Annual Report

2000

BANCO DE MEXICO

APRIL, 2001

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The Annual Report
Submitted to the President and the Congress of Mexico
in accordance with Banco de México's Law
Article 51, section III.

FOREWARNING

The figures presented for 2000 are preliminary, and are subject to change. Although the data is consistent within each section, comparing figures drawn from various sections may result in discrepancies, because they have been estimated on the basis of different sources and methodologies.

Banco de México has always given the utmost importance to the publication of information that will help decision-making and allow the public to evaluate the execution of its policies. This text is provided only as a convenience to the reader, and discrepancies could eventually arise from the translation of the original document into English. The original and unabridged Annual Report in Spanish is the only official document.

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I. Introduction

The performance of the Mexican economy in the year 2000 was substantially better than had been expected at the beginning of that year. Annual inflation fell from 12.32 percent in December 1999 to 8.96 percent in December 2000, and the annual inflation target of less than 10 percent was thus reached by a wide margin. The stabilization effort was most noticeably reflected by the 6.72 percentage point reduction in core inflation obtained last year. In addition, real Gross Domestic Product (GDP) rose 6.9 percent, 3.2 percentage points higher than the growth rate registered in the previous year and 2.4 percentage points above the figure estimated for 2000. This economic expansion rate is the largest one observed in almost two decades. All of the above helped to create 525 thousand formal jobs, thus allowing for a reduction in the open unemployment rate and a significant recovery in real wages.

The economic results in 2000 were made possible by the application of adequate economic policy, as well as by a favorable external environment. The implementation of a monetary policy geared towards the attainment of the inflation target, and the efforts made by the Federal Government to improve public finances, fostered economic conditions conducive to stability in financial markets, which in turn prompted increase confidence among domestic and international investors. The aforementioned, along with an orderly election process, meant that the year 2000 witnessed an end to the six-year crisis cycle that had troubled Mexico for more than two decades.

Another element that exerted a positive influence on the domestic economy was a favorable external environment. The latter was characterized by the strong expansion of the United States' economy and by the rise in international oil prices. Both factors strengthened Mexican exports, whose contribution to economic growth continued to be significant. The country also enjoyed improved access to international capital markets. This was due to the greater stability of these markets compared to previous years, to the positive effect on country-risk perceptions of the investment grade conferred by Moody's and an improvement in Standard & Poor's grade for Mexican sovereign debt.

Banco de México's monetary policy during 2000 was directed towards attaining the inflation target for the year and creating suitable conditions for the significant reduction of inflation over the next few years. Thus, the Board of Governors of the Central Bank decided to tighten its monetary policy stance on six occasions through the widening of the "short". As a result, monetary policy maintained a restrictive bias throughout the year.

Regarding the latter, it is important to point out that on more than one occasion during 2000, Banco de México declared its concern about the high growth of aggregate demand relative to that of output. The Central Bank reiterated that in such circumstances, the optimum macroeconomic policy response was for monetary policy to be supported by a more restrictive fiscal policy stance. However, this was not accomplished. As a result, the need to finance the public sector deficit, with domestic resources mainly, continued to be one of the causes of the high real interest rates that prevailed for most of the year.

During the final months of 2000 some of the risks that Banco de México had warned against over the year began to materialize. In fact, it was confirmed that the United States' economy had entered a period of less vigorous growth, and the perception that the economic downturn in that country during 2001 would be greater than originally expected became more widespread. In addition, the price of the Mexican crude oil export mix fell sharply in December. These circumstances caused uncertainty among investors regarding their possible impact on the Mexican economy, and caused upward pressure on both interest and exchange rates. Moreover, the deceleration of domestic output was made evident by the fact that GDP showed practically no growth in the fourth quarter —according to the seasonally adjusted figures— while domestic demand weakened less. Therefore, the trade deficit widened significantly. Finally, although inflation expectations improved during the year, they did not fully converge towards the target. This led to nominal wage rises that were higher than productivity gains and the inflation target.

In short, 2000 was an exceptional year for the Mexican economy. The results attained, together with those of previous years, reinforce the notion that the abatement of inflation is the best way a central bank can contribute to the economic growth and development of a country. These results also indicate that the economic strategy implemented to date has benefited a wide range of social groups. Yet, the events of the last few months point towards a more complex scenario for the year 2001 that will require a coherent combination of sound economic policies in order to consolidate the process of sustained economic development and reduce inflation definitely.

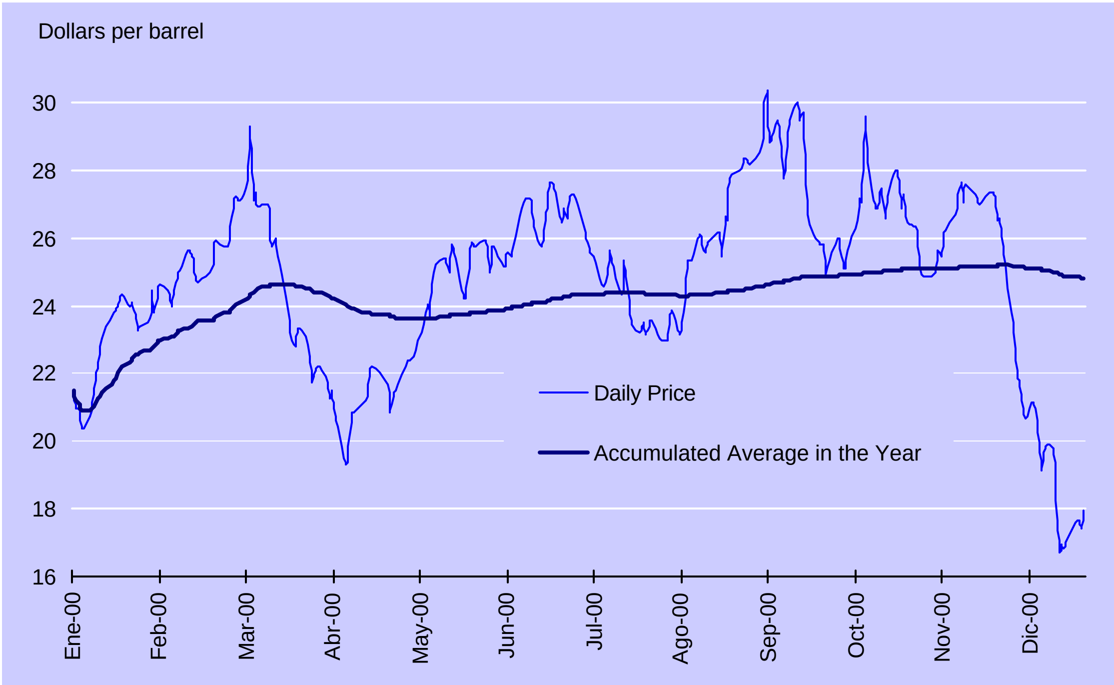
II. International Environment

The favorable evolution of the Mexican economy during 1999 and expectations of a propitious external environment indicated that the domestic economic expansion and falling inflation would continue in 2000. Despite prevailing uncertainty about a possible slowdown of the United States' economy and falling oil prices, the influence of the international environment on Mexican economy's external accounts was generally positive. In particular, non-oil exports remained robust and the average price of the Mexican crude oil export mix was higher than that assumed in the formulation of the public sector budget. Net capital flows into Mexico increased as a result of improved country-risk perceptions.

As is well known, the performance of the domestic economy can be significantly affected by events in the international markets, whose repercussions affect mainly exports and the capital flows into the country. This, in turn, influences the behavior of domestic financial markets. An analysis of the external events that influenced the Mexican economy most throughout 2000 is presented in the following pages.

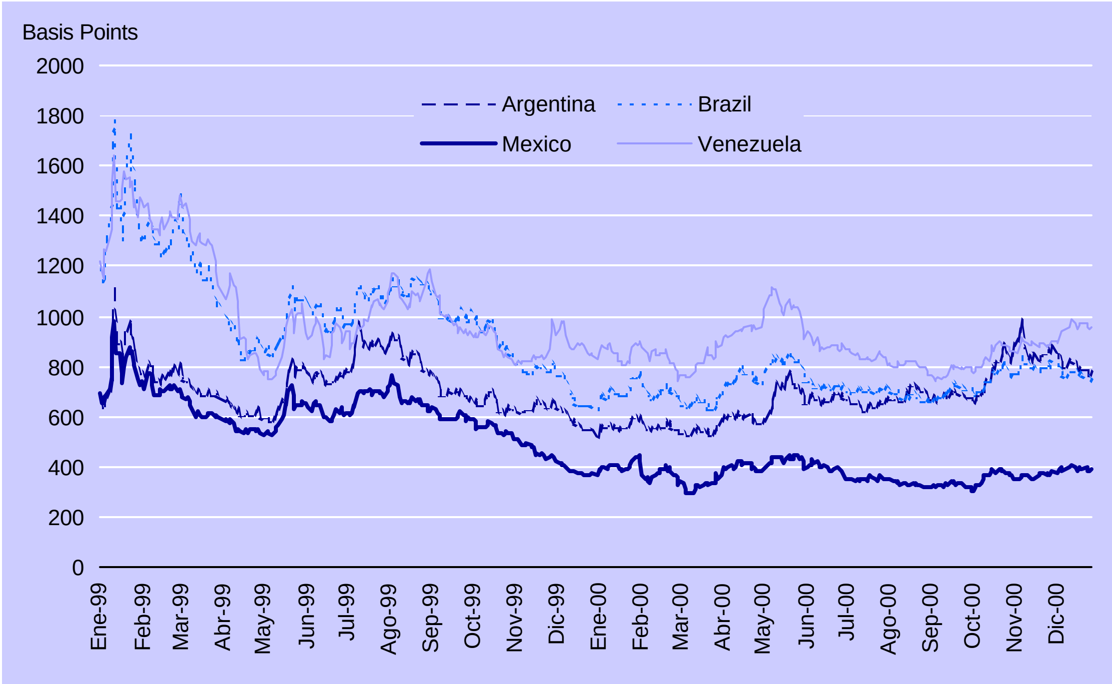
Among the factors that determined the rise in international oil prices were the significant expansion of economic activity in some of the most important industrialized nations and the prevailing market perception that the level of oil inventories maintained by this fuel's main importers had declined. The aforementioned resulted in a higher price for the Mexican crude oil export mix during the first eleven months of 2000. Nevertheless, in December both international oil prices and that for the Mexican export mix fell considerably once the following events took place: supply increases by various oil producing countries; the release of the United States' strategic reserves; the recovery of fuel inventories in industrialized nations; and the change in forecasts for economic growth in the United States. The average price of the Mexican oil mix was 24.62 dollars per barrel in 2000, 9 dollars higher than in 1999 (Chart 1). This led to a significant increase in the value of oil exports, which helped to maintain the trade deficit at a level compatible with foreign direct investment inflows.

Chart 1 **Price of the Mexican Crude Oil Export Mix**



During the first half of the year high oil prices and increases in the prices of other energy sources, such as natural gas, coincided with an expansive stage in the economic cycle of industrialized nations, causing inflationary pressures in these countries. Both the United States' Federal Reserve and the European Central Bank responded by adopting restrictive monetary policies that led to rises in international interest rates. One factor that helped to offset the impact of the interest rate hikes on capital flows to Mexico during 2000 was the improvement in the grade conferred by various rating agencies to the public sector's external debt. Moody's, for example, awarded "investment grade" in the first quarter, and in November Standard & Poor's informed it would likely grant the same grade in the near future. Both announcements contributed to an improvement of country risk perceptions during the year (Chart 2).

Chart 2 **Net Yield on Foreign Debt for Some Latin American Countries (EMBI+)**



SOURCE: JP Morgan

The favorable performance of exports was another fundamental factor in the national economy's expansion. It is well known that sales of Mexican products abroad are closely linked to the growth of the United States' economy. During the first semester of 2000 this country's economic activity continued to be vigorous and it was only towards the middle of the year that signs of a possible slowdown began to appear. At first it was thought that the United States' economy would experience a "soft landing" towards sustainable growth rates. However, during the last quarter of the year, it became more likely that economic growth in 2001 would probably be between 1.8 and 2.4 percent, significantly below that observed in 2000 (5 percent). In spite of this, the impact of the United States' economy's growth on Mexican exports was extremely positive and allowed for an 18.6 percent increase in non-oil exports compared to 1999.

The development of the European, Asian and Latin American economies was also favorable during 2000, and even better than had been forecasted at the end of 1999 (Table 1). Europe's economic cycle reached its peak towards the end of the year. Economic growth for the region is expected to have been higher than in 1999 (2.9 percent).

Table 1 **Expected World Economic Growth for 2000**

Real annual percentage change

	Expected at the end of 1999	Expected at the end of 2000
World	3.5	4.7
United States	2.6	5.2
European Union	2.7	3.4
Japan	1.5	1.4
Africa	5.0	3.4
Asia	5.4	6.7
Middle East and Europe	3.1	4.7
Latin America and Caribbean	3.9	4.3

SOURCE: World Economic Outlook, IMF, October 1999 and October 2000.

Regarding the Asian economies, there was a slight recovery in Japan during the first three quarters of 2000. However, its economy weakened in the last quarter, due to the fact that the momentum of the industrial sector was not accompanied by a recovery in consumption. The behavior of the recently industrialized Asian nations was affected by Japan's less propitious performance. In particular, the rapid growth experienced over the first part of the year was mitigated as exports from these countries suffered from the slower recovery of the Japanese economy.

In general, 2000 was favorable for Latin American economies. Unlike other years, the region was not affected by any major external shocks and for most of the countries in this region the trend to decreasing inflation was consolidated. Nevertheless, the strength of economic activity has not been uniform in all of these countries. Growth in Brazil and Mexico surpassed expectations held at the beginning of the year, while that of Argentina was lower than expected.

III. Evolution of the Economy: General Overview

III.1. Economic Activity

The performance of the Mexican economy in 2000 surpassed expectations prevailing at the start of the year. This was based on sound domestic economic fundamentals and on the significant expansion of the United States' economy. The domestic economy's fundamentals have strengthened over the last few years and this has led to an atmosphere of confidence favoring investment and stimulating the supply of external resources.

In 2000 Mexico's real GDP annual growth was the strongest of the last 19 years. This led to the creation of a significant amount of employment and historically low urban unemployment rates.

The expansion of domestic consumption and investment in 2000 was well above GDP growth due to the positive environment. Private sector consumer spending was particularly favored by improvements in real wages and employment, as well as by credit granted by the commerce sector. Investment spending was encouraged, among other factors, by the favorable business climate and a significant rise in operating profits. The acceleration of domestic spending led to a widening of the trade deficit and was a source of upward pressure on prices. In the final months of the year, the domestic economy was characterized by a more pronounced deceleration in output than in demand.

The following are the most noteworthy aspects in the evolution of Mexico's economic activity in 2000:

a) the annual growth of real GDP was very high, particularly in the first three quarters of the year;

b) the annual growth rate of GDP was higher than that for Mexico's potential GDP indicator;

c) all the components of aggregate demand rose;

d) merchandise exports was the component of aggregate demand that registered strongest growth;

e) domestic consumer spending and private sector investment expanded vigorously;

f) public expenditure on goods and services increased significantly;

g) all the main components of GDP posted high growth rates; and

h) in the last quarter of the year GDP decelerated considerably, particularly in the area of industrial output.

Mexico's GDP measured at constant prices grew 6.9 percent in 2000, an increase much higher than in the previous year and what had been anticipated for the year. It is also important to mention that at year-end GDP had registered annual increases over 20 consecutive quarters (Chart 3). However, seasonally adjusted figures showed declining marginal rates throughout the year. Thus, in the fourth quarter, growth was practically zero.

Potential GDP is the level of production of goods and services the economy can sustain without generating inflationary pressures. Potential GDP generally expands as a result of more production factors (labor and capital) becoming available, increases in labor productivity, and improvements in production technology[1].

Potential GDP is not a variable that can be directly observed and has to be estimated. Banco de México's measurements of potential GDP are frequently updated as new information becomes available. However, due to the fact that these calculations are supported by historical data they respond with a lag to changes in the trends of their main determinants.

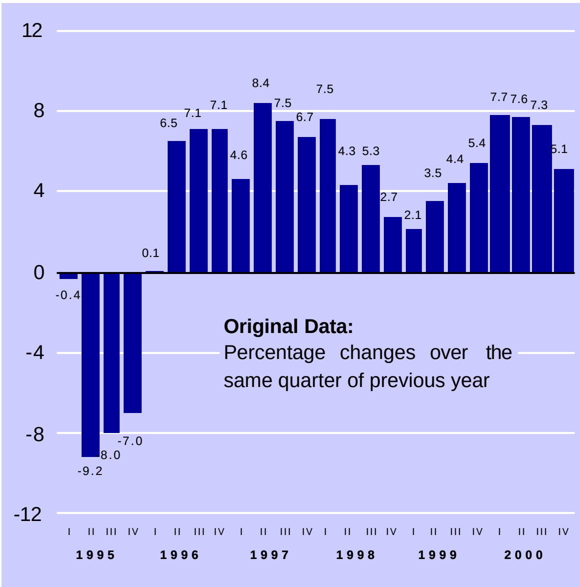
Mexico's experience, as in many other countries, shows that prolonged periods of strong expansion in domestic demand cause GDP to grow above its potential level. On occasion, this leads to imbalances, mainly in the external accounts. These are accompanied by increases in the prices of non-tradable goods and can also lead to exchange rate depreciations.

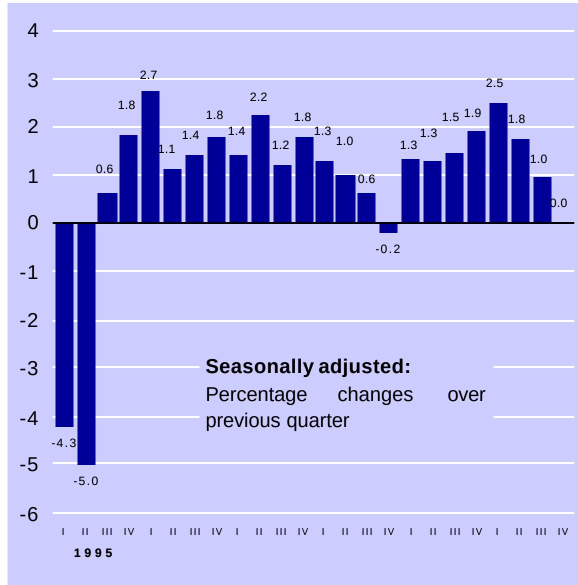
Real GDP growth in 2000 was above that of the various potential GDP indicators that Banco de México calculates. However, the gap between the growth rates for both indicators disappeared in the last quarter of the year (Chart 4). Thus, the

[1] The concept of potential GDP and the methodology to estimate it are described in more detail in Appendix 1.

difference between the level of observed GDP and that of potential GDP constituted a source of inflationary pressures for most of the year.

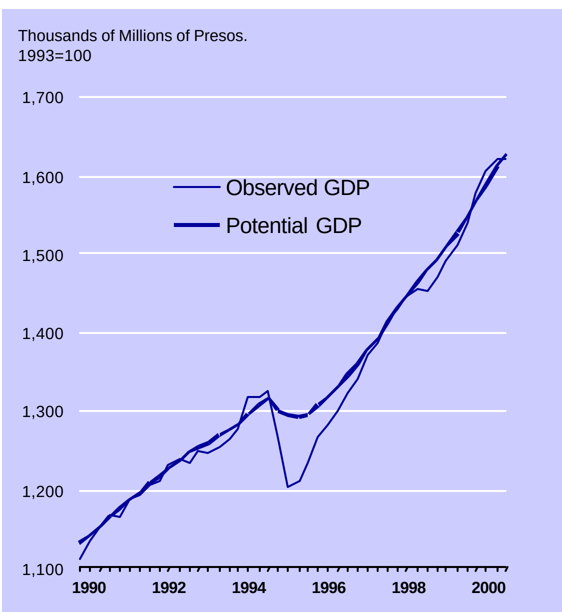
Chart 3 **Quarterly GDP Growth**

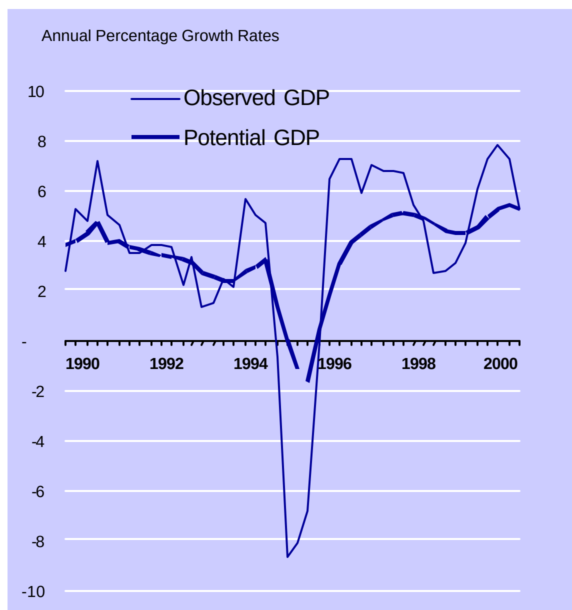




* Seasonal adjustments calculated by Banco de México.
SOURCE: INEGI

Chart 4 **Observed GDP* and Potential GDP**





* Observed GDP is seasonally adjusted.

Throughout 2000, aggregate demand showed vigorous growth, significantly higher than the expansion of GDP. The domestic component of aggregate demand rose strongly (11.4 percent in the first semester and 9.6 percent in the second) in response to the considerable increases in private sector consumer spending and investment (Table 2). It is worth mentioning that in the second semester of 2000 the annual growth of GDP decelerated, while that of aggregate demand —especially of its domestic component— continued to be robust. The latter was a reflection of the lagged effect that a deceleration of GDP normally has on consumer spending. Exports of goods and services measured at constant prices rose by 16.5 and 15.4 percent in the first and second semesters, respectively.

Table 2

Aggregate Supply and Demand

Annual percentage change compared to the same period of the previous year

				2000		
	1997	1998	1999	I Semester	II Semester	Annual
Aggregate Supply	9.8	7.4	6.1	11.4	9.6	10.5
GDP	6.8	4.9	3.8	7.7	6.2	6.9
Imports	22.7	16.6	13.8	23.5	19.5	21.4
Aggregate Demand	9.8	7.4	6.1	11.4	9.6	10.5
Total Consumption	6.0	5.0	4.2	9.2	8.2	8.7
Private	6.5	5.4	4.3	9.9	9.0	9.5
Public	2.9	2.3	3.9	4.2	2.8	3.5
Total Investment	21.0	10.3	7.7	10.7	9.3	10.0
Private	23.5	13.8	7.9	10.8	9.6	10.2
Public	10.1	-7.5	6.2	9.6	8.1	8.6
Exports	10.7	12.1	12.4	16.5	15.4	16.0

SOURCE: Mexican National Accounts System (INEGI).

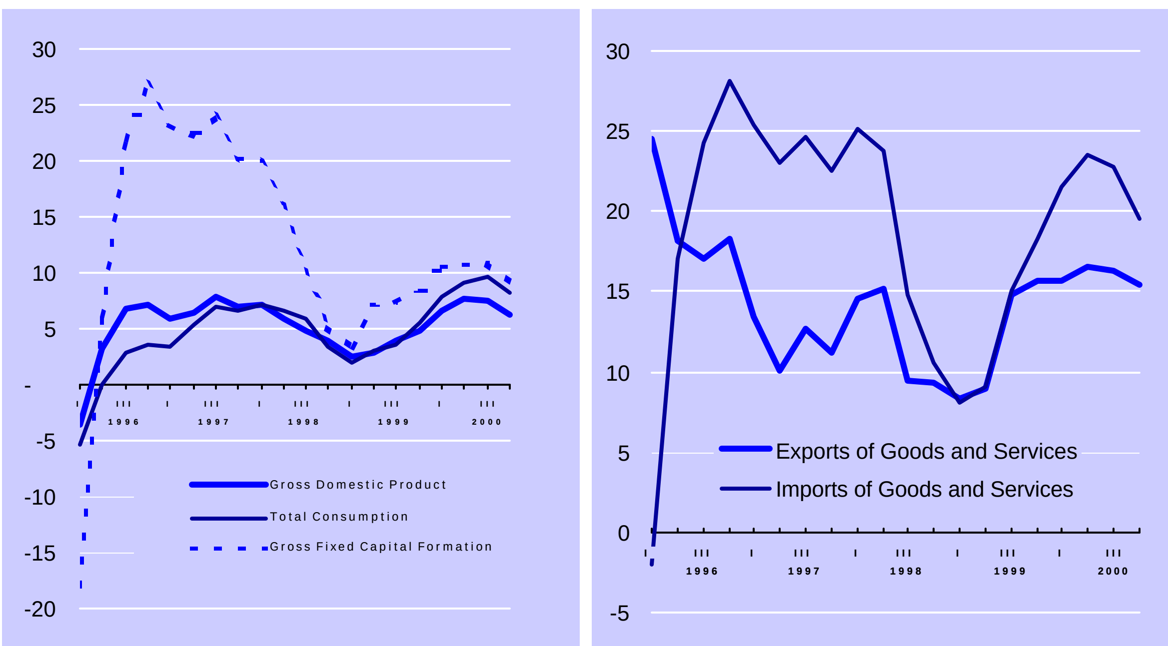
The main component of domestic demand is consumer spending. This line item showed considerable strength in 2000, rising 8.7 percent at constant prices. As a result it reached 79.4 percent as a proportion of GDP. The expansion of consumption was mainly driven by private sector spending, the annual growth of which had surpassed GDP expansion rates for five consecutive quarters. This had a negative impact on the private saving.

Vigorous private consumer spending was sustained by various factors. Firstly, the expansion of economic activity and its impact on employment translated into higher disposable income for individuals and families, thereby increasing their spending power. Added to this were the significant advances in real average compensations, measured both in *ex-ante* —based on expected inflation— and *ex-post* terms. The rise of private consumption was also encouraged by the expansion of credit granted by the main commercial chains. These chains frequently launched promotions offering discounts, without interest or with deferred payments. Likewise, consumer credit granted by commercial banks recovered in the second half of the year.

Another outstanding characteristic of aggregate demand's evolution in 2000 was the acceleration of capital formation spending (Chart 5). Larger investment increases the country's capital stocks and consequently strengthens potential growth capacity; it also contributes to productivity gains in labor and allows for sustainable increases in real wages. Fixed gross capital formation measured at constant prices rose 10 percent during the year, a rate that compares favorably against the 7.7 percent observed in 1999. All the components of capital formation registered significant annual growth rates. Regarding expenditures on machinery and equipment, purchases of imported capital goods was particularly noteworthy, reaching a rate of 19.3 percent at constant prices.

Chart 5 **Components of Aggregate Demand and Supply**

Annual change in constant pesos: moving average of two quarters

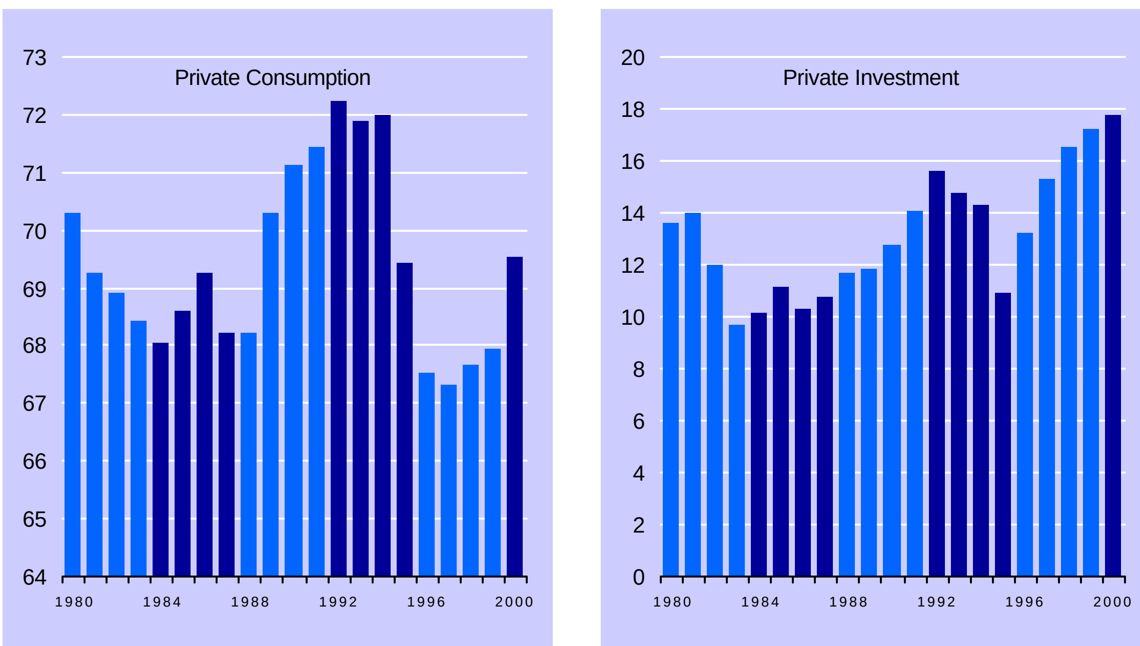


Both private and public investment grew at significant rates in 2000. The expansion of private investment allowed this component to reach its highest percentage of GDP since this indicator was first published in 1970, 17.8 percent. Nonetheless, the annual growth rate of private investment declined noticeably in the last quarter of the year.

The expansion of investment, particularly the private sector's, was due to various factors, among which the following are worth mentioning: i) a favorable business climate and confidence levels for most of the year; ii) a significant improvement in firms' operating profits in response to increased external and domestic sales, providing companies with resources for investment and better possibilities for obtaining credit to finance their expansion; and iii) improvements in firms' operating efficiency, as confirmed by indicators of labor productivity in the manufacturing sector. Private investment was also stimulated by the greater availability of credit. The current loan portfolio of commercial banks increased in real terms due to the granting of fresh credit to firms and individuals with entrepreneurial activities. Furthermore, firms could count on extra resources obtained from equity issues in the domestic market as well as financing from suppliers. The latter element was especially relevant for small and non-exporting companies.

Chart 6 **Private Sector Consumption and Investment**

As percentage of GDP, at constant prices



In 2000, public expenditure on those goods and services included in aggregate demand and the national accounts registered its highest expansion rate for the last few years, 4.6 percent at constant prices. This was a reflection of the 3.5 and 8.6 percent increases in its consumption and investment components, respectively. The rise of public expenditure accounted for the expansion of aggregate demand in an amount equivalent to 0.6 percentage points of GDP.

In the last few years, economic growth has been sustained to a large extent by larger exports of goods and services. In 2000, this was again the most vigorous component of aggregate demand. This can mainly be explained by three factors, two of which are very closely linked: i) the structural changes that have been taking place in the Mexican economy —which have encouraged intense investment in the export sector, raising the productivity and competitiveness of the companies involved—; ii) the increasing integration of the Mexican and the United States' economies; and iii) the expansion of the United States' economy over last few years.

In 2000, Mexican exports grew 16 percent at constant prices, higher than the 12.4 percent registered in 1999. Exports measured as a proportion of GDP at constant prices rose as well, from 32.2 percent in 1999 to 34.9 percent in 2000. It is worth mentioning that the growth rate of merchandise exports —particularly of the non in-bond manufacturing sector— slowed down in the last two months of the year, especially in December, in response to the deceleration of demand in the United States.

Gross fixed capital formation, measured as a proportion of GDP at current prices, was 20.9 percent in 2000. However, the high growth rate of consumption throughout the year caused a slight decline in the participation of domestic savings in the financing of gross capital formation. In turn, the participation of external savings —measured by the current account deficit— rose slightly (Table 3).

Table 3 **Financing of Investment with Domestic and External Savings**

As a percentage of GDP at current prices

Item	1995	1996	1997	1998	1999	2000*
Gross Fixed Capital Formation 1/	16.2	17.9	19.5	20.9	21.2	20.9
Financed with External Savings	0.5	0.7	1.9	3.8	3.0	3.1
Financed with Domestic Savings	15.6	17.1	17.7	17.1	18.2	17.8

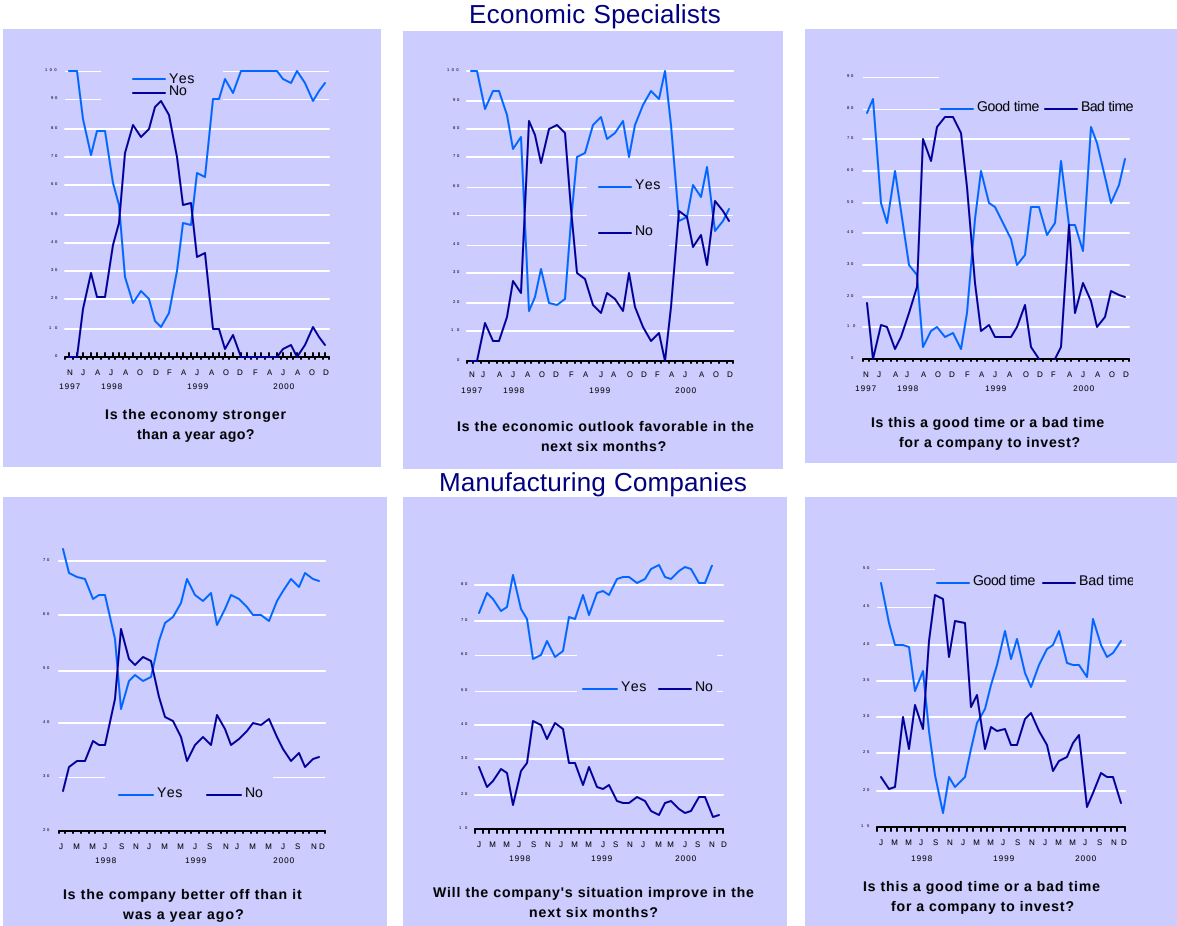
* Preliminary.
SOURCE: Data on gross fixed capital formation is drawn from the Mexican National Accounts System (INEGI). External saving is equivalent to the current account deficit of the balance of payments at current prices. This calculation may be somewhat imprecise, since a portion of external saving may have been used to finance some accumulation of inventories.
1/ Investment does not include the variations in inventories.

The various indicators of confidence levels and business climate were generally positive during 2000. However, there were some periods of uncertainty, such as the federal election process and the likely implications for the national economy of a weakening in the United States' economy. The above panorama was confirmed by Banco de México's monthly survey of private sector economic specialists and manufacturing establishments (Chart 7). It is worth mentioning that, throughout 2000, the expectations of manufacturing firms were more stable and optimistic than those of the economic analysts.

Chart 7 **Indicators of Confidence regarding the Economic Situation and its Outlook for the Near Future**

Percent of responses

Economic Specialists



The economic growth achieved in 2000 was driven by all the major divisions of production, especially by the industrial and service sectors (Table 4). The presence of favorable weather conditions during the year meant there was an increase in crop volume for a significant group of agricultural products. This allowed a rise in the agriculture, forestry and fishing sector's output similar to that of the previous year.

The four divisions that make up the industrial sector (mining; manufacturing; construction; and electricity, gas and water) expanded considerably. In the case of mining, growth was fueled by increases in both oil and non-oil extraction. The performance of the industrial sector declined considerably in the second semester. Its annual growth rate was 3.8 percent at the close of the fourth quarter and was even negative (-0.5 percent) in December. The weakening of industrial activity during the fourth quarter was also evident in seasonally adjusted figures, which contracted 1.2 percent compared to their level in the previous quarter.

Table 4 **Real Gross Domestic Product**

Annual percentage change

	1997	1998	1999		2000				
	Annual	Annual	IV	Annual	I	II	III	IV	Annual
Total	6.8	4.9	5.4	3.8	7.7	7.6	7.3	5.1	6.9
Agriculture, Forestry and Fishing	0.2	0.8	3.7	3.5	-0.4	8.8	3.3	2.3	3.4
Industrial Sector	9.3	6.3	4.9	4.2	8.8	7.1	6.7	3.8	6.6
Mining	4.5	2.7	-2.3	-2.1	2.4	6.1	6.3	1.4	4.0
Manufacturing	9.9	7.4	4.8	4.2	9.7	7.2	7.1	4.4	7.1
Contruction	9.3	4.2	6.3	5.0	6.9	7.0	5.2	1.1	5.0
Electricity, gas and water	5.2	1.9	8.2	7.9	7.1	6.7	6.5	4.6	6.2
Service Sector	6.6	4.7	5.8	3.8	8.0	7.7	7.9	5.9	7.3
Commerce, Restaurants and Hotels	10.7	5.6	7.7	3.4	12.3	11.4	11.2	9.5	11.1
Transportation and Communications	9.9	6.7	8.8	7.8	14.1	13.9	14.6	8.6	12.7
Financial, Insurance and Real Estate	3.7	4.6	5.4	3.9	4.9	4.7	4.4	4.0	4.5
Community, Social and Personal Services	3.3	2.9	2.6	2.1	3.4	3.2	3.0	2.2	3.0

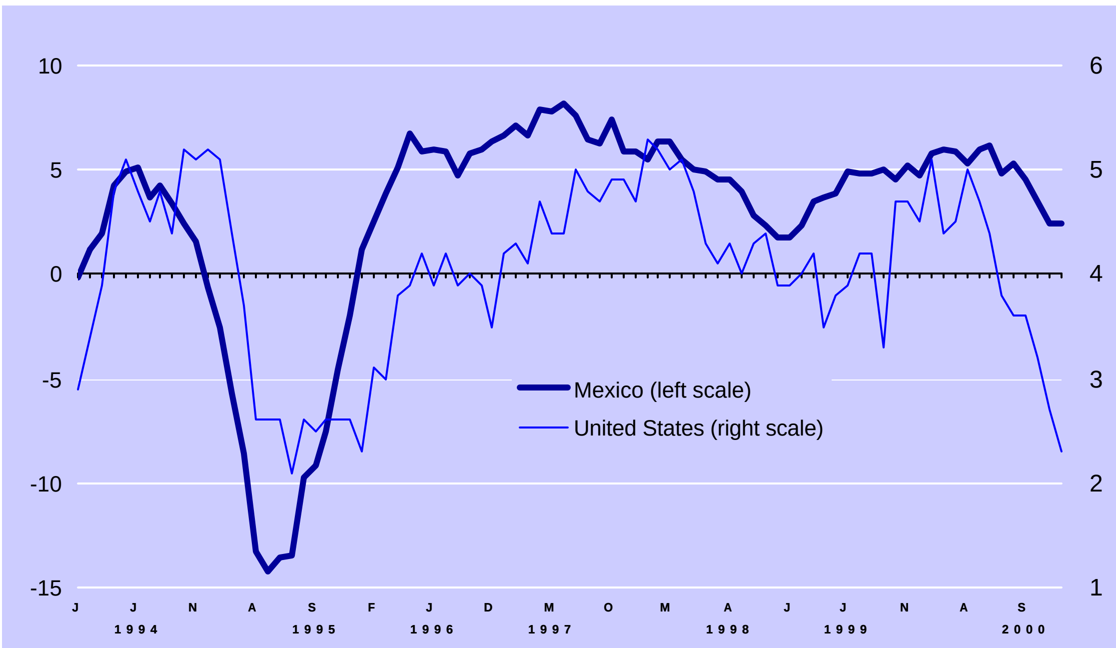
SOURCE: Mexican National Accounts System (INEGI).

The evolution of the industrial sector in the fourth quarter of 2000, particularly its manufacturing component, was influenced by the significant deceleration of the United States' economy in this period. It thus provides further evidence of the significant correlation that exists between coincident indicators of economic activity in Mexico and the United States[2] (Chart 8).

[2] Coincident indicators are indexes composed of many different variables. Composed indexes are more reliable for tracking and forecasting economic activity than their individual components as they offset or soften measurement errors and random fluctuations in individual series. Variables covering a wide range of economic activity (output, employment and personal income) are used in the preparation of the coincident indicators. Banco de México calculates this indicator taking into account information about GDP, industrial output, wholesale and retail sales, manufacturing sector wages, the open unemployment rate in urban areas, and the number of workers affiliated to the Mexican Social Security Institute.

Manufacturing GDP rose 7.1 percent in 2000. The expansion of the automobile industry was notable. Due to the value of its production, its contribution to employment and to total exports, this sector has become a very important part of Mexican economic activity. During the year, the number of automobiles produced in Mexico grew 23.1 percent, while domestic car sales rose 27.7 percent and car exports 31.8 percent. Mexico exported 1,440,855 vehicles (cars and trucks), which accounted for 75 percent of domestic production. The exporting activity of this sector was the hardest hit by the slowdown of the United States' economy in the last two months of the year.

Chart 8 **Coincident Indicators of Mexico and the United States***



* The coincident indicator for Mexico is calculated by Banco de México and that for the United States by the ECRI (Economic Cycle Research Institute).

Throughout 2000 the expansion of investment spending had a pronounced positive effect on the construction industry. It was mainly sustained by an increase in the number of general construction works, transportation works, urbanization and road construction, and oil and petrochemical projects. In turn, GDP for the utilities sector (electricity, gas and water) grew in response to rising demand from various segments of the market.

The service sector grew at an annual rate of 7.3 percent in 2000. Particularly notable was the performance of the divisions of transportation, warehousing and communications, as well as commerce, restaurants and hotels, which reached their highest annual growth rates since 1981. The expansion of the transportation and communications division was sustained by larger volumes of cargo, more passengers transported on local and inter-city travel, and telephone services (local, long distance and mobile), as well as satellite communications.

The positive evolution of GDP for commerce, restaurants and hotels was driven by the strong expansion of private consumer spending. Among other factors, the growth of this service component was fueled by a dramatic increase in final consumer sales for households, intermediate and capital goods for the industrial sector, as well as larger volumes of exported and imported merchandise. Regarding final consumer sales, the performance of companies affiliated to the National Association of Self Service and Department Stores (*Asociación Nacional de Tiendas de Autoservicio y Departamentales*, ANTAD) was particularly noteworthy. Their sales rose 10 percent compared to 1999. Sales of consumer durables were particularly outstanding.

Finally, GDP of financial, insurance and real estate services grew 4.5 percent in 2000. This was mainly due to increased activity in the insurance division.

III.2. Employment, Wages and Productivity

The following were the most outstanding aspects in the evolution of the labor market in 2000:

a) considerable increases in the demand for labor from almost all sectors due to vigorous economic activity over most of the year;

b) the open unemployment rate in urban areas continued to fall, reaching historically low levels;

c) nominal contractual wage increases were above expected inflation;

d) improvements in real compensations per worker in response to a rise in the demand for labor and advances made in the abatement of inflation, among other factors;

e) important growth of the real total compensations in various sectors as a result of rises in employment and real wages;

f) gains in labor productivity, particularly in the manufacturing sector; and

g) higher unit labor costs due to the fact that increases in real compensations per worker surpassed productivity gains.

The strength of the demand for labor in 2000 was shown in the total number of workers affiliated to the Mexican Social Security Institute (*Instituto Mexicano de Seguro Social*, IMSS). At the close of December this indicator had registered an annual increase of 4.3 percent compared to its level during the same period of the previous year (Table 5). This represented an increase of 525 thousand workers occupied in the formal sector of the economy. The expansion of employment was witnessed in most sectors of the economy. Noteworthy are the advances in the number of workers affiliated to the Mexican Social Security Institute in the commerce sector (6.6 percent) and in social, community and personal services (6.3 percent). However, the deceleration of economic activity during the latter months of the year, particularly in December, had an unfavorable effect on the number of individuals registered by the IMSS. In December seasonally adjusted figures showed a contraction of 27,600 workers (permanent and temporary urban employees) compared to the previous month's level.

Table 5 **Employment Indicators**

	1997	1998	1999	2000						
	Annual	Annual	Annual	I	II	III	IV	Nov.	Dec.	Annual
Affiliated to the IMSS	Annual percentage change									
Total	7.7	7.8	5.7	6.2	6.5	6.0	4.8	4.7	4.3	5.9
Permanent	8.7	4.9	3.5	5.0	5.5	5.3	4.2	4.2	3.7	5.0
Temporary	-2.1	40.1	24.6	15.2	13.5	11.1	8.9	8.5	8.1	12.1
Manufacturing Industry	12.9	12.1	7.1	7.5	7.4	6.6	4.5	4.3	3.7	6.5
Agriculture and Livestock	5.0	0.4	2.1	-3.5	-4.2	-6.6	-5.5	-5.5	-5.9	-4.9
Extractive Industry	4.2	-0.1	-1.3	-3.0	-3.4	2.4	4.6	5.4	2.8	0.1
Constructiion	0.3	5.9	10.3	6.7	7.0	7.0	3.4	3.4	1.9	6.0
Individuals employed in the In-Bond Industry	19.9	12.2	12.5	14.2	13.5	12.7	10.5	10.3	9.3	12.7
	Percentage of the economically active population									
Open Unemployment Rate in Urban Areas	3.7	3.2	2.5	2.3	2.2	2.4	2.0	2.0	1.9	2.2
Mexico City	4.4	4.0	3.2	2.9	2.7	2.9	2.3	2.3	2.5	2.7
Guadalajara	3.3	2.8	2.1	1.7	1.9	2.4	1.6	1.0	2.0	1.9
Monterrey	3.9	3.1	2.2	2.4	2.1	2.2	1.8	2.1	1.1	2.1

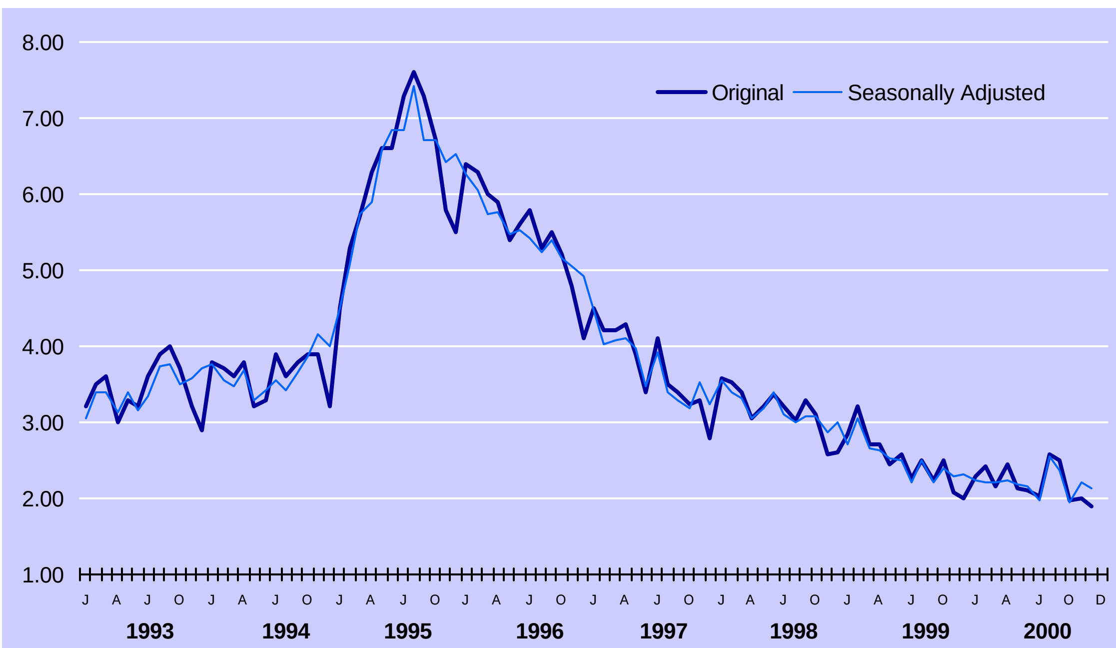
SOURCE: IMSS; In-Bond Exporting Industry Statistics, (INEGI); and the National Urban Employment Survey, INEGI.

The in-bond industry has been an important source of formal employment for the last few years and it continued to be so in 2000. This can be explained by the rapid growth of this industry in recent years and by its intense use of labor. In December 2000, there were 1,307,982 individuals working in this industry. This represented an average annual growth rate of 12.7 percent and the creation of 111 thousand new jobs when compared to figures for December 1999. Thus, in the 6-year period between December 1994 and December 2000, the in-bond industry generated 707 thousand new jobs.

The open unemployment rate in urban areas fell continuously in response to the strong demand for labor[3]. In December 2000 this rate accounted for 1.9 percent of the economically active population (*Población Económicamente Activa*, PEA), its lowest level since 1985, year in which the scope of this indicator started covering the whole nation (Chart 9).

Chart 9 **Open Unemployment Rate in Urban Areas**

Percentage of the economically active population.



*Seasonally adjusted figures calculated by Banco de México.
SOURCE: INEGI

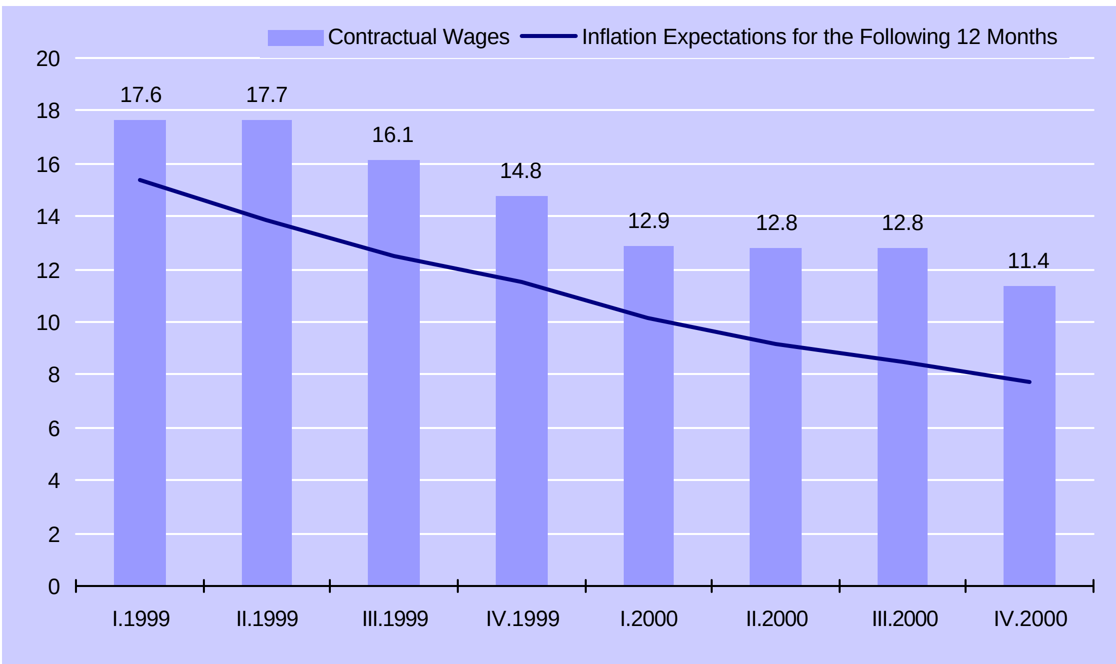
The average nominal increase in contractual wages was 12.4 percent in 2000, which represented an important decline compared to that observed in 1999 (16.5 percent). Private sector inflation expectations showed a clear downward trend during the year covered by this Report (Chart 10). Nevertheless, in the first

[3] The open unemployment rate is defined as per the criteria used by the International Labor Organization. This indicator measures the percentage of the Economically Active Population of 12 years of age or older that at the reference time have not worked at least one hour per week after having searched actively for salaried employment or having tried to engage in self-employment.

nine months of the year, contractual wage revisions were characterized by their downward rigidity and were at an interval between 12.6 and 13.2 percent, averaging 12.8 percent. The increase of these wages did not level off until the fourth quarter. As a result, gains in *ex-ante* real wage remained high throughout the year.

Chart 10 **Contractual Wages and Expected Inflation for the Following 12 Months**

Annual percentage change



SOURCE: Prepared by Banco de México with information from the Survey of the Expectations of Private Sector Economic Specialists. Banco de México and Ministry of Labor.

An analysis of nominal contractual wage increases by economic activity reveals that, in general, wage rises were higher in manufacturing establishments than in other sectors, particularly the service sector (Table 6). In contrast, prices of manufactured goods increased less than those for services. This can be explained by the stability of the exchange rate throughout 2000 and the larger impact of contractual wage increases on consumer prices for services than on the prices of manufactured goods.

Table 6

Contractual Wages by Sector

Annual percentage change

	1999					2000				
	I	II	III	IV	Annual	I	II	III	IV	Annual
Manufacturing	18.0	18.4	16.0	17.3	17.3	13.4	13.9	12.8	11.9	13.0
Other Sectors	17.4	17.2	16.4	14.3	15.9	12.3	12.2	12.8	11.2	11.9

SOURCE: Prepared by Banco de México with data from the Ministry of Labor.

Increases in contractual wages normally remain in force for twelve months and therefore influence the determination of other compensations throughout this period. In 2000, nominal remunerations per worker rose significantly compared to their level in the previous year. From the sectors of economic activity for which information is available, the highest wage increases were in the in-bond industry, manufacturing and the commerce sector.

The annual growth rate of nominal remunerations was, in general, much higher than observed inflation. This led to an important recovery of real income, especially in the manufacturing industry, where this indicator registered its highest expansion since 1992. Likewise, the increase in wages in the in-bond industry was the highest since 1982. Real wages fell only in the construction industry (Table 7).

Table 7

Nominal and Real Compensations per Worker

Annual percentage change

Activity	1999 I	1999 II	1999 III	1999 IV	1999 Average	2000 I	2000 II	2000 III	2000 IV	2000 Average
					Nominal Change					
Manufacturing	19.2	19.3	17.4	17.4	18.3	15.4	16.5	16.4	15.0	15.8
In-Bond	23.4	19.5	17.5	12.1	17.8	16.2	16.8	17.6	17.3	17.0
Construction 1/	19.5	17.9	19.4	14.1	17.6	6.7	4.5	11.6	10.9	8.3
Wholesale	15.2	15.5	14.7	13.6	14.7	18.1	18.3	16.2	16.6	17.3
Retail	19.5	18.9	18.6	16.7	18.3	17.1	17.0	16.7	17.0	17.0
					Real Change					
Manufacturing	0.5	1.2	0.8	3.3	1.5	4.4	6.4	6.8	5.6	5.8
In-Bond	4.1	1.4	0.9	-1.3	1.2	5.1	6.6	7.9	7.7	6.8
Construction 1/	0.8	0.0	2.5	0.4	0.9	-3.4	-4.6	2.3	1.9	-1.2
Wholesale	-2.8	-2.0	-1.6	0.1	-1.5	6.8	8.0	6.6	7.0	7.1
Retail	0.8	0.9	1.8	2.8	1.6	5.9	6.8	7.0	7.5	6.8

1/`Figures for the fourth quarter are for the October-November period. Annual figures cover from January to November.
SOURCE: Prepared by Banco de México with figures from INEGI.

During 2000, labor productivity rose in the various sectors of the economy, except in the construction industry. Yet, increases in real wages were even higher, pushing unit labor costs up (Table 8**)**. This is a cause for concern due to the fact that persistent increases in these costs can have future repercussions on inflation.

Table 8 **Worker Productivity and Unit Labor Costs**

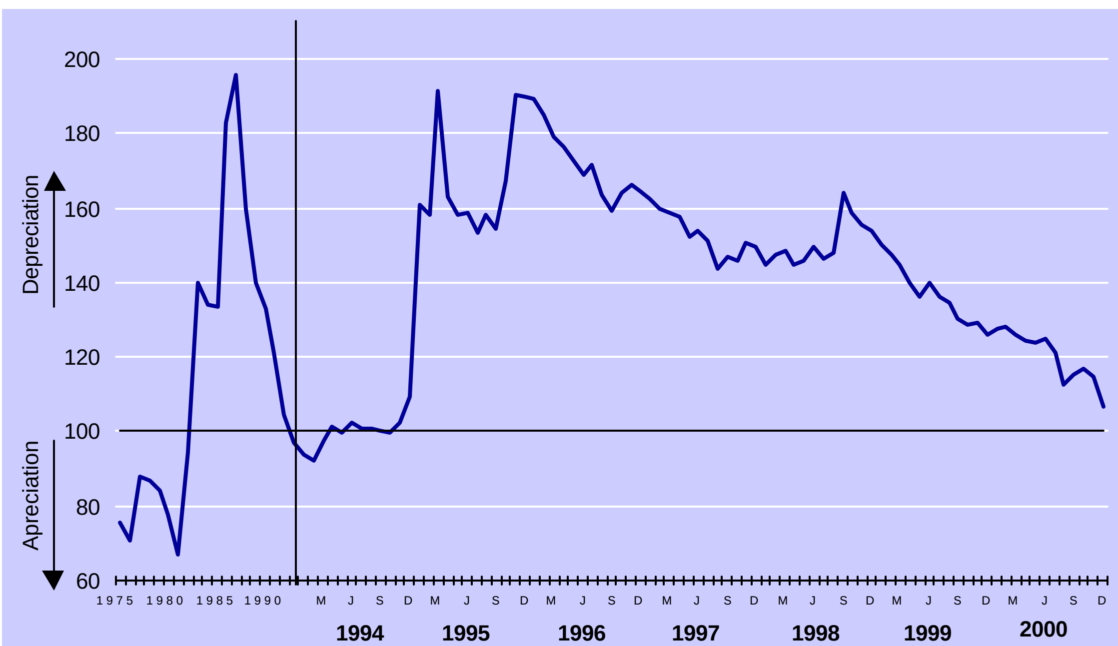
Annual percentage change

Activity	1999 I	1999 II	1999 III	1999 IV	1999 Average	2000 I	2000 II	2000 III	2000 IV	2000 Average
					Labor Productivity					
Manufacturing	0.2	4.5	4.0	3.0	2.9	7.3	4.7	5.7	4.0	5.4
In-Bond	-0.9	-0.4	0.2	-1.3	-0.6	3.0	1.3	1.1	2.5	2.0
Construction 1/	20.3	11.1	-1.9	-4.0	5.3	-13.9	-7.9	0.7	-6.5	-7.0
Wholesale	-2.5	-0.8	-2.6	0.2	-1.4	4.9	4.1	3.4	-1.4	2.6
Retail	0.3	2.7	3.0	6.9	3.4	6.6	6.4	7.5	2.1	5.5
					Unit Labor Costs					
Manufacturing	0.3	-3.2	-3.0	0.2	-1.4	-2.7	1.7	1.0	2.2	0.5
In-Bond	5.0	1.8	0.7	-0.2	1.8	2.1	5.3	6.8	4.9	4.8
Construction 1/	-16.6	-10.3	4.3	4.0	-5.5	12.2	4.0	1.4	8.9	6.4
Wholesale	-0.2	-1.1	1.1	0.0	-0.1	1.6	3.7	3.1	9.0	4.4
Retail	0.7	-1.4	-1.2	-4.1	-1.5	-1.0	0.0	-0.5	5.3	0.9

1/` Figures for the fourth quarter are for the October-November period. Annual figures cover from January to November.
SOURCE: Prepared by Banco de México with figures from INEGI.

Chart 11 **Real Exchange Rate Index Based on Unit Labor Costs in the Manufacturing Sector ***

Base: 1994=100



Calculated with regard to Mexico's main trading partners in the manufacturing sector (Germany, Canada, the United States, Spain, France, Italy, Japan and the United Kingdom).

The real exchange rate index based on unit labor costs in the manufacturing sector appreciated in 2000. This was due to the fact that unit labor cost increases in this industry were above those registered abroad. Mexico's competitiveness with its main trading partners was therefore affected. Despite its appreciation, the real exchange rate index registered a 6.5 percent depreciation form its average level in 1994 (Chart 11).

III.3. External Sector

The main features of the behavior of the Mexican economy's external sector in 2000 were as follows:

a) A significant growth of merchandise exports. Non-oil exports were encouraged by the expansion of the United States' economy, while the value of oil exports rose as a result of high prices prevailing in the international markets for most of the year;

b) A reduction in the growth rate of manufacturing exports in the last few months of the year due to the slowdown of the United States' economy in this period;

c) A higher rate of growth in merchandise imports than in 1999 derived from the strength of economic activity, domestic demand and manufacturing exports requiring imported inputs;

d) A considerable widening of the trade deficit;

e) A moderate deficit in the current account of the balance of payments, although larger than in 1999 measured both in current dollar terms and as a percentage of GDP;

f) A surplus in the capital account of the balance of payments;

g) An abundant inflow of foreign direct investment, which financed around three quarters of the current account deficit;

h) A significant reduction of the public sector's net external debt;

i) An anticipated settlement of Banco de México's debt with the IMF; and

j) A considerable accumulation of international reserves and net international assets.

The trade deficit was 8.049 billion dollars in 2000, 44.2 percent higher than in 1999 (Table 9). The widening of this deficit was due to the fact that domestic demand grew at a much faster rate than GDP. The high international oil prices that prevailed for most of the year curbed the increase of the total trade deficit. Thus, in 2000 the non-oil trade deficit (excluding oil exports and imports of gasoline as well as butane and propane gas) was 22.610 billion dollars.

Table 9 **Trade Balance**

Millions of dollars

Item	1998 (1)	1999 (2)	2000 (3)	Absolute Change in 2000 (3)-(2)	Percentage Change 1999 (2)/(1)	Percentage Change 2000 (3)/(2)
Exports	117,460	136,391	166,424	30,033	16.1	22.0
Oil	7,134	9,928	16,380	6,452	39.2	65.0
Non-Oil	110,325	126,463	150,044	23,581	14.6	18.6
Agriculture and Livestock	3,797	3,926	4,263	337	3.4	8.6
Extractive	466	452	521	68	-3.0	15.1
Manufacturing	106,062	122,085	145,261	23,176	15.1	19.0
In-Bond	53,083	63,854	79,387	15,533	20.3	24.3
Other	52,979	58,231	65,874	7,643	9.9	13.1
Imports	125,373	141,975	174,473	32,498	13.2	22.9
Consumer Goods	11,108	12,175	16,691	4,516	9.6	37.1
Intermediate Goods	96,935	109,270	133,542	24,272	12.7	22.2
In-Bond	42,557	50,409	61,709	11,300	18.5	22.4
Other	54,379	58,860	71,833	12,973	8.2	22.0
Associated with Exports	67,830	78,358	96,056	17,698	15.5	22.6
Not Associated with Exports	29,105	30,911	37,486	6,575	6.2	21.3
Capital Goods	17,329	20,530	24,240	3,710	18.5	18.1
Total Trade Balance	-7,914	-5,584	-8,049	-2,465	-29.4	44.2
Non-Oil Trade Balance	-13,969	-14,423	-22,610	-8,187	3.2	56.8

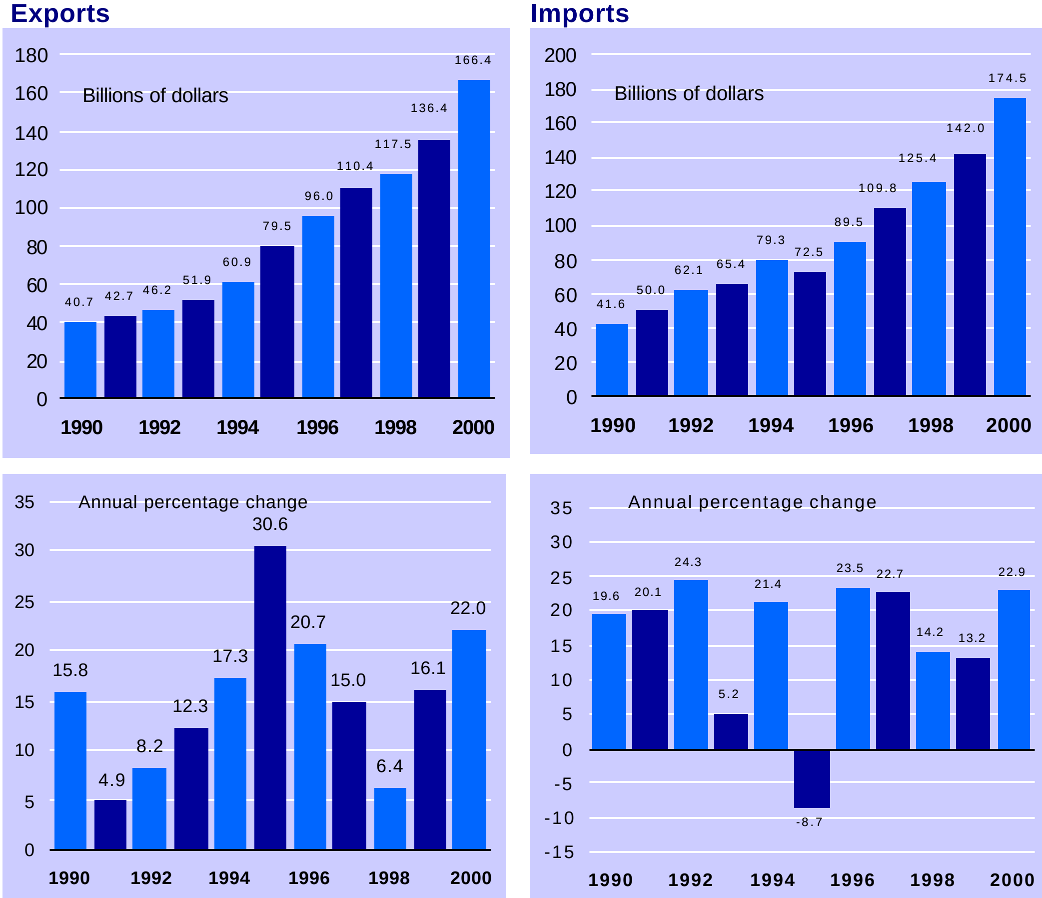
The growth of total exports in 2000 was slightly less than that for imports (Chart 12); it was also one of the highest in the world economy (Table 10). This was due to the expansion of the United States' economy and high international oil prices.

The high international oil prices prevailing during 2000 allowed for a 65 percent rise in the value of Mexican oil exports as compared to the figure posted in 1999.

Among non-oil exports, the performance of manufactured goods from both the in-bond and non in-bond sector continued to be favorable. However, in the last few months of the year the growth of non in-bond manufactured exports decelerated significantly. In particular, there was a reduction in the number of products posting positive annual growth rates and an increase in those with negative rates. This can be explained mainly by the slowdown of the United States' economy.

Chart 12 **External Trade of Merchandise**

Exports **Imports**

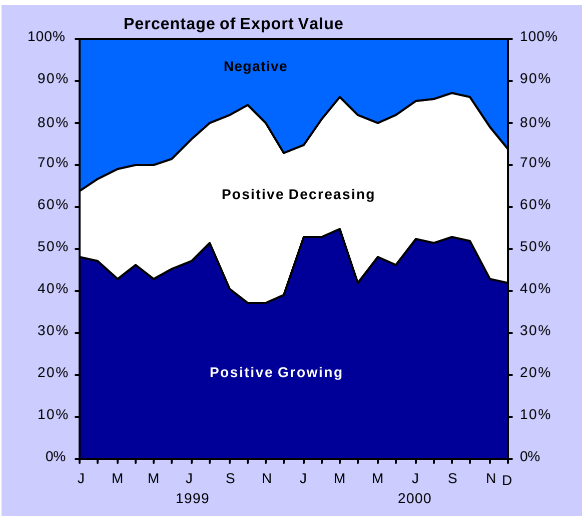


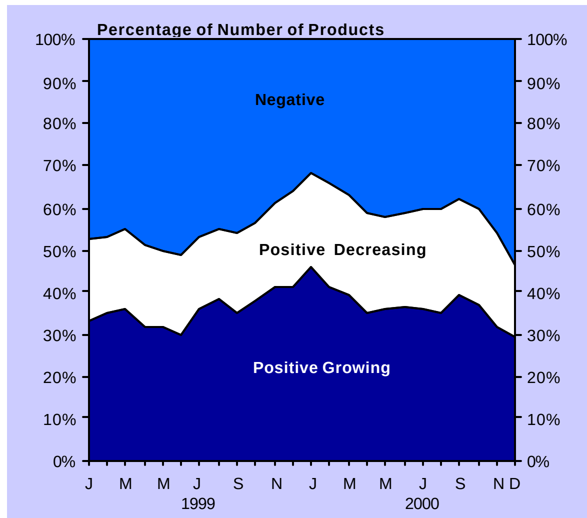
Exports of agricultural and livestock products posted a significant increase compared to 1999. There was important growth in cattle exports (41.5 percent) and in fresh legumes and vegetables (16.2 percent).

Merchandise imports rose at a rate of 22.9 percent during 2000, significantly higher than in the previous year. The import category that showed the highest increase was consumer goods (37.1 percent), which can be explained by the strong expansion of private consumption. Purchases of imported consumer goods were also influenced by two other factors: the higher value of gasoline imports —mainly as a consequence of higher international oil prices— and the notable rise in vehicle imports. The latter was a reflection of the greater specialization of the Mexican automobile industry on the production of certain models. Over 70 percent of this production is exported, while a greater proportion of domestic demand is satisfied by imports. If exports of vehicles and gasoline are excluded, the remainder of consumer goods imports grew 23.9 percent in the year covered by this Report.

Chart 13 **Evolution of Exports from the Non In-Bond Manufacturing Industry: Percentage of Products posting Positive and Negative Annual Growth Rates***

3-month moving average





* 155 generic products.

For the year 2000 as a whole, there was a significant increase in imports of intermediate goods. This was mainly due to the strength of domestic output and exports. Finally, in spite of the expansion of private sector investment, imports of capital goods rose at an annual rate similar to that for 1999.

The annual growth of the demand for exports was very similar in the first three quarters of the year (25.9, 22.6 and 24 percent, respectively), but it decelerated in the fourth quarter (19.8 percent). This slowdown was compatible with the weakening of domestic economic activity and exports. In turn, this had an impact fundamentally on imports of intermediate goods.

Table 10 **Growth in the Value of Exports of 30 Selected Countries in 2000***

Current U.S. dollars

Countries	Growth Rates	Countries	Growth Rates
Industrialized Economies		**Developing Economies**	
United States	12.4	Korea	20.1
Canada	15.1	Hong Kong	16.1
Japan	14.3	Taiwan	22.0
Germany	1.2	Singapore	20.2
France	-1.2	China	27.8
United Kingdom	5.4	Philippines	8.7
Spain	3.1	Indonesia	27.3
Italy	0.7	Thailand	19.6
Australia	14.1	Malaysia	16.2
Finland	9.1	India	17.4
Netherlands	4.0	Isreal	24.1
New Zealand	6.6	Argentina	12.4
Norway	30.0	Brazil	14.7
Sweden	1.9	Chile	16.3
Switzerland	-2.6		
Mexico :			
Total Exports	22.0		
Non-Oil Exports	18.6		
Manufacturing Exports	19.0		

*The selected countries account for more than four fifths of the world's exports.
SOURCE: IMF.

The following features of Mexican foreign trade in 2000 are worth mentioning: i) an overall trade surplus with NAFTA trading partners; ii) a surplus with the remaining countries in the American continent; iii) a deficit with Europe, Asia and the rest of the world. The larger overall trade deficit resulted from the combination of the increased surplus with the NAFTA zone, a smaller surplus with the other countries of the American continent and a greater deficit with the rest of the world. In the latter group it is worth mentioning the 5.120 billion dollar rise in the trade deficit with Asia, which more than offset the larger trade surplus with the NAFTA zone (Table 11).

Table 11 **Mexican Trade Balance by Region**

Millions of dollars

	1998 (A)	1999 (B)	2000 (C)	Absolute Change (C)-(B)	Percentage Change Exports 1999	Exports 2000	Imports 1999	Imports 2000
TOTAL	-7,913	-5,584	-8,049	-2,465	16.1	22.0	13.2	22.9
NAFTA ZONE	9,064	14,568	19,413	4,845	17.4	23.0	13.3	21.6
United States	9,836	15,126	20,076	4,950	16.8	22.6	12.9	21.2
Canada	-771	-558	-663	-105	57.4	40.2	28.8	36.2
REST OF THE WORLD	-16,978	-20,152	-27,461	-7,309	5.9	13.4	13.2	27.1
Rest of America	2,979	1,942	1,761	-181	-10.5	23.0	13.0	41.0
Europe	-8,748	-8,441	-10,248	-1,807	34.8	10.1	9.2	16.8
Asia	-10,638	-13,006	-18,126	-5,120	-3.6	1.7	17.8	34.1
Others	-571	-647	-849	-202	-14.4	-25.5	5.1	17.4

Mexico was the second most important trading partner of the United States in 2000, both in terms of destination of US exports and in terms of that country's total trade volume (sum of imports and exports). Mexico also maintained its position as the third most important exporter of merchandise to the United States, behind Canada and Japan. Of these three countries, Mexican exports registered the highest growth and their participation in total United States' imports reached 11.2 percent (Chart 14). As in the previous year, in 2000 the value of Mexican exports to the United States surpassed that of exports from the that country's two main trading partners in Europe (Germany and the United Kingdom), as well as the sum of exports from the four countries collectively known as the Asian Tigers (Hong-Kong, South Korea, Singapore and Taiwan).

In 2000, the current account deficit surpassed that registered in 1999, measured both in terms of dollars and as a percentage of GDP. This deficit closed the year at 17.690 billion dollars, representing 3.1 percent of GDP. From the second quarter, the current account deficit began to rise in response to the expansion of domestic demand (Chart 15).

Chart 14 **Participation of Mexican Exports in United States' Imports**

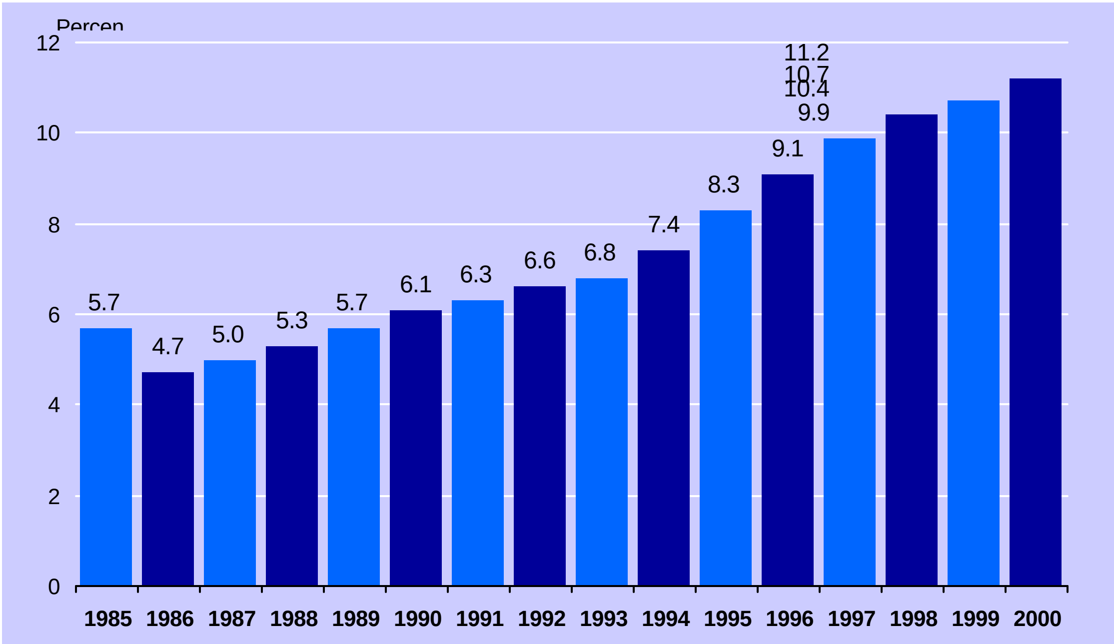
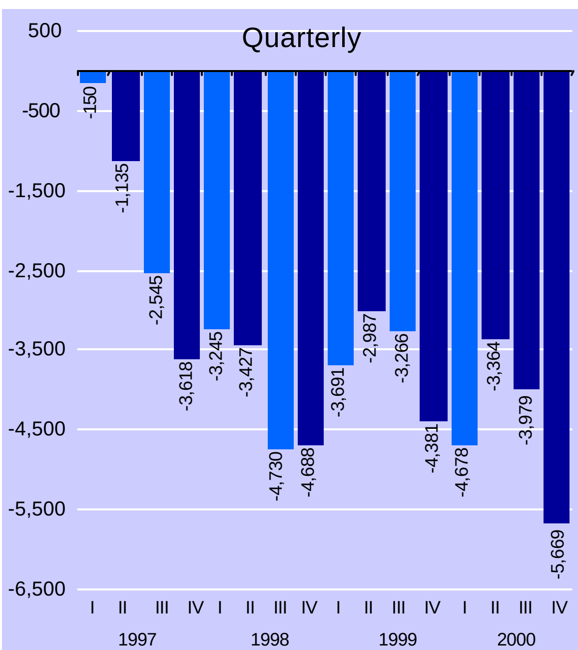
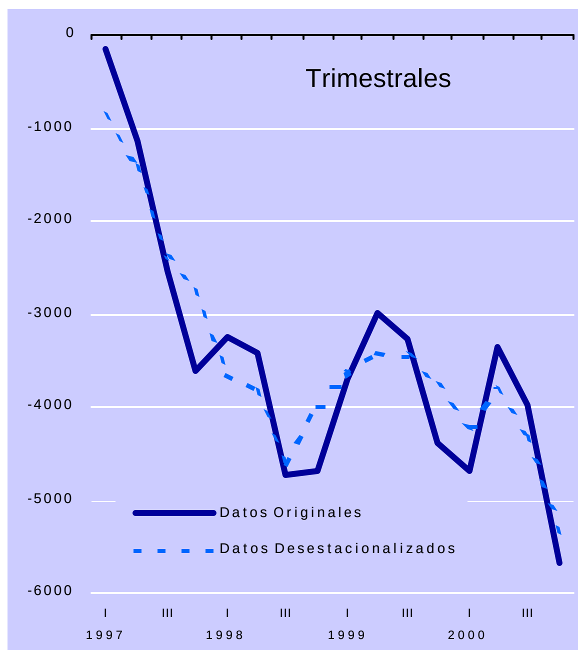


Chart 15 **Current Account of the Balance of Payments**

Millions of dollars





In 2000, the non-factorial service balance showed a deficit of 2.324 billion dollars, 525 million dollars higher than the previous year (Table 12). The components of the non-factorial service balance excluding international travelers (tourists and one-day visitors), registered a deficit totaling 5.119 billion dollars. This was mainly due to greater expenditure associated with foreign trade, such as freight and insurance, port duties and telecommunications.

Table 12 **Current Account of the Balance of Payments**

Millions of dollars

Item	1999 (A)	2000 (B)	Absolute Change (B - A)
Current Account	-14,325	-17,690	-3,365
Trade Balance	-5,584	-8,049	-2,465
Exports	136,391	166,424	30,033
Imports	141,975	174,473	32,498
Non-Factorial Services	-1,799	-2,323	-525
Factorial Services	-13,256	-14,018	-763
Transfers	6,313	6,701	388

The factorial services balance posted a deficit of 14.018 billion dollars in 2000, 5.7 percent higher than in 1999. Interest payments by both the public and private sectors rose as a result of the higher international interest rates. This was in spite of the significant reduction in the public sector external debt.

The surplus in the transfer balance was the only component of the current account that improved in 2000. In particular, family remittances —made up of resources sent by Mexicans living abroad to their family members in Mexico— totaled 6.280 billion dollars, an amount equivalent to 36 percent of the in-bond trade surplus.

The capital account of the balance of payments posted a surplus of 17.920 billion dollars (Table 13). This was a result of the combination of a high inflow of long term, foreign direct investment (FDI) towards the private sector, and external credit obtained by private companies. There was also a modest inflow of portfolio foreign investment, as well as debt payment by the public sector and Banco de México. Furthermore, there was also an inflow of resources due to a reduction of foreign assets held abroad by Mexican residents.

The current account deficit was fundamentally financed by long term external resources in 2000. Inflows of FDI covered three quarters of this deficit. During the year, FDI rose to 13.162 billion dollars (2.3 percent of GDP). This flow came from investments made by 5,081 companies, of which 1,596 pertained to the in-bond industry. The breakdown of FDI in the period was as follows: 5.339 billion dollars in new investment; 2.939 million in re-invested profits; 2.983 billion in imports of fixed assets by in-bond manufacturers; and a 1.901 billion dollar increase in firms' liabilities with parent companies. In terms of the sectoral destiny of resources invested, 54 percent of FDI went to the manufacturing industry, 14 percent to retail trade and 23 percent to financial services. There was also a modest inflow of portfolio foreign investment totaling 478 million dollars in 2000, compared to an annual average of 2.739 billion over the period from 1996 to 1999.

Table 13

Balance of Payments

Millions of dollars

Item	1999	2000
Current Account	**-14,325**	**-17,690**
Capital Account	**14,336**	**17,920**
Liabilities	18,340	10,376
Indebtedness	2,525	-3,263
Development Banks	-1,775	-185
Commercial Banks	-1,723	-2,730
Banco de México	-3,685	-4,286
Non-Bank Public Sector	1,707	-5,445
Non-Bank Private Sector	8,000	9,383
Foreign Investment	15,815	13,639
Direct	11,915	13,162
Portfolio	3,901	478
Equity	3,769	447
Money Market	131	31
Assets	-4,005	7,543
Errors and Omissions	**582**	**2,594**
Var. Net International Reserves	**594**	**2,822**
Adjustments	-1	3

In 2000 the private sector contracted net external debt in the amount of 6.652 billion dollars. This flow was composed of non-bank private sector indebtedness totaling 9.383 billion dollars and net external debt payments by the commercial banking sector of 2.730 billion. Interest rates on foreign debt placements made by the private sector increased from an average of 8.54 percent in 1999 to 10.33 percent in 2000. The average maturity of these placements was 4.9 years.

It is worth mentioning that the Mexican non-bank private sector's foreign currency liabilities were mainly taken on by exporting companies. At the close of 2000, the value of external liabilities held by non-financial firms listed on the Mexican Stock Exchange (*Bolsa Mexicana de Valores*, BMV) totaled 37.506

billion dollars, while their assets denominated in foreign currency amounted to 37.114 billion. Exporting companies accounted for 97 percent of these liabilities. A considerable proportion of this group of companies' sales were made abroad, and the ratio of their exports to their foreign liabilities is very high. The subgroup of these firms known as "strong exporters" (59 percent of firm considered) account for the largest part of liabilities in foreign currency, and the ratio of their foreign sales to external liabilities is a very significant 89 percent (Table 14).

Table 14 **Indicators on External Liabilities of Firms Listed on the Mexican Stock Exchange***

Percent

	Exporters				Non-	
	Total Exporters	Strong Exporters	Medium Exporters	Low Exporters	Exporters	Total
Breakdown of :						
Liabilities in Foreign Currency	97	59	19	19	3	100
Exports	100	78	16	6	-	100
Ratios:						
Exports/Total Sales	28	48	19	4	-	23
Exports/Liabilities in Foreign Currency	69	89	62	15	-	67
Foreign Currency Liabilities/Total Liabilities	43	61	32	27	16	41

* Includes 91 issuers listed in the Mexican Stock Market. "Strong Exporters" are defined as those whose exports account for more than 25 percent of their total sales; while the corresponding percentages for "Medium Exporters" and "Low Exporters" are 10 to 25 percent and less than 10 percent, respectively.

In 2000, the public sector's net external debt declined by 5.630 billion dollars, combining 20.032 billion in liability disbursements and 25.662 billion in principal payments. The latter was the result of net amortizations of 4.864 billion dollars by the Federal Government, 580 million by other non-financial public sector entities, and 186 million by development banks. In the year covered by this Report, the public sector made five bond placements on international markets, totaling 6.882 billion dollars, with an average maturity of 8.5 years.

Throughout 2000, the Federal Government carried out various repurchase operations and cancellations of Brady Bonds. The nominal value of the bonds thus purchased was 7.097 billion dollars, while the effective outlays amounted to 6.474 billion dollars that corresponded to the bonds' market value. These operations were financed with resources obtained from other bond placements on international markets as well as from the recovery of guarantees on the cancelled bonds. The latter represented a total of 2.145 billion dollars in 2000.

Last year, Banco de México made net principal payments of 4.286 billion dollars to the International Monetary Fund (IMF). This was composed of 1.216 billion in liabilities disbursements and 5.502 billion in amortizations. Thus, the Central Bank completely settled its liabilities with this international organization in advance. Of the amortizations made, 2.896 billion dollars had been originally programmed to be paid during the year, and 2.606 billion were advance payments.

The amount of assets held abroad by Mexican residents declined in 2000 and translated into a net inflow of 7.543 billion dollars. Of this amount, 5.542 billion dollars corresponded to Federal Government operations, mainly related to the cancellation of Brady Bonds.

Banco de México's net international reserves rose by 2.822 billion dollars in 2000[4] as a result of the following: a current account deficit of 17.690 billion dollars, a 17.920 billion dollar capital account surplus, and a 2.594 billion dollar positive flow in the errors and emissions line item. Thus, on December 31st, 2000, the stock of net international reserves[5] totaled 33.555 billion dollars, while net international assets[6] amounted to 35.629 billion dollars, both of which are historically high levels.

III.4. Public Finances

III.4.1. Economic Balance by Revenue-Expenses Methodology

At year-end 2000, the economic deficit of the public sector was 60.5 thousand million pesos, equivalent to 1.11 percent of GDP. This was 0.02 percentage points of GDP less than a year earlier. The primary surplus —which excludes the public sector's financial costs— was 143.4 thousand million pesos, 13.7 percent higher in real terms than in 1999. This surplus represented

[4] For the sum of the current account, capital account and errors and omissions line items to equal the change in Banco de México's net international reserves, an adjustment must be made due to variations in the valuation of said reserves. In 2000, this adjustment amounted to 2 million dollars.

[5] As defined by Banco de México's Law.

[6] Net international assets are defined as gross reserves plus credit agreements vis-à-vis central banks with maturities of more than six months, minus liabilities with the IMF and liabilities with maturities under six months resulting from agreements with central banks. To calculate this figure, Banco de México's liabilities with the IMF and its holdings of gold are valued at the SDR/dollar exchange rate and gold prices in dollar terms, respectively, as of the date the balance is calculated.

2.64 percent of GDP, 0.13 percentage points more than in the previous year.

In 2000, budgetary public revenues totaled 1,184.9 thousand million pesos, equivalent to 21.81 percent of GDP and higher than in 1999 (20.85 percent). The revenue items that contributed most to the strength of public finances were: i) those associated with oil, due to the fact that the average price of the Mexican oil mix for export was 11.15 dollars higher than in 1999[7]; ii) non-oil tax revenues resulting from the vigorous growth of the domestic economy and the improved implementation of tax collection measures; and, iii) non-recurrent revenues from the repurchase of discounted foreign debt, as well as transfers from public entities to the Federal Government that reduced the capital of the former.

Consolidated public sector revenues were higher than in 1999, as well as 60.5 thousand million pesos more than had been considered in the Federal Revenues Law approved by Congress for 2000. This was due to the fact that both the Federal Government and public entities obtained revenues above those that had been budgeted (47.7 and 12.9 thousand million pesos, respectively). Nevertheless, the consolidated deficit was 8 thousand million pesos above budget (Table 15). The latter increase was due to 69.2 thousand million pesos of additional paid budgetary expenditures[8].

Article 35 of the Federal Expenditure Budget (*Presupuesto de Egresos de la Federación*) specifies the procedure to be followed should revenues in addition to those originally programmed were obtained. Firstly, any additional non-programmable expenses should be covered. These outlays were 15.5 thousand million pesos higher than the estimated figure because the settlement of liabilities associated with the Debtors Support Program were considered as interest payments, and to a rise in revenue sharing to states and municipalities. Secondly, 6.9 thousand million pesos were to be used to offset cuts in programmable expenditure, which had been approved to supplement other expenditure programs favored by the Legislative branch. In addition, towards the end of 2000 Congress decided to

[7] Refers to the price used to value the cash flow actually received by the public sector in the corresponding period. This price considers the average from November 1999 to October 2000.

[8] Expenditure comparisons should be made in paid terms, since figures are also presented according to that methodology. Paid programmable expenditures are computed by subtracting deferred payments from accrued programmable spending. Thus, programmable spending for 2000 amounted to 1,176.9 thousand million pesos.

use an additional 1.8 thousand million pesos to compensate those individuals who had been defrauded by savings and loans firms. Finally, from the rest of the additional revenues (22.8 thousand million pesos), 60 percent (13.7 thousand million pesos) was used for debt amortization and 40 percent (9.1 thousand million pesos) to form an Oil Revenue Stabilization Fund (*Fondo de Estabilización de los Ingresos Petroleros*).

Table 15

Public Balance in 2000[1/]

Millions of pesos

I.	**Original Target**	**-52,502.0**
II.	Deferred Programmed Payments	-18,375.7
III.	Revenues above those Programmed (A+B)	60,547.7
	A Federal Government (a+b+c+d)	47,655.8
	a. Reserves for Tax Refunds	-9,952.3
	b. Tax Revenues	23,520.7
	c. Non-Tax Oil Revenues	63,495.1
	d. Non-Tax Non-Oil Revenues	-29,407.7
	B. Public Entities and Enterprises	12,891.7
IV.	Non-Programmable Spending Increases (A+B+C+D)	-15,464.6
	A. Revenue Sharing Transfers to States and Municipalities	-16,389.9
	B. Payments for Debtor Support Programs	-20,499.6
	C. Lower Interest Payments	19,457.3
	D. Lower Adefa[2/] Payments	1,967.6
V.	Expenditure Increases Agreed by Congress (A+B)	-8,658.7
	A. Original Cuts	-6,873.7
	B. Savings and Loans Schemes	-1,785.0
VI.	Oil Revenue Stabilization Fund	-9,133.2
VII.	Other Expenditure Increases (A+B)[3/]	-17,523.8
	A. Federal Government	5,839.9
	B. Public Entities and Enterprises (A+B+C)	-23,363.7
	a. IMSS, ISSSTE and Railroad Employee Pensions	-6,351.4
	b. Expenditure on Fuel and Gas (CFE and LFC)	-1,932.3
	c. Other	-15,080.0
VIII.	Higher Off-Budget Balance	610.6
IX.	**Public Balance (I+II+III+IV+V+VI+VII+VIII)**	**-60,499.7**

1/ Deficit (-) Surplus (+).
2/ Adefas: Payments on fiscal expenditures deferred from previous years (*adeudos fiscales de años anteriores*).
3/ Compares paid expenditure with accrued programmed expenditure. The difference between these two figures increases as payments are deferred.

Article 35 also allows public sector entities or enterprises to spend any additional revenues they obtain, after authorization has been given by the Ministry of Finance (*Secretaría de Hacienda y Crédito Público*). A comparison of the paid programmable expenditure made by public sector entities and enterprises and that stipulated in the Federal Expenditure Budget shows there was

23.4 thousand million pesos[9] of additional expenditure, while additional revenues amounted to 12.9 thousand million pesos. It is worth pointing out that, among the components of expenditure that increased during the year, only fuel for electrical energy generation and pension payments were unavoidable (8.3 thousand million pesos).

The Federal Government created reserves in 2000 that will allow for improvements in future fiscal results. In particular, it created the Oil Revenue Stabilization Fund (*Fondo de Estabilización de los Ingresos Petroleros*) and built up reserves in order to cope with tax refunds. If the government had not taken these measures, the fiscal deficit for 2000 would have been 0.76 percent of GDP (41.4 thousand million pesos).

III.5. Evolution of Monetary and Credit Aggregates and of the Securities Market

III.5.1. Evolution of the Monetary Aggregates M1 and M4

The narrow monetary aggregate (M1) is made up of checking accounts and bills and coins held by the public[10]. This aggregate represents the public's demand for liquidity which in turn reflects, to a great extent, the needs of economic agents to carry out transactions. Thus, M1 is closely related to consumption (Chart 16). During 2000 this aggregate posted an average increase of 11.1 percent in real terms (Chart 16), although its growth rate was lower in the fourth quarter (Table 16).

The broad monetary aggregate, M4[11], which measures financial saving, registered an average growth rate of 8 percent in real terms during the first half of the year. However, in the second semester the expansion of this aggregate fell to an average rate of 6.6 percent. Although the behavior of M1 and M4 was similar during the year, the narrow monetary aggregate grew at higher rates than M4, thereby reflecting the public's preference for more liquid financial assets and the vigorous expansion of private sector consumer spending during the year.

[9] This figure does not include the increase in expenditure authorized to enterprises and entities by article 35 of the Federal Expenditure Budget if additional revenues were obtained.

[10] The stock of bills and coins held by the public is calculated by subtracting the amount maintained by banks from total bills and coins in circulation.

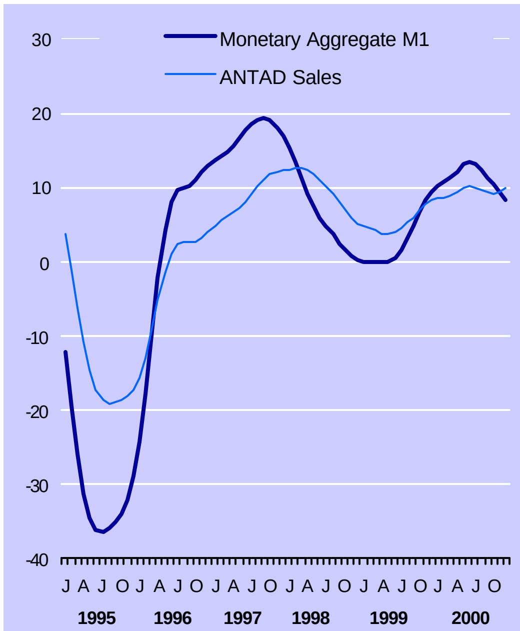
[11] Includes bills and coins held by the public, bank deposits, securities issued by the public and private sectors, and resources destined for retirement saving funds.

Chart 16 **Evolution of M1**

Trend Series of the Monetary Aggregate M1 and ANTAD Sales

Monetary Aggregate M1 and its Components

Real annual percentage change



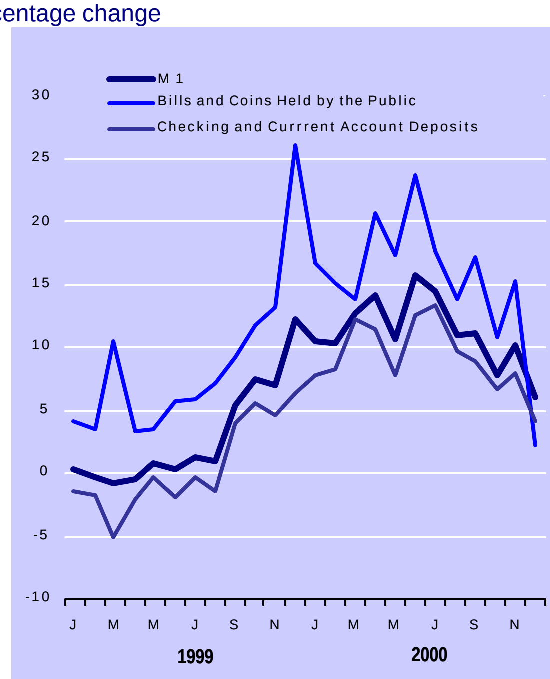


Table 16 **Monetary Aggregates 1/**

Real annual percentage change

	2000			
	I	II	III	IV
M1	**11.17**	**13.54**	**12.25**	**7.94**
Bills and Coins Held by the Public	15.19	20.49	16.21	8.76
Checking Accounts 2/	9.44	10.66	10.64	7.57
M4	**7.86**	**8.07**	**6.91**	**6.33**
Bills and Coins Held by the Public	15.19	20.49	16.21	8.76
Bank Deposits	-3.76	-4.22	-9.64	-11.35
Public Securities 3/ 4/	42.24	34.25	41.59	41.46
Private Securities 4/	-0.01	16.98	33.01	31.52
Retirement Saving Funds (excluding Siefores) 5/	14.32	15.44	17.23	17.23

1/ Average quarterly stocks.
2/ Including current account deposits.
3/ Including securities issued by the Federal Government, BPAS and BREMS.
4/ Including securities held by Siefores (Specialized Retirement Funds).
5/ Including housing funds and Banco de México's retirement funds.

In 2000, there was a significant contraction of bank deposits; in particular, in the last quarter of the year they posted an average annual decline of 11.4 percent in real terms. In contrast to this, holdings of public and private securities grew at real annual rates of more than 30 percent (Table 16). The appearance of two new financial instruments during 2000 is worth pointing out here: Bank Savings Protection Bonds (*Bonos de Protección al Ahorro Bancario*, BPAs) issued by the Institute for the Protection of Bank Savings (*Instituto para la Protección del Ahorro Bancario*, IPAB) and Monetary Regulation Bonds (*Bonos de Regulación Monetaria*, BREMs) issued by Banco de México[12]. The participation of these instruments in the broad monetary aggregate M4 at year-end 2000 was 3.0 and 0.9 percent, respectively.

The development of other components of the banking system's balance sheet must be taken into consideration when analyzing the contraction of bank deposits. In particular, the decline in bank deposits obtained from the public was a response to the contraction of financing granted by banks. Since the 1995 banking crisis, lending by commercial banks has been contracting. This led firstly to a reduction in bank liabilities different from deposits —mainly foreign liabilities (Chart 17). Nevertheless, since the end of 1999 and throughout 2000 the decline in lending by banks has been accompanied by a fall in deposits from the public. Furthermore, the decline in banks' traditional activities has been reflected in greater intermediation of public securities through repurchase agreements (Repos), which increased 63 percent in real terms during the year.

Regarding the different sources of savings, it is worth mentioning that while financial saving by residents in Mexico (M2) remained practically constant as a percentage of GDP during 2000, the negative trend of external saving (M4-M2)[13] continued (Chart 18). It can thus be inferred that intermediation in domestic financial markets is currently less vulnerable to external shocks.

[12] For a description of BREMs see Appendix 2 of this Annual Report and the technical information published on Banco de México's web page (http://www.banxico.org.mx).

[13] Includes deposits in commercial banks' agencies abroad.

Chart 17 **Commercial Bank Deposits and Financing**

Percentage of GDP

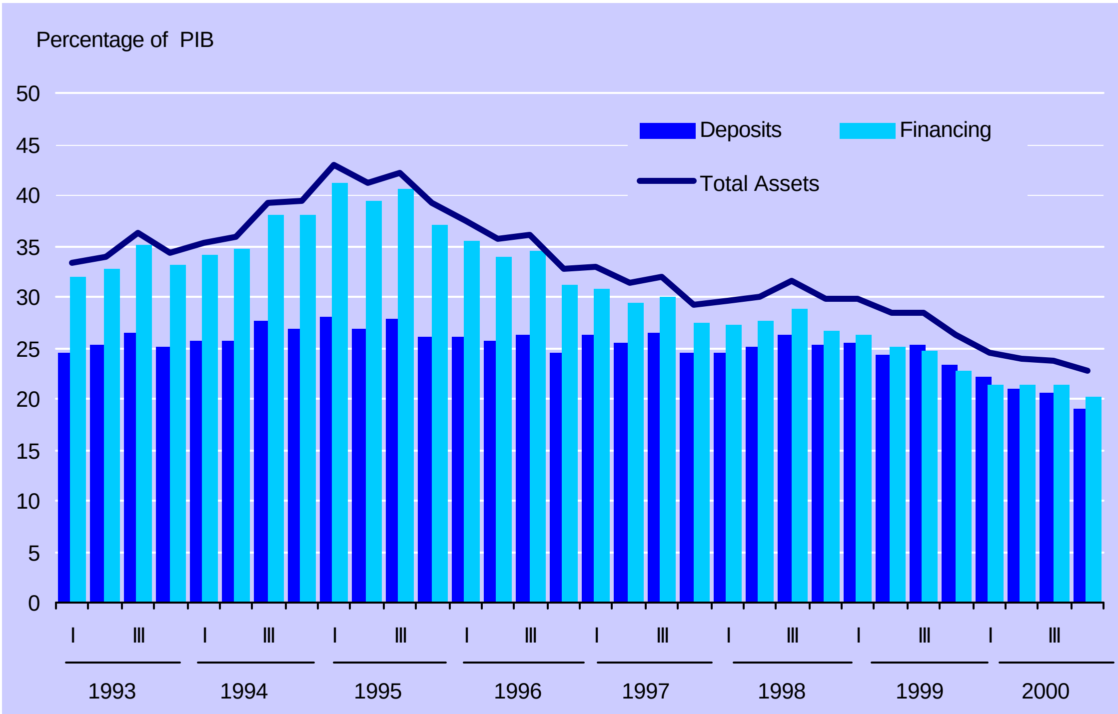
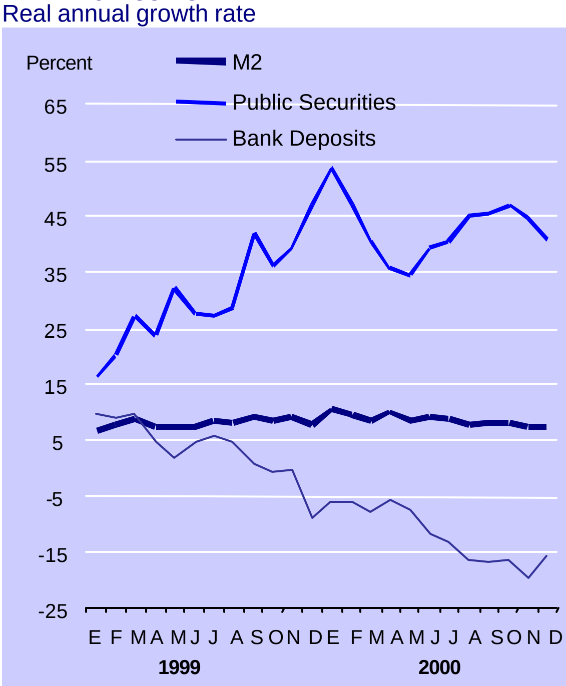
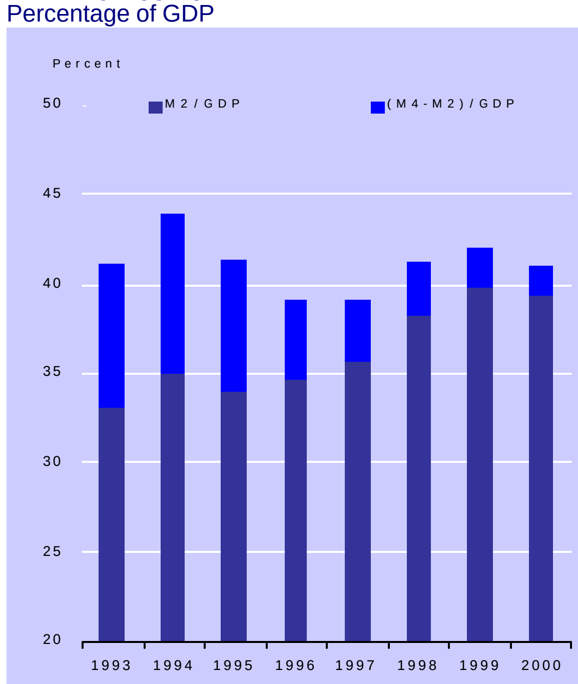


Chart 18 **Monetary Aggregates**

Monetary Aggregate M2
Real annual growth rate



Monetary Aggregate M4
Percentage of GDP



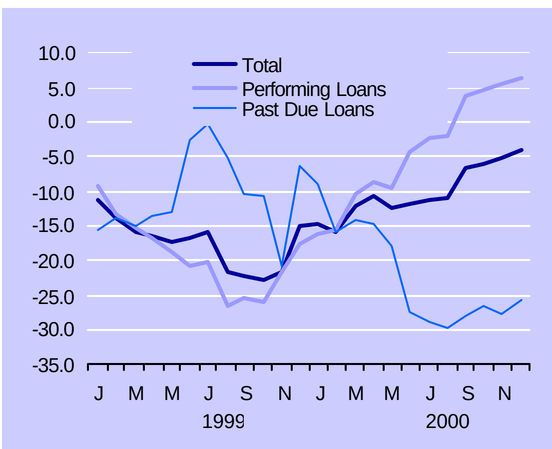
III.5.2. Evolution of Credit Granted to the Private Sector

Bank financing began to show signs of recovery during the year 2000. Nevertheless, total financing is still contracting in real terms. This is partly a response to the reduction of the past due loan portfolio because of loss recognition against capital reserves. The aforementioned is a consequence of the consolidation and strengthening of banks that has stimulated the writing off of non-recoverable credit. Therefore, when considering the behavior of financing, it is necessary to differentiate between the effects of purging and consolidating banks' balances and the effects of marginal credit granted by banks. The performing loan portfolio[14] of commercial banks grew at real positive rates, which was partly due to the granting of fresh credit (Chart 19). In fact, consumer credit has grown at an increasing rate, while that granted to firms and individuals with entrepreneurial activities has rebounded.

Chart 19 **Credit Granted by Commercial Banks to the Private Sector**

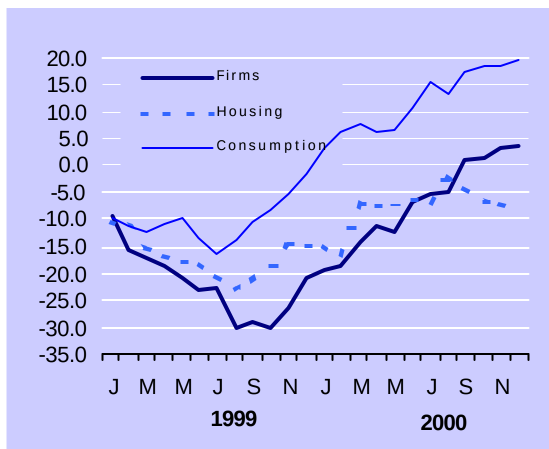
Total Credit, Performing and Past Due Loans

Real annual percentage change



Performing Loans to Firms [1/], Consumption and Housing

Real annual percentage change



1/ Firms and individuals with entrepreneurial activity. Excludes credit granted to non-bank financial intermediaries.

Notwithstanding the slight recovery in bank financing observed during 2000, alternative sources of financing continued to become more important. This can be seen in the quarterly surveys conducted by Banco de México among a sample of firms that use credit (Table 17). The most important conclusions that can be drawn form these surveys are the following:

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[14] Refers to the banks' own portfolio, which excludes the portfolio relinquished to the IPAB-FOBAPROA and transfers to trust fund denominated in UDIs.

a) supplier credit continued to be the predominant source of corporate financing, particularly among small and non-exporting companies;

b) one third of companies surveyed made use of bank credit, being small and non-exporting the least likely to have received this type of credit;

c) the main reasons mentioned by surveyed companies for not having used bank loans were high interest rates and the banks' own reluctance to lend; and

d) companies that did take out bank loans used the resources thus obtained mainly as working capital.

The placement of private securities grew at a real annual rate of 27.7 percent in 2000. Thus, at year-end the total stock of these instruments in circulation reached 105.9 thousand million pesos (Table 18). The components that registered the highest growth were commercial paper —generally issued with maturities of around one month— and medium term private debentures denominated in UDIs.

Estimates of financing granted by the main non-bank sources[15] show that its real annual growth rate rose from 5.6 percent in the fourth quarter of 1999 to 11.8 percent in the fourth quarter of 2000. Non-bank consumer credit expanded at an annual rate of 11.7 percent at year-end 2000. Thus, its participation in total credit —bank and non-bank— rose to 41.6 percent. Regarding non-bank financing granted to firms and individuals with entrepreneurial activities, it posted a real annual increase of 11.3 percent, while non-bank credit for housing —mainly granted by SOFOLES and savings and loan associations— rose 28.5 percent in real terms.

[15] Includes credit granted by suppliers of 169 companies quoted on the Mexican Stock Exchange, non-bank credit card issuers, Savings and Loan Associations, SOFOLES, insurance companies, financial leasing companies, factoring companies, placements of commercial paper, credits taken by non-financial companies with foreign banks, and foreign debt.

Table 17 **Results of Credit Market Conjunctural Evaluation Surveys as of the 4th Quarter of 2000 1/**

Percent of responses

	2000									
	1st.	2nd.	3rd.	4th Quarter						
					By Company Size 2/				By Company Type 3/	
Item	Total	Total	Total	Total	Small	Medium	Big	AAA	Exporters	Non-exporters
Sources of Financing	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Suppliers	48.0	49.7	50.3	53.8	64.0	53.8	43.8	26.8	48.9	60.7
Commercial Banks	24.3	23.7	22.7	22.4	16.9	24.3	26.3	29.3	24.7	19.6
Foreign Banks	7.8	6.3	6.3	4.9	1.2	2.8	9.5	24.4	6.1	3.0
Other Firms of same Corporate Group	13.0	12.7	13.8	12.7	12.8	13.9	12.4	4.9	11.5	14.1
Development Banks	1.7	2.8	2.6	1.9	1.7	2.4	2.2	0.0	3.1	0.4
Head Offices	3.8	3.1	3.0	2.7	2.9	1.6	3.6	4.9	3.8	1.1
Other liabilities	1.4	1.7	1.3	1.6	0.5	1.2	2.2	9.7	1.9	1.1
Companies that used bank credit	**34.0**	**35.5**	**33.7**	**34.2**	**23.9**	**37.3**	**38.9**	**72.4**	**41.4**	**26.2**
Purpose:										
Working capital	60.3	59.9	65.0	60.2	60.3	69.7	50.8	51.5	60.2	59.5
Restructuring of liabilities	16.7	16.4	11.8	14.3	13.2	6.7	21.3	24.2	15.7	11.9
Foreign trade operations	6.3	7.7	7.9	9.2	10.3	5.6	13.1	9.1	9.6	8.3
Investment	15.9	10.9	12.2	13.5	14.7	14.6	13.1	9.1	12.7	15.5
Other purposes	0.8	5.1	3.1	2.8	1.5	3.4	1.7	6.1	1.8	4.8
Companies that did not use bank credit	**66.0**	**64.5**	**66.3**	**65.8**	**76.1**	**62.7**	**61.1**	**27.6**	**58.6**	**73.8**
Reason:										
High interest rates	33.3	34.8	35.5	36.8	35.0	37.9	39.1	36.4	40.0	33.6
Problems with demand for their products	3.8	3.2	3.5	3.1	3.5	3.3	2.3	0.0	2.6	3.7
Bank refusal	19.3	18.7	19.9	18.0	20.5	14.4	19.5	9.1	18.7	17.3
Uncertainty about the economic situation	15.3	17.1	13.5	15.7	16.0	17.0	11.5	27.3	12.2	19.6
Financial restructuring problems	9.0	8.8	10.1	8.6	8.0	8.5	9.2	18.2	8.7	8.4
Applications refused	5.7	4.7	6.0	7.5	9.0	5.9	6.9	9.0	7.8	7.0
Past due loan portfolio	5.9	6.5	6.2	4.7	2.0	8.5	4.6	0.0	5.2	4.2
Market competition problems	4.8	4.7	3.9	4.7	5.0	3.9	5.7	0.0	3.9	5.2
Other	2.9	1.5	1.4	0.9	1.0	0.6	1.2	0.0	0.9	1.0
Companies that granted some kind of financing	**75.9**	**79.0**	**80.6**	**77.2**	**77.5**	**81.1**	**71.3**	**69.0**	**83.4**	**70.3**
Destination:										
Clients	76.9	76.8	77.9	76.3	82.8	73.7	75.8	51.7	73.9	80.4
Suppliers	10.2	10.1	10.9	11.6	11.1	13.4	8.1	13.8	14.9	6.2
Same group companies	12.7	12.5	10.9	11.8	6.1	12.0	16.1	34.5	10.9	12.9
Other	0.2	0.6	0.3	0.4	0.0	0.9	0.0	0.0	0.3	0.5
Average maturity of financing in days										
Clients	37	42	47	50	43	48	68	62	45	54
Suppliers	40	47	39	38	33	41	32	48	37	40
Same group companies	53	48	55	56	50	41	63	92	68	40
Will apply for credit in the next 3 months	**57.8**	**57.9**	**57.1**	**60.3**	**59.6**	**62.2**	**59.3**	**55.2**	**64.4**	**55.1**

1/ National sample, with responses from at least 500 companies. Responses are voluntary and confidential.
2/ The size of the companies was determined based on their sales in 1997:

		Value of sales in 1997
Small	=	1-100 million pesos
Medium	=	101-500 million pesos
Large	=	501-5000 million pesos
AAA	=	More than 5000 million pesos.

3/ Non-exporting firms are those that have no foreign trade activity, or only import merchandise and services.

Alternative sources of financing have been an extremely relevant element in the positive performance of the economy. Nevertheless, it is important to point out that the evolution of credit described above causes differences in the financing opportunities of firms —while large firms have access to stock market and external financing, small and medium sized firms mainly depend on bank credit. Therefore, the recovery of credit granted by commercial banks is favorable to the national economy.

Table 18 **Private Securities [1/]**

	December 1999	December 2000	Dec. 2000 / Dec. 1999
	Stocks in Millions of Pesos		Real Annual Change
Total	76,081	105,896	27.74
Commercial Paper	22,224	39,083	61.40
Medium Term Promissory Note	26,305	33,186	15.78
Placed in UDIs	3,519	13,144	242.77
Placed at Variable Rate	22,786	20,042	-19.27
Other [2/]	27,552	33,627	12.01

1/ Does not include debt placements abroad.
2/ Composed of mortgage-backed debentures, debentures and ordinary participation certificates.
SOURCE: Mexican Stock Exchange.

III.5.3. Flow of Funds

The flow of funds matrix summarizes the flows of financial resources among the various sectors of the economy, identifying which sectors were net suppliers and which were net users of resources during the year[16]. The following sectors are taken into consideration: a) the private sector, composed of firms, individuals and non-bank financial institutions; b) the public sector; c) the banking sector, made up of commercial banks (including their agencies abroad), development banks and Banco de México; and d) the external sector, including all agents residing abroad that make financial transactions with the Mexican economy.

Previously, variations in the public sector's financial position had been measured using its economic balance —as per the sources of financing methodology— which includes the Federal Government and public entities and enterprises. However, it is important to mention that the financing requirements of the public sector are not totally reflected in the aforementioned methodology. This is due to the fact that there are various operations carried out under the public sector's initiative that are nevertheless not registered in its economic balance, and are therefore classified as private sector operations. In this respect the following are noteworthy: i) the net indebtedness of the IPAB; and ii) the indebtedness required to finance public investment through the Pidiregas mechanism. None of these operations are included in the public sector's economic balance.

Due to the above, in the estimation of the flow of funds matrix, it is considered necessary to complement the public sector's economic balance with other items that reflect this sector's expenditure decisions. Therefore, the following items are added to

[16] For a detailed explanation of the methodology used to prepare the flow of funds matrix, see the 1998 Annual Report, Appendix 6, Banco de México, page 243.

the economic balance: "financial intermediation", the indebtedness of the IPAB and Pidiregas, concessioned highways debt restructurings, and the restructuring of commercial bank credits in UDIs. Thus, beginning with this Report, the flow of funds matrix measures changes in the public sectors' financial position through total Public Sector Borrowing Requirements (PSBR), including contingent programs[17].

The PSBR reflect the pubic sector's use of both external and domestic net financial resources. In 2000, the PSBR including contingent programs and non-recurring revenues amounted to 172.1 thousand million pesos, equivalent to 3.17 percent of GDP. Excluding non-recurring revenues, PSBR reached 185.9 thousand million pesos (3.42 percent of GDP). The resources necessary to finance the PSBR (including non-recurring revenues) were obtained from both the domestic and external markets. Net indebtedness with the external sector rose by 22.5 thousand million pesos, while the flow of net domestic financing totaled 149.6 thousand million pesos. Of the latter, the placement of 166.6 thousand million pesos of government securities and the accumulation of 81.4 thousand million pesos worth of public sector deposits in Banco de México were noteworthy components.

Following are the main conclusions that can be drawn from the matrix for 2000 (Table 19):

a) In the domestic financial market, the private sector maintained a net creditor position equivalent to 5 percent of GDP. Vis-à-vis the external financial market, this sector's net liabilities rose by the equivalent of 4.8 percent of GDP, and much of this came through foreign direct investment.

b) The consolidated banking sector obtained net domestic financing equivalent to 1.9 percent of GDP. This can be explained by the fact that the decline in bank deposits (0.7 percent of GDP) was more than offset by the amortization of public and private sectors' liabilities with banks (1.2 percent of GDP) and by banks' reduced net investment in securities (1.1 percent of GDP). The latter was due to Banco de México's issuing of BREMs worth 0.4 percent of GDP, and the smaller holdings of other securities. The resources that the banking sector obtained from the domestic market were channeled to increasing its holdings of asset abroad (0.5 percent of GDP), to the

[17] For a detailed explanation of the PSBR methodology, see Appendix 4.

accumulation of international reserves (0.4 percent of GDP) and the amortization of external liabilities (1 percent of GDP).

c) Total Public Sector Borrowing Requirements including contingent programs were equivalent to a 3.2 percent of GDP net debtor position. Of this figure, 87 percent was financed domestically, mainly via the placement of government securities. The public sector also finished with a net debtor position abroad of 0.4 percent of GDP, which was financed in the external markets by means of Pidiregas mechanisms.

d) The external sector withdrew resources from the domestic financial market equivalent to 0.2 percent of GDP. This was due to an increase in this sector's investments in the Mexican stock market (0.1 percent of GDP), which was more than offset by a decline in its holdings of bank deposit instruments (0.3 percent of GDP).

e) The total amount of financing granted to Mexican agents by the external sector was equivalent to 3.1 percent of GDP. This allowed the public sector to maintain a net debtor position of 3.2 percent of GDP, while the private sector kept a minimal net creditor position (0.1 percent of GDP).

In 2000 the private sector was a net saver in the domestic market (5 percent of GDP) and a net borrower of external resources (4.8 percent of GDP). In comparison, the public sector funded its large financing requirements mainly through the domestic market. Therefore, the savings generated in the domestic financial system were mainly channeled towards the public sector, leaving limited resources for the private sector.

Table 19

Flow of Funds Matrix of the Institutional Financial System January–December 2000 1/

Revalued flows as a percentage of GDP 2/

	Private sector residing in Mexico 3/			Public sector 4/			Banking sector 5/			External sector		
	Use of resources (Assets)	Source of resources (Liab.)	*Net Financing received*	Use of resources (Assets)	Source of resources (Liab.)	*Net Financing received*	Use of resources (Assets)	Source of resources (Liab.)	*Net Fiinancing received*	Use of resources (Assets)	Source of resources (Liab.)	*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)	6.7	1.7	**-5.0**	1.1	3.9	**2.8**	-0.8	1.2	**1.9**	-0.2		**0.2**
2. Domestic financial instruments	6.4	1.1	**-5.3**	-0.2	4.0	**4.2**	-0.7	0.0	**0.7**	-0.3		**0.3**
3. Bills and coins	0.3		**-0.3**					0.3	**0.3**			
4. Bank deposit instruments	-0.2		**0.2**	-0.2		**0.2**		-0.7	**-0.7**	-0.3		**0.3**
5. Securities issued 6/	5.4	0.4	**-5.0**		3.9	**3.9**	-0.7	0.4	**1.1**			
6. Retirement and housing funds 7/	0.9	0.7	**-0.2**		0.2	**0.2**						
7. Financing 5/	0.4	0.1	**-0.3**	0.8	-0.1	**-0.9**	-0.1	1.1	**1.2**			
8. Stock market							-0.1		**0.1**	0.1		**-0.1**
9. Other financial system items 8/		0.5	**0.5**	0.5		**-0.5**	0.0		**0.0**			
10. Change in external financial instruments (11 + 12 + 13 + 14 + 15)	-1.1	3.7	**4.8**	-0.6	-0.2	**0.4**	0.9	-1.0	**-1.9**	2.5	-0.8	**-3.3**
11. Foreign direct investment		2.3	**2.3**							2.3		**-2.3**
12. External financing		1.0	**1.0**		-0.2	**-0.2**		-1.0	**-1.0**	-0.3		**0.3**
13. Financial assets held abroad	-1.1		**1.1**	-0.6		**0.6**	0.4		**-0.4**		-1.3	**-1.3**
14. Banco de México's international reserves							0.5		**-0.5**		0.5	**0.5**
15. Errors and omissions (Balance of Payments)		0.4	**0.4**							0.4		**-0.4**
16. Statistical discrepancy 9/		0.1	**0.1**							0.1		**-0.1**
17. Total change in financial instruments (1+ 10 +16)	5.6	5.5	**-0.1**	0.5	3.7	**3.2**	0.1	0.1	**0.0**	2.3	-0.8	**-3.1** 10/

1/ Preliminary figures. The sum of the components may not coincide due to rounding off.
2/ Excludes the effect of the Mexican peso's exchange rate variations against other currencies.
3/ The private sector includes firms, individuals and non-bank financial intermediaries.
4/ The public sector includes the Federal Government, public entities and enterprises, "financial intermediation", net indebtedness of the IPAB, domestic and external indebtedness due to Pidiregas, FARAC liabilities, and the cost of restructuring bank loans in UDIs. It is the equivalent of the PSBR including contingent programs.
5/ The banking sector includes Banco de México, development and commercial banks (including the latter's agencies abroad). By definition, this sector has a net total position of zero (line 17), because these are financial intermediaries. The financial flows of the public sector were consolidated using statistics on resources and liabilities of commercial and development banks as well as Banco de México.
6/ Includes government securities, BPAs, BREMs and private securities.
7/ Includes retirement funds from ISSSTE and IMSS on deposit in Banco de México, as well as housing funds.
8/ Includes non-classified assets, real estate assets and others, as well as equity and profit and loss accounts of the banking sector.
9/ Difference between financial information and that obtained from the balance of payments.
10/ Corresponds to the current account reported in the balance of payments. A negative figure implies external financing to the domestic economy (external sector surplus), which is equivalent to Mexico's the current account deficit.

If the public sector's economic balance were used as an indicator of this sector's financial position, it would lead to a qualitatively different conclusion: it would suggest a private sector net indebtedness equivalent to 1.3 percent of GDP for the year (see Appendix 4). In other words, the analysis would underestimate the private sector's net domestic creditor position and overestimate the amount of financing it received from abroad. Therefore, the domestic economy's net indebtedness would be attributed to both the public and private sector deficits. On the other hand, using the PSBR including contingent programs as the appropriate indicator, it can be seen that the indebtedness incurred during the year 2000 was fundamentally due to the public sector.

Besides the scarcity of resources the private sector already has to face, the public sector's indebtedness also intensifies the disparity in financing opportunities for the various types of firms. While large firms have access to external financing, small and medium sized firms enterprises depend on credit available in the domestic markets.

III.5.4. The Stock Market

In 2000, the Mexican stock market was highly volatile. To a great extent this was the result of instability in the international financial markets. By the close of 2000 the Mexican Stock Exchange Index (*Indice de Precios y Cotizaciones de la Bolsa Mexicana de Valores,* IPC) had accumulated a nominal contraction of 20.7 percent compared to its level at year-end 1999. This was equivalent to a decline of 27.2 percent in real terms and 21.2 percent in dollar terms (Chart 20).

Regarding the performance of stock prices by industry group, the extractive, construction and transportation indexes posted falls of 50.6, 37.4 and 28.7 percent in real terms, respectively (Table 20). The service sector was the only one where yields increased in real terms —equity prices rose 6.8 percent compared to their level at year-end 1999.

Table 20 **Performance of the Mexican Stock Market Index (IPC)**

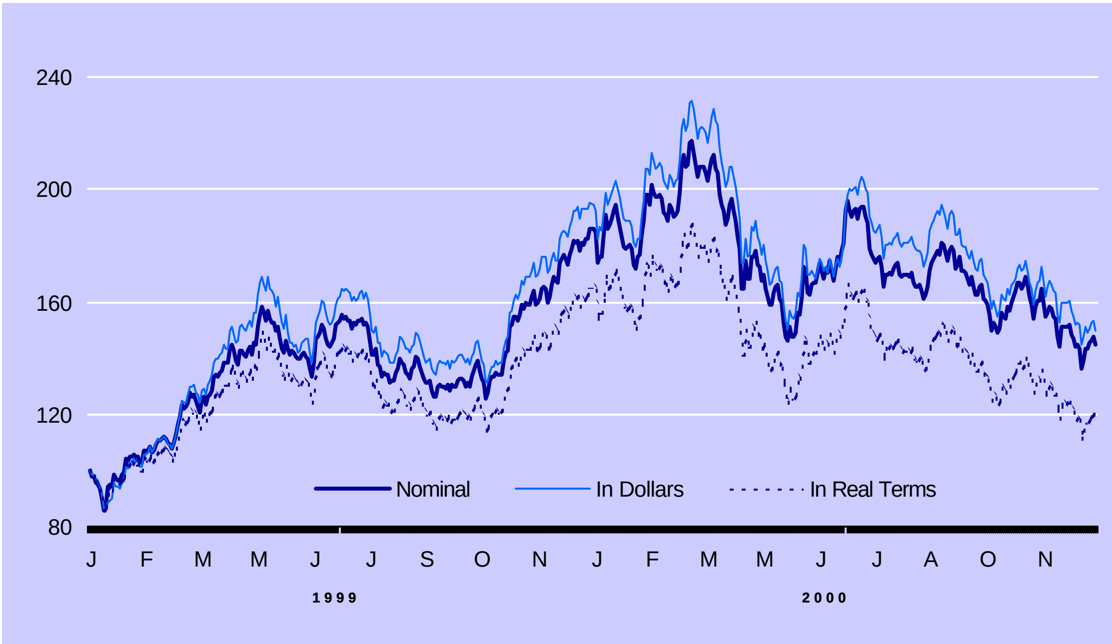
By sector of economic activity

	Real Percentage Change		
	From Dec. 1997 to Dec. 1998	From Dec. 1998 to Dec. 1999	From Dec. 1999 to Dec. 2000
General Index (IPC)	-36.2	60.3	-27.2
Extractive Industry	-25.3	26.1	-50.6
Manufacturing Industry	-30.6	1.6	-28.7
Construction Industry	-50.6	68.8	-37.4
Commerce Sector	-43.0	35.7	-16.4
Communication and Transportation	-18.4	100.1	-24.5
Service Sector	-50.4	92.4	6.8
Other 1/	-46.8	24.4	-53.4

1/ Includes mainly holding companies.
SOURCE: Mexican Stock Exchange.

Chart 20 **Evolution of the Mexican Stock Market**

January 4th, 1999 = 100



Although robust economic growth characterized both the external and domestic environments in 2000, the international financial markets remained highly volatile. This can be explained by the uncertainty associated with the following: i) inflationary pressures derived from the strength of the United States' economy and the speed with which it would later decelerate; and ii) changes in the Federal Reserve's monetary policy stance. As a result, most of the main stock exchanges contracted significantly (Table 21).

During 2000, the Mexican Stock Exchange showed a very close and positive relationship with the NASDAQ stock market[18]. Thus, the 38.8 percent contraction in annual terms suffered by the latter index at the close of December 2000 and its marked volatility during the year had a negative effect on the Mexican Stock Exchange (Chart 21). The relationship between the two indexes became more obvious in the period from March 27th to May 26th 2000, when the NASDAQ and the IPC —measured in dollars—

[18] Following are some of the hypotheses that have been put forward to explain this correlation: a) inasmuch as the NASDAQ index reflects the public's expectations for medium term economic growth in the United States, an increase in this index has a positive influence on those economies that are closely linked to that country; b) the enormous importance of telephone and other communication companies in emerging countries' stock markets; and c) movements in the NASDAQ index have affected investors' risk perceptions and thereby the prices of equity instruments that bear risks similar to this index.

dropped by 35.4 and 32.7 percent, respectively. Nevertheless, towards the end of 2000, the IPC posted better results.

Table 21 **International Stock Market Indexes**

	Stock Indexes			Yield in Dollars	
	1998	1999	2000	1999	2000
United States					
Dow	9,181.4	11,452.9	10,786.9	24.7%	-5.8%
NASDAQ	2,192.7	4,036.9	2,470.5	84.1%	-38.8%
SP 500	1,229.2	1,469.3	1,320.3	19.5%	-10.1%
Canada	6,485.9	8,406.1	8,933.7	38.0%	3.0%
Germany	5,002.4	6,958.1	6,433.6	18.2%	-13.6%
France	3,942.7	5,958.3	5,926.4	28.4%	-7.0%
Japan	13,842.1	18,934.3	13,785.7	51.6%	-34.8%
United Kingdom	5,882.6	6,930.2	6,222.5	20.9%	-17.0%
Chile	72.5	103.8	100.0	27.8%	-11.3%
Argentina	430.1	550.5	416.8	28.0%	-24.2%
Mexico	3,959.7	7,129.9	5,652.2	87.8%	-21.2%
Brazil	6,784.3	17,091.6	15,259.3	69.2%	-17.7%
South Korea	612.4	1,028.1	504.6	77.2%	-56.0%
Hong Kong	10,048.5	16,962.1	15,095.5	68.2%	-11.3%
Singapore	1,392.7	2,479.6	1,926.8	76.3%	-25.4%

SOURCE: Bloomberg and Reuters.

Chart 21 **The Mexican Stock Exchange Index in Dollars and the NASDAQ Index**

Base: January 3rd, 2000 = 100

III.6. Inflation

In the year 2000 the National Consumer Price Index (*Indice Nacional de Precios al Consumidor,* INPC) rose 8.96 percent. The annual inflation target of less than 10 percent was thus attained by a wide margin. Thus, inflation in 2000 was the lowest of the last six years and the target was met for the second year running. In turn, annual core inflation —which reflects price trends— was 7.52 percent, 6.72 percentage points less than the figure reported for 1999.

Among the factors that account for the decline of inflation in 2000, the following are noteworthy: i) the implementation of monetary policy compatible with inflation objectives; ii) exchange rate stability; and iii) economic agents' favorable expectations about the feasibility of meeting established inflation targets.

III.6.1. Evolution of Consumer Prices in 2000

In the first few months of 2000 the annual growth rate of the INPC converged with its established target (Table 22) and annual inflation was below its target since April. During May and June, the annual growth of prices tended to stagnate, recovering its downward path in July. Inflation fell again in September to a level of 8.85 percent. However, from October on both its monthly and annual rates began to increase, reaching an annual rate of 8.96 percent in December.

Inflation is usually higher in the latter months of the year as a result of institutional policy changes, seasonal factors related to aggregate demand and a reduction in the supply of agricultural products due to weather factors. In the last quarter of 2000, the following elements had an upward impact on prices: i) warmer weather in some areas of the country led to the end of electricity subsidies; and ii) a decrease in the supply of agricultural products due to unfavorable climatic conditions and larger exports of this type of perishable goods.

In 2000, the prices of goods and services included in the basic consumer basket rose by 8.74 percent, a rate that was slightly below INPC inflation. The items that had the greatest impact on price growth of this sub-index were: gas for domestic use, gasoline, corn tortilla, bottled soft drinks, inter-city bus fares, electricity, urban bus fares, mass transit fares, pasteurized milk, beer and eggs.

Table 22 **National Consumer Price Index**

Percentage change

Month	2000 Monthly	Accumulated 1/	Annual 2/
January	1.34	1.34	11.02
February	0.89	2.24	10.52
March	0.55	2.81	10.11
April	0.57	3.39	9.73
May	0.37	3.78	9.48
June	0.59	4.39	9.41
July	0.39	4.80	9.12
August	0.55	5.38	9.10
September	0.73	6.15	8.85
October	0.69	6.88	8.91
November	0.86	7.79	8.87
December	1.08	8.96	8.96

1/ Change compared to December of the previous year.
2/ Change compared to the same month of the previous year.

III.6.2. Evolution of Core Inflation

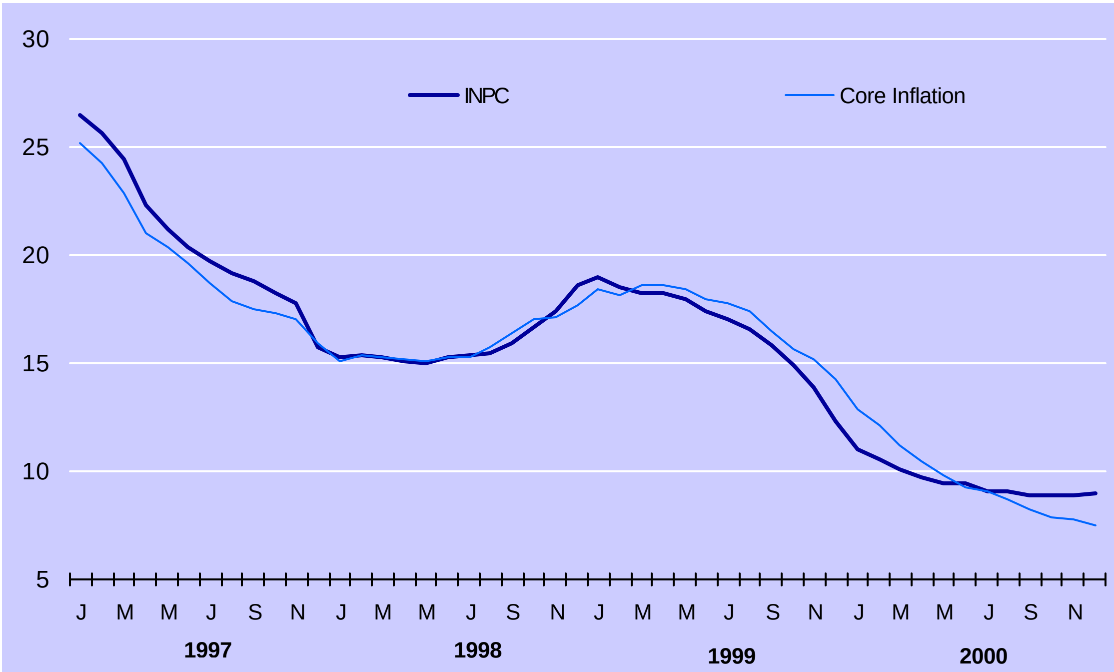
The INPC is influenced by transitory or seasonal variations in some prices. For this reason, a number of central banks use indicators for the trend of inflation. One of these is known as "core inflation." The general practice is for the core inflation index to exclude, from the basic basket of goods and services that make up the general index, those goods and services that are highly volatile and therefore not representative of changes in inflation trends. The behavior of the following price sub-indexes in Mexico has led to their exclusion from core inflation calculations: agricultural and livestock products, education, and goods and services provided or regulated by the public sector[19].

Unlike the INPC —which began to stagnate in May (Chart 22)— annual core inflation maintained a clear downward path during 2000. Thus, compared to 1999, the annual growth of the core price index decreased considerably (6.72 percentage points). Although its rate of decline weakened in the last few months of the year, from June onwards core inflation was below INPC inflation.

[19] For an explanation of the methodology used in these calculations, see the Appendix in the Inflation Report for January-March 2000.

Chart 22 **INPC and Core Inflation**

Annual percentage change



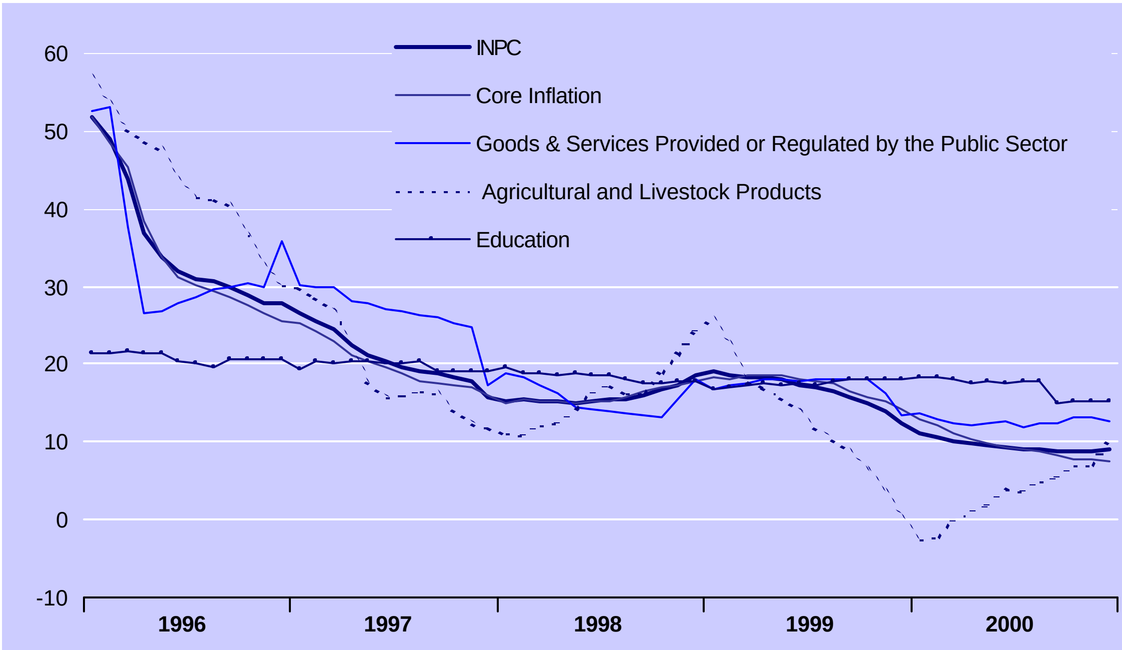
III.6.3. Variables that Affected the Behavior of Inflation

The difference between the behavior of INPC inflation and core inflation can be explained by the evolution of the price indexes that the latter indicator excludes. The price sub-indexes for education services and goods and services provided or regulated by the public sector continued to grow at annual rates above that of the INPC (Chart 23).

Monthly increases of prices for goods and services provided or regulated by the public sector began an upward trend in June and the annual rate of this sub-index was around 12.6 percent. Meanwhile, the annual growth of agricultural and livestock prices began to rise in April and reached 10.07 percent in December, after having risen 4.46 percent in that month alone. In turn, prices for education services dropped slightly in March and fell a little further from September on (Table 23); although the annual growth rate of these prices during 2000 was 15.16 percent —surpassing INPC inflation for the second year running— these prices have not yet fully recovered from the contraction suffered in 1995.

Chart 23 **INPC Inflation, Core Inflation and Complementary Sub-indexes**

Annual percentage change



The sub-index of prices for goods and services provided or regulated by the public sector has been the highest contributor to the differential between the annual growths of the INPC and the core inflation index (Table 24). Although this sub-index inflation rate (7.96 percent) remained below overall inflation, the index for prices regulated by the public sector (gasoline, gas and electricity) rose above it (18.63 percent). Among the latter, the prices of gasoline and electricity increased by 10.23 y 9.85 percent, in line with the programmed rise of 10 percent. Meanwhile, the price of gas for domestic use rose 42.96 percent, due to the fact that it is determined using international prices as a reference.

In the case of the education sub-index, changes in January and February corresponded to the beginning of the school year for higher education, while those in September to pre-school, elementary and high-school education.

Although the year 2000 was good for agriculture, exports of some of these perishable goods to the United States, particularly tomatoes, rose significantly (Table 25). As a result, the annual growth rate of this product’s prices increased 61.48 percent. Consequently, in December the price sub-index for fruits and vegetables rose at an annual rate of 20.24 percent.

Table 23 **INPC Inflation, Core Inflation and Complementary Sub-indexes**

Percentage change

Month	2000									
	INPC		Core Inflation		Provided or Regulated by the Public Sector		Agricultural and Livestock Products		Education	
	Monthly	Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual
January	1.34	11.02	1.32	12.85	1.80	13.58	0.95	-2.64	0.85	18.42
February	0.89	10.52	1.15	12.10	1.27	12.95	-1.17	-2.29	0.91	18.24
March	0.55	10.11	0.71	11.16	0.84	12.31	-0.62	-0.17	0.05	17.98
April	0.57	9.73	0.56	10.44	0.46	12.06	0.92	0.97	0.03	17.54
May	0.37	9.48	0.46	9.80	-0.68	12.49	1.49	1.82	0.41	17.69
June	0.59	9.41	0.35	9.29	0.54	12.54	2.13	3.91	0.27	17.66
July	0.39	9.12	0.35	9.05	0.65	11.92	0.28	3.66	0.19	17.71
August	0.55	9.10	0.39	8.67	1.00	12.39	0.56	4.87	1.30	17.75
September	0.73	8.85	0.39	8.26	0.84	12.41	-0.08	5.42	10.55	15.08
October	0.69	8.91	0.43	7.88	1.71	13.09	0.79	7.00	0.09	15.18
November	0.86	8.87	0.60	7.77	2.51	13.18	0.03	7.06	0.00	15.18
December	1.08	8.96	0.56	7.52	1.00	12.58	4.46	10.07	0.00	15.16

Table 24 **INPC Inflation, Core Inflation and Complementary Sub-indexes**

Percentage change

Concept	Dec. 2000 Dec. 1999	Structure of INPC Variations	
		Contribution in Percentage Points	Structure in Percent
INPC Inflation	8.96	8.96	100.00
Core Inflation	7.52	5.05	56.36
Goods	6.68	2.69	30.02
Services	8.77	2.36	26.34
Provided or Regulated Goods and Services	12.58	2.22	24.78
Provided	18.63	1.42	15.85
Regulated	7.96	0.80	8.93
Agricultural and Livestock	10.07	1.21	13.50
Fruit and Vegetables	20.24	0.95	10.60
Other Products	3.52	0.26	2.90
Education	15.16	0.48	5.36

Table 25 **Exports of Fruit and Vegetables**

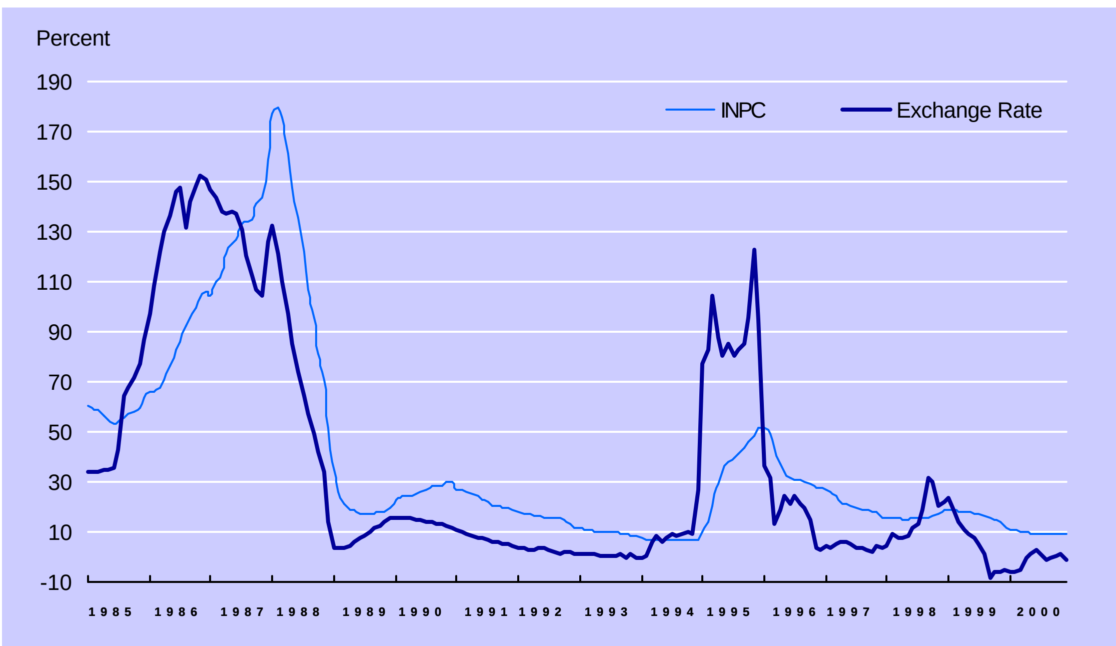
Annual percentage change in volume exported

Product	1996	1997	1998	1999	2000
Tomatoes	6.1	-9.6	11.3	-12.8	3.4
Legumes and Fresh Vegetables	-4.7	16.1	9.7	4.3	0.9
Cantaloupe and Watermelon	38.2	24.3	-10.8	51.7	-22.8
Other Fresh Fruits	7.2	15.4	12.1	-3.5	-3.7

The exchange rate is another factor that significantly influences the evolution of prices in Mexico. This impact is manifested in two ways: i) directly, due to its effect on merchandise prices, and ii) indirectly, by affecting inflation expectations, which in turn influence contract negotiations (wages, credit terms, etc.) and thereby the prices of services (Chart 24).

Chart 24 **INPC and the Exchange Rate**

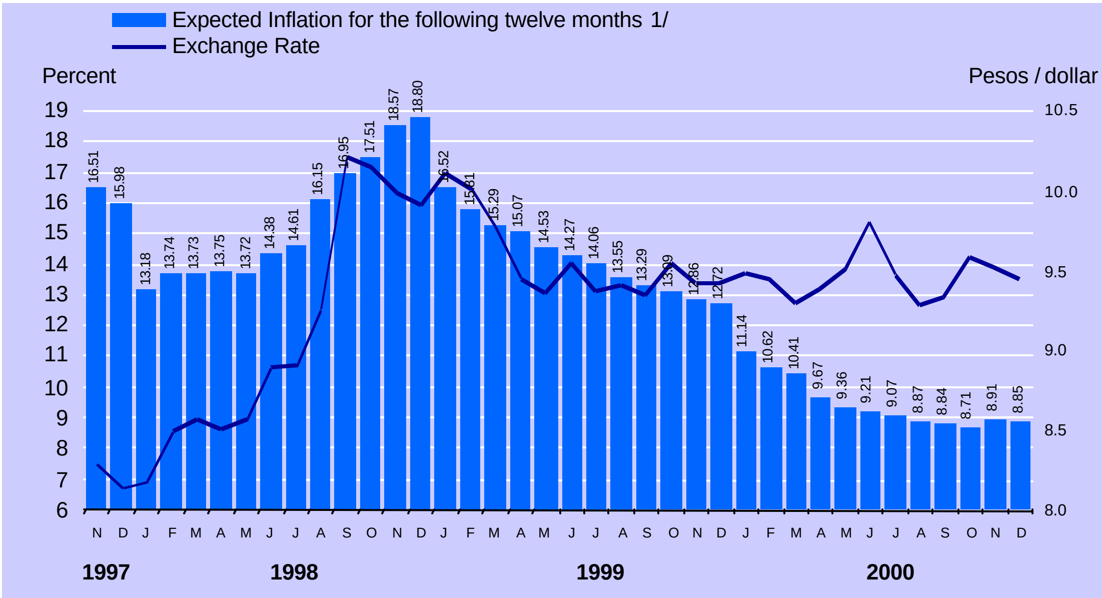
Annual percentage change



The stability of this variable observed during 2000 helped inflation expectations to be continuously revised downward throughout the year (Chart 25).

Chart 25 **Inflation Expectations and the Exchange Rate**

Annual percentage change and pesos per dollar

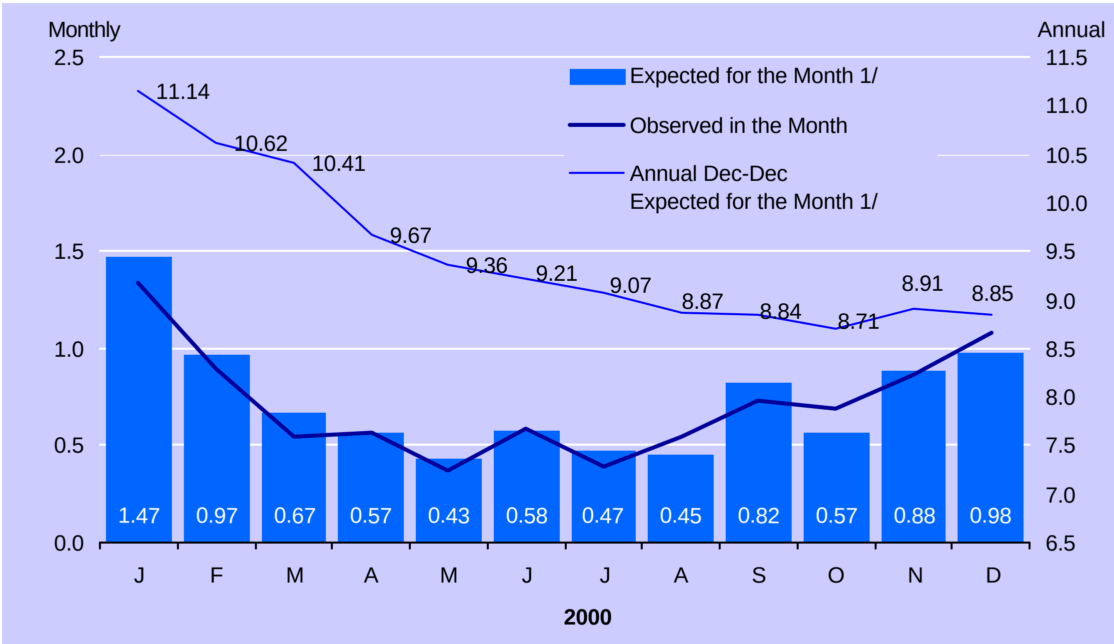


1/ According to the Survey of the Expectations of Private Sector Economic Specialists conducted by Banco de México.

The results obtained in the abatement of inflation were among the factors that contributed to the improvement observed in inflation expectations throughout 2000. The fact that monthly inflation was consistently lower than had been expected led to a gradual revision of inflation forecasts. Thus, these two factors acting together had a downward influence on inflation expectations, which dropped from 11.14 percent in January 2000 to 8.85 percent en December of the same year (Chart 26).

Chart 26 **Observed and Expected Inflation**

Percentage change



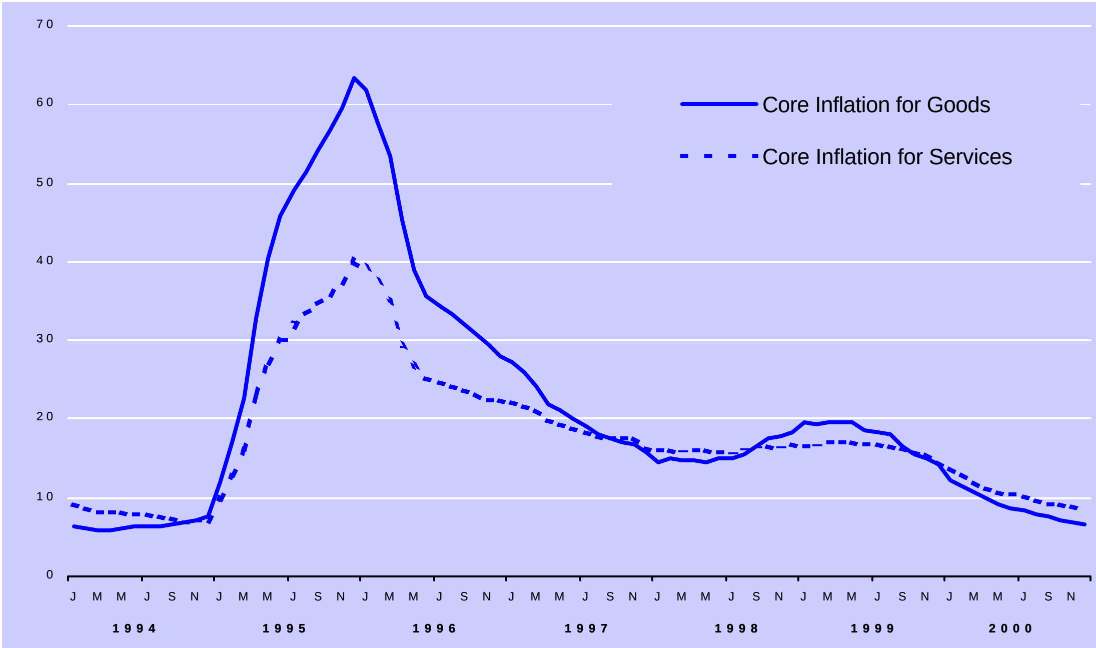
1/ According to the Survey of the Expectations of Private Sector Economic Specialists conducted by Banco de México.

In order to identify the main causes of the evolution of inflation during the period covered by this Report, it is advantageous to divide the core inflation index into two categories: goods and services. Goods are basically internationally tradable items, which means that their prices mainly respond to movements in the exchange rate. Services, on the other hand, can be considered as non-tradable, and their prices are mainly determined by wages and inflation expectations.

In 2000 the growth rate of prices for goods declined more than that for services (Chart 27). This behavior was mainly a result of the exchange rate stability. The growth rate of prices for services decreased less due to a slower correction of nominal wage increases. Thus, whereas core inflation for goods fell 7.45 percentage points from December 1999 to December 2000, that for services fell only 5.63 percentage points over the same period.

Chart 27 **Core Inflation Sub-indexes for Goods and Services**

Annual percentage change



III.6.4. National Producer Price Index

In 2000, the annual growth rate of the National Producer Price Index (*Indice Nacional de Precios Productor*, INPP) excluding oil and services was 7.38 percent. This represents a 1.28 percentage point reduction from the annual figure registered in 1999. However, annual inflation as measured by the INPP excluding oil and services leveled off during the year (Chart 28). Regarding the INPP excluding oil and including services, its annual growth rate was 8.58 percent, 3.37 percentage points less than in 1999.

The differential between the growth of the INPP including and excluding services narrowed throughout 2000 (Chart 28). This was due to the favorable behavior of prices and fares for the following services: residential and commercial telephone services, and housing and office space rents.

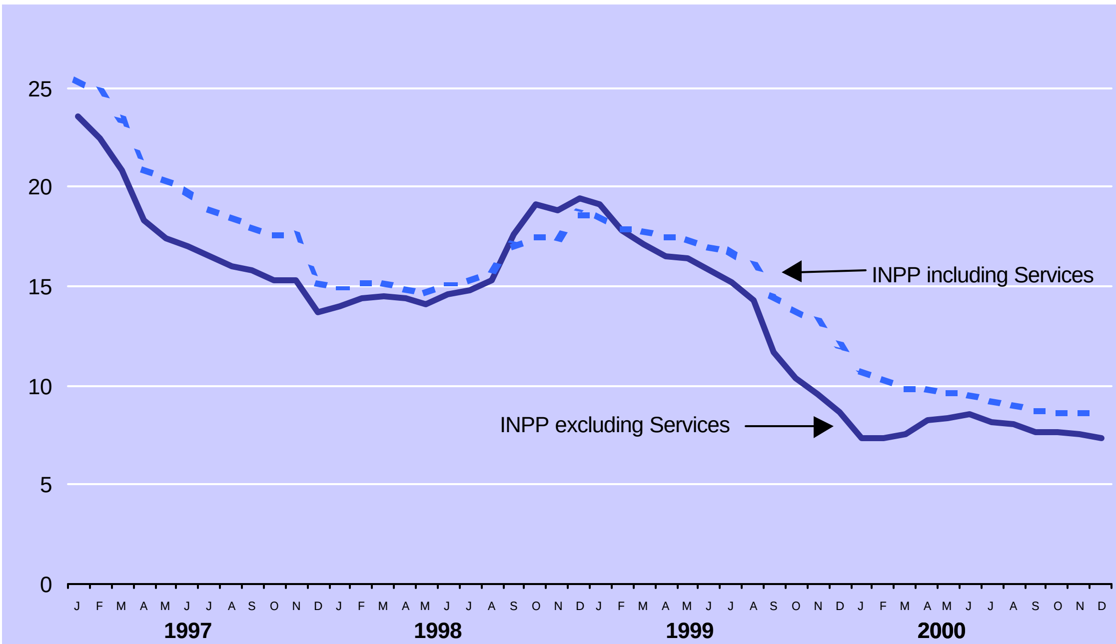
The key factors that contributed to the moderation of producer price growth in 2000 were:

a) the stability of the exchange rate, which curbed the price growth of exports; and

b) a pronounced decline in the annual rate of increase of prices for goods and services destined for domestic markets (particularly those for food, drinks, tobacco, textiles, clothing, and leather industry products).

Chart 28 **National Producer Price Index Excluding Oil**

Annual percentage change



Regarding monthly variations of the INPP excluding oil and services, the following was observed in 2000 (Chart 29):

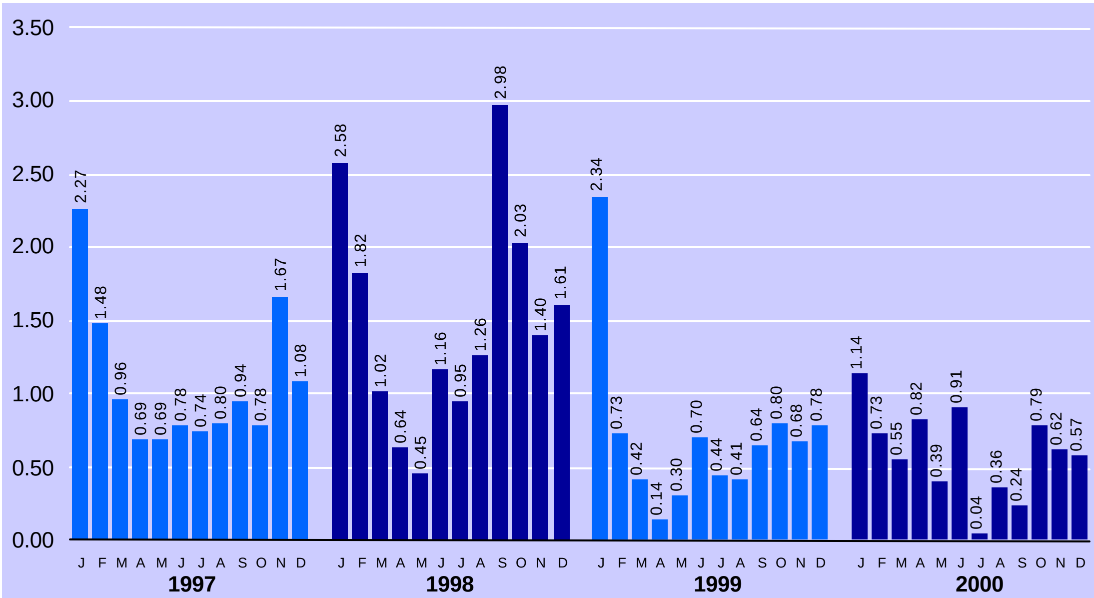
a) the highest monthly increases of the INPP were in January and June. The former was due to seasonal factors, while that of June can be explained, among other reasons, by the depreciation of the exchange rate (3.12 percent) and by price rises of some products in the primary sector (agriculture and livestock and mining);

b) in July INPP grew at the lowest rate for that month since 1980, the year in which this index began to be prepared; and

c) the lowest inflation rates since 1994 for the same periods were in the following months: January (1.14 percent), July (0.04), August (0.36), September (0.24), November (0.62) and December (0.57).

Chart 29 **National Producer Price Index Excluding Oil and Services**

Monthly percentage change



Of the annual changes in the INPP excluding oil and according to the destination of products included in the various sub-indexes, the following are noteworthy (Table 26):

a) a pronounced decline in the annual growth rate of prices of goods and services aimed at satisfying domestic demand;

b) a moderate increase in prices of exportable goods, excluding services, (3.31 percent), induced by the stability of the exchange rate and a reduction in the international prices of mining products.

c) the relative prices of services for the domestic market were 5.82 percentage points lower than those in the previous year; and

d) a rebound in the annual growth of prices for intermediate goods, excluding services, due to the impact of higher fuel prices (23.19 percent).

In 2000, the inflation of intermediate goods excluding services was 3.2 percentage points higher than that for final goods (Table 26 and Chart 30). This difference can be explained by the behavior of energy prices, of which the following price increases are noteworthy: natural gas (176.28 percent), liquid gas (41.47), aviation fuel (30.71), fuel oil (19.27) and electricity for industrial use (13.11).

Table 26 **National Producer Price Index Excluding Oil**

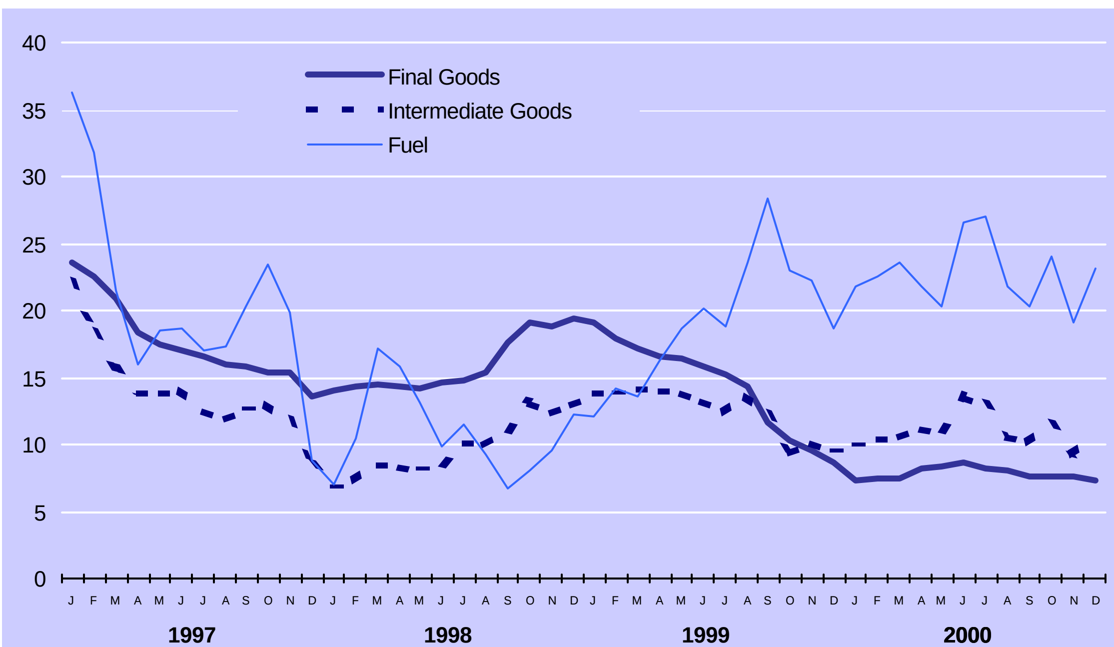
Classified by destination of goods

Annual percentage change

Item	Without Services		Services		With Services	
	1999	2000	1999	2000	1999	2000
Final Goods	8.66	7.38	14.87	9.60	11.94	8.58
Domestic Demand	9.71	7.85	15.72	9.90	12.88	8.96
Private Consumption	9.05	8.15	15.54	9.61	12.78	9.01
Public Consumption	9.78	8.35	14.95	11.92	14.61	11.70
Investment	11.07	7.22	19.42	9.60	12.59	7.68
Exports	0.36	3.31	7.08	6.64	3.94	5.07
Intermediate Goods	9.60	10.58	13.75	9.76	11.09	10.28

Chart 30 **National Producer Price Index (INPP) Excluding Oil and Services**

Annual percentage change



The following are noteworthy developments in the evolution of prices of the final goods included in the INPP without oil and services (Table 27):

a) the following branches of economic activity posted the lowest annual increases in prices: mining industry (-2.24

percent), and metallic products, machinery and equipment (1.81 percent);

b) the sectors that registered price increases larger than that of the INPP without oil and with services (chemical, oil, rubber and plastics industry; paper and paper products, printing and publishing; basic metal industries; electricity and gas; commerce, restaurants and hotels; and communal, social and personal services) account for 68.9 percent of the total growth of the aforementioned index; and

c) the manufacturing industry and the domestic goods industry (in particular food and textiles) posted annual growth rates of around 6.5 percent.

Table 27 **National Producer Price Index Excluding Oil and Including Services**

Classification by origin of final goods, at branch group level

Annual percentage change

Item	Dec. 2000 / Dec. 1999	Breakdown of Change in General Index [1/]	
		Contribution	Percentage
GENERAL INDEX	8.58	8.58	100.0
Primary Economic Sector	7.71	0.29	0.2
Agriculture, Forestry and Fishing	8.35	0.30	3.4
Mining	-2.24	-0.01	0.2
Secondary Economic Sector	7.19	2.98	34.7
Manufacturing Industry	6.57	2.06	24.1
Food, Beverages and Tobacco	6.51	0.74	8.7
Textiles, Apparel and Leather	6.37	0.13	1.5
Wood and Wood Products	6.66	0.04	0.5
Paper and Paper Products, Printing and Publishing	11.11	0.10	1.2
Chemicals, Oil, Rubber and Plastic	11.80	0.81	9.5
Non-Metallic Minerals	6.70	0.03	0.4
Basic Metal Industries	8.66	0.02	0.3
Metal Products, Machinery and Equipment	1.81	0.14	1.7
Other Manufacturing Industries	4.25	0.03	0.4
Construction	9.14	0.91	10.7
Tertiary Economic Sector	9.69	5.31	61.9
Electricity and Gas	13.09	0.15	1.8
Commerce, Restaurants and Hotels	9.80	2.21	25.7
Transportation and Communication	8.04	0.79	9.2
Real-Estate Rental	6.62	0.47	5.5
Communal, Social and Personal Services	11.90	1.69	19.7

1/ Based on the relative importance of each group in the General Index.

III.6.5. The National Index of Social-Interest Housing Construction Cost

In 2000, the National Index of Social-Interest Housing Construction Cost (*Indice Nacional del Costo de Edificación de la Vivienda de Interés Social*, INCEVIS) posted a 7.59 percent annual increase, approximately half the rate observed in 1999. Unlike a year earlier, in 2000 increases in labor costs were higher than those for construction materials (Table 28).

Table 28 **The National Index of Social-Interest Housing Cost**

Percentage change

Item	Dec. 1999 / Dec. 1998	Dec. 2000 / Dec. 1999	Contribution /1 in Percentage Points
Construction Cost Index	14.37	7.59	7.59
Construction Materials Subindex	15.45	6.92	5.85
I. Masonry	18.45	6.51	2.95
II. Metal work	4.56	7.17	0.38
III. Carpentry	13.75	7.93	0.21
IV. Hydraulic - Sanitary Equipment	12.49	8.76	0.75
V. Electrical Equipment	3.43	3.79	0.14
VI. Plaster	28.02	10.13	0.38
VII. Paint	10.68	10.30	0.24
VIII. Floors and Coverings	13.61	8.91	0.34
IX. Various	14.21	5.00	0.45
Labor Cost Subindex	8.85	11.22	1.74

1/ Based on the relative importance of each group in the overall index.

The following conclusions can be drawn from the behavior of the various components of the INCEVIS:

a) due to their relative importance, masonry construction materials helped to limit the growth of the INCEVIS, mainly because the price of ready-mix concrete —which in 1999 had increased 32.10 percent— rose by only 1.59 percent in 2000;

b) other input prices that supported the good performance of the masonry construction materials sub-index were steel reinforcements and cement; and

c) the price stability in the construction sector helped to increase the plant capacity utilization factor of companies affiliated to the Mexican Chamber of Construction, from an average of 77.8 percent between January and November 1999, to 82 percent over the same period in 2000.

From the 23 cities used in the preparation of the INCEVIS, the most pronounced price increases were registered in Acapulco, Culiacán, La Paz, Mérida and Tapachula (Table 29).

Table 29

National Index of Social-Interest Housing Construction Cost
Cities showing extreme behavior of prices

Annual percentage change

Cities with Above Average Variations	Percentage Change	Cities with Below Average Variations	Percentage Change
La Paz, B.C.S.	12.15	Puebla, Pue.	6.28
Mérida, Yuc.	11.82	Mexico City Metropolitan Area	6.34
Acapulco, Gro.	11.79	Veracruz, Ver.	7.11
Culiacán, Sin.	11.39	León, Gto.	7.31
Tapachula, Chis.	11.01	Matamoros, Tamps.	7.51

IV. Monetary and Exchange Rate Policy

IV.1. Monetary Policy

It is essential for the monetary policy of all central banks to include three fundamental aspects. Firstly, the adoption of clear operational criteria. Secondly, the flexibility to respond in a timely manner to events that could jeopardize price stability. Finally, all of the above should be accompanied by greater transparency regarding the reasons for taking monetary policy actions by means of strengthening communication with the public.

Based on the above, the Monetary Program for 2000 rests on three main elements: i) the basic operational rule of not generating either an excess or a shortage of liquidity in the money market; ii) Banco de México's power to modify its monetary policy stance in the face of any event that could endanger the attainment of inflation objectives; and iii) a greater effort to communicate with economic agents.

Over the last few years, monetary policy has been modified in order to make it more effective and transparent. This has led to a gradual convergence towards an inflation targeting regime. Under this scheme, economic agents need to know the criteria upon which Banco de México conducts its analysis of inflationary pressures and monetary conditions, as well as the short and medium term inflation targets. In its Monetary Program for 2000, the Central Bank decided to reinforce its communication with the public by publishing quarterly inflation reports and by announcing multi-annual inflation targets.

As in previous years, the instrument used by Banco de México to modify its monetary policy stance was establishing targets for the consolidated balance of the current accounts it holds for banks, also known as the "short". Typically, using or widening the "short" tends to temporarily induce higher short term interest rates. This restriction of monetary conditions allows for adjustments in inflation expectations to be made, and leads to weaker inflationary pressures.

As mentioned in previous Annual Reports and other documents published by Banco de México, monetary policy affects aggregate demand and other determinants of inflation through different channels and with a certain lag. For this reason, expectations about inflation and other variables are of utmost importance in the identification of inflationary pressures. To this end, in 2000 Banco de México continued to monitor the behavior of economic agents' inflation expectations. Analysis of the various factors that can reflect inflationary pressures over the medium term is also a basic element in the decisions taken by the Central Bank to abate inflation.

IV.1.1. Main Elements of the Monetary Program

The Monetary Program for 2000 established an annual inflation target of less than 10 percent. This target was in line with the medium term objective —announced in January 1999— of attaining an inflation rate similar to that observed in the economies of Mexico's main trading partners by the end of 2003.

The three main elements upon which the Monetary Program for 2000 was based were as follows:

Firstly, as in previous years, the Central Bank was committed to not generating either an excess or a shortage of monetary base. This operational rule means Banco de México supplies primary money on a daily basis at prevailing market rates, so as to meet the demand for it. The Monetary Authority corrects any liquidity imbalances caused by errors in the daily estimates of the demand for monetary base. In operational terms, this rule is tantamount to saying that in conducting open market operations, Banco de México will maintain a zero target for the consolidated balance of banks' current accounts held at the Central Bank. This also implies that Banco de México must sterilize the monetary impact stemming from changes in net international assets and from transactions conducted by the Federal Treasury in its accounts with the Central Institution.

The second element of the Monetary Program is that Banco de México reserves the right to discretionally adjust its monetary policy stance, particularly to make it more restrictive when necessary.

A negative accumulated balances objective —in other words, a "short"— signals the Central Bank's intention not to provide banks with all the resources demanded at market interest rates. This type of action by Banco de México compels some or various credit institutions to obtain some of the resources they require by generating overdrafts in their current accounts. This, independently of other influences, induces higher interest rates.

The latter signals the market that Banco de México has adopted a restrictive monetary policy stance.

Following are the circumstances under which the Central Institution would apply the "short":

a) when inflationary pressures are detected that are incompatible with established inflation objectives;

b) when external shocks arise, the Central Bank must contain their indirect effects on the general price level. On occasion, it also acts to partly offset the direct inflationary impact caused by movements in key prices. The implicit purpose of this policy is to limit the impact of changes in relative prices on the INPC, raising the level of the latter but avoiding a deterioration of inflation expectations;

c) when it is necessary to restore order in the money and foreign exchange markets; and

d) when inflation expectations deviate to a considerable extent from the inflation target.

The "short" has proven to be very effective in distributing the effects of external shocks between the exchange rate and interest rates. It has also made a significant contribution to the disinflation process since both nominal and real interest rates have reacted quickly to modifications in the level of this instrument and to deviations of anticipated inflation rates from the established target[20].

In addition, the implementation of the "short", through its effects on real interest rates, has resulted in lower aggregate demand growth, by stimulating saving and raising the price of bank and non-bank credit.

The third element of the Monetary Program was the improvement of communication between the Central Bank and economic agents. Due to the growing number of indicators that are analyzed in order to identify possible inflationary pressures, it is important to reinforce communication between Banco de México and the public. To this end, it is the intention of the Central Bank to

[20] For a discussion on the advantages of the "short" and the effect of interest rates on aggregate demand, refer to "Considerations on the conduction of monetary policy and the passthrough mechanism in Mexico," paper prepared for the seminar *Stabilization and Monetary Policy: The International Experience*, organized by Banco de México in November 2000.

transmit the results of this analysis in a clear and timely manner and thereby provide an explanation of the monetary policy stance during the period.

As in previous years, two additional elements were incorporated into the Monetary Program for 2000. The first of these refers to the publication of the estimated daily path of the demand for base money that can complement the examination of economic conditions and outlook. The second consists of fixing quarterly limits for net domestic credit variations. These limits were established taking into account the growth forecast of the demand for monetary base and the objective established by the Exchange Commission not to let the stock of net international assets decline during the year.

IV.1.2. Implementation of the Monetary Program

During the first weeks of 2000, certain events took place that could have undermined the attainment of the inflation target for the year as well as that for the medium term. These events were as follows:

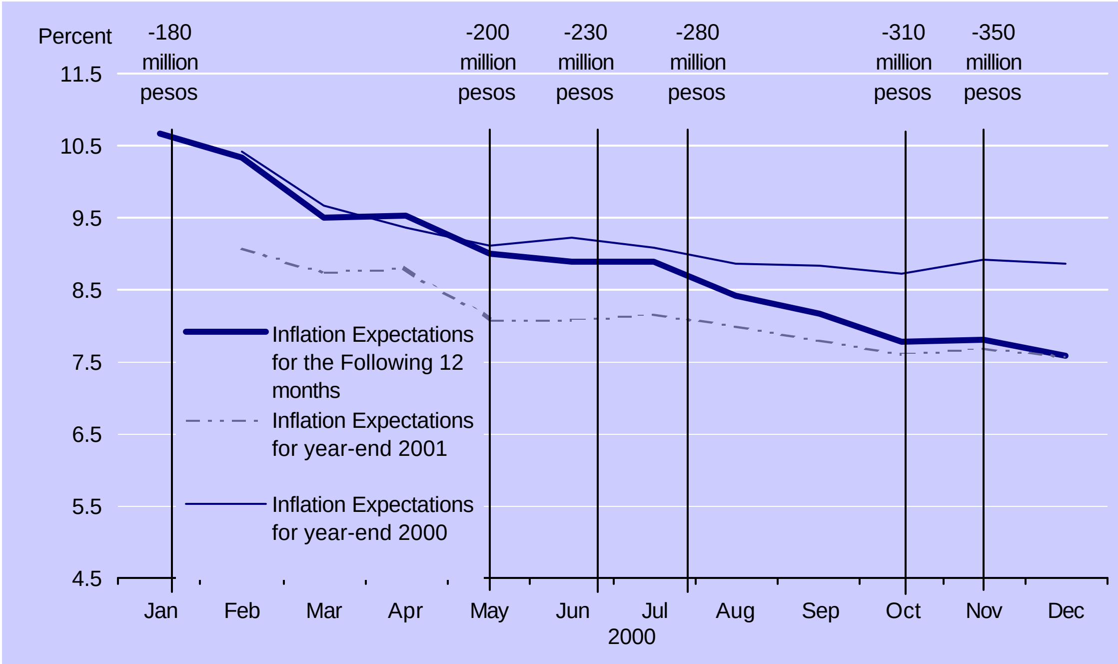
a) the inflation rate reduction observed towards the end of 1999 and in early 2000 was partly due to non-recurrent factors, such as the appreciation of the exchange rate and the fall in the prices of fruits and vegetables;

b) inflation expectations were above the target, thereby increasing the likelihood that wage negotiations taking place at the beginning of the year would not be in line with the inflation target; and

c) in the first few days of January some price increases were registered that were considered incompatible with the inflation target and that could have affected the determination of other prices as well as inflation expectations.

Faced with this situation, on January 18th the Board of Governors of Banco de México decided to tighten the restrictive monetary policy stance by widening the "short" from 160 to 180 million pesos. As soon as this measure was implemented, inflation expectations fell considerably, which in turn led to a gradual decline in interest rates (Chart 31).

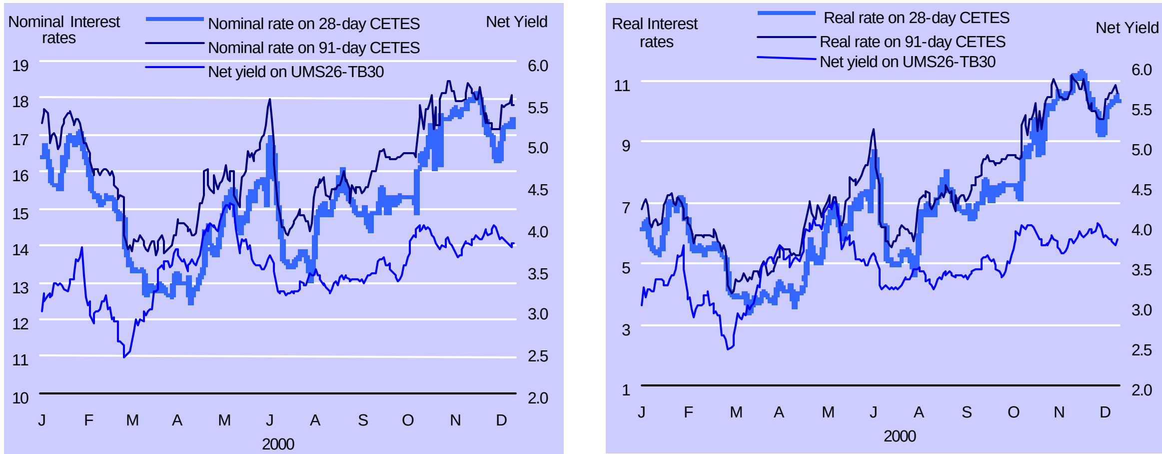
Chart 31 Inflation Expectations and Accumulated Balances Objective (“Short”)



Another aspect that made a significant contribution to the improvement of inflation expectations and to the reduction of interest rates in the first few months of the year was lower country risk perceptions. This risk is measured as the difference between the yield on UMS26 bonds placed on international financial markets by the Mexican Government and the yield on United States’ treasury bonds with similar maturity (Chart 32). Lower country risk perceptions confirm that the reduction of interest rates was not in any way a reflection of a less stringent monetary policy stance.

Chart 32 **Nominal and Real Interest Rates and Country Risk**

Percent



During the second quarter of the year some of the factors that could generate inflationary pressures intensified. In response to this, on May 16th the Board of Governors of the Central Bank decided to tighten its monetary policy stance again, widening the "short" from 180 to 200 million pesos. The most important reasons behind this measure were as follows:

a) inflation expectations for 2001 were still higher than those compatible with Banco de México's inflation target for the year 2003;

b) the vigorous expansion of aggregate demand;

c) higher prices of some fruits and vegetables; and

d) the rise in international interest rates in response to the inflationary pressures registered in industrialized nations due to robust economic growth and higher energy prices.

As a result of the above measure, inflation expectations for the following twelve months improved (Chart 31). Nevertheless, due to higher-than-expected inflation observed in the first half of June, economic agents once again revised their inflation expectations for the year 2000 upwards. This, together with the fact that the previously mentioned factors remained unchanged, led the Board of Governors of Banco de México to widen the "short" for the third time on June 26th, to 230 million pesos. The timely nature of this measure meant that both short and medium term inflation expectations recovered their downward trend. In the first week of July, once uncertainty over the election process had dissipated, there was a significant decline in nominal and real interest rates (Chart 32).

During the third quarter, aggregate demand continued to grow faster than output. In response, on July 31st the Board of Governors of Banco de México implemented, as a preemptive measure, an additional increase of the “short” to 280 million pesos. As a result, inflation expectations for the following twelve months dropped considerably (Chart 31). Interest rates increased temporarily in response to the tightening of monetary policy. However, after inflation expectations had declined, interest rates showed a slight downward trend. Notwithstanding, at the close of the third quarter real rates on both 28-day and 91-day Cetes were above their levels previous to the widening of the “short” on July 31st, by approximately 260 and 230 basis points, respectively.

Up until the middle of the year, movements in domestic real interest rates had been very similar to those of external rates, and the gap between them remained relatively constant. However, since the increase of the “short” agreed on July 31st, their movements ceased to be in parallel. The tightening of Mexico’s monetary policy was reflected by a widening of the spread between domestic and external real rates (Chart 32).

The Board of Governors of Banco de México put into practice analogous measures on two more occasions during the last quarter of 2000. On October 17th the “short” went from 280 to 310 million pesos, while the final increase took place on November 10th, to 350 million pesos. These measures were deemed necessary in order to ensure the conditions needed to achieve the inflation target of less than 6.5 percent in 2001. The increases of the “short” demonstrated Banco de México’s concern about the high inflation expectations for 2001; about possible inflationary pressures stemming from the vigorous growth of aggregate demand; and about the presence of various external factors. In particular, during the last few months of the year, forecasts for the United States’ economy in 2001 weakened significantly. At the same time, there was an increase in the risk aversion of investors in international capital markets, while financial disturbances appeared in some Latin American countries.

The restrictive measures adopted by the Central Bank at the end of the year meant that after the transitory rise of annual inflation in October, both the inflation rate and inflation expectations recovered their downward trend (Chart 31). The tightening of monetary restriction again increased the spread between domestic and external real interest rates (Chart 32).

In short, the monetary policy actions applied by Banco de México in 2000 were undertaken in order to ensure the attainment of inflation targets in the face of uncertainty over the behavior of the United States' economy, international oil prices and the expansion of domestic demand. The latter was the reason why on various occasions Banco de México advised on the need to complement its restrictive monetary policy stance with a fiscal adjustment.

Regarding the instruments that Banco de México uses to intervene in the money market, it is important to mention that since August 3rd, 2000, the Central Institution —acting under the powers granted by its Law— began to issue Monetary Regulation Bonds (*Bonos de Regulación Monetaria*, BREMs). Thus, Banco de México has its own instrument to withdraw excess liquidity from the money market. Among the main features of this instrument the following are noteworthy: i) it is a medium term instrument[21]; and ii) it pays a coupon dividend each 28 days according to the capitalization of one-day bank funding rates during the respective period. The latter allows intervention in the money market with low price-volatility in the face of changes in interest rates[22].

IV.1.3. Evolution of the Monetary Base

As inflation decreases, the short term relationship between monetary aggregates and prices becomes more uncertain. As a result, the usefulness of the monetary base to detect inflationary pressures has been reduced. In spite of this, the Board of Governors of Banco de México decided to continue publishing the annual forecast for the daily path of the demand for monetary base in the Monetary Policy Program for 2000. This was so as the aforementioned forecast may continue to serve as a general reference, despite its limitations, and complement the monitoring of monetary policy. The estimate of the demand for base money was based on the following assumptions: a real GDP annual growth rate of 4.5 percent, an annual inflation rate of no more than 10 percent, and a remonetization factor of 4.9 percent (which did

[21] In 2000 they were placed at a 3 year term, but future issues could be with different maturities.

[22] For more details see Appendix 2 of this Report.

not take into consideration the possible effects of the uncertainty caused by the Y2K problem[23]).

Although the assumptions used in the preparation of the aforementioned forecast did not fully materialize, the demand for monetary base was very similar to what had been anticipated (Chart 33). Real GDP grew at a higher rate —which led to an increase in the demand for liquidity— while inflation was lower —reducing the demand for nominal monetary stocks. These opposite effects almost offset each other completely, allowing for the observed remonetization (5.1 percent[24]) to be very similar to what had been assumed in the forecast. Thus, at year-end the monetary base stock stood at 208,943 million pesos, having deviated only 1.5 percent from the original estimate (205.900 million pesos), a result which is inside the confidence interval of ±3.07 percent established in the Monetary Program for the year.

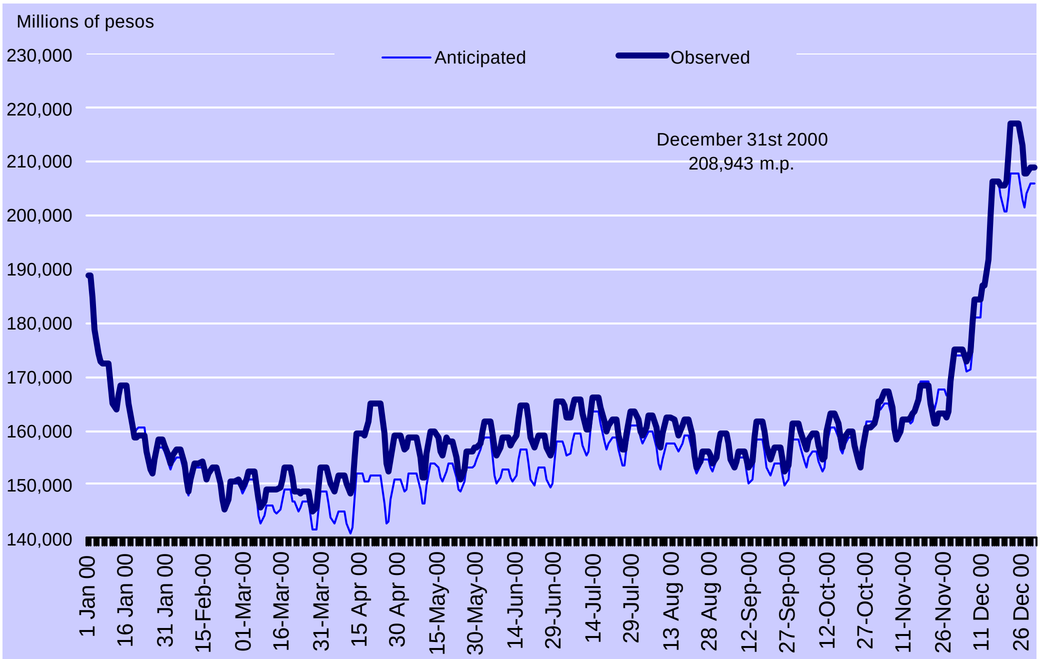
The monetary base surpassed the confidence interval of its forecasted path on three occasions in 2000 (Chart 34). The deviation that occurred in April was due to the underestimation of the seasonal demand for bills and coins spurred by the Easter vacation period. The spread between the observed and anticipated stock widened again in June. However, this gap decreased rapidly and this aggregate was within the confidence interval by July. Finally, during the third week of December there was a significant deviation from the forecast. Just as it happened in Easter, the deviation was due to an underestimation of the seasonal demand for bills and coins during the festivities at the end of the year. The latter deviation was almost completely corrected during the last week of December.

[23] See the Appendix of the Monetary Policy Program for 2000, Banco de México.

[24] Calculation based on the stock at year-end 1999 and adjusted with an estimation of the Y2K effect.

Chart 33 **Observed and Anticipated Path of Monetary Base in 2000**

Daily balances



IV.1.4. Net Domestic Credit and Net International Assets

The Monetary Program commitments were fulfilled in 2000, as net international assets did not decline and the limits established on the variation of net domestic credit were met[25]. Thus, at year-end net domestic credit had contracted by 57,152 million pesos, while the maximum limit established in the Monetary Program for 2000 allowed for an increase of up to 17,144 million pesos (Chart 35). This behavior was fundamentally due to the accumulation of 8.249 billion dollars of net international assets during the year.

[25] Net domestic credit is calculated by subtracting the accumulated variations in net international assets —measured in pesos at the exchange rate of each individual operation— from the accumulated flows of the monetary base.

Chart 34 **Deviations of the Monetary Base from the Monetary Program for 2000**

Percent

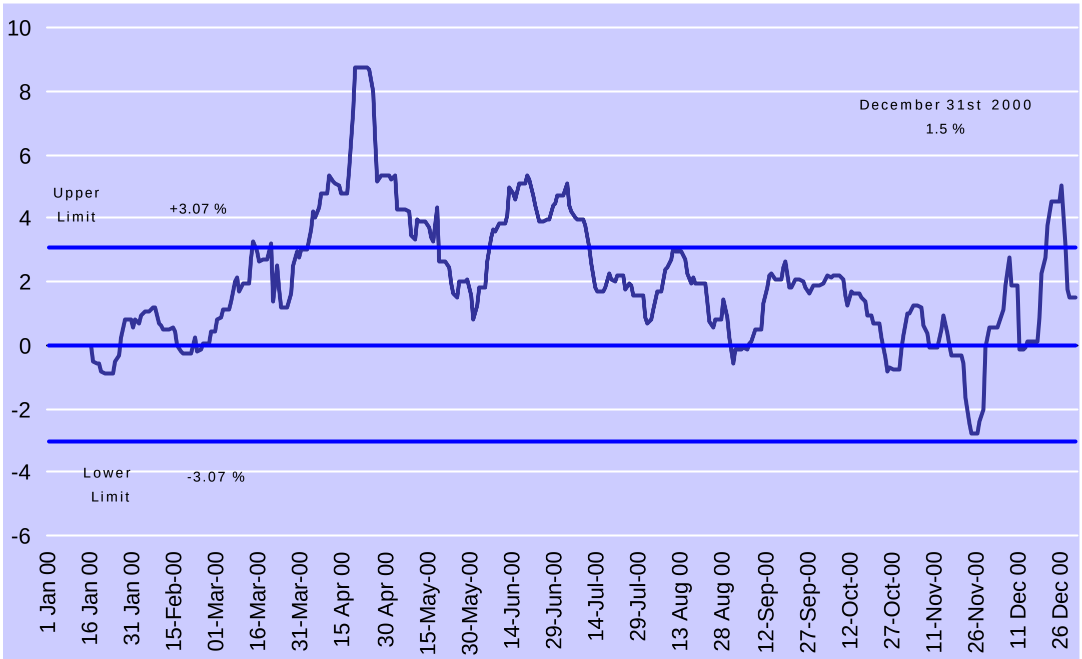
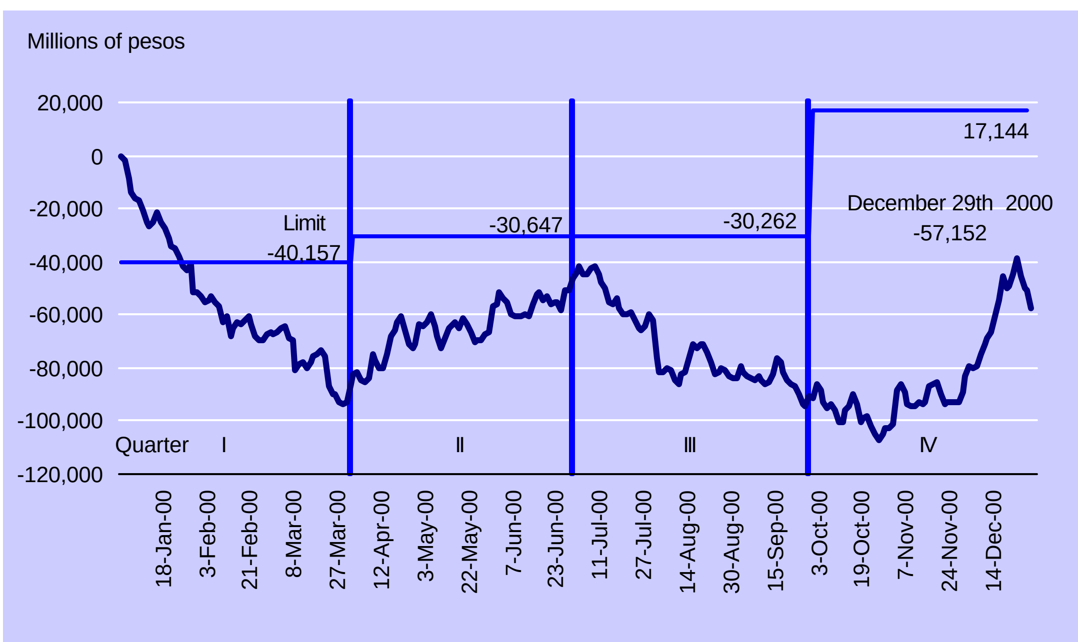


Chart 35 **Net Domestic Credit in 2000**

Accumulated flows*

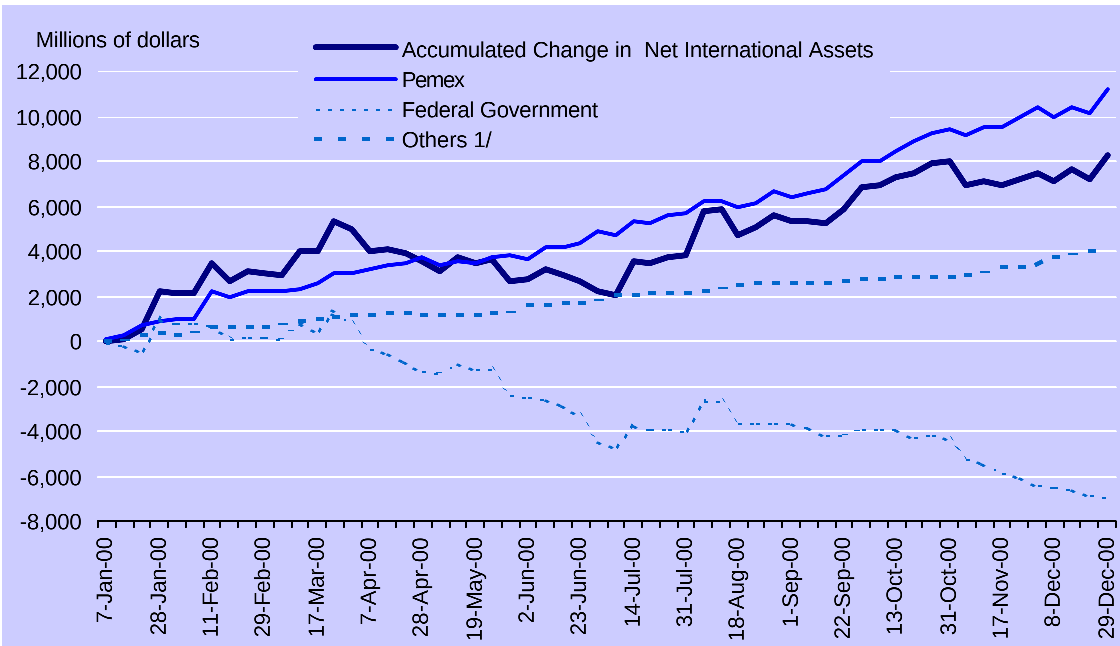


* Flows accumulated since the start of the year.

Banco de México accumulates international assets mainly through two channels: via foreign currency operations carried out vis-à-vis the Federal Government and Pemex, and via the auctioning of options to sell dollars to the Central Bank. The amount of dollar sales by Pemex to the Central Institution during 2000 are noteworthy, and result from oil revenues. On the other hand, the Federal Government made sizeable purchases of dollars in order to service its foreign debt (Chart 36).

Chart 36 **Variations in Net International Assets in 2000**

Accumulated flows

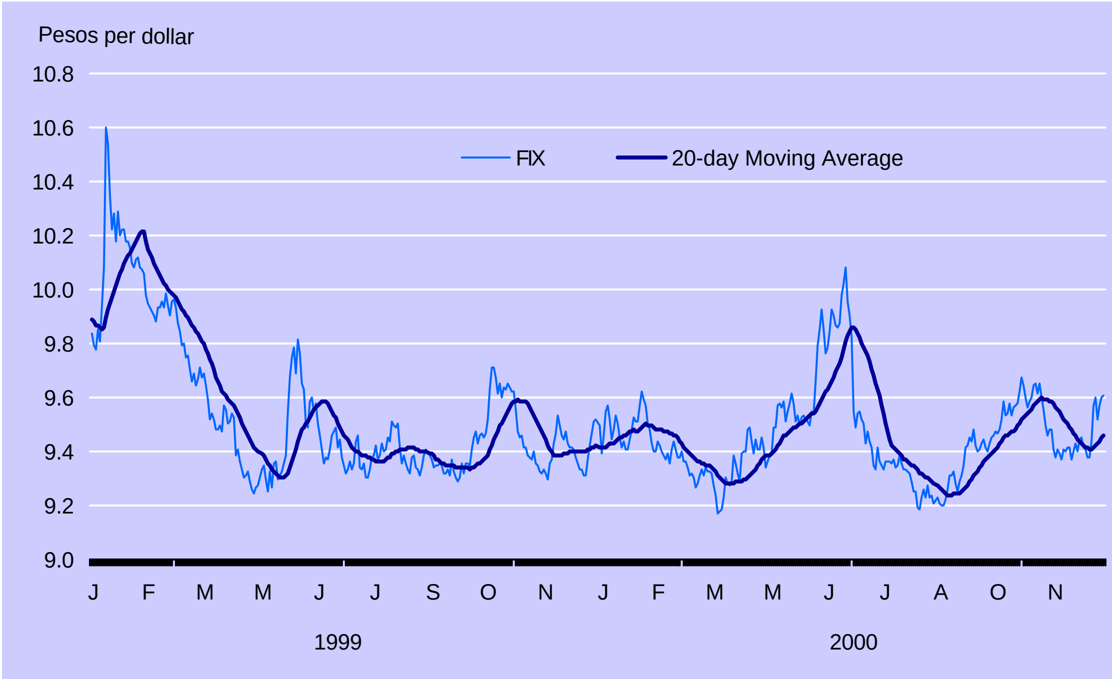


1/ Includes operations carried out vis-à-vis credit institutions as a result of options to sell dollars to the Central Bank and the automatic sale of dollars, as well as interest earned on international assets.

IV.2. Exchange Rate Policy

In the year 2000, the floating exchange rate regime allowed for the impact of various factors that generated short term uncertainty to be absorbed by temporary exchange rate fluctuations. The federal elections in the middle of the year were a clear example of this situation (Chart 37). Thus, the uncertainty associated with the election process translated into a transitory depreciation of the exchange rate followed by a gradual appreciation after the elections had taken place.

Chart 37 **Interbank Exchange Rate (FIX) and its Moving Average for the Previous 20 Business Days**



As in previous years, in 2000 the Mexican peso exchange rate volatility was very similar to that of other currencies that are also subject to a floating exchange rate regime (Table 30).

In accordance with the law, the Mexican exchange rate policy was conducted as per the guidelines established by the Exchange Commission[26]. Thus, in 2000 Banco de México participated in the foreign exchange market through two mechanisms: dollar purchases through put options, and the contingent dollar sales scheme.

Dollar purchases by Banco de México through auctions of options to sell dollars to the Central Bank were carried out in order to accumulate international reserves. This mechanism favors commercial banks' sales of dollars only when the supply of foreign exchange surpasses the demand for it, and inhibits such sales when said demand is greater than the supply of foreign currency. Furthermore, the scheme does not alter the main feature of the floating exchange rate regime, inasmuch as it does not pre-determine the level of the exchange rate.

[26] The Exchange Commission is made up of officials from the Ministry of Finance (*Secretaría de Hacienda y Crédito Público*) and Banco de México. It is in charge of determining the county's exchange rate policy.

Table 30 **Volatility of Exchange Rates against the U.S. Dollar in a Sample of Ten Countries**

Annualized volatility in percent*

	1997		1998		1999		2000			
	SEM. I	SEM. II	SEM. I	SEM. II	SEM. I	SEM. II	QTR. I	QTR II	QTR. III	QTR. IV
Mexico	**4.92**	**10.69**	**6.68**	**10.95**	**9.92**	**7.05**	**6.60**	**12.70**	**9.05**	**6.40**
New Zealand	5.88	8.61	12.45	14.95	9.54	10.09	12.35	9.89	11.37	15.59
Australia	7.65	10.29	11.91	14.93	12.09	11.88	11.07	10.17	10.73	12.84
Sweden	10.26	10.58	9.57	12.59	8.48	9.93	11.91	10.81	11.01	12.48
Canada	5.46	4.24	4.32	6.95	5.72	5.24	5.09	4.83	4.49	5.72
Italy	8.95	9.15	7.82	9.29	8.48	9.93	11.91	10.81	11.01	12.48
South Africa	5.25	4.34	5.35	23.07	12.01	5.64	8.85	9.08	7.87	11.21
United Kingdom	8.13	8.03	7.11	7.33	6.86	7.28	7.72	8.69	8.11	10.79
Japan	12.56	12.29	12.56	20.08	13.60	12.49	11.82	8.83	7.92	7.44
Germany	9.79	9.76	8.14	9.15	8.48	9.93	11.91	10.81	11.01	12.48

* Annualized volatility is defined as the standard deviation of daily variations in the exchange rate.

During the year 2000 and on a monthly basis, Banco de México auctioned 250 million dollars worth of options to sell dollars to the Central Bank. The total auctioned over the year was 3 billion dollars, of which 1.844 billion were exercised. As expected, most put options were exercised in those months when the exchange rate tended to appreciate. This is due to the fact that option holders can sell their dollars to Banco de México at the fix rate of the previous business day is said has appreciated as compared to its average over the twenty preceding business days (Table 31 and Chart 37).

Through the contingent dollar sales scheme, the Central Bank may auction off up to 200 million dollars per day to banks that present bids with an exchange rate at least two percent higher than the fix rate of the preceding business day. In 2000, the volatility of the peso exchange rate was slightly less than that observed in 1999 (Chart 38) and this translated into lower dollar sales via this mechanism. As a result, it was only on June 8th that Banco de México made a contingent dollar sale of 200 million dollars.

Table 31 **Dollar Purchases from Credit Institutions under the Options Mechanism in 2000**

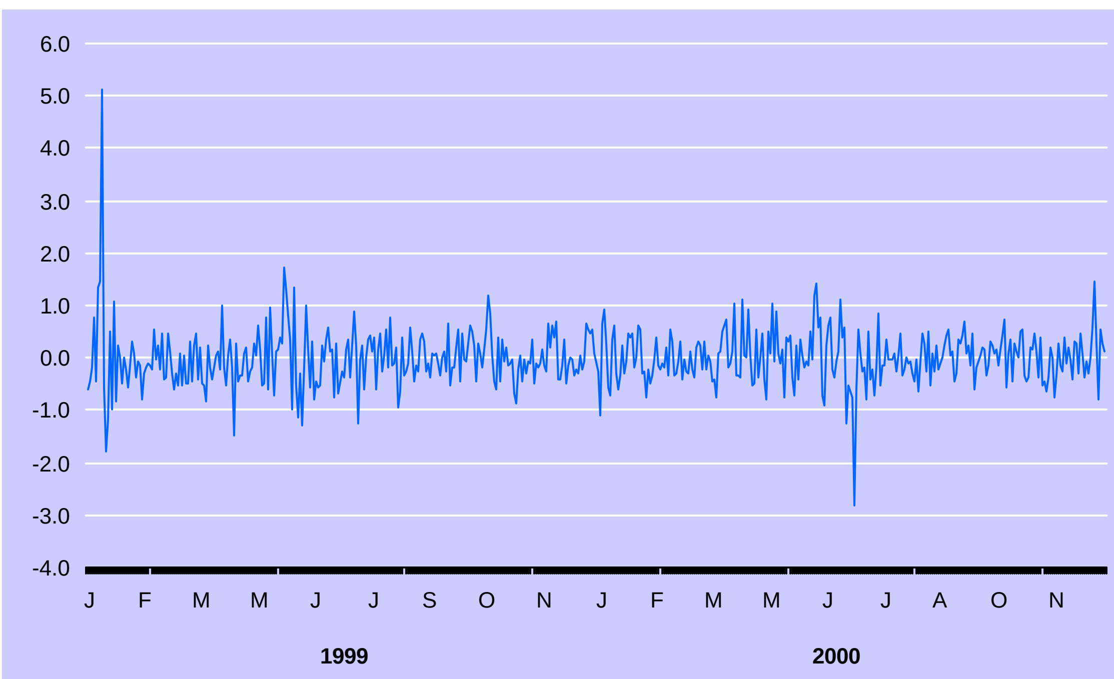
Millions of dollars

Years	Amount Auctioned	Amount Excercised
1998	2,750	1,428
1999	3,000	2,225
2000*		
January	250	242
February	250	250
March	250	250
April	250	0
May	250	180
June	250	0
July	250	250
August	250	250
September	250	0
October	250	0
November	250	250
December	250	172
TOTAL	3,000	1,844

*Figures as of December 31st, 2000.

Chart 38 **Percentage Daily Change in the Interbank Exchange Rate (FIX)**

Percent



In short, the Mexican peso exchange rate is indeed determined within a floating exchange rate regime, which allows the exchange rate to absorb some of the effects caused by external and domestic shocks. In this respect, the guidelines established by the Exchange Commission regarding the automatic mechanisms used by Banco de México to intervene in the foreign exchange market have been clearly geared towards two objectives: the accumulation of international reserves and moderating excessive exchange rate volatility. It is also important to mention that none of the aforementioned interventions have been intended to defend any specific exchange rate level.

V. Final Remarks

In 2000, for the second consecutive year, the Mexican economy experienced higher than expected growth and an inflation rate below target. This was reflected by a substantial creation of jobs and the recovery of real wages. Thus, the year's results confirm that the abatement of inflation can be compatible with economic expansion and improvements in the standard of living of the population.

The positive performance of the Mexican economy has been made possible by the implementation of prudent economic policy and a favorable international environment.

Additionally, the Mexican economy has a number of strengths. Among these, the following are worth mentioning:

a) The floating exchange rate regime and freely determined interest rates reduce the fluctuations of speculative capital flows, limit the accumulation of imbalances in the balance of payments and allow for rapid adjustments of the main financial variables when faced with external and domestic shocks.

b) The consolidation and capitalization of the financial system means that it is no longer a significant source of economic vulnerability. Advances in financial regulations and legislation have laid the foundation for a rapid recovery of bank credit.

c) The comfortable schedule of foreign public debt amortizations to be made in 2001 —which have already been covered almost completely— and the high level of international reserves will mitigate the potential impact on domestic financial markets of possible alterations in international capital markets.

d) The private, bank and non-bank sectors are currently in a better position to face changes in international financial market credit conditions.

e) A moderate current account deficit, which will mainly be financed by long term capital inflows.

Nevertheless, at year-end 2000, one of the most widely anticipated economic risks in recent years finally did come about: the slowdown of the United States' economy.

In the last quarter of 2000 the United States' economy decelerated considerably more than had been expected. Besides this, various leading indicators of economic activity suggested that economic growth in that country will most likely be less than 2 percent in 2001.

Partly as a consequence of this, international oil prices dropped suddenly in December. Likewise, in the first few months of 2001 the price of Mexican crude oil for export has remained at levels considerably below the average for the previous year.

The most recent indicators for economic activity in Mexico clearly show the aforementioned events have begun to affect the country's economic outlook. Specifically, output has weakened and Mexican exports have begun to post lower growth rates.

Some recent developments in the Mexican economy are also a cause for concern:

a) The weakening of output observed over the last few months has been sharper than that registered for domestic demand. This could in turn lead to considerable inflationary pressures and to a larger current account deficit.

b) In the first quarter of 2001 the nominal increases in contractual wages (10.2 percent on average) have been higher than the sum of foreseeable gains in labor productivity and the inflation target.

c) Inflation expectations of private sector economic agents differ considerably from the targets established for this year and the next. Although inflation expectations for year-end 2001 have declined significantly in recent months, they still remain at levels incompatible with the inflation target.

In short, the prevailing and expected deterioration of the international environment has coincided with domestic factors that, by themselves, represent the risk of future inflationary pressures. Although the aforementioned developments have not translated yet into stronger inflationary pressures, there presence is reason enough to maintain a restrictive monetary policy stance.

The challenge for Banco de México is to create the monetary conditions that will allow continued progress in the abatement of inflation. The main result of this effort must be to bring the growth of aggregate demand in line with that for output. Undoubtedly, this task would be much easier if monetary policy measures go hand in hand with a sound fiscal stance. Only in this way will it be possible to assure the conditions necessary to keep the Mexican economy on the path of vigorous economic growth and price stability.

Unfortunately, at the moment public finances show a number of structural weaknesses that have to be dealt with.

Firstly, non-oil tax revenues are low, even when compared with those collected in countries with a similar level of development. Thus, the fiscal balance has partly been underpinned by high oil revenues, to such an extent that it is vulnerable to sudden changes in the international price of this fuel.

Secondly, comprehensive accounting standards should encompass off-budget operations. Specifically, fiscal records should include operations like those related to long term infrastructure projects (Pidiregas), the obligations of the Institute for the Protection of Bank Savings, of the programs in support of debtors and the financial intermediation of development banks and official trust funds. When these items are included in an analysis of public finances, the public sector financial requirements are seen to be considerably greater. Their extent induces higher interest rates and reduces the amount of resources available to finance the private sector's productive investment projects.

Finally, there are also other obligations that could represent a burden on public finances in years to come. Among these, the following are particularly important: the indebtedness of some Mexican states; the contingencies that various pension funds —managed by the federal and state governments— might be confronted with; and those of some public enterprises and universities.

For that reason, a comprehensive fiscal reform to strengthen public finances is indispensable.

A fiscal reform could cause a transitory deviation of prices from inflation targets in the short term. In these circumstances, the monetary authority would take immediate action to offset any secondary effects on prices and allow inflation to rapidly recover a path compatible with the medium term target. Once the possible short-term adjustment in inflation expectations that could arise from the implementation of the reform have been contained, the inflation abatement process would be reinforced by the stronger fiscal position, which would reduce the possibility of larger fiscal deficits. Consequently, even though the fiscal reform might have immediate negative effects on price growth, the viability of achieving the medium and long-term inflation targets would increase.

The need to advance in other aspects in order to further present and future possibilities of economic growth is undeniable as well. In particular, there are still many distortions in the input and product markets that discourage economic activity and restrict the ability of the productive system to adapt to changing circumstances and respond to changes in relative prices. Needless to say that in order to promote vigorous and sustained economic development it is crucial to implement structural changes that would contribute to a more efficient economy. Among these are the revision of the regulatory framework governing the energy and telecommunication sectors, as well as the continuation of efforts to strengthen and modernize the financial system.

Maintaining monetary and fiscal discipline will be instrumental in consolidating and strengthening the recently gained stability. Although progress made over the last two years was based on the attainment of fiscal goals and the prudent conduction of monetary policy, it was also influenced by a favorable international context. To preserve credibility in the implementation of macroeconomic policies, it is necessary to seek the attainment of targets proposed for 2001, even amid an adverse international environment.

Therefore, the Board of Governors of Banco de México reiterates its commitment to continue using all the instruments at its disposal in a firm and timely manner in order to attain the following objectives: an inflation rate not to exceed 6.5 percent by year-end 2001, and approximately 3 percent by 2003.

Appendixes

VI. Appendix 1

Potential GDP of the Mexican Economy

Banco de México periodically estimates the Mexican economy's potential GDP. In general terms, a country's potential GDP is defined as that which is compatible in the medium term with stable inflation or as the GDP a country can generate without causing additional inflationary pressures. Potential GDP cannot be observed directly and therefore various methodologies have been developed to estimate it, which are nevertheless subject to certain limitations.

In the case of Mexico, as in other countries that carry out potential GDP calculations, the various methodologies can lead to considerably different results, particularly over a determined period of time (a year or a quarter). However, when measured over longer periods these methodologies render similar estimations of potential GDP[27].

Methodology of Potential GDP

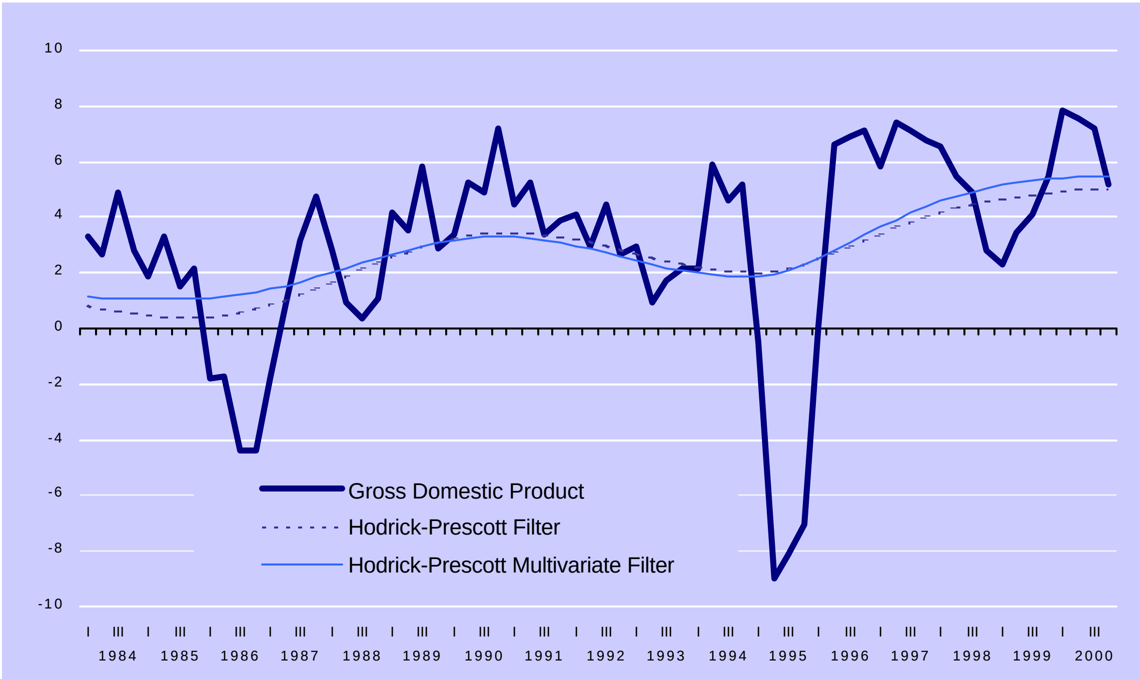
The following are the main methodologies that Banco de México has used to measure potential GDP: the Hodrick-Prescott filter; the Hodrick-Prescott recursive filter; the Hodrick-Prescott multivariate filter; segmented linear trend; auto-regressive vectors; Kalman filter; and through an aggregate output function for the overall economy.

These methodologies can be classified into the two following groups: those that are based on mathematical and statistical models, such as the Hodrick-Prescott filter, Hodrick-Prescott recursive filter and the segmented lineal trend; and those based on economic theory, such as the aggregate output function and the Hodrick-Prescott multivariate filter.

[27] If the cycles of the economy under analysis have not been too pronounced, the results obtained from the various methodologies for estimating potential GDP could be similar.

GDP and Potential GDP Estimated with the Hodrick-Prescott Filter (H-P) and the H-P Multivariate Filter

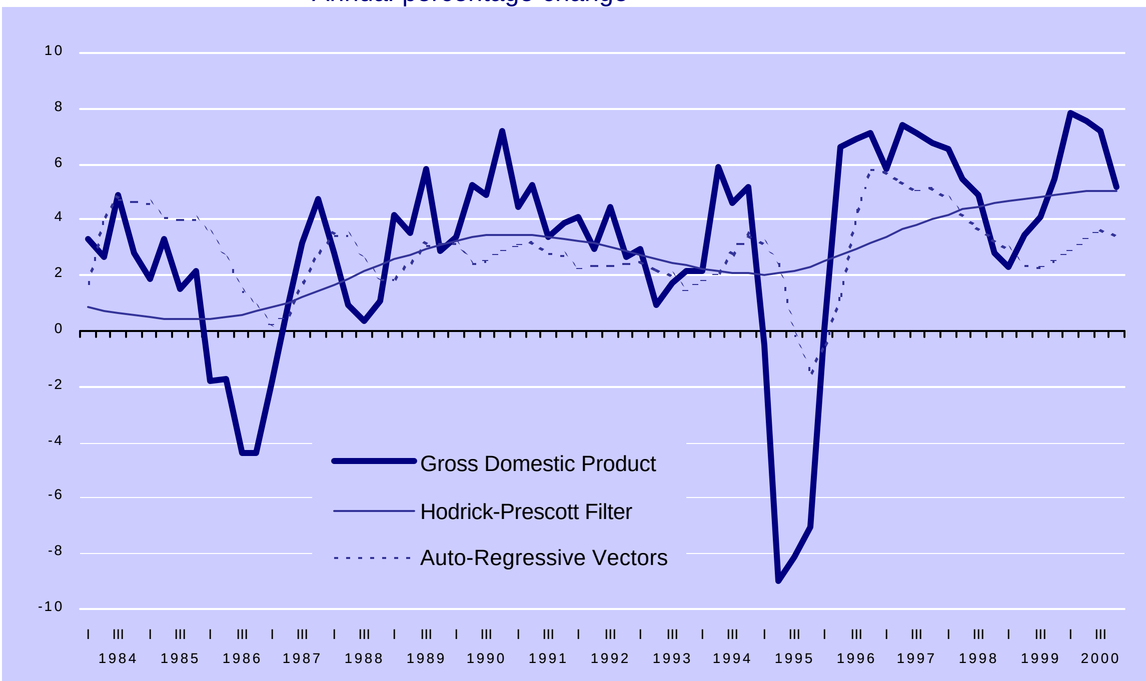
Annual percentage change



In Mexico, there are at least two factors that complicate the interpretation of potential GDP. On the one hand, a very broad structural changes process took place between the mid-eighties and the mid-nineties, which brought significant changes to the external sector (opening the domestic market, free trade agreements and the deregulation of foreign investment), as well as the resizing of the public sector and improvements in the regulatory system. Although these structural changes were expected to have a positive impact on potential GDP, some of their effects may have not materialized yet. On the other hand, all the methodologies used to estimate potential GDP use observed GDP data. In the last few decades Mexico's GDP has registered periods of low growth and even severe contraction, which have had a downward impact on the estimates of potential GDP growth rates and levels.

GDP and Potential GDP Estimated with Auto-Regressive Vectors and the Hodrick-Prescott Filter

Annual percentage change



Potential GDP and Output Gap

The difference between potential and observed GDP is known as the "output gap". If the growth of an economy's GDP is persistently higher than that of its potential GDP, a positive gap ensues eventually, and in the opposite case the result is a negative gap.

Theoretically, inflationary pressures may arise when the observed GDP level is higher than that of potential GDP, as well as deflationary pressures when the observed level is below potential GDP. These effects become more likely when differences between those two variables are persistent or long-lasting[28].

Finally, it is worth mentioning that regression models for inflation in Mexico that include the "output gap" as an independent variable show that the corresponding coefficient correlates in the expected direction and is statistically significant. In Mexico, prolonged and vigorous growth in domestic demand —that would translate into a positive output gap— tends to give rise to imbalances, particularly in the external accounts. These

[28] In general, the trend of GDP is associated with supply factors, while the output gap very frequently reflects demand factors. Thus, when observed GDP is higher than potential GDP, this is indicative of excess demand.

imbalances are accompanied by increases in the prices of non-tradable goods and can lead to considerable depreciations of the exchange rate, which in turn generate higher inflation.

VII. Appendix 2

Monetary Regulation Bonds (BREMs)

As set out in the Monetary Programs for the last few years, Banco de México's operations in the money market are designed to ensure there is neither an excess nor a lack of monetary base. Thus, the supply of primary money is adjusted so that it meets at all times to the demand for it.

In order to do so, Banco de México must offset the monetary impact of diverse operations such as: a) changes in the public's demand for bills and coins; b) withdrawals or deposits in the Federal Treasury's general account; c) foreign exchange operations; and d) credits granted to commercial banks and official trust funds.

Until July 2000, Banco de México carried out its operations in the money market with three procedures: auctioning credits and deposits; establishing obligatory deposits; and purchasing or selling Federal Government securities.

The various operations that have been carried out by Banco de México over the last few years, and in particular the sterilization of the monetary effects of international assets accumulation, has led to the Central Bank's net debtor position vis-à-vis the money market.

Nevertheless, Banco de México has repeatedly stared the benefits of having a net creditor position vis-à-vis the money market. This would enable the Central Bank to exert more influence on short-term interest rates due to the fact that such a position would force commercial banks to demand liquidity from the Central Bank to be able to balance their current accounts on a daily basis and avoid incurring an overdraft.

In its search for a daily creditor position, Banco de México has taken various measures that allow it to finance its long term debtor position and maintain a certain liquidity surplus that can be returned to the market with very short term maturities. Among these measures obligatory deposits by commercial banks in Banco de México and the sale of long term government securities are noteworthy. Since late 1998 and until July 2000, Banco de

México placed important amounts of 28 and 91 day Federal Government Development Bonds (BONDES). These securities were auctioned in the secondary market using part of the government securities Banco de México holds for monetary regulation purposes. The information on these liabilities has been published in a timely manner in the Weekly Report on Banco de México's Account Statement.

The Federal Treasury has made regular placements of BONDES, and in March 2000 the IPAB began to issue Bank Savings Protection Bonds (*Bonos de Protección al Ahorro Bancario*, BPAs) which are similar to BONDES with a rate that is revisable every 28 days. This has led to a significant increase in the supply of securities paying floating interest rates.

The rising amount of BONDES in circulation and similar securities made it clear that Banco de México needed a different instrument to remove excess liquidity from the money market. Therefore, from August 3rd, 2000, and in based on the faculties conferred upon it by its Law, Banco de México began to issue Monetary Regulation Bonds (*Bonos de Regulación Monetaria*, BREMs). Theses securities have the following characteristics: a) 100 peso nominal value; b) placed at medium term maturities[29]; c) weekly placements on the secondary market (on Thursdays, same day value); d) a coupon payment every 28 days according to the capitalization of one-day bank funding rates observed during the respective period; and e) the same operational rules and fiscal regime as those applied to government securities.

The BREMs issued have satisfied financial intermediaries' demand for securities whose prices are less volatile when responding to changes in interest rates. Although these securities mature in the medium term, their interest rates are revised on a daily basis. Therefore, they offer a lower interest rate risk that makes them more attractive to financial intermediaries.

The weekly placement of BREMs has replaced Banco de México's daily sale of BONDES. In 2000, weekly auctions of BREMs with a 3 year maturity among commercial banks totaled 1,000 million pesos.

[29] In 2000 they were placed with a 3 year maturity.

Monetary Regulation Bonds (BREMs)[1/]

Weekly Auction Results

	Maturity in days	Amount			Price			
		Offered [2/]	Placed [2/]	Demanded [2/]	Weighted Placement	Maximum	Minimum Assigned	Minimum
BREMs at 3 years								
03/Aug/2000	1092	1000	1000	6655	100.75989	101.17512	100.70000	95.48290
10/Aug/2000	1085	1000	1000	4010	101.06120	101.18424	100.95306	99.76300
17/Aug/2000	1078	1000	1000	4799	101.13316	101.25089	101.10309	100.00000
24/Aug/2000	1071	1000	1000	4869	101.09993	101.10000	101.03446	100.00000
31/Aug/2000	1064	1000	1000	3584	101.09415	101.15000	101.09100	100.00000
07/Sep/2000	1057	1000	1000	3142	101.09509	101.20000	101.04330	100.00000
14/Sep/2000	1050	1000	1000	3149	100.99425	101.00270	100.99330	100.00000
21/Sep/2000	1043	1000	1000	2699	100.75422	101.00101	100.58500	100.00000
28/Sep/2000	1092	1000	1000	4890	101.59941	102.40906	100.73081	99.50000
05/Oct/2000	1085	1000	1000	1430	100.20127	100.53431	99.25000	99.00000
12/Oct/2000	1078	1000	1000	5060	100.15965	100.31272	100.00000	98.50000
19/Oct/2000	1071	1000	1000	5165	99.80369	100.16460	99.60000	97.69355
26/Oct/2000	1064	1000	1000	3630	99.57188	99.96520	99.42000	50.00000
01/Nov/2000	1058	1000	1000	6930	99.47449	99.55941	99.39000	65.00000
09/Nov/2000	1050	1000	1000	5790	99.27508	99.51655	99.21700	95.00000
16/Nov/2000	1043	1000	1000	3480	99.49801	99.80000	99.39000	77.00000
23/Nov/2000	1036	1000	1000	3750	99.52929	99.62267	99.48980	75.00000
30/Nov/2000	1092	1000	1000	5880	99.64516	99.70001	99.59000	75.00000
07/Dec/2000	1085	1000	1000	5830	99.72000	99.80000	99.65000	75.00000
14/Dec/2000	1078	1000	1000	3150	99.77416	99.79520	99.75520	75.00000
21/Dec/2000	1071	1000	1000	2850	99.38112	99.45000	99.00000	75.00000
28/Dec/2000	1064	1000	1000	3950	99.27928	99.44000	99.19913	75.00000

1/ In accordance with articles 7 section VI, and 17 and 46 section VI of Banco de México's Law, and articles 6, 7 and 12 of its Internal Bylaws, the Central Bank issues Monetary Regulation Bonds to regulate liquidity in the money market and facilitate the conduction of monetary policy.

2/ Millions of pesos.

VIII. Appendix 3

Mexico's Relationship with International Financial Organizations

The International Monetary Fund (IMF)

Mexico has been a member of the International Monetary Fund since it was founded in 1944. Mexico's quota amounts to 2,585.8 million Special Drawing Rights (SDR)[30/], representing 1.22 percent of the IMF's total. The amount of the quota determines each county's access to IMF resources.

On November 30th, 2000, the Drawing Rights Agreement, granted to Mexico by the IMF in July 1999, came to an end. This credit was part of the Financial Strengthening Program prepared in order to promote a climate of confidence in domestic financial markets, enhance the ability of the national economy to deal with abrupt changes in the international environment, and encourage an orderly transition into the following administration.

In 2000, Mexico enjoyed improved access to international capital markets and a more favorable schedule of public sector external debt maturities. In addition, the vigorous growth of non-oil exports, the satisfactory level of Banco de México's net international assets and the granting of investment grade to the Mexican sovereign debt by Moody's encouraged a growing number of investors to participate in the Mexican economy's development.

All of the above helped towards the anticipated total settlement of the debt with the International Monetary Fund on August 30th, 2000, when the outstanding balance was 2,293 million SDR, approximately 3 billion dollars. Originally these liabilities were to mature between September 2000 and March 2005. It is worth mentioning that this advance payment did not affect Banco de México's net international assets and that public budgetary resources were not used to that end. This amortization has improved the schedule of external debt payments that will mature in the second half of the current six-year presidential term.

[30/] On December 29th, 2000, one SDR was equivalent to 1.30291 U.S. dollars.

Movements and Balance of the Debt with the International Monetary Fund during 2000

(Million SDR)

	Disbursements	Amortizations	Balance
December 29, 1999			3,259.2
2000			
January		161.2	3,098.0
February		815.9	2,282.1
March	905.1	138.1	3,049.1
April		161.2	2,887.9
May		157.4	2,730.5
June		138.0	2,592.5
July		161.3	2,431.2
August 25		138.0	2,293.2
August 30		2,293.2	0.0

Mexico's participation in the IMF's Special Data Dissemination Standard (SDDS)

Mexico has subscribed to the IMF's Special Data Dissemination Standard (SDDS) since August 1996. The SDDS are a set of internationally accepted guidelines on the scope, frequency, timeliness and quality of economic and financial information that countries publish. They encourage immediate and fair access to information, help users of economic and financial statistics to evaluate the quality of the data disseminated, and help guarantee objectivity and integrity in compiling and publishing them.

Subscription to the SDDS is voluntary. Once enrolled, a country has to comply with the guidelines established for 21 variables, divided into four economic sectors (national accounts, public finances, financial sector and external sector), as well as population statistics. At present there are 46 countries, including Mexico, that actively participate in international capital markets and have subscribed to the standard.

During 2000, progress was made in the SDDS information system and its projects. To this end, publication of the Table of Liquidity and International Reserves was made obligatory. This provides detailed information on international reserves and financial obligations denominated in foreign currency as well as references to operations made with derivative financial instruments among others. In Mexico's case, this information is disseminated through Banco de México's Internet web page.

Since Mexico subscribed to the SDDS it has fulfilled its corresponding commitments. This has been made possible by the joint efforts of the following domestic agencies involved: the National Institute for Statistics, Geography and Information Systems (*Instituto Nacional de Estadística, Geografía e Informática*, INEGI), the Ministry of Finance and Banco de México. In recent years, these institutions have brought their dissemination systems up to international standards, thus facilitating decision-making by all information users and making the operations of public entities more transparent. In June 2000, the IMF recognized Mexico as one of the countries that has totally fulfilled SDDS requirements regarding the periodicity, timeliness and coverage of economic and financial information that it discloses.

International Bank for Reconstruction and Development (IBRD)

As of December 31st, 2000, the Mexican government held 18,804 shares of the International Bank for Reconstruction and Development's capital, giving it 1.2 percent of the voting rights and worth 2.2684 billion dollars. Of this amount, only 139 million dollars have been paid in cash; the remainder (2.1294 billion dollars) constitute callable capital, which would only be required if that organization faced a serious financial contingency.

At year-end 2000, the IBRD had 25 loans under execution in Mexico, amounting to 6.2898 billion dollars, of which 3.0655 billion had already been disbursed. During 2000, the institution approved four loans to Mexico, totaling 1.1301 billion dollars. Of this amount, 505 million dollars will be used for stabilizing the State of Mexico's finances; 404 million for strengthening the system for attending natural disasters; 218 million for maintaining federal highways; and 3.1 million for a program promoting equal opportunities between men and women.

Inter-American Development Bank (IADB)

As of December 31st, 2000, the participation of the Mexican government in the IADB's capital rose to 578,632 shares, representing 7 percent of the voting rights and worth a total of 6.9803 billion dollars. Of this amount, 232.1 million dollars had been paid in cash and the rest, 6.6813 billion were callable or contingent capital. It is worth mentioning that on December 31st, 2000, there were 20 IADB loans in execution in Mexico, totaling 4.5529 billion dollars, of which 2.062 billion had already been disbursed. During 2000, the IADB approved 4 transactions with Mexico for 1.225 billion dollars. Of the latter amount, 505 million dollars will be used to finance housing for low income population, 300 million dollars to support very small, small and medium sized companies, 250 million dollars to strengthen the financial sector and 200 million dollars to develop the job market.

Bank for International Settlements (BIS)

Banco de México has been a member of the BIS since November 1996, having subscribed 3,000 shares of that organization's third tier capital. Since then, this Central Bank has been participating actively in bimonthly meetings of central bank governors of member countries as well as in various committees and work groups within that organization.

Among the topics addressed by these meetings during 2000, the following are noteworthy: management of the external debt and the liquidity risk in emerging markets; the independence and accountability of central banks; the experience of the euro's first year; liquidity in government bond markets; the consolidation of the banking industry; considerations concerning the pro-cyclical behavior of the financial system and the use of prudential regulations to lessen the impact of economic cycles; inflation and the monetary policy framework of emerging economies.

The November 2000 meeting of the Board of Directors of the BIS took place in Mexico City, and was hosted by Banco de México.

On May 16th and 17th, 2000, the Payments Systems and Compensations Committee held its first meeting on the American Continent in Mexico City. At this event, the BIS recognized the contribution of Latin American countries and their central banks —particularly those of Mexico and Brazil— in drafting the Basic Principles of payment systems, as well as for their joint effort with the International Organization for Securities Commissions (IOSCO) regarding its recommendations about securities clearing systems.

In the area of banking, the procedures for dealing with risks, the supervision approach and the financial markets have gone through a process of significant change since June 1988, when the Basle Capital Agreement was published. As a result, in June 1999 the Basle Banking Supervision Committee released a proposal to replace the aforementioned agreement with a framework that is more sensitive to risks. During 2000, the comments received about this proposal were incorporated into a proposal for a new Basle Agreement, which was published in January 2001. The Committee will accept comments about this new proposal up until May 31st, 2001, and it will be published towards the end of the year. The new Basle Agreement will come into force in 2004.

IX. Appendix 4

Total Public-Sector Borrowing Requirements (PSBR) and Net Public Sector Debt

The PSBR measure the use of net financial resources —both domestic and external— by the public sector. Since 1977 Banco de México has calculated the PSBR and published the respective data in its Annual Reports. In this definition the following are considered as users of financial resources: the Federal Government, official financial intermediaries (development banks and official trust funds) as well as public sector enterprises and entities. Beginning with this Report, public sector contingent programs are also included in this definition. These programs represent liabilities that are guaranteed by the Federal Government and/or public enterprises, including the following: the IPAB programs, the Debtor Support Program, programs with differed expenditure impact (Pidiregas), the Trust for the Support and Rescue of Concessioned Highways (*Fideicomiso de Apoyo para el Rescate de Autopistas Concesionadas*, FARAC), and the subsidy implied by the interest rate swaps implicit in the scheme for restructuring of bank credits denominated in UDIs.

The PSBR aggregate is estimated using data obtained from the sources of financing methodology, measured in terms of accrued flows. As a result, these figures differ from those related to the public sector's economic balance published by the Ministry of Finance (SHCP), which are obtained using the public sector revenue-expenses methodology and only incorporate paid operations of the Federal Government and public sector entities and enterprises[31].

In 2000, the PSBR including contingent programs and extraordinary revenues amounted to 172.1 thousand million pesos, equivalent to 3.17 percent of GDP. Extraordinary revenues from the privatization of state owned enterprises was 3.9 thousand

[31] The Ministry of Finance reports these figures on a quarterly basis in the document entitled "Report on the Economic Situation, Public Finances and Public Debt" (*Informes sobre la Situación Económica, las Finanzas Públicas y la Deuda Pública*). Due to the aforementioned methodological reasons, PSBR measurements referred to in this section differ from those reported by the Ministry of Finance on March 13th 2001 in a set of documents entitled "New Public Finance Management" (*La Nueva Hacienda Pública*). The financing required by the public sector to cover the inflationary components of the IPAB's debt and the inflation-indexed debt are already considered by the sources of financing methodology.

million pesos. This resulted from the privatization of the South-Eastern and North-Central Airport Groups. The difference between the nominal value of the Brady Bonds cancelled in its market value was 10 thousand million pesos, which was also considered as extraordinary revenue due to the fact that it does not represent lesser use of external resources by the Federal Government. Thus, in 2000 the PSBR excluding extraordinary revenues reached 185.9 thousand million pesos (3.42 percent of GDP).

The PSBR —taking extraordinary revenues into consideration— were financed with resources from both the external and domestic markets. Net indebtedness with the external sector increased by 22.5 thousand million pesos, while the flow of domestic net financing totaled 149.6 thousand million pesos —of the latter amount, the placement of government securities for 166.6 thousand million pesos and the accumulation of public sector deposits in Banco de México for 81.4 thousand million are noteworthy.

The PSBR are also classified according to the government entities that use the resources. In particular, the economic balance includes the Federal Government and public entities and enterprises, as well as financial intermediation by development banks and official trust funds and contingent programs. At year-end 2000, the economic balance of the public sector —calculated via the sources of financing methodology and considering extraordinary revenues— posted a deficit of 94.1 thousand million pesos, equivalent to 1.73 percent of GDP. This deficit was 0.27 percentage points less than in 1999. The discrepancy between this estimate and the economic deficit obtained using the revenue-expenses methodology is mainly due to credit received by the Federal Government from *Nacional Financiera* (Nafin), a development bank. In this operation, the Federal Government obtained credit to Nafin by replacing liabilities issued by the Fideliq.

The accrued financial intermediation posted a 23 thousand million peso surplus (0.42 percent of GDP). This can be partly explained by the reduction in development banks' financing granted to the private sector that resulted from the fact that the Federal Government honored its guarantee associated with the Fideliq's liabilities and the ensuing write-offs.

Sources and Uses of Total Public Sector Borrowing Requirements in 2000[1]

Accrued flows in thousands of millions of pesos

Item	Excluding Extraordinary Rrevenues	% of GDP	Including Extraordinary Revenues	% of GDP
Sources:				
PSBR including Contingent Programs [2]	-185.9	-3.42	-172.1	-3.17
Net External Financing[3]	-32.5	-0.60	-22.5	-0.41
(billions of U.S. dollars) [4]	(-3.4)		(-2.4)	
Net Domestic Financing	-153.4	-2.82	-149.6	-2.75
Banco de México	77.5	1.43	81.4	1.50
Commercial Banks	24.4	0.45	24.4	0.45
Brokerage Firms	8.0	0.15	8.0	0.15
Government Securities [5]	-166.6	-3.07	-166.6	-3.07
Other Private Sector Financing	-96.8	-1.78	-96.8	-1.78
Uses:				
PSBR including Contingent Programs	-185.9	-3.42	-172.1	-3.17
PSBR excluding Contingent Programs [2]	-84.9	-1.56	-71.1	-1.31
Economic Balance	-107.9	-1.99	-94.1	-1.73
Federal Government	-120.2	-2.21	-106.5	-1.96
Entities and Enterprises	12.3	0.23	12.3	0.23
Financial Intermediation	23.0	0.42	23.0	0.42
Contingent Programs	-101.0	-1.86	-101.0	-1.86
Pidiregas [6]	-62.4	-1.15	-62.4	-1.15
FARAC [7]	-14.6	-0.27	-14.6	-0.27
UDIs Restructuring Programs	-4.3	-0.08	-4.3	-0.08
IPAB [8]	-26.1	-0.48	-26.1	-0.48
Debtor Support Programs [9]	6.4	0.12	6.4	0.12

1/ Deficit (-), Surplus (+).
2/ This calculation eliminates the effect of changes in the peso/U.S. dollar exchange rate, as well as changes in the exchange rate of the dollar versus other currencies.
3/ Net external financing is calculated by subtracting amortizations and changes in the stocks of financial assets from total disbursements.
4/ This figure includes both the debt directly contracted by the public sector as well as the use of other external resources originally obtained by Mexican banks' agencies abroad, among others. This definition is different than the one used in the balance of payments and external debt sections of this Report. In the latter sections, the debt of commercial banks' agencies abroad is classified as liabilities of commercial banks.
5/ Includes only securities held by the private sector. Federal government securities held by banks are included in the net financing granted by the banking system.
6/ This calculation is estimated from the amount of investment made, and therefore represents financial obligations.
7/ This figure is estimated through changes in the federal-government-guaranteed obligations of the Trust for the Support and Rescue of Concessioned Highways (FARAC).
8/ Estimates based on the change of IPAB's net liabilities as published in the Ministry of Finance's Public Debt Report.
9/ This figure is reported by commercial banks as credit granted to the Federal Government under these programs.

Contingent programs absorbed 101 thousand million pesos in 2000, an amount equivalent to 1.86 percent of GDP. According to figures published by the Ministry of Finance[32], the net liabilities of the IPAB rose from 537.3 thousand million pesos at year-end 1999 to 563.4 thousand million at year-end 2000. The Debtors Support Programs diminished by 6.4 thousand million pesos. The Ministry of Finance has not specified the total net indebtedness of Pidiregas projects. Therefore, for the purpose of PSBR measurement, the Pidiregas' financing requirements are considered as being equivalent to the amount of investment made by the private sector, which totaled 62.4 thousand million pesos in 2000. Furthermore, the debt of the FARAC rose from 90.8 thousand million pesos in 1999 to 105.4 thousand million in 2000.

[32] Calculations based on figures taken from Public Finance and Public Debt Reports for the fourth quarter of 2000.

Finally, the subsidy for the restructuring of bank credit denominated in UDIs is included, which increased by 4.3 thousand million pesos[33].

IX.1.1. Net Public Sector Debt[34]

At year-end 2000, the net broad economic debt, which includes contingent programs, was 2.36 percentage points of GDP less than the previous year's figure. This was due to reductions, as a percentage of GDP, in both the public sector debt and in that associated with the contingent programs.

At year-end 2000 the components that make up the usual definition of net public debt —the broad economic debt and that consolidated with Banco de México— were 21.74 and 21.06 percent of GDP, respectively. These figures were lower than in 1999, the broad economic debt having declined by 1.31 percentage points of GDP and that consolidated with Banco de México by 1.12 percentage points. Regarding net contingent liabilities, between year-end 1999 and year-end 2000 they decreased by 1.05 percentage points of GDP. Among the factors that had a favorable influence on these measurements of debt are the reduction of the economic deficit, the vigorous economic activity and the appreciation of the exchange rate.

At year-end 2000, the net broad economic external debt was equivalent to 12.98 percent of GDP, which represented a 3.22 percentage point contraction compared to 1999. This decrease can mainly be explained by operations to substitute domestic for external debt, and by the appreciation of the exchange rate. The Federal Government carried out prepayment operations that led to an improvement in the debt maturities schedule and a reduction in

[33] Additional indebtedness reflects the higher growth of Special Cetes that commercial banks received from the Federal Government vis-à-vis the growth of obligations denominated in UDIs maintained as assets by the Federal Government (Source: Banco de México).

[34] The Broad Net Economic Debt includes net liabilities of the Federal Government and public entities and enterprises, as well as the debt, financial assets and profits or losses of official financial intermediaries (development banks and official development trusts). Likewise, the net debt consolidated with Banco de México also includes the financial assets and liabilities of the Central Bank vis-à-vis the private sector, commercial banks and the external sector. The latter definition does not include the net financing granted by the Central Bank to the rest of the public sector nor the assets deposited by the Federal Government at the Central Bank. It is worth pointing out that due to methodological considerations (mainly because the information is taken from financing sources and is expressed in accrued terms and at market value), the definitions of public debt explained herein are not directly comparable with those presented in the Ministry of Finance's regular quarterly reports to the Mexican Congress. The calculation presented in this section adds the net liabilities of contingent programs (IPAB, Debtor Support Programs, Pidiregas, FARAC and UDIs restructuring programs) to the broad economic debt.

its balance. Among the aforementioned operations, the withdrawal of 7.097 billion dollars of Mexican Brady Bonds from the market is noteworthy. Thus, at year-end 2000, the net external public sector debt measured as a proportion of GDP reached its lowest level since 1980.

Total Net Public Sector Debt

	Thousands of Millions of Pesos		Percentage of GDP	
	Dec. 99	Dec. 00	Dec. 99	Dec. 00
	Stocks at End of Period			
Broad Economic Debt with Contingent Programs				
Total	1,853.4	2,066.0	40.39	38.03
Broad Economic Debt				
Total	1,057.7	1,180.7	23.05	21.74
External	743.5	705.2	16.20	12.98
Domestic	314.2	475.6	6.85	8.75
Consolidated with Banco de Mexico				
Total	1,017.8	1,143.9	22.18	21.06
External	483.1	367.7	10.53	6.77
Domestic	534.7	776.2	11.65	14.29

Another important action taken in terms of external debt, was the announcement of the Financial Strengthening Program 2000-2001. Its objective was to assure an orderly economic transition to the new administration through increasing credit lines with multi-lateral and official entities.

Regarding the domestic component of the broad economic debt, its year-end stock rose as a percentage of GDP from 6.85 in 1999 to 8.75 in 2000. This was due to the increased placement of public securities, a reduction in the stock of bank securities held by public trust funds, and the accumulation of Federal Government's liquid assets in Banco de México. It is worth pointing out that in 2000 the management of the domestic public debt allowed significant progress to be made in the development of the financial markets. In particular, the government began to place securities at fixed rates and denominated in pesos at 3 and 5 year maturities, in order to reduce the public sector's exposure to nominal interest rate hikes and establish a reference free of long term credit risk. It also led to increased liquidity of fixed rate securities in the secondary market via the creation of the market shapers figure. The increased participation of Cetes and fixed rate Bonds, compared to their level in 1999, in the total outstanding value of public securities was noteworthy. Although placements of securities at maturities of more than one year accounted for almost 75 percent of net domestic indebtedness, the average maturity of public securities fell from 559 days at year-end 1999 to 539 days at the close of 2000.

In 2000, the broad net economic debt including the contingent liabilities that are part of the PSBR was equivalent to 38.03 percent of GDP. This was 16.3 percentage points higher than that for the broad net economic debt. It is worth pointing out that at year-end 2000 the stock of the debt including contingent liabilities was 2.36 percentage points of GDP less than in 1999, and this was due to the significant growth of the economy in 2000, the reduction of the broad economic debt, and the partial amortization of liabilities associated with the IPAB.

Net Public Sector Debt

Stocks at end of period

	Thousands of Millions of Pesos			Percentage of GDP		
	1999	2000	Change	1999	2000	Change
a. **Broad Net Economic Debt** 1/	1,057.7	1,180.7	123.0	23.05	21.74	-1.32
b. **Contingent items**	795.7	885.2	89.5	17.34	16.30	-1.05
1. IPAB 2/	537.3	563.4	26.1	11.71	10.37	-1.34
2. FARAC 3/	90.8	105.4	14.6	1.98	1.94	-0.04
3. Restructuring Programs in UDIs 4/	30.7	34.9	4.3	0.67	0.64	-0.03
4. Direct Pidiregas 5/	98.1	149.0	50.9	2.14	2.74	0.61
5. Debtor Support Programs	39.0	32.5	-6.4	0.85	0.60	-0.25
c. **Total Public Sector Debt (a+b)**	1,853.4	2,066.0	212.6	40.39	38.03	-2.36

1/ The difference between the growth of this stock and the PSBR is due to: 1) the revaluation of debt flows in foreign currency for the PSBR; 2) the exclusion of liquid assets held by public enterprises and entities in Investment Funds; and, 3) the fact that credit granted to the private sector is considered an asset and not a deficit as occurs with "financial intermediation".
2/ Corresponds to the difference between the IPAB's gross liabilities and total assets as reported in Appendix III of the Public Debt Report for the fourth quarter of 2000.
3/ FARAC obligations guaranteed by the Federal Government.
4/ The difference between Special Cetes issued by the Federal Government and its assets denominated in UDIs.
5/ Excludes the stock of the debt associated with conditioned Pidiregas, whose investment flow in 2000 was 10.2 thousand million pesos. The stock of direct Pidiregas debt is based on investment flows capitalized at the interest rate implicit in Volume IV of the Expenditure Budget for 2001.
6/ Corresponds to credit granted by commercial banks to the Federal Government under the programs referred to.

Between year-end 1999 and year-end 2000 the net debt of the IPAB decreased by 1.34 percentage points of GDP, while that for the Debtor Support Programs did so by 0.25 percentage points. Meanwhile, the liabilities associated with the FARAC and with the net debt derived from the restructuring of bank credits denominated in UDIs rose by 14.6 and 4.3 thousand million pesos, respectively. However, their stocks measured as a percentage of GDP remained relatively stable. Finally, the debt associated with Pidiregas is estimated to have risen by 0.61 percentage points of GDP[35] between 1999 and 2000.

[35] Corresponds to the debt stock of direct Pidiregas. This stock was constructed based on annual investment flows since 1996 and capitalized at the interest rate implicit in Volume IV of the Federal Expenditure Budget for 2001. Conditioned Pidiregas have been excluded since they in order to be considered as debt payable by the Federal Government the latter would have to receive a service in return. Therefore, the Federal Government does not report amortizations and interest payments associated with these conditioned projects. Conditioned investment in 2000 was 10.2 thousand million pesos.

X. Statistical Appendix

Statistical Appendix

Statistical Appendix Contents

Basic Information

Table A 1 Summary of Selected Indicators

				2000
Social and Demographic Indicators				
Area (sq km)				1,964,375
Population (millions) 1/				97.4
Annual rate of population growth 1/				1.6
Life expectancy at birth 1/				75.3
	1997	**1998**	**1999**	**2000 p/**
Production and Prices				
Gross Domestic Product (GDP, in thousand million of pesos)	3,174	3,846	4,584	5,432
	Annual percentage change			
GDP at constant prices	6.8	4.9	3.8	6.9
National Consumer Price Index	15.72	18.61	12.32	8.96
Money and Finances				
Monetary Aggregates 2/	Real annual percentage change			
Monetary Base	12.0	1.8	27.7	1.6
M1	14.7	0.5	12.3	6.0
M4	8.8	6.1	6.1	6.0
Interest Rates 3/	Annual rates in percentage			
28-day Cetes	19.80	24.76	21.41	15.24
28-day Average Interbank Interest Rate (TIIE)	21.91	26.89	24.10	16.96
	Pesos per dollar			
Exchange Rate (end of period) 4/	8.0833	9.8650	9.5143	9.5722
Public Finances 5/	Percentage of GDP			
Economic Balance (cash flow)	-0.7	-1.2	-1.1	-1.1
Primary Balance	3.5	1.7	2.5	2.6
Net Public Debt 6/	23.0	25.5	23.1	21.7
External Sector	Percentage of GDP			
Trade Balance (includes in-bond industries)	0.2	-1.9	-1.2	-1.4
Current Account Balance	-1.9	-3.7	-3.0	-3.1
Capital Account Balance	3.9	4.1	3.0	3.1
Total External Debt	38.1	38.5	32.1	27.6
Interest Payments	3.1	3.0	2.7	2.4
	Billions of dollars			
International Reserves (stocks at end of period) 7/	28.0	30.1	30.7	33.6

1/ Estimated for 2000.
2/ End of period.
3/ Average of period
4/ Used for the settlement of liabilities denominated in foreign currency.
5/ Based on the revenue-expenses methodology.
6/ Refers to the broad economic debt, which includes the net liabilities of the Federal Government, public entities end enterprises and official financial intermediaries (development banks and trust funds). Stocks at end of period. Measured by Banco de México.
7/ Defined in Article 19 of Banco de México's Law.
p/ Preliminary.
SOURCE: Banco de México, SHCP, INEGI, CONAPO

Table A 2 Demographic and Social Indicators

	1990	1995	1997	1998	1999	2000/p
Population (millions)	81.2	91.2	93.7	94.9	96.1	97.4
Urban population 1/	71.3	73.5	74.2	74.6	75.0	74.7
Rural population 1/	28.7	26.5	25.8	25.4	25.0	25.3
Population per sq. km	41.3	46.4	47.7	48.3	48.9	49.6
Annual rate of population growth	2.0	1.8	1.7	1.6	1.8	1.6
Economically active population (millions)	34.1	35.6	38.3	39.5	39.8	n.a.
Open unemployment rate	2.7	6.3	3.7	3.2	2.5	2.3
Life expectancy at birth (years)	70.8	72.0	73.0	73.9	75.0	75.3
Fertility rate 2/	3.3	2.8	2.6	2.6	2.5	2.4
Mortality rate (per thousand)	5.1	4.5	4.3	4.2	4.1	4.0
Infant mortality rate (per thousand live births)	23.9	17.5	16.4	15.8	14.5	n.a.
Number of physicians (per 100,000 inhabitants) 3/	107.5	122.0	127.5	131.0	131.4	131.0
Number of hospital beds (per 100,000 inhabitants) 3/	75.7	72.7	74.0	75.3	75.1	75.9
Iliteracy rate for population aged 15 and over	12.6	10.6	10.4	10.4	10.2	10.0
Students per teacher (elementary school)	26.3	25.6	23.9	23.5	23.5	23.4
Population with access to potable water 1/	77.8	84.2	85.8	86.5	86.7	87.0

1/ Percentage of total population.
2/ At the end of women's reproductive life
3/ National Health System only.
p/ Preliminary.
n.a. not available.
SOURCE: Sixth Government Report 2000, Presidency of the Republic; INEGI and CONAPO.

Table A 3 Infrastructure and Natural Resources

	1990	1996	1997	1998	1999	2000/p
Roads (km)	239,235	310,591	313,604	319,792	329,532	331,635
Federal toll roads (km)	1,761	6,356	6,394	6,388	6,429	7,005
Federal non-toll roads (km)	45,743	41,014	41,411	41,653	41,765	41,943
Paved roads (km)	83,925	98,717	102,250	104,023	108,086	110,918
Railroad transportation						
Railway network (km)	23,361	26,622	26,622	26,622	26,622	26,622
Transported passengers (millions of passengers/km)	5,336	1,799	1,508	460	254	91
Commercial cargo transported (millions of tons/km)	36,417	41,723	42,442	46,873	47,273	48,916
Air Transportation						
International airports (number)	42	53	54	55	55	56
Passengers (thousands)	20,449	26,493	28,896	30,922	32,662	33,864
Cargo transported (thousands of tons)	164	285	335	388	407	422
Maritime transportation						
Number of ports (maritime and river)	85	85	107	107	108	108
Passengers (millions)	3.8	6.4	6.2	7.2	7.9	8.9
Shipping (thousands of tons loaded and unloaded)	169,139	208,581	219,653	237,380	231,440	241,115
Telephones (thousands of lines in service)	5,355	8,826	9,254	9,927	10,927	12,376
Cellular telephones (thousands of subscribers)	63.9	1,022	1,741	3,350	7,732	12,000
Telegraph service (number offices)	2,604	1,771	1,813	1,868	1,878	1,878
Postal service (locations served)	22,000	30,828	31,167	31,515	32,015	32,126
Radio stations 1/	1,045	1,325	1,342	1,351	1,369	1,410
Television stations 1/	540	545	580	584	593	663
TELEX service (installed lines)	24,718	19,625	18,915	18,765	12,280	11,536
Hotel capacity (number of rooms)	333,547	381,522	382,364	398,722	414,009	422,554
Gross generation of electric power (gigawatts/hour) 2/	122,757	160,494	170,519	184,049	202,694	216,167
Oil reserves (millions of barrels)	65,500	60,900	60,160	58,683	57,741	58,204

1/ Includes broadcasting, concessions and licenses.
2/ Includes CFE and LFC.
p/ Preliminary.
n.a. Not available.
SOURCE: Sixth Government Report 2000, Presidency of the Republic.

Table A 4 Structure of the Mexican Financial System

REGULATORY ENTITIES

MINISTRY OF FINANCE AND PUBLIC CREDIT	BANCO DE MÉXICO
NATIONAL BANKING AND SECURITIES COMMISSION	NATIONAL INSURANCE AND BONDING COMMISSION
NATIONAL COMMISSION FOR THE PROTECTION AND DEFENSE OF FINANCIAL SERVICES USERS	NATIONAL COMMISSION FOR THE RETIREMENT SAVINGS SYSTEM

FINANCIAL INSTITUTIONS

FINANCIAL GROUPS	CREDIT INSTITUTIONS	SECURITIES INSTITUTIONS	OTHER FINANCIAL INTERMEDIARIES AND CREDIT INFORMATION SOCIETIES	
28 Holding companies	48 Commercial banks (of which 18 are affiliates) 1/	Mexican Stock Exchange	61 Insurance companies	266 Credit unions
	7 development banks	25 Brokerage houses 2/	26 deposit warehouses 2/	15 bonding companies 5/
	3 development trust funds 7/	332 Investment funds	35 Leasing companies 3/	27 foreign exchange houses
	1 national savings patronage	13 investment funds specialized in retirement savings	11 Savings and loans companies	25 factoring companies 6/
			30 Limited purpose societies 4/	1 credit bureau

1/ Of which 10 are under the intervention of the National Banking and Securities Commission.
2/ Of which 2 are under the intervention of the National Banking and Securities Commission
3/ Of which 1 is under the intervention of the National Banking and Securities Commission.
4/ Of which 2 are under the intervention of the National Banking and Securities Commission.
5/ Of which 3 are under the intervention of the National Banking and Securities Commission.
6/ Of which 6 are under the intervention of the National Banking and Securities Commission.
7/ FIDEC merged with FOVI in December 1999.
As of December 2000.

Production and Employment

Table A 5 Main Indicators of Production

	1995	1996	1997	1998	1999	2000 p/
	Annual percentage change					
Gross Domestic Product	-6.2	5.1	6.8	4.9	3.8	6.9
Private Consumption	-9.5	2.2	6.5	5.4	4.3	9.5
Public Consumption	-1.3	-0.7	2.9	2.3	3.9	3.5
Private Investment	-28.2	26.7	23.5	13.8	7.9	10.2
Public Investment	-31.3	-14.8	10.1	-7.5	6.2	8.6
Exports of Goods and Services	30.2	18.2	10.7	12.1	12.4	16.0
Imports of Goods and Services	-15.0	22.9	22.7	16.6	13.8	21.4

SOURCE: Mexico's National Accounts System (INEGI) and Banco de México.
p/ Preliminary.

Table A 6 Gross Domestic Product

	Current Prices	Exchange Rate	Millions of dolllars
1992	1,125,334.3	3.094	363,662
1993	1,256,196.0	3.115	403,243
1994	1,420,159.5	3.375	420,773
1995	1,837,019.1	6.419	286,184
1996	2,525,575.0	7.599	332,337
1997	3,174,275.2	7.918	400,870
1998	3,846,349.9	9.136	421,026
1999	4,583,762.3	9.561	479,446
2000	5,432,354.8	9.456	574,514

SOURCE: Mexico's National Accounts System (INEGI) and Banco de México.

Table A 7 Aggregate Supply and Demand

1993 Prices

	Annual percentage change						Percentage of GDP	
	1995	1996	1997	1998	1999	2000	1994	2000
Aggregate Supply	-7.8	8.1	9.8	7.4	6.1	10.5	122.3	137.4
GDP	-6.2	5.1	6.8	4.9	3.8	6.9	100.0	100.0
Imports of goods and services	-15.0	22.9	22.7	16.6	13.8	21.4	22.3	37.4
Aggregate Demand	-7.8	8.1	9.8	7.4	6.1	10.5	122.3	137.4
Total Consumption	-8.4	1.8	6.0	5.0	4.2	8.7	82.8	79.3
Private	-9.5	2.2	6.5	5.4	4.3	9.5	72.0	69.5
Public	-1.3	-0.7	2.9	2.3	3.9	3.5	10.8	9.8
Total Investment	-29.0	16.4	21.0	10.3	7.7	10.0	19.3	20.5
Private	-28.2	26.7	23.5	13.8	7.9	10.2	14.3	17.8
Public	-31.3	-14.8	10.1	-7.5	6.2	8.6	4.9	2.8
Exports of goods and servicess	30.2	18.2	10.7	12.1	12.4	16.0	17.2	34.9

SOURCE: Mexico's National Accounts System (INEGI).

Table A 8 Financing of Investment with Domestic and External Saving

Percentage of GDP at current prices

Item	1994	1995	1996	1997	1998	1999	2000
Gross Fixed Capital Formation	19.4	16.2	17.9	19.5	20.9	21.2	20.9
Financed with External Saving	7.1	0.5	0.7	1.9	3.8	3.0	3.1
Financed with Domestic Saving	12.3	15.6	17.1	17.7	17.1	18.2	17.8

* Preliminary.
SOURCE: Figure on gross fixed capital formation obtained from Mexico's National Accounts System (INEGI).
NOTES: External saving is equivalent to the current account of the balance of payments at current prices.
It is important to note that this calculation can be slightly inaccurate due to the fact that part of external saving could have been used to finance inventory accumulation.

Table A 9 Growth Rates of Gross Domestic Product

1993 Prices

	Annual percentage change										Percentage of GDP	
	1991	1992	1993	1994	1995	1996	1997	1998	1999 /p	2000 /p	1994	2000 /p
Gross Domestic Product	4.2	3.5	1.9	4.5	-6.2	5.1	6.8	4.9	3.8	6.9	100.0	100.0
Agriculture, livestock, forestry and fishery	2.2	-2.2	2.9	0.9	0.9	3.6	0.2	0.8	3.5	3.4	5.6	5.1
Industrial sector	3.4	4.4	0.3	4.8	-7.8	10.1	9.3	6.3	4.2	6.6	24.8	26.4
Mining	1.0	1.3	1.8	2.5	-2.7	8.1	4.5	2.7	-2.1	4.0	1.3	1.2
Manufacturing industry	3.4	4.2	-0.7	4.1	-4.9	10.8	9.9	7.4	4.2	7.1	17.5	19.7
Construction	4.9	6.7	3.0	8.4	-23.5	9.8	9.3	4.2	5.0	5.0	4.6	3.9
Electricity, gas and water	0.4	3.1	2.6	4.8	2.2	4.6	5.2	1.9	7.9	6.2	1.5	1.6
Services	4.9	3.9	2.8	4.9	-6.4	3.0	6.6	4.7	3.8	7.3	64.5	63.0
Commerce, restaurants and hotels	6.1	5.3	0.1	6.8	-15.5	4.8	10.7	5.6	3.4	11.1	20.5	19.9
Transportation, warehousing and communications	3.4	5.3	4.0	8.7	-4.9	8.0	9.9	6.7	7.8	12.7	8.9	10.6
Financial services, insurance and real estate leasing	4.7	4.6	5.4	5.4	-0.3	0.6	3.7	4.6	3.9	4.5	14.7	14.2
Social, community and personal services	4.5	1.5	3.3	1.3	-2.3	1.0	3.3	2.9	2.1	3.0	20.4	18.3
Imputed banking services	8.1	6.5	10.8	11.1	-10.7	-5.1	10.6	5.6	5.9	6.2	-2.9	-2.6
Taxes on products net of subsidies	4.2	3.5	1.9	4.4	-6.2	5.2	6.7	5.1	3.8	6.9	8.0	8.1

p/ Preliminary.
SOURCE: Mexico's National Accounts System (INEGI).

Table A 10 Growth Rates of Manufacturing Industries

1993 Prices

	Annual percentage change										Percentage of GDP	
	1991	1992	1993	1994	1995	1996	1997	1998	1999 /p	2000 /p	1994	2000 /p
Total	3.4	4.2	-0.7	4.1	-4.9	10.8	9.9	7.3	4.2	7.1	17.5	19.7
Food, beverages and tobacco	3.2	4.1	3.1	3.3	0.0	3.3	3.2	6.6	4.0	3.6	4.7	4.7
Textiles, apparel and leather industry	2.6	-0.1	-2.7	1.1	-6.3	15.7	10.5	3.7	3.2	5.3	1.5	1.6
Lumber and derivatives	0.7	2.8	-2.5	1.9	-7.8	6.9	6.7	4.4	0.5	1.1	0.6	0.5
Paper, printing and publishing	3.8	3.5	-2.0	2.9	-7.6	1.3	12.7	5.9	5.0	2.6	0.9	0.9
Chemical, petroleum derivatives and plastics	1.0	1.8	-1.7	3.4	-0.9	6.6	6.8	6.0	2.4	3.1	2.8	2.8
Non-metallic minerals	3.6	6.3	2.7	4.6	-11.7	8.1	5.9	5.2	1.8	5.8	1.4	1.3
Basic metal industries	-4.8	1.5	3.2	6.2	4.1	18.8	11.1	4.0	0.4	3.6	0.8	1.0
Metal products, machinery and equipment	8.1	6.2	-4.1	6.7	-10.3	22.3	19.1	11.5	6.9	13.9	4.4	6.3
Other manufacturing industries	-0.8	16.1	-2.5	2.2	-10.2	14.4	10.5	7.7	5.8	12.2	0.5	0.6

p/ Preliminary
SOURCE: Mexico's National Accounts System (INEGI).

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

Year	Crude Oil (Millions of barrels per day)		Natural Gas (Million cubic feet per day)	Total Oil Reserves (Billion barrels at end of period)
	Total	Daily Average	Total	Total
1982	1,002.3	2.746	4,246	72.0
1983	973.1	2.666	4,054	72.5
1984	982.7	2.685	3,753	71.8
1985	960.3	2.631	3,604	70.9
1986	886.2	2.428	3,431	70.0
1987	927.5	2.541	3,498	69.0
1988	917.2	2.506	3,478	67.6
1989	917.2	2.513	3,572	66.5
1990	930.0	2.548	3,651	65.5
1991	976.7	2.676	3,634	65.0
1992	976.5	2.668	3,584	65.1
1993	975.6	2.673	3,576	64.5
1994	980.0	2.685	3,625	63.2
1995	955.6	2.618	3,759	62.1
1996	1,046.0	2.858	4,195	60.9
1997	1,103.0	3.022	4,467	60.2
1998	1,120.6	3.070	4,791	58.7
1999	1,060.7	2.906	4,791	57.7
2000	1,262.7	3.450	4,679	58.2

p/ Preliminary.
SOURCE: *Memorias de Labores*, 1989-1999 and Crude Oil Indicators Vol. XIII, Num. 1. PEMEX

Table A 12 **Employment: Total Number of Workers Affiliated to the IMSS**

Thousands

Year		Permanent	Temporary	Total
1990		8,344	1,235	9,579
1991		8,786	1,284	10,070
1992		8,748	1,264	10,012
1993		8,633	1,269	9,902
1994		8,818	1,268	10,086
1995		8,502	820	9,322
1996		9,163	979	10,142
1997		9,837	916	10,753
1998		10,141	1,366	11,507
1999	Jan	10,116	1,381	11,496
	Feb	10,179	1,401	11,579
	Mar	10,218	1,439	11,657
	Apr	10,243	1,448	11,691
	May	10,282	1,461	11,743
	Jun	10,334	1,490	11,825
	Jul	10,394	1,523	11,917
	Aug	10,436	1,554	11,990
	Sep	10,546	1,587	12,133
	Oct	10,641	1,619	12,260
	Nov	10,721	1,656	12,377
	Dec	10,629	1,578	12,207
2000	Jan	10,585	1,598	12,183
	Feb	10,684	1,613	12,297
	Mar	10,768	1,653	12,421
	Apr	10,801	1,653	12,455
	May	10,841	1,653	12,494
	Jun	10,919	1,687	12,606
	Jul	10,964	1,702	12,666
	Aug	11,006	1,730	12,736
	Sep	11,063	1,751	12,814
	Oct	11,132	1,782	12,914
	Nov	11,167	1,797	12,964
	Dec	11,026	1,706	12,732

SOURCE: IMSS.

Table A 13 **Urban Unemployment Rates**

		Open 1/	Broad Open 2/	Labor Market Pressures 3/	Under-Employment 4/	Insufficient Income 5/
1988		3.5	5.3	4.9	23.1	21.8
1989		2.9	4.4	4.1	21.0	18.3
1990		2.7	4.4	3.6	20.5	14.6
1991		2.7	4.2	3.5	20.8	11.7
1992		2.8	4.8	4.0	21.6	10.9
1993		3.4	5.6	4.8	23.0	12.4
1994 6/		3.6	6.0	4.6	22.3	11.2
1995		6.3	8.6	7.7	25.7	16.2
1996 7/, 8/		5.5	6.3	6.8	25.3	17.2
1997		3.7	4.5	4.8	23.3	16.3
1998		3.2	4.1	4.0	21.8	14.7
1999 p/	I 9/	2.9	4.0	3.6	20.3	14.8
	II	2.6	3.4	3.2	20.4	13.1
	III	2.3	3.1	2.9	17.3	12.1
	IV	2.2	3.0	2.6	18.3	11.3
2000 p/	I	2.3	3.1	2.9	18.2	11.3
	II	2.2	2.9	2.8	21.2	10.7
	III	2.4	3.2	3.1	16.6	10.0
	IV	2.0	2.4	2.4	19.6	8.8

1/ Measures the proportion of the economically active population that is openly unemployed. Figures on openly unemployed individuals include persons aged 12 and over who in the reference period did not work more than one hour a week but were looking for salaried employment or attempted to carry out some remunerated activity by themselves.
2/ Equals the proportion of the Economically Active Population and the Available Economically Inactive Population that were openly unemployed during the reference period but were nevertheless available for work even though they might have stopped looking for employment, or who might start working in the near future. The broad concept of unemployed population used in this definition includes not only the openly unemployed, but also the Economically Inactive Population who stopped looking for work to dedicate themselves to domestic activities or schooling, but were nevertheless available for employment. This concept also includes individuals who expect to start working in the four weeks following the reference period.
3/ Represents the proportion of the Economically Active Population that is openly unemployed or is employed but seeking additional employment.
4/ Measures the proportion of the Economically Active Population that is openly unemployed or employed for less than 35 hours a week.
5/ Measures the proportion of the Economically Active Population that is openly unemployed or is employed but earns an income below the minimum wage.
6/ The sample was expanded to 39 urban areas.
7/ The sample was expanded to 41 urban areas.
8/ The sample was expanded to 43 urban areas.
9/ The sample was expanded to 44 urban areas.
p/ Preliminary
SOURCE: National Urban Employment Survey, INEGI

Table A 14

Real Exchange Rate Index 1/

1990 = 100

Year		Based on Unit Labor Costs in the Non-In-Bond Manufacturing Industry 2/	Annual Percentage Change
1976		53.3	-6.2
1977		66.2	24.1
1978		65.1	-1.5
1979		63.4	-2.7
1980		58.4	-7.8
1981		50.5	-13.5
1982		71.0	40.6
1983		105.2	48.1
1984		100.7	-4.3
1985		100.5	-0.2
1986		137.5	36.8
1987		147.4	7.2
1988		120.0	-18.6
1989		105.1	-12.4
1990		100.0	-4.8
1991		91.2	-8.8
1992		78.6	-13.8
1993		73.0	-7.1
1994		75.2	3.0
1995		125.5	66.9
1996		129.1	2.9
1997		114.9	-11.0
1998		113.2	-1.5
1999	I	111.0	0.6
	II	104.4	-5.4
	III	100.5	-12.5
	IV	96.2	-18.0
2000	I	95.6	-13.9
	II	93.7	-10.3
	III	87.5	-13.0
	IV	84.7	-12.0

1/ Increases of the index indicate a depreciation of the peso.
2/ Real effective exchange rate estimated on the basis of hourly wages adjusted by hourly output per man-hour for Mexico and its eight major trading partners. Seasonally adjusted series.
SOURCE: Banco de México, International Monetary Fund and INEGI.

Prices, Wages and Productivity

Table A 15 Main Indicators of Prices

	1994	1995	1996	1997	1998	1999	2000
Prices	Annual percentage change						
Consumer prices							
End of period	7.05	51.97	27.70	15.72	18.61	12.32	8.96
Annual average	6.97	35.00	34.38	20.63	15.93	16.59	9.49
Producer prices excluding oil and services							
End of period	7.09	56.90	24.76	13.66	19.41	8.66	7.38
Annual average	6.11	38.64	33.88	17.55	15.98	14.24	7.84
Producer prices excluding oil and including services							
End of period	n.a.	51.01	26.55	15.18	18.59	11.94	8.58
Annual average	n.a.	36.01	32.32	19.88	16.01	15.98	9.42
Producer prices including oil and services							
End of period	n.a.	52.60	26.68	13.51	17.60	13.71	8.06
Annual average	n.a.	37.62	32.56	18.97	14.89	16.62	10.40
Social-interest housing construction costs							
End of period	4.65	45.59	25.38	15.88	19.14	14.37	7.59
Annnual average	4.45	31.85	29.09	17.91	18.11	17.62	11.21

Table A 16 National Consumer Price Index (INPC)

1994=100

	Month	INPC	Annual percentage change: Annual: End of Period	Annual percentage change: Annual: 12-month moving average	Annual percentage change: Monthly
1989	Dec	51.687	19.70	20.01	
1990	Dec	67.157	29.93	26.65	
1991	Dec	79.779	18.79	22.66	
1992	Dec	89.303	11.94	15.51	
1993	Dec	96.455	8.01	9.75	
1994	Dec	103.257	7.05	6.97	
1995	Dec	156.915	51.97	35.00	
1996	Dec	200.388	27.70	34.38	
1997	Dec	231.886	15.72	20.63	
1998	Dec	275.038	18.61	15.93	
1999	Jan	281.983	19.02	16.25	2.53
	Feb	285.773	18.54	16.53	1.34
	Mar	288.428	18.26	16.78	0.93
	Apr	291.075	18.23	17.04	0.92
	May	292.826	18.01	17.29	0.60
	Jun	294.750	17.39	17.45	0.66
	Jul	296.698	17.04	17.57	0.66
	Aug	298.368	16.58	17.64	0.56
	Sep	301.251	15.83	17.61	0.97
	Oct	303.159	14.91	17.45	0.63
	Nov	305.855	13.92	17.13	0.89
	Dec	308.919	12.32	16.59	1.00
2000	Jan	313.067	11.02	15.89	1.34
	Feb	315.844	10.52	15.20	0.89
	Mar	317.595	10.11	14.50	0.55
	Apr	319.402	9.73	13.79	0.57
	May	320.596	9.48	13.08	0.37
	Jun	322.495	9.41	12.43	0.59
	Jul	323.753	9.12	11.79	0.39
	Aug	325.532	9.10	11.19	0.55
	Sep	327.910	8.85	10.63	0.73
	Oct	330.168	8.91	10.16	0.69
	Nov	332.991	8.87	9.76	0.86
	Dec	336.596	8.96	9.49	1.08

Table A 17 National Consumer Price Index (INPC) by Type of Goods

Annual percentage change

1994=100

	Month	INPC	Food, beverages and tobacco	Apparel	Housing	Furniture and household items	Health and personal care	Transportation	Education and entertainment	Other goods and services
1991	Dec	18.79	15.51	11.72	23.88	11.91	16.74	29.83	24.07	13.65
1992	Dec	11.94	8.58	13.16	13.55	10.94	16.82	10.09	21.75	14.18
1993	Dec	8.01	4.74	6.65	10.22	5.94	9.28	8.53	15.80	10.37
1994	Dec	7.05	6.94	4.76	8.04	5.69	9.78	6.94	8.64	5.12
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	Jan	19.02	23.94	17.04	13.71	17.33	20.63	18.76	16.82	17.85
	Feb	18.54	21.85	16.57	13.54	18.03	21.07	19.47	17.04	18.10
	Mar	18.26	19.69	16.84	14.07	18.90	22.22	19.88	17.56	18.17
	Apr	18.23	19.21	17.28	14.10	19.65	21.61	20.29	17.61	18.51
	May	18.01	18.58	17.04	13.65	19.56	21.87	20.62	17.20	18.91
	Jun	17.39	16.72	16.67	13.62	19.55	22.20	20.52	17.14	18.61
	Jul	17.04	15.81	16.39	13.85	18.74	22.17	20.30	17.18	18.31
	Aug	16.58	14.98	15.85	13.82	18.51	21.53	19.87	16.78	18.11
	Sep	15.83	13.15	15.25	13.54	17.47	21.28	19.58	17.01	18.41
	Oct	14.91	11.21	15.16	12.81	16.60	20.94	19.41	16.58	18.29
	Nov	13.92	9.73	14.80	12.95	15.76	20.53	16.79	16.28	17.86
	Dec	12.32	7.85	13.88	13.11	14.67	19.14	12.27	15.95	16.75
2000	Jan	11.02	4.88	13.51	12.87	13.44	17.73	12.06	15.86	15.95
	Feb	10.52	4.82	13.09	12.60	12.28	16.62	11.19	14.87	14.76
	Mar	10.11	5.68	12.13	11.61	10.99	15.07	10.34	13.82	13.91
	Apr	9.73	5.88	11.10	11.34	9.64	14.13	9.73	13.53	12.86
	May	9.48	5.99	10.46	11.63	8.59	12.98	9.28	13.38	11.68
	Jun	9.41	6.53	10.06	11.43	7.60	12.01	9.12	13.19	11.67
	Jul	9.12	6.26	9.85	10.97	7.14	11.92	8.64	13.14	11.80
	Aug	9.10	6.55	9.74	10.90	6.71	11.25	8.60	13.29	11.53
	Sep	8.85	6.70	9.47	10.63	6.32	10.06	8.25	12.43	11.29
	Oct	8.91	7.06	9.05	11.08	5.35	9.60	8.13	12.56	11.08
	Nov	8.87	7.06	8.83	11.02	4.83	9.20	8.31	12.71	11.17
	Dec	8.96	8.06	8.46	10.50	4.69	9.03	8.08	12.78	10.65

Table A 18 **Inflation: INPC, Core Inflation and Complementary Sub-indexes**

Annual percentage change

1994=100

	Month	Core Inflation	Goods & Services Provided or Regulated by the Public Sector	Agriculture and Livestock	Education	INPC	Basic Consumer Basket
1996	Dec	25.63	35.69	30.21	20.52	27.70	33.30
1997	Dec	15.93	17.35	11.80	19.09	15.72	14.89
1998	Dec	17.68	18.13	24.29	17.71	18.61	18.95
1999	Jan	18.39	16.80	25.79	16.75	19.02	19.66
	Feb	18.13	17.31	22.73	16.97	18.54	19.58
	Mar	18.57	17.63	17.73	17.18	18.26	20.01
	Apr	18.57	18.05	16.90	17.54	18.23	20.23
	May	18.46	18.01	15.79	17.35	18.01	20.19
	Jun	17.93	17.91	13.88	17.52	17.39	19.32
	Jul	17.76	18.12	11.89	17.39	17.04	19.02
	Aug	17.41	17.99	10.24	17.70	16.58	18.17
	Sep	16.51	18.15	8.73	18.16	15.83	16.88
	Oct	15.65	17.98	6.36	18.14	14.91	15.89
	Nov	15.18	16.22	3.54	18.12	13.92	14.81
	Dec	14.24	13.36	0.25	18.10	12.32	13.15
2000	Jan	12.85	13.58	-2.64	18.42	11.02	11.73
	Feb	12.10	12.95	-2.29	18.24	10.52	11.01
	Mar	11.16	12.31	-0.17	17.98	10.11	10.40
	Apr	10.44	12.06	0.97	17.54	9.73	9.74
	May	9.80	12.49	1.82	17.69	9.48	9.54
	Jun	9.29	12.54	3.91	17.66	9.41	9.21
	Jul	9.05	11.92	3.66	17.71	9.12	8.96
	Aug	8.67	12.39	4.87	17.75	9.10	9.09
	Sep	8.26	12.41	5.42	15.08	8.85	8.97
	Oct	7.88	13.09	7.00	15.18	8.91	8.90
	Nov	7.77	13.18	7.06	15.18	8.87	9.03
	Dec	7.52	12.58	10.07	15.16	8.96	8.74

Table A 19 National Producer Price Index (INPP) Excluding Oil

1994 = 100

Period		Excluding Services			Services			Including Services		
		Index	Percentage change		Index	Percentage change		Index	Percentage change	
			Annual	Monthly		Annual	Monthly		Annual	Monthly
1994	Dec	103.478	7.09	1.05	103.518	n.a.	0.84	103.691	n.a.	1.09
1995	Dec	162.355	56.90	3.83	150.255	45.15	2.62	156.586	51.01	3.24
1996	Dec	202.549	24.76	2.58	192.386	28.04	3.59	198.153	26.55	3.11
1997	Jan	207.143	23.55	2.27	197.650	27.28	2.74	203.126	25.52	2.51
	Feb	210.203	22.50	1.48	201.145	26.78	1.77	206.448	24.75	1.64
	Mar	212.220	20.87	0.96	203.578	25.67	1.21	208.696	23.38	1.09
	Apr	213.687	18.32	0.69	206.443	23.43	1.41	210.937	20.99	1.07
	May	215.161	17.43	0.69	209.239	23.26	1.35	213.149	20.47	1.05
	Jun	216.841	17.06	0.78	211.379	22.47	1.02	215.092	19.89	0.91
	Jul	218.455	16.50	0.74	212.499	21.10	0.53	216.463	18.92	0.64
	Aug	220.205	15.98	0.80	214.146	20.78	0.78	218.185	18.50	0.80
	Sep	222.279	15.85	0.94	216.602	19.91	1.15	220.485	18.00	1.05
	Oct	224.013	15.34	0.78	219.083	19.63	1.15	222.633	17.61	0.97
	Nov	227.744	15.34	1.67	221.702	19.38	1.20	225.767	17.48	1.41
	Dec	230.208	13.66	1.08	224.093	16.48	1.08	228.227	15.18	1.09
1998	Jan	236.152	14.00	2.58	228.679	15.70	2.05	233.488	14.95	2.31
	Feb	240.461	14.39	1.82	232.824	15.75	1.81	237.753	15.16	1.83
	Mar	242.907	14.46	1.02	235.521	15.69	1.16	240.366	15.18	1.10
	Apr	244.452	14.40	0.64	237.990	15.28	1.05	242.432	14.93	0.86
	May	245.562	14.13	0.45	240.784	15.08	1.17	244.467	14.69	0.84
	Jun	248.421	14.56	1.16	243.922	15.40	1.30	247.506	15.07	1.24
	Jul	250.782	14.80	0.95	245.901	15.72	0.81	249.680	15.35	0.88
	Aug	253.938	15.32	1.26	248.643	16.11	1.12	252.613	15.78	1.17
	Sep	261.500	17.64	2.98	251.939	16.31	1.33	257.958	17.00	2.12
	Oct	266.810	19.10	2.03	254.002	15.94	0.82	261.564	17.49	1.40
	Nov	270.548	18.79	1.40	257.407	16.10	1.34	265.156	17.45	1.37
	Dec	274.892	19.41	1.61	263.860	17.75	2.51	270.662	18.59	2.08
1999	Jan	281.328	19.13	2.34	270.175	18.15	2.39	277.062	18.66	2.36
	Feb	283.373	17.85	0.73	274.705	17.99	1.68	280.459	17.96	1.23
	Mar	284.551	17.14	0.42	278.673	18.32	1.44	283.179	17.81	0.97
	Apr	284.950	16.57	0.14	281.477	18.27	1.01	284.900	17.52	0.61
	May	285.794	16.38	0.30	284.874	18.31	1.21	287.125	17.45	0.78
	Jun	287.795	15.85	0.70	287.948	18.05	1.08	289.703	17.05	0.90
	Jul	289.051	15.26	0.44	290.322	18.06	0.82	291.591	16.79	0.65
	Aug	290.222	14.29	0.41	291.947	17.42	0.56	293.011	15.99	0.49
	Sep	292.075	11.69	0.64	295.142	17.15	1.09	295.599	14.59	0.88
	Oct	294.413	10.35	0.80	297.552	17.15	0.82	297.978	13.92	0.80
	Nov	296.408	9.56	0.68	299.892	16.50	0.79	300.177	13.21	0.74
	Dec	298.707	8.66	0.78	303.102	14.87	1.07	302.980	11.95	0.93
2000	Jan	302.112	7.39	1.14	307.357	13.76	1.40	306.858	10.75	1.28
	Feb	304.311	7.39	0.73	310.581	13.06	1.05	309.623	10.40	0.90
	Mar	305.972	7.53	0.55	311.790	11.88	0.39	311.060	9.85	0.46
	Apr	308.482	8.26	0.82	313.516	11.38	0.55	313.160	9.92	0.68
	May	309.696	8.36	0.39	315.588	10.78	0.66	314.836	9.65	0.54
	Jun	312.522	8.59	0.91	317.956	10.42	0.75	317.417	9.57	0.82
	Jul	312.633	8.16	0.04	320.055	10.24	0.66	318.613	9.27	0.38
	Aug	313.749	8.11	0.36	321.030	9.96	0.30	319.671	9.10	0.33
	Sep	314.501	7.68	0.24	323.814	9.71	0.87	321.504	8.76	0.57
	Oct	316.970	7.66	0.79	325.874	9.52	0.64	323.795	8.66	0.71
	Nov	318.930	7.60	0.62	328.803	9.64	0.90	326.287	8.70	0.77
	Dec	320.749	7.38	0.57	332.203	9.60	1.03	328.970	8.58	0.82

n.a.: Not available.

Table A 20

National Producer Price Index (INPP) Excluding Oil

Classified by destination of final goods

Annual percentage change for December

Item	1995	1996	1997	1998	1999	2000
INPP including services	**51.01**	**26.55**	**15.18**	**18.59**	**11.95**	**8.58**
Domestic demand	48.37	27.77	15.86	18.84	12.88	8.96
Private consumption	49.54	28.47	16.05	18.87	12.78	9.01
Government consumption	22.28	22.93	20.33	18.80	14.61	11.70
Investment	55.94	26.87	13.55	18.77	12.59	7.68
Exports	73.61	17.61	9.75	16.50	3.94	5.07
INPP excluding services	**56.90**	**24.76**	**13.66**	**19.41**	**8.66**	**7.38**
Domestic demand	55.26	25.56	13.60	19.76	9.71	7.85
Private consumption	55.46	26.62	14.27	20.25	9.05	8.15
Government consumption	67.01	18.57	13.44	16.53	9.78	8.35
Investment	53.95	23.72	12.28	18.89	11.07	7.22
Exports	78.25	18.88	14.06	16.68	0.36	3.31
INPP services	**45.15**	**28.04**	**16.48**	**17.75**	**14.87**	**9.60**
Domestic Demand	41.60	29.87	17.94	18.03	15.72	9.90
Private consumption	44.53	29.89	17.37	17.87	15.54	9.61
Government consumption	19.67	23.28	20.86	18.96	14.95	11.92
Investment	61.29	44.33	19.56	18.24	19.42	9.60
Exports	76.34	15.10	4.88	15.20	7.08	6.64

Table A 21 **National Producer Price Index (INPP) Excluding Oil and Including Services**

Classified by origin of final goods

Annual percentage change for December

ITEM	1995	1996	1997	1998	1999	2000
INPP including services	**51.01**	**26.55**	**15.18**	**18.59**	**11.95**	**8.58**
Primary economic sector	46.71	26.67	11.01	31.82	-7.06	7.71
Agriculture, livestock, forestry and fishery	40.01	29.67	11.24	33.34	-7.61	8.35
Mining	146.20	-4.11	7.72	9.92	2.56	-2.24
Secondary economic sector	59.53	24.54	13.91	18.34	10.26	7.19
Manufacturing industry	62.97	24.07	14.59	18.15	9.55	6.57
Food, beverages and tobacco	58.96	26.34	15.33	18.91	11.01	6.51
Textiles, apparel and leather	54.02	28.24	14.06	16.20	8.05	6.37
Lumber and wood products	52.83	19.44	16.29	11.29	9.56	6.66
Paper, printing and publishing	71.52	4.62	5.60	15.77	12.92	11.11
Chemicals, oil and plastics	67.74	30.95	14.41	17.48	15.57	11.80
Non-metallic minerals	37.28	25.84	21.40	21.47	7.80	6.70
Basic metal industries	113.77	7.10	9.99	22.63	-2.23	8.66
Metal products, machinery and equipment	74.17	19.12	14.27	18.39	3.97	1.81
Other manufacturing industries	86.14	21.83	12.90	20.30	4.66	4.25
Construction	45.41	26.05	11.75	18.95	12.53	9.14
Tertiary economic sector	44.65	28.19	16.53	17.79	14.88	9.69
Electricity and gas	48.23	25.81	14.06	14.68	12.37	13.09
Commerce, restaurants and hotels	59.53	33.30	16.77	17.33	16.54	9.80
Transportation and communications	48.28	32.26	15.69	20.34	11.75	8.04
Real estate leasing	42.57	22.68	16.10	15.97	12.11	6.62
Community, social and personal services	26.74	21.24	17.19	17.95	16.14	11.90

Table A 22 National Index of Social-Interest Housing Construction Cost (INCEVIS)

Annual percentage change

		National			Mexico City		
		All Cost	Materials	Labor	All Cost	Materials	Labor
1994	Dec	4.65	4.01	7.37	4.11	3.49	7.03
1995	Dec	45.59	49.00	31.37	45.44	48.63	30.99
1996	Dec	25.38	24.12	31.34	26.38	25.48	31.00
1997	Jan	23.65	22.06	31.40	24.29	23.02	31.08
	Feb	22.51	20.75	31.39	22.21	20.60	31.08
	Mar	20.75	18.70	31.38	20.40	18.52	31.08
	Apr	17.80	17.90	17.30	17.50	17.58	17.04
	May	17.01	16.95	17.30	16.40	16.27	17.04
	Jun	16.46	16.29	17.30	15.80	15.57	17.04
	Jul	15.58	15.23	17.30	14.78	14.37	17.04
	Aug	15.60	15.26	17.30	15.02	14.65	17.04
	Sep	16.18	15.96	17.30	15.96	15.76	17.04
	Oct	16.74	16.63	17.30	16.76	16.71	17.04
	Nov	18.18	18.36	17.30	18.39	18.63	17.04
	Dec	15.88	19.21	0.99	16.06	19.12	0.98
1998	Jan	17.80	18.51	14.60	17.52	18.19	14.18
	Feb	16.85	17.34	14.60	16.61	17.09	14.18
	Mar	16.93	17.43	14.60	16.56	17.03	14.18
	Apr	18.01	18.74	14.59	17.16	17.73	14.18
	May	17.91	18.61	14.59	16.41	16.83	14.18
	Jun	17.72	18.38	14.59	15.98	16.32	14.18
	Jul	17.47	18.06	14.59	15.81	16.12	14.18
	Aug	17.48	18.07	14.59	16.24	16.63	14.18
	Sep	18.76	19.60	14.59	17.73	18.38	14.18
	Oct	19.83	20.88	14.59	18.78	19.62	14.18
	Nov	19.07	19.94	14.59	18.34	19.08	14.18
	Dec	19.14	18.61	21.90	18.51	18.01	21.40
1999	Jan	16.97	18.10	11.66	16.57	17.48	11.85
	Feb	17.69	18.62	13.26	17.56	18.18	14.32
	Mar	19.96	21.30	13.55	19.51	20.49	14.32
	Apr	18.83	19.86	13.81	18.71	19.53	14.32
	May	18.58	19.51	13.99	18.79	19.62	14.32
	Jun	18.94	19.82	14.60	19.20	20.11	14.32
	Jul	19.27	20.00	15.61	19.54	20.51	14.32
	Aug	19.18	19.87	15.70	19.36	20.28	14.32
	Sep	17.65	18.02	15.72	17.64	18.23	14.32
	Oct	15.80	15.81	15.74	15.30	15.46	14.32
	Nov	14.82	14.64	15.75	13.82	13.74	14.32
	Dec	14.37	15.45	8.85	12.92	13.87	7.52
2000	Jan	14.57	15.37	10.60	13.34	13.80	10.83
	Feb	14.61	14.86	13.33	13.09	13.61	10.30
	Mar	12.13	11.93	13.16	10.96	11.08	10.30
	Apr	12.48	12.39	12.91	11.54	11.76	10.30
	May	12.31	12.21	12.81	11.58	11.81	10.30
	Jun	11.91	11.85	12.21	11.20	11.36	10.30
	Jul	10.92	10.87	11.22	10.01	9.96	10.30
	Aug	10.31	10.15	11.16	9.14	8.94	10.30
	Sep	9.51	9.19	11.21	8.02	7.63	10.30
	Oct	9.51	9.19	11.21	8.06	7.67	10.30
	Nov	9.46	9.13	11.21	8.14	7.77	10.30
	Dec	7.59	6.92	11.22	6.34	5.68	10.30

Table A 23 Contractual Wages

Period		Contractual Wages				
	Total			Manufacturing Industries		
	Annual percentage increase	Number of workers (thousands)	Number of establishments	Annual percentage increase	Number of workers (thousands)	Number of establishments
1994 Average	5.3	1,526	3,170	n.a.	n.a.	n.a.
1995 Average	12.3	1,491	3,633	n.a.	n.a.	n.a.
1996 Average	21.0	1,491	3,686	20.8	580	1,810
1997 Average	19.5	1,495	4,074	20.1	552	1,973
1998 Average	17.7	1,568	4,525	18.0	597	2,168
1999 Average	16.5	1,568	4,671	17.3	624	2,107
2000 Average	12.4	1,819	5,358	13.0	763	2,355
1998 Jan	17.7	183	520	17.9	109	269
Feb	17.6	145	598	18.2	84	332
Mar	17.6	140	609	17.9	65	311
Apr	17.5	128	461	18.8	34	206
May	17.5	130	368	17.7	24	156
Jun	18.5	59	442	19.2	31	166
Jul	17.3	162	263	17.3	149	131
Aug	18.1	66	292	19.4	28	140
Sep	17.7	59	253	17.8	44	126
Oct	18.0	426	264	18.3	0	123
Nov	17.8	32	225	17.2	10	76
Dec	17.8	37	230	17.8	19	132
1999 Jan	17.7	155	568	18.0	51	266
Feb	17.8	190	611	18.1	128	344
Mar	17.4	227	624	17.8	59	284
Apr	17.6	130	479	18.3	41	226
May	17.3	58	329	17.6	25	138
Jun	18.5	44	362	19.3	24	159
Jul	15.7	175	303	15.6	154	135
Aug	16.5	40	229	17.4	25	84
Sep	17.3	54	341	17.5	30	129
Oct	14.6	436	300	17.6	57	142
Nov	15.8	35	268	17.1	16	100
Dec	16.1	23	257	16.2	12	100
2000 Jan	12.9	212	507	13.4	103	239
Feb	12.9	171	690	13.6	93	342
Mar	12.7	177	715	13.3	74	365
Apr	12.8	151	487	14.0	45	231
May	12.7	157	531	13.8	52	243
Jun	13.2	49	394	13.9	25	171
Jul	12.6	187	397	12.5	168	153
Aug	13.2	66	403	13.9	34	180
Sep	13.0	53	382	13.1	35	132
Oct	11.3	463	347	12.7	59	137
Nov	11.8	53	253	13.3	11	80
Dec	11.3	81	252	10.8	62	82

Note: Annual wage increase figures are weighted averages of monthly figures. Annual figures for Number of Workers and Number of Establishments are the sums of monthly figures.
SOURCE: Ministry of Labor.

Table A 24 Labor Productivity and Unit Labor Costs by Economic Sector

Annual percentage change

Period		Labor Productivity					Unit Labor Costs				
		Manufacturing Industries	In-bond	Construction	Wholesale	Retail	Manufacturing	In-bond	Construction	Wholesale	Retail
1994	Average	6.8	3.3	n.a.	n.a.	n.a.	-2.4	1.1	n.a.	n.a.	n.a.
1995	Average	3.3	0.4	-11.5	-8.0	-15.9	-15.2	-6.4	0.6	-3.5	5.5
1996	Average	7.7	3.1	-7.3	-0.3	-0.9	-16.4	-8.4	-13.8	-12.1	-9.3
1997	Average	4.7	-5.1	1.3	0.8	-3.2	-5.0	7.2	-4.9	4.0	5.3
1998	Average	3.3	-0.7	1.7	2.4	0.7	-0.4	4.7	1.0	-0.3	3.0
1999	Average	2.9	-0.6	5.3	-1.4	3.4	-1.4	1.8	-5.5	-0.1	-1.5
2000	Average	5.4	2.0	-7.0 1/	2.6	5.5	0.5	4.8	6.4 1/	4.4	0.9
1998	Jan	3.1	-3.4	2.4	-3.0	2.2	-0.2	2.1	3.7	6.4	3.7
	Feb	3.3	-1.6	-1.7	0.8	4.0	0.7	3.8	4.6	-0.8	1.9
	Mar	13.7	4.2	5.6	9.7	8.0	-8.9	-2.7	1.9	-7.2	-4.1
	Apr	-1.9	-0.1	-2.2	-2.0	-0.4	6.1	3.5	10.6	7.0	5.6
	May	3.1	-2.5	-8.5	4.3	4.4	-2.5	5.0	12.7	-2.6	-0.6
	Jun	4.1	-0.1	-0.7	3.5	6.0	-1.5	4.5	-3.9	-0.3	-2.5
	Jul	2.6	-0.8	-2.7	4.7	1.0	0.3	8.6	1.3	-1.4	2.6
	Aug	4.5	-2.3	2.4	5.1	4.3	0.1	5.9	-6.5	-4.0	-0.3
	Sep	3.7	1.5	2.2	4.0	1.0	0.9	2.8	1.0	-1.4	5.6
	Oct	0.6	-3.6	2.1	-1.8	-5.9	2.0	7.4	-0.8	1.9	10.0
	Nov	1.8	0.4	-4.0	1.6	-6.1	-0.6	4.3	3.5	-2.2	8.3
	Dec	1.6	-0.2	22.7	2.4	-5.1	-0.3	10.6	-16.4	1.1	8.9
1999	Jan	-0.8	-0.3	19.8	-4.6	-1.3	0.4	5.2	-17.9	-1.3	-0.2
	Feb	0.8	-1.7	34.7	-4.5	-3.3	-0.7	5.2	-23.1	1.9	3.9
	Mar	0.4	-0.7	9.0	1.1	5.2	1.3	4.7	-7.9	-1.1	-1.7
	Apr	4.0	-2.1	14.6	-0.4	-0.7	-3.6	3.8	-14.2	-4.2	1.6
	May	3.3	-1.3	16.3	-2.7	-0.2	-2.2	1.2	-15.0	1.8	0.6
	Jun	6.1	2.3	3.1	0.6	8.7	-3.7	0.6	-0.3	-1.4	-6.7
	Jul	4.3	-1.2	3.4	-3.8	5.2	-3.7	-1.6	-2.6	2.1	-2.2
	Aug	4.5	0.5	-2.2	-2.1	-1.4	-4.2	2.3	8.4	-0.1	1.7
	Sep	3.2	1.1	-6.3	-2.1	5.5	-1.3	1.6	7.7	1.3	-2.9
	Oct	1.0	-4.0	-0.8	-2.7	5.9	-0.4	4.7	1.7	1.7	-5.6
	Nov	4.7	0.9	5.4	3.3	9.1	-1.1	2.0	0.4	-2.6	-4.5
	Dec	3.5	-0.6	-13.5	0.0	6.1	1.7	-5.7	10.5	0.5	-2.2
2000	Jan	6.9	1.3	-14.2	4.3	7.3	-2.8	3.3	13.9	0.8	-2.7
	Feb	8.4	3.3	-18.5	8.7	14.2	-2.9	1.8	17.3	-0.8	-6.2
	Mar	6.7	4.3	-8.9	2.2	-0.4	-2.6	1.2	5.7	5.1	6.8
	Apr	1.8	1.4	-14.4	-1.1	8.4	4.7	0.9	12.2	9.0	-2.3
	May	7.3	2.6	-10.0	9.3	9.7	-1.1	7.3	6.2	-2.0	-4.1
	Jun	4.8	-0.2	0.9	4.0	1.6	1.6	7.7	-6.2	5.1	7.8
	Jul	4.8	-0.6	-3.8	1.7	5.9	-0.2	7.7	0.6	1.6	-1.2
	Aug	7.1	6.0	6.5	5.5	9.4	3.3	5.2	-3.2	3.0	0.9
	Sep	5.3	-2.1	-0.1	2.9	7.2	-0.1	7.4	7.1	4.9	-1.1
	Oct	7.8	1.7	-7.7	4.7	5.3	-2.3	5.8	9.9	-0.4	3.2
	Nov	5.3	2.6	-5.2	-0.8	2.6	1.0	7.2	7.9	9.3	7.1
	Dec	-1.1	3.4	n.a.	-7.0	-0.4	6.3	2.3	n.a.	16.0	5.7

1/ January – November.
SOURCE: INEGI.

Table A 25 Nominal and Real Remunerations per Worker by Economic Sector

Annual percentage change

Period		Nominal Remunerations					Real Remunerations				
		Manufacturing	In-bond	Construction	Wholesale	Retail	Manufacturing	In-bond	Construction	Wholesale	Retail
1994	Average	11.4	11.7	7.2	n.a.	n.a.	4.2	4.4	0.2	n.a.	n.a.
1995	Average	17.6	26.4	19.2	18.9	19.3	-12.5	-6.0	-10.9	-11.6	-11.4
1996	Average	21.6	27.5	8.3	18.7	21.3	-9.9	-5.5	-19.9	-12.1	-10.2
1997	Average	19.9	22.7	16.4	26.4	22.7	-0.6	1.8	-3.7	4.9	1.8
1998	Average	19.3	20.7	18.1	18.4	20.8	2.8	3.9	1.9	2.1	4.1
1999	Average	18.3	17.8	17.6	14.7	18.3	1.5	1.2	0.9	-1.5	1.6
2000	Average	15.8	17.0	8.3 1/	17.3	17.0	5.8	6.8	-1.2 1/	7.1	6.8
1998	Jan	18.6	13.7	22.3	19.0	22.1	2.9	-1.4	6.2	3.3	5.9
	Feb	20.1	17.8	18.7	15.4	22.3	4.1	2.1	2.8	0.0	6.0
	Mar	19.4	16.9	24.0	17.4	19.4	3.6	1.4	7.6	1.8	3.5
	Apr	19.7	19.0	24.4	20.6	21.0	4.0	3.4	8.2	4.8	5.1
	May	15.5	17.7	18.6	16.8	19.3	0.5	2.4	3.2	1.6	3.8
	Jun	18.2	20.3	9.9	18.9	19.2	2.5	4.4	-4.6	3.1	3.3
	Jul	18.7	24.3	13.8	19.1	19.6	2.8	7.8	-1.4	3.2	3.6
	Aug	20.8	19.6	10.7	16.5	20.0	4.6	3.5	-4.2	0.9	3.9
	Sep	21.3	20.9	19.6	18.9	23.6	4.6	4.3	3.2	2.5	6.6
	Oct	19.7	20.7	18.2	16.7	20.8	2.6	3.5	1.3	0.0	3.5
	Nov	18.9	23.1	16.8	16.6	19.4	1.3	4.8	-0.6	-0.7	1.7
	Dec	20.0	31.0	21.7	22.9	22.6	1.2	10.4	2.6	3.6	3.3
1999	Jan	18.6	24.8	17.0	12.1	17.1	-0.4	4.9	-1.7	-5.8	-1.6
	Feb	18.7	22.5	22.8	15.4	19.2	0.1	3.4	3.7	-2.7	0.5
	Mar	20.4	23.0	18.8	18.3	22.3	1.8	4.0	0.4	0.0	3.4
	Apr	18.5	20.0	16.4	12.8	19.3	0.2	1.6	-1.6	-4.6	0.9
	May	19.3	17.8	16.8	16.9	18.5	1.1	-0.1	-1.1	-0.9	0.4
	Jun	20.0	20.8	20.7	16.5	19.1	2.2	2.9	2.8	-0.8	1.5
	Jul	17.6	13.9	17.8	15.0	20.4	0.5	-2.7	0.7	-1.7	2.9
	Aug	16.7	19.8	23.6	14.0	16.9	0.1	2.8	6.0	-2.2	0.3
	Sep	18.0	18.9	16.9	14.9	18.6	1.8	2.7	0.9	-0.8	2.4
	Oct	15.6	15.5	15.8	13.7	14.9	0.6	0.5	0.8	-1.0	0.0
	Nov	18.0	17.2	20.6	14.5	18.6	3.6	2.9	5.8	0.5	4.1
	Dec	18.2	5.3	7.4	13.0	16.6	5.2	-6.3	-4.4	0.6	3.8
2000	Jan	15.4	16.1	8.5	16.7	15.9	3.9	4.6	-2.3	5.1	4.4
	Feb	16.4	16.2	5.7	19.2	18.3	5.3	5.2	-4.3	7.9	7.1
	Mar	14.5	16.2	6.1	18.3	17.1	4.0	5.6	-3.7	7.5	6.4
	Apr	16.9	12.2	5.4	18.3	16.3	6.5	2.3	-4.0	7.8	6.0
	May	16.2	20.5	4.6	17.4	15.2	6.1	10.1	-4.4	7.2	5.2
	Jun	16.5	17.7	3.6	19.6	19.9	6.5	7.5	-5.3	9.3	9.6
	Jul	14.2	16.9	5.6	12.7	14.1	4.6	7.1	-3.2	3.3	4.6
	Aug	20.7	21.7	12.5	18.5	20.5	10.6	11.5	3.1	8.7	10.4
	Sep	14.5	14.5	16.6	17.6	15.4	5.2	5.2	7.1	8.0	6.1
	Oct	14.7	17.1	10.5	13.5	18.2	5.3	7.5	1.5	4.3	8.6
	Nov	15.8	19.8	11.3	18.2	19.5	6.4	10.0	2.3	8.5	9.8
	Dec	14.6	15.2	n.a.	17.5	14.7	5.1	5.8	n.a.	7.8	5.3

1/ January – November.
SOURCE: INEGI.

Table A 26

Ex-ante and Ex-post Real Contractual Wages

Annual percentage change

Period		Ex-post 1/	Ex-ante 2/	Expected Inflation 3/
1994	Average	1.66	n.a.	n.a.
1995	Average	-20.80	n.a.	n.a.
1996	Average	-16.99	n.a.	n.a.
1997	Average	-0.94	5.12 4/	14.09 4/
1998	Average	3.28	3.47	14.00
1999	Average	0.68	2.58	13.32
2000	Average	6.30	3.13	8.88
1998	Jan	3.56	4.46	12.69
	Feb	3.21	4.39	12.65
	Mar	3.57	4.73	12.30
	Apr	3.45	4.67	12.27
	May	4.70	4.65	12.23
	Jun	3.88	5.38	12.45
	Jul	3.39	4.10	12.68
	Aug	2.51	2.30	15.48
	Sep	3.58	1.45	16.03
	Oct	3.07	1.96	15.73
	Nov	0.46	0.50	17.21
	Dec	-0.17	1.36	16.22
1999	Jan	-1.09	1.24	16.29
	Feb	-0.79	2.30	15.18
	Mar	-0.55	2.44	14.58
	Apr	-0.61	2.69	14.47
	May	-0.47	3.07	13.80
	Jun	0.94	4.52	13.34
	Jul	0.22	2.46	12.91
	Aug	1.34	3.40	12.62
	Sep	1.63	4.71	12.05
	Oct	2.69	2.47	11.86
	Nov	3.41	3.80	11.56
	Dec	4.88	4.48	11.14
2000	Jan	6.04	2.02	10.66
	Feb	6.61	2.37	10.33
	Mar	6.60	2.94	9.51
	Apr	7.13	2.98	9.52
	May	7.13	3.37	9.01
	Jun	8.27	3.97	8.89
	Jul	6.02	3.40	8.89
	Aug	6.74	4.39	8.43
	Sep	7.79	4.49	8.16
	Oct	5.24	3.29	7.79
	Nov	6.36	3.69	7.80
	Dec	6.57	3.48	7.58

1/ Ex-post real wage variations are calculated by deflating the nominal wage increase granted 12 months ago by the annual inflation observed during the month under analysis.
2/ Real ex-ante wage calculations are based on inflation expectations for the following 12 months.
3/ Survey of the Expectations of Private Sector Economic Specialists conducted by Banco de México.
4/ May-December 1997.
SOURCE: Prepared by Banco de México using information from the Ministry of Labor and Banco de México.

Table A 27 **Minimum Wage**

Pesos per day

Period	National Average 1/	Geographical Zones 2/		
		A	B	C
1987 January 1	2.7608	3.0500	2.8200	2.5350
1987 April 1	3.3148	3.6600	3.3850	3.0450
1987 July 1	4.0801	4.5000	4.1650	3.7500
1987 October 1	5.1020	5.6250	5.2100	4.6900
1987 December 16	5.8672	6.4700	5.9900	5.3950
1988 January 1	7.0407	7.7650	7.1900	6.4750
1988 March 1	7.2529	8.0000	7.4050	6.6700
1989 January 1	7.8337	8.6400	7.9950	7.2050
1989 July 1	8.3060	9.1600	8.4750	7.6400
1989 December 4	9.1389	10.0800	9.3250	8.4050
1990 November 16	10.7866	11.9000	11.0000	9.9200
1991 November 11	12.0840	13.3300	12.3200	11.1150
1993 January 1	13.0600	14.2700	13.2600	12.0500
1994 January 1	13.9700	15.2700	14.1900	12.8900
1995 January 1	14.9500	16.3400	15.1800	13.7900
1995 April 1	16.7400	18.3000	17.0000	15.4400
1995 December 4	18.4300	20.1500	18.7000	17.0000
1996 April 1	20.6600	22.6000	20.9500	19.0500
1996 December 3	24.3000	26.4500	24.5000	22.5000
1998 January 1	27.9900	30.2000	28.0000	26.0500
1998 December 3	31.9100	34.4500	31.9000	29.7000
1999 January 1	31.9100	34.4500	31.9000	29.7000
2000 January 1	35.1200	37.9000	35.1000	32.7000
2001 January 1	37.5700	40.3500	37.9500	35.8500

1/ National average, weighed by the number of workers in each region.

2/ States and municipalities are grouped into regions in order to reflect differing costs of living. For details on the grouping methodology, see “Minimum Wages”, National Minimum Wage Commission. .

Monetary and Financial Indicators

Table A 28 **Main Monetary and Financial Indicators**

	1997	1998	1999	2000
Monetary Aggregates	Real annual percentage change 1/			
Monetary Base	12.04	1.84	27.74	1.61 3/
M1	14.65	0.51	12.27	6.04
M4	8.81	6.13	6.11	5.99
	Percentage of GDP 2/			
Monetary Base	2.63	2.69	2.86	3.02
M1	8.41	8.55	8.61	8.84
M4	39.22	40.69	42.07	41.68
Nominal Interest Rates	Annual percentage rates			
28-day TIIE	21.91	26.89	24.10	16.96
28-day Cetes	19.80	24.76	21.41	15.24
CPP	19.12	21.09	19.73	13.69
CCP	20.04	22.39	20.89	14.59
Exchange Rate 1/	Pesos per dollar			
To settle liabilities denominated in foreign currency payable in Mexico	8.0833	9.8650	9.5143	9.5722
Mexican Stock Exchange	October 1978 = 100			
Stock market index (IPC) 1/	5,229	3,960	7,130	5,652

1/ End of period.
2/ Average of end of month stocks.
3/ Includes the effect of the exceptional demand for monetary base in December 1999 due to uncertainty caused by the Y2K problem. Excluding this effect, the monetary base expanded at a real annual rate of 12.33 percent.
SOURCE: Banco de México and the Mexican Stock Exchange.

Table A 29 Monetary Aggregates

Stocks in thousands of millions of pesos

End of Period	Monetary Base	M 1	M 2	M 3	M 4
			Nominal Stocks		
1990	30.1	51.0	271.2	277.8	293.7
1991	38.6	113.6	339.1	358.0	386.7
1992	44.0	131.7	380.5	426.9	458.4
1993	47.2	157.0	469.8	540.9	580.4
1994	56.9	163.8	554.9	657.1	724.2
1995	66.8	171.6	754.4	784.5	869.2
1996	84.0	245.3	995.2	1025.8	1116.1
1997	108.9	325.4	1295.1	1325.6	1405.4
1998	131.5	387.9	1656.1	1683.2	1769.0
1999	188.7	489.1	2007.2	2034.8	2108.5
2000					
Jan	157.2	450.7	2020.5	2050.9	2125.5
Feb	150.1	445.4	2045.8	2073.8	2144.8
Mar	153.0	454.2	2073.4	2107.0	2176.8
Apr	158.9	457.0	2096.7	2127.6	2194.6
May	157.7	463.1	2124.6	2150.4	2219.1
Jun	165.5	486.0	2155.1	2180.7	2249.4
Jul	162.2	487.0	2190.0	2218.8	2283.0
Aug	157.7	476.3	2190.4	2216.9	2278.5
Sep	161.4	482.5	2240.2	2265.3	2326.3
Oct	162.8	483.5	2264.7	2291.0	2354.2
Nov	175.1	510.0	2293.9	2319.3	2382.9
Dec	208.9	565.2	2347.5	2378.4	2435.1
			Average Stocks as Percentages of GDP		
1990	2.91	4.66	30.73	30.98	32.51
1991	3.10	6.85	31.64	33.32	35.78
1992	3.10	9.85	30.97	33.97	36.46
1993	2.96	10.51	33.12	38.25	41.19
1994	3.17	10.47	35.10	40.80	44.04
1995	2.73	7.52	34.08	37.56	41.41
1996	2.50	7.52	34.49	35.43	38.85
1997	2.63	8.41	35.70	36.68	39.22
1998	2.69	8.55	37.66	38.46	40.69
1999	2.86	8.61	39.81	40.37	42.07
2000	3.02	8.84	39.95	40.47	41.68

The Monetary Base comprises bills and coins in circulation plus the net creditor balance of commercial and development banks' current accounts in Banco de México.
M1 comprises bills and coins held by the public, plus resident private sector deposits in checking accounts and in current accounts where funds can be withdrawn by means of debit cards.
M2 equals M1 plus resident private sector bank deposits (other than deposits in checking and current accounts) plus federal government and private sector securities held by the resident private sector, and other instruments held by pension funds.
M3 comprises M2 plus non-residents' demand and term deposits in banks, plus federal government securities held by non-residents.
M4 equals M3 plus deposits in Mexican banks' agencies abroad.

Table A 30 **Monetary Base**

Stocks in thousands of millions of pesos

End od period	Monetary Base	Liabilities: Bills and Coins in Circulation 1/	Liabilities: Bank Deposits	Assets: Net Domestic Crredit	Assets: Net International Assets 2/
1990	30.121	27.078	3.044	17.850	12.271
1991	38.581	36.172	2.409	3.514	35.067
1992	43.972	42.015	1.957	2.046	41.926
1993	47.193	47.193	0.000	-17.247	64.440
1994	56.935	56.920	0.015	41.896	15.040
1995	66.809	66.809	0.000	55.649	11.160
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					
Jan	121.598	121.598	0.000	-116.387	237.985
Feb	118.781	118.703	0.077	-118.552	237.333
Mar	124.645	124.616	0.029	-102.727	227.372
Apr	118.254	118.254	0.000	-106.382	224.636
May	122.188	122.188	0.000	-120.339	242.527
Jun	121.964	121.794	0.171	-118.250	240.214
Jul	127.278	127.278	0.000	-112.963	240.241
Aug	125.525	125.463	0.061	-124.709	250.234
Sep	127.434	127.434	0.000	-121.219	248.653
Oct	134.042	133.979	0.063	-121.162	255.204
Nov	140.288	140.288	0.000	-115.201	255.490
Dec	188.718	188.718	0.000	-71.350	260.068
2000					
Jan	157.161	157.161	0.000	-126.766	283.927
Feb	150.127	150.126	0.001	-134.278	284.405
Mar	152.995	152.920	0.075	-147.371	300.365
Apr	158.904	158.846	0.058	-132.384	291.288
May	157.679	157.679	0.000	-128.181	285.860
Jun	165.529	165.529	0.000	-125.306	290.836
Jul	162.204	162.173	0.031	-130.196	292.400
Aug	157.693	157.693	0.000	-145.909	303.602
Sep	161.399	161.376	0.023	-161.872	323.272
Oct	162.823	162.823	0.000	-175.560	338.383
Nov	175.112	175.112	0.000	-152.665	327.777
Dec	208.943	208.880	0.063	-133.443	342.386

1/ Bills and coins held by the public and in banks' vaults.

2/ Defined as gross reserves, plus credit agreements with central banks with maturities over six months, minus total liabilities with the IMF and liabilities from credit agreements with central banks with maturities under six months. Includes the effect of US dollar exchange rate variations vis-à-vis other foreign currencies on purchases and sales of foreign currencies, on the date of each operation.

Table A 31 **Monetary Aggregates M1, M2, M3 and M4**

Stocks in thousands of millions of pesos

	DECEMBER					
	1995	1996	1997	1998	1999	2000
1. M1	**171.6**	**245.3**	**325.4**	**387.9**	**489.1**	**565.2**
2. Deposits in banks residing in Mexico by residents	443.8	534.0	604.0	761.9	779.4	704.8
3. Federal Government securities held by residents (including Siefores)	68.0	104.9	187.2	297.4	490.8	659.7
4. Securities issued by Banco de México (including Siefores)						21.0
5. Securities issued by the resident private sector and held by residents (including Siefores)	22.4	31.7	57.4	73.0	74.3	103.7
6. Securiities issued by the IPAB (including Siefores)						72.3
7. Retirement savings funds, excluding Siefores	48.4	79.3	121.2	135.9	173.6	220.8
8. M2=(1+2+3+4+5+6+7)	**754.4**	**995.2**	**1,295.1**	**1,656.1**	**2,007.2**	**2,347.5**
9. Deposits in banks residing in Mexico by non-residents	4.7	5.4	5.1	4.3	6.8	12.4
10. Federal Government securities held by non-residents	25.4	25.3	25.3	22.8	20.8	18.5
11. M3=(8+9+10)	**784.5**	**1,025.8**	**1,325.6**	**1,683.2**	**2,034.8**	**2,378.4**
12. Deposits in branches and agencies of Mexican banks abroad by residents	29.1	40.3	41.4	41.6	33.9	33.3
13. Deposits in branches and agencies of Mexican banks abroad by non-residents	55.6	49.9	38.4	44.3	39.8	23.4
14. M4=(11+12+13)	**869.2**	**1,116.1**	**1,405.4**	**1,769.0**	**2,108.5**	**2,435.1**

Table A 32 Monetary Regulation Bonds (BREMs) 1/

Results of Weekly Auctions

	Term in days	Amount Offered 2/	Amount Placed 2/	Amount Demanded 2/	Weighted Placement Price	Maximum Price	Minimum Assigned Price	Minimum Price
3-year BREMs								
03/Aug/2000	1092	1000	1000	6655	100.75989	101.17512	100.70000	95.48290
10/Aug/2000	1085	1000	1000	4010	101.06120	101.18424	100.95306	99.76300
17/Aug/2000	1078	1000	1000	4799	101.13316	101.25089	101.10309	100.00000
24/Aug/2000	1071	1000	1000	4869	101.09993	101.10000	101.03446	100.00000
31/Aug/2000	1064	1000	1000	3584	101.09415	101.15000	101.09100	100.00000
07/Sep/2000	1057	1000	1000	3142	101.09509	101.20000	101.04330	100.00000
14/Sep/2000	1050	1000	1000	3149	100.99425	101.00270	100.99330	100.00000
21/Sep/2000	1043	1000	1000	2699	100.75422	101.00101	100.58500	100.00000
28/Sep/2000	1092	1000	1000	4890	101.59941	102.40906	100.73081	99.50000
05/Oct/2000	1085	1000	1000	1430	100.20127	100.53431	99.25000	99.00000
12/Oct/2000	1078	1000	1000	5060	100.15965	100.31272	100.00000	98.50000
19/Oct/2000	1071	1000	1000	5165	99.80369	100.16460	99.60000	97.69355
26/Oct/2000	1064	1000	1000	3630	99.57188	99.96520	99.42000	50.00000
01/Nov/2000	1058	1000	1000	6930	99.47449	99.55941	99.39000	65.00000
09/Nov/2000	1050	1000	1000	5790	99.27508	99.51655	99.21700	95.00000
16/Nov/2000	1043	1000	1000	3480	99.49801	99.80000	99.39000	77.00000
23/Nov/2000	1036	1000	1000	3750	99.52929	99.62267	99.48980	75.00000
30/Nov/2000	1092	1000	1000	5880	99.64516	99.70001	99.59000	75.00000
07/Dec/2000	1085	1000	1000	5830	99.72000	99.80000	99.65000	75.00000
14/Dec/2000	1078	1000	1000	3150	99.77416	99.79520	99.75520	75.00000
21/Dec/2000	1071	1000	1000	2850	99.38112	99.45000	99.00000	75.00000

1_/ In accordance with articles 7° section VI, 17 and 46 Section VI of its Law, and 6°, 7° and 12° of its Internal Bylaw, Banco de México issues Monetary Regulation Bonds to regulate money market liquidity and facilitate the conduction of monetary policy.
2_/Millions of pesos.

Table A 33 Representative Interest Rates

Yields on Government Securities

Annual percentage rates 1/

	CETES 2_/				BONDES Spread		Fixed Rate Bonds		UDIBONOS 5_/		BPAs Spread 6_/ 7_/	
	28 Days	91 Days	182 Days	364 Days	3 Years 3/ (1092 days)	5 Years 4_/ (1820 days)	3 Years (1092 days)	5 Years (1820 days)	5 Years (1820 days)	10 Years (3640 days)	3 Years (1092 days)	5 Years (1820 days)
1990	34.76	35.03	29.49	25.35								
1991	19.28	19.82	19.78	19.72								
1992	15.62	15.89	15.93	16.11								
1993	14.99	15.50	15.56	15.55								
1994	14.10	14.62	14.07	13.83								
1995	48.44	48.24	43.07	38.56								
1996	31.39	32.91	33.67	34.38								
1997	19.80	21.26	21.88	22.45	0.57				6.32			
1998	24.76	26.18	21.55	22.38	0.97				6.95			
1999	21.41	22.38	23.31	24.13	1.21				7.95	6.93		
2000	15.24	16.15	16.56	16.94	0.75	0.94	15.90	15.37	6.93	6.74	1.11	1.21
1998												
Jan	17.95	19.37	19.66	19.95	0.54				5.95			
Feb	18.74	19.63	20.05	20.47	0.53				6.14			
Mar	19.85	20.76	20.99	21.43	0.61				6.73			
Apr	19.03	19.47	19.59	20.52	0.59				6.83			
May	17.91	18.85	19.83	21.00	0.58				7.07			
Jun	19.50	20.99	22.08	23.20	0.66				7.52			
Jul	20.08	21.82	23.40	24.49	0.79				7.53			
Aug	22.64	25.22	26.83	27.99	0.97				7.83			
Sep	40.80	41.90			1.92							
Oct	34.86	37.53			1.74							
Nov	32.12	34.30			1.58							
Dec	33.66	34.35			1.12							
1999												
Jan	32.13	32.27	31.88	31.27	1.24							
Feb	28.76	28.72	28.29	28.29	1.23				8.36			
Mar	23.47	23.86	23.87	25.10	1.20				8.05			
Apr	20.29	21.05	21.50	23.26	1.32				7.79			
May	19.89	21.02	21.82	22.74	1.34				7.83			
Jun	21.08	21.35	22.46	23.55	1.35				8.05			
Jul	19.78	20.78	22.31	23.58	1.26				8.15			
Aug	20.54	21.49	24.33	25.46	1.39				8.35			
Sep	19.71	21.34	23.15	24.01	1.30				8.51			
Oct	17.87	20.30	21.93	22.88	1.16				8.26	7.14		
Nov	16.96	18.68	19.92	20.63	0.87				7.43	7.01		
Dec	16.45	17.65	18.30	18.76	0.80				6.66	6.63		
2000												
Jan	16.19	17.43	17.89	18.82	0.68		17.70		6.64	6.58		
Feb	15.81	16.44	16.61	17.27	0.55		15.95		6.23	6.04		
Mar	13.66	14.46	15.09	15.89	0.59		14.94		6.01	5.91	0.52	
Apr	12.93	14.37	15.49	17.04		1.02	15.95				0.84	
May	14.18	15.58	16.21	17.61		0.89	16.90	17.40	7.48	7.52	1.34	
Jun	15.65	16.61	17.26	16.88		0.90	16.10		8.10	7.64	1.41	
Jul	13.73	14.62	15.27	15.84		0.74	14.95				1.21	
Aug	15.23	15.71	16.46	16.95		0.84	15.70	14.85	7.04	6.81	1.12	1.09
Sep	15.06	16.15	16.67	16.11		1.00	15.15	15.15	7.03	6.48	1.02	1.10
Oct	15.88	17.06	17.19	16.66	0.96	1.08	15.69	15.44		6.91	1.22	1.22
Nov	17.56	18.01	17.44	17.12	0.91	1.02		14.74			1.34	1.50
Dec	17.05	17.41	17.11	17.12	0.82	0.93		14.63		6.78	1.04	1.12

1_/ Simple average.
2_/ Primary auction 28-, 91-, 182- and 364-day interest rate equivalent.
3_/ Spread over the primary market yield on 91-day Cetes.
4_/ Spread over the primary market yield on 182-day Cetes.
5_/ Inflation indexed securities issued by the Mexican Government denominated in investment units-UDIs.
6_/ Spread over the primary market yield on 28-day Cetes.
7_/ Savings Protection Bonds issued by the Institute for the Protection of Bank Savings (IPAB).

Table A 34 Representative Interest Rates

Average Cost of Bank Term Deposits, and Interbank, Funding and Commercial Paper Interest Rates
Annual percentage rates

	Average Cost of Bank Term Deposits				Interbank Interest Rates			Weighted Average Funding Rate		Commercial Paper
	CPP 1_/	CCP 2_/	CCP-UDIs 3_/	CCP-Dollars 4_/	TIIP 28 day 5_/	TIIE 28 day 6_/	TIIE 91 day 7_/	Banks' 8_/	Government 9_/	at 28 days 10_/
1990	37.07									35.71
1991	22.56									23.27
1992	18.78									21.24
1993	18.56				18.29					20.42
1994	15.50				17.84					18.68
1995	45.12		6.81		54.05	55.21				56.89
1996	30.71	30.92	7.92	7.19	33.70	33.61				35.19
1997	19.12	20.04	6.59	6.63	21.82	21.91	22.29			22.85
1998	21.09	22.39	5.77	6.41	26.74	26.89	27.14	33.30	31.79	27.00
1999	19.73	20.89	4.07	6.32	24.06	24.10	24.63	22.45	20.80	24.45
2000	13.69	14.59	4.06	6.77	16.97	16.96	17.23	16.16	15.34	15.97
1998										
Jan	16.98	17.91	5.52	6.51	19.47	19.74	19.95			20.05
Feb	17.03	17.95	5.54	6.47	20.61	20.52	20.67			20.28
Mar	17.37	18.36	5.60	6.48	21.71	21.69	21.83			21.33
Apr	17.66	18.65	5.62	6.43	20.41	20.55	20.44			20.39
May	16.85	17.72	5.76	6.40	20.17	19.90	20.27			19.58
Jun	17.24	18.18	5.78	6.41	21.10	21.47	21.79			20.91
Jul	17.75	18.86	5.72	6.42	21.75	21.88	22.66			20.98
Aug	19.05	20.07	5.83	6.46	25.33	25.78	27.20			25.49
Sep	27.54	29.57	5.84	6.44	41.55	42.04	40.35			42.75
Oct	29.28	31.43	5.94	6.35	37.49	37.65	38.69			39.11
Nov	27.76	29.45	6.13	6.31	34.64	34.78	35.56	32.46	31.07	34.60
Dec	28.56	30.47	5.98	6.29	36.60	36.69	36.29	34.15	32.51	38.52
1999										
Jan	28.31	30.01	5.33	6.28	36.27	35.80	35.45	34.11	31.96	37.29
Feb	26.90	28.64	3.36	6.26	31.97	32.21	31.35	30.26	28.42	32.36
Mar	22.84	24.21	3.33	6.30	26.46	26.87	26.37	25.86	23.99	34.60
Apr	19.16	20.31	3.48	6.28	22.49	22.54	22.99	21.10	19.66	22.15
May	17.82	18.95	3.77	6.25	22.42	22.52	23.26	21.16	19.40	21.95
Jun	18.62	19.75	3.88	6.23	23.68	23.60	23.77	22.02	20.14	22.48
Jul	18.08	19.09	3.87	6.24	22.20	22.11	22.98	20.61	18.69	22.10
Aug	18.17	19.18	4.15	6.28	23.20	23.13	24.36	20.52	18.94	22.41
Sep	17.94	18.96	4.24	6.27	22.05	22.04	23.43	20.24	18.71	20.92
Oct	17.25	18.11	4.34	6.36	20.40	20.63	22.41	18.28	16.92	19.97
Nov	16.26	17.10	4.63	6.48	18.94	19.01	20.09	17.96	16.91	18.75
Dec	15.42	16.34	4.40	6.57	18.67	18.75	19.06	17.24	15.81	18.45
2000										
Jan	15.29	16.28	4.35	6.60	18.58	18.55	18.69	17.70	15.92	16.30
Feb	15.18	16.07	4.28	6.68	18.20	18.15	18.12	17.34	15.60	16.46
Mar	13.67	14.42	3.91	6.71	15.75	15.77	15.86	14.89	13.71	14.73
Apr	12.48	13.12	3.78	6.75	14.78	14.74	15.10	14.08	12.96	14.15
May	12.51	13.29	3.81	6.80	15.92	15.92	16.77	14.95	14.23	16.09
Jun	13.53	14.42	3.89	6.88	17.41	17.44	17.73	16.58	16.06	16.21
Jul	12.98	13.84	3.87	6.86	15.01	15.13	15.40	14.11	13.67	13.74
Aug	13.05	13.98	4.03	6.83	16.66	16.62	16.84	16.30	15.35	15.97
Sep	13.29	14.16	4.11	6.76	16.84	16.77	17.13	15.96	15.30	15.30
Oct	13.51	14.44	4.07	6.84	17.47	17.38	17.99	16.45	16.20	17.99
Nov	14.44	15.56	4.31	6.78	18.63	18.64	18.76	17.92	17.53	17.39
Dec	14.39	15.55	4.27	6.77	18.39	18.39	18.39	17.66	17.56	17.33

1_/ Commercial Banks' Average Cost of Term Deposits (CPP) covers term deposits, certificate deposits with interest payable at maturity, other deposits (different from checking accounts and savings deposits), bankers' acceptances and commercial paper with bank guarantee. This indicator was first published in August 1975 and will cease to be published on December 31st, 2005, as stipulated in the Official Gazette of February 13th, 1996.

2_/ Commercial Banks' Average Cost of Funds (CCP) includes the interest on term deposits denominated in domestic currency. It excludes convertible subordinated debt, guarantees and interbank operations. This indicator was first published in February 1996. For more information see the Official Gazette of February 13th, 1996.

3_/ Commercial Banks' Average Cost of Funds in UDIs (CCP-UDIs) includes the instruments denominated in investment units (UDIs) that are covered in the calculation of the CCP. It was first published in November 1995. For more information see the Official Gazette of November 6th, 1995, and February 13th, 1996.

4_/ Commercial Banks' Average Cost of Funds in Dollars (CCP-Dollars) includes term liabilities and U.S. dollar-denominated loans granted by foreign banks. It excludes convertible subordinated debt, guarantees, interbank operations, and loans granted by Export-Import Banks, Commodity Credit Corporation and other similar institutions. It was first published in May 1996. For more information see the Official Gazette of May 6th, 1996.

5_/ The 28-day Average Interbank Interest Rate (TIIP) was first calculated in January 1993, according to the provisions issued by Banco de México (Circular telefax 1996/93) and will cease to be published on December 31st, 20001, as stipulated in the Official Gazette of March 23rd, 1995.

6_/ The 28-day Interbank Equilibrium Interest Rate (TIIE) is calculated by Banco de México using commercial banks' quotes as stipulated in the Official Gazette of March 23rd, 1995. Calculation procedures are set out by Banco de México in Circular telefax 2019/95.

7_/ The 91-day Interbank Equilibrium Interest Rate (TIIE 91) is calculated by Banco de México using commercial banks' quotes as stipulated by the provisions issued by Banco de México on January 9th, 1997 (Circular telefax 4/1997).

8_/ Average of daily interest rates on one day government securities traded directly or through repo operations.

9_/ Average of daily interest rates on one day repo operations.

10_/ Weighted average of placements with different maturity terms (28-day interest rate equivalent). Interest rate after income tax.

Table A 35 Representative Exchange Rates

Pesos per dollar

	Exchange Rate Used to Settle Liabilities Denominated in Foreign Currency Payable in Mexico 1_/		48-Hours Interbank Exchange Rate Closing Quotes 2_/			
			(Buy)		(Sell)	
	End of Period	Period Average	End of Period	Period Average	End of Period	Period Average
1995	7.6425	6.4190	7.6700	6.3954	7.7000	6.4258
1996	7.8509	7.5994	7.8850	7.5827	7.8950	7.6006
1997	8.0833	7.9185	8.0625	7.9122	8.0650	7.9232
1998	9.8650	9.1357	9.9030	9.1441	9.9080	9.1527
1999	9.5143	9.5605	9.4900	9.5516	9.5000	9.5592
2000	9.5722	9.4556	9.6200	9.4557	9.6500	9.4610
1998						
Jan	8.3603	8.1798	8.4650	8.2237	8.4750	8.2331
Feb	8.5832	8.4932	8.5180	8.4940	8.5220	8.5000
Mar	8.5165	8.5689	8.5210	8.5631	8.5240	8.5681
Apr	8.4818	8.4996	8.4870	8.4911	8.4930	8.4944
May	8.8802	8.5612	8.8250	8.5986	8.8350	8.6041
Jun	9.0407	8.8948	8.9580	8.9077	8.9650	8.9151
Jul	8.9178	8.9040	8.9080	8.8909	8.9120	8.8952
Aug	9.9600	9.2596	9.9700	9.3588	9.9900	9.3737
Sep	10.1062	10.2154	10.1800	10.2075	10.2000	10.2278
Oct	10.1575	10.1523	10.0670	10.1330	10.0780	10.1459
Nov	9.9404	9.9874	9.9830	9.9612	9.9900	9.9684
Dec	9.8650	9.9117	9.9030	9.8990	9.9080	9.9068
1999						
Jan	10.1745	10.1104	10.1650	10.1233	10.1730	10.1378
Feb	9.9357	10.0150	9.9020	9.9820	9.9100	9.9877
Mar	9.5158	9.7694	9.5160	9.7233	9.5210	9.7301
Apr	9.2871	9.4461	9.2950	9.4142	9.3050	9.4207
May	9.7498	9.3623	9.7300	9.4127	9.7400	9.4217
Jun	9.4875	9.5418	9.3600	9.5011	9.3700	9.5096
Jul	9.3827	9.3671	9.4060	9.3625	9.4100	9.3691
Aug	9.3819	9.3981	9.3600	9.3856	9.3700	9.3926
Sep	9.3582	9.3403	9.3600	9.3303	9.3650	9.3358
Oct	9.6504	9.5403	9.6245	9.5719	9.6330	9.5783
Nov	9.3550	9.4205	9.4130	9.3945	9.4180	9.4010
Dec	9.5143	9.4151	9.4900	9.4181	9.5000	9.4263
2000						
Jan	9.5123	9.4793	9.5900	9.4867	9.6000	9.4940
Feb	9.3748	9.4456	9.3700	9.4188	9.3730	9.4243
Mar	9.2331	9.2959	9.2550	9.2821	9.2600	9.2866
Apr	9.4073	9.3748	9.3930	9.3854	9.3970	9.3919
May	9.5326	9.5081	9.5040	9.5144	9.5100	9.5201
Jun	9.9538	9.7978	9.8300	9.8384	9.8400	9.8446
Jul	9.3610	9.4688	9.3500	9.4183	9.3550	9.4238
Aug	9.2317	9.2846	9.1960	9.2702	9.1980	9.2742
Sep	9.4088	9.3319	9.4350	9.3529	9.4400	9.3566
Oct	9.6443	9.5182	9.5590	9.5314	9.5640	9.5350
Nov	9.4058	9.5179	9.4325	9.4966	9.4500	9.5018
Dec	9.5722	9.4439	9.6200	9.4731	9.6500	9.4788

1_/ This exchange rate (FIX) is determined by Banco de México as an average of quotes in the wholesale foreign exchange market for operations payable in 48 hours. It is published in the Official Gazette one banking business day after its determination date, and is used to settle liabilities denominated in foreign currency payable in Mexico on the next day.

2_/ Representative exchange rate of wholesale operations (between banks, brokerage houses, foreign exchange houses and other major financial and non financial firms) payable in two banking business days.

Table A 36 Results of Auctions of Dollar Put Options

Millions of U.S. dollars

Auctions		Amount Offered	Average Premium	Exercise Date 1/	Amount Excercised
Date	Excercisable Month		(pesos per dollar)		
29/12/1999*	Jan-00	250	0.03656	17-Jan-00	237
				19-Jan-00	5
				Subtotal	**242**
31/01/2000*	Feb-00	250	0.0302	7-Feb-00	250
				Subtotal	**250**
28/02/2000*	Mar-00	250	0.0334	2-Mar-00	105
				3-Mar-00	34
				7-Mar-00	48
				22-Mar-00	63
				Subtotal	**250**
31/03/2000*	Apr-00	250	0.0353	**Subtotal**	**0**
28/04/2000*	May-00	250	0.0343	31-May-00	180
				Subtotal	**180**
31/05/2000*	Jun-00	250	0.0357	**Subtotal**	**0**
30/06/2000*	Jul-00	250	0.0599	4-Jul-00	250
				Subtotal	**250**
31/07/2000*	Aug-00	250	0.0358	1-Aug-00	60
				4-Aug-00	66
				11-Aug-00	49
				14-Aug-00	10
				16-Aug-00	65
				Subtotal	**250**
31/08/2000*	Sep-00	250	0.0316	**Subtotal**	**0**
29/09/2000*	Oct-00	250	0.0257	**Subtotal**	**0**
31/10/2000*	Nov-00	250	0.0324	14-Nov-00	250
				Subtotal	**250**
30/11/2000*	Dec-00	250	0.0347	5-Dec-00	104
				8-Dec-00	5
				18-Dec-00	63
				Subtotal	**172**
Total		**3000**			**1844**

1/ 48-hours settlement.
* The Foreign Exchange Commission decided not to issue an additional put option auction in case more than 80 percent of that auction was exercised before the 16th of the month.

Table A 37 **Market Capitalization of the Mexican Stock Exchange**

Millions of pesos, according to the last quotes registered

	Total	Extractive Industry	Manufacturing Industry	Construction	Commerce	Communications and Transportation	Services	Other 1/
1996	838,682	28,708	216,560	96,385	95,930	163,255	129,342	108,501
1997	1,262,469	36,097	314,139	125,662	199,812	265,354	154,695	166,710
1998	907,366	29,991	246,698	83,441	144,178	220,528	96,653	85,876
1999	1,460,336	41,128	283,474	114,008	202,002	522,492	164,040	133,193
2000	1,203,021	21,090	221,051	80,229	176,895	430,977	203,729	69,049
1998								
Jan	1,123,514	32,485	287,448	109,231	169,618	237,083	140,781	146,869
Feb	1,154,973	35,316	295,541	112,202	174,933	244,482	142,491	150,007
Mar	1,202,540	34,425	309,764	121,030	175,397	267,706	142,896	151,323
Apr	1,219,839	34,089	308,134	132,625	170,301	267,323	154,576	152,791
May	1,123,524	32,042	318,575	117,426	155,167	242,247	136,329	121,739
Jun	1,066,431	28,621	308,435	109,865	153,659	236,583	121,752	107,517
Jul	1,040,434	27,643	294,872	106,538	150,261	229,344	124,141	107,635
Aug	807,526	22,415	254,945	73,343	124,920	167,756	91,928	72,219
Sep	889,935	30,287	273,567	78,031	141,316	202,487	88,452	75,795
Oct	940,028	29,956	278,183	81,908	145,154	233,000	87,377	84,451
Nov	877,825	29,324	248,863	80,837	140,095	208,050	89,859	80,797
Dec	907,366	29,991	246,698	83,441	144,178	220,528	96,653	85,876
1999								
Jan	905,227	30,502	249,475	88,659	133,637	231,748	92,507	78,700
Feb	949,514	30,380	249,312	95,769	142,619	246,545	99,199	85,690
Mar	1,071,430	33,348	267,932	116,379	157,267	272,934	125,739	97,831
Apr	1,149,118	35,654	278,574	98,250	174,615	297,236	135,915	128,874
May	1,147,449	31,972	269,009	99,121	168,328	328,920	129,768	120,332
Jun	1,205,854	36,752	286,043	108,778	182,473	330,236	134,899	126,673
Jul	1,110,444	34,516	272,343	92,814	171,436	307,011	116,984	115,338
Aug	1,090,217	36,006	260,662	93,916	162,809	309,888	114,915	112,020
Sep	1,073,630	36,855	252,901	96,867	160,009	302,514	111,898	112,586
Oct	1,146,390	34,641	244,564	93,481	163,788	367,786	130,752	111,378
Nov	1,254,367	37,258	267,563	104,240	183,229	392,732	145,559	123,805
Dec	1,460,336	41,128	283,474	114,008	202,002	522,492	164,040	133,193
2000								
Jan	1,351,897	43,644	246,952	95,739	180,698	497,872	167,451	119,541
Feb	1,461,391	39,877	243,875	91,725	208,023	590,227	174,277	113,387
Mar	1,493,349	36,742	249,748	95,741	219,913	588,054	190,110	113,040
Apr	1,344,342	32,306	234,953	92,645	202,509	522,045	160,677	99,208
May	1,251,133	29,317	228,134	89,407	185,526	474,483	151,843	92,424
Jun	1,420,003	24,002	243,225	100,386	206,241	575,436	173,733	96,980
Jul	1,350,286	28,113	237,257	100,350	196,426	512,310	180,919	94,910
Aug	1,379,897	31,729	237,576	97,795	203,899	513,125	201,328	94,445
Sep	1,321,570	27,796	228,879	88,749	189,007	497,424	204,338	85,379
Oct	1,332,834	46,788	227,016	90,353	189,809	487,986	205,256	85,627
Nov	1,202,922	39,226	214,401	85,065	176,384	423,176	189,689	75,003
Dec	1,203,021	21,090	221,051	80,229	176,895	430,977	203,729	69,049

1/ Holding companies mainly.
SOURCE: Mexican Stock Exchange.

Table A 38 Mexican Stock Market Index (IPC)

End of period, October 1978 = 100

	General Index	Extractive Industry	Manufacturing Sector	Construction	Commerce	Communications and Transportation	Services	Others 1/
1996	3,361	6,123	2,330	7,892	5,566	8,260	340	3,017
1997	5,229	7,883	3,492	9,806	11,377	14,343	462	4,362
1998	3,960	6,985	2,874	5,744	7,696	13,875	272	2,752
1999	7,130	9,894	3,281	10,890	11,728	31,176	587	3,847
2000	5,652	5,324	2,549	7,428	10,677	25,655	684	1,955
1998								
Jan	4,569	7,106	3,145	8,605	9,151	12,945	411	3,797
Feb	4,785	7,732	3,262	8,836	9,747	13,443	412	3,935
Mar	5,016	7,479	3,410	9,606	9,558	14,891	427	3,949
Apr	5,099	7,515	3,377	10,585	9,219	15,009	465	4,028
May	4,530	7,262	3,102	9,253	8,082	13,555	399	3,545
Jun	4,283	6,491	2,978	8,674	8,073	13,491	339	3,083
Jul	4,245	6,278	2,912	8,362	8,165	13,582	338	3,124
Aug	2,992	5,091	2,373	5,470	6,305	9,886	196	2,000
Sep	3,570	6,897	2,685	5,788	7,523	12,334	222	2,339
Oct	4,075	6,825	2,789	6,211	8,112	14,474	228	2,698
Nov	3,770	6,687	2,701	6,316	7,539	12,915	242	2,561
Dec	3,960	6,985	2,874	5,744	7,696	13,875	272	2,752
1999								
Jan	3,958	7,104	2,844	6,227	7,131	14,719	252	2,509
Feb	4,261	7,079	2,872	6,896	7,919	15,896	290	2,761
Mar	4,930	7,779	3,123	8,930	8,968	17,691	396	3,169
Apr	5,415	8,506	3,217	9,657	10,611	19,250	431	3,662
May	5,478	7,688	3,092	9,790	9,969	21,350	402	3,389
Jun	5,830	8,838	3,306	10,494	11,075	21,545	440	3,633
Jul	5,260	8,300	3,104	8,892	10,191	19,932	366	3,199
Aug	5,087	8,658	2,969	8,973	9,483	19,242	354	3,118
Sep	5,051	8,862	2,893	9,243	9,239	19,101	343	3,182
Oct	5,450	8,330	2,774	8,921	9,236	22,807	426	3,160
Nov	6,137	8,959	3,076	9,954	10,881	24,981	512	3,500
Dec	7,130	9,894	3,281	10,890	11,728	31,176	587	3,847
2000								
Jan	6,586	10,529	2,848	9,190	10,415	30,279	601	3,401
Feb	7,369	9,620	2,861	8,794	12,817	37,096	627	3,227
Mar	7,473	8,864	2,940	9,141	13,359	37,016	678	3,246
Apr	6,641	7,794	2,756	8,876	12,358	32,514	561	2,827
May	5,961	7,154	2,693	8,572	11,224	27,767	526	2,616
Jun	6,948	5,857	2,825	9,479	13,191	34,575	613	2,755
Jul	6,514	6,881	2,768	9,463	12,304	30,450	627	2,708
Aug	6,665	7,766	2,764	9,201	12,990	30,570	670	2,727
Sep	6,335	6,844	2,692	8,279	11,529	30,129	670	2,420
Oct	6,394	6,243	2,638	8,460	12,170	29,926	677	2,417
Nov	5,653	5,074	2,493	7,914	11,045	25,867	619	2,107
Dec	5,652	5,324	2,549	7,428	10,677	25,655	684	1,955

1/ Holding companies mainly.
SOURCE: Mexican Stock Exchange.

Public Finances

Table A 39 **Main Public Finance Indicators**

Percentage of GDP

ITEM	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Budgetary Revenues 1/	23.5	23.7	23.1	22.8	22.8	23.0	23.1	20.4	20.8	21.8
Budgetary Expenditures	23.8	22.2	22.5	23.1	23.0	23.1	23.7	21.6	22.0	22.9
Budgetary Balance	-0.4	1.4	0.7	-0.3	-0.2	-0.1	-0.6	-1.2	-1.2	-1.1
Non-Budgetary Balance 2/	-0.1	0.0	0.0	0.2	0.2	0.1	-0.1	0.0	0.0	0.0
Economic Balance on a Cash Basis	-0.5	1.5	0.7	-0.1	0.0	0.0	-0.7	-1.2	-1.1	-1.1
Primary Balance on a Cash Basis 3/	4.8	5.2	3.3	2.1	4.7	4.3	3.5	1.7	2.5	2.6
Operational Accrued Balance 4/	6.2	6.2	1.0	-0.1	0.8	-0.4	0.2	-0.8	-1.2	-1.1
Total Net Public Sector Debt 5/	35.6	26.7	21.9	21.8	31.2	27.9	21.5	22.1	21.9	20.4
Budgetary Interest Payments 6/	5.1	3.6	2.7	2.3	4.6	4.4	4.1	2.9	3.6	3.7

1/ Data for 1991 and 1992 exclude non-recurrent revenues from privatizations, amounting to 3.2 and 2.7 percent of GDP, respectively.
2/ Includes statistical discrepancy vis-à-vis the sources of financing methodology.
3/ Obtained by subtracting interest payments of the budgetary and non-budgetary sectors from the economic balance.
4/ Obtained by subtracting the loss in value of the domestic public debt due to inflation from the accrued economic balance. Measured by Banco de México.
5/ Refers to the broad net economic debt, which includes the net liabilities of the Federal Government, public enterprises and entities, development banks and official trust funds. Average balances. Measured by Banco de México.
6/ Excludes interest payments mad by non-budgetary enterprises and entities.
Figures may not add up due to rounding off.
SOURCE: SHCP, except where Banco de México is mentioned.

Table A 40 Revenues, Expenditures and Balances of the Public Sector in 1999 and 2000

ITEM	1999 Observed Thousands of Millions of Pesos	1999 Observed Percentage of GDP	2000 Programmed 4/ Thousands of Millions of Pesos	2000 Programmed 4/ Percentage of GDP	2000 Observed Thousands of Millions of Pesos	2000 Observed Percentage of GDP	Real Growth % 1999-2000
Budgetary Revenues	**956.5**	**20.85**	**1,124.3**	**21.47**	**1,184.9**	**21.81**	**13.1**
Federal Government	674.3	14.70	818.6	15.63	866.2	15.95	17.3
Tax Revenues	521.7	11.37	565.4	10.80	579.0	10.66	1.4
Income Tax (ISR)	216.1	4.71	242.5	4.63	254.1	4.68	7.4
Value-Added Tax	151.2	3.29	169.1	3.23	190.7	3.51	15.2
Excise Taxes (IEPS)	106.7	2.33	107.0	2.04	82.0	1.51	-29.8
Tax on Imports	27.3	0.60	107.0	0.49	33.3	0.61	11.5
Other	20.4	0.44	20.9	0.40	18.7	0.35	-15.9
Non-Tax Revenues	152.7	3.33	253.1	4.83	287.2	5.29	71.9
Public Enterprises and Entities 1/	282.1	6.15	305.7	5.84	318.6	5.87	3.1
Pemex	101.2	2.20	107.0	2.04	107.7	1.98	-2.8
Other	181.0	3.94	198.8	3.79	211.0	3.88	6.5
Paid Budgetary Expenditures	**1,009.3**	**22.00**	**1,176.9**	**22.47**	**1,246.1**	**22.94**	**12.8**
Programmable Expenditures	704.7	15.36	798.4	15.24	852.1	15.68	10.4
Differed Payments (-)	0.0	0.00	18.4	0.35	0.0	0.00	n.a.
Programmable Accrued	704.7	15.36	816.7	15.59	852.1	15.68	10.4
Wages and Salaries	337.2	7.35	n.a.	n.a.	383.6	7.06	3.9
Adquisitions	56.8	1.24	n.a.	n.a.	80.3	1.48	29.2
Other Current Expenditures	103.3	2.25	n.a.	n.a.	123.8	2.28	9.4
Capital Expenditures	129.1	2.81	n.a.	n.a.	157.5	2.90	11.5
Fixed Investment	117.4	2.56	n.a.	n.a.	140.8	2.59	9.5
Financial Investment	11.7	0.25	n.a.	n.a.	16.8	0.31	30.9
Aids, Subsidies and Transfers	78.3	1.71	n.a.	n.a.	106.8	1.97	24.5
Aids	6.1	0.13	n.a.	n.a.	8.6	0.16	29.6
Subsidies	18.1	0.39	n.a.	n.a.	23.5	0.43	18.4
Transfers	54.2	1.18	n.a.	n.a.	74.7	1.38	26.0
Non-Programmable Expenditures	304.7	6.64	378.6	7.23	394.0	7.25	18.1
Arrears and Other	-0.4	-0.01	15.8	0.30	13.8	0.25	n.a.
Revenue Sharing	140.7	3.07	161.7	3.09	178.1	3.28	15.7
Interest Payments	164.3	3.58	201.1	3.84	202.2	3.72	12.4
Domestic	101.3	2.21	128.4	2.45	129.2	2.38	16.5
Interest on conventional debt	77.5	1.69	88.4	1.69	68.7	1.26	-19.1
Financial enhancing program	23.8	0.52	40.0	0.76	60.5	1.11	132.3
External	63.0	1.37	72.7	1.39	72.9	1.34	5.7
Budgetary Balance	**-52.9**	**-1.15**	**-52.6**	**-1.00**	**-61.2**	**-1.13**	**5.8**
Non-Budgetary Balance	**0.9**	**0.02**	**0.1**	**0.00**	**0.7**	**0.01**	**-23.2**
Direct Balance	3.0	0.07	0.1	0.00	1.7	0.03	-48.6
Statistical Discrepancy	-2.2	-0.05	0.0	0.00	-1.0	-0.02	-58.7
Economic Balance on Cash Basis	**-52.0**	**-1.13**	**-52.5**	**-1.00**	**-60.5**	**-1.11**	**6.3**
Primary Balance on Cash Basis	**115.1**	**2.51**	**149.3**	**2.85**	**143.4**	**2.64**	**13.7**

1/ Excludes contributions to ISSSTE.
2/ Difference between the public balance computed by the revenue-expenditure methodology and that computed according to the sources of financing methodology.
3/ Obtained by subtracting interest payments made by the budgetary and non-budgetary sectors from the economic balance.
n.a. Not available.
Figures may not add up due to rounding off.
SOURCE: SHCP.

Table A 41 Revenues, Expenditures and Balances of the Public Sector: 1990-2000

Percentage of GDP

ITEM	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Budgetary Revenues	25.3	23.5	23.7	23.1	22.8	22.8	23.0	23.1	20.4	20.8	21.8
Federal Government	15.9	15.5	16.0	15.5	15.2	15.2	15.5	15.9	14.2	14.7	15.9
Tax revenues	10.7	10.7	11.3	11.4	11.3	9.3	8.9	9.8	10.5	11.4	10.7
Non-tax revenues	5.2	4.8	4.8	4.1	3.9	6.0	6.6	6.0	3.7	3.3	5.3
Public enterprises and entities 1/	9.4	7.9	7.6	7.6	7.6	7.6	7.5	7.2	6.2	6.1	5.9
Pemex	3.5	2.7	2.3	2.2	2.3	2.7	2.9	2.7	2.1	2.2	2.0
Other	5.9	5.3	5.4	5.4	5.4	4.9	4.5	4.5	4.1	3.9	3.9
Budgetary Expenditures	27.5	23.8	22.2	22.5	23.1	23.0	23.1	23.7	21.6	22.0	22.9
Programmable expenditures	15.3	15.2	15.3	16.1	17.2	15.4	15.7	16.3	15.5	15.4	15.7
Current expenditures	11.6	11.5	11.6	13.0	13.5	12.2	12.0	12.8	12.4	12.5	12.8
Capital expenditures	3.7	3.7	3.7	3.1	3.7	3.2	3.7	3.5	3.1	2.8	2.9
Non-programmable expenditures	12.3	8.7	6.9	6.4	5.9	7.6	7.4	7.4	6.1	6.6	7.3
Arrears and other 2/	0.4	0.8	0.4	0.7	0.6	0.3	0.3	0.3	0.3	0.0	0.3
Revenue sharing	2.8	2.8	2.9	3.0	2.9	2.7	2.8	3.0	3.0	3.1	3.3
Interest payments	9.1	5.1	3.6	2.7	2.3	4.6	4.4	4.1	2.9	3.6	3.7
Budgetary Balance	-2.2	-0.4	1.4	0.7	-0.3	-0.2	-0.1	-0.6	-1.2	-1.2	-1.1
Non-budgetary balance	-0.4	-0.1	0.0	0.0	0.2	0.2	0.1	-0.1	0.0	0.0	0.0
Economic Balance on a Cash Basis	-2.6	-0.5	1.5	0.7	-0.1	0.0	0.0	-0.7	-1.2	-1.1	-1.1
Primary Balance on a Cash Basis 3/	7.2	4.8	5.2	3.3	2.1	4.7	4.3	3.5	1.7	2.5	2.6

1/ Excludes contributions to ISSSTE.
2/ Includes third party operations of the Federal Government.
3/ Obtained by subtracting interest payments made by the budgetary and non-budgetary sectors from the economic balance.
Figures may not add up due to rounding off.
SOURCE: SHCP, except where Banco de México is mentioned.

Table A 42 Budgetary Revenues of the Public Sector: 1990-2000

Percentage of GDP

ITEM	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
BUDGETARY REVENUES	**25.3**	**23.5**	**23.7**	**23.1**	**22.8**	**22.8**	**23.0**	**23.1**	**20.4**	**20.8**	**21.8**
CLASSIFICATION I											
FEDERAL GOVERNMENT	15.9	15.5	16.0	15.5	15.2	15.2	15.5	15.9	14.2	14.7	15.9
Tax revenues	10.7	10.7	11.3	11.4	11.3	9.3	8.9	9.8	10.5	11.4	10.7
Income tax (ISR)	4.5	4.5	5.1	5.5	5.1	4.0	3.8	4.3	4.4	4.7	4.7
Value added tax (IVA)	3.6	3.4	2.7	2.6	2.7	2.8	2.9	3.1	3.1	3.3	3.5
Excise taxes (IEPS)	1.5	1.3	1.6	1.5	2.0	1.3	1.2	1.4	2.0	2.3	1.5
Other	1.1	1.4	1.8	1.7	1.5	1.1	1.1	1.1	1.0	1.0	1.0
Non-tax revenues	5.2	4.8	4.8	4.1	3.9	6.0	6.6	6.0	3.7	3.3	5.3
Fees and charges	4.0	3.7	3.4	3.2	2.5	4.2	4.8	4.4	2.7	2.5	4.3
Rents	0.3	0.3	0.3	0.1	0.2	0.5	0.3	0.3	0.3	0.2	0.1
Contributions 1/	0.7	0.6	1.0	0.8	1.1	1.3	1.6	1.4	0.6	0.7	0.8
Other	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PUBLIC ENTERPRISES AND ENTITIES	9.4	7.9	7.6	7.6	7.6	7.6	7.5	7.2	6.2	6.1	5.9
Pemex	3.5	2.7	2.3	2.2	2.3	2.7	2.9	2.7	2.1	2.2	2.0
Other 2/	5.9	5.3	5.4	5.4	5.4	4.9	4.5	4.5	4.1	3.9	3.9
CLASSIFICATION II											
OIL REVENUES	8.2	7.1	6.8	6.4	6.4	8.1	8.7	8.4	6.6	6.8	7.9
Pemex	3.5	2.7	2.3	2.2	2.3	2.7	2.9	2.7	2.1	2.2	2.0
Exports	3.3	2.4	1.9	1.5	1.4	2.4	2.9	2.2	1.2	1.4	1.9
Domestic sales 3/	3.7	3.6	3.5	3.6	3.1	4.3	4.5	4.6	3.3	3.0	4.1
(-) Taxes 4/	3.6	3.3	3.1	2.9	2.2	4.0	4.6	4.1	2.4	2.2	4.1
Federal Government	4.7	4.5	4.5	4.2	4.1	5.4	5.8	5.7	4.4	4.6	5.9
Tax revenues	1.2	1.2	1.5	1.4	1.9	1.5	1.4	1.6	2.1	2.4	1.9
Value added tax (IVA)	0.5	0.5	0.3	0.3	0.4	0.5	0.6	0.5	0.5	0.5	0.6
Excise taxes (IEPS)	0.7	0.7	1.1	1.1	1.5	0.9	0.8	1.1	1.6	1.9	1.2
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-tax revenues 5/	3.5	3.3	3.0	2.8	2.2	3.9	4.5	4.1	2.3	2.1	4.0
NON-OIL REVENUES	17.1	16.4	16.9	16.7	16.4	14.7	14.2	14.7	13.8	14.1	13.9
Federal Government	11.2	11.1	11.5	11.3	11.0	9.8	9.7	10.1	9.7	10.1	10.1
Tax revenues	9.5	9.5	9.8	10.0	9.3	7.8	7.6	8.2	8.4	8.9	8.8
Income tax (ISR)	4.5	4.5	5.1	5.5	5.1	4.0	3.8	4.3	4.4	4.7	4.7
Value added tax (IVA)	3.1	3.0	2.4	2.3	2.3	2.3	2.3	2.5	2.6	2.8	2.9
Excise tax (IEPS)	0.8	0.6	0.5	0.5	0.4	0.4	0.4	0.3	0.4	0.4	0.3
Other 6/	1.1	1.4	1.8	1.7	1.5	1.1	1.1	1.1	1.0	1.0	0.9
Non-tax revenues	1.7	1.6	1.7	1.3	1.7	2.0	2.1	1.9	1.3	1.2	1.3
Fees and charges	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.4	0.3	0.3
Rents	0.3	0.3	0.3	0.1	0.2	0.5	0.3	0.3	0.3	0.2	0.1
Other 1/	0.7	0.6	1.0	0.8	1.1	1.3	1.6	1.4	0.6	0.7	0.8
Public enterprises and entities 2/	5.9	5.3	5.4	5.4	5.4	4.9	4.5	4.5	4.1	3.9	3.9

1/ Includes non-recurrent revenues from privatizations since 1991.
2/ Excludes contributions to ISSSTE.
3/ Includes other revenues and third party revenues.
4/ Excludes taxes paid on behalf of third parties (VAT and Excise taxes, IEPS).
5/ Oil extraction duties paid to the Federal Government by PEMEX and the surplus over international oil prices.
6/ Includes taxes on foreign trade and other taxes.
Figures may not add up due to rounding off.
SOURCE: SHCP.

Table A 43 Budgetary Expenditures of the Public Sector: 1990-2000

Percentage of GDP

ITEM	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
BUDGETARY EXPENDITURES	**27.5**	**23.8**	**22.2**	**22.5**	**23.1**	**23.0**	**23.1**	**23.7**	**21.6**	**22.0**	**22.9**
PROGRAMMABLE EXPENDITURES	15.3	15.2	15.3	16.1	17.2	15.4	15.7	16.3	15.5	15.4	15.7
Current expenditures	11.6	11.5	11.6	13.0	13.5	12.2	12.0	12.8	12.4	12.5	12.8
Wages and salaries	4.5	4.7	5.0	5.7	6.0	6.4	6.2	6.8	6.9	7.3	7.1
Direct	4.5	4.7	3.8	4.0	4.0	3.8	3.6	3.8	3.6	3.9	3.6
Indirect 1/	n.a.	n.a.	1.2	1.7	2.0	2.6	2.6	3.0	3.3	3.4	3.4
Adquisitions	2.9	2.0	1.8	1.8	1.7	1.6	1.7	1.6	1.6	1.2	1.5
General services	2.6	2.6	2.9	2.9	3.1	2.8	2.5	2.6	2.2	2.2	2.2
Pensions	n.a.	n.a.	n.a.	n.a.	n.a.	1.0	1.0	1.0	1.2	1.3	1.3
Other	n.a.	n.a.	n.a.	n.a.	n.a.	1.7	1.6	1.5	1.0	0.9	1.0
Other disbursements 2/	0.2	0.4	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Aids, subsidies and transfers 3/	1.3	1.8	1.7	2.4	2.6	1.4	1.5	1.7	1.6	1.7	2.0
Aids	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.2	0.1	0.1	0.2
Subsidies	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.5	0.5	0.4	0.4	0.4
Transfers	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.7	0.9	1.1	1.2	1.4
Capital expenditures	3.7	3.7	3.7	3.1	3.7	3.2	3.7	3.5	3.1	2.8	2.9
Fixed investment	3.1	3.4	3.4	2.9	3.4	2.8	3.0	3.2	2.9	2.6	2.6
Direct	2.6	2.9	2.6	2.5	2.6	2.2	2.3	2.4	1.8	1.5	1.4
Indirect 4/	0.4	0.5	0.8	0.4	0.8	0.6	0.7	0.8	1.2	1.0	1.2
Financial investment 5/	0.6	0.3	0.4	0.2	0.3	0.4	0.7	0.3	0.2	0.3	0.3
NON-PROGRAMMABLE EXPENDITURES	12.3	8.7	6.9	6.4	5.9	7.6	7.4	7.4	6.1	6.6	7.3
Arrears and other 6/	0.4	0.8	0.4	0.7	0.6	0.3	0.3	0.3	0.3	0.0	0.3
Revenue sharing	2.8	2.8	2.9	3.0	2.9	2.7	2.8	3.0	3.0	3.1	3.3
Interest payments	9.1	5.1	3.6	2.7	2.3	4.6	4.4	4.1	2.9	3.6	3.7
Domestic	6.8	3.1	2.2	1.5	1.1	2.6	2.3	2.5	1.5	2.2	2.4
Interest on conventional debt	6.6	3.1	2.1	1.4	1.1	1.8	1.4	1.3	1.2	1.7	1.3
Financial enhancing program	0.2	0.1	0.1	0.0	0.0	0.9	0.9	1.3	0.3	0.5	1.1
External	2.3	1.9	1.5	1.2	1.2	2.0	2.1	1.6	1.4	1.4	1.3

1/ Includes transfers to State governments for basic education, as well as transfers for wages and salaries paid by non-budgetary enterprises.

2/ Expenditures by budgetary enterprises and entities on behalf of third parties.

3/ Concept adopted in 1996 with the so-called "Classification by Expenditure Objective". Basically includes aids, subsidies and transfers different from those to pay for wages and salaries and capital expenditure, as the latter are included in their corresponding item (see notes 1, 4 and 5).

4/ Includes transfers for non-budgetary enterprises' capital expenditures.

5/ Includes recoverable expenditures and transfers for non-budgetary enterprises' debt amortization and financial investment.

6/ Includes other net flows of the Federal Government.

n.a. Not available.

Figures may not add up due to rounding off.

SOURCE: SHCP.

Table A 44 Total Net Debt of the Public Sector 1/

Average stocks

Year		Broad Economic Debt 2				Debt Consolidated with Banco de México 3			
		Domestic	External		Total	Domestic	External		Total
		Thousands of millions of pesos	Millions of dollars	Thousands of millions of pesos	Percentage of GDP	Thousands of millions of pesos	Millions of dollars	Thousands of millions of pesos	Percentage of GDP
1980		0.4	33,460	0.8	26.5	0.5	28,977	0.7	25.4
1981		0.7	44,044	1.1	29.2	0.8	39,529	1.0	28.4
1982		1.6	61,303	3.5	51.7	1.6	59,623	3.4	50.6
1983		3.0	64,753	7.9	59.9	3.0	62,358	7.6	58.1
1984		5.0	71,530	12.2	56.6	5.6	65,135	11.1	54.9
1985		7.6	75,239	19.9	56.4	8.0	70,443	18.7	54.7
1986		15.0	77,619	49.0	77.4	14.6	75,447	47.7	75.3
1987		29.5	83,304	118.6	73.0	37.7	74,880	106.2	70.9
1988		66.6	83,953	191.0	61.9	74.1	76,410	173.9	59.6
1989		99.4	81,967	202.8	55.1	89.3	80,089	198.2	52.4
1990		128.1	74,598	210.5	45.8	115.5	73,235	206.6	43.6
1991		131.3	68,915	208.3	35.8	136.5	59,888	180.9	33.4
1992		89.7	68,072	211.0	26.7	104.8	55,198	171.1	24.5
1993		61.5	68,522	213.1	21.9	88.7	50,914	158.3	19.7
1994		54.2	73,091	256.5	21.8	74.8	58,469	207.6	19.8
1995		40.9	81,864	533.1	31.2	-8.1	84,101	547.1	29.3
1996		55.9	85,376	648.3	27.8	31.5	82,289	624.6	25.9
1997		67.4	77,569	614.6	21.5	133.0	62,596	495.7	19.8
1998		131.3	77,805	718.7	22.1	267.5	56,173	518.8	20.4
1999	January	175.1	79,817	812.1		334.5	56,637	576.3	
	February	188.1	79,640	800.8		351.3	56,134	564.5	
	March	201.3	79,199	782.3	22.8	365.8	55,683	550.1	21.2
	April	207.0	78,873	767.6		376.0	55,204	537.4	
	May	208.5	78,737	766.5		381.8	54,843	534.0	
	June	213.0	78,634	762.3	21.6	390.0	54,514	528.6	20.3
	July	221.2	78,667	759.1		401.1	54,358	524.7	
	August	226.4	78,679	756.6		409.3	54,187	521.3	
	September	233.6	78,726	754.8	21.9	418.8	54,085	518.7	20.8
	October	240.4	78,707	755.1		427.7	53,937	517.6	
	November	246.9	78,665	753.0		436.8	53,705	514.3	
	December	252.5	78,621	752.2	21.9	445.0	53,461	511.7	20.8
2000(p)	January	337.8	79,009	760.5		579.3	49,414	475.6	
	February	343.8	78,728	747.6		588.7	48,832	463.8	
	March	349.8	78,860	743.3	20.9	602.0	48,167	454.1	20.2
	April	349.2	78,634	740.9		602.7	47,830	450.8	
	May	350.6	78,529	741.3		602.9	47,842	451.7	
	June	353.8	78,232	743.4	20.4	604.7	47,716	453.5	19.6
	July	356.6	77,657	736.5		609.0	47,019	446.1	
	August	360.0	77,305	730.5		615.5	46,372	438.4	
	September	362.8	77,094	728.5	20.3	622.4	45,776	432.7	19.6
	October	368.6	76,948	728.0		632.2	45,216	427.9	
	November	376.7	76,707	725.4		642.7	44,761	423.4	
	December	385.0	76,429	723.7	20.4	653.8	44,220	418.8	19.7

1/ The present data may not match those previously published due to a methodological revision.
2/ The broad net economic debt includes the net liabilities of the Federal Government, public enterprises and entities and official financial intermediaries (development banks and official trust funds).
3/ The debt consolidated with Banco de México includes, in addition to the entities of the Public Sector Debt, the net indebtedness of the Central Bank with commercial banks and with the external and private sectors.
(-) Means the stocks of financial assets are larger than the stocks of gross debt.
p/ Preliminary.

Table A 45 Total Net Debt of the Public Sector 1/

Stocks outstanding at the end of the period

Year		Broad Economic Debt 2				Debt Consolidated with Banco de México 3			
		Domestic	External		Total	Domestic	External		Total
		Thousands of millions of pesos	Millions of dollars	Thousands of millions of pesos	Percentage of GDP	Thousands of millions of pesos	Millions of dollars	Thousands of millions of pesos	Precentage of GDP
1980		0.6	36,178	0.8	31.5	0.6	30,933	0.7	30.3
1981		0.9	55,987	1.5	38.0	1.0	50,857	1.3	37.1
1982		2.6	63,171	6.1	87.4	2.4	62,558	6.0	84.7
1983		4.1	67,166	9.6	75.0	4.3	62,733	9.0	73.1
1984		5.7	74,214	14.2	66.0	6.6	66,871	12.8	64.2
1985		9.7	76,283	28.1	77.4	10.1	72,695	26.8	75.5
1986		21.5	80,093	73.3	114.8	22.5	76,751	70.2	112.2
1987		42.2	85,391	188.7	113.7	53.2	76,254	168.5	109.2
1988		84.6	84,814	193.5	66.8	78.2	82,643	188.5	64.1
1989		110.5	80,562	212.8	58.9	99.0	79,421	209.7	56.3
1990		138.6	72,629	213.9	47.7	132.2	68,512	201.8	45.2
1991		123.8	69,181	212.5	35.4	137.0	57,494	176.6	33.0
1992		69.2	66,407	206.9	24.5	85.0	53,169	165.6	22.3
1993		59.7	68,515	212.8	21.7	96.3	47,937	148.9	19.5
1994		67.4	75,131	400.1	32.8	67.4	72,086	383.9	31.7
1995		31.1	87,639	669.8	38.1	7.4	87,685	670.1	36.8
1996		89.2	79,849	626.9	28.3	92.9	73,628	578.0	26.5
1997		112.0	76,555	618.8	23.0	228.7	56,739	458.6	21.6
1998		187.4	80,465	793.8	25.5	344.8	56,970	562.0	23.6
1999	January	175.1	79,817	812.1		334.5	56,637	576.3	
	February	201.2	79,464	789.5		368.1	55,632	552.7	
	March	227.7	78,318	745.3	22.6	394.8	54,780	521.3	21.2
	April	224.1	77,895	723.4		406.5	53,769	499.4	
	May	214.2	78,193	762.4		404.9	53,398	520.6	
	June	235.7	78,120	741.2	21.6	431.0	52,869	501.6	20.6
	July	270.6	78,862	739.9		468.3	53,423	501.3	
	August	262.5	78,767	739.0		466.0	52,990	497.1	
	September	291.0	79,100	740.2	22.8	495.3	53,270	498.5	22.0
	October	302.0	78,537	757.9		507.9	52,602	507.6	
	November	311.7	78,238	731.9		527.9	51,387	480.7	
	December	314.2	78,146	743.5	23.1	534.7	50,777	483.1	22.2
2000(p)	January	337.8	79,009	760.5		579.3	49,414	475.6	
	February	349.9	78,448	734.8		598.1	48,249	451.9	
	March	361.7	79,123	734.6	21.0	628.6	46,837	434.9	20.3
	April	347.4	77,957	733.8		604.9	46,818	440.7	
	May	356.0	78,107	742.9		603.6	47,890	455.5	
	June	369.7	76,749	754.0	20.9	613.5	47,085	462.6	20.0
	July	373.7	74,205	695.1		635.0	42,839	401.3	
	August	383.6	74,842	688.5		661.3	41,841	384.9	
	September	385.3	75,407	712.3	20.4	677.2	41,012	387.4	19.8
	October	421.0	75,637	723.4		720.3	40,174	384.2	
	November	458.1	74,288	699.5		748.1	40,213	378.6	
	December	475.6	73,380	705.2	21.7	776.2	38,264	367.7	21.1

1/ The present data may not match those previously published due to a methodological revision.
2/ The broad net economic debt includes the net liabilities of the Federal Government, public enterprises and entities and official financial intermediaries (development banks and official trust funds).
3/ The debt consolidated with Banco de México includes, in addition to the entities of the Public Sector Debt, the net indebtedness of the Central Bank with commercial banks and with the external and private sectors.
(-) Means the stocks of financial assets are larger than the stocks of gross debt.
p/ Preliminary.

Table A 46

Net Debt of the Non-Financial Public Sector 1/

Conventional methodology 2/

Stocks outstanding at the end of the period

		Net Debt of the Non-Financial Public Sector			
		Domestic	External		Total Net Debt
		Thousands of millions of pesos	Millions of dollars	Thousands of millions of pesos	Percentage of GDP
1982		4.9	37,830	3.6	81.8
1983		7.7	44,517	6.4	75.0
1984		10.9	46,054	8.8	63.7
1985		20.0	48,155	17.7	75.2
1986		48.5	49,802	45.6	114.3
1987		111.1	52,747	116.6	112.0
1988		156.1	54,341	124.0	67.8
1989		195.3	53,184	140.5	61.6
1990		207.7	48,905	144.0	47.9
1991		205.9	48,368	148.5	37.5
1992		170.0	45,804	142.7	27.8
1993		172.3	41,441	128.7	24.0
1994		257.9	41,033	218.5	33.5
1995		278.2	51,637	394.6	36.6
1996		319.7	53,921	466.7	31.1
1997		336.2	52,855	427.2	24.0
1998		443.3	52,424	517.2	25.0
1999	January	430.6	54,906	557.5	
	February	435.0	55,916	556.0	
	March	436.2	55,394	527.5	22.3
	April	408.2	55,839	516.2	
	May	410.8	56,900	551.2	
	June	439.7	56,821	536.4	21.6
	July	461.2	56,731	533.3	
	August	454.5	57,067	535.6	
	September	480.9	57,015	533.0	22.4
	October	488.8	57,510	553.5	
	November	501.6	56,840	536.1	
	December	544.4	57,244	543.7	23.7
2000 p/	January	528.6	58,332	561.5	
	February	533.1	58,988	552.5	
	March	522.5	58,157	540.0	20.3
	April	515.5	57,586	542.0	
	May	543.7	57,468	546.6	
	June	568.1	55,871	548.9	20.7
	July	554.2	53,944	505.3	
	August	546.8	54,870	504.8	
	September	561.4	55,578	525.0	20.2
	October	610.9	55,498	530.8	
	November	657.0	53,032	499.3	
	December	686.3	51,506	495.0	21.7

1/ Due to a methodological revision, the figures in this table do not match those presented in previous reports.

2/ The net debt of the non-financial public sector is computed on an accrued basis, with the information available from the banking system. The Federal Government domestic securities are reported at market value, and the external debt is classified by debtor of the credit.

p/ Preliminary.

Table A 47

Placement of Public Sector Domestic Debt through Securities 1/

Total circulation per instrument 2/

Current stocks in millions of pesos, at market value

Stocks at End of Period	Total Securities in Circulation	Cetes	Bondes	Ajustabonos	Udibonos	3 & 5 year Bonds	Other Securities [3/]
1986	10,528	8,185	0	0	0		2,343
1987	32,679	28,006	359	0	0		4,315
1988	74,945	42,878	20,186	0	0		11,882
1989	122,127	54,353	55,677	3,225	0		8,872
1990	161,433	72,001	64,513	14,311	0		10,608
1991	171,654	72,658	57,979	38,988	0		2,029
1992	134,755	59,338	36,848	36,271	0		2,298
1993	138,318	81,431	17,036	33,695	0		6,157
1994	228,885	40,689	8,316	29,128	0		150,753
1995	136,000	48,590	44,970	40,087	0		2,353
1996	161,572	62,114	67,849	26,252	5,357		1
1997	272,210	137,813	81,768	15,950	36,678		1
1998	353,240	127,600	151,836	10,970	62,833		1
1999							
January	358,731	111,901	172,544	9,640	64,647		1
February	371,320	99,579	196,690	8,751	66,299		1
March	397,224	97,982	223,869	6,197	69,176		1
April	419,864	97,075	245,394	5,584	71,811		1
May	438,038	96,091	268,041	4,141	69,764		1
June	444,819	91,450	278,034	3,584	71,750		1
July	450,020	94,037	279,500	2,248	74,235		1
August	458,775	94,333	286,853	2,267	75,322		1
September	474,719	101,204	296,704	1,390	75,421		1
October	498,232	107,980	310,817	803	78,631		1
November	516,755	115,566	325,015	204	75,970		1
December	546,324	129,045	337,271	0	80,008		1
2000 p/							
January	566,314	132,357	350,922	0	82,066	969	0
February	586,925	136,886	364,333	0	83,428	2,278	0
March	605,160	138,786	377,247	0	85,491	3,636	0
April	617,570	141,871	384,547	0	86,249	4,904	0
May	624,399	144,737	390,610	0	81,833	7,219	0
June	641,561	149,517	398,667	0	84,811	8,567	0
July	666,549	156,989	411,066	0	88,119	10,376	0
August	677,185	162,589	414,400	0	85,509	14,687	0
September	686,570	164,817	417,314	0	85,513	18,926	0
October	697,303	171,286	415,039	0	86,279	24,699	0
November	711,433	176,033	420,592	0	84,625	30,183	0
December	716,840	175,069	420,256	0	86,645	34,870	0

1/ Prepared using the new banking system resources and obligations methodology.
2/ Total circulation includes Federal Government securities and placements of monetary regulation bonds.
3/ Includes instruments that have gradually ceased to be placed such as: Public Debt Bonds, Petrobonos, Bank Indemnity Bonds, Pagafes, Urban Reconstruction Bonds, and Tesobonos.
p/ Preliminary.

Table A 48 **Placement of Public Sector Domestic Debt through Securities 1/**

Total circulation per holding sector 2/

Current stocks in millions of pesos, at market value

Stocks at end of period	Total securities in circulation	Private firms and individuals 3/	Non-bank public sector	Banco de México	Development banks	Commercial banks	Other intermediaries	Repos
1986	10,528	3,710	146	6,209	132	331	0	0
1987	32,679	14,347	531	14,131	815	2,856	0	0
1988	74,945	34,687	734	24,096	851	14,562	0	15
1989	122,127	56,317	986	33,746	1,274	27,737	0	2,066
1990	161,433	81,898	1,776	37,990	609	36,517	653	1,989
1991	171,654	75,855	2,602	31,814	808	55,450	931	4,193
1992	134,755	75,593	4,680	26,251	174	21,604	1,229	5,225
1993	138,318	117,005	4,999	4,286	51	2,461	1,231	8,286
1994	228,885	141,603	6,501	2,525	2,232	6,115	0	69,910
1995	136,000	93,455	8,956	13,991	2,886	16,712	0	0
1996	161,572	130,211	14,158	11,301	1,890	4,012	0	0
1997	272,210	212,549	39,560	0	2,505	17,596	0	0
1998	353,240	320,167	24,630	0	231	8,212	0	0
1999								
January	358,731	323,186	26,530	0	817	8,198	0	0
February	371,320	345,932	16,527	0	239	8,622	0	0
March	397,224	373,152	15,620	0	197	8,254	0	0
April	419,864	392,598	18,013	0	160	9,093	0	0
May	438,038	414,649	21,253	0	178	1,959	0	0
June	444,819	415,587	26,892	0	260	2,079	0	0
July	450,020	425,153	22,654	0	307	1,906	0	0
August	458,775	428,197	26,748	0	387	3,443	0	0
September	474,719	446,420	26,539	0	472	1,288	0	0
October	498,232	462,109	31,263	0	1,179	3,681	0	0
November	516,755	483,215	30,431	0	917	2,193	0	0
December	546,324	511,580	27,080	0	2,701	4,963	0	0
2000 p/								
January	566,314	533,859	27,518	0	255	4,682	0	0
February	586,925	541,718	39,763	0	667	4,778	0	0
March	605,160	555,295	44,811	0	909	4,144	0	0
April	617,570	561,241	50,888	0	963	4,478	0	0
May	624,399	577,638	35,245	0	2,609	8,907	0	0
June	641,561	587,164	41,618	0	1,708	11,071	0	0
July	666,549	603,734	57,239	0	1,632	3,945	0	0
August	677,185	615,591	56,988	0	1,679	2,928	0	0
September	686,570	634,094	34,371	0	6,750	11,355	0	0
October	697,303	655,319	29,567	0	3,530	8,887	0	0
November	711,433	663,518	26,398	0	3,914	17,602	0	0
December	716,840	678,163	19,438	0	6,994	12,245	0	0

1/ Prepared using the new banking system resources and obligations methodology.
2/ Total circulation includes Federal Government securities and placements of monetary regulation bonds.
3/ Includes securities held by Siefores since 1997.
p/ Preliminary.

Table A 49 Mexican Brady Bonds

End of Period	Bid Prices 1/ (Cents per dollar)			Stripped Yield 2/ (Percent)			TB Yield 3/ (Percent)	Spread 4/ (Percent)		
	Par	Discount	Global	Par	Discount	Global	30 years	Par	Discount	Global
Dec 1991	60.3	77.8		12.6	13.6		7.7	4.9	5.9	
Dec 1992	65.3	81.1		11.5	12.7		7.4	4.1	5.3	
Dec 1993	83.4	95.8		8.3	8.6		6.3	2.1	2.4	
Dec 1994	53.0	77.4		16.3	15.8		7.9	8.4	7.9	
Dec 1995	65.9	71.7		14.8	14.6		6.1	8.7	8.5	
Dec 1996	74.0	86.1	105.9	11.9	11.9	10.8	6.6	5.4	5.4	4.3
Dec 1997	83.3	92.4	118.0	10.4	10.3	9.6	6.0	4.4	4.3	3.6
Dec 1998	77.9	81.5	106.6	11.7	14.2	10.7	5.1	6.7	9.1	5.7
Dec 1999	78.9	93.5	119.2	10.8	11.3	9.5	6.4	4.5	4.9	3.1
1998										
Jan	84.7	92.8	121.0	11.3	10.0	9.4	5.8	5.4	4.2	3.5
Feb	84.2	93.2	122.4	11.3	10.1	9.2	5.9	5.4	4.2	3.3
Mar	84.6	94.1	121.6	11.3	9.9	9.3	6.0	5.3	4.0	3.4
Apr	84.1	93.4	120.6	11.3	10.1	9.4	5.9	5.4	4.2	3.5
May	83.2	91.2	116.2	11.4	10.7	9.8	5.9	5.4	4.8	3.8
Jun	82.6	89.5	113.4	11.4	11.4	10.0	5.7	5.7	5.7	4.3
Jul	82.7	90.1	116.7	11.4	11.2	9.7	5.7	5.8	5.5	4.0
Aug	72.1	77.4	84.9	11.5	17.2	13.6	5.5	6.0	11.7	8.0
Sep	74.6	77.3	98.6	11.7	16.2	11.6	5.2	6.5	11.0	6.4
Oct	74.8	78.0	103.0	11.7	15.4	11.1	5.0	6.6	10.4	6.1
Nov	77.8	81.5	107.3	11.7	14.4	10.6	5.3	6.4	9.1	5.4
Dec	77.9	81.5	106.6	11.7	14.2	10.7	5.1	6.7	9.1	5.7
1999										
Jan	75.9	79.5	106.6	12.7	12.6	10.7	5.2	7.6	7.4	5.6
Feb	74.6	80.6	105.1	13.1	13.5	10.9	5.4	7.7	8.2	5.5
Mar	78.4	84.8	111.4	11.7	12.0	10.2	5.6	6.1	6.4	4.6
Apr	79.8	86.2	118.9	11.1	11.6	9.5	5.6	5.6	6.1	4.0
May	74.2	82.6	110.1	13.3	13.6	10.3	5.8	7.5	7.8	4.5
Jun	73.6	83.3	110.9	13.6	13.8	10.3	6.0	7.6	7.8	4.2
Jul	70.9	81.4	107.3	14.9	15.5	10.6	6.0	8.9	9.5	4.7
Aug	71.5	82.8	108.8	14.6	15.7	10.5	6.1	8.5	9.7	4.4
Sep	73.5	84.9	109.9	13.7	13.9	10.4	6.1	7.7	7.9	4.3
Oct	74.9	87.5	111.7	12.9	13.1	10.2	6.3	6.7	6.8	3.9
Nov	77.4	90.5	116.0	11.7	12.2	9.8	6.2	5.6	6.0	3.6
Dec	78.9	93.5	119.2	10.8	11.3	9.5	6.4	4.5	4.9	3.1
2000										
Jan	77.7	92.7	112.9	11.6	12.4	10.1	6.6	5.0	5.8	3.4
Feb	80.9	95.3	124.7	11.1	11.9	9.0	6.2	4.8	5.7	2.8
Mar	85.0	98.4	123.9	10.2	11.1	9.1	6.1	4.2	5.1	3.0
Apr	82.3	97.8	118.2	10.9	11.3	9.6	5.9	5.0	5.5	3.7
May	79.6	97.7	111.8	11.7	11.6	10.2	6.2	5.5	5.5	4.0
Jun	83.3	98.1	120.5	10.7	11.0	9.4	5.9	4.7	5.0	3.4
Jul	85.7	99.3	122.1	10.2	10.9	9.2	5.9	4.3	5.0	3.4
Aug	89.5	102.9	124.0	9.3	9.5	9.1	5.7	3.6	3.8	3.3
Sep	89.1	103.2	121.2	9.0	9.2	9.3	5.8	3.2	3.3	3.5
Oct	87.9	101.5	117.8	9.7	9.7	9.6	5.8	3.9	3.9	3.8
Nov	89.3	102.2	118.5	9.6	9.4	9.5	5.8	3.8	3.6	3.8
Dec	90.9	99.4	121.4	9.5	9.5	9.3	5.5	4.0	4.0	3.8

1/ Indicative prices quoted in the secondary market for the Brady Bonds Par W-A and Discount A, as well as for 30-year UMS bonds.
2/ Yield attributable to the uncovered, or pure, country risk. This measures "strips out" the effect of the credit enhancement incorporated in the bond.
3/ TB: United States' Treasury Bond.
4/ Calculated by subtracting the yield on United States' 30-year Treasury Bonds from the yield on the Mexican bond.
SOURCE: Bloomberg.

External Sector

Table A 50 Main Indicators of the External Sector

	1995	1996	1997	1998	1999	2000 p/
BALANCE OF PAYMENTS						
(Billions of dollars)						
Current account	-1.6	-2.3	-7.4	-16.1	-14.3	-17.7
Trade balance 1/	7.1	6.5	0.6	-7.9	-5.6	-8.0
Capital account	15.4	4.1	15.8	17.7	14.3	17.9
Direct foreign investment	9.5	9.2	12.8	11.6	11.9	13.2
Change in net international reserves	9.6	1.8	10.5	2.1	0.6	2.8
Net international reserves (stock at end of period)	15.7	17.5	28.0	30.1	30.7	33.6
(Percentage of GDP)						
Current account	-0.5	-0.7	-1.9	-3.8	-3.0	-3.1
Capital account	5.4	1.2	3.9	4.2	3.0	3.1
FOREIGN TRADE						
(Annual percentage change)						
Exports	30.6	20.7	15.0	6.4	16.1	22.0
Oil	13.1	38.4	-2.8	-37.0	39.2	65.0
Non-oil	33.1	18.6	17.5	11.3	14.6	18.6
Manufactured	32.1	20.7	18.1	11.9	15.1	19.0
Other	47.3	18.5	13.7	6.1	9.4	12.9
Imports	-8.7	23.5	22.7	14.2	13.2	22.9
Consumption goods	-43.9	24.8	40.1	19.1	9.6	37.1
Intermediate goods	3.4	23.1	18.7	13.6	12.7	22.2
Capital goods	-34.7	25.6	38.4	14.6	18.5	18.1
GROSS EXTERNAL DEBT AND INTEREST PAYMENTS						
(Percent of current account revenues)						
Total external debt	174.8	141.7	116.2	115.7	103.4	82.0
Public sector 2/	121.8	96.6	74.0	71.9	60.9	43.6
Private sector	52.9	45.0	42.1	43.8	42.5	38.5
Interest payments 3/	14.0	11.6	9.5	8.9	8.2	7.2
(Percentage of GDP)						
Total external debt	59.2	49.1	38.1	38.4	34.2	27.6
Public sector 2/	41.2	33.5	24.3	23.9	20.1	14.6
Private sector	17.9	15.6	13.8	14.6	14.1	12.9
Interest payments 3/	4.7	4.0	3.1	3.0	2.7	2.4

1/ Includes in-bond industry.
2/ Includes Banco de México.
3/ Includes public and private sectors.
p/ Preliminary.
NOTE : Totals may not add up due to rounding off.
SOURCE : Banco de México and SHCP.

Table A 51 Balance of Payments

Traditional format

Millions of U.S. dollars

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000 /p
Current Account	**-14,646.7**	**-24,438.5**	**-23,399.2**	**-29,662.0**	**-1,576.7**	**-2,330.3**	**-7,448.4**	**-16,089.8**	**-14,325.1**	**-17,689.9**
Revenues	**58,087.3**	**61,668.9**	**67,752.1**	**78,371.8**	**97,029.3**	**115,493.5**	**131,534.8**	**140,068.8**	**158,939.9**	**192,957.3**
Merchandise Exports	**42,687.5**	**46,195.6**	**51,886.0**	**60,882.2**	**79,541.6**	**95,999.7**	**110,431.4**	**117,459.6**	**136,391.1**	**166,424.0**
Non-Factor Services	**8,790.1**	**9,191.8**	**9,419.2**	**10,301.4**	**9,665.1**	**10,779.0**	**11,270.1**	**11,522.6**	**11,692.0**	**13,712.3**
Tourists	4,339.3	4,471.1	4,564.1	4,854.5	4,688.0	5,287.5	5,747.6	5,633.3	5,505.7	6,435.4
One-day visitors	1,619.8	1,613.7	1,602.9	1,508.9	1,490.8	1,646.0	1,845.0	1,859.8	1,717.2	1,858.8
Other	2,831.0	3,107.0	3,252.2	3,937.9	3,486.3	3,845.4	3,677.5	4,029.5	4,469.1	5,418.1
Factor Services	**3,599.6**	**2,876.0**	**2,790.0**	**3,366.5**	**3,827.7**	**4,153.7**	**4,560.4**	**5,047.1**	**4,516.8**	**6,090.7**
Interest	2,905.9	2,159.6	2,048.0	2,699.6	3,017.9	3,306.7	3,749.6	4,034.3	3,735.7	5,024.5
Other	693.7	716.4	742.0	666.9	809.8	847.0	810.8	1,012.8	781.1	1,066.2
Transfers	**3,010.2**	**3,405.5**	**3,656.9**	**3,821.7**	**3,995.0**	**4,561.1**	**5,272.9**	**6,039.5**	**6,340.0**	**6,730.3**
Outlays	**72,734.0**	**86,107.4**	**91,151.3**	**108,033.7**	**98,606.0**	**117,823.8**	**138,983.2**	**156,158.5**	**173,264.9**	**210,647.2**
Merchandise Imports	**49,966.6**	**62,129.4**	**65,366.5**	**79,345.9**	**72,453.1**	**89,468.8**	**109,807.8**	**125,373.1**	**141,974.8**	**174,472.9**
Non-Factor Services	**10,541.0**	**11,488.1**	**11,549.1**	**12,269.7**	**9,000.6**	**10,230.9**	**11,800.0**	**12,427.5**	**13,490.6**	**16,035.7**
Insurance and Freight	1,758.0	2,084.0	2,180.7	2,639.8	1,974.5	2,510.0	3,312.4	3,699.1	4,109.2	5,006.4
Tourists	2,149.8	2,541.7	2,416.6	2,444.2	1,240.4	1,536.4	1,821.2	2,001.9	1,950.4	2,444.9
One-day visitors	3,663.1	3,565.8	3,145.2	2,893.5	1,930.1	1,850.8	2,070.7	2,207.2	2,590.9	3,054.2
Other	2,970.1	3,296.6	3,806.7	4,292.2	3,855.5	4,333.8	4,595.7	4,519.3	4,840.2	5,530.2
Factor Services	**12,207.6**	**12,470.8**	**14,219.1**	**16,378.3**	**17,117.3**	**18,094.0**	**17,349.9**	**18,330.8**	**17,772.7**	**20,109.1**
Interest	9,215.2	9,610.6	10,934.4	11,806.9	13,575.4	13,360.9	12,436.2	12,499.7	13,018.2	13,981.3
Other	2,992.4	2,860.2	3,284.7	4,571.4	3,542.0	4,733.1	4,913.7	5,831.1	4,754.5	6,127.8
Transfers	**18.9**	**19.2**	**16.5**	**39.8**	**35.0**	**30.1**	**25.5**	**27.1**	**26.9**	**29.4**
Capital Account	**24,507.5**	**26,418.8**	**32,482.3**	**14,584.2**	**15,405.6**	**4,069.2**	**15,762.7**	**17,652.1**	**14,335.6**	**17,919.7**
Liabilities	**25,507.1**	**20,866.9**	**36,084.8**	**20,254.2**	**22,763.3**	**10,410.4**	**9,046.9**	**17,220.6**	**18,340.3**	**10,376.4**
Indebtedness	**11,007.2**	**3,544.1**	**13,573.7**	**7,423.3**	**26,577.4**	**-2,483.1**	**-7,582.7**	**6,069.7**	**2,525.1**	**-3,262.7**
Development Banks	2,340.7	1,730.2	3,834.4	4,381.9	55.2	-2,148.8	-2,191.6	-724.9	-1,774.5	-185.4
Commercial Banks	5,608.9	915.9	4,673.0	1,570.7	-4,108.0	-1,655.0	-1,869.4	-927.8	-1,723.2	-2,730.0
Banco de México	-220.0	-460.0	-1,174.9	-1,203.2	13,332.9	-3,523.8	-3,486.8	-1,071.6	-3,684.7	-4,285.6
Non-Bank Public Sector	-586.4	-3,708.5	-1,170.9	-763.1	14,390.3	2,140.5	-5,523.9	2,433.0	1,707.1	-5,444.8
Non-Bank Private Sector	3,864.0	5,066.5	7,412.1	3,437.0	2,907.0	2,704.0	5,489.0	6,361.0	8,000.4	9,383.1
Direct Foreign Investment	**4,761.5**	**4,392.8**	**4,388.8**	**10,972.5**	**9,526.3**	**9,185.5**	**12,829.6**	**11,602.4**	**11,914.6**	**13,161.5**
Equity Investments	**6,332.0**	**4,783.1**	**10,716.6**	**4,083.7**	**519.2**	**2,800.6**	**3,215.3**	**-665.6**	**3,769.2**	**446.8**
Money Market	**3,406.4**	**8,146.9**	**7,405.7**	**-2,225.3**	**-13,859.6**	**907.5**	**584.8**	**214.1**	**131.4**	**30.8**
Assets	**-999.6**	**5,551.9**	**-3,602.5**	**-5,670.0**	**-7,357.7**	**-6,341.2**	**6,715.8**	**431.5**	**-4,004.7**	**7,543.2**
In Foreign Banks	921.2	2,185.9	-1,280.4	-3,713.5	-3,163.5	-6,054.7	4,859.6	155.4	-3,037.0	3,564.9
Credits Granted Abroad	18.6	62.5	-281.1	-40.8	-276.4	-624.7	-113.6	329.8	425.0	412.5
External Debt Guarantees	-604.3	1,165.2	-564.3	-615.1	-662.2	543.7	-707.7	-768.7	-835.8	1,289.8
Other	-1,335.0	2,138.3	-1,476.8	-1,300.6	-3,255.6	-205.5	2,677.4	715.0	-556.9	2,276.0
Errors and Omissions	**-2,166.7**	**-960.8**	**-3,142.4**	**-3,313.6**	**-4,238.2**	**34.6**	**2,197.2**	**576.1**	**581.6**	**2,594.4**
Change in Net International Reserves	**7,378.3**	**1,007.6**	**5,983.3**	**-18,389.3**	**9,592.8**	**1,768.2**	**10,493.7**	**2,136.9**	**593.6**	**2,821.5**
Valuation Adjustments	**315.7**	**11.9**	**-42.6**	**-2.0**	**-2.1**	**5.4**	**17.8**	**1.5**	**-1.4**	**2.7**

p/ Preliminary.
NOTE: Totals may not add up due to rounding off.

Table A 52 Balance of Payments

IMF methodology 1/

Millions of U.S. dollars

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000 p/
Current Account	**-14,646.7**	**-24,438.5**	**-23,399.2**	**-29,662.0**	**-1,576.7**	**-2,330.3**	**-7,448.4**	**-16,089.8**	**-14,325.1**	**-17,689.9**
Revenues	**58,087.3**	**61,668.9**	**67,752.1**	**78,371.8**	**97,029.3**	**115,493.5**	**131,534.8**	**140,068.8**	**158,939.9**	**192,957.3**
Merchandise Exports	**42,687.5**	**46,195.6**	**51,886.0**	**60,882.2**	**79,541.6**	**95,999.7**	**110,431.4**	**117,459.6**	**136,391.1**	**166,424.0**
Non-Factor Services	**8,790.1**	**9,191.8**	**9,419.2**	**10,301.4**	**9,665.1**	**10,779.0**	**11,270.1**	**11,522.6**	**11,692.0**	**13,712.3**
Tourists	4,339.3	4,471.1	4,564.1	4,854.5	4,688.0	5,287.5	5,747.6	5,633.3	5,505.7	6,435.4
One-day visitors	1,619.8	1,613.7	1,602.9	1,508.9	1,490.8	1,646.0	1,845.0	1,859.8	1,717.2	1,858.8
Other	2,831.0	3,107.0	3,252.2	3,937.9	3,486.3	3,845.4	3,677.5	4,029.5	4,469.1	5,418.1
Factor Services	**3,599.6**	**2,876.0**	**2,790.0**	**3,366.5**	**3,827.7**	**4,153.7**	**4,560.4**	**5,047.1**	**4,516.8**	**6,090.7**
Interest	2,905.9	2,159.6	2,048.0	2,699.6	3,017.9	3,306.7	3,749.6	4,034.3	3,735.7	5,024.5
Other	693.7	716.4	742.0	666.9	809.8	847.0	810.8	1,012.8	781.1	1,066.2
Transfers	**3,010.2**	**3,405.5**	**3,656.9**	**3,821.7**	**3,995.0**	**4,561.1**	**5,272.9**	**6,039.5**	**6,340.0**	**6,730.3**
Outlays	**72,734.0**	**86,107.4**	**91,151.3**	**108,033.7**	**98,606.0**	**117,823.8**	**138,983.2**	**156,158.5**	**173,264.9**	**210,647.2**
Merchandise Imports	**49,966.6**	**62,129.4**	**65,366.5**	**79,345.9**	**72,453.1**	**89,468.8**	**109,807.8**	**125,373.1**	**141,974.8**	**174,472.9**
Non-Factor Services	**10,541.0**	**11,488.1**	**11,549.1**	**12,269.7**	**9,000.6**	**10,230.9**	**11,800.0**	**12,427.5**	**13,490.6**	**16,035.7**
Insurance and Freight	1,758.0	2,084.0	2,180.7	2,639.8	1,974.5	2,510.0	3,312.4	3,699.1	4,109.2	5,006.4
Tourists	2,149.8	2,541.7	2,416.6	2,444.2	1,240.4	1,536.4	1,821.2	2,001.9	1,950.4	2,444.9
One-day visitors	3,663.1	3,565.8	3,145.2	2,893.5	1,930.1	1,850.8	2,070.7	2,207.2	2,590.9	3,054.2
Other	2,970.1	3,296.6	3,806.7	4,292.2	3,855.5	4,333.8	4,595.7	4,519.3	4,840.2	5,530.2
Factor Services	**12,207.6**	**12,470.8**	**14,219.1**	**16,378.3**	**17,117.3**	**18,094.0**	**17,349.9**	**18,330.8**	**17,772.7**	**20,109.1**
Interest	9,215.2	9,610.6	10,934.4	11,806.9	13,575.4	13,360.9	12,436.2	12,499.7	13,018.2	13,981.3
Other	2,992.4	2,860.2	3,284.7	4,571.4	3,542.0	4,733.1	4,913.7	5,831.1	4,754.5	6,127.8
Transfers	**18.9**	**19.2**	**16.5**	**39.8**	**35.0**	**30.1**	**25.5**	**27.1**	**26.9**	**29.4**
Capital Account	**24,507.5**	**26,418.8**	**32,482.3**	**14,584.2**	**15,405.6**	**4,069.2**	**15,762.7**	**17,652.1**	**14,335.6**	**17,919.7**
Liabilities	**25,507.1**	**20,866.9**	**36,084.8**	**20,254.2**	**22,763.3**	**10,410.4**	**9,046.9**	**17,220.6**	**18,340.3**	**10,376.4**
Loans and Deposits	**7,992.4**	**-1,567.0**	**2,776.7**	**1,099.5**	**22,951.7**	**-12,193.5**	**-8,819.7**	**6,197.4**	**-4,539.3**	**-560.5**
Development Banks	1,650.5	1,174.8	193.6	1,329.3	958.6	-1,246.0	-1,020.9	239.6	-765.4	919.9
Commercial Banks	5,751.9	294.9	3,328.0	1,470.7	-4,982.0	-1,720.0	-1,978.4	-142.8	-1,546.2	-2,087.0
Banco de México	-220.0	-460.0	-1,174.9	-1,203.2	13,332.9	-3,523.8	-3,486.8	-1,071.6	-3,684.7	-4,285.6
Non-Bank Public Sector	-1,571.0	-4,705.2	-2,402.1	-1,690.3	10,493.2	-7,671.7	-5,035.6	1,270.2	-4,027.4	-3,527.9
Non-Bank Private Sector	2,381.0	2,128.5	2,832.1	1,193.0	3,149.0	1,968.0	2,702.0	5,902.0	5,484.4	8,420.1
Foreign Investment	**17,514.7**	**22,433.9**	**33,308.1**	**19,154.7**	**-188.4**	**22,603.9**	**17,866.6**	**11,023.2**	**22,879.6**	**10,936.9**
Direct	4,761.5	4,392.8	4,388.8	10,972.5	9,526.3	9,185.5	12,829.6	11,602.4	11,914.6	13,161.5
Portfolio	12,753.2	18,041.1	28,919.3	8,182.2	-9,714.7	13,418.5	5,037.1	-579.2	10,965.0	-2,224.6
Equity	6,332.0	4,783.1	10,716.6	4,083.7	519.2	2,800.6	3,215.3	-665.6	3,769.2	446.8
Money Market	3,406.4	8,146.9	7,405.7	-2,225.3	-13,859.6	907.5	584.8	214.1	131.4	30.8
Public Sector	3,406.4	8,146.9	7,012.7	-1,942.3	-13,790.6	948.5	490.1	290.2	106.4	51.4
Private Sector	0.0	0.0	393.0	-283.0	-69.0	-41.0	94.7	-76.1	25.0	-20.6
Foreign Currency Securities	3,014.8	5,111.1	10,797.0	6,323.8	3,625.7	9,710.4	1,237.0	-127.7	7,064.4	-2,702.2
Public Sector	1,674.8	1,552.1	4,872.0	3,979.8	2,993.7	8,909.4	-1,659.0	198.3	4,725.4	-3,022.2
Private Sector	1,340.0	3,559.0	5,925.0	2,344.0	632.0	801.0	2,896.0	-326.0	2,339.0	320.0
Assets	**-999.6**	**5,551.9**	**-3,602.5**	**-5,670.0**	**-7,357.7**	**-6,341.2**	**6,715.8**	**431.5**	**-4,004.7**	**7,543.2**
In Foreign Banks	921.2	2,185.9	-1,280.4	-3,713.5	-3,163.5	-6,054.7	4,859.6	155.4	-3,037.0	3,564.9
Credits Granted Abroad	18.6	62.5	-281.1	-40.8	-276.4	-624.7	-113.6	329.8	425.0	412.5
External Debt Guarantees	-604.3	1,165.2	-564.3	-615.1	-662.2	543.7	-707.7	-768.7	-835.8	1,289.8
Other	-1,335.0	2,138.3	-1,476.8	-1,300.6	-3,255.6	-205.5	2,677.4	715.0	-556.9	2,276.0
Errors and Omissions	**-2,166.7**	**-960.8**	**-3,142.4**	**-3,313.6**	**-4,238.2**	**34.6**	**2,197.2**	**576.1**	**581.6**	**2,594.4**
Change in Net International Reserves	**7,378.3**	**1,007.6**	**5,983.3**	**-18,389.3**	**9,592.8**	**1,768.2**	**10,493.7**	**2,136.9**	**593.6**	**2,821.5**
Valuation Adjustments	**315.7**	**11.9**	**-42.6**	**-2.0**	**-2.1**	**5.4**	**17.8**	**1.5**	**-1.4**	**2.7**

1/ This format has been used since in 1994.
This balance of payments format differs from the traditional one (Table A 51) in the classification criteria used for transactions involving the issuance of securities placed abroad (such as bonds and promissory notes).
In the traditional format those transactions are classified as external indebtedness, whereas in this format they are recorded under portfolio investment. This format is consistent with the balance of payments methodology recommended by the International Monetary Fund, in use in Mexico since 1994.
p/ Preliminary.
NOTE: Totals may not add up due to rounding off.

Table A 53 Foreign Trade

Millions of U.S. dollars

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000 p/
Exports	**42,687.5**	**46,195.6**	**51,886.0**	**60,882.2**	**79,541.6**	**95,999.7**	**110,431.4**	**117,459.6**	**136,391.1**	**166,424.0**
In-bond industry	**15,833.1**	**18,680.1**	**21,853.0**	**26,269.2**	**31,103.3**	**36,920.3**	**45,165.6**	**53,083.1**	**63,853.6**	**79,386.8**
Other	**26,854.5**	**27,515.6**	**30,032.9**	**34,613.0**	**48,438.3**	**59,079.4**	**65,265.8**	**64,376.4**	**72,537.5**	**87,037.2**
Oil	**8,166.4**	**8,306.6**	**7,418.4**	**7,445.0**	**8,422.6**	**11,653.7**	**11,323.2**	**7,134.3**	**9,928.2**	**16,379.9**
Crude oil	7,264.8	7,419.5	6,485.3	6,624.1	7,419.6	10,705.3	10,333.8	6,367.9	8,858.8	14,884.1
Other	901.6	887.1	933.1	820.9	1,003.0	948.4	989.4	766.4	1,069.4	1,495.8
Non-oil	**34,521.1**	**37,889.0**	**44,467.6**	**53,437.2**	**71,119.0**	**84,346.0**	**99,108.2**	**110,325.2**	**126,462.9**	**150,044.1**
Agriculture and livestock	2,372.5	2,112.4	2,504.2	2,678.4	4,016.2	3,592.3	3,828.1	3,796.7	3,925.9	4,262.7
Extractive	546.8	356.2	278.2	356.7	545.0	449.2	477.9	466.2	452.5	520.7
Manufacturing	31,601.8	35,420.5	41,685.1	50,402.1	66,557.9	80,304.6	94,802.2	106,062.3	122,084.5	145,260.7
In-bond industry	15,833.1	18,680.1	21,853.0	26,269.2	31,103.3	36,920.3	45,165.6	53,083.1	63,853.6	79,386.8
Other	15,768.8	16,740.4	19,832.1	24,132.8	35,454.6	43,384.3	49,636.6	52,979.2	58,231.0	65,873.9
Imports	**49,966.6**	**62,129.4**	**65,366.5**	**79,345.9**	**72,453.1**	**89,468.8**	**109,807.8**	**125,373.1**	**141,974.8**	**174,472.9**
In-bond industry	**11,782.4**	**13,936.7**	**16,443.0**	**20,466.2**	**26,178.8**	**30,504.7**	**36,332.1**	**42,556.7**	**50,409.3**	**61,708.8**
Other	**38,184.1**	**48,192.6**	**48,923.6**	**58,879.7**	**46,274.3**	**58,964.1**	**73,475.7**	**82,816.3**	**91,565.5**	**112,764.1**
Consumption goods	**5,834.3**	**7,744.1**	**7,842.4**	**9,510.4**	**5,334.7**	**6,656.8**	**9,326.0**	**11,108.5**	**12,175.0**	**16,690.6**
Intermediate goods	**35,544.7**	**42,829.6**	**46,468.3**	**56,513.7**	**58,421.1**	**71,889.6**	**85,365.7**	**96,935.2**	**109,269.6**	**133,542.1**
In-bond industry	11,782.4	13,936.7	16,443.0	20,466.2	26,178.8	30,504.7	36,332.1	42,556.7	50,409.3	61,708.8
Other	23,762.3	28,892.8	30,025.3	36,047.6	32,242.3	41,384.9	49,033.6	54,378.5	58,860.3	71,833.2
Associated with exports	n.a.	n.a.	24,388.3	31,299.0	40,752.7	49,675.2	59,402.7	67,830.0	78,358.4	96,056.0
Not associated with exports	n.a.	n.a.	22,079.9	25,214.8	17,668.4	22,214.5	25,962.8	29,105.2	30,911.2	37,486.0
Capital goods	**8,587.5**	**11,555.7**	**11,055.9**	**13,321.7**	**8,697.3**	**10,922.4**	**15,116.1**	**17,329.4**	**20,530.1**	**24,240.3**
Trade balance	**-7,279.0**	**-15,933.7**	**-13,480.6**	**-18,463.7**	**7,088.5**	**6,531.0**	**623.6**	**-7,913.5**	**-5,583.7**	**-8,048.9**
In-bond industry	**4,050.6**	**4,743.3**	**5,410.1**	**5,803.1**	**4,924.5**	**6,415.6**	**8,833.5**	**10,526.4**	**13,444.3**	**17,678.0**
Other	**-11,329.7**	**-20,677.1**	**-18,890.6**	**-24,266.8**	**2,164.0**	**115.4**	**-8,209.9**	**-18,439.9**	**-19,027.9**	**-25,726.9**
Excluding oil exports	**-15,445.5**	**-24,240.3**	**-20,899.0**	**-25,908.7**	**-1,334.1**	**-5,122.7**	**-10,699.6**	**-15,047.8**	**-15,511.9**	**-24,428.8**

p/ Preliminary.
NOTE: Totals may not add up due to rounding off.

Table A 54 Exports by Sector of Origin

Millions of U.S. dollars

Item	In-Bond Industry			Non In-Bond Industry			Total		
	1998	1999	2000 p/	1998	1999	2000 p/	1998	1999	2000 p/
Total	**53,083.1**	**63,853.6**	**79,386.8**	**64,376.4**	**72,537.5**	**87,037.2**	**117,459.6**	**136,391.1**	**166,424.0**
I. Agriculture and Forestry	0.0	0.0	0.0	3,435.8	3,473.3	3,655.3	3,435.8	3,473.3	3,655.3
II. Livestock, Beekeeping and Fishing	0.0	0.0	0.0	360.9	452.6	607.4	360.9	452.6	607.4
III. Extractive Industries	0.0	0.0	0.0	6,865.2	9,401.6	15,424.5	6,865.2	9,401.6	15,424.5
Crude Oil	0.0	0.0	0.0	6,367.9	8,858.8	14,884.1	6,367.9	8,858.8	14,884.1
Other	0.0	0.0	0.0	497.3	542.8	540.3	497.3	542.8	540.3
IV. Manufacturing Industries	53,082.8	63,801.9	79,296.0	53,467.6	59,017.3	67,142.4	106,550.4	122,819.1	146,438.5
A. Food, Beverages and Tobacco	380.7	492.7	385.8	3,126.8	3,297.9	3,779.5	3,507.5	3,790.6	4,165.3
B. Textiles, Apparel and Leather Industry	5,944.9	6,992.3	7,695.6	3,899.4	4,226.0	4,815.9	9,844.3	11,218.2	12,511.5
C. Timber Products	481.1	523.9	612.1	576.0	589.5	526.7	1,057.1	1,113.4	1,138.8
D. Paper, Printing and Publishing	563.1	725.1	673.6	600.8	610.4	675.0	1,163.9	1,335.5	1,348.6
E. Oil Derivatives	0.0	0.0	0.0	561.1	800.0	1,165.9	561.1	800.0	1,165.9
F. Petrochemical products	0.0	0.0	0.0	174.3	179.1	310.2	174.3	179.1	310.2
G. Chemicals	688.6	804.0	867.1	3,920.9	4,115.1	4,793.4	4,609.5	4,919.1	5,660.5
H. Plastic and Rubber products	1,083.8	1,252.1	1,729.2	716.8	885.1	895.9	1,800.5	2,137.2	2,625.0
I. Non-metallic mineral products	821.0	964.1	1,144.8	1,468.6	1,621.6	1,740.2	2,289.6	2,585.7	2,885.0
J. Iron and Steel	634.0	701.6	805.5	2,648.4	2,084.3	2,177.4	3,282.4	2,785.9	2,982.9
K. Mining and Metallurgy	132.0	179.7	203.0	1,524.6	1,377.3	1,499.7	1,656.5	1,557.0	1,702.7
L. Metallic products, machinary and equipment	40,966.6	49,935.6	64,083.9	33,815.9	38,801.5	44,368.0	74,782.5	88,737.0	108,452.0
1. For agriculture and livestock	121.7	116.9	117.8	34.4	27.3	31.3	156.1	144.2	149.2
2. For railroads	72.8	298.2	276.7	172.8	235.8	268.3	245.6	534.0	545.0
3. For other transportation & communications	3,907.9	3,747.1	4,530.8	19,782.8	23,729.1	27,805.9	23,690.7	27,476.3	32,336.6
Automotive industry	2,479.8	2,938.5	3,544.8	18,810.6	21,436.4	26,243.3	21,290.4	24,374.9	29,788.1
4. Special machinery and equipment for various industries	7,166.2	10,282.6	13,920.5	7,795.0	8,132.6	9,153.3	14,961.3	18,415.2	23,073.8
5. Professional and scientific equipment	1,464.2	1,709.9	2,081.0	107.7	145.1	218.1	1,571.9	1,855.0	2,299.1
6. Electric and electronic equipment	28,001.5	33,558.9	42,885.9	5,348.9	5,968.7	6,269.8	33,350.4	39,527.5	49,155.7
7. Photographic & optical equipment and watchmaking	232.4	221.9	271.2	574.3	562.8	621.3	806.6	784.7	892.5
M. Other industries	1,387.1	1,230.9	1,095.5	434.1	429.5	394.7	1,821.2	1,660.4	1,490.2
V. Other	0.3	51.7	90.8	246.9	192.7	207.6	247.3	244.4	298.4

p/ Preliminary.
NOTE: Totals may not add up due to rounding off.

Table A 55 Imports by Sector of Origin

Millions of U.S. dollars

Item	In-Bond Sector			Non In-Bond Sector			Total		
	1998	1999	2000 p/	1998	1999	2000 p/	1998	1999	2000 p/
TOTAL	**42,557**	**50,409**	**61,709**	**82,816**	**91,565**	**112,764**	**125,373**	**141,975**	**174,473**
I. Agriculture and Forestry	79.8	80.7	60.2	4,200.9	3,945.8	4,244.7	4,280.7	4,026.5	4,304.9
II. Livestock, Beekeeping and Fishing	10.8	11.5	15.4	481.5	441.6	478.4	492.2	453.1	493.8
III. Extractive Industries	54.7	85.8	108.2	861.4	808.1	1,217.5	916.1	893.9	1,325.7
IV. Manufacturing Industries	40,154.7	48,016.5	59,956.2	76,276.6	85,165.8	105,264.7	116,431.3	133,182.3	165,220.9
A. Food, Beverages and Tobacco	48.2	57.1	55.8	3,882.8	4,109.5	4,979.9	3,931.1	4,166.6	5,035.7
B. Textiles, Apparel and Leather Industry	4,294.6	5,131.9	5,849.8	3,146.8	3,597.1	4,180.8	7,441.4	8,729.0	10,030.6
C. Timber products	245.7	279.0	315.2	298.5	391.2	568.6	544.2	670.2	883.8
D. Paper, Printing and Publishing	1,305.8	1,485.7	1,675.8	2,230.3	2,432.5	2,902.7	3,536.1	3,918.2	4,578.5
E. Oil derivatives	37.1	27.6	40.5	2,281.6	2,601.0	4,604.2	2,318.7	2,628.6	4,644.7
F. Petrochemical products	35.9	38.5	55.7	1,152.0	1,398.7	2,112.6	1,187.9	1,437.2	2,168.2
G. Chemicals	1,352.8	1,674.9	1,985.1	7,804.3	8,298.1	9,436.5	9,157.0	9,973.0	11,421.6
H. Plastic and rubber products	3,884.6	4,625.8	5,308.7	3,185.0	3,503.4	3,968.6	7,069.6	8,129.2	9,277.3
I. Non-metallic mineral products	592.1	690.0	1,003.8	946.3	1,009.2	1,158.0	1,538.4	1,699.2	2,161.8
J. Iron and Steel	2,122.1	2,563.1	2,830.0	4,112.6	3,762.8	4,822.3	6,234.7	6,325.9	7,652.3
K. Mining and Matallurgy	820.1	879.7	1,045.2	1,461.7	1,588.9	1,887.8	2,281.7	2,468.6	2,933.0
L. Metallic products, machinery and equipment	24,847.7	30,075.7	39,272.9	44,841.7	51,353.4	63,296.9	69,689.3	81,429.0	102,569.8
1. For agriculture and livestock	5.5	2.1	3.2	327.2	326.9	387.9	332.7	329.0	391.1
2. For railroads	40.5	143.1	103.0	277.8	385.1	336.5	318.3	528.2	439.6
3. For other transportation & communications	1,776.0	1,465.8	1,720.3	13,694.6	15,863.0	22,124.2	15,470.6	17,328.8	23,844.4
4. Special machinery and equipment for various industries	3,560.0	4,845.6	6,621.4	18,665.2	20,386.6	22,075.4	22,225.2	25,232.2	28,696.8
5. Professional and scientific equipment	392.1	506.2	614.7	2,076.4	2,288.4	2,535.3	2,468.6	2,794.7	3,149.9
6. Electric and electronic equipment	18,913.0	22,899.7	29,747.3	9,039.8	11,255.1	14,996.2	27,952.8	34,154.8	44,743.6
7. Photografic & optical equipment and watchmaking	160.6	213.1	463.0	760.6	848.3	841.4	921.2	1,061.4	1,304.5
M. Other industries	568.2	487.5	517.7	932.9	1,120.1	1,345.8	1,501.1	1,607.6	1,863.5
V. Other	2,256.7	2,214.3	1,568.2	991.1	1,200.5	1,554.7	3,247.8	3,414.8	3,122.9
VI. Non-classified products	0.2	0.5	0.5	4.8	3.7	4.2	4.9	4.2	4.7

p/ Preliminary.
NOTE: Totals may not add up due to rounding off.

Table A 56 Regional Trade Balance 1/

Millions of U.S. dollars

Country	Exports				Imports			
	1997	1998	1999	2000 p/	1997	1998	1999	2000 p/
TOTAL	**110,431**	**117,460**	**136,391**	**166,424**	**109,808**	**125,373**	**141,975**	**174,473**
AMERICA	**103,243**	**110,678**	**128,214**	**157,672**	**86,790**	**98,635**	**111,704**	**136,498**
North America	**96,458**	**104,612**	**122,784**	**150,995**	**83,969**	**95,549**	**108,216**	**131,582**
United States	94,302	103,093	120,393	147,641	82,001	93,258	105,267	127,566
Canada	2,157	1,519	2,391	3,354	1,968	2,290	2,949	4,017
Central America	**1,494**	**1,673**	**1,601**	**1,690**	**221**	**238**	**342**	**454**
South America	**3,741**	**2,995**	**2,176**	**2,683**	**2,273**	**2,561**	**2,835**	**4,001**
Argentina	498	384	256	289	236	264	212	247
Brazil	703	536	399	517	869	1,038	1,129	1,803
Colombia	513	449	368	462	124	151	220	273
Chile	842	625	366	431	372	552	683	894
Peru	238	196	178	210	142	143	181	177
Venezuela	675	546	436	520	421	303	297	422
Other	272	260	172	255	108	110	113	184
Antilles	**1,550**	**1,398**	**1,653**	**2,303**	**327**	**288**	**310**	**462**
EUROPE	**4,496**	**4,336**	**5,847**	**6,439**	**11,079**	**13,084**	**14,287**	**16,686**
European Union	**3,988**	**3,890**	**5,203**	**5,621**	**9,961**	**11,787**	**12,951**	**15,003**
Germany	719	1,152	2,093	1,544	3,902	4,543	5,032	5,728
Spain	939	714	822	1,529	978	1,257	1,322	1,430
France	430	401	289	375	1,182	1,430	1,394	1,467
Italy	273	181	170	222	1,326	1,581	1,649	1,849
United Kingdom	664	639	747	870	915	1,056	1,135	1,091
Others	963	803	1,081	1,081	1,658	1,920	2,418	3,437
Others	508	447	644	818	1,117	1,297	1,337	1,683
ASIA	**2,392**	**2,201**	**2,122**	**2,159**	**11,315**	**12,840**	**15,128**	**20,285**
Korea	68	73	154	189	1,831	1,951	2,964	3,855
Taiwan	43	50	91	144	1,137	1,527	1,557	1,994
Japan	1,155	851	776	931	4,334	4,537	5,083	6,480
People's Republic of China	46	106	126	204	1,247	1,617	1,921	2,880
Other	1,080	1,121	975	691	2,766	3,208	3,603	5,076
REST OF THE WORLD	299	244	208	155	624	814	855	1,004

1/ Includes in-bond industry.
p/ Preliminary.
NOTE: Totals may not add up due to rounding off.

Table A 57 Main Products Traded by the Non-In-Bond Industry

	Exports 1994	Exports 1999	Exports 2000 p/		Imports 1994	Imports 1999	Imports 2000 p/
Total (Millions of dollars)	**34,613**	**72,538**	**87,037**	**Total (Millions of dollars)**	**58,880**	**91,565**	**112,764**
	(Percentage of totall)				**(Percentage of total)**		
Automobiles	14.7	17.3	19.1	Spare parts for automobiles and trucks	2.7	9.3	10.0
Crude oil	19.1	12.2	17.1	Computers and spare parts	3.7	6.1	5.7
Trucks and cargo vehicles	2.4	5.7	5.5	Automobiles	2.1	2.8	4.0
Computers and spare parts	2.4	3.6	3.6	Motors and spare parts for automobiles	0.8	3.0	3.0
Spare parts for machinery	2.1	3.5	2.9	Radio and telegraphic equipment	1.2	2.0	2.5
Spare parts for automobiles	1.4	2.6	2.7	Parts for electrical instalations	2.6	2.6	2.1
Automobile motors	5.1	3.0	2.4	Radio and TV devices	1.5	1.4	1.9
Textile products made out of cotton and vegetable fibers	0.5	2.2	2.0	Lamps of electric valves and spare parts	0.6	1.3	1.5
Fresh legumes and vegetables	2.0	1.6	1.6	Measurement and analysis instruments	1.0	1.5	1.4
Other electrical instruments	1.2	1.6	1.6	Non-specific machinery and spare parts	1.5	1.5	1.3
Iron in bars and pigs	1.6	1.4	1.3	Fresh and refrigerated meat	1.3	1.1	1.3
Insulated electrical cables	3.2	2.3	1.1	Trucks excluding dumpers	0.0	0.7	1.2
Textile products made out of silk, wool and synthetic fibers	0.4	1.0	1.1	Articles made of synthetic resins	1.2	1.4	1.2
Beer	0.7	1.0	1.0	Gasoline	0.8	0.8	1.2
Spare parts for motors	0.6	1.0	1.0	Natural and synthetic resins	0.8	1.1	1.1
Glass and glassware	1.3	0.9	0.9	Metal working machinery	1.2	1.5	1.0
Plastics and synthetic resins	1.0	0.9	0.8	Mixtures and preparations for industrial use	1.1	1.0	0.9
Other pharmaceutical products	0.4	0.7	0.7	Prepared paper and cardboard	1.2	0.9	0.9
Iron and steel manufactures	0.7	0.9	0.7	Pumps	0.7	1.0	0.9
Coffee (in grain)	1.0	0.8	0.7	Fuel oil	0.5	0.5	0.9
Spare parts for radios and TV's	0.1	0.5	0.7	Spare parts for radios and TV's	0.3	0.6	0.8
Synthetic and artificial textile fibres	1.0	0.6	0.6	Iron and steel plates	0.9	0.7	0.8
Other fresh fruits	1.0	0.7	0.6	Wheels and tires	0.5	0.7	0.7
Tequila and other spirits	0.5	0.4	0.6	Generators, transformers and electric motors	0.5	0.7	0.7
Plastics and synthetic resins manufactures	0.5	0.7	0.6	Threads of artificial and synthetic fibres	0.7	0.7	0.7
Tomatoes	1.1	0.7	0.5	Soy seed	1.1	0.9	0.7
Spare parts for electric insta+A9lations	0.5	0.5	0.5	Pulleys and ball bearings	0.7	0.7	0.7
Frozen shrimp	0.9	0.6	0.5	Machinery for the rubber industry	0.6	0.7	0.6
Electronic communication equipment	0.1	0.2	0.5	Hand tools	0.6	0.8	0.6
Silver bars	0.6	0.5	0.5	Rubber manufactures (excluding clothing)	0.3	0.6	0.6
Bovine cattle	1.0	0.4	0.5	Medications and medical items	0.4	0.6	0.6
Valves and common metallic parts	0.2	0.3	0.5	Machinery for loading and unloading	0.7	0.7	0.6
Refrigerators and spare parts	0.4	0.5	0.4	Textile industry machinery and spare parts	0.6	0.6	0.5
Wooden furniture and other wooden products	0.3	0.5	0.4	Cotton seed	0.4	0.4	0.5
Automobile suspension parts	0.3	0.5	0.4	Filters and spare parts	0.4	0.5	0.5
Other	29.8	28.0	24.4	Other	64.6	48.4	46.6

p/ Preliminary.
NOTE: Totals may not add up due to rounding off.
SOURCE: Work group composed of Banco de México, INEGI, the Tax Administration Service and the Economics Ministry.

Table A 58 International Travelers

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000 p/
Balance (millions of dollars)	**146.2**	**-22.6**	**605.2**	**1,025.8**	**3,008.3**	**3,546.4**	**3,700.7**	**3,284.0**	**2,681.6**	**2,795.1**
INCOMING										
Revenues (millions of dollars)	**5,959.1**	**6,084.9**	**6,167.0**	**6,363.5**	**6,178.8**	**6,933.5**	**7,592.6**	**7,493.1**	**7,222.9**	**8,294.2**
Tourists	4,339.3	4,471.1	4,564.1	4,854.5	4,688.0	5,287.5	5,747.6	5,633.3	5,505.7	6,435.4
In-bound	3,783.7	3,867.8	4,019.3	4,254.4	4,051.0	4,647.4	5,302.6	5,134.5	5,061.7	5,816.2
In border areas	555.6	603.3	544.8	600.1	636.9	640.2	445.0	498.8	444.0	619.2
One day visitors	1,619.8	1,613.7	1,602.9	1,508.9	1,490.8	1,646.0	1,845.0	1,859.8	1,717.2	1,858.8
In border areas	1,543.4	1,525.6	1,514.4	1,424.6	1,383.4	1,532.6	1,722.5	1,737.8	1,551.7	1,657.7
Cruises	76.3	88.1	88.5	84.3	107.4	113.4	122.5	121.9	165.4	201.1
Number of travelers (Thousands)	80,139	84,060	83,016	83,144	85,446	90,394	92,915	95,214	99,869	105,673
Tourists	16,067	17,146	16,440	17,182	20,241	21,395	19,351	19,392	19,043	20,641
In-bound	6,372	6,352	6,625	7,135	7,784	8,982	9,794	9,775	10,214	10,591
In border areas	9,695	10,794	9,815	10,047	12,457	12,413	9,557	9,617	8,829	10,050
One day visitors	64,072	66,914	66,576	65,962	65,205	68,999	73,564	75,822	80,826	85,032
In border areas	62,878	65,511	65,089	64,392	63,508	66,857	71,311	73,576	77,778	81,565
Cruises	1,194	1,403	1,487	1,570	1,697	2,142	2,253	2,246	3,048	3,467
Average expenditure (dollars)	74.4	72.4	74.3	76.5	72.3	76.7	81.7	78.7	72.3	78.5
Tourists	270.1	260.8	277.6	282.5	231.6	247.1	297.0	290.5	289.1	311.8
In-bound	593.8	608.9	606.7	596.3	520.4	517.4	541.4	525.3	495.6	549.1
In border areas	57.3	55.9	55.5	59.7	51.1	51.6	46.6	51.9	50.3	61.6
One day visitors	25.3	24.1	24.1	22.9	22.9	23.9	25.1	24.5	21.2	21.9
In border areas	24.5	23.3	23.3	22.1	21.8	22.9	24.2	23.6	20.0	20.3
Cruises	63.9	62.8	59.5	53.7	63.3	52.9	54.4	54.3	54.3	58.0
OUTGOING										
Expenditures (millions of dollars)	**5,812.9**	**6,107.5**	**5,561.8**	**5,337.7**	**3,170.5**	**3,387.2**	**3,891.9**	**4,209.1**	**4,541.3**	**5,499.1**
Tourists	2,149.8	2,541.7	2,416.6	2,444.2	1,240.4	1,536.4	1,821.2	2,001.9	1,950.4	2,444.9
In-bound	1,878.5	2,079.4	2,071.9	1,949.6	1,023.3	1,320.1	1,592.8	1,720.6	1,690.8	2,163.9
In border areas	271.3	462.2	344.7	494.6	217.1	216.3	228.4	281.4	259.6	281.1
One day visitors	3,663.1	3,565.8	3,145.2	2,893.5	1,930.1	1,850.8	2,070.7	2,207.2	2,590.9	3,054.2
In border areas	3,663.1	3,565.8	3,145.2	2,893.5	1,930.1	1,850.8	2,070.7	2,207.2	2,590.9	3,054.2
Number of travelers (Thousands)	100,025	114,033	115,179	114,097	103,161	103,442	107,242	107,927	117,383	127,268
Tourists	7,713	11,226	10,185	12,029	8,451	9,001	8,910	9,637	10,352	11,079
In-bound	4,173	4,678	4,778	5,047	3,703	4,437	4,838	5,177	5,543	6,200
In border areas	3,540	6,548	5,407	6,982	4,748	4,564	4,072	4,460	4,809	4,879
One day visitors	92,312	102,807	104,994	102,068	94,710	94,441	98,332	98,290	107,031	116,189
In border areas	92,312	102,807	104,994	102,068	94,710	94,441	98,332	98,290	107,031	116,189
Average expenditure (dollars)	58.1	53.6	48.3	46.8	30.7	32.7	36.3	39.0	38.7	43.2
Tourists	278.7	226.4	237.3	203.2	146.8	170.7	204.4	207.7	188.4	220.7
In-bound	450.2	444.5	433.6	386.3	276.3	297.5	329.2	332.3	305.0	349.0
In border areas	76.6	70.6	63.8	70.8	45.7	47.4	56.1	63.1	54.0	57.6
One day visitors	39.7	34.7	30.0	28.3	20.4	19.6	21.1	22.5	24.2	26.3
In border areas	39.7	34.7	30.0	28.3	20.4	19.6	21.1	22.5	24.2	26.3

p/ Preliminary.
NOTE: Totals may not add up due to rounding off.

Table A 59 Family Remittances Revenues

	1996	1997	1998	1999	2000 p/
Total remittances (Millions of Dollars)	4,223.7	4,864.8	5,626.8	5,909.6	6,279.9
Money orders	1,519.7	1,728.8	1,870.7	1,448.4	1,434.4
Checks	74.8	78.3	61.5	51.2	8.6
Electronic transfers	2,221.8	2,637.9	3,250.2	3,935.0	4,349.1
Cash and kind	407.3	419.9	444.4	475.0	487.8
Number of remittances (Thousands)	13,208	15,369	19,420	20,937	22,050
Money orders	4,227	4,865	5,656	3,680	3,603
Checks	110	80	82	59	15
Electronic transfers	8,163	9,636	13,060	16,578	17,788
Cash and kind	708	788	622	620	644
Average remittances (Dollars)	320	317	290	282	285
Money orders	360	355	331	394	398
Checks	679	984	753	870	561
Electronic transfers	272	274	249	237	245
Cash and kind	575	533	715	766	757

p/ Preliminary.
NOTE: Totals may not add up due to rounding off.

Table A 60 Foreign Investment Flows

Millions of U.S. dollars

	1994	1995	1996	1997	1998	1999	2000 p/
TOTAL	**12,830.9**	**-3,814.1**	**12,893.5**	**16,629.6**	**11,150.9**	**15,815.2**	**13,639.1**
Direct Investment	10,972.5	9,526.3	9,185.5	12,829.6	11,602.4	11,914.6	13,161.5
New investment	5,672.3	6,838.4	5,529.4	9,115.3	5,449.2	4,135.7	5,339.0
Reinvested earnings	2,366.6	1,572.0	2,589.7	2,150.0	2,864.0	2,572.2	2,939.1
Intercompany accounts	2,933.6	1,115.9	1,066.3	1,564.2	3,289.1	5,206.7	4,883.5
Portfolio Investment	1,858.4	-13,340.4	3,708.1	3,800.1	-451.5	3,900.6	477.6
Equity	4,083.7	519.2	2,800.6	3,215.3	-665.6	3,769.2	446.8
Money market	-2,225.3	-13,859.6	907.5	584.8	214.1	131.4	30.8

p/ Preliminary.
NOTE: Totals may not add up due to rounding off.

Table A 61 **Foreign Investment in Government Securities**

Stocks outstanding at face value at the end of period

Billions of U.S. dollars

	CETES		BONDES		TESOBONOS		AJUSTABONOS		TOTAL 1/	
	Stock	%	Stock	%	Stock	%	Stock	%	Stock	%
December 1992	9.2	64.3	1.2	8.7	0.2	1.4	3.6	25.6	14.2	100.0
December 1993	15.4	70.2	0.8	3.9	1.3	5.9	4.4	20.1	21.9	100.0
December 1994	2.5	12.3	*	0.1	17.4	85.0	0.5	2.6	20.5	100.0
December 1995	2.8	82.0	0.1	3.3	0.2	5.6	0.3	9.1	3.4	100.0
December 1996	3.0	89.2	0.3	9.6	0.0	0.0	*	1.1	3.4	100.0
December 1997	3.0	90.3	0.3	7.7	0.0	0.0	*	0.2	3.3	100.0
December 1998	2.2	88.8	0.2	9.9	0.0	0.0	*	0.0	2.4	100.0
December 1999	1.2	53.1	1.0	44.1	0.0	0.0	*	0.0	2.2	100.0
December 2000	1.0	53.5	0.6	32.8	0.0	0.0	*	0.0	2.0	100.0
1999										
January	1.9	90.0	0.2	9.3	0.0	0.0	*	0.0	2.2	100.0
February	2.0	84.3	0.3	12.5	0.0	0.0	*	0.0	2.3	100.0
March	2.0	75.4	0.6	20.7	0.0	0.0	*	0.2	2.7	100.0
April	1.7	73.5	0.5	20.5	0.0	0.0	*	0.1	2.3	100.0
May	1.3	66.7	0.4	23.0	0.0	0.0	*	0.1	1.9	100.0
June	1.3	63.6	0.5	27.0	0.0	0.0	*	0.1	2.0	100.0
July	1.3	66.1	0.7	33.6	0.0	0.0	*	0.0	2.0	100.0
August	1.3	64.2	0.7	35.3	0.0	0.0	*	0.0	2.0	100.0
September	1.2	62.4	0.6	30.9	0.0	0.0	*	0.0	2.0	100.0
October	1.2	58.4	0.8	40.7	0.0	0.0	*	0.0	2.1	100.0
November	1.2	55.5	0.8	37.8	0.0	0.0	*	0.0	2.2	100.0
December	1.2	53.1	1.0	44.1	0.0	0.0	*	0.0	2.2	100.0
2000										
January	1.2	52.0	1.0	42.4	0.0	0.0	*	0.0	2.4	100.0
February	1.2	46.0	1.2	47.4	0.0	0.0	*	0.0	2.5	100.0
March	1.2	43.7	1.3	50.0	0.0	0.0	*	0.0	2.6	100.0
April	0.8	33.6	1.3	55.7	0.0	0.0	*	0.0	2.4	100.0
May	0.7	41.9	0.8	45.4	0.0	0.0	*	0.0	1.8	100.0
June	0.9	57.1	0.5	31.0	0.0	0.0	*	0.0	1.7	100.0
July	1.2	57.4	0.7	34.3	0.0	0.0	*	0.0	2.0	100.0
August	1.0	52.2	0.7	36.9	0.0	0.0	*	0.0	2.0	100.0
September	0.8	45.5	0.8	42.8	0.0	0.0	*	0.0	1.8	100.0
October	0.9	54.1	0.6	35.8	0.0	0.0	*	0.0	1.7	100.0
November	0.9	52.6	0.5	30.1	0.0	0.0	*	0.0	1.8	100.0
December	1.0	53.5	0.6	32.8	0.0	0.0	*	0.0	2.0	100.0

1/ Includes UDIBONOS since August 1996 and BONOS since February 2000.
*/ Less than 50 million dollars.

Table A 62 **Foreign Investment in the Stock Market**

Stocks outstanding at market value at the end of period

Billions of U.S. dollars

	ADR's 1/		Free Subscription		Nuetral Fund		Mexico Fund		Total 2/	
	Stock	%	Stock	%	Stock	%	Stock	%	Stock	%
December 1991	13.7	73.9	3.0	16.2	1.3	7.2	0.5	2.6	18.6	100.0
December 1992	21.2	73.8	5.1	17.8	1.8	6.2	0.6	2.2	28.7	100.0
December 1993	34.0	62.2	12.9	23.6	6.4	11.7	1.4	2.5	54.6	100.0
December 1994	21.2	61.6	8.1	23.6	4.3	12.6	0.8	2.2	34.4	100.0
December 1995	15.2	62.1	5.9	24.0	2.6	10.7	0.8	3.1	24.5	100.0
December 1996	15.1	48.8	11.4	36.9	3.5	11.3	0.9	3.0	31.0	100.0
December 1997	23.1	47.2	19.5	39.8	4.9	10.0	1.3	2.7	49.0	100.0
December 1998	18.6	57.1	10.3	31.3	2.9	8.9	0.8	2.4	32.6	100.0
December 1999	41.5	62.3	19.7	29.5	4.5	6.7	0.9	1.4	66.7	100.0
December 2000	32.1	61.8	16.8	32.3	2.2	4.2	0.9	1.7	51.9	100.0
1999										
January	18.6	58.6	9.6	30.2	2.7	8.5	0.8	2.5	31.8	100.0
February	20.2	58.1	10.7	30.8	3.0	8.5	0.8	2.3	34.8	100.0
March	23.8	56.8	13.4	31.9	3.7	8.9	1.0	2.4	41.9	100.0
April	28.7	57.3	16.1	32.1	4.2	8.3	1.1	2.2	50.1	100.0
May	28.5	59.1	14.9	30.9	3.8	7.9	1.0	2.1	48.3	100.0
June	29.4	57.4	16.3	31.9	4.4	8.5	1.1	2.2	51.2	100.0
July	27.4	58.3	14.7	31.3	3.9	8.2	1.0	2.1	47.0	100.0
August	26.4	57.2	15.1	32.7	3.7	8.0	1.0	2.1	46.2	100.0
September	27.5	59.2	14.2	30.5	3.7	8.1	1.0	2.2	46.5	100.0
October	30.6	61.3	14.7	29.6	3.6	7.3	0.9	1.8	49.9	100.0
November	34.0	60.5	17.1	30.4	4.2	7.5	0.9	1.6	56.3	100.0
December	41.5	62.3	19.7	29.5	4.5	6.7	0.9	1.4	66.7	100.0
2000										
January	40.3	64.5	17.3	27.7	3.9	6.3	0.9	1.4	62.5	100.0
February	48.0	66.1	19.4	26.7	4.1	5.7	1.1	1.5	72.6	100.0
March	47.9	66.1	19.2	26.5	4.2	5.8	1.1	1.5	72.4	100.0
April	42.5	62.9	20.3	30.1	3.6	5.4	1.1	1.6	67.5	100.0
May	36.6	61.9	18.2	30.8	3.3	5.5	1.0	1.7	59.1	100.0
June	44.8	67.3	17.3	26.0	3.4	5.1	1.0	1.5	66.6	100.0
July	41.5	65.3	17.7	27.9	3.3	5.2	1.0	1.6	63.6	100.0
August	42.8	63.7	19.9	29.6	3.4	5.0	1.1	1.7	67.2	100.0
September	40.7	64.7	18.3	29.1	2.8	4.5	1.1	1.7	62.8	100.0
October	40.1	65.0	18.1	29.3	2.5	4.0	1.0	1.7	61.7	100.0
November	35.1	63.7	16.8	30.6	2.2	4.0	0.9	1.6	55.0	100.0
December	32.1	61.8	16.8	32.3	2.2	4.2	0.9	1.7	51.9	100.0

1/ Includes Global Depository Receipts (GDR's).
2/ Since 1993 this total includes warrants and investment in the intermediate market.
SOURCE: Mexican Stock Exchange.

Table A 63 **Gross External Debt and Debt Service**

Billions of U.S. dollars at the end of period

	1992	1993	1994	1995	1996	1997	1998	1999	2000 p/
GROSS EXTERNAL DEBT OUTSTANDING	117.6	131.5	142.1	169.6	163.6	152.8	162.1	164.4	158.3
Public debt	75.8	78.7	85.4	100.9	98.3	88.3	92.3	92.3	84.1
Federal Government	58.7	59.0	60.6	77.8	75.6	67.4	70.1	70.3	62.8
Public entities and enterprises	9.4	9.5	12.0	11.7	12.9	12.3	13.1	13.8	12.9
Development banks	7.7	10.3	12.8	11.4	9.8	8.6	9.1	8.1	8.3
Commercial banks 1/ 2/	18.7	23.4	25.0	20.6	18.5	16.7	15.8	14.1	11.4
Banco de México	6.0	4.8	3.9	17.3	13.3	9.1	8.4	4.5	0.0
Non-banking private sector 1/	17.1	24.6	27.8	30.7	33.5	38.7	45.6	53.5	62.9
EXTERNAL DEBT SERVICE	20.8	17.0	20.8	23.0	33.8	34.3	24.2	24.1	33.8
Amortizations	11.2	6.1	9.0	9.4	20.4	21.9	11.7	11.1	19.8
Current amortizations 4/	5.5	6.1	9.0	9.4	10.6	12.4	11.7	11.1	10.5
Other amortizations 5/	5.7	0.0	0.0	0.0	9.8	9.5	0.0	0.0	9.3
Interest payments	9.6	10.9	11.8	13.6	13.4	12.4	12.5	13.0	14.0
Public sector	7.2	7.9	7.8	8.6	8.0	7.0	6.7	6.9	7.1
Commercial banks	0.9	1.1	1.6	1.7	1.7	1.5	1.5	1.3	1.2
Banco de México	0.5	0.4	0.2	0.7	0.7	0.5	0.4	0.3	0.2
Non-banking private sector	1.1	1.5	2.2	2.7	3.0	3.5	3.9	4.5	5.5

1/ Banco de México data.
2/ Includes Mexican banks, as well as their agencies and branches abroad. Excludes domestic currency securities issued abroad.
3/ Current amortizations plus interest payments.
4/ Refers to amortizations of long term public sector liabilities and excludes amortizations of Tesobonos and payments to the International Monetary Fund.
5/ Includes amortizations resulting from debt-equity swaps, Federal Government debt cancellations, letter of credit amortizations, debt-bond swap operations and long term debt restructuring operations. These operations do not imply cash flows.
p/ Preliminary.
SOURCE: Banco de México and SHCP.

Table A 64 **Mexican Residents' Claims on U.S. Financial Institutions**

Billions of U.S. dollars at the end of period

	TOTAL	Official Institutions and Banks	All Other Residents
1988	15.1	1.7	13.4
1989	15.4	2.4	13.0
1990	16.6	6.0	10.6
1991	19.9	11.0	8.9
1992	19.5	11.1	8.4
1993	28.0	20.2	7.8
1994	12.2	3.9	8.3
1995	24.5	15.5	9.0
1996	31.3	21.0	10.3
1997	34.0	21.7	12.3
1998	37.1	23.8	13.3
1999	30.7	15.3	15.4
2000	33.2	15.9	17.3
1998			
Mar	35.7	23.6	12.1
Jun	38.1	25.4	12.7
Sep	35.7	22.6	13.1
Dec	37.1	23.8	13.3
1999			
Mar	36.6	22.7	13.9
Jun	37.9	24.0	13.9
Sep	35.0	21.0	14.0
Dec	30.7	15.3	15.4
2000			
Mar	31.4	16.0	15.4
Jun	33.9	17.9	16.0
Sep	33.9	17.0	16.9
Dec	33.2	15.9	17.3

SOURCE: Board of Governors of the Federal Reserve System of the United States.

Banco de México's Balance Sheet

BANCO DE MEXICO

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

BALANCE SHEET AS OF DECEMBER 31st, 2000

MILLIONS OF PESOS

ASSETS	
INTERNATIONAL RESERVES	$ ~~322,456~~
INTERNATIONAL ASSETS	341,966
LIABILITIES TO BE DEDUCTED	(19,510)
CREDIT GRANTED TO THE FEDERAL GOVERNMENT	**0**
GOVERNMENT SECURITIES	**0**
CREDIT GRANTED TO FINANCIAL INTERMEDIARIES AND DEBTORS FROM REPO	**128,149**
CREDIT GRANTED TO PUBLIC ENTITIES	**69,722**
PARTICIPATION IN INTERNATIONAL FINANCIAL ORGANIZATIONS	**7,060**
REAL ESTATE, FURNISHINGS AND EQUIPMENT	**2,194**
OTHER ASSETS	**91,331**
	$ 620,912

LIABILITIES	
INTERNATIONAL MONETARY FUND	**$ 0**
MONETARY BASE	~~208,943~~
BILLS AND COINS IN CIRCULATION	208,880
BANK CURRENT ACCOUNT DEPOSITS	63
MONETARY REGULATION BONDS	**21,834**
FEDERAL GOVERNMENT CURRENT ACCOUNT DEPOSITS	**104,845**
OTHER FEDERAL GOVERNMENT DEPOSITS	**22,594**
MONETARY REGULATION DEPOSITS	**140,930**
OTHER BANK DEPOSITS AND REPO CREDITORS	**46,741**
DEPOSITS FROM SUPPORT FUNDS FOR FINANCIAL INTERMEDIARIES	**5**
DEPOSITS OF OFFICIAL TRUST FUNDS	**10,283**
SPECIAL DRAWING RIGHTS	**3,631**
OTHER LIABILITIES	**34,574**
EQUITY	
CAPITAL	**3,981**
CAPITAL RESERVES	**22,551**
OPERATIONAL SURPLUS OF FISCAL YEAR TO BE APPLIED	**0**
PROFIT OR LOSS FROM FISCAL YEAR	(5,898)
CAPITAL RESERVES APPLIED	5,898
SURPLUS TENDERED TO FEDERAL GOVERNMENT	0
	$ 620,912

MEMORANDUM ACCOUNT $ 14,250,625

The present General Balance was completed on December 31st 2000 and was prepared according to the aplicable provisions of Banco de México's Law and Internal Bylaw, the specific guidelines prescribed by its Board of Governors, internal standards of financial information, following correct Central Bank practices and the applicable generally accepted accounting principles in Mexico. In accordance with article 38 of the Bylaw, International Reserves are as defined in article 19 of the Law; Government Securities are presented as net from holdings of these securities after deducting monetary regulation deposits, without considering securities acquired or transmitted via repurchase agreements and the deposits made to cover labor obligations; creditor balances are computed in the Monetary Regulation Deposits line item; Credit granted to Financial Intermediaries and Debtors via Repurchase Agreements includes Commercial Banks, Development Banks and Official Trust Funds; Credit to Public Entities and Enterprises includes the Institute for the Protection of Bank Savings. Financial Intermediary Support Fund deposits include the Bank Fund for the Protection of Savings. Balances denominated in foreign currency were valued at that day's exchange rate and Equity reflects a surplus of $2,613 due to Fixed Assets and Inventories updating.

DR. GUILLERMOORTIZ MARTINEZ	LIC. ALEJANDRO GARAY ESPINOSA	C.P. GERARDO ZUÑIGA VILLARCE
GOVERNOR	DIRECTOR GENERAL OF INTERNAL ADMINISTRATION	DIRECTOR OF ACCOUNTING

We have examined the Balance Sheet of Banco de México as of December 31st 2000 and the Profit and Loss Statement, as well as the corresponding Statements of Equity Variations and of Changes in the Financial Situation for the year ending on the aforementioned date. The aforementioned Financial Statements are the responsibility of Banco de México's Administration. Our responsibility is to express our opinion of the above based on our audit.

Our examination was carried out according to generally accepted standards of auditing applicable in Mexico, which require the audit to be planned and prepared to reasonable ensure the financial statements do not contain significant errors and are prepared according to Banco de México's Law and Internal Bylaw. The audit consists of an examination, based on selected tests, of evidence supporting the figures and the financial statements; furthermore, it includes an evaluation of the accounting practices used, the important estimations made by the Administration and the presentation of the financial statements as a whole. We consider that our examination provides sufficient evidence to support our opinion.

The financial statements have been prepared following the requirements for financial information set out in Banco de México's Law and Internal Bylaw and applicable accounting principles generally accepted in Mexico, describing in the financial statements' notes the relevant aspects of the line items contained in the Balance Sheet.

In our opinion the aforementioned financial statements provide a reasonable depiction of Banco de México's financial situation as of December 31st 2000, as well as of the results of its operations, variations in equity and changes in its financial situation for the year that ended on said date, according to the accounting requirements described above.

RUIZ, URQUIZA Y CIA., S.
Carlos A. García, CPA