5-year federal government bond.

Commercial banks' credit to the non-financial private sector declined considerably in 2009. In particular, consumer credit contracted significantly throughout 2009, while financing to firms fell during the last few months of the year (Graph 21a). The prevailing economic environment during 2009 makes it difficult to determine to what extent this contraction was the result of credit supply or demand factors. However, such weakness might be due to the following:

i) On the demand side, uncertainty surrounding the pace of economic recovery and the weakness of investment were the main factors influencing the decline in firms' demand for financing. The recovery of financing in domestic and external debt markets during the second half of the year also reduced several large firms' demand for commercial bank credit. Households' demand for financing could also have been significantly affected by deteriorated consumer confidence and the weakness of the total wage bill and employment.

ii) On the supply side of commercial banks' credit to firms, the substantial economic downturn and uncertainty regarding the speed of recovery increased credit risk perceptions. As for credit to households, particularly for consumption, high delinquency rates, together with the impact of reforms to credit institution regulations demanding higher levels of preventive reserves to guard against credit risk, reduced the financial margin of this portfolio and made it less attractive for banking institutions.

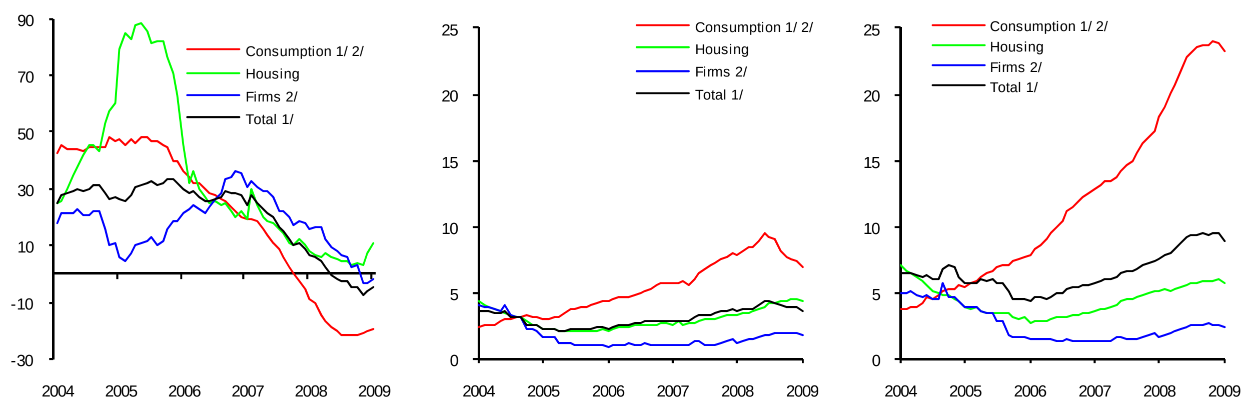
Thus, in 2009, commercial banks' performing loans to the non-financial private sector recorded a real annual variation of -4.4 percent, being the 19.1 percent real annual contraction of consumer credit particularly noteworthy (Graph 21a).

Graph 21
Commercial Banks' Performing Credit to the Non-financial Private Sector

a) Commercial Banks' Performing Credit
Real annual change

b) Delinquency Rates of Commercial Banks' Credit Portfolio [3/]
Percent

c) Adjusted Delinquency Rates of Commercial Banks' Credit Portfolio [4/]
Percent



Source: Banco de México and National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*, CNBV).
1/ From March 2008 onwards figures include the total credit portfolio of Sofomes E.R. subsidiaries of commercial banks.
2/ From February 2009, figures are affected by the reclassifying of loans to PyMEs from consumer credit portfolio to commercial portfolio.
3/ The delinquency rate (*Índice de Morosidad*, IMOR) is defined as non-performing portfolio over total portfolio.
4/ The adjusted delinquency rate (*Índice de Morosidad Ajustado*, IMORA) is defined as non-performing portfolio plus penalties accumulated in the last 12 months between total portfolio plus penalties accumulated in the last 12 months.

Delinquency rates on commercial banks' credit to the non-financial private sector rose significantly during the first half of 2009. Nevertheless, in the second half of the year they stabilized and even began to decline towards the end of the year. Although the delinquency rate is an indicator on the quality of a credit portfolio, its reduction could be due to factors other than an improvement in debtor payments, and for this reason the adjusted delinquency rate is a more accurate indicator of private sector default rates.[23] The delinquency rate fell significantly during the first half of the year mainly in response to non-performing loan penalties (Graph 21b). However, the adjusted delinquency rate suggests that the decline in private sector default did not take place until the end of 2009, particularly in the case of consumer credit (Graph 21c).

III.3.3. Flow of Funds

The flow of funds presents, in a summarized format, movements of financial resources among the different sectors of the economy (public, private, banking, and external) during the year, identifying them as net suppliers or net users of funds.[24] Flows equal net positions: a positive sign means a sector received financing, while a negative sign implies a creditor position, i.e., a sector granting financing.[25] The exercise uses a broad definition of the public and private sectors. The public sector corresponds to the definition of the Public Sector Borrowing Requirements (PSBR),[26] while the private sector includes the non-financial sector and non-bank financial intermediaries.

In 2009, the external sector was a significant source of funding for the Mexican economy, granting financing equivalent to 0.6 percent of GDP (line item 17 in Table 9). This amount corresponds to the balance of payments current account deficit and is below foreign flows received in 2008 (1.5 percent of GDP). The decrease in external saving resulted from a reduction in foreign direct investment flows and an increase in Mexican, mainly private, residents' financial assets abroad. Meanwhile, the flow of foreign financing (line item 12 in Table 9) increased, especially foreign funding to the public sector.

In 2009, PSBR rose as compared to their level during the previous year and accounted for 3.2 percent of GDP (line item 17 in Table 9). PSBR were financed with both domestic resources (line item 1 in Table 9) and funds from net external financing, which is equivalent to financing less the change in foreign-asset holdings (line item 10).

In 2009, States and Municipalities increased their net use of financial resources, shifting from a surplus equivalent to 0.1 percent of GDP to a deficit equal to 0.8 percent of GDP (line item 17 in Table 9). States and Municipalities offset the reduction in their revenues with commercial bank financing (line item 7 in Table 9).

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23 The delinquency rate (IMOR, for its acronym in Spanish) is the ratio of non-performing portfolio to total loan portfolio. However, since this indicator is affected by banks' decisions on loans write-offs for this portfolio, a more accurate indicator of debtors' liabilities going into non-performing default is used: the adjusted delinquency rate. The adjusted delinquency rate (IMORA, for its acronym in Spanish) is defined as the stock of non-performing loans plus charges or losses acknowledged by banks during the twelve months divided by total loans plus charges or losses aforementioned (see Financial System Report 2007, p. 57-58, Box 21, and Inflation Report of July-September 2008).

24 From this Annual Report onwards only the States and Municipalities' sector is included. For a detailed description of the methodology used to prepare the flow of funds matrix, see Banco de México's Annual Report 1998, Appendix 6, p.243 (available only in printed version, in Spanish).

25 For a breakdown of the uses and sources of financial funds included in the matrix, see the Statistical appendix of this Report.

26 For a definition of PSBR see Appendix 2 of this Report. The flow of funds uses PSBR that includes non-recurrent revenues. The figure presented in the flow of funds matrix is prepared using Banco de México's methodology.

In 2009, the private sector exhibited a total net creditor position of 3.5 percent of GDP (line item 17 in Table 9), figure above that recorded in 2008 (0.2 percent of GDP). This increase resulted from a significant rise in financial assets held abroad (line item 10 in Table 9) and a reduction in net domestic saving (line item 1 in Table 9).

Table 9
Flow of Funds of Mexico's Financial System [1/]
Net financing received by sector
(Positive sign=debtor position, negative sign=creditor position)
Flows revalued as a percentage of GDP [2/]

	Private[3/]	States and Municipalities[4/]	Public[5/]	Bank[6/]	Foreign	Private[3/]	States and Municipalities[4/]	Public[5/]	Bank[6/]	Foreign
	2008					2009				
1. Change in Domestic Financial Instruments (2 + 7 + 8 + 9)	-3.2	-0.1	1.7	1.8	-0.1	**-1.2**	**0.8**	**2.7**	**-1.5**	**-0.9**
2. Financial Instruments	-4.9	-0.3	1.7	3.9	-0.4	**-3.2**	**0.1**	**3.8**	**-0.3**	**-0.4**
3. Currency	-0.5			0.5		**-0.4**			**0.4**	
4. Checkable, Time and Savings Deposits	-2.6	-0.3	-0.1	3.0	0.0	**-0.6**	**0.1**	**-0.3**	**0.8**	**0.0**
4.1 Non-financial enterprises and other institutions [7/]	-1.7	-0.3	-0.1	2.3	-0.1	**0.0**	**0.1**	**-0.3**	**0.2**	**0.0**
4.2 Households	-0.8			0.8	0.1	**-0.7**			**0.7**	**0.0**
5. Securities Issued [8/]	-1.3	0.0	1.4	0.3	-0.4	**-2.4**	**0.0**	**4.3**	**-1.5**	**-0.4**
6. Retirement and Housing Funds [9/]	-0.5		0.5			**0.2**		**-0.2**		
7. Loans	1.4	0.2	0.3	-1.8		**0.2**	**0.8**	**0.1**	**-1.0**	
7.1 Enterprises and other entities [10/]	2.1	0.2	0.3	-2.6		**0.4**	**0.8**	**0.1**	**-1.2**	
7.2 Households	-0.7			0.7		**-0.2**			**0.2**	
8. Shares and Other Equity	-0.1			-0.2	0.3	**0.6**			**-0.1**	**-0.5**
9. Other Financial System Items [11/]	0.5		-0.4	-0.1		**1.3**		**-1.2**	**-0.1**	
10. Change in Foreign Financial Instruments (11 + 12 + 13 + 14 + 15)	3.0	0.0	0.1	-1.8	-1.4	**-2.3**	**0.0**	**0.5**	**1.5**	**0.3**
11. Foreign Direct Investment	2.1				-2.1	**1.3**				**-1.3**
12. Foreign Financing	0.0		0.8	-0.1	-0.7	**-0.2**		**1.1**	**0.6**	**-1.5**
13. Financial Assets Held Abroad	1.1		-0.7	-0.9	0.5	**-3.0**		**-0.6**	**1.4**	**2.2**
14. Banco de México's International Reserves				-0.7	0.7				**-0.5**	**0.5**
15. Errors and Ommissions (Balance of Payments)	-0.2				0.2	**-0.5**				**0.5**
16. Statistical Discrepancy [12/]	0.0	0.0			0.0	**0.0**	**0.0**			**0.0**
17. Total Change in Financial Instruments (1+ 10 +16)	-0.2	-0.1	1.8	0.0	-1.5 [13/]	**-3.5**	**0.8**	**3.2**	**0.0**	**-0.6** [13/]

1/ Preliminary figures. Figures may not add up due to rounding.
2/ Excludes the effect of Mexican peso's exchange rate fluctuations vis-à-vis the US dollar.
3/ Private sector includes firms, individuals, and non-bank financial intermediaries.
4/ The sector States and Municipalities measured as the position in relation to the banking sector and the debt market.
5/ Public sector measured as Public Sector Borrowing Requirements (*Recursos Financieros del Sector Público*, RFSP), according to Banco de México's methodology, including non-recurrent revenues (see Appendix 2).
6/ Banking sector includes Banco de México, development banks, and commercial banks (including the latter's agencies abroad). Given their condition as financial intermediaries, this sector has a total net position of zero (item 17). Consolidated financial flows from the banking sector were estimated using statistics on assets and liabilities from commercial and development banks, and Banco de México.
7/ For the private sector column, besides firms it also includes non-bank financial intermediaries.
8/ Includes government securities, IPAB securities, BREMs, private securities, and securities from states and municipalities. It also includes securities held by Siefores.
9/ Includes retirement funds from the Public Employees Social Security Institute (*Instituto de Seguridad y Servicios Sociales para los Trabajadores del Estado*, ISSSTE) and from the IMSS held by Banco de México, and housing funds.
10/ For the private sector column, besides firms it includes individuals engaged in business activities, non-bank financial intermediaries, and securities associated with debt-restructuring programs.
11/ Includes items such as non-classified assets, real estate assets and others, and banking sector's equity and profit and loss accounts.
12/ Difference between financial data and that obtained from the balance of payments.
13/ Drawn from the current account of the balance of payments. A negative figure means the domestic economy received foreign financing (external sector surplus), which equals Mexico's current account deficit.

Net external financing to the private sector decreased from 3 percent of GDP in 2008 to 2.3 percent in 2009 (line item 10 in Table 9). This result was partly due to an increase in Mexican residents' assets abroad (line item 13 in Table 9), among which direct investment from Mexican firms abroad was noteworthy. In 2009, the flow of Foreign Direct Investment (FDI) fell as compared to the previous year (line item 11 in Table 9) and the flow of direct external financing was negative (line item 12 in Table 9).

Private sector's domestic balance equaled 1.2 percent of GDP, figure substantially lower than the 3.2 percent of GDP observed in 2008. This result stemmed from a decrease in the holding of domestic financial instruments (line item 2 in Table 9)[27] together with a reduction in the flow of financing to this sector, which, as mentioned above, affected both firms and households (line item 7 in Table 9).[28]

Public sector and states and municipalities' higher financing requirements were therefore met by an increase in private sector's net creditor position given that external savings declined. This might result from a decrease in private sector's demand for financing, due to its expenditure contraction, in which case the public sector would be stimulating domestic demand ("crowding in" effect). Nevertheless, as private expenditure recovers, the greater use of financial resources by the public sector could tend to reduce the amount of available resources, effectively "crowding out" the private sector.

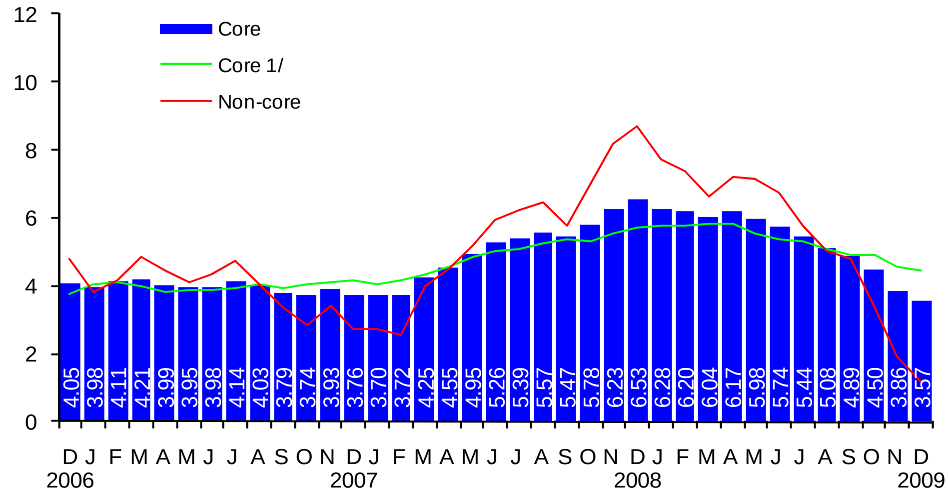
III.4. Inflation

III.4.1. Consumer Price Inflation

Annual headline inflation followed a downward pattern during 2009, ending the year at 3.57 percent, 2.96 percentage points lower than in December 2008 (Graph 22 and Table 10). The reduction in headline inflation during the year analyzed responded to the performance of both CPI's core and non-core components, the contribution of the non-core component being particularly noteworthy during the fourth quarter of the year.

[27] This section refers to financial saving and not total saving, which is reported in Section III.1 of this Report. The financial saving referred to in this section is therefore a component of total saving.
[28] The group of firms and other institutions includes non-financial private firms, non-bank financial intermediaries, and states and municipalities.

Graph 22
Consumer Price Index
Annual change (percent)



1/ This indicator includes the Merchandise and Services price subindex. The Merchandise price subindex is made up of the following items: Processed Foodstuffs, Beverages, Tobacco and Other Merchandise. The Services price subindex is made up of the following items: Housing (homes), Education (school fees), and Other Services. For more details on these indicators' definitions, see Inflation Report July-September 2007, Appendix 1, pp.48-53.
Source: Banco de México.

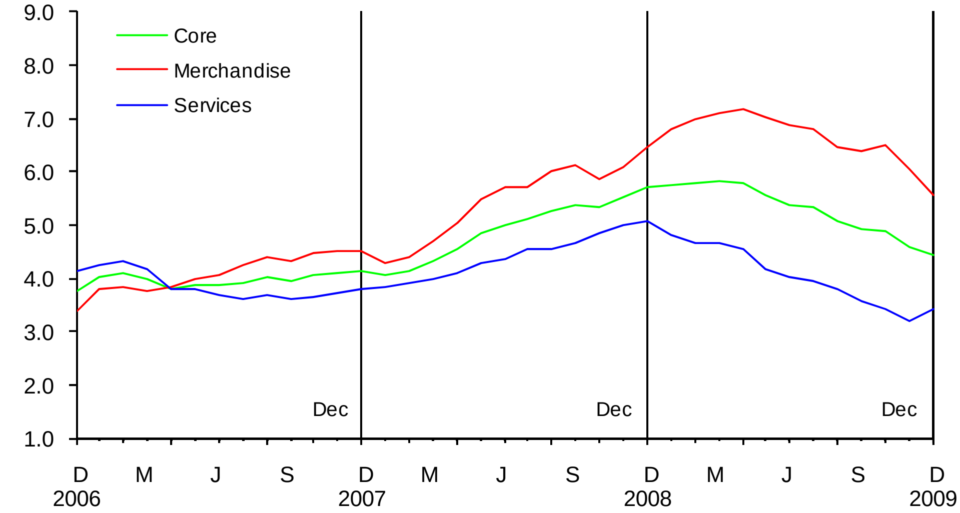
Average annual core inflation was 4.46 percent in December 2009, 1.27 percentage points below the figure observed at the end of 2008 (Graph 23). This indicator therefore accounted for one third of the decline in headline inflation (Table 11). Meanwhile, average annual non-core inflation fell 7.52 percentage points during 2009, reaching 1.20 percent at the end of the year (Graph 23).

Table 10
Consumer Price Index
Annual change (percent)

	2008			2009		
Month	CPI	Core[1/]	Non-core	CPI	Core[1/]	Non-core
January	3.70	4.06	2.73	6.28	5.76	7.71
February	3.72	4.14	2.58	6.20	5.78	7.36
March	4.25	4.34	3.99	6.04	5.83	6.62
April	4.55	4.56	4.51	6.17	5.81	7.18
May	4.95	4.86	5.19	5.98	5.56	7.17
June	5.26	5.02	5.94	5.74	5.39	6.72
July	5.39	5.11	6.22	5.44	5.32	5.75
August	5.57	5.26	6.46	5.08	5.10	5.04
September	5.47	5.36	5.79	4.89	4.92	4.82
October	5.78	5.33	7.05	4.50	4.90	3.38
November	6.23	5.52	8.20	3.86	4.59	1.90
December	6.53	5.73	8.72	3.57	4.46	1.20

Source: Banco de México.
1/ This indicator includes the Merchandise and Services price subindex. The Merchandise price subindex is made up of the following items: Processed Foods, Beverages, Tobacco and Other Merchandise. The Services price subindex is made up of the following items: Housing (homes), Education (school fees), and Other Services. For more details on these indicators' definitions, see Inflation Report July-September 2007, Appendix 1, pp.48-53.

Graph 23
Core Price Index
Annual change (percent)



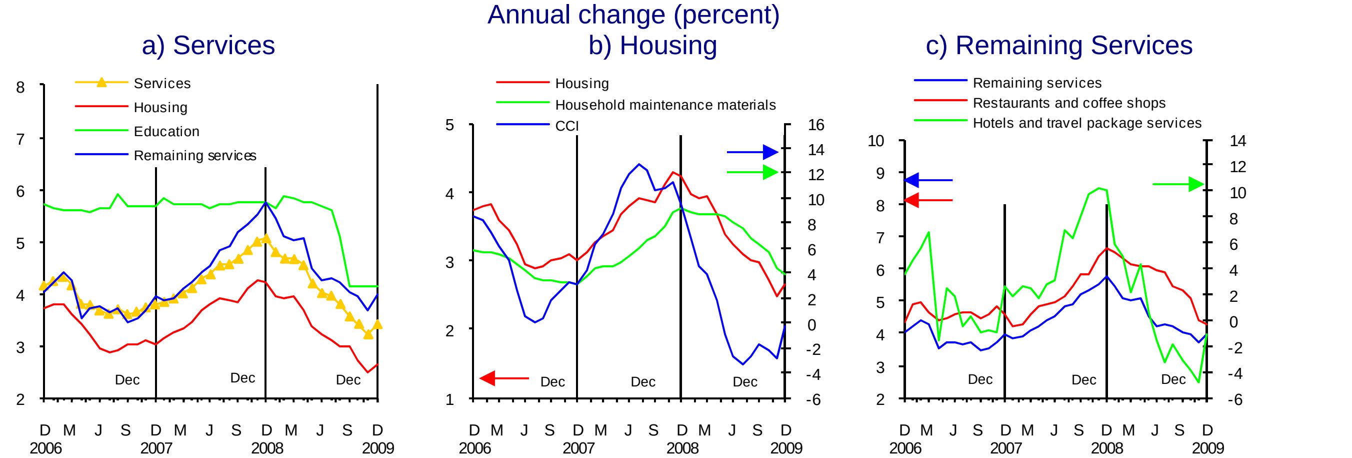
Source: Banco de México.

The reduction of core inflation during 2009 was mainly the result of four factors, which were partly offset by the impact on prices of the depreciation of the exchange rate at the end of 2008 and the start of 2009. Among the factors contributing to the downward trend followed by core inflation were:

1. The weakness of economic activity during the year which had a greater impact on services prices (Graph 24a).

2. The reduction in prices of construction materials contributed to a decline in the price inflation of housing, which is included in the services group (Graph 24b).

Graph 24
Services Price Subindex
Annual change (percent)



Source: Banco de México.

3. The public health contingency in response to the outbreak of the influenza A (H1N1) virus during the second quarter of 2009, which mainly affected the prices related to tourism as demand in this sector contracted (Graph 24c).

The aggregate impact of these first three factors resulted in a decline in the annual variation of the core services subindex, which shifted from 5.07 to 3.41 percent between the end of 2008 and December 2009 (Table 11).

4. The gradual fading of the supply shocks that took place during 2008 and affected the annual inflation of processed foods' price quotes. The average annual variation of this group fell from 9.46 to 5.73 percent between December 2008 and the end of 2009 (Table 11).

Table 11
Consumer Price Index
Annual change (percent)

	Dec-2008	Mar-2009	Jun-2009	Sep-2009	Dec-2009
CPI	**6.53**	**6.04**	**5.74**	**4.89**	**3.57**
Core [2/]	**5.73**	**5.83**	**5.39**	**4.92**	**4.46**
Merchandise	**6.45**	**7.10**	**6.87**	**6.38**	**5.57**
Food products	9.46	9.41	7.93	7.00	5.73
Remaining merchandise	4.07	5.24	6.00	5.88	5.45
Services	**5.07**	**4.67**	**4.01**	**3.56**	**3.41**
Housing	4.22	3.95	3.22	2.97	2.65
Private education	5.76	5.83	5.67	4.13	4.13
Remaining services	5.77	5.02	4.24	4.01	3.99
Non-core	**8.72**	**6.62**	**6.72**	**4.82**	**1.20**
Agricultural	**11.63**	**10.62**	**13.47**	**12.76**	**1.66**
Fruits and vegetables	10.58	4.35	14.08	20.28	-1.12
Livestock	12.34	14.70	13.09	8.03	3.52
Administered and regulated	**7.27**	**4.66**	**3.32**	**0.80**	**0.97**
Administered	8.03	4.15	2.24	-0.32	0.28
Regulated	6.44	5.22	4.41	1.92	1.72

Annual incidence in percentage points [1/]

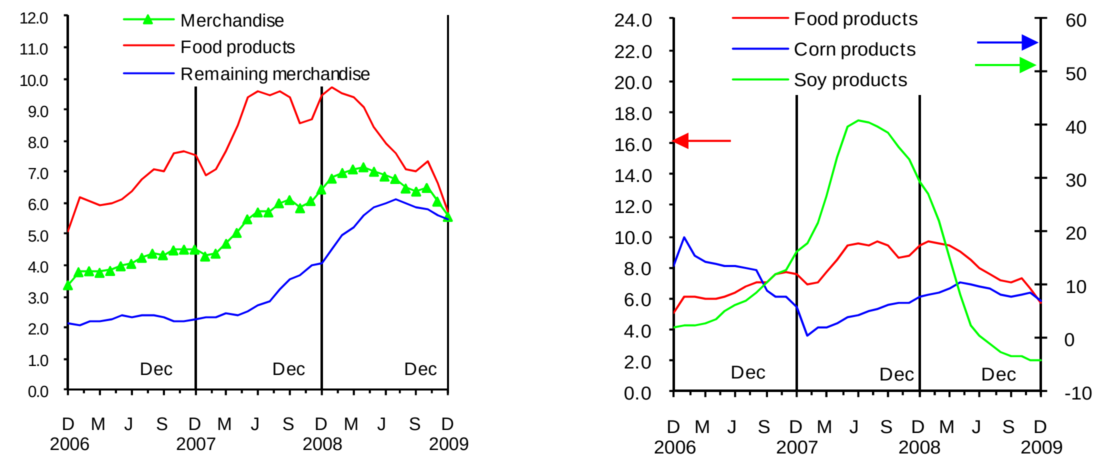
	Dec-2008 (a)	Mar-2009 (b)	Jun-2009 (c)	Sep-2009 (d)	Dec-2009 (e)	Difference (e-a)
CPI	**6.53**	**6.04**	**5.74**	**4.89**	**3.57**	**-2.96**
Core [2/]	**4.21**	**4.28**	**3.98**	**3.62**	**3.25**	**-0.96**
Merchandise	**2.27**	**2.50**	**2.45**	**2.26**	**1.96**	**-0.31**
Food products	1.47	1.47	1.27	1.12	0.92	-0.55
Remaining merchandise	0.80	1.02	1.18	1.14	1.04	0.24
Services	**1.94**	**1.78**	**1.54**	**1.36**	**1.29**	**-0.65**
Housing	0.73	0.68	0.56	0.51	0.45	-0.28
Private education	0.36	0.36	0.35	0.26	0.26	-0.10
Remaining services	0.85	0.74	0.63	0.59	0.58	-0.27
Non-core	**2.32**	**1.77**	**1.75**	**1.27**	**0.33**	**-1.99**
Agricultural	**1.03**	**0.93**	**1.18**	**1.13**	**0.15**	**-0.88**
Fruits and vegetables	0.38	0.15	0.47	0.70	-0.04	-0.42
Livestock	0.65	0.78	0.70	0.44	0.20	-0.45
Administered and regulated	**1.29**	**0.84**	**0.58**	**0.14**	**0.17**	**-1.12**
Administered	0.74	0.38	0.20	-0.03	0.03	-0.71
Regulated	0.55	0.45	0.38	0.17	0.15	-0.40

1/ Incidence refers to the contribution in percentage points of each CPI component to headline inflation. It is calculated using the weights of each subindex, and relative prices and their respective changes. In some cases, the sum of the components of a certain group of subindices might differ to some extent due to rounding.
2/ This indicator includes the price subindex of Merchandise and Services. The Merchandise price subindex is made up of the following groups: Processed foods, Beverages, Tobacco, and Other merchandise. The price subindex of Services is made up of the following groups: Housing (homes), Education (school fees), and Other services. For more details on defining these indicators, see Inflation Report July-September 2007, Appendix 1, p.48-53.
Source: Banco de México.

The depreciation of the exchange rate mentioned above, mostly affected the prices of internationally traded goods. Within the CPI this was reflected in the prices of non-food merchandise (due to the fact that the price formation process of foods was dominated by the absorption of shocks associated with the behavior of food commodities). Thus, the annual growth of core non-food merchandise rose from 4.07 percent at the end of 2008 to 5.45 percent in December 2009 (Table 11 and Graph 25a). It is important to point out that the appreciation of Mexico's currency during the second half of the year meant this effect began to fade during the third quarter of 2009.

Graph 25
Merchandise Price Subindex
Annual change (percent)

a) Merchandise b) Food Products



Source: Banco de México.

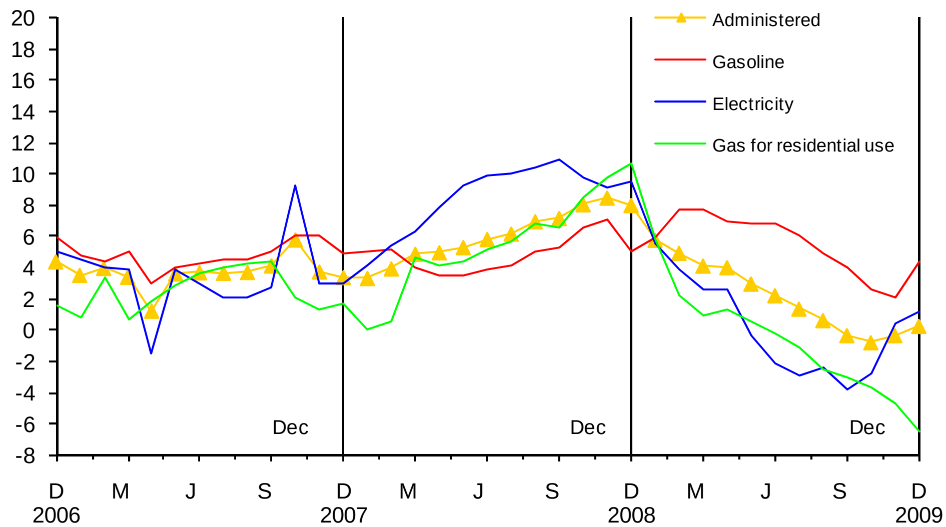
The significant decline in non-core inflation during 2009 mainly responded to three factors:

i) The Mexican government's pricing policy included in the National Agreement in Favor of the Household Economy and Employment announced on January 7, 2009. The policy froze gasoline prices for most of the year, reduced prices of LP gas by 10 percent and held them at that level throughout the year, while it also reduced peak rate electricity fees by 9 percent. This resulted in a significant reduction in the annual growth of prices of goods and services with administered and regulated prices, which shifted from 8.03 to 0.28 percent between December 2008 and the end of 2009. Such reduction explained almost half of the decline observed in annual headline inflation during the year analyzed in this Report (Table 11 and Graph 26).

ii) The gradual fading of supply shocks which affected the annual growth of livestock product price quotes and certain goods and services with regulated prices in 2009. The average inflation of the former group decreased from 12.34 to 3.52 percent between December 2008 and the end of 2009 (Table 11 and Graph 27). Goods and services with regulated prices which contributed the most to the fall in inflation were the tax on land property, water supply fees, and public transportation due to the fact that they registered smaller increases than in 2008 (Graph 28). Thus, the annual inflation of goods and services with regulated prices fell from 6.44 to 1.72 percent between the end of 2008 and December 2009 (Table 11).

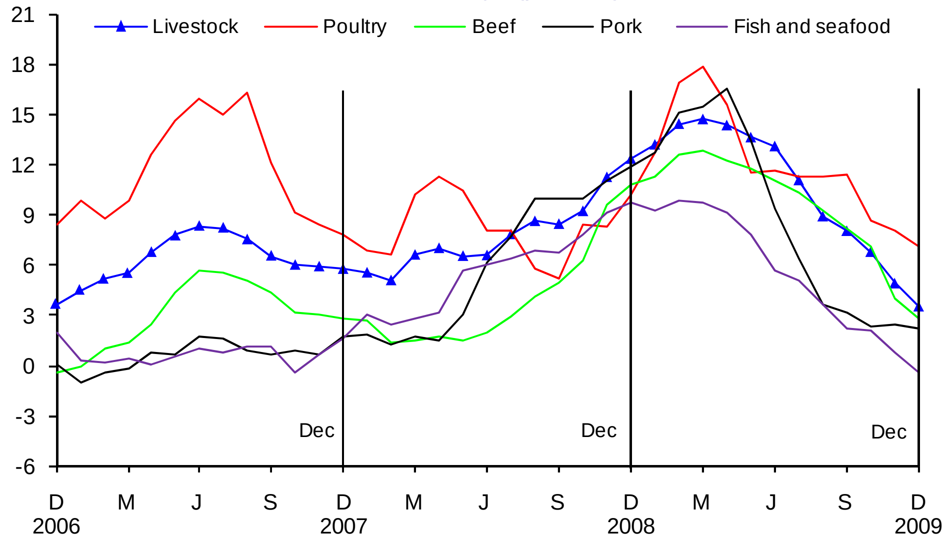
iii) A substantial fall in the growth of the fruits and vegetables price index during the fourth quarter of 2009. The decline in the price quotes of tomato, green tomato, cucumber, and *Serrano* chili pepper was particularly noteworthy. As a result, the annual average variation of the fruits and vegetables subindex plunged from 10.58 to -1.12 percent between December 2008 and the end of 2009 (Graph 29).

Graph 26
Subindex of Administered Prices
Annual change (percent)



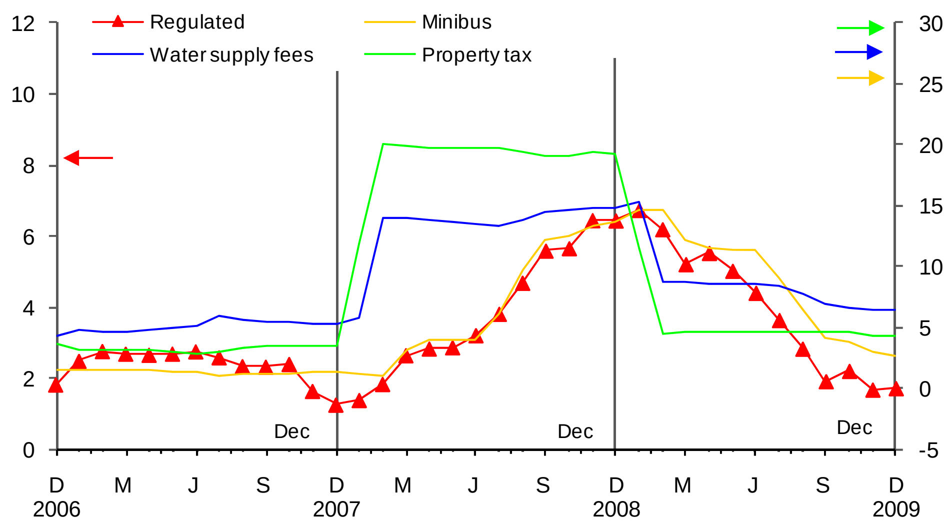
Source: Banco de México.

Graph 27
Livestock Products' Price Subindex
Annual change (percent)



Source: Banco de México.

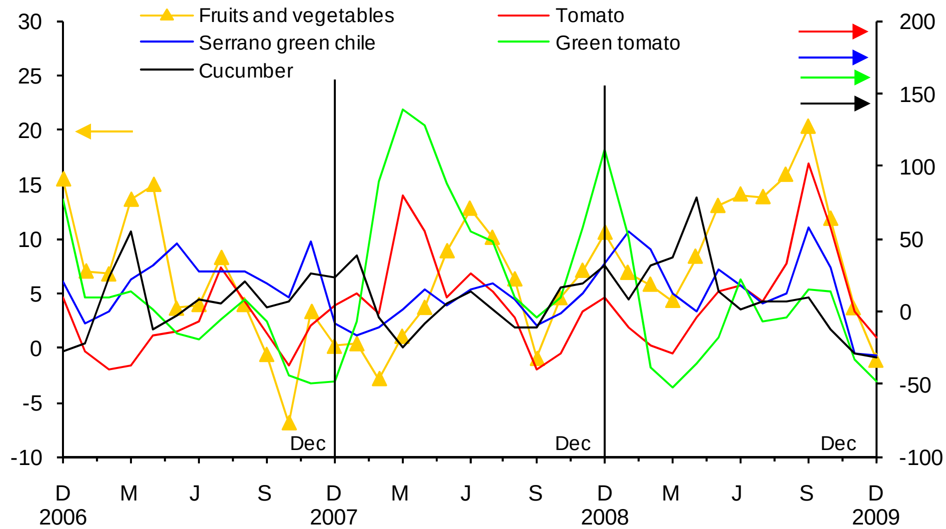
Graph 28
Subindex of Regulated Prices
Annual change (percent)



Source: Banco de México.

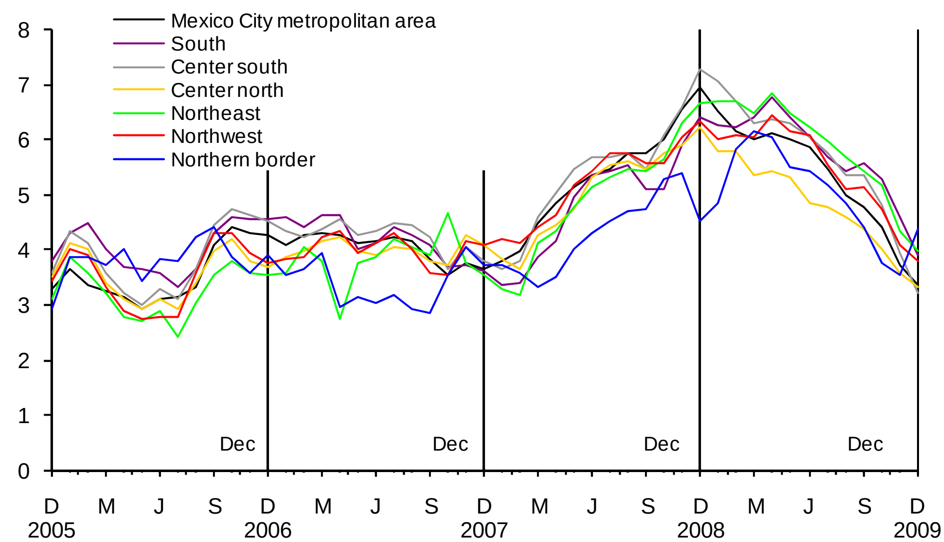
Finally, inflation followed a downward trend in all regions of Mexico during 2009 (Graph 30). In fact, annual average headline inflation was below 4 percent in all regions of the country. The lowest levels of inflation were registered in the three central regions (Mexico City metropolitan area, southern, and northern central regions), excluding the northern border region.

Graph 29
Price Subindex of Fruits and Vegetables
Annual change (percent)



Source: Banco de México.

Graph 30
Regional Consumer Price Indices
Annual change (percent)



Source: Banco de México.

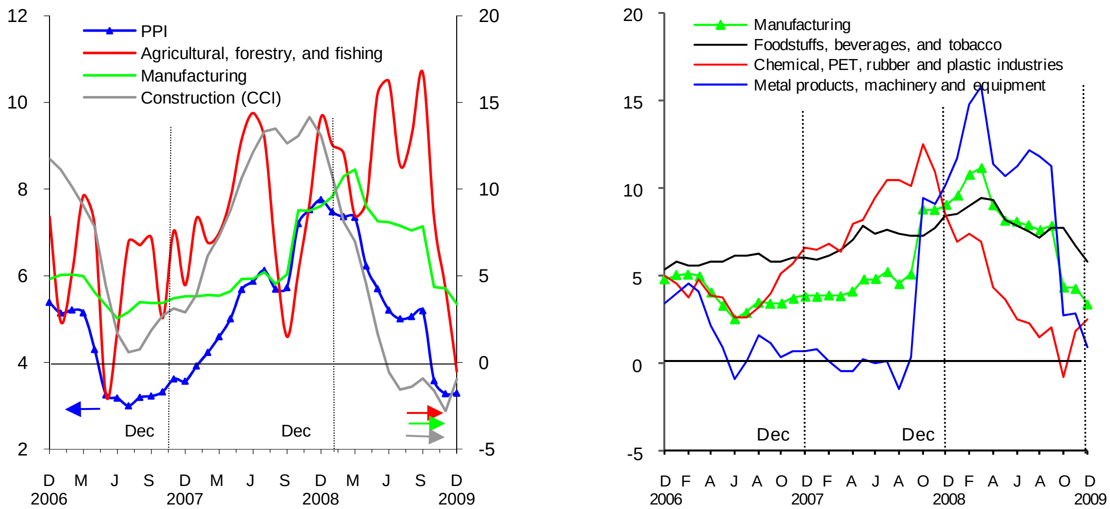
III.4.2. Producer Price Index (PPI)

The non-oil producer price index of finished goods and services recorded an annual average variation of 3.29 percent in December 2009, 4.46 percentage points lower than at the end of the previous year (Graph 31a). This reduction was widespread in almost all economic sectors, except for mining and passenger air transportation. In the manufacturing industry, the downward adjustment in the prices of processed foods, oil by-products, and metal products, machinery and equipment was noteworthy (Graph 31b).

Graph 31
Producer Price Index excluding Oil
Annual change (percent)

a) PPI, Agricultural, Manufactures, and Construction

b) Manufactures, Food products, Oil By-products, and Metallic Products



Source: Banco de México.

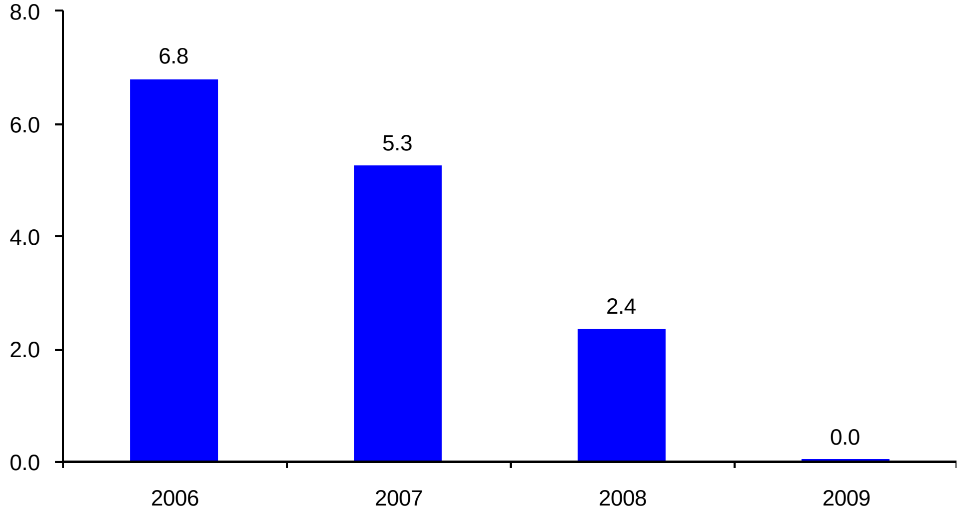
III.4.3. Wages

Wage settlements were not a factor of pressure on the price formation process during 2009 due to the fact that all main wage indicators (except for the minimum wage) grew in annual terms at rates below those posted in the previous year. Some of the most important issues regarding the development of these indicators were:

1. According to information from the National Employment Survey (*Encuesta Nacional de Ocupación y Empleo,* ENOE), average earnings per worker registered an annual nominal variation of 0.0 percent in 2009 as compared to 2.4 percent during the previous year (Graph 32).

2. The IMSS average reference wage, which measures earnings of formal sector workers, grew in annual terms 4.2 percent (as compared with 5.3 percent during the previous year). The lowest variation was observed in the construction and manufacturing industries. These sectors registered the largest falls in wages during the year analyzed (-9.5 and -9.6 percent, respectively). From a regional perspective, the highest decline in the annual growth of the IMSS reference wage was registered in the northern region (Table 12).

Graph 32
Remunerated Working Population's Mean Income: Occupation and Employment Survey[1/]
Annual change (percent)



Source: Calculated by Banco de México with data from INEGI.
1/ Remunerated workers totaled 40.8 million in 2009.

Table 12
IMSS Reference Wage[1/]
Annual nominal change (percent), pesos per day, and total number of IMSS-insured workers

Activity	Annual Change in Percent			Pesos per Day		Total Workers Insured in 2009	
	2008 (A)	2009 (B)	(B) - (A)	2008	2009	Annual change in percent	Percentage structure
Total	5.3	4.2	-1.1	222.3	231.6	-4.0	100.0
By economic activity							
Agriculture, livestock, forestry, hunting, and fishing	4.8	3.7	-1.1	127.2	131.9	3.1	2.9
Extractive industries	11.7	14.1	2.4	300.4	342.7	5.4	0.7
Processing industries	6.5	4.9	-1.6	231.9	243.3	-9.5	26.3
Construction	5.4	3.2	-2.2	169.1	174.6	-9.6	9.3
Electric industry, and water supply services	6.0	5.0	-1.0	496.4	521.1	-1.5	1.2
Commerce	5.1	4.1	-1.0	196.4	204.4	-0.5	21.5
Transport and communications	3.9	4.0	0.1	285.2	296.6	-3.2	5.6
Services for firms and individuals	4.4	3.0	-1.4	228.0	234.7	-1.5	25.2
Social services	5.8	5.6	-0.2	235.6	248.7	2.8	7.3
By region [2/]							
North	5.5	4.1	-1.4	207.7	216.2	-5.7	48.5
Center	5.1	4.0	-1.1	252.7	262.7	-2.9	39.0
South	5.9	5.7	-0.2	183.3	193.6	-0.1	12.5

Source: Calculated by Banco de México with data from the Social Security Institute (*Instituto Mexicano del Seguro Social*, IMSS).
1/This indicator considers IMSS-insured workers. Coverage: 13.8 million workers on average during 2009, representing 34.0 percent of total remunerated workers.
2/The North region includes Ags., B.C., B.C.S., Chih., Coah., Col., Dgo., Jal., Mich., Nay., N.L., S.L.P., Sin., Son., Tam. and Zac. The Center region includes Mexico City (D.F.), Edo. de Méx., Gto., Hgo., Mor., Pue., Qro. and Tlx. The South region includes Camp.,, Chis., Gro., Oax., Q.Roo, Tab., Ver. and Yuc.

3. The average nominal increase of contractual wages in firms under federal jurisdiction was 4.39 percent during 2009, figure slightly below

that reported in the previous year (4.42 percent). Average wage increases negotiated by workers in privately-owned firms were 0.10 percent below those recorded during the previous year (4.53 and 4.43 percent in 2008 and 2009). Meanwhile, average wage settlements in publicly-owned firms rose 4.34 percent (4.25 percent in 2008, Table 13).

Table 13
Contractual Wage Increases in Firms under Federal Jurisdiction [1/]
Figures in percent, weighted average of the period [2/]

	2005	2006	2007	2008	2009
Total	4.38	4.12	4.23	4.42	4.39
Privately-owned	4.65	4.38	4.34	4.53	4.43
Automotive and autoparts	4.66	4.31	4.43	4.41	2.77
Rest	4.65	4.39	4.33	4.55	4.58
Publicly-owned	3.98	3.78	4.08	4.25	4.34
Electric	4.00	4.00	4.25	4.25	4.90
Oil-related	4.10	4.10	4.25	4.80	4.90
Rest	3.94	3.62	4.00	4.10	4.03

Source: Calculated by Banco de México with data from the MInistry of Labor.
1/ This indicator considers workers negotiating wages in firms under federal jurisdiction. Coverage: 1.8 million workers in 2009, representing 4.5 percent of total remunerated workers of that year.
2/ The weighted average is calculated based on the number of workers benefitted in each wage revision.

4. An increase of 4.62 percent in the general minimum wage was agreed for 2009. This increase was 0.62 percentage points above that negotiated the previous year (Table 14).

Table 14
Minimum Wage
Pesos per day and annual change in percent

Period	Pesos per day				Annual Change in Percent			
	Average	Geographic Region			Average	Geographic Region		
		A	B	C		A	B	C
2003	41.53	43.65	41.85	40.30	4.50	3.56	4.36	5.22
2004	43.30	45.24	43.73	42.11	4.25	3.64	4.50	4.50
2005	45.24	46.80	45.35	44.05	4.50	3.50	3.70	4.60
2006	47.05	48.67	47.16	45.81	4.00	4.00	4.00	4.00
2007	48.88	50.57	49.00	47.60	3.90	3.90	3.90	3.90
2008	50.84	52.59	50.96	49.50	4.00	4.00	4.00	4.00
2009	53.19	54.80	53.26	51.95	4.62	4.20	4.51	4.95
2010	55.77	57.46	55.84	54.47	4.85	4.85	4.85	4.85

Source: Prepared by Banco de México with data from the Minimum Wage Commission (*Comisión Nacional de Salarios Mínimos*, CONASAMI).

IV. Monetary and Exchange Rate Policy

IV.1. Monetary Policy

IV.1.1. Monetary Policy Overview

Article 2 of Banco de México's governing law establishes that the purpose of the central bank is to provide the Mexican economy with currency. This objective implies that Banco de México's main goal is to safeguard the country's currency purchasing power. Additional goals of the central bank are also the sound development of the financial system and the smooth functioning of the payment systems.

The safeguarding of the country's currency purchasing power is based on the many social and economic costs associated with high and variable inflation. Such costs become higher as inflation increases.[29] It is therefore important to point out that keeping inflation under control is not a goal that goes against economic growth; on the contrary, an environment of price stability fosters economic growth.

Banco de México conducts monetary policy to pursue and achieve its main goal of guaranteeing the stability of the country's currency purchasing power. Considering the aforementioned, in 2001, Mexico's central bank opted for an inflation targeting regime to conduct its monetary policy. Specifically, the central bank's medium-term goal is to attain an annual consumer price inflation rate of 3 percent.

Nevertheless, and even when monetary policy is conducted in line with the attainment of such a goal, there is still a margin of uncertainty about how accurately and how precisely it can achieve this target, given the variety of factors that affect inflation. Considering this degree of uncertainty, the central bank has set a variability interval of plus/minus one percentage point around the 3 percent target. This range does not mean that the central bank is setting a margin of indifference or tolerance around the inflation target. Rather, it is a practical way of representing the uncertainty associated with inflation dynamics and, therefore, with the attainment of the target.

In order to attain the inflation target Banco de México must consider that its monetary policy actions affect the economy and, particularly, prices with a lag, and that these lags are variable. For this reason the central bank makes its monetary policy decisions after carefully assessing the current economic environment and the prevailing monetary and financial conditions as well as the outlook for inflation, among other factors.

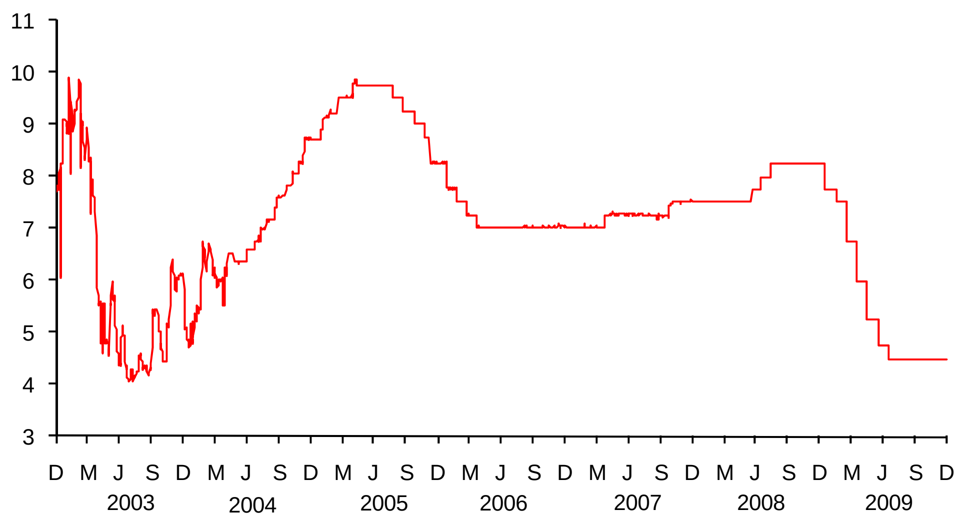
[29] For a detailed explanation of the costs related to inflation, see Monetary Program for 2010.

Banco de México closely monitors the path of medium and long-term inflation expectations, as well as other indicators that could alert on any contamination of the price formation process. If such contamination threatens price stability, the central bank responds by adjusting its monetary policy stance. In order to do so, Banco de México has set as its monetary policy tool, the Overnight Interbank Rate, also known as the reference rate.

IV.1.2. Monetary Policy Actions

In an environment where different economic and financial authorities in Mexico implemented measures to reduce the adverse effects of the external economic and financial crisis, Banco de México's Board of Governors began a cycle of monetary easing in 2009. During the first 7 months of the year, the target for the Overnight Interbank Rate was cut from 8.25 percent at the end of 2008 to 4.50 percent on July 17, 2009, for a total of 375 basis points (Graph 33).[30] Later, the Board of Governors decided to leave the target for the Overnight Interbank Rate unchanged for the remainder of the year.

Graph 33
Overnight Interbank Rate[1/]
Annual percent



1/ The target for the Overnight Interbank Rate (Banco de México's operating target) is shown starting January 21, 2008.

During 2009, the monetary base registered an average nominal variation of 16.3 percent in annual terms, figure higher than the 12.5 percent observed in 2008.[31] The path of this aggregate was affected by the temporary factors which increased the demand for monetary base during the first half of 2009 (average nominal annual growth of 19.6 percent during this period). These factors then faded during the second half of the year, causing the monetary base to grow at a

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[30] The Overnight Interbank Rate was cut 50 basis points in January, 25 basis points in February, 75 basis points in March, April and May, 50 basis points in June, and 25 basis points in July.

[31] Changes calculated based on the average of daily stocks.

slower rate (average annual growth of 13.2 percent).[32] As for net international assets, they decreased during the first half of the year and increased in the second half, thus implying that net domestic credit flows were very high during the first half of 2009, a situation which then reverted during the second half of the year. As a result, the annual flow of net domestic credit was 12,044 million pesos at the end of 2009 (Table 15).

Table 15
Monetary Base, International Assets, and Net Domestic Credit
Millions

	Stocks at the End of			Flows Accumulated in		
	2007	2008	2009	2007	2008	2009
(A) Monetary Base (Pesos)	494,743	577,543	632,032	44,922	82,799	54,490
(B) Net International Assets (Pesos) 1/ 2/	952,227	1,317,292	1,304,892	118,484	82,183	42,445
Net international assets (US dollars) 2/	87,235	95,232	99,870	10,931	7,997	4,638
(C) Net Domestic Credit (Pesos) [(A)-(B)] 1/	-457,484	-739,750	-672,860	-73,562	616	12,044
(D) Gross Reserves (US dollars)	87,211	95,302	99,893	10,881	8,091	4,591
Change attributed to a:						
Pemex				12,899	22,754	11,529
Federal government				-3,648	-4,772	5,824
Foreign exchange market operations 3/				-4,240	-18,674	-16,246
Other 4/				5,870	8,783	3,484
(E) Liabilities with Less than Six Months to Maturity (US dollars)	9,220	9,861	9,055	570	640	-805
(F) International Reserves (US dollars) [(D)-(E)] 5/	77,991	85,441	90,838	10,311	7,450	5,397

1/ Net international assets' cash flows in pesos are estimated using the exchange rate applied to each transaction.
2/ Net international assets are defined as gross reserves plus funding arrangements with foreign central banks with more than six months to maturity, minus total liabilities payable to the IMF and funding arrangements with foreign central banks with less than six months to maturity.
3/ Corresponds to US dollars sold to commercial banks in this market through the following mechanisms: i) daily US dollar auctions at an exchange rate of at least 2 percent above the exchange rate of the previous business day; ii) daily US dollar auctions without announced minimum price; and, iii) extraordinary sales of US dollars in the foreign exchange market.
4/ Includes yields on net international assets and other transactions.
5/ As defined by Banco de México's Law.

As mentioned previously, the recent world economic crisis was unique in terms of how rapidly it became widespread to all regions in the entire globe. Since the Mexican economy is highly integrated, both commercially and financially, to the world economy, Mexico did not refrain from the negative effects of the crisis. These effects were passed on to the Mexican economy mainly via a marked decline in the demand for exports, a deterioration in the terms of trade, and more astringent conditions to access financing in foreign capital markets.

Under this setting, the adverse impact of the world economic recession on the Mexican economy meant that during the first half of 2009 the balance of risks faced by monetary policy in Mexico deteriorated significantly more in terms of economic activity than of inflation. Later, during the second half of the year, and as the world economy started to recover, economic activity in Mexico improved. Nevertheless, given the sharp economic downturn during the first half of 2009, the slackness in the Mexican economy continued during the second half of the year, meaning no demand-related inflationary pressures were observed.

[32] Among these factors, the most noteworthy were the effect of the Tax on Cash Deposits (*Impuesto sobre Depósitos en efectivo*, IDE) on the composition of portfolio between cash deposits and bank term deposits, and the greater use of cash that usually takes place during federal elections.

Inflation initially declined at a relatively modest rate during the first half of 2009. Nevertheless, a factor to consider is that the path of inflation, particularly core inflation, was affected by both the depreciation of the exchange rate and the previously mentioned decline in aggregate demand. As expected, these two factors affected inflation in opposite directions during the year.[33]

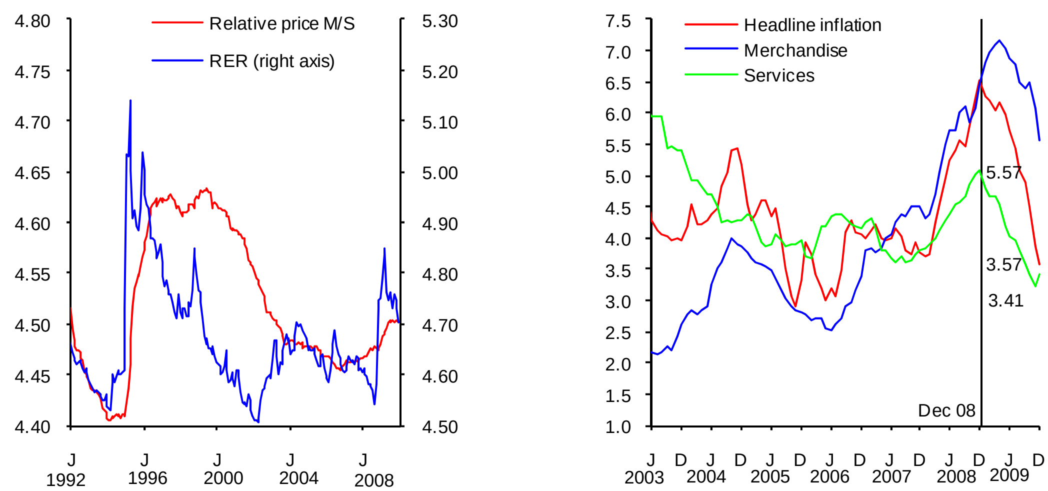
The adverse international environment mentioned before caused the real exchange rate in Mexico to depreciate significantly. Under these circumstances, merchandise prices relative to services prices tend to adjust in the same direction as changes in the real exchange rate. In particular, a lengthy depreciation of the real exchange rate eventually leads to an increase in the relative price of merchandise.

Thus, during 2009 annual core merchandise inflation remained above core services inflation (Graph 34a). During the first few months of the year, the core merchandise price subindex followed an upward pattern, from 6.45 percent in December 2008 to 7.17 percent in April 2009. Later, once most of the pass-through from the depreciation of the exchange rate to prices was absorbed, this indicator began to decline, reaching 5.57 percent in December 2009 (Graph 34b). Meanwhile, core services inflation, which tends to be less affected by exchange rate fluctuations, followed a downward pattern since the start of the year, falling from 5.07 percent in December 2009 (Graph 34b).

Graph 34
Merchandise Prices Relative to Services Prices, Real Bilateral Exchange Rate with the U.S., and Headline Inflation and Core Merchandise and Services Inflation

a) Relative Price of Merchandise in Relation to Services [1/] and Real Bilateral Exchange Rate with the U.S. [2/]
Index logarithm 2000=100

b) Headline Inflation, Core Merchandise and Core Services Inflation
Percent



1/ The relative price of merchandise is defined as the ratio of the core merchandise price subindex over the core services price subindex. Latest figure: December 2009.
2/ An increase in the bilateral exchange rate represents depreciation.

The adjustment in merchandise prices relative to services prices during the year was also reflected in the behavior of the trimmed mean of inflation (Graph

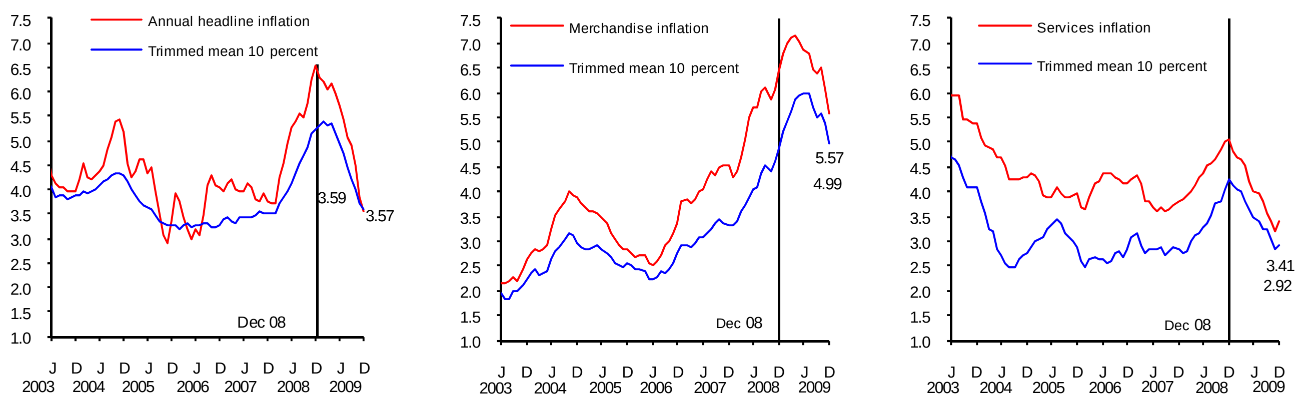
33 See Section III.4.1 of this Report and Boxes 1 and 2 of the Inflation Report July-September 2009.

35).[34] The trimmed mean indicator of headline inflation started to decrease in February 2009, registering 5.39 percent that month and reaching 3.59 percent in December. This suggests that the price growth of most items, which by definition are located at the center of the monthly price variations distribution, showed a decrease in their growth rate during the year.

The trimmed mean of core merchandise inflation followed an upward pattern, reaching 5.98 percent in July. Later, as the impact of the depreciation of the exchange rate on merchandise prices was absorbed and extremely weak economic conditions continued, this indicator fell to 4.99 percent in December (Graph 35b). Meanwhile, the trimmed mean of core services inflation decreased from 4.26 percent in December 2008 to 2.92 percent at the end of 2009, mainly in response to the slackness in economic activity (Graph 35c).

Graph 35
Headline Inflation and Inflation Indicators excluding the Contribution of Extreme Upper and Lower Variations Trimmed at 10 Percent [1/]
Annual percent

a) Headline Inflation | b) Core Merchandise Inflation | c) Core Services Inflation



1/ The trimmed mean excludes the contribution of extreme variations in certain items' prices from headline inflation. To strip these variations, the following calculations are done: i) monthly seasonally adjusted variations of CPI prices are arranged in descending order; ii) the items with the highest and lowest variation are excluded, considering up to 10 percent of the CPI basket, respectively, in each distribution tail; and, iii) with the remaining items, which, by construction, are located at the center of the distribution, the trimmed mean indicator is constructed.

A review of the development of economic agents' inflation expectations obtained through Banco de México's monthly survey conducted among private sector economic analysts shows that, in line with the change in the balance of risks faced by monetary policy at the beginning of 2009, inflation expectations reached, in general terms, an inflection point in January 2009. Although the consensus of expectations corresponding to inflation for the end of 2009 exhibited some volatility during the first quarter of 2009, they followed a downward trend

[34] The trimmed mean excludes the contribution of extreme price variations of certain items from headline inflation. To strip these variations, the following calculations are done: i) monthly seasonally adjusted variations of CPI prices are arranged in descending order; ii) the items with the highest and lowest variation are excluded, considering up to 10 percent of the CPI basket, respectively, in each distribution tail; and, iii) with the remaining items, which, by construction, are located at the center of the distribution, the trimmed mean indicator is constructed.

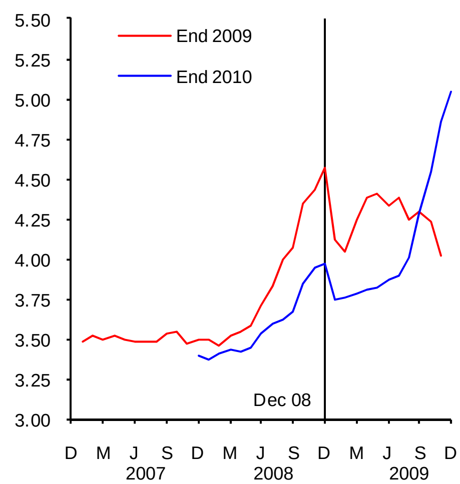
during the entire year (Graph 36a), falling from 4.56 percent in December 2008 to 4.02 percent in the last few months of 2009.[35]

The consensus for inflation expectations for the end of 2010 did not change significantly during the first half of the year. However, it increased considerably during the second half, from 3.86 percent in June to 5.04 percent in December's survey (Graph 36b).[36] This upward revision in inflation expectations for 2010 coincided with the discussion and approval of fiscal measures aimed at strengthening public finances in Mexico, which took place during the second half of 2009. Under these conditions, the upward revision in short-term inflation forecasts seems to have responded to the anticipated effect of fiscal measures on inflation and to prospects of changes in the policy of public prices and fees for 2010.

It is important to point out that although inflation expectations for 2010 increased during the second half of the year, those for longer horizons remained anchored, although above the 3 percent inflation target. In particular, the consensus for the ones corresponding to the average for a 5-8 year horizon remained close to 3.45 percent during the year (Graph 36b).[37] This suggests the anticipated rise in inflation during 2010 was perceived as temporary by analysts.

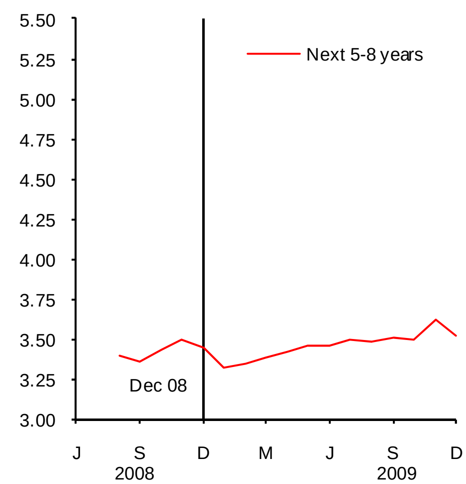
Graph 36
Annual Headline Inflation Expectations
Annual percent

a) End of 2009 and 2010



Source: Banco de México's Survey.

b) Next 5-8 years



Source: Banco de México's Survey.

Another factor which complements the analysis of the environment facing monetary policy in 2009 is the behavior of the yield curve. On the one hand, short-term interest rates decreased during the first half of the year mainly as a result of a reduction in the target for the Overnight Interbank Rate between

[35] Average inflation expectations for the end of 2009 from the Infosel survey showed the same behavior, falling from 4.06 percent on December 19, 2008 to 3.79 percent in the survey of December 18, 2009.

[36] According to Infosel, average inflation expectations for the end of 2010 increased from 3.59 percent in its survey of June 5, 2009, to 5.01 percent in that of December 18, 2009.

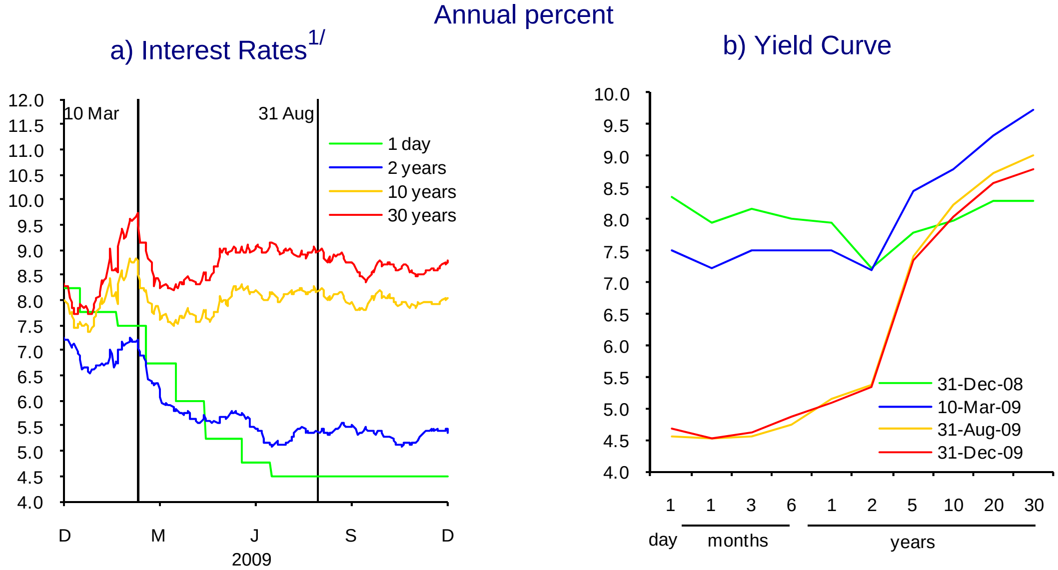
[37] According to Infosel's survey, average inflation expectations for the following 5-8 years remained around 3.45 percent.

January and July. In particular, the interest rate on 3-month bonds fell from levels close to 8.15 percent at the end of December 2008 to around 4.6 percent at the end of July, remaining at that level until the end of the year (Graph 37).

On the other hand, the longer portion of the yield curve changed significantly throughout the year. During the first few months of the year, long-term yields experienced some volatility. However, as conditions in international and domestic financial markets improved during the second half of the year, volatility decreased and even longer term rates followed a downward trend during that period.

The period covering the first two months of the year until March 10 was characterized by an environment of high risk aversion in international financial markets. Medium and long-term interest rates were adversely affected during this period by various factors, including : i) sharp falls in international trade and tighter conditions in international financial markets; ii) higher risk perceptions regarding the Mexican economy associated with doubts about the country's capacity to finance the modest increase in its anticipated current account deficit for 2009; iii) volatility in the foreign exchange market as well as uncertainty over the possible effects of a depreciation of the exchange rate on inflation; iv) the substantial economic downturn; and, v) perceptions of a structural weakening in public finances, mainly as a result of the anticipated reduction in oil revenues in the following years. Thus, during this period risk premia rose and caused long-term interest rates to increase. Indeed, the yield on the 30-year government bond rose from levels close to 7.7 percent at the end of December 2008 to around 9.7 percent in the first few days of March 2009 (Graph 37a).

Graph 37
Interest Rates in Mexico
Annual percent



1/ From January 21, 2008 onwards, the 1-day series corresponds to the target for the Overnight Interbanking Rate (Banco de México's operational target).

Later, in the period from the second half of March until the end of August, longer-term interest rates began to stabilize. This was due, among other factors, to the following: i) the gradual return to normal conditions in international financial markets, ii) a more favorable international outlook for emerging economies; and, iii) the positive effects of the measures adopted at the start of the year by Mexican authorities to reduce risk perceptions regarding the country's economy (see section IV.2).

Finally, during the last 4 months of the year longer term rates followed a modest downward trend and were less volatile. The yield on the 30-year government bond declined from levels close to 9 percent at the end of August (before discussions on the fiscal measures which would later be approved at the end of October and the start of November) to around 8.7 percent at the end of the year. This reduction was in line with perceptions that the increase in inflation resulting from the fiscal measures would be temporary as the structure of public finances strengthened and capital flows to emerging economies recovered.

IV.2. Exchange Rate Policy

In the first two months of 2009, and in view of an adverse international environment, sovereign risk indicators for emerging economies deteriorated, while their exchange rates depreciated substantially and became more volatile. In Mexico's case, the reduction in oil revenues and expectations of lesser non-oil public revenues, as a result of the economic downturn, generated uncertainty about public finances' margin of maneuver for 2009 and, particularly, for 2010. Furthermore, in the context of lower external revenues and astringent conditions in international financial markets, at the beginning of 2009, some investors started to perceive that Mexico might face problems to finance the forecasted modest increase in its current account deficit for 2009. This led to an episode of high uncertainty in the foreign exchange market and to significant increases in sovereign risk indicators for Mexico.

Faced with this situation, Mexico's financial authorities adopted a series of coordinated measures that contributed to gain confidence and supply liquidity to the exchange market. Among these measures, the following deserve mentioning:

i) On three occasions in 2009, the Foreign Exchange Commission published an assessment on the expected balance of payments' results for the year. Each of these forecasts concluded that there were no problems to fully finance the current account deficit. In this regard, net exports increased throughout 2009 in response to the adjustment in domestic expenditure and thereby reduced the size of the deficit to be financed.[38]

ii) In addition to the assessments on the expected balance of payments, mechanisms were established to provide liquidity to the foreign exchange market and guarantee that a significant part of the forecasted international reserves for 2009 was sold in that market.[39] These

[38] Balance of payments estimates for 2009 were announced in March, May and September 2009. See Foreign Exchange Commission press releases of March 5, May 29 and September 1, 2009 (available only in Spanish).

[39] Per agreement of the Foreign Exchange Commission, from January 1 to March 6, 2009, Banco de México provided liquidity in the foreign exchange market through two mechanisms. First, by carrying out daily US dollar auctions with announced minimum price for 400 million US dollars, selling a total of

mechanisms were modified throughout the year as conditions in the foreign exchange market returned to normal.[40] Thus, Banco de México sold a total of 16,246 million US dollars directly to the foreign exchange market during 2009. It is important to point out that as a result of the return to orderly conditions in the foreign exchange market, the amount of US dollars sold fell from 5,915 million in the first half of 2009 to 511 million in the fourth quarter of the year (Table 16).

Table 16
Mechanisms of US dollar Sales to the Market, 2009
Million US dollars

	Quarters				Total
	I	II	III	IV	
Total	5,915	5,820	4,000	511	16,246
Direct sale 1/	1,835	0	0	0	1,835
Auctions with minimum price 2/	2,480	420	750	511	4,161
Auctions with no minimum price 3/	1,600	5,400	3,250	0	10,250

Source: Banco de México.
1/ US dollars sold directly in the exchange rate market through Banco de México, as determined by the Foreign Exchange Rate Commission in the press releases of the corresponding dates.
2/ US dollars sold through the auction mechanism, as determined by the Foreign Exchange Rate Commission in its press release of October 8, 2008 and in circular 47/2008 of Banco de México.
3/ US dollars sold daily through the auction mechanism, as determined by the Foreign Exchange Rate Commission in its press release of March 5, 2009 and in circular 6/2009 of Banco de México.

iii) Two additional measures were implemented as a key part of the actions undertaken to promote orderly conditions in the foreign exchange market. First, on April 17, 2009, the International Monetary Fund approved a Flexible Credit Line (FCL) of up to 31,528 million Special Drawing Rights (around 47 billion US dollars) for Mexico. Access to this credit line has a precautionary nature and bolstered certainty and confidence in the Mexican economy. This line is unconditional and is only available to countries with strong economic fundamentals and solid economic policies (see Appendix 1). Second, Banco de México held US dollar funding auctions, tapping into resources from the temporary mechanism to exchange foreign currency (known as currency swap line) which, like other central banks, was agreed by Banco de México with the U.S. Federal Reserve Bank.[41] Of the 4,000 million US dollars auctioned, 3,221 million were allocated.[42]

2,480 million US dollars; and, second, by selling US dollars directly in the foreign exchange market for a total of 1,835 million US dollars in February 2009.

40 On March 5, the Foreign Exchange Commission announced that between March 9 and June 8, Banco de México would sell US dollars to the market through the following mechanisms: i) extraordinary auctions, ii) daily US dollar auctions with announced minimum price for 300 million US dollars, and iii) daily US dollar auctions without announced minimum price for 100 million US dollars. Later, from June 9 to September 8, 2009, the amount of US dollars sold through daily auctions with announced minimum price was reduced to 250 US dollars and those sold through auctions without announced minimum price were lowered to 50 million US dollars per day. Finally, daily US dollar auctions without announced minimum price were stopped on September 30.

41 On October 29, 2008, Banco de México established a temporary currency arrangement (swap line) with the U.S. Federal Reserve for up to 30 billion US dollars. This mechanism allows these resources to be used to supply US dollar liquidity to financial institutions in Mexico. Initially effective until April 30, 2009, on February 2, 2009 this line was extended until October 30 of that year. Later, on June 25, 2009, the mechanism was extended further until February 1, 2010.

42 See Banco de México press release of April 21, 2009 (available only in Spanish).

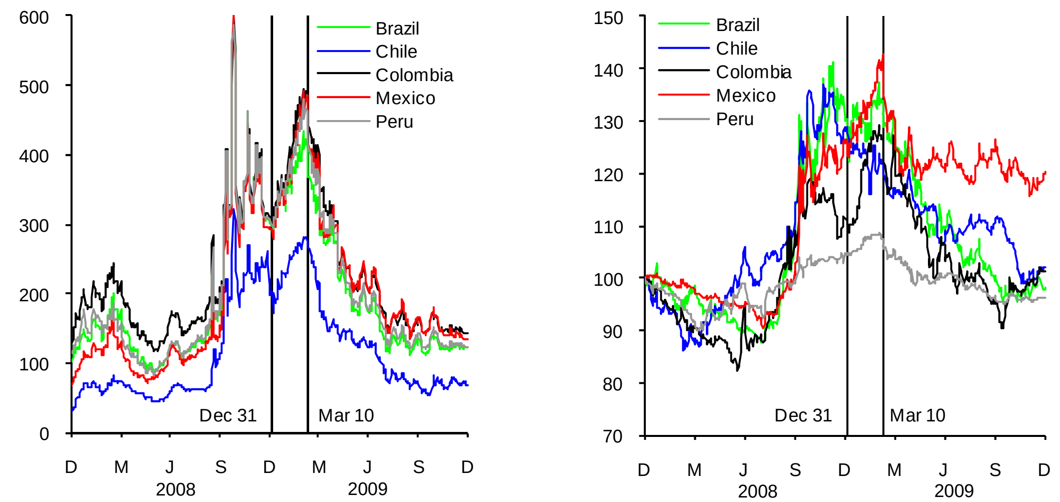
Risk perception for emerging economies began to improve slightly in mid-March. This was attributed, among other factors, to the announcement that more resources would be channeled to these economies mainly through the referred IMF Flexible Credit Line. Furthermore, the positive results of the stress tests applied to commercial banks in the U.S. also contributed to reduce risk aversion.

During the rest of the year, international investors' appetite for risk increased in response to better conditions in international financial markets and very low interest rates in advanced economies, as well as a more favorable outlook for economic growth in emerging countries. In this setting, capital flows to emerging economies rebounded, while sovereign risk indicators for such countries declined and their nominal exchange rates appreciated (Graph 38). The rebound of some of these indicators from their behavior at the end of 2008 and the first half of 2009 was relatively smaller in Mexico than in other countries in the region, particularly in the case of the exchange rate. This might mostly have been due to the larger impact of the international crisis on Mexico given its higher dependence on the U.S.

Graph 38
Sovereign Risk Indicator and Nominal Exchange Rate

a) Sovereign Risk Indicator: Credit Default Swaps (CDS)[1/]
Basis points

b) Exchange Rate in some Latin American Economies[1/]
1-Jan-08 =100



Source: Bloomberg.

Source: Bloomberg.
1/ Exchange rate vs. US dollar. An increase equals depreciation.

Finally, it is important to mention that in order to supply liquidity to the world economy, in August 2009 the Executive Board of the International Monetary Fund approved the allocation of SDRs equivalent to 250 billion US dollars. The Board also agreed a special one-time SDR allocation of around 33 billion US dollars.[43] As a result of these allocations, Banco de México received a total of 2,561.2 million SDRs, which were added to Mexico's international reserves.[44]

43 See Banco de México press release of August 27, 2009 (available only in Spanish).
44 The Special Drawing Right is an international reserve asset created by the IMF in 1969 to supplement its member countries' official reserves. Its value is based on a basket of four key international currencies

Summing up, in an environment of high volatility in the foreign exchange market at the end of 2008 and the start of 2009, the exchange rate depreciated considerably. Later, from the second half of March 2009 onwards, and as a consequence of the improved external environment and the abovementioned measures adopted by the Mexican authorities, part of the referred depreciation began to revert and volatility in the foreign exchange market declined considerably. The previously mentioned fiscal measures contributed significantly to the improved outlook for the Mexican economy.

(the US dollar, the euro, the pound sterling, and the yen). SDRs can be exchanged for freely usable currencies. Holders of SDRs can obtain these currencies in two ways: through the arrangement of voluntary exchanges between countries; and, through the IMF designating members with strong external positions to swap their currency for SDRs.
The first allocation of 2,337.2 million SDR, equal to 3,655 million US dollars, came into effect on August 28, 2009. Later, on September 9, Banco de México received a further 224 million SDR equal to 353 million US dollars from a special one-time allocation.

V. Final Remarks

The world economy contracted sharply at the start of 2009. Economic activity later began to recover during the second quarter and continued to strengthen throughout the year, although at significantlñy different paces among countries and regions. Unlike past episodes, this time emerging economies led the recovery. Nevertheless, the growth recorded during the second half of 2009 did not prevent world GDP from shrinking for the year as a whole, the first contraction of the world economy in the postwar period.

Under these conditions, worth mentioning are the coordinated efforts of authorities in most countries, emerging and advanced, to implement fiscal and monetary stimulus measures, as well as actions to support the financial system. Such actions contributed to gradually restore confidence in financial markets and laid the foundations for economic recovery. Meanwhile, despite the rebound in commodity prices, countries' excess installed capacity meant inflationary pressures remained low during 2009.

During the first half of the year, the Mexican economy contracted sharply. This performance resulted from a decline in external demand and its impact on the domestic market, as well as several other temporary factors affecting economic activity during the second quarter. During the second half of the year, external conditions faced by Mexico began to improve, regarding both U.S. industrial activity and the behavior of international financial markets. This led to a rebound in economic activity mainly in response to the gradual recovery of external demand. The recovery also benefitted from higher public expenditure, through which the fiscal policy partly offset the fall in private sector and external demand. Private demand exhibited only a modest improvement during the second half of 2009 and economic conditions therefore remained slackened at the end of the year.

Under this environment, both economic and financial authorities in Mexico adopted a series of measures designed to reduce the adverse effects of the international economic and financial crisis. Considering the risks implied by a highly volatile foreign exchange market, the actions implemented by the Foreign Exchange Commission were particularly relevant in clearing the uncertainty generated at the start of the year.

In 2009, the significant decline in headline inflation in Mexico was attributed to both its core and non-core components. In the former case, the reduction mainly responded to the weakness of economic activity, the impact of the public health contingency associated to the outbreak of the influenza A (H1N1) virus on the demand for tourism and food services, as well as the reversal of increases in commodity prices during 2008. As for non-core inflation, the factors responsible for its decline were the federal government's policy to reduce and freeze the prices of several fuels, the lower growth of regulated prices and, particularly during the second half of the year, the fall in agricultural product prices.

In line with the macroeconomic and financial policies mentioned throughout this Report and in view of the sharp economic downturn, in its monetary policy press releases Banco de México signaled there had been a substantial deterioration in the balance of risks for economic activity. In light of this situation, and with the aim of reducing the negative impact of the international crisis, Banco de México's Board of Governors loosened its monetary policy stance by 375 basis points, cutting its target for the Overnight Interbank Rate from 8.25 percent at the end of 2008 to 4.50 percent on July 17, 2009. The Board left this target unchanged for the remainder of the year after taking into consideration the anticipated temporary effect of the fiscal measures on inflation, on the one hand, and the behavior of economic activity, on the other. Thus, Banco de México closely monitored the development of medium and long-term inflation expectations, ensuring these remained well anchored and did not affect the Mexican economy's price formation process.

Appendices

Appendix 1

Mexico's Relationship with International Financial Institutions

International Monetary Fund (IMF)

Mexico is a member of the International Monetary Fund (IMF) since its foundation in 1944. At the end of 2008, Mexico's quota in the institution was 3,152.8 million Special Drawing Rights (SDRs), accounting for 1.45 percent of IMF's total quotas.[45] A member's quota reflects the relative position of its economy with respect to other member countries, determines its financial obligations with the IMF, its access to IMF funding, and its voting power in the institution.

Several issues regarding Mexico's relationship with the IMF were particularly relevant in 2009: the Mexican Congress' approval of the increase of Mexico's quota in the organization and the reforms of its Articles of Agreement, the Flexible Credit Line arrangement, and the approval of new SDR allocations for Mexico. Mexico's participation in the IMF Financial Transactions Plan (FTP), and the publishing of the third Annual Observance Report of the Special Data Dissemination Standard (SDDS) were also noteworthy.

In April 2009, the Exchange Rate Commission requested a funding arrangement under the IMF's Flexible Credit Line (FCL) facility equivalent to 31,528 million SDRs (around 47 billion US dollars) for a one-year term. This measure was precautionary and was taken in order to bolster employment, increase firms and households' access to credit, and to foster economic stability and growth.[46] This credit line was part of the actions implemented by the Mexican authorities to reduce the impact of the international economic and financial crisis. Thus, on April 17, the IMF approved the FCL for a total equivalent to 1000 percent of Mexico's quota in this organization. The authorities signaled their intention to treat the FCL as precautionary and that they had no intention of drawing on it. The credit, in favor of Mexico, was the first agreement under this facility which was created in the context of a restructuring of the IMF's funding mechanisms. It is important to mention that Mexico did not use this credit line.

The FCL is especially useful for crisis prevention due to the fact that it can be used at any time and disbursements are not scaled or, as in the case of more traditional IMF-backed programs, subject to any monetary policy conditionality. Such flexible access is only available to countries with very strong macroeconomic policies.

On October 16, 2009, the IMF completed its six-month review of the Flexible Credit Line granted to Mexico and endorsed the country's continued

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[45] On December 31, 2009 one SDR was equivalent to 1.56769 US dollars.

[46] See Foreign Exchange Commision's announcement of April 1, 2009 (Anuncio de la Comisión de Cambios del 1 de abril de 2009)(available only in Spanish).

qualification to access FCL resources, extending their availability until April 2010.[47]

Regarding the increase of Mexico's quota in the IMF, on April 28, 2008, this organization's Board of Governors approved Resolution No. 63-2, which includes the following measures:

a) A second *ad hoc* increase of quotas, based on a new formula to determine them and which will raise them for 54 out of the 186 member countries.

b) An amendment to the Articles of Agreement tripling basic votes in order to enhance the voice and participation of low-income countries.

c) An amendment to the Articles of Agreement allowing Executive Directors elected by 19 or more member countries to name two Alternate Directors.

In response to these proposals, in January 2009, the Mexican Congress approved the 472.9 million SDR increase in Mexico's quota, as well as the amendments to the IMF's Articles of Agreement.[48] The increase in Mexico's quota will come into force when the aforementioned resolution 63-2 is approved by at least three-fifths of IMF members representing at least 85 percent of the total voting power.

On August 7, 2009, the IMF Board of Governors approved a general SDR allocation equivalent to 250 billion US dollars to supply liquidity to the world economic system. A few days later, on August 10, the Fourth Amendment to the IMF Articles of Agreement, which included a special allocation of SDR for around 33 billion US dollars, became effective.

Both SDR allocations were distributed among IMF members following a criterion which takes into account each country's relative weight in the world economy, among others. Thus, Mexico received both allocations for a total of 2,561.2 million SDR (around 4 billion US dollars).[49]

The Financial Transaction Plan (FTP) is the quarterly program which establishes the amounts and the currency to be used for granting loans as well as the distribution of payments on previous loans. The countries that participate in the FTP are those with a sufficiently strong balance of payments and reserve position for the IMF to require them to provide financial funding to support the needs of member countries facing balance of payments problems.

Mexico began to participate in the FTP in June 2002. Since then, Mexico has contributed on nineteen occasions with its currency to the funding of IMF member countries. Besides Mexico, the only other Latin American and

[47] See Foreign Exchange Commision's announcement of October 16, 2009 (Anuncio de la Comisión de Cambios del 16 de octubre de 2009) (available only in Spanish).

[48] See Mexico's Official Gazette (*Diario Oficial de la Federación*) of January 27, 2009 (available only in Spanish).

[49] See press release of August 27, 2009 (Comunicado de Prensa del 27 de agosto de 2009: "Asignación de Derechos Especiales de Giro a México") (available only in Spanish).

Caribbean countries participating in the FTP are Brazil, Chile, Colombia, Peru, and Trinidad and Tobago.

Mexico subscribed to the IMF Special Data Dissemination Standard (SDDS) in August 1996. The SDDS is a set of international guidelines on the coverage, periodicity, timeliness, and quality of economic and financial statistics. The SDDS encourages immediate and fair access to information, helps users of economic and financial statistics to assess data quality, and contributes to ensure the objectivity and integrity in compiling and publishing them. The scope of the SDDS has widened in recent years to include indicators that help to identify sources of external vulnerability. As of December 2009, 66 countries participating actively in international financial markets have subscribed to the SDDS.[50]

On April 30, 2009, the IMF published its Annual Observance Report of the SDDS on its website and emphasized the high quality of Mexico's statistics.

Bank for International Settlements (BIS)

The misson of the BIS is to serve central banks and financial institutions in their pursuit of monetary and financial stability, to foster international cooperation on such matters, and to serve as a bank for central banks. The BIS fulfills its mandate by acting as: a forum to promote discussion and to facilitate decision-making among central banks and to support dialogue with other authorities that have responsibility for promoting financial stability; a center for research on policy issues involving central banks and financial system supervisory authorities; a prime counterparty for central banks in their financial transactions; and, as agent or trustee in connections with international financial operations. The BIS head office hosts the secretariats of different committees and organizations concerned with promoting financial stability including the Financial Stability Board (formerly known as the Financial Stability Forum)[51] and the so-called "Basel Committees" (the Basel Committee on Banking Supervision, the Committee on the Global Financial System, the Committee on Payment and Settlement Systems, and the Markets Committee). There are currently 56 central banks or monetary authorities with voting rights and representation in the BIS General Meetings.

Banco de México is a member of the BIS since November 1996. The central bank holds 3,211 shares of the BIS third tranche of capital, which by December 31, 2009 accounted for 0.59 percent of the outstanding shares of the BIS.

Banco de México's inclusion as a member of the Financial Stability Board and Basel Committees was noteworthy in 2009. In particular, in March, the Financial Stability Board decided to increase its membership and invite G20 countries who were not already on the Board to join it, among them Mexico. Banco de México therefore actively participated in the discussion of various proposals for the regulatory reform of the international financial system put before the Board, as well as in the different activities of the Basel Committees.

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[50] All documents regarding Mexico's role in the SDDS are available at the following website: http://www.banxico.org.mx/tipo/estadisticas/infogeneral/divulgacionInformacionFMI/fmi.html

[51] The Financial Stability Board was created on April 1, 2009 and replaced the Financial Stability Forum. Its aim is to promote international financial stability through enhanced information exchange and cooperation in the area of regulatory and supervisory financial policies.

Banco de México participated in the meetings of BIS member central banks during 2009. Among these, worth mentioning is its participation in the Governors' Meetings as well as in those of the BIS Board of Directors, the Central Bank Governance Group, and the Consultative Council for the Americas. The latter is a forum for direct communication between the BIS member central banks in the Americas (Argentina, Brazil, Chile, Mexico, the U.S., and Canada) and the BIS Board and Management.

Appendix 2

Public Sector Borrowing Requirements (PSBR)[52]

Public Sector Borrowing Requirements (PSBR), calculated by sources of funding and in accrued terms, measure the total financial resources required by the public sector to cover its broad fiscal deficit. This consists of the financial balance and additional liabilities (contingent liabilities backed by the public sector). The financial balance includes the non-financial public sector (federal government and public entities and enterprises) and financial intermediation by development banks and public funds and trusts. Additional liabilities included in PSBR calculations are: a) IPAB's net liabilities; b) financed investment projects (*Proyectos de inversión financiada*, Pidiregas); c) liabilities, net of dispositions, from the toll road rescue program (*Fideicomiso de Apoyo para el Rescate de Autopistas Concesionadas*, FARAC); d) the interest rate swapping cost of programs for restructuring bank credits denominated in UDIs; and, e) liabilities associated with debtor support programs.

In 2009, total PSBR recorded a deficit of 383.1 thousand million pesos, representing 3.2 percent of GDP, figure 1.4 percentage points higher than that recorded in 2008.[53] This increase resulted from the larger deficit in the financial balance as compared with the previous year (Graph 39, Table 17), due to the countercyclical measures implemented in 2009.[54] On the one hand, these actions consisted of increasing public expenditure and, thereby, the public deficit, by excluding Pemex physical investment in order to achieve budgetary equilibrium and cancelling Pidiregas investment in Pemex. The latter implied the transfer of Pemex Pidiregas from additional liabilities to the financial balance. On the other hand, they consisted of increasing direct and induced financing by development banks to priority and strategic sectors in Mexico.

In 2009, PSBR were mainly financed through domestic resources which accounted for 79.2 percent of total funding (92.0 percent in 2008), while foreign financing represented 20.8 percent of the total (8.0 percent in 2008). As a result, PSBR domestic financing totaled 303.3 thousand million pesos (2.6 percent of GDP) and net foreign financing, 79.8 thousand million pesos (0.7 percent of GDP). The latter resulted from a net external indebtedness of the federal government, public entities and enterprises, and development banks, amounting

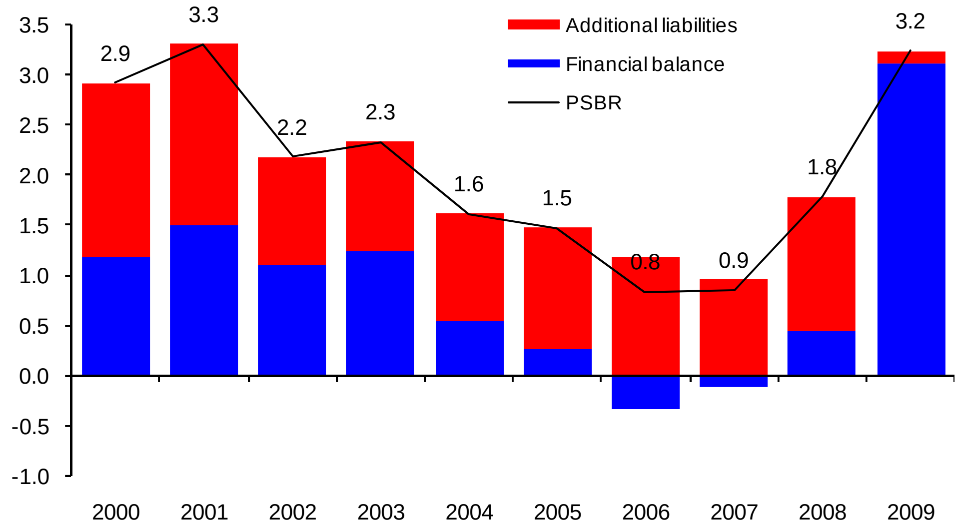
[52] PSBR are an indicator of the public sector's use of net financial resources, both domestic and external. Banco de México has calculated PSBR since 1977 and published them in its Annual Reports. This concept consolidates the Financial and Non-financial Public Sector and since 2000 considers a group of additional items considered as public sector's guaranteed liabilities.

[53] The methodology for calculating the PSBR presented in this section is based on sources of financing (accrued deficit) and differs from that of the Ministry of Finance which is based on public sector's revenues and expenditures (cash flow). Other differences between these methodologies are: a) the value of assets (market value versus issuing value) and b) the measurement of IPAB's financial requirements. In the case of the latter, Banco de México's methodology considers changes in IPAB's financial position, published in its Quarterly Reports on the Economic Situation, while the Ministry of Finance uses the inflationary component of IPAB liabilities. According to the Ministry of Finance's methodology, PSBR increased by 1.1 percent of GDP from 2008 to 2009, shifting from 2.1 to 3.2 percent of GDP, respectively.

[54] For an explanation of fiscal stimulus measures applied in 2009 see Section III.2 of this Annual Report.

to 56.8 thousand million pesos, as well as net financing from financed investment projects (Pidiregas) for 23.0 thousand million pesos.

Graph 39
Public Sector Borrowing Requirements
Percent of GDP



Note: By source of financing methodology; a negative sign (-) represents a surplus and a positive sign (+) a deficit.

At the end of 2009, the structure of domestic financing was as follows: the public sector accumulated net financial assets at Banco de México (93.9 thousand million pesos); increased its net liabilities with commercial banks (304.5 thousand million pesos); acquired net private sector financing through government securities (286.1 thousand million pesos); and reduced its other liabilities with the private sector (193.4 thousand million pesos).[55]

In 2009, PSBR were used to finance the public sector's financial balance of 367.9 thousand million pesos (3.1 percent of GDP) and public sector's additional liabilities for 15.2 thousand million pesos (0.1 percent of GDP). Additional liabilities were composed of: a net indebtedness of 4.7 thousand million pesos from financed investment projects (Pidiregas); a rise in IPAB's net liabilities (12.5 thousand million pesos); an increase in net liabilities associated with UDI-restructuring programs (2.2 thousand million pesos); a reduction in FARAC's net liabilities (4.0 thousand million pesos); and, a decrease in liabilities associated with debtor support programs (0.3 thousand million pesos) (Table 17).

[55] Includes private sector deposits in development banks and additional liabilities.

Table 17
Public Sector Borrowing Requirements in 2008 - 2009 [1/]

Item	2008		2009 [p/]	
	Thousand million pesos	Percent of GDP	Thousand million pesos	Percent of GDP
Sources:				
PSBR [2/]	216.7	1.8	383.1	3.2
Net external financing [3/]	17.3	0.1	79.8	0.7
(Billion US dollars) [4/]	1.5		5.9	
Net domestic financing	199.5	1.6	303.3	2.6
Banco de México	-33.2	-0.3	-93.9	-0.8
Commercial banks	-17.9	-0.1	304.5	2.6
Government securities [5/]	286.1	2.4	286.1	2.4
Other private sector financing [6/]	-35.4	-0.3	-193.4	-1.6
Uses:				
PSBR	216.7	1.8	383.1	3.2
Financial balance [7/]	52.9	0.4	367.9	3.1
Additional liabilities	163.8	1.4	15.2	0.1
IPAB [8/]	24.2	0.2	12.5	0.1
FARAC [9/]	2.9	0.0	-4.0	0.0
UDI restructuring programs	2.5	0.0	2.2	0.0
Pidiregas [10/]	133.9	1.1	4.7	0.0
Debtor support programs [11/]	0.3	0.0	-0.3	0.0
Memo:				
Non-recurrent revenues	-87.7	-0.7	-328.1	-2.8
PSBR excluding non-recurrent revenues	304.5	2.5	711.2	6.0

Source: Ministry of Finance and Banco de México.
p/ Preliminary figures.
1/ PSBR are calculated in accrued terms and include non-recurrent revenues. A negative sign (-) represents a surplus and a positive sign (+) represents a deficit.
2/ Excludes the effect of exchange rate fluctuations (peso/US dollar and US dollar/other currencies).
3/ Net foreign financing is calculated by subtracting redemptions and changes in financial assets' balances from total outlays.
4/ Includes both public sector's debt as well as the use of other foreign resources granted by Mexican banks' agencies abroad.
5/ Includes private sector securities only. Federal government securities held by banks are included in the item Net Financing by Commercial Banks. Government securities are registered at market value according to the IMF Government Finance Statistics Manual (2001).
6/ Includes private sector's bank deposits at developments banks and contingent liabilities.
7/ Public sector's financial balance includes the economic balance (federal government and public enterprises), and financial intermediation by development banks and public funds and trusts.
8/ Estimates based on the change in the Institute for the Protection of Bank Savings' (*Instituto de Protección al Ahorro Bancario*, IPAB) net liabilities as published in the Ministry of Finance's Public Debt Reports.
9/ Estimates based on the changes in federal government guaranteed liabilities from the toll road rescue program (*Fideicomiso de Apoyo al Rescate de Autopistas Concesionadas,* FARAC).
10/ Net investment in financed investment projects (*Proyectos de Infraestructura Productiva de Largo Plazo*, Pidiregas).
11/ Figure reported by commercial and development banks as credit granted to the federal government under these programs.

Public Sector Net Debt [56]

In 2009, the federal government followed a flexible public debt policy in order to adapt to conditions in domestic and international financial markets. At the domestic level, a program of debt issuance was implemented to satisfy federal government's financial requirements and respond to the market's demand for more liquid government securities. At the international level, issuances were aimed at maintaining Mexico's presence in international markets, increasing investor's base, and leveraging lower financing costs. Funding was also obtained from International Financial Organizations, which represented a stable source of funding given the volatile environment and the lack of liquidity in international markets.

Table 18
Public Sector Total Net Debt
End of period outstanding stocks

Item	Thousand million pesos		Percent of GDP 1/			Real annual change	Percentage structure	
	2008 p/	2009 p/	2008 p/	2009 p/	Difference	2009 - 2008	2008 p/	2009 p/
Total Public Sector Debt (a+b)	4,067.4	4,475.2	33.5	35.6	2.1	6.2	100.0	100.0
a. Broad Net Economic Debt 2/	2,217.5	3,451.7	18.2	27.4	9.2	50.3	54.5	77.1
1. External	400.4	1,211.1	3.3	9.6	6.3	192.0	9.8	27.1
2. Domestic	1,817.1	2,240.6	15.0	17.8	2.9	19.1	44.7	50.1
b. Additional Liabilities	1,849.9	1,023.5	15.2	8.1	-7.1	-46.6	45.5	22.9
1. *IPAB* 3/	737.9	750.5	6.1	6.0	-0.1	-1.8	18.1	16.8
2. *FARAC* 4/	144.8	140.9	1.2	1.1	-0.1	-6.1	3.6	3.1
3. UDI restructuring programs 5/	37.3	39.2	0.3	0.3	0.0	1.5	0.9	0.9
4. Direct *Pidiregas* 6/	926.8	90.3	7.6	0.7	-6.9	-90.6	22.8	2.0
5. Debtor support programs 7/	3.1	2.6	0.0	0.0	0.0	-19.0	0.1	0.1
Memo:								
Broad Net Economic Debt excl. the Reclassification of *Pidiregas*	2,217.5	2,601.1	18.2	20.7	2.4	13.3	54.5	58.1

Source: Ministry of Finance and Banco de México.
p/ Preliminary figures.
1/ Figures expressed as a ratio of GDP use GDP of the last quarter of the year.
2/ The difference between the increase in the net broad economic debt and PSBR is due to the revaluation of debt flows in foreign currency; the exclusion of liquid assets held by public enterprises in investment funds; and, the fact that credit granted to the private sector is considered an asset and not a liability as with financial intermediation.
3/ Corresponds to the difference between IPAB's gross liabilities and total assets as reported in Appendix III from the Ministry of Finance Quarterly Report on Economic Situation, Public Finances and Public Debt up to the Fourth Quarter of 2009.
4/ FARAC liabilities guaranteed by the federal government.
5/ Difference between liabilities associated with special Cetes (issued by the federal government and banks) and debt restructured in UDIs.
6/ Debt balance for direct Pidiregas is based on investment flows.
7/ Credit granted by commercial banks to the federal government under the mentioned programs.

In 2009, the public sector total debt (*Deuda Total del Sector Público,* DTSP) increased by 2.1 percentage points of GDP, shifting from 33.5 percent of GDP in 2008 to 35.6 percent of GDP at the end of 2009. This was a result of the

[56] The net broad economic debt (*Deuda Económica Amplia Neta*, DEAN) includes net liabilities of the federal government and non-financial public enterprises, as well as indebtedness and financial assets of official financial intermediaries (development banks and public funds and trusts). The net debt consolidated with Banco de México includes central bank's financial assets and liabilities with the private sector, commercial banks and the external sector. Under the latter definition, both assets and liabilities of Banco de México with the public sector are settled. Total net debt includes the broad economic debt plus additional liabilities from IPAB, FARAC, UDI-restructuring programs, Pidiregas, and debtor support programs. Since financing to the private sector by development banks is considered as a public sector asset, in addition to other similar methodological reasons for calculating the PSBR, public debt definitions are not the same as those used by the Ministry of Finance in its Quarterly Reports on the State of the Economy, Public Finances and Public Debt.

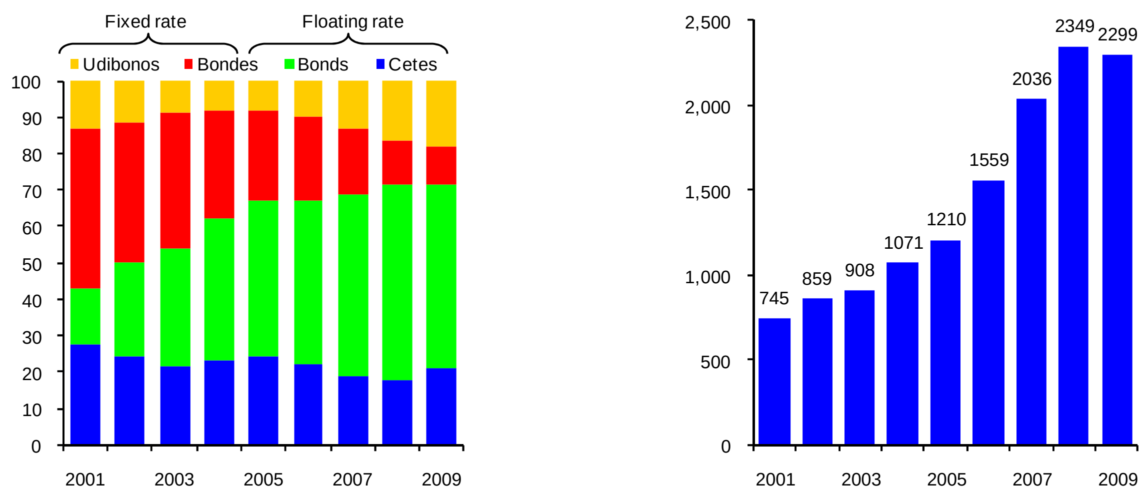
higher public deficit in 2009. As for its composition, the net broad economic debt equaled 27.4 percentage points of GDP (9.2 percentage points above that recorded in 2008), while additional liabilities, 8.1 percentage points of GDP (7.1 percentage points lower than in 2008) (Table 18). This change in the composition of the public sector total net debt was mainly explained by the cancellation of Pidiregas investment in Pemex during 2009 which led to a reclassification of debt associated to this program (previously included in line item Additional Liabilities) to the net broad economic debt. If this reclassification is excluded, the net broad economic debt amounted to 20.7 percent of GDP, while additional liabilities totaled 14.9 percent of GDP.

As for government's external debt management, the federal government made 4 debt issuances during 2009 aimed at strengthening the prices of Mexican bonds and maintaining presence in international financial markets. The first three issues were for 1,500, 1,000 and 750 million US dollars with maturities of 5, 10 and 30 years, respectively. The last issue was denominated in Japanese yens equivalent to 1,700 million US dollars and for a 10-year maturity. Worth mentioning is also the increase in financing through international financial organizations during 2009. This funding constitutes a stable source of resources for the federal government during episodes of high volatility and when there is a lack of liquidity in international financial markets.The total debt with international financial organizations rose from 10,673 million US dollars in December 2008 to 17,144 million dollars at the end of 2009.

Graph 40
Government Securities

a) Percentage Structure

b) Average Term to Maturity (Days) of Government Securities



Source: Ministry of Finance (SHCP) and Banco de México.

As for the domestic market, the federal government continued to favor the issue of short-term instruments for most of 2009. This strategy was aimed at reducing liquidity problems in Mexico's markets. It was reflected in a greater share of Cetes in total securities and in a reduction in the average weighted maturity of government securities, from 2,349 days at the end of 2008 to 2,299 days in December 2009 (Graph 40).[57]

At the end of 2009, the net debt consolidated with Banco de México (DNCBM, for its acronym in Spanish) equaled 27.6 percent of GDP, 10.4 percentage points above the figure observed in 2008 (Table 19). If Pemex Pidiregas debt was to be excluded from the budgetary debt, the DNCBM would be equivalent to 20.9 percent of GDP. To conclude, the total public sector debt consolidated with Banco de México, including additional liabilities, equaled 35.8 percent of GDP, 3.3 percentage points above that registered in 2008.

Table 19
Public Sector Total Net Debt Consolidated with Banco de México
End of period outstanding stocks

Item	Thousand million pesos		Percent of GDP 1/			Real annual change	Percentage structure	
	2008 p/	2009 p/	2008 p/	2009 p/	Difference	2009 - 2008	2008 p/	2009 p/
Total Public Sector Debt Consolidated with Banco de México (a+b)	3,946.9	4,502.5	32.5	35.8	3.3	10.1	100.0	100.0
a. Net Debt Consolidated with Banco de México 2/	2,097.0	3,479.0	17.3	27.6	10.4	60.2	53.1	77.3
1. Foreign	-921.1	-45.0	-7.6	-0.4	7.2	-95.3	-23.3	-1.0
2. Domestic	3,018.1	3,524.1	24.8	28.0	3.2	12.7	76.5	78.3
b. Additional Liabilities	1,849.9	1,023.5	15.2	8.1	-7.1	-46.6	46.9	22.7
1. *IPAB* 3/	737.9	750.5	6.1	6.0	-0.1	-1.8	18.7	16.7
2. *FARAC* 4/	144.8	140.9	1.2	1.1	-0.1	-6.1	3.7	3.1
3. UDI restructuring programs 5/	37.3	39.2	0.3	0.3	0.0	1.5	0.9	0.9
4. Direct *Pidiregas* 6/	926.8	90.3	7.6	0.7	-6.9	-90.6	23.5	2.0
5. Debtor support programs 7/	3.1	2.6	0.0	0.0	0.0	-19.0	0.1	0.1
Memo:								
Net Debt Consolidated with Banco de México excl. the Reclassification of *Pidiregas*	2,097.0	2,628.4	17.3	20.9	3.6	21.0	53.1	58.4

Source: Ministry of Finance and Banco de México.
p/ Preliminary figures.
1/ Figures expressed in ratios to GDP use GDP of the last quarter of the year.
2/ The difference between the increase in this debt and PSBR is due to the revaluation of debt flows in foreign currency; the exclusion of liquid assets held by public enterprises in investment funds; and, the fact that credit granted to the private sector is considered an asset and not a liability as with financial intermediation.
3/ Corresponds to the difference between IPAB's gross liabilities and total assets as reported in Appendix II from the Ministry of Finance Quarterly Report on Economic Conditions, Public Finances and Public Debt up to the Fourth Quarter of 2009.
4/ FARAC liabilities guaranteed by the federal government.
5/ Difference between liabilities associated with special Cetes (issued by the federal government and by banks) and debt restructured in UDIs.
6/ Debt balance for direct Pidiregas is based on investment flows.
7/ Credit granted by commercial banks to the federal government under the mentioned programs.

[57] The average weighted maturity is defined as the total weight (compared to the nominal value of the amount in circulation) of the remaining maturities of all securities in circulation.

Statistical Appendix

Contents

Basic Information **83**

Table A 1 Summary of Selected Indicators 83
Table A 2 Socio-demographic Indicators 84
Table A 3 Infrastructure 84
Table A 4 Mexican Financial System 85

Production and Employment **86**

Table A 5 Main Production Indicators 86
Table A 6 Gross Domestic Product 86
Table A 7 Aggregate Supply and Demand 86
Table A 8 Domestic Saving and Investment 87
Table A 9 Gross Domestic Product by Sector 87
Table A 10 Manufacturing Growth Rates 88
Table A 11 Crude Oil / Gas Production and Crude Oil Reserves 88
Table A 12 Employment: Total Number of IMSS-insured Workers 89
Table A 13 Employment and Unemployment Indicators 90
Table A 14 Real Exchange Rate 91

Prices, Wages, and Productivity **92**

Table A 15 Main Price Indices 92
Table A 16 Consumer Price Index (CPI) 93
Table A 17 Consumer Price Index (CPI) by Type of Good 94
Table A 18 Inflation: CPI, Core, and Complementary CPI Subindices 95
Table A 19 Producer Price Index (PPI) Excluding Oil 96
Table A 20 Producer Price Index (PPI) Excluding Oil 97
Table A 21 Producer Price Index (PPI) Excluding Crude Oil 97
Table A 22 Construction Cost Index 98
Table A 23 Contractual Wages 99
Table A 24 Nominal Earnings and Output per Worker (ENOE) 100
Table A 25 Minimum Wage 101

Monetary and Financial Indicators **102**

Table A 26 Main Monetary and Financial Indicators 102
Table A 27 Monetary Aggregates 103
Table A 28 Monetary Base 104
Table A 29 Monetary Aggregates M1, M2, M3 and M4 105
Table A 30 Credit Market Conditions Survey (Results up to Fourth Quarter of 2009) 106
Table A 31 Total Financing to the Non-financial Private Sector 107
Table A 32 Financial System Flow of Funds Matrix (January–December 2008) 108
Table A 33 Banco de México's Three-year Bonds (Bondes D) 109
Table A 34 Banco de México's Five-year Bonds (Bondes D) 109
Table A 35 Representative Interest Rates 110
Table A 36 Representative Interest Rates 112
Table A 37 Representative Exchange Rates 113
Table A 38 Daily US dollar Auction with No Minimum Price 114
Table A 39 Daily US dollar Auction with Minimum Price 114
Table A 40 Foreign Exchange Market Operations 115
Table A 41 Mexican Stock Exchange (*Bolsa Mexicana de Valores*, BMV) Market Capitalization 116
Table A 42 Mexican Stock Exchange Main Benchmark Index (*Indice de Precios y Cotizaciones de la Bolsa Mexicana de Valores*, IPC) 117

Public Finances **118**

Table A 43 Public Finance Indicators (2004-2009) 118

Table A 44 Public Sector Revenues, Expenditures and Balances (2008-2009) 119
Table A 45 Public Sector Revenues, Expenditures and Balances (2004-2009) 120
Table A 46 Public Sector Budgetary Revenues (2004-2009) 121
Table A 47 Public Sector Budgetary Expenditures (2004-2009) 122
Table A 48 Public Sector Total Net Debt 123
Table A 49 Public Sector Total Net Debt 124
Table A 50 Non-financial Public Sector Net Debt 125
Table A 51 Federal Government Domestic Debt Securities 126
Table A 52 Federal Government Domestic Debt Securities 127

External Sector 128

Table A 53 External Sector Indicators 128
Table A 54 Balance of Payments 129
Table A 55 Foreign Trade 130
Table A 56 Exports by Economic Sector 131
Table A 57 Imports by Economic Sector 132
Table A 58 Regional Trade Balance 133
Table A 59 Main Traded Goods 134
Table A 60 International Travelers 135
Table A 61 Revenues from Workers' Remittances 135
Table A 62 Revenues from Workers' Remittances 136
Table A 63 Foreign Investment Flows 136
Table A 64 Foreign Investment in Government Securities 137
Table A 65 Gross External Debt Position 138
Table A 66 Gross External Debt and Debt Service 139

Basic Information

Table A 1
Summary of Selected Indicators

	2005	2006	2007	2008	2009 p/
Social and Demographic Indicators					
Population (millions) 1/	103.9	104.9	105.8	106.7	107.6
Population annual growth rate 1/	0.9	0.9	0.9	0.8	0.8
Life expectancy at birth 1/	74.6	74.8	75.0	75.1	75.3
Production and Prices					
Gross Domestic Product (thousand million pesos)	9,252	10,382	11,208	12,131	11,823
			Annual change (percent)		
GDP at constant prices	3.2	4.9	3.3	1.5	-6.5
Consumer Price Index (Dec-Dec)	3.33	4.05	3.76	6.53	3.57
Money and Finances					
Monetary aggregates 2/			Real annual change (percent)		
Monetary base	7.9	12.4	8.3	7.1	10.1
M1	6.9	11.5	5.5	2.8	7.2
M4	10.1	11.2	6.9	7.0	7.5
Domestic financial saving 3/	10.3	11.2	6.9	7.1	7.4
Interest rates 4/			Annual rates (percent)		
28-day Cetes	9.20	7.19	7.19	7.68	5.43
28-day TIIE (Interbank Equilibrium Interest Rate)	9.61	7.51	7.66	8.28	5.93
			Pesos per US dollar		
Exchange rate (end of period) 5/	10.7777	10.881	10.8662	13.5383	13.0587
Public Finances			Percent of GDP		
Economic balance (cash flow) 6/	-0.1	0.1	0.0	-0.1	-2.3
Primary balance 6/	2.2	2.5	2.2	1.8	-0.1
Net public debt 7/	16.2	15.8	14.3	18.2	27.4
External Sector			Percent of GDP		
Trade balance	-0.9	-0.6	-1.0	-1.6	-0.5
Current account balance	-0.5	-0.5	-0.8	-1.4	-0.6
Capital account balance	1.7	-0.3	1.9	2.2	1.7
Total external debt	19.2	16.5	16.5	15.7	18.7
Interest paid	1.4	1.5	1.4	1.3	1.3
			Billion US dollars		
Net international reserves (end of period) 8/	68.7	67.7	78.0	85.4	90.8

Source: Annual Government Report 2009, Mexico's Presidency; Banco de México; Ministry of Finance (*Secretaría de Hacienda y Crédito Público*, SHCP); and, National Statistics Bureau (*Instituto Nacional de Estadística y Geografía,* INEGI),
p/ Preliminary figures.
1/ Estimates for 2009.
2/ Estimates based on the average of outstanding stocks at end of period.
3/ Defined as monetary aggregate M4 less banknotes and coins held by the public.
4/ Average during the period.
5/ Used for settling liabilities in foreign currency.
6/ Based on the revenue-expenditure methodology.
7/ Refers to the broad economic debt, which includes net liabilities of the federal government, public entities and enterprises, and of official financial intermediaries (development banks, and trust funds).Outstanding stocks at end of period. Calculated by Banco de México.
8/ As defined in Article 19 of Banco de México's Law.

Table A 2
Socio-demographic Indicators

	2002	2003	2004	2005	2006	2007	2008	2009 p/
Population (millions)	100.9	102.0	103.0	103.9	104.9	105.8	106.7	107.6
Urban population 1/	69.1	69.5	69.9	71.2	71.6	71.8	72.1	72.3
Rural population 1/	30.9	30.5	30.1	28.8	28.4	28.2	27.9	27.7
Population per sq.km	51.4	51.9	52.4	52.9	53.4	53.9	54.3	54.8
Population annual growth rate	1.1	1.0	0.9	0.9	0.9	0.9	0.8	0.8
National unemployment rate 2/	3.0	3.4	3.9	3.6	3.6	3.7	4.0	5.5
Unemployment rate (urban areas) 3/	3.9	4.6	5.3	4.7	4.6	4.8	4.9	6.7
Life expectancy at birth (years)	74.4	74.5	74.5	74.6	74.8	75.0	75.1	75.3
Fertility rate 4/	2.5	2.3	2.3	2.2	2.2	2.1	2.1	2.1
Mortality rate (per thousand)	4.6	4.7	4.7	4.8	4.8	4.9	4.9	4.8
Infant mortality rate (per thousand live births)	16.8	15.9	16.1	16.8	16.2	15.7	15.2	14.7
Number of hospital beds (per 100,000 inhabitants) 5/	75.5	74.1	75.4	75.5	71.9	75.6	74.0	74.1
Iliteracy rate (population 15 years or over)	8.7	8.4	8.1	8.3	8.1	7.9	7.8	7.7
Number of students per teacher (grade school)	26.7	26.4	26.2	25.9	25.9	25.9	26.0	26.1
Population with access to drinking water 1/	89.2	89.4	89.5	89.5	89.6	89.9	90.3	90.7

Source: Annual Government Report 2009, Mexico's Presidency (*Presidencia de la República*), and INEGI Occupation and Employment Survey (unemployment rates).
p/ Preliminary figures.
1/ Percent of total population.
2/ Ratio Open Unemployed Population to Economic Active Population. The Open Unemployed Population is made up of individuals that were not engaged in working activities during the reference week but were searching for work during the last month.
3/ Unemployment rate in 32 cities.
4/ At the end of women's reproductive life.
5/ National Health System (*Sistema Nacional de Salud*).

Table A 3
Infrastructure

	2002	2003	2004	2005	2006	2007	2008	2009 p/
Roads (km)	337,168	349,037	352,072	355,796	355,945	360,075	366,096	366,341
Federal toll roads (km)	6,987	6,979	7,423	7,409	7,558	7,844	8,064	8,156
Federal non-toll roads (km)	41,537	41,454	41,152	40,953	40,761	40,631	40,563	40,716
Paved roads (km)	113,125	117,023	116,923	122,678	123,354	127,173	132,728	132,973
Railroad Transportation								
Total railway network (km)	26,655	26,662	26,662	26,662	26,662	26,667	26,704	26,717
Passengers (million passengers/km)	69	78	74	73	76	84	178	399
Commercial cargo (million tons/km) 3/	59,195	64,413	69,926	72,185	73,726	77,169	74,582	70,010
Air Transportation								
Number of international airports	57	56	56	56	59	59	60	61
Passengers (thousands)	33,190	35,287	39,422	42,176	45,406	52,217	53,293	50,489
Cargo (thousand tons)	389	410	467	529	544	572	525	420
Sea Transportation								
Number of ports (sea and river)	106	107	107	112	113	114	114	114
Sea freight (international and domestic cargo, thousand tons)	253,046	264,739	266,008	283,604	287,432	272,934	265,237	259,667
Communications								
Phones (thousand lines in service)	14,975	16,330	18,073	19,512	19,861	19,754	20,668	20,810
Cellular phones (thousand subscribers)	25,928	30,098	38,451	47,129	55,396	66,560	75,304	79,800
Telegraph services (number of offices)	1,568	1,555	1,550	1,543	1,563	1,575	1,591	1,595
Postal services (locations served)	16,029	14,942	17,609	17,994	18,704	17,638	17,724	17,724
Radio stations 1/	1,413	1,417	1,423	1,429	1,433	1,506	1,469	1,470
T.V. stations 1/	652	645	658	685	680	730	702	694
Lodging (number of rooms)	469,488	496,292	515,904	535,639	562,039	584,331	604,051	n.a.
Energy								
Electric generation (gigawatts/hour) 2/	214,383	223,893	233,984	246,267	254,911	261,760	267,696	286,739
Oil reserves (million barrels) 4/	50,032	48,041	46,914	46,418	45,376	44,483	43,563	43,075

Source: Annual Government Report 2009 (*Presidencia de la República*); PEMEX Activities Report and Crude Oil Indicators (*Memorias de Labores e Indicadores Petroleros*).
p/ Preliminary figures.
1/ Includes broadcasting, concessions, and licenses.
2/ Includes Federal Electricity Commission (*Comisión Federal de Electricidad*, CFE) and Central Light and Power Company (*Luz y Fuerza del Centro*, LFC).
3/ Includes local freight, intermodal remitted freight, received freight, and in-transit freight.
4/ At December 31st of each year.
n.a/ Not available.

Table A 4
Mexican Financial System

REGULATORY AUTHORITIES

- **MINISTRY OF FINANCE** (*Secretaría de Hacienda y Crédito Público*, SHCP)
- **BANCO DE MÉXICO**
- **NATIONAL BANKING AND SECURITIES COMMISSION** (*Comisión Nacional Bancaria y de Valores*, CNBV)
- **NATIONAL INSURANCE AND BONDING COMMISSION** (*Comisión Nacional de Seguros y Fianzas*, CNSF)
- **NATIONAL COMMISSION FOR THE PROTECTION AND DEFENSE OF FINANCIAL SERVICE USERS** (*Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros*, Condusef)
- **NATIONAL COMMISSION FOR THE RETIREMENT SAVINGS SYSTEM** (*Comisión Nacional de Seguro para el Retiro*, CONSAR)

FINANCIAL INSTITUTIONS

FINANCIAL GROUPS
- 24 Financial holding companies [1/]

CREDIT INSTITUTIONS
- 41 Commercial banks
- 6 Development banks
- 3 Development trust funds

SECURITIES MARKET
- 1 Mexican Stock Exchange
- 35 Brokerage houses
- 496 Investment companies [2/]
- 88 Investment companies specialized in retirement savings (*Sociedades de Inversión Especializadas en Fondos para el Retiro*, Siefores)
- **1 Derivatives Exchange**

OTHER FINANCIAL INTERMEDIARIES AND CREDIT INFORMATION COMPANIES
- 98 Insurance companies [3/]
- 20 Deposit warehouses
- 5 Financial leasing companies
- 20 Special Purpose Financial Companies, (*Sociedades Financieras de Objeto Limitado*, Sofoles)
- 19 Commercial banks' regulated entities (*Sociedades Financieras de Objeto Múltiple*, Sofomes E.R.)
- 125 Credit unions
- 14 Bonding companies
- 9 Foreign exchange firms
- 73 Popular Savings and Credit Financial Entities
- 2 Financial factoring companies
- 2 Credit bureaus

1/ Source: National Commission for the Protection of Financial Service Users (*Comisión Nacional para la Protección y Defensa de los Usuarios de*). *Servicios Financieros*, Condusef
2/ Includes stock investment funds, fixed-income investment funds for individuals and enterprises, equity investment funds, and investment fund holdings.
3/ Includes insurance companies, insurance companies specialized in pensions, and health insurance companies. Information up to December 2009.

Production and Employment

Table A 5
Main Production Indicators
Annual change (percent)

	2005	2006	2007	2008	2009
Gross Domestic Product	3.2	4.9	3.3	1.5	-6.5
Private consumption	4.8	5.6	4.0	1.9	-6.1
Public consumption	2.5	1.9	3.1	0.9	2.3
Private investment	6.8	12.9	5.9	3.1	-15.4
Public investment	9.8	-1.1	11.3	9.5	9.7
Exports (goods and services)	6.8	10.9	5.7	0.5	-14.8
Imports (goods and services)	8.5	12.6	7.1	2.8	-18.2

Source: Mexico's National Accounts System (*Sistema de Cuentas Nacionales de México*), INEGI.

Table A 6
Gross Domestic Product

	Million Pesos at Current Prices	Exchange Rate	Million US dollars
2004	8,574,823.2	11.2860	759,775.2
2005	9,251,737.5	10.8979	848,946.8
2006	10,381,960.2	10.8992	952,543.3
2007	11,207,774.6	10.9282	1,025,582.9
2008	12,130,832.3	11.1297	1,089,951.4
2009	11,822,986.2	13.5135	874,901.9

Source: Mexico's National Accounts System (*Sistema de Cuentas Nacionales de México*), INEGI and Banco de México.

Table A 7
Aggregate Supply and Demand
2003 Prices

	Annual Change (Percent)					Percent of GDP	
	2005	2006	2007	2008	2009	2003	2009
Aggregate Supply	4.4	6.7	4.3	1.8	-9.5	126.8	129.6
GDP	3.2	4.9	3.3	1.5	-6.5	100.0	100.0
Imports	8.5	12.6	7.1	2.8	-18.2	26.8	29.6
Aggregate Demand	4.4	6.7	4.3	1.8	-9.5	126.8	129.6
Total consumption	4.5	5.1	3.9	1.7	-5.0	78.6	81.8
Private	4.8	5.6	4.0	1.9	-6.1	66.7	70.2
Public	2.5	1.9	3.1	0.9	2.3	11.8	11.6
Total investment	7.5	9.9	6.9	4.4	-10.1	18.9	21.9
Private	6.8	12.9	5.9	3.1	-15.4	15.1	16.3
Public	9.8	-1.1	11.3	9.5	9.7	3.8	5.7
Exports	6.8	10.9	5.7	0.5	-14.8	25.4	27.4

Source: Mexico's National Accounts System (*Sistema de Cuentas Nacionales de México*), INEGI.

Table A 8
Domestic Saving and Investment
Percent of GDP at current prices

Item	2004	2005	2006	2007	2008	2009 p/
Gross Capital Formation 1/	24.7	24.1	25.9	25.6	26.9	22.4
Financed with external saving	0.7	0.5	0.4	0.8	1.5	0.6
Financed with domestic saving	24.0	23.6	25.5	24.8	25.4	21.8

Source: Prepared by Banco de México with data from Mexico's National Accounts System (*Sistema de Cuentas Nacionales de México*), INEGI, except for external saving figures, which are drawn from the current account balance measured in current pesos and as a proportion of GDP.
p/ Preliminary figures.
1/ Includes gross fixed investment plus change in inventories.

Table A 9
Gross Domestic Product by Sector
2003 Prices

	Annual Change (Percent)					Percent of GDP	
	2005	2006	2007	2008	2009 p/	2003	2009 p/
Total	3.2	4.9	3.3	1.5	-6.5	100.0	100.0
Primary Sector	-2.6	6.3	2.4	1.2	1.8	3.8	3.8
Secondary Sector	2.8	5.7	2.0	-0.6	-7.3	31.2	29.9
Mining	-0.3	1.4	-0.6	-1.4	1.0	5.9	5.4
Electricity, water supply, and pipeline gas supply	2.0	12.2	3.7	-2.3	1.2	1.3	1.4
Construction	3.9	7.8	4.4	0.6	-7.5	6.2	6.4
Manufacturing industry	3.6	5.9	1.7	-0.6	-10.2	17.8	16.7
Tertiary Sector	4.2	4.9	4.6	3.1	-6.6	61.5	64.0
Commerce	4.6	6.5	5.0	2.2	-14.5	14.5	14.3
Transport, mail and warehousing services	3.6	5.8	3.7	0.1	-8.1	6.8	6.8
Mass media services	8.6	10.7	11.6	8.0	1.6	2.6	3.9
Financial and insurance services	22.9	9.7	17.3	18.6	-3.8	2.6	4.6
Real estate and leasing services	2.3	4.1	3.1	3.2	-5.3	10.5	10.6
Professional, scientific and technical services	3.6	3.0	3.1	3.1	-5.7	3.4	3.5
Corporate and firm management services	4.8	20.1	-3.1	-3.1	-3.7	0.4	0.4
Business support services and waste management and remedial services	3.6	3.7	3.1	1.6	-5.4	2.6	2.6
Education services	2.1	0.1	1.8	1.6	-4.5	5.0	4.6
Health and social assistance services	1.8	7.8	2.5	-1.1	-0.1	3.0	3.0
Cultural and sport services, and other recreational services	0.7	2.3	3.1	1.5	-2.3	0.4	0.4
Temporary lodging services, and food and beverage related services	0.8	1.6	2.6	0.9	-9.6	2.8	2.5
Other services except for government-related services	2.2	3.3	3.9	0.6	-2.7	2.7	2.7
Government activity services	2.1	0.1	2.1	1.2	3.7	4.2	4.1
Financial intermediation services measured indirectly	19.5	20.3	18.0	14.6	-6.1	-1.6	-3.0

Source: Mexico's National Accounts System (*Sistema de Cuentas Nacionales de México*), INEGI.
p/ Preliminary figures.

Table A 10
Manufacturing Growth Rates
2003 Prices

	Annual Change (Percent)					Percent of GDP	
	2005	2006	2007	2008	2009 p/	2003	2009 p/
Total	3.6	5.9	1.7	-0.6	-10.2	17.8	16.7
Food industry	2.6	1.8	2.3	1.5	-0.1	4.0	4.0
Beverage and tobacco industries	7.1	6.3	3.4	2.4	0.4	1.0	1.2
Textile input manufacturing	-5.5	1.1	-3.1	-7.3	-9.9	0.2	0.2
Textile manufacturing (except for apparel)	-0.1	5.4	1.4	-7.7	-11.4	0.1	0.1
Apparel industry	-4.0	-1.8	-6.0	2.5	-10.9	0.6	0.4
Leather product industry (except leather clothing)	2.3	3.8	-1.5	-3.0	-7.5	0.3	0.2
Timber industry	-1.1	1.4	2.3	-3.1	-11.3	0.2	0.2
Paper industry	3.3	4.1	3.0	2.5	-0.9	0.4	0.4
Printing and printing-related industries	2.4	10.2	0.5	5.2	-5.5	0.2	0.2
Oil and coal by-product industries	-2.2	1.6	-2.1	0.7	-2.5	0.5	0.5
Chemical industry	2.8	4.0	2.1	-1.9	-2.3	1.8	1.8
Plastic and rubber industry	3.7	3.3	2.6	-1.7	-8.4	0.5	0.5
Non-metal mineral product industry	6.3	6.9	2.3	-3.8	-8.6	1.1	1.1
Basic metal industries	6.1	3.6	-1.6	-0.5	-19.5	1.0	0.8
Metal product industry	8.6	6.5	0.4	0.9	-18.5	0.5	0.5
Machinery and equipment	6.9	6.8	-1.5	-0.3	-20.1	0.4	0.4
Measurement and other equipment, electronic components and accesories	3.8	10.1	4.0	-12.1	-18.7	1.0	0.7
Manufacturing of electricity-supply equipment and electric devices and accesories	1.6	11.6	2.8	-0.1	-12.8	0.6	0.6
Transport equipment	5.1	14.3	3.1	0.5	-26.8	2.7	2.4
Manufacturing of furniture and furniture-related products	0.7	-1.2	-1.1	-4.1	-7.6	0.3	0.2
Other manufacturing industries	4.6	10.6	3.3	1.7	-3.9	0.4	0.4

Source: Mexico's National Accounts System (*Sistema de Cuentas Nacionales de México*), INEGI.
p/ Preliminary figures.

Table A 11
Crude Oil / Gas Production and Crude Oil Reserves

Year	Crude Oil (Million barrels)		Natural Gas (Million cubic feet per day)	Total Oil Reserves 1/ (Thousand million barrels)
	Total	Daily average	Total	Total
1998	1,120.7	3.071	4,791	57.7
1999	1,060.7	2.906	4,791	58.2
2000	1,102.4	3.012	4,679	56.2
2001	1,141.4	3.127	4,511	53.0
2002	1,159.6	3.177	4,424	50.0
2003	1,230.4	3.371	4,498	48.0
2004	1,238.1	3.383	4,573	46.9
2005	1,216.7	3.333	4,818	46.4
2006	1,188.3	3.256	5,356	45.4
2007	1,122.6	3.076	6,059	44.5
2008	1,021.7	2.792	6,919	43.6
2009 p/	949.4	2.601	7,031	43.1

Source: PEMEX Activities Report (*Memorias de Labores*) and Crude Oil Indicators (*Indicadores Petroleros*).
p/ Preliminary figures.
1/ At January 1st of each year.

Table A 12
Employment: Total Number of IMSS-insured Workers
Thousands

Year		Permanent	Temporary in Urban Areas	Total
2002		11,083	1,101	12,184
2003		11,079	1,124	12,203
2004		11,352	1,196	12,547
2005		11,685	1,287	12,971
2006		12,163	1,412	13,575
2007		12,628	1,472	14,100
2008	Jan	12,653	1,520	14,173
	Feb	12,688	1,560	14,248
	Mar	12,723	1,530	14,253
	Apr	12,763	1,571	14,335
	May	12,783	1,556	14,338
	Jun	12,815	1,575	14,390
	Jul	12,817	1,584	14,402
	Aug	12,781	1,605	14,387
	Sep	12,816	1,624	14,441
	Oct	12,825	1,651	14,476
	Nov	12,769	1,639	14,408
	Dec	12,569	1,493	14,063
2009	Jan	12,425	1,509	13,934
	Feb	12,363	1,514	13,877
	Mar	12,343	1,538	13,881
	Apr	12,306	1,544	13,850
	May	12,254	1,521	13,775
	Jun	12,252	1,542	13,794
	Jul	12,245	1,563	13,808
	Aug	12,254	1,585	13,839
	Sep	12,303	1,597	13,901
	Oct	12,338	1,642	13,980
	Nov	12,408	1,679	14,087
	Dec	12,314	1,567	13,881

Source: Social Security Institute (*Instituto Mexicano del Seguro Social*, IMSS).

Table A 13
Employment and Unemployment Indicators
Percent

		In Relation to Economically Active Population			In Relation to Employed Population	
		National Unemployment Rate 1/	Unemployment Rate in Urban Areas 2/	Partial Employment and Unemployment Rate 3/	Underemployment 4/	Informal Employment 5/
2006		3.6	4.6	9.4	6.8	27.1
2007		3.7	4.8	10.1	7.2	27.0
2008		4.0	4.9	10.2	6.8	27.3
2009		5.5	6.7	11.7	9.2	28.2
2008	I	3.9	4.9	10.4	6.6	27.4
	II	3.5	4.3	9.9	6.9	27.5
	III	4.2	5.2	10.0	6.8	27.1
	IV	4.3	5.2	10.4	7.1	27.0
2009	I	5.0	6.1	10.7	8.0	28.2
	II	5.2	6.7	11.5	11.1	28.1
	III	6.3	7.7	12.2	8.7	28.2
	IV	5.3	6.2	12.2	8.8	28.3

Source: INEGI Quarterly National Employment Survey (*Encuesta Nacional de Ocupación y Empleo*, ENOE), except for the National and Urban Unemployment Rate, which are obtained from the monthly ENOE.

1/ Ratio Open Unemployed Population to Economic Active Population. The Open Unemployed Population is made up of individuals that were not engaged in working activities during the reference week but were searching for work during the last month.

2/ Unemployment rate in 32 cities.

3/ Percent of Economic Active Population (*Población Económicamente Activa*, PEA) that is not working, plus that working less than 15 hours during the reference week.

4/ Employed individuals needing to work more hours than those covered in their current jobs.

5/ Percent of non-farm employed population working in an economic unit operating with household funds, but not considered as an identified enterprise independent from that household. The operational criteria for determining the non-independent condition of production units in relation to households is given by the lack of conventional accounting practices tending to end in a Balance of Assets and Liabilities. The fact that such practices are not carried out means that no distinction is made between household and enterprise wealth, and between enterprise and household's expenditures (for example, light and telephone expenditures, and vehicle use, among others).

Table A 14
Real Exchange Rate [1/]
1990 = 100

Year		Based on Consumer Prices[2/]	Annual Change (Percent)
1990		100.0	-0.5
1991		91.4	-8.6
1992		85.8	-6.1
1993		73.4	-14.4
1994		75.8	3.3
1995		117.1	54.4
1996		102.9	-12.1
1997		85.8	-16.6
1998		84.6	-1.5
1999		77.7	-8.1
2000		68.8	-11.4
2001		62.8	-8.8
2002		61.0	-2.7
2003		71.8	17.6
2004		77.3	7.6
2005		73.9	-4.4
2006		73.0	-1.2
2007		75.2	3.0
2008		78.6	4.5
2009		89.0	13.2
2008	I	78.0	6.1
	II	77.0	3.1
	III	74.0	-2.5
	IV	85.4	11.2
2009	I	91.7	17.5
	II	86.8	12.8
	III	88.8	20.0
	IV	88.7	3.9

Source: Banco de México, International Monetary Fund, and INEGI.
1/ A rate increase reflects a depreciation of the peso.
2/ Real effective exchange rate estimated according to consumer prices in relation to a basket of 111 countries, weighted by each country's GDP.

Prices, Wages, and Productivity

Table A 15
Main Price Indices

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Prices											
Consumer Prices											
End-period	12.32	8.96	4.40	5.70	3.98	5.19	3.33	4.05	3.76	6.53	3.57
Annual average	16.59	9.49	6.37	5.03	4.55	4.69	3.99	3.63	3.97	5.12	5.30
Producer Prices (Merchandise excluding Oil)											
End-period	8.66	7.38	2.61	6.29	6.24	7.97	2.46	7.12	3.69	10.48	1.99
Annual average	14.24	7.84	5.02	3.66	6.31	8.58	3.56	6.12	4.25	7.38	5.91
Producer Prices (Merchandise and Services excluding Oil)											
End-period	11.94	8.58	4.33	5.67	4.52	6.52	3.59	5.39	3.57	7.75	3.29
Annual average	15.98	9.42	6.14	4.87	4.90	6.43	4.22	5.12	3.83	5.79	5.36
Producer Prices (Merchandise and Services including Oil)											
End-period	13.71	8.06	3.67	7.05	4.83	6.57	4.01	5.50	4.40	6.50	4.34
Annual average	16.62	10.40	5.28	5.19	5.51	6.81	4.52	5.39	4.05	6.33	4.88
Construction Cost Index (Residential) 1/											
End-period	14.37	7.59	3.47	3.50	6.92	12.15	-0.39	8.50	3.04	9.57	-0.33
Annual average	17.62	11.21	5.29	2.27	6.48	12.25	1.19	7.58	3.36	9.70	-0.06

1/ Starting January 2004 this indicator replaced the Social Housing Construction Cost Index (*Índice Nacional del Costo de Edificación de Vivienda de Interés Social*, INCEVIS).

Table A 16
Consumer Price Index (CPI)

	Month	CPI 2Q. Jun 2002	Annual Change (Percent): Annual	Annual Change (Percent): Annual 12-month Moving Average	Annual Change (Percent): Monthly
1994	Dec	28.605	7.05	6.97	
1995	Dec	43.471	51.97	35.00	
1996	Dec	55.514	27.70	34.38	
1997	Dec	64.240	15.72	20.63	
1998	Dec	76.195	18.61	15.93	
1999	Dec	85.581	12.32	16.59	
2000	Dec	93.248	8.96	9.49	
2001	Dec	97.354	4.40	6.37	
2002	Dec	102.904	5.70	5.03	
2003	Dec	106.996	3.98	4.55	
2004	Dec	112.550	5.19	4.69	
2005	Dec	116.301	3.33	3.99	
2006	Dec	121.015	4.05	3.63	
2007	Dec	125.564	3.76	3.97	
2008	Jan	126.146	3.70	3.94	0.46
	Feb	126.521	3.72	3.91	0.30
	Mar	127.438	4.25	3.92	0.72
	Apr	127.728	4.55	3.96	0.23
	May	127.590	4.95	4.05	-0.11
	Jun	128.118	5.26	4.15	0.41
	Jul	128.832	5.39	4.26	0.56
	Aug	129.576	5.57	4.39	0.58
	Sep	130.459	5.47	4.53	0.68
	Oct	131.348	5.78	4.70	0.68
	Nov	132.841	6.23	4.89	1.14
	Dec	133.761	6.53	5.12	0.69
2009	Jan	134.071	6.28	5.34	0.23
	Feb	134.367	6.20	5.55	0.22
	Mar	135.140	6.04	5.70	0.58
	Apr	135.613	6.17	5.83	0.35
	May	135.218	5.98	5.91	-0.29
	Jun	135.467	5.74	5.95	0.18
	Jul	135.836	5.44	5.95	0.27
	Aug	136.161	5.08	5.91	0.24
	Sep	136.844	4.89	5.86	0.50
	Oct	137.258	4.50	5.75	0.30
	Nov	137.970	3.86	5.55	0.52
	Dec	138.541	3.57	5.30	0.41

Table A 17
Consumer Price Index (CPI) by Type of Good
Annual change (percent)

	Month	CPI	Food, Beverages and Tobacco	Apparel, Footwear and Accessories	Housing	Furniture and Household Goods	Medical and Personal Care	Transport	Education and Entertainment	Other Goods and Services
1995	Dec	51.97	61.73	44.85	41.77	62.54	58.01	55.84	40.51	39.58
1996	Dec	27.70	29.12	28.65	26.00	26.77	24.68	33.48	20.19	24.46
1997	Dec	15.72	13.30	18.38	17.69	15.61	17.56	15.87	15.18	16.73
1998	Dec	18.61	22.02	16.56	14.10	16.37	20.18	19.86	17.13	18.27
1999	Dec	12.32	7.85	13.88	13.11	14.67	19.14	12.27	15.95	16.75
2000	Dec	8.96	8.06	8.46	10.50	4.69	9.03	8.08	12.78	10.65
2001	Dec	4.40	3.75	4.04	2.68	0.49	5.97	3.83	10.47	9.79
2002	Dec	5.70	5.45	2.19	9.54	-2.08	3.72	3.95	7.25	6.47
2003	Dec	3.98	4.31	0.32	4.20	0.16	4.35	2.47	6.35	5.88
2004	Dec	5.19	8.17	1.14	5.04	1.28	2.89	5.38	4.77	4.72
2005	Dec	3.33	2.24	1.26	3.60	1.87	3.87	3.50	5.09	4.46
2006	Dec	4.05	6.27	1.24	3.27	1.75	3.41	3.54	4.41	4.17
2007	Dec	3.76	6.00	1.31	2.32	1.85	4.04	3.16	4.19	4.49
2008	Jan	3.70	5.61	1.33	2.55	2.08	4.14	2.96	4.23	4.13
	Feb	3.72	5.16	1.43	3.04	2.38	3.88	2.88	4.27	4.20
	Mar	4.25	6.45	1.57	3.57	2.87	3.81	3.12	4.28	4.52
	Apr	4.55	7.48	1.46	3.73	3.20	3.71	3.19	4.15	4.74
	May	4.95	8.69	1.62	3.96	3.34	3.97	3.28	4.16	4.81
	Jun	5.26	9.34	1.64	4.31	3.91	4.28	3.32	4.15	4.91
	Jul	5.39	9.18	1.57	4.50	4.18	4.32	3.71	4.56	5.08
	Aug	5.57	8.94	1.86	4.63	4.70	4.57	4.46	4.70	5.38
	Sep	5.47	7.64	1.99	4.65	5.43	4.85	5.07	5.00	5.72
	Oct	5.78	8.15	2.11	4.93	5.80	4.74	5.67	5.16	5.75
	Nov	6.23	9.02	2.17	5.34	6.19	4.90	5.98	5.38	6.25
	Dec	6.53	10.24	2.30	5.44	6.11	4.83	5.47	5.51	6.51
2009	Jan	6.28	10.05	2.36	4.26	6.57	5.31	6.19	5.16	6.48
	Feb	6.20	10.06	2.68	3.54	7.64	5.70	6.47	5.20	6.32
	Mar	6.04	9.84	2.81	3.26	7.91	5.83	6.24	4.98	6.17
	Apr	6.17	10.11	2.91	3.26	8.08	6.26	5.96	5.29	6.09
	May	5.98	10.18	2.90	2.60	8.39	6.25	5.60	5.17	6.08
	Jun	5.74	9.88	3.13	2.06	8.35	6.02	5.64	5.06	5.94
	Jul	5.44	9.21	3.16	1.65	8.26	6.15	5.51	4.92	5.86
	Aug	5.08	8.70	3.17	1.27	7.83	6.00	5.20	4.64	5.47
	Sep	4.89	9.05	3.55	0.97	7.24	5.61	4.62	4.04	5.28
	Oct	4.50	7.85	3.47	0.97	6.53	5.57	4.32	4.02	5.12
	Nov	3.86	5.81	3.50	0.94	5.93	5.25	4.37	3.81	4.44
	Dec	3.57	4.24	3.47	0.94	5.51	4.94	5.35	4.04	4.36

Table A 18
Inflation: CPI, Core, and Complementary CPI Subindices
Annual change (percent)

	Month	CPI	Core (New Definition) 1/	Merchandise	Services (New Definition)	Non-core (New Definition)	Agricultural	Administered and Regulated	Core (Previous Definition) 2/	Services (Previous Definition)	Non-core (Previous Definition)
2000	Dec	8.96	7.86	6.68	9.44	11.56	10.07	12.58	7.52	8.77	11.91
2001	Dec	4.40	5.51	3.85	7.66	1.87	1.35	2.21	5.08	6.87	3.08
2002	Dec	5.70	4.24	1.95	6.84	9.85	8.65	10.96	3.77	6.23	10.05
2003	Dec	3.98	4.03	2.62	5.39	3.82	3.65	3.91	3.66	4.84	4.66
2004	Dec	5.19	4.08	3.87	4.28	8.35	10.11	7.51	3.80	3.72	8.20
2005	Dec	3.33	3.41	2.82	3.95	3.13	-0.18	4.76	3.12	3.46	3.76
2006	Dec	4.05	3.79	3.38	4.16	4.79	8.30	3.14	3.61	3.87	4.96
2007	Dec	3.76	4.14	4.52	3.80	2.71	3.42	2.37	4.00	3.43	3.27
2008	Jan	3.70	4.06	4.30	3.84	2.73	3.42	2.39	3.90	3.46	3.30
	Feb	3.72	4.14	4.39	3.91	2.58	1.87	2.93	4.00	3.56	3.16
	Mar	4.25	4.34	4.71	4.01	3.99	4.36	3.80	4.22	3.69	4.31
	Apr	4.55	4.56	5.06	4.11	4.51	5.67	3.93	4.46	3.80	4.73
	May	4.95	4.86	5.50	4.28	5.19	7.44	4.09	4.79	4.01	5.29
	Jun	5.26	5.02	5.72	4.38	5.94	8.88	4.52	4.96	4.14	5.88
	Jul	5.39	5.11	5.72	4.54	6.22	8.71	5.00	5.05	4.32	6.12
	Aug	5.57	5.26	6.01	4.57	6.46	7.72	5.83	5.22	4.35	6.32
	Sep	5.47	5.36	6.11	4.67	5.79	4.61	6.39	5.32	4.46	5.78
	Oct	5.78	5.33	5.85	4.84	7.05	7.38	6.88	5.29	4.66	6.80
	Nov	6.23	5.52	6.08	5.01	8.20	9.57	7.52	5.50	4.86	7.73
	Dec	6.53	5.73	6.45	5.07	8.72	11.63	7.27	5.73	4.93	8.15
2009	Jan	6.28	5.76	6.80	4.80	7.71	10.67	6.25	5.77	4.64	7.32
	Feb	6.20	5.78	6.98	4.68	7.36	11.08	5.56	5.77	4.44	7.08
	Mar	6.04	5.83	7.10	4.67	6.62	10.62	4.66	5.83	4.44	6.47
	Apr	6.17	5.81	7.17	4.55	7.18	11.97	4.77	5.81	4.32	6.91
	May	5.98	5.56	7.02	4.20	7.17	13.39	4.01	5.54	3.89	6.90
	Jun	5.74	5.39	6.87	4.01	6.72	13.47	3.32	5.36	3.69	6.52
	Jul	5.44	5.32	6.79	3.96	5.75	12.14	2.51	5.30	3.65	5.72
	Aug	5.08	5.10	6.48	3.80	5.04	11.58	1.74	5.10	3.55	5.05
	Sep	4.89	4.92	6.38	3.56	4.82	12.76	0.80	5.00	3.45	4.69
	Oct	4.50	4.90	6.50	3.42	3.38	8.76	0.69	4.98	3.28	3.53
	Nov	3.86	4.59	6.06	3.22	1.90	4.41	0.64	4.63	3.04	2.32
	Dec	3.57	4.46	5.57	3.41	1.20	1.66	0.97	4.49	3.27	1.75

1/ This indicator includes the Merchandise and Services price subindices. The Merchandise price subindex is composed of the following items: Processed foods, beverages, tobacco and Other merchandise. The Services price subindex is composed of the items Housing (homes), Education (school fees), and Other services.

2/ This definition of Core inflation excludes the item Education (School fees).

Note: for more details on the definition of these indicators, see Inflation Report July-September 2007, Appendix 1, pp.48-53.

Table A 19
Producer Price Index (PPI) Excluding Oil
December 2003 = 100

Period		Merchandise			Services			Merchandise and Services		
		Index	Percentage Change		Index	Percentage Change		Index	Percentage Change	
			Annual	Monthly		Annual	Monthly		Annual	Monthly
1996	Dec	54.501	24.76	2.58	50.468	28.04	3.59	52.272	26.55	3.11
1997	Dec	61.943	13.66	1.08	58.786	16.48	1.08	60.205	15.18	1.09
1998	Dec	73.966	19.41	1.61	69.218	17.75	2.51	71.399	18.59	2.08
1999	Dec	80.374	8.66	0.78	79.512	14.87	1.07	79.924	11.94	0.93
2000	Dec	86.305	7.38	0.57	87.146	9.60	1.03	86.781	8.58	0.82
2001	Dec	88.556	2.61	-0.32	92.178	5.77	0.37	90.541	4.33	0.06
2002	Dec	94.128	6.29	0.31	96.960	5.19	0.31	95.672	5.67	0.31
2003	Dec	100.000	6.24	0.85	100.000	3.13	0.27	100.000	4.52	0.53
2004	Dec	107.969	7.97	-0.29	105.254	5.25	0.41	106.524	6.52	0.08
2005	Dec	110.625	2.46	0.45	110.098	4.60	0.34	110.344	3.59	0.39
2006	Dec	118.502	7.12	0.30	114.341	3.85	0.14	116.287	5.39	0.21
2007	Jan	118.776	6.56	0.23	114.669	3.88	0.29	116.591	5.14	0.26
	Feb	119.259	6.56	0.41	115.123	4.01	0.40	117.058	5.21	0.40
	Mar	120.057	6.56	0.67	115.321	3.88	0.17	117.537	5.14	0.41
	Apr	120.198	5.39	0.12	115.442	3.32	0.10	117.667	4.30	0.11
	May	119.368	3.33	-0.69	115.522	3.18	0.07	117.321	3.25	-0.29
	Jun	119.596	2.41	0.19	116.576	3.88	0.91	117.989	3.18	0.57
	Jul	120.145	2.73	0.46	116.998	3.24	0.36	118.470	3.00	0.41
	Aug	121.345	3.11	1.00	117.160	3.28	0.14	119.118	3.20	0.55
	Sep	122.299	3.44	0.79	117.195	3.03	0.03	119.583	3.22	0.39
	Oct	122.443	3.57	0.12	117.439	3.09	0.21	119.780	3.32	0.16
	Nov	122.868	4.00	0.35	117.929	3.28	0.42	120.239	3.62	0.38
	Dec	122.870	3.69	0.00	118.296	3.46	0.31	120.436	3.57	0.16
2008	Jan	123.907	4.32	0.84	118.744	3.55	0.38	121.160	3.92	0.60
	Feb	125.284	5.05	1.11	119.133	3.48	0.33	122.011	4.23	0.70
	Mar	126.575	5.43	1.03	119.736	3.83	0.51	122.936	4.59	0.76
	Apr	127.512	6.08	0.74	120.086	4.02	0.29	123.560	5.01	0.51
	May	128.064	7.29	0.43	120.405	4.23	0.27	123.988	5.68	0.35
	Jun	128.829	7.72	0.60	121.479	4.21	0.89	124.918	5.87	0.75
	Jul	130.002	8.20	0.91	121.962	4.24	0.40	125.723	6.12	0.64
	Aug	130.085	7.20	0.06	122.216	4.32	0.21	125.897	5.69	0.14
	Sep	130.787	6.94	0.54	122.604	4.62	0.32	126.433	5.73	0.43
	Oct	134.145	9.56	2.57	123.358	5.04	0.61	128.405	7.20	1.56
	Nov	135.297	10.12	0.86	123.996	5.14	0.52	129.283	7.52	0.68
	Dec	135.749	10.48	0.33	124.521	5.26	0.42	129.774	7.75	0.38
2009	Jan	136.195	9.92	0.33	124.957	5.23	0.35	130.215	7.47	0.34
	Feb	137.475	9.73	0.94	125.297	5.17	0.27	130.994	7.36	0.60
	Mar	138.298	9.26	0.60	126.404	5.57	0.88	131.968	7.35	0.74
	Apr	136.900	7.36	-1.01	126.285	5.16	-0.09	131.251	6.22	-0.54
	May	136.225	6.37	-0.49	126.516	5.08	0.18	131.058	5.70	-0.15
	Jun	136.350	5.84	0.09	127.088	4.62	0.45	131.421	5.21	0.28
	Jul	136.495	4.99	0.11	128.079	5.02	0.78	132.016	5.01	0.45
	Aug	136.797	5.16	0.22	128.286	4.97	0.16	132.268	5.06	0.19
	Sep	138.392	5.81	1.17	128.252	4.61	-0.03	132.996	5.19	0.55
	Oct	138.040	2.90	-0.25	128.568	4.22	0.25	132.999	3.58	0.00
	Nov	138.514	2.38	0.34	129.137	4.15	0.44	133.524	3.28	0.39
	Dec	138.451	1.99	-0.05	130.172	4.54	0.80	134.045	3.29	0.39

Table A 20
Producer Price Index (PPI) Excluding Oil
Classified by goods' end-use
Annual change (percent) at December of each year

Item	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
PPI Merchandise and Services	**8.58**	**4.33**	**5.67**	**4.52**	**6.52**	**3.59**	**5.39**	**3.57**	**7.75**	**3.29**
Domestic demand	8.96	4.89	5.31	4.11	6.67	3.99	5.25	3.67	7.24	3.32
Private consumption	9.01	4.90	5.53	3.79	5.56	4.56	4.03	3.70	6.24	4.07
Government consumption	11.70	9.02	5.53	4.41	4.93	5.26	5.38	5.13	5.36	4.91
Investment	7.68	3.19	4.35	5.30	12.85	0.82	10.77	2.81	12.55	-0.53
Exports	5.07	-0.99	9.27	8.56	5.48	0.63	6.41	2.81	11.61	3.11
PPI Merchandise	**7.38**	**2.61**	**6.29**	**6.24**	**7.97**	**2.46**	**7.12**	**3.69**	**10.48**	**1.99**
Domestic demand	7.85	3.42	5.81	5.79	8.61	3.21	7.16	3.90	10.07	1.92
Private consumption	8.15	3.61	6.26	5.25	6.00	4.84	4.94	4.60	8.42	3.64
Government consumption	8.35	2.59	4.19	5.71	9.82	4.22	6.64	4.81	8.96	2.28
Investment	7.22	3.06	4.93	6.92	13.03	0.56	10.91	2.75	12.77	-0.76
Exports	3.31	-4.73	11.07	10.38	5.44	-0.58	6.94	2.79	12.25	2.30
PPI Services	**9.60**	**5.77**	**5.19**	**3.13**	**5.25**	**4.60**	**3.85**	**3.46**	**5.26**	**4.54**
Domestic demand	9.90	6.11	4.91	2.73	5.23	4.59	3.81	3.49	5.04	4.46
Private consumption	9.61	5.79	5.04	2.80	5.32	4.41	3.53	3.20	5.03	4.32
Government consumption	11.92	9.44	5.61	4.33	4.58	5.34	5.29	5.15	5.09	5.12
Investment	9.60	3.75	1.99	-1.44	7.13	9.34	6.70	4.59	5.89	6.84
Exports	6.64	2.30	8.12	7.28	5.65	4.93	4.63	2.88	9.40	5.99

Table A 21
Producer Price Index (PPI) Excluding Crude Oil
Classified by origin of finished goods
Annual change (percent) at December of each year

Item	2001	2002	2003	2004	2005	2006	2007	2008	2009
PPI Merchandise and Services	**4.33**	**5.67**	**4.52**	**6.52**	**3.59**	**5.39**	**3.57**	**7.75**	**3.29**
Primary sector	4.89	11.04	3.20	8.58	8.00	10.77	5.17	11.88	2.95
Agriculture, livestock, wood and fishing	5.78	10.40	1.75	8.08	8.32	8.42	4.45	14.16	-0.51
Mining	-10.60	24.13	29.72	13.12	5.22	31.48	10.39	-3.82	31.26
Secondary sector	2.33	5.03	6.48	7.78	1.90	6.89	3.53	10.30	1.99
Manufacturing	1.80	5.00	6.21	5.10	2.46	4.81	3.82	9.03	3.38
Food, beverages and tobacco	4.76	4.06	6.30	7.27	3.85	5.33	6.08	8.44	5.80
Textiles, apparel and leather	1.47	3.87	4.12	2.88	2.73	3.25	1.50	5.11	2.94
Timber	6.45	1.37	4.77	8.68	3.31	5.93	2.17	5.21	4.10
Paper, printing and publishing	1.91	3.65	3.85	2.96	3.97	3.90	3.18	12.08	5.02
Chemicals, oil and plastics	-0.83	6.77	7.13	8.98	6.53	4.98	6.62	8.56	2.52
Non metalic minerals	1.36	2.55	5.07	1.59	0.90	7.36	3.52	8.20	0.41
Basic metal industries	0.69	9.66	15.71	48.87	1.69	28.22	5.86	18.49	4.45
Metal products, machines and equipment	-0.46	5.33	6.07	1.43	-0.70	3.35	0.67	10.10	0.96
Other manufactures	2.47	7.37	4.38	2.68	-0.12	6.72	6.06	13.96	8.73
Construction	3.97	5.11	7.27	14.49	0.61	11.76	2.90	13.08	-0.95
Tertiary sector	5.77	5.76	3.23	5.44	4.60	3.88	3.48	5.47	4.37
Electricity and gas	4.90	33.64	7.87	11.32	4.41	4.60	4.07	11.70	-0.33
Commerce, restaurants and hotels	3.44	3.41	0.73	5.22	3.94	3.83	3.96	6.02	3.55
Transportation and communications	3.90	4.95	3.96	8.23	5.94	2.87	2.73	6.07	6.86
Leasing	5.81	6.58	4.44	3.63	2.85	3.30	2.72	3.62	2.16
Community, personal and social services	10.70	7.17	5.30	4.04	4.76	4.88	4.21	5.27	4.36

Table A 22
Construction Cost Index 1/
Annual change (percent) and contributions

Item	General				Residential			
	Percentage Change		Incidence		Percentage Change		Incidence	
	Dec-08 / Dec-07	Dec-09 / Dec-08	Dec-08 / Dec-07	Dec-09 / Dec-08	Dec-08 / Dec-07	Dec-09 / Dec-08	Dec-08 / Dec-07	Dec-09 / Dec-08
General Index	13.05	-0.93	13.05	-0.93	9.57	-0.33	9.57	-0.33
Construction materials subindex	15.47	-1.84	12.26	-1.49	11.42	-1.30	8.69	-1.01
Non-metal minerals	7.78	2.58	0.54	0.17	8.02	2.49	0.68	0.21
Cement and concrete	8.72	0.14	1.30	0.02	9.09	-0.13	1.81	-0.03
Cementing materials	10.40	3.26	0.21	0.06	11.40	2.49	0.36	0.08
Clay materials	6.30	0.21	0.17	0.01	6.22	0.19	0.32	0.01
Concrete materials	5.06	0.98	0.15	0.03	4.87	0.73	0.28	0.04
Concrete structures	11.35	-0.25	0.13	0.00	9.44	-0.68	0.30	-0.02
Other concrete materials	8.19	0.70	0.06	0.00	8.19	0.70	0.08	0.01
Other non-metal mineral products	7.77	-3.32	0.08	-0.03	7.73	-3.28	0.05	-0.02
Timber products	7.27	1.80	0.12	0.03	6.81	2.99	0.18	0.08
Paint and other similar materials	19.19	-0.27	0.33	0.00	16.93	-0.82	0.29	-0.01
Plastic materials	8.36	-4.76	0.08	-0.05	7.24	-3.20	0.06	-0.02
Other chemical products	49.02	-10.00	1.96	-0.53	49.01	-10.00	0.14	-0.04
Metal products	26.13	-7.13	3.07	-0.93	25.50	-7.69	1.07	-0.37
Wire materials	24.34	-8.83	1.72	-0.69	24.71	-9.39	2.60	-1.12
Electric equipment	15.68	2.24	1.39	0.20	15.72	2.09	0.11	0.02
Electric accessories	-4.09	6.34	-0.16	0.22	-4.73	6.38	-0.14	0.16
Furniture and accessories	11.52	3.14	0.08	0.02	12.07	2.83	0.20	0.05
Other materials and accessories	16.92	-0.36	1.02	-0.02	9.05	-0.59	0.30	-0.02
Rented machinery and equipment subindex	6.89	1.82	0.10	0.02	6.89	1.82	0.07	0.02
Worker earnings subindex	3.55	3.07	0.68	0.54	3.55	3.07	0.81	0.66

1/ This indicator, which began publishing in January 2004 and is based on December 2003=100, substituted the Social Housing Construction Cost Index (*Índice Nacional del Costo de Edificación de Vivienda de Interés Social*, INCEVIS).

Table A 23
Contractual Wages

Period		Contractual Wages					
		Total			Manufactures		
		Annual Increase (Percent)	Number of Workers (Thousands)	Number of Firms	Annual Change (Percent)	Number of Workers (Thousands)	Number of Firms
2000	Average	12.4	1,819	5,358	13.3	624.4	2,352
2001	Average	9.1	1,732	5,679	10.0	575.5	2,345
2002	Average	5.8	1,757	5,487	6.4	549.8	2,446
2003	Average	4.7	1,763	5,337	5.2	526.4	2,294
2004	Average	4.1	1,776	5,920	4.6	534.7	2,431
2005	Average	4.4	1,783	5,957	4.7	541.2	2,476
2006	Average	4.1	1,684	5,819	4.4	482.7	2,433
2007	Average	4.2	1,858	6,251	4.4	566.8	2,546
2008	Average	4.4	1,910	6,308	4.7	557.5	2,768
2009	Average	4.4	1,824	6,645	4.4	511.5	2,930
2006	Jan	4.4	184.7	519	4.8	54.2	244
	Feb	4.2	141.5	693	4.3	92.9	330
	Mar	4.2	179.9	791	4.4	70.9	371
	Apr	4.4	116.2	560	4.6	27.3	196
	May	4.2	163.8	502	4.4	44.3	222
	Jun	4.6	63.5	601	4.3	31.6	209
	Jul	4.9	37.7	272	4.9	22.3	122
	Aug	4.1	204.5	514	4.4	35.1	236
	Sep	4.3	72.0	367	4.3	49.4	188
	Oct	3.6	433.7	432	4.3	30.8	143
	Nov	4.0	68.1	313	4.6	15.7	109
	Dec	4.7	18.6	255	4.9	8.2	63
2007	Jan	4.0	228.2	576	4.4	89.7	239
	Feb	4.3	147.1	675	4.4	87.0	339
	Mar	4.3	155.2	813	4.5	62.6	364
	Apr	4.3	221.0	677	4.4	40.4	191
	May	4.3	102.9	566	4.7	35.4	241
	Jun	4.7	56.8	567	4.4	30.3	237
	Jul	4.4	189.6	296	5.6	18.6	108
	Aug	4.1	77.8	527	4.3	35.7	206
	Sep	4.2	81.3	405	4.2	61.8	181
	Oct	4.1	506.1	446	4.5	57.6	202
	Nov	4.4	68.4	403	4.3	34.5	146
	Dec	4.5	23.8	300	4.6	13.3	92
2008	Jan	4.4	187.8	611	4.4	48.8	258
	Feb	4.4	154.2	724	4.5	86.2	369
	Mar	4.4	171.8	642	4.4	60.6	326
	Apr	4.4	267.9	732	4.6	70.4	347
	May	4.7	85.0	525	4.9	41.9	241
	Jun	4.4	64.0	519	4.6	29.7	242
	Jul	4.8	199.3	343	5.2	21.4	146
	Aug	4.7	75.7	466	4.8	40.1	190
	Sep	4.8	104.9	476	4.8	62.2	229
	Oct	4.1	471.9	611	4.9	30.4	181
	Nov	4.6	76.6	347	4.6	55.1	124
	Dec	4.7	50.6	312	4.7	10.6	115
2009	Jan	4.6	187.4	599	4.7	43.0	288
	Feb	4.1	129.9	685	4.2	75.6	351
	Mar	4.5	154.8	711	4.5	49.2	297
	Apr	4.3	83.3	519	4.4	44.7	242
	May	4.6	206.6	612	4.3	41.5	294
	Jun	4.1	88.9	732	4.0	32.4	294
	Jul	4.9	221.0	406	3.8	27.0	176
	Aug	4.3	76.6	596	4.1	39.8	244
	Sep	4.6	93.6	562	4.7	53.1	211
	Oct	4.1	513.3	545	4.6	75.8	256
	Nov	4.2	43.3	430	4.8	16.7	164
	Dec	5.2	25.5	248	5.7	12.7	113

Source: Ministry of Labor (*Secretaría del Trabajo y Previsión Social*, STPS).
Note: Annual wage increase figures correspond to weighted averages of monthly figures. Annual figures for number of workers and number of companies correspond to total monthly figures.

Table A 24
Nominal Earnings and Output per Worker (ENOE)
Annual change (percent)

Period		Nominal Earnings	Output per Worker	
			Total	Manufactures
2006	Average	6.8	2.0	3.0
2007	Average	5.3	1.6	1.6
2008	Average	2.4	0.4	1.8
2009	Average	0.0	-6.9	-5.4
2006	I	5.7	3.1	8.1
	II	7.7	1.5	3.6
	III	7.2	2.0	1.0
	IV	6.6	1.5	-0.6
2007	I	6.7	1.3	0.1
	II	7.0	1.2	0.6
	III	4.6	2.9	4.9
	IV	2.9	1.2	0.8
2008	I	4.6	0.4	2.1
	II	2.2	0.7	0.6
	III	0.6	0.0	0.7
	IV	2.0	0.6	3.6
2009	I	-1.3	-7.0	-9.4
	II	2.2	-8.9	-7.4
	III	0.7	-6.7	-4.4
	IV	-1.4	-5.1	-0.4

Source: Prepared by Banco de México with data from INEGI.

Table A 25
Minimum Wage
Pesos per day

Term Starting Date	National Average[1/]	Geographic Region[2/]		
		A	B	C
1991 November 11	12.08	13.33	12.32	11.12
1993 January 1	13.06	14.27	13.26	12.05
1994 January 1	13.97	15.27	14.19	12.89
1995 January 1	14.95	16.34	15.18	13.79
1995 April 1	16.74	18.30	17.00	15.44
1995 December 4	18.43	20.15	18.70	17.00
1996 April 1	20.66	22.60	20.95	19.05
1996 December 3	24.30	26.45	24.50	22.50
1998 January 1	27.99	30.20	28.00	26.05
1998 December 3	31.91	34.45	31.90	29.70
2000 January 1	35.12	37.90	35.10	32.70
2001 January 1	37.57	40.35	37.95	35.85
2002 January 1	39.74	42.15	40.10	38.30
2003 January 1	41.53	43.65	41.85	40.30
2004 January 1	43.30	45.24	43.73	42.11
2005 January 1	45.24	46.80	45.35	44.05
2006 January 1	47.05	48.67	47.16	45.81
2007 January 1	48.88	50.57	49.00	47.60
2008 January 1	50.84	52.59	50.96	49.50
2009 January 1	53.19	54.80	53.26	51.95
2010 January 1	55.77	57.46	55.84	54.47

1/ Country's average weighted by number of minimum wage earners in each region.
2/ States and municipalities are classified by regions to show country's differing costs of living. For details on classification methodology see "Minimum Wages", Minimum Wage Commission (*Comisión Nacional de Salarios Mínimos*, CONASAMI).

Monetary and Financial Indicators

Table A 26
Main Monetary and Financial Indicators

	2006	2007	2008	2009
Monetary Aggregates 1/	Real annual change (percent)			
Monetary base	12.38	8.28	7.11	10.12
M1	11.53	5.48	2.80	7.22
M4	11.20	6.94	6.97	7.51
Domestic financial saving 2/	11.16	6.87	7.06	7.36
	Percent of GDP			
Monetary base	3.57	3.73	3.88	4.61
M1	10.34	10.51	10.49	12.15
M4	46.59	47.98	49.85	57.89
Domestic financial saving 2/	43.40	44.66	46.44	53.86
Nominal Interest Rates 3/	Annual rates in percent			
28-day TIIE	7.51	7.66	8.28	5.93
28-day Cetes	7.19	7.19	7.68	5.43
CPP	5.14	5.00	5.69	4.25
CCP	6.06	5.99	6.73	5.07
Exchange Rate 4/	Pesos per US dollar			
To settle liabilities denominated in foreign currency	10.8810	10.8662	13.5383	13.0587
Mexican Stock Exchange 4/	Index base October 1978=100			
Stock Exchange Benchmark Index (*IPC*)	26,448	29,537	22,380	32,120

Source: Banco de México and Mexican Stock Exchange (*Bolsa Mexicana de Valores*, BMV).
1/ Average of outstanding stocks at end of month.
2/ Defined as monetary aggregate M4 less banknotes and coins held by the public.
3/ Average of daily or weekly observations.
4/ At end of period.

Table A 27
Monetary Aggregates
Stocks in thousand million pesos

End of Period	Monetary Base	M1	M2	M3	M4	Domestic Financial Saving
	Nominal stocks					
1996	84.0	245.3	995.2	1,025.8	1,116.1	1,042.0
1997	108.9	325.8	1,312.9	1,343.4	1,423.2	1,329.0
1998	131.5	388.2	1,675.6	1,702.1	1,788.0	1,672.1
1999	188.7	489.9	2,048.7	2,065.6	2,139.3	1,975.1
2000	208.9	565.0	2,351.3	2,379.7	2,436.0	2,254.0
2001	225.6	680.7	2,768.9	2,797.4	2,846.2	2,647.3
2002	263.9	766.5	3,056.6	3,081.8	3,125.6	2,893.4
2003	303.6	857.7	3,458.4	3,492.2	3,524.9	3,261.3
2004	340.2	946.6	3,800.7	3,889.8	3,928.8	3,627.6
2005	380.0	1,068.5	4,366.1	4,503.8	4,545.9	4,209.7
2006	449.8	1,218.5	4,972.3	5,149.7	5,201.4	4,811.9
2007	494.7	1,350.1	5,384.9	5,647.7	5,720.0	5,289.9
2008	577.5	1,482.9	6,279.4	6,606.1	6,690.1	6,195.7
2009						
Jan	552.8	1,416.4	6,352.8	6,680.5	6,762.2	6,282.4
Feb	539.2	1,420.9	6,351.4	6,656.6	6,739.4	6,264.1
Mar	533.8	1,403.5	6,366.8	6,674.8	6,757.7	6,286.2
Apr	537.3	1,395.0	6,385.3	6,694.4	6,774.9	6,304.3
May	536.6	1,405.7	6,371.8	6,682.1	6,757.6	6,283.6
Jun	531.6	1,412.4	6,360.8	6,660.9	6,734.3	6,265.9
Jul	541.1	1,416.2	6,429.4	6,736.6	6,812.7	6,337.9
Aug	529.5	1,406.8	6,417.3	6,734.5	6,811.5	6,346.5
Sep	524.8	1,410.0	6,459.8	6,797.3	6,870.8	6,410.5
Oct	534.5	1,457.8	6,539.3	6,894.6	6,968.4	6,499.9
Nov	547.7	1,482.7	6,590.8	6,959.1	7,033.0	6,554.5
Dec	632.0	1,614.6	6,661.8	7,042.5	7,116.4	6,579.3
	Average stocks as a percentage of GDP 1/					
2003	3.30	9.71	42.40	42.87	43.34	40.40
2004	3.31	9.74	41.58	42.31	42.74	39.77
2005	3.44	10.04	43.64	44.94	45.37	42.28
2006	3.57	10.34	44.58	46.16	46.59	43.40
2007	3.73	10.51	45.54	47.42	47.98	44.66
2008	3.88	10.49	46.51	49.24	49.85	46.44
2009	4.61	12.15	54.48	57.24	57.89	53.86

The monetary base includes banknotes and coins in circulation plus the net creditor balance of commercial and development banks' current accounts at Banco de México.

M1 includes banknotes and coins held by the public plus domestic private sector deposits in checking accounts and in current accounts.

M2 includes M1 plus domestic private sector bank deposits and savings and loans entities'deposits (other than deposits in checking and current accounts) plus federal government and private sector securities held by the resident private sector, and housing and retirement savings funds.

M3 includes M2 plus non-residents' demand and term deposits in banks, plus federal government securities held by non-residents.

M4 includes M3 plus deposits in Mexican banks' agencies abroad.

1/ GDP (base 2003) annual average.

Table A 28
Monetary Base
Stocks in thousand million pesos

End of Period	Monetary Base	Liabilities: Banknotes and Coins in Circulation 1/	Liabilities: Bank Deposits	Assets: Net Domestic Credit	Assets: Net International Assets 2/
1996	83.991	83.991	0.000	34.307	49.684
1997	108.891	108.736	0.156	-51.049	159.940
1998	131.528	131.109	0.419	-100.836	232.364
1999	188.718	188.718	0.000	-71.350	260.068
2000	208.943	208.880	0.063	-133.443	342.386
2001	225.580	225.223	0.358	-185.735	411.315
2002	263.937	263.937	0.000	-265.566	529.503
2003	303.614	303.614	0.000	-360.043	663.657
2004	340.178	340.178	0.000	-375.992	716.170
2005	380.034	380.034	0.000	-408.133	788.167
2006	449.821	449.821	0.000	-375.146	824.967
2007	494.743	494.743	0.000	-457.484	952.227
2008	577.543	577.542	0.000	-739.750	1317.293
Jan	459.689	459.689	0.000	-523.363	983.052
Feb	447.828	447.828	0.000	-521.439	969.267
Mar	447.711	447.711	0.000	-523.036	970.747
Apr	445.503	445.503	0.000	-530.101	975.605
May	451.314	451.302	0.012	-519.672	970.986
Jun	447.614	447.614	0.000	-522.025	969.639
Jul	463.303	463.303	0.000	-495.018	958.321
Aug	462.797	462.797	0.000	-535.686	998.483
Sep	458.616	458.615	0.000	-627.307	1085.923
Oct	477.702	477.702	0.000	-602.779	1080.482
Nov	505.084	504.671	0.413	-677.150	1182.234
Dec	577.543	577.542	0.000	-739.750	1317.293
2009					
Jan	552.789	548.576	4.212	-740.615	1293.404
Feb	539.232	539.232	0.000	-819.117	1358.349
Mar	533.819	533.819	0.000	-678.531	1212.350
Apr	537.332	537.331	0.001	-628.760	1166.093
May	536.607	536.606	0.001	-558.822	1095.429
Jun	531.630	531.630	0.001	-542.044	1073.675
Jul	541.062	541.062	0.000	-545.611	1086.673
Aug	529.496	529.495	0.000	-597.953	1127.449
Sep	524.786	524.786	0.000	-660.266	1185.052
Oct	534.521	534.521	0.000	-630.678	1165.199
Nov	547.653	547.653	0.000	-624.000	1171.653
Dec	632.032	631.938	0.095	-672.860	1304.892

1/ Banknotes and coins held by the public and in banks' vaults.
2/ Defined as gross reserves plus credit agreements with central banks with maturity of more than six months, minus total liabilities with the IMF and with foreign central banks with maturity of less than six months.

Table A 29
Monetary Aggregates M1, M2, M3 and M4
Stocks in thousand million pesos

	December					
	2004	2005	2006	2007	2008	2009
1. Banknotes and coins held by the public	301.2	336.2	389.6	430.1	494.4	537.1
2. Checking accounts (pesos)	408.7	471.7	532.7	604.8	623.4	654.9
3. Checking accounts (US dollars)	96.8	95.3	97.7	97.7	117.8	139.5
4. Current account deposits	138.1	163.0	195.7	214.2	244.1	276.7
5. Savings and loan companies' demand deposits	1.8	2.4	2.9	3.3	3.2	6.4
6. M1 = (1+2+3+4+5)	**946.6**	**1,068.5**	**1,218.5**	**1,350.1**	**1,482.9**	**1,614.6**
7. Resident bank deposits	798.6	858.6	859.8	982.5	1,235.7	1,214.4
8. Savings and loan companies' bank deposits	9.7	11.8	14.2	16.1	18.0	40.8
9. Public securities held by residents 1/	1,459.2	1,776.4	2,131.5	2,213.2	2,432.3	2,654.7
Federal government securities	728.5	838.7	1,212.9	1,326.5	1,591.3	1,784.1
Banco de México securities (BREMs)	195.3	213.1	82.9	11.8	1.0	1.0
IPAB securities	333.1	445.3	490.9	548.0	484.3	485.5
Other public securities	202.4	279.4	344.9	326.9	355.7	384.1
10. Private securities	204.3	213.6	248.4	297.5	307.8	296.6
11. Housing and other funds 2/	382.4	437.1	499.8	525.6	802.8	840.7
12. M2=(6+7+8+9+10+11)	**3,800.7**	**4,366.1**	**4,972.3**	**5,384.9**	**6,279.4**	**6,661.8**
13. Non-resident bank deposits	10.8	24.5	32.6	35.1	48.0	54.4
14. Public securities held by non-residents	78.4	113.2	144.8	227.7	278.7	326.3
15. M3=(12+13+14)	**3,889.8**	**4,503.8**	**5,149.7**	**5,647.7**	**6,606.1**	**7,042.5**
16. Resident deposits in Mexican bank agencies abroad	29.4	27.3	42.8	47.9	53.6	45.0
17. Non-resident deposits in Mexican bank agencies abroad	9.6	14.7	8.9	24.4	30.4	28.9
18. M4=(15+16+17)	**3,928.8**	**4,545.9**	**5,201.4**	**5,720.0**	**6,690.1**	**7,116.4**

Note: Stocks may not coincide with components' totals due to rounding.
1/ Includes holdings of Investment Companies Specialized in Retirement Savings (*Sociedades de Inversión Especializadas en Fondos para el Retiro*, Siefores).
2/ Includes public housing funds (National Employees' Housing Fund-*Instituto del Fondo Nacional de la Vivienda para los Trabajadores*, Infonavit and the Housing Fund-*Fondo de la Vivienda del ISSSTE*, Fovissste) and retirement funds other than Siefores, particularly those managed by Banco de México and the retirement savings' funds from the Public Employees' Social Security Institute (*Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado*, ISSSTE) and the Pensionissste (for its acronym in Spanish).

Table A 30
Credit Market Conditions Survey (Results up to Fourth Quarter of 2009)[1/]
Percentage of responses

Item	Total					4th Quarter 2009					
	2008	2009				By Size of Firm [2/]				By Type of Firm [3/]	
	4th	1st	2nd	3rd	4th	S	M	L	AAA	Exporter	Nonexporter
Sources of Financing	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Suppliers	54.8	56.2	56.7	58.2	58.8	68.7	55.4	49.6	39.3	57.3	60.2
Commercial banks	22.8	21.3	22.5	19.7	20.0	17.8	20.7	24.1	14.3	17.9	21.8
Foreign banks	2.2	2.6	2.1	2.1	2.8	1.2	2.7	2.9	17.9	3.6	2.1
Other firms from the same corporate group	13.4	13.1	12.1	13.6	11.9	8.5	15.8	11.7	14.3	13.7	10.3
Development banks	1.4	1.7	1.7	1.9	1.5	0.8	2.3	1.5	3.6	1.3	1.8
Headquarters	3.6	3.9	3.8	2.8	2.5	2.3	1.8	3.6	3.6	3.9	1.2
Other liabilities	1.8	1.3	1.1	1.7	2.5	0.7	1.3	6.6	7.0	2.3	2.6
Firms using bank credit	**28.6**	**28.2**	**27.0**	**22.1**	**23.7**	**17.2**	**25.2**	**31.3**	**46.7**	**24.2**	**23.2**
Destined for:											
Working capital	57.1	64.0	69.2	57.7	61.0	71.4	54.4	64.4	40.0	61.4	60.7
Liability restructuring	13.6	11.0	9.8	11.7	8.4	4.8	8.8	13.3	0.0	10.0	7.1
Foreign trade transactions	8.4	3.7	3.5	7.3	8.4	2.4	8.8	11.1	20.0	8.6	8.3
Investment	18.8	19.1	14.0	21.2	18.8	16.7	26.3	8.9	30.0	17.1	20.2
Other purposes	1.9	2.2	3.5	2.2	3.4	4.7	1.7	2.3	10.0	2.9	3.7
Firms that did not use bank credit	**71.4**	**71.8**	**73.0**	**77.9**	**76.3**	**82.8**	**74.8**	**68.7**	**53.3**	**75.8**	**76.8**
Reason (new response options, percentage of firms): [4/ 5/]											
Increase in interest rates from bank credit market	49.8	38.5	33.8	34.9	27.9	28.0	25.7	33.3	12.5	27.5	28.2
Greater restrictions to access bank credit	44.8	49.1	48.7	49.5	45.1	47.0	46.9	40.9	12.5	46.9	43.6
Increase in amounts set as collateral	15.9	15.4	13.0	15.3	17.2	16.1	20.4	16.7	0.0	14.4	19.5
Worsening of country's current/expected economic conditions	37.5	49.8	52.6	55.0	53.2	54.8	55.8	50.0	12.5	50.0	55.9
Decline in current/expected demand for their products or services	18.4	20.1	29.2	23.2	25.6	29.8	23.9	21.2	0.0	18.8	31.3
Greater difficulties to pay bank debt	8.3	5.5	5.8	8.0	5.9	4.2	7.1	9.1	0.0	6.9	5.1
Other	4.3	6.6	6.8	10.1	5.9	5.4	5.3	6.1	25.0	7.5	4.6
Firms granting financing	**81.7**	**80.8**	**84.4**	**82.9**	**82.8**	**82.3**	**86.8**	**82.3**	**53.3**	**84.8**	**81.1**
Destined for:											
Clients	76.0	77.3	72.1	76.6	78.5	83.9	75.3	73.7	72.7	75.0	81.9
Suppliers	10.2	10.8	16.2	13.1	9.6	6.7	10.8	12.1	18.2	12.9	6.3
Other firms from the same corporate group	13.5	11.6	11.4	10.1	11.3	8.8	13.3	14.2	0.0	11.6	11.0
Other	0.3	0.3	0.3	0.2	0.6	0.6	0.6	0.0	9.1	0.5	0.8
Average maturity of financing granted (days)											
Clients	70	62	61	60	60	48	63	85	36	52	67
Suppliers	43	39	42	42	41	36	36	52	60	41	42
Other firms from the same corporate group	74	67	66	85	67	58	73	66	0	55	78
Firms requesting credit in the following 3 months	**64.4**	**57.6**	**58.5**	**60.0**	**57.2**	**56.7**	**62.9**	**51.0**	**46.7**	**63.0**	**52.4**

1/ Nationwide sample of at least 500 firms. Responses are voluntary and confidential.

2/ Firms' size was determined based on total sales of 1997:

Size	Total sales value (1997):
Small =	1-100 million pesos
Medium =	101-500 million pesos
Large =	501-5000 million pesos
AAA =	More than 5000 million pesos

3/ Non-exporters are companies that only import goods and services and/or have no foreign trade activity.

4/ Total responses may be above 100 percent because this question is allows to chose more than one option as an answer.

5/ Since the press release of the third quarter of 2008, the survey gives as an answer's option for factors limiting the use of bank credit, either the change in overall market or firms' conditions. The results of this question are presented as a percentage of surveyed firms that did not receive bank credit during the period (see forewarning at the end of the press release Financing to Private Sector Firms up to the Third Quarter of 2008).

Table A 31
Total Financing to the Non-financial Private Sector
Quarterly data

Stocks in million pesos

		External Financing		Domestic Financing					
	Total Financing	Foreign Direct 1/	Debt Instruments Placed Abroad	From Commercial Banks 3/	From Development Banks 3/	From Non-bank Intermediaries	Debt Instruments Issued	Infonavit 4/	Fovissste 5/
2006									
Mar	2,399,670	372,911	197,714	913,509	47,478	250,388	161,393	456,288	
Jun	2,526,560	416,033	205,121	977,228	51,359	258,229	161,508	457,087	
Sep	2,595,222	418,835	198,320	1,042,630	49,661	257,156	160,073	468,557	
Dec	2,794,393	480,523	210,222	1,134,434	51,888	264,674	175,837	476,825	
2007									
Mar	2,884,628	482,358	224,306	1,191,188	49,291	266,347	163,488	507,651	
Jun	2,963,479	476,166	232,406	1,274,042	46,652	253,413	167,005	513,793	
Sep	3,117,032	504,254	232,296	1,377,412	48,068	269,286	167,209	518,508	
Dec	3,331,361	488,742	247,732	1,459,259	50,412	240,818	187,779	533,178	123,441
2008									
Mar	3,410,473	479,227	237,862	1,423,986	50,018	324,478	196,794	568,612	129,495
Jun	3,480,235	489,088	227,056	1,464,424	50,605	334,729	214,611	570,186	129,537
Sep	3,650,698	565,808	237,527	1,460,998	51,645	392,571	229,049	581,239	131,862
Dec	3,849,216	690,675	276,344	1,522,956	69,371	344,775	222,244	585,770	137,082
2009									
Mar	3,886,530	687,817	268,786	1,526,917	74,529	333,897	221,063	625,683	147,838
Jun	3,780,787	617,019	252,375	1,499,613	79,594	328,136	223,976	631,014	149,061
Sep	3,800,332	616,119	257,311	1,503,077	81,212	311,564	241,990	639,831	149,228
Dec	3,794,160	589,832	281,677	1,502,729	84,694	288,504	257,849	639,505	149,371

Note: Figures subject to revision. Stocks may not coincide with components' totals due to rounding.

1/ Includes financing from foreign suppliers and from foreign banks and other creditors. Source: Balance of Payments (does not include Pidiregas-PEMEX).

2/ Commercial paper, bonds and securities placed abroad. Source: Balance of Payments (does not include Pidiregas-PEMEX).

3/ Includes total loan portfolio (performing and non-performing), and portfolio associated with debt-restructuring programs (UDIs, EPF, IPAB-Fobaproa, and ADES).

4/ Non-performing and performing mortgage portfolio from the National Employees' Housing Fund (*Instituto del Fondo Nacional de la Vivienda para los Trabajadores*, Infonavit). Source: Infonavit Financial Statements.

5/ Non-performing and performing mortgage portfolio from the Public Employees' Housing Fund (*Fondo de Vivienda del Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado,* Fovissste). Source: National Banking and Securities Commission (CNBV, for its acronym in Spanish).

Table A 32
Financial System Flow of Funds Matrix (January–December 2009) [1/]
Flows revalued as a percentage of GDP [2/]

	Resident Private Sector [3/]			States and Municipalities [4/]			Public Sector [5/]			Banking Sector [6/]			External Sector		
	Use of funds (Assets)	Source of funds (Liabilities)	*Net financing received*	Use of funds (Assets)	Source of funds (Liabilities)	*Net financing received*	Use of funds (Assets)	Source of funds (Liabilities)	*Net financing received*	Use of funds (Assets)	Source of funds (Liabilities)	*Net financing received*	Use of funds (Assets)	Source of funds (Liabilities)	*Net financing received*
	a	b	c = b - a				d	e	f = e - d	g	h	i = h - g	j	k	l = k - j
1. Change in Domestic Financial Instruments (2 + 7 + 8 + 9)	3.7	2.6	**-1.2**	0.0	0.8	**0.8**	1.7	4.4	**2.7**	3.5	2.0	**-1.5**	0.9		**-0.9**
2. Financial instruments	3.7	0.5	**-3.2**	0.0	0.0	**0.1**	0.3	4.1	**3.8**	1.5	1.2	**-0.3**	0.4		**-0.4**
3. Currency (banknotes and coins)	0.4		**-0.4**								0.4	**0.4**			
4. Checkable, time and savings deposits	0.6		**-0.6**	-0.1		**0.1**	0.3		**-0.3**		0.8	**0.8**	0.0		**0.0**
4.1 Non-financial enterprises and other institutions [7/]	0.0		**0.0**	-0.1		**0.1**	0.3		**-0.3**		0.2	**0.2**	0.0		**0.0**
4.2 Individuals	0.7		**-0.7**								0.7	**0.7**	0.0		**0.0**
5. Securities issued [8/]	2.4	0.0	**-2.4**	0.0	0.0	**0.0**		4.3	**4.3**	1.5	0.0	**-1.5**	0.4		**-0.4**
6. Retirement and housing funds [9/]	0.3	0.5	**0.2**					-0.2	**-0.2**						
7. Financing		0.2	**0.2**		0.8	**0.8**	0.8	0.8	**0.1**	1.8	0.8	**-1.0**			
7.1 Non-financial enterprises and other institutions [10/]		0.4	**0.4**		0.8	**0.8**	0.8	0.8	**0.1**	2.0	0.8	**-1.2**			
7.2 Households		-0.2	**-0.2**							-0.2	0.0	**0.2**			
8. Shares and other equity		0.6	**0.6**							0.1		**-0.1**	0.5		**-0.5**
9. Other financial system items [11/]		1.3	**1.3**				0.7	-0.5	**-1.2**	0.1		**-0.1**			
10. Change in External Financial Instruments (11 + 12 + 13 + 14 + 15)	3.0	0.7	**-2.3**	0.0	0.0	**0.0**	0.6	1.1	**0.5**	-0.9	0.6	**1.5**	2.4	2.7	**0.3**
11. Foreign direct investment		1.3	**1.3**										1.3		**-1.3**
12. External financing		-0.2	**-0.2**					1.1	**1.1**		0.6	**0.6**	1.5		**-1.5**
13. Financial assets held abroad	3.0		**-3.0**				0.6		**-0.6**	-1.4		**1.4**		2.2	**2.2**
14. Banco de México international reserves										0.5		**-0.5**		0.5	**0.5**
15. Errors and omissions (balance of payments)		-0.5	**-0.5**										-0.5		**0.5**
16. Statistical Discrepancy [12/]		0.0	**0.0**	0.0	0.0	**0.0**							0.0		**0.0**
17. Total Change in Financial Instruments (1+ 10 +16)	6.7	3.2	**-3.5**	0.0	0.8	**0.8**	2.3	5.5	**3.2**	2.5	2.5	**0.0**	3.3	2.7	**-0.6** [13/]

1/ Preliminary figures. Figures may not add up due to rounding.
2/ Excludes the effect of exchange rate fluctuations (peso vs. US dollar).
3/ Private sector includes firms, households and non-bank financial intermediaries.
4/ States and municipalities show their position in relation to the banking sector and the debt market.
5/ Public sector measured as Public Sector Borrowing Requirements (*Requerimientos Financieros del Sector Público*, RFSP) including non-recurrent revenues.
6/ Banking sector includes Banco de México, development banks excluding non-financial intermediaries, and commercial banks (including agencies abroad). By construction, the banking sector has a total net position of zero (line item 17). Statistics on assets and liabilities from commercial banks, development banks and from Banco de México were used to consolidate banking sector's financial flows.
7/ In addition to firms, it includes non-bank financial intermediaries.
8/ Includes government securities, IPAB securities, BREMs, private securities and state and municipal securities, and securities held by Siefores.
9/ Includes retirement saving funds from both the Public Employees' Social Service Institute (*Instituto de Seguridad y Servicios Sociales para los Trabajadores del Estado*, ISSSTE) and the Social Security Institute (*Instituto Mexicano del Seguro Socia*l, IMSS) held by Banco de México, and housing funds.
10/ In addition to firms, it includes individual with business activities, and non-bank financial intermediaries.
11/ Includes non-classified assets, real estate assets and others, as well as banking sector's capital accounts and balance sheets.
12/ Difference between financial data and data drawn from the balance of payments.
13/ Corresponds to the balance of payments' current account. A negative figure implies external financing to the domestic economy (external sector surplus), which is equivalent to Mexico's current account deficit.

Table A 33
Banco de México’s Three-year Bonds (Bondes D)
Weekly auction results

	Maturity (Days)	Amount in Million Pesos: Offered	Alloted	Tendered	Price: Weighted placement	Maximum	Minimum alloted	Minimum
08/01/2009	1050	1,000	1,000	3,700	99.60000	99.60000	99.60000	99.00000
15/01/2009	1043	1,000	1,000	8,297	99.60000	99.60000	99.60000	99.30000
22/01/2009	1036	1,000	1,000	3,300	99.60000	99.60000	99.60000	99.20000
29/01/2009	1092	1,000	1,000	3,600	99.60000	99.60000	99.60000	87.00000
05/02/2009	1085	1,000	1,000	1,849	99.60000	99.60000	99.60000	99.60000
12/02/2009	1078	1,000	1,000	4,951	99.50000	99.50000	99.50000	99.00000
19/02/2009	1071	1,000	1,000	3,534	99.60000	99.60000	99.60000	99.50000
26/02/2009	1064	1,000	1,000	9,611	99.60000	99.60000	99.50000	99.10000
05/03/2009	1057	1,000	1,000	3,044	99.50000	99.60000	99.50000	99.30000
12/03/2009	1050	1,000	1,000	8,713	99.50000	99.50000	99.50000	99.30000
19/03/2009	1043	1,000	1,000	7,111	99.60000	99.60000	99.60000	98.00000
26/03/2009	1092	1,000	1,000	10,890	99.60000	99.60000	99.60000	99.40000

Table A 34
Banco de México’s Five-year Bonds (Bondes D)
Weekly auction results

	Maturity (Days)	Amount in Million Pesos: Offered	Alloted	Tendered	Price: Weighted placement	Maximum	Minimum alloted	Minimum
08/01/2009	1778	1,000	1,000	49,920	99.30000	99.30000	99.30000	99.00000
15/01/2009	1771	1,000	1,000	9,766	99.30000	99.30000	99.30000	99.20000
22/01/2009	1764	1,000	1,000	14,895	99.30000	99.30000	99.30000	99.00000
29/01/2009	1820	1,000	1,000	4,549	99.30000	99.30000	99.30000	92.00000
05/02/2009	1813	1,000	1,000	3,080	99.50000	99.50000	99.50000	99.20000
12/02/2009	1806	1,000	1,000	3,534	99.30000	99.30000	99.30000	98.00000
19/02/2009	1799	1,000	1,000	6,694	99.30000	99.30000	99.30000	99.00000
26/02/2009	1792	1,000	1,000	2,489	99.20000	99.30000	99.20000	99.10000
05/03/2009	1785	1,000	1,000	8,335	99.10000	99.10000	99.10000	90.00000
12/03/2009	1778	1,000	1,000	10,149	99.10000	99.10000	99.10000	98.80000
19/03/2009	1771	1,000	1,000	11,884	99.20000	99.20000	99.20000	94.00000
26/03/2009	1820	1,000	1,000	3,690	99.20000	99.20000	99.20000	99.20000

Table A 35
Representative Interest Rates
Yields on Public Securities
Annual rates (percent) 1/

		Cetes 2/				Fixed Rate Bond					
		28 days	91 days	182 days	364 days	3 years (1092 days)	5 years (1820 days)	7 years (2520 days)	10 years (3640 days)	20 years (7280 days)	30 years (10800 days)
1998		24.76	26.18	21.55	22.38						
1999		21.41	22.38	23.31	24.13						
2000		15.24	16.15	16.56	16.94	15.81	15.37				
2001		11.31	12.24	13.10	13.79	13.14	12.98		10.76		
2002		7.09	7.46	8.08	8.54	9.51	9.84	10.19	10.13		
2003		6.23	6.51	6.92	7.37	7.83	8.18	8.80	8.98	8.39	
2004		6.82	7.10	7.38	7.74	8.25	8.75	9.30	9.54	10.45	
2005		9.20	9.33	9.30	9.28	9.11	9.14	9.34	9.42	9.81	
2006		7.19	7.30	7.41	7.51	7.71	7.86	8.19	8.39	8.55	8.08
2007		7.19	7.35	7.48	7.60	7.60	7.70		7.77	7.83	7.83
2008		7.68	7.89	8.02	8.09	8.00	8.24		8.36	8.55	8.44
2009		5.43	5.52	5.60	5.83	6.51	7.41		7.96	8.48	8.79
2007											
	Jan	7.04	7.19	7.31	7.46	7.70	7.52		7.43	7.93	
	Feb	7.04	7.19	7.34	7.38	7.47	7.70		7.96		7.71
	Mar	7.04	7.21	7.38	7.52	7.52	7.69		7.82	7.99	
	Apr	7.01	7.15	7.27	7.38	7.44	7.45		7.62	7.57	
	May	7.24	7.41	7.53	7.60	7.56	7.64		7.70		7.73
	Jun	7.20	7.38	7.45	7.58	7.59	7.73		7.56	7.56	
	Jul	7.19	7.34	7.45	7.51	7.54	7.65		7.62	7.68	
	Aug	7.20	7.38	7.51	7.63	7.59	7.81		7.90	7.89	7.71
	Sep	7.21	7.36	7.53	7.70	7.55	7.77		7.88		7.85
	Oct	7.20	7.43	7.56	7.65	7.64	7.76			7.86	7.90
	Nov	7.44	7.60	7.70	7.88	7.75	7.86		7.93	8.13	
	Dec	7.44	7.60	7.71	7.85	7.81	7.84		8.09		8.09
2008											
	Jan	7.42	7.58	7.68	7.82	7.52	7.99		7.65	8.28	8.16
	Feb	7.43	7.51	7.52	7.43	7.33	7.44			7.65	7.75
	Mar	7.43	7.47	7.48	7.50	7.29	7.34		7.53	7.61	
	Apr	7.44	7.54	7.61	7.60	7.46	7.62		7.72		7.67
	May	7.44	7.59	7.75	7.85	7.86	7.98			7.95	8.19
	Jun	7.56	7.79	8.01	7.89	8.14	8.74		8.25	8.90	
	Jul	7.93	8.21	8.45	8.65	8.70	8.97		9.26	8.89	9.41
	Aug	8.18	8.35	8.56	8.72	8.62	8.60		8.55		8.88
	Sep	8.17	8.32	8.46	8.66	8.34	8.48			8.51	8.67
	Oct	7.74	8.13	8.26	8.37	8.59	8.36		8.50	10.20	
	Nov	7.43	7.96	8.28	8.51	8.65	9.07		9.82		8.80
	Dec	8.02	8.20	8.18	8.07	7.55	8.28		7.99	8.96	8.40
2009											
	Jan	7.59	7.66	7.41	7.24	6.91	7.70			7.73	7.84
	Feb	7.12	7.32	7.17	7.16	7.17	7.60		8.24	9.23	
	Mar	7.03	7.22	7.24	7.48	7.08	8.48		7.75		9.78
	Apr	6.05	5.99	5.97	6.13	6.04	7.15			8.18	8.36
	May	5.29	5.24	5.25	5.41	6.18	6.78		7.55	8.13	
	Jun	4.98	5.03	5.08	5.20	6.20	7.45		8.22		9.04
	Jul	4.59	4.69	4.80	5.12	6.16	6.81		8.09	8.80	9.08
	Aug	4.49	4.59	4.78	5.13	6.46	7.33			8.66	9.02
	Sep	4.48	4.60	4.86	5.36	6.60	7.50		8.00	8.64	
	Oct	4.51	4.64	4.92	5.39	6.57	7.39		8.05		8.56
	Nov	4.51	4.61	4.82	5.23	6.30	7.25			8.55	8.67
	Dec	4.50	4.60	4.85	5.07	6.40	7.45		7.81	8.44	8.73

1/ Simple average.
2/ Primary auction placement rate for 28, 91, 182 and 364 days, respectively.

Continues

Continues

Representative Interest Rates
Yields on Public Securities
Annual rates (percent) 1/

	Udibonos 2/				Surtax		
					BPAs 3/ 4/	BPATs 3/ 5/	BPA 182 3/ 6/
	3 years	10 years	20 years	30 years	3 years	5 years	7 years
	(1092 days)	(3640 days)	(7280 days)	(10800 days)	(1092 days)	(1820 days)	(2548 days)
1998	6.96						
1999		6.93					
2000		6.74			1.11		
2001		6.63			0.82		
2002		5.52			0.73	0.84	
2003		4.59			0.60	0.69	
2004		4.79			0.38	0.40	0.38
2005		4.92			0.23	0.21	0.20
2006		4.17	4.34	4.41	0.20	0.20	0.20
2007	3.40	3.63	3.58	3.61	0.14	0.11	0.13
2008	3.48	4.04	3.75	4.21	0.22	0.18	0.19
2009	2.53	3.84		4.40	0.11	0.37	0.35
2007							
Jan		3.54	3.58	3.67	0.18	0.16	0.16
Feb		3.80	3.81	3.90	0.17	0.14	0.16
Mar		3.71	3.70	3.69	0.16	0.11	0.14
Apr		3.52	3.42	3.42	0.13	0.10	0.13
May		3.57	3.48	3.45	0.13	0.10	0.14
Jun		3.58	3.43	3.42	0.14	0.10	0.13
Jul		3.43	3.48	3.47	0.17	0.10	0.12
Aug		3.65	3.50	3.50	0.17	0.11	0.12
Sep		3.63	3.57	3.63	0.13	0.11	0.12
Oct	3.40	3.73	3.60	3.72	0.11	0.11	0.12
Nov	3.40	3.71	3.70	3.72	0.11	0.10	0.12
Dec	3.40	3.70	3.65	3.68	0.13	0.10	0.12
2008							
Jan	3.44	3.80	3.75	3.88	0.14	0.09	0.11
Feb	3.39	3.65		3.63	0.13	0.10	0.10
Mar	3.55	3.52		3.69	0.11	0.10	0.10
Apr	3.44	3.60		3.62	0.10	0.10	0.10
May	3.47	3.81		3.81	0.12	0.12	0.13
Jun	3.55	4.19		4.05	0.16	0.13	0.15
Jul	3.39	4.22		4.48	0.19	0.17	0.15
Aug	3.11	3.94		4.13	0.18	0.19	0.20
Sep	3.03	4.03		4.21	0.15	0.18	0.17
Oct	3.83	4.35		5.27	0.30	0.30	0.33
Nov	4.10	4.89		5.39	0.62	0.32	0.34
Dec	3.40	4.44		4.33	0.49	0.40	0.44
2009							
Jan	3.39	3.80		3.85	0.35	0.33	0.31
Feb	3.47	4.35		4.72	0.41	0.35	0.32
Mar	3.29	4.74		4.94	0.55	0.43	0.42
Apr	3.01	3.76		4.44	0.00		
May	2.60	3.94		4.32	0.00		
Jun	2.61	4.16		4.75	0.00		
Jul	2.32	3.92		4.75	0.00		
Aug	2.38	3.68		4.45	0.00		
Sep	2.34	3.66		4.36	0.00		
Oct	1.96	3.29		4.04	0.00		
Nov	1.68	3.44		4.12	0.00		
Dec	1.34	3.35		4.06	0.00		

1/ Simple average.
2/ Federal government development bonds denominated in UDIs paying a fixed real interest rate.
3/ Savings protection bonds issued by the Institute for the Protection of Bank Savings (*Instituto de Protección al Ahorro Bancario*, IPAB).
4/ Spread in percentage points over the coupon paying the 28-day Cetes primary auction interest rate.
5/ Spread in percentage points over the coupon paying the 91-day Cetes primary auction interest rate.
6/ Spread in percentage points over the coupon paying the 182-day Cetes primary auction interest rate.

Table A 36
Representative Interest Rates
Cost of Bank Deposits, Interbank Interest Rates, Overnight Interest Rate, and Commercial Paper
Annual rates (percent) 1/

	Target Rate 2/	Weighted Funding Rate		Interbank Rates			Bank Deposits					Short-term Private Securities 3/
		Bank	Government	28-day TIIE	91-day TIIE	91-day Mexibor 4/	CCP	CCP-US dollars	CCP-UDIs	CPP	CCP Development Banks	
1998		24.93	23.70	26.89	27.14		22.39	6.41	5.77	21.09		26.36
1999		22.45	20.80	24.10	24.63		20.89	6.32	4.07	19.73		23.74
2000		16.16	15.34	16.96	17.23		14.59	6.77	4.06	13.69	17.69	16.93
2001		11.95	11.13	12.89	13.43	10.42	10.95	5.33	5.26	10.12	12.75	12.80
2002		7.15	7.00	8.17	8.45	8.09	6.17	3.30	5.82	5.36	7.72	8.21
2003		6.15	5.96	6.83	7.15	6.81	5.15	2.95	5.75	4.45	6.61	7.02
2004		6.75	6.57	7.15	7.44	7.26	5.41	2.91	4.88	4.62	6.95	7.44
2005		9.30	9.00	9.61	9.63	9.50	7.64	3.61	5.50	6.47	9.46	9.70
2006		7.23	7.07	7.51	7.69	7.38	6.06	4.05	5.45	5.14	7.55	7.51
2007		7.23	7.12	7.66	7.78	7.24	5.99	4.44	4.93	5.00	7.47	7.56
2008	7.84	7.82	7.67	8.28	8.35		6.73	3.27	4.74	5.69	7.94	8.71
2009	5.59	5.62	5.55	5.93	5.93		5.07	2.62	4.67	4.25	6.06	7.07
2007												
Jan		7.02	6.98	7.41	7.67	7.23	5.81	4.26	5.34	4.83	7.32	7.44
Feb		7.02	6.96	7.46	7.67	7.24	5.82	4.43	5.24	4.82	7.33	7.44
Mar		7.02	6.92	7.46	7.68	7.27	5.85	4.42	5.25	4.92	7.31	7.41
Apr		7.04	6.92	7.47	7.61	7.22	5.84	4.41	5.10	4.86	7.32	7.32
May		7.28	7.16	7.70	7.83		5.97	4.45	5.11	4.92	7.48	7.59
Jun		7.27	7.14	7.70	7.82		5.98	4.51	4.80	5.01	7.51	7.52
Jul		7.27	7.15	7.70	7.78		5.97	4.46	4.77	5.03	7.52	7.57
Aug		7.26	7.15	7.71	7.79		6.02	4.54	4.75	5.05	7.52	7.49
Sep		7.24	7.08	7.70	7.77		6.04	4.57	4.75	5.08	7.50	7.60
Oct		7.29	7.14	7.73	7.78		6.09	4.44	4.71	5.14	7.53	7.67
Nov		7.50	7.40	7.93	8.01		6.22	4.40	4.66	5.26	7.65	7.82
Dec		7.52	7.45	7.93	8.00		6.24	4.34	4.64	5.13	7.67	7.86
2008												
Jan	7.50	7.51	7.43	7.93	7.99		6.29	4.21	4.63	5.20	7.67	7.90
Feb	7.50	7.50	7.41	7.93	7.93		6.41	3.84	4.63	5.39	7.71	7.94
Mar	7.50	7.50	7.40	7.93	7.94		6.43	3.53	4.66	5.41	7.69	7.90
Apr	7.50	7.51	7.34	7.94	7.96		6.44	3.33	4.68	5.45	7.69	7.97
May	7.50	7.51	7.32	7.93	7.96		6.48	3.20	4.70	5.48	7.71	7.91
Jun	7.58	7.60	7.45	8.00	8.10		6.54	3.10	4.71	5.53	7.75	7.92
Jul	7.86	7.87	7.79	8.28	8.49		6.70	3.00	4.78	5.69	7.95	8.30
Aug	8.13	8.13	8.04	8.56	8.71		6.91	2.96	4.80	5.85	8.19	8.57
Sep	8.25	8.26	8.19	8.66	8.74		7.05	3.07	4.81	5.99	8.32	8.71
Oct	8.25	7.99	7.71	8.68	8.76		7.14	3.02	4.81	6.09	8.12	9.68
Nov	8.25	8.13	7.85	8.73	8.83		7.17	3.02	4.83	6.17	8.19	10.98
Dec	8.25	8.27	8.15	8.74	8.82		7.20	2.94	4.83	6.02	8.34	10.69
2009												
Jan	7.99	8.02	7.90	8.41	8.41		7.01	2.96	4.85	5.82	8.25	10.46
Feb	7.67	7.68	7.60	7.94	7.86		6.69	3.07	4.85	5.58	7.88	9.74
Mar	7.21	7.22	7.17	7.64	7.54		6.40	2.72	4.85	5.37	7.58	9.35
Apr	6.40	6.39	6.34	6.68	6.50		5.85	2.52	4.86	4.95	6.89	8.71
May	5.59	5.60	5.53	5.78	5.65		5.18	2.61	4.86	4.38	6.11	6.89
Jun	5.05	5.08	5.03	5.26	5.18		4.69	2.60	4.85	3.95	5.60	6.22
Jul	4.63	4.66	4.62	4.92	4.91		4.32	2.57	4.80	3.63	5.26	5.67
Aug	4.50	4.52	4.45	4.89	4.95		4.13	2.47	4.73	3.47	5.09	5.74
Sep	4.50	4.53	4.45	4.91	5.00		4.11	2.56	4.59	3.46	5.06	5.72
Oct	4.50	4.53	4.45	4.91	5.00		4.12	2.50	4.37	3.47	5.07	5.53
Nov	4.50	4.59	4.50	4.93	5.08		4.13	2.58	4.22	3.45	4.98	5.53
Dec	4.50	4.63	4.53	4.93	5.07		4.16	2.31	4.25	3.42	4.95	5.33

1/ Simple average.
2/ Banco de México's target for the interest rate on overnight operations in the interbank funding market (operational target).
3/ 28-day interest rate calculated based on data from the Mexican Stock Exchange (*Bolsa Mexicana de Valores*, BMV).
4/ The Mexibor rate stopped being calculated since March 13, 2007 as stated in Nacional Financiera, S.N.C. press release in Mexico's Official Gazette (*Diario Oficial de la Federación*) of that day.

Table A 37
Representative Exchange Rates
Pesos per US dollar

		Exchange Rate for Settling Liabilities Payable in Foreign Currency in Mexico 1/		48-Hour Interbank Exchange Rate Closing References 2/			
				Buy		Sell	
		End of Period	Period Average	End of Period	Period Average	End of Period	Period Average
2004		11.2648	11.2860	11.1500	11.2859	11.1510	11.2893
2005		10.7777	10.8979	10.6255	10.8923	10.6271	10.8945
2006		10.8810	10.8992	10.7975	10.9025	10.8090	10.9049
2007		10.8662	11.1297	10.9180	10.9280	10.9195	10.9297
2008		13.5383	11.1297	13.8050	11.1504	13.8150	11.1545
2009		13.0587	13.5135	13.0730	13.5063	13.0820	13.5124
2006							
	Jan	10.4598	10.5679	10.4525	10.5502	10.4540	10.5524
	Feb	10.4761	10.4813	10.4620	10.4906	10.4635	10.4924
	Mar	10.9510	10.7061	10.8985	10.7545	10.9010	10.7562
	Apr	11.1578	11.0206	11.0605	11.0489	11.0615	11.0513
	May	11.1303	11.0758	11.3340	11.0978	11.3370	11.1005
	Jun	11.3973	11.3864	11.3010	11.3961	11.3070	11.3993
	Jul	10.8968	11.0268	10.9470	10.9774	10.9485	10.9800
	Aug	10.9047	10.8739	10.9175	10.8752	10.9190	10.8774
	Sep	11.0152	10.9722	10.9900	10.9791	10.9925	10.9818
	Oct	10.7093	10.9201	10.7730	10.8955	10.7735	10.8974
	Nov	11.0454	10.8948	10.9800	10.9191	10.9825	10.9215
	Dec	10.8810	10.8650	10.7975	10.8453	10.8090	10.8481
2007							
	Jan	11.0855	10.9344	11.0234	10.9566	11.0249	10.9590
	Feb	11.0790	10.9880	11.1605	11.0002	11.1635	11.0024
	Mar	11.0813	11.1250	11.0425	11.1101	11.0440	11.1119
	Apr	10.9312	10.9924	10.9220	10.9770	10.9230	10.9784
	May	10.7873	10.8301	10.7465	10.8157	10.7480	10.8173
	Jun	10.8661	10.8338	10.8100	10.8310	10.8110	10.8326
	Jul	10.9973	10.7963	10.9410	10.8110	10.9445	10.8128
	Aug	11.1062	11.0363	11.0320	11.0480	11.0340	11.0500
	Sep	10.9243	11.0450	10.9240	11.0314	10.9260	11.0330
	Oct	10.7112	10.8418	10.6840	10.8187	10.6850	10.8199
	Nov	10.9345	10.8658	10.9055	10.8872	10.9070	10.8883
	Dec	10.8662	10.8494	10.9180	10.8496	10.9195	10.8507
2008							
	Jan	10.8444	10.9171	10.8300	10.9085	10.8320	10.9100
	Feb	10.7344	10.7794	10.7145	10.7624	10.7160	10.7640
	Mar	10.6962	10.7346	10.6400	10.7315	10.6420	10.7332
	Apr	10.4464	10.5295	10.5125	10.5151	10.5145	10.5166
	May	10.3447	10.4542	10.3300	10.4346	10.3310	10.4358
	Jun	10.2841	10.3305	10.3065	10.3292	10.3070	10.3305
	Jul	10.0610	10.2390	10.0425	10.2081	10.0440	10.2095
	Aug	10.1421	10.0906	10.2845	10.1094	10.2875	10.1107
	Sep	10.7919	10.5744	10.9450	10.6510	10.9490	10.6540
	Oct	12.9142	12.4738	12.8400	12.6233	12.8600	12.6352
	Nov	13.2117	13.0609	13.3800	13.1063	13.4200	13.1201
	Dec	13.5383	13.3726	13.8050	13.4257	13.8150	13.4348
2009							
	Jan	14.1513	13.8492	14.2725	13.8815	14.2790	13.8899
	Feb	14.9275	14.5180	15.0900	14.6063	15.0990	14.6154
	Mar	14.3317	14.7393	14.2050	14.6599	14.2100	14.6683
	Apr	13.8667	13.4890	13.8350	13.4342	13.8435	13.4408
	May	13.1590	13.2167	13.1710	13.1625	13.1750	13.1690
	Jun	13.2023	13.3439	13.1625	13.3370	13.1695	13.3419
	Jul	13.2643	13.3619	13.1980	13.3743	13.2025	13.3800
	Aug	13.2462	13.0015	13.3390	13.0144	13.3440	13.0186
	Sep	13.5042	13.3987	13.5000	13.4233	13.5035	13.4284
	Oct	13.2823	13.2626	13.2215	13.2289	13.2270	13.2338
	Nov	12.9475	13.1305	12.9650	13.1008	12.9695	13.1056
	Dec	13.0587	12.8504	13.0730	12.8524	13.0820	12.8570

1/ The FIX exchange rate is determined by Banco de México as an average of wholesale foreign exchange references for transactions payable in 48 hours. Published in Mexico's Official Gazette (*Diario Oficial de la Federación*) one banking business day after its setting date. It is used to settle liabilities denominated in foreign currency payable in Mexico the day after its publishing.

2/ Representative exchange rate for wholesale transactions (between banks, securities firms, foreign exchange firms and other major financial and non-financial companies).Payable two banking business days after it has been settled.

Table A38
Daily US dollar Auction with No Minimum Price[1/]
Amount auctioned
Million US dollars

Date	Daily Auction Summary			
	Tipe of Auction [2/]	Amount Offered	Amount Tendered	Average Exchange Rate Tendered (Pesos per US dollar)
March	1	1600	1600	14.4502
April	1	2000	2000	13.4489
May	1	2000	2000	13.1624
June	1	1400	1400	13.3407
July	1	1150	1150	13.3583
August	1	1050	1050	13.0049
September	1	1050	1050	13.4146

1/ US dollars sold daily in the market through the auction mechanism, as defined by the Foreign Exchange Commission's press release of March 5, 2009 and Banco de México's circular 6/2009.
2/ Number 1 is reported when the auction is interactive and number 2 when it is traditional.

Table A39
Daily US dollar Auction with Minimum Price [1/]
Amount auctioned
Million US dollars

Date	Daily Auction Summary			
	Tipe of Auction [2/]	Amount Offered	Amount Tendered	Average Exchange Rate Tendered (Pesos per US dollar)
08/01/2009	1	400	266	13.6820
14/01/2009	1	400	400	14.1603
27/01/2009	1	400	322	14.2167
03/02/2009	1	400	400	14.5976
10/02/2009	1	400	292	14.4270
20/02/2009	1	400	400	14.8710
02/03/2009	1	400	400	15.3773
27/04/2009	1	300	300	13.7771
21/05/2009	1	300	120	13.1269
08/07/2009	1	250	250	13.5453
26/08/2009	1	250	250	13.1568
01/09/2009	1	250	250	13.5819
26/10/2009	1	250	250	13.2478
08/12/2009	1	250	11	12.9099
17/12/2009	1	250	250	12.9586

1/ US dollars sold daily in the market through the auction mechanism, as defined by the Foreign Exchange Commission's press release of October 8, 2008 and Banco de México's circular 47/2008.
2/ Number 1 is reported when the auction is interactive and number 2 when it is traditional.

Table A40
Foreign Exchange Market Operations [1/]
Amount auctioned
Million US dollars

Date	Amount
February 4, 2009	500
February 5, 2009	360
February 6, 2009	200
February 20, 2009	155
February 23, 2009	120
February 27, 2009	500

1/ US dollars sold daily by Banco de México directly to the exchange market, as defined by the Foreign Exchange Commission’s press releases of the corresponding dates.

Table A41
Mexican Stock Exchange (*Bolsa Mexicana de Valores*, BMV)
Market Capitalization
Million pesos, according to last listed prices

Previous Methodology: Index by Sector of Economic Activity

		Overall Total	Mining	Manufacturing	Construction	Retail and Commerce	Transport and Communications	Services	Other [1/]
2003		1,376,927	45,134	197,027	161,935	226,695	500,344	144,949	100,843
2004		1,916,618	72,479	282,035	241,646	294,503	740,438	143,762	141,755
2005		2,543,771	89,036	362,336	368,992	399,823	953,698	168,316	201,570
2006		3,771,498	142,574	572,818	497,754	650,601	1,395,233	271,454	241,064
2007		4,340,886	273,841	586,815	453,355	644,805	1,772,050	390,211	219,810
2008		3,220,900	141,652	516,354	217,308	632,165	1,239,884	313,449	160,088
2006									
	Jan	2,686,271	105,049	378,986	400,536	414,581	999,180	171,210	216,728
	Feb	2,678,546	97,312	377,888	386,886	417,260	1,006,041	182,005	211,154
	Mar	2,740,873	115,288	403,424	415,690	403,120	1,032,169	185,131	186,051
	Apr	2,917,444	141,276	424,655	442,763	435,312	1,095,507	198,899	179,032
	May	2,700,275	114,808	406,808	392,830	426,855	999,467	194,585	164,924
	Jun	2,762,689	113,308	407,952	398,063	430,272	1,038,195	200,501	174,398
	Jul	2,884,495	127,211	438,957	396,519	464,693	1,071,702	205,934	179,479
	Aug	2,995,651	127,557	448,633	404,938	492,869	1,117,892	213,049	190,713
	Sep	3,128,026	123,381	471,729	425,211	504,196	1,181,740	224,431	197,337
	Oct	3,300,393	133,397	496,222	437,352	524,733	1,256,832	242,338	209,517
	Nov	3,566,711	142,695	541,933	468,820	567,588	1,355,421	269,721	220,534
	Dec	3,771,498	142,574	572,818	497,754	650,601	1,395,233	271,454	241,064
2007									
	Jan	3,913,893	159,576	584,392	523,214	686,725	1,445,725	272,927	241,333
	Feb	3,832,303	170,370	573,036	518,959	645,178	1,418,774	278,568	227,417
	Mar	4,114,981	184,568	584,043	518,859	702,902	1,570,875	304,561	249,173
	Apr	4,211,416	206,279	590,771	512,628	677,685	1,639,947	336,276	247,831
	May	4,553,781	216,700	621,506	579,198	675,223	1,842,954	360,116	258,083
	Jun	4,557,468	223,457	616,893	580,709	674,899	1,831,792	375,705	254,013
	Jul	4,500,724	259,809	609,272	550,394	682,319	1,753,651	400,414	244,866
	Aug	4,447,516	239,114	584,517	531,416	676,377	1,797,302	381,663	237,127
	Sep	4,442,831	278,613	584,392	506,299	679,080	1,802,060	363,185	229,201
	Oct	4,566,888	356,109	571,289	501,224	705,923	1,790,600	397,432	244,312
	Nov	4,370,523	305,970	539,076	468,501	668,734	1,778,275	390,350	219,617
	Dec	4,340,886	273,841	586,815	453,355	644,805	1,772,050	390,211	219,810
2008									
	Jan	4,215,720	268,704	555,655	461,093	638,710	1,701,257	375,152	215,150
	Feb	4,258,349	301,698	597,974	460,261	636,353	1,658,264	376,175	227,623
	Mar	4,483,960	315,522	605,295	441,826	705,025	1,778,918	402,917	234,456
	Apr	4,382,527	332,787	632,963	455,806	699,076	1,614,075	391,486	256,334
	May	4,619,520	344,048	670,331	490,154	760,944	1,696,804	412,462	244,777
	Jun	4,271,885	311,578	648,423	427,249	703,959	1,528,599	401,141	250,935
	Jul	4,009,636	260,837	629,652	375,043	703,719	1,425,274	386,785	228,326
	Aug	3,861,576	217,972	622,733	349,383	656,516	1,445,782	362,045	207,144
	Sep	3,653,418	154,185	580,825	311,390	640,870	1,411,917	356,567	197,664
	Oct	3,005,325	139,177	489,392	192,992	548,903	1,152,003	323,224	159,635
	Nov	2,981,598	116,986	478,424	181,339	605,936	1,142,233	313,258	143,423
	Dec	3,220,900	141,652	516,354	217,308	632,165	1,239,884	313,449	160,088
2009									
	Jan	2,879,821	118,556	496,867	191,876	495,116	1,168,246	276,741	132,419
	Feb	2,652,792	125,187	463,339	159,527	459,557	1,058,985	262,011	124,186

New Methodology: Mexican Stock Exchange Classification by Sector [2/]

			Materials	Industrial	Services and Non-basic Consumer Goods	Frequently-consumed Goods	Health Care	Financial Services	Telecommunication Services
2009		4,596,094 0	673,709	374,927	299,754	1,255,922	41,975	366,018	1,583,789
2009									
	Mar	2,828,193	306,603	219,069	199,513	750,512	25,416	245,582	1,081,497
	Apr	3,150,359	332,772	247,719	231,555	822,992	22,197	271,389	1,221,735
	May	3,484,547	414,440	278,944	265,864	879,738	24,274	302,175	1,319,112
	Jun	3,490,999	431,175	279,984	255,722	889,038	28,100	279,272	1,327,708
	Jul	3,824,961	473,406	325,449	277,469	996,127	28,255	286,643	1,437,611
	Aug	3,995,041	532,868	341,311	243,724	1,017,270	33,760	309,928	1,516,179
	Sep	4,165,322	621,034	365,609	259,330	1,022,864	33,561	347,686	1,515,239
	Oct	4,140,083	595,246	350,285	265,085	1,077,245	32,973	342,985	1,476,263
	Nov	4,435,646	672,826	361,111	273,628	1,169,204	37,980	344,391	1,576,507
	Dec	4,596,094	673,709	374,927	299,754	1,255,922	41,975	366,018	1,583,789

Source: Mexican Stock Exchange (*Bolsa Mexicana de Valores*, BMV).
1/ Mainly holding companies.
2/ The new BMV methodology of classifying by sector began in March 2009.

Table A 42
Mexican Stock Exchange Main Benchmark Index (*Indice de Precios y Cotizaciones de la Bolsa Mexicana de Valores*, IPC)
End of period
October 1978=100

Previous Methodology: Index by Sector of Economic Activity

		Overall Total	Mining	Manufacturing	Construction	Retail and Commerce	Transport and Communications	Services	Other [1/]
2003		8,795	10,390	2,948	14,635	15,325	36,721	1,103	3,198
2004		12,918	16,686	4,159	21,353	20,040	56,329	1,858	4,399
2005		17,803	20,214	4,611	30,743	27,731	80,359	2,144	5,406
2006		26,448	32,778	7,167	40,316	44,267	121,352	3,331	6,833
2007		29,537	62,127	7,604	34,786	44,610	155,119	4,128	7,094
2008		22,380	30,885	5,894	16,985	36,242	117,947	3,340	4,395
2009		32,120	461	106	310	360	338	59	709
2006									
	Jan	18,907	23,891	4,825	33,287	28,652	85,158	2,194	5,643
	Feb	18,706	22,144	4,793	32,097	28,746	85,779	2,142	5,455
	Mar	19,273	26,324	5,004	34,509	27,873	88,247	2,155	5,316
	Apr	20,646	32,368	5,237	36,707	30,480	93,761	2,396	5,136
	May	18,678	26,333	4,940	32,522	29,033	85,342	2,299	4,689
	Jun	19,147	26,041	4,927	32,418	29,623	88,868	2,389	5,018
	Jul	20,096	29,274	5,285	32,230	31,991	92,889	2,575	5,158
	Aug	21,049	29,349	5,470	32,847	34,421	97,366	2,677	5,494
	Sep	21,937	28,386	5,802	34,455	34,947	103,268	2,843	5,695
	Oct	23,047	30,663	6,112	35,429	35,794	109,750	3,105	6,018
	Nov	24,962	32,812	6,679	38,002	38,915	118,087	3,327	6,299
	Dec	26,448	32,778	7,167	40,316	44,267	121,352	3,331	6,833
2007									
	Jan	27,561	36,646	7,275	42,167	46,976	126,368	3,407	6,841
	Feb	26,639	39,118	6,960	41,843	43,775	123,644	3,347	6,540
	Mar	28,748	42,375	7,194	41,722	47,212	138,488	3,695	7,170
	Apr	28,997	47,396	7,302	41,184	45,180	143,208	3,732	7,477
	May	31,399	49,803	7,727	46,071	44,084	162,220	3,937	7,786
	Jun	31,151	51,287	7,701	45,607	44,223	159,443	3,995	7,646
	Jul	30,660	59,451	7,577	43,154	44,751	151,036	4,316	7,836
	Aug	30,348	54,821	7,371	41,735	44,402	155,461	4,012	7,607
	Sep	30,296	63,878	7,393	39,097	44,870	153,871	3,719	7,410
	Oct	31,459	81,346	7,266	38,665	47,676	154,812	4,223	7,731
	Nov	29,771	69,714	6,941	35,851	45,041	155,216	4,099	6,887
	Dec	29,537	62,127	7,604	34,786	44,610	155,119	4,128	7,094
2008									
	Jan	28,794	60,949	7,288	35,368	43,952	149,535	3,949	6,921
	Feb	28,919	68,471	7,487	35,197	43,925	145,208	4,001	7,355
	Mar	30,913	71,844	7,660	33,942	49,260	157,831	4,302	7,569
	Apr	30,281	74,254	8,030	34,764	48,565	145,373	4,364	7,811
	May	31,975	74,207	8,558	36,334	52,977	153,781	4,717	7,479
	Jun	29,395	67,260	8,261	32,673	48,121	141,239	4,332	7,431
	Jul	27,501	56,368	7,907	29,732	46,827	131,709	4,202	6,838
	Aug	26,291	47,173	7,734	26,886	42,691	131,480	3,935	6,195
	Sep	24,889	33,432	6,982	23,440	40,847	130,871	3,763	5,823
	Oct	20,445	30,269	5,443	17,032	29,465	111,675	3,014	4,647
	Nov	20,535	25,498	5,348	15,211	33,231	106,754	3,005	3,917
	Dec	22,380	30,885	5,894	16,985	36,242	117,947	3,340	4,395
2009									
	Jan	19,565	25,850	5,624	14,830	28,482	109,444	2,943	3,651
	Feb	17,752	27,295	5,210	13,330	26,265	95,479	2,767	3,475

New Methodology: Mexican Stock Exchange Classification by Sector [2/]

			Materials	Industrial	Services and Non-basic Consumer Goods	Frequently-consumed Goods	Health Care	Financial Services	Telecommunication Services
2009		32,120	461	106	310	360	338	59	709
2009									
	Mar	19,627	233	59	203	225	203	41	441
	Apr	21,899	262	68	224	247	201	46	509
	May	24,332	326	78	240	267	218	51	539
	Jun	24,368	326	79	238	269	225	51	545
	Jul	27,044	354	87	258	297	226	56	560
	Aug	28,130	379	95	268	299	263	64	610
	Sep	29,232	418	99	273	304	269	66	630
	Oct	28,646	413	96	281	312	288	62	626
	Nov	30,957	464	101	300	334	306	62	688
	Dec	32,120	461	106	310	360	338	59	709

Source: Mexican Stock Exchange (*Bolsa Mexicana de Valores*, BMV).
1/ Mainly holding companies.
2/ The new BMV methodology of classifying by sector began in March 2009.

Public Finances

Table A 43
Public Finance Indicators (2004-2009)
Percent of GDP

Item	2004	2005	2006	2007	2008	2009
Budgetary revenues	20.7	21.1	21.8	22.2	23.6	23.8
Budgetary expenditures	20.9	21.2	21.7	22.1	23.7	26.1
Budgetary balance	-0.2	-0.1	0.1	0.0	-0.1	-2.3
Non-budgetary balance 1/	0.0	0.0	0.0	0.0	0.0	0.0
Economic balance on a cash basis	-0.2	-0.1	0.1	0.0	-0.1	-2.3
Primary balance on a cash basis 2/	2.2	2.2	2.5	2.2	1.8	-0.1
Accrued operational balance 3/	0.1	0.1	0.1	0.4	0.7	-2.2
Public sector total net debt 4/	18.7	17.0	15.9	15.3	14.5	27.5
Budgetary sector financial cost 5/	2.4	2.3	2.4	2.1	1.9	2.2
Memo:						
Economic balance (excl. Investment by Pemex)	0.3	0.2	0.3	0.4	0.5	-0.2
Primary balance (excl. Investment by Pemex) 2/	2.8	2.5	2.7	2.5	2.4	2.0

Source: Ministry of Finance (SHCP).
1/ Includes statistical difference with sources of financing.
2/ Defined as public sector balance less the financial cost of budgetary and non-budgetary sectors.
3/ Defined as public sector accrued economic balance less the inflationary component of the finance cost. Measurements by Banco de México.
4/ Includes net liabilities of both the federal government, public entities and enterprises and official financial intermediaries (development banks and public funds and trusts). Average stocks. Measurements by Banco de México.
5/ Excludes financial cost of public entities under indirect budgetary control.
Note: Figures may not add up due to rounding.

Table A 44
Public Sector Revenues, Expenditures and Balances (2008-2009)

Item	2008 Observed Thousand million pesos	2008 Observed Percent of GDP	2009 Programmed Thousand million pesos	2009 Programmed Percent of GDP	2009 Observed Thousand million pesos	2009 Observed Percent of GDP	Real growth (%) 2009-2008
Budgetary Revenues	**2,860.9**	**23.6**	**2,792.0**	**23.6**	**2,816.3**	**23.8**	**-6.5**
Federal government	**2,049.9**	**16.9**	**1,916.4**	**16.2**	**2,000.4**	**16.9**	**-7.3**
Tax revenues	994.6	8.2	1,161.3	9.8	1,129.3	9.6	7.8
ISR/ IETU/ IDE	626.5	5.2	659.0	5.6	594.7	5.0	-9.9
Income tax (ISR) 2/	562.2	4.6	596.1	5.0	534.1	4.5	-9.8
IETU	46.6	0.4	55.4	0.5	44.6	0.4	-9.0
IDE	17.7	0.1	7.5	0.1	15.9	0.1	-14.7
VAT	457.2	3.8	490.5	4.1	407.8	3.4	-15.3
Excise tax (IEPS)	-168.3	-1.4	-59.6	-0.5	50.4	0.4	d.n.a
Import duties	35.8	0.3	27.6	0.2	30.2	0.3	-19.9
Tax on crude oil returns	4.4	0.0	5.8	0.0	0.9	0.0	-80.3
Other	38.9	0.3	38.0	0.3	45.4	0.4	10.7
Non-tax revenues	1,055.4	8.7	755.1	6.4	871.1	7.4	-21.6
Public entities and enterprises 3/	**811.0**	**6.7**	**875.6**	**7.4**	**815.9**	**6.9**	**-4.5**
Pemex	362.5	3.0	415.7	3.5	380.5	3.2	-0.3
Other	448.5	3.7	459.9	3.9	435.4	3.7	-7.8
Net Paid Budgetary Expenditures	**2,872.6**	**23.7**	**3,019.5**	**25.5**	**3,091.6**	**26.1**	**2.2**
Programmable	**2,210.2**	**18.2**	**2,294.4**	**19.4**	**2,437.6**	**20.6**	**4.7**
Deferred payments	d.n.a	d.n.a	-26.0	-0.2	d.n.a	d.n.a	d.n.a
Programmable accrued expenditures	2,210.2	18.2	2,320.4	19.6	2,437.6	20.6	4.7
Current expenditures	1,678.2	13.8	1,728.5	14.6	1,828.8	15.5	3.5
Wages and salaries	709.8	5.9	784.6	6.6	765.5	6.5	2.4
Other current expenditures	968.4	8.0	943.9	8.0	1,063.4	9.0	4.3
Capital expenditures	532.0	4.4	591.9	5.0	608.7	5.1	8.7
Fixed investment	374.0	3.1	534.3	4.5	551.3	4.7	40.0
Financial investment	158.0	1.3	57.6	0.5	57.4	0.5	-65.5
Non-programmable	**662.4**	**5.5**	**725.1**	**6.1**	**654.0**	**5.5**	**-6.2**
Financial cost	227.1	1.9	289.9	2.5	263.0	2.2	10.0
Federal government	170.1	1.4	214.0	1.8	200.2	1.7	11.8
Public entities and enterprises	27.0	0.2	44.9	0.4	31.8	0.3	11.8
Debtor and saving support program	30.0	0.2	31.0	0.3	31.1	0.3	-1.8
Revenue sharing	423.5	3.5	430.2	3.6	375.7	3.2	-15.7
Adefas and other	11.8	0.1	5.0	0.0	15.2	0.1	22.3
Budgetary Balance	**-11.7**	**-0.1**	**-227.5**	**-1.9**	**-275.3**	**-2.3**	**d.n.a**
Non-budgetary Balance	**3.7**	**0.0**	**0.0**	**0.0**	**0.8**	**0.0**	**-80.2**
Direct balance	1.1	0.0	0.0	0.0	1.6	0.0	46.2
Difference with sources of financing methodology 4/	2.7	0.0	0.0	0.0	-0.8	0.0	d.n.a
Economic Balance	**-7.9**	**-0.1**	**-227.5**	**-1.9**	**-274.5**	**-2.3**	**d.n.a**
Primary Balance 5/	**216.5**	**1.8**	**290.4**	**4.4**	**-10.6**	**-0.1**	**d.n.a**
Memo:							
Economic balance (excluding investment by Pemex)	62.1	0.5	d.n.a	d.n.a	-23.4	-0.2	-135.8
Primary balance (excluding investment by Pemex) 5/	286.5	2.4	d.n.a	d.n.a	240.5	2.0	-20.3

Source: Ministry of Finance (SHCP).
1/ Observed GDP of 2009 was used.
2/ Includes the asset tax (*Impuesto al Activo,* IMPAC).
3/ Excludes contributions to the Government Employees' Social Security Institute (*Instituto de Seguridad y Servicios Sociales para los Trabajadores del Estado*, ISSSTE).
4/ Difference between the public balance calculated with the revenue-expenditure methodology and that calculated according to the sources of financing methodology.
5/ Defined as public sector balance less interest paid by the budgetary and non-budgetary sectors.
d.n.a. Does not apply.
Note: Figures may not add up due to rounding.

Table A 45
Public Sector Revenues, Expenditures and Balances (2004-2009)
Percent of GDP

Item	2004	2005	2006	2007	2008	2009
Budgetary Revenues	20.7	21.1	21.8	22.2	23.6	23.8
Federal government	14.8	15.3	15.0	15.3	16.9	16.9
Tax revenues	9.0	8.8	8.6	8.9	8.2	9.6
Non-tax revenues	5.8	6.5	6.4	6.3	8.7	7.4
Public entities and enterprises 1/	5.8	5.8	6.8	6.9	6.7	6.9
Pemex	2.2	2.0	3.1	3.3	3.0	3.2
Other	3.6	3.8	3.7	3.6	3.7	3.7
Net Paid Budgetary Expenditure	20.9	21.2	21.7	22.1	23.7	26.1
Programmable expenditures	15.4	15.8	16.0	16.9	18.2	20.6
Current expenditures	12.2	12.7	12.7	13.3	13.8	15.5
Capital expenditures	3.2	3.1	3.2	3.6	4.4	5.1
Non-programmable expenditures	5.5	5.4	5.8	5.2	5.5	5.5
Financial cost	2.4	2.3	2.4	2.1	1.9	2.2
Revenue sharing	2.8	3.0	3.2	3.0	3.5	3.2
Adefas and other 2/	0.3	0.1	0.2	0.1	0.1	0.1
Budgetary Balance	-0.2	-0.1	0.1	0.0	-0.1	-2.3
Non-budgetary Balance	0.0	0.0	0.0	0.0	0.0	0.0
Economic Balance	-0.2	-0.1	0.1	0.0	-0.1	-2.3
Primary Balance 3/	2.2	2.2	2.5	2.2	1.8	-0.1
Memo:						
Economic Balance (excluding investment by Pemex)	0.3	0.2	0.3	0.4	0.5	-0.2
Primary Balance (excluding investment by Pemex) 3/	2.8	2.5	2.7	2.5	2.4	2.0

Source: Ministry of Finance (SHCP).
1/ Excludes contributions made to the Government Employees' Social Security Institute *(Instituto de Seguridad y Servicios Sociales para los Trabajadores del Estado*, ISSSTE).
2/ Includes other net flows from the federal government.
3/ Defined as public sector balance less the financial cost of budgetary and non-budgetary sectors.
Note: Figures may not add up due to rounding.

Table A 46
Public Sector Budgetary Revenues (2004-2009)
Percent of GDP

Item	2004	2005	2006	2007	2008	2009
Budgetary Revenues	**20.7**	**21.1**	**21.8**	**22.2**	**23.6**	**23.8**
Classification I						
Federal Government	14.8	15.3	15.0	15.3	16.9	16.9
Tax revenues	9.0	8.8	8.6	8.9	8.2	9.6
I*SR* / IETU / IDE	4.0	4.2	4.3	4.7	5.2	5.0
Income tax (ISR) 1/	4.0	4.2	4.3	4.7	4.6	4.5
Flat rate business tax (IETU)	d.n.a	d.n.a	d.n.a	d.n.a	0.4	0.4
Tax on cash deposits (IDE)	d.n.a	d.n.a	d.n.a	d.n.a	0.1	0.1
VAT	3.3	3.4	3.7	3.6	3.8	3.4
IEPS	1.0	0.5	-0.1	-0.1	-1.4	0.4
Tax on crude-oil returns	n.a.	0.0	0.0	0.0	0.0	0.0
Others	0.6	0.6	0.6	0.6	0.6	0.6
Non-tax revenues	5.8	6.5	6.4	6.3	8.7	7.4
Duties	4.3	5.3	5.8	5.1	7.7	4.4
Proceeds	0.1	0.1	0.1	0.1	0.1	0.1
Benefits	1.5	1.1	0.6	1.1	0.9	2.9
Public entities and enterprises 2/	5.8	5.8	6.8	6.9	6.7	6.9
Pemex	2.2	2.0	3.1	3.3	3.0	3.2
Other	3.6	3.8	3.7	3.6	3.7	3.7
Classification II						
Oil revenues	7.4	7.9	8.3	7.9	8.7	7.4
Pemex	2.2	2.0	3.1	3.3	3.0	3.2
Exports	2.3	2.5	2.9	2.5	2.5	1.8
Domestic sales 3/	4.5	5.3	5.9	5.9	8.1	5.6
(-) Taxes 4/	4.6	5.7	5.7	5.0	7.6	4.2
Federal government 5/	5.2	5.8	5.2	4.5	5.7	4.2
Non-oil revenues	13.2	13.2	13.5	14.3	14.9	16.4
Federal government	9.6	9.4	9.8	10.8	11.2	12.8
Tax revenues	8.4	8.6	9.0	9.3	10.0	9.5
ISR 1/	4.0	4.2	4.3	4.7	4.6	4.5
IETU	d.n.a	d.n.a	d.n.a	d.n.a	0.4	0.4
IDE	d.n.a	d.n.a	d.n.a	d.n.a	0.1	0.1
VAT	3.3	3.4	3.7	3.6	3.8	3.4
IEPS	0.4	0.4	0.4	0.4	0.4	0.4
Other	0.6	0.6	0.6	0.6	0.6	0.6
Non-tax revenues	1.2	0.8	0.8	1.4	1.2	3.2
Duties	0.2	0.2	0.2	0.2	0.2	0.3
Proceeds	0.1	0.1	0.1	0.1	0.1	0.1
Benefits	1.0	0.6	0.6	1.1	0.9	2.9
Public entities and enterprises 2/	3.6	3.8	3.7	3.6	3.7	3.7

Source: Ministry of Finance (SHCP).
1/ Includes the asset tax (*Impuesto al Activo*, IMPAC).
2/ Excludes contributions to the Government Employees' Social Security Institute (*Instituto de Seguridad y Servicios Sociales para los Trabajadores del Estado*, ISSSTE).
3/ Includes various revenues.
4/ Excludes taxes paid on behalf of third parties (IVA and IEPS).
5/ Includes duties and benefits from oil extraction and the excise tax (IEPS) on gasoline and diesel.
d.n.a. Does not apply.
Note: Figures may not add up due to rounding.

Table A 47
Public Sector Budgetary Expenditures (2004-2009)
Percent of GDP

Item	2004	2005	2006	2007	2008	2009
Net Budgetary Expenditures	**20.9**	**21.2**	**21.7**	**22.1**	**23.7**	**26.1**
Programmable	15.4	15.8	16.0	16.9	18.2	20.6
Current expenditures	12.2	12.7	12.7	13.3	13.8	15.5
Wages and salaries	6.0	6.0	5.9	5.8	5.9	6.5
Direct	2.9	2.8	2.8	3.1	3.2	3.6
Indirect 1/	3.1	3.2	3.1	2.7	2.7	2.9
Acquisitions	1.4	1.5	1.5	1.5	1.8	1.6
Other 2/	2.6	2.9	3.2	3.7	3.4	4.3
Subsidies and transfers 3/	2.1	2.2	2.2	2.3	2.7	3.1
Capital expenditures	3.2	3.1	3.2	3.6	4.4	5.1
Fixed investment	2.7	2.5	2.6	3.0	3.1	4.7
Direct	1.1	0.9	0.9	1.4	1.4	3.1
Indirect 4/	1.5	1.6	1.7	1.6	1.7	1.6
Financial investment and other 5/	0.5	0.6	0.6	0.6	1.3	0.5
Non-programmable	5.5	5.4	5.8	5.2	5.5	5.5
Financial cost	2.4	2.3	2.4	2.1	1.9	2.2
Federal government	1.5	1.6	1.5	1.4	1.4	1.7
Public entities and enterprises	0.4	0.4	0.6	0.4	0.2	0.3
Debtor and saving support program	0.5	0.3	0.4	0.2	0.2	0.3
Revenue sharing	2.8	3.0	3.2	3.0	3.5	3.2
Adefas and other 6/	0.3	0.1	0.2	0.1	0.1	0.1

Source: Ministry of Finance (SHCP).
1/ Includes contributions to state governments for basic education, and transfers for wages and salaries paid by non-budgetary entities.
2/ Expenditures by budgetary entities on behalf of third parties.
3/ Includes subsidies and transfers other than those paid for wages and salaries, and for capital expenditure. Transfers are included in the corresponding items (see notes 1, 4, and 5).
4/ Includes transfers to non-budgetary entities' fixed investment.
5/ Includes recoverable expenditures and transfers for non-budgetary entities' debt amortization and financial investment.
6/ Includes other net flows from the federal government.
Note: Figures may not add up due to rounding.

Table A 48
Public Sector Total Net Debt 1/
Average stocks

Years		Broad Net Economic Debt 2/				Debt Consolidated with Banco de México 3/			
		Domestic	External		Total	Domestic	External		Total
		Thousand million pesos	Million USD	Thousand million pesos	Percent of GDP	Thousand million pesos	Million USD	Thousand million pesos	Percent of GDP
2004		739.8	77,660.4	865.9	18.7	1,409.2	14,750.5	164.5	18.4
2005		785.3	73,949.5	786.4	17.0	1,550.0	5,089.3	54.1	17.3
2006		977.0	62,619.5	677.0	15.9	1,892.2	-17,870.5	-193.2	16.4
2007		1,240.1	43,388.8	473.6	15.3	2,158.0	-36,826.8	-402.0	15.7
2008	Jan	1,345.4	40,168.1	434.9		2,369.0	-50,823.7	-550.2	
	Feb	1,369.2	39,295.0	421.4		2,387.8	-51,914.0	-556.7	
	Mar	1,380.9	38,180.9	406.6	15.6	2,395.9	-53,500.2	-569.7	16.0
	Apr	1,376.3	38,195.7	401.4		2,398.9	-54,720.5	-575.1	
	May	1,380.0	38,032.7	392.9		2,410.2	-56,417.3	-582.8	
	Jun	1,371.4	37,256.9	384.0	14.9	2,407.1	-57,338.3	-591.0	15.4
	Jul	1,372.9	37,307.4	374.4		2,414.6	-59,642.2	-598.5	
	Aug	1,372.5	35,626.0	366.4		2,421.9	-59,316.5	-610.1	
	Sep	1,365.2	32,921.6	361.5	14.3	2,424.1	-57,127.5	-627.3	14.9
	Oct	1,359.7	28,063.0	356.8		2,412.0	-50,466.2	-641.6	
	Nov	1,355.4	26,629.3	354.8		2,416.8	-49,580.3	-660.5	
	Dec	1,393.9	25,922.6	358.6	14.5	2,467.0	-49,322.2	-682.2	14.7
2009 p/	Jan	1,998.8	82,872.6	1,185.9		3,146.9	-7,774.5	-111.3	
	Feb	1,977.9	81,121.4	1,222.5		3,129.1	-7,128.5	-107.4	
	Mar	2,009.9	85,305.2	1,207.2	26.7	3,141.7	-5,974.5	-84.5	25.4
	Apr	2,008.9	86,072.9	1,191.6		3,144.1	-5,020.3	-69.5	
	May	2,009.8	89,103.4	1,173.2		3,142.7	-4,205.7	-55.4	
	Jun	2,010.1	88,188.5	1,161.6	26.8	3,139.7	-3,157.5	-41.6	26.2
	Jul	2,020.6	87,327.8	1,153.8		3,146.7	-2,512.7	-33.2	
	Aug	2,033.5	86,388.0	1,150.2		3,156.3	-1,780.2	-23.7	
	Sep	2,043.0	85,616.6	1,155.2	27.3	3,166.8	-1,050.9	-14.2	26.9
	Oct	2,060.1	87,975.9	1,156.7		3,185.7	-555.4	-7.3	
	Nov	2,076.8	89,536.1	1,156.4		3,205.5	-287.7	-3.7	
	Dec	2,090.4	88,855.9	1,161.0	27.5	3,232.0	-547.8	-7.2	27.3

Source: Banco de México and Ministry of Finance (SHCP).
p/ Preliminary figures.
1/ Present data may not match those previously published due to a methodological revision resulting from including new items such as assets and liabilities from both Banco de México and commercial and development banks. GDP ratio is calculated using the GDP of the last four quarters.
2/ The broad net economic debt includes net liabilities from the federal government and non-financial public entities and enterprises, as well as of official intermediaries (development banks and public funds and trusts).
3/ The net economic debt consolidated with Banco de México includes central bank's assets and liabilities and all sectors of the broad economic debt.
(-) Means financial assets' stocks are larger than gross debt stocks.

Table A 49
Public Sector Total Net Debt [1/]
End of period

Years		Broad Net Economic Debt [2/] Domestic	External		Total	Debt Consolidated with Banco de México [3/] Domestic	External		Total
		Thousand million pesos	Million USD	Thousand million pesos	Percent of GDP	Thousand million pesos	Million USD	Thousand million pesos	Percent of GDP
2004		774.2	76,303.5	850.7	18.0	1,486.3	11,919.3	132.9	17.9
2005		836.5	69,500.8	739.1	16.2	1,691.9	-4,832.7	-51.4	16.9
2006		1,171.8	48,592.3	525.4	15.8	2,035.0	-27,951.9	-302.2	16.1
2007		1,307.4	34,545.4	377.1	14.3	2,296.1	-52,877.8	-577.2	14.6
2008	Jan	1,345.4	40,168.1	434.9		2,369.0	-50,823.7	-550.2	
	Feb	1,393.0	38,040.3	408.0		2,406.6	-52,521.4	-563.3	
	Mar	1,404.4	35,390.9	376.8	15.4	2,412.1	-55,930.5	-595.6	15.7
	Apr	1,362.3	36,728.4	386.0		2,407.7	-56,263.4	-591.3	
	May	1,394.7	34,734.8	358.8		2,455.6	-59,413.8	-613.8	
	Jun	1,328.4	32,940.6	339.5	13.5	2,391.6	-61,294.7	-631.8	14.2
	Jul	1,382.0	31,560.9	316.7		2,459.6	-64,154.5	-643.8	
	Aug	1,370.0	30,188.7	310.5		2,472.9	-67,160.6	-690.7	
	Sep	1,306.5	29,368.6	322.5	13.1	2,441.8	-69,722.1	-765.6	13.5
	Oct	1,310.6	24,683.2	313.8		2,303.3	-60,527.4	-769.5	
	Nov	1,312.5	25,141.2	334.9		2,465.2	-63,828.7	-850.4	
	Dec	1,817.1	28,948.6	400.4	18.2	3,018.1	-66,591.1	-921.1	17.3
2009 [p/]	Jan	1,998.8	82,872.6	1,185.9		3,146.9	-7,774.5	-111.3	
	Feb	1,957.0	83,550.2	1,259.1		3,111.3	-6,874.6	-103.6	
	Mar	2,073.9	83,147.4	1,176.7	29.0	3,166.9	-2,741.7	-38.8	27.9
	Apr	2,006.0	82,693.6	1,144.8		3,151.2	-1,759.4	-24.4	
	May	2,013.0	83,507.0	1,099.5		3,137.2	85.9	1.1	
	Jun	2,011.6	83,800.0	1,103.8	27.1	3,124.5	2,074.7	27.3	27.4
	Jul	2,083.8	83,777.7	1,106.9		3,188.8	1,298.1	17.2	
	Aug	2,124.0	84,469.1	1,124.6		3,223.7	3,213.8	42.8	
	Sep	2,118.7	88,604.2	1,195.5	27.7	3,250.9	4,594.1	62.0	27.7
	Oct	2,214.4	88,996.2	1,170.1		3,355.6	4,152.6	54.6	
	Nov	2,243.0	89,321.4	1,153.6		3,403.1	2,489.3	32.2	
	Dec	2,240.7	92,695.4	1,211.1	27.4	3,524.1	-3,445.5	-45.0	27.6

Source: Banco de México and Ministry of Finance (SHCP).

p/ Preliminary figures.

1/ Present data may not match those previously published due to a methodological revision resulting from including new items such as assets and liabilities from both Banco de México and commercial and development banks. GDP ratio is calculated using the average GDP of the corresponding quarter. In the case of annual ratios, the GDP of the last quarter of the corresponding year is used.

2/ The broad net economic debt includes net liabilities from the federal government and non-financial public entities and enterprises, as well as of official intermediaries (development banks and public funds and trusts).

3/ The net economic debt consolidated with Banco de México includes central bank's assets and liabilities and all sectors of the broad economic debt.

(-) Means financial assets' stocks are larger than gross debt stocks.

Table A 50
Non-financial Public Sector Net Debt 1/
Traditional methodology
End of period

		Public Sector Non-financial Net Economic Debt			
		Domestic	External		Total Net Debt Percent of GDP
		Thousand million pesos	Million US dollars	Thousand million pesos	
2004		1,001.3	58,879.5	656.5	18.3
2005		993.7	55,428.8	589.5	16.3
2006		1,216.1	42,777.4	462.5	15.6
2007	Jan	1,207.0	46,742.0	515.9	
	Feb	1,207.3	45,053.9	503.2	
	Mar	1,258.6	42,459.4	468.4	16.3
	Apr	1,210.2	42,570.4	465.2	
	May	1,197.6	40,689.3	437.2	
	Jun	1,222.6	38,522.9	415.8	14.8
	Jul	1,233.2	37,498.7	409.8	
	Aug	1,267.5	35,878.9	396.0	
	Sep	1,261.2	35,465.3	387.7	14.6
	Oct	1,264.2	32,445.5	347.2	
	Nov	1,240.9	30,465.3	332.0	
	Dec	1,443.4	29,977.3	327.2	15.0
2008	Jan	1,469.0	35,077.6	379.8	
	Feb	1,513.8	32,697.8	350.7	
	Mar	1,523.7	30,175.2	321.3	15.9
	Apr	1,482.2	31,631.3	332.4	
	May	1,502.5	30,174.2	311.7	
	Jun	1,441.0	27,955.8	288.1	14.0
	Jul	1,502.7	26,553.5	266.5	
	Aug	1,500.7	26,075.7	268.2	
	Sep	1,459.1	25,111.0	275.8	14.0
	Oct	1,453.8	21,185.7	269.3	
	Nov	1,452.0	20,523.3	273.4	
	Dec	1,983.4	23,933.8	331.1	19.0
2009 p/	Jan	2,079.5	78,150.6	1,118.3	
	Feb	2,031.8	78,761.4	1,186.9	
	Mar	2,145.3	77,764.0	1,100.5	28.9
	Apr	2,064.4	78,029.0	1,080.3	
	May	2,067.1	78,591.9	1,034.8	
	Jun	2,068.2	78,792.4	1,037.9	27.0
	Jul	2,132.7	78,971.1	1,043.4	
	Aug	2,167.1	79,653.6	1,060.5	
	Sep	2,167.8	83,713.7	1,129.5	27.5
	Oct	2,271.2	83,964.5	1,104.0	
	Nov	2,289.2	84,515.8	1,091.6	
	Dec	2,289.2	87,838.7	1,147.7	27.3

Source: Banco de México.
p/ Preliminary figures.
1/ Non-financial public sector (federal government and public entities) net debt is computed on an accrued basis with data available from the banking sector. Federal government domestic securities are reported at market value and external debt is classified by debtor and not by end user.
2/ Includes the reclassifying of Pemex Pidiregas debt as budgetary debt.

Table A 51
Federal Government Domestic Debt Securities
Total circulation per instrument 1/
Current stocks in million pesos at market value

Outstanding Stocks at End of		Total Securities in Circulation	Cetes	Bondes	Udibonos	Fixed Rate Bonos	Bondes D
2004		1,084.5	251.5	316.3	89.8	426.9	
2005		1,259.8	300.0	294.8	101.6	563.4	
2006		1,767.9	358.8	219.2	170.7	814.7	204.5
2007	Jan	1,791.8	368.2	203.9	173.6	824.7	221.4
	Feb	1,835.5	369.3	203.6	181.7	842.1	238.7
	Mar	1,864.4	370.1	187.2	195.6	851.2	260.3
	Apr	1,915.5	365.9	186.8	203.0	880.5	279.3
	May	1,998.1	367.6	187.3	211.4	929.1	302.8
	Jun	1,976.0	354.0	171.6	212.7	916.0	321.8
	Jul	2,025.4	353.8	171.1	220.7	942.7	337.1
	Aug	1,995.4	350.3	155.5	226.6	947.7	315.3
	Sep	2,063.4	357.7	155.8	233.1	990.6	326.3
	Oct	2,106.5	356.4	140.0	241.6	1,037.3	331.3
	Nov	2,139.5	350.7	140.2	252.0	1,051.6	345.1
	Dec	2,082.4	352.6	140.7	258.1	975.8	355.2
2008	Jan	2,129.4	342.1	122.9	267.7	1,032.0	364.7
	Feb	2,182.3	345.8	123.3	276.9	1,066.5	369.8
	Mar	2,200.1	333.5	106.8	285.1	1,098.4	376.2
	Apr	2,196.3	340.5	106.5	292.5	1,073.9	382.9
	May	2,203.1	334.6	89.9	296.7	1,093.9	388.0
	Jun	2,150.0	340.2	90.0	290.3	1,031.2	398.2
	Jul	2,201.0	336.1	73.8	304.3	1,075.8	411.0
	Aug	2,233.6	331.6	73.9	318.2	1,122.8	387.0
	Sep	2,268.3	336.4	74.4	325.4	1,135.0	397.1
	Oct	2,277.9	344.3	59.2	332.5	1,142.3	399.6
	Nov	2,332.2	363.0	59.5	329.6	1,162.0	418.1
	Dec	2,361.8	368.9	59.5	350.6	1,148.9	433.8
2009 p/	Jan	2,462.3	397.5	44.5	365.7	1,206.2	448.4
	Feb	2,443.4	398.0	44.3	362.2	1,179.5	459.4
	Mar	2,566.2	417.9	44.6	384.6	1,248.4	470.6
	Apr	2,648.3	445.2	32.4	402.3	1,294.7	473.7
	May	2,707.1	472.7	32.6	415.4	1,305.7	480.6
	Jun	2,677.7	469.1	32.3	414.6	1,277.5	484.2
	Jul	2,742.4	483.2	32.1	430.0	1,305.4	491.7
	Aug	2,773.7	502.6	20.8	444.2	1,322.8	483.4
	Sep	2,838.1	511.2	20.9	458.1	1,359.5	488.5
	Oct	2,858.7	525.6	21.0	448.7	1,391.8	471.7
	Nov	2,904.9	524.1	21.1	458.6	1,424.8	476.3
	Dec	2,767.9	512.6	20.9	466.4	1,299.7	468.4

Source: Banco de México.
p/ Preliminary figures.
1/ Total circulation includes federal government securities and placements of monetary regulation bonds.

Table A 52
Federal Government Domestic Debt Securities
Total circulation per holding sector 1/
Current stocks in million pesos at market value

Outstanding Stocks at End of		Total Securities in Circulation	Private Firms and Individuals 2/ 3/	Non-bank Public Sector 3/	Development Banks	Commercial Banks	Repos
2004		1,084.5	820.7	79.5	20.3	163.9	0.0
2005		1,259.8	948.4	108.6	20.5	141.2	41.1
2006		1,767.9	1,377.0	126.6	38.7	98.9	126.9
2007	Jan	1,791.8	1,376.4	176.6	21.5	114.1	103.3
	Feb	1,835.5	1,431.4	184.1	7.9	101.3	110.8
	Mar	1,864.4	1,479.9	182.0	22.9	84.6	94.9
	Apr	1,915.5	1,469.7	183.1	22.1	139.0	101.5
	May	1,998.1	1,561.7	179.9	16.6	105.2	134.8
	Jun	1,976.0	1,500.9	191.1	26.9	114.2	143.0
	Jul	2,025.4	1,553.3	203.8	19.8	112.3	136.3
	Aug	1,995.4	1,624.0	173.5	12.7	51.7	133.6
	Sep	2,063.4	1,608.2	211.4	14.7	110.5	118.6
	Oct	2,106.5	1,638.4	186.3	11.9	118.5	151.4
	Nov	2,139.5	1,667.4	199.8	22.7	75.7	174.0
	Dec	2,082.4	1,573.9	211.3	37.2	119.9	140.2
2008	Jan	2,129.4	1,686.9	191.2	21.5	114.9	114.9
	Feb	2,182.3	1,725.8	185.1	24.3	110.0	137.2
	Mar	2,200.1	1,758.0	177.9	20.8	107.4	136.0
	Apr	2,196.3	1,776.0	172.1	21.7	102.0	124.6
	May	2,203.1	1,796.7	152.2	22.9	116.0	115.4
	Jun	2,150.0	1,705.7	171.2	25.9	135.4	111.8
	Jul	2,201.0	1,778.2	147.5	42.3	131.6	101.4
	Aug	2,233.6	1,838.5	166.3	21.4	108.7	98.8
	Sep	2,268.3	1,838.0	194.7	40.3	82.6	112.7
	Oct	2,277.9	1,764.4	212.0	32.9	76.4	192.1
	Nov	2,332.2	1,833.8	236.6	40.0	65.4	156.4
	Dec	2,361.8	1,900.2	173.4	41.1	147.1	100.0
2009 p/	Jan	2,462.3	2,056.2	182.7	60.4	93.6	69.5
	Feb	2,443.4	2,074.9	136.7	33.4	89.9	108.5
	Mar	2,566.2	2,106.1	133.0	33.1	138.1	155.8
	Apr	2,648.3	2,125.3	157.8	39.0	147.3	178.9
	May	2,707.1	2,159.4	166.6	39.2	156.8	185.0
	Jun	2,677.7	2,113.6	166.4	48.8	158.3	190.6
	Jul	2,742.4	2,175.2	162.8	36.0	139.7	228.7
	Aug	2,773.7	2,204.5	158.1	37.0	136.8	237.3
	Sep	2,838.1	2,176.0	184.9	24.5	188.7	264.0
	Oct	2,858.7	2,258.7	171.9	23.2	184.9	219.9
	Nov	2,904.9	2,293.6	146.6	16.7	219.1	228.8
	Dec	2,767.9	2,162.7	122.7	21.0	338.0	123.5

Source: Banco de México.
p/ Preliminary figures.
1/ Total circulation includes federal government securities and placement of monetary regulation bonds.
2/ Includes securities held by Siefores since 1997.
3/ Modified since 2000 due to methodological changes in the holding of securities by private enterprises and the non-bank public sector.

External Sector

Table A 53
External Sector Indicators

	2002	2003	2004	2005	2006	2007	2008	2009 p/
Balance of Payments				Billion US dollars				
Current account	-14.1	-7.2	-5.2	-4.5	-4.4	-8.4	-15.9	-5.2
Trade balance	-7.6	-5.8	-8.8	-7.6	-6.1	-10.1	-17.3	-4.7
Capital account	23.2	19.3	13.2	14.8	-2.7	19.7	24.5	14.5
Foreign direct investment	23.6	16.6	23.8	22.3	19.8	27.3	23.2	11.4
Change in net international reserves	7.1	9.5	4.1	7.2	-1.0	10.3	7.5	5.4
Stock of net international reserves	48.0	57.4	61.5	68.7	67.7	78.0	85.4	90.8
				Percent of GDP				
Current account	-2.2	-1.0	-0.7	-0.5	-0.5	-0.8	-1.4	-0.6
Capital account	3.6	2.8	1.7	1.7	-0.3	1.9	2.2	1.7
Foreign Trade				Annual change (percent)				
Exports	1.4	2.3	14.1	14.0	16.7	8.8	7.2	-21.2
Oil	12.4	25.5	27.2	34.8	22.4	10.2	17.7	-39.0
Non-oil	0.4	0.0	12.4	11.0	15.7	8.5	5.2	-17.4
Manufactures	0.6	-0.7	12.2	11.0	15.7	8.4	5.1	-17.9
Other	-5.4	20.9	19.0	8.9	14.1	12.2	7.4	-5.9
Imports	0.2	1.1	15.4	12.7	15.4	10.1	9.5	-24.0
Consumer goods	7.2	1.6	18.1	24.0	17.1	16.7	11.3	-31.5
Intermediate goods	0.3	1.8	15.5	10.3	15.0	8.8	7.9	-22.9
Capital goods	-6.7	-3.7	11.8	16.0	16.4	10.1	16.4	-21.6
Gross External Debt and Interest Paid 1/				Percent of revenues in current account				
Total external debt	82.6	80.2	71.4	63.2	52.6	52.3	50.4	60.6
Public sector 2/	41.9	40.1	35.0	27.8	18.3	17.1	16.6	35.5
Private sector	40.7	40.0	36.5	35.4	34.3	35.3	33.8	25.1
Interest 3/	6.4	5.9	5.0	4.8	4.7	4.6	4.2	4.3
				Percent of GDP				
Total external debt	23.9	22.5	21.3	19.2	16.5	16.5	15.7	18.7
Public sector 2/	12.1	11.3	10.4	8.4	5.8	5.4	5.2	11.1
Private sector	11.8	11.3	10.9	10.8	10.7	11.1	10.5	7.6
Interest 3/	1.8	1.7	1.5	1.4	1.5	1.4	1.3	1.3

Source: Banco de México and Ministry of Finance (SHCP).
1/ As of 2009, debt associated with Pidiregas is reclassified from the prívate sector to the public sector.
2/ Includes Banco de México.
3/ Includes public and private sectors.
p/ Preliminary figures.
Note: Figures may not add up due to rounding.

Table A 54
Balance of Payments
Million US dollars

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 p/
Current Account	**-18,742.7**	**-17,714.1**	**-14,146.5**	**-7,203.0**	**-5,235.2**	**-4,549.1**	**-4,447.0**	**-8,399.0**	**-15,888.8**	**-5,238.2**
Revenues	**192,875.8**	**186,166.4**	**188,139.8**	**196,780.9**	**226,504.1**	**257,923.7**	**298,760.2**	**323,882.8**	**342,808.3**	**271,629.7**
Merchandise exports	**166,120.7**	**158,779.7**	**161,046.0**	**164,766.4**	**187,998.5**	**214,233.0**	**249,925.1**	**271,875.3**	**291,342.6**	**229,707.5**
Non-factor services	**13,712.3**	**12,660.3**	**12,691.6**	**12,532.9**	**13,955.1**	**16,066.3**	**16,221.1**	**17,489.3**	**18,039.9**	**14,767.2**
Travel	8,294.2	8,400.6	8,858.0	9,361.7	10,795.6	11,803.4	12,176.6	12,851.9	13,289.0	11,275.2
Other	5,418.1	4,259.6	3,833.6	3,171.2	3,159.5	4,262.9	4,044.6	4,637.4	4,750.9	3,492.1
Factor services	**6,019.6**	**5,366.5**	**4,098.6**	**3,941.8**	**5,708.4**	**5,429.9**	**6,577.4**	**7,995.6**	**7,836.5**	**5,577.5**
Interest	5,024.5	4,074.7	2,835.3	2,342.8	2,211.3	3,010.6	5,096.7	6,311.8	5,845.0	3,817.9
Other	995.1	1,291.8	1,263.3	1,599.0	3,497.1	2,419.3	1,480.7	1,683.8	1,991.4	1,759.5
Transfers	**7,023.1**	**9,360.0**	**10,303.7**	**15,539.8**	**18,842.1**	**22,194.5**	**26,036.5**	**26,522.5**	**25,589.3**	**21,577.5**
Expenditures	**211,618.5**	**203,880.5**	**202,286.3**	**203,984.0**	**231,739.4**	**262,472.8**	**303,207.2**	**332,281.9**	**358,697.1**	**276,867.9**
Merchandise imports	**174,457.8**	**168,396.5**	**168,678.9**	**170,545.8**	**196,809.6**	**221,819.5**	**256,058.4**	**281,949.0**	**308,603.3**	**234,385.0**
Non-factor services	**16,035.7**	**16,217.9**	**16,739.7**	**17,133.7**	**18,561.9**	**20,779.4**	**21,956.9**	**23,794.2**	**25,119.4**	**22,792.4**
Insurance and freight	5,006.4	4,643.1	4,407.8	4,492.9	5,450.2	6,494.0	7,417.7	8,297.0	9,700.5	7,130.1
Travel	5,499.1	5,701.9	6,059.7	6,253.3	6,959.0	7,600.4	8,108.3	8,374.8	8,525.8	7,131.7
Other	5,530.2	5,872.9	6,272.3	6,387.5	6,152.7	6,685.0	6,430.9	7,122.5	6,893.0	8,530.7
Factor services	**21,095.5**	**19,244.3**	**16,832.5**	**16,267.3**	**16,287.8**	**19,817.2**	**25,104.3**	**26,430.9**	**24,846.3**	**19,630.2**
Interest	13,694.9	12,693.2	11,966.1	11,670.1	11,222.4	12,259.7	14,076.3	14,864.5	14,531.2	11,772.2
Other	7,400.6	6,551.0	4,866.4	4,597.2	5,065.3	7,557.5	11,028.0	11,566.4	10,315.0	7,858.0
Transfers	**29.4**	**21.9**	**35.2**	**37.1**	**80.0**	**56.6**	**87.7**	**107.7**	**128.2**	**60.4**
Capital Account	**19,853.8**	**28,189.4**	**23,182.4**	**19,341.4**	**13,163.6**	**14,821.8**	**-2,651.5**	**19,687.5**	**24,548.0**	**14,525.6**
Liabilities	**12,754.7**	**32,024.0**	**19,338.8**	**15,877.2**	**24,928.8**	**29,014.5**	**15,263.0**	**49,719.6**	**33,627.7**	**33,087.9**
Indebtedness	**-5,714.3**	**1,255.9**	**-4,213.3**	**-1,334.4**	**-1,372.0**	**543.0**	**-9,833.6**	**15,081.3**	**8,007.6**	**13,985.1**
Development banks	-185.7	-1,210.2	-1,244.2	-1,640.7	-2,680.2	-3,468.5	-7,959.2	-1,039.8	-496.4	794.3
Commercial banks	-2,445.6	-3,133.4	-2,960.6	-529.2	-906.1	-2,279.8	446.4	3,025.6	-1,159.6	-25.3
Banco de México	-4,285.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7,229.0
Non-bank public sector	-6,573.3	-83.9	-3,220.2	-2,691.3	-1,759.3	-6,624.1	-14,068.2	-5,907.5	-3,431.5	9,638.1
Non-bank private sector	3,992.0	2,263.2	-2,060.6	-2,675.9	-1,975.0	4,166.4	4,721.8	5,778.0	242.0	-3,651.0
Pidiregas	3,783.9	3,420.2	5,272.3	6,202.7	5,948.6	8,749.0	7,025.6	13,225.0	12,853.1	0.0
Foreign investment	**18,469.0**	**30,768.1**	**23,552.1**	**17,211.6**	**26,300.8**	**28,471.5**	**25,096.6**	**34,638.3**	**25,620.1**	**19,102.8**
Direct investment	18,097.9	29,759.3	23,631.0	16,590.5	23,815.6	22,344.7	19,779.4	27,310.8	23,170.2	11,417.5
Portfolio investment	371.1	1,008.8	-78.9	621.0	2,485.2	6,126.8	5,317.2	7,327.5	2,449.9	7,685.3
Equity	446.8	151.0	-103.6	-123.3	-2,522.2	3,352.9	2,805.2	-482.1	-3,503.3	4,168.9
Money market	-75.7	857.8	24.7	744.3	5,007.4	2,773.9	2,512.0	7,809.6	5,953.2	3,516.4
Assets	**7,099.0**	**-3,834.6**	**3,843.6**	**3,464.2**	**-11,765.2**	**-14,192.6**	**-17,914.5**	**-30,032.1**	**-9,079.7**	**-18,562.3**
Held by foreign banks	3,549.7	-1,511.7	2,773.3	3,457.1	-5,579.3	-4,402.5	-6,148.3	-17,045.6	-2,667.9	-4,788.6
Mexican direct investment	0.0	-4,404.0	-890.8	-1,253.5	-4,431.9	-6,474.0	-5,758.5	-8,256.3	-1,157.1	-7,598.1
Credits granted abroad	412.5	0.0	190.0	46.0	0.0	0.0	0.0	0.0	0.0	0.0
External debt guarantees	1,289.8	3,856.6	1,133.8	90.8	1,717.9	0.0	0.0	0.0	0.0	0.0
Other	1,847.0	-1,775.6	637.3	1,123.8	-3,471.9	-3,316.1	-6,007.7	-4,730.2	-5,254.6	-6,175.6
Errors and Omissions	**1,713.1**	**-3,150.3**	**-1,946.2**	**-2,700.6**	**-3,870.2**	**-3,108.3**	**6,095.6**	**-1,002.5**	**-1,221.2**	**-3,953.5**
Change in Net International Reserves	**2,821.5**	**7,325.0**	**7,104.1**	**9,450.9**	**4,061.4**	**7,172.6**	**-989.2**	**10,311.1**	**7,450.2**	**5,396.8**
Valuation Adjustments	**2.7**	**0.0**	**-14.4**	**-13.2**	**-3.2**	**-8.2**	**-13.7**	**-25.2**	**-12.1**	**-63.0**

p/ Preliminary figures.
Note: Figures may not add up due to rounding.

Table A 55
Foreign Trade
Million US dollars

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 p/
Exports	**166,120.7**	**158,779.7**	**161,046.0**	**164,766.4**	**187,998.6**	**214,233.0**	**249,925.1**	**271,875.3**	**291,342.6**	**229,707.5**
Oil	**16,124.3**	**13,191.0**	**14,823.5**	**18,597.2**	**23,663.1**	**31,888.6**	**39,016.8**	**43,013.8**	**50,635.4**	**30,882.9**
Crude oil 1/	14,552.9	11,927.7	13,392.2	16,676.3	21,257.8	28,329.5	34,707.1	37,937.2	43,341.5	25,665.6
Other	1,571.4	1,263.3	1,431.3	1,920.9	2,405.3	3,559.1	4,309.7	5,076.7	7,293.8	5,217.3
Non-oil	**149,996.4**	**145,588.8**	**146,222.5**	**146,169.2**	**164,335.5**	**182,344.4**	**210,908.3**	**228,861.5**	**240,707.2**	**198,824.6**
Agriculture	4,752.5	4,435.3	4,196.0	5,022.5	5,666.5	5,981.1	6,835.9	7,415.0	7,894.6	7,797.6
Extractive	496.4	386.2	367.2	496.4	900.8	1,167.7	1,320.6	1,737.1	1,931.0	1,447.9
Manufacturing	144,747.6	140,767.2	141,659.4	140,650.3	157,768.2	175,195.6	202,751.8	219,709.4	230,881.6	189,579.1
Imports	**174,457.8**	**168,396.4**	**168,678.9**	**170,545.8**	**196,809.7**	**221,819.5**	**256,058.4**	**281,949.0**	**308,603.3**	**234,385.0**
Oil	**7,973.5**	**7,647.2**	**6,796.3**	**8,519.3**	**11,228.8**	**16,393.7**	**19,637.0**	**25,469.2**	**35,656.9**	**20,465.0**
Non-oil	**166,484.3**	**160,749.2**	**161,882.6**	**162,026.6**	**185,580.9**	**205,425.8**	**236,421.3**	**256,479.9**	**272,946.3**	**213,920.0**
Consumer goods	**16,690.5**	**19,752.0**	**21,178.4**	**21,509.0**	**25,409.0**	**31,512.9**	**36,901.0**	**43,054.5**	**47,940.7**	**32,828.1**
Oil	**1,826.1**	**2,322.4**	**1,677.2**	**1,588.4**	**2,639.8**	**5,570.7**	**7,303.1**	**10,931.9**	**15,805.1**	**8,929.7**
Non-oil	**14,864.4**	**17,429.6**	**19,501.1**	**19,920.6**	**22,769.2**	**25,942.1**	**29,597.9**	**32,122.6**	**32,135.6**	**23,898.4**
Intermediate goods	**133,637.3**	**126,148.8**	**126,508.1**	**128,831.5**	**148,803.7**	**164,091.1**	**188,632.5**	**205,295.5**	**221,565.4**	**170,911.7**
Oil	**6,147.4**	**5,324.7**	**5,119.0**	**6,930.8**	**8,589.0**	**10,823.0**	**12,333.9**	**14,537.3**	**19,851.8**	**11,535.3**
Non-oil	**127,489.9**	**120,824.0**	**121,389.1**	**121,900.6**	**140,214.7**	**153,268.1**	**176,298.5**	**190,758.2**	**201,713.6**	**159,376.3**
Capital goods	**24,129.9**	**22,495.7**	**20,992.5**	**20,205.3**	**22,597.0**	**26,215.5**	**30,524.9**	**33,599.0**	**39,097.1**	**30,645.2**
Trade balance	**-8,337.1**	**-9,616.7**	**-7,632.9**	**-5,779.4**	**-8,811.1**	**-7,586.6**	**-6,133.2**	**-10,073.7**	**-17,260.7**	**-4,677.5**
Oil Trade Balance	**8,150.8**	**5,543.8**	**8,027.2**	**10,078.0**	**12,434.3**	**15,494.9**	**19,379.8**	**17,544.6**	**14,978.4**	**10,417.9**
Non-oil Trade Balance	**-16,487.9**	**-15,160.5**	**-15,660.1**	**-15,857.4**	**-21,245.4**	**-23,081.4**	**-25,513.0**	**-27,618.4**	**-32,239.1**	**-15,095.4**

Source: Foreign Trade Statistics Working Group composed of officers from Banco de México, the National Bureau of Statistics (*Instituto Nacional de Estadística y Geografía*, INEGI), the Ministry of Finance's Tax Collection System (*Servicio de Administración Tributaria*, SAT), and the Ministry of the Economy.
Note: Figures may not add up due to rounding.
1/ Data provided by PMI Internacional, S.A. de C.V. (operation figures).
p/ Preliminary figures.

Table A 56
Exports by Economic Sector
Million US dollars

Item	2003	2004	2005	2006	2007	2008	2009 p/
Total	**164,766.4**	**187,998.6**	**214,233.0**	**249,925.1**	**271,875.3**	**291,342.6**	**229,707.5**
I. Agriculture and Forestry	3,937.7	4,504.7	4,873.7	5,544.8	6,192.6	6,851.2	6,639.7
II. Livestock and Fishing	1,084.8	1,161.8	1,107.4	1,291.1	1,222.4	1,043.4	1,157.9
III. Extractive Industries	19,093.6	24,563.9	33,056.3	40,337.4	44,750.9	52,566.4	32,330.8
Crude oil 1/	16,676.3	21,257.8	28,329.5	34,707.1	37,937.2	43,341.5	25,665.6
Other	2,417.3	3,306.1	4,726.8	5,630.3	6,813.7	9,224.9	6,665.2
IV. Manufacturing	140,650.3	157,768.2	175,195.6	202,751.8	219,709.4	230,881.6	189,579.1
A. Food, beverages and tobacco	4,194.8	4,713.3	5,750.7	6,871.1	7,376.2	8,467.3	7,300.3
B. Textiles, apparel and leather products	10,307.2	10,461.3	10,391.4	9,326.8	8,213.4	7,684.5	6,469.3
C. Timber products	638.8	662.2	709.6	751.6	647.2	582.2	483.7
D. Paper, printing and publishing	1,279.7	1,409.4	1,714.8	1,862.8	1,920.8	1,944.8	1,675.1
E. Chemical industry	4,647.1	5,316.6	5,912.0	6,540.4	7,487.3	8,382.1	7,588.7
F. Plastic and rubber products	3,799.7	4,692.8	5,466.0	5,873.9	6,354.6	6,409.7	5,420.1
G. Non-metal mineral products	1,991.3	2,314.2	2,687.3	2,977.9	2,965.0	3,051.1	2,438.8
H. Iron and steel	3,115.2	4,528.1	5,487.1	6,263.7	7,016.4	8,728.4	4,957.1
I. Mining and metallurgy	2,048.3	2,605.5	3,467.1	6,009.7	7,666.3	8,686.8	8,573.7
J. Metallic products, machinery and equipment	104,942.7	116,918.1	128,192.4	150,633.1	163,704.4	169,410.3	138,260.1
1. For agriculture and stockbreading	207.2	306.8	371.8	415.7	391.6	463.1	414.1
2. For other transport and communications	39,191.9	42,010.0	47,022.9	54,727.2	58,398.2	58,168.2	43,864.2
Automotive Industry	38,479.3	41,122.6	45,787.0	53,094.0	56,117.8	55,681.0	42,537.9
3. Special machinery and equipment for different industries	22,445.8	25,133.1	24,917.8	27,800.1	28,684.3	27,894.3	24,282.7
4. Metallic products (domestic use)	1,394.5	1,667.0	1,538.5	2,499.8	2,788.0	3,344.6	3,328.7
5. Professional and scientific equipment	5,033.6	5,670.0	7,293.3	8,163.3	8,269.3	9,007.4	8,349.5
6. Electric and electronic equipment	35,963.4	41,420.9	46,511.3	56,346.6	64,560.0	70,090.9	57,604.1
7. Photographic & optical equipment, and watchmaking	706.3	710.4	537.0	680.3	612.9	441.9	416.8
K. Other industries	3,685.5	4,146.8	5,417.1	5,640.8	6,357.9	7,534.3	6,412.2

Source: Foreign Trade Statistics Working Group composed of officers from Banco de México, the National Bureau of Statistics (*Instituto Nacional de Estadística y Geografía*, INEGI), the Ministry of Finance's Tax Collection System (*Servicio de Administración Tributaria*, SAT), and the Ministry of the Economy.
Note: Figures may not add up due to rounding.
1/ Data provided by PMI Internacional, S.A. de C.V. (operation figures).
p/ Preliminary figures.

Table A 57
Imports by Economic Sector
Million US dollars

Item	2003	2004	2005	2006	2007	2008	2009 p/
TOTAL	**170,545.8**	**196,809.7**	**221,819.5**	**256,058.4**	**281,949.0**	**308,603.3**	**234,385.0**
I. Agriculture and Forestry	5,602.8	6,142.1	5,930.6	6,855.1	8,531.5	11,291.1	8,303.8
II. Livestock and Fishing	202.8	236.3	310.3	368.0	462.3	546.4	306.4
III. Extractive Industries	9,256.1	12,200.9	17,611.6	21,371.9	27,047.6	37,530.5	21,274.5
IV. Manufacturing	155,484.1	178,230.4	197,967.0	227,463.4	245,907.6	259,235.3	204,500.3
A. Food, beverages and tobacco	6,496.3	7,253.7	8,233.0	8,959.8	10,535.4	11,524.9	9,884.6
B. Textiles, apparel and leather products	10,311.4	10,384.2	10,715.9	10,609.4	10,144.5	9,947.6	7,745.9
C. Timber products	1,098.5	1,291.2	1,479.2	1,590.3	1,677.7	1,671.4	1,120.0
D. Paper, printing and publishing	4,712.7	5,127.8	5,522.2	6,134.9	6,485.7	6,700.8	5,474.4
E. Chemical industry	10,914.3	12,457.6	14,013.9	15,644.7	17,353.7	19,804.1	16,692.1
F. Plastic and rubber products	12,533.1	13,358.0	14,966.3	16,476.0	16,890.0	16,606.8	13,270.0
G. Non-metal mineral products	1,800.1	1,926.8	2,086.2	2,293.1	2,498.8	2,233.1	1,658.7
H. Iron and steel	7,103.9	9,246.0	10,696.1	12,718.1	13,000.8	15,118.4	10,113.3
I. Mining and metallurgy	4,135.7	5,148.5	5,707.2	7,851.5	8,558.6	8,520.1	5,550.9
J. Metallic products, machinery and equipment	92,457.8	106,920.3	118,103.0	136,938.1	148,645.9	155,547.4	123,195.1
1. For agriculture and stockbreading	509.0	550.3	599.5	641.9	738.3	877.3	682.8
2. For other transport and communications	22,943.4	25,080.2	29,207.2	32,940.8	35,839.6	36,119.3	24,752.5
Automotive Industry	21,985.9	23,866.1	27,778.8	31,303.2	33,332.9	33,993.1	23,703.5
3. Special machinery and equipment for different industries	26,190.9	30,830.7	32,650.1	36,257.4	38,619.7	40,850.7	33,492.7
4. Metallic products (domestic use)	585.9	641.8	758.8	964.1	1,064.6	1,008.4	737.5
5. Professional and scientific equipment	4,570.9	5,376.6	6,456.6	9,386.0	12,209.7	11,958.9	8,192.4
6. Electric and electronic equipment	36,796.1	43,647.3	47,665.9	55,947.0	59,393.1	63,983.9	54,765.4
7. Photographic & optical equipment, and watchmaking	861.7	793.3	765.0	800.8	781.0	749.0	571.9
K. Other industries	3,920.2	5,116.3	6,443.9	8,247.5	10,116.5	11,560.8	9,795.1

Source: Foreign Trade Statistics Working Group composed of officers from Banco de México, the National Bureau of Statistics (*Instituto Nacional de Estadística y Geografía*, INEGI), the Ministry of Finance's Tax Collection System (*Servicio de Administración Tributaria*, SAT), and the Ministry of the Economy.
Note: Figures may not add up due to rounding.
p/ Preliminary figures.

Table A 58
Regional Trade Balance
Million US dollars

	Exports				Imports			
	2006	2007	2008	2009 p/	2006	2007	2008	2009p/
Total	**249,925**	**271,875**	**291,343**	**229,708**	**256,058**	**281,949**	**308,603**	**234,385**
America	231,238	247,915	262,795	208,442	153,178	163,358	176,656	130,528
North America	216,976	229,624	240,625	193,254	137,687	147,430	160,777	119,738
United States	211,799	223,133	233,523	184,944	130,311	139,473	151,335	112,434
Canada	5,176	6,491	7,102	8,310	7,376	7,957	9,443	7,304
Central America	3,416	4,304	4,923	3,778	1,472	1,655	1,847	1,880
Costa Rica	522	687	920	652	789	741	776	923
El Salvador	497	518	801	463	59	62	71	71
Guatemala	935	1,152	1,385	1,194	356	457	501	500
Panama	568	731	864	774	57	114	116	95
Other Central American countries	894	1,216	953	695	212	283	384	292
South America	7,978	10,909	13,840	9,886	12,403	12,463	12,065	8,122
Argentina	952	1,130	1,317	1,087	1,799	1,610	1,436	1,145
Brazil	1,147	2,010	3,367	2,446	5,558	5,575	5,183	3,495
Colombia	2,132	2,943	3,032	2,500	744	764	1,072	619
Chile	905	1,170	1,587	1,053	2,470	2,594	2,592	1,651
Peru	534	677	1,180	588	470	383	426	355
Venezuela	1,783	2,333	2,310	1,421	980	1,009	769	435
Other South American countries	525	647	1,047	791	383	528	588	422
Antilles	2,869	3,077	3,407	1,524	1,615	1,810	1,967	789
Europe	11,298	15,068	18,173	12,309	31,883	36,488	42,428	29,602
European Union	11,009	14,554	17,288	11,647	29,012	33,822	39,183	27,226
Germany	2,973	4,104	5,008	3,214	9,437	10,688	12,606	9,727
Belgium	687	840	789	700	805	761	884	613
Denmark	100	126	97	65	271	321	369	372
Spain	3,270	3,690	4,233	2,478	3,638	3,831	4,056	3,004
France	556	695	525	498	2,662	3,098	3,511	2,503
Netherlands	1,326	1,905	2,488	1,714	1,547	2,466	4,184	2,171
Italy	267	481	587	518	4,109	5,542	5,219	3,147
Portugal	282	276	126	34	345	325	439	297
United Kingdom	925	1,563	1,749	1,253	2,140	2,294	2,596	1,838
Other EU countries	623	874	1,686	1,173	4,059	4,498	5,320	3,556
Other European countries	289	514	885	663	2,871	2,665	3,245	2,376
Asia	6,386	7,613	8,626	7,590	68,893	79,451	86,211	72,158
China	1,688	1,895	2,045	2,215	24,438	29,744	34,690	32,529
South Korea	464	684	541	501	10,676	12,658	13,548	10,959
Philippines	58	75	66	52	1,232	1,198	1,238	1,070
Hong Kong	282	328	396	381	614	561	533	296
India	680	1,046	1,559	1,118	1,126	1,207	1,361	1,140
Indonesia	46	43	63	78	813	886	957	854
Israel	91	130	222	86	429	441	524	416
Japan	1,594	1,913	2,046	1,607	15,295	16,343	16,283	11,397
Malaysia	100	123	114	138	4,474	4,771	4,659	4,036
Singapore	254	336	427	388	1,955	2,087	1,698	1,378
Thailand	118	167	129	101	1,784	2,106	2,208	1,983
Taiwan	442	272	307	177	4,974	5,897	6,659	4,592
Other Asian countries	569	603	712	750	1,083	1,552	1,855	1,509
Africa	460	464	807	636	836	1,305	2,047	928
Oceania	469	608	743	578	1,246	1,330	1,230	1,119
Australia	439	561	671	518	897	785	807	788
New Zealand	28	33	57	44	340	511	417	327
Other Oceanian countries	2	15	15	16	10	34	7	4
Unidentified	75	208	199	152	23	18	31	51

Source: Working group composed of officers from Banco de México, the National Bureau of Statistics (*Instituto Nacional de Estadística y Geografía*, INEGI), the Ministry of Finance's Tax Collection System (*Servicio de Administración Tributaria*, SAT), and the Ministry of the Economy.
Note: Figures may not add up due to rounding.
p/ Preliminary figures.

Table A 59
Main Traded Goods

	Exports				Imports		
	2007	2008	2009 p/		2007	2008	2009 p/
Total (Million US dollars)	**271,875**	**291,343**	**229,708**	**Total (Million US dollars)**	**281,949**	**308,603**	**234,385**
	Percent of Total				**Percent of Total**		
Crude oil [1/]	14.0	14.9	11.2	Automobile spare parts	4.5	4.3	4.6
T.V. sets	8.0	7.8	8.0	Spare parts for recorders and TV sets	3.0	3.0	4.2
Telephone and telegraph electric devices	3.3	5.9	7.2	Telephone and telegraph electric devices	2.3	3.7	4.2
Automobile spare parts	6.9	7.4	6.6	Gasoline	3.5	4.7	3.6
Insulating cables for electric installations	4.5	4.0	4.0	Microelectronic circuits	3.2	2.8	3.3
Computers	3.3	2.5	3.6	Computers	2.1	1.7	2.2
Trucks and cargo vehicles	3.3	2.5	2.8	Automobiles	3.3	2.7	2.0
Insulating cables for electric installations	3.1	2.6	2.2	Office machine and devices' parts	1.4	0.9	1.4
Oils other than crude oil	1.5	2.1	1.9	Devices for cutting or connecting electric circuits	1.6	1.5	1.4
Gold (crude, worked, and ground)	0.6	0.9	1.7	Insulating cables for electric installations	1.5	1.3	1.3
Medical or veterinarian devices	1.3	1.3	1.7	LP gas	1.6	2.1	1.2
Refrigerators	0.9	1.0	1.3	Medicines (retail)	0.8	0.8	1.1
Tractors	0.5	0.5	1.1	Liquid crystal devices	2.1	1.7	1.0
Seats and their parts	1.3	1.1	1.0	Furniture, automobile, and plastic cover parts	1.1	1.0	1.0
Devices for cutting or connecting electric circuits	1.2	1.1	1.0	Electric transformers	0.9	0.8	0.9
Electric transformers	0.9	0.9	0.9	Printing machines and devices	0.5	1.0	0.9
Motor parts	1.0	0.9	0.8	Iron and steel bars and hooks	0.9	0.8	0.8
Electric motors and generators	0.9	0.8	0.8	Trucks and cargo vehicles	1.1	1.0	0.8
Suits and pants (men and boys)	0.6	0.6	0.7	T.V. sets	0.4	0.6	0.8
Silver (crude, worked, and ground)	0.5	0.6	0.6	Air and vacuum pumps	0.7	0.7	0.7
Faucet or tap-related products	0.6	0.6	0.6	Motor parts	0.7	0.8	0.7
Fresh and refrigerated tomato	0.4	0.4	0.5	Faucet or tap-related products	0.7	0.7	0.7
Automatic-regulating instruments	0.7	0.6	0.5	Plastic containers	0.9	0.7	0.7
Fresh and refrigerated legumes	0.4	0.4	0.5	Semiconductor devices	0.6	0.6	0.7
Gasoline motors	0.6	0.6	0.5	Medical or veterinarian devices	0.5	0.5	0.7
Board games	0.4	0.5	0.5	Cyclical hydrocarbons	0.6	0.6	0.6
Centrifugates, filters, and purifiers	0.5	0.5	0.4	Board games	0.6	0.6	0.6
Medicines (retail)	0.4	0.4	0.4	Parts of radio/recording devices	0.7	0.6	0.6
Microphones and their support bases	0.5	0.5	0.4	Corn	0.6	0.8	0.6
Liquid pumps	0.3	0.4	0.4	Soy beans	0.4	0.6	0.6
Air conditioning machines and devices	0.5	0.4	0.4	Diesel motors	0.6	0.7	0.6
Electric machines and devices	0.3	0.4	0.4	Printed circuit board assembly	0.7	0.6	0.6
Plastic containers	0.5	0.4	0.4	New rubber tires	0.6	0.6	0.6
Semiconductor devices	0.2	0.3	0.4	Polyethylenes	0.6	0.6	0.6
Lamps and neon signs	0.4	0.4	0.4	Other mechanical devices w/independent functions	0.7	0.6	0.6
Avocado, guava, mango, and pinneapple	0.3	0.2	0.4	Screws, iron and steel bolts	0.6	0.5	0.5
Furniture, automobile, and plastic cover parts	0.3	0.3	0.3	Sound recording supports	0.3	0.4	0.5
Electric lighting devices	0.5	0.4	0.3	Propeller shafts, bearings, and gear assemblies	0.5	0.5	0.5
Undershirts/T-shirts (all knitwear)	0.3	0.3	0.3	Gasoline motors	0.5	0.5	0.5
Unwelded hollow pipes and metal structures	0.3	0.3	0.3	Iron casts	0.4	0.4	0.5
Other	34.1	32.4	32.4	Other	51.7	51.0	50.5

Source: Foreign Trade Statistics Working Group composed of officers from Banco de México, the National Bureau of Statistics (*Instituto Nacional de Estadística y Geografía*, INEGI), the Ministry of Finance's Tax Collection System (*Servicio de Administración Tributaria*, SAT), and the Ministry of the Economy.

p/ Preliminary figures.

1/ Data provided by PMI Internacional, S.A. de C.V. (operation figures). Subject to revisions.

Note: Figures may not add up due to rounding.

Table A 60
International Travelers

Item	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 p/
Balance (Million US dollars)	**2,681.6**	**2,795.1**	**2,698.7**	**2,798.3**	**3,108.4**	**3,836.5**	**4,203.0**	**4,068.3**	**4,477.2**	**4,763.2**	**4,143.5**
					Incoming						
Revenues (million US dollars)	**7,222.9**	**8,294.2**	**8,400.6**	**8,858.0**	**9,361.7**	**10,795.6**	**11,803.4**	**12,176.6**	**12,851.9**	**13,289.0**	**11,275.2**
Tourists	5,061.7	5,816.2	5,941.4	6,083.7	6,680.1	7,783.5	8,502.4	8,954.6	9,716.5	10,115.8	8,623.9
In border areas	1,995.7	2,277.0	2,243.9	2,491.8	2,393.1	2,591.3	2,848.4	2,763.6	2,647.6	2,695.1	2,198.5
Overnight visitors	444.0	619.2	597.0	640.9	571.6	598.8	643.9	604.8	623.7	701.3	597.3
One-day visitors	1,551.7	1,657.7	1,646.9	1,850.9	1,821.5	1,992.5	2,204.5	2,158.8	2,023.9	1,993.8	1,601.3
Cruises	165.4	201.1	215.3	282.5	288.5	420.8	452.6	458.3	487.8	478.2	452.7
Number of travelers (thousands)	**99,869**	**105,673**	**100,719**	**100,153**	**92,330**	**99,250**	**103,146**	**97,701**	**92,179**	**91,462**	**86,189**
Tourists	10,214	10,591	10,151	9,883	10,353	11,553	12,534	12,608	12,956	13,299	11,781
In border areas	86,607	91,615	86,762	85,135	77,002	81,204	83,905	78,577	72,409	71,732	68,718
Overnight visitors	8,829	10,050	9,659	9,784	8,312	9,065	9,381	8,745	8,414	9,338	9,673
One-day visitors	77,778	81,565	77,103	75,352	68,690	72,139	74,524	69,832	63,995	62,394	59,045
Cruises	3,048	3,467	3,805	5,136	4,974	6,493	6,707	6,516	6,814	6,431	5,690
Average spending (US dollars)	**72.3**	**78.5**	**83.4**	**88.4**	**101.4**	**108.8**	**114.4**	**124.6**	**139.4**	**145.3**	**130.8**
Tourists	495.6	549.1	585.3	615.6	645.2	673.7	678.4	710.3	750.0	760.6	732.0
In border areas	23.0	24.9	25.9	29.3	31.1	31.9	33.9	35.2	36.6	37.6	32.0
Overnight visitors	50.3	61.6	61.8	65.5	68.8	66.1	68.6	69.2	74.1	75.1	61.7
One-day visitors	20.0	20.3	21.4	24.6	26.5	27.6	29.6	30.9	31.6	32.0	27.1
Cruises	54.3	58.0	56.6	55.0	58.0	64.8	67.5	70.3	71.6	74.4	79.6
					Outgoing						
Expenditures (million US dollars)	**4,541.3**	**5,499.1**	**5,701.9**	**6,059.7**	**6,253.3**	**6,959.0**	**7,600.4**	**8,108.3**	**8,374.8**	**8,525.8**	**7,131.7**
Tourists	1,690.8	2,163.9	2,399.5	2,429.1	2,565.3	2,910.9	3,313.7	3,805.4	4,285.7	4,524.6	3,982.3
In border areas	2,850.5	3,335.3	3,302.4	3,630.6	3,688.0	4,048.1	4,286.7	4,302.8	4,089.0	4,001.3	3,149.3
Overnight visitors	259.6	281.1	368.0	348.5	269.7	316.4	339.7	387.9	421.5	379.5	338.8
One-day visitors	2,590.9	3,054.2	2,934.4	3,282.0	3,418.3	3,731.7	3,946.9	3,914.9	3,667.6	3,621.8	2,810.6
Number of travelers (thousands)	**117,383**	**127,268**	**123,737**	**124,633**	**123,015**	**128,903**	**128,392**	**122,022**	**109,366**	**107,442**	**98,066**
Tourists	5,543	6,200	6,423	6,492	6,603	7,398	8,000	8,486	9,213	9,321	8,875
In border areas	111,840	121,068	117,309	118,141	116,412	121,505	120,392	113,536	100,153	98,122	89,191
Overnight visitors	4,809	4,879	5,652	5,456	4,441	5,096	5,305	5,516	5,870	5,129	5,067
One-day visitors	107,031	116,189	111,657	112,685	111,971	116,409	115,087	108,020	94,283	92,992	84,124
Average spending (US dollars)	**38.7**	**43.2**	**46.1**	**48.6**	**50.8**	**54.0**	**59.2**	**66.4**	**76.6**	**79.4**	**72.7**
Tourists	305.0	349.0	373.6	374.1	388.5	393.5	414.2	448.4	465.2	485.4	448.7
In border areas	25.5	27.5	28.2	30.7	31.7	33.3	35.6	37.9	40.8	40.8	35.3
Overnight visitors	54.0	57.6	65.1	63.9	60.7	62.1	64.0	70.3	71.8	74.0	66.9
One-day visitors	24.2	26.3	26.3	29.1	30.5	32.1	34.3	36.2	38.9	38.9	33.4

Note: Figures may not add up due to rounding.
p/ Preliminary figures.

Table A 61
Revenues from Workers' Remittances

	2005	2006	2007	2008	2009 p/
Total remittances (million USD)	**21,688.7**	**25,566.8**	**26,068.7**	**25,137.4**	**21,181.1**
Money orders	1,747.9	1,359.7	859.7	598.2	386.2
Electronic transfers	19,667.7	23,854.0	24,821.7	24,113.0	20,483.9
Cash and kind	273.2	353.2	387.3	426.2	311.0
Number of remittances (thousands)	**64,923.3**	**74,183.6**	**75,700.7**	**72,627.3**	**66,797.0**
Money orders	4,066.9	2,844.6	1,585.9	1,352.7	866.4
Electronic transfers	60,511.0	70,696.7	73,343.7	70,487.4	65,241.5
Cash and kind	345.4	642.3	771.2	787.2	689.1
Average remittance (USD)	**334**	**345**	**344**	**346**	**317**
Money orders	430	478	542	442	446
Electronic transfers	325	337	338	342	314
Cash and kind	791	550	502	541	451

p/ Preliminary figures.
Note: Figures may not add up due to rounding.

Table A 62
Revenues from Workers' Remittances
By state and country

State	Distribution by State: Ranking 1995	Ranking 2001	Ranking 2007	Ranking 2008	Ranking 2009 p/	Percentage Structure 1995	Percentage Structure 2001	Percentage Structure 2007	Percentage Structure 2008	Percentage Structure 2009 p/	International Comparison: Selected Countries in 2008: Country	Million USD	As a Percentage of GDP
											India	49,144	4.1
Michoacán	1	1	1	1	1	16.25	11.69	9.18	9.77	10.07	Mexico		
Guanajuato	3	2	2	2	2	10.25	8.31	9.03	9.25	9.18	2006	25,567	2.7
Jalisco	2	3	4	4	3	12.70	7.89	7.71	7.73	8.10	2007	26,069	2.5
Estado de México	7	4	3	3	4	4.39	7.16	8.33	8.34	8.10	2008	25,137	2.3
Puebla	6	9	6	6	5	4.84	3.97	5.97	6.24	6.16	2009	21,181	2.4
Veracruz	15	6	5	5	6	2.07	5.99	6.66	6.45	6.11	Nigeria	17,880	8.6
Oaxaca	8	8	7	7	7	4.34	4.03	5.45	5.79	5.68	Philippines	14,537	8.7
Guerrero	4	5	8	8	8	6.11	6.27	5.44	5.58	5.43	China	13,557	0.3
Mexico City (D.F.)	5	7	9	9	9	5.34	5.67	5.27	4.40	4.63	Bangladesh	8,981	10.7
Hidalgo	16	10	10	10	10	1.95	3.89	4.16	3.74	3.48	Egypt	8,694	5.3
San Luis Potosí	10	12	12	12	11	3.26	2.82	2.92	3.02	2.98	Spain	7,872	0.5
Chiapas	27	15	11	11	12	0.54	2.51	3.48	3.18	2.86	Romania	7,580	3.8
Zacatecas	11	17	13	13	13	3.12	2.10	2.91	2.70	2.69	Pakistan	7,025	4.3
Morelos	9	11	14	14	14	3.56	2.82	2.36	2.47	2.56	Morocco	6,894	7.8
Sinaloa	13	14	16	16	15	2.99	2.62	1.98	1.95	2.16	Indonesia	6,618	1.3
Tamaulipas	21	13	15	15	16	1.27	2.69	2.00	2.03	2.00	Lebanon	5,775	19.7
Chihuahua	19	18	18	17	17	1.75	2.05	1.81	1.89	1.94	Colombia	4,842	2.0
Durango	14	16	19	18	18	2.08	2.11	1.73	1.79	1.80	Poland	4,700	0.9
Querétaro	17	20	17	19	19	1.93	1.79	1.82	1.76	1.72	Guatemala	4,419	11.3
Nayarit	20	19	20	20	20	1.57	1.91	1.45	1.53	1.64	El Salvador	3,788	17.1
Baja California	23	23	23	21	21	0.85	1.64	1.29	1.36	1.55	Portugal	3,647	1.5
Nuevo León	22	24	21	23	22	1.05	1.56	1.38	1.32	1.41	Jordan	3,159	14.9
Sonora	24	22	24	24	23	0.76	1.67	1.29	1.27	1.34	Dominican Republic	3,111	7.0
Aguascalientes	12	25	22	22	24	3.11	1.24	1.36	1.32	1.33	Sudan	3,100	5.3
Tlaxcala	26	27	26	26	25	0.60	0.75	1.13	1.19	1.21	Sri Lanka	2,918	7.4
Coahuila	18	21	25	25	26	1.84	1.69	1.13	1.19	1.16	Serbia	2,913	5.8
Colima	25	26	27	27	27	0.75	1.15	0.75	0.79	0.82	Brazil	2,913	0.2
Tabasco	32	28	28	28	28	0.09	0.70	0.71	0.63	0.55	Ecuador	2,822	5.2
Yucatán	28	29	29	29	29	0.31	0.42	0.51	0.51	0.50	Honduras	2,801	20.0
Quintana Roo	29	30	30	30	30	0.13	0.37	0.38	0.40	0.41	Nepal	2,581	21.0
Campeche	31	31	31	31	31	0.10	0.28	0.31	0.30	0.27	Tadjikistan	2,537	49.4
Baja California Sur	30	32	32	32	32	0.12	0.21	0.12	0.14	0.15	Peru	2,437	1.9
											Greece	2,178	0.6
TOTAL						100.00	100.00	100.00	100.00	100.00			

Source: Prepared with data from Banco de México (for Mexico) and IMF Balance of Payments Division.
p/ Preliminary figures.

Table A 63
Foreign Investment Flows
Million US dollars

	2002	2003	2004	2005	2006	2007	2008	2009 p/
Total	**23,552.1**	**17,211.6**	**26,300.8**	**28,471.5**	**25,096.6**	**34,638.3**	**25,620.1**	**19,102.7**
Direct investment	**23,631.0**	**16,590.6**	**23,815.6**	**22,344.7**	**19,779.4**	**27,310.8**	**23,170.2**	**11,417.4**
New investment	15,262.9	7,376.2	14,143.2	11,042.4	5,967.6	13,466.5	8,105.6	3448.3
Reinvested earnings	2,479.2	2,094.7	2,522.3	4,029.3	7,755.5	8,065.2	7,752.6	4225.3
Intercompany operations	5,888.9	7,119.7	7,150.1	7,273.0	6,056.3	5,779.1	7,312.0	3743.8
Portfolio investment	**-78.9**	**621.0**	**2,485.2**	**6,126.8**	**5,317.2**	**7,327.5**	**2,449.9**	**7,685.3**
Equity	-103.6	-123.3	-2,522.2	3,352.9	2,805.2	-482.1	-3,503.3	4168.9
Money market	24.7	744.3	5,007.4	2,773.9	2,512.0	7,809.6	5,953.2	3516.4

p/ Preliminary figures.
Note: Figures may not add up due to rounding.

Table A 64
Foreign Investment in Government Securities
End of period outstanding stocks at face value
Billion US dollars

		Cetes		Bondes		Udibonos		IPAB bonds [1/]		Development bonds [2/]		Total [3/]	
		Stock	%	Stock	%	Stock	%	Stock	%	Stock	%	Stock	%
1997	Dec	3.0	90.3	0.3	7.7	0.1	0.0	d.n.e	0.0	d.n.e	d.n.e	3.3	100.0
1998	Dec	2.1	91.5	0.2	7.2	0.0	0.1	d.n.e.	0.0	d.n.e.	d.n.e.	2.3	100.0
1999	Dec	1.0	88.7	0.1	9.5	0.0	0.0	d.n.e.	0.0	d.n.e.	d.n.e.	1.1	100.0
2000	Dec	0.7	72.0	0.1	9.7	0.0	0.2	d.n.e.	0.0	0.2	18.1	0.9	100.0
2001	Dec	0.7	37.0	*	0.9	0.0	2.5	0.1	7.2	0.9	52.4	1.8	100.0
2002	Dec	0.3	17.4	0.1	3.3	0.0	0.2	0.1	8.2	1.1	70.9	1.6	100.0
2003	Dec	0.4	18.0	0.5	21.9	0.0	0.4	0.0	2.1	1.2	57.5	2.1	100.0
2004	Dec	0.6	9.1	*	0.3	0.0	0.7	0.2	2.7	6.1	87.2	7.0	100.0
2005	Dec	0.3	3.2	0.2	2.3	0.3	2.6	0.5	4.7	8.8	87.2	10.1	100.0
2006	Dec	0.6	4.7	*	0.0	0.4	3.3	0.7	5.4	10.8	86.6	12.4	100.0
2007	Dec	0.9	4.3	*	0.0	0.5	2.4	0.1	0.5	18.8	92.8	20.2	100.0
2008	Dec	1.3	6.4	*	0.0	0.7	3.3	0.1	0.5	17.9	89.8	20.0	100.0
2009	Dec	0.9	6.7	*	0.0	0.9	3.2	0.0	0.5	22.1	89.6	24.0	100.0
2006	Jan	0.5	4.3	*	0.4	0.3	2.9	0.4	4.0	9.7	88.5	11.0	100.0
	Feb	0.3	2.3	0.1	1.2	0.3	2.7	0.4	3.7	10.4	90.1	11.6	100.0
	Mar	0.3	2.7	*	0.3	0.4	3.5	0.4	3.1	10.9	90.4	12.0	100.0
	Apr	0.3	2.5	*	0.2	0.5	3.4	0.4	3.2	12.3	90.6	13.6	100.0
	May	0.3	2.6	*	0.2	0.5	3.9	0.4	3.1	11.8	90.1	13.1	100.0
	Jun	0.6	4.6	0.1	0.4	0.4	2.9	0.4	3.4	11.4	88.6	12.9	100.0
	Jul	0.8	6.6	*	0.2	0.4	3.4	0.3	2.2	10.4	87.6	11.9	100.0
	Aug	0.5	4.8	0.2	1.7	0.5	5.0	0.3	2.5	8.8	86.0	10.2	100.0
	Sep	0.7	6.5	*	0.2	0.5	5.0	0.1	1.0	9.0	87.2	10.3	100.0
	Oct	0.6	5.3	*	0.0	0.5	4.2	0.4	3.8	10.0	86.7	11.6	100.0
	Nov	0.6	4.7	*	0.0	0.5	3.8	0.3	2.5	10.7	88.9	12.0	100.0
	Dec	0.6	4.7	*	0.0	0.4	3.3	0.7	5.4	10.8	86.6	12.4	100.0
2007	Jan	0.6	4.7	0.1	0.6	0.4	2.8	0.3	2.0	12.0	89.8	13.4	100.0
	Feb	0.2	1.4	*	0.0	0.3	2.5	0.3	2.1	12.5	94.0	13.3	100.0
	Mar	0.7	5.4	*	0.1	0.3	1.9	0.5	3.5	11.8	89.1	13.3	100.0
	Apr	0.2	1.6	*	0.2	0.3	2.1	0.8	5.8	11.8	90.2	13.1	100.0
	May	0.5	3.0	*	0.1	0.3	1.8	0.1	0.8	14.3	94.3	15.1	100.0
	Jun	0.5	3.7	0.5	3.1	0.3	2.1	0.3	1.8	13.1	89.3	14.6	100.0
	Jul	0.3	2.1	*	0.0	0.3	1.9	0.1	0.6	14.3	95.4	15.0	100.0
	Aug	0.4	2.3	*	0.0	0.4	2.4	0.9	5.5	14.0	89.8	15.6	100.0
	Sep	0.3	2.0	*	0.0	0.4	2.4	1.0	5.8	15.2	89.8	16.9	100.0
	Oct	0.4	2.2	*	0.0	0.4	2.3	0.0	0.2	16.6	95.2	17.5	100.0
	Nov	0.7	3.6	*	0.0	0.5	2.4	0.2	1.1	18.1	92.8	19.5	100.0
	Dec	0.9	4.3	*	0.0	0.5	2.4	0.1	0.5	18.8	92.8	20.2	100.0
2008	Jan	2.0	8.7	*	0.0	0.6	2.6	0.1	0.2	20.7	88.5	23.4	100.0
	Feb	1.5	6.0	*	0.0	0.5	2.0	0.1	0.3	23.1	91.6	25.3	100.0
	Mar	1.2	4.6	*	0.0	0.8	3.3	0.3	1.0	23.3	91.1	25.5	100.0
	Apr	1.8	6.9	*	0.0	0.8	3.2	0.3	1.2	23.0	88.6	25.9	100.0
	May	1.9	7.2	*	0.0	1.0	3.7	0.6	2.1	22.6	87.0	26.0	100.0
	Jun	1.7	6.3	*	0.0	1.3	4.9	0.4	1.5	23.7	87.3	27.1	100.0
	Jul	2.4	7.7	*	0.0	1.3	4.2	0.3	0.9	27.7	87.2	31.7	100.0
	Aug	2.7	8.1	*	0.0	1.1	3.3	0.2	0.5	29.2	88.0	33.2	100.0
	Sep	2.6	8.6	*	0.0	1.1	3.7	0.1	0.4	26.4	87.3	30.3	100.0
	Oct	1.4	6.0	*	0.0	0.6	2.8	1.1	4.9	19.6	86.3	22.7	100.0
	Nov	1.1	5.4	*	0.0	0.7	3.3	0.1	0.3	19.1	91.0	21.0	100.0
	Dec	1.3	6.4	*	0.0	0.7	3.3	0.1	0.5	17.9	89.8	20.0	100.0
2009	Jan	1.3	8.7	*	0.0	0.6	2.6	0.1	0.2	17.9	88.5	19.9	100.0
	Feb	1.1	6.0	*	0.0	0.6	2.0	0.1	0.3	16.3	91.6	18.0	100.0
	Mar	0.9	4.6	*	0.0	0.7	3.3	0.1	1.0	16.6	91.1	18.2	100.0
	Apr	0.7	6.9	*	0.0	0.7	3.2	0.1	1.2	17.1	88.6	18.6	100.0
	May	0.7	7.2	*	0.0	0.8	3.7	0.0	2.1	18.5	87.0	20.0	100.0
	Jun	0.6	6.3	*	0.0	0.8	4.9	0.0	1.5	18.3	87.3	19.7	100.0
	Jul	0.5	7.7	*	0.0	0.8	4.2	0.0	0.9	18.8	87.2	20.0	100.0
	Aug	0.4	8.2	*	0.0	0.8	3.3	0.0	0.6	19.5	87.9	20.7	100.0
	Sep	0.7	8.7	*	0.0	0.8	3.7	0.1	0.4	19.9	87.2	21.5	100.0
	Oct	0.7	6.0	*	0.0	0.8	2.8	0.1	4.9	21.2	86.3	22.8	100.0
	Nov	0.7	5.4	*	0.0	0.9	3.2	0.0	0.3	22.0	91.0	23.6	100.0
	Dec	0.9	6.7	*	0.0	0.9	3.2	0.0	0.5	22.1	89.6	24.0	100.0

1/Includes BREMs and since August 2006, Bondes D.
2/Placement of this type of bonds began in January 2000.
3/Includes *Ajustabonos* from 1996 to 1999 (in the latter year they were liquidated).
*/ Less than 50 million US dollars.
d.n.e. Does not exist.

Table A 65
Gross External Debt Position
By residence criteria [1/]
End of period outstanding stocks

	Million US dollars			Percent of GDP		
	2008	2009 p/	Difference	2008	2009 p/	Difference
TOTAL (I + II + III + IV)	125,233.1	162,753.2	37,520.1	14.25	16.90	2.65
TOTAL ADJUSTED (I + II +III + IV + V)	201,154.9	192,087.8	-9,067.1	22.89	19.94	-2.94
PUBLIC SECTOR (I + 3.3 + 4.2.1)	56,939.2	96,353.7	39,414.5	6.48	10.00	3.53
I. Federal Government [2/]	41,733.6	48,707.8	6,974.2	4.75	5.06	0.31
II. Monetary Authorities	0.0	0.0	0.0	0.00	0.00	0.00
III. Banking Sector	9,119.9	11,128.5	2,008.6	1.04	1.16	0.12
3.1 Commercial banks [3/]	3,407.4	4,208.8	801.4	0.39	0.44	0.05
3.2 Other depository corporations [4/]	375.0	375.0	0.0	0.04	0.04	0.00
3.3 Development banks [2/]	5,337.5	6,544.7	1,207.2	0.61	0.68	0.07
IV. Other Sectors	74,379.6	102,916.9	28,537.3	8.46	10.69	2.22
4.1 Non-bank financial corporations [5/]	0.0	0.0	0.0	0.00	0.00	0.00
4.2 Non-financial enterprises	74,379.6	102,916.9	28,537.3	8.46	10.69	2.22
4.2.1 Public enterprises and entities [2/]	9,868.1	41,101.2	31,233.1	1.12	4.27	3.14
4.2.2 Private sector [6/]	64,511.4	61,815.7	-2,695.7	7.34	6.42	-0.92
4.2.3 Deposit insurance entity [7/]	0.0	0.0	0.0	0.00	0.00	0.00
V. Adjustments (5.1-5.2+5.3+5.4+5.5)	75,921.9	29,334.6	-46,587.3	8.64	3.05	-5.59
5.1 Non-residents' holdings of peso-denominated debt [8/]	19,558.7	24,007.7	4,449.0	2.23	2.49	0.27
5.2 Residents' holdings of foreign currency-denominated debt [9/]	2,519.1	2,805.8	286.7	0.29	0.29	0.00
5.3 Agencies' claims on Mexican residents [10/]	3,511.6	4,809.7	1,298.1	0.40	0.50	0.10
5.4 Pidiregas-Pemex [11/]	55,262.0	0.0	-55,262.0	6.29	0.00	-6.29
5.5 Other debt liabilities with non-residents [12/]	108.7	3,323.1	3,214.4	0.01	0.35	0.33

Source: Ministry of Finance and Banco de México.

p/ Preliminary figures. Calculations based on GDP of the last quarter of the year and end of period FIX exchange rate.

1/ Gross external debt statistics are compiled by Banco de México and the Ministry of Finance (SHCP). In order to comply with IMF's "External Debt Statistics: Guide for Compilers and Users" (2003) and, at the same time, facilitate its comparison with official figures published by the Ministry of Finance (available at www.shcp.gob.mx), both official statistics on Mexico's public external debt and its corresponding adjustments are presented following IMF's Special Data Dissemination Standard (SDSS) for residence criteria.

2/ Public sector data (federal government, development banks and public enterprises and institutions) is classified according to "user" criteria.

3/ Unlike official statistics, the present figures do not include debt with other nonresident entities of Mexican commercial bank agencies' located abroad. The reason for such exclusion is that IMF's "External Debt Statistics: Guide for Compilers and Users (2003)" considers agencies as nonresidents. Figures include accrued interests.

4/ Includes financial leasing companies, financial factoring companies, limited purpose financial companies (*Sociedades Financieras de Objeto Limitado,* Sofoles), savings and loan companies, credit unions, and investment funds.

5/ Includes insurance companies, deposit warehouses, brokerage houses and bonding companies. Since official statistics do not include this item, it is reported as zero. However, liabilities of these financial auxiliaries with non-residents are considered in the adjustments section.

6/ Data on short and long-term loans is drawn from Banco de México's Survey "Outstanding Consolidated Claims on Mexico" on foreign creditor banks. Since official statistics for private sector's debt are based on debtor data, figures may not coincide with those published by the Ministry of Finance.

7/ Institute for the Protection of Banks' Savings (*Instituto para la Protección al Ahorro Bancario,* IPAB). Since official statistics do not include this item, it is reported as zero. However, IPAB's liabilities with non-residents are considered in the adjustments section.

8/ Defined as nonresidents' holdings of Treasury bills (Cetes), federal government development bonds (Bondes); fixed-rate federal government development bonds (Bonos), federal government bonds denominated in investment units (Udibonos), monetary regulation bonds (BREMs) and savings protection bonds (BPAs and BPATs).

9/ Federal government bonds denominated in foreign currency held by Mexican residents.

10/ Corresponds to Mexican residents' liabilities with Mexican commercial banks' agencies abroad. Includes both agencies' direct loans to Mexican residents and agencies' holdings of bonds issued by Mexican residents.

11/ Pidiregas (*Proyectos de Infraestructura Productiva a Largo Plazo*) is a mechanism used since 1995 for financing strategic long-term investment projects for the oil, gas and energy industries. According to the applicable accounting procedures such debt is assumed by the public sector two years prior to its due date and once the investment project has been concluded. This item does not include debt related with Pidiregas-CFE because such debt is assumed as part of the private sector. If such assumption were incorrect, the Gross External Debt associated with Pidiregas would be underestimated.

12/ Includes deposits of both multilateral creditors and foreign central banks at Banco de México.

Note: This table differs from Table 16 of the Annual Report. While this table is based on IMF criteria, which present data in a more international comparable format, Table 16 is based on the criteria used for integrating the balance of payments for several years, which allows for temporal comparisons. For further details on such differences, see footnotes of both tables.

Table A 66
Gross External Debt and Debt Service
Billion US dollars at end of period

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 p/
Total External Debt	**154.4**	**163.7**	**166.1**	**158.8**	**157.2**	**155.4**	**157.8**	**161.8**	**163.1**	**157.2**	**169.5**	**172.8**	**164.6**
Public debt 1/	88.3	92.3	92.3	84.6	80.3	78.8	79.0	79.2	71.7	54.8	55.3	56.9	96.4
Federal government	49.0	52.3	53.0	46.1	44.1	43.6	44.9	48.6	48.7	39.3	40.1	40.0	47.3
Public entities and enterprises 2/	10.9	11.7	12.7	12.5	11.9	11.6	11.5	10.6	6.8	7.1	7.7	9.8	41.0
Development banks	28.4	28.3	26.6	26.0	24.3	23.6	22.6	20.0	16.2	8.4	7.5	7.2	8.0
Commercial banks 3/	16.7	15.8	14.8	12.4	9.3	6.3	5.8	6.7	4.4	5.6	8.7	6.9	6.6
Banco de México	9.1	8.4	4.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.2
Non-bank private sector 4/	40.3	47.2	54.5	61.8	67.6	70.3	73.0	75.9	87.0	96.8	105.5	108.9	54.5
External Debt Service 5/	**34.3**	**24.2**	**23.9**	**34.7**	**30.2**	**25.2**	**27.3**	**26.6**	**24.6**	**43.4**	**24.9**	**26.9**	**22.8**
Amortizations	21.9	11.7	11.1	21.0	17.5	13.2	15.6	15.4	12.3	29.3	10.0	12.4	11.0
Current amortizations 6/	12.4	11.7	11.1	10.6	11.7	11.0	10.0	15.4	12.3	17.0	10.0	11.7	11.0
Other 7/	9.5	0.0	0.0	10.4	5.8	2.2	5.6	0.0	0.0	12.3	0.0	0.7	0.0
Interest payments	12.4	12.5	12.8	13.7	12.7	12.0	11.7	11.2	12.3	14.1	14.9	14.5	11.8
Public sector	7.0	6.7	6.8	7.4	7.1	6.6	6.8	6.7	7.4	8.5	8.5	8.4	6.7
Commercial banks	1.5	1.5	1.3	1.2	0.9	0.4	0.3	0.3	0.4	0.6	0.8	0.6	0.4
Banco de México	0.5	0.4	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-bank private sector	3.5	3.9	4.4	5.0	4.8	4.9	4.5	4.2	4.5	5.0	5.7	5.5	4.7

Source: Banco de México and Ministry of Finance.
p/ Preliminary figures.
1/ Public sector data is classified according to “external debtor” criteria.
2/ In 2009 it includes debt associated with long-term infrastructure investment projects (Pidiregas).
3/ Commercial banks’ debt includes external liabilities of its agencies and branches abroad.
4/ Includes, up to 2008, debt not recognized by the Ministry of Finance associated with long-term infrastructure investment projects (Pidiregas).
5/ Current amortizations including interest paid.
6/ Amortizations of long-term government liabilities. Excludes payments to the IMF.
7/ Includes early redemption of Brady Bonds and other prepayments of federal government debt.
Note: This table differs from Table A65 of this Appendix. While this table is based on the criteria for integrating the balance of payments for several years, which allows for temporal comparisons, Table A65 is based on IMF criteria, which present data in a more international comparable format. For further details on such differences, see footnotes of both tables.

Balance Sheet

BANCO DE MEXICO

5 DE MAYO # 2, MEXICO, 06059, D.F.

BALANCE SHEET AT DECEMBER 31, 2009

MILLION PESOS

ASSETS

INTERNATIONAL RESERVES	**$ 1,186,878**
INTERNATIONAL ASSETS	1,305,192
LIABILITIES TO BE DEDUCTED	-118,314
CREDIT GRANTED TO THE FEDERAL GOVERNMENT	**0**
SECURITIES	**121,735**
GOVERNMENT SECURITIES	0
IPAB SECURITIES	121,735
CREDIT GRANTED TO FINANCIAL INTERMEDIARIES AND DEBTORS FROM REPO OPERATIONS	**262,576**
CREDIT GRANTED TO TRUST FUNDS	**10,021**
SHARES IN INTERNATIONAL FINANCIAL INSTITUTIONS	**9,604**
FIXED ASSETS, FURNISHING AND EQUIPMENT	**3,876**
OTHER ASSETS	**10,976**
TOTAL ASSETS	**$ 1,605,666**

LIABILITIES AND EQUITY

INTERNATIONAL MONETARY FUND	**$ 0**
FOREIGN FINANCIAL AUTHORITIES	**42,124**
MONETARY BASE	**632,033**
BANKNOTES AND COINS AND CIRCULATION	631,938
BANK CURRENT ACCOUNT DEPOSITS	95
MONETARY REGULATION BONDS	**1,224**
FEDERAL GOVERNMENT CURRENT ACCOUNT DEPOSITS	**224,629**
OTHER FEDERAL GOVERNMENT DEPOSITS	**124,152**
MONETARY REGULATION DEPOSITS	**525,402**
BANKS	279,215
GOVERNMENT SECURITIES	246,187
OTHER BANK DEPOSITS AND DEBTORS FROM REPO OPERATIONS	**3,320**
TRUST FUNDS' DEPOSITS	**0**
SPECIAL DRAWING RIGHTS	**58,402**
OTHER LIABILITIES	**53,231**
TOTAL LIABILITIES	**1,664,517**
CAPITAL	**7,189**
FISCAL YEAR'S OPERATIONAL SURPLUS	**-66,040**
TOTAL EQUITY	**-58,851**
TOTAL LIABILITIES AND EQUITY	**$ 1,605,666**

MEMORANDUM ACCOUNTS $16,379,304

The present Balance Sheet was prepared according to the rules and regulations set in the Law Governing Banco de México and Banco de México's Internal Bylaw, and to financial information standards, following adequate international central bank practices. According to article 38 of the referred Bylaw, International Reserves are defined as stated in article 19 of the Law Governing Banco de México; Government Securities are presented as net holdings and after deducting monetary regulation deposits, and do not include any securities purchased or transmitted via repo operations, and, if there is a creditor position, it is listed under line item Monetary Regulation Deposits; IPAB securities are instruments from the Bank Savings' Protection Institute (*Instituto para la Protección al Ahorro Bancario,* IPAB) acquired by Banco de México; Credit granted to Financial Intermediaries and Debtors via Repo Operations includes Commercial Banks, Development Banks and Official Trust Funds, as well as repo operations; Credit to Public Entities and Enterprises includes credit granted to IPAB; and line item Other Assets is presented as Net from both Capital Reserves for Exchange Rate Fluctuations and Net Revalued Assets, which, overall, total $45,333. Outstanding stocks denominated in foreign currency were valued at the daily exchange rate, and Equity reflects a surplus of $5,821due to the revaluation of fixed assets and inventories.

DR. AGUSTÍN GUILLERMO CARSTENS CARSTENS **GOVERNOR**	**LIC. ALEJANDRO ALEGRE RABIELA** **BUDGET AND PLANNING** **GENERAL DIRECTOR**	**C.P.C. JUAN MANUEL SÁNCHEZ RAMÍREZ** **ACCOUNTING AND BUDGET** **DIRECTOR**

External Auditor's Report

We have reviewed the Balance Sheet of Banco de México at December 31, 2009 as well as its Profit and Loss Statement, for the year ending on the aforementioned date. Banco de México's Administrative Department is responsible for these financial statements. Our responsibility is to express an opinion of the above mentioned based on our audit. Our audit was carried out following the auditing standards commonly-accepted in Mexico, which require a planned and prepared audit to reasonably ensure financial statements do not have significant errors and are prepared according to the Law Governing Banco de México and Banco de México's Internal Bylaw. The audit is an assessment, based on selected tests, of evidence supporting all figures and financial statements. It includes an evaluation of the accounting practices used, the foremost estimations made by Banco de México's Administration, and Banco de México's financial statements. We believe this assessment provides sufficient evidence to support our opinion.

Financial statements have been prepared following the requirements for providing financial information set out by the Law Governing Banco de México and Banco de México's Internal Bylaw, according to best central bank practices.

In our opinion, these financial statements provide a reasonable depiction of Banco de México's financial position at December 31, 2009, its income statement, the variations in equity, and the changes in Banco de México's financial position for the year ending on such date, according to the aforementioned accounting requirements.

Pricewaterhouse Coopers, S.C.
C.P.C. José Antonio Quesada Palacios
Audit Partner